

# Consolidated Financial Results for the Three Months Ended March 31, 2024 [Japanese GAAP]



May 9, 2024

Company name: FUJITA KANKO INC.  
 Stock exchange listing: Tokyo Stock Exchange  
 Code number: 9722  
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 Scheduled date of filing quarterly securities report: May 9, 2024  
 Scheduled date of commencing dividend payments: -  
 Availability of supplementary briefing material on quarterly financial results: Available  
 Schedule of quarterly financial results briefing session: Not scheduled

(Amounts of less than one million yen are rounded down.)

## 1. Consolidated Financial Results for the Three Months Ended March 31, 2024 (January 1, 2024 to March 31, 2024)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended March 31, 2024	16,985	29.0	2,056	-	2,177	-	1,669	1556
Three months ended March 31, 2023	13,163	65.4	53	-	54	-	653	-

(Note) Comprehensive income: Three months ended March 31, 2024: ¥1,921 million [126.6%]  
 Three months ended March 31, 2023: ¥847 million [-%]

	Profit per share	Diluted profit per share
	Yen	Yen
Three months ended March 31, 2024	131.10	-
Three months ended March 31, 2023	54.50	-

(Note) The year-on-year changes in operating profit and ordinary profit for the three months ended March 31, 2024 are shown as “-” because their year-on-year changes exceed 1000%.

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of March 31, 2024	96,317	27,495	28.5
As of December 31, 2023	93,496	25,974	27.8

(Reference) Equity: As of March 31, 2024: ¥27,495 million  
 As of December 31, 2023: ¥25,974 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended December 31, 2023	Yen -	Yen 0.00	Yen -	Yen 0.00	Yen 0.00
Fiscal year ending December 31, 2024	-				
Fiscal year ending December 31, 2024 (Forecast)		0.00	-	30.00	30.00

(Note) Revision to the forecast for dividends announced most recently: No

(Note) “Dividends” above are dividends for common shares. For dividends for class shares (unlisted) with different rights from those of common shares issued by the Company, please see “Dividends on Class Shares” to be described later.

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2024 (January 1, 2024 to December 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	35,200	20.7	3,700	93.5	3,900	55.7	2,900	(5.6)	225.42
Full year	72,500	12.3	8,500	28.1	8,500	20.0	7,000	(13.7)	550.68

(Note) Revision to the financial results forecast announced most recently: Yes

**\* Notes:**

- (1) Changes in significant subsidiaries during the period under review: No
- (2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
  - 1) Changes in accounting policies due to the revision of accounting standards: No
  - 2) Changes in accounting policies other than 1) above: No
  - 3) Changes in accounting estimates: No
  - 4) Retrospective restatement: No
- (4) Total number of issued shares (common shares)
  - 1) Total number of issued shares at the end of the period (including treasury shares):  
March 31, 2024: 12,207,424 shares  
December 31, 2023: 12,207,424 shares
  - 2) Total number of treasury shares at the end of the period:  
March 31, 2024: 222,308 shares  
December 31, 2023: 222,259 shares
  - 3) Average number of shares during the period:  
Three months ended March 31, 2024: 11,985,136 shares  
Three months ended March 31, 2023: 11,985,478 shares

\* Quarterly financial results are outside the scope of quarterly review by a certified public accountant or an audit corporation.

\* Explanation of the proper use of financial results forecast and other notes

The financial results forecasts and other forward-looking statements herein are made based on currently available information and include a number of uncertainties. Accordingly, actual results may differ materially due to various factors. For the assumptions underlying the financial results forecasts, please see “1. Qualitative Information on Quarterly Financial Results for the Period under Review, (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” on page 3 of the attached material.

### Dividends on Class Shares

The following shows the breakdown of dividend per share of Class A preferred shares, which have different rights from those of common shares.

Class A preferred Shares	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended December 31, 2023	Yen -	Yen -	Yen -	Yen 4,000,000.00	Yen 4,000,000.00
Fiscal year ending December 31, 2024	-				
Fiscal year ending December 31, 2024 (Forecast)		-	-	-	-

(Notes)

1. The capital surplus was used to fund the dividends paid for the fiscal year ended December 31, 2023.
2. The forecast for dividends for the fiscal year ending December 31, 2024 has not been determined at present.
3. The Company issued the Class A preferred shares on September 28, 2021.

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## 1. Qualitative Information on Quarterly Financial Results for the Period under Review

### (1) Explanation of Operating Results

According to the Japan National Tourism Organization (JNTO), the number of inbound tourists increased 78% year on year during the period from January through March of 2024, with inbound demand staging a significant recovery. In the domestic market as well, tourism demand expanded from the same period a year earlier, when movement restrictions were in place amid the impact of COVID-19.

