

TC TRANSFORMATION AND SUSTAINABLE GROWTH

The Tokyo Century Group seeks to go beyond simply responding to change in order to transform itself to become a corporate group that brings about change.

CORPORATE
SLOGAN

Solutions to your Pursuits

Creating new values from

Finance × Services × Business Expertise

MANAGEMENT PHILOSOPHY

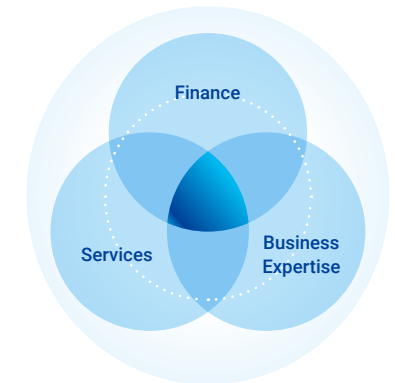
The Tokyo Century Group will work
alongside customers in pursuit of their growth as a
highly specialized and unique financial services
company and will contribute to the
creation of an environmentally sound,
sustainable economy and society.



1

Highly Specialized and Unique Financial Services

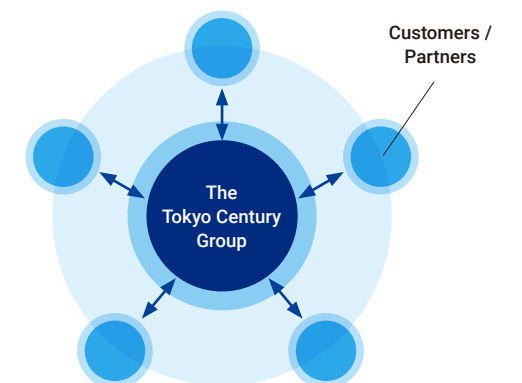
Not limiting itself to financial functions, Tokyo Century is committed to its ongoing quest to provide financial services that cater to customer needs, to create high-value-added services tied to asset life cycles, and to develop businesses itself.



2

Partnerships with Customers Pursuing Business Growth

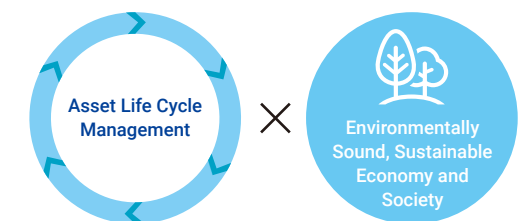
Tokyo Century employees continue their bold efforts to deliver solutions that surpass customer expectations and to thereby contribute to the creation of value and consequently to the development and growth of customers' businesses. Our partnership strategy is founded on the strength of our trust-based relationships with customers, and we intend to preserve this tradition within the Company so that we can keep growing together with customers.



3

Creation of an Environmentally Sound, Sustainable Economy and Society

As a company involved in a business related to various assets, recycling and decarbonization are incredibly important themes for Tokyo Century as it seeks to contribute to the creation of an environmentally sound, sustainable economy and society. We are united in our ongoing commitment to realizing such a society in order to preserve a pristine environment for future generations.



MILESTONES

Tokyo Century's History

Tokyo Century: Born of Merger of Two Major Leasing Companies

Born of the merger of two major leasing companies, Tokyo Century has proceeded to transform its business portfolio to evolve from a leasing company to a financial services company. Our focus over the next decade will be to continue creating high-value-added services to become an even more trusted business partner for customers and thereby evolve to become a corporate group that brings about change.

Century Leasing System, Inc.

Strengths

- Access to diverse business expertise of the ITOCHU Group
- Leasing services centered on information and communications technology equipment

1969

Established through joint investment by ITOCHU Corporation, Dai-ichi Bank, Ltd. (currently Mizuho Bank, Ltd.), Nippon Life Insurance Company, and Asahi Mutual Life Insurance Company

Merging of Strengths of Both Companies

Tokyo Leasing Co., Ltd.

Strengths

- Access to vast customer network of former The Dai-ichi Kangyo Bank, Ltd.
- Predecessor of partnership strategy with prime customers

1964

Established through joint investment by Nihon Kangyo Bank, Ltd. (currently Mizuho Bank, Ltd.), Kangin Tochi-Tatemono Co., Ltd. (currently Chuo-Nittochi Co., Ltd.), and Nanoh Co., Ltd. (currently Chuo-Nittochi Co., Ltd.)

