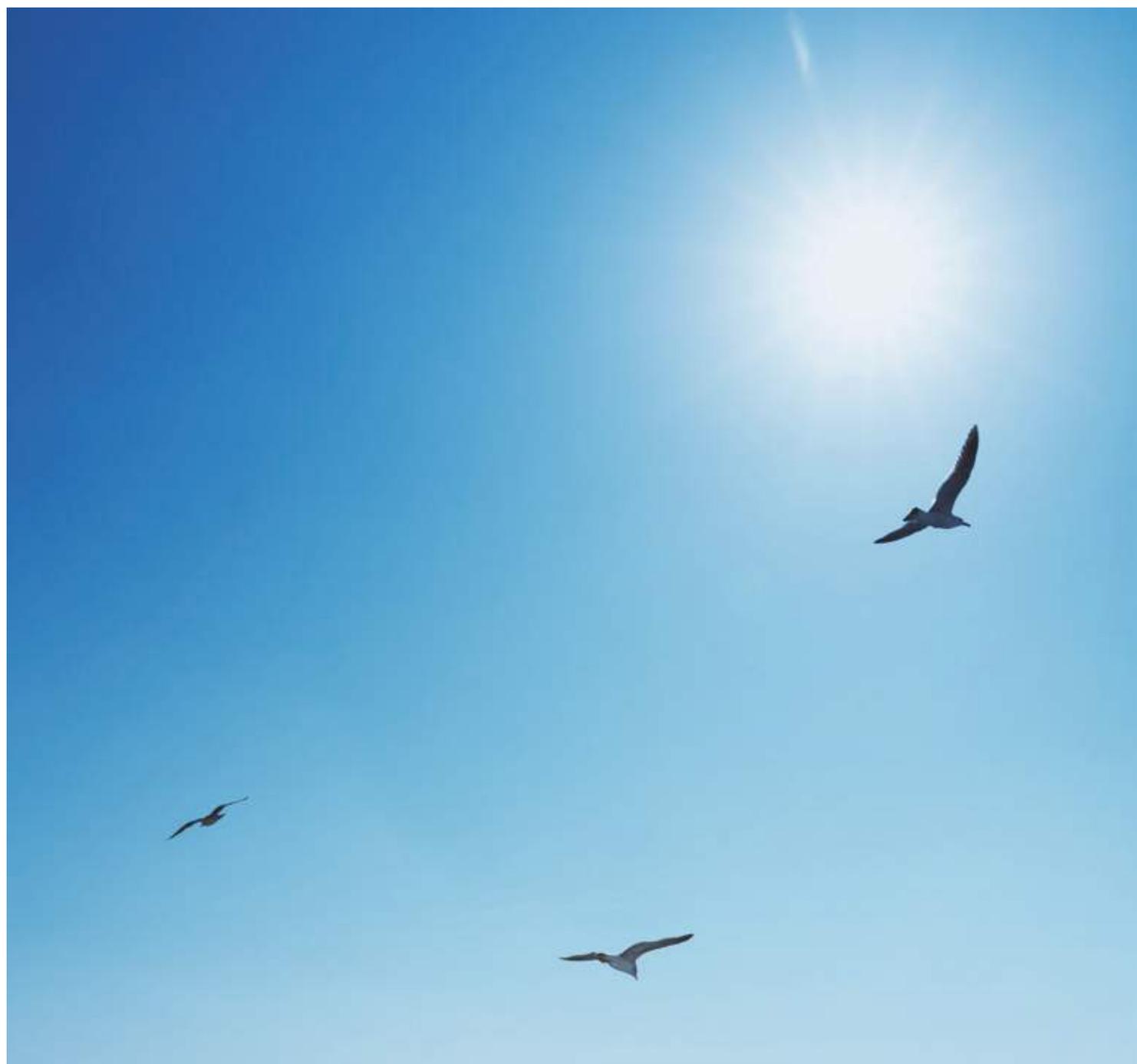


Fujita Kanko Inc.

Integrated Report 2023

(For the fiscal year ended December 31, 2023)



Fujita Kanko Inc.

Corporate Philosophy

Our goal is to contribute to the well-being of society by providing hospitable services and places where people can relax, refresh and revitalize.

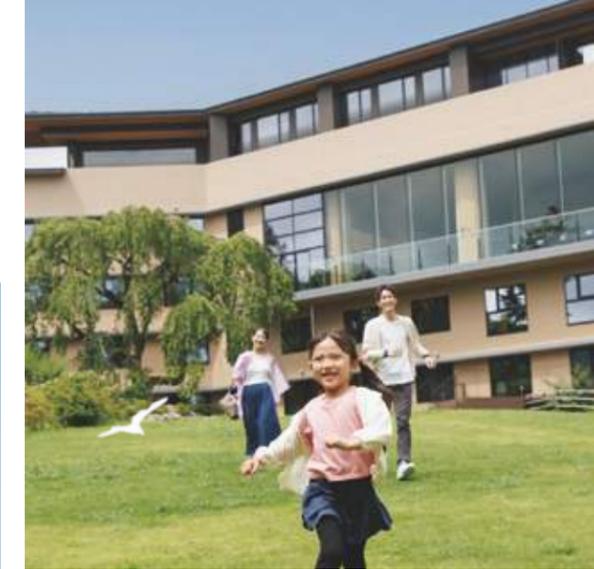
Long-term Vision

Continue to grow through a unique development of business that closely matches lifestyles, in order to create smiles



Forward-Looking Statements

The content of this report is based on information that is currently available to the Company, and on forecasts made at the time of production and publication. There are certain risks and uncertainties involved with these statements, and they do not guarantee the Company's future performance. Please note that actual business results may differ significantly from the forecasts and outlooks presented in this report.



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Fujita Kanko at a Glance (As of December 31, 2023)

Fujita Kanko by the Numbers

Established

68 years ago



Number of Employees

1,342



(Average number of fixed-term employees for the current period: 2,117)

Number of Locations (As of May 2024)

61



Number of Guests Annually

4.29 million



(Including at overseas facilities)

Number of Inbound Guest Stays

1.79 million



Number of Weddings Held

Over 210,000



Number of Historic Buildings Owned

5



Percentage of Women in Managerial Positions

17.6%



Net Sales

¥64.5 billion

Operating Profit

¥6.6 billion

EBITDA

¥10.2 billion

Our Wide Range of Business Development

WHG Business

Manages hotel chains including Washington Hotel (to meet business needs), Hotel Gracery (which caters to tourists) and HOTEL TAVINOS (aimed at the Millennial generation).

Total Number of Locations **35** | Number of Guests **4,998,669**

Main Brands



Luxury & Banquet Business

Manages properties including the luxury hotel Hotel Chinzanso Tokyo, as well as wedding and banquet facilities and golf courses.

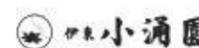
Total Number of Locations **7** | Number of Guests **772,696**



Resort Business

Manages Japanese-style inns, resort hotels, glamping sites and leisure facilities. Properties also include Hakone Kowakien Ten-yu, Hakone Kowakien Hotel and Hakone Kowakien Yunessun.

Total Number of Locations **19** | Number of Guests **1,201,293**



Message from the President



Shinsuke Yamashita

Representative Director and President,
Executive Officer

We will enhance the value of the entire Group by steadily executing the medium-term management plan while embracing our founding spirit and capitalizing on our unique strengths.

Learning the basics of hotel operations through frontline experience

Please allow me to first introduce myself. I am Shinsuke Yamashita, and I was appointed representative director and president, executive officer in March 2024. My professional career began in 1984, when I started working at Hotel Toba Kowakien, which the Fujita Kanko Group operated in Mie Prefecture. The relatively small hotel with 110 guest rooms offered me a chance to experience the end-to-end operational flow, from formulating a customer acquisition plan and receiving customers to running the front desk and restaurants. Having been involved in various duties in my 20s, I learned that collaboration among business divisions is indispensable to enhancing the quality of service.

In 1997, I was transferred to the planning office of the Resort Business to be a part of the Hakone Kowakien redevelopment project. However, given the worsening economy at the time (resulting from a series of bankruptcies of financial institutions), I was suddenly assigned to work on the structural reforms of the Group itself. While I was involved in making difficult decisions such as personnel cuts and facility closures, the job also allowed me to take part in the launch of new lodging facilities, including Towada Hotel in Akita Prefecture and Hotel Yamanami in Yamanashi Prefecture. I was able to get a bird's-eye view of the entire business from a management strategy standpoint, instead of from a frontline perspective.

In 2003, I became the manager of Hakone Kowakien Yunessun, which opened in 2001, and worked to achieve profitability at an early stage. In 2010, I was appointed the general manager of Hakone Kowakien, overseeing its overall management policy and business plan, and opened Hakone Kowakien Ten-yu in 2017. That same year, I became the general manager of Taikoen in Osaka, and in 2019 I was appointed the representative director and president of TAIKO-EN INC. I was able to gain valuable experience in the wedding business there and also had the opportunity to manage a company. In January 2020, I became an executive officer of the Company and the general manager of Hotel Chinzanso Tokyo. After that, I concurrently served as the general manager of the Luxury & Banquet Business Division, among other posts, until my current appointment in 2024 as representative director and president, executive officer.

In my current role of managing the entire Fujita Kanko Group, I am committed to making full use of my experience, including working on-site at our hotels for many years and serving as the general manager of several large facilities, to set the Company's direction. I will manage the organization with determination, based on a shared understanding with employees.

Fueki Ryuko—Determination to continue, courage to change

In the 40 years since joining Fujita Kanko, I have turned to the idea of *fueki ryuko*, or "constancy and change," at significant turning points in my career. This phrase—coined by the legendary haiku master Matsuo Basho and noted in *Kyoraisho*, a historical book on the theory of haiku—echoes the importance of pursuing continuous change while valuing the essence of things and tradition. Applying this spirit to the Group, our commitment to hospitality, as well as our wedding and accommodation businesses that showcase historical buildings and gardens, are timeless and unchanging values that we must maintain. At the same time, it is also important to update our internal systems in light of social trends and to apply new technologies to create frameworks for attracting customers. I have regularly reflected on the proper balance between the two. Furthermore, when speaking with on-site staff, I have tried to communicate simply and clearly by giving examples and sharing personal experiences. I will continue to abide by my two mottos: "striking the appropriate balance between the determination to continue and the courage to change" and "communicate in a simple and easy-to-understand manner." To our employees, I ask them to always be attentive, develop the ability to look ahead, and act without fear of failure.

Employee commitment to hospitality is our greatest strength.

The Fujita Kanko Group offers value in four key areas: the "environment" and "facilities" that make the most of valuable cultural assets and historical buildings, as well as "dining" and "services." We are particularly focused on elevating the quality of our dining experience and services, and while there is still room for improvement, we feel that the level is gradually rising. That is because each employee is constantly pursuing customer satisfaction and has excellent hospitality skills, showing family-like care and subtle attentiveness. In other words, our greatest strength is our employees and their thorough commitment to hospitality.

That being said, this strength can also be a weakness. Not only Fujita Kanko but in the tourism industry at large there has long been a disconnect where the pursuit of customer satisfaction did not necessarily translate to sales and profit growth. After the COVID-19 pandemic, however, we finally made progress in transforming employee awareness, and the idea that customers will pay an appropriate amount for high-value-added products began taking root. The importance of prioritizing both the occupancy rate and average customer spend is gradually becoming a common notion at each of our facilities.

Message from the President

Structural reforms implemented during the pandemic and the road to earnings recovery

It has been four years since we last published an integrated report. Therefore, let me briefly cover the structural reforms we implemented to overcome the unprecedented COVID-19 pandemic that struck during this period.

As I mentioned earlier, I was appointed the general manager of Hotel Chinzanso Tokyo in January 2020. At the time, there was still optimism as we prepared for the Tokyo Olympics and Paralympics, which were scheduled to take place in July that same year. However, with the declaration of the state of emergency in April, the occupancy rate at Hotel Chinzanso Tokyo plummeted to less than 10%. Amid the uncertain outlook and for the first time since the hotel's opening, we decided to close the facility for one month to protect our customers and employees. The facilities in the WHG Business and the Resort Business also closed for a period between 20 days and three months. When Hotel Chinzanso Tokyo was closed, most of the lighting in the property was turned off, so the nights were pitch-dark. I remember that the glow of the fireflies in the garden that year was ironically the most beautiful ever. Even after reopening our facilities, we were significantly impacted by the sharp decline in inbound tourism due to strict border control measures and the continued restrictions on movement, with the Japanese government urging the public not to hold events or go out. As a result, our Group was pushed to the brink of insolvency. We moved at that point to sell Taikoen and to conduct a series of structural reforms, including solicitation of early voluntary retirement and reductions in compensation, bonuses and salaries. We also issued class A preferred shares. Those who left and those who stayed all shared a difficult experience. As we were faced with an unprecedented crisis, we resolutely worked to streamline unprofitable businesses, which had been an issue for some time.

