FUYO LEASE GROUP

Summary of Financial Results for FY2020

May 10, 2021

FUYO GENERAL LEASE CO., LTD.

Agenda

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

FUYO LEASE GROUP

(1) FY2020 results

- **In addition to the accumulation of assets in strategic fields centered on real estate, energy, and the environment, performance in financing was strong. Net sales and profit records were rewritten and ROA was improved by replacing assets (Ordinary Profit for 4 consecutive terms, Net Profit for 6 consecutive terms)**
- **Good progress was made toward achieving medium-term management plan targets (FY2021: Ordinary profit of ¥50.0 billion and ROA of 2%)**

(¥100 million)

	FY2019 results	FY2020 results	YoY change (amount)	YoY change (%)
Net sales	**7,123**	**7,403**	279	3.9%
Profit before interest expenses (*1)	**858**	**925**	67	7.8%
Gross profit	**763**	**827**	64	8.4%
Operating profit	**414**	**446**	31	7.6%
Ordinary profit	**440**	**480**	40	9.0%
Profit (*2)	**262**	**296**	34	12.9%
Basic earnings per share	**¥871.95**	**¥986.18**	¥114.23	13.1%
Newly executed contract volume	**13,597**	**13,439**	-158	-1.2%
Operating assets	**23,840**	**25,559**	1,719	7.2%
ROA (*3)	**1.90%**	**1.94%**	0.04pt	

(*1) Gross profit before deducting interest expenses

(*2) Profit attributable to owners of parent

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

1. Overview of consolidated operating results

FUYO LEASE GROUP

(2) Income and expenses

(¥100 million)

	FY2016	FY2017	FY2018	FY2019	FY2020	YoY change (FY2019 to FY2020)
Net sales	5,072	5,903	6,181	7,123	7,403	279
Cost of sales ＊1	4,447	5,224	5,428	6,265	6,478	212
Profit before interest expenses＊2	624	679	753	858	925	67
Interest expenses	71	73	86	94	98	3
Gross profit	553	605	667	763	827	64
SG&A	265	278	310	349	382	33
Credit-related costs	[4]	[4]	[8]	[14]	[18]	[5]
Operating profit	288	327	357	414	446	31
Non-operating income/expenses	26	25	34	26	34	8
Reversal of credit-related profits/losses	[7]	[3]	[3]	[3]	[3]	[-0]
Ordinary profit	314	352	391	440	480	40
Extraordinary income/losses	5	-1	9	-20	-0	19
Profit attributable to owners of parent	200	219	255	262	296	34
Basic earnings per share (¥)	661.80	726.41	844.69	871.95	986.18	114.23

