



Fujita Kanko Inc.
Integrated Report 2025



Company policies

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.



The spirit of “contributing to the well-being of society” has been passed down through generations of employees, even as the means of achieving it have evolved with the times.

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To achieve sustainable growth, we will focus on investments that improve profitability and strengthen our business foundation.

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Editorial Policy

Purpose of this Report

In the Integrated Report 2025, we present our growth strategy during the transition from the foundation building phase of the Medium-Term Management Plan 2028 to the profit expansion phase. We outline the achievements to date, the challenges ahead, and our commitment to sustainable growth. In addition, we highlight our people, the foundation of value creation, and communicate a consistent narrative that links our growth strategy with human capital initiatives.

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.

Reporting Period

This report primarily covers the fiscal year ended December 2025 (January 1, 2025 – December 31, 2025). However, information from periods before or after this timeframe is included when necessary.

Reporting Scope

Fujita Kanko Inc. and its group companies.

Message from the President

To achieve sustainable growth, we will focus on investments that improve profitability and strengthen our business foundation.

In fiscal 2025, we achieved year-on-year increases in sales and profit in all three businesses, and record highs for operating profit and ordinary profit

Currently, under the Medium-Term Management Plan 2028 - Shine for Tomorrow, to THE FUTURE, which we launched in 2024, we are working on three key challenges: Establish a foundation for sustainable growth capable of withstanding changes in the environment; secure and develop talent; and construct a sound financial foundation. In fiscal 2025, the second year of the Plan, all three businesses: the WHG Business, the Luxury & Banquet Business, and the Resort Business performed strongly, resulting in increased sales and profit year on year and the achievement of record highs for operating profit and ordinary profit.

In the WHG Business, improvements in the quality of both facilities and services, as well as the capturing of inbound demand through strengthened overseas sales contributed to a high occupancy rate of nearly 90%. Furthermore, ADR (average daily rate) increased due to

pricing based on changes in supply and demand trends, resulting in improved profitability.

In the Luxury & Banquet Business, the number of guests and guest spending per visit in the wedding and banquet business increased due to renovations of banquet venues and enhancements to the garden experience. In the wedding business, we are continuously implementing measures to enhance added value, such as by strengthening product appeal, including with our cuisine, and improving our ability to make proposals during consultations. Although the number of weddings in the market overall is in a downtrend, and the number of weddings held by the Company is approximately 20% lower than in 2019, before the COVID-19 pandemic, we consider the increase in business sales to be a sign of success. In addition, our efforts to capture new corporate banqueting customers have been successful, leading to an increase in large-scale events such as corporate events and anniversary celebrations. We believe that more customers are now recognizing the high added value of our products.

In the Resort Business, Hakone Kowakien Ten-yu and Hakone Kowakien Hotel continued to perform well. In addition to improving the quality of its hospitality, Hakone Kowakien's destination development strategy includes refining the value of experiences for inbound

Representative Director and President,
Executive Officer

Shinsuke Yamashita

Message from the President

guests to enjoy by holding a variety of seasonal events throughout the year. As a result, ADR and occupancy rates have increased.

Looking back at fiscal 2025 as a whole, the added value created by improvements in the quality of our cuisine and services, and renovations to our guest rooms have led to increased customer satisfaction and a rise in spending per visit. This has enabled us to absorb increased costs and achieve record-high profits, creating a virtuous cycle where we can reinvest those profits toward further growth, which is extremely encouraging.

In fiscal 2026, we will conduct investments aimed at improving profitability in the medium to long term

For fiscal 2026, we projected an increase in sales and a decrease in profit. With a view to achieving sustainable growth from fiscal 2027 onwards, we have positioned fiscal 2026 as a year in which we will prioritize investments to enhance our medium- to long-term profitability. Excluding the temporary impact of approximately ¥3.2 billion caused by the temporary closure of guest rooms due to renovations as well as investment-related costs, operating profit will reach approximately ¥15.0 billion, indicating a steady improvement in profitability.

In the WHG Business, we will carry out large-scale renovations at major facilities such as the Tokyo Bay Ariake

Washington Hotel and the Canal City Fukuoka Washington Hotel, including the creation of new lounges and changes to guest room specifications that anticipate customer needs. By improving convenience and comfort and creating added value, we aim to enhance profitability through both an increase in the average daily rate and an increase in the number of guests, thereby improving our profitability over the medium to long term.

In the Luxury & Banquet Business, we plan to convert a space that is currently used as a waiting room at Hotel Chinzanso Tokyo into a banquet hall. The new hall will feature breathtaking views of the garden, an on-site kitchen, and a bridal room.

In the Resort Business, we are working to further enhance the appeal of Hakone Kowakien Hotel by adding 40 rooms with semi-outdoor hot springs, which is a feature that is high on the list of customer needs (scheduled to open in the fall of 2027). We completed work to expand the restaurant ahead of schedule, and opened this in June 2026. By further strengthening our efforts to capture both inbound demand and domestic family demand, we aim to stabilize profits throughout the year.

Steadily promoting initiatives aimed at enhancing medium- to long-term corporate value

Although we have achieved the quantitative targets of the Medium-Term Management Plan 2028 ahead of

schedule, we believe that we are still only partway to implementing measures that will contribute to enhancing corporate value in the future.

With the strengthening of our three existing businesses as a prerequisite, our most important challenge is a growth strategy that includes expanding our bases through the opening of new properties. To accelerate our progress to the next stage, we entered into a capital and business alliance agreement with the Nippon Sangyo Suishin Kiko Group in February 2026. The company possesses high levels of expertise in real estate development, M&A, property acquisition assessment and structuring, and finance formation, and has strong connections with regional banks. In areas where it would take considerable time for the Company to make advances alone, we will combine our brand strengths and operational capabilities with the Nippon Sangyo Suishin Kiko Group's investment and development capabilities to accelerate the pace and scale of our initiatives, with the aim of achieving business expansion and enhancing corporate value at an early stage.

In addition, the Group is expanding customer contact points based on THE FUJITA MEMBERS membership program, which has over 900,000 members. Furthermore, we entered into a business partnership agreement with Washington Hotel Corporation in February 2026, and began the mutual use of both companies' membership programs in April. As a result, 43 of Washington Hotel's facilities have been added to the membership program. Going forward, we will continue to encourage repeat usage and increase the number of active members by providing appropriate guidance based on membership data and usage history through various scenarios such as

Message from the President



accommodation, restaurants, and events. We will also expand our customer base by approaching members of partner programs and other potential customers. By further deepening the collaboration among our three businesses, we will enhance Fujita Kanko's corporate identity and recognition alongside our business brands that include the Washington Hotel, Hotel Chinzanso Tokyo, and Hakone Kowakien. We aim to achieve sustainable growth by further enhancing our strengths in developing diverse businesses that closely match the various milestones in our customers' lives.

Furthermore, given the extremely challenging business conditions faced by the Group during the COVID-19 pandemic, we recognize the importance of building a portfolio that is resilient to changes in the domestic and international business environment, as well as geopolitical risks. Based on this recognition, we are working to create new business domains and service models. Having established the framework for this in 2025, we will begin trial initiatives in 2026 and aim to quickly establish a clear path toward the commercialization of new businesses.

Strengthening human capital for sustainable growth

The Corporate philosophy of “contributing to the well-being of society by providing hospitable services and places where people can relax, refresh and revitalize” have been passed down through generations of employees. These employees possess a strong commitment to hospitality and the ability to consider how to satisfy and create memorable experiences for our customers. To ensure that our human resources, who are the foundation supporting the sustainable growth of the Group, can play an active role in the long term, we are currently implementing various initiatives under the theme of “balancing job satisfaction with a supportive work environment.”

In fiscal 2025, we worked on initiatives to create a supportive work environment where employees can maximize their capabilities, including by increasing base compensation, reviewing the human resource system and evaluation system, and increasing the number of annual holidays. We also held Top Management Direct Meetings. These meetings are a platform that enabled me to visit 37 domestic and overseas bases, engaging in dialogue with young and mid-career employees, and listening to many candid opinions. They are a valuable opportunity for me to provide advice to employees on their concerns and directly convey my thoughts on how to make the Company better. I intend to continue these dialogues going forward to help employees gain more confidence and further enhance their motivation and engagement.

Looking ahead, in order to create an organization with a robust human resources portfolio where diverse

Message from the President

individuals can play an active role, we will focus on developing management personnel and specialized personnel who continue to take on new challenges, creating an environment where people of all ages can demonstrate their capabilities, and expand opportunities for non-Japanese personnel to play active roles. In addition, we will promote DX and labor savings, primarily in back-office operations, and reallocate those personnel to customer-facing roles to further strengthen customer services and high value-added services. This will allow us to achieve both increased productivity and differentiation, thereby strengthening our brand and improving profitability.

Toward the next stage of growth based on “the determination to continue” and “the courage to change”

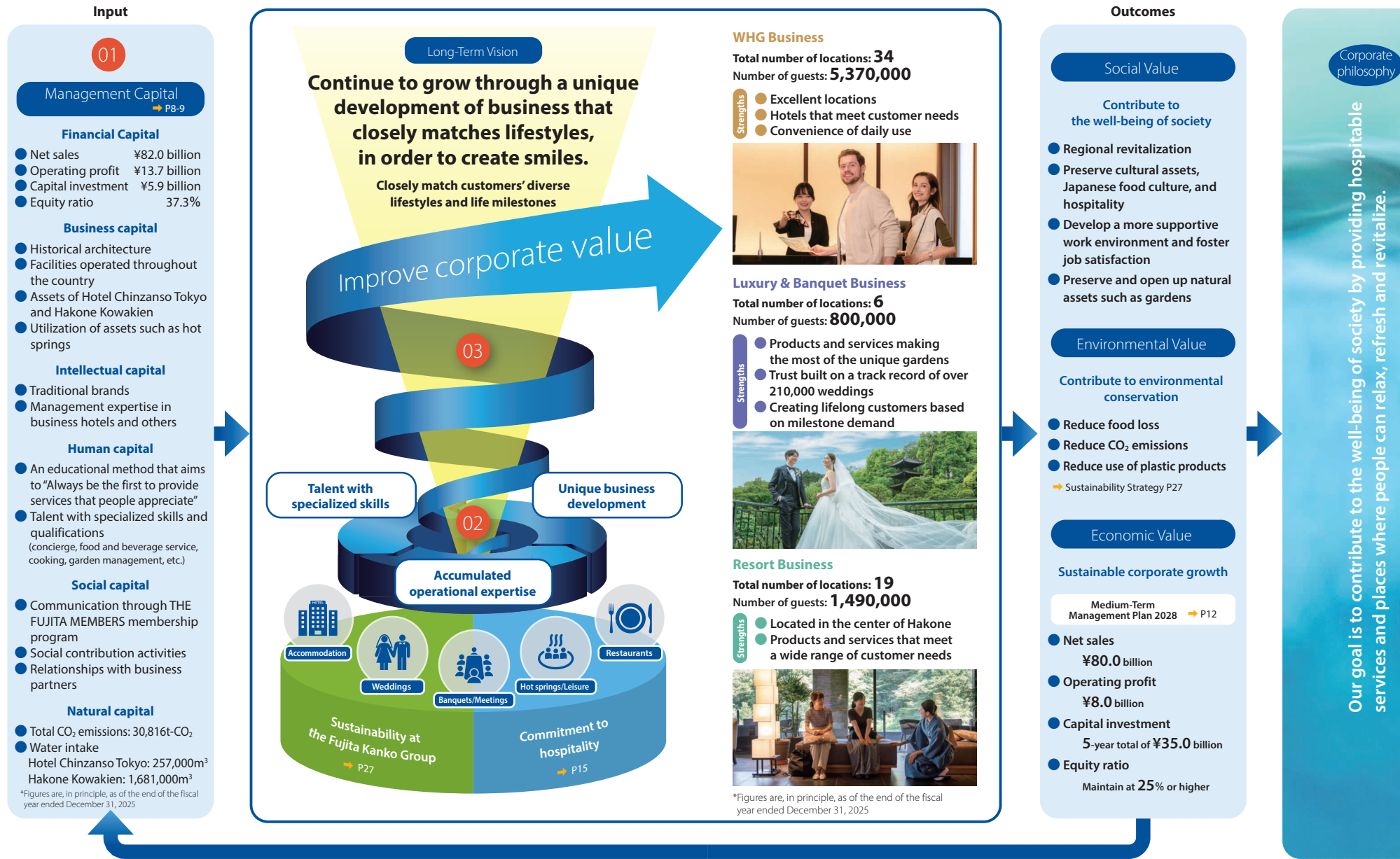
In November 2025, Fujita Kanko celebrated its 70th anniversary. I would like to express my sincere gratitude to all our stakeholders for their patronage and support over the years. In order to create a new history while protecting what is important to us, such as our commitment to hospitality toward our customers, we must change our management style to suit the times. The COVID-19 pandemic has clearly revealed both our weaknesses and our strengths. Drawing on this experience, we are committed to building a robust financial structure that is resilient even in a highly uncertain external environment.

We believe it is the responsibility of management to sustainably enhance corporate value while balancing financial soundness, growth investments, and shareholder returns. Furthermore, to create a more accessible investment environment for investors, improve the liquidity of our shares, and expand our investor base, we conducted a five-for-one stock split, effective January 1, 2026, thereby lowering the investment unit. We have also revised our shareholder benefits to provide greater benefits to long-term shareholders.

