



FUJITA KANKO INC.
Financial Results for the Six
Months Ended June 30, 2023

August 10, 2023
FUJITA KANKO INC.
(Code number: 9722)

Statements of Income

Financial Results for the Six Months Ended June 30, 2023

2Q cumulative net sales and operating profit increased by ¥10.8 billion and ¥5.7 billion, respectively, from the previous year, capturing the recovery in inbound demand and domestic tourism demand

► Compared with 2019, net sales dropped by ¥4.4 billion, but operating profit increased by ¥2.0 billion as break-even net sales were lowered

	(Million yen)			2Q 2023	2Q 2022	YoY	<Ref.> 2Q 2019	Compared with 2019*
		1Q Actual Jan. to Mar.	2Q Actual Apr. to Jun.	Cumulative actual	Cumulative actual		Cumulative actual*	
Net sales		13,163	15,999	29,162	18,308	+10,854	33,605	(4,442)
WHG Business		7,297	9,122	16,419	8,421	+7,998	18,394	(1,975)
Luxury & Banquet Business		3,718	4,941	8,660	6,628	+2,032	11,295	(2,635)
Resort Business		1,579	1,541	3,120	2,200	+920	2,681	+439
Other (including adjustments)		567	394	962	1,058	(95)	1,233	(270)
Operating profit (loss)		53	1,858	1,912	(3,804)	+5,716	(153)	+2,066
WHG Business		280	1,609	1,889	(2,621)	+4,511	1,047	+841
Luxury & Banquet Business		(36)	682	646	(403)	+1,049	(219)	+865
Resort Business		(69)	(330)	(400)	(586)	+186	(634)	+234
Other (including adjustments)		(120)	(103)	(223)	(192)	(31)	(347)	+124
Ordinary profit (loss)		54	2,450	2,504	(3,512)	+6,017	(64)	+2,569
Extraordinary income		627	—	627	912	(284)	115	512
Extraordinary losses		19	20	40	—	+40	120	(79)
Income taxes		9	9	19	(41)	+60	62	(43)
Profit (loss) attributable to owners of parent		653	2,420	3,073	(2,558)	+5,632	(131)	+3,204

* Due to changes in some segments to which sales facilities belong in accordance with organizational changes, the segment information for FY2019 is stated based on the segments after the change.

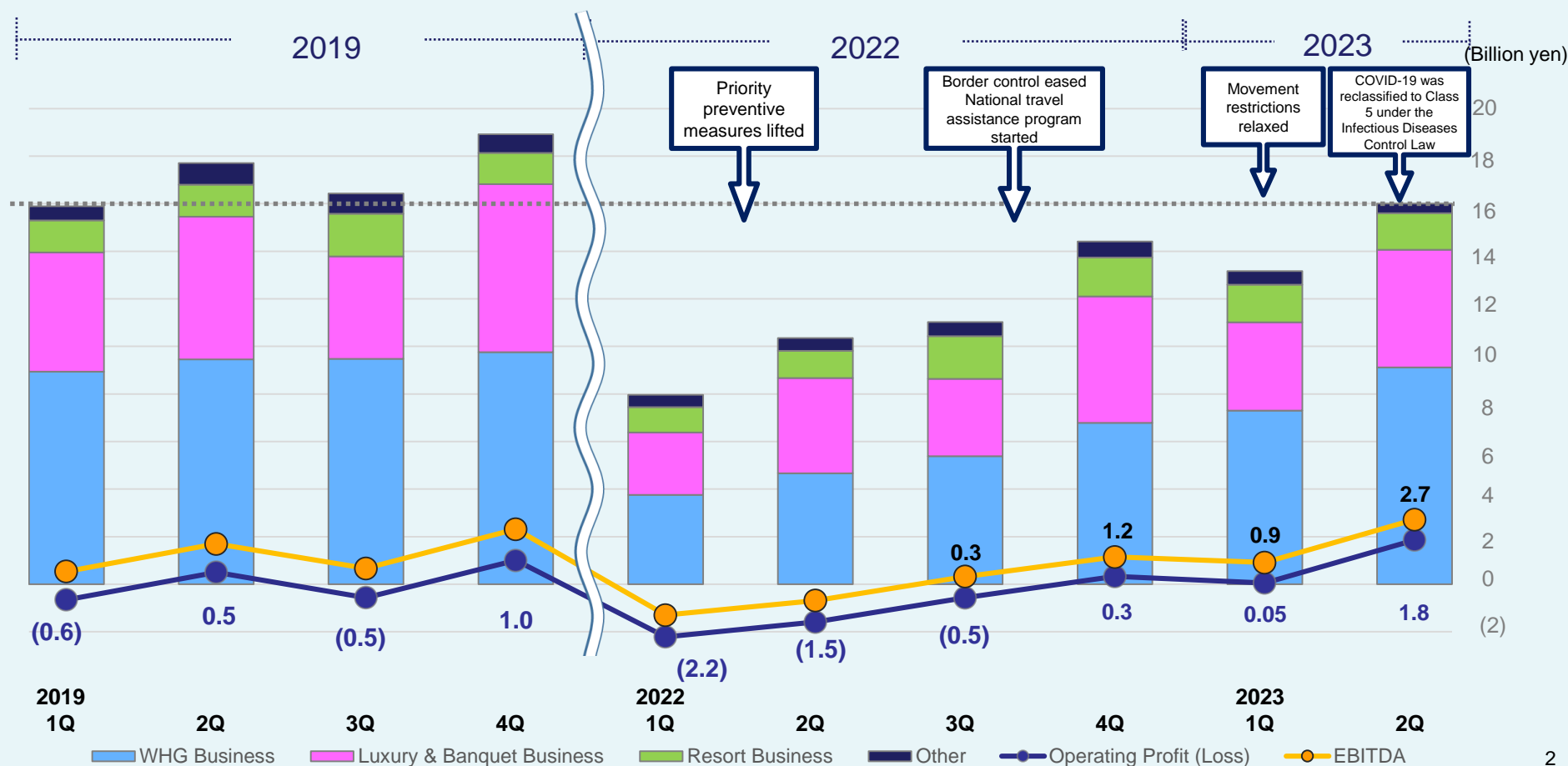
Statements of Income (Net Sales & Operating Profit)

