

**FUYO LEASE GROUP**

# **Summary of Financial Results for FY2023**

# FUYO LEASE GROUP

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<b>1. Overview of Consolidated operating results and business activities</b> .....	<b>P3</b>
<b>2. Earnings forecast and dividend forecast</b> .....	<b>P9</b>
<b>3. Appendix</b> .....	<b>P13</b>

## Definitions of figures and terms used in this document

Profit before interest expenses	:	Gross profit before deducting interest expenses
Profit	:	Profit attributable to owners of parent
ROA	:	Ordinary profit (annualized) / Operating assets (average balance)

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.

# **Overview of consolidated operating results and business activities**

## 1 | FY2023 results

- Record-high earnings at all levels of profit due to growth of profit before interest expenses from continuous expansion of business areas, in addition to contributions from a gain on sale of large property and the one-time reduction in retirement benefit costs (Record ordinary profit for the seventh consecutive period and record profit for the ninth consecutive period).
- A high level of ROA was achieved due to combination of accumulation and turnover of operating assets mainly in businesses positioned as growth drivers.

(¥100million)	FY2022 results	FY2023 results	YoY change (amount)	YoY change (%)
Profit before interest expenses	1,083	1,286	+203	+18.8%
Gross profit	973	1,096	+123	+12.6%
Operating profit	516	600	+85	+16.5%
Ordinary profit	597	684	+87	+14.5%
Profit	389	472	+83	+21.3%
Basic earnings per share (¥)	1,299.27	1,571.44	+272.16	+20.9%
ROE	11.1%	11.8%	+0.7pt	—
ROA	2.27%	2.45%	+0.18pt	—
Newly executed contract volume	15,308	17,428	+2,120	+13.8%
Operating assets	27,045	28,774	+1,729	+6.4%

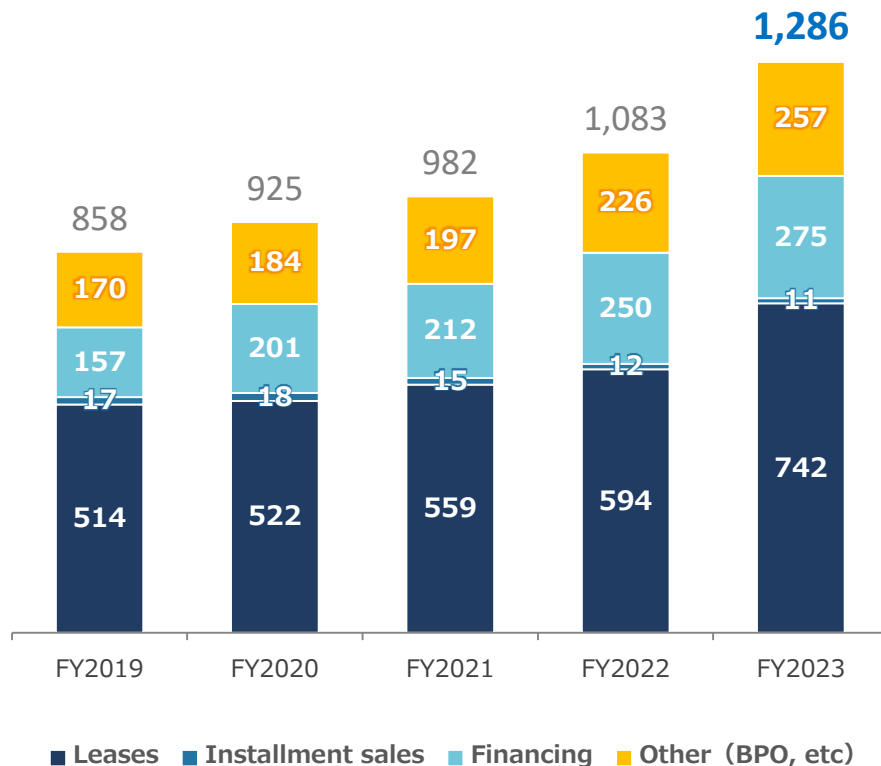
## 2 | Profit before interest expenses

- Growth in businesses positioned as growth drivers contributed to growth in profit before interest expenses
- Expansion of profit margin increase with contributions from growth in base revenue in leases, in addition to the recording of gain on large sale

