

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

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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
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%
Net income(loss) attributable to owners of parent	33.2	-6.3	-39.5	-
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)

FY2022 Forecast	
Announced on May 12, 2022	% Progress
-	-
-	-
100.0	55.8%
20.0	-

	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

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

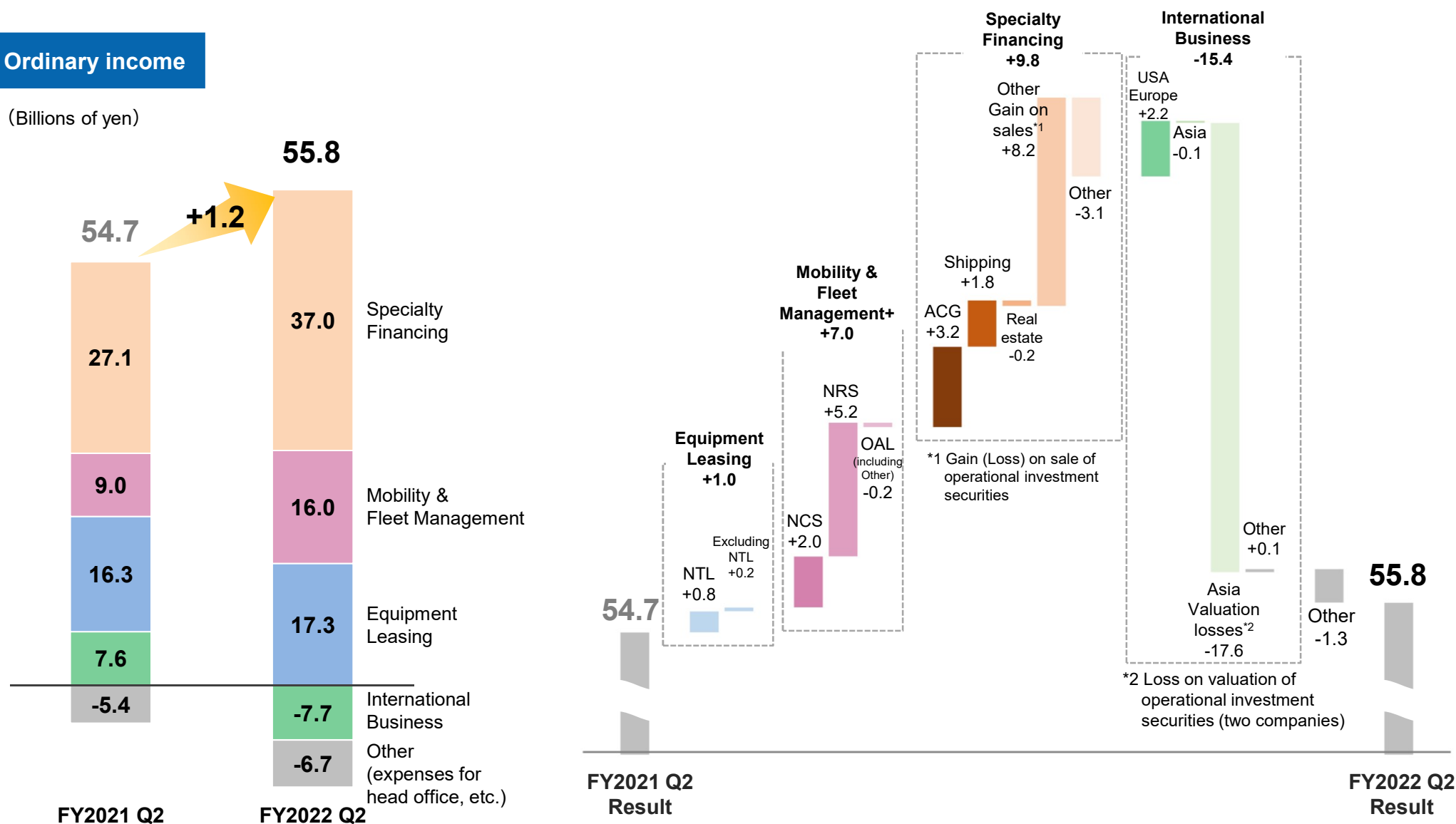
	FY2021 Q2 Result	FY2022 Q2 Result	Change
	2.2%	2.6%	0.4pt
	2.9%	5.3%	2.4pt
	2.4%	2.9%	0.5pt
	3.1%	-	-
	2.3%	2.2%	-0.1pt

Breakdown of Ordinary Income YoY

Despite valuation losses of ¥17.6 billion in the Asia business of the International Business segment, earnings from other operating segments remain strong

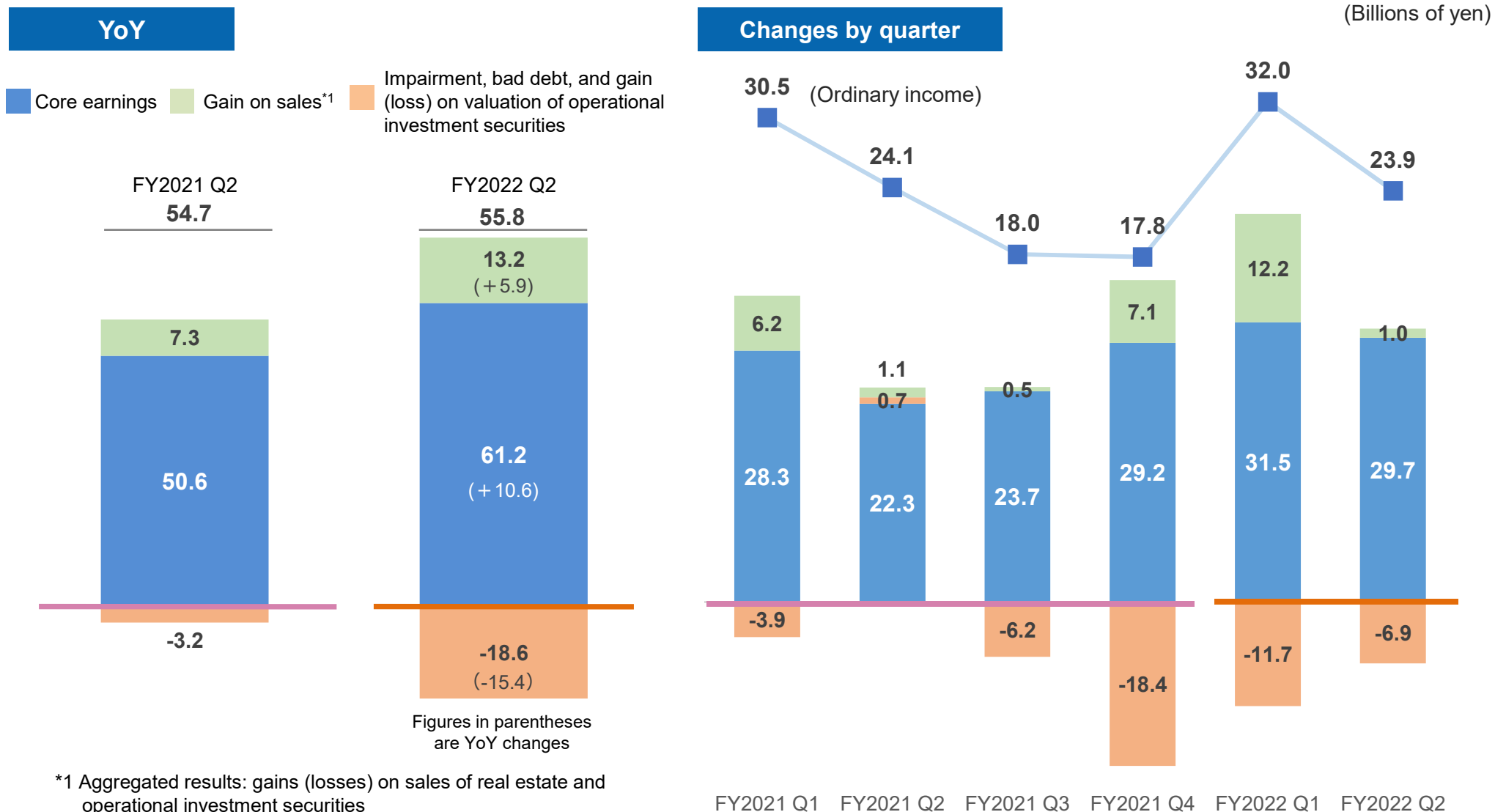
Ordinary income

(Billions of yen)



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

Core earnings amounted to ¥61.2 billion, up ¥10.6 billion YoY



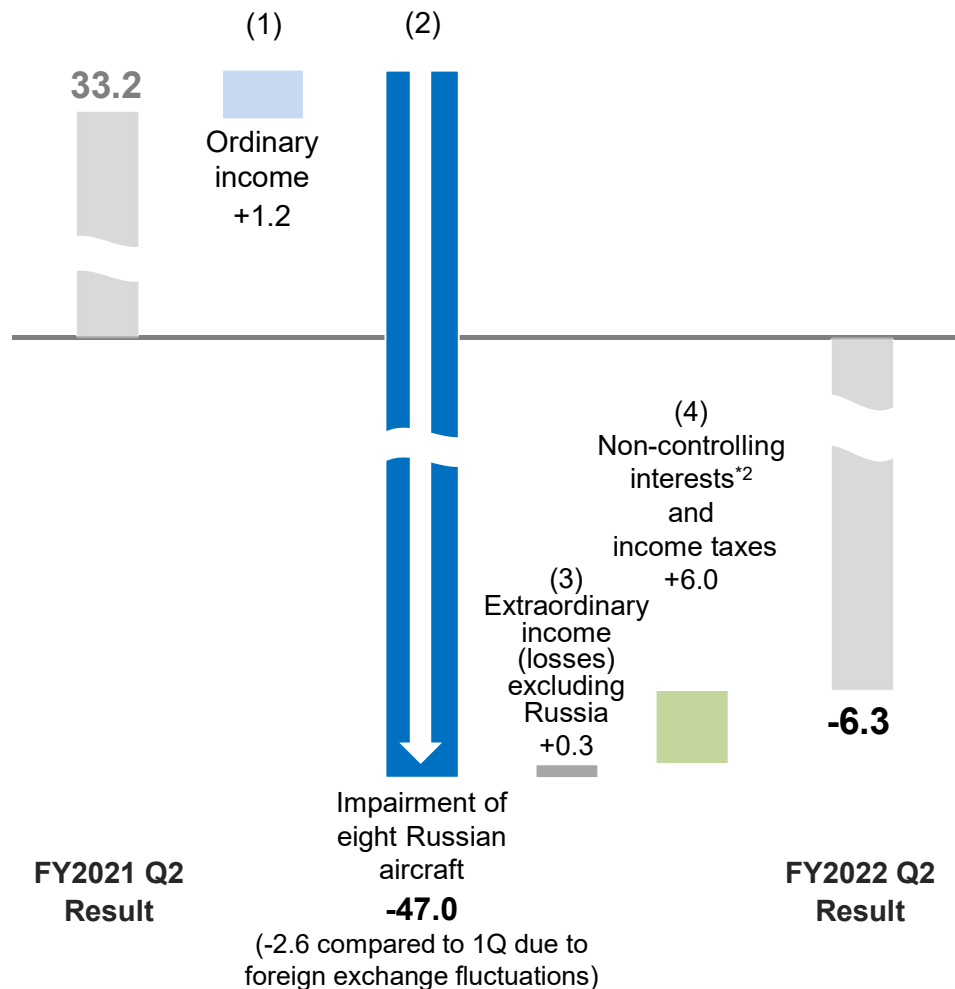
*1 Aggregated results: gains (losses) on sales of real estate and operational investment securities
*2 See P60 for the above figures by our four operating segments

