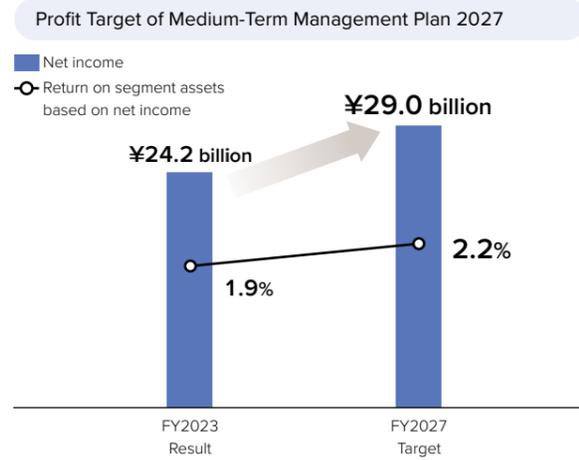
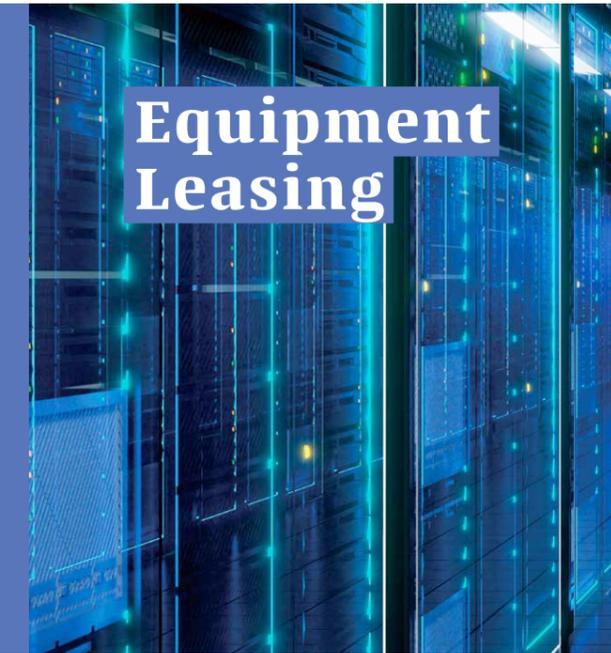


At a Glance: Portfolio Transformation and Business Overview



Overview of Business and Performance <small>(Fiscal 2023; ROA represents the ratio of net income to segment assets.)</small>			Major Offerings	Strengths and Characteristics	Quantitative Traits	Cross-Company Strategy Organizations						
Equipment Leasing												
	Financial services optimally matched to needs of capital investments in information and communications equipment and other assets	<table border="1"> <tr> <td>Net income</td> <td>Segment assets</td> <td>ROA</td> </tr> <tr> <td>¥24.2 billion</td> <td>¥1,273.5 billion</td> <td>1.9%</td> </tr> </table>	Net income	Segment assets	ROA	¥24.2 billion	¥1,273.5 billion	1.9%	<ul style="list-style-type: none"> Leasing, installment payment, and other financial services for information and communications, manufacturing, and other equipment IT solutions Subscription services and collaboration with partners 	<ul style="list-style-type: none"> Diverse leasing business solutions and services Co-creative businesses advanced together with prime partners 	<ul style="list-style-type: none"> Customer base comprising more than 20,000 companies 	
Net income	Segment assets	ROA										
¥24.2 billion	¥1,273.5 billion	1.9%										
Automobility												
	Wide-ranging auto services provided using industry-leading fleet	<table border="1"> <tr> <td>Net income</td> <td>Segment assets</td> <td>ROA</td> </tr> <tr> <td>¥16.7 billion</td> <td>¥479.0 billion</td> <td>3.1%</td> </tr> </table>	Net income	Segment assets	ROA	¥16.7 billion	¥479.0 billion	3.1%	<ul style="list-style-type: none"> Corporate auto leasing Individual auto leasing Car rental services 	<ul style="list-style-type: none"> Full lineup of auto leasing, car rental, and other comprehensive auto services Next-generation mobility services accommodating electric vehicles, etc., through collaboration with prime partners 	<ul style="list-style-type: none"> Fleet composed of more than 730,000 vehicles Car rental network comprising 537 locations (including consultation offices) in Japan as well as overseas locations in Hawaii and Guam Approx. 16,000 affiliated maintenance locations for corporate auto leasing services 	
Net income	Segment assets	ROA										
¥16.7 billion	¥479.0 billion	3.1%										
Specialty Financing												
	Unique viable businesses built on specialized expertise in diverse product areas	<table border="1"> <tr> <td>Net income</td> <td>Segment assets</td> <td>ROA</td> </tr> <tr> <td>¥30.0 billion</td> <td>¥2,825.3 billion</td> <td>1.1%</td> </tr> </table>	Net income	Segment assets	ROA	¥30.0 billion	¥2,825.3 billion	1.1%	<ul style="list-style-type: none"> Leasing, finance, and other businesses related to aviation, shipping, and real estate Business investments (principal investments) Structured finance, etc. 	<ul style="list-style-type: none"> Businesses developed with focus on highly specialized assets Highly competitive financial services offered through collaboration with industry-leading business partners 	<ul style="list-style-type: none"> Industry-leading fleet of 368 owned and managed aircraft and provision of services to around 90 airlines in around 45 countries through aircraft leasing subsidiary Aviation Capital Group LLC (ACG) 	GX Task Force DX Task Force
Net income	Segment assets	ROA										
¥30.0 billion	¥2,825.3 billion	1.1%										
International Business												
	Leasing and auto service businesses developed through global network encompassing more than 30 countries and regions centered on North America and Asia	<table border="1"> <tr> <td>Net income</td> <td>Segment assets</td> <td>ROA</td> </tr> <tr> <td>¥11.0 billion</td> <td>¥822.7 billion</td> <td>1.5%</td> </tr> </table>	Net income	Segment assets	ROA	¥11.0 billion	¥822.7 billion	1.5%	<ul style="list-style-type: none"> IT equipment leasing Auto business Data center businesses 	<ul style="list-style-type: none"> Diverse financial services offered through global network Highly competitive fair market value (FMV) leases provided by U.S. IT equipment leasing company CSI Leasing, Inc. 	<ul style="list-style-type: none"> Services offered in more than 50 countries and regions centered on North America, Europe, and Asia 	
Net income	Segment assets	ROA										
¥11.0 billion	¥822.7 billion	1.5%										
Environmental Infrastructure												
	Japan-leading scale in solar power and other renewable energy businesses	<table border="1"> <tr> <td>Net income</td> <td>Segment assets</td> <td>ROA</td> </tr> <tr> <td>¥1.9 billion</td> <td>¥273.9 billion</td> <td>0.7%</td> </tr> </table>	Net income	Segment assets	ROA	¥1.9 billion	¥273.9 billion	0.7%	<ul style="list-style-type: none"> Solar power, biomass power, and other renewable energy businesses Storage battery businesses Solar power plant asset management businesses Joint crediting mechanism (JCM) business 	<ul style="list-style-type: none"> Japan-leading scale of solar power (mega solar) plants owned and operated Environment-related business value chain constructed through collaboration with partners 	<ul style="list-style-type: none"> 235 operational solar power plants Renewable energy generation capacity of 888 MW (Groupwide basis) 	
Net income	Segment assets	ROA										
¥1.9 billion	¥273.9 billion	0.7%										

