Consolidated Financial Results

For the Six Months of Fiscal Year Ending March 31, 2023

November 7, 2022

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

1. Financial Highlights

2. Results by Operating Segment

3. Business Topics

4. Collaboration with the NTT Group

5. Promotion of Sustainability Management

6. Appendix

Solutions to your Pursuits

1. Financial Highlights

Financial Highlights

Ordinary income increased 2.1% to ¥55.8 billion, and net loss attributable to owners of parent was ¥6.3 billion due to extraordinary losses YoY

	FY2021 Q2 Result	FY2022 Q2 Result	Change	% Change	FY2022 Forecast Announced on May 12, 2022	FY2022 Forecast % Progress
Revenues	618.8	626.5	7.7	1.2%	-	-
Operating income	49.8	49.4	-0.4	-0.9%	-	-
Ordinary income	**54.7**	**55.8**	**1.2**	**2.1%**	**100.0**	**55.8%**
Net income(loss) attributable to owners of parent	**33.2**	**-6.3**	**-39.5**	**-**	**20.0**	**-**
ROE (Net income / Shareholders' equity)	11.0%	-	-			
Average foreign exchange rate (USD1)	¥107.82	¥123.15	(Foreign exchange rate for January–June for major overseas subsidiaries)			

	Mar. 31, 2022	Sep. 30, 2022	Change	% Change
Total assets	5,663.8	6,030.4	366.6	6.5%
Balance of segment assets	**4,879.4**	**5,331.7**	**452.3**	**9.3%**
Shareholders' equity	673.0	789.2	116.2	17.3%
Shareholders' equity ratio	11.9%	13.1%	1.2pt	
Foreign exchange rate at quarter end (USD1)	¥115.02	¥136.69	(Foreign exchange rate for major overseas subsidiaries as of the end of June)	

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

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Ordinary income increased by ¥1.2 billion year on year, to ¥55.8 billion. Net loss attributable to owners of parent was ¥6.3 billion, due to a write-off of ¥47.0 billion of the eight aircraft previously leased to Russian airlines, which was recorded as an extraordinary loss.
The balance of segment assets in the table below increased ¥452.3 billion from March 31, 2022, to ¥5,331.7 billion. Shareholders' equity increased by 17.3% from March 31, 2022, to ¥789.2 billion, due mainly to the impact of foreign exchange rate fluctuations.

Ordinary Income by Operating Segment & ROA

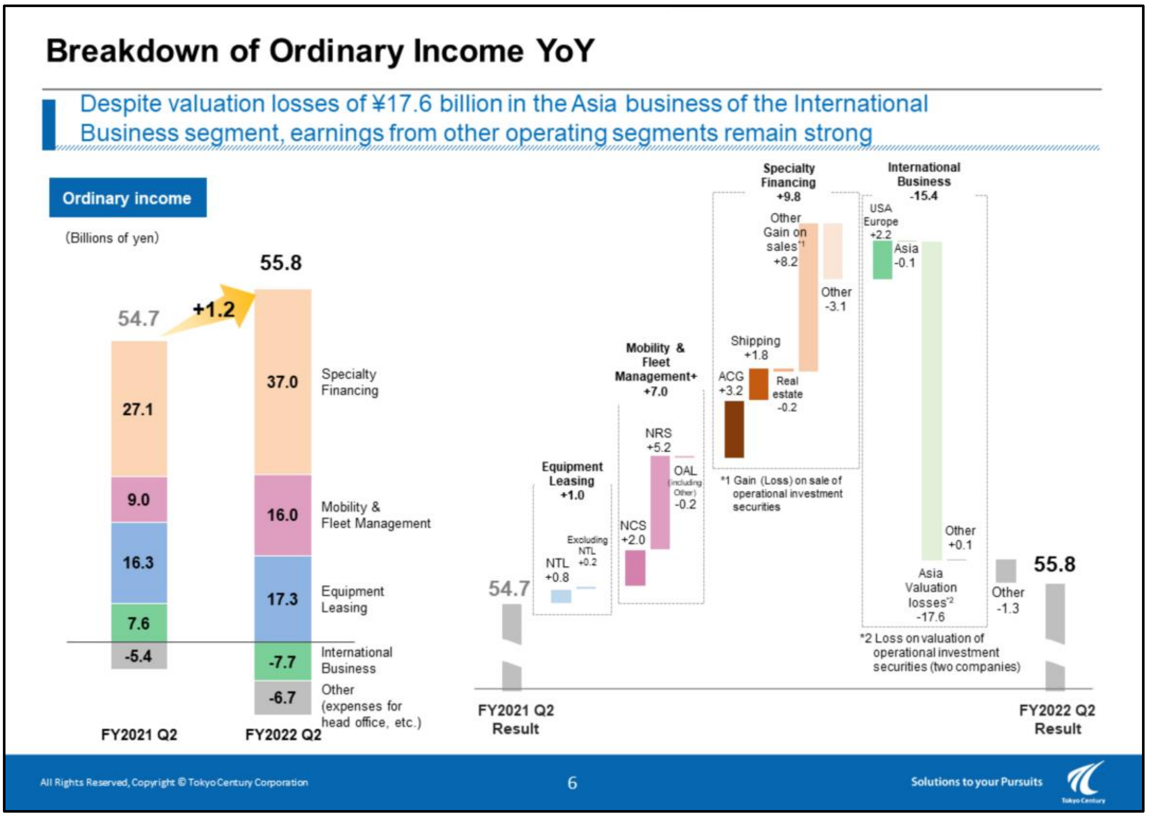
Ordinary income increased ¥1.2 billion because losses in International Business were offset by other business segments

Ordinary income

	FY2021 Q2 Result	FY2022 Q2 Result	Change
Equipment Leasing	16.3	17.3	1.0
Mobility & Fleet Management	9.0	16.0	7.0
Specialty Financing	27.1	37.0	9.8
International Business	7.6	-7.7	-15.4
Other	-5.4	-6.7	-1.3
Total	**54.7**	**55.8**	**1.2**

ROA

	FY2021 Q2 Result	FY2022 Q2 Result	Change
Equipment Leasing	2.2%	2.6%	0.4pt
Mobility & Fleet Management	2.9%	5.3%	2.4pt
Specialty Financing	2.4%	2.9%	0.5pt
International Business	3.1%	-	-
Other			
Total	**2.3%**	**2.2%**	**-0.1pt**



This slide shows ordinary income by operating segment.

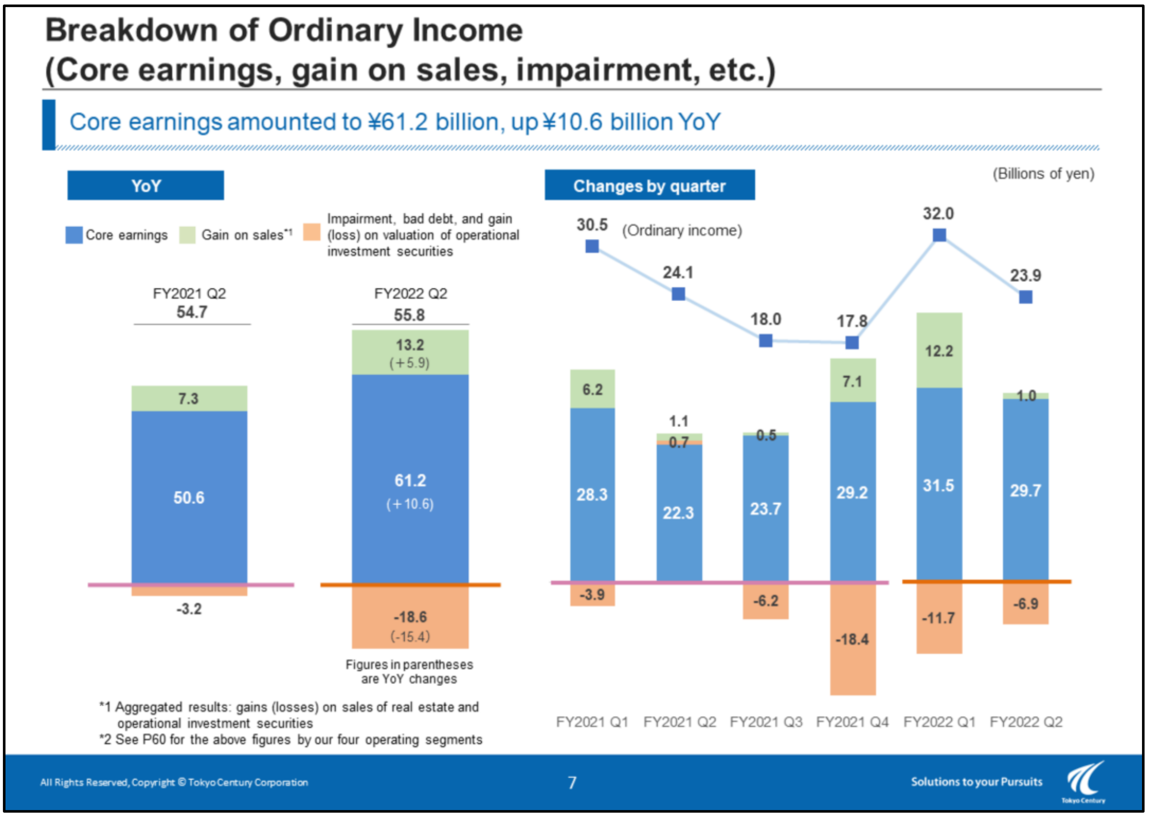
Ordinary income increased year on year across all operating segments except for the International Business segment. Please see the bar graph on the right, which shows the breakdown.

Ordinary income in the Equipment Leasing segment increased by ¥1.0 billion year on year in total, reflecting a ¥0.8 billion year-on-year increase in equity in earnings of NTT TC Leasing (NTL), which has been rapidly growing.

Ordinary income in the Mobility & Fleet Management segment increased by ¥7.0 billion year on year on the whole. This was attributable mainly to an increase of ¥2.0 billion from Nippon Car Solutions (NCS) due primarily to gain on sale of vehicles and an increase of ¥5.2 billion from Nippon Rent-A-Car Service (NRS), reflecting the effect of structural reforms through cost control, which it focused on amid the COVID-19 pandemic. Both NCS and NRS posted record ordinary incomes for the first half of the year.

Ordinary income in the Specialty Financing segment increased by ¥9.8 billion year on year on the whole, due to year-on-year increases in ordinary income from Aviation Capital Group (ACG) and the shipping business, as well as gain on sale of operational investment securities, among other factors.

Ordinary income in the International Business segment decreased by ¥15.4 billion year on year owning to the recording of a loss on valuation of operational investment securities in the Asia business amounting to ¥17.6 billion, despite robust performance of CSI Leasing (CSI).

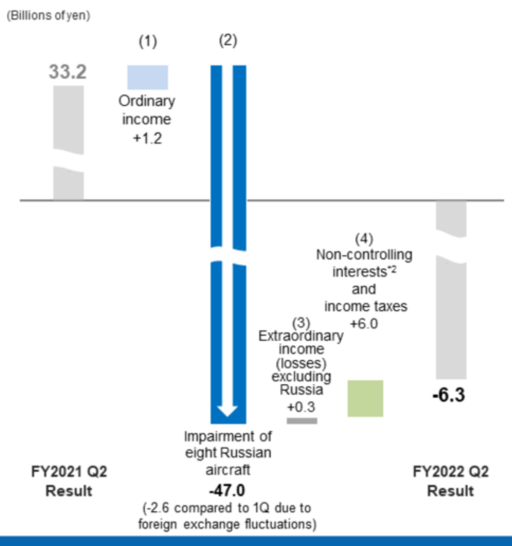


As you can see in the legend at the left top of this slide, this page shows the breakdown of ordinary income into three elements: "Core earnings," "Gain on sales," and "Impairment, bad debt, and gain (loss) on valuation of operational investment securities."
"Gain on sales" refers to capital gains on sales of real estate and operational investment securities. The graph on the left shows year-on-year changes, while the graph on the right shows changes by quarter.
Core earnings for the first half of FY2022 increased by ¥10.6 billion year on year to ¥61.2 billion, driven by the Mobility & Fleet Management segment and the International Business segment. On the other hand, while gain on sales of ¥13.2 billion was recorded mainly from operational investment securities, this gain was offset by losses amounting to ¥18.6 billion, including a loss on valuation of operational investment securities in the Asia business.

