

Earnings Presentation

Second Quarter of the Fiscal Year Ending March 2020

November 14, 2019
RIZAP GROUP, Inc.
(Sapporo Securities Exchange's Ambitious 2928)



Disclaimer

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This document contains descriptions concerning the future, including forecasts, plans and targets, etc., related to the Company and the Company Group, but these descriptions are based on the information available to the Company at the time of preparation of this document under certain assumptions (hypotheses) and are founded on predictions, etc., made at that time. These descriptions and assumptions (hypotheses) may be objectively inaccurate or may not be realized in the future and consequently, future forecasts and actual results may differ greatly.

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Highlights



- 1. Revenue was 108.3bn yen
- 2. Operating income was 2.7bn yen In line with planned performance
- 3. Progress in restructuring listed Group companies

(from three companies with operating income in Q2 of last year to all companies with operating income in Q2 of this year under IFRS)

*Not including PADO, which announced an application for a takeover bid on November 6, 2019



Consolidated Results for FY2020/3 Q2

Consolidated Results Summary (IFRS)



(¥ mil)

	FY2019/3 Q2 (Apr. – Sep.)	FY2020/3 Q2 (Apr. – Sep.)	Change	% change
Revenue	105,675	108,286	+2,611	102.4%
Cost of sales	56,254	58,749	+2,495	104.4%
SG&A	52,192	46,655	-5,537	89.4%
Other income and expenses	-3,107	-172	+2,935	-
Operating income or loss (IFRS)	-5,879	2,709	+8,588	-
Income or loss before tax	-6,713	1,378	+8,091	-
Net income or loss from continuing operations	-7,162	617	+7,779	-
Net income or loss from discontinued operations	-2,791	198	+2,989	-
Net income or loss	-9,954	815	+10,769	-
Net income or loss attributable to owners of the parent	-8,546	-66	+8,480	-

Note 1: Tatsumi Planning (now Tatsumi Management) is categorized as a discontinued operations for FY2020/3. Note 2: IFRS 16 Leases applies from FY2020/3 Q1.

Note 3: Temporary accounting processing was applied to the consolidated financial results for FY2019/3 pertaining to the business combination with SHICATA CO. implemented in FY2019/3 Q. With such results finalized in the first quarter of the fiscal year, details of the temporary accounting processing, which were finalized, are reflected in financial figures in FY2019/3 Q2.

Trends in Consolidated Operating Income

purchases)

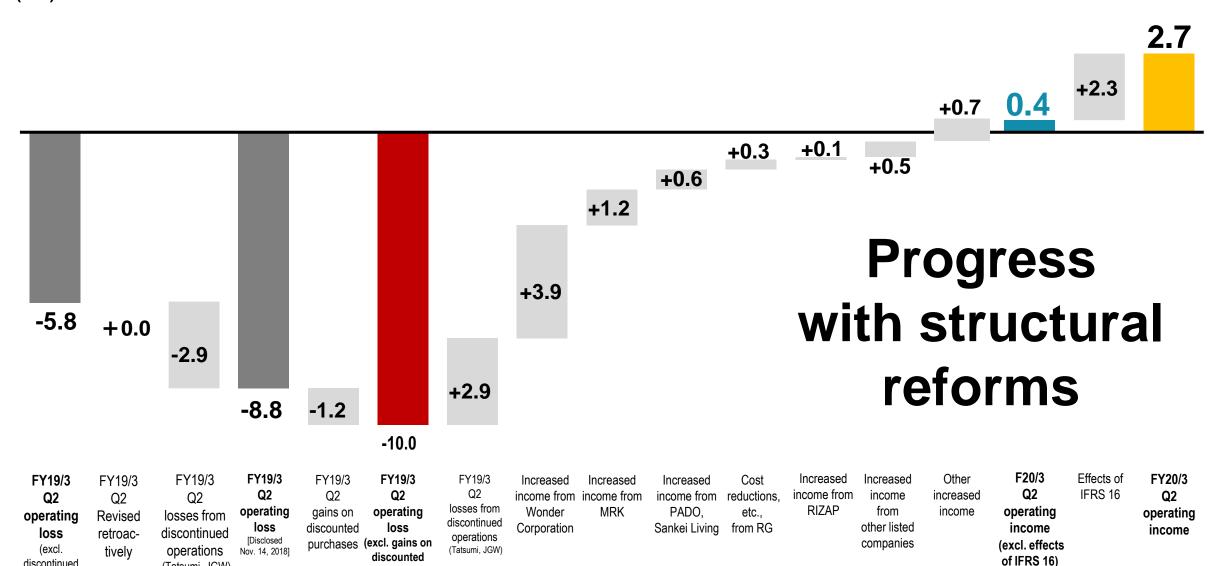


(¥bn)

discontinued

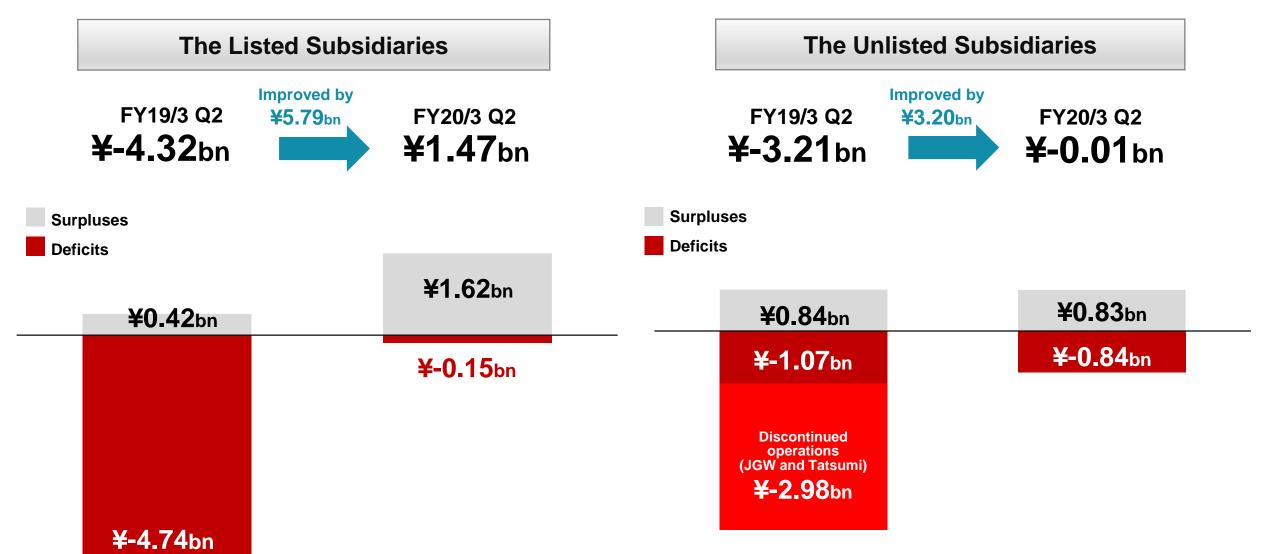
operations)

(Tatsumi, JGW)



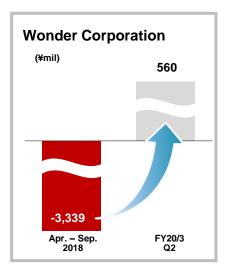
Operating Income (IFRS) Excluding the RIZAP businesses

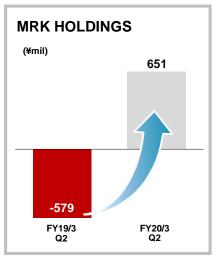


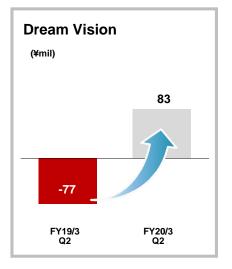


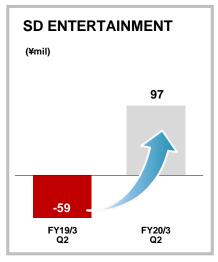
(Ref.) Operating Income of Listed Subsidiaries (IFRS)

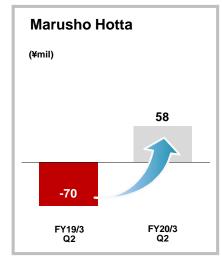


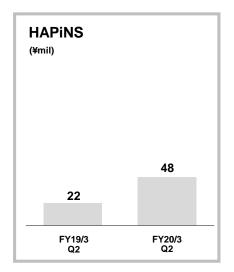


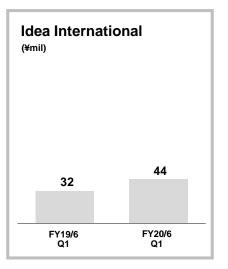


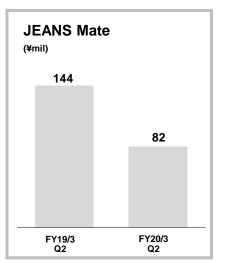


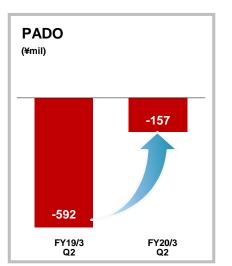












Improved significantly

Overview of new accounting standards for leases under IFRS 16



(Mandatory application in fiscal years beginning on or after January 1, 2019)

►IFRS 16 Leases

In principle, assets and liabilities are recognized for all lease agreements, store lease agreements, recorded as right-of-use assets on the assets side and lease liabilities on the liabilities side. Depreciation on right-of-use assets and interest expenses on lease liabilities during the lease term are recorded to the PL Statement. No lease fees (rents) previously recorded are indicated.

Most Group stores are leased properties under lease agreements. Most lease charges are recorded on the balance sheet and depreciated. Some are recorded as interest paid.

► Main effects on Q2 financial statements

• Consolidated PL Statement: Operating income grew by 2.3bn yen.

