(Member of Financial Accounting Standards Foundation)

Consolidated Financial Report for the First Three Months of the Fiscal Year Ending March 31, 2020 (Fiscal 2019)

July 26, 2019

Company	Fuyo General Lease Co., Ltd.	Stock Exchange Listing	First Section, Tokyo
Ticker	8424	Head office	Tokyo

(URL https://www.fgl.co.jp/)

President & CEO	Yasunori Tsujita		
Inquiries, Person in Charge	Soichi Hosoi	Managing Director	Tel: +81-3-5275-8800
Date of issue of quarterly Securities Report	August 13, 2019 (planned)	Date of payout of dividend	—

Supplementary materials to quarterly results: Available
Quarterly results presentation: Not conducted

(Figures in millions are rounded down to the nearest million yen)

1. Consolidated Operating Results for the First Three Months of Fiscal 2019 (April 1, 2019 -June 30, 2019)

(1) Consolidated Operating Results

(Percentage figures represent year-on-year changes.)

	Total Revenues		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent	
	(¥ millions)	%	(¥ millions)	%	(¥ millions)	%	(¥ millions)	%
First three months of FY2019	164,966	(0.2)	9,348	(0.1)	9,957	0.5	6,403	(1.4)
First three months of FY2018	165,322	16.4	9,359	6.4	9,912	2.8	6,494	7.1

Note: Comprehensive income First three months of FY2019 ¥1,284 million (77.2)% First three months of FY2018 ¥5,627 million (22.3)%

	Basic Earnings per Share	Diluted Earnings per Share
	(¥)	(¥)
First three months of FY2019	212.32	210.72
First three months of FY2018	214.81	213.14

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	(¥ millions)	(¥ millions)	%	(¥)
June 30, 2019	2,641,415	292,361	9.8	8,598.10
March 31, 2019	2,592,206	295,067	10.1	8,686.09

Reference: Shareholders' Equity June 30, 2019 ¥259,365 million March 31, 2019 ¥261,845 million

2. Cash Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Full Year
	(¥)	(¥)	(¥)	(¥)	(¥)
FY 2018	—	78.00	—	110.00	188.00
FY 2019	—				
FY 2019 (planned)		100.00	—	100.00	200.00

Note: No changes were made to the most recently announced cash dividends forecasts.

3. Forecast for Fiscal 2019 (April 1, 2019 - March 31, 2020)

(Percentage figures represent comparisons with fiscal 2018 full-year results)

	Total Revenues		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent		Basic Earnings per Share
	(¥ millions)	%	(¥ millions)	%	(¥ millions)	%	(¥ millions)	%	(¥)
Full Year	700,000	13.2	39,500	10.5	42,000	7.2	26,000	1.2	862.49

Note: No changes were made to the most recently announced earnings forecasts.

*Other Information

(1) Changes to the consolidation status of major subsidiaries during the period: None

(2) Accounting procedures specific to preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections

(ⅰ) Changes in accounting policies due to revisions to accounting standards: None

(ⅱ) Changes in accounting policies due to other reasons: None

(ⅲ) Changes in accounting estimates: None

(ⅳ) Restatement of prior period financial statements after error corrections: None

(4) Number of outstanding shares at period-end (common shares)

(ⅰ) Number of outstanding shares at period-end (including treasury stock)

June 30, 2019 30,287,810 shares March 31, 2019 30,287,810 shares

(ⅱ) Number of shares of treasury stock

June 30, 2019 122,397 shares March 31, 2019 142,465 shares

(ⅲ) Average number of shares during the period (first three months)

June 30, 2019 30,158,666 shares June 30, 2018 30,232,420 shares

Note: The Company has introduced Board Benefit Trust (BBT). Number of shares of treasury stock includes the following Company's shares held by Board Benefit Trust (BBT) (102,500 shares as of June 30, 2019 and 104,600 shares as of March 31, 2019). Furthermore, shares of treasury stock that are deducted in the calculation of the average number of shares during the period (first three months) include the following Company's shares held by Board Benefit Trust (BBT) (102,976 shares as of June 30, 2019 and — shares as of June 30, 2018).

***Quarterly financial results are exempt from the quarterly review by certified public accountants or an audit corporation.**

*Appropriate Use of Earnings Forecast and Other Important Information

(Caution Concerning Forward-Looking Statements)

Earnings forecasts and other forward-looking statements in this report are based on certain assumptions that are deemed reasonable and information available to the Company at the time of this report's preparation. Therefore the Company does not guarantee the achievement of any projections. Actual results may differ significantly from these forecasts for a number of reasons.

