

RESORTTRUST FINANCIAL DATA

CONSOLIDATED FINANCIAL SUMMARY

FY 2019 (from April 1, 2019 to March 31, 2020)



**RESORTTRUST
GROUP**

(securities code: 4681)

CONSOLIDATED FINANCIAL SUMMARY

For the Year Ended March 31, 2016, 2017, 2018, 2019 and 2020

(Millions of yen)

	Fiscal Year				
	2016/3	2017/3	2018/3	2019/3	2020/3
Net sales	142,249	143,541	165,413	179,542	159,145
Operating income	18,640	13,514	17,742	18,877	11,652
Ordinary income	19,439	14,806	19,422	19,528	12,476
Net income (interim)	13,044	11,010	11,830	12,358	7,135
Net assets	112,515	118,379	125,190	132,050	132,991
Assets	407,430	421,606	421,440	401,426	400,833
Net assets per share (yen)	1,019.35	1,068.20	1,130.11	1,190.63	1,193.69
Net income per share (yen) (Primary)	123.34	103.40	110.82	115.53	66.65
Net income per share (yen) (Fully Diluted)	112.81	95.09	101.99	106.42	61.29
Equity ratio (%)	26.6	27.0	28.7	31.7	31.9
Return on assets (%)	4.87	3.57	4.61	4.75	3.11
Return on equity (%)	12.54	9.91	10.10	9.96	5.59
Net cash provided by (used in) operating activities	2,616	26,249	8,456	16,674	19,096
Net cash provided by (used in) investment activities	(33,824)	3,881	(7,282)	(2,057)	(8,247)
Net cash provided by (used in) financing activities	(8,624)	(15,593)	(9,177)	(23,198)	(13,364)
Cash and cash equivalents	25,476	40,365	32,469	23,895	21,376

Business Results

Overview of The Fiscal Year 2019(Ending March 31, 2020)

1. Summary of Business Results

	FY2018	FY2019			Year-on-Year Change	Results vs. Initial Targets
	(Results)	(Results)	(Revision Targets)	(Initial Targets)		
Net sales	179,542	159,145	160,000	171,400	(11.4%)	(7.1%)
Operating income	18,877	11,652	12,000	16,000	(38.3%)	(27.2%)
Ordinary income	19,528	12,476	12,500	16,000	(36.1%)	(22.0%)
Net income	12,358	7,135	7,100	10,000	(42.3%)	(28.6%)

The Japanese economy during the fiscal year under review stayed on a moderate recovery trend and saw continuous improvements in circumstances surrounding employment and earnings as well as corporate income, although the future outlook was unclear due to concerns over the impact of trade issues on the world economy and other factors. However, the domestic economic environment completely changed because of the spread of COVID-19 toward the end of the fiscal year under review.

Under these circumstances, revenue from hotel management at “Laguna Baycourt Club” opened in March 2019 contributed to business results, growth of Medical Operations and Senior Lifestyle Operations continued, and sales of hotel memberships centering on those of existing hotels with high margins remained strong. However, whereas real estate profits in line with the opening of large-scale hotels were recorded as a lump sum in the previous fiscal year, there was no such special factor during the fiscal year under review. In addition, along with the spread of COVID-19, tourism demand at times when sightseeing is particularly popular and during the spring break in March 2020 plunged because the government issued a request to refrain from nonessential and non-urgent outings and closure of businesses and schools accelerated. As a result, net sales were JPY 159,145 million (down 11.4% yoy), operating income was JPY 11,652 million (down 38.3% yoy), ordinary income was JPY 12,476 million (down 36.1% yoy), and net income attributable to owners of parent was JPY 7,135 million (down 42.3% yoy).

2. Summary of Business Segments

【Membership Operations】					(Millions of Yen)
	FY2018 (Results)	FY2019		Year-on-Year Change	Results vs. Targets
		(Results)	(Initial Targets)		
Net sales	64,029	38,948	39,140	(39.2%)	(0.5%)
Operating income	19,004	13,559	13,980	(28.7%)	(3.0%)

Membership Operation Segment recorded lower sales and lower income despite strong sales of hotel memberships centering on those of existing hotels. Lower numbers were partly attributable to the negative factor that no new hotels opened during the fiscal year under review, whereas real estate profits in line with the opening of new hotels were recorded as a lump sum in the previous fiscal year.

