



**Resorttrust, Inc.**

Q1 Financial Results Briefing for the Fiscal Year Ending March 2023 Telephone Conference

August 9, 2022

## Event Summary

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<b>[Company Name]</b>	Resorttrust, Inc.	
<b>[Company ID]</b>	4681-QCODE	
<b>[Event Language]</b>	JPN	
<b>[Event Type]</b>	Earnings Announcement	
<b>[Event Name]</b>	Q1 Financial Results Briefing for the Fiscal Year Ending March 2023 Telephone Conference	
<b>[Fiscal Period]</b>	FY2022 Q1	
<b>[Date]</b>	August 9, 2022	
<b>[Number of Pages]</b>	32	
<b>[Time]</b>	17:00 - 17:51 (Total: 51 minutes, Presentation: 32 minutes, Q&A: 19 minutes)	
<b>[Venue]</b>	Dial-in	
<b>[Venue Size]</b>		
<b>[Participants]</b>		
<b>[Number of Speakers]</b>	2	
	Ariyoshi Fushimi	President
	Takeshi Makino	Sustainability Promotion Department Investor & Public Relations Department Director
<b>[Analyst Names] *</b>	Hirofumi Oda	SMBC Nikko Securities Inc.
	Kyotaro Yamamoto	Mizuho Securities Co., Ltd.
	Shun Tanaka	SBI SECURITIES Co., Ltd.

\*Analysts that SCRIPTS Asia was able to identify from the audio who spoke during Q&A.

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## Presentation

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**Operator:** Thank you for your patience. We will now hold an online financial briefing session for Q1 of the fiscal year ending March 31, 2023 for Resorttrust, Inc. There is a favor to ask all participants. To prevent howling, please turn off or move your cell phone or other communication devices away from the phone if they are nearby. Please note that if there is severe howling during the conference, the conference may be interrupted with the organizer's approval, and we may check the problem of the participants.

Now, Mr. Makino, Director of Sustainability Promotion Dept. Investor & Public Relations Dept., please welcome.

**Makino:** Hello, my name is Makino, and I am in charge of IR and Public Relations. Thank you very much for joining us today for Resorttrust, Inc.'s Q1 financial results online briefing. Financial results were announced at 3:20 PM today. Please have on hand the financial results for the 1Q financial results briefing for the fiscal year ending March 2023, which we have released. This document has the parts of Sanctuary Court Lake Biwa on the cover.

Today, President Fushimi will first give an overview of our overall business performance, and then Makino will explain some of our financial positions and the status of our ESG Conference initiatives. Well then, Mr. President, please start.

### 1Q FY2022 Financial Summary

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① **Consolidated net sales and net income: Record highs for the three-month period under review.**

**1Q FY2022 : Net sales 40.2 billion yen,  
Income attributable to owners of parent 7.4 billion yen**

• Membership sales and Hotel Operations and Medical Operations remained strong, and net sales were higher than the previous record of 39.8 billion yen in 1Q FY2018.

• As for net income, gain on sales of non-current assets of 8.0 billion yen from the transfer of six Hotel Trusty facilities was recorded under extraordinary income (already included in the plan).

② **Membership sales: Record contract volume in the three-month period.**

**Contract Values of Membership 1Q FY2022 :**

**(Hotel) 21.3 billion yen, (Medical) 1.7 billion yen**

• The contract volume of 18.2 billion for the new product "SANCTUARY COURT BIWAKO", which was launched for membership sales on March 23, led the overall performance. The contract volume was 35% higher than the previous record of 15.7 billion yen in FY2021.

( Overall membership contract value, including medical and golf memberships, reached a record high of 23.2 billion yen. )

• Medical memberships also recorded strong sales of 1.7 billion yen, the second highest, following the record high in the same period of the previous year.

③ **Hotel and Restaurant Operations and Medical Operations remained strong, net sales of each operation reached a record high for the three-month period under review**

• Occupancy rates of membership hotel operations exceeded the pre-COVID levels, offsetting the negative effect of the transfer of Hotel Trusty facilities, and reached a record high net sales for the 1Q.

On the basis of profit, a profit has been secured as of the 1Q for the first time since FY2019, despite the effect of various cost increases in addition to withdrawal costs for Hotel Trusty. Discussion was held on the revision of room charge, etc. from FY2017, when the last revision was implemented, in line with the range of cost increases.

• Medical Operations reached a record net sales for the three-month period under review, and also a record high level of segment income. 2

**Fushimi:** My name is Fushimi from Resorttrust, Inc. I will now give an overview of the financial results in accordance with the financial results presentation materials.

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Now, first, please see page two. First, sales.

In the Q1 for the fiscal year ending March 2023, we achieved record consolidated net sales of JPY40.2 billion and net income attributable to shareholders of the parent company of JPY7.4 billion, marking a new record for consolidated net sales and net income in Q1. In particular, membership sales and hotel and medical operations each performed well, surpassing the previous record of JPY39.8 billion in sales for Q1 of FY2018. In addition, the net income includes JPY8.0 billion in expenses for the sale of the trustee's fixed assets as a special factor.

Secondly, in terms of membership contracts, hotel membership contracts totaled JPY21.3 billion and medical membership contracts JPY1.7 billion, both of which were record highs.

One of the major factors was that the contract volume of Lake Biwa, the second phase of the new Sanctuary Court, which was launched on March 23, strongly drove the overall sales volume to JPY18.2 billion. The medical business also continued to do very well, as in the previous year, and the combined total was JPY23.2 billion, a record high. As for the operations division, both hotel, restaurant, and medical operations performed well, with each recording record-high sales for Q1.

I will explain the reasons for the strong performance in the segment section later. However, due to the inevitable rise in costs and other factors, profits did not reach a record high. Still, we are back to where we were before the Coronavirus, and we are in a situation where we are able to maintain a surplus. We are now in the process of reviewing our cost measures, including price revisions, for H2 of the fiscal year.

## Financial Highlights 1Q FY2022 (April to June) RESORTTRUST GROUP

	2019/6 (pre-COVID) results	2020/6 results	2021/6 results	2022/6 results	YoY Difference	Change FY2019 (vs. Pre-Covid)
Net Sales	39,258	23,416	37,319	40,224	+7.8%	+2.5%
Operating Income	2,442	(884)	920	2,510	+172.7%	+2.8%
Ordinary Income	2,557	(400)	1,498	2,578	+72.1%	+0.8%
Net Income	1,492	(1,810)	1,905	7,426	+289.7%	+397.5%
Evaluated net sales	40,866	26,914	39,057	49,148	+25.8%	+20.3%
Evaluated Operating Income	2,981	(2,905)	2,182	4,972	+127.8%	+66.8%

**< Evaluated net sales, Evaluated Operating Income >**  
 Evaluated net sales increased by 26% and evaluated operating income increased by 128% from FY2021 as strong sales of SANCTUARY COURT BIWAKO, which began in March 2022, led to a record contract value in membership sales, driving performance, and Hotel and Restaurant Operations improved significantly. Compared to FY2019, pre-COVID times, results continued to remain very strong with a 20% increase in sales and an approximately 70% increase in income.

**< Net sales, Operating Income >**  
 As SANCTUARY COURT BIWAKO, whose membership sales accounted for approximately 80% of total membership sales for the current fiscal year, is an unopened property, accounting figures for real estate sales and income are not recorded until the time of the hotel's opening, and are realized in the period of opening. Accordingly, the recorded amount of net sales and operating income for the current fiscal year was limited on an evaluation base; however, each operation contributed to income, and overall net sales and operating income exceeded those in pre-COVID FY2019.

**< Net Income >**  
 Gain on sales of non-current assets of 8.0 billion yen from the transfer of six Hotel Trusty facilities, announced in the previous fiscal year, was recorded under extraordinary income for the current fiscal year.

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

**[Evaluated Net Sales/Operating Income]** \*Please refer to p.43 for the method for evaluation calculation.

Figures calculated on a sales evaluation basis after deducting accounting factors specific to the spread of COVID-19 infections as well as the effects of deferral of revenue from real estate sales and realization of the deferred revenue upon opening the facilities. Adoption of new accounting standard 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. Indicators of real performance of sales activities for the current fiscal year.

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Now please continue to page three.

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The table on the top of page three shows that for the 1Q of the fiscal year ending March 31, 2023, as mentioned earlier, net sales are JPY40.2 billion, operating income JPY2.5 billion, ordinary income JPY2.57 billion, and net income JPY7.4 billion, while evaluated sales are JPY49.1 billion, and evaluated operating income is JPY4.9 billion.

As I have explained, since the previous fiscal year, the figures for operating income and net sales are used for internal management accounting purposes as a measure of our competence base. The timing of deferred income and real estate completions inevitably deviates from the above figures, so these figures have been leveled out so that we can have a good look at the competitiveness of our business.

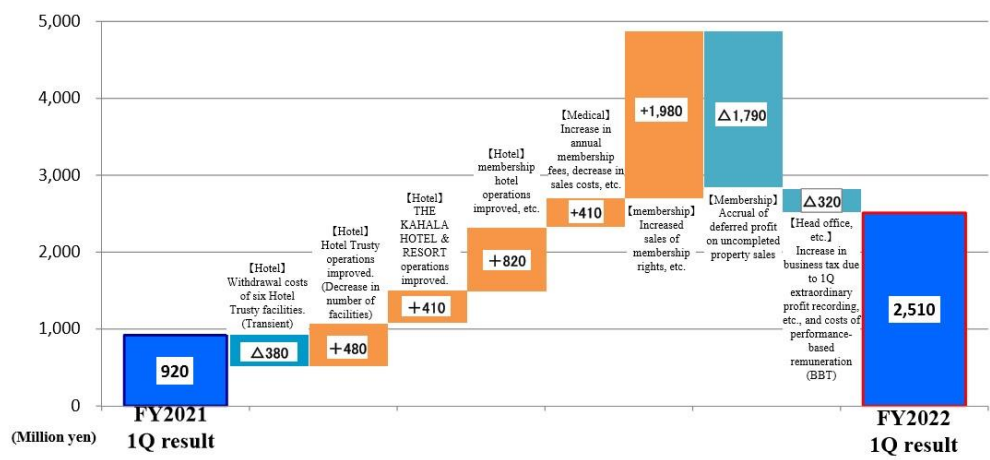
So, the box in the middle here shows that in March 2022, sales of Sanctuary Court Lake Biwa proceeded well, and the contract volume reached a record high, driving our business performance. Conversely, the percentage of contracts for properties that have not yet been completed has increased, which means that appraisal sales have increased, but this difference will have an impact on sales revenue. The result is that this is a deferred property, and this is the result for it.