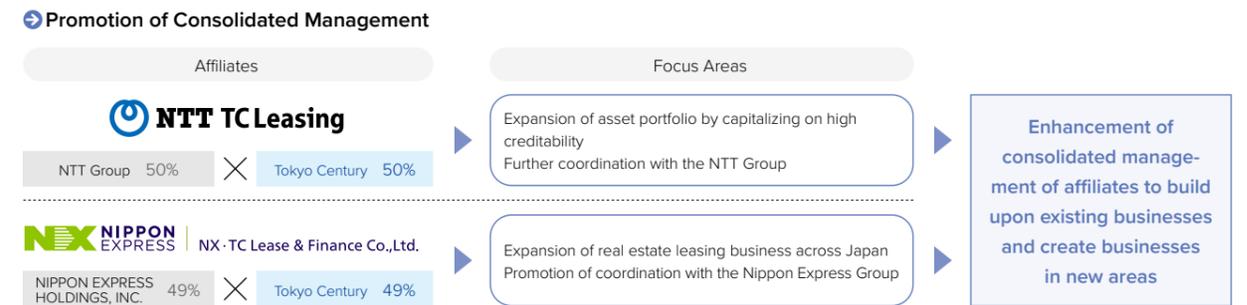
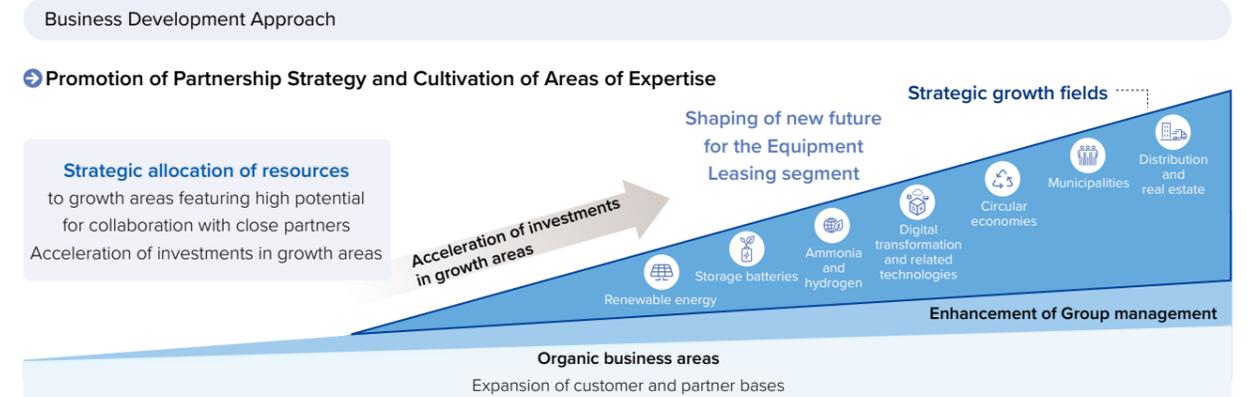
Growth Strategies by Operating Segment



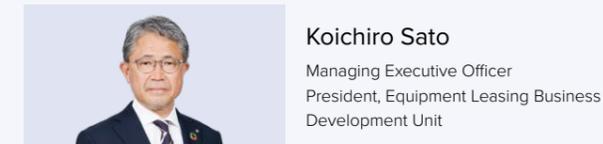
- Tasks to Be Addressed under Medium-Term Management Plan 2027**
- ➔ Improvement of leasing business value
 - ➔ Promotion of integrated Group management
 - ➔ Expansion of initiatives in strategic growth fields

Growth Strategies

Leasing Business Value	<ul style="list-style-type: none"> ➔ The Equipment Leasing segment's lineup of decarbonization solutions will be expanded through new services launched together with close partners and start-ups in the areas of carbon credits and electric-vehicle-charging infrastructure as well as through energy service company projects selected in the private sector proposal programs of municipalities. ➔ Centered on the Equipment Leasing Support Unit established in April 2023, ongoing measures will be implemented to reinforce sales support systems and improve administrative procedures in order to enhance productivity and organizational resilience.
Integrated Group Management	<ul style="list-style-type: none"> ➔ The number of collaborative projects with NTT TC Leasing Co., Ltd., FLCs Co., Ltd., NX-TC Lease & Finance Co., Ltd., and other affiliates is constantly growing. Business growth will be pursued through integrated Group management by sharing resources and knowledge and building upon collaboration with joint investment partners. ➔ Through additional investment in FFG Lease Co., Ltd., Tokyo Century has strengthened its frameworks for coordination with Fukuoka Financial Group, Inc. Contributions will be made to developing and energizing the local economy in Kyushu by supplying customers in this region with a diverse range of financing options.
Strategic Growth Fields	<ul style="list-style-type: none"> ➔ With a focus on growth fields with high potential for collaboration with close partners, efforts will be dedicated to the advancement of renewable energy, digital transformation, circular economy, and other initiatives. ➔ Investment and participation have been commenced in the onshore wind power generation project being developed jointly by ITOCHU Corporation and Hitachi Zosen Corporation (currently Kanadevia Corporation) in Rokkasho Village, Aomori Prefecture. Further growth in renewable energy businesses will be pursued together with diverse business partners. ➔ In December 2023, Tokyo Century increased its stake in consolidated subsidiary TRY Corporation to 100% and changed its name to EPC Japan K.K. Accordingly, the supply of high-quality, global standard IT asset disposition (ITAD) services, whereby IT assets are disposed of safely and appropriately, has begun.



