



**Koji Fujiwara**

President & CEO, Representative Director,  
Tokyo Century Corporation

**Kazuko Yabutani**

Japan Stock Analyst  
Schroder Investment Management (Japan) Limited

# Interactive Dialogue

## Dialogue Between an Institutional Investor and the President

Tokyo Century is committed to reflecting the issues identified through engagement with investors in management decision-making to generate new value and shape the future through co-creation with these stakeholders.

### Requirements for Living Up to Stock Market Expectations as Viewed by an Investor

**Yabutani**

Thinking back on the days when Tokyo Century's stock price was booming, I remember how the stock market had substantial praise for the Company's high levels of return on equity (ROE) and price-to-book ratio (PBR), which surpassed 10% and 1.0 times, respectively. There was also great anticipation concerning Tokyo Century's high rate of variability and business growth potential. After the acquisition of Aviation Capital Group LLC, however, the Company's profitability grew incredibly unstable due to factors such as the COVID-19 pandemic and Russia's invasion of Ukraine. This situation demonstrated that Tokyo Century was susceptible to external pressures and caused a downturn in investor sentiment. As an investor, I strongly hope that you, President Koji Fujiwara, will transform Tokyo Century through initiatives based on a long-term perspective. You were appointed to the

position of president after getting to know the Company as an external director. How do you view Tokyo Century today? Also, what type of company do you want to mold Tokyo Century into.

**Fujiwara** Tokyo Century's business differs from banking, a sector where I have worked for four decades, and is relatively free from regulatory constraints. This freedom has been a major driving factor behind the evolution of Tokyo Century throughout its history. As president, I thus find myself tasked with seeking a way to give form to the substantial potential I sensed as an external director. My understanding of this potential has grown even deeper since I took up my current position. I therefore believe that drawing out and realizing Tokyo Century's true potential will require us to change our way of thinking and adopt a pioneering mindset to create businesses and services.

## Dialogue Between an Institutional Investor and the President

As Tokyo Century's new president, I aim to ensure that we can continue to create distinctive value and achieve rapid growth over the next decade, even amid the intense competition currently seen. To this end, I will push ahead with management reforms aimed at helping Tokyo Century become a company driving solutions to global social issues with an entrepreneurial spirit. The society of today is currently plagued with a myriad of issues, including rising geopolitical risks, troubling global economic trends, environmental issues, population declines in certain regions of the world, and the spread of AI. I thus want Tokyo Century to utilize its strengths to help tackle diverse issues in Japan and around the world. There are a number of areas in which we have the potential to grow our business to contribute to decarbonization and to circular economies. For example, we could expand IT asset disposition services for supporting the proper disposal and reuse of IT equipment. We could also support the spread of automated driving technologies for making society safer and more efficient. Or, we could develop data centers to accommodate the rising global demand sparked by the spread of AI.

If we want to grow our presence by leveraging our distinctive strengths, we must first develop a strategy pyramid to function as a unique, purpose-driven equity story that can be used to clearly communicate to stakeholders the path we will take toward growth. Based on a consistent equity story, we should then practice back-casting from our vision to formulate strategies related to our portfolio, human resource development, and management foundation reinforcement. By sharing and enacting these strategies, I hope to help stakeholders gain a better understanding of our vision and growth potential. Guided by Tokyo Century's corporate slogan of "Solutions to your Pursuits," we will accelerate efforts to foster a culture founded on chasing our ambitions together with our partners.

**Yabutani** I agree that it is important to emphasize the unique advantages of Tokyo Century to differentiate it from its peers. I look forward to seeing you guide this change in approach toward growth strategies.



**Investors pay a lot of attention to improvements in ROE and other capital efficiency indicators. I hope to see Tokyo Century strategically allocate capital and reform its portfolio by shifting capital from underperforming businesses to growth areas.**

### Capital Efficiency Improvement Through Portfolio Reforms and Capital Recycling

**Yabutani** I have praise for the level of progress made in Medium-Term Management Plan 2027, especially considering this progress has put Tokyo Century within reach of accomplishing the plan's targets ahead of schedule. At the same time, I cannot deny that the performance of certain operating segments is still not on track to accomplish targets in relation to capital efficiency indicators such as ROE and return on assets. Tokyo Century has continued to implement reforms to its business portfolio in pursuit of capital efficiency. However, I cannot say that there has been any notable progress in this regard. Rather than conventional capital gains through asset sales, the market wants to see the strategic allocation of capital. What specific measures are being implemented to grow profits and reform business portfolios in pursuit of the ideal balance between capital efficiency and growth potential?

**Fujiwara** As you allude to, if we want to achieve future growth, management will need to alter the way it looks at things to formulate a vision for Tokyo Century a decade from now. Doing so will require us to have an accurate understanding of the operating conditions we face. I must admit that our focus on capital efficiency to date might have been a bit lacking. This is why we will need to pay even more attention to ROE, return on invested capital, and cash flows going forward. For this reason, we are currently working to enhance management accounting and build frameworks for swift decision-making regarding growth investments and the downsizing or discontinuation of existing businesses with an emphasis on capital efficiency. With such frameworks, we will look to better track the allocation of management resources while ramping up investments in previously unexplored areas to achieve future growth. We also recognize that M&A

activities are an important means of pursuing rapid growth. We therefore plan to conduct M&A activities while maintaining a disciplined approach utilizing thorough assessments of how such investments coincide with our strategies, the potential for sufficient returns, and the related governance considerations. If we want these strategies to be effective, we will need to address the structural lack of coordination currently being seen centered on operating segments, based on the recognition that our organization should be designed in a purpose-driven manner that is shaped by our strategies. The first step in this process will be to assess the products and services we supply, where and how they are supplied, and to whom. By seeking out the ideal organizational design for supporting the way we supply products and services, I aim to ensure that our reforms have the maximum benefits.

**Yabutani** If the development of a management accounting platform were to support data-driven management decisions, I expect it would accelerate the capital recycling process.

**Fujiwara** Strategic asset replacement through capital recycling is indeed a vital part of business management. Accordingly, we will be revising our management resource allocations and reforming other aspects of our portfolio with a focus on the profitability and future potential of our businesses. No areas will be spared from review. When building our portfolio, we will focus on ensuring that our businesses are mutually complementary to make our portfolio resilient to changes in macroeconomic conditions and unforeseen developments and to create what I refer to as a "conglomerate premium." My mission as president is to construct such a portfolio, linking all of Tokyo Century's businesses through a consistent equity story.

### Development of Foundations for Supporting Growth Story

**Yabutani** As an investor, I focus on the degree to which I can expect Tokyo Century to grow five or even 10 years in the future, after the conclusion of Medium-Term Management Plan 2027. I believe a transition to a business model that is light on capital will be key to achieving long-term growth, and it is the Company's people who will be driving this transition. I would therefore like to inquire into the capabilities of Tokyo Century's people. From my perspective as an investor, I have high praise for how the Company is utilizing a wide variety of

mid-career hires, ranging from those who have only recently joined the workforce to those filling general manager-level positions. However, I also cannot ignore the Company's slow progress toward its target for 2030 of a ratio of female managers among all managers of 30% and the lack of representation of diverse backgrounds among executives. How do you perceive these issues?

**Fujiwara** Over the next decade, I am committed to increasing Tokyo Century's presence and reliability to take the Company to unprecedented

## Dialogue Between an Institutional Investor and the President

heights. As you say, transitioning to a business model that is light on capital will be key to achieving fundamental improvements to our profitability and asset efficiency. To this end, I look to grow our fee businesses and asset management businesses by enhancing our ability to provide high-value-added services. Tokyo Century has many people who are well versed in their respective industries and have significant potential to grow. However, these people need to be inspired to hold a transformation-oriented mindset to propel them to tackle new challenges. Tokyo Century is poised to develop operations in business and service areas that banks cannot or will not enter as well as in niche fields without much competition from trading companies and other rivals. This position is also a strength, but taking advantage of this strength will require us to abandon our prior passive stance of responding to customer needs with financing. Rather, we must refine our ability to seek out appealing businesses in niche fields or in fields peripheral to financing so that we can compete by developing businesses and services. At the same time, we must embrace AI and other new technologies to transform and codify the tacit knowledge held by specific individuals to ensure that this knowledge can contribute to the enhancement of organizational capabilities. By advancing into new fields that our rivals will not consider, I aim to make Tokyo Century an inspiring focal point of social innovation and a place where employees feel proud to work.

Meanwhile, we are developing a workplace environment for promoting diversity with a focus on its most fundamental element: utilizing diverse values and ideas to drive our growth as a company. As you mentioned, we are actively recruiting mid-career hires. This is because I sense great potential from the rise in diversity that will result from the increase in people with diverse backgrounds among our staff. At the same time, empowering our female employees will continue to be a priority going forward, and we therefore plan to reinforce our frameworks for supporting women. We are also advancing a

### Persistent Issues Faced by Tokyo Century from the Perspective of Investors

**Yabutani** I think that increasing fluidity in terms of shares is a persistent issue faced by Tokyo Century. Low share fluidity is one factor that can limit share price growth and thus must be addressed from a long-term perspective. What are your thoughts regarding capital policies?

**Fujiwara** I too believe it is an issue that Tokyo Century's shares lack fluidity, which can make it difficult for investors to invest in us. This is not an

project that entailed appointing junior employees to leadership positions with the goal of fostering management candidates capable of exercising autonomy and leadership.

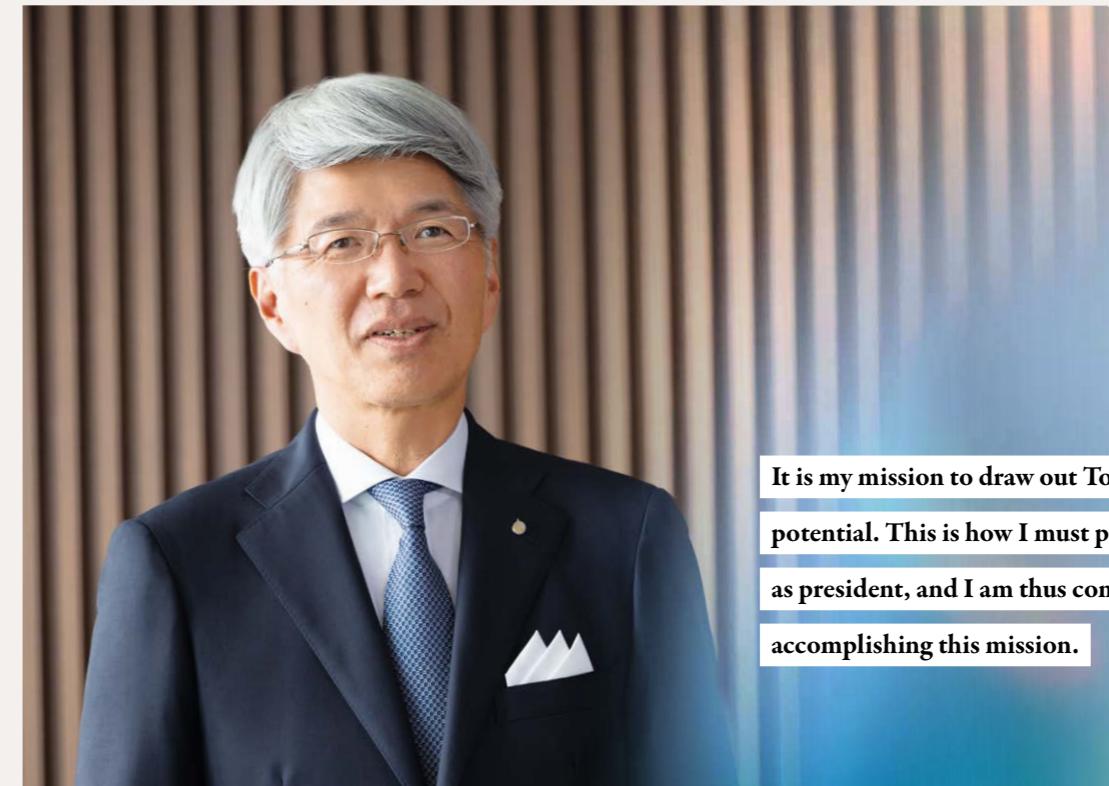
**Yabutani** I have a lot of praise for Tokyo Century's partnership strategy; I believe it represents a unique strength of the Company. I also think that the way you organize joint investor relations events with your partners really shows the strength of your relationships. As an investor, I hope you will continue to expand the application of the partnership strategy while also enhancing the disclosure of related information. What do you think will be necessary for Tokyo Century to disclose information on this strategy and its earnings contributions in a way that is easier for stakeholders to understand? In particular, I would appreciate it if you could give us a picture of past investments and the returns on these investments.

**Fujiwara** I thank you for your praise of our partnership strategy. Through this strategy, I see the potential for us to leverage Tokyo Century's strengths in our various partnerships to further grow our business. Accordingly, we will be building upon our relationships with partners by ramping up coordination while optimizing internal frameworks.

I also recognize that the enhancement of information disclosure is imperative to ensuring that stakeholders can fully understand our growth story. Simply reporting on the successes of past investments will not be enough going forward. Rather, we must explain the strategic positioning of specific investments and illustrate the exact processes through which we will achieve growth in our business via partnerships. These explanations should help us earn higher levels of trust from stakeholders while making our equity story more convincing overall. In advancing our partnership strategy going forward, I, as president, look to practice extensive engagement with our partners and to disclose information on factors such as our outlook for growth in joint businesses in a more concise manner.

issue for which we can expect a quick resolution. It is therefore imperative that we take full advantage of our relationships with major shareholders to generate synergies.

As for capital policies, it is crucial to find the ideal balance between growth investments, risk buffers, and shareholder returns. I also intend to explain our coherent equity story to investors to foster a sense of anticipation regarding Tokyo Century's future growth potential and thereby help them better understand our stance toward prioritizing growth investments.



**It is my mission to draw out Tokyo Century's potential. This is how I must produce results as president, and I am thus committed to accomplishing this mission.**

**Yabutani** Shifting gears toward corporate governance, I would like to see Tokyo Century arrange opportunities to speak with its external directors. Tokyo Century has a very unique shareholder base. This means that it is incredibly important for external directors to speak on behalf of minority shareholders and to offer advice as a constructive critic of the Company.

**Fujiwara** You could not be more correct. Tokyo Century's external directors are contributing by supervising management and offering valuable advice from their independent perspectives. We will certainly examine the possibility of arranging opportunities for discussions between investors and external directors in the future.

### Future Corporate Value Shaped by Dialogue

**Yabutani** Those investors who take the approach of active, long-term investment want to support the companies in which we invest. Specifically, we hope to contribute to improvements in corporate value by sharing with management insight into the global market and examples of beneficial initiatives by other companies.

**Fujiwara** Speaking with you today has cemented in my mind the importance of dialogue with stakeholders. I was previously placed in charge of an investor relations division. Since then, I have felt that the role of the investor relations function is to incorporate input from stakeholders into management. As president, I want to promote ongoing and constructive engagement with stakeholders to ensure that we can achieve this objective.

