

First Section of the Tokyo Stock Exchange
(Securities Identification Code: 8864)
<https://www.afc.jp/>

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Reference Materials for Results Briefing

for Fiscal Year Ended in March 2021

May 28, 2021

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- I. Outline of the consolidated financial statements for fiscal year ended in March 2021
- II. Forecast on the consolidated performance for fiscal year ending in March 2022
- III. Dividend distribution
- IV. (1) Engagement in environmental business
(2) Other engagements

I. Outline of the consolidated financial statements
for fiscal year ended in March 2021

**Consolidated PL for fiscal year
ended in March 2021**

- ◇ Reporting an extraordinary loss due to COVID-19
- ◇ Operating income increased from the outlook

Unit: million yen

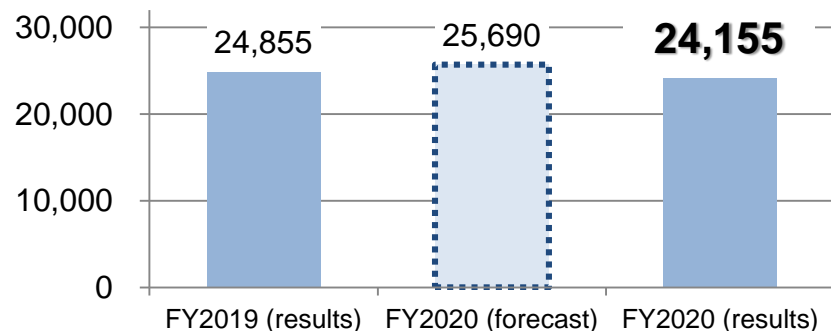
Net sales

[Year on year]

[Compared to outlook]

-700 million yen (-2.8%)

-1,535 million yen (-5.9%)



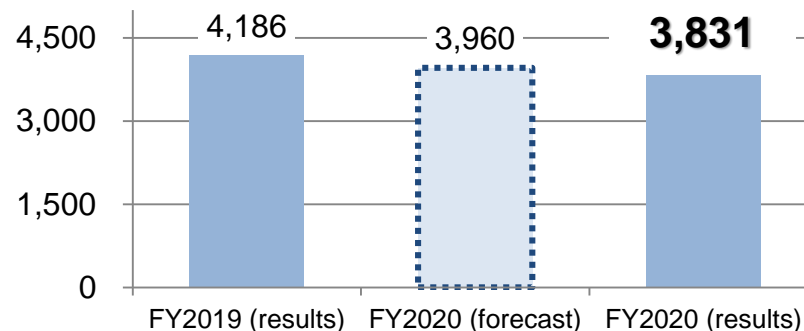
Operating income

[Year on year]

[Compared to outlook]

-354 million yen (-8.4%)

-129 million yen (-3.2%)



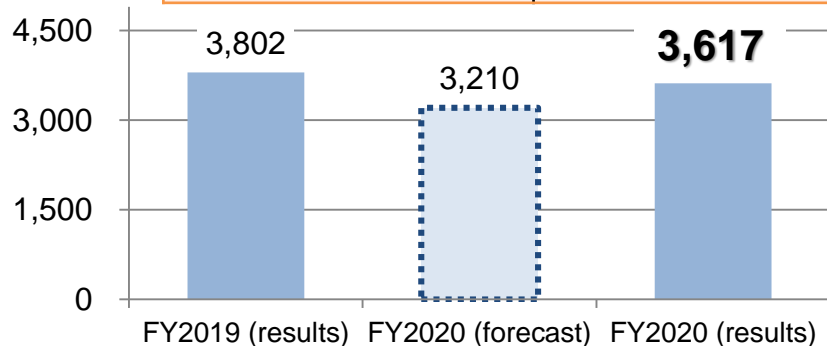
Ordinary income

[Year on year]

[Compared to outlook]

-184 million yen (-4.8%)

+407 million yen (+12.6%)



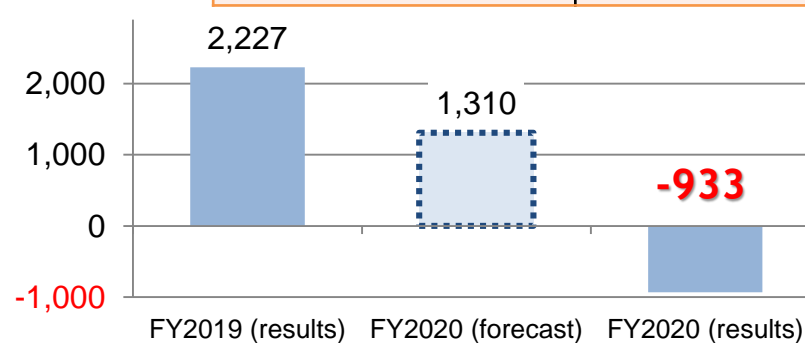
Current profit

[Year on year]

[Compared to outlook]

-3,161 million yen (—%)

-2,243 million yen (—%)