＊1 Excluding interest expenses

＊2 Gross profit before interest expenses

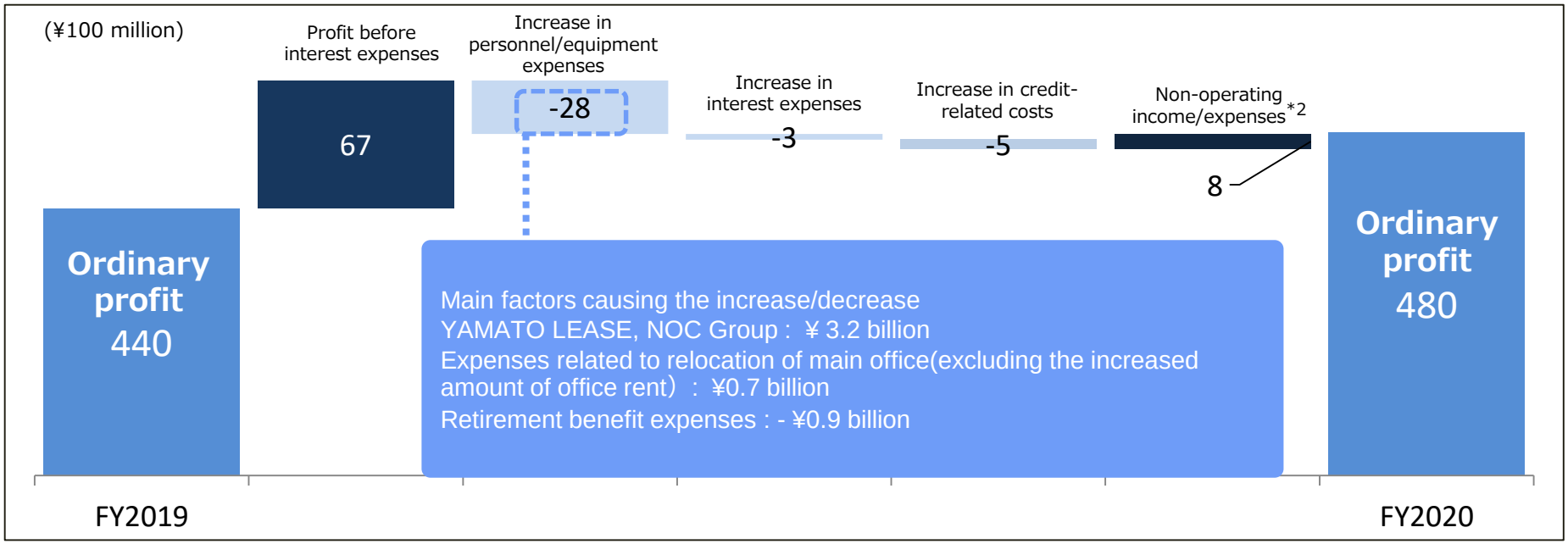
Profits:
Each level of profit has risen due to an increase in real estate leases as well as strong performance in financing.

Costs:
SG&A expenses rose due to Group expansion and credit-related costs increased due to the impact of the COVID-19 pandemic.

1. Overview of consolidated operating results

(3) Factors causing the increase in ordinary profit

- Real estate, strategic fields centered on energy and the environment, and finance business performed well, resulting in a significant increase in profit before interest expenses ＊1 and gross profit.
- Although there was an increase in personnel/equipment expenses due to Group expansion, while retirement benefit expenses were reduced by improving the management environment for plan assets.
- Absorbing an increase in credit-related costs related to the aircraft business, ordinary profit increased greatly.



(¥100 million)

	FY2019	FY2020	Change
Profit before interest expenses	858	925	67
Personnel expenses	204	213	10
Equipment expenses	132	150	18
Interest expenses	94	98	3
Credit-related costs	11	15	5

	FY2019	FY2020	Change
Non-operating income/expenses*2	23	32	8
Ordinary profit	440	480	40

