

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Non-Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)

May 10, 2023

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 27, 2023
 Scheduled date to file Securities Report: June 29, 2023
 Scheduled date to commence dividend payments: June 28, 2023
 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, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2023	8,796	38.6	2,976	210.4	2,924	211.9	1,807	218.3
Year ended March 31, 2022	6,345	33.9	959	–	937	–	567	–

	Earnings per share	Diluted earnings per share	Profit/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2023	127.48	–	24.4	13.9	33.8
Year ended March 31, 2022	40.05	–	9.1	4.6	15.1

(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, 2023	21,611	8,291	38.4	584.88
As of March 31, 2022	20,441	6,540	32.0	461.41

(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, 2023	2,996	(194)	(1,303)	4,777
Year ended March 31, 2022	2,056	(516)	(1,243)	3,278

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, 2022	–	0.00	–	4.00	4.00	56	10.0	0.8
Year ended March 31, 2023	–	0.00	–	12.00	12.00	170	9.4	2.1
Year ending March 31, 2024 (Forecast)	–	0.00	–	12.00	12.00		9.5	

3. Forecast of non-consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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, 2023	4,400	10.0	1,416	19.2	1,386	19.3	859	23.6	60.62
Full year	9,000	2.3	2,960	(0.6)	2,900	(0.8)	1,800	(0.4)	126.98

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, 2023	14,176,000 shares	As of March 31, 2022	14,176,000 shares
----------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of March 31, 2023	382 shares	As of March 31, 2022	351 shares
----------------------	------------	----------------------	------------

Average number of shares during the period

Year ended March 31, 2023	14,175,629 shares	Year ended March 31, 2022	14,175,669 shares
---------------------------	-------------------	---------------------------	-------------------

Non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	3,278,470	4,777,649
Accounts receivable - trade	368,012	616,904
Supplies	18,391	22,410
Prepaid expenses	59,862	60,391
Other	8,398	13,276
Total current assets	3,733,135	5,490,632
Non-current assets		
Property, plant and equipment		
Buildings	13,352,382	13,715,897
Accumulated depreciation	(2,568,012)	(2,975,852)
Buildings, net	10,784,370	10,740,045
Structures	726,738	732,564
Accumulated depreciation	(277,921)	(321,271)
Structures, net	448,816	411,293
Machinery and equipment	79,974	79,974
Accumulated depreciation	(40,109)	(47,946)
Machinery and equipment, net	39,864	32,028
Tools, furniture and fixtures	264,043	273,774
Accumulated depreciation	(206,208)	(227,888)
Tools, furniture and fixtures, net	57,835	45,886
Land	989,154	962,809
Leased assets	4,054,940	4,200,145
Accumulated depreciation	(1,044,958)	(1,328,026)
Leased assets, net	3,009,981	2,872,119
Construction in progress	581,673	220,950
Total property, plant and equipment	15,911,696	15,285,132
Intangible assets		
Software	3,085	2,305
Other	27,149	25,785
Total intangible assets	30,235	28,090
Investments and other assets		
Investment securities	500	500
Investments in capital	40	40
Long-term prepaid expenses	5,532	3,813
Deferred tax assets	175,282	216,838
Leasehold and guarantee deposits	583,675	585,737
Membership	950	950
Total investments and other assets	765,980	807,879
Total non-current assets	16,707,912	16,121,102
Total assets	20,441,048	21,611,734

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Current portion of long-term borrowings	1,525,092	1,547,394
Lease liabilities	261,821	316,213
Accounts payable - other	631,114	702,815
Accrued expenses	77,672	95,583
Income taxes payable	403,370	954,399
Contract liabilities	72,793	82,503
Deposits received	9,463	8,604
Other	268,700	274,651
Total current liabilities	3,250,028	3,982,164
Non-current liabilities		
Long-term borrowings	6,863,444	5,720,240
Lease liabilities	2,819,005	2,638,877
Provision for retirement benefits	1,588	2,823
Provision for retirement benefits for directors (and other officers)	34,550	41,640
Asset retirement obligations	879,579	889,260
Guarantee deposits received	52,110	45,670
Total non-current liabilities	10,650,276	9,338,511
Total liabilities	13,900,304	13,320,676
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		
Retained earnings brought forward	4,200,109	5,950,467
Total retained earnings	4,200,109	5,950,467
Treasury shares	(723)	(766)
Total shareholders' equity	6,540,744	8,291,058
Total net assets	6,540,744	8,291,058
Total liabilities and net assets	20,441,048	21,611,734

