FUYO LEASE GROUP

Summary of Financial Results for the 1st half of FY2020

November 6, 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 cash dividend forecast

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.

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（1） 1H FY2020 results

- **Total revenues and profit records were rewritten in consecutive years as increased earnings, mainly in real estate leases and financing, overcame the impact of the COVID-19 pandemic.**
- **Operating assets increased significantly, mainly due to consolidation of YAMATO LEASE and the accumulation of real estate assets, and the target (¥2,500.0 billion) for the final fiscal year of the Medium-Term Management Plan was achieved ahead of schedule.**

(¥100 million)

	FY2019 1H results	FY2020 1H results	YoY change (amount)	YoY change (%)
Total revenues	**3,445**	**3,574**	+128	+3.7%
Profit before interest expenses *1	**416**	**459**	+43	+10.4%
Gross profit	**369**	**409**	+40	+11.0%
Operating profit	**205**	**209**	+5	+2.3%
Ordinary profit	**220**	**228**	+8	+3.7%
Profit *2	**137**	**139**	+2	+1.1%
Basic earnings per share	**¥455.81**	**¥462.79**	+¥6.98	+1.5%
Newly executed contract volume	**6,887**	**6,624**	-262	-3.8%
Operating assets	**23,840***4	**25,756**	+1,916	+8.0%
ROA*3	**1.90%***4	**1.84%**	-0.06pt	

(*1) Gross profit before deducting interest expenses (*3) Ordinary profit (annualized) / operating assets (average balance)
(*2) Profit attributable to owners of parent (*4) As of March 31, 2020

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（2）Income and expenses

(¥100 million)

	1H FY2016	1H FY2017	1H FY2018	1H FY2019	1H FY2020	YoY change (1H FY2019 to 1H FY2020)
Total revenues	2,450	3,026	2,957	3,445	3,574	+128
Total costs	2,179	2,714	2,636	3,077	3,165	+88
Interest expenses	[36]	[36]	[41]	[47]	[50]	[+3]
Gross profit	270	312	321	369	409	+40
SG&A	128	137	139	164	200	+36
Credit-related costs	[1]	[1]	[2]	[5]	[9]	[+4]
Operating profit	142	175	182	205	209	+5
Non-operating income/loss	14	13	14	15	18	+3
Reversal of credit-related profits/losses	[6]	[4]	[1]	[1]	[2]	[+1]
Ordinary profit	157	188	196	220	228	+8
Extraordinary gains/losses	0	-0	2	2	-0	-2
Profit attributable to owners of parent	103	117	127	137	139	+2
Basic earnings per share (¥)	340.28	387.59	419.54	455.81	462.79	

Profits:
Each level of profit has risen due to an increase in real estate leases as well as strong performance in financing.

Costs:
SG&A expenses rose due to the increase in the number of consolidated subsidiaries and credit-related costs increased due to the impact of the COVID-19 pandemic.