Our first step in promoting such engagement should be to present a vision for Tokyo Century that resonates with stakeholders. To this end, we must exercise effective accountability toward our shareholders. Specifically, we should present an equity story with a consistent internal logic and then paint a picture of how specific business,

financial, management infrastructure reform, human resource, and other strategies will fit into this story.

Tokyo Century has a number of unique strengths, such as its discerning eye for identifying the fundamental value of assets, capacity for collaboration with capable partners, and ability to integrate finance, businesses, and services. By capitalizing on these strengths, I look to foster a corporate culture in which all employees are encouraged to constantly engage with new challenges. Such a culture will be vital to supporting Tokyo Century becoming a company driving solutions to global social issues with an entrepreneurial spirit. It is my mission to draw out Tokyo Century's potential. This is how I must produce results as president, and I am thus committed to accomplishing this mission so that we can live up to the expectations of our stakeholders.

**Yabutani** Thank you for speaking with me today. I look forward to seeing the strategies you and Tokyo Century implement and the successes they create going forward.

# Stakeholder Engagement for Corporate Value Enhancement Through Dialogue and Co-Creation

## Dialogue with Stakeholders

Tokyo Century believes constructive dialogue with its diverse stakeholders is essential for achieving sustainable growth and enhancing corporate value. We view everyone involved in our business activities—including customers, business partners, shareholders, investors, financial institutions, local communities, and employees—as crucial partners. Through daily communication and various opportunities for dialogue, we strive to understand their expectations and requests. The valuable feedback obtained from such interactions is utilized in formulating management strategies and improving business activities, leading to the resolution of social issues and the creation of new value. We will continue to deepen our engagement with all stakeholders and promote management based on relationships of trust.



### Customers and Business Partners

We will further improve our management system to provide the best possible products and services that satisfy our customers. Furthermore, with Tokyo Century and its partners both acting as proponents behind the development of businesses, we intend to advance a wide variety of businesses by expanding beyond conventional leasing and entering new business areas that will serve as growth drivers.



### Shareholders, Investors, and Financial Institutions

Tokyo Century releases appropriate and unbiased information in a timely manner to stakeholders such as shareholders and investors and has established a system to ensure the transparency of Company activities from a fair disclosure perspective. We advance our investor relations activities with a focus on generating a cycle of proactive dialogue with shareholders and other investors and communicating the input and requests solicited thereby to management and employees.



#### Key Activities and Venues for Communication

- ⌚ Strengthening of partnerships
- ⌚ Co-creation of value through open innovation
- ⌚ Knowledge sharing on financial service planning and other initiatives
- ⌚ Improvement of management systems
- ⌚ Implementation of education and training programs, etc.



### National and Regional Government Agencies, Local Communities, and NPOs

With compliance as the foundation of its management, Tokyo Century strives to establish a management structure that earns broad social trust. We actively engage in cleanup activities around our business sites and support the development of the next generation, while also promoting social contribution through donations to NPOs and other organizations. Furthermore, we contribute to solving policy issues such as tourism promotion and regional revitalization through our business activities, fulfilling our responsibilities toward achieving a sustainable society.

#### Key Activities and Venues for Communication

- ⌚ Prevention of corruption
- ⌚ Human rights initiatives
- ⌚ Adherence with Basic Environmental Policy
- ⌚ Cleanup and other community outreach activities
- ⌚ Donations to environmental, welfare, education, disaster relief, and other priority fields, etc.

### Employees



Aiming to be an organization filled with vitality and dynamism, Tokyo Century maintains a workplace environment that enables each and every employee to demonstrate their abilities to the fullest. We are actively working to heighten employee engagement. The input gained from employee engagement surveys is used in discussions by the Management Meeting and the Board of Directors for analyzing issues and planning future initiatives. Responding to such input is positioned as an important management priority.

#### Key Activities and Venues for Communication

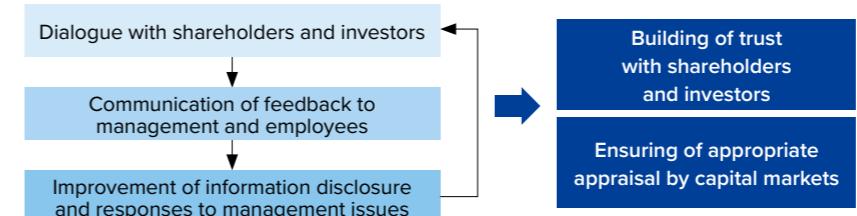
- ⌚ Regular health checkups and stress checks for employees
- ⌚ Employee engagement surveys
- ⌚ 360° evaluations
- ⌚ One-on-one meetings (periodic meetings for providing feedback pertaining to human resource evaluations, etc.)
- ⌚ Internal reporting system, etc.

## Investor Relations Activities

Tokyo Century actively promotes investor relations activities with a focus on generating a cycle of proactive dialogue with shareholders and investors and communicating the input and requests solicited thereby to management and employees. The input gained during the course of said activities is used to improve information disclosure and respond to management issues in order to build trust with shareholders and investors and ensure that capital markets accurately appraise the Company. This, in turn, is anticipated to contribute to higher corporate value over the medium to long term.



Meeting between sell-side analysts and President Koji Fujiwara



### Main Investor Relations Activities

	Activities	Frequency in Fiscal 2023	Frequency in Fiscal 2024	Details
Analysts and institutional investors	Earnings calls	<b>4 times</b>	<b>4 times</b>	Quarterly earnings calls (Three-month and nine-month calls led by the officer responsible for investor relations; six-month and full-year briefings led by the president)
	Individual meetings	<b>260 times</b>	<b>280 times</b>	Meetings with analysts and institutional investors in Japan and overseas
	Investor briefings	<b>4 times</b>	<b>3 times</b>	Investor briefings led by the president and the officer responsible for investor relations
	Business strategy briefings	<b>1 time</b>	<b>3 times</b>	Business strategy briefings for institutional investors in Japan and overseas
Private investors	Overseas roadshows	<b>3 times</b>	<b>3 times</b>	Face-to-face meetings between the president and investor relations representatives and overseas institutional investors
Private investors	Company briefings	<b>1 time</b>	<b>2 times</b>	Briefings on the Company, business strategies, shareholder return policies, etc.

### Investor Relations Topics

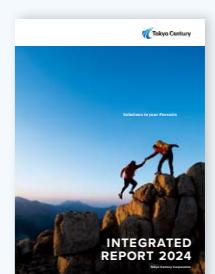
#### Examples of Improvements Based on Feedback from Shareholders and Investors

Opinions and expectations from shareholders and investors are utilized in management to refine our business models and create new value. Examples of improvements in fiscal 2024 are as follows.

- Disclosure of Data Book
- Disclosure of net income targets by operating segment
- Clarification of progressive dividend policy
- Revision of officer compensation system

#### Third Consecutive Year of Recognition as Most-Improved Integrated Report by Domestic Stock Management Institutions of GPIF

Every year, the institutions contracted to manage the domestic stock holdings of the Government Pension Investment Fund (GPIF) name a number of excellent integrated reports and most-improved integrated reports from Japanese companies. In 2024, Tokyo Century's *Integrated Report 2024* was one of the 93 selected as most-improved integrated reports. This is the third consecutive year in which Tokyo Century's integrated report has been recognized in this manner. Tokyo

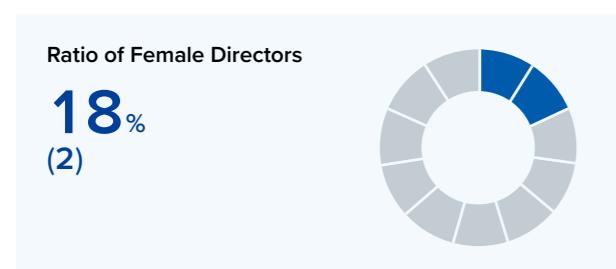


Century is committed to enhancing the quality of disclosure through its integrated reports and other investor relations tools in order to facilitate dialogue with investors and other stakeholders and thereby improve corporate value.

## Evolution of Tokyo Century's Corporate Governance System

### Composition of Board of Directors Contributing to Improved Corporate Value (As of June 23, 2025)

Tokyo Century seeks to ensure that its Board of Directors is able to appropriately exercise its management oversight and advisory functions. To this end, we are implementing various diversity-minded initiatives, including increasing the numbers of female and external directors, to strengthen corporate governance.



### Evaluation of the Effectiveness of the Board of Directors and Issues

The Board Effectiveness Review Council serves as an advisory body to the Board of Directors. This council, which is composed of independent external directors and corporate auditors, is principally held once a year. The council analyzes and reviews the effectiveness of the Board of Directors, focusing on its supervisory functions, the status of deliberations, systems, and meeting proceedings, while taking into account the self-evaluations submitted by all directors.



### Major Items Raised at Meetings of the Board of Directors in Fiscal 2024

<b>Management strategies and sustainability</b>	<ul style="list-style-type: none"> <li>Profit target formulation and progress management</li> <li>Reports from Sustainability Committee</li> </ul>
<b>Officers</b>	<ul style="list-style-type: none"> <li>Nomination and appointment of officers</li> <li>Director compensation</li> <li>Reports on conflicts of interest among directors</li> <li>Directors and officers liability insurance policies</li> <li>Allocation of stock options</li> </ul>
<b>Governance</b>	<ul style="list-style-type: none"> <li>Evaluation of Board of Directors' effectiveness and report thereon</li> <li>Details of meetings of the Nomination Committee and the Compensation Committee</li> <li>Verification of holding rationale of cross-shareholdings</li> <li>Decision on the details of the officer compensation system</li> </ul>

<b>General Meeting of Shareholders, investor relations, and stocks</b>	<ul style="list-style-type: none"> <li>Investor relations activity reports</li> <li>General Meeting of Shareholders</li> </ul>
<b>Risk management, compliance, and auditing</b>	<ul style="list-style-type: none"> <li>Compliance initiative plans, status reports</li> <li>Audit plans, implementation reports</li> <li>Risk management status reports</li> </ul>
<b>Individual items, etc.</b>	<ul style="list-style-type: none"> <li>Stock acquisitions/sales and investments exceeding predetermined amount</li> <li>Investment management framework monitoring report</li> <li>System investment</li> <li>Fund procurement in fiscal 2024</li> </ul>

### Training and Information Provision for Directors and Corporate Auditors

Tokyo Century offers opportunities for directors and corporate auditors, including newly appointed ones, to deepen their understanding and continuously acquire and update the necessary knowledge to appropriately fulfill their expected roles and responsibilities in corporate governance. Upon appointment, the Company provides them with a comprehensive explanation of its business, financial situation, organization, and corporate governance structure. Even after appointment, the Company regularly organizes training sessions and information-sharing meetings for officers to help deepen their understanding of changes in the management environment and important issues.

In addition, prior to meetings of the Board of Directors, Tokyo Century provides preliminary explanations of the agenda items and actively strives to create opportunities for discussion with the executive side. This practice helps correct information gaps between internal and external parties.

<b>Officer training sessions</b>	In principle, off-site meetings are held twice a year to discuss key management issues. These topics include the medium-term management plan, management emphasizing cost of capital and share prices, and digital transformation. The goal is to gain a better understanding of the matters necessary to make future management decisions.
<b>Free discussions</b>	Free discussions on various management issues are arranged as necessary after meetings of the Board of Directors.
<b>Others</b>	In addition to the above, meetings of division and branch heads and other opportunities are used to deepen the understanding of conditions and management issues in specific operating segments, and information-sharing meetings for external directors are also organized.



Off-site officer training session

## Evolution of Tokyo Century's Corporate Governance System

- \*1 "Outside director" as stipulated by Article 2-15 of the Companies Act of Japan
- \*2 "Outside company auditor" as stipulated by Article 2-16 of the Companies Act of Japan
- \*3 Designated independent director or auditor as stipulated by the Tokyo Stock Exchange
- \*4 Number of meetings attended since assuming office as director (or corporate auditor) in June 2024
- \*5 Assumed office as director in June 2025

## Management Team (As of June 23, 2025)

## Directors

Name	Years of Service	Attendance at Board of Directors' Meetings (FY2024)	Number of Shares of the Company's Stock Held (in Thousands)	Areas of Expertise and Expected Contributions						Committee Appointments (◎: Chairperson)			Reasons for Appointment	Significant Concurrent Positions	
				Corporate Management	Global Operations	Finance / Risk Management	Legal Affairs / Taxation	Sustainability	IT / Digital Transformation	Nomination Committee	Compensation Committee	Other			
<b>Masataka Yukiya</b> Chairman & CEO, Representative Director	14	13/13 (100%)	40.5	●		●		●	●	●	●	●	ALM IT	Based on his extensive experience and broad knowledge gained through corporate management and operational execution in fields including sales and finance at ITOCHU Corporation, Mr. Yukiya is deemed capable of appropriately managing and overseeing the Company, thereby contributing to its ongoing growth and improvement of corporate value.	—
<b>Koji Fujiwara</b> President & CEO, Representative Director	1	11/11 (100%)*4	1.5	●	●	●	●	●		●	●		ALM IT	Based on his extensive experience and broad knowledge gained from his long tenure in corporate management as the president of Mizuho Bank, Ltd., Mr. Fujiwara is deemed capable of appropriately managing and overseeing the Company, thereby contributing to its ongoing growth and improvement of corporate value.	—
<b>Akio Nakamura</b> External Director*13	9	13/13 (100%)	14.6	●		●	●	●		●	◎	—		Based on the wealth of insight into government finance and taxation gained through his experience as director-general of the Financial Bureau of the Ministry of Finance, Mr. Nakamura is deemed capable of providing accurate advice on the Company's overall management from an objective standpoint and offering management oversight from an independent perspective, thereby contributing to its ongoing growth and improvement of corporate value.	Special Partner, Tanabe & Partners Representative Executive Officer, President and CEO, Japan Securities Depository Center, Incorporated President and CEO, JASDEC DVP Clearing Corporation Outside Director (Audit and Supervisory Committee Member), ipet Insurance Co., Ltd.
<b>Toshio Asano</b> External Director*13	6	13/13 (100%)	10.0	●	●	●	●	●	●	◎	●	—		Based on his extensive experience and broad knowledge gained through his involvement in corporate management as an executive at Asahi Kasei Corporation, Mr. Asano is deemed capable of utilizing this expertise in the management of the Company and providing management oversight from an independent perspective, thereby contributing to its ongoing growth and improvement of corporate value.	Outside Director, Medipal Holdings Corporation Outside Director, Daicel Corporation Special Advisor, Asahi Kasei Corporation Chairman, Cancer Institute Foundation
<b>Miho Tanaka</b> External Director*13	4	13/13 (100%)	0.9			●	●	●		●	●	—		Based on her abundant knowledge and experience, particularly in corporate legal affairs and M&A, as an attorney, Ms. Tanaka is deemed capable of utilizing this exceptional insight and expertise in the management of the Company and providing management oversight from an independent perspective, thereby contributing to its ongoing growth and improvement of corporate value.	Partner, Shiba & Tanaka Law Office Outside Director, Solasto Corporation Supervisory Director, marimo Regional Revitalization REIT, Inc. Supervisory Director, JINUSHI Private REIT, Inc.
<b>Tsuyoshi Numagami</b> External Director*13	3	13/13 (100%)	6.9	●	●	●	●	●	●	●	●	—		Based on his deep academic knowledge as a corporate management researcher—particularly in corporate strategy and organizational structure—gained through his experience as professor emeritus of Hitotsubashi University, Mr. Numagami is deemed capable of utilizing his exceptional insight and knowledge in the management of the Company and providing management oversight from an independent perspective, thereby contributing to its ongoing growth and improvement of corporate value.	Professor Emeritus, Hitotsubashi University Outside Audit & Supervisory Board member, JFE Holdings, Inc. Professor, Waseda University Institute for Business and Finance Outside Director, EBARA CORPORATION
<b>Hiroshi Ogasawara</b> External Director*13	1	11/11 (100%)*4	0.5	●	●	●	●	●	●	●	●	—		Based on his extensive experience and broad knowledge gained from his long tenure in corporate management as an executive at YASKAWA Electric Corporation, Mr. Ogasawara is deemed capable of utilizing this expertise in the management of the Company and providing management oversight from an independent perspective, thereby contributing to its ongoing growth and improvement of corporate value.	Representative Director, Chairman of the Board, YASKAWA Electric Corporation Outside Director, Kyushu Railway Company
<b>Mahoko Hara</b> Director, Senior Managing Executive Officer	3	13/13 (100%)	12.0		●	●	●	●	●	—	—	—		Based on her extensive experience and broad insight gained in operational execution in fields including planning and product development at The Dai-Ichi Kangyo Bank, Ltd. and Shinsei Bank, Ltd., as well as overseas and sales at the Company, Ms. Hara is deemed capable of utilizing this expertise in appropriately managing and overseeing the Company, thereby contributing to its ongoing growth and improvement of corporate value.	Executive Chairperson, Aviation Capital Group LLC
<b>Tatsuya Hirasaki</b> Director, Senior Managing Executive Officer	4	13/13 (100%)	18.0			●	●	●	●	—	—	—	ALM IC CR CRM IT S IM	Based on his extensive experience and broad knowledge gained in operational execution in fields including accounting and corporate planning at the Company, Mr. Hirasaki is deemed capable of utilizing this expertise in appropriately managing and overseeing the Company, thereby contributing to its ongoing growth and improvement of corporate value.	Outside Director, MUFG Finance & Leasing Co., Ltd.
<b>Takashi Yonetstu</b> Director, Senior Managing Executive Officer	—*5	—*5	6.5			●	●	●	—	—	—	—	ALM CR	Based on his extensive experience and broad insight gained in operational execution in fields including finance at Mizuho Bank, Ltd. and the Company, Mr. Yonetstu is deemed capable of utilizing this expertise to contribute to the Company's ongoing growth and medium- to long-term improvement of corporate value.	—
<b>Masahiro Imai</b> Director	—*5	—*5	—	●	●			●		—	—	—		Based on his extensive experience and broad insight gained through corporate management at ITOCHU Corporation, Mr. Imai is deemed capable of utilizing this expertise to contribute to the Company's ongoing growth and medium- to long-term improvement of corporate value.	—

