





Tokyo Century Corporation

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TOKYO CENTURY CORPORATION

Going beyond simply responding to change,
the Tokyo Century Group seeks to
transform itself to become a corporate
group that brings about change.

— Motivation behind Vision of Bringing About Change

In today's highly volatile operating environment, Tokyo Century aspires to preemptively identify and address the needs of customers and society to create innovative services that win customer favor. Our vision of bringing about change is an expression of this commitment and of our recognition that we cannot survive if we do not pool our collective knowledge to accomplish this vision.

Based on this vision, Tokyo Century will work to complement the use value of the assets customers require with new innovative value in order to respond to social needs while growing and creating businesses.

We hope you will look forward with anticipation to how Tokyo Century realizes its true potential.

Managemer 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.

Corporate Slogan

Solutions to your Pursuits

Creating new values from Finance × Services × Business Expertise

—Sentiments Encapsulated in the Corporate Slogan

Tokyo Century's corporate slogan encapsulates our desire to support both our customers and employees in chasing their ambitions and to have the accomplishment of their ambitions act as the driver behind the ongoing growth of the Company.

—Ambitions as a Corporate Group That Brings About Change

Tokyo Century will contribute to the development of its customers and of society as it and its employees drive the creation of new businesses and continue to chase new ambitions.



INTEGRATED REPORT 2024 TOKYO CENTURY CORPORATION Introduction

Explanation of Management Philosophy

On this and the next page, we will explain the three points that are encapsulated within our Management Philosophy.



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.

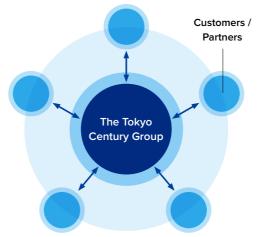
Management Philosophy

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.



Partnerships with Customers Pursuing Business Growth

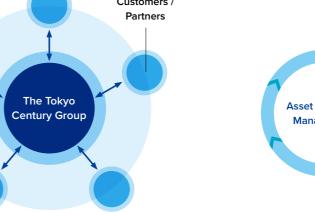
Tokyo Century employees continue their bold efforts to deliver solutions that surpass customer expectations and to thereby contribute to the creation of value and consequently to the development and growth of customers' businesses. Our partnership strategy is founded on the strength of our trust-based 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.







INTEGRATED REPORT 2024 TOKYO CENTURY CORPORATION Introduction

Society Envisioned by Tokyo Century

Tokyo Century develops a business focused on providing the various assets that support our lives and society. We are contributing to the enrichment of people's lives with our expertise for determining asset value and our life cycle management capabilities for managing post-use assets.

Tokyo Century's Materiality (Key Issues)





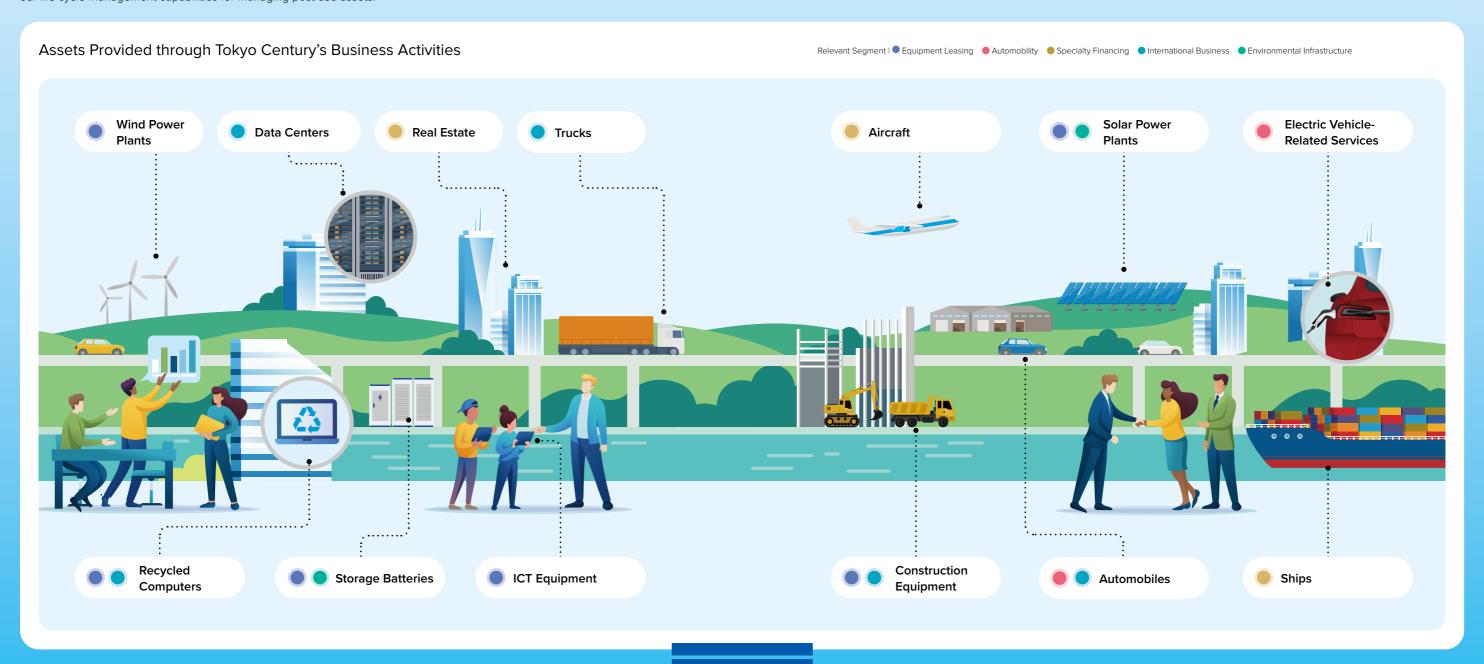












Outcomes

Creation of an Environmentally Sound, Sustainable Economy and Society

Tokyo Century is contributing to the creation of an environmentally sound, sustainable economy and society through life cycle services that enable the ongoing use of assets and other eco-friendly business activities.

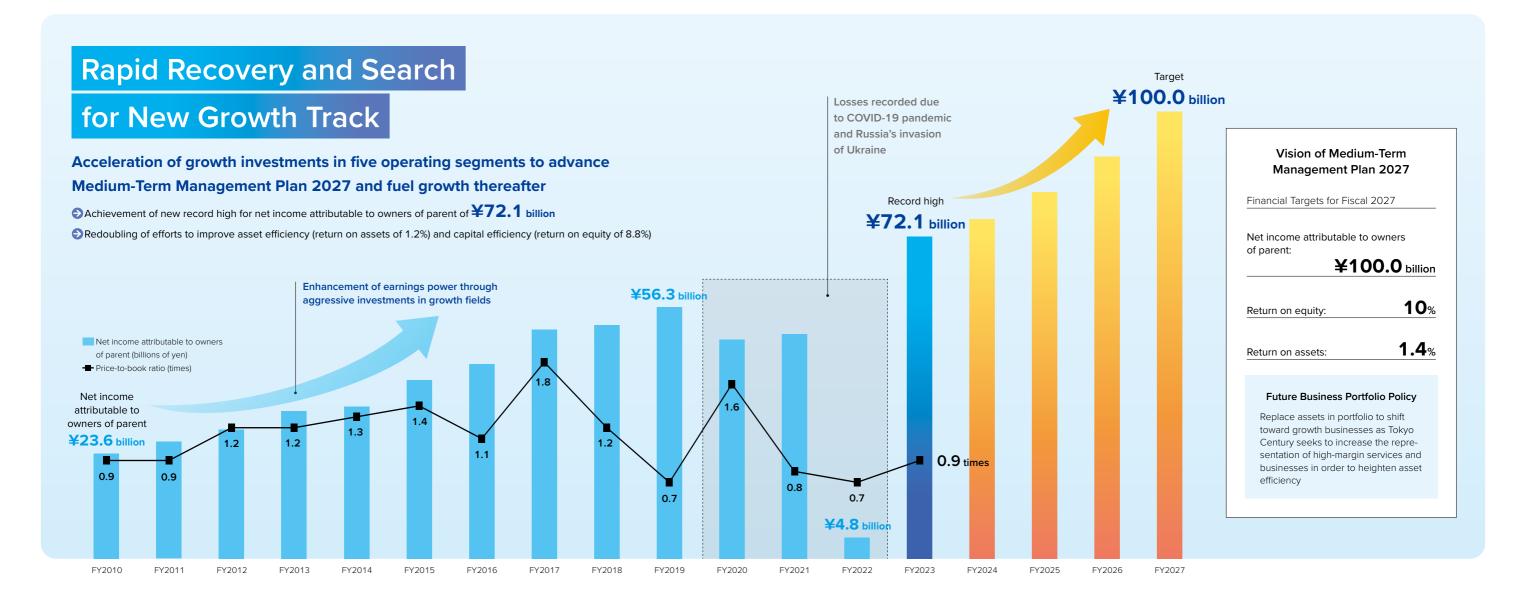
Outcomes

New Ventures through Co-Creation with Customers

Through co-creation with customers, Tokyo Century is embarking on new business ventures for addressing social issues.

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Path of Growth



Fiscal 2012 | Environmental Infrastructure

Established Kyocera TCL Solar LLC as a joint venture with Kyocera Corporation to promote solar power generation businesses

Fiscal 2013 | Automobility

subsidiary

Converted Nippon Rent-A-Car Service, Inc., into a consolidated subsidiary Converted Nippon Car Solutions Co., Ltd., an auto-leasing company for corporate customers, into a consolidated

Fiscal 2016 | International Business

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

Fiscal 2018 | Specialty Financing

Converted Shinko Real Estate Co., Ltd. (currently TC Kobelco Real Estate Co., Ltd.), a real estate subsidiary of Kobe Steel, Ltd., into a consolidated subsidiary

Fiscal 2019 | Specialty Financing

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

Fiscal 2020 | Specialty Financing

Invested in major Japanese private equity firm Advantage Partners Group

Fiscal 2020 | Equipment Leasing

Established NTT TC Leasing Co., Ltd., by spinning off a portion of NTT FINANCE CORPORATION's leasing and global operations (equity-method affiliate)

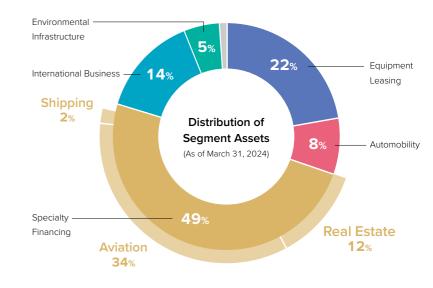
Fiscal 2023 | Environmental Infrastructure

Acquired 34 operating solar power plants (total output of 303 MW) in the United Kingdom together with a member of the Schroders Group, a leading U.K.-based independent asset management corporate group

Fiscal 2023 | International Business

Invested in data centers operated by the NTT Group in Chicago

Fiscal 2023 Portfolio



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About This Report

Tokyo Century Corporation Integrated Report 2024

Disclosure Based on Integrated Reporting Principles

This integrated report conducts disclosure based on integrated reporting principles while also offering in-depth and coherent explanations of Tokyo Century's management strategies focused on the Company's medium- to long-term growth story and on financial and non-financial information.



Introduction

- Management Philosophy
- Envisioned society Path of growth



Message from Management

CHAPTER 1

• Message from the CEO



Competitiveness

CHAPTER 2

- Value creation process Unique strengths Growth strategies



Operating Foundation Supporting Business Activities

CHAPTER 3

- Medium-Term Management Plan 2027
- Tokyo Century Transformation (portfolio transformation, human resource and organizational transformation, green transformation, and digital transformation)

CHAPTER 4

· Sustainability management

CHAPTER 5

• Stakeholder engagement

CHAPTER 6

· Corporate governance

CHAPTER 7

· Growth strategies by operating segment

CHAPTER 8

· Risk management

Reporting Period*: April 1, 2023-March 31, 2024 (Fiscal 2023)

This report includes information on certain activities taking place before and after this period.

Forward-Looking Statements: Statements in this integrated report with respect to the Tokyo Century Group's plans, forecasts, strategies, presumptions, and other statements that are not historical fact are forward-looking statements based on management's assumptions and beliefs grounded on information that was available when the report was written. Actual Group performance thus may differ considerably from that discussed in the forward-looking statements

Referenced Guidelines

This integrated report was prepared with reference to the Integrated Reporting Framework of the IFRS Foundation and the Guidance for Collaborative Value Creation of the Ministry of Economy, Trade and Industry, both of which are common guidelines among investors. As a company with financial capabilities, Tokyo Century focuses on creating businesses that are useful to society by cooperating with its partners. The Company aims to help stakeholders understand its efforts to "contribute to the creation of an environmentally sound, sustainable economy and society," which is part of Tokyo Century's Management Philosophy.



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Editorial Policy

Integrated Report 2024 was prepared to better inform shareholders, investors, and other stakeholders regarding Tokyo Century's management direction, business strategies, environmental, social, and governance (ESG) initiatives, and other non-financial information as well as financial information while incorporating the opinions, observations, and predictions of the Company's officers and other personnel. We thereby sought to illustrate the Company's potential for ongoing growth over the long term.

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First Step toward Finding a New Growth Track

The past three years have proven to be challenging for Tokyo Century as it faced adversity created by the COVID-19 pandemic and Russia's invasion of Ukraine. However, I am proud to say that we rose to the challenge, posting an all-time high of ¥72.1 billion for net income attributable to owners of parent in fiscal 2023—breaking the previous record set four years ago—thereby taking a long first step on our path toward finding a new growth track.

I apologize for any concern caused by the tribulations and uncertainty over the last three years for our shareholders and other investors. Nevertheless, I feel that the lessons learned in that period were massive. I am reminded of the importance of having everyone at the Tokyo Century Group earnestly internalize this experience and of my role as the leader of management to guide us in taking action to overcome the challenges placed before us, and I understand the responsibility this entails.

At the moment, our most important tasks include fully embracing an emphasis on generating return on equity (ROE) surpassing cost of shareholders' equity in management. We also must cultivate a sense of anticipation concerning Tokyo Century's ongoing growth so that stakeholders will once again look forward with hope toward the expansion of business and other aspects of our growth.

With regard to emphasizing ROE surpassing cost of shareholders' equity in management, we need to focus on reducing cost of shareholders' equity by limiting performance volatility, which had been on the rise over the past three years. Meanwhile, we must undertake a restructuring of our business portfolio based on careful examination of the earnings power and efficiency of each business. This restructuring will hinge on our ability to promote portfolio transformation by selecting businesses with an emphasis on profitability and without practicing favoritism in relation to any given business. As for cultivating a sense of anticipation for our growth, we have been making progress in laying the groundwork for future growth through such undertakings as our entry into the U.S. data center business and in overseas renewable energy businesses. Accordingly, it will be important for us to be even swifter in our ongoing growth investments going forward.

In fiscal 2023, the first year of Medium-Term

Management Plan 2027, we got off to a strong start in terms of both performance and growth investments. As the leader of management, it is my mission to achieve our management target of net income attributable to owners of parent of ¥100.0 billion as quickly as possible. Accomplishing this mission will require that I address management issues through proactive engagement with stakeholders and advance the four pillars of Tokyo Century Transformation (TCX)—portfolio transformation, human resource and organizational transformation, green transformation, and digital transformation—aimed at building a more ambitious and resilient organization that is adept at bringing about change.

Provision of the Assets and Services Society Needs as the Wellspring of Value Creation at Tokyo Century

If Tokyo Century is to keep growing into the future, it will be imperative that we continue to supply the value demanded by customers and society in the given era. In other words, our business activities must always be of benefit to customers and society.

Today, Tokyo Century is developing its business with a focus on its five operating segments. When I look back at how we became involved in each of these business areas, I see that in each case our entry was based on our founding business of leasing and the capabilities cultivated therein for providing the items, as well as the related services, deemed to be important parts of social infrastructure indispensable to economic activities. Accordingly, I believe it is the

provision of such items and services that is the well-spring of value creation at Tokyo Century.

Tokyo Century got its start in providing information and office equipment as well as computers and other electronic devices for corporate customers. We then branched out to offer the automobiles and aircraft that are crucial to mobility, the ships and trucks serving as the lifeline for logistics, and infrastructure in the form of real estate. By building upon these asset-related businesses, we have succeeded in expanding the scope of our business to include the renewable energy that is essential to our everyday lives. In this manner, Tokyo Century has continued to grow over the years by creating new services and businesses as it expands the

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CEO Message

scope of the items it supplies. The discerning eye for ascertaining value cultivated throughout our history of owning various assets also enables us to propose the services and solutions necessary for using such assets. Through such offerings, we have proceeded to maximize the value created by customers, and this process has given rise to the strengths Tokyo Century boasts today.

This business model was further evolved by our partnership strategy, a competitive advantage that has become an important core competency to Tokyo Century's value creation cycle. Tokyo Century is not satisfied with merely providing customers with assets and services. Rather, we aspire to gain an accurate

understanding of the issues faced by our customers so that we can evolve our relationships as a partner through the supply of solutions and the creation of new joint businesses. This culture has become entrenched in the minds of our people and throughout our organizations and has driven us to generate countless synergies in our partnerships with numerous customers. By building relationships in which our customers view us as a partner in the co-creation of value and generating synergies, we are able to take part in various business ventures and thereby drive improvements in Tokyo Century's corporate value.

Capacity to Bring About Change Necessary in Uncertain Times

As president, I communicate my desire for Tokyo Century to bring about change through our integrated reports, in messages issued to employees, at briefings for investors, and via various other opportunities. This desire is founded on my vision for Tokyo Century to become a company that, in a rapidly changing operating environment, is able to preemptively identify the needs of customers and society and create innovative services that win favor, It is also an expression of my understanding that, if we do not create innovative services and businesses, Tokyo Century will not be able to survive. The current era is one defined by companies winning out against the competition only by offering services focused on the value of intangible assets, such as generative AI and digital technologies. Accordingly, we expect it will become increasingly difficult to provide customers with sufficient value just by owning and providing assets. An important focus of Tokyo Century's business activities going forward will thus be the extent to which we can respond to contemporary needs by attaching innovative new value to the asset use value customers require.

Based on an understanding of the threat these trends present to Tokyo Century, one of the first tasks I undertook after becoming president was to transform how we perceive our five operating segments. I thereby sought to evolve our operating frameworks to encourage autonomous and independent action by the managers involved in each operating segment, as opposed to reliance on top-down instruction. With an expansion in a company's business areas comes a tendency for organizations to become more divided, which can result in insight and expertise becoming locked within organizational units. To address this issue, we organized two

cross-Company task forces: the DX Task Force, responsible for digital transformation measures, and the GX Task Force, charged with initiatives pertaining to green transformation. These task forces are membered by individuals from across Tokyo Century's five operating segments. These members share information on needs of customers pertaining to digital technologies and to the environment as well as on the types of proposals being made in response to such needs. This approach is designed to facilitate coordination and the accumulation of expertise in a manner that spreads across operating segments so that we can develop new value creation proposals and help resolve customer issues.

It has been said that having a diverse range of businesses can make a company subject to a conglomerate discount. Regardless, I think that Tokyo Century's five operating segments are important as they all handle different products and services while still being related to other segments. The presence of these five segments gives rise to synergies that allow us to provide new value and thus enhances the range of strategic options available to all segments.

Human resource and organizational transformation is another important part of building a management foundation that will enable us to bring about change. The steady advancement of TCX requires the pursuit of ambitions by officers and employees and also organizations capable of supporting such ambitions. Our approach moving forward will be to update our corporate culture to allow for better career autonomy and independence and greater ambition, improve our workplace environment to make employees feel more motivated and empowered in their work, and enhance our evaluation and compensation systems to secure

Four Pillars of TCX HRX PX Portfolio **Human Resource and** Transformation Organizational Transformation high profitability and maintain **TCX** stable growth bring about change **TC Transformation** Transformation focused on GX DX four elements to achieve sustainable growth Green **Digital** Transformation Transformation Creation of carbon-neutrality-related Improvement of customer value proposition using digital technologies

talented human resources. As we move forward with such human resource and organizational transformation endeavors, we will also promote portfolio transformation, green transformation, and digital transformation alongside the strategies of our five operating segments to facilitate the matrix-style management approach necessary for advancing TCX.

Three Policies Emphasized as President

There are three policies I emphasize in my organizational management approach, and I constantly inform people at Tokyo Century of these policies.

These policies are "health comes first," "give and give," and "bad news first." I have emphasized these policies throughout my career, and therefore I want to now make them known via this integrated report.

"Health comes first" is based on an understanding of the seminal importance of protecting the health of everyone at the Tokyo Century Group as well as of their family members. It is not enough for our people to be in good physical and mental health. I also want everyone to be motivated at work, build strong interpersonal relationships, and feel proud to be a member of Tokyo Century. This desire coincides with the concept of well-being, and I thus want to incorporate this concept into my management approach in order to help Tokyo Century contribute to the individual happiness of all of its officers and employees. I am convinced that doing so will lead to everyone making better contributions and in turn drive the ongoing growth of the Company.

"Give and give" is an embodiment of my belief that

when we maintain a keen focus on what we give to customers, always motivated by a pioneering spirit and our instinctual drive, we will reap benefits in the form of success and personal growth. When I was in sales, there were numerous times in which customers would not accept any of my proposals and I was unable to satisfy their expectations. However, if we blame our failures on others, our growth stops there. Conversely, when we tap the depths of our knowledge to search for ways to better respond to customer needs, it marks the start of a new type of relationship with customers. I want all Group employees to keep this in mind as they go about their work. Even as our performance struggled over the past three years, Tokyo Century's people continued autonomous and independent efforts to overcome this adversity, and it is thanks to this dedication that we were able to achieve a rapid recovery. The Company should keep giving what it can to reward everyone for their hard work, and I am committed to developing and implementing new human resource systems to ensure that this is done.

As for "bad news first," we are in an era characterized by volatility, uncertainty, complexity, and ambiguity. CEO Message INTEGRATED REPORT 2024 TOKYO CENTURY CORPORATION 15

CEO Message



Meanwhile, Tokyo Century has come to handle a wide range of financial, service, and business offerings. As such, unexpected circumstances may strike at any time. When hit with something unexpected, our initial response is paramount. I therefore want to entrench an organizational management approach that prioritizes the psychological safety of employees and ensures that bad news is quickly reported to me and to other members of management. The cultivation of such a culture is something that must be spearheaded by its leader.

Throughout my career, no matter how busy I have been, I have always made a point of stopping to listen when one of my subordinates speaks to me. If I had asked them to wait till later, it potentially would have fostered a culture in which people unconsciously try to accommodate the mood of their supervisors, which can strangle workplace communication. As president, I am always mindful of this danger in my work. Also, I recognize that preparing measures to avoid and respond flexibly to risks is the most effective way to mitigate risks.

Updates to Oneself

As a leader, it goes without saying that there are times in which I need to hand down important management decisions. To prepare for such occasions, I always endeavor to think about the future so I can plan for various scenarios that might arise due to certain changes. I also practice attentive listening so that I can gather new ideas for use in implementing updates to myself.

I have been alive for more than sixty years, and this means that I have internalized a lot of preconceptions. However, these preconceptions can sometimes be a shackle that prevents me from keeping up with new ideas and values. This is why it is so important to refrain from immediately rejecting the diverse ideas presented by people of all ages, including those younger than oneself, and to listen to these ideas from a place of humbleness. To ensure that we do not miss out on an

innovative and unique idea, leaders must attentively listen to all corners of their organization. I therefore place emphasis on listening to input from as many members of our team as possible.

It was based on these personal sentiments of mine that we launched the TC-Mee+ project in fiscal 2022. This internal project is aimed at promoting exchanges through free discussion among employees. I actively participate in TC-Mee+ gatherings to take part in free discussion with individuals ranging from junior to mid-level employees. I also make appearances at the overnight training sessions arranged each year for newgraduate hires so that I can have a chance to talk with them. This always proves to be a good opportunity to think seriously about what new Tokyo Century employees expect of the Company.

Past Experience as a Tool for Overcoming Current Challenges

Over the past several years, we have seen a number of unprecedented developments across the globe, such as the COVID-19 pandemic, Russia's invasion of Ukraine, the reignition of conflicts in the Middle East, and tension between the United States and China. Accordingly, we cannot continue to make business decisions based on the assumptions of global collaboration, low inflation, low interest rates, and a so-called Goldilocks economy. Rather, the uncertain times necessitate that companies take appropriate and agile action with regard to their business portfolios and risk management approaches.

Over the period from fiscal 2020 to fiscal 2022, Tokyo Century recorded total losses amounting to approximately ¥160.0 billion when accounting for impairment losses and losses on bad debt and revaluation. These losses increased the level of volatility in our performance, and this is definitely something on which we must reflect. Two major factors led to this outcome. The first factor is that, when an investment conducted with synergies in mind suffered a decline in profitability due to an inability to effectively collaborate, our frameworks for quantitatively and qualitatively judging whether to continue or discontinue the investment did not function properly. The second factor is that we failed to adequately perform multifaceted examinations

of country risks that took into account factors like geopolitical conditions.

The lessons learned from these failures have been incorporated into our business portfolio transformation approach. Specifically, we will regularly verify the growth potential and profitability of individual businesses in all operating segments to determine when it is necessary to divest and minimize the risk of losses in pursuit of improved profitability. In monitoring profitability, we will, of course, use the key performance indicator of return on assets defined in Medium-Term Management Plan 2027. At the same time, we recognize the need to entrench among all officers and employees the idea of management based on return on invested capital (ROIC) spread, which measures profitability in comparison with risks. We are currently advancing preparations for the introduction of ROIC spread as a monitoring index.

Our risk management approach must feature an appropriate balance of risk taking and risk mitigation. That being said, we must prevent overly rigorous screening from adversely impacting the process or speed of investment and financing decisions.

Accordingly, we will strive to maintain frameworks that allow for bold management decisions with regard to the necessary growth investments.

Opportunities and Risks Created by Positive Interest Rates in Japan

In March 2024, the Bank of Japan canceled its negative interest rate policy and decided to abolish its yield curb control policy. Following the July 2024 policy interest rate hike and other returns to normal financial policy, Japan is thus expected to enter into an era of positive interest rates. In this era, it will be crucial for us to assess the impacts this massive change will have on our management strategies.

On March 31, 2024, the Equipment Leasing segment accounted for around 20% of Tokyo Century's total business portfolio. In this business, we are looking to minimize the impacts of the change in interest rate policy through rigorous asset liability management. Going forward, market interest rate trends will be reflected in new lease contracts. Accordingly, the impacts of higher costs on profits should vanish over the medium term due to the replacement of assets through new contracts. In this

manner, we feel that our business is relatively resilient to interest rate fluctuation risks.

However, discussion of this change should not be limited to our resilience to risks; we feel that the positive interest rates will also have benefits for Tokyo Century's business activities. For example, the rising interest rates may heighten the value of ICT equipment, automobiles, aircraft, ships, and various other assets, thereby creating benefits for business models centered on such asset value, like that of Tokyo Century. Moreover, the rise in market interest rates will reflect economic growth and likely grant us access to a wider range of new business opportunities to provide various solutions to customers considering new growth or other investments.

As we rigorously manage the risks created by operating environment changes, we must also remain receptive so as to not miss out on any opportunities for growth.

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CEO Message

Large-Scale Investment in High-Potential U.S. Data Center Business

I view the United States as a critical market in terms of both economic growth and geopolitical considerations. Tokyo Century is expanding its operations in this market centered on U.S. IT equipment leasing subsidiary CSI Leasing, Inc., which is developing operations in more than 50 countries around the world. We have proceeded to build foundations in this market through our joint U.S. real estate business with Mitsubishi Estate Co., Ltd., and the establishment of construction machinery finance company ZAXIS Financial Services Americas, LLC, and of Tokyo Century (USA) Inc., which is responsible for our truck financing and specialty vehicle sales businesses. With these foundations in place, we were able to conduct growth investments totaling about U.S.\$460 million in fiscal 2023 to enter into the U.S. data center business. This promising business is expected to see rapid market growth thanks to the spread of generative Al.

Tokyo Century already has data center businesses in India, but entering the U.S. data center business was a venture on a much grander scale. Nevertheless, I am certain that our entry into the U.S. data center business

will prove to be a powerful driver of future growth, as the U.S. market is home to hyperscalers and numerous other massive IT companies. Developing our data center operations will require us to bear some up-front costs. Fortunately, our partnership with the NTT Group, the world's third-largest data center operator, ensures that we can be sufficiently competitive. As we seek to leverage the services of CSI Leasing and support the infrastructure of major IT companies, we anticipate that this business will also generate significant returns for Tokyo Century.

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The process of training generative AI consumes massive amounts of electricity, meaning that data centers must have power networks that meet the demanding electricity requirements. We aim to secure this power through solar power and other renewable energy sources and by using storage batteries in order to contribute to a cleaner world. We hope to leverage internal and external insight and expertise through the Environmental Infrastructure segment to take advantage of future business opportunities in this regard.

