March 16, 2021

FOR IMMEDIATE RELEASE

Company name Resorttrust, Inc.
Representative Ariyoshi Fushimi, President
Code 4681, First Section of the Tokyo and Nagoya Stock Exchanges

Notice of Revision of Financial Results Forecast, Recording of Extraordinary Losses, and Upward Revision of Year-end Dividend Forecast for Fiscal Year Ending March 31, 2021

Resorttrust, Inc. has made the following revisions to its full-year consolidated financial results forecast and dividend forecast for the fiscal year ending March 31, 2021 in light of the extraordinary losses caused by the impairment of fixed assets, and recent business performance.

1. Revision of the financial results forecast and recording of extraordinary losses

(1) Revision of consolidated financial results forecast (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Net Sales	Operating Income	Ordinary Income	Net Income Attributable to Owners of Parent	Net Income per Share (Yen)
Previous Forecast (A) (Announced on November 10, 2020)	165,000	11,000	13,000	6,200	57.91
Current Forecast (B)	166,200	12,500	15,200	(11,400)	−
Difference (B-A)	1,200	1,500	2,200	(17,600)	
Change (%)	0.7%	13.6%	16.9%	−	
Results for Previous Fiscal Year (ended March 31, 2020)	159,145	11,652	12,476	7,135	66.65

(2) Reasons for revision of the financial result forecast

Following the revision of the financial results forecast on November 10, 2020, hotel and medical membership sales performed strongly during the third quarter, exceeding both the financial results forecast and the previous fiscal year's results. In particular, membership-based hotel operations, which experienced an early recovery, exceeded expectations partly thanks to the hotel operations business being further boosted by the "Go to Travel Campaign."

In the fourth quarter, the third wave of the spread of COVID-19 and the redeclaration of a state of emergency in January 2021 caused a temporary deterioration in hotel profits. In March, however, occupancy and profits are showing steady signs of a recovery trend, and membership sales and Medical Operations continue to remain robust. In the fiscal year under review, social needs for safety, security and health are increasing in the midst of the COVID-19 crisis, which have made us reconfirm our original strengths, the membership-based business or our main business. We treated the COVID-19 crisis as an opportunity to further strengthen the stability and growth potential of the Group business as a whole in the midst of rising health awareness, including by seeking to further expand our services in Medical Operations where both membership-based medical examinations and general health check-ups continue to perform strongly, and we believe that we were able to proceed with initiatives that will contribute to medium- to long-term growth.

In view of these circumstances, we have raised our forecasts for net sales, operating income and ordinary income for the reason that they are expected to exceed our previous forecasts. However, we have lowered our forecast for net income attributable to owners of parent for the fiscal year under review from the previous forecast for the reasons described in (3) below.

(3) Recording of extraordinary losses (impairment loss)

As COVID-19 expands globally, international travel restrictions, people within Japan refraining from non-essential and non-urgent outings, and the significant decrease in the number of overseas tourists visiting Japan have had a major impact on the non-membership hotel business. The situation remains severe and the outlook for future demand is uncertain.

Taking the above circumstances into consideration, we reviewed the recoverability of our investment in non-membership hotels, which had been suffering a drop in profitability, based on the “Accounting Standard for Impairment of Fixed Assets.” In the fourth quarter, we expect to record extraordinary losses totaling ¥21.4 billion (including a ¥11.4 billion impairment loss on a hotel in Hawaii and a combined ¥10.0 billion impairment loss on 15 hotels in Japan, including those in Tokyo and Nagoya).

As measures for the non-membership hotel business, we plan to focus on the sale of THE KAHALA CLUB Hawaii after restrictions on movement in Hawaii have been lifted and will progress with initiatives designed to achieve the further penetration of THE KAHALA HOTEL & RESORT brand. With regard to domestic facilities, as well as work on the development of plans tailored to new usage scenarios, including long-term stays and remote work for the Group’s customer base centered on members, we plan to make up for the recent decrease in inbound usage and business demand by working on usage penetration measures through collaboration between Membership Operations and Medical Operations. In addition, we will, as a matter of course, work on making major improvements to the cost structure, including cross-business relocations and the optimization of operations by scaling back the personnel structure, and we intend to promote initiatives that contribute to improving asset efficiency and realize a recovery in profits in the relevant businesses while minimizing overall management risk.

2. Revision of dividend forecast

(1) Details of revision of annual dividend forecast for the fiscal year ending March 2021 (April 1, 2020 to March 31, 2021)

	Dividends per Share (Yen)				
	End of 1st Quarter	End of 2nd Quarter	End of 3rd Quarter	Year-End	Annual
Previous Forecast (Announced on November 10, 2020)			—	10.00	25.00
Revised Forecast			—	15.00	30.00
Results for Fiscal Year Under Review	—	15.00			
Results for Previous Fiscal Year (ended March 31, 2020)	—	23.00	—	17.00	40.00

(2) Reason for revision of dividend forecast

The Group announced on November 10, 2020 that it forecast an annual dividend of 25 yen per share to continue stable returns under the basic dividend policy. It has, however, raised the amount of the year-end dividend (forecast) by 5 yen to 15 yen per share, and raised the amount of the annual dividend (forecast) to 30 yen per share. We have revised the dividend forecast due to the facts that consolidated operating income is exceeding the previous forecasts as the impairment losses on non-membership hotels, which are expected to be recorded, do not have a direct impact on the current cash flow, and that the Group is having steady positive cash flows from Membership Operations and Medical Operations, which are offsetting negative cash flows from operations of non-membership hotels.

Note: The above forecasts were made based on certain assumptions judged to be reasonable by the Company. Actual results may differ significantly from the above forecasts due to various factors.