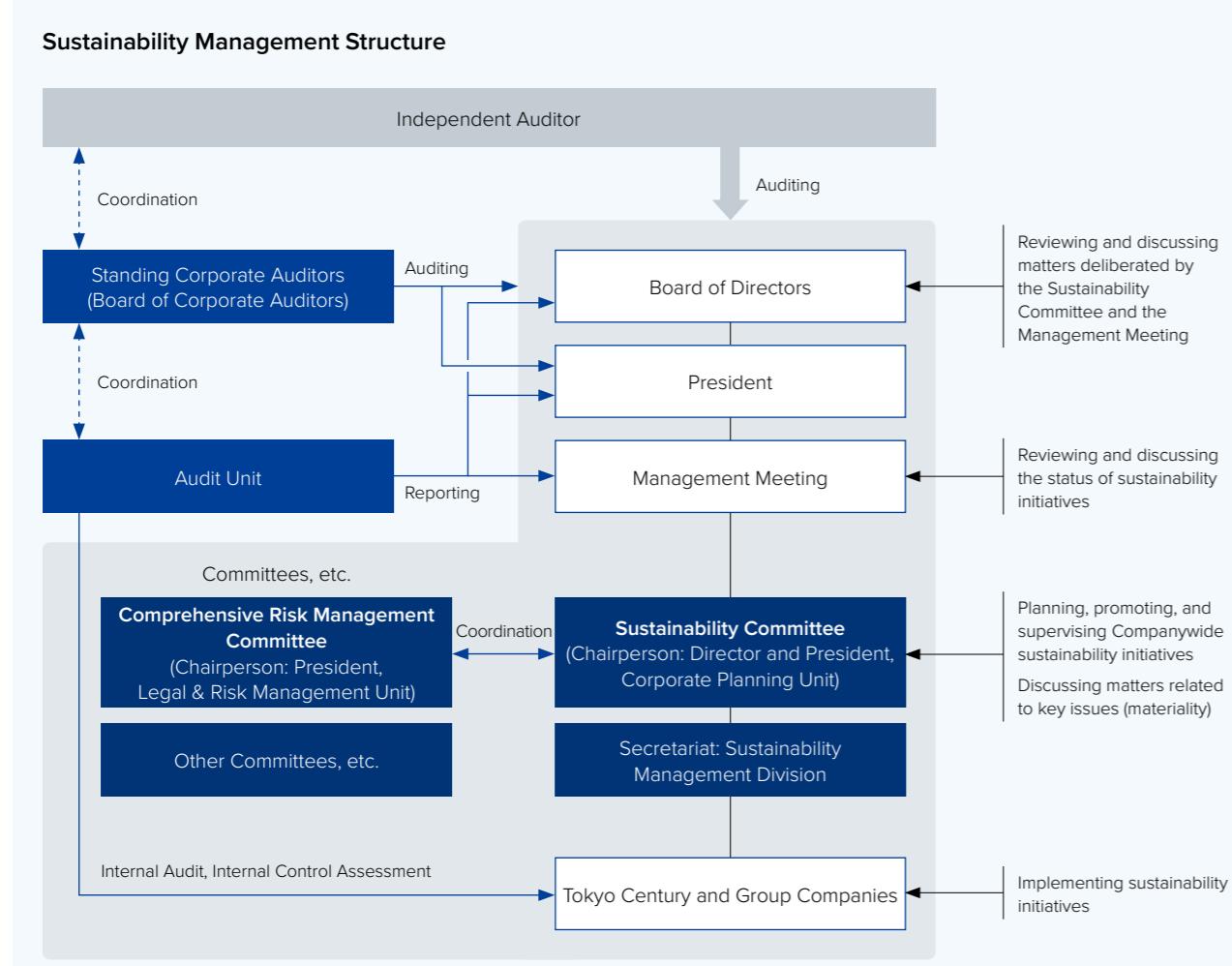


# Sustainability Governance

## Sustainability Management Monitoring System

In its pursuit of sustainable growth through sustainability management, Tokyo Century has instituted a monitoring system to confirm the progress of management strategies based on the five key issues identified through our materiality assessment and to provide advice for improvements. Moreover, appropriate governance is practiced and a PDCA (plan–do–check–act) cycle is implemented to improve the effectiveness of sustainability management.

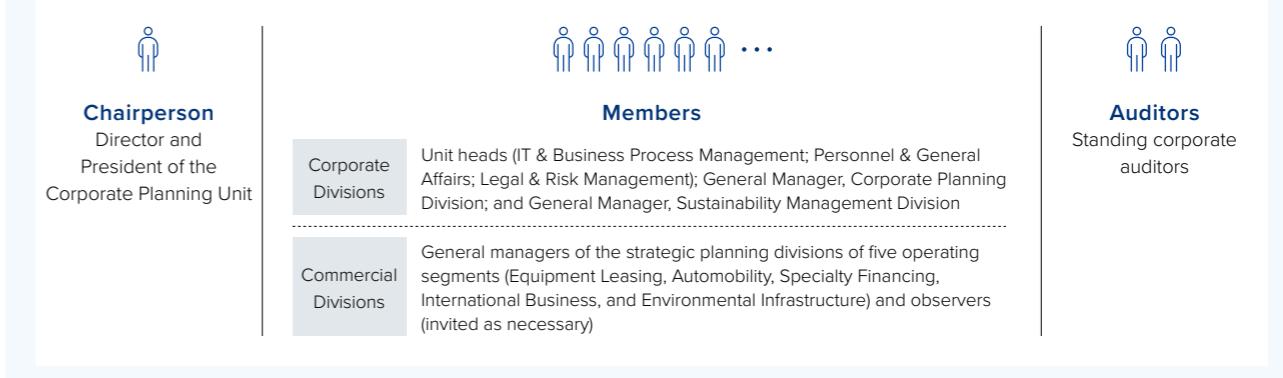


### Role of the Sustainability Committee

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 latter. The Sustainability Committee, chaired by the director and president of the Corporate Planning Unit, recognizes sustainability as a key management priority and promotes initiatives, including addressing our materiality items.

The Audit Unit, established as an independent organization reporting directly to the president, conducts internal audits of the Company and its Group companies. These audits include reviews of sustainability-related matters. Standing corporate auditors meet with the Audit Unit once a month, in principle, to exchange information, and important findings are then reported to external corporate auditors at meetings of the Board of Corporate Auditors.

## Members of the Sustainability Committee



## Implementation of PDCA Cycle

In February 2020, Tokyo Century formulated its Sustainability Road Map. This road map was discussed and approved by the Sustainability Committee before being reported to the Management Meeting and the Board of Directors.

The Sustainability Committee manages the progress of Tokyo Century's initiatives in accordance with the Sustainability Road Map, reporting its findings to the Management Meeting and the Board of Directors. Based on these reports, the Sustainability Committee, the Management Meeting, or the Board of Directors issues instructions as necessary to the Sustainability Management Division and other relevant teams. These divisions then implement the instructions to improve the effectiveness of Tokyo Century's sustainability management and to enhance its environmental, social, and governance (ESG) strategies.

## The Sustainability Committee's Major Agenda Items, Reports, and Responses

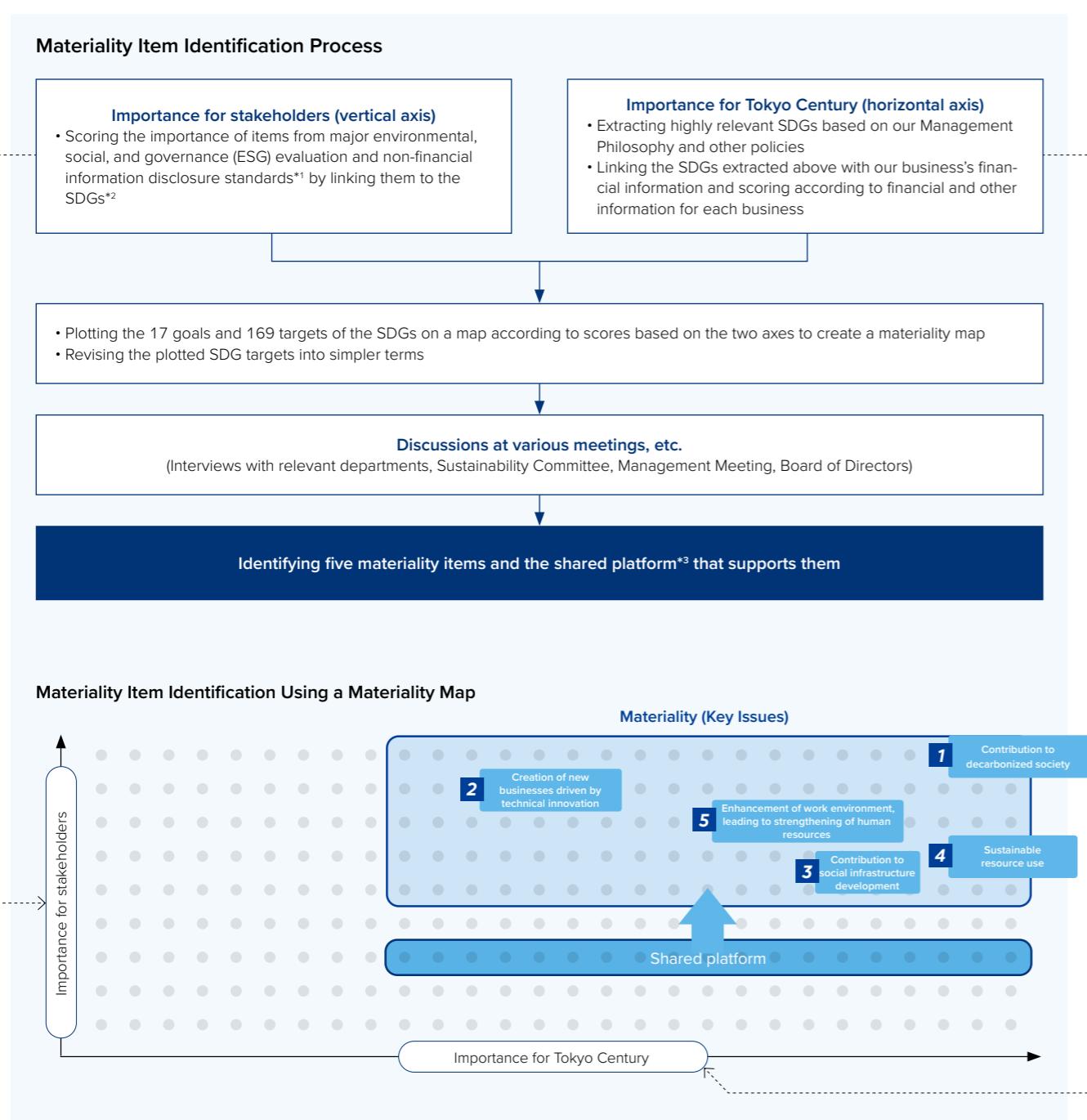
Major Agenda Items	Fiscal 2023	Fiscal 2024
<b>Information disclosure</b>	<ul style="list-style-type: none"> <li>Consideration of disclosure based on Corporate Sustainability Reporting Directive (CSRD)</li> </ul> <p><b>Response</b></p> <ul style="list-style-type: none"> <li>Identification of applicable Group companies and analysis of disparities between current disclosure materials and CSRD standards as parent company is located outside of the European Union</li> </ul>	<ul style="list-style-type: none"> <li>Status of response to domestic and international sustainability information disclosure standards</li> </ul> <p><b>Response</b></p> <ul style="list-style-type: none"> <li>Identification and rating of the impacts, risks, and opportunities for each value chain</li> </ul>
<b>Carbon-neutrality initiatives</b>	<ul style="list-style-type: none"> <li>Carbon-neutrality action plan and progress report</li> </ul> <p><b>Response</b></p> <ul style="list-style-type: none"> <li>(1) Expansion of scope of disclosure for Scope 1 and Scope 2 emissions (fiscal 2022: 90 companies → fiscal 2023: 93 companies)</li> <li>(2) Ongoing acquisition of third-party verification for CO<sub>2</sub> emissions and contributions to emissions reductions</li> </ul>	<ul style="list-style-type: none"> <li>Carbon-neutrality action plan and progress report</li> </ul> <p><b>Response</b></p> <ul style="list-style-type: none"> <li>(1) Expansion of scope of disclosure for Scope 1 and Scope 2 emissions (fiscal 2023: 93 companies → fiscal 2024: 97 companies)</li> <li>(2) For Scope 3, development of disclosure and reduction policies and promotion of initiatives focused on high-emission businesses</li> </ul>
<b>Materiality items</b>	<ul style="list-style-type: none"> <li>Introduction of new KPI for materiality items</li> </ul> <p><b>Response</b></p> <ul style="list-style-type: none"> <li>Definition of transaction volume as new KPI for materiality items of "contribution to decarbonized society," "contribution to social infrastructure development," and "sustainable resource use"</li> </ul>	<ul style="list-style-type: none"> <li>Performance reporting on KPIs related to Tokyo Century's materiality items</li> </ul> <p><b>Response</b></p> <ul style="list-style-type: none"> <li>Establishment of a KPI-based PDCA cycle through reporting the targets and results of materiality-related KPIs to the Sustainability Committee</li> </ul>
<b>Progress of medium- to long-term sustainability management initiatives (Sustainability Road Map)</b>	<ul style="list-style-type: none"> <li>Establishment of road map (37 action items) for Medium-Term Management Plan 2027</li> </ul> <p><b>Response</b></p> <ul style="list-style-type: none"> <li>Reporting on progress in fiscal 2023 and on plans for fiscal 2024 and fiscal 2025</li> </ul>	<ul style="list-style-type: none"> <li>Progress in fiscal 2024 of the Sustainability Road Map for Medium-Term Management Plan 2027</li> </ul> <p><b>Response</b></p> <ul style="list-style-type: none"> <li>Reporting on progress in fiscal 2024, plans for fiscal 2025, and key considerations for action in fiscal 2025</li> </ul>
<b>Other</b>	<ul style="list-style-type: none"> <li>Formulation of Tokyo Century Group Environmental and Social Management Policy for Financing and Investment Activity</li> </ul> <p><b>Response</b></p> <ul style="list-style-type: none"> <li>Clear definition of the Tokyo Century Group's policies, including prohibiting financing or investment to newly establish or expand coal-fired power plants</li> </ul>	<ul style="list-style-type: none"> <li>Consideration of response to TNFD at Tokyo Century</li> </ul> <p><b>Response</b></p> <ul style="list-style-type: none"> <li>Reporting on short-term and medium- to long-term policies regarding response to TNFD (information disclosure on biodiversity and natural capital, etc.)</li> </ul>

## Materiality Item Identification Process and Social Impact

### Materiality Item Identification to Support Sustainability Management

#### Materiality (Key Issues) Aligned with the SDGs

Tokyo Century advances its sustainability management to contribute to solving social issues through its business activities. This initiative is also designed to achieve sustainable growth for both society and the Company and to enhance its corporate value. To this end, the Company has identified its materiality (key issues).

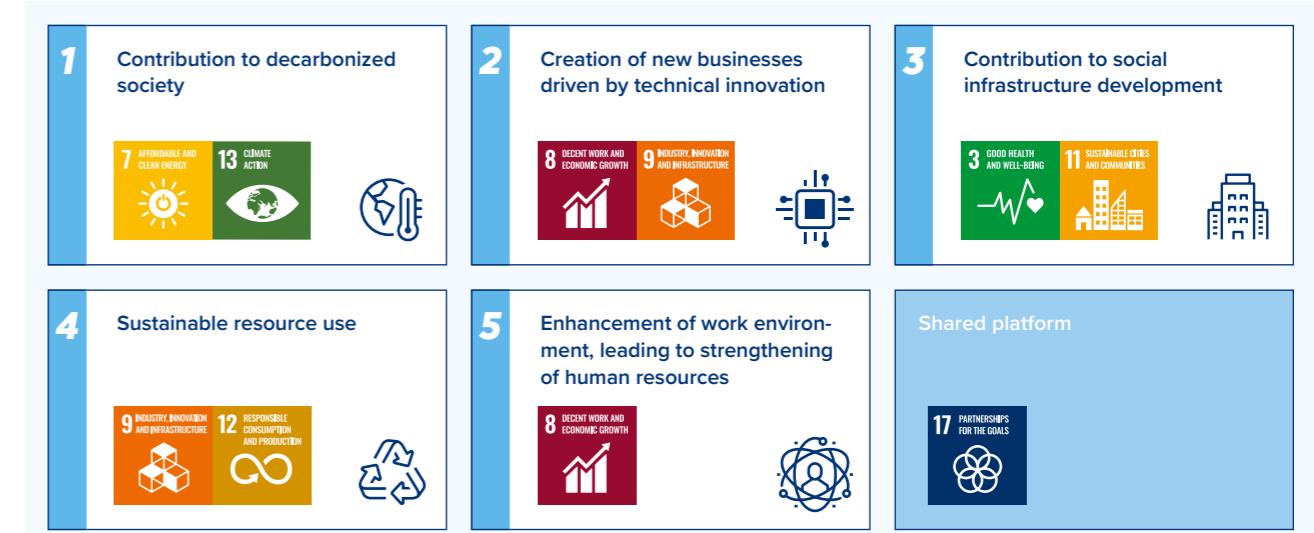


\*1 Major ESG evaluation and non-financial information disclosure standards referenced  
Dow Jones Sustainability World Index, FTSE4Good Index Series, MSCI Indexes, SASB Standards

\*2 The 17 goals and 169 targets of the SDGs

\*3 Our business model (partnership strategy), which creates a wide variety of businesses together with partner companies

### Materiality (Key Issues) Aligned with the SDGs



### Contribution to Solving Social Issues (Creation of Social Impact)

Tokyo Century's business activities are closely aligned with environmentally friendly, circular businesses. Promoting these activities helps solve social issues, which will in turn lead to sustainability management that aims for our sustainable growth and the enhancement of corporate value.

Based on this understanding, we have identified the social value (social impact) we create for three fields of our materiality that are highly relevant to our business: decarbonization, social infrastructure, and the circular economy. We have also developed a logic model that maps out the pathway to create value. This, in turn, has enabled us to establish indicators (impact KPIs) to measure this value.

