



Resorttrust, Inc.

Q1 Financial Results Briefing for the Fiscal Year Ending March 2022 Telephone Conference

August 6, 2021

Event Summary

[Company Name]	Resorttrust, Inc.	
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[Time]	16:30 – 17:32 (Total: 62 minutes, Presentation: 31 minutes, Q&A: 31 minutes)	
[Venue]	Dial-in	
[Venue Size]		
[Participants]		
[Number of Speakers]	3	
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Presentation

Operator: All participants, thank you for waiting. We will now hold a conference call for Resorttrust, Inc.'s financial results for the first quarter of the fiscal year ending March 2022.

Ms. Yagi, General Manager Investor Relations Division, please begin.

Yagi: Ladies and gentlemen, This is Yagi from the IR of Resorttrust.

Thank you very much for participating in the dial-in audio live for Resorttrust, Inc.'s financial results for the first quarter of the fiscal year ending March 2022 despite your busy schedule. Today, we have two presenters, Mr. Ariyoshi Fushimi, President, and Ms. Yagi. Afterwards, we will hold a question-and-answer session.

Please have the presentation material ready at your hand, which was disclosed on TDnet at 15:30 today on August 6, for the financial results for the first quarter of the fiscal year ending March 2022.

First, Mr. Fushimi will explain the results. President Fushimi, please go ahead.

Financial Highlights 1Q FY2021

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(Million yen)

	2019/6 (results)	2020/6 (results)	2021/6 (results)	YoY Difference	Change FY2019
Net Sales	39,258	23,416	37,319	+59.4%	(4.9%)
Operating Income	2,442	(884)	920	+1,805	(62.3%)
Ordinary Income	2,557	(400)	1,498	+1,898	(41.4%)
Net Income	1,492	(1,810)	1,905	+3,715	+27.7%
Evaluated Operating Income	2,981	(2,905)	2,182	+5,087	(26.8%)
Deferred revenue (real estate profit) correction	539	952	344		
Other	- ※1	(2,972) ※2	917		
Total operating income correction	539	(2,020)	1,261		

*1. Adjusted for the effect that fixed costs and other expenses incurred during the closure in FY2020 were recorded as extraordinary losses.

*2. Amount adjusted for the effect of adoption of new revenue recognition standard in FY2021 (calculated by the previous method)

* Please refer to p.35 and p.36 for more information on deferred.

[Evaluated Operating Income]

Figures calculated on a sales evaluation basis after deducting accounting factors specific to the spread of COVID-19 infections as well as booking of real estate profits of sales of unopened properties. Adoption of new accounting standard in the current fiscal year is not a temporary factor; however, evaluation was conducted using the same standard as in the past to compare with figures in the previous years.

<YoY Difference>

In hotel operations and other operations, self-restraint from personal consumption as a result of the issuance of a state of emergency due to the spread of COVID-19 infections had an impact on our business in the three-month period under review. However, compared to the same period of the previous year, when profits dropped significantly due to the temporary closure of many hotels, net sales and income both increased substantially, resulting in a significant recovery. In addition, sales of hotel memberships and medical memberships continued to grow steadily.

<Change FY2019>

Evaluated operating income, on which we place the same importance as operating income as an indicator of real sales performance, fell 26.8%. The recovery level as a whole was at 70-80% compared to pre-COVID-19 times. Improvement in profits has progressed mainly in membership businesses, but on the other hand, in non-membership businesses, profits did not reach a full-scale recovery.

*Income attributable to owners of parent is labelled as "Net income" in this document.

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Fushimi: This is Fushimi from Resorttrust. I would like to explain the first quarter financial highlights.

So, without further ado, let's start with the financial highlights on page 2.

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Sales in the first quarter totaled JPY37.319 billion, up 59% from the previous year and down 4.9% from the year before last. Operating income was JPY920 million, ordinary income was JPY1.498 billion, and net income was JPY1.9 billion. In the previous year, there was a large increase, but compared to the year before last, general hotels have not yet returned to the market. We have grasped the response to the membership hotels to some extent, but the recovery level as a whole was at 70% to 80%. The first quarter was settled down like this.

However, membership, hotel sales, and medical sales continued to be strong, and we cleared the overall results.

In order to make it easier for everyone to understand the current business situation, we will now use the notation of evaluated operating income A+B.

In addition to what we have been using internally as an evaluation scale for each division, this time we have added a special element.

Specifically, until now, the timing of recording real estate sales and profits for properties under development has been in line with the completion of the building, so even if we solicit in relation to properties before completion, it was difficult for them to get on. So, depending on the pace of property development, there were considerable fluctuations in deferred income.

In addition, this time, there were coronavirus-specific subsidies and so on, and another big thing for us was the introduction of the new accounting standard. Some of the registration fees, especially for medical, senior, and Kahala memberships with a fixed term, were previously recorded in a lump sum, but will now be adjusted retroactively by prorating them according to the respective periods.

As a result, sales, direct sales are less likely to affect the fiscal year, but on the other hand, they will be more stable. For example, in the case of medical, the registration fee portion of the sales revenue generated by new contracts each year used to be equal to the number of new members, but now it will be divided equally over eight years. Accordingly, the registration fee will be divided into eight years.

Therefore, although there will be less fluctuation every year, and with this, it is increasing every year, so it will increase steadily.

Therefore, if you look at this evaluated income, you can directly see whether or not the actual pace of membership contracts declining and whether or not it is actually being evaluated in the market. We have added this evaluated operating income from this time in order to show you the status of our business, so we hope that you will use it as a reference for your analysis.

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Business Forecast for FY2021 (April to March)

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(Million yen)

	2020/3 (results)	2021/3 (results)	2022/3 (targets)	YoY Difference	Change FY2019
Net Sales	159,145	167,538	158,200	(5.6%)	(0.6%)
Operating Income ...A	11,652	14,707	7,000	(52.4%)	(39.9%)
Ordinary Income	12,476	17,647	6,700	(62.0%)	(46.3%)
Net Income	7,135	(10,213)	4,700	+14,913	(34.1%)
Evaluated Operating Income ...A+B	15,029	4,009	12,200	+8,191	(18.8%)
Deferred revenue (real estate profit) correction	3,377	(7,142)	3,700		
Other	- ※1	(3,556) ※2	1,500		
Total operating income correction ...B	3,377	(10,699)	5,200		

[Evaluated Operating Income]

Figures calculated on a sales evaluation basis after deducting accounting factors specific to the spread of COVID-19 infections as well as booking of real estate profits of sales of unopened properties. Adoption of new accounting standard in the current fiscal year is not a temporary factor; however, evaluation was conducted using the same standard as in the past to compare with figures in the previous years.

*1. Adjusted for the effect that fixed costs and other expenses incurred during the closure in FY2020 were recorded as extraordinary losses

*2. Amount adjusted for the effect of adoption of new revenue recognition standard in FY2021 (calculated by the previous method)

* Please refer to p.35 and p.37 for more information on deferred.

<YoY Difference>

Net sales, operating income, and ordinary income are expected to decrease due to realization of deferred revenue in the previous year upon opening of YOKOHAMA BAYCOURT CLUB; however, evaluated operating income, an indicator of real sales performance, is expected to improve substantially.

<Change FY2019>

Evaluated operating income is expected to decrease 18.8%. The recovery level as a whole is expected to be about 80% compared to pre-COVID-19 times. Although the issuance of a state of emergency in the three-month period under review was not factored into our plan, business operations have generally been progressing in line with the plan as a result of steady growth in membership sales, and the full-year forecast for FY2021 remains unchanged.

*Income attributable to owners of parent is labelled as "Net income" in this document.

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Next, page 3.

As for the outlook for the full year, we have not changed our annual plan. Operating income was JPY7 billion, down 52% from the previous year, and down 39% from the year before last.

As I mentioned earlier, there was a large amount of deferred profit in Yokohama, and this appears to be a negative figure in relation to sales. As I explained earlier, if you look at the evaluated operating income, the membership contracts have actually been positive, and the actual total evaluation was JPY4 billion in the previous fiscal year. If we compare this figure with the performance-based figure, which excludes deferrals and subsidies, the figure is JPY12.2 billion, which means that the situation has improved by JPY8.1 billion.

However, for the full year, and actually in the second quarter, we had expected that the number of hotels and memberships would be close to the same level as the year before last, but since the emergency declaration and the measures to prevent the spread of coronavirus infections have been issued again, we cannot be optimistic, so we have decided to maintain our initial plan.

