

RESORTTRUST FINANCIAL DATA

CONSOLIDATED FINANCIAL SUMMARY

1Q FY 2022 (from April 1, 2022 to June 30, 2022)

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, 2020,2021 and 2022

(Millions of yen)

	1Q			Fiscal Year	
	Apr.-Jun. 2020	Apr.-Jun. 2021	Apr.-Jun. 2022	2022/3 Result	2023/3 Targets
Net sales	23,416	37,319	40,224	157,782	161,000
Operating income	(884)	920	2,510	8,693	9,200
Ordinary income	(400)	1,498	2,578	11,123	8,800
Net income (interim)	(1,810)	1,905	7,426	5,775	10,800
Net assets	130,102	105,378	114,145	106,832	
Assets	433,633	407,308	410,835	394,408	
Net income per share (yen) (Primary)	(16.91)	17.80	69.95	54.27	
Net income per share (yen) (Fully Diluted)	-	16.37	-	-	
Equity ratio (%)	28.8	24.6	26.5	25.7	
Return on assets (%)	-	-	-	2.78	
Return on equity (%)	-	-	-	5.32	
Net cash provided by (used in) operating activities	(8,096)	(3,620)	786	22,662	
Net cash provided by (used in) investment activities	(10,915)	(5,664)	14,066	2,736	
Net cash provided by (used in) financing activities	34,726	(1,415)	(12,589)	(49,026)	
Cash and cash equivalents	37,088	42,101	31,511	29,210	

Business Results

Overview of 1Q The Fiscal Year 2021(Ending March 31, 2022)

1. Summary of Business Results

	(Millions of Yen)		
	1Q FY2021 (Results)	1Q FY2022 (Results)	Year-on-Year Change
Net sales	37,319	40,224	+7.8%
Operating income	920	2,510	+172.7%
Ordinary income	1,498	2,578	+72.1%
Net income	1,905	7,426	+289.7%
Evaluated Operating Income	2,182	4,972	+127.8%

The state of emergency was issued in the same period of the previous year; however, there were no restrictions on activities in the current fiscal year. In Membership Operations, sales of hotel memberships were strong, mainly for SANCTUARY COURT BIWAKO, which began in March 2022. In addition, occupancy rates recovered sharply due to greater demand for resort accommodation than pre-COVID times in Hotel and Restaurant Operations. Furthermore, sales of medical memberships remained strong due to the growing health consciousness, and an increase in income from membership fees in line with the increased number of memberships, etc. contributed to revenue in Medical Operations. As a result, the Group as a whole recorded higher sales and higher income.

(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, 2022, amid the impact of the yen's depreciation, soaring resource prices and labor costs, and rising prices due to prolonged Russia-Ukraine situation, etc. has become apparent in personal consumption and corporate activities, uncertainty over the future outlook of the Japanese economy has grown stronger. Under these circumstances, the Company Group's business performance recovered sharply as sales of hotel and medical memberships remained strong, continuing from the previous fiscal year, and demand for accommodation at membership resort hotels exceeded the pre-COVID level.

In addition to the above, net income increased significantly mainly due to recording of "extraordinary income" of approximately 8.0 billion yen resulting from the sale of some hotels at the end of the previous fiscal year. As a result, net sales were 40,224 million yen (up 7.8% year-on-year), operating income was 2,510 million yen (up 172.7%), ordinary income was 2,578 million yen (up 72.1%), and net income attributable to owners of the parent was 7,426 million yen (up 289.7%).

Operating results by segment are as follows.

2. Summary of Business Segments

【Membership Operations】

(Millions of Yen)

	1Q FY2021 (Results)	1Q FY2022 (Results)	Year-on-Year Change
Net sales	11,779	9,112	(22.6%)
Operating income	2,784	2,967	+6.6%

Membership Operation Segment recorded lower sales and higher income, as return on sales increased due to sales mix as sales of membership of SANCTUARY COURT BIWAKO, which began in March 2022, remained strong, resulting in an increase in net sales and cost of real estate to be deferred until the hotel's opening, and sales volume of existing membership decreased compared to the same period of the previous year.

【Hotel and Restaurant Operations】

(Millions of Yen)

	1Q FY2021 (Results)	1Q FY2022 (Results)	Year-on-Year Change
Net sales	15,131	20,086	+32.7%
Operating income	(925)	400	+1,326

Hotel and Restaurant Operation Segment, which had faced restrictions on movement in the same period of the previous year, as the state of emergency was issued to prevent the spread of COVID-19, recorded higher sales and higher income, especially as demand for resort hotels has increased to the point exceeding pre-COVID times with the resumption of economic activities in the current fiscal year, despite preparation costs incurred for the sale of some hotels.

