



Tokyo Century

INTEGRATED REPORT 2021

Tokyo Century Corporation



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Tokyo Century Corporation
Integrated Report 2021

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Editorial Policy

Integrated Report 2021 was prepared to better inform shareholders, investors, and other stakeholders regarding Tokyo Century's management direction and business strategies and operations, in addition to providing financial information and non-financial information, including examples of environmental, social, and governance (ESG) initiatives, while incorporating the opinions, observations, and predictions of certain of the Company's officers and other personnel.

Reporting Period*

April 1, 2020–March 31, 2021 (fiscal 2020)
* This report includes information on some activities taking place after April 1, 2021.

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 may differ considerably from that discussed in the forward-looking statements.

Guidance for Collaborative Value Creation

This integrated report refers to "Guidance for Collaborative Value Creation," which is a common guideline 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 Tokyo Century's Management Philosophy.



CORPORATE SLOGAN

Solutions to your Pursuits.

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.

1 Cover Story

Tokyo Century's Evolving Value Creation

Broadening Out from Conventional Leasing to Advance into New Fields Based on the Concept of "Finance × Services × Business Expertise" Together with Customers and Partners

2009—
Merger of Major Leasing Companies
Birth of Century Tokyo Leasing Corporation

The 2008 revision of leasing accounting standards created a pressing need for Century Leasing System, Inc., and Tokyo Leasing Co., Ltd., to revise their business portfolios. This need prompted the decision to undertake a merger by their management, leading to the birth of Century Tokyo Leasing Corporation in 2009.

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.

2020—
Capital and Business Alliance Agreement with NTT

Acceleration of Partnership Strategy

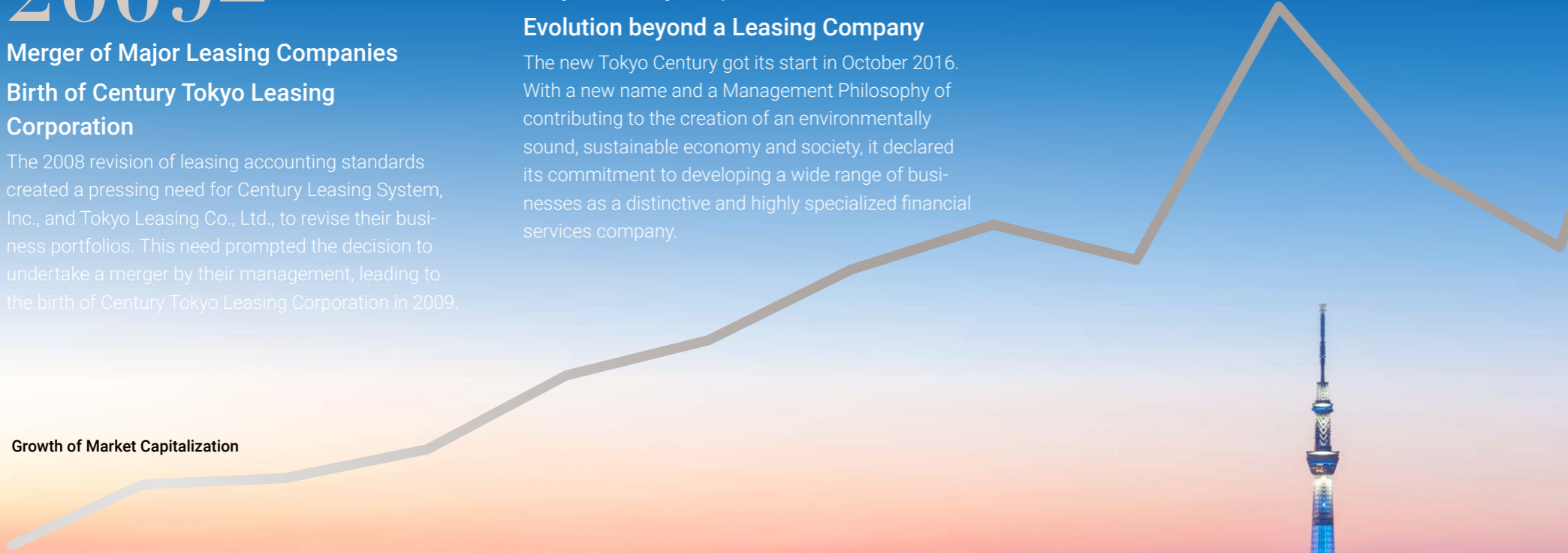
Tokyo Century unveiled its New Fourth Medium-Term Management Plan, which describes the course it will take over the next decade in working to establish a stable global business platform and expand co-creative business with partners such as the NTT Group.

2030—
Quest to Become a Trusted Service and Business Partner

Tokyo Century aims to grow into a global corporate group with a diverse team of people in order to contribute to the resolution of social issues and achieve stable, sustainable growth as a trusted service and business partner.



Growth of Market Capitalization



TRANSFORMATION

1 Cover Story

Evolution of Tokyo Century's Portfolio

Tokyo Century has continued to expand its business domain focused on its four operating segments in response to changes in the times and in the needs of customers and partner companies.

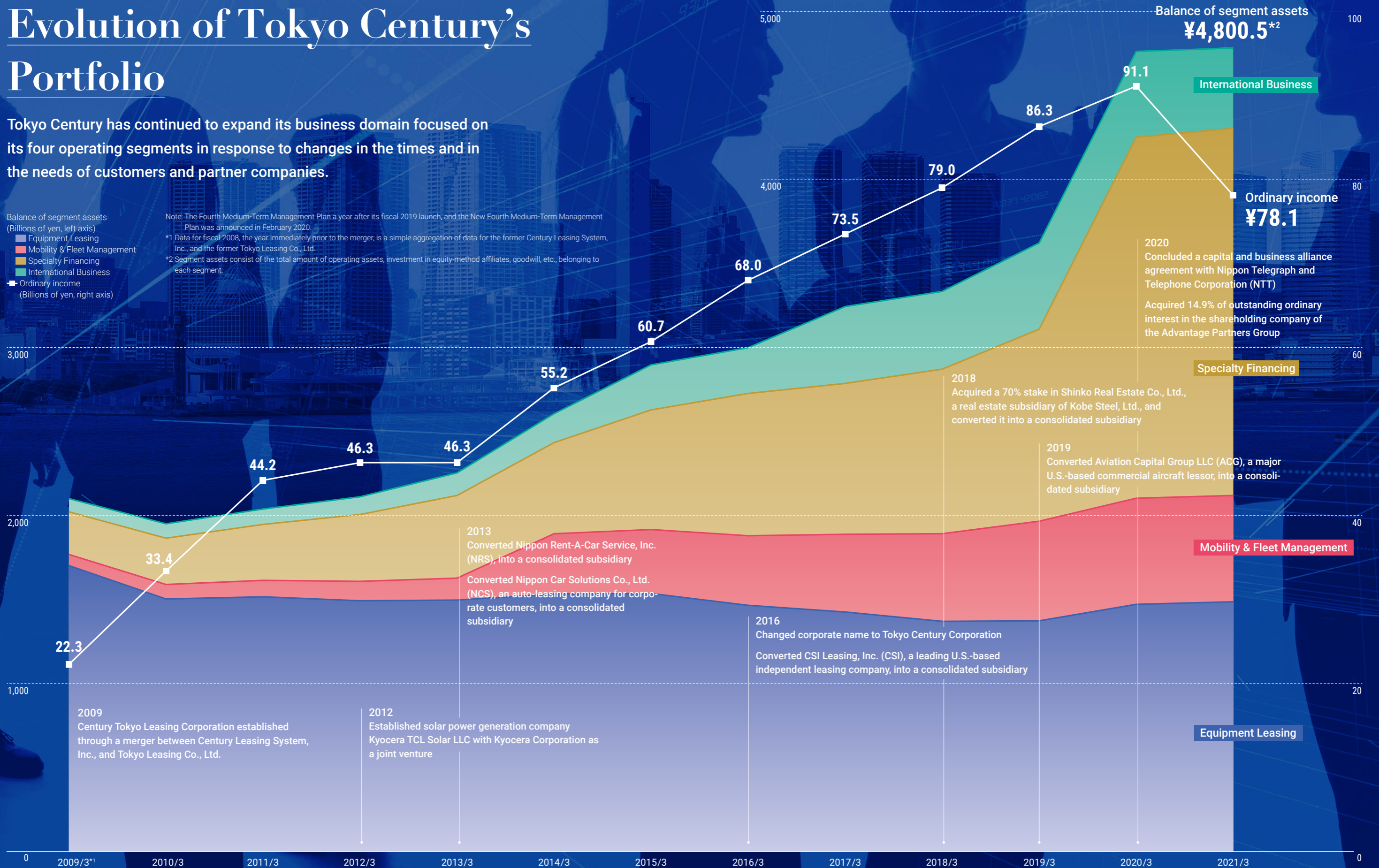
Balance of segment assets (Billions of yen, left axis)

- Equipment Leasing
- Mobility & Fleet Management
- Specialty Financing
- International Business
- Ordinary income (Billions of yen, right axis)

Note: The Fourth Medium-Term Management Plan a year after its fiscal 2019 launch, and the New Fourth Medium-Term Management Plan was announced in February 2020.

*1 Data for fiscal 2008, the year immediately prior to the merger, is a simple aggregation of data for the former Century Leasing System, Inc., and the former Tokyo Leasing Co., Ltd.

*2 Segment assets consist of the total amount of operating assets, investment in equity-method affiliates, goodwill, etc., belonging to each segment.



2020
 Concluded a capital and business alliance agreement with Nippon Telegraph and Telephone Corporation (NTT)
 Acquired 14.9% of outstanding ordinary interest in the shareholding company of the Advantage Partners Group

2018
 Acquired a 70% stake in Shinko Real Estate Co., Ltd., a real estate subsidiary of Kobe Steel, Ltd., and converted it into a consolidated subsidiary

2019
 Converted Aviation Capital Group LLC (ACG), a major U.S.-based commercial aircraft lessor, into a consolidated subsidiary

2013
 Converted Nippon Rent-A-Car Service, Inc. (NRS), into a consolidated subsidiary
 Converted Nippon Car Solutions Co., Ltd. (NCS), an auto-leasing company for corporate customers, into a consolidated subsidiary

2016
 Changed corporate name to Tokyo Century Corporation
 Converted CSI Leasing, Inc. (CSI), a leading U.S.-based independent leasing company, into a consolidated subsidiary

2009
 Century Tokyo Leasing Corporation established through a merger between Century Leasing System, Inc., and Tokyo Leasing Co., Ltd.

2012
 Established solar power generation company Kyocera TCL Solar LLC with Kyocera Corporation as a joint venture

Equipment Leasing

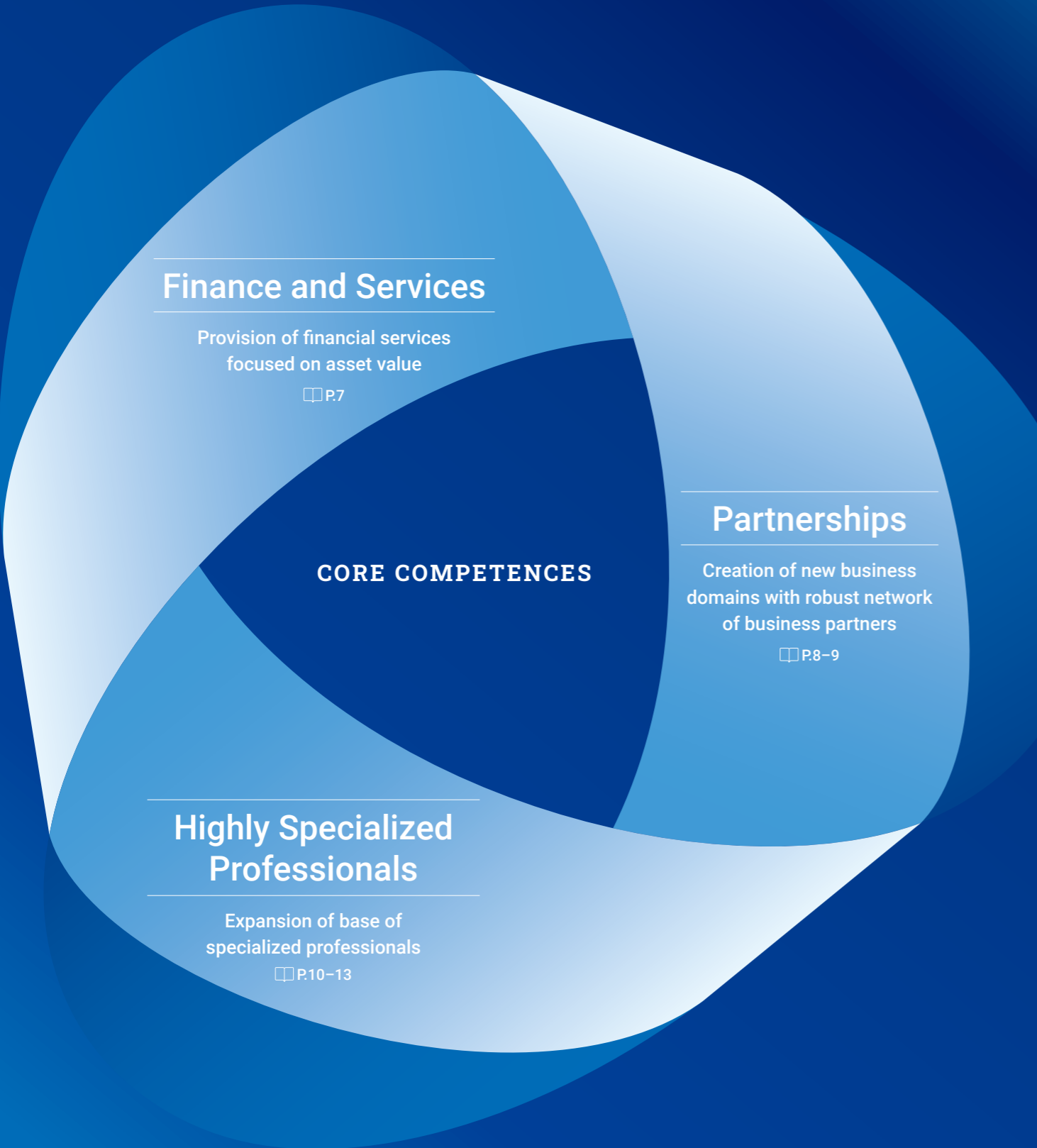
Mobility & Fleet Management

Specialty Financing

International Business

2 Three Core Competences of Tokyo Century

Three Distinctive Strengths Supporting Tokyo Century

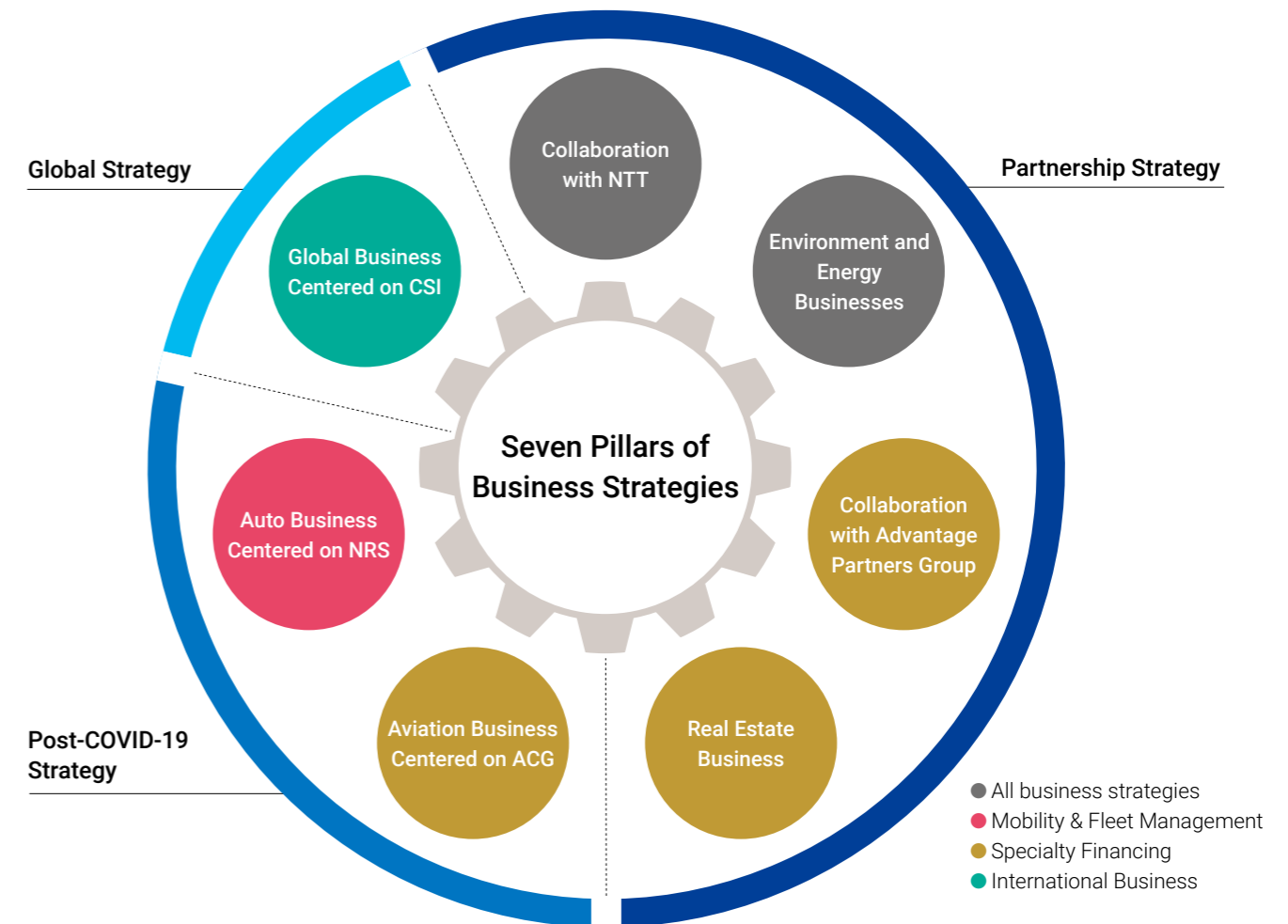


Finance and Services

Provision of Financial Services Focused on Asset Value

Four Operating Segments

Equipment Leasing	Mobility & Fleet Management	Specialty Financing	International Business
Major Products • IT solutions • Subscription services • Collaboration with partners	Major Products • Corporate auto leasing • Individual auto leasing • Car rental	Major Products • Aviation • Ship • Real estate • Environment and energy	Major Products • IT equipment leasing • Auto business • Joint crediting mechanism (JCM) business



2 Three Core Competences of Tokyo Century
Three Distinctive Strengths Supporting Tokyo Century

CORE COMPETENCE

Partnerships

Diverse Businesses Developed Together with Partners in a Free, Unregulated Operating Environment

Conducting business operations together with its partners, Tokyo Century is developing a diverse range of businesses that exceed the boundaries of conventional leasing while advancing into new business domains with the potential to become growth drivers. We are merging our aptitudes and specialties with those of our partners to contribute to the creation of an environmentally sound, sustainable economy and society. Through this approach, we are pursuing improved medium- to long-term corporate value along with sustainable growth.



Groupwide Expansion of Business Collaboration in a Variety of Growth Fields

We engage in business collaboration with Nippon Telegraph and Telephone Corporation (NTT) in a variety of growth fields, including digital technology, mobility, and environment and energy. In addition, we are reinforcing and expanding the leasing and finance businesses of joint venture company NTT TC Leasing Co., Ltd.



Jointly operated data center with the NTT Group in India



Resolution of Social Issues through Collaboration in Digital Transformation and Digital Technology Fields

With our unique subscription and other financial services, we are engaged in collaborative ventures with Fujitsu Limited, a company that boasts advanced digital platforms, to provide highly competitive services that contribute to the popularization of local 5G networks and to the resolution of social issues.



Challenges to Pursuing New Business Domains with Core Partners



人を、想う力。街を、想う力。



(MITSUBISHI ESTATE)

Promotion and Expansion of Joint Businesses Centered on Urban Redevelopment and Projects

Through a partnership spanning more than a decade, Mitsubishi Estate Co., Ltd., and Tokyo Century jointly acquired a hotel and events hall to be built in TOKYO TORCH, a building under construction in the Tokiwabashi area in front of Tokyo Station. We have also partnered with Mitsubishi Estate in the development of data centers in the United States as well as in other social infrastructure projects.



TOKYO TORCH scheduled for completion in 2027



Medium- to Long-Term Growth in Environment and Energy Businesses Centered on Solar Power

Together with Kyocera Corporation, we are promoting initiatives in the environment and energy field, such as those of joint venture Kyocera TCL Solar LLC, with the aim of contributing to the realization of a carbon-free society.

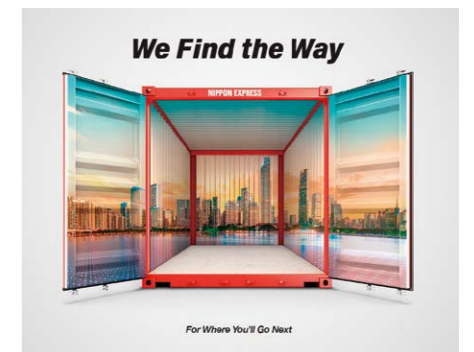


Jointly operated mega solar power plant in Hagi City, Yamaguchi Prefecture



Bolstering of Operating Foundations by Merging Expertise Based on NITTSU Lease & Finance

Having commenced operations, NITTSU Lease & Finance Co., Ltd., a company to which the leasing operations of Nittsu Shoji Co., Ltd., a subsidiary of Nippon Express Co., Ltd., were spun off, will seek to improve its corporate value by generating synergies between Nippon Express' logistics and customer bases and our automotive and real estate businesses.



2 Three Core Competences of Tokyo Century Three Distinctive Strengths Supporting Tokyo Century

CORE COMPETENCE

Highly Specialized Professionals

INTERVIEW with the NTT Project Team

Q Could you please explain the collaboration with the NTT Group for the data center business, with a focus on Tokyo Century's initiatives?

We are moving ahead with preparations for the joint development and operation of data centers in Mumbai, India, a city where the pace of data center market growth is among the fastest in the world.

Q What do you see as the role of Tokyo Century in joint efforts with NTT?

This project is the first venture in the NTT Group's data center business in which external funding was utilized. Tokyo Century has engaged in joint projects with various partners in the past. Based on this experience, our role will be to go beyond simply providing funding to offer a wide range of advice as a partner seeking to grow and improve efficiency together with the NTT Group.



NTT Project Team

Takayuki Nishimura (left) Taisuke Kanezaki (right)

Americas and Europe Business Division

Q What are the advantages of partnering with NTT?

In a society permeated by information and communications technologies, the data centers that amass and store data are an important piece of social infrastructure. We therefore predict that demand for data centers will continue to grow on a global scale. With its global data center business foundations, the NTT Group is an invaluable partner, and we firmly believe that the development of a joint business with the NTT Group has significant social meaning.

Q What skills and capacities are required in frontline operations? Also, what capacities do you think you can take advantage of in joint efforts based on your own experience?

Curiosity is incredibly important. We must first have an interest in the NTT Group and its clients, asking about the businesses they are developing and the services and issues they are focused on in order to obtain a better understanding. Then, once we have this understanding, it is important to think about what we and our partners can do to support the efforts of the NTT Group and its clients and to talk about such matters with the NTT Group. Our collaborative ventures with partners are built on this ongoing process of learning and this process is thus something we must come to enjoy.

Q How do you work to align the aims of NTT and Tokyo Century? Also, in what fields do you hope to partner with NTT in the future?

The NTT Group supplies more than just data center services; it is a world-leading, comprehensive ICT service provider that can offer one-stop services for meeting the ICT needs of clients. Meanwhile, the Tokyo Century Group offers financial services based on a glocal—or a global plus local—perspective in more than 30 countries and regions worldwide. We could combine these services with the full-stack services the NTT Group provides its clients to supply differentiated, high-value-added services. Looking ahead, the Tokyo Century Group aims to offer effective assistance and support to the NTT Group's various efforts, such as the acceleration of the B2B2X model* promoted by the NTT Group, as a partner in the financial services field. We thereby hope to contribute to the realization of a sustainable society.

* Business model based on advocating the provision of high-value-added services to end users (X) through the efforts of the NTT Group (B) together with its business partners (B)

Employees with High-Level Expertise

Tokyo Century cultivates and empowers employees with high-level expertise for the development of businesses with high barriers to entry through collaborative projects with our core partners. In this section, we present interviews with the individuals responsible for the collaborative projects we are advancing together with our core partners.

INTERVIEW with the Fujitsu Project Team

Q Could you please explain the type of joint projects undertaken with Fujitsu, with a focus on Tokyo Century's recent initiatives?

Fujitsu Limited is one of our most important business partners, with a business relationship that dates back to our founding. We have long been working with Fujitsu on the marketing front, providing our financial expertise in relation to the products Fujitsu sells as a manufacturer and partnering to address customer needs.

Q What do you see as the role of Tokyo Century in joint efforts with Fujitsu?

The focus of customers' IT investments is shifting from ownership to use. Against this backdrop, we must go beyond simply providing financial expertise to share certain risks with partners based on consideration of their perspectives in order to develop together with partners' earnings models that are mutually beneficial.

Q What are the advantages of partnering with Fujitsu?

Fujitsu is a top-class IT service provider in Japan and a prominent player on the global stage; thus, it boasts superior system development capabilities and robust support systems as an industry leader. These strengths have been fueling Fujitsu's recent drive to transform into a digital transformation company in pursuit of further growth. With its state-of-the-art artificial intelligence (AI) technologies and advanced digital platforms, Fujitsu is the ideal co-creative partner for Tokyo Century in its efforts to develop new IT services that are in line with contemporary trends.

Q What skills and capacities are required in frontline operations? Also, what capacities do you think you can take advantage of in joint efforts based on your own experience?

There are three capacities that are required in marketing: a capacity for action, specifically collecting information; a capacity for creation to propose solutions matched to customer needs; and a capacity for negotiation for securing an advantageous position in proposals. By mastering these three capacities, we look to make proposals to Fujitsu, our co-creative partner, and its customers that are brimming with creativity based on an in-depth understanding of these parties.

Q What specific initiatives do you hope to engage in with Fujitsu in the future?

The types of digital transformation advocated by Fujitsu are highly compatible with the subscription-style business models promoted by Tokyo Century. Accordingly, we see the potential to develop highly competitive business models by combining the business aspirations of both companies. By leveraging the Bplats® subscription platform we have been providing to Fujitsu through an agreement with Bplats, Inc., since 2019, we aim to help create new services that will contribute to the resolution of social issues and the invigoration of regional economies in fields such as local 5G networks and data utilization.



Fujitsu Project Team

Sho Aoto (left) Makoto Wada (right)

IT Equipment Business Division II

2 Three Core Competences of Tokyo Century

Three Distinctive Strengths Supporting Tokyo Century

INTERVIEW with the Nippon Express Project Team

Q Could you please explain the process of establishing NITTSU Lease & Finance as a spin-off of the leasing operations of Nittsu Shoji (a wholly owned subsidiary of Nippon Express) as well as the background for this undertaking, with a focus on Tokyo Century's initiatives?

Tokyo Century's business relationship with the Nippon Express Group dates back to 1964, and, in 1966, we offered our support to Nittsu Shoji when it sought to establish a leasing business division. Later, in 1984 a business alliance agreement was concluded between Nittsu Shoji and Tokyo Century with the aim of spurring the growth of both companies. This favorable, cooperative relationship continues today, and we therefore recognize the Nippon Express Group as one of our most important partners.

After hearing from Nippon Express that it was looking for a partner in a joint leasing business venture, Tokyo Century threw its hat in the ring. In the end, we were chosen from among multiple candidates as Nippon Express judged that we would be the ideal partner for strengthening and expanding its business.

Q What do you see as the role of Tokyo Century in joint efforts with Nippon Express?

We look to inject our insight into NITTSU Lease & Finance Co., Ltd., and to combine this insight with the customer base and human resource capabilities of Nittsu Shoji's leasing operations to augment the corporate value of NITTSU Lease & Finance. Specifically, we will help the company heighten its evaluation and other risk management functions while sharing our specialized and sophisticated functions in fields such as real estate and the environment.

NITTSU Lease & Finance will furnish the asset management functions for the global operations of the Nippon Express Group and will fully leverage its insight to grow into a company that contributes to the resolution of social issues centered on the logistics industry.

Q What are the advantages of partnering with Nippon Express?

Nippon Express helps furnish an important part of the social infrastructure with its operating foundations in the logistics industry. By collaborating with Nippon Express, we can help address social infrastructure issues through logistics.

Q What skills and capacities are required in frontline operations? Also, what capacities do you think you can take advantage of in joint efforts based on your own experience?

Joint ventures require us to accurately understand the issues faced by our joint venture partners so that we can contribute to the resolution of these issues. For this reason, we must have both a capacity to assess current conditions based on analyses of issues and a propensity to create new ideas for addressing these issues that are not bound by preconceptions.

Q How do you work to align the aims of Nippon Express and Tokyo Century? Also, in what fields do you hope to partner with Nippon Express in the future?

