

December 28, 2018

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Company name: RIZAP GROUP, Inc.
Representative: Takeshi Seto, Representative Director, President
(2928, Sapporo Securities Exchange's Ambitious market)
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Announcement of Corporate Governance Reforms and Changes in Representative Directors and Officers

RIZAP GROUP, Inc. (the "Company") hereby announces that at a meeting held on December 28, 2018, its Board of Directors made a resolution on corporate governance reforms and changes in Representative Directors and Officers as part of structural reforms for the sustainable growth of the Group. Details are as follows.

1. Concrete measures for structural reforms

As disclosed in the "Announcement of Revisions to Consolidated Business Forecasts and Dividend Forecast and Structural Reforms of RIZAP Group," dated November 14, 2018, the Company has commenced fundamental structural reforms for the sustainable growth of the Group, implementing concrete measures for the growth step by step. The breakdown of the concrete measures that have been decided at this stage is as follows:

(1) Corporate governance reforms

- (i) Reform of the Board of Directors
- (ii) Introduction of an executive officer system
- (iii) Transition to a management structure in which one Representative Director is appointed
- (iv) Appointment of a director in charge of structural reforms

(2) Redefinition of business domains

- (i) Concentration on priority segments (concentration of management resources on growth businesses, mainly in the beauty and healthcare areas)
- (ii) Restructuring of non-core businesses (contraction of or withdrawal from businesses, and acceleration of sale of businesses)

(3) Transformation to a strong business structure

- (i) Shift to cashflow-based management
- (ii) Implementation of cross-sectional cost reductions and measures for streamlining across the Group

2. Overview of corporate governance reforms

As part of the concrete measures for the structural reforms, the Company will implement corporate governance reforms step by step with a focus on the separation of supervision and execution. The concrete measures that will be carried out at this stage are as follows:

(1) Reform of the Board of Directors

The Company will review the structure of its Board of Directors, which consists of a majority of outside directors and a minority of inside directors, and make a systemic change to the Board so that it can make decisions quickly and conduct appropriate supervision. Specifically, the number of directors will be decreased from the current 12 to 5, shifting to the structure of a Board comprising two inside directors and three outside directors on January 1, 2019.

(2) Introduction of an executive officer system

In addition to the abovementioned reforms of the Board of Directors, the Company will introduce an executive officer system on January 1, 2019. By doing so, it will clarify executive authority and responsibility and strive to enhance the flexibility of management and the reliability of plans that are implemented.

In addition, it will actively appoint internal and external personnel who excel in the ability to execute assignments as executive officers, and seek to achieve sustainable growth and further improvements in corporate value. The main points of the executive officer system that will be introduced are as follows:

- Executive officers will undertake duties commissioned by the Board of Directors based on service agreements or employment agreements that they conclude with the Company.
- The Board of Directors will determine matters such as the selection, dismissal and responsible duties of executive officers.
- The term of executive officers shall be effective until the closing date of every business year (March 31 of every year), and this does not preclude reappointment. (The term of executive officers appointed on January 1, 2019 shall be effective until March 31, 2019.)

(3) Transition to a management structure in which one Representative Director is appointed

The Company will adopt a management structure in which one Representative Director is appointed in consideration of transition to a management structure in which two inside directors are appointed based on the reform of the Board of Directors described in (1) above. In the management structure after the transition, Takeshi Seto, the founder of the Company, remains as Representative Director and focuses efforts on the supervision of management, the execution of operations and the implementation of structural reforms across the Group.

(4) Appointment of a director in charge of structural reforms

The Company will appoint a director in charge of structural reforms to implement structural reforms that are being carried out quickly and reliably. Akira Matsumoto will remain as a director in charge of structural reforms, and will focus efforts on accomplishing structural reforms for the sustainable growth of the Company and providing support for the management undertaken by the Representative Director.

3. Details of changes in Representative Directors and Officers (effective January 1, 2019)

Name	New title and main responsibilities	Current title and main responsibilities
Takeshi Seto	Representative Director, President Also supervising the healthcare business	Representative Director, President
Akira Matsumoto	Director Also in charge of structural reforms	Representative Director Also in charge of structural reforms
Masayoshi Naito	Executive Officer Also supervising the platform business, and Representative Director, Chairman and President of Wander Corporation	Director General Manager of Purchasing & Logistics Division and Representative Director, Chairman and President of Wander Corporation
Tetsuo Kozai	Executive Officer, Also supervising business strategies and General Manager of Business Strategy Office	Director Division General Manager of Corporate Alliance
Shoji Okada	Executive Officer Also in charge of information systems, and Division General Manager of IT Infrastructure and Development	Director Division General Manager of IT Infrastructure and Development
Masato Mori	Executive Officer Also supervising the lifestyle business, and Representative Director and President of IDEA INTERNATIONAL CO., LTD	Director Representative Director and President of IDEA INTERNATIONAL CO., LTD
Shinji Iwamoto	Executive Officer Also supervising the beauty business, and Representative Director and President of MRK HOLDINGS INC.	Director Representative Director and President of MRK HOLDINGS INC.

*Responsibilities show only those served in the capacity of division heads in the Company and representative positions in main operating companies.

*Masayoshi Naito, Takeo Kato, Tetsuo Kozai, Shoji Okada, Takeyoshi Kaku, Masato Mori and Shinji Iwamoto, who are directors, will resign on December 31, 2018. Even after the resignation of these directors, the number of directors meets the requirements specified in laws and regulations and the Articles of Incorporation.

4. Other important personnel changes (effective January 1, 2019)

Name	New title and main responsibilities	Current title and main responsibilities
Muneto Tamagami	Division General Manager of Administration	Division General Manager of HR
Takayuki Kamaya	Division General Manager of Corporate Strategy and Planning	General Manager of Group Management

<Reference: Directors and Executive Officers (effective January 1, 2019)>

Representative Director, President: Takeshi Seto (also supervising the healthcare business)

Director in charge of structural reforms: Akira Matsumoto

Director and Audit Committee member: Shoji Otani (outside director)

Director and Audit Committee member: Naohiro Chikada (outside director)

Director and Audit Committee member: Yoshihiro Yoshida (outside director)

Executive Officer: Masayoshi Naito (also supervising the platform business/

Representative Director, Chairman and President of Wander Corporation)

Executive Officer: Tetsuo Kozai (also supervising business strategies/General Manager of

Business Strategy Office

Executive Officer: Shoji Okada (also in charge of information systems/Division General Manager of

IT Infrastructure and Development)

Executive Officer: Masato Mori (also supervising the lifestyle business/Representative and President of

IDEA INTERNATIONAL CO., LTD)

Executive Officer: Shinji Iwamoto (also supervising the beauty business/Representative Director and President of

MRK HOLDINGS INC.)

<Reference: Organization chart of RIZAP GROUP, Inc. (effective January 1, 2019)>

