

**FUYO LEASE
GROUP**

**Summary of Financial Results
for the 1st half of FY2021**

**November 5, 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

(1) 1H FY2021 results

- In addition to the growth in profit before interest expenses mainly in strategic fields, non-operating income (recoveries of receivables, share of profit of entities accounted for using equity method, etc.) also contributed to the increase, and profit at each level increased and reached a record high.
- ROA exceeded the target of the current medium-term management plan (2.0%) through the promotion of asset control with a stress on profitability.

	FY2020 1H results	FY2021 1H results	YoY change (amount)	YoY change (%)	(¥100 million)
Net sales*	3,574	2,854	-720	-20.1%	
Profit before interest expenses *1	459	481	22	4.8%	* 1 Gross profit before deducting interest expenses
Gross profit	409	435	26	6.3%	
Operating profit	209	235	26	12.3%	
Ordinary profit	228	275	47	20.7%	
Profit *2	139	181	42	30.3%	* 2 Profit attributable to owners of parent
Basic earnings per share	¥462.79	¥602.58	¥139.79	30.2%	
Newly executed contract volume	6,624	6,439	-186	-2.8%	
Operating assets	25,559 *4	25,582	24	0.1%	* 3 Ordinary profit (annualized) /operating assets (average balance)
ROA *3	1.94% *4	2.15%	0.21pt		* 4 As of March 31, 2021

* The "Accounting Standard for Revenue Recognition" has been applied from the beginning of the first quarter ended June 30, 2021, and net sales for the six months ended September 30, 2021 is the figures after applying the relevant accounting standards. If net sales is recognized based on conventional standards, it will be at **¥355.2 billion** (0.6% decrease from the same period of the previous year). In addition, the application of the "Accounting Standard for Revenue Recognition" had no impact on profit and loss.

1. Overview of consolidated operating results

(2) Income and expenses

	1H FY2017	1H FY2018	1H FY2019	1H FY2020	1H FY2021	YoY change (1H FY2020 to 1H FY2021)
Net sales	3,026	2,957	3,445	3,574	2,854	-720
Cost of sales *1	2,678	2,595	3,029	3,114	2,373	-742
Profit before interest expenses*2	348	362	416	459	481	22
Interest expenses	36	41	47	50	47	-4
Gross profit	312	321	369	409	435	26
SG&A	137	139	164	200	200	-0
Credit-related costs	[1]	[2]	[5]	[9]	[14]	[5]
Operating profit	175	182	205	209	235	26
Non-operating income/expenses	13	14	15	18	40	21
Reversal of credit-related profits/losses	[4]	[1]	[1]	[2]	[15]	[13]
Ordinary profit	188	196	220	228	275	47
Extraordinary income/losses	-0	2	2	-0	1	1
Profit attributable to owners of parent	117	127	137	139	181	42
Basic earnings per share(¥)	387.59	419.54	455.81	462.79	602.58	139.79

(¥100 million)

**Sales decreased mainly due to the application of "Accounting Standard for Revenue Recognition."
The application had no impact on profit and loss.**

