

## Financial Results for the Second Quarter of the Year Ending March 31, 2023 [J-GAAP] (Consolidated)

Company Name: AIRPORT FACILITIES CO., LTD. (AFC)  
 Stock Exchange Listed on: Tokyo Stock Exchange (Prime Market)  
 Company Code: 8864 URL: <https://www.afc.jp/english/>  
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 The Date of Filing the Quarterly Securities Report: November 1, 2022  
 The Date of the Dividend Payment Start: November 25, 2022  
 Preparation of Quarterly Earnings Presentation Material: Yes  
 Holding of Quarterly Earnings Announcement: Yes (for analysts)

(Figures are rounded off to the nearest million yen.)

### 1. Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 2023 (April 1, 2022 - September 30, 2022)

(1) Consolidated Business Results (Percentages are changes from the same period of the previous year.)

|                        | Net sales       |       | Operating income |        | Ordinary income |        | Profit attributable to owners of parent |       |
|------------------------|-----------------|-------|------------------|--------|-----------------|--------|---|-------|
| First six months ended | Millions of yen | %     | Millions of yen  | %      | Millions of yen | %      | Millions of yen                         | %     |
| September 30, 2022     | 12,715          | 6.6   | 1,807            | (12.8) | 1,699           | (13.6) | 1,297                                   | (0.8) |
| September 30, 2021     | 11,922          | (2.1) | 2,073            | (7.8)  | 1,968           | (8.5)  | 1,308                                   | 34.5  |

(Note) Comprehensive income: First six months ended September 30, 2022: 2,568 million yen 40.2%  
 First six months ended September 30, 2021: 1,831 million yen 108.5%

|                        | Basic earnings per share | Diluted earnings per share |
|------------------------|--------------------------|----------------------------|
| First six months ended | Yen                      | Yen                        |
| September 30, 2022     | 25.95                    | 25.89                      |
| September 30, 2021     | 26.20                    | 26.11                      |

### (2) Consolidated Financial Position

|                          | Total assets    | Net assets      | Equity ratio | Net assets per share |
|--------------------------|-----------------|-----------------|--------------|----------------------|
|                          | Millions of yen | Millions of yen | %            | Yen                  |
| As of September 30, 2022 | 103,186         | 57,511          | 53.2         | 1,097.53             |
| As of March 31, 2022     | 102,468         | 55,306          | 51.4         | 1,055.28             |

(Reference) Equity capital: As of September 30, 2022: 54,918 million yen As of March 31, 2022: 52,701 million yen

### 2. Dividends

|                                      | Dividends per share |      |     |      |        |
|--------------------------------------|---------------------|------|-----|------|--------|
|                                      | Q1                  | Q2   | Q3  | Q4   | Annual |
|                                      | Yen                 | Yen  | Yen | Yen  | Yen    |
| FY ended March 31, 2022              | —                   | 7.00 | —   | 7.00 | 14.00  |
| FY ending March 31, 2023             | —                   | 7.00 |     |      |        |
| FY ending March 31, 2023 (Forecasts) |                     |      | —   | 7.00 | 14.00  |

(Note) Changes in the latest forecasts released: No

### 3. Forecast of Consolidated Earnings for the Year Ending March 2023 (April 1, 2022 - March 31, 2023)

(Percentages are changes from the same period of the previous year.)

|                  | Net sales       |     | Operating income |        | Ordinary income |        | Profit attributable to owners of parent |      | Basic earnings per share |
|------------------|-----------------|-----|------------------|--------|-----------------|--------|---|------|--------------------------|
|                  | Millions of yen | %   | Millions of yen  | %      | Millions of yen | %      | Millions of yen                         | %    | Yen                      |
| Full fiscal year | 24,443          | 2.8 | 2,083            | (36.4) | 1,597           | (46.0) | 1,310                                   | 59.5 | 26.23                    |

(Note) Changes in the latest forecasts released: No

**\* Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting from changes in scope of consolidation): No

(2) Application of specific accounting treatments in preparing the quarterly consolidated financial statements: Yes

Note: For details, please refer to “2. Quarterly Consolidated Financial Statements and Major Notes (3) Notes on Quarterly Consolidated Financial Statements (Application of Specific Accounting Treatments in Preparing the Quarterly Consolidated Financial Statements)” on page 9.

