

RESORTTRUST FINANCIAL DATA

CONSOLIDATED FINANCIAL SUMMARY

2Q FY 2023 (from April 1, 2023 to September 30, 2023)

ご一緒に、いい人生



RESORTTRUST
GROUP

(securities code: 4681)

CONSOLIDATED FINANCIAL SUMMARY

For the Second Quarter Ended Sept. 30, 2021,2022 and 2023

(Millions of yen)

	2Q			Fiscal Year	
	Apr.-Sept. 2021	Apr.-Sept. 2022	Apr.-Sept. 2023	2023/3 Result	2024/3 Targets(As of Nov.)
Net sales	76,430	84,016	89,428	169,830	202,000
Operating income	5,132	7,161	7,776	12,270	21,000
Ordinary income	6,810	7,442	7,969	13,247	21,200
Net income (interim)	5,408	12,144	6,084	16,906	15,000
Net assets	107,090	121,947	127,491	123,889	
Assets	399,885	420,144	451,935	439,999	
Net income per share (yen) (Primary)	50.68	114.30	57.18	158.97	
Net income per share (yen) (Fully Diluted)	46.66	-	-	-	
Equity ratio (%)	25.5	27.6	26.9	26.8	
Return on assets (%)	-	-	-	3.18%	
Return on equity (%)	-	-	-	15.42%	
Net cash provided by (used in) operating activities	(1,073)	1,319	11,929	24,285	
Net cash provided by (used in) investment activities	3,325	14,645	(1,837)	6,314	
Net cash provided by (used in) financing activities	(20,703)	(15,634)	(12,280)	(30,995)	
Cash and cash equivalents	34,362	29,686	26,752	28,926	

Business Results

Overview of 2Q The Fiscal Year 2023(Ending March 31, 2024)

1. Summary of Business Results

	2Q FY2022 Results	2Q FY2023		Year-on-Year Change	Results vs. Targets
		Results	Targets(As of Jul.)		
Net sales	84,016	89,428	89,000	+6.4%	+0.5%
Operating income	7,161	7,776	6,500	+8.6%	+19.6%
Ordinary income	7,442	7,969	6,500	+7.1%	+22.6%
Net income	12,144	6,084	5,200	(49.9%)	+17.0%
Evaluated Operating Income	11,824	13,451	11,700	+13.8%	+15.0%

In the same period of the previous fiscal year, sales of hotel memberships mainly for SANCTUARY COURT BIWAKO, which began sales in March 2022, were strong in Membership Operations. In the current fiscal year, with the addition of the strong sales of SANCTUARY COURT NIKKO, which began sales in October 2022, the number of contracts concluded exceeded that of the previous fiscal year. In addition, in Hotel and Restaurant Operations, occupancy rates of membership resort hotels in the urban areas, which had been slow to bounce back, improved; in Medical Operations, sales of medical memberships remained strong, exceeding previous fiscal year levels, and an increase in income fees in line with the increased number of memberships, etc., contributed to revenue; while the occupancy rates of senior residences, which had been an issue, also began to rise. As a result, the Group as a whole recorded higher sales and higher income in ordinary income items; however, given the recording of extraordinary income (approximately 9.0 billion yen) resulting from the sale of non-membership hotels in the same period of the previous fiscal year, net income attributable to owners of the parent decreased. Furthermore, evaluated operating income, an indicator of real performance, after deducting the effects of deferral of revenue from real estate sales and other factors, improved significantly thanks to the strong sales of hotel memberships.

※The plan is based on the earnings forecast as of July 14, 2023. It should be noted that the Company, effective today, made a further upward revision of its earnings forecast.

Compared to the plan, mainly in Membership Operations, pre-opening hotel membership sales were strong, and although real estate sales are deferred until the opening of the hotel, sales volume of membership was significantly higher than the plan. In Hotel and Restaurant Operations, utility costs and labor costs did not increase as much as expected, and some expenses, such as repairs, should be scheduled to run in the second half of the year. As a result of these and other factors, both net sales and income were higher than targets.

