

RESORTTRUST FINANCIAL DATA

CONSOLIDATED FINANCIAL SUMMARY

1Q FY 2020 (from April 1, 2020 to June 30, 2020)



**RESORTTRUST
GROUP**

(securities code: 4681)

CONSOLIDATED FINANCIAL SUMMARY

For the First Quarter Ended June 30, 2018,2019 and 2020

(Millions of yen)

	1Q			Fiscal Year	
	Apr.-Jun. 2018	Apr.-Jun. 2019	Apr.-Jun. 2020	2020/3 Result	2021/3 Targets
Net sales	39,897	39,258	23,416	159,145	15,800
Operating income	2,143	2,442	(884)	11,652	6,300
Ordinary income	2,394	2,557	(400)	12,476	7,800
Net income (interim)	1,380	1,492	(1,810)	7,135	3,200
Net assets	121,817	130,998	130,102	132,991	
Assets	401,900	401,095	433,633	400,833	
Net income per share (yen) (Primary)	12.92	13.95	(16.91)	66.65	
Net income per share (yen) (Fully Diluted)	11.86	12.81	-	61.29	
Equity ratio (%)	29.2	31.5	28.8	31.9	
Return on assets (%)	-	-	-	3.11	
Return on equity (%)	-	-	-	5.59	
Net cash provided by (used in) operating activities	(8,347)	(1,742)	(8,096)	19,096	
Net cash provided by (used in) investment activities	3,614	(1,055)	(10,915)	(8,247)	
Net cash provided by (used in) financing activities	(5,946)	8,120	34,726	(13,364)	
Cash and cash equivalents	21,781	29,216	37,088	21,376	

Business Results

Overview of 1Q The Fiscal Year 2020(Ending March 31, 2021)

1. Summary of Business Results

(Millions of Yen)

	1Q FY2019 (Results)	1Q FY2020 (Results)	Year-on-Year Change
Net sales	39,258	23,416	(40.4%)
Operating income	2,442	(884)	-
Ordinary income	2,557	(400)	-
Net income	1,492	(1,810)	-

The Japanese economy during the three-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. Meanwhile, we reconfirmed the strengths of the membership business as our membership holders continued to use our hotels and introduce potential membership customers even amid such a situation. To meet the expectations of our membership holders and customers, the Group is carrying out the "lifetime" strategy that addresses new normals, by renewing our commitment to the "characteristics of the membership system" and strengthening and creating more of connections between people, while implementing the Group's unique measures against the 3Cs, providing information that makes use of knowledge gained in Medical Operations, and offering telephone consultations to our membership holders.

As mentioned above, owing to the impact of the spread of COVID-19 and other factors, net sales were JPY 23,416 million (down 40.4% yoy), operating income was a loss of JPY 884 million (operating income of JPY 2,442 million in the same period of the previous year), ordinary income was a loss of JPY 400 million (ordinary income of JPY 2,557 million in the same period of the previous year), and net income attributable to owners of parent was a loss of JPY 1,810 million (net income attributable to owners of parent of JPY 1,492 million in the same period of the previous year).

2. Summary of Business Segments

【Membership Operations】

(Millions of Yen)

	1Q FY2019 (Results)	1Q FY2020 (Results)	Year-on-Year Change
Net sales	10,431	5,694	(45.4%)
Operating income	3,278	2,203	(32.8%)

Membership Operation Segment recorded lower sales and lower income despite strong sales of hotel memberships of YOKOHAMA BAYCOURT CLUB, which is due to open in September 2020. Lower numbers were attributable to the lower volume of membership sales compared to the same period of the previous year, 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)

	1Q FY2019 (Results)	1Q FY2020 (Results)	Year-on-Year Change
Net sales	19,917	8,614	(56.7%)
Operating income	12	(2,347)	-

Hotel and Restaurant Operation Segment recorded lower sales and lower income. Lower numbers were attributable to the closure of facilities due to the impact of the government's request to refrain from non-essential and non-urgent activities resulting from the spread of COVID-19. In addition, a drop in consumer confidence for travel and sightseeing was unavoidable, and hotel occupancy rates were reduced especially by a decline in the usage by corporate employees and groups and for weddings, banquets, and conferences, and non-membership hotels were particularly hit by a sharp fall in the number of foreign tourists visiting Japan and business travelers. 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)

