

This English translation of the consolidated financial results were prepared for reference purposes only and is qualified in its entirety by the original Japanese version. The financial information contained in this documents are derived from our unaudited consolidated financial statements appearing in item 3 of attached materials.

May 21, 2020

Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 [Japanese GAAP]

Listed company name: Resorttrust, Inc.
 Stock exchange listing: Tokyo Stock Exchange, Nagoya Stock Exchange
 Stock code: 4681
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 Representative: Ariyoshi Fushimi, President and COO, & Representative Director
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 and CCO
 Scheduled date for ordinary general meeting of shareholders: June 25, 2020
 Scheduled date for dividend payment: June 26, 2020
 Scheduled date for filing of securities report: June 26, 2020
 Supplementary documents for financial results: Yes
 Financial results briefing: Yes (for securities analysts and institutional investors)
 Live Streaming

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(1) Operating Results

(Millions of yen, rounded down)

(Percentages indicate changes from the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
		%		%		%		%
Fiscal year ended March 31, 2020	159,145	(11.4)	11,652	(38.3)	12,476	(36.1)	7,135	(42.3)
Fiscal year ended March 31, 2019	179,542	8.5	18,877	6.4	19,528	0.5	12,358	4.5

Note: Comprehensive income:

Fiscal year ended March 31, 2020: 5,981 million yen [(48.7)%]

Fiscal year ended March 31, 2019: 11,653 million yen [2.8%]

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets ratio	Operating income to sales ratio
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2020	66.65	61.29	5.6	3.1	7.3
Fiscal year ended March 31, 2019	115.53	106.42	10.0	4.7	10.5

Reference: Equity in earnings (loss) of non-consolidated subsidiaries and associated companies:

Fiscal year ended March 31, 2020 60 million yen

Fiscal year ended March 31, 2019 17 million yen

(2) Financial Position

(Millions of yen, except per share data and percentages)

	Total assets	Net assets	Equity ratio	Net assets per share
			%	Yen
March 31, 2020	400,833	132,991	31.9	1,193.69
March 31, 2019	401,426	132,050	31.7	1,190.63

Reference: Shareholders' equity: March 31, 2020 127,798 million yen
 March 31, 2019 127,430 million yen

(3) Cash Flows

(Millions of yen, rounded down)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the year
Fiscal year ended March 31, 2020	19,096	(8,247)	(13,364)	21,376
Fiscal year ended March 31, 2019	16,674	(2,057)	(23,198)	23,895

2. Dividends

(Millions of yen, except per share data and percentages)

	Dividends per share (Yen)					Total amount of dividends (annual)	Payout ratio (Consolidated)	Net assets to dividends ratio (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total			
Fiscal year ended March 31, 2019	—	23.00	—	23.00	46.00	4,984	39.8	4.0
Fiscal year ended March 31, 2020	—	23.00	—	17.00	40.00	4,334	60.0	3.4
Fiscal year ending March 31, 2021 (forecast)	—	—	—	—	—		—	

* Forecast of dividends for the fiscal year ending March 31, 2021 is undecided.

3. Consolidated Results Forecast for the Fiscal Year Ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

Regarding the forecast for the fiscal year ending March 31, 2021, since the impact of the spread of new coronavirus infection on the market etc. is extremely unclear, it is difficult to make reasonable estimates at this point. 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.

* Notes

(1) Changes in significant subsidiaries during the period (Changes in specified subsidiaries : None accompanying changes in scope of consolidation)

New subsidiaries: company (Company name)

(2) Changes in accounting policies, changes in accounting estimates and restatements

- 1) Changes in accounting policies in accordance with revision of accounting standards : None
- 2) Changes in accounting policies other than item 1) above : None
- 3) Changes in accounting estimates : None
- 4) Restatements : None

(3) Number of shares issued (common stock)

1) Number of shares issued at the end of the period (including treasury stock)

As of March 31, 2020 108,520,799 shares

As of March 31, 2019 108,520,799 shares

2) Number of treasury stock at the end of the period

As of March 31, 2020 1,458,382 shares

As of March 31, 2019 1,493,010 shares

3) Average number of shares during the period

As of March 31, 2020 107,050,404 shares

As of March 31, 2019 106,971,298 shares

(Reference) Overview of Non-consolidated Financial Results**1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (from April 1, 2019 to March 31, 2020)****(1) Non-consolidated Operating Results**

