

RESORTTRUST FINANCIAL DATA

CONSOLIDATED FINANCIAL SUMMARY

FY 2021 (from April 1, 2021 to March 31, 2022)

ご一緒にします、いい人生



RESORTTRUST
GROUP

(securities code: 4681)

CONSOLIDATED FINANCIAL SUMMARY

For the Year Ended March 31, 2018, 2019, 2020, 2021 and 2022

(Millions of yen)

	Fiscal Year					
	2018/3	2019/3	2020/3	2021/3	2022/3	2023/3
Net sales	165,413	179,542	159,145	167,538	157,782	161,000
Operating income	17,742	18,877	11,652	14,707	8,693	9,200
Ordinary income	19,422	19,528	12,476	17,647	11,123	8,800
Net income (interim)	11,830	12,358	7,135	(10,213)	5,775	10,800
Net assets	125,190	132,050	132,991	120,791	106,832	
Assets	421,440	401,426	400,833	407,243	394,408	
Net assets per share (yen)	1,130.11	—	1,193.69	1,079.40	955.07	
Net income per share (yen) (Primary)	110.82	115.53	66.65	(95.39)	54.27	
Net income per share (yen) (Fully Diluted)	101.99		61.29	-	-	
Equity ratio (%)	28.7	31.7	31.9	28.4	25.7	
Return on assets (%)	4.61	4.75	3.11	4.37	2.78	
Return on equity (%)	10.10	9.96	5.59	(8.39)	5.32	
Net cash provided by (used in) operating activities	8,456	16,674	19,096	22,981	22,662	
Net cash provided by (used in) investment activities	(7,282)	(2,057)	(8,247)	(13,577)	2,736	
Net cash provided by (used in) financing activities	(9,177)	(23,198)	(13,364)	22,012	(49,026)	
Cash and cash equivalents	32,469	23,895	21,376	52,756	29,210	

Business Results

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

1. Summary of Business Results

(Millions of Yen)

	FY2020 (Results)	FY2021		Year-on-Year Change	Results vs. Targets
		(Results)	(Revision Targets)		
Net sales	167,538	157,782	153,000	(5.8%)	+3.1%
Operating income	14,707	8,693	8,000	(40.9%)	+8.7%
Ordinary income	17,647	11,123	9,600	(37.0%)	+15.9%
Net income	(10,213)	5,775	7,000	—	(17.5%)

(Reference) Evaluated Operating Income

Figures calculated on a sales evaluation basis after deducting accounting factors specific to the spread of COVID-19 infections as well as the effects of deferral of revenue from real estate sales and realization of the deferred revenue upon opening the facilities.

Evaluated Operating Income	4,008	18,081	16,800	+351.1%	+7.6%
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During the fiscal year ended March 31, 2022, after the state of emergency was repeatedly issued due to the spread of COVID-19, the Japanese economy showed movements toward improvement in economic activities due to progress in vaccination, etc. However, uncertainty over the future outlook has grown stronger in line with the Russian invasion of Ukraine in February, on top of renewed restrictions on economic activities due to the emergence of new variants of the virus.

The Company Group's business operations during the fiscal year ended March 31, 2022 were affected by the issuance of the state of emergency for the third time and priority measures to prevent the spread of COVID-19 in Japan, and the issuance of the state of emergency for the fourth time and restrictions associated with its extension, but movements toward recovery were seen backed by progress in vaccination, etc. However, due to renewed restrictions on economic activities due to the emergence of new variants of the virus, as well as soaring energy and resource prices, attracting customers and occupancy rates were largely impacted in Hotel and Restaurant Operations.

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 were made at a record pace and 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 157,782 million yen (down 5.8% yoy), operating income was 8,693 million yen (down 40.9% yoy), ordinary income was 11,123 million yen (down 37.0% yoy), and net income attributable to owners of parent was 5,775 million yen.

Due to the application of the Accounting Standard for Revenue Recognition, net sales decreased by 1,912 million yen, and operating income and ordinary income decreased by 2,091 million yen respectively.

Performances by each business segment are described below.

