

RESORTTRUST FINANCIAL DATA

CONSOLIDATED FINANCIAL SUMMARY

3Q FY 2020 (from Apr. 1, 2020 to Dec. 31, 2020)



(securities code: 4681)

CONSOLIDATED FINANCIAL SUMMARY

For the Third Quarter Ended Dec. 31, 2018,2019 and 2020

(Millions of yen)

	3Q			Fiscal Year	
	Apr.-Dec. 2018	Apr.-Dec. 2019	Apr.-Dec. 2020	2020/3 Result	2021/3 Revision Targets
Net sales	114,394	123,339	130,572	159,145	165,000
Operating income	9,352	11,035	15,350	11,652	11,000
Ordinary income	9,947	11,500	17,320	12,476	13,000
Net income (interim)	5,959	7,104	9,669	7,135	6,200
Net assets	125,365	134,312	139,554	132,991	
Assets	410,433	413,942	431,278	400,833	
Net income per share (yen) (Primary)	55.72	66.37	90.32	66.65	
Net income per share (yen) (Fully Diluted)	51.25	61.09	83.20	61.29	
Equity ratio (%)	29.4	31.2	31.2	31.9	
Return on assets (%)	-	-	-	3.11	
Return on equity (%)	-	-	-	5.59	
Net cash provided by (used in) operating activities	6,913	12,106	15,590	19,096	
Net cash provided by (used in) investment activities	(4,510)	(8,251)	(23,175)	(8,247)	
Net cash provided by (used in) financing activities	(11,934)	1,468	31,777	(13,364)	
Cash and cash equivalents	22,950	29,212	44,946	21,376	

Business Results

Overview of 3Q The Fiscal Year 2020(Ending March 31, 2021)

1. Summary of Business Results

(Millions of Yen)

	3Q FY2019 (Results)	3Q FY2020 (Results)	Year-on-Year Change
Net sales	123,339	130,572	+5.9%
Operating income	11,035	15,350	+39.1%
Ordinary income	11,500	17,320	+50.6%
Net income	7,104	9,669	+36.1%

The Japanese economy during the nine-month period under review saw shrinking economic activities due to the global spread of COVID-19, and many companies are being forced to restrict their business activities. The future outlook remains extremely uncertain, with no signs of the ending of the outbreak.

Under these circumstances, various factors had large impacts on the Company Group's business operations during the period of April-June: membership sales activities were restricted and shrank in Membership Operations due to people refraining from non-essential and non-urgent movements and a significant decrease in the number of foreign tourists visiting Japan as a result of the spread of COVID-19 in Japan; some hotels and other facilities were closed in Hotel and Restaurant Operations; and health check-up facilities were closed, and the intake of new occupants in senior residences slowed in Medical Operations.

Amid such a situation, sales activities centered on membership businesses remained resilient during the period of July-December. While overseas travel was restricted, people's motivation for domestic travel started to pick up mainly owing to the government-led "Go to Travel Campaign." Due to growing demand for luxury resorts as well as rising health consciousness and increasing demand for membership medical services attributable to avoidance of medical institutions, sales of high-grade hotel memberships, high-priced travel plans, and medical memberships recovered more than anticipated. In addition, YOKOHAMA BAYCOURT CLUB and THE KAHALA HOTEL & RESORT YOKOHAMA opened as scheduled in September, and real estate profits that had been deferred were booked in a lump sum.

2. Summary of Business Segments

【Membership Operations】 (Millions of Yen)

	3Q FY2019 (Results)	3Q FY2020 (Results)	Year-on-Year Change
Net sales	30,053	55,219	+83.7%
Operating income	10,512	19,271	+83.3%

Membership Operation Segment recorded higher sales and higher income, as YOKOHAMA BAYCOURT CLUB opened in September 2020 and real estate profits that had been deferred were booked in a lump sum, and sales of high-grade hotel memberships, whose demand increased due to restrictions on overseas travel, remained strong. In the period of April-June, the volume of membership sales compared to the same period of the previous year declined due to the impact of the spread of COVID-19 restricting sales activities especially in the Tokyo metropolitan area and preventing face-to-face sales activities that are the Group's strength.

