# Resorttrust, Inc.

Q2 Financial Results Briefing for the Fiscal Year Ending March 2026

November 13, 2025

# Event Summary

| | | |
|---|---|---|
| **[Company Name]** | Resorttrust, Inc. | |
| **[Company ID]** | 4681-QCODE | |
| **[Event Language]** | JPN | |
| **[Event Type]** | Earnings Announcement | |
| **[Event Name]** | Q2 Financial Results Briefing for the Fiscal Year Ending March 2026 | |
| **[Fiscal Period]** | FY2026 Q2 | |
| **[Date]** | November 13, 2025 | |
| **[Number of Pages]** | 22 | |
| **[Time]** | 13:30 – 14:02<br>(Total: 32 minutes, Presentation: 18 minutes, Q&A: 14 minutes) | |
| **[Venue]** | Dial-in | |
| **[Venue Size]** | | |
| **[Participants]** | | |
| **[Number of Speakers]** | 3 | |
| | Ariyoshi Fushimi | President |
| | Takeshi Makino | Investor & Public Relations Department Director, Sustainability Promotion Department |
| | Hirotaka Honda | Investor & Public Relations Department Manager, Sustainability Promotions Department |
| **[Analyst Names]*** | Satoru Sekine | Daiwa Securities |
| | Hirofumi Oda | SMBC Nikko Securities |

*Analysts that SCRIPTS Asia was able to identify from the audio who spoke during Q&A or whose questions were read by moderator/company representatives.

# Presentation

**Moderator**: Thank you for joining us today on the Resorttrust conference call. Today's conference call is attended by President Ariyoshi Fushimi, with Makino, Investor & Public Relations Department Director, and Honda, Investor & Public Relations Department Manager, in attendance.

President Fushimi will now explain the Q2 financial results, followed by a Q&A session. The entire meeting will last a maximum of one hour. The presentation materials are available on our website. We kindly ask that you take a look.

We will now begin the explanation. President Fushimi, please.

## 2Q FY2025 Financial Summary

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**1. Consolidated net sales and income increased, marking record-high net sales, operating income, and ordinary income for the six-month period.**

***Net sales for three consecutive period and operating income for two consecutive period.**

**2Q FY2025: Net sales 110.9 billion yen and Operating income of 12.4 billion yen**

・Hotel Operations saw a significant increase in income compared to the same period of the previous fiscal year. Occupancy and unit prices exceeded the previous period and performance remained strong. In addition, profitability improved due to the annual membership fee revisions from January 2025, the revision of fees charged for hotel rooms at some facilities, and food and beverage price revisions.

・Medical Operations marked record-high sales and segment income for 2Q for the three consecutive period, continuing to exhibit strong performance.

**2. Membership sales: Contract volume for the six-month period reached a record high for the five consecutive year.**

**2Q FY2025: Contract Values of Membership 69.0 billion yen: Total for Hotel, Medical, and Golf**

・Hotel membership contract value totaled 64.7 billion yen, surpassing the record high attained for the same period of the previous fiscal year by approximately 17%.

・New sales properties remained strong with sales centered on the SANCTUARY COURT series.

*Sanctuary Court Kanazawa (Started Membership Sales in March): 37.3 billion yen, Sanctuary Court Awajishima (Started Membership Sales in June): 15.4 billion yen

・Medical membership contract volume reached 4 billion yen, resulting in strong performance close to the 4.2 billion yen attained for the same period of the previous fiscal year. The performance in the same period of the previous year benefited from the start of sales of new memberships.

**3. Full-year forecasts revised upwards and record highs expected in net sales and all income items.**

**FY2025 revision target: Net sales of 260.0 billion yen and Operating income of 29.0 billion yen**

・In addition to strong performance in the first half of the fiscal year, the company expects to record revenue resulting from the opening of SANCTUARY COURT NIKKO in 4Q during the second half of the fiscal year. All three operations are expected to remain stable, and the company expects to reach new record highs in consolidated net sales, operating income, and ordinary income for three consecutive years.

**4. Dividend forecasts (interim and year-end dividends) revised upwards and record-high dividend expected for the full year.**

・The interim dividend will be 17 yen, up by 1 yen, and the year-end dividend is planned to be 17 yen, up by 1 yen, for an annual dividend of 34 yen, up by 2 yen for the full year. A record-high annual dividend is expected.

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**Fushimi**: Yes. I am Fushimi from Resorttrust. I would now like to provide an overview of our financial results based on the financial results presentation for six-month period ended September 30, 2025.

First, please see page two of the document. This is the financial summary.

For Q2 FY2025, consolidated net sales were JPY110.9 billion and operating income was JPY12.4 billion, with both sales and income increasing in H1. Net sales, operating income, and ordinary income reached record highs, respectively. Incidentally, this is the third consecutive term of sales and the second consecutive term of operating income.

Significant [inaudible], Hotel Operations saw a significant increase in income compared to the same period of the previous fiscal year. The main reasons are: Occupancy and unit prices exceeded the previous period and performance remained strong. In addition, profitability improved due to the annual membership fee revisions from January 2025, the revision of fees charged for hotel rooms at some facilities, and food and beverage price revisions.

Medical operations marked record-high sales and segment income for Q2 for the three consecutive period, continuing to exhibit strong performance.

The total contract amount of hotel, medical, and golf memberships was JPY69 billion, which was a record high for H1 of a fiscal year for the fifth consecutive year.

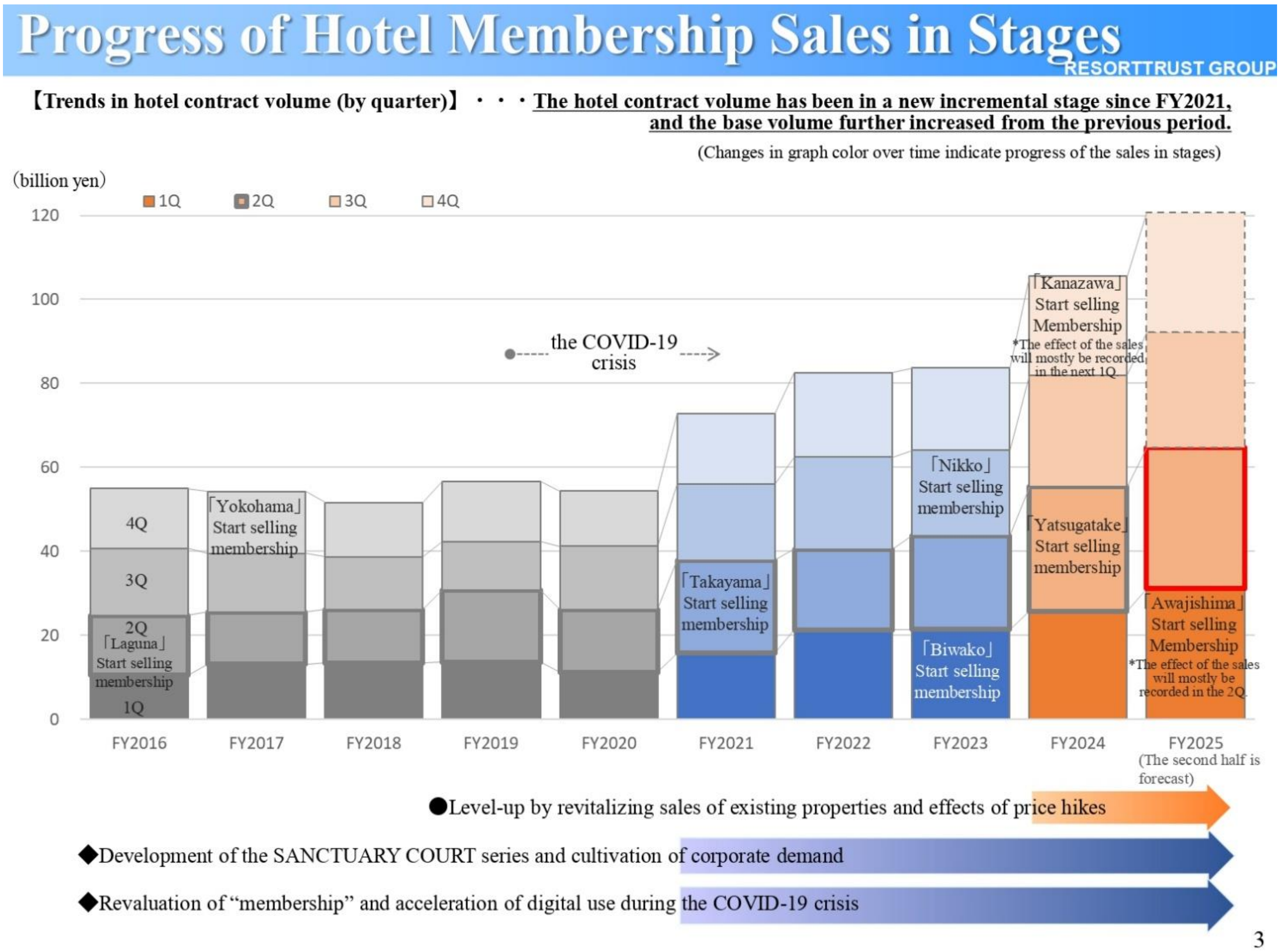
Hotel membership contract value totaled JPY64.7 billion, surpassing the record high attained for the same period of the previous fiscal year by approximately 17%. This was due to the strong performance of new properties for sale, especially Sanctuary Court, with Sanctuary Court Kanazawa, which went on sale in March, recording JPY37.3 billion, and Sanctuary Court Awajishima, which went on sale in June, recording JPY15.4 billion.