Consolidated Balance Sheet: Right-of-use assets increased by 45.7bn yen; lease liabilities increased

by 59.1bn yen.

Statement of Cash Flows: Cash flows from operating activities increased by 6.4bn yen; cash flows

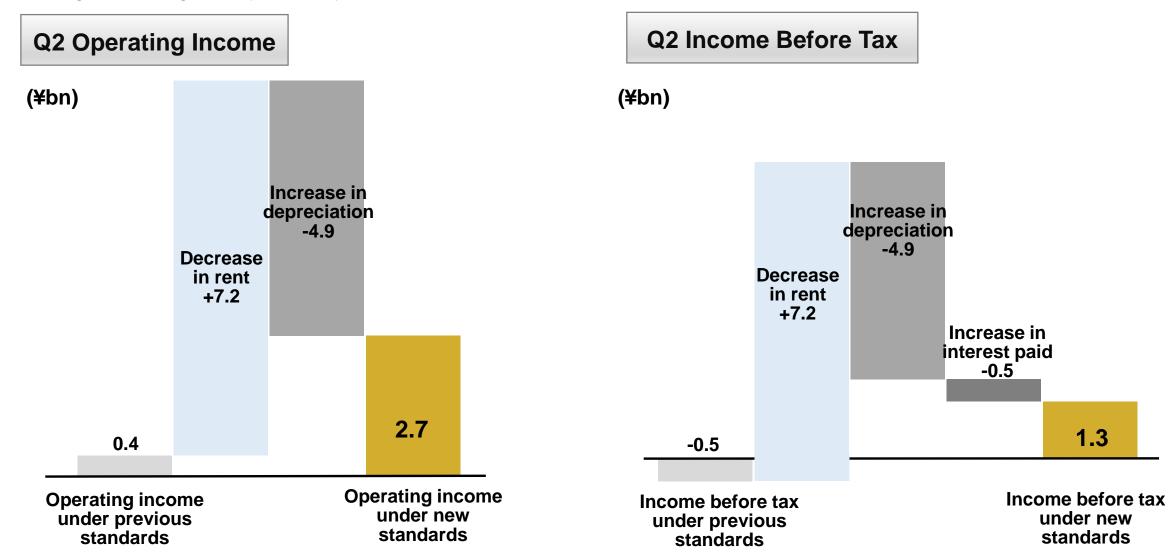
from financing activities decreased by 6.4bn yen.

Note: Some figures for the effects of IFRS 16 application indicated in this document have not been audited.

Effects of IFRS 16 application on PL Statement

GROUP

- Recording lease agreements to the Balance Sheet resulted in decreased rent and increased depreciation.
- Operating income grew by 2.3bn yen (Q2).



Summary of Consolidated Statement of Financial Position



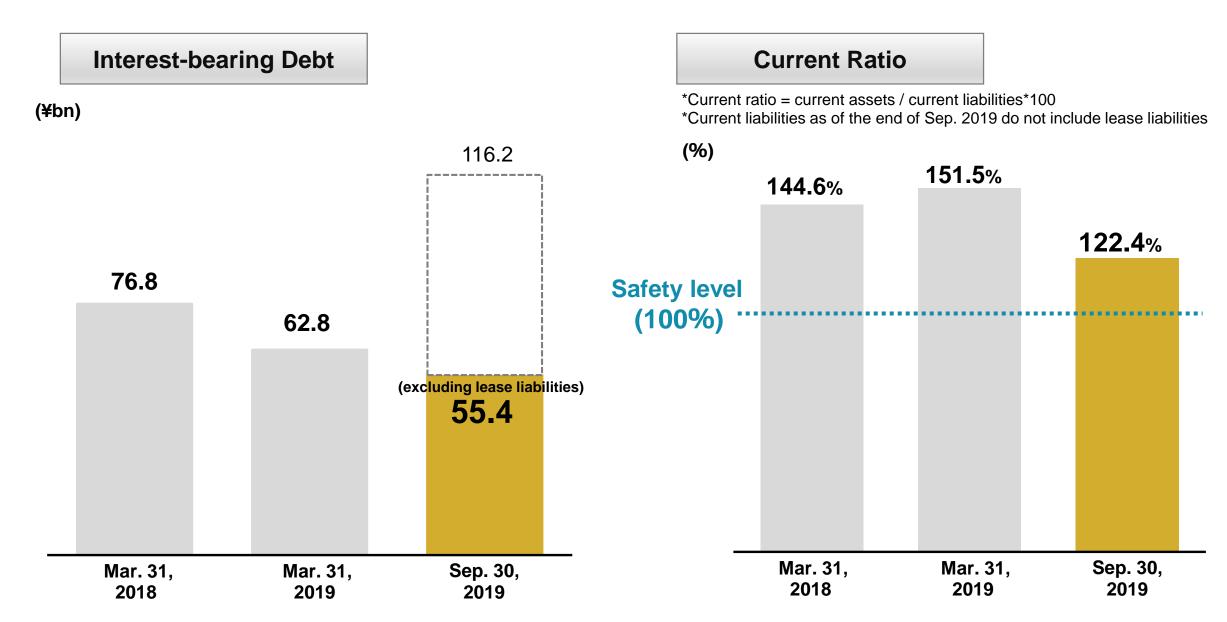
(¥mil)

			()
	End of FY2019/3	End of FY2019/6	Change
Current assets	125,036	106,936	-18,100
Cash and cash equivale	ents 42,245	33,242	-9,003
Non-current assets	55,385	101,099	+45,714
Property, plant, and equipment	29,028	73,931	+44,903 *Impact of IFRS
Total assets	180,421	208,036	+27,615
Current liabilities	82,509	87,379	+4,870
Interest-bearing debts	29,266	45,658	+16,392 *Impact of IFRS
Non-current liabilities	43,174	79,786	+36,612
Interest-bearing debts	33,458	70,594	+37,136
Total liabilities	125,683	167,166	+41,483
Total equity	54,737	40,870	-13,867 *Impact of IFRS
Total liabilities and equity	180,421	208,036	+27,615

Note: IFRS 16 Leases applies from FY2020/3 Q1.

Financial Soundness





Consolidated Statement of Cash Flows (IFRS)



(¥mil)

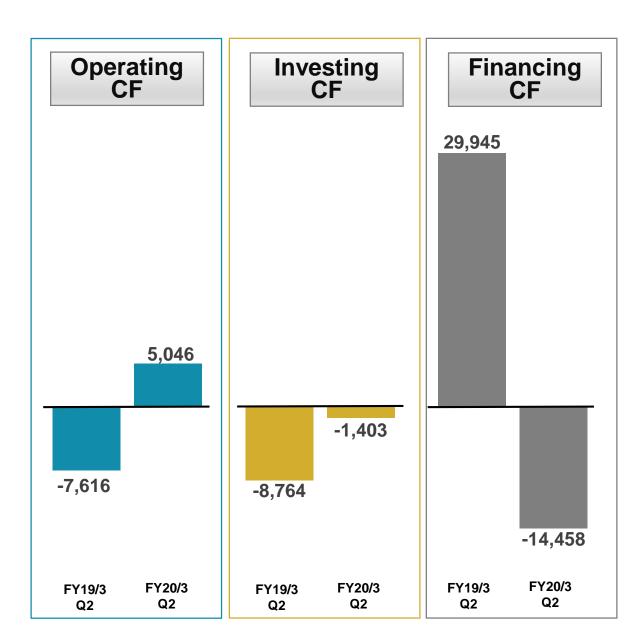
	FY2019/3 Q2 (Apr. – Sep.)	FY2020/3 Q2 (Apr. – Sep.)	Change	(≢mi Major factors in FY2020/3 Q1
Income (loss) before tax (including discontinued operations)	-9,740	1,872	+11,612	Effects of IFRS 16: 1,635
Depreciation and amortization	2,622	7,149	+4,527	Effects of IFRS 16: 4,878
Change in inventory	-269	166	+435	
Change in operating receivables, etc.	492	1,566	+1,074	Decreased receivables: MRK (759), Sankei Living (458), etc.
Change in operating payables, etc.	625	-3,740	-4,365	Effects of holidays at end of previous fiscal year
Other	-2,225	-2,010	+215	
Income taxes paid	879	43	-836	
Cash flow from operating activities	-7,616	5,046	+12,662	Effects of IFRS 16: 6,494
Cash flow from investing activities	-8,764	-1,403	+7,361	Purchase of property, plant, and equipment: -2,521 Effects of sale of subsidiaries: 1,181
Cash flow from financing activities	29,945	-14,458	-44,403	Effects of IFRS 16: -6,494 Repayment of long-term debts: -9,521
inding balance of cash and cash equivalents	57,220	33,242	-23,978	

^{*1} IFRS 16 Leases applies from FY2020/3 Q1.

^{*2} March 31, 2019 was a holiday. Receivables and payables to be paid on that date were delayed until April 2019, boosting payments in FY2020/3 Q2.

Improvements to Cash Flow





Cash flows from operating activities +12,662mil yen YoY

(YoY change excluding 6,494 million yen effects of IFRS 16: +6,168 million yen)

- Income before tax*1: +11,612 million yen
 - → Excluding effects of IFRS 16 (1,635 million yen): +9,977 million yen
- Depreciation expenses: +4,527 million yen
 - → Excluding effects of IFRS 16 (4,878 million yen): -351 million yen
- Decrease in operating debts, etc. (e.g., effects of holiday.)*2:
 -4,365 million yen

Cash flows from investing activities +7,361mil yen YoY

- Effects of decrease in M&As: +5,039 million yen
- Effects of sale of subsidiaries: +1,181 million yen

Cash flows from financing activities −44,403mil yen YoY

(YoY change excluding the −6,494 million yen effects of IFRS 16: −37,909 million yen)

- Effects of revenue from issue of shares in FY2019/3: −35,480 million yen
- *1 Including income before tax on discontinued businesses
- *2 March 31, 2019 was a holiday. Receivables and payables to be paid on that date were delayed until April 2019, boosting payments in FY2020/3 Q2.

