

RESORTTRUST FINANCIAL DATA

CONSOLIDATED FINANCIAL SUMMARY

FY 2018 (from April 1, 2018 to March 31, 2019)



**RESORTTRUST
GROUP**

(securities code: 4681)

CONSOLIDATED FINANCIAL SUMMARY

For the Year Ended March 31, 2015,2016,2017,2018 and 2019

(Millions of yen)

	Fiscal Year					
	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3
Net sales	120,401	142,249	143,541	165,413	179,542	171,400
Operating income	16,041	18,640	13,514	17,742	18,877	16,000
Ordinary income	20,206	19,439	14,806	19,422	19,528	16,000
Net income (interim)	11,851	13,044	11,010	11,830	12,358	10,000
Net assets	104,769	112,515	118,379	125,190	132,050	
Assets	390,832	407,430	421,606	421,440	401,426	
Net assets per share (yen)	963.99	1,019.35	1,068.20	1,130.11	1,190.63	
Net income per share (yen) (Primary)	120.30	123.34	103.40	110.82	115.53	
Net income per share (yen) (Fully Diluted)	108.69	112.81	95.09	101.99	106.42	
Equity ratio (%)	25.5	26.6	27.0	28.7	31.7	
Return on assets (%)	5.84	4.87	3.57	4.61	4.75	
Return on equity (%)	13.61	12.54	9.91	10.10	9.96	
Net cash provided by (used in) operating activities	22,057	2,616	26,249	8,456	16,674	
Net cash provided by (used in) investment activities	(71,837)	(33,824)	3,881	(7,282)	(2,057)	
Net cash provided by (used in) financing activities	60,359	(8,624)	(15,593)	(9,177)	(23,198)	
Cash and cash equivalents	66,404	25,476	40,365	32,469	23,895	

Business Results

Overview of The Fiscal Year 2018(Ending March 31, 2019)

1. Summary of Business Results

(Millions of Yen)

	FY2017 (Results)	FY2018		Year-on-Year Change	Results vs. Targets
		(Results)	(Targets)		
Net sales	165,413	179,542	183,600	+8.5%	(2.2%)
Operating income	17,742	18,877	19,000	+6.4%	(0.6%)
Ordinary income	19,422	19,528	19,500	+0.5%	+0.1%
Net income	11,830	12,358	12,400	+4.5%	(0.3%)

The Japanese economy during the fiscal year under review stayed on a moderate recovery trend and saw continuous improvements in circumstances surrounding employment and earnings as well as corporate income. Under these circumstances, net sales were JPY 179,542 million (+8.5% yoy), operating income was JPY 18,877 million (+6.4% yoy), ordinary income was JPY 19,528 million (+0.5% yoy), and net income attributable to owners of parent was JPY 12,358 million (+4.5% yoy), resulting in increased sales and income. Net sales and operating income were the highest ever. This is thanks to business contribution of the revenue from hotel management at “Ashiya Baycourt Club” and “XIV Rokko Sanctuary Villa” which opened in February and April 2018, respectively, and the steady sales of memberships at “Laguna Baycourt Club,” which started in August 2016 as well as the commencement of operations of this hotel in March 2019, upon which deferred real estate profits were realized as a lump sum.

2. Summary of Business Segments

[Membership Operations]

(Millions of Yen)

	FY2017 (Results)	FY2018		Year-on-Year Change	Results vs. Targets
		(Results)	(Targets)		
Net sales	54,114	64,029	61,240	+18.3%	+4.6%
Operating income	16,179	19,004	16,890	+17.5%	+12.5%

Membership Operation Segment resulted in increased sales and income led by steady sales of memberships at “Yokohama Baycourt Club,” which began sales in December 2017, as well as the commencement of operations of “XIV Rokko Sanctuary Villa” in April 2018, “Laguna Baycourt Club” in March 2019, upon which deferred real estate profits were recorded as a lump sum.

[Hotel and Restaurant Operations]

(Millions of Yen)

	FY2017 (Results)	FY2018		Year-on-Year Change	Results vs. Targets
		(Results)	(Targets)		
Net sales	79,601	80,383	84,970	+1.0%	(5.4%)
Operating income	3,731	2,624	4,170	(29.7%)	(37.1%)

Hotel and Restaurant Operation Segment increased sales but decreased income due to contributions made to sales by revenue from hotel operation at “Ashiya Baycourt Club,” which started business in February 2018, and at “XIV Rokko Sanctuary Villa,” which did in April 2018, and due to an increase in expenses for depreciation.

