FUYO LEASE GROUP

Summary of Financial Results for the 1st half of FY2019

November 6, 2019

FUYO GENERAL LEASE CO., LTD.

Agenda

1. Overview of consolidated operating results

2. Overview of business activities

3. Earnings forecast and cash dividend forecast

4. Appendix

During the second quarter ended September 30, 2019, the Company finalized the provisional accounting treatment for business combinations. As a result, figures for the fiscal year ended March 31, 2019 reflect the finalization of the provisional accounting treatment.

Earnings forecasts and other forward-looking statements provided in this material are based on the information currently available to the Company and are subject to risks and uncertainties. Actual results may differ materially from the forecasts presented herein.

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(1) 1H FY2019 results

- **Total revenues and profit records were rewritten in consecutive years thanks to the accumulation of quality operating assets and the contribution of the profits of BPO services centered on INVOICE INC.**
- **While operating assets increase, the quality of ROA is also steadily improving.**

(¥100 million)

	FY2018 1H results	FY2019 1H results	YoY change (amount)	YoY change (%)
Total revenues	**2,957**	**3,445**	+489	+16.5%
Profit before interest expenses (*1)	**362**	**416**	+54	+15.0%
Gross profit	**321**	**369**	+48	+14.9%
Operating profit	**182**	**205**	+23	+12.5%
Ordinary profit	**196**	**220**	+24	+12.0%
Profit (*2)	**127**	**137**	+10	+8.2%
Basic earnings per share	**¥ 419.54**	**¥ 455.81**	+36.27	+8.6%
Newly executed contract volume	**4,845**	**6,887**	+2,041	+42.1%
Operating assets	**22,628** (*4)	**23,667**	+1,039	+4.6%
ROA (*3)	**1.76%** (*4)	**1.90%**	+0.14pt	

(*1) Gross profit before deducting interest expenses
(*2) Profit attributable to owners of parent
(*3) Ordinary profit (annualized) / operating assets (average balance)
(*4) As of March 31, 2019

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(2) Income and expenses

(¥100 million)

	1H FY2015	1H FY2016	1H FY2017	1H FY2018	1H FY2019	YoY change (1H FY2018 to 1H FY2019)
Total revenues	2,485	2,450	3,026	2,957	3,445	+489
Total costs	2,223	2,179	2,714	2,636	3,077	+441
Interest expenses	[33]	[36]	[36]	[41]	[47]	[+7]
Gross profit	262	270	312	321	369	+48
SG&A	124	128	137	139	164	+25
Credit-related costs	[2]	[1]	[1]	[2]	[5]	[+3]
Operating profit	139	142	175	182	205	+23
Non-operating income/loss	27	14	13	14	15	+1
Reversal of credit-related profits/losses	[10]	[6]	[4]	[1]	[1]	[+0]
Ordinary profit	166	157	188	196	220	+24
Extraordinary gains/losses	1	0	-0	2	2	-0
Profit attributable to owners of parent	102	103	117	127	137	+10
Basic earnings per share (¥)	339.02	340.28	387.59	419.54	455.81	

Profits:
Operating assets have accumulated and each level of profit has risen thanks partly to consolidation of INVOICE INC.

Costs:
Cost increases of interest expenses and credit-related costs have stayed within a scale that is allowed for under the plan.