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Highlights of Restructuring Progress

Overview of Restructuring





(October 2018 - March 2019)

FY2020/3

(April 2019 –)

FY2021/3 and beyond

(April 2020 –)

Phase I

(Period for eliminating negative factors)

- Freeze on new M&A activities in principle
- Corporate governance reforms
- Sale of real estate, closure and consolidation of stores, and reducing inventories
- Swift completion of reorganization of Group company management
- Sale of Group companies with need for urgent action

Phase II

(Building the foundations for growth)

- Shift to stronger business foundations
- Enhancing Group management structures
- Focusing management resources on growth businesses
- Enhancing cash flow management

Phase III

(Toward a growth track)

 Achieving sustained growth based on new medium-term management plans

During this period, we focused on building the foundations for full-fledged recovery to move along a growth track.

PADO Takeover Bid



Although its losses have been reduced by one-half, we determined that PADO was unable to improve profits in the short term, and to realize Group synergies.

We applied for a takeover bid for PADO based on a decision to reorganize, curtail, and withdraw from its current businesses.

Overview of PADO

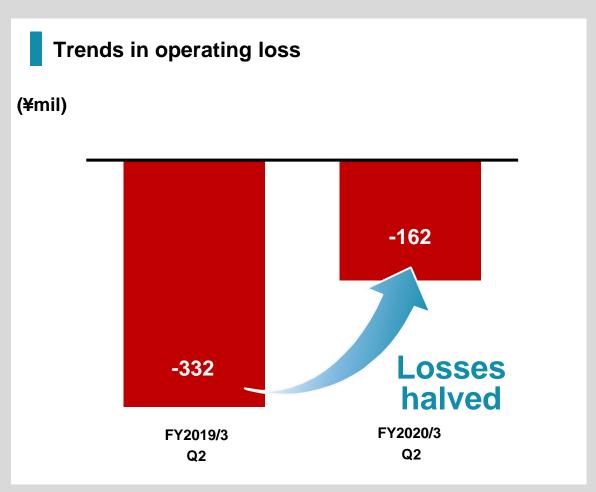


(7 group companies in total)





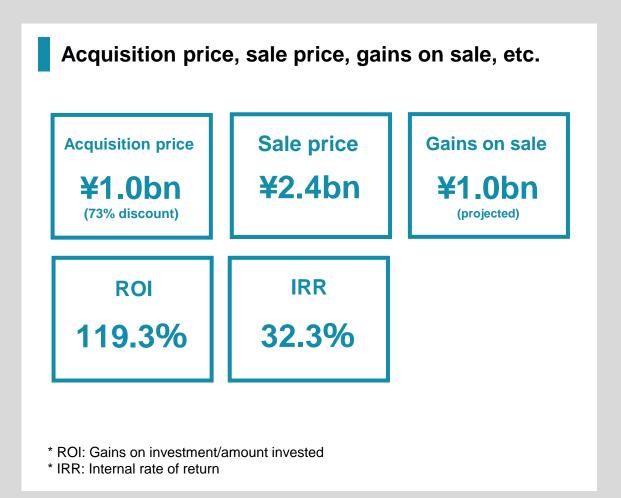
- Joined the Group in March 2017
- Major publisher of free newspapers
- After it joined the Group, an agreement was concluded to consign advertisement activities to PADO.
- Challenging conditions in recent years have led to difficult and declining business conditions for PADO.

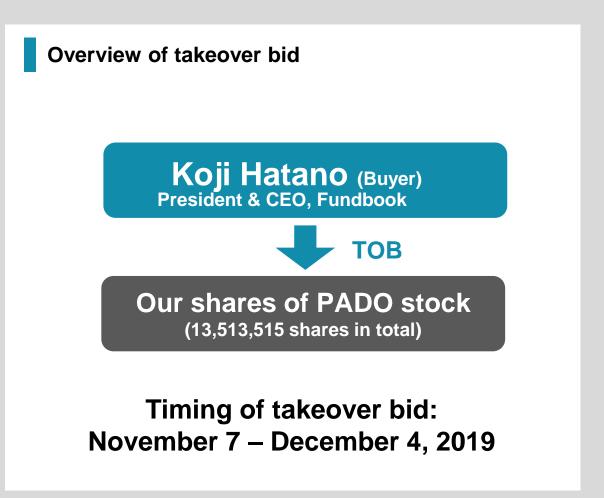


PADO Takeover Bid



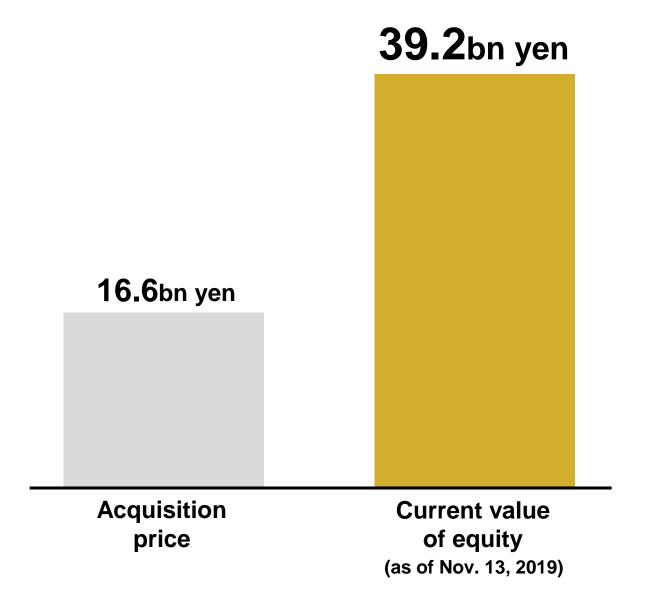
Expect to achieve gains of approx. ¥1.0bn from the takeover bid for all shares of PADO stock.





(Ref.) Results of Investment in Nine Listed Subsidiaries





22.6bn yen increase

Cum. net income: 7.5bn yen*1 ROI 116.7% IRR 48.1%*2















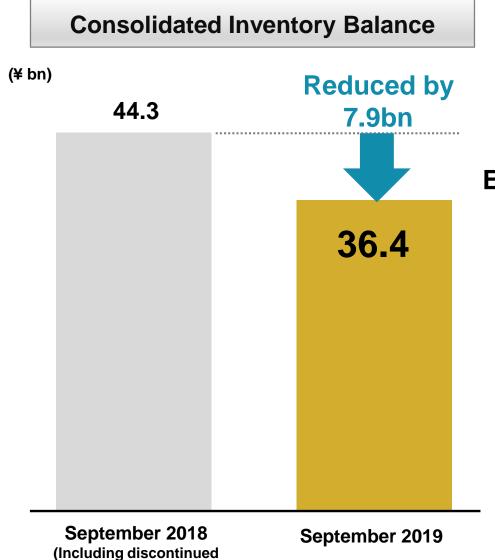




- *1 Calculated based on net income for each company (by percentage of equity), gains on discounted purchase, and gains on sale
- *2 Exit prices represent the planned sale price for PADO and the current value of equity for other companies.

Reducing Inventories by Promoting Inventory Optimization





operations)

Stabilizing the inventory balance

Expanding sales channels by ascertaining and managing the current status and enhancing cooperation on a RIZAP Groupwide basis

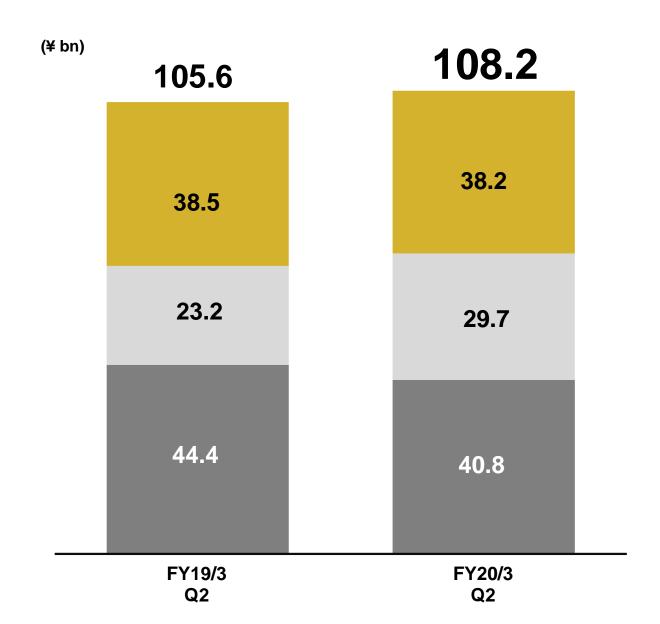




Overview of Results by Segment

Revenue by Segment





Beauty/Healthcare -0.3bn yen

- Increased revenues from The RIZAP Businesses (+0.1bn yen)
- Increased revenues from MRK (+0.8bn yen)
- Effects of recent consolidation: Onko (+0.8bn yen)
- Effects of sale of some businesses of SD Entertainment (−1.7 bn yen)

Lifestyle +6.5bn yen

- Effects of recent consolidation: Sohken Homes (+2.8bn yen)
- Increased revenues from Idea International (+1.3bn yen)
- Increased revenues from Dream Vision (+1.3bn yen)
- Increased revenues from Auntie Rosa (+1.2bn yen)
- Decreased revenues from Marusho Hotta (-0.3bn yen)

Platforms -3.5bn yen

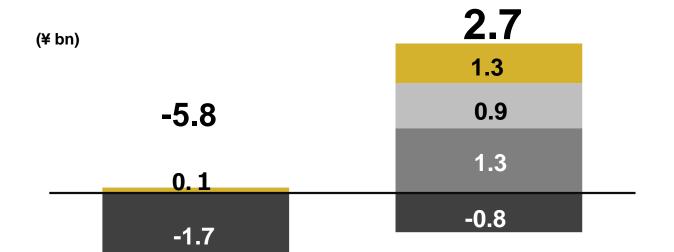
• Decreased revenues from WonderCorporation (-2.2bn yen)

