Transformation Pursuing a Highly Profitable and Stable Business Portfolio

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

Overview of Portfolio Transformation Initiatives

1. Promotion of Asset Turnover Businesses

Utilizing our discerning eye for the value of ICT equipment, aircraft, ships, real estate, and other assets, we will promote asset turnover businesses that entail investing in and selling assets at the ideal timing in order to build a quality portfolio.

2. Replacement and Divestment of Low-Efficiency Assets

Tokyo Century will conduct exhaustive qualitative assessments, looking at factors such as growth potential and risks, and quantitative assessments of ROA, return on invested capital (ROIC) spread, and other indicators. Through this process, we will replace low-profitability and low-efficiency assets with higher-quality assets in order to enhance its business portfolio.

3. Improvement of Value of Existing Businesses

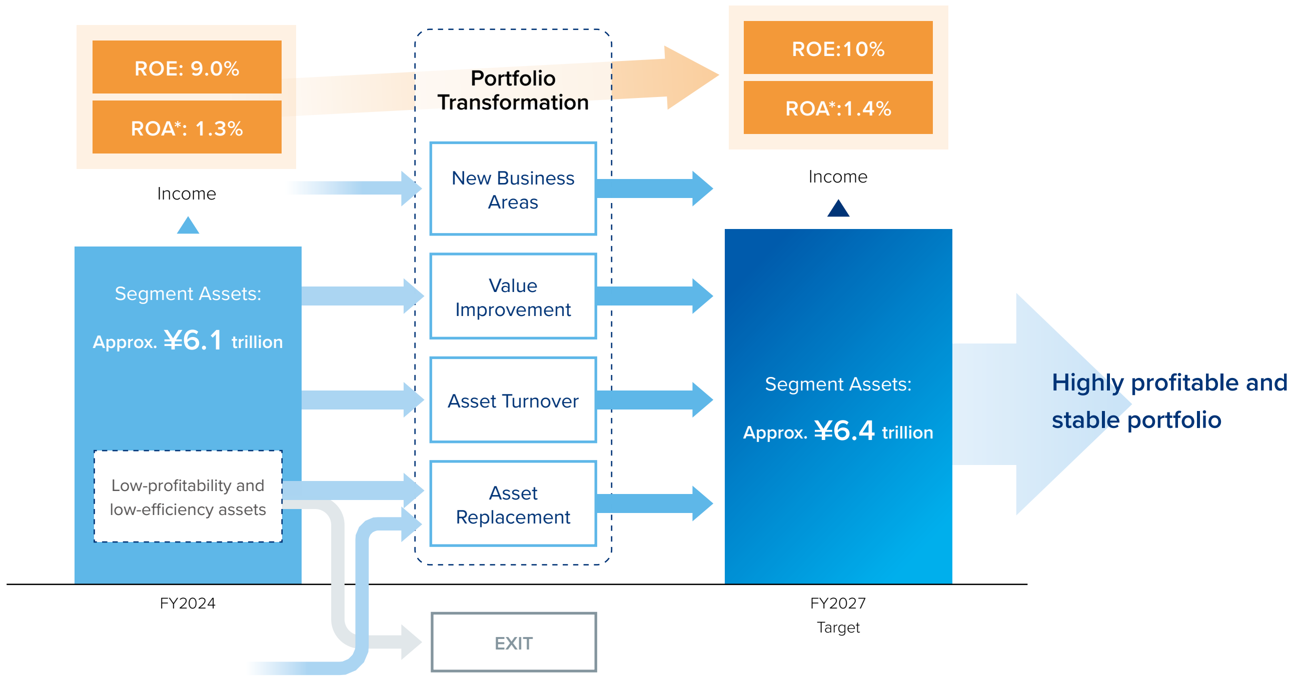
The business models of existing businesses will be reviewed to instill a focus on profitability and efficiency.

4. Exploration of New Business Fields

We will seek to develop new growth businesses through the Companywide acceleration of the implementation of our partnership strategy and of green transformation and digital transformation initiatives that contribute to the resolution of social issues.

Moreover, ongoing examinations will be conducted by operating segments as we aim to construct Companywide frameworks for investing in growth fields.

Portfolio Transformation



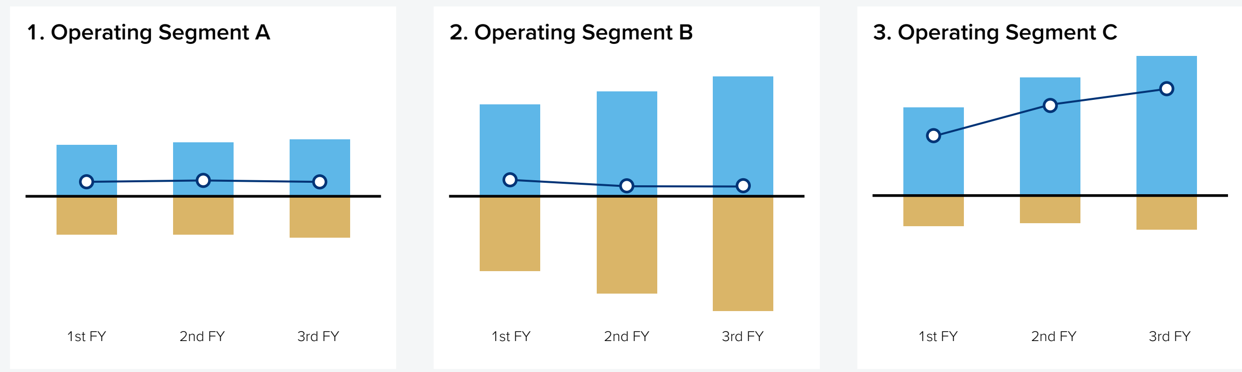
* Calculated as the ratio of net income to total assets

Enhancement of ROIC Monitoring in Operating Segments

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

Management of ROIC Spread by Operating Segment Conceptual Diagram

ROIC WACC ROIC spread (ROIC–WACC)

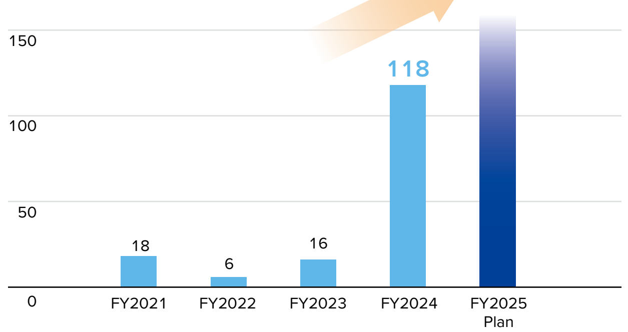


Initiatives Under Medium-Term Management Plan 2027

Promotion of Asset Turnover Businesses

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

ACG's Gains on Aircraft Sales
(Millions of U.S. dollars)



ACG's Segment Assets
(Millions of U.S. dollars)