FUYO LEASE GROUP

Summary of Financial Results for FY2019

May 8, 2020

FUYO GENERAL LEASE CO., LTD.

Agenda

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1. Overview of consolidated operating results

2. Overview of business activities

3. Earnings forecast and dividend policy

4. Appendix

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.

1. Overview of consolidated operating results

(1) FY2019 results

- **In this fiscal year, total revenues and profit records were rewritten (Ordinary Profit for 3 consecutive terms, Net Profit for 5 consecutive terms) thanks to the accumulation of assets in strategic areas, centered on real estate and aircraft, as well as the contribution of the profits from starting the new domain of BPO services.**
- **Both ordinary profit and ROA substantially exceeded the interim goals (of ¥380~420 bilion,1.7%~1.8%) of the medium-term management plan.**

(¥100 million)

	FY2018 results	FY2019 results	YoY change (amount)	YoY change (%)
Total revenues	**6,181**	**7,123**	+942	+15.2%
Profit before interest expenses (*1)	**753**	**858**	+105	+13.9%
Gross profit	**667**	**763**	+97	+14.5%
Operating profit	**357**	**414**	+57	+16.1%
Ordinary profit	**391**	**440**	+49	+12.6%
Profit (*2)	**255**	**262**	+7	+2.6%
Basic earnings per share	**¥844.69**	**¥871.95**	+27.26円	+3.2%

Newly executed contract volume	**11,872**	**13,597**	+1,725	+14.5%
Operating assets	**22,628**	**23,840**	+1,212	+5.4%
ROA(*3)	**1.76%**	**1.90%**	+0.14pt	

(*1) Gross profit before deducting interest expenses

(*2) Profit attributable to owners of parent

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

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(2) Income and expenses

(¥100 million)

	FY2015	FY2016	FY2017	FY2018	FY2019	YoY change (FY2018 to FY2019)
Total revenues	4,938	5,072	5,903	6,181	7,123	+942
Total costs	4,426	4,519	5,298	5,514	6,360	+845
Interest expenses	[69]	[71]	[73]	[86]	(94)	(+8)
Gross profit	512	553	605	667	763	+97
SG&A	267	265	278	310	349	+39
Credit-related costs	[4]	[4]	[4]	[8]	(14)	(+6)
Operating profit	245	288	327	357	414	+57
Non-operating income/loss	46	26	25	34	26	▲8
Reversal of credit-related profits/losses	[20]	[7]	[3]	[3]	(3)	(+0)
Ordinary profit	292	314	352	391	440	+49
Extraordinary gains/losses	-1	5	-1	9	▲20	▲29
Profit attributable to owners of parent	175	200	219	255	262	+7
Basic earnings per share (¥)	579.17	661.80	726.41	844.69	871.95	+27.26

Due to the increase in consolidated subsidiaries

No significant divergence from initial plan

Mainly due to accumulation of operating assets in strategic areas, along with contribution from BPO services