(Reference) Evaluated Operating Income

In the pre-opening hotel membership sales, accounting figures for the real estate cost of the membership fee is deferred until the opening of the hotel as the revenue is realized in a lump sum at the time of opening. Evaluated operating income represents income assuming that such income to be deferred had been recorded during the current fiscal year. In addition, it is used as a management indicator of real performance during the current fiscal year, taking into account the effect of Accounting Standard for Revenue Recognition for medical memberships, etc.

During the six-month period ended September 30, 2023, the Japanese economy witnessed companies being required to address such issues as rising prices, wage hikes, and manpower shortages, amid the impact of the steep rise in resource prices, the cost of living, and labor costs on personal consumption and corporate activities. Under these circumstances, the Company Group's business performance has been characterized by strong sales of hotel and medical memberships continuing from the previous fiscal year. The Group has been taking measures against the risk of inflation by raising the prices of certain memberships in June, in addition to the effects of the price hikes implemented in the previous fiscal year in Hotel and Restaurant Operations. Meanwhile, due to factors including the recording of an extraordinary income of approximately 9.0 billion yen from the sale of non-membership hotels in the same period of the previous fiscal year, net sales were 89,428 million yen (up 6.4% year-on-year), operating income was 7,776 million yen (up 8.6%), ordinary income was 7,969 million yen (up 7.1%), and net income attributable to owners of the parent was 6,084 million yen (down 49.9%).

2. Summary of Business Segments

【Membership Operations】

(Millions of Yen)

	2Q FY2022 Results	2Q FY2023 Results	Year-on-Year Change
Net sales	17,953	18,621	+3.7%
Operating income	5,542	4,943	(10.8%)

Membership Operation Segment recorded higher sales and lower income, despite the strong sales of memberships for SANCTUARY COURT BIWAKO, which began sales in March 2022, and SANCTUARY COURT NIKKO, which was launched in October 2022. This was due to the deferral of net sales and cost of real estate until the hotels' opening and a rise in costs including outsourcing fees for the introduction of potential membership customers as well as personnel expenses including across-the-board pay increases for the sales staff. The Group has been addressing these cost increases by raising the prices of certain memberships since June.

【Hotel and Restaurant Operations】

(Millions of Yen)

	2Q FY2022 Results	2Q FY2023 Results	Year-on-Year Change
Net sales	43,748	47,447	+8.5%
Operating income	3,075	4,444	+44.5%

Hotel and Restaurant Operation Segment recorded higher sales and higher income due to decreased costs due to the absence of preparation costs, which were incurred for the sale of some hotels in the previous fiscal year, as well as the price hikes since November 2022. Furthermore, thanks to the recovery in the occupancy rates of urban resorts such as Tokyo Baycourt Club, which had been slow to bounce back, the Group was able to absorb the increased costs associated with the implementation of personnel measures such as the across-the-board pay increases and abolishing long breaks during the shifts of employees.

【Medical Operations】

(Millions of Yen)

	2Q FY2022 Results	2Q FY2023 Results	Year-on-Year Change
Net sales	21,939	23,003	+4.9%
Operating income	3,037	3,615	+19.0%

Medical Operation Segment recorded higher sales and higher income, as membership sales of Grand HIMEDIC Club, a comprehensive medical support club, were steady, resulting in the increase in annual fees, etc., in line with the increased number of membership holders. The recovery in the occupancy rates of senior residences was also a contributing factor.

【Others】

(Millions of Yen)

	2Q FY2022 Results	2Q FY2023 Results	Year-on-Year Change
Net sales	374	355	(5.2%)
Operating income	321	330	+2.7%

Others cover business segments that are not part of reportable segments and include real estate businesses.

3. Outlook for the Fiscal Year 2023(Ending March 31, 2024)

•Financial results forecast has been revised as of today (November 10, 2023).

•Full-year consolidated financial results forecast announced today is as follows.

