

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 Three Months of Fiscal Year Ending March 31, 2021 [Japan GAAP]

August 5, 2020

Name of Listed Company: Tokyo Century Corporation

Stock Exchange Listing: Tokyo

Securities Code: 8439

(URL: <https://www.tokyocentury.co.jp/en/>)

Representative: Makoto Nogami, President & CEO, Representative Director

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Scheduled Reportable Date of Quarterly Securities Report: August 5, 2020

Scheduled Payment Date of Dividends: —

Preparation of Supplementary Reference Documents: Yes

Holding of Quarterly Earnings Announcement: None

(Amounts less than one million yen are omitted.)

### 1. Consolidated Performance

	Three Months Ended June 30, 2019	Three Months Ended June 30, 2020	YoY
	<i>(Millions of yen)</i>		<i>(Percentage change)</i>
<b>(1) Consolidated business results:</b>			
Revenues	267,394	307,031	14.8%
Operating income	21,076	24,851	17.9%
Ordinary income	23,920	25,102	4.9%
Net income attributable to owners of parent	13,742	15,006	9.2%
Basic earnings per share ( <i>Yen</i> )	130.09	122.93	
Diluted earnings per share ( <i>Yen</i> )	129.57	122.40	

Notes:

Total comprehensive income

For the three months ended June 30, 2020: ¥15,622 million 10.4%

For the three months ended June 30, 2019: ¥14,157 million 637.2%

	As of March 31, 2020	As of June 30, 2020
	<i>(Millions of yen)</i>	
<b>(2) Consolidated financial condition:</b>		
Total assets	5,608,556	5,677,782
Net assets	660,145	663,954
Shareholders' equity ratio	9.9%	9.9%

Reference:

Shareholders' equity

As of June 30, 2020: ¥559,743 million

As of March 31, 2020: ¥554,498 million

### 2. Dividends

	Dividends per Share ( <i>Yen</i> )				
	First Quarter	Second Quarter	Third Quarter	Year-End	Total
Fiscal 2019	—	67.00	—	69.00	136.00
Fiscal 2020	—	—	—	—	—
Fiscal 2020 (Forecast)	—	68.00	—	68.00	136.00

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

### 3. Consolidated Results Forecast for the Fiscal Year Ending March 31, 2021 (As of August 5, 2020)

	Full year	YoY
	<i>(Millions of yen)</i>	<i>(Percentage change)</i>
Revenues	1,200,000	2.9%
Operating income	70,000	(20.8%)
Ordinary income	75,000	(17.7%)
Net income attributable to owners of parent	45,000	(20.1%)
Basic earnings per share ( <i>Yen</i> )	368.72	

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

#### 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, 2020:	123,028,320 shares
As of June 30, 2020:	123,028,320 shares
  - 2) Number of shares of treasury stock at the end of the period
 

As of March 31, 2020:	984,151 shares
As of June 30, 2020:	946,293 shares
  - 3) Average number of shares during the period (cumulative from the beginning of the fiscal year)
 

Three months ended June 30, 2019:	105,635,738 shares
Three months ended June 30, 2020:	122,077,257 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.

## 1. Qualitative Information Concerning Financial Results for the Three Months of Fiscal Year Ending March 31, 2021

### (1) Explanation of Results of Operations

During the three months ended June 30, 2020, revenues increased ¥39,636 million, or 14.8%, to ¥307,031 million, and gross profit increased ¥8,767 million, or 18.2%, to ¥57,020 million, respectively from the same period of the previous consolidated fiscal year, mainly due to the inclusion of the earnings of Aviation Capital Group LLC (“ACG”), which became a consolidated subsidiary in December 2019.

Selling, general and administrative expenses increased ¥4,993 million, or 18.4%, to ¥32,169 million from the same period of the previous consolidated fiscal year, mainly due to increases associated with credit costs related to the aviation business and the conversion of ACG to a consolidated subsidiary.

Non-operating income and loss decreased ¥2,592 million, or 91.2%, to an income of ¥251 million from the same period of the previous consolidated fiscal year. This was mainly because ACG was excluded from the equity in earnings of affiliates in the period under review as ACG, a former equity-method affiliate, became a consolidated subsidiary in December 2019 and an increase in interest expense.

Due to the factors mentioned above, ordinary income increased ¥1,181 million, or 4.9%, to ¥25,102 million from the same period of the previous consolidated fiscal year.