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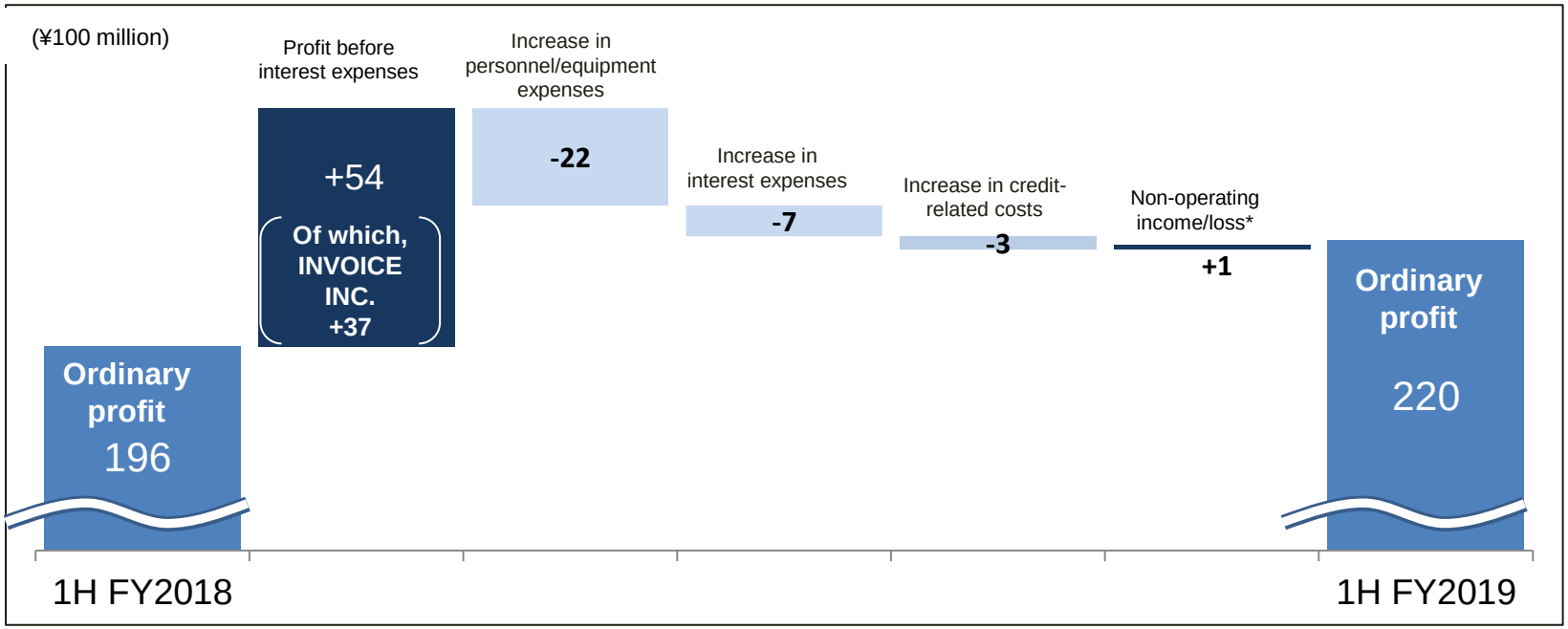
(3) Factors causing the increase in ordinary profit

- Accumulation of operating assets and consolidation of INVOICE INC. caused the large degree of increase in profit before interest expenses
- The increase in personnel/equipment expenses was caused by consolidation of INVOICE INC. Increases of interest expenses and credit-related costs were within the plan's allowable scale.



	1H FY2018	1H FY2019	Change
Profit before interest expenses	362	416	+54
Personnel expenses	87	97	+11
Equipment expenses	51	62	+11
Interest expenses	41	47	+7
Credit-related costs	1	4	+3

	1H FY2018	1H FY2019	Change
Non-operating income/loss*	13	14	+1
Ordinary profit	196	220	+24

*Excluding reversal of credit-related profits/losses

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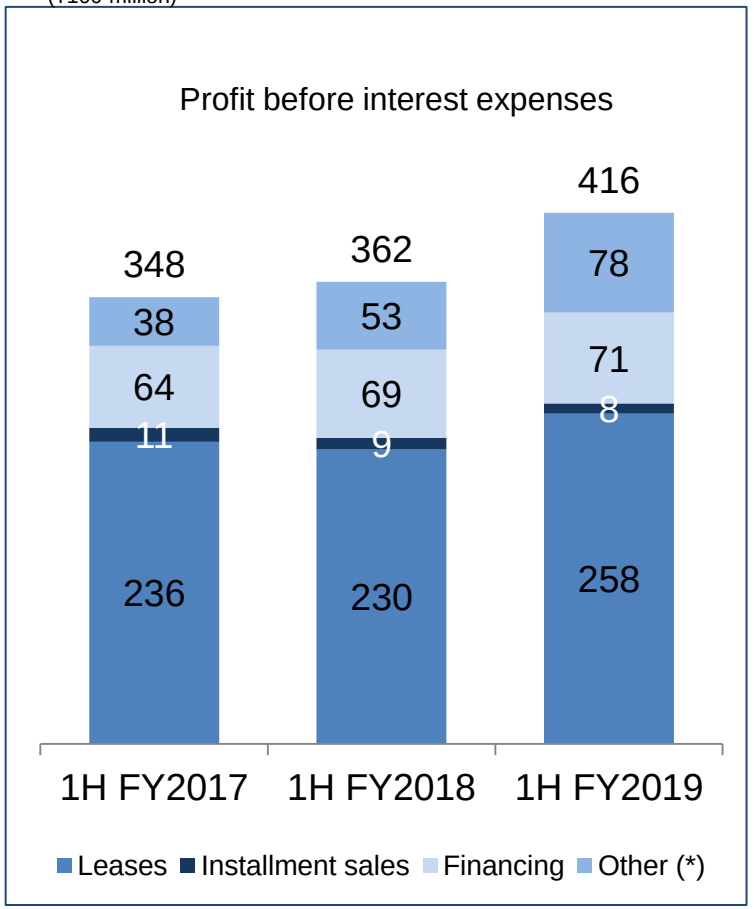
(4) Profit before interest expenses

