

**Summary of Q&A**  
**at Earnings Call for the Fiscal Year Ended March 31, 2026**  
**and Medium-Term Management Plan Briefing**

**Tokyo Century Corporation**

Date: May 14, 2026

Presenter: Koji Fujiwara, President & CEO

**FY 2026 Profit Plan**

Q.

In the profit plan for FY2026 (p.10 of IR Presentation), ¥11.7 billion is projected under "Extraordinary income/losses." Could you explain what are factored into this amount?

A.

This mainly includes one-time income from divestments (asset sales) as part of our portfolio transformation, primarily within the Global Business segment.

**Long-Term Vision 2035**

Q.

Please share your perspective on whether the FY2035 net income target of ¥400.0 billion is truly achievable. Additionally, could you explain the background behind the ¥200.0 billion net income growth projected for the latter five years (FY2031–2035) being significantly larger than the ¥90.0 billion projected for the first five years (FY2026–2030) during the Medium-Term Management Plan 2030 (hereafter "the medium-term plan")?

A.

While we recognize that this is by no means an easy target, it is not unachievable. It was formulated after extensive management discussions and simulations regarding what our Group should look like a decade from now, taking into account changes in the macro environment, risks, and our earnings structure.

The reason why profit is projected to expand dramatically during the latter five years is that many of the growth investments we are focusing on possess J-curve characteristics, where upfront investments are made initially and profits scale up later. Specifically, the following two key factors will strongly drive profit growth in the latter half:

1. Full-scale earnings contribution from the data center business

We plan to continue expanding investments in the data center business alongside our

major partners, and we anticipate significant investment opportunities for our company. However, since development requires a certain period of time, we expect its full-scale contribution to earnings to materialize from FY2031 onwards.

## 2. Profit contribution from growth investments

We plan to deploy ¥2.0 trillion in growth investments during the medium-term plan period, and we expect these new businesses to serve as key drivers of our growth as well. When investments are initially executed, upfront costs such as post-merger integration (PMI) expenses will precede. However, once these business foundations are established, full-scale profit growth is planned to manifest in the latter half of the new medium-term plan. The successful execution of our business transformation over the five years of the new medium-term plan—driven by our three growth strategies of Functional Expansion, Geographical Expansion, and Capital-Light—will serve as the foundation to generate this substantial growth in the latter half.

Q.

The target ROE of 15% or higher for FY2035 is an extremely ambitious goal, which appears to approach the levels achieved by general trading companies. Could you explain the background behind setting such a high ROE target? Furthermore, when comparing Tokyo Century with general trading companies and other competitors in terms of business models and target business domains, where do you see your strengths and uniqueness?

A.

In formulating our Long-Term Vision 2035, we backcasted from our ideal future state to identify four social issues to resolve: (1) circular economy, (2) energy issues, (3) social infrastructure, and (4) AI & technology. We intend to establish a firmly entrenched leading position in these domains, driving our efforts with the strong determination to become the industry number one.

Behind our push for such capital reallocation and business portfolio transformation lies a profound sense of urgency: financial businesses are inherently prone to commoditization, and institutions that merely provide money (funding) will find it difficult to survive in the future.

In this environment, our path forward is to sharpen our "edge," including carving out niche areas that general trading companies do not touch. While anchoring ourselves in resolving social issues, we see our strengths and uniqueness in a business model rooted in practical wisdom—extending beyond mere funding to encompass asset value evaluation capabilities, project execution skills, and service delivery. We believe it is essential to further refine these

capabilities.

Q.

As you advance your capital-light strategy, what specific capabilities (in terms of organizations and human resources) do you anticipate will be required moving forward? Furthermore, in terms of assets co-owned with partners, there seems to be a risk that the shift toward a capital-light model may not progress as expected due to the presence of these partners. How do you view this risk?

A.

The capital-light strategy is positioned as one of the major pillars of our Long-Term Vision 2035, and we are currently making steady progress in organizational development and human resource cultivation to support its execution. Specifically, we have been leveraging the expertise of Advantage Partners, which became an equity-method affiliate in FY2025. In addition to this, we are developing specialized talent by seconding personnel to Advantage Partners and actively recruiting experienced fund business professionals from outside the company.

The most critical capabilities required to drive our capital-light model are the ability to originate projects that generate stable cash flows, alongside the strategic approach and placement capabilities to attract investors. In this regard, we plan to steadily expand our investor base by fully leveraging our extensive networks with funds, global financial institutions, and other partners.

Our business development partners view these asset monetization initiatives in an extremely positive light. We share a mutual understanding that leveraging asset management functions and a capital-light strategy is indispensable. Opportunities are expanding across a wide range of assets, including real estate, aircraft, and renewable energy. By multiplying these strengths, we will work toward becoming a leading company in this business domain as well.

## **Medium-Term Management Plan 2030**

Q.

