



Resorttrust, Inc.

Financial Results Presentation for the 6-Month Period Ended September 30, 2022

November 10, 2022

Event Summary

[Company Name]	Resorttrust, Inc.	
[Company ID]	4681-QCODE	
[Event Language]	JPN	
[Event Type]	Earnings Announcement	
[Event Name]	Financial Results Presentation for the 6-Month Period Ended September 30, 2022	
[Fiscal Period]	FY2022 Q2	
[Date]	November 10, 2022	
[Number of Pages]	29	
[Time]	16:00 – 16:53 (Total: 53 minutes, Presentation: 29 minutes, Q&A: 24 minutes)	
[Venue]	Webcast	
[Venue Size]		
[Participants]		
[Number of Speakers]	3	
	Ariyoshi Fushimi	President
	Takeshi Makino	Sustainability Promotion Department, Investor & Public Relations Department Director
	Hiroataka Honda	Investor & Public Relations Division Manager, Sustainability Promotion Department
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	Hirofumi Oda	SMBC Nikko Securities
	Shun Tanaka	SBI Securities

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

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Presentation

Moderator: Thank you for taking time out of your busy schedule to attend this meeting. Today's information session is also available live via Zoom webinar. Zoom webinar participants are reminded that the materials have been posted on the IR website of Resorttrust, Inc.

Questions from the audience will be given priority in the question-and-answer session, followed by audio questions and then text questions. Due to time constraints, we may not be able to answer all your questions.

Please wait for a while until we start. The time has come, so we will now begin the financial briefing session for Q2 of FY2022 for Resorttrust.

First, I would like to introduce the attendees. Ariyoshi Fushimi, President. Takeshi Makino, Sustainability Promotion Department, Investor and Public Relations Department Director. Hirotaka Honda, Investor and Public Relations Division Manager, Sustainability Promotion Department. These three.

The end time is scheduled to be 5:00 PM. Please note that all on-site participants are invited to exchange business cards and greet each other after the briefing.

President Fushimi will now begin his presentation.

Fushimi: I will now explain the Q2 financial results in accordance with the materials at hand.

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① Membership sales: Record contract volume in the six-month period.**Contract Values of Membership 2Q FY2022 :****(Hotel) 40.5 billion yen, (Medical) 3.4 billion yen**

*The contract volume of 32.0 billion for the new product "SANCTUARY COURT BIWAKO", which was launched for membership sales on March 23, led the overall performance. The contract value was 7% higher than the previous record of 37.9 billion yen, a figure reached in the previous fiscal year led by the launch of membership sales of SANCTUARY COURT TAKAYAMA.

(Overall membership contract value, including medical and golf memberships, reached a record high of 44.3 billion yen.)

*Medical memberships also recorded strong sales of 3.4 billion yen, the second highest, following the record high in the same period of the previous year.

② Hotel and Restaurant Operations and Medical Operations remained strong, net sales of each operation reached a record high for the six-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 2Q.

Operating income for Hotel and Restaurant Operations, which had recorded loss of approximately 3.0 billion yen in 2Q FY2020 due to the impact of the spread of COVID-19, increased by approximately 3.0 billion yen for the second consecutive period. (Return to profit in 2Q FY2021, a profit of 3,075 million yen for 2Q FY2022)

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

(Operating income for 2Q FY2022 was 3,037 million yen, compared to the record 3,040 million yen for 2Q FY2019)

③ Upward revision of full-year consolidated earnings forecast**(Operating income 9.2 billion yen ⇒ 11.5 billion yen)****Dividend forecast for full year revised upwards.****(annual dividend 40 yen ⇒ 45 yen).**

*In Membership Operations, in addition to the upswing in the first half of the year, effects associated with SANCTUARY COURT NIKKO, which was launched for membership sales on October 20, are expected in the second half, leading to the upward revision of full-year contract value

In Hotel and Restaurant Operations and Medical Operations, some unused expenses in the first half are factored in as an increase in expenses in the second half.

*The year-end dividend forecast was increased by 5 yen from 20 yen to 25 yen, and the full-year forecast was revised upwards to 45 yen, including the interim dividend of 20 yen.

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Please refer to page two. Here is a summary of the current financial results. First, our mainstay overseas sales contracts reached a record high in H1. In the fiscal period ended September 30, 2022, hotel contracts totaled JPY40.5 billion and medical contracts JPY3.4 billion.

This is SANCTUARY COURT BIWAKO, a new product that went on sale on March 23. It resulted in JPY32 billion, and gained significant traction. In the previous fiscal year, with the new SANCTUARY COURT TAKAYAMA, H1 of the previous fiscal year was also a record high, but this time we were able to exceed the previous year's JPY37.9 billion by an additional 7%.

The total contract amount, including medical, golf, and other services, was JPY44.3 billion, also a record high.

Secondly, the hotel and restaurant operations and medical operations performed well, with record sales in H1 for each, and the occupancy rate of the membership hotel was almost higher than in the pre-COVID-19 period ended September 30, 2019.

In fact, this fiscal year, even with the partial sale of the Trusty, our general hotel, we were able to achieve record revenues.

As for the hotel business, in the early days of COVID-19, we had JPY3 billion in the fiscal year ending June 30, 2020, and that was brought to almost plus or minus zero H1 of FY2021. Now, this has reached to a positive JPY3 billion in the current fiscal year, which is a sufficient increase compared to FY2019.

As a result, we have upwardly revised our full-year forecast, and we now expect consolidated operating income to increase from JPY9.2 billion to JPY11.5 billion. In addition, we have increased the annual dividend from JPY40 to JPY45.

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However, the figures were calculated by adding up the slight discrepancy in expenses for H2 of the fiscal year, which is mainly for repairs, and the portion of bonuses, etc.

Financial Highlights 2Q FY2022 (April to September) RESORTTRUST GROUP

	2019/9 (pre-COVID) results	2020/9 results	2021/9 results	2022/9 results	YoY Difference	Change FY2019 (vs. Pre-Covid)	(Million yen)	
							2022/9 initial targets	vs. initial plan
Net Sales	84,197	86,276	76,430	84,016	+9.9%	(0.2%)	81,000	+3.7%
Operating Income	8,501	9,980	5,132	7,161	+39.5%	(15.8%)	4,700	+52.4%
Ordinary Income	8,750	11,159	6,810	7,442	+9.3%	(15.0%)	4,400	+69.1%
Net Income	5,499	5,696	5,408	12,144	+124.5%	+120.8%	8,000	+51.8%
Evaluated net sales	89,626	66,198	87,052	100,514	+15.5%	+12.1%	93,900	+7.0%
Evaluated Operating Income	10,324	(704)	10,013	11,824	+18.1%	+14.5%	9,100	+29.9%

< Evaluated net sales, Evaluated Operating Income >
 Evaluated net sales increased by 15% and evaluated operating income increased by 18% 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 12% increase in sales and a 14% 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 the plan and the previous year.

< Net Income >
 The already announced gain on sales of non-current assets of 9.0 billion yen from the transfer of seven Hotel Trusty facilities 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.44 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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Please refer to page three.

The specific figures here are sales of JPY84 billion, operating income of JPY7.1 billion, ordinary income of JPY7.4 billion, and net income of JPY12.1 billion, all of which were achieved compared to the previous year and to the initial plan as of April, as shown on the right. The main reasons for this are the steady sales of the new products I mentioned earlier, and the solid return of hotels and other facilities.

However, compared to the fiscal period ended September 30, 2019, which you have seen, I think the numbers are a little short in comparison. In this fiscal year, we are offering mostly deferred items and properties that have not yet been completed, so real estate sales and profits from such sales are negative.

If you look at the sales valuation in the boxed area below this one, which has a [inaudible] valuation, you can see here that we have a solid growth of 12% compared to FY2019. The Company's evaluated operating income also increased by 14%, which is a sufficient increase in terms of actual performance.

In addition, as we have already announced, the transfer of the seven Hotel Trusty facilities mentioned earlier resulted in an extraordinary gain of JPY9 billion, which is a significant increase in net income for the period.

