

FUJITA KANKO INC.

**Financial Results for
the Three Months
Ended March 31, 2024**

May 9, 2024
(Code number: 9722)



Consolidated Statements of Income

- Inbound demand recovered significantly
- Tourism demand expanded in the domestic market as well compared with the 1Q of the previous year, when movement restrictions were in place amid the impact of COVID-19
- ➔ By capturing these demands through strengthened overseas sales, improvement of product competitiveness, and other efforts, net sales and operating profit increased by **¥3.82 billion** and **¥2.00 billion**, respectively, year on year

Unit: Million yen	2024 1Q Actual	2023 1Q Actual	YoY
Net sales	16,985	13,163	+3,821
Operating profit	2,056	53	+2,002
Ordinary profit	2,177	54	+2,122
Extraordinary income	131	627	(496)
Extraordinary losses	367	19	+348
Income taxes	271	9	+261
Profit attributable to owners of parent	1,669	653	+1,016

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

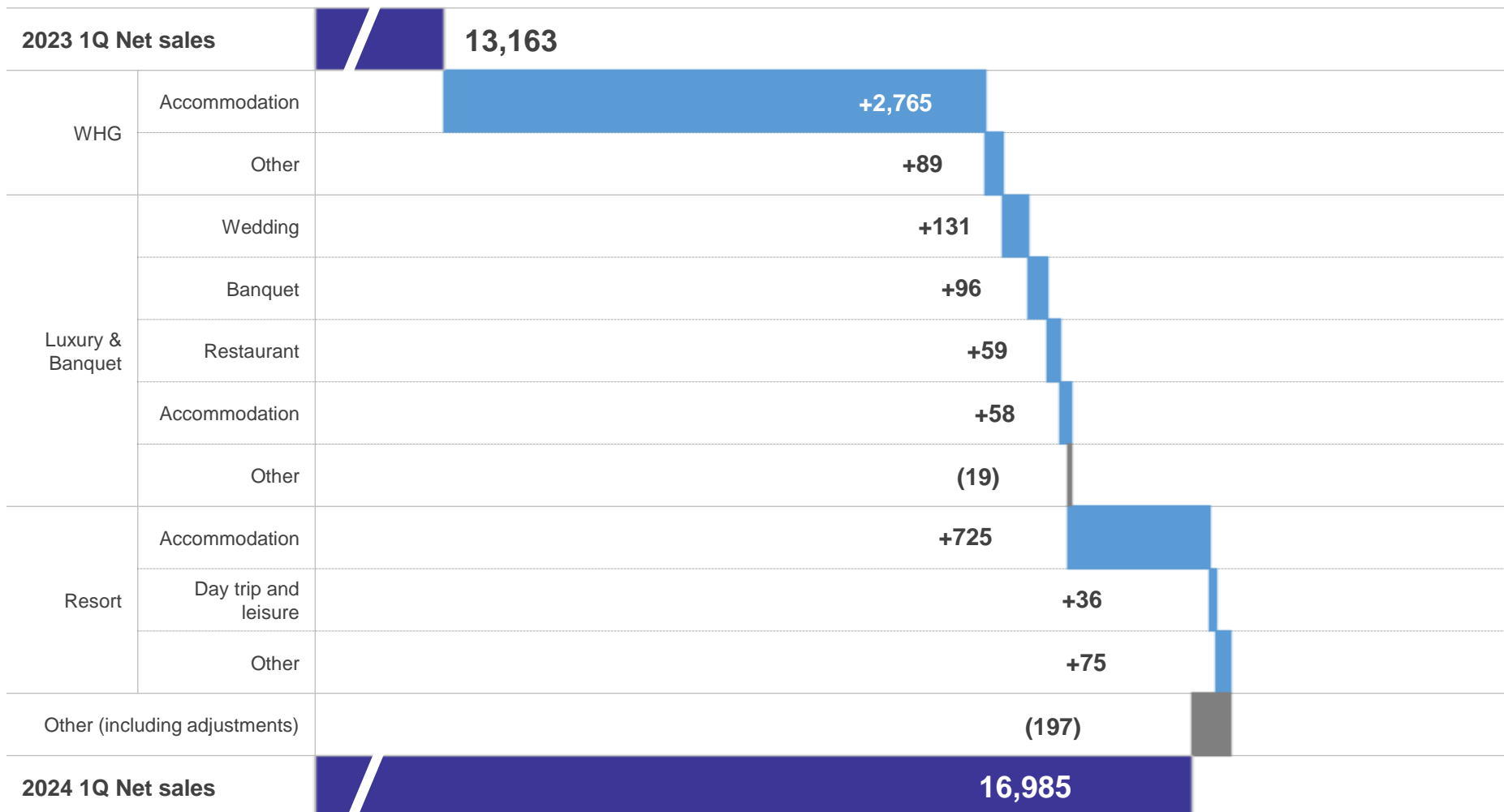
Unit: Million yen		2024 1Q Actual	2023 1Q Actual	YoY
Net sales		16,985	13,163	+3,821
	WHG Business	10,229	7,373	+2,855
	Luxury & Banquet Business	4,045	3,718	+327
	Resort Business	2,416	1,579	+837
	Other (including adjustments)	293	491	(197)
Operating profit (loss)		2,056	53	+2,002
	WHG Business	1,901	286	+1,615
	Luxury & Banquet Business	48	(36)	+84
	Resort Business	105	(69)	+175
	Other (including adjustments)	0	(126)	+127

