

FUYO LEASE GROUP

Summary of Financial Results for FY2021

FUYO LEASE GROUP

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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 | FY2021 results

- The growth in profit before interest expenses due to the business expansion in strategic areas, and other factors contributed to the increase, and profit at each level reached a record high. (Ordinary profit for 5 consecutive terms, profit for 7 consecutive terms)
- The promotion of asset control with attention to profitability also contributed to an improvement in ROA.
- All the three target items of the medium-term management plan exceeded the targets (ordinary profit of ¥50.0 billion, ROA of 2.0% and operating assets of ¥2.5 trillion).

(¥100 million)	FY2020 results	FY2021 results	YoY change (amount)	YoY change (%)	
Profit before interest expenses*1	925	982	57	6.2%	* 1 Gross profit before deducting interest expenses
Gross profit	827	889	61	7.4%	
Operating profit	446	460	15	3.3%	
Ordinary profit	480	527	47	9.8%	
Profit *2	296	339	43	14.6%	* 2 Profit attributable to owners of parent
Basic earnings per share	¥ 986.18	¥ 1,130.52	¥ 114.34	14.6%	
Newly executed contract volume	13,439	13,844	405	3.0%	
Operating assets	25,559	25,659	101	0.4%	
ROA *3	1.94%	2.06%	0.12pt		* 3 Ordinary profit / operating assets (average balance)

Overview of consolidated operating results

2 | Profit before interest expenses * 1

* 1 Gross profit before deducting interest expenses

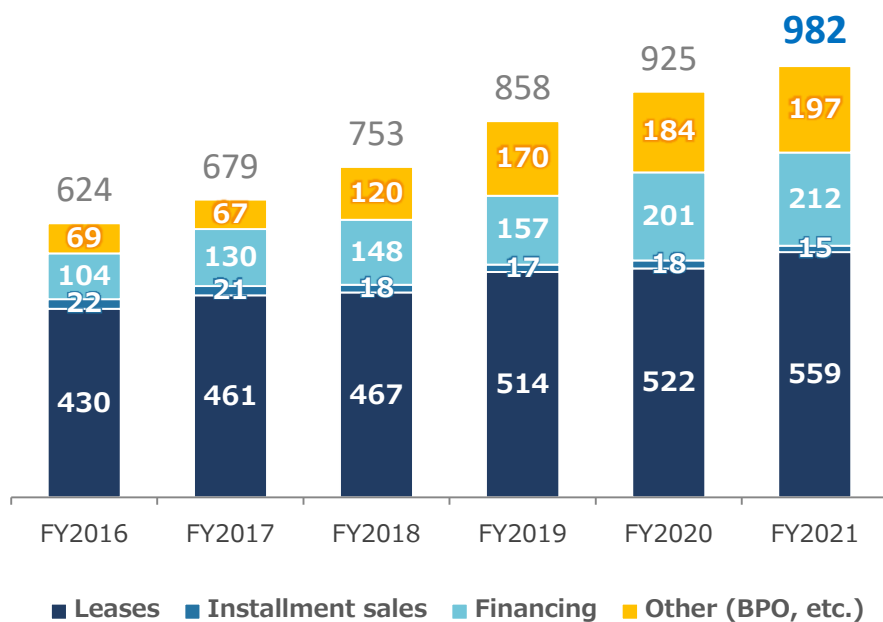
- Profit before interest expenses continued to increase in Lease and Financing mainly due to growth in strategic areas.
- Other also grew due to growth of operating results of NOC and the consolidation of WorkVision Corporation.

3 | Ordinary profit, profit

- In addition to the growth in profit before interest expenses, non-operating income including share of profit of entities accounted for using equity method also increased, leading to continuous record highs in both ordinary profit and profit.