Medical membership contract volume reached JPY4 billion, resulting in strong performance close to the JPY4.2 billion attained for the same period of the previous fiscal year. The performance in the same period of the previous year benefited from the start of sales of new memberships.

Based on the above, our revised plan for the fiscal year ending March is JPY260 billion in consolidated net sales and JPY29 billion in operating income, and we have revised our full-year results upward, expecting a record high in net sales and all income items.

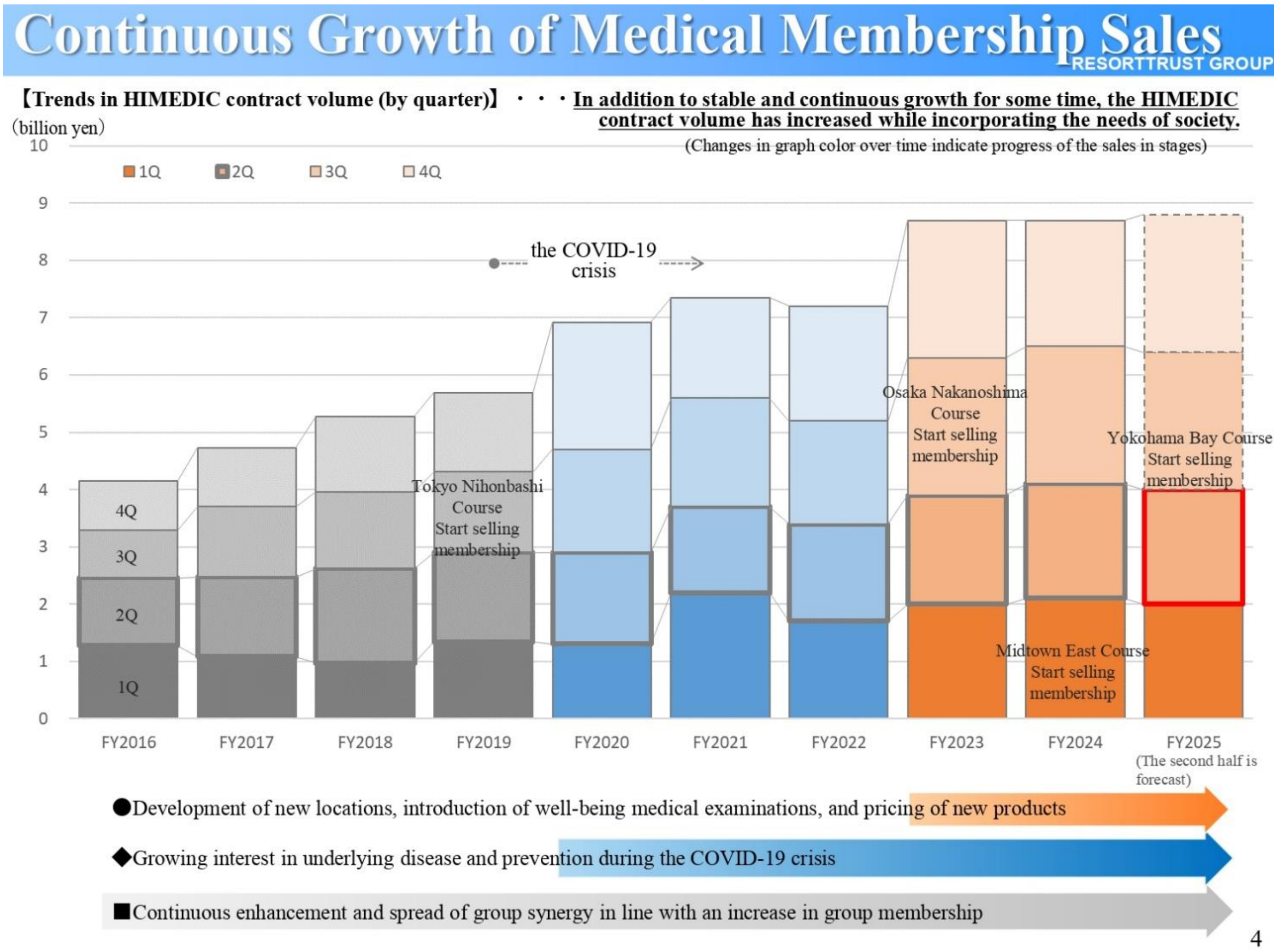
In addition to strong performance in H1 of the fiscal year, the Company expects to record deferred revenue resulting from the opening of SANCTUARY COURT NIKKO in Q4 during H2 of the fiscal year. Furthermore, all three operations are expected to remain stable, and the Company expects to reach new record highs in consolidated net sales, operating income, and ordinary income for three consecutive years.

In addition, we have raised the interim dividend by JPY1 to JPY17 and the year-end dividend forecast by JPY1 to JPY17, for a total annual dividend of JPY34, an increase of JPY2. We also expect this to be the highest annual dividend ever paid. We will later explain this individually.




On page three, this is a diagram of the stages of membership sales that you always see.

The first two are on the right. This is the start of the recruitment of Q4 in 2024 in Kanazawa, from the previous year, which actually has a significant impact on Q1 of the current year. Similarly, Awajishima started recruiting at the end of Q1, and Awajishima is firmly in effect in Q2, with record high contract volume in both the first and second quarters.




The next page is medical. In the medical, the previous year saw the introduction of a new membership called Midtown East, and although there was a slight delay in H1, contract volume was almost on a par with that of the previous year.

In addition, as I will explain later, in October, we started accepting new applications for Yokohama Bay Court, which is doing extremely well.

