

FUJITA KANKO INC.

Financial Results for the Six Months Ended June 30, 2024

August 8, 2024
(Code number: 9722)



Consolidated Statements of Income

- Captured robust inbound demand by strengthening overseas sales and taking other actions
 - Efforts such as improvement of product competitiveness drove a rise in sales per use, mainly in accommodation
- ➔ Net sales and operating profit increased by **¥6.71 billion** and **¥3.21 billion**, respectively, year on year

Unit: Million yen			2024 2Q	2023 2Q	YoY
	1Q Actual Jan. to Mar.	2Q Actual Apr. to Jun.	Cumulative actual	Cumulative actual	
Net sales	16,985	18,896	35,882	29,162	+6,719
Operating profit	2,056	3,067	5,123	1,912	+3,211
Ordinary profit	2,177	3,438	5,615	2,504	+3,110
Extraordinary income	131	8	139	627	(488)
Extraordinary losses	367	416	784	40	+743
Income taxes	271	695	966	19	+947
Profit attributable to owners of parent	1,669	2,334	4,004	3,073	+931

Net Sales & Operating Profit Breakdown by Business

- ADR (average daily rate) increased mainly in WHG business
- Net sales increased year on year in all businesses through expanded sales of high-value-added products and acquisition of inbound demand
- Luxury & Banquet Business's operating profit shrank YoY due to higher labor costs and other pressures

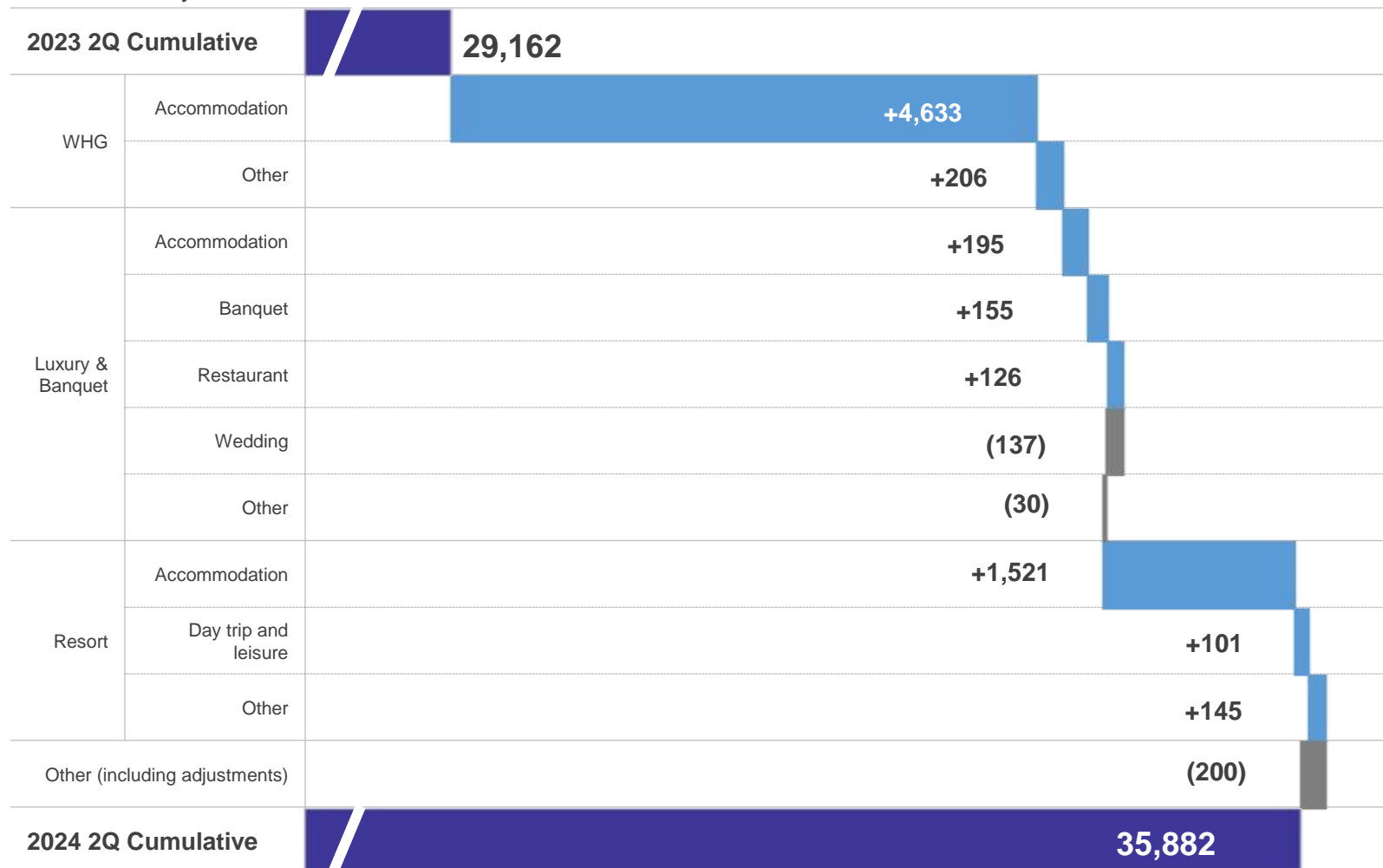
Unit: Million yen			2024 2Q	2023 2Q	YoY
	1Q Actual Jan. to Mar.	2Q Actual Apr. to Jun.	Cumulative actual	Cumulative actual	
Net sales	16,985	18,896	35,882	29,162	+6,719
WHG Business	10,229	11,187	21,416	16,576	+4,840
Luxury & Banquet Business	4,045	4,924	8,970	8,660	+310
Resort Business	2,416	2,472	4,889	3,120	+1,768
Other (including adjustments)	293	311	605	805	(200)
Operating profit (loss)	2,056	3,067	5,123	1,912	+3,211
WHG Business	1,901	2,429	4,331	1,895	+2,436
Luxury & Banquet Business	48	529	577	646	(68)
Resort Business	105	77	182	(400)	+583
Other (including adjustments)	0	30	31	(228)	+260

