

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 Fiscal Year Ended March 31, 2017
(Presented under IFRS)

May 15, 2017

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 date of the ordinary general meeting of shareholders: June 24, 2017
 Scheduled commencement date of dividend payment: June 27, 2017
 Scheduled filing date of securities report: June 26, 2017
 Supplementary materials prepared for financial results: Yes
 Presentation of financial results: Yes (for securities analysts)

(Fractions less than 1 million yen are rounded off)

1. Consolidated Financial Results for Fiscal Year Ended March 31, 2017

(1) Consolidated Results of Operations

(Percentages represent year-on-year changes)

	Revenue		Operating income		Income before income taxes		Net income		Net income attributable to owners of the parent company		Comprehensive income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2017	95,299	76.7	10,212	223.3	9,604	242.2	7,801	444.0	7,678	383.7	8,118	455.5
Fiscal year ended March 31, 2016	53,937	—	3,159	—	2,806	—	1,434	—	1,587	—	1,461	—

	Net income per share (Basic)		Net income per share (Diluted)		Return on equity		Return on assets		Operating margin	
	Yen	%	Yen	%	%	%	%	%		
Fiscal year ended March 31, 2017	60.25	—	60.25	—	56.4	—	12.9	—	10.7	—
Fiscal year ended March 31, 2016	12.51	—	12.51	—	19.5	—	6.0	—	5.8	—

Note: Equity in earnings (losses) of affiliates Fiscal year ended March 31, 2017: – million yen Fiscal year ended March 31, 2016: – million yen

(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		Net assets per share	
	Million yen	%	Million yen	%	Million yen	%	%	%	Yen	%
As of March 31, 2017	95,648	—	21,454	—	17,018	—	17.8	—	133.54	—
As of March 31, 2016	53,777	—	11,137	—	10,226	—	19.0	—	80.25	—

(3) Consolidated Cash Flows

	Cash flows from operating activities		Cash flows from investing activities		Cash flows from financing activities		Balance of cash and cash equivalents at year-end	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2017	175	—	2,914	—	11,088	—	24,643	—
Fiscal year ended March 31, 2016	868	—	(3,973)	—	5,137	—	10,483	—

2. Dividends

	Dividend per share					Total amount of dividends	Payout ratio (Consolidated)	Ratio of dividends to shareholders' equity (Consolidated)
	End of Q1	End of Q2	End of Q3	Year-end	Total			
Fiscal year ended March 31, 2016	—	0.00	—	7.60	7.60	968	39.3	11.8
Fiscal year ended March 31, 2017	—	0.00	—	12.10	12.10	1,541	20.1	11.3
Fiscal year ending March 31, 2018 (Forecast)	—	0.00	—	12.57	12.57		20.0	

3. Consolidated Business Forecasts for Fiscal Year Ending March 31, 2018

(Percentages represent year-on-year changes)

	Revenue		Operating income		Income before income taxes		Net income		Net income attributable to owners of parent company		Net income per share (Basic)
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
6 months ending September 30, 2017	68,986	66.2	4,053	-36.6	3,560	-41.2	2,436	-45.5	2,268	-46.8	17.80
Fiscal year ending March 31, 2018	150,202	57.6	13,010	27.4	11,983	24.8	9,062	16.2	8,007	4.3	62.84

Notes:

(1) Material changes in subsidiaries during fiscal year ended March 31, 2017

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

New: 6 companies (NIHONBUNGEISHA Co., Ltd.; Passport, Ltd.; Empower Premium Co., Ltd.; Maruko Corporation; Jeans Mate Corporation; and Pado Corporation)

Excluded: –

Note: Empower Premium Co., Ltd. became no longer the Company's specified subsidiary during the reported period.

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

required by IFRS:	(i) Changes in accounting policies		(ii) Changes in accounting policies other than item (i) above:	
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016
None	127,436,000	127,436,000	—	—
None	127,436,000	126,887,612	—	—

(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)

(ii) Number of treasury stocks at the end of the period

(iii) Average number of shares during the period

* This summary of consolidated financial results is not subject to audit.

* 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.

4. Results of Operations

Consolidated business performance for the fiscal year ended March 31, 2017

During the fiscal year ended March 31, 2017, uncertainties loomed over the Japanese economy; while corporate earnings and employment, buoyed by the government's stimulus packages and the negative interest rate policy deployed by the Bank of Japan, continued to show modest improvement, it was overshadowed by the United Kingdom's decision to leave the European Union, the controversial election of Donald Trump as president of the United States, and economic slowdowns in China and other Asian countries.

Under these business environments, the Group continued to pursue its vision of becoming the No. 1 brand in the global self-investment industry as part of its ongoing effort 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 our COMMIT 2020 medium-term business plan.

In the existing businesses, the health and beauty care business led by RIZAP personal training gyms drove the Group's revenue and profit growth, and other group companies, including newly acquired subsidiaries, in the apparel, housing and lifestyle, and entertainment segments turned their business around.

In the new businesses, RIZAP GOLF, launched in 2015, received much greater customer responses than expected, especially to its well-designed programs and experienced trainers as seen among customers of the RIZAP body-making programs. To keep up this strong momentum, RIZAP GOLF intends to open new golf schools at an accelerated pace next fiscal year.

In collaboration with other companies, low-carb food products co-branded with FamilyMart Co., Ltd. and launched in November 2016 and low-carb pizzas co-branded with Pizza Hut Japan Ltd. sold faster than forecast, and are expected to maintain their strong momentum. Moreover, we worked with other companies, hospitals, and municipalities in research projects. Through these collaborative opportunities, we will continue to apply the RIZAP Method in diverse fields so as to inspire paradigm shifts in a variety of industries as well as to maximize revenue opportunities for the Group and expand the RIZAP ecosystem.

The Group has been aggressively pursuing M&A opportunities since early in the previous fiscal year and has been investing heavily in new businesses led by RIZAP Innovations, Inc., all as part of effort to expand the Group's business portfolio and make the most of group companies' strengths and expertise. Many of the entities that the Group acquired had been financially struggling since before the acquisitions, and new businesses posted a significant operating loss due to the need for upfront investments in this reported fiscal year. In the belief that profitability as well as revenue growth is the most important performance indicator for the Group, we secured profit primarily from our core RIZAP business. The RIZAP business remained the strongest driver for the Group's revenue

and profit growth and helped the Group achieve a record revenue and profit in this reported period.

The Group's operating income for the fiscal year ended March 31, 2017 includes gains from bargain purchases (negative goodwill) of other companies at fair prices. For the fiscal year ending March 31, 2018, underperforming companies in the Group, including Dream Vision Co., Ltd., which turned its business around in the second half of this reported period, and Maruko Corporation, which was acquired in July 2016 and turned profit for the year, are expected to turn profit and favorably contribute to the Group's bottom line. For this reason, the Group expects to post a larger operating income without a negative goodwill for the fiscal year ending March 31, 2018 than in the previous fiscal year with a negative goodwill included. This means that the Group's organic operating income is projected to double year on year.

The Group achieved a consolidated revenue of 95,299 million yen for the fiscal year ended March 31, 2017, compared with a revenue of 53,937 million yen in the previous fiscal year, and posted an operating income of 10,212 million yen, compared with an operating income of 3,159 million yen a year earlier, and a net income of 7,678 million yen attributable to owners of the parent company, compared with a net income of 1,587 million yen the year before.