* 1 Excluding interest expenses

* 2 Gross profit before deducting interest expenses

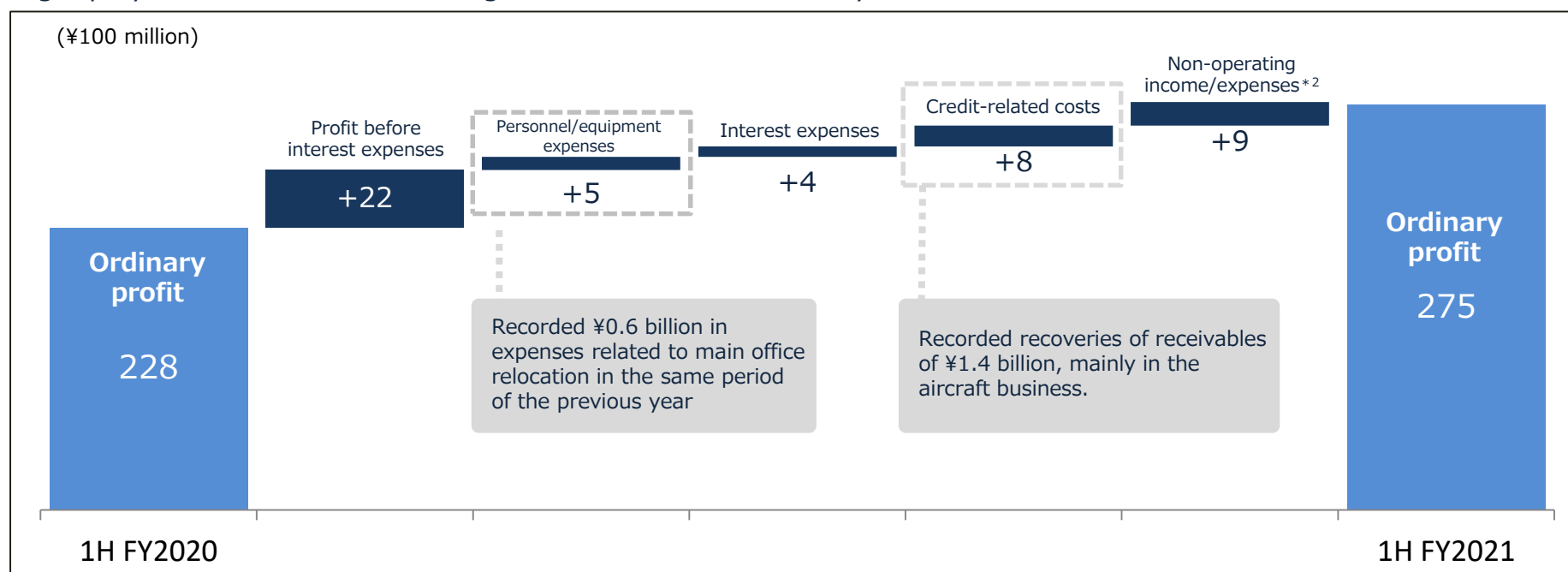
Profit before interest expenses
 • Strategic fields and Financing performed well

SG&A expenses
 • One-time costs such as expenses related to main office relocation recorded in the same period of the previous year have been removed.

Non-operating income
 • Increases in share of profit of entities accounted for using equity method and recoveries of receivables

(3) Factors causing the increase in ordinary profit

- Profit before interest expenses*¹ increased due to growth in strategic fields, particularly energy and the environment and real estate.
- Personnel/equipment expenses decreased due to the absence of one-time costs recorded in the same period of the previous fiscal year.
- Increase in non-operating income due to increase in recoveries of receivables and share of profit of entities accounted for using equity method contributed to significant increase in ordinary income



	1H FY2020	1H FY2021	Change
Profit before interest expenses	459	481	22

Personnel expenses	111	112	1
Equipment expenses	80	73	-7
Interest expenses	50	47	-4
Credit-related costs	7	-1	-8

(¥100 million)

	1H FY2020	1H FY2021	Change
Non-operating income/expenses* ²	16	25	9

Ordinary Profit	228	275	47
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* 1 Gross profit before interest expenses