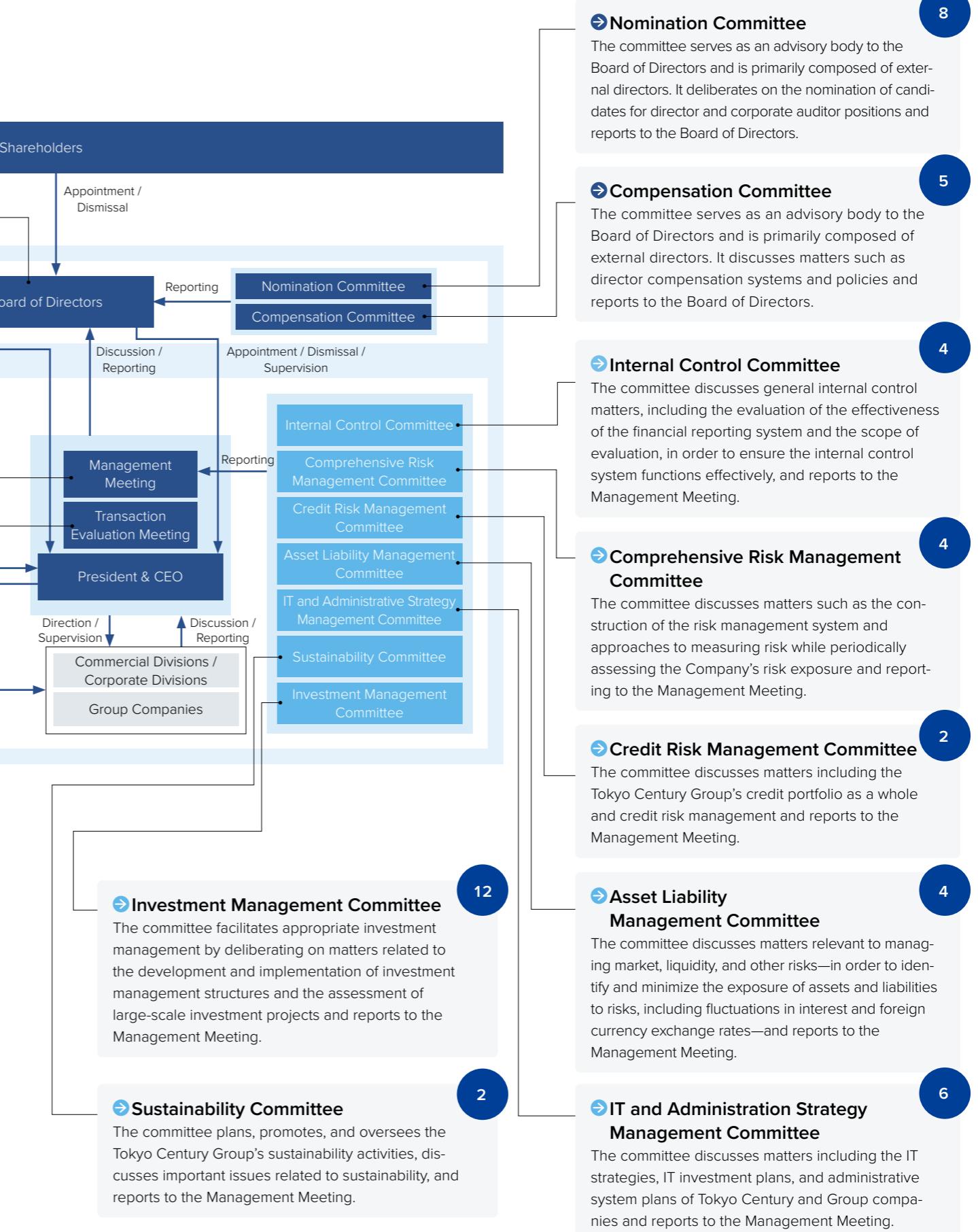
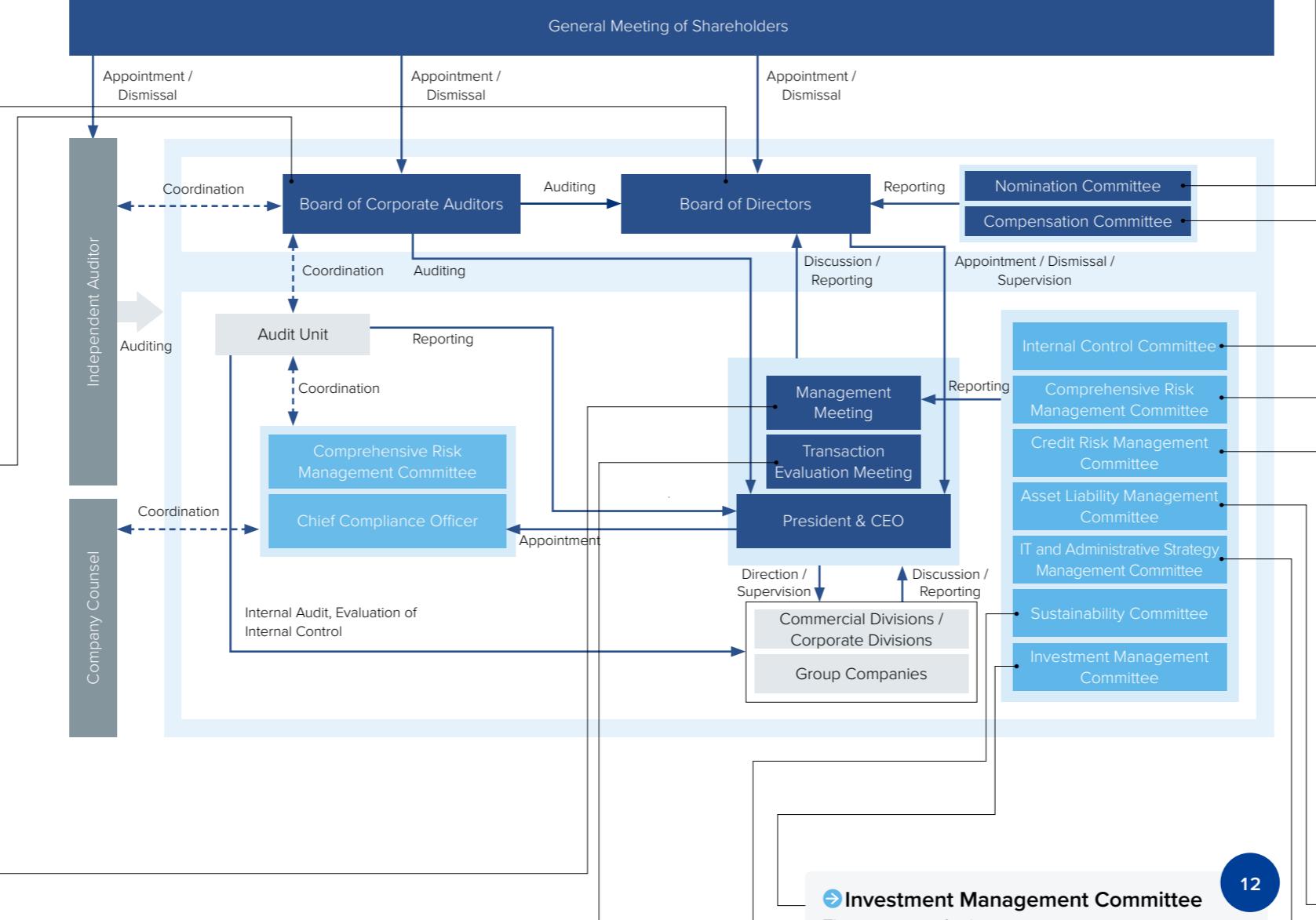
## Corporate Auditors

Name	Attendance at Audit and Supervisory Board Meetings (FY2024)	Number of Shares of the Company's Stock Held (in Thousands)	Significant Concurrent Positions						Name	Attendance at Audit and Supervisory Board Meetings (FY2024)	Number of Shares of the Company's Stock Held (in Thousands)	Significant Concurrent Positions					
<b>Katsuya Amamoto</b> Standing Corporate Auditor	8/8 (100%)	20.9	Auditor, Amada Lease Co., Ltd. Auditor, ITOCHU TC Construction Machinery Co., Ltd. Auditor, NX・TC Lease & Finance Co., Ltd. Auditor, IHI Finance Support Corporation						<b>Masao Fujieda</b> Corporate Auditor External Corporate Auditor*2*3	8/8 (100%)	—	Representative, Fujieda Masao Tax Accounting Office Auditor, NIP Corporation					
<b>Yoshio Nomura</b> Standing Corporate Auditor	8/8 (100%)	79.1	Auditor, Nippon Car Solutions Co., Ltd. Auditor, FFG Lease Co., Ltd. Auditor, A&Tm Corporation Auditor, Orico Business Leasing Co., Ltd. Auditor, Orico Auto Leasing Co., Ltd.						<b>Maiko Chihara</b> Corporate Auditor External Corporate Auditor*2*3	6/6*4 (100%)	—	Partner, Kataoka & Kobayashi Legal Professional Corporation Supervisory Officer, Tokio Marine Private REIT, Inc. Outside Director (Audit and Supervisory Committee Member), Visional, Inc. Outside Director (Audit and Supervisory Committee Member), Mitsui DM Sugar Co., Ltd.					

## Evolution of Tokyo Century's Corporate Governance System

Meetings Held in Fiscal 2024

## Management Structure Comprising Optimal Committees



## Evolution of Tokyo Century's Corporate Governance System

### Officer Compensation

#### Officer Compensation System Policies

As part of the officer compensation system, director compensation policies call for the provision of healthy incentives to contribute to the ongoing growth of the Company and frameworks for linking compensation to the medium- to long-term development of its businesses. The system for director compensation is designed to raise directors' awareness regarding the enhancement of shareholder value by aligning the interests of directors with those of shareholders. Moreover, this system aims to attract outstanding talent in order to allow the Company to recruit and cultivate individuals who can drive the improvement of the Company's corporate value.

#### Revision of Officer Compensation System and Goals Thereof

The Company resolved to revise its officer compensation system and to introduce a performance-linked stock compensation plan at the 55th Annual General Meeting of Shareholders on June 24, 2024. The new plan further clarifies how compensation paid to directors and officers is linked to the business performance and stock value of the Company by having them share both the benefits of stock price increases and the risk of stock price declines with shareholders, in order to raise the awareness of directors and officers so they will contribute to improving business performance and to enhancing corporate value over the medium to long term.

#### Overview of Revision

- Transition from quantitative and qualitative evaluation based on ordinary income when determining performance-based compensation to evaluation based on indicators prescribed by Medium-Term Management Plan 2027
- Abolition of stock options as portion of performance-based compensation and introduction of new Board Benefit Trust-Restricted Stock (BBT-RS) system
- Evaluation under new system in fiscal 2024 and commencement of compensation based on evaluation under new system in fiscal 2025

#### Key Points of Revision

- 1 Adoption of net income attributable to owners of parent, consolidated ROA, and consolidated ROE, indicators for which targets have been set in the medium-term management plan, as financial indicators for determining performance-based compensation
- 2 Definition of "Achievement in TCX (TC Transformation)—Promotion of ESG Initiatives/Value Creation Process—" as non-financial indicator for determining performance-based compensation

#### Achievement in TCX (TC Transformation)—Promotion of ESG Initiatives/Value Creation Process

Portfolio Transformation	■ Assessment of qualitative improvements not reflected by financial indicators of ROA and ROE ■ Evaluation of growth investments that contribute to improvements in future profitability
Human Resource and Organizational Transformation	■ Revision of training, career development support, compensation, and evaluation systems; reevaluation of organizational roles and positioning; and promotion of reforms to organizational culture ■ Reflection of Companywide employee engagement survey results in evaluations
Green Transformation	■ Creation of carbon-neutrality-related businesses and promotion of cross-organizational coordination
Digital Transformation	■ Utilization of digital technologies to improve operational efficiency, streamline and increase profitability in existing businesses, and create new businesses

- 3 Implementation of provisions to align officers' interests with those of stakeholders and to heighten awareness for improvements in shareholder value

### Compensation Committee

#### Overview of the Compensation Committee

Tokyo Century has established the Compensation Committee as an advisory body to the Board of Directors in order to ensure the independence of its functions. This committee comprises a majority of independent external directors. The Compensation Committee discusses matters such as compensation amounts, systems, and policies and reports to the Board of Directors on these matters.