Income taxes decreased ¥1,226 million, or 16.0%, to ¥6,424 million, and net income attributable to non-controlling interests decreased ¥205 million, or 8.5%, to ¥2,204 million, respectively from the same period of the previous consolidated fiscal year.

As a result, net income attributable to owners of parent increased ¥1,264 million, or 9.2%, to ¥15,006 million from the same period of the previous consolidated fiscal year.

### (2) Explanation of Financial Conditions

Total assets at the end of the three months under review increased ¥69,225 million, or 1.2%, to ¥5,677,782 million from the end of the previous consolidated fiscal year. This was mainly due to an increase in cash on hand in banks of ¥83,712 million. Total liabilities increased ¥65,416 million, or 1.3%, to ¥5,013,827 million, and interest-bearing debts increased ¥163,339 million, or 3.8%, to ¥4,441,586 million, respectively from the end of the previous consolidated fiscal year.

Total net assets increased ¥3,809 million, or 0.6%, to ¥663,954 million from the end of the previous consolidated fiscal year, mainly due to an increase in retained earnings of ¥6,407 million, an increase in net unrealized holding gains on securities of ¥5,973 million, and a decrease in translation adjustments of ¥7,544 million.

As a result, the shareholders’ equity ratio remained unchanged compared to the end of the previous consolidated fiscal year at 9.9%.

### (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 20, 2020.

## 2. Consolidated Financial Statements and Primary Notes

### (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
<b>Assets</b>		
Current assets		
Cash on hand and in banks	259,652	343,364
Accounts receivable - installment sales	182,847	176,414
Lease receivables and investment assets	1,678,546	1,644,177
Loans	504,644	478,998
Operational investment securities	281,268	281,387
Accounts receivable - leases	45,322	43,879
Short-term investment securities	1,585	1,538
Inventories	8,227	9,304
Other current assets	149,233	162,258
Allowance for doubtful accounts	(3,243)	(3,448)
<b>Total current assets</b>	<b>3,108,085</b>	<b>3,137,875</b>
Non-current assets		
Property and equipment		
Leased assets	1,864,189	1,898,962
Advances for purchases of property for lease	140,503	141,702
Other operating assets	82,126	80,951
Construction in progress	86,372	89,148
Own assets in use	18,750	20,037
<b>Total property and equipment</b>	<b>2,191,942</b>	<b>2,230,802</b>
Intangible assets		
Computer programs leased to customers	2,891	2,789
Goodwill	56,153	54,457
Other intangible assets	56,475	54,006
<b>Total intangible assets</b>	<b>115,521</b>	<b>111,253</b>
Investments and other assets		
Investments in securities	97,714	99,020
Claims provable in bankruptcy or rehabilitation	7,761	9,210
Deferred tax assets	26,946	22,351
Long-term loans and other assets	61,555	67,244
Allowance for doubtful accounts	(4,325)	(3,023)
<b>Total investments and other assets</b>	<b>189,652</b>	<b>194,803</b>
<b>Total non-current assets</b>	<b>2,497,116</b>	<b>2,536,859</b>
<b>Deferred assets</b>	<b>3,354</b>	<b>3,047</b>
<b>Total assets</b>	<b>5,608,556</b>	<b>5,677,782</b>

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	252,967	179,320
Short-term borrowings	461,855	678,790
Current portion of bonds	146,872	154,995
Current portion of long-term debt	611,849	633,698
Commercial papers	825,223	756,945
Payables under fluidity lease receivables	73,800	51,100
Current portion of long-term payables under fluidity lease receivables	859	859
Accrued income taxes	24,785	3,744
Deferred profit on installment sales	14,954	13,910
Provision for bonuses	3,668	2,209
Provision for directors' bonuses	273	101
Other provisions	694	680
Other current liabilities	117,945	116,512
<b>Total current liabilities</b>	<b>2,535,749</b>	<b>2,592,869</b>
Long-term liabilities		
Bonds payable	752,147	705,082
Long-term debt	1,404,636	1,459,327
Long-term payables under fluidity lease receivables	1,002	788
Deferred tax liabilities	31,435	34,207
Provision for directors' retirement benefits	523	455
Provision for automobile inspection costs	1,234	1,235
Other provisions	169	215
Net defined benefit liability	11,507	11,643
Other long-term liabilities	210,004	208,001
<b>Total long-term liabilities</b>	<b>2,412,661</b>	<b>2,420,957</b>
<b>Total liabilities</b>	<b>4,948,411</b>	<b>5,013,827</b>
<b>Net assets</b>		
Shareholders' equity		
Common stock without par value	81,129	81,129
Capital surplus	56,016	56,078
Retained earnings	421,580	427,987
Treasury stock	(2,550)	(2,452)
<b>Total shareholders' equity</b>	<b>556,175</b>	<b>562,742</b>
Accumulated other comprehensive income		
Net unrealized holding gains (losses) on securities	4,315	10,289
Net unrealized gains (losses) on derivative instruments	(510)	(281)
Translation adjustments	(4,953)	(12,497)
Remeasurements of defined benefit plans	(529)	(508)
<b>Total accumulated other comprehensive income</b>	<b>(1,677)</b>	<b>(2,998)</b>
Share subscription rights	2,191	2,031
Non-controlling interests	103,454	102,179
<b>Total net assets</b>	<b>660,145</b>	<b>663,954</b>
<b>Total liabilities and net assets</b>	<b>5,608,556</b>	<b>5,677,782</b>