(3) Changes in accounting policies, changes in accounting estimates, and restatement of revisions

1) Changes in accounting policies with revision of accounting standards, etc.: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: Yes

4) Restatement of revisions: No

Note: For details, please refer to “2. Quarterly Consolidated Financial Statements and Major Notes (3) Notes on Quarterly Consolidated Financial Statements (Changes in Accounting Policies) and (Changes in accounting estimates)” on page 9.

(4) Number of issued shares (common shares)

|  |   |                   |   |                   |
|--|---|-------------------|---|-------------------|
| 1) Number of issued shares<br>(including treasury stock) | As of September 30, 2022:                     | 52,979,350 shares | As of March 31, 2022:                         | 52,979,350 shares |
| 2) Number of treasury stock                              | As of September 30, 2022:                     | 2,941,589 shares  | As of March 31, 2022:                         | 3,038,541 shares  |
| 3) Average number of shares during<br>the period         | First six months ended<br>September 30, 2022: | 49,989,263 shares | First six months ended<br>September 30, 2021: | 49,925,991 shares |

\* Financial Results report is outside the scope of a quarterly review by certified public accountants or an audit corporation.

\* Explanation of the proper use of earnings forecasts and other special notes

The statements about future described on this report such as earnings forecasts have been made based on information currently available and some conditions that we judge rational, and therefore they do not constitute a guarantee that they will be realized. Actual earnings may differ greatly from the above forecasts for various reasons. For the assumptions for earnings forecasts and cautions regarding the use of the earnings forecasts, please refer to page 4 “1. Qualitative Information on Consolidated Financial Results for the Quarter Ended September 30, 2022 (3) Qualitative Information on Consolidated Earnings Forecast”.

## 1. Qualitative Information on Consolidated Financial Results for the Quarter Ended September 30, 2022

### (1) Explanation about Business Results

During the six months ended September 30, 2022, the Japanese economy continued to be on a recovery trend although a downward trend was seen in certain areas due to the spread of COVID-19. Meanwhile, there is a risk that the overseas economic downturn caused mainly by global monetary tightening might put downward pressure on the Japanese economy, and there are also other factors requiring close monitoring such as effects of surging prices and supply constraints due to the weakening yen and the prolonged Ukraine crisis.

In the aviation industry, passenger demand for both domestic and international flights during Obon holiday season increased year-on-year as there were no movement restrictions and the border control was eased despite the number of COVID-19 cases hitting a record high. Subsequently, the government raised the upper limit of daily entrants in early September, and in mid-October, removed the upper limit, allowed short-term stay without a visa, resumed accepting individual travelers and launched a domestic tourism subsidy program. Passenger demand is expected to continue recovering with the easing of the border control and the progress in various initiatives aimed at the economic growth.

Under such economic conditions, the Group (the Company and its consolidated subsidiaries) recorded net sales of ¥12,715 million (up 6.6% from the same period of the previous fiscal year) mainly because there was no debt forgiveness of rent receivables from airline companies which was recorded as part of the measures under the COVID-19 crisis in the fiscal year ended March 31, 2022 and there were also a year-on-year increase in sales volume in the Area Heating & Cooling Business and a continued recovery trend in water supply and drainage usage. Operating income was ¥1,807 million (down 12.8%) due to increases in amortization related to asset retirement obligations associated with the start of the Haneda Airport 1-Chome project and in raw material costs in the Area Heating & Cooling Business. Ordinary income was ¥1,699 million (down 13.6%) due to an increase in provision for removal cost related to various constructions although there were a gain recorded in relation to the settlement of fixed real estate acquisition tax and an increase in dividend income. Profit attributable to owners of parent was ¥1,297 million (down 0.8%) mainly due to extraordinary income recorded in relation to amended tax returns of corporate tax and consumption taxes for the year ended March 31, 2022.

Performance by business segment is as follows:

#### (i) Real Estate Business

Real Estate Business recorded net sales of ¥9,827 million (up 3.8% from the same period of the previous fiscal year) mainly because there was no debt forgiveness of rent receivables as part of the measures under the COVID-19 crisis, but operating income was ¥1,469 million (down 14.1%) due to an increase in amortization related to asset retirement obligations.

#### (ii) Area Heating & Cooling Business

Area Heating & Cooling Business operated by our consolidated subsidiary Tokyo Airport Heating & Cooling Co., Ltd. recorded net sales of ¥1,769 million (up 19.3% from the same period of the previous fiscal year) mainly because there was no debt forgiveness of rent receivables from airline companies as part of the measures under the COVID-19 crisis and sales volume in both heating and cooling increased year-on-year. On the other hand, a significant increase in raw material costs due to surging electricity/gas prices resulted in a year-on-year decrease in operating income to ¥256 million (down 27.1%).