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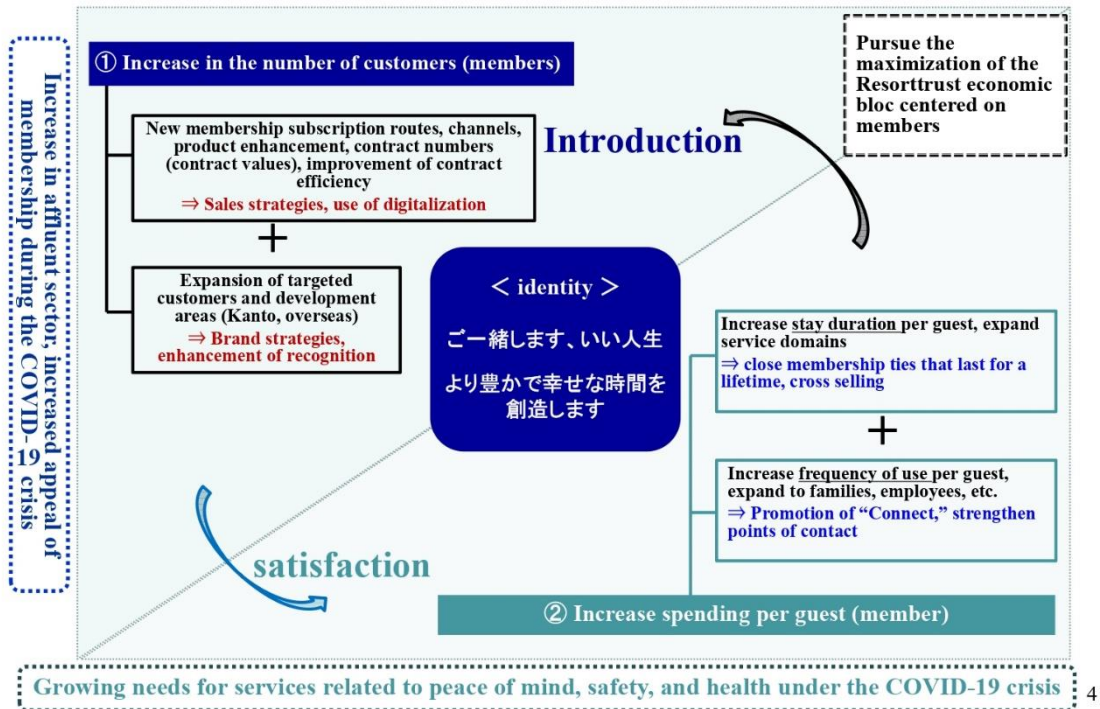
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Vision for growth based on membership model ①×②

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<Management that takes maximum advantage of strengths of membership model ...Sustainable growth based on ① × ②>



Next, please turn to page 4.

This year’s medium-term management plan aims to take the group management, the management of the group as a whole, to create a new group value, and to move forward to the next stage. We are aiming for group management centered on this identity, which is “Together, a good life.”

There are 2 major points. The first is to expand the market, which means to increase the number of customers. In terms of the specifics, through sales strategy and digital, we would like to see increased enrollment routes, channels, and contract volume.

The other thing is the target customer development area, which has changed from the current Tokyo, Nagoya, and Osaka areas to other areas. Normally, overseas strategies would be included in this area, but due to the coronavirus problem, it is now suspended.

The other is item 2, which is the increase in the amount spent per customer. After all, the point is the cross-selling part. We do not aim for a single relationship, but by connecting with customers in various ways, such as hotels and medical, we will raise the unit price of one customer. In the end, we would like to build a long-lasting relationship with our customers, including senior residences, and after their children inherit the hotel, we would like to have a relationship with them for our relationship over two or three generations, so we are taking measures to expand this market and increase the amount of money spent per customer. For this, we consider two items including period and amount as 1 theme.

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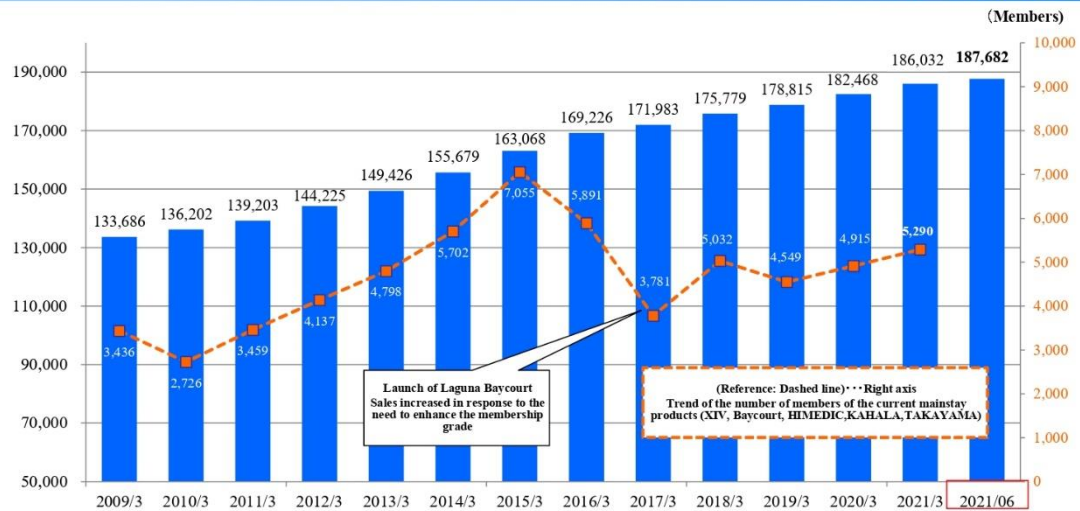
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Number of Members

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	Baycourt	XIV	Sun Members	Golf	Medical	Cruiser	KAHALA	SANCTUARY COURT	Total
2021/3	23,553	77,789	29,789	29,960	23,818	392	731	—	186,032
2021/6	23,528	78,707	29,444	30,042	24,656	396	777	132	187,682
Change April - June 2021	(25)	+918	(345)	+82	+838	+4	+46	+132	+1,650
Change April - June 2020	+812	(460)	(313)	(74)	+422	(3)	-62	—	+446

*For cases in which members are in possession of multiple memberships, each of the memberships is counted as one member

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In contrast, the next page, page 5.

The number of members is now increasing very steadily. We also introduced a large number of new products, which I will explain later. As of June 2021, the number of members was 187,682. The breakdown of the number of members shows that Baycourt's inventory is flat, but the number of members at XIV and medical facilities has been increasing, so we believe that a good balance has been achieved.

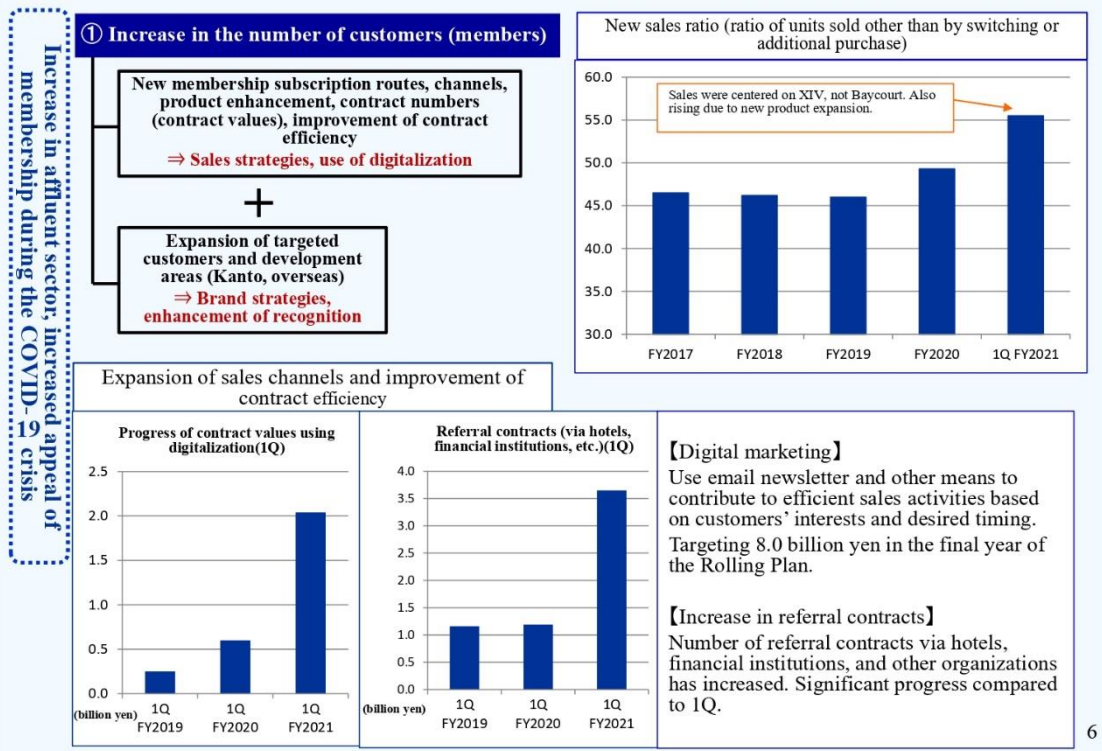
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Examples of initiatives for (1) growth based on “Membership Model” RESORTTRUST GROUP



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Please see page 6.

If you look at item 1 on the right side, the increase in the number of customers is the new sales ratio. This shows that there are completely new customers in new contracts, not those who purchase or switch products, but completely new customers, and the new sales ratio is related to the introduction of a new product as well. Until now, we have been focusing on sales of products that have been switched over from Baycourt, and although switching over is one of the pillars of our business, in addition to that, new sales have been growing, and I think we can say that the market is expanding.

As for the background of this expansion, as you can see in the figure below, on the left is digital utilization, and this is where digital marketing is introduced in recent years. It used to be introduced only in Tokyo, but it has also been introduced in Yokohama, Nagoya, and Osaka since last year. This is a direct approach to products and pages that customers are actually viewing on time and are likely to be interested in, mainly through mail magazines. As you can see on the left side of this page, we have already seen an increase of almost 10 times since the start of the project.

Another thing is the employee's Connect, which is the base before this integration and cross-selling. For example, at hotels, golf courses, and various other places, our employees have a thorough understanding of the various products of our group and are able to introduce them to customers. With this, one model has been established for the contract referred by the facility and members from other companies such as financial institutions, which is new and currently in progress. The fact that we were able to achieve a large increase in the number of customers in FY2021 shows that one of the objectives of the medium-term management plan has been met.