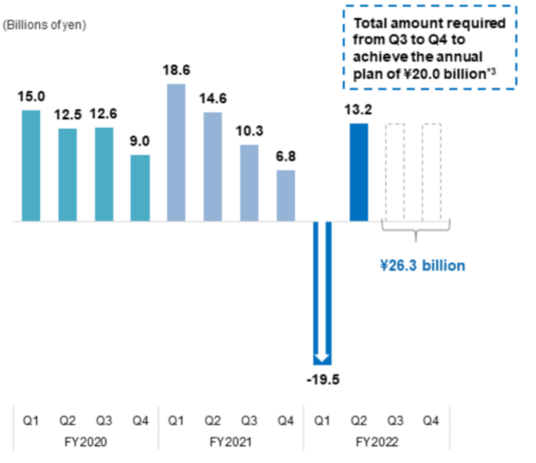
Breakdown of Changes in Net Income (Loss) Attributable to Owners of Parent

Net loss attributable to owners of parent was ¥6.3 billion due to an impairment loss of ¥47.0 billion on aircraft previously leased to Russian airlines

Factor for changes in net income (loss) attributable to owners of parent[*1]



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



*1 (1) to (3) are on a pre-tax basis; taxes are included in (4)
*2 Net income attributable to non-controlling interests
*3 Simple image of the difference between the annual plan for net income attributable to owners of parent and 2Q result divided by 2

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Balance of Segment Assets by Operating Segment

Segment assets increased ¥452.3 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)	Sep. 30, 2021	Sep. 30, 2022 (B)	YoY Change	Change (B-A)
Balance of segment assets		**3,630.9**	**4,773.0**	**4,800.5**	**4,879.4**	**4,876.6**	**5,331.7**	**455.1** +462.9*	**452.3** +386.8*
Equipment Leasing		1,372.8	1,471.1	1,489.1	1,379.7	1,420.9	1,318.0	-102.9	-61.7
	Percentage	37.8%	30.8%	31.0%	28.3%	29.1%	24.7%	+0.2*	+0.1*
Mobility & Fleet Management		592.7	631.2	629.5	611.8	624.2	607.0	-17.2	-4.8
	Percentage	16.3%	13.2%	13.1%	12.5%	12.8%	11.4%		
Specialty Financing		1,142.4	2,147.9	2,184.7	2,311.8	2,299.9	2,747.5	447.6	435.7
	Percentage	31.5%	45.0%	45.5%	47.4%	47.2%	51.5%	+354.4*	+295.1*
International Business		512.9	510.6	483.1	557.1	515.3	638.4	123.1	81.3
	Percentage	14.1%	10.7%	10.1%	11.4%	10.6%	12.0%	+108.3*	+91.6*
Other		10.1	12.2	13.9	19.0	16.3	20.8	4.5	1.8
	Percentage	0.3%	0.3%	0.3%	0.4%	0.3%	0.4%		

*Exchange rate factors

Solutions to your Pursuits

The balance of segment assets by operating segment increased by ¥452.3 billion from March 31, 2022, due to the growth in the Specialty Financing segment and the International Business segment, which mainly reflected the yen's depreciation in exchange rate factors.
Supplementary explanations on results by operating segment are given on page 12 onwards. Please refer to them after the presentation.
Now, let me move on to the explanations on main business topics.

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, ¥47.0 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 ¥47.0 billion was recorded as an extraordinary loss (impairment loss).
- 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 Q2 Result	FY2022 Q2 Result	Change	% Change
Revenues	258.2	241.2	-17.0	-7%
Gross profit	19.3	18.8	-0.5	-2%
Operating income	13.3	12.7	-0.6	-5%
Ordinary income	**16.3**	**17.3**	**1.0**	**6%**
ROA (%)	2.2%	2.6%	0.4pt	

	Sep. 30, 2021	Sep. 30, 2022	Change	% Change
Segment assets	1,420.9	1,318.0	-102.9	-7%

Major factors for change

Ordinary income

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

* For performance and other details of NTL, see P21
* NITTSU Lease & Finance recognized an increase in equity in earnings of affiliates from 2Q 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 NTT TC Leasing** and **NITTSU Lease & Finance**

(Billions of yen)

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

Results of Mobility & Fleet Management

(Billions of yen)

	FY2021 Q2 Result	FY2022 Q2 Result	Change	% Change
Revenues	169.3	177.5	8.3	5%
Gross profit	33.4	41.6	8.2	25%
Operating income	8.4	15.9	7.5	89%
Ordinary income	**9.0**	**16.0**	**7.0**	**78%**
NCS	9.9	11.9	2.0	20%
NRS	-2.2	3.0	5.2	-
OAL	1.2	1.2	-0.0	-3%
Other	0.1	-0.1	-0.1	

	FY2021 Q2 Result	FY2022 Q2 Result	Change	% Change
ROA (%)	2.9%	5.3%	2.4pt	
NCS	5.4%	6.7%	1.3pt	
NRS	-	14.9%	-	
OAL	1.1%	1.1%	-	

	Sep. 30, 2021	Sep. 30, 2022	Change	% Change
Segment assets	624.2	607.0	-17.2	-3%

Major factors for change

Ordinary income

NCS

Recorded an all-time high for 2Q, mainly due to lease income growth, and maximizing gain 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 2Q, due to significantly improving profitability by the promotion of measures to improve unit sales prices, the optimization of gain on sale of used vehicles, and the cost control which has been exercised during the COVID-19 pandemic

* For performance and other details of NRS, see P23

Solutions to your Pursuits

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

Segment assets decreased ¥4.8 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)	Sep. 30, 2021	Sep. 30, 2022 (B)	YoY Change	Change (B-A)
Balance of segment assets	**592.7**	**631.2**	**629.5**	**611.8**	**624.2**	**607.0**	**-17.2**	**-4.8**
NCS	368.2	378.5	371.2	359.3	363.3	348.3	-15.1	-11.0
Percentage	62.1%	59.9%	58.9%	58.7%	58.3%	57.4%		
NRS	47.3	52.8	45.7	40.3	40.8	41.5	0.6	1.2
Percentage	8.0%	8.4%	7.3%	6.6%	6.5%	6.8%		
OAL	189.7	210.7	214.0	211.7	219.4	215.0	-4.3	3.4
Percentage	32.0%	33.4%	34.0%	34.6%	35.1%	35.4%		
Other*1	-12.6	-10.7	-1.4	0.5	0.7	2.2	1.5	1.7
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 Q2 Result	FY2022 Q2 Result	YoY Change	% Change
Transaction volume *2	**227.7**	**224.6**	**193.4**	**177.9**	**89.2**	**82.7**	-6.5	-7.3%
NCS	146.3	141.7	120.5	109.4	55.1	**48.4**	-6.7	-12.1%
OAL	81.3	82.9	72.9	68.5	34.1	**34.2**	0.2	0.5%

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

Solutions to your Pursuits

Results of Specialty Financing

(Billions of yen)

	FY2021 Q2 Result	FY2022 Q2 Result	Change	% Change
Revenues	140.5	141.7	1.2	1%
Gross profit	33.7	47.6	13.9	41%
Operating income	26.0	35.9	9.9	38%
Ordinary income	**27.1**	**37.0**	**9.8**	**36%**
Aviation	6.8	9.1	2.2	33%
ACG	3.0	6.2	3.2	105%
Others	3.8	2.9	-0.9	-25%
Shipping	3.5	5.3	1.8	52%
Real Estate	8.3	8.0	-0.2	-3%
Others	8.6	14.6	6.0	70%
Gain on Sales [*1]	2.3	10.5	8.2	358%
Others	6.3	4.1	-2.2	-34%
ROA (%)	2.4%	2.9%	0.5pt	
Aviation	1.0%	1.1%	0.1pt	
ACG	0.5%	0.9%	0.4pt	
Others	3.0%	2.5%	-0.5pt	
Shipping	6.1%	10.2%	4.1pt	
Real Estate	3.5%	3.1%	-0.4pt	

	Sep. 30, 2021	Sep. 30, 2022	Change	% Change
Segment assets	2,299.9	2,747.5	447.6	19%

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

Major factors for change

Ordinary income

- ACG

  Increased, mainly due to a decrease in impairment usually recorded (Russia-related loss was recorded as an extraordinary loss.), although the aviation market is still in the recovery and yet to return to the original level of earnings of ACG.[*2]

  *2 For performance and other details of ACG, see P26

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

- Shipping

  Increased, mainly due to gain on sale of vessels from an equity-method affiliate

- Other

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

Balance of Segment Assets in Specialty Financing

Segment assets increased ¥435.7 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)	Sep. 30, 2021	Sep. 30, 2022 (B)	YoY Change	Change (B-A)
Balance of segment assets	**1,142.4**	**2,147.9**	**2,184.7**	**2,311.8**	**2,299.9**	**2,747.5**	**447.6** +354.4*2	**435.7** +295.1*2
Aviation	369.2	1,380.8	1,363.1	1,480.8	1,479.0	1,743.0	264.0	262.2
Percentage	32.3%	64.3%	62.4%	64.1%	64.2%	63.4%	+322.3*2	+269.7*2
Shipping	137.0	124.3	116.4	100.0	111.8	108.6	-3.3	8.6
Percentage	12.0%	5.8%	5.3%	4.3%	4.9%	4.0%	+1.6*2	+1.1*2
Environment and Energy	137.1	139.2	150.3	159.4	146.8	252.8	106.1	93.4
Percentage	12.0%	6.5%	6.9%	6.9%	6.4%	9.2%	+1.5*2	+1.3*2
Real estate	416.8	429.9	462.3	484.7	482.0	554.6	72.7	69.9
Percentage	36.5%	20.0%	21.2%	21.0%	21.0%	20.2%	+27.9*2	+21.9*2
Other *1	82.1	73.7	92.6	87.0	80.4	88.5	8.1	1.5
Percentage	7.2%	3.4%	4.2%	3.8%	3.5%	3.2%	+1.1*2	+1.2*2

*1 Other includes the principal investment amounts, factoring and others
*2 Exchange rate factors

Solutions to your Pursuits

Results of International Business

(Billions of yen)

	FY2021 Q2 Result	FY2022 Q2 Result	Change	% Change
Revenues	51.1	66.3	15.2	30%
Gross profit	19.4	*1 7.5	-11.9	-61%
Operating income	7.5	-7.7	-15.3	-
Ordinary income	**7.6**	**-7.7**	**-15.4**	**-**
Asia	3.5	-14.2	-17.7	-
USA and Europe	4.5	6.7	2.2	49%
CSI	4.0	6.1	2.1	53%
Other	0.5	0.6	0.1	18%
Other	-0.3	-0.2	0.1	
ROA (%)	3.1%	-	-	
Asia	3.2%	-	-	
USA and Europe	3.2%	3.6%	0.4pt	
CSI	3.6%	4.3%	0.7pt	
Other	1.8%	1.4%	-0.4pt	

	Sep. 30, 2021	Sep. 30, 2022	Change	% Change
Segment assets	515.3	638.4	123.1	24%

Major factors for change

Ordinary income

Asia

Decreased, mainly due to a loss on valuation of operational investment securities of ¥17.6 billion*1 (two companies)

USA and Europe

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

*1 As for ¥15.3 billion of the loss on valuation of ¥17.6 billion, see the news release "Notice Concerning Loss on Valuation of Operational Investment Securities" dated July 1, 2022 on the Company's website. https://www.tokyocentury.co.jp/en/news/

*2 For performance and other details of CSI, see P32

Solutions to your Pursuits

Balance of Segment Assets in International Business

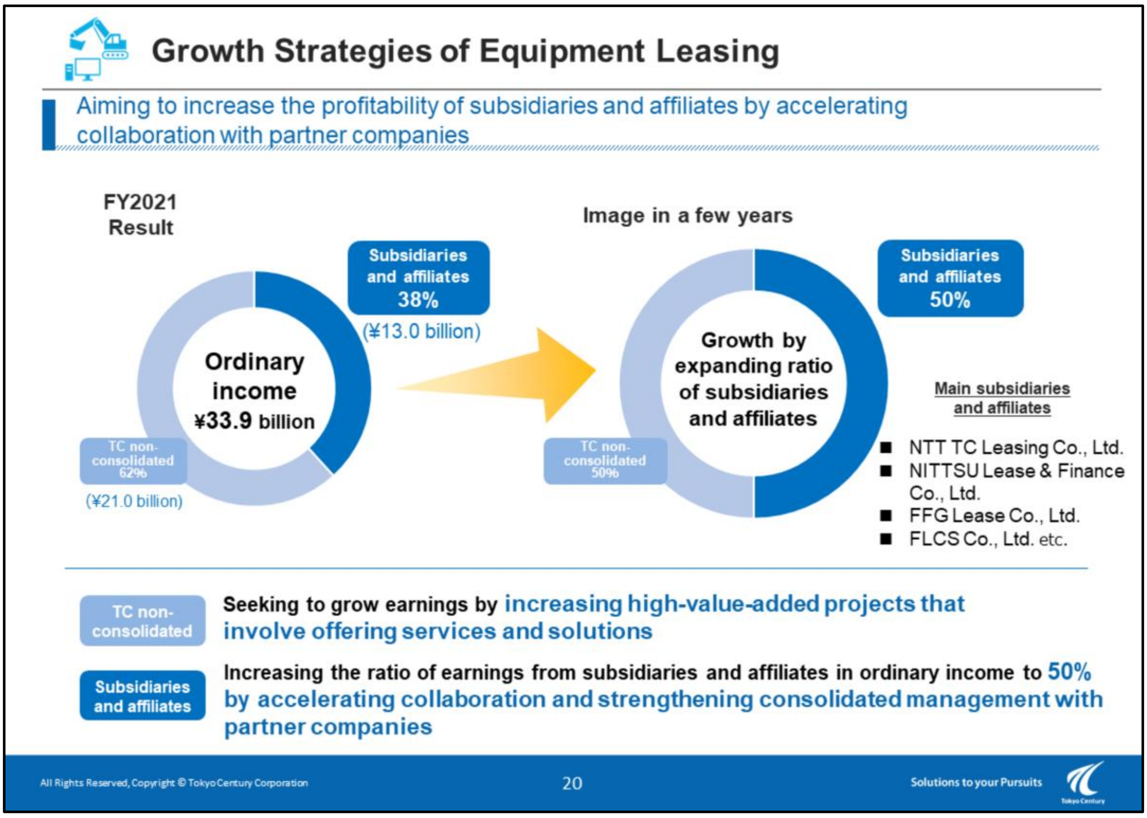
Segment assets increased ¥81.3 billion from the end of the previous fiscal year due to the impact of the exchange rate fluctuations