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

Consolidated Statements of Income  
(For the three months ended June 30, 2019 and 2020)

(Millions of yen)

	<b>Three months ended June 30, 2019 (Apr. 1 to Jun. 30 2019)</b>	<b>Three months ended June 30, 2020 (Apr. 1 to Jun. 30 2020)</b>
Revenues	267,394	307,031
Costs	219,141	250,010
Gross profit	48,252	57,020
Selling, general and administrative expenses	27,176	32,169
Operating income	21,076	24,851
Non-operating income		
Interest income	49	54
Dividend income	369	333
Equity in earnings of affiliates	2,370	541
Foreign exchange gains	75	—
Rent income	71	71
Other	125	447
Total non-operating income	3,061	1,448
Non-operating expenses		
Interest expense	145	937
Foreign exchange losses	—	168
Cost of lease revenue	21	21
Other	51	69
Total non-operating expenses	217	1,197
Ordinary income	23,920	25,102
Extraordinary income		
Gain on sales of investments securities	9	738
Other	38	17
Total extraordinary income	48	755
Extraordinary losses		
Loss on valuation of investment securities	1	2,176
Extra retirement payments	99	—
Other	66	46
Total extraordinary losses	166	2,222
Income before income taxes	23,802	23,635
Income taxes	7,650	6,424
Net income	16,151	17,210
Net income attributable to non-controlling interests	2,409	2,204
Net income attributable to owners of parent	13,742	15,006

Consolidated Statements of Comprehensive Income  
(For the three months ended June 30, 2019 and 2020)

(Millions of yen)

	<b>Three months ended June 30, 2019 (Apr. 1 to Jun. 30 2019)</b>	<b>Three months ended June 30, 2020 (Apr. 1 to Jun. 30 2020)</b>
Net income	16,151	17,210
Other comprehensive income		
Net unrealized holding gains (losses) on securities	(2,753)	5,939
Net unrealized gains (losses) on derivative instruments	(561)	468
Translation adjustments	1,260	(7,289)
Remeasurements of defined benefit plans	45	24
Share of other comprehensive income of affiliates accounted for using equity method	14	(731)
Total other comprehensive income (losses)	(1,994)	(1,588)
<b>Comprehensive income</b>	<b>14,157</b>	<b>15,622</b>
Comprehensive income attributable to:		
Owners of parent	11,536	13,685
Non-controlling interests	2,620	1,937

### (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.

#### Additional Information

##### (Accounting Estimates regarding the Spread of COVID-19)

No significant changes have been made to the assumptions, including the timing of a return to the normal situation from COVID-19, stated in "Accounting Estimates regarding the Spread of COVID-19" under Additional Information in the FY2019 Annual Securities Report (available only in Japanese).

##### (Aircraft Purchase Committed by a Consolidated Subsidiary of the Company)

As of May 18, 2020, Aviation Capital Group LLC, a wholly owned subsidiary of the Company, had commitments to purchase 156 aircraft (mainly narrow-body) from Boeing, Airbus and other institutions scheduled for delivery through 2025. The estimated aggregate remaining payments for the purchase of aircraft is ¥789,816 million. Boeing 737 MAX aircraft which are being grounded due to restrictive orders from regulatory authorities are also included in these 156 aircraft. Timing of delivery and remaining payment amounts may be changed depending on timing of re-certification and ungrounding of the aircraft. In addition, the purchase agreements with Boeing and Airbus contain certain cancellation clauses which allow the purchaser to cancel commitments if delivery of aircraft is delayed beyond a specified time period.

