

Translation

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**Summary of Non-Consolidated Financial Results
for the Year Ended March 31, 2021
(Based on Japanese GAAP)**

May 7, 2021

Company name: ABHOTEL CO.,LTD.
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 6565 URL <https://www.ab-hotel.jp/>
 Representative: President Kazuki Kutsuna
 Executive Officer, Accounting Department
 Inquiries: director Akiyoshi Oode TEL 0566(79)3013
 Scheduled date of ordinary general meeting of shareholders: June 25, 2021
 Scheduled date to file Securities Report: June 29, 2021
 Scheduled date to commence dividend payments: June 26, 2021
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Non-consolidated financial results for the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(1) Non-consolidated operating results

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	%
Year ended March 31, 2021	4,739	(24.7)	44	(96.7)	26	(98.0)	10	(98.9)
Year ended March 31, 2020	6,295	14.2	1,333	(5.4)	1,297	(7.2)	891	0.5

	Earnings per share	Diluted earnings per share	Profit/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2021	0.71	–	0.2	0.1	0.9
Year ended March 31, 2020	62.86	–	15.7	7.1	21.2

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2021	20,440	5,987	29.3	422.36
As of March 31, 2020	19,106	6,062	31.7	427.66

(3) Non-consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2021	(10)	(2,065)	1,154	2,981
Year ended March 31, 2020	1,713	(637)	(397)	3,903

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Non-consolidated)	Ratio of dividends to net assets (Non-consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2020	–	0.00	–	6.00	6.00	85	9.5	1.4
Year ended March 31, 2021	–	0.00	–	1.00	1.00	14	140.8	0.2
Year ending March 31, 2022 (Forecast)	–	0.00	–	3.00	3.00		8.5	

3. Forecast of non-consolidated financial results for the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

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
Six months ending September 30, 2021	3,000	—	250	—	200	—	120	—	8.47
Full year	6,400	—	900	—	800	—	500	—	35.27

4. Notes

(1) 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

(2) Number of issued shares (common shares)

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

As of March 31, 2021	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 March 31, 2021	319 shares	As of March 31, 2020	254 shares
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Average number of shares during the period

Year ended March 31, 2021	14,175,741 shares	Year ended March 31, 2020	14,175,746 shares
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Non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	3,903,086	2,981,739
Accounts receivable - trade	219,330	277,945
Supplies	18,040	20,982
Prepaid expenses	63,624	58,498
Other	29,512	235,390
Total current assets	4,233,595	3,574,556
Non-current assets		
Property, plant and equipment		
Buildings	10,700,854	12,781,859
Accumulated depreciation	(1,803,827)	(2,159,165)
Buildings, net	8,897,026	10,622,694
Structures	608,834	699,794
Accumulated depreciation	(196,295)	(234,592)
Structures, net	412,539	465,201
Machinery and equipment	44,389	50,974
Accumulated depreciation	(31,268)	(34,672)
Machinery and equipment, net	13,121	16,301
Tools, furniture and fixtures	208,060	258,231
Accumulated depreciation	(146,028)	(176,529)
Tools, furniture and fixtures, net	62,031	81,702
Land	989,154	989,154
Leased assets	3,544,741	3,948,823
Accumulated depreciation	(599,170)	(771,133)
Leased assets, net	2,945,571	3,177,689
Construction in progress	795,393	755,534
Total property, plant and equipment	14,114,837	16,108,277
Intangible assets		
Software	1,670	895
Other	18,680	26,832
Total intangible assets	20,351	27,728
Investments and other assets		
Investments in capital	40	40
Long-term prepaid expenses	2,377	11,174
Investment securities	500	500
Deferred tax assets	145,650	132,253
Leasehold and guarantee deposits	567,249	574,463
Deposits for stores in preparation	12,725	10,800
Membership	950	950
Other	7,194	–
Total investments and other assets	736,688	730,181
Total non-current assets	14,871,877	16,866,187
Deferred assets		
Share issuance costs	1,268	–
Total deferred assets	1,268	–
Total assets	19,106,741	20,440,743

