

RESORTTRUST FINANCIAL DATA

CONSOLIDATED FINANCIAL SUMMARY

2Q FY 2022 (from April 1, 2022 to September 30, 2022)

ご一緒にします、いい人生



RESORTTRUST
GROUP

(securities code: 4681)

CONSOLIDATED FINANCIAL SUMMARY

For the Second Quarter Ended Sept. 30, 2020,2021 and 2022

(Millions of yen)

	2Q			Fiscal Year	
	Apr.-Sept. 2020	Apr.-Sept. 2021	Apr.-Sept. 2022	2022/3 Result	2023/3 Revision Targets
Net sales	86,276	76,430	84,016	157,782	166,500
Operating income	9,980	5,132	7,161	8,693	11,500
Ordinary income	11,159	6,810	7,442	11,123	12,000
Net income (interim)	5,696	5,408	12,144	5,775	15,000
Net assets	137,369	107,090	121,947	106,832	
Assets	419,166	399,885	420,144	394,408	
Net income per share (yen) (Primary)	53.21	50.68	114.30	54.27	
Net income per share (yen) (Fully Diluted)	49.00	46.66	-	-	
Equity ratio (%)	31.6	25.5	27.6	25.7	
Return on assets (%)	-	-	-	2.78	
Return on equity (%)	-	-	-	5.32	
Net cash provided by (used in) operating activities	(4,640)	(1,073)	1,319	22,662	
Net cash provided by (used in) investment activities	(22,764)	3,325	14,645	2,736	
Net cash provided by (used in) financing activities	32,999	(20,703)	(15,634)	(49,026)	
Cash and cash equivalents	26,963	34,362	29,686	29,210	

Business Results

Overview of 2Q The Fiscal Year 2022(Ending March 31, 2023)

1. Summary of Business Results

(Millions of Yen)

	2Q FY2021 (Results)	2Q FY2022		Year-on-Year Change	Results vs. Targets
		(Results)	(Targets)		
Net sales	76,430	84,016	81,000	+9.9%	+3.7%
Operating income	5,132	7,161	4,700	+39.5%	+52.4%
Ordinary income	6,810	7,442	4,400	+9.3%	+69.1%
Net income	5,408	12,144	8,000	+124.5%	+51.8%
Evaluated Operating Income	10,013	11,824	9,100	+18.1%	+29.9%

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.

(Relative change from the plan)

Compared to the plan at the beginning of the period, mainly in Membership Operations, pre-opening hotel membership sales remained 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, some expenses, such as repairs, should be scheduled to run in the second half of the year, and an extraordinary income was recorded from the sale of non-membership business hotels. As a result, both net sales and income were higher than targets. In view of this situation, the financial results forecast has been revised as of today.

(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, 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 9.0 billion yen resulting from the sale of some hotels at the end of the previous fiscal year. As a result, net sales were 84,016 million yen (up 9.9% year-on-year), operating income was 7,161 million yen (up 39.5%), ordinary income was 7,442 million yen (up 9.3%), and net income attributable to owners of the parent was 12,144 million yen (up 124.5%).

Operating results by segment are as follows.

2. Summary of Business Segments

【Membership Operations】

(Millions of Yen)

	2Q FY2021 (Results)	2Q FY2022 (Results)	Year-on-Year Change
Net sales	20,855	17,953	(13.9%)
Operating income	6,296	5,542	(12.0%)

Membership Operation Segment recorded lower sales and lower income 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 with high return on sales decreased compared to the same period of the previous year.

【Hotel and Restaurant Operations】

(Millions of Yen)

	2Q FY2021 (Results)	2Q FY2022 (Results)	Year-on-Year Change
Net sales	34,382	43,748	+27.2%
Operating income	128	3,075	+2286.5%

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)

	2Q FY2021 (Results)	2Q FY2022 (Results)	Year-on-Year Change
Net sales	20,840	21,939	+5.3%
Operating income	2,594	3,037	+17.1%

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)

	2Q FY2021 (Results)	2Q FY2022 (Results)	Year-on-Year Change
Net sales	352	374	+6.5%
Operating income	271	321	+18.4%

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)

•Financial results forecast has been revised as of today (November 9, 2022).