Profit before interest expenses

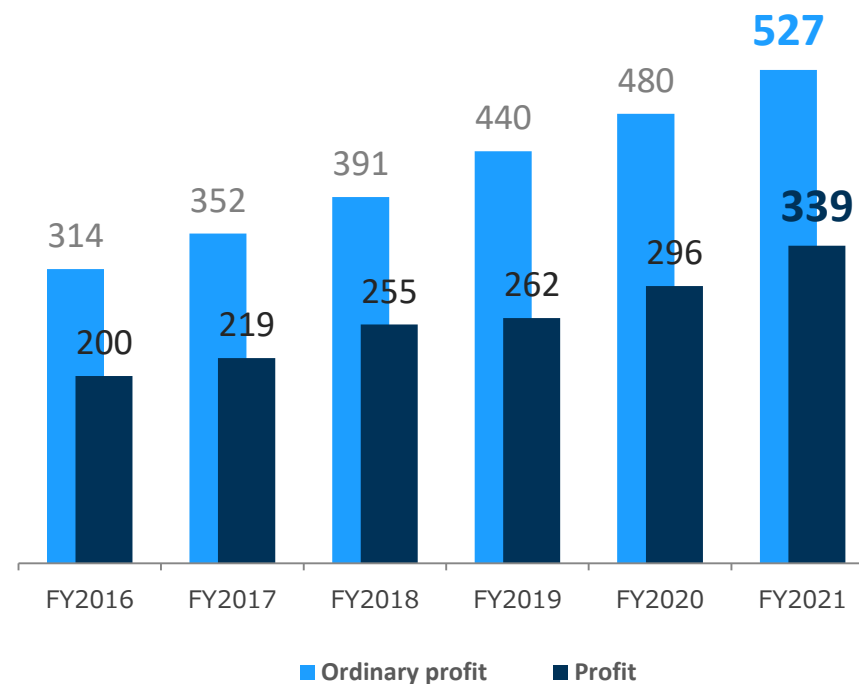
(¥100 million)



Ordinary profit, profit

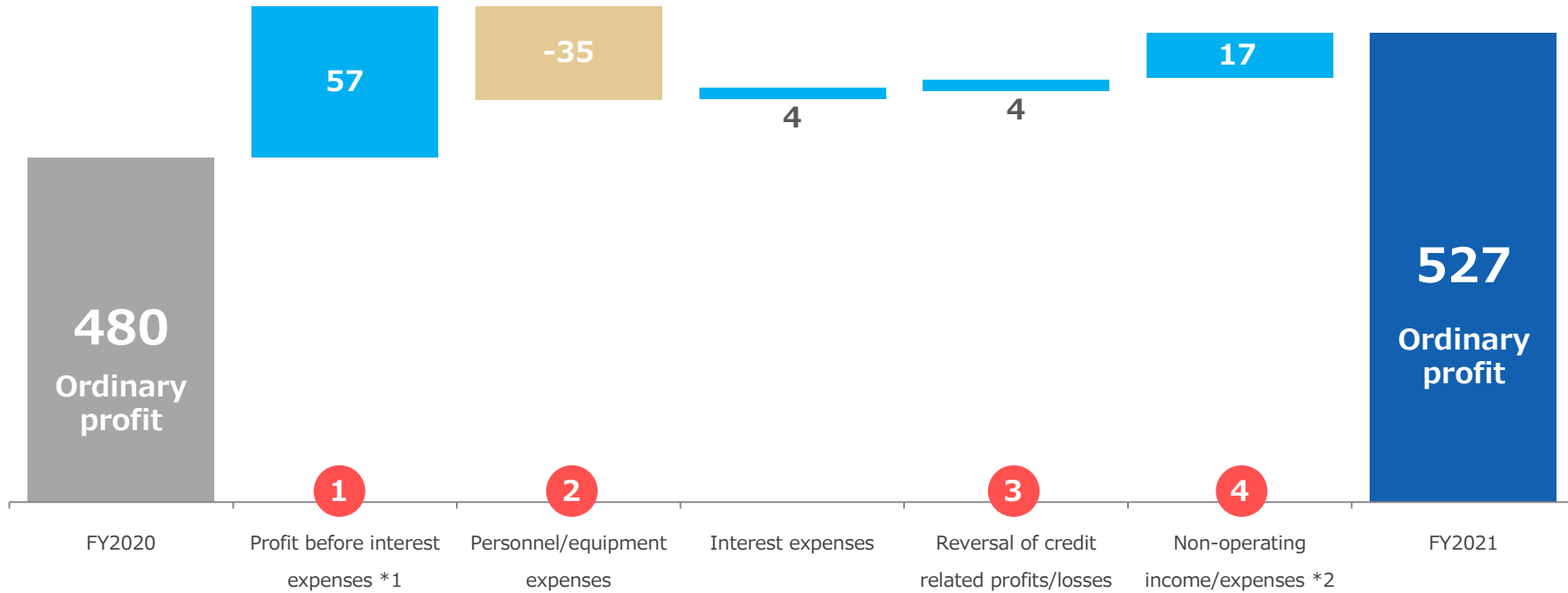
(¥100 million)