*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 of which ADR increased drove net sales
- In Luxury & Banquet Business, the number of guests increased also in wedding, banquet, and restaurant

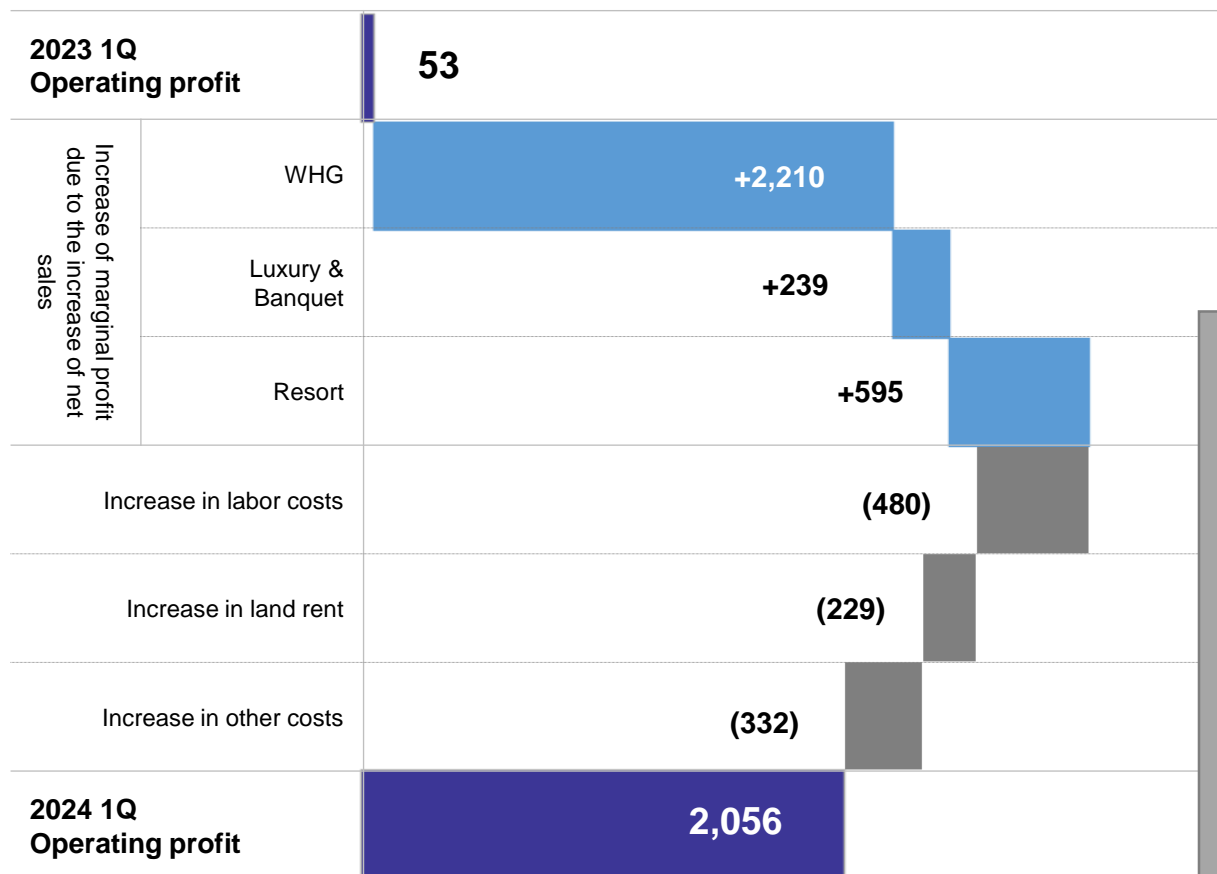
Unit: Million yen



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

Unit: Million yen



Ratio of fixed operating costs (to net sales)

