

These consolidated financial results are an English translation of excerpts from the Japanese “*Kessan Tanshin*” including attachments filed with the Tokyo Stock Exchange, solely for the convenience of readers outside Japan.

This report has been prepared in accordance with accounting principles and practices generally accepted in Japan. Amounts less than ¥1 million have been omitted unless otherwise stated.

Consolidated Financial Results (*Kessan Tanshin*) for the First Three Months of Fiscal Year Ending March 31, 2027 [Japan GAAP]

August 3, 2026

Name of Listed Company: Tokyo Century Corporation

Stock Exchange Listing: Tokyo

Securities Code: 8439

(URL: <https://www.tokyocentury.co.jp/en/>)

Representative: Koji Fujiwara, President & CEO, Representative Director

Contact: Tatsuya Hirasaki, Director and Senior Managing Executive Officer, Chief Financial Officer

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Scheduled Payment Date of Dividends: –

Preparation of Supplementary Reference Documents: Yes

Holding of Earnings Call: Yes (for institutional investors and analysts)

(Amounts less than one million yen are omitted.)

1. Consolidated Performance

	Three Months Ended June 30, 2025	Three Months Ended June 30, 2026	YoY
	<i>(Millions of yen)</i>		<i>(Percentage change)</i>
(1) Consolidated business results:			
Revenues	347,586	388,407	11.7%
Operating income	35,312	46,303	31.1%
Ordinary income	37,282	51,057	36.9%
Net income attributable to owners of parent	22,082	35,129	59.1%
Basic earnings per share (<i>Yen</i>)	45.25	71.85	
Diluted earnings per share (<i>Yen</i>)	45.06	71.66	

Notes:

Total comprehensive income

For the three months ended June 30, 2026: ¥63,971 million –%

For the three months ended June 30, 2025: ¥(29,245) million –%

	As of March 31, 2026	As of June 30, 2026
	<i>(Millions of yen)</i>	
(2) Consolidated financial condition:		
Total assets	7,214,810	7,437,496
Net assets	1,252,593	1,291,832
Shareholders' equity ratio	15.5%	15.6%

Reference:

Shareholders' equity

As of June 30, 2026: ¥1,159,114 million

As of March 31, 2026: ¥1,120,503 million

2. Dividends

	Dividends per Share (Yen)				
	First Quarter	Second Quarter	Third Quarter	Year-End	Total
Fiscal 2025	—	36.00	—	44.00	80.00
Fiscal 2026	—				
Fiscal 2026 (Forecast)		45.00	—	45.00	90.00

Note: Revisions to the most recently announced forecast of dividends: None

3. Consolidated Results Forecast for the Fiscal Year Ending March 31, 2027 (As of August 3, 2026)

	Full Year	YoY
	(Millions of yen)	(Percentage change)
Net income attributable to owners of parent	123,000	10.5%
Basic earnings per share (Yen)	251.66	

Note: Revisions to the most recently announced forecast of consolidated results: None

Notes

(1) Significant changes in the scope of consolidation during the period under review: None

(2) Adoption of special accounting treatments for quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, and retrospective restatements

1) Changes in accounting policies due to reforms of accounting standards: None

2) Changes in accounting policies other than item 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatements: None

(4) Number of shares of common stock issued

1) Number of shares issued at the end of the period (including treasury stock)

As of March 31, 2026: 492,113,280 shares

As of June 30, 2026: 492,113,280 shares

2) Number of shares of treasury stock at the end of the period

As of March 31, 2026: 3,351,414 shares

As of June 30, 2026: 3,181,814 shares

3) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2025: 488,045,605 shares

Three months ended June 30, 2026: 488,913,247 shares

Note:

The Company introduced the BBT-RS (Board Benefit Trust-Restricted Stock). The number of shares of treasury stock at the end of the period includes the Company shares held by the trust for the BBT-RS plan (1,690,526 shares as of June 30, 2026 and March 31, 2026). In addition, the number of shares of treasury stock deducted in the calculation of the average number of shares outstanding during the period includes the Company shares held by the trust for the BBT-RS plan (1,690,526 shares as of June 30, 2026 and 1,850,700 shares as of June 30, 2025).

Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: Yes (voluntary)

Explanation related to forward-looking statements and other items warranting special mention

(Regarding forward-looking statements)

The statements concerning future performance presented in this document are prepared based on currently available information and certain preconditions that Tokyo Century Corporation and its Group companies believe to be reasonable at the publication of this document. These statements do not purport that the Company pledges to realize such statements. Actual results may be substantially different from any projections presented herein due to various factors.

(Methods for obtaining supplementary reference documents for financial statements)

The supplementary reference documents were disclosed on the TDnet on the same date as this document (Japanese only) and were also posted on the Company's website.

The Company plans to hold an earnings call on Monday, August 10, 2026.

1. Overview of Business Results

* In this section, “1. Overview of Business Results,” the amounts expressed in units of millions have been rounded off to the nearest hundred million.

(1) Overview of Business Results for the Period under Review

During the three months ended June 30, 2026, revenues increased ¥40,800 million, or 11.7%, to ¥388,400 million, and gross profit increased ¥15,100 million, or 19.5%, to ¥92,300 million, respectively, from the same period of the previous fiscal year. The latter was mainly due to an increase in income in the Global Business segment and the Transport segment.

Selling, general and administrative expenses increased ¥4,100 million, or 9.8%, to ¥46,000 million from the same period of the previous fiscal year, mainly due to increases in personnel and non-personnel expenses in the Global Business segment.

Non-operating income minus non-operating expenses amounted to a net income of ¥4,800 million, up ¥2,800 million, or 141.4%, from the same period of the previous fiscal year. This was mainly caused by an increase in equity in earnings of affiliates.

Due to the factors mentioned above, ordinary income increased ¥13,800 million, or 36.9%, to ¥51,100 million from the same period of the previous fiscal year.

Extraordinary income minus extraordinary losses amounted to a net income of ¥1,500 million, mainly due to the recording of litigation settlement proceeds and other items. Income taxes increased ¥2,100 million, or 18.9%, to ¥13,400 million from the same period of the previous fiscal year. Net income attributable to non-controlling interests increased ¥300 million, or 6.7%, to ¥4,100 million from the same period of the previous fiscal year.

As a result, net income attributable to owners of parent increased ¥13,000 million, or 59.1%, to ¥35,100 million from the same period of the previous fiscal year.

Average exchange rate during the period for the preparation of consolidated financial statements for the major overseas subsidiaries and affiliates closing accounts in December is ¥156.96/US\$ for the first three months of the fiscal year ending December 31, 2026 (January to March 2026) and ¥152.56/US\$ for the first three months of the fiscal year ended December 31, 2025 (January to March 2025).

(Overview of Business Results by Segment)

In connection with its organizational and structural transformation effective April 1, 2026, the Group has changed its reportable segments to foster collaboration between its customer-facing business units (Domestic Business and Global Business), which drive customer-centric business initiatives, and its product development units (Social Infrastructure, Transport, Mobility, and Corporate Investment), which provide sophisticated solutions. This change is intended to create synergies across businesses and enhance the Group’s ability to deliver value to customers and society.

As a result of this change, effective from the first quarter of the fiscal year ending March 31, 2027, the Company has changed its reportable segments from the previous five segments, “Equipment Leasing,” “Automobility,” “Specialty Financing,” “International Business,” and “Environmental Infrastructure,” to the following six segments: “Domestic Business,” “Global Business,” “Social Infrastructure,” “Transport,” “Mobility,” and “Corporate Investment.”

Business results by segment were as follows.

Revenues for each segment represent “revenues from customers,” and segment income represents the amount for the “reportable segment.”

In addition, the year-on-year comparisons below are based on figures for the previous fiscal year that have been reclassified to reflect the new segment classification.