# Financial Highlights 2Q FY2025 (April to September)

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【Financial Highlights 2Q FY2025】 (Million yen)

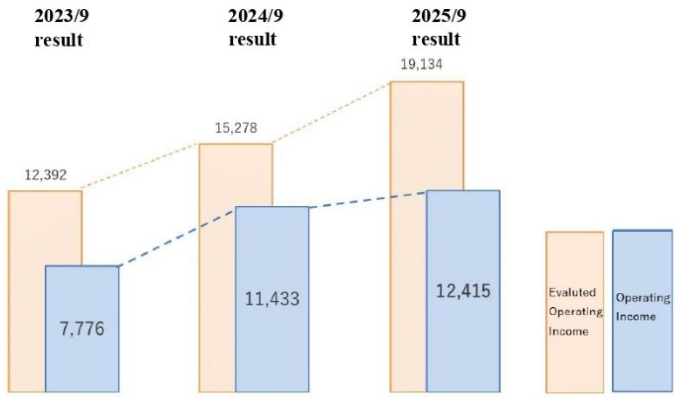
| | 2023/9 results | 2024/9 results | 2025/9 results | YoY Difference | 2025/9 Initial targets | vs. initial targets |
|---|---|---|---|---|---|---|
| Net Sales | 89,428 | 107,725 | 110,950 | +3.0% | 110,400 | +0.5% |
| Operating Income | 7,776 | 11,433 | **12,415** | +8.6% | 10,600 | +17.1% |
| Ordinary Income | 7,969 | 11,512 | 12,449 | +8.1% | 10,600 | +17.4% |
| Net Income | 6,084 | 7,522 | 8,620 | +14.6% | 7,100 | +21.4% |
| Evaluated net sales | 106,839 | 121,851 | 135,492 | +11.2% | 130,000 | +4.2% |
| Evaluated Operating Income | 12,392 | 15,278 | **19,134** | +25.2% | 15,800 | +21.1% |

*Income attributable to owners of parent is labelled as "Net income" in this document.
*From the Financial Results Presentation for the 1Q under review, the calculation method for evaluated operating income has been partially changed.

・Each business segment remained strong, centered on membership sales. In consolidated performance, net sales and each income type were higher year on year and vs. initial targets, despite the effects of the increase in deferred revenue carried forward to the next fiscal year due to an increase in the percentage of new properties.

・Evaluated operating income, which reflects actual performance including deferred, performed stronger than expected, increasing 25% year on year and 21% vs. initial targets.

【2Q FY2025 Historical 3-Year Trends in Evaluated Operating Income】
* Figures in blue graphs are operating income on a recorded basis.




(Reference)
*Evaluated Operating Income => Performance with special accounting factors restated as actual values

・Addition of deferred real estate income from unopened properties(Not accounted for until opening)
・Subtraction of the portion of real estate revenue realized at the time of opening. (The portion of revenues associated with sales up to the previous period)

*Changes in calculation methods and presentation from the Financial Results Presentation for the period under review
The additional portion affected by the change in revenue recognition standards for HIMEDIC registration fees from April 2021 has already been standardized to a certain extent, and will not be taken into account in valuation gains in the current period's materials. (Past figures will also be retroactively displayed using the same standards.)

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Please see page five. Financial highlights.

Actual sales for 2025/9 are JPY110.9 billion, up 3% from the previous year and up 0.5% from the beginning of the fiscal year. Operating income was JPY12.41 billion, up 8.6% from the previous year and 17% from the initial target. Ordinary income was JPY12.44 billion, up 8.1%, or 17% from the beginning of the period. Net income was JPY8,620 million, up 14% from the previous year and 21% from the initial target.

In particular, evaluated sales were JPY135.4 billion, and evaluated operating income was JPY19.1 billion. Regarding operating profit, on a valuation basis, we achieved significant growth of over 20%.

As you can see, almost all of our businesses have performed well.

## Segment Sales and Operation Income 2Q FY2025
## 3 main business segments

(April to September) RESORTTRUST GROUP

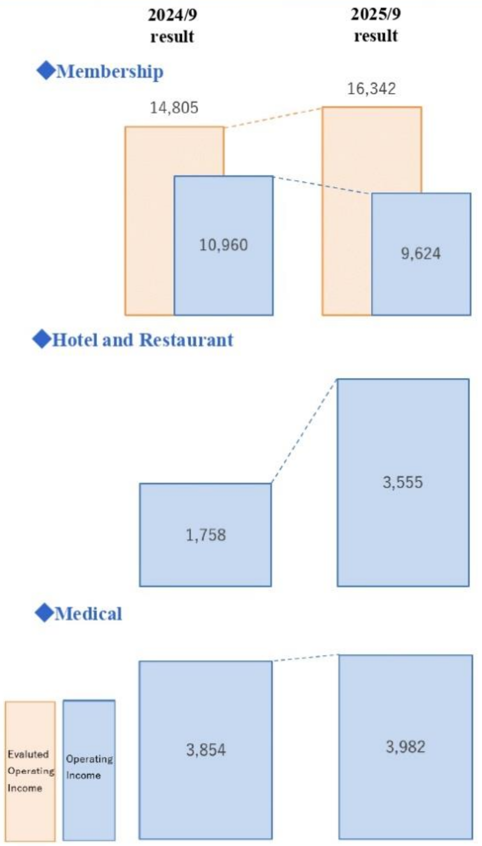
【Segment Sales and Operation Income 2Q FY2025】(Million yen)

| | | 2024/9 results | 2025/9 results | YoY Difference |
|---|---|---|---|---|
| Membership | Sales | 31,193 | 28,018 | (10.2%) |
| | Operating Income | 10,960 | **9,624** | (12.2%) |
| Hotel and Restaurant | Sales | 51,002 | 55,264 | +8.4% |
| | Operating Income | 1,758 | **3,555** | +102.1% |
| Medical | Sales | 25,189 | 27,313 | +8.4% |
| | Operating Income | 3,854 | **3,982** | +3.3% |
| Membership | Evaluated net sales | 45,319 | 52,561 | +16.0% |
| | Evaluated Operating Income | 14,805 | **16,342** | +10.4% |

・Membership: The effect of the start of sales of new membership in Kanazawa in March and in Awajishima in June resulted in a significant increase in contract volume. However, the percentage of incomplete properties sold increased, leading to an increase in deferred revenue carried forward to the next fiscal year (in the previous period, there was a high number of existing property sales). As a result, decreases in both sales and income were accounted for; however, when the deferred portion is corrected to the valuation basis, there is a 16% growth in sales and a 10% growth in income.

・Hotel and Restaurant: During the period under review, in addition to recording an increase in sales of approximately 800 million yen in the first half, due to the revision of annual fees from 4Q of the previous fiscal year, both occupancy and unit prices performed well, resulting in a significant increase in income. Income also increased due to the effects of revisions made to fees charged for certain rooms and food and beverage prices.

・Medical: HIMEDIC Business grew (revenue generated by an increase in the number of members), and medical service corporation revenue increased, resulting in higher sales and income. In the first half of the fiscal year, income is likely to grow at a slower pace due to an increase in fixed costs for two facilities that opened in the middle of the previous fiscal year. However, for the full fiscal year, we expect an overall increase in income of 700 million yen.