(Billions of yen)

	Mar.31, 2019	Mar.31, 2020	Mar.31, 2021	Mar. 31, 2022 (A)	Sep. 30, 2021	Sep. 30, 2022 (B)	YoY Change	Change (B-A)
East Asia	59.7	32.4	18.7	15.1	18.4	**13.7**	-4.7	-1.4
percentage	11.7%	6.4%	3.9%	2.7%	3.6%	**2.2%**	+1.6*	+1.2*
ASEAN	203.3	199.3	196.9	212.2	200.2	**217.7**	17.6	5.6
percentage	39.6%	39.0%	40.7%	38.1%	38.8%	**34.1%**	+30.1*	+26.3*
Total of Asia	263.1	231.7	215.5	227.3	218.6	**231.4**	12.8	4.2
percentage	51.3%	45.4%	44.6%	40.8%	42.4%	**36.3%**	+31.7*	+27.5*
USA and Europe	249.9	278.9	267.6	329.8	296.7	**406.9**	110.2	77.1
percentage	48.7%	54.6%	55.4%	59.2%	57.6%	**63.7%**	+76.6*	+64.1*
Total in International Business	**512.9**	**510.6**	**483.1**	**557.1**	**515.3**	**638.4**	**123.1** +108.3*	**81.3** +91.6*
excl. CSI non-recourse loan	371.7	353.9	335.9	389.4	359.4	**433.4**	74.0	44.0

*Exchange rate factors

3. Business Topics



This page shows the growth strategies of the Equipment Leasing segment.
The pie chart shows the breakdown of ordinary income in the Equipment Leasing segment, divided into that of Tokyo Century (TC) on a non-consolidated basis and subsidiaries and affiliates.
In FY2021, of ordinary income of ¥33.9 billion, approximately 62% was earned by the non-consolidated TC, and the remaining 38% was earned by NTL and other subsidiaries and affiliates.
In the next few years, we aim to increase the ratio of earnings from subsidiaries and affiliates to 50% of total ordinary income, while endeavoring to expand profitability of the non-consolidated TC.
While the domestic equipment leasing market has reached a plateau, we aim to expand earnings on a consolidated basis by accelerating collaboration with partner companies and achieving further sophistication of our services.

Performance of NTT TC Leasing

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

Financial Results (Six Month Ended September 30, 2022)

<NTT TC Leasing (non-consolidated)>

(billions of yen)

	FY2021 Q2 Result	FY2022 Q2 Result	Change	% Change
Revenues	183.9	205.6	21.7	12%
Gross profit	16.3	17.8	1.4	9%
Operating income	8.5	9.5	1.0	11%
Ordinary income	**8.7**	**11.3**	**2.6**	**30%**
Net income attributable to owners of parent	6.0	7.8	1.7	29%
Equity in earnings of affiliates(TC)	**3.0**	**3.8**	**0.8**	**28%**

	Sep. 30, 2021	Sep. 30, 2022	Change	% Change
Segment assets	1,475.2	1,591.3	116.1	8%

- Factors for Increase in Segment Assets

Increased from the end of the previous fiscal year due to a rise in transactions with the NTT Group and the accumulation of co-creative projects with TC

Strong Financial Base of NTT TC Leasing

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

Credit Rating

JCR : AAA (Long-term issuer rating) Acquisition in October 2022

R&I : AA+ (Issuer rating) Acquisition in December 2020

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

<Segment assets>

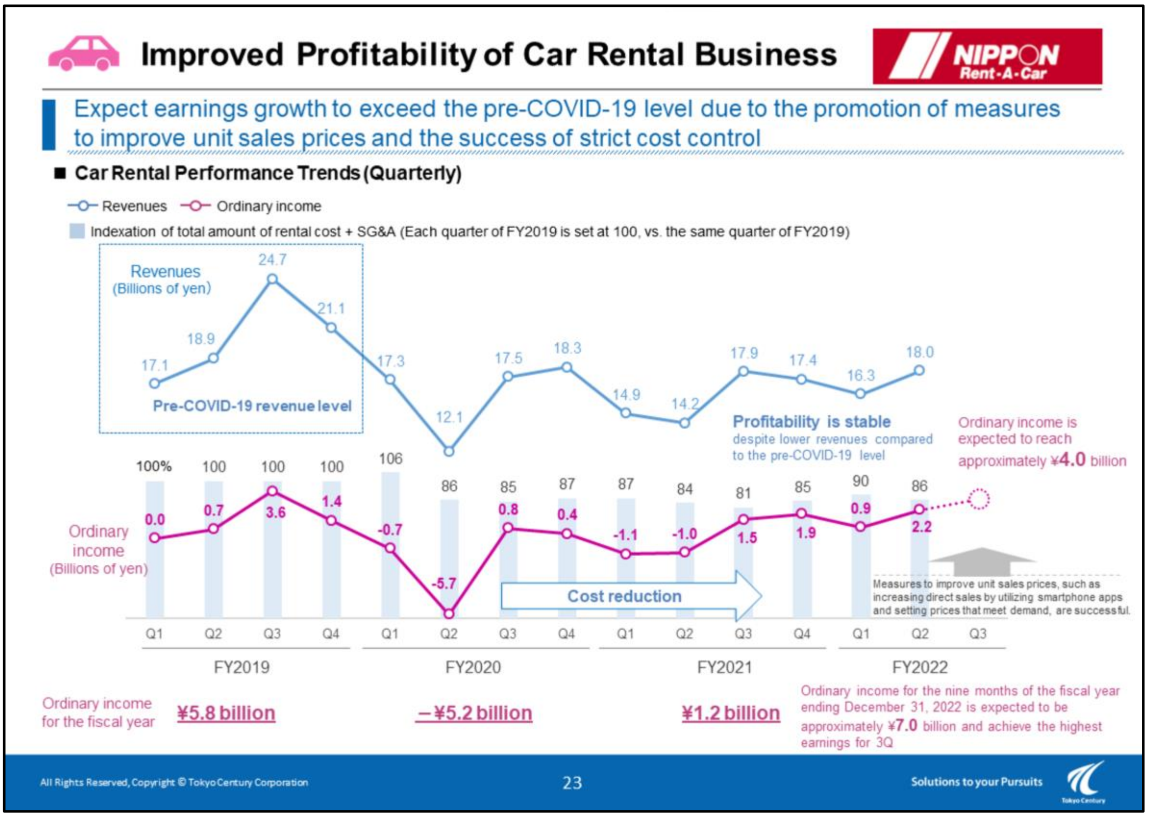
Solutions to your Pursuits

This slide shows the performance of NTL.
Equity in earnings of affiliates (TC) for the first half of FY2022 increased by ¥0.8 billion year on year, to ¥3.8 billion.
The performance of NTL has been steadily improving, driven by an increase in segment assets as a result of a rise in transactions with the NTT Group and the collaboration with TC.
As indicated at the right top of this slide, NTL has acquired high credit ratings driven by NTT's creditworthiness, securing the AAA rating from JCR and the AA+ rating from R&I. By leveraging its low-cost fund procurement and abundant financial resources, NTL has established a strong financial base.
NTL will continue to strengthen its alliance with TC and the NTT Group, thus aiming to expand its collaboration fields in the future.

This slide explains our collaboration with ITOCHU Corporation.

We have had a business relationship with FamilyMart over many years, including the leasing of store fixtures, auto leasing of delivery vehicles, and leasing of digital signage and other equipment in an effort to expand the media business that ITOCHU has been focusing on.

In recent years, collaborative businesses in potential growth fields have been expanding, including the joint investment in a hydrogen infrastructure fund, collaboration in the environment and energy field, such as storage batteries and biomass power generation, and smartphone and tablet rental services.



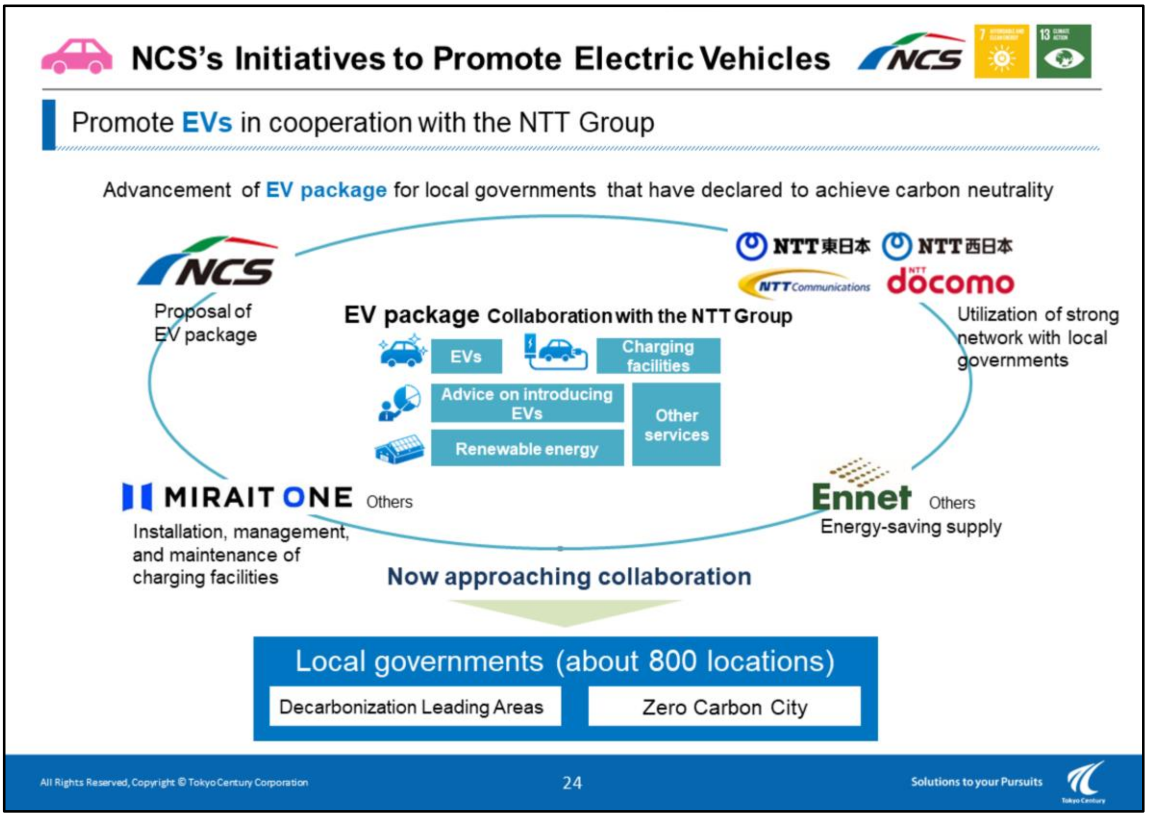
The line graphs show changes in the quarterly revenues and ordinary income of NRS since FY2019. The bar graph shows changes in the index compared to FY2019, with the quarterly total of rental costs and SG&A expenses in FY2019 set at 100.

While ordinary income in FY2019 was ¥5.8 billion, setting a record high, a significant loss of ¥5.2 billion was recorded in FY2020 due to the impact of the COVID-19 pandemic.

