

RESORTTRUST FINANCIAL DATA

CONSOLIDATED FINANCIAL SUMMARY

2Q FY 2024 (from April 1, 2024 to September 30, 2024)

ご一緒にします、いい人生



RESORTTRUST
GROUP

(securities code: 4681)

CONSOLIDATED FINANCIAL SUMMARY

For the First Quarter Ended September 30, 2022,2023 and 2024

(Millions of yen)

	2Q			Fiscal Year	
	Apr.-Sept. 2022	Apr.-Sept. 2023	Apr.-Sept. 2024	2024/3 Result	2025/3 Targets(As of Nov.)
Net sales	84,016	89,428	107,725	201,803	245,000
Operating income	7,161	7,776	11,433	21,119	25,000
Ordinary income	7,442	7,969	11,512	21,807	25,300
Net income (interim)	12,144	6,084	7,522	15,892	17,000
Net assets	121,947	127,491	140,906	135,607	
Assets	420,144	451,935	495,209	468,565	
Net income per share (yen) (Primary)	114.30	57.18	71.19	150.03	
Net income per share (yen) (Fully Diluted)	-	-	-	-	
Equity ratio (%)	27.6	26.9	27.2	27.6	
Return on assets (%)	-	-	-	4.80%	
Return on equity (%)	-	-	-	12.86%	
Net cash provided by (used in) operating activities	1,319	11,929	10,768	39,116	
Net cash provided by (used in) investment activities	14,645	(1,837)	(11,825)	(12,519)	
Net cash provided by (used in) financing activities	(15,634)	(12,280)	(1,142)	(23,310)	
Cash and cash equivalents	29,686	26,752	30,179	32,260	

Business Results

Overview of 2Q The Fiscal Year 2024(Ending March 31, 2025)

1. Summary of Business Results

	2Q FY2023 (Results)	2Q FY2024 (Millions of Yen)		Year-on-Year Change	Results vs. Targets
		(Results)	(Targets)		
Net sales	89,428	107,725	99,400	+20.5%	+8.4%
Operating income	7,776	11,433	7,500	+47.0%	+52.4%
Ordinary income	7,969	11,512	7,400	+44.5%	+55.6%
Net income	6,084	7,522	4,600	+23.6%	+63.5%
Evaluated Operating Income	13,451	16,174	11,600	+20.2%	+39.4%

(Year-on-year change)

In the same period of the previous fiscal year (from April to September 2023), sales of hotel memberships mainly for SANCTUARY COURT BIWAKO, which began sales in March 2022, and SANCTUARY COURT NIKKO, which began sales in October 2022, were strong in Membership Operations. In the current period (from April to September 2024), due to the launch of SANCTUARY COURT YATSUGATAKE, the fourth in series, in August 2024 in addition to the sales of existing hotel memberships including resale products particularly for the Baycourt series, and the pre-opening BIWAKO and NIKKO memberships of the SANCTUARY COURT series, the number of contracts concluded exceeded that of the previous fiscal year. 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; and these factors more than offset a rise in costs including increased labor costs caused by base increases and an increase in personnel in preparation for the opening of new facilities, as well as increased hotel repair and maintenance expenses. As a result, the Group as a whole recorded higher sales and higher income. 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 memberships.

(compared with plan)

※The plan is based on the earnings forecast as of May 15, 2024. It should be noted that the company, effective today, made an upward revision of its earnings forecast.

Compared to the plan, the recruitment drive for medical checkup memberships was more successful than expected in Medical Operations, although the company struggled more than expected in attracting customers in Hotel and Restaurant Operations affected by typhoons and other bad weather. In addition, in Membership Operations, pre-opening hotel membership sales were higher than expected due to the launch of SANCTUARY COURT YATSUGATAKE ahead of schedule on top of the successful recruitment drive for existing hotel memberships including resale products. As a result of these factors, both net sales and income were significantly higher than targets, although real estate sales are deferred until the opening of the hotel.

(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, 2024, the Japanese economy gradually recovered owing to the impact of a variety of policies while sustained wage increases helped the employment and income environment to continue improving. However, the outlook for the Japanese economy remains uncertain as there are various uncertainties overseas that are viewed as risks that may exert downward pressure on the domestic economy.