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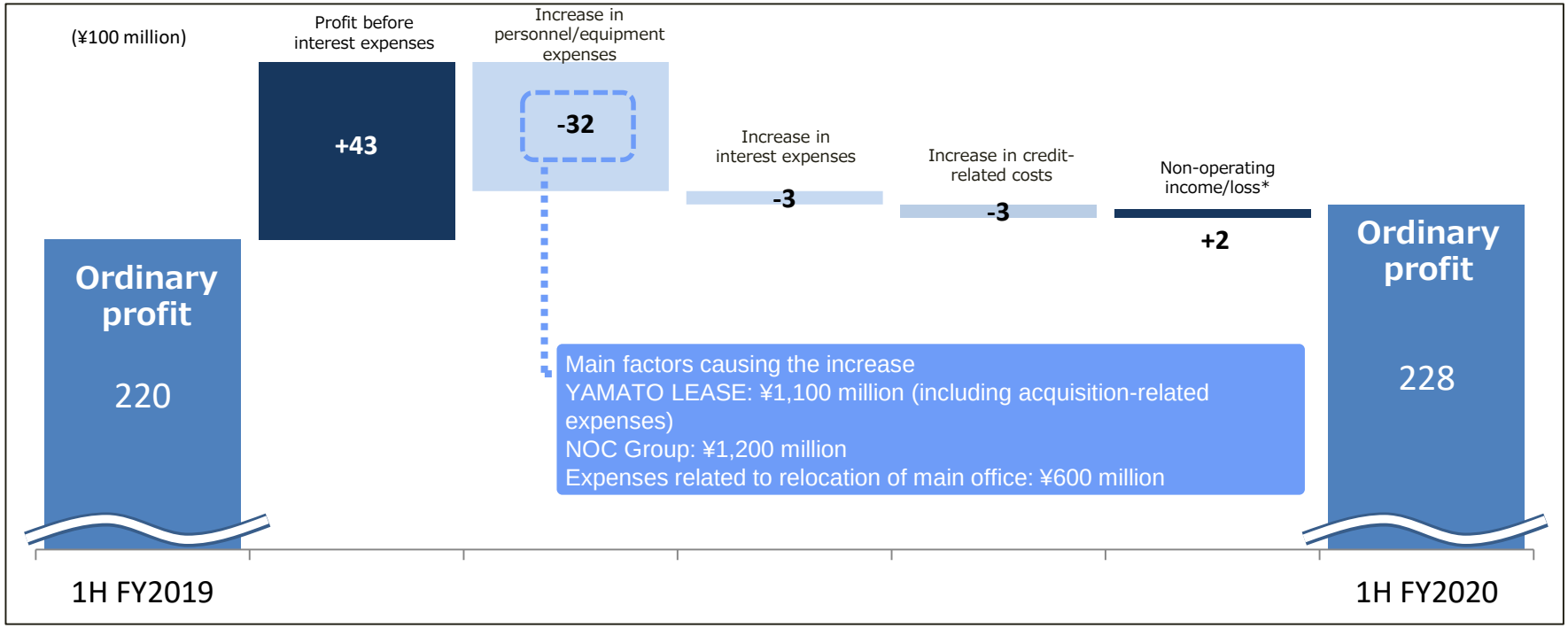
（3） Factors causing the increase in ordinary profit

- Profit before interest expenses increased significantly as real estate leases continued to grow and the financing business had strong performance.
- The increase in personnel/equipment expenses due to Group expansion was within the plan range.



	1H FY2019	1H FY2020	Change
Profit before interest expenses	416	459	+43
Personnel expenses	97	111	+14
Equipment expenses	62	80	+18
Interest expenses	47	50	+3
Credit-related costs	4	7	+3

	1H FY2019	1H FY2020	Change
Non-operating income/loss*	14	16	+2
Ordinary profit	220	228	+8

*Excluding reversal of credit-related profits/losses

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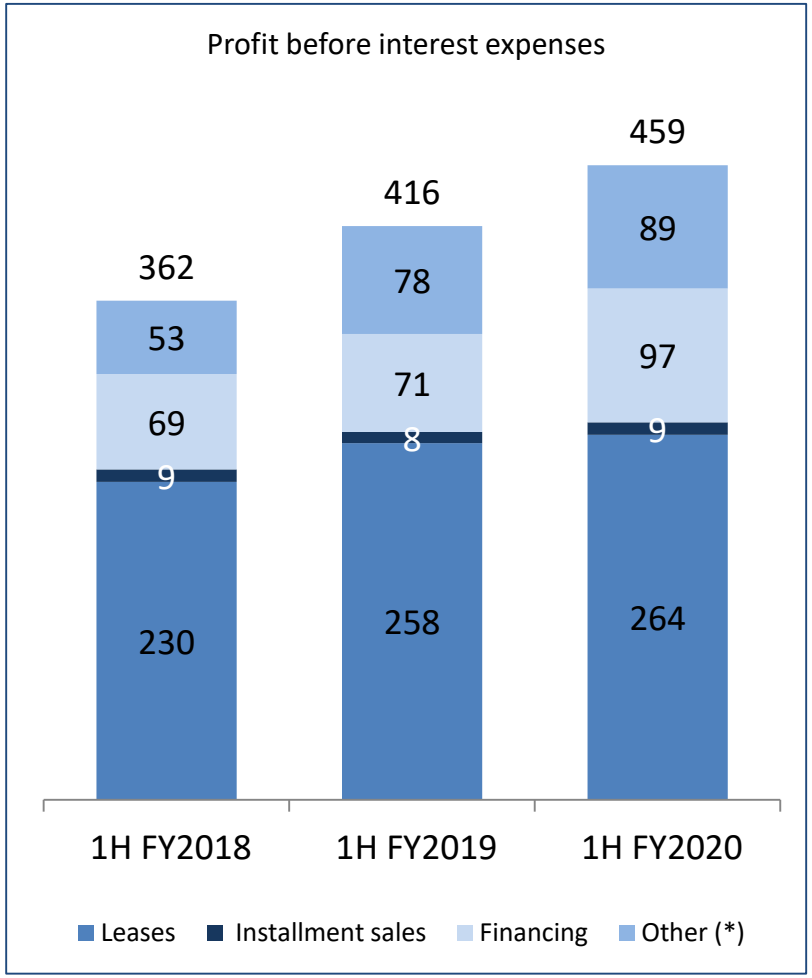
（4） Profit before interest expenses

