

For Reference Only

July 28, 2023

Notice on Basic Agreement Concerning Transfer of Subsidiaries (Share Transfer)

Tokyo Century Corporation hereby announces that it has decided today to conclude a basic agreement with Orient Corporation (Orico) concerning Orico Auto Leasing Co., Ltd. (OAL) and Orico Business Leasing Co., Ltd. (OBL), two consolidated subsidiaries established as joint ventures with Orico, under which Tokyo Century will transfer part of its stakes in the companies to OAL and OBL, respectively (“the share transfer”). Following the share transfer, OAL and OBL will become consolidated subsidiaries of Orico and equity-method affiliates of Tokyo Century.

1. Reason for the Share Transfer

Tokyo Century and Orico established auto-leasing company OAL in 2008 and small-lot leasing company OBL in 2015 as joint ventures to meet the demand for leasing in the retail sector, and have supported the steady growth of both companies by applying their respective areas of expertise, with Tokyo Century providing know-how in leasing and Orico in handling sales, screening, and guarantee operations. Since the sustainable growth of OAL and OBL has depended upon the ability to respond accurately and quickly to the ever-diversifying leasing and financing needs of customers, significant thought was given to reconstructing their business strategies and organization. It became clear that having Orico, which had been responsible for the overall operations of the two companies, acquire the majority of voting rights would support more agile business development, that creating an optimal organizational structure would enhance efficiency and productivity, and that collaboration with the Orico Group needed to be bolstered. As a result, Tokyo Century and Orico decided to conclude this basic agreement, including the share transfer.

Tokyo Century will continue to support OAL and OBL in growing their businesses by providing know-how on leasing operations as well as through other means. At the same time, it will maintain its partnership with Orico as a co-operator of the joint ventures and promote co-creation of businesses in a wide range of areas for increasing the corporate value of Tokyo Century as well as OAL and OBL.

2. Method of Share Transfer

(1) OAL

2,320 of the OAL shares owned by Tokyo Century will be transferred to OAL, which will then acquire its own shares, resulting in Tokyo Century’s shareholding ratio in OAL to change from 50% to 34%.

(2) OBL

3,600 of the OBL shares owned by Tokyo Century will be transferred to OBL, which will then acquire its own shares, resulting in Tokyo Century’s shareholding ratio in OBL to change from 50% to 20%.

3. Outline of Subsidiaries to be Transferred (as of March 31, 2023)

(1) OAL

| | | | |
|---|---|---|--------------|
| 1. Company name | Orico Auto Leasing Co., Ltd. | | |
| 2. Head office | 2-27-5 Taito, Taito-ku, Tokyo, Japan | | |
| 3. Representative | Takemi Okamoto, President & CEO, Representative Director | | |
| 4. Business | Auto leasing business | | |
| 5. Paid-in capital | JPY 240 million | | |
| 6. Date of establishment | March 6, 2008 | | |
| 7. Major shareholders and shareholding ratio | Tokyo Century Corporation (50%) Orient Corporation (50%) | | |
| 8. Relationship with Tokyo Century | Capital | OAL has been a consolidated subsidiary of Tokyo Century. | |
| | Personnel | One executive officer and one corporate auditor of Tokyo Century concurrently hold corresponding positions as director and corporate auditor of the company, respectively. One former executive officer of a consolidated subsidiary of Tokyo Century has been seconded to the company as director. Fifteen employees of Tokyo Century have been seconded to the company. | |
| | Business | Tokyo Century has provided loans to the company. | |
| 9. Financial position and operating results of the company for the past three years (JPY million) | | | |
| Fiscal year | 2020 | 2021 | 2022 |
| Net assets | 11,267 | 13,038 | 14,513 |
| Total assets | 248,868 | 243,633 | 250,021 |
| Net assets per share (JPY) | 1,173,723.48 | 1,358,160.21 | 1,511,805.68 |
| Revenues | 82,598 | 84,956 | 88,529 |
| Operating income | 4,065 | 3,766 | 3,269 |
| Ordinary income | 4,065 | 3,767 | 3,269 |
| Net income | 2,806 | 2,605 | 2,252 |
| Basic earnings per share (JPY) | 292,293.09 | 271,436.72 | 234,645.47 |
| Dividends per share (JPY) | 87,000 | 81,000 | 70,000 |