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

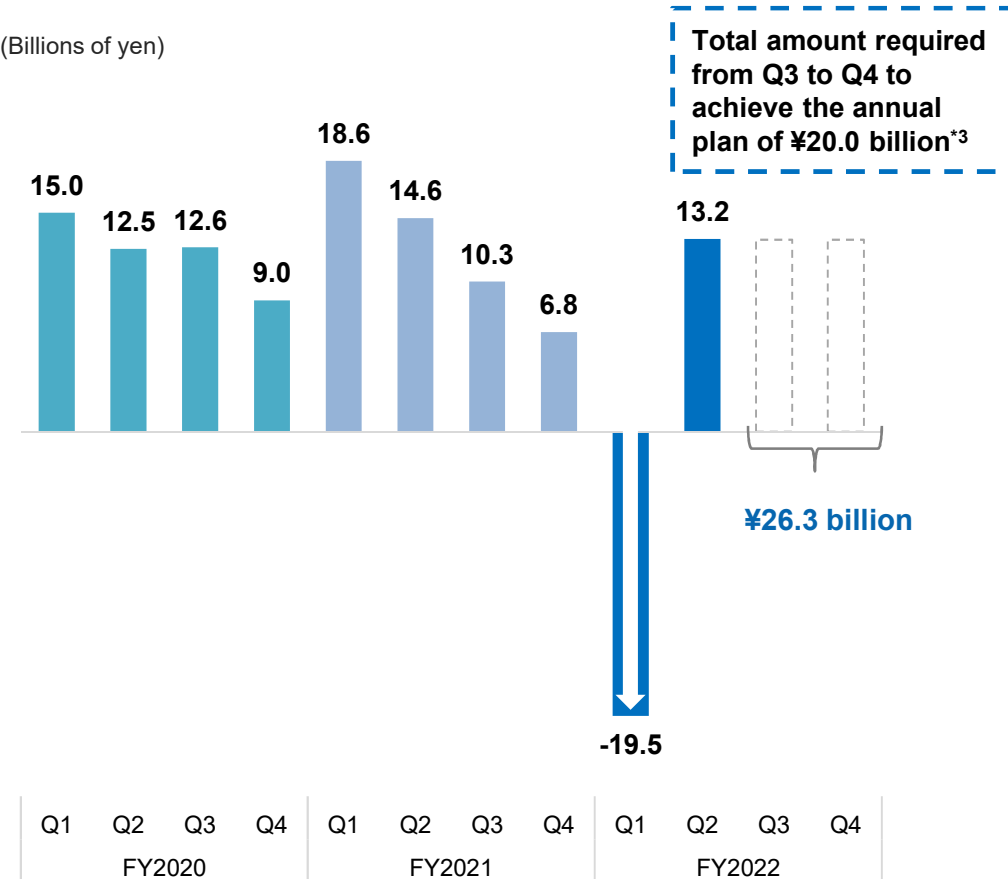
Factor for changes in net income (loss) attributable to owners of parent*1

(Billions of yen)



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

(Billions of yen)







*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

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

		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

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*

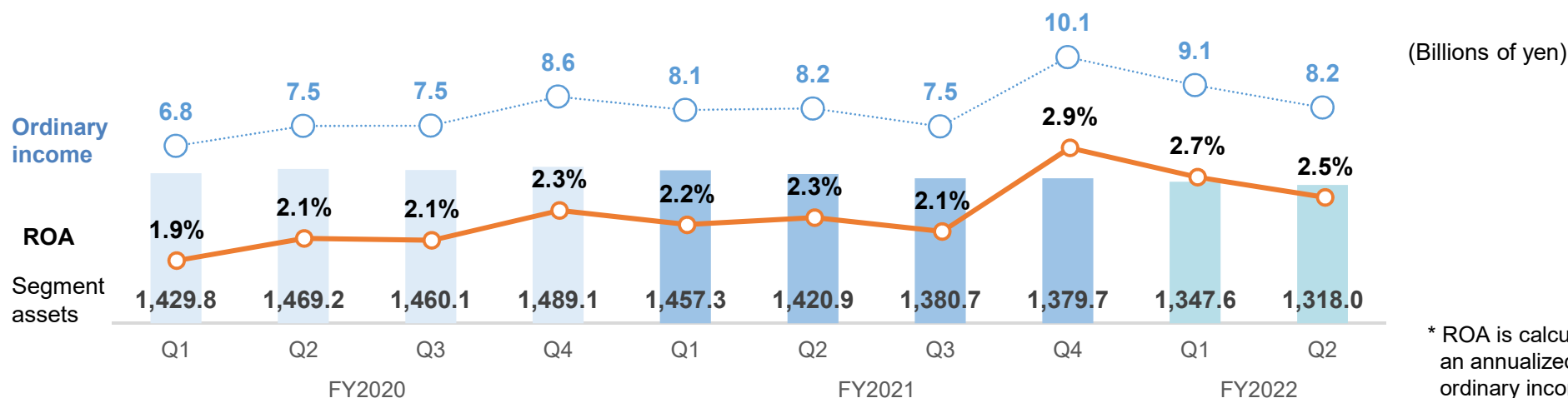
* For performance and other details of NTL, see P21

* 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**



* 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	
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



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

		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

		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



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

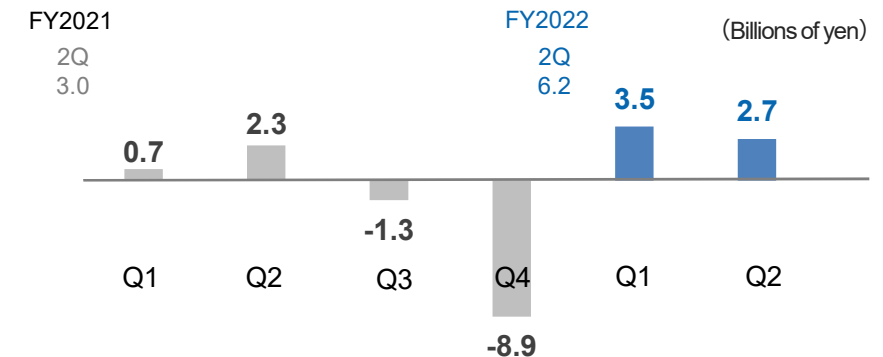
Ordinary income

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)



Amount of
impairment
loss



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



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



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

		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)
		(Billions of yen)							
	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

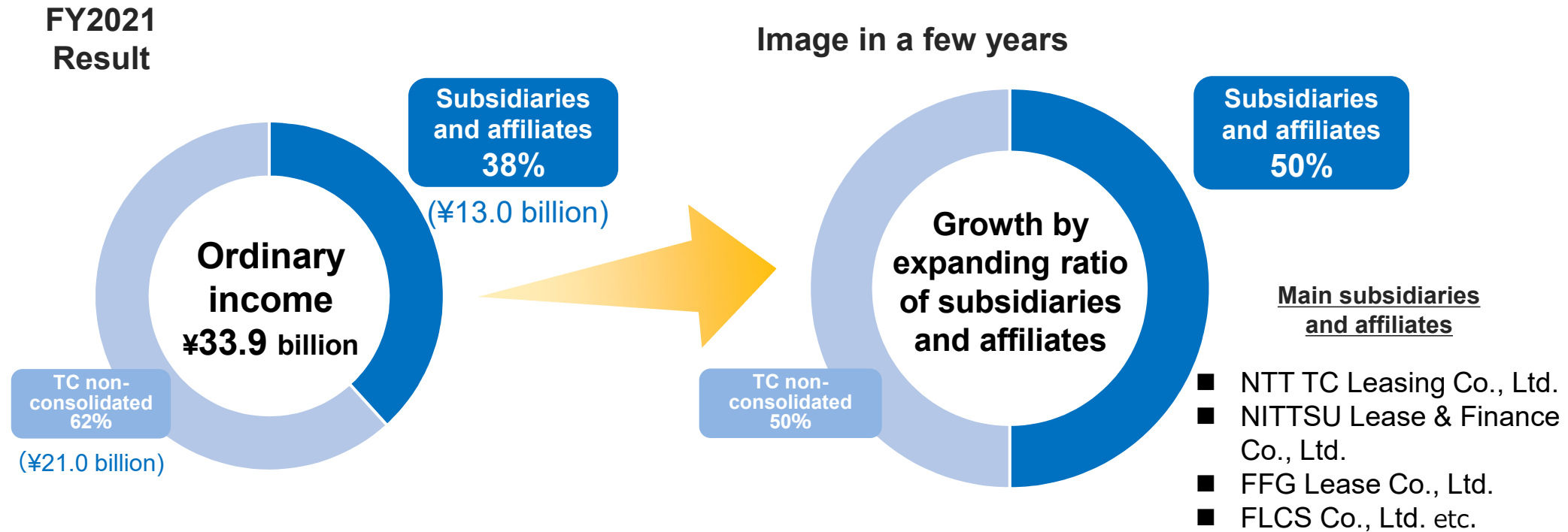


3. Business Topics



Growth Strategies of Equipment Leasing

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



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 (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%
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	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

