

Consolidated Financial Results for the Nine Months Ended September 30, 2024 [Japanese GAAP]



November 8, 2024

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

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

1. Consolidated Financial Results for the Nine Months Ended September 30, 2024 (January 1, 2024 to September 30, 2024)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended September 30, 2024	54,178	18.9	7,680	106.7	7,862	81.7	5,412	16.9
Nine months ended September 30, 2023	45,556	55.3	3,715	-	4,325	-	4,630	-

(Note) Comprehensive income: Nine months ended September 30, 2024: ¥5,559 million [5.5%]
 Nine months ended September 30, 2023: ¥5,271 million [-%]

	Profit per share	Diluted profit per share
	Yen	Yen
Nine months ended September 30, 2024	427.86	-
Nine months ended September 30, 2023	386.36	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2024	93,219	27,022	29.0
As of December 31, 2023	93,496	25,974	27.8

(Reference) Equity: As of September 30, 2024: ¥27,022 million
 As of December 31, 2023: ¥25,974 million

2. Dividends

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

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

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

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

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	
Full year	75,000	16.2	11,000	65.7	11,000	55.3	8,000	(1.4)	634.12	

(Note) Revision to the financial results forecast announced most recently: No

For details of the full-year consolidated financial forecast for the fiscal year ending December 31, 2024, please see “1. Qualitative Information on Quarterly Financial Results for the Period under Review (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” on page 3 of the attached material.

*** Notes:**

(1) Significant changes in the scope of consolidation during the period under review: Yes

Newly included: - companies (Company name: -)

Excluded: 2 companies (Company name: MYANMAR FUJITA KANKO LIMITED,
Fujita (Shanghai) Business Consultant Co., Ltd.)

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

September 30, 2024: 12,207,424 shares

December 31, 2023: 12,207,424 shares

2) Total number of treasury shares at the end of the period:

September 30, 2024: 222,976 shares

December 31, 2023: 222,259 shares

3) Average number of shares during the period:

Nine months ended September 30, 2024: 11,984,921 shares

Nine months ended September 30, 2023: 11,985,428 shares

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by a certified public accountant or an audit corporation: Yes (voluntary)

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

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

Dividends on Class Shares

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

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

(Notes)

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

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

(1) Explanation of Operating Results

During the nine months ended September 30, 2024, the Japanese economy continued to recover moderately owing to developments such as an improvement in corporate earnings and personal consumption. In the hotel and tourism industries, inbound demand grew on the back of the weak yen, among other factors.

Against this backdrop, the Group strengthened overseas sales and implemented other actions to capture increasing demand, with the result that the number of inbound accommodation guests increased year on year during the period under review. In addition, we saw an increase in sales per use, particularly in the accommodation business, thanks to our efforts to strengthen product competitiveness and other initiatives.

As a result, net sales for the entire Group increased by ¥8,621 million year on year to ¥54,178 million, operating profit increased by ¥3,964 million year on year to ¥7,680 million, and ordinary profit increased by ¥3,536 million year on year to ¥7,862 million. Profit attributable to owners of parent was ¥5,412 million due mainly to extraordinary losses on business withdrawal.

An overview of business results is as follows.

(Million yen)

	Nine months ended September 30, 2024	YoY change
Net sales	54,178	8,621
Operating profit	7,680	3,964
Ordinary profit	7,862	3,536
Profit attributable to owners of parent	5,412	782

An overview of business results by segment is as follows.
Sales and operating profit by segment

(Million yen)

	Net sales		Operating profit (loss)	
	Actual	YoY change	Actual	YoY change
WHG Business	32,602	6,429	6,711	3,230
Luxury & Banquet Business	12,624	359	213	(206)
Resort Business	8,052	2,057	756	680
Other (including adjustment amounts)	898	(224)	(0)	260
Total	54,178	8,621	7,680	3,964

(Notes) 1. Adjustment amounts include eliminations of inter-segment transactions, as well as corporate expenses not allocated to each segment.

2. Starting in the current fiscal year, the Company partially changed the segments to which operating facilities belong following organizational changes. For this reason, segment information for the previous fiscal year has been changed in accordance with segment changes.

In the WHG Business, we maintained our efforts to win new customers by engaging in sales activities in North America and the Middle East until September, following the regional sales activities in Europe, Australia, and Asia that were implemented during the first half of the current fiscal year. As a result, the number of inbound accommodation guests for the period under review increased year on year. ADR also increased due to early capture of high-ADR reservations. In addition, we took action to improve product competitiveness by further enhancing the contents of breakfast across the entire chain, in addition to renovating guestrooms at Sendai Washington Hotel and Hotel Gracery Sapporo. As a result, net sales for this segment increased by ¥6,429 million year on year to ¥32,602 million, and operating profit increased by ¥3,230 million to ¥6,711 million.

In the Luxury & Banquet Business, at the Hotel Chinzanso Tokyo, we improved added value of products and increased sales per use. As a result, revenue increased year on year in the accommodation business, restaurant business, and banquets business. In July, we newly developed an executive lounge for exclusive use by suite guests and strengthened efforts to expand sales of suites. In the wedding business, the average number of guests and sales per ceremony increased year on year, but this could not fully offset a decline in the number of ceremonies, with the result that revenue declined accordingly. Net sales for this segment increased by ¥359 million year on year to ¥12,624 million. Operating profit decreased by ¥206 million year on year to ¥213 million, reflecting mainly an increase in labor costs.