* Current profit attributable to owners of parent

I. Outline of the consolidated financial statements
for fiscal year ended in March 2021

Impact of COVID-19 on the Performance of Our Company in FY2020

<Outline>

- ❑ Decrease in sales due to decrease in the use of water in line with the decline in the number of airport users
- ❑ Exempting some rent and heating charge claims of clients affected by COVID-19, reported as an extraordinary loss
- ❑ Impairment loss of about 3.1 billion yen for properties rented for hotels in Kyoto, recorded as an extraordinary loss

Decrease in the use of water and sewage	Amount of claims exempted	Recording of the impairment loss on hotels
Approx. 1 billion yen (Decrease in sales)	Approx. 1.4 billion yen in total (Extraordinary loss)	Approx. 3.1 billion yen (Extraordinary loss)

<Impact on the performance of our company>

- ❑ Those mentioned above are temporary losses due to the impact of COVID-19, and have no significant impact on the business profitability or the financial conditions of our company.

I. Outline of the consolidated financial statements
for fiscal year ended in March 2021

**Trend of the business performance
for fiscal year ending in March 2021**

**Net sales and operating income by quarter
for fiscal year ended in March 2021**

Unit: million yen

	1Q	2Q	3Q	4Q
Net sales	5,932	6,249	5,954	6,019
Operating income	1,185	1,064	1,118	462
Ordinary income	1,182	971	1,079	384
Net profit	707	265	621	-2,527

Reporting an
extraordinary loss
due to the exemption
of claims

Reporting an extraordinary loss due to the
exemption of claims and impairment loss
for properties rented for hotels in Kyoto

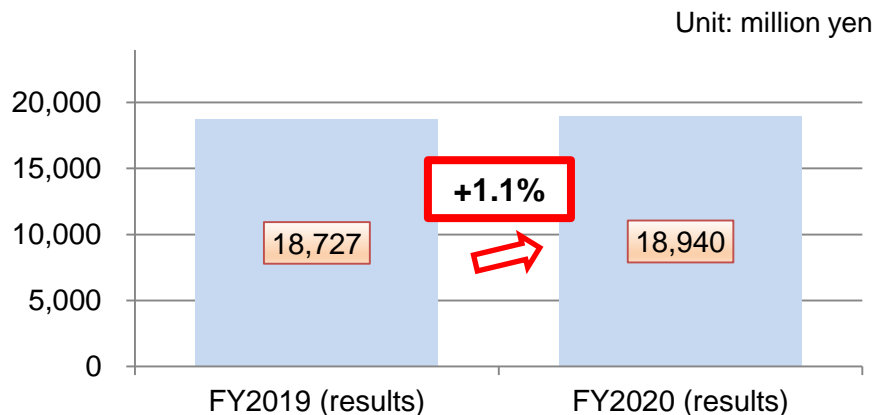
Reporting expenses involved in
the acquisition of a dormitory
for international students

- ◇ Securing net sales against a background of stable fixed income
- ◇ Reporting temporary expenses involved in the acquisition of a dormitory for international students
- ◇ Reporting an extraordinary loss due to the exemption of claims and impairment loss, affected by COVID-19

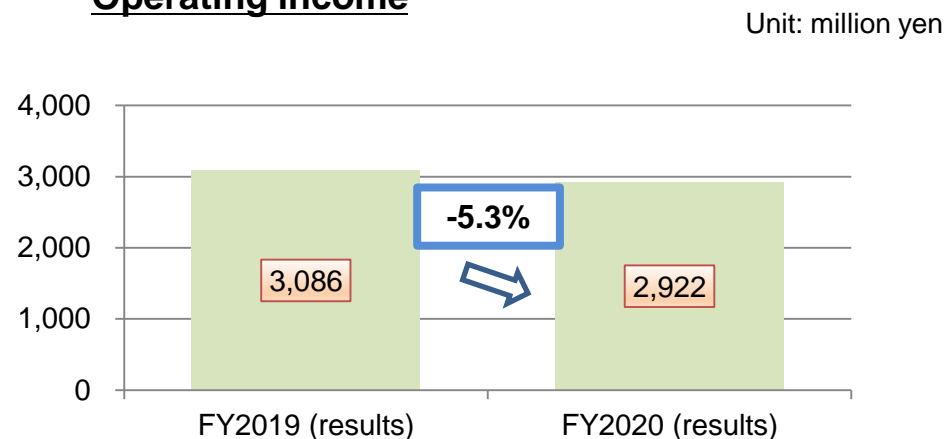
I. Outline of the consolidated financial statements for fiscal year ended in March 2021

Real estate business

Net sales



Operating income



<Net sales>

- ◇ Net sales increased by 1.1% year on year due to the all-year operation of properties acquired in FY2019.

<Operating income>

- ◇ Operating income decreased by 5.3% year on year due to increase in repair expenses (promotion of energy saving, etc.), reporting of taxes and other public charges involved in the dormitory for international students, etc.

