

These consolidated financial results are an English translation of excerpts from the Japanese “*Kessan Tanshin*” including attachments filed with the Tokyo Stock Exchange, solely for the convenience of readers outside Japan.

This report has been prepared in accordance with accounting principles and practices generally accepted in Japan. Amounts less than ¥1 million have been omitted unless otherwise stated.

Consolidated Financial Results (*Kessan Tanshin*) for the Six Months of Fiscal Year Ending March 31, 2020 [Japan GAAP]

November 5, 2019

Name of Listed Company: Tokyo Century Corporation Stock Exchange Listing: Tokyo
 Securities Code: 8439
 (URL: <https://www.tokyocentury.co.jp/en/>)
 Representative: Shunichi Asada, President & CEO, Representative Director
 Contact: Koichi Baba, Director and Senior Managing Executive Officer Phone: +81-3-5209-6710
 Scheduled Reportable Date of Quarterly Securities Report: November 8, 2019
 Scheduled Payment Date of Dividends: December 3, 2019
 Preparation of Supplementary Reference Documents: Yes
 Holding of Quarterly Earnings Announcement: Yes (for institutional investors and analysts)

(Amounts less than one million yen are omitted.)

1. Consolidated Performance

	Six Months Ended September 30, 2018	Six Months Ended September 30, 2019	YoY
	<i>(Millions of yen)</i>		<i>(Percentage change)</i>
(1) Consolidated business results:			
Revenues	513,639	549,755	7.0%
Operating income	37,859	40,421	6.8%
Ordinary income	42,215	46,392	9.9%
Net income attributable to owners of parent	25,062	27,014	7.8%
Basic earnings per share (<i>Yen</i>)	237.30	255.73	
Diluted earnings per share (<i>Yen</i>)	236.47	254.70	

Notes:

Total comprehensive income		
For the six months ended September 30, 2019:	¥22,921 million	(10.6%)
For the six months ended September 30, 2018:	¥25,640 million	3.8%

	As of March 31, 2019	As of September 30, 2019
	<i>(Millions of yen)</i>	
(2) Consolidated financial condition:		
Total assets	4,086,513	4,155,389
Net assets	524,372	538,667
Shareholders' equity ratio	10.4%	10.5%

Reference:

Shareholders' equity	
As of September 30, 2019:	¥438,018 million
As of March 31, 2019:	¥426,655 million

2. Dividends

	Dividends per Share (Yen)				
	First Quarter	Second Quarter	Third Quarter	Year-End	Total
Fiscal 2018	—	61.00	—	63.00	124.00
Fiscal 2019	—	67.00	—	—	—
Fiscal 2019 (Forecast)	—	—	—	67.00	134.00

Note: Revisions to the most recently announced forecast of dividends: None

3. Consolidated Results Forecast for the Fiscal Year Ending March 31, 2020 (As of November 5, 2019)

	Full year	YoY
	(Millions of yen)	(Percentage change)
Revenues	1,100,000	3.0%
Operating income	79,300	2.0%
Ordinary income	89,000	3.1%
Net income attributable to owners of parent	54,000	3.3%
Basic earnings per share (Yen)	511.29	—

Note: Revisions to the most recently announced forecast of consolidated results: None

The results forecast above does not include the amount of financial impact of the acquisition of the U.S.-based commercial aircraft lessor Aviation Capital Group LLC as a wholly-owned subsidiary.

Notes

- (1) Changes in status of significant subsidiaries during the period under review (changes in status of specified subsidiaries resulting in change in scope of consolidation): None
- (2) Adoption of special accounting treatments for quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and retrospective restatements
 - 1) Changes in accounting policies due to reforms of accounting standards: None
 - 2) Changes in accounting policies other than item 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Retrospective restatements: None
- (4) Number of shares of common stock issued
 - 1) Number of shares issued at the end of the period (including treasury stock)

As of March 31, 2019:	106,624,620 shares
As of September 30, 2019:	106,624,620 shares
 - 2) Number of shares of treasury stock at the end of the period

As of March 31, 2019:	1,008,592 shares
As of September 30, 2019:	984,674 shares
 - 3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2018:	105,614,263 shares
Six months ended September 30, 2019:	105,637,873 shares

These quarterly financial results are outside the scope of quarterly review by certified public accountant or audit firm.

