COMPANY RESEARCH AND ANALYSIS REPORT

RESOL HOLDINGS Co., Ltd.

5261

Tokyo Stock Exchange Prime Market

21-Aug.-2026

FISCO Ltd. Analyst

Kimiteru Miyata

FISCO

FISCO Ltd.

https://www.fisco.co.jp

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Summary

Promoting higher quality and accelerating business expansion

1. Developing businesses around the two axes of facility operations and investment recovery, accelerating business expansion and promoting higher quality by capitalizing on tailwinds

RESOL HOLDINGS Co., Ltd., <5261> (hereafter, also "the Company"), based on its twin axes of facility operations and investment recovery, is developing six diversified businesses that are strongly unique: the hotel operation business, the golf operation business, the RESOL NO MORI business, the well-being business*, the renewable energy business, and the investment recovery business. A key characteristic of the Company lies in its pursuit of Group-wide synergies through a portfolio strategy of multifaceted development of its six businesses. Another major strength is that the Company generates synergies through business alliances with Mitsui Fudosan <8801> and the Konami Group <9766>. Capitalizing on tailwinds from the surging number of inbound tourists and the recovery in domestic travel, the Company is currently accelerating business expansion while maintaining awareness of financial soundness and, in response to the increasing orientation toward luxury among wealthy domestic customers and inbound tourists, is raising the quality of its facilities and services.

* With the increasing prevalence of human capital management and diverse work styles, the name of the reporting segment was changed from the welfare business to the well-being business from the interim results for FY3/26 in order to broadly develop businesses in the comprehensive well-being domain.

2. Strengthening both soft and hard aspects of the golf operation business and more actively pursuing sales in the well-being business

In the hotel operation business, the Company is developing lodging facilities under multiple brands, centering on RESOL Hotels, which is branded as a tourist hotel. In the golf operation business, along with intangible aspects like planning and services, the Company is focused on raising the quality in tangible aspects, such as facility renovations and course maintenance. In the RESOL NO MORI business, the Company is strengthening its response to resort-style lodging needs, including for inbound tourists, through the expansion of its wide variety of facilities and services. In the well-being business, the Company is actively carrying out sales activities, incorporating new strategies such as the OEM strategy. The renewable energy business works to develop business centering on installation of solar carports. In the investment recovery business, which plays the role of helping to stabilize earnings, the Company is focused on purchasing new operating facilities because the operation business is performing well.

3. Achieving double-digit operating profit growth in FY3/26 with strong inbound and domestic demand

In the results for FY3/26, net sales were ¥30,404mn (up 7.1% year on year (YoY)) and operating profit was ¥3,303mn (up 23.2%). With the number of inbound tourists reaching a historic high of 42.68 million in 2025, the expansion of inbound demand gained momentum as the consumption trends of inbound tourists shifted in earnest from spending on goods, such as shopping, to experiential consumption in the form of lodging, dining, and experiences. Furthermore, the business environment was good, supported by steady demand for domestic travel, golf, and training. As a result, net sales generally trended smoothly, with growth in the high single digits, led by the core hotel operation business. In addition, profitability improved due to the effects of higher net sales, resulting in double-digit growth in operating profit. Furthermore, results exceeded initial forecasts, mainly due to higher-than-expected inbound demand, which led to an increase in average room rates.

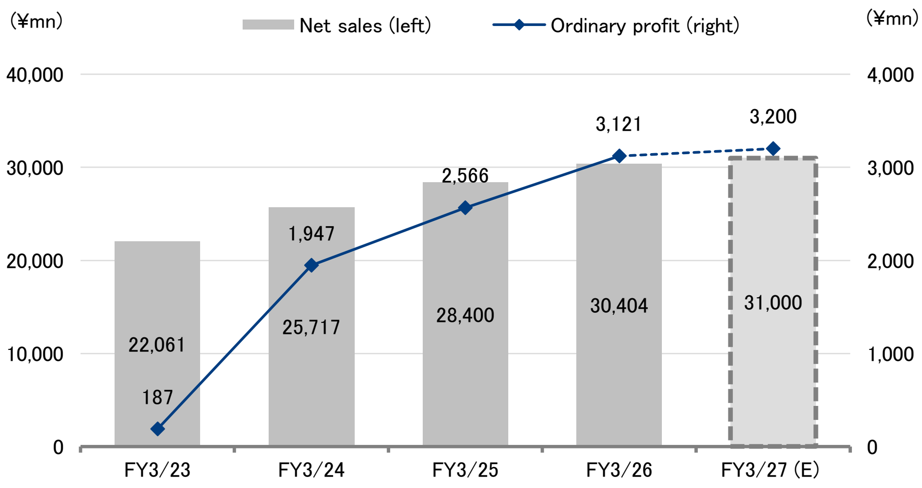
4. Forecasting continued increases in net sales and operating profit for FY3/27, and working to expand operating facilities over the medium to long term