(Profit: "Profit attributable to owners of parent")



Overview of consolidated operating results

4 | Factors causing the increase in ordinary profit (¥100 million)



- | | |
|--|---|
| 1 Profit before interest expenses | Strategic areas such as “energy and the environment” and “real estate” grew. |
| 2 Personnel/equipment expenses | In addition to the consolidation of WorkVision (from the third quarter), return of retirement benefit costs, which had temporarily decreased, to the previous level also had an effect. |
| 3 Reversal of credit-related profits/losses | While allowance for bad-debt increased mainly in the aircraft business, overall, there was excess reversal due to the recording of recoveries of receivables. |
| 4 Non-operating income/expenses | Since equity-method affiliates performed well, share of profit of entities accounted for using equity method increased. |

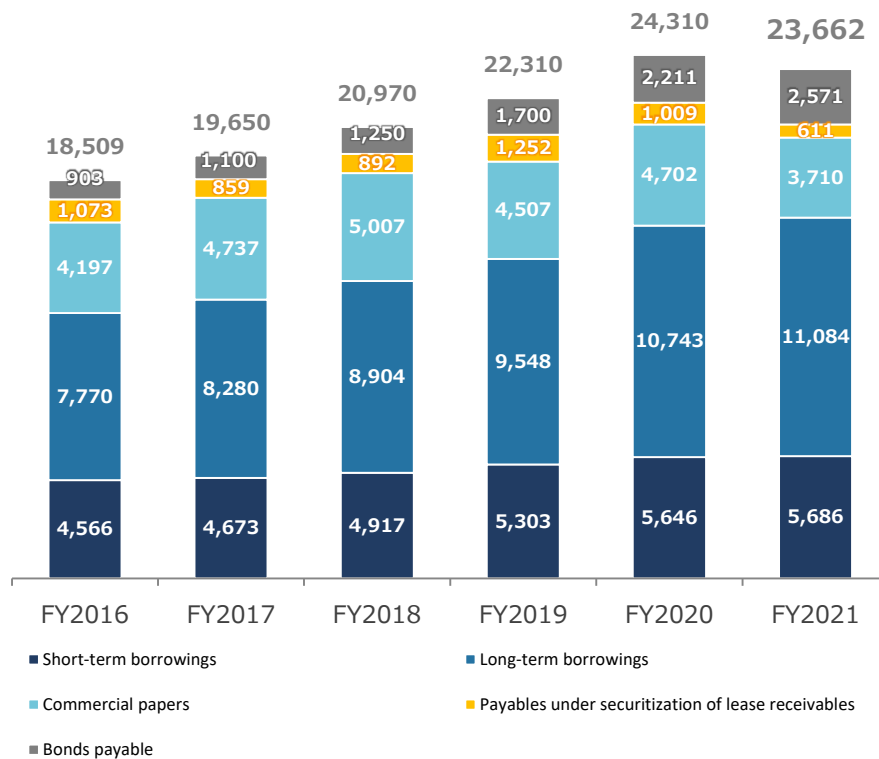
* 1 Gross profit before deducting interest expenses * 2 Excluding reversal of credit related profits/losses

5 | Changes in funding

- Advancing long-term funding utilizing corporate bonds and long-term borrowings, while short-term funding through CP was restrained.
- Proactively promoted ESG finance initiatives and implemented funding by means of a sustainability bond (Fuyo CSV Bond) and positive impact finance.
- Established the Euro MTN Program (issuance limit of US\$2.0 billion) in order to build a stable base for procuring foreign currency.