Interview



Q Could you please review the performance in fiscal 2023, particularly the issues with regard to improving base earnings (earnings power) and return on assets (ROA)?

A In fiscal 2023, capital investment levels in Japan gradually recovered to the levels seen prior to the COVID-19 pandemic. Meanwhile, the operating environment underwent substantial changes amid rapid yen depreciation, high resource and commodity prices, and rising interest rates. Against this backdrop, the Equipment Leasing segment enhanced its lineup of high-demand green transformation solutions and took other steps to improve the value of its leasing business. We also promoted integrated Group management encompassing affiliates as part of our united measures to improve profitability. These efforts resulted in the Equipment Leasing segment recording net income that surpassed its target and realizing a year-on-year increase of 0.2 percentage point in ROA.

Fiscal 2024 will be a pivotal year in our quest to ensure strong growth toward accomplishing the goals of Medium-Term Management Plan 2027. For this reason, it will be crucial for us to continue to transform our business through Tokyo Century Transformation (TCX). By focusing our efforts on strategic growth fields, we will seek to accumulate quality assets while also bolstering our solutions sales capabilities

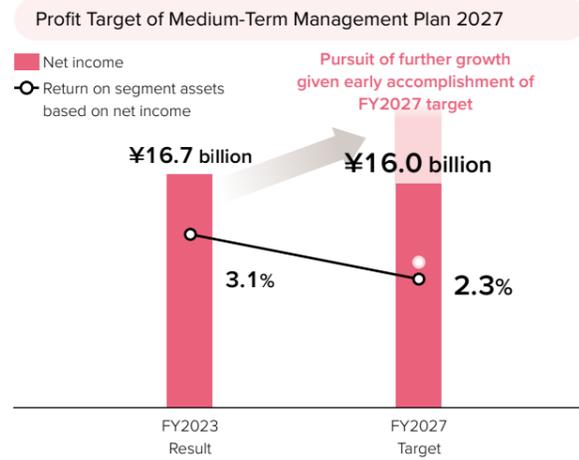
and deploying appropriate pricing strategies in preparation for projected operating environment changes. The Equipment Leasing segment will proceed in this manner to improve its earnings power.

Steps will also be taken to ensure the segment's ongoing growth, such as streamlining through enhancements to sales support systems and reforms to operations. Other efforts will include sharing resources with affiliates to bolster the segment's overall productivity. As we steadily advance such initiatives, we will move forward with an organization-wide drive to foster the human resources who are the source of our competitiveness.

Q What initiatives should be accelerated to overcome the issues faced by the Equipment Leasing segment?

A The Equipment Leasing segment is focusing efforts on its seven defined strategic growth fields: renewable energy, storage batteries, ammonia and hydrogen, digital transformation and related technologies, circular economies, municipalities, and distribution and real estate. We are actively developing co-creative businesses centered on these fields together with close partners. Looking ahead, we will accelerate our asset multi-phase use and recycling initiatives through EPC Japan as well as our renewable energy, energy conservation, and other energy projects, which are highly sought after by society. Rather than taking a limited view toward focus fields, we seek to expand the functions we provide to cater to emerging capital investment trends related to semiconductors and graphics processing units.

Growth Strategies by Operating Segment



- ### Tasks to Be Addressed under Medium-Term Management Plan 2027
- ➔ Accumulation of quality assets through organic growth and inorganic growth at Nippon Car Solutions
 - ➔ Advancement of strategies for improving value at locations to bolster earnings power and acceleration of measures for catering to growing inbound demand at Nippon Rent-A-Car Service

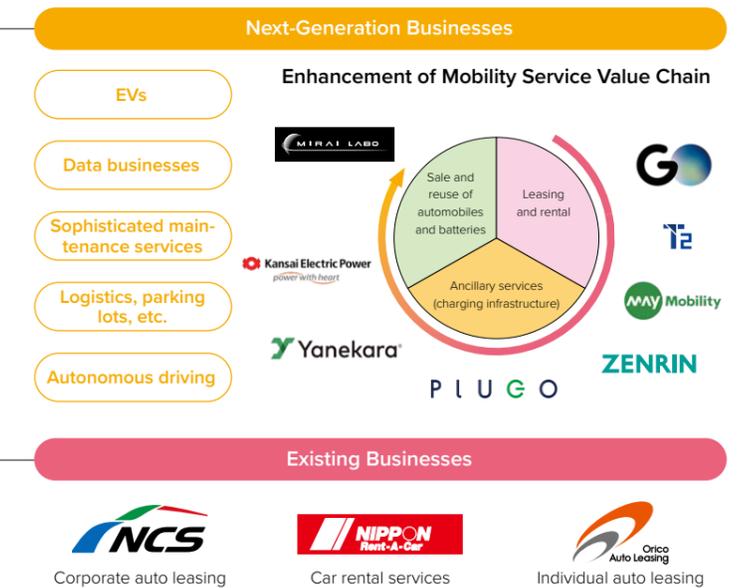
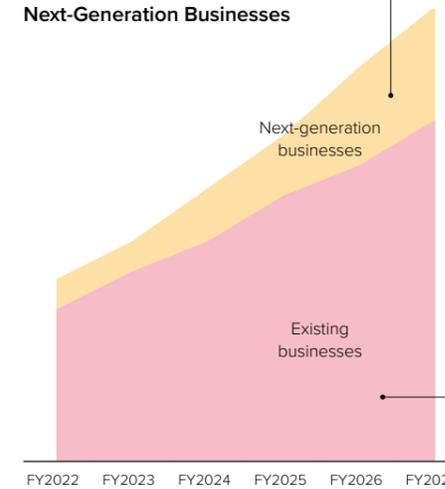
Growth Strategies

