IR Presentation for Q2 FY2026

Tokyo Century Corporation (8439)

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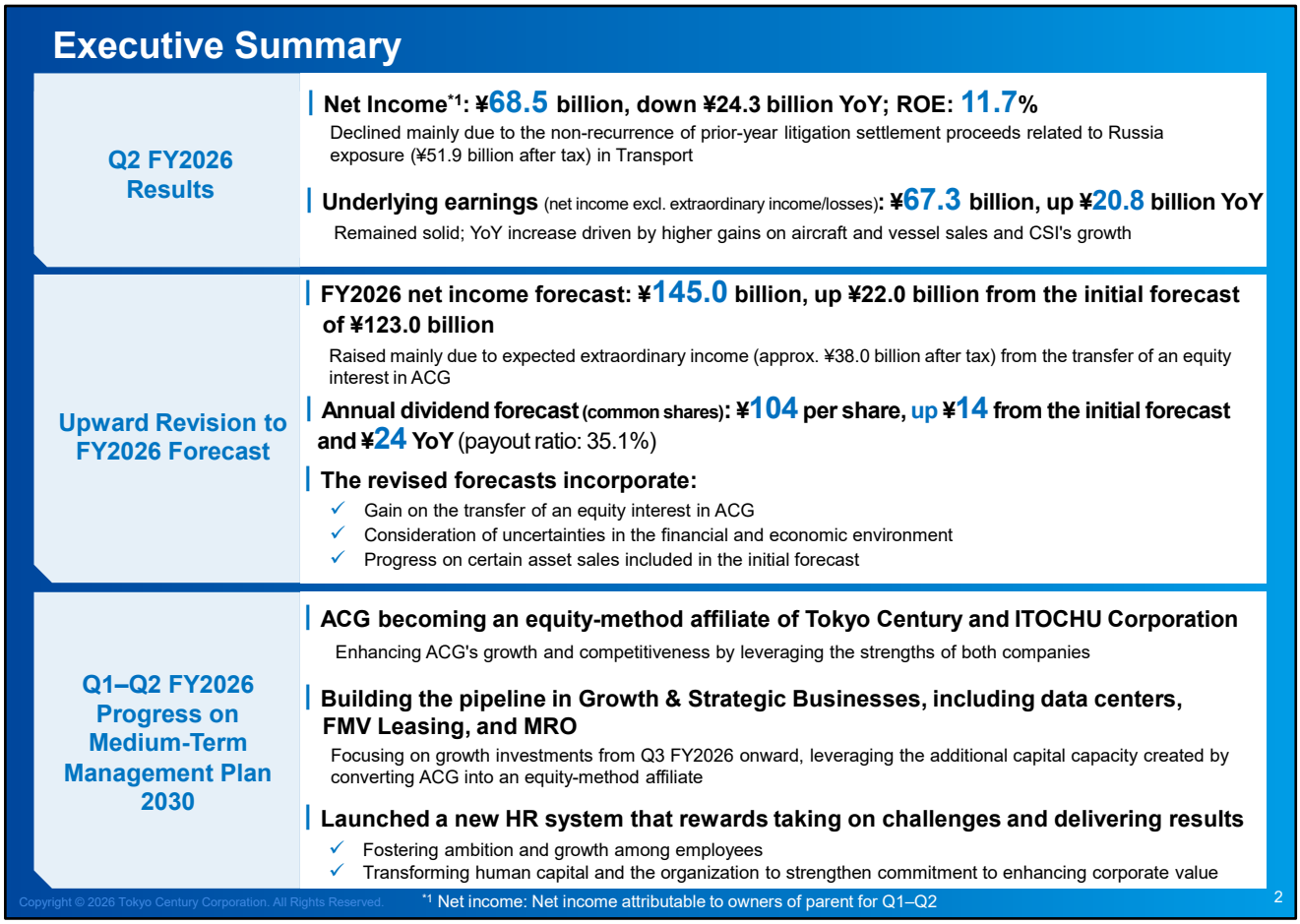
Q2 FY2026 Earnings Call Presentation
Speaker: Tatsuya Hirasaki, Member of the Board, Senior Managing Executive Officer,
Chief Financial Officer, Chief Human Resources Officer, Co-Chief Strategy Officer

This material consists of selected and reordered slides from the original materials to reflect the presentation at the earnings call.



The following are three key points from the first half of FY2026.

1. Q1–Q2 FY2026 financial results
Net income decreased by ¥24.3 billion year-on-year to ¥68.5 billion, and ROE declined by 6.4 percentage points to 11.7%. The primary driver of this decrease was the non-recurrence of ¥51.9 billion in after-tax litigation settlement proceeds related to Russia exposure recorded in the same period last year.