Explanation related to forward-looking statements and other items warranting special mention

(Regarding forward-looking statements)

The statements concerning future performance presented in this document are prepared based on currently available information and certain preconditions that Tokyo Century Corporation and its Group companies believe to be reasonable at the publication of this document. Actual results may be substantially different from any projections presented herein due to various factors.

(Methods for obtaining supplementary reference documents for quarterly financial statements)

The supplementary reference documents were disclosed on the TDnet on the same date as this document (Japanese only) and were also posted on the Company's website.

The Company plans to hold an earnings announcement for institutional investors and analysts on Wednesday, November 6, 2019.

1. Qualitative Information Concerning Financial Results for the Six Months of Fiscal Year Ending March 31, 2020

(1) Explanation of Results of Operations

During the six months ended September 30, 2019, revenues increased ¥36,116 million, or 7.0%, to ¥549,755 million, and gross profit increased ¥7,208 million, or 8.2%, to ¥95,432 million, respectively from the same period of the previous consolidated fiscal year mainly due to factors such as inclusion, throughout the period, of the results of SHINKO REAL ESTATE CO., LTD. (“Shinko Real Estate”), which became a consolidated subsidiary in July last year, and the steady progress of the International Business including an increase in dividend income from operational investment securities.

Selling, general and administrative expenses increased ¥4,647 million, or 9.2%, to ¥55,011 million from the same period of the previous consolidated fiscal year, mainly due to the inclusion, throughout the period, of the results of Shinko Real Estate and the business expansion of the Group companies in the Mobility & Fleet Management.

Non-operating income and loss increased ¥1,615 million, or 37.1%, to an income of ¥5,971 million from the same period of the previous consolidated fiscal year. This was mainly attributable to an increase in equity in earnings of affiliates, primarily in the aviation businesses, and a favorable turn in gains and losses related to foreign exchange.

Due to the factors mentioned above, ordinary income increased ¥4,177 million, or 9.9%, to ¥46,392 million from the same period of the previous consolidated fiscal year.

Income taxes increased ¥1,269 million, or 9.6%, to ¥14,451 million, and net income attributable to non-controlling interests increased ¥724 million, or 18.5%, to ¥4,638 million, respectively from the same period of the previous consolidated fiscal year.

As a result, net income attributable to owners of parent increased ¥1,952 million, or 7.8%, to ¥27,014 million from the same period of the previous consolidated fiscal year.

(Overview of Business Results by Segment)

Business results by segment were as follows.

Revenues for each segment represent “revenues from customers,” and segment income represents the amount for the reportable segment.

The reportable segments have been reclassified from “Leasing and Installment Sales,” “Finance” and “Other ,” into “Equipment Leasing,” “Mobility & Fleet Management,” “Specialty Financing” and “International Business” from the three months ended June 30, 2019, and the presentation of segment income has changed from operating income to ordinary income.

In addition, the amount of investment in equity-method affiliates etc. has been added to segment assets.

Year-on-year comparisons shown below have been made with figures in the previous year reclassified into the segmentation after the change.

1) Equipment Leasing

Revenues decreased ¥11,473 million, or 4.4%, to ¥249,544 million, and segment income increased ¥294 million, or 2.1%, to ¥14,222 million, respectively from the same period of the previous consolidated fiscal year. The increase in segment income was mainly due to growth in business results in domestic Group companies. The balance of segment assets increased ¥31,739 million, or 2.3%, to ¥1,404,573 million from the end of the previous consolidated fiscal year.

2) Mobility & Fleet Management

Revenues increased ¥12,020 million, or 7.6%, to ¥169,329 million, and segment income increased ¥810 million, or 9.6%, to ¥9,249 million, respectively from the same period of the previous consolidated fiscal year. The increase in segment income was mainly due to the business expansion of the Group companies in the Mobility & Fleet Management. The balance of segment assets increased ¥31,000 million, or 5.2%, to ¥623,670 million from the end of the previous consolidated fiscal year.

3) Specialty Financing

Revenues increased ¥28,180 million, or 51.4%, to ¥83,047 million, and segment income increased ¥1,922 million, or 9.7%, to ¥21,685 million, respectively from the same period of the previous consolidated fiscal year. The increase in segment income was mainly due to: an increase in income in the aviation business on the whole, primarily in equity in earnings of affiliates, although there was a reactionary drop to an increase in aircraft-related commission income in the same period of the previous consolidated fiscal year; inclusion, throughout the period, of the results of Shinko Real Estate; and an increase in gain on power sales in the solar power generation business. The balance of segment assets decreased ¥33,448 million, or 2.9%, to ¥1,108,950 million from the end of the previous consolidated fiscal year.