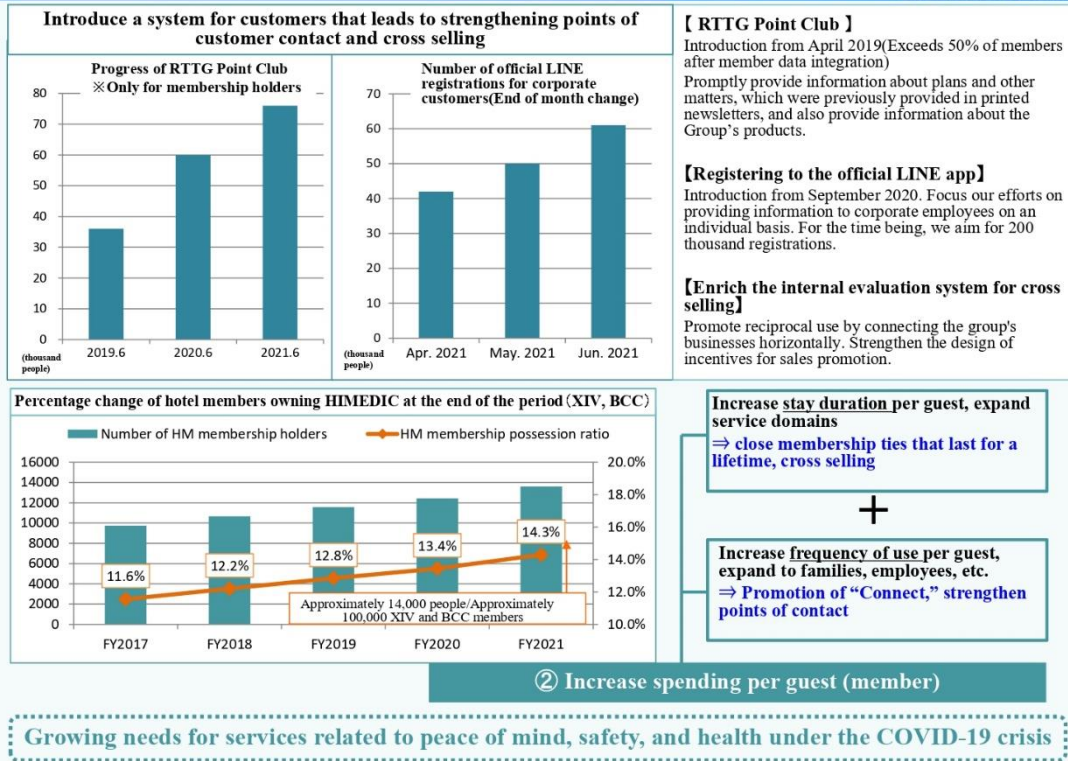
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Examples of initiatives for (2) growth based on “Membership Model”

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Next, page 7.

This is the cross-selling guide I mentioned earlier, and although it is partly the same as what I mentioned earlier, we are promoting a point club to raise awareness of the products of the entire group. They can download the app, make a reservation, and receive various information interactively here.

This is also growing steadily now, and the number of registered members is about 75,000 to 76,000, but the number of members alone is now 300,000. This is 300,000 people, for example, cosmetics users and customers of the entire group. As for the members themselves, the number of hotel members has been steadily increasing to the range of 76,000 to 77,000. The fact that the reservation rate for this side is also increasing is one of the strengths of cross-selling.

On the right side, for corporate members, we will encourage them to use the service by directly connecting with us via LINE so that we can send various information such as cancellations and various plans. We started this in the second half of October last year, and the number has been increasing steadily in the current fiscal year, roughly 10,000 people per month.

Unfortunately, because of the limitations due to the coronavirus, the number of corporate customers of large companies using the service has not increased, but we have been steadily increasing the number at a rate of 10,000 per month, so I believe that this will have a solid effect after-coronavirus.

And the figures below show the cross-selling part of the hotel and medical memberships. As for the percentage of hotel members who are also members of our medical service, we have been able to inform them of our services, and the number of members has been increasing steadily, though only by 1% every

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year. We would like to further accelerate this by increasing the number of media and channels, so I understand that the overall goal of the mid-term plan is steadily progressing.

New brand “SANCTUARY COURT” membership launched

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“SANCTUARY COURT TAKAYAMA ART GALLERY RESORT” Overview


Start of sales	June 21, 2021
Scheduled date of opening	March 2024
Total number of rooms	121
Supplemental facilities	Hida-Takayama Museum of Art, Italian restaurant, Japanese restaurant, Bar, Spa, Treatment Salon, Exhibition room, Executive Room, Boutique, etc.
Membership price	¥7.37 million(annual 10 stay nights-type)–¥34.79 million(annual 20 stay nights-type)

◆ Contracts (in June)


- Number of Members Final Target : 4,356 members (If all are sold as 10-stay night products)
- Sale of 576 units on a contract basis (June 21 to 30)

<Ratio by region (branch)>


Tokyo	Yokohama	21%	23%
Nagoya	Osaka	38%	18%



Hotel/Reception



Art gallery/ Galle's forest~Art nouveau



Art gallery/Robby

◆ SDGs initiatives

- Install electric vehicle (EV) chargers to reduce electric energy use and CO2 emissions, use of geothermal heat via well water, adopt total heat exchangers, etc.
- Aiming for regional revitalization and revitalization
- The museum attached to the hotel exhibits artworks inherited from the former Hida-Takayama Museum of Art. Furthermore, spaces are provided for young artists to exhibit their works in museums and other places to support their development.

◆ COVID-19 Countermeasures

- Reduce chances of person-to-person contact by introducing smart check-in
- Layout to support in-room dining (install dining tables in some guest rooms)
- All seats in Japanese restaurants are semi-private, and Italian restaurants have terrace seating
- Install an outdoor viewing area (sky terrace) on the roof

“SANCTUARY COURT” Overview

- Membership is valid/Form of rights**
 - Membership is valid for 50 years from opening of the hotel
 - Land: General fixed term land lease right, building: unit ownership (same as before)
- Number of stay nights granted**
 - annual 20 stay nights-type: 1 room/available to 18 members
 - annual 10 stay nights-type: 1 room/available to 36 members
- Use of assigned stay nights through exchange**
 - Exchange of stay nights is available between membership resort hotels XIV and Baycourt Club
- Unused rights for stay nights when using the floating system (with upper limit)**
 - Use of a certain number of stay nights through using the floating system without losing rights is possible, only for use of facilities with membership. (annual 20 stay nights-type: 10 nights a month/ annual 10 stay nights-type: 5 nights a month)

And next, page 8.

This is a new product called SANCTUARY COURT TAKAYAMA, for which we started accepting applications on June 21, the very last week of June in the first quarter. Since this was a new product, we announced it to the group and salespeople 2 days before the start of sales, and we were able to solicit 576 accounts in almost 10 days.

In July, the pace was almost the same, but at a rate of about 500 accounts per month, for a total of 4,356 accounts, so we can say that we are making very good progress.

Naturally, this hotel takes various aspects such as SDGs and coronavirus countermeasures into consideration more than previous hotels, and our business is highly evaluated in terms of products.

As for the part that was evaluated by the customer, the large part is the product outline on the right, and for the first time, we decided to make this product a 50-year general fixed-term lease. As a result, it is now possible for corporate members to process expenses and so on.

Also, if you look at the larger part, the right of stay nights has changed slightly in terms of ownership. In the past, there was a hurdle in the exchange of occupancy rights between XIV and Baycourt because the products were different. Although memberships can be sold, there was a part where mutual use did not progress easily. In this regard, we have introduced a form in which exchange of stay nights is generally available between membership of XIV and Baycourt.

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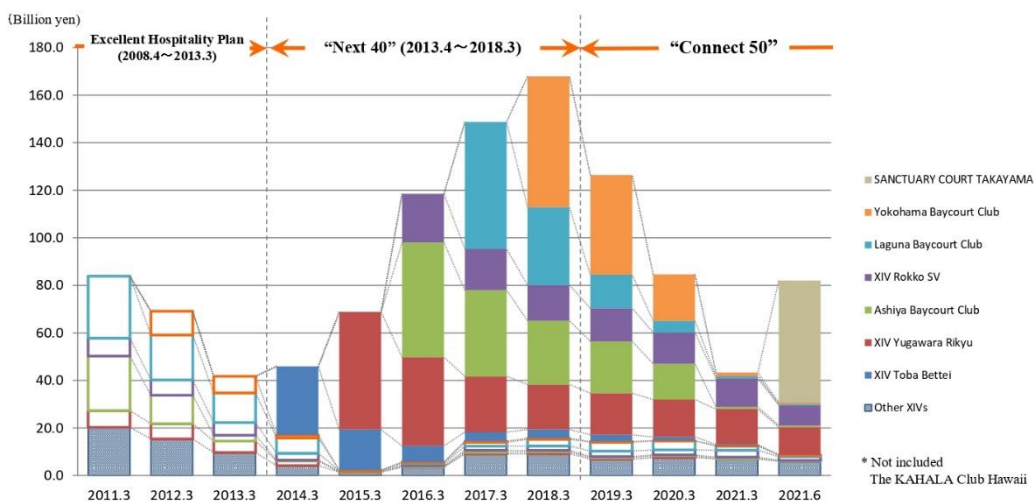
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Another thing that we are trying for the first time, members will be able to use the floating system of the facilities they have signed up for, if the period of use is within a month, up to an additional 10 nights or 5 nights per month, depending on their membership rights, regardless of the number of nights they originally stayed. It seems that this is more appealing to customers who actually have a high intention to use it. Therefore, this new product is expected to generate income not only from sales, but also from future use and operation.