＊1 Gross profit before interest expenses

＊2 Excluding reversal of credit-related profits/losses

1. Overview of consolidated operating results

FUYO LEASE GROUP

(4) Profit before interest expenses ＊1

＊1 Gross profit before interest expenses

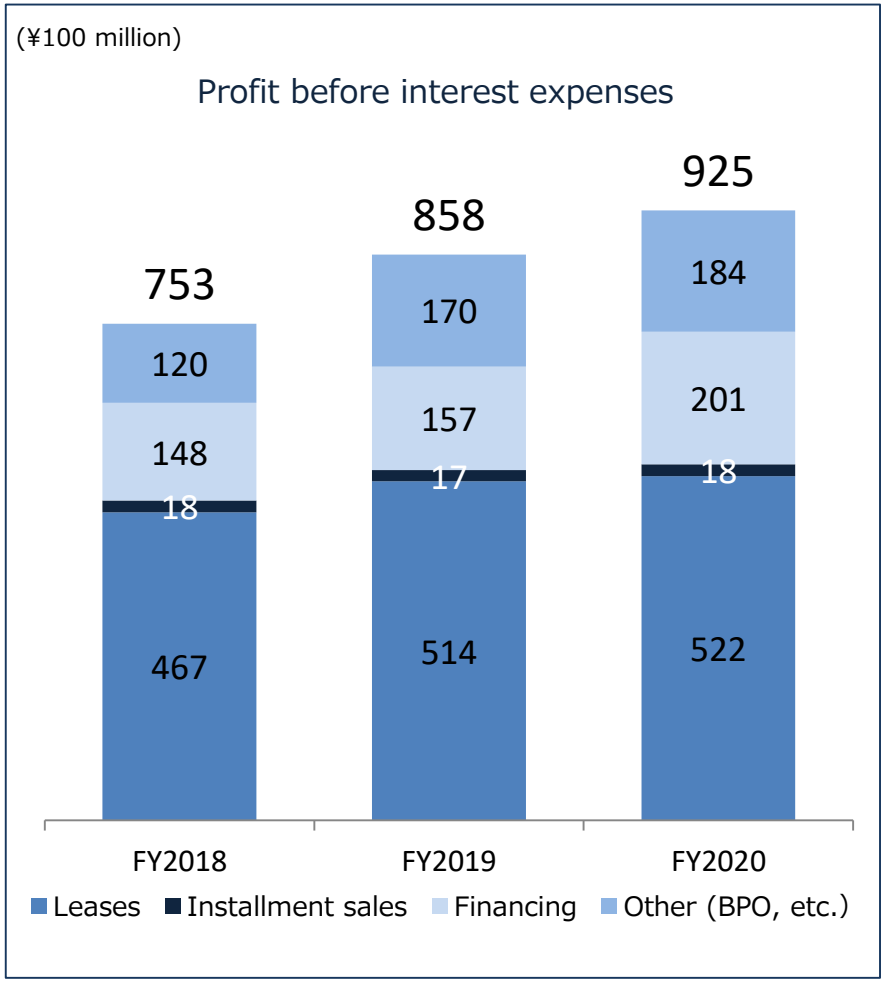
- Profits in Leases continued to grow owing to making YAMATO LEASE a consolidate subsidiary and growth in other strategic fields , absorbing the decline in aircraft leasing .
- There was a big increase in Financing owing to appropriate response to changes in the market environment .

(¥100 million)

	Leases				Financing			
	FY2019	FY2020	YoY Change (amount)	YoY Change (%)	FY2019	FY2020	YoY Change (amount)	YoY Change (%)
Profit before interest expenses	514	522	8	1.6%	157	201	44	28.3%
Interest expenses	50	53	3	5.2%	39	38	-1	-2.1%
Gross profit	464	469	6	1.2%	118	163	45	38.4%

	Installment sales				Other			
	FY2019	FY2020	YoY Change (amount)	YoY Change (%)	FY2019	FY2020	YoY Change (amount)	YoY Change (%)
Profit before interest expenses	17	18	1	6.4%	170	184	13	7.8%
Interest expenses	3	3	-0	-1.1%	2	3	1	83.3%
Gross profit	13	14	1	8.4%	169	181	12	7.1%

	Leases and installment sales total				Total			
	FY2019	FY2020	YoY Change (amount)	YoY Change (%)	FY2019	FY2020	YoY Change (amount)	YoY Change (%)
Profit before interest expenses	531	540	9	1.7%	858	925	67	7.8%
Interest expenses	54	56	3	4.8%	94	98	3	3.2%
Gross profit	477	484	7	1.4%	763	827	64	8.4%

