

Convenience gym "chocoZAP" is expanding

RIZAP Group, Inc.

(2928, Sapporo Ambitious Market)

Recommendation rating (May 28)

Remain "Overweight"

Stock Price	Unit of Investment	Market Cap	year's high	year's low	PER(E)
228yen (May.28)	100Shares	136.04Bil yen (May.28)	259yen (Feb.16, 2026)	189yen (May. 28, 2026)	22.7x (May 28)

Building a solid earnings base and entering a renewed growth phase, while enhancing shareholder returns

■ Rapid growth at chocoZAP accounts for more than 50% of group operating profit

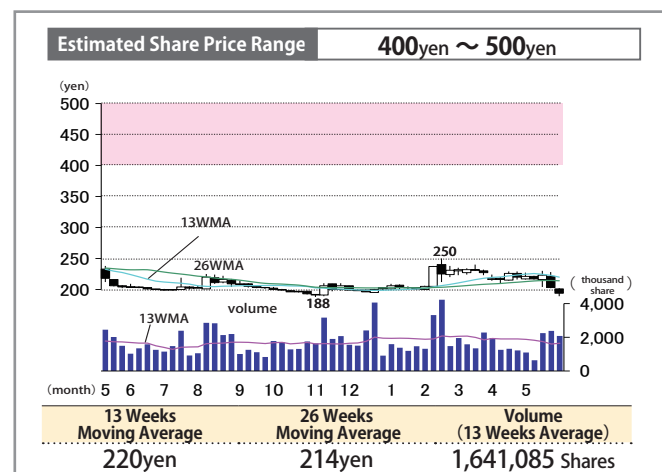
For the fiscal year ended March 2026 (April 2025–March 2026), consolidated results under IFRS showed net sales of ¥167.3 billion (down 2.2% year on year) and operating profit of ¥11.086 billion (5.9 times the previous year's level). RIZAP, the operating company behind the core chocoZAP business, posted its highest operating profit in eight fiscal years, with operating profit from the chocoZAP business rising to ¥5.565 billion (compared with ¥309 million in the previous fiscal year). Other group companies also delivered earnings growth, including REXT, which operates an entertainment business. Of the ¥9.204 billion year-on-year increase in consolidated operating profit, ¥5.255 billion came from higher profits in RIZAP-related businesses, including chocoZAP. The net impact of profit increases and decreases in other existing businesses contributed ¥1.423 billion, while the net impact of one-time gains and strategic expenses contributed ¥2.525 billion. **For the fiscal year ending March 2027, the company projected consolidated net sales of ¥180.0 billion (up 7.6% year on year) and operating profit of ¥12.0 billion to ¥16.0 billion (up 8.2% to 44.3% year on year). Operating profit was also expected to surpass the record high of ¥13.6 billion recorded in the fiscal year ended March 2018.** Net profit was projected at ¥4.0 billion to ¥6.0 billion (2.8 to 4.2 times the previous year's level), reflecting the absence of one-time expenses.

The company noted that it has established its own direct procurement channels for consumables, equipment, and machines, and therefore expects the impact of procurement disruptions stemming from the deteriorating situation in the Middle East to remain limited.

■ ¥15.0 billion in growth investment for the fiscal year ending March 2027

chocoZAP, a convenience gym operated through an unmanned-store model, has significantly lowered its break-even point by bringing consumables, maintenance, and transportation functions in-house and improving efficiency through the use of "Friendly Members," who assist with certain store operations. Consolidated free cash flow turned positive at ¥30.2 billion in the fiscal year ended March 2026, representing a cumulative improvement of ¥37.1 billion over the three fiscal years since the fiscal year ended March 2024.

Having established a strong earnings base, the company is entering a renewed earnings growth phase, marked by the reacceleration of store openings and aggressive investment in machines and services. Under its "chocoZAP Chapter 2" initiative, the company plans to make ¥15.0 billion in growth investment in the fiscal year ending March 2027, including new store openings, an expansion of gym equipment, and accelerated AI adoption. The total number of stores (domestic and international) stood at 1,963 as of May 14, 2026, and the company plans to increase that figure to between 2,259



and 2,709 stores by the end of the fiscal year ending March 2027. Alongside its directly operated stores, it will accelerate franchise expansion and the rollout of women-only locations, which continue to see strong demand. The company plans to expand its gym equipment and service offerings to 1.3 times their current level, including the addition of approximately 20,000 machines.

In AI transformation (AX), the company aims to establish an "AI store manager" that analyzes real-time data collected through IoT devices and apps and provides operational instructions to staff and Friendly Members. Through this initiative, it seeks to create fully autonomous stores that further enhance operational efficiency and customer satisfaction.

