

Imperial Hotel, Ltd. Financial Results for the Fiscal Year Ended March 2023



June 28, 2023, Imperial Hotel, Ltd. (Code 9708, TSE Standard)

Financial Results for the Fiscal Year Ended March 2023



IMPERIAL HOTEL

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Consolidated Operating Results

Unit (million yen)

Note: Amounts less than one million yen are rounded down to the nearest million yen.

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2022	YoY Difference (amount)	YoY Difference (%)
Net Sales	43,772	28,617	15,155	53.0
EBITDA*	4,365	-4,857	9,222	—
Operating Profit/Loss	348	-11,121	11,469	—
Ordinary Profit/Loss	1,652	-7,827	9,480	—
Net Income/Loss Returned to Parent Company Shareholders	1,951	-7,886	9,837	—

*EBITDA is a widely-used profit indicator obtained by adding interest expense and depreciation to ordinary profit; the Company has set this indicator as a quantitative target in the Medium- to Long-Term Management Plan 2036.

Net Income/Loss per Share	Yen 32.89	Yen -132.93	165.82	—
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- In the hotel and tourism industry, demand for accommodations, restaurants, and banquets continued to recover as a result of an increase in inbound tourism due to the relaxation of border control measures in October and the government measures to stimulate tourism.
- The Group worked to increase net sales by endorsing effective sales promotion and accurate pricing policies to meet demand from domestic customers and foreign visitors to Japan as well as by revising service charge rates with investments that led to improved value provided in terms of both safety and security.

Consolidated Income Statement

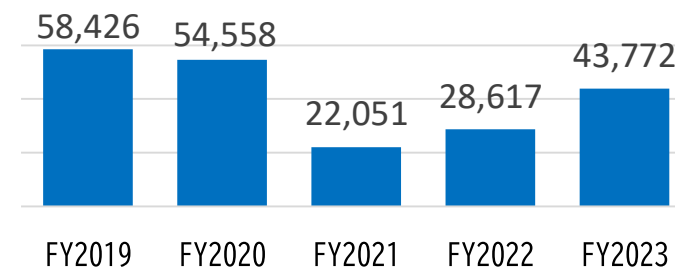


IMPERIAL HOTEL

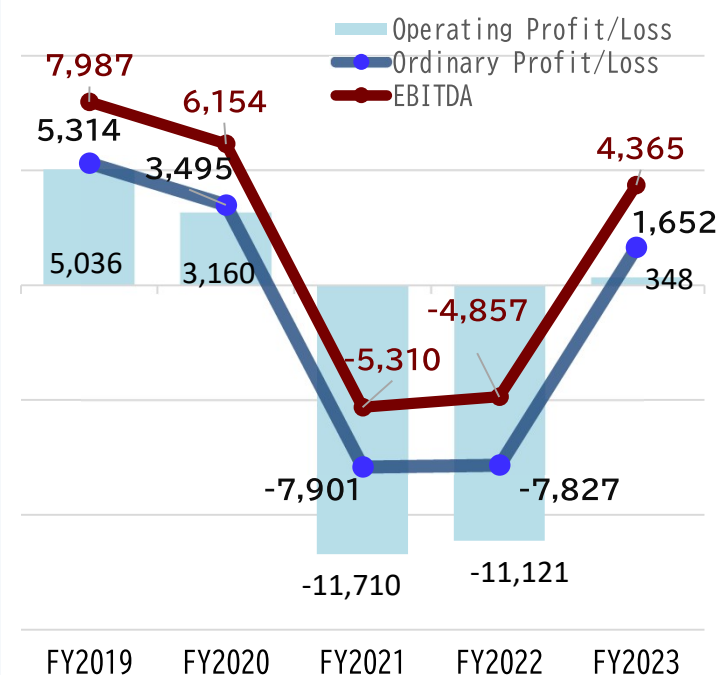
Unit (million yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2022	YoY Difference	YoY Difference (%)
Net Sales	43,772	28,617	15,155	53.0
Material Cost	9,552	6,472	3,080	47.6
Gross Profit	34,219	22,145	12,074	54.5
Selling, General and Administrative Expenses	33,871	33,266	604	1.8
Operating Profit/Loss	348	-11,121	11,469	—
Non-operating Income	1,307	3,337	-2,030	-60.8
Non-Operating Loss	2	44	-41	-93.9
Ordinary Profit/Loss	1,652	-7,827	9,480	—
Net Income/Loss	1,951	-7,886	9,837	—
Net Income/Loss Returned to Parent Company Shareholders	1,951	-7,886	9,837	—
EBITDA	4,365	-4,857	9,222	—

Net Sales



Operating Profit, Ordinary Profit, EBITDA



By Segment



IMPERIAL HOTEL

Unit (million yen)

			Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2022	YoY Difference	YoY Difference (%)
	Hotel Business	Net Sales	40,581	25,359	15,222	60.0
		Segment Profit/Loss	904	-10,432	11,336	—
	Real Estate Rental Business	Net Sales	3,200	3,268	-67	-2.1
		Segment Profit	1,360	1,344	15	1.2
	Others	Adjustment*1	-1,916	-2,034	117	—
	Amount recorded in consolidated financial statements*2	Net Sales	43,772	28,617	15,155	53.0
		Segment Profit/Loss	348	-11,121	11,469	—

- *1. Adjustment of segment profit/loss refers to corporate expenses that are not allocated to each reportable segment. Corporate expenses mainly consist of general and administrative expenses that do not belong to any reportable segment.
- *2. Segment profit/loss is adjusted with operating profit/loss in the consolidated income statement.