We will continue to refine the value of experiences that only Fujita Kanko can provide for all our stakeholders. We ask for your continued support as the Fujita Kanko Group steadily moves towards its next stage of growth.



Our Value Creation Process

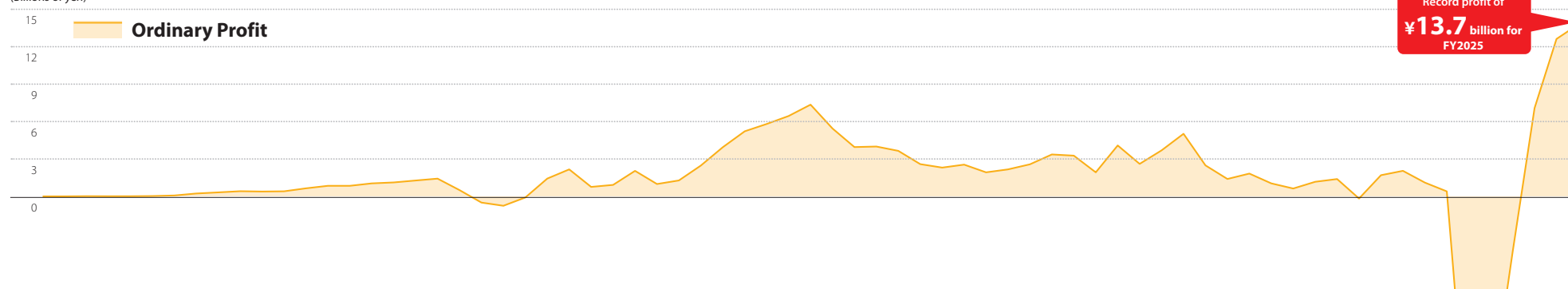


01 The Source of Value Creation - Our History -

Fujita Kanko has sensitively responded to changes in society and achieved growth through innovative business models and the adoption of new technologies.

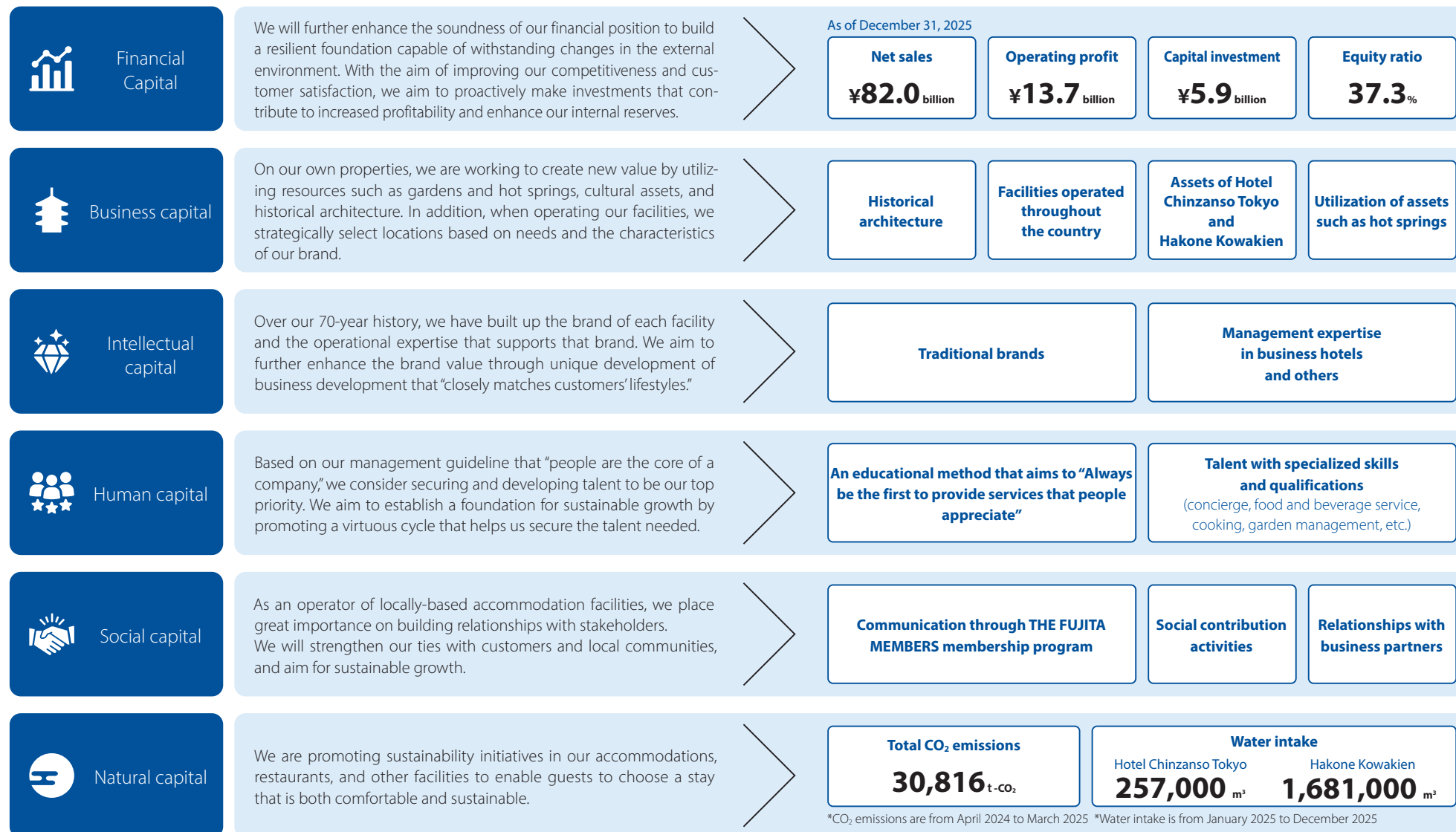


(Billions of yen)



01 The Source of Value Creation - Management Capital -

We are creating new value by leveraging the various management capital and strengths that Fujita Kanko possesses.



*CO₂ emissions are from April 2024 to March 2025 *Water intake is from January 2025 to December 2025

02 The Source of Value Creation - Strengths -

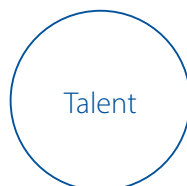
We are creating new value by leveraging the various management capital and strengths that Fujita Kanko possesses.



Deepen professional expertise

Expand and deepen customer contact points

By combining the strengths of our human resources, expertise, and business that we have cultivated over many years, we aim to create even greater value. We will further refine the expertise of professionals in each field and deepen the high-quality hospitality we provide as an entire organization. Furthermore, by leveraging our diverse business portfolio to closely understand our customers' lifestyles and expanding customer contact points, we will build even stronger relationships based on trust.



Talent with specialized skills

Based on our management guideline that "people are the core of a company," all employees share a deep commitment to the Fujita Hospitality Mindset. The advanced expertise that our professionals in each field have refined through years of experience goes beyond mere customer service and is the source of creating unforgettable experiences that exceed our customers' expectations. We believe that each individual's independent thinking and sincere approach to our customers are the most important management capital that supports the Company's brand.



Human Resources Development Leaders (HRDL) at each facility



Accumulated operational expertise

Over more than 70 years since our founding, we have accumulated unique expertise through the operation of a diverse range of businesses. We have established systems that enable us to deliver both operational efficiency and high-quality service, while maintaining the organizational ability to respond flexibly to changing market environments. This strong operational foundation not only maximizes the value of our existing properties, but also serves as a solid platform for expanding into new locations and collaborating with external partners.



The in-house technical skills competition



Unique business development

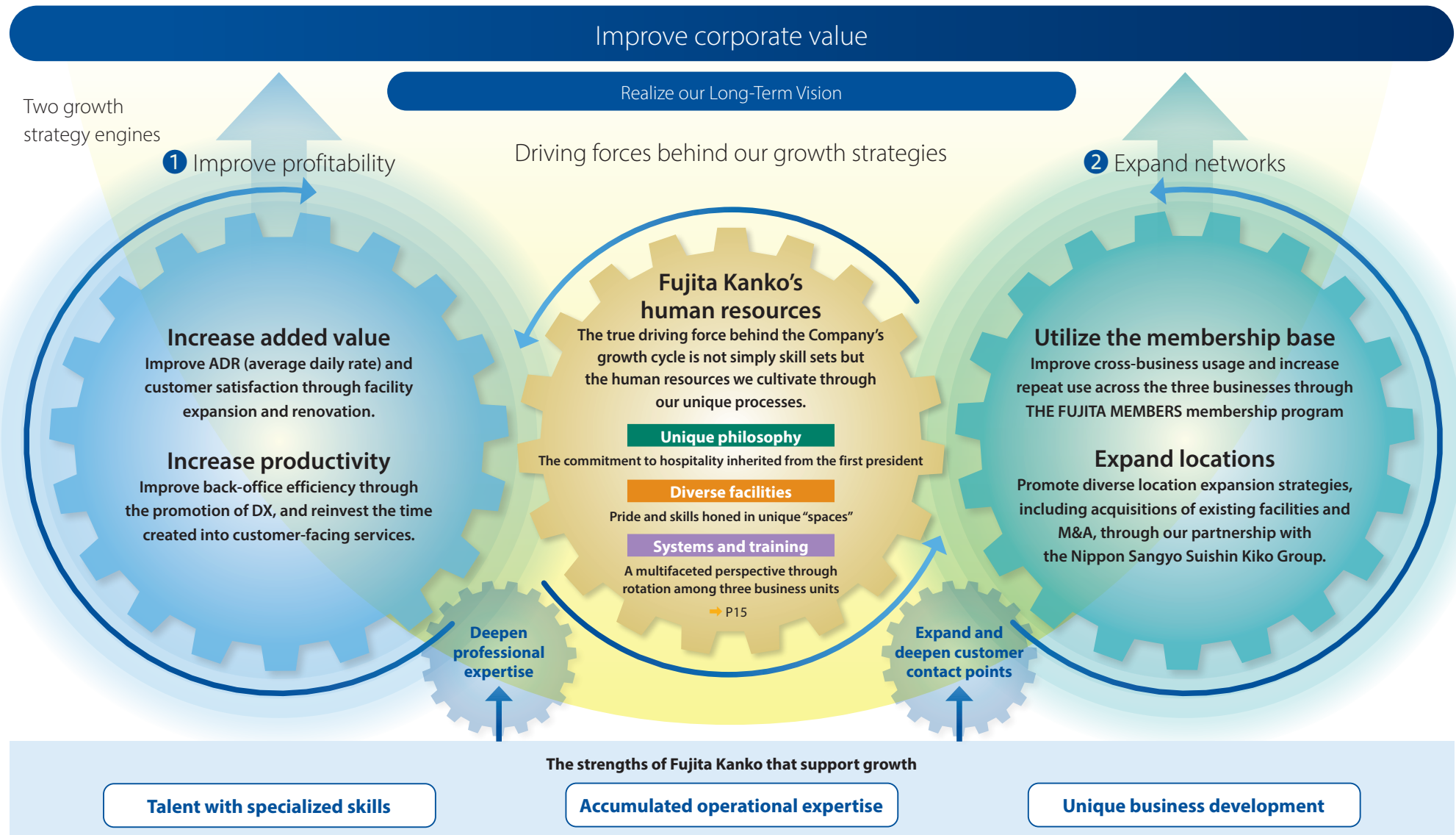
Under the vision, "Closely match lifestyles and continue to grow, in order to create smiles," we have developed a diverse business portfolio that includes business, tourism, and leisure, as well as services for important life milestones. Our diversified business development, which is not limited to specific areas, enables us to maintain contact with customers at the various milestones in their lives. By combining the distinctive appeal of each business, we are creating a unique value of experience that sets us apart from other companies.



Hakone Kowakien Yunessun

03 Fujita Kanko's Growth Cycle

By combining growth strategies with unique talent, we will realize our Long-Term Vision and enhance corporate value.



Progress of the Medium-Term Management Plan

Challenges

Based on the goals of our Medium-Term Management Plan to strengthen profitability and our financial foundation, we will implement our growth strategies by expanding locations and further improve asset efficiency.