Evolution of Existing Businesses and Promotion of Next-Generation Businesses

Business Type	Company	Strategies
Existing Businesses	Nippon Car Solutions Co., Ltd. (NCS)	<ul style="list-style-type: none"> ➔ Carbon-neutrality strategies will be accelerated through means such as developing and proposing new EV-related businesses. ➔ Strategies will be evolved by utilizing a diverse range of channels, including those of the NTT Group, the Mizuho Group, the ITOCHU Group, and the Tokyo Gas Group. ➔ M&A activities and other non-organic growth methods will be used to expand strategic businesses. ➔ The development and dissemination of a new brand for Nippon Car Solutions will be promoted alongside efforts to reform processes using digital technologies and strategically foster human resources.
	Nippon Rent-A-Car Service, Inc. (NIPPON Rent-A-Car)	<ul style="list-style-type: none"> ➔ Our location network will be enhanced to situate locations in more favorable places, grow earnings, improve environments, and heighten customer satisfaction. ➔ IT will be employed to improve operational efficiency and enhance customer services (membership services, inbound demand response, etc.). ➔ Trials of EV rentals will be conducted as part of decarbonization initiatives, and other new business ventures will be undertaken. ➔ The development of systems and workplace environments that emphasize people will be promoted to create a highly efficient organization.
	Orico Auto Leasing Co., Ltd. (Orico Auto Leasing)	<ul style="list-style-type: none"> ➔ Closer alignment with Orient Corporation will be sought to mutually bolster sales capabilities and grow businesses. ➔ The enhancement of business earnings will be pursued by exploring new sales channels and augmenting vehicle supply support for agents and other unique functions. ➔ Efforts will be made to cater to demand for changing vehicles in response to lease maturity or cancellation, and contract continuation rates will be heightened via re-leasing (contract extensions).
Next-Generation Businesses		<ul style="list-style-type: none"> ➔ Initiatives will be ramped up based on defined focus areas, including EVs, data businesses, sophisticated maintenance services, and autonomous driving. ➔ Synergies will be generated through increased coordination with existing capital and business alliance partners. ➔ New businesses will be created through new investment in focus areas and joint initiatives with new partners.

Business Development Approach

Business Portfolio Pursued through Expansion of Next-Generation Businesses



Interview



Masato Osugi
Senior Managing Executive Officer
President, Automobility Business Development Unit

Q Could you please review the performance in fiscal 2023, particularly the issues with regard to improving base earnings (earnings power) and return on assets (ROA)?

A In fiscal 2023, the Automobility segment posted record-breaking earnings due to higher financing revenues at Nippon Car Solutions (NCS), increased car rental revenues at Nippon Rent-A-Car Service (NRS), and brisk market conditions for used vehicles.

The market is undergoing a shift in focus from car ownership to car use while also suffering from opaque conditions pertaining to new vehicle supply and a lack of maintenance mechanics.

We are currently faced with obstacles to improving profitability in the forms of higher financing costs amid rising interest rates and increases in cost of sales due to higher material prices and maintenance costs, which stem from operating environment changes such as inflation and yen depreciation. The Automobility segment is thus pressed to implement new measures for overcoming these issues.

Q What initiatives should be accelerated to overcome the issues faced by the Automobility segment?

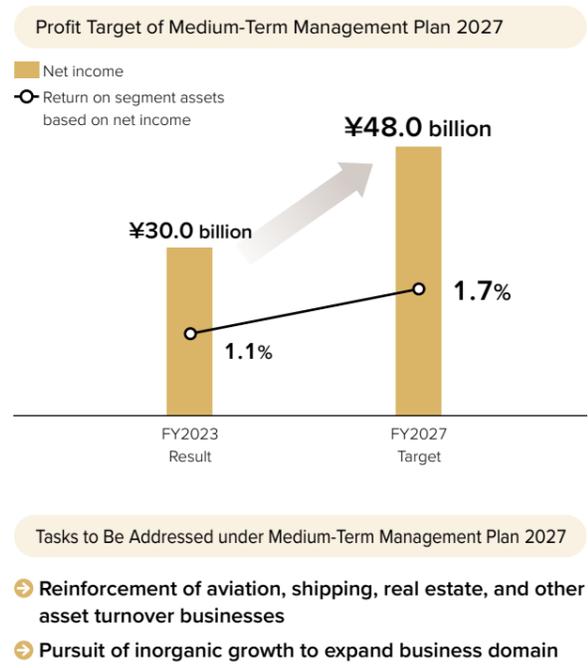
A I would like to address this question by talking about existing businesses and next-generation businesses separately.

With regard to existing businesses, the Automobility segment prides itself on the strength of its comprehensive lineup

of industry-leading corporate auto leasing, individual auto leasing, and car rental services. Leveraging this foundation, we are working to accumulate quality operating assets. NCS is implementing new sales measures that utilize a diverse range of channels, including those of the NTT Group, the Mizuho Group, the ITOCHU Group, and the Tokyo Gas Group. The company is also striving to offer comprehensive value-added proposals that contribute to the decarbonization and sustainability of society. Meanwhile, NRS is catering to rising inbound demand to grow earnings while enhancing the environments and functions of its locations to improve profitability.

As for next-generation businesses, we are setting aside our preconceptions to explore possibilities for creating new businesses with an eye to a decade from now. One proponent of this undertaking is the Next Generation Automobility Business Division, which was established with the Automobility Business Development Unit in the spring of 2023. Our efforts on this front began by shifting from a product-oriented perspective to a market-oriented perspective and thoroughly entrenching this perspective within our organization. We then went on to pursue new initiatives to complement our existing functions. At the same time, we are working to develop a fourth pillar of business that provides new functions and earnings and can stand alongside the existing businesses of NCS, NRS, and Orico Auto Leasing. In the new technology fields of EVs and autonomous driving, we are branching out from leasing to enhance our lineup of functions that accommodate customer needs. We thereby aim to provide value-added services in peripheral fields like charging infrastructure, fleet management, energy management, and battery reuse.