[Domestic Business]

Revenues increased ¥10,200 million, or 8.7%, to ¥127,600 million, and segment income increased ¥1,200 million, or 17.2%, to ¥8,100 million, respectively, from the same period of the previous fiscal year. The increase in segment income was mainly due to an increase in profit recognized from NTT TC Leasing Co., Ltd., a joint venture company with a partner. The balance of segment assets decreased ¥17,100 million, or 1.3%, to ¥1,290,600 million from the end of the previous fiscal year.

[Global Business]

Revenues increased ¥17,000 million, or 35.9%, to ¥64,300 million, and segment income increased ¥1,400 million, or 37.4%, to ¥5,000 million, respectively, from the same period of the previous fiscal year. The increase in segment income was mainly because of the receipt of large-scale IT asset disposal (ITAD) orders at CSI Leasing, Inc., a consolidated subsidiary, as well as profit growth in North America, driven by steady leasing transactions. The balance of segment assets increased ¥29,400 million, or 3.2%, to ¥955,400 million from the end of the previous fiscal year.

[Social Infrastructure]

Revenues decreased ¥1,000 million, or 2.5%, to ¥40,700 million, and segment income increased ¥900 million, or 37.8%, to ¥3,300 million, respectively, from the same period of the previous fiscal year. The increase in segment income was mainly because of an increase in gain on sale in the real estate business, as well as increased income mainly driven by the overseas renewable energy business, etc., in the environmental infrastructure business. The balance of segment assets increased ¥21,700 million, or 2.0%, to ¥1,105,600 million from the end of the previous fiscal year.

[Transport]

Revenues increased ¥10,500 million, or 20.5%, to ¥61,500 million, and segment income increased ¥8,700 million, or 245.4%, to ¥12,200 million, respectively, from the same period of the previous fiscal year. The increase in segment income was mainly because of an increase in gain on sale of aircraft in the aviation business and an increase in income from the sale of vessels in the shipping business. The balance of segment assets increased ¥100,000 million, or 4.4%, to ¥2,348,700 million from the end of the previous fiscal year.

[Mobility]

Revenues increased ¥5,400 million, or 6.3%, to ¥90,700 million, and segment income increased ¥900 million, or 13.7%, to ¥7,400 million, respectively, from the same period of the previous fiscal year. The increase in segment income was mainly due to higher gain on sale of vehicles, reflecting increases in used vehicle prices and other factors, as well as higher revenues from car rental services for inbound tourism. The balance of segment assets increased ¥22,800 million, or 4.2%, to ¥571,200 million from the end of the previous fiscal year.

[Corporate Investment]

Revenues decreased ¥100 million, or 3.3%, to ¥2,700 million, and segment income decreased ¥200 million, or 12.5%, to ¥1,400 million, respectively, from the same period of the previous fiscal year. The decrease in segment income was mainly due to lower capital gains than in the same period of the previous fiscal year. The balance of segment assets decreased ¥100 million, or 0.1%, to ¥91,900 million from the end of the previous fiscal year.

Segment Income

(Billions of yen)

Classification		Three months ended June 30, 2025	Three months ended June 30, 2026	Change	
				Amount	%
Reportable Segment	Domestic Business	6.9	8.1	1.2	17.2
	Global Business	3.6	5.0	1.4	37.4
	Social Infrastructure	2.4	3.3	0.9	37.8
	Transport	3.5	12.2	8.7	245.4
	Mobility	6.5	7.4	0.9	13.7
	Corporate Investment	1.6	1.4	(0.2)	(12.5)
Other, Adjustment		(2.4)	(2.2)	0.2	—
Amount Recorded in Quarterly Consolidated Statements of Income		22.1	35.1	13.0	59.1

Balance of Segment Assets

(Billions of yen)