Our assessment is that we have achieved solid sales and profits. However, even though we were affected, we were still able to achieve our goals on a normal accounting basis.

As for net income, the JPY8 billion I mentioned earlier is included, which means that it is significantly positive.

**Actual results for 1Q FY2022 :Operating Income**  
 (compared with the same period of the previous FY)  
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**In Hotel and Restaurant Operations, although a temporary expense of 0.38 billion yen for the transfer of six Hotel Trusty facilities was recorded, profit improved significantly due to a rise in occupancy rate, particularly at membership hotels. In each of the membership (increases to be deferrary are to be realized in the period of opening) and Medical Operations, we achieved profit growth. Overall, we achieved an improvement of approximately 1.6 billion yen.**



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See page four. This is a bar chart showing the factors of increase/decrease from the previous year.

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The previous year's result was JPY920 million, while the part of the cost that was not included in the previous year was the Hotel Trusty withdrawal cost, which was about JPY380 million in operation and management costs from the end of the business to the time of debit.

The positive factors are, of course, the Hotel Trusty portion, which has eliminated the negative portion, plus JPY480 million, the improvement in the management of the Hawaii hotel, plus JPY410 million, the membership hotel, plus JPY820 million, the increase in annual membership fees for the Medical Center, plus JPY410 million, and the membership portion, plus JPY19.8. The membership segment recorded a new record, an increase of JPY1.98 billion.

Conversely, the negative portion is minus JPY1.79 billion, as the contract number of memberships has increased, but the deferred portion has also increased. The total cost of the BBT and performance-linked expenses was JPY320 million, resulting in a total of JPY2.51 billion for Q1 of this fiscal year.

## Segment Sales and Operation Income 1Q FY2022

### 3 main business segments (April to June)

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#### <Accounting Base>

		(Million yen)					
		2019/6 (pre-COVID) results	2020/6 results	2021/6 results	2022/6 results	YoY Change	Change FY2019 (vs. Pre-Covid)
<b>Membership</b>	Sales	10,431	5,694	11,779	<b>9,112</b>	(22.6%)	(12.6%)
	Operating Income	3278	2,203	2,784	<b>2,967</b>	+ 6.6%	(9.5%)
<b>Hotel and Restaurant</b>	Sales	19,917	8,614	15,131	<b>20,086</b>	+32.7%	+ 0.8%
	Operating Income	12	(2,347)	(925)	<b>400</b>	+1,326	+ 3022.1%
<b>Medical</b>	Sales	8,744	8,942	10,233	<b>10,846</b>	+ 6.0%	+ 24.0%
	Operating Income	1206	1,027	1,034	<b>1,446</b>	+ 39.7%	+ 19.9%

#### <Evaluation Base>

		(Million yen)					
		2019/6	2020/6	2021/6	2022/6	YoY Change	Change FY2019
<b>Membership</b>	Evaluated net sales	12,039	9,192	12,673	<b>17,786</b>	+40.3%	+ 47.7%
	Evaluated Operating Income	3,817	3,155	3,201	<b>5,180</b>	+61.8%	+ 35.7%
<b>Hotel and Restaurant</b>	Evaluated net sales	19,917	8,614	15,131	<b>20,086</b>	+32.7%	+ 0.8%
	Evaluated Operating Income	12	(4,995)	(925)	<b>778</b>	+1,704	+ 5968.5%
<b>Medical</b>	Evaluated net sales	8,744	8,942	11,077	<b>11,095</b>	+0.2%	+ 26.9%
	Evaluated Operating Income	1,206	702	1,879	<b>1,694</b>	(9.8%)	+ 40.5%

\*Membership: Adjusted for deferred sales and income on real estate portion of revenue from sales of unopened properties (added, this period: Biwako).  
 \*Hotel and Restaurant: Deducting the temporary expense for the transfer of six Hotel Trusty facilities in FY2022. Including fixed costs that were recorded as an extraordinary losses in accounting at the closure in FY2020.  
 \*Medical/Membership: Deducting the negative effect of adoption of new revenue recognition standard from FY2021 (calculated by the previous method)

[\\*Breakdown of consolidated figures including the "Other" and "Head Office" classifications is shown in p.34.](#)

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Then please turn to page five. The figures by segment. This is where we see the biggest difference from the evaluation I mentioned earlier.

First of all, the membership portion of the Company's sales is that the accounting base is JPY9.1 billion, compared to JPY17.7 billion in appraised sales. This is the very part of real estate that I mentioned earlier. If you look at the evaluation in terms of contract volume, it is up 40% from the previous year, and up 47% from 2019. Because there are many properties that have not been completed as properties, the sales on an accounting basis are minus 22 percentage points and minus 12 in comparison with 2019.

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In the hotel restaurant business, since there is no impact from the evaluation, etc., sales were up 32% compared to FY2019, and 0.8% compared to FY2019 before Coronavirus. Profitability was up JPY1.3 billion YoY to JPY400 million, and the valuation base was also favorable at JPY1.7 billion.

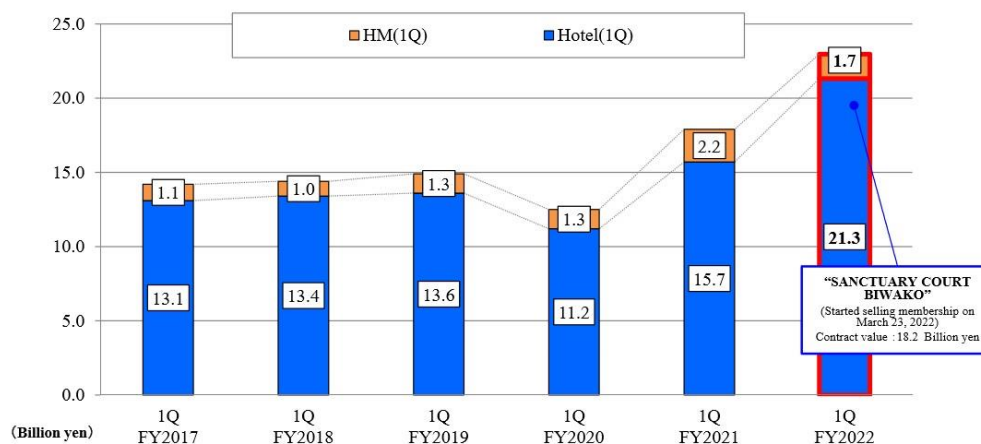
For medical, this is the HIMEDIC portion, although there are some areas where this evaluation will be plus or minus. On an accounting basis, the medical business achieved net sales of JPY10.8 billion and operating income of JPY1.4 billion, with a 39% increase in operating income over the previous year.

However, the pace of the evaluation was minus 9.8 points for this medical. This is due to the fact that the previous year, there was a large increase in the number of exclusive products for Yamanakako, and the previous year, before the application of Takayama, there was very little inventory, so the Company stopped at medical.

## Progress of contract values for 1Q FY2022 (April to June)

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Contract value of hotel memberships remained very strong mainly for the new product, SANCTUARY COURT BIWAKO, whose membership sales began in March 2022. Contracts at the end of the previous fiscal year increased, of which the amount received and recorded in the current fiscal year, which was supposed to be received and recorded in the previous fiscal year, increased by approximately 2.0 billion yen compared to the usual fiscal year, hitting a new record high for the 1Q, including said effect (the highest was 15.7 billion yen in the previous fiscal year). HIMEDIC membership sales as well remained strong.



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Go to page six. Here is the contract volume.

Contract volume has been very strong. JPY21.3 billion with significant growth including Sanctuary Court. Even including the JPY2 billion deferred from the previous fiscal year, the sales of HIMEDIC membership continued to be strong, with a sales volume of JPY1.7 billion.

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# New brand “SANCTUARY COURT BIWAKO” membership launched

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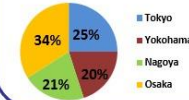
## ●“SANCTUARY COURT BIWAKO VENETIAN MODERN RESORT” Overview

	Start of sales	23 March 2022.
	Scheduled date of opening	October 2024 (planned)
	Total number of rooms	167
	Supplemental facilities	Italian restaurant, Chinese Restaurant, Japanese restaurant, Lounge & Bar, Ballroom, Spa (indoor bath, Carbonic acid spring bath, outdoor bath, sauna), Treatment Salon, Indoor Pool, training gym, Executive Room, Boutique, Dog run., etc.
	Membership price	¥7.43 million (annual 10 stay nights-type) ~ ¥34.75 million (annual 20 stay nights-type)

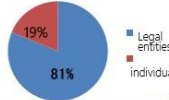
### ◆ Contracts (The end of March)

- Number of Members Final Target : 6,012 members ( If all are sold as 10-stay night products)
- Sale of 1,656 units on a contract basis ( March 23 to June 30)

#### <Ratio by region (branch)>



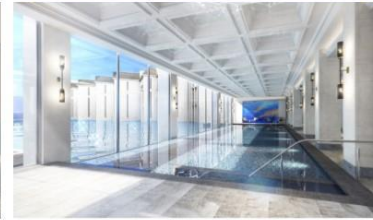
#### <Membership subject>



Entrance



Room (Royal Suite)



Indoor pool

### ◆SDGs initiatives

- Solar power generation facilities have been installed to reduce CO2 emissions, and approximately 80% of the electricity consumed is expected to be covered by in-house power generation. of the electricity consumed is expected to be covered by in-house power generation.

- Under an agreement with Takashima City, the hotel will be operated in a community-based manner.
- Actively provide local produce, contribute to the local economy, improve customer satisfaction and reduce food mileage.



### ◆spa and wellness (health) facilities

- Hot spring outdoor baths, steam sauna, carbonic acid baths, etc.
- Full activity programme, including simulated golf.

### ◆Rooms that can accommodate accompanying dogs ( 29 rooms)

- The largest of our facilities. number of rooms and a dog run.

### “SANCTUARY COURT” Overview \*Same as Takayama

#### 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)

Page seven shows the contents of Sanctuary Court Lake Biwa, which has become the mainstay of the project.

We have begun accepting applications on March 23, 2022, and expect to open in October 2024, with a total of 167 rooms, and a total contract amount of approximately JPY80 billion.

In particular, Takayama is an art resort and has introduced new software concepts, such as the arts.

