

This English translation of the financial report was prepared for reference purposes only and is qualified in its entirety by the original Japanese version. The financial information contained in this report is derived from our unaudited consolidated financial statements appearing in item 3 of this report.

Consolidated Financial Results for the First Quarter of Fiscal Year Ending March 31, 2017
(Presented under IFRS)

August 15, 2016

Company name: RIZAP GROUP, Inc.
 Stock listed on: Sapporo Securities Exchange's Ambitious market
 Stock code: 2928
 URL: <https://www.rizapgroup.com>
 Representative: Takeshi Seto, Representative Director and President
 Contact person: Tetsuo Kozai, Director
 Telephone: +81-3-5337-1337 (from outside Japan)
 Scheduled filing date of quarterly securities report: August 15, 2016
 Scheduled commencement date of dividend payment: —
 Supplementary materials prepared for quarterly financial results: Yes
 Presentation of quarterly financial results: Yes (for securities analysts)

(Fractions less than 1 million yen are rounded off)

1. Consolidated Financial Results for the First Quarter Ended June 30, 2016

(1) Consolidated Results of Operations (cumulative)

(Percentages represent year-on-year changes)

	Revenue		Operating income (loss)		Income (loss) before income taxes		Net income (loss)		Net income (loss) attributable to owners of the parent company		Comprehensive income (loss)	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Q1 ended June 30, 2016	19,834	64.3	3,725	—	3,614	—	2,701	—	2,666	—	2,734	—
Q1 ended June 30, 2015	12,070	—	(21)	—	(99)	—	(33)	—	(37)	—	(33)	—

	Net income (loss) per share (Basic)	Net income (loss) per share (Diluted)
	Yen	Yen
Q1 ended June 30, 2016	20.92	20.92
Q1 ended June 30, 2015	(0.30)	(0.30)

(2) Consolidated Financial Position

	Total assets	Total shareholder's equity	Equity attributable to owners of the parent company	Ratio of equity attributable to owners of the parent company
	Million yen	Million yen	Million yen	%
As of June 30, 2016	69,636	13,440	12,026	17.3
As of March 31, 2016	53,777	11,137	10,226	19.0

2. Dividends

	Dividend per share				
	End of Q1	End of Q2	End of Q3	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2016	—	0.00	—	7.60	7.60
Fiscal year ending March 31, 2017	—				
Fiscal year ending March 31,		0.00	—	—	9.42

Note: Revision to the previously announced forecasts of dividend: None

3. Consolidated Business Forecasts for Fiscal Year Ending March 31, 2017

(Percentages represent year-on-year changes)

	Revenue		Operating income		Income before income taxes		Net income		Net income attributable to owners of the parent company		Net income per share (Basic)
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
6 months ending September 30, 2016	41,800	—	5,140	—	4,870	—	3,740	—	2,610	—	20.48
Fiscal year ending March 31, 2017	100,000	—	10,150	—	9,500	—	7,050	—	6,000	—	47.08

Note: Revision to the previously announced business forecasts: None

For more information about the consolidated business forecasts for the six months ending September 30, 2016, refer to "Notice of Revision of Business Forecasts" announced on August 15, 2016.

Notes:

(1) Material changes in subsidiaries during the first quarter ended June 30, 2016

(Changes in the specified subsidiaries resulting in a change in the scope of consolidation): Yes

New: 3 companies (NIHONBUNGEISHA Co., Ltd.; Passport, Ltd.; and Empower Premium Co., Ltd.)

Excluded: –

(2) Changes in accounting policies and changes in accounting estimates

(i) Changes in accounting policies required by IFRS: None

(ii) Changes in accounting policies other than item (i) above: None

(iii) Changes in accounting estimates: None

(3) Number of issued shares (common stock)

(i) Number of issued shares at the end of the period
(including treasury stock)

Q1 ended June 30,	127,436,000	Fiscal year ended March 31, 2016	127,436,000
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(ii) Number of treasury stocks at the end of the period

Q1 ended June 30,	0	Fiscal year ended March 31, 2016	0
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(iii) Average number of shares during the period
(cumulative from the beginning of the fiscal year)

Q1 ended June 30,	127,436,000	Q1 ended June 30, 2015	125,230,395
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Notes: 1. Effective May 1, 2015, the Company split common stocks held by shareholders at a ratio of two stocks for one.

2. The number of shares was calculated on the assumption that the said stock split was implemented at the beginning of the previous fiscal year.

* Implementation status of quarterly review procedures: This summary of quarterly consolidated financial results is not subject to a quarterly review based on the Financial Instruments and Exchange Act of Japan. At the time of disclosure, a review of quarterly financial statements based on the Act has not been completed.