I. Outline of the consolidated financial statements
for fiscal year ended in March 2021

Real estate business

◇ **Provision of Kanazawa-Hakkei International Community Plaza
(dormitory for international students) started from March 2021**

Use	Students' dormitory (3F - 6F) Commercial tenants' space (1F - 2F) * Tenants include drugstores and clinics
Date of construction completion	March 1, 2021
Area	Total floor area: 9,582 m ²
Provided to	Kanto Gakuin University, each commercial tenant

- Provision of a dormitory for students, which is the first case for our company
- Our company rented the vacant land owned by Kanto Gakuin and constructed a student dormitory.
- Service started from March 2021, and is expected to contribute to our business performance in FY2021 and thereafter.



External appearance

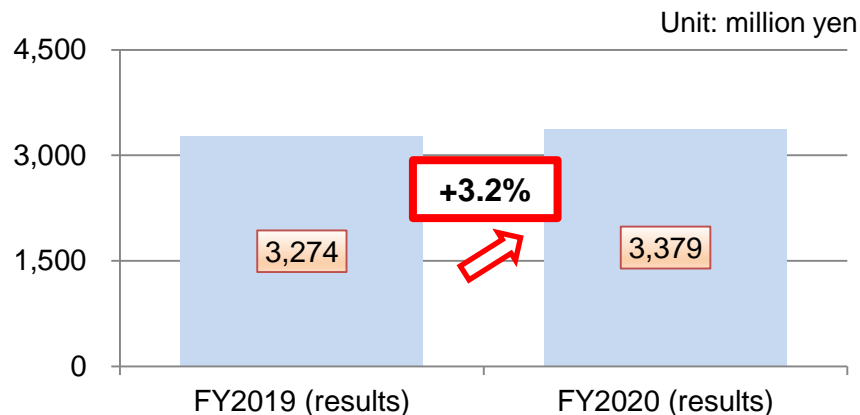


Interior (lounge area)

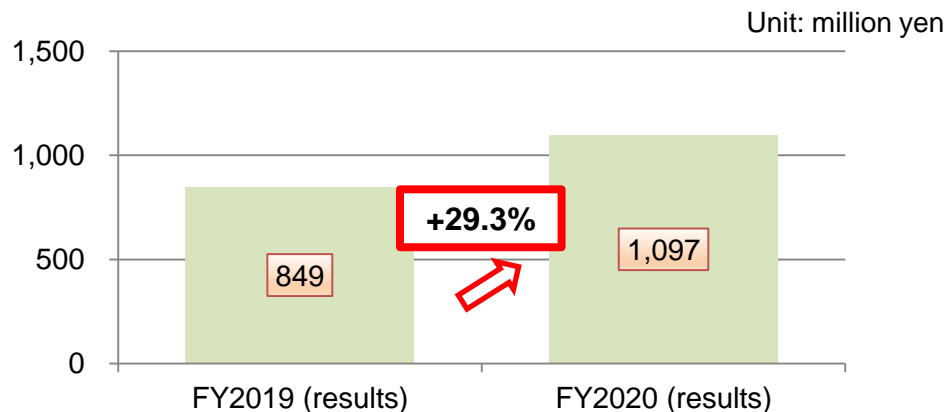
I. Outline of the consolidated financial statements for fiscal year ended in March 2021

Area heating and cooling business

Net sales



Operating income



<Net sales>

- While there was a decrease in demand due to the spread of COVID-19 infection, there were also an increase in supply destinations with the partial enlargement of Terminal 2 of Haneda Airport, and net sales increased by 3.2% from the previous year.

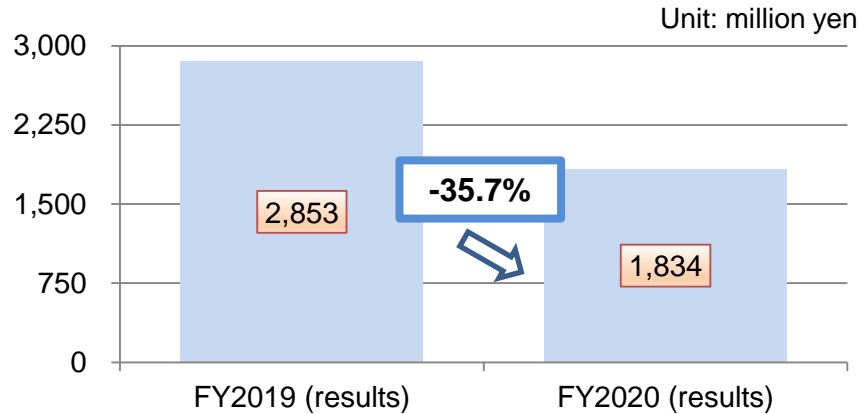
<Operating income>

- Due to a decrease in expenses, including fuel (electricity/gas) and repair expenses, operating income increased by 29.3% year on year.

