

Consolidated Financial Results

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

February 7, 2023



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

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1. Financial Highlights

Financial Highlights

Ordinary income increased 13.6% to ¥82.6 billion, and net loss attributable to owners of parent was ¥10.2 billion due to extraordinary losses related to Russia YoY

	FY2021 Q3 Result	FY2022 Q3 Result	Change	% Change
Revenues	936.9	958.5	21.6	2.3%
Operating income	65.8	69.1	3.2	4.9%
Ordinary income	72.7	82.6	9.9	13.6%
Net income(loss) attributable to owners of parent	43.5	-10.2	-53.6	-
ROE (Net income / Shareholders' equity)	9.5%	-	-	

Average foreign exchange rate (USD1) ¥ 108.58 ¥ 128.30 (Foreign exchange rate for January–September for major overseas subsidiaries)

FY2022 Forecast	
Announced on January 10, 2023	% Progress
-	-
-	-
100.0	82.6%
1.0	-

	Mar. 31, 2022	Dec. 31, 2022	Change	% Change
Total assets	5,663.8	6,201.8	538.0	9.5%
Balance of segment assets	4,879.4	5,509.5	630.1	12.9%
Shareholders' equity	673.0	828.0	154.9	23.0%
Shareholders' equity ratio	11.9%	13.4%	1.5pt	





Foreign exchange rate at quarter end (USD1) ¥ 115.02 ¥ 144.81 (Foreign exchange rate for major overseas subsidiaries as of the end of September)

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

Ordinary Income by Operating Segment & ROA

Ordinary income increased ¥9.9 billion because losses in International Business were offset by other business segments

Ordinary income

	FY2021 Q3 Result	FY2022 Q3 Result	Change
 Equipment Leasing	23.8	24.0	0.2
 Mobility & Fleet Management	13.7	22.8	9.1
 Specialty Financing	32.1	47.4	15.3
 International Business	11.2	-5.0	-16.2
Other	-8.0	-6.7	1.3
Total	72.7	82.6	9.9

ROA

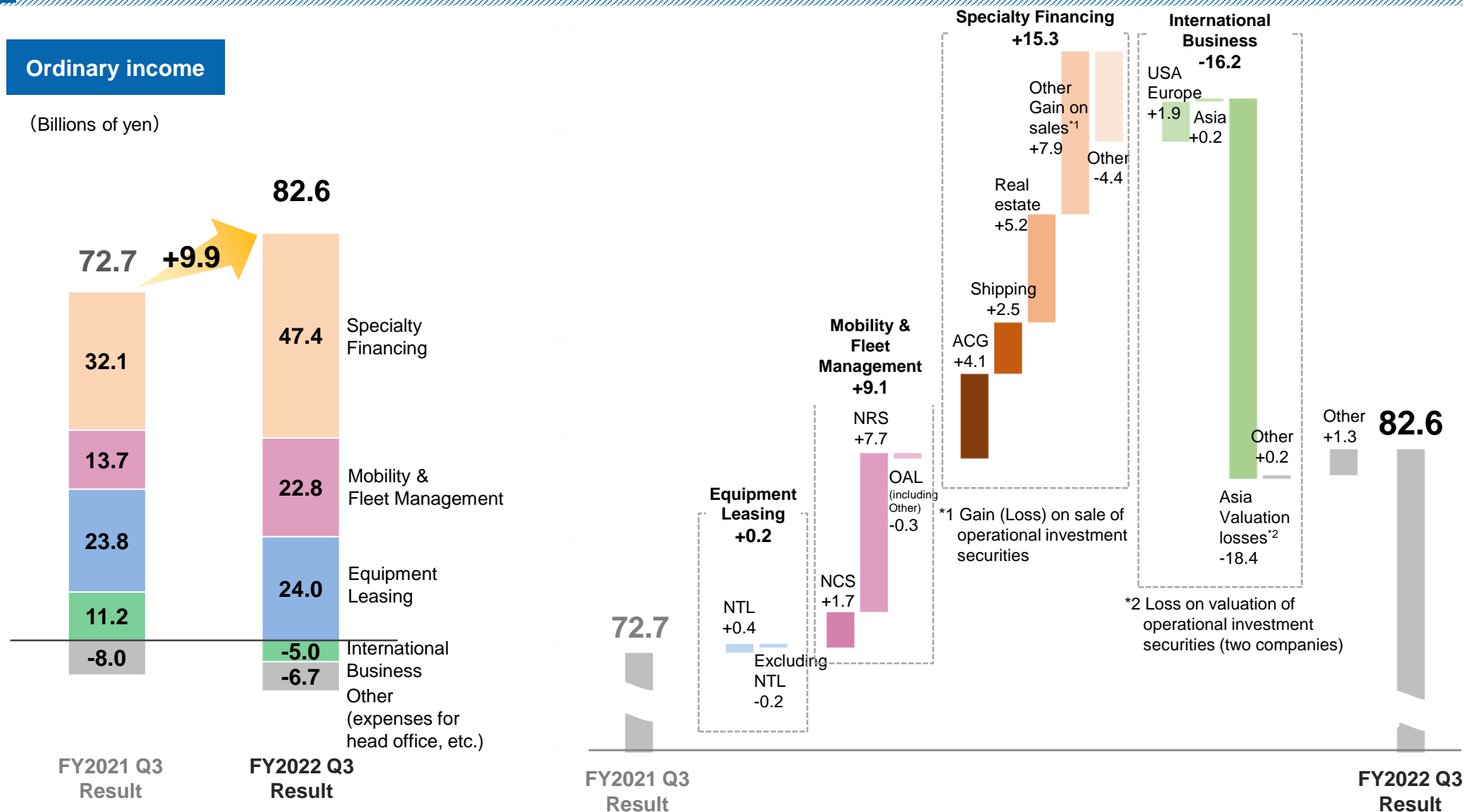
	FY2021 Q3 Result	FY2022 Q3 Result	Change
	2.2%	2.4%	0.2pt
	2.9%	5.0%	2.1pt
	1.9%	2.4%	0.5pt
	3.0%	-	-
	2.0%	2.1%	0.1pt

Breakdown of Ordinary Income YoY

Despite valuation losses of ¥18.4 billion in the Asia business of International Business, earnings from other operating segments remain strong

Ordinary income

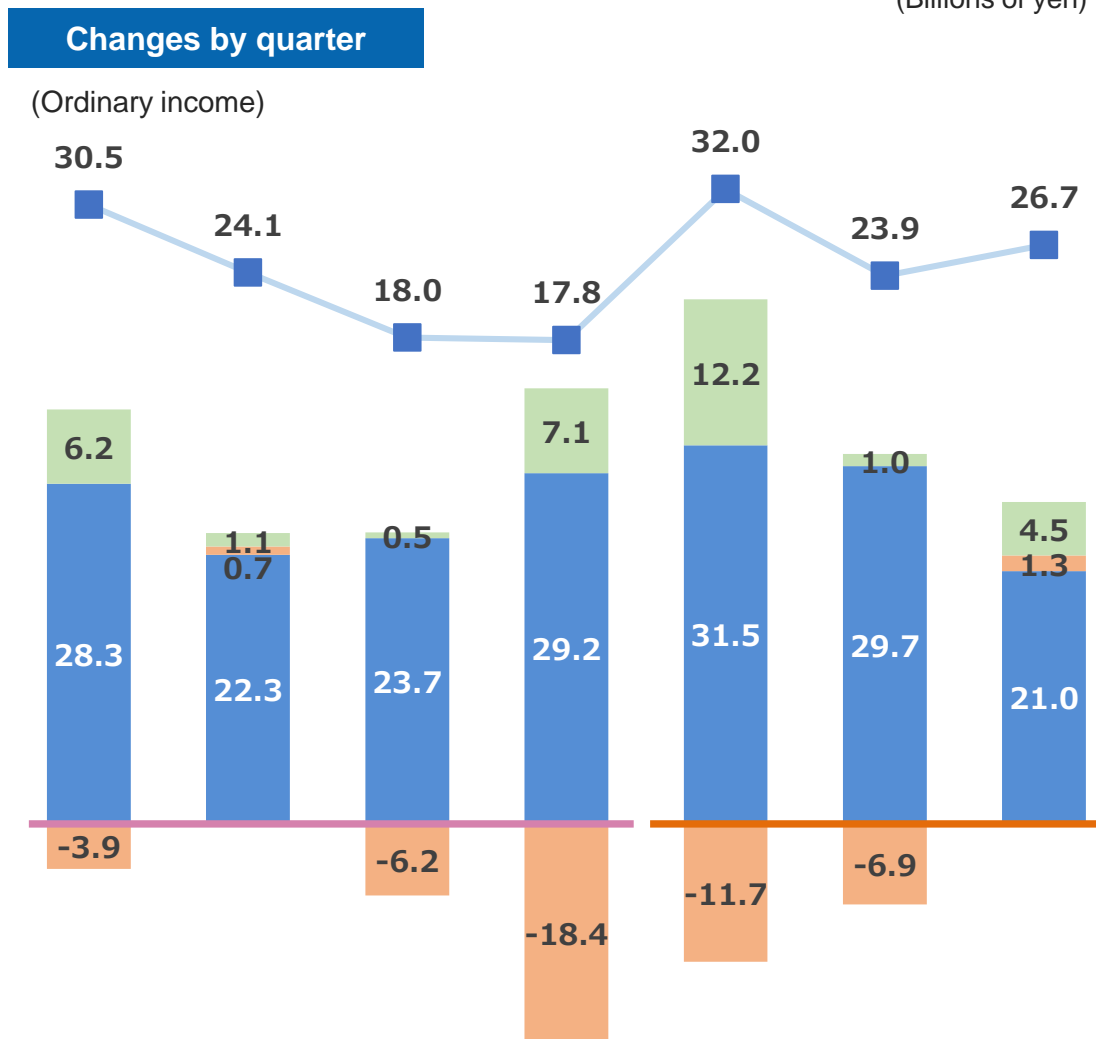
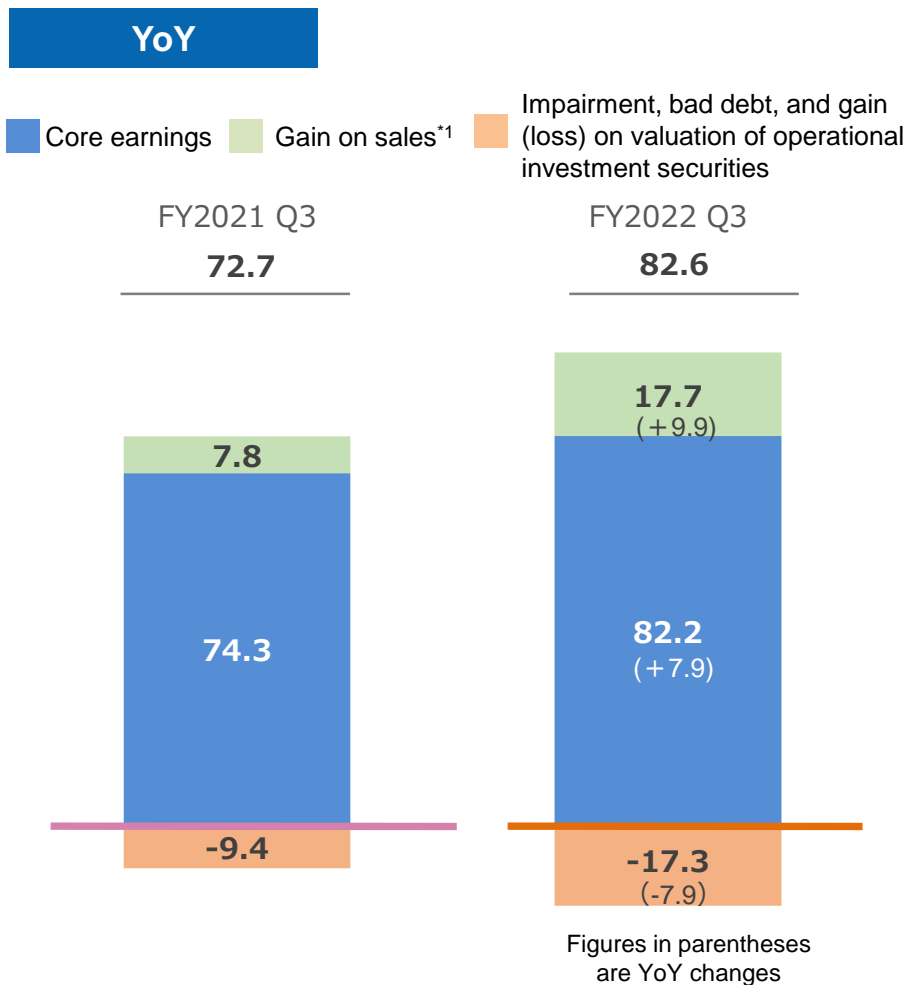
(Billions of yen)



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

Core earnings amounted to ¥82.2 billion, up ¥7.9 billion YoY

(Billions of yen)



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

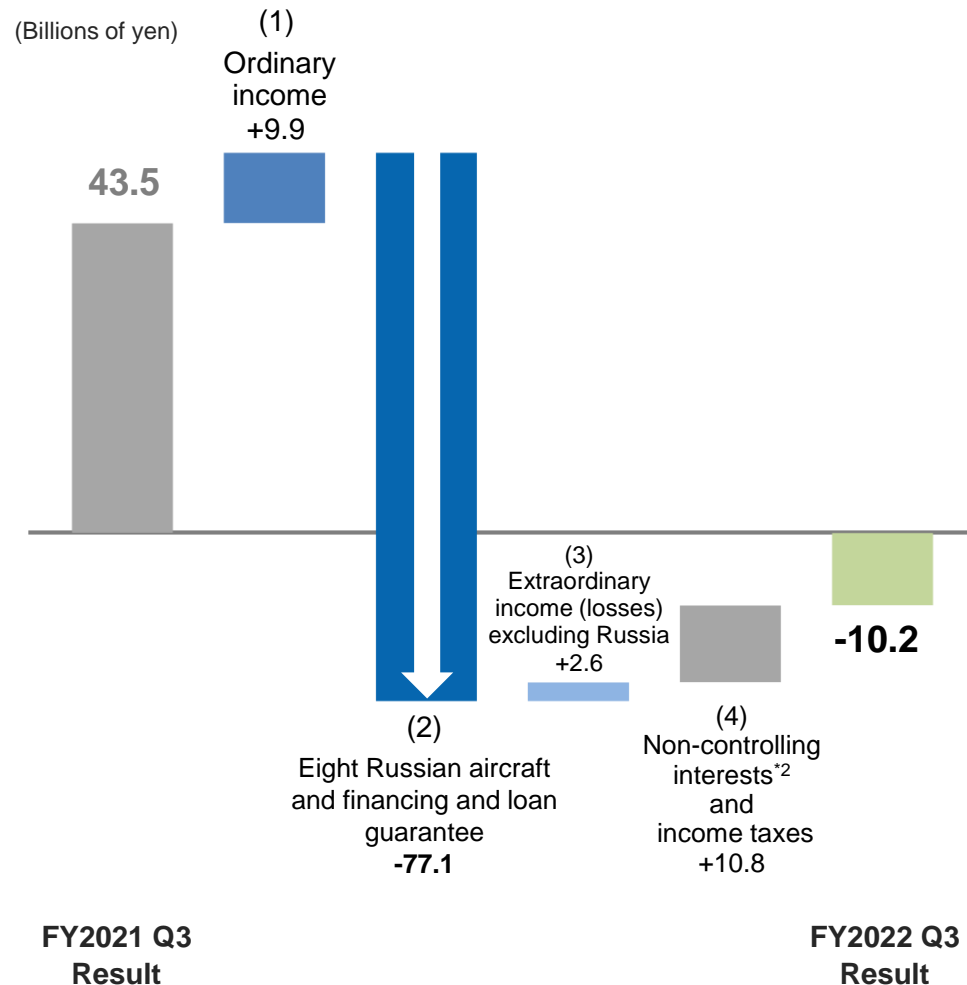
*2 See P57 for the above figures by our four operating segments