* Proper use of business forecasts and other important matters: Forward-looking statements, such as business forecasts included in this document, are based on currently available information or assumptions that the Company considers reasonable, and business results may differ significantly from forecasts due to various factors; for information concerning assumptions used for making business forecasts and other notes on their proper use, refer to "5. Forward-looking Statements Including Consolidated Business Forecasts" below.

4. Results of Operations

Forward-looking statements included in this section are based on the assumptions that the Company and its subsidiaries (hereinafter referred to as "the Group") judged to be valid as of the closing date of the first quarter of the fiscal year ending March 31, 2017. The Group adopted International Financial Reporting Standards (IFRS) for preparing its consolidated financial statements beginning the reported quarter, in place of the Japanese Generally Accepted Accounting Principles (JGAAP) previously adopted. Consolidated financial statements for the first quarter and the full year of the previous fiscal year are presented based on IFRS to allow comparison on the same basis with those for this fiscal year.

During the first quarter ended June 30, 2016, a cloud of uncertainty remained over the Japanese economy; while improvements in corporate earnings and employment provided a modest boost to the economy, it was overshadowed by a lack of confidence in the financial market amid the stronger yen and falling stock prices as well as by the impact of the negative interest rate policy and economic slowdowns in emerging markets.

Under these business environments, the Company continued to provide value-added products and services to people around the world to help them live healthier and more fulfilling lives. This was part of our ongoing effort to realize our vision of becoming the No. 1 brand in the global self-investment industry, which is outlined in the Company's COMMIT 2020 medium-term business plan. To remain on target to achieve a revenue of 300 billion yen with an operating income of 35 billion yen in the fiscal year ending March 31, 2021 as called for in the COMMIT 2020, we reorganized the Group into a holding-company structure under which to achieve greater effectiveness and efficiency in developing and implementing group-wide strategies, maximizing the business performance of the group companies, optimizing resource allocation across the Group, realigning the Group's business portfolio through M&A and other schemes, and enhancing corporate governance.

As RIZAP's personal training services have been attracting an increasingly large following, we believe that, by offering a wider variety of services under the popular RIZAP brand, we will have a better chance of expanding our business globally, which will in turn result in a substantial boost to revenue growth. Therefore, we have decided to change the name of the holding company to RIZAP GROUP, Inc. to take advantage of the well-known RIZAP brand.

To coincide with a change of company name, the Company adopted "We prove that people can change" as a statement of new group philosophy to inspire all group companies to strive toward the vision of becoming the No. 1 brand in the global self-investment industry. Under this shared philosophy, the Group will continue to conduct a wide range of businesses—including health- and beauty-care, apparel, lifestyle, and entertainment businesses—to help people lead healthier and more fulfilling lives.

In this reported quarter, the Company made the most of the strengths of all group companies, including newly acquired subsidiaries, to maximize their business performance. The Company also aggressively invested in growing business segments and acquired NIHONBUNGEISHA Co., Ltd., MISUZU Co., Ltd., and Passport, Ltd. as part of effort to leverage the Group's expertise and resources in advertising and sales promotion to venture into new business segments that offered high growth potential.

5. Forward-looking Statements Including Consolidated Business Forecasts

RIZAP Co., Ltd., the leading entity in the Group, invested heavily in health-themed TV and print advertising to attract new customers and set a new record in quarterly revenue and operating income in this reported quarter, driving the revenue and profit growth of the Group. The Life Support Program, which RIZAP launched in 2015 to help existing customers control their weight and

lifestyle-related risk factors over an extended period, was received so well by customers that many of them switched from a 2-month course to 12-month or longer courses. In addition, vigorous initiatives to improve customer satisfaction that RIZAP started in 2015 resulted in a threefold year-on-year increase in the percentage of new members acquired through referrals by happy customers. This enabled RIZAP to begin shifting its business model to the one of achieving revenue and profit growth while controlling advertising spending. RIZAP is expected to sustain a steady revenue stream by expanding its customer base and improve its profitability by acquiring more new members through customer referrals.

With these favorable developments, combined with the acquisition of Maruko Corporation effective July 5, 2016, we have revised consolidated business forecasts upward for the six months ending September 30, 2016. For details of the revised forecasts, refer to "Notice of Revision of Business Forecasts" announced on August 15, 2016.

RIZAP GOLF, operated by RIZAP Innovations, Inc., and RIZAP ENGLISH, operated by its subsidiary RIZAP ENGLISH Co., Ltd., enjoyed much greater initial response from customers than expected and had more on a waiting list. We anticipate that both services will achieve a substantial growth in revenue going forward.

Consolidated business forecasts for the fiscal year ending March 31, 2017 are under review. If it becomes necessary to revise any part of the full-year forecasts, the Company will announce a revision promptly.