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

(Millions of Yen)

	FY2021 (Results)	FY 2022 (Revision Targets)	Year-on-year Change	FY 2022 (Initial Targets)	Results vs. Initial Targets
Net sales	157,782	166,500	+5.5%	161,000	+3.4%
Operating income	8,693	11,500	+32.3%	9,200	+25.0%
Ordinary income	11,123	12,000	+7.9%	8,800	+36.4%
Net income	5,775	15,000	+159.7%	10,800	+38.9%
Evaluated Operating Income	18,081	20,800	+15.0%	17,360	+19.8%

In view of the most recent business performance, the financial results forecast has been revised. Compared to the assumption at the beginning of the period, sales of hotel membership remained strong and an extraordinary income was recorded from the additional sale of non-membership hotels. Reflecting the above, the Company has made upward revisions to both net sales and each income.

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 166,500 million yen (up 5.5% year-on-year), operating income of 11,500 million yen (up 32.3% year-on-year), ordinary income of 12,000 million yen (up 7.9% year-on-year), and net income attributable to the parent company of 15,000 million yen (up 159.7% 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 has also revised its dividend forecast. The year-end dividend is revised from 20 yen (forecast) to 25 yen (forecast), an additional 5 yen, and together with the interim dividend of 20 yen, the annual dividend is expected to be 45 yen (forecast), an increase of 15 yen from the same period last year due to the earnings recovery.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY 2021 (as of Mar. 31, 2022)	2Q FY 2022 (as of Sept.30, 2022)
Assets		
Current assets		
Cash and deposits	28,794	29,253
Notes and accounts receivable - trade, and contract assets	9,609	10,204
Accounts receivable - installment	33,155	47,845
Operating loans	44,250	37,886
Securities	3,601	11,835
Merchandise	936	1,025
Real estate for sale	5,896	4,949
Raw materials and supplies	1,262	1,381
Real estate for sale in process	6,703	17,302
Other	6,237	7,328
Allowance for doubtful accounts	(909)	(1,002)
Total current assets	139,538	168,011
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	102,551	98,714
Machinery, equipment and vehicles, net	1,918	1,894
Golf courses	7,635	7,635
Land	48,860	43,551
Leased assets, net	6,776	3,081
Right-of-use assets	-	11,944
Construction in progress	4,964	6,467
Other, net	3,193	3,057
Total property, plant and equipment	175,900	176,347
Intangible assets		
Goodwill	1,688	1,476
Software	3,969	3,547
Other	1,921	1,885
Total intangible assets	7,579	6,910
Investments and other assets		
Investment securities	26,148	20,142
Shares of subsidiaries and associates	1,331	1,330
Long-term loans receivable	5,541	5,191
Retirement benefit asset	357	332
Deferred tax assets	18,568	18,255
Other	19,923	24,045
Allowance for doubtful accounts	(479)	(422)
Total investments and other assets	71,390	68,875
Total non-current assets	254,869	252,133
Total assets	394,408	420,144

(Millions of yen)