* 2 Excluding reversal of credit-related profits/losses

1. Overview of consolidated operating results

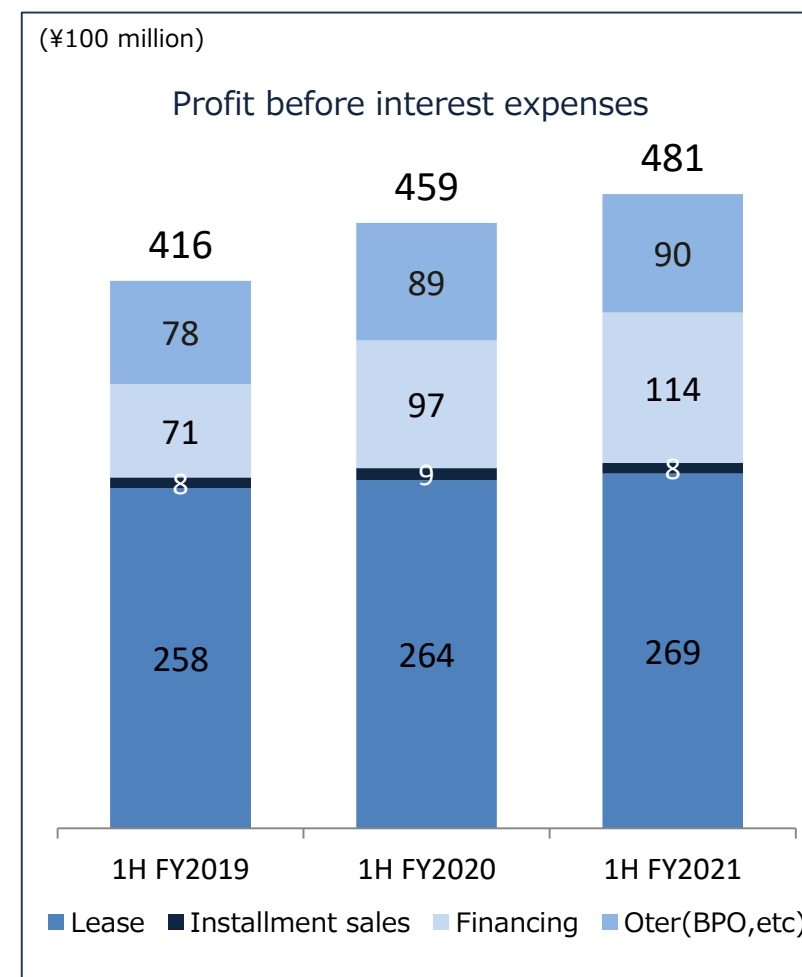
(4) Profit before interest expenses * 1

* 1 Gross profit before interest expenses

- In Leases, profits continued to increase due to steady growth in strategic fields.
- In Financing, equity investments in energy and the environment and real estate contributed to profit growth.