Adjustments

• FY2019/3 Q2 (-0.5bn yen), FY2020/3 Q2 (-0.6bn yen)

Income or Loss by Segment





Increased income across all segments

- Beauty/Healthcare +1.1bn yen
 - Increased income from MRK (+1.2bn yen)
 - Kenkou Corporation (+0.7bn yen)
 - JAPAN GALS (-0.1bn yen)

Lifestyle

+1.1bn yen

- Increased income from Dream Vision (+0.2bn yen)
- Increased income from Idea International (+0.1bn yen)
- Increased income from Auntie Rosa (+0.1bn yen)

Platforms

+5.3bn yen

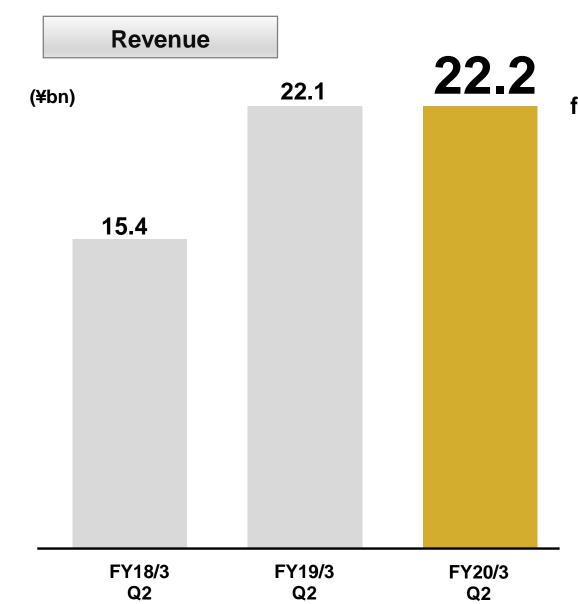
• Increased income from WonderCorporation (+3.9bn yen)

Adjustments

FY19/3 Q2 FY20/3 Q2

The RIZAP Businesses





Despite the temporary effects on numbers of members following the announcement of FY19/3 results on May 15, a trend toward recovery emerged and has continued since midsummer



*The RIZAP businesses:

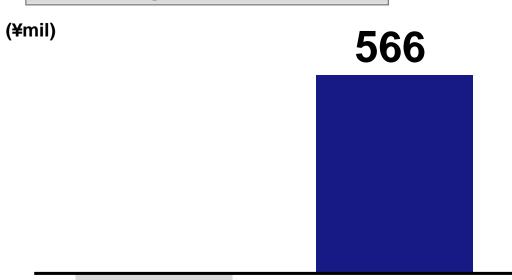
In addition to the RIZAP Body Making business, this also includes the RIZAP-related products and services, the subsidiaries acquired during FY2018/3 including B&D, D&M, and Gochisouyasobei, and Isshin Watch acquired during FY2019/3.

Beauty and Healthcare Segment

MRK Holdings







-519

FY19/3 Q2 FY20/3 Q2

Income grew by 1.08bn yen

Significant improvements in gross profits thanks to steady sales of main products



Lifestyle Segment

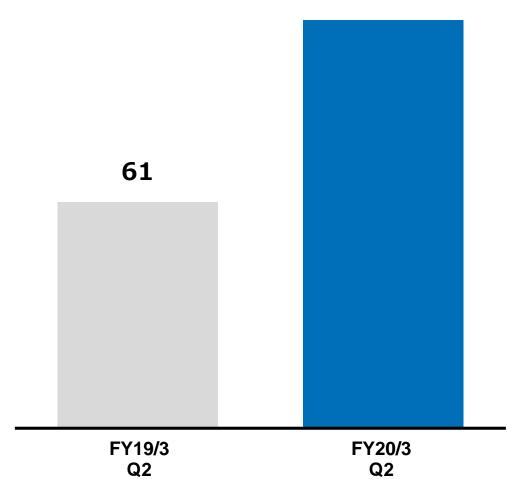
HAPINS





(¥mil)

110



Income grew by 181%

Gross profit margin increased thanks to stronger sales of strategic products and expanded private label product line







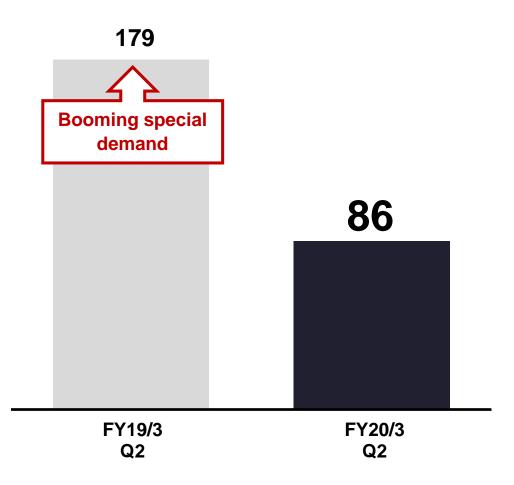


JEANS MATE



Operating Income (J-GAAP)

(¥mil)



Two consecutive periods of operating income

Despite improvements to the income structure achieved through control of inventories and SG&A expenses, income decreased due to the impact of unseasonable weather.

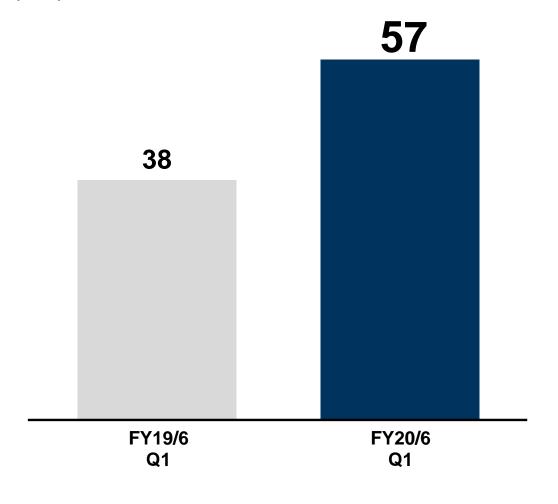


Idea International



Operating Income (J-GAAP)





Record high for Q1

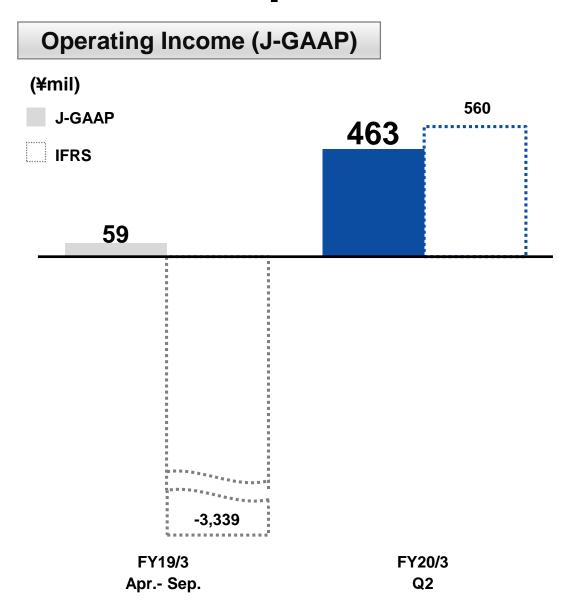
Sales of BRUNO hot plates were strong.

Adding SHICATA to the scope of
consolidation also contributed



Wonder Corporation

Wonder Corporation



Large-scale income growth achieved

Restructuring in the previous period bore fruit.

Store profitability improved.



^{*} Due to a change in the end of the fiscal year, FY2019/3 was an irregular 13-month settlement of accounts period (March 2018 – March 2019). The figures compared are for the April–June period of each year.







RIZAP's strengths

Product
development
based on
the customer's
perspective



Marketing power







In first place: Soymilk Cookies Health and beauty products capture top-selling positions

In Rakuten Marketplace sales for the first half of this year

Rakuten has reported the top-ten best-selling products for the first half of 2006 in its Rakuten Marketplace virtual shopping center. While diet products captured leading positions, reflecting the persistence of consumer interest in health, the list also featured numerous samplers of popular sweets and gourmet items, including snacks and bao dumplings. Soymilk Cookies Diet, the top-ranking product, is made with soy milk and soybean curd refuse produced from soybeans grown in Tokachi, Hokkaido. Rising from second place in 2005 (on a full-year basis), it earned consumer backing because a single serving (seven cookies), with only 146 kilocalories, serves as a satisfying snack. Nine servings sell for 5,565 yen. In response to strong sales of this product, manufacturer Kenkou Corporation listed its shares on the Sapporo Securities Exchange's Ambitious Board in May of this year In response to strong sales of this product.

In second place was Contrex, a mineral water from France. With high mineral content including calcium and magnesium, its popularity is attributable to stories in magazines and other media supporting its role in a healthy diet.

Snacks, crab, and other food products were also popular. Of the top 20 products, 10 were sweets or gourmet items, including samplers of cheesecakes and other snacks (in seventh and eighth places); a dim sum sampler including bao dumplings (in ninth place); and crab samplers (in fifth and 11th places). This reflects a significant gain from 2004, when only four of the top 20 (on a full-year basis), and from 2005, when these categories represented only six of the top 20 products.

The rankings were calculated independently by Rakuten based on sales figures, volumes, and other data from November 2005 to the end of May 2006.

