

RESORTTRUST FINANCIAL DATA

CONSOLIDATED FINANCIAL SUMMARY

3Q FY 2022 (from April 1, 2022 to December 31, 2022)

ご一緒にします、いい人生



RESORTTRUST
GROUP

CONSOLIDATED FINANCIAL SUMMARY

For the Third Quarter Ended Dec. 31, 2020,2021 and 2022

(Millions of yen)

	3Q			Fiscal Year	
	Apr.-Dec. 2020	Apr.-Dec. 2021	Apr.-Dec. 2022	2022/3 Result	2023/3 Revision Targets
Net sales	130,572	119,493	128,601	157,782	166,500
Operating income	15,350	8,859	11,080	8,693	11,500
Ordinary income	17,320	11,333	11,476	11,123	12,000
Net income (interim)	9,669	8,554	14,907	5,775	15,000
Net assets	139,554	108,919	122,989	106,832	
Assets	431,278	395,562	434,310	394,408	
Net income per share (yen) (Primary)	90.32	80.30	140.23	54.27	
Net income per share (yen) (Fully Diluted)	83.20	74.59	-	-	
Equity ratio (%)	31.2	26.2	27.0	25.7	
Return on assets (%)	-	-	-	2.78	
Return on equity (%)	-	-	-	5.32	
Net cash provided by (used in) operating activities	15,590	16,548	20,749	22,662	
Net cash provided by (used in) investment activities	(23,175)	3,162	8,204	2,736	
Net cash provided by (used in) financing activities	31,777	(44,274)	(27,230)	(49,026)	
Cash and cash equivalents	44,946	28,249	31,075	29,210	

Business Results

Overview of 3Q The Fiscal Year 2022(Ending March 31, 2023)

1. Summary of Business Results

	(Millions of Yen)		
	3Q FY2021 (Results)	3Q FY2022 (Results)	Year-on-Year Change
Net sales	119,493	128,601	+7.6%
Operating income	8,859	11,080	+25.1%
Ordinary income	11,333	11,476	+1.3%
Net income	8,554	14,907	+74.3%
Evaluated Operating Income	16,121	18,502	+14.8%

(Relative change from the plan)

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 for SANCTUARY COURT BIWAKO, which began sales in March 2022, and SANCTUARY COURT NIKKO, which began sales in October 2022, were strong.

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 six-month period ended December 31, 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 128,601 million yen (up 7.6% year-on-year), operating income was 11,080 million yen (up 25.1%), ordinary income was 11,476 million yen (up 1.3%), and net income attributable to owners of the parent was 14,907 million yen (up 74.3%).

2. Summary of Business Segments

【Membership Operations】		(Millions of Yen)	
	3Q FY2021 (Results)	3Q FY2022 (Results)	Year-on-Year Change
Net sales	31,355	26,517	(15.4%)
Operating income	9,638	8,617	(10.6%)

Membership Operation Segment recorded lower sales and lower income due to sales mix as sales of membership of SANCTUARY COURT BIWAKO, which began sales in March 2022, remained strong. In addition, the third in the series, SANCTUARY COURT NIKKO, was launched in October 2022, 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)	
	3Q FY2021 (Results)	3Q FY2022 (Results)	Year-on-Year Change
Net sales	56,018	68,260	+21.9%
Operating income	1,923	5,420	+181.8%

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)	
	3Q FY2021 (Results)	3Q FY2022 (Results)	Year-on-Year Change
Net sales	31,593	33,276	+5.3%
Operating income	4,138	4,463	+7.9%

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)	
	3Q FY2021 (Results)	3Q FY2022 (Results)	Year-on-Year Change
Net sales	526	546	+3.8%
Operating income	556	536	(3.6%)

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 (November 9, 2022).

•Full-year consolidated financial results forecast 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%

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.

In October 2022, we began development of a new hotel in the Kanto area. 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 also expects the year-end dividend to be 25 yen (forecast). 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.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY 2021 (as of Mar. 31, 2022)	3Q FY 2022 (as of Dec.31, 2022)
Assets		
Current assets		
Cash and deposits	28,794	30,620
Notes and accounts receivable - trade, and contract assets	9,609	11,584
Accounts receivable - installment	33,155	55,412
Operating loans	44,250	35,004
Securities	3,601	11,582
Merchandise	936	1,048
Real estate for sale	5,896	5,049
Raw materials and supplies	1,262	1,791
Real estate for sale in process	6,703	19,453
Investments in leases	-	4,309
Other	6,237	6,421
Allowance for doubtful accounts	(909)	(945)
Total current assets	139,538	181,332
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	102,551	98,889
Machinery, equipment and vehicles, net	1,918	1,792
Golf courses	7,635	7,635
Land	48,860	43,569
Leased assets, net	6,776	1,988
Right of use assets	-	12,604
Construction in progress	4,964	7,978
Other, net	3,193	2,949
Total property, plant and equipment	175,900	177,407
Intangible assets		
Goodwill	1,688	1,371
Software	3,969	3,259
Other	1,921	1,860
Total intangible assets	7,579	6,490
Investments and other assets		
Investment securities	26,148	22,813
Shares of subsidiaries and associates	1,331	1,325
Long-term loans receivable	5,541	5,104
Retirement benefit asset	357	317
Deferred tax assets	18,568	18,574
Other	19,923	21,364
Allowance for doubtful accounts	(479)	(421)
Total investments and other assets	71,390	69,079
Total non-current assets	254,869	252,977
Total assets	394,408	434,310