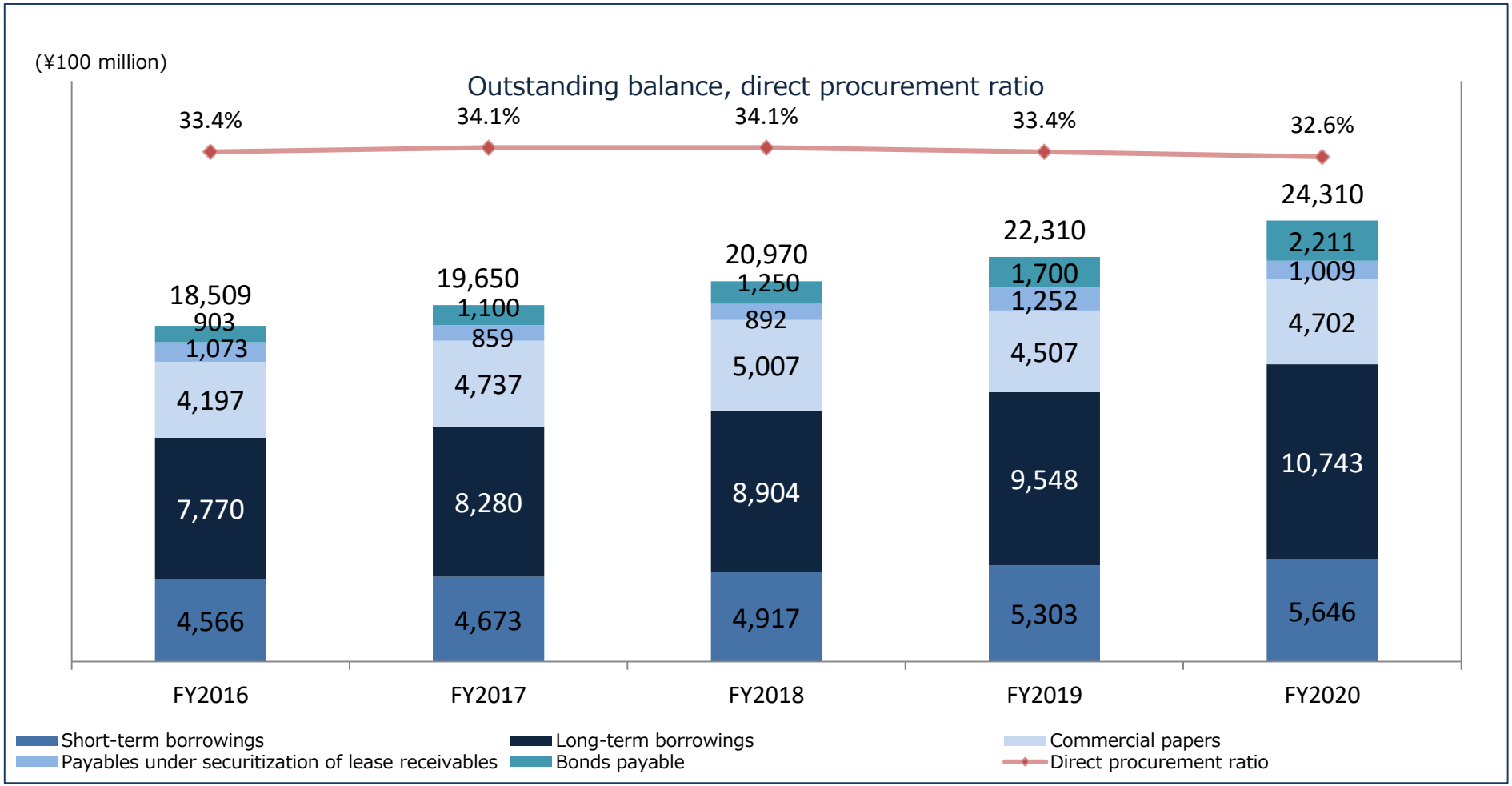


1. Overview of consolidated operating results

FUYO LEASE GROUP

(5) Changes in funding

- The outstanding balance rose due to the accumulation of operating assets and consolidation of YAMATO LEASE.
- The expansion of the earnings base centered on strategic fields was highly evaluated, and Rating and Investment Information, Inc. (R & I) raised the issuer rating by one notch ("A-" → "A")
- In addition, the balance of corporate bonds increased due to aggressive issuance of bonds such as a sustainability link bond and the first foreign bond.