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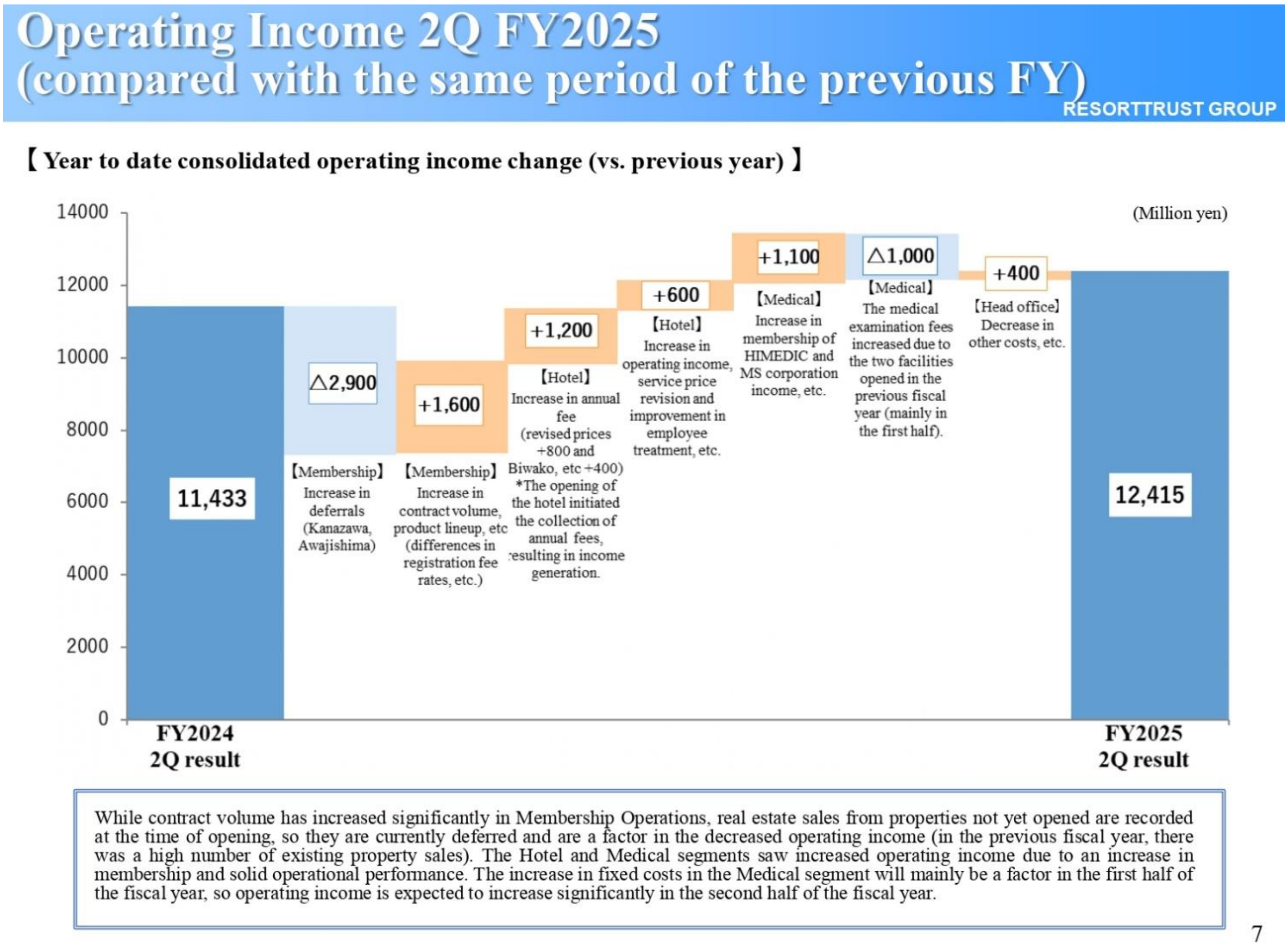
I will explain this in segments starting on the next page.

However, in the membership segment, net sales were down 10% of the previous year's level, and operating income was down 12% of the previous year's level. As explained in the box at the bottom of this page, the contract amount rose significantly due in part to the launch of new membership in Kanazawa in March and Awajishima in June, but the percentage of sales of uncompleted properties was significantly higher than in the previous year, resulting in an increase in deferred revenue and a decrease in both revenue and income. However, if you look at the bottom row of the table, you will see that the deferred adjustments show growth of more than 10% for both evaluated sales and evaluated income.

In the second segment, hotel and restaurant sales grew by 8.4%. And in terms of operating income, it has more than doubled. We believe this is the most noteworthy aspect of this period.

In the medical, both sales and profits are growing steadily.




Page seven shows the table of changes compared to the previous year.

The JPY11.4 billion on the left side, compared to the actual results for 2024/9, shows a JPY2.9 billion increase in the deferred portion of membership as I mentioned earlier. This is a negative amount. However, the overall increase in contract volume added JPY1.6 billion, the hotel division added JPY1.2 billion due to price revisions for annual membership fees, etc., and management income added JPY600 million, for a total increase of JPY1.8 billion at the hotels.

In addition, in medical, the increase in annual membership fees and other factors added JPY1.1 billion. However, two new facilities were opened in the previous fiscal year, and the cost of opening these facilities is included in the above figure, resulting in a negative JPY1 billion. Factoring in headquarters expenses, this period's result was JPY12.41 billion.

## Contract Values of Membership 2Q FY2025 (April to September)

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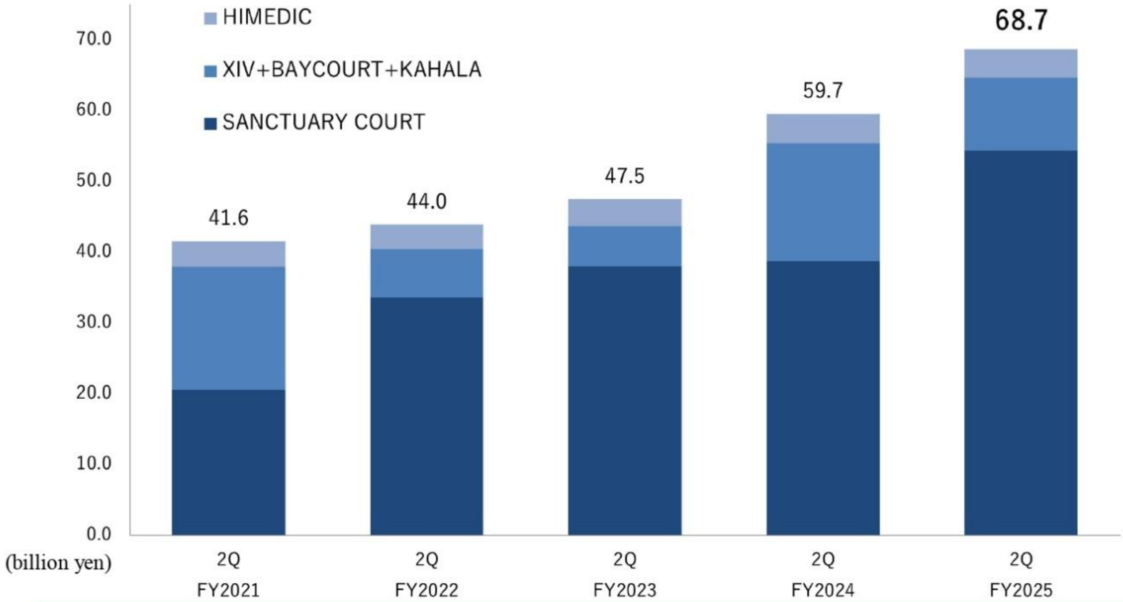
【Contract Values of Membership 2Q FY2025】 (Hotel + HIMEDIC)




During the period under review, in addition to the effect of the start of sales of membership for SANCTUARY COURT KANAZAWA on March 21 of the previous fiscal year, contract volume for XIV and Baycourt also remained robust. In addition, sales of memberships for the new product, SANCTUARY COURT AWAJISHIMA, started on June 20., resulting in an extremely high level of increase in overall contract volume at approximately 15% year on year.