(Percentages indicate changes from the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income	
		%		%		%		%
Fiscal year ended March 31, 2020	110,831	(17.6)	4,525	(60.9)	7,021	(45.5)	4,306	(50.2)
Fiscal year ended March 31, 2019	134,535	8.8	11,568	1.9	12,872	(5.4)	8,652	(6.3)

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended March 31, 2020	40.23	36.89
Fiscal year ended March 31, 2019	80.89	74.43

(2) Non-consolidated Financial Position

(Millions of yen, except per share data and percentages)

	Total assets	Net assets	Equity ratio	Net assets per share
			%	Yen
March 31, 2020	324,532	98,176	30.2	914.07
March 31, 2019	328,740	100,054	30.3	932.11

Reference: Shareholders' equity: March 31, 2020 97,863 million yen
 March 31, 2019 99,762 million yen

* **These consolidated financial results are outside the scope of audit by certified public accountants or audit firms.**

* **Explanations and other special notes concerning the appropriate use of consolidated results forecasts**

The forward-looking statements such as result forecasts included in this document are based on the information available to the Company at the time of the announcement and on certain assumptions considered reasonable. Actual results may differ materially from the forecast depending on a range of factors.

For other matters relating to the forecasts, please refer to page 5 of the attached materials.

Supplementary documents for financial results will be posted on the Company's web site today at

<https://www.resorttrust.co.jp/ir/>.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results

* “Initial plan” for the fiscal year ended March 31, 2020 is based on the consolidated results forecast announced on May 15, 2019.

* “Revised forecast” for the fiscal year ended March 31, 2020 is based on the consolidated results forecast announced on March 17, 2020.

(Millions of yen, except percentages)

	Fiscal year ended March 31, 2019 (results)	Fiscal year ended March 31, 2020 (results)	Fiscal year ended March 31, 2020 (Revised forecast)	Fiscal year ended March 31, 2020 (Initial plan)	Year-on-year change	Change from plan
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 attributable to owners of parent	12,358	7,135	7,100	10,000	(42.3)%	(28.6)%

During the fiscal year ended March 31, 2020, Japanese economy had recovered gradually through sustained improvements in employment conditions and corporate profits, while future of Japanese economy was unclear due to concerns that trade issues might impact on the world economy.

However, due to the spread of the new coronavirus disease, domestic economic environment has dramatically changed.

Under this environment, for the fiscal year ended March 31, 2020, operating income of hotel for the facility such as Laguna Baycourt Club, opened in March 2019, contributed to business results, and the medical business and the senior lifestyle business have achieved robust growth. In addition, sales of hotel memberships mainly for highly profitable existing properties resulted in positive sales. However, for the fiscal year ended March 31, 2019, deferred net sales of hotel membership for large membership hotel were fully realized due to the beginning of operation. In contrast, for the fiscal year ended March 31, 2020, no membership hotels were newly opened. Moreover, amid the spread of the new coronavirus infection, travel demand fell drastically during outing season and spring vacation in March 2020 due to the acceleration of the movements for request to refrain from making nonessential and nonurgent outings, business suspension and school closures.

As a result, net sales amounted to ¥159,145 million, a year-on-year decrease of 11.4%, operating income was ¥11,652 million, a year-on-year decrease of 38.3%, ordinary income was ¥12,476 million, a year-on-year decrease of 36.1%, and net income attributable to owners of parent was ¥7,135 million, a year-on-year decrease of 42.3%.

Overview of operating results by the reportable segments is as follows.

【Membership】

(Millions of yen, except percentages)

	Fiscal year ended March 31, 2019 (results)	Fiscal year ended March 31, 2020 (results)	Fiscal year ended March 31, 2020 (Initial plan)	Year-on-year change	Change from plan
Net sales	64,029	38,948	39,140	(39.2)%	(0.5)%
Segment profit	19,004	13,559	13,980	(28.7)%	(3.0)%

In the Membership business, for the fiscal year ended March 31, 2019, deferred net sales of hotel membership for newly opened membership hotel were fully realized due to the beginning of operation. In contrast, for the fiscal year ended March 31, 2020, no membership hotels were newly opened. On the other hand, sales of hotel memberships resulted in positive sales.