Management Emphasizing Share Prices

The Tokyo Stock Exchange issued a statement encouraging listed companies to practice management emphasizing cost of capital and share prices, and this statement sparked a startling transformation among Japanese companies over the past year. Tokyo Century, as well, took action, discussing the matter at Board of Directors' meetings and then disclosing an analysis of its current price-to-book ratio (PBR) and its policies for improving this ratio on its corporate website and in its corporate governance report in December 2023. Based on the strong belief that we must not limit our efforts to the same type of formulaic disclosure that did not reflect the actual conditions at the Company, we shaped our disclosure based on thorough consideration of which methods would best accommodate the perspective of investors. This disclosure took into account aspects such as analyses of our current PBR and the assumption that the Company's cost of shareholders' equity at the time of the formulation of Medium-Term Management Plan 2027 was around 10%. The disclosure approach used garnered an incredibly positive response from shareholders and other investors. In addition, investor

relations materials released in May 2024 described our intent to adopt a progressive dividend policy as our basic stance, clearly indicating that, in principle, we would institute no reductions to dividend payments going forward. Even before becoming president, I had the opportunity to take part in proactive engagement with domestic and overseas investors, and I continue to make efforts to reflect the input gained from the market into management, a duty of a listed company, and to engage earnestly with the market.

Increasing growth investments and shareholder returns is, of course, important to improving share prices and corporate value. Such increases, I believe, are dependent on a company's ability to generate cash flows and to make these cash flows more visible to stakeholders. Companies seeing steady improvements in their PBR tend to be growing through an ongoing process of using the cash generated by their businesses to invest in new businesses and expand their operating foundations, thereby increasing their capacity to generate cash flows. It is the high evaluations of investors for this process that drive up share prices. At Tokyo Century,

we are always cognizant of the need to use the cash generated through our portfolio transformation activities, which are aimed at improving asset efficiency and profitability, to practice management with an emphasis on growth investments and shareholder returns. If we can make this approach more visible to stakeholders, I am sure we can paint a picture of how we will achieve improvements in our corporate value.

Creation of a Tokyo Century at Which Everyone Feels Happiness

As president, there are a number of important missions I must fulfill, namely, driving the ongoing growth and development of Tokyo Century while contributing to society, increasing our scale and market capitalization, and ensuring that all of our teammates feel proud to work at Tokyo Century.

In the past, the dynamic between companies and employees tilted significantly in the direction of companies as they were the employer. Today, however, companies are expected to form equal relationships with their employees and to promote corporate philosophies that resonate with each individual's sense of purpose. In other words, we are now in an era in which Tokyo Century must act as a collective that seeks to enact its

Management Philosophy while stepping up engagement by making people feel inspired to work here.

My vision for the ideal company is one with an entrenched process through which the company supports the ambitions of its employees, who experience growth by chasing said ambitions, and the results of these undertakings accumulate to improve the company's corporate value.

Today, there are more than 7,800 individuals working at the Tokyo Century Group. However, no one single employee can create value without the contributions of others. I therefore want to make sure Tokyo Century's precious values and DNA are passed on to future generations so that the Company can continue to grow. There is still much to be done for this reason. As president, I am committed to doing everything I can to ensure you feel excited about the future of Tokyo Century.

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- Business Model Built on Tokyo Century's Unique Strengths
- 28 Growth Strategies of Aviation Capital Group
- 30 Growth Strategies of CSI Leasing
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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

Century Leasing System, Inc.



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

Merging of Strengths of Both Companies

Tokyo Leasing Co., Ltd.



- · 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.)

TOKYO CENTURY CORPORATION 21

Transformation of Business Portfolio **Environmental** Infrastructure International Business Specialty Financing Equipment Business Leasing Automobility Segment Assets Segment Assets ¥2.1 trillion ¥5.7 trillion Automobility (March 31, 2009: (March 31, 2024) total for two pre-merger Equipment Leasing Financing

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 create trusted services and businesses and continue growing, 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.

The Tokyo Century Group's Value Creation Process

Input

Operating Foundation



Stable financial base supporting growth Disciplined balance sheet management

Total assets Shareholders' equity

¥872.2 billion

¥6.5 trillion

Credit ratings

AA from Japan Credit Rating Agency, Ltd., and AA- from Rating and Investment Information, Inc.



Robust portfolio of diverse assets

ICT equipment, trucks and other automobiles, aircraft, ships,

real estate, data centers, solar power plants, etc.



Resources and energy essential to society

Generation capacity of renewable energy projects (solar power, biomass, etc.)

888 MW

¥480 million



Tangible Assets



Value propositions founded on unique financial service businesses

Expertise in handling highly specialized



People who excel at self-transformation and who possess creativity and ambition

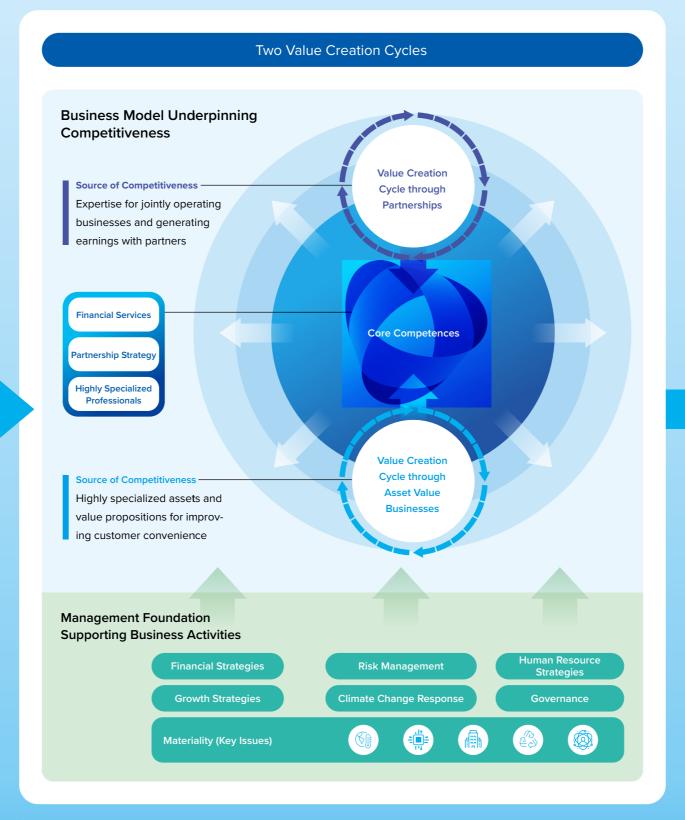
Number of employees (consolidated)	7,876
Ratio of female managers (non-consolidated)	12.0%
Ratio of mid-career hires (non-consolidated)	34.9%
Total investments in human resource recruitment	



Trusting relationships with stakeholders

Customers base	More than 20,000 companies
Scope of global network M	lore than 50 countries and regions
Number of joint ventures es with partners	stablished More than 50
Annual number of activities with shareholders and investigations	3 3

Business Activities



Enhancement of Financial and Non-Financial Capital

Outcomes

Economic Value

Ongoing Earnings Growth

Net income attributable to owners of parent: **¥72.1 billion** (fiscal 2023)

Shareholder Returns

Stable, long-term returns to shareholders Progressive dividend policy under Medium-Term Management Plan 2027

Social Value

Social Infrastructure Supporting People's Lives

Supply of ICT equipment, trucks and other automobiles, aircraft, ships, real estate, data centers, solar power generation facilities, and other social infrastructure

Contributions to the Environment

Contributions to the creation of an environmentally sound, sustainable economy and society through services that support asset life cycles

Support for Communities

Creation of new businesses together with customers to contribute to the resolution of social issues

Growth of Employees

Support for growth and well-being of employees driving Tokyo Century



and development (non-consolidated)

Unique Strengths Fostered throughout Tokyo Century's History

Throughout its history, Tokyo Century has developed a unique business model centered on the value it provides by combining asset value with services for improving customer convenience, on its capacity for co-creating new businesses together with partners, and on the people who are its most important form of non-financial capital. As we develop this business model, we have proceeded to grow by aggressively investing in growth fields where we can exercise our strengths.

Core Competences

Core Competence

2

3

INTEGRATED REPORT 2024

Financial Services

- Expertise for assessing asset value
- Financial functions for lowering costs for customers
- Value-added services

Partnership Strategy

- Robust customer base
- Expansion of business scope through joint businesses with
- Creation of new project teams by linking various partners

Highly Specialized Professionals

- Professionals knowledgeable about highly specialized assets
- · People with expertise for identifying asset value
- Driving force behind joint businesses with partners

Sources of Competitiveness

Identification of asset value











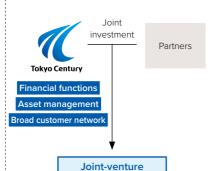






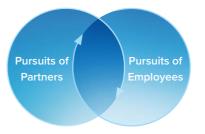
Value-added services

Unique expertise for operating businesses and generating earnings together with partners



operating companies

Cultivation of people capable of advancing co-creative businesses together with partners



Solutions to your Pursuits

Ongoing provision of unique

Financing

TOKYO CENTURY CORPORATION

Services

Businesses

to support customers and society

Unique Growth Strategies

Unique Growth Strategies



Growth Strategies of Major U.S.-Based Aircraft Lessor Aviation Capital Group



Accelerated efforts to capture growth of aviation market following conversion of global top-10 aircraft lessor Aviation Capital Group LLC into a consolidated subsidiary



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Global Strategies of U.S. IT **Equipment Leasing** Company CSI Leasing



Global strategies utilizing global network of CSI Leasing, Inc., encompassing more than 30 countries worldwide to expand regional coverage



P.30-31



Expansion of Business Scope through Capital and **Business Alliance with NTT**

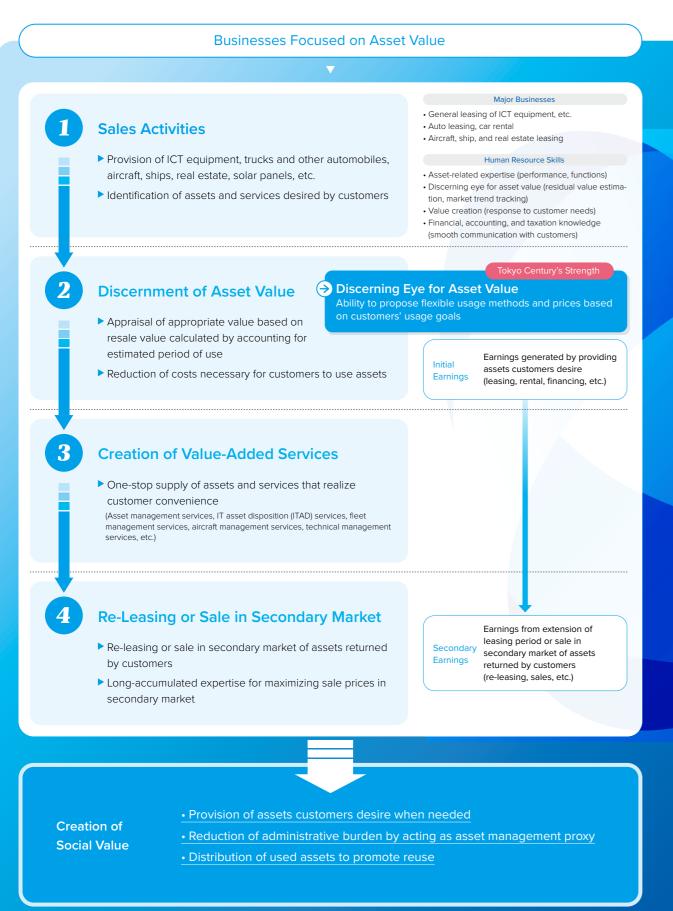


Expansion of business scope through joint businesses and synergies with the NTT Group, a leading Japanese corporate group



Business Model Built on Tokyo Century's Unique Strengths

Value Creation Driven by Discerning Eye for Asset Value and Excellence in Earning Trust of Customers



• Strategic establishment of joint ventures owning **Creation of Collaborative Projects** assets **Together with Partners** Principal investment · Real estate (urban redevelopment) ▶ Advancement of negotiations for developing collaborative projects based on understanding of asset-related issues · Renewable energy generation faced by partners and new business ventures partners Human Resource Skills want to undertake using assets Corporate finance expertise needed to organize collaborative projects · Accounting, taxation, and legal knowledge **Provision of Financial** Support for Asset Efficiency Services Support for asset efficiency through joint ownership of assets and businesses with customers as financer ▶ Supply of funding for collaborative projects as financer ▶ Joint investment and business Accumulated Trust and Track Record operation with partners Trust forged with customers over long history and track record of collaborative partnerships with numerous prime partners encour-Undertaking of asset management aging Tokyo Century to be chosen to hold customer assets or act Involvement of prime partners as partner in joint businesses Earnings from joint Income Gains businesses, etc. **Business Growth for Synergies** ▶ Maximization of earnings through business growth while sharing risks via joint investment ▶ Utilization of Tokyo Century's customer network and mutual coordination among five operating segments Principal investment Capital Gains businesses, etc.

Partnership Businesses

Creation of Social Value

TOKYO CENTURY CORPORATION

- Promotion of large-scale projects with social significance
- Support for new pursuits of customers
- Provision of social infrastructure indispensable to economic activities

Growth Strategies of Aviation Capital Group

ACG



Growth Strategies of Major U.S.-Based Aircraft **Lessor Aviation Capital Group**

Goal of Acquisition

- Major U.S.-based aircraft lessor Aviation Capital Group LLC (ACG) was converted into a wholly owned subsidiary in 2019 in order to accelerate the Tokyo Century Group's initiatives for serving the growing aviation market, which is expected to experience a global rise in air travel demand.
- With a fleet of 371 owned and managed aircraft and 112 committed aircraft (as of June 30, 2024), ACG is a major lessor ranked among the top 10 in the global aircraft leasing industry.
- ACG was forced to surmount two major challenges, namely, the COVID-19 pandemic in 2020 and Russia's invasion of Ukraine in 2022, but it was able to overcome these challenges by utilizing its resilient portfolio and begin a recovery in performance. ACG is thus expected to continue to expand and grow.

Ranking of Aircraft Lessors (Based on number of aircraft contained in portfolio)



Source: TOP 30 AIRCRAFT LEASING COMPANIES (BY PORTFOLIO NUMBER), KPMG, January 2024

AVIATISV CAPITAL GROUP

Growing demand centered on

A320neo family

(ACG's mainstay aircraft)

Market Opportunities

20-Year Aircraft Demand Outlook



2023 24.260 aircraft 77 77 (Including 17,760 narrow-body aircraft)

2043 (Forecast) 48,230 aircraft (Including 36,460 narrow-body aircraft)

Existing aircraft

Demand for replacement with new technology aircraft 18,460 aircraft

Demand for new aircraft 23,970 aircraft

narrow-body aircraft*

Source: Airbus SE (July 2024)

Rise in demand for replacement with new technology aircraft

following increase in airlines seeking to lower their environmental impact



Active adoption of fuel-efficient aircraft to contribute to decarbonization

Medium- to long-term growth in air travel demand

Rising leisure demand in conjunction with growth in number of middle-income individuals centered in Asia

* Passenger aircraft with between 100 and 200 seats and one aisle primarily

Approaches and Competitive Advantages for Addressing Market Opportunities



Portfolio Centered on Mainstay **Narrow-Body Aircraft**

Narrow-body aircraft represent 97% of ACG's portfolio. Use of narrow-body aircraft is expected to increase going forward amid growing leisure demand. Meanwhile, high

value is anticipated for secondhand narrow-body aircraft given that this type of aircraft features higher liquidity in the secondary market than widebody aircraft.

Narrow-Body Aircraft by Count



Portfolio of Committed New Technology Aircraft

ACG boasts strong relationships with Airbus SE and The Boeing Company as well as an industry-leading portfolio of 112 committed aircraft. All of said aircraft are fuel-efficient, new technology aircraft for which we are receiving an increasing number of inquiries from airlines. New technology aircraft feature higher leasing fees and prices than

older models and are thus expected to function as a source of earnings and enjoy a growing market share going forward.

Number of Committed New Technology Aircraft



aircraft.

Marketing Capabilities Granted by Broad Customer Base

ACG has business relationships with some 90 airlines, ranging from low-cost carriers to certain national flagship carriers, in around 45 countries. This broad customer base allows ACG to engage in flexible marketing activities for finding lessees, which in turn enables the company to generate stable earnings while minimizing the risk of impairment losses on

Approx. 90 airlines



Management Team

ACG's management team includes a director and senior managing executive officer of Tokyo Century who acts as executive chair of ACG as well as four other individuals dispatched from the Company. Meanwhile, everyday management at ACG is conducted by the senior leadership team, which comprises nine individuals with extensive industry experience who guide the company in the funding, marketing, technical, original equipment manufacturer commercial negotiation, and legal affairs activities that are crucial to an aircraft lessor.



Mahoko Hara Executive Chair (Director and Senior Managing Executive Officer of Tokyo Century Corporation)



Thomas. G. Baker Chief Executive Officer and

Senior Leadership Team



Executive chair

Chief executive officer and president





Chief commercial officer



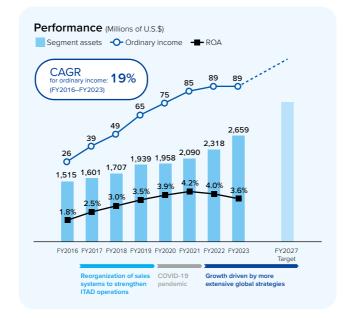
General counsel



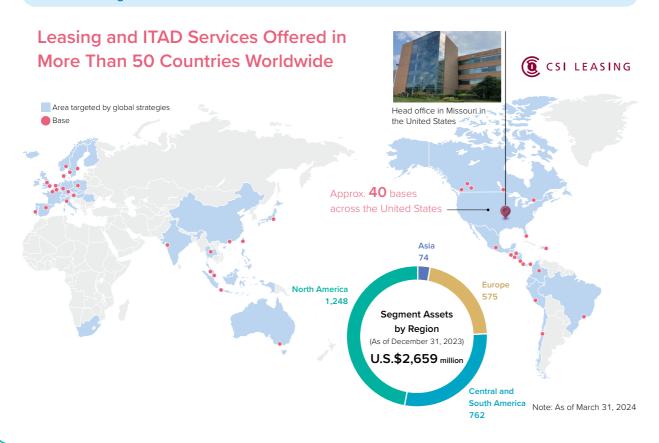
Global Strategies of U.S. IT Equipment Leasing Company CSI Leasing

Goal of Acquisition

- U.S. IT equipment leasing company CSI Leasing, Inc. (CSI), was converted into a subsidiary in 2016 with the goal of catering to the growth in demand for IT equipment anticipated to be seen globally due to the spread of digital technologies.
- CSI possesses strengths in the leasing of computers, servers, and other IT equipment as well as IT asset disposition (ITAD) services, an example of which being the erasure of data from end-of-lease equipment. With these strengths, the company is developing a business model that allows it to generate subsequent earnings from end-of-lease equipment via the re-leasing or sale of computers based on their residual value. As a result, CSI boasts high profitability surpassing that of standard leasing companies.



Global Strategies



Competitive Advantages



- *1 A highly flexible form of leasing that offers customers options such as returning the asset, purchasing the asset, or extending the lease term at the end of the original lease period based on fair market value (FMV) derived from the assessed residual value of the asset
- *2 A multi-region, multi-lingual online asset management system



Destruction of equipment containing data at ITAD base



Specialized truck used to provide on-site data erasure services

♦ ITAD Services

- ITAD services include data erasure and disposal of used computers and other IT equipment
- There has recently been a rise in demand for high-quality ITAD services that reliably dispose of IT equipment amid an increased emphasis on information management and environmental protection.

♦ Characteristics of CSI's ITAD Services

- CSI has received certification verifying that it is in compliance with international standards as well as the standards of the respective countries in which it operates, in order to ensure that it disposes of IT equipment in a safe and legally compliant manner and to guarantee the high quality of the services it offers.
- With sales networks in countries throughout the world, CSI is able to provide services that are finely tuned to the rising needs of major globally active IT companies and other multinational corporations seeking globally standardized services.

Collaboration for Generating Synergies

EPC Japan K.K. was established in fiscal 2023 through joint investment between CSI and Tokyo Century, allowing for the start of collaboration aimed at deploying ITAD services based on CSI's strengths in Japan.

Management Team

A senior managing executive officer of Tokyo Century serves as vice chairman of CSI, and the Company has dispatched three employees and one executive officer to CSI.



Steve Hamilton
Chairman and
Chief Executive Officer



Toshio Kitamura
Vice Chairman
(Senior Managing Executive
Officer of Tokyo Century
Corporation)



CHAPTER 2

Partnership with the NTT Group

ACG

CSI

NT.



Expansion of Business Scope through Capital and Business Alliance with NTT

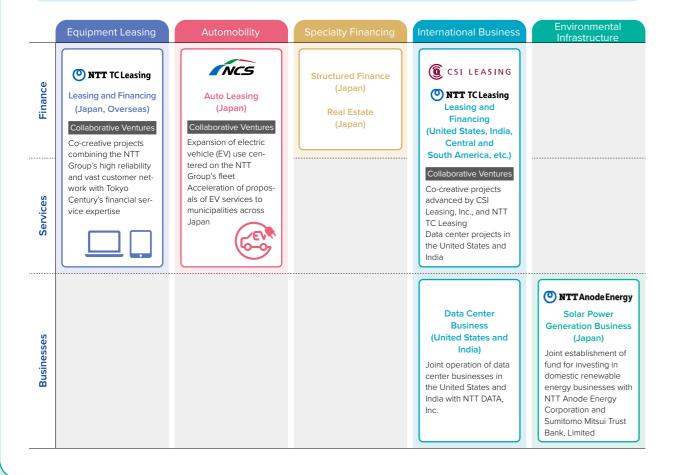
Collaborative Ventures through Partnership with the NTT Group

Our partnership with the NTT Group has continued for the nearly two decades that have passed since the merger of the auto leasing businesses of the NTT Group and of Tokyo Century in 2005. This partnership was further strengthened by the capital and business alliance formed in 2020, which expanded our collaborative ventures outside of the Automobility segment. As such, we are currently collaborating and pursuing synergies with the NTT Group in all five operating segments.

To facilitate these efforts, Tokyo Century has set up the NTT Collaboration Office in the Corporate Planning Unit, positioning the creation of opportunities for collaborative ventures with the NTT Group as a priority focus area.

History of Partnership 2005 Established Nippon Car Solutions Co., Ltd., through a merger between NTT Auto Leasing Co., Ltd., and Century Auto Leasing Co., Ltd. Started on path toward growth as an industry-leading auto leasing company 2020 Concluded capital and business alliance agreement with NTT Acquisition of 10% stake in Tokyo Century by NTT, making this company a major shareholder of the Company Commenced full-fledged collaborative ventures 2020 Established NTT TC Leasing Co., Ltd., as joint venture with the NTT Group by carving out the leasing and global businesses of NTT FINANCE CORPORATION Collaboration among all five operating segments to broaden scope of collaborative ventures

Ever-Broadening Scope of Collaboration with the NTT Group



Future Growth Fields

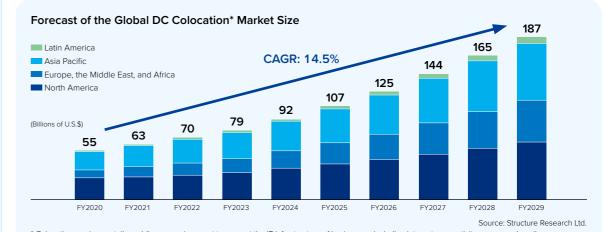


Data Center Business

NTTData

The data center business is anticipated to see growth amid market expansion driven by the popularization of generative Al and other technologies. In this market, the NTT Group has carved out an impressive competitive position as the No. 3 data center business operator in the world.

Moreover, the data center business promises reliable cash flows, through rent revenues received from hyperscalers and other major IT companies, and ongoing increases in business value. Tokyo Century is actively developing operations in this priority field together with the NTT Group.



* Colocation services entail providing an environment to support the IT infrastructure of businesses, including internet connectivity, power, and cooling.

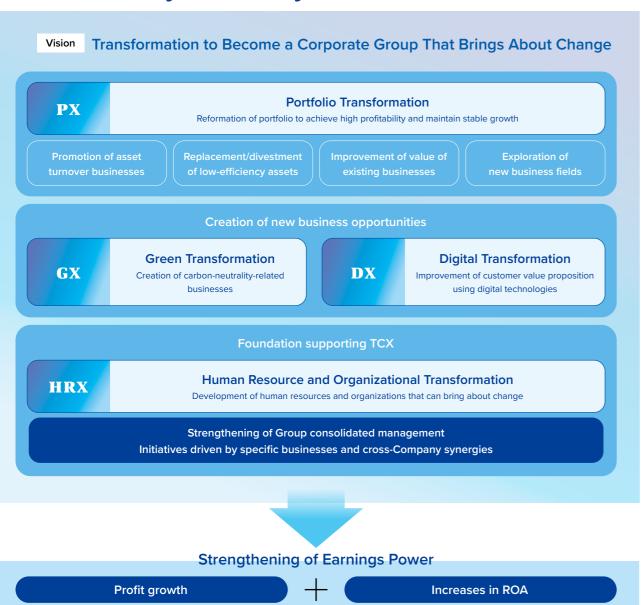
These services offer benefits to users in that they can reduce their burden by outsourcing management and maintenance of their servers and other equipment.



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- GX—Promotion of Carbon-Neutrality-Related Businesses
- DX: Improvement of Customer Value Proposition Using Digital Technologies

Progress of Medium-Term Management Plan 2027

Tokyo Century Transformation (TCX)

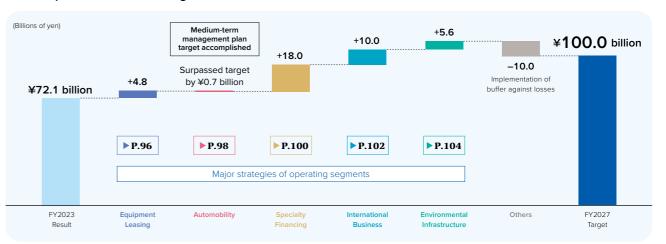


Financial Targets and Non-Financial Targets and Performance

Financial Targets			Non-Financial Targets		
KPI	Results (Fiscal 2023)	Targets (Fiscal 2027)	KPI	Results (Fiscal 2023)	Targets (Fiscal 2027)
Net income attributable to owners of parent	¥72.1 billion	¥100.0 billion	Initiatives for realizing 50% greenhouse gas emissions	_	33%-50%
ROA (ratio of net income to total assets)	1.2%	1.4%	reduction by fiscal 2030*1 Employee engagement		Improve ratio of
ROE	8.8%	10.0%	index (deviation value)*2	53.2	positive responses

^{*1} Target of a 50% reduction in greenhouse gas emissions by fiscal 2030 from base year of fiscal 2021 announced

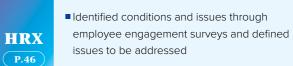
Road Map toward Financial Target for Net Income Attributable to Owners of Parent



Progress in TCX

TOKYO CENTURY CORPORATION





 Commenced comprehensive inspection of human resource and organizational systems

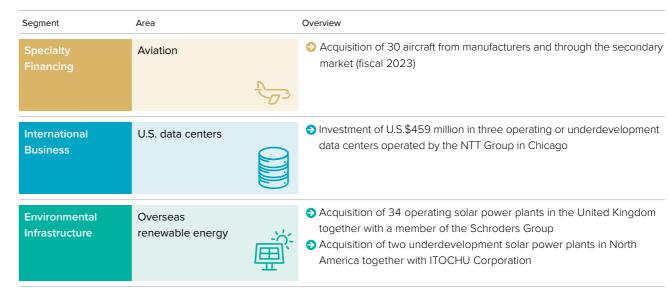


 Accelerated initiatives for seizing growth opportunities related to climate change risk response and expansion of environmentrelated businesses and services



- Established DX Task Force to promote enhancement of customer value proposition and improvement of operational efficiency in internal processes
- Launched digital transformation training program targeting all officers and employees

Major Growth Investments



^{*2} Measured using Motivation Cloud service provided by Link and Motivation Inc. since fiscal 2024; represented as deviation value from nationwide average of 50

Message from the President of the Corporate Planning Unit



Management Emphasizing Cost of Capital and Share Prices

In fiscal 2023, Tokyo Century recorded net income attributable to owners of parent of ¥72.1 billion, thereby setting a new record for the first time in four years and ensuring that Medium-Term Management Plan 2027 got off to a smooth start. I hope to sustain this momentum so that we can steadily grow earnings toward reaching the target of ¥100.0 billion set for net income attributable to owners of parent in fiscal 2027. At the same time, however, I recognize the issues presented by our price-to-book ratio (PBR), which represents the capital market's appraisal of Tokyo Century, being lower than

The medium-term management plan puts forth the financial targets of net income attributable to owners of parent of ¥100.0 billion, return on equity (ROE) of 10%, and a PBR of more than 1.0 times. Based on these targets, as well as the basic policies and measures of the plan, Tokyo Century formulated policies for practicing management emphasizing cost of capital and share prices in December 2023.