#### (iii) Water Supply & Drainage Service and Other Business

Water Supply & Drainage Service and Other Business showed a recovery trend in water supply and drainage usage compared to a year earlier when COVID-19 movement restrictions were in place as no movement restrictions were issued and the number of airport users increased despite the spread of COVID-19 during the summer. As a result, net sales including other businesses amounted to ¥1,118 million (up 14.4% from the same period of the previous fiscal year) and operating income amounted to ¥81 million (up 645.7%).

In terms of our efforts toward the realization of the Medium- to Long-Term Management Plan, we established “AFC Asset Management Co., LTD.,” a subsidiary to pursue one of the priority measures to expand non-asset businesses and started operation in June 2022. Also, as an effort to expand into new business domains, we signed an investment agreement with an aviation fund in early July 2022. The Group will continue to make a united effort to promote its business activities.

## **(2) Qualitative Information on Consolidated Financial Position**

### **(Assets)**

Total assets as of September 30, 2022 amounted to ¥103,186 million, an increase by ¥718 million compared to March 31, 2022, mainly due to recording prepaid expenses for annual usage fee of national property and an increase in operating loans receivable from new loans despite amortization of assets related to asset retirement obligations.

### **(Liabilities)**

Liabilities as of September 30, 2022 amounted to ¥45,675 million, a decrease by ¥1,486 million from March 31, 2022, mainly due to payments of long-term debt.

### **(Net assets)**

Net assets as of September 30, 2022 increased by ¥2,204 million compared to March 31, 2022 to ¥57,511 million mainly due to an increase in retained earnings and foreign currency translation adjustment.

As a result, equity ratio as of September 30, 2022 increased by 1.8 points to 53.2% compared to March 31, 2022.

## **(3) Qualitative Information on Consolidated Earnings Forecast**

There is no change in the Consolidated Earnings Forecast for the Year Ending March 31, 2023 which was announced on June 9, 2022 as stated in the “Announcement on Variance Between Forecast and Actual Results for the Six Months Ended September 30, 2022” (Japanese version only) separately released today.

We will promptly make an announcement when it becomes necessary to review the forecast.

## 2. Quarterly Consolidated Financial Statements and Major Notes

### (1) Quarterly Consolidated Balance Sheet

|   | (Thousands of yen)               |  |
|---|----------------------------------|--|
|   | FY3/22<br>(As of March 31, 2022) | Second Quarter of FY3/23<br>(As of September 30, 2022) |
| <b>Assets</b>                           |                                  |  |
| Current assets                          |                                  |  |
| Cash and deposits                       | 9,612,726                        | 7,096,821  |
| Accounts receivable - trade             | 1,303,500                        | 1,354,790  |
| Lease receivables and investment assets | 10,548,425                       | 11,318,904   |
| Operating loans                         | 2,999,771                        | 4,492,391  |
| Raw materials and supplies              | 15,817                           | 14,377   |
| Others                                  | 103,617                          | 2,680,772  |
| Total current assets                    | 24,583,859                       | 26,958,057   |
| Non-current assets                      |                                  |  |
| Property, plant and equipment           |                                  |  |
| Buildings and structures, net           | 47,660,935                       | 45,722,486   |
| Machinery, equipment and vehicles, net  | 5,853,495                        | 5,553,448  |
| Tools, furniture and fixtures, net      | 260,775                          | 223,755  |
| Land                                    | 13,386,664                       | 13,386,664   |
| Construction in progress                | 1,523,927                        | 1,993,727  |
| Total property, plant and equipment     | 68,685,798                       | 66,880,083   |
| Intangible assets                       |                                  |  |
| Software                                | 544,968                          | 479,165  |
| Others                                  | 19,310                           | 19,059   |
| Total intangible assets                 | 564,279                          | 498,225  |
| Investments and other assets            |                                  |  |
| Investment securities                   | 6,555,547                        | 6,922,049  |
| Long-term loans receivable              | 531                              | —  |
| Deferred tax assets                     | 1,240,345                        | 1,145,900  |
| Net defined benefit asset               | 232,963                          | 211,195  |
| Others                                  | 614,955                          | 581,471  |
| Allowance for doubtful accounts         | (10,267)                         | (10,267)   |
| Total investments and other assets      | 8,634,077                        | 8,850,350  |
| Total non-current assets                | 77,884,155                       | 76,228,659   |
| Total assets                            | 102,468,014                      | 103,186,717  |