Recording of loss on valuation of investment securities

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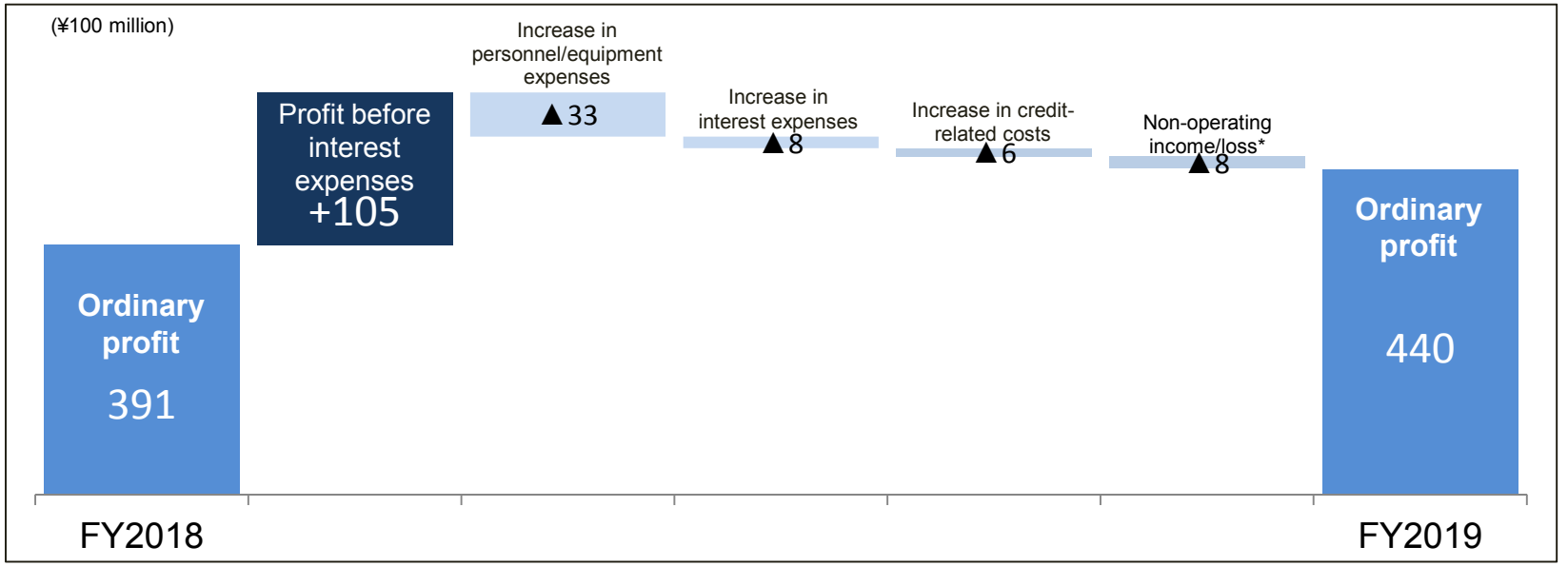
(3) Factors causing the increase in ordinary profit

- In this fiscal year, profit before interest expenses grew significantly thanks to strategic areas, centered on real estate and aircraft, as well as new business domains.
- Ordinary profit grew significantly by absorbing the increase in personnel expenses due to the consolidation of the companies INVOICE and NOC.



	FY2018	FY2019	Change
Profit before interest expenses	753	858	+105
Personnel expenses	184	204	+19
Equipment expenses	118	132	+14
Interest expenses	86	94	+8
Credit-related costs	5	11	+6

	FY2018	FY2019	Change
Non-operating income/loss*	31	23	▲8
Ordinary profit	391	440	+49

*Excluding reversal of credit-related profits/losses

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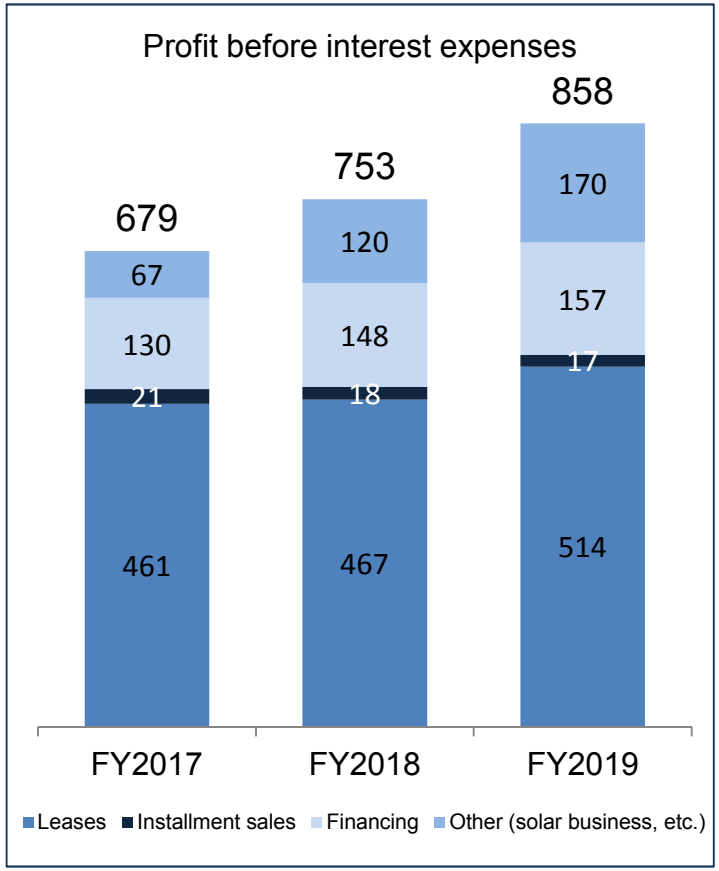
(4) Profit before interest expenses

- Profit before interest expenses in the Lease segment significantly increased thanks to the accumulation of assets in strategic areas.
- In the other segment, expansion of the asset turnover business mainly contributed, in addition to BPO services.