Results by Business



IMPERIAL HOTEL

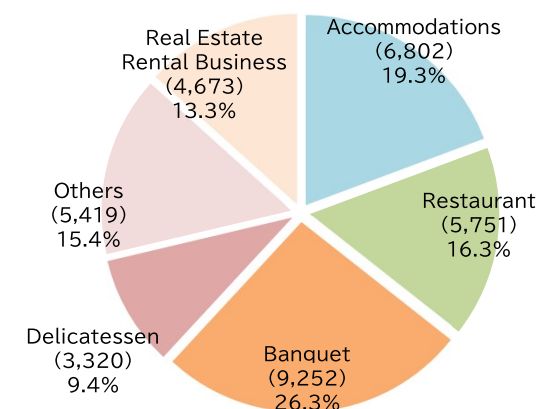
Imperial Hotel Headquarters

Unit (million yen)

		FY2022	FY2021	YoY Difference	YoY Difference (%)
Hotel Business	Accommodations	6,802	3,582	3,220	89.9
	Restaurant	5,751	3,419	2,331	68.2
	Banquet	9,252	5,428	3,823	70.4
	Delicatessen	3,320	2,871	449	15.6
	Others	5,419	2,898	2,521	87.0
	Real Estate Rental Business	4,673	4,709	-35	-0.8
	Total Net Sales	35,220	22,909	12,310	53.7



Sales Composition Ratio



- Accommodation net sales increased as the occupancy rose 29.7 percentage points from the previous period to 56.2% due to government measures to stimulate tourism demand and relaxation of border control measures in the latter half of the period, and ADR rose 9.3% from the previous period to 47,989 yen due to high unit price sales.
- Restaurant net sales increased due to an increase in the number of customers as a result of the easing of behavioral restrictions, as well as the success of precise pricing policies.
- Regarding banquets, the number of large banquets increased in addition to a recovery in demand for conferences, although general banquets with food and beverages, such as standing banquets, were sluggish. In addition to an increase in the number of weddings due to sales promotion activities, the number of guests increased due to the relaxation of government guidelines, and hotel-sponsored events such as dinner shows also resumed, resulting in increased net sales.
- In the real estate rental business, although we focused on attracting new tenants, net sales declined due to the impact of tenants vacating the tower building, which is about to be reconstructed.

Results by Business

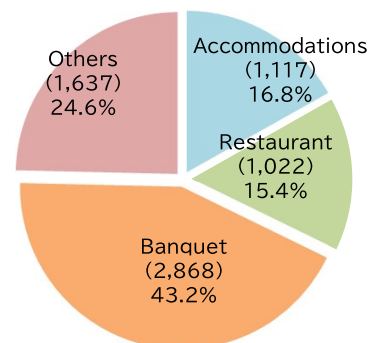


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Imperial Hotel Osaka

Unit (million yen) Sales Composition Ratio

	FY2022	FY2021	YoY Difference	YoY Difference (%)
Accommodations	1,117	525	591	112.6
Restaurant	1,022	707	314	44.5
Banquet	2,868	1,938	930	48.0
Others	1,637	1,180	456	38.7
Total Net Sales	6,645	4,352	2,293	52.7



- The occupancy of accommodation increased 15.1 percentage points from the previous period to 31.4% due to measures to stimulate tourism demand and an increase in the number of foreign visitors to Japan, and ADR increased 10.4% to 25,809 yen due to efforts to sell rooms at high unit prices, resulting in increased net sales.
 - For restaurants, net sales increased due to a review of product prices and aggressive sales of planned products, despite sluggish growth in corporate use.
 - For banquets, net sales increased as a result of orders for large banquets such as anniversary celebrations and an increase in the number of wedding guests due to the relaxation of behavioral restrictions.

Kamikochi Imperial Hotel

Unit (million yen)

	FY2022	FY2021	YoY Difference	YoY Difference (%)
Total Net Sales	1,480	1,033	446	43.2

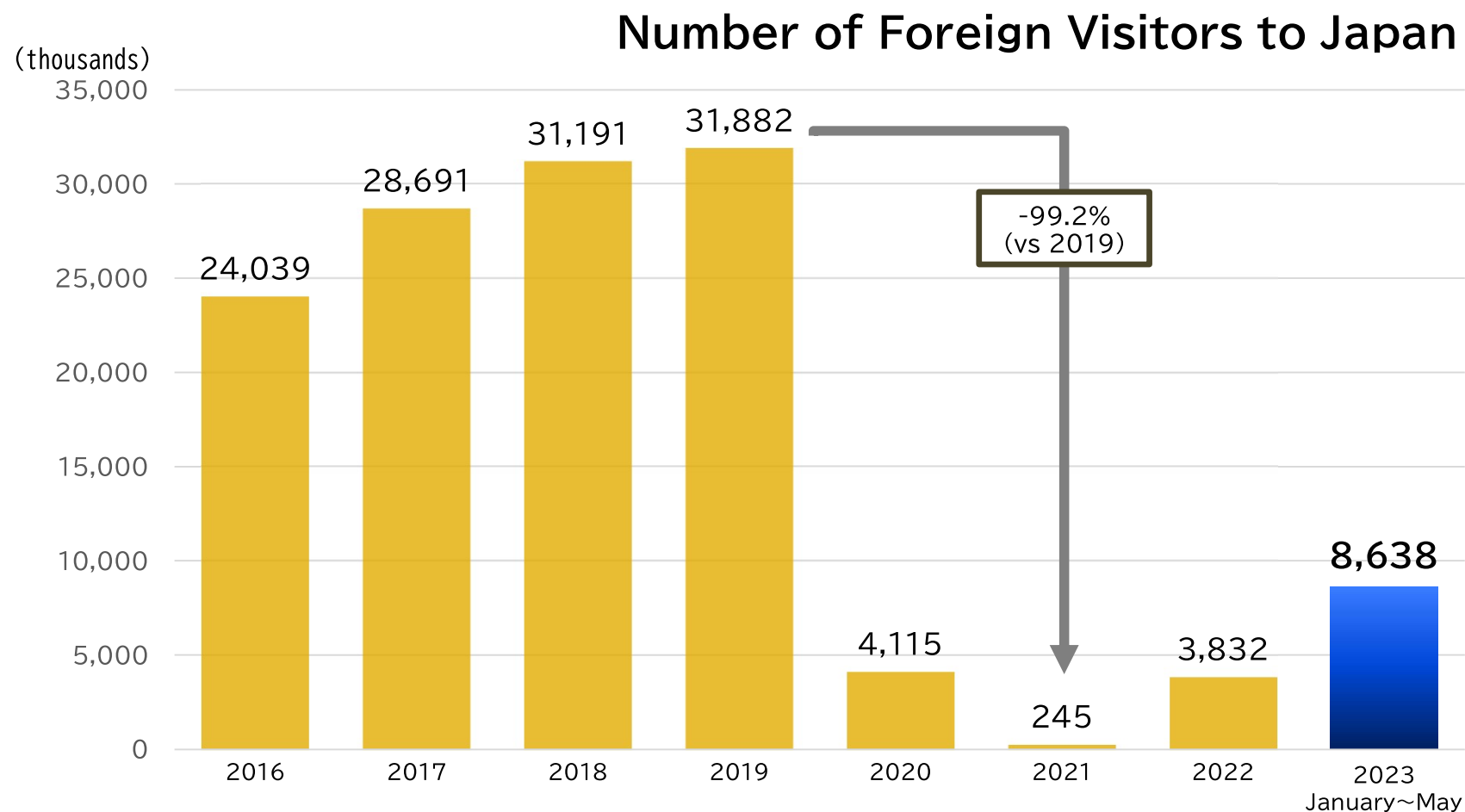
In addition to stable weather throughout the period, the accommodation occupancy was high at 88.7% due to the absence of requests for voluntary restraint in cross-prefecture travel, and efforts to sell high unit price items in restaurants and stores resulted in record-high net sales.