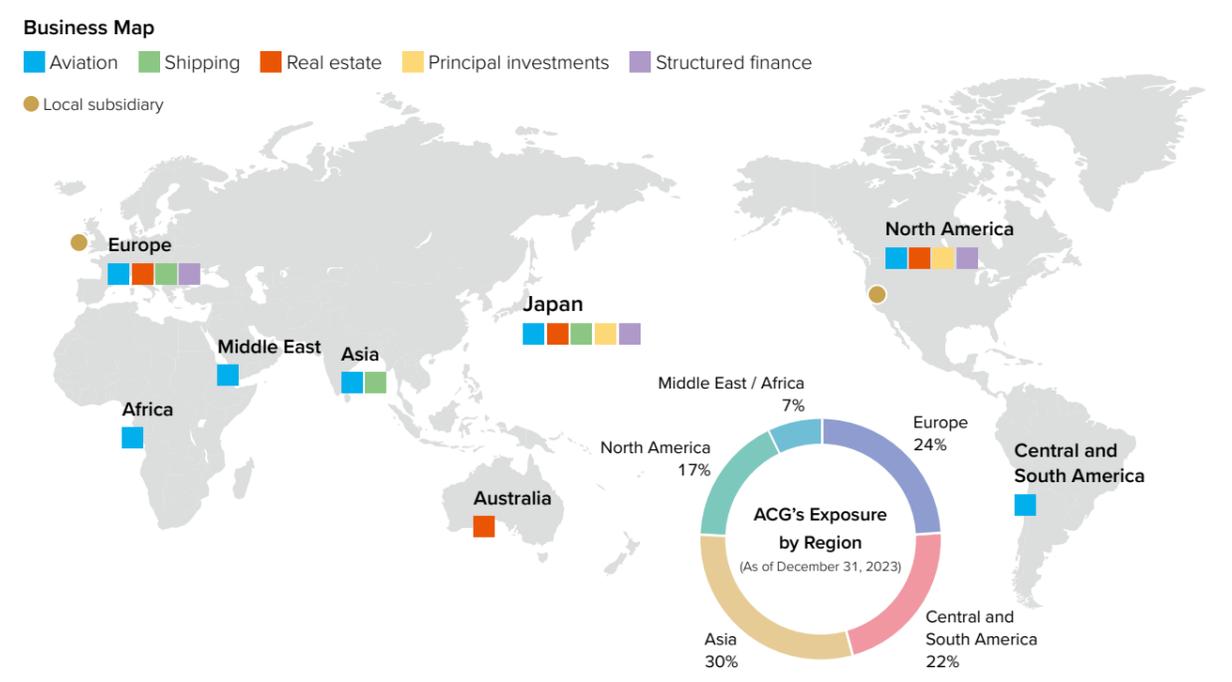
Growth Strategies by Operating Segment



Growth Strategies

<p>Aviation</p>	<ul style="list-style-type: none"> ➔ Aviation Capital Group LLC (ACG) Business portfolios will be optimized and profitability will be bolstered by expanding transactions with prime airlines and ramping up trading (through procurement and sale of aircraft based on market conditions). ➔ Other The organization of Japanese operating leases with call options will be increased. Finance transactions will be bolstered and Japanese operating leases will be acquired through coordination with GA Telesis, LLC.
<p>Shipping</p>	<ul style="list-style-type: none"> ➔ Development of a hybrid portfolio comprising both assets that generate base earnings and assets held for turnover will be sought. Stable earnings will be generated through long-term holdings and asset turnover centered on bulk carriers. ➔ Finance arrangement functions will be enhanced as fee-based businesses are promoted.
<p>Real Estate</p>	<ul style="list-style-type: none"> ➔ Japan Increased coordination will be pursued with NTT TC Leasing Co., Ltd., NX-TC Lease & Finance Co., Ltd., and other affiliates. ➔ Overseas A selective approach will be adopted toward investments in growth assets (distribution facilities and data centers). ➔ TC Kobelco Real Estate Business alliances will be strengthened with real estate developers needing increased capital due to changes in the financial environment.
<p>Principal Investments</p>	<ul style="list-style-type: none"> ➔ Earnings foundations will be enhanced primarily through collaboration with Advantage Partners Inc. ➔ Portfolios will be diversified through limited partnership investments in funds and debt product initiatives. ➔ Synergies will be generated between investees and Tokyo Century businesses.
<p>New Businesses</p>	<ul style="list-style-type: none"> ➔ Tokyo Century's asset value expertise will be utilized to create new businesses and pursue inorganic growth. ➔ Fee-based businesses that do not require assets will be strengthened.

Business Development Approach



Interview

Mahoko Hara
Director and Senior Managing Executive Officer
President, Specialty Finance Business Development Unit

Q Could you please review the performance in fiscal 2023, particularly the issues with regard to improving base earnings (earnings power) and return on assets (ROA)?

A In fiscal 2023, the Specialty Financing segment delivered an impressive performance driven by diligent efforts in each of our businesses. For example, we achieved a recovery in our aviation leasing business centered on ACG, while strides were made by GA Telesis, which boasts strengths in terms of secondhand aircraft and engine transactions. At the same time, we were able to generate gains on sales of assets in the real estate and shipping businesses in response to market conditions.

