



Tokyo Century

INTEGRATED REPORT 2022

Tokyo Century Corporation

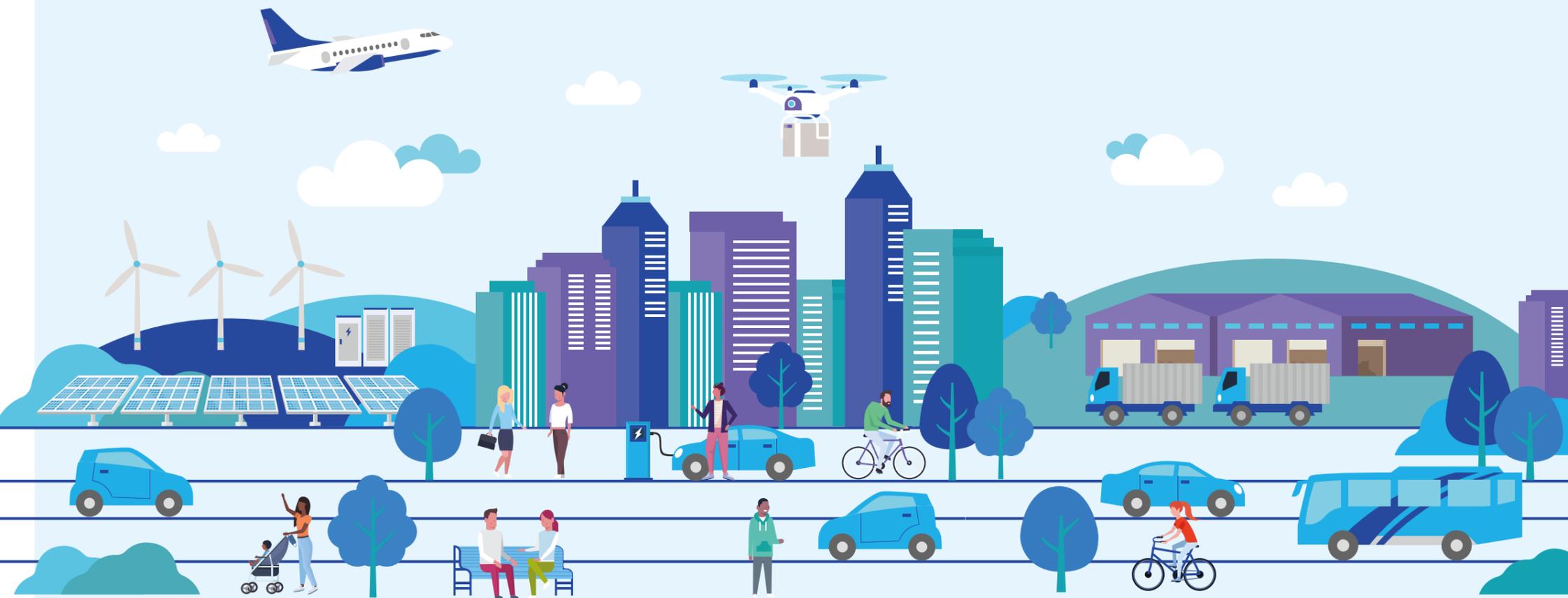
COVER STORY

Contributing to the creation of an environmentally sound, sustainable economy and society

The Tokyo Century Group's founding business of leasing is highly compatible with its goal of contributing to the creation of an environmentally sound, sustainable economy and society. This pursuit continues to shape our actions even after we expanded the scope of our business to include financial services.

The world is currently faced with a plethora of issues, including resource depletion and climate change. At Tokyo Century, we are committed to preparing an equally wide range of solutions to respond to these various social issues.

The Tokyo Century Group is amassing its collective strength in order to give its utmost to preserve a bountiful environment for the future generations of people who will shape the future.



MANAGEMENT PHILOSOPHY

The Tokyo Century Group will work alongside customers in pursuit of their growth as a highly specialized and unique financial services company and will contribute to the creation of an environmentally sound, sustainable economy and society.

COVER STORY

— Why does Tokyo Century contribute to the creation of an environmentally sound, sustainable economy and society?

Corporate Culture That Supports Pursuits

Why is a corporate culture that supports pursuits imperative to the exercise of our Management Philosophy?

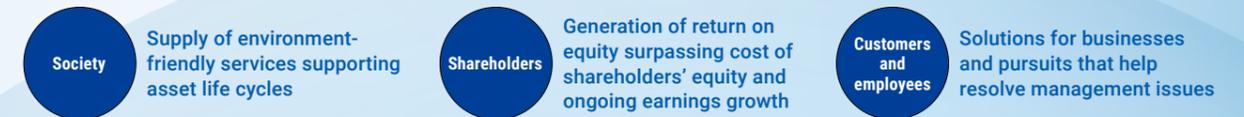
Contributing to the creation of an environmentally sound, sustainable economy and society requires the development of new businesses with diverse approaches.

New businesses are developed by merging the expertise of different industries through our partnership strategy.

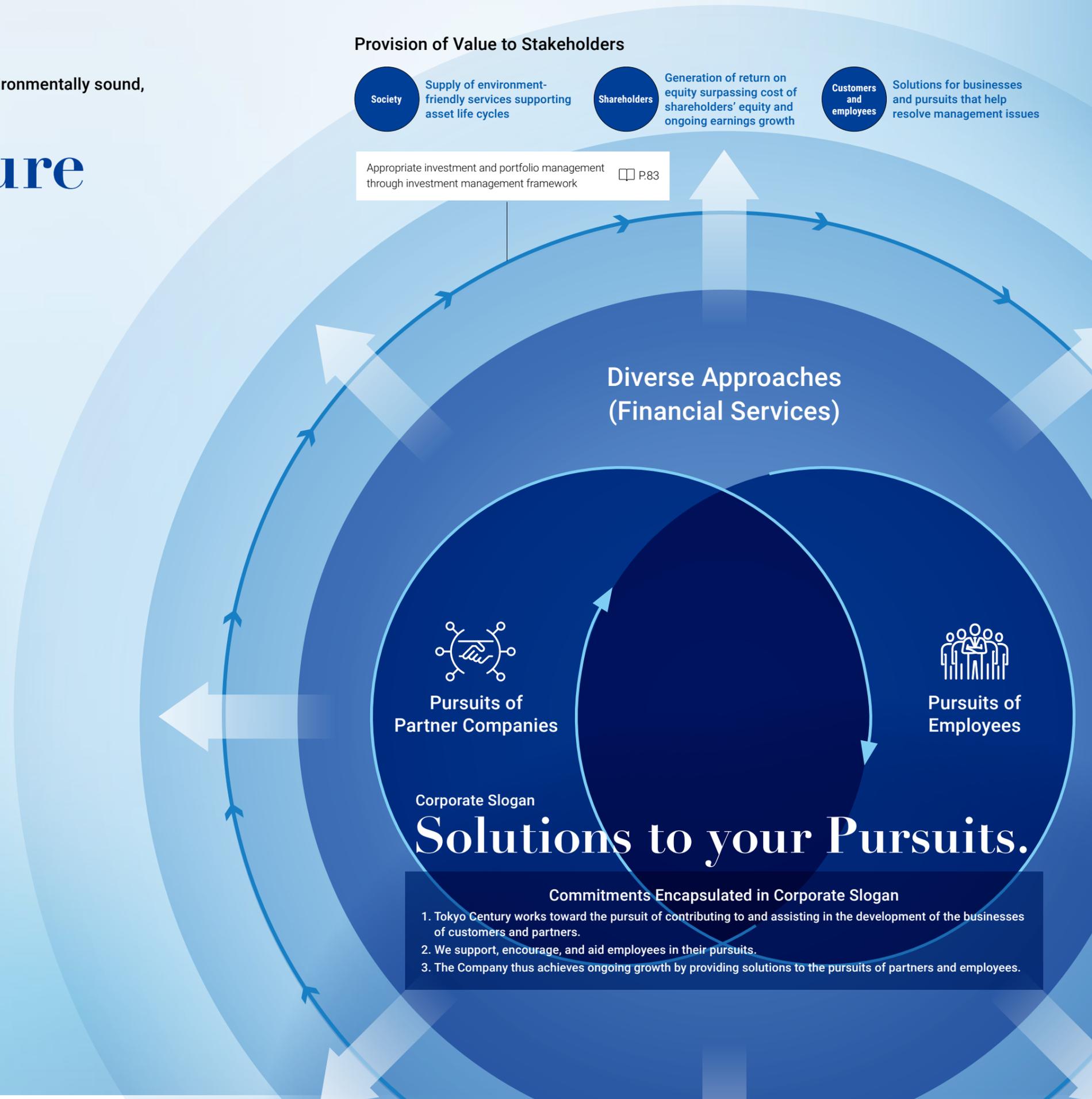
Human resources must be provided with suitable training if they are to propose innovative ideas and support the pursuits of partner companies.

A corporate culture that supports pursuits must be cultivated and entrenched to develop human resources capable of proposing innovative ideas.

Provision of Value to Stakeholders



Appropriate investment and portfolio management through investment management framework P.83



Pursuits of Partner Companies

Pursuits of Employees

Diverse Approaches (Financial Services)

Corporate Slogan
Solutions to your Pursuits.

- Commitments Encapsulated in Corporate Slogan**
1. Tokyo Century works toward the pursuit of contributing to and assisting in the development of the businesses of customers and partners.
 2. We support, encourage, and aid employees in their pursuits.
 3. The Company thus achieves ongoing growth by providing solutions to the pursuits of partners and employees.

COVER STORY

— How does Tokyo Century contribute to the creation of an environmentally sound, sustainable economy and society?

Core Competences

To exercise its Management Philosophy, Tokyo Century must capitalize on its unique financial services, its partnership strategy for generating synergies through the merging of specialties, and its highly specialized professionals who advance its distinctive business models.

By taking advantage of these three core competences, we are developing businesses that contribute to the creation of an environmentally sound, sustainable economy and society.

1

Business model for providing financial functions and unique value-adding services

Financial Services

By applying the discerning eye we use to ascertain the use value of assets fostered in our leasing business, we are able to broaden the scope of our business domain by supplying value-adding services and advancing new businesses in which Tokyo Century is the main business proponent.

Characteristics of Tokyo Century's Financial Services

Tokyo Century goes beyond providing leases as a financial function to supply value-adding services across asset life cycles based on a precise understanding of customer needs.

Handling a diverse range of assets enables us to accumulate asset value appraisal expertise, making us capable of appropriately taking the risks needed to provide highly competitive operating leases to customers.

The advancement of a business model in which Tokyo Century is the main business proponent allows for the provision of a wide range of services that extend beyond the boundaries of leasing.

▶ See page 14 for details.

2

Strategy capitalizing on vast customer base

Partnership Strategy

Our partnership strategy, which capitalizes on our vast customer base, makes it possible for us to adopt a diverse range of approaches.

▶ See page 62 for details.



3

Proponents of distinctive and specialized business model

Highly Specialized Professionals

Tokyo Century cultivates highly specialized professionals for advancing its distinctive business model centered on its partnership strategy.

▶ See page 58 for details.



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Tokyo Century Corporation Integrated Report 2022

Editorial Policy

Integrated Report 2022 was prepared to better inform shareholders, investors, and other stakeholders regarding Tokyo Century's management direction and business strategies and operations, in addition to providing financial information and non-financial information, including examples of environmental, social, and governance (ESG) initiatives, while incorporating the opinions, observations, and predictions of certain of the Company's officers and other personnel. We thereby sought to illustrate the Company's potential for ongoing growth over the long term.

Reporting Period*

April 1, 2021–March 31, 2022 (fiscal 2021)

* This report includes information on some activities taking place after April 1, 2022.

Forward-Looking Statements

Statements in this integrated report with respect to the Tokyo Century Group's plans, forecasts, strategies, presumptions, and other statements that are not historical fact are forward-looking statements based on management's assumptions and beliefs grounded on information that was available when the report was written. Actual Group performance may differ considerably from that discussed in the forward-looking statements.

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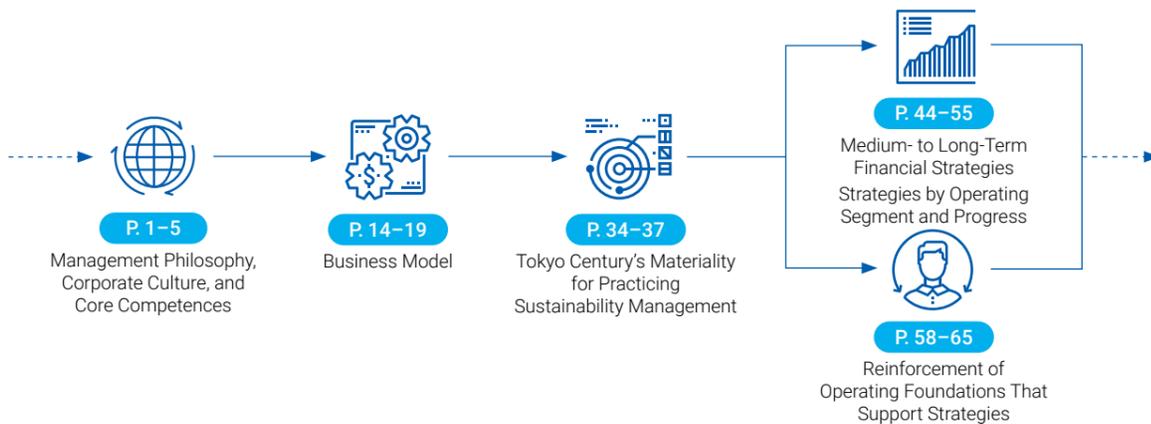
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ABOUT THIS REPORT

This integrated report conducts disclosure based on integrated reporting principles while also offering systematic explanations of Tokyo Century's management strategies that include factors such as materiality analyses incorporating market projections.

Disclosure Based on Integrated Reporting Principles

This integrated report contains information on business risks and opportunities and value creation activities based on integrated reporting principles.



Management Strategies

Information on management strategies can be found in the following sections.

- P. 18** Expansion of Management Capital Correlated with Materiality
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Materiality (Key Issues)

Process of Identifying Materiality

- P. 34** Materiality Identified to Support Sustainability Management

Relationship between Management Strategies and Materiality

- P. 36** Materiality Connected to Value Creation Strategies

Pursuit of Goals of Materiality Initiatives

- P. 34-65** Unique Medium- to Long-Term Strategies for Contributing to the Creation of an Environmentally Sound, Sustainable Economy and Society / Reinforcement of Operating Foundations That Support Strategies

OVERVIEW

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Overview of
Tokyo Century

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IN NUMBERS

Tokyo Century by the Numbers

Ordinary Income
¥ **90.5** billion

Net Income Attributable to Owners of Parent
¥ **50.3** billion

Segment Assets
¥ **4,879.4** billion

Credit Ratings*1
JCR: **AA-**
R&I: **A+**

Market Capitalization*2
¥ **555.5** billion

Shareholder Returns
12 consecutive years of dividend increases*
* Since the merger of Century Leasing System, Inc., and Tokyo Leasing Co., Ltd.

Overseas Network
More than **30** countries and regions

*1 As of June 30, 2022
*2 As of March 31, 2022

Renewable Energy Generation Capacity*3
692 MW

ENVIRONMENTAL

Number of Employees (Consolidated)
7,634

SOCIAL

Ratio of External Directors on the Board of Directors*1
38%

GOVERNANCE

*3 Excludes solar panel leasing and financing; output value proportionate to ownership ratio of under-operation projects (subsidiaries counted as 100%)

AT A GLANCE

Equipment Leasing

Financial services optimally matched to needs of capital investments in information and communications equipment



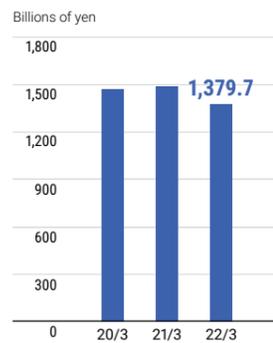
Major Offerings

- Leasing, installment payment, and other financial services for information and communications, manufacturing, and other equipment
- IT solutions
- Subscription services
- Collaboration with partners

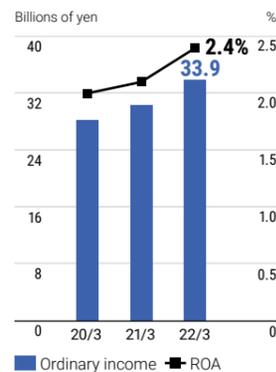
Characteristics

- Diverse leasing business solutions and services
- Co-creative businesses advanced together with prime partners

Segment Assets



Ordinary Income / ROA



Reasons for Changes Increased income stemming from equity in earnings of affiliates NTT TC Leasing Co., Ltd., and NITTSU Lease & Finance Co., Ltd.

Mobility & Fleet Management

Wide-ranging auto services provided using industry-leading fleet



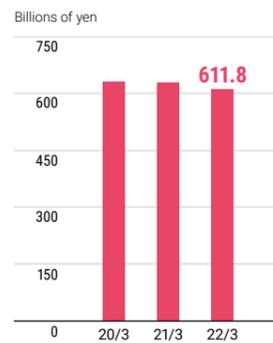
Major Offerings

- Corporate auto leasing
- Individual auto leasing
- Car rental services

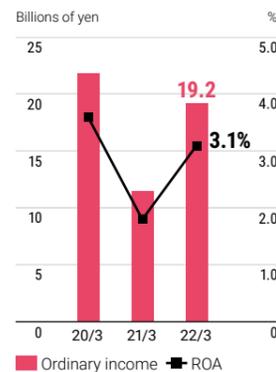
Characteristics

- Full lineup of auto leasing, car rental, and other comprehensive auto services
- Next-generation mobility services accommodating mobility as a service (MaaS), electric vehicles, etc.

Segment Assets



Ordinary Income / ROA



Reasons for Changes Profitability achieved due to increased revenues from the corporate auto leasing business and success in controlling costs of the car rental business

Specialty Financing

Unique viable businesses built on specialized expertise in diverse product areas



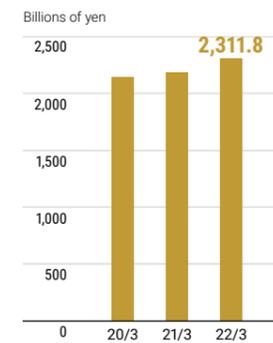
Major Offerings

- Leasing, finance, and other businesses related to aviation, shipping, environment and energy, and real estate
- Business investment
- Structured finance, etc.

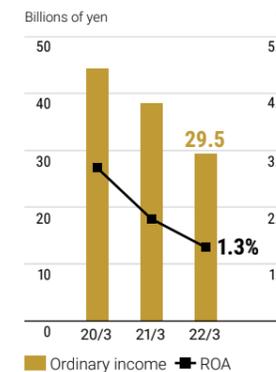
Characteristics

- Specialties fostered through diverse businesses pertaining to major offerings
- Highly competitive financial services offered through collaboration with industry-leading business partners

Segment Assets



Ordinary Income / ROA



Reasons for Changes Decreased income, despite gains on sales centered on real estate businesses, due to impairment losses recorded in aircraft leasing business stemming from reduced demand for aircraft amid COVID-19 pandemic

International Business

Leasing and auto service businesses developed through global network encompassing more than 30 countries and regions centered on North America and Asia



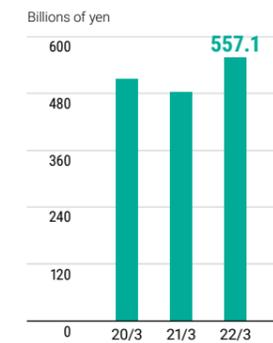
Major Offerings

- IT equipment leasing
- Auto business
- Joint crediting mechanism (JCM) business

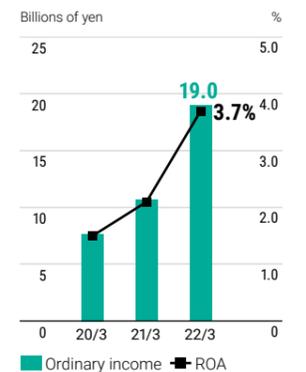
Characteristics

- Diverse financial services offered through global network
- Highly competitive fair market value (FMV) leases provided by CSI Leasing, Inc.

Segment Assets



Ordinary Income / ROA



Reasons for Changes Increased income due to strong gains on re-leased asset sales amid growing demand for IT equipment and valuation gains on operational investment securities in Asia

Distribution of Segment Assets (Fiscal 2021)

Equipment Leasing **28%**

Mobility & Fleet Management **13%**

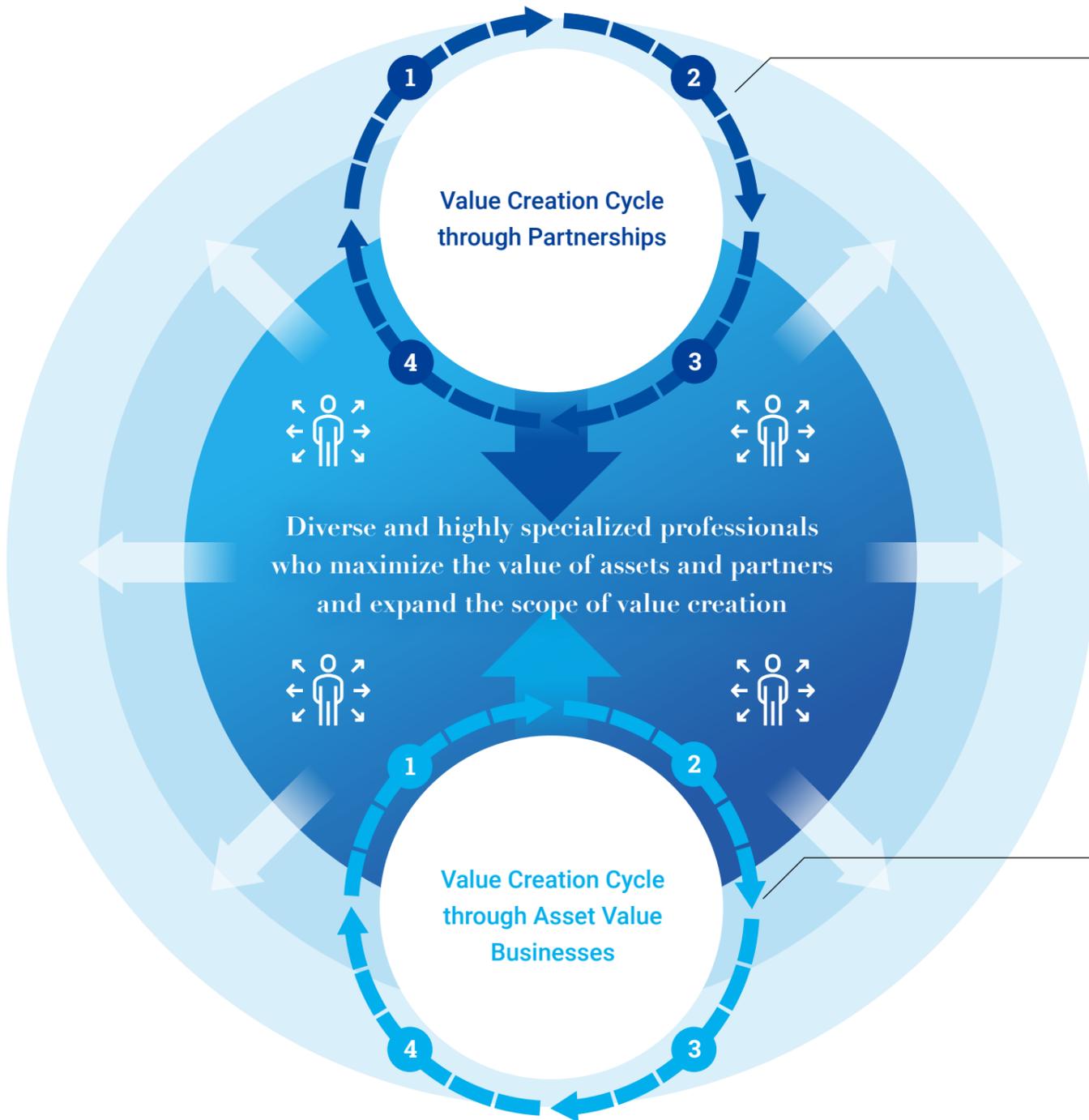
Specialty Financing **48%**

International Business **11%**

BUSINESS MODEL

Tokyo Century's Two Value Creation Cycles

Tokyo Century's core competences are its unique financial services, its partnership strategy, and its highly specialized professionals. By merging these competences, we drive the improvement of corporate value through two value creation cycles based on our business characteristics.



- 1 Identification of Partners' Issues**
Identification of business opportunities for addressing partners' issues
- 2 Merging of Financial Services**
Merging of financial functions, robust asset portfolio, asset management expertise, relationships with wide-ranging customers, and other value-adding functions
- 3 Business Growth through Co-Creation**
Reduction of risks through joint business operations with partners and growth through return-generating businesses created using expertise of the Company and of partners
- 4 Monitoring**
Decisions regarding sales/withdrawal based on results of operating environment and monitoring analyses in accordance with the basic strategy of pursuing growth by maintaining holdings over the long term

Sources of Competitiveness

Expertise for jointly operating businesses and generating earnings with partners

Diverse and Highly Specialized Professionals Central to Business Model

Our team of diverse and highly specialized professionals make it possible for us to develop a wide range of unique businesses with high barriers to entry by growing asset-based business models and teaming up with prime partners. Tokyo Century will continue to bolster its team of specialized professionals to develop even more creative businesses.

P. 58

- 1 Identification of Customers' Issues**
Provision of high-value-added services based on a concise understanding of the issues of customers and their needs for financial functions and other services
- 2 Provision of Assets**
Reduction of customer lease payments through accurate appraisals of asset value and differentiation of services by holding highly specialized assets
- 3 Provision of Value**
Improvement of competitiveness through provision of comprehensive services including the leasing of assets and provision of after-sales services
- 4 Enhancement of Value**
Improvement of earnings power by effectively organizing asset portfolio to reuse or sell assets while practicing asset replacement

Sources of Competitiveness

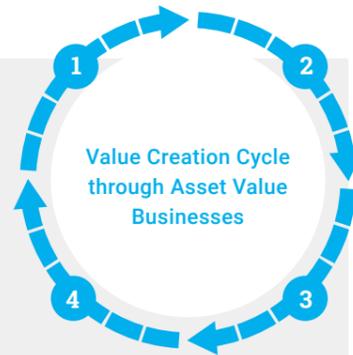
Highly Specialized Assets

Value

BUSINESS MODEL

Value Creation Initiatives

Creation of Wide-Ranging Value through Expansion of Asset-Based Business Models

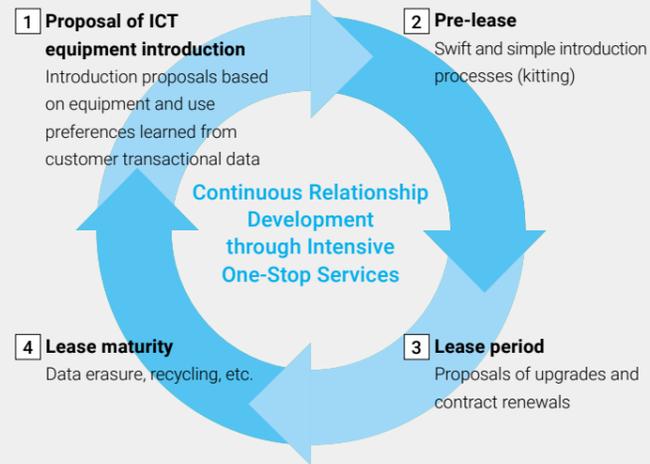


Comprehensive Life Cycle Management Services

One-Stop Services Emphasizing Asset Use Value and Service Value

Tokyo Century offers comprehensive life cycle management services that combine leases of information and communications technology equipment and other assets with value-adding services. These services have won high praise from customers. We will continue to develop our business by capitalizing on our ability to provide finely tuned responses to customers' needs.

Strengths at Each Stage of Life Cycle Management

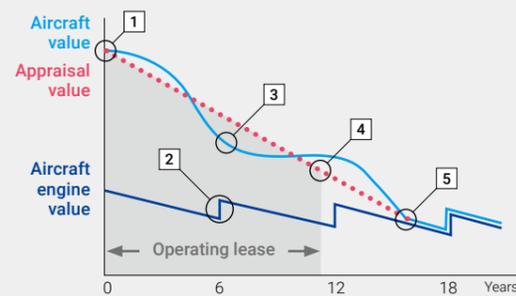


Aviation Business

Global Company Boasting Aircraft Comprehensive Leasing Platform

Consolidated subsidiary Aviation Capital Group LLC (ACG) is a major U.S. aircraft leasing company that leases aircraft to more than 90 companies in over 45 countries. Strengths of this company lie in its highly specialized platform comprising its global network and its marketing, technical, and asset management functions.

Appropriate Maintenance Management



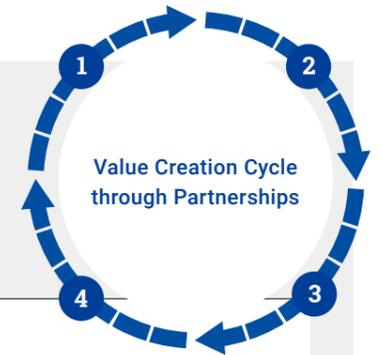
The value of aircraft engines recovers after extensive maintenance conducted once every six years. Long-term use of engines is thus possible through appropriate maintenance and management.

ACG's Strengths

- 1 Price negotiation capabilities made possible by purchasing aircraft from The Boeing Company and Airbus SE and marketing capabilities necessary for securing lessees
- 2 Technical team specializing in monitoring aircraft condition
- 3 Repossession and marketing capabilities allowing for swift collection of aircraft to be leased to other airlines
- 4 Vast customer network
- 5 Insight for assessing future aircraft value

Value Creation Initiatives

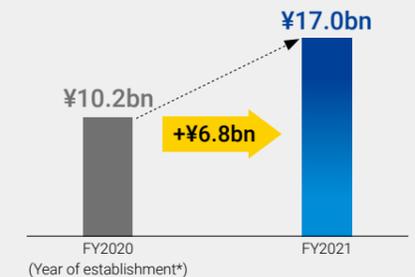
Powerful Synergies for Growing Earnings with the NTT Group



NTT TC Leasing

Equity-method affiliate NTT TC Leasing Co., Ltd., is a joint venture with 40% ownership by Nippon Telegraph and Telephone Corporation (NTT), 10% ownership by NTT Finance Corporation, and 50% ownership by Tokyo Century. This company is growing its earnings by providing leasing and financing for domestic companies and through co-creative businesses with Tokyo Century. It also capitalizes on the creditability of the NTT Group to procure funds at low costs, which allows it to make highly competitive proposals.