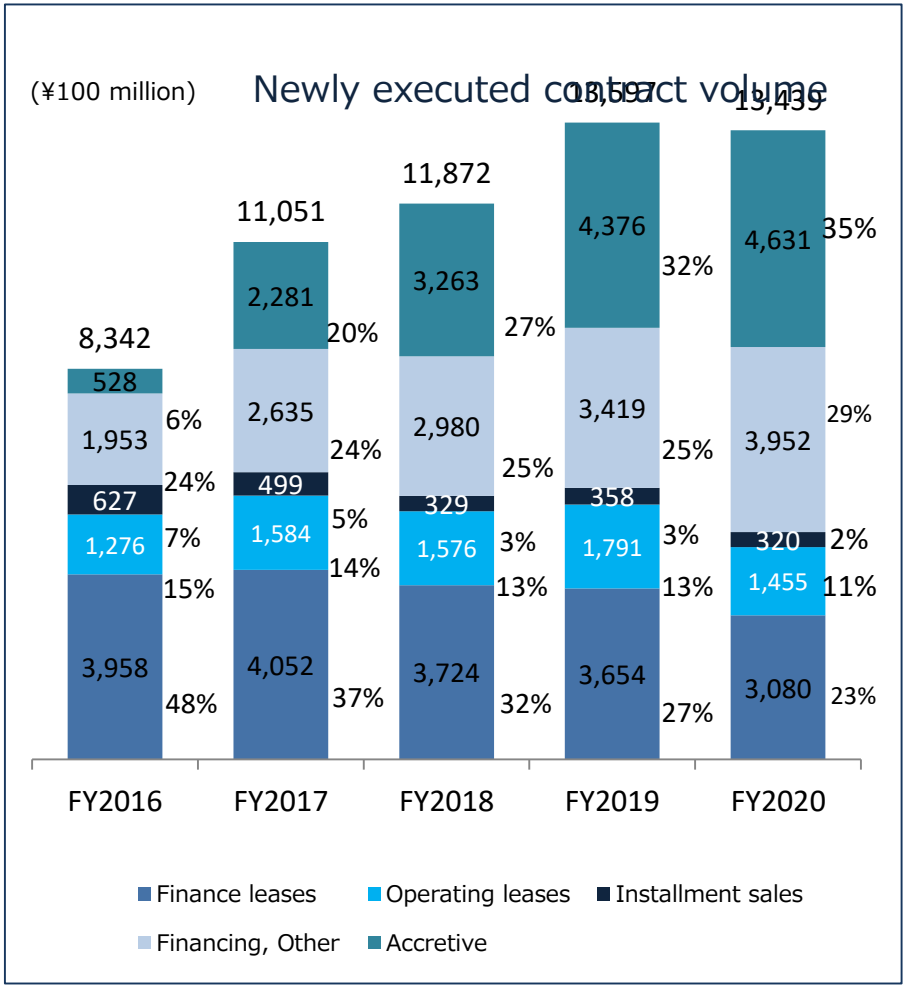
FUYO LEASE GROUP

(1) Newly executed contract volume

- Leases decreased due to a curtailment of new aircraft leasing and a decrease in information and office equipment
- “Financing,Other” increased due to the contribution of new operations of large- scale solar power plants and Accretive finance.

(¥100 million)

	FY2018	FY2019	FY2020	YoY Change (amount)	YoY Change (%)
Leases	5,300	5,445	4,536	-909	-16.7%
Finance leases	[3,724]	[3,654]	[3,080]	[-574]	[-15.7%]
Operating leases	[1,576]	[1,791]	[1,455]	[-335]	[-18.7%]
Installment sales	329	358	320	-38	-10.6%
Financing, Other	6,243	7,794	8,583	789	10.1%
Accretive	[3,263]	[4,376]	[4,631]	[255]	[5.8%]
Total	11,872	13,597	13,439	-158	-1.2%



