

May 12, 2022

**Notice Concerning Recording of Extraordinary Loss (Impairment Loss)  
for the Fiscal Year Ending March 31, 2023**

Tokyo Century Corporation (the “Company”) announces that it expects to record an extraordinary loss (impairment loss) for the fiscal year ending March 31, 2023, related to the aircraft owned by its consolidated subsidiary Aviation Capital Group LLC (headquartered in California, USA; “ACG”) leased to Russian airlines.

1. Outline of the impairment loss

ACG has its exposure to Russian airlines of approximately \$600 million (total of eight owned aircraft, financing and loan guarantees as of March 31, 2022). Of this exposure, as it has become difficult to estimate future cash flows for the eight leased aircraft, the entire book value of approximately ¥46 billion (approx. \$380 million, converted at ¥120 to the dollar) is expected to be recorded as an extraordinary loss (impairment loss) for the fiscal year ending March 31, 2023.

2. Background of the impairment loss

Following Russia’s invasion of Ukraine, which has been ongoing since February 24, 2022, the United States, the European Union, the United Kingdom, Japan, and other countries have imposed extensive economic sanctions on Russian industry, officials, and others. These economic sanctions include, among other things, prohibitions regarding the supply of aircraft and maintenance parts to Russia, including the leasing of aircraft.

ACG has complied with said economic sanctions, terminated the leasing of all aircraft with Russian airlines and taken various measures to recover the aircraft. However, as a countermeasure to the economic sanctions, Russia has enacted a law allowing foreign-registered aircraft leased from foreign leasing companies to be re-registered and operated in Russia. As it stands now, it is unclear whether we will be able to have the eight aircraft returned.

Due to the ongoing conflict between Russia and Ukraine, it has become difficult to predict the possibility of repossessing the aircraft, ascertain the status of the aircraft condition and its records, and estimate future cash flows for the eight leased aircraft. Therefore, the recoverable amount was set at ¥0.

3. Future outlook

The recording of such extraordinary loss (impairment loss) of approximately ¥46 billion (approx. \$380 million) is taken into account in the Company’s consolidated results forecast for the fiscal year ending March 31, 2023; however, the Company and ACG will continuously seek to recover the aircraft and collect claims, etc. In addition, ACG has taken out insurance to cover its exposure to Russian airlines of approximately \$600 million (total of eight owned aircraft, financing and loan guarantees as of March 31, 2022), and has already submitted a claim with the insurance company. However, since the possibility and timing of any recoveries under these policies are uncertain, the insurance claims filed are not included in the full-year consolidated results forecast for the fiscal year ending March 31, 2023.

4. (Reference) Full-year consolidated results forecast for the fiscal year ending March 31, 2023  
(April 1, 2022 through March 31, 2023)

	Ordinary Income	Net Income attributable to owners of parent	Basic earnings per share
Previously announced forecasts (A) (Fiscal year ending March 31, 2022)	Millions of yen 90,519	Millions of yen 50,290	Yen 411.56
Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2023(B)	100,000	20,000	163.66
Change (B-A)	9,480	-30,290	
Change (%)	10.5%	-60.2%	

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(Note)

1. The forward-looking statements, including the results forecast, contained in this document are prepared based on information available as of the date of this release, and actual results may differ from these forecasts due to various factors.
2. This translation is prepared and provided for reference only. In the event of any discrepancy between this translated document and the original Japanese document, the original document shall prevail.