As a result, the Membership segment recorded decrease in net sales and segment profit compared with the previous fiscal year.

【Hotel and Restaurant】

(Millions of yen, except percentages)

	Fiscal year ended March 31, 2019 (results)	Fiscal year ended March 31, 2020 (results)	Fiscal year ended March 31, 2020 (Initial plan)	Year-on-year change	Change from plan
Net sales	80,383	80,659	90,630	+0.3%	(11.0)%
Segment profit	2,624	92	3,160	(96.5)%	(97.1)%

In the Hotel and Restaurant business, operating income of Laguna Baycourt Club, opened in March 2019, contributed to business results. On the other hand, increases in initial expenses related to open new hotels and IT and labor cost incurred as prior cost for improving creativity and productivity by using IT technology and promoting diversified work styles such as increasing the number of annual holidays including taking paid annual leave mandated by laws have been recorded. In addition, repair costs for facilities and depreciation costs, etc. have increased, and demand has decreased due to the spread of the new coronavirus infection.

As a result, the Hotel and Restaurant segment recorded increase in net sales and decrease in segment profit compared with the previous fiscal year.

【Medical】

(Millions of yen, except percentages)

	Fiscal year ended March 31, 2019 (results)	Fiscal year ended March 31, 2020 (results)	Fiscal year ended March 31, 2020 (Initial plan)	Year-on-year change	Change from plan
Net sales	34,478	38,867	41,020	+12.7%	(5.2)%
Segment profit	6,144	5,829	6,760	(5.1)%	(13.8)%

In the Medical business, annual membership fees have increased along with the increase in number of members of Grand HIMEDIC Club, a comprehensive medical support club of the Group. In addition, operation of senior residence and medical checkup business, etc. have expanded. On the other hand, increases in expenses related to advertising investment for enhancing the recognition of our business, investment in human resources and renovation of facilities for improving its value, etc. have been recorded.

As a result, the Medical segment recorded increase in net sales and decrease in segment profit compared with the previous fiscal year.

【Others】

(Millions of yen, except percentages)

	Fiscal year ended March 31, 2019 (results)	Fiscal year ended March 31, 2020 (results)	Fiscal year ended March 31, 2020 (Initial plan)	Year-on-year change	Change from plan
Net sales	651	670	610	+3.0%	+9.9%
Segment profit	572	663	590	+15.9%	+12.4%

In the Others business, income from outsourcing services at R.F.S. Co., Ltd., a consolidated subsidiary of the Company, has increased.

As a result, the Others segment recorded increase in net sales and segment profit compared with the previous fiscal year.

(2) Overview of Financial Position

(Asset)

Current assets as of March 31, 2020 were ¥125,296 million, a 7.7% decrease from the end of the previous fiscal year. This was primarily due to increase of ¥6,926 million in operating loans related to the sales of memberships and decreases of ¥5,577 million in cash and deposits, ¥4,148 million in securities and ¥7,971 million in real estate for sale respectively, compared with the end of the previous fiscal year.

Non-current assets as of March 31, 2020 were ¥275,537 million, a 3.7% increase from the end of the previous fiscal year. This was primarily due to increases of ¥1,785 million in buildings and structures, net, ¥7,493 million in leased assets and ¥6,236 million in land respectively, due to new open of hotels and decrease of ¥7,583 million in investment securities, compared with the end of the previous fiscal year.

As a result, total assets as of March 31, 2020 were ¥400,833 million, a 0.1% decrease from the end of the previous fiscal year.

(Liabilities)

Current liabilities as of March 31, 2020 were ¥67,192 million, a 5.0% decrease from the end of the previous fiscal year. This was primarily due to increases of ¥6,268 million in current portion of long-term borrowings, ¥9,819 million in Advances received respectively, and decreases of ¥5,000 million in short-term borrowings and ¥15,527 million in accounts payable-other compared with the end of the previous fiscal year.

Non-Current liabilities as of March 31, 2020 were ¥200,649 million, a 1.0% increase from the end of the previous fiscal year. This was primarily due to decrease of ¥8,107 million in long-term borrowings and increases of ¥7,732 million in lease obligations of non-current liabilities, ¥1,866 million in unearned revenue of non-current liabilities and ¥1,060 million in amortizable long-term guarantee deposits received respectively, compared with the end of the previous fiscal year.