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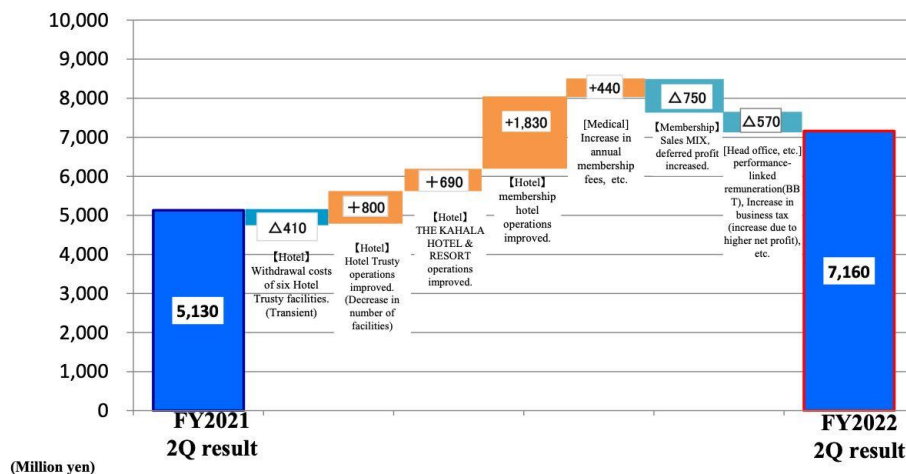
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Actual results for 2Q FY2022 :Operating Income (compared with the same period of the previous FY)

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In Hotel and Restaurant Operations, although a temporary expense of 0.41 billion yen for the transfer of Hotel Trusty facilities was recorded, profit improved significantly due to a rise in occupancy rate, particularly at membership hotels. In Medical Operations, we also achieved profit growth. Overall, we achieved an improvement of approximately 2.0 billion yen.



4

Please refer to page four.

This is a positive or negative operating income situation compared to the previous year.

The previous year was JPY5.13 billion, and this time, the closure of the Hotel Trusty costed approximately JPY400 million, but if you compare the operational negative of the previous year, it was a positive JPY800 million. As for the hotel itself, Hawaii had a YoY increase of JPY690 million, and the membership hotel had a YoY increase of JPY1.83 billion, so we are steadily making a full recovery here.

In medical operations, the number of members has been growing steadily, and the annual membership fee has increased. However, as I mentioned earlier, in the area of memberships, there are many products that have not yet been completed, and the increase in this portion of the deferral is JPY750 million. Including the minus of head office expenses and other expenses, the comparison with the previous fiscal year is from JPY5.1 billion to JPY7.1 billion.

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Segment Sales and Operation Income 2Q FY2022

3 main business segments

(April to September)

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<Accounting Base>

		2019/9 (pre-COVID) results	2020/9 results	2021/9 results	2022/9 results	YoY Change	Change FY2019	(Million yen)	
								2022/9 initial targets	vs. initial plan
Membership	Sales	22,164	42,036	20,855	17,953	(13.9%)	(19.0%)	15,260	+ 17.6%
	Operating Income	8,147	14,390	6,296	5,542	(12.0%)	(32.0%)	4,070	+ 36.2%
Hotel and Restaurant	Sales	42,167	25,143	34,382	43,748	+27.2%	+3.7%	43,290	+ 1.1%
	Operating Income	1,478	(3,181)	128	3,075	+2286.5%	+108.0%	2,340	+ 31.4%
Medical	Sales	19,532	18,764	20,840	21,939	+ 5.3%	+ 12.3%	22,020	(0.4%)
	Operating Income	3,040	2,515	2,594	3,037	+ 17.1%	(0.1%)	2,600	+ 16.8%

<Evaluation Base>

		2019/9	2020/9	2021/9	2022/9	YoY Change	Change FY2019	(Million yen)	
								2022/9 initial targets	vs. initial plan
Membership	Evaluated net sales	27,593	21,958	30,480	33,910	+11.3%	+22.9%	27,845	+21.8%
	Evaluated Operating Income	9,970	7,248	10,180	9,664	(5.1%)	(3.1%)	8,155	+ 18.5%
Hotel and Restaurant	Evaluated net sales	42,167	25,143	34,382	43,748	+27.2%	+3.7%	43,290	+1.1%
	Evaluated Operating Income	1,478	(6,399)	128	3,485	+2604.7%	+ 135.8%	2,740	+ 27.2%
Medical	Evaluated net sales	19,532	18,764	21,836	22,480	+2.9%	+15.1%	22,335	+0.6%
	Evaluated Operating Income	3,040	2,190	3,591	3,578	(0.4%)	+ 17.7%	2,915	+ 22.8%

*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.36.](#)

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Continued on page five are the figures by segment.

It is divided into three segments: the membership segment, then the hotel and restaurant operations, and then the medical segment. The top is the accounting basis, and the bottom is the valuation basis that I mentioned earlier.

As you can see, the three segments in the initial plan on the far right were almost achieved as planned. In terms of YoY growth, only memberships, which I mentioned earlier, were in the negative, but this is related to the deferral mentioned earlier, so on a sales basis, it has increased by 11.3%.

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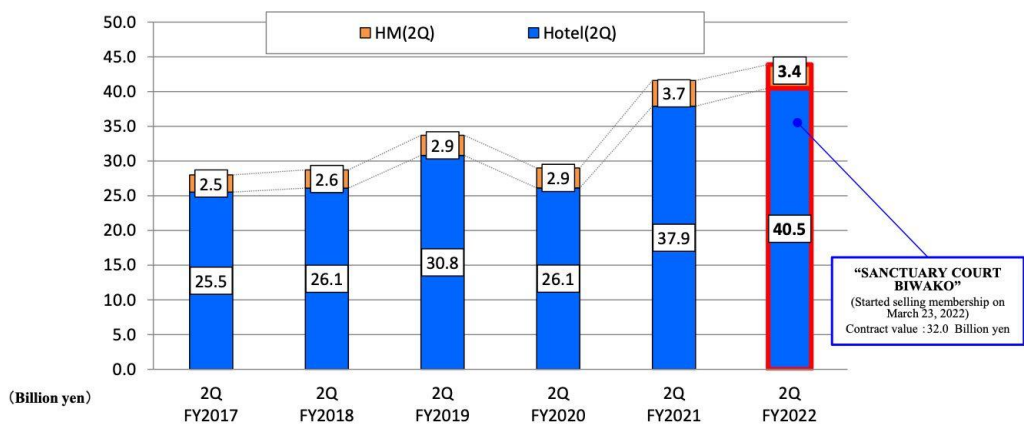
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Progress of contract values for 2Q FY2022 (April to September) RESORTTRUST GROUP

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 first half of the year, including said effect (the highest was 37.9 billion yen in the previous fiscal year).

HIMEDIC membership sales as well remained strong.



6

Continued on page six. This is the contract volume.

I mentioned record highs, and as you can see, the hotel achieved a great deal in the form of JPY37.9 billion to JPY40.5 billion.

In the medical sector, the number for medical products was JPY3.7 billion, the highest in the last fiscal year, although there was a slight effect from the launch of new products last fiscal year, but it was almost the same level as the previous year.

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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)



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.

◆Contracts (The end of March)

- Number of Members Final Target : 6,012 members (If all are sold as 10-stay night products)
- Sale of 2,807 units on a contract basis (March 23 to September 30)

<Ratio by region (branch)>

Region	Ratio
Tokyo	34%
Yokohama	25%
Nagoya	20%
Osaka	20%

<Membership subject>

Subject	Ratio
legal entities	81%
Individuals	19%

Pages seven and eight are the new products.

This SANCTUARY COURT BIWAKO is a 167-room facility that began accepting applications on March 23 in H1 of this fiscal year and is scheduled to open in FY2024. The contract status on the lower right shows that the total number of units sold is 2,800 units, compared to the planned total of approximately 6,000 units, which means that almost 50% of the units have been sold in six months.