2. Summary of Business Segments

【Membership Operations】

(Millions of Yen)

	FY2020 (Results)	FY2021		Year-on-Year Change	Results vs. Targets
		(Results)	(Revision Targets)		
Net sales	66,523	40,946	38,000	(38.4%)	+7.8%
Operating income	22,951	11,887	11,200	(48.2%)	+6.1%

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 582 million yen, and operating income decreased by 169 million yen, compared to those calculated by the previous method.

【Hotel and Restaurant Operations】

(Millions of Yen)

	FY2020 (Results)	FY2021		Year-on-Year Change	Results vs. Targets
		(Results)	(Revision Targets)		
Net sales	60,322	73,699	72,000	+22.2%	+2.4%
Operating income	(6,165)	261	(800)	—	—

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, since 2022 began, the Segment has been affected by the spread of new variants of the virus and soaring resource prices. Under such an environment, the Segment recorded higher sales and higher income, as the recognition of hotel operations assigning the highest priority to safe and secure operations that are “unique to the membership system” has spread compared to the same period of the previous year. The change in accounting method for revenue recognition increased net sales by 578 million yen compared with the previous method, but had no impact on Segment income.

【Medical Operations】

(Millions of Yen)

	FY2020 (Results)	FY2021		Year-on-Year Change	Results vs. Targets
		(Results)	(Revision Targets)		
Net sales	40,022	42,432	42,300	+6.0%	+0.3%
Operating income	6,341	5,736	5,600	(9.5%)	+2.4%

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, in line with changes in profit recognition standards. As the Company Group has changed its accounting method for revenue recognition, net sales decreased by 1,907 million yen, and operating income decreased by 1,922 million yen, compared to those calculated by the previous method.

【Others】

(Millions of Yen)

	FY2020 (Results)	FY2021		Year-on-Year Change	Results vs. Targets
		(Results)	(Revision Targets)		
Net sales	670	704	700	+5.0%	+0.6%
Operating income	531	766	700	+44.2%	+9.5%

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. Cash Flows

(Millions of Yen)

	FY2020 (Results)	FY2021 (Results)
Operating cash flows	22,981	22,662
Investing cash flows	(13,577)	2,736
Financing cash flows	22,012	(49,026)
Cash and cash equivalents	52,756	29,210

4. Outlook for the Fiscal Year 2022(Ending March 31, 2023)

(Millions of Yen)

	FY2021 (Results)	FY 2022 (Targets)	Year-on-year Change
Net sales	157,782	161,000	+2.0%
Operating income	8,693	9,200	+5.8%
Ordinary income	11,123	8,800	(20.9%)
Net income	5,775	10,800	+87.0%

Evaluated Operating Income	18,081	17,360	(4.0%)
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Regarding the future economic climate of Japan, it is currently difficult to project the impact of the Russia-Ukraine situation and the further spread of COVID-19, and the severe environment is expected to continue due to soaring energy prices, resource prices, and labor costs.

In the tourism industry, demand for short visits to hotels, including small-group short-distance trips using private cars, or visits to have meals in private rooms and guest rooms, manifested under the spread of COVID-19. In addition, the customer need for safe and secure hotel stays via thorough hygiene management also arose, and we expect to continue seeing the provision of services that respond to changes in demand that arose under the spread of COVID-19.

In the healthcare industry, accelerated under the spread of COVID-19, innovations in high value-added services that utilize digital technologies and data, such as online consultations, can be expected. Going forward, it will be necessary to create a society where every person can be healthy, continue to play an active role, and live with a peace of mind. This is done through pre-symptomatic, preventative and health management, the creation of a healthcare industry rooted in local communities, and initiatives for extending the healthy life expectancy in “the age of 100-year life.”

In light of this environment, the Group is implementing the rolling plan of the medium-term management plan “Connect 50 - Together for a Wonderful Life” that will last until March 2024, based on the changes in the environment under the spread of COVID-19.

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 last 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 vigorously invest in education and training to develop “brand employees,” who embody the Group’s management philosophy and are capable of making the optimum proposals to customers. We 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, including our tailor-made and high-value-added services that capitalize on “the characteristics of the membership system,” which is a strength of the Group that was reaffirmed under the spread of COVID-19, and robust connections with our customers, we will seize extensive business opportunities in the markets related to the “leisure” and “health” fields, and continue to create further added value. At the same time, we will enhance our membership medical services and focus on “preventive medicine” for cancer and other underlying conditions.

