

RESORTTRUST FINANCIAL DATA

CONSOLIDATED FINANCIAL SUMMARY

3Q FY 2021 (from April 1, 2021 to December 31, 2021)

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RESORTTRUST
GROUP

CONSOLIDATED FINANCIAL SUMMARY

For the Second Quarter Ended Dec. 31, 2019,2020 and 2021

(Millions of yen)

	3Q			Fiscal Year	
	Apr.-Dec. 2019	Apr.-Dec. 2020	Apr.-Dec. 2021	2021/3 Result	2022/3 Revision Targets
Net sales	123,339	130,572	119,493	167,538	153,000
Operating income	11,035	15,350	8,859	14,707	8,000
Ordinary income	11,500	17,320	11,333	17,647	9,600
Net income (interim)	7,104	9,669	8,554	(10,213)	7,000
Net assets	134,312	139,554	108,919	120,791	
Assets	413,942	431,278	395,562	407,243	
Net income per share (yen) (Primary)	66.37	90.32	80.30	(95.39)	
Net income per share (yen) (Fully Diluted)	61.09	83.20	74.59	-	
Equity ratio (%)	31.2	31.2	26.2	28.4	
Return on assets (%)	-	-	-	4.37	
Return on equity (%)	-	-	-	(8.39)	
Net cash provided by (used in) operating activities	12,106	15,590	16,548	22,981	
Net cash provided by (used in) investment activities	(8,251)	(23,175)	3,162	(13,577)	
Net cash provided by (used in) financing activities	1,468	31,777	(44,274)	22,012	
Cash and cash equivalents	29,212	44,946	28,249	52,756	

Business Results

Overview of 3Q The Fiscal Year 2021(Ending March 31, 2022)

1. Summary of Business Results

	(Millions of Yen)		
	3Q FY2020 (Results)	3Q FY2021 (Results)	Year-on-Year Change
Net sales	130,572	119,493	(8.5%)
Operating income	15,350	8,859	(42.3%)
Ordinary income	17,320	11,333	(34.6%)
Net income	9,669	8,554	(11.5%)

During the nine-month period ended December 31, 2021, after the state of emergency was issued once again due to the spread of COVID-19, the Japanese economy showed movements toward improvement in economic activities due to progress in vaccination, etc. However, the future outlook remains extremely uncertain, with no signs of when the outbreak will end as there are concerns over a further spread of COVID-19 due to emergence of new variants of the virus.

Factors regarding COVID-19 had large impacts on the Company Group's business operations during the nine months period ended December 31, 2021: attracting customers and occupancy rates were largely impacted in Hotel and Restaurant Operations due to the issuance of the state of emergency for the fourth time and restrictions, etc. associated with its extension, in addition to the issuance of the state of emergency for the third time and priority measures to prevent the spread of COVID-19 in Japan; intake of new occupants in senior residences slowed in Medical Operations. Thereafter, movements toward recovery were seen backed by progress in vaccination, etc. The intake of new occupants in senior residences nevertheless slowed in Medical Operations. As such, factors regarding COVID-19 continues to have large impacts on the Company Group's business operations as in the previous fiscal year.

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 remained strong, resulting in higher contract value than that in the previous year and targets, Hotel Operations remained in the severe climate. In addition, real estate revenue that had been deferred was recorded in a lump sum when the membership hotels opened in the same period of the previous year, but not in the current fiscal year. As a result, net sales were 119,493 million yen (down 8.5% yoy), operating income was 8,859 million yen (down 42.3% yoy), ordinary income was 11,333 million yen (down 34.6% yoy), and net income attributable to owners of parent was 8,554 million yen (down 11.5% yoy).

Due to the application of the Accounting Standard for Revenue Recognition, net sales for during the nine-month period ended December 31, 2021, decreased by 1,564 million yen, and operating income and ordinary income decreased by 1,666 million yen respectively.

Performances by each business segment are described below.

2. Summary of Business Segments

【Membership Operations】

(Millions of Yen)

	3Q FY2020 (Results)	3Q FY2021 (Results)	Year-on-Year Change
Net sales	55,219	31,355	(43.2%)
Operating income	19,271	9,638	(50.0%)

Membership Operation Segment recorded lower sales and lower income, as deferred real estate revenue was recorded in a lump sum when the membership hotels opened in the same period of the previous year, but not in the current fiscal year, while sales of membership of SANCTUARY COURT TAKAYAMA, which began in June 2021, and sales of existing hotel membership remained strong. As the Company Group has changed its accounting method for revenue recognition, net sales decreased by 487 million yen, and operating income decreased by 145 million yen, compared to those calculated by the previous method.