For FY3/27, the Company is projecting net sales of ¥31,000mn (up 2.0% YoY) and operating profit of ¥3,400mn (up 2.9%). The business environment is expected to continue to be favorable, supported by robust inbound demand and stable domestic travel and golf consumption. In this environment, the Company will expand operating facilities while maintaining awareness of financial soundness, such as by opening hotels in a planned manner while accommodating diverse needs in the hotel operation business and by further strengthening strategic M&A, including partnerships overseas, in the golf operation business over the medium to long term. On the other hand, the Company plans to strengthen its recruitment and human resource development systems while expanding investment in human capital, and to promote operational efficiency and cost optimization through operational improvements, the promotion of DX and AI utilization, the standardization of procurement, and self-consumption-type solar power generation using solar carports. On the other hand, there is a possibility that inbound demand could fluctuate due to uncertainties in the Middle East and changes to travel policies in countries and regions including China, and rising raw material and energy prices associated with inflation could also be risk factors for the business environment going forward.

Key Points

- Developing six businesses based on the two axes of facility operations and investment recovery, characterized by the pursuit of synergies through a portfolio strategy
- Achieving double-digit profit growth in FY3/26 with a favorable environment including expanding inbound demand and recovering domestic demand
- Forecasting consecutive increases in net sales and operating profit for FY3/27; working to expand operating facilities over the medium to long term

Results trends



Source: Prepared by FISCO from the Company's financial results

Company summary

Developing the businesses on the two axes of facility operations and investment recovery

1. Company summary

The Company has two business axes, facility operations and investment recovery, and it is developing six businesses: the hotel operation business, the golf operation business, the RESOL NO MORI business, the well-being business, the renewable energy business, and the investment recovery business. With all value being based on the Group's corporate slogan of "Bringing more smiles to you in your time off," it provides a life worth living, bonds, health promotion, and relaxation to customers and is working to produce many smiles. Also, based on its sustainability management, the Company has set the three Group long-term policies of Be Friendly (to people, to society, and to the Earth). It is working to maximize social and economic values through each of its businesses, striving to improve the quality of its customer service and the value it provides as a company that is chosen in any environment. Currently, its facility operations businesses are performing well against the backdrop of the increase in inbound demand and other factors.

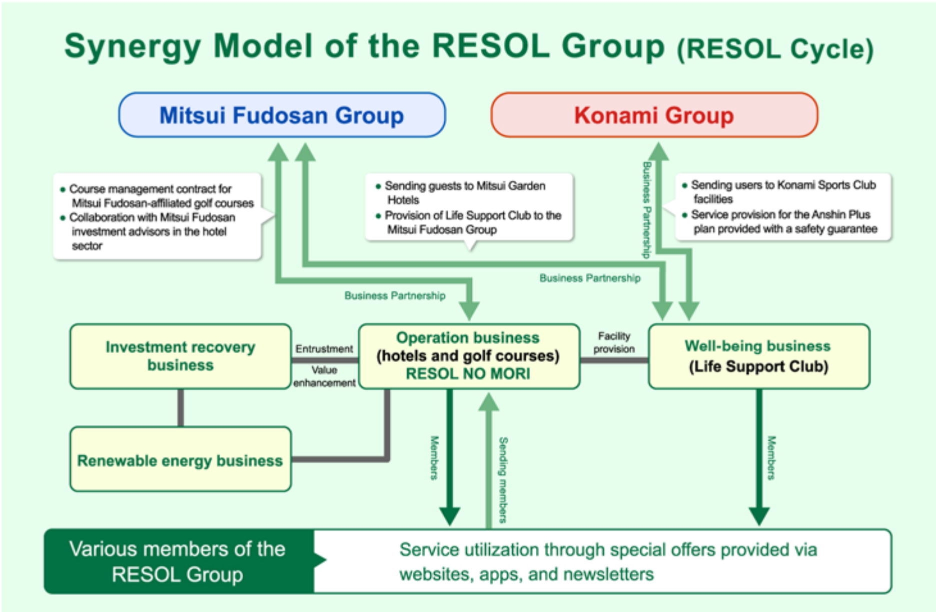
Creating synergies through a portfolio strategy

2. Business characteristics

The Company's characteristics are consolidated in its Group synergy model, called the RESOL Cycle. In the RESOL Cycle, the Company creates Group-wide synergies through a portfolio strategy that develops six highly unique businesses multi-dimensionally, based on the two axes of facility operations and investment recovery.

The hotel operation business and golf operation business provide stable growth while next-generation businesses—the RESOL NO MORI business and well-being business—form a stable earnings base. Moreover, while each business is working on brand formation, which provides users with the convenience of choice, such as location, stay duration, and usage purpose, the Company uses brand formation to carefully assess the various conditions of each facility, its location, customer segments, and competitors, and sets detailed investment and marketing strategies to optimize earnings. Notably, the well-being business sends customers to other businesses and utilizes a membership base; it is the key to the Group's synergies. In the renewable energy business and investment recovery business, the Company aims to resolve social issues and contribute to a sustainable society through reducing environmental impact and reusing idle assets. In response to external risks such as downturns in the economic environment, gains from asset sales in the investment recovery business serve to diversify risk for the portfolio as a whole. Synergistic effects are also heightened through business alliances with affiliates like Mitsui Fudosan and the Konami Group. The RESOL NO MORI business comprehensively embodies these strategic synergies, earnings stability, and social contribution.