- Leases: Asset accumulation in strategic fields centered on real estate led to increased profit.
- Financing: Dividend income increased, mainly in real estate financing.
- Other: BPO service business grew due to consolidation of NOC Group.

(¥100 million)

	Leases				Financing			
	1H FY2019	1H FY2020	YoY Change (amount)	YoY Change (%)	1H FY2019	1H FY2020	YoY Change (amount)	YoY Change (%)
Profit before interest expenses	258	264	+5	+2.1%	71	97	+26	+35.9%
Interest expenses	25	26	+1	+4.8%	20	20	+1	+4.4%
Gross profit	233	237	+4	+1.8%	52	77	+25	+47.9%
	Installment sales				Other			
	1H FY2019	1H FY2020	YoY Change (amount)	YoY Change (%)	1H FY2019	1H FY2020	YoY Change (amount)	YoY Change (%)
Profit before interest expenses	8	9	+1	+10.2%	78	89	+11	+14.8%
Interest expenses	2	2	+0	+3.0%	1	2	+1	+126.5%
Gross profit	7	8	+1	+12.1%	77	88	+11	+13.7%
	Leases and installment sales total				Total			
	1H FY2019	1H FY2020	YoY Change (amount)	YoY Change (%)	1H FY2019	1H FY2020	YoY Change (amount)	YoY Change (%)
Profit before interest expenses	267	273	+6	+2.4%	416	459	+43	+10.4%
Interest expenses	27	28	+1	+4.7%	47	50	+3	+6.4%
Gross profit	240	245	+5	+2.1%	369	409	+40	+11.0%

(¥100 million)



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

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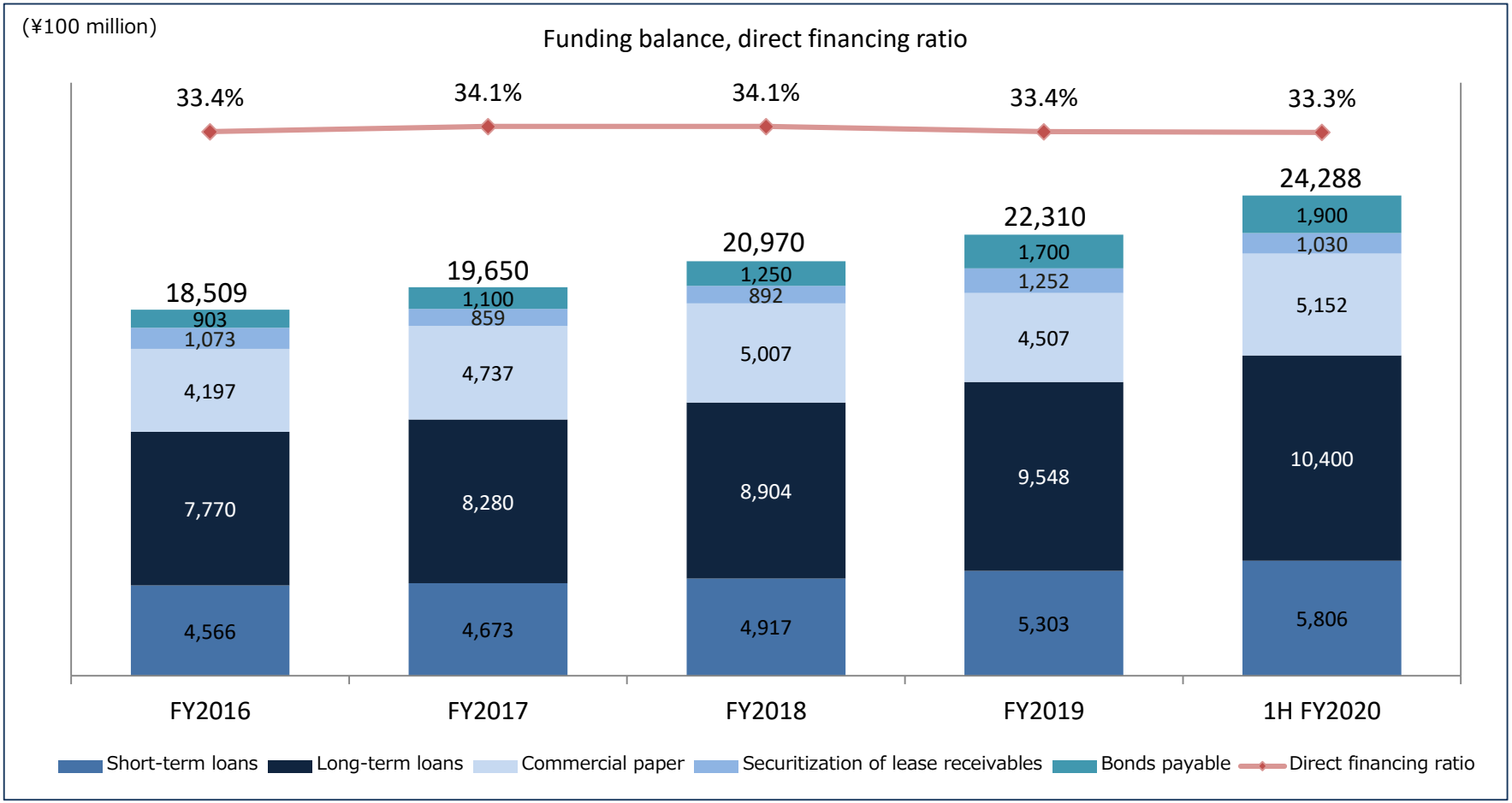
（5） Changes in funding