【Medical Operations】

(Millions of Yen)

	1Q FY2021 (Results)	1Q FY2022 (Results)	Year-on-Year Change
Net sales	10,233	10,846	+6.0%
Operating income	1,034	1,446	+39.7%

Medical Operation Segment recorded higher sales and higher income, as membership sales of “Grand HIMEDIC Club,” a comprehensive medical support club, were steady, and annual fees, etc. increased in line with the increased number of membership holders.

【Others】

(Millions of Yen)

	1Q FY2021 (Results)	1Q FY2022 (Results)	Year-on-Year Change
Net sales	174	180	+3.3%
Operating income	74	121	+62.8%

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

3. Outlook for the Fiscal Year 2022(Ending March 31, 2023)

(Millions of Yen)

	FY2021 (Results)	FY 2022 (Targets)	Year-on-year Change
Net sales	157,782	161,000	+2.0%
Operating income	8,693	9,200	+5.8%
Ordinary income	11,123	8,800	(20.9%)
Net income	5,775	10,800	+87.0%

Evaluated Operating Income	18,081	17,360	(4.0%)
----------------------------	--------	--------	--------

Regarding the future economic climate of Japan, it is currently difficult to project the impact of the Russia-Ukraine situation and the further spread of COVID-19, and the severe environment is expected to continue due to soaring energy prices, resource prices, and labor costs.

Under these circumstances, we aim to further evolve in the membership hotel and medical businesses by leveraging the expertise gained from the Corona Disaster to meet new demand.

We plan to develop a new hotel in the Kanto area during the second half of the year. In addition, we will pursue new products and services in our hotel, senior, and medical facilities to enhance our operational capabilities.

Although the Group assumes that there will essentially be no direct impact from the Russia-Ukraine issue on its operations, appropriate responses will be taken, such as reviewing the contents of products and services, in order to address the rapid rise in energy prices and procurement costs of foodstuffs, materials, etc., including the impact of the rapid depreciation of the yen. As stated above, for the full year, we expect the Group as a whole to report net sales of 161,000 million yen (up 2.0% year-on-year), operating income of 9,200 million yen (up 5.8% year-on-year), ordinary income of 8,800 million yen (down 20.9% year-on-year), and net income attributable to the parent company of 10,800 million yen (up 87.0% year-on-year). The Company expects an increase in both sales and income. "Evaluated Operating Income," which shows the real performance of profit and loss for the period that takes into account income to be deferred, etc. of the real estate portion is expected to remain high. The Company expects to pay an annual dividend of 40 yen (forecast), an increase of 10 yen compared with the same period of the previous year, in line with the recovery in business performance.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY 2021 (as of Mar. 31, 2022)	1Q FY 2022 (as of Jun. 30, 2023)
Assets		
Current assets		
Cash and deposits	28,794	31,077
Notes and accounts receivable - trade, and contract assets	9,609	9,567
Accounts receivable - installment	33,155	41,554
Operating loans	44,250	40,836
Securities	3,601	10,856
Merchandise	936	946
Real estate for sale	5,896	5,560
Raw materials and supplies	1,262	1,350
Real estate for sale in process	6,703	12,065
Other	6,237	7,958
Allowance for doubtful accounts	(909)	(1,023)
Total current assets	139,538	160,750
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	102,551	98,131
Machinery, equipment and vehicles, net	1,918	1,900
Golf courses	7,635	7,635
Land	48,860	44,509
Leased assets, net	6,776	6,560
Right-of-use assets	—	10,740
Construction in progress	4,964	5,597
Other, net	3,193	3,158
Total property, plant and equipment	175,900	178,234
Intangible assets		
Goodwill	1,688	1,582
Software	3,969	3,760
Other	1,921	1,863
Total intangible assets	7,579	7,206
Investments and other assets		
Investment securities	26,148	20,200
Shares of subsidiaries and associates	1,331	1,337
Long-term loans receivable	5,541	5,277
Retirement benefit asset	357	334
Deferred tax assets	18,568	17,187
Other	19,923	20,735
Allowance for doubtful accounts	(479)	(429)
Total investments and other assets	71,390	64,644
Total non-current assets	254,869	250,085
Total assets	394,408	410,835

(Millions of yen)

