

RESORTTRUST FINANCIAL DATA

CONSOLIDATED FINANCIAL SUMMARY

3Q FY 2023 (from April 1, 2023 to December 31, 2023)

ご一緒にします、いい人生



RESORTTRUST
GROUP

(securities code: 4681)

CONSOLIDATED FINANCIAL SUMMARY

For the Third Quarter Ended Dec. 31, 2021,2022 and 2023

(Millions of yen)

	3Q			Fiscal Year	
	Apr.-Dec. 2021	Apr.-Dec. 2022	Apr.-Dec. 2023	2023/3 Result	2024/3 Targets(As of Nov.)
Net sales	119,493	128,601	135,840	169,830	202,000
Operating income	8,859	11,080	12,858	12,270	21,000
Ordinary income	11,333	11,476	13,219	13,247	21,200
Net income (interim)	8,554	14,907	9,567	16,906	15,000
Net assets	108,919	122,989	129,086	123,889	
Assets	395,562	434,310	464,635	439,999	
Net income per share (yen) (Primary)	80.30	140.23	90.18	158.97	
Net income per share (yen) (Fully Diluted)	74.59	-	-	-	
Equity ratio (%)	26.2	27.0	26.4	26.8	
Return on assets (%)	-	-	-	3.18	
Return on equity (%)	-	-	-	15.42	
Net cash provided by (used in) operating activities	16,548	20,749	27,288	24,285	
Net cash provided by (used in) investment activities	3,162	8,204	(5,867)	6,314	
Net cash provided by (used in) financing activities	(44,274)	(27,230)	(20,667)	(30,995)	
Cash and cash equivalents	28,249	31,075	29,736	28,926	

Business Results

Overview of 3Q The Fiscal Year 2023(Ending March 31, 2024)

1. Summary of Business Results

(Millions of Yen)

	3Q FY2022 (Results)	3Q FY2023 (Results)	Year-on-Year Change
Net sales	128,601	135,840	+5.6%
Operating income	11,080	12,858	+16.0%
Ordinary income	11,476	13,219	+15.2%
Net income	14,907	9,567	(35.8%)
Evaluated Operating Income	18,502	21,574	+16.6%

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, due to the contribution of the strong sales of SANCTUARY COURT NIKKO, which began sales in October 2022, throughout the period, 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, due in part to membership sales launch for the HIMEDIC Osaka Nakanoshima Course in December 2023, 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 and medical 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 nine-month period ended December 31, 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 hotel memberships, 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 135,840 million yen (up 5.6% year-on-year), operating income was 12,858 million yen (up 16.0%), ordinary income was 13,219 million yen (up 15.2%), and net income attributable to owners of the parent was 9,567 million yen (down 35.8%).

2. Summary of Business Segments

【Membership Operations】

(Millions of Yen)

	3Q FY2022 (Results)	3Q FY2023 (Results)	Year-on-Year Change
Net sales	26,517	27,735	+4.6%
Operating income	8,617	7,792	(9.6%)

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 hotel memberships in the current fiscal year.

【Hotel and Restaurant Operations】

(Millions of Yen)

	3Q FY2022 (Results)	3Q FY2023 (Results)	Year-on-Year Change
Net sales	68,260	72,574	+6.3%
Operating income	5,420	6,625	+22.2%

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)

	3Q FY2022 (Results)	3Q FY2023 (Results)	Year-on-Year Change
Net sales	33,276	35,000	+5.2%
Operating income	4,463	5,433	+21.7%

Medical Operation Segment recorded higher sales and higher income, as membership sales of Grand HIMEDIC Club, a comprehensive medical support club, were steady due in part to membership sales launch for the HIMEDIC Osaka Nakanoshima Course in December 2023, 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)

	3Q FY2022 (Results)	3Q FY2023 (Results)	Year-on-Year Change
Net sales	546	529	(3.1%)
Operating income	536	563	+5.1%

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)

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

•Full-year consolidated financial results forecast announced as of November 10, 2023 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 as of November 10, 2023, 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)	3Q FY 2023 (as of Dec.31, 2023)
Assets		
Current assets		
Cash and deposits	28,467	29,221
Notes and accounts receivable - trade, and contract assets	11,632	11,230
Accounts receivable - installment	61,585	77,409
Operating loans	32,291	24,692
Securities	10,817	8,514
Merchandise	1,038	1,187
Real estate for sale	4,914	3,629
Raw materials and supplies	1,485	2,112
Real estate for sale in process	26,139	36,898
Investments in leases	4,162	3,733
Other	6,411	7,255
Allowance for doubtful accounts	(982)	(926)
Total current assets	187,964	204,957
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	96,829	96,767
Machinery, equipment and vehicles, net	1,735	1,869
Golf courses	7,635	7,635
Land	43,702	46,599
Leased assets, net	1,928	1,753
Right of use assets	10,985	12,229
Construction in progress	10,388	16,138
Other, net	2,927	2,815
Total property, plant and equipment	176,133	185,809
Intangible assets		
Goodwill	1,265	948
Software	3,015	2,477
Other	1,876	2,322
Total intangible assets	6,157	5,748
Investments and other assets		
Investment securities	22,915	22,141
Shares of subsidiaries and associates	1,328	1,337
Long-term loans receivable	4,810	4,609
Retirement benefit asset	418	394
Deferred tax assets	19,345	17,866
Other	21,343	22,195
Allowance for doubtful accounts	(417)	(423)
Total investments and other assets	69,744	68,120
Total non-current assets	252,035	259,677
Total assets	439,999	464,635