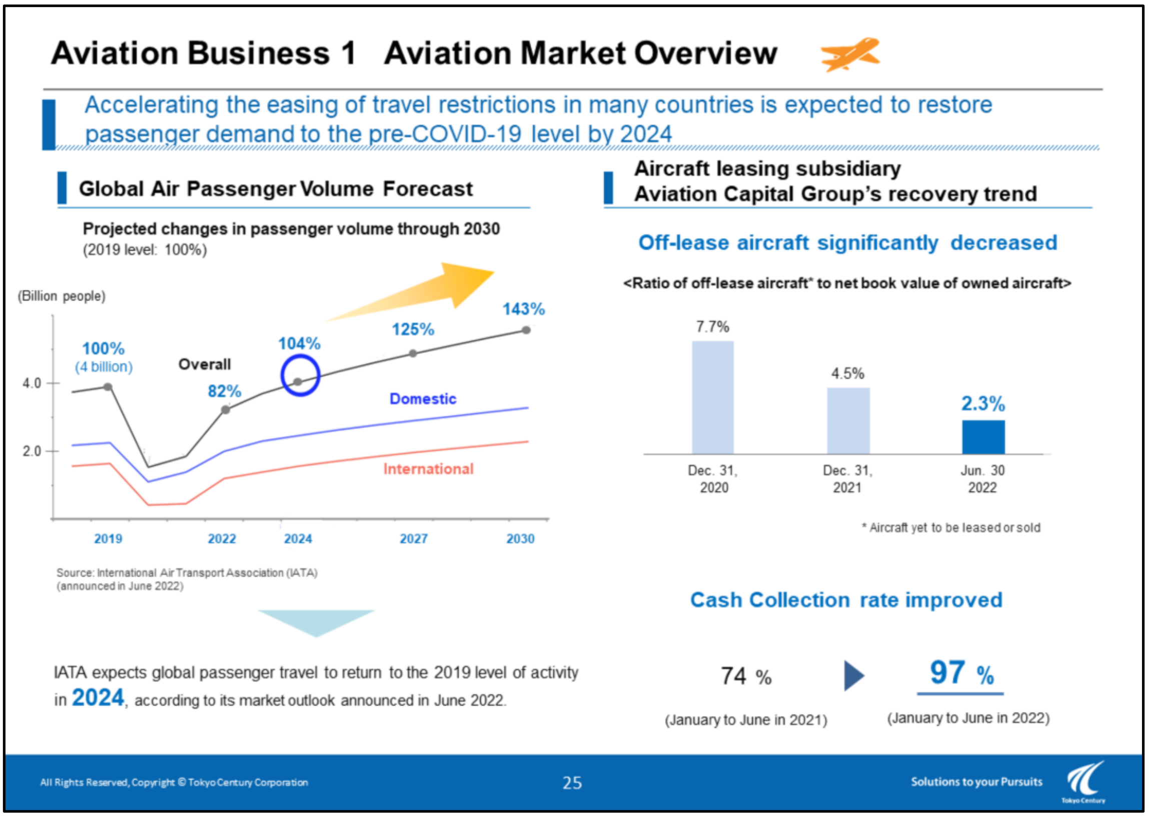
During the pandemic, we accelerated efforts for various reforms, including strict cost control and the enhancement of services. As a result, profitability improved and the car rental business returned to generating income in FY2021, posting an ordinary income of ¥1.2 billion on an annual basis, while revenues remained lower than the pre-COVID-19 level.

In the first half of FY2022, record-breaking ordinary income of ¥3.0 billion was recorded. In the 3Q, the car rental business is expected to post approximately ¥4.0 billion for the three months from July through September 2022, driven by a rise in demand during the summer leisure season. Ordinary income for the nine months ending December 31, 2022 is projected to be ¥7.0 billion, setting a new record high for the year.

Demand is expected to further grow going forward, driven by the positive effect of the Japanese government’s National Travel Discount program.



NCS has been promoting electric vehicles (EVs) in cooperation with the NTT Group.
Currently, NCS is one of the top auto leasing companies, handling the largest number of EVs in the industry. NCS proposes its EV package to approximately 800 local governments that have declared to achieve carbon neutrality in collaboration with NTT Group companies. NCS supports local governments' efforts to achieve carbon neutrality by installing charging facilities for EVs and providing maintenance services in collaboration with NTT's partner companies and supplying electricity derived from renewable energy in partnership with NTT Group companies.
The EV market is anticipated to rapidly grow with the launch of sales of light EVs. NCS will continue to promote and support the spread of EVs in the future by capturing growing demand.



First, please let me provide an overview of the aviation market.
The graph on the left shows the global air passenger volume forecast announced by the International Air Transport Association (IATA) in June.
The percentages are relative to the 2019 level, prior to the outbreak of COVID-19, and that level is set at 100. As you can see in this graph, we currently assume that there will be no significant changes in the forecast. The market will recover in earnest from 2024 and remain on a growth trend. The performance of ACG is expected to follow this market recovery trend, moving toward the earnings level prior to the outbreak of COVID-19.
The bar graph on the right shows the change in the ratio of off-lease aircraft to net book value of aircraft owned by ACG. While the ratio of off-lease aircraft increased rapidly following the outbreak of COVID-19, the market gradually recovered, significantly declining to 2.3% as of the end of June 2022. The ratio of off-lease aircraft is expected to further drop toward the end of the year. The cash collection rate at the right bottom of this slide, which indicates ACG's collection rate of lease fees from its customer airlines, has improved by 23% points year on year.

Aviation Business 2 ACG's Financial Performance

Income before income taxes sharply declined YoY primarily due to the write-off of aircraft previously leased to Russian airlines

Financial Results (Six Months Ended June 2022)

ACG's Result

(USD million)

	FY2021 Q2 Result	FY2022 Q2 Result	Change	%Change
Total revenues	502	482	-20	-4%
Operating lease revenue	426	415	-11	-3%
Total expenses	409	918	509	124%
Asset impairment	10	508	498	-
Write-off of Russia aircraft	-	389	389	-
Bad debt expense	-	0	0	-
Income/Loss before income taxes	**93**	**-436**	**-529**	**-**
Net Income/Loss	94	-436	-530	-
ROA (%)	1.8%	-	-	

	Sep. 30, 2021	Sep. 30, 2022	Change	%Change
Segment assets	10,810	10,697	-113	-1%
Numbers of new aircraft delivered	13	6	-7	-54%

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

(Billions of yen)

Income/Loss before income taxes	100	-537	-637	-
Consolidated adjustment *	-70	599	669	-
Ordinary income	**30**	**62**	**32**	**105%**
Extraordinary Loss	-	470	470	-

Average foreign exchange rate: ¥107.82 ¥123.15

- **Revenues**
  Decreased due to the termination of leasing activities in Russia and a lower gain on sale of aircraft

  <Lease receivables that are not recognized as revenue on a cash basis>
  Six Months Ended June 2022: $7.4 million
  (Six Months Ended June 2021: $54.2 million)

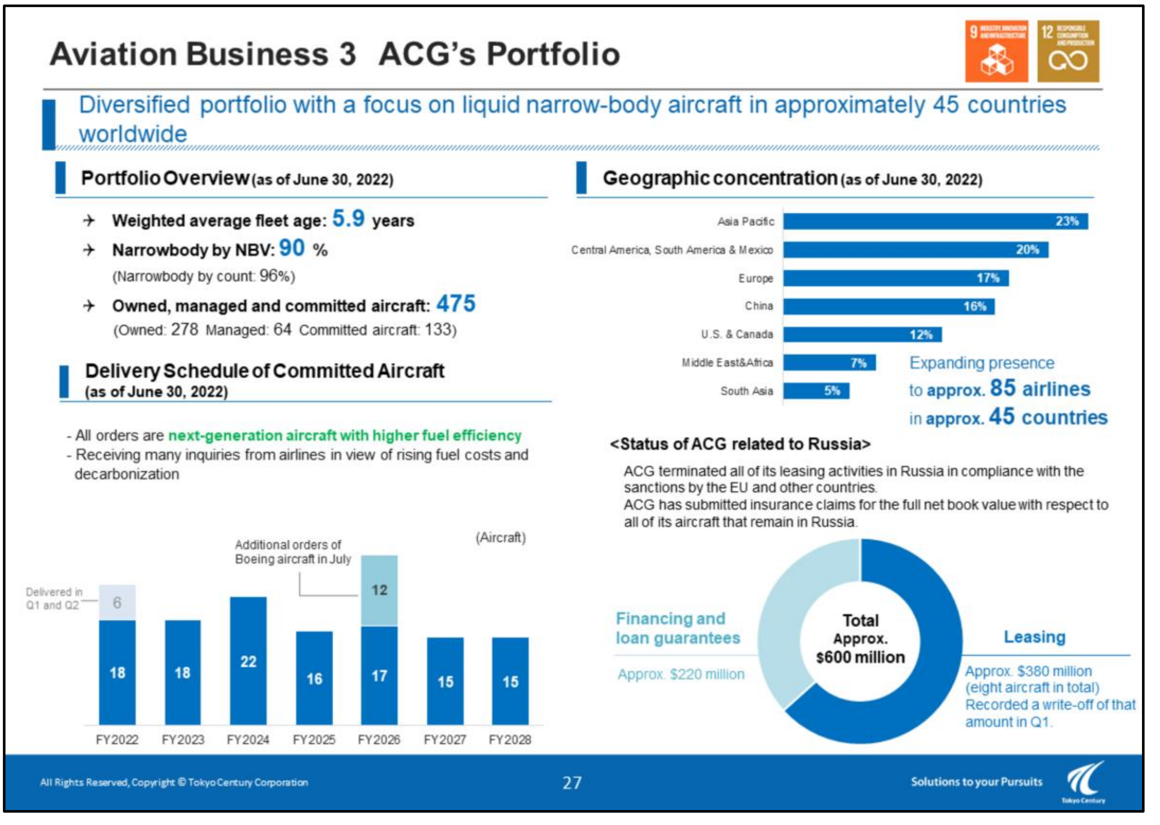
  Declined mainly due to progress in collections from airlines that adopt cash basis accounting

- **Income/Loss before income taxes**
  Significantly decreased due to impairment losses of eight aircraft previously leased to Russian airlines

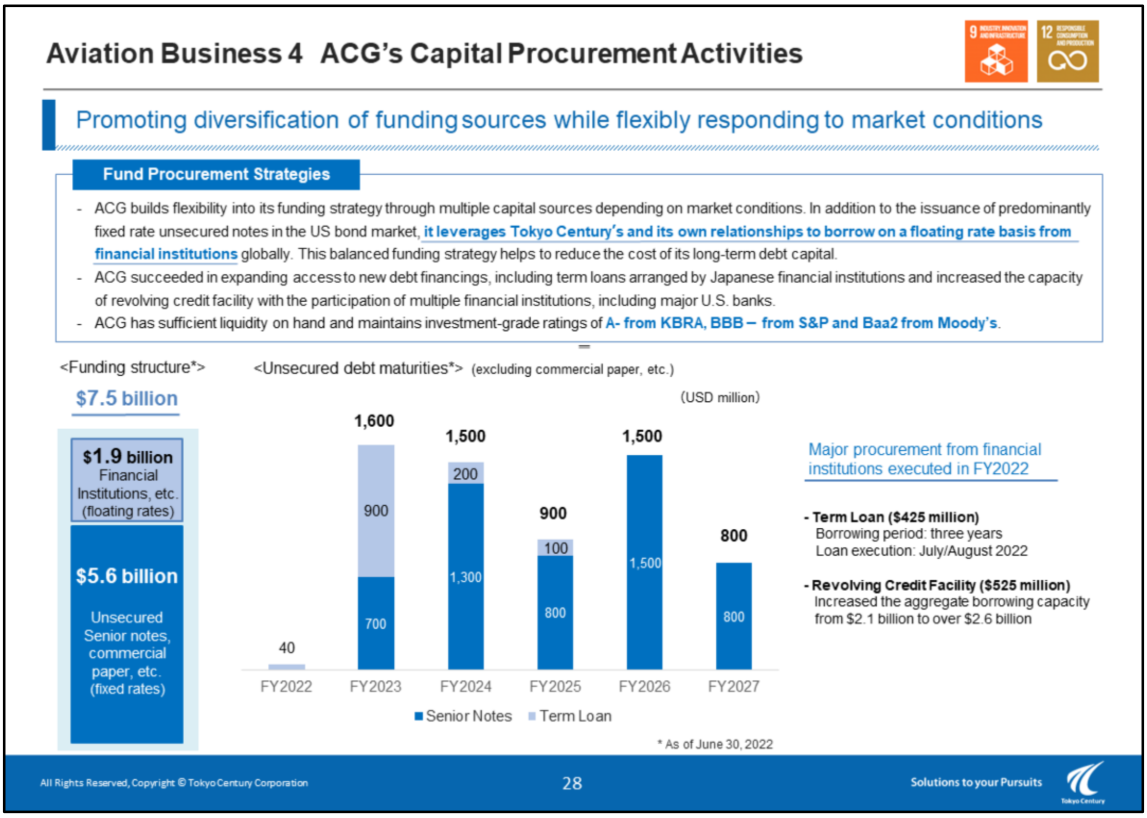
- **Segment assets**
  Decreased due to impairment losses of eight aircraft previously leased to Russian airlines despite steady progress in the number of new aircraft deliveries

Solutions to your Pursuits

The table on the upper left shows ACG's financial results for the first six months ended June 30, 2022, which were announced in August 2022.
Revenues decreased by $20 million year on year due mainly to the termination of leasing activities in Russia and a lower gain on sale of aircraft, despite the progress in cash collection from airlines. ACG posted a significant year-on-year loss before income taxes amounting to $436 million due to recording a write-off of $389 million of the aircraft previously leased to Russian airlines.
Meanwhile, TC's consolidated ordinary income of ¥6.2 billion at the bottom left table shows the difference between a loss before income taxes of ¥53.7 billion, which is converted from ACG's non-consolidated loss before income taxes of $436 million, and a consolidated adjustment of ¥59.9 billion.
The consolidated adjustment of ¥59.9 billion is attributable primarily to the following two factors. Firstly, of ACG's impairment losses incurred during the first three months ended March 31, 2022, impairment losses not related to the write-off of aircraft for Russian airlines have been reflected as subsequent events for adjustment in TC's consolidated financial results for the previous fiscal year. Secondly, the write-off of aircraft for Russian airlines have been recorded as an extraordinary loss (not included in ordinary income based on JGAAP) in TC's consolidated financial results.
As for the forecast of financial results for the second half of FY2022, ACG's earnings are expected to remain sluggish due to the effects of increased costs due to higher interest rates and anticipatory expenses for the replacement of off-lease aircraft, despite the positive factors such as the improvement in the cash collection rate and the decline in off-lease aircraft.
ACG's non-consolidated financial results for the first nine months ended September 30, 2022 are scheduled to be announced on November 11, 2022 (Japan time).



