

July 29, 2021

## Financial Results for the First Quarter of the Year Ending March 31, 2022 [J-GAAP] (Consolidated)

Company Name: AIRPORT FACILITIES CO., LTD. (AFC)  
 Stock Exchange Listed on: Tokyo Stock Exchange (First Section)  
 Company Code: 8864 URL: <https://www.afc.jp>  
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 The Date of Filing the Quarterly Securities Report: August 2, 2021  
 The Date of the Dividend Payment Start: —  
 Preparation of Quarterly Earnings Presentation Material: No  
 Holding of Quarterly Earnings Announcement: No

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

### 1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 2022 (April 1, 2021 - June 30, 2021)

(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 |       |
|--------------------------|-----------------|-------|------------------|--------|-----------------|--------|---|-------|
|                          | Millions of yen | %     | Millions of yen  | %      | Millions of yen | %      | Millions of yen                         | %     |
| First three months ended |                 |       |                  |        |                 |        |   |       |
| June 30, 2021            | 5,792           | (2.3) | 1,048            | (11.5) | 1,014           | (14.1) | 641                                     | (9.2) |
| June 30, 2020            | 5,932           | (2.9) | 1,185            | (2.8)  | 1,182           | (4.3)  | 707                                     | (8.0) |

(Note) Comprehensive income: First three months ended June 30, 2021: 848 million yen 30.9%  
 First three months ended June 30, 2020: 648 million yen 12.7%

|                          | Basic earnings per share | Diluted earnings per share |
|--------------------------|--------------------------|----------------------------|
| First three months ended | Yen                      | Yen                        |
| June 30, 2021            | 12.85                    | 12.80                      |
| June 30, 2020            | 14.18                    | 14.13                      |

### (2) Consolidated Financial Position

|                      | Total assets    | Net assets      | Equity ratio | Net assets per share |
|----------------------|-----------------|-----------------|--------------|----------------------|
|                      | Millions of yen | Millions of yen | %            | Yen                  |
| As of June 30, 2021  | 103,600         | 55,425          | 50.9         | 1,058.58             |
| As of March 31, 2021 | 100,429         | 54,964          | 52.1         | 1,049.44             |

(Reference) Equity capital: As of June 30, 2021: 52,834 million yen As of March 31, 2021: 52,378 million yen

### 2. Dividends

|                                      | Dividends per share |      |     |      |        |
|--------------------------------------|---------------------|------|-----|------|--------|
|                                      | Q1                  | Q2   | Q3  | Q4   | Annual |
|                                      | Yen                 | Yen  | Yen | Yen  | Yen    |
| FY ended March 31, 2021              | —                   | 7.00 | —   | 7.00 | 14.00  |
| FY ending March 31, 2022             | —                   |      |     |      |        |
| FY ending March 31, 2022 (Forecasts) |                     | 7.00 | —   | 7.00 | 14.00  |

(Note) Changes in the latest forecasts released: No

### 3. Forecast of Consolidated Earnings for the Year Ending March 2022 (April 1, 2021 - March 31, 2022)

(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                      |
| First half       | 12,230          | 0.4 | 1,852            | (17.6) | 1,607           | (25.3) | 1,011                                   | 4.0 | 20.25                    |
| Full fiscal year | 24,262          | 0.4 | 3,349            | (12.5) | 2,633           | (27.2) | 1,610                                   | —   | 32.25                    |

(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: No  
 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)” on page 9.

(4) Number of issued shares (common shares)

|   |   |                   |   |                   |
|---|---|-------------------|---|-------------------|
| 1) Number of issued shares (including treasury stock) | As of June 30, 2021:                    | 52,979,350 shares | As of March 31, 2021:                   | 52,979,350 shares |
| 2) Number of treasury stock                           | As of June 30, 2021:                    | 3,068,347 shares  | As of March 31, 2021:                   | 3,068,347 shares  |
| 3) Average number of shares during the period         | First three months ended June 30, 2021: | 49,911,003 shares | First three months ended June 30, 2020: | 49,843,113 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 June 30, 2021 (3) Qualitative Information on Consolidated Earnings Forecast”.

## 1. Qualitative Information on Consolidated Financial Results for the Quarter Ended June 30, 2021

### (1) Explanation about Business Results

During the three months ended June 30, 2021, Japanese economy continued to experience severe situation due to a resurgence of COVID-19 although it showed some signs of recovery. The third state of emergency issued to Tokyo and Kansai areas in late April 2021, which was later expanded to other areas and extended, was lifted in late June in nine prefectures excluding Okinawa, but personal consumption remained weak during such period mainly in the service industries including travel and restaurants.