(Thousands of yen)

|  | FY3/22<br>(As of March 31, 2022) | Second Quarter of FY3/23<br>(As of September 30, 2022) |
|--|----------------------------------|--|
| <b>Liabilities</b>   |                                  |  |
| Current liabilities  |                                  |  |
| Notes and accounts payable-trade                                     | 1,778,043                        | 830,001  |
| Short-term loans payable   | 5,131,648                        | 5,852,145  |
| Accounts payable   | 1,705,873                        | 638,715  |
| Income taxes payable   | 813,465                          | 642,150  |
| Accrued expenses   | 106,714                          | 645,798  |
| Unearned revenue   | 1,095,026                        | 2,438,055  |
| Provision for bonuses  | 144,825                          | 145,725  |
| Provision for bonuses for directors (and other officers)             | 51,880                           | 15,700   |
| Provision for removal cost of property, plant and equipment          | 7,605                            | 223,977  |
| Others   | 216,114                          | 238,935  |
| Total current liabilities  | 11,051,197                       | 11,671,204   |
| Non-current liabilities  |                                  |  |
| Bonds payable  | 6,100,000                        | 6,100,000  |
| Long-term loans payable  | 19,524,613                       | 17,560,413   |
| Long-term guarantee deposited  | 6,127,603                        | 6,155,025  |
| Long-term accounts payable-other                                     | 256,789                          | 184,349  |
| Provision for retirement benefits for directors (and other officers) | —                                | 348  |
| Deferred tax liabilities   | 31,968                           | 37,635   |
| Provision for removal cost of property, plant and equipment          | 183,851                          | 80,951   |
| Asset retirement obligations   | 3,885,762                        | 3,885,762  |
| Total non-current liabilities  | 36,110,587                       | 34,004,483   |
| Total liabilities  | 47,161,785                       | 45,675,687   |
| <b>Net assets</b>  |                                  |  |
| Shareholders' equity   |                                  |  |
| Capital stock  | 6,826,100                        | 6,826,100  |
| Capital surplus  | 6,982,890                        | 6,982,890  |
| Retained earnings  | 38,799,813                       | 39,743,590   |
| Treasury stock   | (1,683,721)                      | (1,630,008)  |
| Total shareholders' equity   | 50,925,081                       | 51,922,571   |
| Accumulated other comprehensive income                               |                                  |  |
| Valuation difference on available-for-sale securities                | 1,714,018                        | 1,928,015  |
| Foreign currency translation adjustment                              | 62,452                           | 1,067,468  |
| Total accumulated other comprehensive income                         | 1,776,471                        | 2,995,484  |
| Subscription rights to shares  | 76,178                           | 50,330   |
| Non-controlling interests  | 2,528,497                        | 2,542,642  |
| Total net assets   | 55,306,229                       | 57,511,029   |
| Total liabilities and net assets                                     | 102,468,014                      | 103,186,717  |

**(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income**

**(Quarterly Consolidated Statements of Income)**

(Thousands of yen)

