

Tokyo Stock Exchange  
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# Results Briefing for Fiscal Year Ended in March 2022

May 26, 2022



|      |   |       |                   |
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| II.  | Forecast on the consolidated performance for the fiscal year ending in March 2023             | · · · | p. 12             |
| III. | New Medium- to Long-Term Management Plan  | · · · | Separate material |

- I. Outline of the consolidated financial statements for the fiscal year that ended in March 2022
- II. Forecast on the consolidated performance for the fiscal year ending in March 2023
- III. New Medium- to Long-Term Management Plan

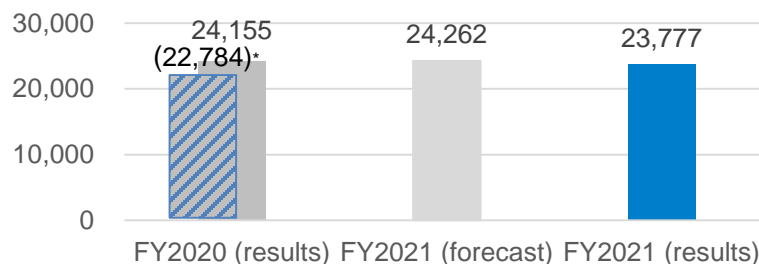


- ◆ While there were factors for an increase in net sales, we implemented the exemption of rent for air carriers, etc. similarly to the previous fiscal year. Also, while the exemption was reported as an extraordinary loss in the previous fiscal year, it was deducted from sales for the fiscal year that ended in March 2022.
- ◆ According to the policy of selling properties rented for hotels in Kyoto, extraordinary loss (impairment loss) was recorded.

Unit: million yen

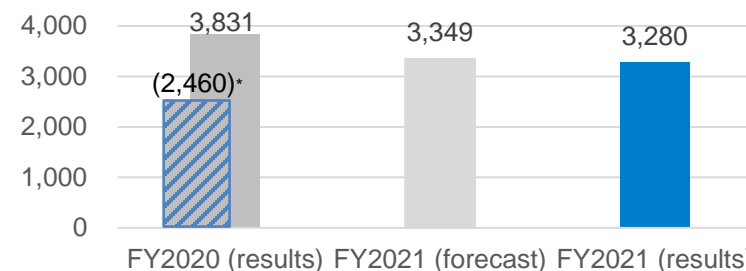
### Net sales

Year on year  
-378 million yen (-1.5%)  
Compared to outlook  
-485 million yen (-2.0%)



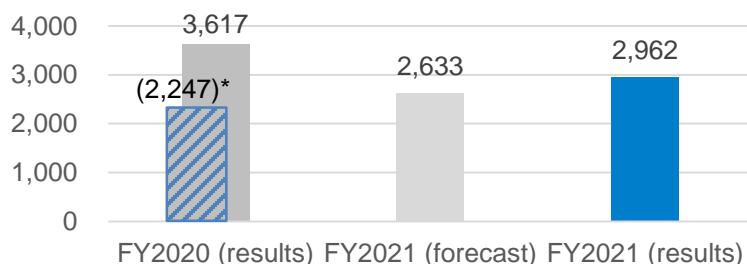
### Operating income

Year on year  
-551 million yen (-14.3%)  
Compared to outlook  
-69 million yen (-2.1%)



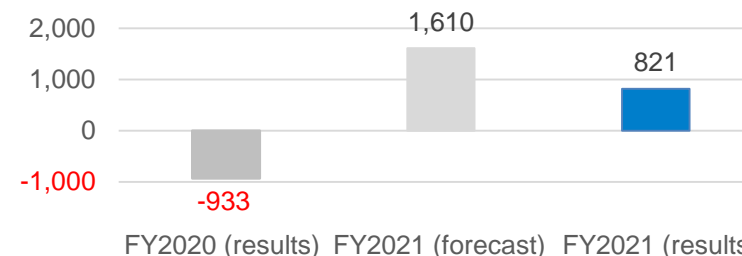
### Ordinary income

Year on year  
-655 million yen (-18.1%)  
Compared to outlook  
+329 million yen (12.5%)



### Current profit

Year on year  
+1,754 million yen  
Compared to outlook  
-789 million yen (-49.0%)