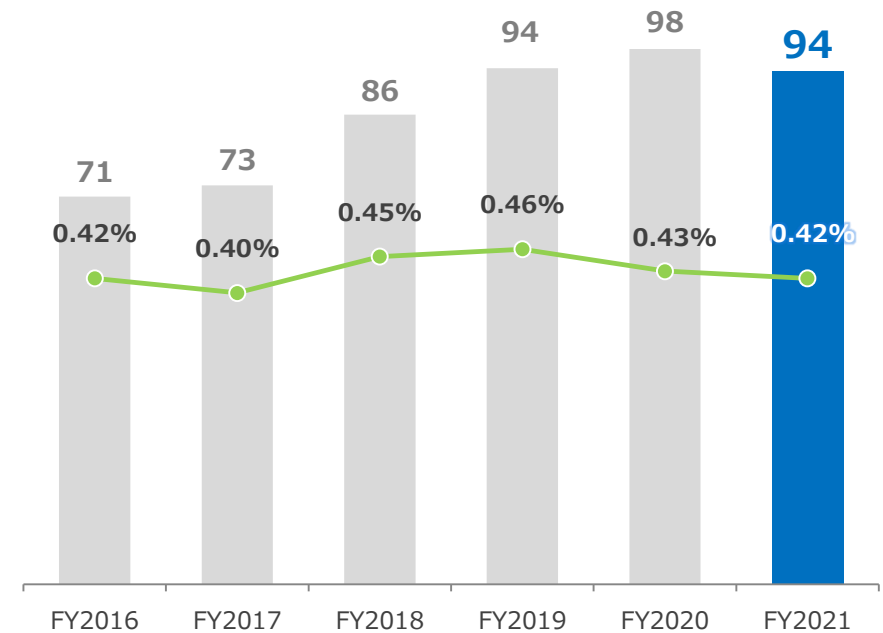
Outstanding balance

(¥100 million)



Interest expenses, funding costs*

(¥100 million)



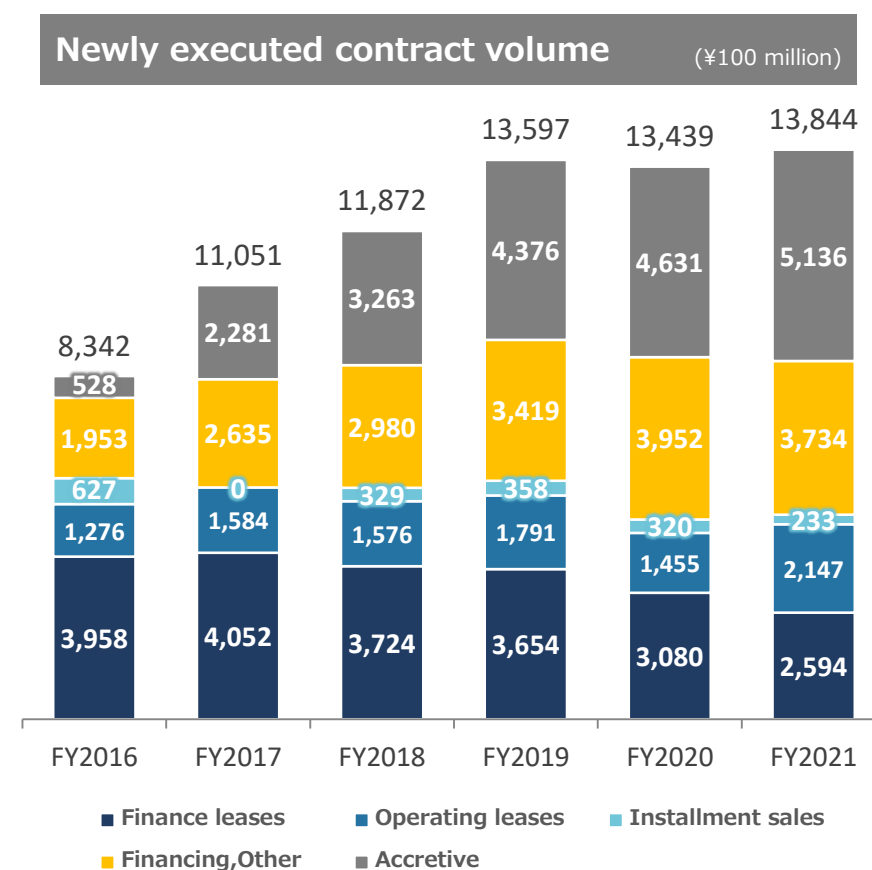
* Formula for calculating funding costs:

$$\frac{(\text{Interest expenses} - \text{non-operating interest income} + \text{non-operating interest expenses} + \text{bond issuance cost})}{\text{Average funding balance}} \times 100\%$$