Financial Results for the Six Months Ended June 30, 2023

- ▶ WHG Business saw net sales in 2Q recover to 2019 level
- ▶ In Resort Business, quarterly net sales have been above 2019 results since 2022 4Q

Net sales quarterly comparison with 2019	2022 4Q	2023 1Q	2023 2Q
WHG	70%	82%	97%
Luxury & Banquet	75%	74%	79%
Resort	125%	118%	115%

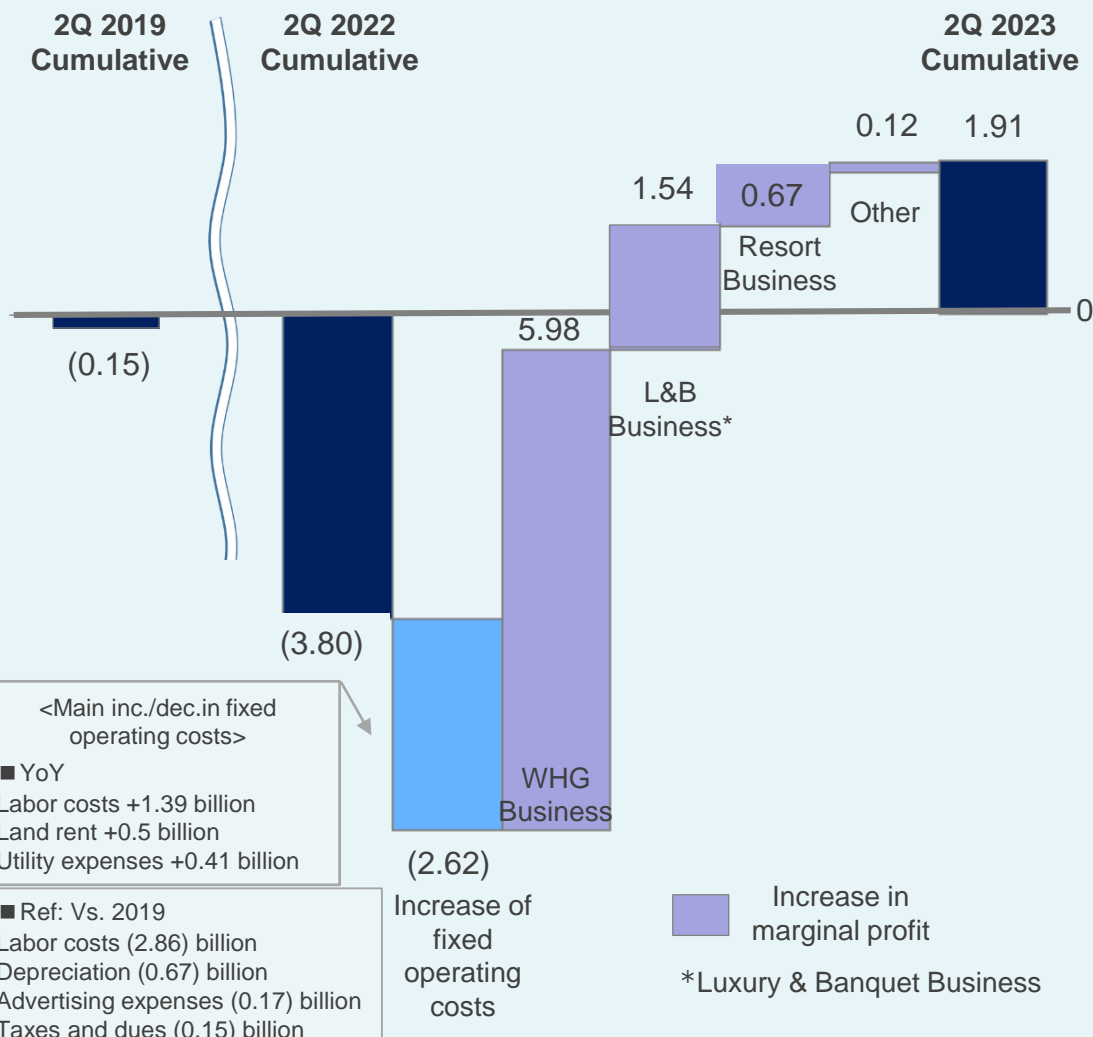
Net Sales & Operating Profit



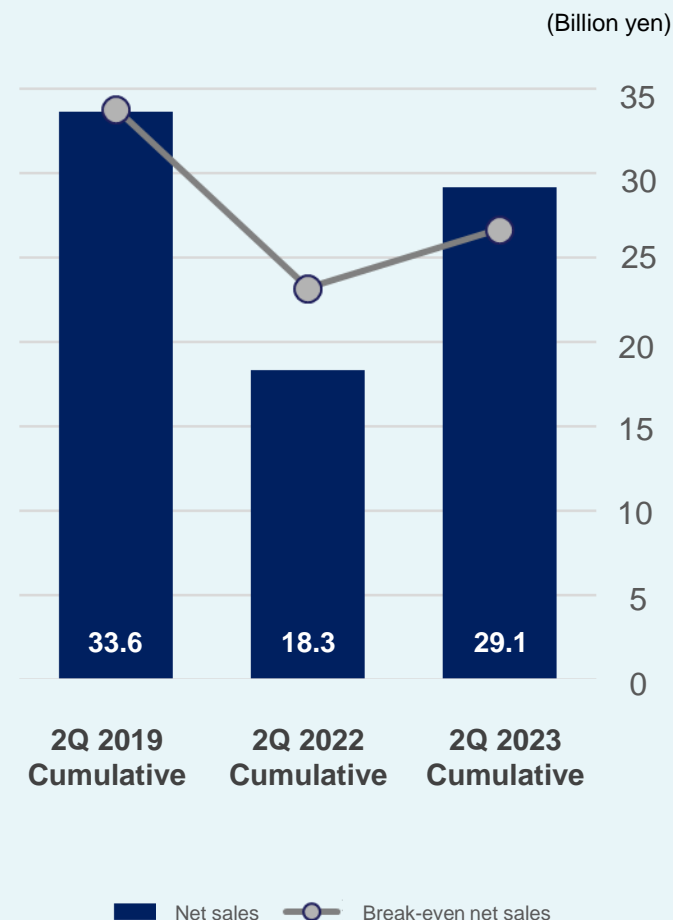
Statement of Income (Operating Profit Increase/Decrease Factors)