- The funding balance rose due to consolidation of YAMATO LEASE and accumulation of operating assets.
- The impact of the COVID-19 pandemic on the funding environment has decreased.



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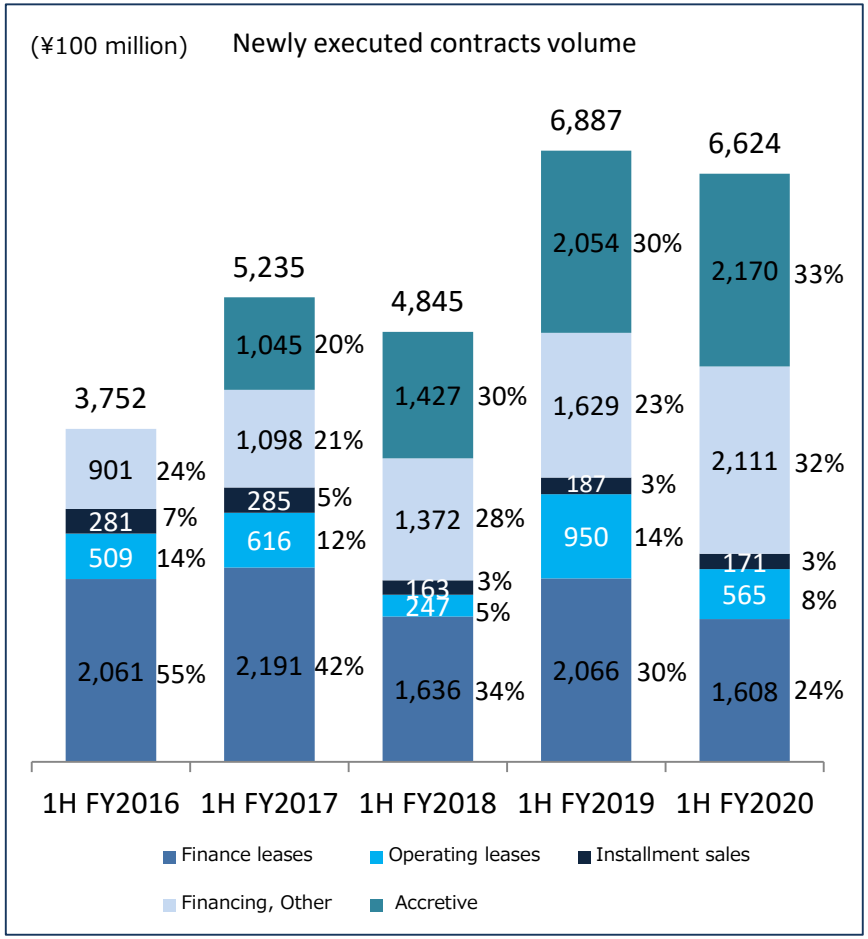
（1） Newly executed contract volume

- Leases have decreased due to restraint in new leases for aircraft and a decrease in IT & office equipment.
- Financing and Other had strong performance due to an increase in factoring for Accretive, etc. and the start of operations at a large-scale solar power plant.