■ Store expansion expected to drive significant membership growth

Improved profitability in the chocoZAP business has driven a sharp recovery in earnings, and the company appears to have entered a new growth phase. Because the company prioritized profitability improvements in the fiscal year ended March 2026, the number of regular members remained broadly unchanged from a year earlier at 1.122 million as of May 14. However, with the foundation now in place to expand investment in store openings and advertising, membership is expected to increase significantly in the fiscal year ending March 2027. The company plans to open up to 800 new stores, including 300–650 in Japan and 50–150 overseas. Assuming a franchise ratio of approximately 10%, it also expects to open up to 300 women-only stores. The remaining stores will be opened primarily in regional cities with populations of around 100,000, focusing on areas where the company's brand had a limited presence. The cancellation rate rose slightly in March, although this was largely attributable to the rebound effect following the

Financial Results (as of May 28)

		Sales Revenue (Yen Mil)	YoY (%)	Operating Profit (Yen Mil)	YoY (%)	Income Before Income Taxes (Yen Mil)	YoY (%)	Net Profit (Yen Mil)	YoY (%)	EPS (Yen)
FY2025	Past Results	171,090	5.2	1,882	Loss to profit	-1,495	Loss decrease	264	Loss to profit	0.15
FY2026	Past Results	167,257	-2.2	11,086	489.1	8,128	Loss to profit	1,440	445.5	2.4
FY2027	Company est.	180,000	7.6	14,000	26.3	11,000	35.3	5,000	247.2	8.4
	WA est.	185,000	10.6	15,300	38.0	12,000	47.6	5,500	281.9	9.2
FY2028	WA est.	222,000	20.0	19,500	27.5	14,800	23.3	6,600	20.0	11.1

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

large-scale campaign conducted in January. For the fiscal year ending March 2027, the company plans to regularly conduct similar campaigns and tap into latent demand for gyms through women-only locations and other initiatives. Customer satisfaction is expected to increase as the company significantly expands its gym equipment and service offerings.

In addition, improved profitability in the fiscal year ended March 2026 strengthened the company's financial position, allowing it to enhance shareholder returns. The company resumed dividend payments for the first time in eight fiscal years, paying a dividend of ¥0.67 per share, and forecasts a dividend increase to ¥1.34–¥2.01 per share for the fiscal year ending March 2027.

Wealth Advisor (WA) believes that its long-held scenario of improving profitability and renewed earnings growth in the chocoZAP business is progressing smoothly. Over the longer term, the company's overseas expansion is also a positive factor, as it continues to build a highly profitable business model in Hong Kong that significantly exceeds the profitability of its operations in Japan. Reflecting the company's fiscal 2027 plan, which is more conservative than our previous forecast, as well as the decline in equity risk premiums associated with rising global interest rates, we have revised our target share price range to ¥400–¥500. Nevertheless, we maintain our "Overweight" rating due to the substantial gap that remains between the current share price and our valuation. (Sota 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.[A1.1]

As of May 14, 2026, chocoZAP had 1,963 stores and 1.161 million members, including corporate trial members and shareholder benefit members. The company had 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 entered a new investment phase aimed at renewed growth from 2H of fiscal 2026 onward. The business has the potential for more than 6,000 stores and plans to expand to 8,000 stores across Japan.[A2.1] It is also looking to accelerate its overseas expansion, beginning with Hong Kong and Taiwan. 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 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

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Comparison with Competitive Fitness Gyms

	chocoZAP	ANYTIME FITNESS	Curves
When	As of May 14, 2026	As of Dec. 31, 2025	As of Nov. 30, 2025
Number of branches	1,963	1,235	2,001
Number of members	1,112,000	1,089,000	908,000
Number of members per branch※1	566	882	454
Net sales (million yen)※2	FY03/26 69,348	FY03/26 20,514	FY08/25 35,465
Profit structure	Primarily directly managed branches (full-scale franchise expansion planned)	Directly managed branches + franchise branches	Directly managed branches + franchise branches

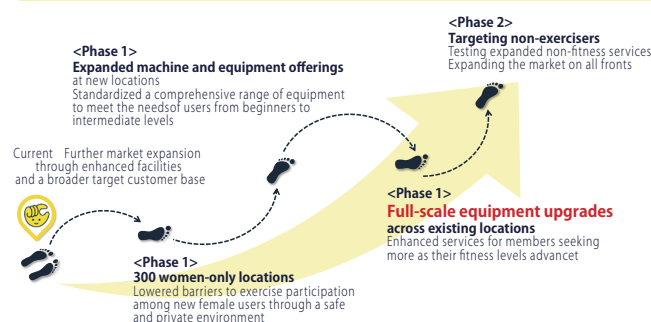
Source: Created by Wealth Advisor based on each company's data

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

※2: Revenue for chocoZAP represents the healthcare and beauty segment of the RIZAP Group. Revenue for Anytime Fitness is based on the midpoint of Fast Fitness Japan's forecast as of November 2025.

The Launch of chocoZAP Chapter 2

Phased rollout of a comprehensive strategy
Rapidly expand the addressable market through women-only facilities, services for intermediate users, and outreach to non-exercisers, with the goal of raising fitness participation to 20%.