In addition, we implemented various measures to turn the misfortune to our advantage. In the WHG Business, we were able to introduce automated check-in kiosks and self-service lockers at an accelerated pace. This led to the idea of differentiating our services in the post-COVID era by using machines where we can and then devoting other resources to the services only humans can provide. When the government urged people not to serve alcohol at wedding venues, we made progress at Hotel Chinzanso Tokyo in developing menus that paired dishes with non-alcoholic drinks. Eyeing customer acquisition after the Tokyo Olympics and Paralympics, we also created the Tokyo Sea of Clouds attraction, in which the extensive garden is covered with mist. This event received substantial media coverage when it was introduced in October 2020, just around the time the Tokyo Metropolitan Government launched its Go To Travel Campaign. As a result, we were able to reach many customers who were previously unfamiliar with Hotel Chinzanso Tokyo, giving them a reason to visit. The Tokyo Sea of Clouds has become an event that highlights the hotel's appeal and enhances the garden's value. In the Resort Business, we worked steadily to open Hakone Kowakien Hotel, despite the uncertain outlook. This effort supported the hotel's successful launch in July 2023.

Our profitability improved as a result of the structural reforms implemented during the pandemic. Thanks also to the recovery of domestic demand since the reclassification of COVID-19 as a Class 5 infectious disease and the revitalization of inbound tourism, all our businesses returned to profitability in fiscal 2023.

Medium-term Management Plan 2028 and strategy to accomplish our goals

Fujita Kanko's Corporate Philosophy is "to contribute to the well-being of society by providing hospitable services and places where people can relax, refresh and revitalize." In the aftermath of World War II, Eiichi Ogawa, the first president of Fujita Kanko, sought to open some of the estates, villas and gardens formerly owned by Japan's privileged class to the public. This was the origin of Fujita Kanko, and the spirit of "contributing to the well-being of society" remains vibrant today. In 2020, we established our Long-term Vision, which states our commitment to "continue to grow through a unique development of business that closely matches lifestyles, in order to create smiles." To realize the ideals of our Corporate Philosophy and the Long-term Vision, we have formulated Medium-term Management Plan 2028, covering the five years from 2024 through 2028.

Medium-term Management Plan 2028's slogan, "Shine for Tomorrow, to THE FUTURE," embodies the resolve of the Company and its employees to hone their skills and shine toward a new era.

In terms of medium- to long-term challenges, we are keenly aware of the importance of building a solid foundation capable of remaining unshaken, even in the face of a crisis of a similar level as the COVID-19 pandemic. We are also very conscious of the need to secure and develop talent capable of driving each of our businesses. We will work to achieve our goals by implementing five strategies to address three key challenges: Establish a foundation for sustainable growth capable of withstanding changes in the external environment; secure and develop talent; and construct a sound financial foundation.

In past medium-term management plans, the Corporate Planning Division first determined the strategies based on the policies and priority issues set forth by management. The Company-wide performance targets were then assigned to each business unit. In the latest plan, we began by asking each business unit to lay out their goals and initiatives and set targets for sales and operating profit, which were then compiled into an overarching plan. I believe this was a good method, as it helped the plan gain the support of the heads of business units as well as employees (see pages 12–13 for details on the medium-term management plan).

●Establishing a foundation for sustainable growth capable of withstanding changes in the external environment

We will seek to rectify the earnings balance that is skewed toward the WHG Business by implementing measures such as enhancing profitability in the Luxury & Banquet Business and

the Resort Business. In addition, we will take on the challenge of creating new businesses. The investments necessary for proper maintenance of our facilities and for business expansion stalled during the three years of the COVID-19 pandemic. Under Medium-term Management Plan 2028, we intend to allocate about ¥35 billion to Group-wide capital investments over the five years through 2028, while making sure to keep them within the range of operating cash flow.

In the WHG Business, we plan to explore various methods for opening new hotels, not limited to leasing. Methods may include asset acquisition, franchising and management contracts.¹ In doing so, we will work to lower the ratio of fixed rent. In addition to capturing business travel demand, we will also expand hotel openings to tourist cities.

In the Luxury & Banquet Business, we will develop specialized personnel and effectively utilize the assets we own. Hotel Chinzanso Tokyo, for example, launched a postnatal care service in February 2024 in collaboration with a hospitality company. In July 2024, the hotel opened an executive lounge for exclusive use by guests staying at its suites. Both of these initiatives are aimed at utilizing low-occupancy facilities while also raising the added value of overnight stays. In the Resort Business, we will move forward with the redevelopment of Hakone Kowakien utilizing idle land, thereby elevating its appeal as a leading tourist destination.

1. A method where hotel management is outsourced

●Securing and developing talent

The human resource shortage resulting from the rapid recovery in accommodation demand is an issue that requires an urgent response. To address this issue, we first revamped our personnel system in 2022 to establish a more dynamic compensation structure. In 2023, we introduced a new career path for regular employees—the regional career track. It has received an overwhelmingly positive response and helped improve our competitiveness in recruiting. During the five years of the medium-term management plan, we will work to further improve employment conditions, including the achievement of top-level compensation in the industry. In addition, we will continue to build an education and training system aimed at honing the management skills and specializations of our employees while also supporting career development.

●Constructing a sound financial foundation

To maintain our significantly improved profitability, we will actively make investments that can contribute to earnings growth. We also plan to enhance capital and move forward with the early redemption of class A shares.

We have positioned the first three years of the five-year plan as the phase to build our foundation. We will invest in human resources and improve productivity while addressing issues in each business. In addition, we will work to build a sound financial foundation, while maintaining the equity ratio at 25% or more. In the last two years of the plan, which is the phase of profit expansion, we will focus on opening locations in the WHG Business and the Resort Business, improving the performance of Hotel Chinzanso Tokyo, and launching new businesses. We will also work to raise the equity ratio through growth of internal reserves, among other means.

We have set net sales, operating profit, operating profit ratio and ROE as the metrics to gauge profitability. The plan targets ¥80 billion in net sales, ¥8 billion in operating profit, an operating profit ratio of 10%, and ROE of 10% or more after redemption of preferred shares. The financial and capital policies the Company has pursued to date were not very focused on capital efficiency. Under the medium-term management plan, in light of recent capital market demand, we aim to achieve a ROIC that exceeds our current WACC of about 5% and ROE (to be maintained at 10% or more) that exceeds our cost of equity (roughly 8%). In addition, we will work to reduce interest-bearing debt through appropriate management of cash flow.

●Sustainability strategy

Being in daily contact with a diverse range of customers has made us aware that customers are increasingly selecting where to stay based on the accommodation's level of contribution to the achievement of the SDGs. In 2019, the Fujita Kanko Group established a dedicated team to promote the SDGs. To achieve sustainable growth, we have identified five key challenges and set quantitative and qualitative goals to tackle them.

As I mentioned earlier, the commitment of our first president, Eiichi Ogawa, to addressing social issues through business activities has been passed on to our current management team and employees through our Corporate Philosophy. For example, we utilize groundwater for 95% of the water used in the aforementioned Tokyo Sea of Clouds attraction at Hotel Chinzanso Tokyo. In addition, each of our business locations promotes the 3010 Movement² to reduce food loss at buffets and banquet halls, and also engages in activities rooted in local communities. Under the medium-term management plan, we will also focus on diversity-related measures, such as raising the foreign employee ratio, with a view to achieving sustainable growth for both the Company and society.

We will work to thoroughly execute the medium-term management plan and enhance the value of the entire Group.

2. A movement to reduce leftovers by encouraging customers to enjoy their meals during the first 30 minutes and last 10 minutes of event such as dinners and parties

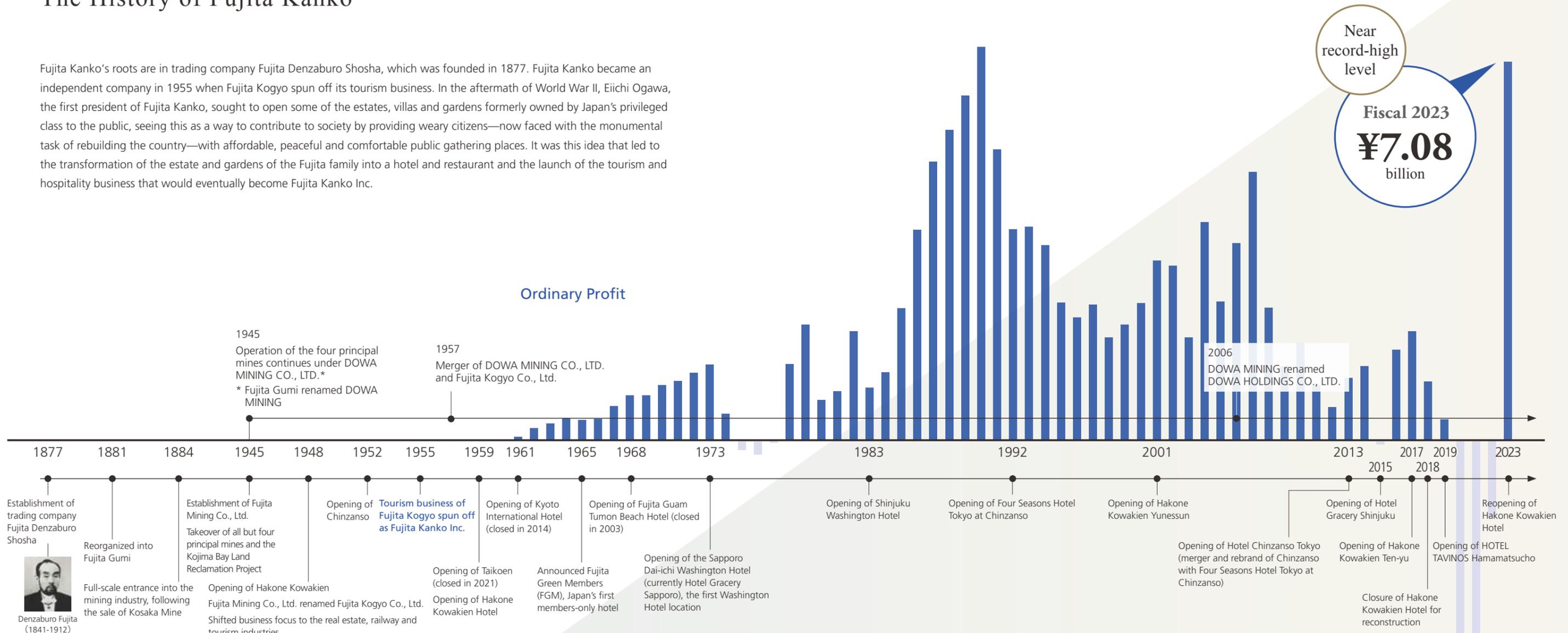
Fujita Kanko's vision

Our vision is to achieve sustainable business growth and development by offering services that are aligned with our customers' lifestyles, or in other words, the services they need at various milestones in their lives. To do so, we will actively develop new businesses while enhancing the value of our three existing businesses. This is precisely what we declared in the Long-term Vision set forth in 2020. The pursuit of new businesses is not easy, and we have failed in the past. However, I am confident that the road will naturally lead to success as long as our endeavors are aligned with the management philosophy of Fujita Kanko and are closely in tune with our customers' life journeys.

I ask for your continued support as we move forward.

The History of Fujita Kanko

Fujita Kanko's roots are in trading company Fujita Denzaburo Shosha, which was founded in 1877. Fujita Kanko became an independent company in 1955 when Fujita Kogyo spun off its tourism business. In the aftermath of World War II, Eiichi Ogawa, the first president of Fujita Kanko, sought to open some of the estates, villas and gardens formerly owned by Japan's privileged class to the public, seeing this as a way to contribute to society by providing weary citizens—now faced with the monumental task of rebuilding the country—with affordable, peaceful and comfortable public gathering places. It was this idea that led to the transformation of the estate and gardens of the Fujita family into a hotel and restaurant and the launch of the tourism and hospitality business that would eventually become Fujita Kanko Inc.



WHG Business

Establishing business hotel basics
Our first president, Eiichi Ogawa, noted that Japanese businesspeople often stayed at hotels alone, and opened the first Washington Hotel for these business travelers. To keep room rates in line with business expense accounts, we reduced the floor area of each room and adopted modular bathrooms to save even more space.

