Resorttrust, Inc.

Q1 Financial Results Briefing for the Fiscal Year Ending March 2026

August 13, 2025

Event Summary

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[Participants]	
[Number of Speakers]	3

[Number of Speakers]	3	
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*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

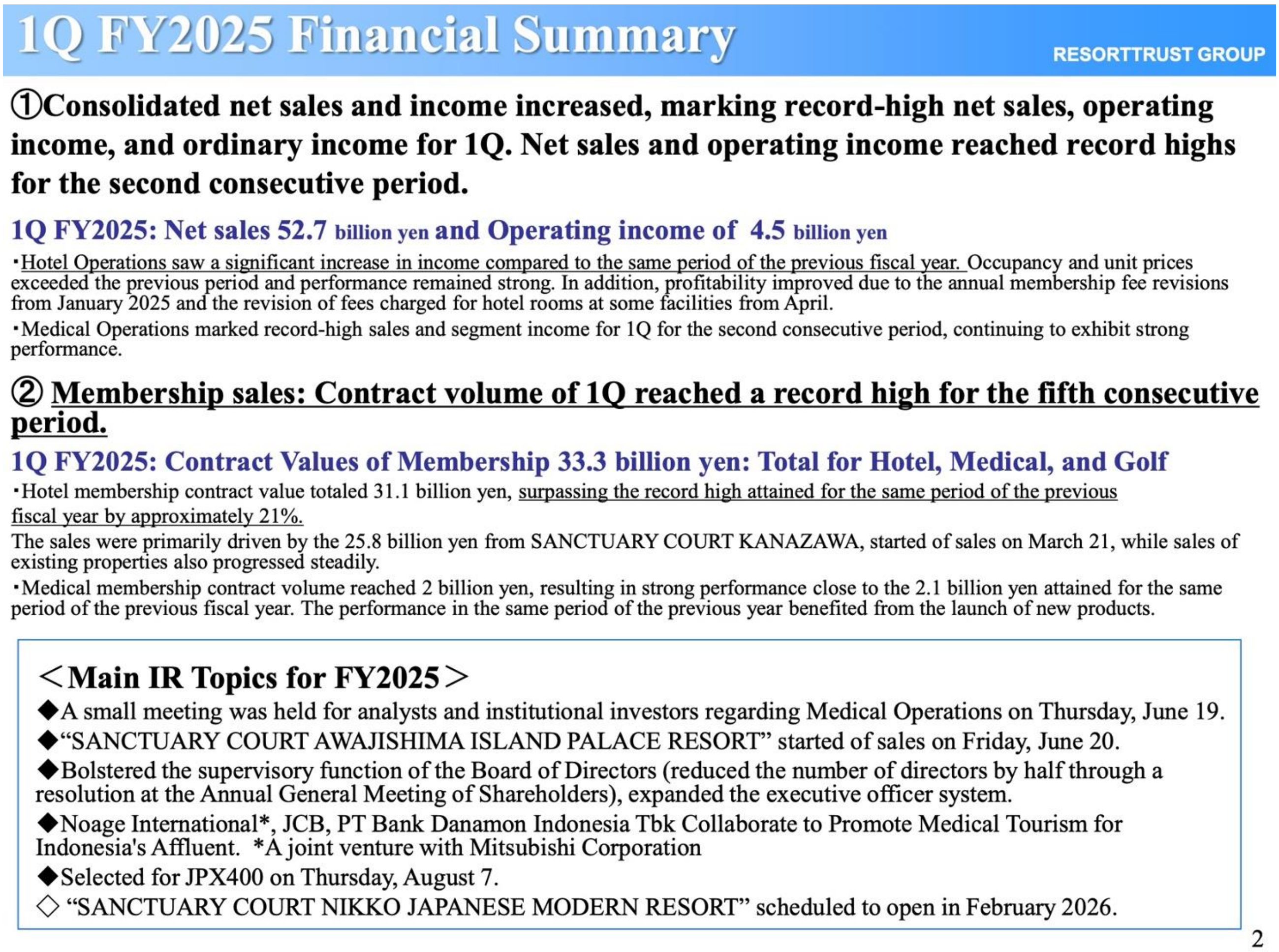
Moderator: Thank you for taking the time out of your busy schedules to join us today.

We appreciate your participation in Resorttrust, Inc.'s conference call. Today's call is attended by our President and Representative Director, Ariyoshi Fushimi, along with IR representatives Makino and Honda.

We will begin with President Fushimi's explanation of the Q1 financial results, followed by a Q&A session. The entire meeting is scheduled to last for up to one hour. Presentation materials have been posted on our website, and we encourage you to review them.

With that, let us begin. President Fushimi, please go ahead.

Fushimi: Thank you. This is Fushimi from Resorttrust. I appreciate the opportunity to speak with you today. I will now briefly summarize our Q1 results based on the presentation materials.



First, please turn to page two for the financial summary.

For FY2026, we posted consolidated net sales of JPY52.7 billion and consolidated operating profit of JPY4.5 billion. In Q1, both revenue and profit increased YoY, with net sales, operating profit, and ordinary profit all hitting record highs for Q1. Both net sales and operating profit reached record highs for the second consecutive fiscal year.

The most notable factor was a significant increase in profit for the hotel operations business compared to the same period last year. This was driven by occupancy and room rates both exceeding the previous year's levels, maintaining a strong performance. Additionally, we revised annual membership fees in January 2025 and adjusted room charges at some facilities starting in April, contributing to improved profit margins.

Our medical business also achieved record-high Q1 net sales and segment profit for the second consecutive fiscal year, maintaining strong momentum.

Second, regarding membership sales: In FY2026, the total contract value for hotel, medical, and golf memberships reached JPY33.3 billion. Hotel membership sales achieved a record high for the fifth consecutive Q1, reaching JPY31.1 billion, about 21% above the previous year's record. Sales were driven mainly by Sanctuary Court Kanazawa, launched on March 21, which recorded JPY25.8 billion, as well as steady sales of existing properties.