Supplements on Results by Business (Status of Inbound Tourism)



IMPERIAL HOTEL



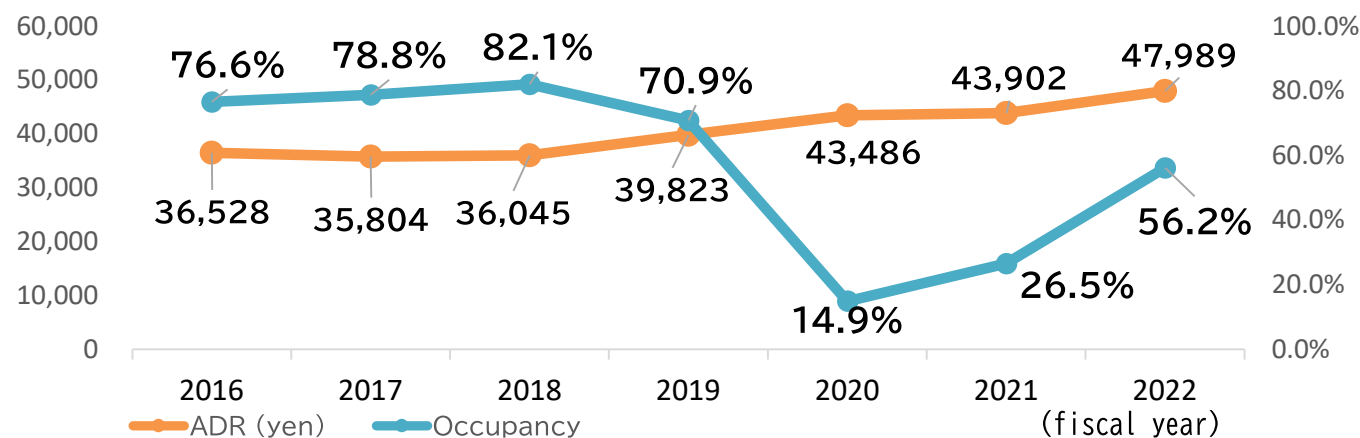
Source: Japan National Tourism Organization (Statistics on foreign visitors to Japan)

Supplements on Results by Business (ADR, Occupancy)

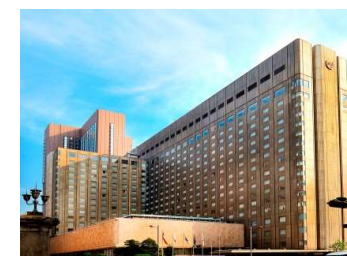


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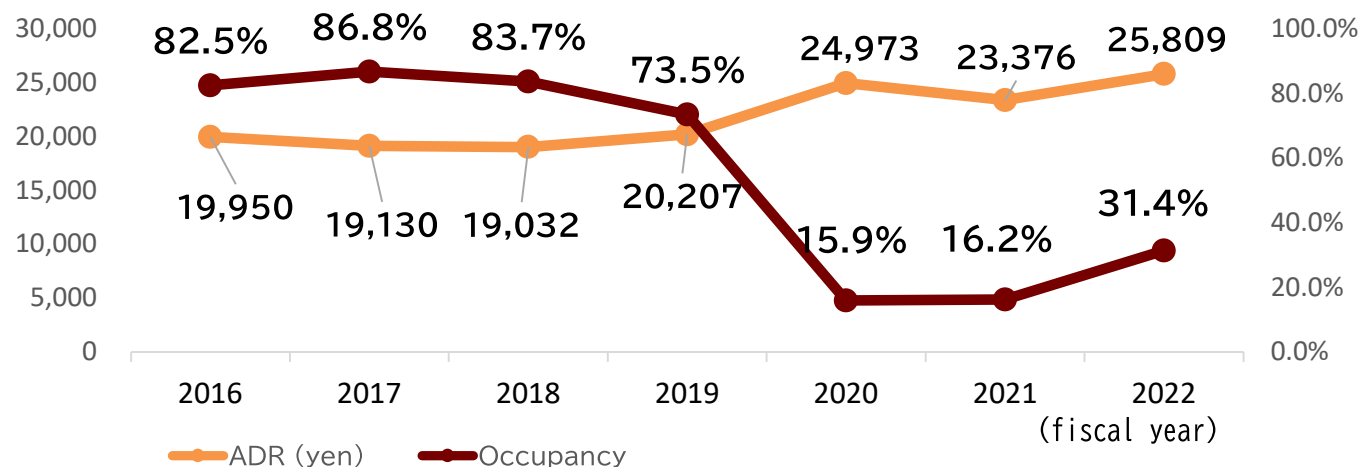
Imperial Hotel Tokyo



* Serviced apartments are not included in ADR and occupancy for FY2021 and thereafter.