FY2021 Q1 FY2021 Q2 FY2021 Q3 FY2021 Q4 FY2022 Q1 FY2022 Q2 FY2022 Q3

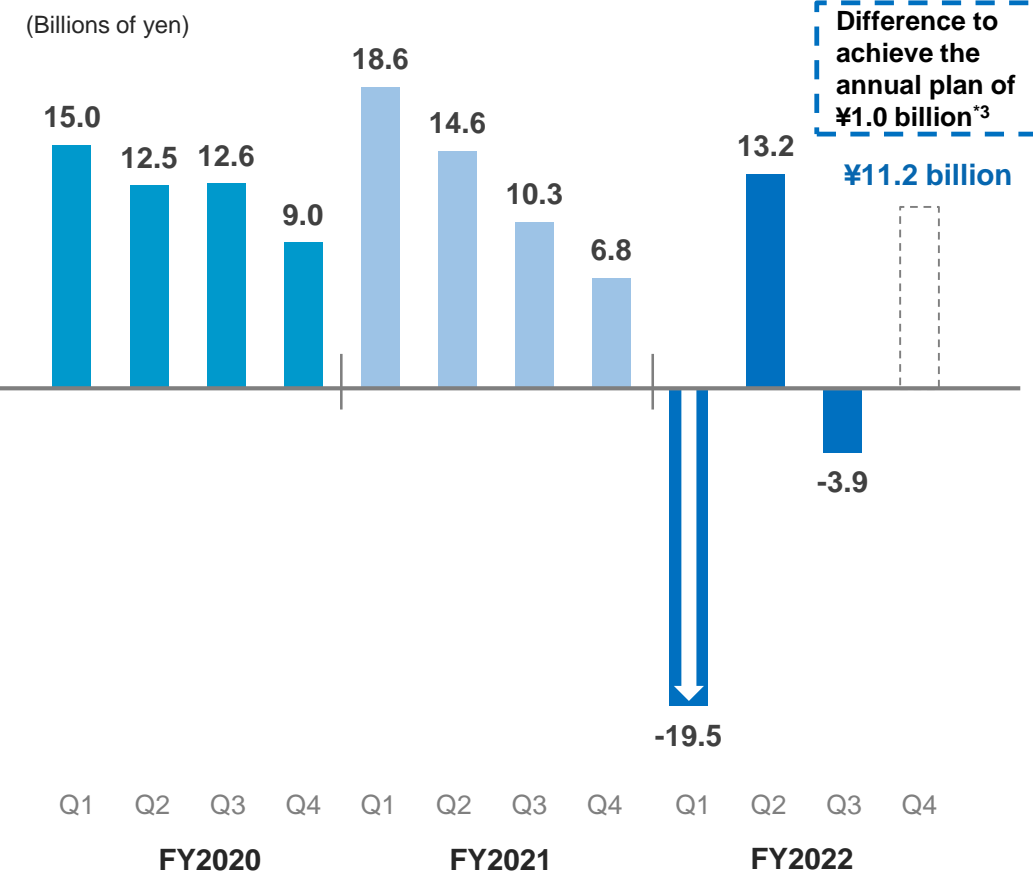
Breakdown of Changes in Net Income (Loss) Attributable to Owners of Parent

Net loss attributable to owners of parent was ¥10.2 billion due to an extraordinary loss of ¥77.1 billion related to Russia

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 The difference between the annual plan for net income attributable to owners of parent and Q3 result

Balance of Segment Assets by Operating Segment

Segment assets increased ¥630.1 billion from the end of the previous fiscal year due to the impact of the exchange rate fluctuations

		Mar.31, 2019	Mar.31, 2020	Mar.31, 2021	Mar. 31, 2022 (A)	Dec. 31, 2021	Dec. 31, 2022 (B)	YoY Change	Change (B-A)
Balance of segment assets		3,630.9	4,773.0	4,800.5	4,879.4	4,871.1	5,509.5	638.4 +593.3*	630.1 +532.0*
	Equipment Leasing	1,372.8	1,471.1	1,489.1	1,379.7	1,380.7	1,312.8	-67.9	-66.9
	Percentage	37.8%	30.8%	31.0%	28.3%	28.3%	23.8%	+0.1*	+0.1*
	Mobility & Fleet Management	592.7	631.2	629.5	611.8	623.8	615.5	-8.3	3.7
	Percentage	16.3%	13.2%	13.1%	12.5%	12.8%	11.2%		
	Specialty Financing	1,142.4	2,147.9	2,184.7	2,311.8	2,331.9	2,871.1	539.3	559.3
	Percentage	31.5%	45.0%	45.5%	47.4%	47.9%	52.1%	+456.7*	+411.9*
	International Business	512.9	510.6	483.1	557.1	516.8	669.6	152.9	112.6
	Percentage	14.1%	10.7%	10.1%	11.4%	10.6%	12.2%	+136.4*	+120.0*
Other		10.1	12.2	13.9	19.0	18.0	40.4	22.4	21.4
	Percentage	0.3%	0.3%	0.3%	0.4%	0.4%	0.7%		

*Exchange rate factors

FY2022 Consolidated Results Forecast

Revised full-year consolidated results forecast due to an extraordinary loss of exposure to Russia; annual dividends remain unchanged

(Billions of yen)

	No.	FY2021 Result	FY2022 Forecast Announced on May 12, 2022	FY2022 Revised Forecast		
				Announced on January 10, 2023	Change	% Change
Ordinary income	1	90.5	100.0	100.0	-	-
Net income attributable to owners of parent	2	50.3	20.0	1.0	-19.0	-95.0%
EPS	3	¥411.56	¥163.66	¥8.18	¥-155.48	
Annual dividends	4	¥143	¥143	¥143	-	-

- ◆ TC revised its consolidated results forecast due to an extraordinary loss of the entire amount of **approximately \$220 million** (approx. ¥28.2 billion*1 *2 is recorded for Q3) in a financing and loan guarantee to a Russian airline.
- ◆ **Net income attributable to owners of parent was revised downward to ¥1 billion** (–¥19 billion: compared to the amount forecast announced in May 2022) and ordinary income and **annual dividends remain unchanged**.
- ◆ **Exposures to Russia are all recorded as losses.**
- ◆ ACG has insurance coverage over the above-mentioned exposure approximately \$600 million and has commenced legal proceedings to seek payment of the insurance claims. (The insurance claims filed are not included in the full-year consolidated results forecast.)

*1 Average exchange rate for the period January to September 2022 is ¥128.30.

*2 Full-year consolidated results forecast for the fiscal year ending March 31, 2023 are expected to be approximately ¥29 billion, converted at the average exchange rate of ¥131.63 per dollar for the period from January to December 2022.



2. Results by Operating Segment



Results of Equipment Leasing

(Billions of yen)

	FY2021 Q3 Result	FY2022 Q3 Result	Change	% Change
Revenues	385.8	361.2	-24.5	-6%
Gross profit	28.5	27.7	-0.7	-2%
Operating income	19.6	18.7	-0.9	-5%
Ordinary income	23.8	24.0	0.2	1%
ROA (%)	2.2%	2.4%	0.2pt	

	Dec. 31, 2021	Dec. 31, 2022	Change	% Change
Segment assets	1,380.7	1,312.8	-67.9	-5%

Major factors for change

Ordinary income

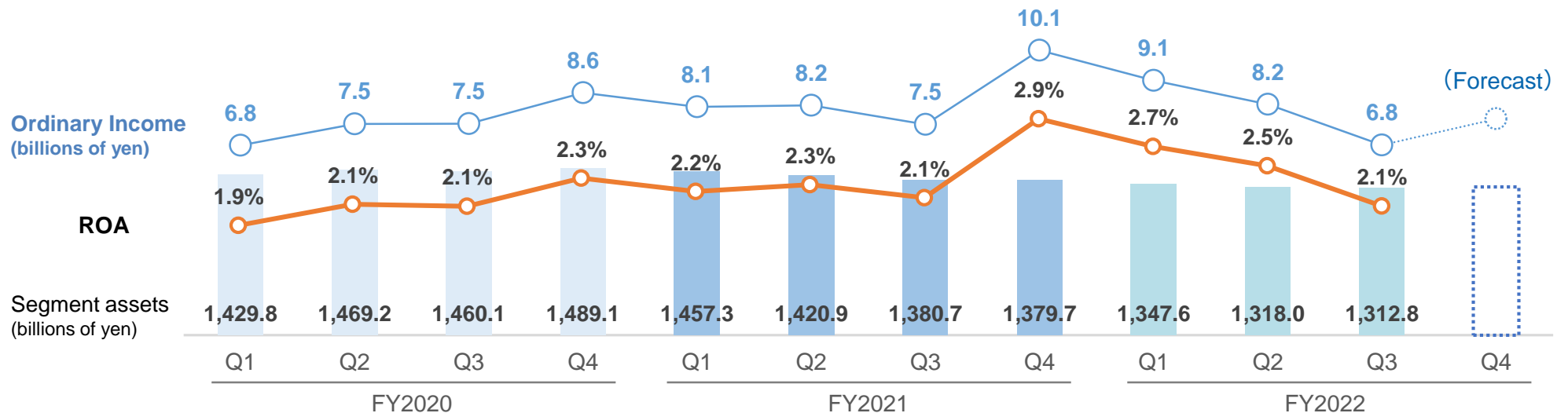
- Increased, mainly due to an increase in equity in earnings of affiliates NTT TC Leasing and NITTSU Lease & Finance*

* For performance and other details of NTL, see P21

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

Balance of segment assets

- Despite the decrease, mainly due to promoting portfolio management focused on asset efficiency, in addition to the decline in leasing volume of the industry as a whole, expecting bottoming out from the current pipeline expansion due to recovery in corporate capital investment



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



Results of Mobility & Fleet Management

(Billions of yen)

	FY2021 Q3 Result	FY2022 Q3 Result	Change	% Change
Revenues	256.0	266.0	10.0	4%
Gross profit	50.5	61.4	10.9	22%
Operating income	12.9	22.6	9.6	75%
Ordinary income	13.7	22.8	9.1	67%
NCS	12.4	14.1	1.7	14%
NRS	-0.7	7.0	7.7	-
OAL	1.9	1.8	-0.1	-6%
Other	0.0	-0.1	-0.2	
ROA (%)	2.9%	5.0%	2.1pt	
NCS	4.5%	5.3%	0.8pt	
NRS	-	20.8%	-	
OAL	1.2%	1.1%	-0.1pt	
	Dec. 31, 2021	Dec. 31, 2022	Change	% Change
Segment assets	623.8	615.5	-8.3	-1%

Major factors for change

Ordinary income

■ NCS

Recorded an all-time high for Q3, mainly due to 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 Q3, due to significantly improving profitability by the promotion of direct sales 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 P22



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

Segment assets increased ¥3.7 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)	Dec. 31, 2021	Dec. 31, 2022 (B)	YoY Change	Change (B-A)
Balance of segment assets		592.7	631.2	629.5	611.8	623.8	615.5	-8.3	3.7
NCS		368.2	378.5	371.2	359.3	359.8	345.7	-14.2	-13.6
	Percentage	62.1%	59.9%	58.9%	58.7%	57.7%	56.2%		
NRS		47.3	52.8	45.7	40.3	43.0	49.3	6.4	9.0
	Percentage	8.0%	8.4%	7.3%	6.6%	6.9%	8.0%		
OAL		189.7	210.7	214.0	211.7	220.2	218.4	-1.8	6.7
	Percentage	32.0%	33.4%	34.0%	34.6%	35.3%	35.5%		
Other*1		-12.6	-10.7	-1.4	0.5	0.8	2.1	1.4	1.6
	Percentage	-2.1%	-1.7%	-0.2%	0.1%	0.1%	0.3%		

*1 Adjusted intercompany transactions among Mobility & Fleet Management

(Billions of yen)									
		FY2018 Result	FY2019 Result	FY2020 Result	FY2021 Result	FY2021 Q3 Result	FY2022 Q3 Result	YoY Change	% Change
Transaction volume *2		227.7	224.6	193.4	177.9	131.5	128.1	-3.4	-2.6%
NCS		146.3	141.7	120.5	109.4	81.1	74.3	-6.8	-8.4%
OAL		81.3	82.9	72.9	68.5	50.4	53.7	3.4	6.7%

*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 Q3 Result	FY2022 Q3 Result	Change	% Change
Revenues	216.9	227.5	10.6	5%
Gross profit	42.9	64.3	21.4	50%
Operating income	30.3	44.2	13.9	46%
Ordinary income	32.1	47.4	15.3	48%
Aviation	6.6	9.7	3.1	47%
ACG	1.7	5.8	4.1	235%
Others	4.8	3.8	-1.0	-21%
Shipping	4.5	7.0	2.5	56%
Real Estate	10.0	15.2	5.2	53%
Others	11.1	15.6	4.5	41%
Gain on Sales *1	2.6	10.5	7.9	307%
Others	8.5	5.1	-3.4	-39%

ROA (%)	1.9%	2.4%	0.5pt
Aviation	0.6%	0.8%	0.2pt
ACG	0.2%	0.5%	0.3pt
Others	2.6%	2.3%	-0.3pt
Shipping	5.4%	9.1%	3.7pt
Real Estate	2.8%	3.9%	1.1pt

	Dec. 31, 2021	Dec. 31, 2022	Change	% Change
Segment assets	2,331.9	2,871.1	539.3	23%