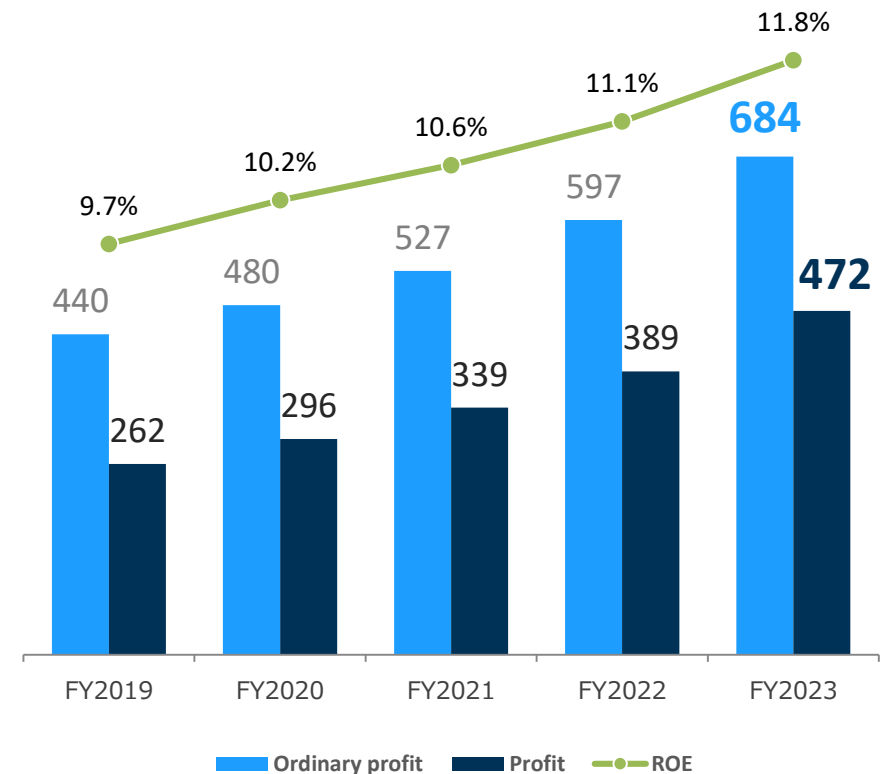
## 3 | Ordinary profit , profit and ROE

- Renew record-highs for ordinary profit and profit
- Maintain favorable ROE through sustainable profit growth