Classification		As of March 31, 2026	As of June 30, 2026	Change	
				Amount	%
Reportable Segment	Domestic Business	1,307.7	1,290.6	(17.1)	(1.3)
	Global Business	926.1	955.4	29.4	3.2
	Social Infrastructure	1,083.9	1,105.6	21.7	2.0
	Transport	2,248.7	2,348.7	100.0	4.4
	Mobility	548.4	571.2	22.8	4.2
	Corporate Investment	92.0	91.9	(0.1)	(0.1)
Other		104.0	92.5	(11.5)	(11.0)
Total of Segment Assets		6,310.7	6,455.9	145.2	2.3

(2) Overview of Financial Conditions for the Period under Review

Total assets at the end of the first quarter of the fiscal year ending March 31, 2027 increased ¥222,700 million, or 3.1%, to ¥7,437,500 million, and segment assets increased ¥145,200 million, or 2.3%, to ¥6,455,900 million, respectively, from the end of the previous fiscal year. Total liabilities increased ¥183,400 million, or 3.1%, to ¥6,145,700 million, and interest-bearing debts increased ¥228,400 million, or 4.4%, to ¥5,370,900 million, respectively, from the end of the previous fiscal year.

Total net assets increased ¥39,200 million, or 3.1%, to ¥1,291,800 million from the end of the previous fiscal year. This was mainly due to a ¥13,500 million increase in retained earnings and a ¥22,100 million increase in translation adjustments.

As a result, the shareholders' equity ratio increased by 0.1 percentage points compared with the end of the previous fiscal year to 15.6%.

Exchange rate at the end of the period for the preparation of consolidated financial statements for the major overseas subsidiaries and affiliates closing accounts in December is ¥159.93/US\$ at the end of the first quarter of the fiscal year ending December 31, 2026 (March 31, 2026) and ¥156.54/US\$ at the end of the previous fiscal year (December 31, 2025).

(3) Explanation of Future Forecast Information such as Consolidated Results Forecast

We have made no revision to the consolidated results forecast which was announced on May 11, 2026.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2026	As of June 30, 2026
Assets		
Current assets		
Cash on hand and in banks	221,478	278,591
Accounts receivable - installment sales	197,021	202,781
Lease receivables and investment assets	1,588,984	1,594,043
Loans	361,709	364,893
Operational investment securities	427,988	426,561
Accounts receivable - leases	72,322	71,724
Short-term investment securities	100	100
Inventories	41,670	33,416
Other current assets	315,287	306,517
Allowance for doubtful accounts	(8,609)	(8,601)
Total current assets	3,217,955	3,270,028
Non-current assets		
Property and equipment		
Leased assets	2,837,562	2,950,005
Advances for purchases of property for lease	135,150	164,889
Other operating assets	128,768	127,241
Construction in progress	10,218	12,742
Own assets in use	31,926	32,937
Total property and equipment	3,143,626	3,287,816
Intangible assets		
Computer programs leased to customers	2,705	2,732
Goodwill	56,245	66,118
Other intangible assets	34,028	33,363
Total intangible assets	92,979	102,213
Investments and other assets		
Investments in securities	615,698	633,009
Claims provable in bankruptcy or rehabilitation	3,152	3,130
Deferred tax assets	43,689	42,853
Retirement benefit asset	4	4
Other investments	99,480	100,313
Allowance for doubtful accounts	(3,095)	(3,047)
Total investments and other assets	758,930	776,264
Total non-current assets	3,995,536	4,166,295
Deferred assets	1,319	1,173
Total assets	7,214,810	7,437,496

(Millions of yen)

