

RESORTTRUST FINANCIAL DATA

CONSOLIDATED FINANCIAL SUMMARY

FY 2017 (from April 1, 2017 to March 31, 2018)



(securities code: 4681)

CONSOLIDATED FINANCIAL SUMMARY

For the Year Ended March 31, 2014,2015,2016,2017 and 2018

(Millions of yen)

	Fiscal Year					
	2014/3	2015/3	2016/3	2017/3	2018/3	2019/3
Net sales	116,824	120,401	142,249	143,541	165,413	183,600
Operating income	15,190	16,041	18,640	13,514	17,742	19,000
Ordinary income	16,830	20,206	19,439	14,806	19,422	19,500
Net income (interim)	8,733	11,851	13,044	11,010	11,830	12,400
Net assets	81,395	104,769	112,515	118,379	125,190	
Assets	300,774	390,832	407,430	421,606	421,515	
Net assets per share (yen)	758.35	963.99	1,019.35	1,068.20	1,130.11	
Net income per share (yen) (Primary)	89.71	120.30	123.34	103.40	110.82	
Net income per share (yen) (Fully Diluted)	84.59	108.69	112.81	95.09	101.99	
Equity ratio (%)	24.7	25.5	26.6	27.0	28.6	
Return on assets (%)	3.15	3.43	3.27	2.66	2.80	
Return on equity (%)	12.42	13.61	12.54	9.91	10.10	
Net cash provided by (used in) operating activities	24,815	22,057	2,616	26,249	8,456	
Net cash provided by (used in) investment activities	(33,747)	(71,837)	(33,824)	3,881	(7,282)	
Net cash provided by (used in) financing activities	22,179	60,359	(8,624)	(15,593)	(9,177)	
Cash and cash equivalents	51,965	66,404	25,476	40,365	32,469	

Business Results

Overview of The Fiscal Year Ending March 31, 2018

1. Summary of Business Results

(Millions of Yen)

	FY2016 (Results)	FY2017		Year-on-Year Change	Results vs. Targets
		(Results)	(targets)		
Net sales	143,541	165,413	171,000	+15.2%	(3.3%)
Operating income	13,514	17,742	17,000	+31.3%	+4.4%
Ordinary income	14,806	19,422	18,200	+31.2%	+6.7%
Net income	11,010	11,830	11,800	+7.4%	+0.3%

The Japanese economy during the fiscal year under review was on a moderate recovery trend and saw continuous improvements in circumstances surrounding corporate capital investment, employment and earnings. Stagnant consumer spending also saw signs of improvement.

Under these circumstances, net sales were JPY 165,413 million (+15.2% yoy), operating income was JPY 17,742 million (+31.3% yoy), ordinary income was JPY 19,422 million (+31.2% yoy), and net income attributable to owners of parent was JPY 11,830 million (+7.4% yoy). This is thanks to the business contribution of the revenue from hotel management and sales of memberships carried out at “XIV Yugawara Rikyu,” which started business in March 2017, the steady sales of memberships at “Laguna Baycourt Club,” which started to be sold in August 2016, as well as the commencement of operations of “Ashiya Baycourt Club” in February 2018, upon which deferred real estate profits were recorded as a lump sum.

2. Summary of Business Segments

[Membership Operations]

(Millions of Yen)

	FY2016 (Results)	FY2017		Year-on-Year Change	Results vs. Targets
		(Results)	(targets)		
Net sales	42,530	56,254	57,650	+32.3%	(2.4%)
Operating income	10,572	16,387	13,770	+55.0%	+19.0%

Membership Operation Segment resulted in increased sales and income led by steady sales of memberships at “Laguna Baycourt Club,” which began sales in August 2016, as well as the commencement of operations of “Ashiya Baycourt Club” in February 2018, upon which deferred real estate profits were recorded as a lump sum.