In SANCTUARY COURT BIWAKO, sales are well-balanced among Tokyo, Kanagawa, Nagoya, Osaka, as we are still in the process of recruiting properties in the Kanto area. Also for another aspect of trend, it is similar to the Takayama situation, but with the COVID-19 situation, the demand from corporate customers is more than 80%, which is 20% higher than that of the previous XIV and Baycourt.

SANCTUARY COURT BIWAKO is actively promoting solar power generation and other energy sources, especially with regard to the SDGs, and is planning to supplement approximately 80% of its power generation with private power generation.

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New brand “SANCTUARY COURT NIKKO” membership launched

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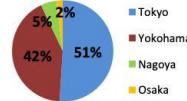
◆“SANCTUARY COURT NIKKO JAPANESE MODERN RESORT” Overview

Start of sales	20 October, 2022
Scheduled date of opening	February 2026 (planned)
Total number of rooms	162
Supplemental facilities	Japanese restaurant, Chinese restaurant, Lounge&Bar, Spa(indoor bath, outdoor bath, sauna), Treatment Salon, Executive Room, Boutique, Dog run, etc.
Membership price	¥7.44 million(annual 10 stay nights-type)~ ¥34.76 million(annual 20 stay nights-type)

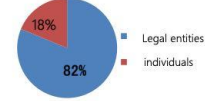
◆ Contracts in October (not included in first half results, recorded in 3Q results)

- Number of Members Final Target :5,832 members (If all are sold as 10-stay night products)
- Sale of 499 units on a contract basis (20 to 31 October.)

< Ratio by region (branch) >



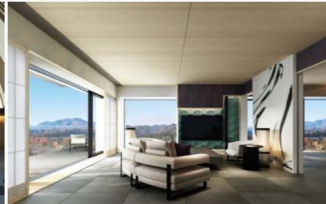
< Membership subject >



Lobby



Outdoor hot spring bath



Room(Royal Suite)

◆SDGs initiatives

• Solar power generation facilities and electric shuttle buses are planned to be installed. Electric vehicle (EV) charging facilities are installed in parking lots

• A disaster prevention cooperation agreement will be concluded in collaboration with the local community association.

• In order to vitalize and revitalize the region, tourist attractions in the surrounding area will be developed in cooperation with the local community.



◆All-room temperature spring view baths

• All rooms are equipped with a hot spring view bath and balcony to provide guests with the feeling of being in an outdoor bath. The amount of hot spring water gushing from the ground within the site is abundant, which is “Bijin-no-yu (hot spring of beauty)” with a PH of 9.1.

◆Doggy room (23 rooms)

• The facility has the largest number of doggy rooms among our facilities in eastern Japan, and a dog park is also installed.

“SANCTUARY COURT” Overview

*Common to Takayama and Biwako.

Membership is valid/Farm 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)

8

The next page is about Nikko.

Nikko will furthermore begin accepting applications this October 20 and is scheduled to open in 2026. We started accepting applications on October 20, and within 10 days we had accepted approximately 500 applications, which we believe is a very good start after Takayama and Biwako.

By region, more than 90% of the properties are located in Tokyo and Yokohama, which means that they are completely oriented toward the Kanto region. However, in terms of content, the focus is on corporate business, and we have been able to capture new targets.

In particular, all guest rooms have hot spring baths and view baths, and as in Biwako, the percentage of rooms for pets, which we call doggie rooms, has been greatly increased, and the number of such rooms is also expanding.

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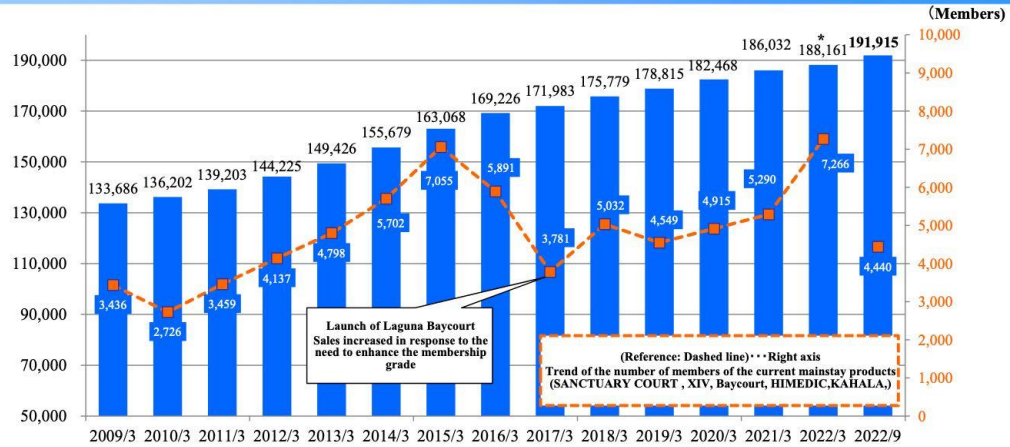
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Number of Members

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*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 the 1Q documents, the decrease has been retroactively reflected to the time of the Club's closure (4Q, FY2021).

	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	
2022/9	5,663	23,922	79,771	23,700	30,190	27,246	428	995	191,915	SANCTUARY COURT-XIV-BCC-HM-KAHALA
Change April - June 2022	+2,673	+185	+425	(779)	+76	+1,009	+17	+148	+3,754	+4,440
Change April - June 2021	+1,575	±0	+1,157	(684)	+120	+1,278	+5	+76	+3,527	+4,086

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

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Continued on page nine.

[Inaudible] in accordance with these figures, we have been able to steadily increase the total membership to 191,915 members.

The table below provides a breakdown. Of course, the main focus is on the new SANCTUARY COURT, which has an additional 2,600 residents, but you can see that we are recruiting a good balance of Baycourt, XIV, and medical.

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

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Increase in affluent sector, increased appeal of membership during the COVID-19 crisis

① Increase in the number of customers (members)

New membership subscription routes, channels, product enhancement, contract numbers (contract values), improvement of contract efficiency
 ⇒ Sales strategies, use of digitalization

+

Expansion of targeted customers and development areas (Kanto, overseas)
 ⇒ Brand strategies, enhancement of recognition

Expansion of sales channels and improvement of contract efficiency

Progress of contract values using digitalization(2Q)

Period	Value (billion yen)
2020.9期	1.5
2021.9期	4.0
2022.9期	6.0

Referral contracts (via hotels, financial institutions, etc.)(2Q)

Period	Financial institutions, etc. (billion yen)	Hotel (billion yen)	Total (billion yen)
2Q FY2020	3.0	0.5	3.5
2Q FY2021	6.5	0.5	7.0
2Q FY2022	7.5	1.5	9.0

New sales ratio (ratio of units sold other than by switching or additional purchase)

Period	New sales ratio (%)
FY2017	46.0
FY2018	46.0
FY2019	46.0
FY2020	49.0
FY2021	53.0
2Q FY2022	52.0

【Digital marketing】

Use email newsletter and other means to contribute to efficient sales activities based on customers’ interests and desired timing. The annual target of 8.0 billion yen for the final year (FY2023) of the Rolling Plan has already been achieved. Targeting 10.0 billion yen in the Business Forecast for FY2022.

【Increase in referral contracts】

Number of referral contracts via hotels, financial institutions, and other organizations has increased around FY2021. Significant progress compared to the last two years.

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Next, page 10.

As shown in the lower left-hand corner, in addition to our results during COVID-19, since the last time, we have been expanding enrollment channels and improving contracting efficiency, and we have seen a steady increase in digital contracts, referrals from hotels and other facilities, and referrals from partner financial institutions.

The new rate is in the upper right corner. As for the new product rate, when a new product is introduced, there will inevitably be an increase in purchases and a switchover. This percentage has dropped for a while due to the start of two new product launches in the current fiscal year, but we expect it to settle back down to approximately 50%.

