

# **Consolidated Financial Results**

**For the Three Months of Fiscal Year Ending March 31, 2023**

**August 5, 2022**



Creating new values from  
Finance × Services × Business Expertise  
**Tokyo Century Corporation**

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## **1. Financial Highlights**

# Financial Highlights

Ordinary income increased 4.8% to ¥32.0 billion, and net loss attributable to owners of parent was ¥19.5 billion due to extraordinary losses YoY

(Billions of yen)

	FY2021 Q1 Result	FY2022 Q1 Result	Change	% Change
Revenues	306.1	315.1	9.0	3.0%
Operating income	28.2	26.9	-1.3	-4.6%
<b>Ordinary income</b>	<b>30.5</b>	<b>32.0</b>	<b>1.5</b>	<b>4.8%</b>
<b>Net income(loss) attributable to owners of parent</b>	<b>18.6</b>	<b>-19.5</b>	<b>-38.0</b>	<b>-</b>
ROE (Net income / Shareholders' equity)	12.4%	-	-	

Average foreign exchange rate (USD1)

¥ 106.09

¥ 116.34

(Foreign exchange rate for January–  
March for major overseas subsidiaries)

FY2022 Forecast	
Announced on May 12, 2022	% Progress
-	-
<b>100.0</b>	<b>32.0%</b>
<b>20.0</b>	<b>-</b>

	Mar. 31, 2022	Jun. 30, 2022	Change	% Change
Total assets	5,663.8	5,755.9	92.1	1.6%
<b>Balance of segment assets</b>	<b>4,879.4</b>	<b>4,989.0</b>	<b>109.6</b>	<b>2.2%</b>
Shareholders' equity	673.0	683.6	10.6	1.6%
Shareholders' equity ratio	11.9%	11.9%	-	

Foreign exchange rate at quarter end (USD1)

¥ 115.02

¥ 122.41

(Foreign exchange rate for major  
overseas subsidiaries as of the end of  
March)

\* Profitability such as ROE and ROA is calculated on annualized basis





# Ordinary Income by Operating Segment & ROA

Ordinary income increased ¥1.5 billion since losses in International Business were offset by other business segments

## Ordinary income

## ROA

(Billions of yen)

	FY2021 Q1 Result	FY2022 Q1 Result	Change
 Equipment Leasing	8.1	9.1	0.9
 Mobility & Fleet Management	4.8	8.3	3.5
 Specialty Financing	15.5	24.0	8.5
 International Business	4.6	-6.6	-11.2
Other	-2.5	-2.8	-0.3
<b>Total</b>	<b>30.5</b>	<b>32.0</b>	<b>1.5</b>

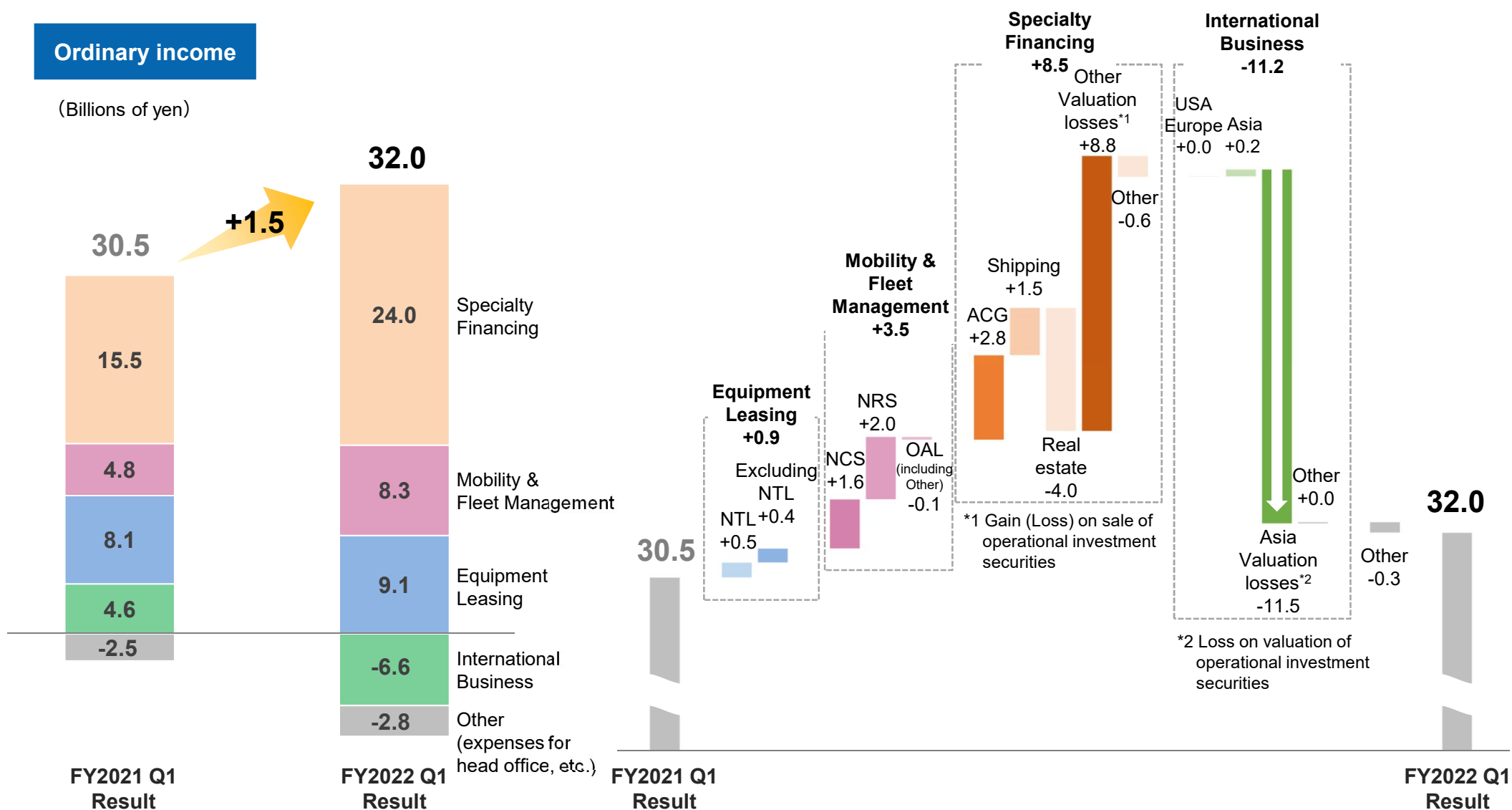
	FY2021 Q1 Result	FY2022 Q1 Result	Change
	2.2%	2.7%	0.5pt
	3.1%	5.4%	2.3pt
	2.8%	4.1%	1.3pt
	3.7%	-	-
	2.5%	2.6%	0.1pt

# Breakdown of Ordinary Income YoY

Despite valuation losses of ¥11.5 billion in the Asia business, earnings from other operating segments remain strong

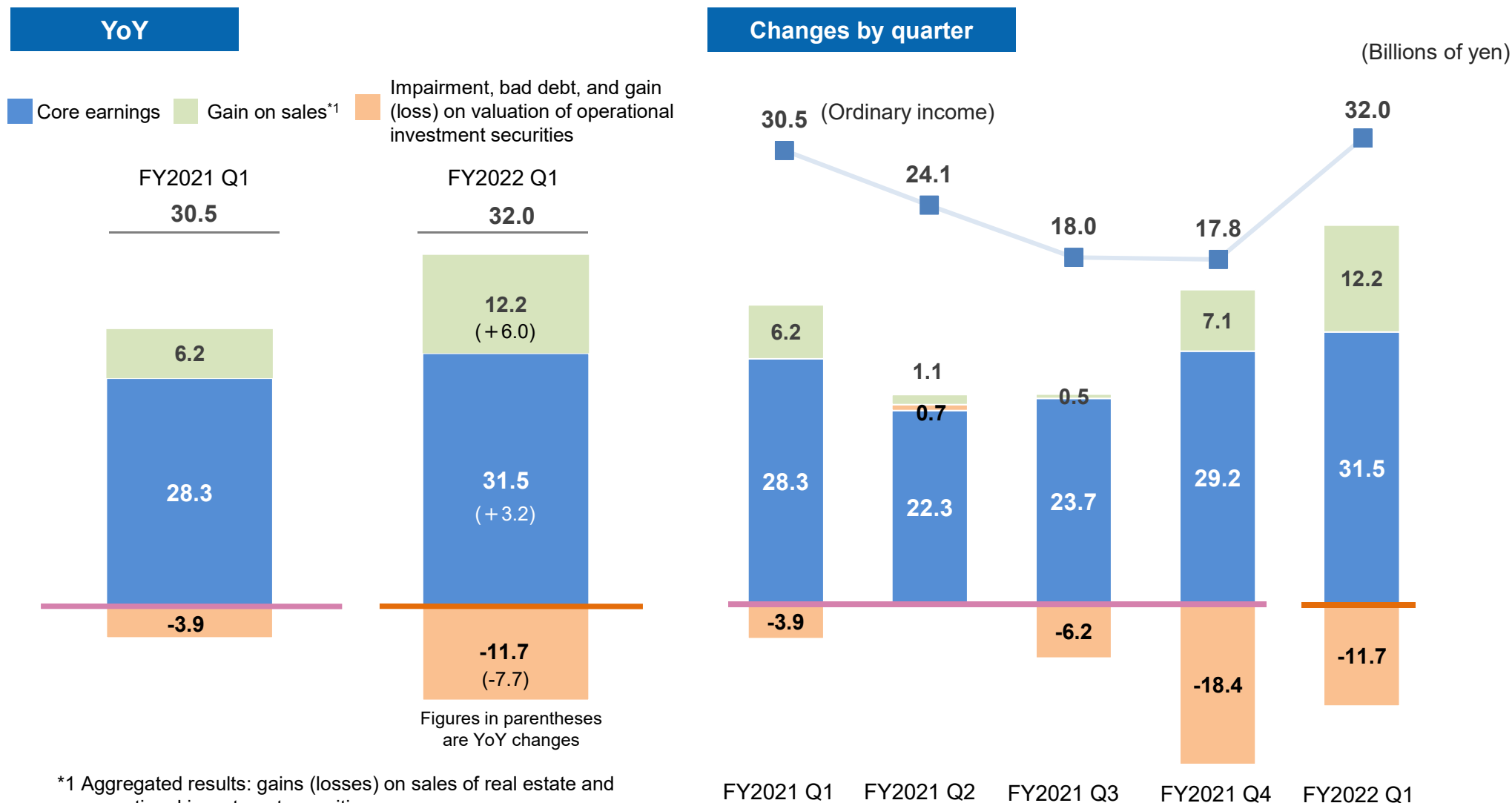
## Ordinary income

(Billions of yen)



# Breakdown of Ordinary Income (Core earnings, gain on sales, impairment, etc.)

Core earnings amounted to ¥31.5 billion, up ¥3.2 billion YoY



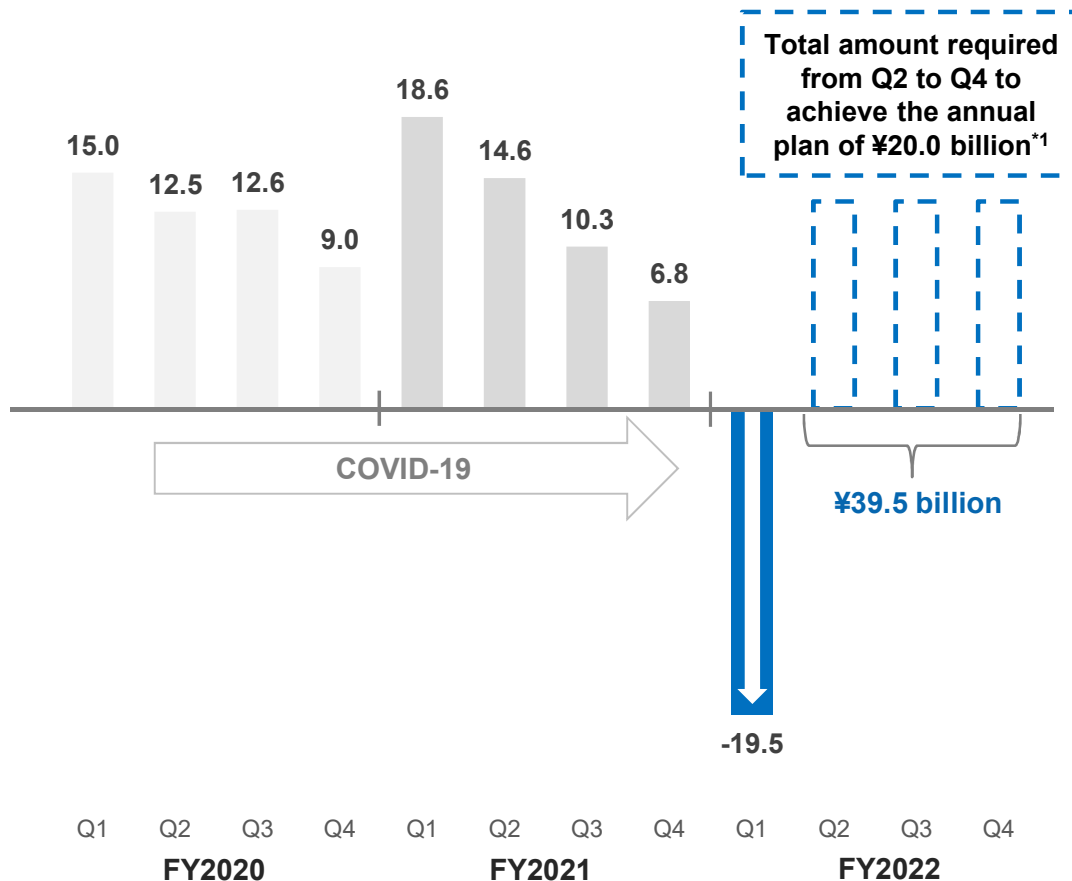
\*1 Aggregated results: gains (losses) on sales of real estate and operational investment securities