	As of March 31, 2026	As of June 30, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	223,956	166,804
Short-term borrowings	404,965	428,968
Current portion of bonds	156,108	168,486
Current portion of long-term debt	1,041,539	1,124,472
Commercial papers	318,787	323,195
Payables under fluidity lease receivables	12,500	14,500
Current portion of long-term payables under fluidity lease receivables	5,070	4,677
Accrued income taxes	23,080	18,661
Deferred profit on installment sales	22,072	23,155
Provision for bonuses	5,452	3,630
Provision for bonuses for directors (and other officers)	438	128
Provision for share awards for directors (and other officers)	199	266
Other provisions	437	607
Other current liabilities	178,505	179,833
Total current liabilities	2,393,114	2,457,387
Long-term liabilities		
Bonds payable	982,155	1,125,561
Long-term debt	2,214,978	2,175,671
Long-term payables under fluidity lease receivables	6,380	5,394
Deferred tax liabilities	100,241	104,578
Provision for retirement benefits for directors (and other officers)	243	252
Provision for share awards for directors (and other officers)	177	208
Provision for automobile inspection costs	733	758
Other provisions	841	1,174
Net defined benefit liability	9,625	9,842
Other long-term liabilities	253,726	264,835
Total long-term liabilities	3,569,103	3,688,276
Total liabilities	5,962,217	6,145,664
Net assets		
Shareholders' equity		
Common stock without par value	81,129	81,129
Capital surplus	56,547	56,648
Retained earnings	665,085	678,635
Treasury stock	(3,893)	(3,782)
Total shareholders' equity	798,869	812,630
Accumulated other comprehensive income		
Net unrealized holding gains on securities	47,707	47,362
Deferred gains or losses on hedges	6,950	10,058
Translation adjustments	264,812	286,926
Remeasurements of defined benefit plans	2,162	2,136
Total accumulated other comprehensive income	321,634	346,483
Share subscription rights	1,775	1,563
Non-controlling interests	130,314	131,153
Total net assets	1,252,593	1,291,832
Total liabilities and net assets	7,214,810	7,437,496

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income

Quarterly Consolidated Statements of Income
(For the three months ended June 30, 2025 and 2026)

(Millions of yen)

	Three months ended June 30, 2025 (Apr. 1 to Jun. 30, 2025)	Three months ended June 30, 2026 (Apr. 1 to Jun. 30, 2026)
Revenues	347,586	388,407
Costs	270,404	296,151
Gross profit	77,182	92,255
Selling, general and administrative expenses	41,869	45,952
Operating income	35,312	46,303
Non-operating income		
Interest income	423	757
Dividend income	805	808
Equity in earnings of affiliates	3,892	8,043
Other	227	298
Total non-operating income	5,348	9,907
Non-operating expenses		
Interest expense	2,717	3,586
Foreign exchange losses	525	960
Other	136	606
Total non-operating expenses	3,379	5,154
Ordinary income	37,282	51,057
Extraordinary income		
Settlement income	–	1,284
Gain on sale of investment securities	160	346
Other	40	57
Total extraordinary income	201	1,688
Extraordinary losses		
Loss on valuation of investment securities	274	81
Other	52	80
Total extraordinary losses	327	162
Income before income taxes	37,155	52,582
Income taxes	11,273	13,398
Net income	25,882	39,184
Net income attributable to non-controlling interests	3,800	4,054
Net income attributable to owners of parent	22,082	35,129

Quarterly Consolidated Statements of Comprehensive Income
(For the three months ended June 30, 2025 and 2026)

(Millions of yen)

	Three months ended June 30, 2025 (Apr. 1 to Jun. 30, 2025)	Three months ended June 30, 2026 (Apr. 1 to Jun. 30, 2026)
Net income	25,882	39,184
Other comprehensive income		
Net unrealized holding gains on securities	3,198	(447)
Deferred gains or losses on hedges	(3,771)	2,696
Translation adjustments	(52,093)	20,895
Remeasurements of defined benefit plans	(12)	(18)
Share of other comprehensive income of affiliates accounted for using equity method	(2,448)	1,660
Total other comprehensive income	(55,127)	24,787
Comprehensive income	(29,245)	63,971
Comprehensive income attributable to:		
Owners of parent	(32,000)	59,979
Non-controlling interests	2,754	3,992

(3) Notes to the Quarterly Consolidated Financial Statements

Adoption of Special Accounting Treatments for Quarterly Consolidated Financial Statements

(Calculation of Tax Expenses)

We reasonably estimate an effective tax rate after applying tax effect accounting to income before income taxes for the fiscal year ending March 31, 2027, and adopt a method to calculate tax expenses by multiplying income before income taxes by the estimated effective tax rate.