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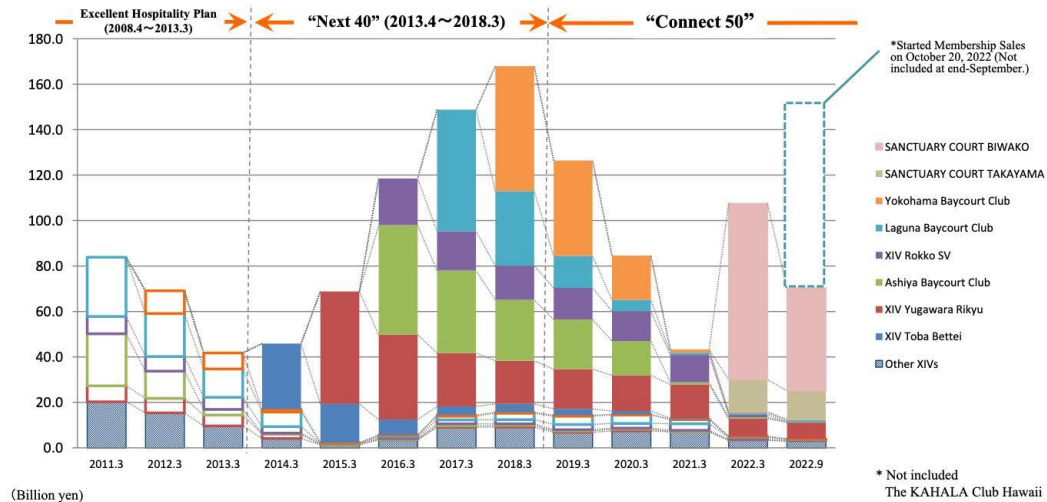
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Trend of sales inventories (contract value basis)

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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.
- Two properties began construction in the FY2021 under review, and the Group has inventories amounting to Approx. 70.0 billion yen as of September 30, 2022 (Not including the KAHALA Club Hawaii) In addition, Nikko started sales in October, with a recent significant increase.



11

Page 11 is the inventory of memberships.

As you can see, the inventory has decreased to approximately JPY70 billion in the fiscal period ended September 30, 2022, and the contract amount is approximately JPY80 billion per year.

In contrast, in H2 of this fiscal year, the dotted line shows that SANCTUARY COURT BIWAKO added about JPY80 billion in inventory. We are confident that we will be able to secure products for the current and next fiscal years, and we expect to release our next product in 2024.

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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 and in Kansai in FY 2024.

<Sales and business commencement schedule_ November 9, 2022>

● Commencement of business and acquisition
 ● Commencement of sales

Medium-term management plan	Previous medium-term management plan Next140			Current medium-term management plan Connect 50			[Connect 50]Rolling plan			Remarks. (Expected date of opening).		
Fiscal year	2015	2016	2017	2018	2019	2020	2021	2022	2023			
Sales and business commencement schedule	Membership resort hotels	XIV Toba Bettei	XIV Yagawara Rikyu	Ashiva Baycourt Club	XIV Rokko SV	Laguna Baycourt Club	Yokohama Baycourt Club (KAHALA YOKOHAMA)	The KAHALA Club Hawaii	Takayama	Biwako	Nikko	Already open (sold at any time). Scheduled to open in FY2024. (October 2024) Scheduled to open in FY2025. (February 2026)
		Medical examination club on a membership basis	HIMEDIC Kyoto University Hospital	HIMEDIC Tokyo Bay	HIMEDIC Nagoya	Tokyo Nihonbashi	Floor expansion of Nagoya facility.	Kansai	Kanto	Scheduled to open in FY2024. (first half year) Scheduled to open in FY2024. (around April)		
Business commencement schedule	Senior residence (SR)	Hondo	Tokunagatsutsu	Actua Biwa	Shirakabe	Bashamichi	Ogikubo	5 facilities*	Reviewing schedules and preparing new products on the occasion of COVID-19 crisis.			

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

12

Please refer to page 12.

As for Takayama and Biwako, each has about 160 rooms, although Takayama is slightly smaller, the total contract amount is roughly more than JPY80 billion, so the recruitment will be completed one by one every year based almost on the current capacity.

In the future, if construction is started one year at a time and completed one year at a time, this [inaudible] will be difficult to see, and both ups and downs will disappear, and a stable, steadily rising graph will be drawn to some extent.

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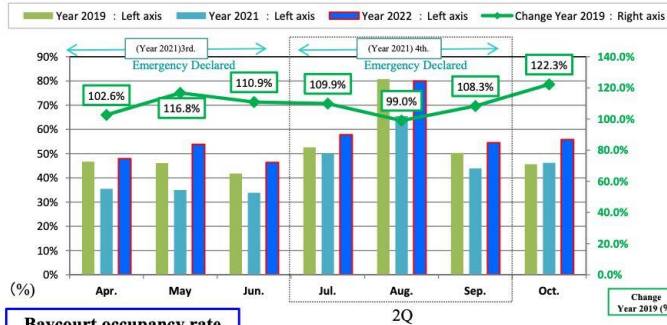
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Trends in Hotel occupancy rate by months①

RESORTTRUST GROUP

XIV occupancy rate



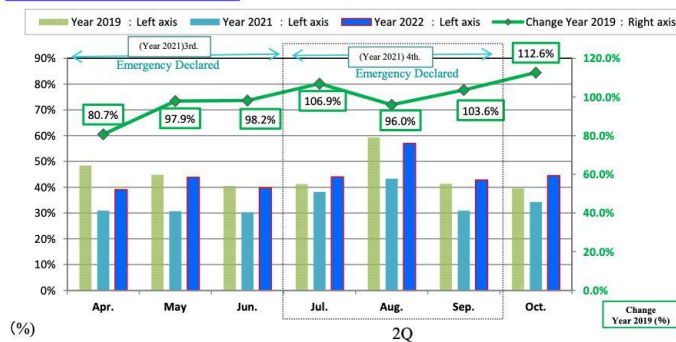
Outline of XIV and Baycourt

• 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.

• Although occupancy rate was affected by the impact of the spread of COVID-19 in August and by typhoons in the three day weekends in September of the current fiscal year, it remained generally strong.

Baycourt occupancy rate



Results forecast for October and beyond

Occupancy rate remained strong in the most recent month of October. Partly supported by the national travel assistance program. (from November onwards, price revisions).

13

Continuing, here are details about the hotels. First, the occupancy status.

As you can see, in Q2, there was a part where the momentum stopped for a while in the seventh wave, but in September and October, we have also firmly exceeded [inaudible].

As for XIV, in October 2022, the number of guests was 122% of the FY2019 level, and as shown in the table below, the number of guests at Baycourt was 112%.

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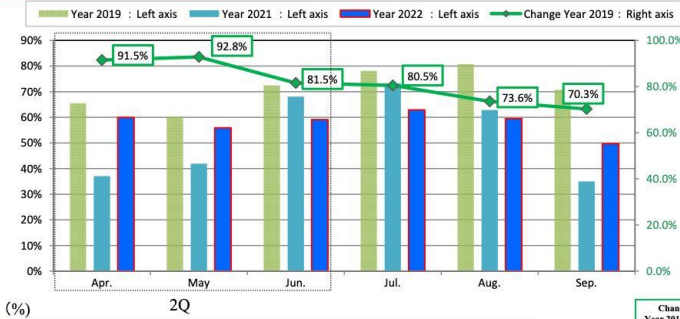


Trends in Hotel occupancy rate by months②

RESORTTRUST GROUP

THE KAHALA HOTEL & RESORT occupancy rate

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



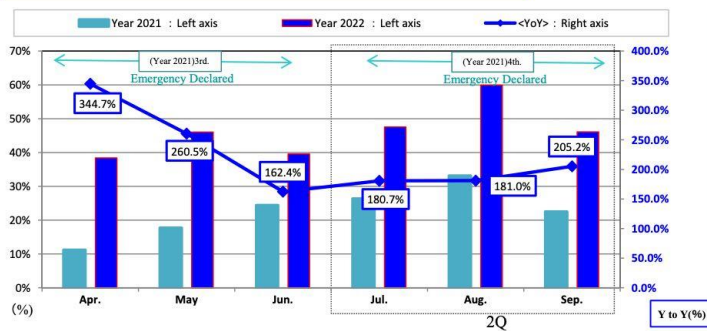
Outline of THE KAHALA HOTEL & RESORT

Apr-Jun (2Q), operations were generally steady, returning 80-90% of pre-Corona levels; since July, they have declined slightly, due to a lull in revamped consumption, higher airfares, a stronger US dollar and higher prices. The majority of use is still from the US mainland. Occupancy is expected to improve as the number of travellers 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 has been supported by members, and the occupancy rate has risen to around 200% year-on-year this quarter. ADR is close to 50,000 yen, and further improvement in occupancy is expected if inbound tourism recovers in Yokohama following Tokyo in the future.