[Medical Operations]

(Millions of Yen)

	FY2017 (Results)	FY2018		Year-on-Year Change	Results vs. Targets
		(Results)	(Targets)		
Net sales	30,990	34,478	36,710	+11.3%	(6.1%)
Operating income	5,276	6,144	5,980	+16.4%	+2.7%

Medical Operation Segment increased sales and income, due to an increase in annual fees, etc. in line with an increased number of memberships of “Grand HIMEDIC Club,” a comprehensive medical support club, in addition to an expansion of facilities for senior residence, as well as an expansion in the medical examination business and merchandise business of cosmetics and supplements, etc.

[Others]

(Millions of Yen)

	FY2017 (Results)	FY2018		Year-on-Year Change	Results vs. Targets
		(Results)	(Targets)		
Net sales	707	651	680	(7.9%)	(4.2%)
Operating income	554	572	570	+3.3%	+0.4%

Others decreased sales but increased income, due to a decrease in rent income from office buildings operated by RT Development Co., Ltd., a consolidated subsidiary, whereas expenses such as fixed asset tax and depreciation had decreased.

3. Cash Flows

(Millions of Yen)

	FY2017 (Results)	FY2018 (Results)
Operating cash flows	8,456	16,674
Investing cash flows	(7,282)	(2,057)
Financing cash flows	(9,177)	(23,198)
Cash and cash equivalents	32,469	23,895

4. Outlook for the Fiscal Year 2019(Ending March 31, 2020)

(Millions of Yen)

	FY2018 (Results)	FY 2019 (Targets)	Year-on-year Change
Net sales	179,542	171,400	(4.5%)
Operating income	18,877	16,000	(15.2%)
Ordinary income	19,528	16,000	(18.1%)
Net income	12,358	10,000	(19.1%)

Regarding the future economic climate of Japan, the Company expects the moderate recovery trend of the Japanese economy to continue. However, the business environment is likely to remain unclear in light of various concerns about the political situation in Japan and overseas.

Regarding the trends of the tourism industry, in the runup to major events, including the recent “Golden Week of 10 straight public holidays” from late April to the beginning of May, the “Rugby World Cup 2019, Japan,” and “Tokyo 2020 Olympic and Paralympic Games” and in order to expand inbound tourism, improvement of the environment for tourism in Japan is being promoted, which is expected to lead to greater business opportunities and market expansion. On the other hand, labor shortages, owing to population aging combined with a declining birth rate and a decrease in the working population, are an urgent issue. With the aim of establishing tourism as a key industry, the Japanese government is implementing various tourism policies to enable women and the elderly to actively participate, facilitate the acceptance foreign workers, and so forth.

Amid such an environment, the Company Group established and has been implementing “Connect 50: Together for a wonderful life,” its medium-term management plan targeting the five years from April 2018 to March 2023. In this medium-term management plan, we emphasize “group management” to realize a more solid and high-grade Group brand through efforts aimed at making the most of Group synergy effects while firmly protecting the unique brand established in our businesses. Through this approach, we aim to become a group with close membership ties that endure for a “lifetime” by being attentive so that our customers can stay healthy and enjoy a better quality of life for longer. As key measures for achieving this goal, we will vigorously invest in education and training to develop “brand employees,” who embody the Group’s management principles and are capable of making the optimum proposals to customers. We will also invest in digitization to achieve workstyle reform so as to improve productivity by establishing a working environment where employees have more time to attend to customers and thereby work becomes a source of pleasure and vitality for them. In the years ahead, drawing on the know-how we have cultivated in our tailor-made, high-value-added services that capitalize on “the characteristics of the membership system,” which is a strength of the Group, and robust connections with our customers, while continuing to create further added value, we will seize extensive business opportunities related to the “travel” and “health” fields and engage more vigorously in activities targeting these markets. Advancing toward the milestone of our 50th anniversary, we will redouble efforts aimed at mobilizing the collective strengths of the Group, while fulfilling our social responsibility in “environment, social and governance” and maintaining sustainable growth-oriented management.

