

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, 2018
(Presented under IFRS)

August 9, 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 filing date of quarterly securities report: August 10, 2017
 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, 2017

(1) Consolidated Results of Operations (cumulative)

(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	%
Q1 ended June 30, 2017	28,652	+44.5	2,701	-27.5	2,552	-29.4	2,473	-8.4	2,167	-18.7	2,459	-10.1
Q1 ended June 30, 2016	19,834	+64.3	3,725	-	3,614	-	2,701	-	2,666	-	2,734	-

	Net income per share (Basic)	Net income per share (Diluted)
	Yen	Yen
Q1 ended June 30, 2017	17.01	17.00
Q1 ended June 30, 2016	20.92	20.92

(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, 2017	101,225	23,318	17,367	17.2
As of March 31, 2017	95,648	21,454	17,018	17.8

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, 2017	-	0.00	-	12.10	12.10
Fiscal year ending March 31, 2018	-				
Fiscal year ending March 31, 2018 (Forecast)		0.00	-	6.29	6.29

Note: Revision to the previously announced forecasts of dividend: Yes

Effective October 1, 2017, the Company will split common stocks held by shareholders at a ratio of two stocks for one. The year-end dividend per share forecast for the fiscal year ending March 31, 2018 is based on the number of shares after two-for-one stock split and is equivalent to a dividend of 12.57 yen per share announced on May 15, 2017, which was based on the number of shares prior to two-for-one stock split.

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	8.90
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	31.42

Note: Revision to the previously announced business forecasts: None

Effective October 1, 2017, the Company will split common stocks held by shareholders at a ratio of two stocks for one. The net income per share projected for the 6 months ending September 30, 2017 and for the fiscal year ending March 31, 2018 is based on the number of shares after two-for-one stock split and is equivalent to a net income of 17.80 yen per share for the 6 months ending September 30, 2017 and a net income of 62.84 yen per share for the fiscal year ending March 31, 2018 announced on May 15, 2017, both of which were based on the number of shares prior to two-for-one stock split.

Notes:

(1) Material changes in subsidiaries during the first quarter ended June 30, 2017

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

New: 2 companies (Trecenti Co., Ltd. and Marusho Hotta 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, 2017	127,436,000 shares	Fiscal year ended March 31, 2017	127,436,000 shares
Q1 ended June 30, 2017	183 shares	Fiscal year ended March 31, 2017	- shares
Q1 ended June 30, 2017	127,435,975 shares	1Q ended June 30, 2016	127,436,000 shares

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

(iii) Average number of shares during the period (cumulative from the beginning of the fiscal year)

*This summary of quarterly consolidated financial results is not subject to a quarterly review.

* 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

During the 3 months ended June 30, 2017, a cloud of uncertainty remained over the Japanese economy; while corporate earnings and employment continued to show modest improvement, buoyed by the government's stimulus packages and the negative interest rate policy deployed by the Bank of Japan, it was overshadowed by economic slowdowns in China and other emerging markets.

Under these business environments, our core RIZAP business remained the biggest growth-driver for the Group, exceeding even our aggressive internal revenue targets. In the RIZAP business, we invested heavily in advertising and renovating machine rooms (free-training space) in existing training facilities as part of efforts to establish a business model that focuses on helping clients better manage their health, including reducing the risk of lifestyle-related diseases, through body-making exercises.

In the new businesses, we continued to undertake substantial upfront investment, including advertising, in RIZAP-related businesses, such as RIZAP GOLF and RIZAP ENGLISH, both launched in 2015. As a result, we saw a significant increase in customer inquiries and membership enrollment for RIZAP GOLF.

With the implementation of these revenue-boosting initiatives, the Group posted a revenue of 28,652 million yen for the three months ended June 30, 2017, a significant jump from 19,834 million yen posted for the same period the year before. Even after having made the sizeable upfront investment, the Group earned an operating income of 2,701 million yen in this period, compared with 3,725 million yen a year earlier, and a net income attributable to owners of parent company of 2,167 million yen, compared with 2,666 million yen the year before.

5. Forward-looking Statements Including Consolidated Business Forecasts

In the second quarter and rest of the fiscal year ending March 31, 2018, the Group intends to invest aggressively in RIZAP Innovations, Inc. and other new business ventures and in turning business around at recently acquired Group companies, all in an effort to accelerate the growth of the Group's business.

With the implementation of these initiatives, we anticipate that every Group company will post profit and that our core RIZAP business and other businesses of the Group will achieve substantial year-on-year growth in the second quarter and rest of the fiscal year ending March 31, 2018.

The Group is considering undertaking aggressive upfront investment for the next fiscal year and beyond. Therefore, the consolidated business forecasts for the fiscal year ending March 31, 2018 announced on May 15, 2017 still stand. If it becomes necessary to revise any part of the forecasts, the Company will announce a revision promptly.