Financial Results for the Six Months Ended June 30, 2023

Operating profit (loss) Year on year increase/decrease factors



Break-even net sales



WHG Business 2Q Overview

Financial Results for the Six Months Ended June 30, 2023

Number of inbound accommodation guests increased primarily in Tokyo and Kansai areas
Sales and operating profit increased by ¥7.99 billion (95%) and ¥4.51 billion YoY, respectively
Compared with 2019, sales decreased by ¥1.97 billion (11%), but operating profit increased by ¥0.84 billion

WH : Washington Hotel
 HG : Hotel Gracery

<Compared with previous year>

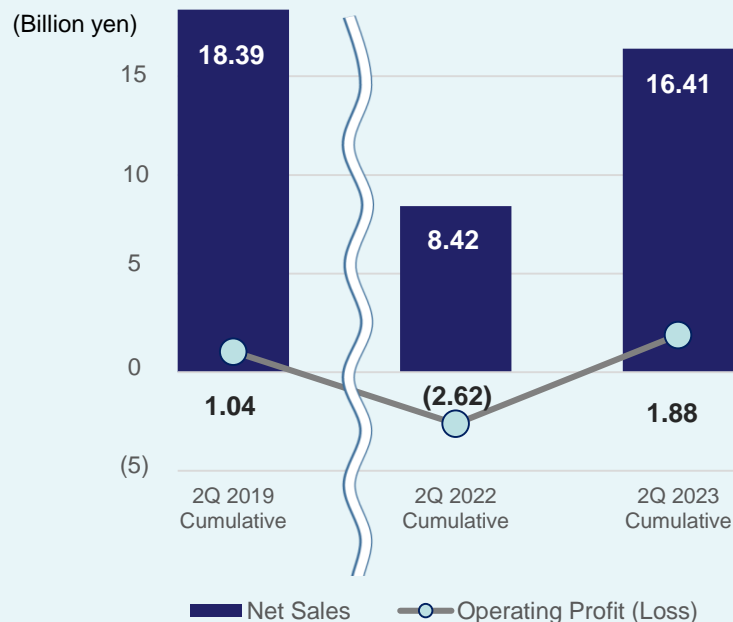
- 45% of the ¥7.9 billion increase in sales is attributable to those from Shinjuku WH and HG Shinjuku

*HG Shinjuku was provided to government until February and resumed normal operation in March

<Compared with 2019>

- Tokyo: Both ADR and occupancy rate exceeded the 2019 results at Shinjuku WH and HG Shinjuku
- Other than Tokyo: ADR of Sendai WH, Hiroshima WH and HG Seoul were above 2019 results, but occupancy rate is still on a path to recovery, including other facilities

WHG Business Net Sales and Operating Profit (Loss)