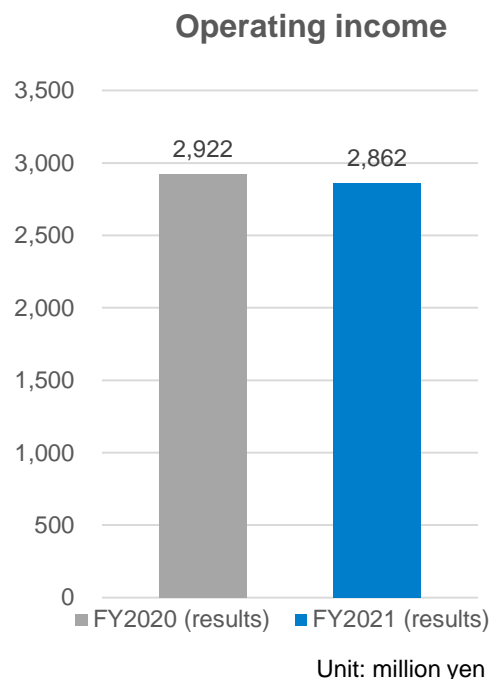
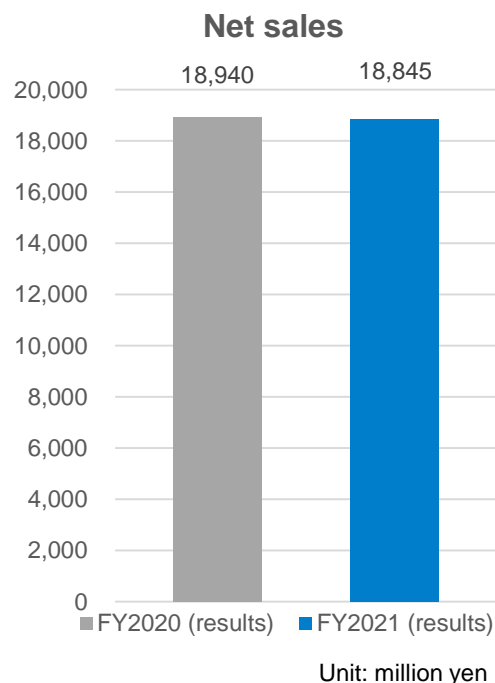
\* Exemptions of rent that had not been reported as an extraordinary loss but was deducted from sales in the fiscal year that ended in March 2021 are shown in blue shade in the chart.



## Real estate business

While the full-year operation of Kanazawa-Hakkei International Community Plaza and the rent of ALPINE Koshigaya started, the business was affected by rent exemption.

**Net sales** 18,845 million yen (year on year -0.5%)  
**Operating income** 2,862 million yen (year on year -2.0%)



<Major factors for increase/decrease>

- [Net sales and operating income]
- (+) Full-year operation of Kanazawa-Hakkei International Community Plaza
  - (+) Start of the rent of ALPINE Koshigaya
  - (-) Exemption of rent
  - (-) Change of account processing method
- \* Exemption is changed from extraordinary loss to deduction from sales.

### Kanazawa-Hakkei International Community Plaza



|             |  |
|-------------|--|
| Use         | Students' dormitory (3F - 6F)<br>Commercial tenants' space (1F - 2F)<br>* Tenants include drugstores and clinics, etc. |
| Location    | 1-14-12 Mitsuura, Kanazawa-ku,<br>Yokohama City, Kanagawa Prefecture   |
| Area        | Total floor area) 9,582 m <sup>2</sup>   |
| Provided to | Kanto Gakuin University,<br>each commercial tenant   |

### ALPINE Koshigaya



|             |   |
|-------------|---|
| Use         | Stores (1st floor)<br>Office (2nd floor)                    |
| Location    | 5-256-1 Miyamoto-cho, Koshigaya City,<br>Saitama Prefecture |
| Area        | Total floor area) 651 m <sup>2</sup>                        |
| Provided to | Alpine News Co., Ltd.                                       |

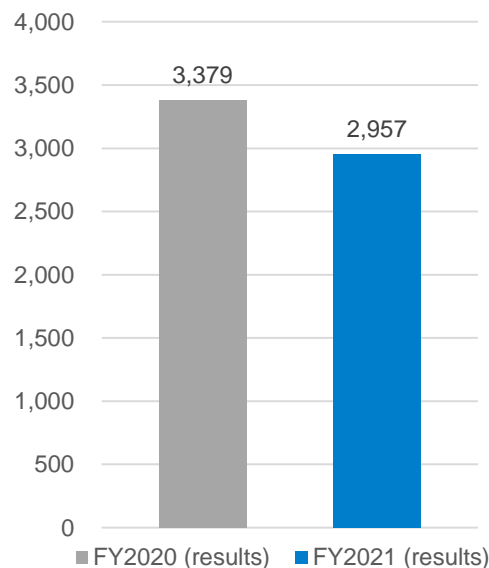


## Area heating and cooling business

Although sales performance increased slightly, net sales decreased due to the exemption of heating charge claims caused by the COVID-19 pandemic. In addition, there was the impact of rising fuel costs.