Ordinary Income of NTT TC Leasing

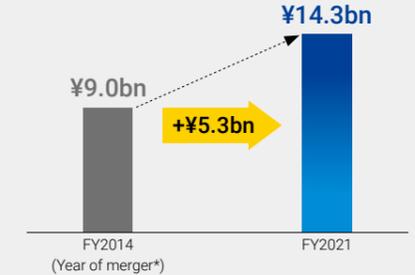


* Figure represents nine-month performance for period from July 2020 to March 2021, as operations were commenced in July 2020.

Nippon Car Solutions

Nippon Car Solutions Co., Ltd. (NCS), is a joint venture in which NTT holds a stake of approximately 40% while Tokyo Century has a roughly 60% stake. In addition to auto leases, NCS provides maintenance management services, safe driving instruction and other accident reduction services, telematics services developed jointly with the NTT Group, and other mobility services for contributing to the safety and security of customers. Strengths of this company include its ability to provide solutions-oriented services based on the use patterns of the wide-ranging customers of the NTT Group, the ITOCHU Group, and the Tokyo Century Group.

Ordinary Income of NCS



* NCS was merged with former Tokyo Century subsidiary Tokyo Auto Leasing Co., Ltd.

Joint Data Center Operation

Together with NTT Global Data Centers Corporation, Tokyo Century is jointly operating data centers in India. In conjunction with growing investment in data center businesses, we are working to expand our business with a focus on maximizing investment efficiency through collaboration.



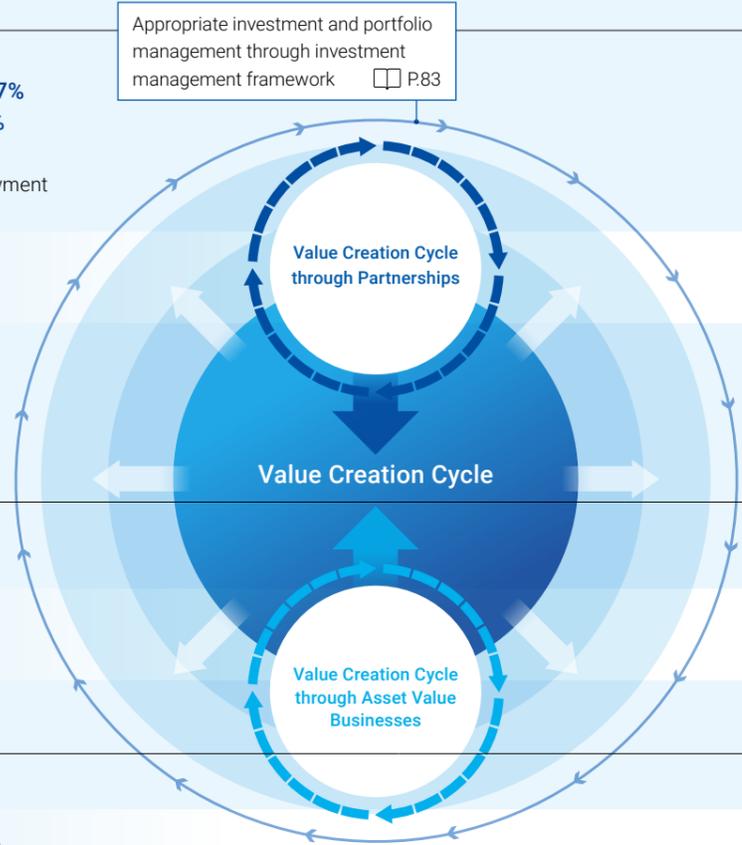
VALUE CREATION

Expansion of Management Capital Correlated with Materiality



See page 35 for more information on Tokyo Century's materiality.

Input	Strategies for Expanding Management Capital	Outcomes
Financial Capital Stable fund procurement <ul style="list-style-type: none"> Interest-bearing debt: ¥4,247.4 billion; Shareholders' equity: ¥673.0 billion Ratings: AA- from Japan Credit Rating Agency, Ltd.; A+ from Rating and Investment Information, Inc.; BBB from S&P Global Ratings Japan, Inc.*1 Funds procured through sustainability-linked loans (aggregate): ¥213.7 billion 	Creation of value through diverse partnerships <ul style="list-style-type: none"> Diversification of fund procurement sources (utilization of ESG financing, etc.) Ongoing earnings growth Improvement of capital efficiency 	<ul style="list-style-type: none"> Ordinary income: ¥90.5 billion (up ¥12.4 billion year on year) Net income attributable to owners of parent: ¥50.3 billion (up ¥1.1 billion year on year) Return on assets*: 1.9% (up 0.3 point year on year) Return on equity: 8.1% (down 0.6 point year on year) <p>* Rate of ordinary income generated from segment assets</p>
Human Capital Human resources who sustain value creation <ul style="list-style-type: none"> Number of employees (consolidated): 7,634 Ratio of female employees (consolidated): 30.7% Ratio of female managers (consolidated): 9.7% Total annual training hours: 15,000 Training for junior employees by year of employment Management training Career design training Global human resource cultivation (overseas trainee dispatch, etc.) 	Enhancement of work environment, leading to strengthening of human resources <ul style="list-style-type: none"> Promotion of diversity KPIs: Ratio of female managers (fiscal 2022): at least 30% Ratio of women among new-graduate hires (fiscal 2022): at least 30% Improvement of employee engagement Employee awareness surveys and career development support based on findings Workstyle reforms KPI: Ratio of annual paid leave acquisition (fiscal 2022): at least 70% Encouragement of teleworking, staggered working hours, and other flexible workstyles Promotion of health and productivity management 	<ul style="list-style-type: none"> Difference in average number of years of service between men and women*: 0.2 years (down 0.5 years year on year) * Men: 17.3 years; Women: 17.1 years Employee turnover rate: 5.3% (up 0.9 point year on year) Employee engagement survey response rate: 96%
Intellectual Capital High-value-added service businesses <ul style="list-style-type: none"> Unique financial service businesses Expertise in handling highly specialized assets Subscription platforms 	Creation of new businesses driven by technical innovation <ul style="list-style-type: none"> Promotion of digital transformation (DX) strategies centered on cross-organizational DX Strategy Division Creation of relationships with promising start-up companies through alliance with leading global accelerator platform Plug and Play Japan 	<ul style="list-style-type: none"> Inclusion in the Digital Transformation Stock Selection program—jointly organized by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange—for eight consecutive years Nippon Rent-A-Car Service, Inc. (NRS), ranked No. 3 in 2022 rental car service customer satisfaction ranking (up from No. 5 in 2021) due to improved customer convenience achieved through digitalization
Manufactured Capital Source of profits <ul style="list-style-type: none"> Segment assets: ¥4,879.4 billion <ul style="list-style-type: none"> Equipment Leasing: ¥1,379.7 billion Mobility & Fleet Management: ¥611.8 billion Specialty Financing: ¥2,311.8 billion International Business: ¥557.1 billion 	Sustainable resource use <ul style="list-style-type: none"> Joint business with partners targeting improved capital efficiency Improved asset use value through asset management, etc. Replacement of existing assets with environment-friendly assets 	<ul style="list-style-type: none"> Ratio of next-generation aircraft in aviation business*2: 45.7% (up 5.0 points year on year) Ratio of electrified vehicles*3 in fleet*4: 19.3% (up 0.5 point year on year)
Social and Relationship Capital Extensive overseas network <ul style="list-style-type: none"> Scope of global operations: more than 30 countries and regions Number of consolidated subsidiaries and equity-method affiliates: more than 50 Vast customer network Annual number of activities for engagement with shareholders and investors: more than 200 	Contribution to social infrastructure development <ul style="list-style-type: none"> Strategy of alliances with prime partners in countries of operation Expansion of businesses that support infrastructure development through urban redevelopment and local economic development 	<ul style="list-style-type: none"> Growth of joint businesses with partners Ordinary income of NTT TC Leasing (non-consolidated): ¥17.0 billion (up ¥6.8 billion year on year) Creation of local employment opportunities through opening of Hotel Indigo Karuizawa (employment of 79 individuals*5)
Natural Capital Provision of renewable energy <ul style="list-style-type: none"> Number of solar power plants under operation: 118 Number of projects adopted under joint crediting mechanism (JCM) projects (aggregate): 10 Promotion of corporate power purchase agreements to supply electricity generated from renewable sources through direct contracts with companies 	Contribution to decarbonized society <ul style="list-style-type: none"> Expansion of use of renewable energy centered on solar power Acceleration of decarbonization strategies based on recommendations of TCFD 	<ul style="list-style-type: none"> Renewable energy generation capacity: 692 MW (up 92 MW year on year) Reduction of greenhouse gas emissions through JCM projects (aggregate): 35,000 t-CO₂ (up 1,000 t-CO₂ year on year)



*1 As of June 30, 2022 *2 Ratio of assets represented by next-generation aircraft models with fuel efficiency significantly higher than prior models (including Aviation Capital Group LLC)
 *3 Electric vehicles, fuel-cell electric vehicles, plug-in hybrid-electric vehicles, and hybrid-electric vehicles *4 Nippon Car Solutions Co., Ltd., Nippon Rent-A-Car Service, Inc., and Orico Auto Leasing Co., Ltd. *5 As of June 30, 2022; includes part-time workers

Note: Data is as of March 31, 2022, unless otherwise noted.

MILESTONE

Milestone—Tokyo Century’s History

Tokyo Century: Born of the Strengths of Its Predecessors

Born of the merger of two major leasing companies, the surviving company transformed its business portfolio and took up the new name Tokyo Century as it evolved from a leasing company to a financial services company. Looking to the future, Tokyo Century will continue to evolve over the next decade as a company that drives change in its capacity as a trusted service and business partner to customers.



2009–

Merger of Major Leasing Companies Birth of Century Tokyo Leasing Corporation

Faced with a pressing need to revise their business portfolios, the management of Century Leasing System, Inc., and Tokyo Leasing Co., Ltd., were prompted to undertake a merger, leading to the birth of Century Tokyo Leasing Corporation in 2009.

2020–

Capital and Business Alliance Agreement with NTT Acceleration of Partnership Strategy

By bolstering its co-creative businesses with the NTT Group, Tokyo Century is accelerating collaboration on the fronts of digital technology, mobility, real estate, energy and environment, and global businesses.

2030–

Quest to Become a Trusted Service and Business Partner

Tokyo Century aims to grow into a global corporate group with a diverse team of people in order to contribute to the resolution of social issues and achieve stable, sustainable growth as a trusted service and business partner.

2016–

Change of Name to Tokyo Century Corporation Evolution beyond a Leasing Company

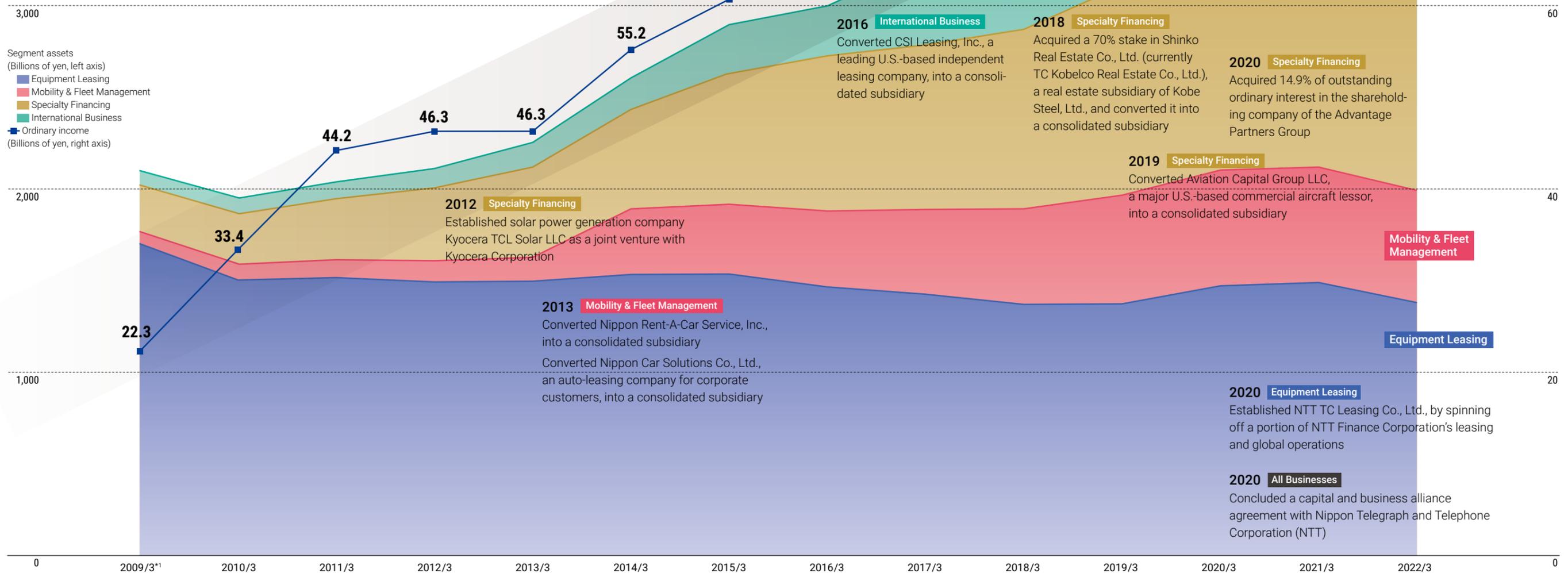
The new Tokyo Century got its start in October 2016. With a new name and a Management Philosophy of contributing to the creation of an environmentally sound, sustainable economy and society, it declared its commitment to developing a wide range of businesses as a distinctive and highly specialized financial services company.

MILESTONE

Expansion and Diversification of Portfolio Centered on Four Operating Segments

Tokyo Century has continued to expand its business domain, through organic growth and M&A activities, focused on its four operating segments in response to changes in the times and in the needs of customers and partner companies.

Transformation of Portfolio Strategy
Successes of First–Fourth Medium-Term Management Plans (Fiscal 2010–Fiscal 2019)
 Establishment of four operating segments through smooth expansion in growth areas while maintaining strong balance of segment assets in Equipment Leasing segment
Directives under New Fourth Medium-Term Management Plan (Fiscal 2020–Fiscal 2022)
 Development of quality and resilient business portfolio through relentless creation of new financial services in response to changing environment



Note: The Fourth Medium-Term Management Plan was completed a year after its April 2019 launch, and the New Fourth Medium-Term Management Plan was announced in February 2020.
 *1 Data for fiscal 2008, the year immediately prior to the merger, is a simple aggregation of data for the former Century Leasing System, Inc., and the former Tokyo Leasing Co., Ltd.
 *2 Segment assets consist of the total amount of operating assets, investment in equity-method affiliates, goodwill, etc., belonging to each segment.

CHAPTER

2

Message from the President

Koichi Baba

President & CEO, Representative Director

Commitment as the New President & CEO

Greetings, my name is Koichi Baba, and I assumed the position of president & CEO of Tokyo Century Corporation in April 2022.

I want Tokyo Century to deliver services and value that exceed customers' expectations in order to make truly meaningful contributions to society. Moreover, the process of making these contributions should help our employees around the world achieve self-actualization. I pledge to fulfill my responsibility as the leader of the Company in generating such a virtuous cycle.

Tokyo Century has declared its goal of evolving from a company that responds to change to become a company that brings about change. I have extensive experience in formulating management strategies as the president of the Corporate Planning Unit. After the 2009 merger, we enjoyed a favorable environment for charting a course toward growth thanks to the global trends of monetary easing and international cooperation. This, however, has changed in recent years. We are now in an era of uncertainty when it is difficult to predict what will come next. The disruptions seen lately have included pandemics, countries prioritizing isolation over international cooperation, rises in global energy prices, and hikes to policy interest rates in the United States and Europe to combat inflation. Faced with this uncertainty, it is clear that

we cannot simply respond to change as we have done thus far. Rather, we must turn an attentive eye to the changes we see to glean hints about the future so that we can take a preemptive approach. I am committed to helping Tokyo Century evolve into a company that brings about change and is able to act in this manner. I will thus be guiding management based on a healthy recognition of the challenges we face.

At the same time, I always aspire to manage with a constant awareness of the need for Tokyo Century to grant happiness to all of its employees. In order to build strong bonds of trust with employees based on a relationship in which employees and the Company are viewed as equals, I think it is important for the individual sense of purpose felt by each of our employees to line up with Tokyo Century's Management Philosophy. Employees must work to accomplish their own personal goals and to achieve growth through this process. Meanwhile, the Company must offer its full support to employees as they chase their ambitions. Tokyo Century should strive to become an amalgamation of the growth employees achieve through such ambition. This will require us to find new employees who share our philosophy in order to drive the ongoing growth of the corporate value of the Company.



We will overcome uncertainty to become a company that brings about change.

Tokyo Century's Management Philosophy of Contributing to Customers' Pursuits and to the Creation of an Environmentally Sound, Sustainable Economy and Society with Highly Specialized and Unique Financial Services

As president of the Corporate Planning Unit, I was involved in the process of redefining our Management Philosophy in 2016. This process saw us scrutinizing and carefully deciding each and every word to find the expressions that most concisely described our desire for the ongoing growth of the Group. We eventually arrived at our current Management Philosophy: the Tokyo Century Group will work alongside customers in pursuit of their growth as a highly specialized and unique financial services company and will contribute to the creation of an environmentally sound, sustainable economy and society.

By "a highly specialized and unique financial services company," we refer to the underlying principle of Tokyo Century's distinctive business model, through which we set ourselves apart from our peers by providing highly specialized and unique financial services matched to customers' needs pertaining to asset value. There are likely many who view our founding business of leasing as one of providing financing options for purchasing assets. We, however, believe that the starting point for this business is to supply the value of using assets. The strengths of a leasing company lie in its expertise in determining the value of assets. Such expertise can be equated to the ability to look at, say, a computer that someone is using today and being able to guess who will be interested in buying that computer and how much they will be willing to pay for it several years from now. We also have to think from the customer's perspective in making it easier to use these assets, for example, by erasing the data of secondhand computers or performing other necessary processes. By maintaining this perspective and supplying unique value, we are able to grow while differentiating ourselves from other companies. Tokyo Century handles and supplies a wide variety of assets, including aircraft, real estate, cars, and other tangible assets. We are also looking at

developing services focused on the value of intangible assets, such as digital technologies and data, going forward. By evolving our service lineup in step with the changes to be seen over the decades to come, we will continue to build upon the scope of the Company's financial services.

Another important part of our Management Philosophy is "work alongside customers in pursuit of their growth." Our employees tackle new challenges to provide solutions that surpass customers' expectations in order to help them create the value they seek. This ongoing process of ambition in turn helps Tokyo Century achieve its own goals. This portion of our philosophy expresses our desire to generate this virtuous cycle.

The last element of our philosophy is "contribute to the creation of an environmentally sound, sustainable economy and society." Our founding business of leasing addresses demand for shifting from the ownership of assets to use. This pursuit is highly compatible with the concept of an environmentally sound, sustainable economy and society, and is also an underlying principle of our management as we seek to broaden our business scope from financing to include services and business operations. At the same time, we recognize the social need to address environmental issues, particularly those whose resolution is related to the transition to a decarbonized society. This is why I am constantly broadcasting, to both internal and external stakeholders, my belief that the satisfaction of the planet is second only to the satisfaction of the customer. By entrenching and exercising our Management Philosophy and the principles it encapsulates throughout the Group, we aim to create businesses that contribute to the resolution of social issues and to preserve a pristine environment for the people of the future. This quest will no doubt allow Tokyo Century to continue to function as an indispensable entity to society.



Advancement of "Finance × Services × Business Expertise" Concept through Expansion of Diverse Partnership Strategies and Corporate Culture Founded on Innovation and Speed

The point of origin for Tokyo Century's business model is the provision of asset use value through various schemes. Today, we are building upon this business model to pursue higher levels of corporate value through our "Finance × Services × Business Expertise" concept, which entails using assets to develop our own business operations. Looking at solar power, for example, we do not have to limit our involvement to leasing solar panels to customers; Tokyo Century can also become involved in power generation by owning and operating its power plants. In this manner, we can capitalize on our specialized expertise pertaining to the value of assets to develop businesses ourselves, or, in other words, to branch out from financing to develop services and businesses in order to broaden the scope of the value we create. This approach is at the heart of our "Finance × Services × Business Expertise" concept.

Our partnership and human resource strategies will be an indispensable building block for business models based on this concept. Bringing about change requires that we actively engage with our customers to promote open innovation by combining our insight for generating diverse synergies that would be impossible for Tokyo Century to do alone. For this reason, it is important that we maintain an accurate understanding of the issues faced by customers and the goals they aim to accomplish. This understanding should be used to provide optimal services and value to customers so as to build relations that inspire customers to recognize Tokyo Century as a partner in the co-creation of value. We have a robust track record of generating synergies through partnerships with customers, and this culture of partnerships is a major strength of the Company. This strength is supported by our human resources. As illuminated

by past employee awareness surveys, our employees excel in terms of innovativeness and speed. These qualities are a great source of confidence when it comes to making the proposals that customers and partners need. I hope to preserve these qualities as part of the enduring DNA of Tokyo Century. Our goal for the coming decade is to become a global corporate group with a diverse team of people. Accordingly, I think that Tokyo

Century needs to be a company at which individuals with diverse backgrounds, both new-graduate and mid-career hires, from around the world are able to fully exercise their talents. Increasing the number of individuals capable of inspiring their coworkers and of always being respectful and receptive toward others will directly heighten our capacity for creating new value.

Seven Pillars of Medium- to Long-Term Management Strategies

In November 2020, when announcing our financial results for the six months ended September 30, 2020, we also put forth seven pillars of business strategies. An overarching theme for management over the medium to long term will thus be advancing strategies based on these seven pillars. Of these pillars, I want to place particular emphasis on the collaboration with Nippon Telegraph and Telephone Corporation (NTT), which is based on a capital and business alliance formed in fiscal 2019. I believe that the potential of this alliance has exceeded our initial expectations.

Through this alliance, we anticipate organic growth at NTT TC Leasing Co., Ltd., our joint venture with NTT. We are also developing data center businesses in India and conducting joint investment in a renewable energy fund. Meanwhile, we will look to incorporate the NTT Group's wide-ranging businesses, which include digital technology, mobility, real estate, and global businesses, into Tokyo Century's business domain. Through these measures, I think we can achieve highly beneficial growth over the medium to long term.

In auto businesses, like rental cars, another of the seven pillars, next-generation mobility, centered on electric vehicles (EVs), will be an important theme. With an eye to the future popularization of EVs, Tokyo Century commenced investment in MIRAI-LABO Co., Ltd., a company that boasts EV battery evaluation and reuse technologies, in fiscal 2021. We are currently in the process of preparing unique new services together with this company.

The pillar of the aviation business, specifically the aircraft leasing business, is facing a challenging operating environment due to the impacts of the COVID-19 pandemic and Russia's invasion of Ukraine. Nevertheless, global air travel demand is on the rise. Accordingly, there is no change to our outlook that the market for this business has high potential for future growth, and we are sure that the current adversity can be overcome.

As for environment and energy businesses, energy prices are currently soaring, and we anticipate that demand for renewable energy will remain high over the medium to long term. We therefore intend to pursue steady growth in these businesses in areas including asset management, where we can capitalize on the insight we have accumulated with regard to solar power generation businesses.

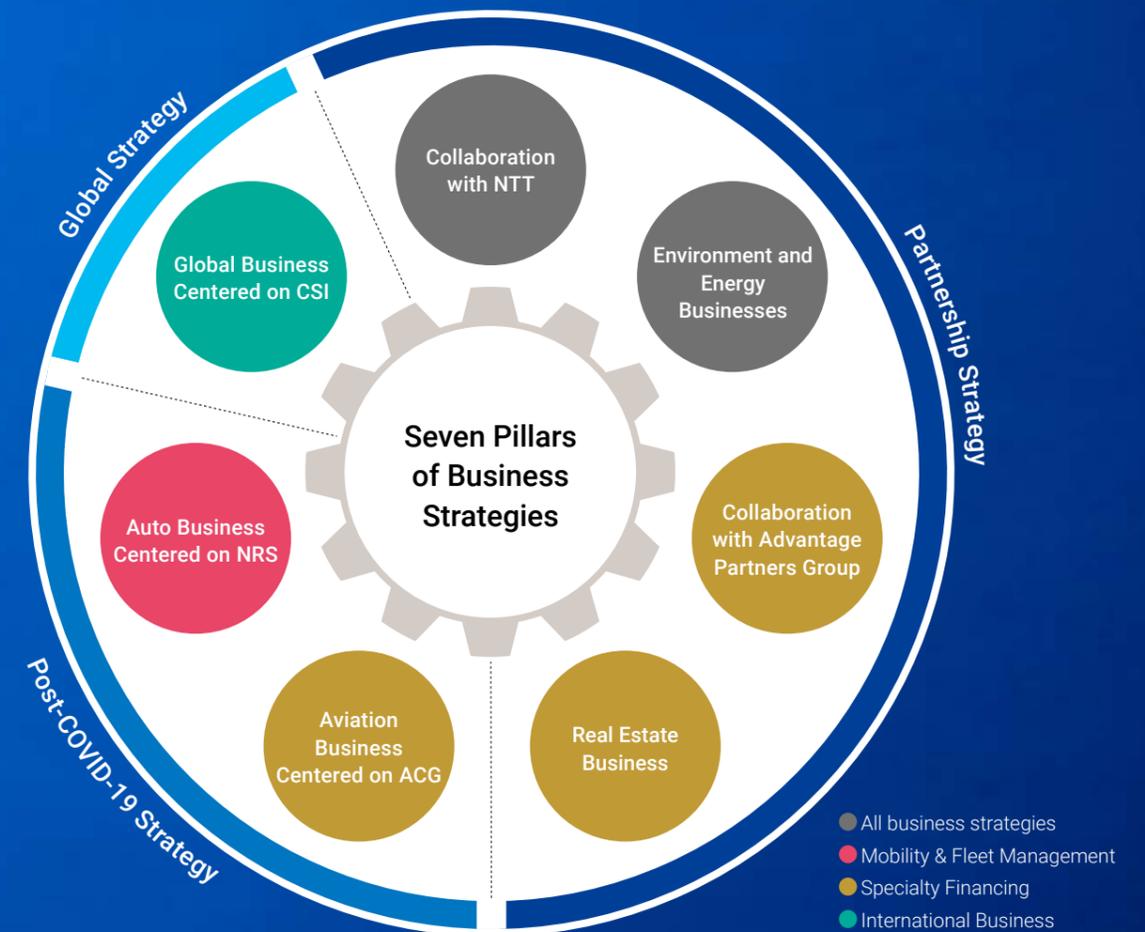
Concerning the real estate business, we are gradually ramping up our investment in the United States, where we expect to see rapid growth. In addition, we are involved in some major projects with prime partners. Over the medium to long term, we will be moving ahead with projects pertaining to TOKYO TORCH, a building under construction in the Tokiwabashi area scheduled for completion in fiscal 2027, and the Uchisaiwaicho 1-chome area redevelopment project, one of the largest projects in the Tokyo metropolitan area, which is set to be completed in fiscal 2028. We also expect to see the accumulation of high-quality assets over the long term as a result of our involvement in these projects.

The pillar of collaboration with the Advantage Partners Group is another area where we expect to be able to broaden the scope of the financial services Tokyo Century provides. Tokyo Century has dealings with a wide variety of prime customers. By allying ourselves with the Advantage Partners Group, a leader in Japan's private equity industry, we have been able to participate in investments as an equity player. Going forward, we will endeavor to supply solutions in response to the rising needs for business reorganization and selection and concentration in order to develop our operations in this area into a new growth business.

The last pillar is global business centered on CSI Leasing, Inc., our consolidated subsidiary. I refer to this pillar as our "U.S.-based global

strategy." By using this term, I hope to establish a clear divide between our prior Japan-based global strategy and thereby promote the merging of the strengths of our global expansion efforts out of Japan and out of the United States based on a clear understanding of the differences in their methodologies and policies. CSI has an extensive platform based in the United States. By deploying CSI's fair market value leases* on a global scale, we anticipate that this company will come to be an even larger growth driver for the Tokyo Century Group.

* Leasing based on fair market value derived from the assessed residual value of IT equipment



Exhaustive and Comprehensive Portfolio Management Grounded on Financial Discipline

Tokyo Century is developing a breadth of businesses based on asset value and on its "Finance × Services × Business Expertise" concept. We thereby aim to develop a strong business portfolio comprising high-quality, highly profitable assets. However, updating our diverse business strategies to ensure ongoing growth requires exhaustive and comprehensive portfolio management. This process will involve measuring the risks of all businesses and monitoring cost of capital and return on invested capital spread. As a number of our businesses are dependent on asset value, we are exposed to the risk of fluctuations in asset prices. For example, if an asset, let's say an aircraft or car, is predicted to have a value of 100 three years from now, but only ends up with a value of 80, then we are at risk of suffering a loss of 20. We seek to combat such risks by performing assessments of our portfolio that quantitatively measure risk assets. The Risk Management Division is the central proponent of these assessments. Based on

these assessments, we place emphasis on financial discipline, including such factors as the degree of resilience of equity to fluctuations in asset prices. As Tokyo Century seeks to expand its business domain going forward, it will be important to manage our portfolio with due consideration paid to risk assets. At the same time, we must work to build a stronger reputation among our stakeholders through means such as promoting coordination and synergies among our different businesses.

I feel that Russia's invasion of Ukraine presents a need to revise our methods of assessing country risk. Our previous method placed a lot of weight on statistical analyses looking at factors including country credit ratings and current account balances. In the future, however, I think it will be important to make investment decisions that accurately reflect geopolitical risks, as well as factors like the dependence of certain countries on resources and the state of supply chains.