Under such circumstances, we continuously take on challenges for the future, including studying measures for telework and other new sales styles and new sales channels such as via the internet and business partners.

【Hotel and Restaurant Operations】 (Millions of Yen)

	3Q FY2019 (Results)	3Q FY2020 (Results)	Year-on-Year Change
Net sales	63,607	45,710	(28.1%)
Operating income	2,130	(2,650)	-

Hotel and Restaurant Operation Segment recorded lower sales and lower income. Lower numbers were attributable to the closure of facilities in the period of April-June due to the impact of the government's request to refrain from non-essential and non-urgent outings resulting from the spread of COVID-19, reduced hotel occupancy rates caused by a drop in consumer confidence for travel and sightseeing, especially by a decline in the usage by corporate employees and groups and for weddings, banquets, and conferences, and non-membership hotels, in particular, being hit by a sharp fall in the number of foreign tourists visiting Japan and business travelers. Meanwhile, since July, with hotel occupancy rates on a recovery trend partly due to the reassurance the guests have found in our operation of membership facilities, sales of high-priced plans have been robust and spending per visitor has been trending upward, which have also been supported by growing demand for travel owing to the government-led "Go to Travel Campaign."

Under such circumstances, we continue to create sustainable value for our business by implementing the Group's own measures against the 3Cs that leverage knowledge gained in Medical Operations and pursuing safe and secure services that are unique to the membership system.

【Medical Operations】**(Millions of Yen)**

	3Q FY2019 (Results)	3Q FY2020 (Results)	Year-on-Year Change
Net sales	29,177	29,128	(0.2%)
Operating income	4,441	4,193	(5.6%)

Medical Operation Segment increased sales but decreased income. Although 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 increase in the number of senior residences operated by the Group and growth of the medical examination business, etc. contributed to revenue, lower income was attributable to restricted sales activities to solicit members and residents due to the spread of COVID-19, as well as the closure of health check-up facilities. Meanwhile, due to rising health consciousness, membership medical services have been attracting attention and sales of medical memberships has remained strong.

Under such circumstances, we continue to create cutting-edge medical and nursing services while contributing to synergy creation through provision of information and support for the Group’s business.

【Others】**(Millions of Yen)**

	3Q FY2019 (Results)	3Q FY2020 (Results)	Year-on-Year Change
Net sales	499	513	+2.8%
Operating income	427	429	+0.4%

Others cover business segments that are not part of reportable segments and include real estate leasing, management of holiday homes, and other businesses.

3. Outlook for the Fiscal Year 2020(Ending March 31, 2021)

(Millions of Yen)

	FY2019 (Results)	FY 2020 (Revision Targets)	Year-on-year Change
Net sales	159,145	165,000	+3.7%
Operating income	11,652	11,000	(5.6%)
Ordinary income	12,476	13,000	+4.2%
Net income	7,135	6,200	(13.1%)

Regarding the forecast for the full year ending March 31, 2021, membership sales of YOKOHAMA BAYCOURT CLUB, which opened in September 2020, grew higher than initially anticipated, and real estate profits of hotel memberships that had been deferred were booked in a lump sum when the hotel opened. However, opening costs including those for THE KAHALA HOTEL & RESORT YOKOHAMA, the Group's first non-membership luxury hotel in Japan that was due to open at the same time as YOKOHAMA BAYCOURT CLUB, were incurred upfront. Furthermore, as COVID-19 spread, during the period of April-June, sales activities shrank in Membership Operations, facilities were closed in Hotel and Restaurant Operations, and health check-up facilities were closed and the intake of new occupants in senior residences slowed in Medical Operations. Consumption also declined reflecting a sharp drop in the number of foreign tourists visiting Japan, restrictions on Japanese people's movements across prefectures, and people refraining from non-essential and non-urgent outings. These factors have had large impacts on the Company Group's business operations.