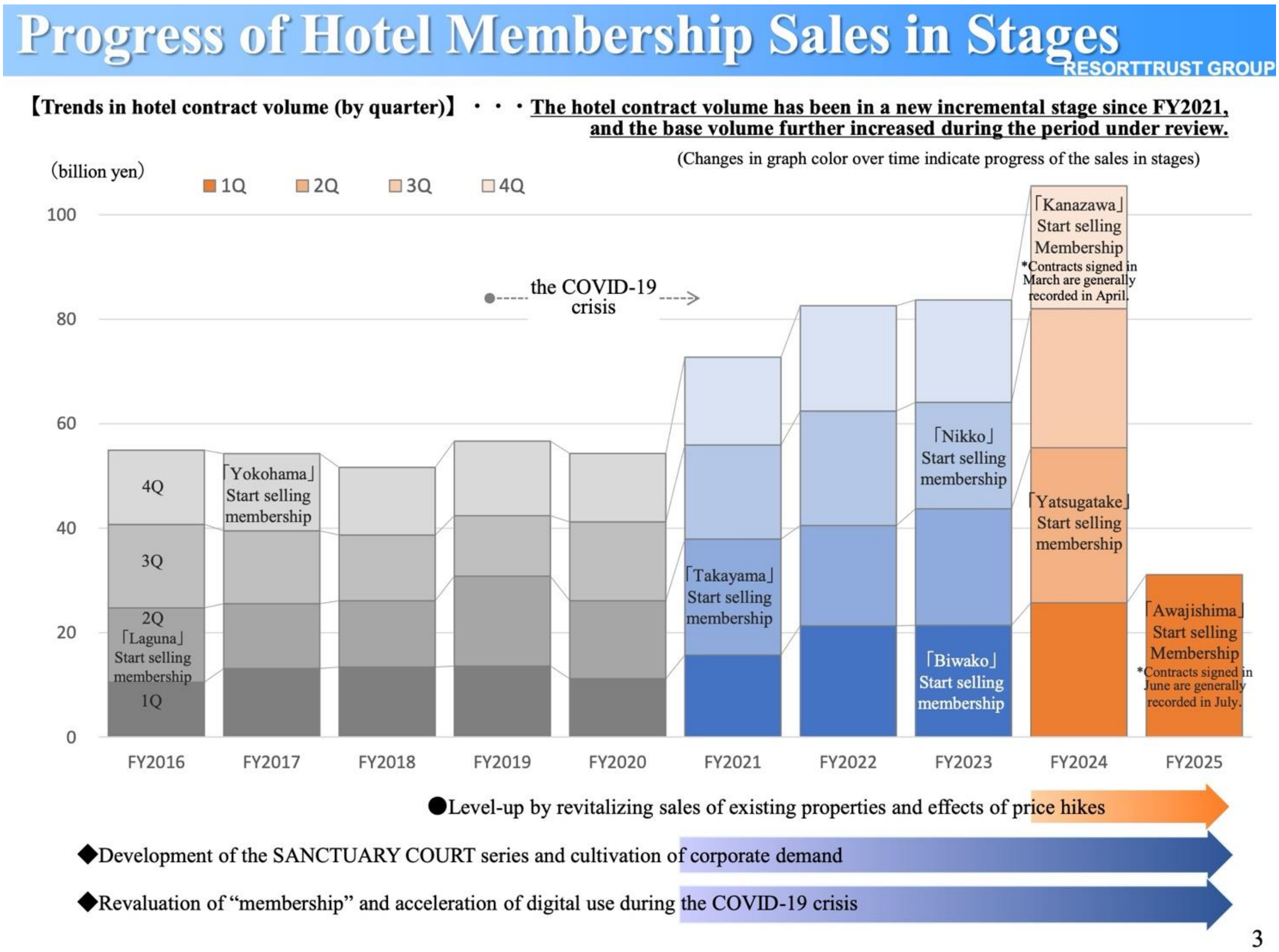
Medical membership contracts totaled JPY2 billion. Although last year's JPY2.1 billion benefited from the launch of a new product, this year's figure came close, marking a very strong result.

Other key topics for the quarter include the start of sales for membership rights to Sanctuary Court Awajishima Island Palace Resort on June 20.

In addition, as we have previously explained, to strengthen the Board of Directors' supervisory function, we halved the number of directors through a resolution at the Annual General Meeting and expanded the executive officer system.

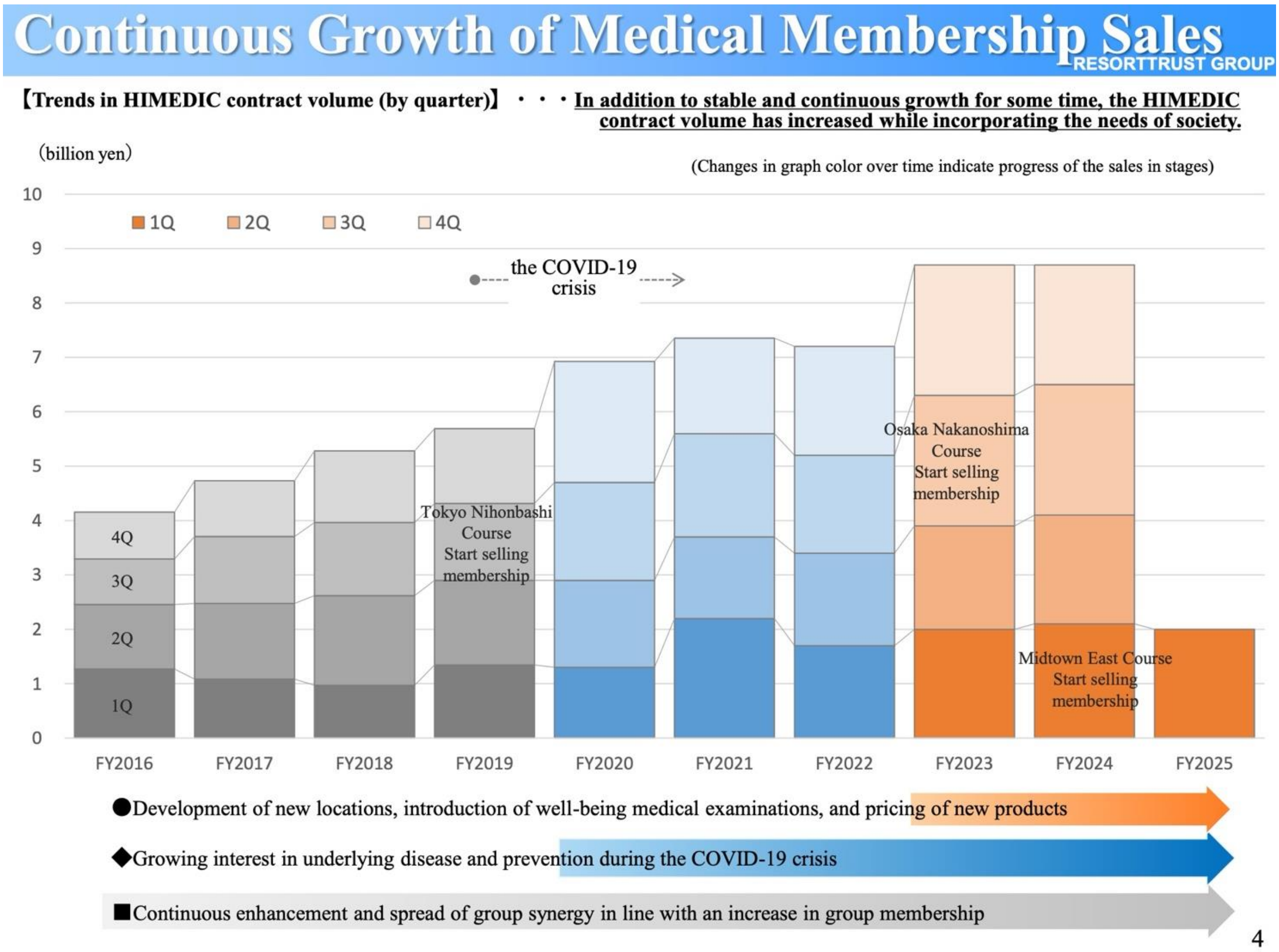
Our joint venture with Mitsubishi Corporation, Noage International, has begun concrete operations.