Major Milestones



2012

Established solar power generation company Kyocera TCL Solar LLC as a joint venture with Kyocera Corporation



2013

Converted Nippon Rent-A-Car Service, Inc., and Nippon Car Solutions Co., Ltd., into consolidated subsidiaries



2016

Converted CSI Leasing, Inc., a leading U.S.-based leasing company, into a consolidated subsidiary



2019

Converted Aviation Capital Group LLC, a major U.S.-based commercial aircraft lessor, into a consolidated subsidiary

2009—

Merger of Major Leasing Companies Birth of Century Tokyo Leasing Corporation

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

2020—

Capital and Business Alliance Agreement with NTT Acceleration of Partnership Strategy

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

2023—

Evolution into a Corporate Group That Brings About Change

The Tokyo Century Group is further honing its strengths so that it can continue growing by creating services and businesses that engender customer trust as it seeks to become a corporate group that drives change.

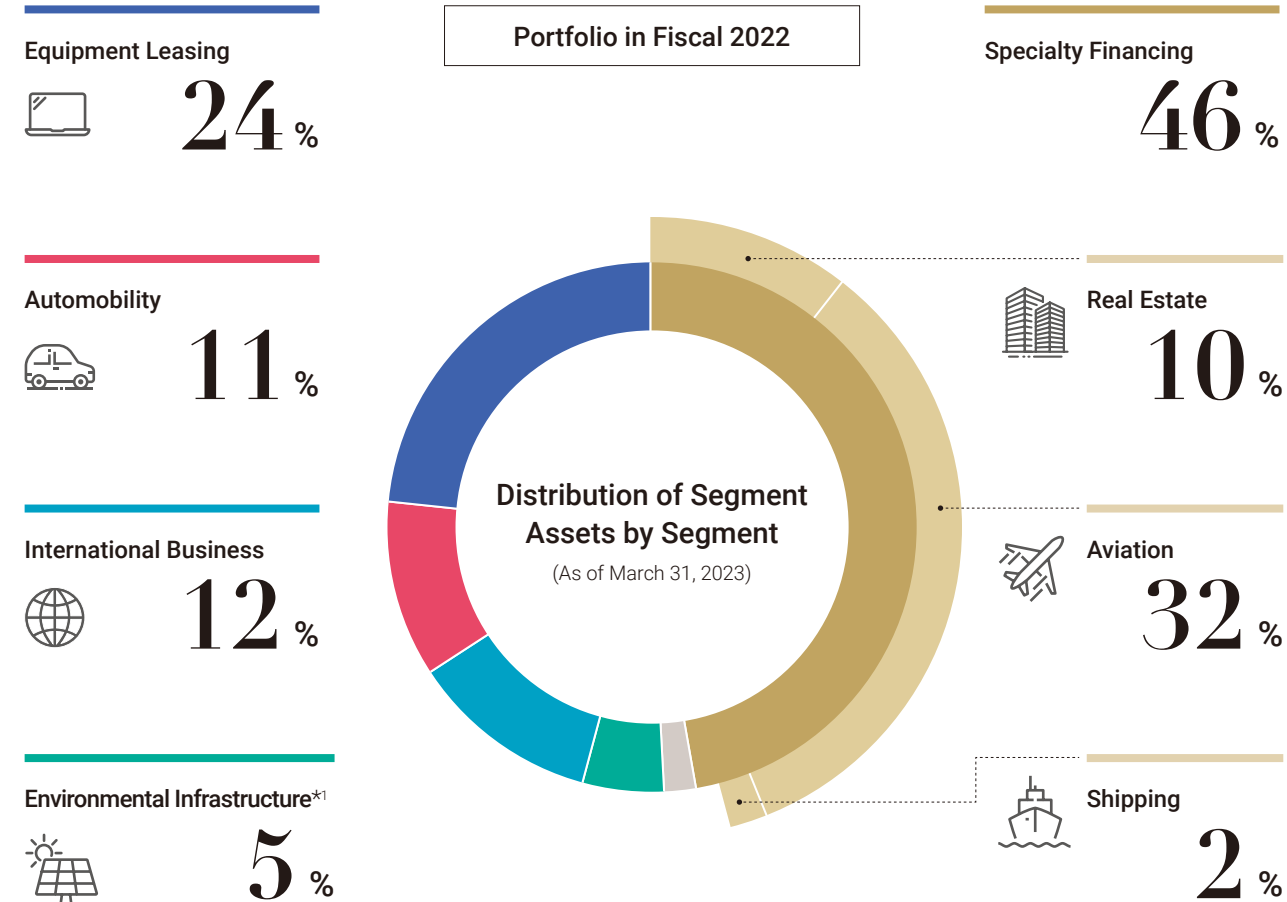
2016—

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

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

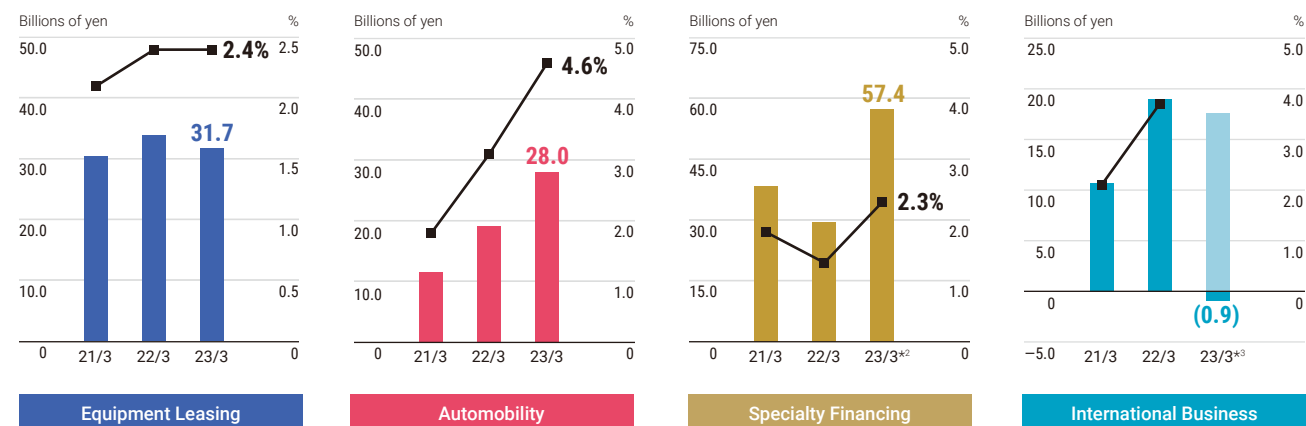
PORTFOLIO

Tokyo Century's Target Portfolio



*1 Established in fiscal 2023

Ordinary Income (Loss) / ROA

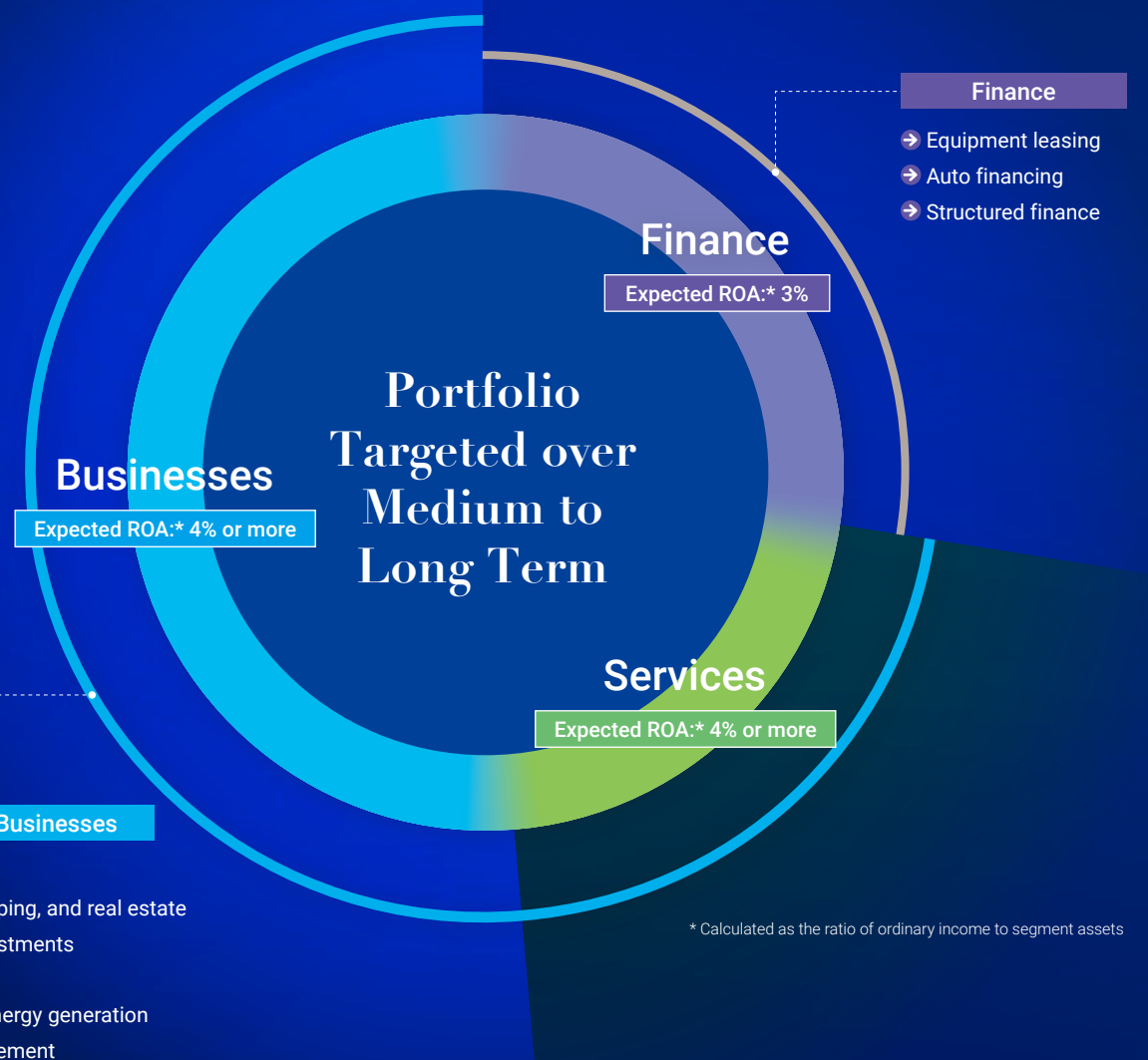


*2 Includes figures for energy and environment businesses that are currently part of the Environmental Infrastructure segment

*3 Includes valuation losses on operational investment securities (¥18.7 billion)

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Security >>> Enhancement of Risk Management ▶ P.11



* Calculated as the ratio of ordinary income to segment assets

Measures for Improving ROA

Construction of portfolio comprising mainly services and businesses with high levels of expected ROA

- 1 Improvement of value of existing businesses
- 2 Creation of new services and businesses that can drive growth
- 3 Replacement and divestiture of unprofitable assets