We look to generate synergies through mutual utilization of the customer bases, business expertise, and base networks of the Nippon Express Group and the Tokyo Century Group. Specifically, we see the potential to advance business collaboration in the real estate, environment and energy, and automotive fields and thereby contribute to the resolution of social issues centered on the logistics industry as well as to the creation of an environmentally sound, sustainable economy and society.



Nippon Express Project Team

Takafumi Kikuchi (left)

Seconded to NITTSU Lease & Finance

Ayumi Osawa (right)

Corporate Business Division II

INTERVIEW with a Kyocera Project Team Member



Kyocera Project Team Member

Yuichiro Aoki

Environment & Energy Business Division I

Q Could you please explain the solar power generation business of Kyocera TCL Solar LLC and recent joint projects with Kyocera Corporation as well as the backgrounds for these efforts, with a focus on Tokyo Century's recent initiatives?

Kyocera TCL Solar was established in 2012. It started its operations with the development of 2MW-class solar power plants and has since moved on to developing 30MW-class plants and installing ground- and roof-mounted solar panels and even floating solar panels. Today, Kyocera TCL Solar operates 88 solar power plants across Japan with a combined generation capacity of approximately 400 MW. Moreover, by leveraging the assets accumulated thus far, we examined the feasibility of commencing an asset management business with Kyocera Communication Systems Co., Ltd., a subsidiary of Kyocera.

Q How do you work to align the aims of Kyocera and Tokyo Century? Also, in what fields do you hope to partner with Kyocera in the future?

Until now, our joint efforts have been in the phase of expanding the use of renewable energy by taking advantage of moves to cut carbon emissions and reduce dependency on nuclear power as well as the associated feed-in tariff (FIT) schemes. Through these efforts, we have played a role in helping meet the needs of society together with Kyocera. As Japan works toward its lofty goal of achieving carbon neutrality by 2050, it will be important for solar power to become an economically viable power source that can stand on its own without the support of government programs. We see overcoming this challenge and addressing the related social needs as a new business opportunity and simultaneously a new phase for our joint efforts with Kyocera.

INTERVIEW with a Mitsubishi Estate Project Team Member

Q Could you please explain the process of becoming involved in the Tokiwabashi area development project in front of Tokyo Station as well as the background for this undertaking, with a focus on Tokyo Century's initiatives?

TOKYO TORCH, the Tokiwabashi area development project in front of Tokyo Station, is a business district office building project. We acquired the office building in the area jointly with Mitsubishi Estate Co., Ltd., in 2009, which represented our first business collaboration. In the years that followed, we continued to engage in this and other joint projects, building a partnership that has lasted more than a decade.

Q What do you see as the role of Tokyo Century in joint efforts with Mitsubishi Estate?

Our role is to help ensure the success of joint projects by combining the expertise and capabilities of Mitsubishi Estate and Tokyo Century. Our operating environment is transforming, and therefore we need to provide value that goes beyond financial functions. Based on this recognition, I hope to offer support in terms of business activities by capitalizing on Tokyo Century's own development project track record and on the experience of other members of the Mitsubishi Estate Project Team.

Q How do you work to align the aims of Mitsubishi Estate and Tokyo Century? Also, in what fields do you hope to partner with Mitsubishi Estate in the future?

People from Mitsubishi Estate exude a sincere desire to enrich cities through their work. We, meanwhile, are committed to the realization of a sustainable society. Therefore, I hope to make further contributions to society through joint projects that, like TOKYO TORCH, have social contribution benefits.



Mitsubishi Estate Project Team Member

Soichiro Saeki

Real Estate Finance Division I

3 Special Feature

Seven Pillars of Business Strategies

1 Expansion of CSI Business Scope P.14-15	2 Environment and Energy Businesses P.16-17	3 Collaboration with Advantage Partners P.18-19
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Expansion of CSI Business Scope

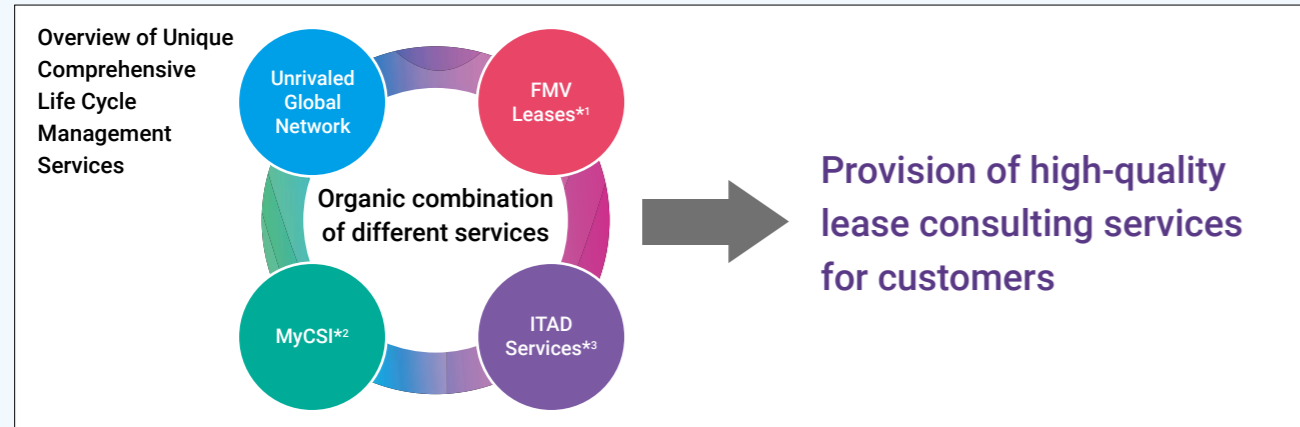
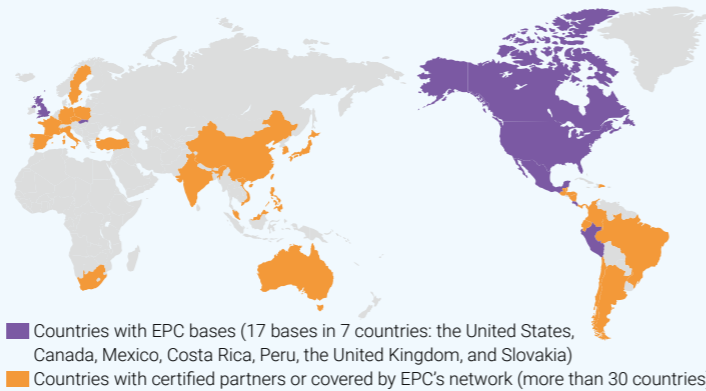
OUR MATERIALITY
Sustainable resource use

Growth of Unique Life Cycle Management Services

CSI Leasing, Inc. (CSI), is a major independent global leasing company based in the United States, with a network of more than 70 bases around the world. Taking advantage of its freedom from ties to specific manufacturers, CSI boasts strengths in consulting services matched to the needs of its customers. The company provides comprehensive life cycle management services that combine offerings such as fair market value (FMV) leases*1 and data erasing. CSI's services have built up a strong reputation with customers developing global operations, to the extent that the company significantly outperforms its competitors.

EPC's ITAD Services

Executive Personal Computers, Inc. (EPC), offers IT asset disposition (ITAD) services, for example, data erasing and disposal, for IT equipment that has reached the end of its lease period. With 11 bases in North America, EPC continues to grow the quantities of equipment its ITAD services process, thereby achieving steady profit increases.

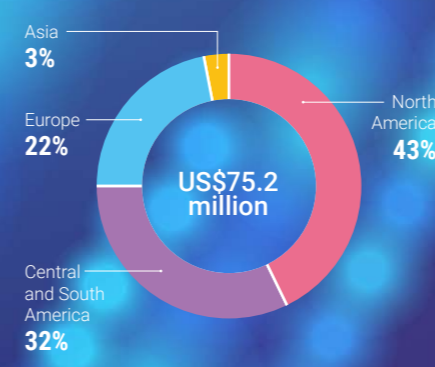


*1 A highly flexible form of leasing that offers customers options such as returning the asset, purchasing the asset, or extending the lease term at the end of the original lease period based on fair market value (FMV) derived from the assessed residual value of the asset
 *2 A multi-region, multi-lingual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

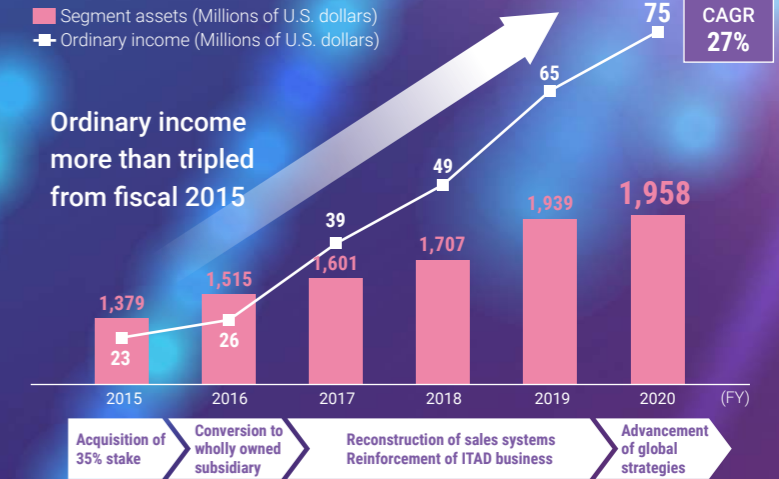
Examples Illustrating "Finance x Services x Business Expertise" Concept

Growth Strategies of CSI

CSI: Breakdown of Ordinary Income (FY2020)



CSI: Global Transactions



Steve Hamilton
Chairman and Chief Executive Officer
CSI Leasing, Inc.

1. Outlook for Rapid Growth in the United States and Asia

CSI has continued to achieve growth powered by the strong performance of its FMV leasing of IT equipment, more than tripling its ordinary income since 2015 as a result. The U.S. market, the current focus of CSI's business, is massive, and this market is expected to grow over the long term in conjunction with the advancement of 5G and Internet of Things (IoT) technologies. We therefore see potential for CSI to grow through the utilization of M&A activities. At the same time, CSI is expanding its operations in the Asian market through coordination with Tokyo Century's network of bases in Asia. CSI also established its own bases in India in 2020 and in Japan in 2021, and it is examining the possibility of developing bases in Thailand, the Philippines, and Taiwan in the future. CSI will pursue robust growth as a core company in the Tokyo Century Group by generating intra-Group synergies in Asia, a region that is expected to see rapid economic growth.

2. Global Deployment of High-Quality ITAD Services

EPC is a subsidiary of CSI that provides IT equipment data erasing, disposal, and other ITAD services through its network of 17 bases in seven countries. A major characteristic of EPC's operations is that, in partnership with CSI, the company is able to supply a range of services from leasing contracts through to ITAD on a one-stop basis around the world. There has recently been a sharp rise in demand for ITAD services that dispose of IT equipment safely and appropriately, amid increased emphasis on information management and environmental protection. The popularization of remote working and the expansion in use of IT devices stimulated by progress in 5G and IoT technologies will also benefit EPC. Going forward, EPC will seek to provide high-quality ITAD services in a wider range of regions by bolstering its network and building upon its partnerships in the sector to meet the needs of multinational corporations seeking globally standardized services.

3 Special Feature
Seven Pillars of Business Strategies

Environment and Energy Businesses

Creation of a Low-Carbon Society with Our Business Partners

The Tokyo Century Group is helping create a low-carbon society through its renewable energy businesses, including solar and biomass power generation, which are being developed in collaboration with the business partners that constitute one of our strengths. In fiscal 2020, we concluded a sustainability-linked loan contract, based on which we are increasing our focus on environment and energy businesses that help us achieve our goals of contributing to reductions in CO₂ emissions through solar power generation businesses.

OUR MATERIALITY
Contribution to low-carbon society



Solar Power Plants Operational across Japan (as of March 31, 2021)

129

Major Joint Projects with Business Partners



Mega Solar Projects

Kyocera TCL Solar LLC was established in 2012, the same year that Japan launched its feed-in tariff (FIT) system. This company operates solar power generation plants on one of the largest scales in Japan.



Binary Geothermal Power Generation

Tokyo Century is participating in binary geothermal power generation projects, which can achieve stable output with minimal impact on the environment, in order to popularize this source of power.



Joint Operation of Solar Power Companies

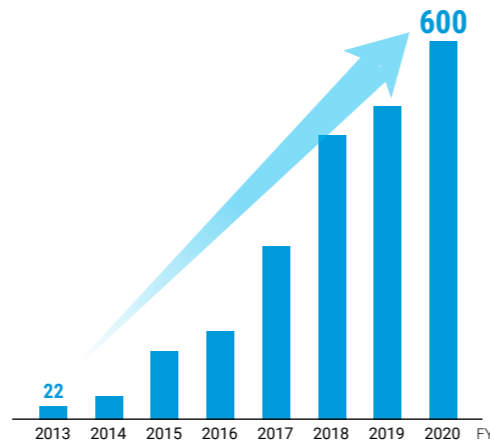
In addition to maintaining stable operation of solar power plants, Tokyo Century is involved in joint businesses focused on the utilization of power supplies, the creation of environmental value, and the deployment of related services.

Output of Mega Solar and Other Power Generation Businesses

600 MW

Notes:
1. Excludes solar panel leasing and financing
2. Output value proportionate to contribution rates (subsidiaries counted as 100%)

Total Generation Output



Examples Illustrating "Finance × Services × Business Expertise" Concept

Growing Environment and Energy Businesses



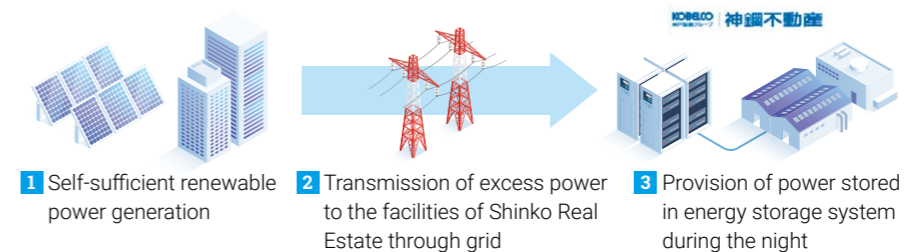
Masayuki Miwa
General Manager, Specialty Finance Business Unit I

1. Corporate PPA Business Strategy

Capitalizing on its knowledge of solar power generation businesses based on the FIT scheme, Tokyo Century is expanding its corporate power purchase agreement (PPA) business through which it supplies renewable energy directly to users. To this end, we are working together with consolidated subsidiary Shinko Real Estate, Co., Ltd., to develop a corporate PPA business aimed at newly constructed distribution warehouses. We are also examining the possibility of effectively utilizing surplus power from contracting facilities by distributing it to other locations. In addition, we believe that the feed-in premium (FIP) system to be launched in fiscal 2022 will present new earnings opportunities for the Company. Accordingly, we are looking to expand the scope of our operations based on our broad customer base and relationships with prime partners to accelerate the development of a FIP business.

Corporate PPA Business Scheme

Companies introduce renewable energy under direct contract with power generators



Expansion of business collaboration with Shinko Real Estate and prime partners

2. Outlook for Environment and Energy Businesses

In addition to partnering with NTT Anode Energy Corporation and Kyocera Corporation, Tokyo Century is leveraging the strength of its robust portfolio of solar power plant assets to create new earnings opportunities. Our focus going forward will include managing the inconsistent output of solar power systems as well as generating and supplying renewable energy. We have also begun initiatives for reusing and recycling solar panels and other equipment as part of the development of businesses that contribute to the creation of an environmentally sound, sustainable economy and society. Tokyo Century has an important role to play in the environment and energy supply chain. In the short term, we will focus on expanding corporate PPA services. In the medium to long term, we look to strengthen storage battery operations. Through this approach, Tokyo Century will contribute to the realization of a carbon-free society through the promotion of the local production and consumption of power.

TOPICS

3 Special Feature
Seven Pillars of Business Strategies

Collaboration with Advantage Partners

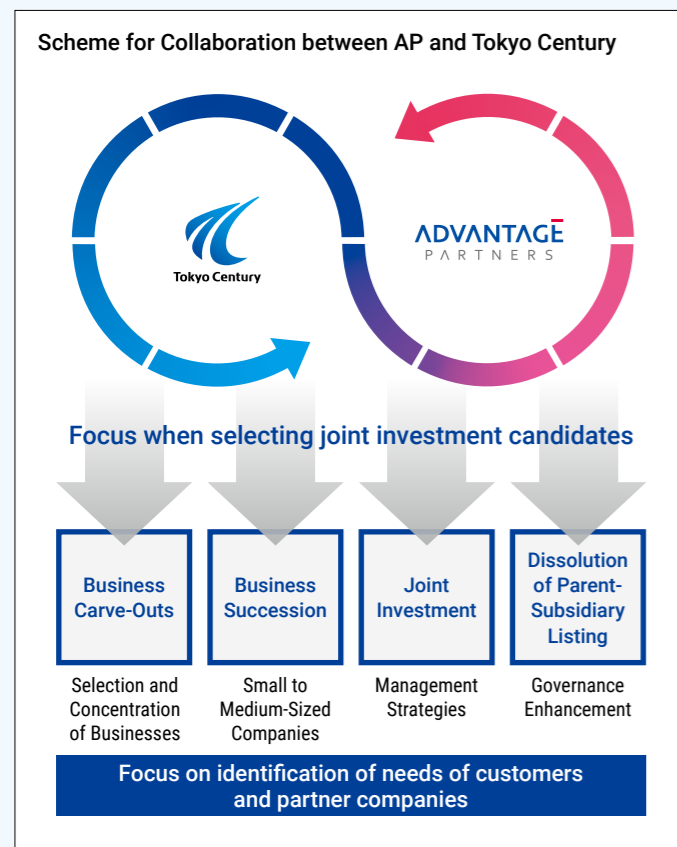
OUR MATERIALITY
Utilize diverse partnerships to create new value



Acquisition of 14.9% stake in Advantage Partners Group (September 2020)

Tokyo Century is building its investment portfolio by investing in the funds of Advantage Partners Group (AP), including as a limited partner, and through mezzanine financing. From a human resource perspective, the management of Tokyo Century maintains close relationships with the management of AP, seconding personnel to the company and taking other steps to develop a multilayered relationship.

As we seek to enter into new growth fields, we are strategically allying with AP, having built a relationship with the company through participation in its funds, with the aim of developing principal investment into a new pillar of our business. AP is a leader in Japan's private equity industry, boasting an industry-leading track record in private equity funds, both in terms of the number of investments and investment amounts. By combining Tokyo Century's robust customer base and financial services expertise with AP's corporate-value-improving expertise, we aim to conduct joint investments with AP to the tune of ¥30.0 billion to ¥40.0 billion going forward.



Major Investments by AP

	Name	Net Protections Holdings, Inc.
	Back-ground	Carve-out (reorganization by former parent company)
	Business overview	Deferred payment services for e-commerce
	Name	Yaruki Switch Group
	Back-ground	Business succession (succession from founder)
	Business overview	One-to-one teaching facilities
	Name	Fujitsu Interconnect Technologies Limited
	Back-ground	Carve-out (business reorganization by former parent company Fujitsu Limited)
	Business overview	Development, manufacture, and sale of printed wiring boards

Examples Illustrating "Finance × Services × Business Expertise" Concept

Future Outlook for Collaboration with AP

1. First Joint Investment Project

Long-established company Q'sai CO., LTD., was acquired through a joint investment by Advantage Partners, euglena Co., Ltd., and Tokyo Century. This company has since been positioned as a consolidated subsidiary of euglena, and we plan to improve the company's corporate value with our partners. Advantage Partners, euglena, and Tokyo Century will work together to help Q'sai achieve its goal of evolving from a health food and cosmetic manufacturer focused on mail-order sales to a company supporting people in aging gracefully. In this undertaking, we will capitalize on Advantage Partners' strengths in the development of business structures, euglena's strengths related to environmental, social, and governance (ESG) factors and the United Nations Sustainable Development Goals, and Tokyo Century's wealth of experience in post-merger integration.

Ownership Structure of Q'sai after Consolidation by euglena



2. Pursuit of Further Growth through Collaboration

Establishment of Principal Investment Division in April 2021

➔ Increase in inquiries and pipeline after announcement of first investment deal (joint investment in Q'sai: approx. ¥4.7 billion investment by Tokyo Century)



Hideo Nagatsuyu
Senior Partner
Advantage Partners Inc.

Collaboration with Tokyo Century

The acquisition of stock in Q'sai was a team effort between AP, Tokyo Century, and euglena, with all members united by a shared set of values. Our ability to support the growth of Q'sai through this partnership is a powerful asset. Looking ahead, I see potential for us to engage in future projects by supplying Tokyo Century's customers with the experience and consulting capabilities AP has accumulated through its investment business activities thus far. For example, I think that we can help meet the business carve-out and other needs of the manufacturers with which Tokyo Century has strong business relationships, as well as the business succession needs of business owners. In seeking to help address these needs, AP will accelerate collaborative efforts in close coordination with Tokyo Century going forward.

TOPICS

4 Message from the President



**Over the next decade,
Tokyo Century will focus efforts on its pillars of
business strategies and on the cultivation of
ambitious and highly specialized personnel to
grow into a financial services company that
maintains the support of stakeholders.**

Makoto Nogami

President & CEO, Representative Director

Information Disclosure Vision and Medium- to Long-Term Perspective Cultivated amid the COVID-19 Pandemic in My First Year as President

I took up the mantle of president of Tokyo Century at the time of the launch of the New Fourth Medium-Term Management Plan in April 2020. More than a year has passed since I assumed this position. I was appointed amid the rapid, nationwide spread of COVID-19, which prompted the Japanese government to declare a state of emergency in Tokyo and six prefectures on April 7. Amid this turmoil, many companies refrained from disclosing performance forecasts at the beginning of their fiscal years. Tokyo Century, however, chose to issue a performance forecast after carefully assessing the impacts of the COVID-19 pandemic on each operating segment. For the businesses projected to suffer the greatest impacts from the pandemic, we offered concise yet detailed explanations of the conditions to give investors a better picture of the situation. This diligence won a positive response from the market, and this experience informed what is now Tokyo Century's basic

stance of arranging various opportunities to share ideas with investors and practicing engagement through concise yet detailed explanations.

A major characteristic of Tokyo Century is the high level of specialized expertise it possesses in each of its businesses. Our aircraft leasing and car rental businesses were the most impacted by the COVID-19 pandemic. We thus received numerous questions from investors as airlines suffered deteriorating operating environments. The concerns expressed in these questions centered on factors such as the situation of lease payment deferrals, the difficulty in finding subsequent lessees for returned end-of-lease aircraft, and the financial position of subsidiary Aviation Capital Group LLC, an aircraft leasing company. We responded to these concerns by tracking and disclosing detailed information as thoroughly as possible. As a result, I think we can pride ourselves on the type of clear responses we offered to questions regarding such matters as the outlook for our aircraft leasing business.

Moreover, we sought to put forth a clear narrative supported by plentiful non-financial information in our investor relations materials for quarterly financial

4 Message from the President

results announcements. Stakeholders had high praise for these materials, stating that they were like “mini integrated reports.” I look forward to further enhancing our information disclosure activities going forward.

Business Strategy Outlook from a Medium- to Long-Term Perspective

I believe that, to effectively advance business strategies from a medium- to long-term perspective, it is prudent for us to divide businesses into two categories: businesses in which we will pursue organic growth to develop stable foundations for supporting management and businesses in which we will pursue substantial growth over the next decade. To better illustrate to stakeholders this outlook for business strategies targeting future growth, we put forth six pillars of business strategies in the presentation material for our financial results for the six-month period ended September 30, 2020, which were announced in November 2020. After this announcement, carbon neutrality became a hot topic around the world. In light of this growing global movement, we introduced a seventh pillar when announcing our full-year financial results for fiscal 2020 in May 2021. This new pillar is environment and energy businesses, which previously had been included in our NTT alliance pillar.

I would now like to explain a few of our seven pillars. We need to revitalize the auto business centered on car rental operations and resume growth in the aircraft leasing business, as they were severely affected by the COVID-19 pandemic. However, our focus is not merely on recovering these businesses; we look to achieve further growth by reforging these businesses to be even stronger after the damages dealt by the pandemic. Meanwhile, our alliance with Advantage Partners, the real estate business, and the environment and energy businesses represent new growth fields for Tokyo Century and thus important pillars for the future. Therefore, we will be pursuing significant growth in businesses in these fields. Elsewhere, major U.S. IT equipment leasing consolidated subsidiary CSI Leasing, Inc., is central to the International Business segment, and we look to indicate more clearly its driving force behind our earnings growth and global strategies.

The most substantial of the seven pillars is our alliance with NTT. One year has passed since the conclusion of our capital and business alliance with NTT, and we have been generating success at a pace that surpasses our initial expectations. NTT TC Leasing Co., Ltd, our joint venture with the NTT Group, boasts massive potential. In fact, I believe in the ability of this company to double its ordinary income through collaboration with Group companies. Other themes of our alliance with NTT include the real estate, environment and energy, and data center businesses. Undoubtedly, this alliance will be lauded as a major turning point in the growth of Tokyo Century when we look back on our progress a decade from now. We will engage in a dedicated, concerted effort to advance the alliance with NTT going forward. At the same time, however, we will need to develop a balanced portfolio that comprises businesses to be steadily grown today and businesses from which we expect more significant returns later down the line. Through this approach, I hope to build this pillar into an even more substantial aspect of our business strategies.

Strengths of the Tokyo Century Group for Pursuing Future Growth

I would now like to talk about the strengths of the Tokyo Century Group that are the driving force behind our pursuit of medium- to long-term growth.

A primary driving force is our propensity for business co-creation with business partners, a strength that our rivals cannot mimic. We have allied ourselves with a wide range of business partners from various industries. Therefore, we have developed a knack for finding ways to lead joint businesses to success and working with partner companies to raise the value of these businesses. In our alliance with Mitsubishi Estate Co., Ltd., for example, we are able to engage in discussions from a mutual perspective due to our significant real estate expertise. This expertise was one of the reasons Mitsubishi Estate chose us as their joint business partner.

In these partnerships, it is important for us to understand the businesses of both partners and customers and to create added value by heightening our expertise as a financial services company in order to foster mutually beneficial win-win relationships. Recently, we

have been receiving offers to form business alliances from a variety of companies, without placing weight on any specific corporate group. Furthermore, there has been a notable rise in the number of consultations regarding subscription services, digital transformation services, and other distinctive Tokyo Century financial services. This trend has made our presence as a financial services company free from regulatory constraints all the more apparent. I also must mention that it is our human resources who support this strength. In fact, it would be appropriate to say that our diverse and highly specialized human resources are the greatest strength of Tokyo Century.

Cultivation and Strengthening of Highly Specialized Human Resources

Tokyo Century is expanding its staff of highly specialized human resources by cultivating new graduate hires and by recruiting mid-career hires. We do not have the impressive facilities of a manufacturer, nor do we have the strong business domain and brand of a trading company. However, what we do have is highly specialized human resources, who are a precious asset. Accordingly, the implementation of human resource strategies is a top priority for ensuring sustainable growth. Steps to improve employee engagement are thus also a top priority, and we are taking various initiatives for this purpose.

One of these initiatives is the Career Challenge Program. In the past, there was a tendency for talented individuals to stay too long within a given division, making it difficult to put their talents to use on a Companywide basis. To address this issue, we launched the Career Challenge Program in 2020. This program offers a system through which internal divisions seeking to recruit human resources disclose the requirements of the relevant positions so that employees can apply for these positions, and thereby shape their own career paths. In its first year, the program was used by 14 individuals to relocate to their desired divisions.

Another initiative is the TC Biz Challenge Project, which is designed to provide employees who envision new businesses the opportunity to chase their ambitions. Under the project, employees propose ideas for new businesses and Tokyo Century offers support for



commercializing those deemed to have potential. The consulting firm that helped us introduce this project had high praise for the types of impressive ideas proposed by our employees. These proposals need to pass through several steps, such as document screenings and presentation reviews. In the first year of the TC Biz Challenge Project, a total of 36 proposals were received, of which three passed the final screening process before commercialization. Notably, several relatively new employees were seen confidently presenting ideas at the final screening. By providing opportunities to employees of all ages, we hope to heighten employee engagement.

Tokyo Century has defined five key issues as materiality for contributing to society and achieving sustainable growth. Of these issues, we are dedicating the most effort to “enhancement of the work environment, leading to strengthening of human resources.” As I mentioned, human resources are our greatest strength, with the reason for that being we cannot run our business without them. Fortunately, we have been successful in securing talented human resources, including among new graduate hires. Several of these individuals chose us even after considering positions at megabanks and major trading companies. I am overjoyed that Tokyo Century has become a company

4 Message from the President

that is chosen in this manner. Moreover, I understand that it is my mission to carefully cultivate these individuals, always prioritizing our employees while developing Tokyo Century into a company where people want to continue to work.

Contributions to Society through the Group's Businesses

There is currently a growing push to reduce environmental impacts and waste. Meanwhile, we are witnessing a transition from ownership to use in which greater emphasis is placed on the convenience and experiences to be gained by using articles as opposed to the articles themselves. The popularization of subscription businesses is an example of this trend. The widespread entrenchment of this focus on use over ownership is creating a favorable operating environment for Tokyo

Century. However, we must not be complacent in taking advantage of this trend. Rather, it will be important to actively think about how we can contribute to our customers' convenience if we hope to succeed in business while also contributing to society.

