

RESORTTRUST FINANCIAL DATA

CONSOLIDATED FINANCIAL SUMMARY

1Q FY 2021 (from April 1, 2021 to June 30, 2021)

ご一緒にします、いい人生



RESORTTRUST
GROUP

(securities code: 4681)

CONSOLIDATED FINANCIAL SUMMARY

For the First Quarter Ended June 30, 2019,2020 and 2021

(Millions of yen)

	1Q			Fiscal Year	
	Apr.-Jun. 2019	Apr.-Jun. 2020	Apr.-Jun. 2021	2021/3 Result	2022/3 Targets
Net sales	39,258	23,416	37,319	167,538	158,200
Operating income	2,442	(884)	920	14,707	7,000
Ordinary income	2,557	(400)	1,498	17,647	6,700
Net income (interim)	1,492	(1,810)	1,905	(10,213)	4,700
Net assets	130,998	130,102	105,378	120,791	
Assets	401,095	433,633	407,308	407,243	
Net income per share (yen) (Primary)	13.95	(16.91)	17.80	(95.39)	
Net income per share (yen) (Fully Diluted)	12.81	-	16.37	-	
Equity ratio (%)	31.5	28.8	24.6	28.4	
Return on assets (%)	-	-	-	4.37	
Return on equity (%)	-	-	-	(8.39)	
Net cash provided by (used in) operating activities	(1,742)	(8,096)	(3,620)	22,981	
Net cash provided by (used in) investment activities	(1,055)	(10,915)	(5,664)	(13,577)	
Net cash provided by (used in) financing activities	8,120	34,726	(1,415)	22,012	
Cash and cash equivalents	29,216	37,088	42,101	52,756	

Business Results

Overview of 1Q The Fiscal Year 2021(Ending March 31, 2022)

1. Summary of Business Results

	(Millions of Yen)		
	1Q FY2020 (Results)	1Q FY2021 (Results)	Year-on-Year Change
Net sales	23,416	37,319	+59.4%
Operating income	(884)	920	-
Ordinary income	(400)	1,498	-
Net income	(1,810)	1,905	-

During the three-month period ended June 30,2021, the Japanese economy saw the issuance of a state of emergency once again due to the spread of COVID-19. The future outlook remains extremely uncertain, with no signs of when the outbreak will end.

Factors regarding COVID-19 had large impacts on the Company Group's business operations as in the previous fiscal year: attracting customers and occupancy rates were largely impacted in Hotel and Restaurant Operations as the state of emergency was once again issued for the third time and priority measures to prevent the spread of COVID-19 were implemented in Japan; intake of new occupants in senior residences slowed in Medical Operations. Meanwhile, in Membership Operations, sales of membership of SANCTUARY COURT TAKAYAMA, which began in June 2021, and sales of existing hotel memberships remained strong. Furthermore, with the importance of medical checks being recognized under the spread of COVID-19, sales of medical memberships were also strong. In line with these circumstances, the Group is further carrying out the "lifetime strategy" to provide richer and happier time at safe and secure facilities by implementing measures against the 3Cs and providing information unique to the Group that fully leverage knowledge gained in Medical Operations.

As mentioned above, while membership sales have recovered to a considerable extent, Hotel Operations remained in the severe climate. As a result, net sales were 37,319 million yen (up 59.4% yoy), operating income was 920 million yen, ordinary income was 1,498 million yen, and net income attributable to owners of parent was 1,905 million yen. The Company Group has adopted the "Accounting Standard for Revenue Recognition, etc." from the beginning of the three-month period under review and changed its accounting method for profit recognition. Performances by each business segment are described below.

2. Summary of Business Segments

【Membership Operations】

(Millions of Yen)

	1Q FY2020 (Results)	1Q FY2021 (Results)	Year-on-Year Change
Net sales	5,694	11,779	+106.9%
Operating income	2,203	2,784	+26.4%

Membership Operation Segment recorded higher sales and higher income, as sales of membership of SANCTUARY COURT TAKAYAMA, which began in June 2021, and sales of existing hotel memberships remained strong. As the Company Group has changed its accounting method for revenue recognition, net sales decreased by 199 million yen, and operating income decreased by 73 million yen, compared to those calculated by the previous method.

【Hotel and Restaurant Operations】

(Millions of Yen)

	1Q FY2020 (Results)	1Q FY2021 (Results)	Year-on-Year Change
Net sales	8,614	15,131	+75.6%
Operating income	(2,347)	(925)	-

Hotel and Restaurant Operation Segment continued to face the severe climate, as the state of emergency was once again issued for the third time and priority measures to prevent the spread of COVID-19 were implemented, and the number of foreign tourists visiting Japan and business travelers has not recovered. In addition, the recovery in demand for domestic accommodation due to progress in vaccination was limited. Meanwhile, the Segment recorded higher sales and higher income, as the recognition of hotel operations assigning the highest priority to safe and secure operations has spread compared to the same period of the previous year. The change in accounting method for revenue recognition increased net sales by 108 million yen compared with the previous method, but had no impact on segment loss.