Vaccinations at some companies and universities started in late June in addition to those by the national and local governments, raising hopes that it would stop the spread of infections. However, the infections continued to spread, resulting in the fourth state of emergency issued in early July to Tokyo where the number of new cases surged, and the situation remains uncertain.

In the aviation industry, both international and domestic flights continued to be reduced or suspended, and passenger demand remained low throughout the period even during the Golden Week holidays although it recovered from a year earlier. While vaccination is expected to progress going forward, people are likely to be asked to refrain from traveling or returning home mainly in areas under the state of emergency or quasi-state of emergency during the Tokyo 2020 Olympic and Paralympic Games as well as summer vacation season, which will reduce the chance of rapid recovery in passenger demand, forcing airline companies and aviation-related companies to face tough business conditions for a while.

Under such economic conditions, the Group (the Company and its consolidated subsidiaries) recorded net sales of ¥5,792 million (down 2.3% from the same period of the previous fiscal year) as the estimated debt forgiveness of rent receivables from airline companies in support of those facing financial difficulties due to the prolonged COVID-19 pandemic was deducted from net sales, despite the operation of new facilities completed in the fiscal year ended March 31, 2021. Operating income was ¥1,048 million (down 11.5%), ordinary income was ¥1,014 million (down 14.1%), and profit attributable to owners of parent was ¥641 million (down 9.2%). (For the fiscal year ended March 31, 2021, debt forgiveness of rent receivables was recorded as extraordinary loss in the six months ended September 30, 2020. If loss attributable to the three months ended June 30, 2020 had been deducted from net sales in the same manner as this year, net sales and profit attributable to owners of parent for the three months ended June 30, 2020 would have been ¥5,566 million and ¥451 million, respectively.)

Performance by business segment is as follows:

#### (i) Real Estate Business

Real Estate Business recorded net sales of ¥4,674 million (down 1.3% from the same period of the previous fiscal year) as debt forgiveness of rent receivables to support airline companies was deducted from net sales, despite the operation of a dormitory for international students completed in March 2021. Operating income was ¥869 million (down 4.2%).

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

Area Heating & Cooling Business operated by our consolidated subsidiary Tokyo Airport Heating & Cooling Co., Ltd. recorded net sales of ¥656 million (down 13.2% from the same period of the previous fiscal year) as debt forgiveness of heat charge receivables to support airline companies was deducted from net sales while sales results remained almost unchanged. Operating income was ¥188 million (down 41.9%).

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

Water Supply & Drainage Service and Other Business recorded net sales of ¥461 million (up 5.3% from the same period of the previous fiscal year) as water supply and drainage usage showed some recovery compared to a year earlier when the number of airport users dropped sharply due to the spread of COVID-19, and recorded an operating loss of ¥9 million (operating loss of ¥46 million in the same period of the previous fiscal year).

## (2) Qualitative Information on Consolidated Financial Position

### (Assets)

Total assets as of June 30, 2021 amounted to ¥103,600 million, an increase by ¥3,170 million compared to March 31, 2021, mainly due to recording of prepaid expenses for annual usage fee of national property.

### (Liabilities)

Liabilities as of June 30, 2021 amounted to ¥48,174 million, an increase by ¥2,710 million from March 31, 2021, mainly due to recording of accrued expenses for annual usage fee of national property.

**(Net assets)**

Net assets as of June 30, 2021 increased by ¥460 million compared to March 31, 2021 to ¥55,425 million mainly due to an increase in retained earnings.

As a result, equity ratio as of June 30, 2021 decreased by 1.2 points to 50.9% compared to March 31, 2020.

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

There is no change in the Consolidated Earnings Forecast for the Year Ending March 31, 2022 which was announced in the Financial Results for the Year Ended March 31, 2021 [J-GAAP] (Consolidated) dated May 15, 2021.