As announced on August 7, we have been selected for inclusion in the JPX-Nikkei Index 400 for the first time in six years. Looking ahead to H2, we plan to open our Nikko property in Q4.



Turning to page three, which covers hotel membership sales.

This chart shows the timing of sales and the quarterly trend in contract value. As mentioned earlier, although sales for our Awaji property began at the very end of Q1, we still achieved a record-high contract value for a first quarter, as shown here. This figure also factors in [inaudible] as well as revisions to membership prices.



Page four shows our medical business. Here too, Q1 maintained contract values at nearly the highest level on record.

Financial Highlights 1Q FY2025 (April to June)

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【Financial Highlights 1Q FY2025】 (Million yen)

	2023/6 results	2024/6 results	2025/6 results	YoY Difference
Net Sales	42,994	50,949	52,796	+3.6%
Operating Income	3,250	4,057	**4,548**	+12.1%
Ordinary Income	3,427	4,062	4,504	+10.9%
Net Income	3,042	2,421	3,053	+26.1%
Evaluated net sales	51,695	58,355	64,871	+11.2%
Evaluated Operating Income	5,590	6,004	**7,871**	+31.1%

*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.

【1Q FY2025 Historical 3-Year Trends in Evaluated Operating Income】
* Figures in blue graphs are operating income on a recorded basis.

・In membership sales, deferred revenue carried forward to the next fiscal year increased due to an increase in the percentage of new properties, however sales were 3% higher year on year while each income type was higher by 10% or more year on year.

・Evaluated operating income, which reflects actual performance including deferred, increased by more than 30%, resulting in a very satisfactory 1Q result.

(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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Page five presents our financial highlights. Net sales were JPY52.796 billion, up 3.6% YoY; operating profit was JPY4.548 billion, up 12%; ordinary profit was JPY4.504 billion, up 10.9%; and net income was JPY3.053 billion, up 26.1%. While membership sales were strong, reflecting both new properties and solid existing sales as mentioned earlier, a significant increase in deferred profit meant that net sales rose only 3%. However, all profit lines exceeded the prior year by more than 10%.

Therefore, when looking at our performance in terms of evaluated net sales, a measure we have used consistently, sales rose 11.2%, and evaluated operating profit grew 31%, indicating that membership sales remain very strong.

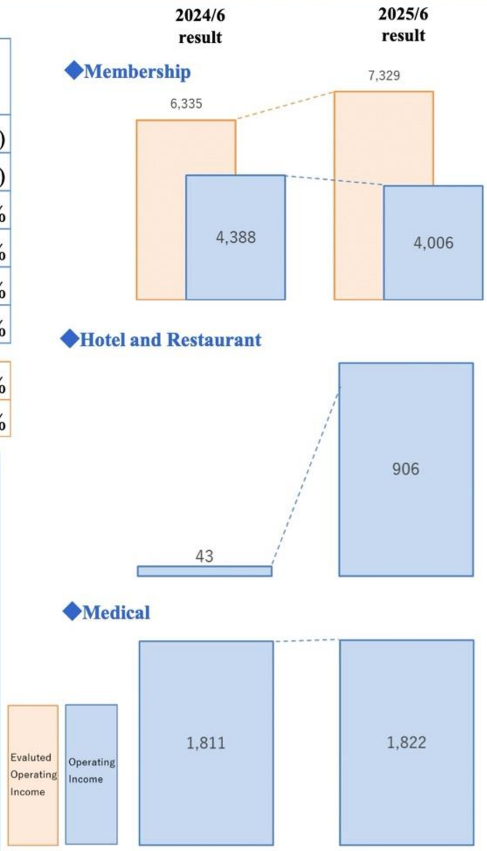
Segment Sales and Operation Income FY2025
3 main business segments

(April to June) RESORTTRUST GROUP

【Segment Sales and Operation Income 1Q FY2025】 (Million yen)

		2024/6 results	2025/6 results	YoY Difference
Membership	Sales	14,182	12,865	(9.3%)
	Operating Income	4,388	**4,006**	(8.7%)
Hotel and Restaurant	Sales	24,231	26,177	+8.0%
	Operating Income	43	**906**	+2000.9%
Medical	Sales	12,360	13,581	+9.9%
	Operating Income	1,811	**1,822**	+0.6%
Membership	Evaluated net sales	21,588	24,940	+15.5%
	Evaluated Operating Income	6,335	**7,329**	+15.7%

- Membership: The effect of the launch of new products in Kanazawa on March 21 was recorded in the period under review, resulting 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. As a result, both sales and income declined, however when the deferred portion is corrected, there is a 15% growth in both sales and income.
- Hotel and Restaurant: During the period under review, in addition to recording an increase in sales of approximately 400 million yen in 1Q 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. From 2Q onwards, an increase is expected due to the effect of food and beverage price revisions.
- 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 500 million yen.