Rakuten's best-selling products in the first half of 2006

- 1. Soymilk Cookies Diet (food products)
- 2. Contrex (12 pack of 1.500 ml bottles) (bottled water)
- Bulgari silver key ring (accessories)
- 4. Harry Potter and the Half-Blood Prince (book)
- 5. Snow-crab kanishabu set (gourmet)
- Evermere gel cream (refill) (cosmetics)

- 7. Kobe Sweets Dai-manzoku Set (sweets)
- 8. Sweets O-iri Fukubukuro (sweets)
- World Champion Dim Sum Sampler (gourmet)
- 10. 10 kg of 2005-crop Koshihikari rice from Niigata Prefecture (food products)

Note: Product categories are indicated in parentheses.

Main Group Companies



A pressing need to rebuild sales systems Groupwide

Groupwide Strategies (the group companies other than RIZAP)



From Merchandise Sales to LIVE (WonderCorporation)



Participation

Participation makes music a lot more enjoyable than just buying music.



Event business

Cumulative total participants in Q2

1.73 million

Excitement

Holding exciting events, including official trading card and e-gaming meets



WonderGOO trading card business

Duel Stade Ganryu

Succession of new opening locations

Experience

Delivering satisfaction through experiences available nowhere else



WonderREX used-merchandise business

Buyback appraisal events

Appraised by experts who understand value

From Merchandise Sales to LIVE (WonderCorporation)



Dinner shows



Decision made to hold limited-time Christmas events based on joint efforts among Group companies



Holding dinner shows featuring popular artists

Subir Akasaka, a wedding venue operated by MISEL

Producing photo albums and CDs



Photo album preparation and introduction events held based on joint efforts among Group companies





Boosting the Share of E-commerce Businesses within the Group



Accelerating e-commerce sales growth Auntie Rosa at Auntie Rosa

<Auntie Rosa's e-commerce improvements>

- 1. Improved product deployment and inventory allocation
- 2. Improved product images
- 3. Optimized promotions
- 4. Developed an e-commerce organizational structure





Horizontal deployment of knowhow

The RIZAP Group's e-commerce businesses









MISUZU









Brands ranked by popularity

1st	Auntie Rosa Holiday
2nd	Ungrid
3rd	antiqua
4th	FREAK'S STORE
5th	adidas

1st place in ZOZO

(as of October 25, 2019)



New Strengths of RIZAP

Product
development
based on
the customer's
perspective



Marketing power



RIZAP Database

Overview of RIZAP's Database Development





RIZAP (1:1 and 1:N)



(Retail stores, e-commerce, catalogs)
Including Group companies



RIZAP DB

RIZAP

Corporate and local government







Pressing need for database development to grow the RIZAP economic zone

Example of RIZAP's Database Development Initiatives





First issue of OURS

from the RIZAP Group's new e-commerce brand to be published

Deployment planned via both the Web and printed catalogs

Plans also call for use as a marketing tool for other Group companies during the testing period





*







Forecast for FY2020/3

FY2020/3 Forecast



(¥mil)

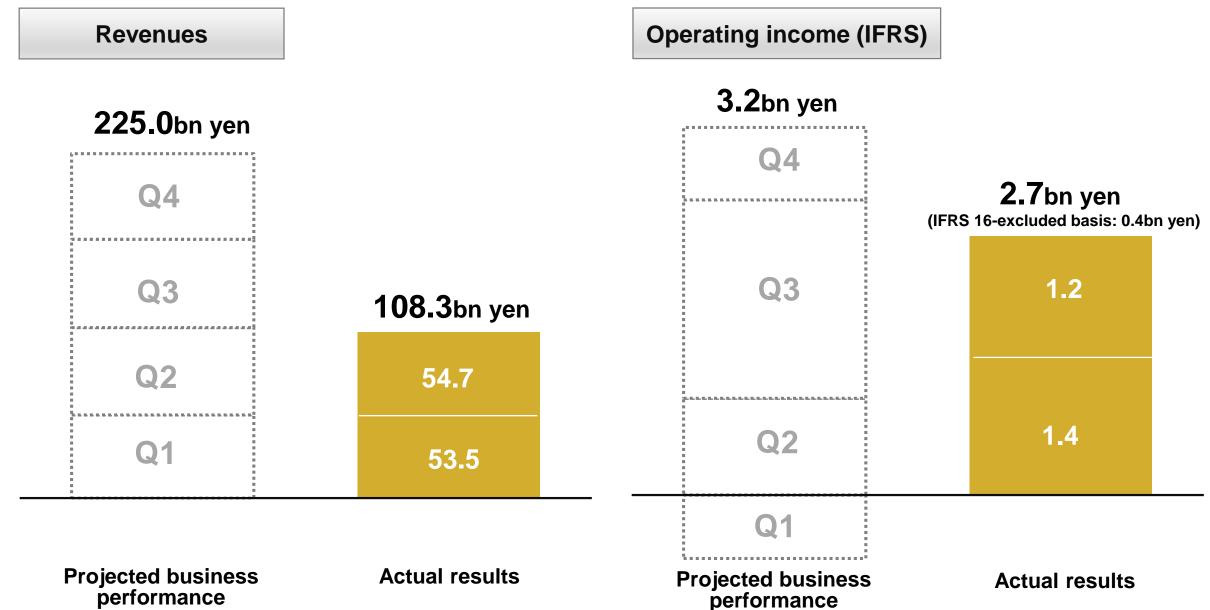
	FY2019/3 [Actual]	FY2020/3 [Forecast]	Change	% change
Revenues	222,500	225,000	+2,500	+1.1%
Operating income (IFRS)	-9,388	3,200	+12,588	-
Net income attributable to owners of the parent	-19,393	500	+19,893	-

Consolidated forecasts at this time remain unchanged from figures announced May 15, 2019.

Consolidated forecasts reflect consideration for the effects of various factors, including changes in SG&A expenses due to the application of IFRS 16, losses on business liquidation accompanying the sale of subsidiaries, and business liquidation intended to help build the foundations for sustained growth in FY2021/3 and beyond.

Progress on Plans for FY2020/3





RIZAP Business Growth Strategies

Corporate Philosophy

We provide that "People can change."

RIZAP's Goal

Unleashing personal potential and value to the maximum to build a world where as many people as possible become their best selves



Self-actualization

Outside scope of business

Esteem needs

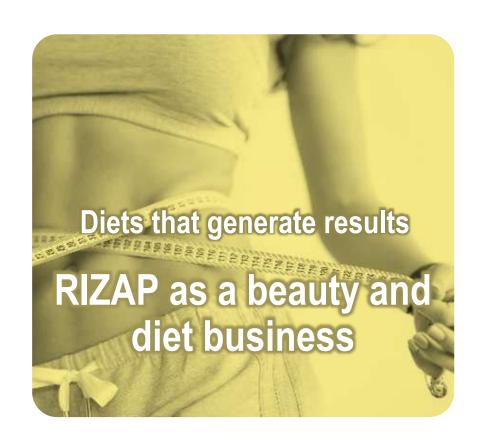
Belongingness and love needs

Safety needs

Physiological needs



RIZAP's evolution

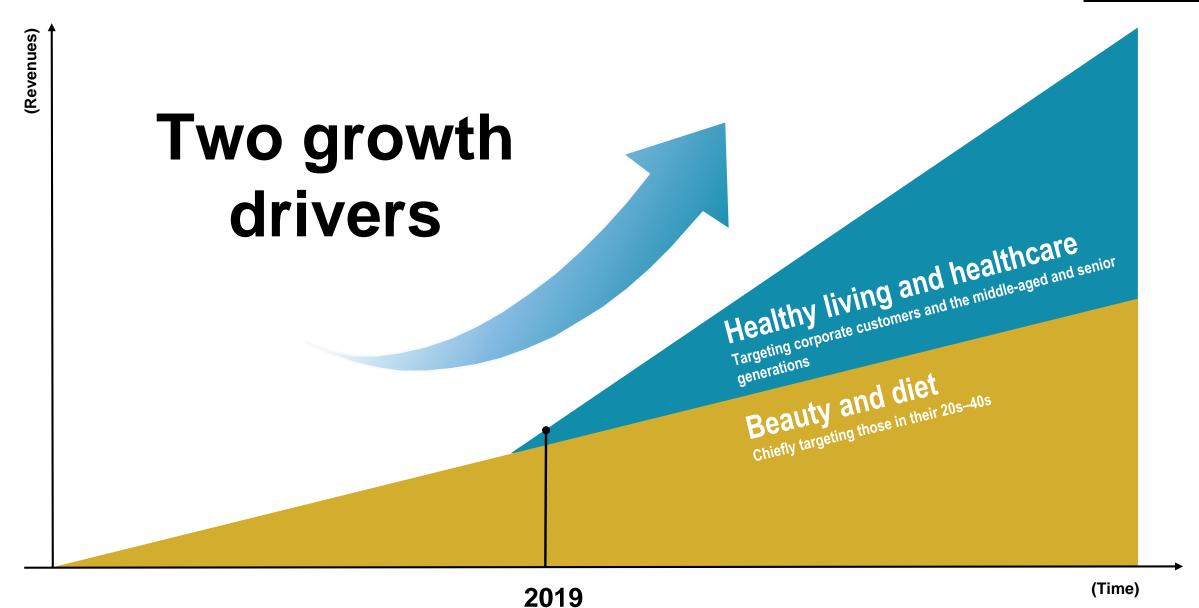






RIZAP's Growth Vision





Priority Measures During this Period for Each RIZAP Business Domain



Qualitative growth crease in sales per customer)

Products domain

Expanding the licensed products business

Beauty and diet domain

- Strengthening efforts to secure senior customers
- Expanding numbers of popular EXPA studios

Healthy living and healthcare domain

- Training medical trainers
- Strengthening structures for accommodating guests affected by health conditions
- Continuing joint research with universities