In the automotive industry, for example, the development of next-generation technologies, such as CASE (connected, autonomous, shared & service, and electric) and MaaS (mobility as a service) is moving forward. However, we must carefully consider whether these technologies will actually contribute to higher earnings and, more important, to increased customer convenience. On this front, we have invested in the taxi dispatch service company being developed by DeNA Co., Ltd., and Nihon Kotsu Co., Ltd. If ordering a taxi through one's smartphone becomes commonplace in Japan, it will not only contribute to higher convenience but also help reduce environmental impacts by allowing taxis to be allocated more efficiently.



We are also engaged in ventures for revitalizing regional communities. Together with map solutions provider ZENRIN CO., LTD., we conducted a verification test in Nagasaki Prefecture in which a smartphone app is used as a tourism-oriented MaaS platform. In the test, users sought to visit tourist attractions using the app to find the most ideal route by combining train travel with car rental. In such ways, we are working to create new businesses that help invigorate regional shopping districts and tourist attractions. The revitalization of regional communities is an important form of social contribution that furthers the achievement of the SDGs. We look to develop operations in this area through steadfast efforts in order to capitalize on the potential profits going forward.

In this manner, Tokyo Century aims to promote well-grounded businesses in efforts to develop sustainable businesses with an earnest focus on generating earnings while contributing to society.

Initiatives Pursuing Growth over the Next Decade

I anticipate that the next decade will give rise to an operating environment in which our past experience will cease to be a reliable guide as we are expected to evolve and act with incredible speed. This environment is likely to be characterized by energy issues, such as those related to the decarbonization trend, and sophisticated communications brought about by 5G or even 6G networks. In such an environment, flexible management systems capable of both proactive expansion and internal fortification will be of utmost importance. Efforts for proactive expansion will include applying digital transformation methodologies to the basic leasing business model to achieve further growth. At the same time, we will build upon our seven pillars of business strategies to strengthen these pillars and reap greater rewards. Also, it is necessary to acquire highly specialized expertise and abundant knowledge outside the leasing business in order to develop sophisticated businesses that can win out against global competition. Tokyo Century is at a great advantage in this regard as it has long been engaged in collaborative businesses with numerous partners

boasting significant expertise. Therefore, we look to refine our partnership strategy to address social issues while steadily growing.

As for internal fortification, the development of a diverse range of businesses requires a rigorous risk management system. It is especially important to pay attention to the operations at business investments and operating companies. Post-investment progress management is as important as pre-investment screening. Based on this recognition, we have set up the Investment Management Committee, a cross-business organization consists of people from corporate planning, credit supervision, comprehensive risk management, and so forth. This committee judges the appropriateness of investments in new investment candidates based on their projected profitability and social contributions. For existing businesses, meanwhile, the committee is ramping up monitoring and performing checks from a fixed-point perspective to determine whether businesses will be continued or exited. Through these provisions, we have developed a rigorous risk management system.

Lastly, I would like to mention a recent discussion I had with officers about our vision for the future a decade from now. This discussion revealed a feeling of nervousness among the officers with regard to the volatile operating environment. However, this nervousness was overshadowed by their sense of exaltation and excitement for Tokyo Century's potential.

I am committed to developing Tokyo Century into the type of company that achieves sustainable growth and contributes to the happiness of all of its stakeholders by constantly providing financial services that benefit society. As we seek to make greater contributions to society, we will raise the presence of Tokyo Century as a pioneer in new business models that expand beyond the boundaries of a leasing company to further improve corporate value. I look forward to the continued understanding and support of our investors and other stakeholders.

August 2021

Makoto Nogami

5 Transition from Era of Ownership to Era of Use

— Sustainability Management at the Tokyo Century Group

VALUE CREATION MODEL

INPUT

- Financial Capital**
 Stable fund procurement
 Consolidated net assets: **¥688.4 billion**
 JCR: AA- R&I: A S&P: BBB
- Human Capital**
 Human resources who sustain value creation
 Number of employees (consolidated): **7,438**
 Ratio of female employees (consolidated): **34%**
- Intellectual Capital**
 High-value-added service businesses
 Financial services focused on asset value
 Co-creation with partner companies
- Manufactured Capital**
 Source of profits
 Segment assets: **¥4.8 trillion**
 Wide variety of assets such as automobile, aircraft, ship, and real estate
- Social and Relationship Capital**
 Extensive overseas network
 Scope of global operations: **More than 30 countries and regions**
 Alliances with prime partners in countries of operation
- Natural Capital**
 Provision of renewable energy
 Solar power generation capacity: **600 MW**
 Active solar power plants: **129**

BUSINESS FLOW

- 1** Understand issues faced by customers and partner companies
- 2** Consider collaborations, alliances, and joint ventures with partner companies
- 3** Provide financial services focused on asset value

STRENGTHS



Broad Array of Business Partners
 Tokyo Century contributes to the growth of its customers' businesses by providing high-value-added services capitalizing on its highly specialized and unique expertise while pursuing new possibilities through collaborations with customers and through the utilization of the collective strength of the Group. By generating synergies in this manner, we will boldly explore new business fields in pursuit of sustainable growth.



Team of Highly Specialized Professionals
 Tokyo Century's highly specialized professionals enable it to create businesses with a high barrier to entry through collaborative projects with prime partners.

* As of the end of March 2021

As a shift in values drives a transition from ownership to use among consumers, Tokyo Century has continued to flexibly evolve its businesses as a financial services company that is able to adapt to change. Always responsive to the contemporary expectations of society, we strive to create new businesses that contribute to society while utilizing our unique management resources to achieve sustainable growth over the long term.

MATERIALITY

Tokyo Century aspires to help resolve social issues, thereby contributing to its sustainable growth and improved value, through initiatives based on the Company's materiality, a set of issues linked to the SDGs.

Contribution to low-carbon society



Risks	<ul style="list-style-type: none"> Risks related to the introduction of carbon taxes, the institution of stricter regulations, and other factors pertaining to the transition to a low-carbon society Physical risks associated with increases in natural disasters and abnormal weather events as a result of climate change
Opportunities	<ul style="list-style-type: none"> Expansion of renewable energy businesses in conjunction with changes to energy mixes Diverse business opportunities arising as a result of trend toward electric vehicles Increased leasing needs associated with social demand for energy conservation and low carbonization

Creation of new businesses driven by technical innovation



Risks	<ul style="list-style-type: none"> Obsolescence of existing business model due to delayed adaptation to technological progress Loss of customers and diminished productivity resulting from inability to undertake digital transformation
Opportunities	<ul style="list-style-type: none"> Growth of subscription businesses in tandem with development of digital society Rise in collaborative businesses with partners boasting high technological prowess Creation of new businesses through digital transformation

Contribution to social infrastructure development



Risks	<ul style="list-style-type: none"> Contraction of capital investments due to population aging and decline in Japan Decreased tourism demand due to impacts of prolonged COVID-19 pandemic
Opportunities	<ul style="list-style-type: none"> Increased forward-looking investments in data centers and resilient real estate Emergence of new mobility businesses related to advancements such as automotive business driving data utilization and flying cars Development of hotel businesses that help revitalize appealing regional economies in Japan

Sustainable resource use



Risks	<ul style="list-style-type: none"> Increased disposal costs for end-of-lease assets due to stricter environmental regulations Need to comply with regulations differing by country as a result of business globalization
Opportunities	<ul style="list-style-type: none"> Expansion of circular economy and life cycle management businesses focused on asset value Growth of refurbishment businesses accommodating eco-friendly society Differentiation of IT equipment leases through ITAD services and sophisticated data-erasing technologies

Enhancement of work environment, leading to strengthening of human resources



Risks	<ul style="list-style-type: none"> Inability to secure human resources due to unappealing work environment Inability to innovate due to lack of workplace diversity Failure to retain talented human resources due to perceived lack of opportunities for growth
Opportunities	<ul style="list-style-type: none"> Improved employee engagement through workstyle reforms Acquisition of talented human resources by developing appealing work environment Energization of staff through new business proposal projects and internal recruitment programs

OUTCOME

Contributions to the creation of an environmentally sound, sustainable economy and society as described in the Tokyo Century Group's Management Philosophy



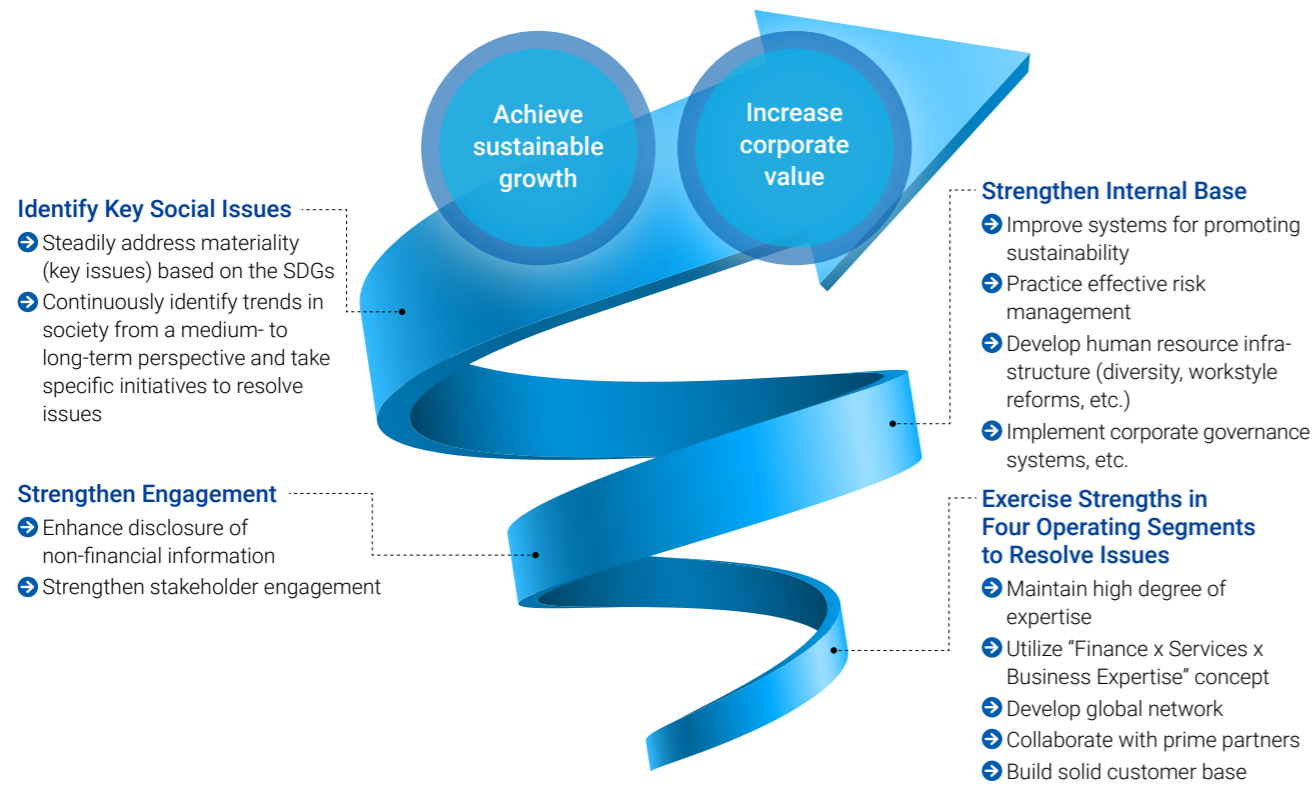
Sustainability Management Targeting Sustainable Improvements to Corporate Value

Our Approach to Sustainability

Quest to Always be a Company with the Support of Society

Tokyo Century's commitment to sustainability is driven by its pursuit of further sustainable development and higher corporate value along with customers as a financial services company, and it thereby contributes to the creation of an environmentally sound, sustainable economy and society. In promoting sustainability management, we envision, with due consideration of the Sustainable Development Goals (SDGs), a society 10 to 20 years into the future and then take a backcasting approach toward creating financial services that will meet the needs of that time.

Resolution of Social Issues Together with Stakeholders

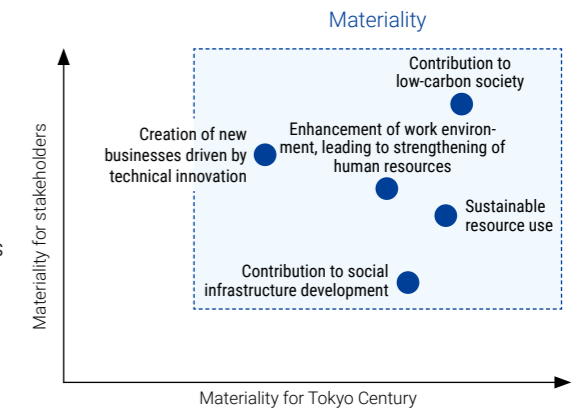


Promotion of Sustainability Management

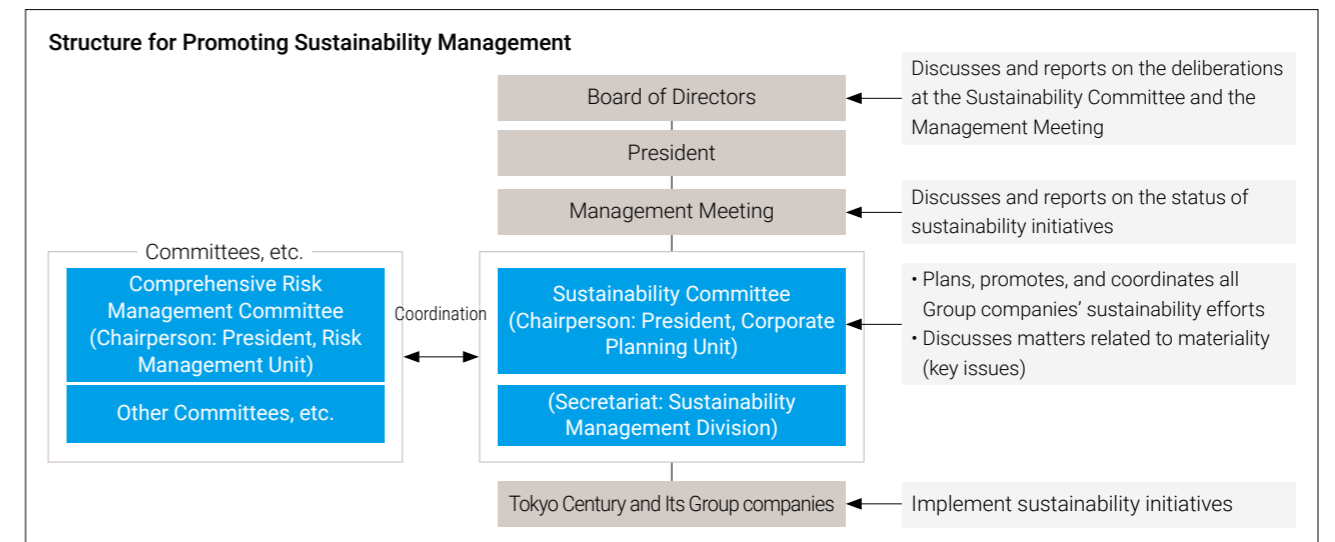
Sustainability management strategies furnish a core framework for the New Fourth Medium-Term Management Plan. Tokyo Century is advancing initiatives based on its materiality (key issues), which is itself based on the SDGs, for the purpose of promoting sustainability management to address social issues through its business activities. We thereby aim to improve corporate value while ensuring sustainable growth for both the Tokyo Century Group and the greater society. The progress of these initiatives is assessed through a PDCA (plan-do-check-act) cycle.

Process for Determining Materiality

In determining our materiality, we performed materiality analyses of the 17 SDGs and the related 169 targets to identify issues. These issues were then incorporated into management strategies to be used in mitigating risks and creating business opportunities based on social issues, in order to further Tokyo Century on its quest to achieve sustainable growth as a company with the support of society. In addition, we have formulated a materiality road map that is linked to the SDGs. This road map was used as the basis for interviews with numerous relevant internal divisions, discussions among the Sustainability Committee, and efforts for clarifying the relationship between materiality issues and the New Fourth Medium-Term Management Plan. After these steps, the selected issues were examined by the Management Meeting and the Board of Directors, leading to the final decision of five materiality issues and one shared platform for supporting related initiatives.



Sources including main ESG evaluation indices: Dow Jones Sustainability Index, FTSE4Good Index, MSCI Index, and SASB



Tokyo Century's Materiality

Shared Platform

Utilize diverse partnerships to create new value



Contribution to low-carbon society

- Solar power generation businesses
- Biomass and biogas power generation businesses
- Joint crediting mechanism (JCM) projects



Creation of new businesses driven by technical innovation

- Provision of subscription service platform in collaboration with Bplats, Inc.
- Fixed-price power conditioner rental service jointly developed with the OMRON Group



Contribution to social infrastructure development

- Operation of Hotel Indigo Karuizawa
- Driving assistance service, an advanced telematics Drive Doctor, that uses driving data to contribute to road safety



Sustainable resource use

- IT equipment refurbishment operations of CSI Leasing, Inc., and TRY Corporation
- Aircraft life cycle management operations centered on Aviation Capital Group LLC and GA Telesis, LLC



Enhancement of work environment, leading to strengthening of human resources

- Introduction of Career Challenge Program as internal recruitment system
- Implementation of TC Biz Challenge Project as new business proposal system
- Administration of employee awareness surveys



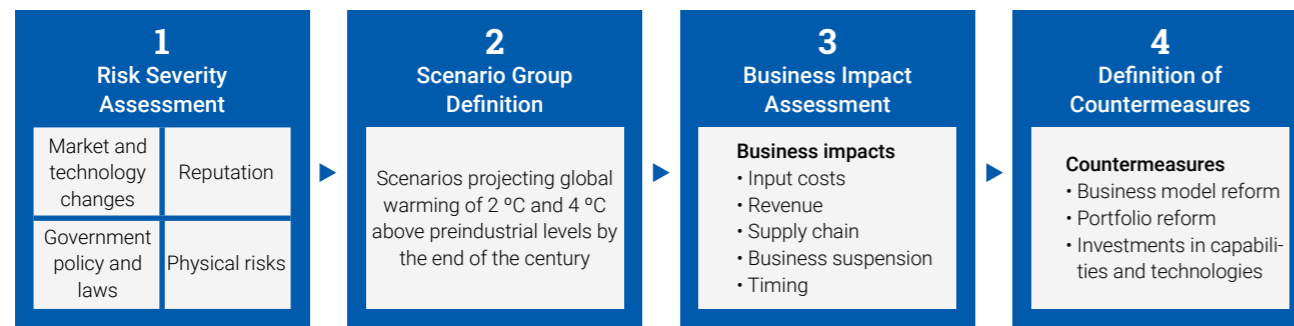
Initiatives to Address Climate Change

— Endorsement of TCFD Recommendations

Tokyo Century announced its endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in April 2021. In addition, based on a risk materiality assessment related to climate change, we identified climate change risks and opportunities under multiple scenarios and conducted qualitative and quantitative business impact assessments for our environment and energy businesses (solar power generation) in line with TCFD recommendations. We have also defined the measures that will be used to address these risks and opportunities and disclosed information thereon.



Strategy—Scenario Analysis of Climate Change-Related Business Risks and Opportunities



1 Risk Severity Assessment

Risks and Opportunities in Environment and Energy Businesses (Solar Power Generation)

Only items that were assessed as "Large" in regard to the potential business impact of the associated risks and opportunities are shown below.

Subcategory	Business impact		Opportunities	
	Indicator	Risks		
Transitional risks	Carbon prices	Expenditures	Solar power generation businesses are not expected to be impacted by risks related to carbon pricing.	Our competitive advantage in terms of renewable energy prices may increase following rises in costs of generating energy from fossil fuels.
	Recycling regulations	Revenue, expenditures	Legal restrictions regarding the collection and recycling of solar panels may have a financial impact and may tarnish our medium- to long-term reputation.	Panel recycling and hazardous material recycling technologies and services may be developed ahead of competitors and introduced to, and ultimately expand, the market.
	Subsidy policies including renewable energy	Revenue	The profitability of a business operated under the feed-in tariff program may deteriorate if grid parity is not achieved before the program ends.	A stricter CO ₂ emission reduction policy may be adopted, and the feed-in tariff program may provide opportunities for business expansion over the long term.
	Changes in energy mix (including energy demand)	Revenue	The number of renewable energy power generation companies may increase, and the competitive environment may become increasingly severe. Also, sales prices may fall.	The portion of electricity sourced from renewable energy may expand as a result of the Japanese government's decarbonization targets.
	Spread of renewable energy and energy-saving technologies	Revenue, assets	Declining the value of equipment and power generation costs of power generation facilities may intensify competition with other companies.	Business opportunities for solar and biomass power generation may expand as the use of renewable energy increases.
Physical risks	Intensification of abnormal weather events	Revenue, expenditures	Damage to employees and power plants caused by natural disasters may result in additional investments to restore facilities. In addition, insurance premiums and other costs may increase for land and other assets.	The development of resilient equipment through the accumulation of expertise may lead to new opportunities via the external supply of this equipment.

2 Scenario Group Definition

Scenario analyses were performed using two scenarios released by the International Energy Agency, one projecting global warming of 2 °C above preindustrial levels by the end of the century (2 °C scenario) and another projecting global warming of 4 °C above preindustrial levels (4 °C scenario).

3 Business Impact Assessment

Tokyo Century projected various parameters by formulating estimates looking forward to 2030 along with estimates of the impact in 2041, after the end of the feed-in tariff (FIT) program. As a result, we arrived at the outlook that the cost of physical risks would amount to an increase of approximately ¥400 million in non-life insurance costs under the 4 °C scenario and approximately ¥300 million under the 2 °C scenario. Furthermore, we ascertained that Tokyo Century would be able to maintain business profitability under both scenarios even if the purchase price for renewable energy drops to ¥7/kWh (Source: "Price Target": Fundamental Review of FIT Program and Renewable Energy Policy Reconstruction, Agency for Natural Resources and Energy, April 2019). The analysis results under the 2 °C scenario show a high expectation for profit growth through the capture of opportunities due to projected increases in non-fossil value and opportunities in the renewable energy businesses. The impact of both physical and transitional risks on the overall portfolio of the Group was limited in this scenario analysis. Based on the results of these scenario analyses, however, we will continue to strive for sustainable growth by strengthening our resilience to climate change and taking advantage of business opportunities.

4 Definition of Countermeasures

As a result of the scenario analysis, the following countermeasures have been defined to mitigate risks and capture opportunities from climate change.

Risks	Targets of measures	Concrete measures
Environment and energy businesses (Solar power generation)	Profitability improvement	Increasing profitability by improving facility efficiency –Strengthening asset management Maximizing power generation efficiency through accumulated asset management expertise
	Prevention of sales decline after end of FIT program	Expanding into non-FIT projects –Developing new businesses in areas such as corporate power purchase agreements, self-wheeling models, and virtual power plants (VPPs)
	Capturing of new opportunities	Examining renewable energy businesses other than solar power generation –Expanding business into renewable energy businesses other than solar power generation (e.g., hydropower, biomass power, and wind power) –Entering the VPP business, supply and demand adjustment market, capacity market, etc., using storage batteries –Growing business by investing in companies that provide new technologies and business models –Discovering new needs through the use of secondhand solar panels, for example, by entering the recycling business

CASE

Verification Test for Enhancing Solar Power Generation Asset Management

Tokyo Century has launched a verification test for improving the generation capacity and cutting the operating costs of its solar power plants and for assessing the cost reduction benefits of these initiatives. This undertaking will take advantage of the energy infrastructure insight of Tokyo Gas Engineering Solutions Corporation and the solar power generation expertise of Kyocera Communication Systems Co., Ltd. By combining the specialties of Tokyo Century with those of these partners, we aim to contribute to the spread of renewable energy.



Mega solar power plant in Kurokawa District, Miyagi Prefecture

Detailed Disclosure Based on TCFD Recommendations

Please refer to the following website for detailed disclosure based on TCFD recommendations related to topics such as governance, strategies, risk management, and metrics and targets.

<https://www.tokyoecentury.co.jp/en/csr/environment/tcfd.html>

6 Strengthening of Response to Critical Issues under New Fourth Medium-Term Management Plan

Positioning of New Fourth Medium-Term Management Plan

The New Fourth Medium-Term Management Plan has guided Tokyo Century in developing a solid, high-quality business portfolio centered on the provision of financial services, which are the drivers of its growth. Examples of these services can be seen in the seven pillars of our business strategies. At the same time, we have sought to bolster our management foundations with a focus on reinforcing consolidated management, fostering human resources with an emphasis on diversity, enhancing the risk management system, and strengthening corporate governance. Through this approach, we are building frameworks for improving corporate value over the medium to long term.

FY2009 FY2019
Past

First to Fourth Medium-Term Management Plans

Build platform for growth

- First:**
Expanded business domain into promising growth fields
- Second:**
Became a comprehensive financial services company focusing on assets
- Third:**
Changed company name, pursued viable business initiatives
- Fourth:**
Raised asset efficiency and steadily worked toward sustainable growth

FY2020 FY2022
Present

New Fourth Medium-Term Management Plan

Shaping the Next Decade

Basic Strategies	Review and Successes
1 Establish a global platform for stable business, including viable businesses	Engaged in various co-creative businesses with NTT and other prime partners, strengthened data center and other businesses expected to see demand growth in the United States and India
2 Build a solid, high-quality business portfolio	Reinforced risk management system centered on newly established Investment Management Committee
3 Build a management base supporting the improvement of corporate value	Conducted growth investments focused on seven pillars of business strategies, established DX Strategy Division to guide creation of new businesses utilizing digital technologies

KPIs	Targets for FY2022
Ordinary income	Net income attributable to owners of parent
¥130.0 billion	¥80.0 billion
Shareholders' equity ratio	ROE
12%	12%

Management Components of New Fourth Medium-Term Management Plan



Seven Pillars of Business Strategies

Collaboration with NTT

Growth Strategies	<ul style="list-style-type: none"> ■ Expansion of collaborative businesses in growth fields such as digital technologies, mobility, and global businesses ■ Accumulation of assets at equity-method affiliate NTT TC Leasing Co., Ltd.
Progress	<ul style="list-style-type: none"> ■ Incorporation of projects for NTT Group companies through co-creation with NTT TC Leasing ■ Participation in data center business in India together with the NTT Group

Environment and Energy Businesses

Growth Strategies	<ul style="list-style-type: none"> ■ Development of corporate power purchase agreement (PPA) businesses and utilization of feed-in premium system with focus on solar power generation business expertise and coordination with real estate business
Progress	<ul style="list-style-type: none"> ■ Commencement of corporate PPA businesses and self-wheeling models together with consolidated subsidiary Shinko Real Estate Co., Ltd. ■ Start of joint operation of solar power generation company with NTT Anode Energy Corporation

Auto Business Centered on Nippon Rent-A-Car Service

Growth Strategies	<ul style="list-style-type: none"> ■ Reinforcement of initiatives for popularizing electric vehicles and otherwise promoting decarbonization ■ Promotion of digital transformation in car rental business and creation of new mobility services together with partners
Progress	<ul style="list-style-type: none"> ■ Investment in major taxi dispatch app business operator Mobility Technologies Co., Ltd. ■ Conclusion of business alliance agreement eyeing mobility as a service (MaaS) business with ZENRIN CO., LTD.

Aviation Business Centered on ACG

Growth Strategies	<ul style="list-style-type: none"> ■ Resumption of growth in preparation for recovery in domestic travel demand and airline funding needs ■ Integrated operation of aviation business with Aviation Capital Group LLC (ACG) and GA Telesis, LLC
Progress	<ul style="list-style-type: none"> ■ Support for growth of ACG utilizing growth investment facilities of Japan Bank for International Cooperation and other institutions ■ Increase in number of deliveries of newly built fuel-efficient narrow-body aircraft

Real Estate Business

Growth Strategies	<ul style="list-style-type: none"> ■ Promotion of collaboration with partner companies in urban redevelopment and other projects ■ Expansion of investee channels in the United States and other overseas markets
Progress	<ul style="list-style-type: none"> ■ Joint acquisition of the hotel and events hall to be built in TOKYO TORCH with Mitsubishi Estate Co., Ltd. ■ Entry into the data center development business with Mitsubishi Estate in the United States

Collaboration with Advantage Partners Group

Growth Strategies	<ul style="list-style-type: none"> ■ Plan for joint investment of ¥30.0–¥40.0 billion with Advantage Partners Group ■ Identification of diverse needs related to business succession, business carve-outs, and response to parent-subsidiary listing
Progress	<ul style="list-style-type: none"> ■ Acquisition of all shares of Q'sai Co., Ltd., together with Advantage Partners and euglena Co., Ltd. ■ Acquisition of energy storage device and system business from Showa Denko Materials Co., Ltd.