The main feature of this facility is that it is actively implementing SDGs initiatives and is currently focusing on reducing CO2 emissions and energy consumption through solar and other means. Approximately, 180% of the intermediate power consumption is covered by in-house power generation.

In addition, as part of our efforts to revitalize the local community, we are currently working together with Takashima City on various aspects, such as locally produced and locally consumed foods, local employment, and environmental preservation. For longer stays, due to the fact that we did these things with our members, we have a full spa/wellness program.

We also have the largest pet-accompanied guest room, Doggie. This time, we have decided to allow large-sized dogs, and in light of this, we are offering a closed space for long-term stays, which in a sense is like a members-only space.

As shown in the upper right-hand corner, the number of contracts is 1,600 out of a total of 6,000 units sold, which is very favorable. As the second phase of the Sanctuary, we are now moving at about the same pace as in Takayama.

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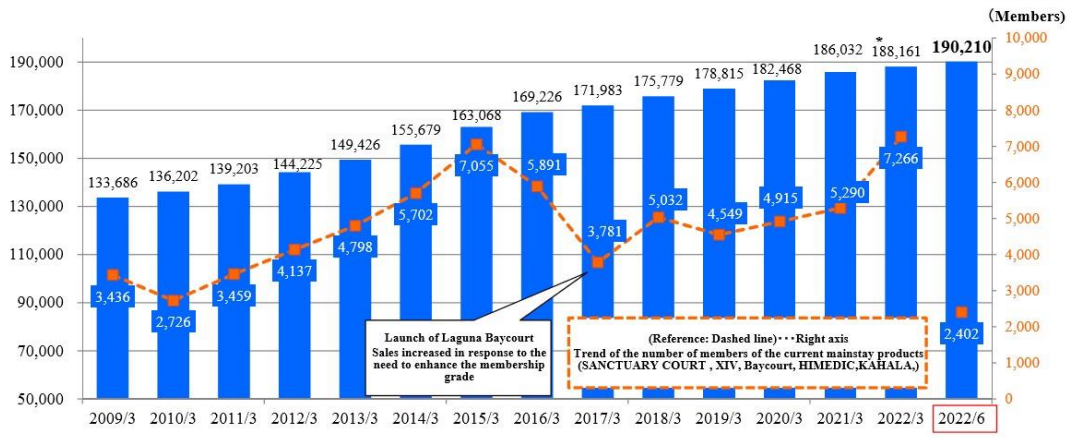




Also, sales by branch office and area are Tokyo, Yokohama, Nagoya, and Osaka, which means that the Company has a very well-balanced reputation throughout the country, although, of course, the focus is on Osaka and Nagoya.

In terms of membership, as was the case in Takayama, more than 80% of the Sanctuary Court series are corporate contracts. We understand that this is a new market for the Company and that it will lead to future operations.

## Number of Members RESORTTRUST GROUP



\*In Sun Members, as the decrease due to the closure of the Excellent Club (3,934 decrease in restaurant membership) was not reflected in the count, and was included in the overall figure in the previous material (disclosed in May 2022). From this material, the decrease has been retroactively reflected to the time of the Club's closure (4Q, FY2021).

	(Members)									
	SANCTUARY COURT	Baycourt	XIV	Sun Members	Golf	Medical	Cruiser	KAHALA	Total	
2022/3	2,990	23,737	79,346	24,479	30,114	26,237	411	847	188,161	
2022/6	4,492	23,828	79,555	24,066	30,169	26,775	416	909	190,210	SANCTUARY COURT+XIV+BCC+HM+KAHALA
Change April - June 2022	+1,502	+91	+209	(413)	+55	+538	+5	+62	+2,049	+2,402
Change April - June 2021	+132	(25)	+918	(345)	+82	+838	+4	+46	+1,650	+1,909

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

Continued on page eight.

The number of members is also growing steadily at 190,000.

Then there is the bottom left. The Sanctuary Court, which is the center of the sales, showed an increase of 1,502 in June, which is 132 more than last year, and the XIV also showed solid growth.

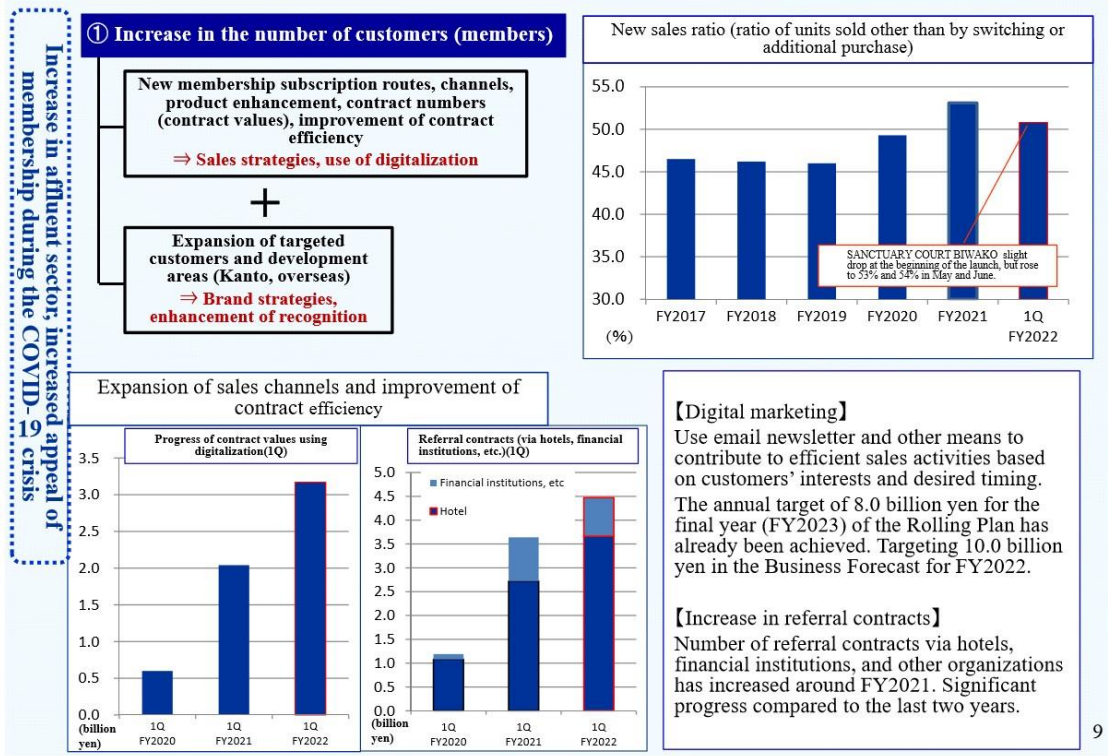
In addition, medical is also making significant growth, and we believe that the Group as a whole is now achieving a good balance of sales and new business development.

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Page nine shows the status of this contract, one of the themes of this year's report, including the diversification of sales channels.

Under the left side of this page, which is also reported every quarter now, digital utilization and web marketing are still growing this quarter. Originally, we had estimated that the annual contract amount for digital marketing would be JPY8 billion, but we have already achieved this goal, and we expect to reach JPY10 billion in the current fiscal year.

The right side of the graph shows a steady increase in contracts for introductions to hotels and financial institutions. In particular, the number of hotels approaching members' accompanying guests is growing rapidly, and the number of financial institutions with which we have contracts is expanding rapidly, so we believe that we can continue to increase this number.

At present, the main financial institutions to which these referrals are made are mostly regional banks and credit unions. This year, we have received new offers of partnership from securities companies, including major ones, and we would like to further expand this area of cooperation.

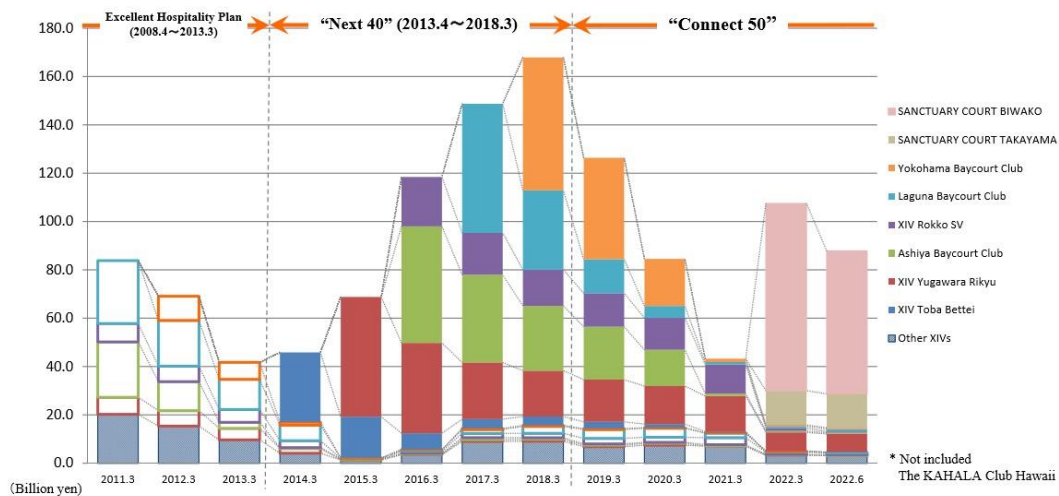
Also, at the top right is the new rate, which shows the actual market development of the members. Q1 of this fiscal year was Q1 of Sanctuary Court, and the new unit rate dropped slightly in April due in part to the fact that we allowed applicants to switch from Bay Court to Sanctuary Court.

However, the rate for Q1 appears to have dropped, but it was 53% in May and 54% in June. If we look at it on a single-month basis, we see that the rate is basically increasing further. This is expected to be temporary, and we believe that we will be able to achieve further solid growth from 2Q onward.

## 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. Two properties began construction in the FY2021 under review, and the Group has inventories amounting to over 87.9 billion yen as of June 30, 2022 (Not including the KAHALA Club Hawaii)



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Continued on page 10 is the inventory status.

As you can see, our current main inventory is Sanctuary Court Lake Biwa.

As of the end of June, the inventory is approximately just under JPY90 billion, so we have approximately JPY60 billion more contracts to sell during the current fiscal year.

In H2 of the year, Sanctuary Court in Kanto will start accepting applications and will be included in the inventory, which will amount to about JPY80 billion.

We believe that our inventory is about JPY120 billion at the end of the fiscal year, which we consider being about the right amount.