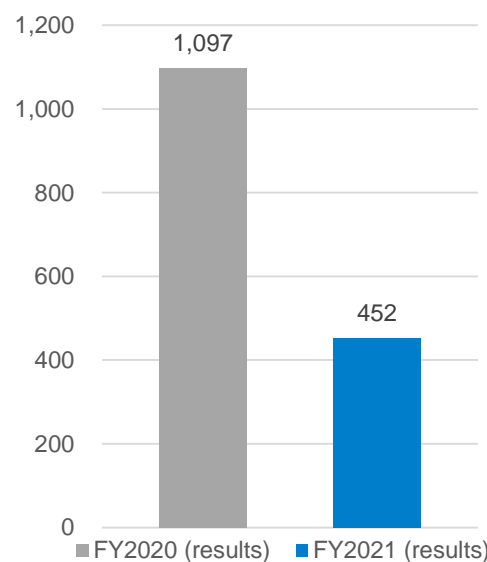
**Net sales** 2,957 million yen (year on year -12.5%)  
**Operating income** 452 million yen (year on year -58.8%)

Net sales



Unit: million yen

Operating income



Unit: million yen

<Major factors for increase/decrease>

- [Net sales and operating income]
- (-) Exemption of heating charge claims
  - (-) Change of account processing method
  - \* Exemption is changed from extraordinary loss to deduction from sales.
  - (-) Increase in fuel costs
  - \* Part of the fuel costs is hedged.

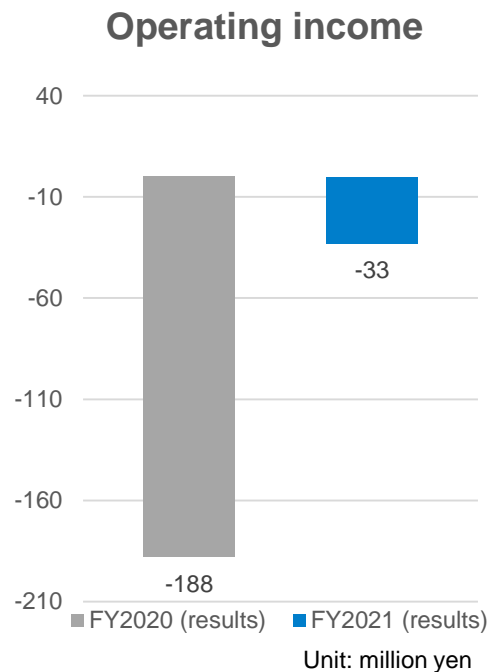
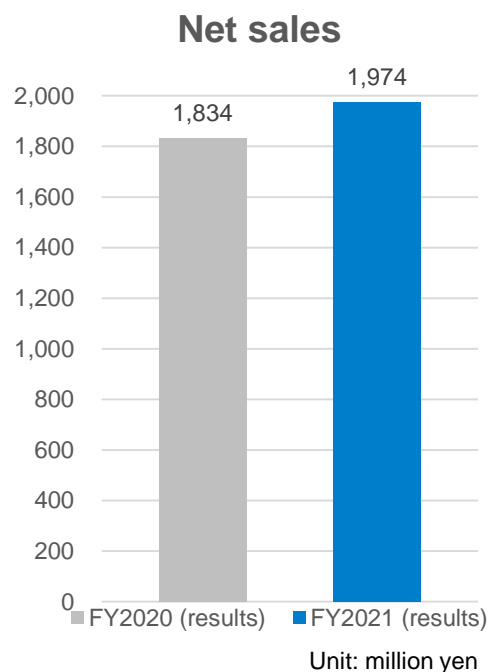




**Water supply  
and drainage  
business and  
other businesses**

With an increase in the number of airport users, water supply and drainage business is partly showing signs of recovery.

**Net sales** 1,974 million yen (year on year +7.6%)  
**Operating income** -33 million yen



<Major factors for  
increase/decrease>

[Net sales]  
(+) Partial recovery of water supply  
and drainage service usage fee

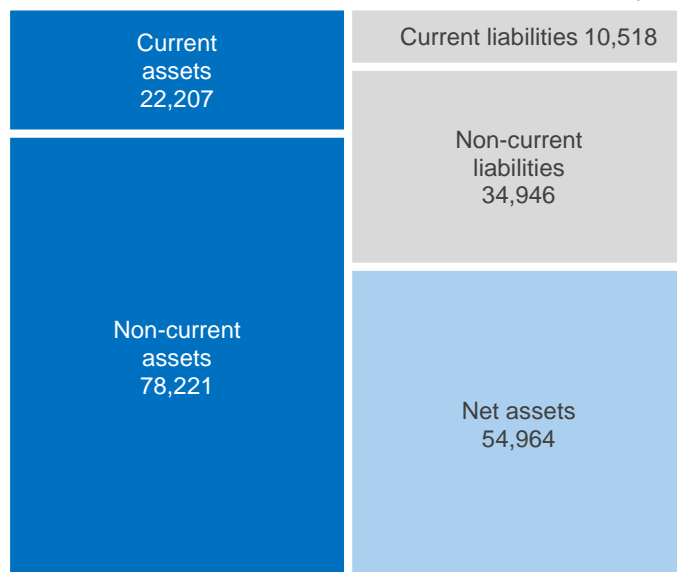
[Operating income]  
(+) Increase in operating sales due  
to net sales recovery

\* As for other businesses, local area communication network business and photovoltaic power generation business are implemented.