### Profit before interest expenses ( ¥ 100million)

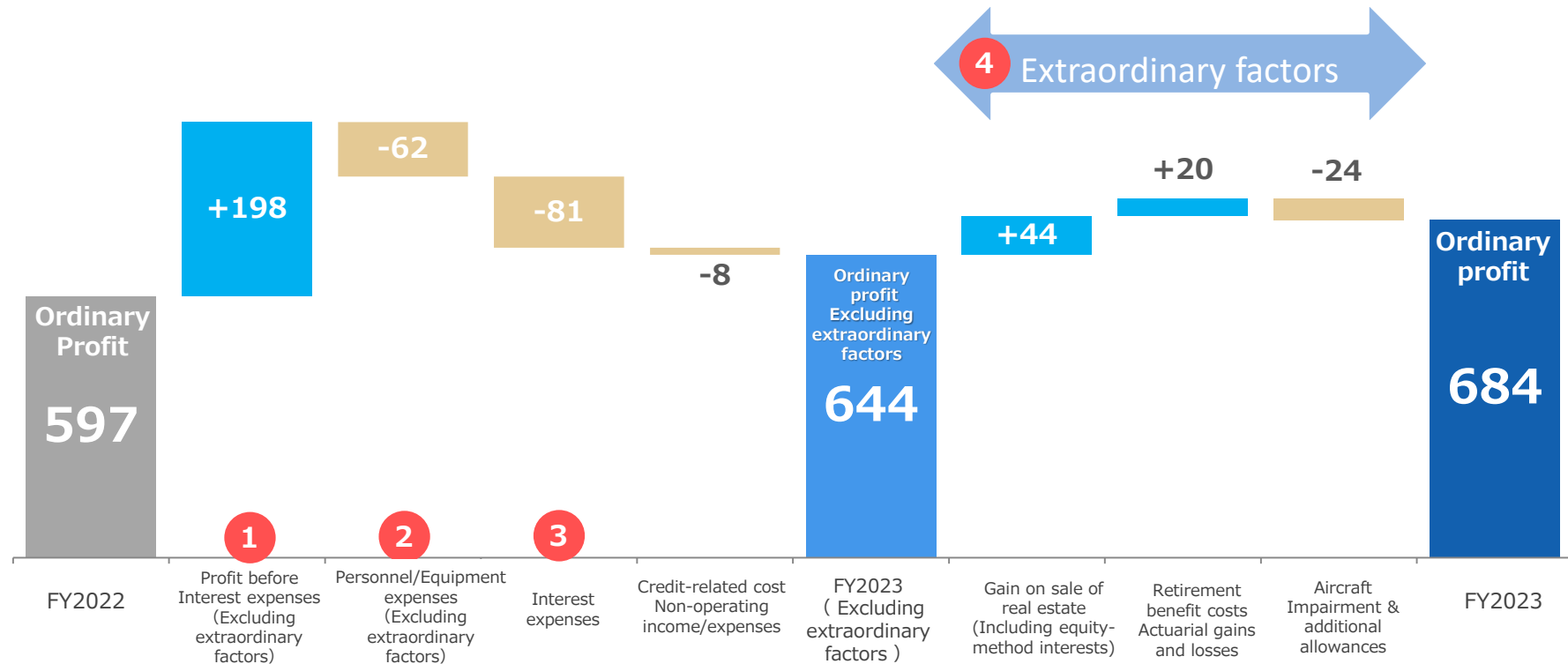


### Ordinary profit , profit and ROE ( ¥ 100million)



## 4 | Factors causing the increase in ordinary profit

(¥100million)



**1 Profit before interest expenses**

Grew in business domains positioned as growth drivers.

**2 Personnel/equipment expenses**

Increased mainly due to the Group's expansion.

**3 Interest expenses**

Impacted by the increase in outstanding balance and increased funding rates mainly related to foreign currencies.

**4 Non-operating income/expenses**

Recording of gain on sale of large property and one-time reduction of retirement benefit costs contributed to earnings growth.

## 5 | Changes in funding

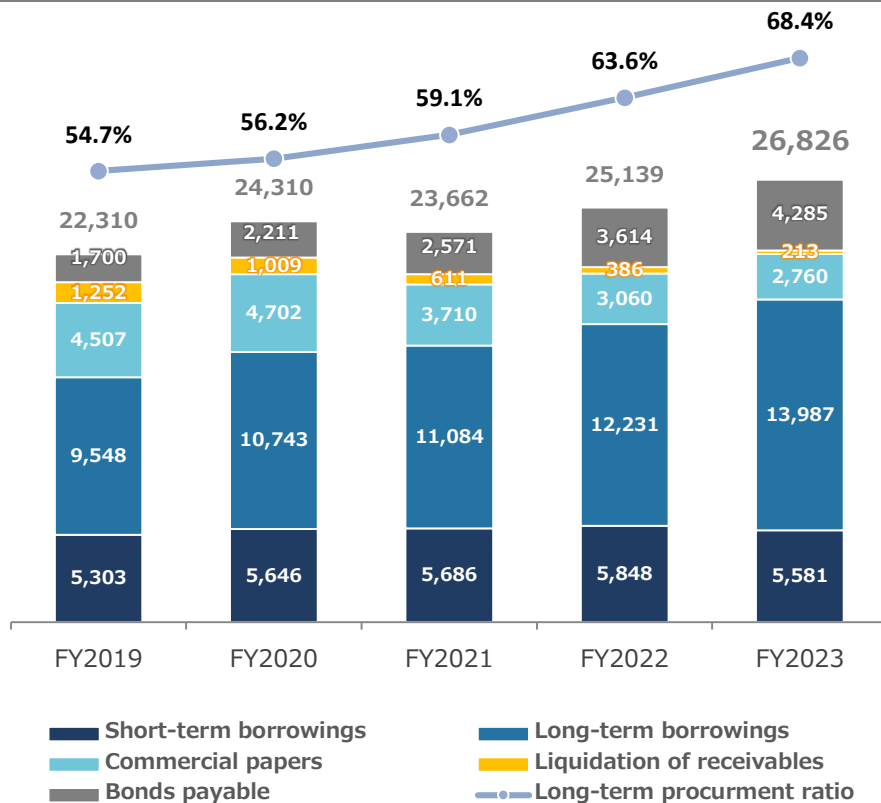
- Outstanding balance increased due to accumulation of operating assets.
- Promoted diversification of funding through proactive leveraging of sustainable finance and conclusion of financial agreement with Japan Bank for International Cooperation.