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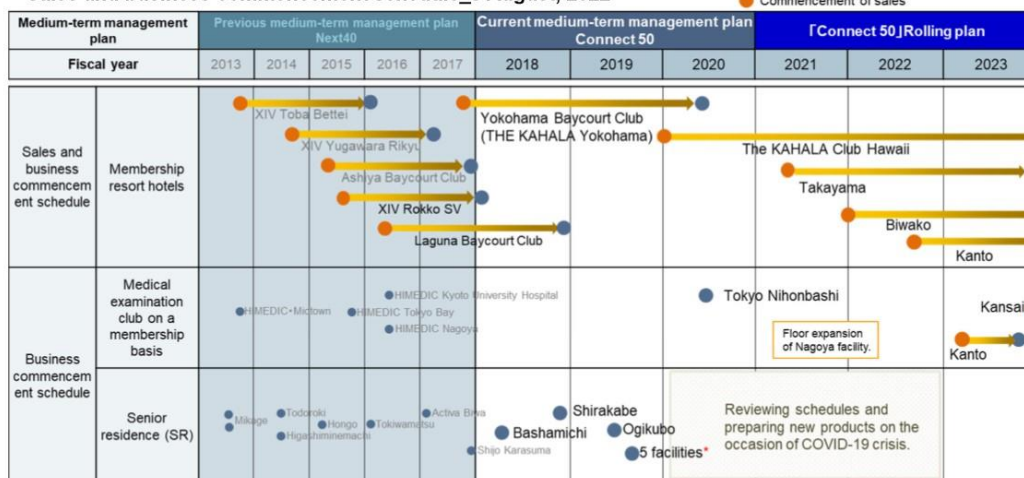
# Group's Development Schedule(~FY2023)

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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 Kanto in FY 2023 and in Kansai in FY 2024.

## <Sales and business commencement schedule\_ 9 August, 2022>

● Commencement of business and acquisition  
 ● Commencement of sales



11

Page 11.

Therefore, at the rate of contract volume, we will have approximately 150 rooms in the Kanto area in H2 of the current fiscal year.

As I explained earlier, one hotel will be completed each year starting in FY2023.

I believe that the evaluated sales and evaluated operating income mentioned earlier will be much closer to the accounting basis.

In medical, the capacity is also becoming quite tight, and we have decided on specific locations in the Kanto and Kansai regions and are now in the process of finalizing the details for the opening.

### Support

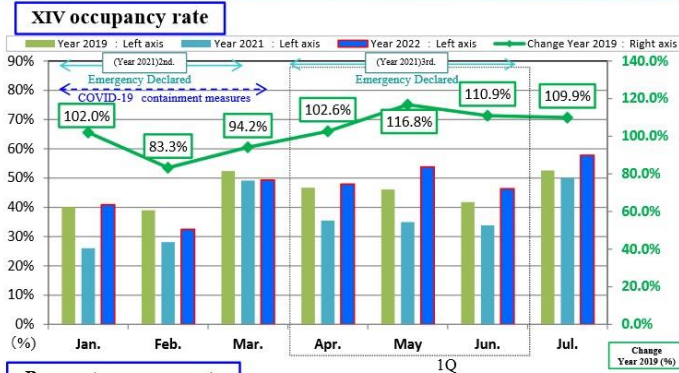
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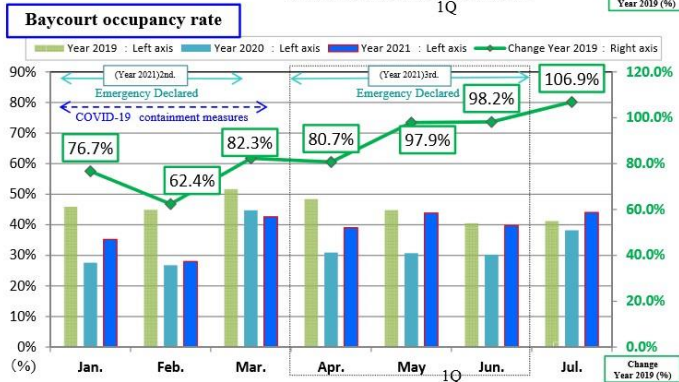
# Trends in Hotel occupancy rate by months ①

RESORTTRUST GROUP



**Outline of XIV and Baycourt**

- Comparison with the same period in 2019 is shown as a broken line. In the last three months, COVID-19 containment measures were lifted, and occupancy rate remained strong, exceeding that in pre-COVID times.
- The trajectories of recovery of occupancy rates of XIV and Baycourt Club were generally similar. Recovery in occupancy rate of Baycourt Club had been slow, but recently exceeded that in FY2019.



**Results forecast for July and beyond**

In July, cancellation gradually increased in the second half of the month due to the seventh wave of COVID-19. Although the effect has not been as significant as it had been under the past state of emergencies, a certain degree of negative effect is expected on occupancy from August onward, the peak season.

12

Continuing on page 12 is the current status of the hotel.

First, the above is the occupancy rate for XIV.

The three bar graphs stand for the current term, the previous term, and 2019 before Coronavirus, and the green line graph shows the comparison with the.

If you look at the above, the first thing to note is that XIV has been capturing its pre-Coronavirus FY2019 operations, well, almost since the beginning of April of this fiscal year.

In the lower section of Baycourt, the recovery was delayed due to its proximity to the city. Since July, we have been capturing FY2019, which means that we are about three months behind, and Baycourt is also stabilizing.

However, as you know, from H2 of July through August, there was another seventh wave of Coronavirus, and the number of cancellations has increased slightly, which has put a damper on the current situation. August is the month that we are a bit affected, albeit to a limited extent, as we have been affected as much as the previous declaration of a state of emergency.

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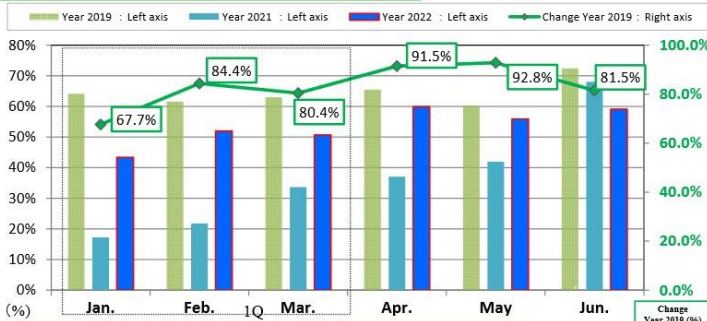


# Trends in Hotel occupancy rate by months②

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## THE KAHALA HOTEL & RESORT occupancy rate

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



## Outline of THE KAHALA HOTEL & RESORT

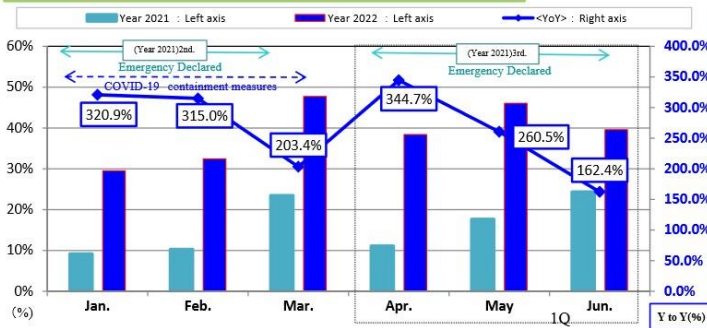
From January to March (1Q), COVID-19 situation remained generally at a constant level, and occupancy rates remained at a level of 70 to 80% compared to pre-COVID levels.

From April to May, the rates exceeded 90% compared to pre-COVID levels; however, as most of the travelers are still from the U.S. mainland, further improvement is expected as the number of travelers increases in the future.

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

## THE KAHALA HOTEL & RESORT YOKOHAMA occupancy rate

\*No data for FY2019 due to opening in September 2020 (YoY change)



## Outline of THE KAHALA HOTEL & RESORT YOKOHAMA

Opened in September 2020 in the COVID-19 crisis. It had a difficult start, as inbound travelers were expected to account for approximately half of the expected occupancy. However, occupancy rate increased after COVID-19 containment measures were lifted, partly due to the support by membership holders, and significant progress was made compared to the previous fiscal year. ADR has maintained a high level of 50,000 yen, and further improvement in occupancy is expected as inbound demand recovers in the future.

The next page is Kahala, Hawaii.

As for Hawaii, compared to FY2019, here too, almost 90% in April and May. Customers have not yet returned from Asia. We believe this is a very good number since it is only from the US mainland.

The number of visitors from Asia, including Japan, is originally between 20% and 25% of the total, even excluding those, 90% of the total visitors are from mainland US. However, in June, due to a slight increase in Coronavirus and other factors in Hawaii, the number of visitors from the mainland decreased, resulting in a slight decrease to 80% in June.

Below is Kahala Yokohama, our general hotel. Since this was really the opening during the Coronavirus disaster, it is not surprising that there has been growing compared with the previous year and the two previous years, but the overall operation is still in a difficult situation.

However, ADR is now close to JPY50,000, which naturally means it is the top in the Yokohama area. In Tokyo, we are ranked next to the Ritz and the Four Seasons, so we must make sure to protect this position. And since we were originally looking at about 45% inbound from our pre-opening plan, we hope to catch up to our original plan by bringing this back to a firm level.

In fact, slightly inbound, if anything, the business type is likely to move bookings ahead of the luxury type. We have been receiving reservations since October, and packaged trips are also starting to move, so we hope to make a solid recovery in Q4 this winter season.