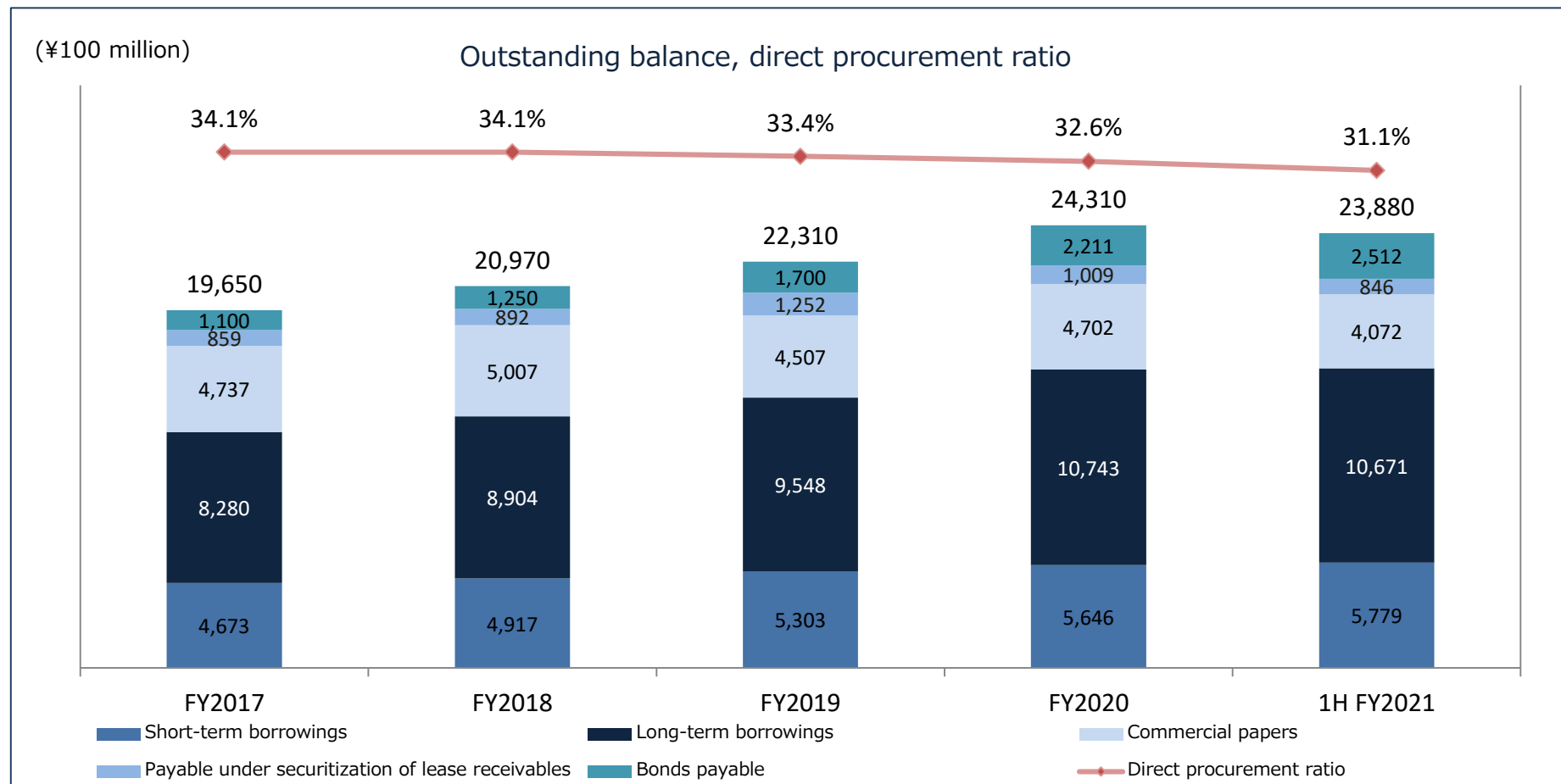
(¥100 million)

	Leases				Financing			
	1H FY2020	1H FY2021	YoY Change (amount)	YoY Change (%)	1H FY2020	1H FY2021	YoY Change (amount)	YoY Change (%)
Profit before interest expenses	264	269	6	2.1%	97	114	17	17.5%
Interest expenses	26	27	0	0.5%	20	18	-3	-12.3%
Gross profit	237	243	5	2.3%	77	96	20	25.5%
	Installment sales				Other			
	1H FY2020	1H FY2021	YoY Change (amount)	YoY Change (%)	1H FY2020	1H FY2021	YoY Change (amount)	YoY Change (%)
Profit before interest expenses	9	8	-2	-18.5%	89	90	1	1.4%
Interest expenses	2	1	-1	-34.8%	2	1	-1	-32.7%
Gross profit	8	6	-1	-14.6%	88	89	2	2.1%
	Leases and installment sales total				Total			
	1H FY2020	1H FY2021	YoY Change (amount)	YoY Change (%)	1H FY2020	1H FY2021	YoY Change (amount)	YoY Change (%)
Profit before interest expenses	273	277	4	1.4%	459	481	22	4.8%
Interest expenses	28	28	-1	-1.8%	50	47	-4	-7.1%
Gross profit	245	249	4	1.8%	409	435	26	6.3%



(5) Changes in funding

- Actively used corporate bonds against the backdrop of a favorable financing environment.
- Proactively promoted ESG finance initiatives and issued a sustainability bond (Fuyo CSV Bond).
- Established the Euro MTN Program (issuance limit of US\$2.0 billion) to build a stable base for procuring foreign currency.