【Hotel and Restaurant Operations】

(Millions of Yen)

	3Q FY2020 (Results)	3Q FY2021 (Results)	Year-on-Year Change
Net sales	45,710	56,018	+22.6%
Operating income	(2,650)	1,923	-%

Hotel and Restaurant Operation Segment continued to face the severe climate, as the state of emergency and priority measures to prevent the spread of COVID-19 were issued, and restaurants were subject to shorter hours and restriction on the serving of alcoholic beverages, due to the spread of COVID-19. In addition, the number of foreign tourists visiting Japan and business travelers did not recovered, and the recovery in demand for domestic accommodation was limited. Thereafter, however, gradual movements toward improvement have been seen backed by progress in vaccination. 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 435 million yen compared with the previous method, but had no impact on Segment income.

【Medical Operations】

(Millions of Yen)

	3Q FY2020 (Results)	3Q FY2021 (Results)	Year-on-Year Change
Net sales	29,128	31,593	+8.5%
Operating income	4,193	4,138	(1.3%)

Medical Operation Segment recorded higher sales, 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. also increased in line with the increased number of membership holders, and non-membership health check-ups were recovered, while sales activities to solicit senior residences were limited due to the spread of COVID-19. However, the lower income was recorded despite the higher sales, mainly because the sales related expenses were recognized in advance while the recognition of revenue from membership sales has been deferred. As the Company Group has changed its accounting method for revenue recognition, net sales decreased by 1,512 million yen, and operating income decreased by 1,521 million yen, compared to those calculated by the previous method.

【Others】

(Millions of Yen)

	3Q FY2020 (Results)	3Q FY2021 (Results)	Year-on-Year Change
Net sales	513	526	+2.5%
Operating income	429	556	+29.7%

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 (Revision Targets)	Year-on-year Change	FY 2021 (Initial Targets)	Results vs. Initial Targets
Net sales	167,538	153,000	(8.7%)	158,200	(3.3%)
Operating income	14,707	8,000	(45.6%)	7,000	+14.3%
Ordinary income	17,647	9,600	(45.6%)	6,700	+43.3%
Net income	(10,213)	7,000	+17,213	4,700	+48.9%

In view of the most recent business performance, the financial results forecast has been revised. Compared to the assumption at the beginning of the period, sales of hotel membership and medical membership remained strong while hotel and restaurant operations were limited due to the issuance of the state of emergency, etc. and recording of non-operating income including subsidy is expected. Reflecting the above, the Company Group has made upward revisions to each of its income.(November 10,2021)

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. In addition, with concerns over a further spread of new variants of COVID-19, the future outlook remains 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, 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 8.7% year-on-year to 153,000 million yen, operating income will decrease 45.6% year-on-year to 8,000 million yen, ordinary income will decrease 45.6% year-on-year to 9,600 million yen. Net loss attributable to owners of parent from the previous year will be eliminated, and the Company Group forecasts net income attributable to owners of parent of 7,000 million yen (year-on-year increase of 17,213 million yen).

As for the dividend forecast, we plan to pay a year-end dividend of 15 yen (forecast), and together with the interim dividend of 15 yen, we expect to pay an annual dividend of 30 yen (forecast), which is the same amount as the previous year's dividend amount.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY 2020 (as of Mar. 31, 2021)	3Q FY 2021 (as of Dec.30, 2021)
Assets		
Current assets		
Cash and deposits	48,367	27,826
Notes and accounts receivable	9,032	—
Notes and accounts receivable - trade, and contract assets	—	10,337
Accounts receivable - installment	—	25,765
Operating loans	58,268	48,101
Securities	10,695	3,100
Merchandise	971	991
Real estate for sale	15,668	7,983
Raw materials and supplies	1,202	1,687
Real estate for sale in process	3,685	7,322
Other	5,987	6,457
Allowance for doubtful accounts	(1,022)	(870)
Total current assets	152,856	138,704
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	103,936	104,291
Machinery, equipment and vehicles, net	2,242	1,986
Golf courses	7,635	7,635
Land	48,580	48,812
Leased assets, net	7,573	7,001
Construction in progress	2,306	4,076
Other, net	4,091	3,475
Total property, plant and equipment	176,366	177,278
Intangible assets		
Goodwill	2,511	2,066
Software	4,153	4,038
Other	2,554	1,956
Total intangible assets	9,218	8,062
Investments and other assets		
Investment securities	29,867	27,145
Shares of subsidiaries and associates	1,323	1,327
Long-term loans receivable	6,052	5,874
Retirement benefit asset	188	133
Deferred tax assets	11,551	17,708
Other	20,288	19,812
Allowance for doubtful accounts	(470)	(485)
Total investments and other assets	68,801	71,517
Total non-current assets	254,386	256,858
Total assets	407,243	395,562

(Millions of yen)