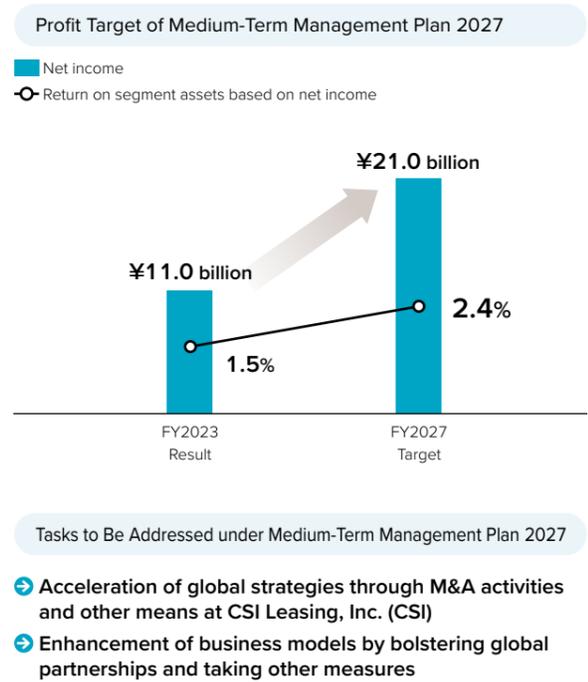
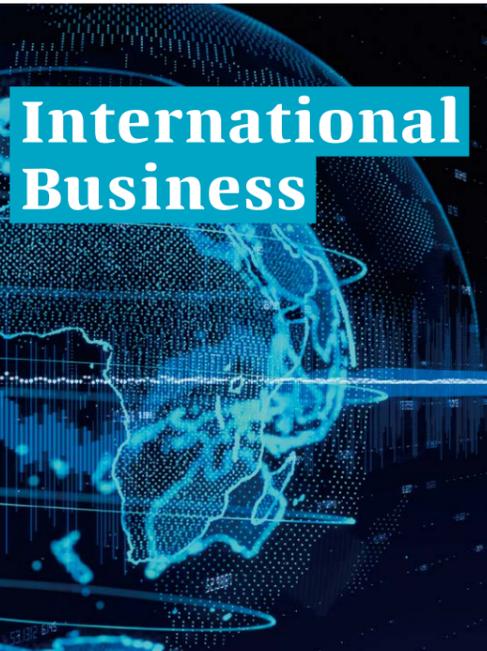
We are currently faced with a highly volatile operating environment, given the changes in interest rates around the world, foreign exchange rate fluctuations, and other global trends. This reality casts light on the importance of accelerating asset turnover businesses to heighten asset efficiency. The Specialty Financing segment houses strengths in terms of specialized knowledge, a discerning eye for asset value, and financial expertise. By utilizing these strengths, we aim to engage in quality projects and to sell assets when prime opportunities arise in order to bolster our earnings power.

Q What initiatives should be accelerated to overcome the issues faced by the Specialty Financing segment?

A In each of the Specialty Financing segment's businesses, we will focus on developing a portfolio that contributes to higher ROA by taking a balanced approach toward accumulating quality assets, reviewing low-profit projects, and selling assets. Priorities in existing businesses will include enhancing finance arrangement functions and expanding fee-based businesses to bolster base earnings. We will also promote collaboration with core partners to build reliable earnings foundations. Furthermore, we will redouble our efforts to engage in projects that contribute to the accomplishment of the United Nations Sustainable Development Goals, particularly those related to decarbonization, which has been an ongoing focus. In addition, opportunities will be sought for conducting strategic investments aimed at achieving inorganic growth through the expansion of the segment's business domain.

The Specialty Financing segment deals in various products, and we possess specialized insight and unique skills with regard to said products. By further enhancing the strengths that are our specialized insight and flexibility and building stronger relationships with diverse partners, we aspire to generate a virtuous cycle of new business creation.

Growth Strategies by Operating Segment



Growth Strategies

CSI

- ➔ Since being consolidated in fiscal 2016, CSI has posted record highs in ordinary income for seven consecutive years through the smooth growth of its fair market value (FMV) leasing*1 services for IT equipment and of its IT asset disposition (ITAD) services.*2
- ➔ CSI is expanding the reach of its business centered in Europe and Asia. In fiscal 2023, the company entered the markets of Indonesia, Austria, and Hungary. In its ITAD business, meanwhile, CSI acquired a Malaysian company and set up bases in Japan, Colombia, and Brazil.
- ➔ Taking advantage of the robust demand for IT services, CSI will continue to expand its network of bases while ramping up synergies with existing overseas Group companies as well as with NTT Group companies in order to strengthen its earnings foundations.

Collaboration with the NTT Group

- ➔ In fiscal 2023, Tokyo Century conducted a partial transference of equity in a data center business in India and invested in data centers in Chicago, where business growth can be anticipated given the high concentration of data centers and strong demand from hyperscalers.
- ➔ Collaboration with the NTT Group in the area of managed services is being pursued on a global scale, and joint efforts with CSI are particularly brisk in Central and South America and the Asia Pacific region. A track record of collaborative initiatives with NTT TC Leasing Co., Ltd., is also being built by leveraging our respective strengths.