- Leases: Asset accumulation in strategic fields of real estate, aircraft, etc. led to increased profit.
- Other: BPO services, centered on INVOICE INC. contributed to profit, causing significant growth.

(¥100 million)

	Leases				Financing			
	1H FY2018	1H FY2019	YoY Change (amount)	YoY Change (%)	1H FY2018	1H FY2019	YoY Change (amount)	YoY Change (%)
Profit before interest expenses	230	258	+28	+12.3%	69	71	+2	+3.3%
Interest expenses	22	25	+4	+16.2%	17	20	+3	+16.2%
Gross profit	208	233	+25	+11.9%	52	52	-0	-0.9%
	Installment sales				**Other**			
	1H FY2018	1H FY2019	YoY Change (amount)	YoY Change (%)	1H FY2018	1H FY2019	YoY Change (amount)	YoY Change (%)
Profit before interest expenses	9	8	-1	-7.7%	53	78	+24	+46.0%
Interest expenses	2	2	-0	-5.5%	0	1	+0	+188.1%
Gross profit	7	7	-1	-8.3%	53	77	+24	+45.4%
	Leases and installment sales total				**Total**			
	1H FY2018	1H FY2019	YoY Change (amount)	YoY Change (%)	1H FY2018	1H FY2019	YoY Change (amount)	YoY Change (%)
Profit before interest expenses	239	267	+28	+11.5%	362	416	+54	+15.0%
Interest expenses	24	27	+3	+14.5%	41	47	+7	+16.2%
Gross profit	216	240	+24	+11.2%	321	369	+48	+14.9%

(¥100 million)



(*) Other includes BPO services, solar business, etc.

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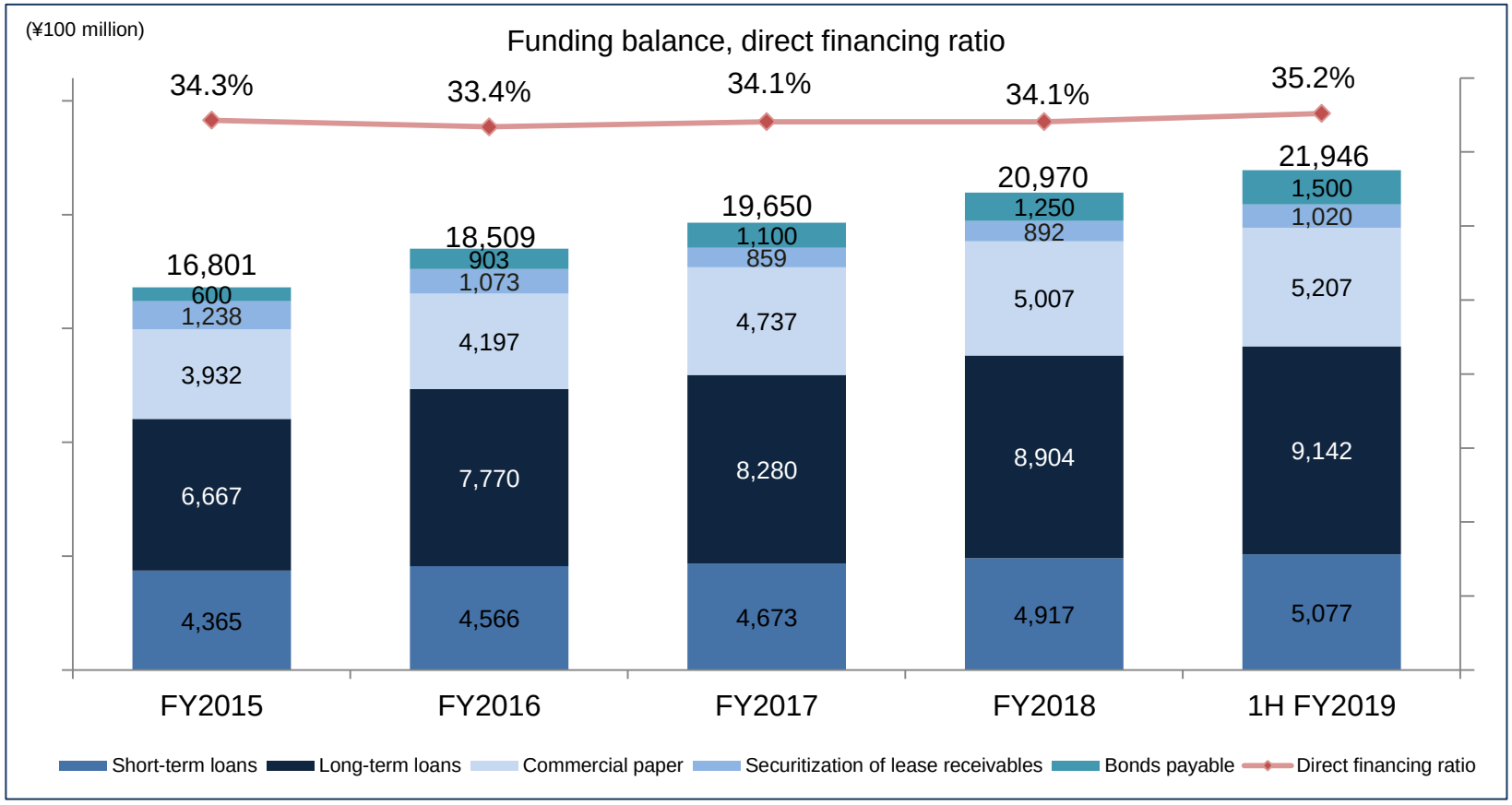
(5) Changes in funding