The Group strengthened overseas sales, improved product competitiveness, and made other efforts to capture increasing demand in Japan and overseas. In the accommodation business, the total number of accommodation guests increased year on year during the three months ended March 31, 2024, with ADR rising mainly in the WHG Business. The number of facility users also increased in the wedding business, the banquets business and the restaurant business.

As a result, net sales for the entire Group increased by ¥3,821 million year on year to ¥16,985 million, operating profit increased by ¥2,002 million year on year to ¥2,056 million, and ordinary profit increased by ¥2,122 million year on year to ¥2,177 million. Profit attributable to owners of parent was ¥1,669 million due mainly to extraordinary losses on business withdrawal.

An overview of business results is as follows.

(Million yen)

	Three months ended March 31, 2024	YoY change
Net sales	16,985	3,821
Operating profit	2,056	2,002
Ordinary profit	2,177	2,122
Profit attributable to owners of parent	1,669	1,016

An overview of business results by segment is as follows.

Sales and operating profit by segment

(Million yen)

	Net sales		Operating profit	
	Actual	YoY change	Actual	YoY change
WHG Business	10,229	2,855	1,901	1,615
Luxury & Banquet Business	4,045	327	48	84
Resort Business	2,416	837	105	175
Other (including adjustment amounts)	293	(197)	0	127
Total	16,985	3,821	2,056	2,002

- (Notes) 1. Adjustment amounts include eliminations of inter-segment transactions, as well as corporate expenses not allocated to each segment.
2. Starting in the current fiscal year, the Company partially changed the segments to which operating facilities belong following organizational changes. For this reason, segment information for the previous fiscal year has been changed in accordance with segment changes.

In the WHG Business, we continued to implement measures to strengthen overseas sales and send inbound customers to regional facilities. These measures led to a year-on-year increase in the number of inbound accommodation guests and a rise in the proportion of inbound tourists during the three months ended March 31, 2024. In addition, ADR rose significantly, mainly at facilities located in the Tokyo metropolitan area, including Shinjuku Washington Hotel and Hotel Gracery Shinjuku, in part because we strengthened our efforts to capture tourism demand in Japan and overseas and saw a year-on-year increase in the average number of guests per room. As a result, net sales for this segment increased by ¥2,855 million year on year to ¥10,229 million, and operating profit increased by ¥1,615 million to ¥1,901 million.

In the Luxury & Banquet Business, revenue increased year on year in all divisions as the Hotel Chinzanso Tokyo continued to implement sales measures for high-value-added products, and sales as well as number of guests per use increased in each business. In the wedding business, the number of ceremonies, the average number of guests per ceremony, and sales per ceremony all increased year on year. In the banquets business, we received brisk orders for New Year's banquets and appreciation banquets. As a result, net sales for this segment increased by ¥327 million year on year to ¥4,045 million, and operating profit increased by ¥84 million to ¥48 million.

In the Resort Business, ADR rose as Hakone Kowakien Ten-yu continued to strengthen 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. At Hakone Kowakien Hotel, which opened in July last year, the occupancy rate and ADR remained steady from the previous year. As a result, net sales for this segment increased by ¥837 million year on year to ¥2,416 million, and operating profit increased by ¥175 million to ¥105 million.

## (2) Explanation of Financial Position

Total assets as of March 31, 2024 increased by ¥2,821 million from the end of the previous fiscal year to ¥96,317 million. Current assets increased by ¥3,016 million due mainly to an increase of ¥2,355 million in cash and deposits, and non-current assets decreased by ¥195 million due mainly to depreciation.

Liabilities increased by ¥1,300 million from the end of the previous fiscal year to ¥68,821 million, mainly due to borrowings.

Net assets increased by ¥1,521 million from the end of the previous fiscal year to ¥27,495 million. Capital surplus decreased by ¥400 million due mainly to the payment of Class A preferred dividend, while retained earnings increased by ¥1,669 million due to the recording of profit attributable to owners of parent. In addition, capital surplus decreased by ¥3,726 million as a result of deficit disposition, while retained earnings increased by the same amount.

## (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

Explanation of consolidated financial results forecast and other forward-looking information are as provided in “Notice Concerning Revisions to Financial Results Forecasts” released today (May 9, 2024).