Future actions

- Promote the expansion of locations through diverse methods such as M&A and business alliances, and improve profitability through the efficient utilization of assets
- Expand investment in talent and DX to support growth strategies, increase added value, and improve productivity
- Achieve both a strong financial position and shareholder returns

Actual results of numerical targets

- Following the previous fiscal year, demand grew in 2025, mainly driven by inbound tourism
- In 2026, we will accelerate the renovation of guest rooms in existing facilities. Profit levels this fiscal year will be constrained by temporary closures due to renovations. Promote strategic investments with a view to growth from 2027 onwards

Status of balance sheets

- Net assets increased by ¥11.1 billion year on year to ¥36.8 billion
- Borrowings decreased by ¥9.7 billion year on year to ¥27.6 billion

		Fiscal 2023 Results	Fiscal 2024 Results	Fiscal 2025 Results	Fiscal 2026 Forecasts	Goal for 2028
Profitability	Net sales	¥64.5 billion	¥76.2 billion	¥82.0 billion	¥83.0 billion	¥80.0 billion
	Operating profit	¥6.6 billion	¥12.3 billion	¥13.7 billion	¥12.0 billion	¥8.0 billion
	Operating profit ratio	10.3%	16.2%	16.8%	14.5%	10%
	ROE (Profit ÷ Equity)	31.2%	35.6%	25.2%	—	Maintain at 10% or higher
Investment	Capital investment	¥5.2 billion	¥2.9 billion	¥5.9 billion	—	5-year total of ¥35.0 billion
Finance	Cash flows from operating activities	¥11.1 billion	¥15.9 billion	¥15.9 billion	—	5-year total of ¥45.0 billion
	Equity ratio (Equity ÷ Total assets)	27.8% *excluding preferred shares 17.1%	27.3% *excluding preferred shares 25.2%	37.3%	—	Maintain at 25% or higher

	Fiscal 2025 Results	YoY
Current assets	¥20.6 billion	¥(3.0) billion
Non-current assets	¥78.1 billion	+ ¥7.8 billion
Total assets	¥98.8 billion	+ ¥4.7 billion
Current liabilities	¥29.3 billion	¥(1.8) billion
Non-current liabilities	¥32.6 billion	¥(4.5) billion
Total liabilities	¥62.0 billion	¥(6.3) billion
Total net assets	¥36.8 billion	+ ¥11.1 billion
Total liabilities and net assets	¥98.8 billion	+ ¥4.7 billion
Total borrowings	¥27.6 billion	¥(9.7) billion

Progress of the Medium-Term Management Plan

Main achievements to date

① Profitability and financial foundation: Improve profitability and create a sound financial foundation	Achieved net sales of ¥82.0 billion and operating profit of ¥13.7 billion. Operating profit and ordinary profit reached record highs due to increased added value, improved productivity, and structural reforms. Profitability is improving at a pace significantly exceeding plans. Financial soundness continues to improve steadily, as evidenced by the completed redemption of Class A preferred shares in August 2025.
② Enhance product appeal: Utilize property, plant and equipment, and maximize asset value	In addition to the year-round benefits of Hakone Kowakien Hotel, we are promoting initiatives to utilize assets and enhance added value, such as by converting a wedding salon at Hotel Chinzanso Tokyo into a cafe lounge, opening "Foresta," a new banquet hall, in 2026, and increasing the number of rooms at Hakone Kowakien Hotel.
③ Human resources foundation: Improve employee engagement	Employee engagement is improving as the result of investments in human resources to improve employee treatment, etc., and strengthened communication through measures such as the Top Management Direct Meetings. Going forward, we will continue to strengthen the human resources foundation that supports sustainable growth.

Management Issues

As the driving force behind the execution capabilities that support our growth strategies, we will prioritize addressing the following four issues as we advance toward the next stage.

1. Further strengthen the capabilities of our existing businesses

We will further improve profitability by increasing prices through value-added initiatives, including major renovations and improvements to service quality.

2. Expand the number of locations and create new businesses

We will promote our growth strategies by expanding our locations in the WHG Business and Resort Business through strengthened development capabilities (such as the adoption of diverse methods), and enhanced operational capabilities and brand strengths.

3. Deepen DX and operational reforms

We will enhance our competitive strengths by promoting data-driven decision-making and streamlining back-office operations through automation, reallocating the resulting resources to customer-facing services and similar.

4. Secure and develop the talent required for strategy promotion

We will promote the creation of an organization that balances job satisfaction and a supportive work environment, where diverse individuals can play an active role. We will enhance engagement through dialogue, and develop talent that will drive transformation.

Toward the profit expansion phase

Enhance value through a capital and business alliance with the Nippon Sangyo Suishin Kiko Group

In areas where it would take considerable time for the Company to make advances alone, we aim to accelerate the pace of our growth by effectively utilizing alliances with external partners.

• Strengthen the M&A structure and support the acquisition of hotel operators

—Execute M&A strategies and enter into new businesses

• Strengthen development capabilities, including asset acquisition

—Acquire new hotels and enhance the value of acquired real estate

• Undertake bulk acquisitions of regional accommodation facilities

—Expand profit utilizing our operational expertise

• Enter into talent supply partnerships

—Provide talent for multilingual support, DX promotion, and new business development

• Engage in other initiatives that contribute to enhancing our corporate value

Progress of the Medium-Term Management Plan

■ Future outlook toward achieving the 2028 targets

Building on the achievements of the foundation building phase, we will accelerate growth investments towards the profit expansion phase.

Initiatives and results for fiscal 2025

This fiscal year, in order to capitalize on the tailwind of the increase in inbound tourism, we implemented measures to enhance product appeal and increase added value, including guest room and lounge renovations, in addition to providing high-quality services. Furthermore, our DX and operational reforms have advanced yield management and enabled pricing that is in line with supply and demand, which has contributed to an improvement in the ADR (average daily rate) in each business. As a result, the cycle of strengthening profitability has begun to take hold. We achieved the quantitative targets set forth in the Medium-Term Management Plan ahead of schedule, while our equity ratio has also risen. These are signs of significant progress in constructing a sound financial foundation, which is a key challenge in the foundation building phase of the first half of the Medium-Term Management Plan 2028. The early redemption of our Class A preferred shares signifies a symbolic milestone demonstrating the soundness of the Company's financial foundation.

Current challenges and future outlook

The Company faces four main challenges as we transition to the “profit expansion phase” in 2027. The first is to further strengthen the capabilities of our existing businesses, and the second is to expand the number of locations and create new businesses. This will allow us to build a portfolio that enables sustainable growth even after the tailwinds from the external environment subside. The third is to elevate DX and

operational reforms from individual efficiency projects to company-wide business model transformations. We recognize that making decisions based on on-site data and fully implementing transformations that include on-site work styles and service methods will lead to medium- to long-term growth. The fourth is to secure and develop the talent required to promote the three challenges stated above.

To address these challenges, we will accelerate growth investments aimed at medium- to long-term development, including investments in business expansion that also incorporates facilities, human capital investments, and DX investments. In terms of cash allocation, we will prioritize growth investments to ensure a smooth transition to the profit expansion phase.

For example, as part of our February 2026 capital and business alliance with the Nippon Sangyo Suishin Kiko Group, we will promote diverse expansion strategies, including not only the acquisition of new assets but also the acquisition of existing facilities and M&A. Furthermore, sharing and utilizing member information from THE FUJITA MEMBERS membership program will enable us to understand customer needs even before requests are made, and offer services accordingly. Rather than simply using this information for sales promotions, we will position it as a tool to provide high value-added products and services based on data, thereby realizing DX that leads to improved sales and profit margins in each business and the discovery of new businesses. We will establish a system that allows us to flexibly invest capital in these projects and accelerate the profit expansion phase.



Director in charge of Planning Division
(Corporate Planning Department and
DX Promotion Department)

Masanori Harada

Special Feature:

A Talent Development System that Supports Growth Strategies

Unique philosophy

Diverse facilities and services

Systems and training

Unique philosophy

The commitment to hospitality inherited from the first president, Eiichi Ogawa

Fujita Kanko, which was established in 1955, traces its roots back to the Fujita *zaibatsu*, founded in 1877 by entrepreneur Denzaburo Fujita. The vision of the Company's first president, Eiichi Ogawa, has been passed down through generations as the Corporate philosophy.

The estates and gardens of the aristocracy were opened to the general public as relaxing spaces.

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 peaceful and comfortable public gathering places. Based on this idea, Fujita Kanko has not only provided facilities and services, but also fostered a commitment to hospitality that welcomes customers.



First President
Eiichi Ogawa



Chinzanso at the time of its opening
(Currently Hotel Chinzanso Tokyo)



Hakone Kowakien at the time of its opening
(Currently Hakone Kowakien Soba Kihinkan)

episode

Instilling and practicing the commitment to hospitality

To ensure that the Fujita Hospitality Mindset, which forms the foundation for all employees, is preserved, a Human Resources Development Leader (HRDL) appointed to each facility takes the lead in implementing a cross-organizational training program. By sharing these values with new hires, regardless of employment

status, we conduct detailed training tailored to the facility. We have created an environment where all employees understand the unique spirit of Fujita Kanko and are able to provide customer-focused services in any situation.

Diverse facilities and services A workplace that cultivates unique values and talent

The spirit inherited from Eiichi Ogawa, the first president, is embodied in our diverse range of facilities and services, including the Washington Hotel, Hotel Chinzanso Tokyo, and Hakone Kowakien.

Our daily efforts to provide services appropriate to each situation refines the sensibilities and skills of each and every employee.

“Spaces” that can be used for every occasion

Fujita Kanko's strength lies in its diverse range of “spaces” that cater to various occasions, from business and leisure to milestones in our customers' lives. These facilities, or the tangible assets, and the human resources that form the intangible assets are inseparable and cannot be discussed independently of one another.

Since we are not limited to a single business model but have a wide range of “spaces” that form our customer contact points, we are able to refine our unique strengths in each of these sites. By creating a cycle between these diverse “spaces” and the expertise and skills cultivated within them, we elevate them into company-wide synergies. This is a distinctive strength that sets us apart from other companies, and is the source of the sustainable enhancement of our corporate value.



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episode The synergy of “spaces” that transcend business boundaries

Diverse “spaces” provide the ideal foundation for enhancing both service quality and operational efficiency across the Company.

For example, the efficient automated check-in system developed at the Washington Hotel has been extended to Hakone Kowakien and other locations, creating a smarter accommodation experience. Meanwhile, in preparation for the opening of Hotel Gracery, concierge training was conducted at Hotel

Chinzanso Tokyo, enabling the hotel to incorporate exceptional service skills appropriate for premium business and tourist “spaces.”

In this way, mutually incorporating the functions and quality of each business and extending them throughout the Company as a whole is the driving force behind increasing the overall value provided by Fujita Kanko.

Special Feature: A Talent Development System that Supports Growth Strategies

Unique philosophy

Diverse facilities and services

Systems and training

Systems and training Talent development based on diverse business expansion

Through experience in diverse sites, we cultivate multifaceted perspectives that cannot be gained from a single business.

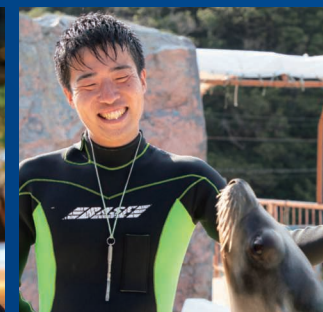
Diverse talent with multifaceted perspectives

The Company regards promoting talent mobility across business segments as one of our key challenges. Based on the new human resource system introduced in 2022, we support flexible career development that extends beyond a single business domain. By providing employees with the opportunity to experience diverse work environments, we are accelerating the development of talent with multifaceted perspectives who can create new added value in a rapidly changing market environment.

episode

Evolving organizational capabilities through experience across business units

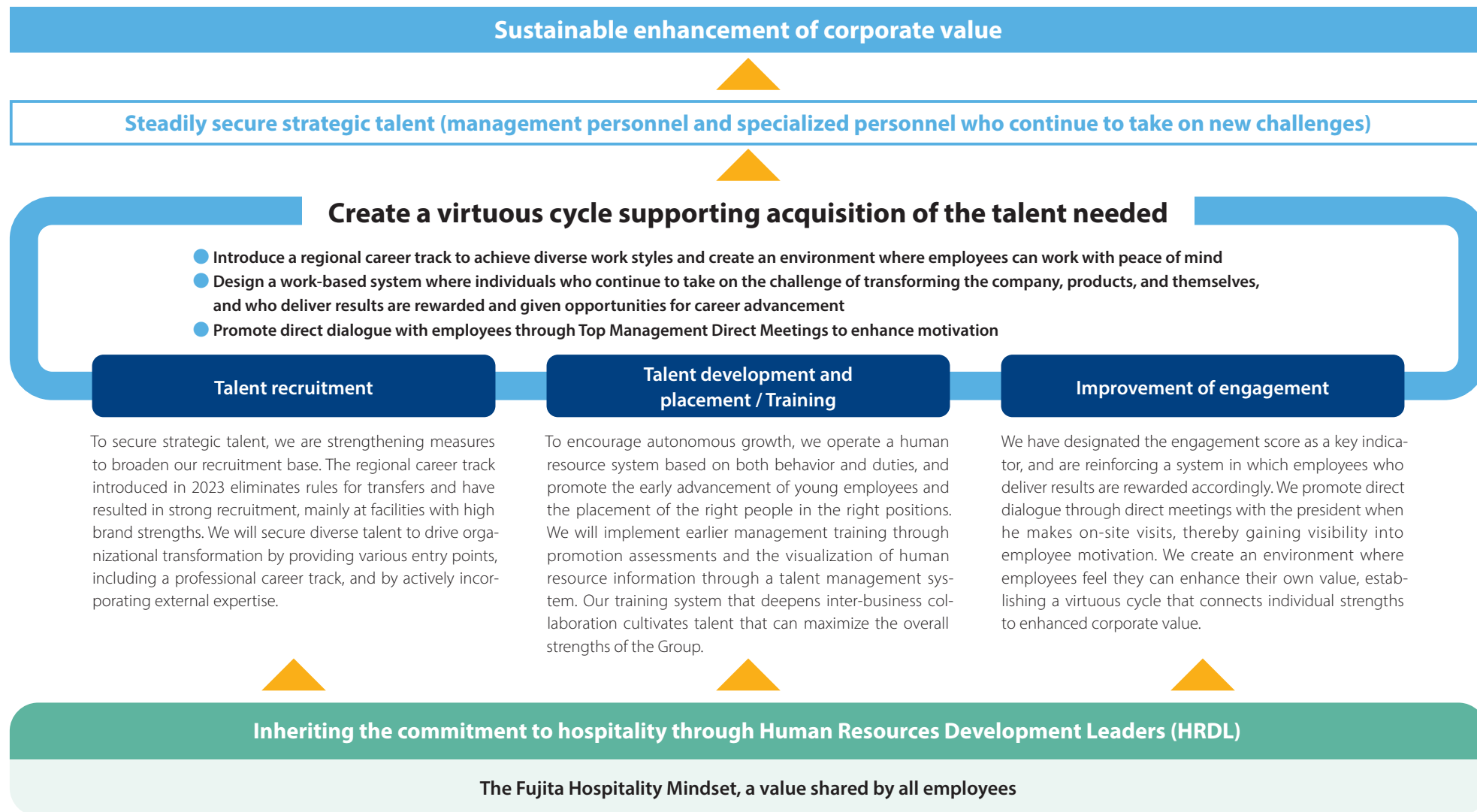
Rotation across the WHG, Luxury & Banquet, and Resorts businesses, all of which have diverse characteristics, cultivates a flexible perspective that cannot be gained from a single location. By gaining experience in different regions, customer segments, and operations, we develop management talent with broad knowledge. We connect successful examples from each business site using our common language of "Hospitality Mindset" to create a cycle of expertise that optimizes the entire organization.