Luxury & Banquet Business

Creating a business model for wedding and banquet facilities
In 1953, the main building of Chinzanso was completed and officially opened for business. To meet new needs for wedding ceremonies, which had traditionally been performed at home until then, we used the facilities at Chinzanso and Taikoen to create a new business model for weddings and banquets.

Resort Business

Transforming Hakone Kowakien into a major resort destination
Eiichi Ogawa offered facilities for day trips at reasonable rates throughout the Kowakien area, which had long been one of Hakone's finest holiday villas. As tourism and leisure travel became more popular, Hakone Kowakien grew into a national brand.

Accelerating openings in regional cities under a new business model
In the 1980s, we accelerated the nationwide expansion of the Washington Hotel chain. The Shinjuku Washington Hotel, which opened in 1983, introduced the world's first automated front desk system. This and other factors significantly influenced subsequent business rollouts.

Expansion of high-quality facilities and services
With the aim of opening a luxury hotel in Tokyo, Fujita Kanko entered into a business partnership with Four Seasons Hotels and Resorts. In 1992, Four Seasons Hotel Tokyo at Chinzanso, which contains one of Tokyo's finest gardens, opened. After accumulating substantial expertise, we concluded the partnership and the property was merged with Chinzanso and rebranded as Hotel Chinzanso Tokyo in 2013.

Opening of a new style of theme park
As the method of domestic travel shifted from group tours to trips by families and other small groups, we began the redevelopment of Hakone Kowakien. In 2001, Hakone Kowakien Yunessun was created as a new style of hot springs theme park.

Launch of new brands amid growing inbound and domestic tourism and leisure demand
In response to increased demand, we strengthened our appeal to foreign individual travelers (FITs) by leveraging our long-standing track record of accommodating inbound guests. In addition to the Washington Hotel, we launched the more upscale Hotel Gracery chain in 2013 and the HOTEL TAVINOS (a new brand specializing in accommodation) in 2019.

Incorporating expertise in producing original weddings and strengthening the wedding business
In 2015, we made Kawano Co., Ltd. (now Share Clapping Co., Ltd.), which operates guest houses and produces original weddings, a subsidiary. We have enhanced our competitiveness in the wedding business by sharing industry experiences and expertise.

Creation of Hakone Kowakien Ten-yu, offering accommodation in a new format
In response to the preference among inbound guests for services and other intangible experiences and growing demand among individual travelers for luxury Japanese-style inns, we began redevelopment of Hakone Kowakien. In 2017, we opened Hakone Kowakien Ten-yu, a hot spring resort with outdoor hot springs in every guest room.

Adapting to new needs in the wake of the COVID-19 pandemic
Amid a decline in domestic and international tourism due to COVID-19, we moved forward with structural reforms and installed automated check-in kiosks and self-service cloakrooms at various locations to enhance convenience levels for our guests. As demand has recovered, our automation of front desk procedures has increased, enabling us to reallocate staff to improve customer-focused services.

Using the charm of Hotel Chinzanso Tokyo's garden for the location's 70th anniversary, and achieving an even higher quality hotel experience
To celebrate the 70th anniversary of Hotel Chinzanso Tokyo in 2022, we organized new attractions in the hotel's garden including the ongoing "Tokyo Sea of Clouds and the Seven Seasons" event, which lets visitors experience the seven seasons of Japan amidst a veil of mist. We have used the garden to maximize the hotel's appeal as a venue for lodging, weddings, banquets and dining, refining the Chinzanso brand and offering even higher quality services.

Making Hakone Kowakien an area everyone can enjoy again
To return to Hakone Kowakien's roots and meet the needs of a diverse customer base, redevelopment of the facility continued even during the COVID-19 pandemic. In July 2023, the new Hakone Kowakien Hotel opened. At the same time, Hakone Kowakien Yunessun underwent the most extensive renovation since it first opened. It has evolved into a facility that a wide variety of guests in the Kowakien area can enjoy.

Our Value Creation Process

For over 70 years, the Fujita Kanko Group has been supported by its many customers and has grown alongside them. Going forward, we will continue to leverage both our tangible and intangible corporate assets, including human resources and cultural assets, to provide hospitable services and places where people can relax, refresh and revitalize. Through these efforts, we aim to contribute to the well-being of society.



Diverse Human Resources

Employees from over **40** countries working together



Relationship with Customers

A foundation supported by our customers for over **70** years, since Hakone Kowakien and Chinzanso first opened



Locations

61 locations throughout Japan and the rest of Asia



Total Assets

¥93.4 billion

Net Assets

¥25.9 billion

Equity Ratio

27.8%

Note: Figures are for fiscal 2023



Sustainability Governance

Long-term Vision

Continue to grow through a unique development of business that closely matches lifestyles, in order to create smiles.

By staying in close alignment with the various stages of our customers' lives and their lifestyles, we will understand their needs and offer new value.

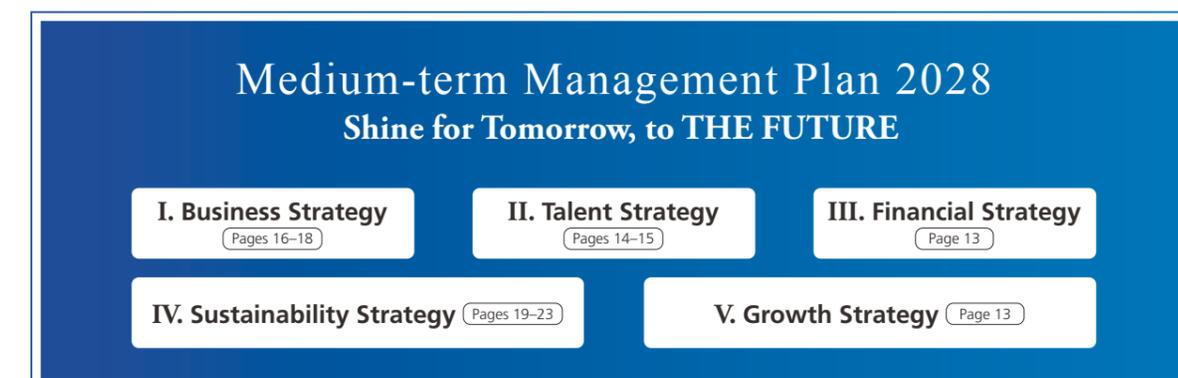
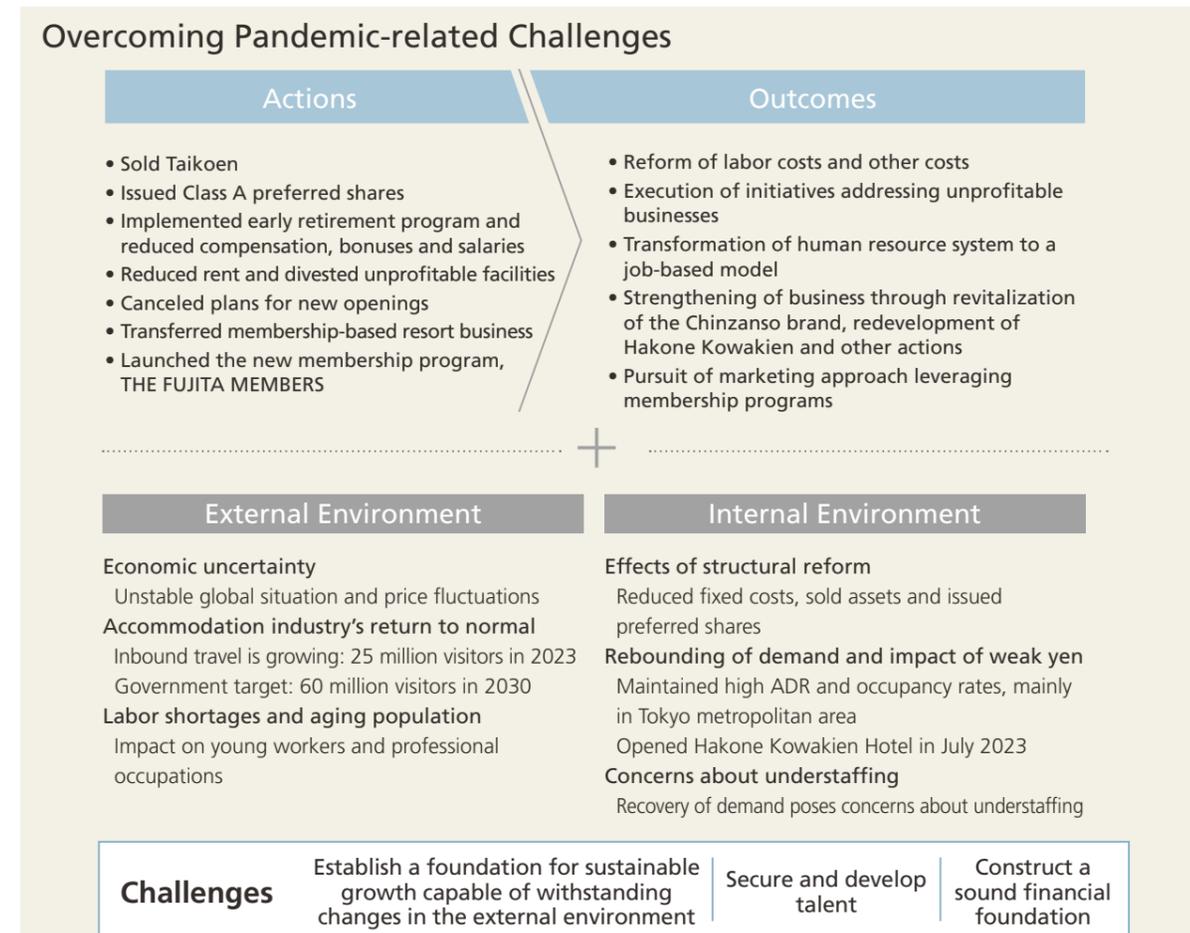
The Fujita Kanko Group's Corporate Philosophy

Fujita Kanko's Spirit
Contribute to the Well-Being of Society



Medium-term Management Plan 2028

During the unprecedented changes in the external environment brought by the COVID-19 pandemic, the Company's operations were significantly impacted and many issues that needed to be addressed became apparent. To address these issues, we carried out structural reforms, resulting in a substantial recovery in performance in fiscal 2023. However, recognizing the need to establish a management foundation that can withstand highly uncertain external factors, we formulated the five-year Medium-term Management Plan 2028 in order to achieve future growth.



Strategies for addressing core challenges are divided into two phases: Foundation building and profit expansion



Financial Strategy

- | | |
|------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|
| 1 Redeem Class A preferred shares | Aim to redeem shares within five years while maintaining financial security |
| 2 Properly control cash flow | Keep investment within the bounds of operating cash flow and reduce interest-bearing debt |
| 3 Respond to capital market requirements and changes in accounting standards | Practice management mindful of capital market requirements and changes in lease accounting standards |

Maintain ROIC that exceeds WACC and ROE above cost of equity capital through management mindful of capital cost (As of fiscal 2023, WACC is approx. 5% and cost of equity capital is approx. 8%)

Growth Strategy

- | Membership Program | |
|----------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Establish relationships with customers through THE FUJITA MEMBERS membership program | |
| 1. Increase membership and expand scale of sales | <ul style="list-style-type: none"> Analyze existing member characteristics to attract potential customers |
| 2. Promote long-term patronage and enhance services and convenience | <ul style="list-style-type: none"> Launch new services designed to promote greater patronage Improve convenience of member websites and apps |
| 3. Construct foundation for customer data utilization/Firmly establish the use of data analytics and improve data literacy | <ul style="list-style-type: none"> Deploy customer data utilization platform throughout the Group, and provide data analysis training |
-
- | New Businesses | |
|-----------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Work to expand into new business areas | |
| 1. Establish a continuous and effective business creation process from concept stage to commercialization | <ul style="list-style-type: none"> Create an internal team of handpicked talent to drive new business development (task force) |
| 2. Explore opportunities outside the current business framework | <ul style="list-style-type: none"> Expand collaboration with external partners in industry, academia and other fields, and develop and manage processes including open calls to drive business opportunities |

Numerical Targets

	2023 Actual	Goal for 2028
Profitability	Net sales	¥64.5 billion / ¥80.0 billion
	Operating profit	¥6.6 billion / ¥8.0 billion
	Operating profit ratio	10.3% / 10%
	ROE (Profit ÷ Equity)	31.2% / Maintain at 10% or higher
Investment	Capital investment	¥5.2 billion / 5-year total of ¥35.0 billion
Financial	Cash flows from operating activities	¥11.1 billion / 5-year total of ¥45.0 billion
	Equity ratio (Equity ÷ Total assets)	27.8% (17.1% excluding preferred shares) / Maintain at 25% or higher

Human Resources with a Commitment to Hospitality

As values and work styles continue to diversify, we believe that all employees should take pride and confidence in their work and continue to grow in partnership with the Company. This approach leads to customer satisfaction and the happiness of all stakeholders. In our new medium-term management plan, we aim to strengthen recruitment and talent development, and foster a corporate culture that ensures stable talent acquisition and establishes the foundation for the Company's growth.



