

RESORTTRUST FINANCIAL DATA

CONSOLIDATED FINANCIAL SUMMARY

1Q FY 2023 (from April 1, 2023 to June 30, 2023)

ご一緒にします、いい人生



RESORTTRUST
GROUP

(securities code: 4681)

CONSOLIDATED FINANCIAL SUMMARY

For the First Quarter Ended June 30, 2021,2022 and 2023

(Millions of yen)

	1Q			Fiscal Year	
	Apr.-Jun. 2021	Apr.-Jun. 2022	Apr.-Jun. 2023	2023/3 Result	2024/3 Revision Targets
Net sales	37,319	40,224	42,994	169,830	201,000
Operating income	920	2,510	3,250	12,270	19,000
Ordinary income	1,498	2,578	3,427	13,247	19,000
Net income (interim)	1,905	7,426	3,042	16,906	14,000
Net assets	105,378	114,145	124,549	123,889	
Assets	407,308	410,835	443,118	439,999	
Net income per share (yen) (Primary)	17.80	69.95	28.58	158.97	
Net income per share (yen) (Fully Diluted)	16.37	-	-	-	
Equity ratio (%)	24.6	26.5	26.8	26.8	
Return on assets (%)	-	-	-	3.18%	
Return on equity (%)	-	-	-	15.42%	
Net cash provided by (used in) operating activities	(3,620)	786	2,656	24,285	
Net cash provided by (used in) investment activities	(5,664)	14,066	2,095	6,314	
Net cash provided by (used in) financing activities	(1,415)	(12,589)	(6,275)	(30,995)	
Cash and cash equivalents	42,101	31,511	27,402	28,926	

Business Results

Overview of 1Q The Fiscal Year 2023(Ending March 31, 2024)

1. Summary of Business Results

	(Millions of Yen)		
	1Q FY2022 (Results)	1Q FY2023 (Results)	Year-on-Year Change
Net sales	40,224	42,994	+6.9%
Operating income	2,510	3,250	+29.5%
Ordinary income	2,578	3,427	+32.9%
Net income	7,426	3,042	(59.0%)
Evaluated Operating Income	4,972	6,074	+22.2%

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 8.0 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.

(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 three-month period ended June 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 8.0 billion yen from the sale of non-membership hotels in the same period of the previous fiscal year, net sales were 42,994 million yen (up 6.9% year-on-year), operating income was 3,250 million yen (up 29.5%), ordinary income was 3,427 million yen (up 32.9%), and net income attributable to owners of the parent was 3,042 million yen (down 59.0%).

2. Summary of Business Segments

【Membership Operations】

(Millions of Yen)

	1Q FY2022 (Results)	1Q FY2023 (Results)	Year-on-Year Change
Net sales	9,112	9,232	+1.3%
Operating income	2,967	2,399	(19.2%)

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)

	1Q FY2022 (Results)	1Q FY2023 (Results)	Year-on-Year Change
Net sales	20,086	22,224	+10.6%
Operating income	400	1,363	+240.5%

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)

	1Q FY2022 (Results)	1Q FY2023 (Results)	Year-on-Year Change
Net sales	10,846	11,362	+4.8%
Operating income	1,446	1,523	+5.3%

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)

	1Q FY2022 (Results)	1Q FY2023 (Results)	Year-on-Year Change
Net sales	180	174	(3.4%)
Operating income	121	101	(16.1%)

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)

(Millions of Yen)

	FY2022 (Results)	FY 2023 (Revision Targets)	Year-on-year Change
Net sales	169,830	201,000	+18.4%
Operating income	12,270	19,000	+54.8%
Ordinary income	13,247	19,000	+43.4%
Net income	16,906	14,000	(17.2%)

Evaluated Operating Income	22,358	19,380	(13.3%)
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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 201,000 million yen (up 18.4% year-on-year), operating income of 19,000 million yen (up 54.8% year-on-year), and ordinary income of 19,000 million yen (up 43.4% 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 14,000 million yen (down 17.2% 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 July 14, 2023, made an upward revision of its earnings forecast, as it expects to report a gain on redemption of securities, among others, under extraordinary income.

The Company expects to increase its annual dividend to 50 yen (forecast), an increase of 5 yen from the same period of the previous fiscal year, by adding a 50th anniversary commemorative dividend of 4 yen to its annual dividend of 46 yen, which will be a record high dividend amount (breakdown of expected annual dividend: interim dividend of 23 yen + commemorative dividend of 2 yen, year-end dividend of 23 yen + commemorative dividend of 2 yen).