Materiality	Impact KPI	Results		Social Impact Tokyo Century Aims to Create
		FY2023	FY2024	
Contribution to decarbonized society	① Carbon credits purchased	89 thousand t-CO <sub>2</sub>	0.5 thousand t-CO <sub>2</sub>	Contribution to a decarbonized society through climate change response and environmental efforts
	② Contribution to CO <sub>2</sub> reduction by shifting to electrified vehicle (EV and hybrid) leases	115 thousand t-CO <sub>2</sub>	122 thousand t-CO <sub>2</sub>	
	③ Contribution to CO <sub>2</sub> reduction from solar power generation business	218 thousand t-CO <sub>2</sub>	231 thousand t-CO <sub>2</sub>	
	④ Expected greenhouse gas emissions reductions when JCM*1 projects are adopted	43 thousand t-CO <sub>2</sub>	48 thousand t-CO <sub>2</sub>	
Contribution to social infrastructure development	⑤ Lease contract value for public institutions*2	¥144.2 billion	¥168.1 billion	Development of resilient, safe, and secure social infrastructure
	⑥ Power capacity of data centers*3	58 MW	70 MW	
	⑦ Installed energy storage capacity from our storage battery business	—	11 MWh	
Sustainable resource use	⑧ Re-leasing rate (renewal rate)	78.7%	78.8%	Contribution to development of a circular economy focused on the value of assets
	⑨ Recycling rate of industrial waste such as plastic-containing products	95.8%	96.2%	

\*1 Joint Crediting Mechanism

\*2 Government ministries and agencies, local governments, independent administrative agencies, public interest incorporated foundations, educational institutions, medical and welfare facilities, and other public institutions

\*3 The capacity to supply the electricity needed to operate servers, network equipment, etc., within a data center

## Logic Model: Pathway to Social Impact

A logic model systematically illustrates the impact of business activities on society (social impact) and its story, and it serves to complement the value creation process, a framework that explains how a company sustainably creates value and grows. Its components are “input” (resources invested), “business activities,” “output” (products and services created by business activities), direct, intermediate, and final “outcomes” (changes and results brought about by the output), and “impact” (changes and effects on society as a whole achieved through the accumulation of outcomes).\*1

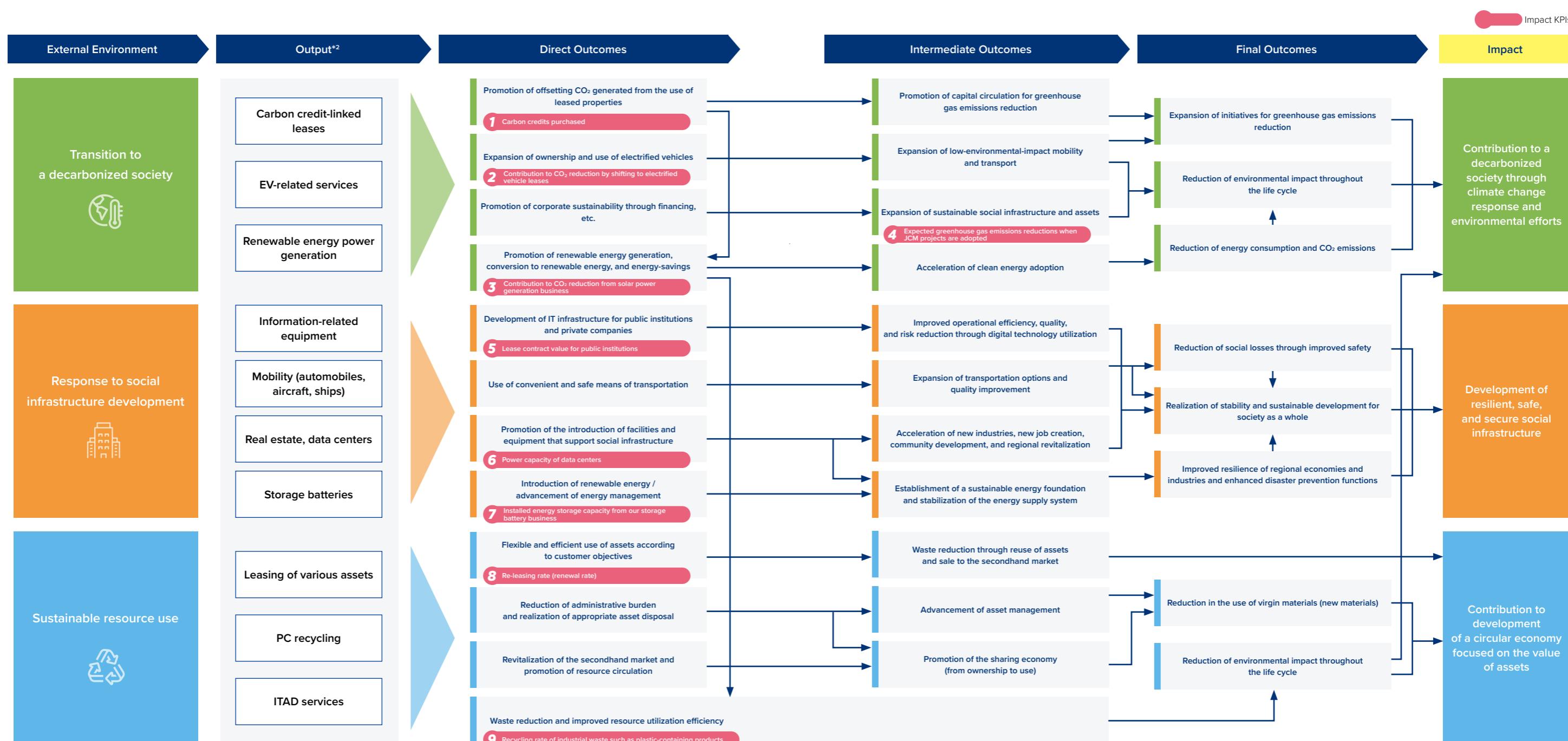
The logic model and materiality (key issues) are closely related. The logic model is a tool for logically explaining how a company's business activities contribute to solving the materiality items it has identified and how that ultimately leads to the enhancement of corporate value.

We are engaged in a wide range of businesses, including the leasing of information and other equipment; corporate and individual auto leasing and car rentals; leasing and financing of ships, aircraft, and real estate; principal investment (business investment); and renewable energy businesses such as solar power generation and storage batteries. The logic model clarifies how our diverse business activities contribute to solving social issues.

### Specific Example Contribution to a decarbonized society through climate change response and environmental efforts

The use by customers of our carbon credit-linked leases, electrified vehicle leases, and electricity supplied from solar power generation reduces the consumption of fossil fuels.

The logic model shows that, through the spread and expansion of such activities, we create the social impact of contributing to a decarbonized society. As indicators to measure the degree of impact on society, we have set the volume of carbon credits purchased and the contribution to CO<sub>2</sub> reduction from the shift to electrified vehicle leases as impact KPIs.



\*1 For “input” and “business activities,” please refer to the Tokyo Century Group’s Value Creation Process section on pages 22–23.

\*2 Assets and services provided in business activities

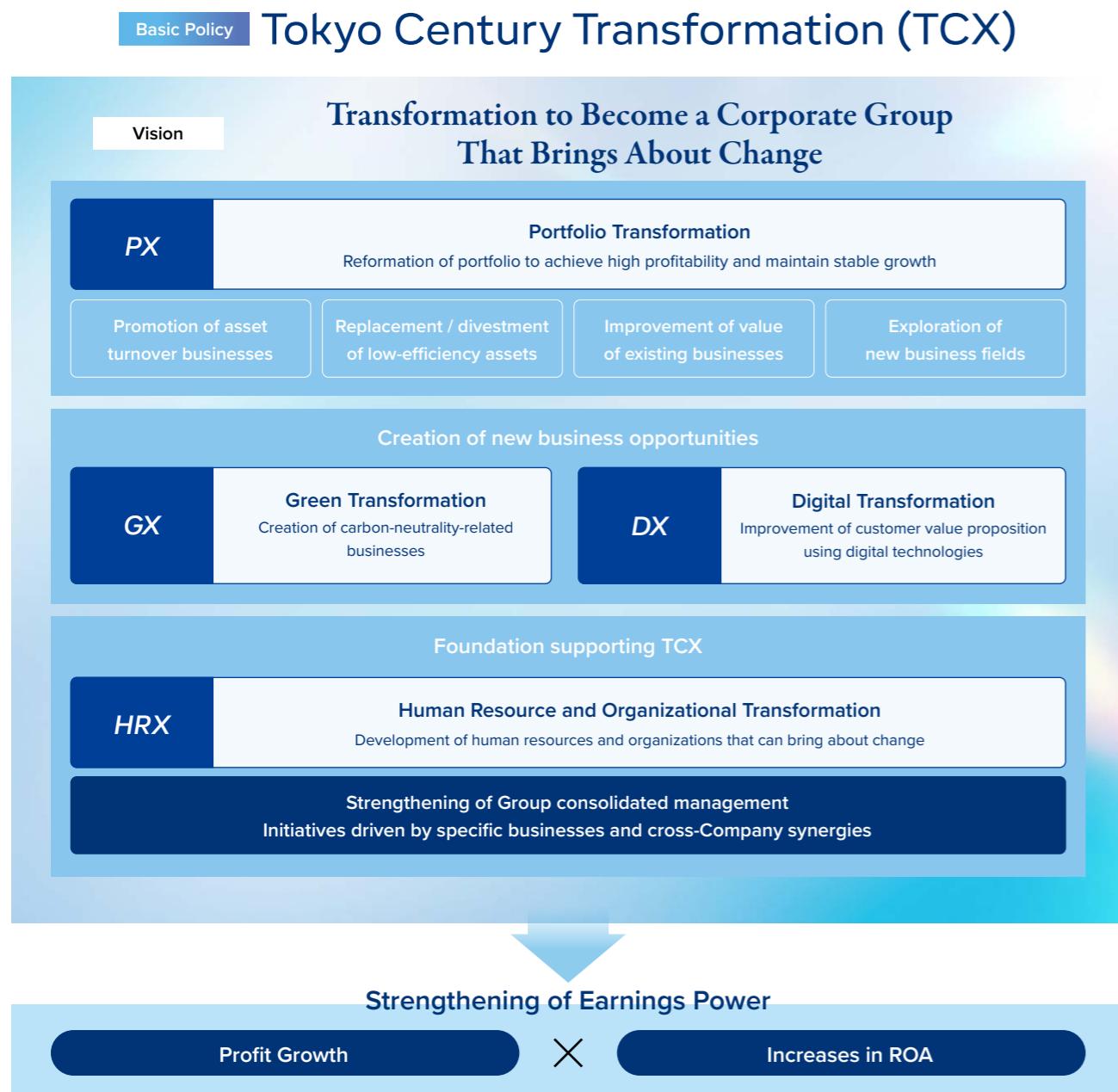
## Materiality (Key Issues): Key Indicators, Targets, and Major Initiatives

Materiality (Key Issues)	Major Opportunities and Risks for the Company		Key Output KPIs*	Target (Target Year)	Results		Major Initiatives to Address Materiality (Key Issues)
					FY2023	FY2024	
<b>Contribution to decarbonized society</b> 	 Opportunities  Risks	Expansion of scope of renewable energy and other environment-related businesses	Contract value, etc. (lease contract value, financing amount, investment amount, etc.)  Ratio of electrified vehicles (EVs, FCEVs, PHEVs, and HVs)	—  —	¥344.7 billion  20.3%	¥324.0 billion  22.4%	 <b>Promotion of the Kitakyushu Model to support decarbonization efforts of local governments</b>  Tokyo Century drives the development of the Kitakyushu Model, an advanced regional model for realizing a decarbonized society, with the City of Kitakyushu. Through a public-private partnership, we promote support for EV adoption by local companies, installation of solar power generation equipment at public facilities, and circular use of batteries. By combining our finance and service functions with solutions to regional issues, we aim to create a pioneering model of sustainable community development that is scalable to other regions.
		Emergence of stranded assets with high greenhouse gas emissions	Ratio of fuel-efficient aircraft among the aviation business's (ACG) assets  <b>Power generation capacity of renewable energy facilities</b> <small>NEW</small>	<b>72.0%</b> (December 31, 2025)	<b>61.9%</b>	<b>66.3%</b>	
	 Opportunities  Risks	Improvement of customer value propositions using digital technologies	Continued certification under METI's DX Certification system	Continued certification under METI's DX Certification system	Continued certification under METI's DX Certification system  Selected as a Noteworthy DX Company 2024 in May 2024	Continued certification under METI's DX Certification system  Selected as a Noteworthy DX Company 2024 in May 2024	
		Diminishment of customer value propositions due to obsolescence of existing business models	Continued certification under METI's DX Certification system	Continued certification under METI's DX Certification system	Continued certification under METI's DX Certification system  Selected as a Noteworthy DX Company 2024 in May 2024	Continued certification under METI's DX Certification system  Selected as a Noteworthy DX Company 2024 in May 2024	
<b>Creation of new businesses driven by technical innovation</b> 	 Opportunities  Risks	Improvement of customer value propositions using digital technologies	Continued certification under METI's DX Certification system	Continued certification under METI's DX Certification system	Continued certification under METI's DX Certification system  Selected as a Noteworthy DX Company 2024 in May 2024	Continued certification under METI's DX Certification system  Selected as a Noteworthy DX Company 2024 in May 2024	 <b>Investment in GO Drive, a provider of next-generation AI dashcam services</b>  We have made a joint investment with ZENRIN CO., LTD. in GO Drive Inc. GO Drive was established by GO Inc., the provider of the GO taxi app. The company offers DRIVE CHART, a next-generation AI dashcam service that helps reduce accidents, among others. It aims to co-create innovative, value-added services that help solve customer issues by creating a data business.
		Diminishment of customer value propositions due to obsolescence of existing business models	Continued certification under METI's DX Certification system	Continued certification under METI's DX Certification system	Continued certification under METI's DX Certification system  Selected as a Noteworthy DX Company 2024 in May 2024	Continued certification under METI's DX Certification system  Selected as a Noteworthy DX Company 2024 in May 2024	
	 Opportunities  Risks	Expansion of customer value propositions through utilization of social infrastructure assets indispensable to daily life	Contract value, etc. (lease contract value, financing amount, investment amount, etc.)  Number of rental cars owned	—  —	¥641.2 billion  35,000	¥568.4 billion  35,000	
		Emergence of stranded assets due to deterioration of social infrastructure	Ratio of rental cars equipped with safety features (automated brakes, etc.)  Number of vehicles with telematics services	—  —	97.4%  88,000	99.4%  89,000	
<b>Contribution to social infrastructure development</b> 	 Opportunities  Risks	Expansion of customer value propositions through utilization of social infrastructure assets indispensable to daily life	Contract value, etc. (lease contract value, financing amount, investment amount, etc.)  Number of rental cars owned	—  —	¥641.2 billion  35,000	¥568.4 billion  35,000	 <b>Commencement of joint development of an eco-friendly hotel in Singapore</b>  We began joint development of Hotel Indigo Changi Airport at Singapore's Changi International Airport Terminal 2 with OUE Limited, a leading Singapore-based real estate development and healthcare company. By incorporating sustainable features such as solar panels, we aim to develop Singapore's first zero-energy hotel that reduces environmental impact.
		Emergence of stranded assets due to deterioration of social infrastructure	Ratio of rental cars equipped with safety features (automated brakes, etc.)  Number of vehicles with telematics services	—  —	97.4%  88,000	99.4%  89,000	
	 Opportunities  Risks	Increased range of business opportunities related to a circular economy focused on the value of assets	Contract value, etc. (lease contract value, financing amount, investment amount, etc.)  Number of secondhand computers sold	—  <b>More than 508,000</b> (fiscal 2025)	¥473.0 billion  351,000	¥481.9 billion  425,000	
		Higher costs related to waste processing  Damage to reputation due to environmental pollution	Number of secondhand computers sold  Number of units handled by ITAD services	<b>1,700,000</b> (fiscal 2025)	<b>1,695,000</b> (fiscal 2025)	<b>1,648,000</b>	
<b>Enhancement of work environment, leading to strengthening of human resources</b> 	 Opportunities  Risks	Recruitment of diverse human resources	Ratio of women among new-graduate hires	<b>Maintain at least 40%</b> (fiscal 2027)	<b>53.2%</b>	<b>40.4%</b>	 <b>Development and enhancement of the office environment</b>  We have designed our headquarters and other offices with a layout specifically intended to foster interaction and communication. We provide a variety of spaces, including areas for casual discussions, open lounges, and café areas for relaxation. We have also installed private dining-style and teleconference booths. These help foster a workplace environment where all officers and employees can feel energized and productive.
		Revitalization of human resources by improving employee engagement	Ratio of female managers among all managers	<b>30% or higher</b> (fiscal 2030)	<b>12.0%</b>	<b>13.7%</b>	
	 Opportunities  Risks	Loss of talented human resources  Difficulty in securing human resources due to an unattractive work environment  Lack of innovation	Rate of childcare leave acquisition by male employees  Engagement score	<b>Maintain 100%</b>  <b>Improve engagement score</b> (fiscal 2027)	<b>100%</b>  <b>53.2</b> <b>BB</b>	<b>100%</b>  <b>56.2</b> <b>BBB</b>	

\* For details on KPIs related to our materiality (key issues), please also refer to the Materiality section on our corporate website.