	FY 2021 (as of Mar. 31, 2022)	2Q FY 2022 (as of Sept.30, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,354	1,450
Short-term borrowings	8,799	7,128
Current portion of long-term borrowings	18,587	12,891
Current portion of bonds payable	150	75
Lease obligations	1,147	1,530
Accounts payable - other	8,711	7,493
Income taxes payable	2,373	4,714
Accrued consumption taxes	2,736	2,294
Advances received	63,728	77,716
Unearned revenue	14,714	12,120
Provision for loss on guarantees	42	36
Provision for point card certificates	497	560
Other	10,511	10,117
Total current liabilities	133,353	138,130
Non-current liabilities		
Long-term borrowings	24,787	18,639
Lease liabilities	11,406	22,432
Deferred tax liabilities	640	281
Provision for stocks payment	380	549
Retirement benefit liability	2,613	2,725
Long-term guarantee deposits	30,030	30,206
Amortizable long-term guarantee deposits received	79,264	80,100
Other	5,100	5,131
Total non-current liabilities	154,222	160,066
Total liabilities	287,575	298,196
Net assets		
Shareholders' equity		
Share capital	19,590	19,590
Capital surplus	21,616	21,330
Retained earnings	60,520	71,053
Treasury shares	△3,513	△3,072
Total shareholders' equity	98,213	108,901
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,024	3,618
Foreign currency translation adjustment	887	3,322
Remeasurements of defined benefit plans	262	243
Total accumulated other comprehensive income	3,174	7,184
Share acquisition rights	313	-
Non-controlling interests	5,130	5,861
Total net assets	106,832	121,947
Total liabilities and net assets	394,408	420,144

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

(Millions of yen)

	2Q FY 2021 (Apr. 1, 2021 - Sept.30, 2021)	2Q FY 2022 (Apr. 1, 2022 - Sept.30, 2022)
Net sales	76,430	84,016
Cost of sales	10,048	9,588
Gross profit	66,382	74,427
Selling, general and administrative expenses		
Salaries and bonuses	24,089	26,473
Provision for retirement benefits for directors (and other officers)	18	-
Repair and maintenance expenses	1,849	1,889
Provision of allowance for doubtful accounts	49	101
Utilities expenses	2,814	3,862
Depreciation	4,629	4,248
Other	27,798	30,690
Total selling, general and administrative expenses	61,249	67,265
Operating profit (loss)	5,132	7,161
Non-operating income		
Interest income	439	519
Dividend income	34	35
Share of profit of entities accounted for using equity method	4	7
Reversal of allowance for doubtful accounts	0	61
Reversal of provision for loss on guarantees	3	5
Foreign exchange gains	2	4
Subsidy income	1,585	91
Other	169	169
Total non-operating income	2,241	895
Non-operating expenses		
Interest expenses paid on loans and bonds	190	135
Nondeductible consumption tax	265	248
Other	106	230
Total non-operating expenses	563	614
Ordinary profit (loss)	6,810	7,442

[Consolidated Statements of Income]

(Millions of yen)

	2Q FY 2021 (Apr. 1, 2021 - Sept.30, 2021)	2Q FY 2022 (Apr. 1, 2022 - Sept.30, 2022)
Extraordinary income		
Gain on sales of non-current assets	223	9,041
Gain on sale of shares of subsidiaries and associates	14	-
Gain on sales of investment securities	-	8
Gain on reversal of share acquisition rights	-	313
Subsidy income	6	-
Reversal of provision for share-based remuneration	1,628	-
Total extraordinary income	1,873	9,363
Extraordinary losses		
Loss on sale of non-current assets	4	-
Loss on retirement of non-current assets	11	309
Loss on valuation of investment securities	-	68
Loss due to new coronavirus infection	9	-
Other	1	0
Total extraordinary losses	26	379
Profit (loss) before income taxes	8,656	16,426
Income taxes - current	2,700	4,895
Income taxes - deferred	447	△740
Total income taxes	3,147	4,155
Profit (loss)	5,509	12,271
Profit (loss) attributable to non-controlling interests	100	127
Profit (loss) attributable to owners of parent	5,408	12,144

[Consolidated Statements of Comprehensive Income]

(Millions of yen)

	2Q FY 2021 (Apr. 1, 2021 - Sept.30, 2021)	2Q FY 2022 (Apr. 1, 2022 - Sept.30, 2022)
Profit (loss)	5,509	12,271
Other comprehensive income		
Valuation difference on available-for-sale securities	245	1,593
Foreign currency translation adjustment	907	2,434
Remeasurements of defined benefit plans, net of tax	(8)	(18)
Total other comprehensive income	1,144	4,009
Comprehensive income	6,653	16,280
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,552	16,153
Comprehensive income attributable to non-controlling interests	100	127

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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