【Medical Operations】

(Millions of Yen)

	1Q FY2020 (Results)	1Q FY2021 (Results)	Year-on-Year Change
Net sales	8,942	10,233	+14.4%
Operating income	1,027	1,034	+0.7%

Medical Operation Segment recorded higher sales and higher income, as membership sales of “Grand HIMEDIC Club,” a comprehensive medical support club, were steady with the rising recognition of the importance of medical checks under the spread of COVID-19. Annual fees, etc. increased in line with the increased number of membership holders, while sales activities to solicit senior residences were limited due to the spread of COVID-19. As the Company Group has changed its accounting method for revenue recognition, net sales decreased by 845 million yen, and operating income decreased by 844 million yen, compared to those calculated by the previous method.

【Others】

(Millions of Yen)

	1Q FY2020 (Results)	1Q FY2021 (Results)	Year-on-Year Change
Net sales	164	174	+6.1%
Operating income	72	74	+2.0%

Others cover business segments that are not part of reportable segments and include real estate leasing, management of holiday homes, and other businesses. The Group's change in accounting method for revenue recognition had no impact on net sales and operating income compared to the previous method.

3. Outlook for the Fiscal Year 2021(Ending March 31, 2022)

(Millions of Yen)

	FY2020 (Results)	FY 2021 (Targets)	Year-on-year Change
Net sales	167,538	158,200	(5.6%)
Operating income	14,707	7,000	(52.4%)
Ordinary income	17,647	6,700	(62.0%)
Net income	(10,213)	4,700	+ 14,913百万円

Regarding the future economic climate of Japan, with the promotion of government-led initiatives to prevent a further spread of COVID-19 infections, economic activities have resumed, and many industries have started to return to normal. On the other hand, the severe climate is expected to continue in the tourism, food and beverage service, and entertainment industries. Under circumstances in which there are concerns over the spread of highly contagious variants, the future outlook is extremely uncertain.

Under these circumstances, for the full-year forecast, in the previous fiscal year, deferred real estate income was recorded in a lump sum when YOKOHAMA BAYCOURT CLUB and THE KAHALA HOTEL & RESORT YOKOHAMA opened in September 2020. In the current fiscal year, In the current fiscal year, however, we began selling membership rights for SANCTUARY COURT TAKAYAMA, the first in the new SANCTUARY COURT series of membership hotels, in June 2021. The recognition of revenue from the real estate portion of those memberships will be deferred until the opening of the hotel, and in the non-membership hotel business, business travel and inbound demand will not return.

Therefore, the Company Group forecasts net sales will decrease 5.6% year-on-year to 158,200 million yen, operating income will decrease 52.4% year-on-year to 7,000 million yen, ordinary income will decrease 62.0% year-on-year to 6,700 million yen. Net loss attributable to owners of parent from the previous year will be eliminated, and the Company Group forecasts net profit attributable to owners of parent of 4,700 million yen (year-on-year increase of 14,913 million yen).

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY 2020 (as of Mar. 31, 2021)	1Q FY 2021 (as of Jun. 30, 2021)
Assets		
Current assets		
Cash and deposits	48,367	41,695
Notes and accounts receivable	9,032	—
Notes and accounts receivable - trade, and contract assets	—	11,225
Operating loans	58,268	57,807
Securities	10,695	11,699
Merchandise	971	994
Real estate for sale	15,668	11,574
Raw materials and supplies	1,202	1,356
Real estate for sale in process	3,685	4,342
Other	5,987	7,311
Allowance for doubtful accounts	(1,022)	(1,067)
Total current assets	152,856	146,938
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	103,936	104,730
Machinery, equipment and vehicles, net	2,242	2,172
Golf courses	7,635	7,635
Land	48,580	48,517
Leased assets, net	7,573	7,361
Construction in progress	2,306	2,442
Other, net	4,091	3,908
Total property, plant and equipment	176,366	176,769
Intangible assets		
Goodwill	2,511	2,363
Software	4,153	4,326
Other	2,554	2,204
Total intangible assets	9,218	8,893
Investments and other assets		
Investment securities	29,867	29,429
Shares of subsidiaries and associates	1,323	1,322
Long-term loans receivable	6,052	5,999
Retirement benefit asset	188	160
Deferred tax assets	11,551	17,863
Other	20,288	20,422
Allowance for doubtful accounts	(470)	(491)
Total investments and other assets	68,801	74,706
Total non-current assets	254,386	260,369
Total assets	407,243	407,308

(Millions of yen)