	Baseline (2023 Actual)	Goal for 2028	
Securing	Engagement score	3.42 points ¹	3.75 points
	Overtime work	12.4 hours/month ²	10.0 hours/month
	Annual paid leave utilization ratio	65.6% ³	70.0%
	Third-year employee turnover ratio	39.7% ⁴	30.0%
	Foreign employee ratio	8.1% ⁵	10.0%
Training	Investment in training per employee	¥57,000 ⁶	¥70,000

1. According to Group-wide employee motivation survey conducted by external agency (some Group companies were excluded)
 2. Average of monthly overtime for January to December
 3. Result for October 2022 to September 2023 (Paid leave days used ÷ Paid leave days awarded)
 4. Average for the past four years (Employees hired from April 2017 to April 2020)
 5. As of December 31, 2023
 6. ¥57,000 in fiscal 2019 (¥93 million ÷ 1,629 employees)

Message from the Officer in Charge

We will create a virtuous cycle to support the acquisition of the talent needed.

Yasushi Komiya

Director
In charge of Human Resource and General Affairs Division



Fujita Kanko's Unique Commitment to Hospitality

At Fujita Kanko, one of our management guidelines states, "We cultivate a well-balanced workforce with exceptional dedication, in the firm belief that people are the core of a company, and that employee training is the cornerstone of company development." "Always be the first to provide services that people appreciate" is the foundation of our human resource development and our shared vision. It is also part of our commitment to hospitality. Our long-term vision is "Continue to grow through a unique development of business that closely matches lifestyles, in order to create smiles." We are committed to developing human resources unique to Fujita Kanko.

Background of Talent Strategy in Medium-term Management Plan 2028

Due to the rapid recovery of accommodation demand, addressing the decline in Japan's working population and the chronic labor shortage in our industry is an urgent issue. Securing specialized talent such as chefs and facility managers—people who are indispensable to our business—is particularly challenging. In addition to aligning recruitment, development, placement, training, and treatment with changes in the labor market and employee needs, we aim to foster a corporate culture with high employee engagement. This will create a virtuous cycle that helps us secure the talent needed. In the medium-term management plan, we will focus on securing and training human resources by emphasizing both strengthening recruitment and talent development.

Key Strategies in Medium-term Management Plan 2028

Strengthening recruitment will involve establishing methods to stably recruit talent, ensuring industry-leading treatment of employees, enhancing employee benefit/support programs,

and supporting diverse work styles to improve recruitment competitiveness. Strengthening talent development will involve effectively managing the human resource system that was newly revised in 2022 and creating an environment where employees can think about and choose their future careers. By introducing a talent management system in 2024 and centrally managing information on training, evaluations and employee career requests, we aim to ensure the right people are in the right positions and to support their development. This will help us retain employees and strengthen organizational capabilities. In addition, fostering a corporate culture that enhances engagement will help ensure stable talent acquisition, which in turn helps establish the foundation for the Company's growth.

My Commitment to the Talent Strategy

In securing and training human resources, we will set management indicators and targets for each measure and work toward achieving them. In particular, addressing labor shortages will require not only enhancing recruitment but also creating an environment where diverse people can thrive long-term. We recognize the importance of building such an environment. As part of the medium-term management plan's talent strategy, we will focus on reducing overtime work, improving the annual paid leave utilization ratio, reducing turnover among young employees, strengthening foreign employee recruitment and enhancing employee training. These efforts will serve as pillars for increasing employee engagement.

Although human resource issues such as work-life balance, diversity and inclusion, promoting opportunities for women and human capital management have evolved over time, our belief that people are the core of a company will not change. We will continue to build a framework that enables our employees to shine, ensuring the continued growth of the Fujita Kanko Group.

WHG Business

It has been 50 years since the opening of our first hotel. We are now moving to the next stage of business expansion.

Takanori Matsuda

Senior Managing Executive Officer
General Manager of WHG Business Division



Luxury & Banquet Business

By utilizing tangible and intangible assets, we aim to expand our business areas and improve profitability.

Tomohiko Chihiro

Executive Officer
General Manager of Luxury & Banquet Business Division



- | | |
|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Opportunities | <ul style="list-style-type: none"> Recovery of accommodation demand due to the revival of inbound tourism Diversification of our customer base Advances in IT |
| Challenges | <ul style="list-style-type: none"> Decline in business travel demand post-COVID-19 Intensifying competition due to the expansion of rival hotels Increase in land prices, construction costs, labor expenses, raw material prices and utility costs |

- Strategies of Medium-term Management Plan 2028
- Improve earning power by increasing product appeal
 - Expand the number of locations through new openings
 - Reorganize brands and increase brand awareness
 - Acquire a fan base
- Note: Due to organizational changes, some segments have been adjusted. Results for fiscal 2023 have been reclassified to reflect this change.

	Fiscal 2023 Results	Fiscal 2028 Plan
Net sales	¥36.6 billion	¥47.1 billion
Operating profit	¥5.4 billion	¥5.9 billion

- | | |
|---------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Opportunities | <ul style="list-style-type: none"> Increased accommodation demand due to the revival of inbound tourism Changes in consumer preferences and behavior post-COVID-19 (people placing more value on time spent with family and loved ones, diversified demand for celebrations and anniversaries, etc.) |
| Challenges | <ul style="list-style-type: none"> Concerns about flooding the market due to the rush of luxury hotel openings in the Tokyo metropolitan area Shrinking wedding market Changes in consumer behavior post-COVID-19 (decrease in face-to-face meetings and other changes due to the normalization of remote meetings) |

- Strategies of Medium-term Management Plan 2028
- Utilize property, plant and equipment
 - Leverage brands, expertise and skills
 - Strengthen professional skills and maximize the potential of human resources

	Fiscal 2023 Results	Fiscal 2028 Plan
Net sales	¥17.8 billion	¥19.4 billion
Operating profit	¥1.2 billion	¥1.3 billion

Overcoming Pandemic-related Challenges/ Fiscal 2023 Review

For a number of years, the WHG Business has been a major source of the Group's revenue. However, during the COVID-19 pandemic, it was severely impacted due to a decline in domestic business and tourism demand as well as the loss of inbound tourism. In addition to the impact on sales due to suspended or reduced operations, the fixed rent burden associated with our lease-based hotel opening model also further squeezed profitability. In light of the challenging business environment, we focused on rationalization and cost reduction through measures such as bringing outsourced work in-house and negotiating lower rent. We also strengthened our ability to accommodate inbound demand in anticipation of the government's easing of entry restrictions, preparing for the post-COVID era.

In fiscal 2022, we successfully captured gradually recovering demand. In fiscal 2023, we capitalized on the revival of inbound tourism, the weak yen and high-value-added initiatives such as our excellent breakfasts. As a result, the average daily rate (ADR) increased by about 16% compared with fiscal 2019 (pre-COVID), leading to a significant recovery in performance.

Strategies and Measures for Achieving Medium-term Management Plan 2028

In the medium-term management plan, we have outlined the following four strategies.

"Improve earning power by increasing product appeal" entails enhancing convenience through room renovations and by adding lounge facilities, transforming our hotels from mere business and tourist hubs into places offering a relaxing stay. In addition, by promoting the use of automated check-in kiosks and reallocating staff to hospitality services, we aim to enhance customer satisfaction and increase the ADR.

"Expand the number of locations through new openings" entails increasing in the number of guest rooms from approximately 10,800 in 2023 to around 12,000. Amid the decline in business travel demand, we are also considering opening locations in tourist cities to ensure sustainable growth. Reflecting on the COVID-19 pandemic, we plan to explore various methods for opening new hotels, not limited to leasing. Methods may include asset acquisition, franchising and management contracts.

The third and fourth strategies are "Reorganize brands and increase brand awareness" and "Acquire a fan base." In 2023, the Washington Hotel brand celebrated the 50th anniversary of the opening of its first hotel, while the Hotel Gracery brand marked its 15th anniversary. The HOTEL TAVINOS brand will celebrate its 5th anniversary in 2024. We will enhance promotions for these brands while highlighting their unique features and the value of the services they provide. We will work to acquire new customers and promote use of our membership program, THE FUJITA MEMBERS. By implementing these four strategies as part of a cycle, we aim to ensure the sustainable growth of our hotel brands.

Overcoming Pandemic-related Challenges/ Fiscal 2023 Review

Recognizing that enhancing the profitability of Chinzanso was a critical issue even before the COVID-19 pandemic, we have been working on revitalizing the Chinzanso brand. Despite the pandemic, we promoted a three-year garden project from 2020, including celebrating the 70th anniversary of the hotel in 2022, to strengthen marketability and sales capabilities. We enhanced the unique value of the garden by promoting attractions such as the "Tokyo Sea of Clouds and the Seven Seasons" (spectacular views of seasonal flowers, nature, mystical fog and other features) and the "Twelve Scenic Views in the Reiwa Era"—both of which can only be experienced at Hotel Chinzanso Tokyo. This resulted in increased media exposure, contributing to higher attendance and sales for accommodations, restaurants and events.

In fiscal 2023, the impact of COVID-19 mostly subsided. The revival of inbound tourism in the accommodation business in particular helped boost the ADR, and sales exceeded pre-COVID-19 levels (fiscal 2019). The business, including the golf segment, which continued to perform well as an outdoor leisure option, saw increased sales and profit year on year. Compared with pre-COVID-19 levels (fiscal 2019), operating profit increased by ¥1.3 billion (despite a ¥5.0 billion decrease in sales due to the sale of our flagship facility Taikoen in fiscal 2021).

Strategies and Measures for Achieving Medium-term Management Plan 2028

In the medium-term management plan, we have outlined the following three strategies.

"Utilize property, plant and equipment" entails converting low-occupancy facilities into executive lounges for suite guests or postnatal care facilities, further enhancing the added value of our accommodations. A culture of postnatal care is common in Taiwan and South Korea. As the trend toward nuclear families in Japan continues, the number of mothers struggling with postnatal childcare-related issues has increased. In addition, support systems in place are considered to be inadequate. We want to support the significant life event of childbirth through the calming atmosphere of the lush gardens of Hotel Chinzanso Tokyo and the hospitality we have cultivated over the years. Going forward, we aim to expand and develop our business areas by fully utilizing our assets and adding new value.

In addition, the strategies of "leverage brands, expertise, and skills" and "strengthen professional skills and maximize the potential of human resources" involve enhancing the recruitment and training of specialized personnel in areas such as cooking, concierge services, weddings and garden management, as well as refining and passing on skills and expertise. By doing so, we aim to enhance the added value of our existing facilities, strengthen our brand power as a luxury hotel, and increase profitability through higher prices. Furthermore, in the latter half of the plan period, we will utilize our refined know-how and skills to secure external contracts for wedding operations and garden management. We aim to grow these areas into revenue generators for the Luxury & Banquet Business.

Resort Business

We will maximize the impact of the Hakone Kowakien redevelopment and lay the groundwork for future profitability.

Yutaka Onda

Executive Officer
General Manager of Resort Business Division



- Opportunities**
 - Opening of Hakone Kowakien Hotel in 2023 expected to help revitalize the Hakone area
 - The number of tourists in the Hakone area remains around 20 million per year
 - Increased demand for accommodation and leisure due to the rise in inbound visitors
- Challenges**
 - Occurrence of natural disasters
 - Impact of labor shortages, particularly noticeable in resort areas
 - Emergence of competing hotels, including foreign hotel chains

- Strategies of Medium-term Management Plan 2028**
- 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

	Fiscal 2023 Results	Fiscal 2028 Plan
Net sales	¥8.4 billion	¥11.7 billion
Operating profit	¥0.1 billion	¥0.8 billion

Overcoming Pandemic-related Challenges/ Fiscal 2023 Review

Driven by the strong belief that revitalizing Hakone Kowakien is essential to enhancing the profitability of the Resort Business, we continued to promote the redevelopment of Hakone Kowakien even during the COVID-19 pandemic. Returning to the origins of Hakone Kowakien, we aimed to revive it as an integrated resort that caters to the needs of a wide range of customers. As part of this effort, we opened Hakone Kowakien Hotel in July 2023 on the site of the old hotel that closed in 2018, primarily targeting families. In addition, the adjacent Hakone Kowakien Yunessun underwent the most extensive renovation since it first opened. We were able to achieve significant synergy as a result. We operate a variety of unique facilities that cater to diverse accommodation and tourism needs, such as Hakone Kowakien Ten-yu, which offers high-value-added services, and Hakone Kowakien Mikawaya Ryokan, known for its architectural beauty and designation as a tangible cultural property. These facilities have attracted significant attention from inbound visitors. As a result, fiscal 2023 sales increased ¥2.6 billion and operating profit increased ¥1.1 billion compared with fiscal 2019, before the COVID-19 pandemic.