**2. Quarterly Consolidated Financial Statements and Major Notes****(1) Quarterly Consolidated Balance Sheets**

|  | (Thousands of yen)               |  |
|--|----------------------------------|--|
|  | FY3/21<br>(As of March 31, 2021) | First quarter of FY3/22<br>(As of June 30, 2021) |
| <b>Assets</b>                              |                                  |  |
| Current assets                             |                                  |  |
| Cash and deposits                          | 6,583,181                        | 6,766,591  |
| Notes and accounts receivable-trade        | 1,373,918                        | 1,763,023  |
| Lease receivables and investment assets    | 10,502,602                       | 10,650,325                                       |
| Operating loans                            | 3,586,074                        | 3,553,761  |
| Raw materials and supplies                 | 15,877                           | 15,691   |
| Others                                     | 146,132                          | 3,790,379  |
| <b>Total current assets</b>                | <b>22,207,786</b>                | <b>26,539,773</b>                                |
| Non-current assets                         |                                  |  |
| Property, plant and equipment              |                                  |  |
| Buildings and structures, net              | 46,577,715                       | 45,779,328                                       |
| Machinery, equipment and vehicles, net     | 6,400,593                        | 6,240,744  |
| Tools, furniture and fixtures, net         | 310,636                          | 288,864  |
| Land                                       | 13,985,705                       | 13,985,705                                       |
| Construction in progress                   | 1,416,281                        | 1,437,881  |
| <b>Total property, plant and equipment</b> | <b>68,690,931</b>                | <b>67,732,523</b>                                |
| Intangible assets                          |                                  |  |
| Software                                   | 202,364                          | 307,410  |
| Software in progress                       | 463,525                          | 319,547  |
| Others                                     | 19,813                           | 19,687   |
| <b>Total intangible assets</b>             | <b>685,702</b>                   | <b>646,645</b>                                   |
| Investments and other assets               |                                  |  |
| Investment securities                      | 7,092,761                        | 6,869,058  |
| Long-term loans receivable                 | 931                              | 831  |
| Deferred tax assets                        | 906,445                          | 979,754  |
| Net defined benefit asset                  | 228,866                          | 218,216  |
| Others                                     | 626,255                          | 623,746  |
| Allowance for doubtful accounts            | (10,267)                         | (10,267)   |
| <b>Total investments and other assets</b>  | <b>8,844,993</b>                 | <b>8,681,340</b>                                 |
| <b>Total non-current assets</b>            | <b>78,221,628</b>                | <b>77,060,509</b>                                |
| <b>Total assets</b>                        | <b>100,429,415</b>               | <b>103,600,283</b>                               |

(Thousands of yen)

|   | FY3/21<br>(As of March 31, 2021) | First quarter of FY3/22<br>(As of June 30, 2021) |
|---|----------------------------------|--|
| <b>Liabilities</b>  |                                  |  |
| Current liabilities   |                                  |  |
| Notes and accounts payable-trade                            | 1,079,625                        | 517,523  |
| Short-term loans payable                                    | 6,325,177                        | 4,818,122  |
| Accounts payable  | 1,131,097                        | 597,460  |
| Income taxes payable  | 156,069                          | 370,737  |
| Accrued expenses  | 102,802                          | 4,821,412  |
| Unearned revenue  | 1,100,926                        | 1,191,063  |
| Provision for bonuses                                       | 129,812                          | 77,271   |
| Provision for directors' bonuses                            | 28,355                           | 14,440   |
| Provision for removal cost of property, plant and equipment | 78,011                           | 78,011   |
| Others  | 386,666                          | 605,023  |
| <b>Total current liabilities</b>                            | <b>10,518,542</b>                | <b>13,091,064</b>                                |
| Non-current liabilities                                     |                                  |  |
| Bonds payable   | 6,100,000                        | 6,100,000  |
| Long-term loans payable                                     | 22,287,170                       | 22,433,573                                       |
| Long-term guarantee deposited                               | 6,163,216                        | 6,178,529  |
| Long-term accounts payable-other                            | 260,254                          | 234,112  |
| Deferred tax liabilities                                    | 22,566                           | 24,506   |
| Provision for removal cost of property, plant and equipment | 112,793                          | 112,793  |
| <b>Total non-current liabilities</b>                        | <b>34,946,000</b>                | <b>35,083,515</b>                                |
| <b>Total liabilities</b>                                    | <b>45,464,542</b>                | <b>48,174,580</b>                                |
| <b>Net assets</b>   |                                  |  |
| Shareholders' equity  |                                  |  |
| Capital stock   | 6,826,100                        | 6,826,100  |
| Capital surplus   | 6,982,890                        | 6,982,890  |
| Retained earnings   | 38,680,850                       | 38,972,945                                       |
| Treasury stock  | (1,700,228)                      | (1,700,228)                                      |
| <b>Total shareholders' equity</b>                           | <b>50,789,611</b>                | <b>51,081,706</b>                                |
| Accumulated other comprehensive income                      |                                  |  |
| Valuation difference on available-for-sale securities       | 2,054,158                        | 1,888,053  |
| Foreign currency translation adjustment                     | (464,980)                        | (134,935)  |
| <b>Total accumulated other comprehensive income</b>         | <b>1,589,177</b>                 | <b>1,753,118</b>                                 |
| Subscription rights to shares                               | 89,284                           | 89,284   |
| Non-controlling interests                                   | 2,496,798                        | 2,501,593  |
| <b>Total net assets</b>                                     | <b>54,964,872</b>                | <b>55,425,702</b>                                |
| <b>Total liabilities and net assets</b>                     | <b>100,429,415</b>               | <b>103,600,283</b>                               |