Talent Strategy

Basic approach to our talent strategy

Based on our management guideline that “people are the core of a company,” the Group has positioned its talent strategy as one of its top priorities, and is working on recruitment and development with an eye to the future.



Talent Strategy



Message from the Officer in Charge

We will build a foundation that enables employees to fully demonstrate their abilities and continue to embrace transformation and challenges.

Director in charge of Human Resource and General Affairs Division
(Human Resource Division)

Tetsu Okada

■ The talent sought by Fujita Kanko and foundation strengthening

The Group has established “that people are the core of a company, and that employee training is the cornerstone of company development” as one of its management guidelines, and we are focusing on initiatives that enable employees to fully demonstrate their abilities and play an active role. In our Medium-Term Management Plan 2028, which began in 2024, we aim to establish a foundation that will promote company growth by steadily securing strategic talent (management personnel and specialized personnel who continue to take on new challenges) and improving our human capital. As the officer in charge of human resources, I believe my role is to create and implement systems and operational rules that support the autonomous growth of employees, based on these guidelines.

Currently, one of our challenges is to strengthen middle management; securing and developing talent capable of

leading future growth strategies, such as creating new businesses and expanding the scale of operations. To address this, the Group is simultaneously undertaking internal training and the introduction of external expertise. Regarding management training, we have revised the system to conduct assessments at the stage when employees are promoted to the highest grade within general positions, enabling them to learn the fundamentals of management at an early stage. Furthermore, we are working to strengthen the management capabilities of employees in management positions, including through the use of external training. In addition, we are promoting organizational transformation by actively incorporating new perspectives from external sources, including the utilization of knowledge gained through our business alliance with the Nippon Sangyo Suishin Kiko Group.

On the other hand, the regional career track introduced in 2023 have yielded significant results in recruiting talent that supports our on-site operations. By eliminating restrictions on transfers, we have broadened our recruitment base, and

recruitment at facilities with high brand strengths, such as Hotel Chinzanso Tokyo and Hakone Kowakien, has been strong. We are targeting a turnover rate of 30% by 2028 for employees in their third year, and are seeing a downward trend on an annual basis. We will continue our efforts to achieve further improvements.

■ Diverse career paths and the operation of the human resource system

In April 2022, the Group renewed its human resource system to ensure that employees who take on challenges and deliver results are rewarded. We employ a two-tiered system (double-ladder structure) comprising conduct-based and duties-based classifications, which comprehensively evaluates and reflects the level of difficulty and achievement of duties. We believe that it is necessary to continuously refine this system and promote job rotations, including the early promotion of young employees, so that motivated employees are not held

Talent Strategy

back but are encouraged to grow from a higher-level perspective.

Furthermore, we have established a broad range of career paths to enable employees to envisage their future career plans. The general career track allows employees to experience various businesses and roles, so that in the future they can choose between generalist management positions or specialist positions where they can pursue an expertise. Meanwhile, if an employee has a clear career goal, they can dedicate themselves to improving their skills in the professional career track, which offers a variety of roles including cooking, restaurant service, marketing, accounting, and DX. Going forward, we will further review our systems while deepening employees' understanding and acceptance of them, aiming to create an organization where diverse individuals can utilize their capabilities.

■ Identity improvement and inter-business collaboration

To enhance corporate value in the future, it is essential to improve Fujita Kanko's corporate identity. Having the perspective of being a part of Fujita Kanko, the company that operates Washington Hotel, Hotel Chinzanso Tokyo, and

Hakone Kowakien, is the key to unlocking the Group's overall strengths.

To address this challenge, we are also focusing on strengthening our training system. For example, conducting site visits and experience training at other business facilities for leadership personnel provides an opportunity for them to broaden their perspectives by learning firsthand about the services provided by other departments. Fostering talent that can understand the appeal of the Group as a whole, beyond the confines of their own department, enables us to offer proposals that are tailored to the diverse needs of our customers. We would like to further deepen collaboration between businesses and enhance the overall strengths of the Group by also utilizing the centralized management of personnel information through the talent management system introduced in 2024.

■ Human capital evaluation indicators and future outlook

In promoting our talent strategy, we have set the engagement score and the investment in training per employee as key indicators in our Medium-Term Management Plan. Under our ongoing Top Management Direct Meetings, the president

visits each site and regularly monitors employee motivation through direct dialogue. Through this educational investment and dialogue, we strive to create an environment where employees feel that they are able to enhance their own value within the Company.

The Group's greatest strength is that the Fujita Hospitality Mindset, which has been passed down for many years, has become deeply ingrained throughout the entire company. Our employees, who embody this mindset and possess high levels of engagement, provide high value-added services that satisfy our customers and lead to the creation of new businesses. By creating such a virtuous cycle, we will further enhance our corporate value.

Medium-Term Management Plan 2028 Targets

	Baseline (2023 Actual)	2025 Actual	Goal for 2028
Engagement score ^{*1}	3.42pt	3.73pt	3.75pt
Overtime work ^{*2}	12.4h	10.5h	10.0h
Annual paid leave utilization ratio ^{*3}	65.6%	78%	70%
Third-year employee turnover ratio ^{*4}	39.7%	42.1%	30%
Foreign employee ratio ^{*5}	8.1%	11.1%	10.0%
Investment in training per employee ^{*6}	2019 Actual ¥57,000	¥58,000	¥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} Paid leave days used ÷ Paid leave days awarded
Baseline: Result for October 2022 to September 2023
2025 Actual: Result for October 2024 to September 2025

^{*4} Average for the past four years
Baseline: Employees hired from April 2017 to April 2020
2025 Actual: Employees hired from April 2019 to April 2022 * Includes the period of the COVID-19 pandemic

^{*5} Baseline: As of December 31, 2023 2025 Actual: As of December 31, 2025

^{*6} Baseline: ¥57,000 in fiscal 2019 (¥93 million ÷ 1,629 employees)
2025 Actual: ¥58,000 (¥95 million ÷ 1,638 employees)

Business Strategy by Segment

WHG Business

The WHG Business operates the Washington Hotel to meet business needs, Hotel Gracery, which caters to tourists, and HOTEL TAVINOS, which is aimed at the Millennial generation.



The smart and seamless Washington Hotel



Hotel Gracery offers elegant time and space



HOTEL TAVINOS, a gathering place for travelers from all over the world

2025 Actual

Net sales

¥49.2 billion (up ¥3.61 billion year on year)

Operating profit

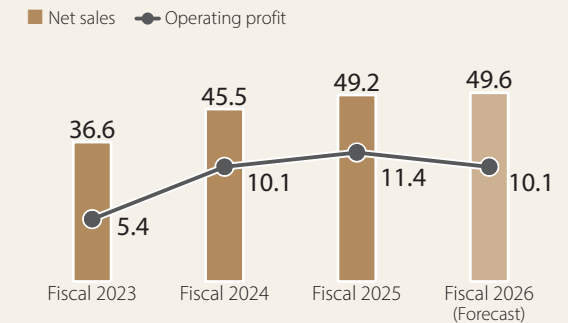
¥11.4 billion (up ¥1.28 billion year on year)

Strategies of Medium-Term Management Plan 2028

To the next stage of business expansion

- 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

Progress of Medium-Term Management Plan 2028



Business Strategy by Segment



Message from the Business Division General Manager

We aim to strengthen the overall profitability of the hotel chain by enhancing product appeal and accelerating new openings

Senior Managing Executive Officer
General Manager of WHG Business Division
Takanori Matsuda

Fiscal 2025 Review

In fiscal 2025, with inbound demand expanding and the weak yen providing a tailwind, demand for high-priced accommodation increased significantly, primarily from Europe, the U.S., and Australia. By strengthening overseas sales and reinforcing outreach through local agents and OTAs (online travel agents), the WHG Business captured demand from various countries, including Europe, the U.S., Australia, Southeast Asia, and the Middle East, thereby diversifying its country-specific portfolio. Our ability to respond to exchange rate fluctuations and geopolitical risks also improved.

In terms of strengthening our product appeal, we are investing in renovations to increase the number of twin and double rooms in a shift away from our traditional guest room configuration of primarily single rooms. This is intended to meet the demand for tourism and increase DOR (double occupancy rate), thereby shoring up the ADR (average daily rate) and RevPAR (revenue per available room). While accepting a short-term decline in occupancy rates as a result

of temporary closures due to renovations, the decision to prioritize maximizing RevPAR proved successful, resulting in an improvement in ADR and significant increases in sales and profit.

Furthermore, in public spaces, such as lobbies and lounges, we are adding designs and functions that enhance the value of the customer's stay, and we are also introducing self-check-in kiosks. By automating the check-in process, we aim to become the hotel of choice that is free of reliance on price competition by reallocating staff to high value-added services such as providing guidance to guests in the lobby and understanding and addressing customers' needs through dialogue, thereby enhancing hospitality.

Progress and Future Outlook of Medium-Term Management Plan 2028

To date, we have been promoting three main initiatives: improve earning power by increasing product appeal; reorganize brands and increase brand awareness; and acquire a fan base (by promoting the use of THE FUJITA MEMBERS membership program). In particular, when it comes to improving earning power by increasing product appeal, we plan to carry out large-scale renovations of the entire Canal City Fukuoka Washington Hotel and major locations in the Tokyo metropolitan area in 2026 to enhance profitability and customer loyalty, and lay the foundations for future growth.

We will also accelerate the expansion of the number of locations through new openings to establish a hotel chain capable of sustainable growth. Specifically, as rising construction costs have made new construction projects in urban areas increasingly challenging, we will expand the total number of guest rooms through a combination of approaches, including not only new developments but also franchise agreements, management contracts*, acquisitions and rebranding of existing properties, and M&A. In particular, the capital and business alliance agreement with the Nippon Sangyo Suishin Kiko Group entered into in February 2026 is expected to accelerate development by strengthening our M&A capabilities, facilitating the acquisition of hotel operators, and enabling bulk acquisitions of accommodation facilities. Furthermore, our business alliance with Washington Hotel Corporation has enabled mutual use of both companies' membership programs, adding their 43 facilities and 9,469 rooms to the 33 facilities and 10,651 rooms operated by the WHG Business. By building a network where the combined membership of both companies' approximately 1.5 million members can mutually utilize reservation websites and point reward programs, we will promote enhanced convenience and brand recognition as a hotel chain. Such alliances will accelerate the pace of development and expand the scale of our hotel chain, transforming our revenue structure into one with greater resilience to external factors.

*A method where hotel management is outsourced

Business Strategy by Segment

Luxury & Banquet Business

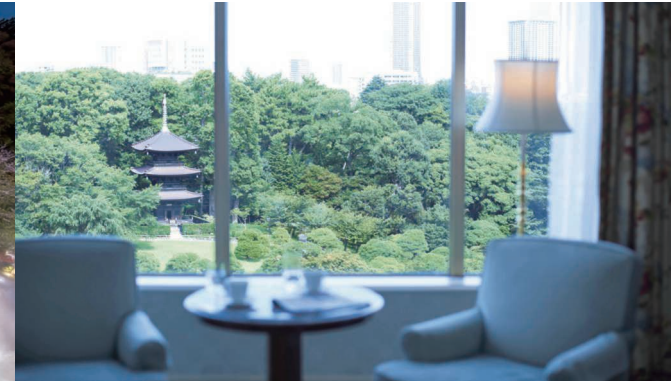
The Luxury & Banquet Business operates wedding and banquet facilities, luxury hotels, golf courses, and other venues, including Hotel Chinzanso Tokyo.



Foresta, the banquet hall scheduled to be opened in October 2026.



Tokyo Sea of Clouds - YAKUMO -, a garden spectacle, will be created in July 2026.