	1Q FY2019 (Results)	1Q FY2020 (Results)	Year-on-Year Change
Net sales	8,744	8,942	+2.3%
Operating income	1,206	1,027	(14.8%)

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. 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)

	1Q FY2019 (Results)	1Q FY2020 (Results)	Year-on-Year Change
Net sales	164	164	+0.0%
Operating income	75	72	(3.6%)

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 (Targets)	Year-on-year Change
Net sales	159,145	158,000	(0.7%)
Operating income	11,652	6,300	(45.9%)
Ordinary income	12,476	7,800	(37.5%)
Net income	7,135	3,200	(55.2%)

Regarding the forecast for the full year ending March 31, 2021, membership sales of YOKOHAMA BAYCOURT CLUB, which is due to open in September 2020, are expected to grow higher than initially anticipated, and real estate profits of hotel memberships that have been deferred will be booked in a lump sum when the hotel opens. However, opening costs including those for THE KAHALA HOTEL & RESORT YOKOHAMA, the Group's first non-membership luxury hotel in Japan due to open at the same time as YOKOHAMA BAYCOURT CLUB, will be 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. With an ongoing assumption that business operations will continue to be affected in the second quarter but will slowly recover subsequently, combined with a premise that the impact on cash flow management will last until the third quarter, we are doing everything we could to maintain stable and safe management. Although it is difficult to project the impact of the second and third waves of COVID-19 at this point, assuming that nationwide state of emergency measures will not be introduced, we released our forecast of consolidated financial results for the fiscal year ending March 31, 2021 today (August 7, 2020).

In view of the above-mentioned situations, the Company Group forecasts net sales will decrease 0.7% year-on-year to 158,000 million yen, operating income will decrease 45.9% year-on-year to 6,300 million yen, ordinary income will decrease 37.5% year-on-year to 7,800 million yen, and net income attributable to owners of parent will decrease 55.2% year-on-year to 3,200 million yen.

To continue stable returns under the basic dividend policy, we forecast annual dividends of 20 yen per share, which consists of an interim dividend of 10 yen and a year-end dividend of 10 yen and is 20 yen lower than annual dividends of 40 yen for the fiscal year ended March 31, 2020.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY 2019 (as of Mar. 31, 2020)	1Q FY 2020 (as of Jun. 30, 2020)
Assets		
Current assets		
Cash and deposits	21,164	36,853
Notes and accounts receivable - trade	8,233	6,713
Operating loans	53,549	54,148
Securities	499	499
Merchandise	1,167	1,169
Real estate for sale	22,077	22,387
Raw materials and supplies	1,014	1,016
Real estate for sale in process	12,357	17,368
Other	6,232	9,477
Allowance for doubtful accounts	(1,000)	(1,066)
Total current assets	125,296	148,568
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	103,562	103,898
Machinery, equipment and vehicles, net	2,621	2,479
Golf courses	7,634	7,634
Land	44,886	44,970
Leased assets, net	13,721	13,449
Construction in progress	16,885	24,857
Other, net	4,436	4,180
Total property, plant and equipment	193,748	201,470
Intangible assets		
Goodwill	3,094	2,946
Software	4,969	4,562
Other	2,516	2,753
Total intangible assets	10,580	10,262
Investments and other assets		
Investment securities	36,016	37,399
Shares of subsidiaries and associates	1,368	1,321
Long-term loans receivable	5,743	5,723
Retirement benefit asset	235	95
Deferred tax assets	8,918	9,320
Other	19,536	19,968
Allowance for doubtful accounts	(611)	(495)
Total investments and other assets	71,208	73,332
Total non-current assets	275,537	285,064
Total assets	400,833	433,633

(Millions of yen)