On the other hand, underlying earnings—net income excluding extraordinary income and losses such as the litigation settlement proceeds—increased by ¥20.8 billion year-on-year. Driven by higher gains on aircraft and vessel sales as well as strong growth at CSI, we see our base earnings power as steadily strengthening.

2. Revision to FY2026 forecast
As announced in today's press release, the transfer of an equity interest in ACG has been completed. We expect the extraordinary income from this transaction to increase net income by approximately ¥38.0 billion. Incorporating this positive impact, we have revised our full-year net income forecast upward from ¥123.0 billion to ¥145.0 billion, and raised our annual dividend forecast from ¥90 to ¥104 per share. While this revision reflects the positive earnings impact from the ACG equity transfer, it also factors in potential downside risks, including delays in realizing gains from divestments originally planned as part of our portfolio transformation, delays in realizing capital gains amid current market conditions, and non-performing assets.

3. Progress on Medium-Term Management Plan 2030
During the first half of the current fiscal year, we successfully took the first major step in our portfolio transformation by converting ACG into a joint business with ITOCHU Corporation. At the same time, we have been building our growth investment pipeline and advancing concrete

initiatives for human capital and organizational transformation. Further details on these initiatives will be provided shortly.

Before moving on to the segment-by-segment results, we will first share our assessment of the impact of three macroeconomic factors on our performance—interest rates, inflation, and foreign exchange—as well as the current business environment.

1. Interest Rates
Both Japanese yen and U.S. dollar interest rates remained broadly within our initial expectations during the first half. However, for the second half, we anticipate Japanese yen interest rates will rise beyond our initial scenario. While rising interest rates put upward pressure on financing costs, we are appropriately managing interest rate risk through sound asset-liability management (ALM).

The average interest rate on yen funding increased by approximately 30 basis points year-on-year, resulting in a cost increase of roughly ¥4.0 billion. With further rate hikes expected in the second half, we expect the full-year average interest rate on yen funding to move up another notch.

2. Inflation
While inflation pushes up costs, it also works to the advantage of our business model. Tokyo Century owns a diverse portfolio of physical assets, including IT equipment, aircraft, vessels, and automobiles. Currently, market values are rising across many of these asset classes, enabling end-of-lease revenues and gains on asset sales to exceed the levels assumed at the start of each transaction.

Higher gains on aircraft and vessel sales, as well as strong equipment sales gains at CSI, are prime examples of this dynamic. By leveraging the strengths of our asset-owning business model and effectively managing asset values, we will continue to enhance both profitability and capital efficiency.

3. Foreign Exchange
Against our initial full-year average exchange rate assumption of ¥150 to the U.S. dollar, the yen depreciated further than expected to an average of approximately ¥158 in the second quarter, providing a positive boost to net income. As exchange rates have remained relatively stable recently, we expect the full-year average rate to remain around this level.

Overall, we recognize that uncertainty in the business environment remains high. As corporate digitalization accelerates, we believe greater vigilance than ever is required against the business continuity risks posed by increasingly sophisticated and complex cyberattacks. We are also closely monitoring shifts in credit risk perceptions and funding conditions in financial and capital markets, as well as geopolitical tensions across various regions. We will continue to carefully assess these evolving conditions and maintain rigorous risk management.

Results by Operating Segment

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Results of Domestic Business

(Billions of yen)	FY2025 Q1–Q2	FY2026 Q1–Q2	YoY	FY2026 Initial Forecast	Progress*3
Net income	13.0	16.4	3.5	25.3	65%
NTT TC Leasing	3.3	3.7	0.4	Ownership: 50%	
FLCS	1.2	1.3	0.1	Ownership: 80%	
Gains on asset sales (underlying earnings)*1	1.7	4.9	3.1		
Capital gains/losses and one-time gains/losses*1	—	0.3	0.3		
Impairment, credit, and other losses*1	(0.0)	(0.0)	0.0		
ROE*2	20.2%	24.9%	4.7 pts		

*1 After-tax basis
*2 Estimated figure
*3 vs. FY2026 initial forecast

	Mar. 31, 2026	Sep. 30, 2026	Change
Segment assets	1,307.7	1,272.5	(35.2)

Key Factors

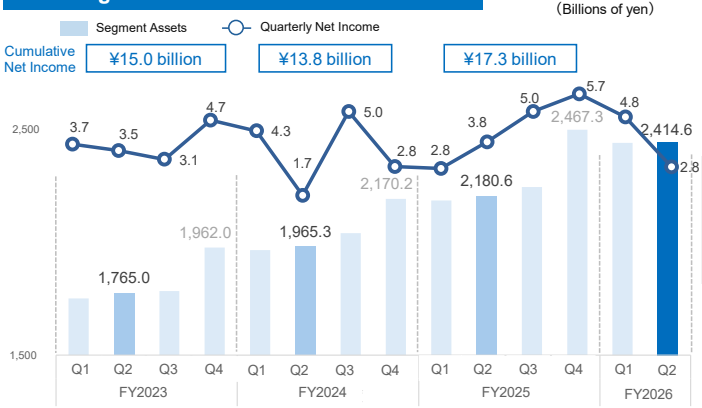
Higher Gains on Asset Sales

Income increased, driven by higher gains on asset sales from businesses operated with partners.