Strategies and Measures for Achieving Medium-term Management Plan 2028

Strategies for the Resort Business in the medium-term management plan include maximizing the impact of the Hakone Kowakien redevelopment while also expanding business domains and opening new locations. At Hakone Kowakien, demand for accommodation remains strong. We plan to expand Hakone Kowakien Hotel, which has had a successful start since its opening. At Hakone Kowakien Yunessun, we aim to capture weekday demand, including from inbound visitors, by renovating the Japanese-themed areas, such as Mori no Yu and Kihinkan. In addition, we will utilize idle land to create walking paths and observation terraces where visitors can enjoy seasonal flowers and scenery, aiming to establish the area as a representative tourist destination in Hakone. Furthermore, we will explore all possibilities and market potential, including accommodation-related and other businesses, with an eye toward future expansion. During the period of the medium-term management plan, we aim to establish a model for opening new locations based on the success of Hakone Kowakien Ten-yu and Hakone Kowakien Hotel, as well as to open an additional facility.

On element of our long-term vision is the “unique development of business.” This embodies the desire to further evolve and develop our business by adding new value while preserving the history, culture and traditions we have cultivated. In the Resort Business, we have continued to meet changing needs and times, offering not only hot springs accommodations but also attractions such as aquariums, day-trip hot springs facilities, glamping sites and locations that combine the best aspects of Japanese inns and temple lodgings. Going forward, we plan to continue taking on various challenges and connecting them to the unique development of our business.

Sustainability

Basic Policy

Since its founding, Fujita Kanko has followed its Corporate Philosophy of contributing to the well-being of society by providing hospitable services and places where people can relax, refresh and revitalize. We have also continued to regard initiatives related to the environment and addressing diverse values as essential keys to the sustainable growth of the Company. These activities are in alignment with the philosophy behind the SDGs of achieving a sustainable society. Going forward, we will continue to contribute to achieving the SDGs by addressing social issues and promoting sustainability throughout our business activities.

Engage in Activities That Contribute to the Sustainable Growth of Society and the Company

Sustainability at the Fujita Kanko Group



Actions under Medium-term Management Plan 2028

- Enhance and develop sustainability-oriented products**
 - Develop products that are available at all facilities
 - Plan SDG-related events for customers
- Carry out initiatives for increasing the appeal of facilities**
 - Revitalize promotional activities through inter-facility exchanges
 - Acquire various certifications
- Develop a more supportive work environment and foster job satisfaction**
 - Continue to hold one-on-one meetings and career consultations with female candidates for management positions, and provide support
- Enhance dissemination of information**
 - Expand sustainability-related pages on the corporate website

Contribute to the Sustainable Growth of Society and the Company

2025 Targets

	Fiscal 2023 Results
1. Eco-cleaning* rate: 50% (Company-wide average)	63%
2. Amount of specified plastics provided: 50% decrease (compared with 2019)	28% decrease
3. Food recycling rate: 68.7% (Company-wide average)	79.1%
4. Introduce a new system to respond to flexible work styles at all facilities	Introduced area job courses in April 2023
5. Implement training about meaning of “barrier-free” at all facilities	Conducted normalization training in 2023
6. Develop and sell products developed through regional collaboration at all facilities	Scheduled for future implementation

* Eco-cleaning is a simplified cleaning practice that omits bathroom cleaning, bed making and sheet changing.

March 2024 Targets

	Fiscal 2023 Results*
7. Ratio of women in management positions: 17% or higher	17.6%
8. Develop women for general management and department management positions	8 (as of February 2024)
9. Ratio of female employees in their sixth to eighth year of continuous employment by the Company in 2024 (those who joined the Company between 2017 and 2019): 60% or higher	36.2%
10. Ratio of childcare leave taken by both male and female employees: 80% or higher	Female: 100%, Male: 53.0%
11. Strengthen systems to facilitate long careers (Build a communication-oriented environment)	Conducted one-on-one meetings and other measures
12. Conduct workplace tours for employees' children	Scheduled for 2024

* Fujita Kanko Inc. only

Sustainability

Environmental Conservation

Owning Rich Natural Forests and Environmental Management at Company Facilities

Fujita Kanko owns roughly 763 hectares of forests and gardens nationwide—places that absorb a significant amount of CO₂. At Hotel Chinzanso Tokyo, known for its lush gardens, we make efforts to preserve the natural spring water and trees. In early summer, guests can enjoy the sight of fireflies. Each year, children from nearby schools are invited to release firefly larvae into the garden's streams, making it a seasonal event that deepens community ties through activities such as study sessions and nature viewings.



Implementation of Eco-Cleaning in Guest Rooms

With the goal of contributing to environmental conservation and with the understanding and cooperation of our guests, we implement eco-cleaning for stays of two consecutive nights or more. This reduces the energy used for housekeeping and cleaning, and helps to reduce CO₂ emissions in a joint effort with our guests.

Reduction of Food Loss

The Group supports the 3010 Movement during buffet-style



banquets and has introduced a food sharing service called "TABETE" at some hotels. This is a campaign in which surplus food from the breakfast buffet is sold to those who support the cause.

Reduction in the Use of Plastic Products

As part of efforts to combat the global issue of plastic pollution in the oceans, our facilities such as hotels, restaurants and banquet halls have switched from plastic straws to paper or biodegradable plastic straws. This has reduced the number of plastic straws used by about 600,000 annually. In addition, we are progressively switching to the use of hotel amenities that are made with lower plastic content or from alternative materials.

Research on Sea Turtle Spawning and Conducting School Visits

Since 1991, Shimoda Aquarium in Shizuoka Prefecture has been conducting spawning research on loggerhead turtles, which are the only species that spawn in Honshu. Since the loggerhead turtle was designated as a protected species by Shizuoka Prefecture in 2014, the prefecture has commissioned the aquarium to conduct research on spawning and to engage

in protection and monitoring activities at spawning sites. The aquarium also conducts outreach classes about marine life, including turtles, for local elementary schools and seaside schools. In 2023, 35 sessions were held, with a total of 2,099 participants.



CO₂ Reduction Targets

The Group is committed to achieving carbon neutrality in the future and is collecting the necessary data and reducing CO₂ emissions in accordance with frameworks such as the TCFD recommendations.

Our Scope 1 and 2 CO₂ emissions are as follows. We aim to reduce CO₂ emissions per total floor area by 46% by fiscal 2030 (compared with fiscal 2013).

	Fiscal 2013	Fiscal 2022	Fiscal 2030
Total CO ₂ Emissions (t-CO ₂)	52,760	30,640	–
Total Floor Area (thousand m ²)	479.81	412.82	–
CO ₂ Emissions per Thousand Square Meters of Floor Area (t-CO ₂)	109.9	74.2	59.4

Note: The above figures are for facilities subject to the Act on the Rational Use of Energy and Transition to Non-Fossil Energy. The fiscal year runs from April to March of the following year, which differs from the Company's financial year. We are currently compiling data on the Group's overall results and Scope 3 emissions.

Customer Safety and Security

The Group has formulated various rules that are carried out thoroughly by its employees in order to ensure the safety and security of its guests. These rules include those in the Environmental Hygiene Management Plan, the Food Sanitation Management Plan and the Fire and Disaster Prevention Management Policy.

HACCP* Initiatives

The foods we serve to our guests are divided into three groups by cooking process. We ensure consistent quality by analyzing hazards and monitoring places that require attention in each work process, including procurement, storage, cooking and delivery of food. We have been using this system in all kitchens since June 2021 in order to ensure safety and peace of mind, which are fundamental to providing a delicious meal.

* Hazard Analysis Critical Control Point (HACCP) is a method of sanitary control where food business operators identify hazards such as bacterial or foreign object contamination, and manage particularly critical points throughout all stages from raw material receipt to product shipment in order to eliminate hazards and ensure product safety.

Appropriate Menu Labeling

We are committed to creating menus that accurately convey information on food, such as the names and types of ingredients

and where they were produced, in accordance with the regulations for displaying menus and other rules. In addition, the Internal Audit Office, which is responsible for internal audits, has an auditing system in place to ensure compliance.

Participation in Fire Drills with Fire Departments

We train our employees through participation in rigorous firefighting training, such as local fire drills with fire departments, in order to ensure that guests can be evacuated safely in an emergency.



Diversity and Inclusion

Promotion of Universal Design

To ensure that a broader range of guests can enjoy their stay comfortably and with peace of mind, we offer universally accessible rooms and rental equipment, and post information for guests with disabilities on our website. At Glamping Fuji no Kirameki, we have made universal cabins accessible from the approach to



the wooden deck, with spacious bathrooms equipped with handrails. Hakone Kowakien Mori no Yu offers private baths that can be used while remaining in a wheelchair.

Normalization Training

Based on the philosophy of normalization that accepts individuals with disabilities and the elderly as they are, and aims for a society where they can live with others without discrimination, employee training includes lectures by various experts and sign language workshops. In 2018, we were certified as a "barrier-free mindset" supporter by the Tokyo Metropolitan Government. We also distribute a handbook to employees on how to interact with guests who require special attention, ensuring that our staff are trained to act with proper understanding.

Contribution to Local Communities and Preservation of Cultural Assets and Historical Buildings

Community and Social Contribution Activities

Since 2007, the Group has adopted the basic policy of "being aware of our role and responsibility in society, effectively using

management resources and contributing to the realization of a prosperous society through community and social contribution activities as a good corporate citizen." We engage in clean-up activities near our facilities with the help of local residents, participate in and support local events, and conduct traffic safety and disaster prevention activities. In addition, we contribute to the employment and social advancement of disabled individuals through initiatives such as mobile bread sales events held inside a disability employment support facility at Fujita Kanko's head office and support educational activities including the provision of workplace experience programs.



Preservation of Cultural Assets and Historical Buildings

Since our founding in the post-war era, we have considered "providing hospitable services and places where people can relax, refresh and revitalize" to be a social mission. We utilized villas and gardens inherited from the Fujita *zaibatsu* (business conglomerate) to launch our tourism business. Given this legacy, we own numerous valuable cultural assets and historical buildings. We believe that passing on these national treasures to future generations is our important mission. Going forward, we will remain committed to preserving and passing on the valuable cultural assets and historical buildings that have been handed down by previous generations.

Compliance with Corporate Ethics

Develop Rules on Compliance and Familiarize Employees with Them

We have established rules on compliance including related to harassment prevention, personal information protection, internal information management and insider trading prevention. These rules are reinforced through compliance training sessions and a monthly compliance newsletter to ensure thorough understanding and implementation.

Internal Reporting System

In accordance with the Whistleblower Protection Act, we have established multiple reporting channels (internal and legal counsel) for reporting misconduct, illegal activities and harassment.

Checks and Balances

We verify that the Group's operations comply with laws and internal regulations through internal control and audits. In addition, the Risk Management Committee, which was established to identify and mitigate management-related risks, also addresses compliance issues.

Sustainability

Cultural Assets and Historic Buildings and Gardens

When it was founded, the Fujita Kanko Group inherited numerous valuable cultural assets and historical architecture. We are committed to preserving these cultural assets and historical buildings, cherished legacies of Japan, and to ensuring that they can be enjoyed by generations to come.

Hotel Chinzanso Tokyo

This property was given the name Chinzanso in 1878 by Prince Aritomo Yamagata. Since then, the garden has been a unique urban oasis, delighting visitors with its verdant beauty and refined form. The garden's natural beauty is enhanced by many historic architectural features, including a three-story pagoda, believed to have been constructed in the Muromachi era (1336 to 1573) and Zangetsu, a historic tea house, both of which are listed as tangible cultural properties. It also features a Hannya Temple stone lantern and stone statues of Rakan created from a sketch by Jakuchu Ito. Moreover, the garden captivates visitors with its ever-changing expressions through the seasons, from cherry blossoms in spring, fireflies in summer, autumn leaves, to camellias and snowy scenes in winter. In 2023, the 145th anniversary of its creation, we made efforts to preserve the view of the water cherished by Prince Yamagata, while the "Twelve Scenic Views in the Reiwa Era" were selected as cultural landscapes to be preserved for future generations.