▶ P.39 Figure 1

ROE and PBR

Furthermore, based on preliminary calculations and input from the capital market, we announced that our estimate for Tokyo Century's cost of capital at the time of the mediumterm management plan's formulation was 10%. Looking ahead, we will move forward with measures for achieving ROE of more than 10%, the figure for which in fiscal 2023 was 8.8%, and reducing cost of shareholders' equity in order to achieve a positive equity spread and thereby raise our PBR above 1.0 times.

I would now like to go on to discuss some of our specific measures for improving ROE and reducing cost of shareholders' equity.

▶ P.40 Figure 2

Transformation for Raising PBR above 1.0 Times

Message

With reliable execution capabilities and progress being made toward growth, Tokyo Century will steadily raise the capital market's appraisal of its corporate value.

Dedication to Earnings Power and Portfolio Transformation for Achieving **Highly Efficient Management**

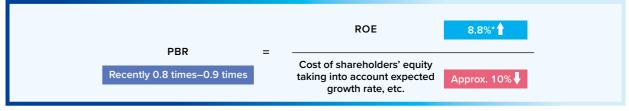
TOKYO CENTURY CORPORATION

Since the 2009 merger through which Tokyo Century was formed, our earnings growth has been propelled by the expansion of our asset portfolio as we conducted aggressive growth investments and engaged in M&A activities to decrease our dependence on the Equipment Leasing segment. This approach realized ongoing high praise from shareholders and other investors, as indicated by our ROE consistently surpassing 10% and a PBR that long remained above 1.0 times. However, this did not last forever; our ROE dipped below 10% a few years ago, causing PBR to decline to lower than 1.0 times. As of June 30, 2024, the Company's total assets were approximately ¥6.7 trillion while interestbearing debt came close to ¥5.0 trillion, and ROE had been lower than 10% for some time at this point. This reality suggests that we will face challenges if expanding the volume of our operations is the only approach that management takes toward pursuing growth.

From this perspective, improving asset efficiency will be an important management strategy for ensuring Tokyo Century's ongoing growth. Steps toward this end will include seeking to increase the value of existing businesses and facilitate asset turnover in business investments. At the same time, we will carefully assess the portfolios of each operating segment, divest from assets with low efficiency and growth potential, and reallocate management resources to areas

that offer the high profit margins that shareholders and other investors expect. We thereby aim to improve asset efficiency and grow net income attributable to owners of parent: the numerator in the equation for calculating ROE. This approach hints at the extreme importance of accomplishing the financial targets outlined in Medium-Term Management Plan 2027 through portfolio transformation for building an asset portfolio with substantial earnings power and growth potential. All operating segments are currently aggressively promoting portfolio transformation initiatives. A prime example of the portfolio transformation seen in fiscal 2023 was the revision of our holdings in Orico Auto Leasing Co., Ltd., and Orico Business Leasing Co., Ltd., both of which are joint ventures with Orient Corporation. This move led to these companies being changed from consolidated subsidiaries to equitymethod affiliates. During discussions, both internal and external, we came to the realization that, although both joint ventures were delivering reliable performance supported by steadily growing asset portfolios, they would be able to best contribute to improved corporate value by advancing their management strategies as consolidated subsidiaries of Orient Corporation. This decision prompted the change in ownership. The capital recovered through this move, together with the benefits of converting these companies into equity-method affiliates, has driven improvements in Tokyo Century's return on assets (ROA). We plan to continue reassessing our businesses in this manner going forward. However, if all we care about is divesting from businesses, we will no doubt suffer a decline in earnings per share (EPS).





* ROF in fiscal 2023

Accordingly, we must use the capital recovered through portfolio transformation to invest in growth fields in order to heighten EPS and ultimately improve how the capital market assesses Tokyo Century. We can see this approach in action in the data center business we are developing together with the NTT Group as well as in numerous other exciting projects built upon the strength of Tokyo Century's partnership strategy. In this manner, we are moving forward with portfolio transformation initiatives that will allow us to conduct decisive growth investments in business fields with the potential for high growth and also synergies with our existing businesses.

Revising the level of equity, the denominator in the equation for calculating ROE, is one method for contributing to improvements in ROE. However, we believe that, given our level of risk exposure, the current level of equity is appropriate for maintaining financial health and stabilizing our fund procurement.

Reduction of Cost of Shareholders' Equity

Reducing cost of shareholders' equity requires that we improve the stability and predictability of our performance to ensure that there are no surprises for shareholders and other investors. Under the previous medium-term management

plan, which covered fiscal 2020 to fiscal 2022, we were forced to record massive losses due to the materialization of tail risk in forms such as the COVID-19 pandemic and Russia's invasion of Ukraine. It goes without saying that this had an impact on our stock price. We therefore recognize how important it is that we continue to deliver a level of performance that makes people want to invest in Tokyo Century so as to foster a strong sense of anticipation for our growth.

There are three main tasks that we will tackle in order to accomplish this: (1) Reinforcement of comprehensive risk management, (2) fostering of anticipation for growth, and (3) enhancement of investor relations activities. By addressing these tasks, we aim to reduce cost of shareholders' equity.

(1) Reinforcement of Comprehensive Risk Management Through integrated control of capital, risks, and returns, we will maintain financial health, improve capital efficiency, and achieve a better risk-and-return balance in order to maximize earnings.

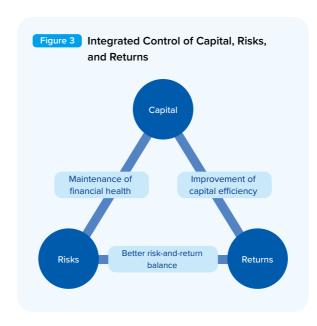
The mission of our risk management efforts is to allow Tokyo Century to boldly take risks when appropriate for supporting growth and value creation. However, as massive losses were recorded under the previous medium-term management plan and ROE is currently at a low level, it is clear that reinforcing risk management is a crucial task needing to be tackled. We are approaching this task from four perspectives, management of capital use rate guidelines, management of risks and returns emphasizing cost of capital, entrenchment and enhancement of the investment management framework, and country risk and global risk readiness.

▶ P.41 Figure 3

Integrated Control of Capital, Risks, and Returns

With regard to management of capital use rate guidelines, we measure capital use rates, which represent the ratio of risk exposure to economic capital, and set guideline levels to keep risk amounts within a certain level of capital buffers. By effectively controlling capital use rates, we will maintain financial discipline while boldly taking the necessary risks and conducting growth investments.

To facilitate management of risks and returns emphasizing cost of capital, we are working to utilize return on invested capital (ROIC) spread, which is ROIC less weighted average cost of capital, in a more sophisticated manner. Tokyo Century regularly monitors the ROIC spread as an indicator of the risk-and-return balance of specific business areas reflecting business and risk characteristics. Going forward, we believe it is vital to expand our utilization of this indicator beyond just monitoring in order to emphasize cost of capital, which involves a focus on risks and returns, in such endeavors as the replacement of assets in our portfolio and the assessment of businesses. Preparations for introducing ROIC spread in these processes are being advanced.



TOKYO CENTURY CORPORATION

Under the investment management framework, we confirm the anticipated level of profitability after considering capital costs based on the inherent risks as one of our quantitative standards, as well as the compatibility with Tokyo Century's strategies as one of our qualitative standards, in the process of selecting investments and conducting progress management. In addition, shared withdrawal standards applicable to all projects and individual withdrawal standards applied to specific projects are implemented for use in determining when withdrawal from an investment should be discussed. These provisions help us practice effective portfolio management. Frontline organizations have received a number of straight-to-the-point remarks as a result of our implementation of this framework. Regardless, I still believe that a framework for assessing the appropriateness of investments from various angles and based on a variety of risk scenarios is imperative to ensuring disciplined governance functions. For this reason, I hope to provide forums for vigorous discussion among relevant parties to help entrench and enhance this

Lastly, we need to enhance country risk and global risk readiness. The portion of our asset portfolio accounted for by assets located outside of Japan is increasing, particularly in our aircraft leasing business. We therefore intend to ramp up monitoring of political, social, economic, and other operating environment changes in the relevant regions. We are also moving forward with the development of country-specific exposure guidelines and the designation of countries not eligible for financing or investment.

(2) Fostering of Anticipation for Growth Tokyo Century will advance in its pursuits by conducting growth investments to lay the groundwork for value creation and foster a sense of anticipation for its growth in the capital market.

As we reinforce risk management, I also look to help Tokyo Century advance in its pursuits by conducting the growth investments that will lay the groundwork for creating value in the medium to long term. On April 30, 2009, soon after the Company was born out of the merger, our market capitalization was around ¥65.0 billion. Today, this number has climbed to about ¥800.0 billion. This impressive growth is a result of our ability to live up to the expectations of the capital market by aggressively undertaking M&A activities and other investments, without fear of failure, to expand our business scale and create growth drivers. This approach, I believe, is also one of the most important factors toward reducing cost of shareholders' equity.

Major growth investments in fiscal 2023 included the acquisition of aircraft to expand the asset portfolio of aircraft leasing subsidiary Aviation Capital Group LLC as well as investments in new growth businesses, such as a data center business in the United States and overseas renewable energy projects. Despite our conducting these investments, I feel that we have not sufficiently lived up to the expectations of shareholders and other investors. To respond to such expectations, we at Tokyo Century are uniting in our quest to seize hold of business opportunities so that the capital market will come to recognize the earnings growth that will be fueled by our growth investments.

(3) Enhancement of Investor Relations Activities Based on the input gained through investor relations activities, Tokyo Century will bolster information disclosure and address management issues.

The enhancement of investor relations activities is imperative to the reduction of cost of shareholders' equity. Bolstering information disclosure is, of course, an important part of this process. At the same time, we intend to practice active engagement with shareholders and other investors to enable management to earnestly address their input and requests so that we can steadily address any issues identified. Through this process, we seek to heighten the sense of anticipation toward our growth and alleviate any concerns regarding the volatility of our performance via conscientious communication with the capital market in order to foster trust.

When I look back on fiscal 2023, I am reminded of the new disclosure initiatives we commenced in this year, such as the posting of data books on the Company's website and the release of information on the progress toward achieving the targets for net income attributable to owners of parent for specific operating segments in quarterly IR presentation

Message from the President of the Corporate Planning Unit

materials. Our estimate for cost of shareholders' equity and our revision of dividend policies were also a result of our arranging various opportunities for discussion with shareholders and other investors in Japan and overseas. This disclosure of our efforts to practice management emphasizing cost

of capital and share prices has been received incredibly well. Going forward, we will continue proactive efforts to bolster information disclosure and address management issues to foster a sense of anticipation toward the growth and transformation of Tokyo Century.

Balance Sheet Management

Tokyo Century promotes effective balance sheet management with the goal of maintaining its financial health and raising ROE above 10%. For fiscal 2027, the final year of Medium-Term Management Plan 2027, we aim to achieve ROE of 10%, a goal that is prefaced on our building a balance sheet comprising total assets of around ¥7.0 trillion and which results in a shareholders' equity ratio of around 14%. On June 30, 2024, we had already increased total assets to approximately ¥6.7 trillion and posted a shareholders' equity ratio of about 14%. One major factor behind this outcome

was the fact that a lot of our assets are denominated in U.S. dollars, which meant that the recent deprecation of the yen served to increase the value of our balance sheet. However, the differences in interest rates between the United States and Japan and other factors suggest that the yen depreciation trend will gradually reverse going forward. Accordingly, there has been no change to the scale of assets or the shareholders' equity ratio deemed appropriate under the medium-term management plan.

Shareholder Returns

Tokyo Century's basic dividend policy is to provide stable, long-term returns to shareholders, and we are pursuing increases in dividend payments founded on continuous earnings growth while maintaining a payout ratio of about 35%. Up until the commencement of Medium-Term Management Plan 2027, Tokyo Century refrained from reducing dividend payments to reflect earnings growth trends. Under this new

plan, however, we have adopted a progressive dividend policy indicating that, in principle, we will not lower dividend payments, in order to clarify our stance toward ongoing dividend increases based on input from shareholders and other investors. As for fiscal 2024, we look to steadily grow earnings to enable us to issue annual dividend payments of ¥58 per share, an increase of ¥6 year on year.

Interest Rate Fluctuation Risks

The Bank of Japan canceled its negative interest rate policy and then increased the policy interest rate to 0.25% in July 2024, creating a need to carefully monitor trends in interest rates pertaining to the yen given that Japan now has positive interest rates. The Asset Liability Management Committee, which meets quarterly, is tasked with furnishing flexible responses to changes in the financial market by sharing information on yen interest rate scenarios and funding cost estimate revisions based on recent trends and setting hedge ratios and other fund procurement policies. Our projections for fiscal 2024 are based on the assumption that market interest rates will increase by 0.25% in December 2024, following up on the increase of the same degree implemented in July. The higher interest rates are expected to increase funding costs in the short term. Tokyo Century will combat

the impacts of this trend by maintaining hedge ratios at a level appropriate to compensate for these increases.

In terms of our business, I am committed to enhancing our responsiveness toward positive interest rates to enable all employees to go about their business activities with an understanding of how the current operating environment is different from the one seen previously. Based on our recent performance, I think I can say that we are responding to the interest rates appropriately. Nevertheless, I look to go further to ensure that we can gain interest income over the medium term and to differentiate ourselves through value-added services, rather than purely competing with our financial functions. Through this approach, I aim to contribute to higher earnings power for Tokyo Century.

Promotion of TCX

In promoting Tokyo Century Transformation (TCX), portfolio transformation, as well as the human resource and organizational transformation, green transformation, and digital transformation that support portfolio transformation, will be of the utmost importance. Concerning human resource and organizational transformation, specifically, it is crucial that we transform the human resources and organizations responsible for promoting TCX. To this end, we are utilizing the results of employee engagement surveys to close the gap between the actual conditions and the ideal state for the Company.

The principle that the Company and its employees should be on equal footing underpins all of our human resource and organizational transformation efforts. Based on this principle, we are reexamining what the Company expects of employees and what the Company can provide or how it can support them in meeting these expectations and arranging forums for exchanges of opinions among officers and employees for the purpose of sharing the recognized issues and discussing future initiatives. Fostering a corporate culture and developing human resources take time, and the results of our initiatives will not be immediately apparent.

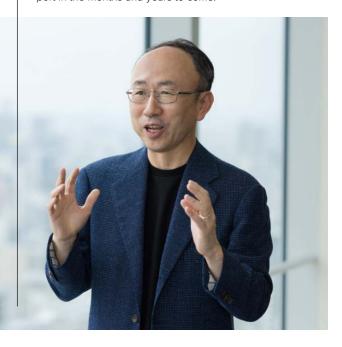
Accordingly, we will need to adopt a medium- to long-term perspective with regard to our initiatives. Moreover, our human resource and organizational transformation must be linked to our business strategies. Enhancing human resource and organizational transformation strategies contributes to improved employee engagement and helps employees with highly specialized skills feel motivated and make larger contributions through their work. This, in turn, will lead to greater earnings power and improved corporate value for Tokyo Century.

Measures for Accomplishing Goals of Medium-Term Management Plan 2027 and Achieving Growth Thereafter

As part of our road map for accomplishing the goals of Medium-Term Management Plan 2027, we have disclosed operating segment-specific income targets together with detailed information on the business strategies to be implemented to accomplish said targets. This approach has been praised by many of the shareholders and other investors we spoke to in Japan and overseas for how it facilitates a greater understanding of our plan. I therefore feel confident in saying that we have painted a clear picture for the capital market of our management concept and our path going forward. As we have communicated to the capital market the path we will take going forward, we will next need to dedicate our efforts to erecting new business pillars that can function as drivers of growth and to promoting portfolio transformation. It is management's responsibility to ensure that we make strong progress in these endeavors.

For fiscal 2027, the final year of the medium-term management plan, we have set the financial targets of net income attributable to owners of parent of ¥100.0 billion, ROA of 1.4%, and ROE of 10%. As I mentioned, the tasks needing to be addressed in order to reach the plan's targets are clear. So long as we continue to push forward in addressing these tasks, I think that it is incredibly feasible for us to meet our financial targets.

Everyone at Tokyo Century is committed to maximizing our corporate value, accomplishing our targets, and thereby encouraging shareholders and other investors to support our ongoing growth. I would like to ask you for your ongoing support in the months and years to come.



PORTFOLIO TRANSFORMATION



Transformation Pursuing a Highly Profitable and Stable Portfolio

In crafting Tokyo Century's long-term corporate value improvement story, it is absolutely essential that we pursue a highly profitable and stable business portfolio by improving asset and capital efficiency, reducing performance volatility, and achieving steady earnings growth. As we work 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, we 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

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.

Replacement and Divestment of **Low-Efficiency Assets**

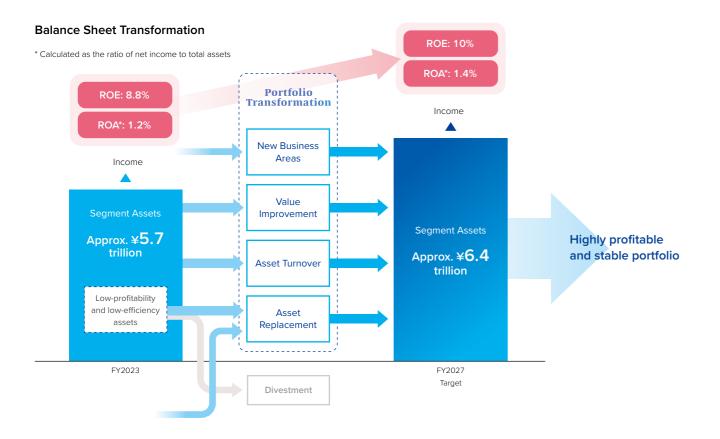
Tokyo Century will conduct exhaustive qualitative assessments, looking at factors such as growth potential and risks, and quantitative assessments of ROA, return on invested capital (ROIC) spread, and other indicators and replace low-profitability and low-efficiency assets with higher-quality assets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

Improvement of 3 Value of Existing Businesses

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

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

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



Investment Risk Control

TOKYO CENTURY CORPORATION

It is crucial for Tokyo Century to practice appropriate control of the increasingly diverse investment risks. For this reason, we have introduced an investment management framework and are strengthening our control frameworks through management based on ROIC spread.

Investment Management Framework

Tokyo Century has introduced an investment management framework to facilitate effective investment governance. Under this framework, quantitative and qualitative evaluations are conducted as part of the process of screening individual investment projects, and the appropriateness of the triggers defined for commencing the withdrawal process is assessed. After investment, projects are monitored on an ongoing basis to gauge progress with regard to quantitative and qualitative standards and determine whether a project has become applicable under withdrawal standards. The results of this monitoring are used to make decisions when promoting portfolio transformation.

For more information, please refer to "Investment Management Framework" on page 113.

ROIC Spread Management

Tokyo Century regularly monitors ROIC spread, which is ROIC less weighted average cost of capital (WACC), as a cost-of-capital-based indicator of the risk-and-return balance of specific business areas, taking into account business and risk characteristics in such monitoring. Going forward, ROIC spread will be utilized to identify issues needing to be addressed in order to achieve an ideal risk-and-return balance as part of promoting portfolio

For more information, please refer to "ROIC Monitoring in Operating Segments" on page 114.

Initiatives in First Year of Medium-Term Management Plan 2027

In fiscal 2023, the first year of the medium-term management plan, Tokyo Century made steady progress in initiatives for supporting future portfolio transformation efforts, such as reassessing low-efficiency businesses and promoting real estate, ship, data center, and other asset turnover businesses

Case Study 1 Replacement and Divestment of Low-Efficiency Assets

Revision of Holdings in Two Subsidiaries

Tokyo Century has revised its holdings in two subsidiaries that are joint ventures with Orient Corporation, promoting a partial transference of our equity holdings in these companies and resulting in their conversion to equity-method affiliates.

Although the reduction of our holdings lowered the stake of the profits of these companies attributable to the Company, the resulting decrease of approximately ¥200.0 billion in segment assets effectively doubled asset efficiency (ROA). Ongoing growth will be pursued at these companies following their conversion by utilizing the Orico Group's capabilities to bolster their sales capacity.

Case Study 2 Promotion of Asset Turnover Businesses

Development of Asset Turnover Businesses Related to Aviation and Shipping

Tokyo Century is promoting the sale of assets in aviation and shipping businesses when market prices are high in order to improve asset efficiency.

Going forward, we will maintain an up-to-date understanding of the market prices for aircraft, ships, real estate, and other products so that we can turn over these assets at the ideal timings to improve asset efficiency.

ratio above legally mandated level

Human Resource and Organizational Strategies

Tokyo Century carries out human resource and organizational strategies to foster people with a propensity for self-transformation and who possess creativity and ambition and are thus capable of advancing its management and business strategies.



Management and Business Strategies

Creation of value by maximizing asset and partner value through development of "Finance × Services × Business Expertise" concept



Transformation to play a central role in establishing businesses

Desired Human Resources

People with a propensity for self-transformation and who possess creativity and ambition

Propensity for self-transformation: Exceptional ability to evolve and transform into the type of person one aspires to be

Creativity: An excellent capacity to overcome one's past limitations to create new value

Ambition: A force propelling one forward based on a robust sense of curiosity and drive



Steady advancement of two overarching strategies for supporting management and business strategies

Human Resource Strategies

Recruitment and cultivation of human resources capable of transforming themselves to bring about change

Acceleration of human resource recruitment and development initiatives

Allocation and positioning of human resources

Development of safe and secure workplace environments

Organizational Strategies Development of highly capable organizations and

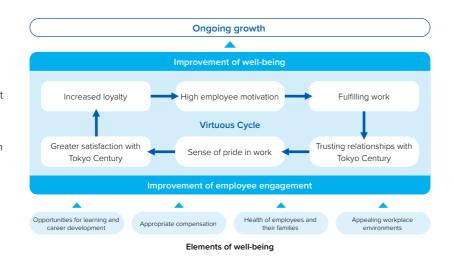
Organizational management

empowerment of individual employees

Promotion of diversity, equity, and inclusion

Improvement of Employee Well-Being

Tokyo Century believes that cultivating an awareness of well-being among officers and employees is imperative to the advancement of its human resource and organizational strategies. For this purpose, we aim to create a virtuous cycle built on trust between the Company and its employees and on strong employee engagement in order to improve well-being. We are convinced that this process will contribute to the ongoing growth of Tokyo Century.



Details of Human Resource and Organizational Strategies

TOKYO CENTURY CORPORATION

Brandina

Tokyo Century is moving forward with a variety of initiatives aimed at the development of highly capable organizations and the empowerment of individual employees.

Category Directives under Medium-Term Management Plan 2027 Major Initiatives ► TC Biz Challenge Project (new business proposal system) ► Career Challenge Program (internal recruitment system) ► TC-Mee+ (internal communication enhancement project) Development of organizations in which 360-degree evaluations Improvement of employees are highly motivated and capable of One-on-one meetings (periodic meetings employee engagement for providing feedback pertaining to human transforming themselves to bring about change resource evaluations, etc.) Major KPIs and Targets of Medium-Term Management Plan 2027 • Employee engagement index: Improve Recruitment of individuals with specialized ► Digital transformation training expertise who can lead transformation of Career development support management and business strategies Dispatches to business schools Human resource development programs Acceleration of Introduction of human resource systems for human resource recruitment utilizing highly specialized individuals Major KPIs and Targets of Medium-Term and development initiatives Provision of opportunities for learning to allow employees to tackle new challenges • Ratio of mid-career hires: Maintain or Cultivation of human resources capable of improve ratio creating new businesses Investments in human resource recruitment and development: More than ¥800 million by fiscal 2027 Allocation of human resources to growth areas Talent management approach for strategic Allocation and positioning of human resource positioning Establishment of Basic Policy on Health and human resources Appropriate compensation in reflection Productivity Management (fiscal 2021) of growth Other KPIs and Targets · Ratio of employees receiving specific health Cultivation of health awareness and support quidance: 80% or more Development of for prevention, early diagnosis, and treatment Rate of employees undergoing regular health check-ups: 100% safe and secure workplace of illnesses Rate of employees undergoing stress environments Improvement of productivity through developchecks: 100% ment of comfortable and motivating workplaces Development of frameworks not bound by the conventional confines of organizations in focus areas Organizational management Formulation of diversity plan (fiscal 2023) Promotion of systems that reward ambition Establishment of Tokyo Century Group Human Creation of frameworks for communication and Rights Policy (fiscal 2021) knowledge sharing Major KPIs and Targets of Medium-Term Management Plan 2027 Fostering of corporate culture founded on Promotion of diversity, equity, · Ratio of women among new-graduate hires: respect for human rights Maintain or improve ratio (fiscal 2023: 53.2%) and inclusion Development of workplaces in which diverse individuals can exercise their unique skills Other KPIs and Targets Ratio of female managers among all managers: At least 30% by 2030 Advancement of internal branding activities Ratio of employees with disabilities: Maintain targeting employees

Enhancement of brand image to aid in human

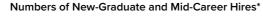
resource recruitment

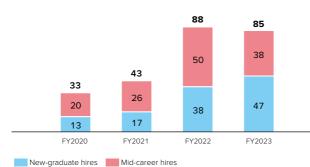
HRX

Human Resource Recruitment

1 Enhancement of New-Graduate and Mid-Career Individual Recruitment Activities

The recruitment of talented and diverse human resources as well as human resources with highly specialized skills is imperative to Tokyo Century's ability to not only create new services and businesses that extend beyond the boundaries of financial functions but also achieve ongoing growth through its business activities. Accordingly, we are actively working to enhance our recruitment activities targeting new-graduate and mid-career individuals.





* Figures are for Tokyo Century Corporation (non-consolidated).

2 Career Development Support

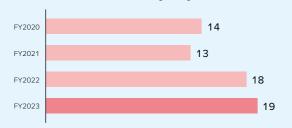
Tokyo Century emphasizes the importance of supporting employees in accomplishing their individual career goals to empower them to excel at the Company.

Career Challenge Program

RESOURCE TRANSFORMATION

The Career Challenge Program is an internal recruitment system designed to provide employees with opportunities for charting their own career course. This system has proven to be indispensable to supporting autonomous career development, and, since its launch, an aggregate total of 64 individuals have taken advantage of the Career Challenge Program to transfer to their desired division.

Number of Users of Career Challenge Program



Career Design Training

Tokyo Century offers career design training to provide opportunities for employees to reflect on their careers and assess their strengths, weaknesses, and values. Moreover, these training programs allow employees to use trait analysis tools to gain an objective understanding of their personalities and the skills they should build upon to be used when considering their future careers.

Number of Participants (Fiscal 2023)



Targets: Employees in third and 10th year in workforce; employees aged 40, 50, and 55 for age-based programs; and employees aged 54 for life design training

Career Design Consultations and Meetings

Career design consultations and meetings are offered to provide employees with a venue for receiving consultation on a wide range of career-related topics to help them objectively evaluate these concepts in order to shape their career plans, feel empowered and exercise their individuality at work, and determine how best to approach their goals.

Number of Participants (Fiscal 2023)

284

(Consultations by Career Design Office staff members with nationally recognized career consultant qualifications or by external career consultants)

Targets: All employees

TC Career Seminars

Tokyo Century began arranging TC Career Seminars in fiscal 2021 to help employees learn about the types of thinking and actions required to chart their own career paths. Since fiscal 2023, we have been organizing workshops in which interested employees who have participated in TC Career Seminars explore the topics discussed at the seminars more deeply and are encouraged to reflect these concepts in their actions.

Number of Participants (Fiscal 2023)

885

Targets: Junior, mid-rank, and veteran employees for age-based programs

Human Resource Development

TOKYO CENTURY CORPORATION

1 Enhancement of Employee Training Programs

Tokyo Century is branching out from financial services to develop new services and businesses, and this undertaking necessitates the accumulation of more specialized knowledge pertaining to assets, services, and businesses. Accordingly, we are enhancing our employee training programs to better provide leasing, finance, and other basic knowledge and to help employees develop the skills they need in their respective areas of business.