[Hotel and Restaurant Operations]

(Millions of Yen)

	FY2016 (Results)	FY2017		Year-on-Year Change	Results vs. Targets
		(Results)	(targets)		
Net sales	74,193	77,715	80,090	+4.7%	(3.0%)
Operating income	4,554	3,563	4,570	(21.8%)	(22.0%)

Hotel and Restaurant Operation Segment increased sales but decreased income due to contributions made to sales by revenue from hotel operation at “XIV Yugawara Rikyu,” which started business in March 2017, which were offset by an increase in renovation costs for restaurants at overseas hotel and others.

[Medical Operations]

(Millions of Yen)

	FY2016 (Results)	FY2017		Year-on-Year Change	Results vs. Targets
		(Results)	(targets)		
Net sales	25,702	30,735	32,500	+19.6%	(5.4%)
Operating income	4,556	5,236	5,860	+14.9%	(10.6%)

Medical Operation Segment increased sales and income, due to the inclusion of ACTIVA Co., Ltd., the company that manages “Activa Biwa,” a private nursing home, into the scope of consolidation, together with an increase in annual fees, etc. in line with an increased number of memberships of “Grand HIMEDIC Club,” a comprehensive medical support club, as well as an expansion in the medical examination business and merchandise business of cosmetics and supplements, etc.

[Others]

(Millions of Yen)

	FY2016 (Results)	FY2017		Year-on-Year Change	Results vs. Targets
		(Results)	(targets)		
Net sales	1,114	707	760	(36.5%)	(6.9%)
Operating income	761	554	560	(27.2%)	(1.0%)

Other Operations Segments decreased sales and income, due to a decrease in rent income from office buildings operated by RT Development Co., Ltd., a consolidated subsidiary, in line with a decrease in leasing properties.

3. Cash Flows

(Millions of Yen)

	FY2016 (Results)	FY2017 (Results)
Operating cash flows	26,249	8,456
Investing cash flows	3,881	(7,282)
Financing cash flows	(15,593)	(9,177)
Cash and cash equivalents	40,365	32,469

4. Outlook for the Fiscal Year 2018(Ending March 31, 2019)

(Millions of Yen)

	FY2017 (Results)	FY 2018 (targets)	Year-on-year Change
Net sales	165,413	183,600	+11.0%
Operating income	17,742	19,000	+7.1%
Ordinary income	19,422	19,500	+0.4%
Net income	11,830	12,400	+4.8%

Regarding the future economic climate of Japan, the Company expects a moderate economic recovery trend to continue, due to the progress of infrastructure development and metropolitan redevelopment for the Olympics, as well as the increase in investment in facilities and research and development for rationalization and labor-saving to tackle the issue of labor shortage. Regarding the trends of the tourism industry, policies were implemented to support efforts toward remedying the labor-shortage situation, such as the improvement of productivity, and the creation of an environment where elderly, female, and foreign employees can actively take part in. Through the cooperative efforts between the public and private sectors, with the aim to become a country of advanced tourism, the tourism industry as a whole can be expected move forward significantly. In particular, the efforts made to increase foreign tourists visiting Japan also connect to the convenience and customer satisfaction of domestic travel, and are seen as factors contributing to the increasing domestic demand. Amid such an environment, the Company Group has been working towards our management vision to “become a unique hospitality corporate group that continues to expand in Japan and overseas,” and has established “Connect 50: Together for a wonderful life,” our medium-term management plan targeting the five years from April 2018 to March 2023.

In this medium-term management plan, where we plan to kick-start a brand-new management structure, we focus on efforts aimed at making the most of Group synergy effects while firmly protecting the unique brand established in our businesses: “Membership Business,” “Hotel and Restaurant Business,” “Medical Business,” and “Senior Lifestyle Business.” Through this, we aim to realize solid and high-grade Group brand and become a group with close membership ties that endure for a lifetime.