Guest rooms overlooking the gardens, which change with the seasons

2025 Actual

Net sales

¥20.2 billion (up ¥1.56 billion year on year)

Operating profit

¥1.4 billion (up ¥0.24 billion year on year)

Strategies of Medium-Term Management Plan 2028

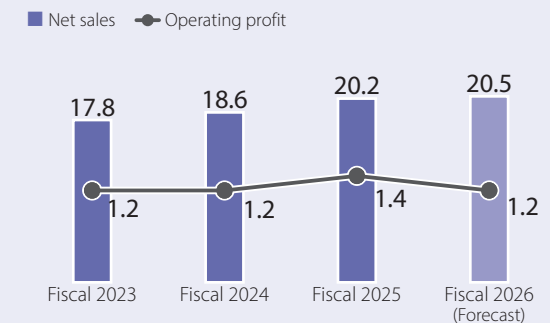
Strengthen human resources and enhance product appeal to support business expansion and new challenges

- Utilize property, plant and equipment
- Leverage brands, expertise and skills

- Strengthen professional skills and maximize the potential of human resources

Progress of Medium-Term Management Plan 2028

(Billions of yen)



Business Strategy by Segment



Message from the Business Division General Manager

Refining the value of experience centered around gardens to create a unique brand

Executive Officer
General Manager of Luxury & Banquet Business Division
Tomohiko Chihiro

Fiscal 2025 Review

The Luxury & Banquet Business achieved increases in sales and profit, driven primarily by the strong performance of its wedding and banquet operations. While our competitors strengthened their product appeal through renovations, we enhanced our product appeal in both tangible and intangible ways, such as by refurbishing large-scale and medium-scale banquet halls to reflect the needs of our wedding and corporate banquet customers, improving our cuisine and customer service skills, and strengthening our sales system, which led to improved profitability.

At Hotel Chinzanso Tokyo, we focused on maximizing the value of experience centered around the gardens; enhancing the garden spectacle through maintenance, illuminations, and the refinement of the Tokyo Sea of Clouds experience. The Tokyo Sea of Clouds garden spectacle has received high praise from both domestic and overseas guests for offering an extraordinary escape right in the heart of the city, contributing to repeat business. The time spent taking in the views of the gardens and the Sea of Clouds from the guest rooms has itself become a source of added value, helping to

support higher accommodation pricing. Furthermore, we have established a Garden Culture Revitalization and Communication Model by systematically conducting research into the garden design philosophy, history, and landscaping techniques of the garden created by Aritomo Yamagata during the Meiji era, while promoting cultural outreach, talent development, and the transfer of skills. The Company's efforts to preserve Japanese garden culture have been highly praised, leading to the receipt of the Good Design Award 2025, as well as the designation of the gardens as a "Kyosei Site" (Nationally Certified Sustainably Managed Natural Site) by the Ministry of the Environment. This initiative, which places the gardens in a central role to generate the value of experience and create revenue, has resulted in improved brand value and greater customer satisfaction.

Progress and Future Outlook of Medium-Term Management Plan 2028

As part of the utilization of property, plant and equipment, Hotel Chinzanso Tokyo converted an unused wedding salon into a cafe

lounge in 2025, and will construct a new banquet hall in the fall of 2026 in a space previously used as a waiting room for wedding receptions, with some of the hotel's finest views. For weddings, venues offering panoramic views of gardens in their ever-changing seasonal beauty are extremely popular and have become a key factor in customers' venue selection. Furthermore, for corporate banquets, MICE events, and incentive tours from overseas, the opportunity to experience Japanese culture and aesthetics is one of the reasons that are our hotel is selected. In other words, "the essence of Japan," can be experienced through our gardens, which feature cultural properties. The brands of the garden and Hotel Chinzanso Tokyo are inseparable, and continued investment in the gardens and increased media exposure will lead to maximized brand value and strengthened profitability over the medium to long term.

To achieve this, our own employees actively acquire the expertise and skills involved in daily garden management and event production through working closely with external partners, enabling us to continuously improve the quality of our gardens. Going forward, we will further refine our venue designs and guest experiences to maximize the scenic beauty of the gardens and develop new products.

Furthermore, Hotel Chinzanso Tokyo has a high proportion of domestic guests, and we place great importance on creating a system that allows our domestic guests to use the hotel throughout their lives for every milestone. We will focus on talent development and strive to provide high value-added services and products in order to earn our customers' trust and be the company of choice for years to come.

Meanwhile, we are also pursuing new business areas, including a wedding production business that does not involve owning any facilities, under partnerships with accommodation facilities in the Setouchi region with Share Clapping Co., Ltd.

Hotel Chinzanso Tokyo is working to expand its business domain and improve profitability by making maximum use of the gardens, which are a tangible asset, while Share Clapping Co., Ltd is pursuing an asset-light wedding production business that does not own any facilities, and is working to create highly capital-efficient growth opportunities. Through these initiatives, we will advance our business portfolio and create diverse customer contact points, enabling us to provide value that will support customers throughout their lives, thereby promoting the sustainable growth of the business.

Business Strategy by Segment

Resort Business

The Resort Business operates Japanese-style inns, resort hotels, glamping facilities, and leisure facilities, including Hakone Kowakien Ten-yu, Hakone Kowakien Hotel, and Hakone Kowakien Yunessun.



Hakone Kowakien Hotel, whose main target is domestic families



Shimoda Aquarium will celebrate its 60th anniversary in 2027



Hakone Kowakien Ten-yu provides relaxation that soothes all five senses

2025 Actual

Net sales

¥11.2 billion (up ¥0.52 billion year on year)

Operating profit

¥0.9 billion (up ¥4 million year on year)

Strategies of Medium-Term Management Plan 2028

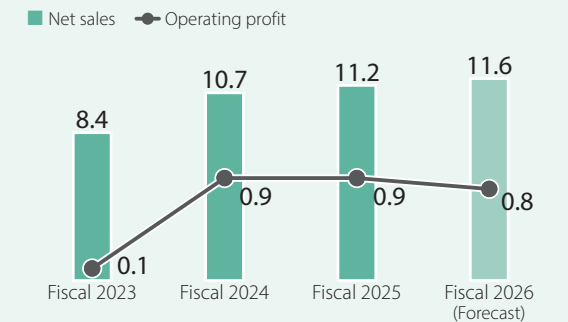
Enjoying the benefits of Hakone redevelopment and laying the groundwork for the future

■ Maximize the impact of Hakone Kowakien redevelopment

■ Enhance product appeal of existing facilities and utilize idle land

■ Expand into other business domains and open new locations

Progress of Medium-Term Management Plan 2028



Business Strategy by Segment



Message from the Business Division General Manager

We aim to make Hakone Kowakien a leading tourist destination in Hakone by utilizing its various attractions.

**Managing Executive Officer
General Manager of Resort Business Division
Yutaka Onda**

Fiscal 2025 Review

In fiscal 2025, growing inbound demand driven by the weaker yen provided a tailwind. Hakone Kowakien Ten-yu maintained an inbound tourist ratio of over 50%, mainly from Europe, the U.S., and Australia, while Hakone Kowakien Hotel, although continuing to cater mainly to domestic families, increased its inbound tourist ratio to over 20%, enabling us to capture a well-balanced mix of domestic and overseas demand. As a result, the ADR (average daily rate) increased at both facilities, enabling the business to achieve higher sales and profit.

Another significant achievement was the integration of the entire Hakone Kowakien area into a destination resort combining accommodation, activities, hot springs leisure, and dining. By creating packages that go beyond a hot springs stay to incorporate nature, recreation, cuisine, and a Japanese cultural experience, we were able to increase guest spending per visit. Our efforts to promote Hakone Kowakien's strategy to become a tourist destination in collaboration with the Hakone DMO, local governments, and related

organizations, as well as our efforts to promote Japanese culture to overseas visitors and hold experience events through interaction between local residents and our employees, have also been successful.

In terms of tangible assets, we strengthened the competitiveness of our facilities by renovating the water slide and the Mori no Yu hot spring at Hakone Kowakien Yunessun. Furthermore, we renovated the main building at Hakone Kowakien Mikawayama Ryokan, designated as a Registered Tangible Cultural Property (structure), to preserve its appeal as a historical structure while also improving safety and comfort. We believe that these initiatives to enhance added value and strengthen product appeal have led to increased profitability for the entire Hakone Kowakien area.

Progress and Future Outlook of Medium-Term Management Plan 2028

As part of efforts to maximize the impact of Hakone Kowakien redevelopment, we are moving forward with plans to increase the number of rooms at Hakone Kowakien Hotel, and plan to open 40 guest rooms with semi-outdoor hot springs in 2027. By offering these rooms at a higher price than conventional guest rooms, we aim to acquire a new customer base and increase profitability.

We believe that the strength of Hakone Kowakien lies in its comprehensive portfolio, comprising our four accommodation facilities: Hakone Kowakien Ten-yu, Hakone Kowakien Hotel, Hakone Kowakien Mikawayama Ryokan, and Hakone Kowakien Miyama Furin, together with the experiential resort facility, Hakone Kowakien Yunessun. We will continue to enhance our offerings to meet the diverse needs of our guests, whether they wish to enjoy the beauty of the changing seasons, experience Japanese culture, or create lasting family memories, and deliver experiences that can only be found at Hakone Kowakien. Going forward, we will maximize the impact of Hakone Kowakien redevelopment while promoting the Hakone Kowakien's strategy to become a tourist destination in collaboration with the local community. Through these efforts, we aim to establish Hakone Kowakien as a destination that every visitor to Hakone will want to experience.

The competitive strengths of the Resort Business go beyond Hakone Kowakien to encompass a number of distinctive facilities. At Ito Kowakien, we renovated our premium twin rooms with private hot springs in 2025, meeting the needs of guests who wish to enjoy hot springs in a private space. Furthermore, we are proceeding with renovation plans for Shimoda Aquarium in preparation for its 60th anniversary in 2027 as part of initiatives to strengthen the product appeal of existing facilities and create facilities that provide even more attractive tangible and intangible experiences.

In terms of expanding into other business domains and opening new locations, which are crucial for profit expansion, we are actively seeking properties, including those outside the Hakone area. In addition, we aim to optimize our business portfolio through a variety of initiatives, including through the use of underutilized land in Hakone, and expand the profitability of the business overall.

Sustainability

Sustainability Basic Policy

Since our founding, Fujita Kanko has followed its 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,” and has continued to regard initiatives related to the environment and addressing diverse values as essential and indispensable for the sustainable growth of the Company. These initiatives align with the purpose of sustainability, which is to create a sustainable society. Going forward, we will continue to strive to address social issues and create a sustainable society through our business activities.

Identification of Key Challenges

In 2019, the Company established the SDGs Committee (renamed as the Sustainability Promotion Committee in February 2025), and set key challenges to achieve sustainable growth, which were subsequently reviewed in 2025. Drawing on domestic and international sustainability metrics, we compiled a list of potential challenges and assessed their materiality for both the Company and its stakeholders taking into account our business environment, thereby reidentifying our material challenges.



Key Challenges and Sustainability-Related Data

↓ For details on key challenges, please visit the following website:
<https://fujita-kanko.com/sustainability/sdgs.html#anc02>

Challenges	Main Initiatives	Notable Results
Environmental Conservation	- CO₂ emission reduction and energy management - Resource circulation and waste reduction - Biodiversity and local environmental conservation - Water resource conservation	- Introduce sustainable energy solutions, including cogeneration systems, geothermal and steam heat utilization, and 100% non-fossil certificate electricity, to promote CO₂ emission reduction - Promote ecosystem conservation and natural circulation through initiatives such as firefly habitat restoration, urban beekeeping, and participation in the global “30by30” Alliance. Conduct awareness-raising activities related to ecosystem conservation
Safety and Security	- Food safety - Fire prevention and disaster preparedness - Information security	- Comply with the Food Sanitation Act and strictly manage all processes from procurement to service to ensure food safety - Strengthen safety management and disaster preparedness through BCP development, compliance with statutory inspections, and participation in local disaster-prevention activities - Establish personal-information protection and information-security policies and reinforce governance system through contractor management and employee training

Sustainability

Diverse Talent Empowerment

- Employee engagement
- Employee diversity and inclusion
- Employee health and safety

- Enhance employee motivation and job satisfaction through 1-on-1 meetings and dialogue with top management, and support continuous skill development through tier-based training, next-generation development programs, and distance-learning opportunities
- Develop a flexible work environment that accommodates diverse lifestyles and career aspirations through the introduction of a regional career track, career consultations, and normalization training (training in reasonable interaction, sign-language training, etc.)

Social Participation and Contribution

- Community and social engagement
- Preservation and transmission of history and culture
- Provision of lifestyle-supporting services

- Contribute to the development of the next-generation and regional growth through sustainability education, hosting school field trips, and giving public lectures
- Engage in preservation activities for Registered Tangible Cultural Properties (structures) and other historical structures Promote cultural succession and strengthen community collaboration through the provision of hot-spring etiquette and table-manner classes, as well as awareness and support initiatives for traditional crafts

Compliance with Corporate Ethics

- Compliance and governance
- Building trust through stakeholder dialogue

- Establish compliance regulations such as human rights policies, basic procurement policies, and sustainable procurement guidelines, and ensure thorough employee awareness through compliance training
- Promote anti-corruption efforts by developing the Internal Reporting System and implementing checks and balances

Targets and Results (as of 2025)

Environmental Conservation

*Parentheses indicate 2025 targets

CO₂ emissions:

26% reduction

(46% reduction compared with 2013*)

*Goal for 2030

Eco-cleaning rate:

63.8%

(Company-wide average: 50%)

Amount of specified plastics provided:

58.9% reduction

(50% reduction compared with 2019)

Food recycling rate:

72.6%

(Company-wide average: 68.7%)

Diverse Talent Empowerment

*Parentheses indicate 2028 targets

Ratio of women in management positions:

18.4%

(25%)

Percentage of women in managerial positions in general management and department management positions:

15.7%

(20%)

Rate of childcare leave taken (female)

100%

(100%)

Rate of childcare leave taken (male)

58.3%

(80% or higher)

*Figures are calculated for Fujita Kanko Inc. (non-consolidated).