Global Business Centered on CSI

Growth Strategies	<ul style="list-style-type: none"> ■ Response to globally growing needs for IT asset disposition services ■ Expansion of share in high-latent-demand Asian market
Progress	<ul style="list-style-type: none"> ■ Expansion of regional scope of operations at CSI Leasing, Inc.'s (CSI), ITAD service subsidiary Executive Personal Computers, Inc. ■ Establishment of a new base for CSI in Japan to expand Asian operating base network

6 Strengthening of Response to Critical Issues under New Fourth Medium-Term Management Plan

Transformation of Businesses with Digital Technologies

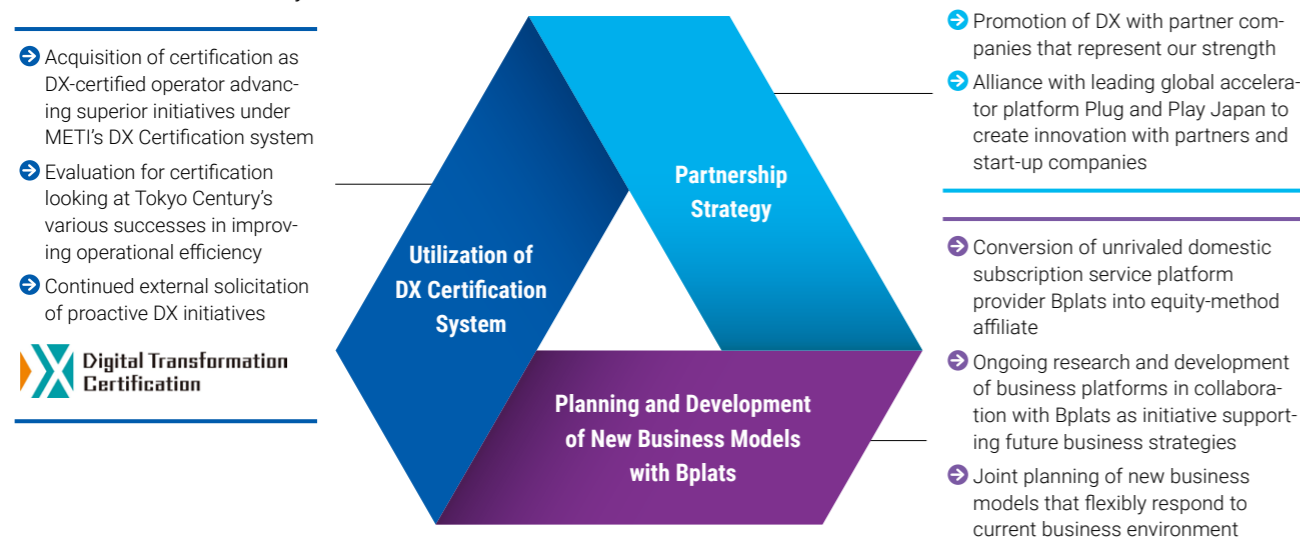
Basic Policies

Tokyo Century has defined business transformation with digital technology as one of the key themes and policies for strengthening its management foundations under the New Fourth Medium-Term Management Plan. Accordingly, we are promoting digital transformation (DX) for harnessing digital technology to enhance corporate value and bolster competitiveness and to drastically revise existing systems to accelerate digital innovation.



Digital Transformation Promotion System

Tokyo Century has maintained a consistent focus on the utilization of digital technologies, which has been reflected in its initiatives. As a result, we have been selected for inclusion in the Digital Transformation Stock Selection (DX Stocks) program—jointly organized by the Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange—for seven consecutive years since the establishment of the program (including its previous incarnation as the Competitive IT Strategy Company Stock Selection). In December 2020, the DX Strategy Division was established for the purpose of further systematizing these digital transformation initiatives and for developing a digital transformation promotion system that conforms to the Digital Governance Code formulated by METI.



Vision

Tokyo Century continues to build upon existing growth businesses while exploring new business domains in its four operating segments for realizing profit-making businesses under the next medium-term management plan.

Target

Realization of profit-making businesses under the next medium-term management plan (fiscal 2023 and beyond)

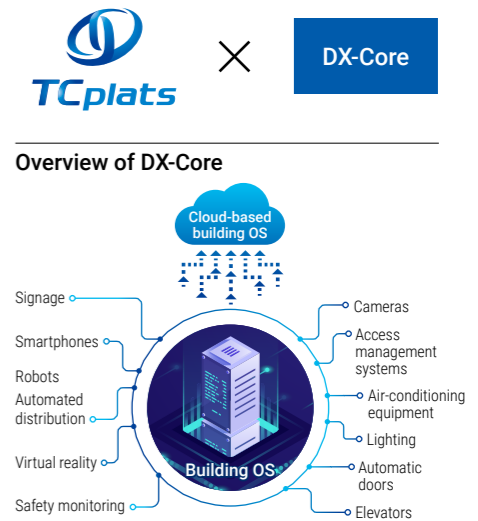


CASE

Collaborative Project with Shimizu Corporation

Collaborative Smart Building Project Utilizing Shimizu's DX-Core Building Operating System and the Company's TCplats Comprehensive Subscription Service Platform

Shimizu Corporation's DX-Core building operating system is a core technology for achieving sophisticated building operations. This is accomplished by linking various types of building equipment, including air-conditioning equipment, lighting, cameras, access management systems, elevators, automatic doors, robots, and digital signage, as well as service applications regardless of their developer. DX-Core provides the hub function that links these various types of building equipment and applications. We are working with Shimizu to promote the digital transformation of building operations by utilizing the TCplats platform for payment, billing, and transaction management that we are developing jointly with Bplats, Inc. Specific methods of linking these systems and concrete initiatives are currently being discussed between the two parties.



Collaborative Project with the Omron Group

Launch of POWER CONTINUE Joint Fixed-Price Solar Power Conditioner Rental Service

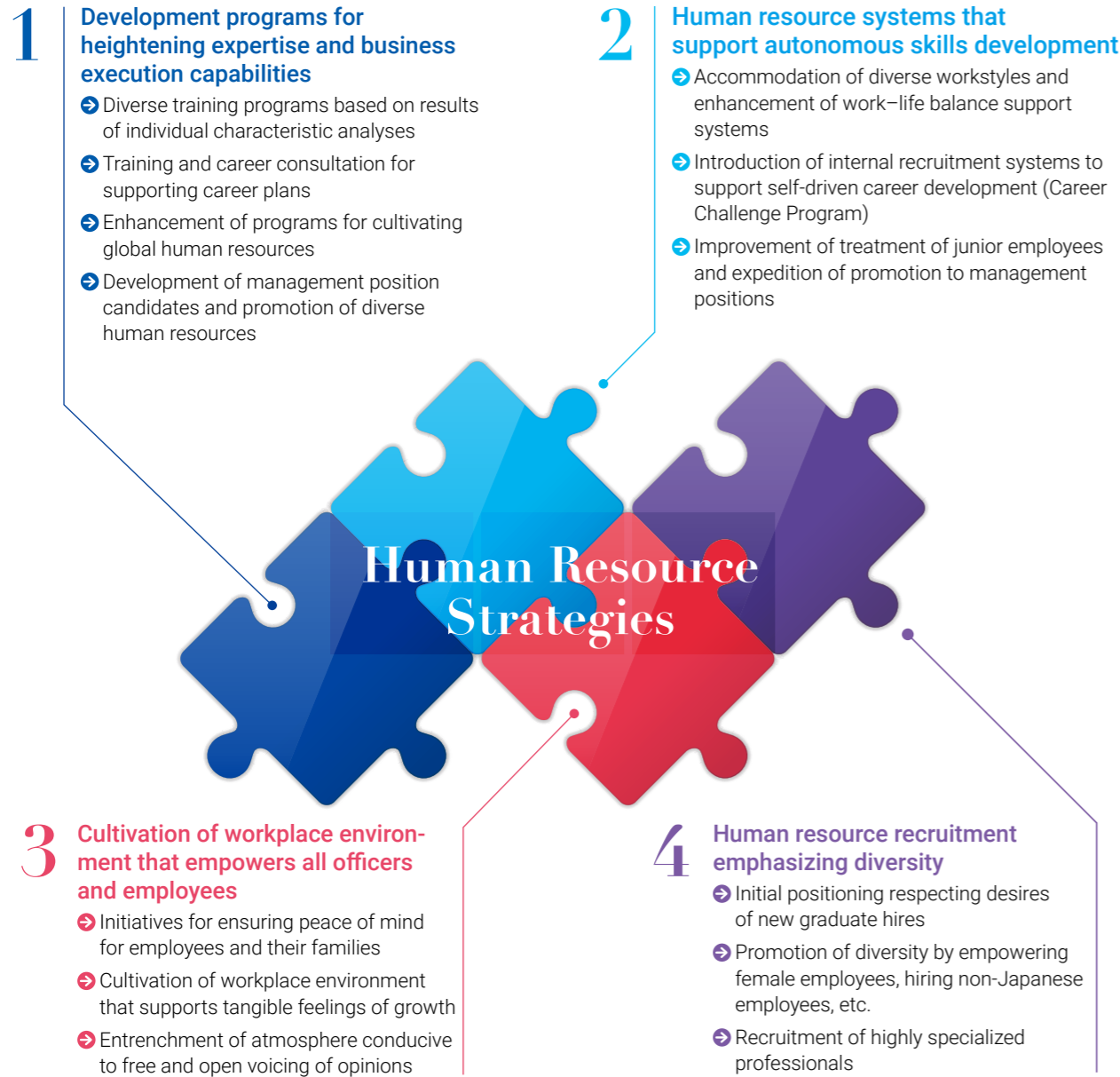
Together with OMRON Social Solutions Co., Ltd. (OSS), Tokyo Century provides the POWER CONTINUE fixed-price power conditioner rental service. This service was designed to address the needs of operators of low-voltage open-air solar power plants seeking to limit the expenses and generation losses that could result from sudden system issues. With this service, power generation business operators can increase generation output with no initial costs while freeing themselves from the costs of repairing or replacing power conditioners. OSS is responsible for the equipment exchange and maintenance procedures associated with the service while the Company provides financial services related to the equipment as well as its TCplats comprehensive subscription service platform.



6 Strengthening of Response to Critical Issues under New Fourth Medium-Term Management Plan

Strengthening of Human Resources to Support Growth over the Next 10 Years

Tokyo Century continues to position the recruitment and cultivation of talented human resources capable of helping enact its Management Philosophy as a central component of human resource strategies while advancing them in an integrated manner with management strategies. Specifically, we are recruiting and cultivating human resources with the specialties necessary for engaging in collaborative ventures with partner companies. At the same time, we have been expanding our human resource systems to improve employee motivation and to facilitate diverse workstyles. In order for the Company to continue to grow while adapting to changes in the operating environment over the next 10 years, it will be necessary to foster human resources who can boldly tackle new challenges without fear of failure. Moreover, we will need to develop a corporate culture that empowers such human resources to proactively contribute in order to heighten employee engagement.



Bolstering of Management Foundations

Targets of New Fourth Medium-Term Management Plan

Major Measures under New Fourth Medium-Term Management Plan

Measures	Progress
Recruitment of diverse human resources	<ul style="list-style-type: none"> ● Proactive recruitment of new graduate and mid-career hires ● Revision of practices for positioning new graduate hires ● Introduction of referral hiring system
Development of global human resources	Online training on the SDGs held with participation by 16 employees from Japan and total of five employees from Singapore, Indonesia, and Malaysia in order to build upon cross-border, cross-business human resource exchanges
Revision of human resource systems to accommodate workstyle reforms	<ul style="list-style-type: none"> ● Introduction of Career Challenge Program
Improvement of employee engagement	<ul style="list-style-type: none"> ● Formulation of measures based on employee awareness survey results ● Ongoing use of 360-degree evaluations

Improvement of Employee Engagement

Measures Based on Employee Awareness Survey Results

In Tokyo Century's fiscal 2019 employee awareness survey, a large number of comments were received requesting the cultivation of an environment for supporting cross-business and cross-functional personnel relocations and the invigoration of planning activities. This feedback prompted us to introduce two initiatives—the **Career Challenge Program** and the **TC Biz Challenge Project**. Through these initiatives, we aim to provide employees with opportunities to be placed in positions where they can fully utilize the skills that they have acquired through self-driven development schemes, thereby fostering a corporate culture in which the autonomous decisions of individual employees are respected.

Career Challenge Program

The Career Challenge Program is an internal recruitment initiative in which divisions and branch offices seeking to recruit human resources disclose the requirements of the relevant positions, so that the positions can be filled from among internal applicants (14 employees have been relocated through this program as of April 1, 2021).



Akiko Matsumoto
Sustainability Management Division

Message from Career Challenge Program User

Before using the Career Challenge Program, I was positioned in the Company's Ship Finance Division. One day, a partner explained to me the Poseidon Principles, a financial institution initiative for combating climate change risks in the maritime industry. This experience made me realize the importance of guiding our business activities based on an understanding of trends pertaining to the SDGs and to ESG factors, prompting my decision to apply to the Sustainability Management Division. The Career Challenge Program is truly an appealing initiative as it gives us the opportunity to think about our own careers, tackle new challenges, and pursue growth all while remaining in the same company. This is not Tokyo Century's only effort to empower employees in this manner: it has also implemented a number of other initiatives for this purpose over the past couple of years, and employee satisfaction seems to be on the rise as a result.

TC Biz Challenge Project

The TC Biz Challenge Project is a new business proposal initiative supporting employees' efforts to tackle new challenges without fear of failure (a total of 36 proposals have been submitted to date, three of which have reached the final stage of judging).



6 Strengthening of Response to Critical Issues under the New Fourth Medium-Term Management Plan

Diversity

Discussion

Tokyo Century's Initiatives for Empowering Female Employees

The Tokyo Century Group promotes diversity and inclusion for the purpose of fostering a workplace environment conducive to the contributions of employees with diverse backgrounds, thereby developing an organization that capitalizes on the diversity of every employee.



Development of a Corporate Culture That Gives Everyone the Confidence to Chase Their Ambitions

Hara: Fostering awareness regarding the contributions of female employees requires the development of a workplace environment in which everyone, regardless of gender, recognizes the existence of unconscious biases and works to eliminate these biases. There are unfortunately still some men who hold biases against women, such as that they should not be worked too hard or that all-women teams have trouble getting along. Similarly, there are still cases in which women feel unconfident when provided with an opportunity due to factors including having convinced themselves that they lack leadership skills.

Such sentiments must be addressed at the Companywide level. At the same time, it is important to ensure that female employees have a strong desire to take advantage of the opportunities afforded to them. I believe that you, Ms. Kashiura, are a good example with this regard. It is only natural to feel uneasy when first asked

Mahoko Hara

Senior Managing Executive Officer
Executive Chairperson, Aviation Capital Group LLC

Mahoko Hara joined The Dai-ichi Kangyo Bank, Ltd. (currently Mizuho Bank, Ltd.), in 1987. She then moved on to join Citibank, N.A., in 2000, where she engaged in structured finance and asset finance. Thereafter, she took part in structured credit product development at Shinsei Securities Co., Ltd., before joining Tokyo Century in 2011. She became a managing executive officer at Tokyo Century in 2016 and assumed the concurrent position of executive chairperson of U.S. aircraft leasing subsidiary Aviation Capital Group LLC in 2019. Ms. Hara now resides in Newport Beach in the United States. She received her current title in 2020. A focus of her work has been empowering and elevating the position of women inside and outside of Tokyo Century.

to step up to the plate, but once there with bat in hand, one will often find that the experience they have accumulated thus far will guide their bat to a hit.

Kashiura: There is a tendency for women to feel as though the hurdle for promotion to a management position is too high. In fact, it is still quite common for me to reach out to female employees and suggest that they put their talents to work in a management position, only to have them shy away from the opportunity.

I too have felt this way in the past. However, this changed when you, Ms. Hara, were a speaker at a seminar arranged by Nikkei, Inc. At this seminar, you stated that nothing will change if you do not step up to the plate. Repeating these words in my head helped alleviate my anxieties and convince me to take up a position as general manager. You might feel hesitant to be called a role model, but I cannot deny that you and the respect I have for you were important sources of motivation for me. Seeing you speak to people from overseas on an equal footing was an inspiration, and part of the reason I have come this far is because I have been following in your footsteps.

Hara: I appreciate your kind words. It is also true to say there are many who feel that assuming a management position means increased responsibility with few benefits. However, if one actually steps up to management, they will find themselves privy to a much greater volume of information, making it easier to get a full view of their company. Moreover, the ability to take part in formulating strategies will also make one's work more enjoyable and stimulating. I want more people to recognize these benefits of joining management.

Atsuko Kashiura

General Manager, Structured Finance Division

Atsuko Kashiura joined the former Tokyo Leasing in 1996, where she was assigned to the corporate marketing division of head office (equivalent to the large enterprise arm of a corporate business division in the Equipment Leasing segment under the current organizational structure). In 1999, she transferred to Tokyo Leasing's international business division and began working on the development of lease programs for global vendors. She later entered the Structured Finance Division in 2003, assuming a position in debt transactions and securitization, guarantees, and other trade finance services. In 2014, Ms. Kashiura became a member of the Investor Relations Division, where she worked on public relations activities such as advertisements and press releases, eventually rising to the position of deputy general manager, overseeing investor relations and all other aspects of the division's activities. It was in 2021 when she assumed her current position as general manager of the Structured Finance Division.

Communication of Importance of Diversity and Inclusion by Management

Kashiura: Promoting diversity and inclusion (D&I) throughout the organization will require the Company to recruit and develop diverse human resources as part of its growth process. This is a fact that management needs to continue to communicate.

Tokyo Century appointed its first female director in fiscal 2021. This is a positive development and one I believe has served to spread awareness regarding D&I. Going forward, it would be ideal for the Company to foster a corporate culture in which members of the lesbian, gay, bisexual, transgender, and queer/questioning (LGBTQ+) community, for example, are viewed as completely normal by everyone.

Hara: Promoting D&I requires ongoing attention to matters such as amplifying the voices of women, younger employees, and non-Japanese employees. Appropriate delegation of authority is imperative to this process. When it comes to brainstorming and business



6 Strengthening of Response to Critical Issues under New Fourth Medium-Term Management Plan

Diversity Discussion—Tokyo Century's Initiatives for Empowering Female Employees

directives, I feel that it is important to develop frameworks in which senior management does not decide everything, but rather in which employees of different ages and backgrounds are given a chance to join the discussion. Steadfast efforts with this regard are also imperative to helping management understand the true reason why D&I is so important.

Creation of New Businesses by Amassing the Individual Strengths of Fostered Professionals

Hara: Tokyo Century's business is growing increasingly sophisticated, and is thus coming to require greater levels of creativity. It is therefore now more important than ever to foster professionals who can fully exercise their individual strengths. For this reason, I think that the Company should provide employees with various

opportunities to build their skills while they are still new so that they can gain a wide range of experience and heighten their capabilities.

New employees often need to focus on more methodical work. At the same time, however, it is important to share as much information as possible within the organization so that employees can understand the reasoning behind management decisions. I refer to this as having a "flat organization," and I look to help develop such an organization by fostering an environment in which everyone recognizes the meaningfulness of their work within the Company's overarching vision.

Kashiura: I am the general manager of the Structured Finance Division. The greatest mission of my division is to create new businesses. One venue for these efforts was the TC Biz Challenge Project* established in fiscal 2020. Many members of the Structured Finance Division submitted proposals through this initiative, and each of these proposals was mindful of the need to contribute to the realization of an environmentally sound, sustainable economy and society and of the SDGs. This fact highlights how Tokyo Century's Management Philosophy has become entrenched throughout the Company.

We have also begun examining peripheral projects arising from said project, and a project team comprising members of differing ages and ranks has been assembled for this purpose. I believe that fostering an environment in which it is easy to voice opinions results

I aim to develop an environment in which everyone can fully exercise their strengths so that these individual strengths can be amassed to create new businesses.

——— Atsuko Kashiura



I believe that management's mission should be to communicate to stakeholders its vision of a corporate culture that is accepting of diversity.

——— Mahoko Hara

in a lot of opinions being offered largely from newer employees. Thus, I feel that such an environment enables employees to exercise their individual strengths. I aim to inspire every employee to have their own opinion, hone their thinking skills, and use these skills to contribute and then drive the creation of new businesses by amassing the resulting individual strengths. This is the approach I will take toward contributing to the growth of Tokyo Century.

* A new business proposal initiative supporting employees' efforts to tackle new challenges without fear of failure

Management's Mission of Fostering a Corporate Culture That Is Open to Diverse Opinions

Hara: The operating environment is changing at an increasingly rapid pace. Responding to this change requires organizational mobility and flexibility. It is thus crucial to develop an organization that is open to diverse opinions and in which everyone can act as a professional and enjoy their work. It is also important for a company to put forth a clear vision and to share the overarching frameworks of this vision with all employees. This requires members of senior management like us to play a consistent role in communicating information.

Kashiura: Recently, management has been consistently communicating the importance of contributing to the accomplishment of the SDGs. This communication takes the form of an ongoing relay of information from management to division and branch office heads, and then from division and branch office heads to the team members below them. The concept of "leave no one behind" is an important underlying principle for the SDGs, and I fully believe this principle coincides with the concept of inclusion.



Even if a company promotes diversity and assembles a team of diverse human resources to promote diversity, it will only bleed talent if strong interpersonal relationships cannot be forged within the organization. Thus, more important than anything is the cultivation of a culture of mutual acceptance. Fortunately, Tokyo Century has a staff of relatively well-mannered individuals, meaning that the groundwork for achieving real inclusion is already in place. I am convinced that a better Tokyo Century can be achieved if management continues to communicate the importance of inclusion while everyone works to foster an atmosphere of mutual acceptance.

Hara: I think you are spot on. A corporate culture that is open to diverse opinions will give rise to lively debates and subsequently innovation. Moreover, if employees feel that working at Tokyo Century lets them participate in the process of creating new and exciting business opportunities, they will feel pride in their organization. For this reason, I believe that management's mission should be to communicate to stakeholders its vision of a corporate culture that is accepting of diversity.

6 Strengthening of Response to Critical Issues under New Fourth Medium-Term Management Plan

Strengthening of Financial Base

ROE and Cost of Shareholders' Equity

Tokyo Century has achieved industry-leading levels of return on assets (ROA) and return on equity (ROE) through the expansion of its business domain via co-creation with business partners and through M&A activities. In fiscal 2020, ROE fell below 10% for the first time since the 2009 merger, settling at 8.7%. This outcome was the result of a sharp year-on-year drop in earnings centered on the car rental and aviation businesses that was attributable to the COVID-19 pandemic. We anticipate a certain degree of recovery in these businesses in fiscal 2021, and we are thus projecting that ROE will once again climb above 10% based on our forecast for net income attributable to owners of parent of ¥60.0 billion, which will represent an increase of 22.1% year on year.

As for fiscal 2022, the final year of the New Fourth Medium-Term Management Plan, we will target ROE of 12%, which we expect to achieve as the operating environment takes an upswing due to factors such as the acceleration of COVID-19 vaccination rollouts and as we expand our co-creative initiatives with business partners.

The return on invested capital (ROIC) spread (ROIC minus weighted average cost of capital) is monitored regularly for all four of Tokyo Century's business areas, and cost of shareholders' equity is calculated on a consolidated basis. The Company calculates cost of shareholders'

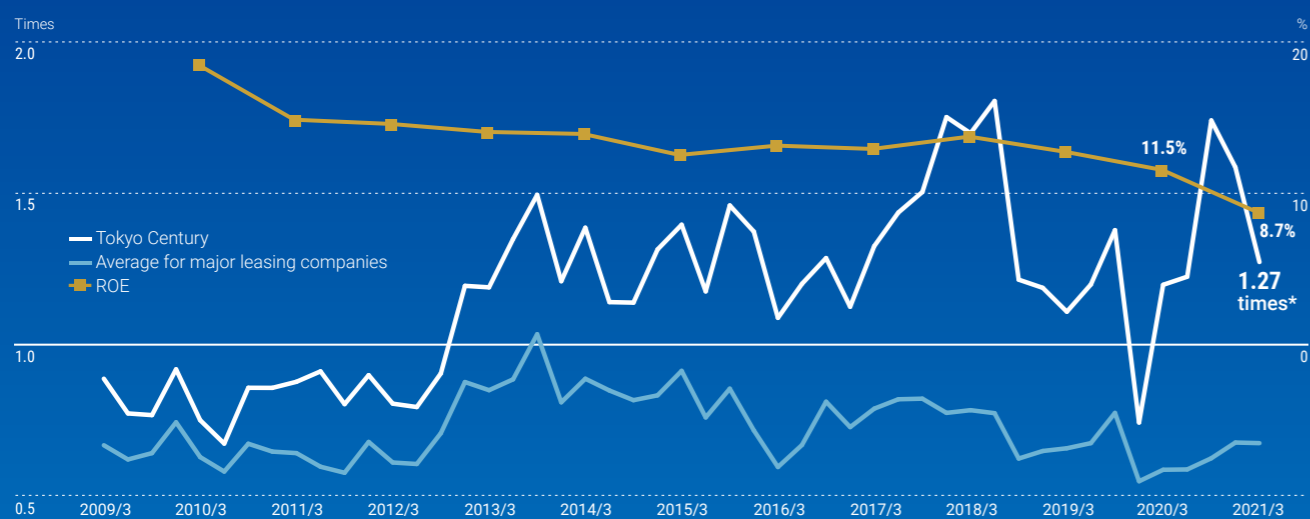
equity based on factors such as the expected rate of return of stock markets. We have maintained a cost of shareholders' equity of around 9%, indicating that ROE has remained above cost of shareholders' equity.

Improvement of Corporate Value and Balance Sheet Management

The price-to-book ratio has remained constantly above 1.0 times. The Company's relatively high level of ROE is thought to be a significant factor behind this trend. Going forward, we will work to improve corporate value by pursuing higher levels of ROA through appropriate risk-taking and investments in growth businesses, increasing earnings per share, and consistently generating ROE that exceeds cost of shareholders' equity.

Given the recent increase in co-creative ventures with business partners and large-scale M&A activities, there is also a need to strengthen the Company's financial base. Accordingly, Tokyo Century will seek to strike a balance between investments in growth businesses, the strengthening of its financial base, and the rebuilding of its equity during the period of the New Fourth Medium-Term Management Plan while also practicing balance sheet management based on an optimal capital structure.

Price-to-Book Ratio Source: Bloomberg



* Closing price on June 30, 2021

Shareholder Returns

In fiscal 2022, the final year of the New Fourth Medium-Term Management Plan, we target a shareholders' equity ratio of 12% coupled with ROE of also 12%. The bolstering of capital will be imperative to accomplishing these goals; therefore, we feel that our target payout ratio of 30% for the final year of the plan represents a realistic level of shareholder returns.

As for fiscal 2021, we plan to pay an annual dividend of ¥143 per share, an increase of ¥5 per share compared with the previous fiscal year. This amount was calculated based on the Company's forecast for net income attributable to owners of parent of ¥60.0 billion and its target of approaching a payout ratio of 30%. In addition, we aim to maintain a strong trend of annual dividend increases in fiscal 2022, based on our target payout ratio of 30% and prefaced on the accomplishment of our target for net income attributable to owners of parent of ¥80.0 billion for fiscal 2022.

Going forward, Tokyo Century will continue to be guided by its basic policy of providing stable, long-term returns to shareholders as it seeks to ensure a balance between undertaking investments in promising businesses and reinforcing its financial base in a consistent effort to steadily improve the payout ratio.

Status of Fund Procurement

The Tokyo Century Group's funding balance (interest-bearing debt) stands at approximately ¥4.3 trillion as of March 31, 2021. This figure is relatively unchanged from a year earlier, although measures for improving funding stability

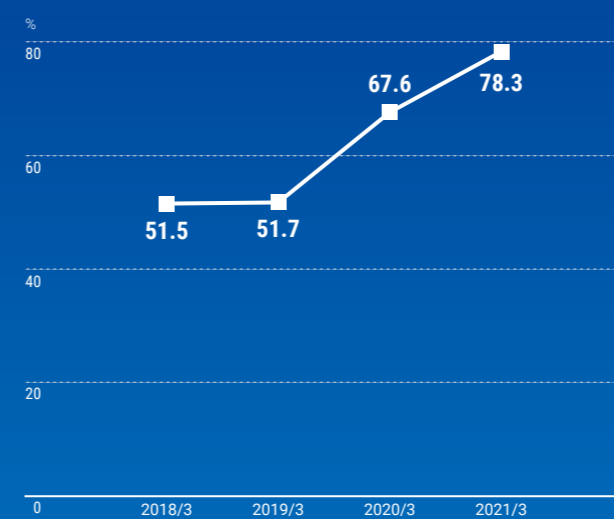
and liquidity were continued in fiscal 2020. These measures included shifting from short-term procurement methods, such as commercial paper, to long-term procurement measures and expanding commitment lines. Long-term fund procurement was centered on corporate bonds, and the Company floated a ¥130.0 billion issue of hybrid bonds (unsecured subordinated bonds) and a ¥60.0 billion issue of unsecured straight bonds. In addition, U.S.-based aircraft leasing subsidiary Aviation Capital Group LLC issued senior unsecured notes totaling US\$1.0 billion, further increasing the Group's presence in the direct financing market. As a result of these efforts, the long-term funding ratio increased 10.7 percentage points year on year, to 78.3%.

In principle, subsidiaries procure their own funds based on the characteristics of their respective businesses and markets, although we also provide parent-to-subsidary loans as necessary.