【Hotel and Restaurant Operations】					(Millions of Yen)
	FY2018 (Results)	FY2019		Year-on-Year Change	Results vs. Targets
		(Results)	(Initial Targets)		
Net sales	80,383	80,659	90,630	+0.3%	(11.0%)
Operating income	2,624	92	3,160	(96.5%)	(97.1%)

Hotel and Restaurant Operation Segment recorded increased sales but decreased income. Although the revenue from hotel management at “Laguna Baycourt Club” which opened in March 2019 contributed to revenue, lower income was attributable to increases in expenses related to preparation for opening non-membership hotels and upfront expenses for digitization to improve productivity and for promotion of diverse workstyles, such as an increase in the number of holidays including mandatory taking of paid leave, and increases in expenses for facility repairs and depreciation, as well as a decrease in demand because of the spread of COVID-19.

【Medical Operations】					(Millions of Yen)
	FY2018 (Results)	FY2019		Year-on-Year Change	Results vs. Targets
		(Results)	(Initial Targets)		
Net sales	34,478	38,867	41,020	+12.7%	(5.2%)
Operating income	6,144	5,829	6,760	(5.1%)	(13.8%)

Medical Operation Segment increased sales but decreased income. Although an increase in annual fees, etc. inline with an increased number of memberships of “Grand HIMEDIC Club,” a comprehensive medical supportclub, in addition to an increase in the number of senior residences operated by the Group and expansion of themedical examination business, etc. contributed to revenue, lower income was attributable to increase the cost foradvertising investments and human resourses to improve awareness and for repairing facilities to add value.

【Others】					(Millions of Yen)
	FY2018 (Results)	FY2019		Year-on-Year Change	Results vs. Targets
		(Results)	(Initial Targets)		
Net sales	651	670	610	+3.0%	+9.9%
Operating income	572	663	590	+15.9%	+12.4%

Others increased sales and income, due to increases such as rent income from office buildings operated by RTDevelopment Co., Ltd., a consolidated subsidiary.

3. Cash Flows

(Millions of Yen)

	FY2018 (Results)	FY2019 (Results)
Operating cash flows	16,674	19,096
Investing cash flows	(2,057)	(8,247)
Financing cash flows	(23,198)	(13,364)
Cash and cash equivalents	23,895	21,376

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

(Millions of Yen)

	FY2019 (Results)	FY 2020 (Targets)	Year-on-year Change
Net sales	159,145	-	-
Operating income	11,652	-	-
Ordinary income	12,476	-	-
Net income	7,135	-	-

Regarding the future economic climate of Japan, although the impact of COVID-19 pandemic on economic activities is currently immeasurable, the Company expects the Japanese economy to deteriorate rapidly as demand is likely to decline against the background of voluntary restraint.

Regarding the trends of the tourism industry, in the runup to the “Rugby World Cup 2019, Japan,” which was held from September to November 2019, and “Tokyo 2020 Olympic and Paralympic Games,” improvement of the environment for tourism in Japan was promoted, which was expected to lead to greater business opportunities and market expansion. However, the spread of COVID-19 has resulted in the postponement of the Olympics, a significant decrease in the number of foreign tourists visiting Japan, the government’s request to refrain from nonessential and non-urgent outings, etc. The path toward realization of Japan’s aim to establish tourism as a key industry and become a tourism-oriented country is likely to be strewn with obstacles. Moreover, labor shortages, owing to population aging combined with a declining birth rate and a decrease in the working population, are an urgent issue.

Regarding the trends of the healthcare industry, amid rapid population aging, expenses for social security benefits and annual medical bills are rising. To combat lifestyle diseases and minimize the number of people who do not receive health check-ups, prevention and health management and creation of healthcare businesses rooted in communities are major tasks toward establishment of a society where people stay healthy and active throughout their lives.