- Introduce new systems that support flexible work styles across all business locations *Goal for 2025
 - Introduced a regional career track in April 2023
- Strengthen systems to facilitate long careers *Goal for 2025
 - Held 1-on-1 meetings and Top Management Direct Meetings
 - Extended the upper limit of reduced working hours for childcare to elementary school age
 - Allowed expired annual paid leave to be applied toward childcare leave
- Conduct workplace tours for employees' children *Goal for 2028
 - Conducted at Hotel Chinzanso Tokyo

Social Participation and Contribution

*Parentheses indicate 2025 targets

Normalization training implemented

In progress

(Implemented at all business locations)

Development and sale of regional collaboration products

Under consideration and on sale

(Considered and sold at all business locations)

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FUJITA KANKO INC.

Sustainability

Environmental Conservation 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 disclose information in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Governance

The Group has established the Sustainability Promotion Committee as an advisory body to the Board of Directors. Recognizing that addressing sustainability-related issues is one of the Company's important management issues, the Sustainability Promotion Committee has been organized as a company-wide body that spans Head Office and business units. 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.

Strategies

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.

↓ Key Risks and Opportunities Related to Climate Change

For more details, please visit our website.

<https://fujita-kanko.com/sustainability/tcfid.html>

Risk Management

The Group has established the Risk Management Committee as an organization that provides guidance and advice. It works to comprehensively and exhaustively identify and grasp Company-wide risks, establish policies, select the department(s) responsible for each risk, and monitor the progress of risk reduction measures implemented by those department(s). The Risk Management Committee identifies and takes measures to address significant risks to the management of the Group, as well as monitors and oversees sustainability-related risks and measures deliberated and examined by the Sustainability Promotion Committee.

Metrics and Targets

We have set five key challenges for our sustainability-related issues: (1) Environmental Conservation; (2) Safety and Security; (3) Diverse Talent Empowerment; (4) Social Participation and Contribution; and (5) Compliance with Corporate Ethics. In addition, we are working towards achieving our targets of a 50%

implementation rate of eco-cleaning and a 50% reduction in the use of specified plastics by 2025 (compared to 2019), and total CO₂ emissions per thousand square meters of floor area (t-CO₂) of 59.4t-CO₂ by 2030 (down 46% from 2013).

● Total GHG emissions from business activities over the past three years (Scope 1 and 2)

	Fiscal 2022 Results	Fiscal 2023 Results	Fiscal 2024 Results	Goal for 2030
Total CO ₂ emissions (t-CO ₂)	32,501	36,482	30,816	—
Total Floor Area (thousand m ²)	389.16	378.31	378.39	—
CO ₂ Emissions per Thousand Square Meters of Floor Area (t-CO ₂)	83.5	96.4	81.4	59.4

*The Group will continue to implement initiatives to reduce CO₂ emissions, including transitioning to electricity generated from renewable energy sources.

*The above figures are for facilities subject to the Act on the Rational Use of Energy and Transition to Non-Fossil Energy. The energy calculation period runs from April to March of the following year, which differs from the Company's financial year.

*Due to the nature of our business, CO₂ emissions may fluctuate depending on significant changes in the number of guests using our facilities.

● Water-stressed areas at Company locations

Water Stress	Number of Locations
Extremely High (>80%)	0
High (40-80%)	1
Medium - High (20-40%)	27
Low - Medium (10-20%)	11
Low (<10%)	2
Total	41

*Number of locations in the World Resources Institute (WRI) AQUEDUCT Database

*Directly managed facilities only; excludes franchising and management contracts

● Water intake volume at major business locations (Company-owned assets)

Water intake volume (thousand m ³)	Fiscal 2022 Results	Fiscal 2023 Results	Fiscal 2024 Results	Fiscal 2025 Results	
Hotel Chinzanso Tokyo	266	288	288	257	*Includes Hakone Kowakien Ten-yu, Hakone Kowakien Hotel, Hakone Kowakien Yunessun, Hakone Kowakien Mikawaya Ryokan, and Hakone Kowakien Miyama Furin
Hakone Kowakien*	1,228	1,476	1,580	1,681	

● Amount of environmental fines and penalties during the fiscal year: 0 yen

● Percentage of employees with disabilities among all employees on a consolidated basis (as of June 1, 2026): 40 out of 1,818 employees (2.20%).

Sustainability

Social Participation and Contribution

Cultural Assets and Historical Architecture and Gardens

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 which celebrated the centenary of its relocation in 2025, and Zangetsu, a historic tea house, both of which are listed as Registered Tangible Cultural Properties (structures). It also features a Hannyaji Temple stone lantern and stone statues of Rakan created from a sketch by Jakuchu Ito. We regard this historic and culturally rich garden as an important asset that must be preserved for future generations. To this end, we have established a "Garden Cultural Revitalization and Communication Model," a structured framework for the study of Aritomo Yamagata's garden philosophy and historical landscaping techniques, cultural dissemination, human resource development and succession of techniques. Our efforts to preserve and pass on the traditions of Japanese garden culture have been highly recognized, earning the Good Design Award 2025 and designation by the Ministry of the Environment as a "Kyosei Site" (Nationally Certified Sustainably Managed Natural Site).

Hakone Kowakien

"Hakone Kowakien," the birthplace of Fujita Kanko, boasts three buildings listed as Registered Tangible Cultural Properties (structures). 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, it is operated as a soba restaurant, offering 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 Mikawaya Ryokan, which continues the legacy of the Mikawaya 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.



Three-story pagoda Entsukaku (listed as a Registered Tangible Cultural Property (structure))

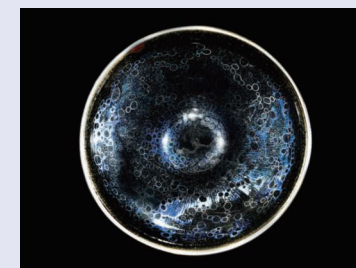


Soba Kihinkan (listed as a Registered Tangible Cultural Property (structure))

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



Genjo Sanzo emaki (scroll) (national treasure)

Sustainability

Compliance with Corporate Ethics

Stakeholder Engagement

Dialogue with Stakeholders

Stakeholders	Main engagement opportunities	Specific examples
Customers	● Communication through daily service ● Customer surveys ● Dialogue through THE FUJITA MEMBERS membership program	● Dialogue through THE FUJITA MEMBERS membership program Establishing relationships with business partners through THE FUJITA MEMBERS membership program is one of the growth strategies in the Medium-Term Management Plan 2028, and we are working to increase membership numbers.
Shareholders and investors	● Annual General Meeting of Shareholders ● Briefings for institutional investors ● Individual interviews with institutional investors ● Publication of integrated reports and business reports ● Enhancement of IR website and sustainability information	● Briefings for institutional investors We hold briefings for institutional investors in conjunction with announcements of interim and full-year financial results. The representative director and president, executive officer and other officers in charge attend these briefings to promote dialogue with investors.
Business Partners	● Establishment of reporting channels ● Formulation of basic procurement policies and sustainable procurement guidelines ● Formulation of a partnership building declaration ● Formulation of a multi-stakeholder policy	● Formulation of basic procurement policies and sustainable procurement guidelines We have established the Fujita Kanko Group Procurement Policies to help contribute to a sustainable society along with our business partners. We also promote understanding and sharing of this philosophy among our suppliers in order to lead a peaceful co-existence with society and the environment.
Employees	● Employee training ● Top Management Direct Meetings ● Internal Reporting System ● Formulation of a policy against customer harassment ● Formulation of a multi-stakeholder policy	● 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.
Local communities	● Activities rooted in local communities	● Activities rooted in local communities We support educational support activities, including providing work experience programs, participating in and supporting local events, and engaging in clean-up activities near our facilities throughout the country.

Main IR Activities

We recognize that our shareholders are important stakeholders and valuable supporters who understand our business continuity. Our basic IR policy is to disclose corporate information in a fair, timely, and appropriate manner, while promoting dialogue with shareholders and striving to build relationships of trust.

Main IR Activities in Fiscal 2025	Number of Times	Details
Annual General Meeting of Shareholders	Once	Held at the venue and livestreamed
Briefings for institutional investors	Twice	Held financial results briefings for institutional investors
Individual interviews with institutional investors	100 times	Conducted individual meetings with institutional investors to achieve highly transparent IR activities

Main IR Activities in Fiscal 2025	Number of Times	Details
Publication of Integrated Report	Once	Published Integrated Report
Publication of Business Report	Twice	Published Business Report
Enhancement of IR website and sustainability information	—	Timely disclosure of financial statements-related materials (financial results summary and financial results presentation materials) We have enhanced the disclosure of non-financial information in our Annual Securities Report and IR website.

Messages from Outside Directors



Outside Director **Kikuko Asai**

● **Background**

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 executive officer and general manager of the corporate planning and management division at BYO CO., LTD.



Outside Director **Keiji Nishida**

● **Background**

Joined MITSUI MINING & SMELTING CO., LTD. (currently Mitsui Kinzoku Company, Limited) in 1980. After serving as general manager of finance & accounting department, director, senior executive officer, CFO, and representative director, senior managing director, became president and representative director in 2016. He also serves as Chairman of the Japan Mining Industry Association. In 2021, he was appointed director and then senior advisor of MITSUI MINING & SMELTING CO., LTD., and in March 2025 he became outside director of the Company.

Developing management talent is the driving force behind business expansion and sustainable growth

Following the record-high operating profit and ordinary profit achieved in the previous fiscal year, the Company once again delivered a record-high performance in fiscal 2025. In addition to robust inbound tourism, this was a result of efforts by each business to strengthen product appeal through renovations and campaigns designed to provide greater satisfaction to customers, and I regard the Company highly for this. Furthermore, I believe that the Top Management Direct Meetings, in which the president himself visits each site, have served to clearly and directly communicate the Company's current situation and vision, thereby boosting employee motivation and reinforcing the embodiment of the hospitality. On the other hand, as I have previously suggested, achieving sustainable growth requires the development of management talent with expertise in each business. In this regard, during fiscal 2025, a wide range of personnel rotations were implemented across divisions and each business division. Furthermore, the Company actively promoted the appointments of female executives to key positions such as department general managers at Head Office, subsidiary presidents, and deputy general managers, and I am confident that the number of female executives will increase in the future.

Going forward, the Company's business operations, including the development of new businesses and new openings, are expected to expand through its partnership with the Nippon Sangyo Suishin Kiko Group. I believe that the hospitality and organizational culture ingrained in the Company's employees will remain unwavering, and that employees will work together as one to achieve sustainable growth.

Supporting new challenges aimed at enhancing corporate value based on a sound financial foundation

Since setting the goal of constructing a sound financial foundation in its Medium-Term Management Plan 2028, the Company has implemented various initiatives to improve added value while steadily and rapidly strengthening its financial position, backed by enhanced profitability. In addition to completing the redemption of Class A preferred shares, which was targeted for 2028, in this fiscal year, the Company's equity ratio has significantly improved to the high level of 37.3%, exceeding the target of maintaining the ratio at 25% or higher.

Only by building a solid management foundation can the Company embark on strategic investments that were not previously possible. This fiscal year, the Company plans to renovate guest rooms to strengthen its product appeal, but profits are expected to decrease as a result of temporary closures due to renovations. Considering the uncertain global outlook and inbound demand, I believe these investments are necessary to enhance the Company's corporate value over the medium to long term. Furthermore, the capital and business alliance the Company entered into in February 2026 with the Nippon Sangyo Suishin Kiko Group will broaden the scope of initiatives that will contribute to further business growth and the enhancement of corporate value in the future. The true value of an investment is only evaluated in retrospect several years after the event, but I will continue to strongly support management that continues to take on challenges without fear of risk.

Messages from Outside Directors



Outside Director **Chieko Ienaga**

● Background

Joined Kobe Ryoko Service Co., Ltd. (currently MHI FACILITY SERVICE CO., LTD.) in 1987. Worked in the consulting business at JTB Corp. and JTB Tourism Research & Consulting Co., and became Professor of Department of Tourism and Hospitality Management, College of Tourism and Hospitality, Tamagawa University in 2019. Appointed Dean of College of Tourism and Hospitality, Tamagawa University in 2021. Appointed outside director of the Company in March 2025. Concurrently serves as Professor of Department of Tourism and Hospitality Management, College of Tourism and Hospitality, Tamagawa University.



Newly appointed

Outside Director **Yumi Fukuda**

● Background

After registering as an attorney-at-law in 2014, joined Somei, Maeda & Nakagawa Law Offices in 2015. Handles a wide range of legal matters with a focus on corporate legal affairs, including contract-related work, litigation, human resource and labor-related work, consumer law-related work, and compliance work. In addition to serving as Partner at Somei, Maeda & Nakagawa Law Offices, she was appointed outside director of the Company in March 2026.

Realizing sustainable tourism by consolidating the enhanced appeal of each facility

Sustainability in the tourism industry lies in building relationships that create lasting value for visitors, local communities, and businesses. To that end, I believe that there are four points that should be discussed at Board of Directors meetings. The first is sharing methods across the Group for creating value in the content of compelling experiences, including collaborations with local communities promoted by each facility, and refining them into destination-driven experiences unique to Fujita Kanko. The second point is to consider the quality of those experiences. For example, in the inbound market, there is a strong tendency to build itineraries around experiences and themes, and travelers are placing greater importance on what they can experience in a destination rather than on where they can stay. The Board of Directors will strategically discuss designing high valued-added experiences that leverage the entire region as a stage. The third point is talent. Since creating the content of experiences relies on the creativity of frontline employees, it is essential to not only develop talent but also to acquire that expertise as an organization. Fourthly, it is not enough to simply uphold sustainability as a philosophy. The Board of Directors must consider how to incorporate sustainability into the criteria for investment decisions and business evaluations. In addition to profitability, the Board of Directors will consider how to evaluate the impact on the local community and the contribution to long-term brand value. Based on these four points, the Board of Directors will deepen discussions that will lead to the enhancement of corporate value in the medium to long term.