\*2 See P48 for the above figures by our four business segments

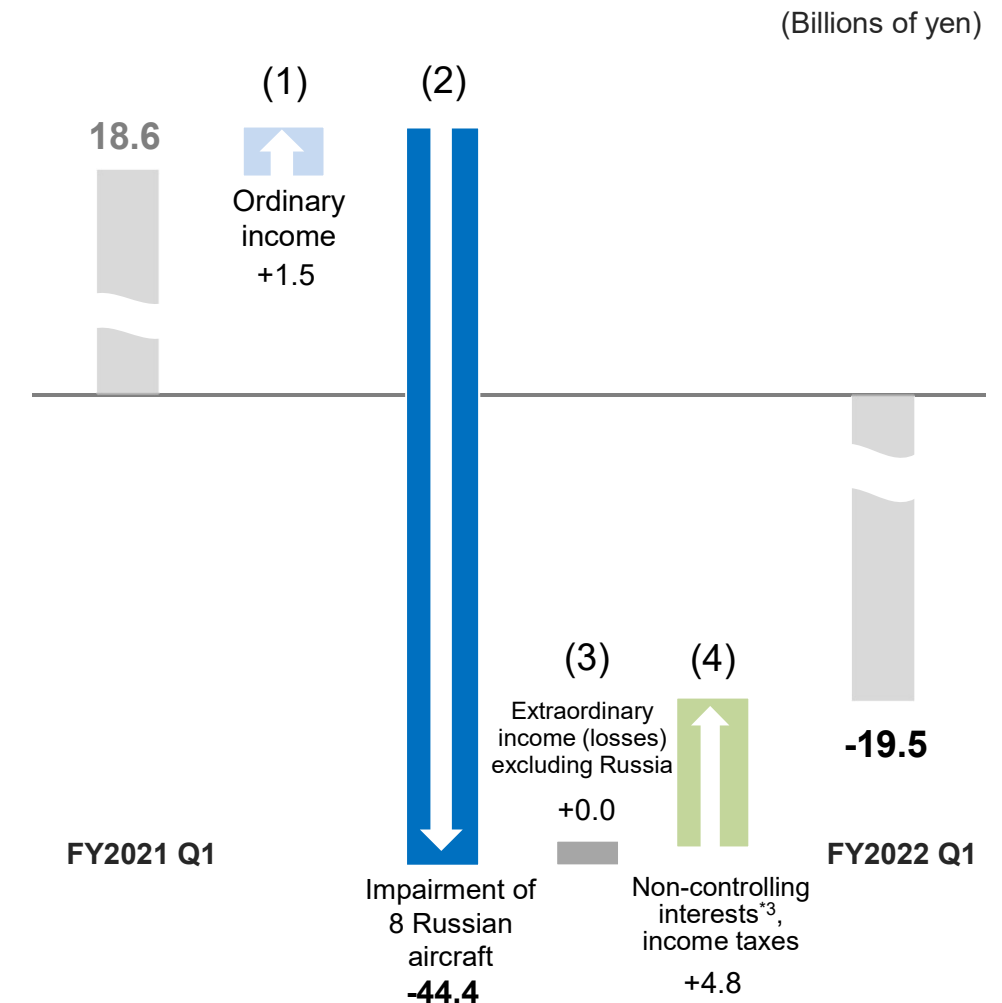
# Breakdown of Changes in Net Income (Loss) Attributable to Owners of Parent

Net loss attributable to owners of parent was ¥19.5 billion due to an impairment loss of ¥44.4 billion on aircraft leased to Russian airlines

## Quarterly changes in net income (loss) attributable to owners of parent



## Factor for changes in net income (loss) attributable to owners of parent\*2



\*1 Simple image of the difference between the annual plan for net income attributable to owners of parent and Q1 result divided by 3





\*2 (1) to (3) are on a pre-tax basis; taxes are included in (4)

\*3 Net income attributable to non-controlling interests



# Balance of Segment Assets by Operating Segment

Segment assets increased ¥109.6 billion from the end of the previous fiscal year due to the impact of the exchange rate fluctuations

(Billions of yen)								
	Mar.31, 2019	Mar.31, 2020	Mar.31, 2021	Mar. 31, 2022 (A)	Jun. 30, 2021	Jun. 30, 2022 (B)	YoY Change	Change (B-A)
Balance of segment assets	3,630.9	4,773.0	4,800.5	4,879.4	4,865.4	4,989.0	123.6 +210.9*	109.6 +136.6*
Equipment Leasing	1,372.8	1,471.1	1,489.1	1,379.7	1,457.3	1,347.6	-109.8	-32.2
 Percentage	37.8%	30.8%	31.0%	28.3%	30.0%	27.0%	+0.2*	+0.1*
Mobility & Fleet Management	592.7	631.2	629.5	611.8	626.5	610.1	-16.4	-1.6
 Percentage	16.3%	13.2%	13.1%	12.5%	12.9%	12.2%		
Specialty Financing	1,142.4	2,147.9	2,184.7	2,311.8	2,258.5	2,425.9	167.4	114.1
 Percentage	31.5%	45.0%	45.5%	47.4%	46.4%	48.7%	+159.9*	+101.5*
International Business	512.9	510.6	483.1	557.1	507.4	585.0	77.7	28.0
 Percentage	14.1%	10.7%	10.1%	11.4%	10.4%	11.7%	+50.8*	+35.0*
Other	10.1	12.2	13.9	19.0	15.8	20.4	4.6	1.4
Percentage	0.3%	0.3%	0.3%	0.4%	0.3%	0.4%		

\*Exchange rate factors

# FY2022 Consolidated Results Forecast

Although ordinary income is expected to reach a record high, net income attributable to owners of parent is expected to decrease due to an extraordinary loss

(Billions of yen)

	No.	FY2021 Result	FY2022 Forecast	Change	% Change
Ordinary income	1	90.5	100.0	9.5	10.5%
Net income attributable to owners of parent	2	50.3	20.0	-30.3	-60.2%
EPS	3	¥411.56	¥163.66	¥-247.90	-60.2%
Annual dividends	4	¥143	¥143	-	-
Payout ratio	5	34.7%	87.4%	52.7pt	

**Of ACG's exposure to Russia, ¥44.4 billion (\$380 million) for the eight leased aircraft was recorded as an extraordinary loss (impairment loss)**

- ACG has complied with EU's economic sanctions and terminated all aircraft leasing with Russian airlines.
- ACG has its exposure to Russian airlines of approximately \$600 million (total of eight owned aircraft (\$380 million), financing and loan guarantees).
- Of this exposure, as it has become difficult to estimate future cash flows for the eight leased aircraft, the entire book value of approximately ¥44.4 billion was recorded as an extraordinary loss (impairment loss) for the first three months of the fiscal year ending March 31, 2023.
- ACG has taken out insurance to cover its exposure of approximately \$600 million and has already submitted a claim with the insurance company.  
(The insurance claims filed are not included in the full-year consolidated results forecast.)



## 2. Results by Operating Segment



# Results of Equipment Leasing

(Billions of yen)

	FY2021 Q1 Result	FY2022 Q1 Result	Change	% Change
Revenues	136.7	122.9	-13.8	-10%
Gross profit	9.8	9.8	0.1	1%
Operating income	7.0	6.7	-0.2	-4%
<b>Ordinary income</b>	<b>8.1</b>	<b>9.1</b>	<b>0.9</b>	<b>12%</b>
ROA (%)	2.2%	2.7%	0.5pt	

	Jun. 30, 2021	Jun. 30, 2022	Change	% Change
Segment assets	1,457.3	1,347.6	-109.8	-8%

## Major factors for change

### Ordinary income

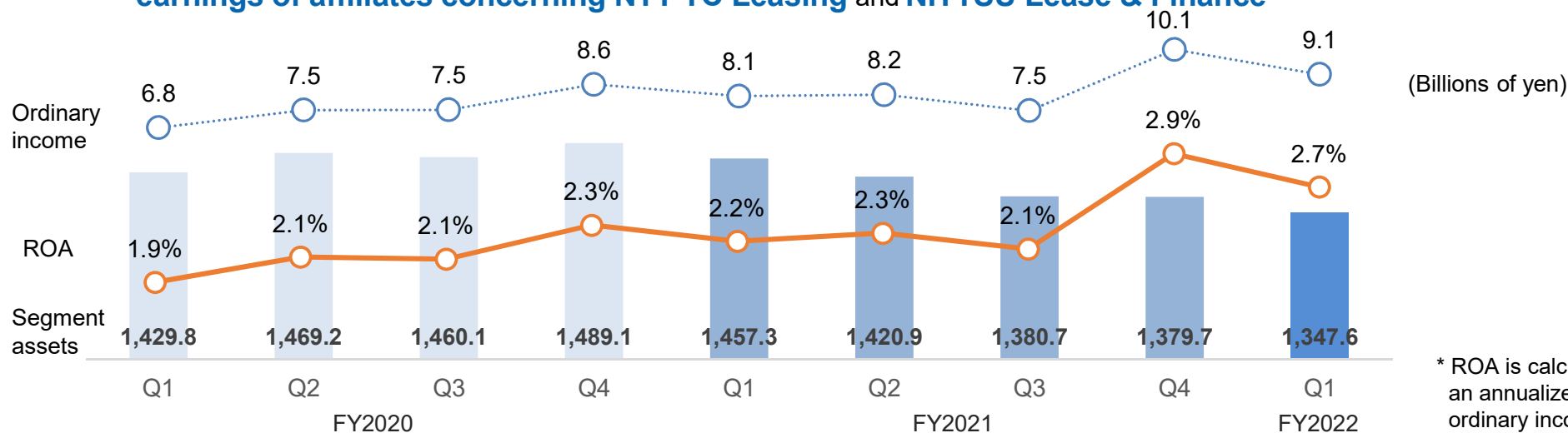
- Increased, mainly due to an increase in equity in earnings of affiliates concerning NTT TC Leasing and NITTSU Lease & Finance\*

\* NITTSU Lease & Finance recognized an increase in equity in earnings of affiliates from Q2 FY2021

### Balance of segment assets

- Decreased, mainly due to promoting portfolio management focused on asset efficiency, in addition to the decline in leasing volume of the industry as a whole

**Asset efficiency and profitability are steadily growing** primarily due to **an increase in equity in earnings of affiliates concerning NTT TC Leasing and NITTSU Lease & Finance**



\* ROA is calculated on an annualized basis based on ordinary income for each quarter



# Results of Mobility & Fleet Management

(Billions of yen)

	FY2021 Q1 Result	FY2022 Q1 Result	Change	% Change
Revenues	85.4	89.6	4.2	5%
Gross profit	17.0	21.2	4.3	25%
Operating income	4.6	8.2	3.6	78%
<b>Ordinary income</b>	<b>4.8</b>	<b>8.3</b>	<b>3.5</b>	<b>73%</b>
NCS	5.2	6.8	1.6	30%
NRS	-1.1	0.9	2.0	-
OAL	0.6	0.6	-0.0	-3%
Other	0.0	-0.0	-0.1	
ROA (%)	3.1%	5.4%	2.3pt	
NCS	5.7%	7.7%	2.0pt	
NRS	-	8.6%	-	
OAL	1.2%	1.2%	-	
	Jun. 30, 2021	Jun. 30, 2022	Change	% Change
Segment assets	626.5	610.1	-16.4	-3%

## Major factors for change

### Ordinary income

#### ■ NCS

Recorded an all-time high for Q1, mainly due to lease income growth, and maximizing gains on sale of vehicles resulted from seizing a favorable market opportunity, a surge in the prices of used cars, and flexibly selling them in a timely manner

#### ■ NRS

Reached a record high for Q1, due to significantly improving profitability by the cost control which has been exercised during the COVID-19 pandemic and the enhanced measures to improve customer service, despite lower revenues than those before COVID-19

\* For financial performance and other details of NRS, see P23



# Balance of Segment Assets and Transaction Volume in Mobility & Fleet Management

Segment assets decreased ¥1.6 billion from the end of the previous fiscal year

(Billions of yen)								
	Mar.31, 2019	Mar.31, 2020	Mar.31, 2021	Mar. 31, 2022 (A)	Jun. 30, 2021	Jun. 30, 2022 (B)	YoY Change	Change (B-A)
Balance of segment assets	592.7	631.2	629.5	611.8	626.5	610.1	-16.4	-1.6
NCS	368.2	378.5	371.2	359.3	366.9	351.8	-15.1	-7.4
Percentage	62.1%	59.9%	58.9%	58.7%	58.5%	57.7%		
NRS	47.3	52.8	45.7	40.3	42.6	41.7	-0.9	1.4
Percentage	8.0%	8.4%	7.3%	6.6%	6.8%	6.8%		
OAL	189.7	210.7	214.0	211.7	217.8	214.2	-3.6	2.5
Percentage	32.0%	33.4%	34.0%	34.6%	34.8%	35.1%		
Other <sup>*1</sup>	-12.6	-10.7	-1.4	0.5	-0.8	2.4	3.2	1.9
Percentage	-2.1%	-1.7%	-0.2%	0.1%	-0.1%	0.4%		

\*1 Adjusted intercompany transactions among Mobility & Fleet Management

(Billions of yen)							
	FY2018 Result	FY2019 Result	FY2020 Result	FY2021 Result	FY2021 Q1 Result	FY2022 Q1 Result	YoY Change % Change
Transaction volume <sup>*2</sup>	227.7	224.6	193.4	177.9	44.7	40.6	-4.1 -9.1%
NCS	146.3	141.7	120.5	109.4	27.2	23.5	-3.7 -13.6%
OAL	81.3	82.9	72.9	68.5	17.5	17.1	-0.4 -2.1%

\*2 NRS's transaction volume (purchase amount of fleet) is not included since its car rental business is focused on assets turnover



# Results of Specialty Financing

(Billions of yen)

	FY2021 Q1 Result	FY2022 Q1 Result	Change	% Change
Revenues	59.0	71.3	12.3	21%
Gross profit	18.8	27.6	8.8	47%
Operating income	14.8	22.1	7.3	49%
<b>Ordinary income</b>	<b>15.5</b>	<b>24.0</b>	<b>8.5</b>	<b>55%</b>
Aviation	1.9	5.2	3.2	166%
ACG	0.7	3.5	2.8	376%
Others	1.2	1.7	0.5	38%
Shipping	2.0	3.5	1.5	77%
Real Estate	6.3	2.2	-4.0	-64%
Others	5.3	13.1	7.8	148%
Gain on Sales *	1.5	10.3	8.8	599%
Others	3.8	2.7	-1.1	-28%

ROA (%)	2.8%	4.1%	1.3pt	
Aviation	0.6%	1.4%	0.8pt	
ACG	0.3%	1.1%	0.8pt	
Others	1.9%	3.0%	1.1pt	
Shipping	6.8%	13.8%	7.0pt	
Real Estate	5.4%	1.8%	-3.6pt	

	Jun. 30, 2021	Jun. 30, 2022	Change	% Change
Segment assets	2,258.5	2,425.9	167.4	7%

\* Gain (Loss) on sale of operational investment securities

## Major factors for change

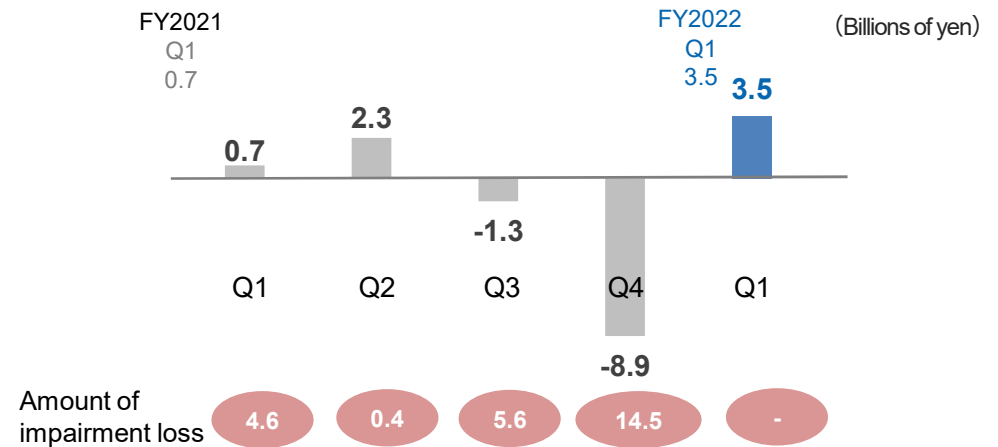
### Ordinary income

#### ACG

Increased, mainly due to the absence of impairment usually recorded (Russia-related loss was recorded as an extraordinary loss.), although the aviation market is still in the recovery and has not returned to the original level of earnings of ACG.