I would like to explain the status of ACG related to Russia, which is described at the right bottom of this slide.
While ACG had submitted insurance claims for the full net book value with respect to all of its aircraft that remain in Russia, the insurance claims have not been processed yet.

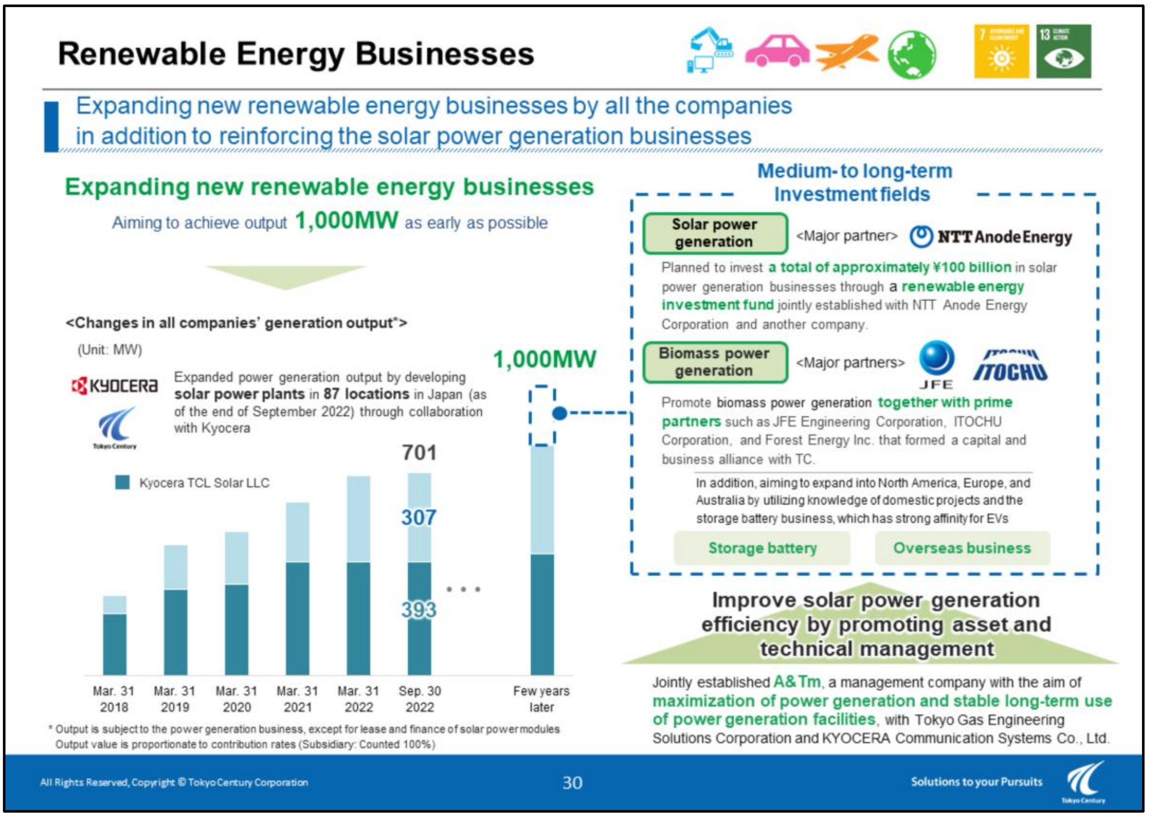


Let me talk about ACG's capital procurement activities. ACG's funding structure is described in the bar graph at bottom left. Approximately 80% of the funds are procured mainly from unsecured senior notes with predominantly fixed rates, and approximately 20% of the funds are procured from financial institutions with floating rates.

The recent sharp rise in U.S. policy interest rates and market volatility have made it difficult to gauge the timing of the issuance of unsecured notes. However, in FY2022, ACG managed to procure $425 million through term loans arranged by banks and increased the aggregate borrowing capacity of its existing revolving credit facility by $525 million, securing sufficient liquidity with sound balance sheets.

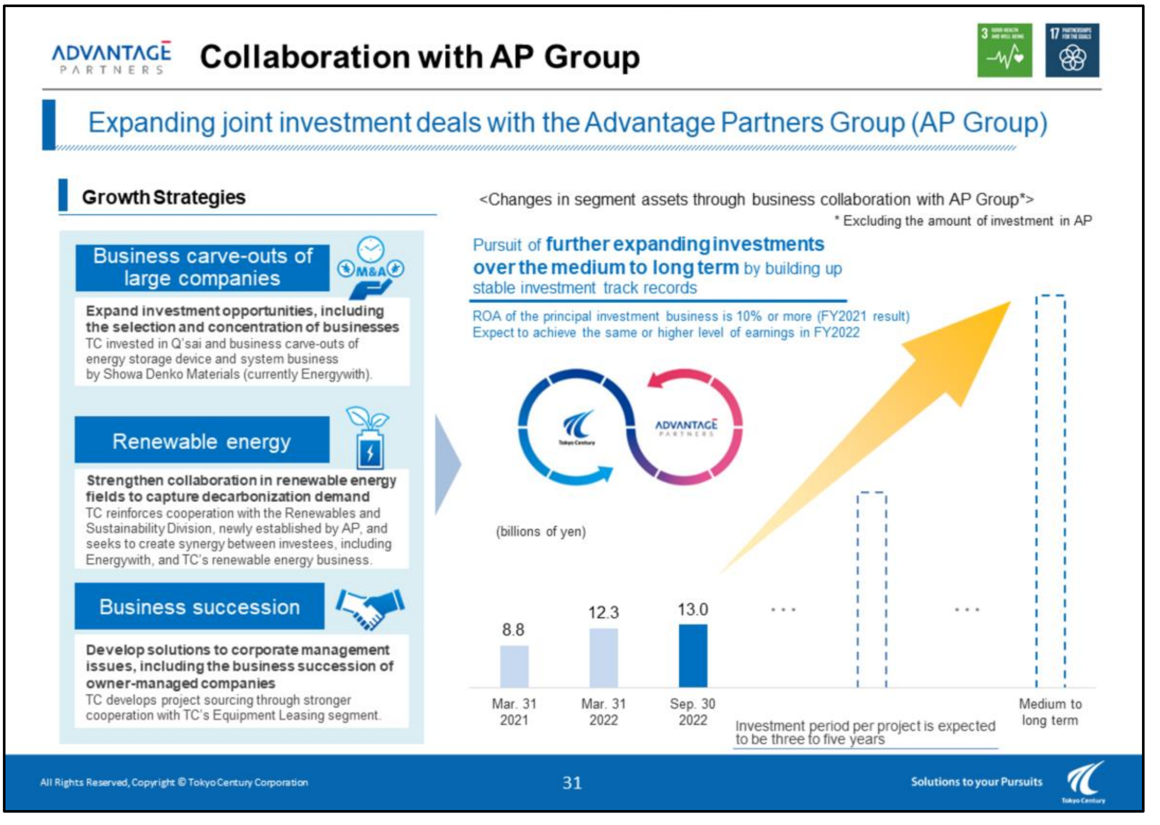
Unsecured debt maturities are shown in the bar graph at the center of this slide. While focusing on financing through the issuance of unsecured notes, ACG intends to actively reduce costs also by accessing financial institutions depending on interest rate trends and other market conditions and diversifying its funding strategies through structured finance.

This slide shows our real estate business.
Segment assets have been steadily expanding based on the three strategies including investment in Japan, overseas investment projects and TC Kobelco Real Estate. Segment assets are expected to exceed ¥600.0 billion in three years.
As you can see in the schedule on top right, we have been making a series of investments in large-scale redevelopment projects in Japan, including TOKYO TORCH. TC Kobelco Real Estate aims to achieve steady growth through investment in logistics facilities among others. In the U.S., we are striving to establish investment and payback cycles with a focus on logistics facilities, rental housing, and data centers for which demand is expected to remain firm in the future.



Renewable energy generation output, mainly from the solar power generation businesses, across the TC Group is 701 MW as of September 30, 2022. From a medium- to long-term perspective, we plan to promote the expansion of our existing businesses and the development of new investment fields in order to achieve power generation output of 1,000 MW.

In September 2022, we established A&Tm, a company that provides one-stop asset and technical management services in solar generation businesses, jointly with Tokyo Gas and Kyocera's group companies. By improving power generation efficiency and achieving stable long-term use of power generation facilities, we plan to focus on further increasing the profitability of our solar power generation businesses.



I would like to talk about our collaboration with the Advantage Partners Group (AP Group).
Since the conclusion of an alliance with the AP Group in September 2020, our collaboration has been steadily expanding, including the execution of joint investment deals with a focus on corporate carve-outs of large companies. Multiple new deals are currently in progress, and we aim to further build up our investment track records.

CSI's Performance

Ordinary income increased 31% YoY, reaching a record high in the first half

Financial Results (Six Months Ended June 30, 2022)

(USD million)

	FY2021 Q2 Result	FY2022 Q2 Result	YoY Change	% YoY Change
Revenues	326	364	39	12%
Gross profit	145	175	30	21%
Ordinary income	**40**	**53**	**13**	**31%**
Net income	29	37	9	30%

ROA (%)	4.1%	5.0%	0.9pt	
RORA (%) *	14.3%	16.3%	2.0pt	
Transaction volume	621	677	55	9%

	Jun. 30, 2021	Jun. 30, 2022	YoY Change	%YoY Change
Segment assets	1,997	2,160	163	8%

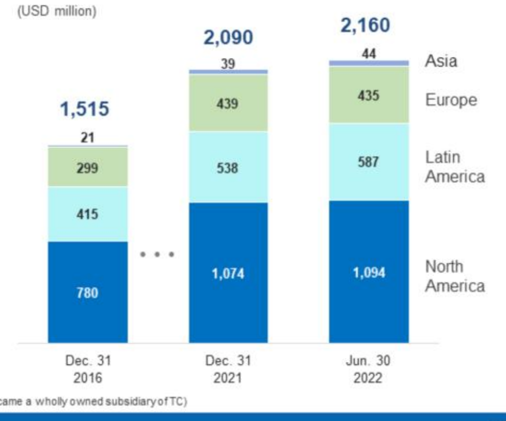
* ROA after deducting non-recourse loan

Major Factors for Change

- Gain on sale of properties and re-leasing revenues contributed to higher earnings against the backdrop of ongoing strong demand for existing IT equipment use due to longer delivery times for new equipment caused by supply chain disruptions.
- By region, demand was strong in North America and Latin America.