Performance of NTL (TC's Equity in Earnings)

Income increased, primarily driven by an increase in segment assets (up ¥0.4 billion YoY, incl. a −¥0.1 billion FX impact).

NTL Segment Asset Trends & Focus Areas



Three strategic pillars of NTL

Strengthening of Businesses Related to the NTT Group

- Expand collaborative business with the NTT Group and contribute to asset strategies
  ⇒ Financing for overseas data centers, ITAD services, etc.

Expansion of Growth Areas

- Strengthen co-creation and collaboration with partners in environment, real estate, education, etc.
  ⇒ Air conditioners for schools, public-private partnership projects, GIGA School initiative, etc.

Strengthening of Collaborative Leasing

- Explore new dealers and commercial products
  ⇒ Collaboration with dealers referred by TC and stronger ties with the NTT Group

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The following is an overview of our financial results by operating segment. Please note that the profit forecasts shown for each segment are the initial full-year forecasts announced at the beginning of the fiscal year, with progress rates measured against those forecasts.

In the Domestic Business segment, net income increased by ¥3.5 billion year-on-year to ¥16.4 billion, representing 65% of the full-year forecast. The primary driver of this growth was higher gains on asset sales from businesses operated with partners.

Next, please look at the chart for NTT TC Leasing in the lower section of the slide. The bar graph shows segment assets, and the line graph tracks quarterly net income.

Positioned as a key growth driver for Domestic Business under our Medium-Term Management Plan, NTT TC Leasing has been steadily accumulating assets that will support future earnings growth. In particular, asset growth has been concentrated in strategic areas such as businesses related to the NTT Group and municipal projects. Compared to the end of Q2 FY2025, segment assets increased by approximately ¥230.0 billion, demonstrating that alongside current profit growth, the business foundation supporting medium-term earnings expansion is steadily strengthening.

Results of Global Business

(Billions of yen)	FY2025 Q1–Q2	FY2026 Q1–Q2	YoY
Net income	6.9	10.3	3.4
CSI	2.9	7.3	4.4
Capital gains/losses and one-time gains/losses*1	1.8	0.8	(1.0)
Impairment, credit, and other losses*1	0.0	(0.3)	(0.3)
ROE*2	13.8%	24.4%	10.6 pts

FY2026 Initial Forecast	Progress*3
26.5	39%

*1 After-tax basis
*2 Estimated figure
*3 vs. FY2026 initial forecast

	Mar. 31, 2026	Sep. 30, 2026	Change
Segment assets	926.1	988.6	62.5
CSI	505.0	549.8	44.8

Key Factors

Higher earnings at CSI

Non-Recurrence of Prior-Year Capital Gains

Income increased despite the non-recurrence of prior-year gain on sale of operational investment securities. The increase was driven by higher secondary-market earnings at CSI, reflecting higher used PC and server prices and new large-scale ITAD contracts.

Business Portfolio Transformation

FY2026 Policy

- ✓ Enhance capital efficiency by **rationalizing existing locations** and **selling investment securities**.
- ✓ **Strengthen the FMV leasing value chain** and **expand target assets and geographic reach**, primarily through CSI.

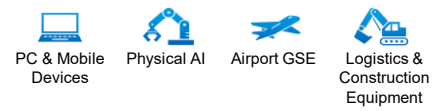
Growth Strategy Overview

Strengthening the Value Chain



Providing integrated services across the entire lifecycle by leveraging a global network of locations and partners spanning more than 40 countries

Expanding Target Assets



Applying expertise in residual value assessment of IT equipment to a diverse range of assets

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In the Global Business segment, net income increased by ¥3.4 billion year-on-year to ¥10.3 billion, representing 39% of the full-year forecast.

Although the prior-year gain on the sale of operational investment securities did not recur, strong earnings growth at CSI more than offset this impact, lifting overall segment profit. As mentioned earlier, CSI's performance partially benefited from higher market prices for used servers and PCs because supply-demand conditions in the IT equipment market remained tight, reflecting growing semiconductor demand, particularly from data centers.