\* For the financial performance and other details of ACG, see P25

ACG's quarterly changes in income (including consolidated adjustment)



#### Real Estate

Decreased, mainly due to the absence of a gain on large sales recorded in the same period of the previous fiscal year

#### Other

Increased, mainly due to a higher gain on sale of operational investment securities



# Balance of Segment Assets in Specialty Financing

Segment assets increased ¥114.1 billion from the end of the previous fiscal year due to the impact of the exchange rate fluctuations

	Mar.31, 2019	Mar.31, 2020	Mar.31, 2021	Mar. 31, 2022 (A)	Jun. 30, 2021	Jun. 30, 2022 (B)	YoY Change	Change (B-A)
<b>Balance of segment assets</b>	<b>1,142.4</b>	<b>2,147.9</b>	<b>2,184.7</b>	<b>2,311.8</b>	<b>2,258.5</b>	<b>2,425.9</b>	<b>167.4</b> +159.9*2	<b>114.1</b> +101.5*2
Aviation	369.2	1,380.8	1,363.1	1,480.8	1,440.3	1,564.3	124.0	83.5
Percentage	32.3%	64.3%	62.4%	64.1%	63.7%	64.4%	+145.0*2	+92.3*2
Shipping	137.0	124.3	116.4	100.0	119.0	105.6	-13.4	5.7
Percentage	12.0%	5.8%	5.3%	4.3%	5.3%	4.4%	+1.3*2	+0.7*2
Environment and Energy	137.1	139.2	150.3	159.4	147.3	159.2	11.9	-0.2
Percentage	12.0%	6.5%	6.9%	6.9%	6.5%	6.6%	+0.7*2	+0.4*2
Real estate	416.8	429.9	462.3	484.7	467.0	513.3	46.3	28.5
Percentage	36.5%	20.0%	21.2%	21.0%	20.7%	21.2%	+12.0*2	+7.3*2
Other *1	82.1	73.7	92.6	87.0	84.9	83.5	-1.3	-3.4
Percentage	7.2%	3.4%	4.2%	3.8%	3.8%	3.4%	+0.8*2	+0.8*2

\*1 Other includes the principal investment amounts, factoring and others

\*2 Exchange rate factors





# Results of International Business

(Billions of yen)

	FY2021 Q1 Result	FY2022 Q1 Result	Change	% Change
Revenues	25.1	31.5	6.4	25%
Gross profit	10.3	*1 0.5	-9.8	-95%
Operating income	4.5	-6.7	-11.2	-
<b>Ordinary income</b>	<b>4.6</b>	<b>-6.6</b>	<b>-11.2</b>	<b>-</b>
Asia	1.9	-9.4	-11.3	-
USA and Europe	2.9	2.9	0.0	0%
CSI	2.5	2.5	0.1	2%
Other	0.4	0.4	-0.0	-11%
Other	-0.1	-0.1	0.0	
ROA (%)	3.7%	-	-	
Asia	3.4%	-	-	
USA and Europe	4.2%	3.4%	-0.8pt	
CSI	4.5%	3.8%	-0.7pt	
Other	3.0%	1.8%	-1.2pt	
	Jun. 30, 2021	Jun. 30, 2022	Change	% Change
Segment assets	507.4	585.0	77.7	15%

## Major factors for change

### Ordinary income

#### ■ Asia

Decreased, mainly due to a loss on valuation of operational investment securities of ¥11.5 billion\*1, although core earnings increased primarily due to auto financing

#### ■ USA and Europe

Remained flat, mainly due to the fact that gain on sale of properties related to fair market value (FMV) leasing of CSI\*2 remained strong

\*1 Recorded valuation losses due to a decline in the market value of operational investment securities held by its consolidated subsidiary by 50% or more from their acquisition cost

Since the fiscal year-end of such consolidated subsidiary is December 31, the amount of the loss on valuation of ¥11.5 billion for Q1 was calculated based on the market value at the end of March 2022

\*2 For the financial results and other details of CSI, see P28



# Balance of Segment Assets in International Business

Segment assets increased ¥28.0 billion from the end of the previous fiscal year due to growth in USA and Europe

		Mar.31, 2019	Mar.31, 2020	Mar.31, 2021	Mar. 31, 2022 (A)	Jun. 30, 2021	Jun. 30, 2022 (B)	YoY Change	Change (B-A)
		(Billions of yen)							
East Asia		59.7	32.4	18.7	15.1	18.0	14.6	-3.4	-0.4
	percentage	11.7%	6.4%	3.9%	2.7%	3.6%	2.5%	+1.3*	+0.7*
ASEAN		203.3	199.3	196.9	212.2	204.2	210.8	6.6	-1.4
	percentage	39.6%	39.0%	40.7%	38.1%	40.2%	36.0%	+15.7*	+12.8*
Total of Asia		263.1	231.7	215.5	227.3	222.2	225.4	3.2	-1.8
	percentage	51.3%	45.4%	44.6%	40.8%	43.8%	38.5%	+16.9*	+13.5*
USA and Europe		249.9	278.9	267.6	329.8	285.1	359.6	74.5	29.8
	percentage	48.7%	54.6%	55.4%	59.2%	56.2%	61.5%	+33.8*	+21.5*
Total in International Business		512.9	510.6	483.1	557.1	507.4	585.0	77.7 +50.8*	28.0 +35.0*
excl. CSI non-recourse loan		371.7	353.9	335.9	389.4	352.5	402.5	50.0	13.0

\*Exchange rate factors



## 3. Business Topics

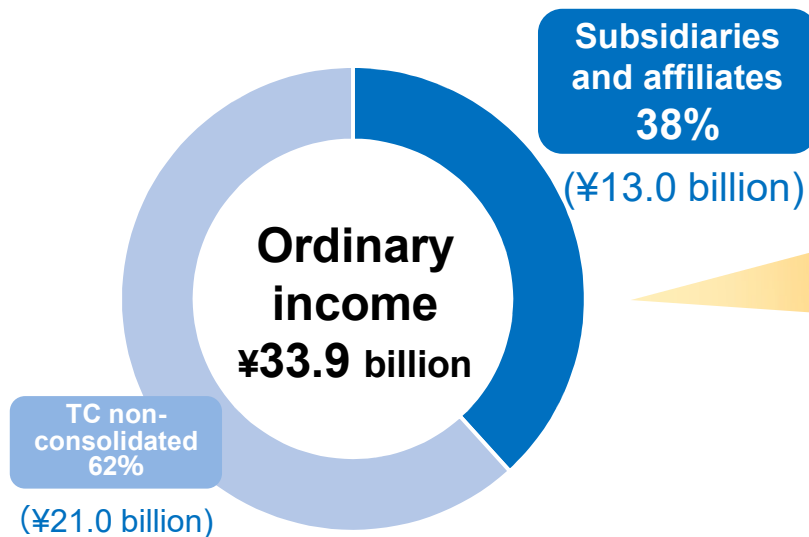
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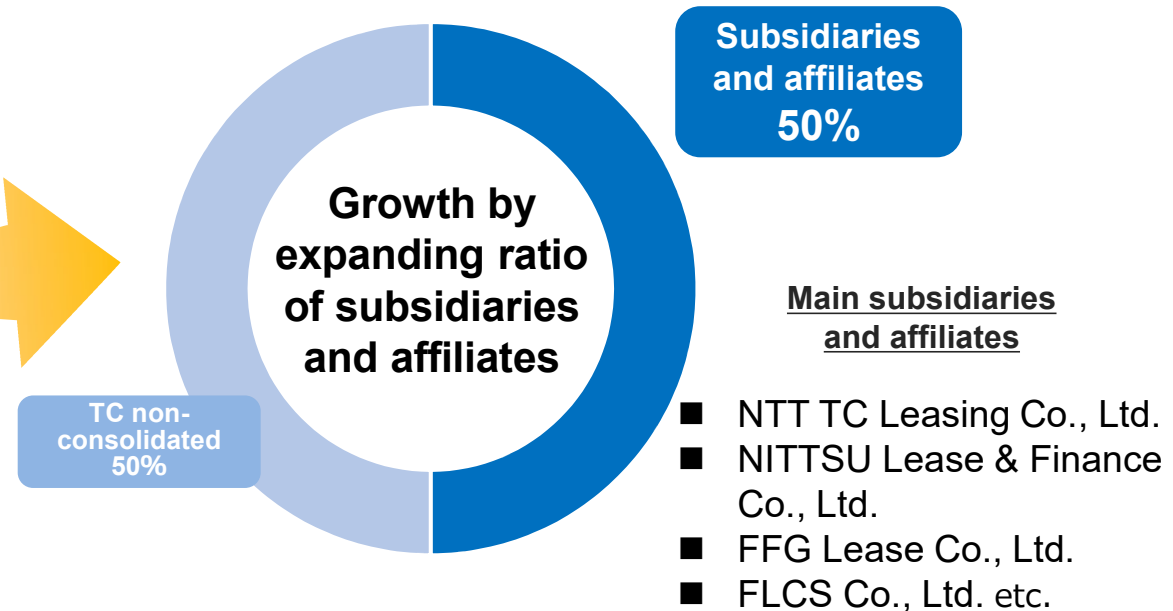
# Equipment Leasing Growth Strategies

Aiming to increase the profitability of subsidiaries and affiliates by accelerating collaboration with partner companies

**FY2021  
Result**



**Image in a few years**



TC non-consolidated

Seeking to grow earnings by **increasing high-value-added projects that involve offering services and solutions**

Subsidiaries and affiliates

Increasing the ratio of earnings from subsidiaries and affiliates in ordinary income to **50%** by **accelerating collaboration and strengthening consolidated management with partner companies**

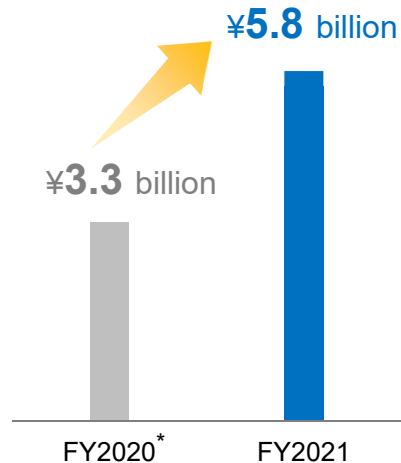


## Expanding business co-creation with NTT TC Leasing Co., Ltd. (NTL)

### Financial Results of NTT TCLeasing

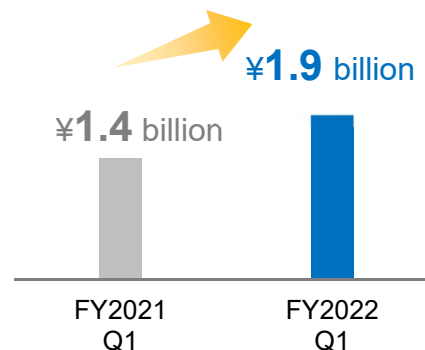
<Equity in earnings of affiliates (TC)>

#### FY result



#### Quarterly changes

Strong earnings growth in line with the expansion of segment assets



### Solid financial base of NTT TCLeasing

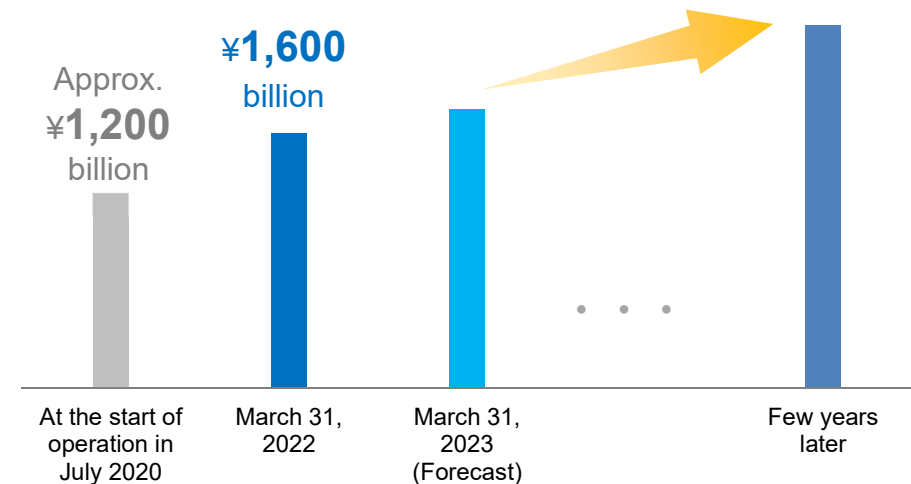
Acquisition of high ratings reflecting the creditworthiness and business alliance of the NTT Group and the TC Group

Credit Rating **JCR : AA+** (Long-term issuer rating)

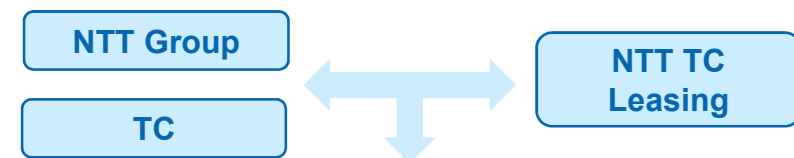
**R&I : AA+** (Issuer rating)

\* Since NTL started its operation in July 2020, it recorded income (loss) for nine months from July to March in FY2020

### Balance of Segment Assets



### Promotion of co-creation for expanding segment assets



Environment and energy, Real estate, Global business

**In addition to low-cost fund procurement, NTL focuses on expanding its assets through business alliance**

# Business Alliance with NTT 2

## Status of Business Collaboration with NTT Group

Promoting business collaboration in each business field by integrating the strengths of both companies



### Expanding business collaboration



Expand business alliance between **NTT TCLeasing** and Equipment Leasing in **co-creation projects**



Promote **EV100**, which aims for 100% of the NTT Group's vehicles to be EVs by 2030



Expand business alliance with **NTT TCLeasing** in **real estate business**

- Conducted a building lease for a new market facility in the redevelopment project of the public local wholesale market in Toyama City



Expand business alliance with **NTT AnodeEnergy** in **environment and energy businesses**

- Established an investment fund, together with three companies, including NTT Anode Energy Corporation, to invest in the renewable energy business in Japan toward decarbonization



**Expand data center business** with NTT Global Data Centers Corporation in India

- Expanded data center business collaboration with NTT Global Data Centers Corporation in India to the Navi Mumbai area
- Facilitate expansion of data center business in the APAC area by coordinating with leading conglomerates in each country, including Lippo