(¥100 million)

	1H FY2018	1H FY2019	1H FY2020	YoY Change (amount)	YoY Change (%)
Leases	1,884	3,016	2,173	-843	-28.0%
Finance leases	[1,636]	[2,066]	[1,608]	[-459]	[-22.2%]
Operating leases	[247]	[950]	[565]	[-385]	[-40.5%]
Installment sales	163	187	171	-16	-8.5%
Financing, Other	2,799	3,684	4,281	+597	+16.2%
Accretive	[1,427]	[2,054]	[2,170]	[+115]	[+5.6%]
Total	4,845	6,887	6,624	-262	-3.8%



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

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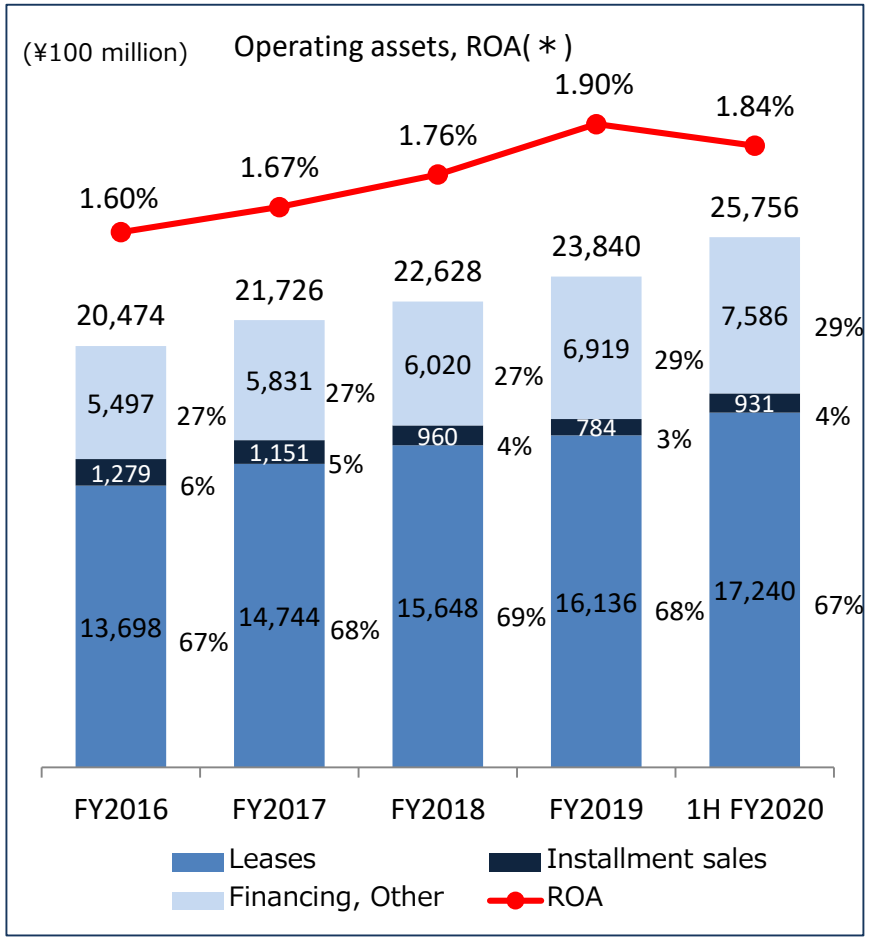
（2） Operating assets, ROA

- Operating assets increased significantly mainly due to consolidation of YAMATO LEASE.
- Real estate leases continued to have strong performance and contributed to the accumulation of operating lease assets.