#### Significant Subsequent Events

##### 1. Tender Offer and Issuance of Senior Unsecured Notes of Aviation Capital Group LLC

(Tender offer of senior unsecured notes)

On June 18, 2020, Aviation Capital Group LLC, a subsidiary of the Company, purchased its US dollar based senior unsecured notes through tender offer.

###### (1) Purpose

To show financial stability to investors through this tender offer, and thereby stabilize future senior notes issuance.

###### (2) Format, maturity, and aggregate principal amount

US dollar based senior unsecured notes; October 15, 2020; US\$600 million

###### (3) Purchase date

June 18, 2020

###### (4) Purchase price

US\$1,000 per principal amount of US\$1,000 (100% of face value)

###### (5) Total tendered amount

US\$204 million

###### (6) Face value outstanding after tender offer

US\$395 million

###### (7) Fund-raising method for the tender offer

Own capital and bank borrowing

(Issuance of senior unsecured notes)

On July 10, 2020, Aviation Capital Group LLC, a subsidiary of the Company, issued US\$1,000 million worth of US dollar based senior unsecured notes under Rule 144A and Regulation S of the US Securities Act.

(1) Principal amount

US\$1,000 million

(2) Format

US dollar based senior unsecured notes (compliant with Rule 144A and Regulation S of the US Securities Act)

(3) Coupon rate

5.50% per annum

(4) Maturity

December 2024

(5) Ratings

Kroll: A-

Moody's: Baa2

S&P: BBB-

## 2. Issuance of Bonds of the Company

The Company issued unsecured bonds with interest payment extension and early redemption clauses (with subordination agreements) on July 30, 2020.

Below is an overview of the issued Bonds.

	2nd Unsecured Bonds with interest payment extension and early redemption clauses (with subordination agreement)	3rd Unsecured Bonds with interest payment extension and early redemption clauses (with subordination agreement)
Total amount of issuance	¥100,000 million	¥30,000 million
Issuance price	¥100 per face value of ¥100	
Interest rate	(Note 1)	(Note 2)
Redemption amount	¥100 per face value of ¥100	
Redemption method and maturity date	Lump-sum redemption on July 30, 2080; however, early redemption is possible at each interest payment date after 2025 at the Company's discretion	Lump-sum redemption on July 30, 2080; however, early redemption is possible at each interest payment date after 2030 at the Company's discretion
Closing date	July 30, 2020	
Collateral	There are no collaterals or guarantees on the Bonds and no assets are specifically reserved for them	
Use of funds	Funds for repayment of debt (bridge loan) for acquisition of equity interest in Aviation Capital Group LLC	

### Notes

- From the day after July 30, 2020, to July 30, 2025: 1.38% per annum; from the day after July 30, 2025, to July 30, 2045: the rate obtained by adding 1.43% to the Six-month Euroyen LIBOR rate; and from the day after July 30, 2045: the rate obtained by adding 2.43% to the Six-month Euroyen LIBOR rate.
- From the day after July 30, 2020, to July 30, 2030: 1.66% per annum; from the day after July 30, 2030, to July 30, 2050: the rate obtained by adding 1.63% to the Six-month Euroyen LIBOR rate; and from the day after July 30, 2050: the rate obtained by adding 2.63% to the Six-month Euroyen LIBOR rate.

### 3. Supplementary Information

#### (1) Operating Transactions

Balance of Segment Assets (as of June 30, 2020)

(Millions of yen)

Classification		As of March 31, 2020		As of June 30, 2020	
		Amount	Share (%)	Amount	Share (%)
Reportable Segment	Equipment Leasing	1,471,097	30.8	1,429,782	30.2
	Mobility & Fleet Management	631,214	13.2	632,502	13.3
	Specialty Financing	2,147,881	45.0	2,183,996	46.1
	International Business	510,578	10.7	479,007	10.1
	Total for Reportable Segments	4,760,772	99.7	4,725,288	99.7
Other		12,201	0.3	13,686	0.3
Total		4,772,973	100.0	4,738,975	100.0

(Reference)

(Millions of yen)

	Fiscal 2019	Q1 Fiscal 2020
Business guarantees	110,890	115,416