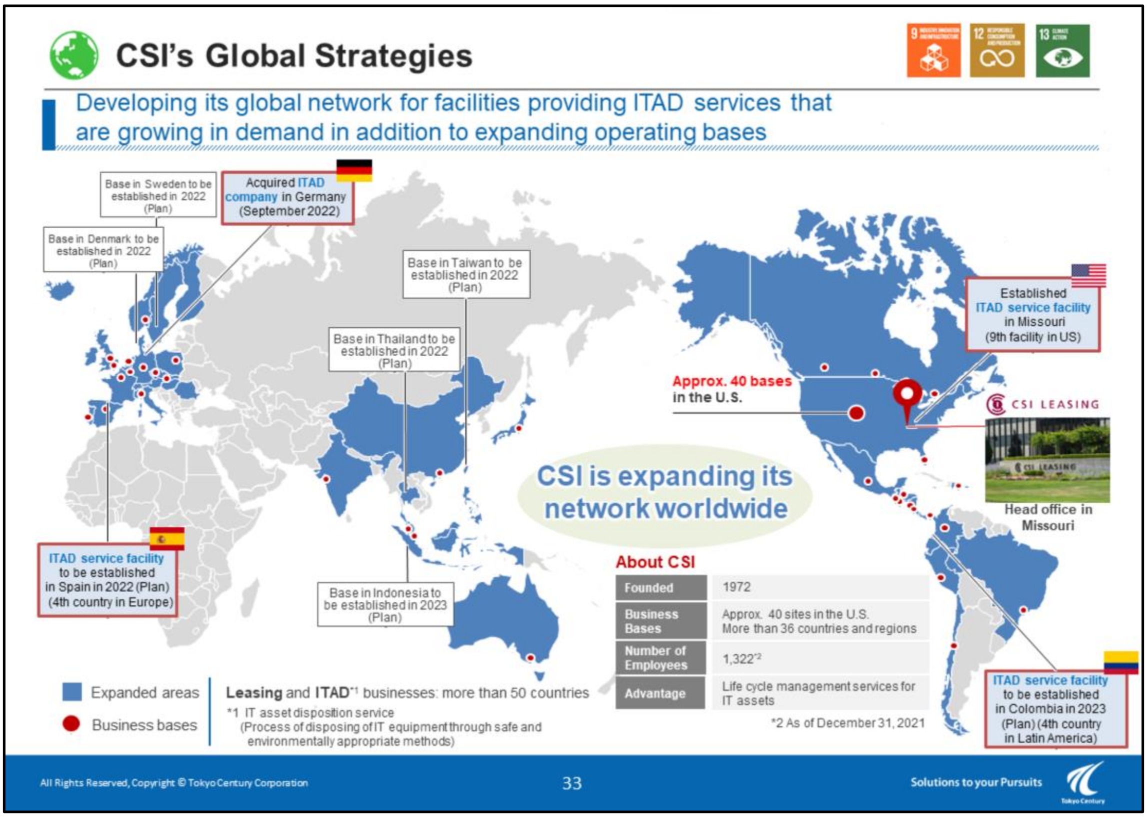
Balance of Segment Assets by Region

Since becoming a wholly owned subsidiary of TC in 2016, CSI has expanded its global bases and **increased balance of segment assets** in all areas

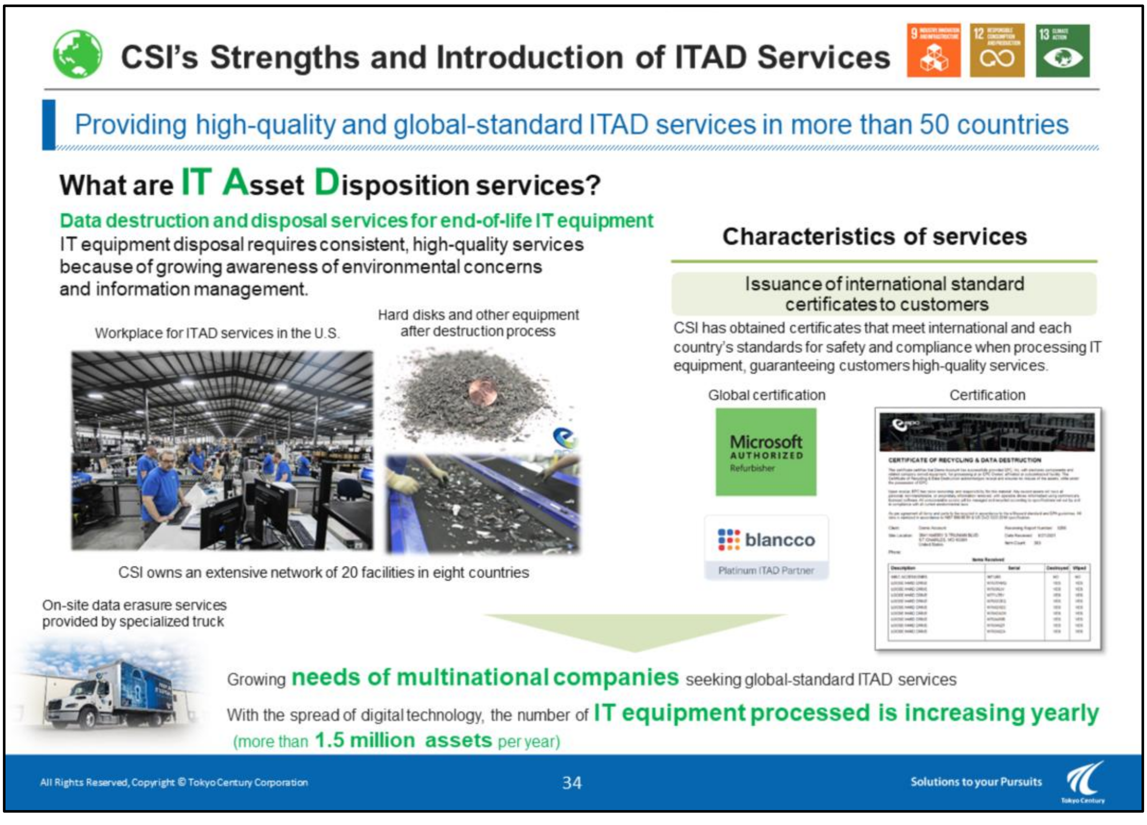


Solutions to your Pursuits

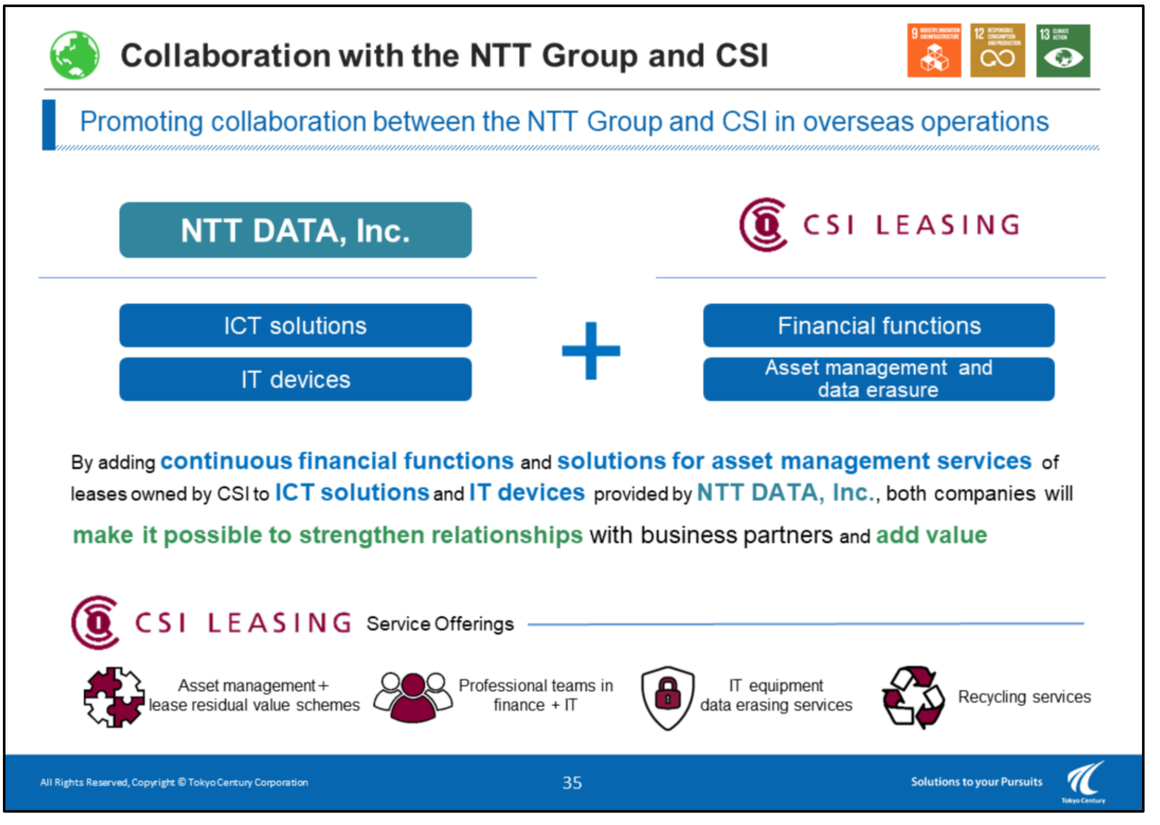
This slide shows CSI's financial results for the first half of FY2022.
Ordinary income increased by $13 million year on year to $53 million, setting a new record high in the first half. While anticipatory expenses are expected to be incurred for the second half of FY2022 due to the expansion of operating bases among other factors, earnings are expected to remain firm, driven by robust demand for corporate IT equipment.



CSI has been aggressively promoting its global strategy and is planning to establish five new operating bases in Thailand, Taiwan, Indonesia, Sweden, and Denmark in FY2022 and thereafter. In addition, demand for IT Asset Disposition (ITAD) services, which are disposition services of end-of-life IT equipment through safe and environmentally appropriate methods, has been growing worldwide. Against this backdrop, CSI has been further developing its global network through the acquisition of an ITAD company in Germany and the establishment of new ITAD service facilities.



The ITAD services I have just explained are one of CSI's core competences.
CSI provides global-standard refurbishing and recycling services, including the disposition of end-of-life IT equipment and data erasure, to multinational and other companies.
The pictures on the left of this slide show data erasing processes at an ITAD service facility. CSI also provides secure onsite data destruction services by visiting customer offices and plants in a specialized ITAD service truck.
Please look at the right side of this slide. As the importance of information security has been increasing each year, the erasing of data, such as personal information, that is stored in devices and the issuance of certificates on data erasure have become indispensable services. CSI obtains certificates related to information security in each country and region and provides high-quality services.

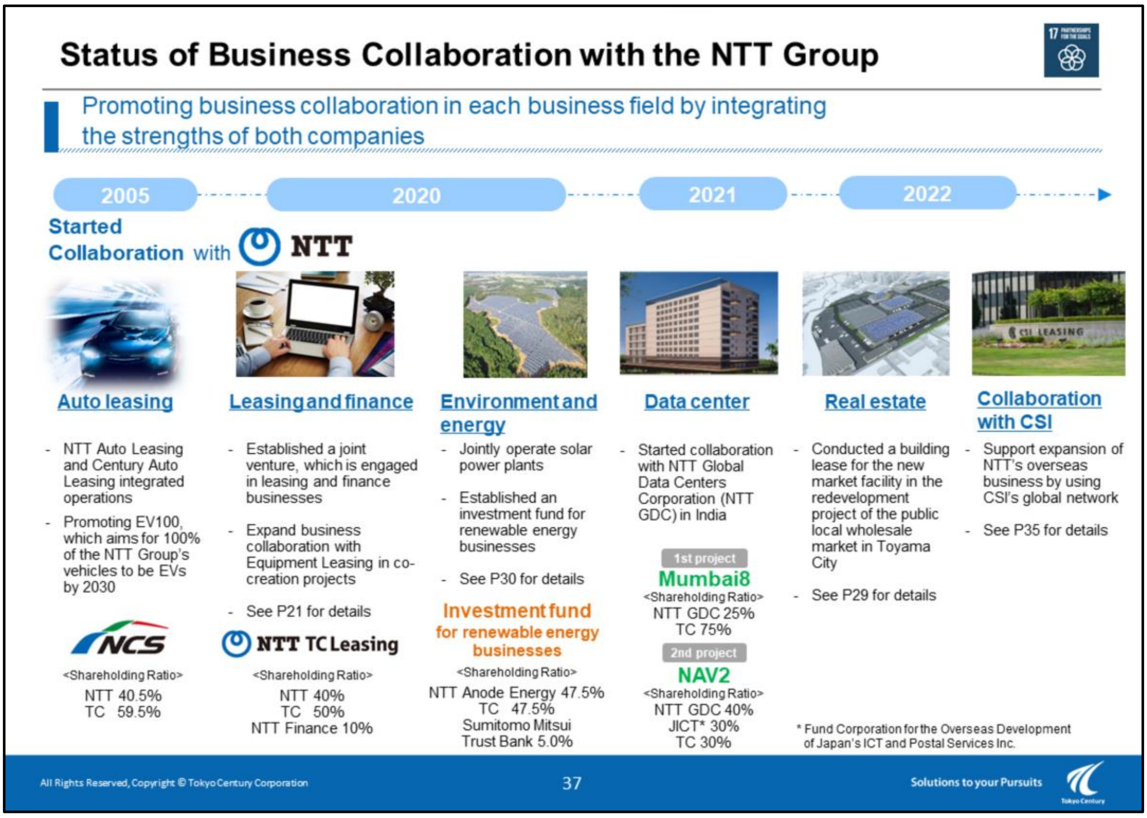


I would like to talk about the collaboration between the NTT Group and CSI in overseas operations. Based on the alliance with NTT DATA, Inc., which started in October 2022, CSI provides customers with one-stop ICT life-cycle services by offering various solutions including IT device and asset management and data erasing services.

Global companies tend to replace IT equipment more frequently from the perspective of efficiency, and a scheme in which CSI bears the residual value risk of high-performance IT equipment has a high affinity in terms of economic rationality.

By combining the NTT Group's capabilities to create and connect with CSI's secure asset management functions and global consulting network, we aim to contribute to expanding the NTT Group's overseas businesses.

4．Collaboration with the NTT Group



This slide shows the business collaboration with the NTT Group in a chronological order. The collaboration started from the integration of auto leasing operations in 2005, 15 years prior to the capital alliance between the two companies in 2020.

Since the conclusion of the capital alliance with the NTT Group in February 2020, our collaboration has progressed more than initially anticipated. As shown in this slide, the collaboration has expanded in every operating segment through the integration of the strengths of both companies.

I gave a speech on the business collaboration between NTT and Tokyo Century at NTT IR DAY 2022, held on September 29.

The phrase "Resolution of social issues through collaborative business activities" on this slide refers to the combination of NTT's corporate vision and TC's management philosophy. We hope to continue to strengthen our collaboration and work with NTT to create a better society and a better future.