1 | Newly executed contract volume

- Growth in “operating leases” mainly in strategic areas such as “real estate” and “aircraft”
- Accretive factoring increased, mainly for medical and nursing care service fee receivables

(¥100 million)	FY2019	FY2020	FY2021	YoY Change (amount)	YoY Change (%)
Leases	5,445	4,536	4,741	205	4.5%
Finance leases	[3,654]	[3,080]	[2,594]	[-486]	[-15.8%]
Operating leases	[1,791]	[1,455]	[2,147]	[692]	[47.5%]
Installment sales	358	320	233	-87	-27.1%
Financing, Other	7,794	8,583	8,870	287	3.3%
Accretive	[4,376]	[4,631]	[5,136]	[505]	[10.9%]
Total	13,597	13,439	13,844	405	3.0%



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

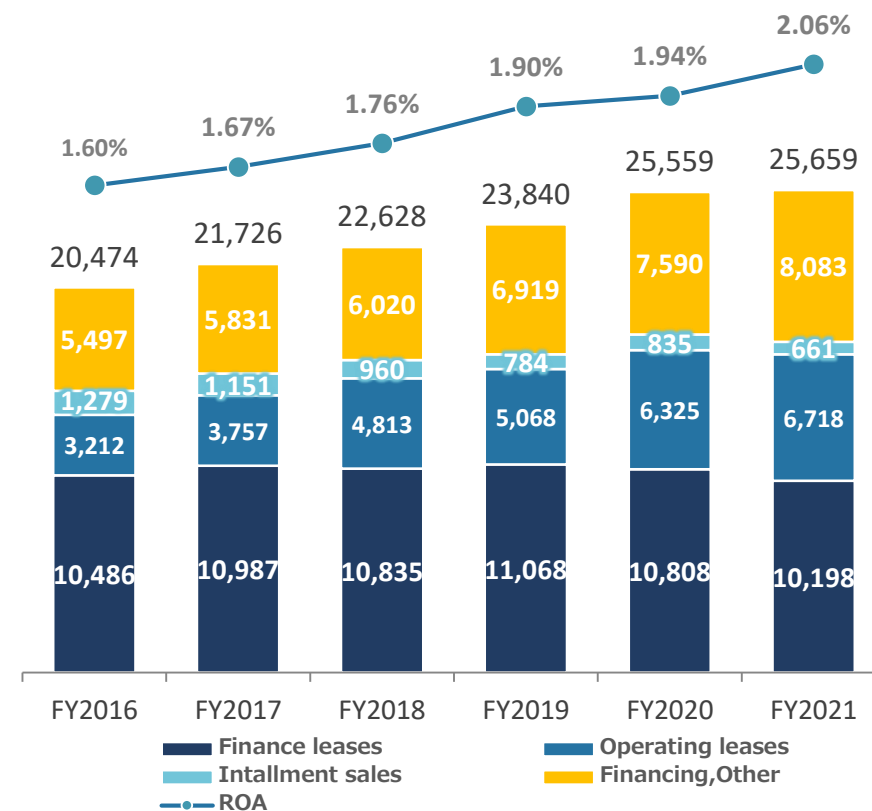
2 | Operating assets, ROA

- The progress in the accumulation of operating assets led to an increase in “operating leases.”
- ROA improved steadily due to advanced conversion to a higher profitable portfolio.

(¥100 million)	FY2019	FY2020	FY2021	YoY Change (amount)	YoY Change (%)
Leases	16,136	17,133	16,916	-217	-1.3%
Finance leases	[11,068]	[10,808]	[10,198]	[-610]	[-5.6%]
Operating leases	[5,068]	[6,325]	[6,718]	[393]	[6.2%]
Installment sales	784	835	661	-174	-20.9%
Financing, Other	6,919	7,590	8,083	492	6.5%
Total	23,840	25,559	25,659	101	0.4%

Operating assets, ROA*

(¥100 million)



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

1 | FY2022 consolidated earnings forecast

	(¥100 million)	FY2021 results	FY2022 forecast
Net sales		6,578	7,000
Operating profit		460	515
Ordinary profit		527	560
Profit attributable to owners of parent		339	360
Basic earnings per share		¥1,130.52	¥1,202.97