✓ Decreased compared with before COVID-19

2019	1Q	79.0%
		▼
2023	1Q	77.2%
		▼
2024	1Q	64.9%

WHG Business

- Continued to implement measures to strengthen overseas sales and send inbound customers to regional facilities; the number of inbound accommodation guests increased (+54.3% YoY in WHG as a whole, inbound ratio +11.9pt)
- Strengthened capturing tourism demand both in Japan and overseas, the number of average accommodation guests per room increased

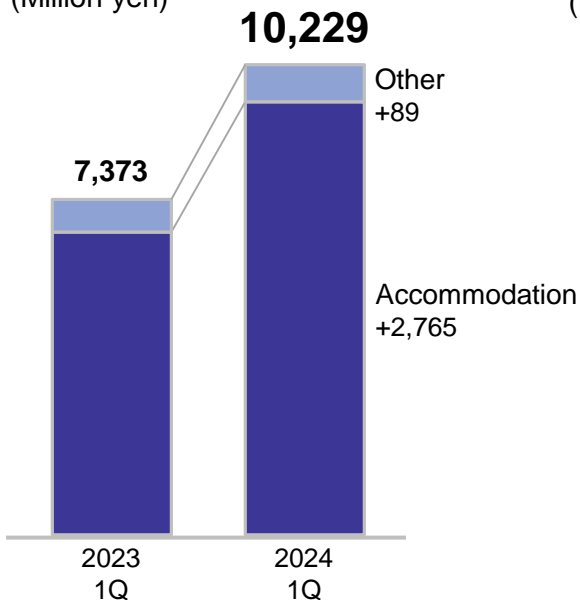
➔ ADR rose significantly mainly at facilities located in the Tokyo metropolitan area, including Shinjuku Washington Hotel and Hotel Gracery Shinjuku

➔ Net sales and operating profit increased by **¥2.85 billion** and **¥1.61 billion**, respectively, year on year, in the business as a whole

* “Hotel Gracery Shinjuku” had been provided for the government until the end of Feb 2023 (whole building rental)

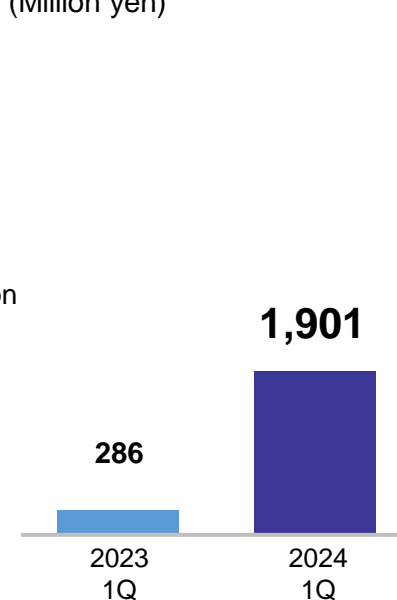
Net Sales

(Million yen)

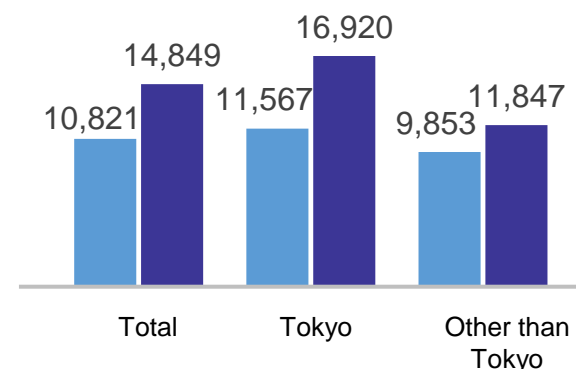


Operating Profit

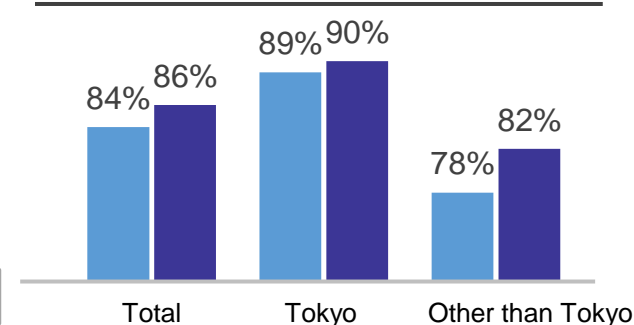
(Million yen)