Paramount Importance of Sustainability Management in Next-Generation Business Strategies

Along with business development and portfolio management, Tokyo Century is focused on practicing sustainability management. Today, it is common for elementary school students to learn about the United Nations Sustainable Development Goals (SDGs), and it would not be an overstatement to say that the way the current generation perceives the environment and social issues is completely different from how my generation regarded these matters. When the children of today grow up and it becomes time to choose the company they will work for, it is unlikely that they will choose companies that continue to place economic gains as the top priority for their corporate activities and initiatives. I believe advancing

businesses that contribute to the accomplishment of the SDGs and otherwise devoting corporate efforts to help build a better society is an effective way to practice sustainability management. "ESG," a component of sustainability management, stands for "environmental, social, and governance." However, an earnest attempt to promote management based on ESG issues will no doubt contribute to the ongoing growth of a company. As such, I think that we can reframe this acronym as standing for "earnings, strength, and growth."

We also cannot ignore the fact that Tokyo Century's business contributes to environmental issues. The production and use of the assets we supply, like aircraft and cars, emit greenhouse

gases. For this reason, it is important for us to enhance our methods of measuring these emissions and to address to emissions based on the concept of Scope 3, which includes emissions from business partners. We also need to consider the fact that the trend toward decarbonized assets will create demand for upgrading to EVs or to aircraft with greater fuel efficiency. This will expand the range of business opportunities available to Tokyo Century. I therefore intend to emphasize both the risks and the opportunities associated with environmental issues in my management approach.

Recently, we have been focusing on investments in human resources in our practice of sustainability management. As I mentioned earlier, it is crucial for the relationship between employees and the Company to be one of equals and for the

Company to take steps to provide a workplace environment that helps employees achieve self-actualization. One of Tokyo Century's five key issues in terms of materiality is "enhancement of work environment, leading to strengthening of human resources," and the administration of employee awareness surveys has been defined as an initiative for addressing this issue. In fiscal 2021, we received a relatively high response rate of 96% for employee awareness surveys. The input on employee engagement levels gained through these surveys is used to formulate new management strategies and otherwise help advance a PDCA (plan-do-check-act) cycle for human resource strategies. Input from employees is an invaluable asset to management and an important foundation for sustainability management.

Evolution into an Entity That Is Indispensable to Society

The current challenging operating environment will persist in fiscal 2022. I therefore want to make fiscal 2022 a year of a "Great Reset" to shape a Tokyo Century for the next decade that is different from the Company of the past decade. The year of 2030 will be positioned as a milestone for the transformation of the Company over the next decade. The operating environment is now more volatile than it has ever been. As the leader of Tokyo Century, I will need to look carefully at the developments we see to predict future changes in our never-ending quest to flexibly evolve our business model and boldly advance into new business fields. Moreover, I will take a two-pronged approach toward management that includes building upon existing businesses and developing growth businesses in order to construct a resilient business portfolio. Everyone at Tokyo Century is committed to achieving our long-term vision of becoming a global corporate group with a diverse team of people by acting as a service and business partner that is trusted by customers and other stakeholders. This commitment will propel us toward rapid

business growth for generating ongoing improvements in corporate value. I look forward to the continued understanding and support of our investors and other stakeholders.

September 2022

Koichi Pan





STRATEGY

CHAPTER 3

Unique Medium- to Long-Term Strategies for Contributing to the Creation of an Environmentally Sound, Sustainable Economy and Society



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Tokyo Century's Materiality for Practicing Sustainability Management

Sustainability Management Based on Management Philosophy

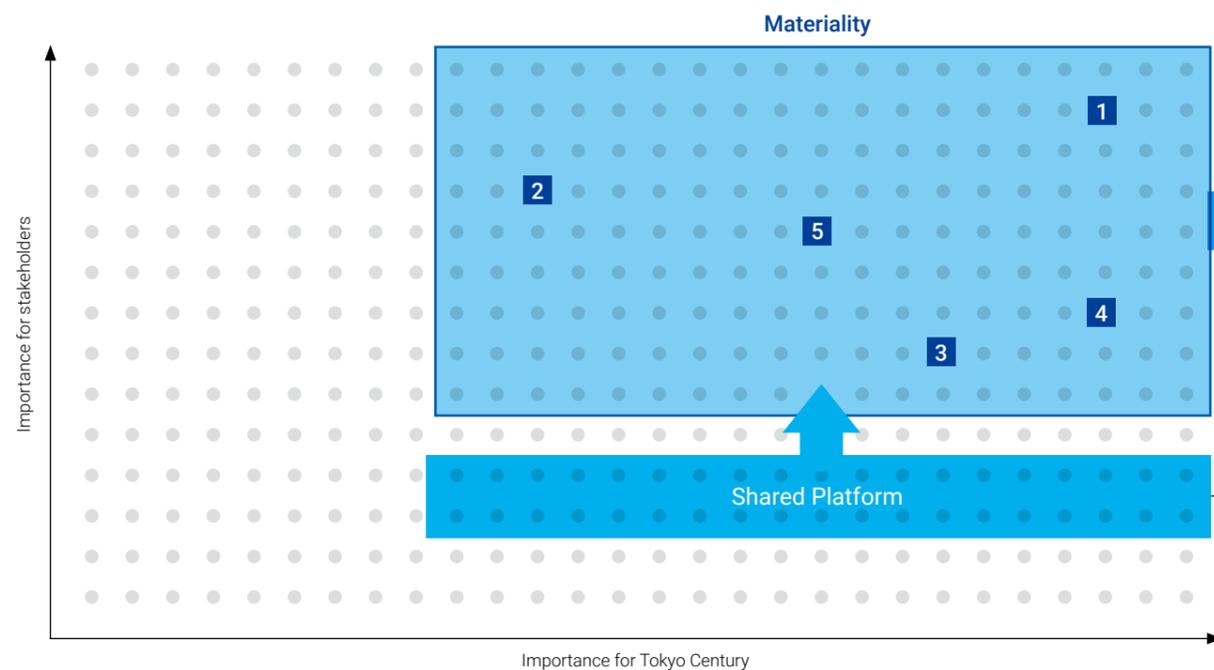
For Tokyo Century, sustainability management constitutes a management strategy for resolving social issues and achieving sustainable growth and improvements in corporate value by contributing to the creation of an environmentally sound, sustainable economy and society, as described in its Management Philosophy, through its business activities.

Materiality Identified to Support Sustainability Management

Tokyo Century's Materiality (Key Issues)

- ➔ Based on the United Nations Sustainable Development Goals (SDGs), Tokyo Century has created a materiality map that considers the degree of priority for its stakeholders (indicated on the vertical axis) as well as the degree of priority for the Company itself (indicated on the horizontal axis). Priority issues for the Company include the development of diverse businesses (such as aviation and solar power generation) that take advantage of its highly free operating environment and business characteristics grounded in the value of its assets.
- ➔ The process of creating this map involved first assessing the importance of issues for stakeholders based on major environmental, social, and governance (ESG) evaluation and non-financial information disclosure standards as well as the 169 targets for the 17 SDGs. We then proceeded to identify the issues of importance for the Company by looking at the connection between the SDGs and our Management Philosophy and financial information. The important issues defined in these two categories formed the axes used when preparing our materiality map, and this map was used to identify the five materiality items described on the following page, based on discussions by the Sustainability Committee and the Board of Directors.
- ➔ In addition, protocols have been introduced regarding materiality notifications in agendas for meetings of the Transaction Evaluation Meeting, Management Meeting, and the Board of Directors. The Company has also created a sustainability contribution award program. These measures are meant to help improve awareness regarding materiality initiatives among employees. Moreover, we have defined key performance indicators (KPIs) along with a PDCA (plan-do-check-act) cycle for materiality issues.

Identification of Materiality Using Materiality Map



Major ESG standards referenced: Dow Jones Sustainability World Index, FTSE4Good Index Series, MSCI indexes, SASB Standards

Tokyo Century's Materiality (Key Issues)

Materiality	Priority Materiality Initiatives	Relevant SDGs
1 Contribution to decarbonized society 	Contribute to widespread use of clean energy through climate change response and environmental efforts Select KPIs Contributions to reductions in CO ₂ emissions through solar power generation businesses of three consolidated subsidiaries*1 (fiscal 2022) Generation value: more than 478,900 MWh Contributions to reductions in CO ₂ emissions: more than 191,321 t-CO₂	
2 Creation of new businesses driven by technical innovation 	Create new businesses by integrating new technologies into financial services and contribute to the digital economy Select KPI Certification under Digital Transformation Stock Selection program*2 of the Ministry of Economy, Trade and Industry	
3 Contribution to social infrastructure development 	Respond to advances in global mobility services and cooperate with local communities to contribute to social infrastructure development Select KPIs Number of vehicles equipped with telematics services*3 Number of safe driving lessons conducted*4 Ratio of rental cars equipped with safety devices (automatic brakes, etc.)*5	
4 Sustainable resource use 	Contribute to development of a circular economy focused on the value of assets Select KPIs Development of refurbishment businesses Number of secondhand computers sold (fiscal 2022): more than 250,000	
5 Enhancement of work environment, leading to strengthening of human resources 	Promote human resource development, diversity, and work-style reforms that improve job satisfaction and foster a sense of personal growth Select KPIs Ratio of women among new-graduate hires (fiscal 2022): at least 30% Ratio of female managers (fiscal 2022): at least 30% Rate of childcare leave acquisition by male employees (fiscal 2022): 100%	
Shared platform	Utilize diverse partnerships to create new value	

*1 Solar power generation company Kyocera TCL Solar LLC and two other subsidiaries *2 Program to certify business operators based on the revision to Act on Facilitation of Information Processing implemented on May 15, 2020; companies must apply for certification and the Ministry of Economy, Trade and Industry selects for certification those companies implementing superior initiatives *3 Nippon Car Solutions Co., Ltd., Nippon Rent-A-Car Service, Inc., and Orico Auto Leasing Co., Ltd. *4 Nippon Car Solutions Co., Ltd. *5 Nippon Rent-A-Car Service, Inc.

See page 39 for details

Relationship between Materiality and Medium- to Long-Term Value Creation Strategies

Materiality Connected to Value Creation Strategies

Materiality	 Contribution to decarbonized society	 Creation of new businesses driven by technical innovation	 Contribution to social infrastructure development	 Sustainable resource use	 Enhancement of work environment, leading to strengthening of human resources
Social Value	Contribute to widespread use of clean energy through climate change response and environmental efforts	Create new businesses by integrating new technologies into financial services and contribute to the digital economy	Respond to advances in global mobility services and cooperate with local communities to contribute to social infrastructure development	Contribute to development of a circular economy focused on the value of assets	Promote human resource development, diversity, and workstyle reforms that improve job satisfaction and foster a sense of personal growth
Opportunities	<ul style="list-style-type: none"> ➔ Growth of renewable energy businesses that address climate change ➔ Increased opportunities for supplying new auto services in light of trend toward electric vehicles (EVs) ➔ Rising leasing needs in conjunction with social demand for energy saving and decarbonization 	<ul style="list-style-type: none"> ➔ Growth of subscription service businesses in tandem with development of digital society ➔ Increase in opportunities for joint businesses with companies possessing innovative technologies ➔ Creation of new businesses through digital transformation ➔ Emergence of new mobility businesses like automotive businesses using driving data and flying cars 	<ul style="list-style-type: none"> ➔ Rising investment in data centers and resilient real estate in preparation for future trends ➔ Development of hotel businesses contributing to local economic development 	<ul style="list-style-type: none"> ➔ Expansion of circular economy and life cycle management businesses focused on asset value ➔ Growth of refurbishment businesses compatible with an eco-friendly society ➔ Differentiation of IT equipment leases through sophisticated data erasure technologies and other IT asset disposition services 	<ul style="list-style-type: none"> ➔ Improvement of employee engagement through workstyle reforms ➔ Acquisition of talented human resources by developing an appealing workplace environment ➔ Energization of staff through new business proposal systems and internal recruitment systems
Risks	<ul style="list-style-type: none"> ➔ Introduction of carbon taxes, increased regulation, and other risks associated with the transition to a decarbonized society ➔ Physical risks arising through increases in natural disasters and abnormal weather events due to climate change 	<ul style="list-style-type: none"> ➔ Diminishment of competitiveness of existing business model due to failure to promptly respond to new technologies ➔ Loss of customers and reduced productivity due to impaired service provision capabilities resulting from lack of effective digital transformation 	<ul style="list-style-type: none"> ➔ Obsolescence of social infrastructure due to population aging and decline ➔ Decreased tourism demand as a result of prolongation of COVID-19 pandemic 	<ul style="list-style-type: none"> ➔ Increased waste treatment costs for end-of-lease assets due to stricter environmental regulations ➔ Need to respond to legal requirements of countries around the world following increased business globalization 	<ul style="list-style-type: none"> ➔ Difficulty in securing human resources due to lack of an appealing workplace environment ➔ Insufficient innovation due to lack of diversity ➔ Loss of talented human resources due to failure to provide opportunities for growth in the workplace
Major Initiatives of New Fourth Medium-Term Management Plan	<ul style="list-style-type: none"> ➔ Expansion of solar, biomass, binary geothermal, and other renewable energy businesses ➔ Investment in world's first large-scale clean hydrogen infrastructure investment fund ➔ Promotion of full transition to EVs for the NTT Group's fleet through Nippon Car Solutions Co., Ltd. ➔ Utilization of joint crediting mechanism (JCM) to take part in an aggregate total of 10 projects for supporting decarbonization strategies of Thailand, the Philippines, Indonesia, and Myanmar 	<ul style="list-style-type: none"> ➔ Promotion of mobility-as-a-service (MaaS) tourism service verification test through coordination between ZENRIN CO., LTD., and Nippon Rent-A-Car Service, Inc. ➔ Launch of fixed-price power conditioner rental service jointly developed with the OMRON Group ➔ Investment in Volocopter GmbH, a company developing flying cars, to start initiatives in preparation for next-generation air mobility services ➔ Establishment of IBeeT Corporation, a joint venture with ITOCHU Corporation, to commence subscription services for household electricity storage systems and peripheral equipment 	<ul style="list-style-type: none"> ➔ Participation in TOKYO TORCH project in Tokiwabashi area in front of Tokyo Station, Uchisaiwaicho 1-chome area development project, and other large-scale urban redevelopment projects ➔ Joint operation of Hotel Indigo Karuizawa with InterContinental Hotels Group PLC ➔ Investment in two joint data center businesses in India together with NTT Global Data Centers Corporation 	<ul style="list-style-type: none"> ➔ Capital and business alliance with MIRAI-LABO Co., Ltd., which develops used EV battery diagnosis and evaluation and reuse businesses ➔ Launch of Belong One secondhand smartphone and tablet rental service for corporate users together with the ITOCHU Group 	<ul style="list-style-type: none"> ➔ Introduction of Career Challenge Program internal recruitment system, resulting in an aggregate total of 27 individuals being assigned to their desired position (as of April 30, 2022) ➔ Implementation of TC Biz Challenge Project new business proposal system, with commencement of commercialization of one proposal passing final judging among 36 proposals received in first iteration ➔ Establishment of Tokyo Century Group Human Rights Policy ➔ Establishment of Basic Policy on Health and Productivity Management ➔ Introduction of teleworking system as well as satellite office system for improving operational efficiency

To view the Tokyo Century Group Human Rights Policy, please refer to the following website.
<https://www.tokyocentury.co.jp/en/csr/humanrights/policy.html>

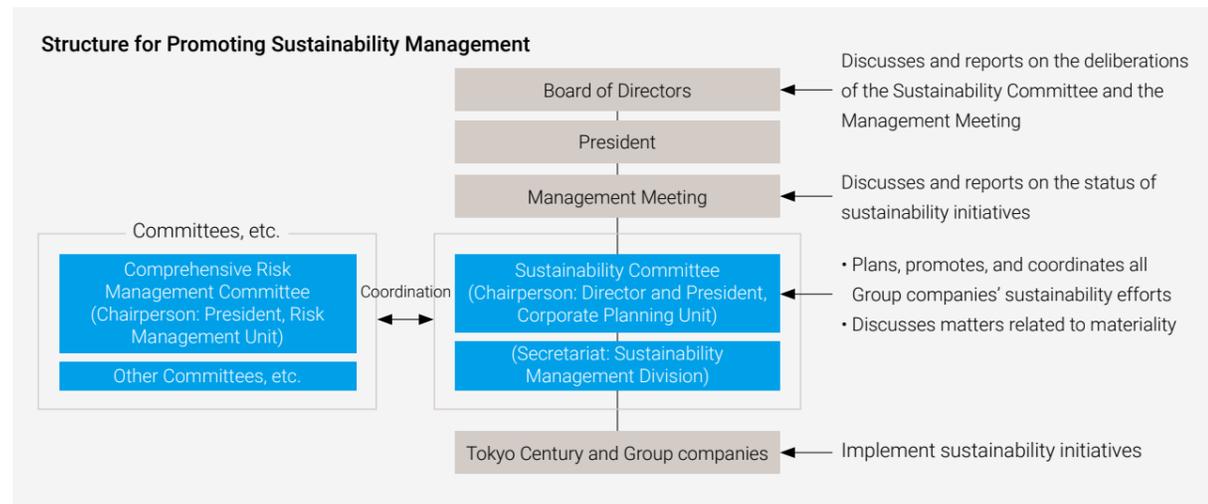
To view the Basic Policy on Health and Productivity Management, please refer to the following website.
<https://www.tokyocentury.co.jp/en/csr/health/policy.html>

Materiality Initiatives

POINT 1 Sustainability Governance

Sustainability Management Promotion System

Sustainability management strategies are an important framework of Tokyo Century's medium-term management plan. Our approach toward sustainability management entails contributing to the resolution of social issues through our business to achieve sustainable growth for both society and the Company, along with improvements in corporate value. In practicing this type of sustainability management, we are advancing materiality initiatives that contribute to the accomplishment of the SDGs and implementing a PDCA cycle to confirm progress with this regard.



Role of the Sustainability Committee

Established in April 2018, the Sustainability Committee is responsible for deliberations related to sustainability management at Tokyo Century. This committee meets twice a year, in principle. Important matters deliberated on by the Sustainability Committee are reported to and discussed by the Management Meeting and the Board of Directors to allow for oversight by the Board of Directors.

The Sustainability Committee is chaired by the president of the Corporate Planning Unit, and this committee promotes initiatives for addressing materiality items that position sustainability as an important management issue. The Sustainability Management Division, which is responsible for planning, promoting, and overseeing Companywide sustainability initiatives, functions as the secretariat for the Sustainability Committee.

Members and Meetings of the Sustainability Committee (Fiscal 2021)

Members	
Chairperson	Director and President of the Corporate Planning Unit
Members	Operation Headquarters: Unit heads (IT Unit, Business Process Management Unit, Personnel Unit, General Affairs Unit, Risk Management Unit), deputy president of the Corporate Planning Unit, general manager of the Corporate Planning Division, and general manager of the Sustainability Management Division Business Headquarters: Four business unit general managers (Equipment Leasing, Mobility & Fleet Management, Specialty Financing, and International Business) and observers (invited as necessary)
Auditors	Standing corporate auditors
Meetings	
Meetings held	4
Major agenda items	<ul style="list-style-type: none"> Information disclosure based on recommendations of TCFD Business and human rights initiatives Progress of medium- to long-term sustainability management initiatives (road map) Carbon-neutrality initiatives

Promotion of Understanding among Employees

Tokyo Century is promoting understanding of sustainability management through communication documents (sustainability communication) and e-learning programs, as well as through training for new employees and ongoing annual training programs. In addition, a dedicated portal site has been established to distribute sustainability information and otherwise bolster in-house communication.

Moreover, we have implemented protocols for including materiality notifications in agendas for meetings of the Transaction Evaluation Meeting, Management Meeting, and the Board of Directors, a sustainability contribution award program, and other frameworks for allowing a more tangible feeling of one's contribution to sustainability management through their work. These are just some of our initiatives for improving awareness among employees.

POINT 2 Reinforcement of Climate Change Response Measures



Yuichi Okade
General Manager,
Sustainability Management Division

Contributions to a Decarbonized Society Defined as Materiality

Climate change is a serious issue for the global environment that impacts the lives of everyone on the planet. To combat this issue, society is ramping up efforts to realize a decarbonized society through means such as rolling out green growth strategies, an example of which would be the Japanese government's declaration of its goal of achieving carbon neutrality by 2050. Tokyo Century, with its dedication to sustainability management, has defined "contribution to decarbonized society" among its materiality key issues for helping accomplish the Sustainable Development Goals. We have also declared our endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) established by the Financial Stability Board. The Company is thus disclosing information based on scenario analyses of how climate change could impact its business. We understand that climate change presents opportunities, in addition to risks. To capitalize on climate change-related opportunities, we are developing solar power and other renewable energy businesses, utilizing joint crediting mechanism (JCM) projects to work with developing countries to curb greenhouse gas emissions and share the emissions reduction benefits between involved countries, and taking part in other environmental business activities. These initiatives have been recognized by financial institutions as environmental projects that contribute to the mitigation of climate change. We were thus able to secure approximately ¥200.0 billion in financing through sustainability-linked loans* in fiscal 2021. Moreover, Tokyo Century utilizes environmental impact assessment worksheets to confirm and assess the environmental impacts of projects prior to their commencement to help us maintain a better understanding of the climate change-related risks and opportunities we face. We are firmly committed to helping develop a decarbonized society via business activities, such as promoting the adoption of EVs through leasing.

* A form of sustainable financing for providing funding support for enhancing sustainability management with fluctuating interest rates based on the accomplishment of ambitious sustainability performance targets

Diversification of Fund Sources through Sustainable Finance

Tokyo Century has received highly positive evaluations from financial institutions for its ambitious sustainability performance targets. Such targets include climate change-related targets, contributions to reductions in greenhouse gas emissions through solar power generation businesses and JCM projects, and workstyle reform and diversity targets like a 100% rate of childcare leave acquisition by male employees. These evaluations are being leveraged to bolster our contributions to the resolution of social issues via funding.



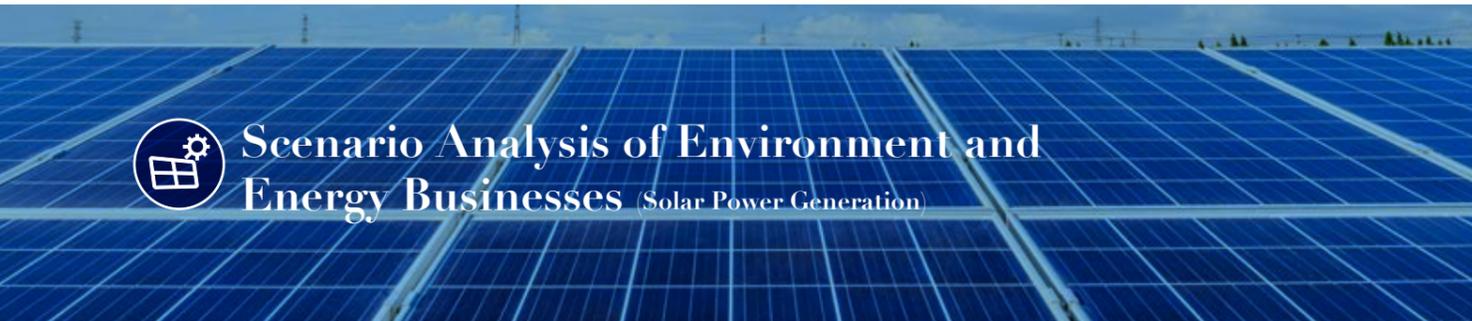
Climate Change Scenario Analyses

Environment and Energy Businesses (Solar Power Generation)

Aviation Business (Aircraft Leasing)



Tokyo Century announced its endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in April 2021. In addition, based on a risk materiality assessment related to climate change, we disclosed the results of scenario analyses conducted based on the TCFD recommendations targeting environment and energy businesses (solar power generation, May 2021) and the aviation business (aircraft leasing, May 2022).



1 Risk Severity Assessment

Risks	Subcategory	Business impact		
		Indicator	Opportunities	
Transition risks	Carbon prices	Expenditures	Solar power generation businesses are not expected to be impacted by risks related to carbon pricing.	Our competitive advantage in terms of renewable energy prices may increase following rises in costs of generating energy from fossil fuels.
	Recycling regulations	Revenue, expenditures	Legal restrictions regarding the collection and recycling of solar panels may have a financial impact and may tarnish our medium- to long-term reputation.	Panel recycling and hazardous material recycling technologies and services may be developed ahead of competitors and introduced to, and ultimately expand, the market.
	Subsidy policies including renewable energy	Revenue	The profitability of a business operated under the feed-in tariff program may deteriorate if grid parity is not achieved before the program ends.	A stricter CO ₂ emissions reduction policy may be adopted, and the feed-in tariff program may provide opportunities for business expansion over the long term.
	Changes in energy mix (including energy demand)	Revenue	The number of renewable energy power generation companies may increase, and the competitive environment may become increasingly severe. Also, sales prices may fall.	The portion of electricity sourced from renewable energy may expand as a result of the Japanese government's decarbonization targets.
	Spread of renewable energy and energy-saving technologies	Revenue, assets	Declines in the value of equipment and power generation costs of power generation facilities may intensify competition with other companies.	Business opportunities for solar and biomass power generation may expand as the use of renewable energy increases.
Physical risks	Intensification of abnormal weather events	Revenue, expenditures	Damage to employees and power plants caused by natural disasters may result in additional investments to restore facilities. In addition, insurance premiums and other costs may increase for power plants and other assets, which could have an impact on performance.	The development of resilient equipment through the accumulation of expertise may lead to new opportunities via the external supply of this equipment.

Note: Only items that were assessed as "large" in regard to the potential business impact of the associated risks and opportunities are shown above.

2 Scenario Group Definition

Scenario analyses were performed using two scenarios, one projecting global warming of less than 2°C above preindustrial levels by the end of the century (Well Below 2°C or 1.5°C Scenario) and another projecting global warming of 4°C above preindustrial levels (4°C Scenario).

3 Business Impact Assessment

Tokyo Century projected various parameters by formulating estimates looking forward to 2030 along with estimates of the impact in 2041, after the end of the feed-in tariff (FIT) program.

	4°C Scenario	Well Below 2°C or 1.5°C Scenario
Transition risks	It will be possible to maintain business profitability even if the purchase price for renewable energy drops to ¥7/kWh.* <small>* Source: Price target from Fundamental Review of FIT Program and Renewable Energy Policy Reconstruction, Agency for Natural Resources and Energy, April 2019</small>	In addition to the outlook indicated to the left, there is a high expectation for earnings growth through the capture of opportunities due to projected increases in non-fossil value and opportunities in the renewable energy businesses.
Physical risks	The costs of physical risks are projected to amount to an increase of approximately ¥400 million in non-life insurance.	The costs of physical risks are projected to amount to an increase of approximately ¥300 million in non-life insurance.

The impact of both transition and physical risks on the overall portfolio of the Group was limited. Based on the results of these scenario analyses, however, we will continue to strive for sustainable growth by strengthening our resilience to climate change and taking advantage of business opportunities.

4 Definition of Countermeasures

As a result of the scenario analyses, the following countermeasures have been defined to mitigate risks and capture opportunities from climate change.

Targets of measures	Concrete measures
Profitability improvement	Increasing profitability by improving facility efficiency <ul style="list-style-type: none"> Strengthening asset management Maximizing power generation efficiency through accumulated asset management expertise see example initiative below
Prevention of sales decline after end of FIT program	Expanding into non-FIT projects <ul style="list-style-type: none"> Developing new businesses in areas such as corporate power purchase agreements, self-wheeling models, and virtual power plants (VPPs)
Capturing of new opportunities	Examining renewable energy businesses other than solar power generation <ul style="list-style-type: none"> Expanding business into renewable energy businesses other than solar power generation (e.g., hydropower, biomass power, and wind power) Entering the VPP business, supply and demand adjustment market, capacity market, etc., using storage batteries Growing business by investing in companies that provide new technologies and business models Exploring new needs through the use of secondhand solar panels, for example, by entering the recycling business

Example Initiative Verification Test for Enhancing Solar Power Generation Asset Management

Tokyo Century has launched a verification test for improving the generation capacity and cutting the operating costs of its solar power plants, as well as for assessing the cost reduction benefits of these initiatives. This undertaking will take advantage of the energy infrastructure insight of Tokyo Gas Engineering Solutions Corporation and the solar power generation expertise of Kyocera Communication Systems Co., Ltd. By combining the specialties of Tokyo Century with those of these partners, we aim to contribute to the spread of renewable energy.



1 Risk Severity Assessment

Tokyo Century assessed the severity of risks in terms of time frame (medium term / long term) and industry (aviation / aircraft leasing). The risks and opportunities deemed to have a large impact on the Company's business area are as follows.

Time frame	Risks	Opportunities
Medium term (2030)	<ul style="list-style-type: none"> It is possible that government or aviation industry CO₂ emissions regulations will lead to reduced demand for older aircraft. The popularization of next-generation aircraft*¹ could result in lower asset value for older aircraft. 	<ul style="list-style-type: none"> A sufficient fleet of next-generation aircraft may lead to increased earnings opportunities. Higher evaluations among investors may result in preferential interest rates for next-generation aircraft and new-generation aircraft.*²
Long term (2050)	<ul style="list-style-type: none"> The popularization of new-generation aircraft could cause sharp decreases in the value of existing next-generation aircraft. Declines in ESG ratings could impede fund procurement activities. 	<ul style="list-style-type: none"> If new-generation aircraft represent a large portion of the Company's fleet, it may contribute to higher earnings and asset value.

*1 Low-carbon aircraft with improved fuel efficiency, lighter body, and other features
 *2 Blended wing body (passenger aircraft, alternative fuel aircraft, electric aircraft, hydrogen-powered aircraft, etc.)

2 Scenario Group Definition

Scenario analyses were performed using two scenarios, one projecting global warming of less than 2°C above preindustrial levels by the end of the century (Well Below 2°C or 1.5°C Scenario) and another projecting global warming of 4°C above preindustrial levels (4°C Scenario).

3 Business Impact Assessment

Based on the aforementioned scenarios, Tokyo Century assessed the potential impact on its business in 2050 with consideration paid to GDP growth rates and other factors in accordance with its current business plan.