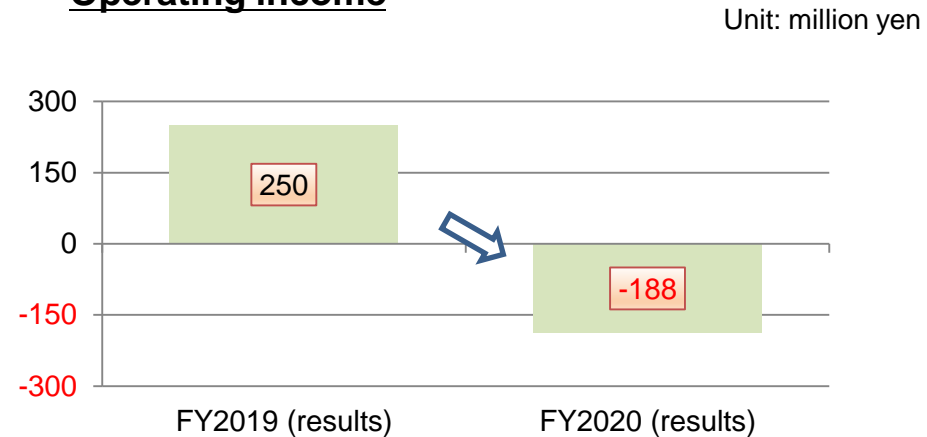
I. Outline of the consolidated financial statements for fiscal year ended in March 2021

Water supply and drainage business and other businesses

Net sales



Operating income



<Net sales>

- ◇ Net sales decreased by 35.7% year on year due to significant decrease in the use of water in line with a decline in the number of airport users due to the spread of COVID-19 infection.

<Operating income>

- ◇ Due to significant decrease in net sales, operating income decreased by 430 million yen.

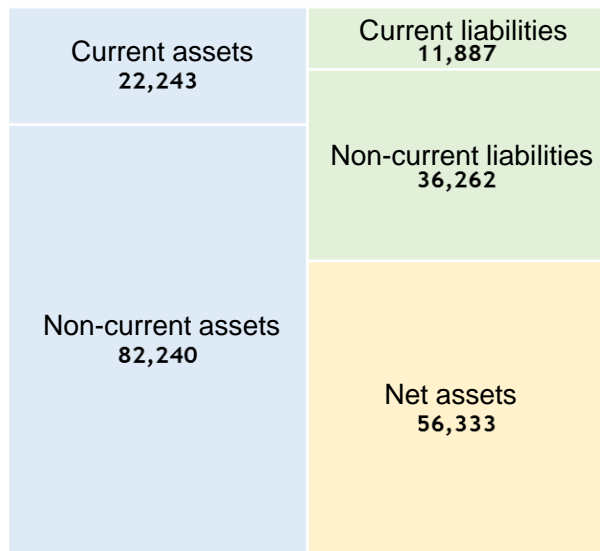
* Other businesses: local area communication network business and photovoltaic power generation business are implemented

I. Outline of the consolidated financial statements
for fiscal year ended in March 2021

Financial conditions [Consolidated balance sheet]