## 6 | Net assets

- Accumulated net assets through stable profits and increased foreign currency translation adjustment related to yen depreciation.
- The shareholders' equity ratio is also increasing

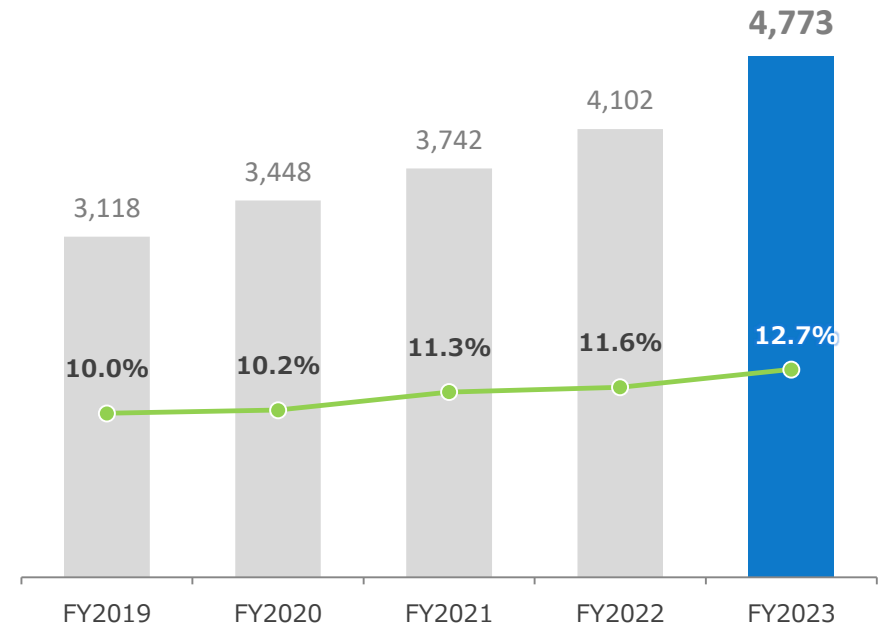
### Outstanding balance

(¥ 100million)



### Net assets and the shareholders' equity ratio

(¥ 100million)

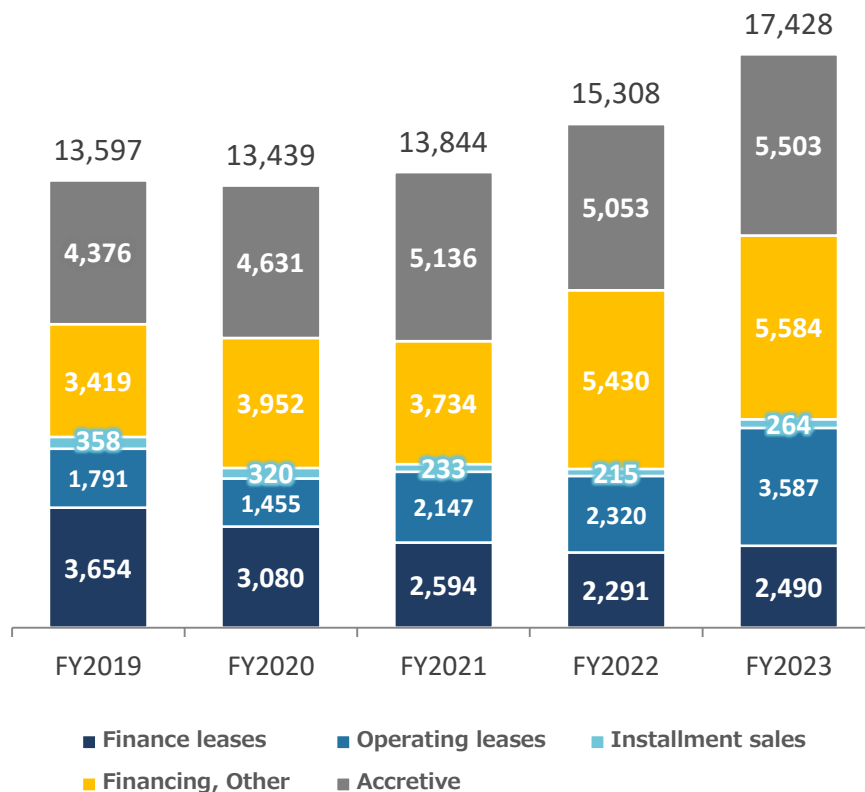


During 3Q FY2023, the Company finalized the provisional accounting treatment for business combinations. As a result, figures for end of FY2022 reflect the finalization of the provisional accounting treatment.