14

As you will see on the next page, however, in Kahala, Hawaii, the recovery is still somewhat weak.

This is mostly due to the fact that travelers from Japan have not returned, while those from the US mainland, and then, for example, Australia, and other overseas users to date have mostly returned, so excluding travelers from Japan, they have mostly returned to the level of FY2019.

The shortfall was 70%, and in fact, 30% of these were customers from Japan, but to be honest, the number of customers from Japan has not yet returned. Although Hawaii was the quickest for customers to return, the full recovery will probably be in the next fiscal year.

On the other hand, Kahala in Yokohama, which opened at the time of the COVID-19, has been growing steadily.

Originally, Kahala Yokohama had planned to increase inbound tourism to 40% of the total, and while Tokyo has seen a partial return of inbound tourism, Yokohama has yet to see an increase. We are hoping that we will be able to reach 50% of the total in terms of utilization this month and 60% in December.

We believe that we can almost return to the original plan base here as well, depending on the inbound.

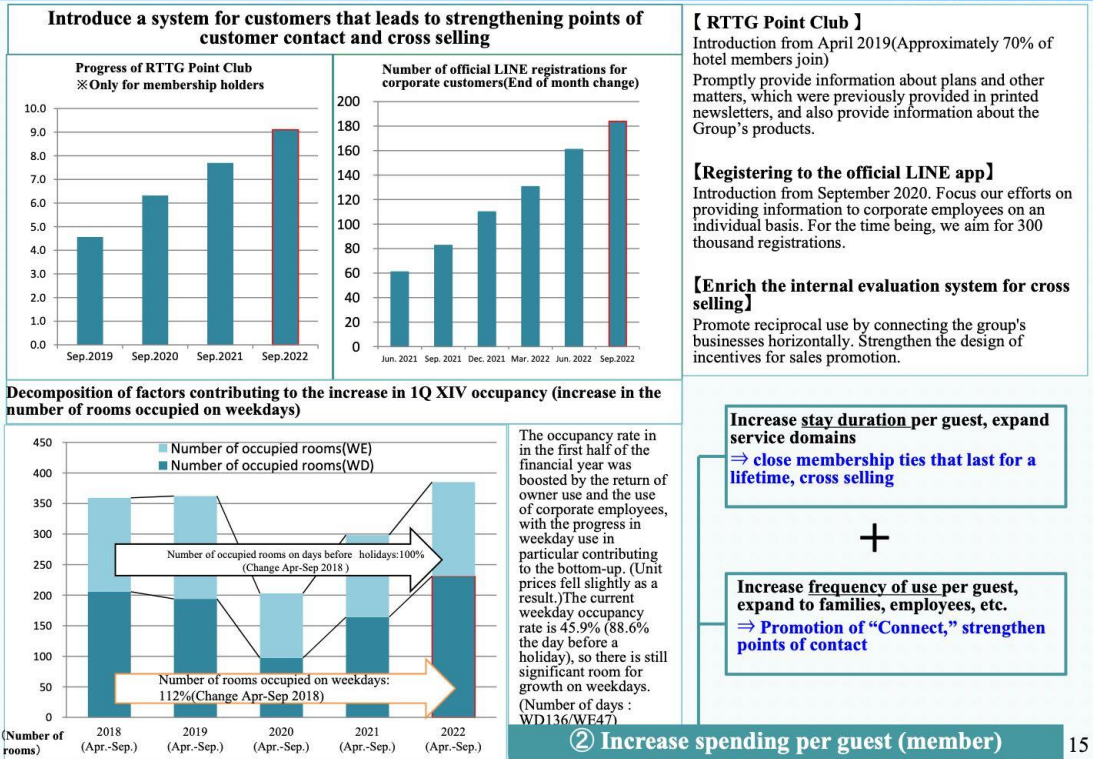
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Examples of initiatives for (2)-1 growth based on “Membership Model”
Initiatives to increase guest(member) spend RESORTTRUST GROUP



② Increase spending per guest (member) 15

The next page is about the medium-term plan. One is to increase the amount spent per customer.

The upper chart on the left side shows the point membership, which is a marketing campaign to promote usage and direct connection with customers by connecting with them through applications and other means. We have now finished registering up to 90,000 people, which means that about 70% of our hotel members have registered.

For those who are mostly active, we are providing information and promoting the use of these applications.

And the other is the right bracket, LINE.

We are using LINE to connect directly with the employees of corporate members, and with the permission of the corporations that are the main contracting parties, we are providing direct information to their employees.

One effect of this is shown in the lower left graph. Looking at the comparison with the pre-COVID-19 level, the numbers are back to almost 100% for the days before the holiday. This is a result of our efforts to stimulate use by corporations, especially those that can move easily on weekdays, and by senior citizens, for example, who are connected through the application.

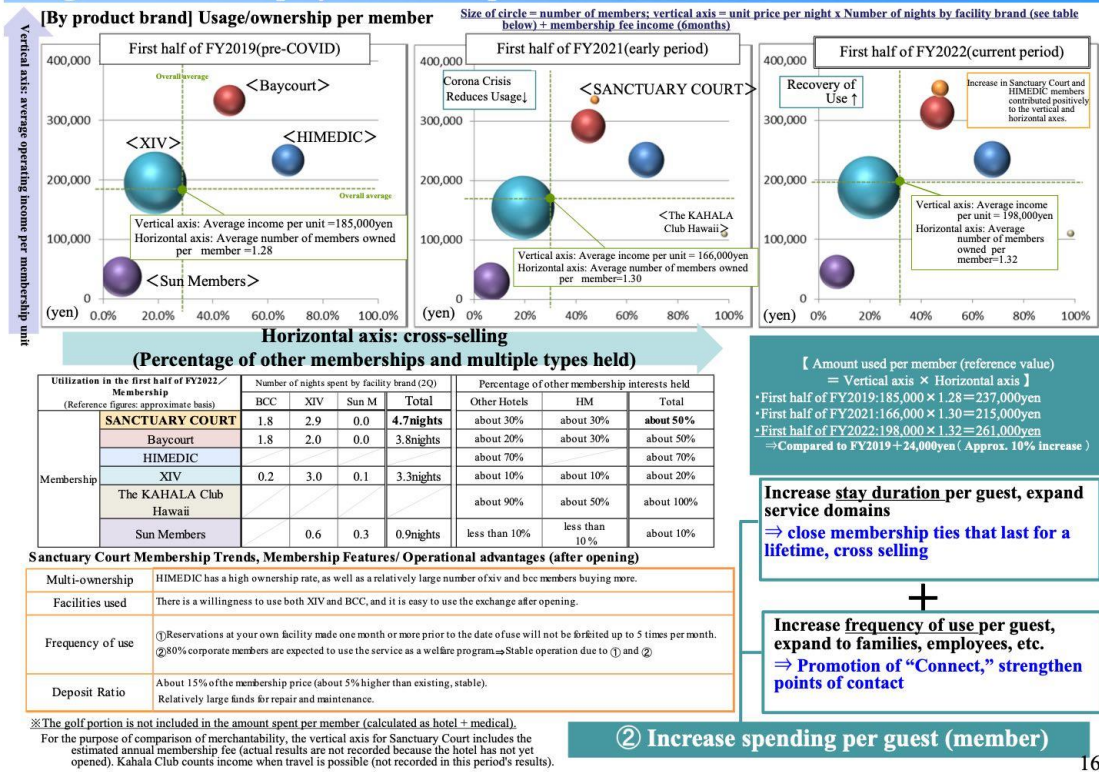
It is difficult to increase the number of customers on the day before the holiday because the operation is running at a high level, however, on weekdays, the occupancy rate is still less than 50%, so we believe there is still room for growth.