Three-story pagoda (listed as tangible cultural property)

Hakone Kowakien

Hakone Kowakien, the birthplace of Fujita Kanko, boasts three buildings listed as tangible cultural properties. Kihinkan, a house built in 1918 as a villa for Baron Heitaro Fujita, features interior furnishings that represent the highest level of craftsmanship of that era. Today, as a soba restaurant, it offers views and ambiance unchanged from a century ago. In addition, Geihinkan, which was built by a Shinto shrine carpenter in 1875, features robust construction typical of a village headman's house, preserving its original beams and pillars for a historic experience. Furthermore, Hakone Kowakien Mikawayaya Ryokan, which continues the legacy of the Mikawayaya Ryokan founded in 1883 and reopened in 2020, retains a Taisho-era appearance with its gabled irimoya-style entrance and glass window adornments. Notable figures such as painter Yumeji Takehisa, poets Tekkan Yosano and his wife Akiko Yosano, and the father of the Chinese revolution Dr. Sun Yat-sen have stayed here, with Dr. Sun's handwritten calligraphy displayed in the room he occupied.

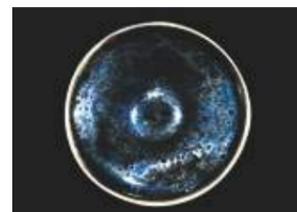


Soba Kihinkan (listed as tangible cultural property)

Support Activities for the Fujita Museum

The Fujita Museum, which houses an extensive collection of East Asian art assembled from the early Meiji era to the Taisho era by our founder, industrialist Denzaburo Fujita, his eldest son Heitaro and his second son Tokujiro, was established in 1951 and opened to the public in 1954.

Extremely knowledgeable about antiques and tea ceremonies, Denzaburo Fujita and his sons collected paintings, calligraphy, ceramics, sculpture, lacquerware, metalware, textiles and archaeological artifacts. The collection comprises approximately 2,000 items, including nine national treasures and 53 important cultural properties. With the aim of protecting these cultural assets and its own roots, Fujita Kanko donates funds to the Fujita Museum.



Yohen Tenmoku *chawan* (tea bowl) (national treasure)
Photo: Kazuyoshi Miyoshi



Genjyo Sanzo *emaki* (scroll) (national treasure)

Addressing Climate Change (Disclosure Based on TCFD Recommendations)

The Fujita Kanko Group is aware that risks and opportunities related to climate change are an important management issue. We disclosed information in 2023 following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Governance

The Group has established the SDGs Committee as an advisory body to the Board of Directors. The committee deliberates and examines important sustainability-related issues, including climate change. As appropriate, matters are reported to the Board of Directors, which is responsible for overseeing climate change-related risks.

Strategy

We conducted a climate change scenario analysis and assessment of the significance of risks and opportunities that may impact our business activities, and identified the following three issues as important risks and opportunities that may have a significant impact on our business: (1) Soaring raw material prices due to the introduction of a carbon tax and rising temperatures; (2) Changes in customer behavior and consumer preferences; and (3) An increase in the frequency and severity of damage from typhoons and heavy rains. We will address these important risks and opportunities to reduce risks and effectively seize opportunities.

For more details, please visit our website.
<https://fujita-kanko.com/sustainability/topmessage.html>

Key Risks and Opportunities Related to Climate Change

Risk/Opportunity		Term	Impact on the Group		Impact Level	
Category	Item					
Transition Risk	Policies, Regulations and Technologies	Soaring raw material prices due to the introduction of a carbon tax	Medium- to long-term	Risk	Increase in costs as introduction of carbon tax and the passing on to procurement prices may result in higher raw material prices for items such as food and guest supplies	High
		Increase in costs due to stricter regulations	Short- to long-term	Risk	Increase in costs due to rising rents and construction costs for rental properties, soaring prices of imported parts, delivery delays and switch to recycled plastics	Medium
	Short- to long-term		Opportunity	Decrease in costs due to waste reduction through recycling and efforts to reduce food loss	Medium	
	Market and Reputation	Changes in customer behavior and consumer preferences	Short- to long-term	Risk	Loss of customers, decrease in the Group's reputation and difficulty securing talent. Decrease in revenue resulting from lower demand for business trips and travel and reduced use of high-priced accommodations.	High
			Short- to long-term	Opportunity	Improvement in the Group's reputation, image and brand strength may lead to stable talent acquisition. Increase in revenue from products that address climate change.	High
		Changes in investor perception	Short- to long-term	Risk	If the Group's response to climate change is deemed inadequate, its reputation and stock price may decline, and it may have difficulty in securing financing from financial institutions.	Medium
Short- to long-term	Opportunity	Active engagement in climate change-related initiatives and investor relations may enhance the Group's reputation, increase the stock price and facilitate financing from financial institutions.	Medium			
Physical Risks	Acute	An increase in the frequency and severity of damage from typhoons and heavy rains	Short- to long-term	Risk	Damage to facilities, increase in repair costs and business interruptions may lead to a decrease in revenue and higher costs. Decrease in revenue due to traffic stoppages and power outages.	High
		Short- to long-term	Opportunity	Providing facilities as shelters for those unable to return home and water supply spots during disasters will contribute to communities and may improve the Group's reputation.	Medium	
	Chronic	Rising temperatures	Long-term	Risk	Increase in utility and facility management costs, heightened health risks for employees and customers, rising raw material prices, and decrease in facility usage may result in reduced revenue.	Medium
			Long-term	Opportunity	Addressing rising summer temperatures while maintaining consideration for the environment and the health of customers and employees may lead to a positive evaluation from customers who value proactive climate change initiatives.	Medium
Water scarcity and drought	Long-term	Risk	Reduction in use of or difficulty in continuing businesses reliant on water resources such as hot springs. Increase in costs due to higher water rates and usage restrictions imposed by authorities.	Medium		

Risk Management

The Group has established the Risk Management Committee as an organization that provides guidance and advice. It works to comprehensively identify and grasp Company-wide risks, establish policies and monitor the progress of risk reduction measures. The Risk Management Committee manages significant Group risks, as well as monitors and oversees sustainability-related risks and measures.

Metrics and Targets

The Group has set five key issues regarding sustainability. In addition, we are working to achieve our targets for the implementation rate of eco-cleaning and reduced use of specific plastics.

Messages from Outside Directors

Strengthening financial position and improving corporate value

The bold decisions made by the management team and measures implemented even during the COVID-19 pandemic have led to many successes, boosting the confidence of all directors. I believe this has further strengthened the Board of Directors over the past few years.

In formulating Medium-term Management Plan 2028, the Board held numerous discussions. In particular, members sought to achieve business management attuned to the cost of capital and to improve decision-making speed through the revision of rules for the delegation of authority. In light of changes in the business environment, the Board examined strategies to strengthen the Company's financial position and improve its corporate value. The Company recognized the need to revamp its business portfolio by accelerating entry into new businesses. The Board discussed a wide range of topics, including the clarification of strategies for the three businesses as well as human resources, finance and sustainability strategy. Ultimately, the Board decided to emphasize both the importance of employees taking ownership of the medium-term management plan and fully utilizing their skills in daily operations.

I also intend to step up my efforts to help execute the medium-term management plan and further improve the Company's corporate value.



Kazunori Takami
Outside Director

Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Corporation) in 1978. After serving as executive vice president of Panasonic Corporation, was appointed outside director of the Company in March 2019. Concurrently serves as outside director of TOKYO FM Broadcasting Co., Ltd. and Nojima Corporation.

Expectations for the new president's efforts to achieve growth

The Company's Nomination and Compensation Committee, which is composed mainly of outside directors, regularly holds discussions on succession planning. As part of this effort, the committee deliberated on the proposed selection of the president and reported the results of the discussion to the Board of Directors in February 2024. I have high hopes for the new president's ability to take on new challenges toward the Group's growth, and the approach of valuing the Company's founding spirit and traditions while not being bound by the past. The Company's operations are also underpinned by its employees, who are fully committed to hospitality. I look forward to organizational management that is future-oriented and backed by a sophisticated corporate culture where employees can thrive in their work with a sense of fulfillment and a spirit of taking on challenges.

As one of the issues impeding further growth, the Company has yet to see a female officer emerge from among its employees. In recent years, however, an increasing number of female mid-level managers have been given the responsibility of managing teams. The Company has been introducing systems and creating environments where employees can feel comfortable and play active roles, regardless of gender. Therefore, I am confident that the number of female managers will increase in the near future, and I also hope to personally contribute to the Company's progress on this front.



Shiho Takano
Outside Director

Joined Meiji Dairies Corporation (currently Meiji Co., Ltd.) in 1987. After serving as president of L'OCCITANE JAPON K.K., was appointed outside director of the Company in March 2019. Concurrently serves as president and representative director of Etowa Co., Ltd., outside director of Tokiwa Corporation and KANAMEL Inc. (formerly AOI TYO Holdings Inc.), and outside director and audit and supervisory committee member of UNITED ARROWS LTD.

A priority in establishing a foundation for growth is improving financial position

In formulating Medium-term Management Plan 2028, the Company focused on establishing a foundation for sustainable growth capable of withstanding changes in the external environment, building a solid financial foundation and securing and developing talent. To achieve the quantitative and qualitative targets set forth in the plan, priority must be placed on improving the Company's financial position. If total borrowings remain largely equivalent to the amount of annual net sales, as they are at present, the Company will face a major crisis in the event of an errant management decision or gross negligence in business execution.

The key to increasing the likelihood of success of the plan rests with Hotel Chinzanso Tokyo and other business assets as well as human resources, which are the Group's strengths. Valuable cultural assets and historical buildings, the gardens with their seasonal beauty, and employees' attentive services are the Group's greatest strengths and the source of its corporate value. However, there is a risk that these strengths could become weaknesses if a business crisis, similar to the one the Company experienced during the COVID-19 pandemic, were to hit the Company again. To mitigate such a risk, I think it is important to continue to implement employee education on a regular basis.



Masao Yamada
Outside Director

Joined Dowa Mining Co., Ltd. (currently DOWA HOLDINGS CO., LTD.) in 1978. Assumed the post of president and representative director of DOWA HOLDINGS CO., LTD. and later became its chairman and representative director. Appointed outside director of the Company in March 2019. Concurrently serves as chairman and representative director of DOWA HOLDINGS CO., LTD. and outside director and audit and supervisory committee member of CK SAN-ETSU Co., Ltd.

High praise for the speedy structural reforms implemented during the pandemic

As the word *kanko* (Japanese for "tourism") in the name suggests, Fujita Kanko is a unique company that operates beyond the domains of hotels and Japanese-style inns, making full use of its historical buildings and cultural assets. Its wide-ranging businesses also include urban resorts, wedding and banquet facilities, and leisure facilities. I have had the pleasure of receiving heartwarming hospitality as a guest at Fujita Kanko's facilities in the past, and I am truly honored to become involved with such a company. Even under the severe business conditions experienced during the COVID-19 pandemic, Fujita Kanko promoted structural reforms with speed—divesting assets, conducting cost reforms and implementing capital expansion initiatives. Today's V-shaped recovery is the result of these efforts, and I regard this success highly.

The role of an outside director is to provide advice on management policies and other matters from an objective standpoint to support the Company's efforts toward sustainable business growth and the enhancement of corporate value. Another role is to ensure that the opinions voiced from the standpoint of stakeholders are appropriately reflected at Board meetings. I intend to make full use of my experience in corporate sales honed over many years at a financial institution, along with my current experience in the service industry, to fulfill my duties so that the Company will continue to be loved by its many customers.