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

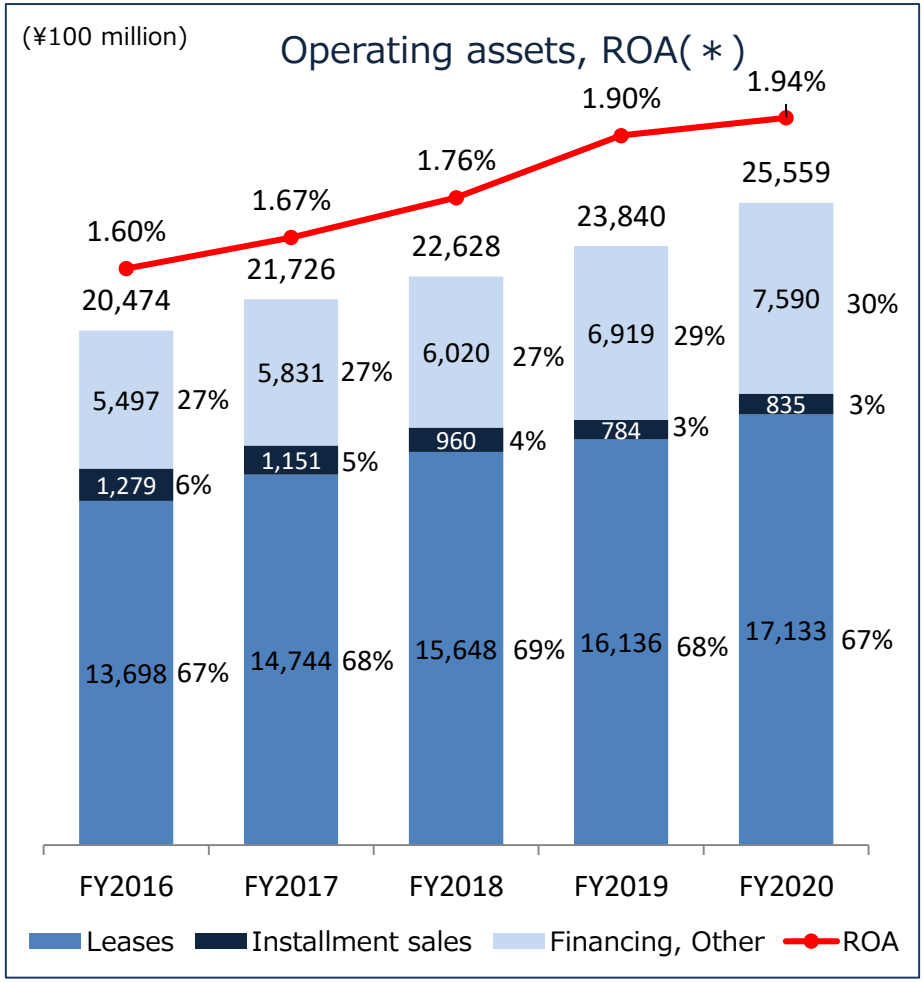
FUYO LEASE GROUP

(2) Operating assets, ROA

- The accumulation of operating lease assets continued, with a focus on real estate.
- In Financing and Other, there was an increase in operational investment securities, as well as a contribution from operations at a large-scale solar power plant.
- Portfolio rearrangement was carried out to incorporate highly profitable assets, both raising asset balance and improving ROA.

(¥100 million)

	FY2018	FY2019	FY2020	YoY Change (amount)	YoY Change (%)
Leases	15,648	16,136	17,133	997	6.2%
Finance leases	[10,835]	[11,068]	[10,808]	[-260]	[-2.4%]
Operating leases	[4,813]	[5,068]	[6,325]	[1,258]	[24.8%]
Installment sales	960	784	835	51	6.4%
Financing, Other	6,020	6,919	7,590	671	9.7%
Total	22,628	23,840	25,559	1,719	7.2%



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

3. Earnings forecast and dividend policy

FUYO LEASE GROUP

(1) FY2021 consolidated earnings forecast

(¥100 million)

	FY2020 results	FY2021 forecast
Net sales	7,403	6,100※
Operating profit	446	465
Ordinary profit	480	500
Profit attributable to owners of parent	296	310
Basic earnings per share	￥986.18	￥1,033.44

***The Company will apply the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29), etc. effective from the beginning of the fiscal year ending March 31, 2022. Assuming net sales are estimated on the basis of the previous policy, net sales will be ¥750 billion (up 1.3% year on year)**