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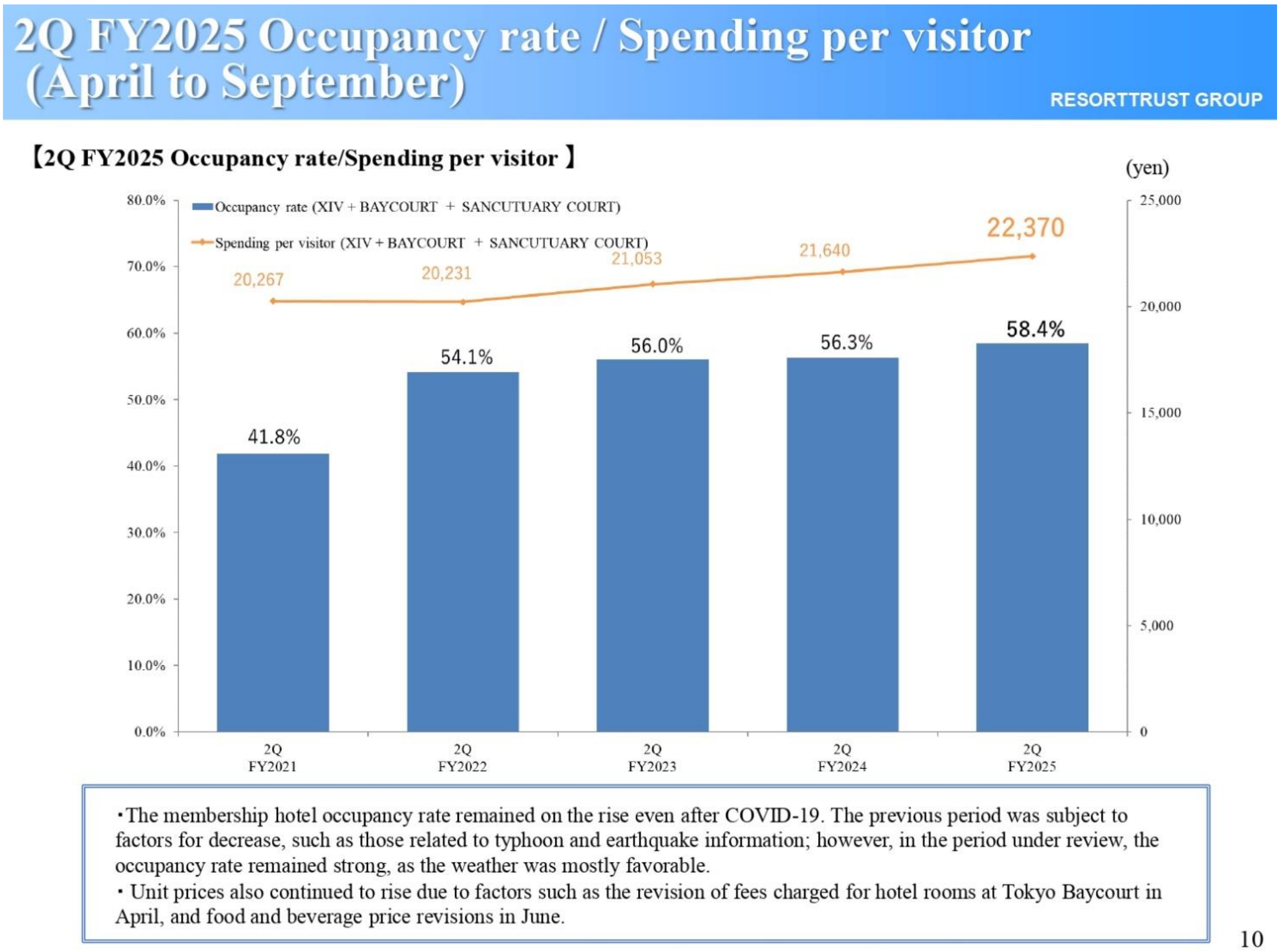
Starting on page nine is the status of main indicators and priority measures.

This is a bar graph of contract volume, and first of all, there has been a large increase overall, and then, as you can see, Sanctuary Court, the darkest color. This is firmly extended. In comparison, the blue section in the middle here, XIV + Baycourt + KAHALA, has decreased significantly compared to the previous year. This section represents the existing properties. The decrease here, combined with the increase in new Sanctuary Court properties with deferred revenue, accounts for the negative change compared to the previous period.

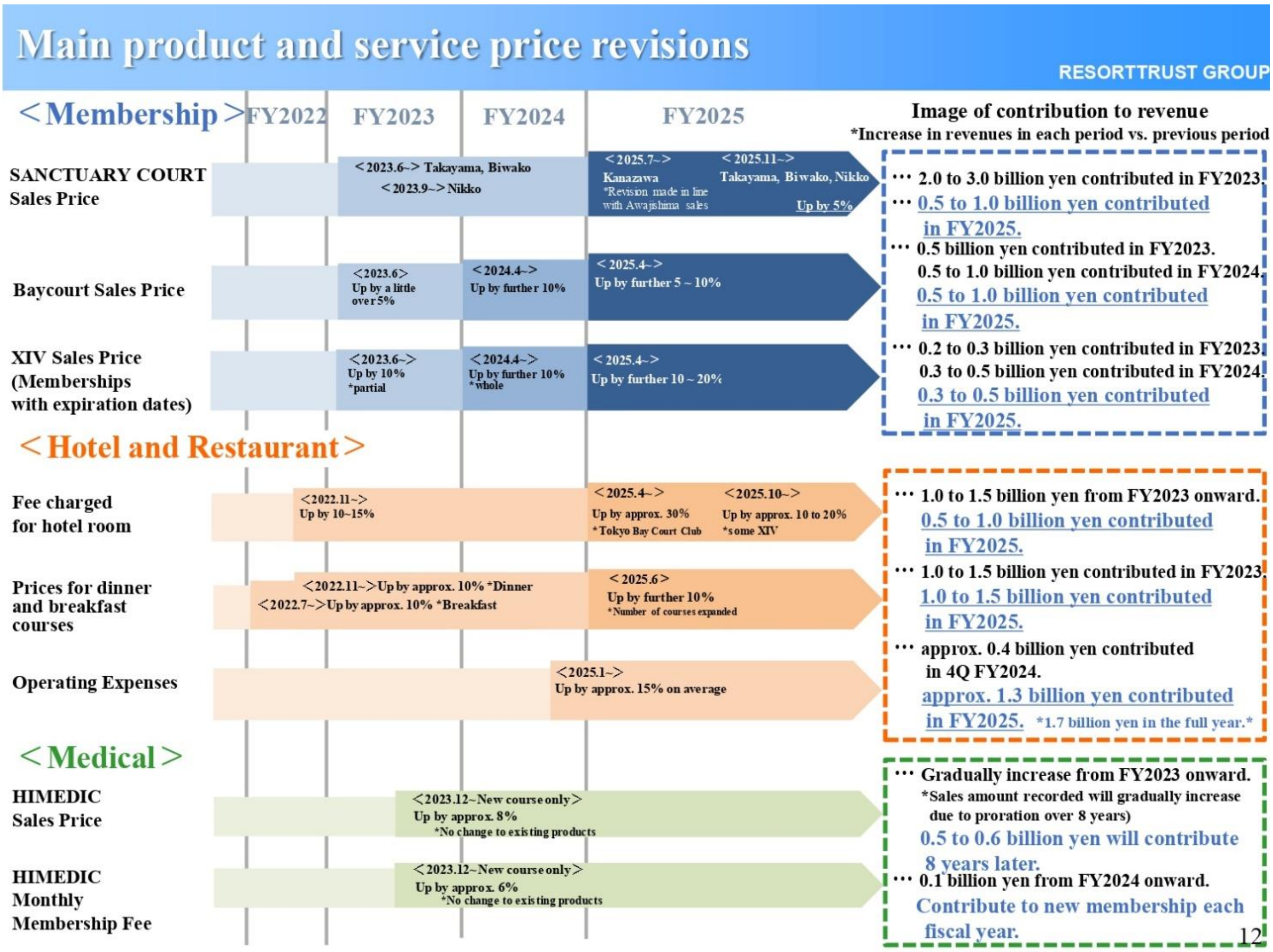



Next, page 10 shows the hotel breakdown. Both occupancy rate/spending per visitor have been growing steadily. In the previous fiscal year, in particular, we had some bad weather, and we were able to make a significant improvement. In addition, I think it can be said that the revisions to the room charge, food and beverage charges, etc., have been in effect since April.