- The funding balance rose in conjunction with the accumulation of operating assets.
- The direct financing environment is favorable and it is being aggressively utilized.



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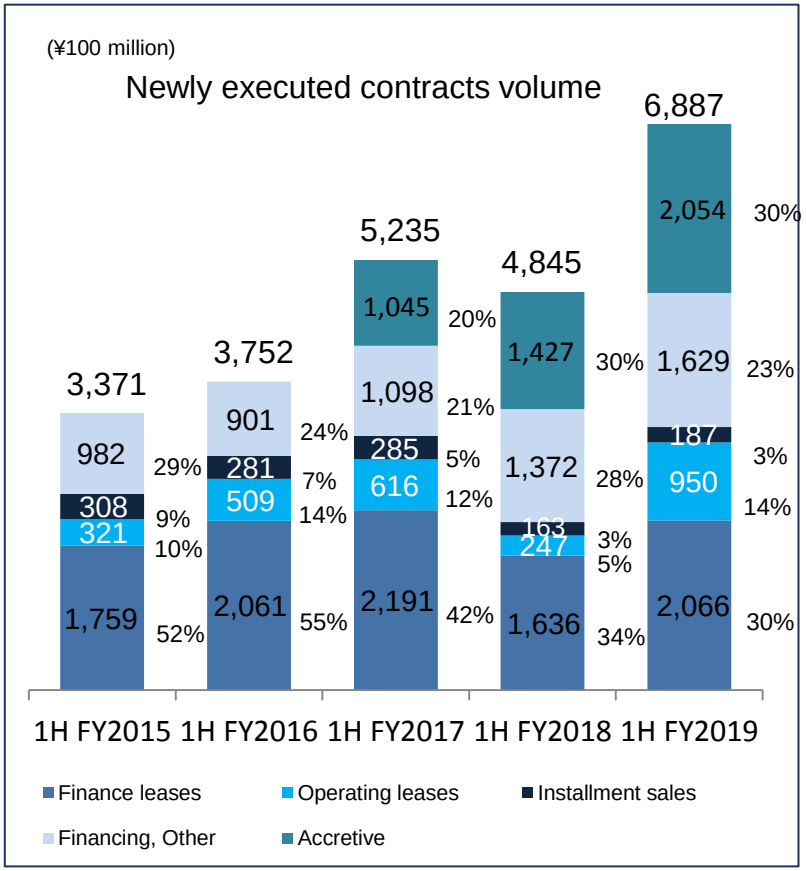
(1) Newly executed contract volume

- A solid execution of contracts in real estate and aircraft has been accompanied by large growth in Leases due to the increase in executed contracts for IT/office equipment.
- Factoring transactions, centered on Accretive Co., Ltd., have increased, providing Financing, Other with strong results.