Scenario	Business impact assessment
4°C Scenario	Forecast rises in aircraft demand are projected to have a significant benefit in bolstering leasing revenues, and impairment losses resulting from deterioration in the credit conditions of certain airlines are expected to be minor. Accordingly, aircraft leasing business earnings (ordinary income) are expected to grow following the projected developments.
Well Below 2°C or 1.5°C Scenario	Despite the expectation of strict energy regulations, aircraft passenger transport volumes are anticipated to grow by an annual rate of 2.8% (2019–2050). Meanwhile, leasing revenues are forecast to decrease and impairment rates are projected to increase due to the introduction of carbon taxes and the tightening of CO ₂ emissions regulations. Accordingly, aircraft leasing business earnings (ordinary income) are expected to decrease following the projected developments, while suitable profit margins will be maintained due to the increase in aircraft passenger transport volumes.

The results of the scenario analyses suggest that the impact of climate change on the aircraft leasing business will be limited. Based on the results of these scenario analyses, however, we will continue to strive for sustainable growth by strengthening our resilience to climate change and taking advantage of business opportunities.

4 Definition of Countermeasures

Issues	Major ongoing initiatives	Countermeasures for future consideration
Contraction of demand	<ul style="list-style-type: none"> Capturing opportunities for expanding assets that are in high demand through orders and purchase commitments for newly build aircraft (orderbook delivery slots available through 2028) see example initiative below Expanding part-out and conversion businesses 	<ul style="list-style-type: none"> Investing in new assets related to bio-jet fuel, hydrogen-powered aircraft, electric aircraft, and other assets and participating in related businesses
Rise in impairment rate	<ul style="list-style-type: none"> Restructuring portfolio by addressing asset risk (focusing on narrow-body aircraft with low average age and high liquidity, diversifying maturity dates, and implementing other measures) Periodically monitoring asset value volatility through value at risk model on a consolidated basis Setting ratio of next-generation aircraft (fuel-efficient aircraft) in the portfolio as a key performance indicator 	<ul style="list-style-type: none"> Reducing portfolio risk by diversifying and expanding lessee base and shifting toward next-generation aircraft Enhancing asset turnover business to realize the swift sale of owned aircraft and improve profitability Expanding asset management services for managing aircraft after sale to third parties

Example Initiative Introduction of Highly Fuel-Efficient, Next-Generation Aircraft

Aviation Capital Group LLC (ACG), a major U.S. aircraft leasing company and consolidated subsidiary of Tokyo Century, is pursuing reductions to CO₂ emissions by introducing into its fleet next-generation aircraft with high levels of fuel efficiency. The A320neo, a mainstay next-generation aircraft of Airbus SE, offers a 20% reduction in CO₂ emissions compared with the previous generation and is gaining attention from the aircraft market as an eco-friendly aircraft. All outstanding orders for aircraft by ACG are for next-generation aircraft. By transitioning its fleet toward eco-friendly aircraft, ACG aims to help reduce CO₂ emissions from the aviation industry.

Ratio of Next-Generation Aircraft Among ACG's Fleet*¹

Fiscal year	Ratio (%)
2017	2
2018	22
2019	35
2020	43
2021	50

*1 As of December 31 of each year

Delivery Schedule for Ordered Aircraft*²

(As of March 31, 2022)

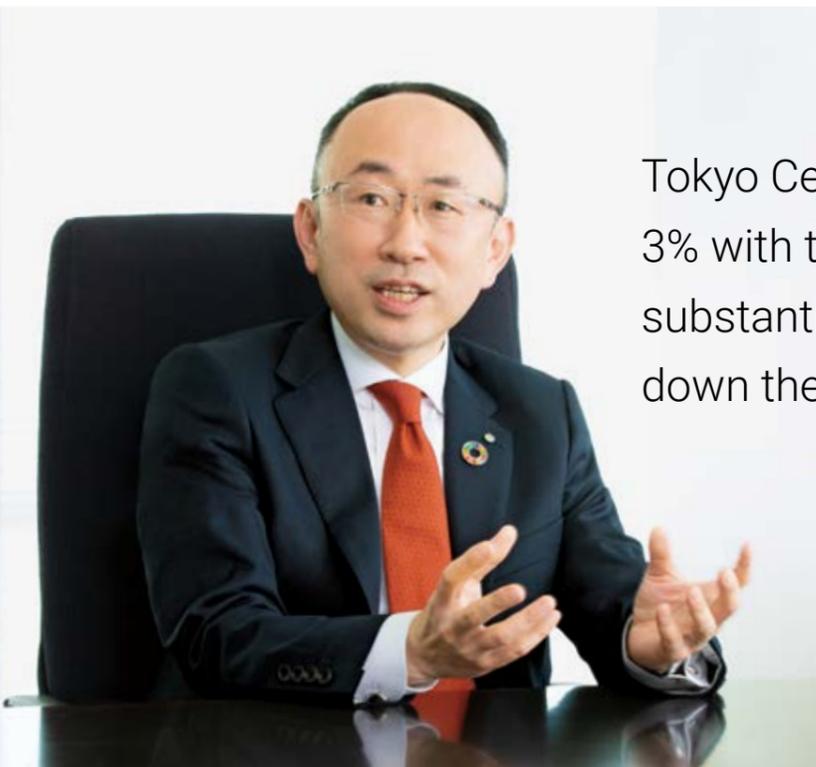
Fiscal year	Number of Aircraft
2022	15
2023	15
2024	16
2025	16
2026	17
2027	15
2028	15

*2 All ordered aircraft are next-generation aircraft models offered by The Boeing Company and Airbus SE.

To view the environmental, social & governance report of Aviation Capital Group, please refer to the following website.
<https://www.aviationcapitalgroup.com/wp-content/uploads/2022/08/ACG-ESG-report-2021-20220819.pdf>

Response to Climate Change and TCFD Endorsement For more information on governance, strategies, risk management, and metrics and targets pertaining to disclosure based on TCFD recommendations, please refer to the following website.
<https://www.tokyoCentury.co.jp/en/csr/environment/tcfd.html>

Medium- to Long-Term Financial Strategies



Tokyo Century targets ROA of 3% with the goal of achieving substantial growth 10 years down the line.

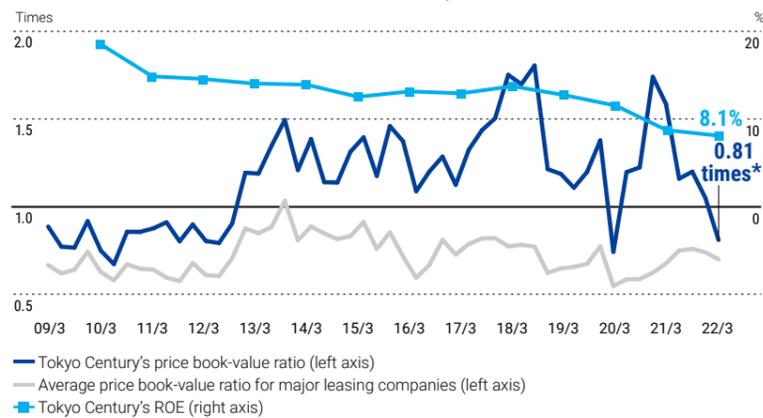
Tatsuya Hirasaki
 Director and Managing Executive Officer
 President, Corporate Planning Unit
 President, Accounting Unit

Since it was born of the merger of Century Leasing System, Inc., and Tokyo Leasing Co., Ltd., in 2009, Tokyo Century has continued to take an ambitious stance toward co-creation with partners and the expansion of its business domain through M&A activities and other means. We have thereby managed to maintain an industry-leading level of return on equity (ROE) of 10% or more. As we grow our business, we have also been working to reinforce our financial base. In this manner, Tokyo Century has struck a balance between investments in growth businesses, the strengthening of its financial base, and shareholder returns while also practicing balance sheet management

based on an optimal capital structure. In fiscal 2020 and fiscal 2021, however, ROE dropped to around 8%. This outcome was a result of the sluggish performance of the aircraft leasing and car rental businesses amid the COVID-19 pandemic. A priority for the Company going forward will thus be to recover ROE to the double-digit level. To maintain a double-digit ROE over the medium to long term, we must increase earnings via higher return on assets (ROA).^{*} Approaches toward achieving this objective will include reforming existing business models and creating new, highly profitable businesses.

^{*} Ratio of ordinary income to total assets

Price Book-value Ratio and ROE Source: Bloomberg



^{*} Based on closing price on June 30, 2022

Measures for Recovering ROE

Earnings Growth

- ➔ Investment in highly profitable businesses for improving ROA
- ➔ Advancement of measures based on seven pillars of business strategies
- ➔ Introduction of next-generation aircraft and other highly profitable assets at ACG

Fiscal 2022 Earnings Target Based on Operating Environment Outlook

In fiscal 2021, Tokyo Century succeeded in steadily amassing consolidated earnings, despite the impacts of the COVID-19 pandemic on aircraft leasing and car rental operations. As for fiscal 2022, the final year of the New Fourth Medium-Term Management Plan announced in February 2020, the impacts of the pandemic will be felt together with the effects of Russia's invasion of Ukraine. Given this outlook, we are projecting ordinary income of ¥100.0 billion, net income attributable to owners of parent of ¥20.0 billion, and ROE of 3% in fiscal 2022. All of these figures are lower than the financial targets set in the medium-term management plan, meaning that the only one of said targets we are on course to accomplish is that for the shareholders' equity ratio, for which the plan puts forth the target of 12%. Moreover, the newly projected figures for net income attributable to owners of parent and ROE represent the lowest levels since the merger.

A major factor behind this unfavorable performance is projected to be an extraordinary loss of U.S.\$380 million (approx. ¥44.4 billion; translated at a rate of ¥116 per U.S.\$1), incurred based on the decision to record impairment losses for the entire value of eight aircraft previously leased to Russian airlines by aircraft leasing subsidiary Aviation Capital Group LLC (ACG). In terms of macroeconomic conditions, we also expect to be impacted by the rapid policy interest rate hikes in the United States and the rising volatility in stock markets. These risk factors have shaped the aforementioned performance forecasts for fiscal 2022.

New Fourth Medium-Term Management Plan Targets and Downward Revisions to Forecasts

	New Fourth Medium-Term Management Plan Targets (Fiscal 2022)	Post-Revision Forecasts (Fiscal 2022)
Ordinary income	¥130.0 billion	¥100.0 billion
Net income attributable to owners of parent	¥80.0 billion	¥20.0 billion
Shareholders' equity ratio	12%	12%
ROE	12%	3%

Ongoing Policy of Stable, Long-Term Returns to Shareholders

As I mentioned, net income attributable to owners of parent is expected to decline substantially in fiscal 2022. However, this decline will not change our basic financial and capital policies. This is because the impairment losses associated with Russia's invasion of Ukraine are a one-time event and because we are seeing steady growth in ordinary income as car rental operations recover amid the diminishing impacts of the COVID-19 pandemic. Based on these reasons, we plan to issue an annual dividend of ¥143 per share in fiscal 2022, the same as in fiscal 2021. In this manner, we will continue to adhere to our basic policy of providing stable, long-term returns to shareholders during the period of the current medium-term management plan. In addition, we put into practice management guidelines for capital use rates (risk exposure associated with economic capital) from the perspective of financial soundness. Accordingly, it was judged that Tokyo Century has sufficient resilience to risks when taking into account future earnings power.

Pursuit of Higher ROA by Building upon Existing Businesses for Growth over Next Five Years and Exploring New Business Models and Fields for Growth over Next Decade

Since the merger, Tokyo Century has continued to expand beyond financial services to place greater emphasis on services and business operations in its business model. Accordingly, the scale of its balance sheet has continued to grow while its business portfolio transforms. This development has exposed the Company to a more diverse range of risks, making it necessary for Tokyo Century to stockpile the capital needed for addressing such risks. While we therefore look to maintain double-digit ROE, we recognize that this will require us to reallocate the capital we have amassed to highly profitable growth areas in order to heighten earnings while boosting ROA.

Tokyo Century has four operating segments, each with differing characteristics. Nevertheless, we expect growth in all of these segments and will therefore be pursuing increased earnings while heightening ROA. Of particular importance to the future will be the Specialty Financing segment. This segment has been a major growth driver since the merger and it is expected to continue to function so going forward. Due to the types of assets held in the

Medium- to Long-Term Financial Strategies

Specialty Financing segment, it accounts for a large portion of our risk exposure. As a result, this segment is also expected to generate higher ROA than other segments in terms of risk-adjusted return. Realizing these returns, however, will require that we recover the performance of ACG, a constituent of the segment that continues to suffer from the impacts of the COVID-19 pandemic and Russia's invasion of Ukraine. I think we managed, to a certain extent, downside risks stemming from the massive impairment losses recorded in the aviation leasing business as a result of the extraordinary circumstances created by the abovementioned developments. However, lease rates and other market conditions have not returned to the pre-COVID-19 level of 2019. Accordingly, more time will be needed before ACG's performance can recover to the levels anticipated when it was consolidated in 2019. Aviation market forecasts disclosed by the International Air Transport Association project that it will not be until 2024 before global air passenger traffic recovers to the level seen prior to the COVID-19 pandemic. We therefore anticipate that the recovery of ACG's performance to the degree initially forecast will not occur until after the market has recovered.

I would now like to talk about the directives for Tokyo Century's business strategies from a long-term perspective looking 10 years ahead and based on the Fifth Medium-Term Management Plan, scheduled to start in fiscal 2023.

Over the medium term, or the next five years, Tokyo Century expects to be able to generate sufficient earnings growth by further building upon existing businesses. Approaches to this end will include the recovery of the performance of ACG as well as the advancement of measures based on our seven pillars of business strategies through means such as collaborative and joint businesses with NTT and other prime partners. A number of the initiatives for laying the groundwork for future growth under the current medium-term management plan are anticipated to begin contributing to earnings in the future and will thus be components behind earnings growth over the medium term. Examples of these initiatives include collaboration with the Advantage Partners Group and joint businesses with the NTT Group. At the same time, the advancement of our business strategies is anticipated to lead to increases in assets. The scale of our asset portfolio currently exceeds ¥5 trillion. As such, the ongoing implementation of strategies entailing growth in assets will naturally give rise to issues related to capital efficiency. If we are to overcome these issues, it will be important to develop a business model involving asset turnover while working toward increases in ROA.

Meanwhile, a focus over the long term, or the latter half of the next decade, will be the evolution of the Company's "Finance × Services × Business Expertise" approach. This will require us to move beyond our existing business models, which are centered on financing

functions, to develop new business models that involve supplying value via new functions to expand earnings opportunities and thereby increase profitability. The current uncertain era is characterized by ever-shorter product life cycles, which in turn necessitates the exploration of new business fields. Meanwhile, we recognize that resolving social issues, among which environmental issues are particularly prominent, through business activities is both an obligation and an opportunity for all companies, including Tokyo Century.

An important theme of the next medium-term management plan will thus be our ability to develop new business models and explore new business fields with an eye to the next decade.

As we tackle these tasks, we will seek to achieve ROA of 3%, an increase from the figure of 1.6% posted in fiscal 2021.

Ongoing Creation of Frameworks for Developing New Business Models and Exploring New Business Fields

Tokyo Century will continue to develop new business models and explore new business fields in pursuit of higher ROE and ROA over the next decade. Our strong, trust-based relationships with our various business partners will be a powerful asset in this undertaking. These relationships constitute a strength in comparison with our rivals and are also why we have garnered praise from capital markets.

If we are to fully capitalize on this major strength, it is not enough for us to simply continue to support the growth of our customers and business partners with financing functions; we must also seek to create new value for them by transforming ourselves, in response to the uncertain operating environment, into a conglomerate that creates new businesses. Fortunately, Tokyo Century is able to utilize a wide variety of assets through its business operations, including both tangible assets and intangible assets, such as partner companies and human resources. I am also keenly aware of the fact that, if we cannot organically combine these assets to create new businesses and business models, we will be unable to achieve ongoing growth. Over the years, Tokyo Century has continued to expand its business domain by creating diverse services matched to the times in a free, unregulated operating environment. We will continue this trend under the next medium-term management plan by laying the groundwork for the development of new businesses.

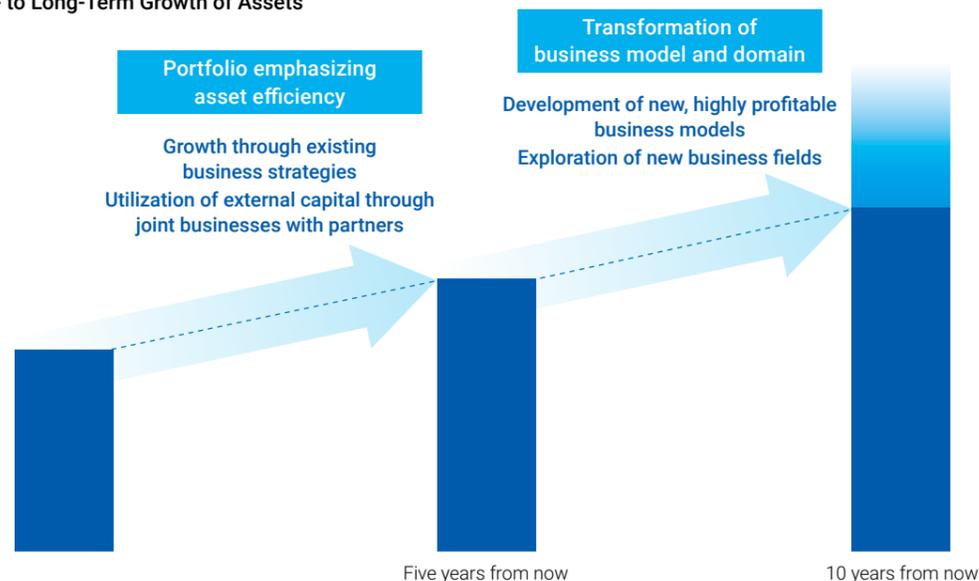
Tokyo Century will therefore need to create the frameworks necessary for this undertaking during the period of the next medium-term management plan. From the perspective of human resource strategies, for example, the types of employees and skills we require are changing together with our business strategies. It is thus important that we recognize the gap between the staffing requirements of our business strategies and our current employee base, in order to reform our human resource portfolio to bolster the diversity and expertise of our employees. Investments in human resources will also need to be conducted toward this end.

Meanwhile, I think the promotion of environmental, social, and governance (ESG) initiatives will be incredibly important as the Company seeks to boost its earnings power under the next medium-term management plan. The underlying belief behind this statement is that a virtuous cycle of increases in earnings power and ESG initiatives will lend itself to the practice of effective sustainability management. Moreover, ESG initiatives will help lower cost of shareholders' equity while also producing future financial value. I therefore look to advance initiatives that target higher corporate value in an integrated manner that combines financial value and non-financial value.

We are currently in the process of establishing the next medium-term management plan, and I have no doubt that our human resources will continue to be a source of competitiveness under the new plan. Management proactively communicates to employees their importance for fostering a desire among them to not only participate in our initiatives but also make them understand how these initiatives relate to them. We thereby aim to encourage autonomous action by employees to ensure that the next plan can be as effective as possible.

As president of the Corporate Planning Unit, I hope to formulate a vision and strategies that can unite the Tokyo Century Group in the advancement of the next medium-term management plan. Other initiatives going forward will include proactive disclosure to guarantee that all members of capital markets are provided with sufficient information while practicing ongoing engagement. In this manner, I aim to drive improvements in corporate value and spur our transformation into a new Tokyo Century Group. I would like to ask our stakeholders for their ongoing support in the months and years to come.

Medium- to Long-Term Growth of Assets



Strategies by Operating Segment and Progress

Equipment Leasing

We will contribute to the creation of a sustainable economy and society by accelerating efforts to increase value in the leasing business and expand partnerships utilizing digital transformation.



Koichiro Sato

Managing Executive Officer
President,
Equipment Leasing Business
Development Unit

Strengths

- Broad customer base
- Evolution of "Finance × Services × Business Expertise" concept
- Culture of constantly tackling challenges in new business areas

- ➔ "Finance × Services × Business Expertise" approach for responding to diversifying and changing customer needs
- ➔ Co-creative businesses with the NTT Group, Fujitsu Limited, Nippon Express Co., Ltd., and other prime partners

Opportunities

- Expansion of businesses in new fields by enhancing relationships with prime partners
- Rising demand for environmental value driving growth in decarbonization-related businesses
- Growth of next-generation financial services that merge subscription and other digital transformation services with leasing and finance businesses

Risks

- Business risks associated with expansion into new business fields extending beyond boundaries of finance
- Governance risks arising in conjunction with growth of Group companies
- Geopolitical risks and other operating environment changes

Overview of New Fourth Medium-Term Management Plan

Boosting of the Value of the Leasing Business and Adaptation to Digital Transformation

Successes of New Fourth Medium-Term Management Plan

Boosting of Value of Leasing Business

Renewable Energy

Launched POWER CONTINUE fixed-price power conditioner rental service for low-voltage open-air solar power plants together with OMRON Social Solutions Co., Ltd.

Corporate Power Purchase Agreements

Installed solar panels at Hino factory of DAIHATSU METAL Co., Ltd., and started providing industrial in-house generation system support service through collaboration with Kyocera Communication Systems Co., Ltd.



Co-Creative Businesses

- Converted FFG Lease Co., Ltd., a subsidiary of Fukuoka Financial Group, Inc., into an equity-method affiliate
- Developed new co-creative framework for growing digital technology businesses together with the Fujitsu Group

Operational Optimization

- Utilized digital contract technologies to improve operational efficiency and realize paperless procedures with regard to contracting with customers
- Achieved paperless and higher-efficiency processes regarding management of contracts and assets and conclusions of leases using LINCS, a contract information supply service

Growth Strategies

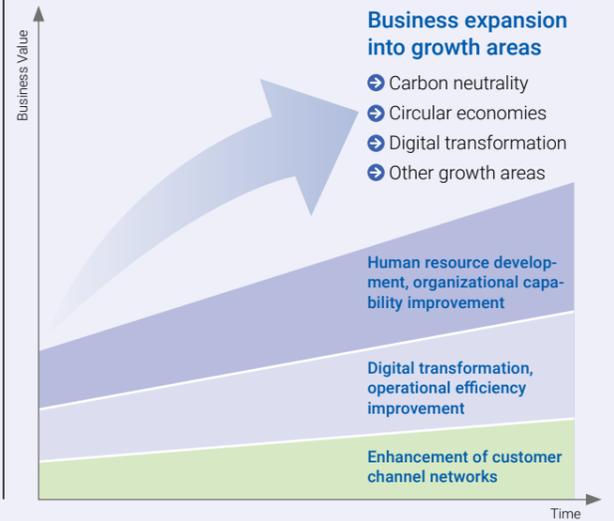
In our core leasing business, we aim to promote digital transformation and expand the functionality and boost the value of our solutions and services so that we can continue responding to the diversifying needs of customers. We are also ramping up efforts to take part in renewable energy projects and to refurbish end-of-lease properties in order to contribute to the creation of an environmentally sound, sustainable economy and society.

Another focus is coordination with our prime partners to boldly expand into new business fields and thereby achieve robust yet sustainable growth. For example, in fiscal 2021 we advanced environment and energy businesses together with ITOCHU Corporation and the JFE Group, while also launching a new co-creative lease business with Fukuoka Financial Group. Furthermore, we will enhance consolidated management of the Tokyo Century Group, including at existing affiliates, to maximize the asset efficiency and earnings of the Equipment Leasing segment.

The growth of our business is driven by the contributions of our diverse and highly ambitious and motivated human

resources. For this reason, we are committed to building a motivating and open workplace environment and improving work engagement. We are also proactive in our use of digital technologies to improve operational efficiency.

Business Value Maximization Initiatives



Quest to Create an Environmentally Sound, Sustainable Economy and Society

Launch of Secondhand Smartphone and Tablet Rental Service for Corporate Users with ITOCHU

OUR MATERIALITY
Sustainable resource use



Together with wholly owned ITOCHU subsidiary Belong Inc., Tokyo Century has launched the Belong One secondhand smartphone and tablet rental service for corporate users.

Belong One is a rental service that provides high-quality secondhand smartphones and tablets, equipped with information security functions and with initial configuration completed, to accommodate the recent rise in demand for business-use smartphones and tablets.

This service facilitates increased reuse of smartphones and tablets by performing maintenance on devices after the end of rental services so that they can be reused, thereby contributing to the realization of circular economies.



Strategies by Operating Segment and Progress

Mobility & Fleet Management

We are providing next-generation mobility services, including those related to electric vehicles (EVs), and creating new businesses while expanding our growth foundations through unrivaled service quality and collaboration with diverse business partners.



Masato Osugi
Managing Executive Officer
President,
Mobility Business
Development Unit

Strengths

- Robust product lineup
- Connected, business process outsourcing, and other high-quality services
- Collaboration with diverse business partners

- ➔ Complete, industry-leading lineup of mobility services (individual and corporate auto leasing, car rental, and other services)
- ➔ Collaboration with the NTT Group, the ITOCHU Group, and other diverse business partners

Opportunities	<ul style="list-style-type: none"> Growth in businesses related to electrified vehicles due to pursuit of carbon neutrality Utilization of digital transformation to improve customer convenience Creation of new businesses utilizing CASE (connected, autonomous, shared & service, and electric), mobility as a service (MaaS), digital transformation, and other automobile data-related technologies Shift from ownership to use of automobiles
	<ul style="list-style-type: none"> Intensifying, cross-industry competition due to increasing entry into mobility field by competitors Delays in deliveries of new automobiles as a result of shortages of semiconductors and other parts Reduced mobility demand amid pandemics Increases in resource and material prices in conjunction with rising geopolitical risks
Risks	

Overview of New Fourth Medium-Term Management Plan

Framing of the Changing Times as an Opportunity to Pursue Mobility Services That Go One Step Further

Successes of New Fourth Medium-Term Management Plan

Co-Creative Businesses

- Concluded capital and business alliance agreement with Mobility Technologies Co., Ltd., which operates a taxi dispatch app business, and developed new mobility services in preparation for the spread of MaaS, automated driving, and smart cities
- Concluded business alliance agreement with map solutions provider ZENRIN CO., LTD., and commenced verification test of MaaS tourism service for contributing to the revitalization of the local economy in Nagasaki City



EVs

- Promoted introduction of EVs with a focus on the NTT Group at Nippon Car Solutions Co., Ltd.
- Commenced capital and business alliance with MIRAI-LABO Co., Ltd., which develops battery diagnosis and evaluation and reuse businesses
- Launched initiatives with Kyushu Electric Power Company, Incorporated, for supplying EVs as business-use vehicles on weekdays and rental cars on weekends



Digital Transformation

- Released new smartphone app and redesigned online car rental reservation website to improve customer convenience and cut back on associated administrative work at Nippon Rent-A-Car Service, Inc.; launched service that allows rental cars to be rented and returned in a non-face-to-face manner via a smartphone



Growth Strategies

The operating environment surrounding the Mobility & Fleet Management segment is currently experiencing substantial volatility as the trend toward electrified vehicles is propelled by technological innovation and decarbonization efforts, as businesses based on new ideas arise from market entry by players from other industries and as mobility demand fluctuates amid the COVID-19 pandemic.

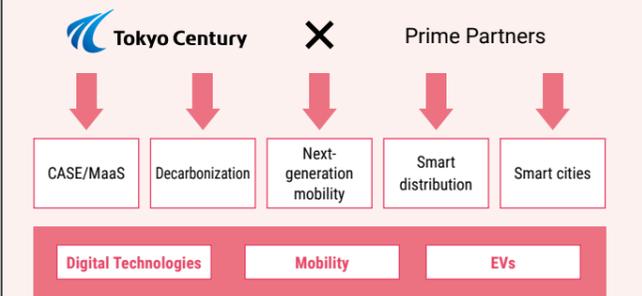
In this environment, we are advancing growth strategies for expanding our businesses and strengthening our operating foundation based on the key words of “digital technologies,” “mobility,” and “EVs.” Strategies to expand our businesses include the acceleration and enhancement of organic growth in existing businesses via differentiation through the proposal of high-value-added products and via customer retention efforts founded on the use of digital transformation and AI technologies to uncover customer needs. We are also advancing projects for achieving non-organic growth with the goal of supplementing previously lacking functions and expanding our business scope. Other business expansion efforts include redoubling our approach toward new technologies and decarbonization by means of creating EV value chains and enhancing marketing approaches through data analysis and utilization. As for strategies to strengthen our operation foundation, we will

educate and train human resources while accelerating business process reengineering to achieve further improvements in operational efficiency using IT.

Going forward, we will take advantage of our fleet of some 700,000 vehicles to strengthen our relationships with the NTT Group, the Mizuho Group, the ITOCHU Group, and other prime partners. At the same time, we will aggressively propose the introduction of EVs, important building blocks of a decarbonized society, with the goal of quickly amassing an EV fleet of around 100,000 vehicles.

We will also shift from a product-oriented perspective to a market oriented-perspective in order to create new services based on an accurate understanding of customer needs.

Expansion of Auto Service Businesses through Partnerships

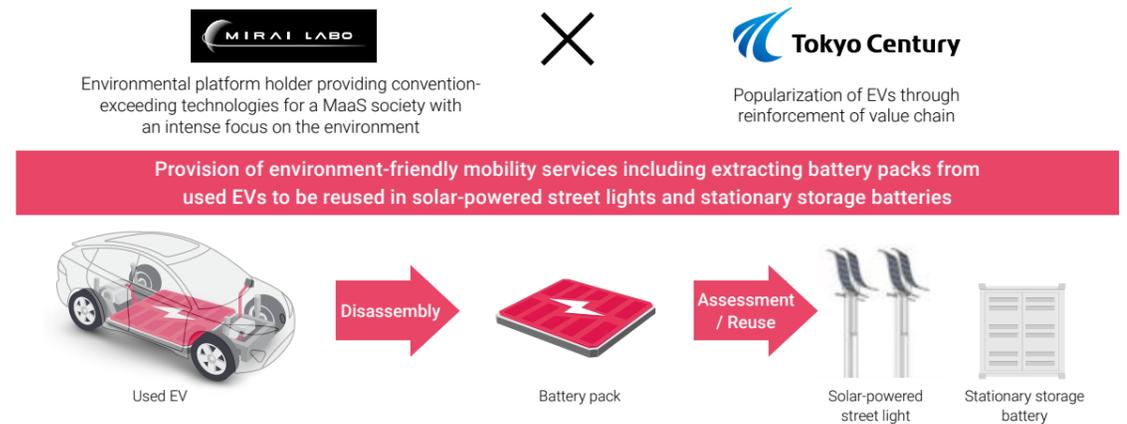


Quest to Create an Environmentally Sound, Sustainable Economy and Society

Generation of Synergies through Alliance with MIRAI-LABO

OUR MATERIALITY
Contribution to decarbonized society

As part of its quest to create an environmentally sound, sustainable economy and society, Tokyo Century concluded a capital and business alliance with MIRAI-LABO, which possesses EV battery diagnosis and evaluation and reuse technologies. Through this alliance, we aim to develop a model for effective use of batteries based on battery analyses. The development of such a model has been identified as a challenge needing to be overcome in order to promote the spread of EVs. We anticipate that this model will help improve the competitiveness of Tokyo Century's EV leases. In addition, we will work with MIRAI-LABO's partners to bolster and supply environment-friendly mobility services related to the reuse and recycling of EV batteries.