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



16

Please see the figure on page 16, which is the usage per unit.

The vertical axis is the average operating income per membership unit. For example, with XIV, we do not include the price of the membership, but we ask the members to use the hotel and spend there. For example, the annual membership fee, or the cost revenue we receive each year, would be viewed as 200,000 in the case of XIV.

The side way chart shows cross-selling, so if you look at HIMEDIC, for example, it is quite high of more than 60%, but this means that more than 60% of HIMEDIC, have other memberships, such as hotel or golf.

I believe the SANCTUARY COURT we have recruited this time is about 50% and there is still a small ball at the top. This shows the total number of members, so although the number of members itself is still small, the amount spent per capita is very large.

Naturally, cross-selling is a part of this strategy, but it is also a way to raise the unit price and usage amount in various ways. One of the reasons for this is that we have a large number of corporate members, which means that the frequency of use and the number of nights actually used are high, and the unit price is also high, which means that to a certain extent our strategy is working.

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<Reference> Offering information and communications by using social media

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LINE official

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

Example of distribution: corporate S&M



RTTG App

Distribution of group-wide information, including promotion of RTTG app-only point redemption services and time-limited campaigns.



LINEWORKS

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.

17

Page 17 shows the actual page of the LINE application, and this is how we transmit information, [inaudible].

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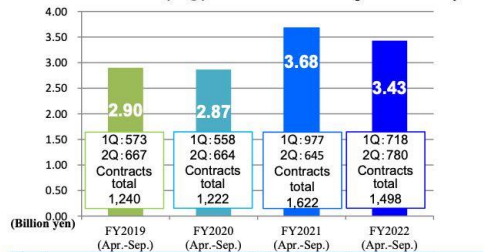


Progress of Medical business

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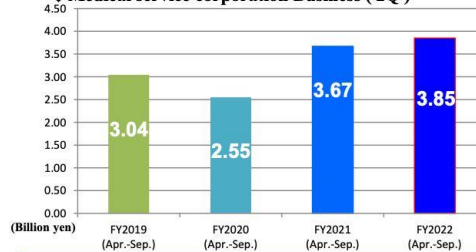
Sales of HIMEDIC memberships in 2Q FY2021 remained strong.
Non-membership health check-ups, which were temporarily closed from April to May in 2020, and Aging Care Business were also solid. Senior residence operations continued to be affected by COVID-19. Consideration of new products is underway.

◆ HIMEDIC sales (2Q) Contract unit price (Billion yen)



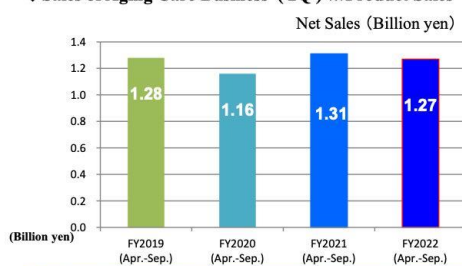
Needs expanded even during the COVID-19 crisis. Although it did not reach the level of the previous fiscal year, which saw a sharp increase partly due to a decrease in hotel membership inventory, it was the second highest level ever in the current fiscal year.

◆ Medical service corporation Business (2Q)



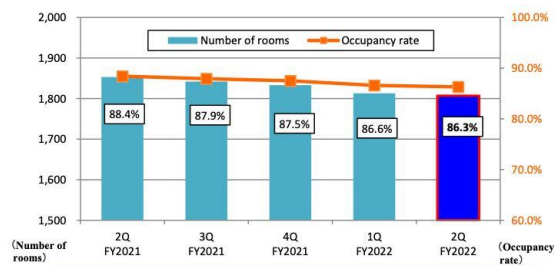
Recovered from the effect caused by the spread of COVID-19 infection in FY2020, and remained strong in the current fiscal year.

◆ Sales of Aging Care Business (2Q) ※ Product Sales



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.

◆ Quarterly trends of occupied rooms in Senior Lifestyle Business



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.

18

Continuing on page 18 is the status of the medical business.

As for HIMEDIC, on the left, membership contracts are growing steadily this fiscal year due to the introduction of new products in the previous fiscal year.

Moving to the right side, we have general health checkups other than the usual membership checkups, which are also showing steady growth.

However, in the case of aging care business on the left side, the focus is actually on product sales, such as cosmetics, supplements, etc. As for this one, we are currently reviewing the products from the impact of COVID-19, etc., and we are now [inaudible]. Another is that we have established a marketing company together with DeNA, and a new strategy is now being developed.

Senior lifestyle, on the bottom right, this is the part that is the most difficult to get back from the impact of COVID-19, and it looks like it will still take a long time. Although the restrictions concerning COVID-19 have been reduced to some extent, the risk of clustering in the senior sector and other factors still keep residents away, and once they move in, there are restrictions on visitation and other restrictions, so things are not progressing smoothly.

And even if they are motivated towards our products, it is still not easy to visit inside, and many other concerns still linger. We are once again reviewing the profit scheme and nursing care reimbursement, as well as the new model centering on able-bodied people, during this fiscal year.

We intend to create a new growth strategy once again from the next fiscal year onward and make it a pillar of our business later on.

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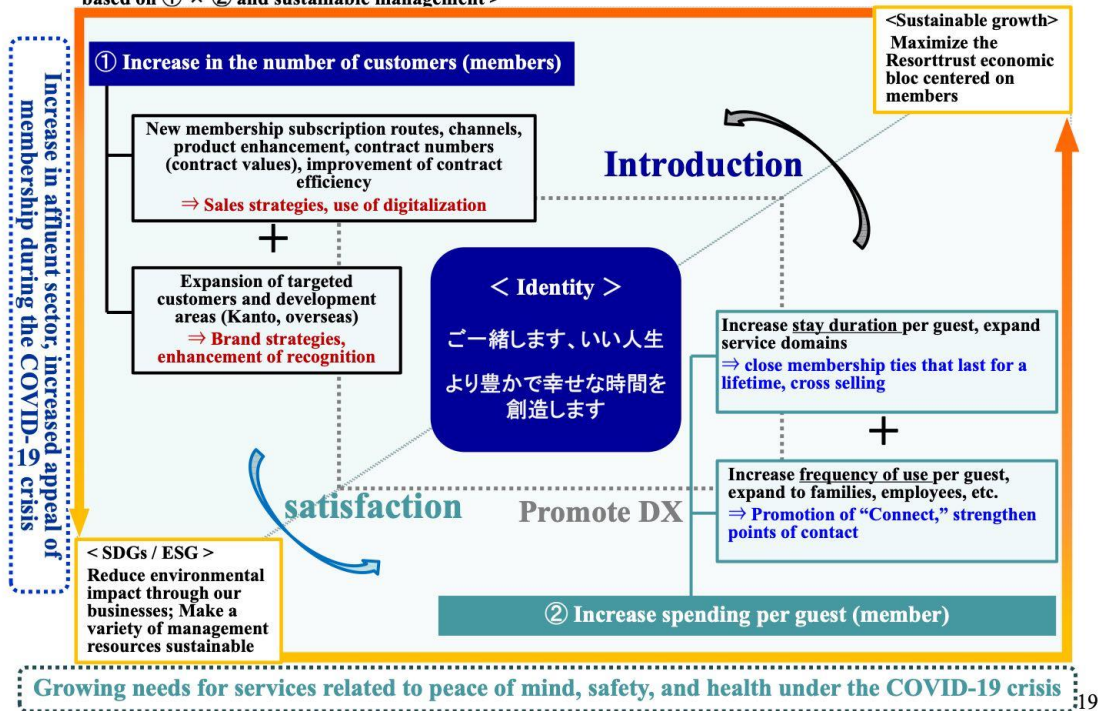
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Vision for growth based on membership model ①×②

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



Please move on to page 19.

The increase in the number of customers and the increase in the amount spent per customer, as I mentioned earlier, are the main themes from the beginning of the medium-term plan that we are now running.

We are internally evaluating that the project is progressing smoothly to some extent.