### End of March 2021

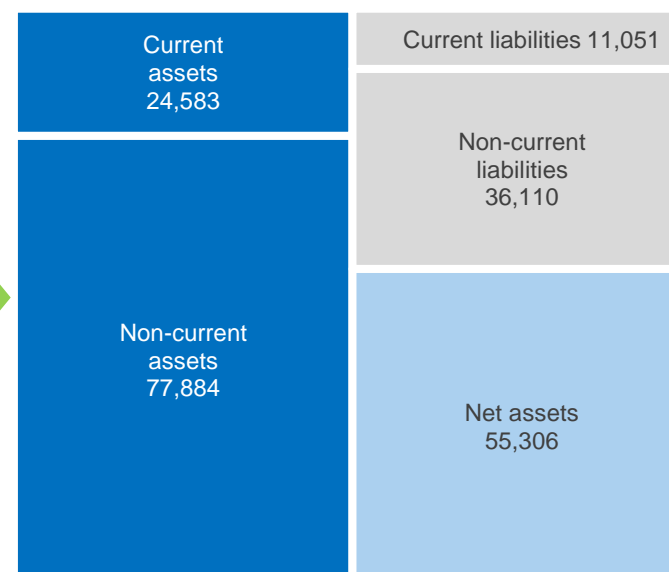
Unit: million yen



Total assets  
Increase by  
2,038 million yen

### End of March 2022

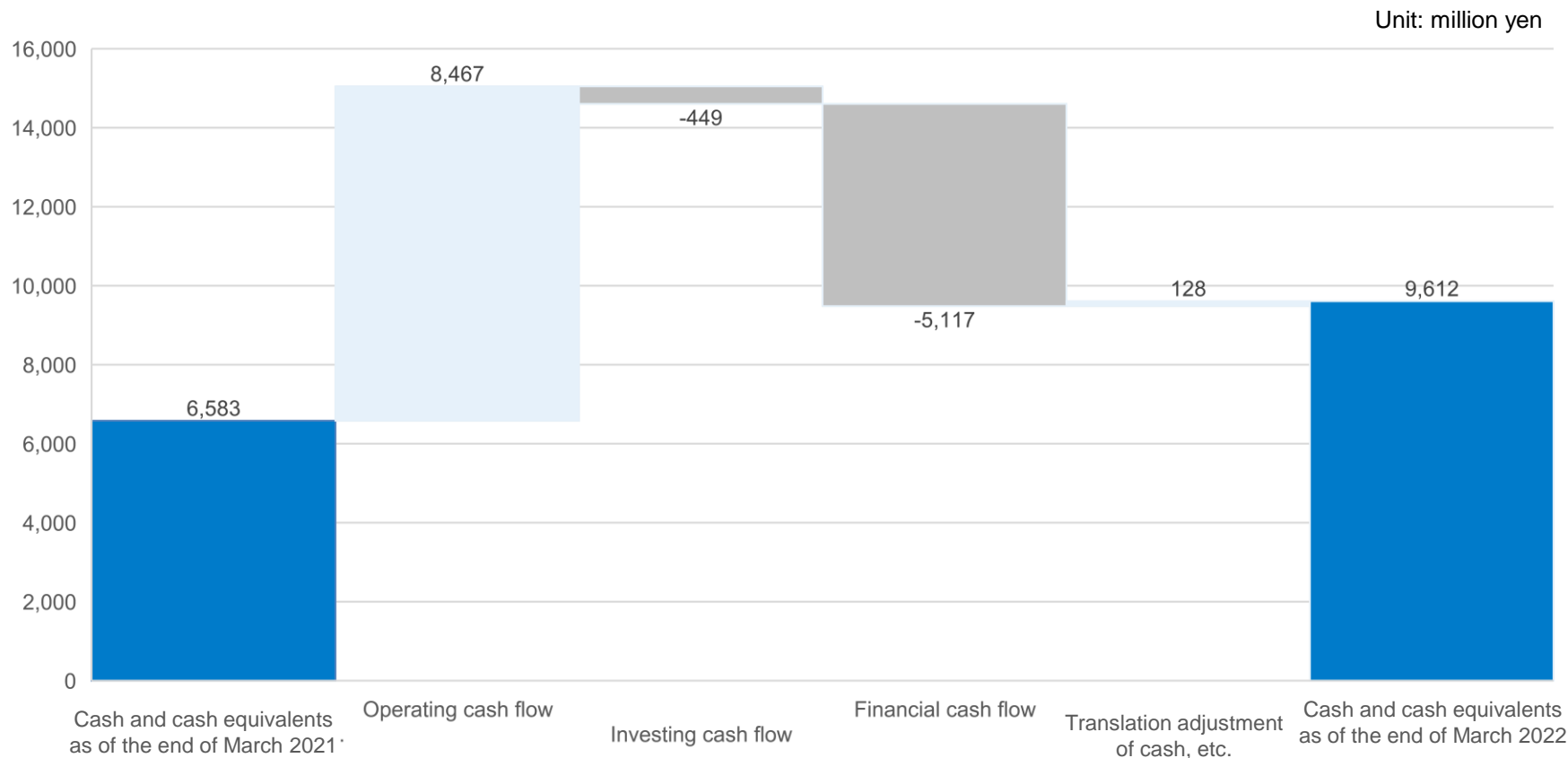
Unit: million yen



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

|                        |                   |
|------------------------|-------------------|
| Amount of total assets | 102.4 billion yen |
| Net assets per share   | 1,055 yen         |
| Equity ratio           | 51.4%             |