4) International Business

Revenues increased ¥7,275 million, or 18.1%, to ¥47,403 million, and segment income increased ¥1,510 million, or 37.9%, to ¥5,502 million, respectively from the same period of the previous consolidated fiscal year. The increase in segment income was mainly due to growth in dividend income from operational investment securities. The balance of segment assets decreased ¥3,805 million, or 0.7%, to ¥509,102 million from the end of the previous consolidated fiscal year.

(2) Explanation of Financial Conditions

Total assets at the end of the six months under review increased ¥68,875 million, or 1.7%, to ¥4,155,389 million from the end of the previous consolidated fiscal year. Total liabilities increased ¥54,580 million, or 1.5%, to ¥3,616,722 million, and interest-bearing debts increased ¥81,565 million, or 2.7%, to ¥3,122,800 million, respectively from the end of the previous consolidated fiscal year.

Total net assets increased ¥14,295 million, or 2.7%, to ¥538,667 million from the end of the previous consolidated fiscal year, mainly due to an increase in retained earnings of ¥20,360 million, although there was a decrease in translation adjustments of ¥7,799 million impacted by foreign exchange.

As a result, the shareholders' equity ratio increased 0.1 points compared to the end of the previous consolidated fiscal year to 10.5%.

(3) Explanation of Future Forecast Information such as Consolidated Results Forecast

We have made no revision to the consolidated results forecast which was announced on May 9, 2019.

We are currently investigating the impact of the acquisition of the U.S.-based commercial aircraft lessor Aviation Capital Group LLC as a wholly-owned subsidiary. We have not included the amount of financial impact of this acquisition in the consolidated results forecast, as we have deemed it impractical to make a rational estimate or forecast at this time. Prompt disclosure will be made as soon as we are able to make an announcement.

2. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Assets		
Current assets		
Cash on hand and in banks	99,058	113,988
Accounts receivable - installment sales	195,761	188,486
Lease receivables and investment assets	1,565,671	1,579,346
Loans	549,980	525,439
Operational investment securities	295,970	298,092
Accounts receivable - leases	34,598	33,945
Short-term investment securities	620	490
Inventories	10,667	8,461
Other current assets	92,175	134,029
Allowance for doubtful accounts	(3,377)	(3,154)
Total current assets	2,841,127	2,879,125
Non-current assets		
Property and equipment		
Leased assets	773,055	772,726
Advances for purchases of property for lease	15,985	24,735
Other operating assets	89,406	88,266
Construction in progress	55,372	62,550
Own assets in use	18,742	19,047
Total property and equipment	952,562	967,328
Intangible assets		
Computer programs leased to customers	1,216	2,889
Goodwill	32,711	31,382
Other intangible assets	12,186	13,737
Total intangible assets	46,115	48,008
Investments and other assets		
Investments in securities	183,219	193,022
Claims provable in bankruptcy or rehabilitation	1,348	1,311
Deferred tax assets	12,729	13,981
Long-term loans and other assets	50,050	52,975
Allowance for doubtful accounts	(1,144)	(1,160)
Total investments and other assets	246,205	260,129
Total non-current assets	1,244,883	1,275,466
Deferred assets	503	797
Total assets	4,086,513	4,155,389