In the years ahead, we will draw on the know-how that stems from the robust connections with our customers, the strengths of our memberships as well as our tailor-made, high-value-added services to more vigorously engage in activities that also target the general consumer 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, society and governance” and maintaining sustainable growth-oriented management.

Under these circumstances, the Company Group will record deferred real estate profits as a lump sum upon the start of full operation of “Ashiya Baycourt Club” which opened in February 2018, the opening of “XIV Rokko Sanctuary Villa” in April 2018, and the scheduled opening of “Laguna Baycourt Club” in March 2019. 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, medical examination business and business related to sale of goods including cosmetics and supplements is also expected. As a result, the Company Group forecasts net sales to increase 11.0% year-on-year to 183,600 million yen, operating income to increase 7.1% year-on-year to 19,000 million yen, ordinary income to increase 0.4% year-on-year to 19,500 million yen, and net income attributable to owners of parent to increase 4.8% year-on-year to 12,400 million yen.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY 2016 (as of Mar. 31, 2017)	FY 2017 (as of Mar. 31, 2018)
Assets		
Current assets		
Cash and deposits	39,063	29,366
Notes and accounts receivable - trade	9,437	7,689
Operating loans	41,553	44,041
Securities	6,215	6,404
Merchandise	915	972
Real estate for sale	15,634	22,776
Raw materials and supplies	1,317	1,374
Real estate for sale in process	26,931	28,116
Deferred tax assets	4,810	5,557
Other	6,525	6,303
Allowance for doubtful accounts	(974)	(950)
Total current assets	151,430	151,652
Non-current assets		
Property, plant and equipment		
Buildings and structures	174,277	178,956
Accumulated depreciation	(80,466)	(84,126)
Buildings and structures, net	93,810	94,830
Machinery, equipment and vehicles	10,754	10,767
Accumulated depreciation	(8,496)	(8,001)
Machinery, equipment and vehicles, net	2,258	2,765
Golf courses	7,585	7,591
Land	37,946	38,302
Leased assets	6,746	9,157
Accumulated depreciation	(2,030)	(2,468)
Leased assets, net	4,715	6,689
Construction in progress	4,842	15,700
Other	19,101	20,570
Accumulated depreciation	(14,437)	(15,849)
Other, net	4,663	4,721
Total property, plant and equipment	155,824	170,600
Intangible assets		
Goodwill	4,526	4,121
Software	3,264	4,240
Other	2,600	2,638
Total intangible assets	10,391	11,001
Investments and other assets		
Investment securities	85,687	64,724
Shares of subsidiaries and associates	1,387	1,390
Long-term loans receivable	4,227	6,163
Net defined benefit asset	1,125	1,219
Deferred tax assets	1,894	2,113
Other	10,473	13,486
Allowance for doubtful accounts	(834)	(835)
Total investments and other assets	103,959	88,262
Total non-current assets	270,175	269,863
Total assets	421,606	421,515

(Millions of yen)

	FY 2016 (as of Mar. 31, 2017)	FY 2017 (as of Mar. 31, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,401	1,355
Short-term loans payable	9,200	8,958
Current portion of long-term loans payable	4,616	19,119
Current portion of bonds	250	2,750
Lease obligations	662	848
Accounts payable - other	22,786	16,825
Income taxes payable	3,800	4,741
Accrued consumption taxes	494	1,642
Advances received	33,532	28,564
Unearned revenue	12,455	13,975
Provision for loss on guarantees	123	179
Other	6,454	7,192
Total current liabilities	95,778	106,153
Non-current liabilities		
Bonds payable	3,450	700
Bonds with share acquisition rights	30,200	29,855
Long-term loans payable	50,258	32,069
Lease obligations	4,402	6,343
Deferred tax liabilities	871	905
Provision for directors' retirement benefits	2,171	2,131
Provision for stocks payment	1,078	1,294
Net defined benefit liability	1,525	1,755
Long-term guarantee deposited	102,492	101,541
Negative goodwill	221	100
Other	10,774	13,475
Total non-current liabilities	207,447	190,172
Total liabilities	303,226	296,325
Net assets		
Shareholders' equity		
Capital stock	19,588	19,590
Capital surplus	22,171	22,192
Retained earnings	71,837	78,770
Treasury shares	(2,788)	(2,212)
Total shareholders' equity	110,809	118,341
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,007	661
Foreign currency translation adjustment	2,222	1,814
Remeasurements of defined benefit plans	(139)	(55)
Total accumulated other comprehensive income	3,089	2,421
Share acquisition rights	-	229
Non-controlling interests	4,480	4,198
Total net assets	118,379	125,190
Total liabilities and net assets	421,606	421,515