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

Major factors for change

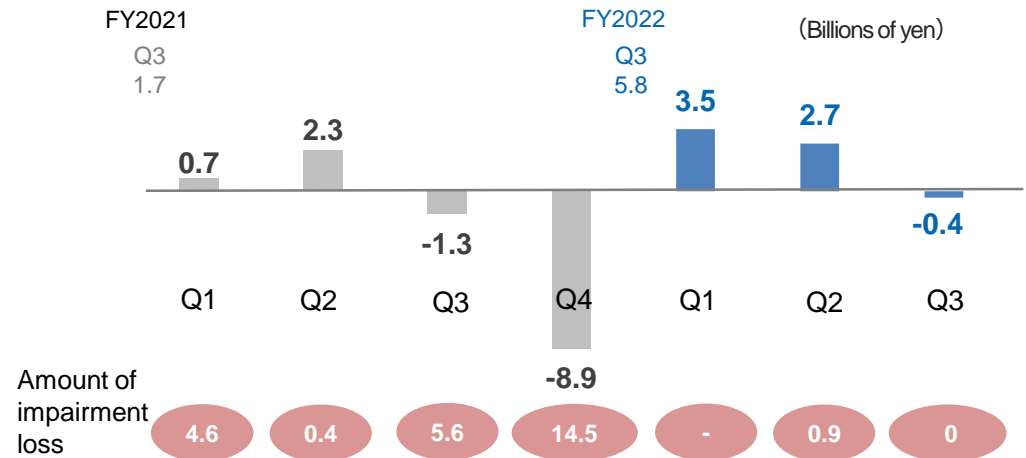
Ordinary income

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 P25

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



Real Estate

Increased, mainly due to gain on sale of real estates

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 ¥559.3 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)	Dec. 31, 2021	Dec. 31, 2022 (B)	YoY Change	Change (B-A)
Balance of segment assets	1,142.4	2,147.9	2,184.7	2,311.8	2,331.9	2,871.1	539.3 +456.7*2	559.3 +411.9*2
Aviation	369.2	1,380.8	1,363.1	1,480.8	1,490.0	1,871.1	381.1	390.3
Percentage	32.3%	64.3%	62.4%	64.1%	64.0%	65.2%	+421.1*2	+381.3*2
Shipping	137.0	124.3	116.4	100.0	103.5	103.5	-0.1	3.5
Percentage	12.0%	5.8%	5.3%	4.3%	4.4%	3.6%	+1.3*2	+0.7*2
Environment and Energy	137.1	139.2	150.3	159.4	161.2	251.9	90.7	92.5
Percentage	12.0%	6.5%	6.9%	6.9%	6.9%	8.8%	+1.9*2	+1.7*2
Real estate	416.8	429.9	462.3	484.7	489.9	555.5	65.5	70.7
Percentage	36.5%	20.0%	21.2%	21.0%	21.0%	19.3%	+32.0*2	+27.7*2
Other *1	82.1	73.7	92.6	87.0	87.2	89.3	2.1	2.3
Percentage	7.2%	3.4%	4.2%	3.8%	3.7%	3.1%	+0.6*2	+0.5*2

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

*2 Exchange rate factors



Results of International Business

(Billions of yen)

	FY2021 Q3 Result	FY2022 Q3 Result	Change	% Change
Revenues	78.9	104.3	25.4	32%
Gross profit	29.3	18.6	-10.7	-36%
Operating income	11.2	-4.6	-15.9	-
Ordinary income	11.2	-5.0	-16.2	-
Asia	4.3	-14.0	-18.3	-
USA and Europe	7.4	9.3	1.9	26%
CSI *	6.4	8.4	2.0	31%
Other	0.9	0.9	-0.1	-6%
Other	-0.4	-0.3	0.2	
ROA (%)	3.0%	-	-	
Asia	2.6%	-	-	
USA and Europe	3.5%	3.2%	-0.3pt	
CSI	3.8%	3.9%	0.1pt	
Other	2.1%	1.2%	-0.9pt	
	Dec. 31, 2021	Dec. 31, 2022	Change	% Change
Segment assets	516.8	669.6	152.9	30%

Major factors for change

Ordinary income

■ Asia

Decreased, mainly due to a loss on valuation of operational investment securities of ¥18.4 billion (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* remained strong

* For performance and other details of CSI, see P31



Balance of Segment Assets in International Business

Segment assets increased ¥112.6 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)	Dec. 31, 2021	Dec. 31, 2022 (B)	YoY Change	(Billions of yen) Change (B-A)
East Asia		59.7	32.4	18.7	15.1	15.7	12.3	-3.4	-2.8
	percentage	11.7%	6.4%	3.9%	2.7%	3.0%	1.8%	+1.4*	+1.1*
	ASEAN	203.3	199.3	196.9	212.2	199.5	215.4	15.9	3.2
	percentage	39.6%	39.0%	40.7%	38.1%	38.6%	32.2%	+35.3*	+28.3*
Total of Asia		263.1	231.7	215.5	227.3	215.2	227.7	12.5	0.4
	percentage	51.3%	45.4%	44.6%	40.8%	41.6%	34.0%	+36.7*	+29.4*
USA and Europe		249.9	278.9	267.6	329.8	301.6	441.9	140.3	112.1
	percentage	48.7%	54.6%	55.4%	59.2%	58.4%	66.0%	+99.7*	+90.6*
Total in International Business		512.9	510.6	483.1	557.1	516.8	669.6	152.9 +136.4*	112.6 +120.0*
	excl. CSI non-recourse loan	371.7	353.9	335.9	389.4	359.2	453.7	94.5	64.3

*Exchange rate factors

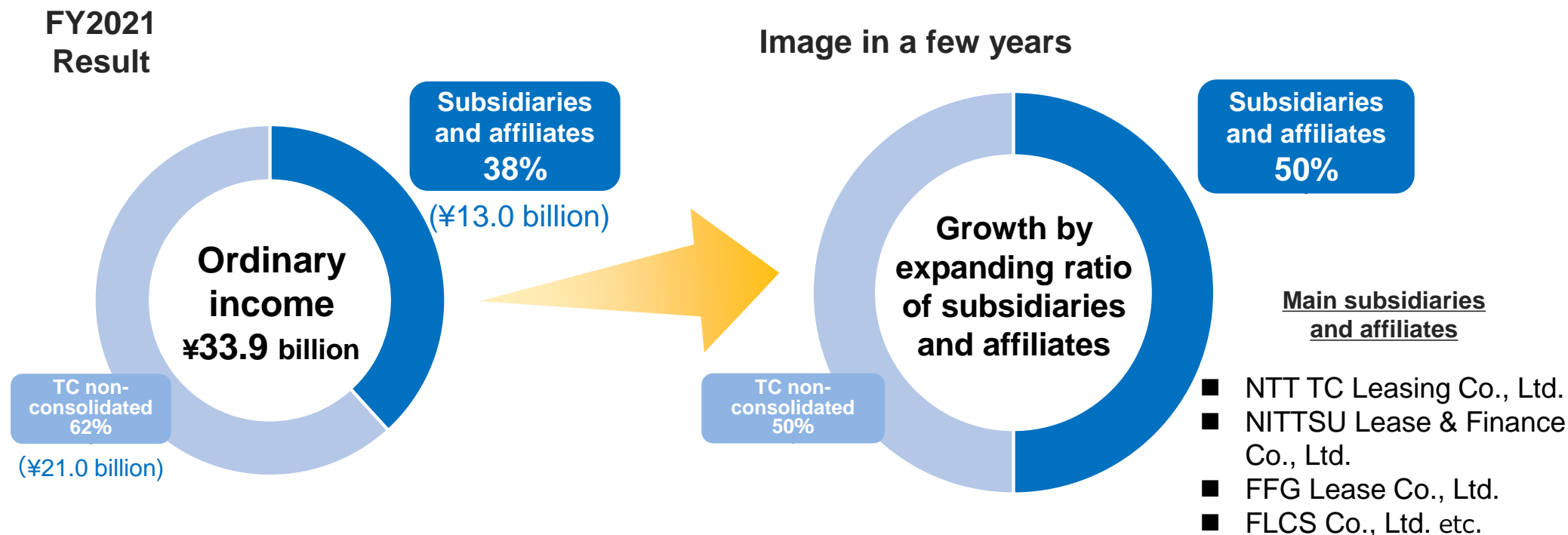


3. Business Topics



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**



Performance of NTT TC Leasing

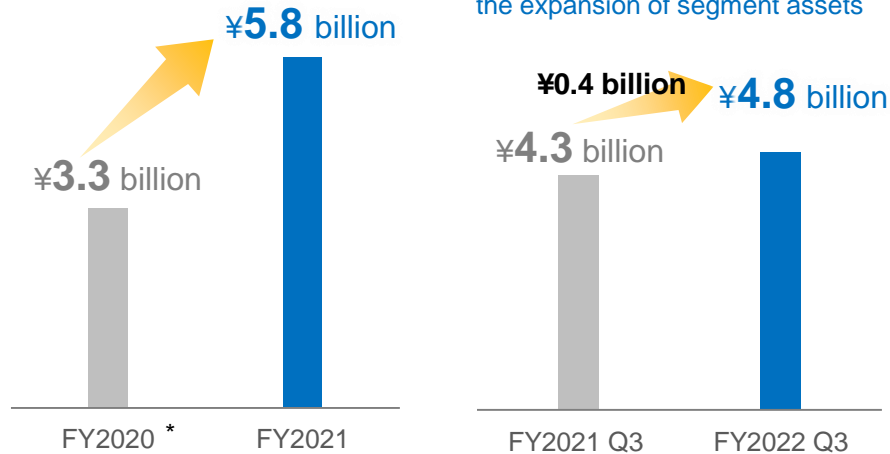
Expanding business co-creation with NTT TC Leasing Co., Ltd. (NTL)

Financial Results (Nine Month Ended December 31, 2022)

<TC's equity in earnings of affiliates>

FY result

Quarterly changes



Strong Financial Base of NTT TC Leasing

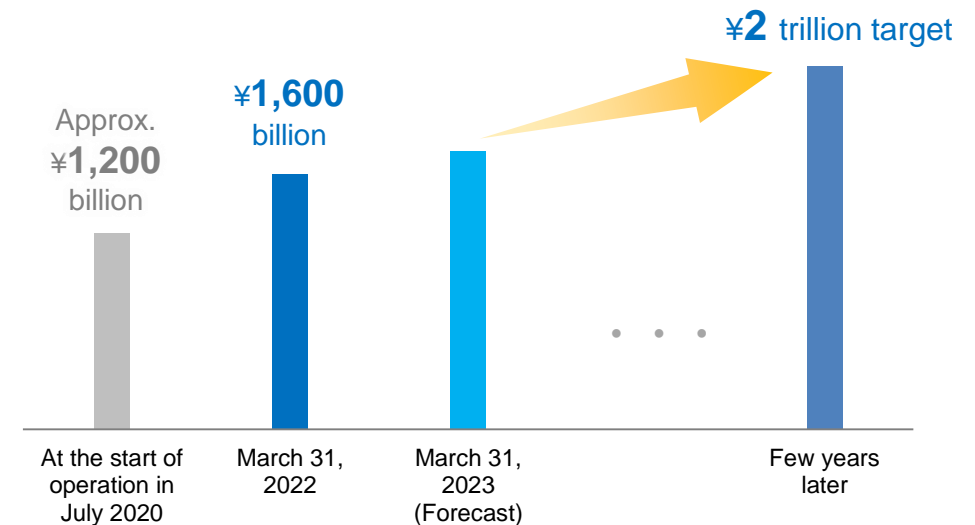
Acquisition of high ratings reflecting the creditworthiness and business alliance of the NTT Group and the TC Group

Credit Rating

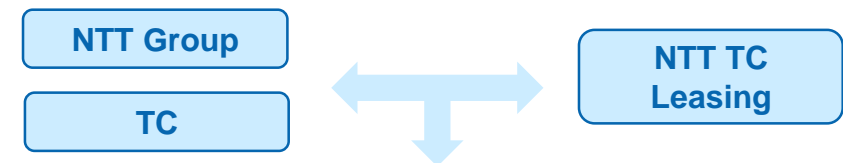
JCR : AAA (Long-term issuer rating) Acquisition in October 2022

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

Segment Assets



Promotion of co-creation for expanding segment assets



Leasing, Global, Environment and Energy, Real Estate

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



Improved Profitability of Car Rental Business

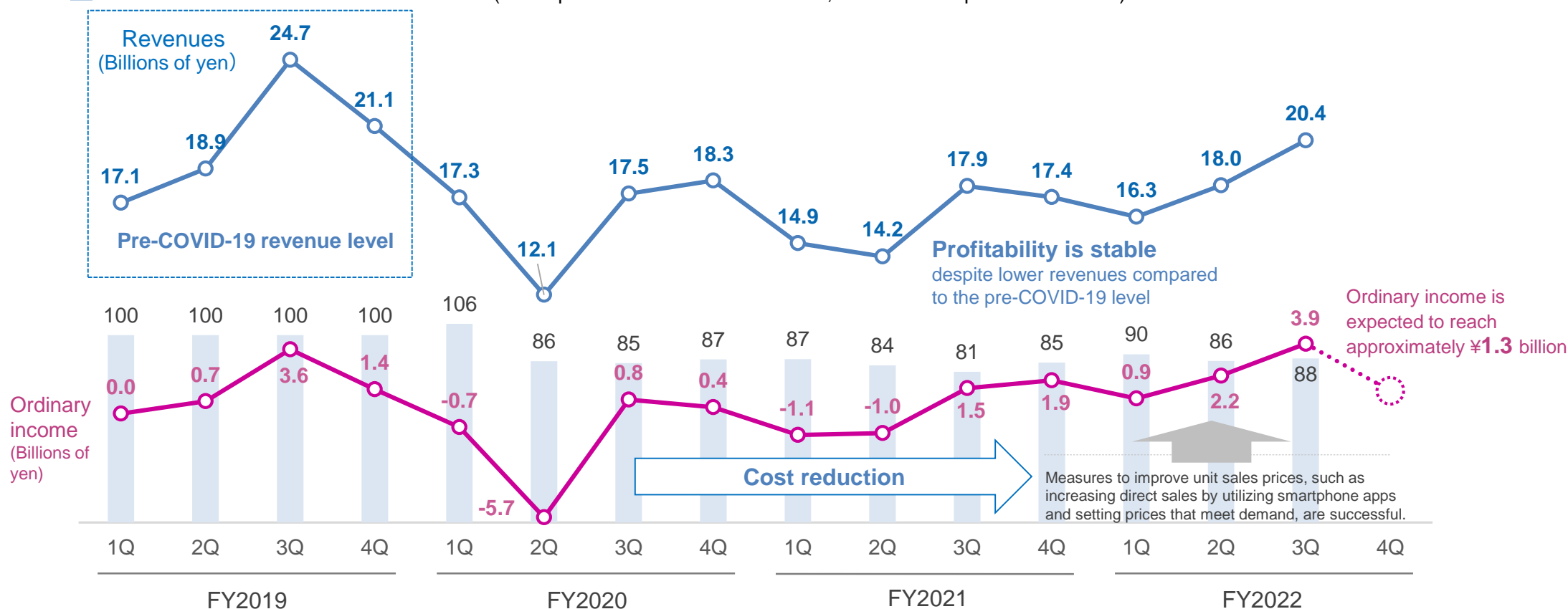


Achieved the highest earnings due to the promotion of measures to improve unit sales prices and the success of strict cost control

■ Car Rental Performance Trends (Quarterly)

—○— Revenues —○— Ordinary income

■ Index 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 (loss)

¥1.2 billion

Estimated amount ¥8.3 billion

(Highest earnings expected to be achieved)



Value Chain Enhancement for Spread of EVs



Strengthen various initiatives, from the introduction of EVs to the reuse of batteries, in order to promote the spread of EVs

1 Expansion of leased and rental vehicles

- Support for EV100, which aims to convert 100% of the NTT Group's vehicles to EVs
- Started **electric buses and taxis** FY2022

2 Increase of additional services during the contract period

- **Invested in PLUGO**, which provides EV charging services FY2022
- **Concluded a business alliance with Yanekara**, which develops and provides charge-discharge management systems FY2022

