

Translation

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**Summary of Non-Consolidated Financial Results
for the Nine Months Ended December 31, 2019
(Based on Japanese GAAP)**

January 31, 2020

Company name: ABHOTEL CO.,LTD.
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 6565 URL <https://www.ab-hotel.jp/>
 Representative: President Kazuki Kutsuna
 Inquiries: Director, General Manager Yusuke Yamashita TEL 0566(79)3013
 Scheduled date to file Quarterly Securities Report: February 5, 2020
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Non-consolidated financial results for the nine months ended December 31, 2019 (from April 1, 2019 to December 31, 2019)

(1) Non-consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2019	4,954	20.2	1,266	14.5	1,225	10.5	759	10.4
Nine months ended December 31, 2018	4,122	24.5	1,105	18.3	1,109	23.3	687	22.5

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2019	53.57		–	
Nine months ended December 31, 2018	48.51		48.34	

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2019	20,028	5,930	29.6
As of March 31, 2019	17,528	5,256	30.0

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2019	–	0.00	–	6.00	6.00
Year ending March 31, 2020	–	0.00	–		
Year ending March 31, 2020 (Forecast)				7.00	7.00

3. Forecast of non-consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	6,700	21.5	1,761	24.9	1,700	21.6	1,075	21.2	75.83

4. Notes

(1) Application of special accounting methods for preparing quarterly non-consolidated financial statements: No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of December 31, 2019	14,176,000 shares	As of March 31, 2019	14,176,000 shares
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Number of treasury shares at the end of the period

As of December 31, 2019	254 shares	As of March 31, 2019	254 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2019	14,175,746 shares	Nine months ended December 31, 2018	14,175,828 shares
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Quarterly non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of March 31, 2019	As of December 31, 2019
Assets		
Current assets		
Cash and deposits	3,223,354	3,059,635
Accounts receivable - trade	261,279	258,255
Inventories	24,557	20,044
Other	122,374	463,490
Total current assets	3,631,566	3,801,426
Non-current assets		
Property, plant and equipment		
Buildings	9,818,493	11,987,767
Accumulated depreciation	(1,730,174)	(1,964,181)
Buildings, net	8,088,318	10,023,586
Structures	582,322	674,285
Accumulated depreciation	(184,644)	(211,875)
Structures, net	397,678	462,410
Machinery and equipment	51,815	58,750
Accumulated depreciation	(29,261)	(32,778)
Machinery and equipment, net	22,553	25,971
Tools, furniture and fixtures	247,714	276,702
Accumulated depreciation	(167,420)	(190,465)
Tools, furniture and fixtures, net	80,293	86,236
Land	1,236,048	1,343,330
Leased assets	3,277,307	3,821,048
Accumulated depreciation	(552,825)	(668,981)
Leased assets, net	2,724,482	3,152,066
Construction in progress	693,252	430,622
Total property, plant and equipment	13,242,627	15,524,225
Intangible assets	19,588	21,773
Investments and other assets		
Leasehold and guarantee deposits	481,206	536,352
Deferred tax assets	85,057	95,456
Other	64,930	47,715
Total investments and other assets	631,194	679,524
Total non-current assets	13,893,411	16,225,523
Deferred assets		
Share issuance cost	3,172	1,744
Total deferred assets	3,172	1,744
Total assets	17,528,150	20,028,694

(Thousands of yen)

	As of March 31, 2019	As of December 31, 2019
Liabilities		
Current liabilities		
Short-term borrowings	–	250,000
Current portion of long-term borrowings	1,274,686	1,363,380
Lease obligations	397,515	464,099
Income taxes payable	352,458	206,042
Other	746,009	866,060
Total current liabilities	<u>2,770,669</u>	<u>3,149,581</u>
Non-current liabilities		
Long-term borrowings	6,538,532	7,447,981
Lease obligations	2,361,868	2,734,596
Provision for retirement benefits for directors (and other officers)	20,530	25,140
Asset retirement obligations	554,729	709,987
Other	25,477	30,677
Total non-current liabilities	<u>9,501,137</u>	<u>10,948,382</u>
Total liabilities	<u>12,271,806</u>	<u>14,097,964</u>
Net assets		
Shareholders' equity		
Share capital	953,920	953,920
Capital surplus	1,387,438	1,387,438
Retained earnings	2,915,578	3,589,965
Treasury shares	(593)	(593)
Total shareholders' equity	<u>5,256,343</u>	<u>5,930,730</u>
Total net assets	<u>5,256,343</u>	<u>5,930,730</u>
Total liabilities and net assets	<u>17,528,150</u>	<u>20,028,694</u>

Non-consolidated statements of income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Net sales	4,122,494	4,954,793
Cost of sales	2,611,128	3,304,608
Gross profit	1,511,365	1,650,185
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	52,790	57,645
Salaries and bonuses	47,953	65,533
Commission expenses	76,631	92,787
Other	228,448	167,872
Total selling, general and administrative expenses	405,822	383,837
Operating profit	1,105,542	1,266,347
Non-operating income		
Commission income	23,367	19,835
Miscellaneous income	47,887	6,932
Total non-operating income	71,254	26,767
Non-operating expenses		
Interest expenses	51,473	56,250
Miscellaneous loss	15,847	11,114
Total non-operating expenses	67,321	67,365
Ordinary profit	1,109,476	1,225,750
Extraordinary losses		
Loss on retirement of non-current assets	–	3,484
Total extraordinary losses	–	3,484
Profit before income taxes	1,109,476	1,222,266
Income taxes - current	449,868	473,223
Income taxes - deferred	(28,173)	(10,398)
Total income taxes	421,695	462,824
Profit	687,780	759,441