Tokyo Century

News Release

August 3, 2026

Notice of Execution of MOU on the Transfer of Shares in a Consolidated Subsidiary (Change into an Equity-Method Affiliate) and Recording of Extraordinary Income

Tokyo Century Corporation (“Tokyo Century”) announces that on August 3, 2026, its Board of Directors resolved to execute a Memorandum of Understanding (the “MOU”) with ITOCHU Corporation (“ITOCHU”) regarding the transfer of a portion of shares (50.0% of the total number of issued shares) in TC Skyward Aviation U.S., Inc. (“SKY-U”), a consolidated subsidiary (a "specified subsidiary" under Japanese regulations) of Tokyo Century, to ITOCHU (the “Share Transfer”). Upon the execution of the Share Transfer, subject to obtaining necessary clearance and approvals under competition laws of relevant countries, SKY-U and its wholly-owned subsidiary (specified subsidiary), Aviation Capital Group LLC (“ACG”), will be excluded from Tokyo Century's consolidated subsidiaries and will become Tokyo Century's equity-method affiliates.

The MOU is legally binding with respect to fundamental terms including the specific method and transfer price of the Share Transfer, key items and policies of a shareholders’ agreement including the future governance structure of ACG, as well as the process leading up to the execution of the final definitive agreement. Tokyo Century will promptly make an announcement upon the execution of the definitive agreement regarding the Share Transfer.

1. Reason for the Share Transfer and Change into an Equity-Method Affiliate

Under its Medium-Term Management Plan 2030, the Tokyo Century Group is driving disciplined portfolio management and structural reforms focused on capital efficiency and growth potential. The aircraft leasing market is a promising growth sector with medium- to long-term expansion in passenger demand expected. On the other hand, industry consolidation is accelerating, making business scale expansion essential for ACG, a consolidated subsidiary of Tokyo Century, to maintain and strengthen its competitive advantage. However, from the perspectives of risk tolerance and capital efficiency, Tokyo Century faced certain constraints in expanding ACG’s asset size on its own, which presented a key challenge. In light of these circumstances, Tokyo Century decided to transfer a portion of its shares to ITOCHU, a partner with a strong financial base and the potential to generate medium- to long-term synergies in this business, to further develop ACG’s business foundation. This decision reflects Tokyo Century’s judgment that operating the business jointly with ITOCHU will contribute to maximizing ACG’s corporate value and enhancing the Tokyo Century Group’s capital efficiency.

Specific initiatives to expand synergies through the collaboration are:

(1) Further expansion of new aircraft leasing, a business area where ACG has strengths
(2) Enhancement and expansion of aircraft acquisition and sales at ACG
(3) Improvement of profitability through enhancements in ACG’s credit ratings and funding capabilities
(4) Joint exploration of acquisition opportunities and portfolio optimization for ACG
(5) Creation of earnings opportunities across the entire aviation value chain by leveraging the networks and capabilities of both corporate groups

Even after the Share Transfer, Tokyo Century will maintain a 50% shareholding ratio in ACG as an equity-method affiliate. It will work with ITOCHU to pursue a higher market position in the aircraft leasing market, aiming for the sustainable growth and development of ACG.

2. Overview of the Subsidiaries Subject to Change

As a result of the Share Transfer, SKY-U, a direct consolidated subsidiary, and ACG, a wholly-owned subsidiary of SKY-U, will be excluded from Tokyo Century's consolidated subsidiaries. The overview of each company is as follows:

Overview of Specified Subsidiary Subject to Change (SKY-U)

(1) Name	TC Skyward Aviation U.S., Inc.		
(2) Location	520 Newport Center Drive, Suite 1600, Newport Beach, CA 92660, U.S.A.		
(3) Representative	Mahoko Hara, Director		
(4) Business	Aircraft leasing		
(5) Total Capital Contribution	USD 3,912 million		
(6) Year of Establishment	2014		
(7) Shareholding Ratio	Tokyo Century, 100%		
(8) Relationship between the Listed Company and the Subsidiary	Capital	Tokyo Century holds a 100% stake in the subsidiary.	
	Personnel	Four officers/employees of Tokyo Century concurrently serve as directors of the subsidiary.	
	Transaction	Tokyo Century provides loans to the subsidiary.	
(9) Financial Results and Position for the Last Three Fiscal Years (USD million)			
Fiscal Year Ended	December 2023	December 2024	December 2025
Net Assets	4,110	4,043	3,954
Total Assets	4,483	4,512	4,540
Revenue	56	58	126
Net Income	(23)	(68)	(12)