### Consolidated financial results forecast for the first half of the fiscal year (January 1, 2024 to June 30, 2024)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Profit per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previously announced forecast (A)	32,700	2,000	2,000	1,500	125.15
Revised forecast (B)	35,200	3,700	3,900	2,900	225.42
Difference (B-A)	2,500	1,700	1,900	1,400	
Rate of difference (%)	7.6%	85.0%	95.0%	93.3%	
Ref: Results for first half of previous fiscal year (January 1, 2023 to June 30, 2023)	29,162	1,912	2,504	3,073	256.41

### Consolidated financial results forecast for the full fiscal year (January 1, 2024 to December 31, 2024)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Profit per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previously announced forecast (A)	68,700	6,000	5,800	5,300	442.21
Revised forecast (B)	72,500	8,500	8,500	7,000	550.68
Difference (B-A)	3,800	2,500	2,700	1,700	
Rate of difference (%)	5.5%	41.7%	46.6%	32.1%	
Ref: Results for fiscal year ended December 31, 2023 (January 1, 2023 to December 31, 2023)	64,547	6,636	7,081	8,114	677.03

2. Quarterly Consolidated Financial Statements  
(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of December 31, 2023	As of March 31, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	13,705	16,061
Notes and accounts receivable - trade	5,155	5,565
Merchandise and finished goods	58	54
Work in process	31	9
Raw materials and supplies	432	329
Other	1,915	2,296
Allowance for doubtful accounts	(5)	(5)
Total current assets	21,293	24,310
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	37,930	37,463
Tools, furniture and fixtures, net	2,754	2,733
Land	6,309	6,327
Construction in progress	52	51
Golf courses	2,477	2,477
Other, net	826	826
Total property, plant and equipment	50,350	49,880
Intangible assets		
Other	602	569
Total intangible assets	602	569
Investments and other assets		
Investment securities	11,604	11,998
Other	9,753	9,563
Allowance for doubtful accounts	(107)	(4)
Total investments and other assets	21,250	21,557
Total non-current assets	72,202	72,007
Total assets	93,496	96,317



(Million yen)

	As of December 31, 2023	As of March 31, 2024
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	1,132	933
Short-term borrowings	9,387	7,628
Current portion of long-term borrowings	10,923	11,427
Income taxes payable	61	271
Provision for bonuses	216	585
Provision for noncurrent assets removal cost	177	0
Provision for loss on business withdrawal	199	565
Other	8,266	7,057
Total current liabilities	30,365	28,469
Non-current liabilities		
Long-term borrowings	19,710	23,100
Provision for retirement benefits for directors (and other officers)	72	62
Asset retirement obligations	918	967
Retirement benefit liability	6,352	6,098
Deposits received from members	9,498	9,496
Other	603	627
Total non-current liabilities	37,156	40,352
Total liabilities	67,521	68,821
<b>Net assets</b>		
Shareholders' equity		
Share capital	100	100
Capital surplus	26,457	22,330
Retained earnings	(2,906)	2,490
Treasury shares	(904)	(904)
Total shareholders' equity	22,746	24,016
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,430	3,688
Deferred gains or losses on hedges	(12)	(3)
Foreign currency translation adjustment	(357)	(369)
Remeasurements of defined benefit plans	167	164
Total accumulated other comprehensive income	3,227	3,479
Total net assets	25,974	27,495
Total liabilities and net assets	93,496	96,317

(2) Quarterly Consolidated Statements of Income and Comprehensive Income  
Quarterly Consolidated Statements of Income  
Three Months Ended March 31

(Million yen)

	For the three months ended March 31, 2023	For the three months ended March 31, 2024
Net sales	13,163	16,985
Cost of sales	12,376	14,078
Gross profit	786	2,906
Selling, general and administrative expenses	732	849
Operating profit	53	2,056
Non-operating income		
Interest income	1	1
Dividend income	–	1
Foreign exchange gains	117	188
Rental income from land and buildings	17	19
Other	24	32
Total non-operating income	161	242
Non-operating expenses		
Interest expenses	132	104
Other	28	17
Total non-operating expenses	160	121
Ordinary profit	54	2,177
Extraordinary income		
Reversal of allowance for doubtful accounts	–	102
Gain on reversal of asset retirement obligations	–	27
Gain on sale of non-current assets	605	–
Gain on sale of shares of subsidiaries and associates	21	–
Subsidy income	1	–
Other	–	1
Total extraordinary income	627	131
Extraordinary losses		
Provision for loss on business withdrawal	–	367
Loss on sale of shares of subsidiaries and associates	19	–
Total extraordinary losses	19	367
Profit before income taxes	662	1,940
Income taxes	11	271
Profit	650	1,669
Loss attributable to non-controlling interests	(2)	–
Profit attributable to owners of parent	653	1,669

Quarterly Consolidated Statements of Comprehensive Income

Three Months Ended March 31

(Million yen)

	For the three months ended March 31, 2023	For the three months ended March 31, 2024
Profit	650	1,669
Other comprehensive income		
Valuation difference on available-for-sale securities	181	257
Deferred gains or losses on hedges	(21)	9
Foreign currency translation adjustment	44	(12)
Remeasurements of defined benefit plans, net of tax	(6)	(3)
Total other comprehensive income	196	251
Comprehensive income	847	1,921
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	850	1,921
Comprehensive income attributable to non-controlling interests	(2)	—