

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 2 of attached materials.

August 8, 2019

Consolidated Financial Results for the Three-Month Period Ended June 30, 2019 [Japanese GAAP]

Listed company name: Resorttrust, Inc.
 Stock exchange listing: Tokyo Stock Exchange, Nagoya Stock Exchange
 Stock code: 4681
 URL: <https://www.resorttrust.co.jp>
 Representative: Ariyoshi Fushimi, President and COO, & Representative Director
 Contact: Katsuyuki Iuchi, Senior Managing Director in charge of operation division (TEL) +81-52-933-6519 and CCO
 Scheduled date for filing of quarterly securities report: August 9, 2019
 Scheduled date for dividend payment: —
 Supplementary documents for interim financial results: Yes
 Interim financial results briefing: Yes (for institutional investors and securities analysts)
 IR conference call

1. Consolidated Financial Results for the Three-Month Period Ended June 30, 2019 (from April 1, 2019 to June 30, 2019)

(1) Operating Results (cumulative total)

(Millions of yen, rounded down)

(Percentages indicate changes from the corresponding period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
		%		%		%		%
Three-month period ended June 30, 2019	39,258	(1.6)	2,442	14.0	2,557	6.8	1,492	8.1
Three-month period ended June 30, 2018	39,897	18.0	2,143	32.6	2,394	14.2	1,380	20.2

Note: Comprehensive income:

Three-month period ended June 30, 2019: 1,489 million yen (— %)

Three-month period ended June 30, 2018: (764) million yen (— %)

	Net income per share	Diluted net income per share
	Yen	Yen
Three-month period ended June 30, 2019	13.95	12.81
Three-month period ended June 30, 2018	12.92	11.86

(2) Financial Position

(Millions of yen, rounded down)

	Total assets	Net assets	Equity ratio
			%
June 30, 2019	401,095	130,998	31.5
March 31, 2019	401,426	132,050	31.7

Reference: Shareholders' equity: June 30, 2019 126,398 million yen
 March 31, 2019 127,430 million yen

2. Dividends

	Dividends per share (Yen)				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
Fiscal year ended March 31, 2019	—	23.00	—	23.00	46.00
Fiscal year ending March 31, 2020	—				
Fiscal year ending March 31, 2020 (Forecast)		23.00	—	23.00	46.00

Note: Revisions of projected dividends most recently announced: None

3. Consolidated results forecast for the fiscal year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

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

(Percentages indicate changes from the corresponding period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
		%		%		%		%	Yen
For the six-month period ending September 30, 2019	85,800	10.9	8,000	31.7	8,000	22.9	5,000	25.1	46.72
For the fiscal year ending March 31, 2020	171,400	(4.5)	16,000	(15.2)	16,000	(18.1)	10,000	(19.1)	93.43

Note: Revisions of consolidated results forecast most recently announced: None

*** Notes**

(1) Changes in significant subsidiaries during the period : None

(Changes in specified subsidiaries accompanying changes in scope of consolidation)

New subsidiaries: company (Company name)

(2) Application of accounting methods specific to interim consolidated financial statements : None

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

1) Changes in accounting policies in accordance with revision of : None
accounting standards

2) Changes in accounting policies other than item 1) above : None

3) Changes in accounting estimates : None

4) Restatements : None

(4) Number of shares issued (common stock)

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

As of June 30, 2019 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 June 30, 2019 1,485,650 shares

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

3) Average number of shares during the period (cumulative)

As of June 30, 2019 107,030,863 shares

As of June 30, 2018 106,873,841 shares

*** These interim consolidated financial results are outside the scope of interim review procedures 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 4 of the attached materials.