Promoting diversity that leads to more sophisticated services for a diverse range of customers and the identification of potential risks

My name is Yumi Fukuda, and I am serving as outside director, effective March 2026. As an attorney-at-law, I have been engaged in legal matters with a focus on corporate legal affairs, including compliance, human resources and labor, and risk management. I believe that the Company has been appropriately implementing the principles of the Corporate Governance Code, and has taken a proactive approach to providing information to investors, including non-financial information such as management strategy, risks, and governance. Furthermore, it is also actively considering the promotion of diversity and investment in human capital. The Company's facilities serve customers of a wide range of nationalities and age groups. Ensuring diversity in employees' backgrounds, experiences, and skill sets not only leads to better services but enhances the awareness to recognize potential risks arising from customer diversity.

Going forward, I would like to engage in substantive discussions on how the Corporate Governance Code should be interpreted and applied in a manner that best suits the Company, taking into account its specific circumstances and challenges. Regarding the risk management system, I will closely monitor, through deliberations at Board of Directors meetings, whether risks are identified and assessed in a timely manner within the Company and addressed appropriately according to their significance, drawing on the experience I have gained through my legal practice.

Messages from Outside Directors



Outside Director **Masao Yamada**

● Background

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. Appointed advisor of DOWA HOLDINGS CO., LTD. in June 2025. Concurrently serves as outside director and audit and supervisory committee member of CK SAN ETSU Co., Ltd.



Newly appointed

Outside Director **Yasuhiko Matsunaga**

● Background

Joined The Industrial Bank of Japan, Ltd. (currently Mizuho Bank, Ltd.) in 1975. After serving as managing executive officer at Mizuho Securities Co., Ltd., he was appointed outside director of the Company in March 2026. Concurrently serves as management committee member of Nippon Sangyo Suishin Kiko Ltd. and as president of Chubu Hokuriku GenPar G.K.

Establishing a management system resilient to change through initiatives to become the choice of domestic customers and through talent development

The Company has overcome the unprecedented adversity of the COVID-19 pandemic, achieving record-high profits in the previous fiscal year and continuing to experience steady growth this fiscal year. Behind this success lies the tireless corporate efforts of the management team and employees who have consistently faced numerous challenges head-on. Furthermore, the Company is steadily laying the groundwork for strengthening its financial foundation and achieving growth, which are the key challenges of the Medium-Term Management Plan 2028, including through the completed redemption of Class A preferred shares and the capital and business alliance with the Nippon Sangyo Suishin Kiko Group.

However, this is by no means a time for complacency. The future of the inbound market is difficult to predict, making it essential to build a business foundation capable of maintaining a stable performance even if inbound demand were to decline significantly. To this end, the Company needs to focus more than ever on creating a system that allows domestic customers to consistently choose Fujita Kanko by strengthening our membership base through THE FUJITA MEMBERS membership program and enhancing the product appeal of each facility. Furthermore, the most important factor to achieve this is talent. The Company's future lies in improving its human capital, including by strengthening its training system and supporting career development. The Board of Directors will also deepen management discussions centered on talent strategy.

Fully supporting sustainable growth through M&A, capital investment, and operational advancements

My name is Yasuhiko Matsunaga, and I am serving as outside director, effective March 2026. Drawing on my experience supporting the growth of numerous companies through investment funds, I believe the Company possesses an exceptionally attractive business portfolio. The WHG Business, with its established brand strengths and prime locations; Hotel Chinzanso Tokyo, renowned for one of Tokyo's finest gardens and its exceptional domestic wedding business; and Hakone Kowakien, with its highly attractive facilities in a premier tourist destination, together represent one of Japan's leading resort businesses. All businesses are currently experiencing steady improvements in profitability, and I believe that the Company is in a position to further enhance corporate value going forward through proactive growth investments. To achieve this, key strategies will include the expansion of operations through M&A, capital investment that improves asset value, and advancements in revenue control and marketing.

Utilizing my expertise, I will provide full support not only in the formulation of strategy but also in addressing challenges and measures during the implementation phase through discussions at the Board of Directors meetings. Furthermore, I intend to contribute to strengthening the earnings base through M&A, from identifying opportunities to post-merger integration and value creation.

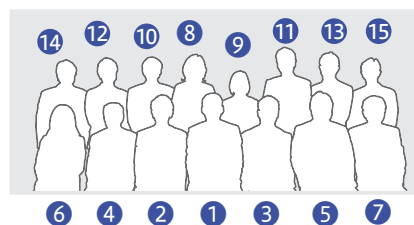
Company Leadership



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FUJITA KANKO INC.

Directors



1 Representative Director and President, Executive Officer
Shinsuke Yamashita

2 Director in charge of Human Resource and General Affairs Division (General Affairs Division)
Yasushi Komiya

3 Director in charge of Human Resource and General Affairs Division (Human Resource Division)
Tetsu Okada

4 Director in charge of Planning Division (Accounting and Finance Division)
Izuru Yoshii

5 Director in charge of Planning Division (Corporate Planning Department and DX Promotion Department)
Masanori Harada
Newly appointed

6 Outside Director
Kikuko Asai
Independent

7 Outside Director
Keiji Nishida
Independent

8 Outside Director
Chieko Ienaga
Independent

9 Outside Director
Yumi Fukuda
Newly appointed
Independent

10 Outside Director
Masao Yamada

11 Outside Director
Yasuhiko Matsunaga
Newly appointed

Auditors

12 Auditor
Shingo Komuro
Full-time

13 Auditor
Tetsuya Morimoto
Full-time

14 Outside Auditor
Hiroshi Nakashio
Full-time

15 Outside Auditor
Hitoshi Kotaka
Newly appointed

Skills Matrix

	Name	Independence	Knowledge and Experience Expected by the Company						
			Corporate Management/ Business Strategy	Sales/Marketing	Human Resources/ Labor	Finance/Accounting	Legal/Risk Management	Sustainability	Industry Knowledge
Directors	Shinsuke Yamashita		●	●				●	●
	Yasushi Komiya		●	●	●		●		●
	Tetsu Okada		●	●	●	●			●
	Izuru Yoshii		●			●	●		●
	Masanori Harada		●	●		●		●	●
	Kikuko Asai	Independent Outside	●			●	●	●	●
	Keiji Nishida	Independent Outside	●			●	●	●	
	Chieko Ienaga	Independent Outside	●	●			●	●	●
	Yumi Fukuda	Independent Outside			●		●		
	Masao Yamada	Outside	●				●	●	
	Yasuhiko Matsunaga	Outside	●			●			

*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.

Corporate Management/ Business Strategy	We have established this requirement in the belief that it is important for Directors to possess knowledge of management in general and the ability to formulate and implement a medium- to long-term strategy and vision
Sales/Marketing	We have established this requirement in the belief that it is important for Directors to possess the knowledge to accurately grasp changes in the market, and the ability to plan and implement sales strategies and marketing measures to increase competitiveness
Human Resources/Labor	The Company's management philosophy is that "people are the core of a company, and that employee training is the cornerstone of company development." We have established this requirement in the belief that it is important for Directors to utilize diverse human resources, and possess the knowledge to maximize the performance of the entire organization and the ability to promote human resource development and labor management.
Finance/Accounting	We have established this requirement in the belief that it is important for Directors to possess knowledge regarding the formulation and execution of financial strategies, and the ability to provide effective oversight in building and managing a financial foundation that supports sustainable growth and the enhancement of corporate value over the medium- to long-term, and in promoting growth investments that take into account the cost of capital.
Legal/Risk Management	In order to establish fair and transparent governance and compliance systems, we have established this requirement in the belief that it is important for Directors to possess knowledge of legal compliance and risk management, and the ability to strengthen management monitoring and checking functions, and to appropriately evaluate and manage the various risks associated with business activities.
Sustainability	We have established this requirement in the belief that it is important for Directors to possess a long-term perspective and knowledge aimed at enhancing corporate value and realizing a sustainable society, and the ability to promote management that takes into consideration Environmental, Social, and Governance (ESG) factors.
Industry Knowledge	We have established this requirement in the belief that it is important for Directors to possess knowledge of the tourism and accommodation industries, and the ability to improve the profitability of existing businesses and promote the creation of new businesses.

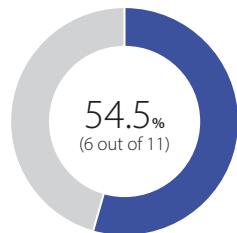
Corporate Governance

Corporate Governance Structure

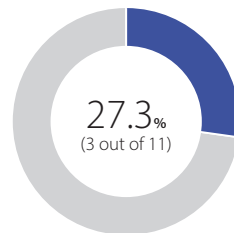
Basic Approach

Fujita Kanko aims to become a company that contributes to the well-being of society through its business operations. To this end, the Company will continue to strive to enhance its corporate governance obligations in order to fulfill its corporate social responsibilities. In addition, with a view to enhancing its corporate value over the long term, the Company will continue to respect all stakeholders, including shareholders, and strive to maintain sound and smooth relationships with them.

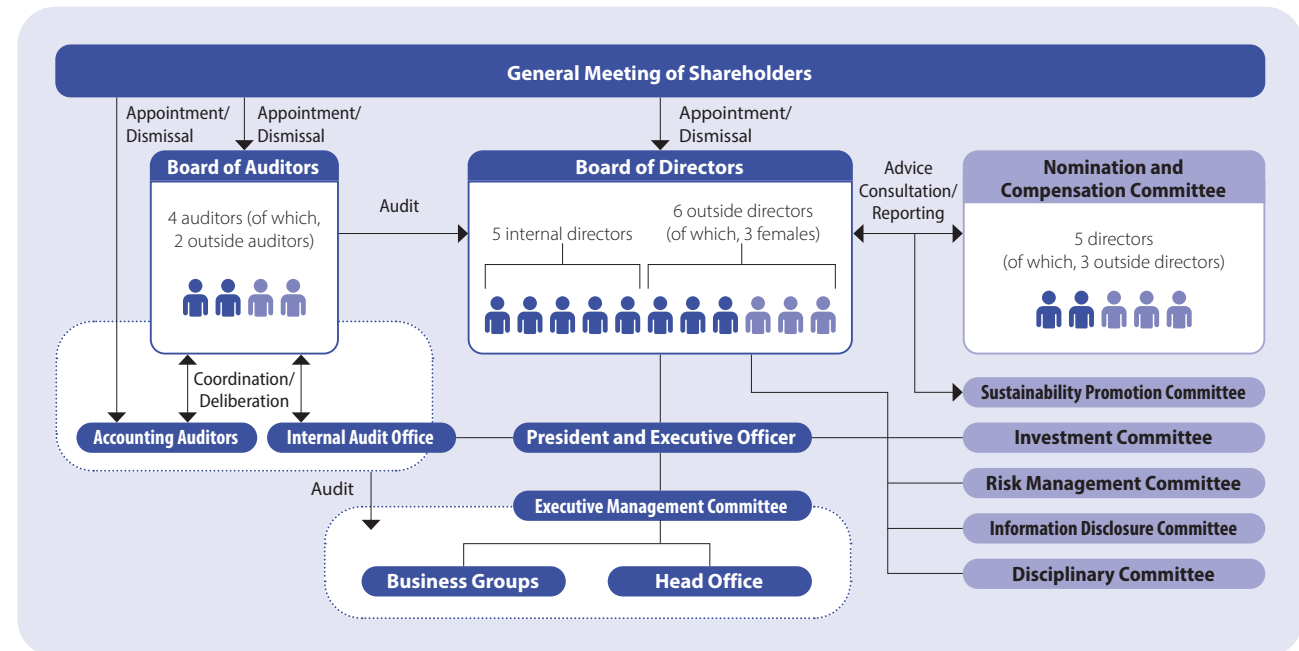
Ratio of Outside Directors



Ratio of Female Directors



Corporate Governance Framework (as of March 25, 2026)



Overview of Main Bodies

Body	Chairperson	Role	Number of meetings held	Main Topics of Discussion in Fiscal 2025
Board of Directors	Representative Director and President, Executive Officer	Aims to fulfill the Company Policies 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.	19	• 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

Corporate Governance

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.	17	• Decision-making on auditing policies and assignment of duties • Establishment of internal control systems and verification of operational status • Matters related to the appointment, dismissal, and non-reappointment of accounting auditors • Consent to compensation for accounting auditors • Consent to proposals for election of auditors • 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	Deliberates on the appropriateness of the remuneration, appointment and dismissal of directors, and the nomination criteria for director candidates, and enhances the independence, objectivity and transparency of the Board of Directors in relation to nomination procedures. Reports the results of deliberations to the Board of Directors.	4	January 31, 2025 • Candidates for director and auditor roles • Performance-linked compensation for directors and executive officers July 17, 2025 • Process for the Nomination and Compensation Committee • Independence criteria for Outside Directors • Stock-based compensation September 18, 2025 • Stock-based compensation • Succession plan • Structure of Directors November 20, 2025 • Stock-based compensation • Regulations concerning corporate officers
Sustainability Promotion 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.	11	• Action plan and implementation methods for fiscal 2025 • Sustainability Basic Policy and key challenges • Formulation of various sustainability policies • Sustainability-related targets • Progress management and evaluation for business promotion activities
Risk Management Committee	President and Executive Officer or their appointee	Identification and mitigation of risks for the management of the Company's Group	4	• Identify and review potential risks
Information Disclosure Committee	Director in charge of Planning Division or their appointee	Aims to make accurate judgments on the timely and appropriate disclosure of information required by laws and regulations, as well as the disclosure of information considered beneficial to investors and disclosure of significant incidents or accidents occurred.	26	• Confirmation of disclosure requirements for board agenda items and other important matters related to the Company's business

Corporate Governance

Evaluation of the Effectiveness of the Board of Directors

The Company conducted an anonymous survey of all directors and auditors in December 2025 with the advice of an external organization and evaluated the results, aimed at improving the effectiveness of the Board of Directors and enhancing corporate value. Based on the results, the Board of Directors analyzed and discussed the results at its meeting held in March 2026, and concluded that the effectiveness of the Board of Directors is being generally maintained. In response to the issues identified in the previous evaluation, steady progress has been made through increasing the frequency of discussions on management strategy and establishing a framework for sharing the content of IR and SR meetings. At the same time, challenges were also noted, including the need to reorganize the roles and functions of the Board of Directors and to further promote agile business execution. Going forward, the Company will respond promptly to these issues and continue our efforts to improve the function 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.