While business operations continued to be affected by the COVID-19 crisis from the second quarter, the membership sales of YOKOHAMA BAYCOURT CLUB, which opened in September 2020, grew higher than initially anticipated, and real estate profits of hotel memberships that had been deferred were booked in a lump sum when the hotel opened. The opening costs including those for THE KAHALA HOTEL & RESORT YOKOHAMA, the Group's first non-membership luxury hotel in Japan that was due to open at the same time as YOKOHAMA BAYCOURT CLUB, were incurred upfront. Owing to government-led emergency economic measures, people's movements have become active, and a gradual recovery continued. With a premise that the impact on cash flow management would last until the third quarter, we have done everything we could to maintain stable and safe management. Assuming at this point that we will steadily meet the growing demand for leisure and health that has become evident as COVID-19 spreads, we announced an upward revision to our forecast of consolidated financial results for the fiscal year ending March 31, 2021 today (November 10, 2020).

The state of emergency was once again issued on January 7 for Tokyo and some prefectures after the number of infected people surged. This led us to expect our business operation will have to be partially reduced and use of our facilities will shrink. Although outlook for future earnings has grown more uncertain as a result, we did not introduce significant changes to the already disclosed full-year earnings forecasts at this point.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY 2019 (as of Mar. 31, 2020)	3Q FY 2020 (as of Dec. 31, 2020)
Assets		
Current assets		
Cash and deposits	21,164	34,551
Notes and accounts receivable - trade	8,233	9,976
Operating loans	53,549	56,573
Securities	499	18,998
Merchandise	1,167	1,029
Real estate for sale	22,077	18,753
Raw materials and supplies	1,014	1,401
Real estate for sale in process	12,357	3,730
Other	6,232	5,302
Allowance for doubtful accounts	(1,000)	(1,074)
Total current assets	125,296	149,242
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	103,562	119,407
Machinery, equipment and vehicles, net	2,621	2,478
Golf courses	7,634	7,635
Land	44,886	49,242
Leased assets, net	13,721	12,920
Construction in progress	16,885	2,379
Other, net	4,436	5,018
Total property, plant and equipment	193,748	199,084
Intangible assets		
Goodwill	3,094	2,648
Software	4,969	4,404
Other	2,516	2,393
Total intangible assets	10,580	9,447
Investments and other assets		
Investment securities	36,016	37,695
Shares of subsidiaries and associates	1,368	1,328
Long-term loans receivable	5,743	6,348
Retirement benefit asset	235	—
Deferred tax assets	8,918	8,759
Other	19,536	19,850
Allowance for doubtful accounts	(611)	(477)
Total investments and other assets	71,208	73,504
Total non-current assets	275,537	282,035
Total assets	400,833	431,278

(Millions of yen)

	FY 2019 (as of Mar. 31, 2020)	3Q FY 2020 (as of Dec. 31, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,117	1,696
Short-term borrowings	—	1,314
Current portion of long-term borrowings	8,107	25,941
Current portion of bonds payable	150	150
Current portion of bonds with share acquisition rights	—	29,738
Lease obligations	1,212	1,176
Accounts payable - other	6,861	6,934
Income taxes payable	1,785	4,567
Accrued consumption taxes	1,929	1,772
Advances received	22,028	2,165
Unearned revenue	17,002	21,939
Provision for loss on guarantees	52	50
Provision for point card certificates	588	1,171
Other	6,356	7,117
Total current liabilities	67,192	105,736
Non-current liabilities		
Bonds payable	300	225
Bonds with share acquisition rights	29,770	—
Long-term borrowings	31,016	45,461
Lease obligations	13,538	12,712
Deferred tax liabilities	376	391
Provision for retirement benefits for directors (and other officers)	2,099	2,149
Provision for stocks payment	1,803	1,989
Retirement benefit liability	2,231	2,543
Long-term guarantee deposits	31,870	31,065
Amortizable long-term guarantee deposits received	69,898	71,380
Other	17,744	18,067
Total non-current liabilities	200,649	185,987
Total liabilities	267,842	291,724
Net assets		
Shareholders' equity		
Share capital	19,590	19,590
Capital surplus	21,767	21,701
Retained earnings	88,294	94,496
Treasury shares	(1,802)	(1,787)
Total shareholders' equity	127,849	134,000
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(450)	724
Foreign currency translation adjustment	728	(114)
Remeasurements of defined benefit plans	(328)	(227)
Total accumulated other comprehensive income	(50)	382
Share acquisition rights	313	313
Non-controlling interests	4,878	4,857
Total net assets	132,991	139,554
Total liabilities and net assets	400,833	431,278