In these circumstances, the Group will always be at the side of our membership holders and other customers, and renewing our commitment to the “basics of membership system,” to maintain and enhance the relationships of trust. At the same time, the Group will vigorously address the resolution of issues related to customers’ health by utilizing the expertise and information cultivated and accumulated through Medical Operations’ commitment to preventive medicine and early diagnoses for early treatment.

Advancing toward the milestone of our 50th anniversary, to realize the well-being of people by redoubling our efforts to mobilize the collective strengths of the Group, we have established the Group identity, “Together for a wonderful life, we will create richer and happier times.”

The Group will fulfill our social responsibility in “environment, social and governance” and maintain sustainable growth-oriented management to realize a richer and happier society.

Under these circumstances, for the full-year forecast, we will strive for further evolvement in membership-based hotel operations and Medical Operations by responding to new demand, through utilizing the know-how we gained during the COVID-19 pandemic. On top of plans to develop a new hotel in the Kanto region, we will introduce new products and services at hotels, senior facilities and medical facilities, and enhance our operational capabilities.

Although the Group assumes that there will essentially be no direct impact from the Russia-Ukraine issue on its operations, appropriate responses will be taken, such as reviewing the contents of products and services, in order to address the rapid rise in energy prices and procurement costs of foodstuffs, materials, etc., including the impact of the rapid depreciation of the yen.

The Group as a whole is expected to achieve growth in both sales and income, with net sales of 161,000 million yen (up 2.0% year-on-year), operating income of 9,200 million yen (up 5.8% year-on-year), ordinary income of 8,800 million yen (down 20.9% year-on-year) and net income attributable to the parent company of 10,800 million yen (up 87.0% year-on-year).

As for the dividend forecast, we expect to conduct a dividend increase in line with a recovery in business performance, and specifically to increase annual dividend by 10 yen year-on-year to 40 yen (forecast). We will continue our efforts to implement more efficient and flexible measures, such as the use of electronic tickets in the shareholder benefits program.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY 2020 (as of Mar. 31, 2021)	FY 2021 (as of Mar. 31, 2022)
Assets		
Current assets		
Cash and deposits	48,367	28,794
Notes and accounts receivable	9,032	—
Notes and accounts receivable - trade, and contract assets	—	9,609
Accounts receivable - installment	—	33,155
Operating loans	58,268	44,250
Securities	10,695	3,601
Merchandise	971	936
Real estate for sale	15,668	5,896
Raw materials and supplies	1,202	1,262
Real estate for sale in process	3,685	6,703
Other	5,987	6,237
Allowance for doubtful accounts	(1,022)	(909)
Total current assets	152,856	139,538
Non-current assets		
Property, plant and equipment		
Buildings and structures	198,263	201,853
Accumulated depreciation	(94,326)	(99,302)
Buildings and structures, net	103,936	102,551
Machinery, equipment and vehicles	11,478	11,542
Accumulated depreciation	(9,236)	(9,624)
Machinery, equipment and vehicles, net	2,242	1,918
Golf courses	7,635	7,635
Land	48,580	48,860
Leased assets	12,446	12,351
Accumulated depreciation	(4,872)	(5,575)
Leased assets, net	7,573	6,776
Construction in progress	2,306	4,964
Other	22,894	23,255
Accumulated depreciation	(18,802)	(20,061)
Other, net	4,091	3,193
Total property, plant and equipment	176,366	175,900
Intangible assets		
Goodwill	2,511	1,688
Software	4,153	3,969
Other	2,554	1,921
Total intangible assets	9,218	7,579
Investments and other assets		
Investment securities	29,867	26,148
Shares of subsidiaries and associates	1,323	1,331
Long-term loans receivable	6,052	5,541
Retirement benefit asset	188	357
Deferred tax assets	11,551	18,568
Other	20,288	19,923
Allowance for doubtful accounts	(470)	(479)
Total investments and other assets	68,801	71,390
Total non-current assets	254,386	254,869
Total assets	407,243	394,408

(Millions of yen)