In addition, at the Annual General Meeting of Shareholders held on March 25, 2026, the Company introduced a restricted share compensation plan to provide incentives for the eligible directors (excluding outside directors) to promote the sustainable enhancement of the Company's corporate value and to further advance value sharing with shareholders. The plan is established separately from the above-mentioned directors' compensation amounts, with the total annual value of compensation related to restricted shares set at up to ¥50 million.

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, which is the portion of compensation linked to the Company's performance, 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.

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.

Compensation for Directors and Auditors (Fiscal 2025)

Category	Number of Eligible Individuals	Amount of Compensation	Total Compensation by Type		Remarks	
			Basic compensation	Performance-linked compensation		
Directors	10	¥169,410 thousand	¥131,430 thousand	¥37,980 thousand	Of which, 6 outside directors	¥24,000 thousand
Auditors	4	¥70,080 thousand	¥70,080 thousand	—	Of which, 2 outside directors	¥27,360 thousand
Total	14	¥239,490 thousand	¥201,510 thousand	¥37,980 thousand		

Note: The above figures include two outside directors, who resigned upon expiration of their term at the conclusion of the 92nd Annual General Meeting of Shareholders held on March 26, 2025.

Financial and Non-Financial Summary

(Millions of yen)

For the year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net sales	63,981	68,789	70,624	69,285	68,960	26,648	28,433	43,749	64,547	76,211	82,004
Gross profit	4,446	6,195	6,651	5,744	4,733	(17,443)	(13,197)	(1,227)	9,746	16,000	18,025
Selling, general and administrative expenses	4,407	4,483	4,655	4,645	4,452	3,168	2,625	2,821	3,109	3,691	4,229
Operating profit	39	1,712	1,995	1,099	280	(20,611)	(15,822)	(4,048)	6,636	12,309	13,795
Ordinary profit	(172)	1,698	2,048	1,105	401	(20,930)	(16,542)	(4,461)	7,081	12,623	13,704
Profit before income taxes	509	2,151	3,171	1,292	(521)	(23,173)	17,158	(6,362)	6,685	11,328	13,376
Profit attributable to owners of parent	32	858	1,672	556	(285)	(22,427)	12,675	(5,789)	8,114	9,134	9,292
Capital investment	8,160	9,500	8,589	4,391	3,846	4,079	1,428	6,998	5,243	2,968	5,949

At year-end

Total assets	104,732	105,834	107,362	102,045	103,271	96,595	112,762	99,962	93,496	94,041	98,834
Net assets	27,012	26,526	27,637	24,724	26,438	1,347	28,833	22,740	25,974	25,651	36,818
Cash and cash equivalents	4,063	4,704	4,304	3,388	3,348	3,697	38,619	24,110	13,675	14,446	12,245
Equity	26,826	26,326	27,428	24,509	26,263	1,182	28,656	22,629	25,974	25,651	36,818

Cash Flows

Cash flows from operating activities	(415)	6,246	5,538	5,428	4,946	(17,069)	(16,302)	645	11,109	15,905	15,922
Cash flows from investing activities	(8,184)	(6,004)	(6,667)	(4,324)	(3,496)	(2,412)	42,890	(6,122)	(5,919)	(3,831)	(5,685)
Free cash flow	(8,600)	242	(1,129)	1,104	1,450	(19,482)	26,587	(5,476)	5,189	12,074	10,236
Cash flows from financing activities	6,748	414	736	(1,880)	(1,467)	19,831	8,319	(8,935)	(15,667)	(11,311)	(12,427)

Per-Share Data

Profit per share (yen)	0.55	14.33	27.91	9.29	(4.76)	(374.39)	211.54	(96.61)	135.41	146.71	154.19
Net assets per share (yen)	447.70	439.39	457.83	409.13	438.42	19.74	225.27	117.30	259.90	393.38	614.47
Dividend per share (yen)	40.0	40.0	40.0	40.0	30.0	0.0	0.0	0.0	0.0	40.0	70.0

Financial Indicators

Payout ratio (%)	1,463.0	55.6	28.7	86.1	—	—	—	—	—	5.5	9.1
ROA (%)	(0.2)	1.6	1.9	1.1	0.4	(20.9)	(15.8)	(4.2)	7.3	13.5	14.2
ROE (%)	0.1	3.2	6.2	2.1	(1.1)	(163.4)	85.0	(22.6)	33.4	35.4	29.8
Equity ratio (%)	25.6	24.9	25.5	24.0	25.4	1.2	25.4	22.6	27.8	27.3	37.3

Non-Financial Indicators

Consolidated number of employees	1,270	1,356	1,421	1,515	1,700	1,677	1,158	1,148	1,342	1,530	1,638
Average length of service (Years)	22.2	22.1	21.5	21.4	20.4	21.2	20.3	20.2	18.2	16.9	15.7
Male											
Female	10.6	10.3	9.3	8.8	8.1	8.7	9.2	9.6	8.0	7.0	5.3
Percentage of women in managerial positions (%)	10.4	10.9	11.1	11.8	13.1	15.0	14.7	14.8	17.6	18.8	18.4
Turnover rate (%)											
Male	2.6	2.6	2.3	4.0	5.3	2.7	9.6	5.2	4.8	7.7	7.0
Female	4.5	7.0	7.1	10.8	14.0	8.1	22.1	14.4	8.7	13.2	11.0
Rate of childcare leave taken (%)	2.9	0.0	4.5	14.3	16.0	4.5	62.5	27.2	52.9	41.7	58.3
Male											
Female	106.3	87.5	81.8	123.1	88.0	100.0	100.0	100.0	100.0	100.0	100.0

(Notes) 1. As of December 31, 2025, the Company had 24 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 five-for-one stock split of its common stock, effective January 1, 2026. Profit per share is calculated based on the assumption that the stock split was implemented at the beginning of the fiscal year ended December 31, 2015. Dividend per share is presented based on the number of shares before the stock split. 4. ROA = Ordinary profit ÷ Total assets 5. ROE = Profit attributable to owners of parent ÷ Equity (Average ROE at beginning of period and end of period) 6. The percentage of women in managerial positions, turnover rate, and the rate of childcare leave taken are calculated for Fujita Kanko Inc. (non-consolidated)

Company Information

List of Commercial Properties, Main Subsidiaries and Affiliated Companies of the Fujita Kanko Group

List of the Fujita Kanko Group's Commercial Properties

WHG Business (Total number of guest rooms: 10,841)

Facility name	Number of guest rooms
Sendai Washington Hotel	223
Yamagata Nanokamachi Washington Hotel (FC)	213
Yamagata Eki Nishiguchi Washington Hotel (FC)	100
Aizuwakamatsu Washington Hotel (FC)	154
Koriyama Washington Hotel (FC)	184
Iwaki Washington Hotel (FC)	148
Shinjuku Washington Hotel (Main Building/Annex Building)	1,618
Akihabara Washington Hotel	366
Tokyo Bay Ariake Washington Hotel	830
Tachikawa Washington Hotel (FC)	170
Yokohama Sakuragicho Washington Hotel	553
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	422
Sasebo Washington Hotel (FC)	190
Hotel Gracery Sapporo	407
Hotel Gracery Ginza	270
Hotel Gracery Tamachi	216
Hotel Gracery Asakusa	125
Hotel Gracery Shinjuku	970
Hotel Gracery Kyoto Sanjo (North Building, South Building) 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 ³	190

Lodging Facilities
(34 properties)

Luxury & Banquet Business (Total number of guest rooms: 265)

Facility name	Number of guest rooms
Lodging Facilities Hotel Chinzanso Tokyo ¹ (1 property)	265
Wedding/Banquet Venues The South Harbor Resort Remercier Motoujina (2 properties)	-
Leisure Facilities Camellia Hills Country Club ¹ (1 property)	-
Restaurants The University of Tokyo Ito International Research Center Restaurant (MC) Shikonkan Foresta Chinzanso (MC) (2 properties)	-

Resort Business (Total number of guest rooms: 554)

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 Mikawayama Ryokan ¹	25
Lodging Facilities Ito Kowakien ¹ Ito Ryokuyu ¹ (11 properties)	50 7 25
Glamping Fuji no Kirameki ²	25
Eiheiji Hakujukan	18
Yugawara Onsen Chitose (MC)	38
Hotel Yamanami (MC)	26
Towada Hotel (business partnership)	50
Akashiitel	-
Restaurants 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 ² (3 properties)	- - - - - - -
Leisure Facilities	-

List of Main Subsidiaries and Affiliated Companies

Consolidated subsidiaries (24 companies)

Company name	Main business
Urawa Washington Hotel Inc.	WHG Business
Sapporo 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
PT. FUJITA KANKO INDONESIA	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., 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
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

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)

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.

Company Information

Company Overview/Investor Information (As of December 31, 2025)

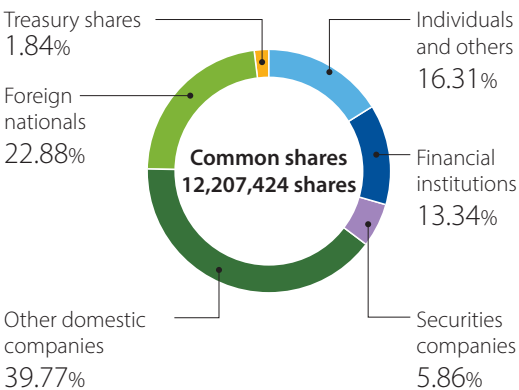
Company Overview

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	1,638 (Average number of temporary employees: 1,869)

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:	0 shares
	Total:	12,207,424 shares
Number of shareholders	Ordinary shares:	14,758
	Class A preferred shares:	0
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)

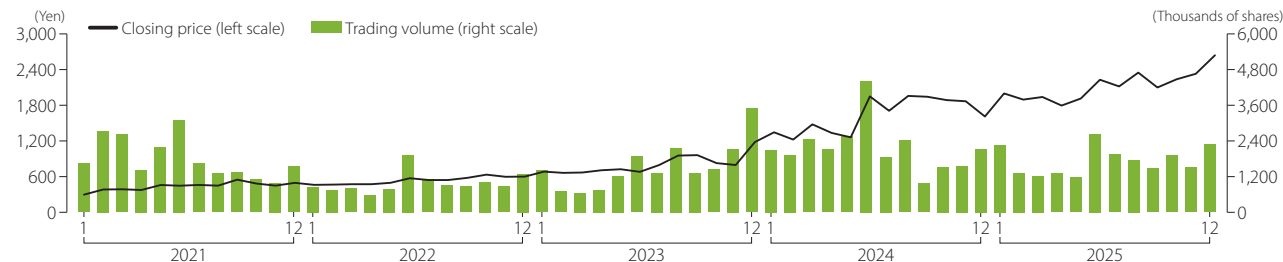


Major Shareholders

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)	722	6.03
GOLDMAN SACHS INTERNATIONAL	572	4.78
Nomura Securities Co., Ltd.	379	3.16
Meiji Yasuda Life Insurance Company	300	2.51
BNYM AS AGT/CLTS 10 PERCENT	246	2.06
STATE STREET BANK AND TRUST COMPANY 510312	220	1.84
Nippon Life Insurance Company	218	1.82
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	201	1.68
STATE STREET BANK AND TRUST COMPANY 510311	190	1.59

(Notes) 1. The names of shareholders and number of shares held are based on the shareholder register as of December 31, 2025.
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 223,000 treasury shares, and figures are rounded to the nearest second decimal place.

Stock Price Trends



*The Company implemented a five-for-one stock split of its common stock, effective January 1, 2026. Numerical data is calculated based on the assumption that the stock split was implemented at the beginning of the fiscal year ended December 31, 2021.

External Evaluations

- Acquired the "Kurumin" certification mark under the Act on Advancement of Measures to Support Raising Next-Generation Children
- Selected as a constituent of the "FTSE JPX Blossom Japan Sector Relative Index"



**FTSE JPX Blossom
Japan Sector
Relative Index**



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