Synergy Model of the RESOL GROUP (RESOL Cycle)



Source: The Company's website

Developing six businesses led by the hotel operation business

3. Business description

(1) Hotel operation business

RESOL Hotels, the hotel operation business' mainstay brand, is operating at 20 locations nationwide (as of March 31, 2026), including the high-end brand Hotel RESOL Trinity, under the concept of hotels with a story, targeting medium- to long-term stay guests such as women, tourists, and inbound tourists. To differentiate the brand from conventional business hotels, as high-quality tourist hotels, they not only provide a relaxing space but also have a unique design to imbue the lodging experience with personality. The hotels deploy service coordinators not found at hotels in the same class, propose Sightsee, Dine, Experience, Shop of the region, and hold Japanese cultural experience events within facilities for inbound tourists, such as calligraphy experiences and maiko dance performances, to link these efforts to continuous increases in occupancy rates and unit prices. The Company is working to expand hotel openings, but in light of challenges such as rising costs and longer development times for new developments, it is also pursuing the development of existing hotels under the brand RESOL Style. The Company is also considering opening hotels overseas and developing apartment hotels for large groups of inbound tourists.

In addition, in the RESOL Stay business based on the concept of staying as if you were living in a villa, Suite Villa vacation rentals are being developed as a dominant fashion primarily in the Kanto region (approx. 80 locations as of March 31, 2026). Its characteristic is being able to stay in a high-end villa that is furnished and comfortable, and is envisioned for use by groups such as active seniors for medium- to long-term stays, to escape the summer heat or winter cold, and by inbound tourists. In addition to utilizing its own facilities, the Company is also strengthening development of privately owned villas with low utilization rates—this service is well received by villa owners because the Company provides a contract service in which it handles everything from development preparation to operation, management, and attracting customers. However, since high-quality, long-term stay villas tend to be preferred, the Company is replacing its villas with higher quality ones while strengthening the long-term stay plan that is in line with the original purpose among its three stay patterns: daily, weekly, and monthly.

Japanese cultural experience event

Suite Villa Oshino Mt. FUJI

Source: The Company's financial results supplementary materials

(2) Golf operation business

The golf operation business operates 17 courses nationwide (includes operation-partner), and it is responding to various customer needs through its unique operations style tailored to the characteristics of each golf course, such as the location, brand, and services. The Company is working to enhance its services to secure new and repeat customers, introducing carts equipped with coolers as a measure to deal with hot weather and working on improving meals and services for seniors and women golfers, as well as upgrading tee boxes. It is also strengthening the Fairway Front Villa business at high-end resorts based on the golf and stay concept that meets the needs of long-term domestic travelers and the growing number of inbound golfers. The villas, which are adjacent to the course and combine private space with expansive views, are well received. Therefore, in addition to the currently operating Spa & Golf Resort Kuji and Setouchi Golf Resort, the Company is planning to build new villas at the Daiatami Kokusai Golf Club with views of Mt. Fuji and the fairways, and at Manna Country Club within RESOL NO MORI, and is also considering the expansion of existing villas (the second phase at Setouchi Golf Resort, scheduled to open in 2027). It is also expanding overseas, having partnered with a local company operating golf courses in Thailand in October 2025.

Furthermore, the Company continues to actively acquire golf courses and is working in particular to acquire high-quality luxury facilities to further enhance the Group's brand.

Spa & Golf Resort Kuji

Setouchi Golf Resort

Source: The Company's website and materials

(3) RESOL NO MORI business

Sport & Do Resort RESOL NO MORI is located within 50km of the city center of Tokyo on an expansive area of natural beauty. It is an experience-based resort complex with lodging facilities, a golf course, various sports and recreation facilities, restaurants, and clinics, and it is positioned as a facility that symbolizes the Group. The Company operates the resort facilities operations business centered on resorts, health, sports, and the outdoors and the real estate development business that takes advantage of the natural environment. The RESOL NO MORI business is the Company's flagship business that offers a comprehensive range of facilities and services. Aiming to provide high-quality resort life and resort work throughout the year, the Company has been actively making upgrades, including conducting renovations, introducing new facilities, and improving services. Since the end of the COVID-19 pandemic, facility operations have been performing well due to an increase in the number of inbound golfers and other overseas wealthy customers and a recovery in corporate training programs.

Facilities include the luxury accommodation Trinity Shosai, the prestigious golf course Manna Country Club, the full-fledged comprehensive sports facility Medical Training Center, which is also used by top athletes, conference, training, and lodging facilities, and Forest Adventure Tarzania. Furthermore, Grandvaux Spa Village, a glamping area where guests can experience a high-quality outdoor resort, equipped with tent cabins and terrace houses, is also attached. As such, new development and expansion continue even now, and most recently, the Pet Villa Dear Wan Spa Garden (10 buildings), equipped with private hot springs and a dog run, was opened and is reportedly well received. In addition, against the backdrop of increasing human capital needs in recent years, a year-round training facility is reportedly planned for the LAC LÉMAN area.