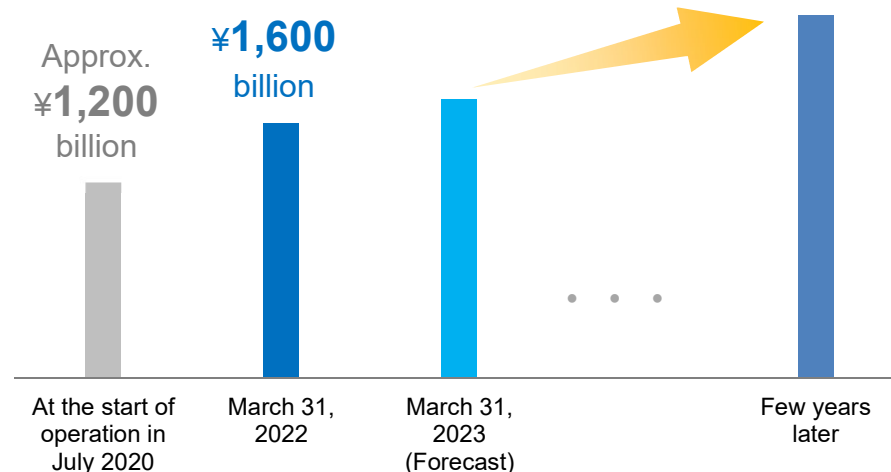
Credit Rating

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>





Collaboration with ITOCHU Corporation



Advancing collaboration with FamilyMart Co., Ltd., an ITOCHU Group company, and other companies in various businesses

FamilyMart



Leasing of store fixtures for FamilyMart

- Leasing of store fixtures for convenience store operator FamilyMart Co., Ltd. and digital signage equipment and providing asset management services



Digital signage equipment above the cash register to expand the media business that ITOCHU is focusing on



Auto leasing of delivery vehicles used in FamilyMart-related businesses

- NCS provides auto leasing services of delivery vehicles for FamilyMart-related businesses



Construction business



ITOCHU TC Construction Machinery
伊藤忠TC建機株式会社

- Sales and rentals of construction machinery and construction materials in Japan
Shareholding Ratio: TC 50% ITOCHU 50%

Environment and energy



IBeeT

- Subscription service for storage batteries
Shareholding Ratio: TC 50% ITOCHU 50%



Hydrogen infrastructure investment

- TC jointly invested in Clean H2 Infra Fund, the world's first large-scale clean hydrogen infrastructure investment fund in France



Hyuga Biomass Power Co., Ltd.

- TC started construction of a biomass power plant (generation output: 50MW) with ITOCHU, Osaka Gas Co., Ltd., and Tokyo Energy & Systems Inc. in Hyuga City, Miyazaki Prefecture
- Plan to operate in 2024

Mobile devices



belong

- Collaborate with wholly owned ITOCHU subsidiary Belong Inc., which provides secondhand smartphone and tablet rental service for corporate users

Expansion of collaborative businesses in potential growth fields, including environment and energy and mobile devices, in addition to FamilyMart-related and construction businesses



Improved Profitability of Car Rental Business

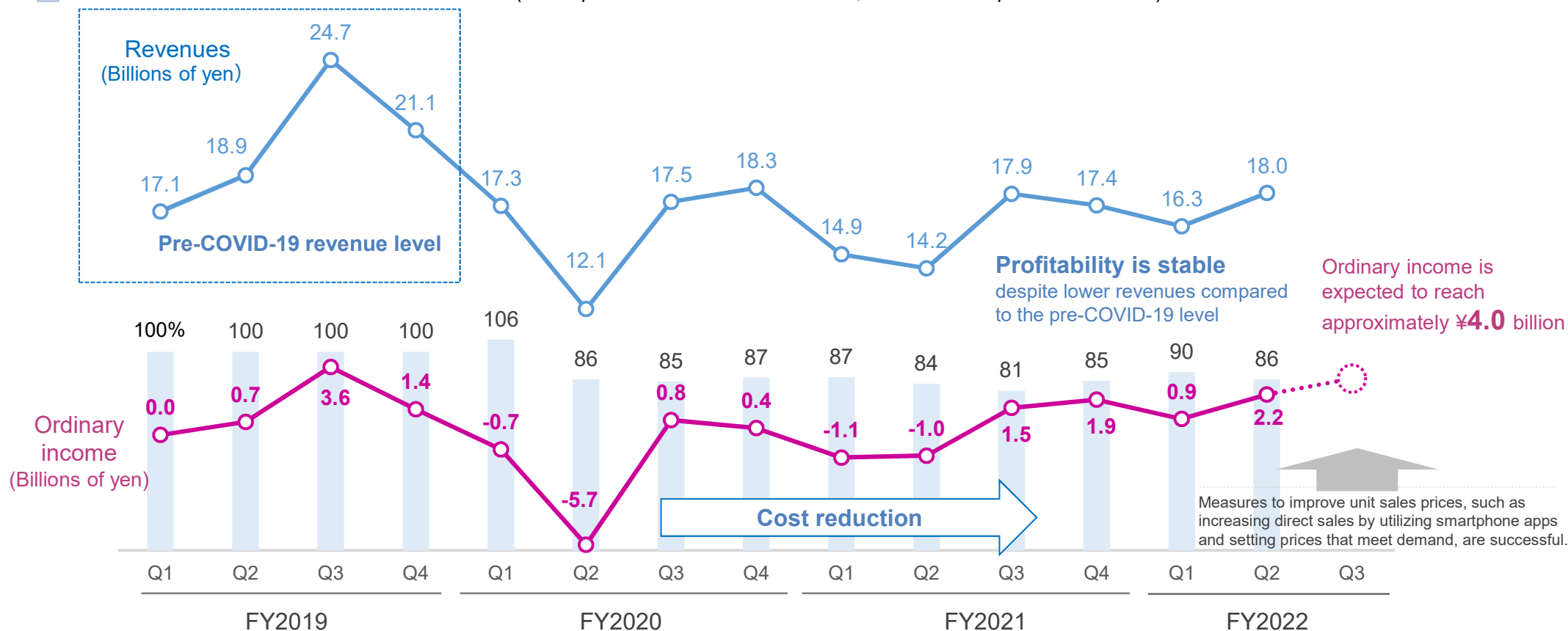


Expect earnings growth to exceed the pre-COVID-19 level due to the promotion of measures to improve unit sales prices and the success of strict cost control

■ 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)



Ordinary income for the fiscal year **¥5.8 billion**

— ¥5.2 billion

¥1.2 billion

Ordinary income for the nine months of the fiscal year ending December 31, 2022 is expected to be approximately **¥7.0 billion** and achieve the highest earnings for 3Q

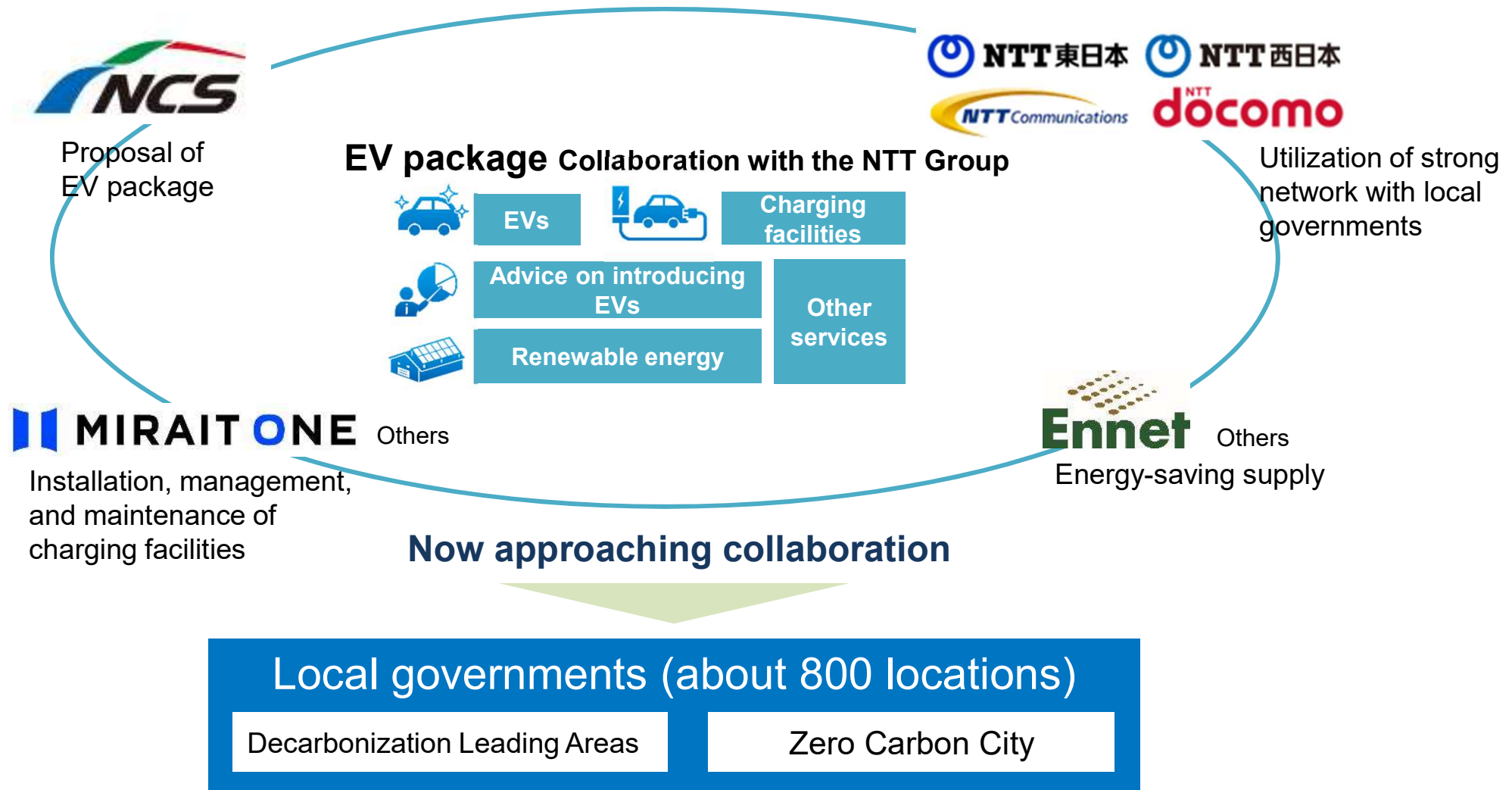


NCS's Initiatives to Promote Electric Vehicles



Promote EVs in cooperation with the NTT Group

Advancement of **EV package** for local governments that have declared to achieve carbon neutrality