Imperial Hotel Osaka



Consolidated Balance Sheet



IMPERIAL HOTEL

Unit (million yen)

Assets	March 31, 2023	March 31, 2022	Change from Previous Year- End	Change from Previous Year-End (%)	Reasons for YoY Difference
Total Current Assets	34,807	31,201	3,606	11.6	Increase in securities, etc.
Total Non-Current Assets	26,935	27,910	- 974	- 3.5	Decrease in tangible fixed assets, etc.
Total Assets	61,743	59,111	2,631	4.5	
Liabilities	March 31, 2023	March 31, 2022	Change from Previous Year- End	Change from Previous Year-End (%)	Reasons for YoY Difference
Total Current Liabilities	10,628	6,813	3,815	56.0	Increase in deposits, etc.
Total Non-Current Liabilities	11,114	14,327	- 3,213	- 22.4	Decrease in long-term deposits, etc.
Total Liabilities	21,743	21,141	602	2.8	
Total Net Assets	40,000	37,970	2,029	5.3	Recording of net income returned to parent company shareholders, etc.
Total Liabilities/Net Assets	61,743	59,111	2,631	4.5	
Equity Ratio	March 31, 2023	March 31, 2022	March 31, 2021		
	64.8%	64.2%	70.4%		

Consolidated Statement of Cash Flow



IMPERIAL HOTEL

April 1, 2022 – March 31, 2023

Unit (million yen)

	FY2022	FY2021	YoY Difference	YoY Difference (%)
Cash Flow from Operating Activities	3,938	-1,723	5,661	—
Cash Flow from Investing Activities	-1,584	-1,430	-153	—
Cash Flow from Financing Activities	-240	-282	41	—
Balance of Cash and Cash Equivalents at the Beginning of Fiscal Year	25,215	28,651	-3,436	-12.0
Balance of Cash and Cash Equivalents at End of Fiscal Year	27,329	25,215	2,113	8.4

Consolidated Earnings Forecast



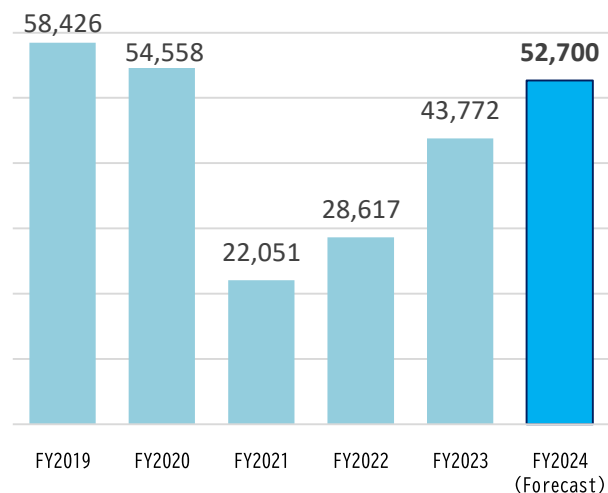
IMPERIAL HOTEL

Unit (million yen)

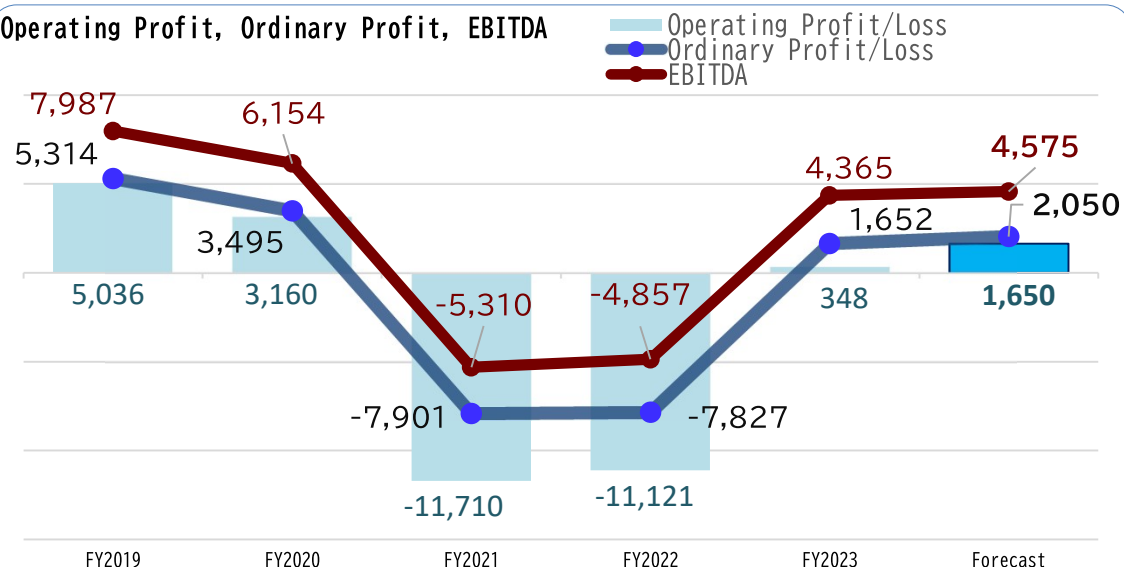
	Fiscal year ended March 31, 2023	Fiscal year ending March 31, 2024 (forecast)			
		H1 of the Fiscal Year		Full Year	
Net Sales	43,772	24,350	30.9%	52,700	20.4%
Operating Profit	348	150	—	1,650	374.0%
Ordinary Profit	1,652	300	—	2,050	24.0%
Recording of net income Net Income	1,951	250	83.6%	2,000	2.5%
Net Income per Share	32.89 yen	4.21 yen		33.71 yen	

% represent changes from the previous fiscal year for the full year and from the same quarter of the previous fiscal year for each quarter.

Net Sales



Operating Profit, Ordinary Profit, EBITDA



Shareholder Returns



IMPERIAL HOTEL

The Company's basic policy is to maintain stable dividends by securing a stable management base over the long term, and we will strive to return profits to shareholders.