	FY 2020 (as of Mar. 31, 2021)	FY 2021 (as of Mar. 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,335	1,354
Short-term borrowings	2,125	8,799
Current portion of long-term borrowings	19,954	18,587
Current portion of bonds payable	150	150
Current portion of bonds with share acquisition rights	29,728	—
Lease obligations	1,164	1,147
Accounts payable - other	7,924	8,711
Income taxes payable	5,726	2,373
Accrued consumption taxes	2,153	2,736
Advances received	3,548	63,728
Unearned revenue	18,103	14,714
Provision for loss on guarantees	40	42
Provision for point card certificates	1,297	497
Other	7,522	10,511
Total current liabilities	100,777	133,353
Non-current liabilities		
Bonds payable	150	—
Long-term borrowings	44,004	24,787
Lease obligations	12,435	11,406
Deferred tax liabilities	671	640
Provision for retirement benefits for directors (and other officers)	2,156	—
Provision for stocks payment	2,014	380
Retirement benefit liability	2,453	2,613
Long-term guarantee deposits	30,796	30,030
Amortizable long-term guarantee deposits received	73,153	79,264
Other	17,837	5,100
Total non-current liabilities	185,673	154,222
Total liabilities	286,451	287,575
Net assets		
Shareholders' equity		
Share capital	19,590	19,590
Capital surplus	21,701	21,616
Retained earnings	74,612	60,520
Treasury shares	(1,787)	(3,513)
Total shareholders' equity	114,116	98,213
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,801	2,024
Foreign currency translation adjustment	(443)	887
Remeasurements of defined benefit plans	104	262
Total accumulated other comprehensive income	1,462	3,174
Share acquisition rights	313	313
Non-controlling interests	4,898	5,130
Total net assets	120,791	106,832
Total liabilities and net assets	407,243	394,408

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

(Millions of yen)

	FY 2020 (Apr. 1, 2020 - Mar. 31, 2021)	FY 2021 (Apr. 1, 2021 - Mar. 31, 2022)
Net sales	167,538	157,782
Cost of sales	37,854	22,453
Gross profit	129,684	135,329
Selling, general and administrative expenses		
Advertising expenses	1,533	2,171
Membership service expenses	1,523	1,159
Repair and maintenance expenses	4,283	4,741
Linen expenses	3,068	4,863
Provision of allowance for doubtful accounts	44	95
Provision for loss on guarantees	—	1
Remuneration for directors (and other officers)	796	1,233
Salaries and bonuses	44,864	49,608
Retirement benefit expenses	1,326	1,240
Provision for retirement benefits for directors (and other officers)	69	18
Legal welfare expenses	6,359	6,732
Welfare expenses	1,386	1,710
Commission expenses	7,602	8,954
Rent expenses	6,308	6,652
Utilities expenses	4,738	6,164
Communication and transportation expenses	2,635	2,888
Depreciation	9,572	9,455
Taxes and dues	3,075	3,000
Supplies expenses	2,853	2,586
Amortization of goodwill	544	592
Other	12,390	12,765
Total selling, general and administrative expenses	114,977	126,636
Operating profit	14,707	8,693
Non-operating income		
Interest income	1,049	896
Dividend income	93	94
Share of profit of entities accounted for using equity method	—	28
Foreign exchange gain	—	5
Reversal of allowance for doubtful accounts	154	20
Reversal of provision for loss on guarantees	11	—
Subsidy income	2,317	2,534
Other	533	349
Total non-operating income	4,159	3,929
Non-operating expenses		
Interest expenses paid on loans and bonds	444	339
Syndicate loan fees	2	489
Share of loss of entities accounted for using equity method	32	—
Nondeductible consumption tax	385	439
Foreign exchange losses	25	—
Other	330	231
Total non-operating expenses	1,219	1,499
Ordinary profit	17,647	11,123

[Consolidated Statements of Income]

(Millions of yen)

	FY 2020 (Apr. 1, 2020 - Mar. 31, 2021)	FY 2021 (Apr. 1, 2021 - Mar. 31, 2022)
Extraordinary income		
Gain on sales of non-current assets	2	226
Gain on sales of investment securities	6	—
Gain on sales of shares of subsidiaries and associates	1	14
Subsidy income	1,496	6
Reversal of allowance for provision for stocks payment	—	1,628
Total extraordinary income	1,507	1,876
Extraordinary losses		
Loss on sales of non-current assets	1	28
Loss on retirement of non-current assets	46	39
Impairment loss	22,034	2,121
Loss on sales of investment securities	218	—
Loss on sales of shares of subsidiaries and associates	3	0
Loss due to new coronavirus infection	3,556	9
Other	247	18
Total extraordinary losses	26,109	2,218
Profit (loss) before income taxes	(6,953)	10,780
Income taxes - current	6,714	4,843
Income taxes - deferred	(3,504)	(27)
Total income taxes	3,209	4,816
Profit (loss)	(10,163)	5,964
Profit attributable to non-controlling interests	50	188
Profit (loss) attributable to owners of parent	(10,213)	5,775