(Method of Obtaining Supplementary Explanation Materials)

The materials are disclosed on the Timely Disclosure network (TDnet) on the same day as the date of this report.

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1. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated Balance Sheets

(¥ millions)

	As of March 31, 2019	As of June 30, 2019
Assets		
Current assets		
Cash and deposits	71,173	60,342
Installment sales trade receivables	97,452	93,302
Lease receivables and investment assets	1,083,530	1,101,026
Accounts receivable - operating loans	298,432	301,152
Accounts receivable - other loans to customers	87,519	92,498
Operational investment securities	179,529	189,877
Other operating assets	10,830	12,847
Lease and other trade receivables	19,656	20,243
Other	52,779	56,253
Allowance for doubtful receivables	(2,725)	(2,587)
Total current assets	1,898,179	1,924,957
Fixed assets		
Tangible fixed assets		
Leased assets		
Leased assets	480,930	513,986
Advances on purchases of property and equipment for lease	15,073	6,900
Total leased assets	496,003	520,886
Other operating assets	28,265	27,825
Own-used assets	1,790	5,206
Total tangible fixed assets	526,059	553,919
Intangible fixed assets		
Software leased to customers	330	324
Other intangible fixed assets		
Goodwill	17,482	17,220
Other	4,268	4,173
Total other intangible fixed assets	21,751	21,394
Total intangible fixed assets	22,081	21,718

(¥ millions)

	As of March 31, 2019	As of June 30, 2019
Investments and other assets		
Investment in securities	92,821	87,295
Claims provable in bankruptcy, claims provable in rehabilitation and other	571	796
Deferred tax assets	4,155	3,650
Other	47,541	48,209
Allowance for doubtful receivables	(375)	(440)
Total investments and other assets	144,713	139,511
Total fixed assets	692,854	715,149
Deferred assets		
Deferred organization expenses	0	0
Business commencement expenses	1,171	1,308
Total deferred assets	1,172	1,308
Total assets	2,592,206	2,641,415

(¥ millions)

	As of March 31, 2019	As of June 30, 2019
Liabilities		
Current liabilities		
Notes and accounts payable-trade	44,531	37,514
Short-term loans from bank and other financial institutions	491,659	483,556
Current portion of bonds payable	20,000	20,000
Current portion of long-term loans from bank and other financial institutions	244,023	245,346
Commercial paper	500,700	578,200
Payables under fluidity lease receivables and installment sales trade receivables	22,900	22,900
Current portion of payables under fluidity long-term lease receivables and installment sales trade receivables	27,802	24,405
Lease obligations	25,103	24,247
Income taxes payable	5,555	1,766
Deferred profit on installment sales	1,421	1,361
Provision for bonuses	2,015	1,075
Provision for directors' bonuses	191	61
Provision for future lease payments	2	2
Provision for loss on guarantees	66	60
Asset retirement obligations	—	480
Other	33,857	35,119
Total current liabilities	1,419,831	1,476,098
Long-term liabilities		
Bonds Payable	105,000	125,000
Long-term loans from bank and other financial institutions	646,370	628,387
Payables under fluidity long-term lease receivables and installment sales trade receivables	38,502	33,315
Lease obligations	593	547
Deferred tax liabilities	14,802	12,927
Net defined benefit liability	1,869	1,864
Accrued retirement benefits for directors and corporate auditors	126	121
Provision for share-based remuneration for directors (and other officers)	137	170
Provision for automobile maintenance costs	524	561
Provision for loss on guarantees	907	887
Asset retirement obligations	1,770	1,357
Other	66,702	67,812
Total long-term liabilities	877,307	872,954
Total liabilities	2,297,138	2,349,053

(¥ millions)

	As of March 31, 2019	As of June 30, 2019
Net assets		
Shareholders' equity		
Common stock	10,532	10,532
Capital surplus	8,873	8,873
Retained earnings	208,628	211,688
Treasury stock, at cost	(826)	(750)
Total Shareholders' equity	227,208	230,344
Accumulated other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	34,713	29,000
Deferred gains (losses) on hedges	(577)	(627)
Foreign currency translation adjustment	496	650
Remeasurements of defined benefit plans	3	(2)
Total accumulated other comprehensive income	34,636	29,020
Share acquisition rights	842	795
Non-controlling interests	32,379	32,200
Total net assets	295,067	292,361
Total liabilities and net assets	2,592,206	2,641,415