Health management and local governments domain

Expanding partnerships





Diets that generate results RIZAP as a beauty and diet business



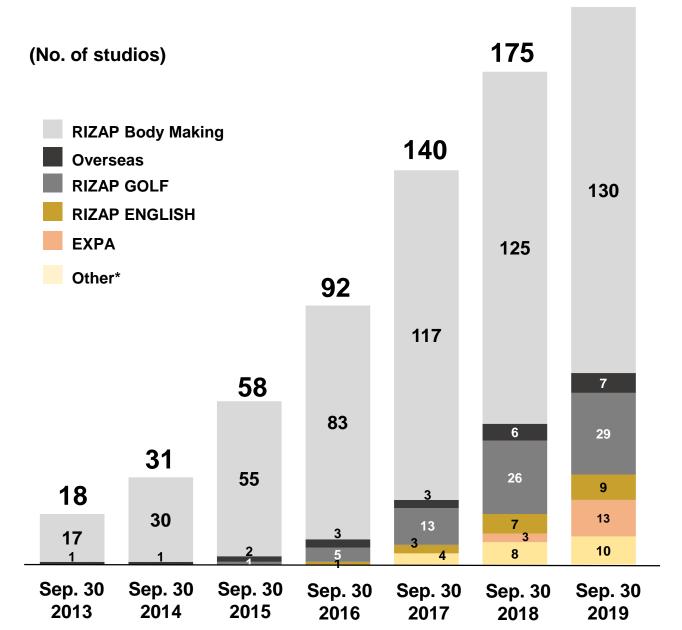
Body Making 1:1



Number of Studios

198





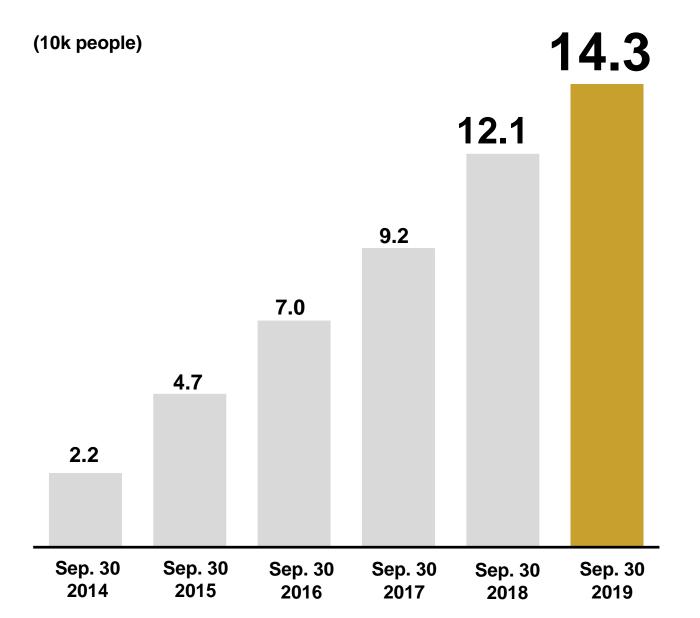
Studio networks expanding for all brands



*Others: LIPTY, RIZAP COOK, RIZAP KIDS, RIZAP WOMAN, Quolive, Sougym

Cumulative Number of Members (Body Making)



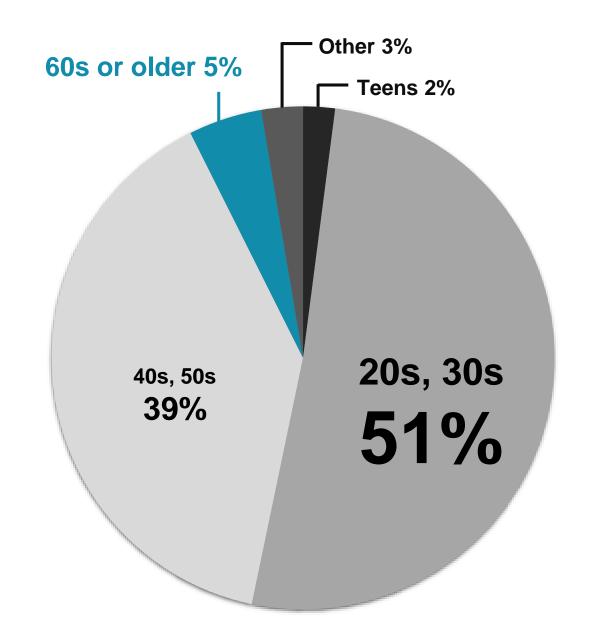


Expanding Steadily



Age Distribution of Members (Body Making)





Massive growth opportunity in the senior segment



Deploying Advertising and Promotion Targeting Seniors





Now under preparation to increase numbers of senior guests



Group Studio
1:N



One-to-Many Service Enhancement



	RIZAP	₩ EXPA	LIPTY	S sougyM
Session capacity	1:1	1:N (max. 20 people)	1: (max. 20 people)	1:N (max. 8 people)
Subjects	Men and women	Woman	Woman	Men and women (middle and senior age)
Details	Personal training	Fitness in the dark	Diet hot yoga	Circuit training
Price	About 300,000 yen for 2 months	About 15,000 yen per month	About 15,000 yen per month	Between 30,000 and 40,000 yen per month
Counseling	Individually matched programs	0	0	Individually matched programs
Diet management	Daily meal advice with app	0	0	with app

59



Three Strengths of RIZAP Supervision



Quality of coaches

After mastering the RIZAP method through 192 hours of training, coaches guide guests based on thorough knowledge of nutrition and physiology.



Nutritional guidance

In free monthly counseling, guests' goals are ascertained and guidance on nutrition and exercise provided to suit each lifestyle.



Studio interiors

Luxurious spaces similar to our body making studios fully stocked with amenities, including makeup remover and toilet lotion

Commitment to Results While Enjoying the Program

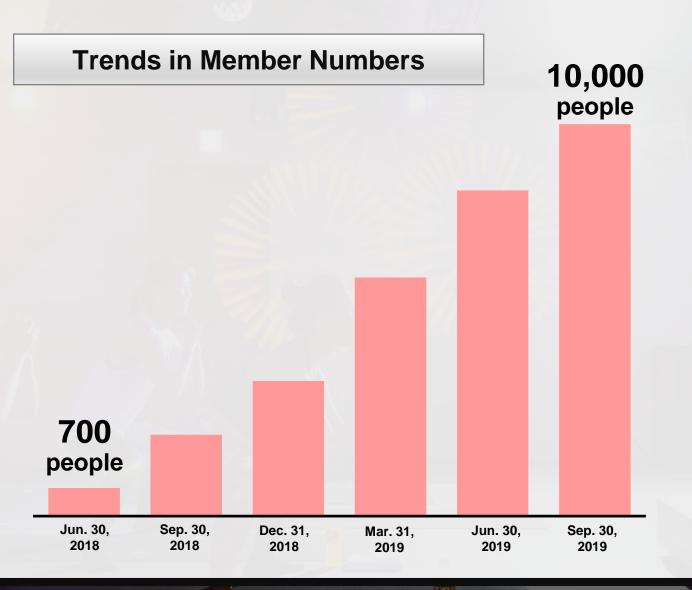




^{*}The diminution amount of the weight and body fat of Ms. Arata were outstanding, which exceeded EXPA statistics.

*2 The statistical figures of the people (N=56) who experienced the EXPA trial training and dietary counseling more than 2 times a week.

Confidence interval: -1.71 kg to -6.61kg in weight, -1.56% to -5.69% in body fat 37.5%, and waist 19.64%. (Source: Japan Institute of Statistical Technology. Actual figures as of September 2019.)



Two years after opening Exceeded 10,000 members



Growth in RIZAP Products



In-house products













ALAslim health-support supplement

Contains ingredients attracting attention today

On sale already at certain convenience stores

Licensed products











RIZAP beef salad, in collaboration with Yoshinoya

More than

1 million dishes
served within
74 days of launch





Commitment to improving Japan's health Health management for local governments

RIZAP Wellness Seminar (for corporate customers)



Program (1) Practical health seminar



Time required: approx. 60-120 min.

From 150,000 yen

Program (2) Visitation training



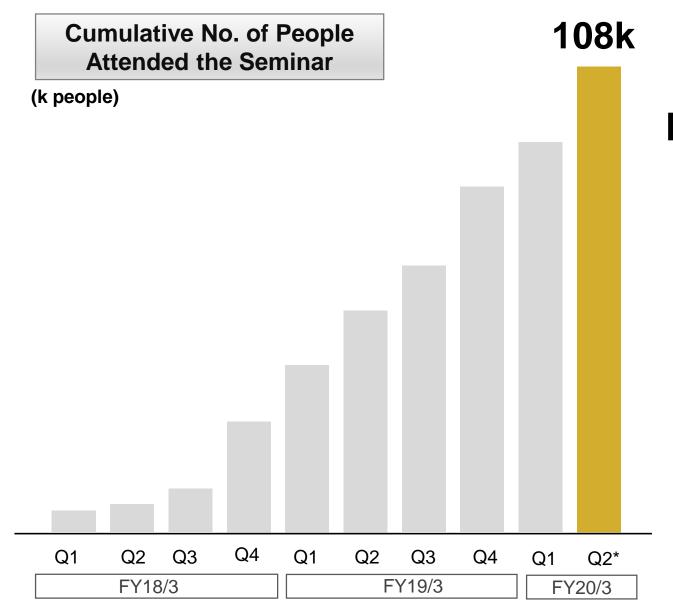
Time required: approx. 90-120 min.