(¥100 million)

	Leases				Financing			
	FY2018	FY2019	YoY Change (amount)	YoY Change (%)	FY2018	FY2019	YoY Change (amount)	YoY Change (%)
Profit before interest expenses	467	514	+47	+10.0%	148	157	+9	+5.9%
Interest expenses	47	50	+4	+8.0%	35	39	+4	+10.1%
Gross profit	421	464	+43	+10.3%	113	118	+5	+4.4%
	Installment sales				Other			
	FY2018	FY2019	YoY Change (amount)	YoY Change (%)	FY2018	FY2019	YoY Change (amount)	YoY Change (%)
Profit before interest expenses	18	17	▲1	▲7.9%	120	170	+50	+42.0%
Interest expenses	4	3	▲1	▲14.6%	0	2	+1	+226.2%
Gross profit	14	13	▲1	▲6.1%	120	169	+49	+41.2%
	Leases and installment sales total				Total			
	FY2018	FY2019	YoY Change (amount)	YoY Change (%)	FY2018	FY2019	YoY Change (amount)	YoY Change (%)
Profit before interest expenses	485	531	+46	+9.4%	753	858	+105	+13.9%
Interest expenses	51	54	+3	+6.2%	86	94	+8	+9.2%
Gross profit	435	477	+42	+9.7%	667	763	+97	+14.5%

(¥100 million)



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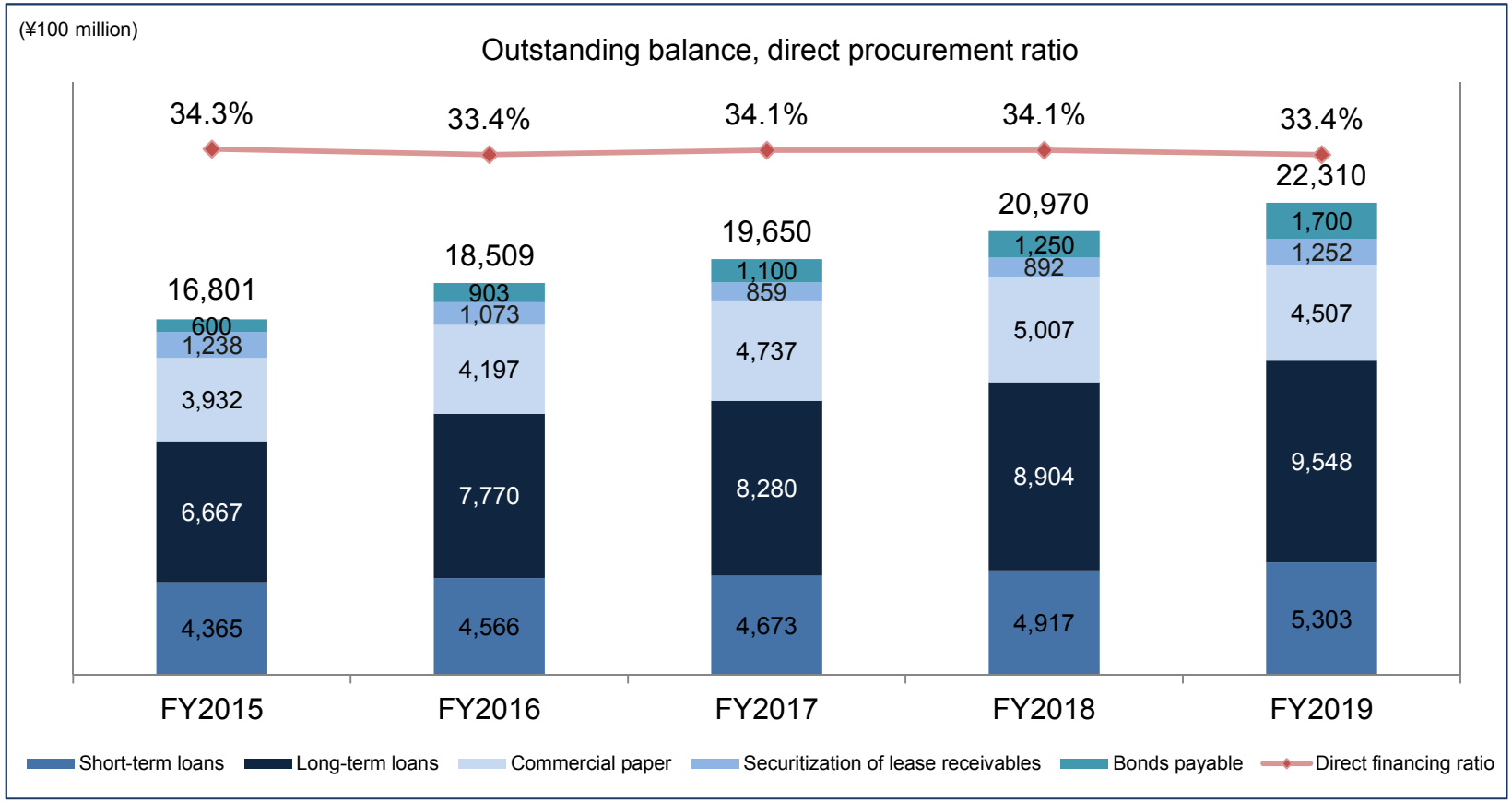
(5) Changes in funding