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

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

Attached Materials –Contents

1. Qualitative Information on Financial Results for the Three-Month Period Ended June 30, 2019.....	2
(1) Explanation of Operating Results.....	2
(2) Explanation of Financial Position.....	4
(3) Explanation of Consolidated Results Forecasts.....	4
2. Interim Consolidated Financial Statements and Primary Notes.....	5
(1) Interim Consolidated Balance Sheets.....	5
(2) Interim Consolidated Statements of Income and Comprehensive Income.....	7
(3) Notes to Interim Consolidated Financial Statements.....	10
(Going Concern Assumption).....	10
(Significant Changes in the Amount of Shareholders' Equity).....	10
(Segment Information, etc.).....	10

1. Qualitative Information on Financial Results for the Three-Month Period Ended June 30, 2019

(1) Explanation of Operating Results

(i) Overview of operating results for the three-month period ended June 30, 2019

* “Plan” for the three-month period ended June 30, 2019 is based on the figures announced on May 15, 2019.

(Millions of yen, except percentages)

	Three-month period ended June 30, 2018 (results)	Three-month period ended June 30, 2019 (results)	Three-month period ended June 30, 2019 (plan)	Year-on-year change	Change from plan
Net Sales	39,897	39,258	40,090	(1.6)%	(2.1)%
Operating income	2,143	2,442	2,460	+14.0%	(0.7)%
Ordinary income	2,394	2,557	2,470	+6.8%	+3.6%
Net income attributable to owners of parent	1,380	1,492	1,480	+8.1%	+0.9%

During the three-month period ended June 30, 2019, Japanese economy has recovered gradually through sustained improvements in employment conditions and corporate profits. On the other hand, future of Japanese economy is unclear due to concerns that trade issues may impact on the world economy.

Under this environment, for the three-month period ended June 30, 2019, operating income of hotel for the facilities 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.

As a result, net sales amounted to ¥39,258 million, a year-on-year decrease of 1.6%, operating income was ¥2,442 million, a year-on-year increase of 14.0%, ordinary income was ¥2,557 million, a year-on-year increase of 6.8%, and net income attributable to owners of parent was ¥1,492 million, a year-on-year increase of 8.1%.

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

(ii) Overview of results by segment

【Membership】

(Millions of yen, except percentages)

	Three-month period ended June 30, 2018 (results)	Three-month period ended June 30, 2019 (results)	Three-month period ended June 30, 2019 (plan)	Year-on-year change	Change from plan
Net sales	12,431	10,431	9,540	(16.1)%	+9.3%
Segment profit	2,942	3,278	3,050	+11.4%	+7.5%

In the Membership business, for the three-month period ended June 30, 2018, deferred net sales of hotel membership for newly opened membership hotel were fully realized due to the beginning of operation. In contrast, for the three-month period ended June 30, 2019, there was minus factor such as that no membership hotels were newly opened. On the other hand, sales of hotel memberships mainly for existing properties resulted in positive sales.

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

【Hotel and Restaurant】

(Millions of yen, except percentages)

	Three-month period ended June 30, 2018 (results)	Three-month period ended June 30, 2019 (results)	Three-month period ended June 30, 2019 (plan)	Year-on-year change	Change from plan
Net sales	19,271	19,917	21,350	+3.4%	(6.7)%
Segment profit	305	12	210	(95.8)%	(93.9)%

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 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.

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

【Medical】

(Millions of yen, except percentages)

	Three-month period ended June 30, 2018 (results)	Three-month period ended June 30, 2019 (results)	Three-month period ended June 30, 2019 (plan)	Year-on-year change	Change from plan
Net sales	8,025	8,744	9,050	+9.0%	(3.4)%
Segment profit	1,068	1,206	1,300	+12.9%	(7.2)%

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.

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

【Others】

(Millions of yen, except percentages)

	Three-month period ended June 30, 2018 (results)	Three-month period ended June 30, 2019 (results)	Three-month period ended June 30, 2019 (plan)	Year-on-year change	Change from plan
Net sales	169	164	150	(2.7)%	+9.7%
Segment profit	61	75	70	+22.7%	+8.0%

In the Others business, rental income from office building at R.T. DEVELOPMENT CO., LTD., a consolidated subsidiary of the Company, has decreased due to the decrease in rental properties. On the other hand, fixed assets tax and depreciation costs, etc. have decreased.