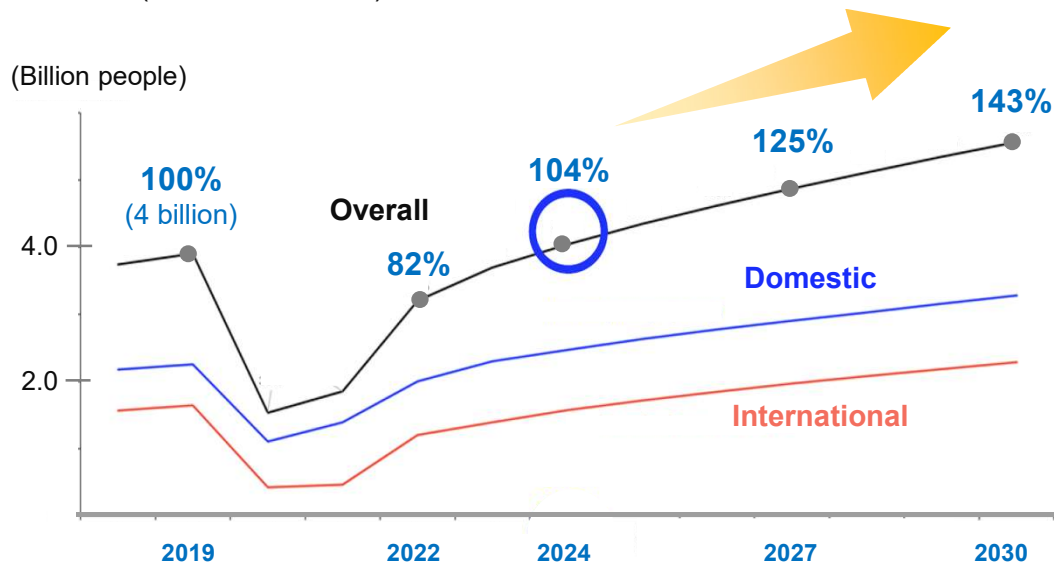
Aviation Business 1 Aviation Market Overview



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%)



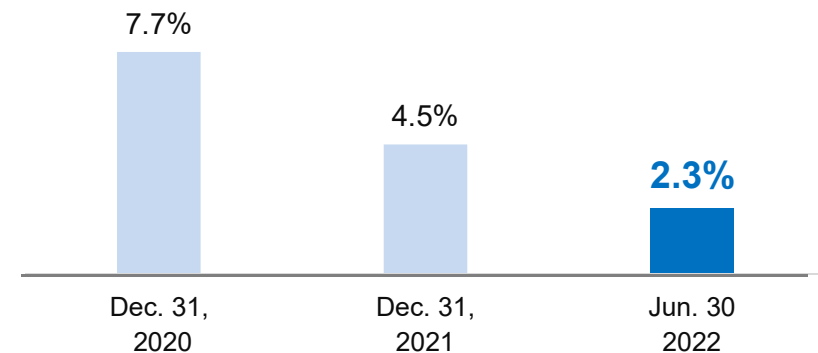
Source: International Air Transport Association (IATA)
(announced in June 2022)

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

Aircraft leasing subsidiary Aviation Capital Group's recovery trend

Off-lease aircraft significantly decreased

<Ratio of off-lease aircraft* to net book value of owned aircraft>



* Aircraft yet to be leased or sold

Cash Collection rate improved

74 %

(January to June in 2021)



97 %

(January to June in 2022)

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

Aviation Business 3 ACG's Portfolio



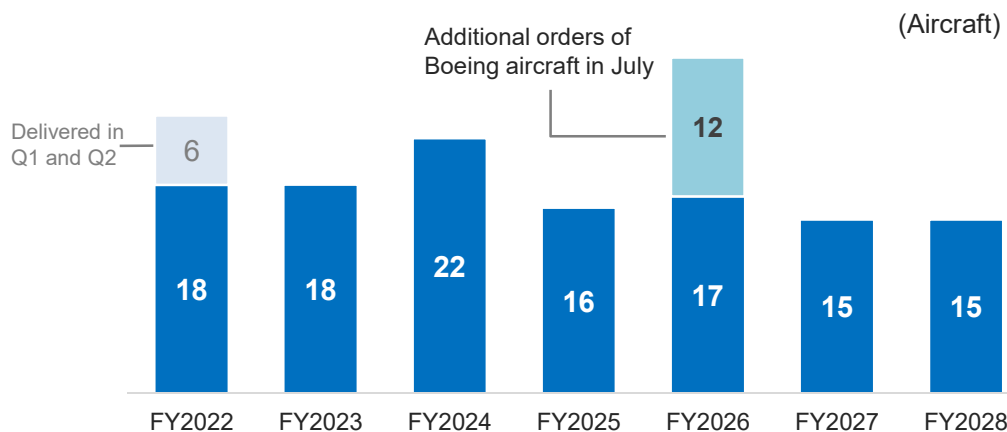
Diversified portfolio with a focus on liquid narrow-body aircraft in approximately 45 countries worldwide

Portfolio Overview (as of June 30, 2022)

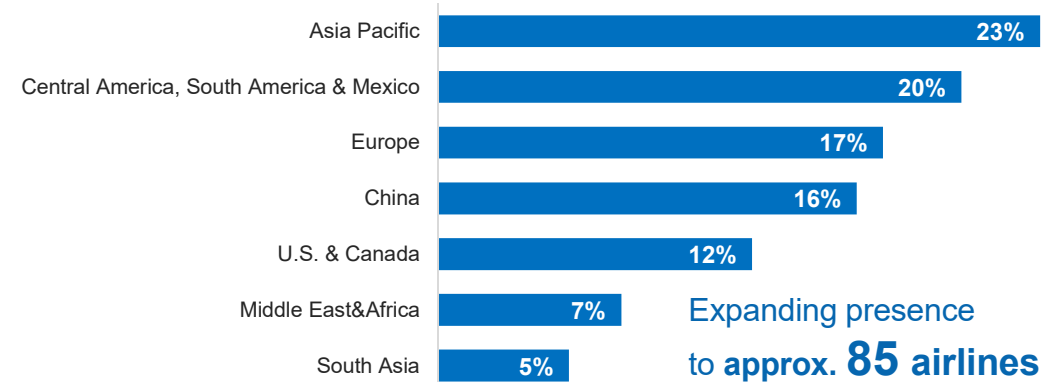
- **Weighted average fleet age: 5.9 years**
- **Narrowbody by NBV: 90 %**
(Narrowbody by count: 96%)
- **Owned, managed and committed aircraft: 475**
(Owned: 278 Managed: 64 Committed aircraft: 133)

Delivery Schedule of Committed Aircraft (as of June 30, 2022)

- All orders are **next-generation aircraft with higher fuel efficiency**
- Receiving many inquiries from airlines in view of rising fuel costs and decarbonization



Geographic concentration (as of June 30, 2022)



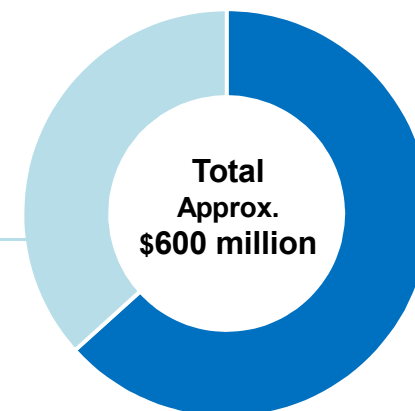
Expanding presence
to approx. **85 airlines**
in approx. **45 countries**

<Status of ACG related to Russia>

ACG terminated all of its leasing activities in Russia in compliance with the sanctions by the EU and other countries.
ACG has submitted insurance claims for the full net book value with respect to all of its aircraft that remain in Russia.

Financing and loan guarantees

Approx. \$220 million



Leasing

Approx. \$380 million
(eight aircraft in total)
Recorded a write-off of that amount in Q1.

Promoting diversification of funding sources while flexibly responding to market conditions

Fund Procurement Strategies

- ACG builds flexibility into its funding strategy through multiple capital sources depending on market conditions. In addition to the issuance of predominantly fixed rate unsecured notes in the US bond market, it leverages Tokyo Century's and its own relationships to borrow on a floating rate basis from financial institutions globally. This balanced funding strategy helps to reduce the cost of its long-term debt capital.
- ACG succeeded in expanding access to new debt financings, including term loans arranged by Japanese financial institutions and increased the capacity of revolving credit facility with the participation of multiple financial institutions, including major U.S. banks.
- ACG has sufficient liquidity on hand and maintains investment-grade ratings of **A- from KBRA, BBB- from S&P and Baa2 from Moody's**.

<Funding structure*>

\$7.5 billion

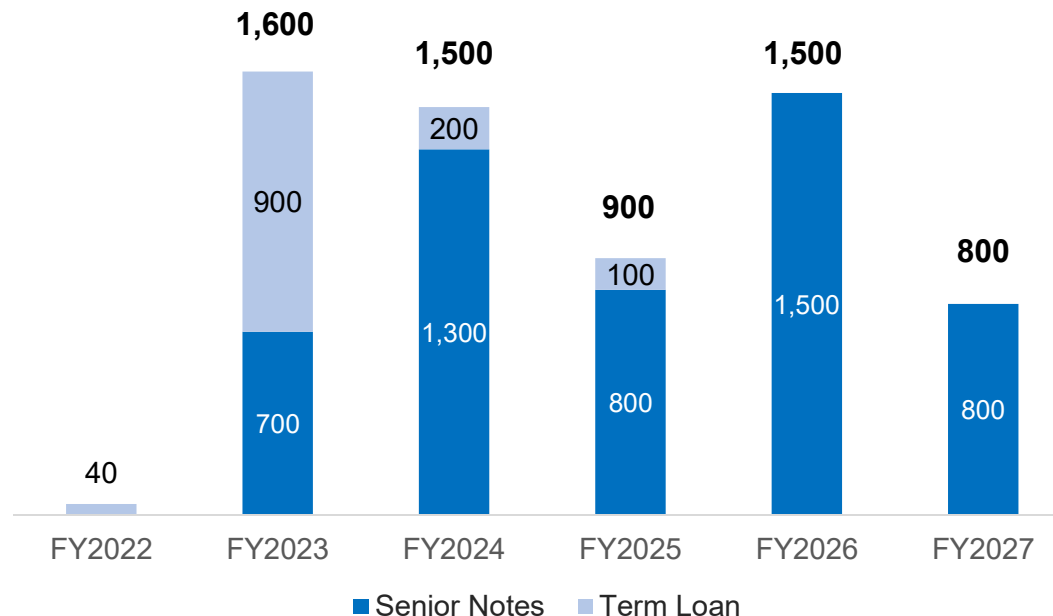
\$1.9 billion
Financial Institutions, etc.
(floating rates)

\$5.6 billion

Unsecured Senior notes, commercial paper, etc.
(fixed rates)

<Unsecured debt maturities*> (excluding commercial paper, etc.)