Strategies by Operating Segment and Progress

Specialty Financing

We are leaping beyond expectations and pursuing professionalism to further refine our business.



Shintaro Yamazaki
 Managing Executive Officer
 President,
 Specialty Finance Business
 Development Unit

Strengths

- Collaboration with partners to develop diverse and viable businesses
- Leading renewable energy businesses in Japan
- Organization and personnel with expertise and innovative spirit

- ➔ Provision of highly competitive financial services based on the Tokyo Century Group's comprehensive strength and through collaboration with Nippon Telegraph and Telephone Corporation (NTT), Mitsubishi Estate Co., Ltd., Kyocera Corporation, Advantage Partners Inc. (AP), and other prime partners
- ➔ Specialized global staff supporting sophisticated businesses in all asset classes

- | | |
|----------------------|---|
| Opportunities | <ul style="list-style-type: none"> Need to reform all product lines to achieve carbon neutrality by 2050 Transition to new businesses in response to volatility in energy and financial markets |
| Risks | <ul style="list-style-type: none"> Operating environment changes arising from Russia-Ukraine conflict Delays in recovery of demand and economic conditions due to COVID-19 pandemic |

Overview of New Fourth Medium-Term Management Plan

Further Refinement of Businesses with Expertise and Creativity

Successes of New Fourth Medium-Term Management Plan

<p>Aviation and Shipping</p> <ul style="list-style-type: none"> Formed business alliance regarding leasing of electric vertical take-off and landing aircraft between Volocopter GmbH and Aviation Capital Group LLC (ACG) Ordered 60 Airbus aircraft and promoted next-generation aircraft with higher fuel efficiency through ACG Financed exhaust gas desulfurization scrubbers for protecting marine environments 	 <p>Environment and Energy</p> <ul style="list-style-type: none"> Jointly established fund for investing in renewable energy businesses together with NTT Anode Energy Corporation and Sumitomo Mitsui Trust Bank, Limited Participated in U.K. power grid electricity storage project with Nippon Koei Co., Ltd., and three other companies Grew solar power generation businesses (mega solar, corporate power purchase agreements, floating solar power, agricultural solar sharing, etc.)
<p>Real Estate</p> <ul style="list-style-type: none"> Took part in TOKYO TORCH redevelopment project and U.S. data center business together with Mitsubishi Estate Opened Hotel Indigo Karuizawa as second phase of collaboration with InterContinental Hotels Group PLC Participated in Tokyo Cross Park Vision project in the Uchisaiwaicho 1-chome district of Tokyo 	 <p>Principal Investments</p> <ul style="list-style-type: none"> Completed business carve-out of energy storage devices and systems business from Showa Denko Materials Co., Ltd., as second joint investment with AP Participated in initial public offering for renewable energy special-purpose acquisition company operated by AP

Growth Strategies

In fiscal 2022, the final year of the New Fourth Medium-Term Management Plan, the Specialty Financing segment will focus on tasks including accomplishing the Company's fiscal 2022 targets. At the same time, we will cement our earnings foundation in preparation for the upcoming Fifth Medium-Term Management Plan with the goal of developing frameworks for ongoing growth.

- ➔ The specialized expertise pertaining to our product lines will be leveraged alongside the comprehensive strength of the Group to accelerate collaborative business ventures with partners and thereby enhance and diversify our operations.
- ➔ We will seek out environmental business opportunities with regard to our full array of assets for helping realize carbon neutrality.
- ➔ Steps will be taken to develop organizations and infrastructure frameworks that match the pace of business growth and to promote highly productive organizational operations.

Aviation	<ul style="list-style-type: none"> Evolution of integrated operations with ACG and GA Telesis, LLC, and readjustment of growth track of aviation business
Shipping	<ul style="list-style-type: none"> Creation of business opportunities through optimal portfolio management and collaboration with partners
Environment and Energy	<ul style="list-style-type: none"> Improvement of value through sophisticated management of solar power assets Diversification of renewable energy portfolio and expansion of regional scope of investments Promotion of energy management businesses (storage batteries, electric vehicles, etc.)
Real Estate	<ul style="list-style-type: none"> Exploration of earnings opportunities through joint real estate initiatives and business reform together with partners Regional diversification of domestic and overseas investments and focus on projects with medium- to long-term growth potential in order to secure stable core earnings Pursuit of carbon neutrality in real estate businesses through coordination with environment and energy businesses
Principal Investments	<ul style="list-style-type: none"> Promotion of joint investments with AP and enhancement of business investment model Improvement of corporate value of investees and generation of synergies by calling upon Tokyo Century's customer base

Quest to Create an Environmentally Sound, Sustainable Economy and Society

Second Joint Investment with AP—Transference of Energy Storage Devices and Systems Business from Showa Denko Materials, Future Collaboration, and Outlook

OUR MATERIALITY
 Contribution to decarbonized society

7 ENVIRONMENTAL TARGETS

13 CLIMATE ACTION



Together with AP, Tokyo Century acquired the energy storage devices and systems business of Showa Denko Materials via a business transference. This business was inherited by the newly established Energywith Co., Ltd., in December 2021.

Tokyo Century regards this project as a joint investment conducted as part of its strategic alliance with AP and considers it a vehicle for synergies with existing businesses. Storage battery technologies and products are imperative to a number of Tokyo Century's businesses, including its auto, renewable energy, and data center businesses. Accordingly, this joint investment will enable us to provide high-value-added financial services related to electricity storage going forward. We therefore aim to capitalize on this joint investment as an opportunity to contribute to the development of social infrastructure and to the creation of an environmentally sound, sustainable economy and society.



Energywith
 A new company, Energywith, was born. We will continue to contribute to the creation of a sustainable society with our high-quality automotive batteries "Tuflong".

Tuflong

Strategies by Operating Segment and Progress

International Business

We will build a thoroughly differentiated business by teaming up with alliance partners and leveraging our unrivaled global network.



Toshio Kitamura
Director and Senior Managing Executive Officer
President,
International Business Development Unit

Strengths

- Unrivaled global network
- Alliances with prime Japanese partners, such as the NTT Group, and promising local companies overseas
- High-quality leasing services provided by CSI Leasing, Inc. (CSI)

- ➔ Specialized, high-value-added services and alliances with prime Japanese companies, promising local companies in overseas markets, and financial institutions
- ➔ Expansion of fair market value (FMV) leasing,*1 IT asset disposition (ITAD) services,*2 and other high-quality consulting services provided by CSI

*1 Leasing based on FMV derived from the assessed residual value of IT equipment
*2 Services for disposing of IT assets safely and appropriately

- | | |
|---------------|--|
| Opportunities | <ul style="list-style-type: none"> Expansion of 5G, Internet of Things (IoT), and other digital technology markets Need for remote working environments and other peripheral services Increasing information security needs |
| Risks | <ul style="list-style-type: none"> Ongoing risk of stagnancy in production and supply chains Geopolitical risks Interest rate increase risks |

Overview of New Fourth Medium-Term Management Plan

Response to Expansion of Digital Economy and Mobility Revolution

Successes of New Fourth Medium-Term Management Plan

United States

- Achieved record-breaking ordinary income at CSI and established bases in India, Japan, and Northern Europe to further expand global network
- Posted record-breaking earnings at all four auto business subsidiaries
Improved customer convenience primarily through launch of new services
- Acquired Work Truck Direct, Inc., and Fiber Marketing International, Inc., dealers of trucks, arbor equipment, and small construction equipment, enabling the provision of comprehensive services linked to financing services of AP Equipment Financing Inc.



Asia

- Commenced joint data center business with the NTT Group in India
- Completed business restructuring of consolidated subsidiary BPI Century Tokyo Lease & Finance Corporation (joint venture leasing company with major Philippine bank, Bank of the Philippine Islands), resulting in a sharp upturn in performance
- Received approval for four projects in which Tokyo Century functions as representative under Financing Program for Joint Crediting Mechanism (JCM) Model Projects (including one project recognized under new JCM Eco Lease Scheme; total of 10 projects approved to date)



Growth Strategies

The International Business segment is leveraging its strengths in the IT, mobility, and environmental fields as well as its alliances in order to differentiate its business and achieve ongoing growth with a focus on growth businesses and niche fields.

CSI, one constituent of this segment, has been expanding its global network by establishing a Japanese base in May 2021 and then acquiring stakes in Norwegian companies in September. Moreover, CSI plans to extend its operations into Taiwan, Thailand, Indonesia, Sweden, Finland, and Denmark in fiscal 2022. This network expansion will allow CSI to better address the needs of multinational companies while also enabling it to solidify its earnings foundation by accelerating synergies through intra-Group coordination with existing overseas subsidiaries.

Meanwhile, we are moving ahead with joint data center ownership and development projects with the NTT Group in India, which are seeing massive increases in data traffic. The segment is also advancing a diverse range of other businesses through the provision of managed services for IT assets, FMV leases, and ITAD services that capitalize on Tokyo Century's strengths.

In addition, we are developing strong alliances with Japanese partners and prime local companies in markets around the world. The strengths of these various partners will be combined in the pursuit of new business value going forward.

Tokyo Century excels in areas such as JCM projects and ITAD operations, which significantly contribute to the accomplishment of the United Nations Sustainable Development Goals. The advancement and expansion of such activities is thus expected to help resolve social issues and keep our business on a growth track.

The source of our competitiveness in these undertakings is our employees. To reflect the importance of its employees and heighten their motivation and engagement, the Company has introduced performance-linked compensation systems at overseas subsidiaries while also appointing locally hired personnel and women to manage bases and taking other steps to cultivate and promote diverse human resources.

Global Base Network (expansion of network centered on Asia)

- City with CSI base
- City with Tokyo Century base
- City with both CSI and Tokyo Century bases



Quest to Create an Environmentally Sound, Sustainable Economy and Society

Expansion of Global-Standard ITAD Services

OUR MATERIALITY
Sustainable resource use



CSI subsidiary Executive Personal Computers, Inc. (EPC), offers such ITAD services as data erasing and disposal for IT equipment. With a network of 18 service bases in seven countries, EPC is able to provide high-quality, global-standard services in more than 30 countries. In recent years, greater importance is being placed on the environment and on information with regard to the disposal of IT equipment. At the same time, the popularization of remote working and the propagation of 5G and IoT technologies are driving a rise in the number of IT devices. This trend is anticipated to spur rapid growth in demand for ITAD services, which can be used to ensure the safe and appropriate disposal of these IT assets. EPC seeks to cater to the needs of multinational companies with global-standard ITAD services while also properly reusing and recycling IT equipment around the world. For this reason, the company is bolstering its network, expanding alliances with partners, and providing high-quality ITAD services in an ever broader range of regions.



FOUNDATION

CHAPTER

4

Reinforcement of Operating Foundations That Support Strategies

58 Human Resource Strategy

62 Strengthening of Partnerships



Human Resource Strategy

Tokyo Century is bolstering its staff of specialized human resources based on the two themes of human resource strategies and measures and the cultivation of management personnel, in order to foster people capable of developing co-creative businesses together with partner companies.

Management Philosophy

The Tokyo Century Group will work alongside customers in pursuit of their growth as a highly specialized and unique financial services company and will contribute to the creation of an environmentally sound, sustainable economy and society.



Theme 1 Human Resource Strategies and Measures (Medium-Term Management Plan)

- ▶ Page 59
- ➔ Enhancement of specialized skills
- ➔ Recruitment of diverse human resources
- ➔ Recruitment and development of global human resources
- ➔ Revision of human resource systems to accommodate workstyle reforms

Theme 2 Cultivation of Management Personnel

▶ Page 60
Training of managers and executive officers in preparation for future promotions to management positions

Vision

A global corporate group with a diverse team of people

Theme 1 Human Resource Strategies and Measures (Medium-Term Management Plan)

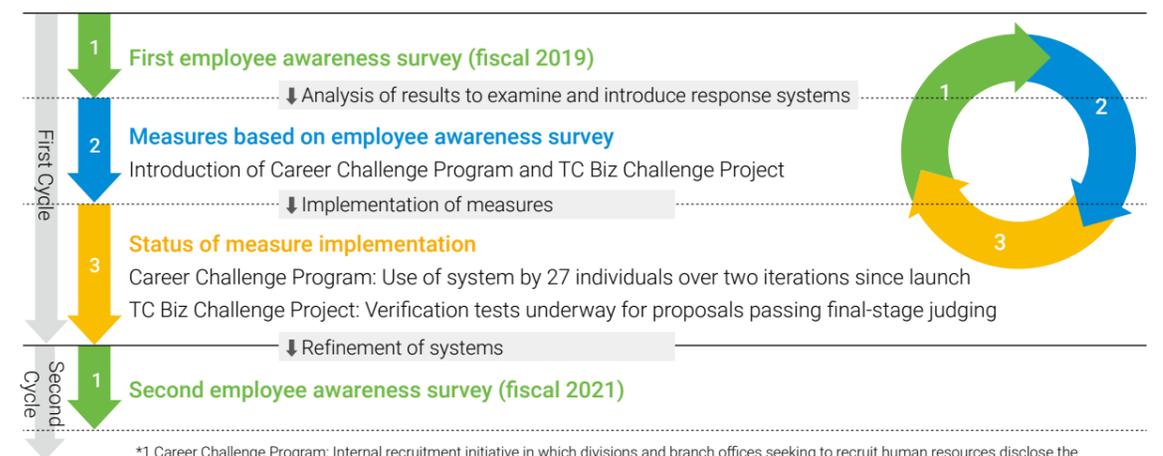
Specific Human Resource Initiatives

Focus	Initiatives
Enhancement of specialized skills	<ul style="list-style-type: none"> ➔ New business workshops for supporting business incubation ➔ Training on subscription services, IT, digital transformation, and other skills necessary for developing co-creative businesses ➔ Knowledge Lab program for sharing knowledge related to financial service planning and other initiatives ➔ Practical training sessions led by external specialists for improving accounting, taxation, and legal skills
Recruitment of diverse human resources	<ul style="list-style-type: none"> ➔ Recruitment of mid-career individuals and introduction of referral hiring system ➔ Establishment of targets* <ul style="list-style-type: none"> • Ratio of women among new-graduate hires: at least 30% • Ratio of female managers: at least 30%
Recruitment and development of global human resources	<ul style="list-style-type: none"> ➔ Dispatch of human resources to overseas subsidiaries ➔ Global training of groups including both domestic employees and employees of overseas subsidiaries designed to foster a global mindset
Revision of human resource systems to accommodate workstyle reforms	<ul style="list-style-type: none"> ➔ Establishment of Basic Policy on Health and Productivity Management (in March 2022) ➔ Enhancement of work-life balance support systems (proactive support for employees giving birth, raising children, or providing care to family members) ➔ Establishment of targets* <ul style="list-style-type: none"> • Annual paid leave acquisition rate: at least 70% • Rate of childcare leave acquisition by male employees: 100%

* Targets of Action Plan for the Promotion of Women's Active Participation in the Workplace

Improvement of Employee Engagement

Based on the results of its first employee awareness survey, Tokyo Century has introduced the Career Challenge Program*1 and the TC Biz Challenge Project*2 to further improve employee engagement. The results of the second employee awareness survey will also be analyzed to facilitate effective measures going forward.



*1 Career Challenge Program: Internal recruitment initiative in which divisions and branch offices seeking to recruit human resources disclose the requirements of the relevant available positions so that they can be filled from among internal applicants
*2 TC Biz Challenge Project: New business proposal initiative supporting employees' efforts to tackle new challenges without fear of failure

Theme 2 Cultivation of Management Personnel

Tokyo Century aspires to fill its ranks with people capable of creating highly specialized and unique financial services that customers choose while also predicting and adapting to operating environment changes. Moreover, we are cultivating future managers through a process including selecting potential candidates for management positions from among employees with specialized skills and helping them gain a variety of experience through dispatch to affiliate companies and other development opportunities.

Major Initiatives

As our focus is the cultivation of future management personnel, we help candidates gain experience in performing management tasks through dispatch to business schools and secondment to overseas subsidiaries. Moreover, a new program was launched in fiscal 2021 to help managers, approximately 250 individuals, learn about management strategies and other necessary management theories.

Number of individuals dispatched to business schools

8

(Aggregate total for fiscal 2020–fiscal 2021)

Number of individuals participating in management training program

Approx. 250

(Fiscal 2021)

MESSAGE

Experience as Managing Director of a Thai Subsidiary



Rie Furuya

Managing Director
HTC Leasing Co., Ltd.

I have experience as a managing director at HTC Leasing Co., Ltd., a joint venture with Hitachi Construction Machinery Co., Ltd. This company is thus a joint venture between a financial services provider and a manufacturer, meaning its approach toward customers differs greatly from that of Tokyo Century. I think it is a very interesting distinction.

Being involved in the management of a local subsidiary can sometimes lead to mistakes or trouble, but I think a manager needs a positive attitude that frames such setbacks as opportunities to improve how things are done.

I go about my current duties by capitalizing on my experience in formulating strategies for the International Business segment and managing the operations of overseas associates as well as on the connections I formed through coordination with various divisions.

I will continue to utilize the skills built over my career with the goal of making HTC Leasing an organization with high levels of engagement in which all employees can genuinely and tangibly grow.

I also want to help develop an organization grounded on diversity and inclusion, at which a female manager is not something out of the ordinary. I will continue to gain and share my experience toward this end.

MESSAGES

Entrenchment of Corporate Culture for Supporting Ambitions



Hiroki Tanimoto (Left) Yuma Imai (Right)
Corporate Planning Division and Structured Finance Division

We used the TC Biz Challenge Project to support our ambition of commercializing aquaponics ventures that couple hydroponics for cultivating vegetables in water with aquaculture for raising fish on land.

We are currently moving forward with verification tests, and we eventually hope to go on to develop a business model involving the cultivation of vegetables and fish along with marketing activities.

Should Tokyo Century approve our plans for commercializing this model, it would allow us to produce, sell, and popularize vegetables and fish raised through aquaponics. We thereby hope to make aquaponics a commonplace option for sustainable food production.

Tokyo Century has an entrenched corporate culture for supporting employees' ambitions and letting them tackle challenges in areas outside of the Company's current business domain. We are incredibly grateful to have been provided with this opportunity, and we will give our all to ensure the successful commercialization of this venture.

Cultivation of Global Human Resources

After joining Tokyo Century, I worked for some time in the domestic leasing business before spending nine years at a Chinese subsidiary. I was later transferred to Tokyo Century's head office. In fiscal 2022, I was dispatched to AP Equipment Financing Inc., a U.S. subsidiary. When taking part in overseas businesses, it is difficult to align everyone, including those at the head office and in the country in question, along the same vector and reach a shared understanding. Nevertheless, I feel that I am always growing as I seek to take charge of projects, making any necessary adjustments based on an overarching view of the negotiations.

My experience in overseas markets has made it clear how incredibly important it is to share Tokyo Century's corporate culture with the employees of local subsidiaries. The Company's global training programs are designed to promote exchanges between domestic and overseas employees. I believe these programs are imperative to improving the engagement of overseas employees. My own personal goal is to become someone with the skills needed to contribute to our overseas strategies, regardless of the country or field.



Hiroto Inoue

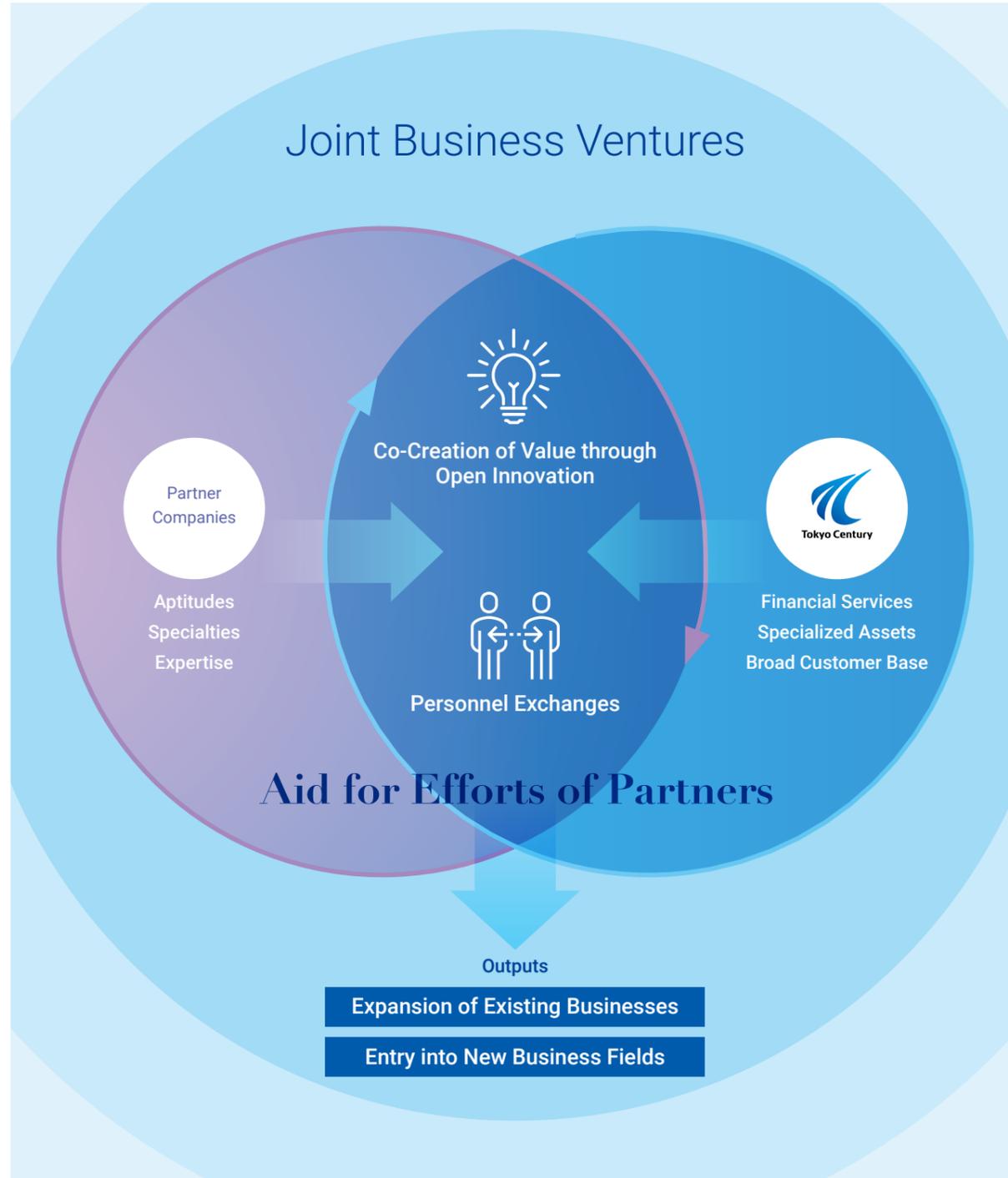
Corporate Planning Officer
AP Equipment Financing Inc.



Strengthening of Partnerships

Tokyo Century's partnership strategy is an important element supporting its management foundations. Accordingly, we have continued to engage in proactive partnerships since our inception.

In these relationships, Tokyo Century acts as a partner in value creation by supplying financial services while promoting open innovation that merges our aptitudes and specialties with those of our partners. We thereby aim to improve medium- to long-term corporate value while maximizing the value we provide to stakeholders.



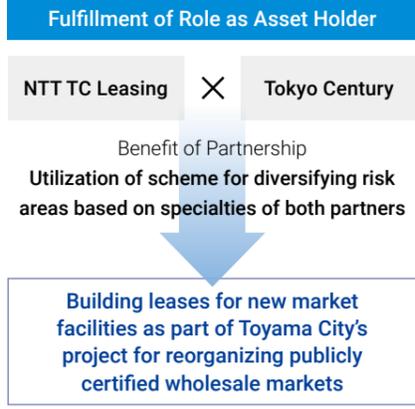
Initiatives Advanced under Partnership Strategy

NTT TC Leasing

Together with NTT TC Leasing Co., Ltd., we are providing building leases for new market facilities as part of a project for reorganizing publicly certified wholesale markets being advanced by Toyama City, Toyama Prefecture.

Vision Shared with Partner

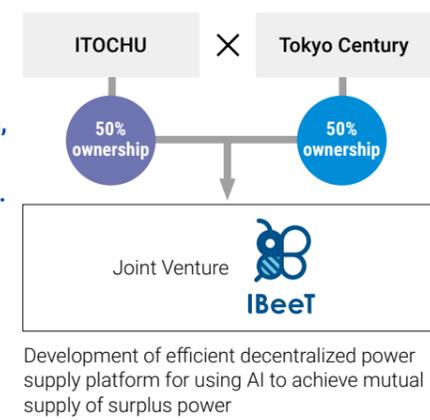
- ➔ Response to demand for rebuilding aged public facilities across Japan
- ➔ Expansion of businesses for invigorating local economies through contributions to infrastructure development, etc.



IBeeT Corporation, a joint venture with ITOCHU Corporation, was established to launch subscription services for electricity storage systems in response to growing demand.

Vision Shared with Partner

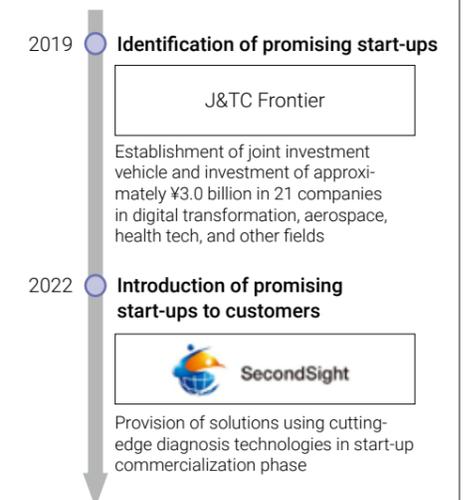
- ➔ Elevation of renewable energy to a primary power source
- ➔ Improvement of resilience to natural disasters
- ➔ Expansion of household and medium- and large-scale industrial electricity storage systems



Together with JFE Engineering Corporation, Tokyo Century established SecondSight Inc. as a joint venture operating company for providing diagnosis solutions combining the technologies of start-up companies.

Vision Shared with Partner

- ➔ Development of platform for supplying advanced technologies of start-up companies to customers and society
- ➔ Contribution to the growth of industry in Japan by catalyzing growth opportunities for start-up companies



Messages from Internal and External Individuals Responsible for Strengthening of Partnerships



Partnership Strategy with the NTT Group

Since the formation of our capital and business alliance with the NTT Group in 2020, the Corporate Planning Division has been fully cooperating with this partner, and we have made steady progress in our joint undertakings. NTT TC Leasing, a joint venture between NTT and Tokyo Century, has continued to increase its number of joint projects with the Company, leading to ongoing growth in performance. We are also working with the NTT Group in global-scale ventures. For example, we are engaged in joint forays in the energy and environment field as well as in the data center business in India.

Tokyo Century's role in this partnership is to supply its functions to various NTT Group companies and to propose various new businesses that help address the NTT Group's management issues. Moreover, our partnership allows us to engage in businesses with high barriers to entry that Tokyo Century could not surmount alone, such as the data center business, and thereby helps expand our business domain. It is our goal going forward to help contribute to the improvement of the NTT Group's corporate value as an indispensable business partner.

We are also taking part in personnel exchanges as we dispatch employees to NTT TC Leasing and receive employees dispatched from this company. We hope that these exchanges will help NTT TC Leasing's employees build upon their skills by gaining a more diverse range of business experience and that these enhanced skills will drive improvements in NTT TC Leasing's corporate value.



Taro Nakajima
Corporate Planning Division

The NTT Group's View of Its Partnership with Tokyo Century



Yoshitake Ban
Director
Corporate Strategy
Corporate Strategy Planning
Department
Nippon Telegraph and Telephone
Corporation

NTT TC Leasing, our joint venture with Tokyo Century, is steadily growing its leasing business by combining Tokyo Century's financial services with the NTT Group's brand power and broad-ranging business domain. In addition, Nippon Car Solutions Co., Ltd., which was created through the merger of the auto leasing businesses of Tokyo Century and the NTT Group, has grown into an auto service company that leads the industry in terms of both quality and quantity. As these joint ventures illustrate, Tokyo Century is an important partner to the NTT Group.

I see Tokyo Century as a team of finance experts who have been highly helpful in supporting the NTT Group in resolving its management issues. I look forward to advancing new joint ventures with the support of Tokyo Century's financial functions and asset appraisal capabilities. We are collaborating around the world, and I see particular potential for expanding upon our partnership on the global stage.

I hope that Tokyo Century will continue to help resolve the NTT Group's management issues through proposals that capitalize on its strengths.

Partnership Strategy with the ITOCHU Group

Since being seconded to Tokyo Century in fiscal 2019, I have been involved in various joint initiatives between this company and the ITOCHU Group. Such initiatives have included investment in solar, biomass, and other renewable energy businesses and the establishment of IBeeT Corporation, a joint venture handling electricity storage system leases. One initiative that particularly impressed me was the launch of the Belong One secondhand smartphone and tablet rental service for corporate users. This service combines the strengths of the ITOCHU Group, which is able to secure a reliable supply of secondhand tablets through its global network, and Tokyo Century, which builds ongoing relationships with its customers through leasing and rental services that do not end with sales. We were thereby able to create a service that matches demand, making for a joint business that grows while contributing to the accomplishment of the Sustainable Development Goals (SDGs). We are currently procuring terminals for rental from external sources, but we look to generate further synergies in the future by using end-of-lease devices belonging to Tokyo Century as another source of terminals.