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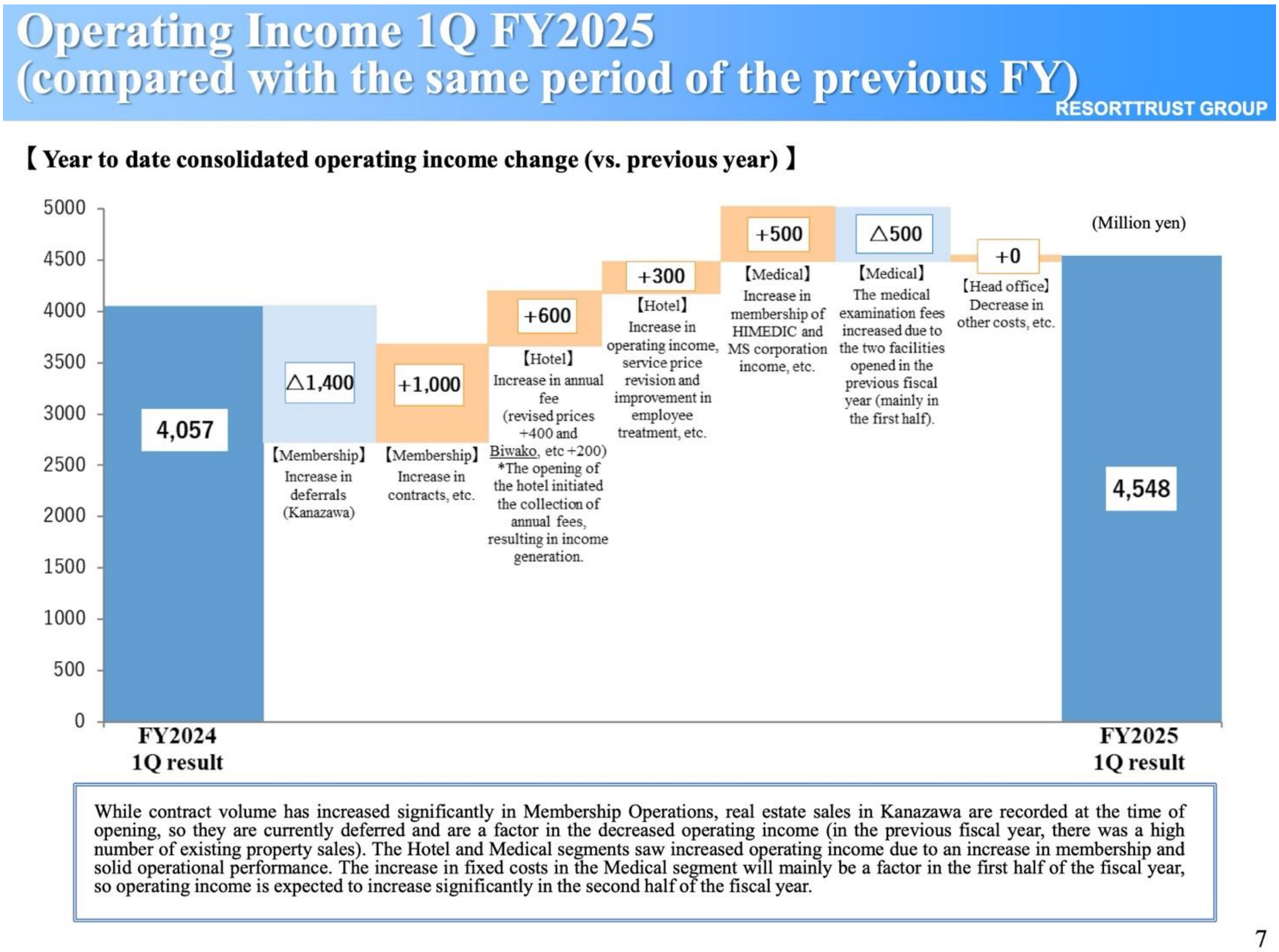
Page six shows the segment breakdown.

Here, while membership contracts were strong, net sales and operating profit were down 9.3% and 8.7%, respectively. As mentioned earlier, this was because in Q1 the bulk of sales came from uncompleted properties such as Kanazawa and Awaji Island, resulting in a significant increase in deferred profit. Consequently, revenue and profit for the period were down.

For [inaudible], hotel restaurants recorded an 8% increase in sales and a 2,000% increase in operating profit, representing a major improvement. This reflects not only higher sales, occupancy, and room rates, but also the impact of controlling personnel costs, which were near peak levels last fiscal year, and investments in productivity improvements. Together, these have strengthened our operational structure, which we believe is a [inaudible] for the future.

In the medical business, both HIMEDIC and MS corporations performed well. However, in H1, overnight operations saw a slight [inaudible], limiting operating profit growth. Nevertheless, when viewed on an evaluated basis, as with membership sales, both evaluated net sales and evaluated operating profit grew steadily.



Next, page seven compares results with FY2025.

Compared to the prior year’s [inaudible] of JPY4.06 billion, the increase in deferred profit, as noted earlier, had a negative impact this year of JPY5.4 billion. However, higher overall contract value recovered about JPY1 billion of that amount. Additionally, higher annual membership fees from hotel price revisions, annual fee changes, and new members contributed JPY600 million; operational improvements in hotels added JPY300 million; and medical annual fee increases, together with strong performance from MS corporations, added JPY500 million.

In the medical segment, however, two facilities opened in the previous year, and the related fixed costs have [inaudible], resulting in a negative JPY500 million. Consequently, operating profit for the current fiscal year was JPY4.55 billion, up approximately JPY500 million from the previous year.

Contract Values of Membership 1Q FY2025 (April to June)

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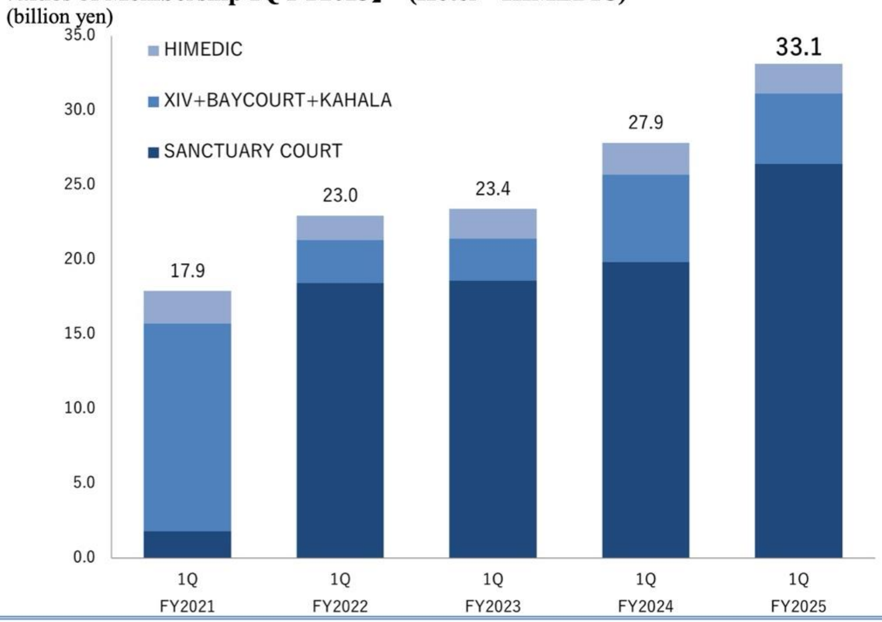
【 Contract Values of Membership 1Q FY2025】 (Hotel + HIMEDIC)



During the period under review, in addition to the effect of the launch of SANCTUARY COURT KANAZAWA on March 21 of the previous fiscal year, contract volume for XIV and Baycourt also remained robust, growing at a high level of approximately 20% year on year. In addition, the new product SANCTUARY COURT AWAJISHIMA was launched on June 20, but most of it will be recorded from 2Q onward.

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Page nine outlines our key operating indicators and priority measures.

As this repeat what we have already covered, I will not go into detail here, but it shows the growth in Q1 contract value.