This boosted end-of-lease revenues, and large ITAD service contracts won during the first half also contributed, resulting in a ¥4.4 billion year-on-year increase in CSI's net income.

As explained earlier, the progress rate is relatively low at 39% because the full-year forecast includes extraordinary income expected from divestments under our portfolio transformation.

Results of Social Infrastructure

(Billions of yen)	FY2025 Q1–Q2	FY2026 Q1–Q2	YoY
Net income	5.7	6.5	0.8
Real estate	3.0	4.1	1.1
Environmental infrastructure	1.4	1.0	(0.4)
Capital gains/losses and one-time gains/losses*1	1.6	1.6	0.1
Impairment, credit, and other losses*1	(0.0)	0.0	0.0
ROE*2	3.7%	4.4%	0.7 pts

FY2026 Initial Forecast	Progress*3
18.9	35%

*1 After-tax basis
*2 Estimated figure
*3 vs. FY2026 initial forecast

	Mar. 31, 2026	Sep. 30, 2026	Change
Segment assets	1,083.9	1,125.4	41.4
Real estate	859.0	896.9	38.0
Environmental infrastructure	225.0	228.4	3.4

Key Factors

Real Estate — **Higher Capital Gains**

Income increased, primarily driven by higher gains on real estate sales.

Environmental Infrastructure — **Non-Recurrence of Prior-Year Capital Gains**

Income decreased, mainly due to the non-recurrence of prior-year gains on sales in the solar power generation business.

Initiatives for Functional and Geographic Expansion

Functional Expansion

Enhance operational capabilities to increase asset value
Strengthen hotel management, operations, and asset management capabilities, as well as supply-demand management capabilities for grid-scale battery storage, through partnerships.

Geographic Expansion

Expand investments in growth markets, including North America and Europe
Leverage expertise developed in Japan through real estate and renewable energy investment and operations to expand investments in growth assets, such as data centers, in collaboration with leading partners.

Evolve beyond asset ownership to enhance and manage asset value.

Expand capabilities across the value chain and increase investment in growth assets in Japan and overseas.

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In the Social Infrastructure segment, net income rose by ¥0.8 billion year-on-year to ¥6.5 billion, representing 35% of the full-year forecast.

The primary driver of this increase was higher capital gains in the real estate business. Conversely, the environmental infrastructure business saw a decline in net income due to the non-recurrence of prior-year gains on sales in the solar power generation business.

While net income in the environmental infrastructure business appears modest, growth investments in areas such as overseas renewable energy and grid-scale battery storage are progressing steadily. These businesses follow a J-curve earnings profile and take time before contributing to profits, but we are building a portfolio focused on profitability and capital efficiency with an eye toward enhancing future ROE.

Results of Transport

(Billions of yen)	FY2025 Q1–Q2	FY2026 Q1–Q2	YoY
Net income	62.6	29.0	(33.6)
Aviation	64.7	22.9	(41.8)
Shipping	(1.6)	7.3	9.0
Gains on asset sales (underlying earnings)*1	4.4	17.8	13.3
Aviation	4.4	12.3	7.8
Shipping	—	5.5	5.5
Capital gains/losses and one-time gains/losses*1	51.8	—	(51.8)
Impairment, credit, and other losses*1	(1.1)	(1.9)	(0.8)
ROE*2	40.9%	16.6%	(24.3 pts)

FY2026 Initial Forecast	Progress*3
35.4	82%

*1 After-tax basis
*2 Estimated figure
*3 vs. FY2026 initial forecast

	Mar. 31, 2026	Sep. 30, 2026	Change
Segment assets	2,248.7	2,393.5	144.9
Aviation	2,150.6	2,280.9	130.3
Shipping	97.1	111.7	14.6

Key Factors

Aviation

Non-Recurrence of Prior-Year One-Time Gains

Higher Gains on Asset Sales

Income decreased due to the non-recurrence of prior-year litigation settlement proceeds (¥51.9 billion). Excluding this factor, income increased, driven by higher gains on aircraft sales by subsidiaries other than ACG and strong performance in GAT's aircraft parts sales and MRO businesses.

Shipping

Higher Gains on Asset Sales

Income increased, driven by the non-recurrence of prior-year foreign exchange losses and higher gains on vessel sales by the Company and equity-method affiliates.

Direction of Business Portfolio Transformation

Shift from a business portfolio centered on leasing and financing to one that creates added value across the entire asset lifecycle.

【Aviation】

✓ Expand aircraft aftermarket capabilities, primarily through GAT.

✓ Combine aircraft leasing, parts trading, and MRO capabilities to pursue revenue opportunities across the entire aircraft lifecycle.