End of March 2020

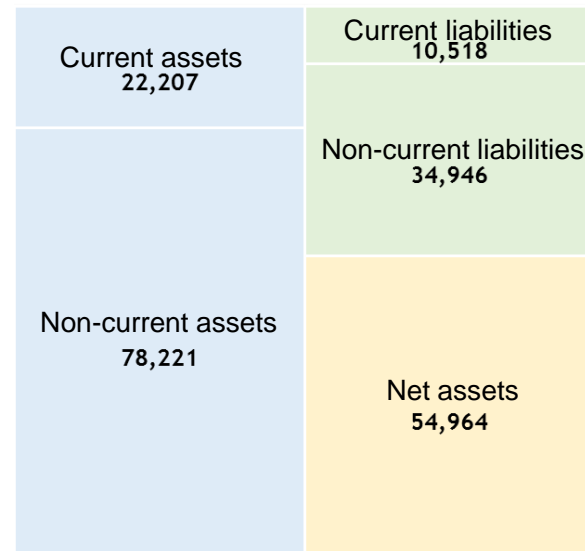
Unit: million yen



Total assets
Decreased by
4,054 million yen

End of March 2021

Unit: million yen



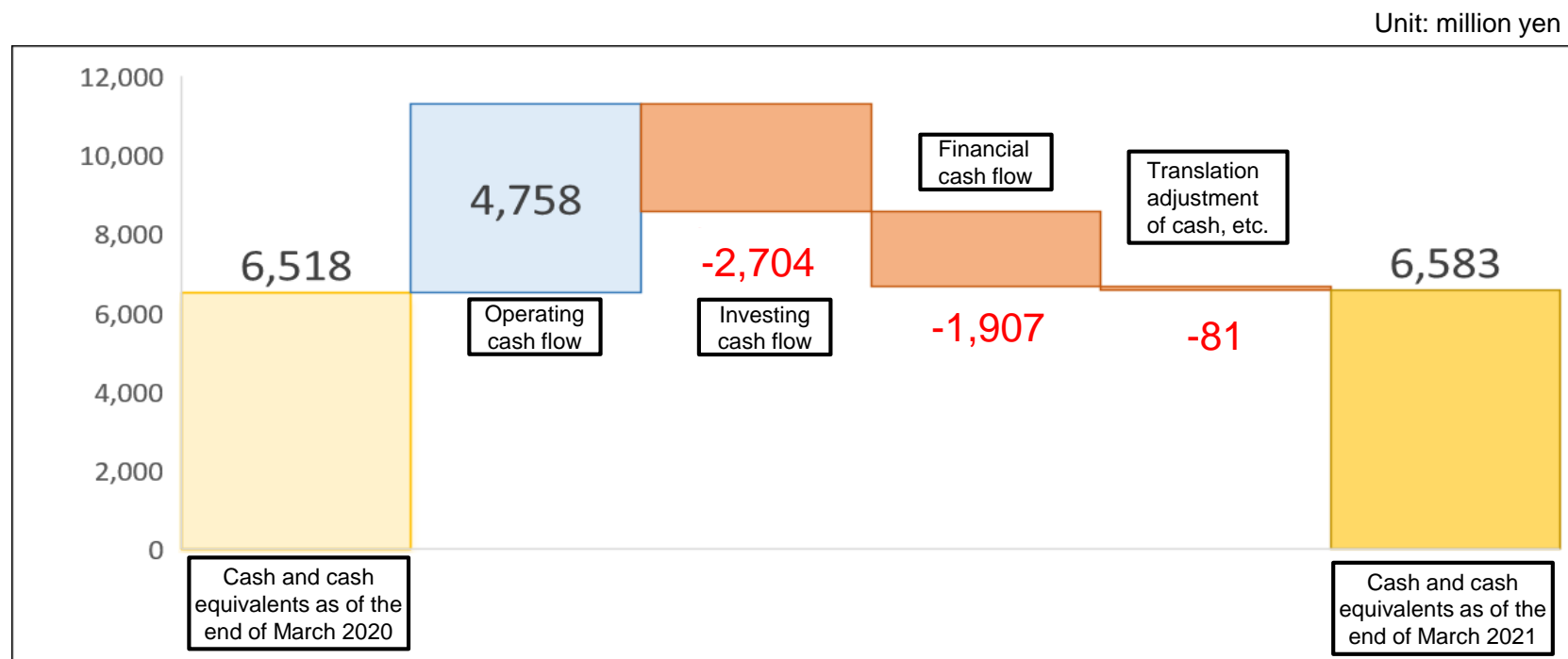
Amount of total assets	104.4 billion yen
Net assets per share	1,080 yen
Equity ratio	51.5%

Amount of total assets	100.4 billion yen
Net assets per share	1,049 yen
Equity ratio	52.1%

- (Assets)** Increase in line with the acquisition of Kanazawa-Hakkei International Community Plaza, decrease with impairment loss for hotels in Kyoto
- (Liabilities)** Decrease in accrued expenses in line with decrease in long-term debts and the payment of annual use fee for national government assets
- (Net assets)** Decrease due to current loss attributable to owners of parent, etc.

I. Outline of the consolidated financial statements
for fiscal year ended in March 2021

Financial condition [Consolidated cash flow]



Cash flows from operating activities	Comprised mainly of profits from operating activities, from which the acquisition of lease receivables and the payment of corporation tax are deducted, and the reversal of depreciation expenses/impairment loss and income due to the collection of business loans added
Cash flows from investing activities	Mainly expenses in line with the acquisition of non-current assets such as the new construction of Kanazawa-Hakkei International Community Plaza
Cash flows from financing activities	Mainly expenses associated with the repayment of debts and the payment of dividends

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(2) Other engagements

II. Forecast on the consolidated performance for fiscal year ending in March 2022

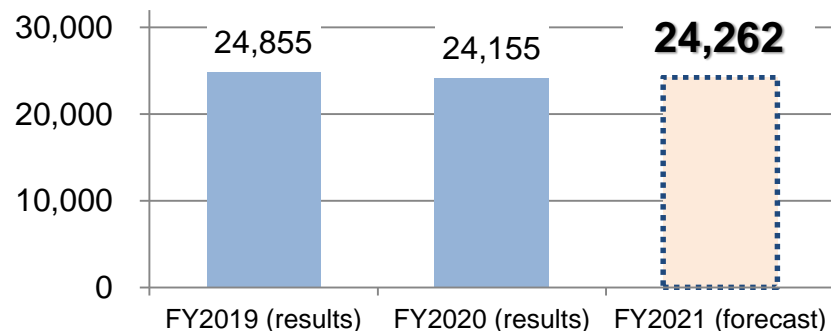
Consolidated PL

- ◇ Stable sales are expected for real estate business and area heating and cooling business throughout the year
- ◇ Gradual recovery of aviation demand is expected in line with the progress of vaccination

Net sales

[Year on year]