1Q FY2025 Occupancy rate / Spending per visitor (April to June)

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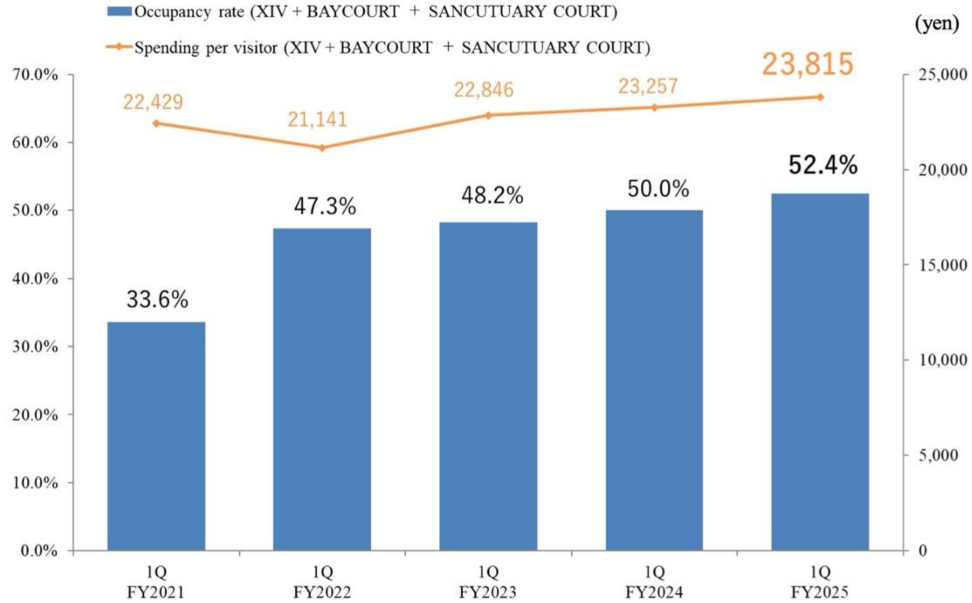
【1Q FY2025 Occupancy rate/Spending per visitor】



・The membership hotel occupancy rate remained on the rise even after COVID-19. In the period under review, facilities in the Kansai region were boosted by Expo 2025, and utilization by SANCTUARY COURT members continued to contribute significantly.

・Unit prices also continued to rise overall due to factors such as the revision of fees charged for hotel rooms at Tokyo Baycourt in April.

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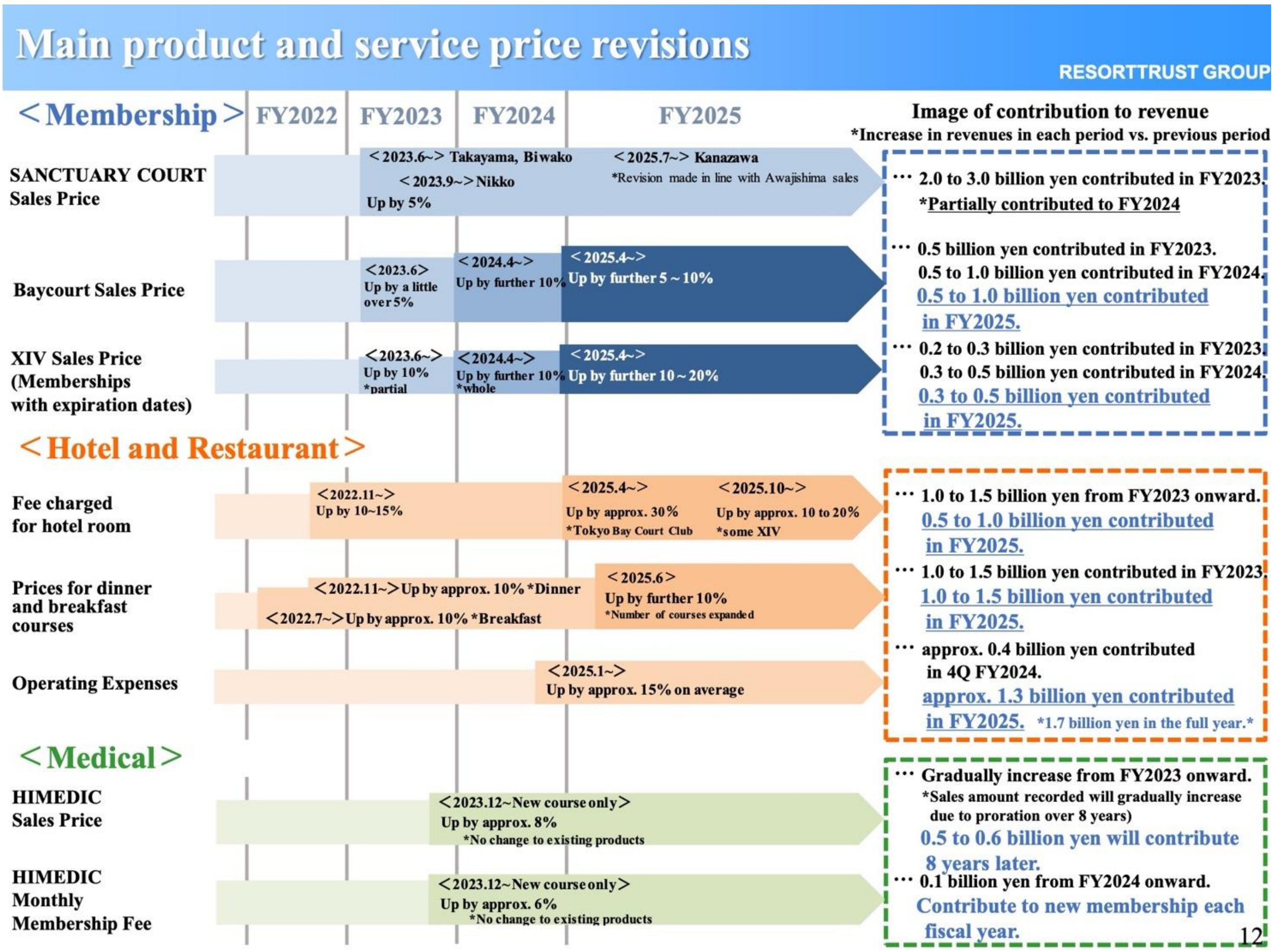
Page 10 covers our hotel operations.

Occupancy was 52.4%, up 2.4 percentage points YoY, and average spending per guest was JPY23,815, an increase of just under JPY600 compared to the previous year.

Page 11 covers our medical business. Recruitment for HIMEDIC memberships remains steady. However, occupancy at our senior residences has been slightly delayed, currently at 87%. That said, the short-stay program, which we [inaudible], has been filling up since April, so actual occupancy from April onward is [inaudible].