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Liabilities		
Current liabilities		
Notes and accounts payable-trade	248,215	216,204
Short-term borrowings	486,653	336,050
Current portion of bonds	101,935	89,656
Current portion of long-term debt	413,061	554,088
Commercial papers	872,300	839,600
Payables under fluidity lease receivables	75,900	86,501
Current portion of long-term payables under fluidity lease receivables	908	859
Accrued income taxes	11,004	11,126
Deferred profit on installment sales	15,882	15,434
Provision for bonuses	3,569	4,225
Provision for directors' bonuses	318	151
Other provisions	631	631
Other current liabilities	86,309	85,972
Total current liabilities	2,316,691	2,240,502
Long-term liabilities		
Bonds payable	197,497	188,510
Long-term debt	891,113	1,026,101
Long-term payables under fluidity lease receivables	1,862	1,432
Deferred tax liabilities	30,548	33,514
Provision for directors' retirement benefits	489	458
Provision for automobile inspection costs	1,146	1,321
Other provisions	—	244
Net defined benefit liability	11,032	11,221
Other long-term liabilities	111,758	113,414
Total long-term liabilities	1,245,449	1,376,219
Total liabilities	3,562,141	3,616,722
Net assets		
Shareholders' equity		
Common stock without par value	34,231	34,231
Capital surplus	9,074	9,117
Retained earnings	379,150	399,510
Treasury stock	(2,612)	(2,550)
Total shareholders' equity	419,843	440,308
Accumulated other comprehensive income		
Net unrealized holding gains (losses) on securities	15,647	14,883
Net unrealized gains (losses) on derivative instruments	(152)	(792)
Translation adjustments	(8,078)	(15,877)
Remeasurements of defined benefit plans	(605)	(503)
Total accumulated other comprehensive income	6,812	(2,290)
Share subscription rights	1,620	2,194
Non-controlling interests	96,096	98,454
Total net assets	524,372	538,667
Total liabilities and net assets	4,086,513	4,155,389

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

Consolidated Statements of Income
(For the six months ended September 30, 2018 and 2019)

(Millions of yen)

	Six months ended September 30, 2018 (Apr. 1 to Sep. 30, 2018)	Six months ended September 30, 2019 (Apr. 1 to Sep. 30, 2019)
Revenues	513,639	549,755
Costs	425,415	454,323
Gross profit	88,224	95,432
Selling, general and administrative expenses	50,364	55,011
Operating income	37,859	40,421
Non-operating income		
Interest income	96	116
Dividend income	537	519
Equity in earnings of affiliates	4,253	5,597
Rent income	146	142
Other	268	226
Total non-operating income	5,302	6,602
Non-operating expenses		
Interest expense	229	389
Foreign exchange losses	563	47
Cost of lease revenue	76	83
Other	78	110
Total non-operating expenses	946	631
Ordinary income	42,215	46,392
Extraordinary income		
Gain on sales of investments securities	55	848
Other	16	50
Total extraordinary income	72	899
Extraordinary losses		
Loss on valuation of investment securities	7	959
Other	121	227
Total extraordinary losses	128	1,187
Income before income taxes	42,159	46,104
Income taxes	13,182	14,451
Net income	28,976	31,652
Net income attributable to non-controlling interests	3,914	4,638
Net income attributable to owners of parent	25,062	27,014

Consolidated Statements of Comprehensive Income
(For the six months ended September 30, 2018 and 2019)

(Millions of yen)

	Six months ended September 30, 2018 (Apr. 1 to Sep. 30, 2018)	Six months ended September 30, 2019 (Apr. 1 to Sep. 30, 2019)
Net income	28,976	31,652
Other comprehensive income		
Net unrealized holding gains (losses) on securities	1,593	(750)
Net unrealized gains (losses) on derivative instruments	1,829	(183)
Translation adjustments	(5,951)	(7,278)
Remeasurements of defined benefit plans	184	111
Share of other comprehensive income of affiliates accounted for using equity method	(991)	(631)
Total other comprehensive income	(3,335)	(8,731)
Comprehensive income	25,640	22,921
Comprehensive income attributable to:		
Owners of parent	21,939	17,911
Non-controlling interests	3,701	5,009

(3) Notes to the Consolidated Financial Statements

Notes on Going Concern Assumption

Not applicable

Notes in the Case of Material Changes in Shareholders' Equity

Not applicable

Adoption of Special Accounting Treatments for Quarterly Consolidated Financial Statements

(Calculation of tax expenses)

We reasonably estimate an effective tax rate after applying tax effect accounting to income before income taxes for the consolidated fiscal year under review, and adopt a method to calculate tax expenses by multiplying income before income taxes by the estimated effective tax rate.

However, where the amount of tax expenses calculated using the estimated effective tax rate is obviously unreasonable, tax expenses are calculated by multiplying income before income taxes by the effective tax rate designated by law after adjusting for significant differences that are not temporary differences.

Segment Information

(Items relating to changes to reportable segments, etc.)

Under the Group's new "Fourth Medium-Term Management Plan," adopted at the Board of Directors' meeting held on May 9, 2019, the Group has decided to change the reportable segments and others in order to implement a review of business management techniques, taking into consideration factors such as the present organizational structure and changes in the business portfolio.