As a result, total liabilities as of March 31, 2020 were ¥267,842 million, a 0.6% decrease from the end of the previous fiscal year.

(Net assets)

Total net assets as of March 31, 2020 were ¥132,991 million, a 0.7% increase from the end of the previous fiscal year. This was primarily due to increase of ¥2,150 million in retained earnings compared with the end of the previous fiscal year.

(3) Overview of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2019 (results)	Fiscal year ended March 31, 2020 (results)
Cash flows from operating activities	16,674	19,096
Cash flows from investing activities	(2,057)	(8,247)
Cash flows from financing activities	(23,198)	(13,364)
Cash and cash equivalents at the end of the year	23,895	21,376

Cash and cash equivalents as of March 31, 2020 decreased by ¥2,518 million from the end of the previous fiscal year to ¥21,376 million, a 10.5% decrease from the end of the previous fiscal year.

Components of consolidated cash flows and main contributing factors are detailed as follows.

1) Cash flows from operating activities

Net cash from operating activities resulted in a cash inflow of ¥19,096 million, an increase of ¥2,421 million in cash inflow compared with the previous fiscal year primarily due to the decrease in income before income taxes, decrease in accounts payable-other and increase in advances received. Net cash provided by operating activities consists primarily of income before income taxes of ¥11,153 million and depreciation of ¥10,944 million.

2) Cash flows from investing activities

Net cash from investing activities resulted in a cash outflow of ¥8,247 million, a decrease of ¥6,189 million in cash inflow compared with the previous fiscal year primarily due to the decrease in proceeds from sales of investment securities. Net cash used in investing activities consists primarily of purchase of property, plant and equipment of ¥10,279 million.

3) Cash flows from financing activities

Net cash from financing activities resulted in a cash outflow of ¥13,364 million, a decrease of ¥9,834 million in cash outflow compared with the previous fiscal year primarily due to the decrease in repayments of long-term borrowings. Net cash used in financing activities consists primarily of decrease in short-term borrowings, net of ¥5,100 million and dividends paid of ¥4,984 million.

There was no significant change in capital resources and liquidity for the fiscal year ended March 31, 2020.

(Reference) Indicators related to cash flows

	FY ended March 31, 2016	FY ended March 31, 2017	FY ended March 31, 2018	FY ended March 31, 2019	FY ended March 31, 2020
Equity ratio (%)	26.6	27.0	28.6	31.7	31.9
Equity ratio based on market price (%)	66.0	49.6	56.6	40.0	28.2
Ratio of Interest-bearing debt to cash flow ratio (years)	29.3	2.6	7.5	2.8	2.1
Interest coverage ratio (times)	5.3	44.9	13.0	24.0	34.6

Equity ratio: Total equity / Total assets

Equity ratio based on market price: Market capitalization / Total assets

Ratio of Interest-bearing debt to cash flow ratio: Interest-bearing debt / Cash flows

Interest coverage ratio: Cash flows / Interest paid

(Notes) 1. All indicators are calculated using financial figures on a consolidated basis.

2. Market capitalization is calculated based on the total number of shares issued excluding treasury stock at the end of the fiscal year.

3. Cash flows refer to cash flows from operating activities. Cash flows from operating activities and Interest paid refer to “Net cash provided by operating activities” and “Interest paid” respectively on consolidated statements of cash flows.

4. Interest-bearing debt refers to all liabilities for which interest is paid on the consolidated balance sheets.

(4) Future Outlook

Amid the situation of the Japanese economy that was suffering from an immeasurable impact on economic activity caused by the outbreak of the new coronavirus pandemic, the Japanese economy is expected to deteriorate rapidly due to the slowdown in demand against the backdrop of voluntary restraints.

As for the trends of the tourism industry, increases in business opportunities and market expansion were expected because of promoting development of an environment for domestic tourism towards the Rugby World Cup 2019 Japan held from September to November 2019 and the 2020 Tokyo Olympic and Paralympic Games.

However, due to the spread of the new coronavirus infection, the Olympics have been postponed, number of tourists visiting Japan has rapidly decreased and the request to refrain from making nonessential and nonurgent outings was made. As a result, the road towards innovating the tourism industry to become Japan’s core industry and the realization of a tourism-oriented country is expected to be extremely rough.