# Mobility & Fleet Management Business

## Improved Profitability of Car Rental Business

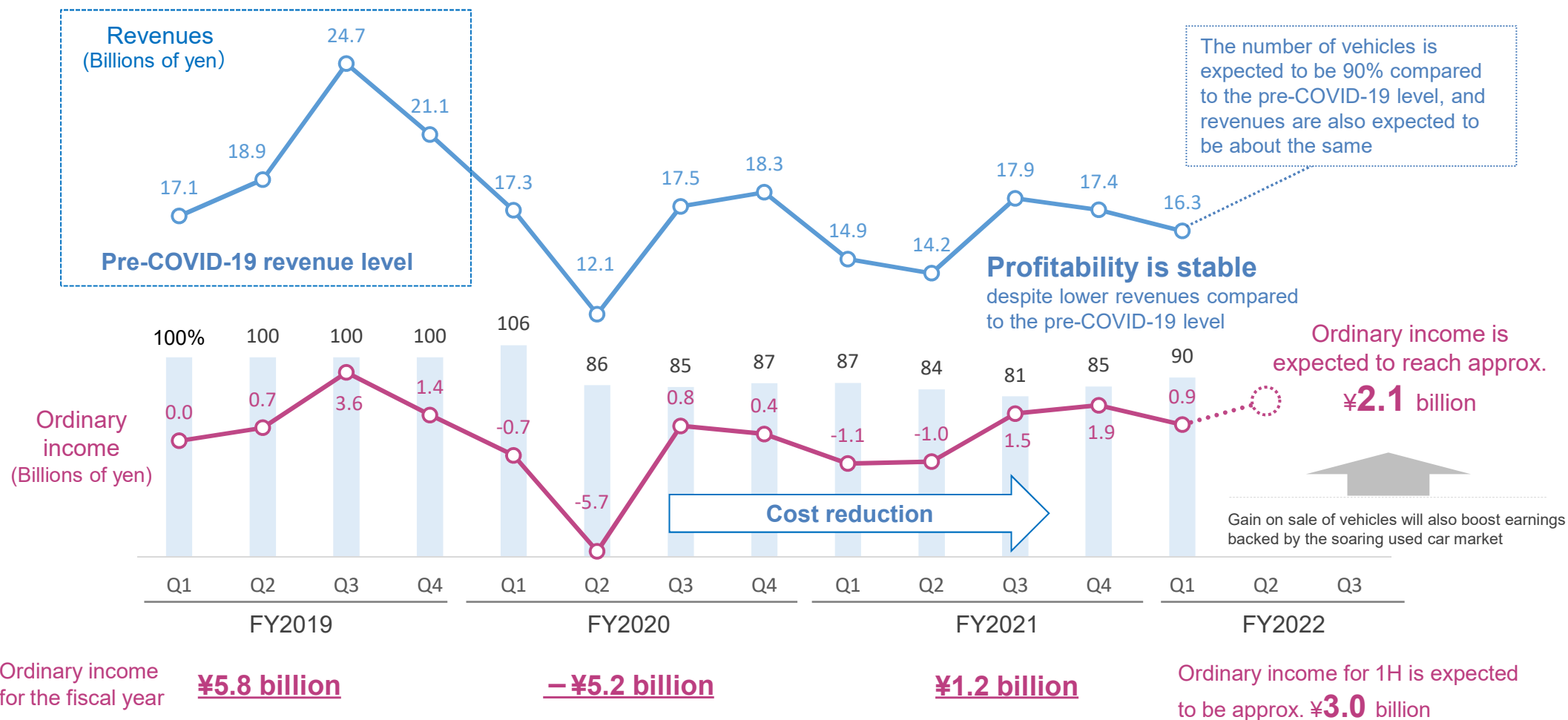


Expect earnings growth to exceed the pre-COVID-19 level  
due to the success of strict cost control and improvement of customer services

### Car Rental Performance Trends (Quarterly)

—○— Revenues —○— Ordinary income

■ Indexation of total amount of rental cost + SG&A (Each quarter of FY2019 is set at 100, vs. the same quarter of FY2019)





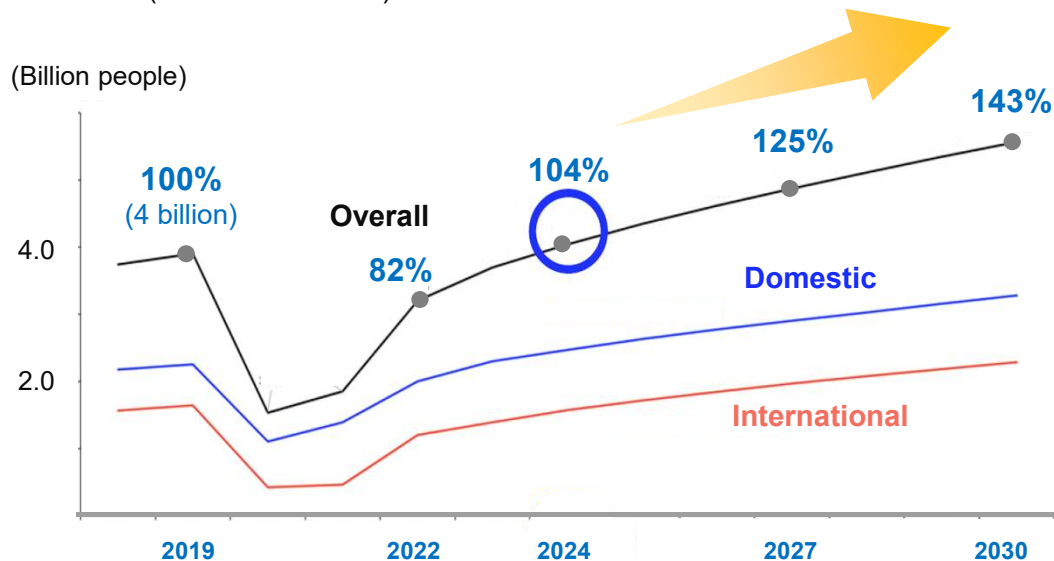
# Aviation Business 1 Aviation Market Overview



Accelerating the easing of travel restrictions in many countries is expected to restore passenger demand to the pre-COVID-19 level by 2024

## Global Air Passenger Volume Forecast

Projected changes in passenger volume through 2030  
(2019 level: 100%)



Source: International Air Transport Association (IATA)  
(announced in June 2022)

IATA expects global passenger travel to return to the 2019 level of activity in **2024**, according to its market outlook announced in June 2022

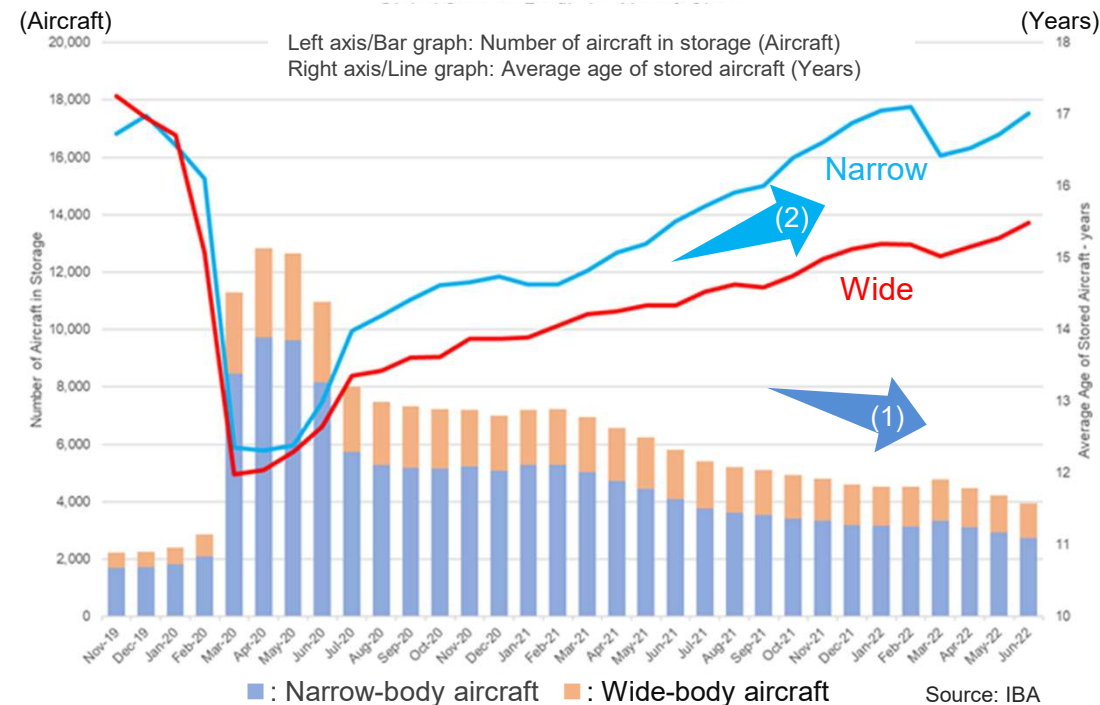
- Passenger traffic in 2030 is projected to increase by 43% compared to 2019
- The Asia-Pacific region, in which population growth and rising income levels are expected, drives future passenger demand

## Global Storage Profile of Non-operated Aircraft\*

- (1) Trends in the number of non-operated aircraft are on the decline along with the recovery of passenger demand
- (2) Rising average aircraft age of non-operated aircraft by increasing the number of young aircraft back in operation

\* Aircraft not used for operations  
(including aircraft owned by airlines and leasing companies)

The number of aircraft and the average age of non-operated aircraft (November 2019 to June 2022)



Source: IBA





Income before income taxes sharply declined YoY primarily due to an impairment on aircraft previously leased to Russian airlines

## Financial Results (Three Months Ended March 2022)

(USD million)

ACG's results	FY2021 Q1 Result	FY2022 Q1 Result	Change	%Change
Total revenues	240	248	7	3%
Operating lease revenue	216	212	-4	-2%
Total expenses	202	706	504	249%
Asset impairment	-	501	501	-
Russia related impairment	-	389	389	-
Bad debt expense	-	0	0	-
<b>Loss/Income before income taxes</b>	<b>38</b>	<b>-459</b>	<b>-497</b>	<b>-</b>
<b>Net Loss/Income</b>	<b>37</b>	<b>-459</b>	<b>-496</b>	<b>-</b>
ROA (%)	1.5%	-	-	-

	FY2021 Q1End	FY2022 Q1End	Change	%Change
Segment assets	10,387	10,625	237	2%
Numbers of new aircraft delivered	4	5	1	25%

ACG's results  
(recorded on TC's consolidated statements of income) (Billions of yen)

<b>Loss/Income before income taxes</b>	4.0	-53.4	-57.4	-
Consolidated adjustment *	-3.3	56.9	60.2	-
<b>Ordinary income</b>	<b>0.7</b>	<b>3.5</b>	<b>2.8</b>	<b>385%</b>
<b>Extraordinary Loss</b>	<b>-</b>	<b>44.4</b>	<b>44.4</b>	<b>-</b>

Average foreign exchange rate ¥106.09 ¥116.34

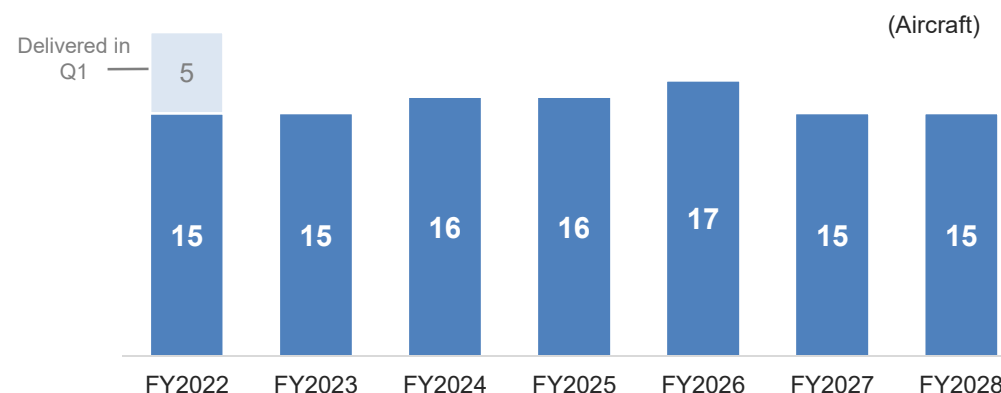
\*including transfer of extraordinary loss

## Portfolio Overview (as of March 31, 2022)

- ➔ **Weighted average fleet age: 5.7 years**
- ➔ **Narrowbody by NBV: 89 %**  
(Narrowbody by count: 96%)
- ➔ **Owned, managed and committed aircraft: 451**  
(Owned: 277 Managed: 65 Committed aircraft: 109)

## Delivery Schedule of Committed Aircraft (as of March 31, 2022)

All ordered are **next-generation aircraft featuring higher fuel efficiency**  
Receiving many inquiries from airlines in view of rising fuel costs and decarbonization, and lease contracts are progressing well



# Real Estate Business Portfolio Strategy



Promoting growth through overseas projects and collaboration with TC Kobelco Real Estate, in addition to steady progress in development projects

## Portfolio

### Japan

Collaboration with **prime partners** for the large-scale urban development projects

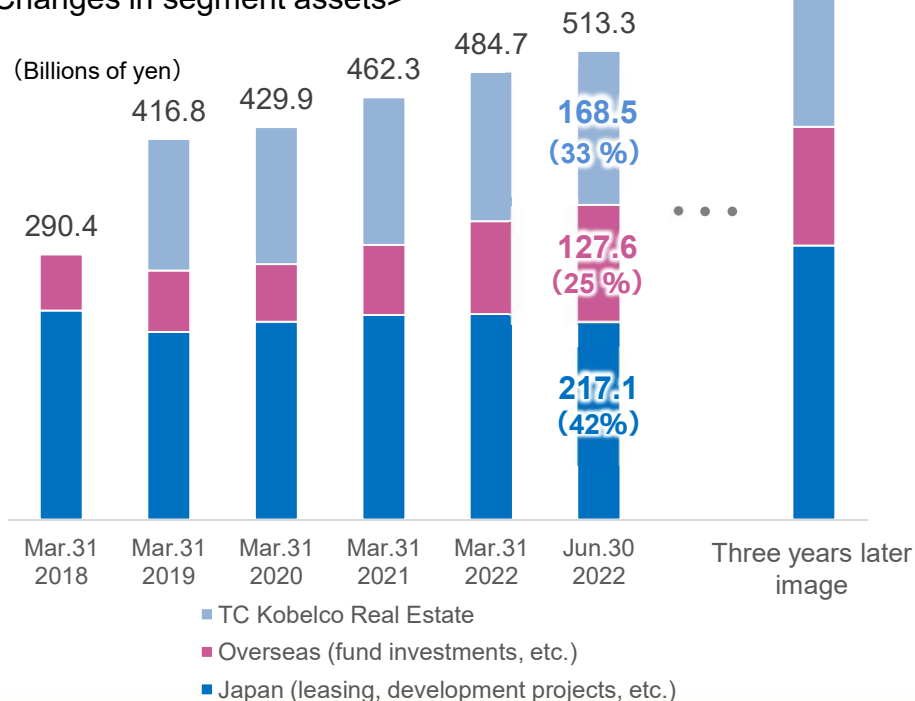
### TC Kobelco Real Estate

Increased segment assets are expected by steadily piling up pipelines such as a **logistics facility**

### Overseas

Actively invest in rapidly growing **real estate in US**, particularly in logistics facilities and rental housing

## <Changes in segment assets>



## Project completion schedule

### Regional revitalization project



### Redevelopment of wholesale market, Toyama City

Collaboration with TC and NTL  
Scheduled for completion in FY2024

### Urban redevelopment projects



### Tokiwabashi, Tokyo

TOKYO TORCH (Building B)  
Scheduled for completion in FY2027



### Uchisaiwaicho 1-chome area

South block (South Tower)  
Scheduled for completion in FY2028



### Large-scale logistics facility (TC Kobelco Real Estate)



Scheduled to open in 2024

First project of renewable energy business collaboration between TC and TC Kobelco Real Estate

### Data center in US



Scheduled to open in 2025

# Renewable Energy Businesses



Expanding new renewable energy businesses by all the companies  
in addition to reinforcing the solar power generation businesses

## Expanding new renewable energy businesses

Aiming to achieve output **1,000MW** as early as possible

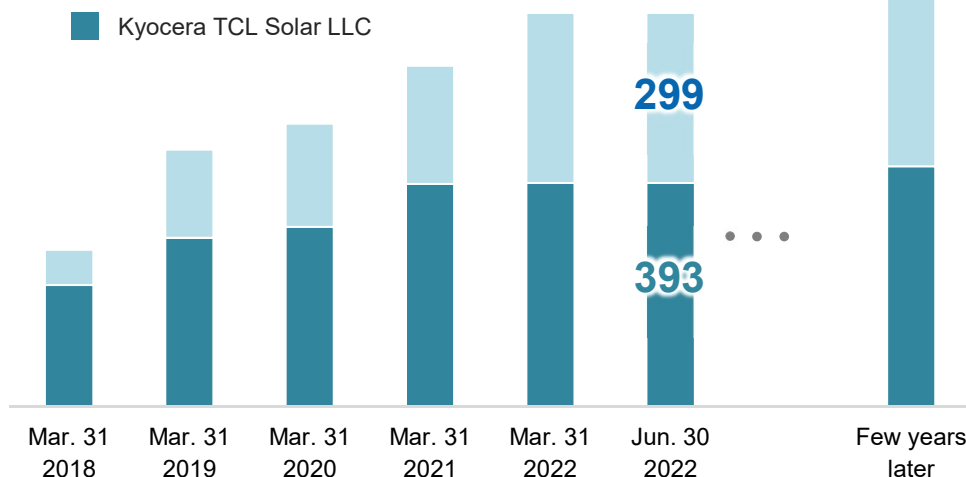
### <Changes in all companies' generation output\*>