Under these circumstances, the Group implemented base increases and strengthened recruiting activities continuing from the previous fiscal year to prepare for business expansion. The Group will cover a rise in these costs by reviewing the prices of some products (memberships) as well as increasing annual fees (operation management costs) in Hotel and Restaurant Operations starting in January 2025.

During the period under review, the recruitment drive for hotel and medical memberships continued to be successful, and due to the launch of SANCTUARY COURT YATSUGATAKE in August 2024, the effect of the recruitment drive for new membership in the hotel boosted sales. These and other factors led to an increase in the number of memberships. The operations of the SANCTUARY COURT TAKAYAMA hotel, which opened in March 2024, contributed to increased sales, and the prices of certain memberships were raised in April 2024.

As a result, net sales were 107,725 million yen (+20.5% YoY), operating income was 11,433 million yen (+47.0% YoY), ordinary income was 11,512 million yen (+44.5% YoY), and net income attributable to parent company shareholders was 7,522 million yen (+23.6% YoY).

2. Summary of Business Segments

【Membership Operations】

(Millions of Yen)

	2Q FY2023 (Results)	2Q FY2024 (Results)	Year-on-Year Change
Net sales	18,621	31,193	+67.5%
Operating income	4,943	10,960	+121.7%

Membership Operation Segment recorded higher sales and higher income due to factors including the strong sales of memberships for SANCTUARY COURT BIWAKO, which began sales in March 2022, and SANCTUARY COURT NIKKO, which began sales in October 2022, improved profitability resulting from an increased ratio of sales of existing hotel memberships, and the launch of SANCTUARY COURT YATSUGATAKE in August 2024 ahead of schedule. The Group has been addressing rises in development costs and construction costs and an increase in labor costs including across-the-board pay increases by reviewing the prices of certain memberships since April 2024.

【Hotel and Restaurant Operations】

(Millions of Yen)

	2Q FY2023 (Results)	2Q FY2024 (Results)	Year-on-Year Change
Net sales	47,447	51,002	+7.5%
Operating income	4,444	1,758	(60.4%)

In Hotel and Restaurant Operation Segment, although SANCTUARY COURT TAKAYAMA, which opened in March 2024, contributed to increased sales, the occupancy rate of hotels has been sluggish owing to typhoons and other factors. In terms of cost, due to factors such as across-the-board pay increases and other personnel measures implemented from the previous year, investments made in the recruitment and development of human resources in preparation for the future opening of hotels, and expenses for hotel maintenance performed in advance, the segment recorded higher sales and lower income.

【Medical Operations】

(Millions of Yen)

	2Q FY2023 (Results)	2Q FY2024 (Results)	Year-on-Year Change
Net sales	23,003	25,189	+9.5%
Operating income	3,615	3,854	+6.6%

In Medical Operation Segment, despite temporary costs including expenses paid to transfer some medical checkup facilities to a new building, new medical checkup facilities were added to expand operations, and the HIMEDIC Osaka Nakanoshima Course, which is based in Nakanoshima, Osaka, started providing medical checkup services in August 2024. Continuing on from last year, membership recruitment for the comprehensive medical support club “Grand HIMEDIC Club” was strong, and annual membership fee income and other income increased due to the increase in members.

【Others】

(Millions of Yen)

	2Q FY2023 (Results)	2Q FY2024 (Results)	Year-on-Year Change
Net sales	355	339	(4.4%)
Operating income	330	365	+10.6%

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

3. Outlook for the Fiscal Year 2024(Ending March 31, 2025)

(Millions of Yen)

	FY2023 (Results)	FY 2024 (Targets)	Year-on-year Change	FY 2024 (As of May.)
Net sales	201,803	245,000	+21.4%	233,200
Operating income	21,119	25,000	+18.4%	22,000
Ordinary income	21,807	25,300	+16.0%	22,500
Net income	15,892	17,000	+7.0%	15,900
Evaluated Operating Income	23,899	25,600	+7.1%	22,300

Regarding the future economic climate of Japan, while sustained wage increases have helped the employment and income environment to continue improving, a gradual economic recovery is expected owing to the impact of a variety of policies. There are various uncertainties overseas, however, that are viewed as risks that may exert downward pressure on the domestic economy.