Trend of sales inventories (contract value basis)

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- During the period of the before the last medium-term management plan (April 2008 to March 2013) when the Group postponed development in view of the collapse of Lehman Brothers and the impact of the earthquake, inventories shrank.
- During the period of the previous medium-term management plan (April 2013 to March 2018), inventories temporarily increased to over 160 billion yen as the Group accelerated development and sales in response to the accumulated demand.
- Inventories decreased about 120.0 billion yen three years after the current medium-term management plan was launched. The Group has sales inventories amounting to over 80.0 billion yen as of June 30, 2021, sufficient for 1.5-2 years. (Not including the KAHALA Club Hawaii)



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As you can see on page 9, we introduced the Takayama facility at a time when we were facing a difficult situation in terms of inventory due to the loss of Baycourt in the Tokyo, Nagoya, and Osaka areas.

Takayama has a very good balance of sales in Tokyo, Nagoya and Osaka. In the case of Baycourt, Yokohama and Tokyo, and Laguna in the Nagoya area, and Ashiya Baycourt in Osaka, which have no available inventories, have been allowed to switch from Bay Court.

Of course, as I mentioned earlier, the percentage of new customers has been increasing, but by strategically allowing the switch, we will secure the inventories of Baycourt in the Tokyo, Nagoya, and Osaka areas and sell them together. This is one of the strategies to fight this term while firmly securing inventories with a good balance of accounting among Tokyo, Nagoya, and Osaka.

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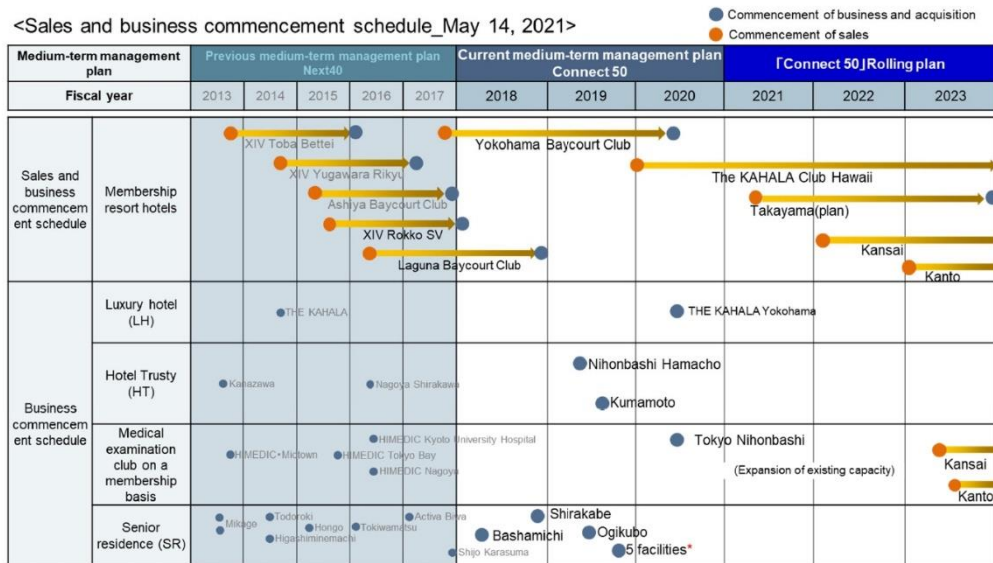
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Group's Development Schedule(~FY2023)

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(Membership resort hotel) In consideration of the inventory situation, properties for sale will be expanded in the Chubu, Kanto and Kansai regions between FY2021 and FY2023. While maintaining a constant development pace in line with sales plans, the scale of guest room numbers will be somewhat smaller than before on average. Aim to realize destination hotels, where guests can relax in hotel rooms and the hotel stay itself becomes the purpose of travel. (Medical examination club on a membership basis) Plan to expand the capacity of existing facilities through the extension of floors and other means at the Nagoya facility, and to open new facilities in Kansai and Kanto regions in 2024 and beyond

<Sales and business commencement schedule_May 14, 2021>



* Private Nursing Home "Felio Tamagawa" "Felio Seijyo" "Felio Tenjin" "Felio Momochi" & "Resius Momochi"

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Moving onto page 10.

As you can see, we have solicitation in relation to Takayama as planned for FY2021 for our membership sales schedule.

We are currently looking at a scale of 150 rooms in Kansai next spring and Kanto the following year, and we are on pace to complete construction roughly every year, including the ability of our sales staff, so we expect stable growth in the future.

However, the future of the general hotel business is still uncertain, and we have stopped the luxury and trustee business for a while, including a review of the profit model. So have introduction of senior residences.

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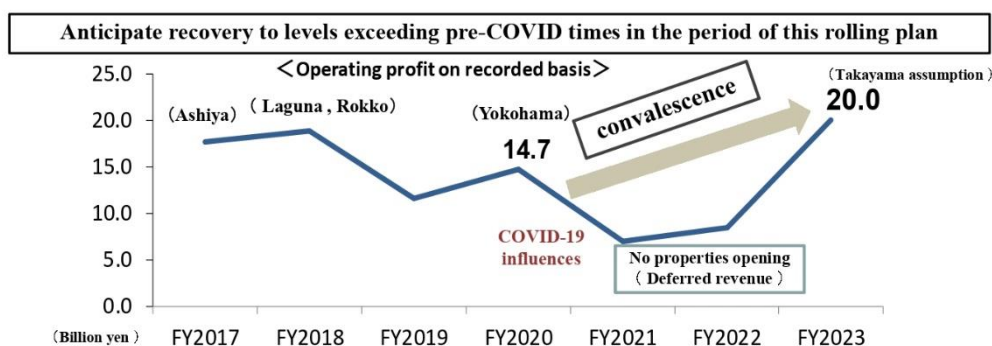


Quantitative Image (~FY2023)

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(billion yen)

index	3rd year of current medium-term management plan (FY2020)	Rolling Plan (Final FY2023)	Remarks
Net sales	167.5	190.0	Expect record high sales and profits.
Operating income	14.7	20.0	
Ordinary income	17.6	20.0	
Net income attributable to owners of parent	(10.2)	13.0	
Dividend payout ratio	— ※final deficit	Approximate 40%	Expect record high dividend amount
ROE	(8.4) %	Approximate 10%	No change from the past



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Now, please see page 11.

This is the same rolling plan that we presented last time. Since there are no properties open for business this time, it is not an evaluated income as mentioned earlier.

The goal of this rolling plan is to expect record-high sales income and record-high dividends toward the completion of Takayama in 2023, so this hasn't change.

Now, IR will explain the details of each business.

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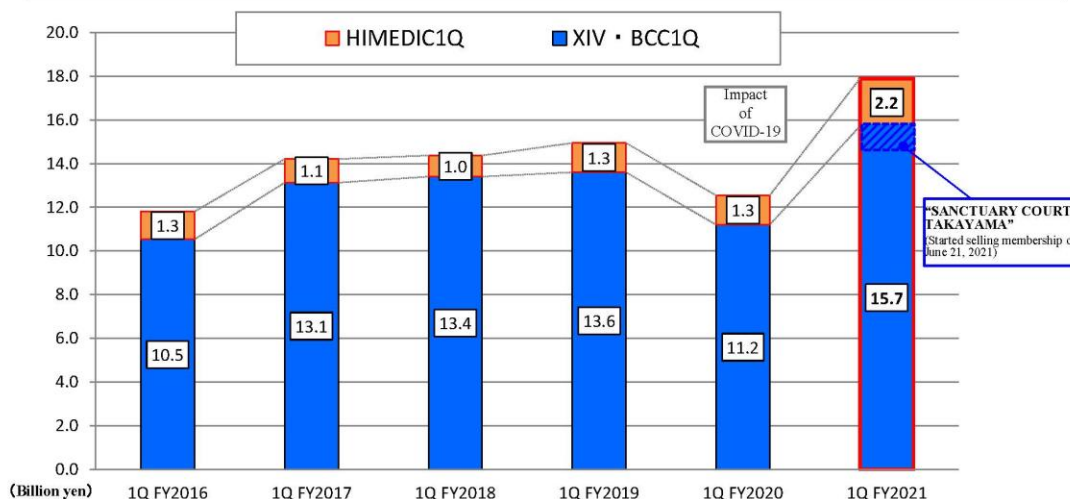
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Progress of contract values for three months

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Contract values of hotel memberships remained extremely strong in the period of April-June, including the effect of the launch of the new product, SANCTUARY COURT TAKAYAMA, reaching the all-time high for the contract values in the first quarter. Membership sales of XIV properties such as Yugawara Rikyu and Rokko Sanctuary Villa accounted for about 70% of the total sales, driving the business. Contract values of HIMEDIC memberships also remained very strong, maintaining the trend of significant acceleration in the previous year.



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Yagi: I will now explain the details of the first quarter results. Please see page 12.

Hotel contract volume for the period under review, the first 3 months of the fiscal year as 1Q, reached a record high of JPY15.7 billion. This was due to strong sales of XIV Yugawara Rikyu and XIV Rokko Sanctuary Villa, as well as strong sales of SANCTUARY COURT TAKAYAMA, a new product launched on June 21, not only in the Chubu region but also in the Kanto and Kansai regions.

Since SANCTUARY COURT TAKAYAMA is scheduled to open in March 2024, the payment for the real estate portion sold will be recorded at the time of opening.