ADR (Yen)



Occupancy Rate



✓ ADR increase effect is +¥2,508 million out of +¥2,765 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

*Serviced apartments ISORAS CIKARANG is excluded for operational indicators

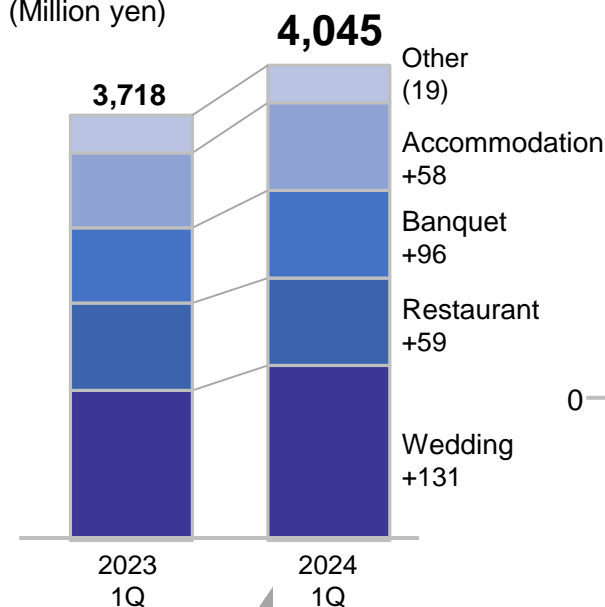
Luxury & Banquet Business

• Continued to implement sales measures for high-value-added products at Hotel Chinzanso Tokyo; sales as well as number of guests per use increased in each business, resulting in YoY net sales increase in all businesses

➔ Net sales and operating profit increased by **¥0.32 billion** and **¥0.08 billion** YoY, respectively, for the business as a whole

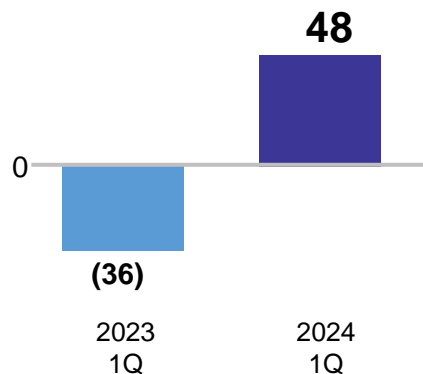
Net Sales

(Million yen)



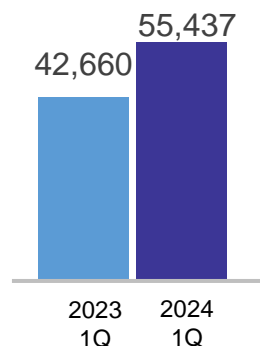
Operating Profit

(Million yen)

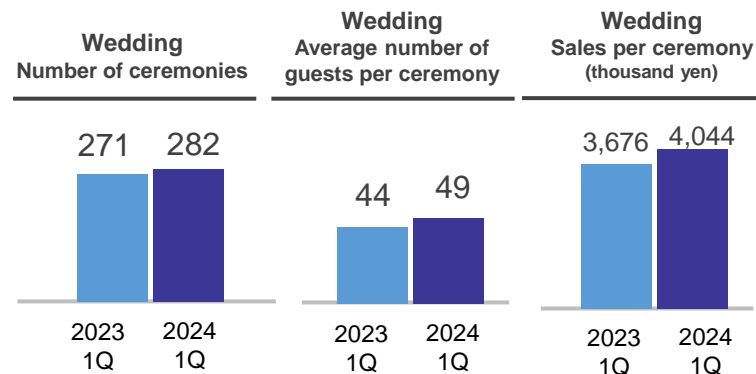
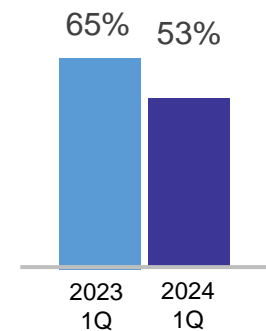


Hotel Chinzanso Tokyo

ADR (Yen)



Occupancy Rate



“Hotel Chinzanso Tokyo”