WHG Operational Indicators Comparison with previous year and 2019

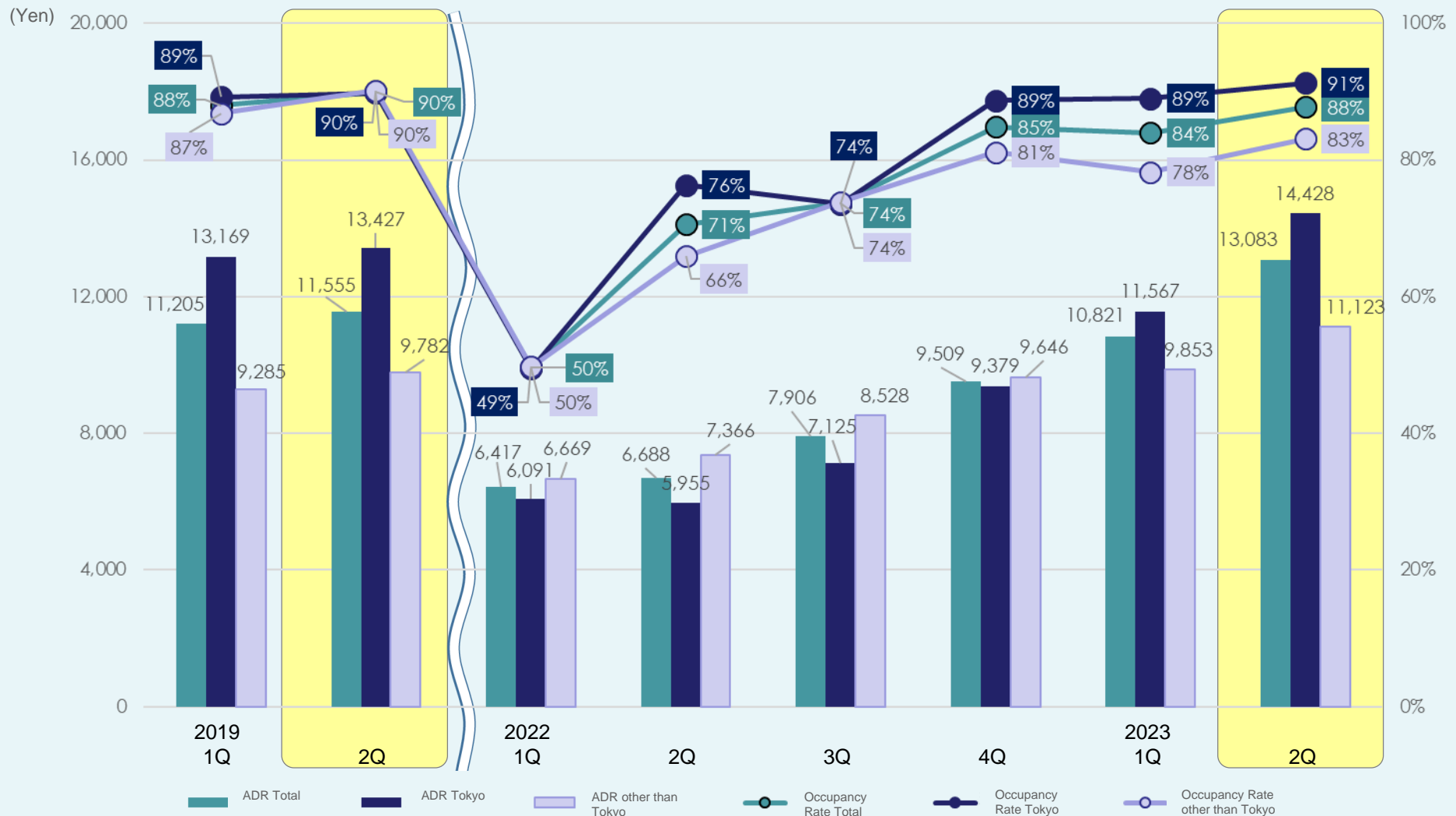
Jan. to Jun.	Compared with previous year		Compared with 2019	
	ADR	Occupancy Rate	ADR	Occupancy Rate
Total	+82.7%	+25.1pt	+5.7%	(3.0)pt
Tokyo	+118.8%	+26.2pt	(1.3)%	+0.8pt
Other than Tokyo	+48.2%	+22.3pt	+10.8%	(7.5)pt

Changes during the period from 2Q 2019 to 2Q 2023
 Impact of closure or changes in business format: ¥(2.54) billion in net sales (Yokohama Isezakicho WH, Kansai Airport WH and other)
 Impact of new openings: +¥1.58 billion in net sales (HG in Taipei and Osaka Namba, and HOTEL TAVINOS in Hamamatsucho, Asakusa and Kyoto)

WHG Business ADR & Occupancy Rates

Financial Results for the Six Months Ended June 30, 2023

- Compared to 2023 1Q (Jan. to Mar.), both ADR and occupancy rate grew
- Compared to 2019 2Q (Apr. to Jun.), occupancy rate (other than Tokyo) fell short of that in 2019 2Q, but ADR of both Tokyo and other than Tokyo exceeded those in 2019 2Q



Luxury & Banquet Business 2Q Overview

Financial Results for the Six Months Ended June 30, 2023

Hotel Chinzanso Tokyo reported year-on-year sales growth in all businesses

Net sales for this segment increased by ¥2.03 billion (31%) and operating profit increased by ¥1.04 billion, returning to operating profitability of ¥0.64 billion

Compared with 2019, sales decreased by ¥2.63 billion (23%), but profit increased by ¥0.86 billion

[Hotel Chinzanso Tokyo]

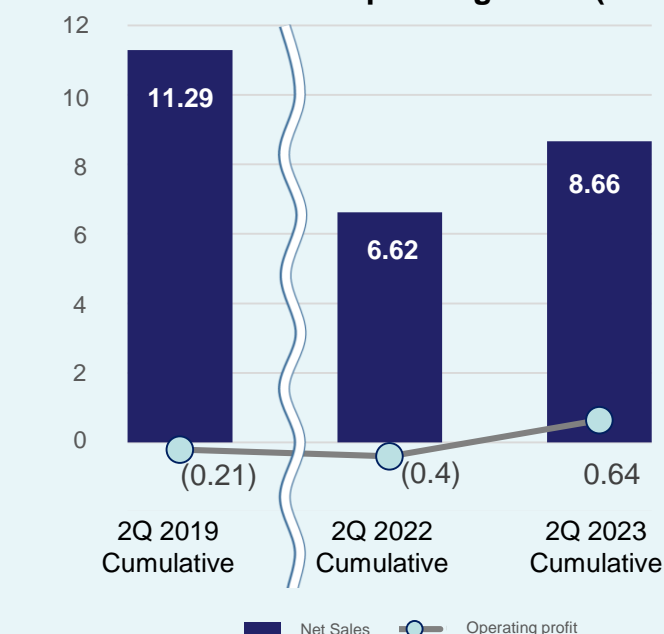
<Compared with previous year>

- Accommodation: Both ADR and occupancy rate exceeded the previous year results and sales grew by 83%
- Wedding: The number of guests per ceremony increased and sales grew by 6%
- Banquet: The number of guests for business use increased and sales grew by 113%
- Restaurant: Use of breakfast increased due to a rise in accommodation occupancy and sales grew by 21%

<Compared with 2019>

- Accommodation saw an increase in sales of 29% due to improvement in ADR
- Wedding and Banquet saw sales decline by 10% and 21%, respectively, due to decreases in the number of users

Luxury & Banquet Business
(Billion yen) **Net Sales and Operating Profit (Loss)**



Hotel Chinzanso Tokyo Operational Indicators
Comparison with previous year and 2019