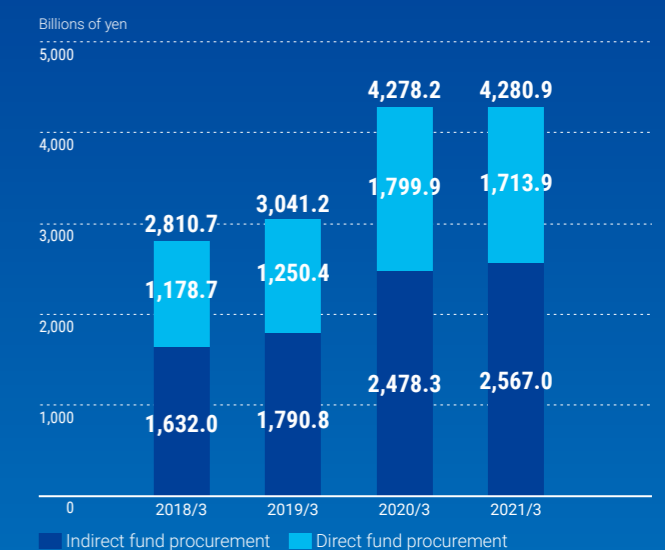
The status of fund procurement across the Tokyo Century Group is reported to management via the Asset Liability Management Committee, which deliberates and decides on policies for funding and hedging market risks, including interest rate and foreign exchange risks. We are exercising extra care in managing liquidity risk in view of the growing ratio of foreign currency-denominated fund procurement accompanying our business expansion and M&A projects in recent years.

Furthermore, the Company is strengthening its fund procurement base by actively incorporating SDGs financing. For example, we executed a sustainability-linked loan with sustainability performance targets in March 2021.

Long-Term Funding Ratio



Interest-Bearing Debt



7 Strategies by Operating Segment and Progress

Equipment Leasing

Financial services optimally matched to needs of capital investments in information and communications equipment

Mobility & Fleet Management

Auto leasing for both corporate customers and individuals, car rental services, and other auto services

Specialty Financing

Aviation, shipping, environment and energy, real estate, principal investment, structured finance, and other businesses

International Business

Leasing and auto service businesses developed through global network encompassing more than 30 countries and regions centered on North America and Asia

Social Contributions through Business Activities

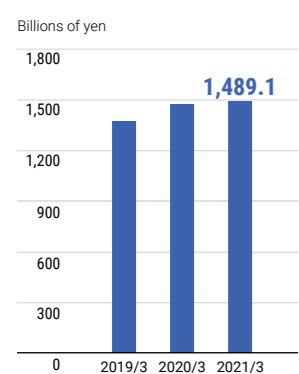
Contributions to development of ICT-powered education environments through support for introduction of education-use tablets at schools by the Tokyo Century Group



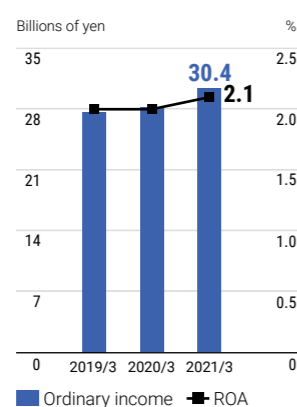
Characteristics

- Diverse leasing business solutions and services
- Co-creative businesses advanced together with prime partners

Balance of Segment Assets



Ordinary Income / ROA



Social Contributions through Business Activities

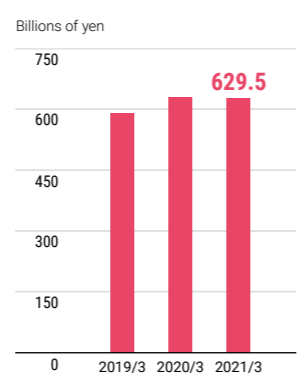
Targeting of creation of new auto services through collaborative projects with new partner ZENRIN CO., LTD., in addition to existing partnerships



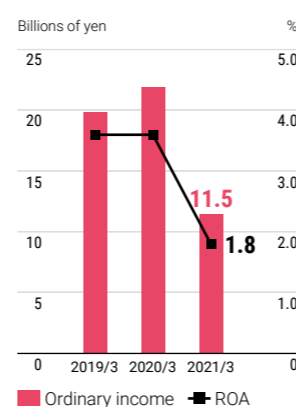
Characteristics

- Full lineup of auto leasing, car rental, and other comprehensive auto services
- Next-generation mobility services accommodating mobility as a service (MaaS), electric vehicles, etc.

Balance of Segment Assets



Ordinary Income / ROA



Social Contributions through Business Activities

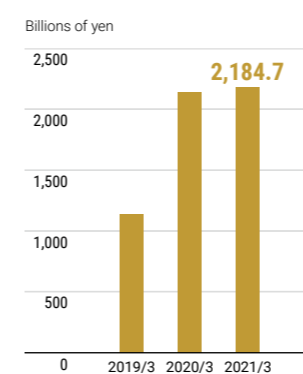
Development of Hotel Indigo Karuizawa, scheduled to open in spring 2022, together with InterContinental Hotels Group PLC



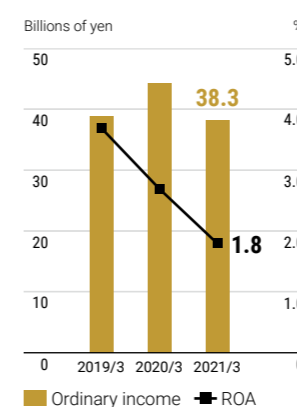
Characteristics

- Highly competitive financial services offered through collaboration with industry-leading business partners

Balance of Segment Assets



Ordinary Income / ROA



Social Contributions through Business Activities

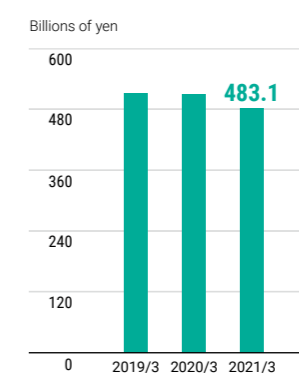
Truck-related financial services offered by U.S. subsidiary that support e-commerce market



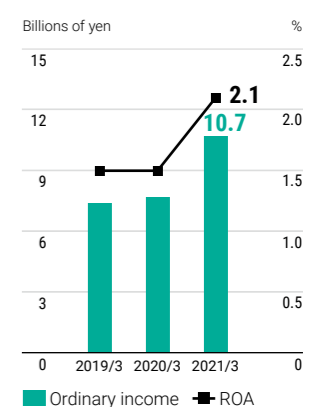
Characteristics

- Diverse financial services offered through global network
- Highly competitive fair market value (FMV) leases provided by CSI Leasing, Inc.

Balance of Segment Assets



Ordinary Income / ROA



Distribution of Segment Assets (Fiscal 2020)

Equipment Leasing **31%**

Mobility & Fleet Management **13%**

Specialty Financing **46%**

International Business **10%**

7 Strategies by Operating Segment and Progress

Equipment Leasing

We will contribute to the creation of a sustainable economy and society by accelerating efforts to increase value in the leasing business and expand partnerships utilizing digital transformation.



Koichiro Sato
Managing Executive Officer
President, Equipment Leasing Business Development Unit

Strengths



- ➔ "Finance x Services x Business Expertise" approach for responding to diversifying and changing customer needs
- ➔ Co-creative businesses with NTT Group, Fujitsu Limited, Nippon Express Co., Ltd., and other prime partners

Opportunities

- Expansion of businesses in new fields by enhancing relationships with prime partners
- Rising demand for environmental value driving growth in decarbonization-related businesses
- Growth of subscription services and other next-generation financial services that merge digital transformation with leasing and finance businesses

Risks

- Business risks associated with expansion into new business fields extending beyond boundaries of finance
- Governance risks arising in conjunction with growth of Group companies
- Rising concern for credit risks in conjunction with prolongation of COVID-19 pandemic

Overview of New Fourth Medium-Term Management Plan

Boost value of leasing business and adapt to digital transformation

- ➔ Boost value of leasing business and accelerate business co-creation
- ➔ Create new business domains in response to digital transformation
- ➔ Optimize organization and improve operational efficiency to suit changes in business style

Successes of New Fourth Medium-Term Management Plan

Boosting of leasing business value

- **Corporate power purchase agreements:** Installed solar panels on roof of Seishin Works of Kawasaki Heavy Industries, Ltd., and concluded industrial in-house generation system support service contract through collaboration with Kyocera Communication Systems Co., Ltd.
- **Subsidies:** Took advantage of COVID-19 supply chain subsidies ahead of leasing industry peers; achieved industry-leading number of acceptances
- **Subscription services:** Commenced collaborative project utilizing DX-Core building operating system developed by Shimizu Corporation and Tokyo Century's TCplats comprehensive subscription service platform



Co-creative businesses

- Established NTT TC Leasing Co., Ltd. (50% ownership by Tokyo Century), as joint venture with NTT Group through business carve-out of leasing and global operations of NTT Finance Corporation
- Established NITTSU Lease & Finance Co., Ltd. (49% ownership by Tokyo Century), through business carve-out of leasing operations of Nittsu Shoji Co., Ltd.



Operational optimization

- Installed teleworking systems in response to COVID-19 pandemic; promoted shift to paperless operations by laying groundwork for electronic contracts and utilizing lease expiration system

Growth Strategies

In our core leasing business, we aim to expand the functionality and boost the value of our solutions and services so that we can continue responding to the diversifying needs of customers. We are also ramping up efforts to take part in renewable energy projects and to refurbish end-of-lease properties in order to contribute to the creation of an environmentally sound, sustainable economy and society.

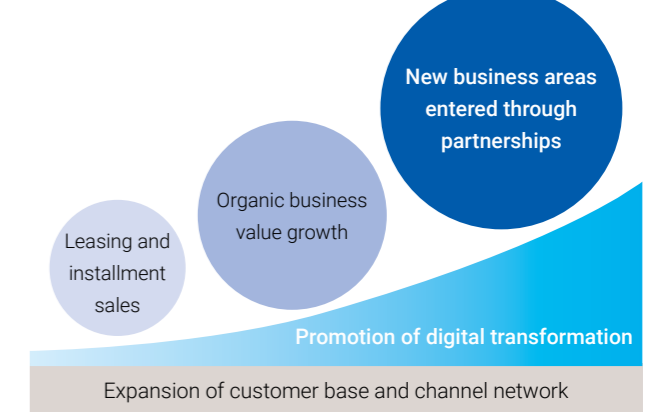
Another focus is co-creative businesses advanced together with our prime partners to boldly expand into new business fields and thereby achieve robust yet sustainable growth. For example, we launched new co-creative businesses with the NTT Group and Nippon Express Co., Ltd., in fiscal 2020. Furthermore, we will enhance consolidated management of the Tokyo Century Group, including existing affiliates, to maximize the earnings of the Equipment Leasing segment.

At the same time, digital transformation is being accelerated to maximize the value of related businesses. By merging digital technologies with leasing and finance

businesses, we aim to create new services and businesses founded on models such as subscription services.

Our growth strategies will be advanced through a concerted effort by all employees to help realize a carbon-free society, accomplish the goals of the SDGs, and otherwise contribute to the resolution of social issues while also achieving sustainable growth in the Equipment Leasing segment over the long term.

Business Value Maximization Initiatives



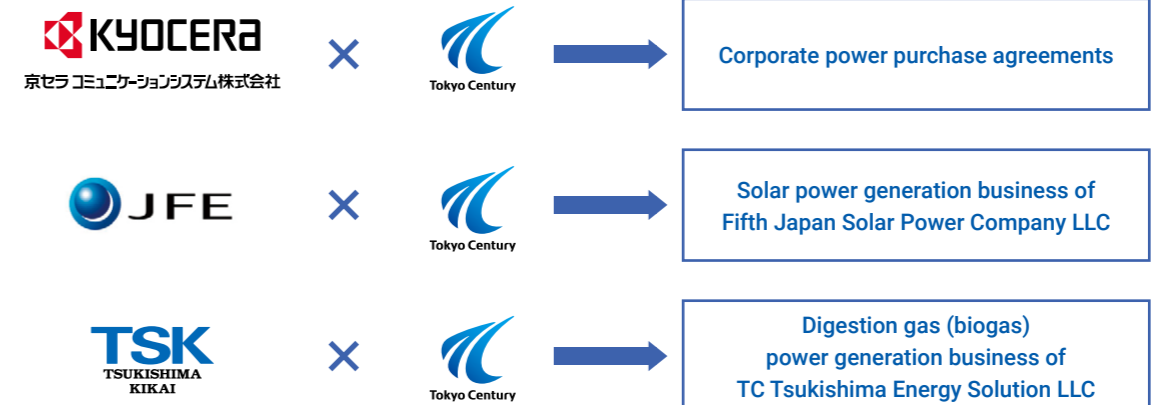
Quest to Create an Environmentally Sound, Sustainable Economy and Society

Tokyo Century is expanding collaboration with prime partners in the environment and energy field. Going forward, we will work to contribute to the creation of a sustainable society through efforts to resolve environmental and social issues.

OUR MATERIALITY
Contribution to low-carbon society



New Joint Businesses



7 Strategies by Operating Segment and Progress

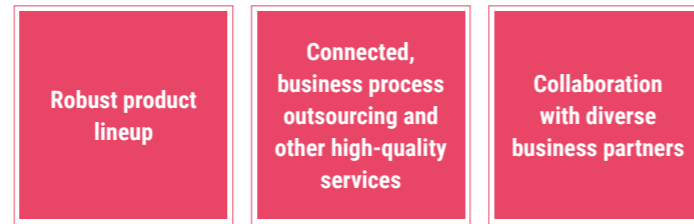
Mobility & Fleet Management

We are providing new mobility services, including those that further the popularization of electric vehicles (EVs), through unrivaled service quality and collaboration with diverse business partners.



Masato Osugi
Managing Executive Officer
President, Mobility Business Development Unit

Strengths



- ➔ Complete, industry-leading lineup of mobility services (individual and corporate auto leasing, car rental, and other services)
- ➔ Collaboration with NTT Group, ITOCHU Group, and other diverse business partners

Opportunities

- Popularization of EVs and other decarbonization initiatives
- Utilization of digital transformation to improve customer convenience and operational efficiency
- New automotive businesses that leverage automotive data

Risks

- Intensifying, cross-industry competition due to increasing entry into mobility field
- Rapid depression of fleet value and fluctuations in prices of used vehicles due to spread of EVs and other next-generation vehicles
- Reduced travel demand due to COVID-19 pandemic

Overview of New Fourth Medium-Term Management Plan

Grasp changing times as opportunity to pursue mobility services that go one step further

- ➔ Enhance customer value and brand power with unrivaled service quality
- ➔ Take innovative initiatives for new era
- ➔ Pursue channel and segment strategies aimed at expanding business base
- ➔ Strengthen Group management systems to support business expansion

Successes of New Fourth Medium-Term Management Plan

Co-creative businesses	<ul style="list-style-type: none"> ■ Concluded capital and business alliance agreement with Mobility Technologies Co., Ltd., which operates a taxi dispatch app business, and developed new mobility services in preparation for spread of mobility as a service (MaaS), automated driving, and smart cities ■ Concluded business alliance agreement with map solutions provider ZENRIN CO., LTD., and advanced co-creation of new solution services in MaaS, smart city, and digital transformation fields to contribute to regional invigoration 	
EVs	<ul style="list-style-type: none"> ■ Promoted introduction of EVs at NTT Group, which has joined EV100* initiative, and commenced trial of support program for companies considering EV introduction together with Tokyo Gas Co., Ltd., at Nippon Car Solutions Co., Ltd. <p><small>* A global initiative by The Climate Group bringing together companies committed to accelerate the shift to electric transport</small></p>	
Digital transformation	<ul style="list-style-type: none"> ■ Released smartphone app with car rental reservation and other functions for increased customer convenience, redesigned online car rental reservation website to cut back on associated administrative work, and implemented operating and workstyle reforms to improve efficiency based on data analysis at Nippon Rent-A-Car Service, Inc. 	

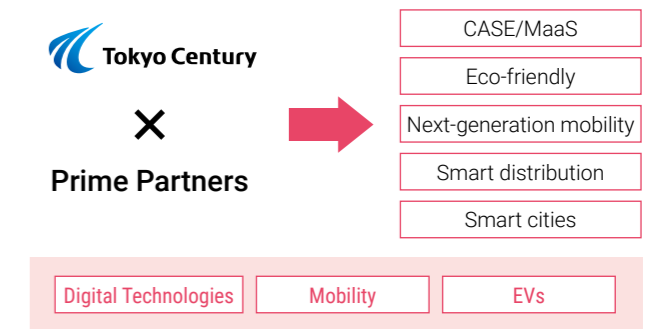
Growth Strategies

The operating environment for the Mobility & Fleet Management segment is undergoing a once-in-a-century transformation driven by advances in automotive technologies and the diversification of methods of automobile use. On the service front, meanwhile, entries from other industries are making it a common occurrence to see the creation of businesses that deliver value differing from industry conventions or based on new ideas. In this environment, we are operating our business based on a policy of weathering this time of great change by continuing to develop high-quality services while simultaneously creating high-value-added businesses based on new ideas.

Launched in fiscal 2020, the New Fourth Medium-Term Management Plan puts forth the key words of digital, mobility, and EV. We are engaged in a variety of initiatives based on these key words. For example, we are ramping up efforts to contribute to a carbon-free society by targeting reduced fuel consumption of vehicles through efforts to promote the spread of EVs and other electrified vehicles with high environmental performance and to provide education on safe driving techniques. We are also deploying

services that respond to the evolution of automotive technologies, such as those related to EVs and connected cars, and to diversifying mobility demand. Furthermore, efforts are being accelerated to create new mobility services and improve operational efficiency by harnessing digital technologies. Through these initiatives, we seek to create new earnings opportunities while leveraging our relationships with prime partners. Such partners include prior partners like the NTT Group and the ITOCHU Group as well as new partners such as major taxi dispatch app business operator Mobility Technologies and major map solutions provider ZENRIN.

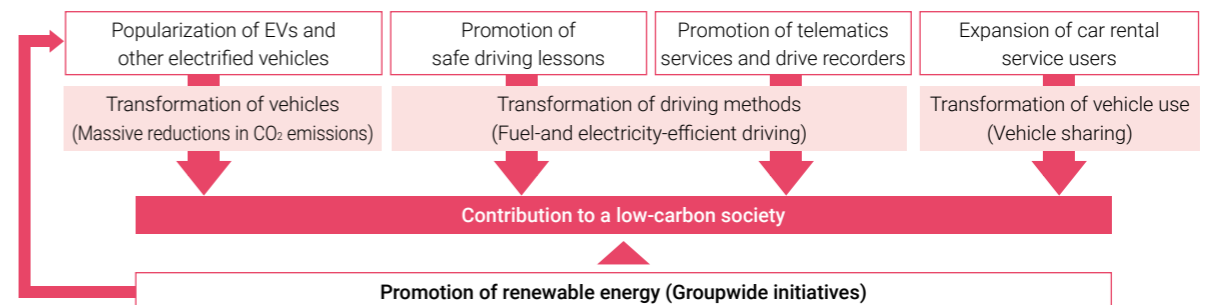
Expansion of Auto Service Businesses through Partnerships



Quest to Create an Environmentally Sound, Sustainable Economy and Society

The Mobility & Fleet Management segment strives to contribute to a low-carbon society. To this end, we are working to help vehicles utilize fuel and electricity more efficiently by promoting EVs and other electrified vehicles with high environmental performance, providing education on safe driving techniques, and encouraging the introduction of telematics systems and drive recorders. In addition, we are expanding use of car rental services, a type of car-sharing service, to facilitate more efficient vehicle use. Efforts for promoting electrified vehicles are being advanced alongside the Tokyo Century Group's initiatives to promote the spread of renewable energy. Education on safe driving techniques and efforts to encourage the introduction of telematics systems and drive recorders will serve as a conduit for helping reduce traffic accidents and thus will contribute to the development of social infrastructure. At the same time, we look to contribute to the sustainable, cyclical use of resources by growing use of car rental services.

OUR MATERIALITY
Contribution to low-carbon society



7 Strategies by Operating Segment and Progress

Specialty Financing

We are leaping beyond expectations and pursuing professionalism to further refine our business.



Keiichiro Ogushi

Deputy President, Director and Executive Officer
President, Specialty Finance Business Development Unit

Strengths

Collaboration with prime partners	Leading renewable energy businesses in Japan	Personnel with expertise and innovative spirit
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- ➔ Highly competitive financial services provided together with Mitsubishi Estate Co., Ltd., Kyocera Corporation, Advantage Partners Inc., and other prime partners
- ➔ Specialized global staff supporting sophisticated business in all asset classes

Opportunities

- Rising demand for carbon neutrality in renewable energy businesses
- Increased demand for data centers and distribution facilities in real estate businesses
- Higher business succession and carve-out demand in principal investment businesses

Risks

- Long-term stagnancy in aviation business growth due to COVID-19 pandemic
- Unexpected changes in aviation, shipping, and real estate markets
- Fluctuations in energy output caused by major natural disasters

Overview of New Fourth Medium-Term Management Plan

Further refine businesses with expertise and creativity

- ➔ Maximize value chain in collaboration with partners
- ➔ Build organizational platform and infrastructure in accordance with global standards
- ➔ Develop new businesses in response to changes in operating environment
- ➔ Ensure post-merger integration and governance of acquired companies

Successes of New Fourth Medium-Term Management Plan

Aviation and shipping

- Financed SOx scrubbers (exhaust gas desulfurization units) to help protect marine environments
- Supported liquidity of Aviation Capital Group LLC through use of growth investment facility from Japan Bank for International Cooperation and other institutions



Renewable energy

- Encouraged real estate-holding customers to install solar panels
- Commenced corporate power purchase agreements and self-consignment leveraging synergies between real estate and solar power generation businesses together with Shinko Real Estate Co., Ltd.

Real estate

- Took part in TOKYO TORCH (Tokiwabashi area development project in front of Tokyo Station) and U.S. data center business together with Mitsubishi Estate
- Participated in Uchisaiwaicho 1-chome area development project in Tokyo



Principal investment

- Acquired all shares of Q'sai Co., Ltd., together with Advantage Partners and euglena Co., Ltd., for purpose of increasing Q'sai's corporate value as first joint investment with Advantage Partners

Growth Strategies

In fiscal 2021, the focuses of the Specialty Financing segment will include pursuing new growth by responding to changes in the operating environment in the post-COVID-19 world. Another focus will be deepening ties with partners and aggressively advancing wide-ranging initiatives in environment and energy and new businesses with strong connections to ESG factors and to the SDGs. These initiatives will be part of our efforts to prepare for the final year of the New Fourth Medium-Term Management Plan.

Specifically, we will revise our business road map toward a carbon-neutral state and refine business portfolios and strategies in all product lines to grow the Specialty Financing segment.

- ➔ Establishment of a dedicated principal investment division; commencement of full-fledged business investment initiatives with Advantage Partners

- ➔ Expansion and reinforcement of coordination with the NTT Group in all divisions of Specialty Financing segment
- ➔ Advancement of real estate business initiatives together with partner companies; exploration of new business models through the provision of one-stop service for real estate together with Shinko Real Estate and close domestic and overseas partners
- ➔ Improvement of generator performance and expansion outside the Company through enhanced asset management at solar power plants
- ➔ Continuation of integrated operation of Aviation Capital Group and GA Telesis, LLC, with both companies boasting sophisticated aviation business operation expertise; efforts to return to a growth track while monitoring trends in the aircraft market in light of the significant impacts of the COVID-19 pandemic
- ➔ Development of business structures for efficient asset management given new workstyles and optimal work environments as a result of the COVID-19 pandemic

Quest to Create an Environmentally Sound, Sustainable Economy and Society

Joint Solar Power Generation Business with NTT Anode Energy, Future Coordination, and Outlook

OUR MATERIALITY
Contribution to low-carbon society

In accordance with the basic agreement concluded in March 2020, Tokyo Century transferred a portion of the equity of EnergyGate, Co., Ltd., to NTT Anode Energy Corporation and commenced a joint business with this company.

With strong support from NTT Anode Energy, we are bolstering the earnings of this business by expanding our renewable energy asset portfolio, sharing expertise, and increasing generation efficiency. We are also taking part in new businesses, such as storage battery systems and biomass power generation, while pursuing synergies between NTT Anode Energy and Tokyo Century through concerted efforts involving other products in Specialty Financing and other operating segments.

The Company has engaged in environment and energy businesses with numerous partner companies. We will continue our efforts to resolve environmental and other social issues and thereby contribute to the creation of a sustainable society.



7 Strategies by Operating Segment and Progress

International Business

We are developing a circular economy by utilizing our unrivaled global network.



Toshio Kitamura
Managing Executive Officer
President, International Business Development Unit

Strengths

Unrivaled global network	Alliances with prime Japanese partners and promising local companies overseas	High-quality leasing services provided by CSI Leasing, Inc. (CSI)
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- ➔ Specialized, high-value-added services and alliances with prime Japanese companies, promising local companies in overseas markets, and financial institutions
- ➔ Expansion of fair market value (FMV) leasing, IT asset disposition (ITAD) services, and other high-quality consulting services provided by CSI

- | | |
|----------------------|---|
| Opportunities | <ul style="list-style-type: none"> ■ Expansion of 5G, Internet of Things (IoT), and other digital technology markets ■ Needs for remote working environments and other peripheral services ■ Increasing information security needs |
| Risks | <ul style="list-style-type: none"> ■ Global economic stagnancy due to prolongation of COVID-19 pandemic ■ Country, credit, and interest rate increase risks ■ Fluctuations in global power balance |

Overview of New Fourth Medium-Term Management Plan

Respond to expansion of digital economy and mobility revolution

- ➔ Collaborate with excellent companies through strategic alliances
- ➔ Pursue broader and deeper businesses related to FinTech and automobiles

Successes of New Fourth Medium-Term Management Plan

- | | |
|---|--|
| <p>United States</p> <ul style="list-style-type: none"> ■ Achieved record-breaking ordinary income of US\$75 million at CSI, more than triple fiscal 2015 level, making for strong compound annual growth rate of 27% since initial investment in fiscal 2015 ■ More than doubled ordinary income at AP Equipment Financing, Inc., with a figure of US\$7 million, by capitalizing on sharp growth in U.S. truck financing demand seen in response to e-commerce market growth ■ Acquired Work Truck Direct, Inc., a truck and arbor equipment dealer serving three western U.S. states; began pursuing synergies between dealership and finance operations | |
| <p>Asia</p> <ul style="list-style-type: none"> ■ Developed joint data center business with NTT Group in India ■ Expanded CSI's Asian operations and established CSI bases in India and Japan ■ Converted BPI Century Tokyo Lease & Finance Corporation (joint venture leasing company with major Philippine bank, Bank of the Philippine Islands) and moved ahead with business restructuring ■ Engaged in Philippine renewable energy supply project as representative participant that became Tokyo Century's first project in JCM Eco Lease Scheme | |

Growth Strategies

The spread of 5G, IoT, and other digital technologies is moving forward at an accelerated pace. Such advances have led to a rise in demand for IT equipment stimulated by the popularization of teleworking amid the COVID-19 pandemic and e-commerce market growth. In this environment, it is important to furnish swift responses to the needs arising from such market trends coupled with efforts to increase business continuity.

The 3Rs (reduce, reuse, and recycle) are central to the leasing business; thus, this business is thought to be a sustainable and cyclical business. A major theme for the International Business segment in 2021 will be the expansion of the business of CSI, a company that boasts strengths in comprehensive life cycle management services. The network of this company was augmented with the establishment of an Indian base in November 2020, and we will continue to expand its Asian network and operations. We will also work with existing overseas subsidiaries to accelerate the generation of synergies within the Tokyo Century Group and thereby reinforce earnings foundations.

In addition, Tokyo Century began investing in the data center business, which serves a rapidly growing market, through a joint project with the NTT Group. We are also developing a diverse range of other businesses, including

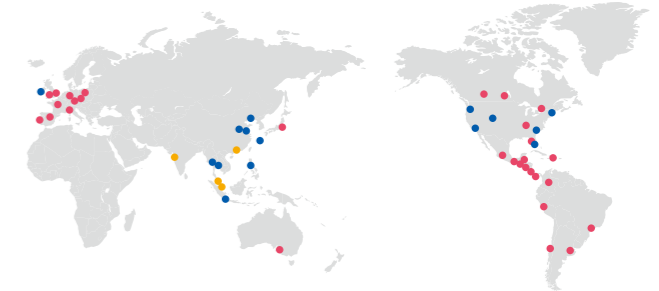
IT asset managed services, FMV leasing, and ITAD services that capitalize on its strengths.

Other efforts include ongoing acceleration of joint crediting mechanism (JCM) projects that are highly compatible with the aspirations of the SDGs, the expansion of transactions with Japanese companies through internal and external collaboration leveraging our unrivaled global network, and extensive coordination among overseas subsidiaries.

The source of our competitiveness in these undertakings is employee motivation and engagement. To heighten employee motivation and engagement, the Company has introduced performance-linked compensation systems at overseas subsidiaries while also recruiting CEOs for these companies locally and taking other steps to cultivate and promote diverse human resources.