(USD million)



Major procurement from financial institutions executed in FY2022

- **Term Loan (\$425 million)**
Borrowing period: three years
Loan execution: July/August 2022
- **Revolving Credit Facility (\$525 million)**
Increased the aggregate borrowing capacity from \$2.1 billion to over \$2.6 billion

* As of June 30, 2022



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

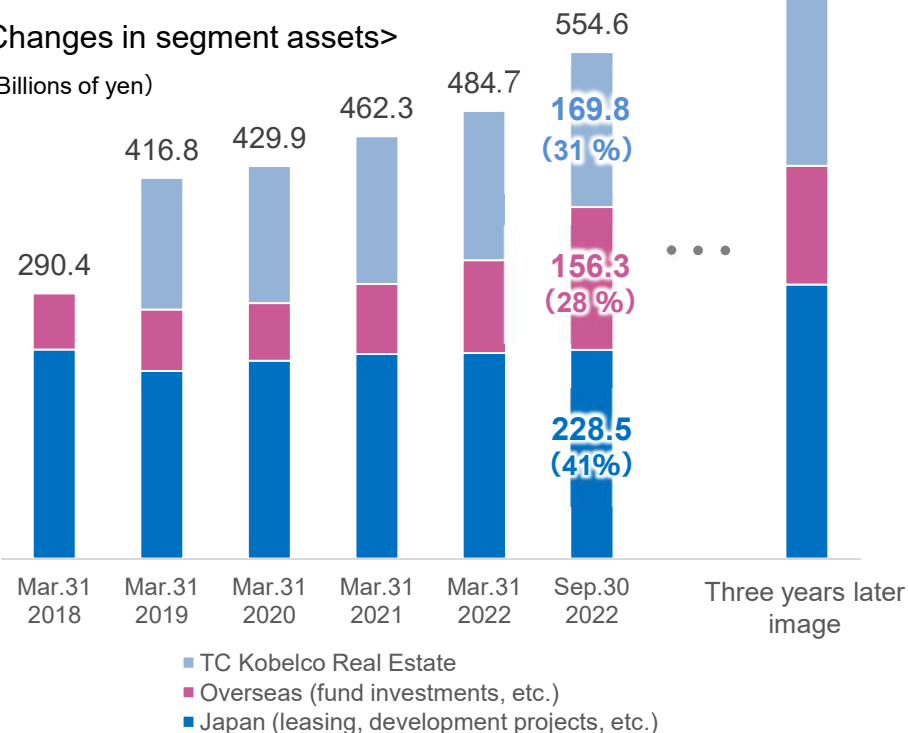
Increased segment assets are expected by steadily piling up pipelines such as a **logistics facility**

Overseas

Striving to establish and expand investment and payback cycles, particularly in **data centers**, that are expected to increase demand and **logistics facilities and rental housing** that are ongoing stable growth

<Changes in segment assets>

(Billions of yen)



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*>

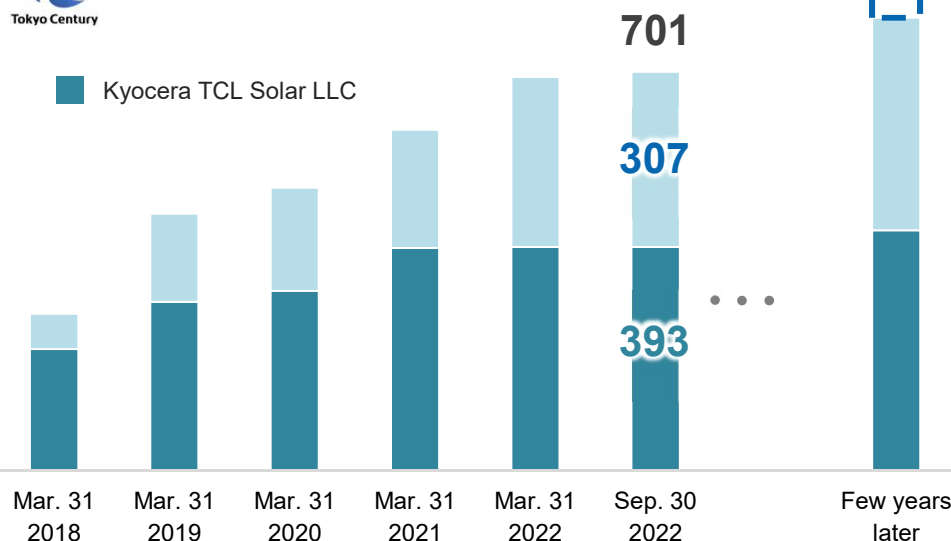
(Unit: MW)



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



Kyocera TCL Solar LLC



* 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%)

Medium- to long-term Investment fields

Solar power generation

<Major partner> **NTT Anode Energy**

Planned to invest **a total of approximately ¥100 billion** in solar power generation businesses through a **renewable energy investment fund** jointly established with NTT Anode Energy Corporation and another company.

Biomass power generation

<Major partners>



Promote biomass power generation **together with prime partners** such as JFE Engineering Corporation, ITOCHU Corporation, and Forest Energy Inc. that formed a capital and business alliance with TC.

In addition, aiming to expand into North America, Europe, and Australia by utilizing knowledge of domestic projects and the storage battery business, which has strong affinity for EVs

Storage battery

Overseas business

Improve solar power generation efficiency by promoting asset and technical management

Jointly established **A&Tm**, a management company with the aim of **maximization of power generation and stable long-term use of power generation facilities**, with Tokyo Gas Engineering Solutions Corporation and KYOCERA Communication Systems Co., Ltd.

Expanding joint investment deals with the Advantage Partners Group (AP Group)

Growth Strategies

Business carve-outs of large companies



Expand investment opportunities, including the selection and concentration of businesses

TC invested in Q'sai and business carve-outs of energy storage device and system business by Showa Denko Materials (currently Energywith).

Renewable energy



Strengthen collaboration in renewable energy fields to capture decarbonization demand

TC reinforces cooperation with the Renewables and Sustainability Division, newly established by AP, and seeks to create synergy between investees, including Energywith, and TC's renewable energy business.

Business succession



Develop solutions to corporate management issues, including the business succession of owner-managed companies

TC develops project sourcing through stronger cooperation with TC's Equipment Leasing segment.

<Changes in segment assets through business collaboration with AP Group*>

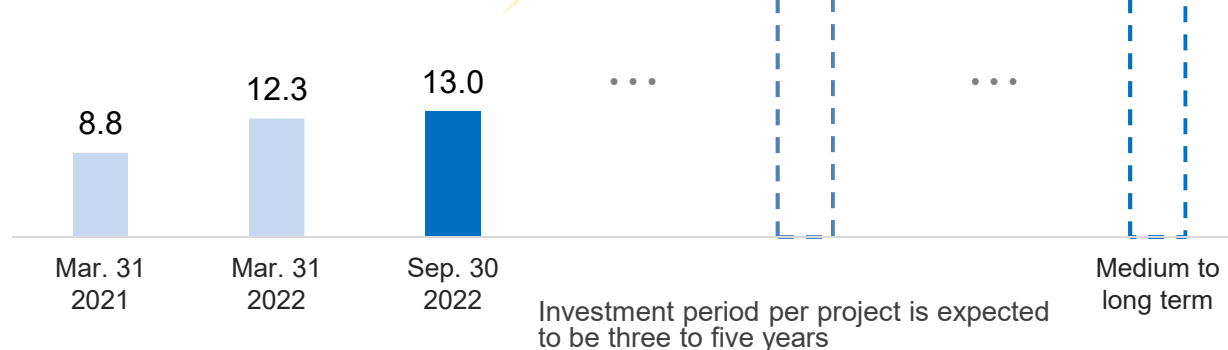
* Excluding the amount of investment in AP

Pursuit of **further expanding investments over the medium to long term** by building up stable investment track records

ROA of the principal investment business is 10% or more (FY2021 result)
Expect to achieve the same or higher level of earnings in FY2022



(billions of yen)





