August 8, 2024

To whom it may concern:

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Notice Concerning Differences between Consolidated Financial Results Forecast and Actual Results for the Six Months Ended June 30, 2024 and Revisions to Full-Year Consolidated Financial Results Forecast

FUJITA KANKO INC. ("the Company") hereby announces that, as described below, differences have arisen between the consolidated financial results forecast for the first half of the fiscal year ending December 31, 2024 (January 1, 2024 to June 30, 2024) released on May 9, 2024 and the actual results disclosed today.

In addition, the Company has revised its full-year consolidated financial results forecast for the fiscal year ending December 31, 2024, which was also released on May 9, 2024.

1. Differences between the consolidated financial results forecast for the first half of the fiscal year (January 1, 2024 to June 30, 2024) and the actual results

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Profit per share
Previously announced forecast (A)	Million yen 35,200	Million yen 3,700	Million yen 3,900	Million yen 2,900	Yen 225.42
Actual results (B)	35,882	5,123	5,615	4,004	317.56
Difference (B – A)	682	1,423	1,715	1,104	
Rate of difference (%)	1.9%	38.5%	44.0%	38.1%	
Ref: Results for first half of previous fiscal year (January 1, 2023 to June 30, 2023)	29,162	1,912	2,504	3,073	256.41

2. Reasons for difference between the consolidated financial results forecast for the first half of the fiscal year (January 1, 2024 to June 30, 2024) and the actual results

During the six months ended June 30, 2024, the hotel and tourism industries saw an increase in inbound demand on the back of the weak yen.

Against this backdrop, the Group strengthened overseas sales and implemented other actions to capture increasing demand, with the result that the average daily rate (ADR) increased more than expected, particularly in the accommodation division. Consequently, net sales exceeded the previous forecast by ¥682 million.

As for expenses, an increase in sales-linked variable costs was subdued because the primary factor behind the sales increase was a rise in ADR. Fixed costs such as utilities and advertising expenses were also lower than expected. Thus, operating profit exceeded the previous forecast by ¥1,423 million.

Ordinary profit exceeded the previous forecast by ¥1,715 million due mainly to the recording of foreign exchange gains associated with a weak yen. Profit attributable to owners of parent exceeded the previous forecast by ¥1,104 million because of extraordinary losses on business withdrawal and other factors.

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

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Profit per share
Previously announced forecast (A)	Million yen 72,500	Million yen 8,500	Million yen 8,500	Million yen 7,000	Yen 550.68
Revised forecast (B)	75,000	11,000	11,000	8,000	634.12
Difference (B – A)	2,500	2,500	2,500	1,000	
Rate of difference (%)	3.4%	29.4%	29.4%	14.3%	
Ref: Results for fiscal year ended December 31, 2023 (January 1, 2023 to December 31, 2023)	64,547	6,636	7,081	8,114	677.03

4. Reasons for revisions of full-year financial results forecast

In the second half, we expect that the WHG Business will continue to see an increase in ADR and post sales that exceed the previous forecast by about ¥1.5 billion. In the Resort Business, we also expect an increase in ADR, with sales exceeding the previous forecast by about ¥0.3 billion. Thus, consolidated net sales are likely to exceed the previous forecast by about ¥1.8 billion. We expect operating profit to increase in the WHG Business and the Resort Business in tandem with net sales, and consolidated operating profit to exceed the previous forecast by about ¥1.1 billion. In addition, we expect ordinary profit to exceed the previous forecast by about ¥0.8 billion, but profit attributable to owners of parent to miss the previous forecast by about ¥0.1 billion because of tax-related expenses and other factors.

For the full fiscal year, we expect net sales, operating profit, ordinary profit, and profit attributable to owners of parent to exceed the previous forecast by ¥2.5 billion, ¥2.5 billion, ¥2.5 billion, and ¥1.0 billion, respectively, to ¥75.0 billion, ¥11.0 billion, ¥11.0 billion, and ¥8.0 billion, respectively.

Note: The above forecasts are made based on information available on the date of release of this notification, and actual results may differ from the forecast figures due to various factors.

(Million yen)

	First half (January to June)		Second half (July to December)		Full year (January to December)	
	Results (announced Aug. 8)	Previous forecast (announced May 9)	Current forecast (announced Aug. 8)	Previous forecast (announced May 9)	Current forecast (announced Aug. 8)	Previous forecast (announced May 9)
Net Sales	35,882	682	39,117	1,817	75,000	2,500
WHG Business	21,416	416	23,283	1,483	44,700	1,900
Luxury & Banquet Business	8,970	170	9,229	(70)	18,200	100
Resort Business	4,889	89	5,910	310	10,800	400
Other (including adjustment amounts*)	605	5	694	94	1,300	100
Operating profit	5,123	1,423	5,876	1,076	11,000	2,500
WHG Business	4,331	831	4,668	1,068	9,000	1,900
Luxury & Banquet Business	577	277	522	22	1,100	300
Resort Business	182	182	817	117	1,000	300
Other (including adjustment amounts*)	31	131	(131)	(131)	(100)	—
Ordinary profit	5,615	1,715	5,384	784	11,000	2,500
Profit attributable to owners of parent	4,004	1,104	3,995	(104)	8,000	1,000

Note: Adjustment amounts refer to eliminations of inter-segment transactions, as well as corporate expenses not allocated to each segment.