Grandvaux Spa Village

Pet Villa Dear Wan Spa Garden

Source: The Company's materials

(4) Well-being business

Through the welfare service Life Support Club, the Company provides services that support well-being to companies, organizations, and their employees and families. Along with strengths in an enhanced service menu in collaboration with major travel companies and various reservations services and Group directly managed facilities, specifically the hotels, golf clubs operated by the Group, and a reservation system that is easy to search, it has strengths in the highly unique plans of a settlement plan that settles and refunds subsidies according to facility usage, a cafeteria plan (Plus Your Choice) that is highly customizable and can be used at non-partner facilities as well, and a pay-as-you-go plan specific to lodging and in which only the amount used is paid for. Moreover, targeting major financial institutions, insurance unions, and major travel companies, the Company is also launching new business models such as House Agent, which provides dedicated support to companies, and OEM strategy, a partner-branded approach in collaboration with partners, aiming to further differentiate itself from competitors. The well-being business can refer customers to hotels, golf clubs, and RESOL NO MORI operated by the Group, so it is positioned as a core function in Group synergies.

(5) Renewable energy business

The renewable energy business utilizes solar power generation facilities installed on the land and facilities at golf courses owned and operated by the Group to carry out two businesses: electricity sales and self-consumption. Both businesses practice sustainability management for the realization of a decarbonized society. In the electricity sales business, 1.5 MW of solar power generation facilities are operated within RESOL NO MORI; in self-consumption, the Company has introduced Japan's first locally produced and consumed energy system at RESOL NO MORI, and is also developing the solar carport business at its golf courses. Solar carports are equipped with solar power generation facilities and can be installed at locations like golf course parking lots for self-consumption at the facility, so the Company is actively promoting their installation at its Group golf courses.

(6) Investment recovery business

In the investment recovery business, the Company utilizes the know-how it has cultivated in various businesses to restore real estate such as recreation centers, vacation homes, golf courses, and idle assets, and depending on the situation, it decides whether to continue to hold the asset and have it contribute to earnings or turn it into a gain on sale. It is difficult to know the importance because earnings levels change depending on the business environment, but the business demonstrates a portfolio effect—when a restored asset is sold, a relatively substantial gain is acquired, and when operating business results are stagnating, it drives the business of the entire Company. When results are favorable, the business focuses on purchasing recovery real estate to build a base for future earnings. Currently, the operation business is performing well, buoyed by inbound demand, so the business is focused on making purchases.

Working to achieve higher facility quality and expand business

4. Medium-term initiatives

With the number of inbound tourists surpassing 42.00 million in 2025, and the Japanese government having set the target of 60.00 million inbound visitors by 2030 to become an advanced tourism country, inbound demand is expected to continue to be strong in the future. In this favorable environment, the Company plans to leverage its various strengths to create synergies and generate new value. Over the medium term, while maintaining awareness of financial soundness, the Company will continuously promote measures to expand business by acquiring golf courses through strategic M&A, opening hotels in a planned manner, accommodating diversifying lodging needs, and expanding overseas. In response to the growing preference for luxury among wealthy domestic customers and inbound tourists, the Company will also raise the quality of its facilities and services to enhance its brand power. The medium-term policies by segment are as follows.

The policy in the hotel operation business is to increase openings. The core is, of course, RESOL Hotels, and the Company will develop facilities chosen by the high-quality tourist segment, including women and inbound tourists, based on the concept of hotels with a story. Specifically, it will focus on providing delicious, health-conscious food, offering detailed services, and creating experience value. In addition, the Company will introduce new features and services for medium- to long-term stay guests to further strengthen the brand value of RESOL Hotels as tourist hotels.

While openings for RESOL Hotels are being considered, as construction completion periods are becoming longer due to factors such as labor shortages, the Company will also actively develop operating facilities in new areas, such as existing hotels through ownership changes and overseas hotels. Regarding existing hotels, including those that would not have been previously considered, such as ones still under operation by other companies or those that fall outside the concept of RESOL Hotels, the Company will operate them under a new brand called RESOL Style. It appears that several projects, including overseas hotels, are already under consideration. From the perspective of financial soundness, the Company is also considering establishing a fund in the future to take these assets off-balance sheet (under the new lease accounting standards effective 2027, variable rent is planned to no longer require on-balance sheet recognition).

For the RESOL Stay business, the original aim was to propose a long-term stay, high-quality villa lifestyle to active seniors who want to live in a villa without buying one. However, because the Company prioritized securing villas to launch the business smoothly, the quality of villas varied and the menu expanded to daily, weekly, and monthly patterns. On the other hand, it has become clear that the high-quality type has a positive reputation among wealthy domestic and international customers wanting long-term stays, and that it is easier to turn these customers into repeaters and operate efficiently. Therefore, in recent years, the Company has been replacing its villas with high-quality types. Since the replacement process has largely been completed, the Company will spend the 2026 year rebuilding the business model.