Amid such an environment, the Company Group established and has been implementing “Connect 50: Together for a wonderful life,” its medium-term management plan targeting the five years from April 2018 to March 2023. 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 endure 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 will vigorously invest in education and training to develop “brand employees,” who embody the Group’s management principles and are capable of making the optimum proposals to customers. We will also invest in digitalization 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 in our tailor-made, high-value-added services that capitalize on “the characteristics of the membership system,” which is a strength of the Group, and robust connections with our customers, while continuing to create further added value, we will seize extensive business opportunities related to the “travel” and “health” fields and engage more vigorously in activities targeting these 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, social and governance” and maintaining sustainable growth-oriented management.

Regarding the forecast for the full year ending March 31, 2021, the likely impact of the spread of COVID-19 on the market etc. is extremely unclear and it is difficult to make reasonable estimates at this point in time. Consequently, the forecast of consolidated financial results for the fiscal year ending March 31, 2021 is “undecided.” The Group will announce the forecast as soon as it becomes possible to make reasonable estimates.

Regarding dividends for the fiscal year ending March 31, 2021, forecasts of the interim dividend at the end of the second quarter and of the year-end dividend are also “undecided” for the same reason.

In these circumstances, always at the side of our membership holders and other customers and renewing our commitment to the “characteristics of the membership system,” the Group will strive 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.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY 2018 (as of Mar. 31, 2019)	FY 2019 (as of Mar. 31, 2020)
Assets		
Current assets		
Cash and deposits	26,742	21,164
Notes and accounts receivable - trade	8,891	8,233
Operating loans	46,623	53,549
Securities	4,647	499
Merchandise	1,082	1,167
Real estate for sale	30,049	22,077
Raw materials and supplies	1,429	1,014
Real estate for sale in process	11,845	12,357
Other	5,380	6,232
Allowance for doubtful accounts	(937)	(1,000)
Total current assets	135,754	125,296
Non-current assets		
Property, plant and equipment		
Buildings and structures	187,241	193,974
Accumulated depreciation	(85,464)	(90,412)
Buildings and structures, net	101,777	103,562
Machinery, equipment and vehicles	11,025	11,301
Accumulated depreciation	(8,135)	(8,679)
Machinery, equipment and vehicles, net	2,889	2,621
Golf courses	7,591	7,634
Land	38,649	44,886
Leased assets	9,328	17,801
Accumulated depreciation	(3,100)	(4,080)
Leased assets, net	6,227	13,721
Construction in progress	17,920	16,885
Other	22,233	22,103
Accumulated depreciation	(17,287)	(17,667)
Other, net	4,945	4,436
Total property, plant and equipment	180,001	193,748
Intangible assets		
Goodwill	3,637	3,094
Software	4,534	4,969
Other	3,634	2,516
Total intangible assets	11,806	10,580
Investments and other assets		
Investment securities	43,599	36,016
Shares of subsidiaries and associates	1,313	1,368
Long-term loans receivable	6,120	5,743
Retirement benefit asset	725	235
Deferred tax assets	8,234	8,918
Other	14,624	19,536
Allowance for doubtful accounts	(755)	(611)
Total investments and other assets	73,862	71,208
Total non-current assets	265,671	275,537
Total assets	401,426	400,833

(Millions of yen)