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

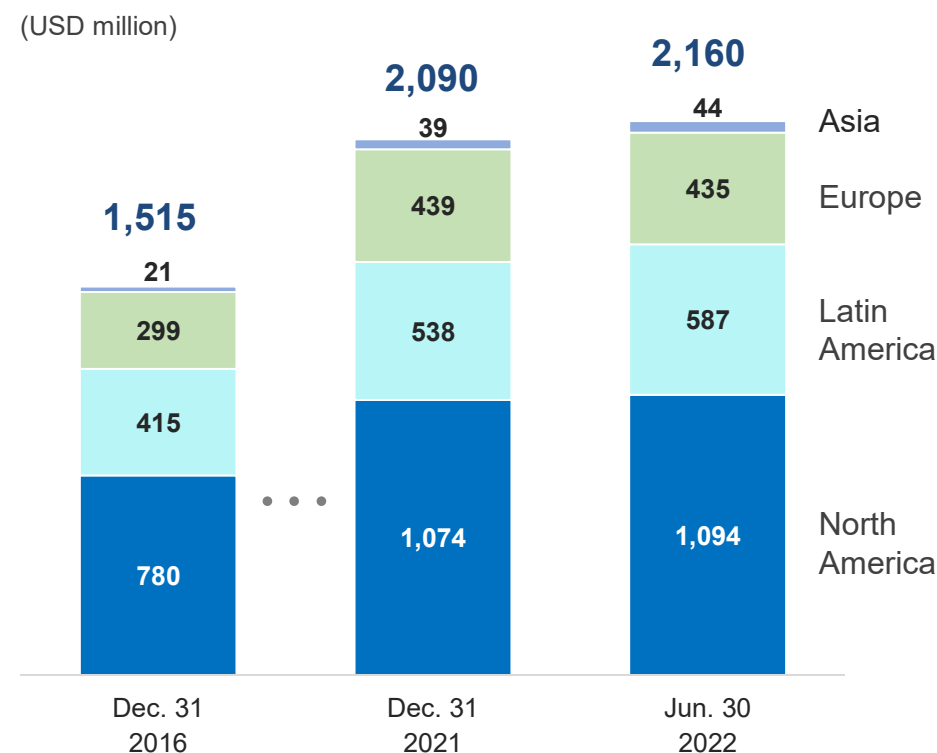
Major Factors for Change

- 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



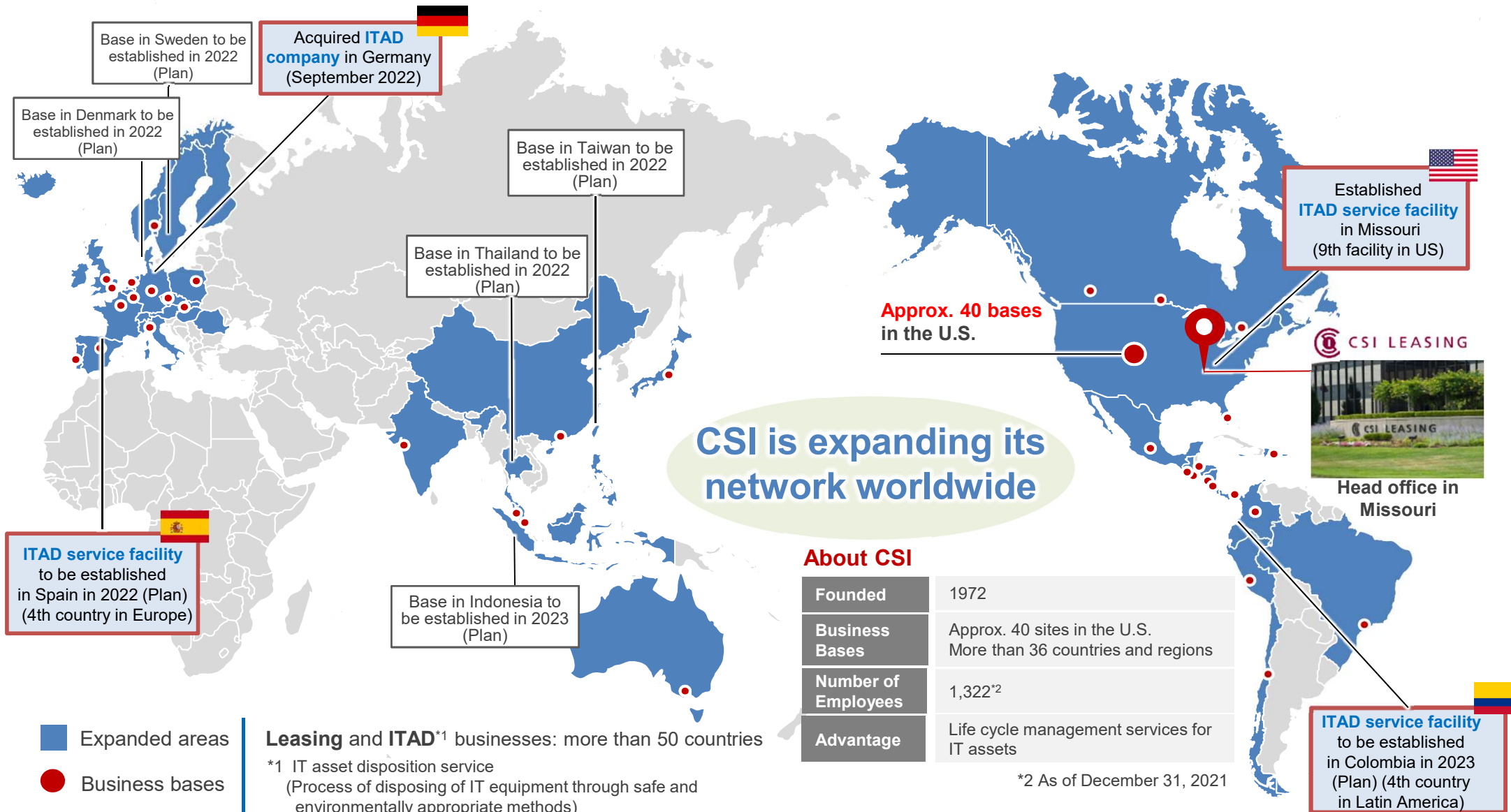
(Became a wholly owned subsidiary of TC)



CSI's Global Strategies



Developing its global network for facilities providing ITAD services that are growing in demand in addition to expanding operating bases





CSI's Strengths and Introduction of ITAD Services



Providing high-quality and global-standard ITAD services in more than 50 countries

What are IT Asset Disposition services?

Data destruction and disposal services for end-of-life IT equipment

IT equipment disposal requires consistent, high-quality services because of growing awareness of environmental concerns and information management.

Workplace for ITAD services in the U.S.



Hard disks and other equipment after destruction process



CSI owns an extensive network of 20 facilities in eight countries

On-site data erasure services provided by specialized truck



Characteristics of services

Issuance of international standard certificates to customers

CSI has obtained certificates that meet international and each country's standards for safety and compliance when processing IT equipment, guaranteeing customers high-quality services.

Global certification



Certification



Growing **needs of multinational companies** seeking global-standard ITAD services

With the spread of digital technology, the number of **IT equipment processed is increasing yearly** (more than **1.5 million assets** per year)



Collaboration with the NTT Group and CSI



Promoting collaboration between the NTT Group and CSI in overseas operations

NTT DATA, Inc.



ICT solutions

IT devices



Financial functions

Asset management and
data erasure

By adding **continuous financial functions** and **solutions for asset management services** of leases owned by CSI to **ICT solutions** and **IT devices** provided by **NTT DATA, Inc.**, both companies will **make it possible to strengthen relationships** with business partners and **add value**



Service Offerings



Asset management +
lease residual value schemes



Professional teams in
finance + IT



IT equipment
data erasing services



Recycling services



4. Collaboration with the NTT Group

Status of Business Collaboration with the NTT Group

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

2005

2020

2021

2022

Started
Collaboration with  **NTT**



Auto leasing

- NTT Auto Leasing and Century Auto Leasing integrated operations
- Promoting EV100, which aims for 100% of the NTT Group's vehicles to be EVs by 2030



<Shareholding Ratio>

NTT 40.5%
TC 59.5%



Leasing and finance

- Established a joint venture, which is engaged in leasing and finance businesses
- Expand business collaboration with Equipment Leasing in co-creation projects
- See P21 for details



<Shareholding Ratio>

NTT 40%
TC 50%
NTT Finance 10%



Environment and energy

- Jointly operate solar power plants
- Established an investment fund for renewable energy businesses
- See P30 for details

Investment fund for renewable energy businesses

<Shareholding Ratio>

NTT Anode Energy 47.5%
TC 47.5%
Sumitomo Mitsui
Trust Bank 5.0%



Data center

- Started collaboration with NTT Global Data Centers Corporation (NTT GDC) in India

1st project

Mumbai8

<Shareholding Ratio>
NTT GDC 25%
TC 75%

2nd project

NAV2

<Shareholding Ratio>
NTT GDC 40%
JICT* 30%
TC 30%



Real estate

- Conducted a building lease for the new market facility in the redevelopment project of the public local wholesale market in Toyama City
- See P29 for details



Collaboration with CSI

- Support expansion of NTT's overseas business by using CSI's global network
- See P35 for details

* Fund Corporation for the Overseas Development of Japan's ICT and Postal Services Inc.

Gave a Speech on Business Collaboration with NTT



NTT IR DAY 2022



Gave a speech on “**Business Collaboration with NTT and Tokyo Century**” at **NTT IR DAY 2022** held on September 29

Explained the business expansion of NTT TC Leasing, a joint venture, and the future outlook for a wide range of collaborative businesses, including auto leasing, environmental and energy, data center, international, and real estate businesses



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	<ul style="list-style-type: none"> Reduction of office electricity use volume (including gasoline and paper use) Contribution to reducing CO₂ 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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**

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

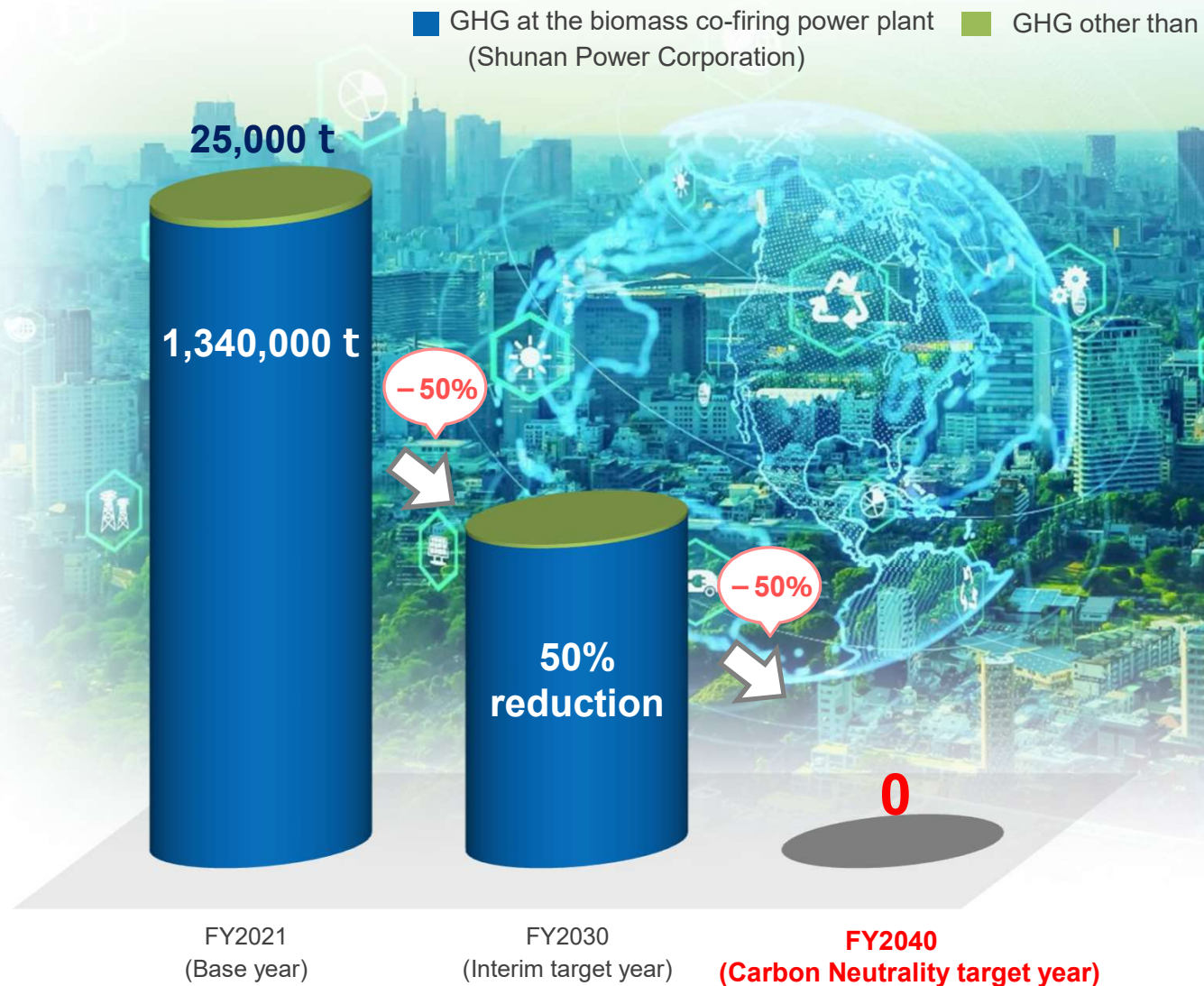
As the interim target toward carbon neutrality, the Tokyo Century Group aims to achieve a 50% reduction of GHG emissions by FY2030. (vs. FY2021^{*3})