Training expenses (thousands of yen) •• Training hours (hours)

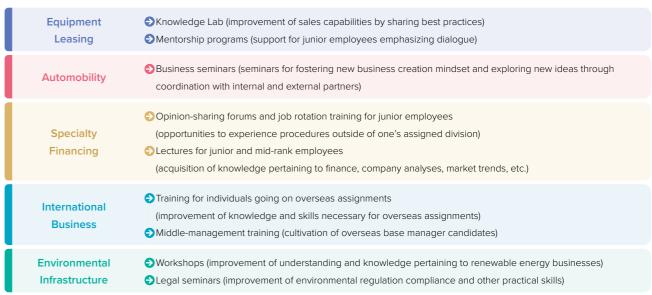
* Figures are for Tokyo Century Corporation (non-consolidated)

2 Major Training Programs

Training Program Menu

_										
Standard employees			Management							
Target	First year	Second year	Third year	Fourth year and beyond	Managers	Deputy general managers	General managers	Executive officers		
	Basic business skills									
Associated	Logical thinking	Presentations	Strategic thinking	Financial analysis (applied)	Financial analysis	Financial analysis Expected role	Expected roles	oles Leadership	Management	Strategy structuring
skills	Leasing and finance	Sustainability, digital busines	transformation, and		Management skills	Human resource evaluation	strategy	Management skills		
	Marketing	Financial an	alysis (basic)							
	Introductory training	Presentation	Strategic		New manager	New deputy				
	Interim training	training	thinking training	Screening training	training	training				
Required training	Intensive courses	Business field	Business field		Screening training			New general manager training	New executive training	
	Follow-up training	understanding training I	understanding training II		Future leader deve	elopment program				
Business- specific	Training programs based on strategies for specific businesses or segments									

Segment-Specific Training Programs (Does Not Include All Programs)



3 Cultivation of Managers

As Tokyo Century is focused on the cultivation of future management personnel, we dispatch candidates to business schools and help candidates gain experience in performing management tasks through secondment to overseas subsidiaries.

Moreover, a program was launched in fiscal 2021 to help managers learn about management strategies, human resource management, and other necessary management theories.

Number of Individuals Dispatched to Business Schools (Aggregate total for

fiscal 2020-fiscal 2023)

Number of Individuals Participating in Manager Training Programs (Fiscal 2023)

17

87

TOPIC | Global Training Programs

Tokyo Century has implemented global training programs targeting global employees (candidates for overseas management and supervisory positions) at overseas bases to cultivate future leader candidates. These training programs include groupwork discussions on business transformation case studies and other topics as well as explanations of the Tokyo Century Transformation (TCX) policy of Medium-Term Management Plan 2027, thereby serving as opportunities to raise the understanding of global employees with regard to Tokyo Century's management policies. Through these training programs, we aim to foster a sense of unity within the Group and cultivate individuals capable of leading globally minded management in pursuit of future business growth.



Process of Improving Employee Engagement through Employee Engagement Surveys

Medium-Term Management Plan 2027 defines the employee engagement index as a non-financial KPI. This index is measured through regular employee engagement surveys. By analyzing the results of these surveys, we are able to identify issues and implement improvement measures to further heighten the employee engagement index.

Cycle of Improving Employee Engagement through Dialogue

Start of Fiscal Year	1	Administration of employee engagement surveys*			
	2	Analysis of results Employee engagement index: 53.2 (fiscal 2024, deviation value) Rating: BB (fifth highest among 11 ratings), issues defined based on results and employee input			
	3				
	4	Monitoring of status of measure implementation Fixed-point measurement of indicators related to measures to monitor effectiveness			
Start of Fiscal Year	1	Administration of employee engagement index defined as non-financial KPI together with corresponding target for Medium-Term Management Plan 2027 (fiscal 2023–fiscal 2027)			

* Results measured using Motivation Cloud service provided by Link and Motivation Inc.

Message from the President of the Personnel Unit



TOKYO CENTURY CORPORATION

I am committed to conducting the necessary investments and providing opportunities for employees to learn and exercise their skills as we seek to foster an organization that commends ambition.

Toshiyuki Otobe

Managing Executive Officer

President of the Personnel Unit

Tokyo Century got its start in leasing, and then it went on to grow while expanding its business scope through entry into new business fields, like automobility, aviation, real estate, and environmental infrastructure, in response to social changes and customer needs. If we want to continue growing into the future, we will need to take a bottom-up approach toward addressing any issues we face while creating new products and services that meet customer needs. Whether or not we can do so will hinge on our ability to heighten the individual skills of our employees. Under Medium-Term Management Plan 2027, Tokyo Century has defined its desired human resources as being "people with a propensity for self-transformation and who possess creativity and ambition." Such people should be characterized by a propensity for self-transformation that enables them to change and grow, creativity for generating high levels of value in response to the various issues and needs of customers and society, and a sense of ambition that propels them to seek new challenges without fear of failure or hardship.

Moreover, our future growth will depend on whether we can recruit and retain talented human resources. I therefore think we need to heighten our ability to communicate the information on Tokyo Century to external stakeholders. This will be imperative to inspiring a wider range of talented individuals to take an interest in the Company and to deepen their understanding with regard to our business as well as our corporate culture,

workplace environment, and workstyles. Recently, during interviews with individuals seeking to work at Tokyo Century, I have been sensing the diversification of the types of values people hold toward their job and the idea of working. If we want more people to choose Tokyo Century as their place of employment, we need to present concrete details on not only our work conditions and job types but also the kinds of career plans we offer and the skills and sense of achievement to be gained by working at the Company.

We must also develop a workplace environment that ensures employees are highly motivated on the job as well as systems that fairly reward them for their accomplishments. The current human resource systems were put in place more than a decade ago. We have continued to update these systems over the years in response to social changes. However, we have recently undertaken a more comprehensive inspection of our systems based on the results of an employee engagement survey implemented in fiscal 2024 and input from employees. I want Tokyo Century to be a place where every employee is capable of bringing about change and growing into the type of person who can help address the issues faced by customers and society. To this end, I am committed to conducting the necessary investments and providing opportunities for employees to learn and exercise their skills as we seek to foster an organization that commends ambition.

53

Strategy of TC Transformation INTEGRATED REPORT 2024 0 2 11 2 Sho Kimizu Employee Roundtable Visions for Partners Inc., a private equity fund in which the the Future of Shoko Taniquchi **Tokyo Century** The future growth of Tokyo Century will be driven by the employees in their 20s and 30s today. The following is a discussion between four such employees who are curmber of the Next Generation Automobilit rently tackling challenges together with our customers on the front lines of business that paints a picture of the types of people in these age groups working at Tokyo Century and their motivations toward their jobs leasing operations at a subsidiary in

Motivations for Deciding to Join **Tokyo Century**

TOKYO CENTURY CORPORATION

I used to work at a financial institution. At financial institutions, we face restric-

tions when it comes to activities like equity investment. I thus found myself yearning to engage in projects that were free of such restrictions, and this is when I discovered Tokyo Century. When I joined the Company, it just happened to be in a period of aggressive M&A activities aimed at expanding its aviation business as well as its principal investment business, which was anticipated to become a new pillar of earnings, in the Specialty Financing segment. So, although I was still young, I was immediately able to take part in large investment projects and start making contributions, and this has really heightened my motivation at Tokyo Century.

Taniguchi

Tokyo Century is relatively free of restrictions when compared with other

companies in the financial industry. This was one factor that motivated me to join. Another major factor was the appeal I felt toward the people working at Tokyo Century. You see, I had the opportunity to take part in an internship at Tokyo Century when I was still in school. During the internship, a member of the leasing sales team let me sit in on a business negotiation. This gave me a glimpse of the process of advancing projects together with customers, and I was able to see how the Company's personnel always had their feelers out, seeking hints for proposals they could make to satisfy customers in various industries. This fueled a strong desire in me to become a person who can do this type of job.

I think we all had similar reasons for joining. I too decided to join Tokyo

Century due to the appeal of its unrestricted business and to the people who worked therein. At the job interview, I, of course, got asked the usual questions, you know, the ones about your motivation for applying or the vision for your career. However, I also feel that a lot of the questions I was asked were aimed at figuring out if I was the type of person they wanted to work with. The organization I am currently working in is tasked with creating new earnings pillars and value propositions. I think it is important for such organizations to be flat and to offer peace of mind. The atmosphere I sensed at the interview filled me with feelings of hope for working at Tokyo Century and for the possibility of pursuing

ambitions at an organization with these qualities.

I believe that Tokyo Century is accepting of who people actually are, and where

there is no need to embellish oneself. When I was still in school and looking for work, I had a lot of worries about how I could make use of my strengths at a company and whether a company would be accepting of me. When talking with the recruiter for Tokyo Century, I remember just how warm and friendly they were when approaching me. This was one reason why I joined the Company. I was also looking for a company where I could be involved in a global business, a desire I had felt based on my experience studying aboard. This made Tokyo Century, which was actively developing overseas operations, extra appealing to me.

Measures for Advancing TCX, a Basic Policy of Medium-Term Management Plan 2027

Portfolio transformation always comes Taniguchi up in conversations at Tokyo Century, and I often find myself thinking about it in my everyday work. The Equipment Leasing segment is facing a challenging operating environment, and everyone is keenly aware of how we cannot hope to survive if all we do is provide financial functions. This awareness has led us to the shared understanding that portfolio transformation is not about just expanding our portfolio for the sake of growth. Rather, it is an approach toward heightening profitability. I have thus seen a rise in projects aimed at generating returns through means such as value-added proposals.

We are also mindful of emphasizing the profitability of projects in the

International Business segment. Moreover, an understanding with regard to portfolio transformation is taking hold at the Tokyo head office. However, it is not so easy to promote this understanding among the employees working at overseas subsidiaries and affiliates. Such employees have the important mission of focusing on their sales activities to get their numbers up. We therefore need to strike a balance while transforming our existing businesses to improve profitability. So, I think it will take some time for the benefits of this approach to appear in the numbers.

I feel that we are making progress when it comes to human resource and organizational transformation. Tokyo Century offers an



incredibly robust range of training and other human resource support systems. The range of this support really lets you know just how serious Tokyo Century is about improving the value of its people. As for digital transformation, I think it is important for everyone to visualize the ultimate goals to be achieved through digital transformation. By doing so, people should then discuss how they want to use digital technologies to address a specific issue. This would make it easier to clearly identify the steps needing to be taken to proceed.

I agree. In addition to digital transformation, Tokyo Century is promoting green transformation. I understand that both types of transformation are important to Tokyo Century's growth. What we probably need to do next is to help everyone incorporate both digital and green transformation into their work and recognize them as familiar and close-at-hand concepts. If people often think about how these types of transformation can be applied to their specific work, they will come to understand just how they relate to them. This process will help these concepts to become entrenched on the front lines.

Principles Emphasized When Pursuing Goals Together with Customers and Partners

When it comes to chasing our ambitions together with customers and partners, it is not enough for Tokyo Century to just provide funds. This is why I work with the customer or partner to try to identify and address the root cause of the management issues they face. As we also have different areas of expertise, communication and exhaustive discussion can help realize benefits greater than the sum of their parts. This can, in turn, contribute to

earnings for Tokyo Century. I am currently being seconded to a private equity fund. There, I work together with investees on a daily basis to identify and resolve each of their issues with regard to their management systems and business models. My goal is to help them become companies capable of ongoing growth so that they can create economic benefits for their stakeholders. It is important to closely monitor the issues faced by the management and employees of investees and to constantly think of the solutions Tokyo Century can provide to address these issues while continuing to work to foster mutually beneficial win-win relationships.

My approach is similar to that of Mr. Kimizu. I devote my efforts to

building trusting relationships with our customers. Just meeting with customers frequently does not suffice; we have to grasp customers' needs at an early stage and propose solutions to them from a variety of angles. This approach can enable us to learn something new about one another or help flesh out discussions on the next step we should take. I like to focus on maintaining such relationships as they can lead to new possibilities. When we base our actions on Tokyo Century's partnership strategy, we are able to make convincing proposals to customers that involve various teams, which can broaden the scope of our activities. This is a unique element of Tokyo Century's competitive edge, and something I want to broadcast more.

When working with overseas subsidiaries and affiliates to partner with local companies, I try to propose strategies that are appealing to both sides. Sometimes, I will research industry trends to determine what local partners we can work with to grow the business of both the partner and also Tokyo Century. I may also formulate hypotheses about the issues or needs a prospective partner might have by reading their website or

disclosed materials. These are some aspects of my approach toward collaborating with overseas subsidiaries and affiliates.

The Automobility segment develops a lot of businesses that are closely linked

to end users. This is why I always try to go about my work while remaining cognizant of the principle of market-oriented thinking advocated by Senior Managing Executive Officer Masato Osugi, who is president of the Automobility Business Development Unit. Finding hints for new businesses requires that we look into what kinds of issues are faced in the market and think about what partner would be best to help us tackle these issues. Understanding market needs is paramount to our business and something I always try to be mindful of. I, of course, sometimes consider tackling new challenges together with partners. However, I try to never forget that the onus is mainly on us at Tokyo Century to tackle said challenges.

Career Goals at Tokyo Century

I really feel that I am making progress in the career path I had envisioned while tackling numerous challenges along the way. I want to use the platform that is Tokyo Century to continue to grow as a person, and I do not just mean by acquiring new skills or knowledge; I aspire to become someone with whom people enjoy working, someone who people regard as creative and innovative.

My goals are not that lofty; I just want to be involved in a business that helps

address social issues, which will allow me to get the sense that Tokyo Century and I are helping make the world a better place. In my work, I hope to focus on making Tokyo Century a company that partners feel is beneficial to work with and on becoming someone deemed valuable by society. However, I still need to

study a lot of specialized fields and increase my own skills and personal magnetism in order to accomplish mv goals

Rather than thinking about what I want to do, I adopt the perspective of how I can contribute to society. Specifically, I am motivated in my work by a desire to create a society in which driving or owning a car can make people's lives happier and more fulfilling. Recently, younger people have been moving away from cars, and society has been changing in a way that makes purchasing and owning a car less appealing as an option. I therefore

want to help Tokyo Century create products and services that make cars something more familiar to such people and which increase the levels of happiness and satisfaction they feel in their daily lives. I also hope to become someone who can lead efforts to create such products and services. For the time being, my goal is to contribute to the vision of becoming the top mobility service company in Japan

laid out in Medium-Term Management Plan 2027.

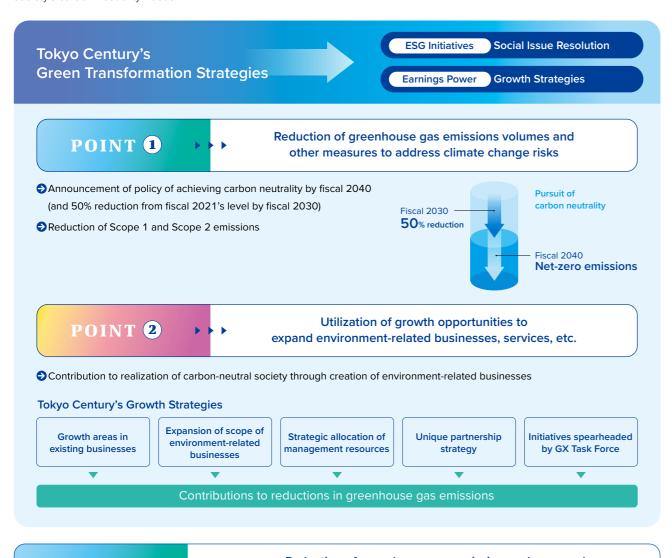
My goal is similar to that of Mr. Koike; I want to develop my career in a

manner that involves me in businesses that make people's lives more fulfilling and the economy more enriched. The spread of QR code payments, for example, is changing society in a way that makes it possible to provide highly convenient services for people who previously could not get a bank account or credit card. I therefore see significant potential for Tokyo Century to use its strengths in financial services to develop businesses that create such value and to contribute to the resolution of social issues in this way. I am committed to working hard in my day-to-day tasks to ensure that I can shape my career in the manner I have described.



Promotion of Carbon-Neutrality-Related Businesses

Green transformation is one type of transformation advocated under the TCX concept. In pursuing green transformation, the Tokyo Century Group seeks to achieve carbon neutrality and to create environment-related businesses that cater to society's carbon-neutrality needs.



POINT 1

Reduction of greenhouse gas emissions volumes and other measures to address climate change risks

Importance of Responding to Climate Change

The Tokyo Century Group's Management Philosophy calls on us to contribute to the creation of an environmentally sound, sustainable economy and society. We recognize the fight against climate change as an important opportunity for growth toward accomplishing this objective, and a concerted Groupwide response is thus being furnished to address climate change. One of the key issues of Tokyo Century's materiality is "contribution to decarbonized society," and we are striving to help resolve social issues while achieving ongoing growth and improvements to corporate value.

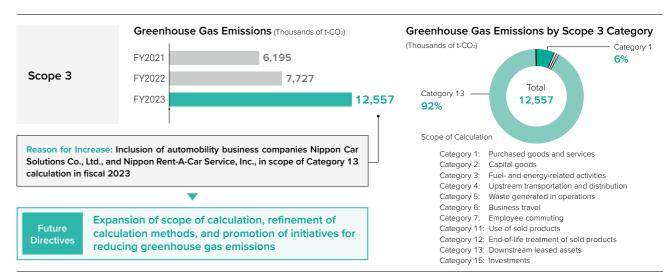
Greenhouse Gas Emissions and Reduction Targets

Scope 1 and Scope 2

Greenhouse Gas Emissions (Thousands of t-CO2)				
	FY2021	FY2022	FY2023	
Scope1	11	1,083	920	
Scope 2*1	9	15	17	
Total	20	1,098	937	

Two new domestic Group companies and four overseas subsidiaries of CSI Leasing, Inc., included in scope of calculation from fiscal 2023

Fiscal 2030: 50% reduction Fiscal 2040: Net-zero emissions



For more information, please refer to Tokyo Century's latest sustainability data book.

ttps://www.tokyocentury.co.jp/en/sustainability/databook/

TOKYO CENTURY CORPORATION

Scope 1 and Scope 2 Emissions Reduction Initiatives

Direct Emissions and Indirect Emissions Originating from Energy Use

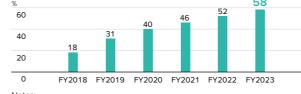
To reduce direct emissions, Tokyo Century is planning a phased shift from gasoline-fueled vehicles to electric vehicles (EVs) and other electrified vehicles for its Company fleet. In addition, gas-powered equipment will be replaced with electric equipment or with equipment that is more energy efficient while offices will be relocated to buildings that utilize renewable energy. For indirect emissions, we will seek to effectively switch to renewable energy by procuring green power and purchasing certificates verifying that our power does not come from fossil fuels.

Scope 3 Emissions Reduction Initiatives

Introduction of Highly Fuel-Efficient, New Technology Aircraft in Aviation Business

Aviation Capital Group LLC (ACG), a U.S.-based aircraft leasing subsidiary, and other aviation business companies are pursuing reductions in greenhouse gas emissions by introducing into their fleets new technology aircraft with high levels of fuel efficiency. The A320neo family, a mainstay aircraft series of Airbus SE, offers an approximately 20% reduction in greenhouse gas emissions compared with prior aircraft. The Tokyo Century Group is committed to increasing the portion of its aircraft portfolio accounted for by such eco-friendly aircraft and thereby reducing greenhouse gas emissions. Another pressing task in reducing the emissions of the aviation industry is the shift toward sustainable aviation fuel. We are currently assessing how best to take advantage of the business opportunity this shift represents.

Ratio of New Technology Aircraft among the Tokyo Century Group's Fleet

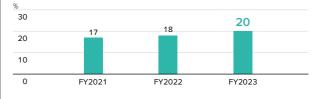


- 1. For more information on calculation methods and other related matters, please refer to Tokyo Century's latest sustainability data book
- 2. To view the environmental, social, and governance report of ACG, please $\dot{\mbox{\sc e}}$ refer to the following website.
- thttps://www.aviationcapitalgroup.com/wp-content/uploads/2024/02/2023 ESG-Report.pdf

Expansion of EV Offerings and Entry into EV Battery **Business in Auto Leasing and Car Rental Businesses**

- Provision of EVs to the NTT Group, in light of declared commitment to transition completely to EVs (participation in EV100 initiative), and promotion of EV adoption by other customers
- Commencement of transactions of electric taxis and buses and other electrified micro-mobility options
- ⇒Enhancement of value chain to provide EV-related services

Ratio of EVs among Automobility Segment's Fleet



Note: Figures represent the combined total for Nippon Car Solutions and Nippon Rent-A-Car Service

Adoption of Renewable Energy in Real Estate Business

- Adoption of electricity sourced from renewable energy



^{*1} Location standard

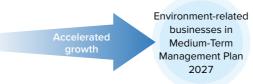
^{*2} Reduction in comparison with base amount (1,365,000 t-CO2) calculated by combining fiscal 2021 emissions with estimated annual emis sions associated with biomass co-firing power plant of Shunan Power Corporation and hotel business

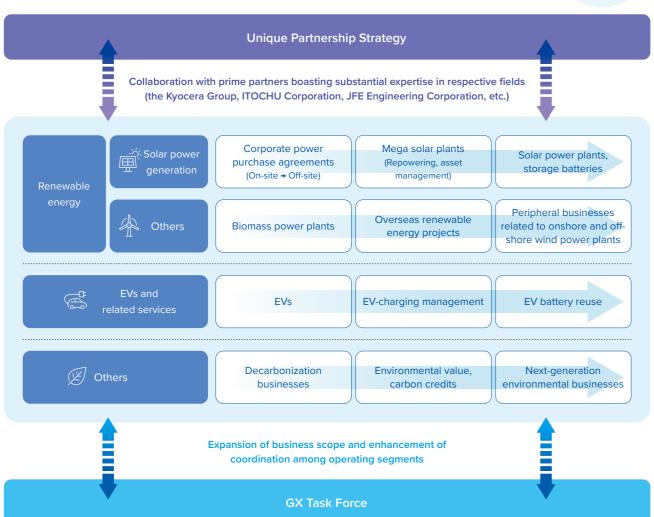


Utilization of growth opportunities to expand environment-related businesses, services, etc.

Road Map

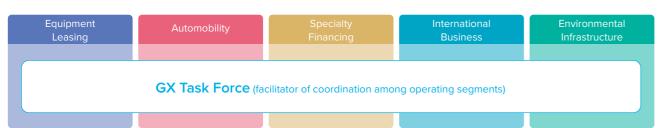
The Tokyo Century Group will focus on utilizing its strengths to advance its unique partnership strategy, expand its business scope, and enhance coordination among operating segments in order to accelerate growth.





Expansion of Businesses Addressing Carbon-Neutrality Needs (Promotion System)

Environment-related businesses are a common theme to be addressed by all operating segments. To better respond to the rising social needs in this area and thereby accelerate growth, Tokyo Century established the cross-organizational GX Task Force to facilitate its efforts to contribute to the realization of a carbon-neutral society.



Environment-Related Business Initiatives Advanced through Collaboration with Prime Partners

Tokyo Century is aggressively advancing initiatives centered on collaboration with prime partners across the energy value chain for catering to society's carbon-neutrality needs.



Solar Power Plants

TOKYO CENTURY CORPORATION

Solar power generation businesses, asset management and technical management for improving generation efficiency, etc.

EVs and Related

Wind Power Plants

Peripheral businesses related to onshore and offshore wind power plants, etc.

Rooftop Solar Power Facilities

On-site and off-site corporate power purchase agreements

Services

EV leasing, EV-charging management, and other related services

Storage Batteries

Integrated solar power systems, grid-use storage batteries, etc.

Forestry Funds

Organization and sale of carbon credits through participation in forestry funds, etc.



Improvement of Customer Value Proposition Using Digital Technologies

Digital transformation is crucial for building the foundation necessary for implementing the TCX basic policy of Medium-Term Management Plan 2027.

Tokyo Century has established the Companywide DX Task Force to promote initiatives for bringing about change using digital technologies, and initiatives toward this end are currently underway.

Bringing About Change Using Digital Technologies (Digital Transformation)



TCX

Expansion-Oriented

Enhancement of Customer Value Proposition

By using digital technologies to enhance its value proposition for customers, Tokyo Century will develop a highly profitable business model to generate earnings.

Reform-Oriented Digital Transformation

Improvement of Operational Efficiency in Internal Processes

Tokyo Century will pursue improved operational efficiency by using digital technologies in its sales activities and sales support provisions.

Promotion System DX Task Force

The DX Task Force has been established and common Companywide themes have been identified to share objectives, methodologies, and goals with all operating segments in order to help Tokyo Century accomplish its aims.

Customer Value Proposition

■ Enhancement of value proposition for customers using digital technologies to establish highly profitable business model

Frontline Operational Reforms

- Reduction of burden placed on frontline sales
- organizations
- Digital transformation of sales support provisions
- Improvement of operational efficiency through paperless processes and other means

Digital Transformation Training

- Digital transformation literacy improvement
- Cultivation of a digital transformation culture that contributes to autonomous learning and action

System Replacement

Exploration of possibility of improving operational

efficiency through deployment of core systems to Group companies

Digital Transformation Initiative TC-ChatAl

Tokyo Century grants employees access to its exclusive TC-ChatAl generative Al chat service. As TC-ChatAl is detached from external environments, there is no concern regarding leaks of confidential information. This service was introduced in fiscal 2023 and was used in various processes by around 40% of all officers and employees at Tokyo Century Corporation during this year.

Major Applications

- Brainstorming using internal and external information
- Deep-level examination of ideas
- Preparation of briefings materials, reports, and other documents
- Email text preparation, etc.

We aim to use TC-ChatAl as a tool for improving operational efficiency and quality and for making digital transformation feel more relevant and tangible.

Digital Transformation

TOKYO CENTURY CORPORATION

Improvement of operational efficiency in internal processes

In reform-oriented digital transformation for improving operational efficiency in internal processes, it is important that the introduction of digital tools alone not be our end goal. For this reason, Tokyo Century is implementing an effective digital transformation cycle comprising three stages:

1. Training and education, 2. Implementation (use of digital tools to accomplish defined goals), and 3. Assessment (sharing and commendation of knowledge).

1. Training and Education Digital transformation training programs

2. Implementation Use of digital tools to accomplish defined goals

3. Assessment

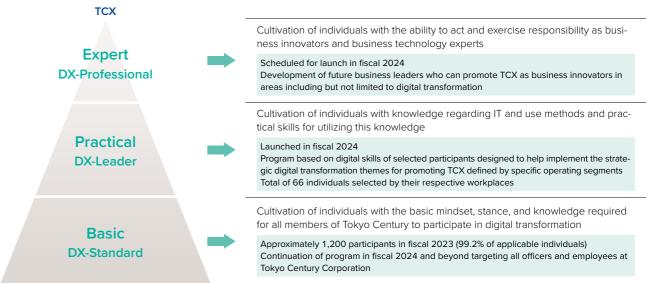
Digital Technology Success Exhibit

Digital transformation training

Training and Education— **Digital Transformation Training Programs** Tokyo Century has designed a three-level digital transformation training program. The basic-level

course (DX-Standard) of this program, launched targeting all officers and employees in fiscal 2023, provides basic knowledge and information on the background for utilizing digital technologies in the volatile operating environment and is meant to improve digital transformation literacy throughout the Company.

The practical-level course (DX-Leader) was introduced in fiscal 2024 and is aimed at individuals selected to implement the strategic digital transformation themes defined by specific operating segments. This program enables selected individuals to learn from a practical curriculum prepared based on their individual skills to help them obtain the skills necessary for promoting digital transformation.



Digital Transformation Initiative Digital Technology Success Exhibit

The Digital Technology Success Exhibit is an intranet site that shares examples (materials, videos, etc.) of process reforms using digital tools. By sharing examples of frontline reforms based on creative ingenuity, we aim to encourage employees to undertake reforms to internal processes.

In fiscal 2023, we pursued improved efficiency through no-code tools, cloud services, Al, and robotic process automation,* successfully cutting the annual amount of labor needed by hundreds of hours on a per-project

* Automation of administrative processes using computers



Digital Technology Success Exhibit intranet site (Japnese only)

Sustainability Management

CHAPTER Sustainability Management

- Process for Identifying Materiality (Key Issues)
- Relationship between Materiality and Medium- to Long-Term Value 66 Creation Strategies
- Sustainability Governance

Sustainability Management INTEGRATED REPORT 2024

Process for Identifying Materiality (Key Issues)

Tokyo Century's Materiality (Key Issues)





5 Enhancement of work environ-





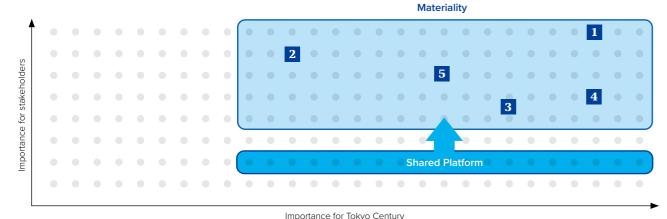




Materiality Identified to Support Sustainability Management Tokyo Century's Materiality (Key Issues)

- 3 Based on the United Nations Sustainable Development Goals (SDGs), Tokyo Century has created a materiality map that considers the degree of priority for its stakeholders (indicated on the vertical axis) as well as the degree of priority for the Company itself (indicated on the horizontal axis). Priority issues for the Company include the development of diverse businesses (such as aviation and solar power generation) that take advantage of its highly free operating environment and business characteristics grounded in the value of its assets.
- 2) The process of creating this map involved first assessing the importance of issues for stakeholders based on major environmental, social, and governance (ESG) evaluation and non-financial information disclosure standards as well as on the 169 targets for the 17 SDGs. We then proceeded to identify the issues of importance for the Company by looking at the connection between the SDGs and our Management Philosophy and financial information. The important issues defined in these two categories formed the axes used when preparing our materiality map, and this map was used to identify the five materiality items indicated above, based on meetings with relevant personnel and discussions by the Sustainability Committee, the Management Meeting, and the Board of Directors.
-) In addition, protocols have been introduced regarding materiality notifications in agendas for meetings of the Transaction Evaluation Meeting, Management Meeting, and the Board of Directors. The Company also offers incentives as part of its sales promotion measures for initiatives that contribute to the accomplishment of the SDGs through our business activities. These measures are meant to help improve awareness regarding materiality initiatives among employees. Moreover, we have defined key performance indicators (KPIs) along with a PDCA (plan-do-check-act) cycle for our materiality (key issues).