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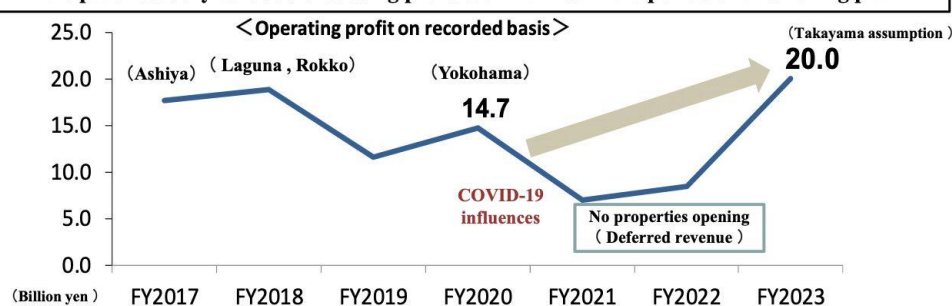
Quantitative Image (~FY2023)

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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

Anticipate recovery to levels exceeding pre-COVID times in the period of this rolling plan



20

Please see page 20.

Although we have rolled out the medium-term plan, we would like to continue to maintain the current plan for operating income in the final year, FY2023.

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Business Forecast for FY2022 (April to March)

※Upward Revision of Full-Year Earnings Forecasts (November 9, 2022)

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	2020/3 (results)	2021/3 (results)	2022/3 (results)	2023/3 (revision targets)	YoY Difference	Change FY2019	(Million yen)	
							2023/3 initial targets	vs. initial plan
Net Sales	159,145	167,538	157,782	166,500	+5.5%	+4.6%	161,000	+3.4%
Operating Income	11,652	14,707	8,693	11,500	+32.3%	(1.3%)	9,200	+25.0%
Ordinary Income	12,476	17,647	11,123	12,000	+7.9%	(3.8%)	8,800	+36.4%
Net Income	7,135	(10,213)	5,775	15,000	+159.7%	+110.2%	10,800	+38.9%
Evaluated net sales	169,665	147,460	178,627	199,500	+11.7%	+17.6%	186,800	+6.8%
Evaluated Operating Income	15,030	4,008	18,081	20,800	+15.0%	+38.4%	17,360	+19.8%

< Evaluated Net Sales/ Evaluated Operating Income >

In addition to SANCTUARY COURT BIWAKO, whose membership sales began in March 2022, membership sales of SANCTUARY COURT NIKKO, which began in October, are expected to be strong, and full-year contract value is expected to exceed that of the previous fiscal year to a record high. Furthermore, significant profit improvement in Hotel and Restaurant Operations and progress in Medical Operations will also contribute to the business performance. As a result, on an evaluation basis, net sales and operating income are expected to exceed the target figures for FY2023 (Net Sales 190 billion yen and Operating Income 20 billion yen) stated in the Mediumterm Management Plan "Connect 50" Rolling Plan one year ahead of schedule.

< Net Sales/ Each profits >

As the three SANCTUARY COURT properties, whose membership sales accounted for approximately 80% of total membership sales for the current fiscal year, are unopened properties, 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 basis; however, each operation contributed to income, and overall net sales and operating income are expected to exceed those in the initial plan and the previous year.

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

[Evaluated Net Sales/ 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 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.

23

On the last page, page 23, explains the upward revision I mentioned earlier.

The initial plan for sales of JPY16.1 billion, an increase of 3.4%, has been revised upward to JPY16.65 billion, operating income from JPY9 billion to JPY11.5 billion, ordinary income from JPY8.8 billion to JPY12 billion, and net income from JPY10.8 billion to JPY15 billion.

I have received a number of questions about whether these figures are just addition of H1 figures. To be honest, in H1 of the fiscal year, the actual repair and maintenance work, such as supplies, materials, and manpower, was not completed and some were passed on to H2 of the fiscal year.

Personnel expenses, which include bonuses, were under scrutiny in various ways in the current mid-term business plan, but to some extent, including the previous year, we were able to achieve the plan, and bonuses have returned to the pre-COVID-19 level. So, we can say that profits are currently being secured at this level.

In H2, we expect contract volume to continue to be strong, and we expect to set a new record for the year as a whole. This concludes the presentation.

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Question & Answer

Moderator [M]: We will now begin the question-and-answer session. Due to time constraints, we may not be able to answer all of your questions. If you have any questions, please raise your hand. Please have the microphone on the wall side.

Sekine [Q]: Thank you for your explanation. I am Sekine of Daiwa Securities. I would like to ask you three simple questions one at a time. The first one is about the contract volume section, which you also mentioned on page 11 of the material.

Last fiscal year, you were able to sign contracts for more than JPY70 billion for the year, and H1 of this fiscal year was the best ever. If the pipeline continues to grow, will it be possible to continue to sign hotel-related contracts worth about JPY80 billion on an ongoing basis?

Or is it that they are now pretty much at full capacity, including sales resources, or is it that they can really do more if they think about productivity improvements and so on? Could you first tell us about your thoughts on this?

Fushimi [A]: First of all, we had JPY80 billion in the last fiscal year, and this fiscal year we have two new products, so I think we will be able to reach JPY80 billion this year as well.

Even if we exclude the effect of new products, we can expect to achieve JPY80 billion yen, thanks in part to the development of sales channels as mentioned earlier, and in part to the fact that our sales staff is also improving in terms of their own abilities. I'm thinking they have the ability to handle 150 rooms per each.

In particular, in terms of inventory, starting from Takayama, we are now switching over to Kansai and Kanto. We will have a balanced inventory for the time being, especially this fiscal year and next, even though there will be no new products for a year, so we will be able to keep the same level of inventory.

As for future growth, to be honest, the reason for the slight decrease in deferred income is that the cost of sales has been rising.

As you all know, there has been a number of incidents such as the war in Ukraine, and building materials have risen, and the cost ratio for Biwako has changed by nearly 5%, so we are a little underwhelmed about the deferral. Since we had been basically using them for the new SANCTUARY COURT product, we had decided from the beginning that we would not change the price.

We have swallowed this, and to a certain extent, it is assumed [inaudible], but from this next, of course, there will be a review of sales prices and contracts, and in the future, [inaudible], the senior [inaudible] I mentioned earlier, will be a problem. I think that the growth rate from the base of JPY80 billion will be determined by the cross-selling portion of the overall product lineup, the increase in contract volume, and the price increase.

Sekine [Q]: I would like to add something to what you have just mentioned. I think that you have indicated that this plan continues until Nikko, but I think that you are also [inaudible] on the pipeline and on the balance sheet, and to some extent, in the near future, you have a pipeline [inaudible] for the next few years as well. Is it correct to understand this way?

Fushimi [A]: Basically, in Kanto, Chubu, and Kansai regions, the pipeline is almost complete, so we just need to make sure that the schedule is met.

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Sekine [Q]: I understand. Thank you. The second is hotel-centric and is about the operational part. I am happy to see that the operation is getting better, but on the other hand, I also think that you would need to put in more time and effort again, as I feel that there are an increasing number of companies in the hotel industry that are suffering from a labor shortage. I feel that one of the key points in raising the occupancy rate is the management aspect, but what are your thoughts about this?

Fushimi [A]: As you mentioned, operations have returned faster at resorts than at city-type facilities. The cost of the hotel's services has gone up, as I mentioned earlier, but in H1 [inaudible], the seventh wave overlapped with the summer peak season, and our hotel staff had to stay at home leading to a considerable labor force reduction, so we lost many opportunities, such as not being able to open the restaurant when guests arrived.

In addition, there is the issue of the increase in part-time and other miscellaneous wages, but this is not a problem that can suddenly be resolved in H2.

As you mentioned, we are taking various measures, such as hiring in H2 and thereafter, hiring contract workers [Inaudible], and hiring foreign workers, etc. For the time being, we are adopting switches between facilities and also promoting various other things in the application system mentioned earlier.

For example, there is the smart check-in, and smart check-out. Since there are people who do not want to talk to the staff face-to-face, for example, you can give them the key at the gate and have them go to their rooms.

We are also trying to improve productivity in various ways, such as allowing customers to check out and leave the hotel without the whole check-out process if they are registered with the hotel.