We understand that you understand that we have revised our prices, but that we have also been able to increase our operation.


Page 11 shows medical. In the area of membership, as I mentioned earlier, sales have been steady at almost the same level as the previous year.

In the senior market, the occupancy rate has been stable and almost the same as the previous year, and I will briefly explain this development later.




Next, page 12. We have been revising our prices for the past three years, and finally, after two years of work, we were able to introduce the operating expenses in Q4 of last year, and this fiscal year is the first time that the sales increase in annual membership fees will take effect for a full year. We believe that this is the biggest reason for the increase.

## Progress of Priority Measures in this Medium-Term Plan (2Q FY2025)

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*Underlined are changes/progress from July to September.

### Enhancing earning power and improving profitability

- Revision of membership prices: April 2025 (existing properties) and July 2025 (SANCTUARY COURT KANAZAWA)
- Started of sales of new hotels: June 20 "AWAJISHIMA"
- Service price revisions: Fee charged for hotel room of Tokyo Bay Court Club (from April 2025), prices for dinner and breakfast courses (from June 2025) and fee charged for hotel room of some XIV (from October 2025.)
- Penetration of web-based reservations and smart check-in/out ⇒Web-based reservation rate is rising, target 50%.
- Form a partnership with JCB and PT Bank Danamon Indonesia Tbk for inbound measures in medical operations in June 2025.
- "HIMEDIC Yokohama Bay Course" started of sales in October 2025.
- Established of the New Senior Brand "HIMEDIC RESIDENCE THE GARDEN" in November 2025.
- Expansion of sales channels (increase in prospective customers) and enhancement of efficiency in sales activities including the promotion of contracts using digital methods.
- Official LINE account: Increased the number of "friends" (Increased from 399,529 as of March 31, 2025 to 432,640 as of Sept. 30, 2025)
- Launch of CX project to optimize customer support system and create new businesses.

### Human resources ・ Sustainability

- Improvement of compensation: Across-the-board pay + wage hike, performance-linked bonus allocation, thoroughly abolish the system of long breaks during the shifts of employees.
- Enhancement of recruiting activities: Referral hiring, on-the-spot hiring, hiring of foreign nationals, etc.
- Launch of Innovation Human Resource Development Program (new business concept project)
- Holding of Sustainability Committee (July) ⇒ Promotion of regional collaboration
- Discussion of succession planning at the Board of Directors meeting (October)
- Start of the Human Rights Due Diligence Project (October)

### Capital efficiency ・ Governance

- From June 2025, the Group will reduce the number of directors by half from the current 18 to bolster the governance of the Board of Directors.
- Realization of management that emphasizes capital efficiency even more towards the target ROE of 15%: Selected for JPX400 for the first time since 2019

**Promote the medium-term management plan "Sustainable Connect 2.0"**

See page 23 for the progress from FY2023 to FY2024. 13

Next, page 13 shows the progress of each of the priority measures.

In terms of membership prices, the prices of existing memberships were also revised in April. And Kanazawa just started accepting applications in March, but was reviewed again in July due to strong sales. The new hotel, Awajishima, began accepting applications on June 20 as planned.

And the price review mentioned earlier. In the current fiscal year, the room charge at Tokyo Bay Court Club was revised in April, the overall meal charge was revised in June, and this was followed by a price review of high-occupancy facilities at XIV, mainly Rikyu, in October.

And from June 2025, as I mentioned earlier, we are further accelerating our inbound measures by forming a new partnership with JCB and Bank Danamon in inbound with Mitsubishi Corporation. In October, we began sales of the HIMEDIC Yokohama Bay Course, which I mentioned earlier, and HIMEDIC has already achieved a record high contract volume in October.

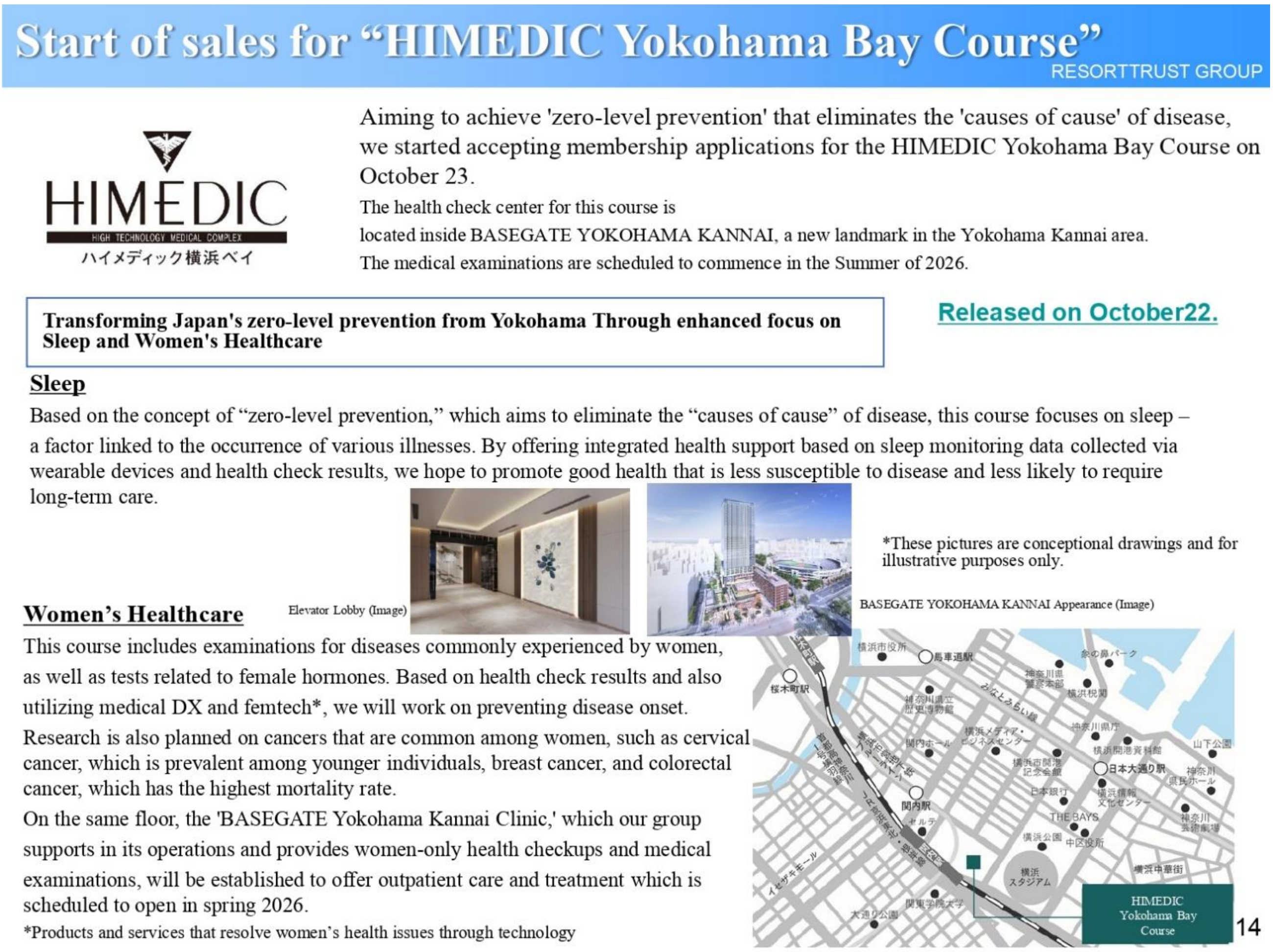
And since November, we have been rebranding and re-conceptualizing our senior residents as HIMEDIC RESIDENCE THE GARDEN. This will also be briefly explained later.