#### Committee Members

Chairperson:	External Director	Akio Nakamura
Members:	External Directors	Toshio Asano, Miho Tanaka, Tsuyoshi Numagami, Hiroshi Ogasawara
	Directors	Masataka Yukiya, Koji Fujiwara

#### Number of Meetings Held in Fiscal 2024

5 times

#### Major Topics of Discussions

The Compensation Committee deliberated on the details of the evaluation method for performance-based compensation (officer bonuses and stock compensation) revised by the resolution of the General Meeting of Shareholders in fiscal 2024 and on officer compensation in fiscal 2025.

### Officer Compensation System

	Basic Compensation	Bonuses	Stock-Based Compensation (BBT-RS)
Fixed / variable compensation	Fixed Compensation Determined based on comprehensive consideration of duties, roles, and responsibilities	Short-Term Performance-Based Compensation Determined according to achievements and performance	Medium- to Long-Term Performance-Based Compensation Number of shares determined based on medium- to long-term business performance, including initiatives that contribute to the enhancement of the Company's corporate value and its business performance over the medium to long term
Ratios of compensation (Basic compensation indexed to 1)	1.0	Representative directors 0–0.8 Directors 0–1.0	0–1.2 0–1.0
Process for determining individual compensation amounts	Decision by president based on authority delegated by the Board of Directors and with reference to report submitted by the Compensation Committee, input from external experts, and research data on compensation levels by third-party institutions		
Evaluation / payment standards	Rank (Duties, roles, responsibilities, etc.)	Financial Net income attributable to owners of parent 1 Fiscal 2024 Performance ¥85,279 million	Consolidated ROA and ROE 1 Fiscal 2024 Performance ROA 1.3%; ROE 9.0%
Payment form / timing	Monetary / monthly	Non-financial TCX Initiatives 2 Evaluation is determined through deliberation by the Compensation Committee.	Market evaluation The Company's stock price growth rate 3 Fiscal 2024 Performance (The Company's stock price growth relative to TOPIX)
Annual compensation limits	Monetary / once a year Upper limit of ¥1 billion (¥100 million for external directors)	Stock / once a year Transfer restriction applied for a set period after resignation Note: Monetary payments equivalent to a predetermined amount of issued stock are made after retirement. Malus clauses are applied.	Upper limit of 281,300 points (equivalent to 281,300 shares) Not including executive officer compensation
Date of resolution at General Meeting of Shareholders	June 24, 2016	June 24, 2024	June 24, 2024
	Note: External directors are only paid basic compensation.		Provisions introduced as part of revision

### Payment of Officer Compensation Amounts

#### Compensation and Eligible Officers in Fiscal 2024

Officer Category	Total Compensation (Millions of Yen)	Total Compensation by Type (Millions of Yen)			Number of Eligible Officers
		Fixed Compensation	Performance-Based Compensation	Non-Monetary Compensation	
Directors (excluding external directors)	810	368	197	245	8
Corporate auditors (excluding external corporate auditors)	51	51	—	—	2
External directors and external corporate auditors	126	126	—	—	10

Notes: 1. Stock options provided as performance-based compensation, as well as stock-based compensation under the BBT-RS system, are accounted for under "Non-monetary compensation," although they constitute performance-based compensation. Accordingly, amounts of stock options provided as stock-based compensation, as well as stock-based compensation under the BBT-RS system, are not included under "Performance-based compensation."

2. The total amounts of compensation mentioned above include payments to two directors and one corporate auditor who retired as of June 24, 2024.

## Evolution of Tokyo Century's Corporate Governance System

## Nomination Committee

## Message from the Chairperson of the Nomination Committee



Toshio Asano

External Director, Chairperson of the Nomination Committee

As an advisory body to the Board of Directors, the Nomination Committee deliberates and reports on the president succession plan, the appointment and dismissal of directors, and the selection and dismissal of the president.

In fiscal 2024, in selecting the next candidate for president, we conducted interviews with the candidates to determine their suitability for the role. After deliberation in the committee, with the unanimous agreement of all members, we recommended the candidate to the Board of Directors.

The Nomination Committee also continuously discusses the development of future management candidates who will be responsible for the Company's future.

We will continue to contribute to the further enhancement of Tokyo Century's corporate value by promoting lively discussions at meetings of the Board of Directors through the pursuit of a highly effective officer composition that can leverage diverse knowledge.

## Nomination Committee

## Overview of the Nomination Committee

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

## Committee Members

Chairperson:	External Director	Toshio Asano
Members:	External Directors	Akio Nakamura, Miho Tanaka, Tsuyoshi Numagami, Hiroshi Ogasawara
	Directors	Masataka Yukiya, Koji Fujiwara

Total 7 members

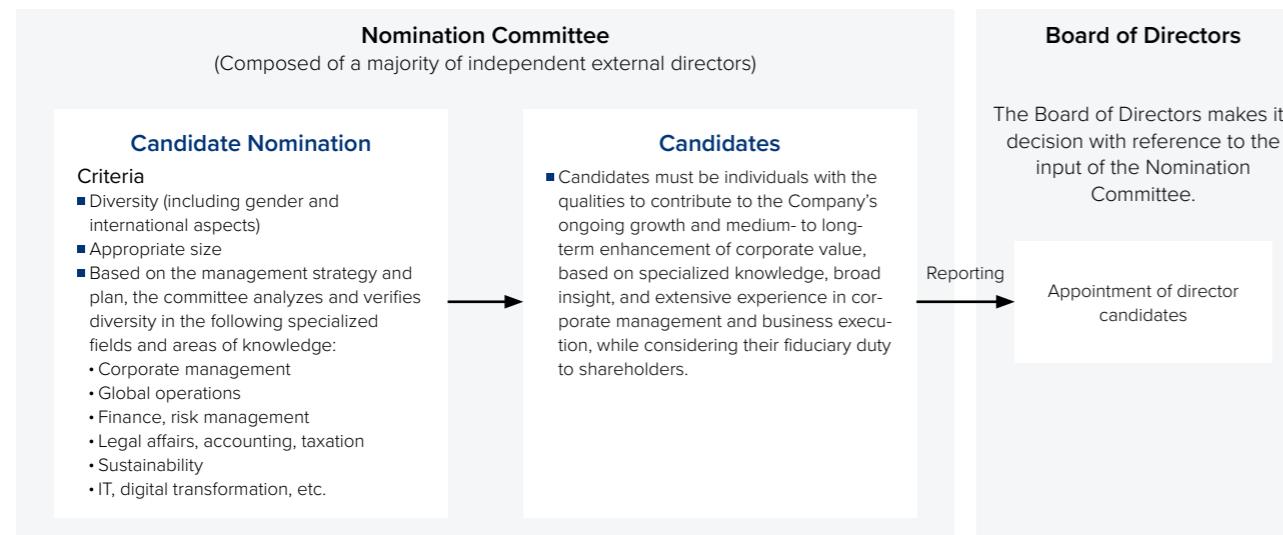
## Number of Meetings Held in Fiscal 2024

8 times

## Main Topics of Discussions

The Nomination Committee deliberated on the selection of the next president, the appointment of director candidates, and the skills and expertise (skill matrix) required of its directors based on its management strategy.

## Nomination Process



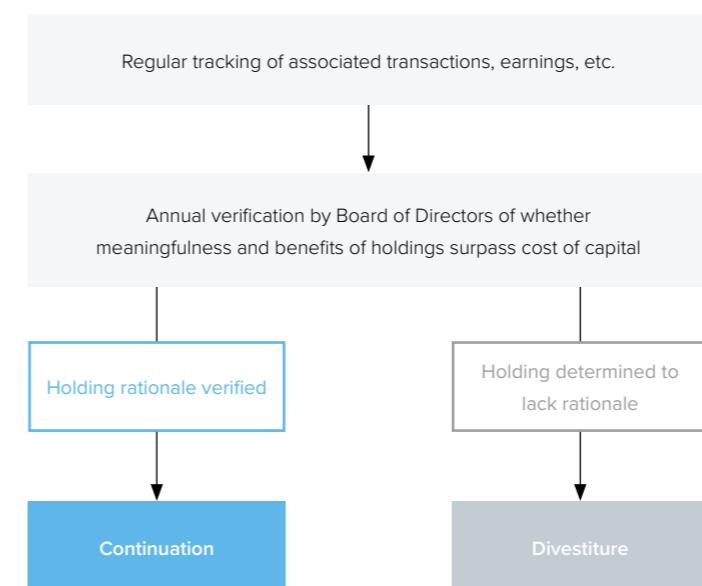
## Cross-Shareholdings

The Company holds investment securities for purposes other than pure investment. These securities are the shares of the stock issued by important stakeholders of the Tokyo Century Group, including business partners, shareholders, and lenders, and are held based on their necessity to the medium- to long-term business activities of the Company.

## Policy on the Exercise of Voting Rights

The decision to approve or reject agenda items is made by the division in charge of exercising voting rights (the Corporate Planning Unit) after consultation with commercial divisions and the Credit Supervision Unit, among others. The Company has also established internal procedures regarding the exercise of voting rights to provide a checklist and clarify the related process. With regard to items that may damage the corporate value of the issuer of the shares or Tokyo Century's interests as a shareholder, we determine approval or rejection after confirming the content and impact.

## Process for Reviewing Holdings

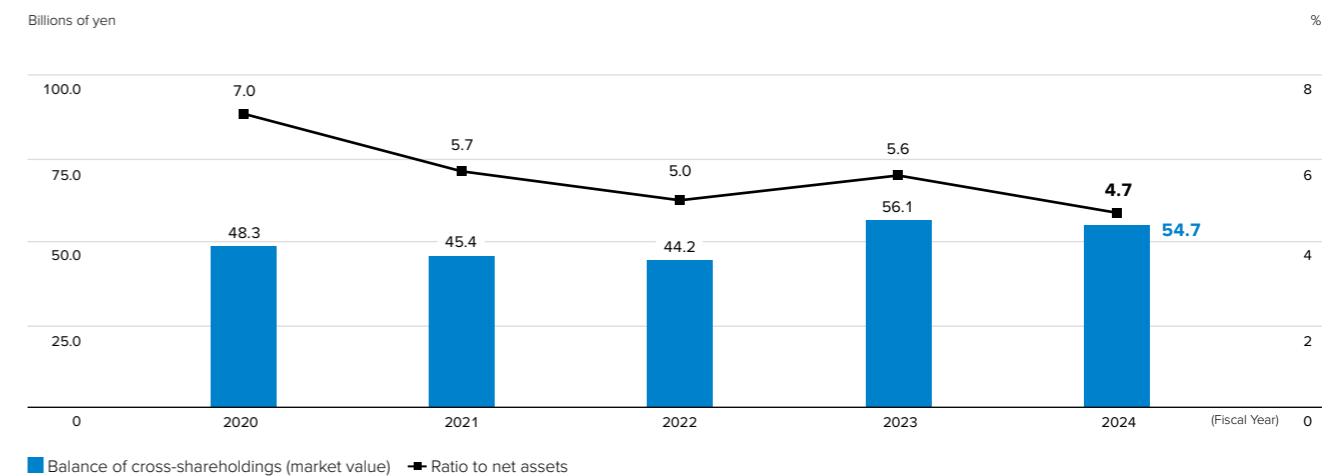


## Divestitures

Number of holdings reduced and sales amounts

	Number of Holdings Reduced	Sales Amounts (Billions of yen)
FY2020	9	2.9
FY2021	4	0.5
FY2022	15	5.6
FY2023	5	1.1
FY2024	8	11.4
5-year aggregate	41	21.4

## Balance of Cross-Shareholdings and Ratio to Net Assets



## Evolution of Tokyo Century's Corporate Governance System

### Protection of Minority Shareholders

ITOCHU Corporation owns 29.99% of the voting rights in Tokyo Century, and the Company is thus an equity-method affiliate of ITOCHU. No ITOCHU officers concurrently serve as officers of the Company. However, ITOCHU has seconded 15 individuals to the Company who have immediately applicable skills necessary for supplementing the Company's operational execution capabilities (as of April 1, 2025).

The Company engages in business transactions with ITOCHU and ITOCHU Group companies. Negotiations regarding said transactions are conducted with these companies on an individual basis, as would be done with a standard transaction counterparty, and the Company's own decision criteria are applied to these transactions. Accordingly, ITOCHU does not impose any restrictions on the business activities of the Company, and the Company maintains a certain degree of independence from ITOCHU. We are determined to ensure that this relationship does not threaten the interests of minority shareholders.

### Board of Corporate Auditors

#### Overview of the Board of Corporate Auditors

The Board of Corporate Auditors is composed of a total of four members: two standing corporate auditors and two part-time corporate auditors (external auditors). It meets regularly and executes independent and fair audits of the compliance and appropriateness of corporate activities, including the performance of duties by directors and executive officers.

#### System to Ensure Effective Auditing by Corporate Auditors

Tokyo Century has established the following system to ensure that audits by corporate auditors are conducted effectively.

- Corporate auditors attend meetings of the Board of Directors, Management Meeting, Transaction Evaluation Meeting, etc., to receive important reports.
- Reports are also made to corporate auditors in the case of reports through the consultation and reporting system, or in the event of crisis situations such as fraudulent incidents or large-scale disasters. Regarding reports through the consultation and reporting system, a standing corporate auditor serves as one of the internal contact points.
- Corporate auditors can view important documents related to management at any time.
- Officers and employees of the Company and its Group companies are required to promptly report on matters related to the execution of their duties when requested by a corporate auditor.
- The Auditors Office is established under the corporate auditors, and employees are assigned as staff to assist corporate auditors in their duties. Furthermore, the independence of these employees from the directors is ensured by, for example, obtaining the prior consent of corporate auditors for their personnel transfers and evaluations.
- The president and corporate auditors hold regular meetings to facilitate mutual communication.
- Corporate auditors collaborate with the independent auditor and the internal audit department on a regular basis and as needed to exchange opinions and information.

#### Activities of Corporate Auditors and the Board of Corporate Auditors

Corporate auditors attend meetings of the Board of Directors, the Management Meeting, and seven key committees, including the Investment Management Committee, and other important meetings. They audit the status of duty execution by directors and executive officers, the status of the development and operation of the internal control system, the content of deliberations at each meeting body, and express their opinions as necessary.

Having set the confirmation of the development status of the internal control system and the deepening of involvement in Group company audits as key audit items, the Board of Corporate Auditors has established audit policies and division of duties. It receives reports from each corporate auditor on the status and results of their audits, as well as reports from the Board of Directors and the independent auditor on the progress of their duties, and requests explanations as necessary. To share information with part-time auditors, the Board of Corporate Auditors reports on important matters and cases that are not brought before the Board of Directors as needed. Furthermore, standing corporate auditors concurrently serve as auditors of major affiliated companies, and through close collaboration with the auditors of each company, they seek to thoroughly implement Group governance while understanding the actual situation of each company.