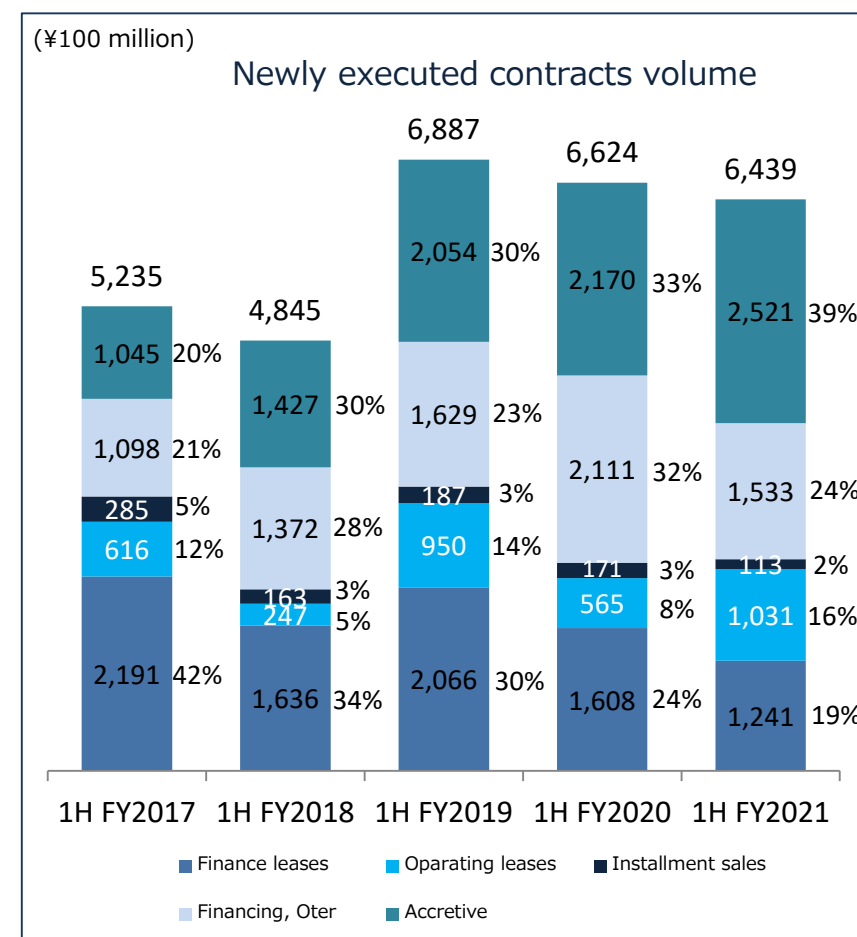


(1) Newly executed contract volume

- Increase in operating leases due to steady growth in real estate and new aircraft transactions
- Increase in Accretive's factoring, mainly for medical and nursing care service fee receivables

(¥100 million)

	1H FY2019	1H FY2020	1H FY2021	YoY Change (amount)	YoY Change (%)
Leases	3,016	2,173	2,272	99	4.6%
Finance leases	[2,066]	[1,608]	[1,241]	[-367]	[-22.8%]
Operating leases	[950]	[565]	[1,031]	[466]	[82.4%]
Installment sales	187	171	113	-58	-34.1%
Financing, Other	3,684	4,281	4,054	-226	-5.3%
Accretive	[2,054]	[2,170]	[2,521]	[351]	[16.2%]
Total	6,887	6,624	6,439	-186	-2.8%