Key Tasks for Realizing Target Portfolio

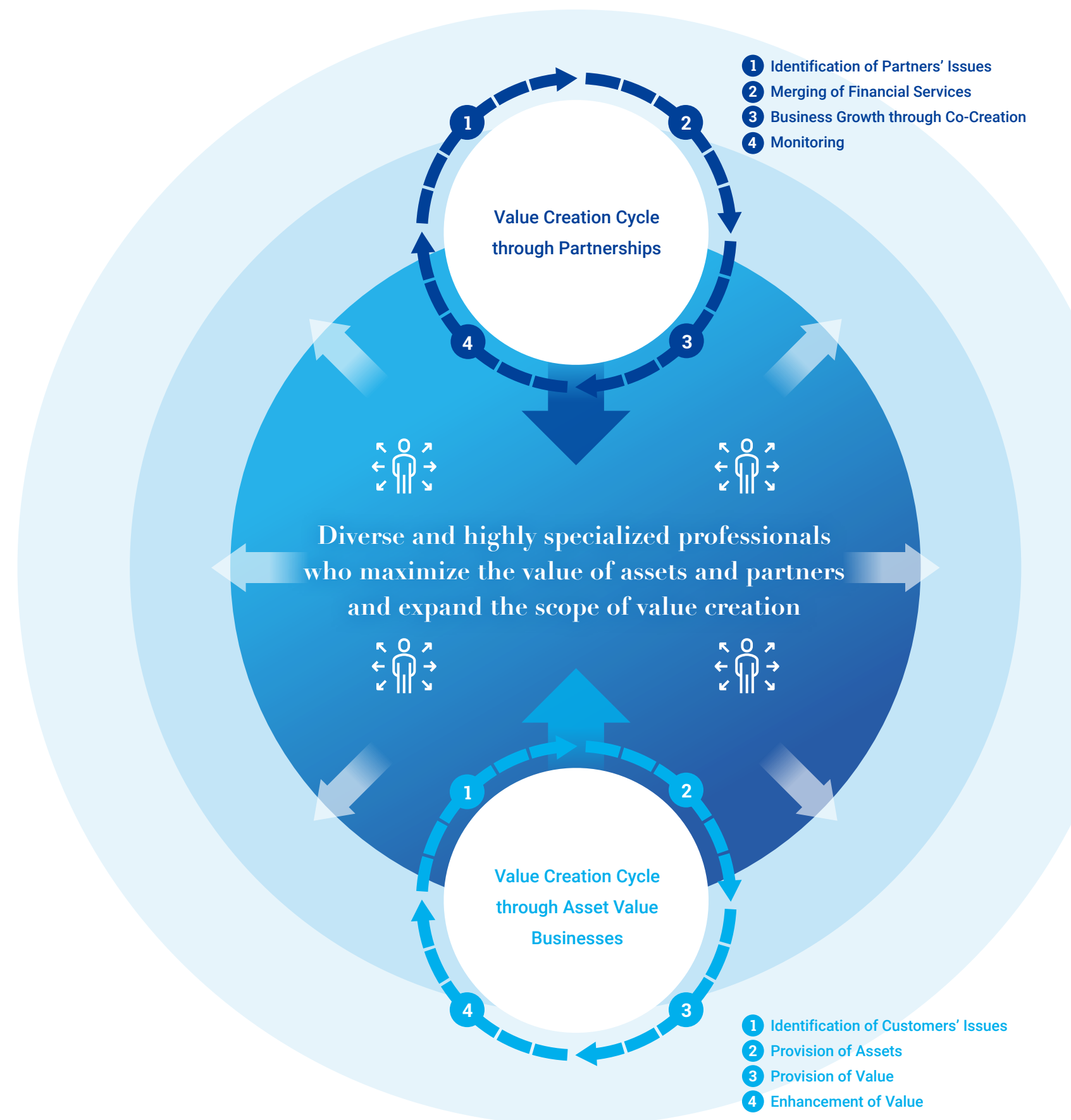
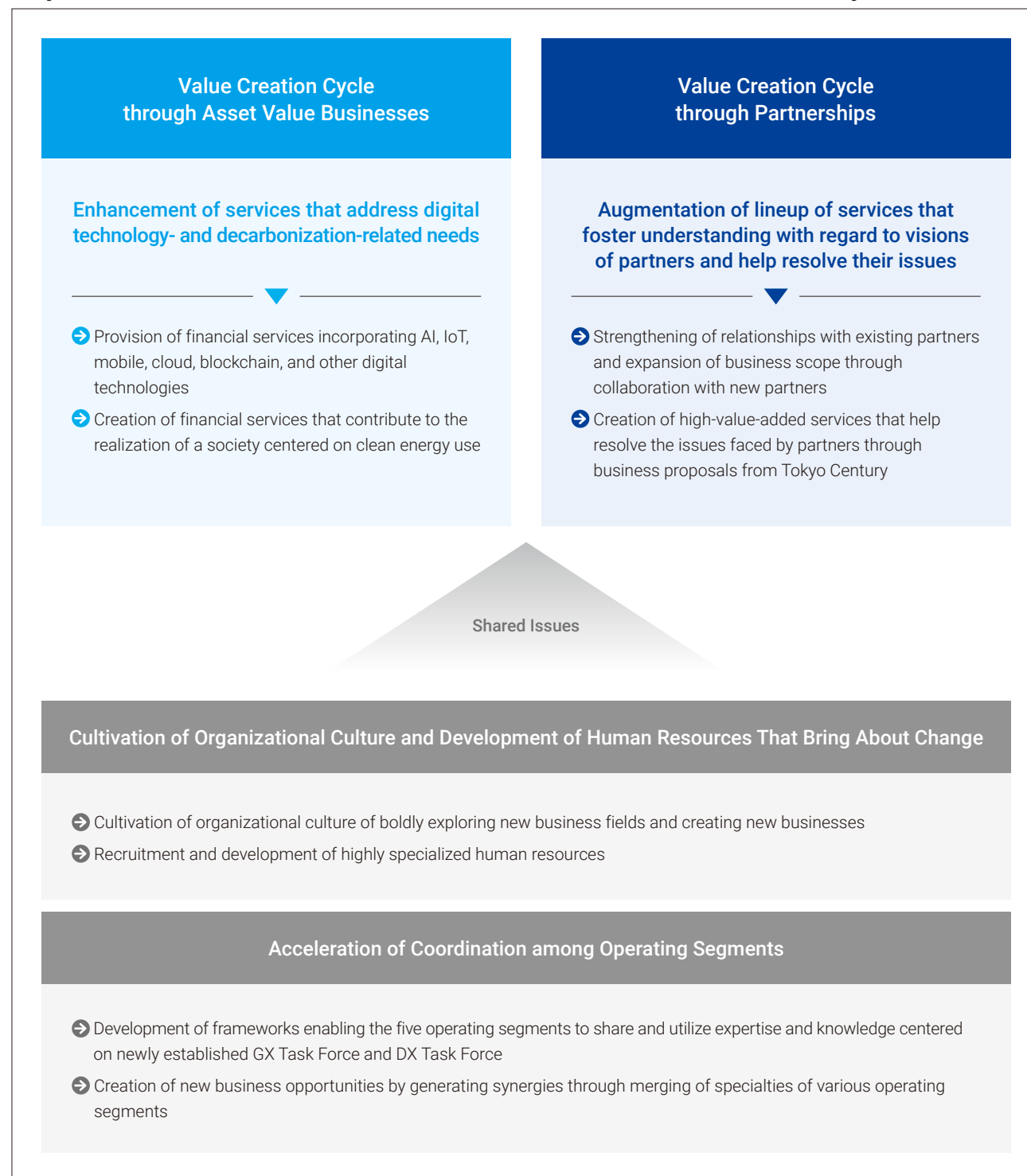
- 1 Recruitment and development of specialized human resources capable of creating new business models
- 2 Development of services that employ digital technologies
- 3 Enhancement of risk management for preventing and minimizing potential losses