Medical memberships also came in at JPY2.2 billion, a strong performance from the second half of FY2022.

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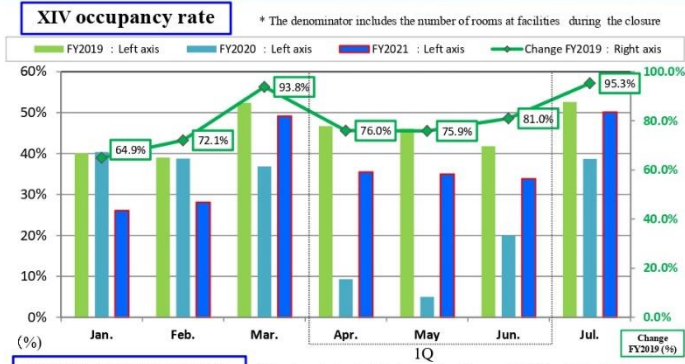
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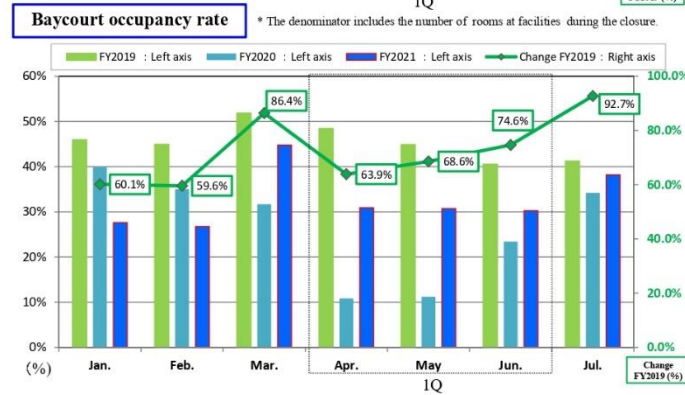
13

Trends in Hotel occupancy rate by months①

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- As many facilities were temporarily closed during the period of April-June in 2020, comparison with the same period in 2019 is shown as a broken line.
- The trajectories of recovery of occupancy rates of XIV and Baycourt Club were generally similar.
- As for non-membership hotels, those in Hawaii are showing signs of recovery ahead of Japan.



(Jan-Mar 2021)
After the emergence of the third wave of infections, the occupancy rate declined in January and February (60 to 70% of the same month in 2019). There has been a significant impact, including the restrictions on restaurant opening hours, but the occupancy rate recovered in March to 90% of the same month in 2019.

(Apr-Jun 2021)
Occupancy rates dropped once again due to the fourth wave of COVID-19 (70-80% of the same period in 2019). Restrictions were imposed on drinking/eating establishments, including limitations on opening hours and the time for guests to dine.

(July 2021)
Although some restrictions on serving alcohol and opening hours are still in place, occupancy rates have recovered to the level of March 2021. (Over 90% of the same period in 2019).

13

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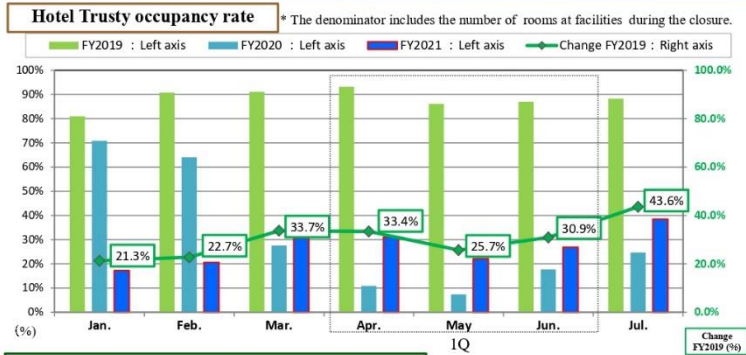
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Trends in Hotel occupancy rate by months②

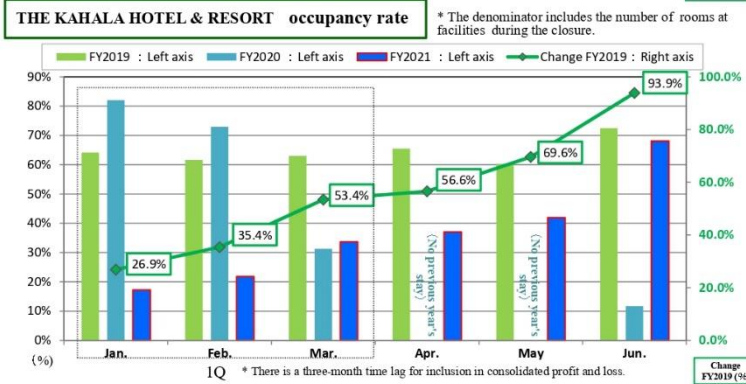
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Although the pace of recovery is slower than that of membership hotels, occupancy rates have been on a gradual upward trend since January (but dropped again in May), and in July, they recovered to over 40% of the level of July in 2019.

Business and inbound demand remains sluggish.

We will work to roll out new efforts such as long-term stay plans, and at the same time, focus our efforts on providing information about our services to membership holders and attracting customers.



Occupancy rates have continued to show improvement since January, due mainly to increased stays by travelers outside Japan, and the improvement trend became particularly clear in June (94% of the level of June in 2019).

If the number of travelers from Japan increases in the future, we can expect a further increase in occupancy rates.

* There is a three-month time lag for inclusion in consolidated profit and loss.

14

Next, please look at pages 13 and 14.

This shows the hotel occupancy rate, but the line graph shows the degree of recovery from 2019, the year before coronavirus. In the current fiscal year, the infection spread from April, and emergency declarations and measures to prevent the spread of the coronavirus infections were issued again until around June, resulting in a slight decline in the occupancy rate of member hotels, which was 70% to 80% compared to the year before last.

Since the middle of June, the state of emergency has been partially lifted and we are gradually booking ahead, returning to levels close to 2019 results in July.

Trustees of general hotels had an even tougher time, with a three-month average of 26.5%. There were some signs of improvement in July, and we will continue to promote long-stay plans and membership usage.

For the Kahala Hotel in Hawaii, the number of travelers from outside Japan has increased, and in June, the occupancy rate returned to about 70%, the same level as in 2019.

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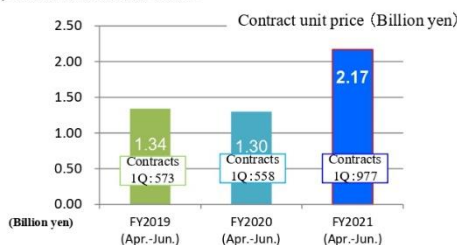


Progress of Medical business

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Sales of HIMEDIC memberships in 1Q FY2021 were at the same level as 4Q in the previous year, when sales accelerated significantly, and performance exceeded that in the 1Q of the previous year. Non-membership health check-ups, which were temporarily closed from April to May in 2020, and Aging Care Business were also solid. Occupancy rates at senior residences continue to fluctuate.

◆ HIMEDIC sales <YoY>



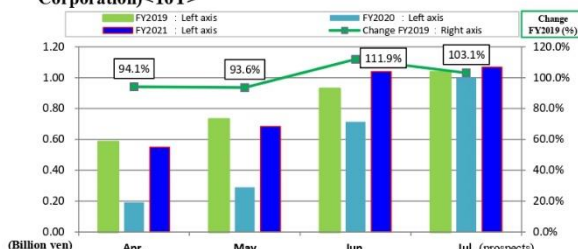
Needs expanded even during the COVID-19 crisis, with an increase in sales at HM's original sales organization.

◆ Sales of Aging Care Business(1Q) ※Product Sales



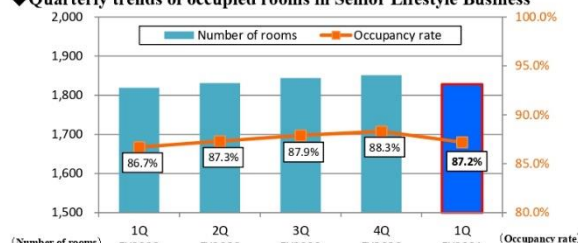
Product sales also grew steadily on a year-on-year basis, especially for the Munoage brand.

◆ Result of non-membership health check-ups (Shinkokai Medical Corporation)<YoY>



Results in 1Q were generally at the same level as 1Q in 2019 (latest results are above the level of the same period in 2019).

◆ Quarterly trends of occupied rooms in Senior Lifestyle Business



Although a gradual recovery trend was seen in the previous year, recently, the situation has been particularly difficult in facilities of healthy occupant type (decreased 1.1 percentage points), partly due to the impact of the fourth wave of COVID-19.

15

Next, please see page 15.

The need for high-medic memberships has increased in the midst of coronavirus crisis, reaching a record high in the past three months. The number of non-membership health checkups is almost the same as normal, and since June, the number has been positive compared to 2019.

In the aging care business, mail-order products such as cosmetics sold under the MUNOAGE brand and the V BLOCK spray for anti-coronavirus products also performed well.

In the senior life business, the number of new tenants, especially for healthy senior housing, has been decreasing due to the impact of coronavirus, and at the end of June, the rate was 87.2%, down 1.1% from the end of March.

Vaccinations for the elderly have been progressing, and since July we have been gradually getting tenants. We are also promoting information to our members about senior facilities, and despite the coronavirus crisis, we are gradually seeing results.