- The outstanding balance rose due to the accumulation of operating assets and M&A.
- Made aggressive use of corporate bonds in a favorable environment.



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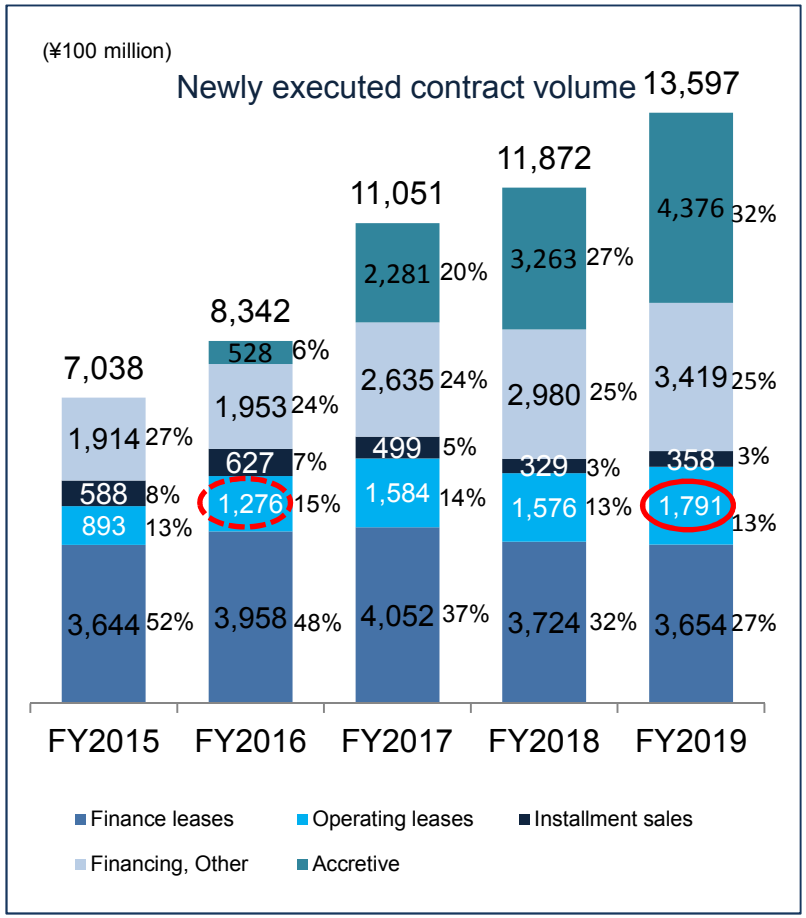
(1) Newly executed contract volume

- Expansion of real estate lease transactions has driven an increase in newly executed contract volume in operating leases. Overall newly executed contract volume in operating leases has increased by 40% compared to the start of the medium-term management plan (17/3).
- Accretive Co., Ltd.'s factoring business has grown steadily and the executed volume increased 34% from the previous term.