My secondment allowed me to learn about the financial side of Tokyo Century's leasing operations while also opening my eyes to the fact that there are veritable mountains of assets waiting to be utilized among end-of-lease items. I hope that I can be a part of co-creating businesses that contribute to the accomplishment of the SDGs, like circular economy businesses that utilize end-of-lease items.



Taro Kitahara
Corporate Business Division III
(Seconded from ITOCHU Corporation)



Takuya Matsunaga
Corporate Business Division IV

Partnership Strategy with JFE Engineering

JFE Engineering Corporation has been a long-time partner of Tokyo Century, and we have teamed up in a wide variety of business domains. Personally, I have been involved in solar power projects, a binary geothermal project in Hokkaido Prefecture, a biomass project in Aichi Prefecture, and various other projects in my position of overseeing joint businesses with JFE Engineering. The role of Tokyo Century in its partnership with JFE Engineering is to provide the leasing, loan, investment, and other financial functions that may be needed as well as to exercise asset management functions including managing the operations of special-purpose companies. JFE Engineering boasts a breadth of business operation insight in diverse fields such as renewable energy and recycling along with a track record in the production, maintenance, and operation of equipment and facilities. Tokyo Century, meanwhile, has expertise in handling financial services and assets. These strengths are being combined in our joint business efforts.

Going forward, I hope to contribute to the realization of a decarbonized society and circular economies by expanding our involvement in wind, hydro, and other renewable energy businesses and creating new services in areas including on-site energy supply services, storage batteries, and recycling.

GOVERNANCE

CHAPTER
5
Corporate Governance for
Improving Corporate Value

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- 80 Risk Management and Compliance
- 86 Management Team

Evolution of Tokyo Century's Corporate Governance System

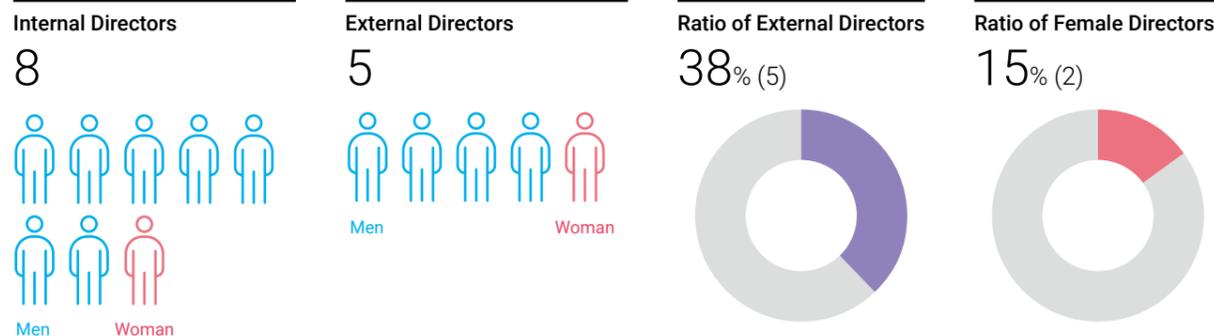
Effectively functioning corporate governance is a crucial aspect to improving corporate value. Accordingly, Tokyo Century endeavors to create a sound and highly transparent management structure that facilitates accurate decision-making and swift responses to the rapidly changing operating environment.

1. Tokyo Century's History of Strengthening Its Corporate Governance System to Improve Corporate Value

Tokyo Century has proceeded to implement various diversity-minded measures to separate the executive function from the oversight function and otherwise strengthen its corporate governance system.

Details	
2011	<ul style="list-style-type: none"> Appointment of an external director
2015	<ul style="list-style-type: none"> Compliance with Japan's Corporate Governance Code Number of external directors increased (from one to two)
2016	<ul style="list-style-type: none"> Board Effectiveness Review Council meeting held Establishment of the Nomination and Compensation Committee
2017	<ul style="list-style-type: none"> Number of external directors increased (from two to three)
2018	<ul style="list-style-type: none"> Number of external directors increased (from three to four) Separation of the Nomination and Compensation Committee into two entities: the Nomination Committee and the Compensation Committee
2019	<ul style="list-style-type: none"> Number of external directors increased (from four to five; external directors represent at least one-third of all directors)
2019	<ul style="list-style-type: none"> System reforms implemented, including the appointment of external directors as chairpersons of the Nomination Committee and the Compensation Committee
2021	<ul style="list-style-type: none"> Number of internal directors reduced (from 15 to 13) One female external director appointed
2022	<ul style="list-style-type: none"> A second female director appointed Increase in the ratio of external directors on the Nomination Committee and the Compensation Committee (63% → 71%)

Composition of the Board of Directors (as of July 1, 2022)



2. Diversity of Directors

Tokyo Century aims to appoint a diverse team of directors in order to strengthen the frameworks for ensuring effective management oversight and advisory functions for the Board of Directors.

Director Skills Matrix (as of July 1, 2022)

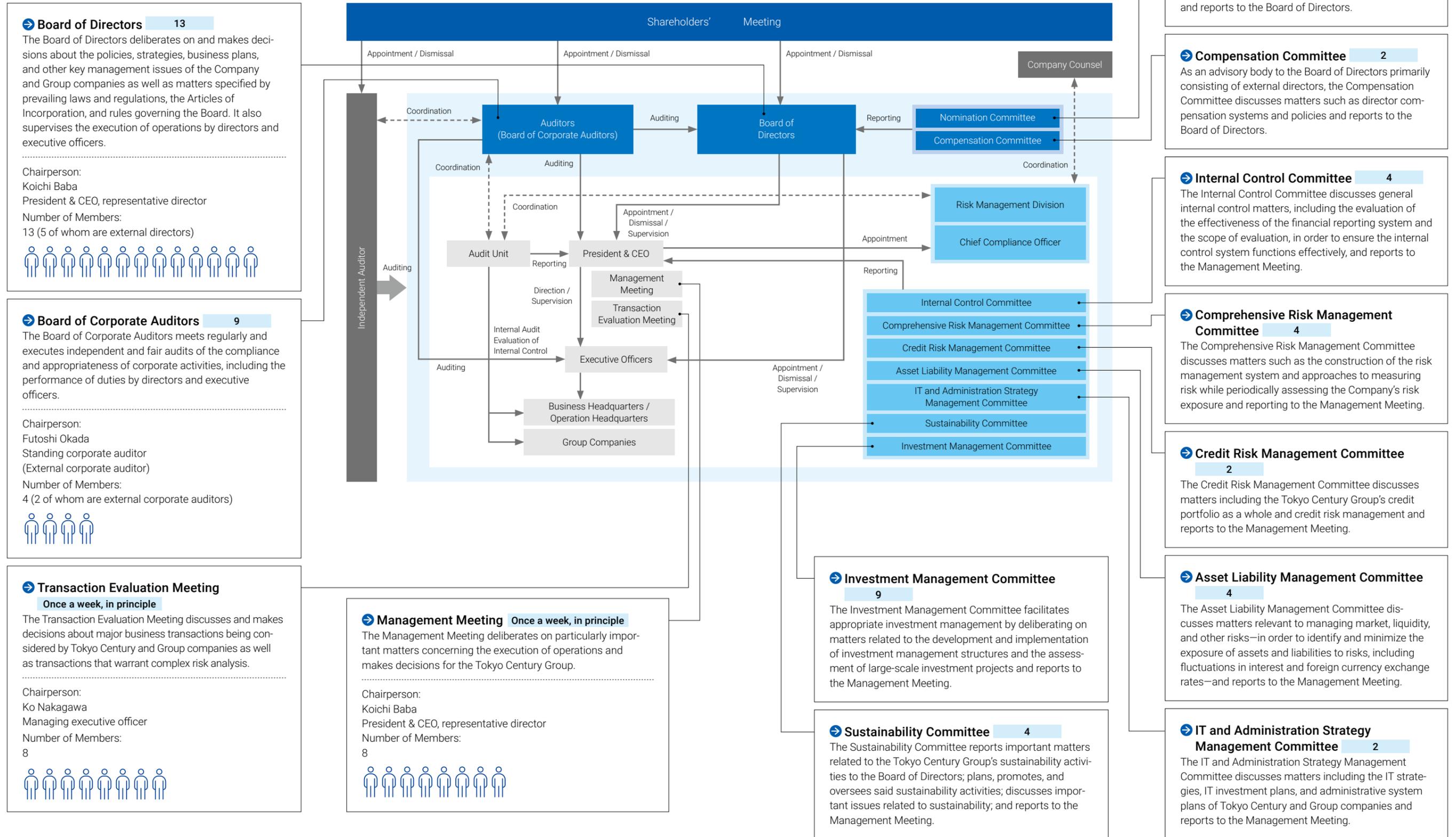
Position	Name	Age	Background	Areas of expertise and expected contributions					
				Corporate Management	Global Operations	Finance / Risk Management	Legal Affairs / Accounting / Taxation	Sustainability	IT / Digital Transformation
Chairman & co-CEO, representative director	Masataka Yukiya	66		●		●		●	●
President & CEO, representative director	Koichi Baba	61		●	●	●		●	●
External director	Masao Yoshida	73	Former president and representative director of Furukawa Electric Co., Ltd.	●	●	●	●		
	Akio Nakamura	66	Former director-general of the Financial Bureau, Ministry of Finance	●		●	●		
	Toshio Asano	69	Former president and representative director of Asahi Kasei Corporation	●	●			●	
	Miho Tanaka	47	Partner of Shiba & Tanaka Law Offices			●	●	●	
	Tsuyoshi Numagami	62	Professor of Graduate School of Business Administration, Hitotsubashi University	●	●			●	
Deputy president, director and executive officer	Akihiko Okada	62		●	●	●			
	Hiroshi Sato	62		●	●			●	●
Director and senior managing executive officer	Toshio Kitamura	59			●	●		●	●
	Mahoko Hara	57			●	●		●	●
Director and managing executive officer	Tatsuya Hirasaki	54				●	●	●	●
Director	Shunichi Asada	73		●	●	●			

Addition of Director Skills Matrix Items

- Tokyo Century revised its director skills matrix based on its management strategies and plans, prompting it to add the new items of "Sustainability" and "IT / Digital Transformation" among the areas of expertise of and expected contributions from directors.
- "Sustainability" was selected due to its importance to contributing to the creation of the environmentally sound, sustainable economy and society described in Tokyo Century's Management Philosophy, to addressing the material issues described in the Company's medium- to long-term strategies, and to promoting diversity management.
- "IT / Digital Transformation" was included as it was judged to be an important skill for developing new businesses that combine Tokyo Century's financial services with digital technologies and for formulating and implementing medium- to long-term digital transformation strategies.

Meetings Held in Fiscal 2021

3. Management Structure Comprising Ideal Committees



Board of Directors 13

The Board of Directors deliberates on and makes decisions about the policies, strategies, business plans, and other key management issues of the Company and Group companies as well as matters specified by prevailing laws and regulations, the Articles of Incorporation, and rules governing the Board. It also supervises the execution of operations by directors and executive officers.

Chairperson:
Koichi Baba
President & CEO, representative director

Number of Members:
13 (5 of whom are external directors)

Board of Corporate Auditors 9

The Board of Corporate Auditors meets regularly and executes independent and fair audits of the compliance and appropriateness of corporate activities, including the performance of duties by directors and executive officers.

Chairperson:
Futoshi Okada
Standing corporate auditor
(External corporate auditor)

Number of Members:
4 (2 of whom are external corporate auditors)

Transaction Evaluation Meeting
Once a week, in principle

The Transaction Evaluation Meeting discusses and makes decisions about major business transactions being considered by Tokyo Century and Group companies as well as transactions that warrant complex risk analysis.

Chairperson:
Ko Nakagawa
Managing executive officer

Number of Members:
8

Management Meeting Once a week, in principle

The Management Meeting deliberates on particularly important matters concerning the execution of operations and makes decisions for the Tokyo Century Group.

Chairperson:
Koichi Baba
President & CEO, representative director

Number of Members:
8

Investment Management Committee 9

The Investment Management Committee facilitates appropriate investment management by deliberating on matters related to the development and implementation of investment management structures and the assessment of large-scale investment projects and reports to the Management Meeting.

Sustainability Committee 4

The Sustainability Committee reports important matters related to the Tokyo Century Group's sustainability activities to the Board of Directors; plans, promotes, and oversees said sustainability activities; discusses important issues related to sustainability; and reports to the Management Meeting.

Nomination Committee 8

As an advisory body to the Board of Directors primarily consisting of external directors, the Nomination Committee deliberates on the nomination of candidates for director and corporate auditor positions and reports to the Board of Directors.

Compensation Committee 2

As an advisory body to the Board of Directors primarily consisting of external directors, the Compensation Committee discusses matters such as director compensation systems and policies and reports to the Board of Directors.

Internal Control Committee 4

The Internal Control Committee discusses general internal control matters, including the evaluation of the effectiveness of the financial reporting system and the scope of evaluation, in order to ensure the internal control system functions effectively, and reports to the Management Meeting.

Comprehensive Risk Management Committee 4

The Comprehensive Risk Management Committee discusses matters such as the construction of the risk management system and approaches to measuring risk while periodically assessing the Company's risk exposure and reporting to the Management Meeting.

Credit Risk Management Committee 2

The Credit Risk Management Committee discusses matters including the Tokyo Century Group's credit portfolio as a whole and credit risk management and reports to the Management Meeting.

Asset Liability Management Committee 4

The Asset Liability Management Committee discusses matters relevant to managing market, liquidity, and other risks—in order to identify and minimize the exposure of assets and liabilities to risks, including fluctuations in interest and foreign currency exchange rates—and reports to the Management Meeting.

IT and Administration Strategy Management Committee 2

The IT and Administration Strategy Management Committee discusses matters including the IT strategies, IT investment plans, and administrative system plans of Tokyo Century and Group companies and reports to the Management Meeting.

4. Director Appointment Policies

Policies for the Nomination of Director Candidates

Regarding the nomination and appointment of director candidates, taking into consideration its fiduciary responsibility to stakeholders, Tokyo Century nominates individuals who are qualified to contribute to the Company's sustainable growth and to the improvement of medium- to long-term corporate value based on expertise, extensive knowledge, or abundant experience gained in corporate management and operational execution. Decisions concerning the nomination and appointment of director candidates are undertaken by the Board of Directors with reference to opinions of the Nomination Committee. The Nomination Committee is chaired by an external director designated as an independent director and the majority of its members are external directors designated as independent directors.

Reasons for the Appointment of New Directors

On June 27, 2022, the Company appointed four new directors: Tsuyoshi Numagami, Hiroshi Sato, Toshio Kitamura, and Mahoko Hara.

Tsuyoshi Numagami has exceptional academic knowledge as a corporate management researcher, particularly in corporate strategy and organization, and is well versed in a variety of industrial fields. Mr. Numagami was appointed as a director as it is expected that he will be able to use his exceptional insight and abundant experience in the Company's management and to provide oversight of operational execution from an independent perspective.

Hiroshi Sato has abundant experience and wide-ranging insight gained from his involvement in corporate management and the execution of overseas and sales operations at a general trading company. Mr. Sato was appointed as a director as it is expected that he will be able to use his experience and knowledge to contribute to the Company's sustainable growth and to the improvement of corporate value.

Toshio Kitamura has abundant experience and wide-ranging insight from his involvement in overseas and sales operations at financial institutions and in the execution of sales, overseas, and other operations at the Company. Mr. Kitamura was appointed as a director as it is expected that he will be able to use his experience and knowledge to contribute to the Company's sustainable growth and to the improvement of medium- to long-term corporate value.

Mahoko Hara has abundant experience and wide-ranging insight in planning and product development at financial institutions as well as in the execution of overseas and sales operations at the Company. Ms. Hara was appointed as a director as it is expected that she will be able to use her experience and knowledge to contribute to the Company's sustainable growth and to the improvement of medium- to long-term corporate value.

5. Major Items Raised at Meetings of the Board of Directors in Fiscal 2021

General Management

- Earnings target formulation and progress management
- Management reports from major subsidiaries
- Discussions on stock acquisitions and sales and investments exceeding predefined amounts
- Establishment of fund investment limits
- Reports on results of investment management framework monitoring
- Investor relations activity reports

Officers

- Appointment of representative directors and directors with titles
- Compensation and bonuses for directors
- Appointment of executive officers

Stocks

- Dividend policies for consolidated subsidiaries
- Interim dividends

ESG

- Evaluation of Board of Directors' effectiveness and report on evaluation
- Details of meetings of the Nomination Committee and the Compensation Committee
- Cross-shareholdings
- Establishment of Tokyo Century Group Human Rights Policy
- Establishment of Basic Policy on Health and Productivity Management
- Sustainability management reports
- Carbon-neutrality initiatives

Other Matters

- Approval of business plans, financial statements, etc.
- Nomination of director and corporate auditor candidates
- Compliance initiative plans and progress reports
- Audit plans and implementation reports
- Selection of new Tokyo Stock Exchange segment

6. Evaluation of the Effectiveness of the Board of Directors and Issues

The Company hires a third-party assessment institution to objectively evaluate the effectiveness of the Board of Directors and uses its evaluation reports during meetings of the Board Effectiveness Review Council.

Important Theme for Fiscal 2021

1 Reinforcement of control and oversight functions for subsidiaries and affiliates

Bolstering of monitoring of investee companies in view of growing business risks associated with large-scale M&A activities and investments implemented

Important Theme for Fiscal 2021

2 Composition of Board of Directors, including giving consideration to issue of diversity

Deepen discussion on Board of Directors' oversight functions and continue to explore ideal ratio of internal and external directors and gender and global aspects of diversity

Evaluation in Fiscal 2021

Subject	Progress	Details
Invigoration of discussions on medium- to long-term management strategies	Unsatisfactory	Steps were taken to facilitate more constructive discussions through reductions to the size of the Board of Directors and the appointment of external directors from outside of the financial industry. However, the amount of time devoted to free discussions on medium- to long-term management strategies was insufficient due to the restrictions imposed by the COVID-19 pandemic. Accordingly, there is a need to reform meeting proceedings to allow for more invigorated discussions.
Discussions emphasizing cost of capital	Very satisfactory	The investment management framework began functioning, improving the transparency of investments and allowing for even more energized debates with an emphasis on cost of capital.
Reinforcement of information-sharing systems of Group companies	Unsatisfactory	Although risk management frameworks are in place at Group companies, there are not enough on-site inspections of overseas Group companies due to the COVID-19 pandemic. Management of Group companies will continue to be a critical priority given that the importance of such management is growing as the Company's business becomes more global.
Promotion of sustainability management	Satisfactory	Understanding regarding the importance of sustainability management is shared, contributing to the progress of various initiatives, including pursuing carbon neutrality and establishing basic policies on human rights and health and productivity management.

Management Issues to Be Discussed at Board of Directors' Meetings in Fiscal 2022

1 Medium- to Long-Term Discussion Looking toward 10 to 15 Years in the Future

There is a need for expanded discussion on management visions, business models, long-term targets, risk control, and other topics based on the rapidly changing operating environment.

2 Group Governance

Group governance systems must be enhanced to allow for greater coordination of information-sharing and risk management frameworks amid growing overseas operations and joint initiatives with partner companies.

7. Officer Compensation

Policies and Method for Determining Officer Compensation

Policies for determining the amounts of compensation to be paid to individual directors are decided through deliberations by the Board of Directors after consulting with the Compensation Committee, which primarily comprises external directors designated as independent directors, and receiving advice from external experts.

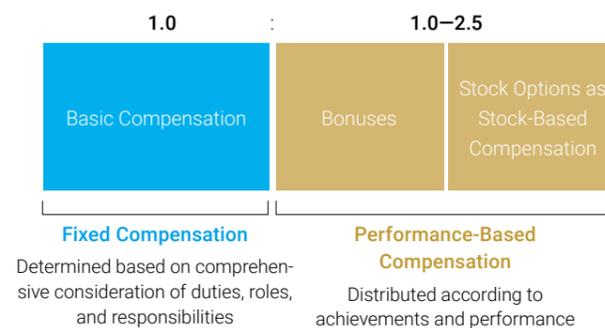
Systems for director compensation are designed to raise directors' awareness regarding the enhancement of shareholder value by aligning the interests of directors with those of shareholders through healthy incentives to contribute to the ongoing growth of the Company and frameworks for linking compensation to the medium- to long-term development of its businesses. In addition, director compensation systems aim to attract outstanding talent in order to recruit and cultivate individuals who can drive the improvement of the Company's corporate value.

Compensation policies, systems, and levels are decided by the Board of Directors based on consultations with and reports from the Compensation Committee.

Compensation systems comprise basic compensation, bonuses, and stock options provided as non-monetary, stock-based compensation. Basic compensation, which is fixed compensation, is determined through comprehensive consideration of such factors as the duties, roles, and responsibilities of the recipient. The compensation of directors responsible for operational execution comprises basic compensation as well as performance-based bonuses and stock options provided as stock-based compensation. The payment ratio of basic compensation and performance-based compensation is set at approximately 1.0:1.0–2.5 and is determined within this range by comprehensively taking into account achievements and performance based on each director's expected duties.

The Compensation Committee discusses matters regarding the compensation of individual directors, including whether said compensation adheres to the defined policies. The president & CEO then decides individual compensation amounts based on and in consideration of reports from the Compensation Committee. The Board of Directors therefore judges that compensation amounts have been decided based on the defined policies.

The compensation of external directors and corporate auditors, who are in positions independent of operational execution, consists entirely of basic compensation based on their roles. In addition, the compensation of corporate auditors is decided through deliberations among the corporate auditors within the defined limits.



Compensation and Eligible Officers in Fiscal 2021

Officer Category	Total Compensation (Millions of Yen)	Total Compensation by Type (Millions of Yen)			Number of Eligible Officers
		Fixed Compensation	Performance-Based Compensation	Non-Monetary Compensation	
Directors (excluding external directors)	626	301	194	131	11
Corporate auditors (excluding external corporate auditors)	45	45	—	—	2
External directors and corporate auditors	132	132	—	—	8

Notes: 1. Stock options provided as stock-based compensation are accounted for under "Non-monetary compensation," although they constitute performance-based compensation. Accordingly, amounts of stock options provided as stock-based compensation are not included under "Performance-based compensation."
2. Although the total number of directors and the total number of corporate auditors as of March 31, 2022, were 13 and 4, respectively, the above compensation amounts also include payments to four directors who retired on June 28, 2021.

8. Audit System

Point Objective and Independent Audit System

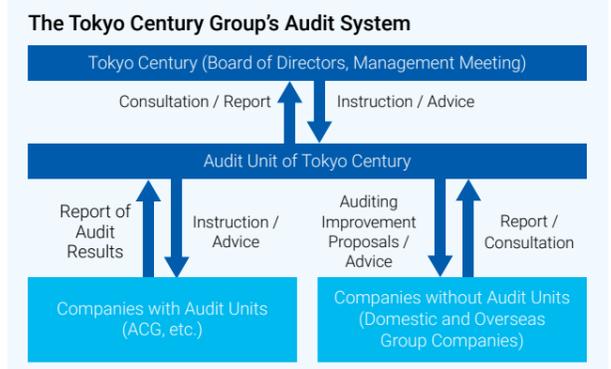
The Audit Unit has been established as an independent organization under the direct control of the president and is tasked with performing internal audits of Tokyo Century and Group companies. Internal audits are aimed at assuring the appropriateness of the Company's systems, organizations, and rules; whether all business activities comply with relevant laws and regulations and internal rules; and whether operating processes and the risk management system work appropriately and rationally. Based on these audits, improvements are proposed and advice is provided as necessary. As the Group expands its business area, risk profiles are becoming more diversified and complex. Accordingly, Tokyo Century aims to conduct internal audits that are effective from a risk-based approach. Timely and appropriate audits are also conducted of companies newly consolidated through investment or acquisition, namely, Aviation Capital Group LLC (ACG). Through such auditing activities, we strive to improve the corporate value of the Company and Group companies.

Annual internal audit plans are reported to the Board of Directors after approval by the president (Management Meeting), and the results of the audits are reported to the president (Management Meeting) and to the Board of Directors.

Audit System for Major Group Companies

Major domestic Group companies as well as major overseas Group companies ACG and CSI Leasing, Inc., have in place independent audit units that perform audits at their respective companies. Audit plans and results are reported to the Audit Unit of the Company, which provides instruction and support as necessary.

The Audit Unit directly audits subsidiaries that do not have their own auditing functions.



Basic Audit Policy

Tokyo Century will conduct audits to contribute to the improvement of corporate value as the third line of defense supporting the growth and evolution of the Company.

- Higher levels of audit quality will be pursued, and improvement proposals and advice shall be provided to facilitate improvements to operations and aid in the prevention of accidents and misconduct.
- Risk identification and verification capabilities will be enhanced from a forward-looking perspective.
- Support for and coordination among Group companies will be ramped up to strengthen the Groupwide audit system.



Message from the President of the Audit Unit

Tokyo Century is boldly pursuing growth even in the midst of a challenging operating environment characterized by the prolonged COVID-19 pandemic and the economic and business repercussions of rising geopolitical risks. I view the Audit Unit as our third line of defense, the last bulwark for governance and risk management. The unit thus has a cornerstone role in supporting the ambitions of the Company. I am therefore committed to offering constructive and accurate improvement proposals and advice to ensure effective risk management.

Akihiko Okada

Deputy President, Director and Executive Officer
President, Audit Unit

DIALOGUE

—Discussion between External Directors

Path to Future Growth for the Tokyo Century Group

Miho Tanaka
External Director



Toshio Asano
External Director

We will support the development of a business portfolio that accounts for all possible risks and the creation of financial services suited to the next era.

What are your opinions regarding the New Fourth Medium-Term Management Plan and the issues it needs to address?

Asano: I have a great deal of praise for the New Fourth Medium-Term Management Plan, particularly with regard to how it is generating clear increases in business performance while also guiding Tokyo Century to expand its income sources beyond its conventional leasing operations into financial services and viable businesses. Conversely, there are numerous issues that still need to be addressed if Tokyo Century is to truly embody its “Finance × Services × Business Expertise” concept. Nevertheless, I am convinced that the Company is poised to grow rapidly in the years to come.

Tanaka: Looking back at the period of the medium-term management plan, we cannot deny that the COVID-19 pandemic created a challenging operating environment for the car rental and aircraft leasing businesses. Regardless, Tokyo Century’s car rental business was able to rapidly recover from the impacts of the pandemic. This business has massively improved its earnings structure through the advancement of a digital transformation strategy including the development of new applications and other measures. As for the aircraft leasing business, the Russia–Ukraine conflict has prompted the Company to post impairment losses on lease aircraft. However, this measure was a response to an unpredictable occurrence, and I believe that

Aviation Capital Group LLC is navigating this situation incredibly well. I also hold in high regard the initiatives being implemented through the investment management framework introduced in fiscal 2021 in terms of risk management. The main issue I see with the New Fourth Medium-Term Management Plan is the increases in segment assets. That being said, I suspect that there is potential to further boost the Company’s profitability by utilizing assets more efficiently from the perspective of return on assets.

What issues do you think will need to be addressed when preparing the upcoming Fifth Medium-Term Management Plan?

Asano: The Fifth Medium-Term Management Plan will, of course, be influenced by the current trends in the operating environment, specifically climate change, the resumed increase in COVID-19 cases, and geopolitical risks. At the same time, however, we must remember that, when taking a long-term perspective looking 20 or 30 years down the line, it is important not to become overly preoccupied with



efficiency. Digital transformation is also a tool for creating new services for sharing information among employees. For me, this type of digital transformation will be vital to realizing substantial future growth.

What types of factors will need to be considered with regard to risk management amid the expansion and diversification of business strategies?

Asano: Geopolitical risks will be a significant area of concern for the foreseeable future. When I was a manager of a manufacturing company, I remember having to be incredibly careful when deciding what countries to build factories in. This was because, should a factory be seized, it would result in a loss of business insight. This experience gave me a keen awareness of the devastating impacts that geopolitical risks can have on corporate management.

As Tokyo Century also develops a global business, it is crucial for the Company to diversify its business portfolio out of consideration for geopolitical risks. At the same time, however, we cannot forget that taking risks is necessary to achieving significant returns. It is thus important for a company to decide the amount of risks it will take based on analyses of the potential risks it may face.

Tanaka: Although it is easy to think about the types of geopolitical risks that may be faced, it is much more difficult to predict the likelihood of their manifestation in the future. This is one of the reasons it is important to develop a relatively balanced business portfolio. Another viable approach is to decide ahead of time the standards based on which decisions to withdraw from businesses will be made, and to make such decisions through detailed analyses of the potential impacts when an unpredicted event occurs. Moreover, a company must have extensive frameworks in place to facilitate constant monitoring of risks, maintain an up-to-date understanding with this regard, and minimize losses through prompt business withdrawals when those standards are applicable.

It is impossible to completely eliminate risks. Accordingly, it is imperative to respond appropriately before and after risks materialize. Steps to be taken prior to the materialization of risks include developing an understanding of the risk patterns that may impact any company and running simulations to determine how to respond based on these risk patterns. Post-materialization, the initial response is critical. Therefore, there is a need to decide, in advance, to whom responsibilities are delegated immediately after a risk materializes.

DIALOGUE—Discussion between External Directors

What risks are faced in terms of Group governance for the Tokyo Century Group?

Asano: As a company becomes a global entity, and its number of subsidiaries increases as a result, it becomes more difficult to maintain an understanding of everything going on within the organization. Of course, companies need to endeavor to increase the transparency of governance of subsidiaries and improve communication in order to facilitate information sharing among subsidiaries. However, there is a limit to what can be accomplished through such efforts. For this reason, it is important for companies to pursue more effective group governance while remaining cognizant of this limit.

Instilling both a propelling force and a uniting force into an organization is key to effective group governance. Tokyo Century is currently trying to grow its business as a global company. I therefore believe that it is at a stage in which it needs to exercise a propelling force. By this, I mean that it has to ensure thorough compliance with the core rules of its Group governance while delegating a certain degree of authority to subsidiaries for matters that go beyond the scope of those rules in order to build the foundations for promoting growth. Moreover, the measures for responding to unpredicted events should be clearly defined with the aim of facilitating global expansion based on a sense of conviction.