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

(Millions of yen)

	FY 2016 (Apr. 1, 2016 - Mar. 31, 2017)	FY 2017 (Apr. 1, 2017 - Mar. 31, 2018)
Net sales	143,541	165,413
Cost of sales	25,878	33,799
Gross profit	117,662	131,614
Selling, general and administrative expenses		
Advertising expenses	2,414	2,677
Membership service expenses	717	709
Repair and maintenance	3,283	3,356
Linen expenses	3,460	3,640
Provision of allowance for doubtful accounts	-	20
Directors' compensations	873	1,114
Salaries and bonuses	40,867	44,570
Retirement benefit expenses	961	972
Provision for directors' retirement benefits	233	99
Legal welfare expenses	5,494	6,099
Welfare expenses	1,570	1,814
Commission fee	7,430	7,912
Rent expenses	5,178	5,972
Utilities expenses	4,763	5,405
Correspondence and transportation expenses	3,012	3,123
Depreciation	7,021	7,549
Taxes and dues	2,513	3,169
Supplies expenses	2,870	3,130
Amortization of goodwill	534	760
Other	10,945	11,773
Total selling, general and administrative expenses	104,148	113,871
Operating profit	13,514	17,742
Non-operating income		
Interest income	2,250	2,149
Dividend income	95	87
Amortization of negative goodwill	120	120
Share of profit of entities accounted for using equity method	49	15
Foreign exchange gains	-	32
Insurance income	317	354
Subsidy income	54	75
Reversal of allowance for doubtful accounts	70	5
Reversal of provision for loss on guarantees	40	-
Other	178	261
Total non-operating income	3,176	3,102
Non-operating expenses		
Interest expenses paid on loans and bonds	593	652
Foreign exchange losses	753	-
Provision for loss on guarantees	-	56
Commission for syndicate loan	26	7
Guarantee charge of unearned revenue	120	95
Nondeductible consumption tax	227	432
Other	163	177
Total non-operating expenses	1,884	1,422
Ordinary profit	14,806	19,422

[Consolidated Statements of Income]

(Millions of yen)

	FY 2016 (Apr. 1, 2016 - Mar. 31, 2017)	FY 2017 (Apr. 1, 2017 - Mar. 31, 2018)
Extraordinary income		
Gain on step acquisitions	1,334	-
Gain on sales of non-current assets	796	164
Gain on sales of investment securities	1,174	204
Gain on sales of shares of subsidiaries and associates	4	9
Compensation income	43	86
Other	124	39
Total extraordinary income	3,477	505
Extraordinary losses		
Loss on sales of non-current assets	1	398
Loss on retirement of non-current assets	193	160
Impairment loss	1,344	457
Loss on sales of investment securities	38	180
Loss on sales of shares of subsidiaries and associates	7	-
Directors' retirement benefits	276	34
Contribution	97	-
Other	36	110
Total extraordinary losses	1,993	1,341
Profit before income taxes	16,290	18,585
Income taxes - current	5,909	7,398
Income taxes - deferred	(665)	(818)
Total income taxes	5,244	6,579
Profit	11,046	12,006
Profit attributable to non-controlling interests	35	175
Profit attributable to owners of parent	11,010	11,830

[Consolidated Statements of Comprehensive Income]