Identification of Materiality Using Materiality Map



Major ESG standards referenced: Dow Jones Sustainability World Index, FTSE4Good Index Series, MSCI indexes, and SASB Standards

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Enhancement of Materiality Effectiveness Introduction of New KPI

New

Definition of Transaction Volume as New KPI

Medium-Term Management Plan 2027 puts forth the focus areas of decarbonization, social infrastructure, and a circular economy. To measure progress toward addressing materiality items in a manner that coincides with these focus areas, Tokyo Century has defined the new KPI of transaction volume*1 (leases, financing, investments, etc.).

Prior KPIs only tracked transactions in certain businesses. The new KPI of transaction volume, however, covers transactions in all businesses and is thus able to better illustrate how Tokyo Century's business activities are tied to its contributions to society. Moreover, the new KPI also corresponds with the management indicators used to monitor the sales performance of Tokyo Century Group employees and thereby incentivizes them to advance business activities for addressing materiality items. At the moment, around 80% of Tokyo Century's overall transaction volume is applicable to the Company's materiality items. We have not yet formulated medium- to long-term targets for the new KPI, but we intend to examine the possibility of setting specific targets as necessary going forward.

Businesses Applicable under New KPI of Transaction Volume and Results Thereof

N		KPI: Transaction Volume		
Materiality (Key Issues)	Applicable Businesses	FY2022	FY2023	
Contribution to decarbonized society Contribute to widespread use of clean energy through climate change response and environmental efforts 7 AFFERMAN TO LIMITE LIMITE TO LIMITE LIMITE LIMITE LIMITE LIMITE LIMITE LIMITE LIMITE LIMITE	 Renewable energy businesses (amount of investment in solar power and biomass power generation businesses, corporate power purchase agreements, and storage battery businesses) Introduction of electric vehicles in Automobility segment Introduction of fuel-efficient aircraft in aircraft leasing businesses Joint crediting mechanism (JCM) business, etc. 	¥296.2 billion	¥344.7 billion	
3 Contribution to social infrastructure development Respond to advances in global mobility services and cooperate with local communities to contribute to social infrastructure development 3 MONINGERING 11 SOCIAMENTES AND NULL-ETHIC TOTAL AND COMMENTES AND COMM	 Mobility (auto leasing,*2 aircraft, shipping, etc.) Real estate (offices, logistics facilities, data centers, hotels, etc.) Transactions pertaining to public facilities (government agencies, schools, hospitals, etc.) and infrastructure (power distribution equipment, public broadcast equipment, etc.), etc. 	¥479.7 billion	¥641.2 billior	
4 Sustainable resource use Contribute to development of a circular economy focused on the value of assets 9 MODIFICATION AND THE RESPONSIBILITY AND PRODUCTION AND PRODUCTION AND PRODUCTION AND PRODUCTION AND PRODUCTION	 Lease transactions that do not apply to other materiality items Leasing by CSI Leasing, Inc. Secondhand vehicle sales, etc. 	¥396.5 billion	¥473.0 billion	
Total	I	¥1,172.4 billion	¥1,458.9 billio	

^{*1} Calculated using amounts of lease and rental transactions, financing, investments, and sales based on internal sales management figures Scope: Tokyo Century Corporation and 15 major subsidiaries (FLCS Co., Ltd.; EPC Japan K.K.; Nippon Car Solutions Co., Ltd.; Nippon Rent-A-Car Service, Inc.; Kyocera TCL Solar LLC; Aviation Capital Group LLC; CSI Leasing, Inc., Allegiant Partners Inc., Tokyo Century (USA) Inc.; Tokyo Century Leasing (Singapore) Pte. Ltd.; Tokyo Century Capital (Malaysia) Sdn. Bhd.; TISCO Tokyo Leasing Co., Ltd.; HTC Leasing Co., Ltd.; TC Car Solutions (Thailand) Co., Ltd.; and BPI Century Tokyo Lease & Finance

^{*2} Mobility business transactions pertaining to the introduction of electric vehicles are excluded from the transaction amount for "contribution to social infrastructure development" as these transactions are included in the transaction amount for "contribution to decarbonized society.

Relationship between Materiality and Medium- to Long-Term Value Creation Strategies

Note: For more information regarding KPIs, please refer to Tokyo Century's latest sustainability data book.

Materiality (Key Issues)	Major Opportunities and Risks for Tokyo Century	Major KPIs	Results (Fiscal 2023)	Major Initiatives for Contributing to Materiality (Key Issues)
Contribution to decarbonized society	Expansion of scope of renewable energy and other environment-related businesses Emergence of stranded assets with high greenhouse ga emissions	Contributions to reductions in CO ₂ emissions through solar power generation businesses of consolidated subsidiaries*1 (fiscal 2024) Annual generation volume: More than 549,700 MWh Reductions in CO ₂ emissions: More than 215,757 t-CO ₂ New Transaction volume (leases, financing, investments, etc.)	Contributions to reductions in CO ₂ emissions through solar power generation businesses of consolidated subsidiaries Annual generation volume: 560,575 MWh Reductions in CO ₂ emissions: 218,344 t-CO ₂ Transaction volume: ¥344.7 billion	◆ Investment in Forestry Fund Tokyo Century has invested in a forestry fund organized and operat by the Sumitomo Forestry Group with the aim of utilizing the quality carbon credits obtained through the fund to create new services an businesses that contribute to reductions in emissions.
2 Creation of new businesses driven by technical innovation	Improvement of customer value propositions using digital technologies Diminishment of customer value propositions due to obsolescence of existing business model	Certification under METI's DX Certification system*2	Certification under METI's DX Certification system Inclusion among Noteworthy DX Companies 2024 in May 2024	♦ Investment in IT Service Provider MEEQ Inc. With the goal of co-creating new services, Tokyo Century has commenced investment in MEEQ Inc., provider of MEEQ, an Internet of Things (IoT) platform offering one-stop services for various commun cation, hardware, software, Al, and other functions crucial for digital transformation and the adoption of the IoT.
3 Contribution to social infrastructure development	Expansion of customer value propositions through utilization of social infrastructure assets indispensable to everyday life Emergence of stranded assets due to deterioration of social infrastructure	Number of vehicles equipped with telematics services*3 Number of safe driving lessons conducted using telematics services*4 Ratio of rental cars equipped with safety features (automated brakes, etc.)*5 New Transaction volume (leases, financing, investments, etc.)	Number of vehicles equipped with telematics services: 88,359 Number of safe driving lessons conducted using telematics services (number of participants therein): 1,049 (14,149) Ratio of rental cars equipped with safety features (automated brakes, etc.): 97.4% Transaction volume: ¥641.2 billion	☼ Investment in U.S. Data Center Business Investment has been conducted in data centers located in Chicago and operated by the NTT Group. These data centers are supporting the popularization of generative AI and other technologies and are expected to benefit from growing demand among major IT compand and other hyperscalers as infrastructure indispensable to our every day lives.
4 Sustainable resource use	Increased range of business opportunities related to a circular economy focused on the value of assets Higher costs related to waste processing Damage to reputation due to environmental pollution	Number of secondhand computers sold (fiscal 2026): More than 301,000 Number of units processed with ITAD services*6 (fiscal 2025): 2,000,000 Number of rental cars owned*5 New Transaction volume (leases, financing, investments, etc.)	Number of secondhand computers sold: 350,813 Number of units processed with ITAD services: 1,694,606 Number of rental cars owned: 35,158 Transaction volume: ¥473.0 billion	Promotion of ITAD Service Business through Joint Investment in EPC Japan with CSI Leasing Through EPC Japan K.K., CSI Leasing, Inc. and Tokyo Century are jointly enhancing their end-of-lease computer disposal, data erasure and refurbishment operations and promoting eco-friendly IT life cyc management services.
5 Enhancement of work environment, leading to strengthening of human resources	Recruitment of diverse human resources Invigoration of human resources through increased employee engagement	Ratio of women among new-graduate hires (2027): Maintain at least 40% Ratio of female managers among all managers (2030): At least 30% Rate of childcare leave acquisition by male employees:	Ratio of women among new-graduate hires: 53.2% Ratio of female managers among all managers: 12.0% Rate of childcare leave acquisition by male employees: 100% Employee engagement index: 53.2 (deviation value)	Improvement of Ratio of Female Managers among All Managers Seminars are organized on themes related to women's career development and workshops are arranged through which volunteer partipants are able to explore relevant themes and are encouraged to reflect their findings in their actions.

INTEGRATED REPORT 2024

- *1 Solar power generation company Kyocera TCL Solar LLC and nine other subsidiaries
- *2 Program to certify business operators based on the revision to Act on Facilitation of Information Processing implemented on May 15, 2020; companies must apply for cer-

Loss of talented human resources

Inability to secure talented human

resources due to unappealing

workplace environment

Failure to innovate

Improvement of employee engagement index*7

- tification and the Ministry of Economy, Trade and Industry selects for certification those companies implementing superior initiatives. *3 Nippon Car Solutions Co., Ltd., and Nippon Rent-A-Car Service, Inc. *4 Nippon Car Solutions Co., Ltd.

- $^{*}\mbox{G}$ Services for disposing of IT assets safely and appropriately
- *7 Measured using Motivation Cloud service provided by Link and Motivation Inc. since fiscal 2024; represented as deviation value from nationwide average of 50

Male Employees

working parents are organized.

Promotion of Childcare Leave Acquisition by

Interviews with male employees who have taken long-term childcare $\,$

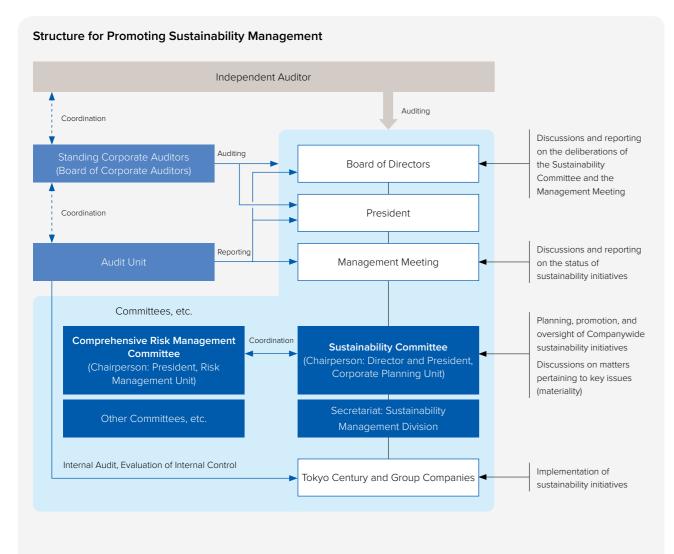
leave are published in owned media outlets, and lunch meet-ups for

Sustainability Management INTEGRATED REPORT 2024 TOKYO CENTURY CORPORATION

Sustainability Governance

Sustainability Management Monitoring System

In its pursuit of sustainable growth through sustainability management, Tokyo Century has instituted a monitoring system to confirm progress of management strategies based on its defined five key issues (materiality) and to provide advice for improvements. Moreover, appropriate governance is practiced and a PDCA (plan-do-check-act) cycle is implemented to improve the effectiveness of sustainability management.

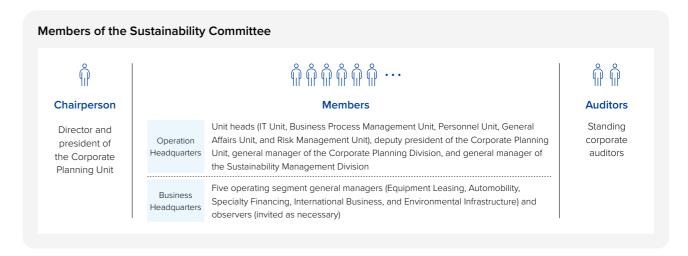


Role of the Sustainability Committee

Established in April 2018, the Sustainability Committee is responsible for deliberations related to sustainability management at Tokyo Century. This committee meets twice a year, in principle. Important matters deliberated on by the Sustainability Committee are reported to and discussed by the Management Meeting and the Board of Directors to allow for oversight by the latter. The Sustainability Committee is chaired by the director and president of the Corporate Planning Unit, and this committee promotes initiatives for addressing materiality items that position sustainability as an important management issue along with various other initiatives.

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 that investigate matters including those pertaining to sustainability. Standing corporate auditors meet with the Audit Unit once a month, in principle, to exchange information, and important findings are then reported to external corporate auditors at meetings of the Board of Corporate Auditors.

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Implementation of PDCA Cycle

In February 2020, Tokyo Century formulated its Sustainability Road Map. This road map was approved following discussions by the Sustainability Committee before being reported to the Management Meeting and the Board of Directors.

The Sustainability Committee manages the progress of initiatives in accordance with the Sustainability Road Map and submits reports on said progress to the Management Meeting and the Board of Directors. Based on these progress reports, instructions are issued to the Sustainability Management Division and other relevant divisions by the Sustainability Committee, the Management Meeting, or the Board of Directors as deemed necessary. The above divisions then carry out these instructions to improve the effectiveness of Tokyo Century's sustainability management and to enhance its environmental, social, and governance (ESG) strategies.

Major Sustainability Committee Agenda Items and Poperts and Poperts

Major Agenda Items	Fiscal 2022	Fiscal 2023		
Information disclosure	Scenario analysis of automobility business (corporate and individual auto leasing) and discussion and approval of related disclosure proposal	Disclosure based on Corporate Sustainability Reporting Directive (CSRD)		
	Disclosure of results of scenario analysis of automobility business (corporate and individual auto leasing) in May 2023	Identification of applicable Group companies and analysis of disparities between current disclosure materials and CSRD standards as parent company is located outside of the European Union		
Carbon-neutrality initiatives	Discussion and approval of carbon-neutrality policies and action plans	Carbon-neutrality action plan and progress report		
	Announcement of Carbon-Neutrality Policy for fiscal 2040 and transition road map in September 2022	Expansion of scope of disclosure for Scope 1 and Scope 2 emissions (fiscal 2022: 90 companies → fiscal 2023: 93 companies) Ongoing acquisition of third-party verification for CO₂ emissions and contributions to emissions reductions		
Materiality items		◆ Introduction of new KPI for materiality items		
	_	Definition of transaction volume as new KPI for materiality items of "contribution to decarbonized society," "contribution to social infrastructure development," and "sustainable resource use"		
Progress of medium- to long-term sustainability	Confirmation of fiscal 2022 progress of medium- to long-term sustainability manage-	Establishment of road map (37 progress items) for Medium-Term Management Plan 2027		
management initiatives (Sustainability Road Map)	ment initiatives (Sustainability Road Map)	Reporting on progress in fiscal 2023 and on plans for fiscal 2024 and fiscal 2025		
Others	Human rights due diligence activities centered on domestic Group compa-	Formulation of Tokyo Century Group Environmental and Social Management Policy for Financing and Investment Activity		
	nies based on Tokyo Century Group Human Rights Policy	Clear definition of Tokyo Century Group's policies of prohibiting financing or investment to establish new coal-fired power generation plants, expand existing plants, etc.		



- Stakeholder Engagement for Improving Corporate Value through
 Dialogue and Co-Creation
- Dialogue between an Institutional Investor and the President
 Dialogue

Stakeholder Engagement for Improving Corporate Value through Dialogue and Co-Creation

Engagement with Customers and Partners

As part of its sales activities, Tokyo Century seeks to understand the issues and goals of its customers and partners so that it can supply them with the ideal financial services

By building relationships through joint businesses with customers and partners and continuously enhancing our financial services through the merging of our respective strengths and expertise, we aim to heighten the value we supply to our customers, partners, and society.



Major Engagement Methods and Measures

- ◆ Communication through sales activities
- ♦ Joint businesses and personnel exchanges with partner companies
- Sharing of knowledge related to financial service planning and other initiatives

Engagement with Employees

Tokyo Century aspires to develop a workplace environment in which every employee is respected and able to fully exercise their talents, and we are actively working to heighten employee engagement. Moreover, 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.

Major Engagement Methods and Measures

- ⇒Employee engagement surveys
- → 360-degree evaluations
- ◆ Career Design Office (career consultation venue)
- TC-Mee+ meetings for exchanges among employees (including discussion forums with the president)



TC-Mee+ meeting

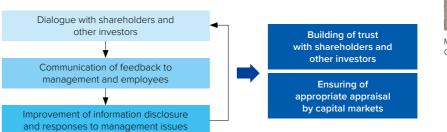
Cycle of Improving Employee Engagement through Dialogue

Start of Fiscal Year	1	Administration of employee engagement s	urvey*					
		Analysis of results						
	2	Employee engagement index: 53.2 (fiscal 2024	, deviation value)					
	7	Rating: BB (fifth highest among 11 ratings), issue	es defined based on results and employee input					
	3	Examination and introduction of measures based on employee engagement survey						
•	4	Monitoring of status of measure implementation Fixed-point measurement of indicators related to measures to monitor effectiveness						
Start of Fiscal Year	1	Point	ployee engagement index defined as non-financial KPI together with corre- ending target for Medium-Term Management Plan 2027 (fiscal 2023–fiscal 2027)					

^{*} Results measured using Motivation Cloud service provided by Link and Motivation Inc.

Engagement with Shareholders and Other Investors

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





Meeting with sell-side analysts instigated by Tokyo Century's president and officer responsible for IR

Major IR Activities

TOKYO CENTURY CORPORATION

	Activities	Frequency in Fiscal 2023	Details
	Earnings calls	4 times	Quarterly earnings calls (Three-month and nine-month calls led by the officer responsible for IR; six-month and full-year briefings led by the president)
Analysts and	Individual meetings	260 times	Meetings with analysts and institutional investors in Japan and overseas (Of which, approx. 60 meetings with overseas institutional investors)
institutional investors	Investor briefings	4 times	Investor briefings led by the president and the officer responsible for IR
livestors	Business strategy briefings	1 time	Business strategy briefings for institutional investors in Japan and overseas
	Overseas roadshows	2 times	Face-to-face meetings between the president and IR representatives and overseas institutional investors
Private investors	Company briefings	1 time	Briefings on the Company, business strategies, shareholder return policies, etc.

IR Topics

Stock Split

Effective January 1, 2024, Tokyo Century conducted a four-for-one stock split in light of the start of Japan's new NISA program (tax exemption system for small-sum investments) in 2024. The goal of this stock split was to lower the price of share-trading units of the Company's shares to make the act of investing easier and thereby expand its investor base. To facilitate the expansion of our investor base, we are also bolstering the range of opportunities we provide for gaining an understanding of our management policies through live streams of Company briefings for private investors and through the publication of articles in investment magazines.

Second 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 mostimproved integrated reports from Japanese companies. In 2023, Tokyo Century's Integrated Report 2023 was one of the 100 selected as most-improved integrated reports. This is the second 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 IR tools in order to facilitate dialogue with investors and other stakeholders and thereby improve corporate value.



TOKYO CENTURY CORPORATION



Interactive Dialogue

Tomomi Fukuta

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Senior Vice President Portfolio Manager Lazard Japan Asset Management K

Koichi Baba

President & CEO, Representative Director
Tokyo Century Corporation

Tokyo Century's future will be shaped through dialogue-based engagement with investors.

Growth of Tokyo Century

In fiscal 2023, Tokyo Century set a new record for net income attributable to owners of parent of ¥72.1 billion. This impressive financial performance is reassuring as it indicates that the Company got off to a strong start in the first year of

Medium-Term Management Plan 2027, concluding in fiscal 2027. It is noteworthy that improvements in base earnings for the car rental and aviation businesses were seen following a recovery in travel demand. Moreover, all operating segments posted earnings growth in fiscal 2023, underscoring the overall good performance of Tokyo Century. For fiscal 2024, the Company is projecting net income attributable to owners of parent of ¥80.0 billion. Backcasting from the target of ¥100.0 billion set for fiscal 2027, this means that Tokyo Century will need to achieve year-on-year increases of nearly ¥7.0 billion over the next three years if it is to achieve this target. The market, however, seems to feel that Tokyo Century is positioned to even exceed said fiscal 2027 target. President Koichi Baba, might I ask your thoughts with regard to this target?

It goes without saying that the figures presented in Medium-Term Management Plan 2027 are not everything. I also understand that investors feel we can target a higher level of performance. We, of course, want to meet investors' expectations by achieving further growth. This is why we are accelerating initiatives based on the Tokyo Century Transformation (TCX) concept in all operating segments. Key drivers of the Group's growth going forward will be aircraft leasing subsidiary Aviation Capital Group LLC (ACG) and U.S. IT equipment leasing subsidiary CSI Leasing, Inc. (CSI). In fiscal 2023, ACG's return on assets (ROA) remained at the low level of 1.2%, on a nonconsolidated basis. To improve their ROA, the company is ramping up efforts to purchase highly profitable new technology aircraft and to sell used aircraft, thereby

replacing existing assets with higher-quality assets. The resulting higher-quality portfolio and increases in gains on sales that accompany this approach are anticipated to drive up ROA. At the same time, ACG is steadily bolstering its trading staff as it puts together the team it needs. CSI, meanwhile, is growing while catering to the needs of multinational companies across the globe. In fact, CSI's ordinary income reached U.S.\$89 million in fiscal 2023, 3.4 times larger than the U.S.\$26 million recorded in fiscal 2016, when we acquired this company. CSI may be based in the United States, but it has been advancing a global strategy originating from this market. Recent initiatives under this strategy have included CSI's proactive advancement into Europe, India, and Southeast Asia. Given the high growth potential of Asian markets, I think we can look forward to rising earnings at CSI going forward.

Fukuta

recording any significant losses in the process. I thus have really high expectations for this company, especially considering it has a business model that produces the type of high ROA one would expect from a leasing company. I think you should be more proactive in disclosing details about how the Tokyo Century Group utilizes such high-growth-potential companies and in relaying this information at investor relations events. This would certainly help raise the sense of anticipation the market has toward the Company.

CSI has been growing steadily, without

Baba If I could tie this back to something you mentioned earlier, I believe that one of the concerns investors have with regard to Tokyo Century's growth potential is the relative opaqueness of the road map toward accomplishing the income targets of Medium-Term Management Plan 2027.

Understanding this concern, we took steps to more clearly indicate the path we would be taking going forward. Specifically, the investor relations materials



This, I believe, is where we see the distinction between companies that can change and those that cannot. Institutional investors look forward to seeing Tokyo Century accelerate the virtuous cycle of divesting from low-profit businesses to fuel future investment under the strong leadership of yourself, President Baba.

released in May 2024 contain information on the income amounts necessary for accomplishing our targets as well as the obstacles needing to be overcome to reach said targets for each operating segment, in addition to the initiatives for this purpose. In this manner, we sought to paint a clear picture of the process toward

achieving our targets and the progress thereof. Through this approach, we aim to reduce cost of shareholders' equity and increase the certainty and reliability of our growth. This, in turn, is anticipated to lead to a higher price-to-earnings ratio (PER), which indicates the sense of anticipation the market feels toward the Company.

Virtuous Cycle of Investment Driven by Portfolio Transformation

Portfolio transformation is one of the poli-Fukuta cies laid out in Tokyo Century's current medium-term management plan, which was announced in fiscal 2023. Investors see a lot of hope in the cycle of divesting from low-profit businesses to create funds for reinvestment in high-profit businesses. As the plan has entered into its second year, I feel that Tokyo Century's portfolio transformation initiatives are currently in a phase in which execution capabilities will need to be exercised in pursuit of progress. Overseas investors tend to view Japanese companies as being good at choosing their investments, but not quite as adept when it comes to divestment. This, I believe, is where we see

the distinction between companies that can change and those that cannot. Institutional investors look forward to seeing Tokyo Century accelerate the virtuous cycle of divesting from low-profit businesses to fuel future investment under the strong leadership of yourself, President Baba. What types of discussions are going on internally in this regard? Also, has the concept of portfolio transformation become entrenched among employees?

Previously, Tokyo Century grew by expanding the size of its asset portfolio with more of an emphasis on investment. However, discussions in-house led us to the realization that, when we consider aspects like credit ratings and financial health,

simply expanding our asset portfolio ad infinitum will not be the best course. Rather, we decided that Tokyo Century should develop a strong corporate constitution by bolstering its earnings power. This decision is what led to the inclusion of portfolio transformation in Medium-Term Management Plan 2027. One year has passed since the announcement of the plan, and we have already seen examples of our reducing our equity stakes in affiliates. I therefore think we can safely say the concept of portfolio transformation has become entrenched among employees. Said concept is not limited to reviewing our business portfolio; I also make sure that people at Tokyo Century understand how this concept must entail increasing asset turnover in assetbased businesses like aviation and shipping. Moreover, the revised officer compensation system announced in May 2024 includes TCX initiatives among the evaluation and payment criteria for stock options. This move was meant to encourage officers to adopt a more mediumto long-term perspective with consideration paid to factors such as portfolio transformation. Also, in fiscal 2023 we introduced a new TCX Award category in the annual TC Awards program that honors excellent initiatives undertaken by employees. The new category recognizes initiatives that help further strategies based on the concept of portfolio transformation as well as the other forms of transformation encompassed by TCX (human resource and organizational transformation, green transformation, and digital transformation). We therefore

TOKYO CENTURY CORPORATION

anticipate that this award category will help produce numerous examples of excellent portfolio transformation initiatives in the future

Fukuta

Advancing portfolio transformation will be the responsibility of everyone at Tokyo

Century, and this is why incentivizing this undertaking is incredibly important. I feel as though your leadership has resulted in smooth progress in portfolio reforms. Were investors, who have to assess the Company from the outside, to be given quantitative standards, such as the return on invested capital spread that functions as the hurdle rate for investment and divestment, it would make it easier for them to assess this progress. I think it would be prudent for you to consider conducting disclosure in a manner that makes it clear to investors that Tokyo Century does not just hold on to the cash it generates. Specifically, you should demonstrate that the Company has produced a virtuous cycle of using said cash to conduct growth investments in highly profitable businesses and that a disciplined approach of rigorously evaluating the profitability of all businesses has been

Thank you for your input. Part of my role as president is to turn an earnest ear

toward feedback from investors to drive top-down improvements in our disclosure activities. I will take your input to heart as I seek to address the issues you speak of.

Requirements for Improving Tokyo Century's PBR

I have a high opinion of Tokyo Century's Fukuta disclosure activities, which are based on your approach toward management that emphasizes cost of capital and share prices. What I have the most praise for is how you have disclosed your cost of shareholders' equity as being 10% based on meetings with investors. This is proof of how Tokyo Century is a company that really values the opinions of the market. If a simple calculation is used to produce a figure for cost of shareholders' equity, that figure might be different from the estimates of investors. Tokyo Century's approach, meanwhile, has successfully eliminated this disparity.

Tokyo Century is currently advancing initiatives to heighten its price-to-book ratio (PBR). Nevertheless, we cannot forget that the indicator institutional investors tend to care most about is return on equity (ROE). The dividend payout ratio is also an important factor considered. However, institutional investors who prioritize longterm holdings would rather see a quality company, one with the potential to keep growing, devote its cash to growth investments, rather than being preoccupied with the dividend payout ratio. After all, growth investments contribute to higher earnings power, which in turn can raise ROE and ultimately boost PBR.

I am overjoyed by your praise. Your high opinion of Tokyo Century is our reward

for our earnest stance toward incorporating feedback from the market. I completely agree about the

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Dialogue between an Institutional Investor and the President

importance of ROE when it comes to improving PBR. ROE is generally perceived to be the combination of a company's ROA and its financial leverage. This is another reason why we place such emphasis on ROA. Medium-Term Management Plan 2027 targets ROA of 1.4% and ROE of 10%. As we do not currently anticipate any significant changes in our financial leverage, improvements in ROA will translate directly to higher ROE, which means that heightening ROA is vital to raising corporate value. This brings us back to the portfolio transformation we talked about earlier. To improve ROA going forward, it will be crucial for us to steadily advance portfolio transformation initiatives and thereby heighten asset efficiency and profitability.