PLUGO



Yanekara



3 Reuse of EV batteries

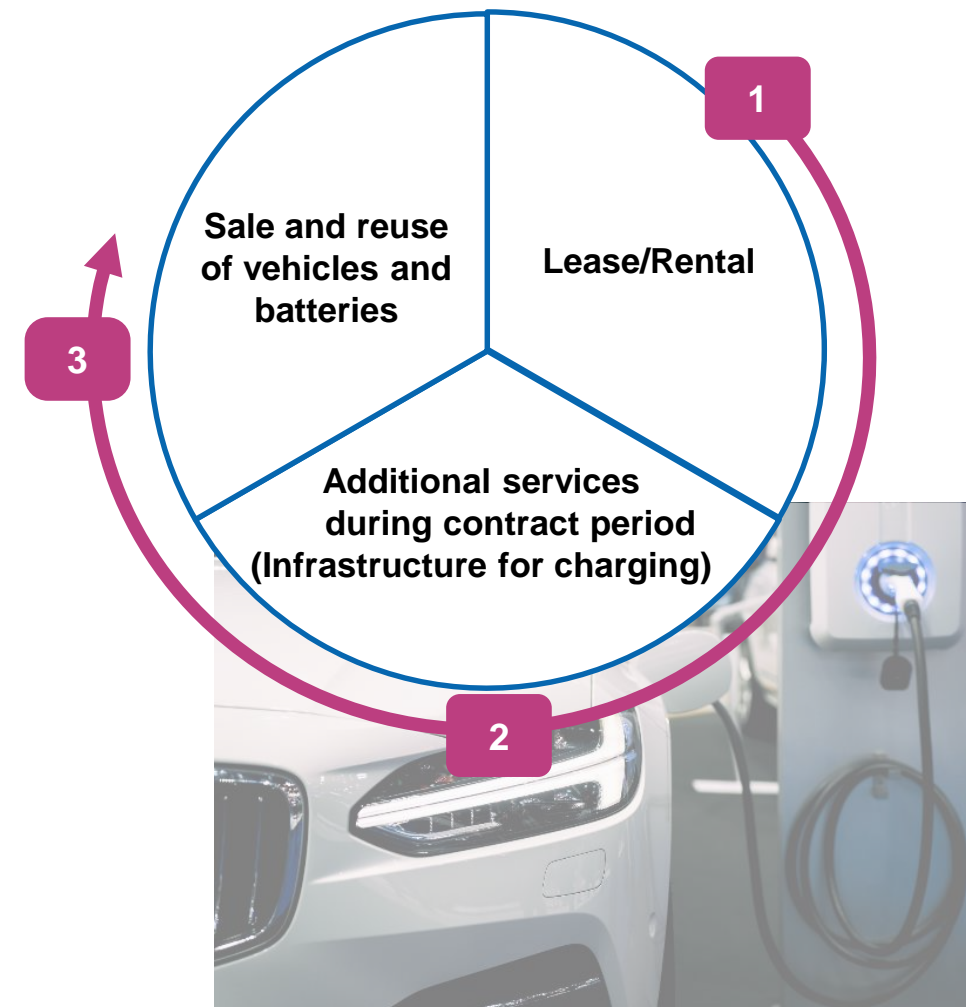


Business alliance for storage battery business reusing EV batteries FY2022

- Invested in MIRAI-LABO, which possesses EV battery evaluation and reuse technologies



✓ Value chain of EV business



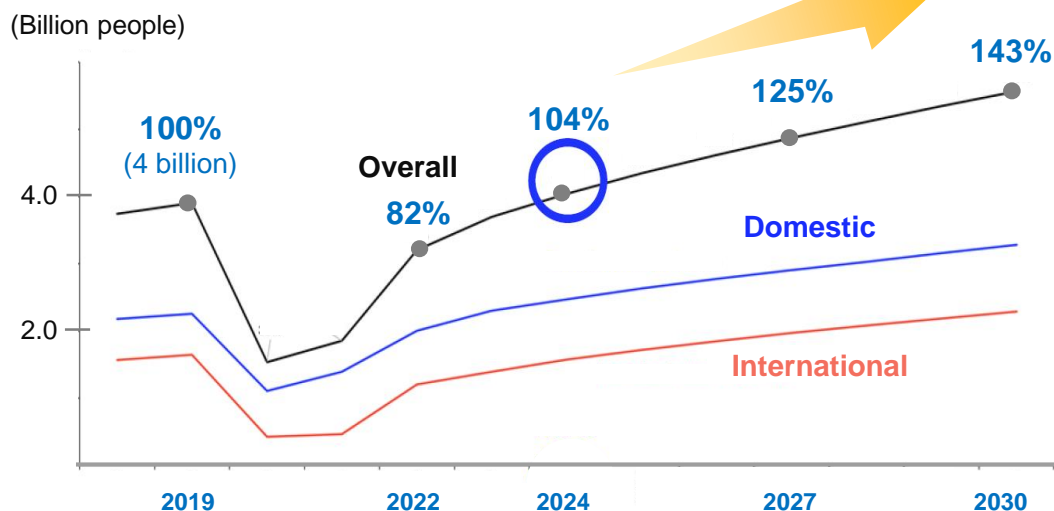
Aviation Business 1 Aviation Market Overview



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%)



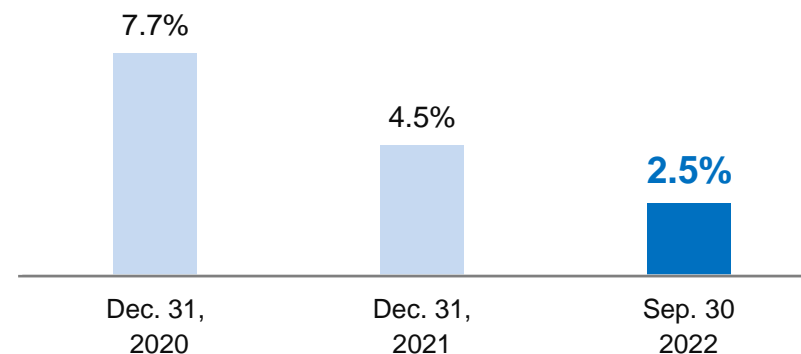
Source: International Air Transport Association (IATA)
(announced in June 2022)

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 ACG's ratio of off-lease aircraft

Off-lease aircraft significantly decreased

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



* Aircraft yet to be leased or sold

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

Financial Results (Nine Months Ended September 30, 2022)

ACG's Result

(USD million)

	FY2021 Q3 Result	FY2022 Q3 Result	Change	%Change
Total revenues	738	710	-28	-4%
Operating lease revenue	630	631	1	0%
Total expenses	627	1,153	526	84%
Asset impairment	28	508	480	-
Write-off of Russia aircraft	-	389	389	-
Bad debt expense	-	6	6	-
Income/Loss before income taxes	111	-443	-554	-
Net Income/Loss	116	-443	-559	-
ROA (%)	1.4%	-	-	-

	Sep. 30, 2021	Sep. 30, 2022	Change	%Change
Segment assets	10,902	11,127	225	2%
Numbers of new / used aircraft delivered	20	14	-6	-30%

ACG's results

(recorded on TC's consolidated statements of income)

(Billions of yen)

	FY2021 Q3 Result	FY2022 Q3 Result	Change	%Change
Income/Loss before income taxes	121	-569	-689	-
Consolidated adjustment ^{*1}	-103	627	731	-
Ordinary income	17	58	41	235%
Extraordinary Loss^{*2}	-	771	771	-

Average foreign exchange rate: ¥108.58 ¥128.30

Revenues

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

<Uncollected lease payments^{*3} for FY2022 from airlines using the cash basis of accounting>

FY2022 3Q Results: \$5.4 million
(FY2021 3Q Results: \$83.7 million)

Income/Loss before income taxes

Significantly decreased due to the write-off of eight aircraft previously leased to Russian airlines

Accounting treatment for bad debt expense of a financing and loan guarantee to a Russian airline announced in January 2023 is recorded in ACG's financial statements for the fiscal year ended December 31, 2022, due to the difference in accounting periods between TC and ACG

Segment assets

Increased YoY due to steady progress in the number of new aircraft deliveries as passenger demand recovered

^{*1} Including transfer of extraordinary loss

^{*2} Including accounting treatment for bad debt expense of a financing and loan guarantee to a Russian airline

^{*3} Billing minus collection

Aviation Business 3 ACG's Portfolio



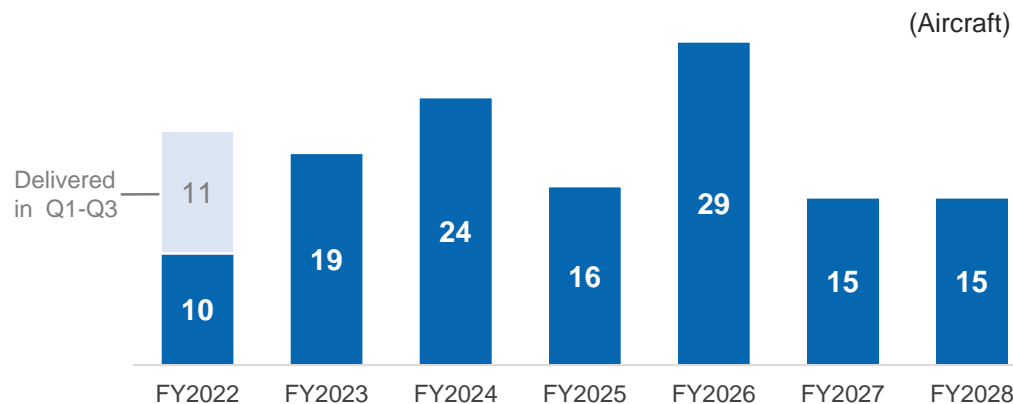
Diversified portfolio with a focus on liquid narrow-body aircraft in approximately 45 countries worldwide

Portfolio Overview (as of September 30, 2022)

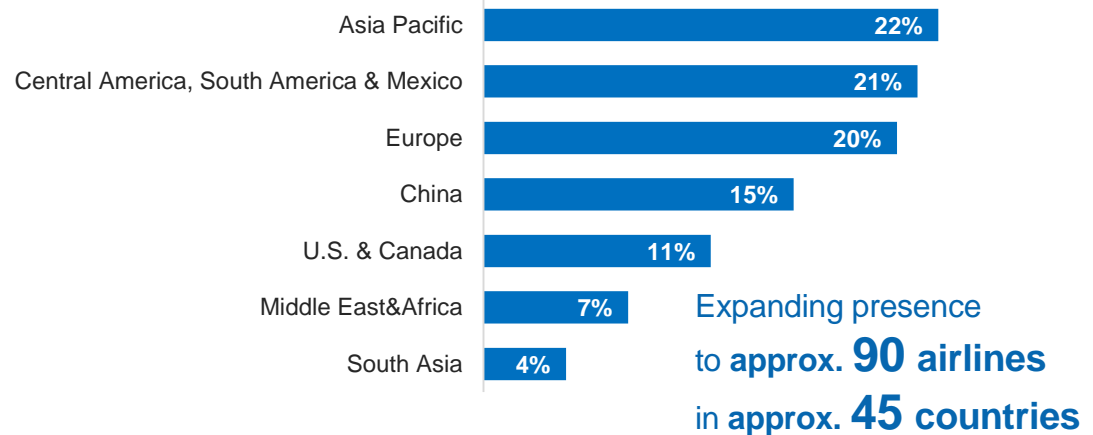
- **Weighted average fleet age: 5.9 years**
- **Narrowbody by NBV: 89 %**
(Narrowbody by count: 96%)
- **Owned, managed and committed aircraft: 476**
(Owned: 284 Managed: 64 Committed aircraft: 128)

Delivery Schedule of Committed Aircraft (as of September 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
(Percentage of next-generation aircraft owned: **35%**)

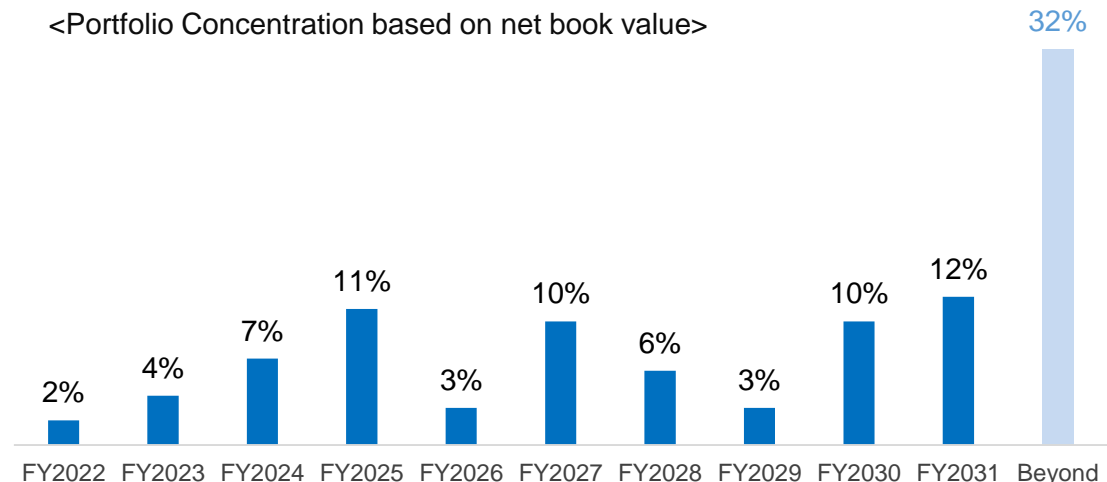


Geographic Concentration (as of September 30, 2022)



Portfolio Concentration by Lease Maturity (as of September 30, 2022)

<Portfolio Concentration based on net book value>



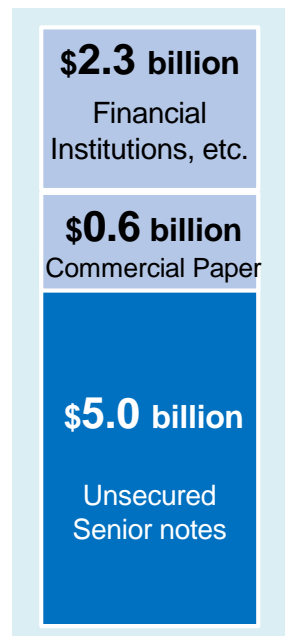
Promoting diversification of funding sources while flexibly responding to market conditions

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**.