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

(2) Explanation of Financial Position

(i) Analysis of assets, liabilities and net assets

(Assets)

Total assets as of June 30, 2019 were ¥401,095 million, a 0.1% decrease from the end of the previous fiscal year. This was primarily due to increase of ¥2,291 million in cash and deposits and decreases of ¥2,958 million in real estate for sale and ¥602 million in investment securities respectively compared with the end of the previous fiscal year.

(Liabilities)

Total liabilities as of June 30, 2019 were ¥270,096 million, a 0.3% increase from the end of the previous fiscal year. This was primarily due to decrease of ¥9,564 million in accounts payable-other and increase of ¥9,492 million in short-term borrowings compared with the end of the previous fiscal year.

(Net assets)

Total net assets as of June 30, 2019 were ¥130,998 million, a 0.8% decrease from the end of the previous fiscal year. This was primarily due to decrease of ¥999 million in retained earnings compared with the end of the previous fiscal year.

As a result, the Group achieved equity ratio of 31.5% as of June 30, 2019.

(3) Explanation of Consolidated Results Forecasts

The Company has not made any revisions to its consolidated forecasts for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020) announced on May 15, 2019.

Consolidated results forecast for the fiscal year ending March 31, 2020 (from April 1, 2019 to March 31, 2020) is as follows.

(Millions of yen, except percentages)

	For the fiscal year ended March 31, 2019 (results)	For the fiscal year ending March 31, 2020 (plan)	Change
Net sales	179,542	171,400	(4.5)%
Operating income	18,877	16,000	(15.2)%
Ordinary income	19,528	16,000	(18.1)%
Net income attributable to owners of parent	12,358	10,000	(19.1)%

As for the forecast of consolidated financial results for the fiscal year ending March 31, 2020, Laguna Baycourt Club, opened in March 2019, is expected to be in operation for the full fiscal year. In addition, annual membership fees are expected to increase along with the increase in number of members of Grand HIMEDIC Club, a comprehensive medical support club of the Group, while enhancing the capacity of senior residence facilities used for operation such as Trust Garden Ogikubo opened in August 2019, and expansion of medical checkup business and article sales business including cosmetics and supplements sales are projected. On the other hand, upfront investments such as initial expenses to open new hotels are expected due to new open of Hotel Trusty Premier Nihonbashi Hamacho, scheduled to be opened in September 2019, and Hotel Trusty Premier Kumamoto, scheduled to be opened in October 2019, respectively. Moreover, for the fiscal year ended March 31, 2019, deferred net sales of hotel membership for newly opened membership hotels were fully realized due to the beginning of operation. In contrast, for the fiscal year ending March 31, 2020, no membership hotels are scheduled to be newly opened.

As a result, the Group's current forecast of consolidated financial results for the fiscal year ending March 31, 2020 is as follows. Net sales are expected to amount to ¥171,400 million, a year-on-year decrease of 4.5%, operating income is expected to be ¥16,000 million, a year-on-year decrease of 15.2%, ordinary income is expected to be ¥16,000 million, a year-on-year decrease of 18.1%, and net income attributable to owners of parent is expected to be ¥10,000 million, a year-on-year decrease of 19.1%.

Projected total annual dividends per share of ¥46 (forecast) remains unchanged.