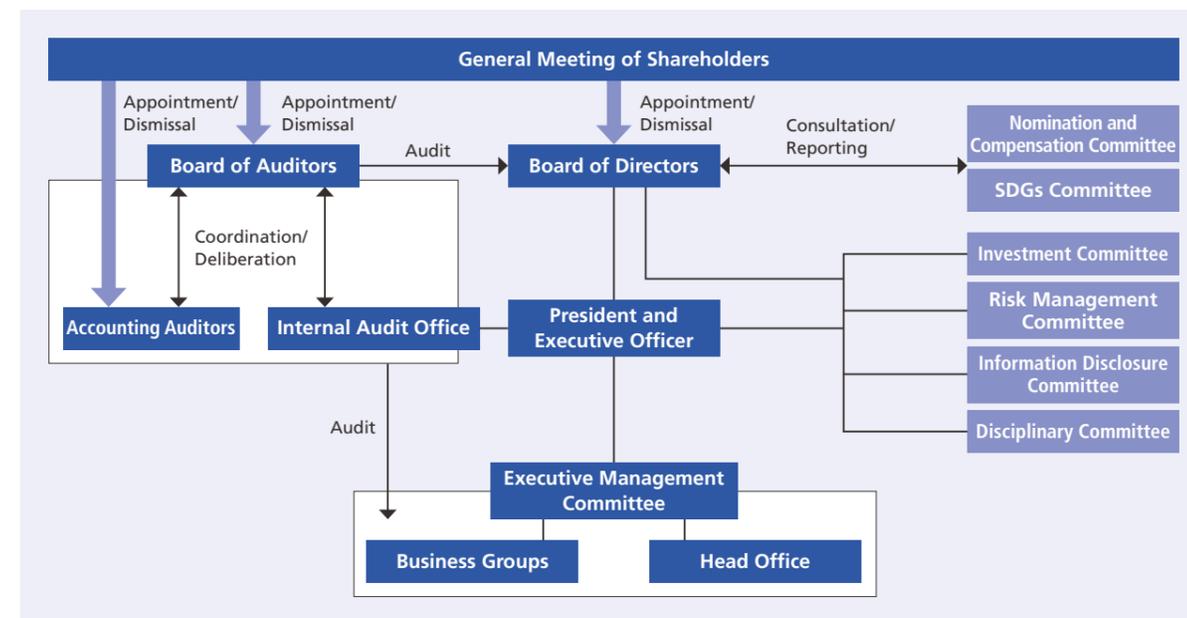
Kikuko Asai
Outside Director

Joined The Industrial Bank of Japan, Ltd. (currently Mizuho Bank, Ltd.) in 1987. After serving as director and general manager of management division at BYO CO., LTD, became its general manager of corporate planning and management division. Appointed outside director of the Company in March 2024. Concurrently serves as general manager of the corporate planning and management division at BYO CO., LTD.

Corporate Governance

Fujita Kanko aims to become a company that contributes to realizing a prosperous society through its business operations. To this end, the Company constantly works to fulfill its corporate governance obligations in order to ensure a favorable relationship with all stakeholders, including shareholders, and to fulfill its corporate social responsibilities.

Corporate Governance Framework



Overview of Main Bodies

Body	Chairperson	Role	Main Topics of Discussion in Fiscal 2023
Board of Directors	Representative Director and President, Executive Officer	Aims to fulfill the Corporate Philosophy based on the establishment of efficient and effective corporate governance, and decides on important matters stipulated as part of basic management policies, laws and regulations, the Articles of Incorporation and the Board's own rules and regulations.	<ul style="list-style-type: none"> Matters related to the General Meeting of Shareholders Matters related to management policies and plans Matters related to shareholdings Matters related to financial statements Matters related to human resources Matters related to the organization and regulations
Board of Auditors	Auditor	Audits the execution of duties by directors, decides on proposals for the appointment/reappointment and dismissal of accounting auditors to be submitted to the General Meeting of Shareholders and implements accounting audits and other statutory matters. Establishes opportunities for opinion exchanges with outside directors as appropriate, and supervises directors.	<ul style="list-style-type: none"> Decision-making on auditing policies and assignment of duties Establishment of internal control systems and verification of operational status Verification of the appropriateness of the methods used by auditors and the results of audits Preparation of audit reports
Nomination and Compensation Committee	Independent Outside Director	Enhances the independence, objectivity and transparency of the Board of Directors' functions in relation to the remuneration, appointment and dismissal of directors and the nomination procedures for director and auditor candidates. Reports the results of deliberations to the Board of Directors.	<p>February 2, 2023</p> <ul style="list-style-type: none"> Candidates for director and auditor roles Performance-linked compensation for directors and executive officers Range of reductions in basic compensation for the Board of Directors and executive officers <p>October 18, 2023</p> <ul style="list-style-type: none"> Succession plan Candidates for director, auditor, executive officer and senior manager roles Performance-linked compensation rules
SDGs Committee	President and Executive Officer or Their Appointee	Aims to enhance long-term corporate value by considering measures for contributing to society through business initiatives, deciding on operational policies and selecting the department(s) responsible for implementing said policies, and regularly reporting on the details of these activities to the Board of Directors.	<ul style="list-style-type: none"> Action plan and implementation methods for fiscal 2023 Sustainability strategies as part of Medium-term Management Plan 2028 Disclosure of non-financial information in securities reports Support and management of progress for business promotion activities

Evaluation of the Effectiveness of the Board of Directors

The Company evaluates and analyzes the effectiveness of the Board of Directors from the viewpoint of the rationality of management decisions made by the Board. For fiscal 2023, a self-assessment was conducted through a survey of all directors and auditors, followed by a discussion of the evaluation results. The feedback from the survey affirms that the composition and operation of the Board of Directors, the issues that the Board addresses and the support structure have all been generally judged as appropriate, and the Company believes that the overall effectiveness of the Board is being

maintained. However, suggestions were also shared regarding the need for improvements in the operation of the Board of Directors, the systems that support the Board and the sharing of information related to advisory committees, in order to further enhance the Board's effectiveness. Moving forward, based on this effectiveness evaluation, the Company will undertake thorough deliberations, address these issues and create an environment that is conducive to more active discussions, thereby further enhancing the effectiveness of the Board of Directors.

Compensation for Directors and Auditors

Within the annual remuneration limits for directors approved at the General Meeting of Shareholders (up to ¥300 million for inside directors and up to ¥50 million for outside directors), the Board of Directors has established a remuneration system consisting of basic compensation and performance-linked compensation based on director class.

To enhance the objectivity and transparency of compensation, the Nomination and Compensation Committee has been

established as an advisory body to the Board of Directors. More than half of the committee's members are independent outside directors. In response to requests from the Board, the committee deliberates on the ratio and standard amount of performance-linked compensation for directors based on business results for the relevant fiscal year and each director's level of responsibility, and reports the results to the Board.

Compensation for Directors and Auditors (Fiscal 2023)

Category	Number of Eligible Individuals	Amount of Compensation	Total Compensation by Type		Remarks
			Basic compensation	Performance-linked compensation	
Directors	8	¥122,420 thousand	¥122,420 thousand	—	Of which, 4 outside directors ¥24,000 thousand
Auditors	5	¥64,770 thousand	¥64,770 thousand	—	Of which, 2 outside auditors ¥25,590 thousand
Total	13	¥187,190 thousand	¥187,190 thousand	—	

Note: The above figures include one internal auditor who resigned upon expiration of their term at the conclusion of the 90th Annual General Meeting of Shareholders held on March 29, 2023.

Director and Auditor Training

Upon the appointment of directors and auditors, the Company endeavors to provide them with opportunities to acquire the necessary skills and knowledge required to fulfil their roles and responsibilities. In addition, during their tenure, the Company strives to offer further opportunities to update these skills.

Furthermore, the Company facilitates participation in external seminars and workshops (covering the cost), and ensures that directors and auditors acquire and appropriately

update their knowledge (considering their backgrounds and other factors). External instructors are invited when necessary, and study sessions targeted at directors, auditors and senior executives are held within the Company to foster self-improvement.

Company Leadership



Directors

- 1 Shinsuke Yamashita**
Representative Director and President, Executive Officer (newly appointed)
- 2 Yasushi Komiya**
Director in charge of Human Resource and General Affairs Division
- 3 Tetsu Okada**
Director in charge of Planning Division (Corporate Planning Department, Marketing Department, Business Development Promotion Division) (newly appointed)
- 4 Izuru Yoshii**
Director in charge of Planning Division (Accounting and Finance Department, Financial Settlement Division) (newly appointed)
- 5 Kazunori Takami**
Independent Outside Director
- 6 Shiho Takano**
Independent Outside Director
- 7 Masao Yamada**
Outside Director
- 8 Kikuko Asai**
Independent Outside Director (newly appointed)

Auditors

- 9 Shingo Komuro**
Auditor (full-time)
- 10 Tetsuya Morimoto**
Auditor (full-time) (newly appointed)
- 11 Hiroshi Nakashio**
Outside Auditor (full-time)
- 12 Tomoyuki Kiyotsune**
Independent Outside Auditor (newly appointed)

Executive Officers (excluding executive officers who serve as directors)

- Takanori Matsuda**
Senior Managing Executive Officer and General Manager of WHG Business Division
- Tomohiko Chihiro**
Executive Officer and General Manager of Luxury & Banquet Business Division
- Yutaka Onda**
Executive Officer and General Manager of Resort Business Division
- Hiroyuki Nozaki**
Executive Officer and Chief of Internal Audit Office
- Masayuki Judai**
Executive Officer and Executive Chef, Fujita Kanko Co., Ltd.
- Shuji Wada**
Executive Officer and Deputy General Manager of WHG Business Division
- Yuichiro Koyama**
Executive Officer and Deputy General Manager of Luxury & Banquet Business Division

Skills Matrix¹

	Name	Independence	Knowledge and Experience Expected by the Company					
			Corporate Management/ Business Strategy	Sales/ Marketing	Hotel Operations ²	Human Resources/ Labor	Finance/ Accounting	Legal/ Compliance
Directors	Shinsuke Yamashita		○	○	○			
	Yasushi Komiya		○	○	○	○		○
	Tetsu Okada		○	○	○	○	○	
	Izuru Yoshii		○				○	○
	Kazunori Takami	Independent Outside	○	○				○
	Shiho Takano	Independent Outside	○	○				○
	Masao Yamada	Outside	○					○
	Kikuko Asai	Independent Outside	○				○	○
Auditors	Shingo Komuro		○				○	○
	Tetsuya Morimoto					○	○	○
	Hiroshi Nakashio	Outside					○	○
	Tomoyuki Kiyotsune	Independent Outside					○	○

1. The above list reflects the knowledge and experience that the Company particularly expects, but it does not represent all the knowledge and expertise possessed by each individual.
 2. Include hotel services and hotel operational management

Financial and Non-Financial Summary

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
(Millions of yen)											
For the year											
Net sales	62,109	64,250	63,981	68,789	70,624	69,285	68,960	26,648	28,433	43,749	64,547
Gross profit	5,275	5,576	4,446	6,195	6,651	5,744	4,733	(17,443)	(13,197)	(1,227)	9,746
Selling, general and administrative expenses	4,070	4,210	4,407	4,483	4,655	4,645	4,452	3,168	2,625	2,821	3,109
Operating profit	1,205	1,365	39	1,712	1,995	1,099	280	(20,611)	(15,822)	(4,048)	6,636
Ordinary profit	1,169	1,390	(172)	1,698	2,048	1,105	401	(20,930)	(16,542)	(4,461)	7,081
Profit before income taxes	1,019	1,469	509	2,151	3,171	1,292	(521)	(23,173)	17,158	(6,362)	6,685
Profit attributable to owners of parent	878	531	32	858	1,672	556	(285)	(22,427)	12,675	(5,789)	8,114
Capital investment	4,643	3,609	8,160	9,500	8,589	4,391	3,846	4,079	1,428	6,998	5,243
At year-end											
Total assets	104,787	100,881	104,732	105,834	107,362	102,045	103,271	96,595	112,762	99,962	93,496
Net assets	27,894	27,774	27,012	26,526	27,637	24,724	26,438	1,347	28,833	22,740	25,974
Cash and cash equivalents	5,026	5,925	4,063	4,704	4,304	3,388	3,348	3,697	38,619	24,110	13,675
Equity	27,707	27,570	26,826	26,326	27,428	24,509	26,263	1,182	28,656	22,629	25,974
Cash Flows											
Cash flows from operating activities	4,367	3,663	(415)	6,246	5,538	5,428	4,946	(17,069)	(16,302)	645	11,109
Cash flows from investing activities	(4,643)	1,901	(8,184)	(6,004)	(6,667)	(4,324)	(3,496)	(2,412)	42,890	(6,122)	(5,919)
Free cash flow	(275)	5,565	(8,600)	242	(1,129)	1,104	1,450	(19,482)	26,587	(5,476)	5,189
Cash flows from financing activities	220	(4,671)	6,748	414	736	(1,880)	(1,467)	19,831	8,319	(8,935)	(15,667)
Per-Share Data											
Profit per share (yen)	73.30	44.31	2.74	71.65	139.54	46.46	(23.82)	(1,871.94)	1,057.69	(483.05)	677.03
Net assets per share (yen)	2,311.72	2,300.37	2,238.51	2,196.96	2,289.13	2,045.65	2,192.09	98.72	1,126.35	586.49	1,299.49
Dividend per share (yen)	40.0	40.0	40.0	40.0	40.0	40.0	30.0	0.0	0.0	0.0	0.0
Financial Indicators											
Payout ratio (%)	54.6	90.2	1,463.0	55.6	28.7	86.1	—	—	—	—	—
ROA (%)	1.2	1.4	(0.2)	1.6	1.9	1.1	0.4	(20.9)	(15.8)	(4.2)	7.3
ROE (%)	3.6	1.9	0.1	3.2	6.2	2.1	(1.1)	(163.4)	85.0	(22.6)	33.4
Equity ratio (%)	26.4	27.3	25.6	24.9	25.5	24.0	25.4	1.2	25.4	22.6	27.8
Non-Financial Indicators											
Consolidated number of employees	1,220	1,234	1,270	1,356	1,421	1,515	1,700	1,677	1,158	1,148	1,342
Average length of service (Years)											
Male	22.2	22.4	22.2	22.1	21.5	21.4	20.4	21.2	20.3	20.2	18.2
Female	10.1	10.3	10.6	10.3	9.3	8.8	8.1	8.7	9.2	9.6	8.0
Percentage of female managers (%)	9.6	9.8	10.4	10.9	11.1	11.8	13.1	15.0	14.7	14.8	17.6
Turnover rate (%)											
Male	2.3	1.0	2.6	2.6	2.3	4.0	5.3	2.7	9.6	5.2	4.8
Female	3.9	6.0	4.5	7.0	7.1	10.8	14.0	8.1	22.1	14.4	8.7
Rate of childcare leave taken (%)											
Male	0.0	0.0	2.9	0.0	4.5	14.3	16.0	4.5	62.5	27.2	52.9
Female	76.9	100.0	106.3	87.5	81.8	123.1	88.0	100.0	100.0	100.0	100.0