In terms of other measures, the use of digital technology, LINE connections, etc., have been successful, and we are now up to 432,000 people, which means that we have attracted about 33,000 new people in this half-year period.

In the area of Human Resources and Sustainability, we have continued to offer a salary increase and a performance-linked bonus, as in the previous fiscal year. Then, thoroughly abolish the system of long breaks during the shifts of employees. We have been enhancing recruiting activities: Referral hiring, on-the-spot hiring, hiring of foreign nationals, etc., and currently we are able to hire the desired number of graduates.

In addition, from the latter half of the fiscal year, we are now promoting a new human resource development program, which includes the recruitment of future executive candidates from within the Company. Additionally, succession planning within the Board of Directors is currently being thoroughly advanced on an individual basis. Then, the Human Rights Due Diligence Project was initiated.

Regarding capital efficiency and governance, we are currently strengthening board governance by halving the number of directors from the previous 18 members, effective June 2025 and beyond. In addition, the Company has been selected for JPX400 because of its management that focuses more on capital efficiency toward the target level of 15% ROE. With the above, we believe that we are making good progress in promoting the medium-term management plan, Sustainable Connect 2.0.




Continuing on, I would like to talk about the key points of H2 of this fiscal year, which I explained a little earlier.

One is on page 14, HIMEDIC Yokohama. For the first time, HIMEDIC will be located in Yokohama. This one started on October 22, and it will be a new landmark tower in Yokohama Kannai, BASEGATE YOKOHAMA KANNAI, and I think this [inaudible] is all comprehensive development. We will set up a medical examination center here.

The first one is that HIMEDIC has entered here, and this HIMEDIC is characterized by zero-level prevention, based on the concept of eliminating the 'causes of cause' of disease, with particular attention to sleep.

Therefore, we will conduct joint research with Yokohama City University on initiatives that also take into account well-being in providing comprehensive support based on the health check results of daily monitoring data using wearable devices.

The other is that this facility will also be a hybrid with a general facility, a hybrid facility that shares such a main modality. As for features, this time it will be a women-only clinic and a women-only health checkup center. Therefore, our concept is to provide women-only outpatient clinics, medical checkups, and treatment with a focus on cancers specific to women and cancers that are common among women, especially those related to female hormones, which tend to change with each age group.


And one more thing, next page. This is an evaluation of the seniors, or should I say a leveraging of the current care type. This time, we have created a brand called HIMEDIC RESIDENCE.

Therefore, this facility places even greater emphasis on medical care than before. The first is, of course, HIMEDIC. Tailor-made checkups by HIMEDIC doctors. This is different from the usual HIMEDIC checkup, which is appropriate for seniors. Especially for seniors, the situation differs considerably from person to person, so we will conduct a thorough health checkup in the form of a custom-made program.

The care program also places emphasis on dementia prevention and good sleep in collaboration with HIMEDIC, as mentioned earlier. This will also make firm connections with Plasmalogen and other ingredients we have been dealing with.

In terms of diet, in addition to frailty prevention meals, the MIND diet is now available. Regarding exercise, we are currently conducting joint research with Kobe University to implement a dementia prevention exercise program. Therefore, we would like to strengthen our brand power by presenting data on the effectiveness of preventive measures and presenting them academically, as we will have medical checkups in the future.

Therefore, we plan to gradually rebrand the current facilities, the long-term care facilities, and Trust Garden, as HIMEDIC RESIDENCE, starting with the facilities where this program can be implemented.

## Full-Year Earnings Plan for FY2025 *Upword revision as of November 13”

RESORTTRUST GROUP

**<Consolidated Targets>**

| | FY2024 results | FY2025 Revision targets | YoY Difference |
|---|---|---|---|
| Net sales | 249,333 | **260,000** | +4.3% |
| Operating income | 26,365 | **29,000** | +10.0% |
| Ordinary income | 26,848 | **29,000** | +8.0% |
| Net income | 20,139 | **20,300** | +0.8% |
| Evaluated Operating Income | 26,161 | **33,010** | +26.2% |

*See page 5 for the method of calculating evaluated operating income in this document.

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

| | | FY2024 results | FY2025 Revision targets | YoY Difference |
|---|---|---|---|---|
| Membership | Sales | 93,642 | **91,850** | (1.9%) |
| | Operating income | 27,445 | **24,400** | (11.1%) |
| | Evaluated Operating Income | 28,336 | **29,688** | + 4.8% |
| Hotel and Restaurant | Sales | 103,978 | **112,400** | + 8.1% |
| | Operating income | 2,049 | **5,700** | + 178.1% |
| Medical | Sales | 51,001 | **55,100** | + 8.0% |
| | Operating income | 7,508 | **8,200** | + 9.2% |
| Other | Sales | 711 | **650** | (8.7%) |
| | Operating income | 766 | **800** | + 4.4% |
| Head office costs | Operating income | (11,404) | **(10,100)** | (11.4%) |
| | Sales | (12,499) | **(11,378)** | (9.0%) |
| Total | Sales | 249,333 | **260,000** | + 4.3% |
| | Operating income | 26,365 | **29,000** | + 10.0% |
| | Evaluated Operating Income | 26,161 | **33,010** | + 26.2% |

*Preparation costs for the opening of the Membership segment are included in headquarters for valuation gains.

**<vs. previous period Main differences in calculations>**

*Underlined are changes from revision targets as of start of the fiscal period.

＜Net Sales / Operating Income＞

・Hotel membership Contract value
FY2024: 105.5 billion yen (New releases: Yatsugatake, Kanazawa)
FY2025: 120.7 billion yen (New releases: Awajishima)

・Contract Values of HIMEDIC
FY2024: 8.7 billion yen FY2025: 7.6 billion yen

・Deferred Realization (Account for the portion of the sale completed by the first semester.)
FY2024: Deferred realized gains +7.4 billion yen (Biwako)
FY2025: Deferred realized gains +7.8 billion yen (Nikko)

・Revenue deferred during the fiscal year (due to sales of unopened properties)
FY2024: Deferred income of (7.2) billion yen (Nikko, Yatsugatake, Kanazawa)
FY2025: Deferred income of (11.9) billion yen (Yatsugatake, Kanazawa, Awajishima)

・Opening-related expenses
FY2024: (1.1) billion yen FY2025: (1.3) billion yen

・Operating and maintenance costs
FY2024: (4.7) billion yen FY2025: (4.0) billion yen
*Converted to all lighting fixtures to LEDs in FY2024.

・Head office costs (recording of bonuses as corporate expenses)
FY2024: An across-the-board amount is recorded as a lump-sum allowance in head office costs

・Hotel occupancy rate
XIV・・・FY2024: 55.4% FY2025: 56.9%
BCC・・・FY2024: 54.9% FY2025: 58.0%
SAC・・・FY2024: 69.0% FY2025: 69.9%

See also page 34 to 37 for details of each plans for each segment.

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The following is the forecast for the full year. Page 17. As I mentioned earlier, we have revised our full-year forecast for the fiscal year ending March 31, 2026 to JPY260 billion, up 4.3% from the previous year. Operating income was JPY29 billion, up 10% from the previous year. Ordinary income was JPY29 billion, up 8% from the previous year. We have revised our net income upward by 0.8% to JPY20.3 billion.

Yes. This is a brief summary of H1.