Under these circumstances, regarding the forecast for the full year ending March 31, 2020, “Laguna Baycourt Club,” which opened in March 2019, will operate throughout the year. In Medical Operations, it is expected that revenues from annual fees will increase accompanied with increased sales of memberships for “Grand HIMEDIC Club,” a comprehensive medical support club. Expansion of facilities for senior residence, including “Trust Garden Ogikubo” scheduled to open in August 2019, medical examination business and business related to sale of goods including cosmetics and supplements is also expected. On the other hand, upfront investment, such as expenses for preparation for openings, will be required for “Hotel Trusty Premier Nihonbashi Hamacho” and “Hotel Trusty Premier Kumamoto,” which are scheduled to open in September and October, 2019, respectively. Moreover, although the Company Group realized deferred real estate profits as a lump sum upon the start of full operation of membership hotels in the fiscal year ended March 31, 2019, no new membership hotels are scheduled to open in the fiscal year ending March 31, 2020. Thus, the Company Group forecasts net sales will decrease 4.5% year-on-year to 171,400 million yen, operating income will decrease 15.2% year-on-year to 16,000 million yen, ordinary income will decrease 18.1% year-on-year to 16,000 million yen, and net income attributable to owners of parent will decrease 19.1% year-on-year to 10,000 million yen.

We forecast annual dividends of 46 yen, unchanged from the amount for the fiscal year ended March 31, 2019.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY 2017 (as of Mar. 31, 2018)	FY 2018 (as of Mar. 31, 2019)
Assets		
Current assets		
Cash and deposits	29,366	26,742
Notes and accounts receivable - trade	7,689	8,891
Operating loans	44,041	46,623
Securities	6,404	4,647
Merchandise	972	1,082
Real estate for sale	22,776	30,049
Raw materials and supplies	1,374	1,429
Real estate for sale in process	28,116	11,845
Other	6,303	5,380
Allowance for doubtful accounts	(950)	(937)
Total current assets	146,094	135,754
Non-current assets		
Property, plant and equipment		
Buildings and structures	178,956	187,241
Accumulated depreciation	(84,126)	(85,464)
Buildings and structures, net	94,830	101,777
Machinery, equipment and vehicles	10,767	11,025
Accumulated depreciation	(8,001)	(8,135)
Machinery, equipment and vehicles, net	2,765	2,889
Golf courses	7,591	7,591
Land	38,302	38,649
Leased assets	9,157	9,328
Accumulated depreciation	(2,468)	(3,100)
Leased assets, net	6,689	6,227
Construction in progress	15,700	17,920
Other	20,570	22,233
Accumulated depreciation	(15,849)	(17,287)
Other, net	4,721	4,945
Total property, plant and equipment	170,600	180,001
Intangible assets		
Goodwill	4,121	3,637
Software	4,240	4,534
Other	2,638	3,634
Total intangible assets	11,001	11,806
Investments and other assets		
Investment securities	64,724	43,599
Shares of subsidiaries and associates	1,390	1,313
Long-term loans receivable	6,163	6,120
Retirement benefit asset	1,219	725
Deferred tax assets	7,596	8,234
Other	13,486	14,624
Allowance for doubtful accounts	(835)	(755)
Total investments and other assets	93,744	73,862
Total non-current assets	275,345	265,671
Total assets	421,440	401,426

(Millions of yen)