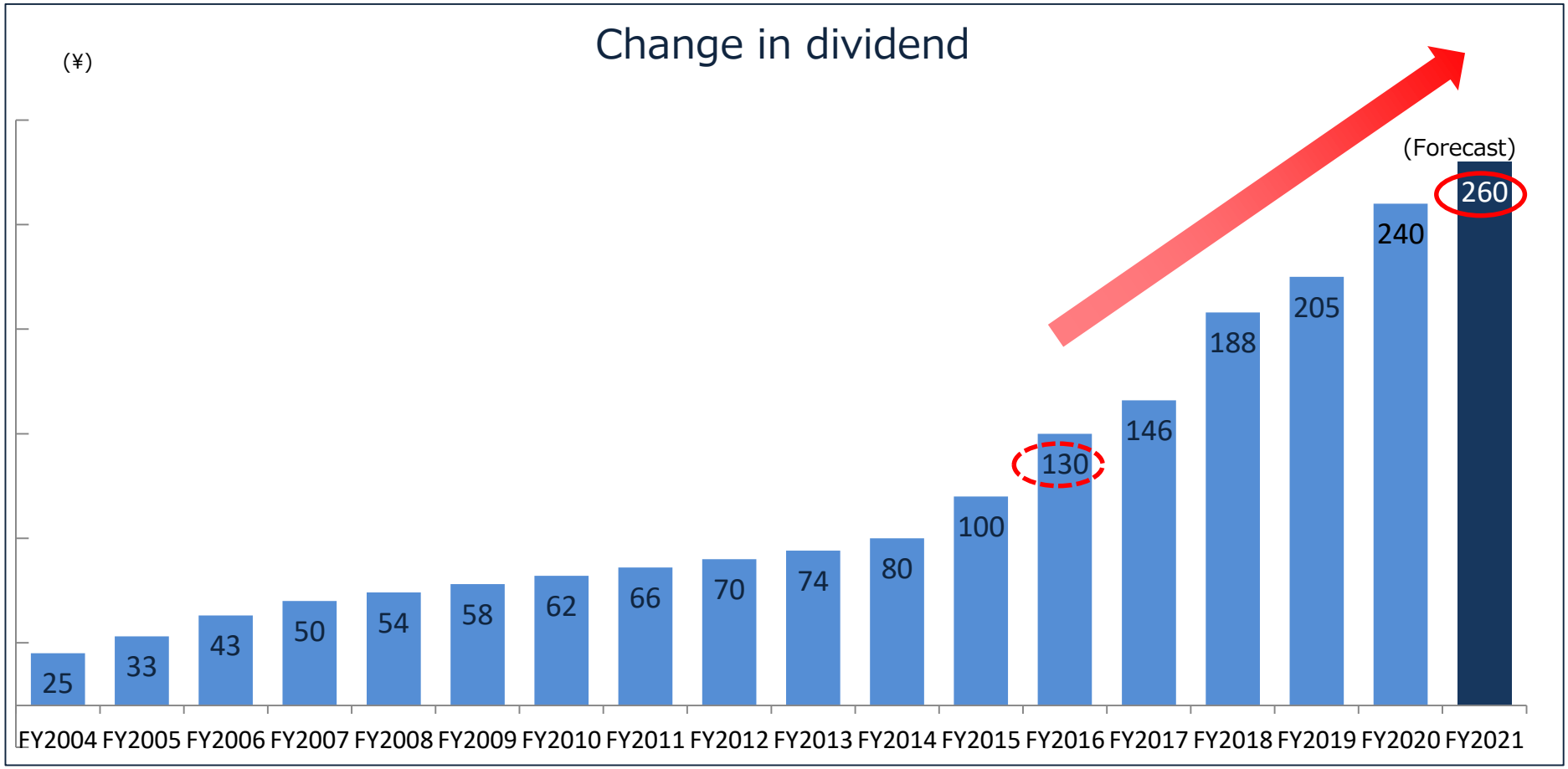
3. Earnings forecast and dividend policy

FUYO LEASE GROUP

(2) Dividend policy

[FY2020] Year beginning forecast (¥220) dividend increase of ¥20 for a total dividend of ¥240
Dividend payout ratio is 24.3%.