However, where the amount of tax expenses calculated using the estimated effective tax rate is obviously unreasonable, tax expenses are calculated by multiplying income before income taxes by the effective tax rate designated by law after adjusting for significant differences that are not temporary differences.

Notes on Segment Information

(Matters Concerning Changes in Reportable Segments, etc.)

In connection with its organizational and structural transformation effective April 1, 2026, the Group has changed its reportable segments to foster collaboration between its customer-facing business units (Domestic Business and Global Business), which drive customer-centric business initiatives, and its product development units (Social Infrastructure, Transport, Mobility, and Corporate Investment), which provide sophisticated solutions. This change is intended to create synergies across businesses and enhance the Group's ability to deliver value to customers and society.

As a result of this change, effective from the first quarter of the fiscal year ending March 31, 2027, the Company has changed its reportable segments from the previous five segments, "Equipment Leasing," "Automobility," "Specialty Financing," "International Business," and "Environmental Infrastructure," to the following six segments: "Domestic Business," "Global Business," "Social Infrastructure," "Transport," "Mobility," and "Corporate Investment."

The details of the reportable segments after the change are as follows:

- | | |
|---------------------------|--|
| (a) Domestic Business | Leasing and related services for information and communications equipment, office equipment, and other assets in Japan, as well as circular businesses involving reuse and recycling. |
| (b) Global Business | Lifecycle services covering the entire lifecycle of diverse assets, including information and communications equipment, provided overseas, primarily consisting of FMV leasing, financing, and IT equipment disposal services. |
| (c) Social Infrastructure | Business operations, leasing and financing, and asset management for real estate (office buildings, data centers, hotels, etc.) and renewable energy assets in Japan and overseas. |
| (d) Transport | Leasing and financing, and asset management for aircraft, vessels, and other such equipment in Japan and overseas. |
| (e) Mobility | Corporate and individual auto leasing and car rental services, vehicle maintenance and related services, and other businesses covering the entire mobility lifecycle in Japan and overseas. |
| (f) Corporate Investment | Corporate investments, including equity and mezzanine financing, value enhancement support for portfolio companies, and fund formation and management services in Japan and overseas. |

Segment information for the three months ended June 30, 2025 is presented in accordance with the new segment classification.

I. Three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

1. Information concerning the amount of revenues and income by reportable segment

(Millions of yen)

	Reportable Segment						Other (Note 1)	Total	Adjustment (Note 2)	Amount shown on the Quarterly Consolidated Statements of Income (Note 3)
	Domestic Business	Global Business	Social Infrastructure	Transport	Mobility	Corporate Investment				
Revenues										
Revenues from customers	117,442	47,322	41,706	51,006	85,327	2,802	1,979	347,586	—	347,586
Intersegment revenues/transfers	126	48	0	26	196	—	140	539	(539)	—
Total	117,569	47,370	41,706	51,033	85,523	2,802	2,120	348,126	(539)	347,586
Segment income	6,920	3,611	2,381	3,541	6,506	1,563	387	24,914	(2,831)	22,082

Notes: 1. “Other” represents corporate revenues and expenses related to businesses that are not included in any reportable segment.

2. Adjustment to segment income mainly consists of general and administrative expenses, which are not attributed to reportable segments.

3. Segment income is adjusted with net income attributable to owners of parent shown on the quarterly consolidated statements of income.

2. Information concerning impairment loss on non-current assets, goodwill, etc., by reportable segment

The information is omitted due to immateriality.

II. Three months ended June 30, 2026 (from April 1, 2026 to June 30, 2026)

1. Information concerning the amount of revenues and income by reportable segment

(Millions of yen)

	Reportable Segment						Other (Note 1)	Total	Adjustment (Note 2)	Amount shown on the Quarterly Consolidated Statements of Income (Note 3)
	Domestic Business	Global Business	Social Infrastructure	Transport	Mobility	Corporate Investment				
Revenues										
Revenues from customers	127,615	64,290	40,665	61,467	90,687	2,708	972	388,407	—	388,407
Intersegment revenues/transfers	161	50	0	24	138	—	177	553	(553)	—
Total	127,777	64,340	40,665	61,492	90,826	2,708	1,150	388,961	(553)	388,407
Segment income	8,111	4,963	3,282	12,233	7,395	1,368	376	37,731	(2,601)	35,129

Notes: 1. “Other” represents corporate revenues and expenses related to businesses that are not included in any reportable segment.