(Unit: MW)



Expanded power generation output by developing **solar power plants in 87 locations** in Japan (as of the end of June 2022) through collaboration with Kyocera

**1,000MW**



\* Output is subject to the power generation business, except for lease and finance of solar power modules  
Output value is proportionate to contribution rates (Subsidiary: Counted 100%)

### Major initiatives to increase output

#### Renewable energy investment fund

Jointly established a **renewable energy investment fund** with NTT Anode Energy Corporation and other companies, and planned to invest about ¥100 billion, primarily in solar power generation businesses

Participated in the world's first **large-scale clean hydrogen infrastructure investment fund** (France) together with ITOCHU Corporation

#### Biomass power generation Binary Geothermal Power Generation

Promote **biomass and binary geothermal power generation businesses with major partners** such as JFE Engineering Corporation and ITOCHU Corporation

#### Corporate PPA

Expand corporate power purchase agreement (PPA) that **provides renewable energy** through direct contracts with users by leveraging TC's broad customer base



In addition to the above, advancing **co-creation projects with business partners** on storage battery business and other initiatives



Ordinary income remained flat YoY despite incurring upfront expenses associated with establishing new bases

## Financial Results (Three Months Ended March 31, 2022)

(USD million)

	FY2021 Q1 Result	FY2022 Q1 Result	YoY Change	% YoY Change
Revenues	162	179	17	10%
Gross profit	76	82	6	9%
<b>Ordinary income</b>	<b>25</b>	<b>24</b>	<b>-1</b>	<b>-6%</b>
<b>Net income</b>	<b>18</b>	<b>16</b>	<b>-2</b>	<b>-11%</b>

ROA (%)	5.1%	4.4%	-0.7pt	
RORA (%) *	17.6%	14.6%	-3.0pt	
Transaction volume	302	317	15	5%

	Mar. 31, 2021	Mar. 31, 2022	YoY Change	%YoY Change
Segment assets	1,950	2,146	196	10%

\* ROA after deducting non-recourse loan

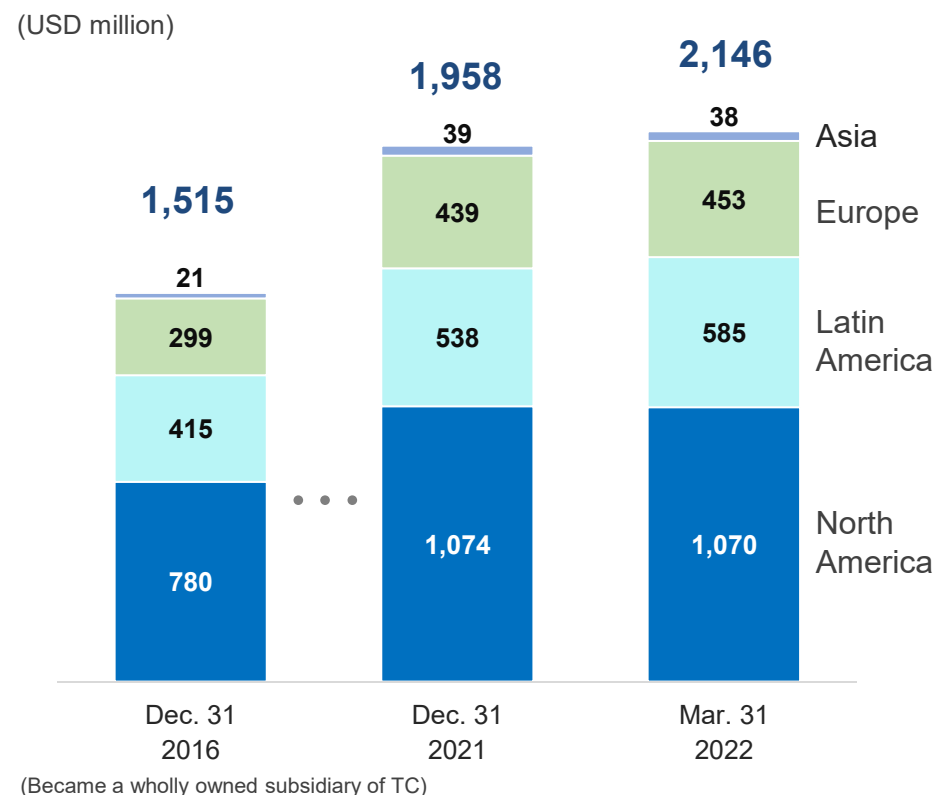
## Major Factors for Change

- Despite incurring upfront expenses such as personnel associated with establishing new bases in USA and Europe, and Asia, ordinary income remained flat YoY by expanding CSI's business scale

## Balance of Segment Assets by Region

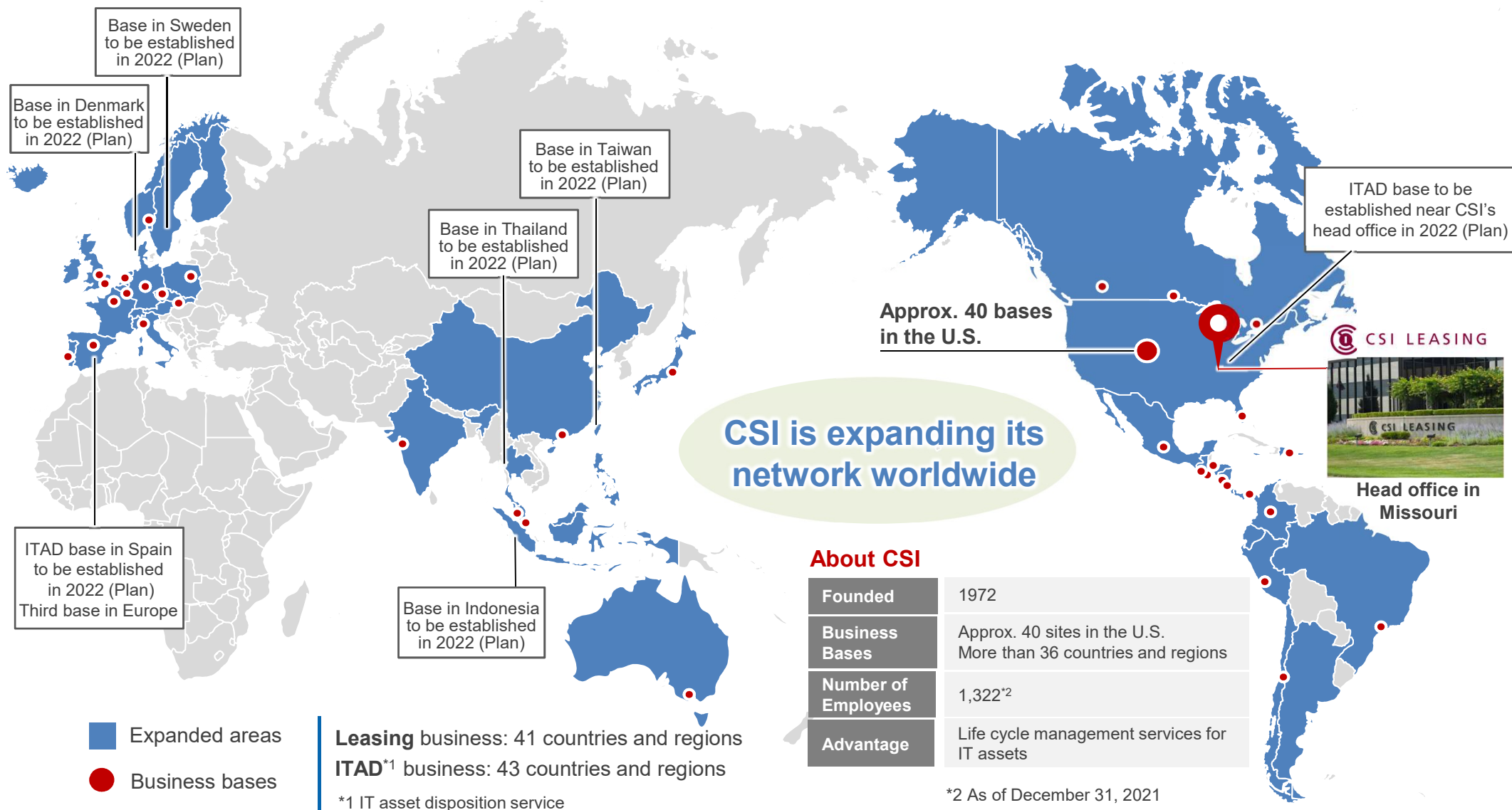
Since becoming a wholly owned subsidiary of TC in 2016, CSI has expanded its global bases and

**increased balance of segment assets**  
centered on Europe and Latin America





## Expanding its business base proactively with a focus on Asia and Europe





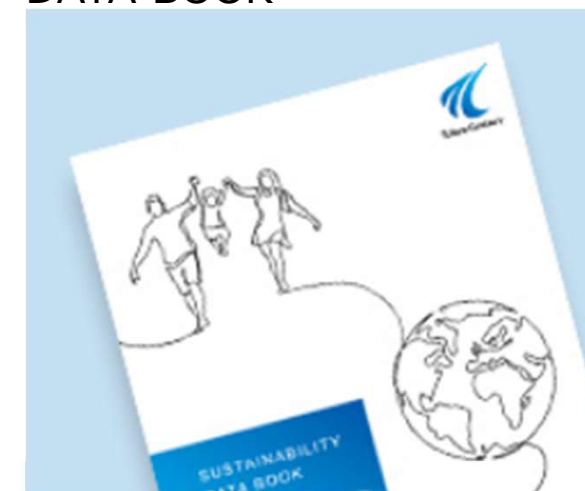
## **4. Promotion of Sustainability Management**



## Promoting sustainability management by setting non-financial KPIs linked to TC's materiality (key issues) based on SDGs

Materiality	Main KPIs (from SUSTAINABILITY DATA BOOK)
<b>■ Contribution to decarbonized society</b> Contribute to widespread use of clean energy through climate change and environmental efforts	<ul style="list-style-type: none"> <li>Reduction of office electricity use volume (including gasoline and paper use)</li> <li>Contribution to reducing CO<sub>2</sub> emissions through solar power generation business</li> <li>Rate of electrified vehicle use (EVs, FCEVs, PHEVs, HVs)</li> <li>Rate of fuel-efficient aircraft use</li> <li>Projected aggregate greenhouse gas emissions reductions from Joint Crediting Mechanism (JCM) Model Projects</li> </ul>
<b>■ Creation of new business driven by technical innovation</b> Create new businesses by integrating new technologies into financial services, and contribute to the digital economy	<ul style="list-style-type: none"> <li>Maintained certification of Digital Transformation (DX) Certification system under the Ministry of Economy, Trade and Industry (METI)</li> </ul>
<b>■ Contribution to social infrastructure development</b> Respond to advances in global mobility services and cooperate with local communities to contribute to social infrastructure development	<ul style="list-style-type: none"> <li>Number of vehicles equipped with telematics services and promotion of safe driving lessons conducted using the services</li> <li>Ratio of rental cars equipped with safety features (automated brakes, etc.)</li> </ul>
<b>■ Sustainable resource use</b> Contribute to the development of a circular economy focused on the value of assets	<ul style="list-style-type: none"> <li>Promotion of refurbishment business</li> <li>ITAD data erasure services (CSI Leasing subsidiary Executive Personal Computers, Inc.)</li> <li>Promotion of car rental services (NRS)</li> </ul>
<b>■ Enhanced work environment, leading to strengthening of human resources</b> Promote human resources development, diversity, and work style reform that improve job satisfaction and foster a sense of personal growth	<ul style="list-style-type: none"> <li>Average monthly overtime hours</li> <li>Annual paid leave acquisition rate / Childcare leave acquisition rate</li> <li>Ratio of women among new graduates, in section leader positions and management positions</li> <li>Ratio of employees with disabilities</li> <li>Employee turnover rate, etc.</li> </ul>
<b>■ Shared platform</b>	Utilize diverse partnerships to create new value

## SUSTAINABILITY DATA BOOK



A wealth of **quantitative and qualitative information, including environmental performance,** is provided

- KPI's **target year** and specific **target details**
- **KPI' performance figures** from FY2018 to FY2020
- Scope 1 to Scope 3 **GHG emissions**
- Obtained **independent practitioner's assurance** concerning environmental data such as GHG emissions

## Aiming to reduce CO<sub>2</sub> emissions by proactively introducing the most advanced aircraft



Fuel efficiency was **UP** about **20%** compared to conventional aircraft

### How about fuel-efficient A320neo?

- Enables to reduce CO<sub>2</sub> emissions by about **3,100t** per year compared to conventional aircraft



- With 150 aircraft, the CO<sub>2</sub> reduction effect of solar power generation is equivalent to that of about **1 GW**<sup>\*1 \*2</sup>



**Contribution to achieving a decarbonized society by introducing new technologies in the aviation field**

<sup>\*1</sup> Japan Photovoltaic Energy Association (JPEA) guidelines in FY2021: CO<sub>2</sub> reduction effect of crystalline silicon type solar power generation system is 399.5g-CO<sub>2</sub>/kWh

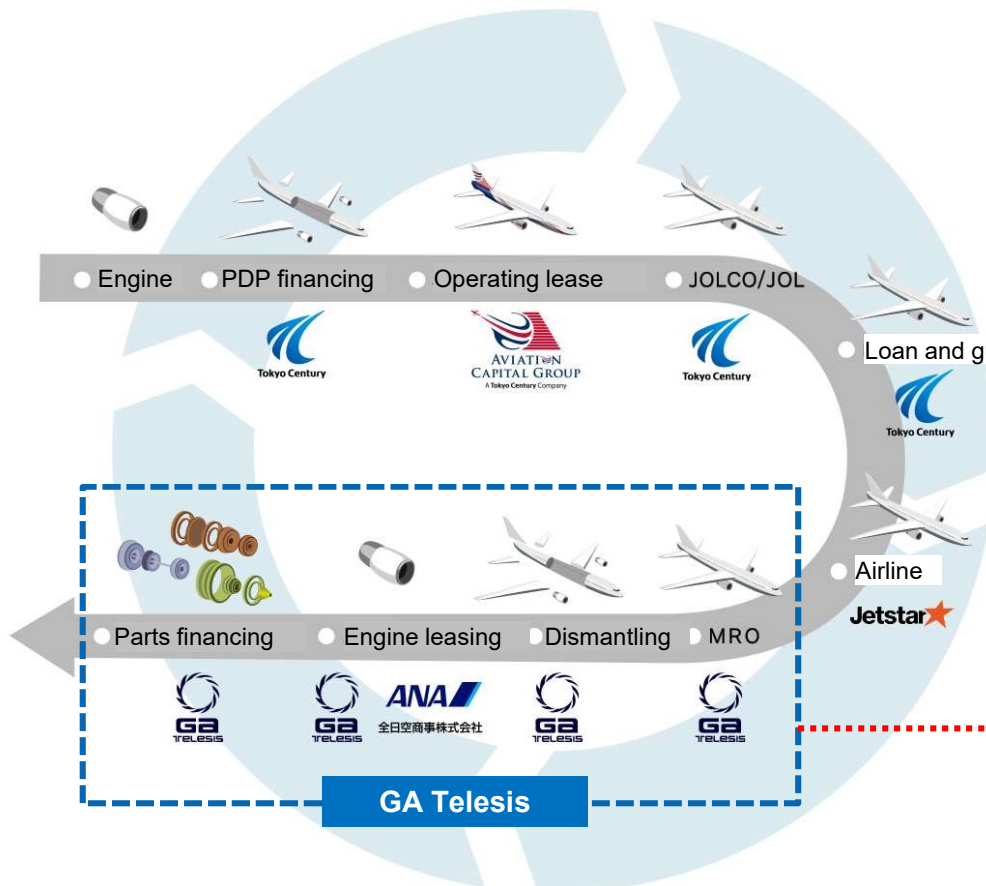
<sup>\*2</sup> Facility utilization rate is 12%