## 7 | Business activities

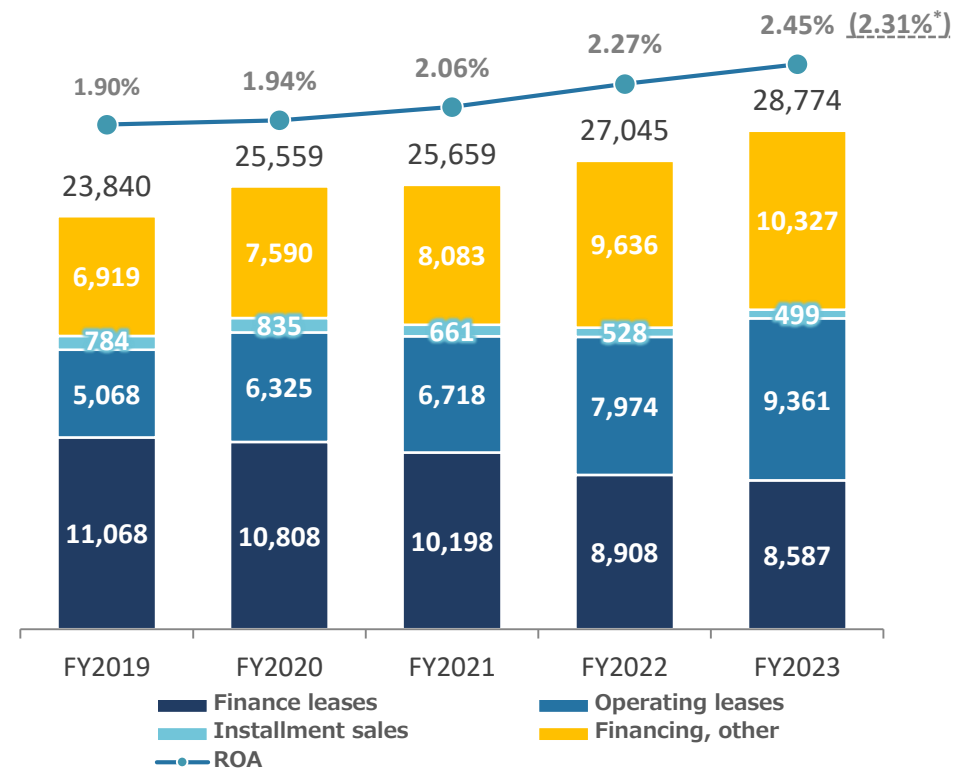
- Newly executed contract volume and balance of operating assets both grew. The contributing factors include the expansion of initiatives in energy & environment, real estate and aircraft, which are positioned as growth drivers.
- Aimed for portfolio replacement through combination of accumulation and turnover of operating assets, and achieved high level of ROA.

### Newly executed contract volume (¥100million)



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

### Operating assets · ROA (¥100million)



\*ROA calculated based on ordinary income excluding special factors (64.4 billion yen)