(Millions of yen)

	FY 2021 (as of Mar. 31, 2022)	3Q FY 2022 (as of Dec.31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,354	2,158
Short-term borrowings	8,799	1,419
Current portion of long-term borrowings	18,587	11,492
Current portion of bonds payable	150	75
Lease liabilities	1,147	1,537
Accounts payable - other	8,711	9,679
Income taxes payable	2,373	3,792
Accrued consumption taxes	2,736	2,466
Advances received	63,728	86,930
Unearned revenue	14,714	19,291
Provision for loss on guarantees	42	36
Provision for point card certificates	497	541
Other	10,511	10,315
Total current liabilities	133,353	149,736
Non-current liabilities		
Long-term borrowings	24,787	16,559
Lease liabilities	11,406	22,909
Deferred tax liabilities	640	333
Provision for stocks payment	380	547
Retirement benefit liability	2,613	2,800
Long-term guarantee deposits	30,030	29,968
Amortizable long-term guarantee deposits received	79,264	83,297
Other	5,100	5,168
Total non-current liabilities	154,222	161,585
Total liabilities	287,575	311,321
Net assets		
Shareholders' equity		
Share capital	19,590	19,590
Capital surplus	21,616	21,452
Retained earnings	60,520	71,664
Treasury shares	(3,513)	(3,063)
Total shareholders' equity	98,213	109,642
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,024	2,675
Foreign currency translation adjustment	887	4,495
Remeasurements of defined benefit plans	262	234
Total accumulated other comprehensive income	3,174	7,405
Share acquisition rights	313	-
Non-controlling interests	5,130	5,941
Total net assets	106,832	122,989
Total liabilities and net assets	394,408	434,310

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

(Millions of yen)

	3Q FY 2021 (Apr. 1, 2021 - Dec.31, 2021)	3Q FY 2022 (Apr. 1, 2022 - Dec.31, 2022)
Net sales	119,493	128,601
Cost of sales	16,506	14,436
Gross profit	102,987	114,165
Selling, general and administrative expenses		
Salaries and bonuses	37,363	41,212
Provision for retirement benefits for directors (and other officers)	18	-
Repair and maintenance expenses	2,907	2,900
Provision of allowance for doubtful accounts	50	45
Utilities expenses	4,376	5,996
Depreciation	7,031	6,403
Other	42,380	46,524
Total selling, general and administrative expenses	94,128	103,084
Operating profit	8,859	11,080
Non-operating income		
Interest income	663	758
Dividend income	61	60
Share of profit of entities accounted for using equity method	24	13
Reversal of allowance for doubtful accounts	10	65
Reversal of provision for loss on guarantees	4	5
Foreign exchange gains	3	4
Subsidy income	2,265	128
Other	203	206
Total non-operating income	3,236	1,243
Non-operating expenses		
Interest expenses paid on loans and bonds	267	209
Commission for syndicated loans	12	42
Nondeductible consumption tax	345	320
Other	136	276
Total non-operating expenses	761	848
Ordinary profit	11,333	11,476

[Consolidated Statements of Income]

(Millions of yen)

	3Q FY 2021 (Apr. 1, 2021 - Dec.31, 2021)	3Q FY 2022 (Apr. 1, 2022 - Dec.31, 2022)
Extraordinary income		
Gain on sale of non-current assets	224	9,044
Gain on sale of shares of subsidiaries and associates	14	0
Gain on sale of investment securities	-	8
Gain on reversal of share acquisition rights	-	313
Subsidy income ¹	6	-
Reversal of provision for share-based remuneration	1,628	-
Other	-	257
Total extraordinary income	1,873	9,623
Extraordinary losses		
Loss on sale of non-current assets	28	16
Loss on retirement of non-current assets	32	317
Loss on sale of shares of subsidiaries and associates	-	0
Loss on valuation of investment securities	-	64
Loss due to new coronavirus infection	9	-
Other	1	0
Total extraordinary losses	72	400
Profit before income taxes	13,134	20,699
Income taxes - current	3,733	6,172
Income taxes - deferred	677	(588)
Total income taxes	4,411	5,584
Profit	8,723	15,115
Profit attributable to non-controlling interests	169	207
Profit attributable to owners of parent	8,554	14,907

[Consolidated Statements of Comprehensive Income]

(Millions of yen)

	3Q FY 2021 (Apr. 1, 2021 - Dec.31, 2021)	3Q FY 2022 (Apr. 1, 2022 - Dec.31, 2022)
Profit	8,723	15,115
Other comprehensive income		
Valuation difference on available-for-sale securities	192	651
Foreign currency translation adjustment	1,049	3,607
Remeasurements of defined benefit plans, net of tax	(12)	(28)
Total other comprehensive income	1,229	4,230
Comprehensive income	9,952	19,346
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,783	19,138
Comprehensive income attributable to non-controlling interests	169	207

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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