And, of course, improving PBR requires us to talk about PER, an indicator of our growth potential. PER hints at the likelihood that our growth will be ongoing. If we are going to increase PER, we will be compelled to

conduct growth investments to boost our earnings power and to divest from low-profit businesses for efficiently circulating cash in the type of cycle that you talked about earlier. Through this process, we must also foster a sense of anticipation with regard to Tokyo Century's future growth. This process is something I am emphasizing in management.

Tokyo Century has already evolved to become more than simply a leasing com-

pany. I therefore want it to become a company that investors choose based on its own distinctive virtues, as opposed to merely deciding to invest by comparing it with other companies in the financial sector. There are cases in which the stock prices of companies growing under strong leadership benefit from what could be called a "management premium." These cases indicate the importance of the ability of a leader to propel a company forward in improving corporate value.

Investments in Human Capital

The strength of our human resources is crucial to advancing our business model based on Tokyo Century's "Finance × Services × Business Expertise" concept. For this reason, we conduct regular employee engagement surveys to measure the employee engagement index. Discussions based on the findings of these surveys are organized as part of officer training sessions, and we have thus seen a large increase in discussions about this topic among management in recent years.

In the past, it was common for companies to refer to their people as "human resources," but there has recently been a rise in companies using the term "human capital." At Tokyo Century, we do not view the money used to recruit and train employees as a cost, but rather as a growth investment. Based on this view, we are expanding our training programs to help employees refine their specialized skills and thereby strengthen our human resources. This approach is apparent in the rapid rise in the amount of time and money devoted to training on a per-employee basis.

Fukuta Whether a company's leader is directly involved in enhancing human capital is an important consideration when it comes to investors' evaluations of a company's corporate value. The workforce in the asset management industry is incredibly

fluid. This means that a company in said industry must provide some kind of value for its employees to encourage them to remain. If a company cannot do so, it will not be able to maintain its workforce. In fact, workforce fluidity is on the rise across Japan. We might thus be at a point where all companies need to adopt such a perspective.

You may be right there. We have to consider employee engagement and well-

being when thinking about human capital. Institutional investors thoroughly scrutinize a company before deciding to invest their money, or their capital. For your average employee, they are their own capital. Accordingly, similar to institutional investors, they want to invest their capital in, or to work at, companies that seem appealing to them. Appealing companies are thus able to attract a lot of human capital, and this comes to be reflected in their corporate value. However, it is difficult to quantify how human capital is contributing to improvements in corporate value. I think that many companies struggle with this. It can take a lot of time for a human capital initiative to begin generating benefits. I therefore intend to be patient and to steadily advance such initiatives while verifying their progress and results through means such as employee engagement surveys.



Hopes for Tokyo Century

As an investor who prioritizes long-term Fukuta holdings, I want companies to focus on how to resolve the issues they face at any given time, as opposed to becoming preoccupied with short-term results. Accordingly, I assess companies by looking at the long-term processes that involve their initiatives and how these initiatives contribute to improved corporate value. As I maintain my investments over the long term, I pay particular attention to factors that are indicative of true transformations within companies, such as portfolio reforms, human capital investments, and initiatives for improving ROE, all of which are areas where short-term results should not be expected. I would have praise for any company that is led by individuals capable of driving such transformations. Our conversation today has made it apparent that you, President Baba, are capable of exercising strong leadership while being accommodating toward employees and inspired by a forward-looking passion to bring about change at Tokyo Century. I hope to see you generate a greater management premium in order to contribute to further improvements in Tokyo Century's corporate value.

Baba
I am always committed to living up to the expectations of investors. As you men-

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tioned, the transformation initiatives we are so passionately advancing at the moment include those not likely to contribute to profits in the short term. Rather, we are moving forward with some of these initiatives with an eye toward generating results in the medium to long term. Tokyo Century will no doubt be in new hands when these initiatives finally begin realizing tangible benefits. Nevertheless, I am firm in my resolve to steer management based on a long-term perspective to ensure that Tokyo Century can continue to grow. I will guide us in making steady progress in the hope that, 10 or 20 years from now, people will look back with praise at the contributions I made.

Governance

Governance



- Composition of Board of Directors Contributing to Improved Corporate Value /
 Major Items Raised at Meetings of the Board of Directors in Fiscal 2023
- Evaluation of the Effectiveness of the Board of Directors and Issues /
 Training for Directors and Corporate Auditors
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Evolution of Tokyo Century's Corporate Governance System

Composition of Board of Directors Contributing to Improved Corporate Value (As of June 24, 2024)

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.



Major Items Raised at Meetings of the Board of Directors in Fiscal 2023

Medium-term management plan	 Medium-Term Management Plan 2027 Profit target formulation and progress management 	General Meeting of Shareholders.	Investor relations activity reportsGeneral meeting of shareholdersStock split	
Sustainability	■ Reports from Sustainability Committee	investor relations, and stocks	 Response to a request from Tokyo Stock Exchange on disclosure of information regarding management emphasizing cost of capital and stock price 	
Officers	 Nomination and appointment of officers Director compensation Reports on conflicts of interest among directors 	Risk management, compliance, and auditing	 Compliance initiative plan and status reports Audit plan and reports Risk management status reports 	
Officers	 Directors and officers liability insurance policies Allocation of stock options 	Individual items,	 Stock acquisitions/sales and investments exceeding predetermined amount Investment management framework monitor ing report 	
	■ Evaluation of Board of Directors' effectiveness and report thereon	etc.	System investmentFund procurement in fiscal 2024	
Governance	 Details of meetings of the Nomination Committee and the Compensation Committee Verification of holding rationale of cross-shareholdings 			

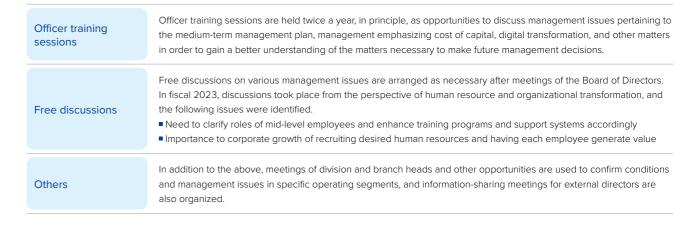
Evaluation of the Effectiveness of the Board of Directors and Issues

Tokyo Century has established the Board Effectiveness Review Council as an advisory body to the Board of Directors. The council is membered by external directors designated as independent directors and corporate auditors and conducts an analysis and review of the effectiveness of the Board of Directors once a year, in principle, on aspects such as the effectiveness of its supervisory functions, status of deliberations, systems, and meeting proceedings, taking into account the self-evaluations submitted by all directors.



Training for Directors and Corporate Auditors

To fulfill their expected roles and responsibilities as members of a body that oversees corporate governance, directors and corporate auditors, including newly appointed officers, are required to deepen their understanding of their roles and responsibilities as well as strive to acquire and appropriately build on their knowledge of necessary issues. Upon their appointment, directors and corporate auditors, including external directors and external corporate auditors, receive a briefing providing the necessary knowledge on matters such as the Company's business, finances, and organization to help them develop a sufficient understanding to fulfill their roles and responsibilities (including legal responsibilities). Tokyo Century also organizes training sessions and information-sharing meetings for officers as opportunities for receiving continuous updates after they are appointed.



Management Team (As of June 24, 2024)

- *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

Representative Directors



Masataka Yukiya Chairman & Co-CEO, Representative Director



Koichi Baba President & CEO, Representative

External Directors*1



Akio Nakamura External Director*3 Representative Executive Officer, President and CEO of Japan Securities epository Center, Inc.



Toshio Asano External Director*3 Special Advisor of Asahi Kasei Corporation



Miho Tanaka External Director*3 Partner, Shiba & Tanaka Law Offices



Hiroshi Ogasawara External Director*3 Representative Director and Chairman of the Board, YASKAWA Electric Corporation



Koji Fujiwara External Director Special Advisor of Mizuho Financial Group, Inc.

Directors



Akihiko Okada Deputy President, Director and Executive Officer



Hiroshi Sato Deputy President, Director and Executive Officer



Mahoko Hara Director and Senior Managing Executive Officer



Tatsuya Hirasaki Director and Senior Managing Executive Officer



Shunichi Asada Director



Corporate Auditors



Katsuya Amamoto Standing Corporate Auditor



Yoshio Nomura Standing Corporate Auditor



Masao Fujieda Corporate Auditor



Maiko Chihara Corporate Auditor External Corporate Auditor*2 *3

Directors (As of June 24, 2024)

TOKYO CENTURY CORPORATION

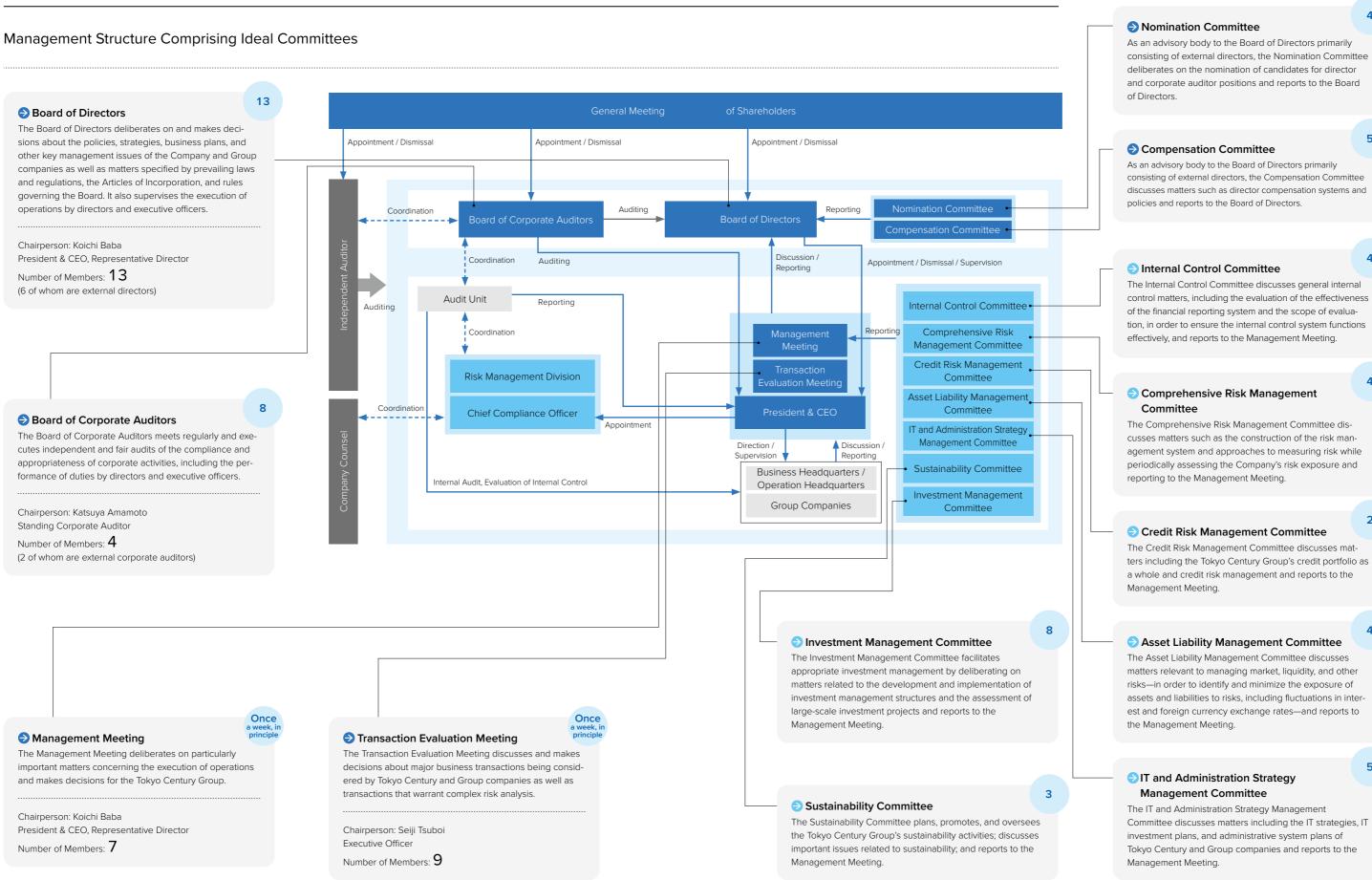
Directors (As of June	24, 2024)			Ar	eas of Exp	ertise and	Expected (Contributio	ons	
Name	Years of Service	Attendance at Board of Directors' Meetings	Number of Shares of the Company's Stock Held	Corporate Management	Global Operations	Finance / Risk Management	Legal Affairs / Accounting / Taxation	Sustainability	IT / Digital Transformation	Committee Appointments
Masataka Yukiya	13	13/13 (100%)	36,600	•		•		•	•	N C ALM IT
Koichi Baba	6	13/13 (100%)	30,100	•	•	•		•	•	N C ALM IT
Akio Nakamura	8	13/13 (100%)	13,000	•		•	•			N C
Toshio Asano	5	13/13 (100%)	8,400	•	•			•		N C
Miho Tanaka	3	13/13 (100%)	700			•	•	•		и с
Tsuyoshi Numagami	2	13/13 (100%)	4,600	•	•			•		N С
Hiroshi Ogasawara	Newly Appointed	-	_	•	•			•	•	N С
Koji Fujiwara	Newly Appointed	-	-	•	•	•		•		
Akihiko Okada	5	13/13 (100%)	19,700	•	•	•				ALM IC CR
Hiroshi Sato	2	13/13 (100%)	5,700	•	•			•	•	ALM
Mahoko Hara	2	13/13 (100%)	11,200		•	•		•	•	
Tatsuya Hirasaki	3	13/13 (100%)	15,700			•	•	•	•	ALM IC CR CRM
Shunichi Asada	17	13/13 (100%)	122,980	•	•	•				

Committee membership legend:

- Nomination Committee C: Compensation Committee ALM: Asset Liability Management Committee IC: Internal Control Committee

Meetings Held in Fiscal 2023

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Evolution of Tokyo Century's Corporate Governance System

Officer Compensation

Officer Compensation System Policies

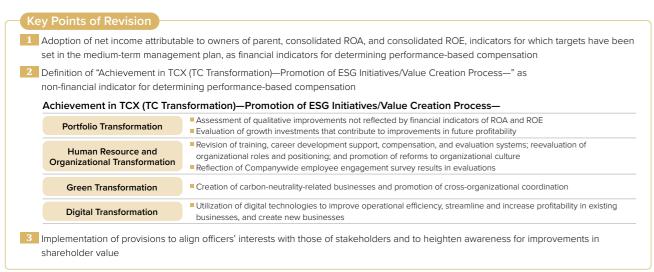
As part of the officer compensation system, director compensation policies call for the provision of healthy incentives to contribute to the ongoing growth of the Company and frameworks for linking compensation to the medium- to long-term development of its businesses. The system for director compensation 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 over the medium to long term and to enhancing corporate value.

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
- Sevaluation under new system in fiscal 2024 and commencement of compensation based on evaluation under new system in fiscal 2025



Discussions by the 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 external directors designated as independent directors and is chaired by an external director designated as an independent director. The Compensation Committee discusses matters such as compensation amounts, systems, and policies and reports to the Board of Directors on these matters. In fiscal 2023, the committee met five times.

Major Topics of Discussions

As the next step in the reviews of basic compensation amounts for which reports were submitted in fiscal 2022, the Compensation Committee undertook a review of performance-based compensation. This review looked at potential performance indicators and stock-based compensation schemes that could be adopted based on the financial and non-financial targets of the newly launched Medium-Term Management Plan 2027.

Topics of Reports Submitted in Fiscal 2023

The Compensation Committee determined that a scheme for performance-based compensation that was consistent with the Company's medium- to long-term value creation process was indispensable. Based on this judgment, a report was submitted to the Board of Directors advising that both financial and non-financial indicators be incorporated into the evaluation indicators used when determining performance-based compensation.

Officer Compensation System

TOKYO CENTURY CORPORATION

	Basic Compensation		Bonuses	Sto	ck-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 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 Directors	0-0.8 0-1.0		0–1.2 0–1.0	
determining individual compensation amounts	Committee, input from exter	nal experts, and re	search data on compensation le	vels by third-p	consolidated ROA and ROE	
Evaluation / payment standards	Rank (Duties, roles, responsibilities, etc.)	Net income attributable to owners of parent		Financial Non- financial	Consolidated ROA and ROE TCX initiatives	
				Market evaluation	Stock price growth rate	
Payment form / timing	Monetary / monthly	Mon	etary / once a year	Not predete	Stock / once a year Transfer restriction applied for a set period after resignation The image is a set period after resignation The image is a set period after resignation The image is a set period after its period after it	
Annual compensation limits	Upper limit of ¥1 billion (¥100 million for external directors)			(€	Upper limit of 281,300 points equivalent to 281,300 shares) including executive officer compensation	
Date of resolution at General Meeting of Shareholders	June 2		June 24, 2024			

Payment of Officer Compensation Amounts

Compensation and Eligible Officers in Fiscal 2023

	Total Compensation	Total Cor	Number of		
Officer Category	(Millions of Yen)	Fixed Compensation Performance-Base Compensation		Non-Monetary Compensation	Eligible Officers
Directors (excluding external directors)	595	350	226	19	8
Corporate auditors (excluding external corporate auditors)	48	48	_	_	2
External directors and external corporate auditors	132	132	_	_	7

Notes

- Stock options provided as stock-based compensation are accounted for under "Non-monetary compensation," although they constitute performance-based compensation.
 Accordingly, amounts of stock options provided as stock-based compensation are not included under "Performance-based compensation."
- 2. The total number of directors and the total number of corporate auditors as of March 31, 2024, were 13 and 4, respectively

Evolution of Tokyo Century's Corporate Governance System

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 borrowers, 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 the Business Headquarters, Credit Supervision Unit, and other divisions. 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, approval or rejection is determined after confirming the content and impact.

Process for Reviewing Holdings Regular tracking of associated transactions, earnings, etc. Annual verification by Board of Directors of whether meaningfulness and benefits of holdings surpass cost of capital Holding determined to Holding rationale verified lack rationale

Divestitures (Number of holdings reduced and sales amounts)

	Holdings Reduced	(Billions of yen)
FY2019	20	4.4
FY2020	9	2.9
FY2021	4	0.5
FY2022	15	5.6
FY2023	5	1.1
5-year aggregate	53	14.4

Protection of Minority Shareholders

ITOCHU Corporation holds 29.99% of the voting rights in Tokyo Century, and the Company is thus an equity-method affiliate of ITOCHU. No officers of ITOCHU hold concurrent positions as officers of the Company. However, ITOCHU has seconded 11 individuals to the Company who have immediately applicable skills necessary for supplementing the Company's operational execution capabilities (as of April 1, 2024).

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.

Messages from New External Directors



TOKYO CENTURY CORPORATION

Hiroshi Ogasawara External Director

Representative Director and Chairman of the Board YASKAWA Flectric Corporation

n discussions regarding medium- to long-term management and business strategies, I endeavor to provide appropriate advice from my perspective as a manager of a business-tobusiness manufacturer. I also look to actively take part in discussions on important themes pertaining to Tokyo Century's TCX concept, such as workstyle reforms and digital transformation strategies. In the manufacturing industry, I have experience managing a global supply chain that spans the entire product life cycle, from development and production to sales and maintenance. This experience is highly applicable to Tokyo Century's business model focused on asset value.

An important role of an external director is to help bring consistency to a company's vision. This can entail clarifying the positioning of medium- to long-term management plans and singleyear plans and revising medium- to long-term plans when necessary. Rather than getting deeply involved in the business operation activities of the executive team, I think it is prudent for external directors to focus on verifying whether a company's businesses are in line with its medium- to long-term management policies and whether adequate progress is being made. It is particularly crucial to monitor operations to ensure that they coincide with a company's long-term management vision.

Tokyo Century operates in an industry that is different from the one I am familiar with. However, regarding themes applicable to any industry, I will actively highlight the trends seen in the manufacturing industry with the aim of contributing to the reinforcement of Tokyo Century's operating foundation. I also hope to make proposals that go beyond the traditional boundaries of the Board of Directors in order to contribute to more lively Board meetings.



Koji Fujiwara External Director Special Advisor of

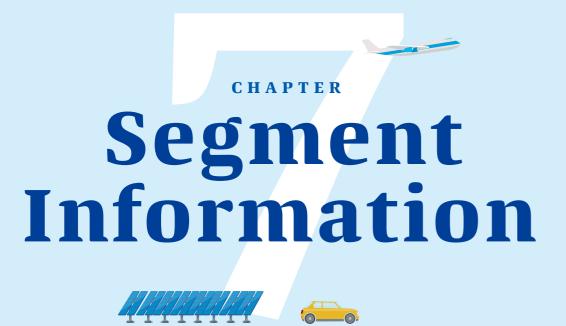
Mizuho Financial Group, Inc.

he development of human resources who can drive value creation is a theme that Tokyo Century must focus on to guide its management in a favorable direction. Human resources are a very important asset to a company and a fundamental form of capital for management. My experience managing a bank has made me well aware of just how significant the growth of individual employees can be for the growth of a company as a whole. As Tokyo Century turns its attention to the shared goal of contributing to the resolution of social issues, it should also devote efforts to developing a free and open corporate culture that inspires ambition and to fostering well-rounded people with a robust individuality. I am confident that this approach will help Tokyo Century create value as it advocates its "Finance × Services × Business Expertise" concept.

It is also important to engage in exhaustive discussions on overarching themes such as business model and governance reforms. In today's era of great uncertainty, it is difficult to form a precise image of the future. This is why it is crucial for a company to clearly define its purpose the raison d'être that is central to its business—and to rebuild its organizations to be more capable of flexibly responding to operating environment changes. As it continues its existing businesses, I think that Tokyo Century should also expand into new fields and encourage flexible decision-making. Together with Tokyo Century's other external directors, who boast broad-ranging insight, I want to examine whether the Company is sufficiently poised to do this from a variety of perspectives.

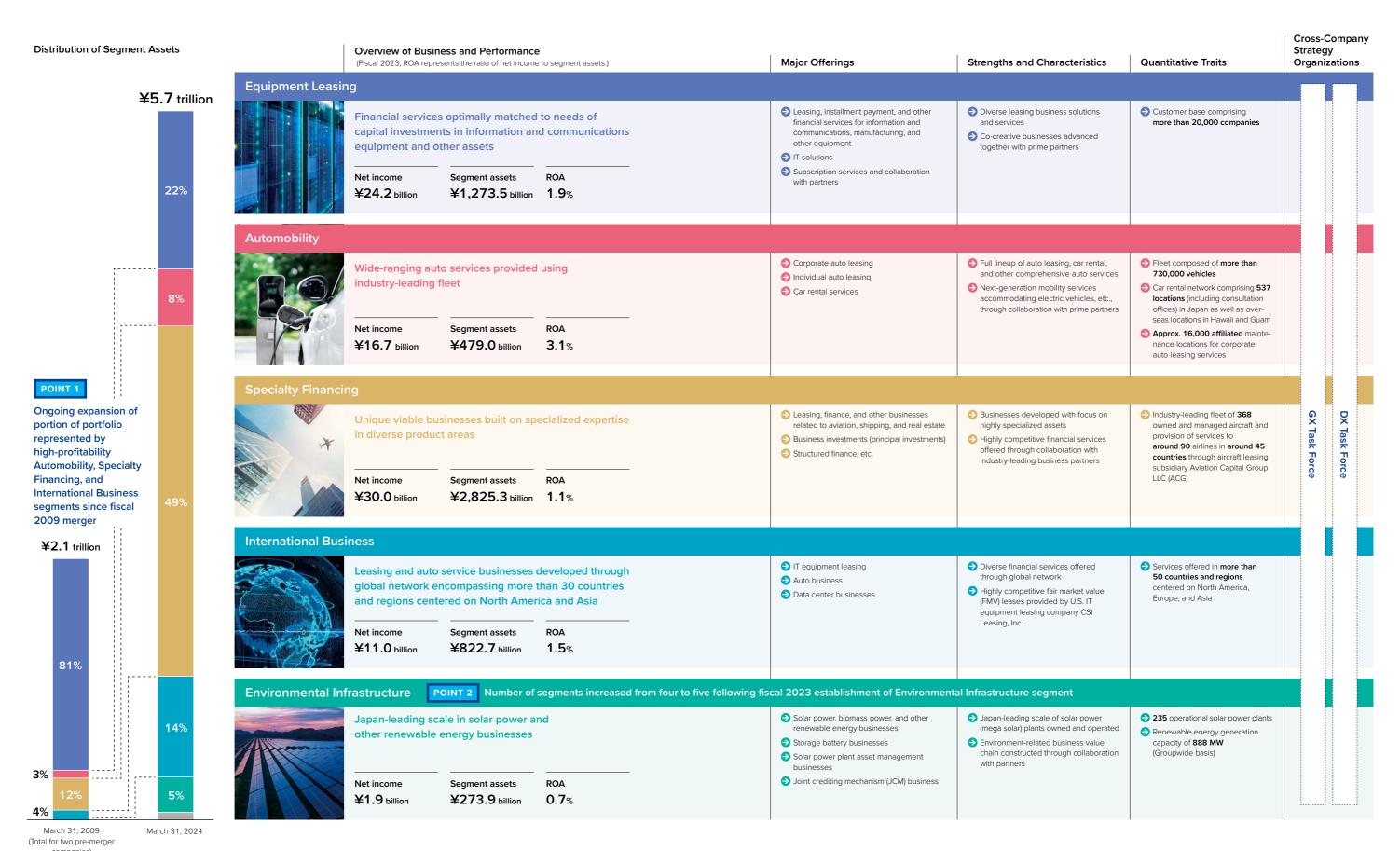
I can really get behind the sentiment of Tokyo Century's corporate slogan of "Solutions to your Pursuits." In line with this slogan, I will aspire to supply solutions to help advance Tokyo Century in its pursuits. We are currently in a time of great change, and the social issues faced around the world are countless. Tokyo Century is thus pressed to fulfill its mission of helping resolve such issues to become a leading company in terms of its contributions to society. These expectations can also be a great source of motivation. In my capacity as an external director, I will work together with the executive team to support the Board of Directors in effectively exercising its advisory and monitoring functions.

Segment Information



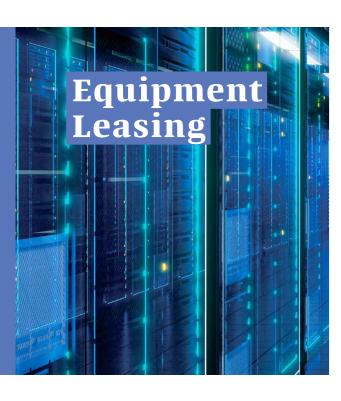
- 94 At a Glance—Portfolio Transformation and Business Overview
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 - **Equipment Leasing**
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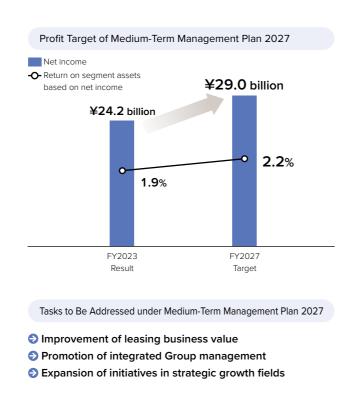
Portfolio Transformation and Business Overview



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Growth Strategies by Operating Segment





INTEGRATED REPORT 2024

Growth Strategies

Leasing Business Value

- The Equipment Leasing segment's lineup of decarbonization solutions will be expanded through new services launched together with close partners and start-ups in the areas of carbon credits and electric-vehicle-charging infrastructure as well as through energy service company projects selected in the private sector proposal programs of municipalities.
- Centered on the Equipment Leasing Support Unit established in April 2023, ongoing measures will be implemented to reinforce sales support systems and improve administrative procedures in order to enhance productivity and organizational resilience.

Integrated Group

Management

- The number of collaborative projects with NTT TC Leasing Co., Ltd., FLCS Co., Ltd., NX·TC Lease & Finance Co., Ltd., and other affiliates is constantly growing. Business growth will be pursued through integrated Group management by sharing resources and knowledge and building upon collaboration with joint investment partners.
- Through additional investment in FFG Lease Co., Ltd., Tokyo Century has strengthened its frameworks for coordination with Fukuoka Financial Group, Inc. Contributions will be made to developing and energizing the local economy in Kyushu by supplying customers in this region with a diverse range of financing options.