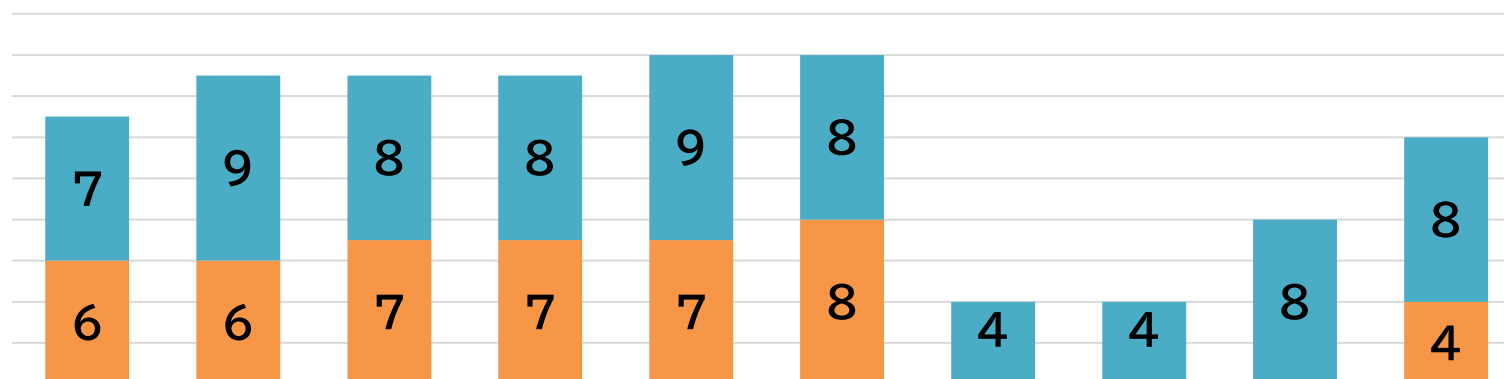
In the fiscal year ended March 31, 2023, the continued impact of COVID-19 and the unstable international situation prevented a full-fledged recovery of business performance throughout the period, but a steady recovery in business performance was seen in H2 as a result of aggressive implementation of various measures aimed at net sales growth.

Taking into consideration our business performance for the fiscal year ended March 31, 2023 and the outlook for the future, we have decided to increase the ordinary dividend by 4 yen per share to **8 yen** per share.

In addition, in order to meet the growing expectations of shareholders regarding the Company's future story and profitability improvement, such as the announcement of the medium- to long-term management plan and the disclosure of new business plans on the Company's website, the ordinary dividend forecast for fiscal year ending March 2024 is 12 yen per share (interim dividend of 4 yen, year-end dividend of 8 yen).

Change in Dividends

■ Interim (yen) ■ Year End (yen)



	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY 2023	FY2024 (Forecast)
Net Income (million yen)	2,421	3,163	3,689	3,399	3,686	2,404	-14,363	-7,886	1,951	2,000

Medium- to Long-Term Management Plan 2036



IMPERIAL HOTEL

Overview

Our Vision - What we aim for -

As a "hotel that represents Japan" that inherits the founding spirit, we will further evolve the Imperial Hotel brand based on people.
In addition, we will build a system that allows us to continue as a company under any business environment, and aim for the 150th anniversary of our opening in 2040.

Phase 1: Current operating period (FY2022~FY2023)

Optimization and review of services and further improvement

Flexible response to changes in the external environment during the with/post-COVID-19 period

⇒ Aiming for early recovery from COVID-19

Phase 2: Tower building reconstruction period (FY2024~2030)

Ensure continued business and employment during reconstruction

Responding to changes in sales space and number of personnel due to the rebuilding of the Tokyo Office

⇒ Steadily implement a rebuilding plan based on the premise of continuing business and securing employment

Phase 3: Main building reconstruction period (FY2031~FY2036)

Inheritance of services and further new challenges

Fully operational opening of the Hibiya Main Building

⇒ Aiming for further growth as a hotel that represents Japan

● Beginning the Kyoto construction project in FY2022

★ Kyoto opening in FY2026

★ Completion of the central area banquet hall and hotel in FY2029

★ Completion of new tower building in FY2030

● Demolition of the current tower building and construction of the new tower building in FY2024

● Demolition of the current main building and construction of a new main building in FY2031

Vision - Basic Strategy

1. Evolution of Grand Hotel: Enhance the Company's brand power through hardware renewal by rebuilding the Hibiya Main Building and enhancing humanware by strengthening human resource development.
2. Stable growth as a company: Strengthen earning power and financial base by expanding real estate business, etc., in order to establish a solid structure for the hotel business in the future.
3. Solving social issues: Maximize the contribution of all our corporate activities to the SDGs.

Medium- to Long-Term Management Plan 2036



IMPERIAL HOTEL

Quantitative Targets

Phase 1
(FY2022~FY2023)

Although the impact of COVID-19 is uncertain, we aim to quickly return to profitability and maximize profitability by responding to the new normal, by actively working on new businesses, and by thoroughly reducing costs.

Phase 2
(FY2024~FY2030)

Although a temporary decline in profitability is expected during the current main building's stand-alone operation period due to the closure of the tower building, the rebuilding plan will be steadily implemented in accordance with the financial plan.

Phase 3
(FY2031~FY2036)

After the opening of the new tower building, the central area banquet hall, and the hotel, the company aims to greatly improve profitability mainly by expanding its real estate business.

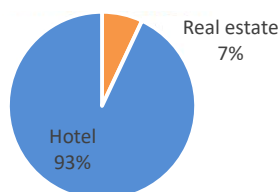
After the opening of
the new main building
(FY2037~)

In addition to the expansion of the real estate business, the profitability of the new main building, which has increased in value, will be enhanced to ensure that it is more profitable than the existing facilities.

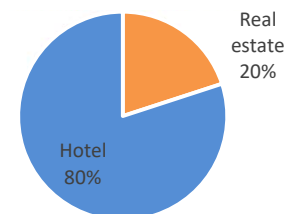
	(Reference) FY2019 Results	Current main building solely operating	New tower building, central area banquet hall, hotel operating	After opening of new main building
Net sales Target	54.5 billion yen	Over 50 billion yen	Over 45 billion yen	Over 70 billion yen
EBITDA Target	6.1 billion yen	Over 3 billion yen	Over 7 billion yen	Over 17 billion yen

* The above are targets in our medium- to long-term management plan, and we do not guarantee or promise their realization.

FY2019 Net sales ratio



After opening of new main building



Medium- to Long-Term Management Plan 2036



IMPERIAL HOTEL

Major Progress in FY2022

Phase 1: Current operating period (FY2022~2023) Optimization and review of services and further improvement

Flexible response to changes in the external environment during the with/post COVID-19 period ⇒ **Aiming for early recovery from COVID-19**

1 Evolution of Grand Hotel

Priority issue: Achieve early recovery of net sales from COVID-19

Due to appropriate revisions of service charge rates and prices, and the implementation of measures to capture the recovering inbound and standing banquet demand, the main recovery in the hotel business is as follows.