[Consolidated Statements of Comprehensive Income]

(Millions of yen)

	FY 2020 (Apr. 1, 2020 - Mar. 31, 2021)	FY 2021 (Apr. 1, 2021 - Mar. 31, 2022)
Profit (loss)	(10,163)	5,964
Other comprehensive income		
Valuation difference on available-for-sale securities	2,252	223
Foreign currency translation adjustment	(1,171)	1,330
Remeasurements of defined benefit plans, net of tax	433	157
Total other comprehensive income	1,514	1,711
Comprehensive income	(8,649)	7,676
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(8,700)	7,487
Comprehensive income attributable to non-controlling interests	51	188

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	FY 2020 (Apr. 1, 2020 - Mar. 31, 2021)	FY 2021 (Apr. 1, 2021 - Mar. 31, 2022)
Cash flows from operating activities		
Profit (loss) before income taxes	(6,953)	10,780
Depreciation	11,331	10,556
Impairment loss	22,034	2,121
Amortization of goodwill	594	592
Increase (decrease) in allowance for doubtful accounts	(119)	(104)
Increase (decrease) in retirement benefit liability	860	217
Increase (decrease) in provision for retirement benefits for directors (and other officers)	56	18
Interest and dividend income	(1,142)	(991)
Interest expenses on borrowings and bonds	444	339
Foreign exchange losses (gains)	34	24
Decrease (increase) in trade receivables	(5,442)	(19,708)
Decrease (increase) in inventories	14,295	2,599
Increase (decrease) in trade payables	227	2
Increase (decrease) in accounts payable - other	854	642
Increase (decrease) in advances received	(18,453)	18,524
Increase (decrease) in long-term guarantee deposits received	2,181	5,344
Increase (decrease) in accrued consumption taxes	283	591
Other, net	3,094	(866)
Subtotal	24,181	30,685
Interest and dividends received	1,136	1,083
Interest paid	(353)	(430)
Income taxes paid	(1,981)	(8,675)
Net cash provided by (used in) operating activities	22,981	22,662

(Millions of yen)

	FY 2020 (Apr. 1, 2020 - Mar. 31, 2021)	FY 2021 (Apr. 1, 2021 - Mar. 31, 2022)
Cash flows from investing activities		
Payments into time deposits	(10)	(9,010)
Proceeds from withdrawal of time deposits	153	9,010
Purchase of securities	(8,998)	—
Proceeds from sales and redemption of securities	6,500	6,700
Purchase of investment securities	(111)	(2)
Proceeds from sales and redemption of investment securities	5,460	370
Proceeds from sales of shares of subsidiaries and associates	8	72
Purchase of property, plant and equipment	(14,070)	(5,446)
Purchase of intangible assets	(1,170)	(876)
Loan advances	(829)	(17)
Collection of loans receivable	356	545
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(127)	—
Other, net	(737)	1,390
Net cash provided by (used in) investing activities	(13,577)	2,736
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,017	6,480
Proceeds from long-term borrowings	35,000	500
Repayments of long-term borrowings	(10,164)	(21,084)
Redemption of bonds	(150)	(29,850)
Purchase of treasury shares	(0)	(2,189)
Dividends paid	(3,467)	(3,236)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(100)	—
Net increase (decrease) in deposits received from subsidiaries and affiliates	95	1,980
Other, net	(1,215)	(1,625)
Net cash provided by (used in) financing activities	22,012	(49,026)
Effect of exchange rate change on cash and cash equivalents	(37)	80
Net increase (decrease) in cash and cash equivalents	31,379	(23,546)
Cash and cash equivalents at beginning of period	21,376	52,756
Cash and cash equivalents at end of period	52,756	29,210

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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