 <https://www.tokyocentury.co.jp/en/sustainability/materiality/>

## Progress of Medium-Term Management Plan 2027



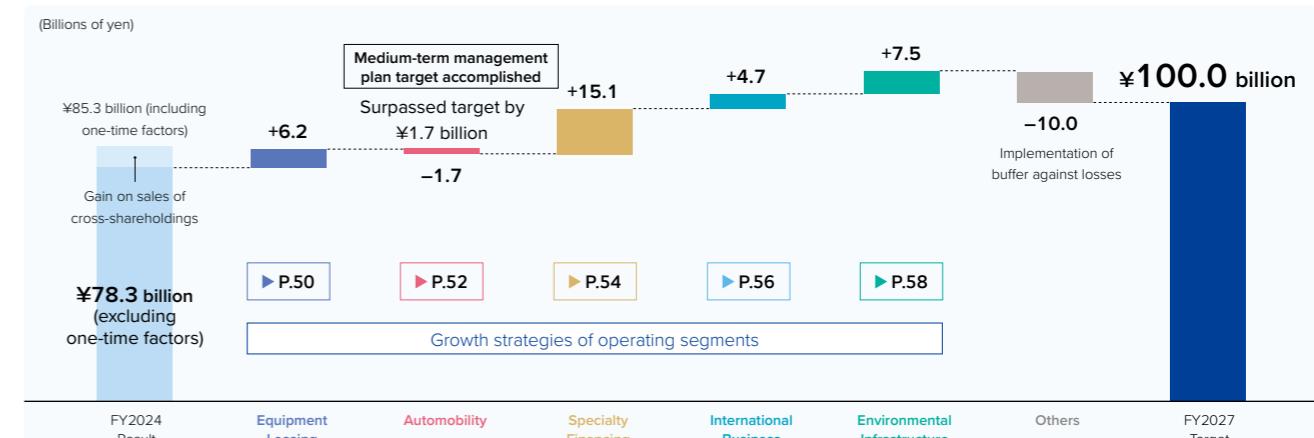
### Financial and Non-Financial Targets and Results

Financial Targets		Non-Financial Targets			
Item	Results (Fiscal 2024)	Targets (Fiscal 2027)	Item	Results (Fiscal 2024)	Targets (Fiscal 2027)
Net income attributable to owners of parent	¥85.3 billion	¥100.0 billion	Initiatives for realizing 50% greenhouse gas emissions reduction by fiscal 2030*1	—	33%–50%
ROA (ratio of net income to total assets)	1.3%	1.4%	Employee engagement index*2	Engagement Score 56.2 Rating BBB	Improvement in employee engagement
ROE	9.0%	10.0%			

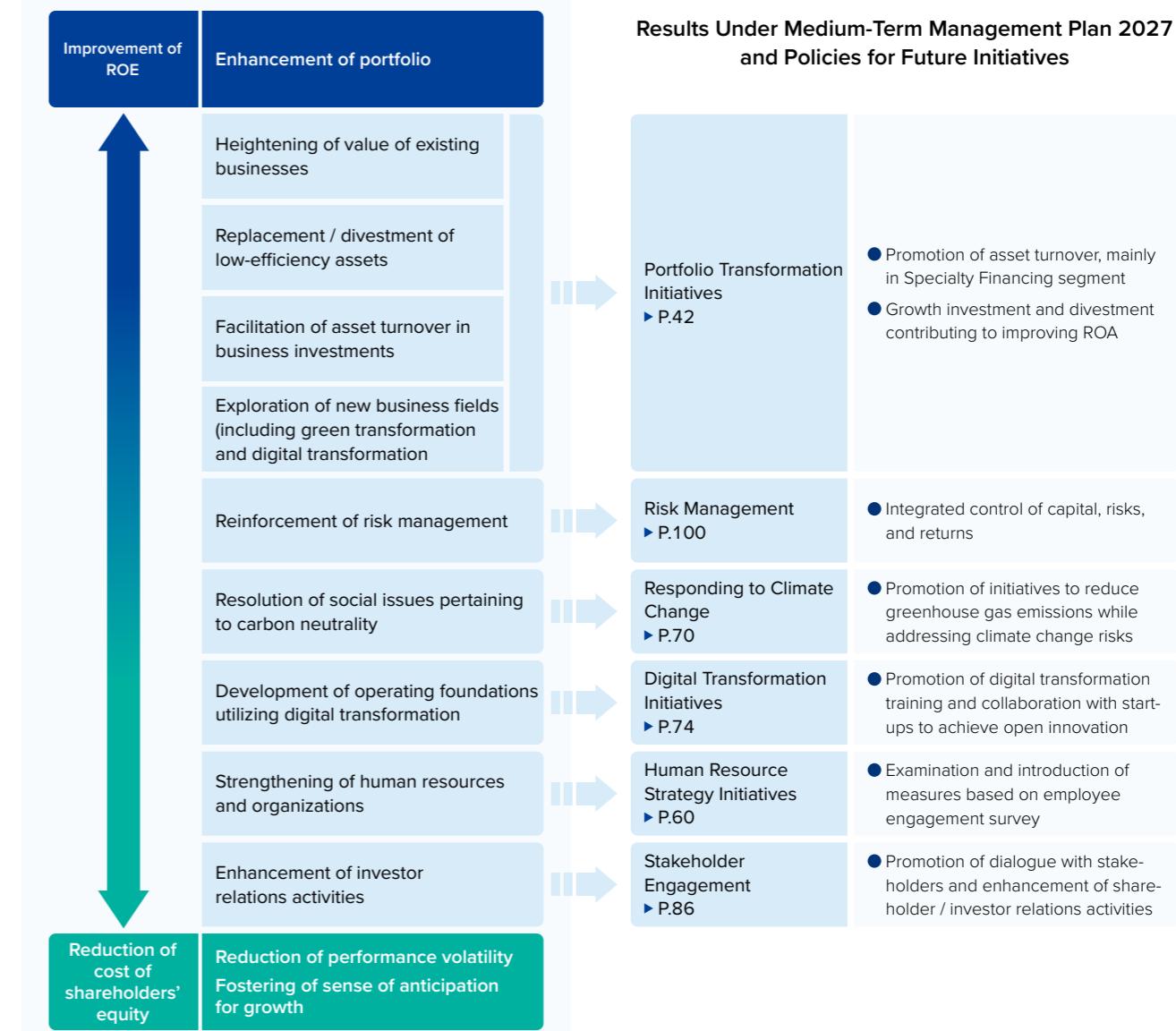
\*1 Target of a 50% reduction in greenhouse gas emissions by fiscal 2030 from base year of fiscal 2021 announced

\*2 Measured using Motivation Cloud service provided by Link and Motivation Inc. since fiscal 2024; represented as deviation value from nationwide average of 50

### Road Map Toward Financial Target for Net Income Attributable to Owners of Parent

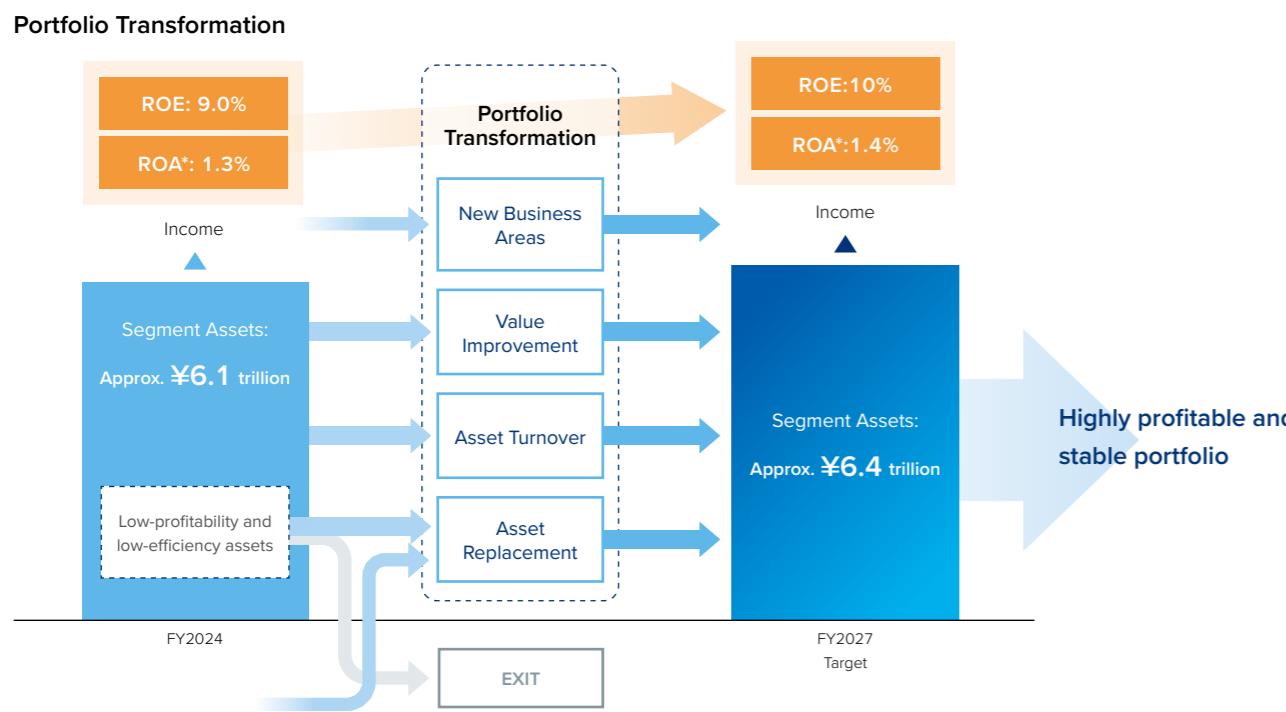


### Transformation for Raising PBR Above 1.0 Times



## Transformation Pursuing a Highly Profitable and Stable Business Portfolio

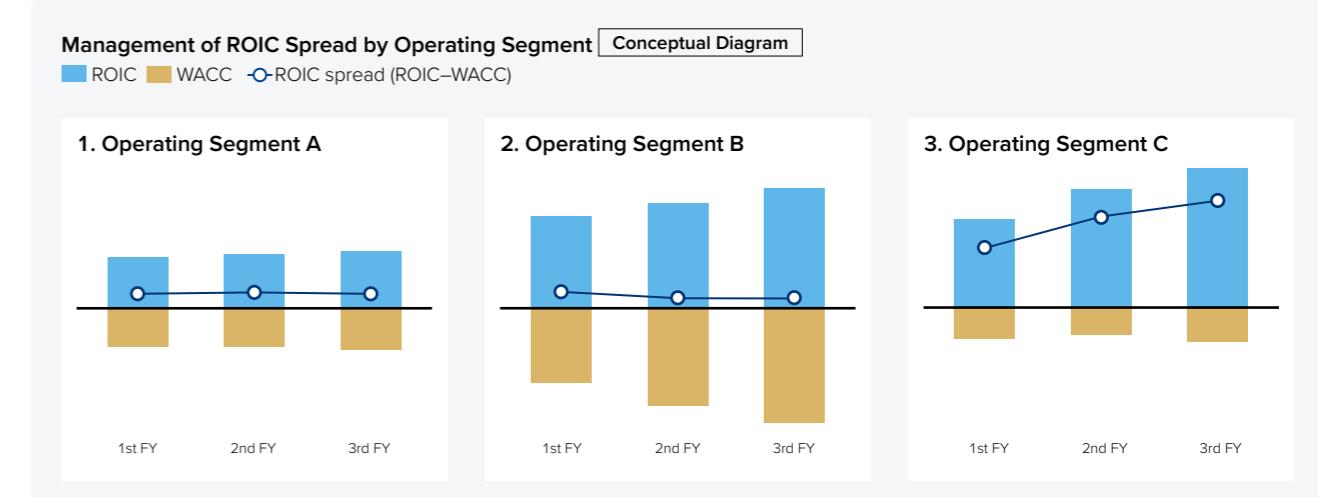
In the course of its long-term corporate value improvement, Tokyo Century must pursue a highly profitable and stable business portfolio by improving asset and capital efficiency, reducing performance volatility, and achieving steady earnings growth. As the Company works toward the targets of return on assets (ROA) of 1.4% and return on equity (ROE) of 10% set for the final year of Medium-Term Management Plan 2027, it will push forward with portfolio transformation on a Companywide basis with a strong focus on income growth and ROA improvement.



\* Calculated as the ratio of net income to total assets

## Enhancement of ROIC Monitoring in Operating Segments

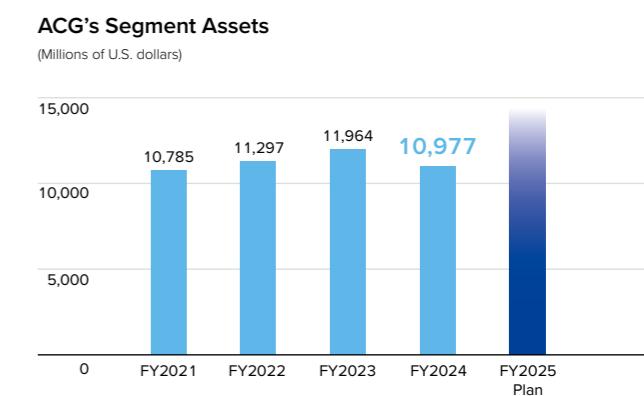
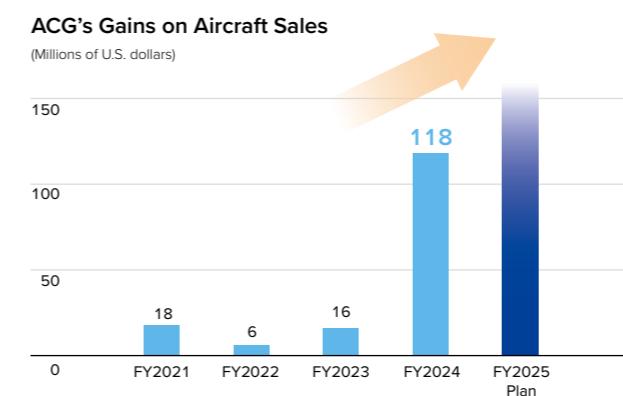
Tokyo Century regularly monitors the return on invested capital (ROIC) spread, which is ROIC less weighted average cost of capital (WACC), as a cost-of-capital-based indicator. This metric assesses the risk-and-return balance of specific business segments, accounting for their business and risk characteristics. This time-series monitoring approach also promotes 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 different operating segments and whether the necessary risks are being taken to generate value and drive growth. Under Medium-Term Management Plan 2027, the Company continues its cost-of-capital-focused approach to managing risks and returns. Since fiscal 2025, it has incorporated ROIC factors into the performance evaluation system for each business segment. Going forward, we will further enhance initiatives to improve capital efficiency, such as by incorporating these factors into portfolio allocation.



## Initiatives Under Medium-Term Management Plan 2027

### Promotion of Asset Turnover Businesses

In the aircraft leasing business, ACG is promoting asset recycling and realizing gains on aircraft sales, leveraging the global aircraft shortage. ACG saw a significant year-on-year increase in its gains on aircraft sales in fiscal 2024 and expects further increases in fiscal 2025. By acquiring aircraft (new deliveries, sale-and-leaseback, and secondary) concurrently with sales, we are maintaining an upward trend in segment assets—our source of profit.



## Message from the President of the Corporate Planning Unit



In fiscal 2024, the second year of Medium-Term Management Plan 2027, Tokyo Century made progress in improving profitability through major measures such as heightening the value of existing operations and increasing asset turnover. The results of these efforts include net income attributable to owners of parent of ¥85.3 billion, making for our second consecutive year of record-breaking income, as well as return on equity (ROE) of 9.0%, a year-on-year increase of 0.2 percentage point. For fiscal 2025, we are projecting net income attributable to owners of parent of ¥93.0 billion, which will represent smooth progress toward the financial target of ¥100.0 billion set for fiscal 2027 in the medium-term management plan.

However, I recognize that in fiscal 2024, we were unable to conduct a sufficient number of growth investments that promise significant returns and that are in keeping with Tokyo Century's growth story.

### Consolidated Financial Performance

(Billions of yen)	Fiscal 2023	Fiscal 2024	Year-on-Year Change	Fiscal 2025 (Forecast)
Ordinary income	117.3	132.3	+15.0	—
Net income attributable to owners of parent	72.1	85.3	+13.1	93.0
Segment assets	5,720.4	6,059.9	+339.4	—
Shareholders' equity	872.2	1,029.6	+157.4	—
Return on assets	1.2%	1.3%	+0.1 pt	—
Return on equity	8.8%	9.0%	+0.2 pt	—

## Capital and Financial Strategies for Improving Corporate Value

Improving our price-to-book ratio (PBR) and heightening ROE are both important commitments that we have made to our shareholders and investors.

Tokyo Century seeks to quickly recover its PBR to above 1.0 times, reach ROE of more than 10%, and achieve a positive equity spread. These goals will be pursued through management emphasizing cost of capital and share prices. Our focus will be on measures for improving corporate value by heightening capital profitability and reducing cost of shareholders' equity.

A crucial part of heightening capital profitability, one focus of our measures for improving corporate value, will be to reinforce our business portfolio. For this reason, we will be using the cash generated through existing businesses and the funds created via strategic divestment of low-efficiency assets to reinvest in growth fields that promise high profitability. In such ways, as well as through increases in asset turnover, we will seek to improve ROE and achieve ongoing growth in net income attributable to owners of parent.

As for reducing cost of shareholders' equity, the other focus of our measures for improving corporate value, we will turn our attention toward the enhancement of non-financial capital. Specific efforts will include building sophisticated risk management frameworks, promoting human capital management, and ramping up highly transparent investor relations activities. Through these efforts, we hope to gain the trust of the market and have our business accurately evaluated.

Tokyo Century is currently in a stage of growth. Accordingly, we do not project that we will fall into a so-called diminishing equilibrium in which the amount of

### Transformation for Raising PBR Above 1.0 Times



capital that we are able to allocate to growth investments will deplete. Rather, we will be heightening capital efficiency to strengthen our earnings power.

I would now like to explain some of the concrete measures we are advancing in this regard and describe the current operating conditions that are affecting these measures.

## Current Operating Conditions Pertaining to Management Emphasizing Cost of Capital and Share Prices

When meeting with an investor in 2024, I remember being told that Tokyo Century was not surprising the market as much as it had been previously. This comment was made in the context of a comparison between the past and present performance of Tokyo Century—the Company maintained a PBR of above 1.0 times from the 2009 merger to the COVID-19 pandemic, but currently has a PBR of less than 1.0 times.

Previously, Tokyo Century achieved smooth and ongoing improvements in performance by branching out from the financing and leasing operations it has been developing since its founding. As part of this process, we broadened the scope of our operations to include automobiles, real estate, ships, aircraft, and other business areas dependent on the value of assets. We also actively engaged in M&A activities to differentiate our business model from those of our peers.

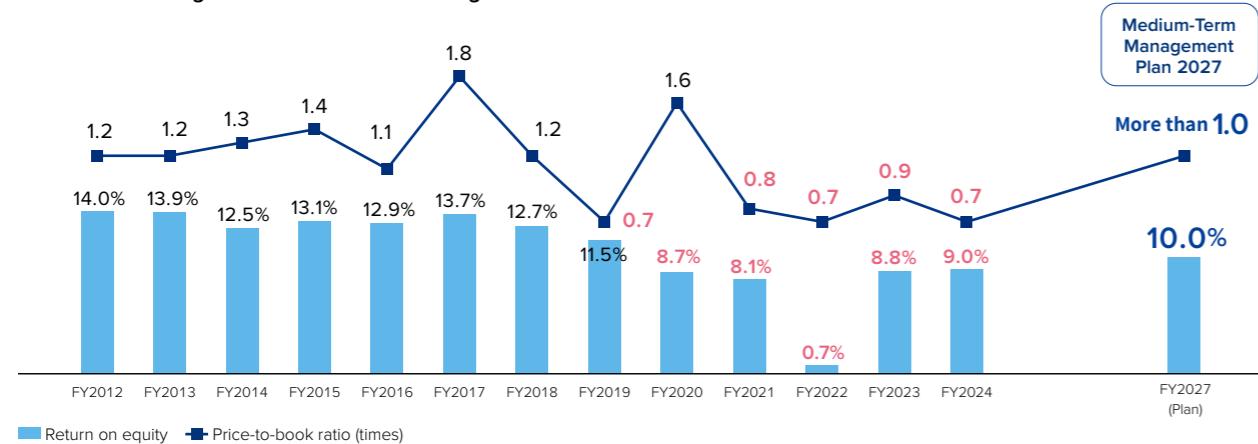
Notable successes achieved through this process include the conversion of Aviation Capital Group LLC (ACG), a U.S.-based aircraft leasing company that serves airlines around the world, into a consolidated subsidiary; the conclusion of a capital and business alliance with the NTT Group; and the establishment of NTT TC Leasing Co., Ltd. as part of this alliance.