	Imperial Hotel Headquarters					Imperial Hotel Osaka				
	FY2019		FY2020		FY2022		FY2019		FY2020	
	Results		Results	vs 2019	Results	vs 2019	Results		Results	vs 2019
Occupancy*	70.9%		14.9%	21%	56.2%	79%	73.5%		15.9%	22%
ADR (Unit: yen)*	39,823		43,486	109%	47,989	121%	20,207		24,973	124%
Lodging Net Sales (Unit: million yen)	9,624		2,195	23%	6,802	71%	2,070		553	27%
Restaurant Net Sales (Unit: million yen)	6,456		2,397	37%	5,751	89%	1,516		697	46%
Banquet Net Sales (Unit: million yen)	12,202		3,249	27%	9,252	76%	4,655		1,152	25%
Hotel Business Total (Unit: million yen)	38,710		13,799	36%	32,029	83%	10,110		3,586	35%
									6,645	66%

* The occupancy and ADR at the head office do not include serviced apartments.

* Figures in the hotel business total are after the elimination of intersegment transactions.

Medium- to Long-Term Management Plan 2036



IMPERIAL HOTEL

Major Progress in FY2022

Phase 1: Current operating period (FY2022~2023) Optimization and review of services and further improvement

Flexible response to changes in the external environment during the with/post COVID-19 period ⇒ **Aiming for early recovery from COVID-19**

2 Stable Growth as a Company

Priority issues: Further challenge to new businesses and business categories (improve profitability)

(1) We have started construction of a hotel for the Kyoto project, which is being prepared to open in the spring of 2026. In addition, we have selected and announced the architects who will be responsible for the interior design.

New Material Research Laboratory Co., Ltd.
Representative Director Tomoyuki Sakakida



(2) The Japanese restaurant "Imperial Hotel Torakuro", which opened in November 2021 under the direct management of the Imperial Hotel, was awarded one star in the Michelin Guide Tokyo 2023 only one year after its opening, together with the French restaurant "Les Saisons".

帝国ホテル 寅黒



Priority issues: Responding to the TSE market segmentation reorganization

In the Plan for Compliance with the Listing Maintenance Criteria for the New Market Classification disclosed on December 22, 2021, the plan was updated to set the end of March 2026 because the achievement date for the improvement measures and plan period for the tradable share ratio that currently does not meet the criteria as undecided.

Medium- to Long-Term Management Plan 2036



IMPERIAL HOTEL

Major Progress in FY2022

Phase 1: Current operating period (FY2022~2023) Optimization and review of services and further improvement
Flexible response to changes in the external environment during the with/post COVID-19 period ⇒ **Aiming for early recovery from COVID-19**

3 Solving Social Issues

The Group considers environmental considerations to be one of the new hospitality expected by society, and has established an action plan under the Sustainability Promotion Committee, chaired by the president, to promote each initiative across the entire company.

(1) Continued to be certified as a Corporation with Excellent Health Management 2023 (Large Corporation Category) following FY2022.

(2) Three business sites in Tokyo, Osaka, and Kamikochi simultaneously received the highest rating of "5 Gyoiko Zakura" under "Sakura Quality An ESG Practice," an international certification for accommodation facilities that practice SDGs.

We are the first company to be certified with the highest rating.

(3) To comply with the Law for Promotion of Recycling of Plastic Resources, at Tokyo, Osaka, and Kamikochi, we reduced the amount of plastic used in 12 target items by 71% per year (compared to FY2019) by switching some accommodation amenities to bamboo and wood.

(4) To promote sustainable and responsible procurement together with our business partners, we have established the Imperial Hotel Group Sustainability Procurement Policy.

Please refer to the next page and beyond for other initiatives to promote sustainability.



Medium- to Long-Term Management Plan 2036



IMPERIAL HOTEL

Sustainability Promotion Targets and Progress

Reduction of CO2 Emissions

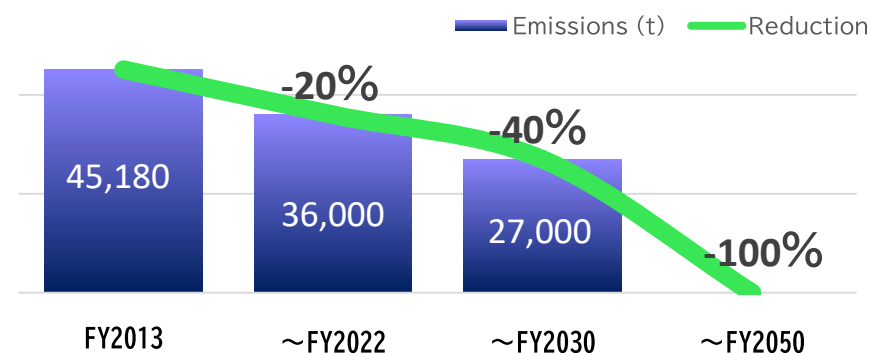
We aim to reduce CO2 emissions (Scope 1+2) at our directly managed facilities by 40% by FY2030 (compared to FY2013) and to virtually zero by FY2050.

Following the Kamikochi Imperial Hotel, which achieved carbon neutrality in FY2022, the Imperial Hotel Tokyo and Osaka will switch to virtually CO2-free electricity using FIT non-fossil certificates from October 2023, and will continue efforts to reduce greenhouse gas emissions by promoting energy conservation activities in the hotel.

Imperial Hotel supports the SDGs (Sustainable Development Goals).