In the golf operation business, the Company will continue to promote M&A of high-quality golf courses while expanding the Fairway Front Villa business. It will strengthen its personnel structure, improve productivity to enhance its reception capacity, and work to attract wealthy players and strengthen membership sales. The Company also plans to expand its capacity to receive inbound golfers, whose numbers are projected to increase over the medium to long term. Regarding the promising Fairway Front Villa business, the second phase at Setouchi Golf Resort and the new villas at Daiatami Kokusai Golf Club are both planned to open in 2027. There is still room for development, and expansion will be considered if the business is well received.

In the RESOL NO MORI business, anticipating an increase in training demand due to the expansion of human capital by corporations, the Company is proceeding with the renewal of the LAC LÉMAN area as a new training facility, the Harmony Area. Furthermore, a Fairway Front Villa at Manna Country Club is also reportedly planned, anticipating the acquisition of inbound golfers. Over the medium term, along with expanding sales of existing businesses and facilities, the Company will aim to stabilize the earnings base by accumulating new businesses.

In the well-being business, the Company intends to develop a broad range of businesses in the comprehensive well-being domain by leveraging its unique plans, a factor differentiating it from competitors, and collaboration with major financial institutions. In addition, the Company will promote its business with an eye toward transforming the industry model in the future, and will currently focus on acquiring new customers through new business models such as House Agent and OEM strategy. It will also target small and medium-sized enterprises (SMEs). Although there are more than 4 million SMEs with 50 employees or fewer, the industry has not targeted them because the high cost of acquisition per person made it unapproachable. However, as the acquisition cost has fallen due to AI utilization and DX promotion, creating an environment where it is feasible, the Company has adopted a policy to promptly begin sales to SMEs and secure market share. On the SME side, receiving the same level of welfare services as large companies would also be advantageous for talent recruitment, so the response seems welcoming.

In the renewable energy business, the Company aims to put earth-friendly sustainability into practice and plans to expand its solar carport business at golf courses operated by the Group. In the investment recovery business, the Company will focus on acquiring new facilities such as hotels and golf courses to expand the operating business while at the same time revitalizing resorts by building villas, converting golf courses to land for renewable energy including some existing golf courses, and advancing new business expansion overseas.

Meanwhile, the Company sees securing and training human resources alongside business expansion as an important issue over the medium-term, and will strengthen recruiting and its human resource development system while also hiring more women and young people. On the other hand, the Company plans to further advance the standardization of operations, the improvement of operational efficiency through AI utilization and DX promotion, the standardization of procurement, and the utilization of self-consumption solar power generation using solar carports to address the continuing cost-push pressures from the ongoing increases in energy and raw material prices.

Results trends

Expanded inbound demand and achieved double-digit growth in operating profit

1. FY3/26 results trends

The FY3/26 results were net sales of ¥30,404mn (up 7.1% YoY), operating profit of ¥3,303mn (up 23.2%), ordinary profit of ¥3,121mn (up 21.6%), and profit attributable to owners of parent of ¥2,708mn (up 38.9%). The results were higher than the initial forecasts, with net sales exceeding by ¥404mn and operating profit by ¥303mn.

FY3/26 results

(¥mn)

	FY3/25		FY3/26		
	Result	% of sales	Result	% of sales	YoY
Net sales	28,400	-	30,404	-	7.1%
Gross profit	20,191	71.1%	21,593	71.0%	6.9%
SG&A expenses	17,510	61.7%	18,290	60.2%	4.5%
Operating profit	2,681	9.4%	3,303	10.9%	23.2%
Ordinary profit	2,566	9.0%	3,121	10.3%	21.6%
Profit attributable to owners of parent	1,950	6.9%	2,708	8.9%	38.9%

Source: Prepared by FISCO from the Company's financial results

With the number of inbound tourists reaching a historic high of approximately 42.68 million in 2025, the expansion of inbound consumption gained momentum as the consumption trends of inbound tourists shifted in earnest from spending on goods, such as shopping, to experiential consumption focusing on convenience, safety, and high added value. Furthermore, the business environment was solid, supported by stable domestic travel and golf consumption, as well as corporate training programs pushed by the need to secure human resources amid labor shortages. Regarding the concerns over the impact of tensions in the Middle East and a reduction in Chinese inbound tourists, the outlook remains uncertain, but the situation appears to be contained for now. In this environment, the Company worked on strengthening marketing measures and developing products and plans to meet needs in order to further strengthen its ability to capture inbound demand. At the same time, the Company continued to work on strengthening its customer service system and improving facility quality to strengthen its brand image as a tourist hotel.

As a result, net sales generally trended smoothly, with growth in the high single digits, led by the core hotel operation business. In addition, profitability improved due to the effects of higher net sales, resulting in double-digit growth in operating profit. Net sales and operating profit exceeded initial forecasts because of a rise in average room rates resulting from higher-than-expected inbound demand against the backdrop of the tourist hotel becoming established as a high-quality brand in the hotel operation business.