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Segment Sales and Operation Income 1Q FY2021 (April to June)

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(Million yen)

		2019/6 (results)	2020/6 (results)	2021/6 (results)	YoY Change	Change FY2019
Membership	Sales	10,431	5,694	11,779	+106.9%	12.9%
	Operating Income	3,278	2,203	2,784	+26.4%	(15.1%)
	Evaluated Operating Income ※3	3,817	※3 3,155	※2,3 3,201	+1.5%	(16.1%)
Hotel and Restaurant	Sales	19,917	8,614	15,131	+75.6%	(24.0%)
	Operating Income	12	(2,347)	(925)	+1,422	(937)
	Evaluated Operating Income	12	※1 (4,995)	(925)	+4,070	(937)
Medical	Sales	8,744	8,942	10,233	+14.4%	+ 17.0%
	Operating Income	1,206	1,027	1,034	+0.7%	(14.2%)
	Evaluated Operating Income	1,206	※1 702	※2 1,879	+167.3%	+ 55.8%
Other	Sales	164	164	174	+6.1%	+ 6.1%
	Operating Income	75	72	74	+2.0%	(1.7%)
Head Office	Operating Income	(2,130)	(1,840)	(2,046)	(205)	+84
Total	Sales	39,258	23416	37,319	+ 59.4%	(4.9%)
	Operating Income	2,442	(884)	920	+1,805	(62.3%)
	Evaluated Operating Income	2,981	(2,905)	2,182	+5,087	(26.8%)

*1. Adjusted for the effect that fixed costs and other expenses incurred during the closure in 1Q FY2020 were recorded as extraordinary losses

*2. Amount adjusted for the effect of adoption of new revenue recognition standard in 1Q FY2021 (calculated by the previous method)

*3. Adjusted for deferred profit on real estate portion of profit from sales of unopened properties

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Please see page 16.

The figures for each segment are shown here. As the president explained earlier, the evaluated operating income is a figure on a merit basis, adjusted for the impact of the application of the accounting standards for revenue recognition, etcetera, which have been changed from this fiscal year, as well as the timing of the posting of real estate revenue in accounting, and the posting of the operating company for the previous fiscal year's closure as an extraordinary loss.

The results for the current fiscal year for the membership segment are as follows: third row from the left, net sales of JPY11.779 billion, operating income of JPY2.784 billion, and evaluated operating income of JPY3.201 billion.

As you can see from the comparison on the right, both sales and profits increased compared to the previous year due to strong sales, while sales and profits decreased compared to the year before last.

The profit margin for the current fiscal year has declined, but this is due to the use of tickets issued as an apology for closing the facility in the previous fiscal year and the recording of expenses for special plans as a return to members due to the coronavirus crisis.

Although expenses are increasing due to the ticket deadline at the end of June, we expect profit margins to improve in the second quarter and beyond.

Results for the current fiscal year for the hotel and restaurant segment were net sales of JPY15.131 billion, operating income and evaluated operating income of JPY925 million.

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In the previous fiscal year, there was a large increase in both sales and profits due to the closing of hotels, but compared to 2019, sales and profits were down by approximately JPY4.8 billion and JPY900 million, respectively.

As explained on pages 13 and 14, this is due to the impact of the declaration of a state of emergency, especially the lower occupancy rate of general hotels.

The medical segment reported net sales of JPY10.233 billion, operating income of JPY1.034 billion, and evaluated operating income of JPY1.879 billion.

Sales of HIMEDIC memberships have been strong, but due to the impact of the new accounting standard from this fiscal year, operating income was almost the same as the previous year, and the profit decreased by JPY200 million compared to the year before last. However, after adjusting for the impact of these factors, operating income from operations increased significantly both from the previous year and the year before last.

Consolidated Balance Sheets

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	2021/3	2021/6	Change		2021/3	2021/6	Change
Total current assets	152,856	146,938	(5,918)	Total current liabilities	100,777	138,802	+38,025
Cash and deposits	48,367	41,695	(6,672)	Notes and accounts payable-trade	1,335	1,053	(282)
Notes and accounts receivable-trade	9,032	11,225	+2,192	Short-term loans payable	22,080	24,332	+2,252
Operating loans	58,268	57,807	(461)	Current portion of bonds	150	150	—
Short-term investment securities	10,695	11,699	+1,003	Current portion of bonds with share acquisition rights	29,728	29,717	(10)
Merchandise, raw materials and supplies	2,173	2,350	+176	Accounts payable-other and accrued expenses	22,102	15,683	(6,419)
Real estate for sale	15,668	11,574	(4,093)	Advance received	3,548	46,539	+42,991
Real estate for sale in process	3,685	4,342	+656	Unearned revenue	18,103	16,129	(1,974)
Other	4,964	6,244	+1,279	Other	3,727	5,196	+1,469
Total noncurrent assets	254,386	260,369	+5,983	Total noncurrent liabilities	185,673	163,126	(22,547)
Property, plant and equipment, net	176,366	176,769	+402	Bonds payable and long-term loans payable	44,154	40,640	(3,514)
Intangible assets	9,218	8,893	(325)	Long-term guarantee deposited	103,950	101,369	(2,581)
Deferred tax assets	11,551	17,863	+6,312	Long-term unearned revenue	14,185	3	(14,181)
Other	57,250	56,843	(406)	Other	23,383	21,114	(2,269)
				Total liabilities	286,451	301,929	+15,478
				Net Assets	120,791	105,378	(15,413)
				Shareholders' equity	115,904	99,554	(16,350)
				Treasury shares	(1,787)	(1,780)	+7
				Accumulated Other Comprehensive Income	1,462	2,357	+894
				Subscription rights to shares	313	313	-
				Non-controlling interests	4,898	4,933	+35
Total assets	407,243	407,308	+65	Total liabilities and net assets	407,243	407,308	+65

18

Please see page 18 of the material.

I will explain only the main items on the balance sheet.

Due to a change in the accounting standard for revenue recognition, the registration fee for HIMEDIC was changed from a lump-sum payment to an 8-year installment payment, and the upfront payment for senior residence was changed to an advance payment. Therefore, advance received increased by about JPY43 billion.

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In addition, due to the change in the recording of registration fees, a portion of retained earnings that had been recorded at the time of past sales was transferred to advance payments in a lump sum, resulting in a decrease of approximately JPY16.3 billion in shareholders' equity.

Consolidated Cash Flows 1Q FY2021 (April to June)

RESORTTRUST GROUP

(Million yen)

	2020/6	2021/6
Cash flows from operating activities	(8,096)	(3,620)
Cash flows from investing activities	(10,915)	(5,664)
Cash flows from financing activities	34,726	(1,415)
Effect of exchange rate changes on cash and cash equivalents	(3)	46
Net increase (decrease) in cash and cash equivalents	15,711	(10,654)
Cash and cash equivalents at beginning of period	21,376	52,756
Cash and cash equivalents at end of period	37,088	42,101

19

Please see page 19.

Next, I will explain about cash flow. Cash flow from operating activities for the first quarter of the current fiscal year was JPY3.6 billion, but this was mainly due to corporate tax.

Cash flow from investing activities was JPY5.6 billion, mainly due to JPY9 billion in time deposits. Cash flows from financing activities. Due to dividend payments, et cetera, the balance of cash and cash equivalents at the end of the period was JPY42.1 billion.

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SDGs and Sustainable Management Initiatives①

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Through its businesses, the Resorttrust Group conducts a variety of initiatives aimed at the sustainable development of business and society. In the future, we will establish a new organization that will pursue sustainability across the entire Group in earnest and pursue our business activities alongside the renewed identification of the Group's materialities (key issues).

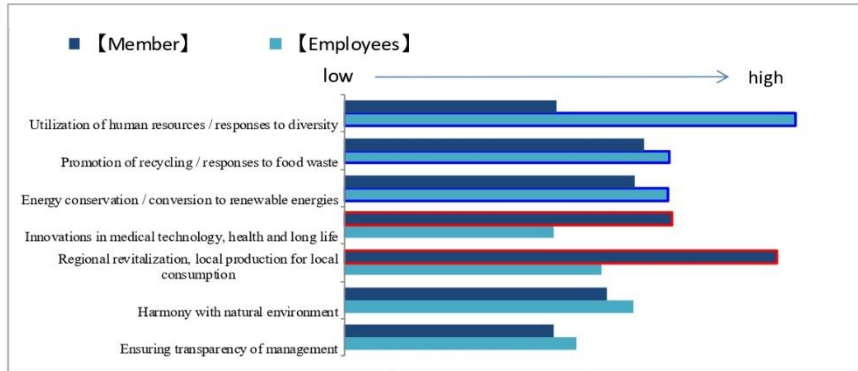


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< Questionnaire survey conducted in March 2021 >

For the identification of materialities, the survey asked about respondents' expectations of the Group regarding social issues. Based on the following findings, we will further gather and consider the opinions of wide-ranging stakeholders.



< Future Actions >

- With a view to establishing an SDGs (sustainability) committee, launch an internal Group-wide project (May, FY2021).
- Identify targets (materialities)/priority order in that project.
- Make those issues a common recognition and, based on the Group's management philosophy, consider KPIs in the medium-term management plan as well, and assess/verify their effectiveness.