(Millions of Yen)

	FY2022 (Results)	FY 2023 Targets (As of Nov.)	Year-on-year Change	FY 2023 Targets (As of Jul.)
Net sales	169,830	202,000	+18.9%	201,000
Operating income	12,270	21,000	+71.1%	19,000
Ordinary income	13,247	21,200	+60.0%	19,000
Net income	16,906	15,000	(11.3%)	14,000
Evaluated Operating Income	22,358	22,300	(0.26%)	19,380

The Resorttrust Group announced the outline of the new Medium-term Management Plan for the five-year period from April 2023 to March 2028. For the next five years, in addition to firmly “connecting,” each operation, which has been cultivated to date, through horizontal collaboration, which was the concept of the previous medium-term management plan, we will create an axis of sustainability in each operation to aim at achieving both social value and economic value, based on which we will pursue “stakeholder wellbeing” together with our members and employees to achieve a stronger Group brand as well as aim to become a Group which has close membership ties that last for a lifetime.

Under these circumstances, for the FY2023 forecast, with the opening of the membership resort hotel SANCTUARY COURT TAKAYAMA in March 2024, the revenue from real estate sales previously deferred will be recorded in a lump sum, and operating revenues primarily from hotel, golf, medical and senior-life will expand, leading to the creation of new value, and expanding human capital investments that continuously raise wages will create a virtuous cycle aimed at further improvement of productivity and creativity. As a result, we expect the Group as a whole to report net sales of 202,000 million yen (up 18.9% year-on-year), operating income of 21,000 million yen (up 71.1% year-on-year), and ordinary income of 21,200 million yen (up 60.0% year-on-year). The Company expects an increase in both sales and income, with net sales and operating income reaching record highs. Meanwhile, we expect a decrease in income by reporting a net income attributable to the owners of the parent of 15,000 million yen (down 11.3% year-on-year) due mainly to the absence of the extraordinary income resulting from the sale of non-membership hotels. It should be noted that the Company, effective today, made an upward revision of its earnings forecast due to strong membership sales and an increase in operating revenues from Hotel and Medical Operations, etc.

In addition, the Company has revised its year-end dividend forecast upward. The interim dividend is expected to be 25 yen (including a commemorative dividend of 2 yen), and the year-end dividend is expected to be 29 yen (including a commemorative dividend of 2 yen).

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY 2022 (as of Mar. 31, 2023)	2Q FY 2023 (as of Sept. 30, 2023)
Assets		
Current assets		
Cash and deposits	28,467	26,265
Notes and accounts receivable - trade, and contract assets	11,632	10,817
Accounts receivable - installment	61,585	73,180
Operating loans	32,291	27,044
Securities	10,817	8,746
Merchandise	1,038	1,114
Real estate for sale	4,914	3,504
Raw materials and supplies	1,485	1,698
Real estate for sale in process	26,139	31,364
Investments in leases	4,162	3,872
Other	6,411	8,327
Allowance for doubtful accounts	(982)	(980)
Total current assets	187,964	194,955
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	96,829	97,191
Machinery, equipment and vehicles, net	1,735	1,827
Golf courses	7,635	7,635
Land	43,702	44,607
Leased assets, net	1,928	1,818
Right-of-use assets	10,985	11,903
Construction in progress	10,388	13,406
Other, net	2,927	2,792
Total property, plant and equipment	176,133	181,183
Intangible assets		
Goodwill	1,265	1,053
Software	3,015	2,515
Other	1,876	2,203
Total intangible assets	6,157	5,772
Investments and other assets		
Investment securities	22,915	23,244
Shares of subsidiaries and associates	1,328	1,335
Long-term loans receivable	4,810	4,692
Retirement benefit asset	418	403
Deferred tax assets	19,345	18,944
Other	21,343	21,826
Allowance for doubtful accounts	(417)	(424)
Total investments and other assets	69,744	70,023
Total non-current assets	252,035	256,979
Total assets	439,999	451,935

(Millions of yen)