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY 2022 (as of Mar. 31, 2023)	1Q FY 2023 (as of Jun. 30, 2023)
Assets		
Current assets		
Cash and deposits	28,467	26,913
Notes and accounts receivable - trade, and contract assets	11,632	9,585
Accounts receivable - installment	61,585	68,263
Operating loans	32,291	29,531
Securities	10,817	9,204
Merchandise	1,038	1,138
Real estate for sale	4,914	4,650
Raw materials and supplies	1,485	1,634
Real estate for sale in process	26,139	31,167
Investments in leases	4,162	4,016
Other	6,411	8,539
Allowance for doubtful accounts	(982)	(1,007)
Total current assets	187,964	193,639
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	96,829	95,889
Machinery, equipment and vehicles, net	1,735	1,813
Golf courses	7,635	7,635
Land	43,702	43,746
Leased assets, net	1,928	1,870
Right-of-use assets	10,985	11,009
Construction in progress	10,388	11,833
Other, net	2,927	2,870
Total property, plant and equipment	176,133	176,670
Intangible assets		
Goodwill	1,265	1,159
Software	3,015	2,797
Other	1,876	2,120
Total intangible assets	6,157	6,077
Investments and other assets		
Investment securities	22,915	21,238
Shares of subsidiaries and associates	1,328	1,331
Long-term loans receivable	4,810	4,728
Retirement benefit asset	418	400
Deferred tax assets	19,345	18,097
Other	21,343	21,359
Allowance for doubtful accounts	(417)	(425)
Total investments and other assets	69,744	66,730
Total non-current assets	252,035	249,478
Total assets	439,999	443,118

(Millions of yen)

	FY 2022 (as of Mar. 31, 2023)	1Q FY 2023 (as of Jun. 30, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,738	1,459
Short-term loans payable	1,308	1,290
Current portion of long-term borrowings	11,300	19,151
Lease obligations	1,470	1,458
Accounts payable - other	11,403	8,856
Income taxes payable	4,723	775
Accrued consumption taxes	2,245	2,191
Advances received	95,402	106,378
Unearned revenue	15,020	16,375
Provision for loss on guarantees	35	33
Provision for point card certificates	511	527
Other	11,535	13,373
Total current liabilities	156,695	171,872
Non-current liabilities		
Long-term borrowings	13,487	2,560
Lease obligations	20,985	20,848
Deferred tax liabilities	322	372
Provision for stocks payment	547	763
Retirement benefit liability	3,007	3,070
Long-term guarantee deposits	29,813	29,635
Amortizable long-term guarantee deposits received	86,073	84,257
Other	5,178	5,188
Total non-current liabilities	159,414	146,696
Total liabilities	316,110	318,569
Net assets		
Shareholders' equity		
Share capital	19,590	19,590
Capital surplus	21,574	21,695
Retained earnings	73,662	74,013
Treasury shares	(3,064)	(3,056)
Total shareholders' equity	111,762	112,243
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,813	3,019
Foreign currency translation adjustment	2,976	2,976
Remeasurements of defined benefit plans	322	312
Total accumulated other comprehensive income	6,112	6,308
Non-controlling interests	6,014	5,996
Total net assets	123,889	124,549
Total liabilities and net assets	439,999	443,118

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

(Millions of yen)

	1Q FY 2022 (Apr. 1, 2022 - Jun. 30, 2022)	1Q FY 2023 (Apr. 1, 2023 - Jun. 30, 2023)
Net sales	40,224	42,994
Cost of sales	4,313	4,630
Gross profit	35,911	38,364
Selling, general and administrative expenses		
Salaries and bonuses	13,011	13,539
Repair and maintenance expenses	921	1,091
Provision of allowance for doubtful accounts	116	27
Utilities expenses	1,670	1,780
Depreciation	2,126	1,979
Other	15,554	16,696
Total selling, general and administrative expenses	33,401	35,114
Operating profit (loss)	2,510	3,250
Non-operating income		
Interest income	254	243
Dividend income	1	4
Equity Gains of Affiliated Companies	5	3
Reversal of allowance for doubtful accounts	52	31
Reversal of provision for loss on guarantees	0	1
Foreign exchange gain	2	0
Subsidy income	65	52
Other	35	105
Total non-operating income	419	443
Non-operating expenses		
Interest expenses paid on loans and bonds	64	67
Syndicate loan fees	—	14
Nondeductible consumption tax	191	118
Other	94	65
Total non-operating expenses	351	266
Ordinary profit (loss)	2,578	3,427

[Consolidated Statements of Income]

(Millions of yen)

	1Q FY 2022 (Apr. 1, 2022 - Jun. 30, 2022)	1Q FY 2023 (Apr. 1, 2023 - Jun. 30, 2023)
Extraordinary income		
Gain on sales of non-current assets	8,001	—
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	8,323	1,478
Extraordinary losses		
Loss on retirement of non-current assets	11	1
Loss on valuation of investment securities	63	—
Other	0	—
Total extraordinary losses	74	1
Profit (loss) before income taxes	10,827	4,904
Income taxes - current	2,419	579
Income taxes - deferred	927	1,211
Total income taxes	3,346	1,790
Profit (loss)	7,481	3,113
Profit (loss) attributable to non-controlling interests	54	71
Profit (loss) attributable to owners of parent	7,426	3,042

[Consolidated Statements of Comprehensive Income]

(Millions of yen)

	1QFY 2022 (Apr. 1, 2022 - Jun. 30, 2022)	1QFY 2023 (Apr. 1, 2023 - Jun. 30, 2023)
Profit (loss)	7,481	3,113
Other comprehensive income		
Valuation difference on available-for-sale securities	1,014	206
Foreign currency translation adjustment	723	0
Remeasurements of defined benefit plans, net of tax	(9)	(10)
Total other comprehensive income	1,729	196
Comprehensive income	9,210	3,310
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,155	3,238
Comprehensive income attributable to non-controlling interests	54	71

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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