(¥100 million)

	FY2017	FY2018	FY2019	YoY Change (amount)	YoY Change (%)
Leases	5,636	5,300	5,445	+145	+2.7%
Finance leases	[4,052]	[3,724]	(3,654)	(▲69)	(▲1.9%)
Operating leases	[1,584]	[1,576]	(1,791)	(+215)	(+13.6%)
Installment sales	499	329	358	+28	+8.6%
Financing, Other	4,916	6,243	7,794	+1,551	+24.8%
Accretive	[2,281]	[3,263]	(4,376)	(+1,112)	(+34.1%)
Total	11,051	11,872	13,597	+1,725	+14.5%



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

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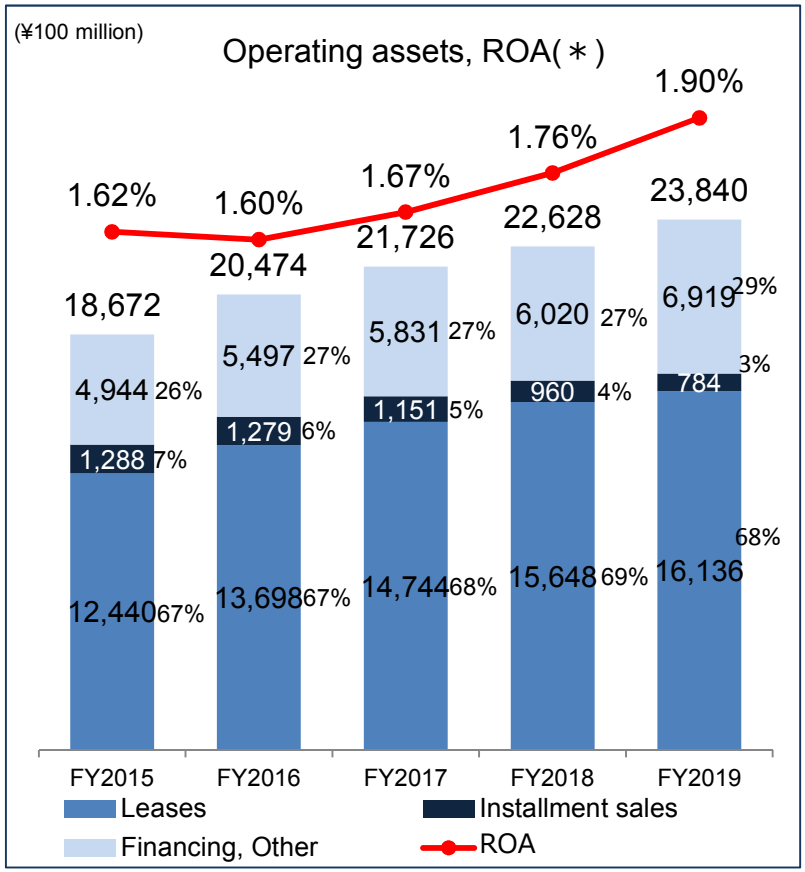
(2) Operating assets, ROA

- Operating leases have steadily accumulated centered on real estate.
- In Financing, Other, real estate financing is performing with strong results.
- ROA continues to improve(+0.30pt compared to 17/3) with the steady progress of the medium-term management plan.

(¥100 million)

	FY2017	FY2018	FY2019	YoY Change (amount)	YoY Change (%)
Leases	14,744	15,648	16,136	488	+3.1%
Finance leases	[10,987]	[10,835]	(11,068)	(+233)	(+2.2%)
Operating leases	[3,757]	[4,813]	(5,068)	(+255)	(+5.3%)
Installment sales	1,151	960	784	▲176	▲18.3%
Financing, Other	5,831	6,020	6,919	+899	+14.9%
Total	21,726	22,628	23,840	+1,212	+5.4%



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

3. Earnings forecast and dividend policy

(1) FY2020 consolidated earnings forecast

(¥100 million)

	FY2019 results	FY2020 forecast
Total revenues	7,123	7,200
Operating profit	414	420
Ordinary profit	440	450
Profit attributable to owners of parent	262	270
Basic earnings per share	¥871.95	¥900.84

The Forecast for Fiscal 2020 is predicated on the assumption that the spread of the novel coronavirus (COVID-19) will be contained around the end of the second quarter, and it is possible that the forecast will change depending on future developments.