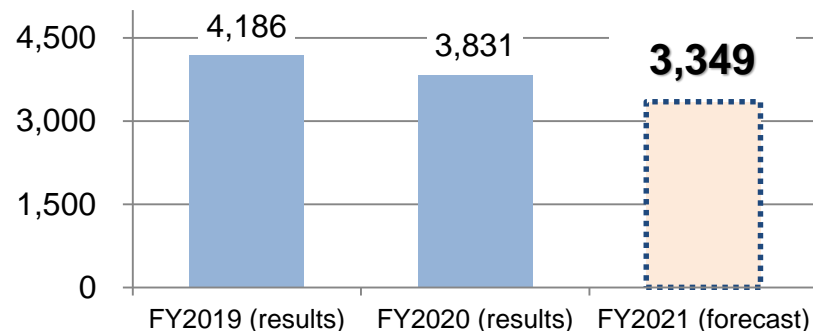
+107 million yen (+0.4%)



Operating income

[Year on year]

-482 million yen (-12.5%)

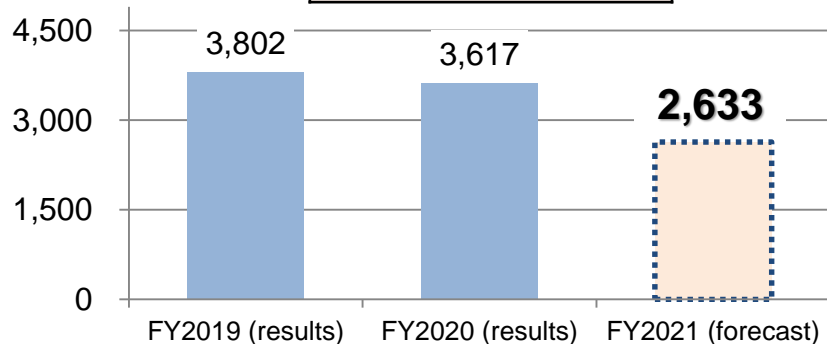


Unit: million yen

Ordinary income

[Year on year]

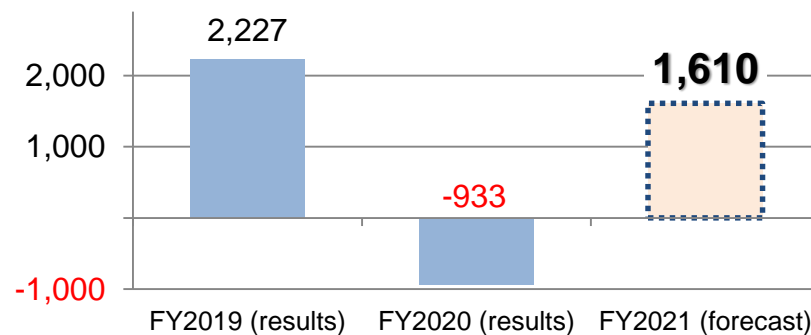
-984 million yen (-27.2%)



Current profit

[Year on year]

+2,543 million yen (—%)



* Current profit attributable to owners of parent

II. Forecast on the consolidated performance for fiscal year ending in March 2022

By business segment

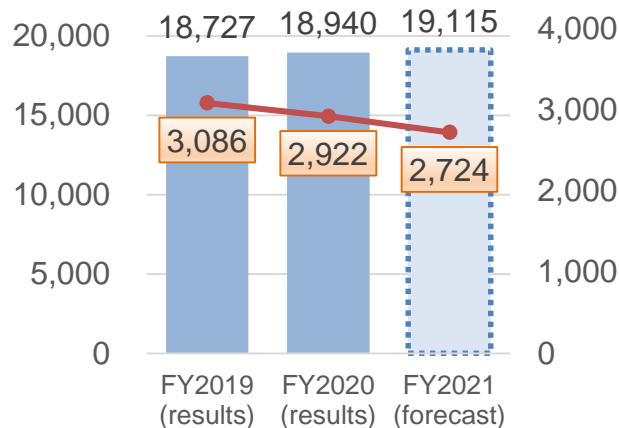
■ : Net sales (bar graph, left axis)

■ : Operating income (line graph, right axis)

Unit: million yen

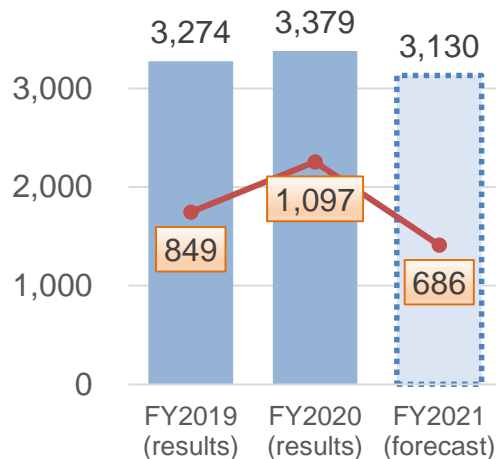
Real estate business

Year on year
(Net sales) +175 million yen (+0.9%)
(Operating income) -198 million yen (-6.7%)