# Earnings forecast and dividend forecast

## 1 | FY2024 consolidated earnings forecast

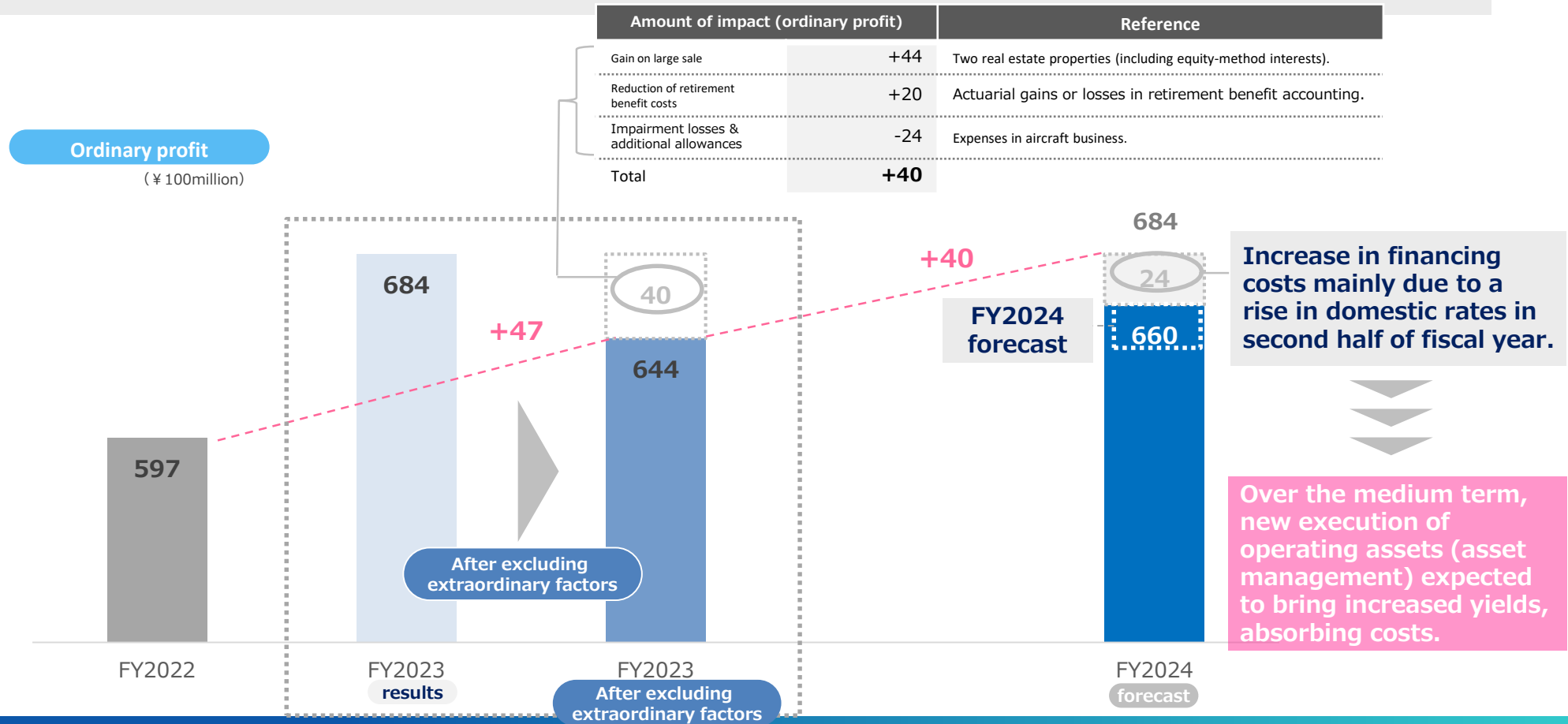
( ¥ 100million)	FY2023 results	FY2024 forecast
Operating profit	600	600
Ordinary profit	684	660
Profit attributable to owners of parent	472	450
Basic earnings per ( ¥ )	1,571.44	1,496.71

(Note) Previously up until FY2023, consolidated earnings forecasts have been announced for the levels from net sales through to profit attributable to owners of parent. However there are cases where property disposal related to the completion of a large project can cause significant fluctuation in net sales while not having much impact on operating profit, and as such cases are not linked to the Company's performance, the Company will begin to include only profit levels from operating profit down in its earnings forecast announcements from FY2024.

## Supplementary explanation concerning earnings forecast <ordinary profit>

- FY2023 Results**  
 Earnings were lifted through continuous business growth, and **extraordinary factors such as gain on large sale and one-time reduction in expenses**
- FY2024 Forecasts**  
 In light of the current financial environment and expected future rate trends, **rates in Japan are expected to rise in the second half of the year.**  
 Extraordinary factors such as those of the preceding year are not expected, and profits are expected to fall compared with FY2023 results, **but continued profit growth can be expected on an actual performance basis.**

Interim goal set for ordinary profit in the current Medium-term Management Plan  
**¥64 to 66 billion (FY2024)**