Their responsibilities also include investigating the permeation of management policies throughout the organization and frontline conditions through on-site audits of domestic branches and divisions and overseas subsidiaries. Corporate auditors, including part-time auditors, hold discussions with management through regular opinion exchange meetings with representative directors.

#### Members

Standing Corporate Auditors	Katsuya Amamoto, Yoshio Nomura	Total
External Corporate Auditors	Masao Fujieda, Maiko Chihara	4 members

#### Meetings Held in Fiscal 2024

8 times (average duration per meeting: approx. 1 hour)  
Total number of agenda items discussed: 36

### Internal Audit System

#### KEY POINT

##### Objective and Independent Audit System

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

#### Internal Audit System of Group Companies

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

In addition, we hold information exchange and liaison meetings where the audit departments of Group companies gather to share knowledge and strengthen coordination, thereby enhancing the audit quality of the entire Group.

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

#### The Tokyo Century Group's Internal Audit System



#### Basic Internal Audit Policies

Reliable Third Line of Defense Supporting Quest for Growth

Furnished by Audit Unit

1. Identification of latent risks to contribute to improved operations and the prevention of misconduct
2. Provision of effective proposals and advice for improvement based on a forward-looking perspective and sensitivity toward change
3. Support for and coordination among Group companies to strengthen the Groupwide audit system

#### Fiscal 2024 Audit Results and Fiscal 2025 Audit Plan

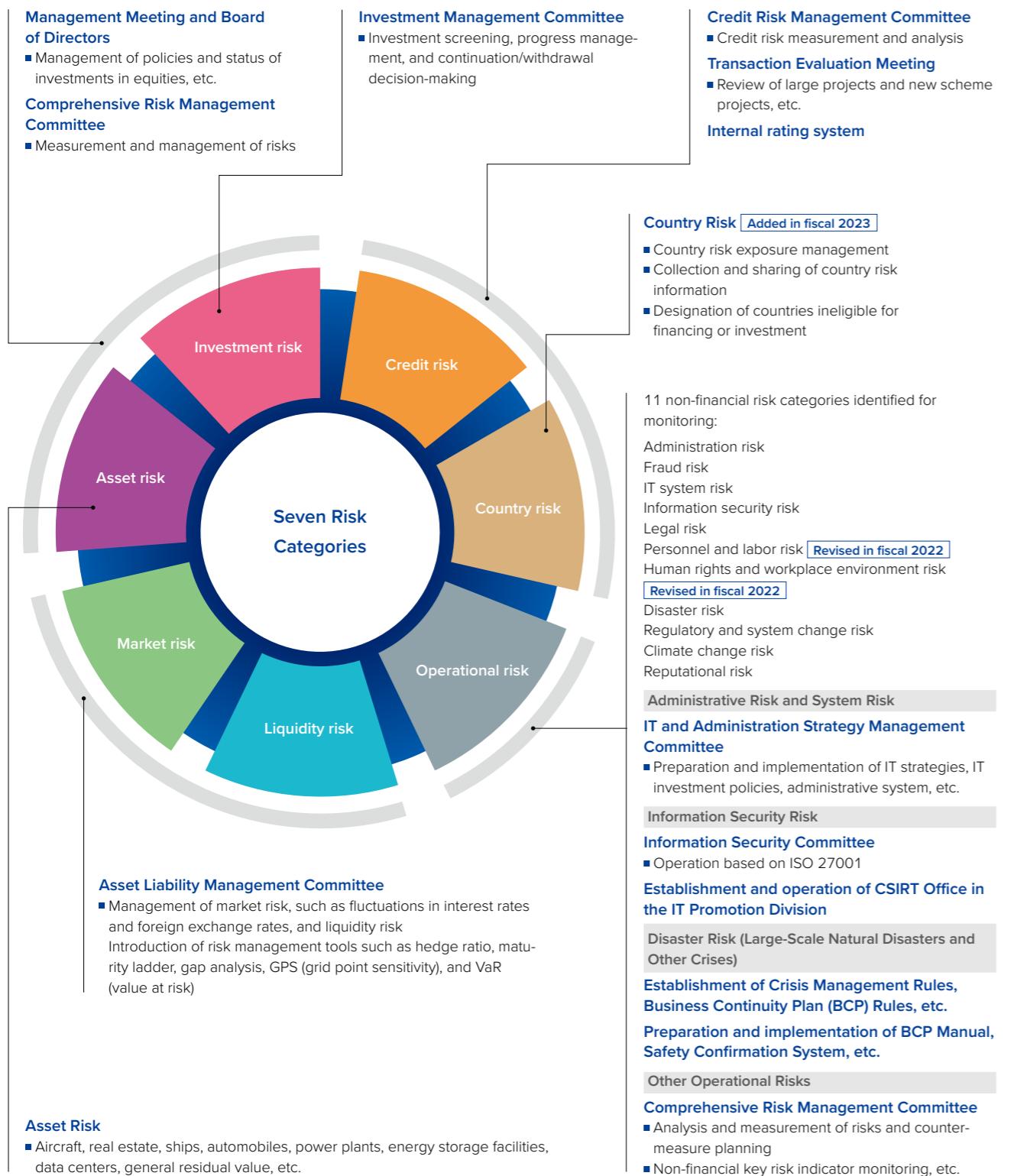
In fiscal 2024, we conducted five thematic audits, including an audit of management accounting operations, and 36 departmental audits, including those of four overseas and three domestic companies in the Group. In each audit, we made proposals and gave advice for improvement and also conducted follow-ups for business improvement. In addition, to strengthen our audit system in the United States through collaboration with ACG and CSI, we newly dispatched an internal auditor to Tokyo Century (USA) Inc.

In fiscal 2025, we plan to conduct six thematic audits, including a post-implementation audit of the new core system and a harassment audit, and 36 departmental audits, including those of three overseas and three domestic companies in the Group. In light of the expanding audit areas and management's requests, we will conduct flexible and proactive audits to enhance the corporate value of the Tokyo Century Group.

## Major Risks, Management Frameworks, and Risk Management

In accordance with its Basic Risk Management Policy and Comprehensive Risk Management Rules, Tokyo Century is reinforcing its comprehensive enterprise risk management (ERM). This framework supports stable and sustainable profit growth by integrating the efficient allocation of management resources, responses to the expansion and diversification of business domains, and the management of non-financial risks such as compliance.

### Major Risks and Management Frameworks



### Risk Management

#### Comprehensive Enterprise Risk Management (ERM)

The Tokyo Century Group practices comprehensive ERM in accordance with its management guidelines for capital use rates based on quantitative risk control on a consolidated basis. The capital use rate is used to assess risk resilience, an important criterion for rating financial institutions. The risk amount is measured on an item-by-item basis using a methodology established for each risk category, such as investment risk, asset risk, and credit risk. While investment risk is relatively high, asset risk is comparatively low, backed by physical assets, although the precise level of this risk depends on their characteristics. By adhering to these management guidelines, we have sought to keep the total risk amount within consolidated economic capital buffers (based on shareholders' equity). As our business domain continues to expand, the relationship between the amount of capital and level of risk receives greater attention from investors and other interested parties. For this reason, the capital use rate has become a key indicator for objectively determining prospects for our sustainable growth and investment capacity.

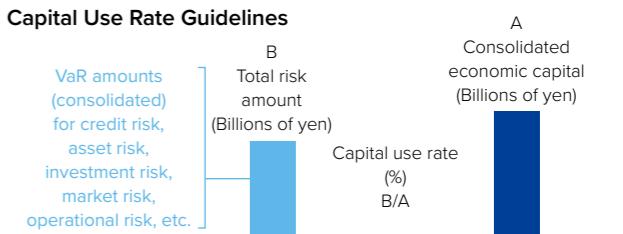
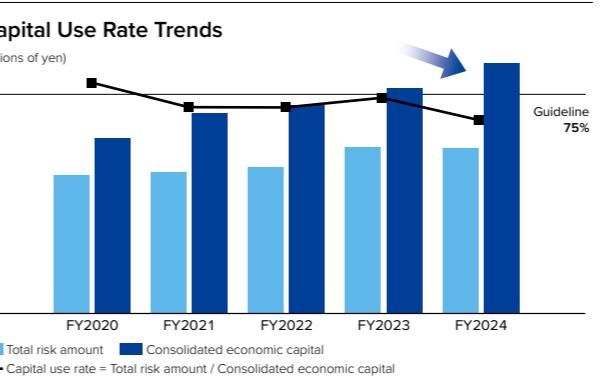
We treat our targeted capital use rate of 75% as a soft limit, since the capital regulations for financial institutions do not apply to us. Seizing business opportunities, such as M&A activities, is also an important factor in our risk management framework. Rather than passively ensuring corporate soundness, we

actively consider several key factors, including the potential increase in risk over the medium term (about three years), projected organic growth in the shareholders' equity ratio, and the tolerance level of our capital policy.

Medium-Term Management Plan 2027 calls for enhancing our risk management framework to ensure the efficient allocation of management resources through an ERM approach. In fiscal 2024, we officially introduced risk exposure guidelines (soft limits) for the categories that account for a large portion of our risk profile (aviation, investments, and real estate). In fiscal 2025, we have introduced economic capital allocation by operating segment on a trial basis as an additional measure to control the total risk amount and diversify the risk of our business portfolio. In this way, we are driving our portfolio transformation.

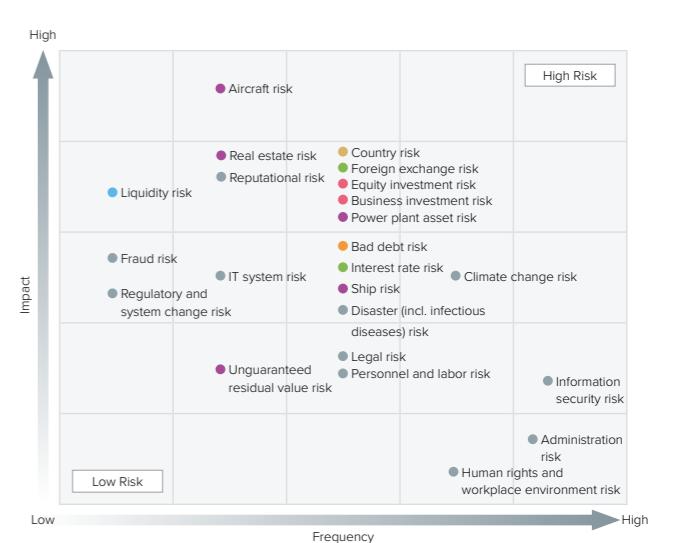
The main objective of risk management at the Tokyo Century Group is to support growth and value creation by allowing for bold risk-taking. We will continue to control the capital use rate to maintain it at the appropriate guideline level. At the same time, we will constantly enhance our risk management framework in conjunction with the expansion of our business domain and a changing operating environment in order to sustainably improve corporate value.

In fiscal 2024, the capital use rate declined from the previous fiscal year due to an increase in consolidated economic capital, remaining within the guidelines. As for the risk amount, the "Aircraft" category decreased due to a rise in market prices, but this was offset by an increase in "Investment and Others," resulting in the overall amount remaining flat.



#### Risk Heatmap

The Basic Risk Management Policy and the Comprehensive Risk Management Rules define risk categories. The Group assesses secular changes annually in its business operations and maps these categories using a matrix that measures the level of impact and frequency of occurrence. The resulting map is reviewed every year, comprehensively considering various factors, such as trends in risk scenarios identified via risk audits, the risk amount for each risk item, initiatives, and incidents or accidents. The Company visualizes identified risks and shares this information with relevant parties, such as by regularly reporting to the Management Meeting and the Board of Directors.



## Major Risks, Management Frameworks, and Risk Management

### Country Risk

In response to the recent rise in geopolitical risks, we manage country risk as an independent risk category, rather than a part of credit risk. Specifically, we take a multi-layered approach to controlling country risk, focusing on two key aspects: country-specific exposure management and monitoring of geopolitical risks in each country. For country-specific exposure management, we use country-specific limits as

guidelines. These limits are set by comprehensively considering geopolitical risks and strategic business importance based on sovereign ratings. For geopolitical risk monitoring, we have established a system to promptly detect signs of risk fluctuations. This involves monitoring changes in each country's political, economic, and social conditions, allowing us to take appropriate and timely measures.

### Global Risk Management

In global risk management, we pay particular attention to our U.S. specialized leasing subsidiaries, Aviation Capital Group LLC (ACG) and CSI Leasing, Inc. (CSI), which have large investment and asset scales. ACG has introduced a risk appetite framework that clarifies the risks to be accepted (for example, aircraft asset risk) and those to be avoided, mitigated, or transferred (for example, interest rate, liquidity, and

foreign exchange risks). This unique risk management approach has proven highly effective in enhancing the company's resilience. Furthermore, ACG has implemented a risk management framework for individual projects that is centered on diversifying country- and airline-specific concentration risks and ensuring an appropriate risk-and-return balance based on the characteristics of a given project.

#### ACG's Risk Appetite Framework

Risk Tolerance	Ability to Influence*	Risk Category**	Risk Management Method
High	Positive	Asset acquisition risk ①	<ul style="list-style-type: none"> <li>Focus on investments in widely applicable assets that promise reliable leasing rates and residual value</li> </ul>
	Neutral	Residual value risk ② Country risk Credit risk Aviation market risk ESG risk OEM risk ③	<ul style="list-style-type: none"> <li>Portfolio management based on defined risk indicators to address potentially significant impacts on value from difficult-to-control factors in the operating environment (establishment of hard limits on geographic exposure concentration, control of average age of fleets, etc.)</li> <li>Appointment of ESG division representative to oversee formulation and implementation of action plans related to materiality items; annual ESG disclosure and reporting detailing progress</li> <li>Inclusion of clauses such as a cancellation policy in the purchase agreement</li> </ul>
	Positive	Remarketing risk ④ Model risk ⑤	<ul style="list-style-type: none"> <li>Portfolio management based on defined risk indicators (diversification of lease maturities and new aircraft delivery timings)</li> </ul>
Medium	Neutral	Geopolitical risk MRO*⑥ risk ⑥	<ul style="list-style-type: none"> <li>Enhancement of credit evaluation for individual projects in response to changes in geopolitical risks</li> <li>Greater involvement in the MRO company selection process and enhanced proactive monitoring</li> </ul>
	Positive	Capital management risk Interest rate risk Liquidity risk Currency risk Reputational risk Operational Risk	<ul style="list-style-type: none"> <li>Hedging within a predefined range based on stringent risk indicators (interest rate duration mismatch, debt-to-equity ratio limitation, etc.)</li> <li>Establishment of upper limits for ratio of debt with floating interest rates</li> <li>Regular stress tests in preparation for potential operating environment changes</li> </ul>
	Positive		
*1 Level of proactive risk management leveraging ACG's expertise			
*2 OEM risk and MRO risk have been added as new risk categories.			
*3 MRO: Maintenance, repair, and overhaul			

- ① **Asset acquisition risk** — Risk that appropriate portfolio management cannot be practiced in relation to aircraft acquisition methods, selected models, etc.
- ② **Residual value risk** — Risk that aircraft cannot be sold or disposed of at residual value anticipated at time of leasing
- ③ **OEM risk** — Risk that OEMs cannot make deliveries on schedule and that there will be aircraft quality issues
- ④ **Remarketing risk** — Risk that lessees cannot be found at time of lease maturity or cancellation due to declines in aircraft demand, etc.
- ⑤ **Model risk** — Risk that sufficient returns cannot be generated by projects due to inability to appropriately reflect interest rate or aircraft value trends in lease rates of pricing models
- ⑥ **MRO risk** — Risk that an MRO company's services fail to meet the quality standards of ACG or the airline, potentially causing damage to an asset

### Non-Financial (Non-Quantitative) Risks

As our business domain grows and we branch out from the financial sector to provide business services, it is becoming increasingly important to account for non-financial operational risks that cannot be measured quantitatively. Based on this recognition, Tokyo Century has established key risk indicators (KRIs) for non-financial risks. We regularly monitor these KRIs and report the results to the Management Meeting, the Board of Directors, and other relevant bodies. KRIs have been set pertaining to personnel and labor, information security, accidents, internal reporting, climate change, legal affairs, and corruption. Amid the rising

importance of tracking and managing human rights and climate change risks, we have broadened the scope of personnel and labor risk (from non-consolidated to consolidated) and are also expanding our range of environmental KRIs in relation to renewable energy, CO<sub>2</sub> emissions, and the portion of our portfolio comprising fuel-efficient aircraft and electric vehicles. Recognizing that stakeholder concern for non-financial risks is constantly rising, Tokyo Century will continue to bolster its range of effective indicators related to human rights, climate change, and other ESG and SDG factors from the perspective of sustainability.