Amidst these circumstances, in the second year of its five-year medium-term management plan covering the period from April 2023 through March 2028, the Resorttrust Group will implement its strategies and realize "true Group management" by practicing the Group's identity, "Together for a Wonderful Life: Creating a more affluent, happy time."

The forecast for FY2024(Ending March 31, 2025) include a lump sum of deferred real estate sale income following the opening of the SANCTUARY COURT BIWAKO membership resort hotel, for October 2024. And in the Hotel and Restaurant Operations and Medical Operations will be attributable to a rise in the number of members, higher unit prices, and other factors that will boost operating income, as well as continued wage increases—including base increases—creating a virtuous cycle aimed at further enhancing productivity. The Group as a whole is expected to achieve record high net sales, operating income and ordinary income of 245,000 million yen (+21.4% year-on-year), operating income of 25,000 million yen (+18.4% year-on-year) and ordinary income of JPY 25,300 million yen (+16.0% year-on-year), net income attributable to owners of parent is expected to increase to 17,000 million yen (+7.0% year on year).

It should be noted that the company, effective today, made an upward revision of its earnings forecast and dividend forecast in light of the most recent business results such as strong membership sales.

The company has revised its year-end dividend forecast upward. With the interim dividend being expected to be 27 yen and the year-end dividend being expected to be 31 yen, the company anticipates an annual dividend of 58 yen, an increase of 4 yen from the same period of the previous fiscal year, which is a record-high annual dividend resulting from an 8 yen increase in real terms in the ordinary dividend since the annual dividend for the previous fiscal year included a commemorative dividend of 4 yen for the 50th anniversary of the company's foundation. As a result, the dividend payout ratio is expected to be 36.1%, the same level as the previous forecast.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY 2023 (as of Mar. 31, 2024)	2Q FY 2024 (as of Sep. 30, 2024)
Assets		
Current assets		
Cash and deposits	31,752	29,644
Notes and accounts receivable - trade, and contract assets	11,314	13,304
Accounts receivable - installment	77,978	83,378
Operating loans	22,608	18,430
Securities	8,758	7,696
Merchandise	1,156	1,369
Real estate for sale	5,388	4,923
Raw materials and supplies	1,788	1,976
Real estate for sale in process	30,110	43,934
Investments in leases	3,762	3,481
Other	6,872	8,803
Allowance for doubtful accounts	(966)	(962)
Total current assets	200,525	215,981
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	100,027	103,142
Machinery, equipment and vehicles, net	2,657	2,831
Golf courses	7,642	7,712
Land	48,376	48,908
Leased assets, net	1,706	2,323
Right-of-use assets	11,589	13,050
Construction in progress	15,576	17,682
Other, net	4,811	4,335
Total property, plant and equipment	192,389	199,986
Intangible assets		
Goodwill	842	725
Software	2,470	2,524
Other	2,833	3,435
Total intangible assets	6,146	6,685
Investments and other assets		
Investment securities	22,727	21,756
Shares of subsidiaries and associates	1,339	1,343
Long-term loans receivable	4,367	5,108
Retirement benefit asset	723	690
Deferred tax assets	18,594	20,662
Other	22,175	23,413
Allowance for doubtful accounts	(422)	(420)
Total investments and other assets	69,504	72,554
Total non-current assets	268,040	279,227
Total assets	468,565	495,209

(Millions of yen)