Jan. to Jun.	Compared with previous year		Compared with 2019	
	ADR	Occupancy Rate	ADR	Occupancy Rate
Accommodation	+10.8%	+28.7pt	+31.9%	+0.8pt
Wedding	Guests		Guests	
	+13.6%		(33.3)%	
Banquet	Guests		Guests	
	+129.6%		(45.2)%	

Changes during the period from 2Q 2019 to 2Q 2023
Impact of closure: ¥(2.23) billion in net sales (Taikoen, Share Clapping Fukuoka and other)

Resort Business 2Q Overview

Financial Results for the Six Months Ended June 30, 2023

Both ADR and occupancy rate rose at Hakone Kowakien Ten-yu

Net sales for this segment increased by ¥0.92 billion (42%) and operating loss improved by ¥0.18 billion year on year

Compared with 2019, sales increased by ¥0.43 billion (16%) and operating loss improved by ¥0.23 billion

<Compared with previous year>

[Hakone Kowakien Ten-yu]

- Weekday use by inbound tourists increased, resulting in a 19.5pt rise in occupancy rate
- Continued initiatives to raise unit price, such as sales of high-value-added products with upgraded dishes

[Hakone Kowakien Yunessun]

- Continued collaborative events with anime and strengthened public relations, which led to a 31% increase in the number of visitors

<Compared with 2019>

[Hakone Kowakien Ten-yu]

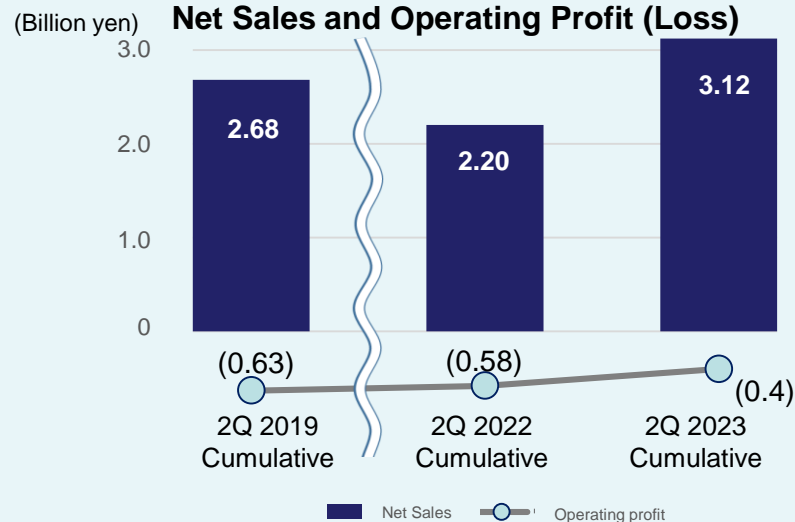
- The number of accommodation guests both from abroad and Japan increased, resulting in higher ADR and occupancy rate

[Hakone Kowakien Yunessun]

- The number of visitors increased to the 2019 level

Resort Business

Net Sales and Operating Profit (Loss)



Operational Indicators

Comparison with previous year and 2019

Jan. to Jun.	Compared with previous year		Compared with 2019	
	ADR	Occupancy Rate	ADR	Occupancy Rate
Hakone Kowakien Ten-yu	+22.8%	+19.5pt	+22.0%	+9.0pt
Hakone Kowakien Yunessun	Sales per Person	Visitors	Sales per Person	Visitors
	+5.5%	+31.2%	(5.4)%	(1.3)%

Changes during the period from 2Q 2019 to 2Q 2023

Impact of new openings, changes in segment and closure: +¥0.34 billion in net sales (Fujino Kirameki Fuji Gotemba, Hakujukan, Shinzen-no-yado, Eihei-ji Temple and other)

Sales by Business

Financial Results for the Six Months Ended June 30, 2023

Net Sales by Business (Jan. to Jun.)

(Million yen)	Business	Net Sales (actual)	YoY	YoY (%)	Compared with 2019 *1	Compared with 2019 (%)
WHG	Accommodation	14,841	+7,267	+96%	(511)	(3)%
	Other*2	1,578	+730	+86%	(1,463)	(48)%
Luxury & Banquet	Accommodation	1,459	+660	+83%	+331	+29%
	Wedding	3,323	+226	+7%	(1,541)	(32)%
	Banquet	1,520	+807	+113%	(1,023)	(40)%
	Restaurant	1,534	+267	+21%	(493)	(24)%
	Other*2	822	+70	+9%	+91	+13%
Resort	Accommodation	2,437	+745	+44%	+533	+28%
	Day trip and leisure	583	+157	+37%	(18)	(3)%
	Other*2	99	+17	+22%	(76)	(43)%
Ref.: Accommodation total		18,737	+8,673	+86%	+353	+2%

*1 Due to changes in some segments to which sales facilities belong in accordance with organizational changes, the segment information for FY2019 is stated based on the segments after the change.

*2 Other: Includes intersegment sales.

Status of inbound tourism

Financial Results for the Six Months Ended June 30, 2023

- ▶ **Ratio of inbound guests rose to 44.3%**
(-1.2pt compared with 2019)
- ▶ **Looking by country, South Korea**
accounts for the largest portion (24%)