Tanaka: Effective group governance is difficult even for M&A activities within Japan, let alone for those conducted on a global scale. Each company has its own governance

principles, and the level of governance measures can vary by company to company. For any company, the first step to installing effective group governance systems is thus to develop and reinforce shared, groupwide internal control frameworks. Another effective approach toward group governance is to develop frameworks for promoting communication between employees engaged in similar tasks at different companies in order to align the entire organization toward a single goal. When working with companies outside of Japan, particularly those in Asian emerging countries, it is important to gather information and insight on a given country's legal and taxation systems from local staff for making decisions that appropriately reflect the circumstances of the respective areas.

Through which lens do you hope to observe the Board of Directors?

Asano: I have years of experience in transforming business portfolios. In fact, Asahi Kasei Corporation, where I used to be president, has massively transformed its business portfolio on multiple occasions over its 100-year history. I have long said that, just because a business is turning a profit today, does not guarantee that it will continue to post profits tomorrow, and I have seen the full

I hope to use my various unique perspectives, as a corporate law specialist, as a woman, and as a representative of my age group, to contribute to the growth of Tokyo Century.

————— Miho Tanaka



From a medium- to long-term perspective, I will support Tokyo Century's management in pursuing substantial growth based on its "Finance × Services × Business Expertise" concept.

————— Toshio Asano

spectrum of business vitality. Tokyo Century's business is currently highly profitable. However, we must also anticipate that this profitability may diminish in the future. It is thus vital to always consider potential changes or revisions to business structure. I hope to contribute to the growth of Tokyo Century by voicing opinions based on this perspective at meetings of the Board of Directors. I also recognize that, in pursuing medium- to long-term growth, it is sometime necessary to take risks or to endure short-term losses. I therefore want to support the Company's management in making such difficult decisions.

Tanaka: Tokyo Century's internal directors are diligent and incredibly talented while its external directors all have impressive track records. Personally, I believe my role is to provide various unique perspectives. For example, I have a long career as an attorney, and I have been able to witness the internal workings of numerous companies as a specialist in corporate law. This experience has given me a unique perspective to learn the fundamental principles behind the long-term approaches and internal control systems of such companies. In terms of diversity, I have a unique perspective as a woman, while my age group also gives me a distinctive viewpoint. I therefore hope to use these various unique perspectives to contribute to the growth of Tokyo Century.

What are your future hopes for the Tokyo Century Group?

Asano: We are in the midst of a transition from savings to investments along with trends toward globalization, digitalization, and manufacturers branching out to provide services. Tokyo Century has the necessary foundations to create value in response to all of these trends.

Tokyo Century is still a rather young company, with only some 10 years having passed since its birth out of the merger. I think it is a point that is worth emphasizing. Tokyo Century is still young, and it has planted the seeds for growing creative businesses that are truly matched to the times. I therefore want Tokyo Century to become a company that provides all employees with opportunities to excel in these businesses.

Tanaka: Tokyo Century's corporate slogan is "Solutions to your Pursuits." This slogan exemplifies how this is not a company that lets aspirations end as mere pipe dreams; it has the passion needed to chase its aspirations and make dreams a reality. I want to see Tokyo Century boldly tackle new challenges in order to develop creative services for future eras.

Risk Management and Compliance

Tokyo Century has been expanding its business domain and providing solutions to social issues by creating unique financial services that go beyond conventional leasing in a business environment free of regulatory constraints.

Going forward, Tokyo Century will reframe its approach toward risk management in order to better live up to the expectations of its various stakeholders and of society and to grow into a more resilient company that can continue to create new value. Specifically, we look to evolve our risk management functions from those aimed at limiting business losses to those supporting the maximization of corporate value.

Our risk management approach is focused on strengthening visual risk management and controlling non-financial risks through the use of consolidated enterprise risk management (ERM) and management information system (MIS) measures.

1. Major Risks and Management Frameworks



Relationship between Major Group Companies and Main Risk Categories ● High-weight risk category

Risk Category	Tokyo Century	Nippon Car Solutions	FLCS	Nippon Rent-A-Car Service	Orico Auto Leasing	TC Kobelco Real Estate	Orico Business Leasing	IHI Finance Support	Aviation Capital Group	CSI Leasing	Tokyo Century (USA)	TC Skyward Aviation
Credit risk	●	○	○	○	○		○	○	●	○	○	○
Market risk	●	○	○	○	○		○	○	○		○	
Interest rate risk	●	○	○	○	○		○	○	○		○	
Foreign exchange risk	●								○			
Liquidity risk	●	○	○					○	●	○	○	
Investment risk	●	○		○								
Equity investment risk	●	○		○								
Business investment risk	●											
Asset risk	●	● Automobile	○ General residual value	○ Automobile	○ Automobile	● Real estate		○ General residual value	● Aircraft	● General residual value	○ General residual value	● Aircraft
Operational risk	●	○	●	●	○	●	○	○	●	○	○	○

Note: The scope of management extends to all consolidated subsidiaries. The table above only lists Tokyo Century's significant subsidiaries subject to internal control under Japan's Financial Instruments and Exchange Act.

2. Risk Management

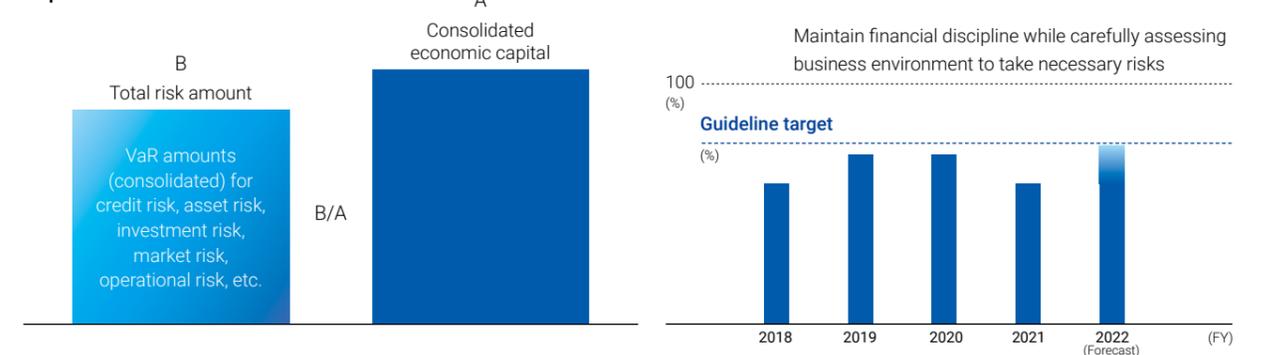
Comprehensive Enterprise Risk Management

The Tokyo Century Group will continue to practice comprehensive enterprise risk management (ERM) in accordance with its management guidelines for capital use rates based on quantitative risk control on a consolidated basis. The capital use rate is used to assess risk resilience, which is an important criterion for rating financial institutions. We have therefore sought to keep the risk amount within a certain level of capital buffers by adhering to the aforementioned management guidelines. As our business domain continues to expand, the relationship between the amount of capital and level of risk receives greater attention from investors and other interested parties. For this reason, the capital use rate has become a key indicator for objectively determining prospects for our sustainable growth and investment capacity.

We refer to the targeted level of the capital use rate only as a guideline, since the regulations regarding capital use levels for financial institutions are not applied to us. In operating a business, seizing business opportunities, such as the opportunity to take part in M&A activities, is also an important factor considered under the risk management framework. Rather than adopting a passive approach to the soundness of corporate management, we pay due consideration to the magnitude of increase in the amount of risk over a medium-term period of about three years, the projection for organic increases in the shareholders' equity ratio from earnings growth, and the level of tolerance of our capital policy.

Even amid the COVID-19 pandemic and the changes to the geopolitical landscape, we will continue to maintain the capital use rate at the appropriate guideline level while securing sufficient growth potential. At the same time, we will constantly improve on the level of our risk management frameworks in conjunction with the expansion of our business domain and changes in the operating environment.

Capital Use Rate Guidelines



Visual Risk Information Tracking at the Management Level

In addition to measuring risks on a consolidated basis and controlling the capital use rate, we implement a visual management information system (MIS). Under the system, the Credit Risk Management Committee and the Comprehensive Risk Management Committee take the lead in regularly monitoring risk information on multiple criteria and report the results to the Management Meeting and the Board of Directors.*

In our global operations, we pay particular attention to Aviation Capital Group LLC (ACG) and CSI Leasing, Inc. (CSI), our U.S.-based subsidiaries that specialize in leasing and for which the scale of investments and assets is quite large. ACG has achieved success as a textbook example of a resilient company made so through a unique risk management approach that includes introducing a risk appetite framework to clarify the risks to be accepted, such as aircraft asset risks, and the risks to be avoided (mitigated or transferred), such as interest, liquidity, and foreign exchange rates. However, it is also important to establish unified governance in line with the Company's corporate standards from the standpoint of consolidated management control. Accordingly, the management standards of ACG and CSI are being integrated into the global management policies of Tokyo Century. ACG and CSI were both large acquisitions, and we feel that these companies are prime examples of effective post-merger integration.

* For information on the monitoring activities by the Company's committees, please refer to "1. Major Risks and Management Frameworks."

ACG's Risk Appetite Framework			
Risk Tolerance	Ability to Influence*	Risk Category	Risk Management Method
High Risks to be accepted	Positive	Asset acquisition risk 1	• Focus on investments in widely applicable assets that promise reliable leasing rates and residual value
		Residual value risk 2 Jurisdictional risk Aviation market risk	• Portfolio management based on defined risk management indicators to address potential impacts from difficult-to-control operating environment factors (limits on level of geographic region exposure concentration, control of average age of fleets, etc.)
Medium Risks to be mitigated or transferred	Neutral	Credit risk Remarketing risk 3 Model risk 4 Operational risk	• Portfolio management based on defined risk management indicators (diversification of lease maturities, new aircraft delivery timings, and lessees)
Low Risks to be avoided	Positive	Capital management risk Interest rate risk Liquidity risk Currency risk Reputational risk	• Regular stress tests in preparation for potential operating environment changes

* Proactive and autonomous management made possible by ACG's high level of expertise

1. **Asset acquisition risk:** — Risk that appropriate portfolio management cannot be practiced in relation to aircraft acquisition methods, selected models, etc.

2. **Residual value risk:** — Risk that aircraft cannot be sold or disposed of at the residual value anticipated at the time of leasing

3. **Remarketing risk:** — Risk that lessees cannot be found for new or re-lease aircraft due to declines in aircraft demand, etc.

4. **Model risk:** — Risk that sufficient returns cannot be generated by projects due to inability to appropriately reflect interest rate or aircraft value trends into lease rates in pricing models

Non-Financial (Non-Quantitative) Risks

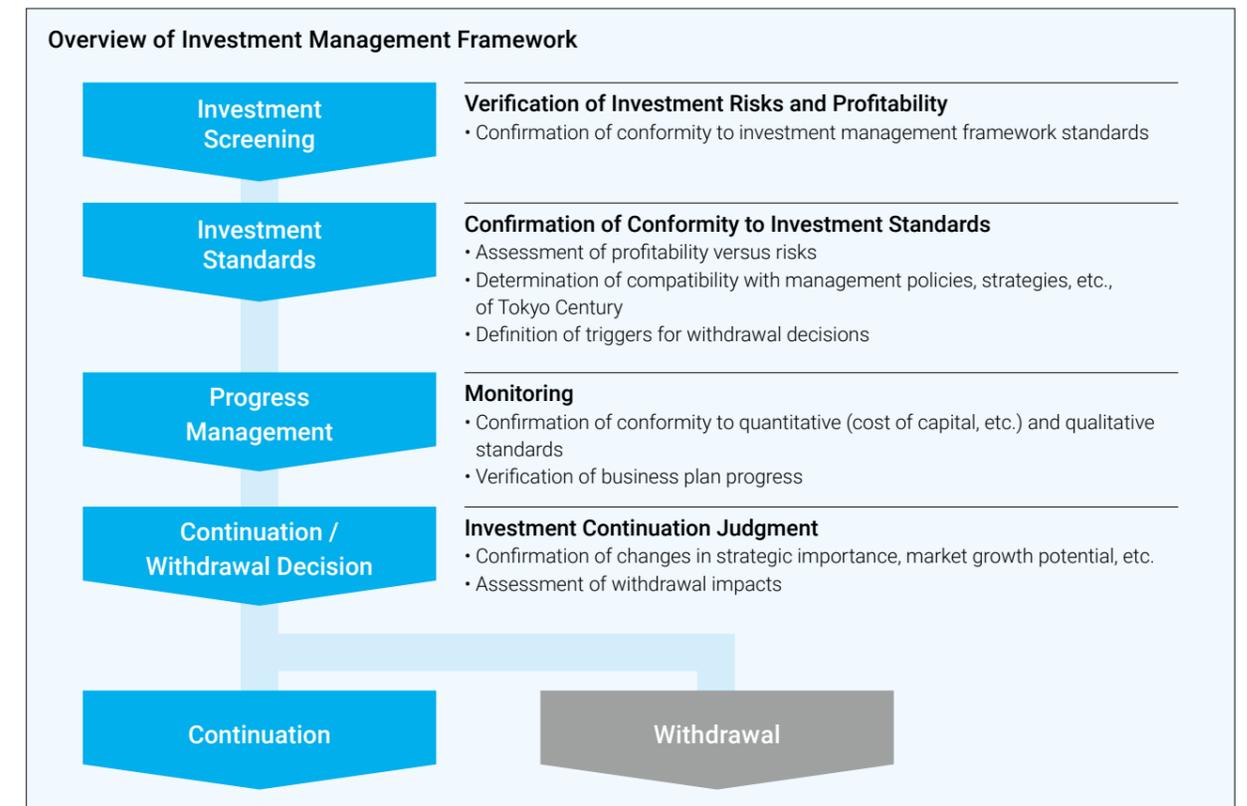
As our business domain grows and we branch out from the financial sector to provide business services, it is becoming increasingly important to account for non-financial operational risks that cannot be measured quantitatively. Based on this recognition, Tokyo Century has established key risk indicators (KRIs) for non-financial risks. Regular monitoring of these KRIs is performed, and the results are reported to the Board of Directors and other relevant bodies. KRIs have been set pertaining to human resources, information security, accidents, compliance, climate change, legal affairs, and corruption. We are also expanding our range of environmental KRIs in relation to renewable energy, CO₂ emissions, and the portion of our portfolio accounted for by fuel-efficient aircraft amid the rising importance of tracking and managing climate change risks. Nevertheless, stakeholder concern for non-financial risks is constantly rising. From the perspective of sustainability, Tokyo Century will continue to bolster its range of effective indicators related to climate change risks as well as to other environmental, social, and governance (ESG) factors and to the United Nations Sustainable Development Goals (SDGs).

3. Response to Expansion of Business Domain

Investment Management Framework

For the purposes of effectively controlling diversifying investment risks and optimizing its business portfolio, Tokyo Century has instituted an investment management framework. Primary focuses of this framework include clarifying investment screening, continuation, and withdrawal standards and developing standardized monitoring processes.

Under this framework, meetings of investment advisory committees are held prior to discussions by the Management Meeting as part of the process for screening investments of a predetermined scale, in order to confirm the anticipated level of profitability after considering capital costs based on the inherent risks (quantitative standards) and the compatibility with Tokyo Century's strategies (qualitative standards). In addition, multifaceted evaluations will be conducted by business divisions with regard to business plans, investment structures, and projected quantities of risk and environmental impacts. After investment, projects will continue to be monitored through standardized processes, and the status of projects and their conformity to the scenarios formulated at the time of their selection will be confirmed regularly. Should it become apparent that a project will not be able to achieve its initial targets, discussions will be arranged on whether investment will be continued.



ROIC Monitoring in Four Operating Segments

Tokyo Century regularly monitors the return on invested capital (ROIC) spread (ROIC less weighted average cost of capital) as a cost-of-capital-based indicator of the risk and reward balance of specific business areas. Business and risk characteristics are accounted for in this monitoring. Moreover, this timing-based monitoring approach is used to promote management that emphasizes cost of capital along with sound financial discipline. Factors examined through this monitoring include whether an appropriate balance is being maintained between risks and returns in our four operating segments and whether the necessary risks are being taken to generate value and stimulate growth.

4. Compliance

➔ Compliance Structure

At the Tokyo Century Group, the Compliance Office promotes compliance measures under the supervision of the chief compliance officer (CCO) appointed by the president & CEO, who is also the chief compliance executive.

The heads of each business division and branch office of the Company, along with the presidents of Group companies, act as compliance officers (COs) with the responsibility of coordinating with the Compliance Office to guarantee compliance with all relevant laws and regulations and ensure that business activities are kept in line with social norms.

➔ Compliance Activities

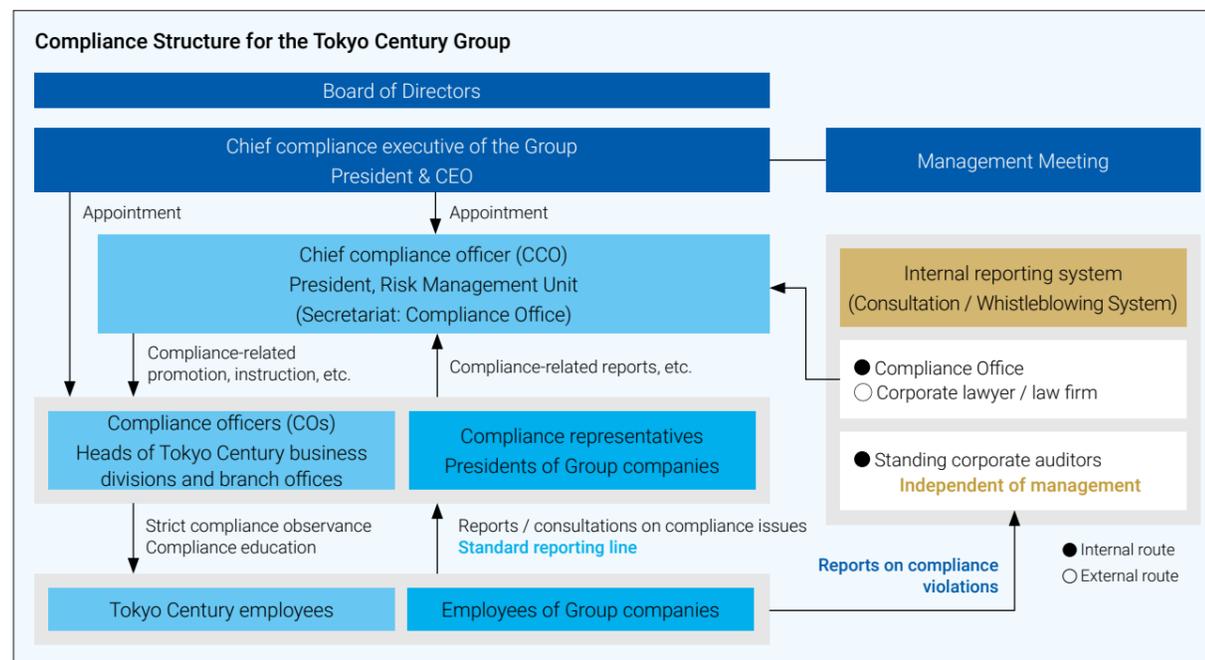
Compliance activity plans are formulated through discussions by the Management Meeting at the beginning of each fiscal year, and these plans are reported to the Board of Directors. The adequacy of the progress of these plans is reviewed every six months by the Management Meeting and the Board of Directors.

Specific compliance activities include e-learning programs, face-to-face and online training sessions, distribution of compliance-related information, and compliance awareness surveys. We also arrange Groupwide forums for sharing compliance information.

➔ Internal Reporting System

In response to the revision of Japan's law regarding the protection of whistleblowers that went into effect in June 2022, we have taken steps to reinforce and clarify the already stringent whistleblower protection measures of our internal reporting system. We will continue to adhere to the highest standards in operating our internal reporting system based on the belief that it is an important tool for exercising compliance management.

In addition, we are working to expand use of our internal reporting system by broadening the scope of compliance-related consultations that can be processed through all internal and external consultation venues. The ratios of reports from domestic and overseas Group companies indicate that this system is well entrenched and functioning appropriately.



For more information on the following topics, please refer to the Company's corporate website.

• **Compliance Structure of the Tokyo Century Group** • **Internal Reporting System**
• **Compliance Handbooks** • **Compliance Education** • **Initiatives for Preventing Corruption**
<https://www.tokyocentury.co.jp/en/csr/governance/compliance.html>



5. Information Security

Tokyo Century views information security as a crucial issue affecting corporate management. The Company has accordingly obtained certification under ISO 27001, the international standard for information security management systems. Under the leadership of the Information Security Committee, we periodically revise regulations and rules regarding information management, conduct regular risk assessments to address information security risks, and carry out security training for employees and officers.

The TC-CSIRT (computer security incident response team) has been set up within the IT Unit as a dedicated cybersecurity organization. Under normal circumstances, the TC-CSIRT will take steps to prevent the recurrence of past incidents and the occurrence of new incidents by monitoring security systems, assessing the security of cloud services, and educating officers and employees. As cyberattacks grow more sophisticated and complex, we endeavor to enhance our response capabilities by periodically having our cybersecurity measures assessed by third-party institutions, sharing information with external partners through membership in the Nippon CSIRT Association, and participating in drills for exercising the knowledge acquired in this manner.

Developing a global business means that actions must be taken to protect personal information and strengthen information security measures with respect for various cultures and regulatory environments. Based on this recognition, we encourage closer collaboration with Group companies by establishing security guidelines for said companies, strengthening management of outside subcontractors, providing information on information security, and holding regular liaison meetings.

In addition to these efforts, we conduct email drills targeting the Company and its domestic and overseas Group companies with emails in Japanese, English, and Chinese several times a year. These drills have proved to be an effective training method for improving the information security awareness of officers and employees.

For more information on the following topics, please refer to the Company's corporate website.

• **ISO 27001 Certification** • **Basic Information Security Policy**
<https://www.tokyocentury.co.jp/en/csr/governance/security.html>



6. Business Continuity Plans

Tokyo Century has established business continuity plans for major natural disasters and infectious diseases, with a complementary plan for novel coronaviruses. A basic principle shared among all of these plans is their placing the protection of lives as the top priority.

In order to prepare for typhoons, heavy rains, earthquakes, and other natural disasters, which are growing in frequency each year, we analyze the results of annual Group safety confirmation drills and the outcomes in actual events that have required the confirmation of employee safety, and steps are taken to address any issues revealed through this process. We have also established guidelines for coming to and leaving work, earning Tokyo Century recognition as a model company in Tokyo for limiting instances of all employees leaving work at the same time during a natural disaster.

Meanwhile, we took steps to combat the COVID-19 pandemic through both measures to curb the actual transmission of the virus as well as measures to install teleworking infrastructure. The latter entailed distributing thin client terminals and smartphones to all officers and employees and introducing electronic application and online meeting systems. In this manner, we are instituting effective business continuity measures while simultaneously implementing systems prefaced on workstyle reforms, including teleworking and staggered working hours. These measures also make it possible to shift to a remote workstyle should the head office be impacted by some disaster. Moreover, business continuity measures and policies for domestic and overseas Group companies include developing frameworks for information sharing and coordination, reinforcing crisis management systems in new businesses, and conducting drills on crisis management-related, public relations activities.

Management Organization

Management Team

(As of July 1, 2022)

Representative Directors



Masataka Yukiya

Chairman & Co-CEO, Representative Director

N C ALM IT

Masataka Yukiya served as executive officer, chief operating officer of the Financial and Insurance Division in the Finance, Realty, Insurance & Logistics Services Company of ITOCHU Corporation. He became a director and managing executive officer of Tokyo Century in June 2011 and was appointed to his current position of chairman & co-CEO, representative director in June 2022. Mr. Yukiya possesses abundant experience and extensive knowledge based on his involvement in corporate management at a general trading company and his achievements as president of the Equipment Leasing Business Unit of Tokyo Century.



Koichi Baba

President & CEO, Representative Director

N C ALM IT

Koichi Baba has served in positions including executive officer and general manager of the Taipei Branch of Mizuho Bank, Ltd. He was appointed as an executive officer of Tokyo Century in June 2014 and assigned to his current position of president & CEO, representative director in April 2022. Also, in April 2022, he assumed the position of chairperson of the Asset Liability Management Committee and of the IT and Administration Strategy Management Committee. Mr. Baba possesses abundant experience and extensive knowledge based on his involvement in the domestic and overseas sales operations at a financial institution and has experience in executing operations as president of the Corporate Planning Unit of Tokyo Century.

Committee Membership Legend

N: Nomination Committee **C**: Compensation Committee **ALM**: Asset Liability Management Committee
IC: Internal Control Committee **CR**: Comprehensive Risk Management Committee
CRM: Credit Risk Management Committee **IT**: IT and Administration Strategy Management Committee
S: Sustainability Committee **IM**: Investment Management Committee **■**: Chairperson

External Directors*1 *2



Masao Yoshida

External Director

N C

Masao Yoshida has served in positions including president and representative director of Furukawa Electric Co., Ltd. He was appointed as an external director of Tokyo Century in June 2017 and then to the position of chairperson of the Compensation Committee in September 2019, both positions he currently holds. Mr. Yoshida possesses experience and extensive knowledge based on long-term involvement in corporate management at Furukawa Electric Co., Ltd., and offers management advice and provides proper oversight of operational execution for sustainably enhancing the corporate value of Tokyo Century.



Akio Nakamura

External Director

N C

Akio Nakamura has served in positions including director-general of the Osaka Regional Taxation Bureau, National Tax Agency, and director-general of the Financial Bureau, Ministry of Finance. After he served for two years as an external director of Tokyo Century from June 2015, he was reappointed as an external director in June 2018. He was appointed as director, representative executive officer, president and CEO of Japan Securities Depository Center, Incorporated, in June 2019, a position he currently holds. Mr. Nakamura possesses extensive knowledge in areas such as financial policy and tax affairs and has experience and a track record in corporate management while offering management advice and providing proper oversight of operational execution for sustainably enhancing the corporate value of Tokyo Century.



Toshio Asano

External Director

N C

Toshio Asano has served in positions including president and representative director of Asahi Kasei Corporation. He was appointed as an external director of Tokyo Century in June 2019, a position he still holds while also fulfilling the role of chairperson of the Nomination Committee, which he assumed in June 2021. Mr. Asano possesses abundant experience and extensive knowledge based on his long-term involvement as the most senior manager of Asahi Kasei Corporation and offers management advice and provides proper oversight of operational execution for sustainably enhancing the corporate value of Tokyo Century.



Miho Tanaka

External Director

N C

Miho Tanaka has served in positions at Asahi Koma Law Offices (currently Nishimura & Asahi) and TMI Associates before taking up her current position as a partner at Shiba Management Legal Office (currently Shiba & Tanaka Law Offices). She became an external director at Tokyo Century in June 2021. Ms. Tanaka has abundant experience and extensive knowledge as an attorney-at-law, particularly in corporate legal affairs and M&A activities, and she applies her deep insight to monitor operational execution from an independent perspective.



Tsuyoshi Numagami

External Director

N C

Tsuyoshi Numagami served as the dean of the Graduate School of Commerce and Management at Hitotsubashi University before becoming director and vice president thereof and later taking up his current position as a professor of the university's Graduate School of Business Administration. He became an external director at Tokyo Century in June 2022. As a researcher of corporate management, Mr. Numagami has exceptional academic insight regarding corporate strategies and organizations and is well versed in various industries, and he applies his deep insight to monitor operational execution from an independent perspective.

*1 External directors as stipulated by Article 2-15 of the Companies Act of Japan

*2 Designated independent directors as stipulated by the Tokyo Stock Exchange

Management Team

Internal Directors



Akihiko Okada

Deputy President, Director and Executive Officer
President, Audit Unit
President and Representative Director,
TC Business Experts Corporation

ALM IC CR

Akihiko Okada has served in positions including managing executive officer and chief operating officer of the Steel, Non-Ferrous & Solar Division of ITOCHU Corporation. He was appointed to the position of deputy president, director and executive officer of Tokyo Century in June 2019 and then to the position of chairperson of the Internal Control Committee in April 2021, a position he still holds. He assumed his current position of deputy president, director and executive officer and president of the Audit Unit in April 2022. Mr. Okada possesses abundant experience and extensive knowledge in diverse areas including corporate management and global business based on his extensive overseas experience at a general trading company.



Hiroshi Sato

Deputy President, Director and Executive Officer
Responsible for Equipment Leasing and
Deputy President, Specialty Finance Business Unit I

ALM

Hiroshi Sato has served as managing executive officer and general manager of the Plant Project, Marine & Aerospace Division as well as the chief executive for European Operation at ITOCHU Corporation. He became the senior managing executive officer and executive advisory officer for the Equipment Leasing Business Development Unit and Specialty Finance Business Unit I at Tokyo Century in June 2021, before assuming his current position of deputy president, director and executive officer and responsible for Equipment Leasing and deputy president of the Specialty Finance Business Unit I in June 2022. Mr. Sato possesses abundant experience and extensive knowledge gained through his involvement in corporate management, overseas operations, and sales at a general trading company.



Toshio Kitamura

Director and Senior Managing Executive Officer
President, International Business Development Unit
President, International Business Unit
Director and Vice Chairman of CSI Leasing, Inc.

After holding the position of general manager of Europe Corporate Banking Division No.1 at Mizuho Corporate Bank, Ltd., Toshio Kitamura became general manager of the East Asia & ASEAN Business Department of Tokyo Century in May 2013. He then became an executive officer of the Company in April 2016 and director and vice chairman of CSI Leasing, Inc., a position he still holds, in May 2018 before assuming his current position of director and senior managing executive officer and president of both the International Business Development Unit and the International Business Unit in June 2022. Mr. Kitamura possesses abundant experience and extensive knowledge gained through his involvement in operational execution of a financial institution and the Company.



Mahoko Hara

Director and Senior Managing Executive Officer
Executive Advisory Officer for Specialty Finance
Business Development Unit
Deputy President, Specialty Finance Business Unit I
Director and Executive Chairperson of Aviation
Capital Group LLC

Mahoko Hara has served as general manager of the Product Solutions Division of Shinsei Bank, Limited. She became senior manager of the Finance Business Unit of Tokyo Century in March 2011 and was later appointed to the position of executive officer and general manager of the Finance Business Development Office in April 2013. She assumed the position of executive chairperson of consolidated subsidiary Aviation Capital Group LLC in January 2020, a position she holds concurrently with the position of director, senior managing executive officer and executive advisory officer for the Specialty Finance Business Development Unit, in addition to the position of deputy president of the Specialty Finance Business Unit I she took up at the Company in June 2022. Ms. Hara possesses abundant experience and extensive knowledge gained through her involvement in planning and product development at a financial institution as well as overseas operational execution and sales at the Company.