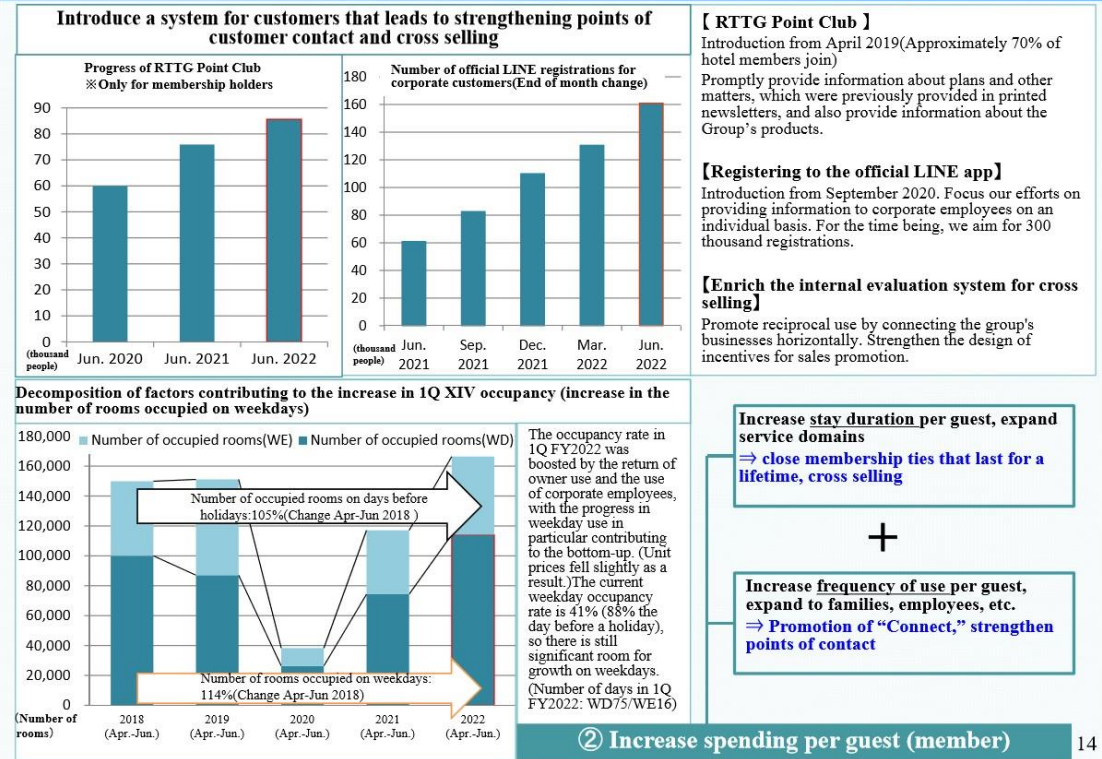
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**Examples of initiatives for (2)-1 growth based on “Membership Model”**  
**Initiatives to increase guest(member) spend** RESORTTRUST GROUP



**② Increase spending per guest (member)** 14

Continued on page 14. This is also a part of the operation.

First, in terms of the enclosure, the upper left-hand corner shows our point members and app members, which have been growing steadily and now number over 80,000. Almost 70% of our active members are registered.

We are also promoting the use of official LINE for corporations, which is connected to employees through direct corporate contracts, and the number of users has now reached 160,000. In fact, the number of corporate member employees who have signed LINE contracts has increased by 40% from the previous year, which is very strong support for the operation of the service.

So, the bottom row is a breakdown of those that are increasing in occupancy. As you can see, in terms of percentages from 2018, we have seen holiday and eve occupancy grow to 105% this quarter, while weekday occupancy is now leading the overall growth, at 114%.

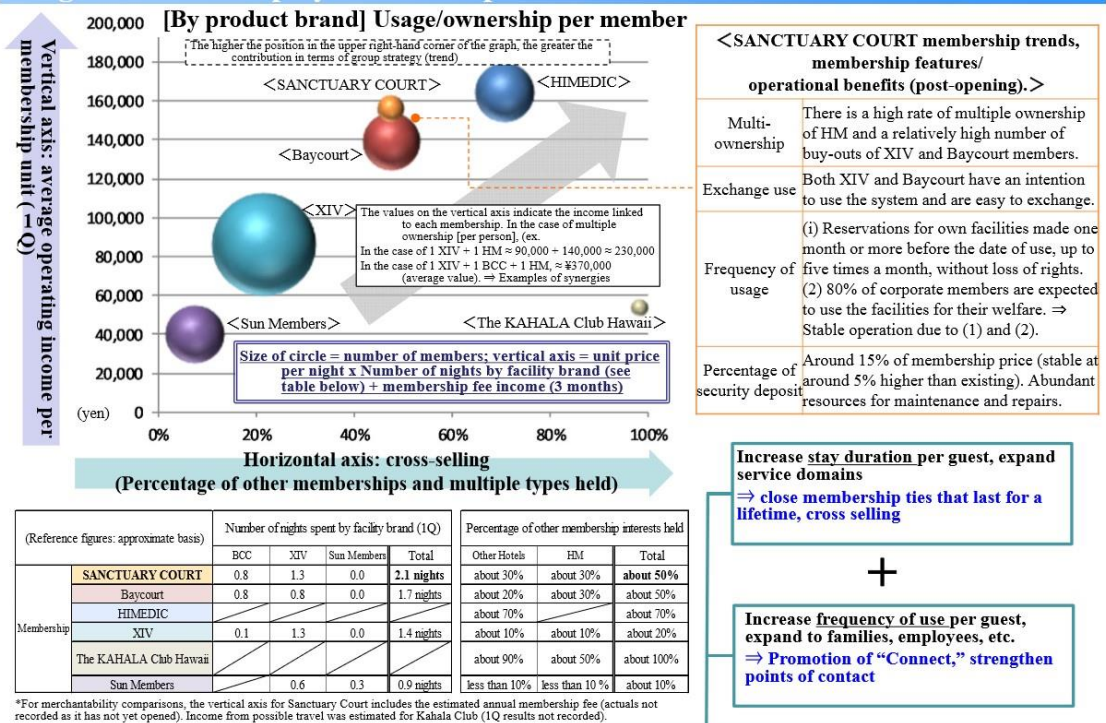
One of the reasons for this is that the aforementioned LINE registration and other measures have been effective in retaining customers. Conversely, we believe that there is still room to increase weekday operations, and we intend to put even more effort into this area.

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**Examples of initiatives for (2)-2 growth based on "Membership Model"**  
**Usage and ownership by membership** RESORTTRUST GROUP



Continued on page 15.

This is also new, and we did it to make it a little easier to understand. This is the number of nights used in Q1 for each membership type, which includes Sanctuary Court, Baycourt, etc.

As you can see, the members of XIV stayed 0.1 nights at Baycourt and 1.3 nights at XIV, which means an average of 1.4 nights per member in three months, which can be multiplied by four if you look at the annual figure.

In contrast, Baycourt guests spent 1.7 nights at the same rate, 0.8 and 0.8 nights each at Baycourt and XIV, respectively. In comparison, the Sanctuary Court itself has not yet opened, but the guests staying at the Baycourt for 0.8 nights and those staying at the XIV for 1.3 nights, for a total of 2.1 nights, which is more than two additional nights per year.

This is partly because we have new members, but also because, as I mentioned earlier, we have a large number of corporate member contracts, and we have new members who are expected to use the service very much. I understand that the increase in the number of Sanctuary Court members is the product of the increase in weekday occupancy, and overall occupancy as mentioned earlier.

In the upper left chart, the vertical axis shows the average operating income per unit, which means that for Sanctuary Court members, the more nights they spend, the greater the operating income per member over a three-month period. This is calculated based on the average price per product, not on individual products. Sanctuary Court still has only a small number of members, as the size of this circle represents the number of members, but the unit price is very high, and I think it can be said that our facilities are well used.

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Also, on the right side of this, and this is the cross-sell portion, is the percentage of multiple owners. For example, if you look at the Kahala Club, you will see Kahala Club in a small circle on the right side at the very bottom of the table above. We still have a very small number of members, but this means 100%, multiple owners. The reason for this is that, of course, we only provide information to members of our hotels, so of course, we are 100% sure that they have some other kind of membership to the Kahala members.

And yet, of course, it is not yet available in Hawaii, so the unit price has been reduced in this way, as only the annual fee is digested.

For the HIMEDIC, about 70% of the HIMEDIC are also members of a hotel, and cross-selling is progressing in the way that about 70% of the HIMEDIC are also members of a hotel, and in terms of Sanctuary Court members, half of the total, 50%, have a hotel, other XIV, Baycourt or HIMEDIC. 50% of the members are hotel members. This is about a 10% overlap, but it should be understood in the form that this 10% has both hotels and medicals.

Naturally, this means that the amount of money spent per member will also increase, making us a very good member. The new product line has increased the operation in such aspects and has contributed to the overall profitability and operation of the Company, which has led to customer satisfaction. We are looking forward to introducing the Sanctuary Series in the Kanto region as well.

**<Reference> Offering information and communications by using social media** RESORTTRUST GROUP

**LINE official**

Distribute latest hotel information, such as accommodation plans and recommended events information, by using pictures on a timely manner

「エクスパ琵琶湖」で絶景とともに美食を楽しむ。

都会の喧騒から離れ静かな場所で日々の疲れを癒やす、1泊2日の極上ステイ。心地よい湖の波の音や季節の味覚、美しい正水に癒やされた夫婦旅をご紹介します。

▼詳しくは画像をタップ

わたくしのホテル時間 by resorttrust

おすすめ宿泊プラン  
**XIV GATEWAY PLAN**  
2022.7.1(Fri) - 9.30(Fri)  
1名様・1泊2食 13,000円(税別)

**RTTG App** Regular distribution of COVID-related information and information on limited-time campaigns

RTTGアプリ限定  
ポイント交換サービス

RTTGポイントを商品に交換しませんか。

東武朝/ブロック割

Used by sales staff to make communication with members that they are responsible for. Means following the face-to-face and telephone communications. Not only announce individually the information about recommended plans, etc. but accept reservation.

**LINEWORKS**

16

The next page, page 16, shows an example of how we are using LINE, the apps I mentioned earlier, and now, etc., to reach each target group.

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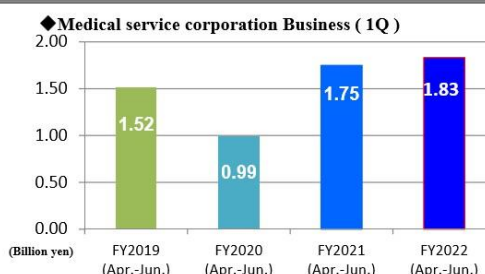
# Progress of Medical business

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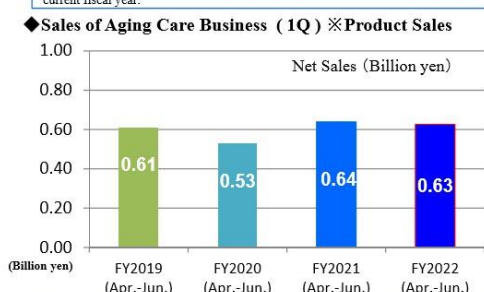
**Sales of HIMEDIC memberships in FY2021 remained strong. Non-membership health check-ups, which were temporarily closed from April to May in 2020, and Aging Care Business were also solid. Senior residence operations continued to be affected by COVID-19. Consideration of new products is underway.**



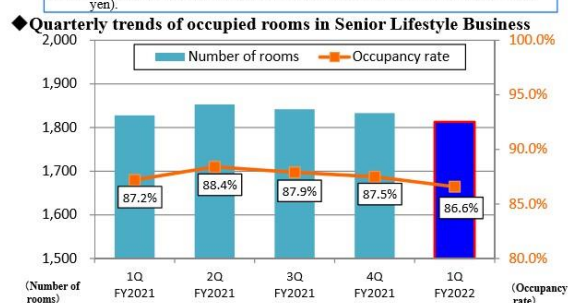
Needs expanded even during the COVID-19 crisis. Although it did not reach the level of 1Q of the previous fiscal year, which saw a sharp increase partly due to a decrease in hotel membership inventory, it was the second highest level ever in the current fiscal year.