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Create a society where cancer claims no precious lives

- High-precision cancer screening (Cancer detection rate = Disease rate)
- Cancer treatment, BNCT, Advanced medicine
- HIMEDIC Yamanakako Course
First in the world to introduce PET scanners for cancer screening. Known as the "Yamanakako System" for its achievements, it has contributed greatly to the spread of PET in Japan and the improvement of cancer detection rates.
- HIMEDIC Tokyo University Hospital Course
Establishment of donation lectures "Computerized Diagnostic Imaging / Preventive Medicine Course"
- HIMEDIC Kyoto University Hospital Course
Collaborative Research: "Research on factors involved in the development and progression of lifestyle diseases and complications, and the development of preventive strategies."
- Boron Neutron Capture Therapy (BNCT) Clinical trials are underway. The National Cancer Center Hospital Clinical trials are underway. (Joint trial with STELLA PHARMA Co., Ltd)

3 持続可能な社会
SDGs

Extend healthy life expectancy

Work on both

Healthy longevity in the age of 100-year life

- Preventive examinations for the elderly
HIMEDIC Tokyo Nihonbashi medical examination course: Introduction of examinations for lifestyle diseases and hormone balance. Aims to prevent the three major factors that lead to the need for nursing care.
- Senior residences (Serviced senior residences, Private Nursing Home) rehabilitation
Nationally-qualified "training instructors" are in charge of rehabilitation. Such as physiotherapist, occupational therapist, and speech therapist.
- Supplements / Healthy eating
Development of dietary supplements by Advanced Medical Care Corporation, a company that provides support for medical facilities
- Alzheimer disease check-ups
Analysis of HIMEDIC's Brain MRI Data by Professor Mori, Johns Hopkins University, USA. Effective utilization for medical checkups.

※1 "dementia" "Heart disease / cerebrovascular disease" "Sarcopenia frail / Osteoporosis"

Support the Health of Working Women

5 ジェンダー平等 持続可能な社会

■ Social burden of menstrual-associated symptoms for 1 year year (billion yen)

Category	Private translation	Estimated amount
hospital costs	93.0	93.0
OTC drug costs	98.7	98.7
labor loss	491.1	491.1
Grand total	682.8	682.8

labor loss 71.9%
hospital costs 13.6%
OTC drug costs 14.5%

Created based on Tanaka E, Memoda M, Ooga Y et al J Med Econ 2019; 36 (11): 1248-1256

※ Source: Health Care Industry Division, Ministry of Economy, Trade and Industry, "Women's Health Initiatives in Health Management," March, 2019

FEMTEC Operations (FEMTEC = female+technology)

Current issues related to women's health in the workplace

- Issues in profession with relatively large numbers of women
ex) Increase in mental health and smoking rates in customer service roles, roles requiring a lot of standing, call center roles, and similar professions
- Issues in Menstruation
ex) Loss of presentism and lack of literacy
- Issues in Diseases Specific to Women.
ex) Balancing work and gynecological checkups
- Challenges in pregnancy and childbirth
ex) Loss of career opportunities, etc.
- Issues in Menopause
ex) Balancing work and family care, and lost opportunities in the workplace

Possible improvements and effects

- Improvement of absenteeism
- Improvement of presentism
- Long-term human resource
- Improvement of Engagement

【Market Opportunities in FEMTEC operations】

- Global Femtec Market Size Forecast 2025: Approximately 5.5 trillion yen (CB Insights, Inc.)
- Japan ranks 120th in the Gender Gap Index (156 countries) G7 bottom position
- Using technology to solve and support women's specific health issues. Contributing to the improvement of productivity and corporate performance by promoting a social environment in which women can work comfortably.

【Efforts in the development of the Group's business】

In addition to enriching our customers' lives and solving social issues, we will further enhance the quality of health management by addressing the health of women, who account for nearly half of all Group employees.

Promotion of women to management positions in the medical business
Currently about 40% ⇒ Target 50%. (Reference : 25% target for the entire group)

⇒ Launch of a new brand for women under the supervision of an obstetrician and gynecologist (Scheduled for fall 2021)

Jumping ahead to pages 25 and 26 of this slide, you can see our efforts toward the SDGs and sustainable management.

In May, we organized a cross-divisional SDGs project to reexamine the important issues and activities of our group.

Not only in the hotel business, but also in the medical business, we would like to contribute to social issues as only our group can.

On page 28 and onwards of the presentation material, there are also some reference information, such as the contract values of membership, operational status of hotels including occupancy rate and unit price of consumption, and the breakdown of sales for each business in the medical segment.

This concludes my explanation of the first quarter.

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Question & Answer

Yagi: I would now like to move on to the question-and-answer session. Please follow the operator's explanation for questions and answers.

Operator: We will now begin the question-and-answer session. Please limit your questions to 2 per person, and we will answer each question individually. Let me introduce the questioner. Please wait for a while.

The first question is from Mr. Oda of SMBC Nikko Securities. Well then, please ask your question.

Oda: This is Oda from SMBC Nikko Securities. Thank you.

I have 2 questions, one question and 1 answer, so the first one is about HIMEDIC, and I think the contract itself is still going strong First Quarter . In terms of the external environment, I think that the coronavirus has been a tailwind for the growing health consciousness and other external factors.

You mentioned cross-selling, but if there is anything that you are currently working on or doing internally to firmly sell HIMEDIC in this favorable external environment, please tell us about it. If you have any internal information, please let us know.

Another thing is that since you started selling Takayama, it is easier for your sales staff to sell Takayama, so in some cases you may sell Takayama rather than HIMEDIC. Please let me know whether or not such things have been appearing since the start of selling Takayama. This is the first question.

Fushimi: Sure. First of all, as you mentioned, regarding HIMEDIC, the environment is still changing, especially in areas other than serious diseases such as cancer, cardiovascular diseases, and brain diseases. After all, due to coronavirus, the underlying disease is getting a lot of attention, so in that sense, a new target is joining.

Also, as I may have mentioned last time, there is a shift away from hospitals. One of the most important aspects of the environment is that people who used to receive medical checkups at large hospitals are now choosing our private facilities, where there is less risk of infection.

And, as for our current measures, 1 characteristic of this time is that we have mainly focused on Tokyo, Nagoya, and Osaka, and for Lake Yamanaka, where HIMEDIC originally started, there was a decrease in the number of members partly due to population aging, but we focused on this again.

We created a new product plan that includes a set of meals and other items to allow people to stay overnight and relax, and this was a major factor in the rapid consumption of inventory at Lake Yamanaka. This is the largest part in the first quarter.

After all, regarding HIMEDIC, or if we go at this pace now, it will be at the recovery pace mentioned earlier. In the Kanto and Kansai regions, it will be necessary in 2023 or 2024, so we are currently promoting a business model of 40,000 to 45,000 people for a HIMEDIC business model in the course of making our plan.

As for the relation with Takayama's solicitation, as you mentioned, the pace of HIMEDIC's solicitation will be slightly slower if Takayama receives more attention from the sales force. However, even in July, the decrease was not that surprising, and we are almost in line with the plan, but the Takayama portion has slightly exceeded the plan.

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However, as for this August and beyond, we are actually looking at the balance of inventory in Takayama and allocating it to each branch office, so as of now, the slightly larger rooms are selling first.

Therefore, in August, we are already running out of the first round of larger rooms in terms of inventory, so we are expecting some smaller rooms and HIMEDIC as well.

We are trying to keep a good balance between sales and marketing in this area. However, in the last year, the number of young salespeople who are interested in HIMEDIC products and can explain and sell medical products by themselves has been increasing, so I don't think there will be a significant impact. However, as you said, we believe that some degree of impact is inevitable. That is all.

Oda: Thank you very much. The second question is about hotel memberships. As you explained this time, I think there are solid figures for the contract volume and the number of members.

In particular, in the XIV, you have been strategically selling since the second half of the last fiscal year because you were running out of inventory of Baycourt. Therefore, I think the situation is the same in this first quarter.

In this context, I would like to know whether the use of digital technology, as shown on page six of your presentation, or the financial institutions in the hotels, has been a significant tailwind for the sales of XIV. Although the numbers seem to be growing steadily, I think the actual effect of these measures has been growing since the second half of the previous fiscal year, but when did it start to appear?

In addition, I would like to know about the sales of Takayama. You just gave us two options, one is new members and the other is upgrades for existing members, but in terms of sales, which has more sales, new members or upgrades of existing ones?

I have several questions, but I would like to ask you about hotel memberships. These are my two questions.

Fushimi: Yes. First, let's have a breakdown of members of Takayama.

Honda: Yes. Currently, about 60% of Takayama's contracts are for upgrades, and about 40% are for new or additional purchases.

Fushimi: As for the referrals that I mentioned earlier, one of the reasons is that there is the increasing number of referrals from banks. Also, in this coronavirus crisis, we haven't been able to make appointments for the past year, and we can't visit homes. In such a situation, we let people to have the experience of using the facility and close contracts there. In the midst of this, the membership sales force and the hotel force are now working very closely together.

The sales staff of each hotel also visit the company's sales department for monthly meetings. In order to follow up on those prospects, we have been doing the digital marketing and other activities that I mentioned earlier. I believe that we have been able to raise mutual awareness and share information well here, so the increase in the number of referrals has boosted the overall flow, but this is not a one-time event and we established one model.

Oda: I'm sorry to be so detailed, but on page 6, regarding referral contracts via hotels, financial institutions, etc., you mentioned that there are 2 types of referrals: one is from synergy within your own hotels, and the other is from financial institutions and outside companies. Which one is growing more rapidly in the past year?

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Fushimi: Looking at the past year, the number of referrals from financial institutions in the first quarter of this fiscal year was 103 compared to 13 in June last year, the first quarter of the previous year, so it has not been up to 10 times, but it's growing that much. The number of referrals from hotels was 390, compared to 185 in the previous year. So it is more than double. In terms of magnification, financial institutions are more common, but in terms of gross, introductions from hotels are overwhelmingly more common.

