

Translation

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**Summary of Non-Consolidated Financial Results
for the Three Months Ended June 30, 2021
(Based on Japanese GAAP)**

July 30, 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 to file Quarterly Securities Report: August 5, 2021
 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 three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)

(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	%
Three months ended June 30, 2021	1,397	–	36	–	25	–	11	–
Three months ended June 30, 2020	854	(46.3)	(156)	–	(175)	–	(127)	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2021	0.79		–	
Three months ended June 30, 2020	(8.98)		–	

(2) Non-consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of June 30, 2021	20,086		5,984		29.8	
As of March 31, 2021	20,440		5,987		29.3	

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2021	–	0.00	–	1.00	1.00
Year ending March 31, 2022	–	–	–	–	–
Year ending March 31, 2022 (Forecast)	–	0.00	–	3.00	3.00

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) 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:	Yes
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 June 30, 2021	14,176,000 shares	As of March 31, 2021	14,176,000 shares
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Number of treasury shares at the end of the period

As of June 30, 2021	319 shares	As of March 31, 2021	319 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2021	14,175,681 shares	Three months ended June 30, 2020	14,175,746 shares
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Quarterly non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of March 31, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	2,981,739	3,023,227
Accounts receivable - trade	277,945	246,894
Inventories	20,982	17,657
Other	293,888	80,248
Total current assets	3,574,556	3,368,028
Non-current assets		
Property, plant and equipment		
Buildings	12,781,859	13,349,602
Accumulated depreciation	(2,159,165)	(2,261,333)
Buildings, net	10,622,694	11,088,268
Structures	699,794	726,738
Accumulated depreciation	(234,592)	(245,413)
Structures, net	465,201	481,324
Machinery and equipment	50,974	50,974
Accumulated depreciation	(34,672)	(35,427)
Machinery and equipment, net	16,301	15,546
Tools, furniture and fixtures	258,231	262,888
Accumulated depreciation	(176,529)	(183,892)
Tools, furniture and fixtures, net	81,702	78,996
Land	989,154	989,154
Leased assets	3,948,823	4,054,940
Accumulated depreciation	(771,133)	(839,589)
Leased assets, net	3,177,689	3,215,350
Construction in progress	755,534	96,144
Total property, plant and equipment	16,108,277	15,964,785
Intangible assets	27,728	29,492
Investments and other assets		
Leasehold and guarantee deposits	574,463	584,159
Deferred tax assets	132,253	127,989
Other	23,464	12,031
Total investments and other assets	730,181	724,180
Total non-current assets	16,866,187	16,718,458
Total assets	20,440,743	20,086,486

(Thousands of yen)

	As of March 31, 2021	As of June 30, 2021
Liabilities		
Current liabilities		
Current portion of long-term borrowings	1,467,192	1,467,522
Lease obligations	255,461	261,790
Accounts payable - other	789,902	733,122
Income taxes payable	25,333	16,554
Other	130,007	133,250
Total current liabilities	<u>2,667,896</u>	<u>2,612,239</u>
Non-current liabilities		
Long-term borrowings	7,888,536	7,517,493
Lease obligations	2,981,456	3,015,693
Provision for retirement benefits	1,338	1,708
Provision for retirement benefits for directors (and other officers)	32,830	32,940
Asset retirement obligations	834,125	872,436
Other	47,280	49,680
Total non-current liabilities	<u>11,785,566</u>	<u>11,489,952</u>
Total liabilities	<u>14,453,463</u>	<u>14,102,192</u>
Net assets		
Shareholders' equity		
Share capital	953,920	953,920
Capital surplus	1,387,438	1,387,438
Retained earnings	3,646,602	3,643,616
Treasury shares	(680)	(680)
Total shareholders' equity	<u>5,987,279</u>	<u>5,984,294</u>
Total net assets	<u>5,987,279</u>	<u>5,984,294</u>
Total liabilities and net assets	<u>20,440,743</u>	<u>20,086,486</u>

Non-consolidated statements of income (cumulative)

(Thousands of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Net sales	854,562	1,397,625
Cost of sales	922,848	1,283,158
Gross profit (loss)	(68,285)	114,466
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	13,413	11,555
Salaries and bonuses	20,825	17,811
Commission expenses	16,695	23,651
Other	37,139	24,639
Total selling, general and administrative expenses	88,073	77,657
Operating profit (loss)	(156,359)	36,808
Non-operating income		
Commission income	4,031	4,855
Contribution for construction	–	3,000
Miscellaneous income	13,272	3,748
Total non-operating income	17,304	11,603
Non-operating expenses		
Interest expenses	18,672	19,811
Miscellaneous losses	17,397	3,222
Total non-operating expenses	36,070	23,033
Ordinary profit (loss)	(175,125)	25,378
Profit (loss) before income taxes	(175,125)	25,378
Income taxes - current	4,810	9,923
Income taxes - deferred	(52,694)	4,264
Total income taxes	(47,883)	14,187
Profit (loss)	(127,241)	11,190