Non-membership health check-ups remain solid. Results for 1Q FY2021 include the effect of one subsidiary added in the scope of consolidation (1Q net sales of about 0.20 billion yen).



Product sales also grew steadily on a year-on-year basis, especially for the Munoage brand. Most recently, a new brand "est're" was released, which contributed to increasing net sales.



The situation has continued to be particularly difficult in facilities of healthy occupant type, partly due to the impact of COVID-19; however, the impact on revenue is limited, as many occupants move out after amortization of occupancy fees.

17

Then on page 17, medical.

In medical, this is the contract volume of memberships on the left side. FY2022 has been also doing well, but as I mentioned earlier, in the previous year, there was a slight shortage of inventory before the Takayama application, so there was a bias toward medical.

Also due to the release of limited-edition products at Lake Yamanakako, it continued to be strong, although sales did not reach the level of the previous year.

The medical service corporation on the right, which provides general medical checkups, showed a solid YoY increase.

In the anti-aging care business, sales were almost on par with the previous year due to a slight delay in the development of new products caused by the Coronavirus disaster.

In the senior living market, the current situation is that the number of visitors has been sluggish due to restrictions on facility tours and the inevitable occurrence of Coronavirus at the facilities. Since July, we have seen a positive turnaround in this area, and we believe that we will be able to achieve solid growth in H2 of the year.

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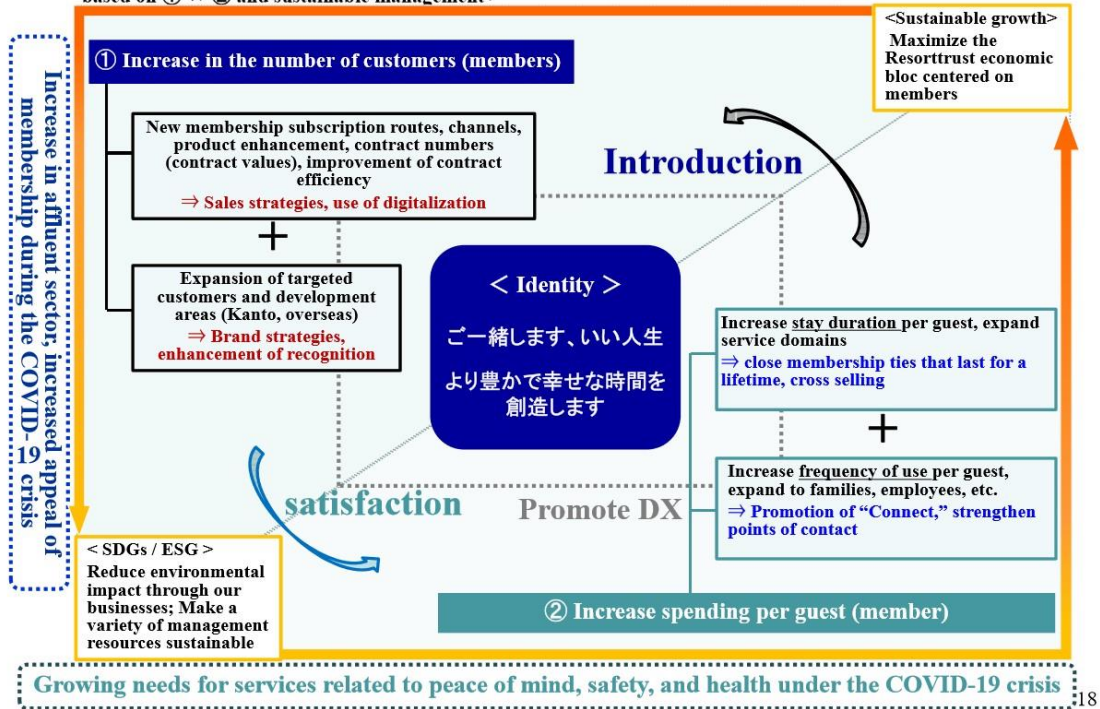
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# Vision for growth based on membership model ①×②

RESORTTRUST GROUP

< Management that takes maximum advantage of strengths of membership model ...Promote sustainable growth based on ① × ② and sustainable management >



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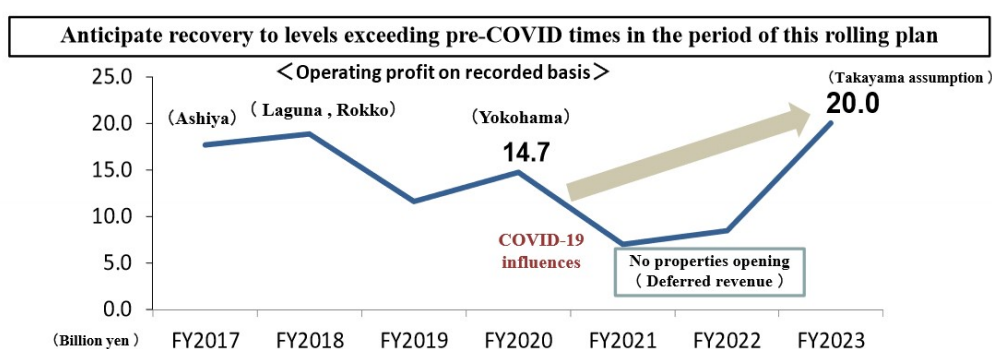
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# Quantitative Image (~FY2023)

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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



19

Pages 18 and 19 show the current medium-term management plan. In the current fiscal year,

Q2 is still somewhat uncertain, so I have decided to maintain the current status for the full year and the mid-term plan.

That is my brief explanation of the summary.

Now, Makino will explain.

**Makino:** Starting on page 20, the IR staff will provide an explanation.

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# Consolidated Balance Sheets

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(Million yen)							
	2022/3	2022/6	Change		2022/3	2022/6	Change
<b>Total current assets</b>	<b>139,538</b>	<b>160,750</b>	<b>+21,211</b>	<b>Total current liabilities</b>	<b>133,353</b>	<b>136,863</b>	<b>+3,510</b>
Cash and deposits	28,794	31,077	+2,282	Notes and accounts payable-trade	1,354	1,317	(36)
Notes and accounts receivable-trade	9,609	9,567	(42)	Short-term loans payable	27,386	20,157	(7,228)
Operating loans and installment account receivable	77,405	82,391	+4,985	Current portion of bonds	150	150	—
Short-term investment securities	3,601	10,856	+7,255	Accounts payable-other and accrued expenses	20,688	21,054	+365
Merchandise, raw materials and supplies	2,199	2,296	+97	Advance received	63,728	71,415	+7,686
Real estate for sale	5,896	5,560	(335)	Unearned revenue	14,714	16,166	+1,452
Real estate for sale in process	6,703	12,065	+5,361	Other	5,330	6,601	+1,271
Other	5,328	6,935	+1,607	<b>Total noncurrent liabilities</b>	<b>154,222</b>	<b>159,827</b>	<b>+5,604</b>
<b>Total noncurrent assets</b>	<b>254,869</b>	<b>250,085</b>	<b>(4,783)</b>	Bonds payable and long-term loans payable	24,787	21,711	(3,075)
Property, plant and equipment, net	175,900	178,234	+2,334	Long-term guarantee deposited	109,295	107,679	(1,615)
Intangible assets	7,579	7,206	(373)	Long-term unearned revenue	28	31	+2
Deferred tax assets	18,568	17,187	(1,380)	Long-term lease obligations	11,406	21,492	+10,086
Other	52,822	47,457	(5,365)	Other	8,706	8,912	+206
				<b>Total liabilities</b>	<b>287,575</b>	<b>296,690</b>	<b>+9,114</b>
				<b>Total liabilities</b>	<b>106,832</b>	<b>114,145</b>	<b>+7,312</b>
				Shareholders' equity	101,727	107,518	+5,790
				Treasury shares	(3,513)	(3,506)	+7
				Accumulated Other Comprehensive Income	3,174	4,903	+1,729
				Subscription rights to shares	313	—	(313)
				Non-controlling interests	5,130	5,229	+99
<b>Total assets</b>	<b>407,243</b>	<b>410,835</b>	<b>+16,427</b>	<b>Total liabilities and net assets</b>	<b>394,408</b>	<b>410,835</b>	<b>+16,427</b>

20

Page 20 shows the B/S.

Total assets increased by JPY16.4 billion, of which JPY10 billion was due to a change in accounting policy in the US.

Specifically, both assets and liabilities increased due to the impact of balancing the lease payments for the Kahala Hotel in Hawaii.

The remaining JPY6.5 billion or so is an increase due to gains from the sale of general hotels and unrealized gains on foreign bonds, as mentioned earlier.

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## Consolidated Cash Flows FY2022 (April to June)

RESORTTRUST GROUP

(Million yen)

	2021/6	2022/6
Cash flows from operating activities	(3,620)	<b>786</b>
Cash flows from investing activities	(5,664)	<b>14,066</b>
Cash flows from financing activities	(1,415)	<b>(12,589)</b>
Effect of exchange rate changes on cash and cash equivalents	46	<b>37</b>
Net increase (decrease) in cash and cash equivalents	(10,654)	<b>2,301</b>
Cash and cash equivalents at beginning of period	52,756	<b>29,210</b>
Cash and cash equivalents at end of period	42,101	<b>31,511</b>

21

Page 21, cash flows.

Cash flow from investing activities increased to JPY14.0 billion, largely due to the sale of a general hotel.

We are currently developing three properties, Sanctuary Court, and we plan to use the funds to invest in the development of new hotels and to increase the value of existing hotels.