	FY 2023 (as of Mar. 31, 2024)	2Q FY 2024 (as of Sep. 30, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,787	1,758
Short-term loans payable	1,650	11,842
Current portion of long-term borrowings	8,755	654
Lease obligations	1,451	1,479
Accounts payable - other	21,534	8,999
Income taxes payable	4,595	6,300
Accrued consumption taxes	1,044	2,324
Advances received	110,219	132,618
Unearned revenue	15,116	12,035
Provision for loss on guarantees	31	26
Provision for point card certificates	487	430
Other	11,272	12,977
Total current liabilities	177,946	191,357
Non-current liabilities		
Long-term borrowings	2,172	2,858
Lease obligations	20,535	22,282
Deferred tax liabilities	136	114
Allowance for retirement benefits to directors and corporate auditor:	—	21
Provision for stocks payment	785	879
Retirement benefit liability	3,054	3,215
Long-term guarantee deposits	29,109	30,308
Amortizable long-term guarantee deposits received	94,048	97,937
Other	5,169	5,327
Total non-current liabilities	155,011	162,944
Total liabilities	332,957	354,302
Net assets		
Shareholders' equity		
Share capital	19,590	19,590
Capital surplus	21,610	21,368
Retained earnings	84,193	88,625
Treasury shares	(5,483)	(4,940)
Total shareholders' equity	119,911	124,643
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,892	2,927
Foreign currency translation adjustment	3,916	6,469
Remeasurements of defined benefit plans	652	567
Total accumulated other comprehensive income	9,460	9,964
Non-controlling interests	6,235	6,298
Total net assets	135,607	140,906
Total liabilities and net assets	468,565	495,209

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

(Millions of yen)

	2Q FY 2023 (Apr. 1, 2023 - Sep. 30, 2023)	2Q FY 2024 (Apr. 1, 2024 - Sep. 30, 2024)
Net sales	89,428	107,725
Cost of sales	9,044	15,062
Gross profit	80,383	92,662
Selling, general and administrative expenses		
Salaries and bonuses	28,860	33,286
Provision for directors' retirement benefits		13
Repair and maintenance expenses	2,388	2,808
Provision of allowance for doubtful accounts	3	4
Utilities expenses	3,847	4,028
Depreciation	4,011	4,136
Other	33,494	36,951
Total selling, general and administrative expenses	72,606	81,229
Operating profit (loss)	7,776	11,433
Non-operating income		
Interest income	421	369
Dividend income	47	58
Equity Gains of Affiliated Companies	2	8
Reversal of allowance for doubtful accounts	34	7
Reversal of provision for loss on guarantees	3	4
Foreign exchange gain	1	2
Subsidy income	65	101
Other	132	139
Total non-operating income	709	691
Non-operating expenses		
Interest expenses paid on loans and bonds	136	139
Syndicate loan fees	29	23
Nondeductible consumption tax	176	248
Other	174	200
Total non-operating expenses	516	611
Ordinary profit (loss)	7,969	11,512

[Consolidated Statements of Income]

(Millions of yen)

	2Q FY 2023 (Apr. 1, 2023 - Sep. 30, 2023)	2Q FY 2024 (Apr. 1, 2024 - Sep. 30, 2024)
Extraordinary income		
Gain on sales of non-current assets	1	22
Gain on sales of subsidiaries and affiliates' stocks	—	1
Gain on sales of investment securities	—	2,217
Gain on redemption of securities	1,478	213
Total extraordinary income	1,480	2,454
Extraordinary losses		
Loss on sales of non-current assets	—	2
Loss on retirement of non-current assets	23	12
Impairment loss	—	1,799
Other	—	5
Total extraordinary losses	23	1,819
Profit (loss) before income taxes	9,426	12,148
Income taxes - current	3,265	5,724
Income taxes - deferred	(50)	(1,259)
Total income taxes	3,214	4,465
Profit (loss)	6,212	7,683
Profit (loss) attributable to non-controlling interests	128	160
Profit (loss) attributable to owners of parent	6,084	7,522

[Consolidated Statements of Comprehensive Income]

(Millions of yen)

	2QFY 2023 (Apr. 1, 2023 - Sep. 30, 2023)	2QFY 2024 (Apr. 1, 2024 - Sep. 30, 2024)
Profit (loss)	6,212	7,683
Other comprehensive income		
Valuation difference on available-for-sale securities	1,013	(1,964)
Foreign currency translation adjustment	1,367	2,553
Remeasurements of defined benefit plans, net of tax	(21)	(84)
Total other comprehensive income	2,359	504
Comprehensive income	8,571	8,187
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,443	8,027
Comprehensive income attributable to non-controlling interests	128	160

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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