## Response to Expansion of Business Domain

### Investment Management Framework

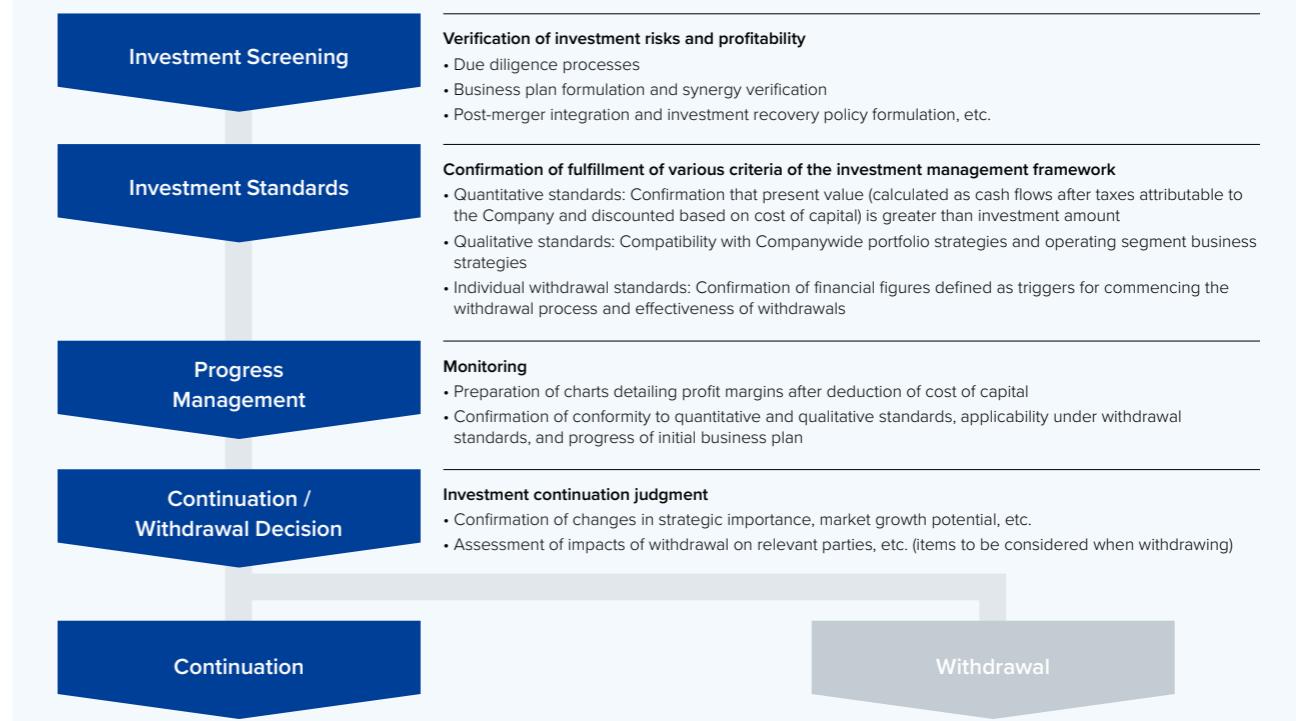
The Tokyo Century Group operates a framework for managing investment projects throughout their life cycle—from initial screening and approval to monitoring and continuation or withdrawal decisions—to ensure investment governance that helps optimize our investment portfolio. Under this framework, when screening an investment, we confirm that the project's expected future cash flows, which are discounted based on the risk-adjusted cost of capital, exceed the investment amount. We also examine whether its business domain aligns with our portfolio strategy and appropriate withdrawal criteria are in place. Subsequently, the Investment Management Committee conducts a multifaceted evaluation of the project with input from specialized departments, covering risk exposure and legal and tax compliance. The final decision to approve an investment is made by the Management Meeting based on the committee's findings and other factors.

After an investment is made, we conduct annual monitoring based on a unified process. During this review, we prepare charts detailing the profit margins of all target projects after deducting cost of capital and assess them against our withdrawal criteria. The Investment Management Committee then submits these findings in an annual monitoring report to the Management Meeting and the Board of Directors.

If a project is identified as meeting the withdrawal criteria and the responsible department wishes to continue it, the Investment Management Committee will evaluate this rationale. The final decision on continuation is made by the Management Meeting based on a comprehensive review of the committee's findings and other factors.

Through this life cycle management process, we manage the expansion of our business domain while improving the efficiency and sophistication of our investment management.

#### Overview of Investment Management Framework



## Major Risks, Management Frameworks, and Risk Management

### Compliance

#### Compliance Structure

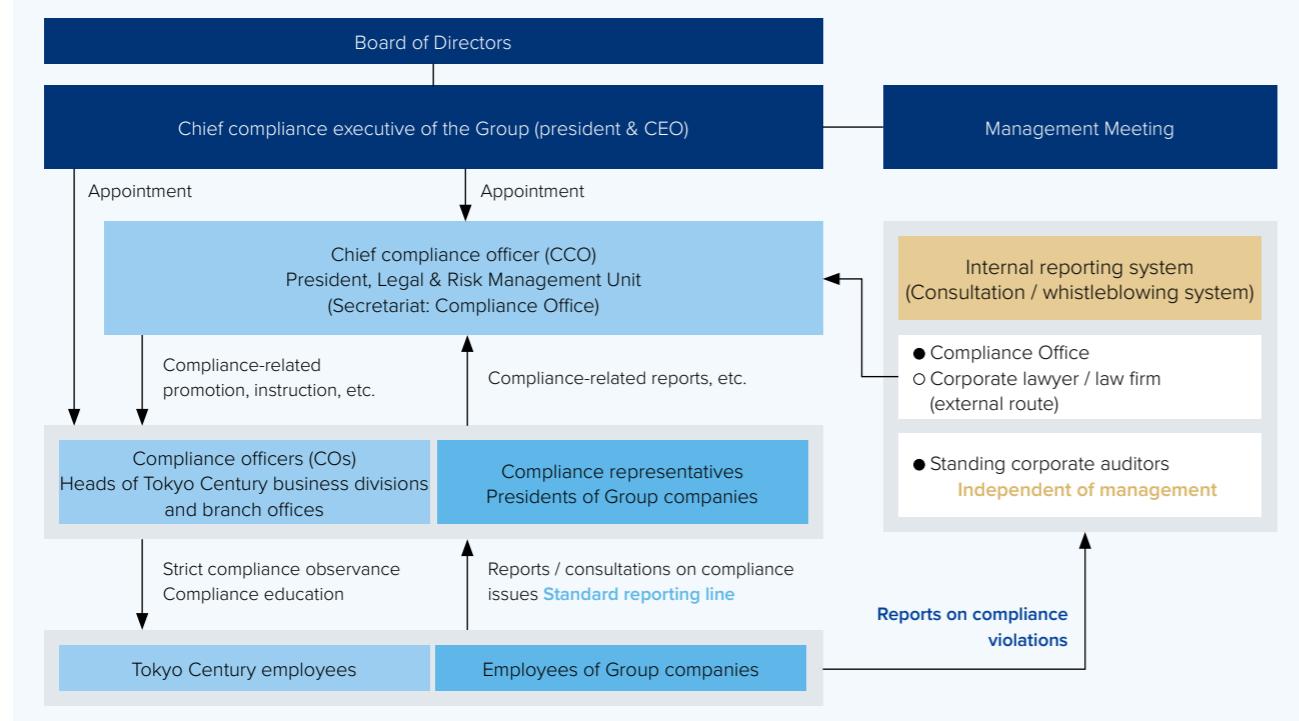
At the Tokyo Century Group, the Compliance Office promotes compliance measures under the supervision of the chief compliance officer (CCO). The CCO is appointed by the president & CEO, who serves as the chief compliance executive.

The heads of each business division and branch office, along with the presidents of Group companies, serve as compliance officers (COs). They are responsible for ensuring legal and regulatory compliance and aligning business activities with social norms while coordinating with the Compliance Office. Compliance activity plans are formulated through

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

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

#### Compliance Structure for the Tokyo Century Group



#### Internal Reporting System

The Tokyo Century Group implements clear and exhaustive whistleblower protection measures in its internal reporting system in accordance with Japan's Whistleblower Protection Act. Personnel responsible for handling whistleblower reports, as described in the act, are designated and trained. These individuals are bound by strict confidentiality obligations regarding all information obtained during their duties. We will continue to adhere to the highest standards in operating our internal reporting system based on the belief that it is an important tool for effective compliance management.

We offer three reporting contact points, including both internal and external channels, which handle a wide range of consultations on compliance and other matters. We continuously promote the use of the system by explaining its purpose, significance, and report-handling procedures through training opportunities, conducting regular awareness surveys on the recognition and use of the system, and disclosing its operational status. The ratios of reports and consultations from domestic and overseas Group companies indicate that this system is well entrenched and functioning appropriately.

### Human Rights Initiatives

The Tokyo Century Group recognizes that promoting respect for human rights is an important management issue. Based on this recognition, we have established the Human Rights Policy and included provisions related to respect for human rights in our Corporate Code of Conduct and Our Action Guidelines to instill these principles in our business activities. We also expect our stakeholders to exercise respect for human rights.

#### Human Rights Risk Management

Human rights-related risks are tracked and assessed through the Group's ERM framework, and related information is regularly reported to the Management Meeting and the Board of Directors.

#### Human Rights Training and Education

To foster a culture of respect for human rights, we provide ongoing training and education for all officers and employees. The training themes include the relationship between business and human rights, the Group's human rights initiatives, and prohibition of harassment.

#### Grievance Mechanism

The Tokyo Century Group has established contact points for consultations on human rights violations. These channels are available to all Group officers and employees as well as external

stakeholders and can accommodate consultations in both Japanese and English. Remedial frameworks are in place to rectify the damages suffered by victims of any verified violations.

#### Human Rights Due Diligence

##### • Tokyo Century Corporation and Group Companies

Human rights due diligence activities are implemented at Tokyo Century Corporation and all of its consolidated subsidiaries in Japan and overseas. Human rights risks closely related to the Group's businesses are identified. Surveys and interviews are then conducted at Group companies to understand issues pertaining to the identified risks and pursue ongoing improvements.

##### • Investees

Tokyo Century assesses human rights risks during the decision-making process for large investments and financing and when monitoring those that have been implemented.

These assessments focus on the frameworks for addressing human rights risks and any incidences of past violations at the target of investment. They also evaluate human rights risks that may arise because of a given investment or financing and measures to prevent and mitigate such risks. Decisions to conduct investments or financing are informed by these assessments.

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

- Compliance Structure of the Tokyo Century Group
- Internal Reporting System
- Compliance Handbooks
- Compliance Education
- Preventing Money Laundering
- Preventing the Transfer of Criminal Proceeds
- Preventing Corruption
- Policy on Political Funds
- Human Rights Initiatives

<https://www.tokyocentury.co.jp/en/sustainability/esg/governance/compliance.html>

<https://www.tokyocentury.co.jp/en/sustainability/esg/social/humanrights.html>

### Information Security

The Tokyo Century Group views information security as one of its most important management issues. As part of its efforts, the Company has obtained certification under ISO 27001, the international standard for information security management systems. Under the leadership of the Information Security Committee, we periodically revise regulations and rules regarding information management, conduct regular risk assessments to address information security risks, and provide information security training for employees and officers.

The TC-CSIRT, a computer security incident response team, has been set up within the IT unit as a dedicated cybersecurity organization. The TC-CSIRT is responsible for preventing the recurrence of past incidents and the occurrence of new incidents by monitoring security systems, assessing the security of cloud services, and educating officers and employees.

To respond to increasingly sophisticated and complex cyberattacks, we are enhancing our response capabilities by sharing information with external organizations through membership in the Nippon CSIRT Association and participating in practical exercises.

We are also further strengthening our cybersecurity measures by participating in a cybersecurity framework operated by a major shareholder and collaborating on assessments and practical exercises.

In addition, we conduct drills for the Company and domestic and overseas Group companies, simulating email attacks in Japanese and other languages multiple times a year. These drills have led to an increase in information security awareness among our officers and employees.

Our global business expansion requires us to take robust action to protect personal information and strengthen information security considering various cultures and regulatory environments. To address this, we are strengthening our global security governance by identifying and responding to issues through assessments of our overseas subsidiaries. In addition, we encourage closer collaboration across the entire Group by strengthening management of outside subcontractors, providing information to Group companies, and holding regular liaison meetings.

To utilize generative AI, we have formulated usage guidelines and developed an appropriate infrastructure environment, allowing us to respond to new risks related to information security.

For the following items, please also refer to our website.