Global Base Network

- City with CSI base
- City with Tokyo Century base
- City with both CSI and Tokyo Century bases

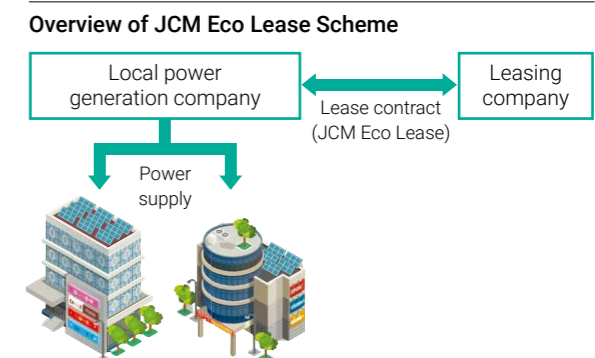


Quest to Create an Environmentally Sound, Sustainable Economy and Society

Start of the JCM Eco Lease Scheme

The JCM Eco Lease Scheme was launched in 2020 for the purpose of encouraging the use of the Financing Program for Joint Crediting Mechanism (JCM) Model Projects. This scheme subsidizes lease payments, as opposed to investment costs, to allow users to receive leases with better terms and conditions. Moreover, the related procedures have been simplified with the aim of more efficiently promoting the popularization and deployment of carbon-free technologies. The first project selected for this scheme was a project for supplying renewable energy to a shopping mall in the Philippines. The Company is the representative participant in this project, which will be advanced together with our branch in the Philippines. Going forward, we will continue to proactively take part in and expand joint JCM projects through partnerships with Japanese and overseas partners.

OUR MATERIALITY
Contribution to low-carbon society



8 Corporate Governance

Evolution of Tokyo Century's Corporate Governance System

Recognizing that effective corporate governance is a key management concern for maximizing corporate value, Tokyo Century endeavors to create a sound and highly transparent management structure that facilitates accurate decisions and swift responses to changes in the operating environment.

1. History of Strengthening Our Corporate Governance System

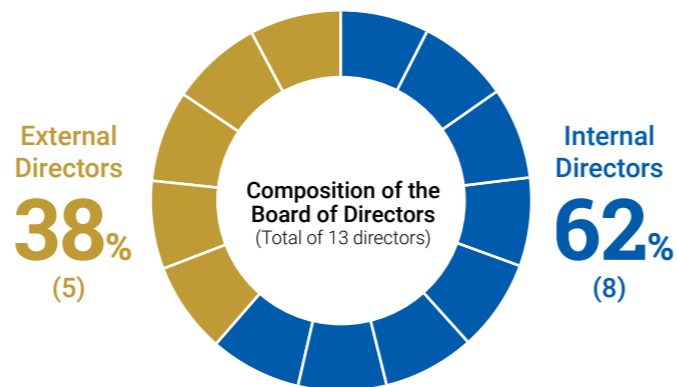
Over the past decade, Tokyo Century has implemented various measures to separate the executive function from the oversight function and otherwise strengthen its corporate governance system.

Details	
2011	• Appointment of an external director
2015	• Compliance with Japan's Corporate Governance Code • Number of external directors increased (from one to two)
2016	• Board Effectiveness Review Council meeting held • Establishment of the Nomination and Compensation Committee
2017	• Number of external directors increased (from two to three)
2018	• Number of external directors increased (from three to four) • Separation of the Nomination and Compensation Committee into two entities: the Nomination Committee and the Compensation Committee
2019	• Number of external directors increased (from four to five, external directors represent at least one-third of all directors)
2019	• System reforms implemented, including the appointment of external directors as chairpersons of the Nomination Committee and the Compensation Committee
2021	• Number of internal directors reduced (from 15 to 13) • Shift to system incorporating diversity

➔ Composition of the Board of Directors (as of July 1, 2021)

Initiatives for better exercising the functions of the Board of Directors and for promoting diversity were included among the important themes put forth for fiscal 2020, a step ahead of the revision to Japan's Corporate Governance Code.

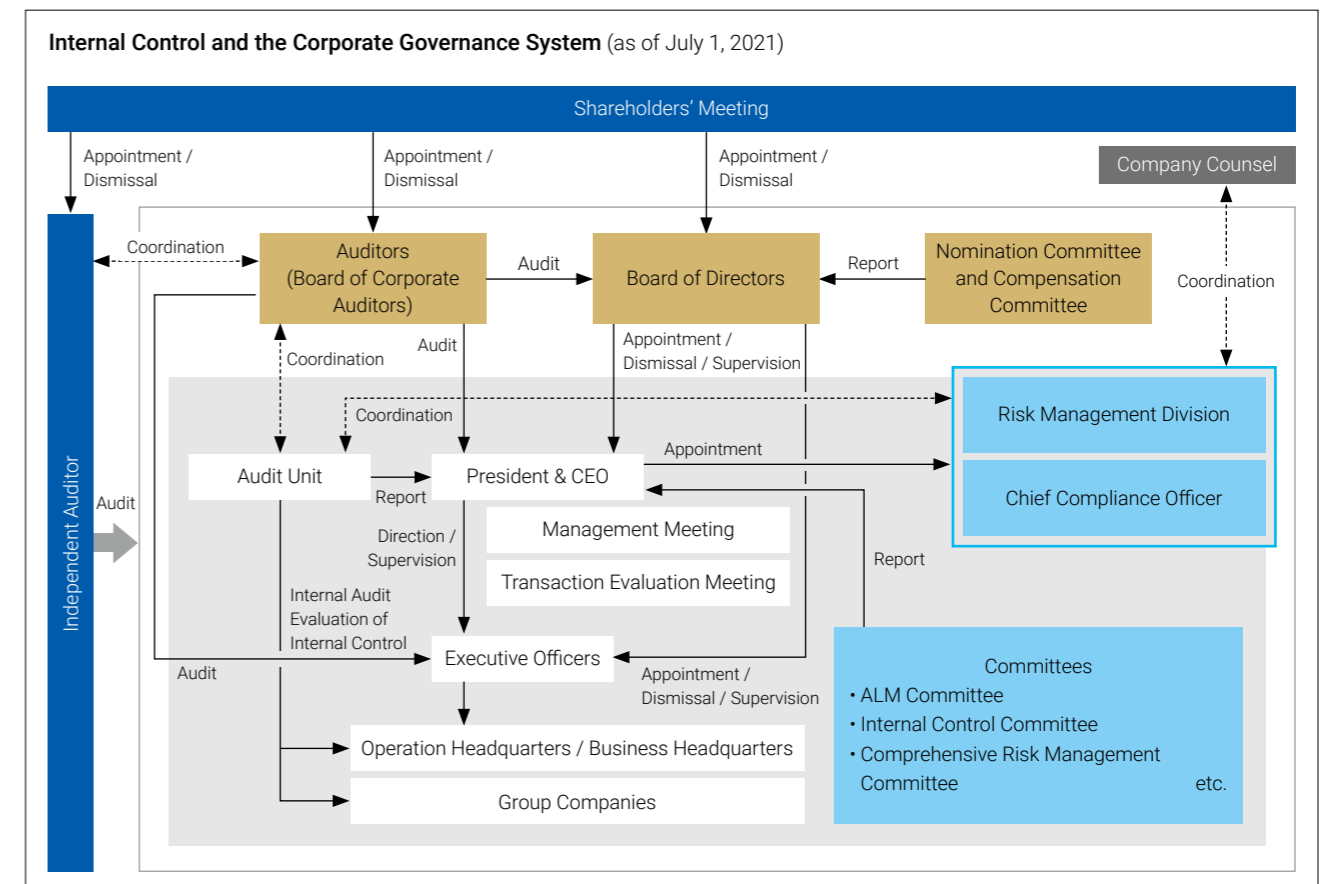
Measures for achieving these objectives were examined, leading the Company to reduce the number of internal directors by two while continuing to have external directors represent at least one-third of all directors. In addition, a female external director was appointed for the first time in line with efforts supporting greater diversity in our corporate governance system. We will continue working to improve the functionality of the Board of Directors.



2. Management Structure

Tokyo Century's management structure centers on the Board of Directors and the Board of Corporate Auditors. Its executive officer system accelerates management strategy decisions and continuously strengthens supervision and operational execution. The Company has one female officer among its 30 executive officers.

	Chairperson	Number of Members	Meetings Held in Fiscal 2020	Overview
Board of Directors	Makoto Nogami President & CEO, Representative Director	13	12	The Board of Directors deliberates on and makes decisions about the policies, strategies, business plans, and other key management issues of the Company and Group companies as well as matters specified by prevailing laws and regulations, the Articles of Incorporation, and rules governing the Board. It also supervises the execution of operations by directors and executive officers.
Board of Corporate Auditors	Futoshi Okada Standing Corporate Auditor (External Corporate Auditor)	4	8	The Board of Corporate Auditors meets regularly and executes independent and fair audits of the compliance and appropriateness of corporate activities, including the performance of duties by directors and executive officers.
Management Meeting	Makoto Nogami President & CEO, Representative Director	11	Once a week, in principle	The Management Meeting deliberates on particularly important matters concerning the execution of operations and makes decisions for the entire Group.
Transaction Evaluation Meeting	Ko Nakagawa Managing Executive Officer	10	Once a week, in principle	The Transaction Evaluation Meeting discusses and makes decisions about major business transactions being considered by Tokyo Century and Group companies as well as transactions that warrant complex risk analysis.



8 Corporate Governance

Evolution of Tokyo Century's Corporate Governance System

3. Committees

Name	Purpose	Meetings Held in Fiscal 2020
Nomination Committee	Primarily consists of independent directors, advises the Board of Directors, deliberates on the nomination of candidates for director and corporate auditor positions, and reports to the Board of Directors	8
Compensation Committee	Primarily consists of independent directors, advises the Board of Directors, discusses matters such as directors' compensation systems and policies, and reports to the Board of Directors	4
Asset Liability Management (ALM) Committee	Discusses matters relevant to managing market, liquidity, and other risks in order to identify and minimize the exposure of assets and liabilities to risks, including fluctuations in interest and foreign currency exchange rates, and reports to the Management Meeting	4
Internal Control Committee	Discusses general internal control matters, including evaluation of the effectiveness of the financial reporting system, and scope of evaluation to ensure the internal control system functions effectively and reports to the Management Meeting	3
Comprehensive Risk Management Committee	Discusses matters such as construction of the risk management system and approaches to measuring risk and also periodically assesses the Company's risk exposure and reports to the Management Meeting	4
Credit Risk Management Committee	Discusses matters including the Group's credit portfolio as a whole and credit risk management and reports to the Management Meeting	2
IT and Administration Strategy Management Committee	Discusses matters including IT strategy, IT investment plans, and administrative system plans of Tokyo Century and Group companies and reports to the Management Meeting	3
Sustainability Committee	Reports important matters related to the Group's sustainability activities to the Board of Directors; plans, promotes, and oversees the Group's sustainability activities; discusses important issues related to sustainability; and reports to the Management Meeting	2

Composition of Committees (Directors) (as of July 1, 2021)

● Chairperson ● Member

Position	Name	Nomination Committee	Compensation Committee	ALM Committee	Internal Control Committee	Comprehensive Risk Management Committee*	Credit Risk Management Committee*	IT and Administration Strategy Management Committee	Sustainability Committee
Chairperson, Representative Director	Shunichi Asada	●	●	●				●	
President & CEO, Representative Director	Makoto Nogami	●	●	●				●	
Deputy President, Representative Director and Executive Officer	Masataka Yukiya		●	●				●	
External Director	Masao Yoshida	●	●						
	Yukito Higaki	●	●						
	Akio Nakamura	●	●						
	Toshio Asano	●	●						
	Miho Tanaka	●	●						
Deputy President, Director and Executive Officer	Akihiko Okada			●	●				
	Keiichiro Ogushi			●					
Director and Senior Managing Executive Officer	Koichi Baba			●	●	●	●	●	●
Director and Managing Executive Officer	Tatsuya Hirasaki			●	●	●	●	●	●
Director	Toshihito Tamba	●							

* Managing Executive Officer Ko Nakagawa serves as the chairperson of the Comprehensive Risk Management Committee and the Credit Risk Management Committee.

4. Diversity of Directors

Tokyo Century aims to appoint a diverse team of directors in order to strengthen the frameworks for ensuring effective oversight and advisory functions for the Board of Directors. To facilitate this effort, a skills matrix detailing the skills of internal and external directors has been prepared and approved by the Board of Directors.

Director Skills Matrix (as of July 1, 2021)

Position	Name	Age	Background	Specialization				
				Corporate Management	Global Operations	Legal Affairs / Risk Management	Finance	Accounting / Taxation
Chairperson, Representative Director	Shunichi Asada	72		●	●		●	
President & CEO, Representative Director	Makoto Nogami	67		●			●	
Deputy President, Representative Director and Executive Officer	Masataka Yukiya	65		●			●	
	Masao Yoshida	72	Former president and representative director of Furukawa Electric Co., Ltd.	●	●		●	●
External Director	Yukito Higaki	58	President of Imabari Shipbuilding Co., Ltd.	●	●		●	
	Akio Nakamura	65	Former director-general of the Financial Bureau, Ministry of Finance	●		●	●	●
	Toshio Asano	68	Former president and representative director of Asahi Kasei Corporation	●	●			
	Miho Tanaka	46	Partner of Shiba & Tanaka Law Offices			●	●	
Deputy President, Director and Executive Officer	Akihiko Okada	61		●	●			
	Keiichiro Ogushi	60		●			●	
Director and Senior Managing Executive Officer	Koichi Baba	60			●		●	
Director and Managing Executive Officer	Tatsuya Hirasaki	53					●	●
Director	Toshihito Tamba	71		●	●		●	●

8 Corporate Governance

Evolution of Tokyo Century's Corporate Governance System

5. Director Appointment Policies

➔ Policies for the Nomination of Director Candidates

Regarding the nomination and appointment of director candidates, taking into consideration its fiduciary responsibility to stakeholders, Tokyo Century nominates individuals who are qualified to contribute to the Company's sustainable growth and to the improvement of medium- to long-term corporate value based on expertise, extensive knowledge, or abundant experience gained in corporate management and operational execution. Decisions concerning the nomination and appointment of director candidates are undertaken by the Board of Directors with reference to opinions of the Nomination Committee. The Nomination Committee is chaired by an independent external director and the majority of its members are independent external directors.

➔ Reasons for the Appointment of New Directors

On July 1, 2021, the Company appointed two new directors: Miho Tanaka and Tatsuya Hirasaki.

Ms. Tanaka has abundant experience and extensive knowledge as an attorney-at-law, particularly in regard to corporate legal affairs and M&A activities. Ms. Tanaka was appointed as an external director as it is expected that she will be able to contribute to effective oversight of operational execution from an independent perspective based on her deep insight and robust experience.

Mr. Hirasaki has abundant experience and extensive knowledge gained in operational execution in fields including accounting and corporate planning at Tokyo Century. Mr. Hirasaki was appointed as a director as it is expected that he will be able to use his experience and knowledge to contribute to the Company's sustainable growth and to the improvement of medium- to long-term corporate value.

6. Major Items Raised at Meetings of the Board of Directors in Fiscal 2020

Category	Item
General management	<ul style="list-style-type: none"> Earnings target formulation and progress management Management reports from major subsidiaries Discussions of stock acquisitions and sales and investments exceeding predefined amounts Establishment of fund investment limits
Officers	<ul style="list-style-type: none"> Appointment of representative directors and directors with titles Compensation and bonuses for directors Appointment of executive officers
Stocks	<ul style="list-style-type: none"> Dividend policies for consolidated subsidiaries Interim dividends
ESG	<ul style="list-style-type: none"> Endorsement of TCFD recommendations Non-financial key performance indicators related to materiality Report on Companywide initiatives for improving employee engagement Evaluation of Board of Directors' effectiveness and report on evaluation Details of Meetings of the Nomination Committee and the Compensation Committee Cross-shareholdings
Others	<ul style="list-style-type: none"> Approval of business plans, financial statements, etc. Nomination of director and corporate auditor candidates Compliance initiative plans and progress reports Audit plans and implementation reports Establishment of DX Strategy Division

7. Evaluation of the Effectiveness of the Board of Directors and Issues

The Company hires a third-party assessment institution to objectively evaluate the effectiveness of the Board of Directors and uses its evaluation reports during meetings of the Board Effectiveness Review Council.

➔ Important Themes for Fiscal 2020

1	Reinforcement of control and oversight functions for subsidiaries and affiliates	Bolster monitoring of investee companies in view of growing business risks associated with large-scale M&A activities and investments implemented in fiscal 2019
2	Composition of Board of Directors, including giving consideration to issue of diversity	Deepen discussion on Board's oversight functions and continue to explore ideal ratio of internal and external directors and gender and global aspects of diversity

➔ Results of the Fiscal 2020 Effectiveness Evaluation

In fiscal 2020, the Board of Directors was deemed to be adequately and appropriately fulfilling its roles and duties, which are (1) providing overall direction by setting corporate strategies; (2) creating an environment conducive to appropriate risk-taking by senior management; and (3) exercising highly effective oversight of senior management and directors from an independent and objective standpoint. Looking ahead, the Board of Directors will continue to discuss medium- to long-term management strategies with appropriate consideration paid to the operating environment and circumstances related to the Company.

Highly Evaluated Areas	Major Issues for Fiscal 2021
<ol style="list-style-type: none"> Acceleration of initiatives for enhancing investment risk management by clarifying investment continuation and withdrawal standards and developing investee monitoring processes through establishment of investment management framework Improvement of diversity and balance of knowledge, experience, and skills among members of the Board of Directors by appointing female external director and reducing the number of internal directors to revise Board scale based on discussions centered on Nomination Committee regarding ideal structure and composition of oversight functions 	<ol style="list-style-type: none"> Invigoration of discussions at meetings of the Board of Directors Discussions emphasizing cost of capital Reinforcement of information-sharing systems of Group companies Promotion of diversity management

➔ Measures for Addressing Major Issues for Fiscal 2021

Invigoration of discussions at meetings of the Board of Directors	Utilization of capacity for examining measures to continue invigorating discussions, including revising proposal standards and meeting proceedings, and engaging in open discussions
Discussions emphasizing cost of capital	Continuation of current practice of reporting policies for cost of capital and returns to the Board of Directors as appropriate
Reinforcement of information-sharing systems of Group companies	Arrangement of opportunities for discussions between officers and employees of Group companies and external directors and further reinforcement of management frameworks
Promotion of diversity management	Acceleration of measures for promoting diversity, such as increasing the ratio of female managers

8 Corporate Governance

Evolution of Tokyo Century's Corporate Governance System

8. Officer Compensation

➔ Policies and Method for Determining Officer Compensation

Policies for determining the amounts of compensation to be paid to individual directors are decided through deliberations by the Board of Directors after consulting with the Compensation Committee, which primarily comprises independent external directors, and receiving advice from external experts.

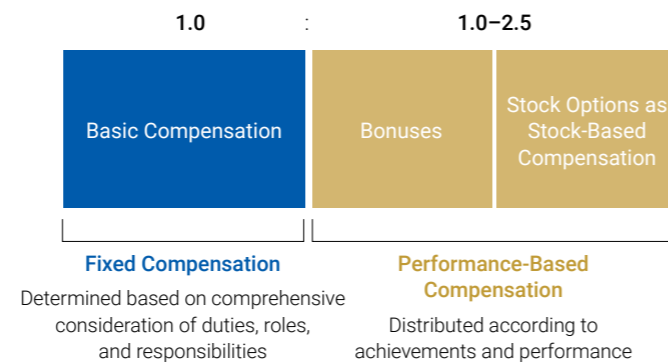
Systems for director compensation are designed to raise director awareness regarding the enhancement of shareholder value by aligning the interests of directors with those of shareholders through healthy incentives to contribute to the ongoing growth of the Company and frameworks for linking compensation to the medium- to long-term development of its businesses. In addition, director compensation systems aim to attract outstanding talent in order to recruit and cultivate individuals who can drive the improvement of the Company's corporate value.

Compensation policies, systems, and levels are decided by the Board of Directors based on consultations with and reports from the Compensation Committee.

Compensation systems comprise basic compensation, bonuses, and stock options provided as non-monetary, stock-based compensation. Basic compensation, which is fixed compensation, is determined through a comprehensive consideration of such factors as the duties, roles, and responsibilities of the recipient. The compensation of directors responsible for operational execution comprises basic compensation as well as performance-based bonuses and stock options provided as stock-based compensation. The payment ratio of basic compensation and performance-based compensation is set at approximately 1.0:1.0–2.5 and is determined within this range by comprehensively taking into account achievements and performance based on each director's expected duties.

The Compensation Committee discusses matters regarding the compensation of individual directors, including whether this compensation adheres to the defined policies. The president & CEO then decides individual compensation amounts based on and in consideration of reports from the Compensation Committee. The Board of Directors therefore judges that compensation amounts have been decided based on the defined policies.

The compensation of external directors and corporate auditors, who are in positions independent of operational execution, consists entirely of basic compensation based on their roles. In addition, the compensation of corporate auditors is decided through deliberations among the corporate auditors within the defined limits.



Compensation and Eligible Officers

Officer Category	Total Compensation (Millions of Yen)	Total Compensation by Type (Millions of Yen)			Number of Eligible Officers
		Fixed Compensation	Performance-Based Compensation	Non-Monetary Compensation	
Directors (excluding external directors)	699	320	194	184	11
Corporate auditors (excluding external corporate auditors)	45	45	–	–	2
External officers	133	133	–	–	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."
- Although the total number of directors and the total number of corporate auditors as of March 31, 2021, were 15 and 4, respectively, the above compensation amounts also include payments to one director who retired on June 22, 2020.

9. 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 confirming 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 operations, risk profiles are becoming more sophisticated and complex. Accordingly, Tokyo Century aims to conduct internal audits that are effective from a risk-based approach. Through such auditing activities, we strive to 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 Subsidiaries

Major domestic subsidiaries as well as major overseas subsidiaries Aviation Capital Group LLC 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 Policy

Tokyo Century shall promote forward-looking audits that contribute to more sophisticated risk control and improved corporate value.

- Audit quality shall be enhanced and audit personnel shall be cultivated to improve capacity for audits to assess organizational and business risks.
- Internal audits and information sharing shall be performed to prevent misconduct and scandals and to facilitate the implementation of internal controls.
- Instruction and support shall be provided to help growing domestic and overseas Group companies implement audit systems, and coordination shall be practiced for this purpose.

Message from an External Director



I will lend my support to evolving corporate governance at Tokyo Century to ensure that the Company continues to enjoy sustainable growth over the long term.

Masao Yoshida
External Director
Chairperson of the Compensation Committee

I voice suggestions at meetings of the Board of Directors from two perspectives: that based on my experience as a corporate manager and that based on my viewpoint as an outsider. Through this approach, I aim to help Tokyo Century contribute to the realization of an environmentally sound, sustainable economy and society and achieve sustainable growth over the long term through its focus on the concept of "Finance × Services × Business Expertise."

Tokyo Century provides financial functions as well as various businesses and services. I have experience as a manager of a company also engaged in multiple businesses. Based on this experience, I try to pose questions to management from a business perspective. For example, Tokyo Century aspires to contribute to the creation of an environmentally sound, sustainable economy and society and to achieve sustainable growth, and it is advancing initiatives to help accomplish the Sustainable Development Goals (SDGs) in order to achieve its objectives. Given that resources are finite, the efficient use of resources will be crucial to this undertaking. This need for efficiency could be seen as an underlying principle for all business activities. I remain always mindful of this fact when voicing opinions at Board meetings with the aim of confirming

whether or not the Company's business plans are sufficiently cognizant of this need. In the solar power generation business, for instance, this need manifests in whether the option of reuse is selected when it is time to dispose of end-of-life solar panels and whether frameworks for minimizing disposal costs have been envisioned. These factors are incredibly important, and I am rigorous in ensuring that they have been properly considered.

Homogeneity is not necessarily beneficial to a company's management. For this reason, I look to also offer the viewpoint of an outsider, alongside my business perspective, in my capacity as an external director. A constant focus of mine is thus to inquire into the validity and rationality of proposals at Board meetings from an objective standpoint.

The Company's drive toward realizing sustainable growth over the long term will be supported by identifying materiality as a set of key issues linked to the creation of an environmentally sound, sustainable economy and society and to the accomplishment of the SDGs and by incorporating these issues into concrete plans.

I think it is important for companies to broaden their efforts beyond simply maximizing profits to simultaneously find ways to contribute to society through their business. A company cannot remain sustainable over the long term if it does not do this. Consideration for environmental, social, and governance (ESG) factors will be absolutely essential for this purpose. Tokyo Century has identified its materiality as a set of key issues that correlate with the SDGs selected based on their degree of impact on its management and on its quest to create an environmentally sound, sustainable economy and

society, and these issues have been incorporated into its medium- to long-term plans. It is important that consideration of ESG factors and the SDGs does not stop with abstract discussions; these factors and goals must be incorporated into concrete plans coupled with key performance indicators and then matched with actions to accomplish the goals of these plans. I have great confidence that the scope and effectiveness of the Company's plans will lead to long-term growth, and I aim to support the implementation of these plans to my fullest.

Corporate governance at Tokyo Century is evolving steadily. The next step will be to reinforce the governance systems of consolidated subsidiaries and to strengthen systems for implementing management strategies.

I have been an external director at the Company since 2017. Compared with when I first joined, the Nomination Committee and the Compensation Committee have evolved significantly in terms of effectiveness. Moreover, I have recently seen discussions at Board meetings lead to the development of investment decision and withdrawal standards from the perspective of risk management. In this manner, the Company's corporate governance system is functioning effectively with regard to the implementation of management strategies.

Measures to continue evolving corporate governance will be vital to ensuring that Tokyo Century can continue to grow sustainably over the long term. The influence of consolidated subsidiaries' performances on the Company's earnings has been rising as of late, meaning that reinforcing the governance systems of consolidated subsidiaries is a significant matter. Companies are run by people, and it is of utmost importance for the management teams of consolidated subsidiaries to practice sound management as well. External directors are currently limited in the extent to which they are able to visit consolidated subsidiaries as a result of the COVID-19 pandemic. I therefore look forward to visiting consolidated subsidiaries both in Japan and overseas after the pandemic subsides to share information on the issues faced by these subsidiaries.

I will continue to offer input in my capacity as an external director to support Tokyo Century in achieving sustainable growth over the long term.

There are two key concepts that I think will be important for the Company to focus on in its pursuit of long-term sustainable growth. The first of these concepts is the combination of diversity. Tokyo Century got its start as a financial services company, and it saw an increase in mid-career hiring of officers and employees in conjunction with the expansion of its business scope thereafter. It is now home to a large number of specialists from a diverse assortment of backgrounds, ranging from real estate companies to shipping companies and airlines. In the future, efforts aimed at combining and merging these diverse human resources and their diverse skills will be crucial to the success of the Company. I am confident that the combination of such diversity will give rise to unique businesses that create new value.

The second key concept is the reinforcement of global systems. Today, it is possible to receive information from anywhere in the world instantaneously, and global standards are rapidly being developed against this backdrop. Meanwhile, people live their everyday lives within their local communities. Such a setting means that it is important to become increasingly mindful of both global and local circumstances. For this reason, the Company needs to introduce non-Japanese people



A consensus regarding the importance of such face-to-face interactions has been seen at recent meetings of the Board of Directors.

Next, I would like to talk about the effective use of employee satisfaction and awareness surveys. One cannot deny that, if a company hopes to achieve sustainable growth over the long term, it must encourage its employees to feel an attachment to their company. Tokyo Century has become more proactive in administering employee satisfaction and awareness surveys over the past couple of years as well as in implementing measures for improving employee awareness based on the results of these surveys. I feel that it would be incredibly effective if the Company were to issue follow-ups to these surveys a few years from now.

into its management team and Board of Directors in order to create an environment that is conducive to the cultivation of human resources who can excel on the global stage. The development of plans for fostering future management candidates on a global scale will, at the same time, help create the governance systems required by globalization. These efforts will be necessary if Tokyo Century looks to grow out of the shrinking Japanese market to become a player in the growing global market.

To begin this process, Tokyo Century should assemble a team of people, from both inside and outside the Company, who resonate with its management vision and Management Philosophy. It should then go on to seek out global management personnel who can contribute to its sustainable growth over the long term. Such an undertaking will not be easy, but it is a challenge that I hope the Company will rise to.

With a focus on progress toward embracing these two concepts, I will continue to offer input in my capacity as an external director in order to help Tokyo Century move forward with efforts in this regard and to support the Company in achieving sustainable growth over the long term.

8 Corporate Governance

Risk Management and Compliance



Ko Nakagawa

Managing Executive Officer
President, Credit Supervision Unit
Chief Compliance Officer (CCO)
President, Risk Management Unit
President, Legal Unit

Comprehensive Risk Management Supporting Improvements in Corporate Value

Tokyo Century has been expanding its business domain and providing solutions to social issues by creating unique financial services that go beyond conventional leasing in a business environment free of regulatory constraints. Our corporate culture drives us to take on the challenge of developing unprecedented businesses to create value in new risk areas. The global COVID-19 pandemic created risks of so-called unexpected losses with regard to certain elements of our business portfolio. Fortunately, Tokyo Century's effective approach toward comprehensive risk management enabled us to take advantage of our multi-faceted business portfolio to mutually compensate for any shortfalls in given businesses, and we were thereby able to achieve a sufficient level of growth. This resilience has been positively evaluated, leading to upward revisions to the ratings outlooks for both Tokyo Century and Aviation Capital Group LLC (ACG), our largest subsidiary, from several external ratings firms, despite the current challenging environment.

Our risk management approach continues to be focused on strengthening visual risk management and enhancing consolidated Group governance in Japan and overseas through the use of consolidated enterprise risk management (ERM) and management information system (MIS) measures.

The development of a sophisticated risk management system is one of the key tasks in the New Fourth Medium-Term Management Plan. Efforts to address this key task

Tokyo Century is reframing its approach toward risk management in order to better live up to the expectations of its various stakeholders and of society and to grow into a more resilient* company that can continue to create new value.