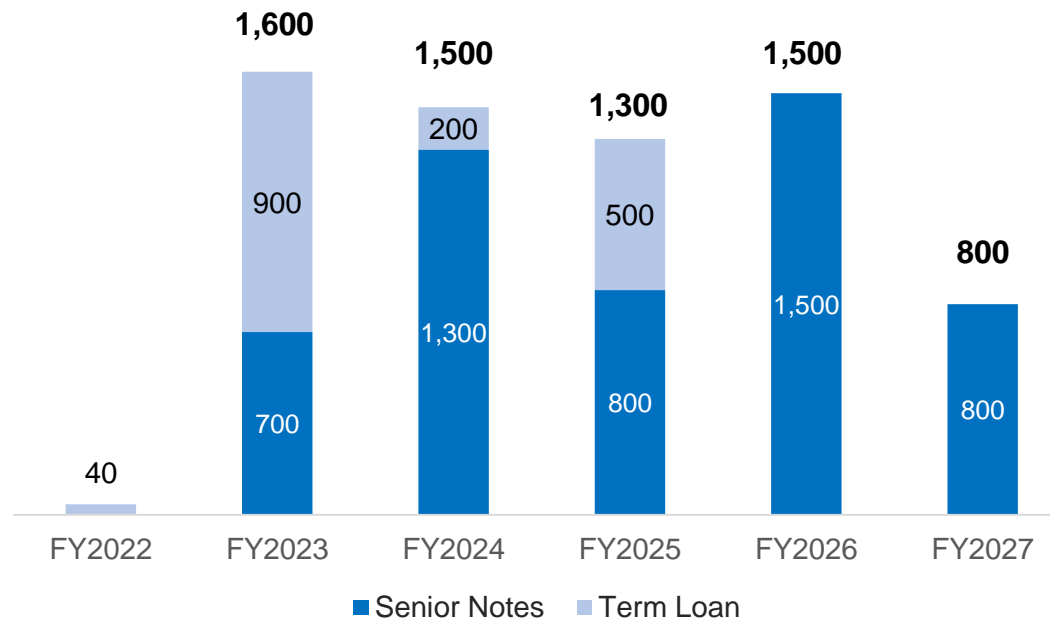
<Funding structure*>

\$7.9 billion



<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
- **Revolving Credit Facility (\$525 million)**
Increased the aggregate borrowing capacity from \$2.1 billion to over \$2.6 billion
- **Term Loan (\$600 million in total)**
Procured from JBIC and other financial institution with support from TC
Borrowing period: Five to seven years

* As of September 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

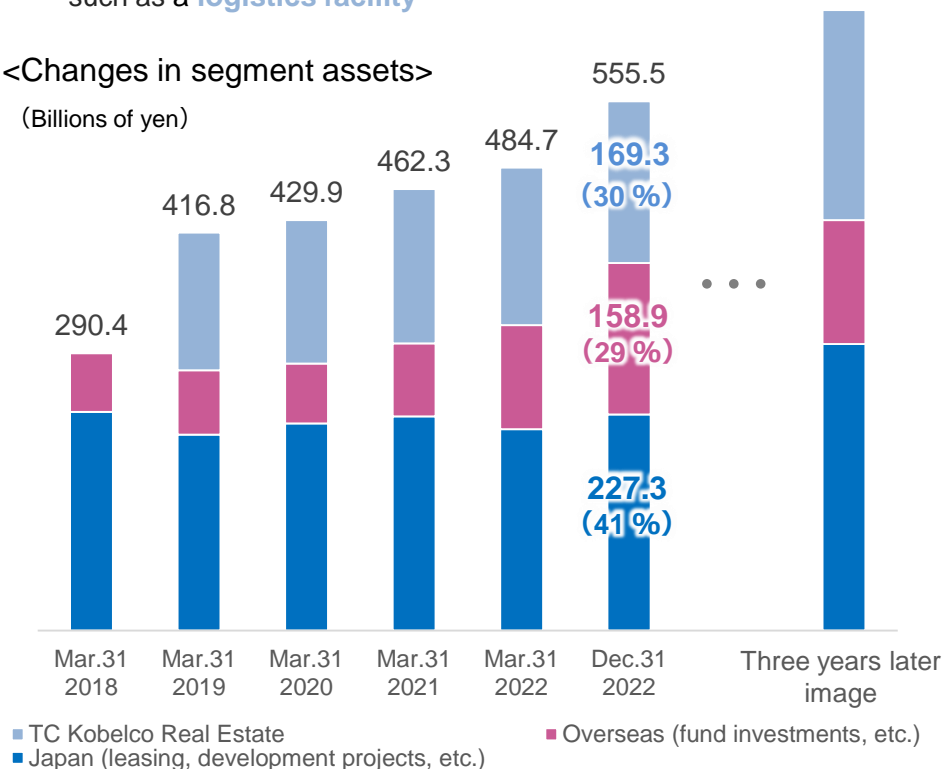
Increased segment assets are expected by steadily piling up pipelines such as a **logistics facility**

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

Urban redevelopment projects



Tokiwabashi (around Tokyo station)

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 centers in US

Scheduled to open from 2025 onward

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

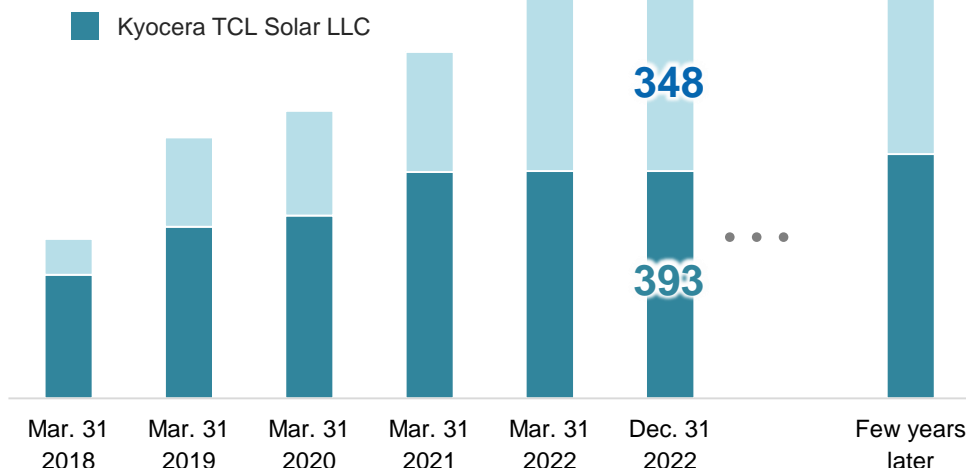
<Changes in all companies' generation output*>

(Unit: MW)



Expanded power generation output by developing **solar power plants in 87 locations** in Japan (as of December 31, 2022) through collaboration with Kyocera

1,000MW



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

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> **JFE ITOCHU**

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.

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

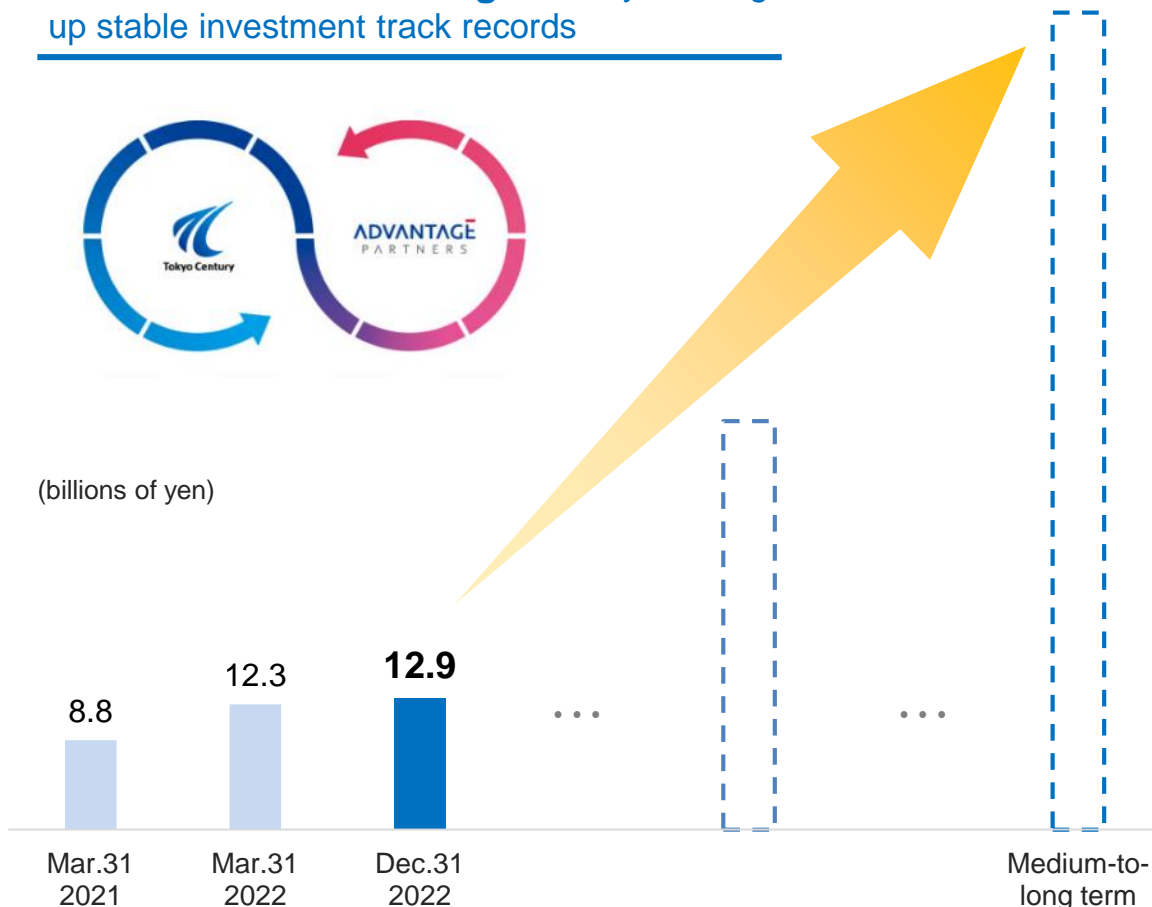
<Changes in segment assets through business collaboration with AP Group*>

* 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



(billions of yen)



Investment Policy

- Investment period: **approx. 5 years**
- Investment amount (per project): **approx. ¥5 billion to ¥10 billion**

- The principal investment business's **ROA is 10% or more** (FY2021 result)
- Several pipelines are in progress, including deals in due diligence
- LP investment in AP Group managed funds also continued

Focus Area

- Business carve-outs of large companies
- Renewable energy
- Business succession





Ordinary income increased 10% YoY, remaining strong

Financial Results (Nine Months Ended September 30, 2022)

	(USD million)			
	FY2021 Q3 Result	FY2022 Q3 Result	YoY Change	% YoY Change
Revenues	505	555	51	10%
Gross profit	225	258	33	15%
Ordinary income	64	71	7	10%
Net income	46	48	3	6%

ROA (%)	4.3%	4.4%	0.1pt	
RORA (%) *	15.0%	14.4%	-0.6pt	
Transaction volume	988	1,080	93	9%

	Sep. 30, 2021	Sep. 30, 2022	YoY Change	%YoY Change
Segment assets	2,005	2,179	174	9%

* ROA after deducting non-recourse loan

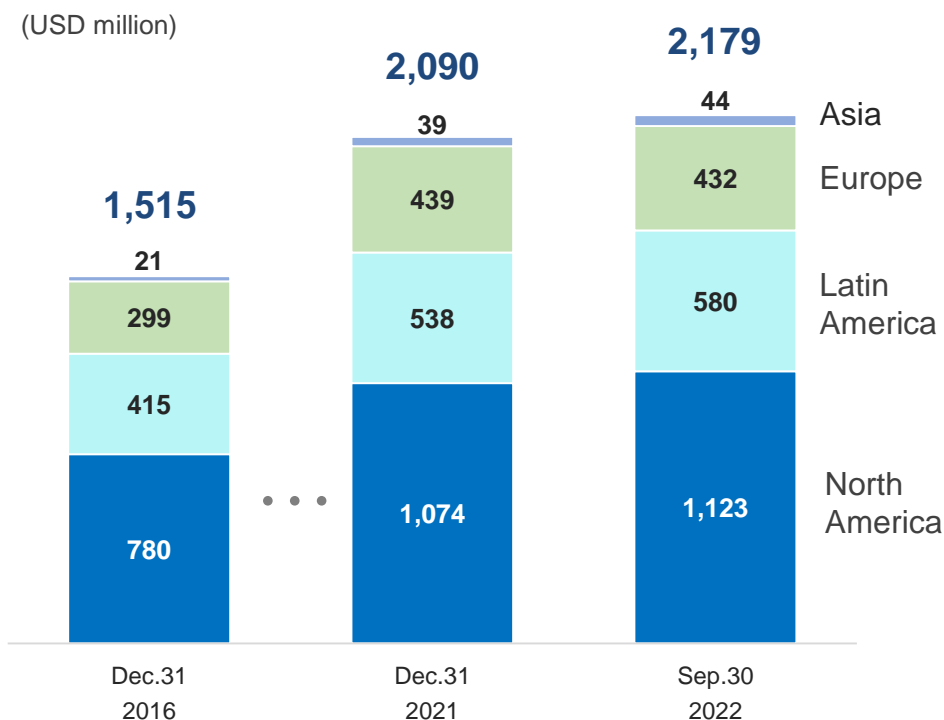
Major Factors for Change

- Gain on sale of properties and re-leasing revenues contributed to higher earnings due to ongoing strong demand for existing IT equipment use against the backdrop of longer delivery times for new equipment.
- Transaction volume showed steady growth, especially in Europe, where CSI's network is expanding.

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



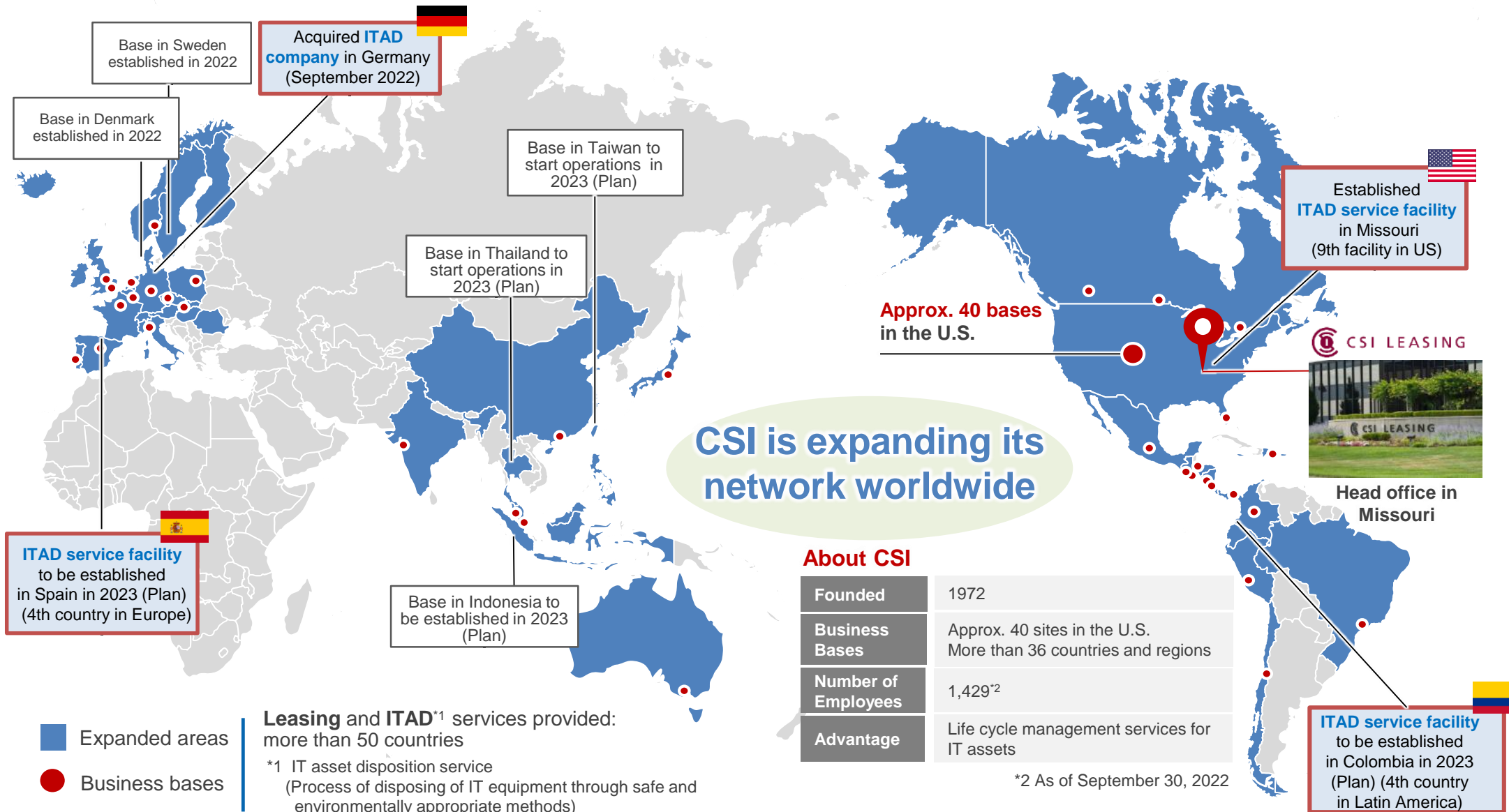
(Became a wholly owned subsidiary of TC)