2. Interim Consolidated Financial Statements and Primary Notes

(1) Interim Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2019	As of June 30, 2019
Assets		
Current assets		
Cash and deposits	26,742	29,033
Notes and accounts receivable - trade	8,891	8,421
Operating loans	46,623	47,626
Securities	4,647	4,224
Merchandise	1,082	1,077
Real estate for sale	30,049	27,091
Raw materials and supplies	1,429	1,432
Real estate for sale under construction	11,845	12,035
Other	5,380	6,845
Allowance for doubtful accounts	(937)	(1,020)
Total current assets	135,754	136,768
Non-current assets		
Property and equipment		
Buildings and structures, net	101,777	101,697
Machinery, equipment and vehicles, net	2,889	2,780
Golf courses	7,591	7,591
Land	38,649	38,759
Leased assets, net	6,227	6,055
Construction in progress	17,920	18,123
Other, net	4,945	4,558
Total property and equipment	180,001	179,566
Intangible assets		
Goodwill	3,637	3,490
Software	4,534	5,084
Other	3,634	2,990
Total intangible assets	11,806	11,566
Investments and other assets		
Investment securities	43,599	42,997
Investments in unconsolidated subsidiaries and associated companies	1,313	1,319
Long-term loans	6,120	6,065
Employees' retirement benefit asset	725	692
Deferred tax assets	8,234	7,878
Other	14,624	14,879
Allowance for doubtful accounts	(755)	(638)
Total investments and other assets	73,862	73,194
Total non-current assets	265,671	264,326
Total assets	401,426	401,095

	(Millions of yen)	
	As of March 31, 2019	As of June 30, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,471	1,241
Short-term borrowings	5,000	14,492
Current portion of long-term borrowings	1,839	1,814
Current portion of bonds	250	250
Lease obligations	875	874
Accounts payable - other	22,389	12,825
Income taxes payable	3,608	564
Accrued consumption taxes	997	1,584
Advances received	12,209	13,857
Unearned revenue	14,327	16,912
Allowance for loss on guarantees	63	52
Other	7,731	11,542
Total current liabilities	70,764	76,011
Non-current liabilities		
Bonds	450	450
Bonds with stock acquisition rights	29,813	29,802
Long-term borrowings	39,123	38,713
Lease obligations	5,806	5,621
Deferred tax liabilities	638	696
Accrued severance indemnities for directors	2,133	2,020
Provision for shares benefit	1,697	1,762
Employees' retirement benefit liability	1,959	2,005
Long-term guarantee deposits received	32,757	32,507
Amortizable long-term guarantee deposits received	68,838	65,175
Other	15,392	15,330
Total non-current liabilities	198,611	194,084
Total liabilities	269,375	270,096
Net assets		
Shareholders' equity		
Common stock	19,590	19,590
Capital surplus	22,192	22,192
Retained earnings	86,144	85,144
Treasury stock	(1,852)	(1,844)
Total shareholders' equity	126,074	125,082
Accumulated other comprehensive income		
Net unrealized gain on available-for-sale securities	821	447
Foreign currency translation adjustments	858	1,169
Retirement benefit adjustment	(323)	(299)
Total accumulated other comprehensive income	1,355	1,316
Stock acquisition rights	292	308
Non-controlling interests	4,326	4,291
Total net assets	132,050	130,998
Total liabilities and net assets	401,426	401,095

(2) Interim Consolidated Statements of Income and Comprehensive Income
Interim Consolidated Statements of Income

	(Millions of yen)	
	Three-month period ended June 30, 2018	Three-month period ended June 30, 2019
Net sales	39,897	39,258
Cost of sales	8,278	6,165
Gross profit	31,619	33,093
Selling, general, and administrative expenses		
Salaries and bonuses	11,233	11,648
Provision for accrued severance indemnities for directors and corporate auditors	131	18
Repair and maintenance	836	1,053
Provision of allowance for doubtful accounts	65	85
Utilities expenses	1,225	1,370
Depreciation	2,025	2,306
Other	13,959	14,168
Total selling, general, and administrative expenses	29,476	30,650
Operating income	2,143	2,442
Non-operating income		
Interest income	450	328
Dividend income	3	2
Amortization of negative goodwill	30	—
Share of profit of entities accounted for using equity method	5	5
Foreign exchange gains	11	—
Reversal of allowance for doubtful accounts	54	118
Reversal of allowance for loss on guarantees	—	11
Other	61	42
Total non-operating income	617	509
Non-operating expenses		
Interest expense	164	111
Provision for loss on guarantees	44	—
Guarantee charge of unearned revenue	7	5
Nondeductible consumption taxes	124	142
Foreign exchange losses	—	110
Other	24	24
Total non-operating expenses	365	393
Ordinary income	2,394	2,557