【Shipping】

✓ Strengthen the vessel-owning business while expanding into vessel operations, management, recycling, and other related areas.

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In the Transport segment, net income decreased by ¥33.6 billion year-on-year to ¥29.0 billion, achieving 82% of the full-year forecast. As noted earlier, the decrease was primarily due to the non-recurrence of ¥51.9 billion in litigation settlement proceeds related to Russia exposure recorded in the prior year. Excluding this factor, segment net income increased by ¥18.1 billion year-on-year.

In the aviation business, we recorded a high level of gains on aircraft sales from the Company's former non-ACG aircraft leasing business, alongside continued robust performance in GA Telesis's (GAT) MRO business. With passenger air travel demand continuing to recover and expand amid ongoing aircraft supply constraints, the secondary aircraft market remains buoyant. Capturing these favorable market conditions through agile aircraft sales contributed significantly to profit growth.

In the shipping business, income grew substantially, supported by the non-recurrence of prior-year foreign exchange losses as well as gains on vessel sales at equity-method affiliates. Tight supply-demand conditions in the maritime market—driven by global cargo volumes and longer shipping routes resulting from geopolitical developments—have kept charter rates and secondhand vessel prices at favorable levels. Against this backdrop, we increased profits by selling owned vessels as appropriate, while carefully evaluating vessel age, charter expiration timing, and the timing of maintenance and repair costs.

Results of Mobility

(Billions of yen)	FY2025 Q1–Q2	FY2026 Q1–Q2	YoY
Net income	6.7	10.9	4.2
NCS	1.0	6.0	5.0
NRS	5.3	5.5	0.2
Gains on asset sales (underlying earnings)*1	6.3	6.9	0.6
Capital gains/losses and one-time gains/losses*1	(4.4)	0.4	4.8
Impairment, credit, and other losses*1	0.0	(0.0)	(0.1)
ROE*2	25.6%	38.0%	12.4 pts

FY2026 Initial Forecast	Progress*3
20.6	53%
Ownership: 59.5%	
Ownership: 88.6%	

*1 After-tax basis
*2 Estimated figure
*3 vs. FY2026 initial forecast

	Mar. 31, 2026	Sep. 30, 2026	Change
Segment assets	548.4	580.9	32.5
NCS	399.3	405.3	6.1
NRS	44.5	46.2	1.7

Key Factors

NCS

Non-Recurrence of prior-year impairment losses

Higher Gains on Asset Sales

Income increased due to the non-recurrence of prior-year IT system impairment losses.

Gains on vehicle sales and lease income also increased.

These offset higher funding costs and SG&A expenses.

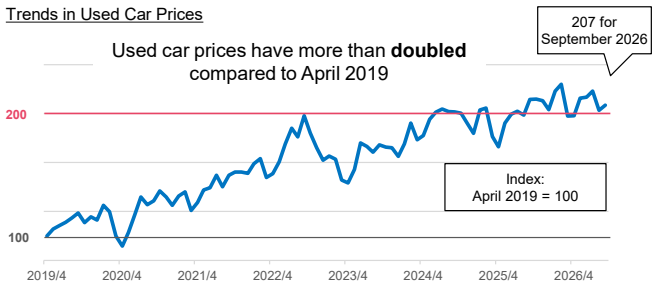
NRS

Higher Demand from Inbound Tourism

Higher Gains on Asset Sales

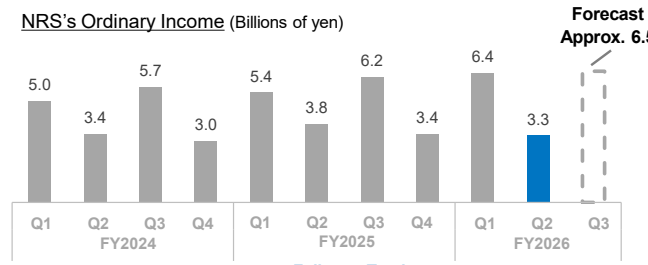
Income increased, driven by strong inbound demand and higher gains on vehicle sales, which more than offset higher SG&A expenses and other costs.

Trends in Used Car Prices



Source: Created by Tokyo Century based on auction data (prices of vehicles sold) of USS, a leading used car auction provider in Japan

NRS's Ordinary Income (Billions of yen)



Full-year Total 17.1

Full-year Total 18.8

All-Time High

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In the Mobility segment, net income rose by ¥4.2 billion year-on-year to ¥10.9 billion, representing 53% progress toward the full-year forecast.