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

(Thousands of yen)

|   | First three months of FY3/21<br>(April 1, 2020 – June 30, 2020) | First three months of FY3/22<br>(April 1, 2021 – June 30, 2021) |
|---|---|---|
| Net sales   | 5,932,544   | 5,792,661   |
| Cost of sales   | 4,274,026   | 4,185,308   |
| Gross profit  | 1,658,518   | 1,607,353   |
| Selling, general, and administrative expenses                                   |   |   |
| Directors' compensations  | 69,687  | 63,180  |
| Salaries and bonuses  | 121,735   | 136,137   |
| Provision for bonuses   | 47,496  | 50,748  |
| Provision for directors' bonuses  | 14,177  | 14,440  |
| Provision for retirement benefits for directors (and other officers)            | 348   | —   |
| Transportation and communication expenses                                       | 15,135  | 15,582  |
| Depreciation  | 6,759   | 7,944   |
| Taxes and dues  | 49,843  | 50,336  |
| Others  | 148,019   | 220,837   |
| Total selling, general, and administrative expenses                             | 473,201   | 559,205   |
| Operating income  | 1,185,316   | 1,048,147   |
| Non-operating income  |   |   |
| Dividends income  | 28,114  | 34,472  |
| Commission fee  | 7,713   | 2,068   |
| Foreign exchange gains  | 4,409   | 1,612   |
| Gain on reversal of provision for removal cost of property, plant and equipment | 39,000  | —   |
| Others  | 16,469  | 14,098  |
| Total non-operating income  | 95,707  | 52,252  |
| Non-operating expenses  |   |   |
| Interest expenses   | 94,803  | 83,267  |
| Removal cost of property, plant and equipment                                   | 536   | 2,616   |
| Others  | 3,461   | 10  |
| Total non-operating expenses  | 98,800  | 85,894  |
| Ordinary income   | 1,182,223   | 1,014,505   |
| Extraordinary income  |   |   |
| Insurance income  | 7,148   | —   |
| Total extraordinary income  | 7,148   | —   |
| Extraordinary loss  |   |   |
| Loss on retirement of non-current assets  | 0   | 1,785   |
| Loss on disaster  | 13,376  | —   |
| Total extraordinary loss  | 13,376  | 1,785   |
| Income before income taxes  | 1,175,996   | 1,012,720   |
| Income taxes  | 387,792   | 328,124   |
| Profit  | 788,203   | 684,595   |
| Profit attributable to non-controlling interests                                | 81,095  | 43,123  |
| Profit attributable to owners of parent   | 707,108   | 641,471   |

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

(Thousands of yen)

|  | First three months of FY3/21<br>(April 1, 2020 – June 30, 2020) | First three months of FY3/22<br>(April 1, 2021 – June 30, 2021) |
|--|---|---|
| Profit   | 788,203   | 684,595   |
| Other comprehensive income                                     |   |   |
| Valuation difference on available-for-sale securities          | 15,214  | (166,104)   |
| Foreign currency translation adjustment                        | (155,408)   | 330,045   |
| Total other comprehensive income                               | (140,193)   | 163,940   |
| Comprehensive income   | 648,010   | 848,536   |
| Comprehensive income attributable to                           |   |   |
| Comprehensive income attributable to owners of parent          | 566,915   | 805,412   |
| Comprehensive income attributable to non-controlling interests | 81,095  | 43,123  |

**(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, 2021, the Company applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020, "Accounting Standard for Revenue Recognition"), etc., and recognizes revenue at an amount that it expects to receive in exchange for the promised goods or services when the control of the goods or services is transferred to a customer. The variable portion of the promised consideration is deducted from net sales.

However, the Company applied the method stipulated by Paragraph 86 of the Accounting Standard for Revenue Recognition and did not retrospectively apply the new accounting policy to contracts for which almost all revenue were recognized prior to April 1, 2021 according to the previous treatment.

As a result, net sales, operating income, ordinary income, and income before income taxes for the three months ended June 30, 2021 decreased by ¥108,816 thousand, respectively.

Also, pursuant to the transitional treatment stipulated by Paragraph 28-15 of the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12, March 31, 2020), the Company did not disclose information on the breakdown of revenue from contracts with customers for the three months ended June 30, 2020.

(Application of the accounting standard for fair value measurement)

On April 1, 2021, the Company applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No.30, July 4, 2019, "Accounting Standard for Fair Value Measurement"), etc., and the new accounting policies stipulated in the Accounting Standard for Fair Value Measurement, etc. are applied prospectively pursuant to the transitional treatment stipulated by Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). The application has no impact on the quarterly consolidated financial statements.

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

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 June 30, 2021.

**(Additional information)**

(Impacts of COVID-19 on the accounting estimates)

During the three months ended June 30, 2021, 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, 2021.