

Translation

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

October 29, 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: November 5, 2021
 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, 2021 (from April 1, 2021 to September 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	%
Six months ended September 30, 2021	2,901	–	200	–	175	–	88	–
Six months ended September 30, 2020	2,060	(36.8)	(144)	–	(147)	–	(101)	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2021	6.28		–	
Six months ended September 30, 2020	(7.15)		–	

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2021	19,890	6,062	30.5
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	Yen	Yen	Yen	Yen
Year ended March 31, 2021	–	0.00	–	1.00	1.00
Year ending March 31, 2022	–	0.00	–	–	–
Year ending March 31, 2022 (Forecast)	–	–	–	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
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 September 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 September 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)

Six months ended September 30, 2021	14,175,681 shares	Six months ended September 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 September 30, 2021
Assets		
Current assets		
Cash and deposits	2,981,739	2,957,440
Accounts receivable - trade	277,945	247,000
Inventories	20,982	18,776
Other	293,888	73,639
Total current assets	3,574,556	3,296,857
Non-current assets		
Property, plant and equipment		
Buildings	12,781,859	13,349,602
Accumulated depreciation	(2,159,165)	(2,363,520)
Buildings, net	10,622,694	10,986,081
Structures	699,794	726,738
Accumulated depreciation	(234,592)	(256,249)
Structures, net	465,201	470,488
Machinery and equipment	50,974	50,974
Accumulated depreciation	(34,672)	(36,182)
Machinery and equipment, net	16,301	14,791
Tools, furniture and fixtures	258,231	263,558
Accumulated depreciation	(176,529)	(191,292)
Tools, furniture and fixtures, net	81,702	72,266
Land	989,154	989,154
Leased assets	3,948,823	4,054,940
Accumulated depreciation	(771,133)	(908,046)
Leased assets, net	3,177,689	3,146,894
Construction in progress	755,534	150,297
Total property, plant and equipment	16,108,277	15,829,973
Intangible assets	27,728	30,963
Investments and other assets		
Leasehold and guarantee deposits	574,463	583,815
Deferred tax assets	132,253	139,455
Other	23,464	9,799
Total investments and other assets	730,181	733,070
Total non-current assets	16,866,187	16,594,007
Total assets	20,440,743	19,890,864

(Thousands of yen)

	As of March 31, 2021	As of September 30, 2021
Liabilities		
Current liabilities		
Short-term borrowings	–	100,000
Current portion of long-term borrowings	1,467,192	1,477,512
Lease obligations	255,461	261,375
Accounts payable - other	789,902	634,668
Income taxes payable	25,333	93,886
Other	130,007	208,351
Total current liabilities	2,667,896	2,775,794
Non-current liabilities		
Long-term borrowings	7,888,536	7,146,450
Lease obligations	2,981,456	2,950,346
Provision for retirement benefits	1,338	1,071
Provision for retirement benefits for directors (and other officers)	32,830	31,330
Asset retirement obligations	834,125	874,817
Other	47,280	48,980
Total non-current liabilities	11,785,566	11,052,995
Total liabilities	14,453,463	13,828,789
Net assets		
Shareholders' equity		
Share capital	953,920	953,920
Capital surplus	1,387,438	1,387,438
Retained earnings	3,646,602	3,721,396
Treasury shares	(680)	(680)
Total shareholders' equity	5,987,279	6,062,074
Total net assets	5,987,279	6,062,074
Total liabilities and net assets	20,440,743	19,890,864

Non-consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Net sales	2,060,229	2,901,898
Cost of sales	2,025,692	2,525,315
Gross profit	34,537	376,583
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	31,443	28,415
Salaries and bonuses	42,033	41,969
Commission expenses	35,239	47,915
Other	69,930	57,303
Total selling, general and administrative expenses	178,647	175,602
Operating profit (loss)	(144,109)	200,980
Non-operating income		
Commission income	9,438	10,925
Miscellaneous income	29,978	9,680
Total non-operating income	39,416	20,606
Non-operating expenses		
Interest expenses	36,685	39,185
Miscellaneous losses	6,232	6,822
Total non-operating expenses	42,918	46,007
Ordinary profit (loss)	(147,610)	175,579
Extraordinary income		
Gain on forgiveness of rental contracts	16,739	–
Total extraordinary income	16,739	–
Extraordinary losses		
Loss on changes in construction project	–	15,000
Total extraordinary losses	–	15,000
Profit (loss) before income taxes	(130,871)	160,579
Income taxes - current	9,657	78,811
Income taxes - deferred	(39,192)	(7,201)
Total income taxes	(29,534)	71,609
Profit (loss)	(101,336)	88,970