However, we later found ourselves being impacted by emerging risks, such as the COVID-19 pandemic and the Russian invasion of Ukraine. These risks led to losses on impairment and debt defaults that totaled ¥160.0 billion over the period spanning from fiscal 2020 to fiscal 2022. One prominent loss was the U.S.\$575 million loss associated with Russia recorded by ACG in fiscal 2022.

These losses, combined with the decline in aircraft prices,

## Message from the President of the Corporate Planning Unit

### ROE and PBR Targets of Medium-Term Management Plan 2027



caused our capital use rate (Total risk amount / Consolidated economic capital)—a key risk indicator in our enterprise risk management (ERM) framework—to rise to the soft limit guideline of 75%. This prompted us to prioritize the enhancement of risk management frameworks and the health of our asset portfolio. At the same time, we saw changes to the M&A market, which limited the number of potential acquisitions that met our requirements for anticipated returns. The result was a temporary slowdown in growth investments. This invited a fall in expectations of the market regarding Tokyo Century's growth and was likely one reason why our PBR has recently been below 1.0 times.

With regard to the extraordinary losses recorded by ACG, legal proceedings conducted in California requesting that insurance companies make the insurance settlement

payments required by our insurance policies reached a settlement in fiscal 2025. As a result, an amount of U.S.\$545 million, or roughly 95% of the initial amount of these losses, is expected to be recorded as extraordinary income in the full-year financial statements for fiscal 2025.

#### Insurance Settlement Proceeds from Legal Proceedings Related to the Exposure to Russian Airlines (As of September 30, 2025)

Insurance settlement proceeds*	Associated impairment losses
<b>U.S.\$ 545 million</b> (Projected to be recorded in FY2025)	<b>U.S.\$ 575 million</b> (Recorded in FY2022)

\* Total amount of insurance settlement proceeds from war risk insurers subject to legal proceedings in California

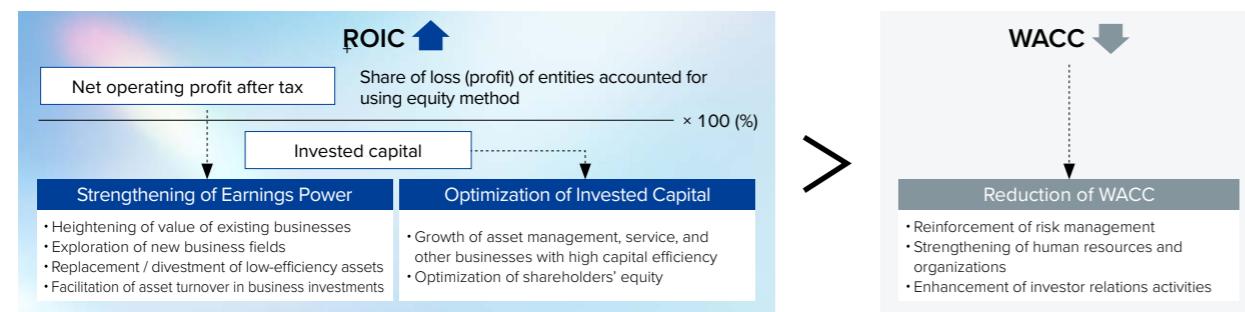
### Organization-Wide Emphasis on Cost of Capital and Optimal Allocation of Capital and Risks

If we hope to achieve ROE that surpasses the level of 10% targeted by Medium-Term Management Plan 2027, increasing the scale of our asset portfolio alone will be insufficient; we must transform our business portfolio to be even more profitable. For this reason, Tokyo Century is placing emphasis on return on invested capital (ROIC), an indicator that reflects cost of capital, risks, and returns. As one facet of this approach, ROIC spread was introduced to the frameworks for assessing performance on an individual operating segment basis in fiscal 2025. With consideration paid to the structure of Tokyo Century's businesses, we will seek to create an ROIC spread that entails ROIC

surpassing weighted average cost of capital in all operating segments. This approach is anticipated to heighten awareness regarding capital efficiency across all operating segments and drive improved ROE on a Companywide basis. Measures to optimize our portfolio are currently being accelerated based on this approach toward capital allocation. We will in particular devote our efforts to growing operations in business fields that promise significant future potential in terms of ROIC spread and cash flow generation. Examples of these businesses include data centers, storage batteries, and principal investment.

#### P.43 Enhancement of ROIC Monitoring by Operating Segments

#### Improvement of ROIC and ROIC Spread (ROIC-WACC)



### Ongoing Quest to Strengthen Earnings Power

As we seek to transform our business portfolio to drive growth, we will need to further enhance our value creation process, which is born of two strengths: our refined ability to discern the value of assets and the partnership strategy that represents Tokyo Century's unique core competence. Over the years, we have continued to maximize our potential business value by combining the expertise of partners with Tokyo Century's asset-based insight pertaining to financing, businesses, and investments. Through this approach, we have created businesses together with prime partners such as the NTT Group and ITOCHU Corporation, whose operations are highly compatible with Tokyo Century's key businesses.

One area where we are engaging in such partnerships is social infrastructure. Together with the NTT Group, which itself is engaged in communications and various other infrastructure businesses, we are developing data center projects in the United States and India. Data centers are a piece of digital infrastructure expected to see substantial growth in the future. Our operations in this field are made possible by combining the NTT Group's insight with Tokyo Century's financial functions. In addition, both companies have a long history of supporting safety and peace of mind in corporate fleet operation in the mobility infrastructure field through the joint venture Nippon Car Solutions Co., Ltd. We are thereby cementing our foundations for future growth in the automotive industry, which currently finds itself in a once-in-a-century period of change. We have also commenced investment in autonomous driving technology leader May Mobility, Inc. of the United States. This strategic investment is geared toward growing our automobile operations by creating new business models and earnings opportunities in preparation for the advent of an autonomous driving society. Meanwhile, we are developing joint renewable energy businesses in the United States together with ITOCHU, a company involved in global-scale trading and infrastructure businesses. These joint efforts are based on the recognition that renewable energy is an area slated for ongoing growth due to the expansion of power infrastructure in the United States amid rising demand for electricity for data center and other applications. Looking

ahead, we will continue to seek out investment opportunities in areas where we stand to leverage the strengths of our partners and of Tokyo Century.

We are also making progress in efforts to strengthen earnings power in other businesses. In the Equipment Leasing segment, which handles businesses Tokyo Century has been engaged in since its founding, we are pairing the assets that customers lease with maintenance, communications, and other high-value-added services. These efforts are steadily realizing an upward trend in profitability versus costs.

Steady progress has also been seen in measures for increasing asset turnover in the Specialty Financing segment. For example, ACG has been selling aged aircraft in a timely manner in order to replace them with more profitable new-technology aircraft. This focus on asset turnover is contributing to higher ROA.

#### P.43 Promotion of Asset Turnover Businesses

Tokyo Century is also advancing development a step ahead of its peers in the growth area of storage batteries. Specifically, we have secured the commercial properties and power grid connection capacity, which are key to this business. This has allowed us to build a strong position for promptly commencing operations. Renewable energy output is affected by changes in natural conditions. Accordingly, the spread of renewable energy will of course stimulate growth in demand for the storage batteries needed to stabilize the supply of power from renewable sources. By securing the advantage of an early comer in this field, which will no doubt see growth in the future, we look to develop our operations therein as a core business for supporting the decarbonization of society.

#### Output of Underdevelopment Grid-Use Storage Batteries



### M&A Activities and Strengthening of Risk Management Frameworks

I cannot deny the importance of building our portfolio of standalone projects. At the same time, we plan to take a proactive stance toward M&A activities to accelerate business speed. When selecting investees for this purpose, we

will prioritize important criteria like governance systems in addition to whether the expected returns are sufficient and if the company in question fits into our strategies.

Taking appropriate risks is an essential part of promoting

## Message from the President of the Corporate Planning Unit

sound growth investments. Tokyo Century has developed a comprehensive risk management framework for managing the types and amounts of risk exposure we accept and can tolerate, the returns expected from taking these risks, capital use rates, and other indicators of financial health. This framework is one facet of our efforts to enhance risk management. Through integrated monitoring and control of capital, risks, and returns, we look to spur ongoing business growth and build a healthy business portfolio.

P.100 Major Risks, Management Frameworks, and Risk Management

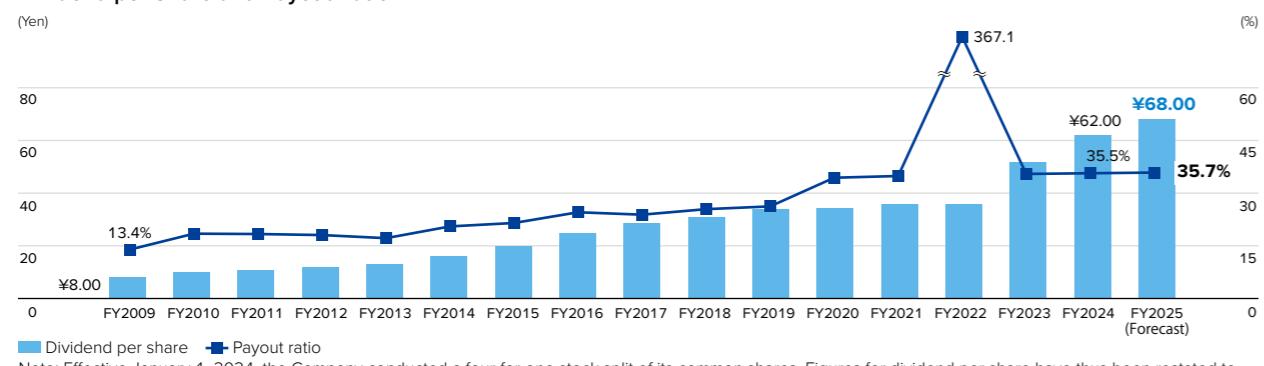


## Cash Allocation and Shareholder Returns

Tokyo Century's underlying cash flow allocation policy is to take risks to the greatest degree possible, while practicing rigorous risk management, to achieve ongoing growth. We currently have the benefit of a robust growth investment pipeline, and we will thus be prioritizing growth investments when allocating the cash flows we have generated. Our policy for shareholder returns is to target a payout ratio of 35% while steadily increasing return amounts through progressive increases in line with income growth. For fiscal

2024, we raised dividend payments by 19%, or ¥10.00 per share, making for total dividend payments of ¥62.00. This increase was decided in reflection of income growth. Going forward, Tokyo Century will continue to live up to shareholder expectations through improvements in corporate value fueled by ongoing growth investments and through enhancements to shareholder returns in conjunction with said improvements.

### Dividend per Share and Payout Ratio



## Enhancement of Organizational Structures and Human Capital to Support Future Growth

The growth of Tokyo Century's income thus far has been driven by the priority allocation of management resources to commercial divisions for the purpose of achieving organic growth and promoting M&A activities. This approach, however, has led to income growth outpacing the rate of improvements in corporate functions. If we are to further improve corporate value and transition to the next growth stage, we will need to enhance our corporate functions to support this growth. Certain tasks must be addressed toward this end, one of which is the evolution of

operating processes. For this task, we are embracing AI. We have been taking a phased approach toward the introduction of AI up until this point. In April 2025, we chose to ramp up our use of these technologies through the Companywide introduction of Google Gemini and NotebookLM generative AI tools. We have since been encouraging employees to use these technologies on their own accord, and they have been rapidly adopted, with more than 80% of all employees currently utilizing these tools. The massive gains in efficiency in routine work, like

research and material preparation, are enabling employees to focus more on creative work that contributes to greater levels of value. Going forward, we will continue to tackle the task of introducing AI into our corporate functions in pursuit of higher levels of operational efficiency and quality.

### P.74 Digital Transformation Strategies

At the same time, we are looking to enhance human capital. One of the targets of Medium-Term Management Plan 2027 is to conduct investments in human resource recruitment and development of more than ¥800 million by fiscal 2027. We are making full-fledged investments in human capital to move us toward the accomplishment of this goal. Presently, we recognize a need to revise our human resource systems to attract individuals with diverse experience and sophisticated expertise and help them deliver their maximum performance. This will be a vital part of accommodating the evolution and diversification of our business.

We also recognize that employee engagement is an important indicator, and we have thus been making a sustained, Companywide effort to achieve improvements in employee engagement. As a result, the employee engagement index was 56.2 (deviation value) in fiscal 2024, a year-on-year increase of 3.0. A noteworthy factor behind this increase was that we did not see a single decrease in the scores for any of the 128 items included in the employee engagement survey. This is clear evidence of how our efforts are being entrenched throughout all divisions across the Company, resulting in widespread improvements. Moving forward, we will utilize this objective data in dialogue across all divisions, driving a continuous improvement cycle—building on our strengths and addressing our weaknesses—to create an organization that supports employee ambitions.

### P.60 Human Resource Strategies

## Reduction of Cost of Shareholders' Equity Through Enhanced Investor Relations Activities and Message for Shareholders and Investors

My mission in contributing to ongoing improvements in corporate value is to help create and expand a positive equity spread by limiting cost of shareholders' equity to a level that is lower than ROE. Engagement with the capital market is an important part of my management approach toward accomplishing this goal.

In fiscal 2024, I focused on promoting both qualitative and quantitative improvements in our opportunities for engagement with capital market representatives. We thus had more than 250 meetings with individuals over the year. We also arranged a briefing on ACG's business, which has been a subject of strong interest from investors and analysts. This online briefing featured an appearance by ACG CEO Thomas Baker, who joined from the ACG head office in Newport Beach, California. Attendees were thereby able to receive direct explanations on ACG's measures for improving business profitability and its growth strategies. The briefing also served as a declaration of our commitment to increasing transparency in important businesses and practicing accountability by offering opportunities to receive explanations directly from the leaders of operating companies.

### P.87 Investor Relations Activities



Online ACG business briefing

The valuable input and objective guidance gained through such engagement activities are regularly communicated to the Board of Directors and to the Management Meeting. We recognize that such feedback is incredibly important for both enhancing management strategies and increasing the effectiveness of management oversight functions.

We remain committed to the exhaustive provision of information for helping investors make accurate investment decisions and to the heightening of management transparency to ensure that Tokyo Century is always worthy of trust.

I would like to ask our shareholders and investors for their ongoing support of the Tokyo Century Group in the months and years to come.



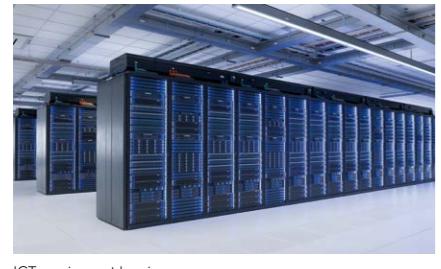
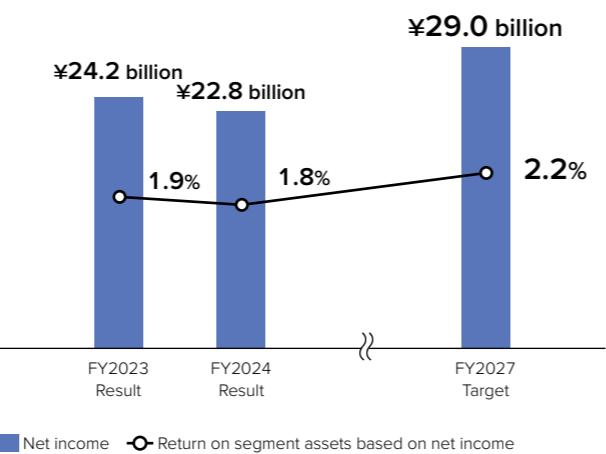
## Growth Strategy by Operating Segment

# EQUIPMENT LEASING



**Koichiro Sato**  
Managing Executive Officer  
President, Equipment Leasing  
Business Development Unit

### Profit Target of Medium-Term Management Plan 2027



ICT equipment leasing



ITAD services



Regional co-creation initiatives with municipalities

## Strengths, Opportunities, Risks, and Growth Strategies

### Strengths

- Excellent customer base of over 20,000 companies in Japan
- Diverse solution services in the leasing business
- Co-creative businesses with prime partners (ITOCHU, NTT, Fujitsu, NX Group, etc.)

### Opportunities

- Increased demand for new technologies such as AI and digital transformation
- Increased demand for carbon-neutrality initiatives
- Environmental changes surrounding municipalities (decarbonization, etc.)
- Labor-saving needs due to labor shortages

### Risks

- Rise in yen interest rates, exchange rate fluctuations
- Soaring resource prices, inflation
- Decrease in Japan's domestic population
- Changes in lease accounting standards (operating leases brought onto the balance sheet)

### Growth Strategies

- Innovative solutions will be expanded to add value to the existing leasing business.
- Resources will be effectively allocated to strategic growth areas (the intersection of fields that have high potential for collaboration with close partners and growth areas).
- On a Groupwide basis, business growth will be pursued by enhancing integrated Group management, increasing collaborative projects, and sharing resources.
- EPC Japan's high-quality ITAD services\* and other solutions will be offered, contributing to addressing social issues.
- The organization will be restructured to enhance the sales structure and conduct more efficient sales activities.

\* Services for disposing of IT assets safely and appropriately

## Key Issues and Initiatives for Improving Profitability

### Value Improvement of Existing Businesses

- Expansion of customer and partner bases
- Increase in high-value-added projects by proposing diverse solutions

### Business Creation in New Areas (Including Green Transformation and Digital Transformation)

- Accelerated accumulation of prime assets, focusing on storage batteries, environmental projects for municipalities, the digital domain, and PC replacement demand
- Development of joint projects in strategic growth areas with close partners

### Enhancement of Talent and Organizational Capability

- Establishment of a highly efficient and resilient organization
- Improvement of sales productivity by utilizing AI
- Improvement of sales skills through unique training and knowledge sharing

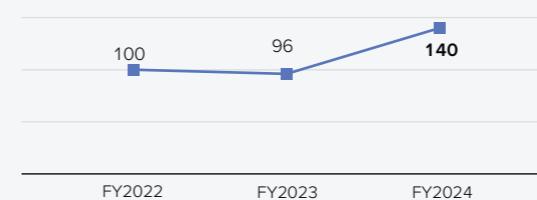
## Vision for the Portfolio

### Growth in affiliate profits from integrated Group management and spread improvements exceeding rising yen interest rate costs

- On a non-consolidated basis, we will ensure our spreads\* exceed the costs of rising yen interest rates by increasing high-value-added projects through diverse solution proposals.