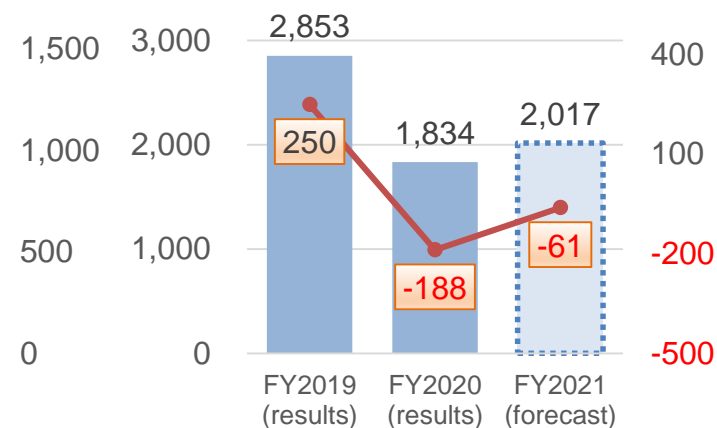
Area heating and cooling business

Year on year
(Net sales) -249 million yen (-7.3%)
(Operating income) -411 million yen (-37.4%)



Water supply and drainage business and other businesses

Year on year
(Net sales) +183 million yen (+9.9%)
(Operating income) +127 million yen (—%)



<Major factors for increase/decrease>

[Net sales]

- Effect of increase in income by the full-year operation of the dormitory for international students

[Net sales]

- Demand is expected to be generally at the same level as the previous year

[Net sales]

- Gradual recovery from the decrease in sales of water supply and drainage due to the impact of COVID-19 is expected

[Operating income]

- Operating income decreased partly due to increases in selling, general and administrative expenses (including research expenses and personnel expenses)

[Operating income]

- Operating income decreased due to increase in cost of sales (raw material expenses/repair expenses)

[Operating income]

- Decrease in loss according to increase in net sales

II. Forecast on the consolidated performance for fiscal year ending in March 2022

Establishment of the Medium-term Management Plan and a long-term vision

<Medium-term Management Plan>

- The Medium-term Management Plan starting from FY2022 will be established to show specific plans for about three years from now on.

<Long-term vision>

- A long-term vision showing further growth after the COVID-19 pandemic will be established.

By showing our medium- and long-term visions, we will work for our investors to understand our mindset of trying to secure sustainable growth.

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Annual dividend

Fiscal year ending in March 2021

Annual dividend per share

14 yen (forecast)

Year-end dividend:

7 yen (forecast)

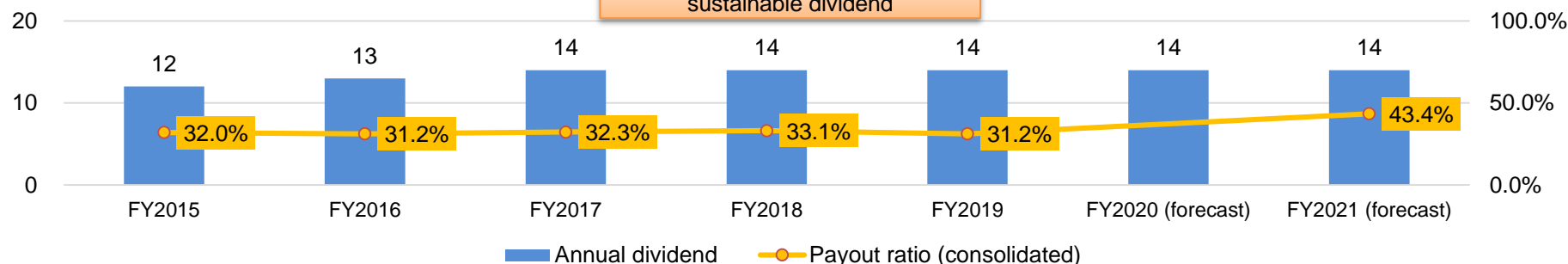
Fiscal year ending in March 2022

Annual dividend per share

14 yen (forecast)

**Interim dividend 7 yen
+ year-end dividend 7 yen**

Changes in annual dividends



- Our company places importance on the return of profits to our shareholders, and is planning to maintain an annual dividend of 14 yen per share for both FY2020 and FY2021, comprehensively considering the financial conditions.