- [Assets] Although there were depreciation and impairment losses on buildings, the asset increased with the recording of an amount equivalent to the cost of removal that corresponds with the asset retirement obligation and the new project (ALPINE Koshigaya).
- [Liabilities] Although long-term debts are decreasing, liabilities are increasing due to the recording of removal expenses associated with the Haneda 1 Cho-me Project as an asset retirement obligation.
- [Net assets] Increased with an increase in retained earnings and dividends of surplus



- [Cash flows from operating activities] Includes amount of net income for the period before taxes, collection of business loans, depreciation expenses, and impairment loss
- [Cash flows from investing activities] Mainly expenses for acquisition of non-current assets
- [Cash flows from financing activities] Expenses associated with the repayment of long-term debts and the payment of dividends

## Impairment loss for properties rented for hotels in Kyoto

- A plan is **considered to sell** the hotels in Kyoto for which impairment loss was recorded on the hotels in the fiscal year that ended in March 2021, aiming to further improve the asset efficiency and financial strength. Because the book values were accordingly reduced to the estimated recoverable level, 1.5 billion yen was recorded as an extraordinary loss.

## Decrease in the use of water and sewage and the exemption of rent and heating charge claims

| Fiscal year ending in March 2022 | Decrease in the use of water and sewage (compared to the fiscal year that ended in March 2020) | Amount of the exemption of rent and heating charge claims |
|----------------------------------|--|---|
|                                  | Slightly less than 880 million yen   | Total of approx. 1 billion yen (deducted from sales)      |

- With a decline in the number of airport users, use of water decreased accordingly, resulting in decreased sales. The trend showed recovery after entering the fiscal year that ended in March 2022, but it did not return to the level before the pandemic.
- Rent and heating charge claims are exempted. The exemption was reported as an extraordinary loss in the fiscal year that ended in March 2021, and is being deducted from sales since the fiscal year that ended in March 2022. The amount of exemption is decreasing.



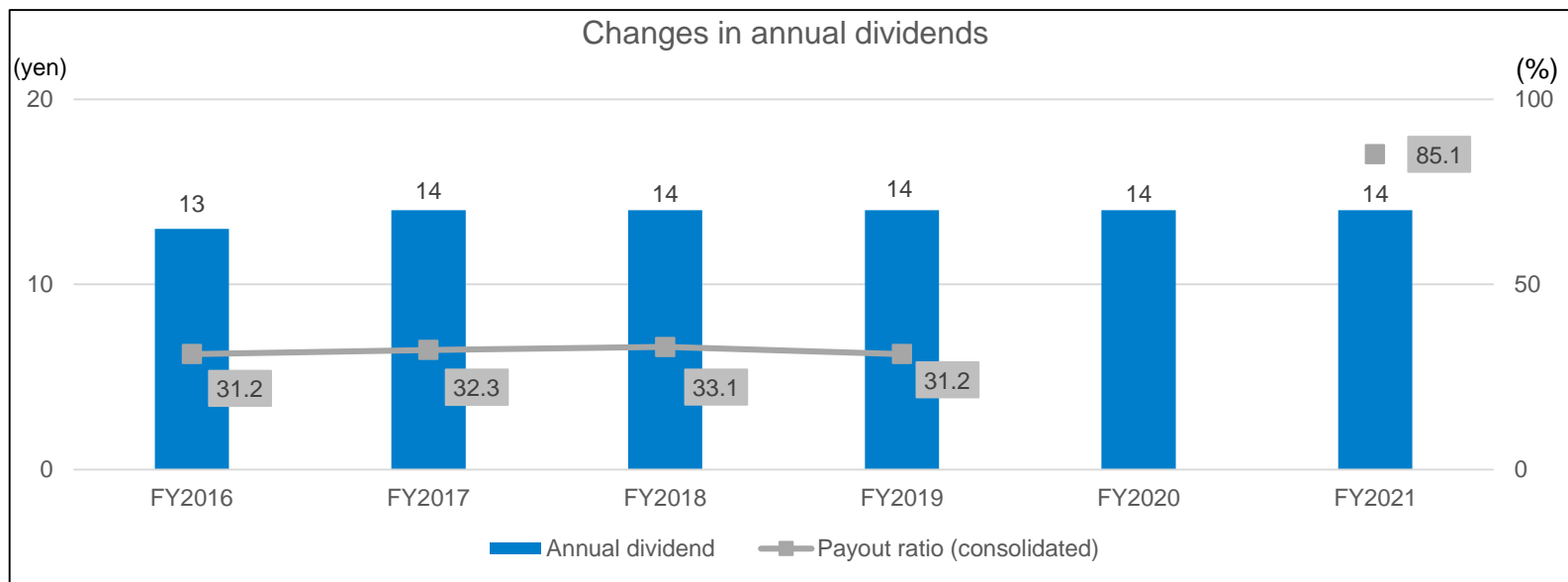
Annual dividend

Annual dividend per share

**14 yen** (planned)

Interim dividend 7 yen  
+ year-end dividend 7 yen (planned)

- Dividend is offered as forecast at the beginning of the term.
- Our company places importance on the return of profits to our shareholders. Dividend is determined by comprehensively considering the financial conditions.