Hotel operation business drives overall performance

2. Results trends by segment

The hotel operation business, which particularly benefited from the expansion of inbound demand, drove overall performance; the golf operation business contributed to stabilizing earnings; the RESOL NO MORI business made upfront investments; and the well-being business entered a growth phase. Because the core operation businesses and well-being business performed well, the investment recovery business, which plays a complementary role, made no notable contribution.

Results by segment in FY3/26

(¥mn)

Net sales	FY3/25		FY3/26		
	Result	Share	Result	Share	YoY
Hotel operation business	14,888	52.4%	16,433	54.0%	10.4%
Golf operation business	8,357	29.4%	8,551	28.1%	2.3%
RESOL NO MORI business	3,974	14.0%	4,235	13.9%	6.6%
Well-being business	965	3.4%	1,055	3.5%	9.4%
Renewable energy business	103	0.4%	102	0.3%	-1.2%
Investment recovery business	111	0.4%	25	0.1%	-76.8%

Segment profit before adjustments	FY3/25		FY3/26		
	Result	Profit margin	Result	Profit margin	YoY
Hotel operation business	2,514	16.9%	3,277	19.9%	30.3%
Golf operation business	933	11.2%	979	11.4%	5.0%
RESOL NO MORI business	304	7.6%	299	7.1%	-1.5%
Well-being business	62	6.4%	130	12.3%	110.1%
Renewable energy business	53	51.5%	31	30.4%	-40.2%
Investment recovery business	22	19.8%	3	12.0%	-85.9%

Note: Segment profit is based on ordinary profit/loss in order to clarify the operating results of each segment, including the investment recovery business.
Source: Prepared by FISCO from the Company's financial results

In the hotel operation business, the Company actively implemented promotional measures at each hotel tailored to regional characteristics in Asia and Europe, and captured robust inbound demand by providing high-quality services within its facilities, such as Japanese cultural experience events and information on the surrounding area by dedicated service coordinators. By strengthening the branding as a tourist hotel, repeat business from wealthy domestic customers also increased. As a result, both average room rates and occupancy rates improved, and performance was strong, shifting the business from the post-pandemic recovery phase into a growth phase. In the Osaka area in particular, performance was very strong, benefiting from the Osaka-Kansai Expo. Regarding the decrease in Chinese inbound tourists during the period, the original number of tour group guests was low, and they were covered by tourists from Taiwan, South Korea, Southeast Asia, Europe, and the US; the balance seems to have actually improved with the inclusion of wealthy domestic customers.

On the other hand, the Company established a new concept sub-brand, RESOL Style, differentiating itself from RESOL Hotels, and prepared for the opening of its first property, Koraku Garden Hotel in Koishikawa, Tokyo, which began operations in April 2026. It is expected to contribute to earnings early on, with revamped marketing and front desk systems. In the RESOL Stay business, the Company expanded its product lineup, opening 10 facilities mainly in Karuizawa and 3 facilities in the high-demand Hakone area, resulting in all metrics—reservation numbers, overnight stays, and memberships—exceeding the previous fiscal year. As a result, in the hotel operation business, results were strong with net sales of ¥16,433mn (up 10.4% YoY) and ordinary profit of ¥3,277mn (up 30.3%).

In the golf operation business, as a result of continuing to improve the playing environment, including upgrading courses and clubhouses and strengthening hospitality, the number of visitors increased, including wealthy domestic customers, and the average spending per customer rose, resulting in firm performance. Regarding the carts equipped with coolers being introduced as a measure to deal with the hot weather of the summer season, the impact was found to be significant, with sales at Chukyo Golf Club, which replaced all its carts, from July to September growing 20% YoY. The golf and stay product, combining a resort stay with golf, was well received by inbound golfers, and at Setouchi Golf Resort, which develops the Fairway Front Villa business, golf course usage involving overnight stays from Asian countries, particularly South Korea, was strong. Therefore, the Company proceeded with preparations for the second phase of Setouchi Golf Resort and the opening of the villas at Daiatami Kokusai Golf Club to further expand the Fairway Front Villa business. As a result, partly due to strong membership sales, the golf operation business posted net sales of ¥8,551mn (up 2.3% YoY) and ordinary profit of ¥979mn (up 5.0%).

In the RESOL NO MORI business, in the golf division (Manna Country Club), the results of continuous efforts to upgrade, including strengthening course maintenance, renovating clubhouse facilities, and enhancing service quality, led to a rise in the average spending per customer, and membership sales also increased to over three times the level during the COVID-19 pandemic. Furthermore, the golf and stay product saw a significant increase in use by inbound golfers due to the implementation of an airport shuttle service, and increased accessibility due to the completion of the Ken-O Expressway also helped secure repeat business from wealthy domestic customers. Expectations are particularly high for wealthy domestic customers, as they can combine their visits with overnight stays, which may also lead to executive training programs. In the resort division, in addition to events such as summer festivals and sky lanterns, lodging demand centered on sports and seasonal programs expanded, and food and beverage sales and merchandise sales within the area also increased significantly. The premium villa area for stays with dogs, Dear Wan Spa Garden, maintained high unit prices and high occupancy throughout the year. As a result, the RESOL NO MORI business posted net sales of ¥4,235mn (up 6.6% YoY), while ordinary profit fell to ¥299mn (down 1.5%) due to upfront investments.

