

For Reference Only

July 12, 2024

Consolidated Subsidiary Aviation Capital Group to Order 35 Boeing Aircraft

Tokyo Century Corporation (“TC”) is pleased to announce that Aviation Capital Group LLC (“ACG”), a U.S.-based commercial aircraft lessor and its wholly-owned subsidiary, resolved on July 11, 2024 Pacific Time, to order a total of 35 737 MAX aircraft from The Boeing Company (“Boeing”). The ordered aircraft are scheduled to deliver during the period of TC’s next Medium-Term Management Plan and complete in 2031.

1. Purpose of the Acquisition

ACG is a U.S.-based leading aircraft leasing company that was founded in 1989 and became a wholly-owned subsidiary of TC in December 2019. ACG owns and manages a total of 364 aircraft, comprising 305 owned aircraft and 59 managed aircraft. Including the aircraft for which orders have previously been placed, its fleet count totaled 483 aircraft as of March 31, 2024. ACG has a portfolio consisting of a young fleet with a weighted average age of 6.2 years, 97% of which are highly-liquid narrow-body aircraft.

TC’s current Medium-Term Management Plan 2027 is based on the theme “transform ourselves and bring about change” and defines the concept of “TC Transformation (TCX)” as an expression of our strong commitment toward self-transformation in order to achieve sustainable growth. Based on this concept, we are marching forward with four types of transformation - portfolio transformation (PX), green transformation (GX), digital transformation (DX), and human resource and organizational transformation (HRX).

This acquisition is being pursued as an initiative under PX. Within its solid portfolio management framework, ACG has been proactively recycling assets while also strengthening its organizational capabilities and risk management structure, with an aim to achieving both strong profitability and stability under the PX initiative.

From GX perspective, the ordered 737 MAX Family, the latest flagship narrow-body aircraft of Boeing, offers a longer range, 20% reduction in fuel consumption and CO2 emissions, and a 50% smaller noise footprint than the airplanes it replaces. It will contribute to the GX initiative with highly economic and environmental performance.

Demand for aircraft operating leases is expected to further increase due to growing passenger traffic, which is driven by population and income growth in emerging and developing countries, together with the needs of airlines to replace their aircraft with next-generation aircraft. Taking these market trends into account, we expect continued growth of short to mid-haul traffic resulting in strong demand toward narrow-body aircraft that will continue during, and even after, the delivery of the ordered aircraft.

TC will continue to support the enhancement of ACG’s business foundation and the transformation of its fleet to next-generation aircraft, thereby contributing to the growth of the aviation industry and reduction of CO2 emissions.

2. Overview of consolidated subsidiary

(1) Company name	Aviation Capital Group LLC
(2) HQ location	840 Newport Center Drive, Suite 300, Newport Beach, CA, USA
(3) CEO and president	Thomas G. Baker
(4) Business description	Aircraft leasing

Note: The amount of capital has not been provided since ACG is a Limited Liability Company under U.S. law with no accurate equivalent to the concept of capital stock.

3. Information on the aircraft to be acquired

(1) Aircraft	737 MAX family
(2) Number of aircraft	35
(3) Aircraft model	737-8 x 16 737-10 x 19

Note: The contract for the order has been executed; however, based on the request from the seller, the actual acquisition cost is undisclosed. In addition, ACG has signed contracts to purchase aircraft from Boeing, Airbus, and airline companies, including the contract signed for this latest order, which brings the total amount of scheduled payments for aircraft purchases to ¥1,324,724 million as of July 11, 2024 (July 12, 2024, Japan Time).

4. Overview of the seller

(1) Name of company	The Boeing Company
(2) HQ location	929 Long Bridge Drive, Arlington, VA 22202, USA
(3) CEO	David L. Calhoun
(4) Business description	Manufacturing and sales of aerospace products
(5) Capital	\$5,061 million (approx. ¥818.6 billion)
(6) Year of establishment	1916
(7) Main shareholder and percentage of shares held as of December 31, 2023	The Vanguard Group, Inc. 8.0% BlackRock, Inc. 6.0%
(8) Relationship with TC	Capital relationship: Not applicable Personnel relationship: Not applicable Business relationship: Not applicable Applicability to related parties: Not applicable
(9) Net assets and total assets for the most recent fiscal year	Net assets: -\$17,016 million (approx. -¥2,752.2 billion) Total assets: \$134,484 million (approx. ¥21,751.4 billion)

Note: Calculations are based on an exchange rate of 161.74 JPY per 1 USD (July 11, 2024). The main shareholder and percentage of shares held are sourced from The Boeing Company 2024 Proxy Statement.

5. Schedule

(1) Resolution by the Board of Representatives of ACG	Pacific Time: July 11, 2024 (Japan Time: July 12, 2024)
(2) Date of memorandum of understanding and signing	Pacific Time: July 11, 2024 (Japan Time: July 12, 2024)
(3) Scheduled completion of delivery	2031

6. Future outlook

This aircraft purchase will not have a significant impact on TC's consolidated performance for the fiscal year ending March 31, 2025 since the delivery of the aircraft is not scheduled to begin until the period covered by TC's next Medium-Term Management Plan.

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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.