	FY 2017 (as of Mar. 31, 2018)	FY 2018 (as of Mar. 31, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,355	1,471
Short-term loans payable	8,958	5,000
Current portion of long-term loans payable	19,119	1,839
Current portion of bonds	2,750	250
Lease obligations	848	875
Accounts payable - other	16,825	22,389
Income taxes payable	4,741	3,608
Accrued consumption taxes	1,642	997
Advances received	28,564	12,209
Unearned revenue	13,975	14,327
Provision for loss on guarantees	179	63
Other	7,192	7,731
Total current liabilities	106,153	70,764
Non-current liabilities		
Bonds payable	700	450
Bonds with share acquisition rights	29,855	29,813
Long-term loans payable	32,069	39,123
Lease obligations	6,343	5,806
Deferred tax liabilities	829	638
Provision for retirement benefits for directors (and other officers)	2,131	2,133
Provision for stocks payment	1,294	1,697
Retirement benefit liability	1,755	1,959
Long-term guarantee deposited	33,693	32,757
Amortizable long-term guarantee deposits received	67,847	68,838
Negative goodwill	100	-
Other	13,475	15,392
Total non-current liabilities	190,096	198,611
Total liabilities	296,250	269,375
Net assets		
Shareholders' equity		
Capital stock	19,590	19,590
Capital surplus	22,192	22,192
Retained earnings	78,770	86,144
Treasury shares	(2,212)	(1,852)
Total shareholders' equity	118,341	126,074
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	661	821
Foreign currency translation adjustment	1,814	858
Remeasurements of defined benefit plans	(55)	(323)
Total accumulated other comprehensive income	2,421	1,355
Share acquisition rights	229	292
Non-controlling interests	4,198	4,326
Total net assets	125,190	132,050
Total liabilities and net assets	421,440	401,426

(2) Consolidated Statements of Income and Comprehensive Income
[Consolidated Statements of Income]

(Millions of yen)

	FY 2017 (Apr. 1, 2017 - Mar. 31, 2018)	FY 2018 (Apr. 1, 2018 - Mar. 31, 2019)
Net sales	165,413	179,542
Cost of sales	33,799	42,167
Gross profit	131,614	137,374
Selling, general and administrative expenses		
Advertising expenses	2,677	2,452
Membership service expenses	709	698
Repair and maintenance	3,356	4,090
Linen expenses	3,640	3,983
Provision of allowance for doubtful accounts	20	-
Remuneration for directors (and other officers)	1,114	1,130
Salaries and bonuses	44,570	45,747
Retirement benefit expenses	972	1,094
Provision for retirement benefits for directors (and other officers)	99	208
Legal welfare expenses	6,099	6,217
Welfare expenses	1,814	1,918
Commission expenses	7,912	8,002
Rent expenses	5,972	6,555
Utilities expenses	5,405	5,739
Correspondence and transportation expenses	3,123	3,216
Depreciation	7,549	8,595
Taxes and dues	3,169	2,954
Supplies expenses	3,130	3,046
Amortization of goodwill	760	594
Other	11,773	12,253
Total selling, general and administrative expenses	113,871	118,497
Operating profit	17,742	18,877
Non-operating income		
Interest income	2,149	1,512
Dividend income	87	94
Amortization of negative goodwill	120	100
Share of profit of entities accounted for using equity method	15	17
Foreign exchange gains	32	-
Insurance income	354	33
Subsidy income	75	63
Reversal of allowance for doubtful accounts	5	87
Other	261	237
Total non-operating income	3,102	2,145
Non-operating expenses		
Interest expenses paid on loans and bonds	652	677
Foreign exchange losses	-	1
Provision for loss on guarantees	56	21
Commission for syndicate loan	7	24
Guarantee charge of unearned revenue	95	70
Nondeductible consumption tax	432	566
Other	177	132
Total non-operating expenses	1,422	1,494
Ordinary profit	19,422	19,528

[Consolidated Statements of Income]

(Millions of yen)

	FY 2017 (Apr. 1, 2017 - Mar. 31, 2018)	FY 2018 (Apr. 1, 2018 - Mar. 31, 2019)
Extraordinary income		
Gain on sales of non-current assets	164	162
Gain on sales of investment securities	204	505
Gain on sales of shares of subsidiaries and associates	9	7
Compensation income	86	-
Other	39	9
Total extraordinary income	505	685
Extraordinary losses		
Loss on sales of non-current assets	398	27
Loss on retirement of non-current assets	160	53
Impairment loss	457	149
Loss on sales of investment securities	180	497
Loss on sales of shares of subsidiaries and associates	-	0
Retirement benefits for directors (and other officers)	34	40
Contribution	-	203
Other	110	192
Total extraordinary losses	1,341	1,164
Profit before income taxes	18,585	19,049
Income taxes - current	7,398	7,061
Income taxes - deferred	(818)	(730)
Total income taxes	6,579	6,331
Profit	12,006	12,718
Profit attributable to non-controlling interests	175	360
Profit attributable to owners of parent	11,830	12,358