At NCS, profit increased due to the non-recurrence of prior-year IT system impairment losses, as well as higher gains on vehicle sales supported by a robust used car market. NRS also achieved profit growth, driven by higher car rental revenue from successfully capturing strong inbound tourism demand, as well as higher gains on vehicle sales.

Results of Corporate Investment

(Billions of yen)	FY2025 Q1–Q2	FY2026 Q1–Q2	YoY
Net income	1.6	2.1	0.5
Capital gains/losses and one-time gains/losses*1	1.9	2.1	0.2
Impairment, credit, and other losses*1	—	—	—
ROE*2	4.6%	4.6%	—

FY2026 Initial Forecast	Progress*3
6.1	35%

*1 After-tax basis
*2 Estimated figure
*3 vs. FY2026 initial forecast

	Mar. 31, 2026	Sep. 30, 2026	Change
Segment assets	92.0	92.8	0.8

Key Factors

Higher Equity-Method Earnings

Income increased, primarily driven by higher earnings from joint investments with AP.

Collaboration with AP

- Acquired additional shares in the AP Group in September 2025, making it an equity-method affiliate.
- Aim to expand the corporate investment business by further deepening collaboration while maintaining AP's independence.

Real Estate Fund

April 2026: Full Launch

Plan to invest ¥500 billion over five years, leveraging strengths cultivated in PE buyouts.

Buyout Fund

May 2026: Final Close

Established a ¥300 billion fund, one of the largest ever for a Japanese PE firm.

Forestry Fund

Spring 2027: Planned Launch

Plan to establish a natural capital fund investing in forests in Japan

Standalone Strategic Investment by Tokyo Century

Invest in AQUA, a leading CM*4 firm with advanced cost control capabilities.

Leverage our customer network and business resources to support AQUA's further growth and enhance its corporate value.

*4 Construction management: Managing and supporting design, construction, costs, schedules, and other aspects of a project in partnership with the client

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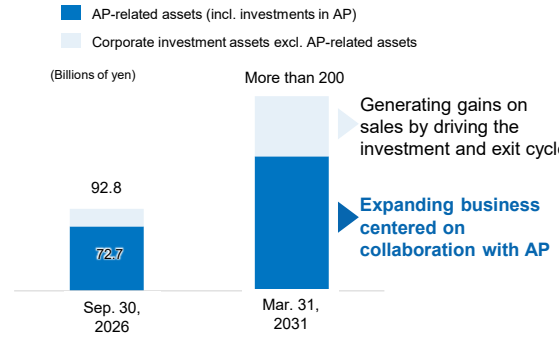
Corporate Investment Segment Assets (Plan)



In the Corporate Investment segment, net income increased by ¥0.5 billion year-on-year to ¥2.1 billion, representing 35% progress toward the full-year forecast.

Regarding Advantage Partners (AP), we began recognizing equity-method earnings from the second quarter. The segment's net income increased, but AP's profit contribution in the first half was modest due to the absence of major exits. This explains the relatively low progress rate.

Meanwhile, the segment’s deal pipeline, including joint investments with AP, continues to expand steadily.