Imperial Hotel Decarbonization Roadmap



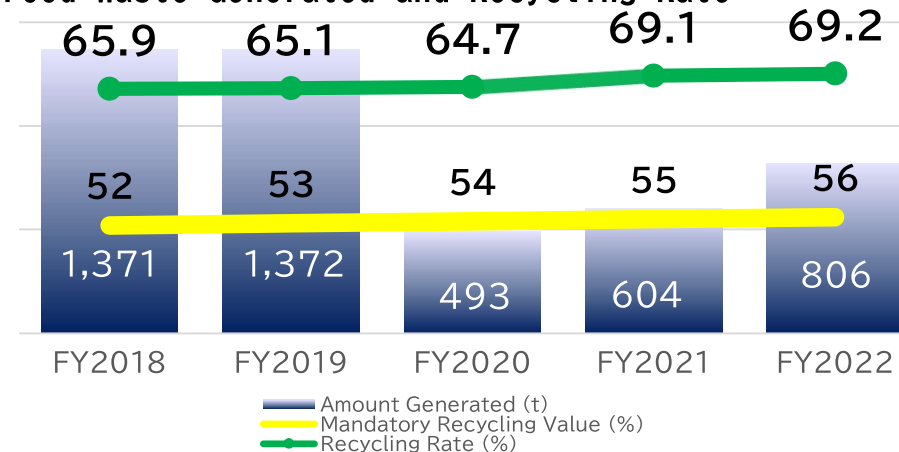
* Emission figures are approximate.

Reduction of food loss

Based on the idea of changing society in a delicious way, the Company Group is focusing on reducing food loss. Each department is promoting initiatives such as thorough management of food procurement, by devising ways to use ingredients without waste during cooking, and introducing an A-La-Carte buffet.

The implementation rate of food waste recycling based on the Food Recycling Law (total of our four directly managed business sites) has been maintained to achieve the required value.

Food Waste Generated and Recycling Rate



Medium- to Long-Term Management Plan 2036



IMPERIAL HOTEL

Sustainability Promotion Targets and Progress

Promoting Human Capital and Diversity

In order to realize human capital management, the Group is promoting various initiatives to maximize the capabilities of its diverse human resources.

Five Themes in Promoting Human Capital and Diversity

1. Reform the corporate culture to make diversity a strength of the organization (creation of communication)
2. Reform of work style (improvement of productivity)
3. Human resource development (investment in human resources)
4. Health management (individual revitalization)
5. Diverse human resources (utilization of women, people with disabilities, elderly, and global human resources)

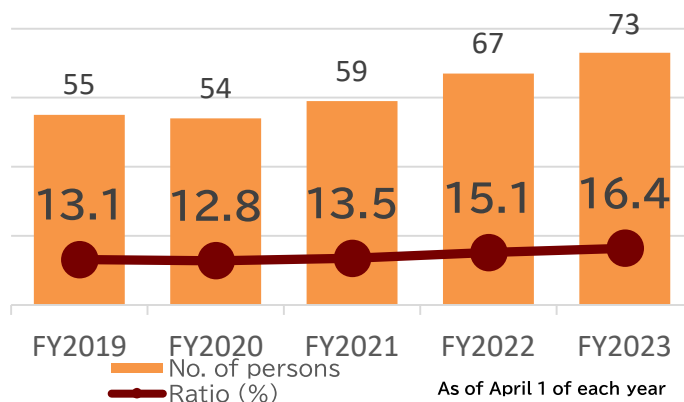


Imperial Hotel supports the SDGs (Sustainable Development Goals).

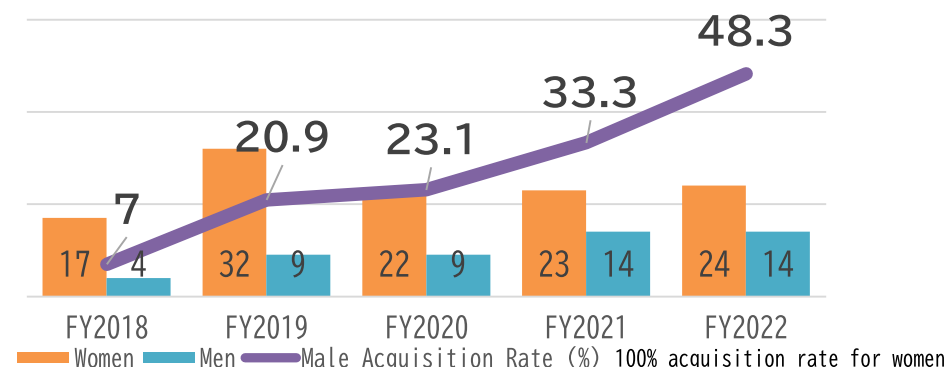


	Index	Target Value
Training	Training costs per indefinite employee	+30% by FY2027 compared to FY2018
Liquidity	Turnover rate	-20% by FY2027 compared to FY2018
Diversity	Percentage of female workers among employees	Over 50% annually
	Difference in average service years between men and women	Less than 4 years by FY2027
	Employment rate of the disabled	Maintain a level above the legally mandated employment rate
Others	Number of persons sent abroad	+50% by FY2027 compared to FY2018