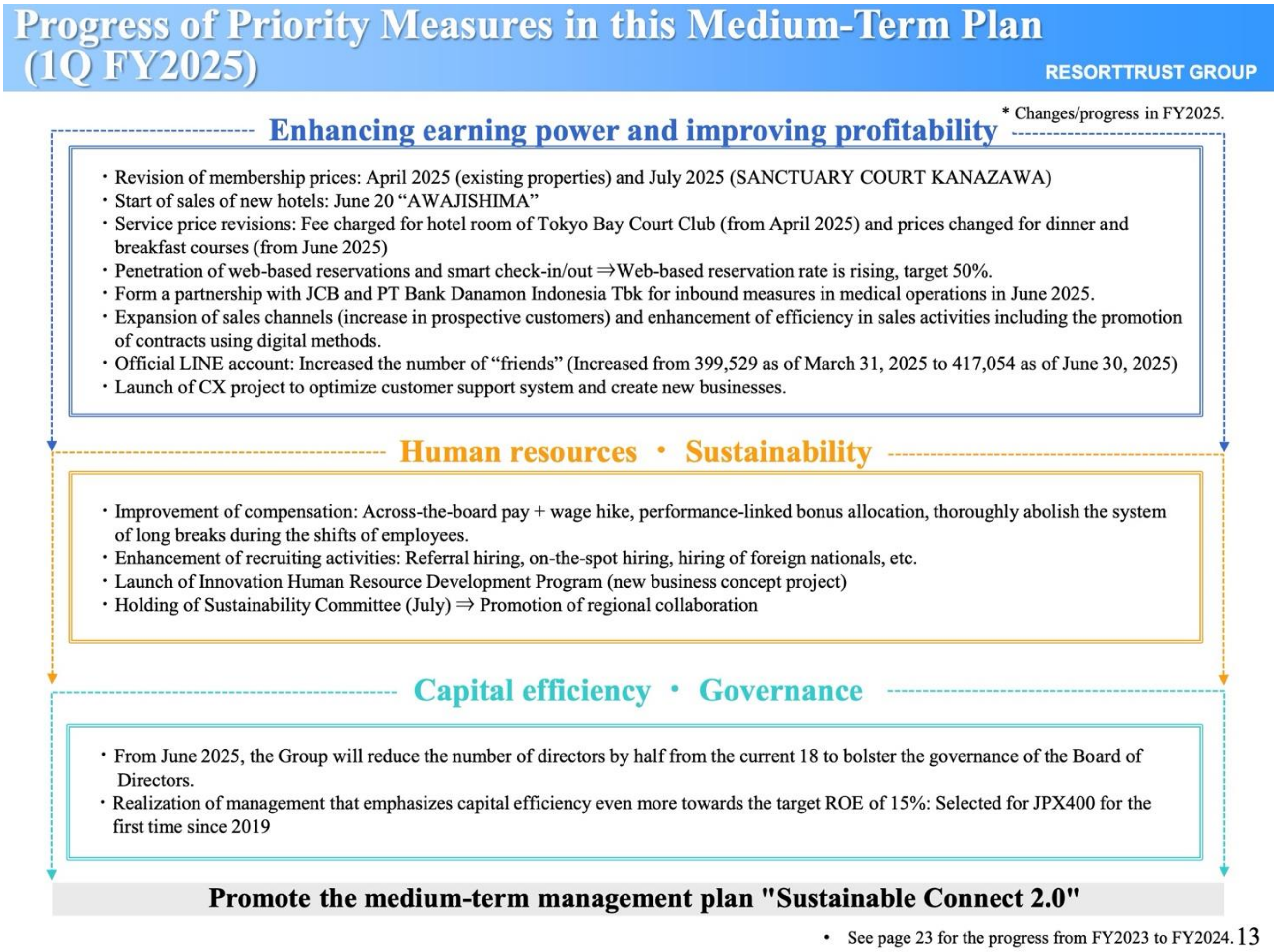


Page 12 outlines our main price revisions for products and services in response to higher raw material and operating costs.

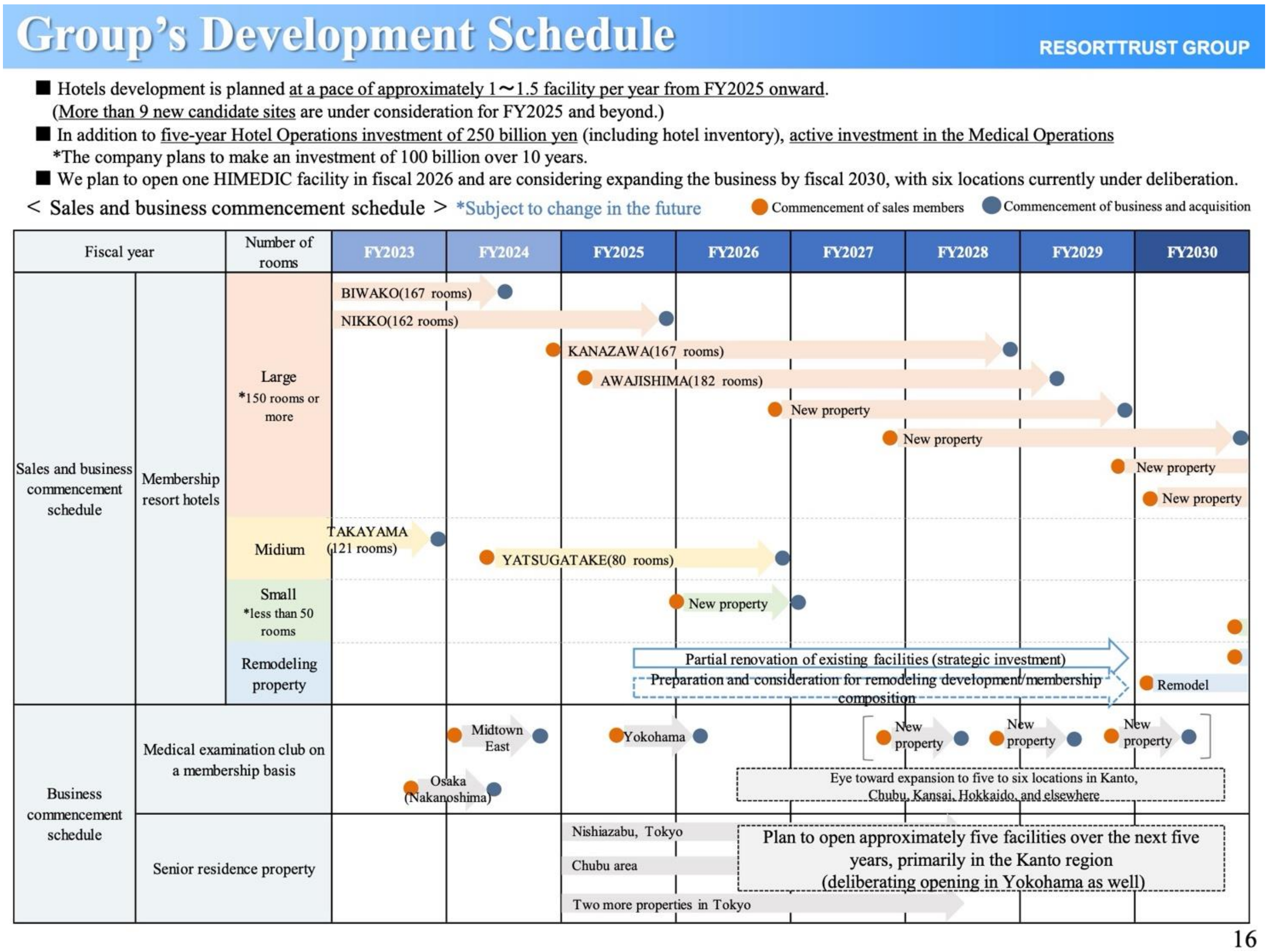
As we have shown since last year, in FY2025 we implemented further price increases for membership sales starting with Awaji Island, which began recruitment at the end of June. We also revised prices for Kanazawa memberships accordingly. Thus, when a new property is launched, we not only raise its prices but also gradually increase prices across the portfolio, ensuring coverage beyond just the new properties.