## Collaboration with GA Telesis engaged in aircraft engine leasing and parts trading

### Maximizing the value of TC's aircraft value chain



### GA Telesis, LLC\*



(Business activities)

- Dismantle used aircraft
- Repair and sale of engine parts, etc.
- Engine leasing
- Maintenance, repair, and overhaul of aviation related equipment
- Inventory finance

\* TC's equity-method affiliate (49.2% ownership by TC)



Promote **conversion business** from passenger aircraft to **cargo aircraft** since the demand for **cargo aircraft** is increasing



Contributing to the **creation of an environmentally sound, sustainable economy and society** primarily by dismantling retired aircraft and reusing the parts

# Scenario Analysis of Aircraft Leasing Business

E: Environmental

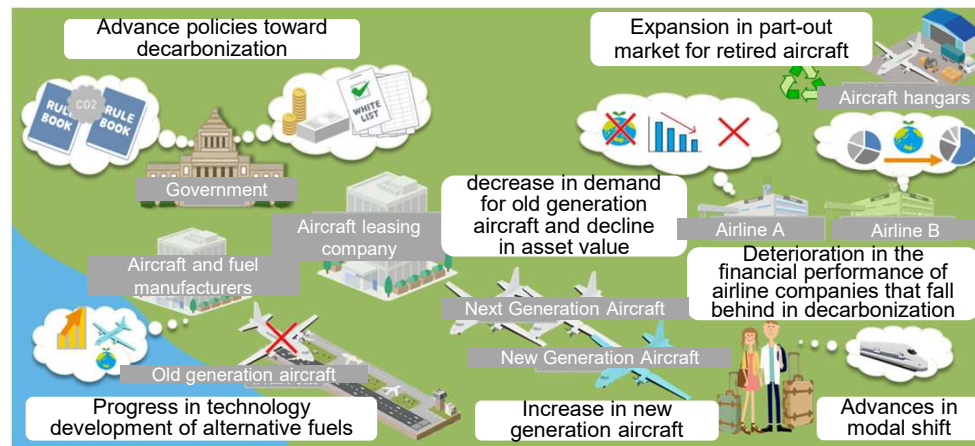
S: Social

G: Governance

As the result of the scenario analyses based on TCFD climate change will have a **limited impact** on the **aircraft leasing business**

Decarbonization

## World View of the Well Below 2°C or 1.5°C Scenario

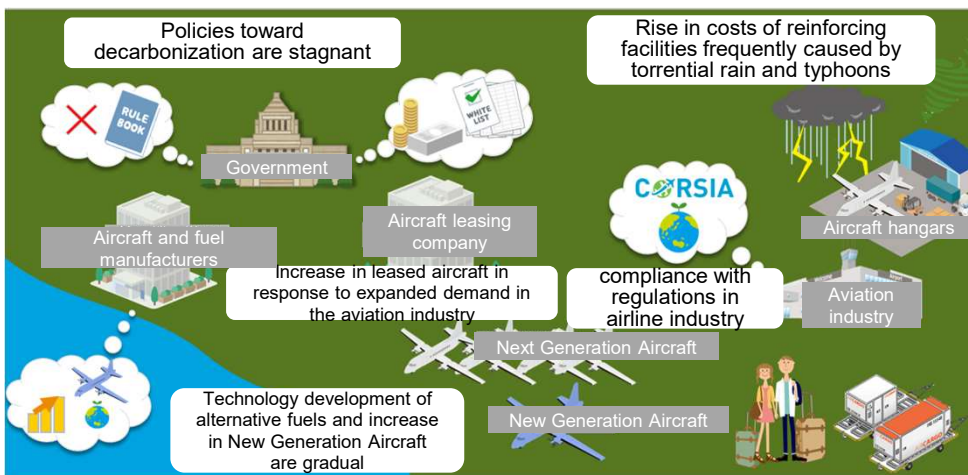


Under the 1.5°C Scenario<sup>\*1</sup>, **air passenger transport volume** is expected to grow by **an annual rate of 2.8%** (from 2019 to 2050) despite the underlying stricter assumption on energy regulations. Impact from the introduction of carbon taxes and stricter regulations on CO<sub>2</sub> emissions is expected to reduce leasing income and raise the impairment rate.

However, TC views that it is **possible to maintain a reasonable level of profit** owing to the rise in air passenger transport volume.

<sup>\*1</sup> Sustainable Development Scenario (SDS) for a temperature rise of up to 1.5°C adopted by the IEA's Energy Technology Perspective (ETP) 2020

## World View of the 4°C Scenario



Under the fossil-fueled development scenario<sup>\*2</sup>, the **expansion in demand for aircraft** brought significant positive impact on leasing income, while the impact of impairment losses due to, among other things, the creditworthiness of airlines remained immaterial.

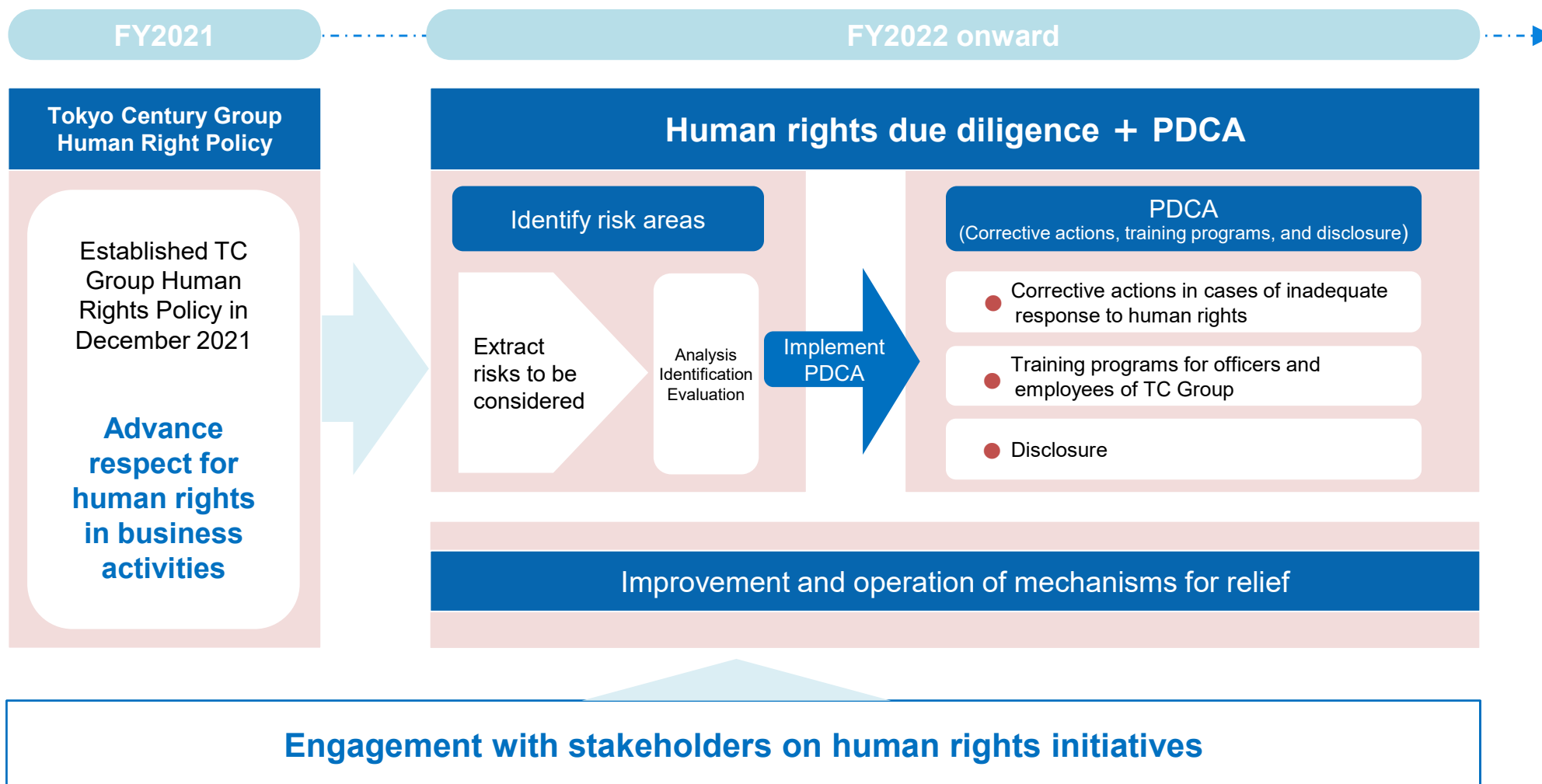
The calculation result showed **greater business profit (ordinary income)** from the aircraft leasing business **compared to that of pre-scenario-based business**.

<sup>\*2</sup> IPCC Shared Socio-economic Pathways (SSP)

Dependence on fossil fuels

Aiming for sustainable growth by recognizing respect for human rights as a management issue and responding appropriately to human rights issues

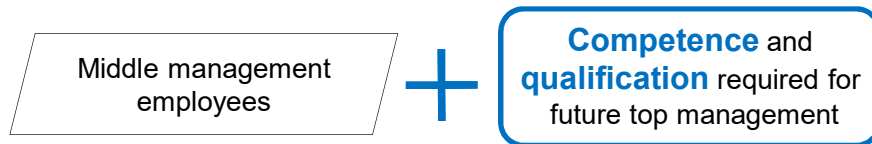
According to the Tokyo Century Group Human Rights Policy, strive to promote the following initiatives



## Strengthening of human resources to support growth over the next 10 years

### Strategic Program for Developing Human Resources

**Train management employees aiming at the next executives** using the personnel program “TC Academy” for employees in managerial positions

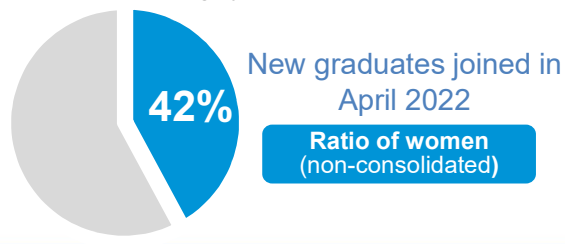


### Diversity and Initiatives for Empowering Female Employees

Ratio of female managers (non-consolidated)



Formulated the Action Plan on the Promotion of Women to Officer and Managerial Positions in October 2014. Aiming at steadily increasing the number of female officers and managers through the active employment, training, and promotion of highly motivated and talented women.



### Career Challenge Program (Internal Recruitment Program)

Actively support employees' own **career development**  
⇒ **Design individuals' career they pursue**

	FY2020	FY2021
Open recruitment	47	75
Application	19	20
Employees who relocated to their desired divisions	14	13

### TC Biz Challenge (New Business Proposal Project)

Actively assist employees' proactive **Challenge**  
⇒ **Take on bold challenges for new business opportunities without fearing failure**



One new proposal selected from 36 proposals in the 1<sup>st</sup> TC Biz Challenge  
**started verification test for commercialization**

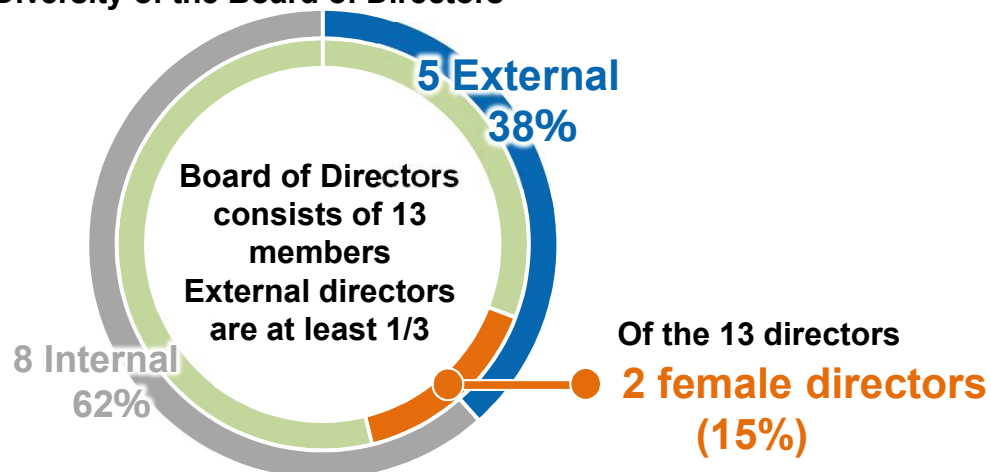


## Strengthen management systems contributing to the improvement of the effectiveness of the Board of Directors

### History of Strengthening of TC's Corporate Governance System

2018	● Separation of the Nomination and Compensation Committee into two entities: the Nomination Committee and the Compensation Committee
2019	● Number of external directors increased (from 4 to 5, external directors represent at least one-third of all directors)
2019	● System reforms implemented, including the appointment of external directors as chairpersons of the Nomination Committee and the Compensation Committee
2021	● Number of directors reduced (15 to 13), Shift to system incorporating diversity
2022	● Number of female directors increased (1 to 2)

### Diversity of the Board of Directors



### Evaluation of the Effectiveness and Issues of the Board of Directors

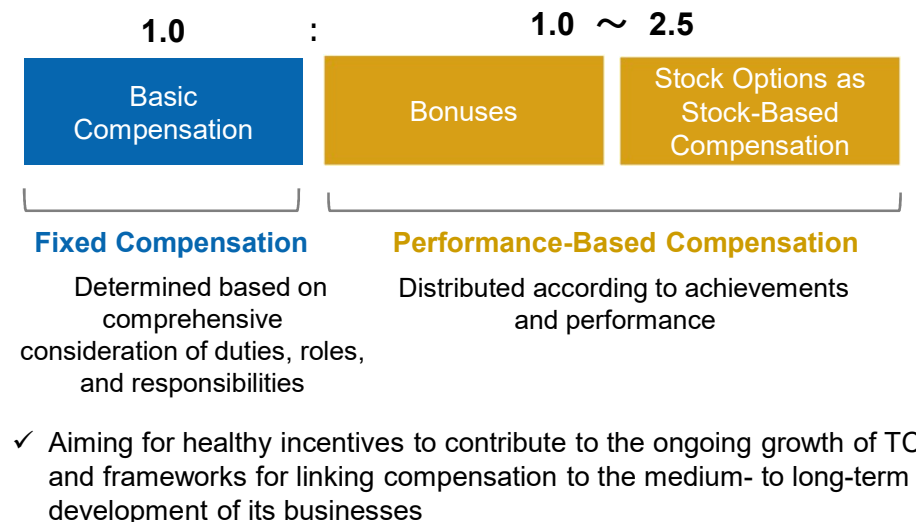
#### <Effectiveness evaluation>

Conducted an analysis and review on aspects such as the effectiveness of the Board of Directors' supervisory functions, status of deliberations, structure, and operating method by hiring a third-party assessment institution