^{*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”)

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”)

Aiming to reduce CO₂ 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 CO₂ emissions by about **3,100t** per year compared to conventional aircraft



- With 150 aircraft, the CO₂ 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

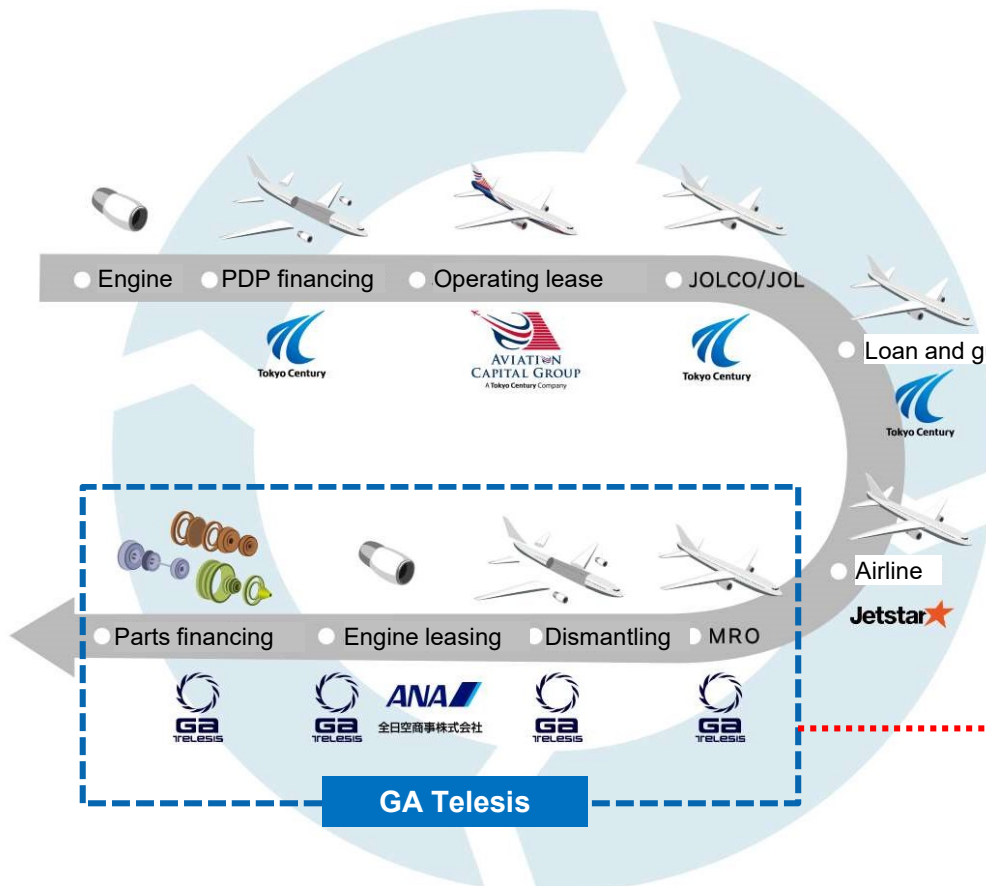
^{*1} Japan Photovoltaic Energy Association (JPEA) guidelines in FY2021: CO₂ reduction effect of crystalline silicon type solar power generation system is 399.5g-CO₂/kWh

^{*2} 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*



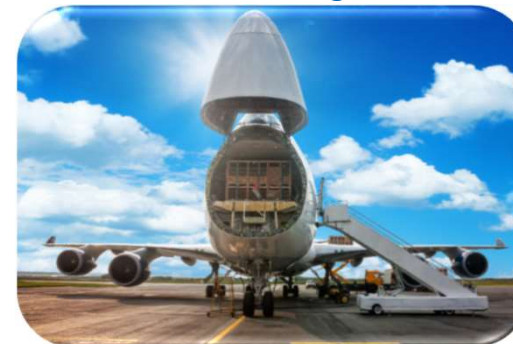
(Business activities)

- 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

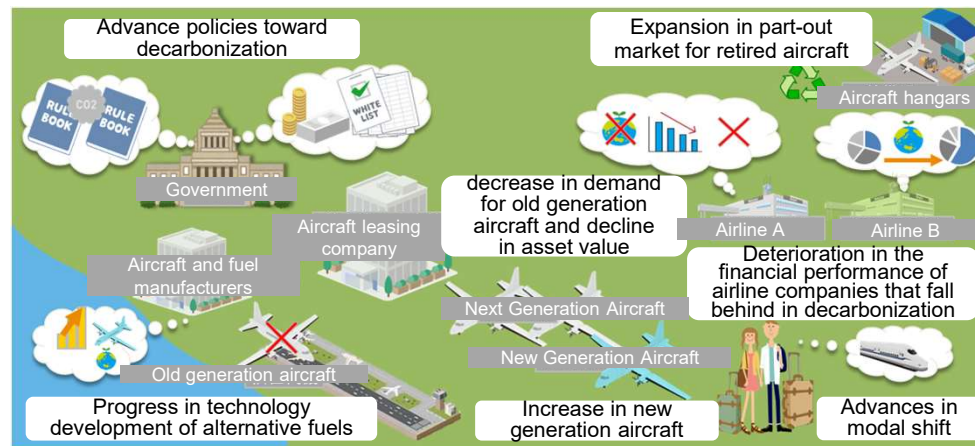
S: Social

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

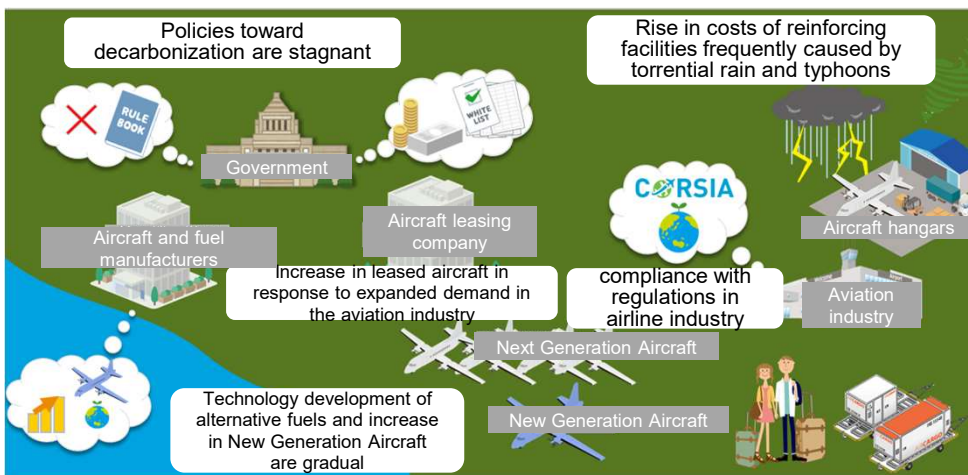


Under the 1.5°C Scenario^{*1}, **air passenger transport volume** is expected to grow by **an annual rate of 2.8%** (from 2019 to 2050) despite the underlying stricter assumption on energy regulations. Impact from the introduction of carbon taxes and stricter regulations on CO₂ emissions is expected 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 1.5°C adopted by the IEA's Energy Technology Perspective (ETP) 2020

World View of the 4°C Scenario



Under the fossil-fueled development scenario^{*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)

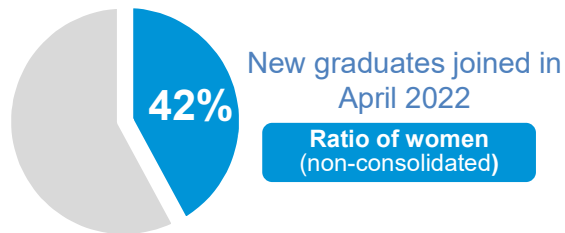
Strengthening of human resources to support growth over the next 10 years

Diversity and Initiatives for Empowering Female Employees

Ratio of female managers (non-consolidated)



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.