2. Adjustment to segment income mainly consists of general and administrative expenses, which are not attributed to reportable segments.

3. Segment income is adjusted with net income attributable to owners of parent shown on the quarterly consolidated statements of income.

2. Information concerning impairment loss on non-current assets, goodwill, etc., by reportable segment

The information is omitted due to immateriality.

Notes in the Case of Material Changes in Shareholders' Equity

Not applicable

Notes on Going Concern Assumption

Not applicable

Notes to Quarterly Consolidated Statements of Cash Flows

The quarterly consolidated statements of cash flows for the three months ended June 30, 2026 have not been prepared. Depreciation (including amortization of intangible assets excluding goodwill) and amortization of goodwill for the three months ended June 30, 2025 and 2026 are as shown below.

	(Millions of yen)	
	Three months ended June 30, 2025 (Apr. 1 to Jun. 30, 2025)	Three months ended June 30, 2026 (Apr. 1 to Jun. 30, 2026)
Depreciation	67,368	71,912
Amortization of goodwill	1,229	1,097

Significant Subsequent Events

(Transfer of Shares in a Subsidiary)

At its Board of Directors meeting held on August 3, 2026, the Company resolved to execute a Memorandum of Understanding with ITOCHU Corporation regarding the transfer of 50.0% of the shares of TC Skyward Aviation U.S., Inc. ("SKY-U"), a consolidated subsidiary of the Company, to ITOCHU Corporation (the "Share Transfer"). Upon execution of the Share Transfer, SKY-U and its wholly owned subsidiary, Aviation Capital Group LLC ("ACG"), will be excluded from the Company's consolidated subsidiaries and become equity-method affiliates of the Company.

1. Reason for the Share Transfer

The aircraft leasing market is a promising growth sector in which medium- to long-term growth in passenger demand is expected. At the same time, industry consolidation has accelerated, and further expansion of business scale has become essential for ACG, a consolidated subsidiary of the Company, to maintain and strengthen its competitive advantage. On the other hand, from the perspectives of risk tolerance and capital efficiency, there were certain constraints on expanding ACG's asset scale by the Company alone, which had become a key issue. In light of these circumstances, the Company determined that transferring a portion of its shares in ACG to ITOCHU Corporation, which has a strong financial base and is expected to generate medium- to long-term business synergies in this business, and making ACG a jointly operated business with ITOCHU Corporation, would contribute to maximizing ACG's corporate value and enhancing the capital efficiency of the Company Group.

Overview of the Share Transfer

Item	Details
Counterparty to transfer	ITOCHU Corporation
Scheduled timing of transfer	November 2026 (scheduled)
Name of subsidiary and business	TC Skyward Aviation U.S., Inc. / Aircraft leasing business
Number of shares to be transferred	3,281 shares
Transfer price	USD 1,946 million (scheduled)
Impact on income	Approximately ¥30.0 billion (expected)
Ownership ratio after transfer	50.0%

(Issuance of Bond-Type Class Shares via Third-Party Allotment and Reduction of Capital Stock and Capital Reserve)

At its Board of Directors meeting held on August 3, 2026, the Company resolved to issue the 1st Series Bond-Type Class Shares, 2nd Series Bond-Type Class Shares and 3rd Series Bond-Type Class Shares (collectively, the "Bond-Type Class Shares") to ITOCHU Corporation and The Norinchukin Bank (collectively, the "Planned Allottees") via third-party allotment (the "Third-Party Allotment"), and entered into share subscription agreements with the Planned Allottees on the same date. In connection with the issuance of the Bond-Type Class Shares, the Company also resolved to reduce, as of the payment date for the Bond-Type Class Shares, the full amounts of capital stock and capital reserve increased upon the issuance of the Bond-Type Class Shares, and to transfer such amounts to other capital surplus (the "Reduction in the Amounts of Capital Stock, etc.").