Growth BUSINESS MODEL

Business Model Transformation and Evolution

Tokyo Century will transform and evolve its two value creation cycles with the goal of developing new, highly profitable businesses.

Key Points of Transformation and Evolution of Value Creation Cycles



Security RISK MANAGEMENT

Enhancement of Risk Management

Issues and Directive Informed by Previous Medium-Term Management Plan (Fiscal 2020–Fiscal 2022)

Issue 1 Response to sudden macroeconomic changes

The COVID-19 pandemic and Russia's invasion of Ukraine resulted in massive losses centered on the aviation business of the Specialty Finance segment. In addition, valuation losses were recorded on certain investments in the International Business segment due to sudden fluctuations in the stock market.

Major impairment losses, bad debt expenses, valuation losses on operational investment securities, etc., over three-year period

Of which, extraordinary losses on aircraft associated with Russian airlines of ¥74.8 billion

Fiscal 2020		Fiscal 2021		Fiscal 2022	
Specialty Financing	¥20.3 billion	Specialty Financing	¥32.5 billion	Specialty Financing	¥82.7 billion
International Business	¥2.2 billion	International Business	¥2.1 billion	International Business	¥18.9 billion
Total	¥22.5 billion	Total	¥34.6 billion	Total	¥101.6 billion

Approx. ¥158.8 billion

Issue 2 Rising cost of capital due to decreased predictability of performance

There is a tendency for our performance to become less reliable and predictable as the portion of our portfolio accounted for by relatively high-risk businesses increases. Accordingly, there is a need for exhaustive portfolio management with consideration for the balance of risks and returns.

Directive Transformation of business model to ensure high profitability

By allocating management resources to services and businesses with high expected ROA, Tokyo Century will transform its portfolio to maintain stable growth by increasing overall asset efficiency.

Medium- to Long-Term Measures Based on Issues and Directive

Tokyo Century aims to build resilient organizations and portfolios by heightening its responsiveness to unforeseen events.

1. Reinforcement of investment screening and monitoring functions

Entrenchment and enhancement of investment management framework

Steps are being taken to reinforce investment screening and monitoring functions to appropriately assess investments and determine the necessity of withdrawals.

Enhancement of responsiveness toward country and global risks

Geopolitical risks and limit ratings of overseas businesses are being reassessed as part of efforts to enhance risk management in preparation for the occurrence of extreme circumstances.

2. Development of risk control framework

Strengthening of risk controls and diversification of portfolio

The effective management of risk exposure associated with economic capital (capital use rates) is practiced, and risk limits will be introduced for categories that account for a large portion of our risk profile in order to strengthen risk controls and diversify our portfolio.

Management emphasizing cost of capital

The methods of managing return on invested capital spread by operating segment are being revised so that this spread can be used to guide revisions to portfolio allocations as part of efforts to facilitate management emphasizing the balance of risks and returns.