This concludes my presentation.

5. Promotion of Sustainability Management

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)
Contribution to decarbonized society Contribute to widespread use of clean energy through climate change and environmental efforts	· Reduction of office electricity use volume (including gasoline and paper use) · Contribution to reducing CO_2 emissions through solar power generation business · Rate of electrified vehicle use (EVs, FCEVs, PHEVs, HVs) · Rate of fuel-efficient aircraft use · Projected aggregate greenhouse gas emissions reductions from Joint Crediting Mechanism (JCM) Model Projects
Creation of new business driven by technical innovation Create new businesses by integrating new technologies into financial services, and contribute to the digital economy	· Maintained certification of Digital Transformation (DX) Certification system under the Ministry of Economy, Trade and Industry (METI)
Contribution to social infrastructure development Respond to advances in global mobility services and cooperate with local communities to contribute to social infrastructure development	· Number of vehicles equipped with telematics services and promotion of safe driving lessons conducted using the services · Ratio of rental cars equipped with safety features (automated brakes, etc.)
Sustainable resource use Contribute to the development of a circular economy focused on the value of assets	· Promotion of refurbishment business · ITAD data erasure services (CSI Leasing subsidiary Executive Personal Computers, Inc.) · Promotion of car rental services (NRS)
Enhanced work environment, leading to strengthening of human resources Promote human resources development, diversity, and work style reform that improve job satisfaction and foster a sense of personal growth	· Average monthly overtime hours · Annual paid leave acquisition rate / Childcare leave acquisition rate · Ratio of women among new graduates, in section leader positions and management positions · Percentage of employees who received regular physical checkups / underwent stress check · Number of employees transferred under the Career Challenge Program, etc.
Shared platform	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's performance figures** from FY2019 to FY2021
- Scope 1 to Scope 3 **GHG emissions** (Added calculation results of aircraft and owned vessels to category 13 of scope 3)
- Obtained **independent practitioner's assurance** concerning environmental data such as GHG emissions
- Introduction of **GRI Standards Content Index**

Carbon Neutral Policy

E: Environmental S: Social G: Governance

The Tokyo Century Group[*1] promotes the reduction of greenhouse gas (GHG) emissions[*2] and aims to achieve carbon neutrality by FY2040.

As the interim target toward carbon neutrality, the Tokyo Century Group aims to achieve a 50% reduction of GHG emissions by FY2030. (vs. FY2021[*3])

*1 Major consolidated subsidiaries where personnel are located **(including the biomass co-firing power plant of Shunan Power Corporation)**

*2 Direct emissions from company-owned and controlled resources **(Scope 1) and** indirect emissions from the consumption of purchased electricity, heat, and steam **(Scope 2)**

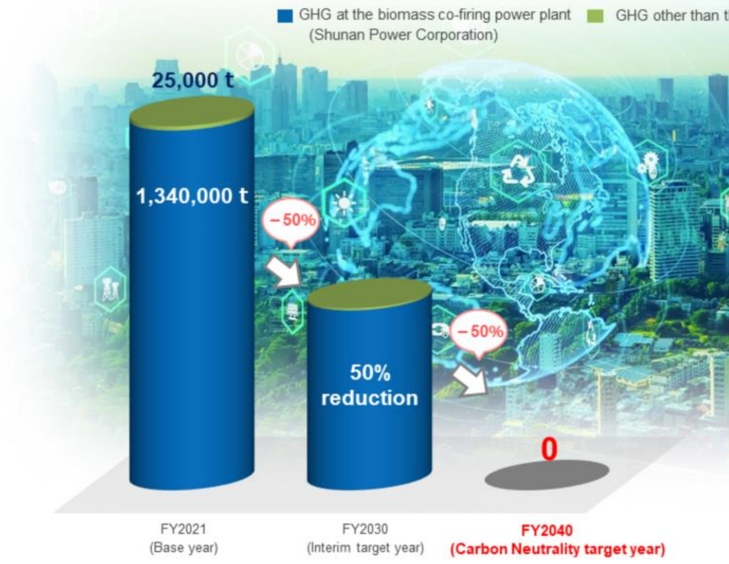
*3 GHG emissions in FY2021 were 1,365,000 t-CO2
(GHG emissions reduced for carbon neutrality are "GHG emissions performance for FY2021 plus assumed annual GHG emissions from the biomass co-firing power plant of Shunan Power Corporation and from the hotel business")

Solutions to your Pursuits

Reduction in GHG Emissions

E: Environmental | S: Social | G: Governance

The Tokyo Century Group's greenhouse gas emissions reduction plan



Point

<Challenges>
Strategic actions toward carbon neutrality taken by the biomass co-firing power plant in light of the external environment

■ In consideration of increasing the biomass co-firing ratio and using next-generation technologies, including ammonia co-firing, the Group established the "Transition Roadmap for Achieving Carbon Neutrality by 2040," which aims to reduce GHG emissions by 50% by FY2030 and achieve carbon neutrality by FY2040.

(Please see more details in the transition roadmap on the Company's website titled "Transition Roadmap for the Shunan Power Corporation Power Plant in Shunan City, Yamaguchi Prefecture")

Aviation Business 1

E: Environmental | S: Social | G: Governance

Aiming to reduce CO_2 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_2 emissions by about **3,100t** per year compared to conventional aircraft
- With 150 aircraft, the CO_2 reduction effect of solar power generation is equivalent to that of about **1 GW***1 *2

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

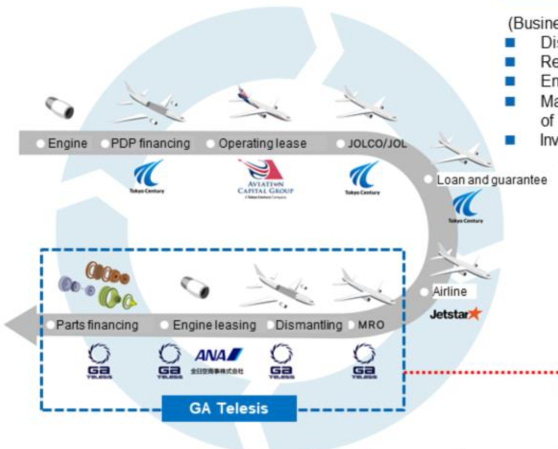
*1 Japan Photovoltaic Energy Association (JPEA) guidelines in FY2021: CO_2 reduction effect of crystalline silicon type solar power generation system is 399.5g-CO2/kWh
*2 Facility utilization rate is 12%

Aviation Business 2

E: Environmental | S: Social | G: Governance

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

Dependence on fossil fuels

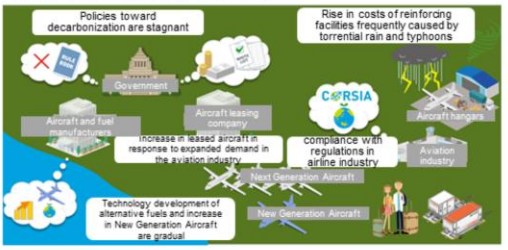
World View of the Well Below 2°C or 1.5°C Scenario

Under the 1.5°C Scenario*1, **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_2 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.

*1 Sustainable Development Scenario (SDS) for a temperature rise of up to 1.5ºC adopted by the IEA's Energy Technology Perspective (ETP) 2020

World View of the 4°C Scenario



Under the fossil-fueled development scenario*2, 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**.

*2 IPCC Shared Socio-economic Pathways (SSP)

Enhanced Human Resources

E: Environmental | **S: Social** | G: Governance

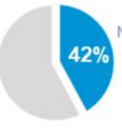
Strengthening of human resources to support growth over the next 10 years

Diversity and Initiatives for Empowering Female Employees

Ratio of female managers (non-consolidated)

2016	2021	Target
3.7%	**9.7%**	**30%**

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.



New graduates joined in April 2022

Ratio of women (non-consolidated)

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

Middle management employees + **Competence** and **qualification** required for future top management

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**

Started a verification test for the commercialization of one new proposal

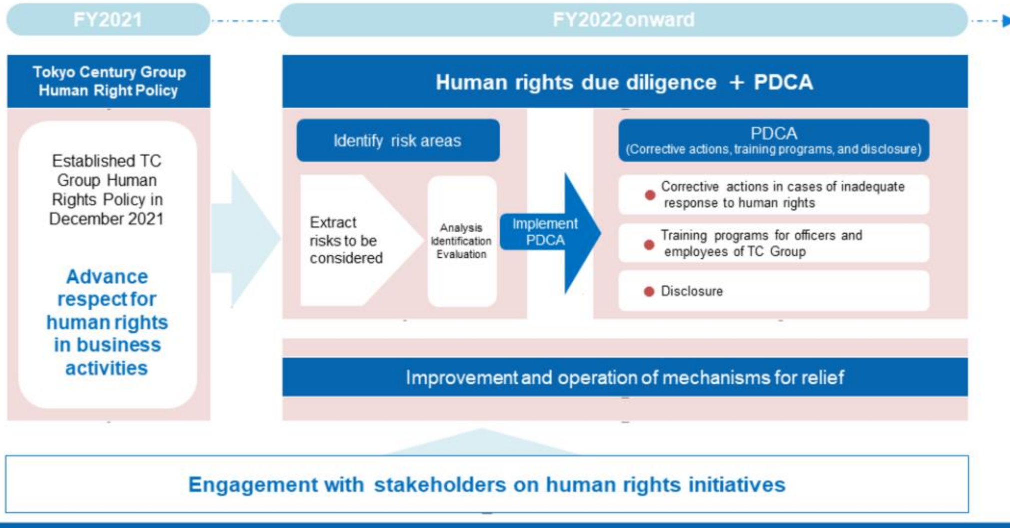
Circular agriculture that couples hydroponics for cultivating vegetables in water with aquaculture for raising fish on land

Human Rights

E: Environmental | S: Social | G: Governance

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



Solutions to your Pursuits

Health and Productivity Management

E: Environmental | S: Social | G: Governance

Established a basic policy on health and productivity management and set KPIs in March 2022

TC maintains and improves the well-being of its officers and employees and their families with the recognition that health management is a corporate management issue

Complete medical checkups
for officers and employees were introduced in FY2022

KPI's past results	FY2019	FY2020	FY2021
Percentage of employees who received regular physical checkups (Target: 100%)	100.0%	100.0%	100.0%
Percentage of employees who underwent stress check (Target: 100%)	97.0%	94.3%	98.6%

A company's benefits package, a **cafeteria plan**, was launched in October 2022

Provided its officers and employees with ¥50,000 worth of points

Menu options for maintaining and improving the well-being of the cafeteria plan

- Health (including for families)
- Child care and Elderly care
- Medical care, etc.

Health consultation service by industrial physicians and occupational health nurses

Industrial physician Dr. Mori

Allowing for a consultation about how to consider the results of physical checkups and stress checks and what kind of exercise people should do to encourage healthy activities, as well as diet, a habit of smoking, etc.

For more details, please see Tokyo Century NEWS (https://tokyocentury-news.com/)

Pursuing the development of a work environment that enables individuals, who are TC's greatest assets, to work with energy and be in good physical and mental health

Corporate Governance

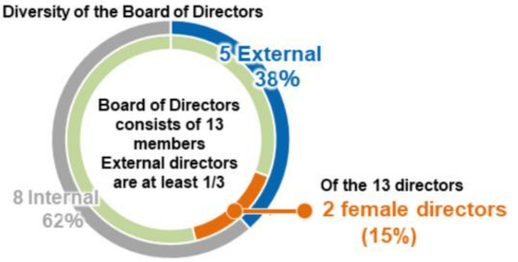
E: Environmental | S: Social | G: Governance

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

1.0	:	1.0 ～ 2.5	
Basic Compensation		Bonuses	Stock Options as Stock-Based Compensation

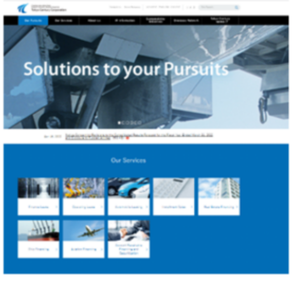
Fixed Compensation
Determined based on comprehensive consideration of duties, roles, and responsibilities

Performance-Based Compensation
Distributed according to achievements and performance

✓ Aiming for healthy incentives to contribute to the ongoing growth of TC and frameworks for linking compensation to the medium- to long-term development of its businesses

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/



Solutions to your Pursuits

6. Appendix

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 with 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 established a joint venture offering asset and technical management that seeks the improvement of solar power generation efficiency as a one-stop service
- **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):** Enhanced cost control to address the COVID-19 impact, thereby expecting to reach a record high in FY2022
- **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:** Offering FMV leasing of IT equipment, which has strong demand amid COVID-19, and ITAD services, including data erasing and disposal for IT equipment, while promoting collaboration in overseas operations with NTT data
- **Business alliance with the NTT Group:** Started to further expand the data center business collaboration with the NTT Group developed in India

