

Developing fitness clubs nationwide

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[212A FIT EASY Sector : Services]

Fiscal Year	Net sales	YoY	Operating profit	YoY	Ordinary profit	YoY	Profit	YoY	EPS	BPS	DPS
	(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)	(yen)	(yen)	(yen)
Oct. 2022	3,145	28.7	458	-	442	4.8x	36	-23.6	3.7	23.5	0.0
Oct. 2023	4,481	42.5	1,113	2.4x	1,094	2.5x	722	19.6x	48.4	71.9	0.0
Oct. 2024 f	6,064	35.3	1,487	33.6	1,458	33.2	930	28.7	61.2	-	12.6

Note: Non-consolidated basis. Figures for the fiscal year ending October 2024 is the company's forecasts.
It conducted 1:10 stock split on January 23, 2024. Per share indices are adjusted retroactively.

Developing Fitness Clubs Nationwide

FIT EASY operates both directly managed and franchised fitness clubs. As of May 31, 2024, the company had 25 directly managed clubs and 133 franchised clubs, for a total of 158. The company has opened clubs across Japan, from Hokkaido to Kyushu, but the Chubu region accounts for the largest portion of the total, with 104 clubs.

The company's clubs are primarily situated within a few minutes' walk from train stations, in business districts and on suburban roadsides that are accessible by car. It is also opening clubs at properties such as commercial buildings and shopping malls. Each club generally measures about 661 square meters.

The regular monthly membership fee is 7,150 yen (including tax), for regular members and 7,678 yen (including tax) for members who can use the indoor driving range. There is also an initial entry fee of 5,500 yen. FIT EASY has introduced an AI-based facial recognition entry system at all of its directly managed and franchise clubs, which enables members to visit and use any club around the country.

The company's net sales comprise sales of directly managed clubs, operational sales and development sales. In fiscal year ended October 2023, sales of directly managed clubs accounted for 26.7% of total net sales, operational sales for 23.6% and development sales for 49.3%. Other sales include proceeds from leasing training machines to franchisees.

Sales of directly managed clubs, which are stock-type revenue, are mainly from membership fees. In addition to membership fee income, there is also income from merchandise sales at clubs. Operational sales consist of royalty income from franchises, fees for system usage, advertising and other contributions. These are stock-type revenues linked to membership numbers, similar to sales of directly managed clubs. The company receives monthly royalties from member clubs based on the number of members each club has.

Development sales are flow-type revenue, comprising income from the sale of training machines and club equipment acquired from suppliers to franchisees when new franchise clubs are opened, franchise fees received upon the signing of new franchising agreements and income from the sale of clubs from directly managed clubs to franchisees.

Financial Statements

Statement of income	Fiscal Year	Oct. 2022		Oct. 2023		Six months to Apr.2024	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Net sales		3,145	100.0	4,481	100.0	3,110	100.0
Cost of sales		2,397	76.2	2,920	65.2	1,920	61.7
Gross profit		748	23.8	1,560	34.8	1,190	38.3
Selling, general and administrative expenses		290	9.2	447	10.0	291	9.4
Operating profit		458	14.6	1,113	24.8	899	28.9
Non-operating income		16	-	13	-	6	-
Non-operating expenses		31	-	31	-	13	-
Ordinary profit		442	14.1	1,094	24.4	892	28.7
Profit before income taxes		49	1.6	1,093	24.4	892	28.7
Net profit		36	1.2	722	16.1	588	18.9

Balance sheet	Fiscal Year	Oct. 2022		Oct. 2023		Apr.2024	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Current assets		1,853	55.3	2,184	53.2	2,532	54.7
Cash and deposits		1,098	32.8	1,421	34.6	1,465	31.6
Accounts receivable-trade		502	15.0	428	10.4	726	15.7
Inventories		79	2.4	62	1.5	94	2.0
Non-current assets		1,500	44.7	1,922	46.8	2,097	45.3
Property, plant and equipment		878	26.2	1,164	28.4	1,249	27.0
Intangible assets		6	0.2	3	0.1	2	0.1
Investments and other assets		615	18.3	754	18.4	846	18.3
Total assets		3,353	100.0	4,106	100.0	4,630	100.0
Current liabilities		1,346	40.2	1,397	34.0	1,542	33.3
Accounts payable - trade		347	10.4	164	4.0	375	8.1
Current portion of bonds payable		-	0.0	115	2.8	115	2.5
Current portion of long-term borrowings		397	11.9	239	5.8	202	4.4
Non-current liabilities		1,655	49.4	1,634	39.8	1,425	30.8
Bonds payable		-	0.0	385	9.4	327	7.1
Long-term borrowings		1,214	36.2	720	17.5	486	10.5
Net assets		351	10.5	1,074	26.2	1,662	35.9
Owners' equity		351	10.5	1,074	26.2	1,662	35.9

Statement of cash flows	Fiscal Year	Oct. 2022	Oct. 2023	Six months to Apr.2024
		(mn yen)	(mn yen)	(mn yen)
Cash flows from operating activities		1,113	1,145	735
Depreciation		247	181	87
Cash flows from investing activities		-640	-559	-353
Cash flows from financing activities		77	-215	-371
Dividends paid		-	-	-
Net increase in cash and cash equivalents		550	370	29
Cash and cash equivalents		975	1,346	1,375

Note: Non-consolidated

Source: Prepared by Stock Research Center based on the notifiable prospectus.

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