Topics

Medium-Term Management Plan 2030 Progress Update

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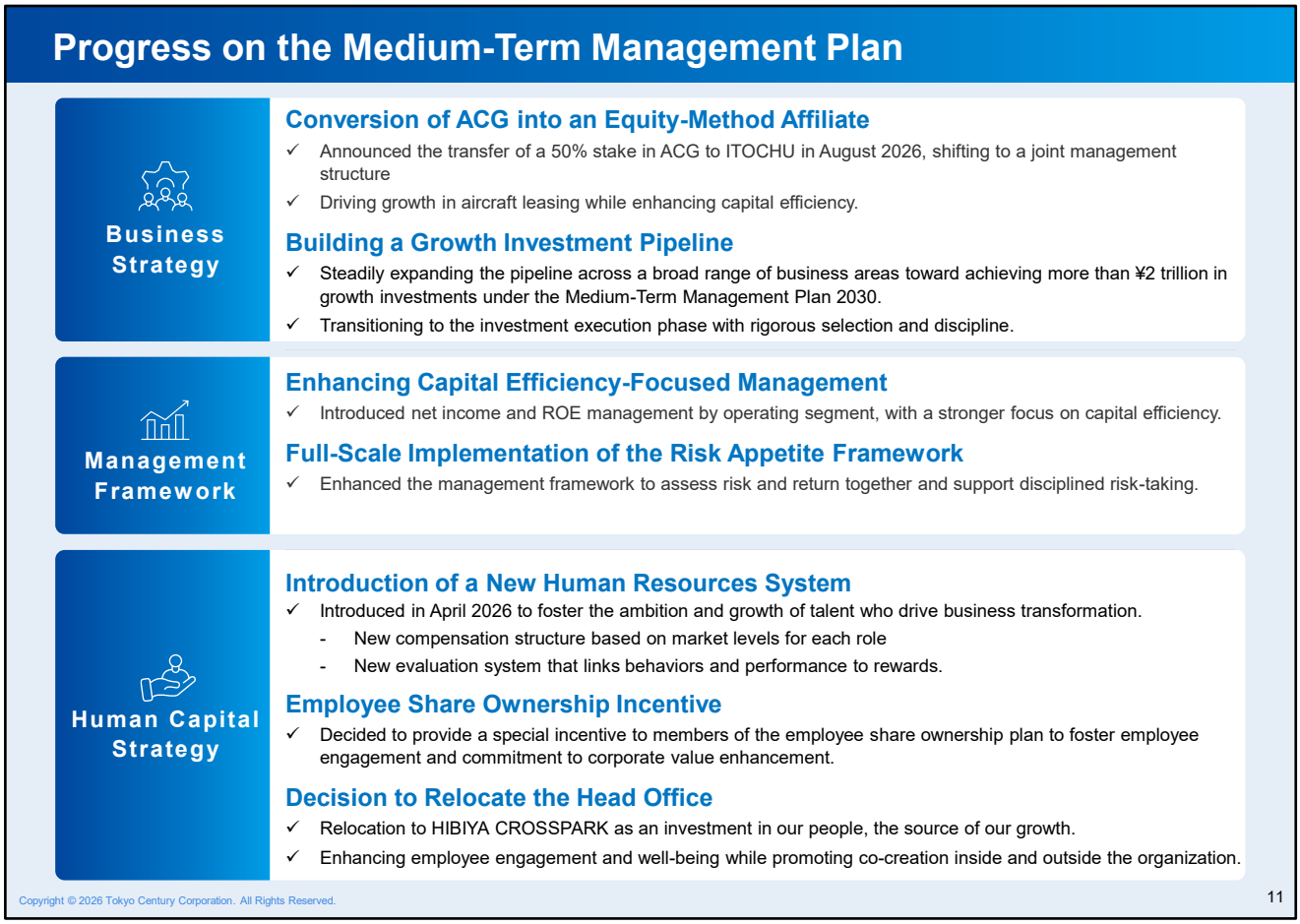


This section covers our first-half progress on initiatives under Medium-Term Management Plan 2030.

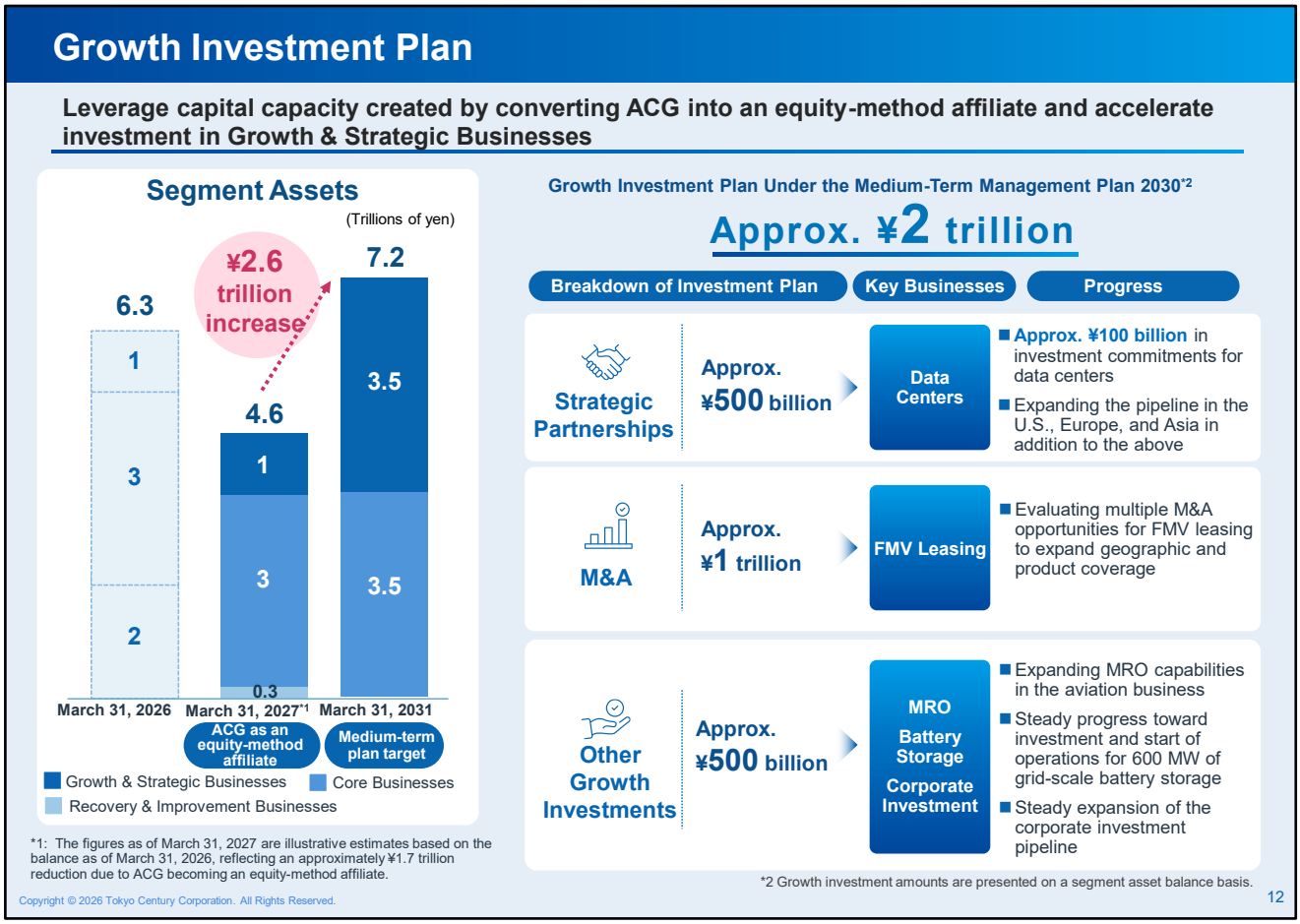
During the first half of FY2026—the inaugural year of the plan—we made tangible progress on key measures aligned with our corporate transformation program, TC Compass.