	FY 2019 (as of Mar. 31, 2020)	1Q FY 2020 (as of Jun. 30, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,117	776
Current portion of long-term borrowings	8,107	11,207
Current portion of bonds payable	150	150
Lease obligations	1,212	1,208
Accounts payable - other	6,861	5,016
Income taxes payable	1,785	742
Accrued consumption taxes	1,929	1,212
Advances received	22,028	25,747
Unearned revenue	17,002	18,456
Provision for loss on guarantees	52	52
Provision for point card certificates	588	749
Other	6,356	9,751
Total current liabilities	67,192	75,070
Non-current liabilities		
Bonds payable	300	300
Bonds with share acquisition rights	29,770	29,760
Long-term borrowings	31,016	62,533
Lease obligations	13,538	13,249
Deferred tax liabilities	376	327
Provision for retirement benefits for directors (and other officers)	2,099	2,116
Provision for stocks payment	1,803	1,866
Retirement benefit liability	2,231	2,290
Long-term guarantee deposits	31,870	31,600
Amortizable long-term guarantee deposits received	69,898	66,849
Other	17,744	17,565
Total non-current liabilities	200,649	228,460
Total liabilities	267,842	303,531
Net assets		
Shareholders' equity		
Share capital	19,590	19,590
Capital surplus	21,767	21,767
Retained earnings	88,294	84,641
Treasury shares	(1,802)	(1,795)
Total shareholders' equity	127,849	124,204
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(450)	520
Foreign currency translation adjustment	728	563
Remeasurements of defined benefit plans	(328)	(295)
Total accumulated other comprehensive income	(50)	788
Share acquisition rights	313	313
Non-controlling interests	4,878	4,795
Total net assets	132,991	130,102
Total liabilities and net assets	400,833	433,633

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

(Millions of yen)

	1Q FY 2019 (Apr. 1, 2019 - Jun. 30, 2019)	1Q FY 2020 (Apr. 1, 2020 - Jun. 30, 2020)
Net sales	39,258	23,416
Cost of sales	6,165	1,220
Gross profit	33,093	22,195
Selling, general and administrative expenses		
Salaries and bonuses	11,648	8,817
Provision for retirement benefits for directors (and other officers)	18	16
Repair and maintenance expenses	1,053	496
Provision of allowance for doubtful accounts	85	68
Utilities expenses	1,370	702
Depreciation	2,306	1,841
Other	14,168	11,137
Total selling, general and administrative expenses	30,650	23,080
Operating profit (loss)	2,442	(884)
Non-operating income		
Interest income	328	267
Dividend income	2	3
Share of profit of entities accounted for using equity method	5	—
Reversal of allowance for doubtful accounts	118	118
Reversal of provision for loss on guarantees	11	—
Subsidy income	6	356
Other	35	59
Total non-operating income	509	805
Non-operating expenses		
Interest expenses paid on loans and bonds	111	107
Share of loss of entities accounted for using equity method	—	47
Nondeductible consumption tax	142	121
Foreign exchange losses	110	1
Other	29	43
Total non-operating expenses	393	321
Ordinary profit (loss)	2,557	(400)

[Consolidated Statements of Income]

(Millions of yen)

	1Q FY 2019 (Apr. 1, 2019 - Jun. 30, 2019)	1Q FY 2020 (Apr. 1, 2020 - Jun. 30, 2020)
Extraordinary income		
Gain on sales of non-current assets	—	1
Gain on sales of investment securities	2	—
Subsidy income	—	1,112
Total extraordinary income	2	1,114
Extraordinary losses		
Loss on retirement of non-current assets	1	1
Retirement benefits for directors (and other officers)	30	—
Loss due to new coronavirus infection	—	2,972
Other	0	174
Total extraordinary losses	32	3,148
Profit (loss) before income taxes	2,528	(2,434)
Income taxes - current	430	345
Income taxes - deferred	568	(894)
Total income taxes	999	(548)
Profit (loss)	1,528	(1,885)
Profit (loss) attributable to non-controlling interests	35	(75)
Profit (loss) attributable to owners of parent	1,492	(1,810)

[Consolidated Statements of Comprehensive Income]

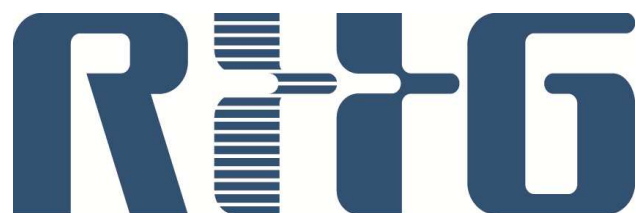
(Millions of yen)

	FY 2019 (Apr. 1, 2019 - Jun. 30, 2019)	FY 2020 (Apr. 1, 2020 - Jun. 30, 2020)
Profit (loss)	1,528	(1,885)
Other comprehensive income		
Valuation difference on available-for-sale securities	(373)	972
Foreign currency translation adjustment	310	(164)
Remeasurements of defined benefit plans, net of tax	23	33
Total other comprehensive income	(39)	841
Comprehensive income	1,489	(1,044)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,453	(970)
Comprehensive income attributable to non-controlling interests	35	(74)

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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