Overview of Specified Subsidiary Subject to Change (ACG)

(1) Name	Aviation Capital Group LLC		
(2) Location	520 Newport Center Drive, Suite 1600, Newport Beach, CA 92660, U.S.A.		
(3) Representative	Thomas G. Baker, Chief Executive Officer and President		
(4) Business	Aircraft leasing		
(5) Stated Capital	—*1		
(6) Year of Establishment	1989		
(7) Shareholding Ratio	TC Skyward Aviation U.S., Inc., 100％		
(8) Relationship between the Listed Company and the Subsidiary	Capital	Tokyo Century holds a 100% stake in the subsidiary.	
	Personnel	Three officers/employees of Tokyo Century concurrently serve as directors of the subsidiary.	
	Transaction	Tokyo Century guarantees the subsidiary's borrowings from financial institutions.	
(9) Consolidated Financial Results and Position for the Last Three Fiscal Years (USD million)			
Fiscal Year Ended	December 2023	December 2024	December 2025
Net Assets	3,412	3,554	4,176
Total Assets	12,860	12,089	13,691
Revenue	1,212	1,242	1,287
Net Income	153	161	701

*1 Stated capital is not listed because the subsidiary is a Limited Liability Company (LLC) under U.S. law, which does not have a concept that precisely corresponds to stated capital.

3. Overview of the Counterparty to the Share Transfer

ITOCHU, the counterparty to the Share Transfer, is a related party under Japanese regulations, holding 29.96% of the voting rights in Tokyo Century (as of March 31, 2026).

<table>
<tr><td>(1)</td><td>Name</td><td colspan="2">ITOCHU Corporation</td></tr>
<tr><td>(2)</td><td>Location</td><td colspan="2">1-3, Umeda 3-chome, Kita-ku, Osaka, 530-8448, Japan</td></tr>
<tr><td>(3)</td><td>Representative</td><td colspan="2">Keita Ishii, President & COO</td></tr>
<tr><td>(4)</td><td>Business</td><td colspan="2">Integrated trading company</td></tr>
<tr><td>(5)</td><td>Common Stock</td><td colspan="2">253,448 million yen</td></tr>
<tr><td>(6)</td><td>Incorporated</td><td colspan="2">December 1, 1949</td></tr>
<tr><td>(7)</td><td>Total Equity</td><td colspan="2">7,188,259 million yen</td></tr>
<tr><td>(8)</td><td>Total Assets</td><td colspan="2">16,732,815 million yen</td></tr>
<tr><td rowspan="10">(9)</td><td rowspan="10">Major Shareholders and Ownership Ratio</td><td>The Master Trust Bank of Japan, Ltd. (trust account)</td><td>15.33%</td></tr>
<tr><td>STATE STREET BANK AND TRUST COMPANY 505104</td><td>10.11%</td></tr>
<tr><td>Custody Bank of Japan, Ltd. (trust account)</td><td>5.21%</td></tr>
<tr><td>Nippon Life Insurance Company</td><td>2.43%</td></tr>
<tr><td>STATE STREET BANK AND TRUST COMPANY 505001</td><td>2.38%</td></tr>
<tr><td>Mizuho Bank, Ltd.</td><td>2.16%</td></tr>
<tr><td>THE CHASE MANHATTAN BANK, N.A. LONDON SECS LENDING OMNIBUS ACCOUNT</td><td>1.96%</td></tr>
<tr><td>GOVERNMENT OF NORWAY</td><td>1.43%</td></tr>
<tr><td>Asahi Mutual Life Insurance Company</td><td>1.34%</td></tr>
<tr><td>JP MORGAN CHASE BANK 385781</td><td>1.31%</td></tr>
<tr><td rowspan="3">(10)</td><td rowspan="3">Relationship between the Listed Company and the Counterparty</td><td>Capital</td><td>ITOCHU holds 146,859,200 shares of common stock of Tokyo Century.</td></tr>
<tr><td>Personnel</td><td>Tokyo Century has two directors formerly from ITOCHU and accepts 14 secondees from ITOCHU (as of April 1, 2026).</td></tr>
<tr><td>Transaction</td><td>Tokyo Century engages in lease transactions of information equipment, etc., with ITOCHU and its affiliates.</td></tr>
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Note: Unless otherwise specified, the "Overview of the Counterparty to the Share Transfer" section reflects the status as of March 31, 2026.