(¥100 million)

	FY2018	FY2019	1H FY2020	YoY Change (amount)	YoY Change (%)
Leases	15,648	16,136	17,240	+1,104	+6.8%
Finance leases	[10,835]	[11,068]	[11,542]	[+474]	[+4.3%]
Operating leases	[4,813]	[5,068]	[5,697]	[+630]	[+12.4%]
Installment sales	960	784	931	+146	+18.6%
Financing, Other	6,020	6,919	7,586	+666	+9.6%
Total	22,628	23,840	25,756	+1,916	+8.0%



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

3．Earnings forecast and cash dividend forecast

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（1）FY2020 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 FY2020 results	FY2020 forecast
Total revenues	3,574	7,200
Operating profit	209	420
Ordinary profit	228	450
Profit attributable to owners of parent	139	270
Basic earnings per share	¥462.79	¥900.84
Dividends per share	¥110	¥220

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(1) Segment results (consolidated)

(¥100 million)

	Leases				Installment sales				Leases and installment sales total			
	1H FY2019	1H FY2020	YoY Change (amount)	YoY Change (%)	1H FY2019	1H FY2020	YoY Change (amount)	YoY Change (%)	1H FY2019	1H FY2020	YoY Change (amount)	YoY Change (%)
Total revenues	2,394	2,377	-17	-0.7%	174	223	+48	+27.7%	2,569	2,600	+31	+1.2%
Total cost	2,136	2,113	-23	-1.1%	166	213	+47	+28.6%	2,302	2,326	+25	+1.1%
Profit before interest expenses	258	264	+5	+2.1%	8	9	+1	+10.2%	267	273	+6	+2.4%
Interest expenses	25	26	+1	+4.8%	2	2	+0	+3.0%	27	28	+1	+4.7%
Gross profit	233	237	+4	+1.8%	7	8	+1	+12.1%	240	245	+5	+2.1%

	Financing				Other				Total			
	1H FY2019	1H FY2020	YoY Change (amount)	YoY Change (%)	1H FY2019	1H FY2020	YoY Change (amount)	YoY Change (%)	1H FY2019	1H FY2020	YoY Change (amount)	YoY Change (%)
Total revenues	73	99	+26	+36.4%	804	875	+71	+8.9%	3,445	3,574	+128	+3.7%
Total cost	1	2	+1	+60.0%	726	786	+60	+8.2%	3,029	3,114	+85	+2.8%
Profit before interest expenses	71	97	+26	+35.9%	78	89	+11	+14.8%	416	459	+43	+10.4%
Interest expenses	20	20	+1	+4.4%	1	2	+1	+126.5%	47	50	+3	+6.4%
Gross profit	52	77	+25	+47.9%	77	88	+11	+13.7%	369	409	+40	+11.0%

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（2）Newly executed Contract Volume

(¥100 million)

	1H FY2016	1H FY2017	1H FY2018	1H FY2019	1H FY2020	YoY Change (amount) (1H FY2019 to 1H FY2020)	YoY change (%) (1H FY2019 to 1H FY2020)
Leases	2,570	2,807	1,884	3,016	2,173	-843	-28.0%
Finance leases	[2,061]	[2,191]	[1,636]	[2,066]	[1,608]	[-459]	[-22.2%]
Operating leases	[509]	[616]	[247]	[950]	[565]	[-385]	[-40.5%]
Installment sales	281	285	163	187	171	-16	-8.5%
Financing, Other	901	2,143	2,799	3,684	4,281	+597	+16.2%
Total	3,752	5,235	4,845	6,887	6,624	-262	-3.8%

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

(¥100 million)

Segment	1H FY2018	1H FY2019	1H FY2020	YoY change (1H FY2019 to 1H FY2020)
IT & office equipment	974	1,199	869	-330
Industrial machinery	135	260	136	-123
Civil engineering and construction machinery	42	52	42	-10
Transportation equipment	145	329	180	-148
Medical devices	131	160	98	-62
Commercial / services equipment	141	168	119	-48
Buildings, etc.	226	722	625	-97
Other	90	128	103	-24
Total	1,884	3,016	2,173	-843

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(4) Operating assets

(¥100 million)

	FY2016	FY2017	FY2018	FY2019	1H FY2020	YoY Change (amount) (FY2019 to 1H FY2020)	YoY change (%) (FY2019 to 1H FY2020)
Leases	13,698	14,744	15,648	16,136	17,240	+1,104	+6.8%
Finance leases	[10,486]	[10,987]	[10,835]	[11,068]	[11,542]	[+474]	[+4.3%]
Operating leases	[3,212]	[3,757]	[4,813]	[5,068]	[5,697]	[+630]	[+12.4%]
Installment sales	1,279	1,151	960	784	931	+146	+18.6%
Financing, Other	5,497	5,831	6,020	6,919	7,586	+666	+9.6%
Total	20,474	21,726	22,628	23,840	25,756	+1,916	+8.0%

“Going Where
No One Has Gone Before”

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