Could you provide a more specific picture of your portfolio transformation? We would like to hear your perspective on initiatives such as shifting finance leases to Group companies within the Domestic Business segment, as well as capital strategies for the aircraft leasing business, which you have positioned as a business seeking profitability improvement or recovery.

A.

Under the new medium-term plan, we anticipate that portfolio transformation will be one of the critical initiatives for improving our Group's capital efficiency. We expect the vast majority of our growth investments, such as M&As, to take place in overseas markets. Therefore, we need to proactively secure capital and asset headroom for these opportunities. To achieve this, we believe it is essential to review areas that could potentially burden our balance sheet in the future.

The aircraft leasing business in particular has high market growth potential. However, we are keenly aware of the challenge that it accounts for a relatively high proportion of our Group's capital allocation and its profitability remains low from a capital efficiency standpoint. Consequently, we are currently exploring multiple options regarding capital strategies for aircraft leasing. We aim to evolve from our current position of 8th or 9th in the industry into a top-five global player, enabling us to drive future growth and outpace the competition.

Q.

You plan to expand capital allocation to the Global Business and Social Infrastructure segments. Could you provide a clearer picture of your growth? We would like to hear about the expected scale of M&As, your investment pipeline, and the domains you are prioritizing for investment.

A.

In the Global Business segment, we expect CSI, our core business, to drive growth. While responding to the growing demand for ICT equipment and data center peripherals, we also plan to expand our Fair Market Value (FMV) leasing into niche sectors, such as Ground Support Equipment (GSE) for airports. Furthermore, we are also eyeing inorganic growth through strategic M&As.

In the Social Infrastructure segment, we expect to increase capital allocation through growth investments in our strategic businesses, including data centers and battery storage. While upfront development costs mean that data centers are projected to contribute fully to profits only from FY2031 onwards, we see significant investment opportunities ahead, as key partners like the NTT Group and the Mitsubishi Estate Group plan to scale up their investments in this area. For battery storage, which features shorter development periods than data centers, we expect profit contributions to begin in the second half of the medium-term plan. With the increasing integration of renewable energy in Japan, the demand for battery storage as a grid balancer is bound to expand, and thus we intend to pursue this

opportunity with strong determination.

Q.

Your growth investment plan targets approximately ¥1.0 trillion in M&A on a segment asset balance basis. Could you share your thoughts regarding the feasibility of this plan and the appropriateness of your valuations?

A.

We recognize that valuation levels for recent M&A transactions have been on a rising trend. In executing M&A, our policy is to strictly adhere to three investment disciplines: strategic alignment, valuation, and governance. Regarding the feasibility of the approximately ¥1.0 trillion M&A investment plan, our actual investment pipeline is even more abundant. Rather than simply chasing scale, our policy is to selectively execute investments in projects that align with our strategy, deliver high profitability, and strongly enhance our Group's ROE.

Q.

How do you view the risk that investments may not be implemented or expanded as planned due to rising financing costs driven by interest rate hikes in Japan and other factors? Additionally, what is your capital policy in the event that investments stagnate and you are left with surplus capital?

A.

We strongly recognize key risks such as rising financing costs and cap rates associated with interest rate hikes. When pursuing growth investments, we set an Internal Rate of Return (IRR) that sufficiently exceeds our cost of capital as a benchmark—our hurdle rate. We intend to make agile investment decisions while maintaining strict investment discipline. In the unlikely event that the macroeconomic environment deteriorates sharply, leading to a lack of investment opportunities and a temporary capital surplus, we will consider flexible capital policies, taking into account market feedback and our balance sheet strength.

Q.

In your shareholder return policy, the dividend payout ratio was not raised from the level in the previous medium-term plan (approximately 35%). Could you explain the background behind this decision from the perspectives of the capital utilization rate and optimal capital?

A.

In the shareholder return policy in our new medium-term plan, we have revised the previous

target of 'approximately 35%' to '35% or higher,' shifting to a policy where 35% serves as a floor. In formulating the new plan, we conducted meticulous scenario analyses so that we can make appropriate management decisions by deeply assessing the risk volume required for future business expansion, necessary capital, and ultimately Return on Invested Capital (ROIC). From the standpoint of financial discipline, we maintain our existing guideline of a 75% capital utilization rate. While upholding this discipline, our capital policy aims to pursue an optimal balance among three key areas: growth investment—a keyword of the new plan—a risk buffer for an increasingly uncertain business environment, and the expansion of shareholder returns. While the new plan may give the impression that our primary focus is on growth investment, our shareholder return policy was determined after fully taking this risk buffer into account. This is not a decision based on superficial figures. It was established through quantitative simulations with the aim of meeting the expectations of our shareholders and investors on both fronts: increasing dividends through sustainable profit growth and maintaining appropriate capital control. This is the background behind setting the dividend payout ratio to '35% or higher.'