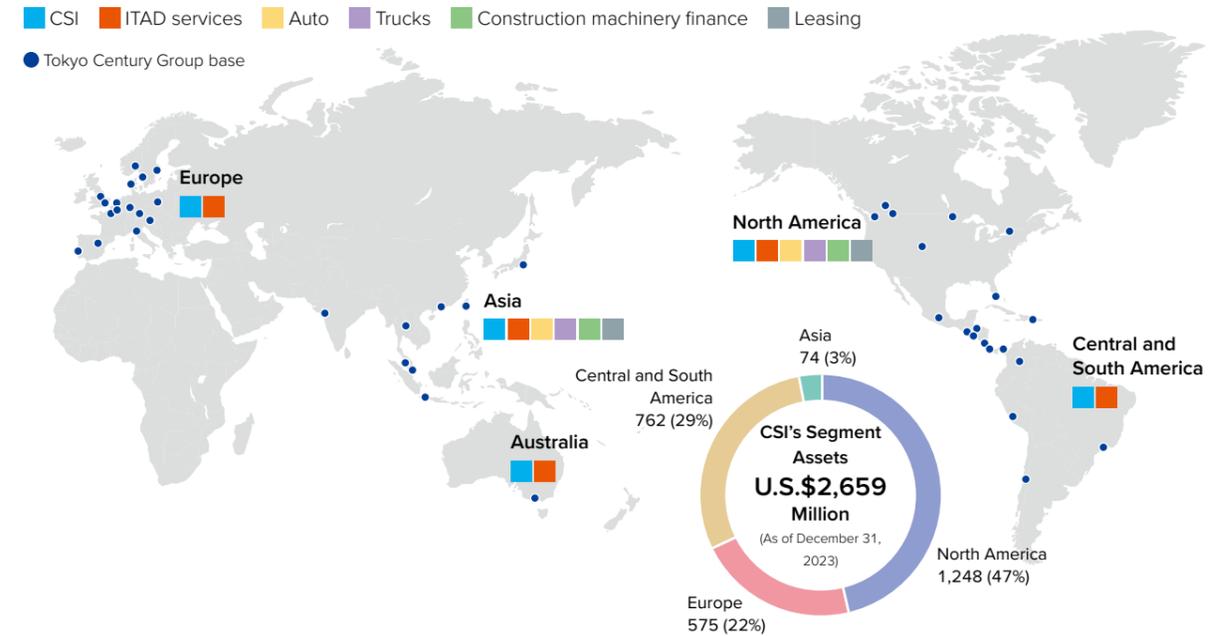
Partnership Strategy

- ➔ In May 2023, operations commenced at ZAXIS Financial Services Americas, LLC. The company, which provides the sales financing functions of Hitachi Construction Machinery Co., Ltd., has been experiencing smooth growth in performance. Joint venture companies are also being operated in Thailand and Indonesia, and further collaboration will be pursued.
- ➔ Spearheaded by a captive finance business developed for Isuzu Motors Limited, frameworks for collaboration are being bolstered in preparation for the introduction and deployment of electric trucks while close coordination in this area is being promoted.
- ➔ BPI Century Tokyo Lease & Finance Corporation of the Philippines, a joint venture with the Ayala Group, acquired major local independent leasing company Diamond IGB, Inc. Business growth will be targeted by strengthening maintenance functions and bolstering service lineups to include such offerings as rental cars and lease programs in which vehicles are supplied together with drivers.

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

Business Development Approach

Business Map



Interview



Q Could you please review the performance in fiscal 2023, particularly the issues with regard to improving base earnings (earnings power) and return on assets (ROA)?

A The International Business segment is faced with a need to improve earnings power and ROA. To address this issue, we are working aggressively to differentiate our products and services, collaborate with partners, and develop asset turn-over businesses. We have also been making steady progress in taking advantage of new business opportunities. This progress can be seen in our acquisition of Diamond IGB, a major local independent leasing company in the Philippines, a move that enabled us to diversify our service offerings, and in our investment in Motorist Pte. Ltd., an online automotive platform holder located in Singapore. In addition, we established a joint venture with KeePer Technical Laboratory Co., Ltd., a company specializing in the coating and washing of cars. Meanwhile, ZAXIS Financial Services Americas, which provides sales financing services for Hitachi Construction, began operations in the United States in May 2023 and has been steadily growing its performance. In our collaborative ventures with the NTT Group, we conducted a partial transference of equity in a data center business in India while investing in data centers in Chicago.

Q What initiatives should be accelerated to overcome the issues faced by the International Business segment?

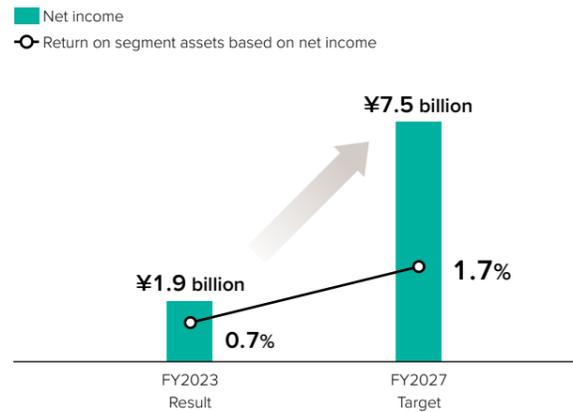
A Medium-Term Management Plan 2027 describes our Tokyo Century Transformation (TCX) concept, which sets forth four types of business transformation. The International Business segment is advancing a variety of initiatives based on this concept. We are devoting particular attention to portfolio transformation. In this regard, we are actively transforming our portfolio to include high-profit assets and products as well as services that delight customers in areas where we are positioned to differentiate ourselves from the competition. The International Business segment is also striving to grow joint businesses together with global partners via operations that blur the boundaries between the Americas, Europe, Asia, and other regions and to create new businesses by combining its strengths with those of said partners. In our partnership with the NTT Group, we will continue to advance a joint data center project while also developing a plethora of other businesses, including IT asset managed service, FMV leasing, and ITAD service businesses that capitalize on Tokyo Century's strengths.

Growth Strategies by Operating Segment



Environmental Infrastructure

Profit Target of Medium-Term Management Plan 2027



Tasks to Be Addressed under Medium-Term Management Plan 2027

- ➔ Reinforcement of domestic solar power generation businesses that respond to customer needs
- ➔ Expansion of business scope to include overseas markets through collaboration with partners
- ➔ Strategic M&A activities and new business initiatives for developing value chains and accelerating growth in environmental businesses

Growth Strategies

Growth in Existing Businesses and Coordination with Partners

- ➔ New energy projects spearheaded by major joint venture Kyocera TCL Solar LLC that take advantage of Japan's feed-in tariff system to develop solar power plants have been completed. Accordingly, said company is now involved in the operation of 90 solar power plants across the country with a total generation capacity of 423 MW. Meanwhile, the overall generation capacity for the Tokyo Century Group is approaching 1 GW. Storage battery and asset management service businesses will be developed to add value to the stable foundation provided by these generation facilities.
- ➔ In the mainstay storage battery business, earnings power will be strengthened by allowing for electricity to be stored or released (sold) based on the supply-and-demand balance. Sales will be promoted for integrated systems that combine battery systems with solar power systems and for systems linked to power grids, which entail the use of grid-use storage batteries.
- ➔ A&Tm Corporation, a joint venture established with Tokyo Gas Engineering Solutions Corporation and KYOCERA Communication Systems Co., Ltd., will provide asset and technical management services for improving the performance of solar power plants.
- ➔ The Tokyo Century Group's robust solar power track record and expertise and broad customer base will be leveraged to support ideal decarbonization strategies for customers through corporate power purchase agreements (PPAs).