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# Business Forecast for FY2022

\*No change from the plan at the beginning of the period

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## <Consolidated Targets>

	FY2021 results	FY2022 targets	Change
Net sales	157,782	161,000	+3,217
Operating income	8,693	9,200	+506
Ordinary income	11,123	8,800	(2,323)
Net income	5,775	10,800	+5,024
Net income per share (yen)	54.27	101.73	+47.46
Annual Cash dividend (yen)	30.0	40.0	+10.0
Evaluated Operating Income	18,081	17,360	(721)

## <Operating Income by Segment (before allocation)>

		FY2021 results	FY2022 targets	Change
Membership	Sales	40,946	29,370	(11,576)
	Operating Income	11,887	7,460	(4,427)
	Evaluated Operating Income	19,353	14,990	(4,363)
Hotel and Restaurant	Sales	73,699	86,140	+12,440
	Operating Income	261	3,760	+3,498
Medical	Sales	42,432	44,710	+2,277
	Operating Income	5,736	5,960	+223
	Evaluated Operating Income	7,659	6,590	(1,069)
Other	Sales	704	780	+75
	Operating Income	766	810	+43
Head Office	Operating Income	(9,959)	(8,790)	+1,169
	Sales	157,782	161,000	+3,217
Total	Operating Income	8,693	9,200	+506
	Evaluated Operating Income	18,081	17,360	(721)

## <Net Sales / Operating Income >

**•Hotel membership Contract value**  
 FY2021: 72.7 billion yen (Properties that will go on sale during the fiscal year : Takayama, Biwako )  
 FY2022: 65.2 billion yen (Properties that will go on sale during the fiscal year : Kanto \*Scheduled for the second half of the year.)

**•Revenue deferred during the fiscal year (due to sales of unopened properties)**  
 FY2021: Operating income of 7.3 billion yen fall for Takayama, Biwako.  
 FY2022: Operating income of 7.3 billion yen fall for Takayama, Biwako, Kanto.

**•Annual membership fees, security deposit amortisation income, etc.**

Hotel : No change expected \* No open properties  
 HM : Increase in annual fees \* Increase in the number of medical examination (increase in examination commission )

**•Hotel occupancy rate**  
 XIV・・・FY2021: 44.8% FY2022: 51.1%  
 BCC・・・FY2021: 36.8% FY2022: 48.0%  
 Kahala Hawaii・・・FY2021: 45.1% FY2022: 65.0%

## <Non-operating >

**•Subsidy income**  
 FY2021: 2.5 billion yen ( Grant for cooperation on operating shorter hours, subsidies for employment adjustment, etc. )  
 FY2022: None

## <Extraordinary Items >

FY2022: Gain on sale of 6 Hotel Trusty facilities 8.0 billion yen (extraordinary income)

22

Page 22 is the plan for the full year.

There is no change from the plan announced in May at the beginning of the fiscal year.

After Q2, there are deferred expenses for repairs and other expenses, and there have been some cancellations due to the impact of Coronavirus.

Since there is uncertainty about the higher resource level, we would like to leave it unchanged for the time being.

I would like to continue with the report on our response to ESG information disclosure starting on page 25.

We have included additional information from this Q1 on pages 25 through 29.

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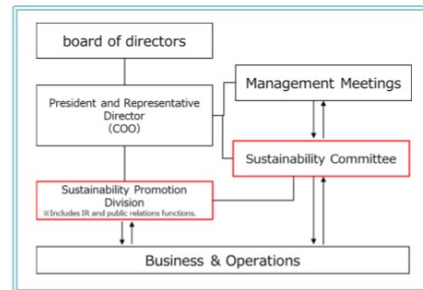
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## Strengthening of the Structure to Promote Sustainability Management

The Group decided to establish a Sustainability Committee, to increase corporate value over the medium to long term, and contribute to the realization of a sustainable society.

The Sustainability Promotion Dept. which is responsible for the administrative office, was also established. ( 1 April 2022. )

As a leading company in the industry, the Group will increase the sustainability of its management and enhance its contribution to the achievement of a sustainable society, by promoting sustainability management, further improving productivity through investments in digital transformation, creating new businesses, and promoting the development of permanent business models for the existing businesses.



## Four internal projects led by each of which has respective Head/Officer in charge of Division as a leader

Ahead of our milestone, the 50th anniversary in April 2023, we will shift into high gear on the discussions on every kind of management issues in anticipation of the next ten years, to develop the “Sustainable Model” with the unique capabilities of the Resorttrust Group.

**< Sustainable management development project >** (launched in January 2022)

**4 Themes**

- ① Perpetuation of membership hotels      ② Development of innovation (new pillars)
- ③ Human resources                              ④ SDGs / ESG

25

As an overview, page 25 shows the establishment of the Sustainability Promotion Department, which was organized in April, and as shown in the results and schedule on page 26, we have been identifying materiality and measuring CO2 emissions in accordance with the GHG Protocol.

Most recently, we have held a Sustainability Committee meeting and endorsed the TCFD.

We would also like to promote the disclosure of climate change risks.

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# SDGs and Sustainable Management Initiatives<sup>③</sup> RESORTTRUST GROUP

<Calculation results of GHG emissions (FY2019-FY2020)> \*Currently, discussions are underway regarding details of initiatives and targets for reduction

**Scope1,2(Consolidated)**

Details of emissions	FY2019	FY2020
Emissions from fuel (gasoline, heavy oil, etc.) and electricity consumption at each facility	142,706	131,270

**Scope2(Consolidated) Breakdown by segment**

Segment	FY2019	FY2020
Hotel + Golf	129,033	116,498
Medicl	11,824	12,891
Other	1,849	1,882
<b>Total</b>	<b>142,706</b>	<b>131,270</b>

**<Reference>**  
Scope 1,2 breakdown by energy (FY2019: Calculated from non-consolidated emissions)

\*Calculated in accordance with the GHG Protocol Accounting and Reporting Standard  
\*unit : tCO<sub>2</sub>

<Materiality items (tentative)> \* Currently, discussions are underway regarding external presentation, target values, etc. including overall stories

Category	The Group's vision	Material Issues	SDGs
prosperity	Realize "Together for a Wonderful Life" Foster RTG's unique brand value	Provide services that closely support each and every person's life Pursue quality, safety, and innovation of services Pursue regional vitalization and contribution	
People	"Wonderful Life" of staff	Achieve diversity and inclusion Pursue "happiness" of all staff Develop capabilities and careers	
Earth	Reduce environmental burden (Continue to live with nature)	Reduce greenhouse gas emissions Reduce waste plastic and food loss Biodiversity Conservation	
Governance	Strengthening governance	Highly transparent business operations Disclose non-financial information, and Promote dialogue with stakeholders	

\* Categories are organized in accordance with the ESG reporting guidelines "Stakeholder Capitalism Metrics," released by the World Economic Forum (WEF) in September 2020.

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As for future initiatives, we have listed CO2 emissions on page 27.

Scope 1 and 2 show about 130,000 tons of CO2 derived from electricity and heavy oil, and we would like to set a target for how we will reduce this in the future and disclose ESG information in a timely and appropriate manner.

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# SDGs and Sustainable Management Initiatives<sup>⑤</sup> Hotel and Restaurant Segment

RESORTTRUST GROUP


## SDGs initiatives (examples) in the Resorttrust Group's businesses (excerpt)

\* For details of initiatives, please refer to our Sustainability website. <https://www.resorttrust.co.jp/csr/>



**7** ENERGY AFFORDABLE AND CLEAN


**Toward the Realization of a Sustainable Society**



**The Group has decided to install solar power generation systems at all of its 37 locations in Japan**

The investment is expected to be approximately 2 billion yen, and from fiscal 2022 onward, solar power generation facilities will be installed on the rooftops of buildings and parking lots in accordance with the conditions at each location, with the aim of reducing environmental impact through in-house consumption of the electricity generated.

(Sanctuary Court BIWAKO is expected to cover approximately 80% of its daytime power consumption with in-house power generation. )



**14** SEA LIFE


**Reduction of waste plastics**

**Elimination of plastic straws**


Approximately 1 million plastic straws are used annually in the Group's hotels and restaurants. We have banned the use of plastic straws in principle, and replaced them with paper straws.

**Introduction of 100% recycled plastic bottles and review and study of amenities materials**

We are reviewing materials of bottled water and amenities provided in hotel rooms. We use 100% recycled plastic bottles, and starting in July, plastic bottles that are not made of recycled materials are gradually being replaced with 100% recycled plastic bottles.



**13** CLIMATE ACTION



**15** LIFE ON LAND

**Environment**

**Biodiversity conservation**

When constructing a hotel, we take care of existing forests and plant trees so that we can preserve as much of the natural environment as possible. We also give consideration to preserving ecosystem.

**Proposal for ECO stays**

We provide an ECO stay program with our customers' support and cooperation. This is an initiative to contribute to the reduction of global environmental impact by eliminating the need of room cleaning and changing amenities when they stay for consecutive nights, thereby reducing the amount of cleaning and consumables used.

29

Examples of waste plastic initiatives are listed on page 29.

The hotel is introducing 100% recycled plastic bottles in order to reduce the amount of plastic, and plans are underway to change toothbrushes and other amenities to more environmentally friendly ones.

I look forward to continuing to work with you to set KPIs for such initiatives that are unique to Resorttrust, Inc., that will be recognized by our members, and that will lead to an increase in corporate value.

That is all from Makino. Mr. President, would you like to add something else?

This concludes the explanation.

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## Question & Answer

**Makino [M]:** I will now move on to the question-and-answer session. We will proceed by following the operator's explanation.

**Operator [M]:** Okay, we will now begin the question-and-answer session. The operator will designate the person who will ask the question.

Let us now introduce our first questioner. Mr. Oda, SMBC Nikko Securities. Now please ask your questions.

**Oda [Q]:** My name is Oda from SMBC Nikko Securities. Thank you for all your help. I have two questions for you. I mean one question and one answer, so I'll start with the first one.

In this Q1, sales of HIMEDIC and resort memberships have been quite strong.