Number and Percentage of Female Managers
Target: 20% by end of April 2027



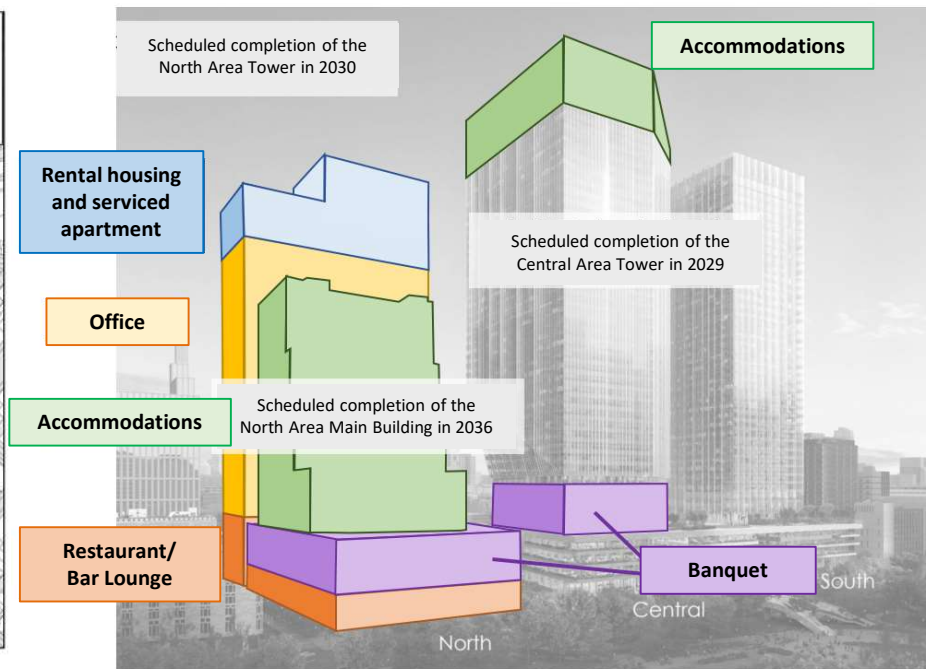
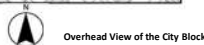
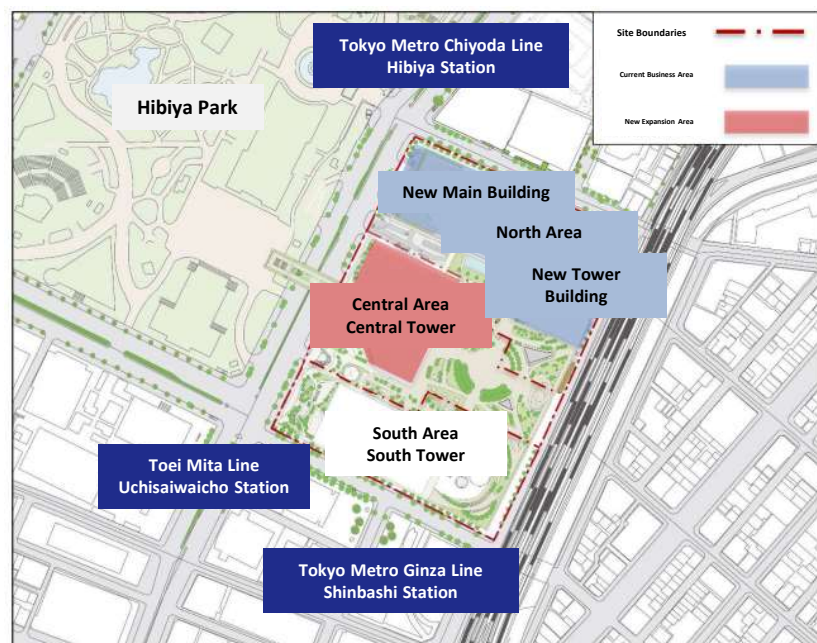
Percentage of male employees taking childcare leave
Target: 50% by end of April 2027



Redevelopment of the Tokyo Office

"Uchisaiwaicho 1-chome District Development Project" including reconstruction of Tokyo Office

In the reconstruction plan of the flagship hotel, the Imperial Hotel Tokyo, scheduled to be implemented from 2024 to 2036, it has been decided that in addition to the current main building and tower building, the business area will be expanded to the central area of the city block through the partnership of the "TOKYO CROSS PARK Concept (Uchisaiwaicho 1-chome District Development Project)" and that the hotel business will continue to grow by developing the Imperial Hotel's banquet business and the new hotel business.



■ Business Environment

Although concerns about the unstable international situation, including soaring raw material and fuel prices and the Taiwan contingency, are expected to continue, the normalization of social activities is expected to further progress as COVID-19 is now classified as category 5 under the Infectious Disease Control Law, and demand for accommodation and service consumption is expected to continue to recover and expand both domestically and internationally.

■ Initiatives

1. Toward Redevelopment

As the final year of Phase 1 of the Medium- to Long-term Management Plan 2036, we will closely monitor consumption trends after COVID-19 and capture expected domestic reactionary consumption and foreign visitor demand, which is in the process of recovery, to lead to Phase 2 (current main building's stand-alone operation period) starting from FY2024. For Phase 2 of the plan, we will strive to maximize profits by optimizing resources at the current main building, while establishing new operations for the new Kyoto hotel and the new tower building.

2. Investment in Human Capital

Under the Medium- to Long-Term Management Plan 2036, human resources are positioned as the starting point of the Company, and the Company aims to achieve an ideal cycle of improving service levels by enhancing employee satisfaction, which in turn increases customer satisfaction and profitability, which allows the Company to invest the proceeds in human resources and facilities. We will strive to invest more in human capital to overcome the intensifying sales competition caused by the opening of new luxury hotels one after another and to successfully implement our plans for a new hotel in Kyoto in 2026 and for the rebuilding of the Imperial Hotel Tokyo in 2036.

3. Solving Social Issues

With regard to SDGs initiatives, following the Kamikochi Imperial Hotel, the Imperial Hotel Tokyo and the Imperial Hotel Osaka plan to introduce CO₂-free electricity to become carbon neutral in H2 of FY2023. In addition, in line with the Imperial Hotel Group Sustainability Procurement Policy formulated in March 2023, we will promote responsible procurement in consideration of the environment and human rights together with our suppliers. We will continue to deepen our commitment to the SDGs and provide more value-added products and services.

Corporate Information



IMPERIAL HOTEL

Company Name:	Imperial Hotel, Ltd.
Headquarters Location:	1-1-1 Uchisaiwaicho, Chiyoda-ku, Tokyo
Founding Date:	December 14, 1887
Date of opening:	November 3, 1890
Listing Date:	October 2, 1961
President and Representative Director:	Hideya Sadayasu
Capital:	1.485 billion yen
Shares issued:	59,400,000 shares (as of March 31, 2023)
Number of employees (consolidated):	1,680 (As of March 31, 2023)
Main offices:	Imperial Hotel Tokyo, Imperial Hotel Osaka, Kamikochi Imperial Hotel, The Crest Hotel Kashiwa

Main consolidated subsidiaries

Imperial Hotel Enterprise Co., Ltd.	Operation of community hotels (The Crest Hotel Kashiwa), etc.
Imperial Hotel Service Co., Ltd.	Hotel ancillary services (cleaning and security), etc.
Hotel Hire Co., Ltd.	Passenger car transportation, parking lot management

Affiliated companies

Imperial Hotel Kitchen Co., Ltd.	Manufacture and sale of prepared foods
New Service System Co., Ltd.	Banquet Service, etc.



Imperial Hotel Tokyo



Imperial Hotel Osaka



Kamikochi Imperial Hotel