\* Spreads: The margin calculated by deducting internal costs, such as market interest rates and SG&A expenses, from revenue

### Spread Index on a Non-Consolidated Basis (FY2022 = 100)



- We will promote integrated Group management with affiliated companies and enhance their sales capabilities and operational efficiency through collaborative projects and resource sharing, aiming to expand earnings.

### Portfolio (Ordinary Income) Composition Ratio



FY2024 Result



FY2027 Plan

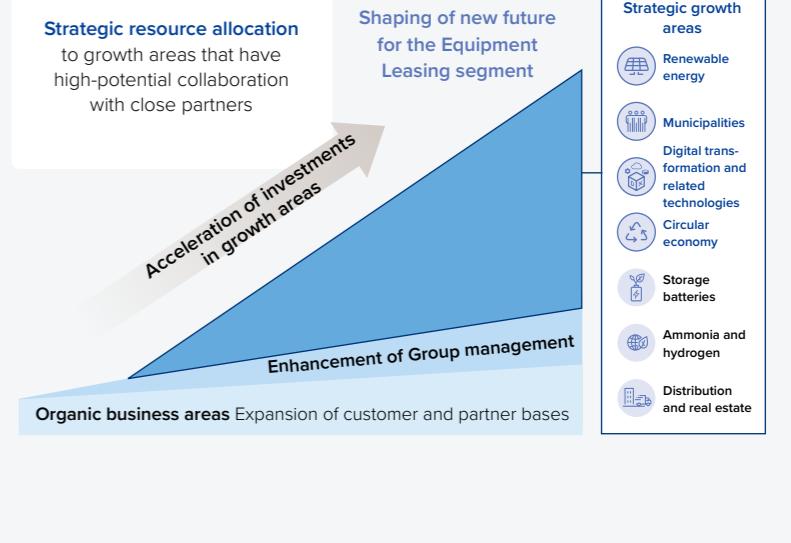
## Focus Areas

### Promotion of partnership strategy and concentrated resource allocation to strategic growth areas

- Strategic growth areas—defined as the intersection of fields that have high potential for collaboration with close partners and growth areas—comprise the following seven areas: renewable energy, municipalities, digital transformation and related technologies, circular economy, storage batteries, ammonia and hydrogen, and distribution and real estate.
- Our primary focus is on projects in renewable energy, those for municipalities, and those in the digital domain capturing PC replacement demand.
- We are also expanding the provision of world-class ITAD services centered on EPC Japan for the circular economy.

### Promotion of Partnership Strategy and Cultivation of Areas of Expertise

**Strategic resource allocation**  
to growth areas that have high-potential collaboration with close partners



## Growth Strategy by Operating Segment

## AUTOMOBILITY



Masaaki Teragami  
Executive Officer  
Senior Managing Executive Officer  
President, Automobility Business  
Development Unit



Nippon Car Solutions Co., Ltd. (NCS)



Nippon Rent-A-Car Service, Inc. (NRS)



Orico Auto Leasing Co., Ltd. (OAL)

## Strengths, Opportunities, Risks, and Growth Strategies

## Strengths

- A rich portfolio of auto leasing for individuals and companies and car rental services
- An industry-leading fleet size
- Diverse channels including the NTT Group, the Mizuho Group, and the ITOCHU Group
- Partnerships with leading companies in next-generation mobility services

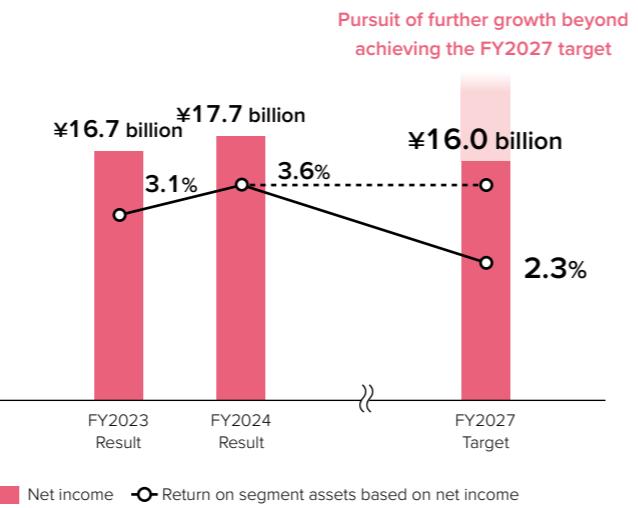
## Opportunities

- Expansion of business models (advancement of new technologies such as autonomous driving and EVs)
- Advancement of digital technologies that enable customer value creation
- Shift in usage patterns from ownership to use
- Growth of the personal auto leasing market
- Increased and diversified demand for mobility, including from inbound tourism

## Growth Strategies

- Deepening and refinement of existing businesses
  - Nippon Car Solutions (NCS) : Sales capabilities will be enhanced by expanding decarbonization products and utilizing channels, and businesses will be expanded strategically through M&A and other means.
  - Nippon Rent-A-Car Service (NRS) : Sustainable growth will be pursued through employee happiness (EH) and customer happiness (CH). Initiatives will include optimal operation of stores, vehicles, and pricing, as well as enhancement of customer services and operational efficiency using digital technologies.
  - Orico Auto Leasing (OAL) : Sales capabilities will be enhanced through further collaboration with Orient Corporation.
- Promotion and creation of next-generation and new businesses
  - The creation of new businesses will be pursued, along with the exploration of services that complement the functions of existing businesses, including through M&A.
  - New investments and collaboration with partners will be accelerated in focus areas (such as aftermarket including EVs, autonomous driving, and maintenance).

## Profit Target of Medium-Term Management Plan 2027



## Key Issues and Initiatives for Improving Profitability

## Value Improvement of Existing Businesses

- NCS: Development of new services, growth through non-organic methods such as M&A, and sophistication of sales using digital technologies
- NRS: Branch renovation, strengthening of inbound services, and expansion of customer services such as app check-in
- OAL: Expansion of agency services through new product development, paperless processes, etc.

## Business Creation in New Areas (Including Green Transformation and Digital Transformation)

- Creation of new businesses (including through M&A) in focus areas (such as aftermarket including EVs, autonomous driving, and maintenance)

## Enhancement of Talent and Organizational Capability

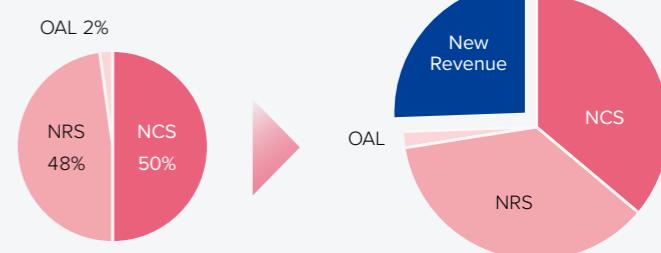
- Improvement of employee engagement such as by strengthening branding and promoting workstyle reforms
- Human resource development through enhancement of training and active investment in education

## Vision for the Portfolio

Aiming to become the No.1 mobility service company by expanding existing businesses (NCS, NRS, OAL) and creating new ones

- We will implement the growth strategies of NCS, NRS, and OAL to achieve profit growth in each of their existing businesses. At the same time, we will create new businesses in focus areas (such as aftermarket including EVs, autonomous driving, and maintenance) and acquire new revenue through methods like M&A.

## Portfolio (Ordinary Income) Composition Ratio



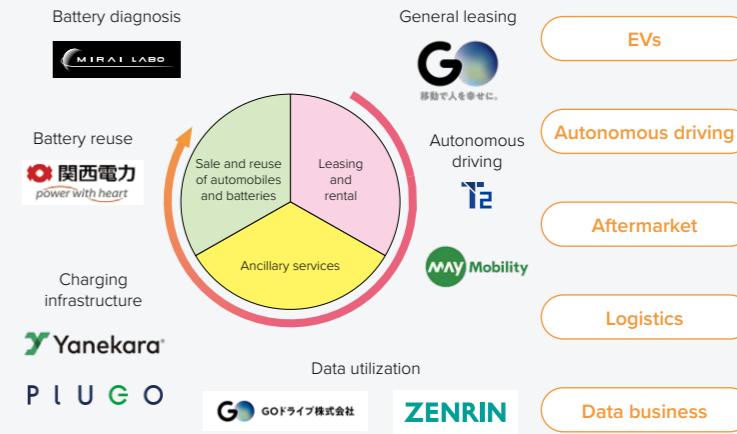
Portfolio Targeted in the Medium to Long Term

## Focus Areas

## Strengthening of the mobility service value chain in next-generation and new areas

- In the fields of EVs and autonomous driving, we do not limit ourselves to leasing by continuing to promote functional enhancements in collaboration with business partners in areas such as charging, fleet management, energy management, and battery reuse.
- By investing in GO Drive, a next-generation AI dashcam services provider, we aim to co-create innovative, value-added services that help resolve customer issues in the age of SDV\* mobility through the creation of data businesses.

## Enhancement of Mobility Service Value Chain



\* SDV: Software Defined Vehicle, a vehicle whose functions and performance are controlled and updated by software

## Growth Strategy by Operating Segment

## SPECIALTY FINANCING



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



Aircraft leasing



Real estate business (Hotel Indigo Changi Airport)



Shipping

## Strengths, Opportunities, Risks, and Growth Strategies

## Strengths

- ➔ A high level of expertise in assessing asset value
- ➔ Provision of high-value-added, custom-made solutions tailored to customer needs
- ➔ A highly complementary business portfolio and strong relationships with prime partners

## Opportunities

- ➔ Increase in M&A opportunities accompanying the trend of corporate restructuring and carve-outs
- ➔ Acquisition of business opportunities through contribution to a circular economy
- ➔ Expansion of business domains driven by the advancement of new technologies such as AI, digital transformation, and smart robotics
- ➔ Acquisition of highly skilled personnel by capturing the increase in talent mobility

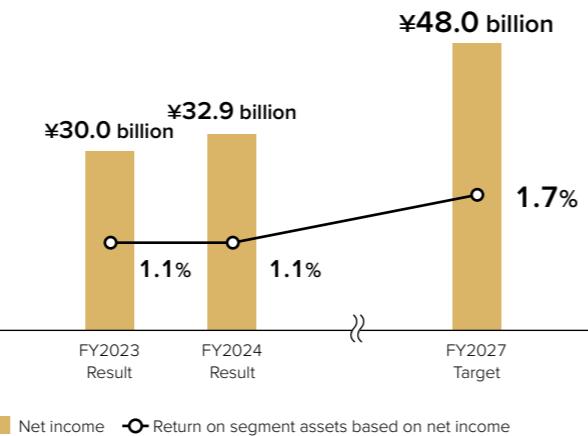
## Risks

- ➔ Fluctuations in the global situation and manifestation of geopolitical risks
- ➔ Persistently high U.S. interest rates and unstable exchange rate trends
- ➔ Price hikes due to supply chain disruptions

## Growth Strategies

- ➔ Business domains will be expanded through active M&A and collaboration with prime partners.
- ➔ A broad value chain will be built, focused on asset life cycle management.
- ➔ Environmentally friendly finance and other services will be created and provided for a decarbonized society.

## Profit Target of Medium-Term Management Plan 2027



## Key Issues and Initiatives for Improving Profitability

## Value Improvement of Existing Businesses

- ➔ Restructuring for efficient sales
- ➔ Advancement of the asset management business
- ➔ Enhancement of operational efficiency and competitiveness via digital transformation

## Acceleration of Asset Turnover and Evolution of Portfolio Management

- ➔ Drastic portfolio revision for the implementation of a future-oriented growth strategy
- ➔ Realization of asset value by capturing the market conditions of each asset
- ➔ Initiatives in finance projects that complement the J-curve

## Enhancement of Talent and Organizational Capability

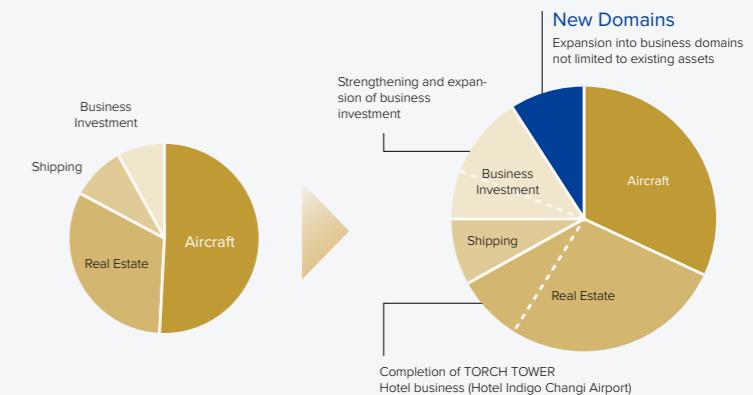
- ➔ Cultivation of employee self-transformation, creativity, and ambition
- ➔ Development of an inclusive workplace environment for diverse talent
- ➔ Enhancement of expertise through learning and reskilling opportunities

## Vision for the Portfolio

## Diversification of revenue sources

The Specialty Financing segment is accelerating the diversification of its revenue sources for stable medium- to long-term growth. Our initiatives include establishing new pillars of revenue (e.g., the development of TORCH TOWER, with completion scheduled for fiscal 2028), driving our overseas hotel business, and making strategic business investments. Through these initiatives, we have worked to increase revenues and expanded our portfolio. Going forward, we will leverage the expertise cultivated in asset management to actively pioneer new business areas, establishing a solid earnings base that contributes to sustainable corporate value improvement.

## Portfolio (Ordinary Income) Composition Ratio



## Focus Areas

## Discontinuous growth through strategic partnerships and M&amp;A

Building on strong partnerships with top players in each business field, we accelerate our engagement in large-scale projects in Japan and overseas and the creation of new business opportunities. Our initiatives include the real estate business with the NTT Group, joint business investment with Advantage Partners, and strategic M&A that capitalizes on the trend of corporate restructuring and carve-outs. Through these efforts, we are shifting our portfolio toward highly profitable business areas.

## New growth through expertise and high-value-added solutions

Leveraging our deep expertise and discerning eye for asset value, we provide high-value-added solutions throughout the life cycle of aircraft, ships, real estate, and more. We strengthen our earnings power and accelerate sustainable growth by enhancing our investor appeal, utilizing external capital through the formation of loan and equity funds, and creating M&A opportunities.

## Growth Strategy by Operating Segment

## INTERNATIONAL BUSINESS



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



IT equipment leasing (CSI)



Data center business



Transportation business (ZAXIS Finance)

## Strengths, Opportunities, Risks, and Growth Strategies

## Strengths

- A network spanning more than 30 countries and regions worldwide
- Joint businesses with shareholders and Japanese partners (ITOCHU, NTT, Hitachi Construction Machinery, Isuzu Motors, etc.)
- Partnerships with leading local companies and global corporations in various countries
- Fair market value (FMV) leasing of IT equipment and global-standard IT asset disposition (ITAD) services

## Opportunities

- Expansion of data center demand with the spread of AI
- Increase in the number of IoT devices driven by the advancement of digitalization
- Growing demand for IT security
- Project creation through collaboration with prime partners
- Business creation in untapped markets

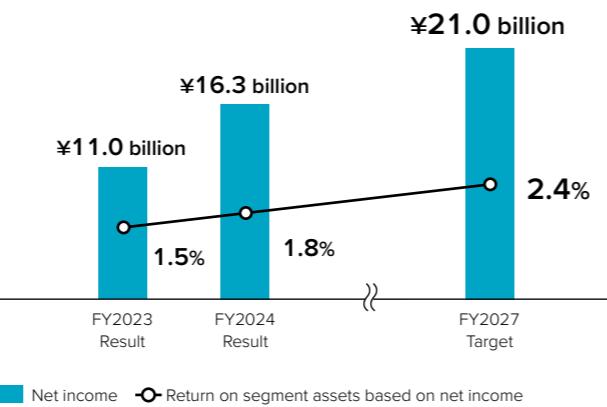
## Risks

- Global economic uncertainty and the manifestation of geopolitical risks
- Rapid fluctuations in interest rates and exchange rates
- Intensified competition in business and securing human resources

## Growth Strategies

- Deepening and strengthening of the IT business value chain  
In the FMV lease and ITAD businesses, global standardization and world leadership will be promoted.
- Through the promotion of collaboration with the NTT Group, the data center business and managed services will be expanded.
- Strengthening of the transportation business  
Through the promotion of collaboration with manufacturers and partners, our businesses for passenger cars, commercial vehicles, construction machinery, etc., will be expanded globally.
- Utilization of strategic partnerships and active M&A

## Profit Target of Medium-Term Management Plan 2027



## Key Issues and Initiatives for Improving Profitability

## Value Improvement of Existing Businesses

- Business expansion through active M&A
- Acceleration of collaboration with partners
- Expansion of high-value-added services

## Asset Replacement / Divestment

- Replacement with high-spread assets
- Improvement of profitability through asset turnover
- Improvement of asset efficiency by reviewing local business operations and pursuing deconsolidation

## Enhancement of Talent and Organizational Capability

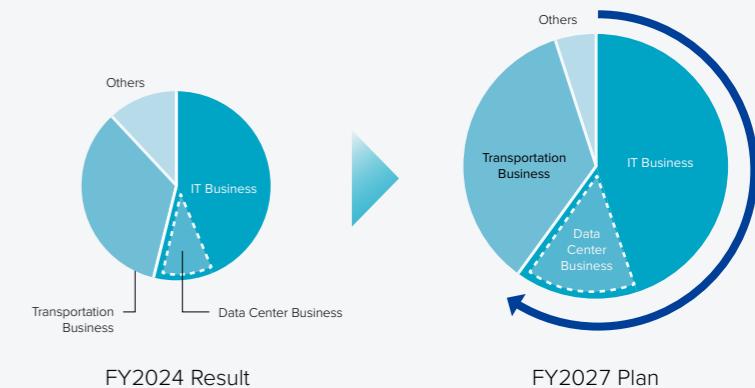
- Recruitment of local talent at overseas offices and their appointment to management positions
- Sophistication of the performance-based compensation system
- Improvement of engagement through town hall meetings, etc.

## Vision for the Portfolio

## Strengthening of the earnings power of focus businesses through selection and concentration

- We will secure high profitability by focusing on initiatives in growth businesses and promoting differentiation. Particularly in the rapidly growing IT business, we will collaborate with prime partners to add value to existing businesses and make new investments, aiming to improve ROA and expand earnings through asset turnover.

## Portfolio (Segment Assets) Composition Ratio



## Focus Areas

## Strengthening of IT and transportation businesses through partner collaboration and utilization of M&amp;A

- The IT business focuses on expanding CSI's FMV lease and ITAD services, as well as data centers and managed services in collaboration with NTT.
- The transportation business is promoting digital transformation and enhancing services in the automobile domain, while expanding its target areas to include forklifts and special-purpose vehicles, in addition to construction machinery.