	FY 2020 (as of Mar. 31, 2021)	1Q FY 2021 (as of Jun. 30, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,335	1,053
Short-term loans payable	2,125	2,289
Current portion of long-term borrowings	19,954	22,043
Current portion of bonds payable	150	150
Current portion of bonds with subscription rights to shares	29,728	29,717
Lease obligations	1,164	1,158
Accounts payable - other	7,924	5,647
Income taxes payable	5,726	861
Accrued consumption taxes	2,153	2,145
Advances received	3,548	46,539
Unearned revenue	18,103	16,129
Provision for loss on guarantees	40	39
Provision for point card certificates	1,297	737
Other	7,522	10,288
Total current liabilities	100,777	138,802
Non-current liabilities		
Bonds payable	150	150
Long-term borrowings	44,004	40,490
Lease obligations	12,435	12,163
Deferred tax liabilities	671	472
Provision for retirement benefits for directors	2,156	—
Provision for stocks payment	2,014	385
Retirement benefit liability	2,453	2,513
Long-term guarantee deposits	30,796	30,606
Amortizable long-term guarantee deposits received	73,153	70,762
Other	17,837	5,582
Total non-current liabilities	185,673	163,126
Total liabilities	286,451	301,929
Net assets		
Shareholders' equity		
Share capital	19,590	19,590
Capital surplus	21,701	21,701
Retained earnings	74,612	58,262
Treasury shares	(1,787)	(1,780)
Total shareholders' equity	114,116	97,774
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,801	1,761
Foreign currency translation adjustment	(443)	495
Remeasurements of defined benefit plans	104	100
Total accumulated other comprehensive income	1,462	2,357
Share acquisition rights	313	313
Non-controlling interests	4,898	4,933
Total net assets	120,791	105,378
Total liabilities and net assets	407,243	407,308

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

(Millions of yen)

	1Q FY 2020 (Apr. 1, 2020 - Jun. 30, 2020)	1Q FY 2021 (Apr. 1, 2021 - Jun. 30, 2021)
Net sales	23,416	37,319
Cost of sales	1,220	6,138
Gross profit	22,195	31,180
Selling, general and administrative expenses		
Salaries and bonuses	8,817	11,910
Provision for retirement benefits for directors (and other officers)	16	18
Repair and maintenance expenses	496	935
Provision of allowance for doubtful accounts	68	53
Provision for loss on guarantees	0	—
Utilities expenses	702	1,228
Depreciation	1,841	2,286
Other	11,137	13,827
Total selling, general and administrative expenses	23,080	30,260
Operating profit (loss)	(884)	920
Non-operating income		
Interest income	267	218
Dividend income	3	6
Reversal of allowance for doubtful accounts	118	—
Reversal of provision for loss on guarantees	—	1
Foreign exchange gain	—	2
Subsidy income	356	562
Other	59	89
Total non-operating income	805	879
Non-operating expenses		
Interest expenses paid on loans and bonds	107	95
Share of loss of entities accounted for using equity method	47	1
Nondeductible consumption tax	121	139
Provision of allowance for doubtful accounts	—	12
Foreign exchange losses	1	—
Other	43	53
Total non-operating expenses	321	302
Ordinary profit (loss)	(400)	1,498

[Consolidated Statements of Income]

(Millions of yen)

	1Q FY 2020 (Apr. 1, 2020 - Jun. 30, 2020)	1Q FY 2021 (Apr. 1, 2021 - Jun. 30, 2021)
Extraordinary income		
Gain on sales of non-current assets	1	223
Subsidy income	1,112	3
Reversal of allowance for provision for stocks payment	—	1,628
Total extraordinary income	1,114	1,855
Extraordinary losses		
Loss on retirement of non-current assets	1	2
Loss due to new coronavirus infection	2,972	9
Other	174	1
Total extraordinary losses	3,148	12
Profit (loss) before income taxes	(2,434)	3,341
Income taxes - current	345	694
Income taxes - deferred	(894)	696
Total income taxes	(548)	1,391
Profit (loss)	(1,885)	1,949
Profit (loss) attributable to non-controlling interests	(75)	43
Profit (loss) attributable to owners of parent	(1,810)	1,905

[Consolidated Statements of Comprehensive Income]

(Millions of yen)

	FY 2020 (Apr. 1, 2020 - Jun. 30, 2020)	FY 2021 (Apr. 1, 2021 - Jun. 30, 2021)
Profit (loss)	(1,885)	1,949
Other comprehensive income		
Valuation difference on available-for-sale securities	972	(39)
Foreign currency translation adjustment	(164)	938
Remeasurements of defined benefit plans, net of tax	33	(4)
Total other comprehensive income	841	894
Comprehensive income	(1,044)	2,844
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(970)	2,800
Comprehensive income attributable to non-controlling interests	(74)	43

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.

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