Solutions to your Pursuits

FY2022 Main Topics

Announcement month

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
- Underwrote capital increase by way of third-party allotment together with MUFG Bank, Ltd. and The Norinchukin Bank and made a payment of approximately ¥10.8 billion at the end of October 2022
- Acquired a 25% stake and converted BOT Lease into an equity-method affiliate

Sep. — Announced carbon neutrality by FY2040

- Announced the TC Group's carbon neutral policy that aims to achieve a 50% reduction of GHG emissions by fiscal 2030 compared to fiscal 2021 and reduce GHG emissions to virtually zero by fiscal 2040

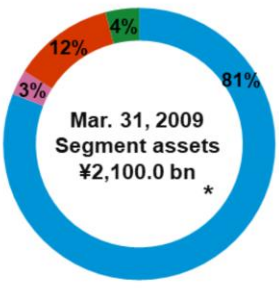
Sep. — Concluded positive impact finance agreement

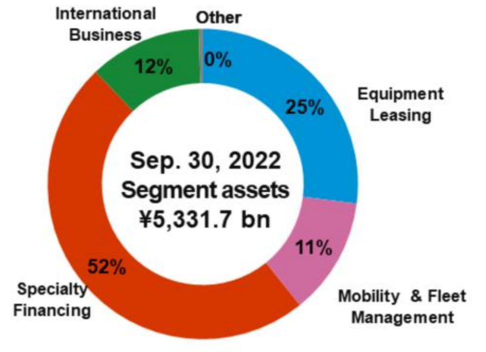
- Concluded a positive impact finance loan agreement for approximately ¥81.5 billion, a syndicated loan arranged by banks, including MUFG Bank, Ltd.
- This finance intends to increase positive impact activities and promote sustainability management by comprehensively analyzing and evaluating business activities' impacts on the environment, society, and economy

Tokyo Century | Equipment Leasing | Mobility & Fleet Management | Specialty Financing | International Business

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*	
Ordinary income	**22.3 billion yen**
Net income attributable to owners of parent	10.0 billion yen

* Simple sum of the previous two companies immediately before merger

FY2022 Forecast	
Ordinary income	**100 billion yen**
Net income attributable to owners of parent	20 billion yen

Credit Ratings

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	<Long-Term Issuer Rating> Rating: AA- Outlook: Positive <Preliminary Rating for Bonds Registered for Issuance>* Rating: AA- Expected issue amount: ¥400 billion Issue period: Two years beginning February 25, 2022 <Euro Medium-Term Note Program> Rating: AA- Equivalent of USD2 billion	<Issuer Rating> Rating: A+ Outlook: Positive <Preliminary Rating for Bonds Registered for Issuance>* Rating: A+ Expected issue amount: ¥400 billion Issue period: Two years beginning February 25, 2022 <Euro Medium-Term Note Program> Rating: A+ Equivalent of USD2 billion	<Issuer Rating> Rating: BBB Outlook: Stable
Short Term	<Commercial Paper> Rating: J-1+ Maximum outstanding amount: ¥800 billion	<Commercial Paper> Rating: a-1 Maximum outstanding amount: ¥800 billion	

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

Statement of Income

(Billions of yen)

	#	FY2021 Q2 Result	FY2022 Q2 Result	Change	%Change
Revenues	1	618.8	626.5	7.7	1.2%
Costs	2	513.5	512.9	-0.6	-0.1%
Funding cost	3	23.7	27.9	4.2	17.7%
Gross profit	**4**	**105.3**	**113.5**	**8.3**	**7.9%**
SG&A expenses	5	55.5	64.2	8.7	15.7%
Personnel expenses	6	33.4	37.3	3.8	11.4%
Non-personnel expenses	7	23.8	27.0	3.2	13.5%
Credit costs	8	-1.8	-0.1	1.7	-93.4%
Operating income	9	49.8	49.4	-0.4	-0.9%
Non-operating income and losses	10	4.9	6.5	1.6	32.8%
Ordinary income	**11**	**54.7**	**55.8**	**1.2**	**2.1%**
Extraordinary income and losses	12	-0.4	-47.0	-46.6	-
Income before income taxes	13	54.3	8.8	-45.5	-83.7%
Income taxes	14	16.0	9.1	-6.9	-43.1%
Net income	15	38.3	-0.3	-38.6	-
Net income attributable to non-controlling interests	16	5.1	6.0	0.9	17.7%
Net income attributable to owners of parent	**17**	**33.2**	**-6.3**	**-39.5**	**-**

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 and Specialty Financing

- **Non-operating income and losses**

  Increased mainly due to an increase in equity in earnings of affiliates of a shipping related company 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 ¥47.0 billion on aircraft leased to Russian airlines as extraordinary losses

Solutions to your Pursuits

Balance Sheet

(Billions of yen)

	#	Mar. 31, 2022	Sep. 30, 2022	Change	%Change
Total assets	1	**5,663.8**	**6,030.4**	**366.6**	**6.5%**
Current assets	2	2,963.6	2,962.3	-1.3	-0.0%
Non-current assets, etc.	3	2,700.2	3,068.1	367.9	13.6%
Leased assets	4	1,993.7	2,212.1	218.4	11.0%
Leased assets advance payment	5	55.9	76.4	20.5	36.7%
Other operating assets	6	116.2	217.3	101.1	86.9%
Investment securities	7	235.0	311.6	76.7	32.6%
Others	8	299.5	250.6	-48.8	-16.3%
Total liabilities	9	**4,868.2**	**5,115.2**	**247.0**	**5.1%**
Current liabilities	10	1,823.6	1,973.1	149.5	8.2%
Long-term liabilities	11	3,044.6	3,142.1	97.5	3.2%
Total net assets	12	**795.6**	**915.2**	**119.6**	**15.0%**
Shareholders' equity	13	673.0	789.2	116.2	17.3%
Non-controlling interests, etc.	14	122.6	126.0	3.5	2.8%

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	Sep. 30, 2022	Change	%Change
Interest-bearing debt	1	**4,280.9**	**4,247.4**	**4,517.5**	**270.1**	**6.4%**
Commercial papers	2	629.6	371.5	379.5	8.0	2.2%
Japanese yen	3	629.6	289.6	295.2	5.6	1.9%
Foreign currency	4	-	81.9	84.3	2.4	2.9%
Corporate bonds	5	1,022.7	1,000.1	1,085.3	85.2	8.5%
Japanese yen	6	362.5	401.5	383.6	-17.9	-4.5%
Foreign currency	7	660.2	598.6	701.7	103.1	17.2%
Securitized lease assets	8	61.6	31.4	32.4	1.0	3.0%
Borrowings	9	2,567.0	2,844.4	3,020.3	176.0	6.2%
Japanese yen	10	1,736.1	1,941.4	1,952.4	11.1	0.6%
Foreign currency	11	830.9	903.0	1,067.9	164.9	18.3%
Direct funding ratio	12	40.0%	33.0%	33.1%	0.1pt	
Long-term funding ratio	13	78.3%	84.5%	85.6%	1.1pt	

	#	FY2020 Q2 Result	FY2021 Q2 Result	FY2022 Q2 Result	Change	%Change
Funding cost	14	21.2	23.7	27.9	4.2	17.7%
Funding cost ratio*	15	**0.98%**	**1.10%**	**1.27%**	**0.17pt**	

(Change of funding cost by fiscal year)

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

* 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 Loan (SLL)-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 September 30, 2022)

Quarterly Changes in Results by Subsidiary in Mobility & Fleet Management

Reached a record high for 2Q, mainly due to NCS's maximized gains on sales and NRS's improved profitability

		FY 2021						FY 2022				
		Q1	Q2	Q3	Q4	Total (Q1-Q2)	Total (Annual)	Q1	Q2	Total (Q1-Q2)	Change (YoY)	Change (YTD)
Revenues (Billions of yen)*2	NCS	52.8	51.9	48.7	47.8	104.8	201.3	54.0	49.2	103.2	-1.5	
	NRS*1	14.9	14.2	17.9	17.4	29.1	64.4	16.3	18.0	34.3	5.2	
	OAL	20.2	21.0	21.4	22.4	41.1	85.0	20.8	22.2	43.0	1.9	
	Total	**87.9**	**87.1**	**88.1**	**87.6**	**175.0**	**350.7**	**91.2**	**89.4**	**180.6**	**5.6**	
Ordinary income (Billions of yen)	NCS	5.2	4.6	2.5	1.9	9.9	14.3	6.8	5.0	11.9	2.0	
	NRS	-1.1	-1.0	1.5	1.9	-2.2	1.2	0.9	2.2	3.0	5.2	
	OAL	0.6	0.6	0.7	1.8	1.2	3.8	0.6	0.5	1.2	-0.0	
	Other	0.0	0.0	-0.0	-0.0	0.1	-0.0	-0.0	-0.0	-0.1	-0.1	
	Total	**4.8**	**4.2**	**4.7**	**5.6**	**9.0**	**19.2**	**8.3**	**7.7**	**16.0**	**7.0**	
Balance of segment assets (Billions of yen)	NCS	366.9	363.3	359.8	359.3			351.8	348.3		-15.1	-11.0
	NRS	42.6	40.8	43.0	40.3			41.7	41.5		0.6	1.2
	OAL	217.8	219.4	220.2	211.7			214.2	215.0		-4.3	3.4
	Other*3	-0.8	0.7	0.8	0.5			2.4	2.2		1.5	1.7
	Total	**626.5**	**624.2**	**623.8**	**611.8**			**610.1**	**607.0**		**-17.2**	**-4.8**
Number of vehicles (Thousand)	NCS	671	674	674	674			673	679		5	5
	NRS	42	44	42	43			44	49		4	5
	OAL	164	166	168	170			172	173		8	4
	Duplication adjustment	-172	-170	-172	-174			-176	-177		-7	-3
	Total	**704**	**714**	**712**	**713**			**713**	**724**		**10**	**10**

*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 grew steadily in all operating segments

(Billions of yen)

	FY2021						FY2022			
	Q1	Q2	Q3	Q4	Total (Q1-Q2)	Total (Annual)	Q1	Q2	Total (Q1-Q2)	Change
Equipment Leasing	8.1	8.2	7.5	10.1	16.3	33.9	9.1	8.2	17.3	1.0
Core earnings	8.1	8.2	7.5	10.2	16.3	34.0	9.2	8.0	17.2	0.9
Gain on sales *1	-	-	-	-	-	-	-	-	-	-
Impairment, bad debt, etc. *2	0.0	-0.0	-0.0	-0.1	-0.0	-0.1	-0.2	0.2	0.1	0.1
Mobility & Fleet Management	4.8	4.2	4.7	5.6	9.0	19.2	8.3	7.7	16.0	7.0
Core earnings	4.8	4.2	4.6	5.7	9.0	19.3	8.3	7.8	16.1	7.1
Gain on sales	-	-	-	-	-	-	-	-	-	-
Impairment, bad debt, etc.	0.0	-0.1	0.0	-0.1	-0.0	-0.1	-0.0	-0.1	-0.1	-0.0
Specialty Financing	15.5	11.6	5.0	-2.6	27.1	29.5	24.0	12.9	37.0	9.8
Core earnings	13.2	9.7	10.7	13.5	22.9	47.1	11.9	12.8	24.7	1.7
Gain on sales	6.2	1.1	0.5	7.1	7.3	14.9	12.2	1.0	13.2	5.9
Impairment, bad debt, etc.	-3.9	0.8	-6.2	-23.2	-3.1	-32.5	-0.0	-0.9	-0.9	2.2
International Business	4.6	3.0	3.6	7.8	7.6	19.0	-6.6	-1.1	-7.7	-15.4
Core earnings	4.7	3.1	3.6	2.5	7.8	13.8	4.9	4.9	9.9	2.1
Gain on sales	-	-	-	-	-	-	-	-	-	-
Impairment, bad debt, etc.	-0.1	-0.1	-0.0	5.3	-0.1	5.2	-11.5	-6.0	-17.6	-17.5
Other	-2.5	-2.9	-2.6	-3.1	-5.4	-11.1	-2.8	-3.9	-6.7	-1.3
Core earnings	-2.5	-3.0	-2.7	-2.7	-5.4	-10.8	-2.9	-3.8	-6.6	-1.2
Gain on sales	-	-	-	-	-	-	-	-	-	-
Impairment, bad debt, etc.	-0.0	0.1	0.0	-0.4	0.1	-0.3	0.0	-0.1	-0.1	-0.2
Total	**30.5**	**24.1**	**18.0**	**17.8**	**54.7**	**90.5**	**32.0**	**23.9**	**55.8**	**1.2**
Core earnings	28.3	22.3	23.7	29.2	50.6	103.5	31.5	29.7	61.2	10.6
Gain on sales	6.2	1.1	0.5	7.1	7.3	14.9	12.2	1.0	13.2	5.9
Impairment, bad debt, etc.	-3.9	0.7	-6.2	-18.4	-3.2	-27.8	-11.7	-6.9	-18.6	-15.4

*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	Tokyo Century	Shareholders
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	Tokyo Century	Shareholders
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	Tokyo Century	Shareholders
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	Tokyo Century	Shareholders
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	Tokyo Century	Shareholders
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%
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.

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" = "10^9" and "trillion" = "10^{12}")

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