Strategic Growth Fields

- With a focus on growth fields with high potential for collaboration with close partners, efforts will be dedicated to the advancement of renewable energy, digital transformation, circular economy, and other initiatives.
- Investment and participation have been commenced in the onshore wind power generation project being developed jointly by ITOCHU Corporation and Hitachi Zosen Corporation (currently Kanadevia Corporation) in Rokkasho Village, Aomori Prefecture. Further growth in renewable energy businesses will be pursued together with diverse business partners.
- ◆ In December 2023, Tokyo Century increased its stake in consolidated subsidiary TRY Corporation to 100% and changed its name to EPC Japan K.K. Accordingly, the supply of high-quality, global standard IT asset disposition (ITAD) services, whereby IT assets are disposed of safely and appropriately, has begun.

Business Development Approach Promotion of Partnership Strategy and Cultivation of Areas of Expertise Strategic growth fields Shaping of new future for the Equipment Strategic allocation of resources Leasing segmen to growth areas featuring high potential Acceleration of investments in growth areas

Acceleration of inve **Enhancement of Group management** Organic business areas Expansion of customer and partner bases Promotion of Consolidated Management Focus Areas (O) NTT TC Leasing Expansion of asset portfolio by capitalizing on high **Enhancement of** consolidated manage-Further coordination with the NTT Group NTT Group 50% X Tokyo Century 50% ment of affiliates to build upon existing businesses NIPPON EXPRESS NX·TC Lease & Finance Co.,Ltd. and create businesses Expansion of real estate leasing business across Japan Promotion of coordination with the Nippon Express Group in new areas

Interview

NIPPON EXPRESS 49% X Tokyo Century 49%

TOKYO CENTURY CORPORATION



Koichiro Sato

Managing Executive Officer President, Equipment Leasing Business Development Unit

- Q Could you please review the performance in fiscal 2023, particularly the issues with regard to improving base earnings (earnings power) and return on assets (ROA)?
- A In fiscal 2023, capital investment levels in Japan gradually recovered to the levels seen prior to the COVID-19 pandemic. Meanwhile, the operating environment underwent substantial changes amid rapid yen depreciation, high resource and commodity prices, and rising interest rates. Against this backdrop, the Equipment Leasing segment enhanced its lineup of high-demand green transformation solutions and took other steps to improve the value of its leasing business. We also promoted integrated Group management encompassing affiliates as part of our united measures to improve profitability. These efforts resulted in the Equipment Leasing segment recording net income that surpassed its target and realizing a year-on-year increase of 0.2 percentage point in ROA.

Fiscal 2024 will be a pivotal year in our quest to ensure strong growth toward accomplishing the goals of Medium-Term Management Plan 2027. For this reason, it will be crucial for us to continue to transform our business through Tokyo Century Transformation (TCX). By focusing our efforts on strategic growth fields, we will seek to accumulate quality assets while also bolstering our solutions sales capabilities

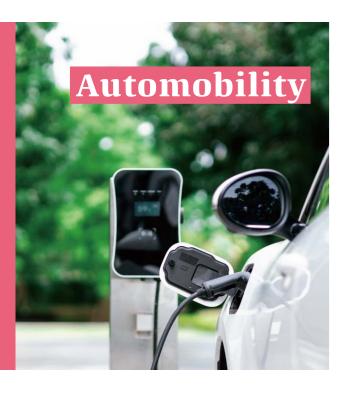
and deploying appropriate pricing strategies in preparation for projected operating environment changes. The Equipment Leasing segment will proceed in this manner to improve its earnings power.

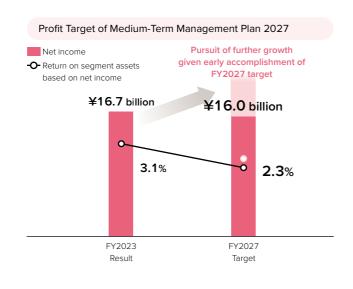
Steps will also be taken to ensure the segment's ongoing growth, such as streamlining through enhancements to sales support systems and reforms to operations. Other efforts will include sharing resources with affiliates to bolster the segment's overall productivity. As we steadily advance such initiatives, we will move forward with an organization-wide drive to foster the human resources who are the source of our competitiveness.

- Q What initiatives should be accelerated to overcome the issues faced by the Equipment Leasing segment?
- A The Equipment Leasing segment is focusing efforts on its seven defined strategic growth fields: renewable energy, storage batteries, ammonia and hydrogen, digital transformation and related technologies, circular economies, municipalities, and distribution and real estate. We are actively developing co-creative businesses centered on these fields together with close partners. Looking ahead, we will accelerate our asset multi-phase use and recycling initiatives through EPC Japan as well as our renewable energy, energy conservation, and other energy projects, which are highly sought after by society. Rather than taking a limited view toward focus fields, we seek to expand the functions we provide to cater to emerging capital investment trends related to semiconductors and graphics processing units.

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Growth Strategies by Operating Segment





Tasks to Be Addressed under Medium-Term Management Plan 2027

- Accumulation of quality assets through organic growth and inorganic growth at Nippon Car Solutions
- Advancement of strategies for improving value at locations to bolster earnings power and acceleration of measures for catering to growing inbound demand at Nippon Rent-A-Car Service

Growth Strategies

Evolution of Existing Businesses and Promotion of Next-Generation Businesses



- Carbon-neutrality strategies will be accelerated through means such as developing and proposing new EV-related businesses.
- Strategies will be evolved by utilizing a diverse range of channels, including those of the NTT Group, the Mizuho Group, the ITOCHU Group, and the Tokyo Gas Group.
- M&A activities and other non-organic growth methods will be used to expand strategic businesses.
- The development and dissemination of a new brand for Nippon Car Solutions will be promoted alongside efforts to reform processes using digital technologies and strategically foster human resources.
- NIPPON Rent-A-Car

Nippon Rent-A-Car Service, Inc.

- Our location network will be enhanced to situate locations in more favorable places, grow earnings, improve environments, and heighten customer satisfaction.
- IT will be employed to improve operational efficiency and enhance customer services (membership services, inbound demand response, etc.).
- Trials of EV rentals will be conducted as part of decarbonization initiatives, and other new business ventures will be undertaken.
- The development of systems and workplace environments that emphasize people will be promoted to create a highly efficient organization.



Orico Auto Leasing Co., Ltd.

- Closer alignment with Orient Corporation will be sought to mutually bolster sales capabilities and grow businesses.
- The enhancement of business earnings will be pursued by exploring new sales channels and augmenting vehicle supply support for agents and other unique functions.
- Efforts will be made to cater to demand for changing vehicles in response to lease maturity or cancellation, and contract continuation rates will be heightened via re-leasing (contract extensions).

Next-Generation Businesses

- Initiatives will be ramped up based on defined focus areas, including EVs, data businesses, sophisticated maintenance services, and autonomous driving.
- Synergies will be generated through increased coordination with existing capital and business alliance partners.
- New businesses will be created through new investment in focus areas and joint initiatives with new partners.

Interview



Masato Osugi

Senior Managing Executive Officer President, Automobility Business Development Unit

- Q Could you please review the performance in fiscal 2023, particularly the issues with regard to improving base earnings (earnings power) and return on assets (ROA)?
- A In fiscal 2023, the Automobility segment posted recordbreaking earnings due to higher financing revenues at Nippon Car Solutions (NCS), increased car rental revenues at Nippon Rent-A-Car Service (NRS), and brisk market conditions for used vehicles.

The market is undergoing a shift in focus from car ownership to car use while also suffering from opaque conditions pertaining to new vehicle supply and a lack of maintenance mechanics.

We are currently faced with obstacles to improving profitability in the forms of higher financing costs amid rising interest rates and increases in cost of sales due to higher material prices and maintenance costs, which stem from operating environment changes such as inflation and yen depreciation. The Automobility segment is thus pressed to implement new measures for overcoming these issues.

- Q What initiatives should be accelerated to overcome the issues faced by the Automobility segment?
- A I would like to address this question by talking about existing businesses and next-generation businesses separately.

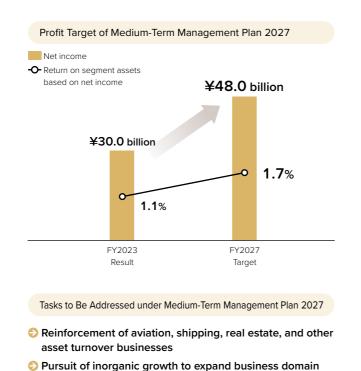
With regard to existing businesses, the Automobility segment prides itself on the strength of its comprehensive lineup of industry-leading corporate auto leasing, individual auto leasing, and car rental services. Leveraging this foundation, we are working to accumulate quality operating assets. NCS is implementing new sales measures that utilize a diverse range of channels, including those of the NTT Group, the Mizuho Group, the ITOCHU Group, and the Tokyo Gas Group. The company is also striving to offer comprehensive value-added proposals that contribute to the decarbonization and sustainability of society. Meanwhile, NRS is catering to rising inbound demand to grow earnings while enhancing the environments and functions of its locations to improve profitability.

As for next-generation businesses, we are setting aside our preconceptions to explore possibilities for creating new businesses with an eye to a decade from now. One proponent of this undertaking is the Next Generation Automobility Business Division, which was established with the Automobility Business Development Unit in the spring of 2023. Our efforts on this front began by shifting from a product-oriented perspective to a market-oriented perspective and thoroughly entrenching this perspective within our organization. We then went on to pursue new initiatives to complement our existing functions. At the same time, we are working to develop a fourth pillar of business that provides new functions and earnings and can stand alongside the existing businesses of NCS. NRS, and Orico Auto Leasing. In the new technology fields of EVs and autonomous driving, we are branching out from leasing to enhance our lineup of functions that accommodate customer needs. We thereby aim to provide value-added services in peripheral fields like charging infrastructure, fleet management, energy management, and battery reuse.

INTEGRATED REPORT 2024

Growth Strategies by Operating Segment





Growth Strategies



Aviation Capital Group LLC (ACG)

Business portfolios will be optimized and profitability will be bolstered by expanding transactions with prime airlines and ramping up trading (through procurement and sale of aircraft based on market conditions).

Other

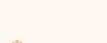
The organization of Japanese operating leases with call options will be increased. Finance transactions will be bolstered and Japanese operating leases will be acquired through coordination with GA Telesis, LLC.



😔 Development of a hybrid portfolio comprising both assets that generate base earnings and assets held for turnover will be sought.

Stable earnings will be generated through long-term holdings and asset turnover centered on bulk carriers.

Finance arrangement functions will be enhanced as fee-based businesses are promoted.



Real Estate

Japan

Increased coordination will be pursued with NTT TC Leasing Co., Ltd., NX-TC Lease & Finance Co., Ltd., and other affiliates.

Overseas

A selective approach will be adopted toward investments in growth assets (distribution facilities and data centers).

TC Kobelco Real Estate

Business alliances will be strengthened with real estate developers needing increased capital due to changes in the financial environment.



- Earnings foundations will be enhanced primarily through collaboration with Advantage Partners Inc.
- Portfolios will be diversified through limited partnership investments in funds and debt product initiatives.
- Synergies will be generated between investees and Tokyo Century businesses.



- Tokyo Century's asset value expertise will be utilized to create new businesses and pursue inorganic growth.
- Fee-based businesses that do not require assets will be strengthened.

Business Development Approach Business Map Aviation Shipping Real estate Principal investments Structured finance Local subsidiary North America Europe Japan Middle East Asia Middle East / Africa Africa Europe North America Central and South America Australia ACG's Exposure by Region (As of December 31, 2023) Central and South America Asia 30% 22%

Interview

TOKYO CENTURY CORPORATION



Mahoko Hara

Director and Senior Managing Executive Officer President, Specialty Finance Business Development Unit

Q Could you please review the performance in fiscal 2023, particularly the issues with regard to improving base earnings (earnings power) and return on assets (ROA)?

A In fiscal 2023, the Specialty Financing segment delivered an impressive performance driven by diligent efforts in each of our businesses. For example, we achieved a recovery in our aviation leasing business centered on ACG, while strides were made by GA Telesis, which boasts strengths in terms of secondhand aircraft and engine transactions. At the same time, we were able to generate gains on sales of assets in the real estate and shipping businesses in response to market conditions.

We are currently faced with a highly volatile operating environment, given the changes in interest rates around the world, foreign exchange rate fluctuations, and other global trends. This reality casts light on the importance of accelerating asset turnover businesses to heighten asset efficiency. The Specialty Financing segment houses strengths in terms of specialized knowledge, a discerning eye for asset value, and financial expertise. By utilizing these strengths, we aim to engage in quality projects and to sell assets when prime opportunities arise in order to bolster our earnings power.

Q What initiatives should be accelerated to overcome the issues faced by the Specialty Financing segment?

A In each of the Specialty Financing segment's businesses, we will focus on developing a portfolio that contributes to higher ROA by taking a balanced approach toward accumulating quality assets, reviewing low-profit projects, and selling assets.

Priorities in existing businesses will include enhancing finance arrangement functions and expanding fee-based businesses to bolster base earnings. We will also promote collaboration with core partners to build reliable earnings foundations. Furthermore, we will redouble our efforts to engage in projects that contribute to the accomplishment of the United Nations Sustainable Development Goals, particularly those related to decarbonization, which has been an ongoing focus. In addition, opportunities will be sought for conducting strategic investments aimed at achieving inorganic growth through the expansion of the segment's business domain.

The Specialty Financing segment deals in various products, and we possess specialized insight and unique skills with regard to said products. By further enhancing the strengths that are our specialized insight and flexibility and building stronger relationships with diverse partners, we aspire to generate a virtuous cycle of new business creation.



partnerships and taking other measures

Growth Strategies

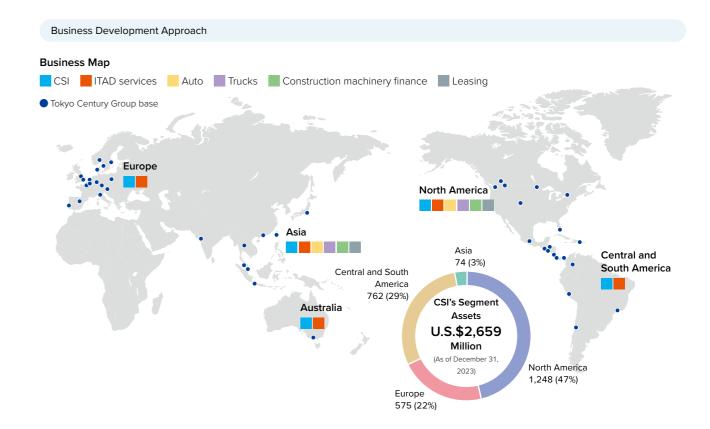
- CSI
- Since being consolidated in fiscal 2016, CSI has posted record highs in ordinary income for seven consecutive years through the smooth growth of its fair market value (FMV) leasing*1 services for IT equipment and of its IT asset disposition (ITAD) services.*2
- CSI is expanding the reach of its business centered in Europe and Asia. In fiscal 2023, the company entered the markets of Indonesia, Austria, and Hungary. In its ITAD business, meanwhile, CSI acquired a Malaysian company and set up bases in Japan, Colombia, and Brazil.
- 2) Taking advantage of the robust demand for IT services, CSI will continue to expand its network of bases while ramping up synergies with existing overseas Group companies as well as with NTT Group companies in order to strengthen its earnings foundations.



- 3 In fiscal 2023, Tokyo Century conducted a partial transference of equity in a data center business in India and invested in data centers in Chicago, where business growth can be anticipated given the high concentration of data centers and strong demand from hyperscalers.
- 2) Collaboration with the NTT Group in the area of managed services is being pursued on a global scale, and joint efforts with CSI are particularly brisk in Central and South America and the Asia Pacific region. A track record of collaborative initiatives with NTT TC Leasing Co., Ltd., is also being built by leveraging our respective strengths.



- 1 In May 2023, operations commenced at ZAXIS Financial Services Americas, LLC. The company, which provides the sales financing functions of Hitachi Construction Machinery Co., Ltd., has been experiencing smooth growth in performance. Joint venture companies are also being operated in Thailand and Indonesia, and further collaboration will be pursued
- 3 Spearheaded by a captive finance business developed for Isuzu Motors Limited, frameworks for collaboration are being bolstered in preparation for the introduction and deployment of electric trucks while close coordination in this area is being promoted.
- 3 BPI Century Tokyo Lease & Finance Corporation of the Philippines, a joint venture with the Ayala Group, acquired major local independent leasing company Diamond IGB, Inc. Business growth will be targeted by strengthening maintenance functions and bolstering service lineups to include such offerings as rental cars and lease programs in which vehicles are supplied together with drivers.



Interview

TOKYO CENTURY CORPORATION



Toshio Kitamura

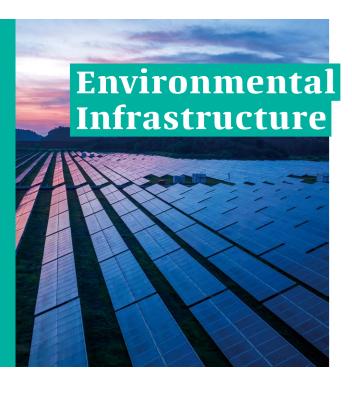
Senior Managing Executive Officer President, International Business Development Unit

- Q Could you please review the performance in fiscal 2023, particularly the issues with regard to improving base earnings (earnings power) and return on assets (ROA)?
- A The International Business segment is faced with a need to improve earnings power and ROA. To address this issue, we are working aggressively to differentiate our products and services, collaborate with partners, and develop asset turnover businesses. We have also been making steady progress in taking advantage of new business opportunities. This progress can be seen in our acquisition of Diamond IGB, a major local independent leasing company in the Philippines, a move that enabled us to diversify our service offerings, and in our investment in Motorist Pte. Ltd., an online automotive platform holder located in Singapore. In addition, we established a joint venture with KeePer Technical Laboratory Co., Ltd., a company specializing in the coating and washing of cars. Meanwhile, ZAXIS Financial Services Americas, which provides sales financing services for Hitachi Construction, began operations in the United States in May 2023 and has been steadily growing its performance. In our collaborative ventures with the NTT Group, we conducted a partial transference of equity in a data center business in India while investing in data centers in Chicago.
- Q What initiatives should be accelerated to overcome the issues faced by the International Business segment?
- A Medium-Term Management Plan 2027 describes our Tokyo Century Transformation (TCX) concept, which sets forth four types of business transformation. The International Business segment is advancing a variety of initiatives based on this concept. We are devoting particular attention to portfolio transformation. In this regard, we are actively transforming our portfolio to include high-profit assets and products as well as services that delight customers in areas where we are positioned to differentiate ourselves from the competition. The International Business segment is also striving to grow joint businesses together with global partners via operations that blur the boundaries between the Americas, Europe, Asia, and other regions and to create new businesses by combining its strengths with those of said partners. In our partnership with the NTT Group, we will continue to advance a joint data center project while also developing a plethora of other businesses, including IT asset managed service, FMV leasing, and ITAD service businesses that capitalize on Tokyo Century's strengths.

^{*1} Leasing based on FMV derived from the assessed residual value of IT equipment

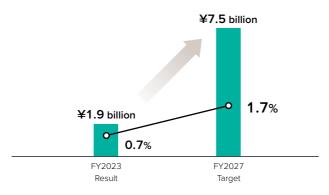
^{*2} Services for disposing of IT assets safely and appropriately

Growth Strategies by Operating Segment



Profit Target of Medium-Term Management Plan 2027

- Net income
- -O- Return on segment assets based on net income



Tasks to Be Addressed under Medium-Term Management Plan 2027

- Reinforcement of domestic solar power generation businesses that respond to customer needs
- Expansion of business scope to include overseas markets through collaboration with partners
- Strategic M&A activities and new business initiatives for developing value chains and accelerating growth in environmental businesses

Growth Strategies

Growth in Existing Businesses and Coordination with Partners

- 3 New energy projects spearheaded by major joint venture Kyocera TCL Solar LLC that take advantage of Japan's feedin tariff system to develop solar power plants have been completed. Accordingly, said company is now involved in the operation of 90 solar power plants across the country with a total generation capacity of 423 MW. Meanwhile, the overall generation capacity for the Tokyo Century Group is approaching 1 GW. Storage battery and asset management service businesses will be developed to add value to the stable foundation provided by these generation facilities.
- 🕤 In the mainstay storage battery business, earnings power will be strengthened by allowing for electricity to be stored or released (sold) based on the supply-and-demand balance. Sales will be promoted for integrated systems that combine battery systems with solar power systems and for systems linked to power grids, which entail the use of grid-use storage batteries.
- 3 A&Tm Corporation, a joint venture established with Tokyo Gas Engineering Solutions Corporation and KYOCERA Communication Systems Co., Ltd., will provide asset and technical management services for improving the performance of solar power plants.
- The Tokyo Century Group's robust solar power track record and expertise and broad customer base will be leveraged to support ideal decarbonization strategies for customers through corporate power purchase agreements (PPAs).

Expansion of Business Scope

- The scope of Tokyo Century's renewable energy businesses will be expanded to include overseas markets. Leveraging its track record and insight accumulated in Japan, the Group will expand into North American, European, and other markets together with reliable partners. In fiscal 2023, we acquired a portfolio of 34 operating solar power plants with a total generation capacity of 303 MW together with Schroders Greencoat LLP in the United Kingdom.
- 2) To diversify the power sources included in our environmental business portfolio, biomass and binary geothermal power generation initiatives are being advanced together with prime partners including Forest Energy Inc., JFE Engineering Corporation, and ITOCHU Corporation. Furthermore, the Mori Binary Power Plant began operation in November 2023.

Creation of **New Businesses** and Synergies

- Total investments of around ¥100.0 billion centered on solar power generation are planned through a renewable energy business investment fund established jointly with NTT Anode Energy Corporation and another partner.
- Opportunities for strategic M&A activities will be explored with the aim of building value chains and generating synergies through existing environmental businesses and coordination with partners. By entering into new business fields, including those that allow for the creation of environmental value, we will reinforce and accelerate growth in environmental businesses.

Business Development Approach

TOKYO CENTURY CORPORATION



United Kingdom

- Acquisition of 34 operating solar power plants (total generation capacity of 303 MW*) together with Schroders Greencoat, a subsidiary of leading independent asset management company Schroders plc
- Investment in independent grid-use storage battery business

United States

- Establishment of joint venture with ITOCHU Corporation (50% equal ownership) and joint acquisition of development interests in two solar power plants (total generation capacity of 256 MW*)
- Investment in renewable energy generation investment fund operated by ITOCHU Corporation
- * Figures represent actual generation capacity, as opposed to equity stake

Initiatives in Japan

Solar power

- Development of 90 solar power plants through efforts centered on Kyocera TCL Solar
- Joint establishment of renewable energy business investment fund with NTT Anode Energy Corporation and another partner
- Advancement of asset and technical management service business through A&Tm Corporation

Storage batteries

■ Installation and commencement of operation of integrated storage battery system at mega solar power plant in Arao City, Kumamoto Prefecture, operated and managed by Kvocera TCL Solar

Corporate PPAs

■ Joint establishment together with JFE Engineering Corporation of solar power generation operating company for advancing corporate PPA projects

Biomass power, binary geothermal power,

Interview



Hiroshi Sato

Deputy President, Director and **Executive Officer** President, Environmental Infrastructure Rusiness Development Unit

- Q Could you please review the performance in fiscal 2023, particularly the issues with regard to improving base earnings (earnings power) and return on assets (ROA)?
- A In the solar power generation business, the core earner of the Environmental Infrastructure segment, we experienced output restrictions that surpassed our expectations in fiscal 2023, which resulted in performance falling significantly below targets. We are also facing intensifying competition in terms of acquiring environment-related projects and companies as there is a strong appetite for investment and participation in the environmental field, driving large influxes of capital into this field from various industries. Meanwhile, government policies and systems and corporate trends in Japan are being influenced by the international push for carbon neutrality. This situation is creating a need to promote legal compliance in conventional businesses and flexible use of government systems in new undertakings while working to accommodate companies' decarbonization needs.
- Q What initiatives should be accelerated to overcome the issues faced by the Environmental Infrastructure segment?
- A One issue faced by the Environmental Infrastructure segment is the need to reinforce domestic solar power generation businesses. To address this issue, we are taking part in corporate PPA projects that cater to customers' decarbonization needs and accumulating quality assets while focusing on

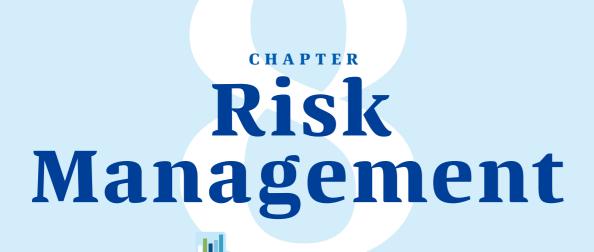
asset management businesses that maximize the generation efficiency of existing power plants. Another focus is contributing to power grid stability through the introduction of the latest electricity storage technologies in our storage battery

We also need to expand our business scope by strengthening overseas renewable energy businesses. In this regard, we jointly acquired 34 operating solar power plants with a total generation capacity of 303 MW in the United Kingdom together with partner Schroders Greencoat. Looking ahead, we will continue to seek out quality projects and advance our initiatives with an emphasis on taking part in joint projects together with reliable partners.

Lastly, we must engage in strategic M&A activities that contribute to the further development of Tokyo Century's environmental businesses. In these businesses, we engage in collaborative projects with various partners across all areas of the value chain. By building upon our relationships with these partners, we will look to accelerate growth, expand operations, and generate synergies. In fiscal 2024, a dedicated organization will be established within the Environmental Infrastructure segment tasked with promoting the development of environmental value creation and other new businesses. This organization will advance initiatives for developing new environmental businesses.

Through these efforts, the Environmental Infrastructure segment will continue to advance environmental businesses to help Tokyo Century accomplish the targets of Medium-Term Management Plan 2027 and contribute to the creation of an environmentally sound, sustainable economy and society.

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Risk Management Initiatives under Medium-Term Management Plan 2027

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7 Audit System

Risk Management INTEGRATED REPORT 2024

Major Risks, Management Frameworks, and Risk Management

Risk Management Initiatives under Medium-Term Management Plan 2027

Tokyo Century has developed and continues to bolster a risk management framework aimed at the efficient allocation of management resources through an enterprise risk management (ERM) approach to enhance risk management in response to the evolution of its business model and the uncertainty of its operating environment.

Appropriately control total risk amount in line with economic capital and diversify business portfolio risks

Ocntinue management with capital use rate guidelines (Capital use rate = Total risk amount / Consolidated economic capital)

Ongoing implementation of consolidated capital use rate guidelines and management and monitoring of consolidated capital use rate from perspective of maintaining financial discipline

Introduce risk limits for specific categories

Official introduction in fiscal 2024 of guidelines implemented on trial basis in fiscal 2023 to limit concentration of risks on specific categories (aviation, investments, and real estate)

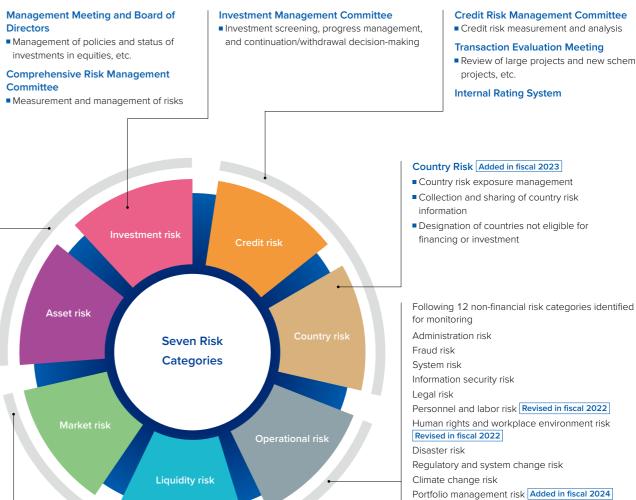
Allocate economic capital by operating segment, etc.