Non-consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	6,345,315	8,796,150
Cost of sales	4,986,386	5,307,282
Gross profit	1,358,928	3,488,868
Selling, general and administrative expenses		
Promotion expenses	2,517	5,520
Sales commission	103,084	130,574
Remuneration for directors (and other officers)	69,001	89,440
Provision for retirement benefits for directors (and other officers)	5,445	7,090
Salaries and bonuses	98,654	118,219
Retirement benefit expenses	1,202	1,373
Rent expenses	11,047	14,801
Taxes and dues	39,951	67,996
Depreciation	1,731	1,400
Other	67,158	75,765
Total selling, general and administrative expenses	399,793	512,183
Operating profit	959,135	2,976,684
Non-operating income		
Interest income	21	25
Commission income	22,077	25,132
Rental income	2,290	4,398
Subsidy income	35,244	4,811
Other	11,643	5,656
Total non-operating income	71,277	40,023
Non-operating expenses		
Interest expenses	76,730	72,546
Compensation Income for loss claims	10,910	16,368
Other	5,133	3,633
Total non-operating expenses	92,773	92,548
Ordinary profit	937,638	2,924,160
Extraordinary income		
Gain on sale of non-current assets	–	27,584
Total extraordinary income	–	27,584
Extraordinary losses		
Loss on changes in construction project	34,247	–
Loss on retirement of non-current assets	–	859
Impairment losses	–	84,133
Total extraordinary losses	34,247	84,992
Profit before income taxes	903,391	2,866,752
Income taxes - current	378,737	1,101,247
Income taxes - deferred	(43,029)	(41,555)
Total income taxes	335,708	1,059,691
Profit	567,682	1,807,060

Non-consolidated statements of changes in equity

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

Fiscal year ended March 31, 2023

(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	–	4,200,109	4,200,109	(723)
Changes during period								
Reversal of reserve for special depreciation								
Dividends of surplus						(56,702)	(56,702)	
Profit						1,807,060	1,807,060	
Purchase of treasury shares								(43)
Total changes during period						1,750,358	1,750,358	(43)
Balance at end of period	953,920	878,920	508,518	1,387,438	–	5,950,467	5,950,467	(766)

	Shareholders' equity	Total net assets
	Total shareholders' equity	
Balance at beginning of period	6,540,744	6,540,744
Changes during period		
Reversal of reserve for special depreciation		
Dividends of surplus	(56,702)	(56,702)
Profit	1,807,060	1,807,060
Purchase of treasury shares	(43)	(43)
Total changes during period	1,750,314	1,750,314
Balance at end of period	8,291,058	8,291,058

Non-consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	903,391	2,866,752
Depreciation	764,413	766,877
Increase (decrease) in provision for retirement benefits for directors (and other officers)	1,720	7,090
Other extraordinary loss (income)	19,247	–
Increase (decrease) in provision for retirement benefits	249	1,235
Gain on sale of non-current assets	–	(27,584)
Loss on retirement of non-current assets	–	859
Impairment losses	–	84,133
Interest and dividend income	(21)	(25)
Interest expenses	76,730	72,546
Decrease (increase) in trade receivables	(90,067)	(248,891)
Decrease (increase) in inventories	2,591	(4,019)
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	484,985	5,949
Decrease (increase) in other assets	15,488	(3,974)
Increase (decrease) in other liabilities	(35,525)	116,413
Subtotal	2,143,201	3,637,361
Interest and dividends received	21	25
Interest paid	(76,478)	(72,259)
Income taxes paid	(10,274)	(568,138)
Net cash provided by (used in) operating activities	2,056,470	2,996,988
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	–	187,922
Purchase of property, plant and equipment	(509,876)	(376,622)
Payments of guarantee deposits	(448)	(4,843)
Other, net	(5,794)	(883)
Net cash provided by (used in) investing activities	(516,118)	(194,427)
Cash flows from financing activities		
Proceeds from long-term borrowings	500,000	600,000
Repayments of long-term borrowings	(1,467,192)	(1,720,902)
Dividends paid	(14,178)	(56,701)
Purchase of treasury shares	(42)	(43)
Repayments of lease liabilities	(262,207)	(270,941)
Proceeds from sale and leaseback transactions	–	145,205
Net cash provided by (used in) financing activities	(1,243,621)	(1,303,383)
Net increase (decrease) in cash and cash equivalents	296,730	1,499,178
Cash and cash equivalents at beginning of period	2,981,739	3,278,470
Cash and cash equivalents at end of period	3,278,470	4,777,649