*Due to changes in some segments to which operating facilities belong following organizational changes, the segment information for 2023 is stated based on the segments after the change

Net Sales: Increase/Decrease by Business

- WHG Business's accommodation division of which ADR increased drove net sales
- Strong performance by Hakone Kowakien Hotel, opened in July 2023 as part of Resort Business's accommodation division
Hakone Kowakien Ten-yu posted increases in occupancy rate and ADR

Unit: Million yen



Operating Profit: Increase/Decrease by Factor

- While there were impacts of the increases in labor costs (new recruitment, wage raise, etc.) and land rent, the increase in marginal profit of each business largely exceeded them
- Structural reforms reduced ratio of fixed operating costs below pre-COVID-19 level

Unit: Million yen

2023 2Q Cumulative		1,912
Increase of marginal profit due to the increase of net sales	WHG	+3,742
	Luxury & Banquet	+232
	Resort	+1,271
Increase in labor costs		(1,124)
Increase in land rent		(480)
Increase in depreciation		(201)
Increase in other costs		(229)
2024 2Q Cumulative		+5,123

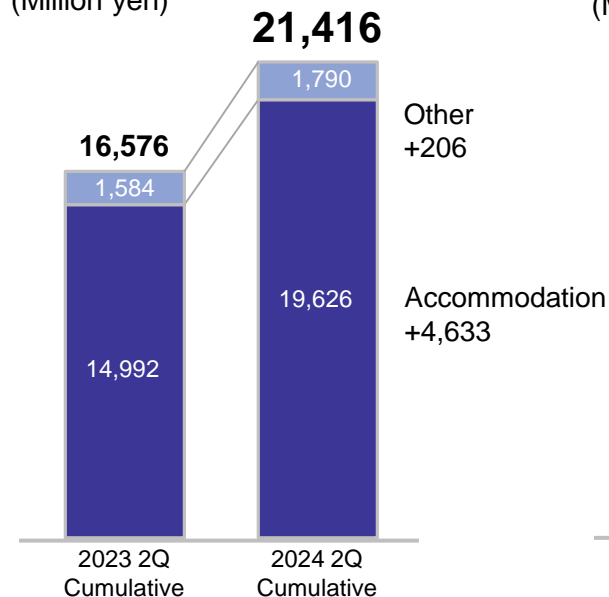
Ratio of fixed operating costs (to net sales)		
✓	Decreased compared with before COVID-19	
2019	2Q Cumulative	75.2%
		▼
2023	2Q Cumulative	70.8%
		▼
2024	2Q Cumulative	62.9%

Net sales and operating profit increased by **¥4.84 billion** and **¥2.43 billion**, respectively, year on year, in the business as a whole

- Number of inbound accommodation guests was boosted by actions for strengthening sales in Europe, Australia, and Asia, while ADR was driven upward by early capture of high-ADR reservations
- Took action to enhance product competitiveness through improvements such as renovations to guestrooms, lounges, and restaurants
- Commenced direct operation of Shinjuku Washington Hotel ANNEX (337 rooms) on April 1, 2024

