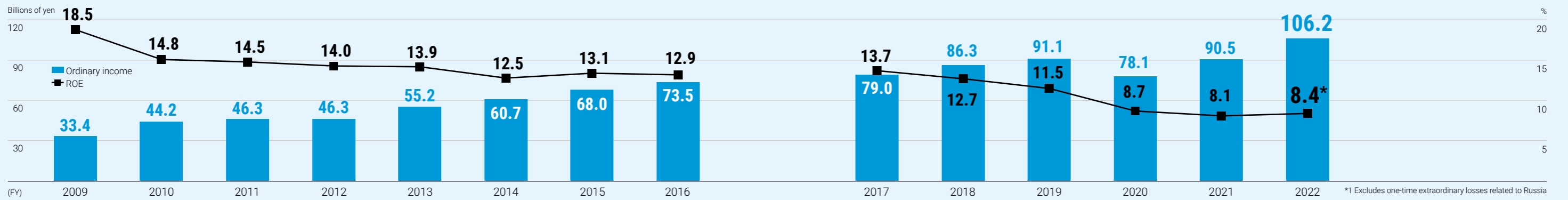


Review of Past Medium-Term Management Plans

Cost of Shareholders' Equity Tokyo Century calculates cost of shareholders' equity based on factors including the expected rate of return. As of fiscal 2022, the Company's cost of shareholders' equity was estimated to be around 10%.



Fourth Medium-Term Management Plan		New Fourth Medium-Term Management Plan	
Basic Policies	Reasons for Launch of New Fourth Medium-Term Management Plan	Basic Strategies	Review
<ol style="list-style-type: none"> Establish a global platform for stable business, including viable businesses Build a solid, high-quality business portfolio Build a management base supporting the improvement of corporate value 	<p>Capital and Business Alliance with NTT Capital participation in Tokyo Century by NTT (10% equity holding) Plan for expansion in growth fields through collaboration combining respective strengths</p> <p>Consolidation of U.S. Aircraft Leasing Company Aviation Capital Group Goal of bolstering aircraft leasing assets in light of aircraft market growth; synergies anticipated with Tokyo Century's aviation business</p>	<p>Expand business domains</p> <p>Strengthen strategic partnerships</p> <p>Emphasize asset efficiency in business portfolio management</p>	<p>➡ Expansion of co-creative projects with the NTT Group Growth of joint venture NTT TC Leasing Co., Ltd., investment in data center businesses, establishment of joint renewable energy fund, etc.</p> <p>➡ Expansion of scope of collaborative businesses with partners Expansion of scope of business to include storage batteries and circular economy together with ITOCHU Corporation, JFE Engineering Corporation, etc.</p> <p>➡ Strengthening of relationships by accommodating customer needs Promotion of co-creative projects in various operating segments that address partner needs, fostering of trust, and reinforcement of project sourcing capabilities</p> <p>➡ Investment in start-up companies boasting innovative technologies Preparation for creation of new businesses through investment in start-up companies with proprietary technologies in digital and mobility areas</p> <p>Improvement of asset efficiency centered on Equipment Leasing segment via growth of high-ROA businesses through joint ventures (equity-method affiliates) with partner companies</p>

Management Targets of New Fourth Medium-Term Management Plan (Concluded in Fiscal 2022)

KPIs	Targets	Results	Reasons for Failure to Accomplish Targets
Ordinary income	¥130.0 billion	¥106.2 billion	● Unaccomplished
Net income attributable to owners of parent	¥80.0 billion	¥4.8 billion	● Unaccomplished
Shareholders' equity ratio	12%	12.5%	✔ Accomplished
ROE	12%	0.7%	● Unaccomplished

1. Diminished earnings power
Diminishment of earnings power centered on aviation business due to significant impacts of COVID-19 pandemic and Russia's invasion of Ukraine

2. Impairment losses recorded due to operating environment deterioration
Recording of extraordinary losses on aircraft associated with Russian airlines and of valuation losses on operational investment securities due to sudden fluctuations in the stock market

Challenges and Responses

- ➡ **Recovery of ROE to double digits**
Enhancement of earnings power through portfolio reforms and heightening of profits through growth investments
- ➡ **Exploration of new growth fields and creation of new business models**
Pursuit of rapid ROA growth through shift to more profitable business models via expansion of business domain
- ➡ **Reinforcement of management foundation supporting business model**
 1. Improvement of employee engagement through entrenchment of corporate culture supporting employee ambitions
 2. Recruitment and development of highly specialized human resources
 3. Acceleration of digital transformation strategies for improving customer value proposition and operational efficiency