On the other hand, growing shortage of labor due to the falling birthrate, aging population and decline in the labor force population remains as an urgent priority for the tourism industry.

With respect to the trend of healthcare industries, amid rapidly increasing population aging rate, social security benefits and annual medical expenses are increasing. Under such circumstances, in order to ameliorate lifestyle-related diseases and minimize the number of persons who do not have health examination, promotion of disease prevention and health management and creation of regionally-oriented healthcare industries is the key issue towards the realization of an ageless society.

In order to meet such business environments, the Group has formulated “Connect 50: Together for a wonderful life,” a medium-term management plan targeting the five years from April 2018 to March 2023

(the “plan”) and the plan is underway.

The plan provides the Group with a roadmap for achieving a more robust and high-grade Group brand based on the “Group Management” that focuses on efforts aimed at making the most of Group synergy effects while firmly protects the unique brand established in each business. The plan also provides the Group with a roadmap for fostering lifelong relationship with our customer which enables them to live healthy, pleasant and longer for their better life by providing our attentive services to them.

As prioritized measures toward the achievement of the plan, the Group will invest aggressively in education and training aiming to develop branded employees who embody our management philosophy and are able to offer the most suitable services to our customer. The Group will also invest aggressively in digitization that enables our employees to reform work style aiming at enhancement of productivity and creativity through building up work environment that enables our employees to increase in hours for coming face to face with our customer and seek pleasure from vibrant work.

From now on, the Group will draw on the wisdom that stems from its membership business as the advantage of the Group as well as its tailor-made, high-value-added services taking advantage of continuous business relationship with customers to more actively develop its travel and health business market considering the area as a great opportunity for continuous creation of added value. In addition, the Group will enhance membership-based medical care and focus on preventive medical care against cancer and other underlying medical diseases.

Advancing toward the milestone of its 50th anniversary, the Group will redouble efforts to mobilize all available resources of the Group aimed at fulfilling its social responsibility in “environment, society and governance” and running its business continuously toward sustainable growth.

Regarding the forecast for the fiscal year ending March 31, 2021, since the impact of the spread of new coronavirus infection on the market etc. is extremely unclear, it is difficult to make reasonable estimates at this point. 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.

As for 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.

The Group will, at this time of emergency, provide attentive services to customers including the members, return to the basics of membership and endeavor to maintain and enhance relationship of trust with our customer. Moreover, the Group will draw on the know-how and information that stems from preventive medicine and early diagnosis to seek early treatment in its medical business and resolve initiatively various issues related to the health of our customer.

2. Basic Approach to the Selection of Accounting Standards

The Group applies accounting principles generally accepted in Japan and intends to continue using them for the immediate future as they enable comparison of consolidated financial statements across time periods and among companies.

The Group will address the application of international accounting standards as appropriate, taking into account the recent developments both in and out of Japan.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2019	As of March 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 under construction	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 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 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
Investments in unconsolidated subsidiaries and associated companies	1,313	1,368
Long-term loans	6,120	5,743
Employees' 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

RESORTTRUST, INC. Consolidated Financial Results
For the Fiscal Year Ended March 31, 2020

	(Millions of yen)	
	As of March 31, 2019	As of March 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	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
Allowance 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	450	300
Bonds with stock acquisition rights	29,813	29,770
Long-term borrowings	39,123	31,016
Lease obligations	5,806	13,538
Deferred tax liabilities	638	376
Accrued severance indemnities for directors	2,133	2,099
Provision for shares benefit	1,697	1,803
Employees' retirement benefit liability	1,959	2,231
Long-term guarantee deposits received	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		
Common stock	19,590	19,590
Capital surplus	22,192	21,767
Retained earnings	86,144	88,294
Treasury stock	(1,852)	(1,802)
Total shareholders' equity	126,074	127,849
Accumulated other comprehensive income		
Net unrealized gain on available-for-sale securities	821	(450)
Foreign currency translation adjustments	858	728
Retirement benefit adjustment	(323)	(328)
Total accumulated other comprehensive income	1,355	(50)
Stock 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)