CSI	NTT	Isuzu Motors	Hitachi Construction Machinery	ITOCHU
With CSI, we pursue business expansion through operational diversification, including new market entry and global IT partnerships.	Our focus with NTT is on expanding U.S. and Indian data center and managed services, while developing profitable transactions with hyperscalers.	We are expanding the U.S. captive finance business with Isuzu and also established a new Australian joint venture in August 2025.	At our U.S. joint venture, ZAXIS, we are enhancing the captive finance business and driving global expansion, for example, into the ASEAN region.	We are exploring joint investment projects with ITOCHU.

## Growth Strategy by Operating Segment

## ENVIRONMENTAL INFRASTRUCTURE



**Makoto Nishino**  
Executive Officer  
President, Environmental  
Infrastructure Business  
Development Unit



Solar power generation

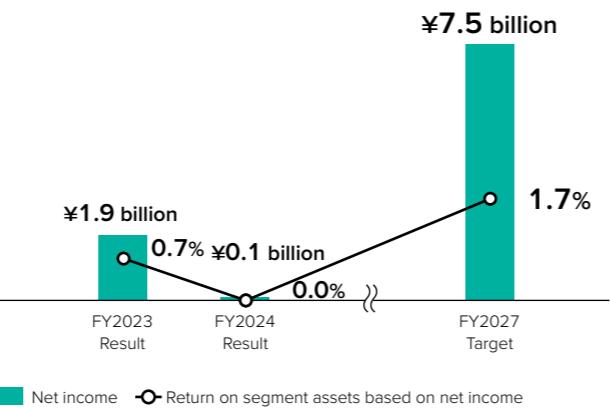


Storage batteries



Overseas renewable energy business

## Profit Target of Medium-Term Management Plan 2027



## Strengths, Opportunities, Risks, and Growth Strategies

## Strengths

- ➔ A stable earnings base from the operation of a solar power portfolio (approx. 1 GW) built up since the beginning of the FIT scheme
- ➔ Advanced asset management services based on a track record in the solar power generation business
- ➔ Accumulation of prime assets through collaboration with highly specialized prime partners (Kyocera, JFE Group, Kraftia (formerly Kyudenko), etc.)

## Opportunities

- ➔ Growing social needs toward a decarbonized society
- ➔ Increased electricity demand due to digital technology innovation
- ➔ Earnings opportunities from national systems and policies, such as subsidies
- ➔ Spread of new renewable energy businesses

## Risks

- ➔ Intensified competition from an increase in power producers
- ➔ Increased costs due to rising market interest rates and inflation
- ➔ Changes in geopolitical risks and environmental policy
- ➔ Damage and cost increases due to the intensification of extreme weather

## Growth Strategies

- ➔ The storage battery business and asset management will be strengthened based on existing businesses centered on domestic solar power generation.
- ➔ Stable earnings will be secured by combining long-term holding and asset sales.
- ➔ Overseas renewable energy business will be developed based on our partnership strategy.
- ➔ The Group's environmental businesses will be driven by our active participation in new areas such as the grid-scale storage battery business.

## Key Issues and Initiatives for Improving Profitability

## Value Improvement of Existing Businesses

- ➔ Strengthening and expansion of the foundation of the domestic solar power generation business, our core business
- ➔ Enhancement of asset management functions through collaboration with A&Tm and other partners
- ➔ Accumulation of knowledge and construction of a business model by expanding the storage battery co-location business
- ➔ Balancing of new investment and performance by establishing an asset-turnover-based business model

## Business Creation in New Areas (Including Green Transformation and Digital Transformation)

- ➔ Acceleration of investment in the grid-scale storage battery business, early start of operations, and project development
- ➔ Participation in overseas renewable energy projects from the development stage and advancement of related asset turnover
- ➔ Enhancement of functions by implementing M&A and partnership strategies to expand growth areas
- ➔ Business development in new technology areas such as next-generation solar cells (perovskite and chalcopyrite)
- ➔ Strengthening of initiatives in the environmental value creation business

## Enhancement of Talent and Organizational Capability

- ➔ Cultivation and acquisition of experts with business acumen and diverse perspectives
- ➔ Development of organizational resilience to market changes and diversifying customer needs
- ➔ Development of a Companywide business in the environmental sector

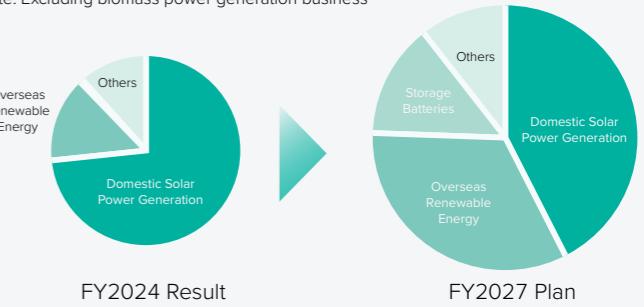
## Vision for the Portfolio

## Contribution to an environmentally sound, sustainable economy and society and creation of earnings opportunities

- ➔ Building on our strength in domestic solar assets, we will expand initiatives into key areas, such as storage batteries and overseas renewable energy. We will thereby pursue earnings opportunities in the rapidly changing business environment.
- ➔ We will also explore expansion into new technology and new fuel areas and promote portfolio optimization.

## Portfolio (Segment Assets) Composition Ratio

Note: Excluding biomass power generation business

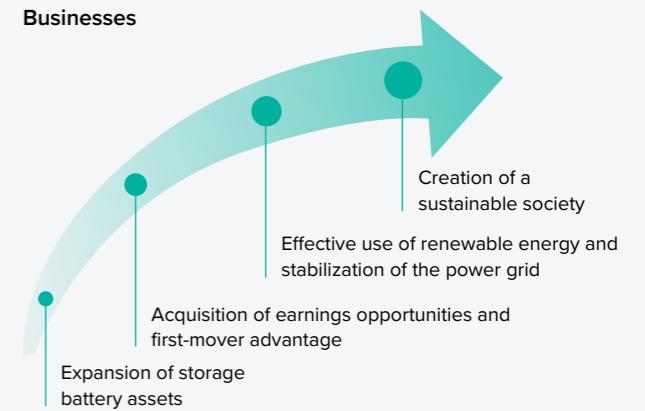


## Focus Areas

## Seeking to become a frontrunner in the storage battery and electricity trading markets

- ➔ We actively participate in the storage battery and electricity trading markets for profit maximization and further growth opportunities.
- ➔ Through maximization of renewable energy use and power grid stabilization, our initiatives contribute to creating a sustainable society.
- ➔ Our aim is to build expertise and achieve a first-mover advantage through active participation in the nascent grid-scale storage battery business.

## Initiatives in the Storage Battery and Electricity Trading Businesses



## Human Resource and Organizational Strategies

To execute its management and business strategies and respond to change, the Tokyo Century Group promotes the development of its human resources. We foster professionals who possess a propensity for self-transformation, creativity, and ambition and who can use their diverse expertise to create business and help resolve social issues.

### Overview of Human Resource and Organizational Strategies

#### Management and Business Strategies

Creation of value by maximizing asset and partner value through development of “Finance × Services × Business Expertise” concept

▼ Transformation to play a central role in establishing businesses

#### Desired Human Resources

##### People with a propensity for self-transformation and who possess creativity and ambition

**Propensity for self-transformation:** Exceptional ability to evolve and transform into the type of person one aspires to be

**Creativity:** An excellent capacity to overcome one's past limitations to create new value

**Ambition:** A force propelling one forward based on a robust sense of curiosity and drive

▼ Steady advancement of two overarching strategies for supporting management and business strategies

#### Human Resource Strategies

**Recruitment and cultivation of human resources capable of transforming themselves to bring about change**

Acceleration of human resource recruitment and development initiatives

Allocation and positioning of human resources

Development of safe and secure workplace environments

#### Organizational Strategies

**Development of highly capable organizations and empowerment of individual employees**

Organizational management

Promotion of diversity, equity, and inclusion

Branding

## Message from the President of the Personnel Unit



**Toshiyuki Otobe**  
Managing Executive Officer  
President, Personnel & General Affairs Unit  
President, IT & Business Process Management Unit

**People are the very origin of value creation. The pursuit of ambitions by diverse individuals will power our future.**

### Tokyo Century's Perspective on the Importance of Human Capital

In a rapidly changing business environment, the driving force for our sustainable growth is the strength of each and every one of our employees—our human capital. Tokyo Century has constantly identified social needs and ventured into new business domains beyond the framework of its founding business of leasing. This history has been forged by the power of our people. To carry this pioneering spirit into the future and achieve even greater growth, we have placed the maximization of

human capital value at the core of our management strategy. In paving the way for the future, we believe our most critical task is to foster a corporate culture where all employees can fully demonstrate their propensity for self-transformation, creativity, and ambition. This will create a virtuous cycle whereby individual growth directly fuels the Company's growth. We at Tokyo Century are united in this commitment.

### Creating an Environment to Leverage Diverse Individuality and Support Employees in Chasing Their Ambitions

We are convinced that the wellspring of new value creation lies in the synergies born of respecting and integrating diverse personalities. Regardless of age, gender, or nationality, we are focused on creating an environment where each individual can maximize their skills, experience, and expertise to pursue their ambitions in their own way. As part of these efforts, we are creating

diverse career paths and redesigning our human resource system to enable every employee to use their abilities to the fullest with a greater sense of satisfaction. Through these initiatives, we aim to become an organization where diverse talent can thrive and continuously create new businesses, thereby enhancing our overall corporate strength and achieving sustainable growth.

### Enhancing Corporate Value and Contributing to Resolving Social Issues Through Human Capital Investments

Providing opportunities for each employee to grow as a professional and fully demonstrate their abilities is our most crucial investment for the future. This investment not only enhances our corporate value by improving customer value propositions but also directly fulfills our corporate social responsibility, as our developed human resources contribute to resolving social issues through

their business activities. We will continue to expand our various training programs and career autonomy support to encourage employees to take on challenges. In this way, we aim to establish a three-part virtuous cycle: *individual growth fuels company growth*, which in turn helps *realize a better society*.

## Human Resource and Organizational Strategies

### Human Resource Strategies

Tokyo Century has identified the recruitment and development of highly specialized professionals capable of leading the transformation of management and business strategies as a key task. To this end, the Company is increasing investments to enhance recruitment activities and training and education programs. To achieve ongoing growth, we will continue to recruit and develop such professionals while also fostering a work environment where each employee can pursue their ambitions with motivation and satisfaction, supporting their autonomous career development.

<b>Human Resource Strategies</b> 	<b>Acceleration of human resource recruitment and development initiatives</b> <ul style="list-style-type: none"> <li>Recruitment of individuals with specialized expertise who can lead transformation of management and business strategies</li> <li>Introduction of human resource systems for utilizing highly specialized individuals</li> <li>Provision of learning opportunities to enable employees to tackle new challenges</li> <li>Cultivation of professionals capable of creating new businesses</li> </ul>
	<b>Strategic allocation and positioning of human resources</b> <ul style="list-style-type: none"> <li>Allocation of human resources to growth areas</li> <li>Talent management approach for strategic human resource positioning</li> <li>Appropriate compensation in reflection of professional growth and accomplishments</li> </ul>
	<b>Development of safe and secure workplace environments</b> <ul style="list-style-type: none"> <li>Cultivation of health awareness and support for prevention, early diagnosis, and treatment of illnesses</li> <li>Improvement of productivity through development of comfortable and motivating workplaces</li> </ul>

### Organizational Strategies

Tokyo Century prioritizes creating an organization where diverse and talented individuals are hired, developed, and promoted, allowing each employee to fully demonstrate their abilities and individuality. To further enhance our corporate unity and achieve ongoing growth, we are continuously improving our organizational management and culture. We are strengthening inter-departmental collaboration and building knowledge-sharing systems, aiming to establish a structure that can create new value by consolidating the expertise of the entire organization.

<b>Organizational Strategies</b> 	<b>Organizational management</b> <ul style="list-style-type: none"> <li>Development of frameworks not bound by the conventional structures of organizations in focus areas</li> <li>Promotion of systems that reward ambition</li> <li>Creation of frameworks for communication and knowledge sharing</li> </ul>
	<b>Promotion of diversity, equity, and inclusion</b> <ul style="list-style-type: none"> <li>Fostering of corporate culture founded on respect for human rights</li> <li>Development of workplaces in which diverse individuals can exercise their unique skills</li> </ul>
	<b>Branding</b> <ul style="list-style-type: none"> <li>Advancement of internal branding activities targeting employees</li> <li>Enhancement of brand image to aid in human resource recruitment</li> </ul>

#### Human Resource Strategy Indicators\*

		FY2020	FY2024	FY2027 (Target)
<b>Acceleration of human resource recruitment and development initiatives</b>	New-graduate hires	13	52	—
	Mid-career hire ratio	32.4%	35.6%	Maintain or improve ratio
	Average annual salary	¥8.57 million	¥9.01 million	—
<b>Strategic allocation and positioning of human resources</b>	Training expenses per employee	¥40,000	¥135,000	—
	Training hours per employee	14	55	—
<b>Development of safe and secure workplace environments</b>	Rate of employees undergoing regular health check-ups	100%	100%	100%
	Rate of employees undergoing stress checks	94.3%	100%	100%
	Annual paid leave utilization rate	72.7%	81.2%	At least 70%

\* Figures are for Tokyo Century Corporation (non-consolidated).

#### Organizational Strategy Indicators\*

		FY2020	FY2024	FY2027 (Target)
<b>Organizational management</b>	Transfers via the Career Challenge System	14	24	—
	Career Design Training participants	128	235	—
	TC Career Seminar / My Career Up workshop participants	102	428	—
<b>Promotion of diversity, equity, and inclusion</b>	Ratio of women among new-graduate hires	30.8%	40.4%	At least 40%
	Ratio of women in section chief-level positions	50.7%	53.4%	—
	Ratio of female managers among all managers	9.1%	13.7%	At least 30% (FY2030 target)
	Ratio of employees with disabilities	2.6%	3.2%	Maintain ratio above legally mandated level

\* Figures are for Tokyo Century Corporation (non-consolidated).

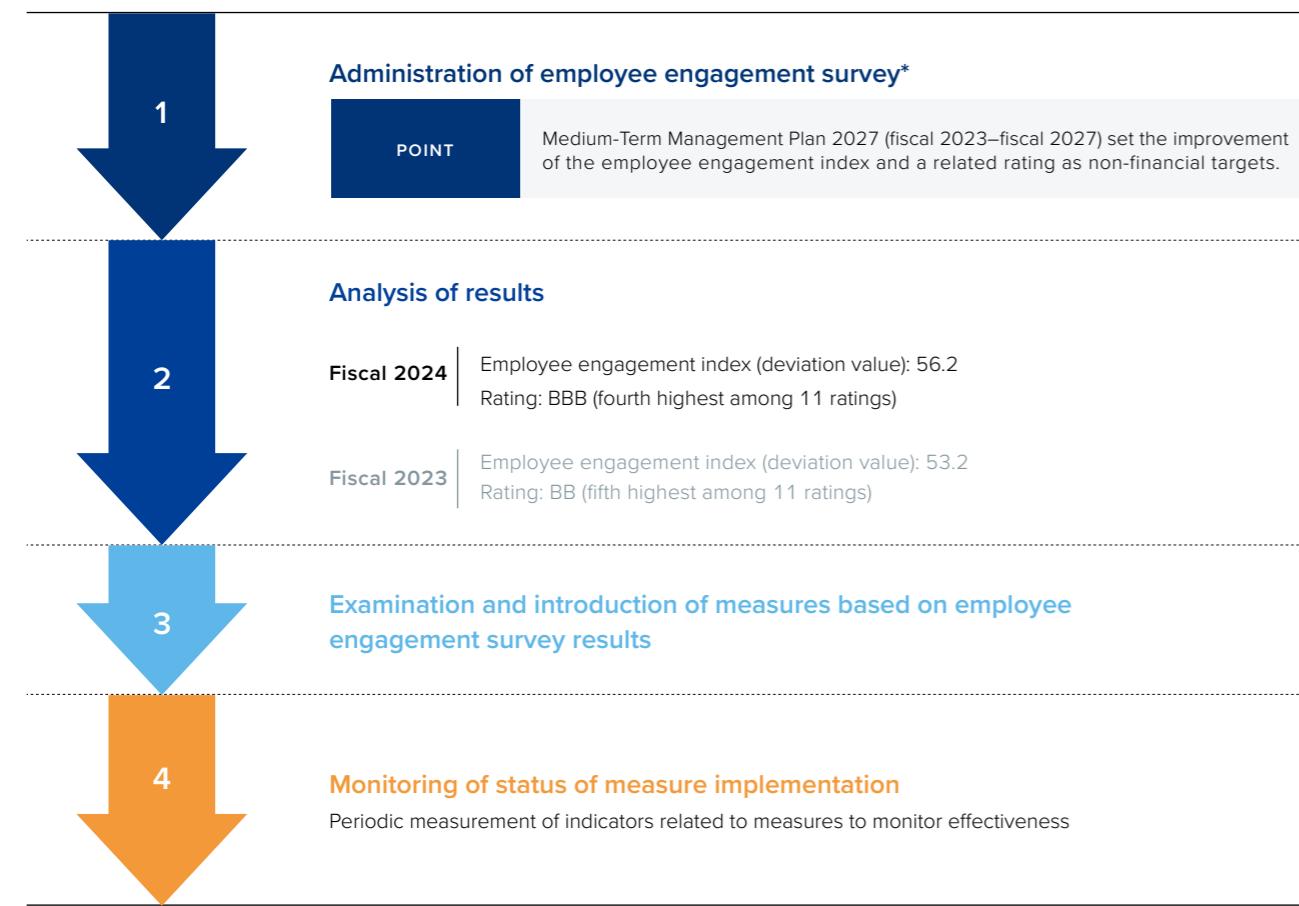
## Human Resource and Organizational Strategies

## Employee Engagement

Medium-Term Management Plan 2027 defines the employee engagement index as a non-financial KPI. This index is measured through regular employee engagement surveys. By analyzing the results of these surveys, we are able to identify issues and implement improvement measures to further heighten the employee engagement index.

## Fiscal 2024 Employee Engagement Survey Results

## Cycle of Improving Employee Engagement Through Dialogue



\* Fiscal 2023 results are from the May 2024 survey; fiscal 2024 results are from the May 2025 survey.

\* Results measured using Motivation Cloud service provided by Link and Motivation Inc.