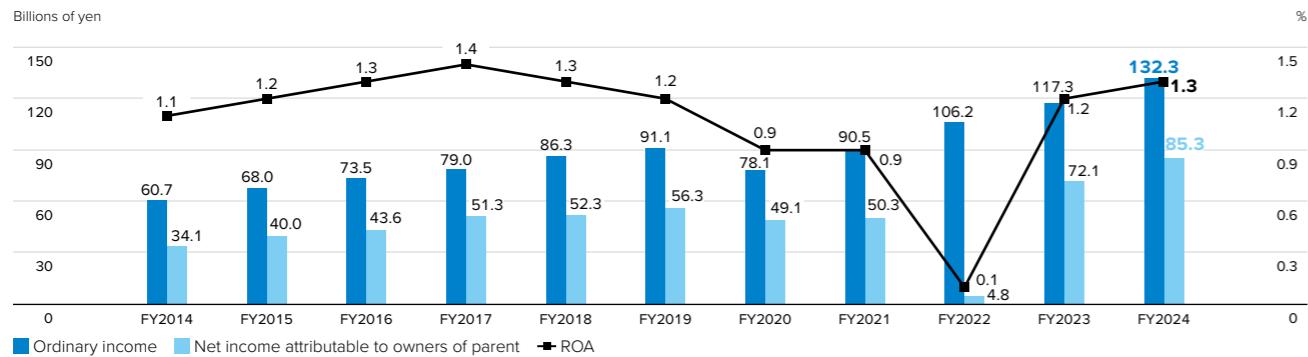
- ISO 27001 Certification
- Basic Information Security Policy

<https://www.tokyocentury.co.jp/en/csr/governance/security.html>

## Performance Highlights

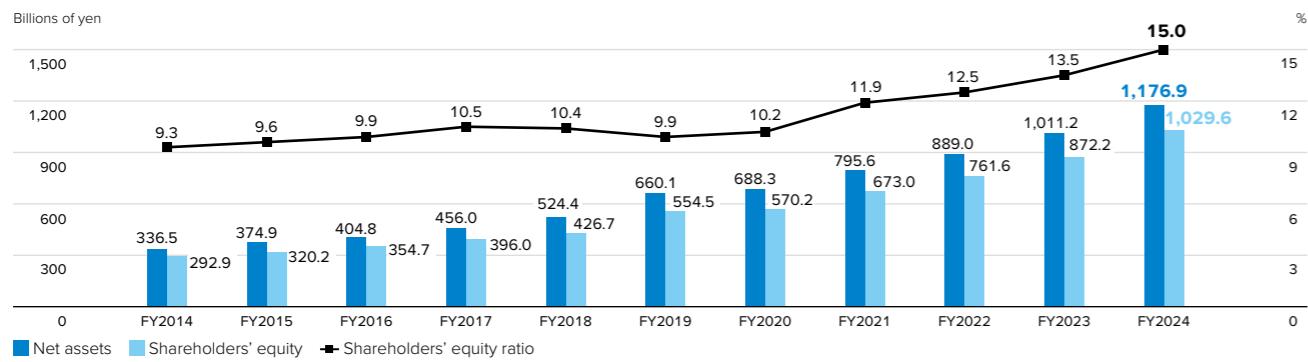
### Key Financial Information

#### Ordinary Income, Net Income Attributable to Owners of Parent, and ROA



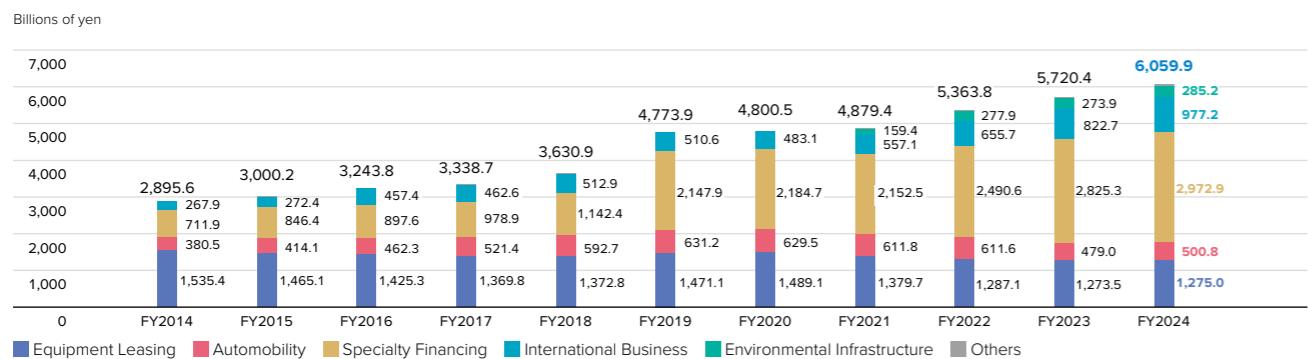
**Key Drivers:** In fiscal 2024, both ordinary income and net income attributable to owners of parent reached record highs, driven by income growth in the International Business, Specialty Financing, and Automobility segments. In fiscal 2020, income decreased mainly in the Automobility segment due to the impact of COVID-19. In fiscal 2022, net income attributable to owners of parent decreased significantly due to a ¥74.8 billion extraordinary loss related to Russian airlines resulting from the Russian invasion of Ukraine.

#### Net Assets, Shareholders' Equity, and Shareholders' Equity Ratio



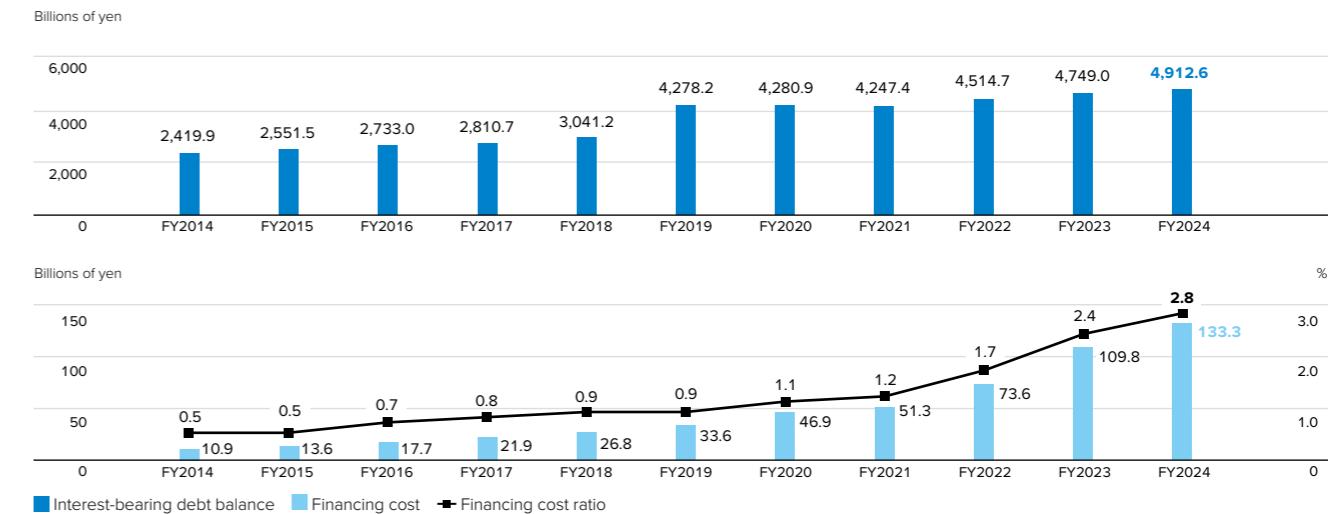
**Key Drivers:** In fiscal 2024, both net assets and shareholders' equity increased year on year, partly due to an increase in foreign currency translation adjustments from the weaker yen. The shareholders' equity ratio reached a record high of 15.0%.

#### Segment Assets

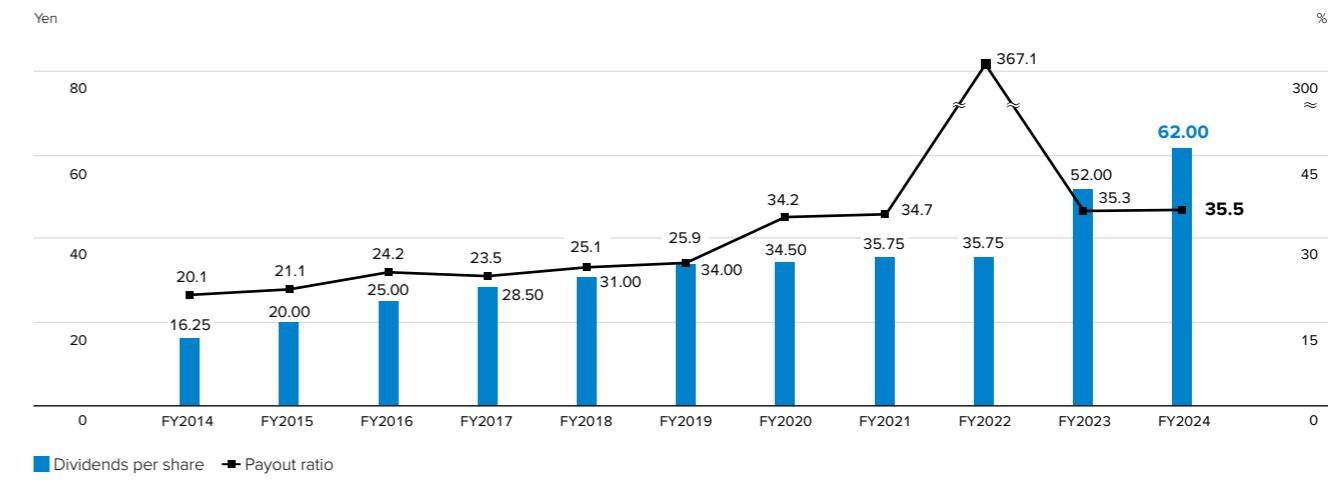


**Key Drivers:** In fiscal 2024, assets increased year on year in all operating segments, reaching a record-high balance of ¥6.1 trillion. The Environmental Infrastructure segment was newly established in fiscal 2023. As a result, the figures for fiscal 2021–fiscal 2022 have been adjusted retroactively.

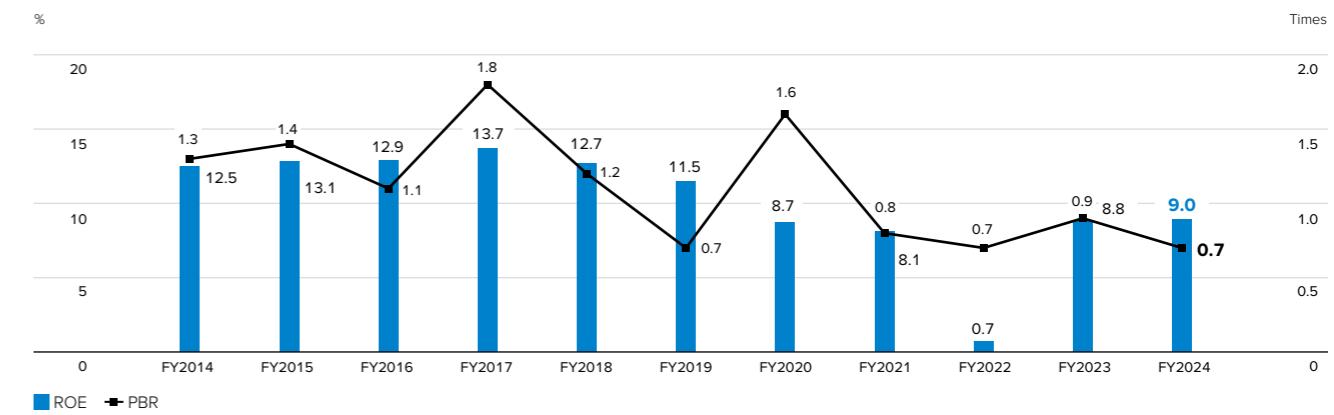
#### Interest-Bearing Debt Balance, Financing Cost, and Financing Cost Ratio