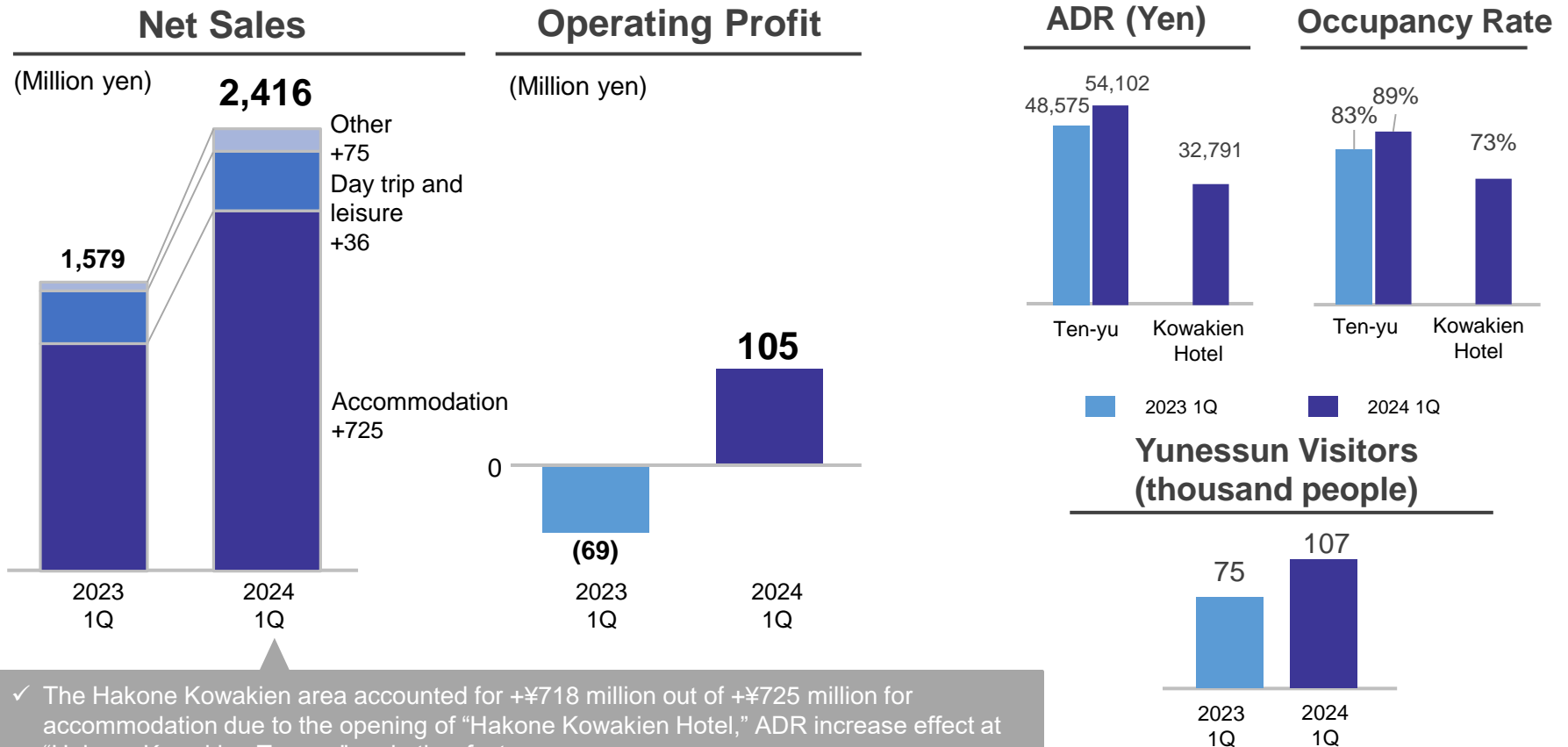
- ✓ Wedding +¥131 million
YoY plus for all of number of ceremonies, average number of guests per ceremony, and sales per ceremony
- ✓ Restaurant/Banquet
Number of guests for use increased YoY, +2.7% for restaurant, +14.4% for banquet
- ✓ Accommodation +¥58 million
ADR increase effect is +¥162 million; 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

- At “Hakone Kowakien Ten-yu,” ADR rose with favorable sales of high-value-added products such as upgraded meal plans. In addition, the occupancy rate rose with the increase of weekday use by attracting inbound visitors and through other initiatives
- ADR and occupancy rate of “Hakone Kowakien Hotel,” which opened in July 2023, also remained steady from the previous year
- ➔ Net sales and operating profit increased by **¥0.83 billion** and **¥0.17 billion** YoY, respectively, for the business as a whole