Oda: I see. I understand very well. Thank you very much.

Operator: The next question is from Mr. Ishihara of Daiwa Securities. Now, Mr. Ishihara, I would like to ask you a question.

Ishihara: This is Ishihara from Daiwa Securities. Thank you.

I have 3 questions. The first one is, I think that Kahala in Hawaii is improving very much, what do you think about this?

Fushimi: Regarding Hawaii, I think the occupancy rate was listed on page 14. As you can see on page 14, the occupancy rate has been steadily recovering since this April, and it has almost returned to 93.9% compared to the same month of the year before last.

Therefore, although more than 20% of the total number of visitors originally used to come from Japan and Oceania, they have not returned yet, and the figure is 93.9%, so they are from the mainland of the United States more than ever.

The situation was exactly the same in July, so we are doing well here. We expect business profit and loss to be positive in July and August as well.

So, if we are able to travel overseas in the future, some of the customers from the US mainland will flow to areas other than Hawaii and some will come from Japan, and I think it will return to the level of the year before last.

This time, however, it is not only the operation of the hotel, but also the Kahala Hotel, the Halekulani, and other hotels increase ADR in the midst of the coronavirus crisis. In line with this, we have reviewed the room charge in order to raise the unit price considerably, and this has had a greater effect on the profit than the operation.

Ishihara: Thank you very much. The occupancy rate of hotels in Japan seems to be recovering steadily, but is there anything clear about the attributes of the guests? For example, you have seen return of seniors who have already been vaccinated, or you have seen a steady increase in the number of young people staying. If there are any noticeable points, please let us know.

Fushimi: Are you talking about the membership hotels in Japan?

Ishihara: Yes, I mean membership hotels in Japan.

Fushimi: Those who came back for the first time after Golden Week last year were owners. They were owners. After that, as the infection spread, the family members and relatives of the owners, mainly young people, came back, and with respect to GoTo in October of last year, the corporate customers came back as well, and the situation in October last year returned to almost the same level as the year before last.

Since the beginning of this year, the situation has become severe again after the declaration of the state of emergency, but as you mentioned, some of the members who have already been vaccinated have returned.

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So, as a strategy, the hotel has come up with a plan to make it as easy as possible for the members to come to a nearby facility, and we have been following up with them, and after the vaccination, some of them are coming back with their families. This was the case in June, July, and especially until August. The number of members has been increasing at a steady pace and has become core.

However, as I mentioned earlier, the employees of the corporation have not yet received the vaccine, so even if we look at the major members of the corporation, I think they will be able to complete the vaccinations by September. I'm thinking that it will be after October, when most of the vaccinations have already been done. In September and October, the main target of sales during the summer season is to sell products in the vicinity of the members themselves.

Ishihara: Thank you very much. Lastly, on page 7, item 2, could you explain more about the increase in the amount spent per customer?

When you say one customer, do you mean all the members, or do you mean the increase in the amount spent per member who has used the service within a year? Where should I look at the target members?

Also, when you say the amount spent, do you mean how to get people to buy more than one membership, or do you focus on how much they use the memberships they have? I would like to ask for some explanation. That is all.

Fushimi: Yes. Rather than improving the occupancy rate of the hotel members, what we are trying to do here is to encourage the members of the hotel to take advantage of the health checkups within our group since they take health checkups somewhere anyway. If they are corporations, for example, their employees can use the hotel as well as the medical checkups.

For example, many of our members take supplements for some reason or another, so one of the first things we need to do is to find a way to encourage them to use our supplements and recommendations based on their medical checkup results.

Another thing is that although it is quite difficult to get seniors to move in due to this coronavirus crisis, we are now designing our products so that members of our group will be able to enjoy various privileges and benefits when they become members of our group and move into our senior residences.

Eventually, we will be able to consider, for example, trading in our hotel memberships and letting people move in directly. This is true for the person himself, and now, for example, the benefits of having his parents move into a senior residence, and now we are doing various things in the form of a campaign. In addition, we are currently conducting a survey and looking for ways to develop a two-family type for senior residence as a campaign.

In the end, we would like to do more and more business focusing on our senior members, so we would like to offer senior residences, supplements, health checkups, and other products that can be used by members. Our main goal is to cross-sell our products by listening to the wishes of our owners. That's all.

Ishihara: I understand. Thank you very much.

Fushimi: Yes.

Operator: The next question is from Mr. Anegawa of Mitsubishi UFJ Morgan Stanley Securities. Well then, please ask your question. Mr. Anegawa, please ask your question.

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Anegawa: 2 questions, please. The first question is that membership sales have been very strong, but is there a change in the consumer base or a broadening of the base?

In the case of the Takayama, you mentioned that upgrades account for 60%, but I would like to know if there is any indication that membership hotels like this are very good and that the number of members is expanding as a result of coronavirus.

Fushimi: Yes. At the moment, there is no significant change in the demographics of new members, such as their occupation or age. However, not only this year, but little by little, the number of corporate members and corporate contracts has been increasing, and since last year, almost 90% of the total members, 80% or 90%, are corporate contracts, which is an unprecedented trend.

As for individuals, it is difficult for them to go abroad due to the coronavirus crisis, and they do not have many chances to shop. We have seen an increase in the number of corporate clients who are using the system for welfare purposes, and we have seen an increase in the number of corporate clients in the midst of the coronavirus crisis. So, we have been able to increase the number of products with a time limit since last year, for example, 9 properties of XIV, "XIV ver Twenty" products, 20-year products, 10-year products, products that can be processed as expenses, and now Takayama, which is a 50-year product. Well, I analyze that the fact that the area is firmly fitted leads to a slight acceleration of the whole. That is all.

Anegawa: I understand. The second question, which may not be that big of a deal, is the unit cost of consumption. I don't know where this is. It's on page 32. The number of guests and occupancy rate. The transition of the consumption unit price is provided here, for example, in the case of XIV, there was a slight decrease this term, while in the case of Baycourt, there was an increase. Is there any notable tendency for this?

Fushimi: Yes, as I mentioned earlier, one thing that changes is that the number of members changes depending on whether there are more individuals or more corporate users. Then, overall, the unit price of consumption is increasing. It's not easy to get a chance for this, so I think it's good. The unit price of meals and drinks has also gone up.

In response to this, we, too, are currently in a very difficult situation with the coronavirus crisis, and the companies that provide food ingredients, such as the food ingredient manufacturers, are in a very difficult situation, so we can purchase foods very cheaply by purchasing them in large quantities. Therefore, we have been able to increase the unit price by promoting high quality ingredients to our customers.

On the other hand, as a result of the three Cs measure, the number of dinners and breakfasts has been decreasing due to the partitioning of restaurants and the shortening of opening hours, which has resulted in people not coming to eat even though they have come all the way. This is the result of a combination of these factors, so I think it is safe to say that the actual number has increased. Yes.

Anegawa: I understand. Thank you very much.

Operator: The next question is from Mr. Tanaka of SBI Securities. Well then, please ask your question.

Tanaka: This is Tanaka from SBI Securities. Thank you.

First of all, I would like to ask you a question about the sales of memberships, which you said were the highest ever for the first quarter, and I thought the content was pretty good.

In addition to the increase in the number of new sales ratio, Yugawara and Rokko, which had been struggling to sell and has experienced relatively sluggish sales with inventory remained, are now selling well,

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and I feel that the content is very good. In this area, do you feel that your sales ability has improved considerably, or do you feel that you are getting better? I would like you to talk a little bit about that.

Fushimi: Yes. Our sales force, as I mentioned earlier in the medical section, is improving because we suffered from coronavirus this time. It's the actual individual part and then the organizational skills. For example, we conduct an ES survey every year in November, and November last year, the membership, the ES of new sales force was extremely high.

This is a strange thing to say, but we have seen a very significant increase in confidence in our products and in our own sales organization, so in that sense, I think it is safe to say that our ability has improved.

Tanaka: I understand. Thank you very much. The other question I have is about Takayama in a little more detail.

I think the sales are off to a good start, but the contents of the products have changed a bit this time, and I would like to ask you about the qualitative response from the customer's point of view, not from your side.

I would like to hear qualitative information about what customers find attractive and satisfying about the products they buy, and if there are any opinions showing their dissatisfaction with these points. Thank you.

Fushimi: Yes. In fact, as I explained earlier, there are physical products such as rights of additional nights of stay for heavy users, or a form that can be used as an actual expense for corporations with a time limit.

We were worried about how Takayama would perform in the national market, but for the time being, sales are very well balanced. One is the location. We used to focus on the location more, but now it's more like using the whole country. Our facilities. Aiming to use them throughout Japan, the number of corporate members has been increasing, and for example, it is easy to use from each branch office across the country, so the emphasis on the structure and system rather than the home is becoming more prominent. I think this is partly what led to the solicitation in Yugawara.

Another unique feature of this is that the hotel will have a theme, not only in terms of art, such as museums, but also in terms of social contribution to the local community, and also in terms of fostering young artists by using the exhibition rooms of the hotel.

They got a lot of sympathy for social things. Some of the owners are not just buying a hotel, but in a sense, they feel as if they are owners of a museum. We believe that this was a solid response to our proposal for a new way to enjoy the hotels. That is all.

Tanaka: Thank you very much. That's all.

Operator: Yes. This concludes the question and answer session. Thank you very much.

Fushimi: Thank you very much.

Yagi: This concludes the conference call for Resorttrust, Inc.'s financial results for the first quarter of the fiscal year ending March 2022. Thank you very much for taking time out of your busy schedule to join us today.

[END]

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