#### Dividends per Share\* and Payout Ratio



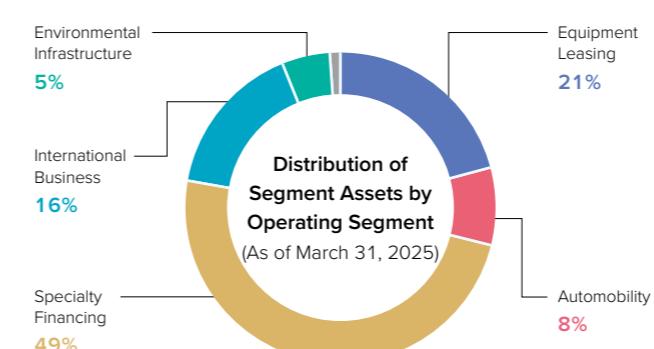
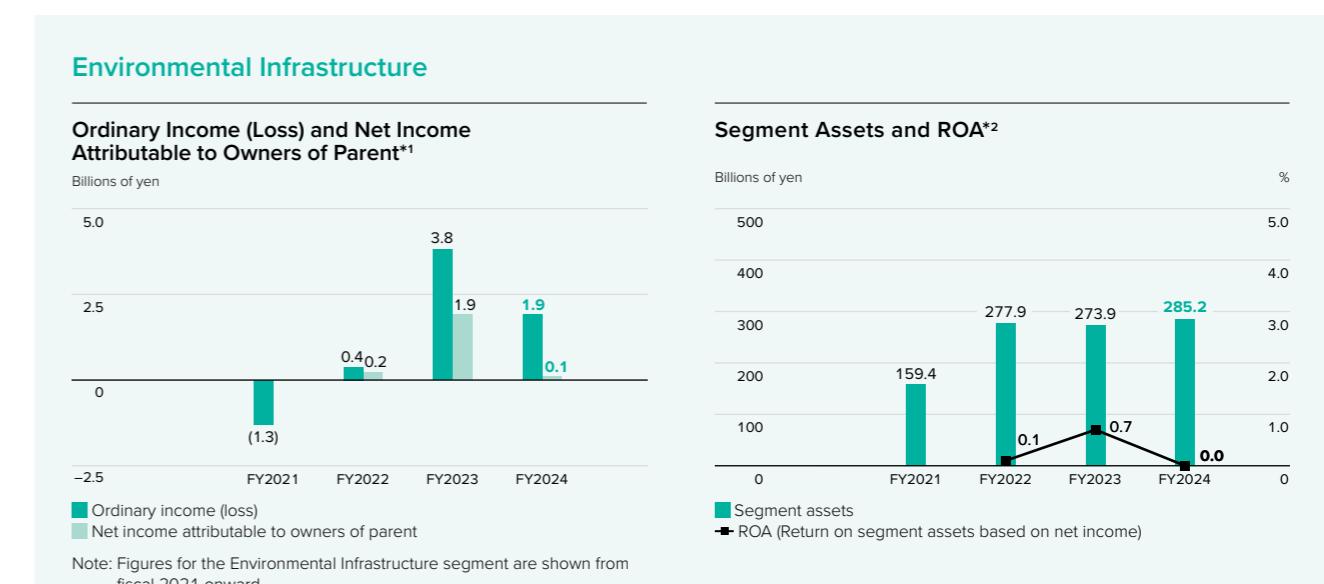
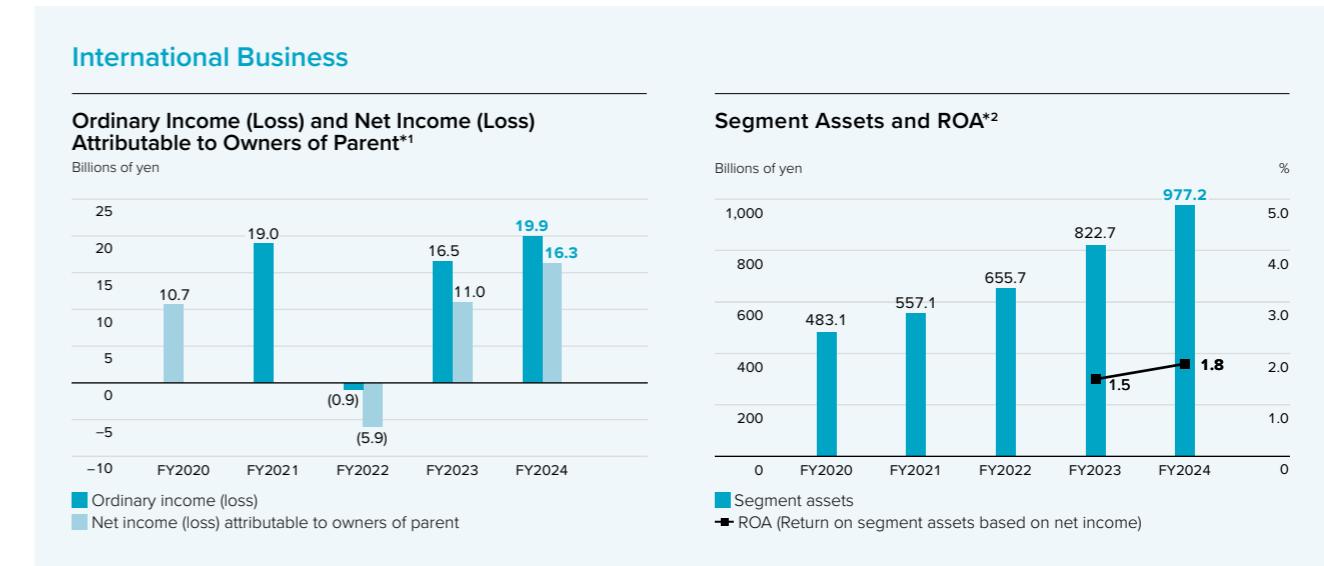
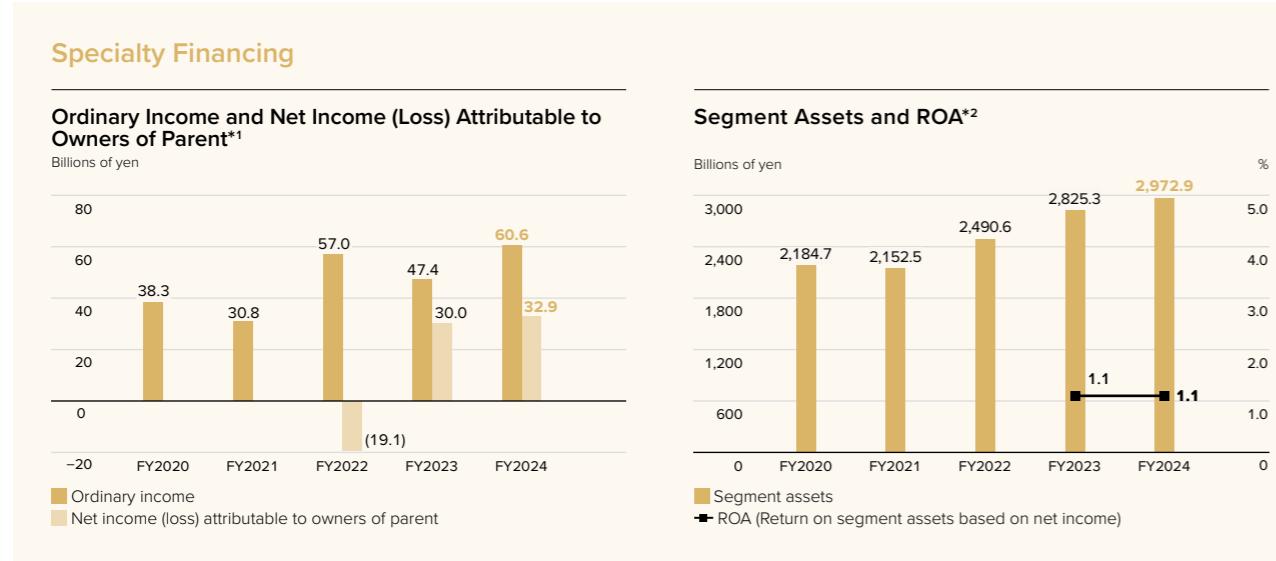
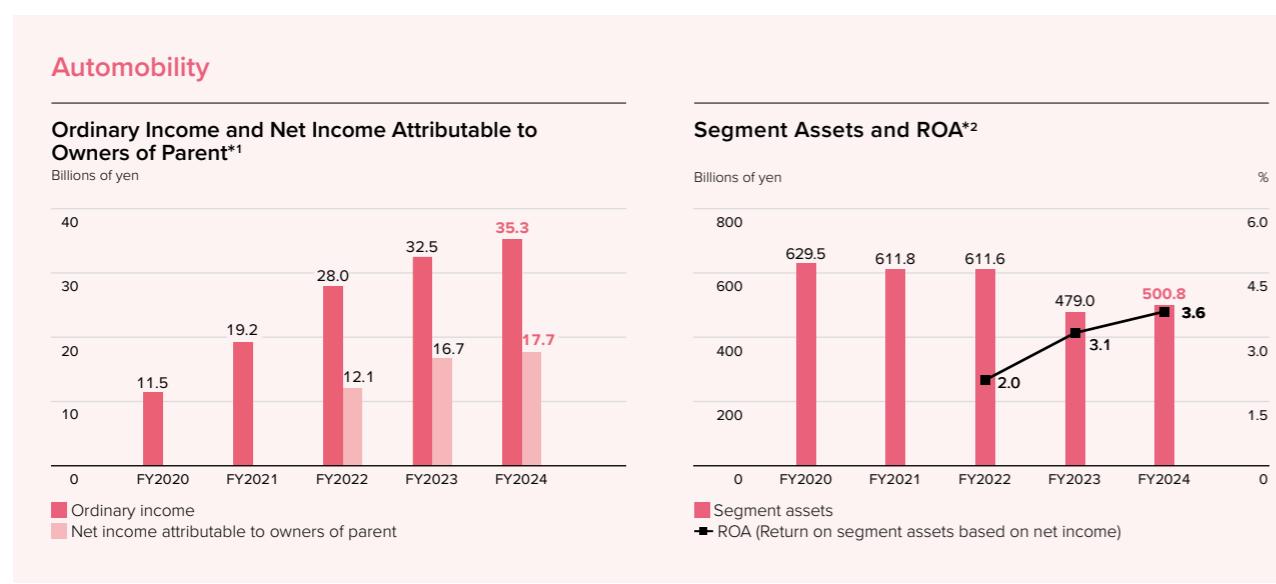
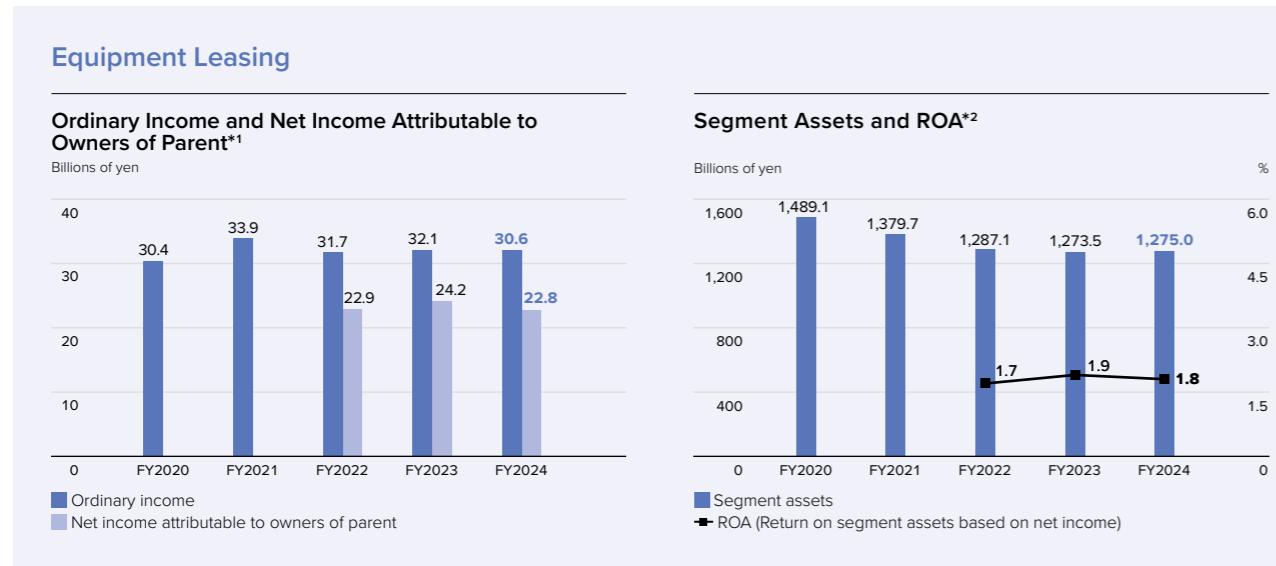
#### ROE and PBR



\* A 4-for-1 stock split of common stock was conducted effective January 1, 2024. The dividends per share shown have been retroactively adjusted for the stock split.

## Performance Highlights

## Performance by Operating Segment



\*1 Net income (loss) attributable to owners of parent (disclosed since fiscal 2022)  
\*2 Return on segment assets based on net income (disclosed since fiscal 2022)

For more detailed financial information, please refer to Tokyo Century's data books.

<https://www.tokyocentury.co.jp/en/ir/library/2025.html>

For non-financial information, please refer to Tokyo Century's sustainability data books.

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

## Corporate and Stock Information

### Company Profile (As of April 1, 2025)

Company Name	Tokyo Century Corporation
Head Office	3 Kanda-neribeicho, Chiyoda-ku, Tokyo 101-0022, Japan
Founded	July 1, 1969
Paid-in Capital	¥81,129 million
Representatives	Masataka Yukiya, Chairman & Co-CEO, Representative Director Koji Fujiwara, President & CEO, Representative Director
Number of Employees	8,146 (1,070 on a non-consolidated basis)*
Closing of Accounts	March 31
Main Banks	Mizuho Bank, Ltd.; MUFG Bank, Ltd.; Sumitomo Mitsui Banking Corporation; The Norinchukin Bank; Sumitomo Mitsui Trust Bank, Limited; and Japan Bank for International Cooperation
Independent Auditor	Deloitte Touche Tohmatsu LLC
Business Network	Domestic: Tokyo, Sapporo, Sendai, Saitama, Yokohama, Nagoya, Kanazawa, Osaka, Hiroshima, and Fukuoka Overseas: More than 30 countries and regions in Asia, North America, Central and South America, Europe, etc.

\* As of March 31, 2025

### Management Personnel (As of June 23, 2025)

Board of Directors		Corporate Auditors		Executive Officers	
Chairman & Co-CEO, Representative Director	Masataka Yukiya	Standing Corporate Auditor	Katsuya Amamoto Yoshio Nomura	Deputy President, Executive Officer	Yoichiro Nakai
President & CEO, Representative Director	Koji Fujiwara	External Corporate Auditor* <sup>2</sup> * <sup>3</sup>	Masao Fujieda Maiko Chihara	Senior Managing Executive Officer	Toshio Kitamura Masato Osugi Hideyuki Kudo
External Director* <sup>1</sup> * <sup>3</sup>	Akio Nakamura Toshio Asano Miho Tanaka Tsuyoshi Numagami Hiroshi Ogasawara			Managing Executive Officer	Koichiro Sato Yoshihiro Ueda Minoru Kuwahara Shintaro Yamazaki Toshiyuki Otobe Yukihiro Tanaka Kenji Seto Shuichi Kato
Director and Senior Managing Executive Officer	Mahoko Hara Tatsuya Hirasaki Takashi Yonetstu			Executive Officer	Katsusuke Hiraku Masatoshi Hiraga Tatsuo Hayama Masaaki Teragami Seiji Tsuboi Takamasa Ito Koji Yoshida Makoto Nishino Teiichiro Kondo Jun Takagi
Director	Masahiro Imai				

\*1 "Outside director" as stipulated by Article 2-15 of the Companies Act of Japan

\*2 "Outside company auditor" as stipulated by Article 2-16 of the Companies Act of Japan

\*3 Designated independent director as stipulated by the Tokyo Stock Exchange

### Stock Information (As of March 31, 2025)

Transfer Agent	Mizuho Trust & Banking Co., Ltd.
Stock Listing	Tokyo Stock Exchange, Prime Market
Securities Code	8439
Trading-Lot Size	100 shares

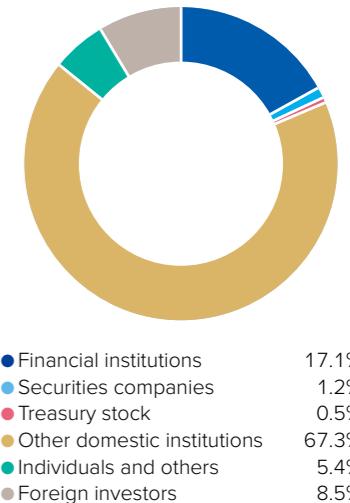
Number of Shares of Common Stock Authorized	1,600,000,000 shares
Number of Shares of Common Stock Issued	492,113,280 shares
Number of Shareholders	38,349

### Major Shareholders (As of March 31, 2025)

Shareholders	Number of Shares Held (Thousands)	Shareholding Ratio* (%)
ITOCHU Corporation	146,859	29.99
Chuo-Nittōchi Co., Ltd.	68,643	14.02
Nippon Telegraph and Telephone Corporation (currently NTT, Inc.)	49,211	10.05
KSO Co., Ltd.	41,344	8.44
The Master Trust Bank of Japan, Ltd. (Trust Account)	23,569	4.81
Mizuho Bank, Ltd.	18,752	3.83
Seiwa Building Co., Ltd.	16,010	3.27
Custody Bank of Japan, Ltd. (Trust Account)	13,535	2.76
Nippon Life Insurance Company	8,469	1.73
Custody Bank of Japan, Ltd. as trustee for Orient Corporation Retirement Benefit Trust Account re-entrusted by Mizuho Trust & Banking Co., Ltd.	7,600	1.55

\* The shareholding ratio is calculated by excluding treasury stock (2,376,804 shares).

### Breakdown of Shareholders (As of March 31, 2025)



### Ratings Information (As of May 1, 2025)

	Credit Rating Agency	Japan Credit Rating Agency, Ltd. (JCR)	Rating and Investment Information, Inc. (R&I)	S&P Global Ratings Japan Inc. (S&P)
Long-term	Issuer rating	Rating AA	AA-	BBB
	Outlook	Stable	Stable	Stable
Preliminary rating for bonds registered for issuance*	Rating	AA	AA-	
	Expected issue amount	¥400 billion	¥400 billion	
	Issue period	Two years beginning February 25, 2024	Two years beginning February 25, 2024	
Euro medium-term note program	Rating	AA	AA-	
	Maximum outstanding amount	Equivalent of U.S.\$2 billion	Equivalent of U.S.\$2 billion	
Short-term	Commercial paper	Rating	J-1+	a-1+
	Maximum outstanding amount	¥800 billion	¥800 billion	

\* Each bond will be rated by each rating agency upon issuance.

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