	Fiscal year ended March 31, 2019	Fiscal year ended March 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	4,090	4,442
Linen expenses	3,983	4,305
Provision of allowance for doubtful accounts	—	79
Directors' compensations	1,130	883
Salaries and bonuses	45,747	47,204
Retirement benefit expenses	1,094	1,268
Provision for accrued severance indemnities for directors	208	97
Legal welfare expenses	6,217	6,369
Welfare expenses	1,918	1,838
Commission fee	8,002	8,637
Rent expenses	6,555	6,809
Utilities expenses	5,739	5,888
Correspondence 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 income	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 allowance for loss on guarantees	—	11
Other	271	447
Total non-operating income	2,145	2,083

RESORTTRUST, INC. Consolidated Financial Results
For the Fiscal Year Ended March 31, 2020

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Non-operating expenses		
Interest expense	677	550
Foreign exchange losses	1	117
Provision for loss on guarantees	21	—
Nondeductible consumption taxes	566	333
Other	227	258
Total non-operating expenses	1,494	1,260
Ordinary income	19,528	12,476
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	—
Severance indemnities for directors	40	30
Contribution	203	—
Other	192	14
Total extraordinary losses	1,164	1,470
Income 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
Net income	12,718	7,389
Net income attributable to non-controlling interests	360	254
Net income attributable to owners of parent	12,358	7,135

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net income	12,718	7,389
Other comprehensive income:		
Net changes in unrealized gain on available-for-sale securities	159	(1,272)
Foreign currency translation adjustments	(956)	(129)
Retirement benefit adjustment	(268)	(5)
Total other comprehensive income	(1,064)	(1,407)
Comprehensive income	11,653	5,981
(Breakdown)		
Comprehensive income attributable to owners of parent	11,292	5,728
Comprehensive income attributable to non-controlling interests	360	253

(3) Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income				Stock acquisition rights	Non-controlling interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Retirement benefit adjustment	Total accumulated other comprehensive income			
Balance at the beginning of the year	19,590	22,192	78,770	(2,212)	118,341	661	1,814	(55)	2,421	229	4,198	125,190
Changes in items during the year												
Issuance of new shares(Exercise of stock acquisition rights)					—							—
Cash dividends			(4,984)		(4,984)							(4,984)
Net income attributable to owners of parent			12,358		12,358							12,358
Purchase of treasury stock				(0)	(0)							(0)
Disposal of treasury stock				361	361							361
Purchase of shares of consolidated subsidiaries					—							—
Net changes other than shareholders' equity for the year						159	(956)	(268)	(1,065)	62	128	(873)
Total changes in items during the year	—	—	7,373	360	7,733	159	(956)	(268)	(1,065)	62	128	6,860
Balance at the end of the year	19,590	22,192	86,144	(1,852)	126,074	821	858	(323)	1,355	292	4,326	132,050

For the fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income				Stock acquisition rights	Non-controlling interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Retirement benefit adjustment	Total accumulated other comprehensive income			
Balance at the beginning of the year	19,590	22,192	86,144	(1,852)	126,074	821	858	(323)	1,355	292	4,326	132,050
Changes in items during the year												
Issuance of new shares(Exercise of stock acquisition rights)					—							—
Cash dividends			(4,984)		(4,984)							(4,984)
Net income attributable to owners of parent			7,135		7,135							7,135
Purchase of treasury stock				(0)	(0)							(0)
Disposal of treasury stock				50	50							50
Purchase of shares of consolidated subsidiaries		(424)			(424)							(424)
Net changes other than shareholders' equity for the year						(1,271)	(129)	(5)	(1,406)	21	551	(833)
Total changes in items during the year	—	(424)	2,150	49	1,774	(1,271)	(129)	(5)	(1,406)	21	551	941
Balance at the end of the year	19,590	21,767	88,294	(1,802)	127,849	(450)	728	(328)	(50)	313	4,878	132,991