[FY2021] Forecast previous FY dividend increase of ¥20 for a total dividend of ¥260, and dividend payout ratio of 25.2%.
Annual dividend per share is expected to double over the current medium-term management plan period.
(FY2016: ¥130 → FY2021: ¥260)



FUYO LEASE GROUP

(1) Segment results (consolidated)

＊1　Gross profit before interest expenses

(¥100 million)

	Leases				Installment sales				Leases and installment sales total			
	FY2019	FY2020	YoY Change (amount)	YoY change (%)	FY2019	FY2020	YoY Change (amount)	YoY change (%)	FY2019	FY2020	YoY Change (amount)	YoY change (%)
Net sales	4,946	5,001	55	1.1%	342	416	74	21.6%	5,289	5,417	129	2.4%
Cost of sales	4,432	4,479	47	1.1%	326	398	73	22.4%	4,758	4,877	119	2.5%
Profit before interest expenses	514	522	8	1.6%	17	18	1	6.4%	531	540	9	1.7%
Interest expenses	50	53	3	5.2%	3	3	-0	-1.1%	54	56	3	4.8%
Gross profit	464	469	6	1.2%	13	14	1	8.4%	477	484	7	1.4%

	Financing				Other				Total			
	FY2019	FY2020	YoY Change (amount)	YoY change (%)	FY2019	FY2020	YoY Change (amount)	YoY change (%)	FY2019	FY2020	YoY Change (amount)	YoY change (%)
Net sales	160	206	46	28.8%	1,675	1,780	105	6.2%	7,123	7,403	279	3.9%
Cost of sales	3	5	2	58.0%	1,505	1,596	91	6.1%	6,265	6,478	212	3.4%
Profit before interest expenses	157	201	44	28.3%	170	184	13	7.8%	858	925	67	7.8%
Interest expenses	39	38	-1	-2.1%	2	3	1	83.3%	94	98	3	3.2%
Gross profit	118	163	45	38.4%	169	181	12	7.1%	763	827	64	8.4%

FUYO LEASE GROUP

(2) Newly executed contract volume

(¥100 million)

	FY2016	FY2017	FY2018	FY2019	FY2020	YoY Change (amount) (FY2019 to FY2020)	YoY change (%) (FY2019 to FY2020)
Leases	5,234	5,636	5,300	5,445	4,536	-909	-16.7%
Finance leases	[3,958]	[4,052]	[3,724]	[3,654]	[3,080]	[-574]	[-15.7%]
Operating leases	[1,276]	[1,584]	[1,576]	[1,791]	[1,455]	[-335]	[-18.7%]
Installment sales	627	499	329	358	320	-38	-10.6%
Financing, Other	2,480	4,916	6,243	7,794	8,583	789	10.1%
Total	8,342	11,051	11,872	13,597	13,439	-158	-1.2%

FUYO LEASE GROUP

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

(¥100 million)

Segment	FY2018	FY2019	FY2020	YoY change (FY2019 to FY2020)
IT & office equipment	1,897	2,072	1,588	-485
Industrial machinery	414	442	276	-165
Civil engineering and construction machinery	94	102	91	-11
Transportation equipment	840	571	383	-188
Medical devices	262	274	188	-87
Commercial / services equipment	296	312	203	-109
Buildings, etc.	1,274	1,422	1,617	194
Other	223	250	191	-59
Total	5,300	5,445	4,536	-909

FUYO LEASE GROUP

(4) Operating assets

(¥100 million)

	FY2016	FY2017	FY2018	FY2019	FY2020	YoY Change (amount) (FY2019 to FY2020)	YoY change (%) (FY2019 to FY2020)
Leases	13,698	14,744	15,648	16,136	17,133	997	6.2%
Finance leases	[10,486]	[10,987]	[10,835]	[11,068]	[10,808]	[-260]	[-2.4%]
Operating leases	[3,212]	[3,757]	[4,813]	[5,068]	[6,325]	[1,258]	[24.8%]
Installment sales	1,279	1,151	960	784	835	51	6.4%
Financing, Other	5,497	5,831	6,020	6,919	7,590	671	9.7%
Total	20,474	21,726	22,628	23,840	25,559	1,719	7.2%

“Going Where
No One Has Gone Before”

FUYO LEASE GROUP

FUYO GENERAL LEASE CO., LTD.