## Our Strengths as Seen from the Engagement Survey

The fiscal 2024 employee engagement index increased by 3.0 points from the previous survey, which shows a stronger relationship of trust between the Company and employees. In particular, the improvement in trust in management and satisfaction with diverse workstyles indicates that employees' understanding of the Company's vision and ways of working has deepened and their alignment with them is growing. Furthermore, satisfaction with open communication, employment, and the workplace environment remained high, confirming that a foundation is in place for employees to feel secure at work.

## Key Themes for Further Growth

For ongoing improvements to corporate value, it is crucial to create a workplace environment where each employee can fully demonstrate their abilities. The engagement survey results identified two key themes for further evolution: strategic human resource allocation to growth fields and the creation of a system that fairly evaluates employees' pursuit of ambitions and contributions and reflects them in compensation. To address these issues, we will take human resource development and allocation measures that support employees' autonomous career development and restructure our personnel system with an emphasis on fairness. We will thus continue to enhance human resources who can help improve corporate value.

## TOPIC 1

## Town Hall Meetings

Following President Koji Fujiwara's appointment in April 2025, town hall meetings were held over several months on each floor of the Akihabara Head Office and Tokiwabashi Office, as well as at major domestic and overseas locations. The purpose of these meetings was to foster a sense of unity under the new management structure by having the president communicate directly with employees and share the new management policy and future outlook. We received much positive feedback from participants, such as, "It was a valuable opportunity to learn about the president's thoughts and personality directly, deepening my understanding of the Company," and "The connection between my own work and the Company's vision became clear."



## TOPIC 2

## Innovation Lab

In fiscal 2024, we launched Innovation Lab, a development and support program aimed at strengthening business conceptualization skills. In addition to creating new businesses, this program promotes the improvement of existing business value and the fusion of expertise and ideas across operating segments. In fiscal 2024, a total of 24 employees from across all the operating segments participated. Participants practice the entire process, from exploring social issues to generating ideas and making final proposals, systematically learning the thinking methods and frameworks necessary for business conceptualization.



## TOPIC 3

## TC-Mee+

Since fiscal 2022, we have been holding networking events called TC-Mee+ under various themes to vitalize communication across departments and generations. In October 2024, we held a gathering themed "Women's Careers: How Can You Shine in Your Own Way?" featuring experience sharing by female managers and discussions on women's careers. We will continue to create communication opportunities with various themes to foster a corporate culture where employees can thrive.





Tokyo Century offers the Career Challenge Program, an internal recruitment system in which divisions seeking recruits disclose the conditions for open positions and then seek to fill these positions from among the employees who apply. Through this system, which has been used to relocate a total of 88 employees to their desired organizations since its introduction in fiscal 2020, we are providing employees who are motivated

to grow with opportunities for shaping their careers based on their own volition. The following is a discussion among three such employees, each with their own unique career history. The participants talk about the system's appeal as well as Tokyo Century's working environment and corporate culture for supporting employees' growth and ambitions.

### Self-Driven Career Development Through Relocation Based on One's Own Volition

To begin, could you please tell us why you chose to use the Career Challenge Program?

**Yuzawa:** I joined Tokyo Century more than 36 years ago, before it assumed its current form through merger. I have experienced a wide range of departments, including sales, e-business, and general affairs. In recent years, I have had many opportunities to see how organizations can become energized when mid-rank employees are promoted to management positions. Such career progression is incredibly beneficial for the Company. At the same time, it has made me conscious of my own age and think about when it will be my time to pass the baton to the next generation. As I approach retirement age, it dawned on me that the next organization I am relocated to will likely be my final posting before retirement. Prior to using the Career Challenge Program, every relocation I underwent was based on orders from above. However, I could not help but think that I should at least be able to choose where I will end my career. This is what inspired me to apply for the Career Challenge Program. I also may have been a bit envious of people, like Ms. Matsumoto and Mr. Yamashita, who were energized in their new workplaces after relocating through the Career Challenge Program. I made this decision at a time when the Sustainability Management Division was still in its infancy. I wanted to join this division as I was drawn to its energy and dynamism as it swiftly hammered out policies and presentation methods for responding to the various emerging social expectations.

**Matsumoto:** I chose to use the Career Challenge Program based on my going on maternity and childcare leave for a total of three years. After returning from leave, I remember feeling anxious about the gap that might have opened between my own abilities and those of colleagues who had joined at a similar time while I was on leave. I also felt anxiety about doing the same job I used to do in the division I worked at before going on leave. However, as my children were still young, I had no time to try and close this gap by studying or getting qualifications outside of normal working hours.

At a time when I was plagued by such feelings of uncertainty, I was made aware that I could develop my career by using Tokyo Century's career support systems via internal seminars and related materials. I thereby learned about the possibility of furthering my career by broadening my insight through my everyday work. Of the options on the table, the Career Challenge Program seemed the best option for me. I also thought that, if I was going to take this big step, I might as well jump into something completely different. Up until then, I had mainly worked with an external focus, as I

was in sales. In my current position in the Automobility Business Strategic Planning Division, however, I have to facilitate management of subsidiaries and coordination between operating segments, which means that internal communication is an important part of my job.

**Yamashita:** I joined Tokyo Century straight out of university, and I am now in my eighth year. I spent the first five in the Machinery Division (currently Corporate Business Division IV). A part of the Equipment Leasing segment, this division specialized in the leasing of construction and manufacturing equipment and was thus one of the Company organizations that dealt with the most specialized of fields. The vast majority of customers I worked with were privately owned companies. My interactions with these customers gave me a strong sense of the issues related to transferring business ownership stemming from the lack of successors to management. My understanding of this social issue is what got me interested in M&As.

For this reason, I chose to use the Career Challenge Program to transfer to the Principal Investment Division, which is responsible for business investments. In this new position, I am responsible for examining and conducting new investments and for improving their value.

Have you found your experience in your previous position helpful in your new role? Or, has it been more challenging than anticipated trying to catch up with those around you?

**Yuzawa:** I left the General Affairs Division in March 2025. During my seven years there, I was involved in the formulation of CO<sub>2</sub> emissions reduction and other environmental measures to a certain degree. Nevertheless, after joining the Sustainability Management Division, I was amazed at just how comprehensively they addressed environmental matters. I also found myself engulfed in a sea of technical terms. Moving to a new division and learning the ropes there requires a lot of energy when you get to be my age. If I do not understand something, I make sure to ask my younger colleagues. Study using e-learning programs and other resources is another constant for me in this new environment.

**Matsumoto:** I often work with the Sustainability Management Division, and I feel as though the division itself has changed since you joined, Mr. Yuzawa. For example, the division has become more thorough and concise in its coordination of matters and provision of notifications prior to engagements. I believe this reflects how you are leveraging your extensive experience in facilitating Companywide coordination in your position in this division.

**Yuzawa:** Thank you. I constantly find myself struggling to get used to my new environment, but it gives me some confidence to know that I am making a difference.

## DIALOGUE Employee Roundtable

**Matsumoto:** In my case, I transitioned from mainly dealing with customers, people outside of the Company, to working with internal organizations and affiliates. At first, I really felt the difficulty of reaching agreements with other parties. However, I now truly feel like I am making use of my past experience in sales whenever we approach the end of a project. Three years have passed since I transferred to my current position, and I finally feel like I have gotten used to things. That being said, it is important that I do not let my growth stop at being "used to things." I have to keep climbing to new heights, even if I do so at my own pace. For example, I am currently trying to get some qualifications, something I could not find the time to do previously.



● Hidaka Matsumoto

Now in her 13th year at Tokyo Century, Hidaka Matsumoto initially joined after graduating from university and was positioned in a corporate sales division targeting the Tokyo metropolitan area. After giving birth and returning from childcare leave, she used the Career Challenge Program in 2022 to transfer to the Automobility Business Strategic Planning Division.

### Support for Chasing Ambitions at Any Age

**Yamashita:** In my prior position, I was involved in equipment leasing sales, and I specialized in the construction and manufacturing equipment sectors, in particular. I have found this experience to be very useful in my current position. At my division, I am one of the few people to have some expertise in regard to these sectors, and this makes me an asset to the team, I believe. My past experience has given me a certain degree of understanding of the industry, its value chains, and the frameworks for related business models. I feel I am therefore able to quickly grasp the main points when we are screening new investments in this industry. M&As are something that requires theoretical knowledge, but it is also crucial to possess a high degree of understanding of the businesses in question. This means that I am able to utilize my experience gained in prior posts, which makes me feel that all I have done so far can be tied together.

Transferring from equipment leasing to principal investment may become a leading example of changing job posts.

**Yamashita:** My experience in equipment leasing allowed me to form wide-ranging connections with customers. This gives me the opportunity to hear about the issues they face through our everyday interactions. I find it interesting how sometimes the best way to address the capital-related issues of customers, such as those pertaining to business succession or growth strategies, may be investment by Tokyo Century. In other words, the trusting relationships we have built with customers could be evolved so that we can create greater value through joint businesses. I see a lot of potential in this regard. Ideally, we do not want Tokyo Century to be viewed as a company limited to only leasing and financing. Rather, we want the Company to be regarded as being able to accommodate and propose solutions to any customer inquiry.

What types of reactions did you see from those around you when you used the Career Challenge Program?

**Yuzawa:** I got a lot of different reactions. There were quite a few people around my age who said that my decision was an eye-opener. I think it would be great if more veteran employees considered using this system. Previously, a lot of people may have gotten the initial impression that this system was for use by newer employees, and this misunderstanding has made veterans hesitant to apply. Nevertheless, I feel that, on the whole, Tokyo Century is becoming a place where anyone who raises their hand to volunteer for such relocations will be accepted.

There were certainly many people who were inspired by Mr. Yuzawa's decision.

**Yuzawa:** It is only natural for a veteran employee to be put off by the idea of struggling in a new division. Still, I think it is meaningful for even veterans to be exposed to new environments. Getting to see a new aspect of the Company is an exciting experience in and of itself.

**Matsumoto:** Personally, I was able to take this step with the blessing of my supervisors and colleagues, who all had diverse backgrounds. They encouraged me by saying that it would definitely be a valuable and eye-opening experience. The amount of energy and commitment we devote to our ambitions can vary from person to person. Some people, like Mr. Yamashita, stoically build on their own experience based on clear goals. Others, meanwhile, like me, seek to try something new in their everyday work to broaden the scope of their career.

An amazing aspect of the Career Challenge Program is how it can accommodate the ambitions of such a wide

range of people, whether they are seeking to pursue higher pinnacles in a familiar area or work toward some other goal. The inclusiveness and accessibility of the system are two features of its greatness, and I hope that this will remain the case going forward.

**Yamashita:** I was also encouraged by my supervisor and by my more-experienced colleagues. They told me that I should try out the Career Challenge Program if there was a division that I wanted to transfer to. The leader of my new division was also understanding of my experience, and they provided me with a clear role that matched my expectations. This helped me get off to a smooth start in my new position. The robust support that was offered to me before and after my relocation really made me recognize Tokyo Century's embedded culture of encouraging and supporting employees' ambitions.

### Ambitions of Today Inspiring Ambitions of Tomorrow

What sort of path do you envision for your career going forward? Also, what types of systems or environments would you like to see Tokyo Century develop in the future?

**Yuzawa:** I think that attempting to succeed in a new environment requires one to ensure that they are always prepared to call upon their past experience. This means keeping feelers out to detect changes in the times while taking stock of one's own skills and knowledge so that you can easily pull out what is needed at any given time.

Unlike the past, today there are a lot of opportunities for people of all genders and ages to succeed, and I have no doubt that the range of opportunities available will only continue to grow. If Tokyo Century were to explain or promote the Career Challenge Program in a way that would alleviate the hesitations of veteran



● Keiichi Yuzawa

Yuta Yamashita joined the Company straight out of university and is now in his eighth year. He was previously involved in construction and industrial equipment and machine tool leasing sales to corporate customers. After using the Career Challenge Program in 2023, he relocated to the Principal Investment Division.

employees, I think it would contribute to positive trends in employee fluidity. Everyone has a lot of skills to utilize. If they are relocated to a new division, they will have the opportunity to find new uses for their existing skills.

**Matsumoto:** I am in my 13th year as a contributing member of society, and I had thus started to feel a bit anxious, thinking it was about time that I chose a career path and started to really focus on pursuing it. However, speaking with Mr. Yuzawa today has made me realize that this is not the only way to develop my career. I want Tokyo Century to continue to be the type of company where people can always feel free to try and take on new challenges, regardless of their age.

**Yamashita:** I do not really have a clear vision for my future. My approach is more to focus on what is in front of me, safe in the knowledge that by doing so I will discover what I want to do next. When this happens, I hope that Tokyo Century will have the type of environment that Ms. Matsumoto speaks of, one that will enable me to pursue the path I desire.

In closing, could you please tell us what it means to you to chase one's ambitions?

**Yamashita:** Chasing one's ambitions is about self-actualization. It is when one is chasing their ambitions that they are most energized, and this energy can resonate with and spur into action those around them.

**Matsumoto:** To me, chasing ambitions is akin to running a marathon. You get started after setting some sort of goal, but if you are like me and are not a fan of running, it can be a massive undertaking just to get to the starting line.

**Yuzawa:** It is not easy to put into words, but I feel that the ambitions of today inspire the ambitions of tomorrow. I really believe that chasing one's ambitions empowers both the individual and the people around them.

## Our Stance and Initiatives on Climate Change

The Tokyo Century Group's Management Philosophy calls on us to contribute to the creation of an environmentally sound, sustainable economy and society. We recognize the fight against climate change as an important opportunity for growth toward accomplishing this objective, and a concerted Groupwide response is thus being furnished to address climate change. One of Tokyo Century's key issues of materiality is "contribution to decarbonized society," and we are striving to help resolve social issues while achieving ongoing growth and improvements to corporate value.

Note: Please refer to the Response to Climate Change and TCFD Endorsement section on the Company's website for details on our climate change-related metrics and targets.

<https://www.tokyocentury.co.jp/en/sustainability/esg/environment/tcfid.html>

### Climate Change Governance

The Tokyo Century Group's governance system features a Sustainability Committee, which is responsible for planning, promoting, and overseeing Groupwide sustainability initiatives. The committee deliberates on the sustainability management strategy for climate change risks and opportunities. Key issues are then reported to and discussed by the Management Meeting and the Board of Directors.

The Sustainability Committee is chaired by the president of the Corporate Planning Unit and composed of relevant officers and the presidents of each unit. The Sustainability Management Division in the Corporate Planning Unit serves as the secretariat, and the committee meets, in principle, twice a year. It works under the supervision of the Board of Directors to strengthen the PDCA cycle for sustainability management.

	Key Agenda Items on Climate Change (Fiscal 2024)
Board of Directors and Management Meeting	<ul style="list-style-type: none"> <li>⌚ Report from the Sustainability Committee</li> <li>⌚ Report from the Comprehensive Risk Management Committee</li> <li>⌚ Report from the Environmental Management Committee</li> </ul>
Sustainability Committee	<ul style="list-style-type: none"> <li>⌚ Action plan and progress report for achieving carbon neutrality</li> <li>⌚ Progress of the Sustainability Road Map in Medium-Term Management Plan 2027</li> </ul>
Comprehensive Risk Management Committee	<ul style="list-style-type: none"> <li>⌚ Monitoring results of non-financial key risk indicators (including climate change risk)</li> <li>⌚ Results of risk measurement (including climate change risk)</li> </ul>
Environmental Management Committee	<ul style="list-style-type: none"> <li>⌚ Establishment of priority management items, environmental targets, and medium- to long-term targets for fiscal 2024</li> <li>⌚ Report on fiscal 2023 activities and activities for fiscal 2024</li> </ul>

### Climate Change Risk Management

The Tokyo Century Group has established the Basic Risk Management Policy and set up its Comprehensive Risk Management Committee. The committee identifies and evaluates Groupwide risks that may significantly impact management and appropriately addresses them both qualitatively and quantitatively as necessary.

The Basic Risk Management Policy and the Comprehensive Risk Management Rules define the Group's risk categories. For these categories, we annually assess changes in our business operations and create a risk heat map using a matrix that measures the potential impact and likelihood of occurrence for each risk. Climate change risk is positioned on said map as a non-financial operational risk.

We have also established a system for monitoring operational risks, including climate change risk. The results are reported to the Board of Directors twice a year through the Comprehensive Risk Management Committee as non-financial risk indicators.

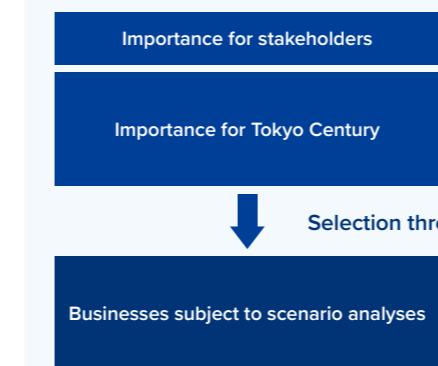
To determine the potential impact of climate change on our credit portfolio, we conduct preliminary measurements of our exposure to its key components: transition risk and physical risk, with the results reported regularly to the Comprehensive Risk Management Committee.

Exposure to transition risk is quantified through Monte Carlo simulations targeting sectors chosen based on TCFD recommendations after accounting for the potential impact of such risk on debtor ratings and asset value. Concurrently, physical risk exposure is measured as the maximum loss projected from natural disasters for specific business assets (such as solar power generation businesses), based on statistical simulations.

### Climate Change Strategy

Given that it has five operating segments, the Tokyo Century Group selects businesses subject to scenario analyses by conducting risk materiality assessments. These assessments involve industry-specific evaluations of the impacts of climate change risk and comparative analyses of the greenhouse gas emissions and asset portfolios of different operating segments. To date, scenario analyses have been conducted targeting the environment and energy businesses (solar power generation), the aviation business (aircraft leasing), and the automobility business (auto leasing for corporations and individuals). Going forward, the Company will continue to examine the appropriate risk countermeasures and related opportunities by expanding the scope of businesses subject to scenario analyses and improving the accuracy of these analyses based on risk materiality assessments.