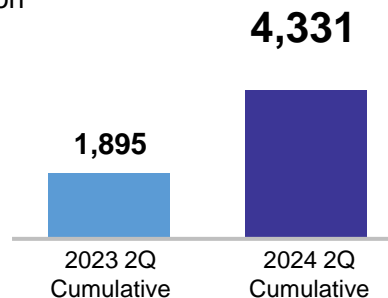
Net Sales

(Million yen)

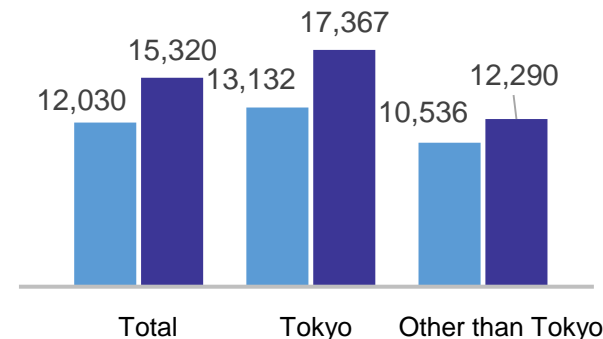


Operating Profit

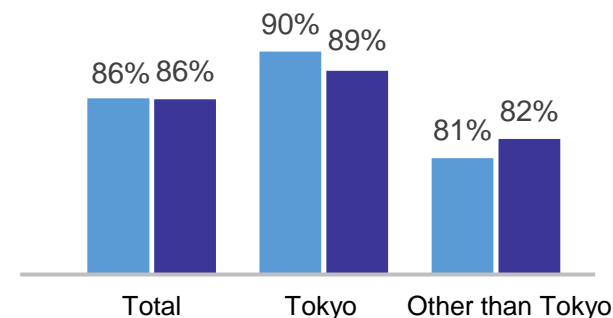
(Million yen)



ADR (Yen)



Occupancy Rate



✓ ADR increase effect is +¥4,167 million out of +¥4,633 million in accommodation

*Due to changes in some segments to which operating facilities belong following organizational changes, the segment information for 2023 is stated based on the segments after the change
 **“Hotel Gracery Shinjuku” had been provided for the government until the end of Feb 2023 (whole building rental)

*Serviced apartments ISORAS CIKARANG is excluded for operational indicators

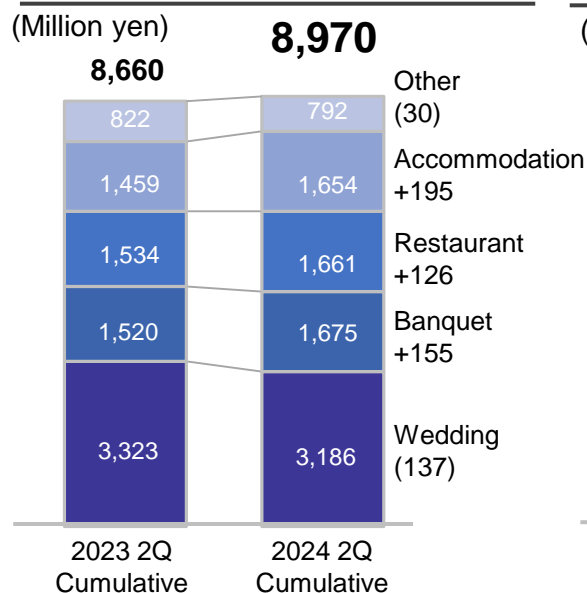
Luxury & Banquet Business

Net sales increased by **¥0.31 billion** YoY and operating profit decreased by **¥0.06 billion** YoY for the business as a whole

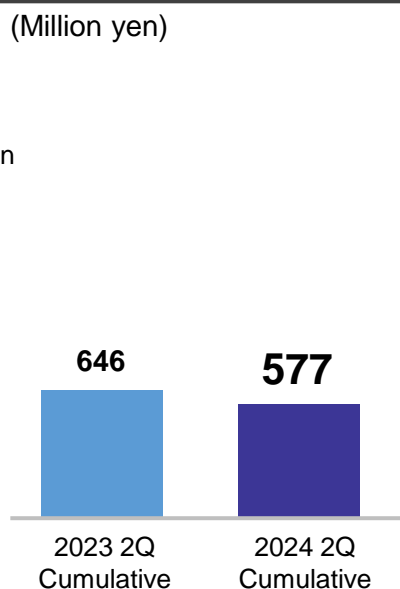
Hotel Chinzanso Tokyo

- Implemented sales measures for high-value-added products in each division; sales per use rose, mainly in accommodation
- Wedding earnings fell with drop in number of ceremonies, despite increase in sales per ceremony
- Personnel expenses temporarily rose during training period for new graduates hired