Notes: 1. As of December 31, 2023, the Company had 26 consolidated subsidiaries, 1 affiliated company and 1 other related company.
2. Yen amounts are rounded down to the nearest million.
3. The Company implemented a share consolidation at a ratio of 10 shares of the Company's common stock to 1 share, effective July 1, 2017. Profit per share is calculated based on the assumption that the share consolidation was implemented at the beginning of the fiscal year ended December 31, 2013.
4. ROA = Ordinary profit ÷ Total assets
5. ROE = Profit attributable to owners of parent ÷ Equity

List of Commercial Properties, Main Subsidiaries and Affiliated Companies of the Fujita Kanko Group (As of May 9, 2024)

List of the Fujita Kanko Group's Commercial Properties

WHG Business (Total number of guest rooms: 11,041)

Facility name	Number of guest rooms
Sendai Washington Hotel	223
Yamagata Nanokamachi Washington Hotel (FC)	213
Yamagata Eki Nishiguchi Washington Hotel (FC)	100
Aizu Wakamatsu Washington Hotel (FC)	154
Koriyama Washington Hotel (FC)	184
Iwaki Washington Hotel (FC)	148
Shinjuku Washington Hotel (Main Building/Annex Building) ³	1,617
Akihabara Washington Hotel	369
Tokyo Bay Ariake Washington Hotel	830
Tachikawa Washington Hotel (FC)	170
Yokohama Sakuragicho Washington Hotel	553
Urawa Washington Hotel	140
Kisarazu Washington Hotel (FC)	146
Tsubame Sanjo Washington Hotel (FC)	103
Kansai Airport Washington Hotel (FC)	504
Kanku Izumiotsu Washington Hotel (FC)	151
Takarazuka Washington Hotel (FC)	135
Hiroshima Washington Hotel	266
Canal City Fukuoka Washington Hotel	423
Sasebo Washington Hotel (FC)	190
Hotel Gracery Sapporo	440
Hotel Gracery Ginza	270
Hotel Gracery Tamachi	216
Hotel Gracery Asakusa	125
Hotel Gracery Shinjuku	970
Hotel Gracery Kyoto Sanjo ²	225
Hotel Gracery Osaka Namba	170
Hotel Gracery Naha	198
Hotel Gracery Seoul	336
Hotel Gracery Taipei	248
Hotel Fujita Fukui (FC)	354
HOTEL TAVINOS Hamamatsucho	188
HOTEL TAVINOS Asakusa	278
HOTEL TAVINOS Kyoto	190
ISORAS CIKARANG ²	214

Lodging Facilities (35 properties)

Luxury & Banquet Business (Total number of guest rooms: 266)

Facility name	Number of guest rooms
Hotel Chinzanso Tokyo ¹	266
Share Clapping	—
The South Harbor Resort	—
Remercier Motoujina	—
Camellia Hills Country Club ¹	—
The University of Tokyo Ito International Research Center Restaurant Camellia (MC)	—
Shinkonkan Foresta Chinzanso (MC)	—

Resort Business (Total number of guest rooms: 565)

Facility name	Number of guest rooms
Hakone Kowakien Ten-yu ¹	150
Hakone Kowakien Hotel ¹	150
Hakone Kowakien Miyama Furin ¹	15
Hakone Kowakien Mikawayu Ryokan ¹	25
Ito Kowakien ¹	50
Ito Ryokuyu ¹	7
Glamping Fuji no Kirameki ²	24
Eiheiji Hakujukan	18
Yugawara Onsen Chitose (MC)	38
Hotel Yamanami (MC)	26
Towada Hotel (business partnership)	50
Akashiatei	—
Hakone Kowakien Soba Kihinkan ¹	—
Hakone Kowakien Teppan Shabu Shabu Geihinkan ¹	—
Hakone Kowakien Yunessun ¹	—
Hakone Kowakien Mori No Yu ¹	—
Hakone Kowakien Spa & Camp Yama No Ne ¹	—
Fuji Camp Base Kirameki (located on the premises of Glamping Fuji no Kirameki)	—
Shimoda Aquarium ¹	—

FC: Franchise system
Ownership, management and operations are administered by its ownership entity. The Company licenses its brand and provides operational guidance.
MC: Management contract system
Ownership and management are administered by its ownership entity, and operations are outsourced to the Company.
Notes: 1. Both the land and building(s) are owned by the Company
2. Building(s) is/are owned by the Company (only the south wing of Hotel Gracery Kyoto Sanjo)
3. Shinjuku Washington Hotel Annex Building changed to MC system in April 2024
Land and building(s) of facilities without a note are not owned by the Company, and are managed and operated through a lease system, etc.

List of Main Subsidiaries and Affiliated Companies

Consolidated subsidiaries (26 companies)

Company name	Main business
Sapporo Washington Hotel Inc.	WHG Business
Urawa Washington Hotel Inc.	WHG Business
Reservation Service Inc.	WHG Business
WHG KANSAI INC.	WHG Business
WHG NISHINIHON INC.	WHG Business
WHG HOTEL TAVINOS INC.	WHG Business
WHG KOREA INC.	WHG Business
TAIWAN FUJITA KANKO INC.	WHG Business
FUJITA RESORT DEVELOPMENT Co., Ltd.	Luxury & Banquet Business
Fujita Kanko Kouei Inc.	Luxury & Banquet Business
Visualife Co., Ltd.	Luxury & Banquet Business
Share Clapping Co.,	Luxury & Banquet Business
Share Clapping Fukuoka Co., Ltd.	Luxury & Banquet Business
Ito Resort Service Inc.	Resort Business
Shimoda Aqua Service Inc.	Resort Business
Outdoor Design & Works INC.	Resort Business
Fujita Serendipity INC.	Resort Business
Fairton Corporation	Other
Fujita (Shanghai) Business Consultant Co., Ltd.	Other
PT. FUJITA KANKO INDONESIA	Other
and 6 other companies	

Affiliated company not accounted for by the equity method (1 company)

Company name	Main business
Washington Condominium Inc.	Hotel business

Other related company (1 company)

Company name	Main business
DOWA HOLDINGS CO., LTD.	Non-ferrous metal business

Company Overview/Investor Information (As of December 31, 2023)

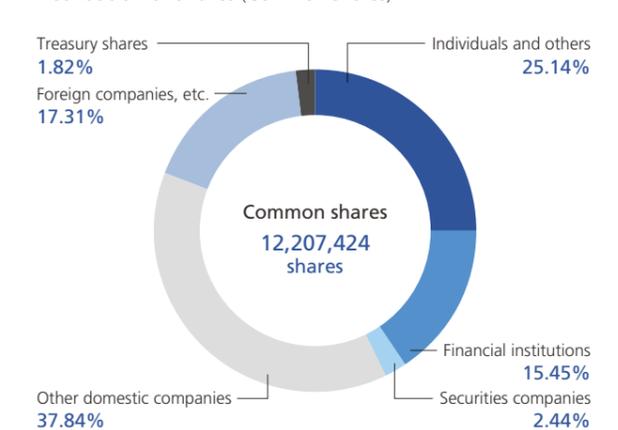
Company Overview

Company name	Fujita Kanko Inc.
Establishment	November 7, 1955 (Registered June 12, 1946)
Head office	2-10-8 Sekiguchi, Bunkyo-ku, Tokyo 112-8664, Japan Telephone: +81-3-5981-7700 (main)
Capital	¥100,000,000
Main lines of business	Hotels, Japanese-style inns, restaurants, etc.
Number of employees	1,342 (Average number of temporary employees: 2,117)

Investor Information

Total number of authorized shares	Ordinary shares: 44,000,000 shares Class A preferred shares: 150 shares Total: 44,000,150 shares
Total number of issued shares	Ordinary shares: 12,207,424 shares Class A preferred shares: 100 shares Total: 12,207,524 shares
Number of shareholders	Ordinary shares: 20,030 Class A preferred shares: 1
Date of settlement	December 31
Listed exchange	Tokyo Stock Exchange Prime Market
Stock code	9722
Administrator of shareholder registry	Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo 100-8233

Distribution of Shares (Common Shares)

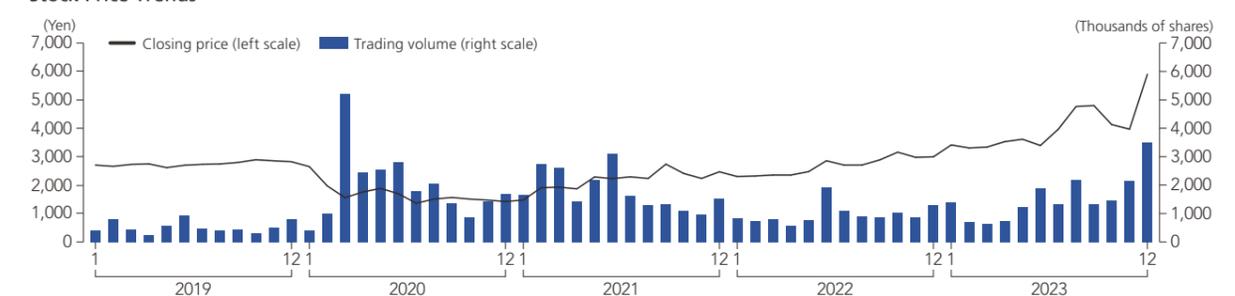


Major Shareholders

Name of shareholder	Number of shares held (Thousands of shares)	Shareholding ratio (%)
DOWA HOLDINGS CO., LTD.	3,814	31.83
The Master Trust Bank of Japan, Ltd. (Trust Account)	698	5.83
CGML PB CLIENT ACCOUNT/COLLATERAL	307	2.56
Meiji Yasuda Life Insurance Company	300	2.51
BNP PARIBAS SINGAPORE/2S/JASDEC/MBBCLIENT ASSETS 2	259	2.16
Nippon Life Insurance Company	218	1.82
ASAHI BREWERIES, LTD.	181	1.51
Mitsubishi UFJ Financial Group, Inc.	180	1.51
MSSG A/C CLIENTS	164	1.37
PHILLIP SECURITIES CLIENTS (RETAIL)	163	1.37

Notes: 1. The names of shareholders and number of shares held are based on the shareholder register as of December 31, 2023.
2. The numbers of shares held is shown rounded down to the nearest thousand shares.
3. The shareholding ratio is calculated from the total number of issued shares, excluding 220,000 treasury shares, and figures are rounded to the nearest second decimal place. Class A preferred shares are included in the calculation.

Stock Price Trends



Fujita Kanko Inc.

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Website: <https://www.fujita-kanko.com/>