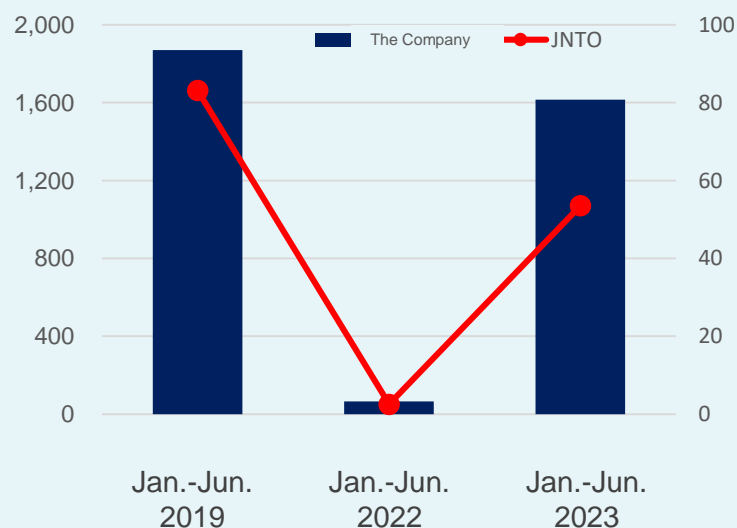
	Jan.-Jun. 2023	Jan.-Jun. 2019	Compared with 2019
Number of inbound accommodation guests at the Company's facilities	800 thousand people	930 thousand people	(13.6)%
Total number of accommodation guests at the Company's facilities	1,820 thousand people	2,050 thousand people	(11.3)%
Ratio of inbound guests	44.3%	45.4%	(1.2)pt
JNTO	10,710 thousand people	16,630 thousand people	(35.6)%

* Source: Visitor Arrivals announced by Japan National Tourism Organization (JNTO) on July 19, 2023

Number of inbound accommodation guests at the Company's facilities

(JNTO: 10 thousand people)

(The Company: 10 thousand people)



Changes by month

(The Company: 10 thousand people)



Balance Sheets

- Capital surplus decreased mainly due to the payment of Class A preferred dividends, while retained earnings increased due to the recording of profit. As a result, net assets increased by ¥2.8 billion to ¥25.6 billion compared to the end of the previous period

	End of 2021	End of 2022	End of June 2023
Net assets	¥28.8 billion	¥22.7 billion	¥25.6 billion
Equity ratio	25.4%	22.6%	26.6%

(Million yen)

<Assets>		Jun. 2023	Dec. 2022	Change	Main difference factors
	Total current assets	24,349	30,947	(6,597)	Decrease in cash and deposits
	Total non-current assets	71,913	69,015	+2,898	Increase due to acquisition of assets associated with the redevelopment of Hakone Kowakien
	Total assets	96,263	99,962	(3,699)	
<Liabilities and net assets>		Jun. 2023	Dec. 2022	Change	Main difference factors
	Total current liabilities	27,688	27,321	+367	
	Total non-current liabilities	42,966	49,901	(6,935)	
	Total liabilities	70,654	77,222	(6,567)	Decrease due to repayment of borrowings, etc.
	Total net assets	25,608	22,740	+2,868	Decrease in capital surplus due to payment of Class A preferred dividend Increase in retained earnings due to the recording of profit
	Total liabilities and net assets	96,263	99,962	(3,699)	

Statements of Cash Flows

- Cash flows from operating activities were a net inflow of ¥3.0 billion as operating profit became positive
- Cash flows from investing activities were a net outflow of ¥4.1 billion due mainly to the payment of construction costs of Hakone Hotel Kowakien

(Million yen)

	2Q 2023	2Q 2022	YoY
Cash flows from operating activities	3,003	(1,251)	+4,255
Cash flows from investing activities	(4,131)	(793)	(3,337)
Free cash flows	(1,128)	(2,045)	+917
Cash flows from financing activities	(5,021)	(5,162)	+140
Balance of cash and cash equivalents at end of period	18,023	31,450	(13,427)

Revision to Full-year Business Performance Forecast for the Fiscal Year Ending December 31, 2023

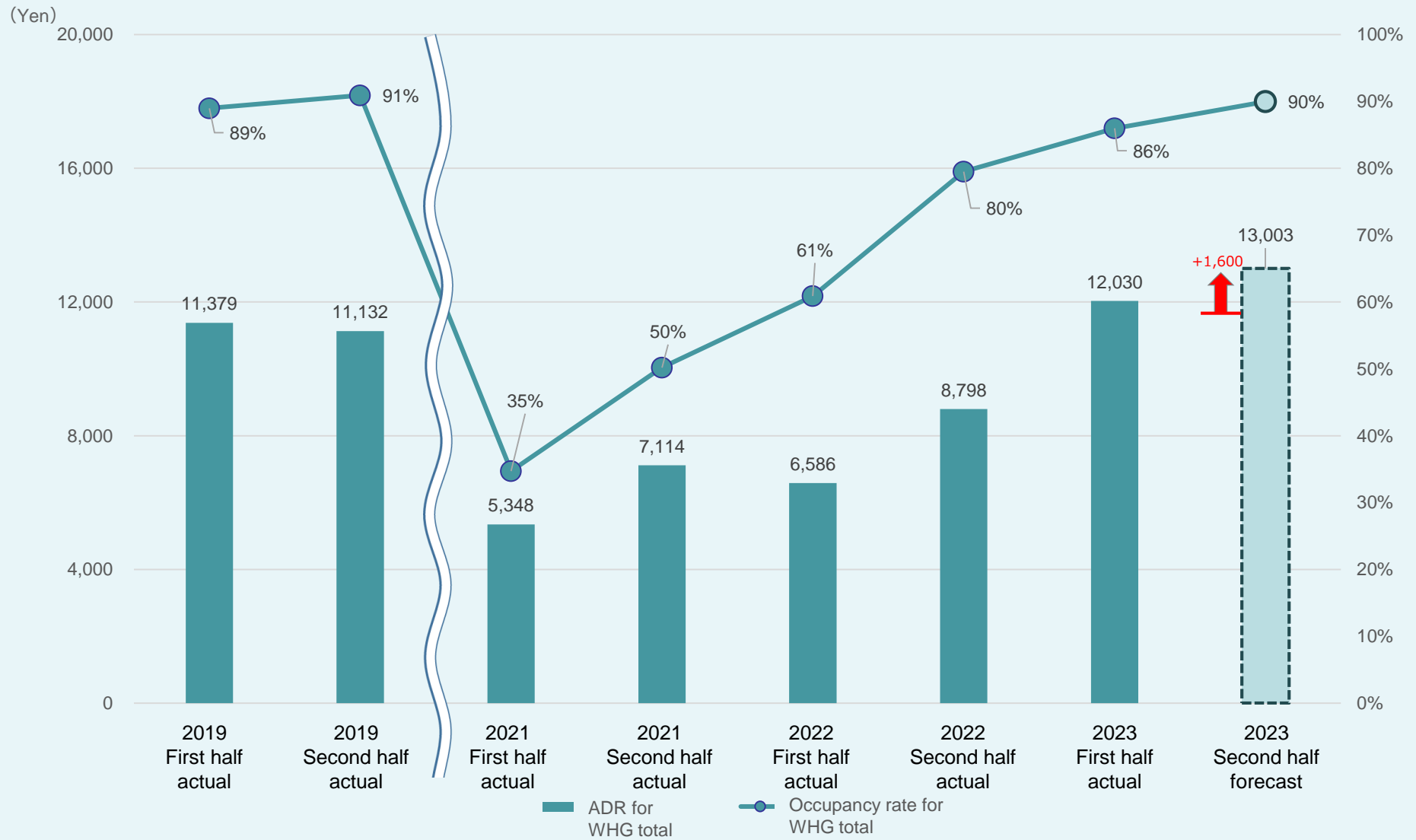
Financial Results for the Six Months Ended June 30, 2023