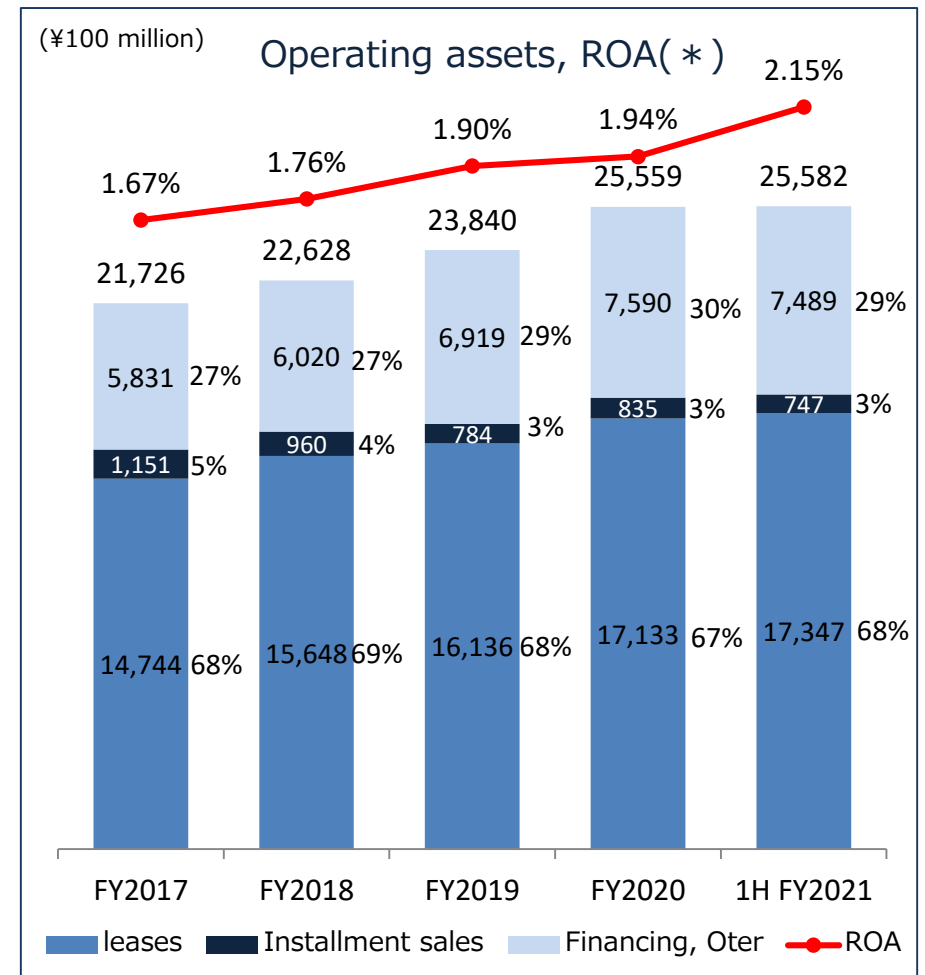
Accretive: Finance contracts executed by Accretive Co., Ltd.
(Not included in Financing, Other in the above)

(2) Operating assets, ROA

- The accumulation of “operating leases” progressed, mainly in real estate and aircraft.
- Despite a decrease in “financing leases” due in part to asset control through liquidation, ROA improved significantly due to progress in replacing assets with a higher profitable portfolio.

(¥100 million)

	FY2019	FY2020	1H FY2021	YoY Change (amount)	YoY Change (%)
Leases	16,136	17,133	17,347	213	1.2%
Finance leases	[11,068]	[10,808]	[10,283]	[-524]	[-4.9%]
Operating leases	[5,068]	[6,325]	[7,063]	[738]	[11.7%]
Installment sales	784	835	747	-88	-10.6%
Financing, Other	6,919	7,590	7,489	-101	-1.3%
Total	23,840	25,559	25,582	24	0.1%



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

(1) FY2021 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 FY2021 results	FY2021 forecast
Net sales	2,854	6,100
Operating profit	235	465
Ordinary profit	275	500
Profit attributable to owners of parent	181	310
Basic earnings per share	¥602.58	¥1,033.44
Dividends per share	¥130	¥260

(1) Segment results (consolidated)

* 1 Gross profit before interest expenses

(¥100 million)

