

Recommendation rating (Mar. 4)

RIZAP Group, Inc.
(2928, Sapporo Ambitious Market)

Remain "Overweight"

Stock Price	Unit of Investment	Market Cap	year's high	year's low	PER(E)
228yen (Mar. 4)	100Shares	136.04Bil yen (Mar. 4)	259yen (Jan. 6, 2025)	188yen (Nov. 5, 2025)	68.1 x (Mar. 4)

Strengthening profitability while accelerating franchise expansion

■ Profits steadily increase on the strength of core business earnings

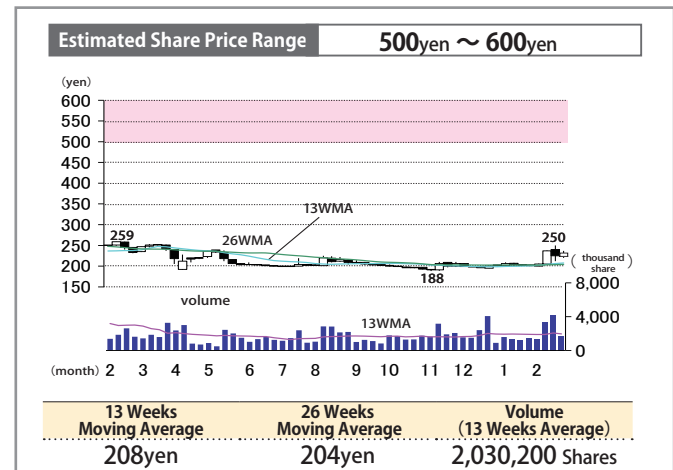
For the first three quarters of the fiscal year ending March 2026 (April–December 2025), consolidated results under IFRS showed sales revenue of ¥124.6 billion, down 3.0% year on year, while operating profit surged 15.6 times to ¥7.7 billion. Net loss decreased to ¥1.7 billion (compared with a ¥2.9 billion loss in the same period last year). In addition, on an adjusted basis excluding non-cash one-off items such as tax adjustments related to the debt write-off to RIZAP, Inc., the company's net profit is ¥4.2 billion. Operating profit for 3Q (October–December 2025) totaled ¥4.7 billion, up 70.0% year on year.

This significantly increased operating profit includes the profit of ¥3.1 billion attributable to gains on the sale of shares in Bitcoin Japan Corporation (the shares were reclassified from investments to other financial assets, remeasured at fair value, and recognized as other income), while the extraordinary profit was partly offset by **front-loaded provisions of approximately ¥2.0 billion for potential losses related to future inventory optimization and impairment of fixed assets, effectively absorbing potential future risks.** Excluding these factors, essential operating profit derived from the company's business resulted in around ¥3.6 billion, significantly exceeding the ¥2.6 billion recorded in the previous quarter. The company maintained its earnings forecast for the fiscal year ending March 2026, projecting sales revenue of ¥172.0 billion, up 0.5% year on year, and operating profit of ¥11.0 billion, up 5.8 times.

The number of regular members, excluding corporate trial members, increased by 24,000 from the previous quarterly results announcement (as of November 13, 2025) to 1.09 million, marking a turnaround from the previous bottom. This increase was due to the resumption of new store openings that had previously restrained and the improvement of ROI in advertising investments. The number of domestic stores reached 1,862 as of February 12, 2026, and is expected to reach 1,900 in March (compared with 1,791 on March 31, 2025).

■ Shifting to a high-profit business model and stepping up growth investment

Near-term focus will be on improving the profitability of the unmanned 24-hour gym chocoZAP and on the company's store-opening strategy as it begins full-scale franchise expansion. On the profitability front, the company has promoted the in-house



handling of consumables, maintenance, logistics, and other functions that were previously outsourced. It has also clarified the division of roles between "Friendly Members"—who take on certain operational tasks in exchange for discounted gym access—and the company's regular field staff (the former handling daily cleaning, the latter responsible for specialized cleaning and repairs). This has contributed to standardizing and improving store quality. As a result, the breakeven point has declined, and profitability has been substantially strengthened. The company has also developed the models (such as franchise store and store in alliance with Municipalities) that can be profitable even in areas with extremely low population density. Meanwhile, the company plans to accelerate store openings again from 2H of the fiscal year ending March 2026. While emphasizing customer acquisition efficiency, it will continue effective advertising investment and leverage the high-profit unmanned store format to accelerate earnings growth. In addition to its existing directly operated stores, the company will begin rolling out its franchise model in earnest. Supported by the unmanned operating ecosystem the company has built, investment appetite among potential franchise owners struggling labor shortage in Japan appears strong. Along with new store openings, the company will also promote the conversion of existing company-owned stores into franchises through transfers. The company has set a long-term target of expanding its network to 8,000 stores. By raising the franchise ratio, it aims to achieve profit growth while minimizing capital expenditures, thereby improving capital efficiency.