	FY 2018 (as of Mar. 31, 2019)	FY 2019 (as of Mar. 31, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,471	1,117
Short-term borrowings	5,000	—
Current portion of long-term borrowings	1,839	8,107
Current portion of bonds payable	250	150
Lease obligations	875	1,212
Accounts payable - other	22,389	6,861
Income taxes payable	3,608	1,785
Accrued consumption taxes	997	1,929
Advances received	12,209	22,028
Unearned revenue	14,327	17,002
Provision for loss on guarantees	63	52
Provision for point card certificates	—	588
Other	7,731	6,356
Total current liabilities	70,764	67,192
Non-current liabilities		
Bonds payable	450	300
Bonds with share acquisition rights	29,813	29,770
Long-term borrowings	39,123	31,016
Lease obligations	5,806	13,538
Deferred tax liabilities	638	376
Provision for retirement benefits for directors (and other officers)	2,133	2,099
Provision for stocks payment	1,697	1,803
Retirement benefit liability	1,959	2,231
Long-term guarantee deposits	32,757	31,870
Amortizable long-term guarantee deposits received	68,838	69,898
Other	15,392	17,744
Total non-current liabilities	198,611	200,649
Total liabilities	269,375	267,842
Net assets		
Shareholders' equity		
Share capital	19,590	19,590
Capital surplus	22,192	21,767
Retained earnings	86,144	88,294
Treasury shares	(1,852)	(1,802)
Total shareholders' equity	126,074	127,849
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	821	(450)
Foreign currency translation adjustment	858	728
Remeasurements of defined benefit plans	(323)	(328)
Total accumulated other comprehensive income	1,355	(50)
Share acquisition rights	292	313
Non-controlling interests	4,326	4,878
Total net assets	132,050	132,991
Total liabilities and net assets	401,426	400,833

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

(Millions of yen)

	FY 2018 (Apr. 1, 2018 - Mar. 31, 2019)	FY 2019 (Apr. 1, 2019 - Mar. 31, 2020)
Net sales	179,542	159,145
Cost of sales	42,167	24,012
Gross profit	137,374	135,133
Selling, general and administrative expenses		
Advertising expenses	2,452	2,428
Membership service expenses	698	1,135
Repair and maintenance expenses	4,090	4,442
Linen expenses	3,983	4,305
Provision of allowance for doubtful accounts	—	79
Remuneration for directors (and other officers)	1,130	883
Salaries and bonuses	45,747	47,204
Retirement benefit expenses	1,094	1,268
Provision for retirement benefits for directors (and other officers)	208	97
Legal welfare expenses	6,217	6,369
Welfare expenses	1,918	1,838
Commission expenses	8,002	8,637
Rent expenses	6,555	6,809
Utilities expenses	5,739	5,888
Communication and transportation expenses	3,216	3,173
Depreciation	8,595	9,849
Taxes and dues	2,954	2,668
Supplies expenses	3,046	2,625
Amortization of goodwill	594	590
Other	12,253	13,183
Total selling, general and administrative expenses	118,497	123,480
Operating profit	18,877	11,652
Non-operating income		
Interest income	1,512	1,260
Dividend income	94	96
Amortization of negative goodwill	100	—
Share of profit of entities accounted for using equity method	17	60
Subsidy income	63	54
Reversal of allowance for doubtful accounts	87	153
Reversal of provision for loss on guarantees	—	11
Other	271	447
Total non-operating income	2,145	2,083
Non-operating expenses		
Interest expenses paid on loans and bonds	677	550
Foreign exchange losses	1	117
Provision for loss on guarantees	21	—
Nondeductible consumption tax	566	333
Other	227	258
Total non-operating expenses	1,494	1,260
Ordinary profit	19,528	12,476

[Consolidated Statements of Income]

(Millions of yen)

	FY 2018 (Apr. 1, 2018 - Mar. 31, 2019)	FY 2019 (Apr. 1, 2019 - Mar. 31, 2020)
Extraordinary income		
Gain on sales of non-current assets	162	—
Gain on sales of investment securities	505	147
Gain on sales of shares of subsidiaries and associates	7	—
Other	9	—
Total extraordinary income	685	147
Extraordinary losses		
Loss on sales of non-current assets	27	—
Loss on retirement of non-current assets	53	35
Impairment loss	149	1,245
Loss on sales of investment securities	497	144
Loss on sales of shares of subsidiaries and associates	0	—
Retirement benefits for directors (and other officers)	40	30
Contribution	203	—
Other	192	14
Total extraordinary losses	1,164	1,470
Profit before income taxes	19,049	11,153
Income taxes - current	7,061	4,146
Income taxes - deferred	(730)	(382)
Total income taxes	6,331	3,763
Profit	12,718	7,389
Profit attributable to non-controlling interests	360	254
Profit attributable to owners of parent	12,358	7,135