Net Sales

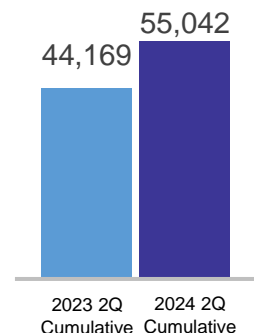


Operating Profit

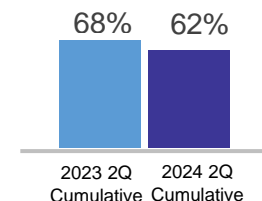


Hotel Chinzanso Tokyo

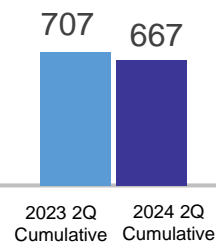
ADR (Yen)



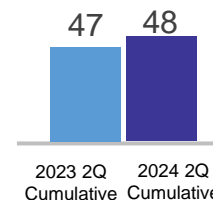
Occupancy Rate



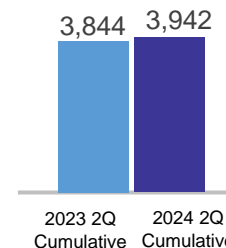
Wedding Number of ceremonies



Wedding Average number of guests per ceremony



Wedding Sales per ceremony (thousand yen)



“Hotel Chinzanso Tokyo”

- ✓ Wedding ¥(137) million
YoY negative for number of ceremonies, YoY plus for average number of guests per ceremony and sales per ceremony
- ✓ Restaurant/Banquet
Number of guests for use increased YoY, +3.2% for restaurant, +1.2% for banquet
- ✓ Accommodation +¥195 million
ADR increase effect is +¥317 million; while occupancy rate fell to negative YoY, RevPAR (Occupancy rate x ADR) rose

*Calculation of these three metrics did not include cases where only a ceremony was held

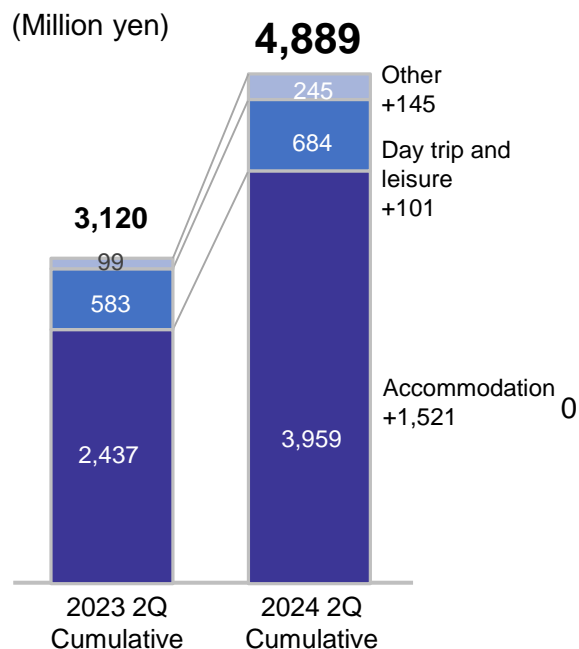
Resort Business

Net sales and operating profit increased by **¥1.76 billion** and **¥0.58 billion** YoY, respectively, for the business as a whole

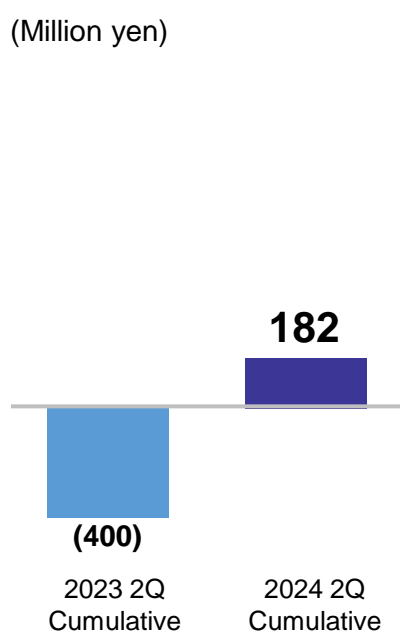
- Hakone Kowakien Hotel: Ratio of inbound guests, ADR, and occupancy rate all continued performing strongly
- Hakone Kowakien Yunessun: Visitors were pushed up by inflow of Hakone Kowakien Hotel guests and the effect of redevelopment
- Hakone Kowakien Ten-yu: ADR rose with favorable sales of high-value-added products