4. Number of Shares Transferred, Transfer Price, and Shareholding Status Before and After Transfer

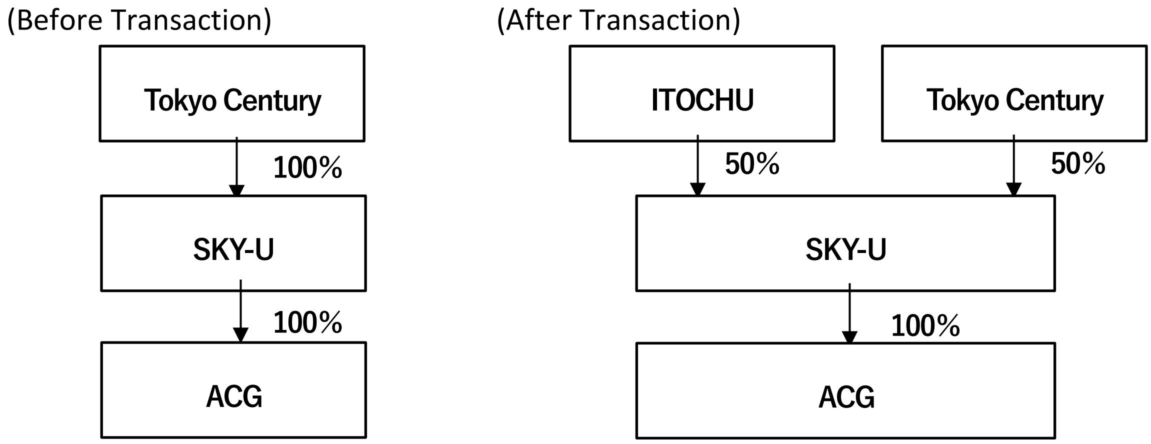
The transfer price was mutually agreed upon based on a comprehensive assessment between Tokyo Century and ITOCHU, grounded on ACG’s financial condition as of December 31, 2025 (the valuation base date). This assessment takes into account ACG's growth potential, as well as various adjustments, such as the special dividend to be paid by ACG to Tokyo Century prior to the Share Transfer and deferred tax liabilities at SKY-U.

(1)	Number of Shares Held Before Transfer	6,563 shares (Voting rights ownership ratio: 100%)
(2)	Number of Shares to Be Transferred	3,281 shares (Voting rights ownership ratio: 50%)
(3)	Transfer Price	USD 1,946 million (Estimated)
(4)	Number of Shares Held After Transfer	3,281 shares (Voting rights ownership ratio: 50%)

Note: The number of shares held and the number of shares to be transferred are indicated by rounding down fractional shares.

5. Transaction Structure

This transaction involves the plan to transfer 50.0% of the shares in SKY-U, a consolidated subsidiary of Tokyo Century, to ITOCHU. Prior to the execution of the Share Transfer, assets and liabilities currently held by SKY-U that are not related to ACG (aircraft leasing business) are scheduled to be transferred to the Tokyo Century Group. As a result, the assets and liabilities held by SKY-U at the time of the Share Transfer will consist solely of ACG-related assets.