Tatsuya Hirasaki

Director and Managing Executive Officer
President, Corporate Planning Unit
President, Accounting Unit

ALM IC CR CRM IT S IM

Tatsuya Hirasaki was appointed to the positions of general manager of the Accounting Division of Tokyo Century in October 2013 and executive officer in April 2017 before assuming his current position of director and managing executive officer, president of the Corporate Planning Unit, and president of the Accounting Unit in April 2022. It was at this time that he became chairperson of the Sustainability Committee, a position he still holds. He also currently serves as the chairperson of the Japan Leasing Association's Accounting and Taxation Committee and as a member of the Accounting Standards Board of Japan's Technical Committee. Lease Accounting. Mr. Hirasaki possesses abundant experience and extensive knowledge based on his involvement in operational execution pertaining to accounting, corporate planning, and other activities.



Shunichi Asada

Director

Shunichi Asada was appointed as president & CEO, representative director of Tokyo Leasing Co., Ltd., in April 2008 and served as president & CEO, representative director of Tokyo Century for 11 years following the merger in April 2009, after which he was appointed to his current position as a director in June 2022. Mr. Asada aggressively promoted new business models by taking advantage of a business environment free of regulatory constraints and established the four operating segments. Moreover, he possesses abundant experience and a successful track record as the manager with the most credit for leading Tokyo Century's development as a top-tier financial services company in the industry.

Corporate Auditors

Futoshi Okada

Standing Corporate Auditor
External Corporate Auditor

Before becoming a standing corporate auditor (external corporate auditor) at Tokyo Century in June 2012, Futoshi Okada served as managing executive officer and vice chairman of the Asian Committee in charge of investment bank group sales at Mizuho Securities Co., Ltd. Mr. Okada possesses abundant experience and extensive knowledge gained through his involvement in corporate management, overseas operational execution and sales at a financial institution, which he uses to fulfill his function of providing effective management oversight of the legality and appropriateness of Tokyo Century's corporate activities.

Katsuya Amamoto

Standing Corporate Auditor

Katsuya Amamoto has filled the positions of general manager of the Kobe Branch, Business Division VII, and of Credit Supervision Division I of Tokyo Century prior to his assuming his current position of standing corporate auditor in June 2019. Mr. Amamoto possesses abundant experience and extensive knowledge gained through his involvement in screening, sales, and planning at the Company, which he uses to fulfill his function of providing effective management oversight of the legality and appropriateness of Tokyo Century's corporate activities.

Yoshio Nomura

Standing Corporate Auditor

After serving as head of the Minamisenba Branch of Mizuho Bank, Ltd., Yoshio Nomura became an executive officer and general manager of Personnel Division II of Tokyo Century in April 2010 and then managing executive officer and president of the Personnel Unit and General Affairs Unit in April 2016. In June 2021, he took up the position of corporate auditor of consolidated subsidiary Nippon Car Solutions Co., Ltd., paving the way to his current position as a standing corporate auditor of the Company, which he assumed in June 2022. Mr. Nomura possesses abundant experience and extensive knowledge gained through his involvement in sales and human resource-related processes at financial institutions and human resource-related processes and general affairs at the Company, which he uses to fulfill his function of providing effective management oversight of the legality and appropriateness of Tokyo Century's corporate activities.

Masao Fujieda

Corporate Auditor
External Corporate Auditor

Masao Fujieda was a partner at Showa Ota Ernst & Young (currently EY Japan) before taking up his current positions at Fujieda Masao Tax Accounting Office in October 2011 and as an external corporate auditor of Tokyo Century in June 2018. Mr. Fujieda possesses abundant experience and extensive knowledge regarding taxation and accounting gained as a tax accountant, which he uses to fulfill his function of providing effective management oversight of the legality and appropriateness of Tokyo Century's corporate activities from an impartial and objective standpoint.

Executive Structure and Unit Presidents

Operation Headquarters	Audit Unit	Akihiko Okada	Deputy President, Director and Executive Officer
	Corporate Planning Unit	Tatsuya Hirasaki	Director and Managing Executive Officer
	Accounting Unit	Takashi Yonetsu	Managing Executive Officer
	Treasury Unit	Takashi Yonetsu	Managing Executive Officer
	IT Unit	Junji Tsutsui	Managing Executive Officer
	Business Process Management Unit		
	Personnel Unit	Toshiyuki Otobe	Executive Officer
	General Affairs Unit		
	Credit Supervision Unit		
	Risk Management Unit	Ko Nakagawa	Managing Executive Officer
Legal Unit			
Business Headquarters	Equipment Leasing Business Development Unit	Koichiro Sato	Managing Executive Officer
	Corporate Business Unit I	Katsusuke Hirako	Executive Officer
	Corporate Business Unit II	Toshihiko Tamura	Executive Officer
	Corporate Business Unit III	Takao Kamata	Executive Officer
	Mobility Business Development Unit	Masato Osugi	Managing Executive Officer
	Specialty Finance Business Development Unit	Shintaro Yamazaki	Managing Executive Officer
	Specialty Finance Business Unit I	Yoichiro Nakai	Deputy President, Executive Officer
	Specialty Finance Business Unit II		
	Business Development Unit	Yoshito Kitagawa	General Manager
	International Business Development Unit	Toshio Kitamura	Director and Senior Managing Executive Officer
International Business Unit			

Equipment Leasing

Mobility & Fleet Management

Specialty Financing

International Business

CORPORATE DATA

CHAPTER

6

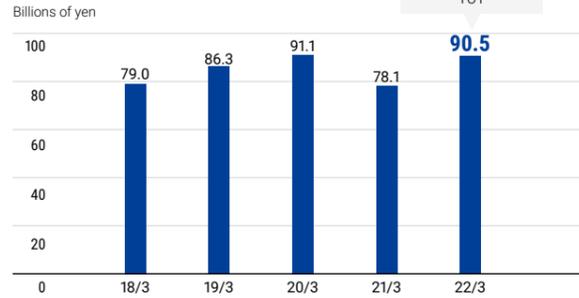
Data Section

92	Performance Highlights
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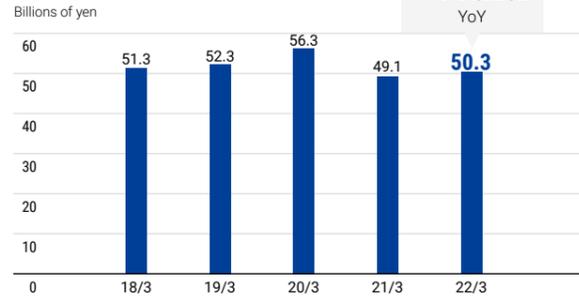
Performance Highlights

Financial Information

Ordinary Income

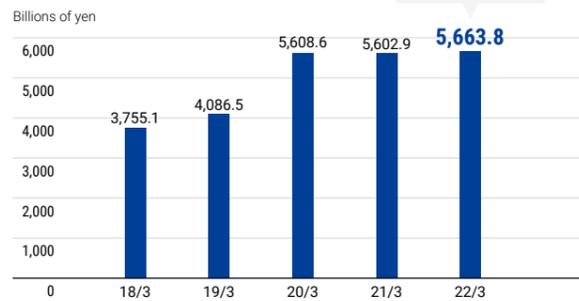


Net Income Attributable to Owners of Parent

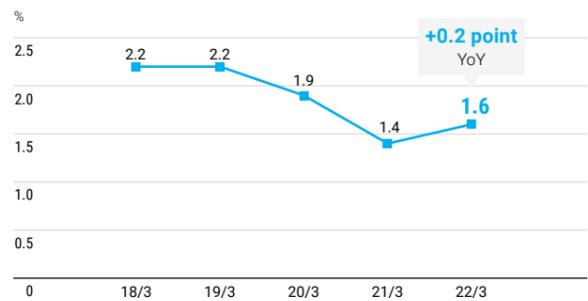


Reasons for Changes Despite decreased earnings in the Specialty Financing segment due to the recording of impairment losses on aircraft, ordinary income was up ¥12.4 billion year on year and net income attributable to owners of parent rose ¥1.1 billion following growth in the International Business, Mobility & Fleet Management, and Equipment Leasing segments.

Total Assets

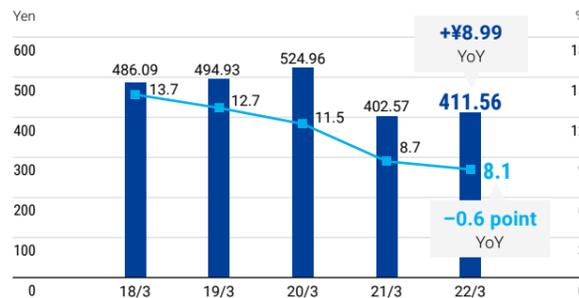


ROA*

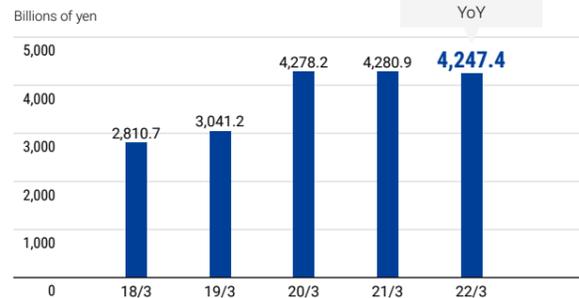


Reasons for Changes Total assets on March 31, 2022, were up ¥60.9 billion from March 31, 2021, due to increases in assets in the Specialty Financing segment and the International Business segment stemming from yen depreciation. Return on assets was up 0.2 percentage point, regardless of the rise in total assets, due to the increase in ordinary income.

Net Income per Share / ROE



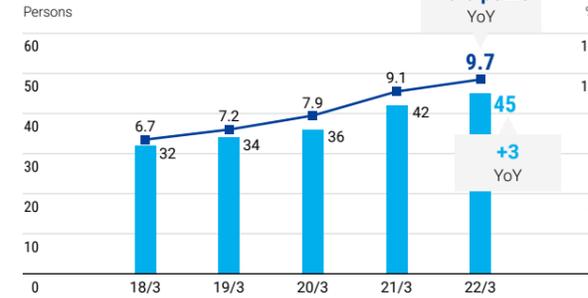
Interest-Bearing Debt



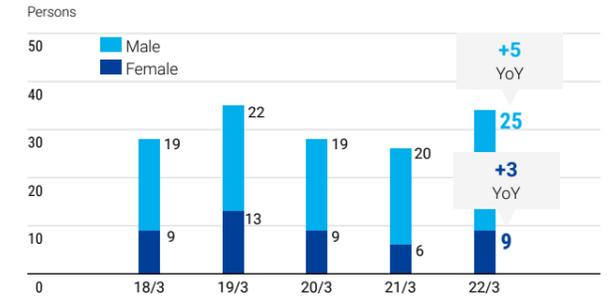
Reasons for Changes Return on equity was down 0.6 percentage point year on year due to an increase in retained earnings and translation adjustments resulting from yen depreciation. Interest-bearing debt on March 31, 2022, was down ¥33.5 billion from March 31, 2021.

Non-Financial Information

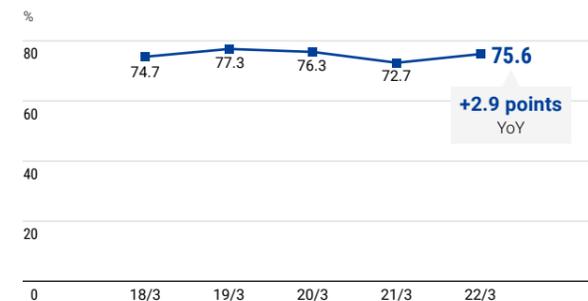
Number of Female Managers / Ratio of Female Managers (Non-Consolidated)



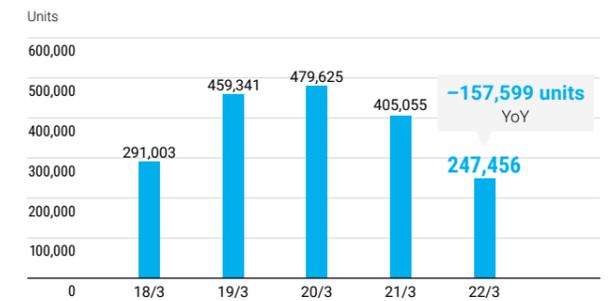
Eligible Employees Who Have Taken Childcare Leave (Non-Consolidated)*1



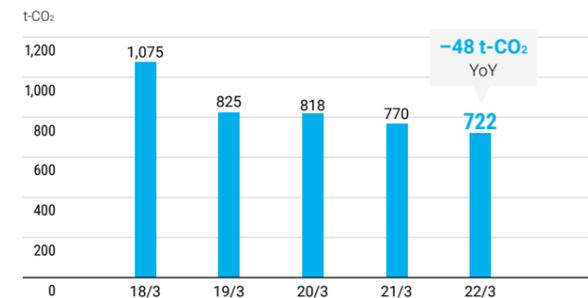
Ratio of Eligible Employees Who Have Taken Paid Annual Leave



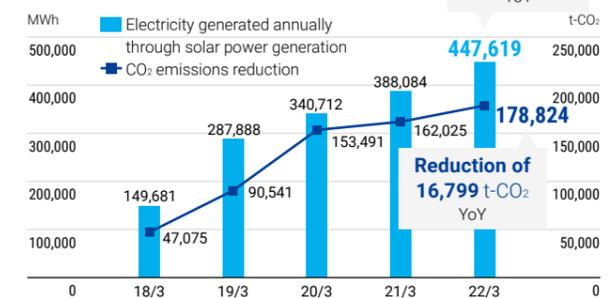
Pre-Owned Personal Computers Sold



CO₂ Emissions from Electricity Consumption*2



Reduction of CO₂ Emissions*3 by Solar Power Generation of Kyocera TCL Solar LLC



*1 Ratio of eligible employees who have taken childcare leave (non-consolidated): 100%

*2 Emission factors for electricity consumption use the alternative values for emission coefficients by electricity utility used for GHG Accounting, Reporting and Publication System under Law Concerning the Promotion of the Measures to Cope with Global Warming.

*3 Emission factors for CO₂ reduction amounts use the standard values defined in the display guidelines by Japan Photovoltaic Energy Association.

Financial Summary

		2013/3	2014/3	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3	2022/3
Operating Results*1 (Billions of yen)	Revenues	691.1	828.6	883.0	940.5	976.1	1,012.2	1,067.6	1,166.6	1,200.2	1,278.0
	Costs	620.2	731.2	759.3	803.6	823.3	849.0	885.9	958.7	999.2	1,070.9
	Gross profit	70.9	97.3	123.7	136.8	152.8	163.2	181.7	207.9	201.0	207.1
	Sales revenues (gross profit before deducting funding costs)	80.7	106.5	134.1	150.2	170.3	184.8	208.0	239.0	244.8	255.0
	Selling, general and administrative expenses	28.9	45.9	65.2	70.9	80.8	89.5	104.0	119.6	123.8	124.4
	Personnel and non-personnel expenses	29.8	46.0	66.3	69.7	79.6	89.8	103.8	115.5	114.4	116.9
	Credit costs	(0.9)	(0.1)	(1.1)	1.2	1.2	(0.3)	0.3	4.1	9.5	7.5
	Operating income	42.0	51.4	58.4	65.9	72.0	73.7	77.7	88.3	77.2	82.7
	Ordinary income	46.3	55.2	60.7	68.0	73.5	79.0	86.3	91.1	78.1	90.5
	Extraordinary income (losses)	(0.1)	(0.1)	(1.0)	0.5	0.2	0.4	0.1	3.8	1.7	(1.1)
	Net income attributable to owners of parent	28.9	33.1	34.1	40.0	43.7	51.3	52.3	56.3	49.2	50.3
Financial Condition*1 (Billions of yen)	Total assets	2,465.8	2,884.8	3,151.9	3,317.9	3,579.9	3,755.1	4,086.5	5,608.6	5,602.9	5,663.8
	Segment assets*2	2,253.3	2,605.0	2,895.6	3,000.2	3,243.8	3,338.7	3,630.9	4,773.0	4,800.5	4,879.4
	Equipment Leasing	1,496.3	1,532.9	1,535.4	1,465.1	1,425.3	1,369.8	1,372.8	1,471.1	1,489.1	1,379.7
	Mobility & Fleet Management	130.5	358.1	380.5	414.1	462.3	521.4	592.7	631.2	629.5	611.8
	Specialty Financing	491.8	542.1	711.9	846.4	897.6	978.9	1,142.4	2,147.9	2,184.7	2,311.8
	International Business	134.6	172.0	267.9	272.4	457.4	462.6	512.9	510.6	483.1	557.1
	Interest-bearing debt	1,939.2	2,211.7	2,419.9	2,551.5	2,733.0	2,810.7	3,041.2	4,278.2	4,280.9	4,247.4
	Net assets	233.7	285.5	336.5	374.9	404.8	456.0	524.4	660.1	688.4	795.6
Cash Flows*1 (Billions of yen)	Cash flows from operating activities	(89.7)	(28.3)	(171.0)	(136.6)	(0.7)	26.4	(59.2)	(50.7)	51.3	227.4
	Cash flows from investing activities	(5.6)	10.0	(18.7)	(3.1)	(30.1)	(107.9)	(123.9)	(315.2)	(97.4)	(16.1)
	Cash flows from financing activities	135.9	54.5	156.9	155.8	27.5	81.6	189.0	523.1	19.0	(201.4)
	Cash and cash equivalents at end of year	83.1	115.8	71.9	91.8	85.7	86.4	89.7	250.1	216.9	240.0
Per-Share Data (Yen)	Net income	272.32	311.64	322.84	379.34	413.51	486.09	494.93	524.96	402.57	411.56
	Net assets	2,092.46	2,386.02	2,776.37	3,033.61	3,360.27	3,750.35	4,039.68	4,543.43	4,670.45	5,507.50
	Dividends	48.00	52.00	65.00	80.00	100.00	114.00	124.00	136.00	138.00	143.00
Significant Indicators (%)	Return on equity (ROE)*3	14.0	13.9	12.5	13.1	12.9	13.7	12.7	11.5	8.7	8.1
	Return on assets (ROA)*4	2.0	2.1	2.0	2.1	2.1	2.2	2.2	1.9	1.4	1.6
	Shareholders' equity ratio	9.0	8.8	9.3	9.6	9.9	10.5	10.4	9.9	10.2	11.9
	Overhead ratio (OHR)*5	42.1	47.2	53.6	50.9	52.1	55.0	57.1	55.5	56.9	56.5
Other Data (Persons)	Employees (Consolidated)	1,676	3,309	4,113	4,124	5,430	6,035	7,016	7,365	7,438	7,634

*1 Data is rounded to the nearest unit.

*2 Segment assets include the investment in equity-method affiliates, goodwill, etc., belonging to each segment.

*3 ROE = Net income attributable to owners of parent / Equity (simple average of beginning and end-of-term balance sheet figures) × 100

*4 ROA = Ordinary income / Total assets (simple average of beginning and end-of-term balance sheet figures) × 100

*5 OHR = (Personnel expenses + Non-personnel expenses) / Gross profit × 100

Main Subsidiaries, Affiliates, and Other Companies

Japan

Company	Location	Main Business	Voting Rights*
● Nippon Car Solutions Co., Ltd.	Japan	Auto leasing	60%
● Nippon Rent-A-Car Service, Inc.	Japan	Car rental	89%
● Orico Auto Leasing Co., Ltd.	Japan	Auto leasing for individuals	50%
● FLCS Co., Ltd.	Japan	IT equipment leasing	80%
● IHI Finance Support Corporation	Japan	General leasing and finance	67%
● Orico Business Leasing Co., Ltd.	Japan	General leasing	50%
● ITEC Leasing Co., Ltd.	Japan	General leasing	85%
● S.D.L. Co., Ltd.	Japan	General leasing	100%
● TRY Corporation	Japan	Refurbishment of IT equipment	80%
● TC Tsukishima Energy Solution LLC	Japan	Sale of electricity generated using biogas	90%
● Amada Lease Co., Ltd.	Japan	General leasing	60%
● TC Kobelco Real Estate Co., Ltd.	Japan	Real estate business	70%
● TC Property Solutions Corporation	Japan	Property management	100%
● TC Hotels & Resorts Karuizawa Co., Ltd.	Japan	Hotel business	100%
● Kyocera TCL Solar LLC	Japan	Sale of electricity generated using solar power	81%
● TCLA Godo Kaisha	Japan	General leasing and installment sales	100%
● Shunan Power Corporation	Japan	Sale of electricity	60%
● TC Agency Corporation	Japan	Casualty insurance	100%
● TC Business Service Corporation	Japan	Business processing services	100%
● TC Business Experts Corporation	Japan	Business inspection services	100%
○ NTT TC Leasing Co., Ltd.	Japan	General leasing and finance	50%
○ NITTSU Lease & Finance Co., Ltd.	Japan	General leasing and finance	49%
○ ITOCHU TC Construction Machinery Co., Ltd.	Japan	Sale of and rental services for construction and other equipment	50%
○ Bplats, Inc.	Japan	Subscription-based business	32%
○ FFG Lease Co., Ltd.	Japan	General leasing	25%
○ Nanatsujima Biomass Power LLC	Japan	Sale of electricity generated using biomass power	25%
○ IBeeT Corporation	Japan	Subscription services for decentralized power supplies and related equipment	50%
○ Chuo-Nittochi Asset Management Co., Ltd.	Japan	Management and formation of real estate investment funds	30%

Europe

Company	Location	Main Business	Voting Rights*
● TC Skyward Aviation Ireland Ltd.	Ireland	Aviation leasing and finance	100%
● TC Aviation Capital Ireland Ltd.	Ireland	Aviation leasing and finance	100%
● Tokyo Leasing (UK) Plc	U.K.	General leasing	100%

Asia

Company	Location	Main Business	Voting Rights*
● Tokyo Century Leasing China Corporation	China	General leasing	80%
● Tokyo Century Factoring China Corporation	China	Factoring services	100%
● Tokyo Leasing (Hong Kong) Ltd.	Hong Kong	General leasing	100%
● Tokyo Century Leasing (Singapore) Pte. Ltd.	Singapore	General leasing	100%
● Tokyo Century Asia Pte. Ltd.	Singapore	Investment and shareholding services and ancillary business	100%
● Tokyo Century Capital (Malaysia) Sdn. Bhd.	Malaysia	General leasing	100%
● TISCO Tokyo Leasing Co., Ltd.	Thailand	General leasing	49%
● HTC Leasing Co., Ltd.	Thailand	Construction machinery finance	70%
● TC Advanced Solutions Co., Ltd.	Thailand	Reverse factoring and other services	59%
● TC Car Solutions (Thailand) Co., Ltd.	Thailand	Auto financing and services	99%
● PT. Century Tokyo Leasing Indonesia	Indonesia	General leasing	85%
● BPI Century Tokyo Lease & Finance Corporation	The Philippines	General leasing	51%
○ Dalian Bingshan Group Hua Hui Da Financial Leasing Co., Ltd.	China	General leasing and finance	40%
○ Suzhou New District Furui Leasing Co., Ltd.	China	General leasing and finance	16%
○ President Tokyo Corporation	Taiwan	Automobile leasing and general leasing	49%
○ NTT Global Data Centers NAV2 Private Limited	India	IT services and equipment leasing	50%
○ NTT Global Data Centers Holding Asia BOM8 Pte. Ltd.	Singapore	IT services and equipment leasing	75%
○ PT. Hexa Finance Indonesia	Indonesia	Construction machinery finance	20%
○ Yoma Fleet Ltd.	Myanmar	Auto leasing and car sharing	20%

U.S.A.

Company	Location	Main Business	Voting Rights*
● TC Skyward Aviation U.S., Inc.	U.S.A.	Aviation leasing and finance	100%
● TC Realty Investments Inc.	U.S.A.	Real estate investment	100%
● CSI Leasing, Inc.	U.S.A.	IT equipment leasing	100%
● Tokyo Century (USA) Inc.	U.S.A.	General leasing	100%
● Aviation Capital Group LLC	U.S.A.	Aviation leasing and finance	100%
● AP Equipment Financing Inc.	U.S.A.	General leasing and finance	100%
● Fiber Marketing International, Inc.	U.S.A.	Sale of small construction equipment, etc.	100%
○ GA Telesis, LLC	U.S.A.	Provision of products, services, and solutions to the commercial aerospace industry	49%
○ Gateway Engine Leasing, LLC	U.S.A.	Aircraft engine leasing	20%

● Consolidated subsidiaries ○ Equity-method affiliates

* Voting right percentages are rounded to the nearest whole number.

Corporate and Stock Information

Corporate Information (as of July 1, 2022)

Company Name	Tokyo Century Corporation
Head Office	FUJISOFT Bldg., 3 Kanda-neribeicho, Chiyoda-ku, Tokyo 101-0022, Japan
Founded	July 1, 1969
Paid-in Capital	¥81,129 million
Company Representatives	Chairman & Co-CEO: Masataka Yukiya President & CEO: Koichi Baba
Number of Employees	7,634 (919 on a non-consolidated basis) (as of March 31, 2022)
Closing of Accounts	March 31
Main Banks	Mizuho Bank, Ltd.; MUFG Bank, Ltd.; Sumitomo Mitsui Banking Corporation; The Norinchukin Bank; Sumitomo Mitsui Trust Bank, Limited; and Japan Bank for International Cooperation (as of March 31, 2022)
Independent Auditor	Deloitte Touche Tohmatsu LLC
Networks	Domestic: Head office, Sapporo, Sendai, Saitama, Yokohama, Shizuoka, Nagoya, Kanazawa, Kyoto, Osaka, Kobe, Okayama, Hiroshima, and Fukuoka Overseas: Tokyo Century operates in more than 30 countries and regions in Asia, North America, Central and South America, Europe, and elsewhere.

Management Personnel (as of July 1, 2022)

Board of Directors		Corporate Auditors		Executive Officers	
Chairman & Co-CEO, Representative Director	Masataka Yukiya	Standing Corporate Auditor (External Corporate Auditor)*2	Futoshi Okada	Deputy President, Executive Officer	Yoichiro Nakai
President & CEO, Representative Director	Koichi Baba	Standing Corporate Auditor	Katsuya Amamoto Yoshio Nomura	Managing Executive Officer	Seiichi Mizuno Koichiro Sato Takashi Yonetsu Masato Osugi Ko Nakagawa Junji Tsutsui Yoshihiro Ueda Minoru Kuwahara Shintaro Yamazaki
Director (External Director)*1 *3	Masao Yoshida Akio Nakamura Toshio Asano Miho Tanaka Tsuyoshi Numagami	Corporate Auditor (External Corporate Auditor)*2 *3	Masao Fujieda	Executive Officer	Toshihiko Tamura Toshiyuki Otobe Yukihiko Tanaka Makoto Honda Takao Kamata Takeshi Fujimoto Katsusuke Hirako Masatoshi Hiraga Tatsuo Hayama Hideharu Suekane Masaaki Teragami
Deputy President, Director and Executive Officer	Akihiko Okada Hiroshi Sato				
Director and Senior Managing Executive Officer	Toshio Kitamura Mahoko Hara				
Director and Managing Executive Officer	Tatsuya Hirasaki				
Director	Shunichi Asada				

*1 External director as stipulated by Article 2-15 of the Companies Act of Japan

*2 External corporate auditor as stipulated by Article 2-16 of the Companies Act of Japan

*3 Designated independent officer as stipulated by the Tokyo Stock Exchange

Stock Information (as of March 31, 2022)

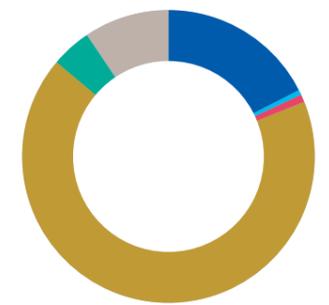
Transfer Agent	Mizuho Trust & Banking Co., Ltd.	Number of Shares of Common Stock Authorized	400,000,000 shares
Stock Listing	Tokyo Stock Exchange, Prime Market (as of April 4, 2022)	Number of Shares of Common Stock Issued	123,028,320 shares
Securities Code	8439	Number of Shareholders	17,026
Trading Lot Size	100 shares		

Major Shareholders

Shareholders	Number of Shares Held (Thousands)	Shareholding Ratio* (%)
ITOCHU Corporation	36,714	30.04
Chuo-Nittochi Co., Ltd.	17,160	14.04
Nippon Telegraph and Telephone Corporation	12,302	10.07
KSO Co., Ltd.	10,306	8.43
The Master Trust Bank of Japan, Ltd. (Trust Accounts)	5,856	4.79
Mizuho Bank, Ltd.	4,688	3.84
Seiwa Building Co., Ltd.	4,002	3.28
Custody Bank of Japan, Ltd. (Trust Accounts)	3,870	3.17
Nippon Life Insurance Company	2,117	1.73
Mizuho Trust & Banking Co., Ltd. (Retirement Allowance Trust, Orient Corporation Account Trust & Custody Services Bank, Ltd. re-entrusted)	1,900	1.55

* The shareholding ratio is calculated by excluding treasury stock (826,799 shares).

Breakdown of Shareholders



Bond Ratings (as of July 1, 2022)

Issuer: Tokyo Century Corporation (Securities Code: 8439)

		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	Issuer Rating	Rating:	AA-	A+	BBB
		Outlook:	Positive	Positive	Stable
	Preliminary Rating for Bonds Registered for Issuance*	Rating:	AA-	A+	
		Expected Issue Amount:	¥400 billion	¥400 billion	
	Issue Period:	Two years beginning February 25, 2022	Two years beginning February 25, 2022		
Euro Medium-Term Note Program	Rating:	AA-	A+		
	Maximum Outstanding Amount:	Equivalent of U.S.\$2 billion	Equivalent of U.S.\$2 billion		
	Commercial Paper	Rating:	J-1+	a-1	
	Maximum Outstanding Amount:	¥800 billion	¥800 billion		

* Each bond will be rated by each rating agency upon issuance. (Reference) <https://www.tokyocentury.co.jp/en/ir/br.html>



Tokyo Century Corporation

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