#### Risk Materiality Assessments



- Assessment of industries with high climate change risk as determined by ESG rating institutions
- Measurement of greenhouse gas emissions by operating segment
- Assessment of earnings, expenses, assets, and other aspects of portfolios by operating segment
- Assessment of risks (transition risk and physical risk) and opportunities by operating segment

#### Selection through risk materiality assessments

- ⌚ Environment and energy businesses (solar power generation)
- ⌚ Aviation business (aircraft leasing)
- ⌚ Automobility business (auto leasing for corporations and individuals)

### Scenario Analyses (Risks, Opportunities, and Measures)

			Measures
Environment and energy businesses (solar power generation)	-	<ul style="list-style-type: none"> <li>⌚ Deterioration of profitability due to the end of the FIT scheme and intensified competition</li> <li>⌚ Suspension of power plant operations and increased restoration costs due to natural disasters such as heavy rain and typhoons</li> <li>⌚ Soaring insurance premiums for assets located in high disaster risk areas</li> </ul>	<ul style="list-style-type: none"> <li>⌚ Maximizing power generation efficiency by accumulating asset management expertise</li> <li>⌚ Developing new businesses not dependent on the FIT scheme, such as corporate PPAs and VPPs*<sup>3</sup></li> <li>⌚ Considering diversifying renewable energy sources beyond solar to include geothermal, wind, and biomass</li> </ul>
	+	<ul style="list-style-type: none"> <li>⌚ Expansion of renewable energy business, driven by CO<sub>2</sub> emissions reduction policies and national targets (60%–70% non-fossil fuel power sources by fiscal 2040)</li> <li>⌚ Creation of new businesses by developing and commercializing resilient facilities utilizing knowledge accumulated from disaster response and providing them externally</li> </ul>	
Aviation business (aircraft leasing)	-	<ul style="list-style-type: none"> <li>⌚ Restrictions on financing and leasing to airlines that do not meet industry standards</li> <li>⌚ Rapid decline in the value of current new technology aircraft*<sup>1</sup> due to the spread of new generation aircraft*<sup>2</sup></li> </ul>	<ul style="list-style-type: none"> <li>⌚ Reducing portfolio risk by diversifying and expanding lessees and replacing assets with new technology aircraft</li> <li>⌚ Expanding the asset turnover business to achieve early sales of owned aircraft and improve profitability</li> <li>⌚ Expanding the asset management business to handle post-sale aircraft management</li> </ul>
	+	<ul style="list-style-type: none"> <li>⌚ Increase in earnings opportunities by securing a sufficient number of new technology aircraft (for the near future)</li> <li>⌚ Increase in earnings and asset value by increasing the proportion of new generation aircraft (for the distant future)</li> </ul>	
Automobility business (auto leasing for corporations and individuals)	-	<ul style="list-style-type: none"> <li>⌚ Decline in used car prices for gasoline and diesel vehicles due to the shift to EVs</li> <li>⌚ Decrease in maintenance revenue due to the spread of EVs, which have fewer parts than gasoline and diesel vehicles</li> </ul>	<ul style="list-style-type: none"> <li>⌚ Strengthening the value chain to provide new EV-related services (for corporations and individuals)</li> <li>⌚ Establishing an appropriate maintenance system for EVs</li> <li>⌚ Enhancing monitoring of changes in the used car market for gasoline, diesel, and electric vehicles and setting appropriate residual values</li> </ul>
	+	<ul style="list-style-type: none"> <li>⌚ Increased demand for EV leasing due to growing environmental awareness among customers</li> <li>⌚ Emergence of new earnings opportunities from the shift to EVs, such as charging services and second-life business for used EV batteries</li> </ul>	

\*1 New technology aircraft: Low-carbon aircraft with improved fuel efficiency, lighter airframes, etc.

\*2 New generation aircraft: Blended Wing Body (BWB) passenger aircraft, alternative fuel-compatible aircraft, electric aircraft, hydrogen aircraft, etc.

\*3 VPP: Virtual Power Plant

## Our Stance and Initiatives on Climate Change

### The Tokyo Century Group's Greenhouse Gas Emissions



Greenhouse Gas Emissions (Thousands of t-CO <sub>2</sub> )					
	FY2020	FY2021	FY2022	FY2023	FY2024
Scope 1	4	11	1,083	920	1,332
Scope 2 (L)	8	9	15	17	15

Note: (L): Location standard

Approximately 98% of the Tokyo Century Group's greenhouse gas emissions originate from the biomass co-firing power plant operated by Shunan Power. We will continue to strategically advance our carbon-neutrality efforts, focusing on this plant while responding to external trends.

Carbon-Neutrality Policy

<https://www.tokyocentury.co.jp/en/sustainability/esg/environment/carbon-neutrality-policy.html>



FY2022	7,727
FY2023	12,557
FY2024	13,010

The 4% year-on-year increase in Scope 3 emissions is largely due to a rise in Category 13 (downstream leased assets).

Future Directives

Expansion of calculation scope, improvement of accuracy through systemization of the calculation process, and promotion of initiatives to reduce greenhouse gas emissions

For details, please refer to our latest Sustainability Data Book.

<https://www.tokyocentury.co.jp/en/sustainability/databook/>

### Scope 1 and Scope 2 Emissions Reduction Initiatives

#### Direct Emissions and Indirect Emissions Originating from Energy Use

To reduce direct emissions, Tokyo Century is planning a phased shift from gasoline-fueled vehicles to electrified vehicles such as EVs for its Company fleet. In addition, gas-powered equipment will be replaced with electric equipment or with more energy-efficient equipment, while offices will be relocated to buildings that utilize renewable energy.

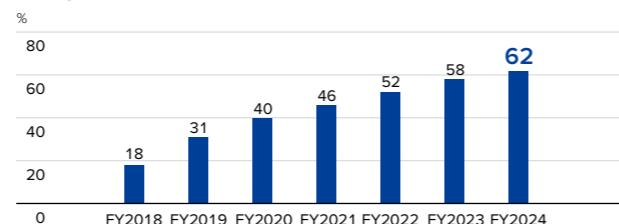
For indirect emissions, we will seek to effectively switch to renewable energy by procuring green power and purchasing non-fossil fuel certificates. Furthermore, since 2023, the electricity used in the three buildings in Akihabara occupied by the Company and its Group companies, as well as in the TOKYO TORCH Tokiwabashi Tower, has been 100% sourced from renewable energy.

### Scope 3 Emissions Reduction Initiatives

#### Aviation Business: Introduction of Highly Fuel-Efficient, New Technology Aircraft

Our aviation business, including U.S.-based aircraft leasing subsidiary Aviation Capital Group LLC (ACG), is pursuing reductions in greenhouse gas emissions by introducing new technology aircraft with high levels of fuel efficiency into its fleets. The Airbus A320neo family, the mainstay of our fleet, offers an approximately 20% reduction in greenhouse gas emissions compared with prior aircraft. The Tokyo Century Group is committed to increasing the portion of its aircraft portfolio accounted for by such eco-friendly aircraft and thereby reducing greenhouse gas emissions. Another pressing task in reducing the emissions of the aviation industry is the shift toward sustainable aviation fuel (SAF). We are currently assessing how best to take advantage of the business opportunity this shift represents.

#### Ratio of New Technology Aircraft Among the Tokyo Century Group's Fleet



Notes:

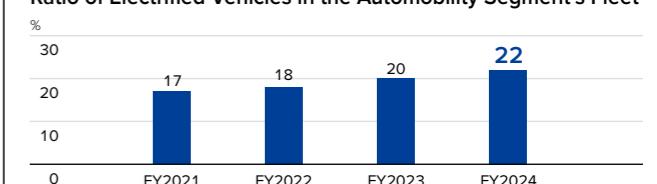
1. For more information on calculation methods and other related matters, please refer to Tokyo Century's latest sustainability data book.
2. To view the environmental, social, and governance report of ACG, please refer to the following website.

<https://www.aviationcapitalgroup.com/wp-content/uploads/2025/03/Aviation-Capital-Group-Environment-Social-and-Governance-Report-2024.pdf>

### Auto Leasing and Car Rental Business: Expansion of EV Offerings and Entry into EV Battery Business

- Provision of EVs to the NTT Group, in light of its declared commitment to transition completely to EVs (participation in EV100 initiative), and promotion of EV adoption by other customers
- Commencement of transactions of electric taxis, buses, and other electrified micro-mobility options
- Enhancement of value chain to provide EV-related services
- Promotion of EV charging infrastructure in collaboration with GO Inc.
- Creation of a marketplace utilizing "e-mobilog" to support the shift to EVs
- Provision of used EV leasing services with guaranteed driving range

### Ratio of Electrified Vehicles in the Automobility Segment's Fleet



Note: Figures represent the combined total for Nippon Car Solutions and Nippon Rent-A-Car Service.

### Real Estate Business: Adoption of Renewable Energy

- Adoption of electricity sourced from renewable energy
- Installation of solar panels on Company-owned properties

Philippines was selected in fiscal 2023 under the JCM Eco Lease Scheme, a program for which the Company helped develop the system design. In fiscal 2024, two projects were approved.

Climate Change Actions Through the Joint Crediting Mechanism (JCM)

<https://www.tokyocentury.co.jp/en/sustainability/materiality/decarbonized-society.html>

### Estimated Greenhouse Gas Emissions Reductions

Target	Unit	FY2021*	FY2022*	FY2023*	FY2024*	FY2025*
Estimated greenhouse gas emissions reductions at the time of JCM project selection (Cumulative)	t-CO <sub>2</sub>	39,000	45,000	49,000	53,000	56,000

\* In the above table, each year represents the period from January to December.

## Our Stance and Initiatives on Biodiversity

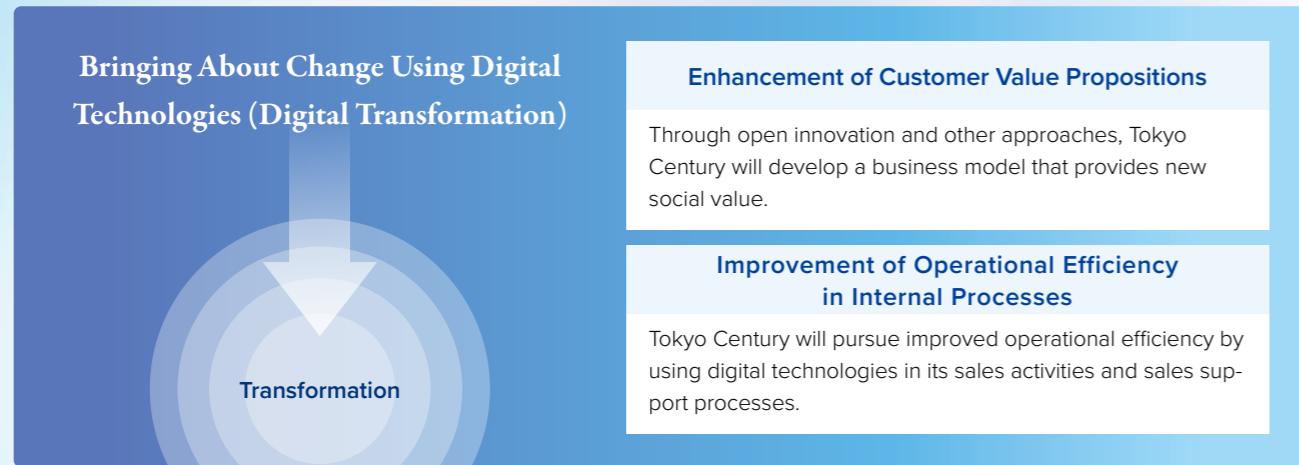
### Participation in the Keidanren Initiative for Biodiversity Conservation

In June 2024, Tokyo Century announced its endorsement of the Keidanren Declaration for Biodiversity and Guideline and joined the Keidanren Initiative for Biodiversity Conservation. The Keidanren Initiative for Biodiversity Conservation is a group of companies and organizations that endorse the objectives of the Keidanren Declaration for Biodiversity and Guideline (revised version) and take actions to address the items listed. The Japan Business Federation (Keidanren) and the Keidanren Nature Conservation Council are striving to realize a society that exists in harmony with nature, as well as a sustainable economic and social environment, through the dissemination and practice of the declaration and guideline. The organizations also contribute to achieving global goals such as the Kunming-Montreal Global Biodiversity Framework and the United Nations Sustainable Development Goals (SDGs).

The Tokyo Century Group's Management Philosophy calls for us to contribute to the creation of an environmentally sound, sustainable economy and society. Based on this philosophy, we are striving to achieve ongoing improvements in Groupwide corporate value by helping resolve social issues. Going forward, the Tokyo Century Group will continue seeking to preserve biodiversity and address other environmental issues in all areas of its business activities to create an environmentally sound, sustainable economy and society.

## Digital Transformation Strategies

Digital transformation is crucial for building the foundation necessary for achieving the targets of Medium-Term Management Plan 2027. To bring about change using digital technologies, Tokyo Century focuses on enhancing customer value propositions and operational efficiency in internal processes.

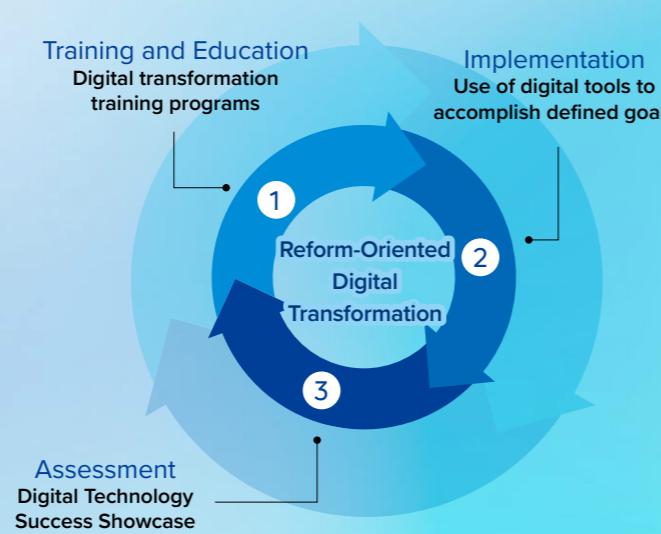


### Overview of Digital Transformation Initiatives



### Improvement of Operational Efficiency in Internal Processes

In reform-oriented digital transformation for improving operational efficiency in internal processes, it is important that we do not treat the introduction of digital tools as the end goal itself. For this reason, Tokyo Century is implementing an effective digital transformation cycle comprising three stages: ① Training and education, ② Implementation (use of digital tools to accomplish defined goals), and ③ Assessment (sharing and commendation of knowledge).



## Training and Education—Digital Transformation Training Programs

Tokyo Century has designed a three-level digital transformation training program. The basic-level course (DX-Standard) of this program, launched for all officers and employees in fiscal 2023, provides basic knowledge and information on the background for utilizing digital technologies in the volatile operating environment. This is meant to improve digital transformation literacy throughout the Company.

The practical-level course (DX-Leader) was introduced in fiscal 2024 and is aimed at individuals selected to implement the strategic digital transformation themes defined by specific operating segments. This program enables selected individuals to learn from a practical curriculum tailored to their skills to help them obtain the skills necessary for promoting digital transformation.



Top: Ideation training session  
Bottom: Business model creation using a lean canvas

### Transformation



### Developing responsible business innovators and technology experts

A pilot program, which involved sending participants to external training, was launched in fiscal 2024. This program is scheduled for expansion starting in fiscal 2025. Its objective is to develop future business leaders who can drive transformation as business innovators in areas including, but not limited to, digital transformation.

### Developing talent with practical IT knowledge and application skills

A training program for employees selected by their respective workplaces was launched in fiscal 2024. The program's objective is to equip participants with the skills needed to implement the strategic digital transformation themes within their divisions. The program is continuing in fiscal 2025.  
Fiscal 2024: 66 participants, 887 total learning hours  
Fiscal 2025: 60 participants

### Developing all Tokyo Century members to have the basic mindset, stance, and knowledge required to participate in digital transformation

Fiscal 2023: Approx. 1,200 participants (99.2% participation rate among target individuals)  
Fiscal 2024: Approx. 1,300 participants (99.6% participation rate among target individuals)  
The program will continue for all officers and employees at Tokyo Century Corporation in fiscal 2025 and beyond.

## Hands-On Digital Transformation Training Program and Community for Group Companies

The Tokyo Century Group has launched a hands-on digital transformation training program and community to develop frontline-driven digital transformation leaders. In collaboration with the All Nippon Airways (ANA) Group, participants will acquire practical skills and a proactive mindset. By building a network of peers across organizations, we will create a framework to ensure that no one who strives is left alone, enhancing the entire Group's corporate value through frontline-driven digital transformation.



An Experience-Based DX Human Resource Development Program & Community session for Group companies

## Digital Transformation Strategies

### Open Innovation

#### Tokyo Century's Vision for Open Innovation

At Tokyo Century, we define innovation as “creating new social value by combining existing knowledge.” Generally, innovation is sometimes misunderstood as “technology development that creates something from nothing,” but in reality, it is about creating new value through the fusion and application of existing technologies and ideas.

However, in today's VUCA era, where changes in technology and needs are complex and rapid, creating significant value alone is difficult. That is why we believe open innovation—collaborating with a diverse range of external partners—is essential.

Tokyo Century's business is built on its “Finance × Services × Business Expertise” concept, and we have a long history of partnering with companies that have specialized knowledge.

Building on this foundation, we are driving open innovation as a natural extension of our business strategy, combining existing internal and external knowledge.

#### Open Innovation Framework



#### Open Innovation with Plug and Play Japan

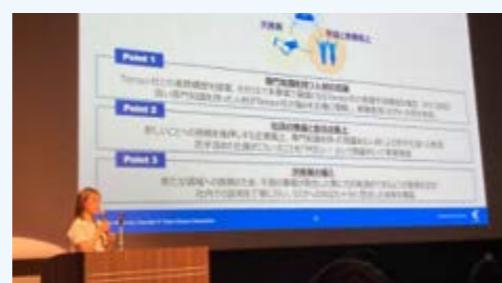
Plug and Play Japan is the Japanese subsidiary of Plug and Play, a world-leading accelerator and venture capital firm. Utilizing a global network of over 60 locations, it connects major corporations with start-ups from around the world and provides support for their collaboration.

Tokyo Century participates in Plug and Play Japan's accelerator program with the main objectives of strengthening its network with domestic and international start-ups and creating new businesses and developing human resources through these practical initiatives.

Our collaboration with Tensor Energy Inc. began through this accelerator program.

In terms of human resource development, we also receive ideation training from Plug and Play Japan.

This workshop-style training covers business development methods focused on customer challenges, which are commonly used by start-ups. Participants learn about target customer persona analysis, lean development methodologies, and more.



Our presentation at Plug and Play Japan's Startup Showcase

### Case Study

#### Collaboration with Tensor Energy

We are collaborating with Tensor Energy, a power management platform provider for renewable energy businesses, on a solar-plus-storage project in Kumamoto Prefecture, which began operations in June 2024. This is our first project to add storage batteries to our solar power plant and transition to the feed-in premium (FIP) system to address the recent increase in output curtailment. In this project, we implemented Tensor Energy's Tensor Cloud to manage the complex FIP system and maximize the power plant's revenue. The high-precision power generation/price forecasts and charging/discharging schedules, optimized for our power plant by AI technology, contribute to risk reduction and revenue improvement. This initiative is a prime example of the “venture client” model, where we, as an early user of Tensor Cloud, simultaneously solve our own challenges while helping Tensor Energy secure revenue and rapidly expand its solutions.



Storage batteries installed at the Kumamoto Arao Megasolar Power Plant