2 Dividend policy

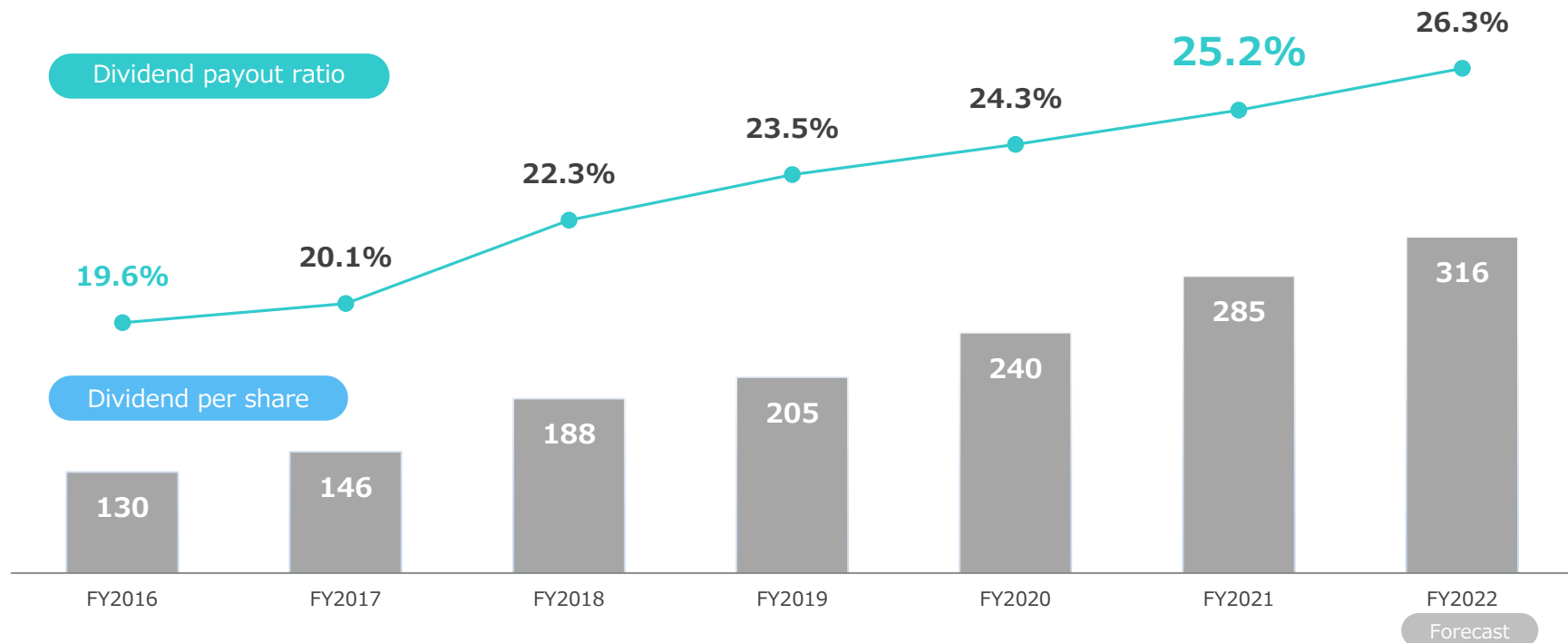
FY2021 results

Total dividend is ¥260, which is ¥25 higher than the year beginning dividend forecast (¥285). Dividend payout ratio is 25.2%.

FY2022 forecast

Total dividend forecast is ¥316 (increased ¥31 year on year), and dividend payout is 26.3% (increased 1.1pt year on year).

Change in dividend, dividend payout ratio



1 | Summary of consolidated operating results

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 interest expenses

(¥100 million)	FY2017	FY2018	FY2019	FY2020	FY2021	YoY Change
Net sales	5,903	6,181	7,123	7,403	6,578	-824
Cost of sales*1	5,224	5,428	6,265	6,478	5,596	-882
Profit before interest expenses*2	679	753	858	925	982	57
Interest expenses	73	86	94	98	94	-4
Gross profit	605	667	763	827	889	61
SG&A	278	310	349	382	428	46
[Credit-related costs]	[4]	[8]	[14]	[18]	[30]	[12]
Operating profit	327	357	414	446	460	15
Non-operating income/expenses	25	34	26	34	67	32
[Reversal of credit-related profits/losses]	[3]	[3]	[3]	[3]	[19]	[16]
Ordinary profit	352	391	440	480	527	47
Extraordinary income/losses	-1	9	-20	-0	-1	-1
Profit attributable to owners of parent	219	255	262	296	339	43
Basic earnings per share(¥)	726.41	844.69	871.95	986.18	1,130.52	114.34