\* Payout ratio is not announced for the fiscal year that ended in March 2021 because of the company's bottom-line loss.

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# Forecast on the consolidated financial statements for the fiscal year ending in March 2023

Consolidated PL

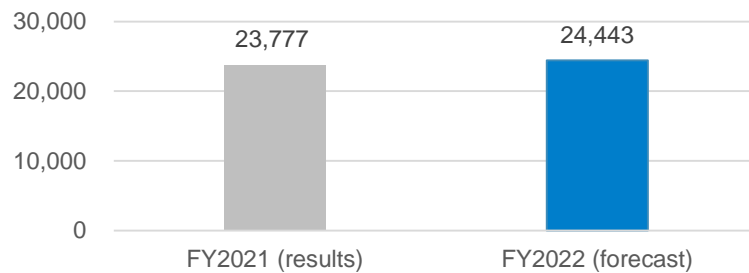


- ◆ Measures regarding COVID-19 including the exemption of rent and heating charge claims are expected to be terminated.
- ◆ Removal expenses associated with the Haneda 1 Cho-me Project are recorded. Although some temporary expenses for the future are expected for the fiscal years ending in March 2023 and March 2024, **we aim to achieve increases in net sales and operating income with the recovery of aviation demand and the stable achievement of the Medium- to Long-Term Management Plan.**

Unit: million yen

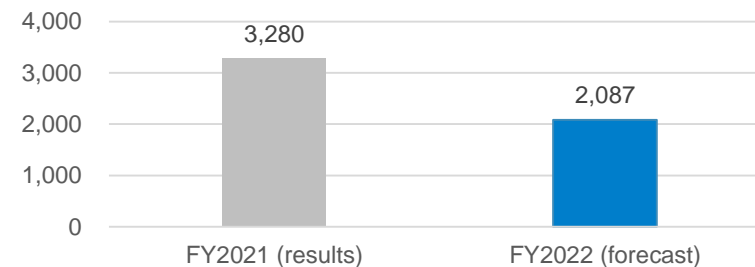
## Net sales

Year on year  
+666 million yen (+2.8%)



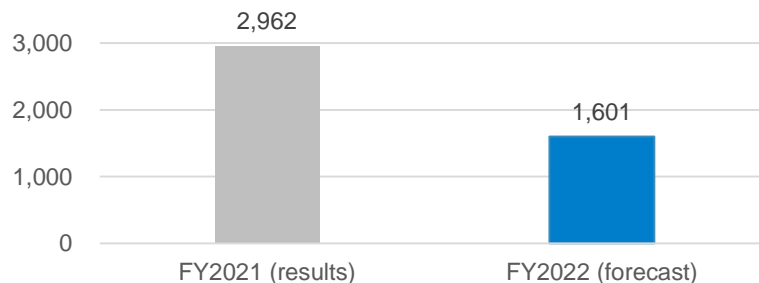
## Operating income

Year on year  
-1,193 million yen (-36.4%)



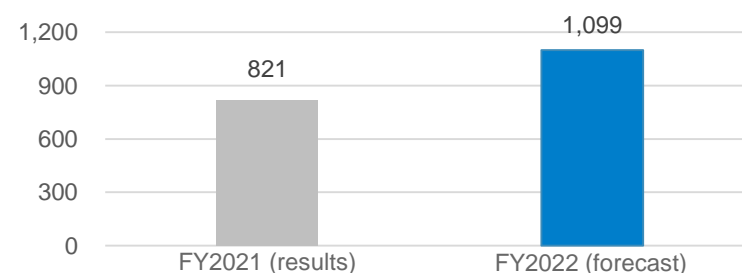
## Ordinary income

Year on year  
-1,361 million yen (-45.9%)