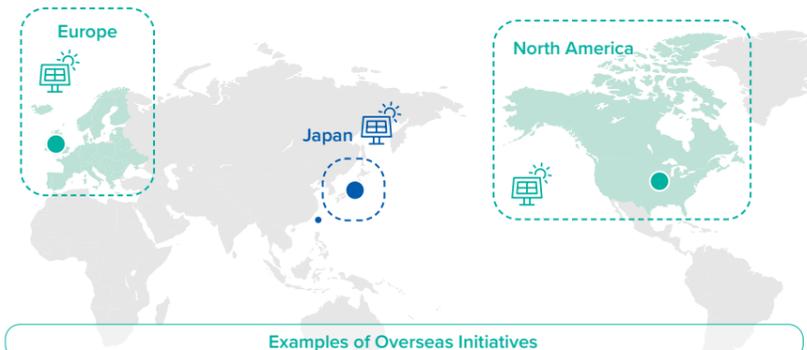
Expansion of Business Scope

- ➔ The scope of Tokyo Century's renewable energy businesses will be expanded to include overseas markets. Leveraging its track record and insight accumulated in Japan, the Group will expand into North American, European, and other markets together with reliable partners. In fiscal 2023, we acquired a portfolio of 34 operating solar power plants with a total generation capacity of 303 MW together with Schroders Greencoat LLP in the United Kingdom.
- ➔ To diversify the power sources included in our environmental business portfolio, biomass and binary geothermal power generation initiatives are being advanced together with prime partners including Forest Energy Inc., JFE Engineering Corporation, and ITOCHU Corporation. Furthermore, the Mori Binary Power Plant began operation in November 2023.

Creation of New Businesses and Synergies

- ➔ Total investments of around ¥100.0 billion centered on solar power generation are planned through a renewable energy business investment fund established jointly with NTT Anode Energy Corporation and another partner.
- ➔ Opportunities for strategic M&A activities will be explored with the aim of building value chains and generating synergies through existing environmental businesses and coordination with partners. By entering into new business fields, including those that allow for the creation of environmental value, we will reinforce and accelerate growth in environmental businesses.

Business Development Approach



Examples of Overseas Initiatives

United Kingdom

- Acquisition of 34 operating solar power plants (total generation capacity of 303 MW*) together with Schroders Greencoat, a subsidiary of leading independent asset management company Schroders plc
- Investment in independent grid-use storage battery business

United States

- Establishment of joint venture with ITOCHU Corporation (50% equal ownership) and joint acquisition of development interests in two solar power plants (total generation capacity of 256 MW*)
- Investment in renewable energy generation investment fund operated by ITOCHU Corporation

* Figures represent actual generation capacity, as opposed to equity stake.

Initiatives in Japan

Solar power

- Development of 90 solar power plants through efforts centered on Kyocera TCL Solar
- Joint establishment of renewable energy business investment fund with NTT Anode Energy Corporation and another partner
- Advancement of asset and technical management service business through A&Tm Corporation

Storage batteries

- Installation and commencement of operation of integrated storage battery system at mega solar power plant in Arao City, Kumamoto Prefecture, operated and managed by Kyocera TCL Solar

Corporate PPAs

- Joint establishment together with JFE Engineering Corporation of solar power generation operating company for advancing corporate PPA projects

Biomass power, binary geothermal power, etc.

Interview



Hiroshi Sato

Deputy President, Director and Executive Officer
President, Environmental Infrastructure Business Development Unit

Q Could you please review the performance in fiscal 2023, particularly the issues with regard to improving base earnings (earnings power) and return on assets (ROA)?

A In the solar power generation business, the core earner of the Environmental Infrastructure segment, we experienced output restrictions that surpassed our expectations in fiscal 2023, which resulted in performance falling significantly below targets. We are also facing intensifying competition in terms of acquiring environment-related projects and companies as there is a strong appetite for investment and participation in the environmental field, driving large influxes of capital into this field from various industries. Meanwhile, government policies and systems and corporate trends in Japan are being influenced by the international push for carbon neutrality. This situation is creating a need to promote legal compliance in conventional businesses and flexible use of government systems in new undertakings while working to accommodate companies' decarbonization needs.

Q What initiatives should be accelerated to overcome the issues faced by the Environmental Infrastructure segment?

A One issue faced by the Environmental Infrastructure segment is the need to reinforce domestic solar power generation businesses. To address this issue, we are taking part in corporate PPA projects that cater to customers' decarbonization needs and accumulating quality assets while focusing on

asset management businesses that maximize the generation efficiency of existing power plants. Another focus is contributing to power grid stability through the introduction of the latest electricity storage technologies in our storage battery business.

We also need to expand our business scope by strengthening overseas renewable energy businesses. In this regard, we jointly acquired 34 operating solar power plants with a total generation capacity of 303 MW in the United Kingdom together with partner Schroders Greencoat. Looking ahead, we will continue to seek out quality projects and advance our initiatives with an emphasis on taking part in joint projects together with reliable partners.

Lastly, we must engage in strategic M&A activities that contribute to the further development of Tokyo Century's environmental businesses. In these businesses, we engage in collaborative projects with various partners across all areas of the value chain. By building upon our relationships with these partners, we will look to accelerate growth, expand operations, and generate synergies. In fiscal 2024, a dedicated organization will be established within the Environmental Infrastructure segment tasked with promoting the development of environmental value creation and other new businesses. This organization will advance initiatives for developing new environmental businesses.

Through these efforts, the Environmental Infrastructure segment will continue to advance environmental businesses to help Tokyo Century accomplish the targets of Medium-Term Management Plan 2027 and contribute to the creation of an environmentally sound, sustainable economy and society.