From 70,000 yen \times 20 persons

(includes three months' nutritional guidance provided via special app)

RIZAP Wellness Seminar





Companies aiming to promote the health of employees

100k people in 1,200 companies



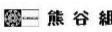




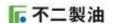
















First Well Being Awards





~ ウェルネスからウェルビーイングへ~



『人生100年時代』のこれからの日本では、人々の働き方や雇用制度は大きく変革されていくと予想されます。そのような背景から、企業の持続的成長を図る視点として、 従業員の心身の健康や幸福度は年々重要視されるようになり、今や欠かせない視点と なってきています。

主催者であるRIZAP株式会社は、ウェルビーイングアワード(Well-being AWARD)として、 従業員の健康と幸福を考える企業を表彰することで、企業の健康経営推進をさらに 支援し、これからの日本企業の労働寿命延伸と企業発展に貢献してまいります。

Grand prize winner to be chosen from 616 companies

For contributions to efforts to promote health management

潮户住

RIZAP Health Improvement Program (for local government)





RIZAP's solution: Health Improvement Program

- Commitment to lowering the physical age of participants
- The first program in Japan in which payments are based on results
- Includes nutritional guidance
- Increasing rate of participation in seminars based on strong brand power and word of mouth

RIZAP Health Improvement Program (for local government)



<Program details> Number of participants: about 30

Exercise guidance

Light training participants can do on their own without exercise equipment.

Stretching, stepping exercises, strength training, etc.



Nutritional guidance/ management

Lecture on meals with a healthy nutritional balance.

Returning weekly summary comments on nutritional logs



Measuring physical age

Calculating physical age using simple physical measurements and a formula

* Developed by THF Co., Ltd., a startup established by the University of Tsukuba, and RIZAP Co. Ltd.



Training visits by trainers (total of eight visits over the course of three months)

Adoption by Local Governments



Prefecture	Municipality	
Hokkaido	Kaminokuni	
Fukushima	Tamura, Tamagawa, Minamisoma, Furudono, Ono, Tadami, Asakawa, Kagamiishi, Hirono	
Nagano	Shimosuwa, Kawakami	
Chiba	Nagara	
Kanagawa	Kamakura, Atsugi, Hiratsuka	
Fukui	Minamiechizen	
Hyogo	Yabu	

Prefecture	Municipality	
Shiga	Konan	
Fukuoka	Kitakyushu, Keisen, Yukuhashi	

Partnerships with 22 local governments established within three years after launch

Partnership Announced with City of Yukuhashi, Fukuoka



"Is That Really Your Age?
A Project to Lower Physical Age by 10 Years"

Participation in an industry-academia-government-bank partnership program led by the city of Yukuhashi

■ Period: October 2019 – March 2020

■ Subjects: Residents of Yukuhashi in their 50s-60s

■ Program: 1. Recruiting participants

- 2. Measuring and gathering data on subjects (Fukuoka Institute of Technology, RIZAP)
- 3. Program led by RIZAP (RIZAP)
 - → Exercise guidance, nutritional guidance, etc.
- 4. Remote program (Saga University, Seiko IT Solution)
 - → Remote support for maintaining physical strength, provision of wearable devices, etc.
- 5. Measurement, verification (Fukuoka University, Saga University)

Commitment to resolve issues confronting local governments

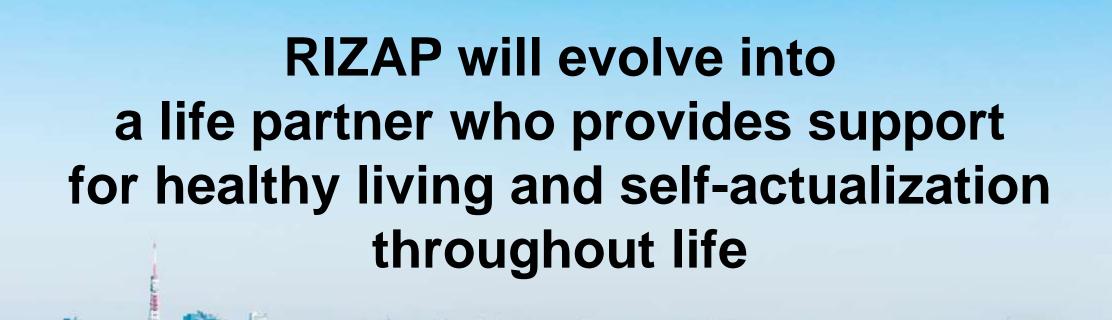








RIZAP as a healthy living and healthcare business



RIZAP Helps Takuro Morinaga (58 years old) Achieve and Maintain a Healthy Body



BEFORE



Weight: 89.4 kg

Physiological age: 78 years

Serious diabetes Took 13 pills/day



AFTER



Weight: 69.5 kg

Physiological age: 53 years

No longer needs medicine or insulin shots





How RIZAP helps extend healthy lifespans

Reason 1

Verified results for the RIZAP method

Reason 2

Partnerships with 183 medical care institutions across Japan

Reason 3

Outstanding structure for serving healthcare guests

Demonstrating the Efficacy of Low-Sugar Diets in Fighting Obesity



Joint Research with the Institute for Adult Diseases, Asahi Life Foundation

A program undertaken in partnership with the Asahi Life Foundation's Institute for Adult Diseases involving a two-month programmed diet verifies the efficacy and safety of a strict low-sugar diet.

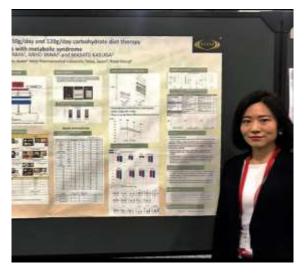
Adequate weight loss and safety were confirmed for all subjects. This study generated the first research findings based on comparisons and evaluations of the differences in consumed quantity of sugar (50 g or 120 g) in a low-sugar diet.

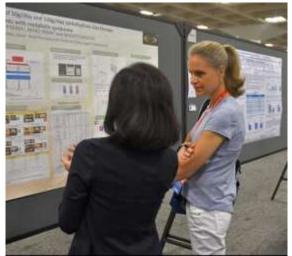


Following the 62nd Annual Meeting of the Japan Diabetes Society

Presentation also held for the American Diabetes Association's Scientific Sessions

(In June 2019)





List of Joint Research Projects Conducted to Date



	Research topics	Name of university/ medical facility	Research department	Lead investigator	
RIZAP (1:1)	Transformations in body composition	Tokyo University and Graduate School of Social Welfare	Department of Social Welfare	Takashi Kamimura	
	Responding to fatty liver syndrome	Tokai University	Department of Biometrical Engineering, Faculty of Engineering	Prof. Taro Takahara	
	Psychological changes	University of Tsukuba	Graduate School of Comprehensive Human Sciences	Prof. Katsuyoshi Mizukami	
	Changes in blood test results	University of Tsukuba	Faculty of Health and Sport Sciences	Associate Prof. Koichi Watanabe	
	Changes in hormone concentrations	University of Tokyo	Graduate School of Science	Prof. Shinya Kuroda	
	Safety of low-sugar diets	Institute for Adult Diseases, Asahi Life Foundation	-	Dr. Takako Kikuchi	
	Sarcopenia	University of Tokyo	Graduate School of Medicine	Associate Prof. Susumu Aiko	
Corporations (1:N)	Psychological changes	University of Tsukuba	Graduate School of Comprehensive Human Sciences	Prof. Katsuyoshi Mizukami	
Local governments (1:N)	Preparation of a formula to ameliorate physiological aging		THF Co., Ltd.	Prof. Emeritus Kiyoji Tanaka	
	Happiness survey	Juntendo University	Faculty of International Liberal Arts	Prof. Norio Shimauchi	

Safe, Reliable Membership Criteria



Guests can begin the RIZAP program in safety, under membership criteria supervised by a physician.



Approx. 96.4% of the people with or at risk of diabetes can sign up for the program

*As a result of improvement in the system, approx. 96.4% of the approx. 20 million people with or at risk of diabetes are now able to sign up for the program under the current criteria.

Training Medical Trainers and Introducing Their Services



Train healthcare professionals, the medical trainers, with special training curriculum

Comparison of trainer training curriculum

Training curriculum	Regular trainers	Medical trainers
Functional anatomy, biomechanics	•	•
Exercise physiology	•	•
Nutrition science	•	•
Goal achievement theory	•	•
Program design	•	•
Exercise techniques	•	•
First aid (AED, CPR)	•	•
Specialized knowledge on lifestyle-related diseases		•
Exercise behavior modification theory		•
Disease-specific nutritional intake		
Motor disturbances and their prevention		•

Enhancing services for healthcare guests by assigning the medical trainers to all studios

Assigned to all studios after July





In 2020 RIZAP will announce a new program with a healthcare focus

Business Portfolio for the lifetime support



RIZAP **Economy**

(Retail stores, EC, and catalogs) Comprehensive

support for selfactualization

Common wearable devices among all services



- Meal recording and sleep tracking
- Exercise and mental
- Acquire health and sleep data

Researching data

Buying data

Personal data

Health data



RIZAP Economy Credit card and digital money

Acquire income and buying data

Develop new product, training menu, training program, and









RIZAP R&D (collaboration with R&D and educational institute)

RIZAP University "Academy"



Research labs of universities



RIZAP Lab

- RIZAP Athlete Lab (Shonan)
- RIZAP Digital Lab (Taiwan)
- RIZAP Medical Lab (Singapore)





Comprehensive support for healthy living

Group **Studio** (1:N)

For local

government

Studio (1:1)

BMP

Enabling everyone to live lives in which they can appreciate their own value



Appendix.



