

Translation

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## Summary of Non-Consolidated Financial Results for the Year Ended March 31, 2022 (Based on Japanese GAAP)

May 10, 2022

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 29, 2022  
 Scheduled date to file Securities Report: June 29, 2022  
 Scheduled date to commence dividend payments: June 30, 2022  
 Preparation of supplementary material on financial results: No  
 Holding of 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 year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

#### (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, 2022	6,345	–	959	–	937	–	567	–
Year ended March 31, 2021	4,739	(24.7)	44	(96.7)	26	(98.0)	10	(98.9)

	Earnings per share	Diluted earnings per share	Profit/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2022	40.05	–	9.1	4.6	15.1
Year ended March 31, 2021	0.71	–	0.2	0.1	0.9

#### (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, 2022	20,441	6,540	32.0	461.41
As of March 31, 2021	20,440	5,987	29.3	422.36

#### (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, 2022	2,056	(516)	(1,243)	3,278
Year ended March 31, 2021	(10)	(2,065)	1,154	2,981

### 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, 2021	–	0.00	–	1.00	1.00	14	140.8	0.2
Year ended March 31, 2022	–	0.00	–	4.00	4.00	56	10.0	0.8
Year ending March 31, 2023 (Forecast)	–	0.00	–	5.00	5.00		9.9	

3. Forecast of non-consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

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, 2022	3,348	15.4	470	134.3	418	138.4	272	205.8	19.19
Full year	7,000	10.3	1,200	25.1	1,100	17.3	715	26.0	50.44

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: Yes

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, 2022	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 March 31, 2022	351 shares	As of March 31, 2021	319 shares
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Average number of shares during the period

Year ended March 31, 2022	14,175,669 shares	Year ended March 31, 2021	14,175,741 shares
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**Non-consolidated financial statements**  
**Non-consolidated balance sheets**

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	2,981,739	3,278,470
Accounts receivable - trade	277,945	368,012
Supplies	20,982	18,391
Prepaid expenses	58,498	59,862
Other	235,390	8,398
<b>Total current assets</b>	<b>3,574,556</b>	<b>3,733,135</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings	12,781,859	13,352,382
Accumulated depreciation	(2,159,165)	(2,568,012)
Buildings, net	10,622,694	10,784,370
Structures	699,794	726,738
Accumulated depreciation	(234,592)	(277,921)
Structures, net	465,201	448,816
Machinery and equipment	50,974	79,974
Accumulated depreciation	(34,672)	(40,109)
Machinery and equipment, net	16,301	39,864
Tools, furniture and fixtures	258,231	264,043
Accumulated depreciation	(176,529)	(206,208)
Tools, furniture and fixtures, net	81,702	57,835
Land	989,154	989,154
Leased assets	3,948,823	4,054,940
Accumulated depreciation	(771,133)	(1,044,958)
Leased assets, net	3,177,689	3,009,981
Construction in progress	755,534	581,673
<b>Total property, plant and equipment</b>	<b>16,108,277</b>	<b>15,911,696</b>
<b>Intangible assets</b>		
Software	895	3,085
Other	26,832	27,149
<b>Total intangible assets</b>	<b>27,728</b>	<b>30,235</b>
<b>Investments and other assets</b>		
Investments in capital	40	40
Long-term prepaid expenses	11,174	5,532
Investment securities	500	500
Deferred tax assets	132,253	175,282
Leasehold and guarantee deposits	574,463	583,675
Deposits for stores in preparation	10,800	–
Membership	950	950
<b>Total investments and other assets</b>	<b>730,181</b>	<b>765,980</b>
<b>Total non-current assets</b>	<b>16,866,187</b>	<b>16,707,912</b>
<b>Total assets</b>	<b>20,440,743</b>	<b>20,441,048</b>

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
<b>Liabilities</b>		
<b>Current liabilities</b>		
Current portion of long-term borrowings	1,467,192	1,525,092
Lease liabilities	255,461	261,821
Accounts payable - other	789,902	631,114
Accrued expenses	60,404	77,672
Income taxes payable	25,333	403,370
Contract liabilities	–	72,793
Advances received	42,986	–
Deposits received	12,759	9,463
Provision for point card certificates	13,810	–
Other	46	268,700
<b>Total current liabilities</b>	<b>2,667,896</b>	<b>3,250,028</b>
<b>Non-current liabilities</b>		
Long-term borrowings	7,888,536	6,863,444
Lease liabilities	2,981,456	2,819,005
Provision for retirement benefits	1,338	1,588
Provision for retirement benefits for directors (and other officers)	32,830	34,550
Asset retirement obligations	834,125	879,579
Guarantee deposits received	47,280	52,110
<b>Total non-current liabilities</b>	<b>11,785,566</b>	<b>10,650,276</b>
<b>Total liabilities</b>	<b>14,453,463</b>	<b>13,900,304</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	953,920	953,920
<b>Capital surplus</b>		
Legal capital surplus	878,920	878,920
Other capital surplus	508,518	508,518
<b>Total capital surplus</b>	<b>1,387,438</b>	<b>1,387,438</b>
<b>Retained earnings</b>		
Other retained earnings		
Reserve for special depreciation	32,793	–
Retained earnings brought forward	3,613,808	4,200,109
<b>Total retained earnings</b>	<b>3,646,602</b>	<b>4,200,109</b>
Treasury shares	(680)	(723)
<b>Total shareholders' equity</b>	<b>5,987,279</b>	<b>6,540,744</b>
<b>Total net assets</b>	<b>5,987,279</b>	<b>6,540,744</b>
<b>Total liabilities and net assets</b>	<b>20,440,743</b>	<b>20,441,048</b>