(Thousands of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Short-term borrowings	250,000	—
Current portion of long-term borrowings	1,256,994	1,467,192
Lease obligations	345,130	255,461
Accounts payable - other	751,647	789,902
Accrued expenses	43,191	60,404
Income taxes payable	333,171	25,333
Advances received	42,366	42,986
Deposits received	8,930	12,759
Provision for point card certificates	14,250	13,810
Other	203,946	46
Total current liabilities	3,249,627	2,667,896
Non-current liabilities		
Long-term borrowings	6,366,618	7,888,536
Lease obligations	2,647,257	2,981,456
Provision for retirement benefits	463	1,338
Provision for retirement benefits for directors (and other officers)	26,920	32,830
Asset retirement obligations	712,048	834,125
Guarantee deposits received	41,457	47,280
Total non-current liabilities	9,794,764	11,785,566
Total liabilities	13,044,392	14,453,463
Net assets		
Shareholders' equity		
Share capital	953,920	953,920
Capital surplus		
Legal capital surplus	878,920	878,920
Other capital surplus	508,518	508,518
Total capital surplus	1,387,438	1,387,438
Retained earnings		
Other retained earnings		
Reserve for special depreciation	65,586	32,793
Retained earnings brought forward	3,655,997	3,613,808
Total retained earnings	3,721,584	3,646,602
Treasury shares	(593)	(680)
Total shareholders' equity	6,062,349	5,987,279
Total net assets	6,062,349	5,987,279
Total liabilities and net assets	19,106,741	20,440,743

Non-consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	6,295,918	4,739,254
Cost of sales	4,402,134	4,324,323
Gross profit	1,893,783	414,931
Selling, general and administrative expenses		
Promotion expenses	21,216	3,066
Sales commission	138,272	75,321
Provision for point card certificates	190	(440)
Remuneration for directors (and other officers)	84,185	69,053
Provision for retirement benefits for directors (and other officers)	6,765	5,910
Salaries and bonuses	90,309	91,654
Retirement benefit expenses	463	875
Rent expenses	41,357	20,915
Taxes and dues	83,481	29,980
Depreciation	2,137	1,502
Other	91,948	72,754
Total selling, general and administrative expenses	560,327	370,595
Operating profit	1,333,456	44,336
Non-operating income		
Interest income	15	22
Commission income	25,501	17,452
Rental income	2,180	2,263
Subsidy income	24,180	38,360
Other	2,886	13,126
Total non-operating income	54,764	71,224
Non-operating expenses		
Interest expenses	75,587	76,339
Other	15,253	12,673
Total non-operating expenses	90,841	89,012
Ordinary profit	1,297,380	26,548
Extraordinary income		
Gain on forgiveness of rental contracts	–	16,851
Gain on sale of non-current assets	311,671	–
Total extraordinary income	311,671	16,851
Extraordinary losses		
Loss on retirement of non-current assets	3,484	–
Loss on sale of non-current assets	68,059	–
Loss on cancellation of rental contracts	116,052	–
Total extraordinary losses	187,596	–
Profit before income taxes	1,421,454	43,399
Income taxes - current	590,987	19,930
Income taxes - deferred	(60,592)	13,397
Total income taxes	530,394	33,328
Profit	891,060	10,071

Non-consolidated statements of changes in equity

Fiscal year ended March 31, 2020

(Thousands of yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings			Treasury shares
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings		Total retained earnings	
					Reserve for special depreciation	Retained earnings brought forward		
Balance at beginning of period	953,920	878,920	508,518	1,387,438	98,380	2,817,198	2,915,578	(593)
Changes during period								
Reversal of reserve for special depreciation					(32,793)	32,793	–	
Dividends of surplus						(85,054)	(85,054)	
Profit						891,060	891,060	
Purchase of treasury shares								
Total changes during period	–	–	–	–	(32,793)	838,799	806,006	–
Balance at end of period	953,920	878,920	508,518	1,387,438	65,586	3,655,997	3,721,584	(593)