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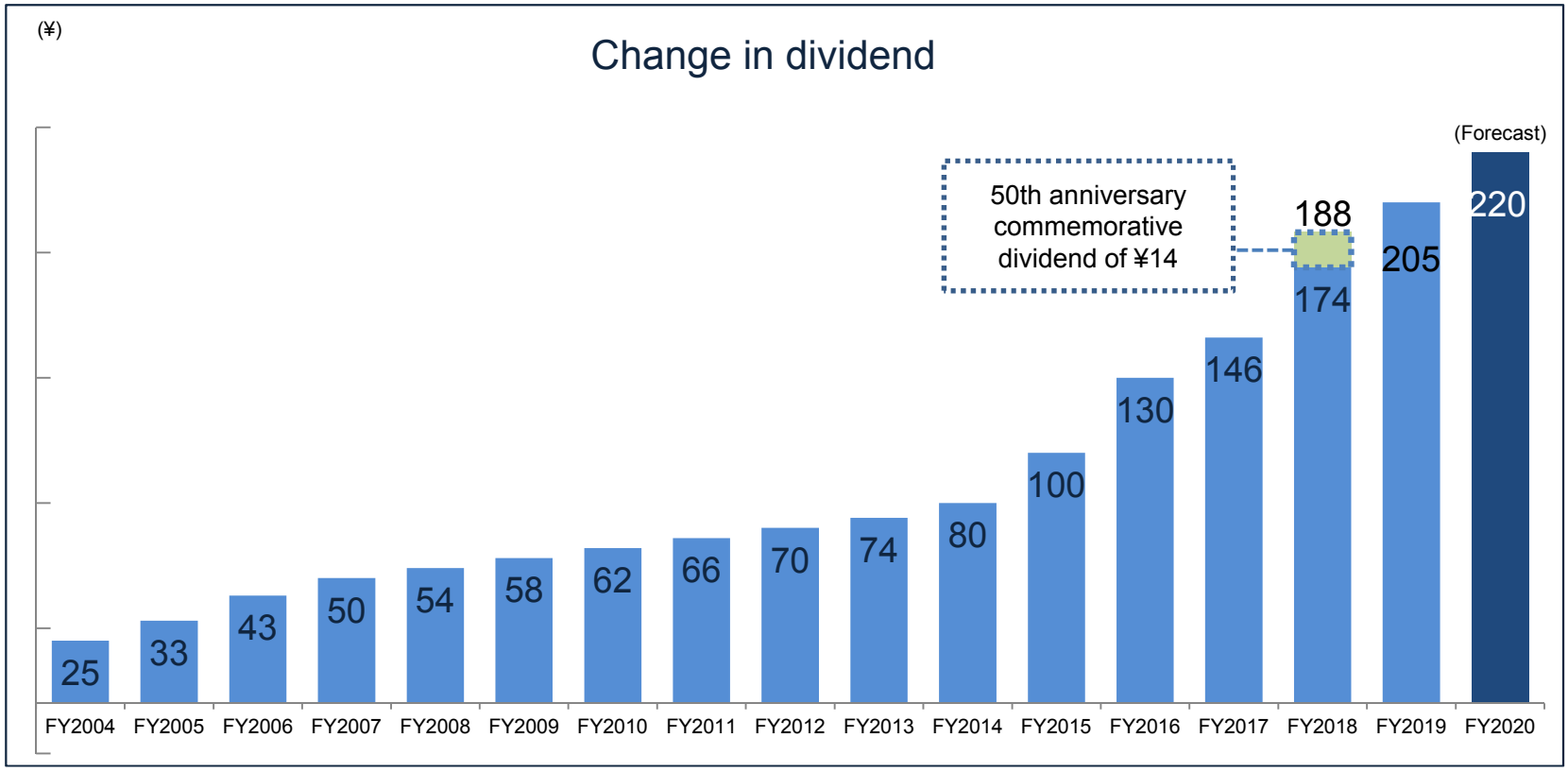
(2) Dividend policy

[FY2019] Year beginning forecast (¥200) dividend increase of ¥5 for a total dividend of ¥205. Dividend payout ratio is 23.5%