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IV. (1) Engagement in environmental business

Our company's efforts in reducing the emission of CO₂ (photovoltaic power generation business)

[Projects utilizing the FIT system] * Results for FY2020

Completion of construction and start of operation		Name of the facility	Location of installation	Annual power generation
2013	10	Honsanrizuka Solar Power Plant	Narita City, Chiba Prefecture	Approx. 690,000 kwh
2014	3	Kagoshima Airport No.1/No.2 hangar and warehouse (rooftop)	Kagoshima Airport	Approx. 360,000 kwh
2016	1	Gifu Mizunami Solar Power Plant	Mizunami City, Gifu Prefecture	Approx. 1,400,000 kwh
2018	1	TRC Distribution B Building Rooftop Solar Power Plant	Heiwajima, Ota-ku	Approx. 2,500,000 kwh

[Project for self-consumption] * When in full-year operation

Completion of construction and start of operation		Name of the facility	Location of installation	Annual power generation
2020	12	Haneda Airport Domestic cargo terminal (rooftop)	Haneda Airport	Approx. 1,200,000 kwh



[TRC Distribution B Building Rooftop Solar Power Plant]



[Solar panel on the rooftop of Kagoshima Hangar]



[Gifu Mizunami Solar Power Plant]

[Recent topics]

Haneda Airport domestic cargo terminal



Name of the facility	Air cargo terminal facilities	
	E-4 Building	W-1 Building
Annual power generation	872,000 kwh	323,000 kwh
Installed area	4,672 m ²	1,723 m ²
Start of operation	December 2020	
Financing	Green bond (private placement bond) is issued to cover a part of investment	
Other	Receiving subsidies from the Tokyo Metropolitan Government	

IV. (1) Engagement in environmental business

Establishment of the Environmental Business Promotion Project Team

- Our company organized an in-house cross-sectoral project team to actively work with environmental business regarding SDG efforts.

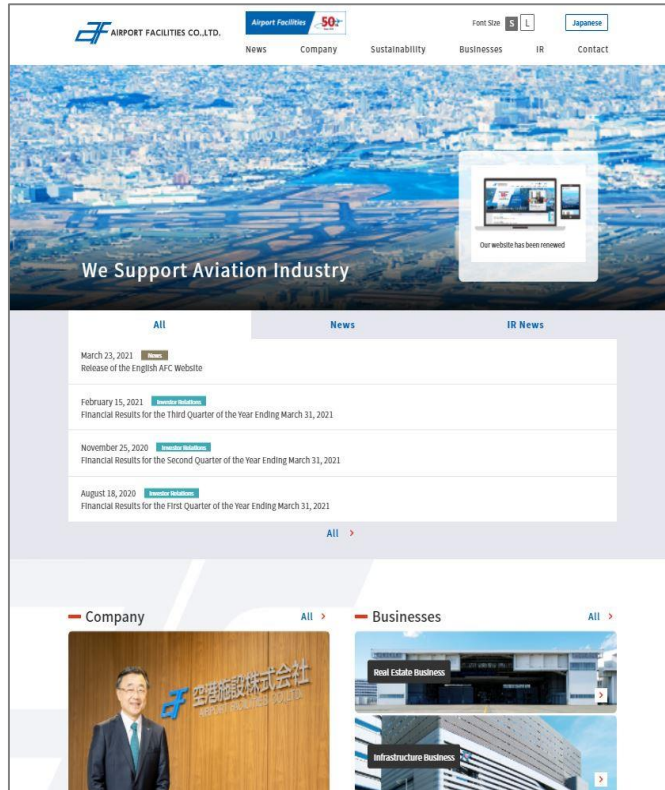
Name of the working group	Purpose	Activities
Environmental Initiatives Management WG	Setting CO ₂ reduction goal	Consider specific measures for reduction and the effects of reduction, and set a plan for reduction (goal, schedule, etc.)
Environmental Business (Eco-Airport) Promotion WG	Promotion of environmental business (eco-airport)	Consider and promote initiatives towards the future, mainly regarding renewable energy business including photovoltaic power generation projects that are already being promoted.
Biomass Power Generation Promotion WG	Promotion of biomass power generation	Biomass power generation will be considered as our potential projects for the future
New Technology WG	Consideration of new business utilizing new technologies	Initiatives utilizing new technologies including hydrogen and fuel cells will be considered

Civil Aviation Bureau of the Ministry of Land, Infrastructure, Transport and Tourism launched a committee on CO₂ reduction in the airport sector to achieve the goal of realizing a carbon-neutral and decarbonized society by 2050.
Our company is participating in the committee as an observer.

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IV. (2) Other engagements

Renewal of English website



Front page

Full renewal of the English website of the company

The English website contains an equivalent amount of information to the Japanese website. We recommend the website for English speakers.

<https://www.afc.jp/english/>

Introduction of English email distribution service to subscribers

We introduced a service to distribute emails in English so that the information of our company becomes available also to investors overseas

Registration for English email distribution service

<https://www.afc.jp/english/ir/mailmag.html>

Registration for Japanese email distribution service

<https://www.afc.jp/ir/mailmag.html>

We aim to further improve our corporate value by providing the information of the company also to people overseas.

Disclaimer

Please note

- This reference material is not for soliciting investments.
- Descriptions regarding future forecasts are based on information currently available, and the results may turn out differently depending on changes in the business environment, etc.
- Investors are recommended to make important decisions at their own discretion.

This reference material is also available on our company website.

<https://www.afc.jp/>

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