(¥100 million)

	1H FY2017	1H FY2018	1H FY2019	YoY Change (amount)	YoY Change (%)
Leases	2,807	1,884	3,016	+1,133	+60.1%
Finance leases	[2,191]	[1,636]	[2,066]	[+430]	[+26.3%]
Operating leases	[616]	[247]	[950]	[+703]	[+284.3%]
Installment sales	285	163	187	+24	+14.9%
Financing, Other	2,143	2,799	3,684	+885	+31.6%
Accretive	[1,045]	[1,427]	[2,054]	[+627]	[+43.9%]
Total	5,235	4,845	6,887	+2,041	+42.1%



Accretive: Finance contracts executed by Accretive Co., Ltd.
(Not included in Financing, Other in the above)

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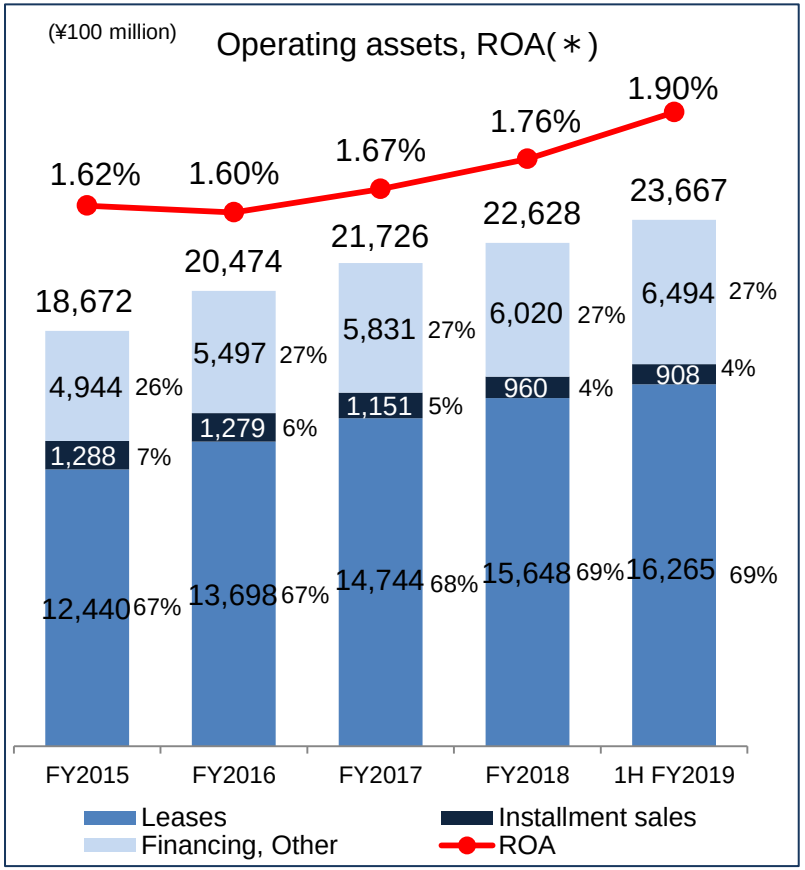
(2) Operating assets, ROA

- Accompanying the growth in executed contracts, operating assets have also steadily increased.
- Quality of ROA has improved due to the accumulation of quality assets, particularly real estate, and the contribution from BPO services and other non-asset businesses.

(¥100 million)

	FY2017	FY2018	1H FY2019	YoY Change (amount)	YoY Change (%)
Leases	14,744	15,648	16,265	+617	+3.9%
Finance leases	[10,987]	[10,835]	[11,131]	[+296]	[+2.7%]
Operating leases	[3,757]	[4,813]	[5,134]	[+321]	[+6.7%]
Installment sales	1,151	960	908	-53	-5.5%
Financing, Other	5,831	6,020	6,494	+474	+7.9%
Total	21,726	22,628	23,667	+1,039	+4.6%



(＊) Ordinary profit (annualized) / operating assets (average balance)

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(1) FY2019 consolidated earnings forecast and cash dividend forecast

- No changes in earnings forecast and annual cash dividend forecast since the most recent announcement

(¥100 million)