With this change, the reportable segments have been reclassified from "Leasing and Installment Sales," "Finance" and "Other," into "Equipment Leasing," "Mobility & Fleet Management," "Specialty Financing" and "International Business" from the three months ended June 30, 2019, and the presentation of segment income has changed from operating income to ordinary income.

The details of each reportable segment after the change are shown below.

- (1) Equipment Leasing----- Financial services and viable businesses, etc. on the handling of information and communications equipment, office equipment, industrial machinery, transportation equipment and equipment for commercial and service industries
- (2) Mobility & Fleet Management--- Automobile leasing, car rental and car sharing businesses, etc. for corporate customers and individuals
- (3) Specialty Financing----- Financial services, viable businesses and investment, etc. mainly focusing on product fields such as shipping, aviation, real estate, and the environment and energy, in Japan and overseas
- (4) International Business----- Financial services and fleet services businesses, etc. mainly in East Asia, ASEAN, North, Central and South America

Segment information for the six months ended September 30, 2018, has been prepared according to the new segment classifications.

I. Six months ended September 30, 2018 (from April 1, 2018 to September 30, 2018)

1. Information concerning the amount of revenues and income/loss by reportable segment

(Millions of yen)

	Reportable Segment					Other (Note 1)	Total	Adjustment (Note 2)	Amount shown on the Consolidated Statements of Income (Note 3)
	Equipment Leasing	Mobility & Fleet Management	Specialty Financing	International Business	Total				
Revenues									
Revenues from customers	261,017	157,309	54,867	40,128	513,322	316	513,639	—	513,639
Intersegment revenues /transfers	308	506	117	14	947	90	1,037	(1,037)	—
Total	261,326	157,816	54,984	40,142	514,270	407	514,677	(1,037)	513,639
Segment income	13,927	8,439	19,763	3,991	46,122	99	46,221	(4,006)	42,215

Notes: 1. "Other" includes casualty insurance agency business and business-processing services business, which are not included in any reportable segment.

2. The adjustment to segment income mainly consists of general and administrative expenses, which are not attributed to reportable segments.

3. Segment income is adjusted to ordinary income shown on the Consolidated Statements of Income.

2. Information concerning impairment loss on non-current assets, goodwill, etc. by reportable segment

Not applicable

II. Six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)

1. Information concerning the amount of revenues and income/loss by reportable segment

(Millions of yen)

	Reportable Segment					Other (Note 1)	Total	Adjustment (Note 2)	Amount shown on the Consolidated Statements of Income (Note 3)
	Equipment Leasing	Mobility & Fleet Management	Specialty Financing	International Business	Total				
Revenues									
Revenues from customers	249,544	169,329	83,047	47,403	549,325	430	549,755	—	549,755
Intersegment revenues /transfers	251	517	112	3	885	54	939	(939)	—
Total	249,795	169,847	83,160	47,407	550,210	484	550,695	(939)	549,755
Segment income	14,222	9,249	21,685	5,502	50,660	183	50,843	(4,451)	46,392

Notes: 1. "Other" includes casualty insurance agency business and business-processing services business, which are not included in any reportable segment.

2. The adjustment to segment income mainly consists of general and administrative expenses, which are not attributed to reportable segments.

3. Segment income is adjusted to ordinary income shown on the Consolidated Statements of Income.

2. Information concerning impairment loss on non-current assets, goodwill, etc. by reportable segment

Not applicable

Significant Subsequent Events

Not applicable

3. Supplementary Information

(1) Operating Transactions

Balance of Segment Assets (as of September 30, 2019)

(Millions of yen)

Classification		As of March 31, 2019		As of September 30, 2019	
		Amount	Share (%)	Amount	Share (%)
Reportable Segment	Equipment Leasing	1,372,833	37.8	1,404,573	38.4
	Mobility & Fleet Management	592,670	16.3	623,670	17.1
	Specialty Financing	1,142,398	31.5	1,108,950	30.3
	International Business	512,908	14.1	509,102	13.9
	Total for Reportable Segments	3,620,811	99.7	3,646,296	99.7
Other		10,107	0.3	10,329	0.3
Total		3,630,919	100.0	3,656,626	100.0

(Reference)

(Millions of yen)

	Fiscal 2018	Q2 Fiscal 2019
Business guarantees	46,222	53,041