Specifically, we look to evolve our risk management functions from those aimed at limiting business losses to those oriented toward supporting the maximization of corporate value.

culminated in a new investment management framework implemented in April 2020 to address the expansion of our viable businesses. At the same time, we are constantly bolstering our systems for managing non-financial risks in order to meet various social expectations for environmental management, information security, crisis management, and quality control.

Sound Operations Founded on Stringent Risk Management and Strong Compliance Imperative to an Innovative and Creative Company

To create new value and achieve sustainable growth as an entity that has an impact on society, a company must be both durable and flexible. In other words, it must demonstrate resilience under both normal and unexpected conditions. Moreover, sound operations founded on stringent risk management and strong compliance are imperative to an innovative and creative company like Tokyo Century. Risk management requires considering Companywide profits together with the rationality of the risks to be taken. To ensure such management, Tokyo Century will effectively utilize its risk management framework while reviewing the status of its business activities as necessary and taking on new challenges.

* The quality of being able to respond to changes in the operating environment by using these changes to generate innovation from new solutions

Risk Management

➔ Comprehensive Enterprise Risk Management

The Tokyo Century Group will continue to practice comprehensive enterprise risk management (ERM) following 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, which is 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. In addition, the return on invested capital (ROIC) spread (ROIC less weighted average cost of capital) is regularly monitored as a cost-of-capital-based indicator of the risk and reward balance of specific business areas.

Even amid the COVID-19 pandemic, we will continue to maintain the capital use rate at the appropriate guideline level while securing sufficient growth potential.

➔ Visual Risk Information Tracking at the Management Level (MIS)

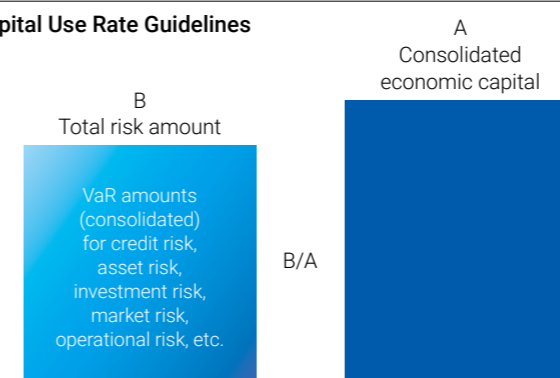
In addition to quantifying risks on a consolidated basis and controlling the capital use rate, we implement a visual MIS. Under the

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. One particular subject for regular reporting to the Board of Directors is the key risk indicators (KRIs) established for non-financial risks (including those related to human resources, information security, accidents, compliance, and climate change) in light of the increased importance of non-financial operational risks resulting from the expansion of our business scope.

In our global operations, we pay particular attention to ACG and CSI Leasing, Inc. (CSI), our U.S.-based subsidiaries that specialize in leasing and for which the scale of investment and assets is quite 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. However, it is also important to establish unified governance in line with the Company's corporate standards from the standpoint of consolidated management control. Accordingly, the management standards of ACG and CSI are being integrated into the global management policies of Tokyo Century. ACG and CSI were both large acquisitions, and we feel that these companies are prime examples of effective post-merger integration.

The Company continues to appoint three members to the board of directors of ACG, in which we have made our largest investment to date, and to practice a business management approach focused both on outward expansion and the reinforcement of internal frameworks. As a second line of defense, a risk management framework has been established in coordination with the Credit Supervision Unit and the Risk Management Unit of head office. To serve as a third line of defense, an independent internal control framework has also been set up in coordination with the Audit Unit. Physically visiting operating sites is not currently feasible due to the COVID-19 pandemic, but we maintain close contact with local third-party audit firms and conduct consistent monitoring and sharing of certain risk information to enable management members and directors to track the risks inherent in the Group's business portfolio in a time-sequential manner.

Capital Use Rate Guidelines



8 Corporate Governance

Risk Management and Compliance

Major Risks and Management Approaches

Risk Category	Definition	Management Approach
Credit risk	Risk of losses from deterioration in the credit standing of borrowers, includes project finance and country risk	Credit Risk Management Committee (credit risk measurement, analysis), Transaction Evaluation Meeting (review of large projects and new scheme projects, etc.), introduction of internal rating system, country exposure management, etc.
Market risk	Interest rate risk Risk of losses from interest rate fluctuations	ALM Committee (market risks such as fluctuations in interest rates and foreign exchange rates, liquidity risk related to fund procurement); introduction of risk management tools such as hedge ratio, maturity ladder, gap analysis, GPS (Grid Point Sensitivity), VaR, etc.
	Foreign exchange risk Risk of losses from foreign currency-denominated assets and liabilities owing to fluctuations in foreign exchange rates	
Liquidity risk	Risk of losses from difficulty in procuring funds or increase in funding costs owing to Company-specific factors; systemic risk of losses resulting from difficulty in procuring financing owing to overall uncertainty in capital markets	
Investment risk	Equity investment risk Risk of losses from factors such as decline in prices or poor performance of listed/unlisted equities, funds, venture investments, REIT investments, etc.	Management Meeting and Board of Directors (policy and status of investment in equities, etc.) Comprehensive Risk Management Committee (investment risk measurement)
	Business investment risk Risk of losses from investment activities in specific businesses	Investment Management Committee ← Established in FY2021 (Investment screening, progress management, continuation/withdrawal decision-making) Comprehensive Risk Management Committee (risk measurement, monitoring status)
Asset risk	Risk of losses from fluctuations in the value of real estate, aircraft, ships, automobiles, and other products as well as losses resulting from operating businesses related to these assets, includes risk of holding and investing in non-recourse loans, equity investments, investment assets, etc.	
Operational risk	Following 10 categories as non-financial risks identified for monitoring <ul style="list-style-type: none"> ● Administration risk ● Fraud risk ● System risk ● Information security risk ● Legal risk ● Employment management risk ● Disaster risk ● Regulatory and system change risk ● Climate change risk ← Added in FY2020 ● Reputational risk 	Administration risk and system risk: IT and Administration Strategy Management Committee (preparation and operation of IT strategy, IT investment, 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 Large-scale natural disasters and other crises: Establishment of Crisis Management Rules, Business Continuity Plan Rules, etc.; preparation and operation of BCP manual, safety confirmation system, etc. Other operational risks: Comprehensive Risk Management Committee (analysis and risk measurement, countermeasure planning, non-financial KRI monitoring, etc.)

With respect to Group risk management, we mainly manage the following risks based on the characteristics of our business operations.

Relationship between Major Group Companies and Main Risk Categories

Risk Category	Tokyo Century	Nippon Car Solutions	Fujitsu Leasing	Nippon Rent-A-Car Service	Orico Auto Leasing	Shinko Real Estate	Orico Business Leasing	Aviation Capital Group	CSI Leasing	TC Skyward Aviation
Credit risk	●	●	●	●	●	●	●	●	●	●
Market risk	●	●	●	●	●	●	●	●	●	●
Interest rate risk	●	●	●	●	●	●	●	●	●	●
Foreign exchange risk	●	●	●	●	●	●	●	●	●	●
Liquidity risk	●	●	●	●	●	●	●	●	●	●
Investment risk	●	●	●	●	●	●	●	●	●	●
Equity investment risk	●	●	●	●	●	●	●	●	●	●
Business investment risk	●	●	●	●	●	●	●	●	●	●
Asset risk	●	●	●	●	●	●	●	●	●	●
		Automobile	General residual value	Automobile	Automobile	Real estate		Aircraft	General residual value	Aircraft
Operational risk	●	●	●	●	●	●	●	●	●	●

Note: The scope of management extends to all consolidated subsidiaries. The table above only lists Tokyo Century's significant subsidiaries subject to internal control under Japan's Financial Instruments and Exchange Act.

Investment Management Framework

As the scope of Tokyo Century's business expands, the number of investment projects undertaken by the Company is growing and the associated risks are becoming more complex. For the purpose of effectively controlling the diversifying investment risks and optimizing our business portfolio, we instituted a new investment management framework in April 2021. Primary focuses of this framework include clarifying investment screening, continuation, and withdrawal standards and developing standardized monitoring processes.

Under this framework, meetings of investment advisory committees will be held prior to discussions by the Management Meeting as part of the process for screening investments of a predetermined scale, in order to confirm the anticipated level of profitability after considering capital costs based on the inherent risks (quantitative standards) and the compatibility with Tokyo Century's strategies (qualitative standards). In addition, multifaceted evaluations will be conducted by business divisions with regard to business plans, investment structures, and projected quantities of risk and environmental impacts. After investment, projects will continue to be monitored through standardized processes, and the status of projects and their conformity to the scenarios formulated at the time of their selection will be confirmed regularly. Should it become apparent that a project will not be able to achieve its initial targets, discussions will be arranged on whether investment will be continued.

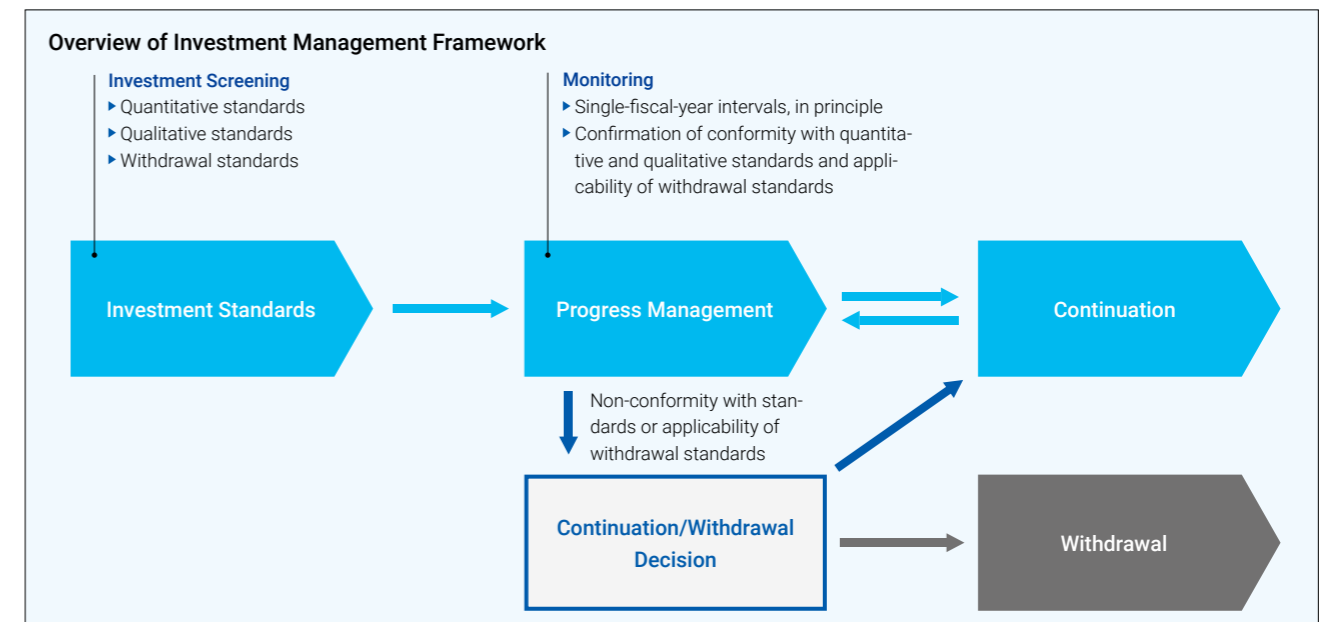
This new investment management framework will be implemented going forward to facilitate the standardized management of processes spanning from investment screening to monitoring and decisions of continuation or withdrawal. Through this approach, the Company will endeavor to enhance investment risk management while accelerating the optimization of its business portfolio.

Environmental Management

Tokyo Century recognizes that helping address environmental issues is part of its responsibility toward society. Based on this recognition, we have developed an environmental management system, for which we have received certification based on ISO 14001, the international standard for such systems. This environmental management system facilitates ongoing improvements through planning, implementation, and operation and confirmation of environmental initiatives based on a PDCA (plan-do-check-act) cycle and regular management reviews of these initiatives.

The Company's Management Philosophy and Basic Environmental Policy state that it will contribute to the creation of an environmentally sound, sustainable economy and society. Contributing to the environment through our business activities is imperative to accomplishing this goal. Accordingly, we have begun conducting environmental impact assessments based on environmental impact assessment worksheets in order to confirm and track the impact of new projects in Japan on the environment.

Moreover, in fiscal 2020 climate change risk was introduced as a new risk under the non-financial operational risk category in reflection of the fact that climate change has the potential to seriously impact management. The Comprehensive Risk Management Committee reports to the Board of Directors on the results of monitoring of related non-financial KRIs twice a year.



8 Corporate Governance

Risk Management and Compliance

Information Security

Information Security Measures

Tokyo Century views information security as a crucial issue affecting corporate management, rather than just being a task for the IT Unit. Implementing necessary information security measures is essential for protecting the Company and its customers' information assets from incidents of cyberterrorism such as targeted attack emails, ransomware, and business email fraud. The Company has obtained certification under ISO 27001, the international standard for information security management systems. Under the leadership of the Information Security Committee, we regularly revise regulations and rules regarding information management, conduct regular risk assessments to address information security risks, and carry out surveys to evaluate effectiveness.

We also recognize the importance of all officers and employees having a deep understanding of IT risks and taking necessary measures in their daily activities in addition to building a strong information security system encompassing both tangible and intangible elements. Accordingly, information security training and drills for handling targeted attack emails are regularly conducted to improve the information security awareness of all officers and employees.

Cybersecurity Measures

The TC-CSIRT (computer security incident response team) has been set up within the IT Unit as a dedicated cybersecurity organization. In the event of a cybersecurity incident, this team acts to minimize the damage. 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, preparing security manuals, and educating officers and employees. As cyberattacks grow more sophisticated and complex, we endeavor to refine our cybersecurity measures by periodically having these measures assessed by third-party institutions and actively exchanging knowledge with external partners through membership in the Nippon CSIRT Association. In addition, we hold regular drills that simulate cyberattacks to strengthen our capabilities for responding to cybersecurity incidents. Through such drills, we strive to both verify our cybersecurity incident response capabilities and enhance our response framework by continuously identifying areas of improvement and examining new measures.

Information Security Issues at Group Companies

Certain Group companies are involved in consumer businesses, which raises the need to further reinforce our personal information management efforts. Meanwhile, the global development of our business has resulted in Group companies being located around the world. We are thus aware of the need to strengthen information security measures in accordance with diverse cultures and regulatory systems. In fiscal 2020, incidents at Group companies in Japan included malware infections and

unauthorized access to corporate websites through cyberattacks. Meanwhile, incidents at overseas Group companies that occurred involved the receipt of emails purporting to be from our business partners or executives of Tokyo Century. We encourage closer collaboration with Group companies by establishing security guidelines for said companies, strengthening management of outside subcontractors, providing information on information security, and holding regular liaison meetings. We also strive to prevent security incidents by bolstering the security systems of Group companies through increased involvement by the IT Unit in their operations.

In addition to these efforts, we conduct regular drills for officers and employees that simulate a suspicious email attack without prior notice. Such email drills were conducted targeting the Company and its domestic and overseas Group companies with emails in Japanese, English, and Chinese several times during fiscal 2020. These drills have proved to be an effective training method for improving the information security awareness of officers and employees.

Compliance

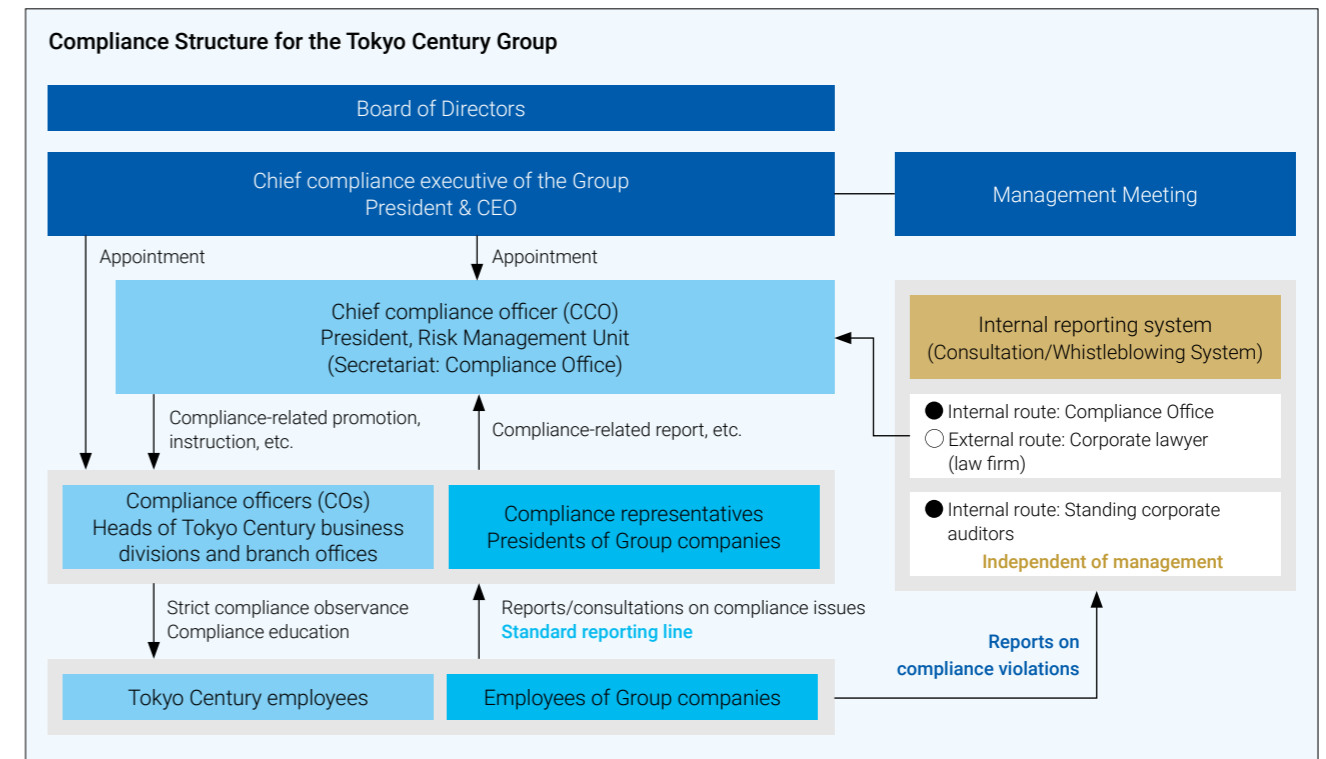
Compliance Structure Composed of Compliance Officers

At the Tokyo Century Group, the Compliance Office promotes Groupwide 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, along with the presidents of each Group company, act as compliance officers (COs) with the responsibility of guaranteeing compliance with all relevant laws and regulations and ensuring that business activities are kept in line with social norms. In addition, the CCO, who is concurrently president of the Risk Management Unit, also serves on ACG's board of directors and directly engages in compliance communication.

Rigorous Compliance at Consolidated Group Companies

The Risk Management Liaison Committee for Group companies meets regularly each year to work on strengthening consolidated business management. This committee, attended by compliance representatives from domestic Group companies, has already met 15 times since its establishment and proved to be a valuable forum for internal communication and sharing important compliance issues.

A major task faced amid rapid global expansion in our business domain is to integrate into the Group's compliance structure practices pertaining to compliance that are matched to the specific circumstances of the operations of individual Group companies. For example, CSI has established a compliance portal system with a multiple-language interface that is available on a



global basis. ACG, meanwhile, is revising its compliance rules to bring them in line with Tokyo Century's compliance standards, while also strengthening its frameworks through means such as using online systems for compliance reporting.

For overseas Group companies, relevant head office divisions utilize remote meetings, e-learning programs, and other tools to overcome the recent difficulties in engaging in face-to-face communication associated with the COVID-19 pandemic. Said divisions also provide Group companies with training, monitor the status of compliance with local laws and regulations, confirm the effectiveness of business continuity plans, and raise awareness to facilitate use of the internal reporting system.

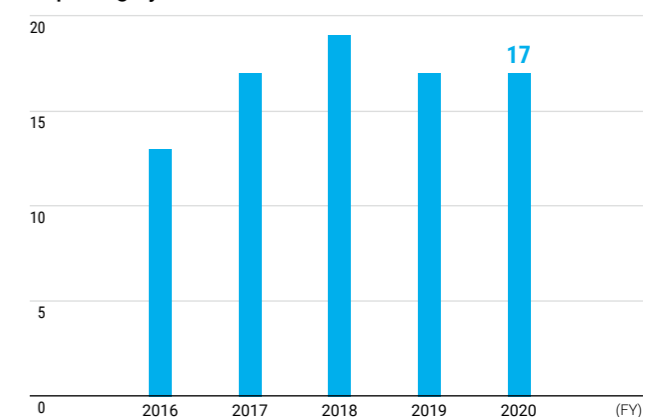
Anti-Corruption Measures

The Tokyo Century Group seeks to ensure that its business activities are fair, impartial, and transparent. Accordingly, we prohibit bribery, comply with fair trade laws, practice a strict policy of non-association with antisocial forces, and implement measures to prevent money laundering, funding of terrorist activities, and other acts of corruption. To prevent money laundering and funding of terrorist activities, we have established rules for developing databases for confirmation of customers, placing limits on the acceptable counterparties before commencing transactions, asking for proof of identity when concluding contracts, and monitoring contracts that are in effect. These rules are rigorously enforced to prevent the occurrence of problematic transactions.

Internal Reporting System

The Company has established an internal reporting system. Reports from our domestic and overseas Group companies have come to represent a not insignificant portion of the reports received through this system. We believe this is due to our consistent efforts to raise awareness of the internal reporting system among employees, including locally hired staff at overseas Group companies, which have led to increased awareness and, subsequently, system use. At the same time, stringent whistleblower protection measures at both the associated external law firm (corporate lawyer) and the Compliance Office, located in head office, have helped increase confidence in the system, encourage more use thereof, and contribute to the effective functioning of the system.

Number of Reports Received via the Group Internal Reporting System



8 Corporate Governance

Management Organization

Management Team

(As of July 1, 2021)



Shunichi Asada

Chairman, Representative Director

Shunichi Asada was appointed president & CEO, representative director of Tokyo Leasing Co., Ltd., in April 2008 and served as president & CEO, representative director of Tokyo Century for 11 years following the merger in April 2009, after which he was appointed to his current position as chairman, representative director in April 2020. Mr. Asada aggressively promoted new business models by taking advantage of a business environment free of regulatory constraints and established the four operating segments. Moreover, he possesses abundant experience and a successful track record as the manager with the most credit for leading Tokyo Century's development as a top-tier financial services company in the industry.



Makoto Nogami

President & CEO, Representative Director

Makoto Nogami was appointed to the position of director of Tokyo Century in April 2009 before becoming president & CEO, representative director of corporate auto leasing subsidiary Nippon Car Solutions Co., Ltd., in April 2015 and concurrently served as deputy president, director and executive officer of Tokyo Century. In April 2020, he assumed his current position of president & CEO, representative director. Mr. Nogami possesses broad experience and a track record as a leader credited with achieving business growth for Nippon Car Solutions Co., Ltd., and Nippon Rent-A-Car Service, Inc., and as president of the Equipment Leasing Business Development Unit and the Mobility Business Development Unit of Tokyo Century.



Masataka Yukiya

Deputy President, Representative Director and Executive Officer

Responsible for Equipment Leasing

Masataka Yukiya served as executive officer, chief operating officer of the Financial and Insurance Division in the Finance, Realty, Insurance & Logistics Services Company of ITOCHU Corporation. He became a director and managing executive officer of Tokyo Century in June 2011 and was appointed to his current position as deputy president, representative director and executive officer responsible for Equipment Leasing in April 2020. Mr. Yukiya possesses abundant experience and extensive knowledge based on his involvement in corporate management at ITOCHU Corporation and his achievements as president of the Equipment Leasing Business Unit of Tokyo Century.



Masao Yoshida*1 *2

External Director

Masao Yoshida has served in positions including president and representative director of Furukawa Electric Co., Ltd. He was appointed as an external director of Tokyo Century in June 2017 and then to the position of chairperson of the Compensation Committee in September 2019, both positions he currently holds. Mr. Yoshida possesses experience and extensive knowledge based on long-term involvement in corporate management at Furukawa Electric Co., Ltd., and offers management advice and provides proper oversight of operational execution toward sustainably enhancing the corporate value of Tokyo Century.



Yukito Higaki*1 *2

External Director

Yukito Higaki is currently the president of Imabari Shipbuilding Co., Ltd. He became an external director of Tokyo Century in June 2017 and continues to hold this position. Mr. Higaki possesses abundant experience and extensive knowledge as the most senior manager of Imabari Shipbuilding Co., Ltd., and offers management advice and provides proper oversight of operational execution toward sustainably enhancing the corporate value of Tokyo Century.

Akio Nakamura*1 *2

External Director

Akio Nakamura served in positions including director-general of the Osaka Regional Taxation Bureau, National Tax Agency, and director-general of the Financial Bureau, Ministry of Finance. After he served for two years as an external director of Tokyo Century from June 2015, he was re-appointed as an external director in June 2018. He was appointed as president and CEO of Japan Securities Depository Center, Incorporated, in April 2019, a position he currently holds.

Mr. Nakamura possesses extensive knowledge in areas such as financial policy and tax affairs and has experience and a track record in corporate management while offering management advice and providing proper oversight of operational execution toward sustainably enhancing the corporate value of Tokyo Century.



*1 External director as stipulated by Article 2-15 of the Companies Act of Japan

*2 Designated independent officer as stipulated by the Tokyo Stock Exchange

8 Corporate Governance

Management Team (as of July 1, 2021)



Toshio Asano*1 *2

External Director

Toshio Asano has served in positions including president and representative director of Asahi Kasei Corporation. He was appointed as an external director of Tokyo Century in June 2019, a position he still holds while also fulfilling the role of chairperson of the Nomination Committee, which he assumed in June 2021. Mr. Asano possesses abundant experience and extensive knowledge based on his long-term involvement as the most senior manager of Asahi Kasei Corporation and offers management advice and provides proper oversight of operational execution toward sustainably enhancing the corporate value of Tokyo Century.



Akihiko Okada

Deputy President, Director and Executive Officer Responsible for Audit Unit

Akihiko Okada has served in positions including managing executive officer and chief operating officer of the Steel, Non-Ferrous & Solar Division of ITOCHU Corporation. He was appointed to the position of deputy president, director and executive officer of Tokyo Century in June 2019 and took up his current position as deputy president, director and executive officer responsible for the Audit Unit in April 2021. Mr. Okada possesses abundant experience and extensive knowledge in diverse areas including corporate management and global business based on his extensive overseas experience at ITOCHU Corporation.



Keiichiro Ogushi

Deputy President, Director and Executive Officer
President, Specialty Finance Business Development Unit and President, Specialty Finance Business Unit I

Keiichiro Ogushi has served in positions including senior managing executive officer and head of the Research & Consulting Unit of Mizuho Financial Group, Inc., and representative director and president of Japan Hades Co., Ltd. He was appointed deputy president, director and executive officer of Tokyo Century in July 2020 and assumed his current position of deputy president, director and executive officer, president of the Specialty Finance Business Development Unit, and president of Specialty Finance Business Unit I in April 2021. Mr. Ogushi possesses abundant experience and extensive knowledge based on his involvement in corporate management and in execution of sales, market, and other operations at Mizuho Financial Group, Inc.



Miho Tanaka*1 *2

External Director

Miho Tanaka has served in positions at Asahi Koma Law Offices (currently Nishimura & Asahi) and TMI Associates before taking up her current position as a partner at Shiba Management Legal Office (currently Shiba & Tanaka Law Offices). She became an external director at Tokyo Century in June 2021. Ms. Tanaka has abundant experience and extensive knowledge as an attorney-at-law, particularly in corporate legal affairs and M&A activities, and she applies her deep insight to monitor operational execution from an independent perspective.



Koichi Baba

Director and Senior Managing Executive Officer
President, Corporate Planning Unit

Koichi Baba has served in positions including executive officer and general manager of the Taipei Branch of Mizuho Bank, Ltd. He was appointed as an executive officer of Tokyo Century in June 2014 and assigned to his current position of director and senior managing executive officer and president of the Corporate Planning Unit in April 2020. Mr. Baba spearheads Tokyo Century's sustainable management initiatives as the chairperson of the Sustainability Committee. Moreover, he possesses abundant experience and extensive knowledge based on his involvement in the domestic and overseas sales operations at Mizuho Financial Group, Inc., and has experience in executing operations as president of the Corporate Planning Unit of Tokyo Century.



Tatsuya Hirasaki

Director and Managing Executive Officer
President, Accounting Unit
Deputy President, Corporate Planning Unit and General Manager, Corporate Planning Division

Tatsuya Hirasaki was appointed to the positions of general manager of the Accounting Division of Tokyo Century in October 2013 and executive officer in April 2017 before assuming his current position of director and managing executive officer, president of the Accounting Unit, deputy president of the Corporate Planning Unit, and general manager of the Corporate Planning Division in June 2021. He also currently serves as the chairperson of the Japan Leasing Association's Accounting and Taxation Committee and a member of the Accounting Standards Board of Japan's Technical Committee: Lease Accounting. Mr. Hirasaki possesses abundant experience and extensive knowledge based on his involvement in operational execution pertaining to accounting, corporate planning, and other activities.