*Hakone Kowakien Hotel opened in July 2023

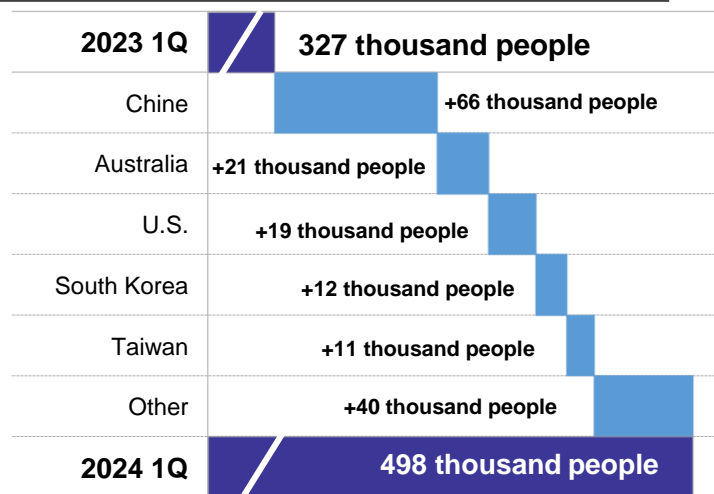


✓ The Hakone Kowakien area accounted for +¥718 million out of +¥725 million for accommodation due to the opening of “Hakone Kowakien Hotel,” ADR increase effect at “Hakone Kowakien Ten-yu,” and other factors

Status of inbound tourism

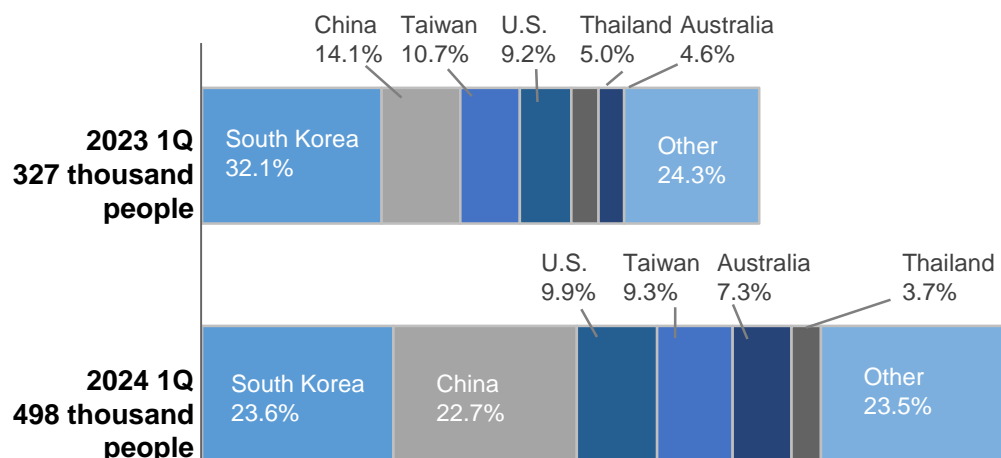
	2024 1Q Actual	YoY
Number of inbound accommodation guests (at domestic facilities only)	498 thousand people	+52.3%
Total number of accommodation guests	1,015 thousand people	+19.5%
Ratio of inbound guests	49.1%	+10.5pt
WHG Total	51.4%	+11.9pt
Hotel Chinzanso Tokyo	29.1%	+2.7pt
Hakone Kowakien Ten-yu	41.3%	+1.6pt
Hakone Kowakien Hotel	9.6%	—

Number of inbound accommodation guests
Increase/Decrease by country



*Figures for China include guests from Hong Kong

Number of inbound accommodation guests
Breakdown by country



*Set 327 thousand people and 498 thousand people as 100 percent for 2023 1Q and for 2024 1Q, respectively

Balance Sheets

- Net assets increased by ¥1.52 billion to ¥27.49 billion compared to the end of the previous year
- Retained earnings increased by ¥1.66 billion, while capital surplus decreased by ¥0.40 billion due to the payment of Class A preferred dividend