	FY 2022 (as of Mar. 31, 2023)	2Q FY 2023 (as of Sept. 30, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,738	1,515
Short-term loans payable	1,308	1,181
Current portion of long-term borrowings	11,300	16,208
Lease obligations	1,470	1,477
Accounts payable - other	11,403	9,495
Income taxes payable	4,723	3,658
Accrued consumption taxes	2,245	1,567
Advances received	95,402	114,924
Unearned revenue	15,020	12,348
Provision for loss on guarantees	35	31
Provision for point card certificates	511	508
Other	11,535	11,113
Total current liabilities	156,695	174,032
Non-current liabilities		
Long-term borrowings	13,487	2,431
Lease obligations	20,985	21,345
Deferred tax liabilities	322	308
Provision for stocks payment	547	709
Retirement benefit liability	3,007	3,144
Long-term guarantee deposits	29,813	29,620
Amortizable long-term guarantee deposits received	86,073	87,688
Other	5,178	5,163
Total non-current liabilities	159,414	150,411
Total liabilities	316,110	324,443
Net assets		
Shareholders' equity		
Share capital	19,590	19,590
Capital surplus	21,574	21,372
Retained earnings	73,662	77,055
Treasury shares	(3,064)	(5,115)
Total shareholders' equity	111,762	112,902
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,813	3,826
Foreign currency translation adjustment	2,976	4,343
Remeasurements of defined benefit plans	322	301
Total accumulated other comprehensive income	6,112	8,471
Non-controlling interests	6,014	6,117
Total net assets	123,889	127,491
Total liabilities and net assets	439,999	451,935

(2) Consolidated Statements of Income and Comprehensive Income

[Consolidated Statements of Income]

(Millions of yen)

	2Q FY 2022 (Apr. 1, 2022 - Sept.30, 2022)	2Q FY 2023 (Apr. 1, 2023 - Sept.30, 2023)
Net sales	84,016	89,428
Cost of sales	9,588	9,044
Gross profit	74,427	80,383
Selling, general and administrative expenses		
Salaries and bonuses	26,473	28,860
Repair and maintenance expenses	1,889	2,388
Provision of allowance for doubtful accounts	101	3
Utilities expenses	3,862	3,847
Depreciation	4,248	4,011
Other	30,690	33,494
Total selling, general and administrative expenses	67,265	72,606
Operating profit (loss)	7,161	7,776
Non-operating income		
Interest income	519	421
Dividend income	35	47
Share of profit of entities accounted for using equity method	7	2
Reversal of allowance for doubtful accounts	61	34
Reversal of provision for loss on guarantees	5	3
Foreign exchange gains	4	1
Subsidy income	91	65
Other	169	132
Total non-operating income	895	709
Non-operating expenses		
Interest expenses paid on loans and bonds	135	136
Commission for syndicated loans	-	29
Nondeductible consumption tax	248	176
Other	230	174
Total non-operating expenses	614	516
Ordinary profit (loss)	7,442	7,969

[Consolidated Statements of Income]

(Millions of yen)

	2Q FY 2022 (Apr. 1, 2022 - Sept.30, 2022)	2Q FY 2023 (Apr. 1, 2023 - Sept.30, 2023)
Extraordinary income		
Gain on sales of non-current assets	9,041	1
Gain on sales of investment securities	8	-
Gain on redemption of securities	-	1,478
Gain on reversal of share acquisition rights	313	-
Total extraordinary income	9,363	1,480
Extraordinary losses		
Loss on retirement of non-current assets	309	23
Loss on valuation of investment securities	68	-
Other	0	0
Total extraordinary losses	379	23
Profit (loss) before income taxes	16,426	9,426
Income taxes - current	4,895	3,265
Income taxes - deferred	(740)	(50)
Total income taxes	4,155	3,214
Profit (loss)	12,271	6,212
Profit (loss) attributable to non-controlling interests	127	128
Profit (loss) attributable to owners of parent	12,144	6,084

[Consolidated Statements of Comprehensive Income]

(Millions of yen)

	2Q FY 2022 (Apr. 1, 2022 - Sept.30, 2022)	2Q FY 2023 (Apr. 1, 2023 - Sept.30, 2023)
Profit (loss)	12,271	6,212
Other comprehensive income		
Valuation difference on available-for-sale securities	1,593	1,013
Foreign currency translation adjustment	2,434	1,367
Remeasurements of defined benefit plans, net of tax	(18)	(21)
Total other comprehensive income	4,009	2,359
Comprehensive income	16,280	8,571
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	16,153	8,443
Comprehensive income attributable to non-controlling interests	127	128

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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