Under Business Strategy, by transitioning ACG to a joint management structure with ITOCHU, we have established a framework to position ACG among the global top five players in the aircraft leasing industry. We have also been steadily building our investment pipeline across a broad range of business areas toward executing more than ¥2 trillion in growth investments under the plan.

Under Management Framework, we introduced ROE management by operating segment, taking into account net income and the cost of capital from an investor perspective. We also launched full-scale implementation of our Risk Appetite Framework to support disciplined risk-taking focused on capital efficiency.

Under Human Capital Strategy, we introduced a new human resources system to encourage employees to take on challenges and grow, while also enhancing incentives for employee share ownership. The new HR system evaluates not only results but also how employees approach challenges, fostering ambition and self-directed growth.

Furthermore, through this share ownership incentive initiative, we are creating an environment where every employee feels more connected to our share price and corporate value and recognizes how their daily work contributes to value creation. In addition, we decided to relocate our head office to HIBIYA CROSSPARK to enhance employee engagement and well-being and to promote co-creation across organizational boundaries.



Leveraging the increased capital capacity created by converting ACG into an equity-method affiliate, we will now move into full-scale execution of more than ¥2 trillion in growth investments.

First, under Strategic Partnerships, our pipeline of concrete investment opportunities—centered on data centers—is steadily building, with investment commitments expanding to approximately ¥100.0 billion, primarily in U.S. data center development. Beyond these commitments, we are also evaluating multiple opportunities across the U.S., Europe, and Asia.

Regarding data centers, we note emerging regulatory reviews in the U.S. concerning new developments, driven by considerations around power supply, water resources, and local community impact. While medium- to long-term demand for data centers remains strong on the back of rapid AI adoption, we recognize that future shifts in policy and regulatory environments could affect the timing and progress of new development projects.

That said, for our committed U.S. projects, we have largely obtained the necessary permits and approvals, and we do not currently anticipate any impact on our investment plans. Regulatory trends and power supply conditions have always been key criteria in our data center investment decisions. Going forward, we will continue to work closely with our partners to carefully assess local regulations and power availability, selectively pursuing projects that ensure appropriate returns.

Under M&A, we are evaluating opportunities across segments such as Global Business and Mobility to expand geographic reach and operational capabilities in areas positioned as growth businesses.

Under Other Growth Investments, concrete project evaluations are also advancing across multiple areas, including grid-scale battery storage—where we are making steady progress toward the start

of operations for 600 MW—and an expanding pipeline in Corporate Investment.

As outlined above, concrete opportunities toward our ¥2 trillion-plus growth investment plan are steadily taking shape. Rather than pursuing scale for its own sake, we will rigorously assess the profitability and risks of each individual project to secure returns exceeding our cost of capital, thereby driving medium- to long-term enhancement of corporate value.

Contact Information

Investor Relations Office

Tel: +81-3-5209-6710
Website: https://www.tokyocentury.co.jp/en/

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