[Consolidated Statements of Comprehensive Income]

(Millions of yen)

	FY 2017 (Apr. 1, 2017 - Mar. 31, 2018)	FY 2018 (Apr. 1, 2018 - Mar. 31, 2019)
Profit	12,006	12,718
Other comprehensive income		
Valuation difference on available-for-sale securities	(345)	159
Foreign currency translation adjustment	(407)	(956)
Remeasurements of defined benefit plans, net of tax	84	(268)
Total other comprehensive income	(668)	(1,064)
Comprehensive income	11,337	11,653
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,161	11,292
Comprehensive income attributable to non-controlling interests	176	360

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	FY 2017 (Apr. 1, 2017 - Mar. 31, 2018)	FY 2018 (Apr. 1, 2018 - Mar. 31, 2019)
Cash flows from operating activities		
Profit before income taxes	18,585	19,049
Depreciation	8,609	9,678
Impairment loss	457	149
Amortization of goodwill (negative goodwill)	639	494
Increase (decrease) in allowance for doubtful accounts	(23)	(93)
Increase (decrease) in retirement benefit liability	234	297
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(39)	1
Interest and dividend income	(2,236)	(1,606)
Interest expenses paid on loans and bonds	652	677
Foreign exchange losses (gains)	(23)	(66)
Decrease (increase) in notes and accounts receivable - trade	(638)	(3,734)
Decrease (increase) in inventories	(8,553)	7,982
Increase (decrease) in notes and accounts payable - trade	(39)	120
Increase (decrease) in accounts payable - other	(3,624)	3,531
Increase (decrease) in advances received	(4,967)	(16,357)
Increase (decrease) in long-term guarantee deposits received	(956)	54
Increase (decrease) in accrued consumption taxes	1,532	(656)
Other, net	3,720	3,928
Subtotal	13,328	23,450
Interest and dividend income received	2,368	1,808
Interest expenses paid	(649)	(695)
Income taxes paid	(6,590)	(7,889)
Net cash provided by (used in) operating activities	8,456	16,674

(Millions of yen)

	FY 2017 (Apr. 1, 2017 - Mar. 31, 2018)	FY 2018 (Apr. 1, 2018 - Mar. 31, 2019)
Cash flows from investing activities		
Payments into time deposits	(3,097)	(6,030)
Proceeds from withdrawal of time deposits	3,831	3,097
Purchase of securities	(10,610)	(9,644)
Proceeds from sales and redemption of securities	13,617	11,390
Purchase of investment securities	(1,041)	(3,001)
Proceeds from sales and redemption of investment securities	18,047	21,213
Purchase of shares of subsidiaries and associates	(15)	(4)
Proceeds from sales of shares of subsidiaries and associates	22	25
Purchase of property, plant and equipment	(23,008)	(16,019)
Purchase of intangible assets	(2,131)	(2,336)
Payments of loans receivable	(2,232)	(548)
Collection of loans receivable	669	542
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,398)	-
Other, net	65	(742)
Net cash provided by (used in) investing activities	(7,282)	(2,057)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	241	(4,312)
Proceeds from long-term loans payable	1,390	9,231
Repayments of long-term loans payable	(5,075)	(19,457)
Redemption of bonds	(550)	(2,750)
Purchase of treasury shares	(2)	(0)
Proceeds from disposal of treasury shares	436	207
Cash dividends paid	(4,984)	(4,984)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(100)	(3)
Net increase (decrease) in deposits received from subsidiaries and affiliates	460	(20)
Other, net	(991)	(1,108)
Net cash provided by (used in) financing activities	(9,177)	(23,198)
Effect of exchange rate change on cash and cash equivalents	40	8
Net increase (decrease) in cash and cash equivalents	(7,962)	(8,573)
Cash and cash equivalents at beginning of period	40,365	32,469
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	66	-
Cash and cash equivalents at end of period	32,469	23,895

Disclaimer Regarding Forward-looking Statements

Any statements in this presentation document, other than those of historical fact, are forward-looking statements about the future performance of Resorttrust, Inc.

and its group companies, which are based on management's assumptions and beliefs in light of information currently available, and involve risks and uncertainties. Actual results may differ materially from these forecasts.



RESORTTRUST
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