*Hakone Kowakien Hotel opened in July 2023

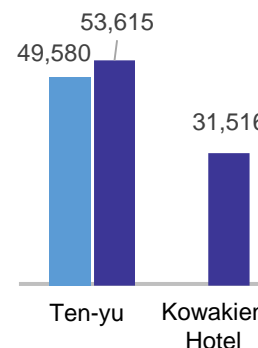
Net Sales



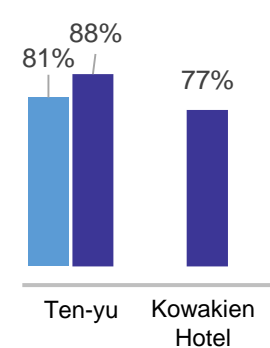
Operating Profit



ADR (Yen)

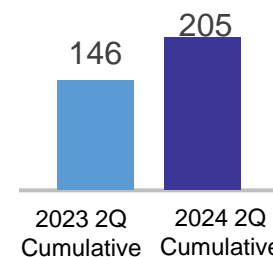


Occupancy Rate



■ 2023 2Q Cumulative ■ 2024 2Q Cumulative

Yunessun Visitors (thousand people)



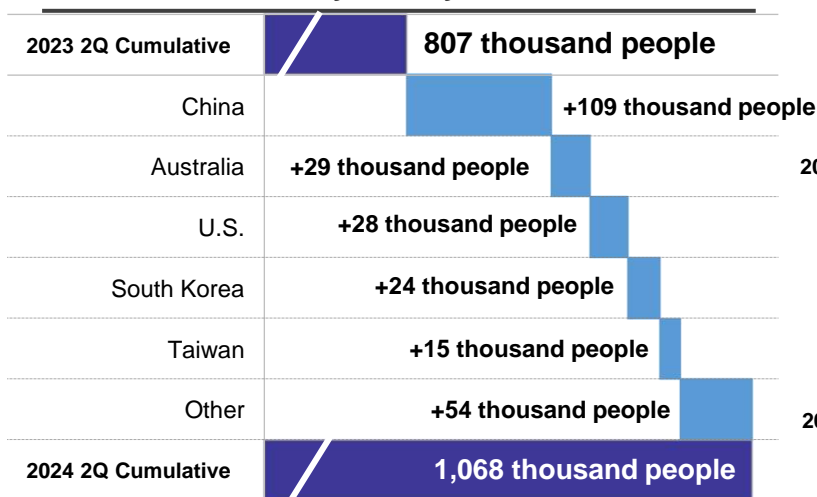
✓ Including opening costs of Hakone Kowakien Hotel in 2023

✓ The Hakone Kowakien area accounted for +¥1,452 million out of +¥1,521 million for accommodation due to the opening of "Hakone Kowakien Hotel," ADR increase effect at "Hakone Kowakien Ten-yu," and other factors

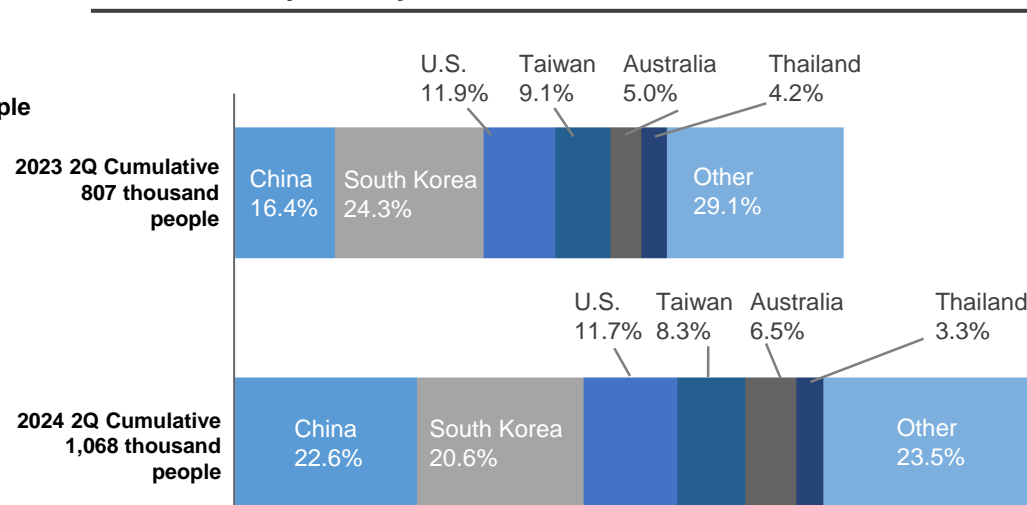
Status of inbound tourism

	2024 2Q Cumulative actual	YoY
Number of inbound accommodation guests (at domestic facilities only)	1,068 thousand people	+32.3%
Total number of accommodation guests (at domestic facilities only)	2,057 thousand people	+12.8%
Ratio of inbound guests	51.9%	+7.7pt
WHG Total	53.8%	+8.6pt
Hotel Gracery Shinjuku	94.0%	+4.1pt
Shinjuku Washington Hotel (Main Building and ANNEX)	68.6%	+5.5pt
Hotel Chinzanso Tokyo	35.4%	+5.2pt
Hakone Kowakien Ten-yu	51.2%	+7.0pt
Hakone Kowakien Hotel	18.0%	—