2 | Dividend policy

**FY2023 results**

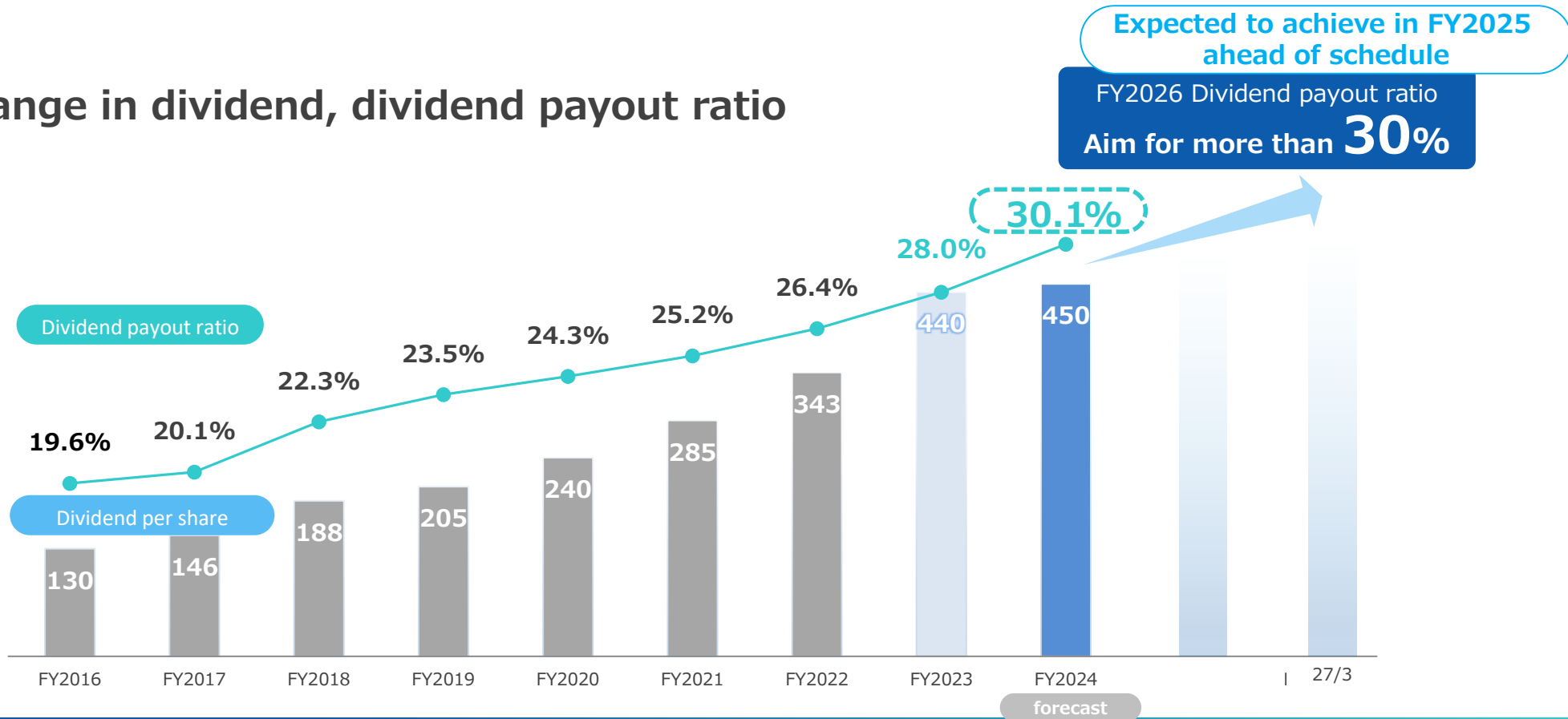
Total dividend is ¥440, which is ¥50 higher than the year beginning dividend forecast (¥390). Dividend payout ratio is 28.0%.

**FY2024 forecast**

Forecasting ¥450 per share dividend (up ¥10 YoY), payout ratio of **30.1% (up 2.1 percentage points YoY)**.

**Accelerate the pace of raising the dividend payout ratio**, and is expected to achieve the target level of **a dividend payout ratio of 30% or more** in the final year of the medium-term management plan **two years ahead of schedule**.

**Change in dividend, dividend payout ratio**



# Appendix

## 1 | Summary of consolidated operating results

(¥100million)	FY2019	FY2020	FY2021	FY2022	FY2023	YoY Change (amount)
Net sales	7,123	7,403	6,578	6,887	7,085	+199
Cost of sales	6,265	6,478	5,596	5,804	5,800	-4
Profit before interest expenses	858	925	982	1,083	1,286	+203
Interest expenses	94	98	94	109	190	+81
Gross profit	763	827	889	973	1,096	+123
SG&A	349	382	428	458	495	+38
[Credit-related costs]	(14)	(18)	(30)	(17)	(13)	(-4)
Operating profit	414	446	460	516	600	+85
Non-operating income/expenses	26	34	67	81	83	+2
[Reversal of credit-related profits/losses]	(3)	(3)	(19)	(2)	(1)	(-0)
Ordinary profit	440	480	527	597	684	+87
Extraordinary income/losses	-20	-0	-1	-17	-15	+2
Profit attributable to owners of parent	262	296	339	389	472	+83
Basic earnings per share (¥)	871.95	986.18	1,130.52	1,299.27	1,571.44	+272.16