Wealth Advisor maintains its previous assumption that

Financial Results (as of Mar. 4, 2026)

		Sales Revenue (Yen Mil)	YoY (%)	Operating Profit (Yen Mil)	YoY (%)	Income Before Income Taxes (Yen Mil)	YoY (%)	Net Profit (Yen Mil)	YoY (%)	EPS (Yen)
FY2024	Past Results	162,604	5.2	-648	—	-4,551	—	-4,300	—	-7.7
FY2025	Past Results	171,090	5.2	1,882	Loss to profit	-1,495	Loss decrease	264	Loss to profit	0.5
FY2026	Company est.	172,000	0.5	11,000	484.3	8,550	Loss to profit	2,000	657.5	3.4
	WA est.	172,000	0.5	11,000	484.3	8,550	Loss to profit	2,000	657.6	3.4
FY2027	WA est.	200,000	16.3	20,000	81.8	15,500	81.3	3,600	80.0	6.0

※ The company prepares its financial information under the IFRS (International Financial Reporting Standards).

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chocoZAP, the 24-hour gym operator, will continue to attract people who feel the barrier to going to a gym (such as beginners and light users) is high and will achieve significant earnings growth through its highly profitable store format. We believe earnings per share entered a high-growth phase in the fiscal year ending March 2026 and maintain our estimated share price range of ¥500–¥600, based on earnings forecasts for the next five years. The company plans to resume dividends for the first time in eight years, with a projected year-end dividend of ¥0.67 per share for the fiscal year ending March 2026. Given the upside potential relative to the current share price, we maintain our investment rating of "Overweight." (Souta Suzuki)

■ Company Overview

Established in 2003 for the purpose of mail-order sales of health foods. On July 1, 2016, the company shifted to a pure holding company structure and changed its trade name to "RIZAP Group." Since July 2022, the company has fully developed its new convenience store gym "chocoZAP," and its healthcare and beauty businesses, including the RIZAP-related body composition businesses, are now its main businesses.

As of February 12, 2026, chocoZAP has 1,862 branches and 1.113 million members. The company has redirected investments previously focused on store expansion and advertising expenses toward improving store quality and customer satisfaction. As the chocoZAP business has returned to sustained profitability, it will enter a new investment phase aimed at renewed growth from 2H of the current fiscal year onward. The business has the potential for more than 6,000 stores and plans to expand to 8,000 stores across Japan. By expanding the store network through the utilization of idle land in local regions in cooperation with various partners—including franchise owners, corporations, local governments, and hospitals—the company aims to position chocoZAP as a health-related social infrastructure.

■ Business Environment and Outlook

The number of members in chocoZAP reached 1.113 million as of February 12, 2026. The company has a strong customer base in the entire fitness market, with domestic competitors Anytime Fitness having 1.089 million customers (as of December 31, 2025) and Curves having 908,000 customers (as of November 30, 2025). The fitness participation rate in Japan is estimated at around 5%. However, given that it is about 20% in the U.S. and similarly higher in other developed countries, there remains significant room for market expansion. Accordingly, the number of chocoZAP stores is estimated to have the potential to expand to the company's target of approximately 8,000. Until the fiscal year ended March 2025, the company allocated part of its advertising expenses to strengthen measures that lead to

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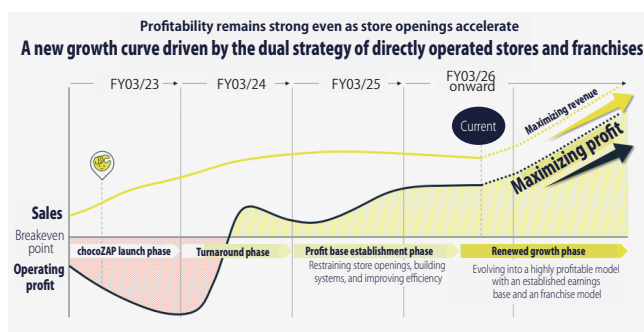
Comparison with Competitive Fitness Gyms			
	chocoZAP	ANYTIME FITNESS	Curves
When	As of Feb. 12, 2026	As of Dec. 31, 2025	As of Nov. 30, 2025
Number of branches	1,862	1,235	2,001
Number of members	1,113,000	1,089,000	908,000
Number of members per branch※1	598	882	454
Net sales (million yen)※2	FY2025 73,215	FY2025 18,009	FY2024 35,465
Profit structure	Only directly managed branches (with plans to expand through franchising)	Directly managed branches + franchise branches	Directly managed branches + franchise branches