## Non-consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	4,739,254	6,345,315
Cost of sales	4,324,323	4,986,386
Gross profit	414,931	1,358,928
Selling, general and administrative expenses		
Promotion expenses	3,066	2,517
Sales commission	75,321	103,084
Provision for point card certificates	(440)	–
Remuneration for directors (and other officers)	69,053	69,001
Provision for retirement benefits for directors (and other officers)	5,910	5,445
Salaries and bonuses	91,654	98,654
Retirement benefit expenses	875	1,202
Rent expenses	20,915	11,047
Taxes and dues	29,980	39,951
Depreciation	1,502	1,731
Other	72,754	67,158
Total selling, general and administrative expenses	370,595	399,793
Operating profit	44,336	959,135
Non-operating income		
Interest income	22	21
Commission income	17,452	22,077
Rental income	2,263	2,290
Subsidy income	38,360	–
Other	13,126	46,888
Total non-operating income	71,224	71,277
Non-operating expenses		
Interest expenses	76,339	76,730
Other	12,673	16,043
Total non-operating expenses	89,012	92,773
Ordinary profit	26,548	937,638
Extraordinary income		
Gain on forgiveness of rental contracts	16,851	–
Total extraordinary income	16,851	–
Extraordinary losses		
Loss on changes in construction project	–	34,247
Total extraordinary losses	–	34,247
Profit before income taxes	43,399	903,391
Income taxes - current	19,930	378,737
Income taxes - deferred	13,397	(43,029)
Total income taxes	33,328	335,708
Profit	10,071	567,682

## Non-consolidated statements of changes in equity

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

Fiscal year ended March 31, 2022

(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	32,793	3,613,808	3,646,602	(680)
Changes during period								
Reversal of reserve for special depreciation					(32,793)	32,793	–	
Dividends of surplus						(14,175)	(14,175)	
Profit						567,682	567,682	
Purchase of treasury shares								(42)
Total changes during period					(32,793)	586,300	553,507	(42)
Balance at end of period	953,920	878,920	508,518	1,387,438	–	4,200,109	4,200,109	(723)

	Shareholders' equity	Total net assets
	Total shareholders' equity	
Balance at beginning of period	5,987,279	5,987,279
Changes during period		
Reversal of reserve for special depreciation	–	–
Dividends of surplus	(14,175)	(14,175)
Profit	567,682	567,682
Purchase of treasury shares	(42)	(42)
Total changes during period	553,464	553,464
Balance at end of period	6,540,744	6,540,744

## Non-consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	43,399	903,391
Depreciation	684,540	764,413
Increase (decrease) in provision for retirement benefits for directors (and other officers)	5,910	1,720
Other extraordinary loss (income)	(16,851)	19,247
Increase (decrease) in provision for retirement benefits	875	249
Interest and dividend income	(22)	(21)
Interest expenses	76,339	76,730
Amortization of share issuance costs	1,268	–
Decrease (increase) in trade receivables	(58,614)	(90,067)
Decrease (increase) in inventories	(2,941)	2,591
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	(420,244)	484,985
Decrease (increase) in other assets	6,833	15,488
Increase (decrease) in other liabilities	67,515	(35,525)
Subtotal	388,007	2,143,201
Interest and dividends received	22	21
Interest paid	(76,412)	(76,478)
Income taxes paid	(321,997)	(10,274)
Net cash provided by (used in) operating activities	(10,379)	2,056,470
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,072,141)	(509,876)
Payments of guarantee deposits	(10,125)	(448)
Proceeds from cancellation of insurance funds	7,194	–
Other, net	9,170	(5,794)
Net cash provided by (used in) investing activities	(2,065,902)	(516,118)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(250,000)	–
Proceeds from long-term borrowings	3,200,000	500,000
Repayments of long-term borrowings	(1,467,884)	(1,467,192)
Dividends paid	(85,037)	(14,178)
Purchase of treasury shares	(87)	(42)
Repayments of lease liabilities	(242,056)	(262,207)
Net cash provided by (used in) financing activities	1,154,935	(1,243,621)
Net increase (decrease) in cash and cash equivalents	(921,347)	296,730
Cash and cash equivalents at beginning of period	3,903,086	2,981,739
Cash and cash equivalents at end of period	2,981,739	3,278,470