Unit: Million yen	End of March 2024	End of December 2023	Change
Current assets	24,310	21,293	+3,016
Non-current assts	72,007	72,202	(195)
Total assets	96,317	93,496	+2,821
Current liabilities	28,469	30,365	(1,895)
Non-current liabilities	40,352	37,156	+3,196
Total liabilities	68,821	67,521	+1,300
Total net assets	27,495	25,974	+1,521
Total liabilities and net assets	96,317	93,496	+2,821
Equity ratio	28.5%	27.8%	+0.8pt
Total borrowings	42,156	40,021	+2,135

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

Upward revision to the 2Q cumulative and full year business performance forecast in light of the 1Q financial results and most recent status

Unit: Million yen

	2Q cumulative			Full year		
	Revised forecast	Forecast announced on Feb. 14	Compared to previous forecast	Revised forecast	Forecast announced on Feb. 14	Compared to previous forecast
Net Sales	35,200	32,700	+2,500	72,500	68,700	+3,800
WHG Business	21,000	19,000	+2,000	42,800	39,500	+3,300
Luxury & Banquet Business	8,800	8,800	0	18,100	18,100	0
Resort Business	4,800	4,400	+400	10,400	10,000	+400
Other (including adjustments)	600	500	+100	1,200	1,100	+100
Operating Profit	3,700	2,000	+1,700	8,500	6,000	+2,500
WHG Business	3,500	2,000	+1,500	7,100	4,800	+2,300
Luxury & Banquet Business	300	300	0	800	800	0
Resort Business	0	(200)	+200	700	500	+200
Other (including adjustments)	(100)	(100)	0	(100)	(100)	0
Ordinary Profit	3,900	2,000	+1,900	8,500	5,800	+2,700
Profit attributable to owners of parent	2,900	1,500	+1,400	7,000	5,300	+1,700

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

		2Q cumulative			Full year		
		Revised forecast	Announcement on Feb. 14	Change	Revised forecast	Announcement on Feb. 14	Change
WHG Total	Occupancy Rate	86%	87%	(1)pt	87%	89%	(2)pt
	ADR	¥15,000	¥13,400	+¥1,600	¥15,000	¥13,700	+¥1,300
WHG Tokyo	Occupancy Rate	88%	89%	(1)pt	88%	90%	(2)pt
	ADR	¥17,000	¥14,900	+¥2,100	¥17,000	¥15,100	+¥1,900
WHG other than Tokyo	Occupancy Rate	83%	84%	(1)pt	86%	87%	(1)pt
	ADR	¥12,000	¥11,200	+¥800	¥12,000	¥11,800	+¥200
Hotel Chinzanso Tokyo	Occupancy Rate	60%	64%	(4)pt	60%	63%	(3)pt
	ADR	¥53,100	¥46,300	+¥6,800	¥53,000	¥48,500	+¥4,500
Hakone Kowakien Ten-yu	Occupancy Rate	86%	79%	+7pt	86%	82%	+4pt
	ADR	¥54,200	¥49,900	+¥4,300	¥54,700	¥50,800	+¥3,900
Hakone Kowakien Hotel	Occupancy Rate	77%	80%	(3)pt	80%	83%	(3)pt
	ADR	¥32,700	¥32,600	+¥100	¥34,000	¥34,900	¥(900)
Hotel Chinzanso Tokyo	Wedding: number of ceremonies	660	710	(50)	1,500	1,550	(50)
	Wedding: sales per ceremony	¥3,993 thousand	¥3,852 thousand	+¥141 thousand	¥3,871 thousand	¥3,810 thousand	+¥61 thousand
	Wedding: average number of guests per ceremony	48	47	+1	47	46	+1
Hakone Kowakien Yunessun	Visitors	207 thousand people	211 thousand people	(4) thousand people	560 thousand people	564 thousand people	(4) thousand people

*Serviced apartments ISORAS CIKARANG is excluded for operational indicators

Topics

Fireflies in the heart of Tokyo show up from mid-May!
A beloved feature of early summer where fireflies are dancing in the evening garden
Hotel Chinzanso Tokyo “Firefly Evenings” is to celebrate the 70th anniversary this year



“Firefly Evenings” that colorizes the evening of the garden was commenced in 1954 by Eiichi Ogawa who is the founder of FUJITA KANKO, with his wish to show fireflies to children in Tokyo and let youngsters who have come up to Tokyo feel their home country.” While fireflies are generally thought with an image of summer, in our Hotel, they start flying in mid-May, and it has high time over early June.

Please enjoy the dreamy landscape where the “Tokyo Sea of Clouds” and fireflies are co-starring this year, which will celebrate the 70th anniversary, as well.