(Millions of yen)

	FY 2022 (as of Mar. 31, 2023)	3Q FY 2023 (as of Dec. 31, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,738	2,337
Short-term loans payable	1,308	1,006
Current portion of long-term borrowings	11,300	11,538
Lease obligations	1,470	1,479
Accounts payable - other	11,403	10,419
Income taxes payable	4,723	1,446
Accrued consumption taxes	2,245	1,573
Advances received	95,402	122,990
Unearned revenue	15,020	19,424
Provision for loss on guarantees	35	30
Provision for point card certificates	511	509
Other	11,535	9,314
Total current liabilities	156,695	182,070
Non-current liabilities		
Long-term borrowings	13,487	2,301
Lease obligations	20,985	21,504
Deferred tax liabilities	322	237
Provision for stocks payment	547	708
Retirement benefit liability	3,007	3,192
Long-term guarantee deposits	29,813	29,411
Amortizable long-term guarantee deposits received	86,073	90,971
Other	5,178	5,150
Total non-current liabilities	159,414	153,478
Total liabilities	316,110	335,548
Net assets		
Shareholders' equity		
Share capital	19,590	19,590
Capital surplus	21,574	21,491
Retained earnings	73,662	77,868
Treasury shares	(3,064)	(5,616)
Total shareholders' equity	111,762	113,334
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,813	4,292
Foreign currency translation adjustment	2,976	4,962
Remeasurements of defined benefit plans	322	290
Total accumulated other comprehensive income	6,112	9,545
Non-controlling interests	6,014	6,206
Total net assets	123,889	129,086
Total liabilities and net assets	439,999	464,635

(2) Consolidated Statements of Income and Comprehensive Income

[Consolidated Statements of Income]

(Millions of yen)

	3Q FY 2022 (Apr. 1, 2022 - Dec.31, 2022)	3Q FY 2023 (Apr. 1, 2023 - Dec.31, 2023)
Net sales	128,601	135,840
Cost of sales	14,436	13,692
Gross profit	114,165	122,148
Selling, general and administrative expenses		
Salaries and bonuses	41,212	43,471
Repair and maintenance expenses	2,900	3,696
Provision of allowance for doubtful accounts	45	-
Utilities expenses	5,996	5,632
Depreciation	6,403	6,072
Other	46,524	50,417
Total selling, general and administrative expenses	103,084	109,289
Operating profit (loss)	11,080	12,858
Non-operating income		
Interest income	758	602
Dividend income	60	73
Share of profit of entities accounted for using equity method	13	7
Reversal of allowance for doubtful accounts	65	83
Reversal of provision for loss on guarantees	5	5
Foreign exchange gains	4	1
Subsidy income	128	122
Other	206	212
Total non-operating income	1,243	1,108
Non-operating expenses		
Interest expenses paid on loans and bonds	209	199
Commission for syndicated loans	42	44
Nondeductible consumption tax	320	258
Other	276	244
Total non-operating expenses	848	747
Ordinary profit (loss)	11,476	13,219

[Consolidated Statements of Income]

(Millions of yen)

	3Q FY 2022 (Apr. 1, 2022 - Dec.31, 2022)	3Q FY 2023 (Apr. 1, 2023 - Dec.31, 2023)
Extraordinary income		
Gain on sale of non-current assets	9,044	24
Gain on sale of shares of subsidiaries and associates	0	-
Gain on sale of investment securities	8	-
Gain on redemption of securities	257	1,478
Gain on reversal of share acquisition rights	313	-
Total extraordinary income	9,623	1,502
Extraordinary losses		
Loss on sale of non-current assets	16	24
Loss on retirement of non-current assets	317	57
Loss on sale of shares of subsidiaries and associates	0	-
Loss on valuation of investment securities	64	-
Other	0	0
Total extraordinary losses	400	81
Profit before income taxes	20,699	14,640
Income taxes - current	6,172	4,098
Income taxes - deferred	(588)	756
Total income taxes	5,584	4,854
Profit	15,115	9,785
Profit attributable to non-controlling interests	207	218
Profit attributable to owners of parent	14,907	9,567

[Consolidated Statements of Comprehensive Income]

(Millions of yen)

	3Q FY 2022 (Apr. 1, 2022 - Dec.31, 2022)	3Q FY 2023 (Apr. 1, 2023 - Dec.31, 2023)
Profit	15,115	9,785
Other comprehensive income		
Valuation difference on available-for-sale securities	651	1,478
Foreign currency translation adjustment	3,607	1,986
Remeasurements of defined benefit plans, net of tax	(28)	(31)
Total other comprehensive income	4,230	3,433
Comprehensive income	19,346	13,219
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	19,138	13,000
Comprehensive income attributable to non-controlling interests	207	218

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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