(Millions of yen)

	Three-month period ended June 30, 2018	Three-month period ended June 30, 2019
Extraordinary income		
Gain on sales of non-current assets	63	—
Gain on sales of investment securities	311	2
Gain on sales of shares of subsidiaries and associates	4	—
Other	6	—
Total extraordinary income	385	2
Extraordinary losses		
Loss on retirement of non-current assets	2	1
Impairment loss	104	—
Loss on sales of investment securities	302	—
Severance indemnities for directors	40	30
Other	23	0
Total extraordinary losses	473	32
Income before income taxes	2,307	2,528
Income taxes - current	413	430
Income taxes - deferred	431	568
Total income taxes	845	999
Net Income	1,461	1,528
Net income attributable to non-controlling interests	80	35
Net income attributable to owners of parent	1,380	1,492

Interim Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	Three-month period ended June 30, 2018	Three-month period ended June 30, 2019
Net income	1,461	1,528
Other comprehensive income:		
Net changes in unrealized gain on available-for-sale securities	(132)	(373)
Foreign currency translation adjustments	(2,092)	310
Retirement benefit adjustment	(1)	23
Total other comprehensive income	(2,225)	(39)
Comprehensive income	(764)	1,489
(Breakdown)		
Comprehensive income attributable to owners of the parent	(845)	1,453
Comprehensive income attributable to non-controlling interests	80	35

(3) Notes to Interim Consolidated Financial Statements

(Going Concern Assumption)

Not applicable.

(Significant Changes in the Amount of Shareholders' Equity)

Not applicable.

(Segment Information, etc.)

[Segment Information]

I For the three-month period ended June 30, 2018 (from April 1, 2018 to June 30, 2018)

1. Net Sales and Income by the Reportable Segments

(Millions of yen)

	Reportable Segment				Others (*1)	Total
	Membership	Hotel and Restaurant	Medical	Total		
Net sales:						
Sales to external customers	12,431	19,271	8,025	39,728	169	39,897
Intersegment sales or transfers	2	642	32	677	189	866
Total	12,433	19,914	8,057	40,405	358	40,764
Segment profit	2,942	305	1,068	4,316	61	4,377

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.

2. Differences between the totals of reportable segments and the same under the interim consolidated financial statements

(Millions of yen)

Segment profit:	Amount
Reportable segment total	4,316
Others	61
Corporate expenses (*1)	(2,234)
Operating income in the interim consolidated statements of income	2,143

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

3. 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 ¥104 million of impairment loss in connection with the closure of its facilities for the three-month period ended June 30, 2018.

II For the three-month period ended June 30, 2019 (from April 1, 2019 to June 30, 2019)

1. Net Sales and Income by the Reportable Segments

(Millions of yen)

	Reportable Segment				Others (*1)	Total
	Membership	Hotel and Restaurant	Medical	Total		
Net sales:						
Sales to external customers	10,431	19,917	8,744	39,093	164	39,258
Intersegment sales or transfers	10	516	60	587	363	950
Total	10,442	20,434	8,805	39,681	527	40,209
Segment profit	3,278	12	1,206	4,497	75	4,573

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.

2. Differences between the totals of reportable segments and the same under the interim consolidated financial statements

(Millions of yen)

Segment profit:	Amount
Reportable segment total	4,497
Others	75
Corporate expenses (*1)	(2,130)
Operating income in the interim consolidated statements of income	2,442

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