Toshihito Tamba

Director

Toshihito Tamba served in positions including representative director and executive vice president, chief operating officer of Overseas Operations of ITOCHU Corporation. He was appointed chairman & co-CEO, representative director of Tokyo Century in June 2011 before assuming his current position as director in April 2020. In addition, he became an outside director at Fuji Electric Co., Ltd., in June 2016, a position he continues to hold. Mr. Tamba possesses abundant experience and extensive knowledge based on his involvement in corporate management and execution of overseas and other operations at ITOCHU Corporation and from leading Tokyo Century for nine years as chairman, representative director.



*1 External director as stipulated by Article 2-15 of the Companies Act of Japan

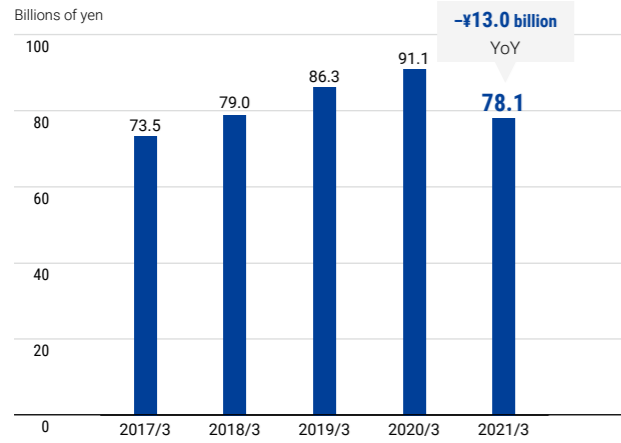
*2 Designated independent officer as stipulated by the Tokyo Stock Exchange

Data Section

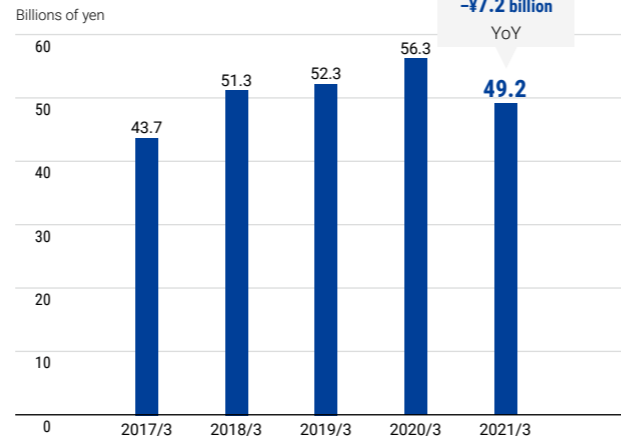
Performance Highlights

Financial Information

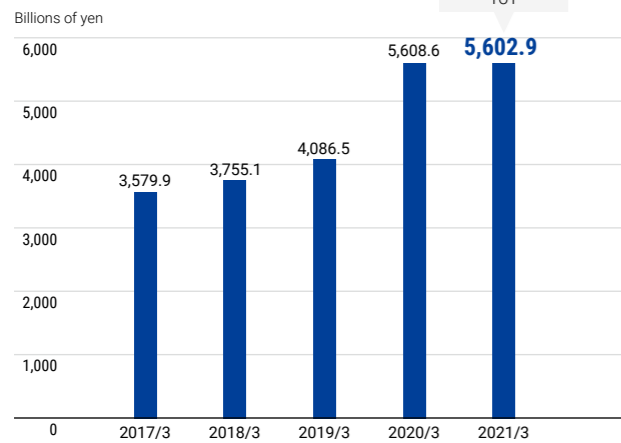
Ordinary Income



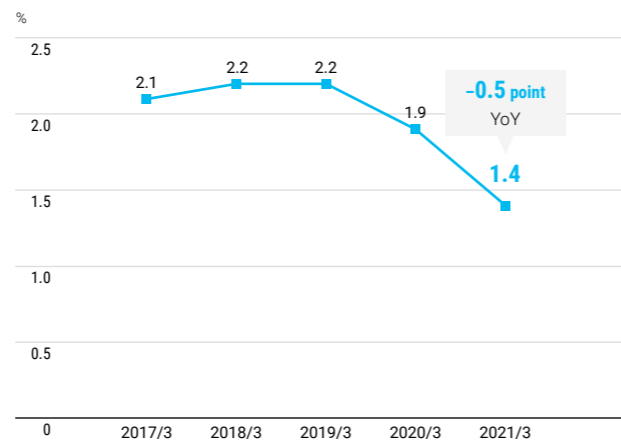
Net Income Attributable to Owners of Parent



Total Assets

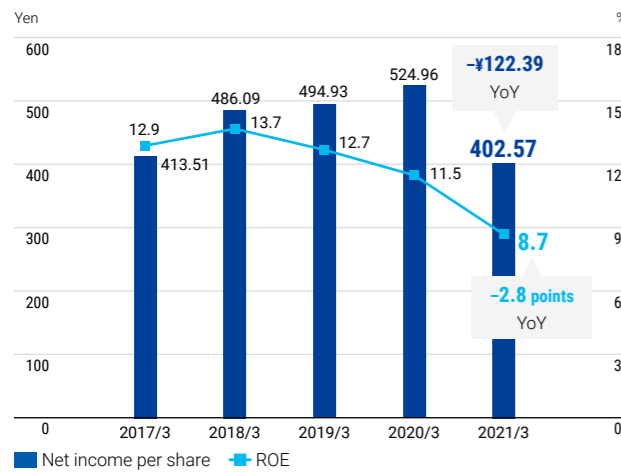


ROA*1

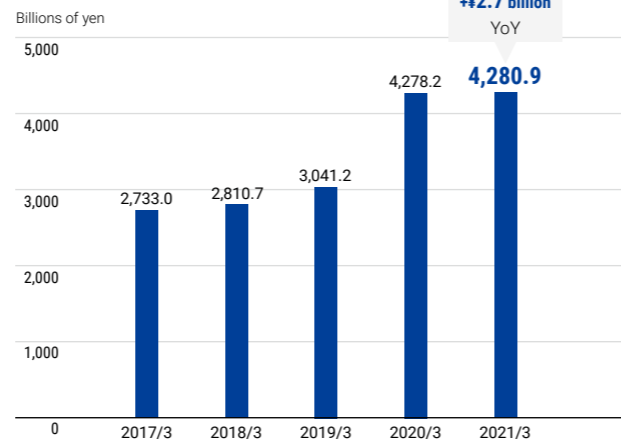


*1 Ratio of ordinary income to total assets

Net Income per Share / ROE

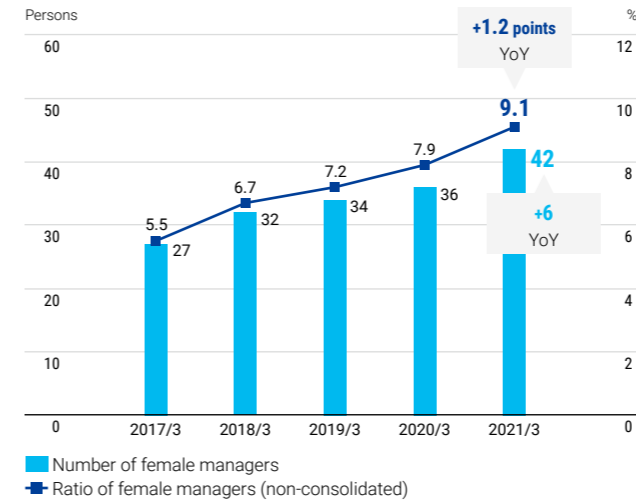


Interest-Bearing Debt

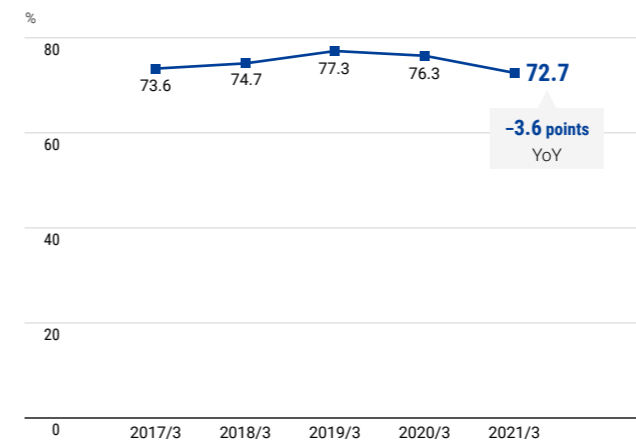


Non-Financial Information

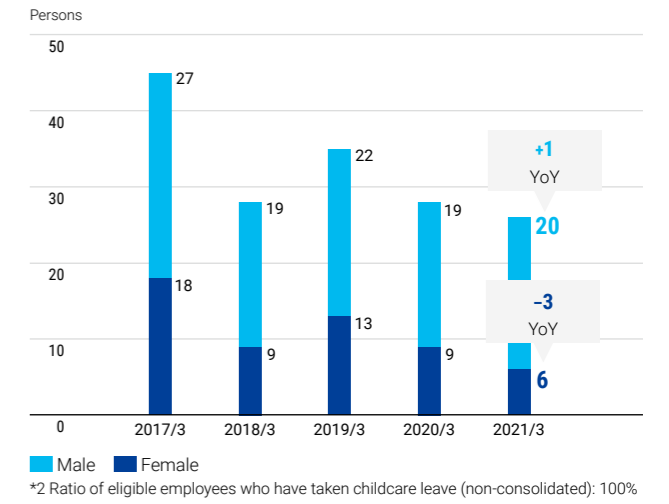
Number of Female Managers / Ratio of Female Managers (Non-Consolidated)



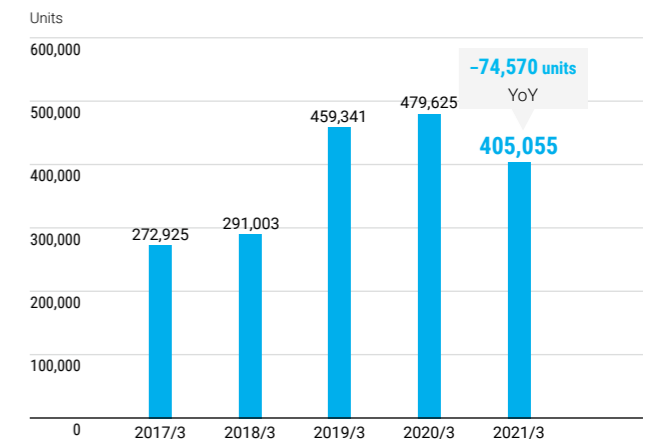
Ratio of Eligible Employees Who Have Taken Paid Annual Leave



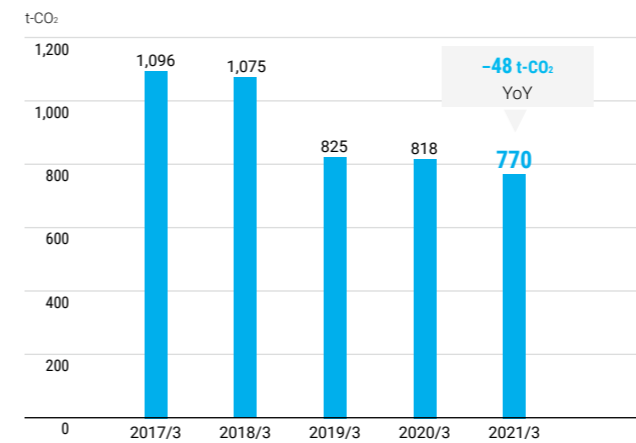
Eligible Employees Who Have Taken Childcare Leave (Non-Consolidated)*2



Pre-Owned Personal Computers Sold

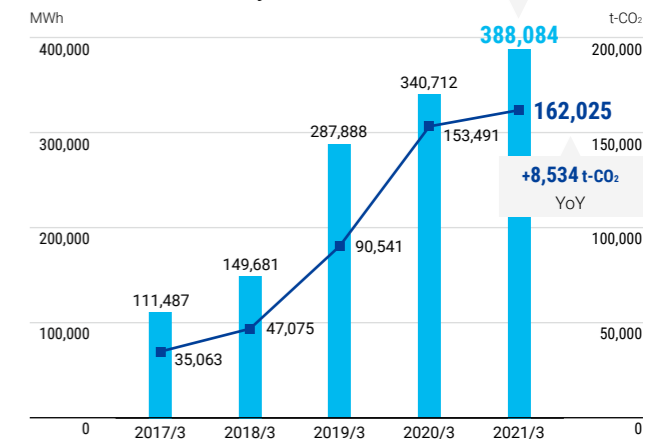


CO₂ Emissions from Electricity Consumption*3



*3 As for the emission factors for electricity consumption, adopted the alternative values of an emission coefficient by electricity utility used for GHG Accounting, Reporting and Publication System under Law Concerning the Promotion of the Measures to Cope with Global Warming

Reduction of CO₂ Emissions*4 by Solar Power Generation of Kyocera TCL Solar LLC



*4 As for the emission factors for CO₂ reduction amount, adopted the standard values defined in the display guidelines by Japan Photovoltaic Energy Association

Data Section

Financial Summary

		2012/3	2013/3	2014/3	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3
Operating Results*1 (Billions of yen)	Revenues	716.3	691.1	828.6	883.0	940.5	976.1	1,012.2	1,067.6	1,166.6	1,200.2
	Costs	643.7	620.2	731.2	759.3	803.6	823.3	849.0	885.9	958.7	999.2
	Gross profit	72.7	70.9	97.3	123.7	136.8	152.8	163.2	181.7	207.9	201.0
	Sales revenues (gross profit before deducting funding cost)	84.2	80.7	106.5	134.1	150.2	170.3	184.8	208.0	239.0	244.8
	SG&A expenses	30.8	28.9	45.9	65.2	70.9	80.8	89.5	104.0	119.6	123.8
	Personnel and non-personnel expenses	30.8	29.8	46.0	66.3	69.7	79.6	89.8	103.8	115.5	114.4
	Credit costs	0	(0.9)	(0.1)	(1.1)	1.2	1.2	(0.3)	0.3	4.1	9.5
	Operating income	41.9	42.0	51.4	58.4	65.9	72.0	73.7	77.7	88.3	77.2
	Ordinary income	46.3	46.3	55.2	60.7	68.0	73.5	79.0	86.3	91.1	78.1
	Extraordinary income and losses	(2.2)	(0.1)	(0.1)	(1.0)	0.5	0.2	0.4	0.1	3.8	1.7
	Net income attributable to owners of parent	26.2	28.9	33.1	34.1	40.0	43.7	51.3	52.3	56.3	49.2
Financial Condition*1 (Billions of yen)	Total assets	2,260.4	2,465.8	2,884.8	3,151.9	3,317.9	3,579.9	3,755.1	4,086.5	5,608.6	5,602.9
	Segment assets*2	2,110.9	2,253.3	2,605.0	2,895.6	3,000.2	3,243.8	3,338.7	3,630.9	4,773.0	4,800.5
	Equipment Leasing	1,492.2	1,496.3	1,532.9	1,535.4	1,465.1	1,425.3	1,369.8	1,372.8	1,471.1	1,489.1
	Mobility & Fleet Management	115.5	130.5	358.1	380.5	414.1	462.3	521.4	592.7	631.2	629.5
	Specialty Financing	397.7	491.8	542.1	711.9	846.4	897.6	978.9	1,142.4	2,147.9	2,184.7
	International Business	105.5	134.6	172.0	267.9	272.4	457.4	462.6	512.9	510.6	483.1
	Interest-bearing debt	1,783.2	1,939.2	2,211.7	2,419.9	2,551.5	2,733.0	2,810.7	3,041.2	4,278.2	4,280.9
	Net assets	201.3	233.7	285.5	336.5	374.9	404.8	456.0	524.4	660.1	688.4
Cash Flows*1 (Billions of yen)	Cash flows from operating activities	(26.4)	(89.7)	(28.3)	(171.0)	(136.6)	(0.7)	26.4	(59.2)	(50.7)	51.3
	Cash flows from investing activities	(0.5)	(5.6)	10.0	(18.7)	(3.1)	(30.1)	(107.9)	(123.9)	(315.2)	(97.4)
	Cash flows from financing activities	38.3	135.9	54.5	156.9	155.8	27.5	81.6	189.0	523.1	19.0
	Cash and cash equivalents at end of year	44.5	83.1	115.8	71.9	91.8	85.7	86.4	89.7	250.1	216.9
Per Share Data (Yen)	Net income	245.82	272.32	311.64	322.84	379.34	413.51	486.09	494.93	524.96	402.57
	Net assets	1,796.62	2,092.46	2,386.02	2,776.37	3,033.61	3,360.27	3,750.35	4,039.68	4,543.43	4,670.45
	Dividends	44.00	48.00	52.00	65.00	80.00	100.00	114.00	124.00	136.00	138.00
Significant Indicators (%)	Return on equity (ROE)*3	14.5	14.0	13.9	12.5	13.1	12.9	13.7	12.7	11.5	8.7
	Return on assets (ROA)*4	2.1	2.0	2.1	2.0	2.1	2.1	2.2	2.2	1.9	1.4
	Shareholders' equity ratio	8.4	9.0	8.8	9.3	9.6	9.9	10.5	10.4	9.9	10.2
	Overhead ratio (OHR)*5	42.3	42.1	47.2	53.6	50.9	52.1	55.0	57.1	55.5	56.9
Other Data (Persons)	Employees (Consolidated)	1,722	1,676	3,309	4,113	4,124	5,430	6,035	7,016	7,365	7,438

*1 Data is rounded to the nearest unit.

*2 Segment assets include the investment in equity-method affiliates, goodwill, etc., belonging to each segment.

*3 ROE = Net income attributable to owners of parent / Equity (simple average of beginning and end of term balance sheet figures) × 100

*4 ROA = Ordinary income / Total assets (simple average of beginning and end of term balance sheet figures) × 100

*5 OHR = (Personnel expenses + Non-personnel expenses) / Gross profit × 100

Data Section

Main Subsidiaries, Affiliates, and Other Companies

Japan

Company	Location	Main Business	Voting Rights*
● Nippon Car Solutions Co., Ltd.	Japan	Auto leasing	60%
● Nippon Rent-A-Car Service, Inc.	Japan	Car rental	89%
● Orico Auto Leasing Co., Ltd.	Japan	Auto leasing for individuals	50%
● Fujitsu Leasing Co., Ltd.	Japan	IT equipment leasing	80%
● IHI Finance Support Corporation	Japan	General leasing and finance	67%
● Orico Business Leasing Co., Ltd.	Japan	General leasing	50%
● ITEC Leasing Co., Ltd.	Japan	General leasing	85%
● S.D.L. Co., Ltd.	Japan	General leasing	100%
● TRY Corporation	Japan	Refurbishment of IT equipment	80%
● TC Tsukishima Energy Solution LLC	Japan	Sale of electricity generated using biogas	90%
● Amada Lease Co., Ltd.	Japan	General leasing	60%
● Shinko Real Estate Co., Ltd.	Japan	Real estate business	70%
● TC Property Solutions Corporation	Japan	Property management	100%
● TC Hotels & Resorts Karuizawa Co., Ltd.	Japan	Hotel business	100%
● Kyocera TCL Solar LLC	Japan	Sale of electricity generated using solar power	81%
● TCLA Godo Kaisha	Japan	General leasing and installment sales	100%
● Shunan Power Corporation	Japan	Sale of electricity	60%
● TC Agency Corporation	Japan	Casualty insurance	100%
● TC Business Service Corporation	Japan	Business processing services	100%
● TC Business Experts Corporation	Japan	Business inspection services	100%
○ NTT TC Leasing Co., Ltd.	Japan	General leasing and finance	50%
○ ITOCHU TC Construction Machinery Co., Ltd.	Japan	Sale of and rental services for construction and other equipment	50%
○ NITTSU Lease & Finance CO., LTD.	Japan	General leasing and finance	49%
○ Bplats, Inc.	Japan	Subscription-based business	32%
○ Nanatsujima Biomass Power LLC	Japan	Sale of electricity generated using biomass power	25%
○ Chuo-Nittochi Asset Management Co., Ltd.	Japan	Management and formation of real estate investment funds	30%

Europe

Company	Location	Main Business	Voting Rights*
● TC Skyward Aviation Ireland Ltd.	Ireland	Aviation leasing and finance	100%
● TC Aviation Capital Ireland Ltd.	Ireland	Aviation leasing and finance	100%
● Tokyo Leasing (UK) Plc	U.K.	General leasing	100%

Asia

Company	Location	Main Business	Voting Rights*
● Tokyo Century Leasing China Corporation	China	General leasing	80%
● Tokyo Century Factoring China Corporation	China	Factoring services	100%
● Tokyo Leasing (Hong Kong) Ltd.	Hong Kong	General leasing	100%
● Tokyo Century Leasing (Singapore) Pte. Ltd.	Singapore	General leasing	100%
● Tokyo Century Asia Pte. Ltd.	Singapore	Investment/shareholding and ancillary business	100%
● Tokyo Century Capital (Malaysia) Sdn. Bhd.	Malaysia	General leasing	100%
● TISCO Tokyo Leasing Co., Ltd.	Thailand	General leasing	49%
● HTC Leasing Co., Ltd.	Thailand	Construction machinery finance	70%
● TC Advanced Solutions Co., Ltd.	Thailand	Reverse factoring and other services	59%
● TC Car Solutions (Thailand) Co., Ltd.	Thailand	Auto financing and services	99%
● PT. Century Tokyo Leasing Indonesia	Indonesia	General leasing	85%
● BPI Century Tokyo Lease & Finance Corporation	The Philippines	General leasing	51%
● NTT Global Data Centers NAV2 Private Limited	India	IT services and equipment leasing	100%
○ Dalian Bingshan Group Hua Hui Da Financial Leasing Co., Ltd.	China	General leasing and finance	40%
○ Suzhou New District Furui Leasing Co., Ltd.	China	General leasing and finance	20%
○ President Tokyo Corporation	Taiwan	Automobile leasing and general leasing	49%
○ PT. Hexa Finance Indonesia	Indonesia	Construction machinery finance	20%
○ Yoma Fleet Ltd.	Myanmar	Auto leasing and car sharing	20%
● TATA Capital Financial Services Limited	India	General leasing and finance	—

U.S.A.

Company	Location	Main Business	Voting Rights*
● TC Skyward Aviation U.S., Inc.	U.S.A.	Aviation leasing and finance	100%
● TC Realty Investments Inc.	U.S.A.	Real estate investment	100%
● CSI Leasing, Inc.	U.S.A.	IT equipment leasing	100%
● Tokyo Century (USA) Inc.	U.S.A.	General leasing	100%
● Aviation Capital Group LLC	U.S.A.	Aviation leasing and finance	100%
● AP Equipment Financing Inc.	U.S.A.	General leasing and finance	100%
● Work Truck Direct, Inc.	U.S.A.	Sale of small and medium-sized trucks	100%
○ GA Telesis, LLC	U.S.A.	Provision of products, services, and solutions to the commercial aerospace industry	49%
○ Gateway Engine Leasing, LLC	U.S.A.	Aircraft engine leasing	20%

● Consolidated subsidiaries ○ Equity-method affiliates ● Other companies
* Voting right percentages are rounded to the nearest whole number.

Data Section

Corporate and Stock Information

Corporate Information (as of July 1, 2021)

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	Shunichi Asada	
	President & CEO	Makoto Nogami	
	Deputy President	Masataka Yukiya	
Number of Employees	7,438 (917 on a non-consolidated basis) (as of March 31, 2021)		
Closing of Accounts	March 31		
Main Banks	Mizuho Bank, Ltd.; MUFG Bank, Ltd.; The Norinchukin Bank; Sumitomo Mitsui Trust Bank, Limited; Sumitomo Mitsui Banking Corporation; and Japan Bank for International Cooperation		
Independent Auditor	Deloitte Touche Tohmatsu LLC		
Network	Domestic	Head office, Sapporo, Sendai, Saitama, Yokohama, Shizuoka, Nagoya, Kanazawa, Kyoto, Osaka, Kobe, Okayama, Hiroshima, and Fukuoka	
	Overseas	Tokyo Century operates in more than 30 countries and regions in Asia, North America, Central and South America, Europe, and elsewhere.	

Management Personnel (as of July 1, 2021)

Board of Directors		Corporate Auditors		Executive Officers	
Chairman, Representative Director	Shunichi Asada	Standing Corporate Auditor (External Corporate Auditor) *2	Futoshi Okada	Deputy President, Executive Officer	Yoichiro Nakai
President & CEO, Representative Director	Makoto Nogami	Standing Corporate Auditor	Yuichiro Ikeda Katsuya Amamoto	Senior Managing Executive Officer	Yasushi Yoshino Mahoko Hara Hiroshi Sato
Deputy President, Representative Director and Executive Officer	Masataka Yukiya	Corporate Auditor (External Corporate Auditor) *2 *3	Masao Fujieda	Managing Executive Officer	Seiichi Mizuno Toshio Kitamura Koichiro Sato Takashi Yonetsu Masato Osugi Ko Nakagawa Junji Tsutsui
Director (External Director) *1 *3	Masao Yoshida Yukito Higaki Akio Nakamura Toshio Asano Miho Tanaka			Executive Officer	Hiroaki Ogino Kimio Kozuka Yoshihiro Ueda Toshihiko Tamura Minoru Kuwahara Masahiro Ohata Toshiyuki Otobe Shintaro Yamazaki Yoichi Matsumoto Yukihiro Tanaka Makoto Honda Takao Kamata Takeshi Fujimoto Katsusuke Hirako
Deputy President, Director and Executive Officer	Akihiko Okada Keiichiro Ogushi				
Director and Senior Managing Executive Officer	Koichi Baba				
Director and Managing Executive Officer	Tatsuya Hirasaki				
Director	Toshihito Tamba				

*1 External director as stipulated by Article 2-15 of the Companies Act of Japan

*2 External corporate auditor as stipulated by Article 2-16 of the Companies Act of Japan

*3 Designated independent officer as stipulated by the Tokyo Stock Exchange

Stock Information (as of March 31, 2021)

Transfer Agent	Mizuho Trust & Banking Co., Ltd.	Number of Shares of Common Stock Authorized	400,000,000 shares
Stock Listing	Tokyo Stock Exchange, First Section	Number of Shares of Common Stock Issued	123,028,320 shares
Securities Code	8439	Number of Shareholders	11,043
Trading Lot Size	100 shares		

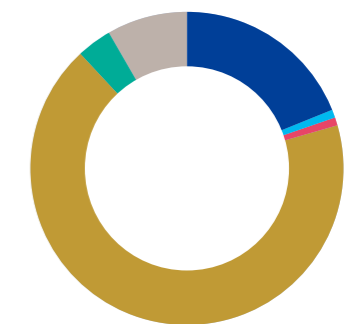
Major Shareholders

Shareholders	Number of Shares Held (Thousands)	Shareholding Ratio*1 (%)
ITOCHU Corporation	36,714	30.07
Nippon Tochi-Tatemono Co., Ltd.*2	15,712	12.87
Nippon Telegraph and Telephone Corporation	12,302	10.08
KSO Co., Ltd.	10,306	8.44
Mizuho Bank, Ltd.	4,688	3.84
Custody Bank of Japan, Ltd. (Trust accounts)	4,118	3.37
Seiwa Sogo Tatemono Co., Ltd.	4,002	3.28
The Master Trust Bank of Japan, Ltd. (Trust accounts)	3,109	2.55
Nippon Life Insurance Company	2,228	1.83
Mizuho Trust & Banking Co., Ltd. (Retirement Allowance Trust, Orient Corporation Account Trust & Custody Services Bank, Ltd. re-entrusted)	1,900	1.56

*1 The shareholding ratio is calculated by excluding treasury stock (947,379 shares).

*2 Nippon Tochi-Tatemono Co., Ltd., merged with Chuo Real Estate Co., Ltd., effective April 1, 2021, and changed its name to Chuo-Nittochi Co., Ltd.

Breakdown of Shareholders



Financial institutions	19%
Securities companies	1%
Treasury stock	1%
Other domestic institutions	67%
Individuals and other	4%
Foreign investors	8%

Bond Ratings (as of July 1, 2021)

Issuer: Tokyo Century Corporation (Securities Code: 8439)

	Credit Rating Agency	Japan Credit Rating Agency, Ltd. (JCR)	Rating and Investment Information, Inc. (R&I)	S&P Global Ratings Japan, Inc. (S&P)
Long-term	Issuer Rating	Rating: AA-	A	BBB
		Outlook: Stable	Positive	Stable
	Preliminary Rating for Bonds Registered for Issuance*	Rating: AA-	A	
		Expected Issue Amount: ¥400 billion	¥400 billion	
	Issue Period: Two years beginning February 25, 2020	Two years beginning February 25, 2020		
Euro Medium-Term Note Program	Rating: AA-	A		
	Maximum Outstanding Amount: Equivalent of US\$2 billion	Equivalent of US\$2 billion		
	Rating: J-1+	a-1		
Short-term Commercial Paper	Rating: J-1+	a-1		
	Maximum Outstanding Amount: ¥800 billion	¥800 billion		

* Each bond will be rated by each rating agency upon issuance. (Reference) <https://www.tokyocentury.co.jp/en/ir/br.html>



Tokyo Century Corporation

FUJISOFT Bldg., 3 Kanda-neribeicho, Chiyoda-ku,
Tokyo 101-0022, Japan
<https://www.tokyocentury.co.jp/en/>