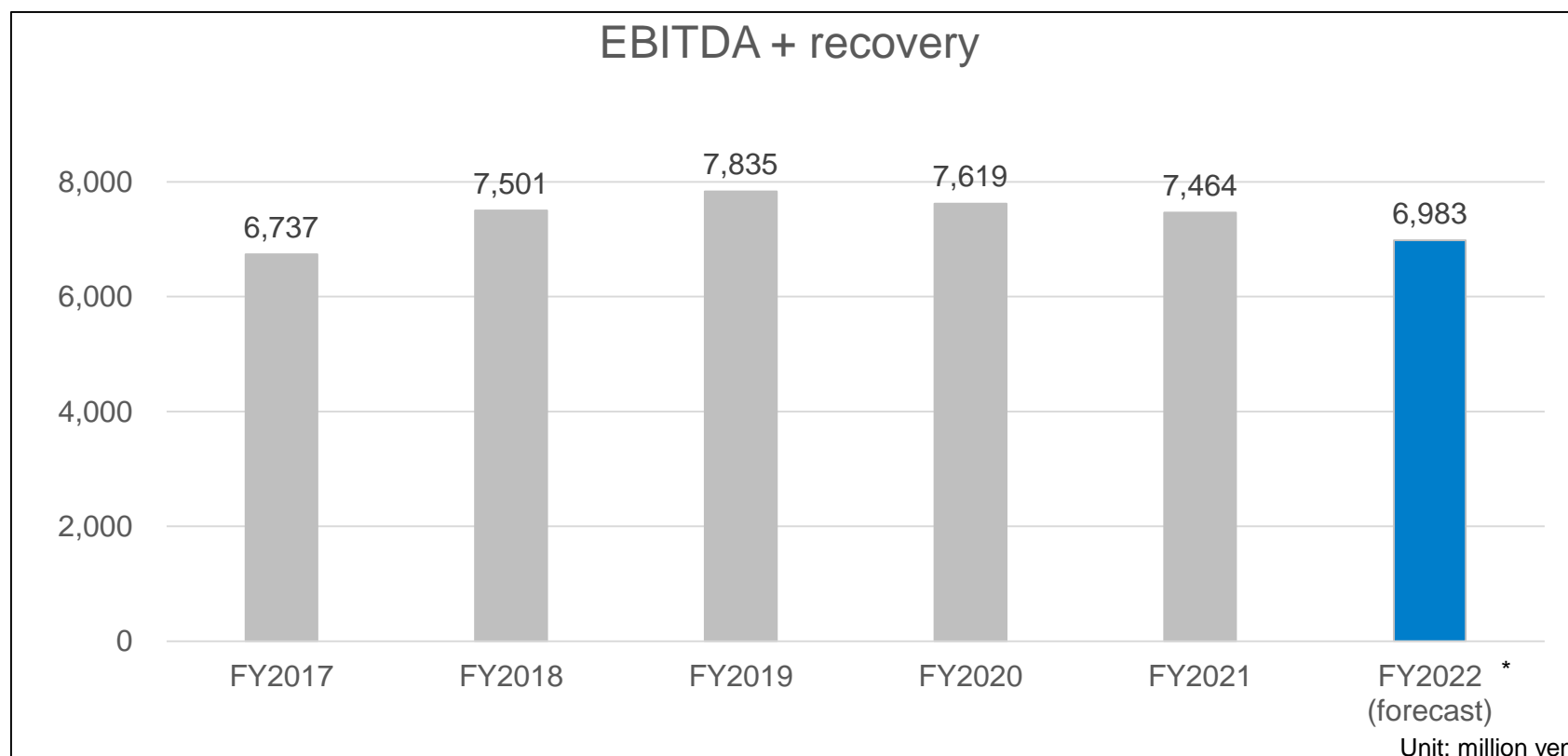


## Current profit

Year on year  
+278 million yen (+33.9%)



- ◆ A major reason for the decrease in operating income in the fiscal year ending in March 2023 is the recording of the asset retirement obligation, which does not seriously affect EBITDA + recovery.



\* EBITDA + recovery = operating income + depreciation expense + recovery + lease cost  
Recovery refers to the repayment of the principal of loans.





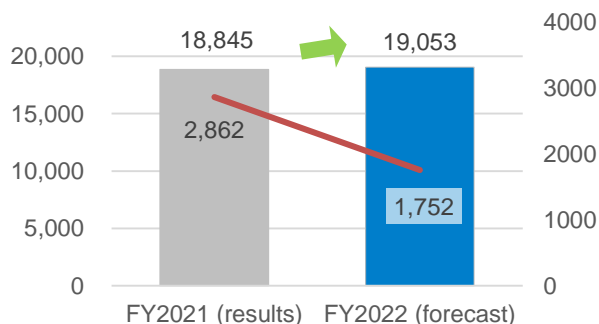
### Outlook by business segment

Net sales: Bar graph, left axis  
Operating income: Line graph, right axis

#### Real estate business

Year on year

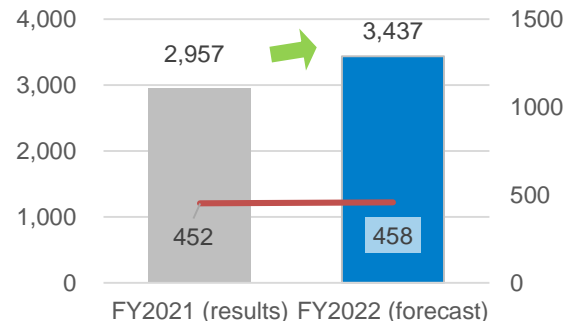
(Net sales) +208 million yen (+1.1%)  
(Operating income) -1,110 million yen (-38.7%)