In hotels, room charges, dinner and breakfast rates, and annual fees will have a full-year impact starting this fiscal year. Going forward, we plan to review prices more flexibly at the facility level.

In the medical business, as no new courses have yet been launched, there were no price changes in Q1.



Page 13 is a summary of the points explained earlier.



Page 16 presents our overall development schedule.

There are no changes from the previous fiscal year in this update. However, progress has been made on new properties not listed here, and we plan to update these from Q2 onward once details are finalized.

Initial plan for FY2025

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<Consolidated Targets>

	FY2024 results	FY2025 targets	Change
Net sales	249,333	**259,000**	+9,667
Operating income	26,365	**27,500**	+1,135
Ordinary income	26,848	**27,500**	+652
Net income	20,139	**19,000**	(1,139)
Evaluated Operating Income	26,161	**29,465**	+3,304

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

<Operating Income by Segment (before allocation)>

		FY2024 results	FY2025 targets	Change
Membership	Sales	93,642	**89,000**	(4,642)
	Operating income	27,445	**22,600**	(4,845)
	Evaluated Operating Income	28,336	**25,843**	(2,493)
Hotel and Restaurant	Sales	103,978	**113,610**	+9,632
	Operating income	2,049	**5,500**	+3,451
Medical	Sales	51,001	**55,740**	+4,739
	Operating income	7,508	**8,000**	+492
Other	Sales	711	**650**	(61)
	Operating income	766	**800**	+34
Head office costs	Operating income	(11,404)	**(9,400)**	+2,004
	Sales	(12,499)	**(10,678)**	+1,821
Total	Sales	249,333	**259,000**	+9,667
	Operating income	26,365	**27,500**	+1,135
	Evaluated Operating Income	26,161	**29,465**	+3,304

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

<vs. previous period Main differences in calculations>

<Net Sales / Operating Income>

- Hotel membership Contract value
  FY2024: 105.5 billion yen (New releases: Yatsugatake, Kanazawa)
  FY2025: 109.1 billion yen (New releases: Two new properties)
- Contract Values of HIMEDIC
  FY2024: 8.7 billion yen FY2025: 7.3 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 +8.2 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 (10.2) billion yen (Yatsugatake, Kanazawa, new properties)
- Opening-related expenses
  FY2024: (1.1) billion yen FY2025: (1.3) billion yen
- Operating and maintenance costs
  FY2024: (4.7) billion yen FY2025: (3.8) 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: 57.3%
  BCC・・・FY2024: 54.9% FY2025: 58.9%
  SAC・・・FY2024: 69.0% FY2025: 73.7%

See also page 32 to 35 for details of each plans for each segment.

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Finally, page 15, we achieved our Q1 targets solidly, we are proceeding with our full-year plan without changes to the initial forecast.

That concludes my presentation.

Question & Answer

Moderator [M]: We will now begin the Q&A session. First, Mr. Kuwana of Mizuho Securities, I would like to ask you a question.

Kuwana [Q]: Thank you. This is Kuwana from Mizuho Securities. I have two questions.

My first question concerns the ROE level. Based on the figures disclosed so far, my understanding is that this year's ROE will fall well short of your medium- to long-term target of 15%. How committed are you to this figure? Is it the case that, because the properties opening this fiscal year are small-scale, you will aim to improve next fiscal year instead? Or will you take steps such as share buybacks or the sale of marketable securities to bring ROE closer to 15% even this year? Could you please share your thoughts again on the medium- to long-term ROE target?

My second question relates to the price pass-through graph on page 12, specifically for the hotel and restaurant business. You raised room charges at Tokyo Baycourt by 30% from April and plan to raise charges at some of the XIV properties by around 10% to 20% from October. How many XIV properties will be subject to the increase, and in what types of locations?

Also, my understanding is that the premise for this hotel price pass-through is that there is currently a price gap compared to nearby hotels of the same grade. How wide is this gap at present? Compared with pre-COVID levels, is the gap still large enough that you feel there is more room to pass on additional price increases? An impression-level answer would be fine. Those are my two questions.

Fushimi [A]: Regarding your first question on ROE, this is on a full-year [inaudible] basis, and we are not considering any changes to our regional target. However, for this fiscal year, as you mentioned, we do not currently have any concrete plans for share buybacks or other such measures.

On the matter of price pass-through: as I mentioned earlier, we implemented this at Tokyo Baycourt from April. While the occupancy rate has not grown as much as before, and there has been a slight decline in occupancy, overall profitability has improved.

As I also noted earlier, by being more flexible going forward, I meant that, as you pointed out, various international brands have opened in different resort areas, changing the price levels. Occupancy also varies from resort to resort. We therefore plan to begin with properties where the gap with surrounding hotels is largest.

In H2, in particular, we will start with the Rikyu series in well-known resort areas such as Hakone, Arima, Yugawara, and Kyoto, where inbound demand is also increasing and the price gap has widened.

Kuwana [Q]: Understood, thank you. Regarding the cuisine segment, does this apply to all hotels?

Fushimi [A]: No, this does not apply uniformly to all hotels. For example, at some facilities we maintain lower-priced options while offering high-end [inaudible] menus on a reservation basis for those who desire them. Conversely, some facilities have a streamlined menu. Each property tailors its offerings to customer needs, with its own distinctive features. Overall, we expect a 5% to 10% price increase.

Rather than the previous standard of, say, three courses priced at JPY8,000, JPY10,000, and JPY12,000, each property will now offer attractive options that match the value of the price.

Kuwana [M]: I see. Thank you very much.

Moderator [M]: Next, we will hear from Mr. Oda of SMBC Nikko Securities.

Oda [Q]: This is Oda from SMBC Nikko Securities. I also have two questions, and if possible, I'd like to take them one at a time.