[FY2020] Forecasting previous FY dividend increase of ¥15 for a total dividend of ¥220 , a dividend payout ratio of 24.4%



4. Appendix

(1) Segment results (consolidated)

(¥100 million)

	Leases				Installment sales				Leases and installment sales total			
	FY2018	FY2019	YoY Change (amount)	YoY Change (%)	FY2018	FY2019	YoY Change (amount)	YoY Change (%)	FY2018	FY2019	YoY Change (amount)	YoY Change (%)
Total revenues	4,796	4,946	+151	+3.1%	382	342	▲39	▲10.3%	5,177	5,289	+111	+2.1%
Total cost	4,328	4,432	+104	+2.4%	364	326	▲38	▲10.4%	4,692	4,758	+66	+1.4%
Profit before interest expenses	467	514	+47	+10.0%	18	17	▲1	▲7.9%	485	531	+46	+9.4%
Interest expenses	47	50	+4	+8.0%	4	3	▲1	▲14.6%	51	54	+3	+6.2%
Gross profit	421	464	+43	+10.3%	14	13	▲1	▲6.1%	435	477	+42	+9.7%

	Financing				Other				Total			
	FY2018	FY2019	YoY Change (amount)	YoY Change (%)	FY2018	FY2019	YoY Change (amount)	YoY Change (%)	FY2018	FY2019	YoY Change (amount)	YoY Change (%)
Total revenues	150	160	+10	+6.7%	854	1,675	+821	+96.1%	6,181	7,123	+942	+15.2%
Total cost	2	3	+1	+73.9%	734	1,505	+770	+105.0%	5,428	6,265	+837	+15.4%
Profit before interest expenses	148	157	+9	+5.9%	120	170	+50	+42.0%	753	858	+105	+13.9%
Interest expenses	35	39	+4	+10.6%	0	2	+1	+226.2%	86	94	+8	+9.2%
Gross profit	113	118	+5	+4.4%	120	169	+49	+41.2%	667	763	+97	+14.5%

4. Appendix

(2) Newly executed contract volume

(¥100 million)

	FY2015	FY2016	FY2017	FY2018	FY2019	YoY Change (amount) (FY2018 to FY2019)	YoY change (%) (FY2018 to FY2019)
Leases	4,536	5,234	5,636	5,300	5,445	145	+2.7%
Finance leases	[3,644]	[3,958]	[4,052]	[3,724]	(3,654)	(▲69)	(▲1.9%)
Operating leases	[893]	[1,276]	[1,584]	[1,576]	(1,791)	(+215)	(+13.6%)
Installment sales	588	627	499	329	358	28	+8.6%
Financing, Other	1,914	2,480	4,916	6,243	7,794	1,551	+24.8%
Total	7,038	8,342	11,051	11,872	13,597	1,725	+14.5%

4. Appendix

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

(¥100 million)

Segment	FY2017	FY2018	FY2019	YoY change (FY2018 to FY2019)
IT & office equipment	1,839	1,897	2,072	+176
Industrial machinery	384	414	442	+28
Civil engineering and construction machinery	96	94	102	+8
Transportation equipment	594	840	571	▲269
Medical devices	275	262	274	+12
Commercial / services equipment	371	296	312	+16
Buildings, etc.	1,898	1,274	1,422	+148
Other	178	223	250	+27
Total	5,636	5,300	5,445	+145

4. Appendix

(4) Operating assets

(¥100 million)

	FY2015	FY2016	FY2017	FY2018	FY2019	YoY Change (amount) (FY2018 to FY2019)	YoY change (%) (FY2018 to FY2019)
Leases	12,440	13,698	14,744	15,648	16,136	488	+3.1%
Finance leases	[10,060]	[10,486]	[10,987]	[10,835]	(11,068)	(+233)	(+2.2%)
Operating leases	[2,380]	[3,212]	[3,757]	[4,813]	(5,068)	(+255)	(+5.3%)
Installment sales	1,288	1,279	1,151	960	784	▲176	▲18.3%
Financing, Other	4,944	5,497	5,831	6,020	6,919	+899	+14.9%
Total	18,672	20,474	21,726	22,628	23,840	+1,212	+5.4%

“Going Where
No One Has Gone Before”

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