#### <Major issues for the Board of Directors in FY2021>

Talked about expanding discussions of medium- to long-term time frame with an eye on the next 10 to 15 years, risk management and governance of the Group

### Officer Compensation



# Reference Information on Sustainability Management

## ■ Sustainability Management

<https://www.tokyocentury.co.jp/en/csr/csr/policy.html>

## ■ Sustainability Data Book

<https://www.tokyocentury.co.jp/en/csr/databook/>

## ■ Tokyo Century NEWS

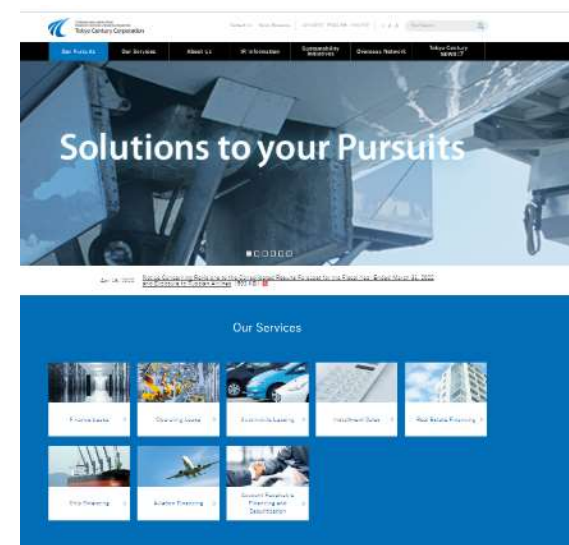
<https://tokyocentury-news.com/>

## ■ IR Information

<https://www.tokyocentury.co.jp/en/ir/>

## ■ Integrated Report

[https://www.tokyocentury.co.jp/en/ir/int\\_report/](https://www.tokyocentury.co.jp/en/ir/int_report/)





## 5. Appendix

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# Business Summary by Operating Segment



## Equipment Leasing

Provide financial services for a wide range of assets while developing many co-creative businesses with prime partners focused on digital domains, including IT solutions and subscriptions

- Moving forward with efforts to boost the value of leasing business while structuring and providing diverse financing programs through business collaboration with prime partner companies
- **Business Alliance with NTT:** NTT TC Leasing expanded its business scale by project-based sales through collaboration with the NTT Group and by co-creation with TC
- **Partnership Strategy:** (1) Established new collaborative structure with Fujitsu (2) Conversion of FFG Lease into equity-method affiliate by promoting business collaboration with Fukuoka Financial Group



## Specialty Financing

Provide financial services for shipping, aviation, environment and energy, real estate, structured finance, principle investment (PI) and others, by utilizing highly specialized expertise

- **Aviation:** Strategically ordering next-generation aircraft featuring higher fuel efficiency while taking into account medium- to long-term passenger demand growth and increase in airlines promoting environmental impact reduction
- **Environment and energy:** Focusing on the mega solar power generation business developed by Kyocera TCL Solar and corporate power purchase agreement (PPA) in collaboration with the real estate business
- **Real estate:** Hotel Indigo Karuizawa opened in February 2022 under joint management with InterContinental Hotels Group
- **PI:** Expanded joint investment with the Advantage Partners



## Mobility & Fleet Management

Provide auto leasing and car rental for corporate customers and individuals, which boast the leading lineup, to provide the best suited quality service depending on the purpose

- **Nippon Car Solutions (mainly for corporate customers):** Promoting EV100, which aims for 100% of the NTT Group's vehicles to be EVs (target year: 2030)
- **Nippon Rent-A-Car Service (car rental):** Enhancing cost control to address the COVID-19 impact resulted in returning to surplus in FY2021
- **Orico Auto Leasing (mainly for individuals):** Expanding auto leasing for individuals by enhancing its web system to facilitate the sales of its agencies



## International Business

Provide tailored, specialized services to meet the unique needs of each country by promoting alliance strategies with leading local companies, financial institutions, and others

- **Overseas network:** Spanning more than 30 countries and regions worldwide, including East Asia and ASEAN, Americas, Europe, Latin America, and other countries
- **CSI:** Expanding its business bases in Europe by making the leasing companies in Northern Europe wholly owned subsidiaries, and promoting business expansion in Asia and Europe in which the share of segment assets is relatively small
- **Business alliance with the NTT Group:** Started to further expand the data center business collaboration with the NTT Group developed in India



# FY2022 Main Topics

Announcement  
month

## June Selected as a Digital Transformation Stocks (DX Stocks) 2022



- Selected as a “Digital Transformation Stocks (DX Stocks) 2022,” which was renamed from the “Competitive IT Strategy Company Stock Selection” program jointly organized by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange for eight consecutive years since the establishment of the program



## June R&I has upgraded the issuer rating of TC from “A” to “A+”



- The issuer rating obtained from Rating and Investment Information, Inc. (R&I) was upgraded from “A” to “A+”
- The outlook of the long-term issuer rating obtained from Japan Credit Rating Agency, Ltd. (JCR) was revised from “Stable” to “Positive”

## June Concluded a capital and business alliance agreement with BOT Lease Co., Ltd.



- Concluded a capital and business alliance agreement with BOT Lease and decided to underwrite capital increase by way of third-party allotment together with MUFG Bank, Ltd. and The Norinchukin Bank
- Plan to make a payment of approximately ¥10.8 billion by September 2022, and the investment ratio will be 25.0%

## June Established a business company that provides diagnosis solutions with JFE Engineering Corporation

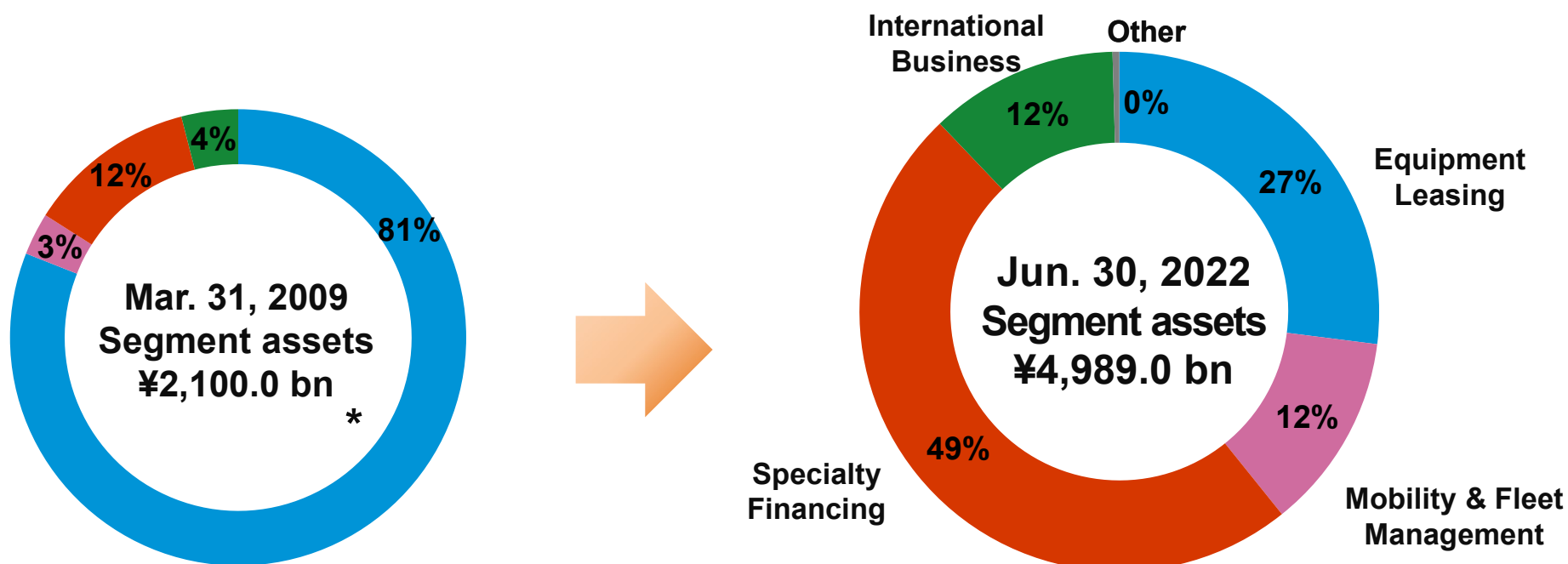


- Established business company SecondSight, which provides diagnosis solutions with a combination of start-up technologies



# Transition of Business Portfolio

High profitability segments, such as Mobility & Fleet Management, Specialty Financing, and International Business, are increasing the ratio in the segment assets



At the launch of the company

**FY2008 Results\***

<b>Ordinary income</b>	<b>22.3 billion yen</b>
Net income attributable to owners of parent	10.0 billion yen

**FY2022 Forecast**

<b>Ordinary income</b>	<b>100 billion yen</b>
Net income attributable to owners of parent	20 billion yen

\* Simple sum of the previous two companies immediately before merger

# Credit Ratings

## R&I upgraded the rating of TC from A to A+, and JCR's rating outlook improved

Rating and Investment Information (R&I) upgraded the rating of Tokyo Century as of June 8, 2022

Issuer rating: **A ⇒ A+**

Rating Outlook: Positive

Japan Credit Rating Agency, Ltd. (JCR) revised the rating outlook of Tokyo Century as of June 20, 2022

Issuer rating: AA-

Outlook: **Stable ⇒ Positive**

### Credit ratings by each credit agency (Tokyo Century)

Credit Rating Agency	Japan Credit Rating Agency, Ltd. (JCR)	Rating and Investment Information, Inc. (R&I)	S&P Global Ratings Japan Inc. (S&P)
Long Term	<p>&lt;Long-Term Issuer Rating&gt; Rating: AA- Outlook: : <b>Positive</b></p> <p>&lt;Preliminary Rating for Bonds Registered for Issuance&gt;* Rating: AA- Expected issue amount: ¥400 billion Issue period: Two years beginning February 25, 2022</p> <p>&lt;Euro Medium-Term Note Program&gt; Rating: AA- Equivalent of USD2 billion</p>	<p>&lt;Issuer Rating&gt; Rating: <b>A+</b> Outlook: Positive</p> <p>&lt;Preliminary Rating for Bonds Registered for Issuance&gt;* Rating: A+ Expected issue amount: ¥400 billion Issue period: Two years beginning February 25, 2022</p> <p>&lt;Euro Medium-Term Note Program&gt; Rating: A+ Equivalent of USD2 billion</p>	<p>&lt;Issuer Rating&gt; Rating: BBB Outlook: Stable</p>
Short Term	<p>&lt;Commercial Paper&gt; Rating: J-1+ Maximum outstanding amount: ¥800 billion</p>	<p>&lt;Commercial Paper&gt; Rating: a-1 Maximum outstanding amount: ¥800 billion</p>	

\* Each bond will be rated by each rating agency upon issuance.

# Statement of Income

(Billions of yen)					
	#	FY2021 Q1 Result	FY2022 Q1 Result	Change	%Change
Revenues	1	306.1	315.1	9.0	3.0%
Costs	2	250.5	256.8	6.3	2.5%
Funding cost	3	11.9	12.7	0.8	6.4%
<b>Gross profit</b>	<b>4</b>	<b>55.6</b>	<b>58.3</b>	<b>2.8</b>	<b>5.0%</b>
SG&A expenses	5	27.4	31.4	4.1	14.8%
Personnel expenses	6	16.3	18.0	1.7	10.3%
Non-personnel expenses	7	11.7	13.2	1.5	12.7%
Credit costs	8	-0.7	0.2	0.9	-
Operating income	9	28.2	26.9	-1.3	-4.6%
Non-operating income and losses	10	2.3	5.1	2.8	119.8%
<b>Ordinary income</b>	<b>11</b>	<b>30.5</b>	<b>32.0</b>	<b>1.5</b>	<b>4.8%</b>
Extraordinary income and losses	12	-0.2	-44.5	-44.3	-
Income before income taxes	13	30.3	-12.6	-42.9	-
Income taxes	14	9.2	3.5	-5.7	-61.6%
Net income	15	21.1	-16.1	-37.2	-
Net income attributable to non-controlling interests	16	2.6	3.4	0.8	32.7%
<b>Net income attributable to owners of parent</b>	<b>17</b>	<b>18.6</b>	<b>-19.5</b>	<b>-38.0</b>	<b>-</b>

## Major Factors for Change

### ■ Gross profit

Increased mainly in Specialty Financing and Mobility & Fleet Management

### ■ SG&A expenses

Personnel expenses and non-personnel expenses: Increased mainly in International Business

### ■ Non-operating income and losses

Increased mainly due to an increase in equity in earnings of affiliates of shipping related companies and NTT TC Leasing

### ■ Ordinary income

Increased mainly in Specialty Financing and Mobility & Fleet Management

### ■ Net income attributable to owners of parent

Decreased mainly due to an impairment loss of ¥44.4 billion on aircraft leased to Russian airlines as extraordinary losses

# Balance Sheet

(Billions of yen)

	#	Mar. 31, 2022	Jun. 30, 2022	Change	%Change
<b>Total assets</b>	<b>1</b>	<b>5,663.8</b>	<b>5,755.9</b>	<b>92.1</b>	<b>1.6%</b>
Current assets	2	2,963.6	2,899.4	-64.1	-2.2%
Non-current assets, etc.	3	2,700.2	2,856.5	156.3	5.8%
Leased assets	4	1,993.7	2,058.5	64.8	3.2%
Leased assets advance payment	5	55.9	69.3	13.4	24.1%
Other operating assets	6	116.2	114.6	-1.7	-1.4%
Investment securities	7	235.0	298.0	63.1	26.9%
Others	8	299.5	316.1	16.6	5.6%
<b>Total liabilities</b>	<b>9</b>	<b>4,868.2</b>	<b>4,949.6</b>	<b>81.4</b>	<b>1.7%</b>
Current liabilities	10	1,823.6	1,903.0	79.4	4.4%
Long-term liabilities	11	3,044.6	3,046.6	2.0	0.1%
<b>Total net assets</b>	<b>12</b>	<b>795.6</b>	<b>806.3</b>	<b>10.7</b>	<b>1.3%</b>
Shareholders' equity	13	673.0	683.6	10.6	1.6%
Non-controlling interests, etc.	14	122.6	122.6	0.1	0.1%

## Major Factors for Change

### ■ Non-current assets, etc.

Leased assets  
Increased mainly in aircraft leasing assets of ACG due to the impact of the exchange rate fluctuations

# Interest-Bearing Debt

(Billions of yen)

	#	Mar.31, 2021	Mar. 31, 2022	Jun. 30, 2022	Change	%Change
<b>Interest-bearing debt</b>	<b>1</b>	<b>4,280.9</b>	<b>4,247.4</b>	<b>4,386.2</b>	<b>138.8</b>	<b>3.3%</b>
Commercial papers	2	629.6	371.5	476.3	104.8	28.2%
Japanese yen	3	629.6	289.6	391.2	101.6	35.1%
Foreign currency	4	-	81.9	85.1	3.2	3.9%
Corporate bonds	5	1,022.7	1,000.1	1,015.8	15.8	1.6%
Japanese yen	6	362.5	401.5	386.4	-15.0	-3.7%
Foreign currency	7	660.2	598.6	629.4	30.8	5.1%
Securitized lease assets	8	61.6	31.4	26.2	-5.2	-16.7%
Borrowings	9	2,567.0	2,844.4	2,867.9	23.5	0.8%
Japanese yen	10	1,736.1	1,941.4	1,876.7	-64.7	-3.3%
Foreign currency	11	830.9	903.0	991.2	88.2	9.8%
Direct funding ratio	12	40.0%	33.0%	34.6%	1.6pt	
Long-term funding ratio	13	78.3%	84.5%	82.2%	-2.3pt	