(2) OBL

| | | |
|--|---|--|
| 1. Company name | Orico Business Leasing Co., Ltd. | |
| 2. Head office | 2-27-5 Taito, Taito-ku, Tokyo, Japan | |
| 3. Representative | Tomoaki Okuma, President & CEO, Representative Director | |
| 4. Business | Retail leasing business | |
| 5. Paid-in capital | JPY 240 million | |
| 6. Date of establishment | April 1, 2015 | |
| 7. Major shareholders and shareholding ratio | Tokyo Century Corporation (50%) Orient Corporation (50%) | |
| 8. Relationship with Tokyo Century | Capital | OBL has been a consolidated subsidiary of Tokyo Century. |
| | Personnel | One employee and one corporate auditor of Tokyo Century concurrently hold positions as director and corporate auditor of the company, respectively. One former executive officer of Tokyo Century has been seconded to the company as director. Twelve employees of Tokyo Century have been seconded to the company. |
| | Business | Tokyo Century has provided loans to the company. |

9. Financial position and operating results of the company for the past three years (JPY million)

| Fiscal year | 2020 | 2021 | 2022 |
|--------------------------------|------------|------------|------------|
| Net assets | 1,762 | 2,036 | 2,406 |
| Total assets | 53,141 | 61,460 | 72,545 |
| Net assets per share (JPY) | 183,563.27 | 212,185.82 | 250,626.49 |
| Revenues | 16,661 | 19,184 | 22,241 |
| Operating income | 464 | 534 | 692 |
| Ordinary income | 464 | 534 | 693 |
| Net income | 322 | 370 | 480 |
| Basic earnings per share (JPY) | 33,542.73 | 38,622.55 | 50,040.66 |
| Dividends per share (JPY) | 10,000 | 11,600 | 15,000 |

4. Number and price of shares to be transferred, and status of shareholding before and after the transfer

| | Transfer to OAL | Transfer to OBL |
|---|--------------------------------------|--------------------------------------|
| 1. Number of shares owned before transfer | 4,800 shares (voting rights: 50%) | 4,800 shares (voting rights: 50%) |
| 2. Number of shares to be transferred | 2,320 shares | 3,600 shares |
| 3. Price of transfer | JPY 4.8 billion | JPY 1.2 billion |
| 4. Number of shares owned after transfer | 2,480 shares (voting rights: 34%) | 1,200 shares (voting rights: 20%) |

5. Schedule

| | |
|---|------------------------------|
| 1. Date of decision | July 28, 2023 |
| 2. Conclusion of basic agreement | July 28, 2023 |
| 3. Signing of shareholders agreement | August 25, 2023 (planned) |
| 4. Conclusion of share transfer agreement | August 25, 2023 (planned) |
| 5. Share transfer | September 29, 2023 (planned) |

6. Forecast

After the share transfer, OAL and OBL will change from consolidated subsidiaries into equity-method affiliates of Tokyo Century, making no significant impact on Tokyo Century's financial results on a consolidated basis for the fiscal year ending March 31, 2024. Stakeholders will be immediately notified should any issues that require disclosure arise.

Reference: Tokyo Century's consolidated results forecast for the fiscal year ending March 2024, and actual results for the fiscal year ended March 2023 (disclosed on May 12, 2023)

| | Fiscal 2023 (Forecast) | Fiscal 2022 (Actual) |
|---|------------------------|----------------------|
| Ordinary income (JPY million) | 110,000 | 106,194 |
| Net income attributable to owners of parent (JPY million) | 70,000 | 4,765 |
| Basic earnings per share (JPY) | 571.89 | 38.95 |
| Annual dividends (JPY) | 200 | 143 |
| Payout ratio | 35.0% | 367.1% |

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(Note) This translation is prepared and provided for reference only. In the event of any discrepancy between this translated document and the original Japanese document, the original document shall prevail.