	Leases				Installment sales				Leases and installment sales total			
	1H FY2020	1H FY2021	YoY Change (amount)	YoY Change (%)	1H FY2020	1H FY2021	YoY Change (amount)	YoY Change (%)	1H FY2020	1H FY2021	YoY Change (amount)	YoY Change (%)
Net sales	2,377	2,388	11	0.5%	223	168	-55	-24.6%	2,600	2,556	-44	-1.7%
Cost of sales	2,113	2,119	6	0.3%	213	160	-53	-24.9%	2,326	2,279	-47	-2.0%
Profit before interest expenses *1	264	269	6	2.1%	9	8	-2	-18.5%	273	277	4	1.4%
Interest expenses	26	27	0	0.5%	2	1	-1	-34.8%	28	28	-1	-1.8%
Gross profit	237	243	5	2.3%	8	6	-1	-14.6%	245	249	4	1.8%

	Financing				Other				total			
	1H FY2020	1H FY2021	YoY Change (amount)	YoY Change (%)	1H FY2020	1H FY2021	YoY Change (amount)	YoY Change (%)	1H FY2020	1H FY2021	YoY Change (amount)	YoY Change (%)
Net sales	99	116	17	16.9%	875	182	-693	-79.2%	3,574	2,854	-720	-20.1%
Cost of sales	2	2	-0	-12.3%	786	92	-694	-88.3%	3,114	2,373	-742	-23.8%
Profit before interest expenses *1	97	114	17	17.5%	89	90	1	1.4%	459	481	22	4.8%
Interest expenses	20	18	-3	-12.3%	2	1	-1	-32.7%	50	47	-4	-7.1%
Gross profit	77	96	20	25.5%	88	89	2	2.1%	409	435	26	6.3%

* Profit before interest expenses decreased due to the application of the "Accounting Standard for Revenue Recognition." If net sales is recognized based on conventional standard, other sales for 1H FY2021 will be **¥88.0 billion** (0.6% increase from the same period of the previous fiscal year).
In addition, the application of the "Accounting Standard for Revenue Recognition" had no impact on profit and loss.

(2) Newly executed Contract Volume

(¥100 million)

	1H FY2017	1H FY2018	1H FY2019	1H FY2020	1H FY2021	YoY Change (amount) (1H FY2020 to 1H FY2021)	YoY change (%) (1H FY2020 to 1H FY2021)
Leases	2,807	1,884	3,016	2,173	2,272	99	4.6%
Finance leases	[2,191]	[1,636]	[2,066]	[1,608]	[1,241]	[-367]	[-22.8%]
Operating leases	[616]	[247]	[950]	[565]	[1,031]	[466]	[82.4%]
Installment sales	285	163	187	171	113	-58	-34.1%
Financing, Other	2,143	2,799	3,684	4,281	4,054	-226	-5.3%
Total	5,235	4,845	6,887	6,624	6,439	-186	-2.8%

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

(¥100 million)

Segment	1H FY2019	1H FY2020	1H FY2021	YoY change (1H FY2020 to 1H FY2021)
IT & office equipment	1,199	869	662	-208
Industrial machinery	260	136	92	-44
Civil engineering and construction machinery	52	42	16	-26
Transportation equipment	329	180	356	176
Medical devices	160	98	84	-13
Commercial / services equipment	168	119	86	-34
Buildings, etc.	722	625	881	257
Other	128	103	95	-9
Total	3,016	2,173	2,272	99

(4) Operating assets

(¥100 million)

	FY2017	FY2018	FY2019	FY2020	1H FY2021	YoY Change (amount) (FY2020 to 1H FY2021)	YoY change (%) (FY2020 to 1H FY2021)
Leases	14,744	15,648	16,136	17,133	17,347	213	1.2%
Finance leases	[10,987]	[10,835]	[11,068]	[10,808]	[10,283]	[-524]	[-4.9%]
Operating leases	[3,757]	[4,813]	[5,068]	[6,325]	[7,063]	[738]	[11.7%]
Installment sales	1,151	960	784	835	747	-88	-10.6%
Financing, Other	5,831	6,020	6,919	7,590	7,489	-101	-1.3%
Total	21,726	22,628	23,840	25,559	25,582	24	0.1%

“Going Where
No One Has Gone Before”

FUYO LEASE GROUP

FUYO GENERAL LEASE CO., LTD.