The “Firefly Evenings Dinner Buffet” features an array of sumptuous delicacies, from popular dishes such as roast beef sirloin to traditional hotel favorites such as simmered eggplant in broth!



Stay plans that offer various ways of enjoyment will come up, including “Firefly Evenings 70th anniversary commemorate: Special stay for the firefly season” and “Special stay with family”!



May to June is a time where trees in the garden change to deep green with full of vitality from young and fresh tender green. Please be satisfied with the transition of seasons.

Operational Indicators

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

*Serviced apartments ISORAS CIKARANG is excluded for operational indicators

List of Facilities (As of May 9, 2024)

WHG Business				Resort Business		Luxury & Banquet Business	
<<Lodging facilities>> 36 properties, 11,041 rooms				<<Lodging facilities>> 11 properties, 553 rooms		<<Lodging facilities>> 1 property, 266 rooms	
■ Washington Hotel (21 properties, 6,619 rooms)		■ Hotel Gracery (10 properties, 3,198 rooms)		Hakone Kowakien Ten-yu	150 rooms	Hotel Chinzanso Tokyo 266 rooms	
Sendai	223 rooms	Sapporo	440 rooms	Hakone Kowakien Hotel	150 rooms	<<Weddings>> 3 properties	
Shinjuku (Main Building)	1,280 rooms	Ginza	270 rooms	Hakone Kowakien Mikawayaya Ryokan	25 rooms	Share Clapping (Hiroshima Pref.)	
Shinjuku (ANNEX)	337 rooms	Tamachi	216 rooms	Hakone Kowakien Miyama Furin	15 rooms	Remercier Motoujina (Hiroshima Pref.)	
Akihabara	369 rooms	Asakusa	125 rooms	Ito Kowakien	50 rooms	The South Harbor Resort (Hiroshima Pref.)	
Tokyo Bay Ariake	830 rooms	Shinjuku	970 rooms	Ito Ryokuyu	7 rooms	<< Leisure facilities>> 1 property	
Yokohama Sakuragicho	553 rooms	Kyoto Sanjo (North/South)	225 rooms	Fujino Kirameki Fuji Gotemba	24 rooms	Camellia Hills Country Club (Chiba Pref.)	
Urawa	140 rooms	Osaka Namba	170 rooms	Hakujukan, Shinzen-no-yado, Eihei-ji Temple	18 rooms	<Restaurants> 2 properties	
Hiroshima	266 rooms	Naha	198 rooms	Yugawara Onsen Chitose [MC]	38 rooms	University of Tokyo Ito International Research Center Restaurant [MC]	
Canal City Fukuoka	423 rooms	Seoul	336 rooms	Hotel Yamanami [MC] (Yamanashi Pref.)	26 rooms	Meiji University Shikonkan Foresta Chinzanso [MC]	
Yamagata Nanokamachi [FC]	213 rooms	Taipei	248 rooms	Towada Hotel [Business alliance]	50 rooms		
Yamagata Eki Nishiguchi [FC]	100 rooms			<<Restaurants>> 3 properties			
Aizu Walamatsu [FC]	154 rooms	■ Hotel Fujita (1 property, 354 rooms)		Akashiatei (Akita Pref.)		FC: Franchising model	
Koriyama [FC]	184 rooms	Fukui [FC]	354 rooms	Hakone Kowakien Soba Kihinkan		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			Hakone Kowakien Teppan Shabu Geihinkan		MC: Management contracting model	
Tachikawa [FC]	170 rooms	■ HOTEL TAVINOS (3 properties, 656 rooms)		<<Leisure facilities>> 5 properties		Ownership and management belong to owner companies. The Company is entrusted with facility operation.	
Kisarazu [FC]	146 rooms	Hamamatsucho	188 rooms	Hakone Kowakien Yunessun			
Tsubame Sanjo [FC]	103 rooms	Asakusa	278 rooms	Hakone Kowakien Mori No Yu			
Kansai Airport [FC]	504 rooms	Kyoto	190 rooms	Hakone Kowakien Camp & Spa Yama No Ne			
Kanku Izumiotsu [FC]	151 rooms			Fuji Camp Base Kirameki (within premises of Fujino Kirameki Fuji Gotemba)			
Takarazuka [FC]	135 rooms	■ Serviced apartments (1 property, 214 rooms)		Shimoda Aquarium			
Sasebo [FC]	190 rooms	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	