Number of inbound accommodation guests Increase/Decrease by country



Number of inbound accommodation guests Breakdown by country



*Figures for China include guests from Hong Kong

*Set 807 thousand people and 1,068 thousand people as 100 percent for 2023 2Q and for 2024 2Q, respectively

Balance Sheets

- Net assets increased by ¥4.25 billion to ¥30.22 billion compared to the end of the previous year
Retained earnings increased by ¥4.00 billion, while capital surplus decreased by ¥0.40 billion due to the payment of Class A preferred dividend

Unit: Million yen		End of June 2024	End of December 2023	Change
Current assets		24,634	21,293	+3,341
Non-current assts		73,372	72,202	+1,169
Total assets		98,006	93,496	+4,510
Current liabilities		29,383	30,365	(981)
Non-current liabilities		38,394	37,156	+1,237
Total liabilities		67,778	67,521	+256
Total net assets		30,228	25,974	+4,253
Total liabilities and net assets		98,006	93,496	+4,510
Equity ratio		30.8%	27.8%	+3.1pt
Total borrowings		40,288	40,021	+267

Statements of Cash Flows

- Cash flows from operating activities were a net inflow of ¥5.75 billion due to the recording of operating profit
- Cash flows from investing activities were a net outflow of ¥1.91 billion due to investments such as cosmetic improvements to guestrooms
- Cash flows from financing activities were a net outflow of ¥0.17 billion, the outcome of borrowings and payment of Class A preferred dividend

Unit: Million yen	2024 2Q Cumulative	2023 2Q Cumulative	YoY
Cash flows from operating activities	5,754	3,003	+2,751
Cash flows from investing activities	(1,916)	(4,131)	+2,215
Free cash flows	3,838	(1,128)	+4,966
Cash flows from financing activities	(172)	(5,021)	+4,849
Balance of cash and cash equivalents at end of period	17,387	18,023	(636)

Business Performance Forecast for the Fiscal Year Ending December 31, 2024

Upward revision to the second half and full year business performance forecast in light of the 2Q financial results and most recent status

Unit: Million yen	First half (Jan. to Jun.)			Second half (Jul. to Dec.)			Full year		
	Actual	Forecast announced on May 9	Compared to previous forecast	Revised forecast	Forecast announced on May 9	Compared to previous forecast	Revised forecast	Forecast announced on May 9	Compared to previous forecast
Net Sales	35,882	35,200	+682	39,117	37,300	+1,817	75,000	72,500	+2,500
WHG Business	21,416	21,000	+416	23,283	21,800	+1,483	44,700	42,800	+1,900
Luxury & Banquet Business	8,970	8,800	+170	9,229	9,300	(70)	18,200	18,100	+100
Resort Business	4,889	4,800	+89	5,910	5,600	+310	10,800	10,400	+400
Other (including adjustments)	605	600	+5	694	600	+94	1,300	1,200	+100
Operating Profit	5,123	3,700	+1,423	5,876	4,800	+1,076	11,000	8,500	+2,500
WHG Business	4,331	3,500	+831	4,668	3,600	+1,068	9,000	7,100	+1,900
Luxury & Banquet Business	577	300	+277	522	500	+22	1,100	800	+300
Resort Business	182	0	+182	817	700	+117	1,000	700	+300
Other (including adjustments)	31	(100)	+131	(131)	0	(131)	(100)	(100)	0
Ordinary Profit	5,615	3,900	+1,715	5,384	4,600	+784	11,000	8,500	+2,500
Profit attributable to owners of parent	4,004	2,900	+1,104	3,995	4,100	(104)	8,000	7,000	+1,000

Assumptions Underlying Performance Forecast for the Fiscal Year Ending December 31, 2024 (Operational Indicators)