In the well-being business, new contracts increased due to development efforts in collaboration with major financial institutions leveraging strengths such as an industry-leading number of menu items and three customizable plans; at the same time, the Company worked to develop attractive service menus and improve convenience, while also promoting usage among existing members. Furthermore, House Agent, launched as a new business model in anticipation of the market expansion in the well-being domain, has already secured contracts with major companies such as the Mitsui Fudosan Group and the 700,000-member Kanto IT Software Health Insurance Union. Various companies are also reportedly showing interest in OEM strategy, where RESOL Life Support acts behind the scenes in collaboration with partner companies to provide well-being domain services to the partner company. As a result, the well-being business posted net sales of ¥1,055mn (up 9.4% YoY) and ordinary profit of ¥130mn (up 110.1%).

In the renewable energy business, approximately 1.5 million kWh of electricity was sold annually through the electricity sales business using the 1.5 MW of solar power generation facilities within RESOL NO MORI. In the self-consumption business, construction of solar carports was carried out at Arita RESOL Golf Club, the fifth such location. Furthermore, applications were submitted for the construction of solar carports at four more locations, mainly at golf courses. As a result, the renewable energy business posted net sales of ¥102mn (down 1.2% YoY) and ordinary profit of ¥31mn (down 40.2%).

In the investment recovery business, the Company brushed up its portfolio by replacing assets, including the sale of one pet-friendly accommodation facility and one golf course. As a foothold for overseas expansion, the Company entered into a business alliance with The Legacy Golf Club in Bangkok, Thailand, marking its first foray into the overseas golf business. The plan is to support customer referrals from the Japanese and Asian markets and operational improvements, with the intention of eventually expanding the scope of business to hotel operations. As a result, the investment recovery business posted net sales of ¥25mn (down 76.8% YoY) and ordinary profit of ¥3mn (down 85.9%).

Koraku Garden Hotel (RESOL Style)

Solar carport

Source: The Company's materials

Cart equipped with cooler

Source: The Company's materials

Hotel operation business continues to drive growth, with forecast increases in net sales and operating profit

3. FY3/27 results forecasts

For the FY3/27 results, the Company is forecasting net sales of ¥31,000mn (up 2.0% YoY), operating profit of ¥3,400mn (up 2.9%), ordinary profit of ¥3,200mn (up 2.5%), and profit attributable to owners of parent of ¥1,950mn (down 28.0%). The forecast is for steady earnings expansion, assuming further capturing of inbound demand in the hotel operation business, but profit attributable to owners of parent is projected to decline because the tax burden will normalize as tax loss carried forwards are resolved. It should be noted that if inbound demand falls below expectations due to factors such as the international situation or travel restrictions to Japan, or if operating costs such as procurement and utility expenses rise more than expected, this could be a downside risk to net sales and profits.

FY3/27 results forecast

(¥mn)

	FY3/26		FY3/27		
	Result	% of sales	Forecast	% of sales	YoY
Net sales	30,404	-	31,000	-	2.0%
Operating profit	3,303	10.9%	3,400	11.0%	2.9%
Ordinary profit	3,121	10.3%	3,200	10.3%	2.5%
Profit attributable to owners of parent	2,708	8.9%	1,950	6.3%	-28.0%

Source: Prepared by FISCO from the Company's financial results

Although there are concerns that the Company's business environment could change significantly due to changes in the external environment, it is expected to continue to be firm, supported by robust inbound demand and stable domestic travel and golf consumption. In this environment, the Company plans to expand operating facilities while maintaining awareness of financial soundness, such as by opening hotels in a planned manner while accommodating diverse needs in the hotel operation business and promoting strategic M&A, including partnerships overseas, in the golf operation business. In the hotel operation business, it also aims to expand facilities using the fund business. On the other hand, the Company recognizes that securing and training of human resources accompanying business expansion is an important issue, and plans to expand human capital investment to strengthen its recruitment and human resource development systems. Furthermore, to address high prices caused by the soaring costs of raw materials and energy, the Company plans to promote operational efficiency and cost optimization through operational improvements, AI utilization and DX promotion, the standardization of procurement, and self-consumption solar power generation utilizing solar carports. As a result, the Company expects the hotel operation business to further capture inbound demand, leading to higher net sales and higher operating profit.

The outlook for key segments is as follows.

In the hotel operation business, the Company will differentiate itself from competitors by providing high-quality services that leverage its unique strengths as a tourist hotel. In particular, dedicated service coordinators will be deployed at each RESOL Hotels brand facility to strengthen concierge services that cater to the traveler's journey, striving to improve customer satisfaction and create repeat customers. In May, likely partly due to the weak yen, domestic travelers recovered significantly, particularly during Golden Week, and domestic travelers seem to have returned even to Kyoto, which they had been avoiding. Regarding openings, only Koraku Garden Hotel, which opened in April, was added as this is a flat period, but it appears that multiple existing hotels are being scrutinized for openings in the next fiscal year.