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**

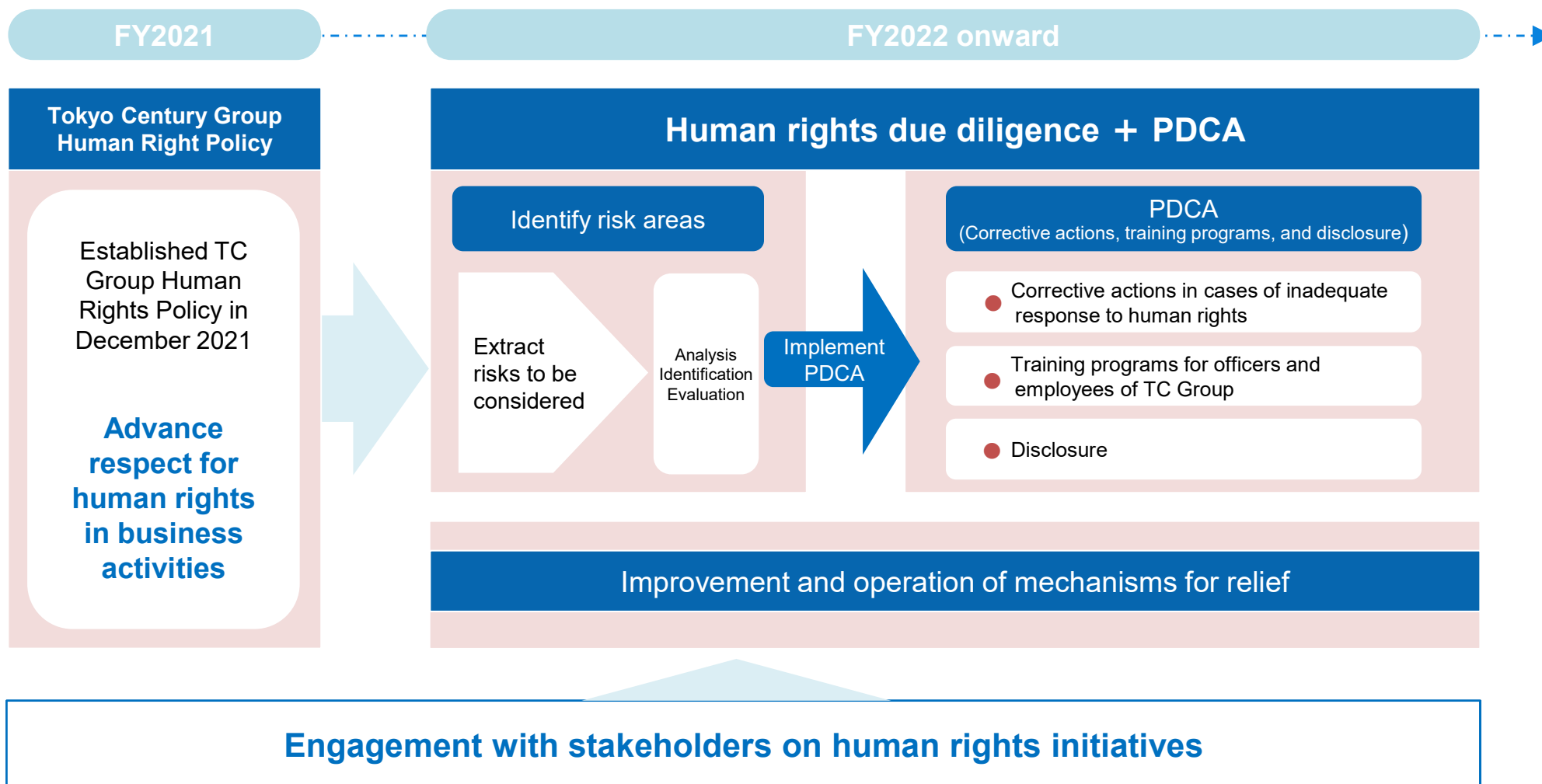


Started a verification test for the commercialization of one new proposal

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

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



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

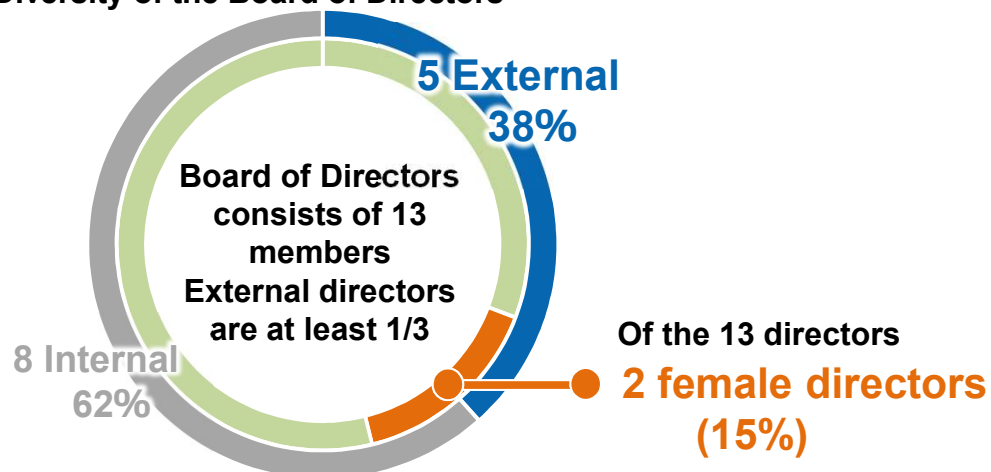


Strengthen management systems contributing to the improvement of the effectiveness of the Board of Directors

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

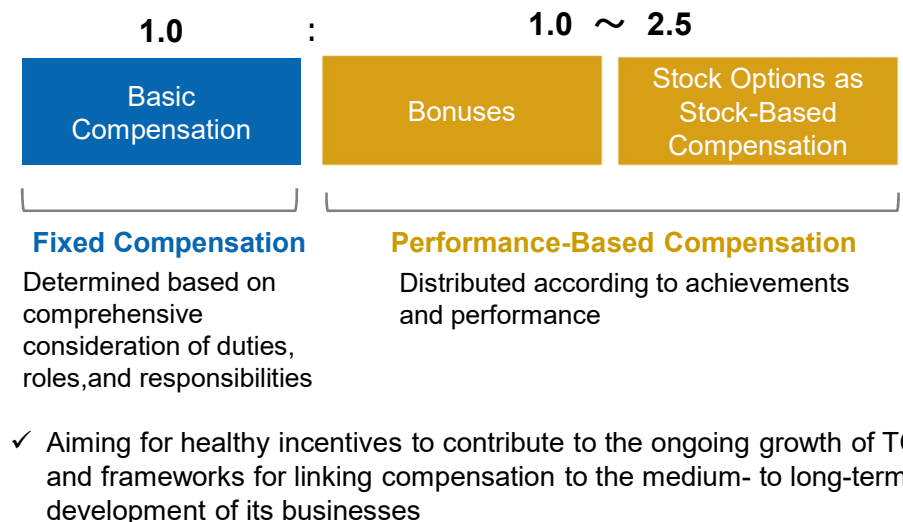
<Effectiveness evaluation>

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

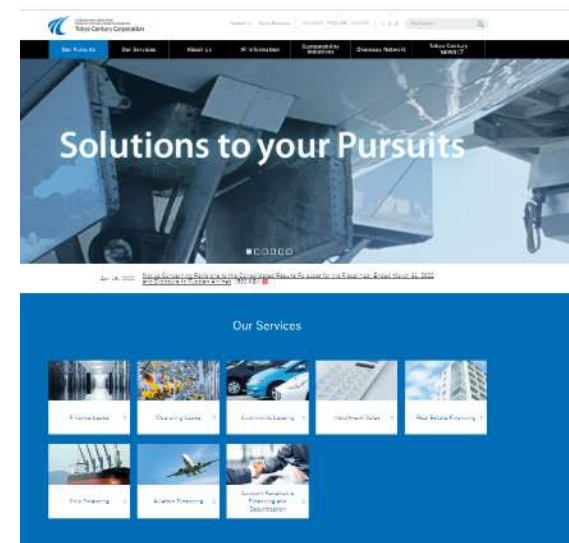
<https://tokyocentury-news.com/>

■ IR Information

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

■ Integrated Report

https://www.tokyocentury.co.jp/en/ir/int_report/





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

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



Equipment Leasing



Mobility & Fleet Management



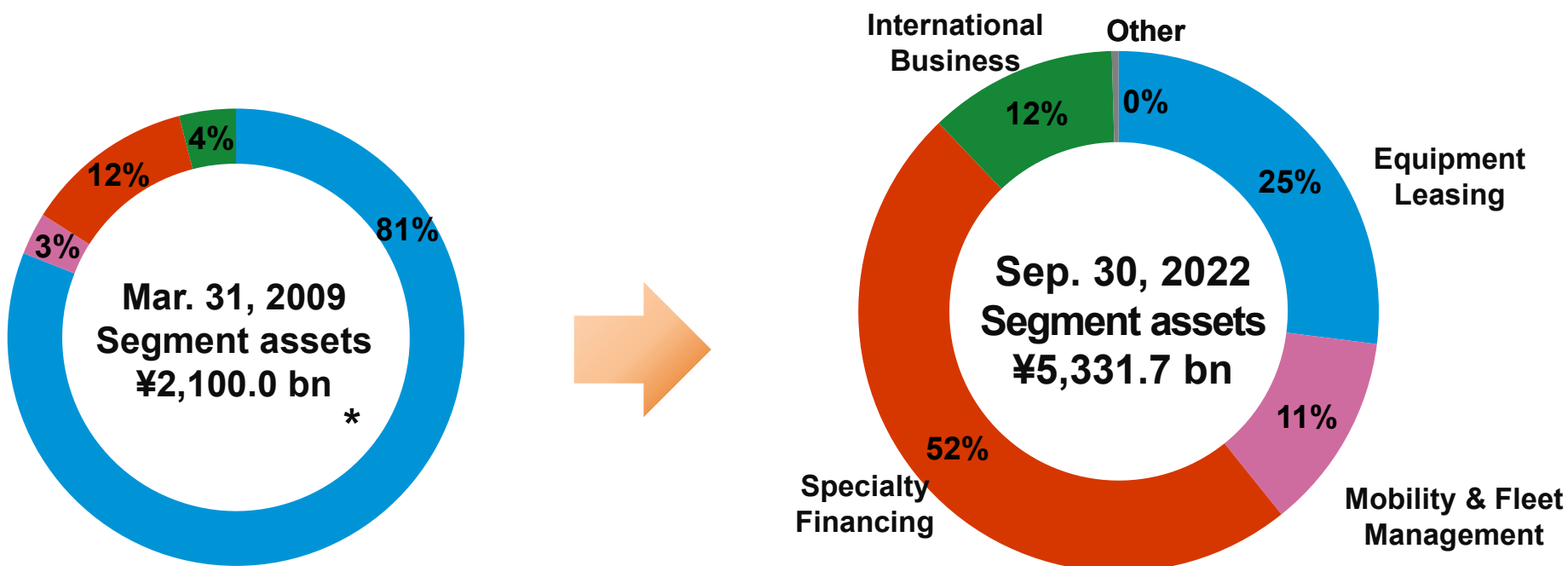
Specialty Financing



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

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	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%
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" = "10⁹" and "trillion" = "10¹²")

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