### <Reference> Contract Values of Membership 1Q FY2022 (April to June) RESORTTRUST GROUP

	2019/6 (pre-COVID) results	2020/6 results	2021/6 results	2022/6 results	2022/6 Progress rate of contract (cumulative)	2023/3 targets
Kanto	—	—	—	—	—	15.0
SANCTUARY COURT BIWAKO	—	—	—	18.2	25.0%	23.6
SANCTUARY COURT TAKAYAMA	—	—	1.8	0.2	73.8%	15.3
The KAHALA Club Hawaii	—	0.2	0.2	0.2	—	0.4
Yokohama Baycourt Club	3.4	8.1	1.1	0.1	—	1.0
Laguna Baycourt Club	4.1	0.6	1.0	0.1	—	1.0
XIV Rokko SV	0.3	(0.5)	3.5	0.6	—	—
Ashiya Baycourt Club	2.2	3.1	0.6	0.4	—	1.0
XIV Yugawara Rikyu	0.6	(0.9)	3.3	0.3	93.8%	2.0
Other Hotels	3.0	0.6	4.4	1.2	—	5.8
Hotel Membership Total	13.6	11.2	15.7	21.3	—	65.2
Golf	0.1	0.1	0.3	0.2	—	0.4
HIMEDIC	1.3	1.3	2.2	1.7	—	6.3
Total	15.0	12.6	18.3	23.2	—	71.8

\* Progress rate of the total contract amount

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On the other hand, if you look at page 35 of the document, I have the impression that the resort memberships are a bit closer to Lake Biwa than in previous years. Of course, I am sure that this is partly because it is a new product, but I am wondering how we should view it.

I would also like to ask you how we should look at our strategy and approach from Q2 onward based on these results.

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**Fushimi [A]:** This is, after all, inevitably a new product. The reason for this is that, given the extremely high corporate demand, Sanctuary Court is inevitably chosen as the system of choice. In fact, as was the case last year in Takayama, when we started applying nationwide, some members switched to Lake Biwa when we started applying for Lake Biwa this year.

And since Takayama was almost gone in another year, conversely, this is part of the strategic switch that we recognize in order to keep a balance between Tokyo, Nagoya, and Osaka. So, this time, I think we are closer to Lake Biwa, but once we start recruiting in the Kanto area in H2 of the year, we will probably be able to recruit customers in a balanced manner, with a certain amount of Sanctuary Court inventory secured in the Tokyo, Nagoya, and Osaka areas.

Also, as I mentioned earlier, there is also the matter of price, and as a new target, we have a product that is less than half the price of Sanctuary, although it is a product called Twenty, which is a reselling product of XIV, and a limited edition of 20. We are now stockpiling inventory to start recruiting for other targets, so we believe that we will be able to continue recruiting for XIV in a well-balanced manner.

**Oda [Q]:** If you don't mind my asking, I think that the so-called resale of the XIV is very important in terms of acquiring new members and cross-selling and up-selling in the future. I would like to ask you about the timing of resale in this area, if possible.

**Fushimi [A]:** Timing, or should I say resale, is still only for products that have been around for a certain number of years, basically only products that have been around for more than 20 years are offered as new products in the form of 20-year limited products, and inventory is converted to new products. Then, there used to be some small room grade, which means that there are cheaper products in terms of money, though.

As you mentioned, our sales strategy is to have our guests experience a small room first, and then move up in rank. Since more than half of the customers will move up in rank within three months, the inventory is now turning over very quickly, and we believe that the inventory for each grade is appropriate.

**Oda [Q]:** I understand. Thank you very much. The second question is about the so-called inflation or the increase in various costs, and I think hotels are the main focus for now. Three months ago, there was a situation in which there might be more vacancies than planned, including energy costs, and I think you mentioned that you were considering a review of the room charge.

This includes other areas besides hotels, but in this inflationary situation, what are the things that are rising in terms of cost, and what are the things that are likely to have an impact on our business performance? It would be very helpful if you could clarify what you are thinking about in terms of countermeasures.

**Fushimi [A]:** The largest costs are for utilities, electricity, and fuel oil. The other is the ingredients. There is a big thing called the cost of food. As for foodstuffs, for example, we have been devising menus, revising menu cards, etc., and we have been reviewing menus at all facilities under the guidance of the executive chef, etc., and are currently managing the situation.

This is also true for the high unit-price menus, especially those featuring high-end ingredients, which have been difficult to absorb. Although we have been able to absorb the current situation, we expect that Q2 and beyond, especially H2 of the fiscal year, will be quite difficult.

In the area of utilities, we have already exceeded our forecast for the current fiscal year by almost the entire amount in Q1, including direct costs for utilities, but also consumables, personnel expenses, and other items. We are currently reviewing the details of such measures and are also making efforts to reduce transportation costs by consolidating logistics, for example, and are naturally making various other corporate efforts.

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We are preparing to revise the prices, room charge, dinner, etc. First of all, after all, it is a membership, so we are now preparing something that will satisfy our members. I think it is inevitable to do so in H2 of the fiscal year.

**Oda [M]:** I understand it well. Thank you very much.

**Operator [M]:** Next question is from SBI Securities, Mr. Tanaka. Now please ask your questions.

**Tanaka [Q]:** I am Tanaka from SBI Securities. Thank you. I would like to make two points on my part.

The first point I would like to ask in addition about Sanctuary Court Biwako if it is possible to answer, what is the ratio of those who have converted from Takayama to Biwako, and also those who have upgraded from Baycourt.

Also, I was wondering if there is any difference in sales between Takayama and Biwako in terms of sales, whether it is just a regional difference or the amount of money sold is almost similar to that of Takayama, or at almost the same pace. Please let me know if there are any qualitative differences in this area. Thank you.

**Fushimi [A]:** In terms of the price range, we are basically offering the same products as in Takayama at the same price. The pace of recruitment is also unchanged from what we have just mentioned, although there are three phases, and we have been releasing inventory in small batches for each type so that the inventory will not be unevenly distributed.

However, compared to Takayama, I believe that [inaudible] in Kanto is increasing compared to Takayama, partly because Kanto is currently more easily imagined as Lake Biwa than Takayama.

As for the people who shifted you mentioned at the beginning, we currently have 275 customers who have shifted from Takayama to Lake Biwa, including those in March, and about 200 customers from Baycourt. So, the main thing was the issue of the area and the fact that there were not quite larger rooms, that rooms which customers thought good were not available, so bought small rooms. Then, they shifted to a larger room at Lake Biwa.

These are the people who have taken the lead, and now, as a group, we are talking about a little less than 500 people who have switched. The new rate, as I mentioned earlier, dropped temporarily in April, but has almost returned to the same level since May.

**Tanaka [Q]:** Thank you. I would like to continue with my second point. In the hotel/restaurant area, I was wondering if you could tell us anything qualitative about the return of occupancy rates in the area, such as whether this is a problem of location or something else that is causing the better return at the XIV and the worse return at the Baycourt. Thank you.

**Fushimi [A]:** I think that Tokyo had the worst return among the Baycourts, and the closer to the urban area, the slower the return tended to be. I think it is just a matter of image, but I think that the members still have an image of places such as the sea and mountains, not as a countermeasure against infection, and I think that it is possible to say that the return is faster in such resorts.

**Tanaka [M]:** Thank you very much.

**Operator [M]:** The next question is from Mizuho Securities, Mr. Yamamoto. Now please ask your questions.

**Yamamoto [Q]:** Thank you. Thank you for your explanation. I would also like to make two points.

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The first point is similar to those two questioners, but on page 35, the contract amount for memberships in Takayama was JPY200 million in 1Q, and the Company plan is JPY15.3 billion for the full year, so I think they are behind the plan by quite a bit.

Is it safe to understand that this background is only because you put a lot of effort into selling Lake Biwa this time and also because there was a switch from Takayama to Lake Biwa as a kind of conversion and that you can aim for a full-year plan in terms of real moments?

**Fushimi [A]:** As you say, Takayama is basically a product of the Nagoya branch, of the branch area. While we have been selling our products nationwide, we will be selling them in Nagoya, and we believe that this is almost completely normal. In particular, although the Takayama business was negative in April due to the shift, contract volume increased again in May and June, and we believe that the business will be almost normal in Q2 and beyond.

**Yamamoto [Q]:** Thank you very much. Also, I would like to ask you one more point, and I would like to know as much as you can tell me about the current status of your memberships.

I'm still wondering if the price of used memberships and such is still very strong, even in June, and if memberships are still, like the Coronavirus disaster, continuing to be strong. On the other hand, there has been a slight lifting of the ban on overseas travel, so should we expect a slight weakening of the trend from 1Q to 2Q and beyond?

**Fushimi [A]:** No. Naturally, we believe that little by little, we will be able to go abroad again. However, as I mentioned earlier, the number of corporate employees and family members of members have been increasing, so I am not so sure that the overall number will go down after the ban on overseas travel is lifted.

In fact, according to the results of the spring survey this year, the largest number of our members still prefer to travel domestically, and we are preparing products to meet this demand.

In addition, Japanese people love Hawaii, so of course, we have the Kahala Hotel in Hawaii, so we have been guiding them to Hawaii in response to their needs and requests.

I'm still a little concerned about the fact that July was a tough month overseas and, in the US, as well. In addition, the flights themselves have not yet returned to normal, so we do not expect H2 of this fiscal year to be easy.

**Yamamoto [Q]:** I'm sorry. I would like to add something, or rather, I understand that the hotel occupancy rate is still strong, but I think that the membership business is still suffering from the Coronavirus disaster, for example, the high stock price, or I think there is talk around that people were buying memberships as an alternative product for overseas travel.

I believe that the president's plan for this fiscal year is to peak out after last year's extremely strong membership contract volume. Is there any change in the way you think about that?

**Fushimi [A]:** This term, for example, Sanctuary court was a new product in the previous year, but we released the same product this term as number two. We have received the same level of response as last time, and at the current pace, we expect to be able to reach a level comparable to last year's new record for overall membership contracts.

As you mentioned, as the Coronavirus disaster continues, an expensive product, and I think there are positive factors such as the fact that our customers are choosing us as an option among them. I believe that the fact that our safe and secure membership system has been highly evaluated as a means of leisure and refreshment

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in the Coronavirus disaster is not a one-time event, but rather a new need. I believe that if we can respond to new needs, we will be able to continue to grow further.

**Tanaka [M]:** I understand very well. So, this is the background for the increase in the rate of new customers. Sorry. Thank you very much.

**Operator [M]:** There are no more questions. Mr. Makino, thank you very much.

**Makino [M]:** Thank you very much. With that, I will conclude the question-and-answer session. Thank you very much for your time today.

Please note that our company will be on holiday from tomorrow, but Honda and I will always be available to answer emails, so we would appreciate it if you could send us your questions and inquiries by email. That is all.

**Operator [M]:** With that, we will conclude the conference call for Q1 of the fiscal year ending March 31, 2023, for Resorttrust, Inc.

Thank you very much for taking time out of your busy schedule to join us today.

Please hang up the phone.

[END]

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