Ongoing examination of possibility of allocating economic capital by operating segment as an additional measure for controlling total risk amount and dispersing business portfolio risks

- 2 Promote business management of risks and returns considering cost of capital
- Regularly monitor return on invested capital (ROIC) spread, which is ROIC less weighted average cost of capital (WACC), as a cost-of-capital-based indicator of the risk-and-return balance of specific business areas reflecting business and risk characteristics
- ldentify issues to achieve better risk-and-return balance for use in promoting future portfolio transformation initiatives
- 3 Entrench and enhance investment management framework
- Establish investment guidelines comprising the following six items to foster investment culture
- 1. Meaningfulness of investment 2. Conformity with investment standards (profitability commensurate with risks)
- 3. Appropriateness of investment amounts 4. Clarification of risk appetite 5. Flexibility of investments necessary to facilitate appropriate portfolio management 6. Consideration for ESG issues and the SDGs
- 4 Enhance country risk and global risk readiness
- Ocnduct multifaceted control through monitoring of country-specific exposure management and political, social, economic, and other operating environment changes in relevant countries and regions
- Position country limits set based on sovereign and other rates as guidelines and, in principle, keep country-specific exposure within guideline limits
- Outilize external information resources when undertaking large-scale transactions and avoid or cancel transactions based on designations of countries not eligible for financing or investment
- Promote exhaustive country risk management at ACG based on unique approach accounting for characteristics of aviation business model

TOKYO CENTURY CORPORATION 109

Major Risks and Management Frameworks



Asset Liability Management Committee

■ Management of market risk, such as fluctuations in interest rates and foreign exchange rates, and liquidity risk

Introduction of risk management tools such as hedge ratio. maturity ladder, gap analysis, GPS (grid point sensitivity), and VaR (value at risk)

Transaction Evaluation Meeting

Review of large projects and new scheme

Human rights and workplace environment risk

Portfolio management risk Added in fiscal 2024

Reputational risk

Administration Risk and System Risk

IT and Administration Strategy Management

Preparation and implementation of IT strategies, IT investment policies, administrative system, etc.

Information Security Risk

Information Security Committee

Operation based on ISO 27001

Establishment and Operation of CSIRT Office in the IT Promotion Division

Disaster Risk (Large-Scale Natural Disasters and Other Crises)

Establishment of Crisis Management Rules. Business Continuity Plan (BCP) Rules, etc.

Preparation and Implementation of BCP Manual, Safety Confirmation System, etc.

Other Operational Risks

Comprehensive Risk Management Committee

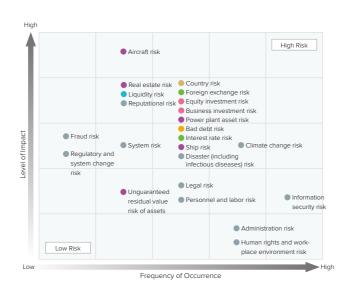
- Analysis and measurement of risks and countermeasure planning
- Non-financial key risk indicator monitoring, etc.

CHAPTER 8 Risk Management

Risk Heatmap

Risk Management

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 with comprehensive consideration paid to various factors, such as trends in risk scenarios identified via risk audits the risk amount for each risk item initiatives and incidents or accidents. In fiscal 2023, the Company began having reports on the risk heatmap submitted to the Board of Directors, and other steps are being taken to visualize identified risks and share this information with relevant parties.



Risk Management

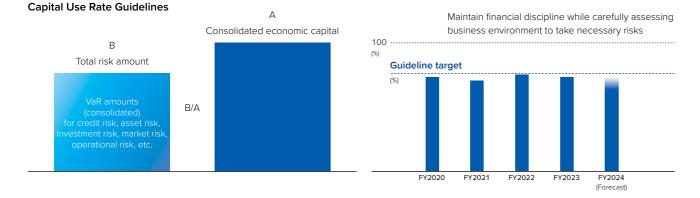
Comprehensive Enterprise Risk Management

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. We have therefore sought to keep the risk amount within a certain level of capital buffers by adhering to the aforementioned management guidelines. 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 refer to the targeted level of the capital use rate only as a guideline, since the regulations regarding capital use levels for financial institutions are not applied to us. In operating a business, seizing business opportunities, such as the opportunity to take part in M&A activities, is also an important factor considered under the risk management framework. Rather than adopting a passive approach to the soundness of corporate management, we pay due consideration to the magnitude of increase in the amount of risk over a medium-term period of about three years, the projection for organic increases in the shareholders' equity ratio from profit growth, and the level of tolerance of our capital policy.

Medium-Term Management Plan 2027 prescribes the enhancement of our risk management framework aimed at 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). These guidelines will be used to drive the dispersion of risks in the Company's business portfolio and otherwise enhance 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 improve on the level of our risk management framework in conjunction with the expansion of our business domain and changes in the operating environment in order to sustainably improve corporate value.



TOKYO CENTURY CORPORATION 111

→ Visual Risk Information Tracking at the Management Level

In addition to measuring risks on a consolidated basis and controlling the capital use rate, we implement a visual management information system (MIS). Under the system, the Credit Risk Management Committee and the Comprehensive Risk Management Committee take the lead in regularly monitoring risk information on multiple criteria and report the results to the Management Meeting and the Board of Directors.*

In our global operations, we pay particular attention to Aviation Capital Group LLC (ACG) and CSI Leasing, Inc. (CSI), our U.S.-based subsidiaries that specialize in leasing and for which the scale of investments and assets is guite large. ACG has achieved success as a textbook example of a resilient company made so through a unique risk management approach that includes introducing a risk appetite framework to clarify the risks to be accepted, such as aircraft asset risks, and the risks to be avoided (mitigated or transferred), such as interest, liquidity, and foreign exchange rates. In addition, ACG has implemented a new risk management framework to be used in dispersing previously concentrated risks on country and airline bases and ensuring an appropriate risk-and-return balance based on the characteristics of a given project. This framework is being utilized for managing individual projects.

* For information on the monitoring activities of the Company's committees, please refer to P.109 "Major Risks and Management Frameworks."

Risk Tole	erance	Ability to Influence*1	Risk Category*2	Risk Management Method
High	Risks to be accepted	Positive	Asset acquisition risk 1	 Focus on investments in widely applicable assets that promis reliable leasing rates and residual value
Medium	Risks to be mitigated or transferred	Neutral	Residual value risk 2 Country/geopolitical risk Credit risk Aviation market risk ESG risk	Portfolio management based on defined risk management inc cators to address potential impacts from difficult-to-control operating environment factors (hard limits on level of geographic region exposure concentration, control of average ag of fleets, etc.) Enhancement of discussions and assessments pertaining to individual projects based on changes in geopolitical risks Appointment of ESG division representative to oversee formution and implementation of action plans related to materiality items; annual ESG disclosure and reporting detailing progress.
		Positive	Remarketing risk 3 Model risk 4 Operational risk	 Portfolio management based on defined risk management inc cators (diversification of lease maturities and new aircraft delivery timings)
Low	Risks to be avoided	Positive	Capital management risk Interest rate risk Liquidity risk Currency risk Reputational risk	Hedging within a predefined range based on stringent risk management indicators (interest rate duration mismatch, debt-to-equity ratio limitation, etc.) Upper limits for ratio of debt with floating interest rates Regular stress tests in preparation for potential operating environment changes

→ 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. Regular monitoring of these KRIs is performed, and the results are reported to the Board of Directors and other relevant bodies. KRIs have been set pertaining to human resources, information security, accidents, compliance, climate change, legal affairs, and corruption. We are also expanding our range of environmental KRIs in relation to renewable energy, CO2 emissions, and the portion of our portfolio accounted for by fuel-efficient aircraft and electrified vehicles and have broadened the scope of personnel and labor risk (from non-consolidated to consolidated) amid the rising importance of tracking and managing human rights and climate change risks. Nevertheless, stakeholder concern for non-financial risks is constantly rising. From the perspective of sustainability, Tokyo Century will continue to bolster its range of effective indicators related to human rights and climate change risks as well as to other environmental, social, and governance (ESG) factors and to the United Nations Sustainable Development Goals (SDGs).

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Major Risks, Management Frameworks, and Risk Management

Environmental and Climate Change Risks

The Tokyo Century Group recognizes that responding to climate change is an important task. We have therefore endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and are advancing climate change response measures including scenario analyses and information disclosure based on these recommendations.

Scenario Analyses through Risk Materiality Assessments

Given that it has five operating segments, the Tokyo Century Group has chosen an approach for selecting businesses subject to scenario analyses entailing risk materiality assessments. These assessments involve industry-specific evaluations of the impacts of climate change risks and comparative analyses of the greenhouse gas emissions and asset portfolios of different operating segments. To date, scenario analyses have been conducted targeting the environment and energy businesses (solar power generation), the aviation business (aircraft leasing), and the automobility business (auto leasing for individuals and companies). Going forward, the Company will continue to examine the appropriate risk countermeasures and related opportunities by expanding the scope of businesses subject to scenario analyses and improving the accuracy of said analyses based on risk materiality assessments.

Importance for stakeholders • Assessment of industries with high climate change risk as determined by ESG rating institutions • Measurement of greenhouse gas emissions by operating segment • Assessment of earnings, expenses, assets, and other aspects of portfolios by operating segment • Assessment of risks (transition risks and physical risks) and opportunities by operating segment Selection through risk materiality assessment Selection through risk materiality assessment • Environment and energy businesses (solar power generation) • Aviation business (aircraft leasing) • Automobility business (auto leasing for individuals and companies)

Risks and Opportunities Based on Scenario Analyses

businesses (solar power gener		Tokyo Century recognizes the potential for the emergence of physical risks requiring urgent attention related to abnormal weather events, such as typhoons and heavy rain, and transition risks including the introduction of carbon taxes and strengthening of laws and regulations. Conversely, solar power generation and other renewable energy businesses are expected to see a wider range of opportunities.
Aviation business (aircraft leasing)		The aviation business may be impacted by the emergence of physical risks associated with the increasing severity of extreme weather events and transition risks such as the implementation of carbon emissions reduction targets in various countries and regulations specific to the airline industry. At the same time, increased earnings opportunities are anticipated from the transition to low-emission aircraft with higher fuel efficiency and lighter weights, and new opportunities are projected to emerge as electric aircraft and other new technology aircraft are deployed in the future.
Automobility busing (auto leasing for incompanies)		For the automobility business, physical risks could include impacts from the increasing severity of extreme weather events, such as vehicle production delays due to flooding and heavy rainfall, while potential transition risks might include the shift from gasoline and diesel vehicles to electric vehicles (EVs), which would entail a switch from fueling to charging. Meanwhile, earnings opportunities related to charging service and used EV battery reuse businesses are projected to emerge amid the shift toward EVs.
Detailed Disclosure Based on TCFD Recommendations	recomme	information on governance, strategies, risk management, and metrics and targets pertaining to disclosure based on TCFD indations, please refer to the following website.

→ Environmental Impact Assessments

Tokyo Century aims to make contributions to the environment through its business activities. Thus, we believe it is important to understand the positive and negative impacts on the environment of the projects we undertake. Accordingly, environmental impact assessment worksheets are used to assess the environmental risks and opportunities of candidate projects to be submitted to the Management Meeting and Transaction Evaluation Meeting. In fiscal 2023, an internal carbon pricing system was introduced for worksheets submitted to the Management Meeting on a trial basis as a framework for appropriately controlling increases in greenhouse gas emissions due to the undertaking of new projects.

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Climate Change Risks

Preliminary measurements of exposure to transition risks and physical risks are conducted and the results are reported regularly to the Comprehensive Risk Management Committee to determine the potential impact of climate change risks on Tokyo Century's business portfolio. We also began reporting the results of these measurements to the Board of Directors in fiscal 2023.

Exposure to transition risks is quantified through Monte Carlo simulations targeting sectors chosen based on TCFD recommendations after accounting for the potential impact of these risks on debtor ratings and asset value.

Physical risk exposure is measured as the maximum loss projected to be incurred based on statistical simulations of specific business assets (solar power generation businesses, etc.) that have suffered damages from natural disasters.

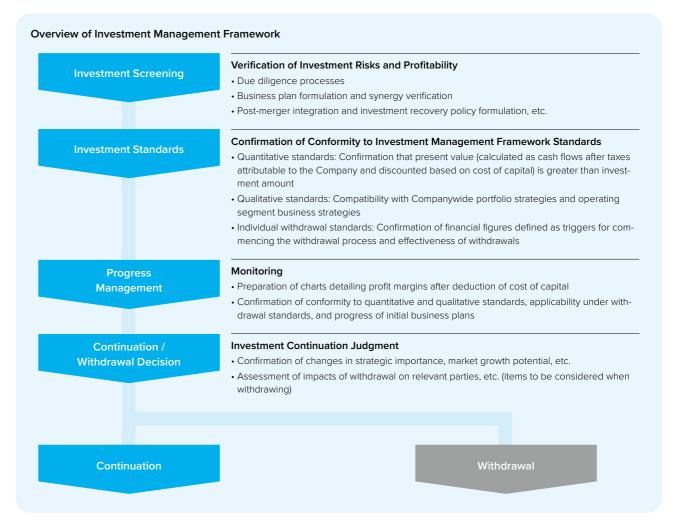
For more information on the following topics, please refer to the Company's corporate website.

- Acquisition of ISO 14001 Certification for Environmental Management Systems Environmental Management System Organization
- ttps://www.tokyocentury.co.jp/en/sustainability/esg/environment/management.html

Response to Expansion of Business Domain

→ Investment Management Framework

For the purpose of establishing an investment governance framework for use in optimizing its business portfolio, the Tokyo Century Group has instituted an investment management framework. Primary focuses of this framework include clarifying investment screening and withdrawal standards and developing standardized monitoring processes.



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Major Risks, Management Frameworks, and Risk Management

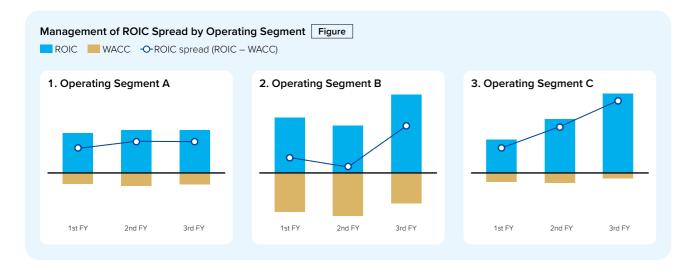
As part of the process for screening investments under this framework, it is confirmed whether the present value (calculated as cash flows after taxes attributable to the Company and discounted based on cost of capital) is greater than the investment amount, whether the business area targeted for investment conforms with business portfolio strategies, and whether appropriate triggers for withdrawal decisions have been set. After such confirmation, the Investment Management Committee meets and multifaceted evaluations are conducted by dedicated divisions with regard to projected risk exposure, legal risks, and taxation circumstances. The decision of whether to conduct a specific investment is made by the Management Meeting based on comprehensive discussions taking into account the evaluations by the Investment Management Committee.

After investment, projects will continue to be monitored through standardized processes. Charts detailing profit margins after deduction of cost of capital are prepared for all applicable projects, and confirmation is sought regarding whether any projects have become applicable under shared or individual withdrawal standards. The Investment Management Committee compiles the results of evaluations into annual monitoring reports, which are submitted to the Management Meeting and the Board of Directors.

If a project is judged to have become applicable under withdrawal standards, the Investment Management Committee will suggest withdrawal to the Management Meeting. Should a sales organization seek to maintain an investment even after the project has become applicable under withdrawal standards, the Investment Management Committee will evaluate the appropriateness of continuation, and the final decision will be made by the Management Meeting based on comprehensive discussions taking into account the evaluations by the Investment Management Committee.

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 of the risk-and-return balance of specific business areas reflecting business and risk characteristics. Moreover, this timing-based monitoring approach is used to promote 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 stimulate growth. Under Medium-Term Management Plan 2027, the Company continues its approach toward managing risks and returns with an emphasis on cost of capital. At the same time, enhancements to this approach are being pursued by reviewing methods for managing the ROIC spread by operating segment and incorporating this indicator into performance evaluations and portfolio allocation.



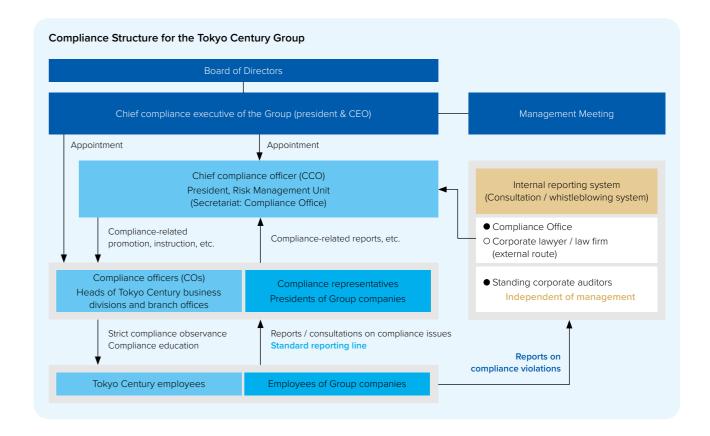
Compliance

→ Compliance Structure

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

The heads of each business division and branch office of the Company, along with the presidents of Group companies, act as compliance officers (COs) with the responsibility of coordinating with the Compliance Office to guarantee compliance with all relevant laws and regulations and ensure that business activities are kept in line with social norms.

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Compliance Activities

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 compliancerelated information, and compliance awareness surveys. We also arrange Groupwide forums for sharing compliance information.

→ 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. Persons engaged in the activity of dealing with whistleblowing disclosures, as described in the act, are designated and trained to perform tasks related to the whistleblowing system, and these individuals are obliged to maintain complete confidentiality with regard to 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 exercising compliance

In addition, we are working to expand use of our internal reporting system by broadening the scope of compliance-related consultations that can be processed through all three internal and external consultation venues; providing training on the purpose and meaningfulness of the system as well as procedures for addressing reports; conducting regular awareness surveys regarding the system; and disclosing information pertaining to its implementation 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.

Major Risks, Management Frameworks, and Risk Management

Human Rights Training and Education

To foster a culture of respect for human rights, ongoing training and education are administered targeting all officers and employees on themes including the relationship between businesses and human rights, the Group's human rights initiatives, and prohibition of harassment.

Grievance Mechanism

The Tokyo Century Group has established contact points for human rights consultations that can accommodate both Japanese- and English-language consultations regarding human rights violations and which are available to Group officers and employees. 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, and surveys and interviews are conducted at Group companies to pinpoint issues pertaining to the identified risks in order to 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 concerns such as the frameworks for addressing human rights risks and any incidences of past violations at the target of investment, 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
- Initiatives to Prevent Money Laundering Initiatives for Preventing Corruption Policy on Political Funds
- ttps://www.tokyocentury.co.jp/en/sustainability/esg/governance/compliance.html
- Human Rights Initiatives

Information Security

The Tokyo Century Group views information security as a crucial issue affecting corporate management. The Company has accordingly 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 carry out 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. Under normal circumstances, the TC-CSIRT will take steps to prevent 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.

As cyberattacks grow more sophisticated and complex, we endeavor to enhance our response capabilities by sharing information with external partners through membership in the Nippon CSIRT Association and participating in drills for exercising the knowledge acquired in this manner. In fiscal 2023, we joined a cybersecurity framework operated by a major shareholder to practice coordination with regard to assessments and practical drills. Tokyo Century is also taking other steps to strengthen its cybersecurity measures.

Developing a global business means that actions must be taken to protect personal information and strengthen information security measures considering various cultures and regulatory environments. With the aim of reinforcing global security governance, assessments of overseas subsidiaries are performed to identify issues and implement response measures. In addition, we encourage closer collaboration with and among Group companies by strengthening management of outside subcontractors, providing information on information security, and holding regular liaison meetings.

In addition to these efforts, we conduct email drills targeting the Company and domestic and overseas Group companies with emails in Japanese and other languages several times a year. These drills have proved to be an effective training method for improving the information security awareness of officers and employees.

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

• ISO 27001 Certification • Basic Information Security Policy

ttps://www.tokyocentury.co.jp/en/csr/governance/security.html

TOKYO CENTURY CORPORATION 117

Audit System

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.

Audit System for Major Group Companies

Major domestic Group companies as well as major overseas Group companies Aviation Capital Group LLC (ACG) and CSI Leasing, Inc., 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.

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

→ Basic Audit Policies

Reliable Third Line of Defense Supporting Quest for Growth Furnished by Audit Unit

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

The Tokyo Century Group's Audit System Tokyo Century (Board of Directors, Management Meeting) Consultation / Report Instruction / Advice Audit Unit of Tokyo Century Auditina Report of nstruction / Report / Audit Proposals and Advice Results Advice for Improvement Companies with

Message from the President of the Audit Unit



Medium-Term Management Plan 2027 calls for Tokyo Century to transform itself and become a corporate group that brings about change in pursuit of ongoing growth. Robust governance and strong risk management are imperative to accomplishing this objective and achieving ongoing growth. I view the Audit Unit as our third line of defense, the last bulwark for governance and risk management. The unit thus has a cornerstone role in supporting the ambitions of the Company. I am therefore committed to offering constructive and accurate improvement proposals and advice to ensure effective risk management.

Akihiko Okada

Deputy President, Director and Executive Officer
President, Audit Unit

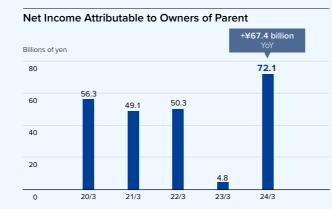
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Performance Highlights

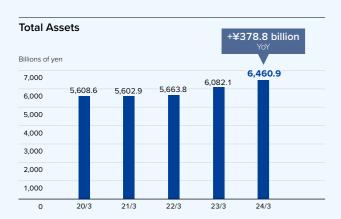
Corporate Information / Stock Information

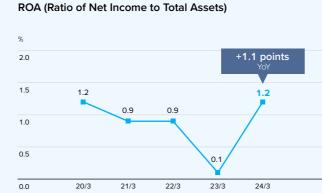




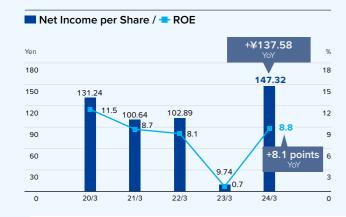
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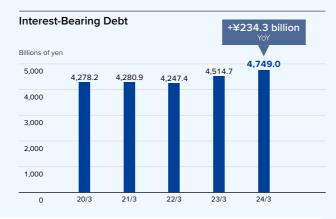
Reasons for Changes Ordinary income rose ¥11.1 billion year on year due to the absence of the loss recorded in the International Business segment in the previous fiscal year, while the absence of the fiscal 2022 aviation business loss contributed to a massive increase of ¥67.4 billion in net income attributable to owners of parent.





Reasons for Changes Total assets on March 31, 2024, were up ¥378.8 billion from March 31, 2023, due to increases in assets in the Specialty Financing segment and the International Business segment. ROA was up 1.1 percentage points mainly owing to the expansion in net income attributable to owners of parent.





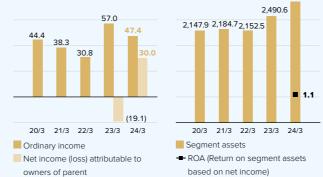
Reasons for Changes ROE was up 8.1 percentage points year on year mainly due to an increase in net income attributable to owners of parent. Interest-bearing debt on March 31, 2024, grew ¥234.3 billion from March 31, 2023, following a rise in segment assets.

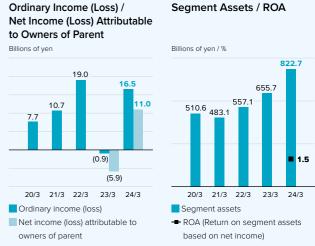
Note: Effective January 1, 2024, the Company conducted a four-for-one stock split of its common shares. Figures for net income per share have been restated to reflect

Performance by Segment











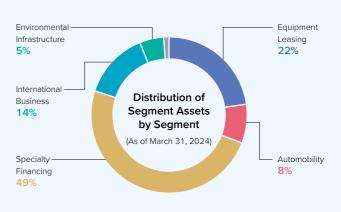
(1.3)

Net income attributable to owners

Ordinary income (loss)

of parent

22/3 23/3 24/3



Note 1: Figures for the Environmental Infrastructure segment are displayed from fiscal 2021 onward.

Seament assets

- ROA (Return on segment assets

based on net income)

Note 2: Figures for net income (loss) attributable to owners of parent and ROA are displayed from fiscal 2022 onward for all segments.

22/3 23/3 24/3

For more detailed financial information, please refer to Tokyo Century's data books. #https://www.tokyocentury.co.jp/en/ir/library/2024.html For non-financial information, please refer to Tokyo Century's sustainability data books. #https://www.tokyocentury.co.jp/en/sustainability/databook/

Corporate Information (As of March 31, 2024)

Company Name	Tokyo Century Corporation
Head Office	FUJISOFT Bldg., 3 Kanda-neribeicho, Chiyoda-ku, Tokyo 101-0022, Japan
Founded	July 1, 1969
Paid-in Capital	¥81,129 million
Company Representatives	Chairman & Co-CEO: Masataka Yukiya President & CEO: Koichi Baba
Number of Employees	7,876 (1,037 on a non-consolidated basis)
Closing of Accounts	March 31
Main Banks	Mizuho Bank, Ltd.; MUFG Bank, Ltd.; The Norinchukin Bank; Sumitomo Mitsui Banking Corporation; Sumitomo Mitsui Trust Bank, Limited; and Japan Bank for International Cooperation
Independent Auditor	Deloitte Touche Tohmatsu LLC
Major Locations	Domestic: Tokyo, Sapporo, Sendai, Saitama, Yokohama, Nagoya, Kanazawa, Osaka, Hiroshima, and Fukuoka (As of October 1, 2024)
	Overseas: More than 30 countries and regions in Asia, North America, Central and South America, Europe, etc.

Management Personnel (As of June 24, 2024)

Board of Directors	
Chairman & Co-CEO, Representative Director	Masataka Yukiya
President & CEO, Representative Director	Koichi Baba
Director	Akio Nakamura*3
(External Director)*1	Toshio Asano*3
	Miho Tanaka*3
	Tsuyoshi Numagami*3
	Hiroshi Ogasawara*3
	Koji Fujiwara
Deputy President, Director	Akihiko Okada
and Executive Officer	Hiroshi Sato
Director and Senior	Mahoko Hara
Managing Executive Officer	Tatsuya Hirasaki
Director	Shunichi Asada

Corporate Auditors	
Standing Corporate Auditor	Katsuya Amamoto Yoshio Nomura
Corporate Auditor (External Corporate Auditor)*2 *3	Masao Fujieda Maiko Chihara

Executive Officers	
Deputy President, Executive Officer	Yoichiro Nakai
Senior Managing Executive Officer	Toshio Kitamura
	Takashi Yonetsu
	Masato Osugi
Managing Executive Officer	Koichiro Sato
	Yoshihiro Ueda
	Minoru Kuwahara
	Shintaro Yamazaki
	Toshiyuki Otobe
Executive Officer	Yukihiro Tanaka
	Katsusuke Hirako
	Masatoshi Hiraga
	Tatsuo Hayama
	Hideharu Suekane
	Masaaki Teragami
	Shuzo Fujitake
	Seiji Tsuboi
	Takamasa Ito
	Koji Yoshida

Stock Information (As of March 31, 2024)

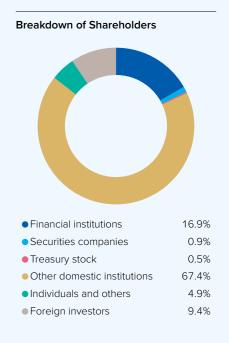
TOKYO CENTURY CORPORATION

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

1,600,000,000 shares
492,113,280 shares
25,165

Major Shareholders (As of March 31, 2024)

Shareholders	Number of Shares Held (Thousands)	Shareholding Ratio* (%)
ITOCHU Corporation	146,859	29.99
Chuo-Nittochi Co., Ltd.	68,643	14.02
Nippon Telegraph and Telephone Corporation	49,211	10.05
KSO Co., Ltd.	41,344	8.44
The Master Trust Bank of Japan, Ltd. (Trust Account)	22,536	4.60
Mizuho Bank, Ltd.	18,752	3.83
Seiwa Building Co., Ltd.	16,010	3.27
Custody Bank of Japan, Ltd. (Trust Account)	12,911	2.64
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



Bond Ratings (As of February 25, 2024)

Issuer: Tokyo Century Corporation (Securities Code: 8439)

	Credit Rating Agency	(JCR)	Inc. (R&I)	(S&P)
Long- Issuer rating term	Rating:	AA	AA-	BBB
	Outlook:	Stable	Stable	Stable
Preliminary rating for bonds registered for issuance*	9 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 out- standing amount:	Equivalent of U.S.\$2 billion	Equivalent of U.S.\$2 billion	
Short- Commercial term paper	Rating:	J-1+	a-1+	
	Maximum outstanding amount:	¥800 billion	¥800 billion	
	Preliminary rating for bonds registered for issuance* Euro mediumterm note program Commercial	Outlook: Preliminary rating for bonds registered for issuance* Euro mediumterm note program Commercial paper Outlook: Expected issue amount: Issue period: Expected issue amount: Maximum outstanding amount: Maximum outstanding	Issuer rating Rating: AA Outlook: Stable Preliminary rating for bonds registered for issuance* Expected issue amount: Issue period: Two years beginning February 25, 2024 Euro mediumterm note program Maximum outstanding amount: Commercial paper Maximum outstanding ¥800 billion	Stable Stable

^{*} Each bond will be rated by each rating agency upon issuance. (Reference)

^{*1 &}quot;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

 $^{^{*}}$ The shareholding ratio is calculated by excluding treasury stock (2,459,140 shares).

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