## 2 | Segment results

(¥100million)	Leases				Installment sales				Leases and installment sales total			
	FY2022	FY2023	YoY Change (amount)	YoY Change (%)	FY2022	FY2023	YoY Change (amount)	YoY Change (%)	FY2022	FY2023	YoY Change (amount)	YoY Change (%)
Net sales	5,818	5,913	+95	+1.6%	301	285	-16	-5.2%	6,119	6,198	+80	+1.3%
Cost of sales	5,224	5,171	-53	-1.0%	289	274	-15	-5.2%	5,513	5,445	-68	-1.2%
Profit before interest expenses	594	742	+148	+25.0%	12	11	-1	-5.7%	606	754	+148	+24.4%
Interest expenses	54	85	+31	+57.4%	2	3	+1	+45.4%	56	88	+32	+56.9%
Gross profit	540	658	+117	+21.7%	10	8	-2	-17.6%	550	666	+116	+21.0%

	Financing				Other				Total			
	FY2022	FY2023	YoY Change (amount)	YoY Change (%)	FY2022	FY2023	YoY Change (amount)	YoY Change (%)	FY2022	FY2023	YoY Change (amount)	YoY Change (%)
Net sales	262	327	+65	+24.7%	506	560	+54	+10.8%	6,887	7,085	+199	+2.9%
Cost of sales	12	51	+39	+328.9%	279	304	+24	+8.7%	5,804	5,800	-4	-0.1%
Profit before interest expenses	250	275	+25	+10.1%	226	257	+30	+13.3%	1,083	1,286	+203	+18.8%
Interest expenses	52	99	+47	+90.5%	2	4	+2	+103.4%	109	190	+81	+73.5%
Gross profit	198	177	-22	-10.9%	225	253	+28	+12.6%	973	1,096	+123	+12.6%

## 3 | Operating assets

(¥100million)	FY2019	FY2020	FY2021	FY2022	FY2023	YoY Change (amount)	YoY Change (%)
<b>Leases</b>	<b>16,136</b>	<b>17,133</b>	<b>16,916</b>	<b>16,882</b>	<b>17,949</b>	+1,067	+6.3%
Finance leases	(11,068)	(10,808)	(10,198)	(8,908)	(8,587)	(-321)	(-3.6%)
Operating leases	(5,068)	(6,325)	(6,718)	(7,974)	(9,361)	(+1,388)	(+17.4%)
<b>Installment sales</b>	<b>784</b>	<b>835</b>	<b>661</b>	<b>528</b>	<b>499</b>	-29	-5.5%
<b>Financing, other</b>	<b>6,919</b>	<b>7,590</b>	<b>8,083</b>	<b>9,636</b>	<b>10,327</b>	+691	+7.2%
<b>Total</b>	<b>23,840</b>	<b>25,559</b>	<b>25,659</b>	<b>27,045</b>	<b>28,774</b>	+1,729	+6.4%



## 4 | Newly executed contract volume

(¥100million)	FY2019	FY2020	FY2021	FY2022	FY2023	YoY Change (amount)	YoY Change (%)
<b>Leases</b>	<b>5,445</b>	<b>4,536</b>	<b>4,741</b>	<b>4,611</b>	<b>6,077</b>	+1,467	+31.8%
Finance leases	(3,654)	(3,080)	(2,594)	(2,291)	(2,490)	(+199)	(+8.7%)
Operating leases	(1,791)	(1,455)	(2,147)	(2,320)	(3,587)	(+1,268)	(+54.7%)
<b>Installment sales</b>	<b>358</b>	<b>320</b>	<b>233</b>	<b>215</b>	<b>264</b>	+49	+22.9%
<b>Financing, other</b>	<b>7,794</b>	<b>8,583</b>	<b>8,870</b>	<b>10,483</b>	<b>11,087</b>	+604	+5.8%
<b>Total</b>	<b>13,597</b>	<b>13,439</b>	<b>13,844</b>	<b>15,308</b>	<b>17,428</b>	+2,120	+13.8%

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

(¥100million)	FY2021	FY2022	FY2023	YoY Change (amount)
IT & office equipment	1,254	1,217	1,266	+49
Industrial machinery	224	105	115	+10
Civil engineering and construction machinery	61	36	25	-11
Transportation equipment	606	537	1,695	+1,157
Medical devices	162	201	192	-9
Commercial/services equipment	158	140	123	-17
Buildings, etc.	2,126	2,185	2,474	+289
Other	150	191	187	-3
<b>Total</b>	<b>4,741</b>	<b>4,611</b>	<b>6,077</b>	<b>+1,467</b>

“Going Where  
No One Has Gone Before”

**FUYO LEASE GROUP**

FUYO GENERAL LEASE CO.,LTD.