

For Reference Only

Notice Concerning Loss on Valuation of Operational Investment Securities

Tokyo Century Corporation (“TC”) hereby announces that it will record valuation losses for the first three and six months of the fiscal year ending March 31, 2023, due to a decline in the market value of a portion of operational investment securities held by its consolidated subsidiary by 50% or more from their acquisition cost, as described below.

1. Summary of loss on valuation of operational investment securities

The fiscal year-end of the consolidated subsidiary that holds such operational investment securities is December 31, which differs from the consolidated fiscal year-end (March 31) of TC. However, the difference is less than three months; therefore, TC uses the financial statements of the consolidated subsidiary as the basis for the preparation of the consolidated financial statements of TC. Since the market value of such operational investment securities as of March 31, 2022 and June 30, 2022 both fell by 50% or more from their acquisition cost, TC will record the valuation losses for the first three and six months of the fiscal year ending March 31, 2023. In addition, since TC has elected to apply the reversal method of accounting to calculate the amount of loss on valuation of securities for the cumulative quarterly consolidated accounting period, the recording amount of the loss on valuation of operational investment securities will change based on the market value as of September 30, 2022 and December 31, 2022.

* These securities are held to earn financial income for operating purposes and are recorded in “operating investment securities” under current assets on the consolidated balance sheets. The loss on valuation of operational investment securities will be recorded in “costs” on the consolidated statements of income.

2. Loss on valuation of operational investment securities

(1) Three months ended June 30, 2023

	(Billions of yen)
(i) Loss on valuation of operational investment securities for the three months ended June 30, 2023	11.5
(ii) Consolidated net assets for the previous fiscal year ((i)/(ii)×100)	795.6 (1.4%)
(iii) Consolidated ordinary income for the previous fiscal year ((i)/(iii)×100)	90.5 (12.7%)
(iv) Net income attributable to owners of parent for the previous fiscal year ((i)/(iv)×100)	50.3 (22.9%)

(2) Six months ended September 30, 2023

(Billions of yen)	
(i) Loss on valuation of operational investment securities for the six months ended September 30, 2023	15.3
(ii) Consolidated net assets for the previous fiscal year ((i)/(ii)×100)	795.6 (1.9%)
(iii) Consolidated ordinary income for the previous fiscal year ((i)/(iii)×100)	90.5 (16.9%)
(iv) Net income attributable to owners of parent for the previous fiscal year ((i)/(iv)×100)	50.3 (30.5%)

3. Future outlook

Since the decline in the market value of such operational investment securities has been included in the consolidated results forecast for the fiscal year ending March 31, 2023, which was announced on May 12, 2022, there is no change to the results forecast. However, TC will promptly disclose any revisions to the results forecast when necessary due to changes in the recording amount of the valuation losses based on the market value of such operational investment securities as of September 30, 2022 and December 31, 2022.

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Contact Information:

Tokyo Century Corporation
Investor Relations Division
Keisuke Yamashita
Inquiry: <https://www.tokyocentury.co.jp/en/contact/form.php>
Phone: +81-3-5209-6710

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