(Millions of yen)

	FY 2016 (Apr. 1, 2016 - Mar. 31, 2017)	FY 2017 (Apr. 1, 2017 - Mar. 31, 2018)
Profit	11,046	12,006
Other comprehensive income		
Valuation difference on available-for-sale securities	388	(345)
Foreign currency translation adjustment	(1,112)	(407)
Remeasurements of defined benefit plans, net of tax	116	84
Total other comprehensive income	(607)	(668)
Comprehensive income	10,438	11,337
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,406	11,161
Comprehensive income attributable to non-controlling interests	32	176

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	FY 2016 (Apr. 1, 2016 - Mar. 31, 2017)	FY 2017 (Apr. 1, 2017 - Mar. 31, 2018)
Cash flows from operating activities		
Profit before income taxes	16,290	18,585
Depreciation	7,746	8,609
Impairment loss	1,344	457
Amortization of goodwill (negative goodwill)	414	639
Increase (decrease) in allowance for doubtful accounts	(130)	(23)
Increase (decrease) in net defined benefit liability	350	234
Increase (decrease) in provision for directors' retirement benefits	(42)	(39)
Interest and dividend income	(2,345)	(2,236)
Interest expenses paid on loans and bonds	593	652
Foreign exchange losses (gains)	735	(23)
Decrease (increase) in notes and accounts receivable - trade	(6,160)	(638)
Decrease (increase) in inventories	(9,443)	(8,553)
Increase (decrease) in notes and accounts payable - trade	273	(39)
Increase (decrease) in accounts payable - other	6,764	(3,624)
Increase (decrease) in advances received	7,134	(4,967)
Increase (decrease) in long-term guarantee deposits received	(740)	(956)
Increase (decrease) in accrued consumption taxes	(222)	1,532
Other, net	5,566	3,720
Subtotal	28,128	13,328
Interest and dividend income received	2,463	2,368
Interest expenses paid	(584)	(649)
Income taxes paid	(3,758)	(6,590)
Net cash provided by (used in) operating activities	26,249	8,456
Cash flows from investing activities		
Payments into time deposits	(829)	(3,097)
Proceeds from withdrawal of time deposits	1,318	3,831
Purchase of securities	(9,768)	(10,610)
Proceeds from sales and redemption of securities	32,740	13,617
Purchase of investment securities	(12,560)	(1,041)
Proceeds from sales and redemption of investment securities	9,582	18,047
Purchase of shares of subsidiaries and associates	(153)	(15)
Proceeds from sales of shares of subsidiaries and associates	13	22
Purchase of property, plant and equipment	(13,964)	(23,008)
Purchase of intangible assets	(2,041)	(2,131)
Payments of loans receivable	(348)	(2,232)
Collection of loans receivable	170	669
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(5,475)	(1,398)
Other, net	5,197	65
Net cash provided by (used in) investing activities	3,881	(7,282)

(Millions of yen)

	FY 2016 (Apr. 1, 2016 - Mar. 31, 2017)	FY 2017 (Apr. 1, 2017 - Mar. 31, 2018)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	5,990	241
Proceeds from long-term loans payable	300	1,390
Repayments of long-term loans payable	(15,941)	(5,075)
Redemption of bonds	(450)	(550)
Purchase of treasury shares	(1)	(2)
Proceeds from disposal of treasury shares	484	436
Cash dividends paid	(4,982)	(4,984)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(463)	(100)
Net increase (decrease) in deposits received from subsidiaries and affiliates	(5)	460
Other, net	(524)	(991)
Net cash provided by (used in) financing activities	(15,593)	(9,177)
Effect of exchange rate change on cash and cash equivalents	23	40
Net increase (decrease) in cash and cash equivalents	14,561	(7,962)
Cash and cash equivalents at beginning of period	25,476	40,365
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	326	66
Cash and cash equivalents at end of period	40,365	32,469

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
GROUP