(4) Consolidated Statements of Cash Flows

	(Millions of yen)	
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities:		
Income before income taxes	19,049	11,153
Depreciation	9,678	10,944
Impairment loss	149	1,245
Amortization of goodwill and negative goodwill	494	590
Increase (decrease) in allowance for doubtful accounts	(93)	(80)
Increase (decrease) in employees' retirement benefit liability	297	718
Increase (decrease) in accrued severance indemnities for directors	1	(34)
Interest and dividend income	(1,606)	(1,356)
Interest expense	677	550
Foreign exchange losses (gains)	(66)	310
Decrease (increase) in notes and accounts receivable - trade	(3,734)	(5,976)
Decrease (increase) in inventories	7,982	6,343
Increase (decrease) in notes and accounts payable - trade	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 dividend 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
Cash flows from investing activities:		
Payments into time deposits	(6,030)	(10)
Proceeds from withdrawal of time deposits	3,097	3,015
Purchases of securities	(9,644)	—
Proceeds from sales and redemption of securities	11,390	4,621
Purchases of investment securities	(3,001)	(1)
Proceeds from sales and redemption of investment securities	21,213	5,166
Purchases of investments in unconsolidated subsidiaries and associated companies	(4)	—
Proceeds from sales of investments in unconsolidated subsidiaries and associated companies	25	—
Purchase of property, plant and equipment	(16,019)	(10,279)
Purchase of intangible assets	(2,336)	(1,702)
Payments for loans receivable	(548)	(24)
Collection of loans receivable	542	247
Purchases 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)

RESORTTRUST, INC. Consolidated Financial Results
For the Fiscal Year Ended March 31, 2020

	(Millions of yen)	
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings, net	(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)
Purchases of treasury stock	(0)	(0)
Proceeds from disposals of treasury stock	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)
Increase (decrease) in deposits received from unconsolidated subsidiaries and associated companies, net	(20)	80
Other, net	(1,108)	(1,200)
Net cash provided by (used in) financing activities	(23,198)	(13,364)
Effect of exchange rate changes on cash and cash equivalents	8	(3)
Net increase (decrease) in cash and cash equivalents	(8,573)	(2,518)
Cash and cash equivalents at the beginning of the year	32,469	23,895
Cash and cash equivalents at the end of the year	23,895	21,376

(5) Notes to Consolidated Financial Statements

(Going Concern Assumption)

Not applicable

(Significant Accounting Policies Applied in Preparing Consolidated Financial Statements)

(Significant Changes in Scope of Consolidations)

Senior Life Company Ltd. was included in the scope of consolidation as it became a subsidiary due to the acquisition of its shares by the Group.

(Segment Information, etc.)

[Segment Information]

1 Overview of reportable segments

(1) Identifying reportable segments

Reportable segments of the Group are components of an entity about which separate financial information is available and for which such information is evaluated regularly by the Board of Directors of the Company in deciding how to allocate resources and in assessing performance.

The Group has established the following three reportable segments: the “membership” segment; the “hotel and restaurant” segment; and the “medical” segment.

(2) Products and services of each reportable segment

The “membership” segment is engaged in the sale of hotel memberships, providing finance for purchasers of hotel memberships and construction of membership hotels.

The “hotel and restaurant” segment is engaged in the operations of hotels, restaurants and others, including such as cleaning of hotels, providing services to members (sales in Wonder Net operations, handling of renewal fees and registration fees, sales in the travel division, mail-order sales, handling of commission fees from mutual exploitation of membership hotels), business of non-life insurance agencies, manufacturing and sale of hair accessories and providing services in beauty.

The “medical” segment is engaged in the sale and management of medical memberships, providing finance for purchasers of medical memberships, establishing and managing medical care centers, management consulting, rental service of medical facilities, home care service, development, manufacture and sale of medical device and laboratory equipment, development and support service of healthcare-related system, development, design and sale of remote medical diagnostic system.

2 Methods of measurement for the amounts of net sales, profits, assets, liabilities and other items for each reportable segment

The accounting methods used for each reportable segment are consistent with those applied in preparing consolidated financial statements of the Company. Reportable segment profit represents operating income. Assets, liabilities and other items were omitted since the Company considered there to be no significant need for the disclosure of the financial results.

3 Net sales, profits, assets and other items for each reportable segment

For the fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(Millions of yen)

	Reportable segment				Others (*1)	Total
	Membership	Hotel and Restaurant	Medical	Total		
Net sales:						
Sales to external customers	64,029	80,383	34,478	178,891	651	179,542
Intersegment sales or transfers	56	2,274	246	2,577	779	3,357
Total	64,085	82,657	34,725	181,468	1,430	182,899
Segment profit	19,004	2,624	6,144	27,773	572	28,345

Note *1: "Others" is a business segment that is not included in reportable segments. It includes the businesses of real estate rental and cottage management, etc.

