

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 Third Quarter of Fiscal Year Ending March 31, 2018**  
(Presented under IFRS)

February 14, 2018

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: February 14, 2018

Scheduled commencement date of dividend payment: -

Supplementary materials prepared for quarterly financial results: Yes

Presentation of quarterly financial results: Yes (for institutional investors and analysts)

(Fractions less than 1 million yen are rounded off)

**1. Consolidated Financial Results for Nine Months Ended December 31, 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	%
9 months ended December 31, 2017	99,129	+50.8	8,114	+1.4	7,113	-5.9	5,728	+10.2	5,233	+3.0	5,793	+9.8
9 months ended December 31, 2016	65,726	+69.9	8,001	+173.1	7,557	+180.4	5,199	+222.0	5,081	+206.2	5,276	+228.9

	Net income per share	Net income per share(Diluted)
	Yen	Yen
9 months ended December 31, 2017	20.53	20.53
9 months ended December 31, 2016	19.94	19.94

Effective October 1, 2017, the Company split common stocks held by shareholders at a ratio of two stocks for one. Basic earnings per share and diluted earnings per share are presented based on the assumption that the stock split took place at the beginning of the fiscal year ended March 31, 2017.

**(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 December 31, 2017	127,036	35,368	24,344	19.2
As of March 31, 2017	95,648	21,454	17,018	17.8

## 2. Dividends

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

Note: Revisions to previously announced forecasts of dividend: None

Effective October 1, 2017, the Company 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 presented based on the number of shares after the two-for-one stock split; it would be 12.57 yen if the stock split were taken out of the equation.

## 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 the parent company		Net income per share (Basic)
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
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: Revisions to previously announced business forecasts: None

Effective October 1, 2017, the Company split common stocks held by shareholders at a ratio of two stocks for one. The basic earnings per share for the fiscal year ending March 31, 2018, is presented based on the average number of shares during the fiscal year with the stock split taken into consideration; it would be 62.83 yen if the stock split were taken out of the equation.

### Notes:

- (1) Changes in significant subsidiaries during the reported period : Yes  
(Changes in specified subsidiaries resulting in a change in the scope of consolidation)  
New: Four companies: Trecenti Co., Ltd.; Marusho Hotta Co., Ltd.; Philippine Advanced Processing Technology, Inc.; and B&D 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 outstanding shares (common stock)

(i) Number of outstanding shares at the end of the period (including treasury stock)	Nine months ended December 31, 2017	254,872,000 shares	Fiscal year ended March 31, 2017	254,872,000 shares
(ii) Number of treasury stocks at the end of the period	Nine months ended December 31, 2017	466 shares	Fiscal year ended March 31, 2017	- shares
(iii) Average number of outstanding shares during the period	Nine months ended December 31, 2017	254,871,672 shares	Nine months ended December 31, 2016	254,872,000 shares

Note: Effective October 1, 2017, the Company split common stocks held by shareholders at a ratio of two stocks for one. The number of issued shares is presented based on the assumption that the stock split took place at the beginning of the fiscal year ended March 31, 2017.

\*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 nine months ended December 31, 2017, while the overall Japanese economy, buoyed by stimulus packages implemented by the government, continued to show signs of recovery with corporate earnings improving, consumers—affected by stagnant wages and rising prices of goods and services—kept their belts tight. The weakening consumer spending added a layer of uncertainty to the Japanese economic outlook going forward.

Under such business environments, our core RIZAP business continued to drive the substantial revenue growth of the Group during the nine months ended December 31, 2017, and the aggressive investments that the Group had made paid off, especially in raising the performance of our new business lines. As a result, the Group posted record revenue and profit from operating activities for this period compared to the same period a year earlier, even after the substantial upfront investments made in this period.

In the existing business segment, the RIZAP business posted record revenue for this period and achieved record profit from operating activities even after a considerable increase in marketing spending compared with the previous year. This strong performance reflected the successful implementation of a recurring-revenue business model, under which RIZAP's Body Management Program has been attracting a larger number of subscribers than expected since its launch in July 2017 to provide a 12-month health maintenance and management course for a monthly fee of 29,800 yen (before consumption tax).

In the new business segment, we have been investing aggressively in adding more locations and trainers for RIZAP GOLF and RIZAP ENGLISH at an accelerated pace to better serve customers since the April-June quarter of 2017. As a result, both businesses saw in the October-December quarter a sharp increase in conversion rates from prospects to paying customers as well as in their revenue, which raised expectations for yet even better performance in the January-March quarter of 2018 and beyond.

All in all, the Group posted consolidated revenue of 99,129 million yen for the nine months ended December 31, 2017, compared with 65,726 million yen for the same period a year earlier. The Group's consolidated profit from operating activities increased from 8,001 million yen to 8,114 million yen, and its profit attributable to owners of parent was 5,233 million yen for the period, up from 5,081 million yen the year before.

#### **5. Forward-looking Statements Including Consolidated Business Forecasts**

Since the beginning of this fiscal year, the Group has been aggressively investing in RIZAP Innovations, Inc. and other new business ventures and in bolstering business performance of recently acquired Group companies so as to accelerate the growth of the Group's businesses. We expect these investments to produce increased profit in the fourth quarter of this fiscal year.

The Group's consolidated business forecasts for the full fiscal year ending March 31, 2018, announced on May 15, 2017, still stand. If it becomes necessary to revise any part of the forecasts, we will announce a revision promptly.