Results of Listed Group Companies (1)



* Based on summary reports of financial results for each company (all but Dream Vision employ J-GAAP)

(¥ million)		FY2019/3 Q2	FY2020/3 Q2	Change	Overview				
MRK HOLDINGS*1	Revenue	8,618	9,465	+847	Steady sales of the core product of support undergarments. Improved sales per customer thanks to factors such as store renovation and enhancement of product				
	Operating income	-519	566	+1,085	lineup. Significant increase in income thanks to the resolution of delays in the production of priority products in H1 of the last year.				
JEANS Mate	Revenue	4,252	3,976	-275	Despite progress on merchandising reforms and strong sales of private brand lad and duty-free products, poor sales attributable to unseasonable weather in April a				
	Operating income	179	86	-92	July took their toll. Nevertheless, gross profit margins improved due to various efforts including sustained efforts to normalize the merchandise cycle.				
Idea International* ²	Revenue	3,360	3,842	+482	Sales in Q1 reached a record high. Development of strategic products, centered on				
	Operating income	38	57	+19	priority product of hotplates, bore fruit, as sales increased significantly both in Japan and overseas. The company's e-commerce site (up 157% YOY) is also doing well.				
HAPiNS*3	Revenue	4,469	4,469	-0	Steady progress with reforms in existing stores; intensive efforts to strengthen sales of strategic products, centered on Fuku Fuku Nyanko (private-branded products),				
	Operating income	61	110	+49	involving paring the number of products handled, significantly improved both cost				

^{*1:} Trading name changed from MARUKO CO., LTD. as of October 1, 2018

^{*2:} The fiscal year ends in June. The figures shown are for Q1 (July through Sept. 2019).

^{*3:} Trading name changed from Passport Co., Ltd. as of August 1, 2018

Results of Listed Group Companies (2)



* Based on summary reports of financial results for each company (all but Dream Vision employ J-GAAP)

(¥ million)		FY2019/3 Q2	FY2020/3 Q2	Change	Overview			
Wonder	Revenue	32,203	29,973	-2,230	Currently in the process of converting from retail sales of purchased merchandise to LIVE experience services; withdrawing from or reducing stocks of items for			
Corporation*1	Operating income	-60	463	+523	which eales floor officiency has declined; strongthoning efforts in areas like			
Dream	Revenue	2,729	4,054	+1,325	The addition to the group of Naracamicie Japan, which sells high-end produc			
Vision*2	Operating income	-77	83	+161	contributed to these results. The jewelry business is also doing well.			
Marusho	Revenue	3,215	2,901	-314	All four businesses achieved profitability thanks to structural reforms. The Western style apparel business in particular achieved strong improvement from last year's			
Hotta	Operating income	-84	-13	+71	losses (from −53 mil yen to +30 mil yen). A thorough review of costs helped improve profitability.			
D4.D0	Revenue	3,119	5,522	+2,403				
PADO	Operating income	-332	-162	+169	addition to the addition of Living Proseed to the scope of consolidation. Efforts continue to increase the value of existing media and expand new business domains			
SD	Revenue	4,025	2,325	-1,700				
Entertainment	Operating income	12	85	+72	all businesses increased. Initiatives, including the closure of unprofitable stores centered on the fitness business, led to substantial improvements in profitability.			

^{*1:} FY2019/3 was an irregular 13-month period due to accounting period changes. Comparisons are to the same period of the previous year.

^{*2:} International Financial Reporting Standards (IFRS)

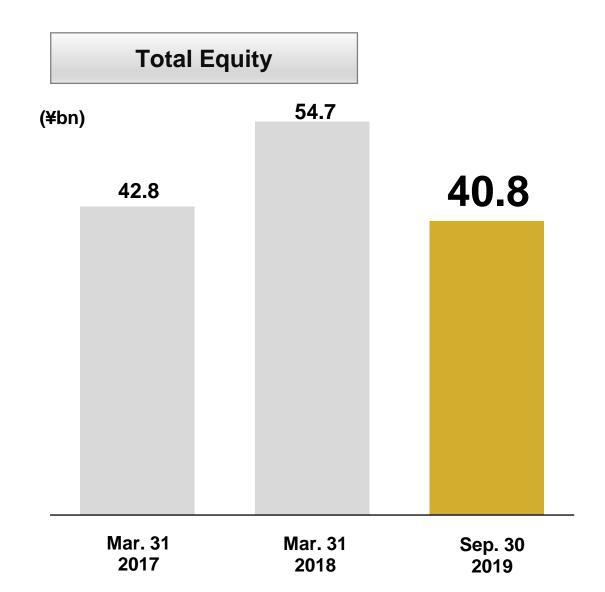
Trends in Operating Income After M&A *Operating income announced by each subsidiary

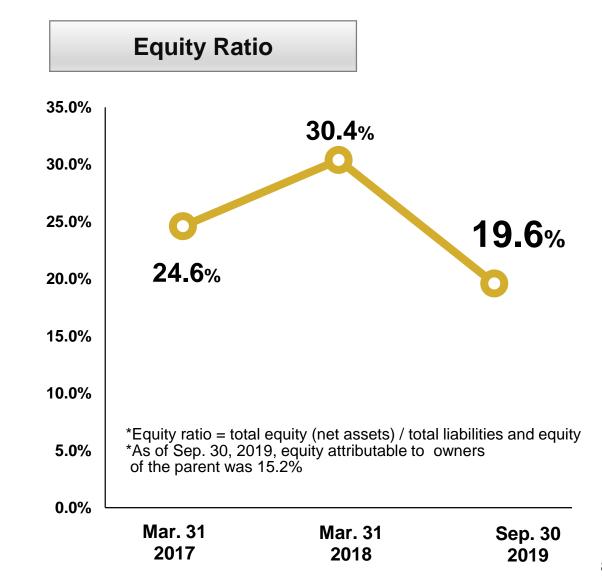


(¥mil)	Year of M&A	3 years before M&A	2 years before M&A	1 year before M&A	1st year	2nd year	3 rd year	4th year	5 th year	6 th year
Idea International	Sep. 2013	23	84	-526	45	249	182	401	415	620*
SD Entertainment Jan. 201		186	226	268	322	132	188	68	-204	160*
Dream Vision	Mar. 2015	167	-751	-536	-324	-140	583	-179	392*	
HAPINS	May 2016	-129	-335	91	-552	151	133	310*	310*	
MRK HOLDINGS	Jul. 2016	670	-470	-600	135	900	381	513*		
JEANS Mate	Feb. 2017	31	-663	-829	-609	91	175*	Currently		ly
PADO	Mar. 2017	-164	-175	-311	234	-197	115*	achieving restructuring in roughly		g
Marsuho Hotta	Jun. 2017	-192	81	86	68	-437	40*			
WonderCorporation	Mar. 2018	-557	-478	296	790*	1,510		2 to 3 years		ars

Other Financial KPI

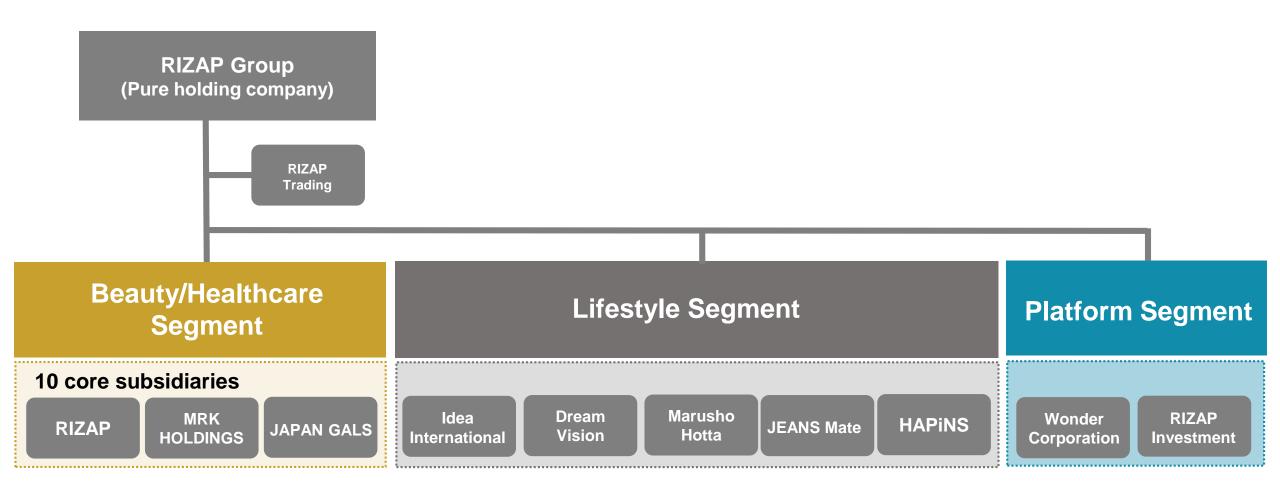






Ten core companies and segment categories





Company Overview (as of the end of March 2019)

Company name RIZAP GROUP, Inc.

Stock code 2928

(Sapporo Securities Exchange's Ambitious Market)

Establishment April 2003

Representative Personnel Seto,

Representative Director, President

Capital 19,200,440,000 yen

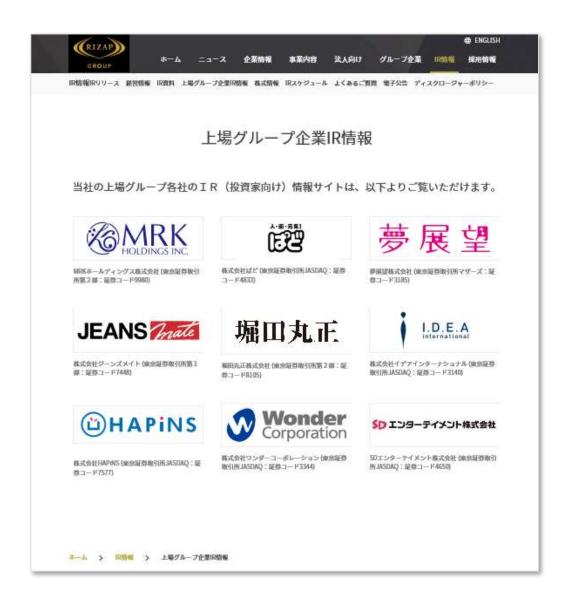
Number of shares outstanding 556,218,400 shares

Number of consolidated 7,640 people employees (excl. temporary employees)





IR Information of Listed Group Companies



Concentrated the IR websites of listed Group companies



RIZAP GROUP, Inc.

IR information of listed Group companies

www.rizapgroup.com/ir/group/