6. Schedule

(1)	Resolution by Tokyo Century's Board of Directors	August 3, 2026
(2)	Execution of the MOU	August 3, 2026
(3)	Execution of the Definitive Agreement	August 2026 (Expected)
(4)	Transfer of shares (Change in Subsidiary)	November 2026 (Expected)[*2]

*2 The Share Transfer is subject to the fulfillment of conditions precedent to transaction execution, including obtaining necessary clearance and approvals under competition laws in relevant countries.

7. Measures to Avoid Conflicts of Interest

(1) Matters Concerning Measures to Ensure Fairness and Avoid Conflicts of Interest

While ITOCHU, the counterparty to the Share Transfer, is an "other affiliated company" (related party) holding 29.96% of the voting rights of Tokyo Century, the Share Transfer does not constitute a transaction with a controlling shareholder. However, in light of the capital and personnel relationships between Tokyo Century and ITOCHU, the following measures have been taken to ensure the fairness of the Share Transfer and to avoid conflicts of interest:

1) Obtaining Share Valuation Reports from Independent Third-Party Valuation Institutions

To ensure the adequacy of the transfer price in the Share Transfer, Tokyo Century obtained share valuation reports from two independent third-party valuation institutions: Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. ("Mitsubishi UFJ Morgan Stanley Securities") and UBS Securities Japan Co., Ltd. ("UBS Securities Japan").

2) Advice from Independent External Experts

Tokyo Century retained Mori Hamada & Matsumoto and Debevoise & Plimpton LLP as independent external legal advisors, obtaining legal advice across the entire transaction, including contract negotiations for the Share Transfer. Furthermore, it retained Mitsubishi UFJ Morgan Stanley Securities, UBS Securities Japan, and Mizuho Securities Co., Ltd. as independent financial advisors, receiving financial guidance, including that on its negotiation policy.

3) Non-Involvement of Directors with Potential Conflicts of Interest

The resolution regarding the execution of the MOU was passed by a unanimous vote of all 10 participating directors out of the 11 directors of Tokyo Century (excluding Mr. Masahiro Imai, as detailed below), and all four corporate auditors expressed opinions that they had no objections to the aforementioned resolution. Among Tokyo Century's directors, Mr. Masahiro Imai, considering his prior employment at ITOCHU until 2025, did not participate in the deliberations or resolutions of the Board of Directors related to the Share Transfer in order to avoid suspicion of conflicts of interest and to ensure the fairness of the Share Transfer. On the other hand, although Mr. Masataka Yukiya, a director of Tokyo Century, is formerly from ITOCHU, he participated in the deliberations and resolutions of the Board of Directors regarding the Share Transfer because he retired from ITOCHU over 15 years ago.

(2) Overview of Opinion Obtained from Disinterested Parties Confirming That the Transaction Is Not Detrimental to Minority Shareholders

Prior to the Board of Directors' resolution regarding the execution of the MOU, Tokyo Century consulted five independent outside directors (Mr. Akio Nakamura, Mr. Toshio Asano, Ms. Miho Tanaka, Mr. Tsuyoshi Numagami, and Mr. Hiroshi Ogasawara) on whether the execution of the MOU regarding the Share Transfer would be detrimental to its minority shareholders.

As a result, on August 3, 2026, Tokyo Century received a written opinion prepared by the five independent outside directors stating that the execution of the MOU concerning the Share Transfer is not detrimental to its minority shareholders.

8. Future Outlook

While the precise financial impact of this transaction is currently under review, Tokyo Century expects to record extraordinary income of approximately 50 billion yen from the sale of subsidiary shares in its consolidated financial results. The impact on net income attributable to owners of the parent is estimated at approximately 30 billion yen. In Tokyo Century's non-consolidated financial results, extraordinary income of approximately 70 billion yen is expected to be recorded from the sale of subsidiary shares.

However, as the timing and amount of profit recognition are subject to change depending on factors such as the progress of clearance and approval procedures under competition laws in relevant countries and foreign exchange fluctuations, it is difficult to reasonably estimate the impact on the consolidated financial forecasts for the fiscal year ending March 31, 2027 at this time. Should any future disclosures become necessary, including revisions to financial forecasts, Tokyo Century will make prompt announcements.

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