Source: Created by Wealth Advisor based on each company's data

※1: The number of members per branch is the number of members/number of branches

※2: Revenue from RIZAP-related business

Operating Income and Number of Stores in the chocoZAP Business



improved customer satisfaction. It also visualized various branch statuses, including machine failure response, through on-line dashboard, expanded cleaning partners, and focused on improving branch quality and customer satisfaction by utilizing internal human resources to shift logistics and branch repairs to in-house operations. Thanks to the success of these measures, the number of existing customers has remained firm, and the company plans to pursue renewed growth by increasing the number of stores and members from 2H of the fiscal year ending 2026 onward.

Risk Factors

Competition in the beauty and health field is intensifying, with many companies entering the field from fitness management companies, food companies, and pharmaceutical manufacturers, and this can be described as a business risk. The company has made investments in expanding its chocoZAP branches, introducing and expanding new services, and marketing, but its operations could be affected if it does not get the expected advertising impact on customer traffic.

Shareholder Return (as of Mar. 4, 2026)

■ Dividends

		Dividend Per Share		
		First half	Second half	Annual
FY2024	Past Results	0 yen	0 yen	0 yen
FY2025	Past Results	0 yen	0 yen	0 yen
FY2026	Company est.	0yen	0.67yen	0.67yen

■ Shareholder Special Benefits

March 31, 2025

100 shares: chocoZAP for 6 months at half price
 200 shares: chocoZAP for 1 year at half price
 400 shares: chocoZAP for 1 year at half price for 2 people + special complimentary ticket worth 5,000 yen + 10,000 complimentary points
 800 shares or more: chocoZAP for 1 year at half price for 4 people + special complimentary ticket worth 10,000 yen + 14,000 complimentary points
 1,600 shares or more: chocoZAP for 1 year at half price for 4 people + special complimentary ticket worth 10,000 yen + 24,000 complimentary points
 2,400 shares or more: chocoZAP for 1 year at half price for 4 people + special complimentary ticket worth 10,000 yen + 30,000 complimentary points
 4,000 shares or more: chocoZAP for 1 year at half price for 4 people + special complimentary ticket worth 10,000 yen + 36,000 complimentary points
 8,000 shares or more: chocoZAP for 1 year at half price for 4 people + special complimentary ticket worth 10,000 yen + 72,000 complimentary points
 16,000 shares or more: chocoZAP for 1 year at half price for 4 people + special complimentary ticket worth 10,000 yen + 144,000 complimentary points

Competitor Comparison (If the number is better than rivals, it's highlighted by red character) (as of Mar. 4, 2026)

		RIZAP Group, Inc. (2928・Sapporo Ambitious Market)	Renaissance Inc. (2378・TSE Prime)	Felissimo Corporation (3396・TSE Standard)
Basic Point	Stock Price	228yen	1,077yen	843yen
	Unit of Investment	100 shares	100 shares	100 shares
	Minimum Investment Amount	22,800yen	107,700yen	84,300yen
	Fiscal Year End	March	March	February
Share Price Indicator	PER (E)	68.1 x	42.4 x	33.4 x
	PBR	2.6 x	2.0 x	0.3 x
	Dividend Yield (E)	0.3%	1.2%	2.4%
	Revenue Growth Rate (E)	0.5%	3.6%	3.7%
Growth	Operating Profit Growth Rate (E)	484.3%	-12.6%	95.7%
	EPS Growth Rate (E)	744.4%	-35.7%	31.9%
	Operating Margin (E)	6.4%	2.6%	0.4%
Profitability	ROE	0.7%	6.5%	0.7%
	ROA (Ordinary income/Total assets)	-0.9%	2.3%	0.8%
	Equity ratio	30.4%	21.8%	66.7%
Financial Health	Debt-to-Equity Ratio	114.1%	239.6%	0.0%
	Current Ratio	108.4%	80.8%	252.4%

Comparison targets were RENAISSANCE (2378), which operates sports clubs, and FELISSIMO (3396), which sells clothing and beauty products through mail order.