	1H FY2019 results	FY2019 forecast
Total revenues	3,445	7,000
Operating profit	205	395
Ordinary profit	220	420
Profit attributable to owners of parent	137	260
Basic earnings per share	¥455.81	¥862.49
Dividends per share	¥100	¥200

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(1) Segment results (consolidated)

(¥100 million)

	Leases				Installment sales				Leases and installment sales total			
	1H FY2018	1H FY2019	YoY Change (amount)	YoY Change (%)	1H FY2018	1H FY2019	YoY Change (amount)	YoY Change (%)	1H FY2018	1H FY2019	YoY Change (amount)	YoY Change (%)
Total revenues	2,611	2,394	-216	-8.3%	192	174	-18	-9.3%	2,803	2,569	-234	-8.4%
Total cost	2,380	2,136	-244	-10.3%	183	166	-17	-9.4%	2,564	2,302	-262	-10.2%
Profit before interest expenses	230	258	+28	+12.3%	9	8	-1	-7.7%	239	267	+28	+11.5%
Interest expenses	22	25	+4	+16.2%	2	2	-0	-5.5%	24	27	+3	+14.5%
Gross profit	208	233	+25	+11.9%	7	7	-1	-8.3%	216	240	+24	+11.2%

	Financing				Other				Total			
	1H FY2018	1H FY2019	YoY Change (amount)	YoY Change (%)	1H FY2018	1H FY2019	YoY Change (amount)	YoY Change (%)	1H FY2018	1H FY2019	YoY Change (amount)	YoY Change (%)
Total revenues	70	73	+3	+4.5%	84	804	+720	+853.7%	2,957	3,445	+489	+16.5%
Total cost	0	1	+1	+171.3%	31	726	+695	+2,236.8%	2,595	3,029	+434	+16.7%
Profit before interest expenses	69	71	+2	+3.3%	53	78	+24	+46.0%	362	416	+54	+15.0%
Interest expenses	17	20	+3	+16.2%	0	1	+0	+188.1%	41	47	+7	+16.2%
Gross profit	52	52	-0	-0.9%	53	77	+24	+45.4%	321	369	+48	+14.9%

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(2) Newly executed Contract Volume

(¥100 million)

	1H FY2015	1H FY2016	1H FY2017	1H FY2018	1H FY2019	YoY Change (amount) (1H FY2018 to 1H FY2019)	YoY change (%) (1H FY2018 to 1H FY2019)
Leases	2,081	2,570	2,807	1,884	3,016	+1,133	+60.1%
Finance leases	[1,759]	[2,061]	[2,191]	[1,636]	[2,066]	[+430]	[+26.3%]
Operating leases	[321]	[509]	[616]	[247]	[950]	[+703]	[+284.3%]
Installment sales	308	281	285	163	187	+24	+14.9%
Financing, Other	982	901	2,143	2,799	3,684	+885	+31.6%
Total	3,371	3,752	5,235	4,845	6,887	+2,041	+42.1%

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(3) Newly executed lease contract volume (by type of equipment)

(¥100 million)

Segment	1H FY2017	1H FY2018	1H FY2019	YoY change (1H FY2019 to 1H FY2018)
IT & office equipment	976	974	1,199	+225
Industrial machinery	122	135	260	+125
Civil engineering and construction machinery	47	42	52	+9
Transportation equipment	359	145	329	+184
Medical devices	120	131	160	+29
Commercial / services equipment	223	141	168	+27
Buildings, etc.	819	226	722	+496
Other	141	90	128	+38
Total	2,807	1,884	3,016	1,133

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(4) Operating assets

(¥100 million)

	FY2015	FY2016	FY2017	FY2018	1H FY2019	YoY Change (amount) (FY2018 to 1H FY2019)	YoY change (%) (FY2018 to 1H FY2019)
Leases	12,440	13,698	14,744	15,648	16,265	+617	+3.9%
Finance leases	[10,060]	[10,486]	[10,987]	[10,835]	[11,131]	[+296]	[+2.7%]
Operating leases	[2,380]	[3,212]	[3,757]	[4,813]	[5,134]	[+321]	[+6.7%]
Installment sales	1,288	1,279	1,151	960	908	-53	-5.5%
Financing, Other	4,944	5,497	5,831	6,020	6,494	+474	+7.9%
Total	18,672	20,474	21,726	22,628	23,667	+1,039	+4.6%

“Going Where
No One Has Gone Before”

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FUYO GENERAL LEASE CO., LTD.