- ▶ **WHG Business:** Upward revision expecting a rise in ADR in light of advance reservations made
- ▶ **Luxury & Banquet Business:** Downward revision factoring in a decrease in the number of users in the wedding and banquets businesses, despite an expected rise in ADR in the accommodation business
- ▶ **Resort Business:** Upward revision expecting a rise in ADR in light of advance reservations made

	First half (Jan.-Jun)			Second half (Jul.-Dec.)			Full year		
	Actual	Forecast announced on May 11	Compared to forecast	Revised forecast	Forecast announced on May 11	Compared to previous forecast	Revised forecast	Forecast announced on May 11	Compared to previous forecast
(Million yen)									
Net Sales	29,162	28,800	+362	32,837	32,000	+837	62,000	60,800	+1,200
WHG Business	16,419	16,300	+119	18,580	17,000	+1,580	35,000	33,300	+1,700
Luxury & Banquet Business	8,660	8,500	+160	8,739	9,400	(660)	17,400	17,900	(500)
Resort Business	3,120	3,000	+120	4,879	4,800	+79	8,000	7,800	+200
Other (including adjustments)	962	1,000	(37)	637	800	(162)	1,600	1,800	(200)
Operating Profit (Loss)	1,912	1,100	+812	2,887	2,600	+287	4,800	3,700	+1,100
WHG Business	1,889	1,500	+389	2,510	1,550	+960	4,400	3,050	+1,350
Luxury & Banquet Business	646	450	+196	303	900	(596)	950	1,350	(400)
Resort Business	(400)	(550)	+149	250	200	+50	(150)	(350)	+200
Other (including adjustments)	(223)	(300)	+76	(176)	(50)	(126)	(400)	(350)	(50)
Ordinary profit	2,504	1,000	+ 1,504	2,795	2,500	+295	5,300	3,500	+1,800
Profit	3,073	1,600	+1,473	2,826	2,500	+326	5,900	4,100	+1,800

Assumptions Underlying Performance Forecast for the Fiscal Year Ending December 31, 2023 (WHG Business Operational Indicators)

- ▶ **First half results:** ADR was approximately ¥100 above the previous forecast (announced on May 11)
- ▶ **Second half forecast:** Occupancy rate will remain on par with the previous forecast, while ADR will be approximately ¥1,600 higher than the previous forecast



Hakone Hotel Kowakien opened on July 12, 2023

	Hakone Hotel Kowakien opened on July 12, 2023	Former Hakone Hotel Kowakien ceased operation on January 10, 2018
Number of rooms	150	224
Overview of facility	1 restaurant (buffet), 2 large hot baths, 7 private baths, outdoor swimming pool, kids' playroom, community space, etc.	6 restaurants (buffet, Japanese, French, etc.), 1 lounge, 4 banquet rooms, 7 conference rooms, 2 large hot baths, outdoor swimming pool, store, etc.
Features	<ul style="list-style-type: none"> • During the stay, guests can use Yunessun and Mori No Yu as often as they like • Introduced self check-in/check-out machines • Cashless payment within the hotel, in principle • Authorized as a "Welcome Baby Accommodation" Property 	<ul style="list-style-type: none"> • Opened in 1959 • Accepted group tours with banquet rooms and conference rooms
Main targets	Individual travelers, mainly families	Wide-ranging customers from group travelers to families
Price range	Average of ¥18,000 per guest (for 1 night stay with 2 meals)	Average of ¥15,000 per guest (for 1 night stay with 2 meals)

► In July and August 2023, both ADR and occupancy rate are higher than planned



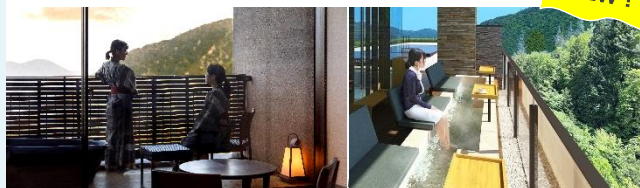
Hakone Kowakien Redevelopment (Overall view of Hakone Kowakien)

► With the opening of new hotels and the renewal of Yunessun, we meet needs of wide-ranging customers in combination with existing facilities

Nature and Japanese hospitality

Ten-yu

- ✓ All the guest rooms are equipped with an open-air hot spring
- ✓ Opened a hot spring for footbath with a view of canyon garden



NEW !