In the golf operation business, aiming to strengthen occupancy rates and profitability during the midsummer off-season, the Company will promote increased introduction of carts equipped with coolers and enhancement of course maintenance, such as converting to warm-season turf grasses that are resistant to high temperatures and dryness, specifically as measures against extreme heat. In particular, carts equipped with coolers, which were well received at Chukyo Golf Club, will be introduced for all carts at main courses such as Manna Country Club and Iruma Country Club, and at other golf courses, they are being introduced in limited numbers on all courses. Furthermore, while proceeding with the development of a system to attract inbound customers, the highly anticipated Fairway Front Villa business plans to open the second phase of Setouchi Golf Resort in spring 2027 and Daiatami Kokusai Golf Club in summer 2027.

In the RESOL NO MORI business, as companies are focusing on training, meetings, and team-building from the perspective of investment in human resources, the Company plans to open a new training facility, the Harmony Area, in the summer of 2026, integrated into the forest environment, where guests can also enjoy barbecues and hot springs (the training building is scheduled to open in winter 2027). Furthermore, an expansion of Dear Wan Spa Garden, which is well received as a resort with its own dog run, and the construction of a Fairway Front Villa at Manna Country Club are reportedly also under consideration.

In the well-being business, centered on House Agent and OEM strategy, the Company will continue to secure large-scale contracts with groups and health insurance unions while also promoting customer referrals to the Harmony Area of the RESOL NO MORI business.

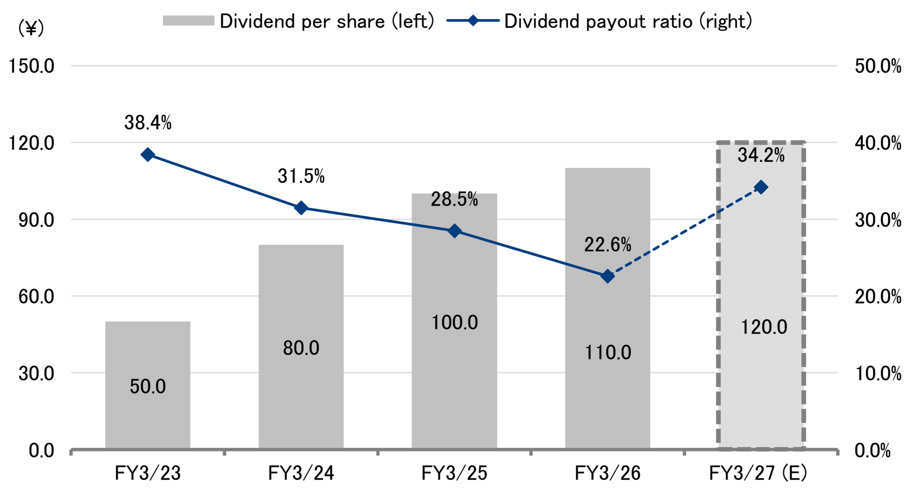
Shareholder return policy

Plans for consecutive dividend increases and continuing to consider strengthening dividends

1. Dividend policy

The Company recognizes returning profits to shareholders as an important management issue, and has a basic policy of paying a stable and continuing dividend upon considering future business development and enhancements to its financial structure through internal reserves, and it pays a dividend on surplus once a year through a year-end dividend. Based on this policy, the per-share dividend for FY3/26 was ¥110.0, an increase of ¥10.0 YoY. The Company is also planning to pay a per-share dividend of ¥120.0 in FY3/27, representing an increase of ¥10.0 YoY. Going forward, the Company will continue to consider strengthening dividends.

Trends in dividend per share and dividend payout ratio



Source: Prepared by FISCO from the Company's financial results

Enhancement of the shareholder benefit program

2. Shareholder benefit program

For shareholders holding at least 100 of its shares, the Company offers RESOL Family Product Gift Certificates, worth ¥2,000 each, which can be used at hotels, golf courses, rental villas, resort facilities, and other facilities operated by the Company, once a year based on the end of March, in accordance with the number of shares held. Recently, to deepen understanding of the Company's business and increase the investment appeal of its shares, the Company enhanced its shareholder benefit program*. Shareholders holding 100 to 299 shares receive 10 certificates (¥20,000 a year), those holding 300 to 499 shares receive 30 certificates (¥60,000 a year), and those holding 500 shares or more receive 50 certificates (¥100,000 a year). By expanding its benefit program, the Company aims to achieve a positive cycle in which the earnings of business overall are raised and this leads to further enhancements to shareholder returns.

* While the benefits for those holding 100 to 299 shares remain unchanged, the benefits for those holding 300 to 499 shares increased substantially from 15 certificates (¥30,000 a year), and from 20 certificates (¥40,000 a year) for those holding 500 shares or more.

Disclaimer

■ For inquiries, please contact: ■
FISCO Ltd.
5-13-3 Minami Aoyama, Minato-ku, Tokyo, Japan 107-0062
Phone: 03-5774-2443 (IR Consulting Business Division)
Email: support@fisco.co.jp