	Shareholders' equity	Total net assets
	Total shareholders' equity	
Balance at beginning of period	5,256,343	5,256,343
Changes during period		
Reversal of reserve for special depreciation	–	–
Dividends of surplus	(85,054)	(85,054)
Profit	891,060	891,060
Purchase of treasury shares		
Total changes during period	806,006	806,006
Balance at end of period	6,062,349	6,062,349

Fiscal year ended March 31, 2021

(Thousands of yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings			Treasury shares
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings		Total retained earnings	
					Reserve for special depreciation	Retained earnings brought forward		
Balance at beginning of period	953,920	878,920	508,518	1,387,438	65,586	3,655,997	3,721,584	(593)
Changes during period								
Reversal of reserve for special depreciation					(32,793)	32,793		
Dividends of surplus						(85,054)	(85,054)	
Profit						10,071	10,071	
Purchase of treasury shares								(87)
Total changes during period					(32,793)	(42,189)	(74,982)	(87)
Balance at end of period	953,920	878,920	508,518	1,387,438	32,793	3,613,808	3,646,602	(680)

	Shareholders' equity	Total net assets
	Total shareholders' equity	
Balance at beginning of period	6,062,349	6,062,349
Changes during period		
Reversal of reserve for special depreciation		
Dividends of surplus	(85,054)	(85,054)
Profit	10,071	10,071
Purchase of treasury shares	(87)	(87)
Total changes during period	(75,069)	(75,069)
Balance at end of period	5,987,279	5,987,279

Non-consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	1,421,454	43,399
Depreciation	642,720	684,540
Increase (decrease) in provision for retirement benefits for directors (and other officers)	6,390	5,910
Other extraordinary loss (income)	–	(16,851)
Increase (decrease) in provision for retirement benefits	463	875
Interest and dividend income	(15)	(22)
Interest expenses	75,587	76,339
Amortization of share issuance costs	1,903	1,268
Loss (gain) on sale of non-current assets	(243,611)	–
Loss on retirement of non-current assets	3,484	–
Loss on cancellation of rental contracts	116,052	–
Decrease (increase) in trade receivables	41,949	(58,614)
Decrease (increase) in inventories	6,517	(2,941)
Decrease/increase in consumption taxes receivable/payable	257,932	(420,244)
Decrease (increase) in other assets	(20,039)	6,833
Increase (decrease) in other liabilities	89,307	67,515
Subtotal	2,400,097	388,007
Interest and dividends received	15	22
Interest paid	(75,959)	(76,412)
Income taxes paid	(610,177)	(321,997)
Net cash provided by (used in) operating activities	1,713,975	(10,379)
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	1,846,191	–
Purchase of property, plant and equipment	(2,392,752)	(2,072,141)
Purchase of investment securities	(500)	–
Payments of guarantee deposits	(91,714)	(10,125)
Proceeds from cancellation of insurance funds	8,800	7,194
Other, net	(7,255)	9,170
Net cash provided by (used in) investing activities	(637,230)	(2,065,902)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	250,000	(250,000)
Proceeds from long-term borrowings	2,000,000	3,200,000
Repayments of long-term borrowings	(2,189,606)	(1,467,884)
Dividends paid	(85,042)	(85,037)
Purchase of treasury shares	–	(87)
Repayments of lease obligations	(372,364)	(242,056)
Net cash provided by (used in) financing activities	(397,012)	1,154,935
Net increase (decrease) in cash and cash equivalents	679,732	(921,347)
Cash and cash equivalents at beginning of period	3,223,354	3,903,086
Cash and cash equivalents at end of period	3,903,086	2,981,739