First, for Q1, putting aside the impact of deferred revenue, my impression is that performance was quite strong. Within that, I think sales of Sanctuary Court Kanazawa memberships have been particularly strong. Could you tell us what regions the purchasers are coming from, whether they are new or existing members, and whether corporate sales are, as with other Sanctuary Court properties, still a large proportion? Also, could you explain the background for strong corporate demand? If possible, I would also like to hear whether the Awaji Island property you just started selling has similar trends or characteristics.

Fushimi [A]: Since the launch of the Sanctuary Court series, we have seen some purchases from existing members of the former XIV properties, [inaudible], so particularly in the initial stage of a new product launch, the proportion of new members tends to decline temporarily.

Awaji Island sales are primarily to customers from Osaka. While there is no sales office in Nagoya, we do have some demand from Tokyo.

As for Kanazawa, demand within Kanazawa and Ishikawa Prefecture has not yet accelerated. We have only just opened a sales office there, so outreach in the local area is still limited. Sales are mainly coming from Tokyo, Nagoya, and Yokohama, with some demand from areas closer to the Hokuriku region. Recruitment is proceeding very well in Yokohama, so overall, demand for Kanazawa is strong across the Kanto and Chubu regions.

One reason is that for the Sanctuary Court series, we have introduced more flexible rules for exchanging usage rights, which has lessened the home property mindset. More members are joining because they can use the facilities nationwide.

In terms of customer profile, there has been no significant change in age group or other demographics. Corporate sales ratios are also similar, but as sales in Yokohama have increased, we have seen growth among certain professional groups, such as doctors and medical practitioners, alongside the traditionally strong sectors like construction. Other than that, the trends are largely consistent with previous products.

Oda [Q]: By the way, for Kanazawa and Awaji Island, what is the current percentage of new members?

Fushimi [A]: Around 40%, I would say.

Oda [Q]: About 40%, understood. Thank you.

My second question relates to the hotel price revisions mentioned earlier. You said these will be implemented gradually while monitoring the surrounding market. Although it's not something you'll do immediately, is there any discussion of introducing dynamic pricing?

Fushimi [A]: We have no firm plans at this time. However, for properties such as Baycourt and the Sanctuary Court series, while we do not use dynamic pricing, we do differentiate between registered owners and guests. We might introduce such measures to existing XIV properties. Rather than raising prices during peak seasons, we think it is important to create a stronger sense of value during off-peak periods.

For the Rikyu series, for example, where annual occupancy averages 80% to 85%, Fridays, Saturdays, and Sundays are almost always full. The key is how to fill Mondays through Thursdays. For that, we are considering service-based pricing, such as special rates for last-minute reservations, rather than a formal system.

Oda [M]: Understood, thank you. That's all from me.

Fushimi [A]: One point of additional explanation regarding the new member ratio: as you can see, while contract value is high, profit from these contracts is somewhat [inaudible]. Compared with the previous year, sales from existing properties are lower. In last year's Q1, we began buyback and resale activities, and those sales contributed to total contract value. This year, as most properties are still under construction, profit has been lower. Starting in Q2, we will again engage in buybacks and resales.

This will include purchasing memberships from multiple-property owners who are not using certain memberships, particularly those that are easier to resell. Therefore, strategically, the new member ratio may temporarily decline, but this is acceptable as some customers specifically want Sanctuary Court or certain real estate-related [inaudible].

Oda [Q]: Sorry to follow up, but regarding buybacks and resales, as you explained last year, you started in Q1 and saw a large number of deals in Q2 and Q3. While you plan to start in Q2 this year, should I assume that the scale will be smaller than last year's? If you have any early indications, I'd appreciate it.

Fushimi [A]: Yes, I don't think it will be as large as last year, since that was our first time doing it. However, through quarterly membership analysis, we know there are still many memberships available for buyback. We plan to handle 100 or 200 per quarter, depending on the overall balance.

Oda [M]: Understood. Thank you very much. That's all.

Fushimi [M]: Thank you.

Moderator [M]: Thank you. Next, Mr. Sekine from Daiwa Securities, please go ahead.

Sekine [Q]: This is Sekine from Daiwa. I also have two questions, both related to the hotel and restaurant business.

First, regarding the increase in operating profit for the hotel and restaurant segment: under the current medium-term plan, you have initiatives to improve productivity and to reap the benefits of past investments. In Q1, which of these initiatives have you been able to implement, and which are still in progress or yet to be addressed?

Fushimi [A]: For example, in this fiscal year we have faced stricter cost requirements. Overtime must now be tracked in one-minute increments. For example, changing time for staff, especially for Japanese attire such as kimonos for Japanese restaurants, takes 15 to 20 minutes, and this must now be counted as working time. Managers, who previously had deemed overtime, must now record overtime as well. These changes have increased costs by nearly JPY1 billion.

However, thanks to productivity improvements we implemented up to last fiscal year, such as reviewing operating hours and making flexible adjustments, we have absorbed more than half of these additional costs. We are now close to fully offsetting them. This is the area where last year's initiatives have had the biggest impact in terms of achieving this year's plan.

Additionally, while still a work in progress, we have begun steps such as reducing front desk staffing through smart check-in/check-out systems. These measures are already contributing savings in the order of several hundred million yen across the business.

Sekine [Q]: Understood, thank you.

My second question concerns customer perceptions of hotel rates. In June and July, with inbound tourism momentum softening somewhat, we have heard from some hotel operators that they reduced room rates to stimulate domestic demand and improve occupancy. In the general media, there seems to be a narrative that raising hotel rates has become increasingly difficult.

In your case, given that your target customers are different and your competitors are more in line with international luxury hotels, should we assume that the current environment does not present a significant risk of having to lower rates in the future, or of making further rate increases more difficult? Could you share your view on this?

Fushimi [A]: As you mentioned, we have been implementing price pass-through measures, and each facility has been evaluated carefully. In some cases, raising rates has [inaudible] and still produced a net positive result overall. In other cases, higher rates have led to lower occupancy but maintained profitability.

As I mentioned earlier, flexibility in price reviews is important to match customer needs. This also means monitoring the balance of surrounding properties in each resort area.

It is true that up to June, as you noted, there were some [inaudible] in occupancy in July. However, for August and September, we are seeing solid booking prospects. To capture this demand, we will keep a range of price points according to customer segments.

We will also differentiate restaurant offerings within each hotel: some will be reasonably priced, family-friendly venues, while others will be high-end private dining options. By providing variety in restaurant concepts and pricing within each hotel, we aim to appeal to both price-sensitive customers and those seeking a premium experience.

Sekine [M]: Understood, thank you.

Makino [M]: This is Makino. We still have time remaining, but as there appear to be no further questions, we will conclude the Q&A session.

That concludes today's financial results briefing. Thank you very much for your participation.

Fushimi [M]: Thank you.

[END]

Document Notes

1. *Portions of the document where the audio is unclear are marked with [inaudible].*
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