For the fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(Millions of yen)

	Reportable segment				Others (*1)	Total
	Membership	Hotel and Restaurant	Medical	Total		
Net sales:						
Sales to external customers	38,948	80,659	38,867	158,475	670	159,145
Intersegment sales or transfers	32	1,957	389	2,379	1,664	4,043
Total	38,980	82,617	39,256	160,854	2,334	163,189
Segment profit	13,559	92	5,829	19,480	663	20,143

Note *1: "Others" is a business segment that is not included in reportable segments. It includes the businesses of real estate rental and cottage management, etc.

4 Differences between the totals of reportable segments and the same under the consolidated financial statements

(Millions of yen)

Net sales:	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Reportable segments total	181,468	160,854
Others	1,430	2,334
Eliminations	(3,357)	(4,043)
Net sales in the consolidated statements of income	179,542	159,145

(Millions of yen)

Segment profit:	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Reportable segments total	27,773	19,480
Others	572	663
Corporate expenses (*1)	(9,468)	(8,491)
Operating income in the consolidated statements of income	18,877	11,652

Note*1: Corporate expenses mainly consist of general and administrative expenses not attributable to reportable segments.

5 Loss on impairment of non-current assets or certain information on goodwill for each reportable segment

(Significant loss on impairment of non-current assets)

In the Hotel and Restaurant business segment, the Company recognized ¥1,234 million of impairment loss in connection with the closure of its facilities for the fiscal year ended March 31, 2020.

(Significant Changes in the Amount of Goodwill)

In the Medical business segment, the Company recognized goodwill in connection with the fact that Trust Garden, Inc., a subsidiary of the Company, acquired the shares of Senior Life Company Ltd., making Senior Life Company Ltd. its subsidiary.

Increase in the amount of goodwill due to the above event was ¥47 million for the fiscal year ended March 31, 2020.

(Per Share Information)

	(Yen)	
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net assets per share	1,190.63	1,193.69
Net income per share	115.53	66.65
Diluted net income per share	106.42	61.29

Note 1: Basis for calculating net income per share and diluted net income per share are as follows:

(Millions of yen, except number of shares)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net income per share		
Net income attributable to owners of parent	12,358	7,135
Amount not attributable to common shareholders	—	—
Net income attributable to owners of parent related to common stock	12,358	7,135
Average number of shares of common stock outstanding during the year (thousands of shares)	106,971	107,050
Diluted net income per share		
Adjustment on net income attributable to owners of parent	(29)	(29)
Amortization of bond premium etc., net of tax (*1)	[(29)]	[(29)]
Increase in the number of common stock (thousands of shares)	8,884	8,884
Stock acquisition rights (thousands of shares)	[—]	[—]
Convertible bond-type bonds with stock acquisition rights (thousands of shares)	[8,884]	[8,884]
Summary of diluted shares that were not included in the calculation of diluted net income per share due to lack of dilutive effect	The 4th series of stock acquisition rights approved at the Board of Directors meeting held on June 29, 2017. Common stock 1,095,100 shares	The 4th series of stock acquisition rights approved at the Board of Directors meeting held on June 29, 2017. Common stock 1,095,100 shares

Note 2: Basis for calculating net assets per share are as follows:

(Millions of yen, except number of shares)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Total net assets	132,050	132,991
Amount deducted from total net assets	4,619	5,192
Stock acquisition rights	[292]	[313]
Non-controlling interests	[4,326]	[4,878]
Net assets at the end of the fiscal year related to common stock	127,430	127,798
Number of common stock at the end of the year used in the calculation of net assets per share (thousands of shares)	107,027	107,062

Note 1: This is the amount of premium amortization for the fiscal year (after deducting an amount equivalent to tax) resulting from the issuance of the bonds at an amount higher than the face amount.

Note 2: The Company's own share in the trust recorded as treasury shares under shareholders' equity is included in treasury shares to be excluded from the average number of shares during the period used

for calculating net income per share and treasury shares to be excluded from the number of shares outstanding at the end of the fiscal year used for calculating net assets per share. Number of treasury shares excluded from the average number of shares during the period used for calculating net income per share were 1,395,904 for the previous fiscal year, and 1,316,462 for the current fiscal year. Number of treasury shares excluded from the number of shares outstanding at the end of fiscal year used for calculating net assets per share were 1,339,200 for the previous fiscal year, and 1,304,100 for the current fiscal year.

(Significant Subsequent Events)

Not applicable