

Translation

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Summary of Non-Consolidated Financial Results for the Six Months Ended September 30, 2020 (Based on Japanese GAAP)

October 30, 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: Accounting Department director Akiyoshi Oode TEL 0566(79)3013
 Scheduled date to file Quarterly Securities Report: November 5, 2020
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Non-consolidated financial results for the six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)

(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	%
Six months ended September 30, 2020	2,060	(36.8)	(144)	–	(147)	–	(101)	–
Six months ended September 30, 2019	3,258	25.2	813	24.8	783	16.8	486	17.4

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2020	(7.15)		–	
Six months ended September 30, 2019	34.34		34.21	

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2020	19,672	5,875	29.9
As of March 31, 2020	19,106	6,062	31.7

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, 2020	–	0.00	–	6.00	6.00
Year ending March 31, 2021	–	0.00	–	–	–
Year ending March 31, 2021 (Forecast)	–	–	–	2.00	2.00

3. Forecast of non-consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

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	4,820	(23.4)	243	(81.7)	206	(84.0)	134	(84.9)	9.48

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 September 30, 2020	14,176,000 shares	As of March 31, 2020	14,176,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2020	254 shares	As of March 31, 2020	254 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2020	14,175,746 shares	Six months ended September 30, 2019	14,175,746 shares
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Quarterly non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of March 31, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	3,903,086	3,390,962
Accounts receivable - trade	219,330	262,375
Inventories	18,040	22,416
Other	93,136	140,157
Total current assets	4,233,595	3,815,911
Non-current assets		
Property, plant and equipment		
Buildings	10,700,854	11,340,680
Accumulated depreciation	(1,803,827)	(1,966,562)
Buildings, net	8,897,026	9,374,118
Structures	608,834	617,568
Accumulated depreciation	(196,295)	(214,062)
Structures, net	412,539	403,505
Machinery and equipment	44,389	44,774
Accumulated depreciation	(31,268)	(32,674)
Machinery and equipment, net	13,121	12,100
Tools, furniture and fixtures	208,060	228,612
Accumulated depreciation	(146,028)	(158,227)
Tools, furniture and fixtures, net	62,031	70,384
Land	989,154	989,154
Leased assets	3,544,741	3,732,926
Accumulated depreciation	(599,170)	(721,024)
Leased assets, net	2,945,571	3,011,902
Construction in progress	795,393	1,203,696
Total property, plant and equipment	14,114,837	15,064,861
Intangible assets	20,351	25,441
Investments and other assets		
Leasehold and guarantee deposits	567,249	566,649
Deferred tax assets	145,650	184,843
Other	23,788	14,740
Total investments and other assets	736,688	766,233
Total non-current assets	14,871,877	15,856,536
Deferred assets		
Share issuance costs	1,268	317
Total deferred assets	1,268	317
Total assets	19,106,741	19,672,765

(Thousands of yen)

	As of March 31, 2020	As of September 30, 2020
Liabilities		
Current liabilities		
Short-term borrowings	250,000	—
Current portion of long-term borrowings	1,256,994	1,452,172
Lease obligations	345,130	350,275
Accounts payable - other	751,647	668,998
Income taxes payable	333,171	17,745
Other	312,684	103,112
Total current liabilities	3,249,627	2,592,304
Non-current liabilities		
Long-term borrowings	6,366,618	7,659,782
Lease obligations	2,647,257	2,714,505
Provision for retirement benefits	463	830
Provision for retirement benefits for directors (and other officers)	26,920	30,080
Asset retirement obligations	712,048	756,026
Other	41,457	43,280
Total non-current liabilities	9,794,764	11,204,503
Total liabilities	13,044,392	13,796,807
Net assets		
Shareholders' equity		
Share capital	953,920	953,920
Capital surplus	1,387,438	1,387,438
Retained earnings	3,721,584	3,535,193
Treasury shares	(593)	(593)
Total shareholders' equity	6,062,349	5,875,957
Total net assets	6,062,349	5,875,957
Total liabilities and net assets	19,106,741	19,672,765

Non-consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Net sales	3,258,977	2,060,229
Cost of sales	2,191,045	2,025,692
Gross profit	1,067,931	34,537
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	37,740	31,443
Salaries and bonuses	43,421	42,033
Commission expenses	60,158	35,239
Other	112,787	69,930
Total selling, general and administrative expenses	254,107	178,647
Operating profit (loss)	813,824	(144,109)
Non-operating income		
Commission income	13,219	9,438
Miscellaneous income	1,289	29,978
Total non-operating income	14,508	39,416
Non-operating expenses		
Interest expenses	37,230	36,685
Miscellaneous loss	7,298	6,232
Total non-operating expenses	44,529	42,918
Ordinary profit (loss)	783,803	(147,610)
Extraordinary income		
Gain on forgiveness of rental contracts	—	16,739
Total extraordinary income	—	16,739
Profit (loss) before income taxes	783,803	(130,871)
Income taxes - current	307,485	9,657
Income taxes - deferred	(10,441)	(39,192)
Total income taxes	297,043	(29,534)
Profit (loss)	486,759	(101,336)