■Growth

The company plans operating profit of ¥11.0 billion for the fiscal year ending March 2026, up 5.8 times from the previous year. The primary driver of the profit expansion is that the company's core business, chocoZAP, has established a solidly profitable structure. The company aims to enter a new growth phase and store openings that had previously been restrained. From 2H onward, it also plans to increase its membership base by resuming the opening of directly operated and franchised stores, as well as by strengthening new customer acquisition initiatives.

■Profitability

The company expects operating profit for the fiscal year ending March 2026 to reach ¥11.0 billion, a significant improvement from the previous fiscal year. Previously, the chocoZAP business emphasized measures that lead to improved customer satisfaction. It also visualized various branch statuses, including machine failure response, through on-line dashboard, expanded cleaning partners, and focused on improving branch quality and customer satisfaction by utilizing internal human resources to shift logistics and branch repairs to in-house operations. These initiatives have contributed to stabilizing the membership base and improving store operational efficiency, thereby supporting the profitability of the business.

■Financial Position

Cash flow is expected to turn positive as capital-raising initiatives and the monetization of chocoZAP progress, leading to an improvement in the company's financial position. Strengthening the financial base is also expected to help reduce the interest burden of borrowing. While rising interest rates are a concern, we will continue to monitor whether interest-bearing liabilities continue to decline as chocoZAP operations remain profitable.

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How to Read Wealth Advisor Equity Research Report

Our Uniqueness

(1) Emphasize Its Position as an Independent Evaluation Organization

Wealth Advisor emphasizes its position as an independent evaluation organization and is committed to providing objective comparison and assessment in the Wealth Advisor Equity Research Report. For all stocks covered by us, we determine investment decisions, estimated share price range and earnings forecasts based on expertise of an individual analyst as well as the stock assessment committee consisting of several analysts.

(2) Universe of Covered Stocks

The stock assessment committee selects covered stocks based on the following criteria.

[Stock Selection Criteria]

- Domestic emerging companies that are rarely covered by analysts
- Stocks that are popular among retail investors (refer to data from online security brokers)
- Size of market capitalization (over about 5 billion yen)
- Exclude stocks which are liquidated or trade control, or stocks with going concern and excessive debt

(3) Investment Decisions Classified into Three Groups

We determine investment decisions for covered stocks after consultation with the stock assessment committee based on research, interview and analysis by each Wealth Advisor analyst.

Each stock is classified into either of three groups according to the following criteria.

Overweight

: Forecasted to go beyond the current stock price level by 15% or more in the next 6 months.

Neutral

: Forecasted to fall into the range of -15% ~+15% of the current stock price level in the next 6 months.

Underweight

: Forecasted to go below the current stock price level by 15% or more in the next 6 months.

We flexibly respond to any changes of observations regarding earnings forecasts, financial situations and stock price trends, and change investment decisions accordingly. "Under Review" status may be applied if any new information comes out and extra time is needed to determine investment decisions. Also we don't change investment decisions during trading hours. "Suspension" status may be applied when an analyst leaves our company.

(4) Estimated Share Price Range in the Medium Term

It shows the price range for a stock price in the next 6 months. We determine upper and lower range of stock price based on fair value estimates from share price indicator, technical factors such as chart points, most recent high and low prices, trend line and moving average, trading volume in each price range and such.

Analysis Points

■ Analyst Comment

Each analyst reports and evaluates the most recent earnings trend and business environment. It shows the most important information for stock investment such as evidence for investment decisions, perspectives on earnings forecasts and business prospects. Also to make sure it is easy to comprehend, we write in 2-4 paragraphs and use bold to emphasize important texts.

■ Revenue and Earnings Trend

It reports earnings in past two fiscal years, company forecasts and our forecasts for the current and next fiscal year. We predict earnings based on research as well as past quarterly earnings trend and analysis by segments.

■ Company Overview

It explains in detail what businesses the company is engaged in and how revenue sources are defined. Also on the basis of our research, it discusses what businesses the company will focus on in years to come and how it carries out mid-term business plan.

■ Business Environment and Outlook

It discusses current circumstances and growth potential of the industry to which the company belongs. A comprehensive report on the industry from different perspectives is provided through research interviews to competitors. Specific figures of the industry data are also introduced.

■ Risk factors

It shows the company's risk factors and describes various aspects of risks such as business, earnings and financials. Typical stock market risks are also taken into consideration.