	FY 2020 (as of Mar. 31, 2021)	3Q FY 2021 (as of Dec.31, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,335	1,895
Short-term loans payable	2,125	11,690
Current portion of long-term borrowings	19,954	17,068
Current portion of bonds payable	150	150
Current portion of bonds with subscription rights to shares	29,728	—
Lease obligations	1,164	1,156
Accounts payable - other	7,924	8,101
Income taxes payable	5,726	1,260
Accrued consumption taxes	2,153	2,628
Advances received	3,548	59,053
Unearned revenue	18,103	19,029
Provision for loss on guarantees	40	36
Provision for point card certificates	1,297	540
Other	7,522	8,944
Total current liabilities	100,777	131,555
Non-current liabilities		
Bonds payable	150	75
Long-term borrowings	44,004	27,667
Lease obligations	12,435	11,676
Deferred tax liabilities	671	396
Provision for retirement benefits for directors	2,156	—
Provision for stocks payment	2,014	381
Retirement benefit liability	2,453	2,580
Long-term guarantee deposits	30,796	30,245
Amortizable long-term guarantee deposits received	73,153	76,964
Other	17,837	5,100
Total non-current liabilities	185,673	155,087
Total liabilities	286,451	286,642
Net assets		
Shareholders' equity		
Share capital	19,590	19,590
Capital surplus	21,701	21,495
Retained earnings	74,612	63,299
Treasury shares	(1787)	(3,513)
Total shareholders' equity	114,116	100,871
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,801	1,993
Foreign currency translation adjustment	(443)	606
Remeasurements of defined benefit plans	104	91
Total accumulated other comprehensive income	1,462	2,691
Share acquisition rights	313	313
Non-controlling interests	4,898	5,042
Total net assets	120,791	108,919
Total liabilities and net assets	407,243	395,562

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

(Millions of yen)

	3Q FY 2020 (Apr. 1, 2020 - Dec.31, 2020)	3Q FY 2021 (Apr. 1, 2021 - Dec.31, 2021)
Net sales	130,572	119,493
Cost of sales	31,492	16,506
profit	99,080	102,987
Selling, general and administrative expenses		
Salaries and bonuses	32,665	37,363
Provision for retirement benefits for directors (and other officers)	50	18
Repair and maintenance expenses	2,248	2,907
Provision of allowance for doubtful accounts	85	50
Utilities expenses	3,445	4,376
Depreciation	6,835	7,031
Other	38,397	42,380
Total selling, general and administrative expenses	83,729	94,128
Operating income	15,350	8,859
Non-operating income		
Interest income	792	663
Dividend income	60	61
Share of profit of entities accounted for using equity method	—	24
Reversal of allowance for doubtful accounts	141	10
Reversal of provision for loss on guarantees	1	4
Foreign exchange gain	—	3
Subsidy income	1,664	2,265
Other	194	203
Total non-operating income	2,855	3,236
Non-operating expenses		
Interest expenses paid on loans and bonds	335	267
Share of loss of entities accounted for using equity method	37	—
Nondeductible consumption tax	315	345
Foreign exchange losses	34	—
Other	163	148
Total non-operating expenses	885	761
Ordinary income	17,320	11,333

[Consolidated Statements of Income]

(Millions of yen)

	3Q FY 2020 (Apr. 1, 2020 - Dec.31, 2020)	3Q FY 2021 (Apr. 1, 2021 - Dec.31, 2021)
Extraordinary income		
Gain on sales of non-current assets	2	224
Gain on sale of shares of subsidiaries and associates	0	14
Subsidy income	1,497	6
Reversal of allowance for provision for stocks payment	—	1,628
Total extraordinary income	1,499	1,873
Extraordinary losses		
Loss on sale of non-current assets	0	28
Loss on retirement of non-current assets	24	32
Impairment loss	50	—
Loss due to new Coronavirus infection	3,553	9
Other	228	1
Total extraordinary losses	3,856	72
Profit before income taxes	14,964	13,134
Income taxes - current	5,670	3,733
Income taxes - deferred	(388)	677
Total income taxes	5,281	4,411
Net income	9,682	8,723
Net income (loss) attributable to non-controlling interests	12	169
Net income attributable to owners of parent	9,669	8,554

[Consolidated Statements of Comprehensive Income]

(Millions of yen)

	3Q FY 2020 (Apr. 1, 2020 - Dec.31, 2020)	3Q FY 2021 (Apr. 1, 2021 - Dec.31, 2021)
Net income	9,682	8,723
Other comprehensive income		
Valuation difference on available-for-sale securities	1,175	192
Foreign currency translation adjustment	(842)	1,049
Remeasurements of defined benefit plans, net of tax	101	(12)
Total other comprehensive income	433	1,229
Comprehensive income	10,116	9,952
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,103	9,783
Comprehensive income attributable to non-controlling interests	13	169

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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