## Question & Answer

**Moderator [M]**: We will now begin the question-and-answer session. We are accepting questions now. Please send us your questions.

First of all, Mr. Sekine of Daiwa Securities would like to ask a question.

**Sekine [Q]**: I am Sekine from Daiwa. Thank you for your explanation. I would like to ask you two questions, and I hope you will answer each question.

First, though, can you tell me about your pricing strategy in large part? Looking at the financial results this time, I think that in membership, while new projects are growing, existing properties are also continuing to do well. I believe that this situation has allowed you to raise the sales price, even though construction costs have naturally increased.

On the other hand, I believe you have also been promoting initiatives like HIMEDIC RESIDENCE within your medical this time. You will continue to raise prices across all businesses, including membership, medical, and especially hotels and restaurants, by enhancing value and increasing pricing. Is there any significant change in this direction? For example, in the case of medical, I think you have proposed HIMEDIC RESIDENCE this time, so I wonder if you would like to place more emphasis on monetization than in the past. This is about the approach to monetization. Also, please tell me about your future focus and how you plan to place emphasis on this area. This is the first one.

**Fushimi [A]**: Yes. As you say, raw materials are still rising. As you know, the construction period for new facilities under contract has increased from 2.5 years to 4 years from the start of construction. Then, price fluctuations in that area will be quite large, and we need to anticipate that.

However, the client has to bear the cost of such price fluctuations, and we have to reflect this in our prices. However, we are currently doing very well, and all of our buildings are expected to be sold by the time they are completed, so there is a risk that once they are all sold, costs will rise further, pushing down overall costs.

So, of course, we will set the price in part by taking into account the cost of the property, but since we do not offer only one property, the price will reflect two or three properties in turn, such as the current Kanazawa and Awajishima properties. If there is a large price difference there, only one of the properties will sell, and that would be very unbalanced. So, to avoid such a situation, one should take steps and start reviewing prices now.

So, of course, the price is higher for new buildings that start construction, but one of the standards will be adjusted to match, for example, the three standards of the existing offerings. One thing to do is to raise the overall level while aligning in such a way.

As for the unanticipated higher costs, some of them have already been offered, so it is true that we are now making very delicate adjustments, reviewing the prices of existing properties as a whole, and adjusting the prices as a whole. In fact, this will also align with our offering pace. And regarding the price review we had actually planned for H2, we are considering bringing it forward by about two months. At this level, we are making very fine adjustments while firmly implementing price pass-through.

**Sekine [Q]**: Thank you very much. Also, in medical, will it be possible to further monetize the HIMEDIC RESIDENCE? What do you think?

**Fushimi [A]**: The price review at HIMEDIC RESIDENCE is still a bit in limbo at the moment. So, we are releasing this now and hope to review it when we have some evidence, as I mentioned earlier.

**Sekine [Q]**: Okay. Thank you very much. The other is this balance between investment in growth for sustainable growth and also profit generation. H1 of this period was also exceptionally strong, and I believe that in H2, head office costs, likely centered around personnel expenses, have been steadily increasing. Consequently, looking at the current stock price, it unfortunately appears somewhat weaker compared to the morning trade.

When you think about it in the future, for example, do you intend to maintain a certain level of profit margin? But after that, do you want to invest? Or perhaps, within this medium-term management plan, the latter half of the next few years will see profits generated, including the recognition of deferred revenue. While you will manage profits to some extent in H1, you will strive to maximize profits as much as possible in H2, right? Let me take a moment to clarify your approach to profit margins in this area and the timing of generating profits. That is all.

**Fushimi [A]**: Yes. Regarding profits, naturally, we are firmly grounded in achieving stable growth in both profit margins and profit amounts. In this sense, there are no particular factors that would cause profits to decline.

However, in terms of business investment, as I mentioned earlier, we are seeing a great deal of activity, especially in the medical, including new M&As and new investments, and many projects are emerging. In that aspect, we would like to invest in those areas of this current strong performance that have firmly exceeded the plan.

Also, existing properties, which until now have been rather passive. This is because we have been focusing on large-scale renovations and rebuilding, and in contrast, we have been a little behind in some areas overall. Starting this fiscal period, we plan to ensure that reinvestments aimed at boosting profitability are carried out thoroughly at each facility level. Now that we are seeing such plans from each facility one after another, we will be investing more than ever before in such investments.

**Sekine [M]**: Okay. Thank you very much.

**Moderator [M]**: Now, Mr. Oda from SMBC Nikko Securities, please.

**Oda [Q]**: Thank you. I am Oda from SMBC Nikko Securities. I also have two questions, please. I hope you can answer each question. The first would be the numbers, and I'm looking at the revised plan, especially for H2. Especially in H2 for membership, you are planning a decrease of about JPY1.7 billion from last year.

Of course, deferred gains and losses will likely decrease by about JPY1.5 billion compared to H2 of last year. I understand that part. However, on the other hand, the contract value itself will probably increase compared to H2 of last year. So, I thought you might be able to generate a bit more profit. If there is a possibility, is it possible that the mix of purchase and resale activities last year may be a factor in H2 of this year as well? I would like to ask you about your thinking on profit and loss in H2 of the membership business, the assumptions of your plans, etc., as the first question.

**Fushimi [A]**: Yes. As you mentioned, we continue to see strong contract volume, so we do not expect to see new offering as we did in H1, so our view for the full year is that we will capture the plan well, although not as well as we did in H1.

However, one thing about the plan, the start of offering for new facilities, which had been planned for March, has been pushed back to April, which has a slight negative impact compared to our forecast.

As you pointed out, we are preparing for the purchase and resale of existing properties compared to the previous period, but this is still about half of what it was in the previous period. While the number of projects has decreased, we are also seeing a concentration in new projects. Therefore, rather than forcing existing properties into H2, we plan to hold back for H2 if possible. Whether it is March or April, we are not sure yet. We are considering holding off on financial measures or new projects until we have accumulated a sufficient number after April, then launching a campaign-style offering. As for that part, as you mentioned, I believe that is the primary reason for the decline in profit margins.

**Oda [Q]**: Okay. Just a second question regarding that. This is precisely the confirmation of the buy-and-resell situation you just explained. I think you mentioned that at the end of Q1, you would start making preparations for Q2 or so. The current situation, basically, how did this Q2 go?

As you mentioned earlier, new sales are probably higher than your initial policy, so I understood that you were saying that you wanted to make sure that the sales would be higher for next year than for this year. Could you tell me a little bit about your thinking in this area of purchase and resale in H1 and for H2 of this year and beyond? This is the second.

**Fushimi [A]**: Yes. I think we are doing about JPY3 billion each quarter, and still. However, the difference from H1 was that in H1, there were clearly people of sleep and people who did not use it at all, so in a sense, we were able to collect a certain number of people by confirming their intention to sell, for example, in a business sense, even if they were not sales people. These aspects have now come full circle to a certain extent.

But we still have them as properties, for example, they have two or three units, and they use them or not. However, since there are various factors such as future usage intentions, for example, inheritance, etc., a sales representative will have to come in and consult with the customer and purchase the property.

Therefore, in this new one now, rather than all of us taking on that, we will store such things sequentially while firmly expanding the current new membership. When we do things piecemeal like this, it becomes quite difficult to concentrate. Therefore, we would like to save up enough properties in such a way that it does not interfere with our current sales activities, and at some point in time, we would like to launch a campaign like the one we launched in H1.

**Oda [M]**: I understand. Understandable. That is all from me. Thank you very much.

**Moderator [M]**: Does anyone have any other questions?

**Company Representative [M]**: There is still time, but since there are no other questions, we will close the question-and-answer session. This concludes the briefing. Thank you for your participation.

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

**Company Representative [M]**: Thank you very much.

[END]

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***Document Notes***

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