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

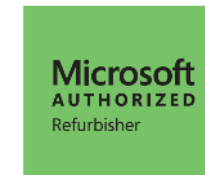


Characteristics of services

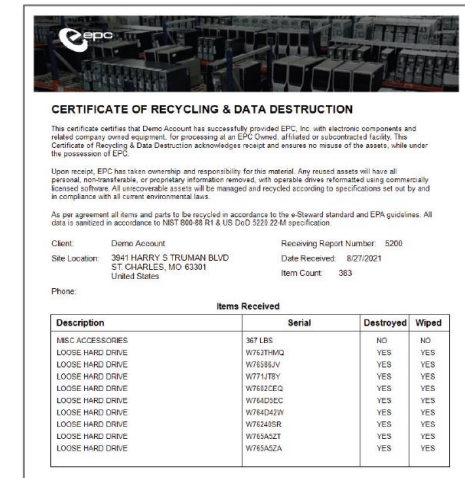
Issuance of international standard certificates to customers

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



CSI LEASING

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**



CSI LEASING Service Offerings



Asset management +
lease residual value schemes



Professional teams in
finance + IT



IT equipment
data erasing services



Recycling services

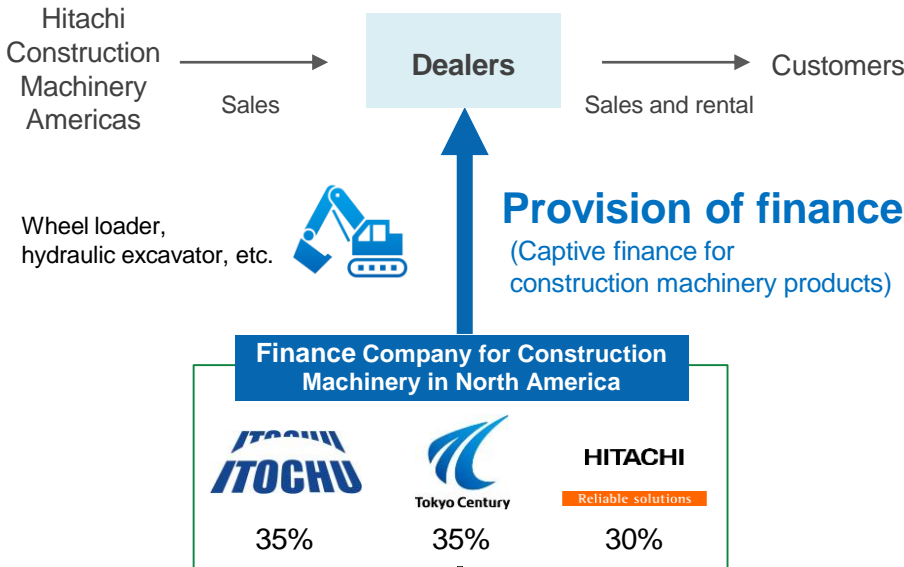


Finance Business for Construction Machinery in North America



Established a Finance Joint Venture for Construction Machinery in the U.S. with ITOCHU Corporation and Hitachi Construction Machinery Co., Ltd.

Entered the North American construction machinery market, where stable demand is expected to increase in fields such as home construction and infrastructure.

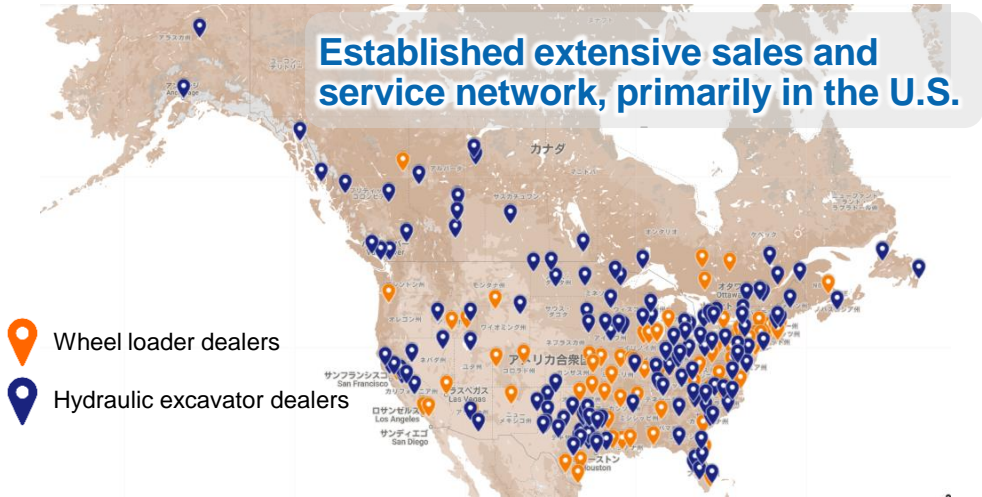


Future strategies

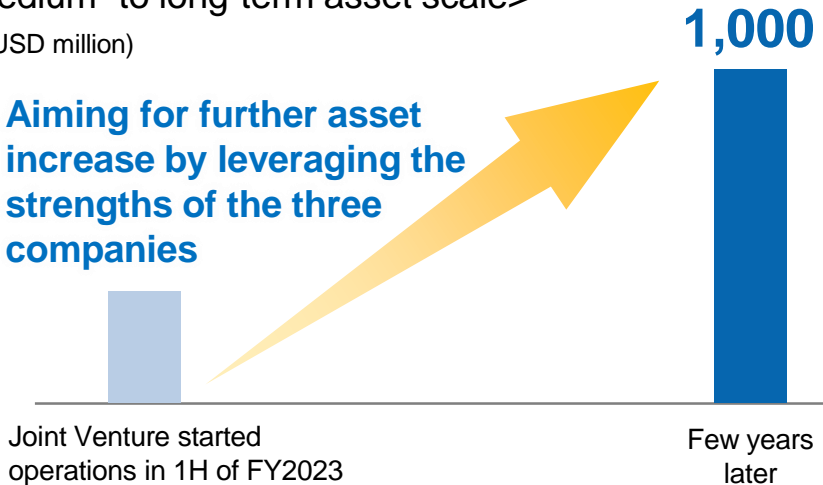
- Develop a rapid screening system for online applications utilizing customer information held by Hitachi Construction Machinery
- Expand market share by providing various financial services, such as leasing based on fair market value derived from the assessed residual value and comprehensive after-sales services

Aiming for the creation of high-value-added financial services to fulfill customer needs

<Sales and service network of Hitachi Construction Machinery (North America)>



<Medium- to long-term asset scale>
(USD million)





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 to convert 100% of the NTT Group's vehicles to 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 P29 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



Collaboration with CSI

- Support expansion of NTT's overseas business by using CSI's global network
- See P34 for details

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



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 response and environmental efforts	<ul style="list-style-type: none"> - Reduction of office electricity use (including gasoline and paper use) - Contribution to reducing CO₂ emissions through solar power generation businesses - 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 businesses 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 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)
■ Enhancement of work environment, leading to strengthening of human resources Promote human resources development, diversity, and work-style reforms 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 - Rate of employees undergoing regular health check-ups / Rate of employees undergoing stress checks - Number of employees relocated through 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 fiscal 2040**.

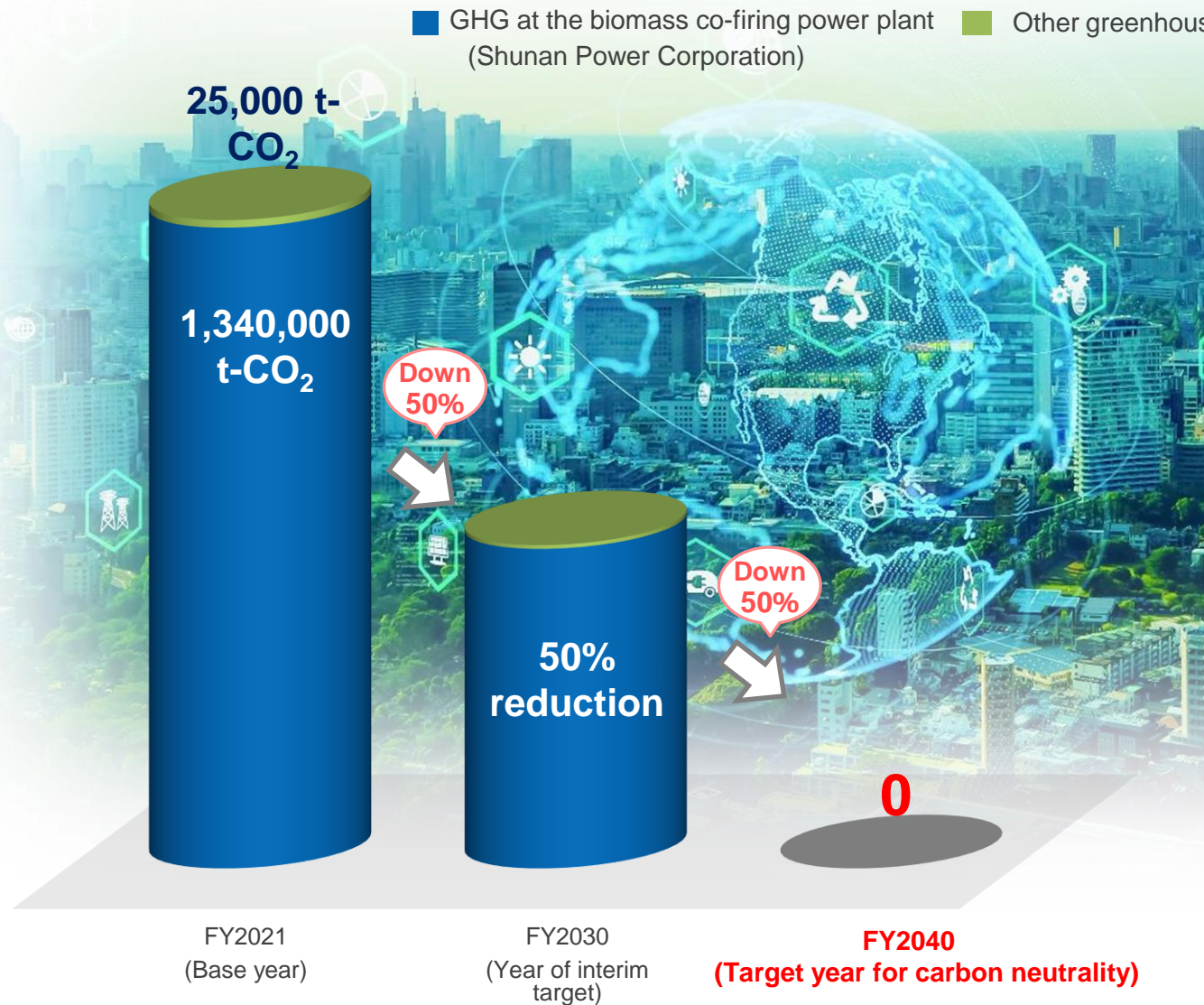
As the interim target toward carbon neutrality, the Tokyo Century Group aims to achieve a 50% reduction in GHG emissions by fiscal 2030 (vs. FY2021^{*3}).

^{*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} Greenhouse gas emissions of 1,365,000 t-CO₂ in fiscal 2021
(Emissions volume as calculated in relation to carbon-neutrality target = Fiscal 2021 greenhouse gas emissions + Estimated annual greenhouse gas emissions from hotel business and biomass co-firing power plant of Shunan Power)

The Tokyo Century Group's Greenhouse Gas Emissions Reduction Plan



Point

<Challenges>

Strategic actions for achieving carbon neutrality taken at the biomass co-firing power plant in light of operating environment

- In consideration of the projected increase in the biomass co-firing ratio and the anticipated use of next-generation technologies, including ammonia co-firing, the Group established the “Transition Roadmap for Achieving Carbon Neutrality by 2040,” which is aimed at reducing GHG emissions by 50% by fiscal 2030 and achieve carbon neutrality by fiscal 2040.