2 | Segment results (consolidated)

* 1 Gross profit before interest expenses

(¥100 million)	Leases				Installment sales				Leases and installment sales total			
	FY2020	FY2021	YoY Change (amount)	YoY Change (%)	FY2020	FY2021	YoY Change (amount)	YoY Change (%)	FY2020	FY2021	YoY Change (amount)	YoY Change (%)
Net sales	5,001	5,586	584	11.7%	416	336	-80	-19.2%	5,417	5,922	505	9.3%
Cost of sales	4,479	5,027	548	12.2%	398	321	-77	-19.3%	4,877	5,348	471	9.7%
Profit before interest expenses *1	522	559	36	6.9%	18	15	-3	-15.2%	540	574	34	6.2%
Interest expenses	53	53	-0	-0.4%	3	2	-1	-32.1%	56	55	-1	-2.3%
Gross profit	469	506	36	7.8%	14	13	-2	-11.2%	484	519	35	7.2%

	Financing				Other				total			
	FY2020	FY2021	YoY Change (amount)	YoY Change (%)	FY2020	FY2021	YoY Change (amount)	YoY Change (%)	FY2020	FY2021	YoY Change (amount)	YoY Change (%)
Net sales	206	221	15	7.5%	1,780	435	-1,344	-75.5%	7,403	6,578	-824	-11.1%
Cost of sales	5	10	5	108.3%	1,596	238	-1,358	-85.1%	6,478	5,596	-882	-13.6%
Profit before interest expenses *1	201	212	10	5.2%	184	197	13	7.3%	925	982	57	6.2%
Interest expenses	38	37	-1	-3.5%	3	2	-1	-38.6%	98	94	-4	-3.8%
Gross profit	163	175	12	7.2%	181	195	15	8.0%	827	889	61	7.4%

- Net Sales decreased due to the application of the "Accounting Standard for Revenue Recognition." If net sales is recognized based on conventional standard, other sales for FY2021 will be **¥184.4 billion** (3.6% 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.

3 | Operating assets

(¥100 million)	FY2017	FY2018	FY2019	FY2020	FY2021	YoY Change (amount)	YoY change (%)
Leases	14,744	15,648	16,136	17,133	16,916	-217	-1.3%
Finance leases	[10,987]	[10,835]	[11,068]	[10,808]	[10,198]	[-610]	[-5.6%]
Operating leases	[3,757]	[4,813]	[5,068]	[6,325]	[6,718]	[393]	[6.2%]
Installment sales	1,151	960	784	835	661	-174	-20.9%
Financing, Other	5,831	6,020	6,919	7,590	8,083	492	6.5%
Total	21,726	22,628	23,840	25,559	25,659	101	0.4%

4 | Newly executed Contract Volume

(¥100 million)	FY2017	FY2018	FY2019	FY2020	FY2021	YoY Change (amount)	YoY change (%)
Leases	5,636	5,300	5,445	4,536	4,741	205	4.5%
Finance leases	[4,052]	[3,724]	[3,654]	[3,080]	[2,594]	[-486]	[-15.8%]
Operating leases	[1,584]	[1,576]	[1,791]	[1,455]	[2,147]	[692]	[47.5%]
Installment sales	499	329	358	320	233	-87	-27.1%
Financing, Other	4,916	6,243	7,794	8,583	8,870	287	3.3%
Total	11,051	11,872	13,597	13,439	13,844	405	3.0%

5 | Newly executed lease contract volume (by type of equipment)

(¥100 million)	FY2019	FY2020	FY2021	YoY change
IT & office equipment	2,072	1,588	1,254	-333
Industrial machinery	442	276	224	-52
Civil engineering and construction machinery	102	91	61	-30
Transportation equipment	571	383	606	224
Medical devices	274	188	162	-26
Commercial/services equipment	312	203	158	-45
Buildings, etc.	1,422	1,617	2,126	509
Other	250	191	150	-41
Total	5,445	4,536	4,741	205

“Going Where
No One Has Gone Before”

FUYO LEASE GROUP

FUYO GENERAL LEASE CO., LTD.