#### Area heating and cooling business

Year on year

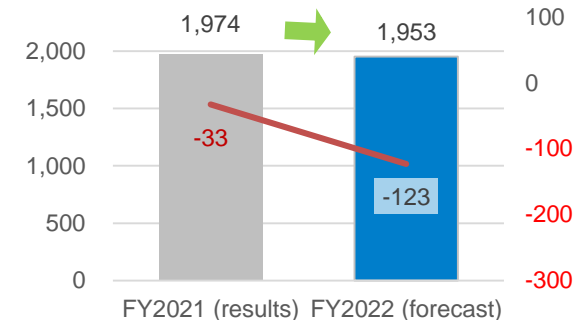
(Net sales) +480 million yen (+16.2%)  
(Operating income) +6 million yen (+1.3%)



#### Water supply and drainage business and other businesses

Year on year

(Net sales) -21 million yen (-1.0%)  
(Operating income) -90 million yen (—)



Unit: million yen

#### <Major factors for increase/decrease>

##### [Net sales]

- (+) Termination of the exemption of rent
- (-) Moving in and out of tenants

##### [Operating income]

- (-) Asset retirement obligation, early depreciation burden

##### [Net sales]

- (+) Termination of the exemption of heating charge claims

##### [Operating income]

- (-) Escalation of fuel costs

##### [Net sales]

- (-) Forecasted to maintain the same level as the fiscal year that ended in March 2022

##### [Operating income]

- (-) Increase in repair expenses, increase in land rent

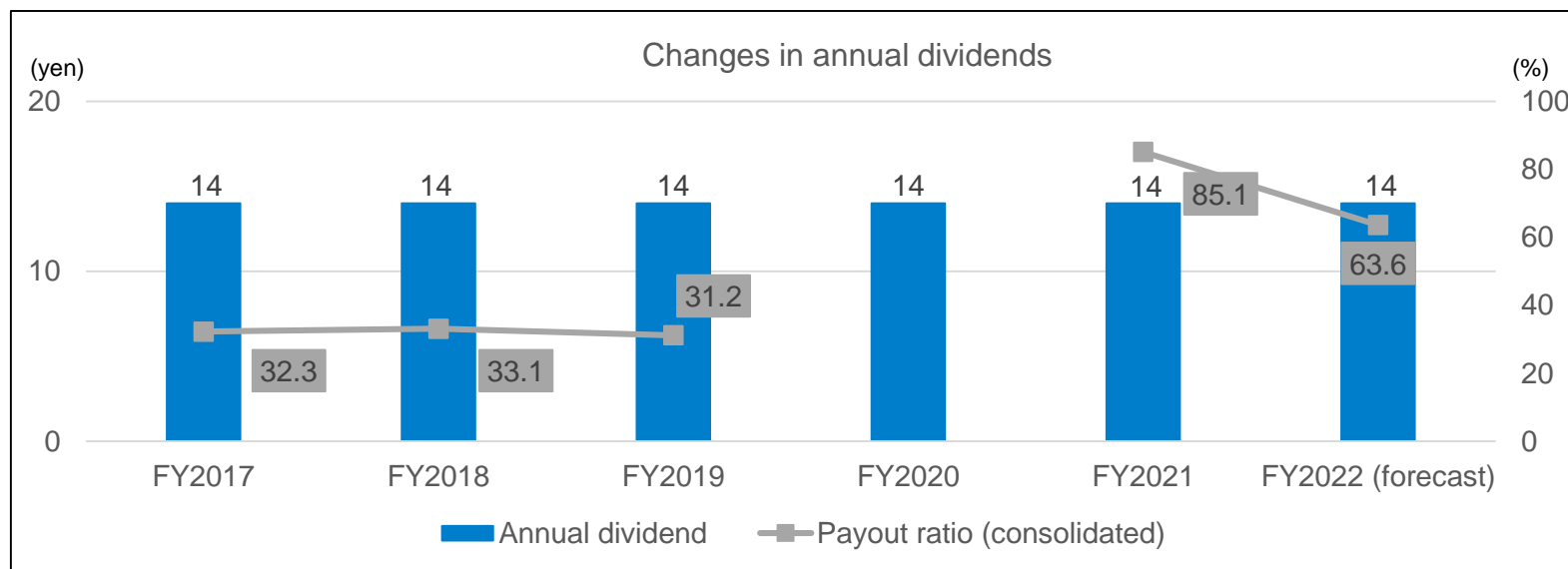


Annual dividend

Annual dividend per share for the fiscal  
year ending in March 2023

**14 yen** (planned)

Interim dividend 7 yen  
+ year-end dividend 7 yen



\* Payout ratio is not announced for the fiscal year that ended in March 2021 because of the company's bottom-line loss.

## 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/english/>

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