As you mentioned, since there are various supports and campaigns, the front desk is getting busier with the need to check vaccine certificates and other things. We are building a system in this regard for the next busy season, the year-end and New Year's holidays.

Sekine [Q]: Thanks. One last thing, I feel that the probability of obtaining an operating profit in excess of JPY20 billion for the next fiscal year has increased considerably.

Looking ahead to the next phase of 2023, as you have just mentioned, I feel that you will be able to improve on what you have been doing for the past three years, such as automation, DX, quality, profitability, and operating efficiency to increase profits. If there is anything else that you would like to share with us at this stage, please let us know.

Fushimi [A]: First of all, we aim to reach JPY20 billion firmly. After that, the JPY80 billion that I mentioned earlier and the completions will come one by one each year, so I think the question is how to expand based on that.

As I mentioned earlier for memberships, there is still room to increase weekday occupancy at the hotel, and I believe this is where operating revenue will come from, so we will work hard to increase this. As you say, in order to respond to this, I think we should firmly increase efficiency and productivity to lower the bifurcation point.

Sekine [M]: I understand. Thank you.

Moderator [M]: Are there any other members of the audience with questions? If so, please raise your hand. Any other questions? Since there are no questions, we would like to move on to questions from Zoom webinar participants.

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Oda [Q]: My name is Oda from SMBC Nikko Securities. Thank you very much for your presentation. I have two questions, and I would like to ask you to answer one question at a time.

First of all, I understand that the prices of room and dinner rates have been revised for Baycourt and XIV since November 1. I am not sure about the current fiscal year [inaudible], but I feel that there will be some impact in terms of sales and profits in the next fiscal year and beyond.

The first point is that we would appreciate a quantitative or qualitative explanation of the impact of this price revision, if possible, on the next fiscal year.

Fushimi [A]: We are now revising the [inaudible] prices for room charge and dinner. As mentioned earlier, the sales will start in November, but the old price for reservations are applied until October, so in fact, for this fiscal year, as you said, it is limited to Q4.

Simply put, the annual impact of the room charge is roughly JPY1.8 billion for the full annual movement, and about JPY1.billion for the meals, for a total revenue increase of JPY2.8 billion.

However, as a result of this, there will naturally be additional amenities, and there is cleaning and other personnel expenses, so we will not be able to convert everything into revenue.

In fact, we had projected an increase of approximately JPY600 million for the current fiscal year, and at the current pace, we expect the increase to be roughly JPY1.2 billion. In addition, there is an increase in miscellaneous wages, etc., partly due to COVID-19, so the overall effect will be about JPY600 million for the full year.

However, we have not touched the room charge since 2017, when we last raised it, so in fact, we believe that the profit taken out during that period has actually returned to some extent.

Oda [Q]: Thank you very much. On page 15, the Q2 occupancy rates at XIV and Baycourt also exceeded the pre-COVID-19 occupancy rates, despite the spread of infection during the period, and I think this was remarkable. I think the positive effect of the weekday operation in particular is the result of various efforts.

As the president has explained, I also think that there is probably still a lot of upsides to the weekdays. To what extent is it possible to raise the overall occupancy rate of XIV, Baycourt, and other such facilities? If you can explain even the feel of it, it would be great. If you have any sense or some sort of goal in this area, I would appreciate it if you could let me know. This is the second point.

Fushimi [A]: For XIV it is 53%. At the highest point in the past, it was usually less than 60%. I think it was around 57% to 58% around the time around Lehman Brothers, but I think we will be able to get back up to this point.

However, if we go this far, some facilities will have the image of being crowded there on weekends. Therefore, we would like to make a plan to extend the number of weekdays to the next level, and we consider 60% to be the new number we would like to aim for.

I believe that Baycourt will come in slightly later than XIV, so I would like to make a few more changes to Baycourt, but we are still in our planning phase, and I am thinking that may need a new system or revised rules necessary.

Oda [Q]: This is a supplementary question. On page 15, we have about 180,000 people registered for the official LINE app, and your goal is to reach 300,000 people. I thought there was still room for expansion, even if it is only with corporate employees of certain selected companies. However, this is something that your

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company has probably chosen and received permission from the customer to proceed with, and I sometimes wonder if you can enlarge the number even more if employees of other companies are included.

If you reach 300,000, do you have any plans to increase the number to other corporations? I know this is a bit far out, but if you have any suggestions, I would appreciate it.

Fushimi [A]: As you say, we can make such proposals to all members and corporate members if there is a need, but at present we are only approaching large corporations, especially those who have used our services frequently in the past, and especially those who are expected to use our services on weekdays. Depending on the results, we would like to expand it more generally.

Oda [M]: I understand it well. That's all from me. Thank you.

Moderator [Q]: Thank you very much. Now, we will continue with the questions from the Q&A.

This question is from Mr. Tanaka, SBI Securities. While Takayama was lowered, Biwako and Nikko were raised significantly, compared to the initial forecast. What was the difference from the original estimate by the facility?

Fushimi [A]: This was not specifically a reduction, but more of a sales pitch. Since Nagoya is more [inaudible] Biwako than expected, if we assume that the total contract volume will remain the same, the average contract volume of Tokyo, Yokohama, Nagoya, and Osaka will be almost the same. When this is leveled out, this balance of inventory between Tokyo, Nagoya, and Osaka will slightly be more in the Kanto region because of the presence of Tokyo and Yokohama. But we believe that a balance can be achieved, so we are strategically switching from one another to meet the needs of our customers.

This is not a particularly intentional change in sales or anything like that.

Moderator [Q]: Thank you. The next question is from Mr. Okumura of Resona Asset Management. As for the pipeline of membership hotels, I assume you have secured several after Nikko, but how many have you accumulated?

Also, am I correct in assuming that there will be about a year of open time before the next new sales start?

Fushimi [A]: The next new application will probably be in the spring of 2024, so we will use existing products for the next year. If we go from [inaudible] earlier, it will be about another year or less, so we are thinking of building up an inventory of about JPY80 billion at that stage.

We have already acquired the next property, and we are still negotiating for the next one in Tokyo, Nagoya, and Osaka. As I mentioned earlier, we will watch the balance of the inventory of these three products in the Tokyo, Nagoya, and Osaka areas and see whether the east or the west will come first. As I mentioned earlier, we are working hard to prepare for the launch of the next property in the spring of 2024.

Moderator [Q]: Next question is from Mr. Tanaka, SBI Securities. Regarding the valuation-based segment results on page five of the presentation material, what is the reason for the decrease in valuation operating income while memberships have increased in revenue over the previous year and FY2019?

Fushimi [A]: This is the cost part I mentioned earlier. The pure part, the cost increase, is simply the cause.

Moderator [Q]: Thank you very much. Now, I would like to introduce one more question from Mr. Tanaka.

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Regarding Kahala Hawaii, I believe that the hurdle for Japanese people to travel overseas has become much higher due to the weak yen and the large inflationary gap, but how do you see the recovery in Japanese use of Kahala Hawaii?

Fushimi [A]: As you mentioned, to some extent, I don't think the problem will be solved immediately, so Kahala's strategy is basically to strengthen our sales pipeline, not only in Japan but also in the US mainland.

For example, during the pandemic where people could only stay within their country, since Hawaii is part of the US, it was easier for US citizens to go to Hawaii. But, in the US, people from the West Coast used to go to Hawaii often, but people from the East Coast, for example, went to the Caribbeans. We are developing a new market in the mainland US that will attract people across the country to Hawaii.

We are also approaching Australia, South Korea, and other Asian counties too, although the percentage is still small. South Korea was quicker in terms of movement compared to Japan, so we would also like aggressively approach to other Asian countries.

Moderator [M]: Thank you very much. Since there are no further questions, we would like to conclude the question-and-answer session. This concludes the presentation of the financial results of Resorttrust for Q2 of FY2022.

All on-site participants are invited to exchange business cards and meet and greet after the briefing. Thank you for taking time out of your busy schedule to join us today.

Fushimi [M]: Thank you very much.

[END]

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