1. Issuance of the Bond-Type Class Shares via Third-Party Allotment

Overview of the Third-Party Allotment

Item	1st Series Bond-Type Class Shares	2nd Series Bond-Type Class Shares	3rd Series Bond-Type Class Shares
Payment date	September 18, 2026 (scheduled)	September 18, 2026 (scheduled)	September 18, 2026 (scheduled)
Number of new shares issued	8,000,000 shares	20,000,000 shares	20,000,000 shares
Issue price	¥250 per share	¥250 per share	¥250 per share
Amount to be incorporated into capital stock per share	¥125 per share (capital reserve: ¥125)	¥125 per share (capital reserve: ¥125)	¥125 per share (capital reserve: ¥125)

Total issue amount (total amount to be incorporated into capital stock)	¥2,000,000,000 (¥1,000,000,000)	¥5,000,000,000 (¥2,500,000,000)	¥5,000,000,000 (¥2,500,000,000)
Planned allottee	The Norinchukin Bank	ITOCHU Corporation	ITOCHU Corporation
Cash call option exercise period	On or after five years from the payment date (on or after September 18, 2031)	On or after five years and three months from the payment date (on or after December 18, 2031)	On or after five years and six months from the payment date (on or after March 18, 2032)
Annual dividend rate	3.8% if the record date falls in any fiscal year ending on or before March 31, 2032; 1-Year JGB Interest Rate + 1.8% if the record date falls in any fiscal year ending on or after April 1, 2032 (capped at 10%)	Same as left	Same as left
Use of proceeds	Investment capital for grid-scale storage battery facilities, etc.	Same as left	Same as left
Other	No voting rights; no put option or call option in exchange for common shares	Same as left	Same as left

2. Reduction of Capital Stock and Capital Reserve

In order to record distributable amounts in preparation for future flexible capital policies, subject to the completion of payment for the Bond-Type Class Shares under the Third-Party Allotment, the Company will reduce the full amounts of capital stock and capital reserve increased upon incorporation of the paid-in amount for the Bond-Type Class Shares into capital stock and capital reserve, and transfer such amounts to other capital surplus, effective as of the payment date for the Bond-Type Class Shares.

Summary of the Reduction in the Amounts of Capital Stock, etc.

Item	Details
Amount of capital stock to be reduced	¥6.0 billion. Since capital stock will increase by ¥6.0 billion due to the issuance of the Bond-Type Class Shares, the amount of capital stock after the effective date will not fall below the amount before the effective date.
Amount of capital reserve to be reduced	¥6.0 billion. Since capital reserve will increase by ¥6.0 billion due to the issuance of the Bond-Type Class Shares, the amount of capital reserve after the effective date will not fall below the amount before the effective date.
Method of reduction	Pursuant to Article 447, Paragraphs 1 and 3, and Article 448, Paragraphs 1 and 3 of the Companies Act, the Company will implement the reduction as described above and transfer the entire amount of each reduction to other capital surplus.

Schedule for the Reduction in the Amounts of Capital Stock, etc.

Date	Event
August 3, 2026	Board of Directors' resolution regarding the Reduction in the Amounts of Capital Stock, etc.
August 13, 2026	Public notice to creditors regarding objections (scheduled)
September 14, 2026	Final deadline for creditors to state objections (scheduled)
September 18, 2026	Payment date for the Bond-Type Class Shares (scheduled); effective date of the Reduction in the Amounts of Capital Stock, etc. (scheduled)

3. Future Outlook

The impact of the issuance of the Bond-Type Class Shares via the Third-Party Allotment and the Reduction in the Amounts of Capital Stock, etc. on the Group's financial results is expected to be immaterial.