The Tokyo Century Group's Value Creation Process

The Tokyo Century Group is advancing initiatives based on the five key issues that represent growth opportunities and management strategies for improving business value in order to increase its management resources and maximize its positive outcomes.

INPUT MATERIALITY (Key Issues) STRATEGIES Stable fund procurement **Two Value Creation Cycles** Contribution to decarbonized society Interest-bearing debt: ¥4,514.7 billion Growth Opportunities Growth of clean energy-related businesses Shareholders' equity: ¥761.6 billion Ratings:*1 AA from Japan Credit Rating Agency, Ltd.; Renewable energy generation businesses AA- from Rating and Investment Information, Inc.; Principal Businesses (solar power, biomass, storage batteries, Value Creation Cycle and BBB from S&P Global Ratings Japan, Inc. corporate power purchase agreements, etc.) through Partnerships Enhancement of work environment, leading to Diverse human resources who strengthening of human resources sustain value creation ÷ĥ; ֖: Creation of new business opportunities through Growth Number of employees (consolidated): 7,878 recruitment and utilization of diverse human resources Diverse and highly specialized professionals Ratio of female employees (non-consolidated): 32.0% no maximize the value of assets and partners Career Challenge Program (internal recruitment system) Principal Ratio of mid-career hires (non-consolidated): 33.5% and expand the scope of value creation Businesses TC Biz Challenge Project (new business proposal system) Total investments in human resource recruitment ÷ĝ÷ ÷ĝ; and development:*2 More than ¥800 million Creation of new businesses driven by technical (KPI in fiscal 2027) innovation Improvement of customer value proposition using digital Growth Value Creation Cycle Value-added services ÷ technologies through Asset Value Unique financial service businesses Subscription services in leasing businesses Businesses Expertise in handling highly specialized assets Investment in start-up companies Subscription platforms Sustainable resource use Expansion of business opportunities in response Robust portfolio of diverse assets Growth Link between Key Issues and Strategies Opportunities to needs associated with shift from ownership to use Segment assets: ¥5,363.8 billion IT asset disposition services of CSI Leasing, Inc. Improvement of value in growth businesses by Equipment Leasing: ¥1,287.1 billion Principal Businesses Reuse of aircraft engines and components by addressing key issues Automobility: **¥611.6 billion** GA Telesis. LLC Creation of new businesses by capitalizing on growth Specialty Financing: **¥2,490.6 billion** opportunities presented by key issues International Business: ¥655.7 billion Contributions from human resources underpinning Environmental Infrastructure: **¥277.9 billion** Contribution to social infrastructure development business model Expansion of customer value proposition through utilization of aircraft, real estate, automobiles, and other Opportunities Directives for Management Strategies Trusting relationships with stakeholders infrastructure assets indispensable to everyday life (Medium to Long Term) Partnership strategy Aircraft leasing business Principal Scope of global network: More than 50 countries and Urban redevelopment projects in real estate business Portfolio Transformation Businesse Automotive businesses (auto leasing and car rental) regions maintain stable growth Number of affiliates: More than 50 Annual number of activities for engagement with shareholders and investors: More than 200 bring about change Risks from failure to address key issues **Green Transformation** → Emergence of stranded assets with high greenhouse gas Creation of carbon-neutrality-related businesses emissions Provision of renewable energy Loss of talented human resources Digital Transformation Number of solar power plants: 145 > Diminishment of customer value proposition due to obsoles-

cence of existing business model



*1 As of July 1, 2023

1 Reformation of portfolio to achieve high profitability and

Human Resource and Organizational Transformation

- Development of human resources and organizations that can
- Improvement of customer value proposition using digital technologies

29

*2 Training expenses + (Number of training sessions × Personnel expenses) + Recruitment expenses *3 Based on ratio of positive responses to multiple choice questions on 2022 employee awareness survey (63% in fiscal 2022) *4 Rate of reduction of Scope 1 and Scope 2 greenhouse gas emissions from base year of fiscal 2021

OUTCOMES (Medium- to Long-Term Vision)	
 Financial Targets for Fiscal 2027 Net income attributable to owners of parent: ¥100.0 billion Return on assets:* 1.4% Return on equity: 10% * Calculated as the ratio of net income to total assets 	Financial Capital
 Employee engagement index:*³ Maintain and improve ratio of positive responses Ratio of women among new-graduate hires (non-consolidated): 40% or more Ratio of female managers (non-consolidated): 30% or more Ratio of mid-career hires (non-consolidated): Maintain and improve the current level 	Human Capital
 Improvement of customer value proposition Development of high-profit business model through creation of financial services using digital technologies Cultivation of digitally proficient human resources Improvement of productivity by enhancing internal processes Reduction of burden placed on frontline organizations Improvement of operational efficiency through Groupwide deployment of core systems 	Intellectual Capital
 Segment assets: ¥6.4 trillion Increase in portion of portfolio accounted for by growth areas of services and businesses (investment and operation) 	Manufactured Capital
 Scale of overseas segment asset portfolio to be increased by expanding overseas network: Approx. ¥1.1 trillion Expansion of joint businesses with partners Number of engagement activities with shareholders and investors: More than 200 a year 	Social and Relationship Capital
 Renewable energy generation capacity: 1,000 MW or more Timing of accomplishment of carbon neutrality:*4 Fiscal 2040 Interim carbon-neutrality goals by fiscal 2030 / Reduction of greenhouse gas emissions:*4 50% 	Natural Capital

CHAPTER 2 Sustainability Man