		First half (Jan. to Jun.)			Second half (Jul. to Dec.)			Full year		
		Actual	Announcement on May 9	Change	Revised forecast	Announcement on May 9	Change	Revised forecast	Announcement on May 9	Change
WHG Total	Occupancy Rate	86%	86%	(0)pt	88%	90%	(2)pt	87%	87%	(0)pt
	ADR	¥15,320	¥15,000	+¥320	¥15,700	¥15,000	+¥700	¥15,550	¥15,000	+¥550
WHG Tokyo	Occupancy Rate	89%	88%	+1pt	89%	90%	(1)pt	89%	88%	+1pt
	ADR	¥17,367	¥17,000	+¥367	¥17,700	¥17,000	+¥700	¥17,500	¥17,000	+¥500
WHG other than Tokyo	Occupancy Rate	82%	83%	(1)pt	87%	90%	(3)pt	85%	86%	(1)pt
	ADR	¥12,290	¥12,000	+¥290	¥12,700	¥12,000	+¥700	¥12,500	¥12,000	+¥500
Hotel Chinzanso Tokyo	Occupancy Rate	62%	60%	+2pt	64%	59%	+5pt	63%	60%	+3pt
	ADR	¥55,042	¥53,100	+¥1,942	¥54,000	¥53,000	+¥1,000	¥54,500	¥53,000	+¥1,500
Hakone Kowakien Ten-yu	Occupancy Rate	88%	86%	+2pt	88%	86%	+2pt	88%	86%	+2pt
	ADR	¥53,615	¥54,200	¥(585)	¥56,000	¥55,000	+¥1,000	¥54,700	¥54,700	±¥0
Hakone Kowakien Hotel	Occupancy Rate	77%	77%	(0)pt	89%	83%	+6pt	83%	80%	+3pt
	ADR	¥31,516	¥32,700	¥(1,184)	¥38,000	¥35,300	+¥2,700	¥35,000	¥34,000	+¥1,000
Hotel Chinzanso Tokyo	Wedding: number of ceremonies	667	660	+7	833	840	(7)	1,500	1,500	±0
	Wedding: sales per ceremony	¥3,942 thousand	¥3,993 thousand	¥(50) thousand	¥3,885 thousand	¥3,775 thousand	+¥109 thousand	¥3,910 thousand	¥3,871 thousand	+¥39 thousand
	Wedding: average number of guests per ceremony	48	48	±0	47	45	+2	48	47	+1
Hakone Kowakien Yunessun	Visitors	205 thousand people	207 thousand people	(1) thousand people	358 thousand people	353 thousand people	+5 thousand people	564 thousand people	560 thousand people	+4 thousand people

*Serviced apartments ISORAS CIKARANG is excluded for operational indicators

Financial strategy progress

In light of strong 1H performance, the resolution was made to redeem 40 of the 100 Class A preferred shares (purchase and cancellation) in order to construct a sound financial foundation.

Details of purchase and cancellation	
Date of resolution	August 8, 2024
Class of shares to be purchased (cancelled)	Class A preferred shares
Total number of shares to be purchased (cancelled)	40 shares (Issue price: ¥100 million per share)
Scheduled date of purchase (cancellation)	August 23, 2024

*As there are 100 shares issued, the number of outstanding shares will be 60 following the purchase

Business strategy actions and progress

WHG Business

- Improve earning power by increasing product appeal
 - Expand number of locations through new openings
 - Reorganize brands and increase brand awareness
 - Acquire a fan base
- Guestrooms and restaurants were renovated to increase product appeal



Sendai Washington Hotel guest room



Hotel Gracery Shinjuku “GRACERY LOUNGE”

Enhancement of product appeal and value added through actions to meet customer needs

Business strategy actions and progress

Luxury & Banquet Business

- Utilize property, plant and equipment
 - Leverage brands, expertise, and skills
 - Strengthen professional skills and maximize potential of human resources
- The chapel space at Hotel Chinzanso Tokyo was repurposed to create an executive lounge for exclusive use by suite room guests



Executive Lounge “Le Ciel” opened on July 26

Valued added is offered through full check-in service, light meals served by a live kitchen, and other amenities

Business strategy actions and progress

Resort Business

- Maximize impact of Hakone Kowakien redevelopment
- Enhance product appeal of existing facilities and utilize idle land
- Expand into other business domains and open new locations
- Diverse activities are offered to advance Hakone Kowakien's evolution into a tourist destination



Nature walking tour



Japanese cultural experiences (Japanese dishes and yukata)

Hosting of diverse activities to increase Hakone Kowakien's appeal as a tourist destination