|  | First six months of FY3/22<br>(April 1, 2021 – September 30, 2021) | First six months of FY3/23<br>(April 1, 2022 – September 30, 2022) |
|--|--|--|
| Net sales  | 11,922,990   | 12,715,504   |
| Cost of sales  | 8,736,994  | 9,815,318  |
| Gross profit   | 3,185,996  | 2,900,186  |
| Selling, general, and administrative expenses                        |  |  |
| Directors' compensations   | 128,451  | 121,485  |
| Salaries and bonuses   | 266,995  | 271,993  |
| Provision for bonuses  | 101,728  | 95,140   |
| Provision for bonuses for directors (and other officers)             | 28,880   | 15,700   |
| Provision for retirement benefits for directors (and other officers) | —  | 348  |
| Transportation and communication expenses                            | 31,758   | 37,088   |
| Depreciation   | 34,802   | 50,950   |
| Taxes and dues   | 88,871   | 95,566   |
| Others   | 430,911  | 404,786  |
| Total selling, general, and administrative expenses                  | 1,112,399  | 1,093,058  |
| Operating income   | 2,073,597  | 1,807,127  |
| Non-operating income   |  |  |
| Interest income  | 0  | 0  |
| Dividends income   | 34,800   | 66,107   |
| Commission fee   | 4,537  | 9,996  |
| Foreign exchange gains   | 1,162  | 2,613  |
| Others   | 21,962   | 87,211   |
| Total non-operating income   | 62,464   | 165,929  |
| Non-operating expenses   |  |  |
| Interest expenses  | 161,066  | 143,811  |
| Removal cost of property, plant and equipment                        | 5,332  | 7,264  |
| Provision for removal cost   | —  | 121,077  |
| Others   | 1,071  | 1,175  |
| Total non-operating expenses   | 167,470  | 273,328  |
| Ordinary income  | 1,968,591  | 1,699,729  |
| Extraordinary income   |  |  |
| Gain on sale of investment securities                                | 59,580   | —  |
| Consumption taxes refund   | —  | 315,363  |
| Others   | —  | 19,983   |
| Total extraordinary income   | 59,580   | 335,347  |
| Extraordinary loss   |  |  |
| Loss on retirement of non-current assets                             | 2,332  | 1,954  |
| Loss on cancellation of golf club membership                         | —  | 3,000  |
| Total extraordinary loss   | 2,332  | 4,954  |
| Income before income taxes   | 2,025,839  | 2,030,122  |
| Income taxes   | 638,351  | 580,056  |
| Income taxes for prior periods                                       | —  | 100,174  |
| Total income taxes   | 638,351  | 680,231  |
| Profit   | 1,387,487  | 1,349,890  |
| Profit attributable to non-controlling interests                     | 79,404   | 52,474   |
| Profit attributable to owners of parent                              | 1,308,083  | 1,297,416  |

**(Quarterly Consolidated Statements of Comprehensive Income)**

(Thousands of yen)

|  | First six months of FY3/22<br>(April 1, 2021 – September 30, 2021) | First six months of FY3/23<br>(April 1, 2022 – September 30, 2022) |
|--|--|--|
| Profit   | 1,387,487  | 1,349,890  |
| Other comprehensive income                                     |  |  |
| Valuation difference on available-for-sale securities          | 109,879  | 213,997  |
| Foreign currency translation adjustment                        | 334,072  | 1,005,016  |
| Total other comprehensive income                               | 443,952  | 1,219,013  |
| Comprehensive income   | 1,831,439  | 2,568,903  |
| Comprehensive income attributable to                           |  |  |
| Comprehensive income attributable to owners of parent          | 1,752,035  | 2,516,429  |
| Comprehensive income attributable to non-controlling interests | 79,404   | 52,474   |

### **(3) Notes on Quarterly Consolidated Financial Statements**

#### **(Notes on Premise of Going Concern)**

Not applicable.

#### **(Notes on Significant Changes in Shareholders' Equity)**

Not applicable.

#### **(Changes in Accounting Policies)**

(Application of the accounting standard for revenue recognition)

On April 1, 2022, the Company applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No.31, June 17, 2021, "Implementation Guidance on Accounting Standard for Fair Value Measurement"), and the new accounting policies stipulated in the Implementation Guidance on Accounting Standard for Fair Value Measurement, etc. are applied prospectively pursuant to the transitional treatment stipulated by Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement. The impact of this application on the quarterly consolidated financial statements is insignificant.

#### **(Changes in Accounting Estimates)**

(Change in useful life)

As it was decided that the disaster risk management measures in the 1-chome District of Tokyo International Airport will progress based on the Fundamental Plan for National Resilience under the Basic Act for National Resilience Contributing to Preventing and Mitigating Disasters for Developing Resilience in the Lives of the Citizenry, the useful lives of the Company's buildings, machinery and equipment on the area were shortened effective April 1, 2022 to complete depreciation of these assets within the estimated remaining useful lives.

As a result of this change, operating income, ordinary income, and income before income taxes for the six months ended September 30, 2022 decreased by ¥92 million compared to those that would have been recorded under the previous method.

#### **(Application of Specific Accounting Treatments in Preparing the Quarterly Consolidated Financial Statements)**

(Calculation of tax expenses)

Tax expenses are calculated as income before income taxes for the period multiplied by the estimated effective tax rate. The effective tax rate is reasonably estimated taking into consideration deferred tax accounting as the rate applicable to income before income taxes for the consolidated fiscal year including the period ended September 30, 2022.

#### **(Additional Information)**

(Impacts of COVID-19 on the accounting estimates)

During the six months ended September 30, 2022, there was no material change in the impact of COVID-19 on the accounting estimates described in the Annual Securities Report for the year ended March 31, 2022.