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

(Millions of yen)

	3Q FY 2019 (Apr. 1, 2019 - Dec. 31, 2019)	3Q FY 2020 (Apr. 1, 2020 - Dec. 31, 2020)
Net sales	123,339	130,572
Cost of sales	19,366	31,492
Gross profit	103,972	99,080
Selling, general and administrative expenses		
Salaries and bonuses	35,606	32,665
Provision for retirement benefits for directors (and other officers)	80	50
Repair and maintenance expenses	3,177	2,248
Provision of allowance for doubtful accounts	108	85
Utilities expenses	4,426	3,445
Depreciation	7,318	6,835
Other	42,219	38,397
Total selling, general and administrative expenses	92,937	83,729
Operating profit	11,035	15,350
Non-operating income		
Interest income	993	792
Dividend income	60	60
Share of profit of entities accounted for using equity method	12	—
Reversal of allowance for doubtful accounts	139	141
Reversal of provision for loss on guarantees	1	1
Subsidy income	44	1,664
Other	171	194
Total non-operating income	1,424	2,855
Non-operating expenses		
Interest expenses paid on loans and bonds	446	335
Share of loss of entities accounted for using equity method	—	37
Nondeductible consumption tax	293	315
Foreign exchange losses	114	34
Other	105	163
Total non-operating expenses	960	885
Ordinary profit	11,500	17,320

[Consolidated Statements of Income]

(Millions of yen)

	3Q FY 2019 (Apr. 1, 2019 - Dec. 31, 2019)	3Q FY 2020 (Apr. 1, 2020 - Dec. 31, 2020)
Extraordinary income		
Gain on sales of non-current assets	—	2
Gain on sales of investment securities	147	—
Gain on sales of shares of subsidiaries and associates	—	0
Subsidy Income	—	1,497
Total extraordinary income	147	1,499
Extraordinary losses		
Loss on sales and retirement of non-current assets	—	0
Loss on retirement of non-current assets	19	24
Impairment loss	—	50
Loss on sales of investment securities	144	—
Retirement benefits for directors (and other officers)	30	—
Loss due to new Coronavirus infection	—	3,553
Other	0	228
Total extraordinary losses	195	3,856
Profit before income taxes	11,452	14,964
Income taxes - current	3,212	5,670
Income taxes - deferred	934	(388)
Total income taxes	4,146	5,281
Profit	7,306	9,682
Profit attributable to non-controlling interests	201	12
Profit attributable to owners of parent	7,104	9,669

[Consolidated Statements of Comprehensive Income]

(Millions of yen)

	3Q FY 2019 (Apr. 1, 2019 - Dec. 31, 2019)	3Q FY 2020 (Apr. 1, 2020 - Dec. 31, 2020)
Profit	7,306	9,682
Other comprehensive income		
Valuation difference on available-for-sale securities	437	1,175
Foreign currency translation adjustment	(509)	(842)
Remeasurements of defined benefit plans, net of tax	71	101
Total other comprehensive income	(1)	433
Comprehensive income	7,304	10,116
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,102	10,103
Comprehensive income attributable to non-controlling interests	202	13

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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