(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

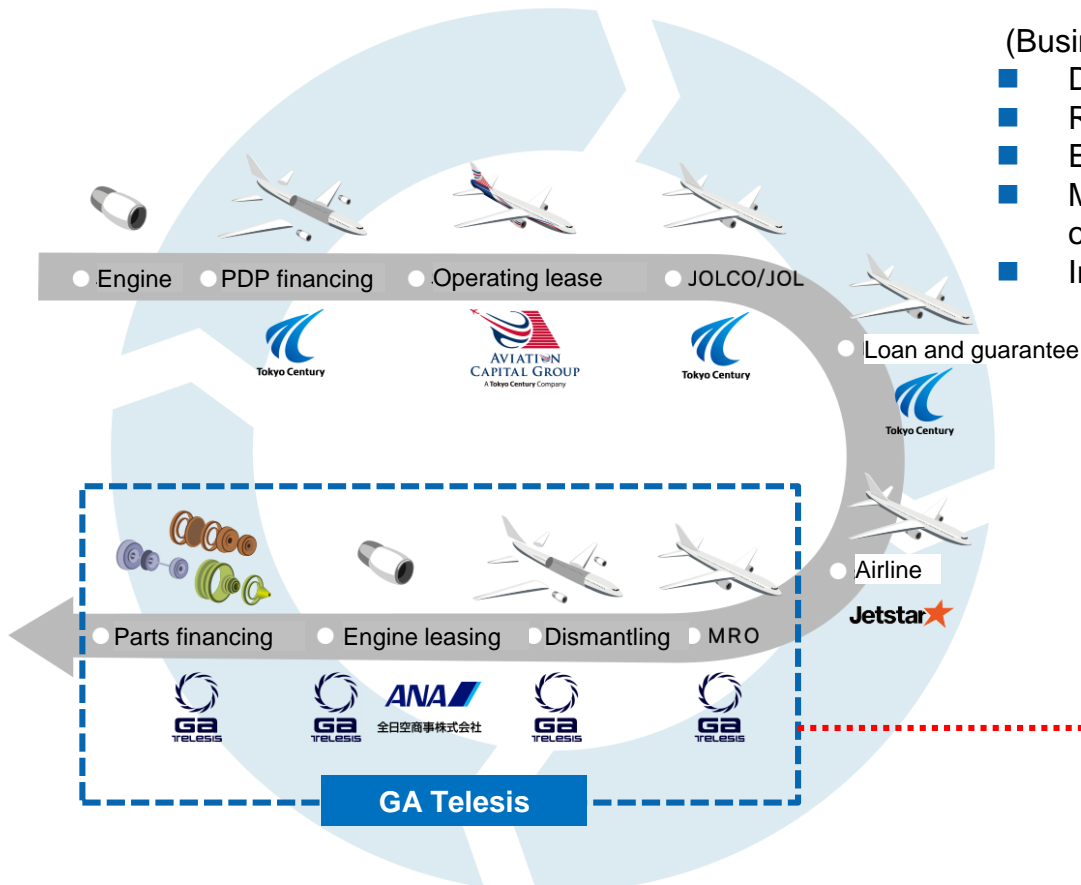
^{*1} Japan Photovoltaic Energy Association (JPEA) guidelines in FY2021: CO₂ reduction effect of crystalline silicon type solar power generation system is 399.5g-CO₂/kWh

^{*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

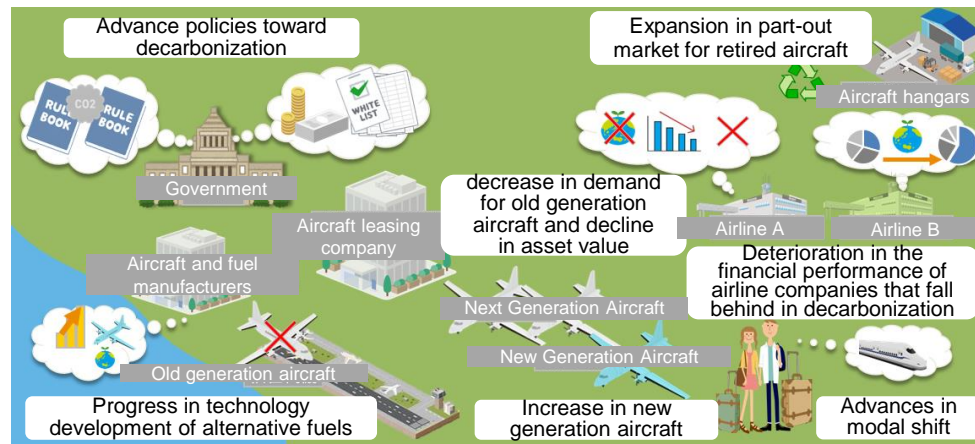
S: Social

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

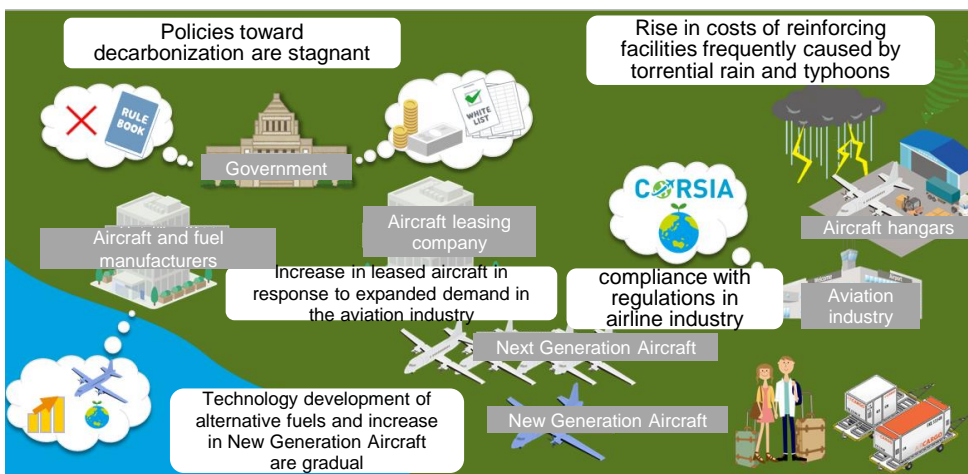


Under the 1.5°C Scenario,^{*1} **air passenger transport volume** is expected to grow by **an annual rate of 2.8%** (from 2019 to 2050) despite the underlying stricter assumption on energy regulations. Impact from the introduction of carbon taxes and stricter regulations on CO₂ emissions is expected to reduce leasing income and raise the impairment rate.

However, TC views that it is **possible to maintain a reasonable level of earnings** 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 earnings (ordinary income)** from the aircraft leasing business **compared to that of pre-scenario-based business**.

^{*2} IPCC Shared Socio-economic Pathways (SSP)

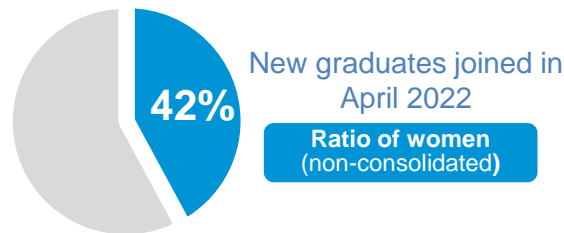
Strengthening of human resources to support growth over the next 10 years

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

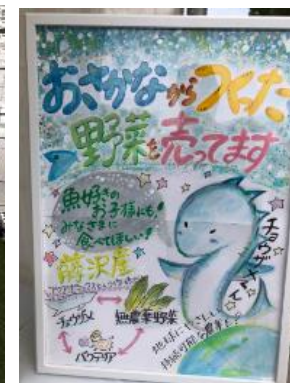
Career Challenge Program (Internal Recruitment Program)

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

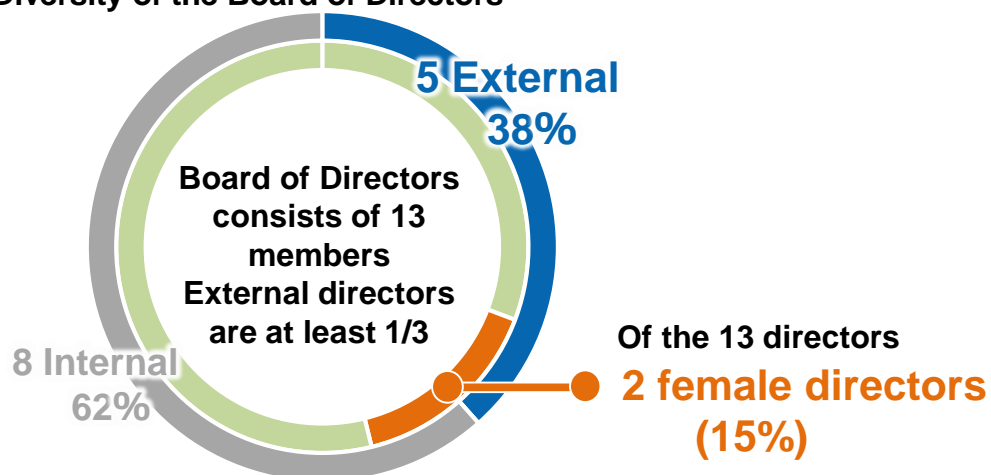
Circular agriculture that couples hydroponics for cultivating vegetables in water with aquaculture for raising fish on land

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

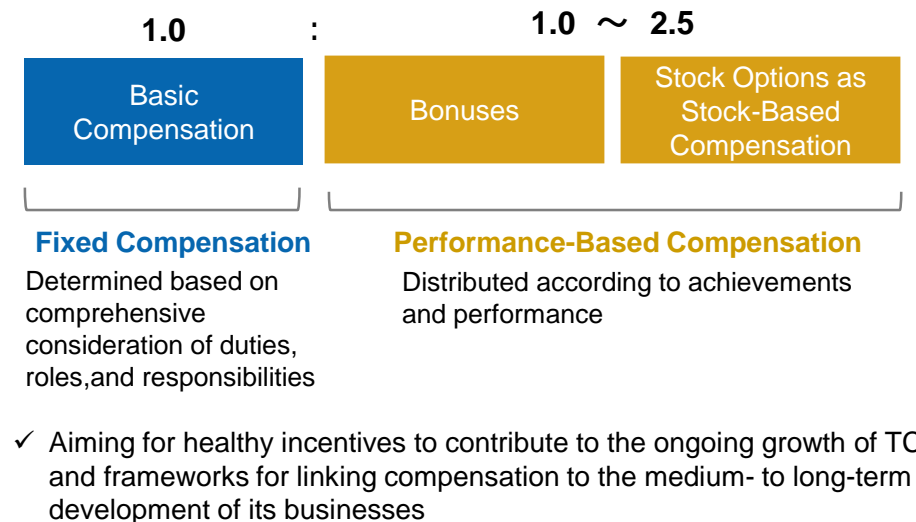
<Effectiveness evaluation>

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>

Deliberated on expanding discussions of medium- to long-term time frames 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

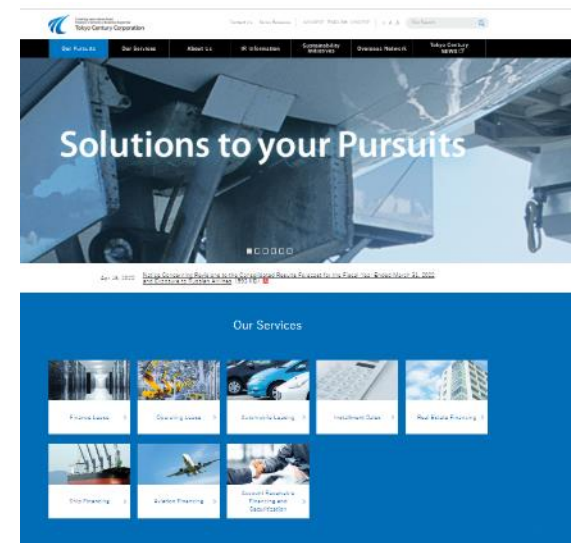
<https://tokyocentury-news.com/>

■ 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) Promoted new collaborative services, including digital transformation, with the Fujitsu Group (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):**
Promoted enhancement of value chain to spread EVs, such as concluding a business alliance for storage battery business reusing EV batteries with Kansai Electric Power
- **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:** Developing more than 30 countries and regions worldwide, including East Asia and ASEAN, Americas, Europe, Latin America, and other countries
- **CSI:** Expanding FMV leasing of IT equipment, which has strong demand amid COVID-19, and offering 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 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 neutrality 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 continuously support positive impact activities by comprehensively analyzing and evaluating business activities’ impacts on the environment, society, and economy



Equipment Leasing



Mobility & Fleet Management



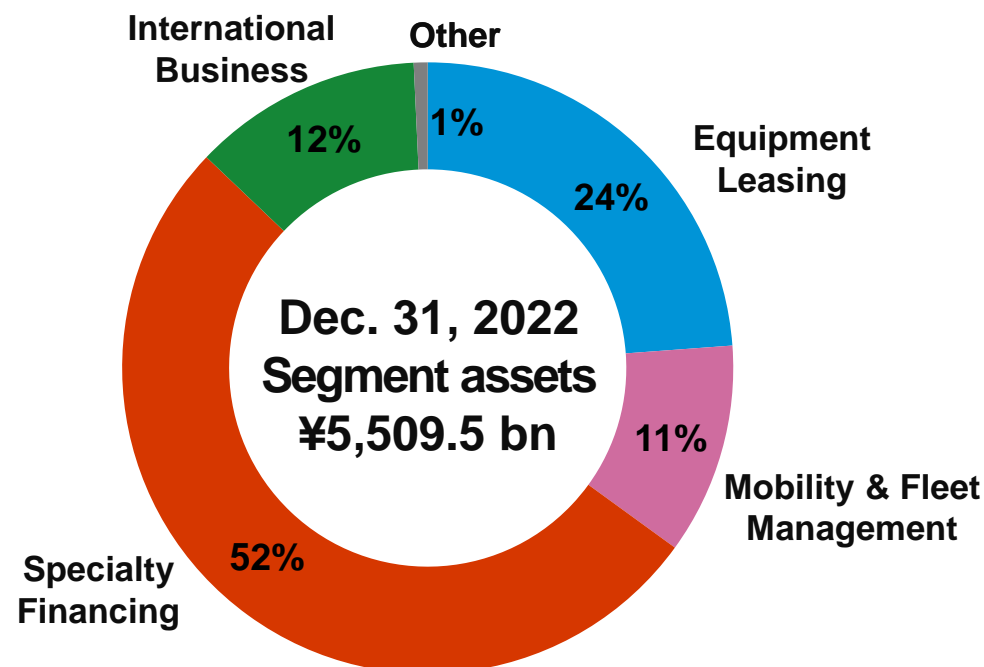
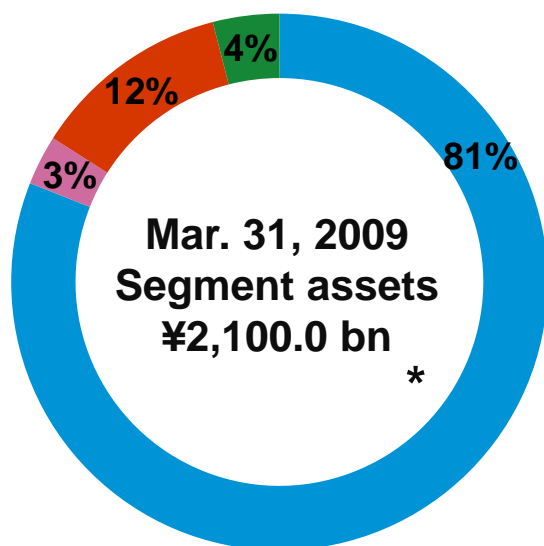
Specialty Financing



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 100.0 billion yen

Net income attributable to owners of parent 1.0 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 Q3 Result	FY2022 Q3 Result	Change	%Change
Revenues	1	936.9	958.5	21.6	2.3%
Costs	2	786.5	790.2	3.7	0.5%
Funding cost	3	35.3	46.7	11.4	32.4%
Gross profit	4	150.4	168.3	17.9	11.9%
SG&A expenses	5	84.5	99.2	14.7	17.4%
Personnel expenses	6	50.5	56.0	5.5	10.9%
Non-personnel expenses	7	35.8	41.3	5.5	15.4%
Credit costs	8	-1.8	1.9	3.7	-
Operating income	9	65.8	69.1	3.2	4.9%
Non-operating income and losses	10	6.9	13.5	6.6	96.0%
Ordinary income	11	72.7	82.6	9.9	13.6%
Extraordinary income and losses	12	-0.4	-74.9	-74.5	-
Income before income taxes	13	72.3	7.7	-64.6	-89.4%
Income taxes	14	21.9	10.1	-11.8	-54.1%
Net income	15	50.4	-2.4	-52.8	-
Net income attributable to non-controlling interests	16	6.9	7.8	0.9	12.3%
Net income attributable to owners of parent	17	43.5	-10.2	-53.6	-