	FY 2021 (as of Mar. 31, 2022)	1Q FY 2022 (as of Jun. 30, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,354	1,317
Short-term loans payable	8,799	2,009
Current portion of long-term borrowings	18,587	18,148
Current portion of bonds payable	150	150
Lease obligations	1,147	1,481
Accounts payable - other	8,711	7,262
Income taxes payable	2,373	2,034
Accrued consumption taxes	2,736	2,869
Advances received	63,728	71,415
Unearned revenue	14,714	16,166
Provision for loss on guarantees	42	41
Provision for point card certificates	497	605
Other	1,511	13,361
Total current liabilities	133,353	136,863
Non-current liabilities		
Long-term borrowings	24,787	21,711
Lease obligations	11,406	21,492
Deferred tax liabilities	640	630
Provision for stocks payment	380	599
Retirement benefit liability	2,613	2,683
Long-term guarantee deposits	30,030	30,361
Amortizable long-term guarantee deposits received	79,264	77,318
Other	5,100	5,029
Total non-current liabilities	154,222	159,827
Total liabilities	287,575	296,690
Net assets		
Shareholders' equity		
Share capital	19,590	19,590
Capital surplus	21,616	21,592
Retained earnings	60,520	66,335
Treasury shares	(3,513)	(3,506)
Total shareholders' equity	98,213	104,012
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,024	3,039
Foreign currency translation adjustment	887	1,611
Remeasurements of defined benefit plans	262	252
Total accumulated other comprehensive income	3,174	4,903
Share acquisition rights	313	—
Non-controlling interests	5,130	5,229
Total net assets	106,832	114,145
Total liabilities and net assets	394,408	410,835

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

(Millions of yen)

	1Q FY 2021 (Apr. 1, 2021 - Jun. 30, 2021)	1Q FY 2022 (Apr. 1, 2022 - Jun. 30, 2022)
Net sales	37,319	40,224
Cost of sales	6,138	4,313
Gross profit	31,180	35,911
Selling, general and administrative expenses		
Salaries and bonuses	11,910	13,011
Provision for retirement benefits for directors (and other officers)	18	—
Repair and maintenance expenses	935	921
Provision of allowance for doubtful accounts	53	116
Utilities expenses	1,228	1,670
Depreciation	2,286	2,126
Other	13,827	15,554
Total selling, general and administrative expenses	30,260	33,401
Operating profit (loss)	920	2,510
Non-operating income		
Interest income	218	254
Dividend income	6	1
Equity Gains of Affiliated Companies	—	5
Reversal of allowance for doubtful accounts	—	52
Reversal of provision for loss on guarantees	1	0
Foreign exchange gain	2	2
Subsidy income	562	65
Other	89	35
Total non-operating income	879	419
Non-operating expenses		
Interest expenses paid on loans and bonds	95	64
Share of loss of entities accounted for using equity method	1	—
Nondeductible consumption tax	139	191
Provision of allowance for doubtful accounts	12	—
Other	53	94
Total non-operating expenses	302	351
Ordinary profit (loss)	1,498	2,578

[Consolidated Statements of Income]

(Millions of yen)

	1Q FY 2021 (Apr. 1, 2021 - Jun. 30, 2021)	1Q FY 2022 (Apr. 1, 2022 - Jun. 30, 2022)
Extraordinary income		
Gain on sales of non-current assets	223	8,001
Gain on sales of investment securities	—	8
Gain on reversal of share acquisition rights	—	313
Subsidy income	3	—
Reversal of allowance for provision for stocks payment	1,628	—
Total extraordinary income	1,855	8,323
Extraordinary losses		
Loss on retirement of non-current assets	2	11
Loss on valuation of investment securities	—	63
Loss due to new coronavirus infection	9	—
Other	1	0
Total extraordinary losses	12	74
Profit (loss) before income taxes	3,341	10,827
Income taxes - current	694	2,419
Income taxes - deferred	696	927
Total income taxes	1,391	3,346
Profit (loss)	1,949	7,481
Profit (loss) attributable to non-controlling interests	43	54
Profit (loss) attributable to owners of parent	1,905	7,426

[Consolidated Statements of Comprehensive Income]

(Millions of yen)

	FY 2021 (Apr. 1, 2021 - Jun. 30, 2021)	FY 2022 (Apr. 1, 2022 - Jun. 30, 2022)
Profit (loss)	1,949	7,481
Other comprehensive income		
Valuation difference on available-for-sale securities	(39)	1,014
Foreign currency translation adjustment	938	723
Remeasurements of defined benefit plans, net of tax	(4)	(9)
Total other comprehensive income	894	1,729
Comprehensive income	2,844	9,210
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,800	9,155
Comprehensive income attributable to non-controlling interests	43	54