In the Resort Business, both the accommodation business and the leisure business captured demand during the summer season and posted year-on-year increases in net sales and profit. At Hakone Kowakien Ten-yu, ADR increased as we continued to focus on the sale of high-value-added products. Visitors to Hakone Kowakien Yunessun increased year on year thanks to inflow of Hakone Kowakien Hotel guests, in addition to the effect of redevelopment, such as the installation of a flowing pool. In the accommodation business as a whole, the proportion of inbound tourists rose year on year. As a result, net sales for this segment increased by ¥2,057 million year on year to ¥8,052 million, and operating profit increased by ¥680 million to ¥756 million.

(2) Explanation of Financial Position

Total assets as of September 30, 2024 decreased by ¥276 million from the end of the previous fiscal year to ¥93,219 million. Current assets decreased by ¥348 million due mainly to a decrease of ¥354 million in cash and deposits, and non-current assets increased by ¥72 million.

Liabilities decreased by ¥1,324 million from the end of the previous fiscal year to ¥66,197 million, mainly due to the repayments of borrowings.

Net assets increased by ¥1,048 million from the end of the previous fiscal year to ¥27,022 million. Capital surplus decreased by ¥4,506 million due mainly to the redemption of Class A preferred shares, while retained earnings increased by ¥5,412 million due to the recording of profit attributable to owners of parent.

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

The financial results forecast remains unchanged from the forecast announced on August 8, 2024, as the performance to date has been within our expected range.

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

(Million yen)

	As of December 31, 2023	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	13,705	13,351
Notes and accounts receivable - trade	5,155	4,955
Merchandise and finished goods	58	55
Work in process	31	47
Raw materials and supplies	432	338
Other	1,915	2,200
Allowance for doubtful accounts	(5)	(4)
Total current assets	21,293	20,944
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	37,930	36,632
Tools, furniture and fixtures, net	2,754	3,401
Land	6,309	6,316
Construction in progress	52	54
Golf courses	2,477	2,501
Other, net	826	792
Total property, plant and equipment	50,350	49,699
Intangible assets		
Other	602	550
Total intangible assets	602	550
Investments and other assets		
Investment securities	11,604	11,780
Guarantee deposits	9,137	9,702
Other	615	546
Allowance for doubtful accounts	(107)	(4)
Total investments and other assets	21,250	22,025
Total non-current assets	72,202	72,275
Total assets	93,496	93,219

(Million yen)

	As of December 31, 2023	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,132	912
Short-term borrowings	9,387	7,628
Current portion of long-term borrowings	10,923	10,706
Income taxes payable	61	1,456
Provision for bonuses	216	758
Provision for noncurrent assets removal cost	177	4
Provision for loss on disaster	–	174
Provision for loss on business withdrawal	199	461
Other	8,266	7,742
Total current liabilities	30,365	29,843
Non-current liabilities		
Long-term borrowings	19,710	18,951
Provision for retirement benefits for directors (and other officers)	72	76
Asset retirement obligations	918	948
Retirement benefit liability	6,352	6,238
Deposits received from members	9,498	9,565
Other	603	573
Total non-current liabilities	37,156	36,354
Total liabilities	67,521	66,197
Net assets		
Shareholders' equity		
Share capital	100	100
Capital surplus	26,457	18,225
Retained earnings	(2,906)	6,233
Treasury shares	(904)	(910)
Total shareholders' equity	22,746	23,648
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,430	3,546
Deferred gains or losses on hedges	(12)	4
Foreign currency translation adjustment	(357)	(334)
Remeasurements of defined benefit plans	167	157
Total accumulated other comprehensive income	3,227	3,374
Total net assets	25,974	27,022
Total liabilities and net assets	93,496	93,219

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Nine months ended September 30

(Million yen)

	For the nine months ended September 30, 2023	For the nine months ended September 30, 2024
Net sales	45,556	54,178
Cost of sales	39,601	43,872
Gross profit	5,954	10,305
Selling, general and administrative expenses	2,239	2,625
Operating profit	3,715	7,680
Non-operating income		
Interest income	4	5
Dividend income	247	257
Foreign exchange gains	558	57
Rental income from land and buildings	59	71
Other	205	214
Total non-operating income	1,074	606
Non-operating expenses		
Interest expenses	380	345
Other	83	78
Total non-operating expenses	464	424
Ordinary profit	4,325	7,862
Extraordinary income		
Reversal of allowance for doubtful accounts	–	102
Gain on reversal of asset retirement obligations	–	27
Gain on reversal of provision for loss on business withdrawal	–	1
Gain on sale of non-current assets	605	0
Gain on sale of shares of subsidiaries and associates	21	–
Subsidy income	1	–
Other	–	7
Total extraordinary income	628	139
Extraordinary losses		
Provision for loss on business withdrawal	14	798
Provision for loss on disaster	–	174
Impairment losses	10	150
Provision for removal expenses of noncurrent assets	243	3
Loss on valuation of investment securities	6	1
Loss on sale of shares of subsidiaries and associates	19	–
Total extraordinary losses	294	1,127
Profit before income taxes	4,660	6,874
Income taxes	31	1,461
Profit	4,628	5,412
Loss attributable to non-controlling interests	(2)	–
Profit attributable to owners of parent	4,630	5,412

Quarterly Consolidated Statements of Comprehensive Income

Nine months ended September 30

(Million yen)

	For the nine months ended September 30, 2023	For the nine months ended September 30, 2024
Profit	4,628	5,412
Other comprehensive income		
Valuation difference on available-for-sale securities	693	116
Deferred gains or losses on hedges	(9)	17
Foreign currency translation adjustment	(21)	22
Remeasurements of defined benefit plans, net of tax	(19)	(9)
Total other comprehensive income	642	146
Comprehensive income	5,271	5,559
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,273	5,559
Comprehensive income attributable to non-controlling interests	(2)	–