Excerpt from RIZAP Group's financial results briefing

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. [A4.1]The company enhanced profitability by lowering the break-even point per store through initiatives such as bringing key functions in-house. It is also seeking to improve customer satisfaction by enhancing the store environment through digital transformation (DX). In the fiscal year ending March 2027, it plans to significantly expand its gym equipment and service offerings while accelerating the rollout of women-only locations.

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 May 28)

■ Dividends

		Dividend Per Share		
		First half	Second half	Annual
FY2025	Past Results	0 yen	0 yen	0 yen
FY2026	Past Results	0 yen	0.67yen	0.67yen
FY2027	Company est.	0yen	1.34–2.01yen	1.34–2.01yen

■ Shareholder Special Benefits

End of March 2027

(1) 50% off chocoZAP

(2) RIZAP Group digital gift certificates (usable within the RIZAP Group)

(3) Shareholder benefit points (redeemable for RIZAP Group products)

100 shares or more: (1) 6 months

200 shares or more: (1) 1 year

400 shares or more: (1) 1 year (2 people) + (2) ¥5,000 + (3) 10,000 points

800 shares or more: (1) 1 year (4 people) + (2) 10,000 yen + (3) 14,000 points

1,600 shares or more: (1) 1 year (4 people) + (2) 10,000 yen + (3) 24,000 points

2,400 shares or more: (1) 1 year (4 people) + (2) 10,000 yen + (3) 30,000 points

4,000 shares or more: (1) 1 year (4 people) + (2) 10,000 yen + (3) 36,000 points

8,000 shares or more: (1) 1 year (4 people) + (2) 10,000 yen + (3) 72,000 points

16,000 shares or more: (1) 1 year (4 people) + (2) 10,000 yen + (3) 144,000 points

Competitor Comparison (If the number is better than rivals, it's highlighted by red character) (as of May 28)

		RIZAP Group, Inc. (2928・Sapporo Ambitious Market)	Renaissance Inc. (2378・TSE Prime)	Felissimo Corporation (3396・TSE Standard)
Basic Point	Stock Price	190yen	998yen	831yen
	Unit of Investment	100 shares	100 shares	100 shares
	Minimum Investment Amount	19, 000yen	99, 800yen	83, 100yen
	Fiscal Year End	March	March	February
Share Price Indicator	PER (E)	22.7 x	39.3 x	19.7 x
	PBR	2.2 x	2.5 x	0.3 x
	Dividend Yield (E)	0.9%	1.3%	3.0%
Growth	Revenue Growth Rate (E)	7.6%	4.7%	3.7%
	Operating Profit Growth Rate (E)	26.3%	15.0%	10.2%
	EPS Growth Rate (E)	347.7%	-122.6%	-16.5%
Profitability	Operating Margin (E)	7.8%	2.6%	0.8%
	ROE	2.8%	-19.3%	1.8%
	ROA (Ordinary income/Total assets)	5.0%	1.4%	1.6%
Financial Health	Equity ratio	30.9%	17.0%	70.1%
	Debt-to-Equity Ratio	126.1%	164.6%	0.0%
	Current Ratio	122.3%	81.3%	293.3%

Comparison targets were Renaissance Inc. (2378), which operates sports clubs, and Felissimo Corporation (3396), which sells clothing and beauty products through mail order.

*RIZAP reports under IFRS. Profit forecasts and projected dividend yields are based on the midpoint of the forecast range.

■ Growth

The company plans operating profit of ¥14.0 billion (the midpoint of its guidance range) for the fiscal year ending March 2027, up 26.3% 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. [A6.1] In addition to fully resuming investment in store openings, which had previously been restrained, the company is also making significant investments to expand services through a network-wide store renewal program. It is currently accelerating store expansion through a dual-track strategy of directly operated and franchised stores, while maintaining capital efficiency. It also plans to further expand its membership base by leveraging synergies with new customer acquisition initiatives that have already been launched.

■ Profitability

Driven by the recovery of the chocoZAP business, operating profit increased to ¥11.086 billion in the fiscal year ended March 2026, 5.9 times the previous year's level. For the fiscal year ending March 2027, operating profit is projected to range from ¥12.0 billion to ¥16.0 billion, representing growth of 8.2% to 44.3% year on year. The company has improved profitability by using DX to monitor store conditions, including equipment maintenance and malfunction response, while expanding its network of cleaning partners and bringing logistics and store repair functions in-house leveraging internal talent.

■ Financial Position

The company's financial position has become more stable, supported by improved profitability at chocoZAP and greater asset efficiency. Free cash flow turned positive in the fiscal year ended March 2025 and increased further to ¥30.2 billion in the fiscal year ended March 2026, compared with ¥6.9 billion in the previous fiscal year. The ratio of equity attributable to owners of the parent company rose to 30.9% (from 30.4% in the previous fiscal year), while the equity ratio increased to 39.5% (from 36.8%), resulting in a net cash position (effectively debt-free).

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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.