Operational Indicators

		2023				2024	
		1Q	2Q	3Q	4Q	1Q	2Q
WHG Total	Occupancy Rate	84%	88%	88%	90%	86%	86%
	ADR	¥10,821	¥13,083	¥13,487	¥14,473	¥14,849	¥15,774
WHG Tokyo	Occupancy Rate	89%	91%	90%	92%	90%	88%
	ADR	¥11,567	¥14,428	¥14,612	¥16,096	¥16,920	¥17,791
WHG other than Tokyo	Occupancy Rate	78%	83%	85%	87%	82%	83%
	ADR	¥9,853	¥11,123	¥11,909	¥12,213	¥11,847	¥12,728
Hotel Chinzanso Tokyo	Occupancy Rate	65%	72%	58%	70%	53%	70%
	ADR	¥42,660	¥45,527	¥50,335	¥52,535	¥55,437	¥54,705
Hakone Kowakien Ten-yu	Occupancy Rate	83%	79%	85%	91%	89%	87%
	ADR	¥48,575	¥50,630	¥53,090	¥55,456	¥54,102	¥53,113
Hakone Kowakien Hotel	Occupancy Rate	Opened on July 12, 2023		88%	77%	73%	81%
	ADR	Opened on July 12, 2023		¥36,221	¥32,918	¥32,791	¥30,371
Hotel Chinzanso Tokyo	Wedding: number of ceremonies	271	436	289	566	282	385
	Wedding: sales per ceremony	¥3,675 thousand	¥3,948 thousand	¥3,679 thousand	¥3,706 thousand	¥4,044 thousand	¥3,868 thousand
	Wedding: average number of guests per ceremony	44	49	45	45	49	48
Hakone Kowakien Yunessun	Visitors	75 thousand people	70 thousand people	208 thousand people	94 thousand people	107 thousand people	97 thousand people

*Serviced apartments ISORAS CIKARANG is excluded for operational indicators

List of Facilities (As of August 8, 2024)

WHG Business				Resort Business		Luxury & Banquet Business	
<<Lodging facilities>> 35 properties, 11,041 rooms				<<Lodging facilities>> 11 properties, 553 rooms		<<Lodging facilities>> 1 property, 265 rooms	
■ Washington Hotel (20 properties, 6,619 rooms)		■ Hotel Gracery (10 properties, 3,198 rooms)		Hakone Kowakien Ten-yu	150 rooms	Hotel Chinzanso Tokyo 265 rooms	
Sendai	223 rooms	Sapporo	440 rooms	Hakone Kowakien Hotel	150 rooms	<<Weddings>> 3 properties	
Shinjuku (Main Building, ANNEX)	1,617 rooms	Ginza	270 rooms	Hakone Kowakien Mikawayaya Ryokan	25 rooms	Share Clapping (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/ South)	225 rooms	Fujino Kirameki Fuji Gotemba	24 rooms	<<Restaurants>> 2 properties	
Hiroshima	266 rooms	Osaka Namba	170 rooms	Hakujukan, Shinzen-no-yado, Eihei-ji Temple	18 rooms	Camellia Hills Country Club (Chiba Pref.)	
Canal City Fukuoka	423 rooms	Naha	198 rooms	Yugawara Onsen Chitose [MC]	38 rooms	University of Tokyo Ito International Research Center Restaurant [MC]	
Yamagata Nanokamachi [FC]	213 rooms	Seoul	336 rooms	Hotel Yamanami [MC] (Yamanashi Pref.)	26 rooms	Meiji University Shikonkan Foresta Chinzanso [MC]	
Yamagata Eki Nishiguchi [FC]	100 rooms	Taipei	248 rooms	Towada Hotel [Business alliance]	50 rooms		
Aizu Wakamatsu [FC]	154 rooms			<<Restaurants>> 3 properties			
Koriyama [FC]	184 rooms	■ Hotel Fujita (1 property, 354 rooms)		Akashiitei (Akita Pref.)		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.	
Iwaki [FC]	148 rooms	Fukui [FC]	354 rooms	Hakone Kowakien Soba Kihinkan		MC: Management contracting model Ownership and management belong to owner companies. The Company is entrusted with facility operation.	
Tachikawa [FC]	170 rooms			Hakone Kowakien Teppan Shabu Geihinkan			
Kisarazu [FC]	146 rooms	■ HOTEL TAVINOS (3 properties, 656 rooms)		<<Leisure facilities>> 5 properties			
Tsubame Sanjo [FC]	103 rooms	Hamamatsucho	188 rooms	Hakone Kowakien Yunessun			
Kansai Airport [FC]	504 rooms	Asakusa	278 rooms	Hakone Kowakien Mori No Yu			
Kanku Izumiotsu [FC]	151 rooms	Kyoto	190 rooms	Hakone Kowakien Camp & Spa Yama No Ne			
Takarazuka [FC]	135 rooms			Fuji Camp Base Kirameki (within premises of Fujino Kirameki Fuji Gotemba)			
Sasebo [FC]	190 rooms	■ Serviced apartments (1 property, 214 rooms)		Shimoda Aquarium			
		ISORAS CIKARANG (Indonesia) 214 rooms					

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: 12,207,524 shares
	Class A preferred shares: 100 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	