	#	FY2020 Q1 Result	FY2021 Q1 Result	FY2022 Q1 Result	Change	%Change
Funding cost	14	10.8	11.9	12.7	0.8	6.4%
<b>Funding cost ratio*</b>	<b>15</b>	<b>0.99%</b>	<b>1.10%</b>	<b>1.18%</b>	<b>0.08pt</b>	

(Change of funding cost by fiscal year)

	#	FY2020 Result	FY2021 Result	Change	%Change
Funding cost	16	43.9	47.9	4.1	9.3%
<b>Funding cost ratio*</b>	<b>17</b>	<b>1.02%</b>	<b>1.13%</b>	<b>0.11pt</b>	

\* Funding cost ratio = Funding costs / { (Interest-bearing debt of the previous fiscal year end + Interest-bearing debt of this fiscal year end) / 2 }

## Major Factors for Change

### ■ Interest-bearing debt

Increased mainly in interest-bearing debt denominated in foreign currency due to the impact of the exchange rate fluctuations

## The Largest Amount of Sustainability-Linked Loans (SLLs)-Based Fundraising in Japan

Raised over **¥233.7 billion** through SLLs with preferential interest rates applied based on the level of achievement of the ESG initiatives, which was **the largest amount of SLL-based fundraising in Japan** (As of June 30, 2022)

# Quarterly Changes in Results by Subsidiary in Mobility & Fleet Management

Reached a record high for 1Q, mainly due to NCS's maximized gains on sales and NRS's improved profitability

		FY 2021					FY 2022		
		Q1	Q2	Q3	Q4	Total (Annual)	Q1	Change (YoY)	Change (YTD)
Revenues (Billions of yen) <sup>2</sup>	NCS	52.8	51.9	48.7	47.8	201.3	54.0	1.2	
	NRS <sup>*1</sup>	14.9	14.2	17.9	17.4	64.4	16.3	1.4	
	OAL	20.2	21.0	21.4	22.4	85.0	20.8	0.7	
	<b>Total</b>	<b>87.9</b>	<b>87.1</b>	<b>88.1</b>	<b>87.6</b>	<b>350.7</b>	<b>91.2</b>	<b>3.3</b>	

Ordinary income (Billions of yen)	NCS	5.2	4.6	2.5	1.9	14.3	6.8	1.6	
	NRS	-1.1	-1.0	1.5	1.9	1.2	0.9	2.0	
	OAL	0.6	0.6	0.7	1.8	3.8	0.6	-0.0	
	Other	0.0	0.0	-0.0	-0.0	-0.0	-0.0	-0.1	
	<b>Total</b>	<b>4.8</b>	<b>4.2</b>	<b>4.7</b>	<b>5.6</b>	<b>19.2</b>	<b>8.3</b>	<b>3.5</b>	

Balance of segment assets (Billions of yen)	NCS	366.9	363.3	359.8	359.3		351.8	-15.1	-7.4
	NRS	42.6	40.8	43.0	40.3		41.7	-0.9	1.4
	OAL	217.8	219.4	220.2	211.7		214.2	-3.6	2.5
	Other <sup>*3</sup>	-0.8	0.7	0.8	0.5		2.4	3.2	1.9
	<b>Total</b>	<b>626.5</b>	<b>624.2</b>	<b>623.8</b>	<b>611.8</b>		<b>610.1</b>	<b>-16.4</b>	<b>-1.6</b>

Number of vehicles (Thousand)	NCS	671	674	674	674		673	2	-1
	NRS	42	44	42	43		44	2	0
	OAL	164	166	168	170		172	8	2
	Duplication adjustment	-172	-170	-172	-174		-176	-4	-2
	<b>Total</b>	<b>704</b>	<b>714</b>	<b>712</b>	<b>713</b>		<b>713</b>	<b>8</b>	<b>-0</b>

\*1 Fiscal period of NRS ends in December      \*2 Revenues = Simple sum of three companies

\*3 Intercompany adjustment within the companies in Mobility & Fleet Management

# Breakdown of Ordinary Income by Operating Segment (Core earnings, gain on sales, impairment, etc.)

Core earnings of Equipment Leasing, Mobility & Fleet Management, and International Business are growing well

(Billions of yen)							
	FY2021					FY2022	
	Q1	Q2	Q3	Q4	Total (Annual)	Q1	Change
Equipment Leasing	8.1	8.2	7.5	10.1	33.9	9.1	0.9
Core earnings	8.1	8.2	7.5	10.2	34.0	9.2	1.1
Gain on sales *1	-	-	-	-	-	-	-
Impairment, bad debt, etc. *2	0.0	-0.0	-0.0	-0.1	-0.1	-0.2	-0.2
Mobility & Fleet Management	4.8	4.2	4.7	5.6	19.2	8.3	3.5
Core earnings	4.8	4.2	4.6	5.7	19.3	8.3	3.5
Gain on sales	-	-	-	-	-	-	-
Impairment, bad debt, etc.	0.0	-0.1	0.0	-0.1	-0.1	-0.0	-0.0
Specialty Financing	15.5	11.6	5.0	-2.6	29.5	24.0	8.6
Core earnings	13.2	9.7	10.7	13.5	47.1	11.9	-1.4
Gain on sales	6.2	1.1	0.5	7.1	14.9	12.2	6.0
Impairment, bad debt, etc.	-3.9	0.8	-6.2	-23.2	-32.5	-0.0	3.9
International Business	4.6	3.0	3.6	7.8	19.0	-6.6	-11.2
Core earnings	4.7	3.1	3.6	2.5	13.8	4.9	0.3
Gain on sales	-	-	-	-	-	-	-
Impairment, bad debt, etc.	-0.1	-0.1	-0.0	5.3	5.2	-11.5	-11.5
Other	-2.5	-2.9	-2.6	-3.1	-11.1	-2.8	-0.4
Core earnings	-2.5	-3.0	-2.7	-2.7	-10.8	-2.9	-0.4
Gain on sales	-	-	-	-	-	-	-
Impairment, bad debt, etc.	-0.0	0.1	0.0	-0.4	-0.3	0.0	0.0
<b>Total</b>	<b>30.5</b>	<b>24.1</b>	<b>18.0</b>	<b>17.8</b>	<b>90.5</b>	<b>32.0</b>	<b>1.5</b>
Core earnings	28.3	22.3	23.7	29.2	103.5	31.5	3.2
Gain on sales	6.2	1.1	0.5	7.1	14.9	12.2	6.0
Impairment, bad debt, etc.	-3.9	0.7	-6.2	-18.4	-27.8	-11.7	-7.7

\*1 Aggregated results: gains (losses) on sales of real estate and operational investment securities

\*2 Aggregated results: Impairment, bad debt, and gain (loss) on valuation of operational investment securities



# Major Group Companies (Domestic)

## Equipment Leasing

Company Name	Main Business Operations	Shareholders	
		Tokyo Century	
FLCS Co., Ltd.	IT equipment leasing	80%	Fujitsu: 20%
IHI Finance Support Corporation	General leasing and finance	66.5%	IHI: 33.5%
Orico Business Leasing Co., Ltd.	General leasing	50%	Orient Corporation: 50%
ITEC Leasing Co., Ltd.	General leasing	85.1%	NHK Group: 14.9%
S.D.L Co., Ltd.	General leasing	100%	
TRY Corporation	Refurbishment of PCs	80%	Movable Trade Networks: 20%
TC Tsukishima Energy Solution LLC	Biogas electricity generation and selling electricity business	90%	Tsukishima Kikai: 10%
Amada Lease Co., Ltd.	General leasing	60%	Amada: 40%
NTT TC Leasing Co., Ltd.	* General leasing and finance	50%	NTT Group: 40%, NTT Finance: 10%
NITTSU Lease & Finance Co., Ltd.	* General leasing and finance	49%	Nippon Express: 49%, Sompo Japan Insurance: 2%
ITOCHU TC Construction Machinery Co., Ltd.	* Sales and rental of construction machinery	50%	ITOCHU: 50%
Nanatsujima Biomass Power LLC	* Electricity generation business	25.1%	IHI and 7 other companies
Bplats, Inc.	* Subscription business	31.5%	
FFG Lease Co., Ltd.	* General leasing	25%	Fukuoka Financial Group, Inc.: 75%

## Mobility & Fleet Management

Company Name	Main Business Operations	Shareholders	
		Tokyo Century	
Nippon Car Solutions Co., Ltd.	Auto leasing	59.5%	NTT: 40.5%
Nippon Rent-A-Car Service, Inc.	Car rental	88.6%	ANA Holdings: 11.4%
Orico Auto Leasing Co., Ltd.	Auto leasing for individuals	50%	Orient Corporation: 50%

## Specialty Financing

Company Name	Main Business Operations	Shareholders	
		Tokyo Century	
Shinko Real Estate Co., Ltd.	Real estate business	70%	Kobe Steel: 25%, Chuo-Nittochi: 5%
TC Hotels & Resorts Karuizawa Co., Ltd.	Hotel business	100%	
Kyocera TCL Solar LLC	Electricity generation business	81%	Kyocera: 19%
TCLA Godo Kaisha	General leasing	100%	
Shunan Power Corporation	Electricity generation business	60%	Tokuyama: 20% Marubeni Clean Power: 20%
TC Property Solutions Corporation	Property management	100%	
Chuo-Nittochi Asset Management Co., Ltd.	* Management and formation of real estate funds	30%	Chuo-Nittochi: 70%

\* Equity-method affiliates

# Major Group Companies (Overseas)

## Specialty Financing

Location	Overseas Group Company	Main Business Operations	Shareholders	
			Tokyo Century	
U.S.	TC Skyward Aviation U.S., Inc.	Aviation leasing and finance	100%	
	TC Realty Investments Inc.	Real estate investment	100%	
	Aviation Capital Group LLC	Aviation leasing and finance	100%	
	GA Telesis, LLC	* Provider of products, services and solutions to the commercial aerospace industry	49.2%	ANA Trading: 10%
	Gateway Engine Leasing, LLC	* Aircraft engine leasing	20%	GA Telesis: 40% ANA Trading: 40%
Ireland	TC Skyward Aviation Ireland Ltd.	Aviation leasing and finance	100%	
	TC Aviation Capital Ireland Ltd.	Aviation leasing and finance	100%	

## International Business

Location	Overseas Group Company	Main Business Operations	Shareholders	
			Tokyo Century	
China	Tokyo Century Leasing China Corporation	General leasing	80%	ITOCHU Group: 20%
	Tokyo Century Factoring China Corporation	Factoring services	100%	
	Dalian Bingshan Group Hua Hui Da Financial Leasing Co., Ltd.	* Finance and general leasing	40%	Dalian Bingshan Group: 60%
	Suzhou New District Furui Leasing Co., Ltd.	* Finance and general leasing	15.8%	Suzhou government-affiliated companies: 80.2%
Taiwan	President Tokyo Corporation	* Automobile leasing and general leasing	49%	Uni-President Enterprises Group: 51%
Singapore	Tokyo Century Leasing (Singapore) Pte. Ltd.	General leasing	100%	
	Tokyo Century Asia Pte. Ltd.	Investment, shareholding, and ancillary business	100%	
Malaysia	Tokyo Century Capital (Malaysia) Sdn. Bhd.	General leasing	100%	
Thailand	TISCO Tokyo Leasing Co., Ltd.	General leasing	49%	TISCO Financial Group: 49%
	HTC Leasing Co., Ltd.	Construction machinery finance	70%	Hitachi Construction Machinery Group: 30%
	TC Advanced Solutions Co., Ltd.	Reverse factoring and other services	59%	
	TC Car Solutions (Thailand) Co., Ltd.	Auto financing and services	99%	
Indonesia	PT. Century Tokyo Leasing Indonesia	General leasing	85%	Lippo Group: 15%
	PT. Hexa Finance Indonesia	* Construction machinery finance	20%	ITOCHU Group: 50% Hitachi Construction Machinery Group: 30%
Philippines	BPI Century Tokyo Lease & Finance Corporation	General leasing	51%	Bank of the Philippine Islands: 49%
Myanmar	Yoma Fleet Ltd.	* Auto leasing and car sharing	20%	Yoma Strategic Holdings : 80%
India	NTT Global Data Centers NAV2 Private Limited.	* IT services and equipment leasing	50%	
U.S.	CSI Leasing, Inc.	IT equipment leasing	100%	
	Tokyo Century (USA) Inc.	General leasing	100%	
	AP Equipment Financing	Finance and general leasing	100%	

\* Equity-method affiliates

# External Evaluation: Inclusion in Global Indexes

Highly evaluated by ESG evaluation organizations in Japan and overseas and used in many indexes

## **JPX-Nikkei Index 400**

This stock index is composed of companies with high appeal for investors, which meet requirements of global investment standards, including ROE, an indicator of capital efficiency. Tokyo Century has been selected to the index since its launch in 2014.

## **FTSE4Good Index**

Tokyo Century has been selected as a constituent of the FTSE4Good Index series, a major global index for socially responsible investment.

## **MSCI ESG Leaders Indexes**

Selected as a constituent of the MSCI ESG Leaders Indexes, which targets companies that demonstrate strong Environmental, Social and Governance (ESG) rated performance in each sector of the parent index

## **S&P/JPX Carbon Efficient Index**

Tokyo Century has been selected as a constituent of the S&P/JPX Carbon Efficient Index that is designed to help improve corporates' disclosure on carbon and data transparency, by adjusting constituents' weights according to their relative carbon-to-revenue footprint since 2018.

## **MSCI Japan ESG Select Leaders Index**

The MSCI Japan ESG Select Leaders Index is an index based on the MSCI Japan IMI Top 700 Index to represent the performance of companies that have high Environmental, Social and Governance (ESG) performance. Tokyo Century has become a constituent of the index since 2017.

## **FTSE Blossom Japan Index**

Tokyo Century is a constituent of the FTSE Blossom Japan Index, which is designed as a tool to measure the performance of Japanese companies that demonstrate strong Environmental, Social and Governance (ESG) practices.

## **FTSE Blossom Japan Sector Relative Index**

Tokyo Century is a constituent of the FTSE Japan Sector Relative Index, which is designed to evaluate efforts demonstrating outstanding Environmental, Social and Governance (ESG) practices in respective sectors and promoting the transition to a low-carbon economy.

Note: The Government Pension Investment Fund (GPIF) of Japan has selected the  marked indexes as a benchmark for passive ESG investments

Any statements in this document, other than those of historical facts, are forward-looking statements about the future performance of Tokyo Century Corporation and its Group companies, which are based on management's assumptions and beliefs in light of information currently available, and involve risks and uncertainties. Actual results may differ materially from these forecasts. All numerical terms and names presented in this report conform to the "short scale" numerical system. (i.e., "billion" = "10<sup>9</sup>" and "trillion" = "10<sup>12</sup>")

## **Inquiries**



**Tokyo Century Corporation**

**Investor Relations Division**

Tel : +81-3-5209-6710

Web site: <https://www.tokyocentury.co.jp/en/>