[Consolidated Statements of Comprehensive Income]

(Millions of yen)

	FY 2018 (Apr. 1, 2018 - Mar. 31, 2019)	FY 2019 (Apr. 1, 2019 - Mar. 31, 2020)
Profit	12,718	7,389
Other comprehensive income		
Valuation difference on available-for-sale securities	159	(1,272)
Foreign currency translation adjustment	(956)	(129)
Remeasurements of defined benefit plans, net of tax	(268)	(5)
Total other comprehensive income	(1,064)	(1,407)
Comprehensive income	11,653	5,981
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,292	5,728
Comprehensive income attributable to non-controlling interests	360	253

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	FY 2018 (Apr. 1, 2018 - Mar. 31, 2019)	FY 2019 (Apr. 1, 2019 - Mar. 31, 2020)
Cash flows from operating activities		
Profit before income taxes	19,049	11,153
Depreciation	9,678	10,944
Impairment loss	149	1,245
Amortization of goodwill (negative goodwill)	494	590
Increase (decrease) in allowance for doubtful accounts	(93)	(80)
Increase (decrease) in retirement benefit liability	297	718
Increase (decrease) in provision for retirement benefits for directors (and other officers)	1	(34)
Interest and dividend income	(1,606)	(1,356)
Interest expenses on borrowings and bonds	677	550
Foreign exchange losses (gains)	(66)	310
Decrease (increase) in trade receivables	(3,734)	(5,976)
Decrease (increase) in inventories	7,982	6,343
Increase (decrease) in trade payables	120	(351)
Increase (decrease) in accounts payable - other	3,531	(12,233)
Increase (decrease) in advances received	(16,357)	9,827
Increase (decrease) in long-term guarantee deposits received	54	173
Increase (decrease) in accrued consumption taxes	(656)	888
Other, net	3,928	2,273
Subtotal	23,450	24,986
Interest and dividends received	1,808	1,471
Interest paid	(695)	(552)
Income taxes paid	(7,889)	(6,809)
Net cash provided by (used in) operating activities	16,674	19,096

(Millions of yen)

	FY 2018 (Apr. 1, 2018 - Mar. 31, 2019)	FY 2019 (Apr. 1, 2019 - Mar. 31, 2020)
Cash flows from investing activities		
Payments into time deposits	(6,030)	(10)
Proceeds from withdrawal of time deposits	3,097	3,015
Purchase of securities	(9,644)	—
Proceeds from sales and redemption of securities	11,390	4,621
Purchase of investment securities	(3,001)	(1)
Proceeds from sales and redemption of investment securities	21,213	5,166
Purchase of shares of subsidiaries and associates	(4)	—
Proceeds from sales of shares of subsidiaries and associates	25	—
Purchase of property, plant and equipment	(16,019)	(10,279)
Purchase of intangible assets	(2,336)	(1,702)
Loan advances	(548)	(24)
Collection of loans receivable	542	247
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(6,876)
Other, net	(742)	(2,403)
Net cash provided by (used in) investing activities	(2,057)	(8,247)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(4,312)	(5,100)
Proceeds from long-term borrowings	9,231	—
Repayments of long-term borrowings	(19,457)	(1,839)
Redemption of bonds	(2,750)	(250)
Purchase of treasury shares	(0)	(0)
Proceeds from disposal of treasury shares	207	—
Dividends paid	(4,984)	(4,984)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(3)	(67)
Net increase (decrease) in deposits received from subsidiaries and affiliates	(20)	80
Other, net	(1,108)	(1,200)
Net cash provided by (used in) financing activities	(23,198)	(13,364)
Effect of exchange rate change on cash and cash equivalents	8	(3)
Net increase (decrease) in cash and cash equivalents	(8,573)	(2,518)
Cash and cash equivalents at beginning of period	32,469	23,895
Cash and cash equivalents at end of period	23,895	21,376

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**

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