All-weather amusement park

Yunessun

- ✓ Flowing pool opened!
- ✓ AR-based digital games and a festival area came in



NEW !

Enjoy empty-handed
Camp & Spa
Yama No Ne



A structure registered as a tangible cultural property

Soba Kihinkan
Teppan Shabu Geihinkan



A structure registered as a tangible cultural property
Mikawaya Ryokan



A casual hotel
Miyama Furin



A hotel where you can experience hot springs, nature, and meal in combination with Yunessun

Hakone Hotel Kowakien

NEW !

The largest authentic hot spring for day trip in Hakone

Mori No Yu

- ✓ Added Villa Yasuragi, a private bath
- ✓ Barrier-free facilities



NEW !



Accommodation

Leisure

Restaurant

List of Facilities (As of August 10, 2023)

Financial Results for the Six Months Ended June 30, 2023

WHG Business				Resort Business		Luxury & Banquet Business	
<<Lodging facilities>> 36 properties, 10,827 rooms				<<Lodging facilities>> 12 properties, 565 rooms		<<Lodging facilities>> 1 property, 267 rooms	
■ Washington Hotel (21 properties, 6,619 rooms)		■ Hotel Gracery (11 properties, 3,198 rooms)		Hakone Hotel Kowakien 150 rooms		Hotel Chinzanso Tokyo 267 rooms	
Sendai	223 rooms	Sapporo	440 rooms	Hakone Kowakien Ten-yu 150 rooms		<<Weddings and Banquets>> 3 properties	
Shinjuku (Main Building)	1,280 rooms	Ginza	270 rooms	Hakone Kowakien Mikawayaya Ryokan 25 rooms		Marryaid (Hiroshima Pref.)	
Akihabara	369 rooms	Tamachi	216 rooms	Hakone Kowakien Miyama Furin 15 rooms		Remercier Motoujina (Hiroshima Pref.)	
Tokyo Bay Ariake	830 rooms	Asakusa	125 rooms	Ito Kowakien 50 rooms		The South Harbor Resort (Hiroshima Pref.)	
Yokohama Sakuragicho	553 rooms	Shinjuku	970 rooms	Ito Ryokuyu 7 rooms		<< Leisure facilities>> 1 property	
Urawa	140 rooms	Kyoto Sanjo (North)	97 rooms	Fujino Kirameki Fuji Gotemba 24 rooms		Camellia Hills Country Club (Chiba Pref.)	
Hiroshima	266 rooms	Kyoto Sanjo (South)	128 rooms	Nordisk Village Goto Islands (Nagasaki Pref.) 12 rooms		<Restaurants> 2 properties	
Canal City Fukuoka	423 rooms	Osaka Namba	170 rooms	Hakujukan, Shinzen-no-yado, Eihei-ji Temple 18 rooms		University of Tokyo Ito International Research Center Restaurant [MC]	
Yamagata Nanokamachi [FC]	213 rooms	Naha	198 rooms	Yugawara Onsen Chitose [MC] 38 rooms		Meiji University Shikonkan Foresta Chinzanso [MC]	
Yamagata Eki Nishiguchi [FC]	100 rooms	Seoul	336 rooms	Hotel Yamanamj [MC] (Yamanashi Pref.) 26 rooms		Other Business	
Aizu Wakamatsu [FC]	154 rooms	Taipei	248 rooms	Towada Hotel [Business alliance] 50 rooms		<<Lodging facilities>> 1 property, 214 rooms	
Koriyama [FC]	184 rooms			<<Restaurants>> 3 properties		ISORAS CIKARANG (Serviced apartments in Indonesia) 214 rooms	
Iwaki [FC]	148 rooms	■ Hotel Fujita (1 property, 354 rooms)		Akashiatei (Akita Pref.)		Local subsidiaries and representative offices	
Tachikawa [FC]	170 rooms	Fukui [FC] 354 rooms		Hakone Kowakien Soba Kihinkan		Shanghai	
Kisarazu [FC]	146 rooms			Hakone Kowakien Teppan Shabu Geihinkan		FC: Franchising model Ownership, management and operation all belong to owner companies. The Company licenses the brand usage rights and gives instruction on facility operation. MC: Management contracting model Ownership and management belong to owner companies. The Company is entrusted with facility operation.	
Tsubame Sanjo [FC]	103 rooms	■ HOTEL TAVINOS (3 properties, 656 rooms)		<<Leisure facilities>> 5 properties			
Kansai Airport [FC]	504 rooms	Hamamatsucho 188 rooms		Hakone Hotel Yunessun			
Kanku Izumiotsu [FC]	151 rooms	Asakusa 278 rooms		Hakone Kowakien Mori No Yu			
Takarazuka [FC]	135 rooms	Kyoto 190 rooms		Hakone Kowakien Camp & Spa Yama No Ne			
Sasebo [FC]	190 rooms			Fuji Camp Base Kirameki (within premises of Fujino Kirameki Fuji Gotemba)			
Shinjuku (Annex Building) [MC]	337 rooms			Shimoda Aquarium			

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Company Overview

Listed exchange	Tokyo Stock Exchange Prime Market	
Company name	FUJITA KANKO INC.	
Stock code	9722	
Share unit	Ordinary shares: 100 shares	
	Class A preferred shares: 1 share	
Fiscal year	January 1 to December 31 of each year	
Record date	December 31	
Ex-dividend dates (ordinary shares)	December 31, and June 30 when interim dividends are issued	
Annual shareholders meeting	March of each year	
Total number of issued shares	Ordinary shares: 12,207,424 shares	Total: 12,207,574 shares
	Class A preferred shares: 150 shares	
Total number of authorized shares	Ordinary shares: 44,000,000 shares	Total: 44,000,150 shares
	Class A preferred shares: 150 shares	
Fiscal term	December 31 of each year	