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

■ Ordinary income

Increased mainly in Specialty Financing and Mobility & Fleet Management

■ Net income attributable to owners of parent

Decreased mainly due to an extraordinary loss of ¥77.1 billion in exposure to Russian airlines

Balance Sheet

(Billions of yen)

	#	Mar. 31, 2022	Dec. 31, 2022	Change	%Change
Total assets	1	5,663.8	6,201.8	538.0	9.5%
Current assets	2	2,963.6	2,970.8	7.3	0.2%
Non-current assets, etc.	3	2,700.2	3,231.0	530.8	19.7%
Leased assets	4	1,993.7	2,353.5	359.8	18.0%
Leased assets advance payment	5	55.9	85.4	29.5	52.8%
Other operating assets	6	116.2	214.4	98.2	84.5%
Investment securities	7	235.0	327.4	92.5	39.4%
Others	8	299.5	250.2	-49.2	-16.4%
Total liabilities	9	4,868.2	5,247.3	379.1	7.8%
Current liabilities	10	1,823.6	2,146.3	322.7	17.7%
Long-term liabilities	11	3,044.6	3,101.0	56.4	1.9%
Total net assets	12	795.6	954.5	158.9	20.0%
Shareholders' equity	13	673.0	828.0	154.9	23.0%
Non-controlling interests, etc.	14	122.6	126.5	4.0	3.2%

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	Dec. 31, 2022	Change	%Change
Interest-bearing debt	1	4,280.9	4,247.4	4,615.1	367.8	8.7%
Commercial papers	2	629.6	371.5	455.7	84.2	22.7%
Japanese yen	3	629.6	289.6	367.2	77.6	26.8%
Foreign currency	4	-	81.9	88.5	6.6	8.1%
Corporate bonds	5	1,022.7	1,000.1	1,114.6	114.5	11.4%
Japanese yen	6	362.5	401.5	373.7	-27.8	-6.9%
Foreign currency	7	660.2	598.6	740.9	142.3	23.8%
Securitized lease assets	8	61.6	31.4	28.7	-2.7	-8.7%
Borrowings	9	2,567.0	2,844.4	3,016.1	171.8	6.0%
Japanese yen	10	1,736.1	1,941.4	1,891.8	-49.6	-2.6%
Foreign currency	11	830.9	903.0	1,124.3	221.3	24.5%
Direct funding ratio	12	40.0%	33.0%	34.6%	1.6pt	
Long-term funding ratio	13	78.3%	84.5%	83.8%	-0.7pt	

	#	FY2020 Q3 Result	FY2021 Q3 Result	FY2022 Q3 Result	Change	%Change
Funding cost	14	32.5	35.3	46.7	11.4	32.4%
Funding cost ratio*	15	1.01%	1.09%	1.41%	0.32pt	

(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 December 31, 2022)

Quarterly Changes in Results by Subsidiary in Mobility & Fleet Management

Reached a record high for Q3, mainly due to
NCS's maximized gains on sales and NRS's improved profitability

		FY 2021						FY 2022					
		Q1	Q2	Q3	Q4	Total (Q1-Q3)	Total (Annual)	Q1	Q2	3Q	Total (Q1-Q3)	Change (YoY)	Change (YTD)
Revenues (Billions of yen) ^{*2}	NCS	52.8	51.9	48.7	47.8	153.5	201.3	54.0	49.2	47.4	150.6	-2.9	
	NRS ^{*1}	14.9	14.2	17.9	17.4	47.1	64.4	16.3	18.0	20.4	54.7	7.6	
	OAL	20.2	21.0	21.4	22.4	62.5	85.0	20.8	22.2	22.4	65.4	2.9	
	Total	87.9	87.1	88.1	87.6	263.1	350.7	91.2	89.4	90.2	270.7	7.6	
Ordinary income (Billions of yen)	NCS	5.2	4.6	2.5	1.9	12.4	14.3	6.8	5.0	2.2	14.1	1.7	
	NRS	-1.1	-1.0	1.5	1.9	-0.7	1.2	0.9	2.2	3.9	7.0	7.7	
	OAL	0.6	0.6	0.7	1.8	1.9	3.8	0.6	0.5	0.7	1.8	-0.1	
	Other	0.0	0.0	-0.0	-0.0	0.0	-0.0	-0.0	-0.0	-0.1	-0.1	-0.2	
	Total	4.8	4.2	4.7	5.6	13.7	19.2	8.3	7.7	6.8	22.8	9.1	
Balance of segment assets (Billions of yen)	NCS	366.9	363.3	359.8	359.3			351.8	348.3	345.7		-14.2	-13.6
	NRS	42.6	40.8	43.0	40.3			41.7	41.5	49.3		6.4	9.0
	OAL	217.8	219.4	220.2	211.7			214.2	215.0	218.4		-1.8	6.7
	Other ^{*3}	-0.8	0.7	0.8	0.5			2.4	2.2	2.1		1.4	1.6
	Total	626.5	624.2	623.8	611.8			610.1	607.0	615.5		-8.3	3.7
Number of vehicles (Thousand)	NCS	671	674	674	674			673	679	680		6	6
	NRS	42	44	42	43			44	49	44		2	1
	OAL	164	166	168	170			172	173	175		8	5
	Duplication adjustment	-172	-170	-172	-174			-176	-177	-179		-7	-5
	Total	704	714	712	713			713	724	720		9	7

*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 in Mobility & Fleet Management increased due to contributions from NRS

(Billions of yen)

		FY2021					FY2022				Change	
		Q1	Q2	Q3	Q4	Total (Q1-Q3)	Total (Annual)	Q1	Q2	Q3		Total (Q1-Q3)
Equipment Leasing		8.1	8.2	7.5	10.1	23.8	33.9	9.1	8.2	6.8	24.1	0.3
	Core earnings	8.1	8.2	7.5	10.2	23.8	34.0	9.2	8.0	6.9	24.1	0.3
	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	-0.0
Mobility & Fleet Management		4.8	4.2	4.7	5.6	13.7	19.2	8.3	7.7	6.8	22.8	9.1
	Core earnings	4.8	4.2	4.6	5.7	13.7	19.3	8.3	7.8	6.5	22.6	8.9
	Gain on sales	-	-	-	-	-	-	-	-	-	-	-
	Impairment, bad debt, etc.	0.0	-0.1	0.0	-0.1	-0.0	-0.1	-0.0	-0.1	0.3	0.2	0.2
Specialty Financing		15.5	11.6	5.0	-2.6	32.1	29.5	24.0	12.9	10.5	47.4	15.4
	Core earnings	13.2	9.7	10.7	13.5	33.6	47.1	11.9	12.8	8.2	32.9	-0.7
	Gain on sales	6.2	1.1	0.5	7.1	7.8	14.9	12.2	1.0	4.5	17.7	9.9
	Impairment, bad debt, etc.	-3.9	0.8	-6.2	-23.2	-9.3	-32.5	-0.0	-0.9	-2.2	-3.1	6.2
International Business		4.6	3.0	3.6	7.8	11.2	19.0	-6.6	-1.1	2.8	-5.0	-16.2
	Core earnings	4.7	3.1	3.6	2.5	11.4	13.8	4.9	4.9	3.5	13.4	2.0
	Gain on sales	-	-	-	-	-	-	-	-	-	-	-
	Impairment, bad debt, etc.	-0.1	-0.1	-0.0	5.3	-0.2	5.2	-11.5	-6.0	-0.8	-18.3	-18.2
Other		-2.5	-2.9	-2.6	-3.1	-8.0	-11.1	-2.8	-3.9	-0.0	-6.8	1.3
	Core earnings	-2.5	-3.0	-2.7	-2.7	-8.1	-10.8	-2.9	-3.8	-4.2	-10.8	-2.7
	Gain on sales	-	-	-	-	-	-	-	-	-	-	-
	Impairment, bad debt, etc.	-0.0	0.1	0.0	-0.4	0.1	-0.3	0.0	-0.1	4.1	4.0	3.9
Total		30.5	24.1	18.0	17.8	72.7	90.5	32.0	23.9	26.7	82.6	9.9
	Core earnings	28.3	22.3	23.7	29.2	74.3	103.5	31.5	29.7	21.0	82.2	7.9
	Gain on sales	6.2	1.1	0.5	7.1	7.8	14.9	12.2	1.0	4.5	17.7	9.9
	Impairment, bad debt, etc.	-3.9	0.7	-6.2	-18.4	-9.4	-27.8	-11.7	-6.9	1.3	-17.3	-7.9

*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)

Company Name	Operating Segment	Main Business Operations	Tokyo Century	Shareholders
FLCS Co., Ltd.	Equipment Leasing	IT equipment leasing	80%	Fujitsu: 20%
IHI Finance Support Corporation	Equipment Leasing	General leasing and finance	66.5%	IHI: 33.5%
Orico Business Leasing Co., Ltd.	Equipment Leasing	General leasing	50%	Orient Corporation: 50%
ITEC Leasing Co., Ltd.	Equipment Leasing	General leasing	85.1%	NHK Group: 14.9%
S.D.L Co., Ltd.	Equipment Leasing	General leasing	100%	
TRY Corporation	Equipment Leasing	Refurbishment of PCs	80%	Movable Trade Networks: 20%
TC Tsukishima Energy Solution LLC	Equipment Leasing	Biogas electricity generation and selling electricity business	90%	Tsukishima Kikai: 10%
Amada Lease Co., Ltd.	Equipment Leasing	General leasing	60%	Amada: 40%
NTT TC Leasing Co., Ltd.	* Equipment Leasing	General leasing and finance	50%	NTT Group: 40%, NTT Finance: 10%
NITTSU Lease & Finance Co., Ltd.	* Equipment Leasing	General leasing and finance	49%	Nippon Express: 49%, Sompo Japan Insurance: 2%
ITOCHU TC Construction Machinery Co., Ltd.	* Equipment Leasing	Sales and rental of construction machinery	50%	ITOCHU: 50%
Nanatsujima Biomass Power LLC	* Equipment Leasing	Electricity generation business	25.1%	IHI and 7 other companies
Bplats, Inc.	* Equipment Leasing	Subscription business	31.3%	
FFG Lease Co., Ltd.	* Equipment Leasing	General leasing	25%	Fukuoka Financial Group, Inc.: 75%
Nippon Car Solutions Co., Ltd.	Mobility & Fleet Management	Auto leasing	59.5%	NTT: 40.5%
Nippon Rent-A-Car Service, Inc.	Mobility & Fleet Management	Car rental	88.6%	ANA Holdings: 11.4%
Orico Auto Leasing Co., Ltd.	Mobility & Fleet Management	Auto leasing for individuals	50%	Orient Corporation: 50%
TC Kobelco Real Estate Co., Ltd.	Specialty Financing	Real estate business	70%	Kobe Steel: 25%, Chuo-Nittochi: 5%
TC Hotels & Resorts Karuizawa Co., Ltd.	Specialty Financing	Hotel business	100%	
Kyocera TCL Solar LLC	Specialty Financing	Electricity generation business	81%	Kyocera: 19%
TCLA Godo Kaisha	Specialty Financing	General leasing	100%	
Shunan Power Corporation	Specialty Financing	Electricity generation business	60%	Tokuyama: 20% Marubeni Clean Power: 20%
TC Property Solutions Corporation	Specialty Financing	Property management	100%	
Chuo-Nittochi Asset Management Co., Ltd.	* Specialty Financing	Management and formation of real estate funds	30%	Chuo-Nittochi.: 70%
BOT Lease Co., Ltd.	* Other	General leasing and finance	25%	MUFG: 27.7%, The Norinchukin Bank: 25%

* Equity-method affiliate

Major Group Companies (Overseas)

Location	Overseas Group Company	Operating Segment	Main Business Operations	Tokyo Century	Shareholders
U.S.	TC Skyward Aviation U.S., Inc.	Specialty Financing	Aviation leasing and finance	100%	
	TC Realty Investments Inc.	Specialty Financing	Real estate investment	100%	
	Aviation Capital Group LLC	Specialty Financing	Aviation leasing and finance	100%	
	GA Telesis, LLC	* Specialty Financing	Provider of products, services and solutions to the commercial aerospace industry	49.2%	ANA Trading: 10%
	Gateway Engine Leasing, LLC	* Specialty Financing	Aircraft engine leasing	20%	GA Telesis: 40% ANA Trading: 40%
Ireland	TC Skyward Aviation Ireland Ltd.	Specialty Financing	Aviation leasing and finance	100%	
	TC Aviation Capital Ireland Ltd.	Specialty Financing	Aviation leasing and finance	100%	
China	Tokyo Century Leasing China Corporation	International Business	General leasing	80%	ITOCHU Group: 20%
	Tokyo Century Factoring China Corporation	International Business	Factoring services	100%	
	Dalian Bingshan Group Hua Hui Da Financial Leasing Co., Ltd.	* International Business	Finance and general leasing	40%	Dalian Bingshan Group: 60%
	Suzhou New District Furui Leasing Co., Ltd.	* International Business	Finance and general leasing	15.8%	Suzhou government-affiliated companies: 80.2%
Taiwan	President Tokyo Corporation	* International Business	Automobile leasing and general leasing	49%	Uni-President Enterprises Group: 51%
Singapore	Tokyo Century Leasing (Singapore) Pte. Ltd.	International Business	General leasing	100%	
	Tokyo Century Asia Pte. Ltd.	International Business	Investment, shareholding, and ancillary business	100%	
Malaysia	Tokyo Century Capital (Malaysia) Sdn. Bhd.	International Business	General leasing	100%	
Thailand	TISCO Tokyo Leasing Co., Ltd.	International Business	General leasing	49%	TISCO Financial Group: 49%
	HTC Leasing Co., Ltd.	International Business	Construction machinery finance	70%	Hitachi Construction Machinery Group: 30%
	TC Advanced Solutions Co., Ltd.	International Business	Reverse factoring and other services	59%	
	TC Car Solutions (Thailand) Co., Ltd.	International Business	Auto financing and services	99%	
Indonesia	PT. Century Tokyo Leasing Indonesia	International Business	General leasing	85%	Lippo Group: 15%
	PT. Hexa Finance Indonesia	* International Business	Construction machinery finance	20%	ITOCHU Group: 50% Hitachi Construction Machinery Group: 30%
Philippines	BPI Century Tokyo Lease & Finance Corporation	International Business	General leasing	51%	Bank of the Philippine Islands: 49%
Myanmar	Yoma Fleet Ltd.	* International Business	Auto leasing and car sharing	20%	Yoma Strategic Holdings : 80%
U.S.	CSI Leasing, Inc.	International Business	IT equipment leasing	100%	
	Tokyo Century (USA) Inc.	International Business	General leasing	100%	
	AP Equipment Financing	International Business	Finance and general leasing	100%	
	ZAXIS Financial Services Americas, LLC	* International Business	Construction machinery finance	35%	ITOCHU Group: 35% Hitachi Construction Machinery Group: 30%

* Equity-method affiliate

External Evaluation: Inclusion in Global Indices

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

JPX-Nikkei Index 400

The 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 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 been a constituent of the index since 2017.

MSCI Japan Empowering Women (WIN) Select Index

The index is comprised of companies with excellent gender diversity scores within their sector among the MSCI Japan IMI Top 700 Index. Tokyo Century has been a constituent of the index since 2022

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 indices 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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