(2) Consolidated Statements of Income and Statements of Comprehensive Income

Consolidated Statements of Income

For the three months ended June 30, 2019

(¥ millions)

	FY2018 (April 1, 2018 - June 30, 2018)	FY2019 (April 1, 2019 - June 30, 2019)
Total revenues	165,322	164,966
Total costs	148,987	147,535
Gross profit	16,335	17,430
Selling, general and administrative expenses	6,975	8,081
Operating profit	9,359	9,348
Other income		
Interest income	14	17
Dividend income	275	236
Foreign exchange gains	—	12
Gain on investments in partnership	1	—
Gain on investments in silent partnership	299	—
Equity in earnings of affiliates	200	486
Bad debt recovered	25	17
Reversal of allowance for doubtful receivables	19	—
Reversal of provision for loss on guarantees	—	26
Other	29	70
Total other income	865	868
Other expenses		
Interest expenses	95	149
Bond issuance cost	5	9
Foreign exchange losses	96	—
Loss on investments in partnership	10	7
Loss on investments in silent partnership	3	1
Other	101	91
Total other expenses	312	259
Ordinary profit	9,912	9,957
Extraordinary gains		
Gain on sale of marketable and investment securities	231	—
Subsidy income	355	—
Other	2	—
Total extraordinary gains	589	—
Extraordinary losses		
Loss on reduction of non-current assets	355	—
Other	0	4
Total extraordinary losses	355	4
Profit before income taxes	10,145	9,952
Income taxes	3,091	3,052
Profit	7,054	6,900
Profit attributable to non-controlling interests	560	497
Profit attributable to owners of parent	6,494	6,403

Consolidated Statements of Comprehensive Income

For the three months ended June 30, 2019

(¥ millions)

	FY2018 (April 1, 2018 - June 30, 2018)	FY2019 (April 1, 2019 - June 30, 2019)
Profit	7,054	6,900
Other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	837	(5,712)
Deferred gains (losses) on hedges	0	(40)
Foreign currency translation adjustment	(2,265)	154
Remeasurements of defined benefit plans	7	(0)
Share of other comprehensive income of entities accounted for using equity method	(6)	(17)
Total other comprehensive income	(1,426)	(5,616)
Comprehensive income	5,627	1,284
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	5,061	787
Comprehensive income attributable to non-controlling interests	566	497

(3) Notes to the Consolidated Financial Statements

Note on the Going-concern Assumption

Not applicable

Note on Significant Changes in Shareholders' Equity

Not applicable

Accounting Procedures Specific to Preparation of Quarterly Consolidated Financial Statements

(Calculation of Tax Expenses)

Tax expenses for certain consolidated subsidiaries of the Company were calculated by multiplying profit before income taxes by the estimated effective tax rates. The tax rate was determined by making a reasonable estimate of the effective tax rate after the adoption of tax effect accounting for profit before income taxes in the fiscal year including the first quarter ended June 30, 2019.

2. Newly Executed Contracts, Operating Assets

(1) Executed Contracts Volume

Segment by Business		First three months of FY2018 (April 1, 2018 - June 30, 2018)		First three months of FY2019 (April 1, 2019 - June 30, 2019)		Net Change	
		Executed contracts volume (¥ millions)	Composition (%)	Executed contracts volume (¥ millions)	Composition (%)	Amount (¥ millions)	Pct. (%)
Lease and installment sales	Finance leases	81,565	33.6	97,161	28.2	15,595	19.1
	Operating leases	17,048	7.0	72,276	21.0	55,227	323.9
	Total leases	98,614	40.6	169,437	49.2	70,823	71.8
	Installment sales	7,755	3.2	8,113	2.4	357	4.6
	Lease and installment sales total	106,370	43.8	177,551	51.6	71,180	66.9
Financing		132,271	54.5	166,738	48.4	34,466	26.1
Other		4,218	1.7	71	0.0	(4,147)	(98.3)
Total		242,861	100.0	344,361	100.0	101,500	41.8

Notes:

1. Operating leases are recorded at the acquisition costs of lease assets. The executed volume of re-lease transactions is not included.
2. The figures for the lease segment are the purchase prices of lease assets acquired during each respective three-month period. The figures for the installment sales segment are the installment sales trade receivables net of the deferred profit on installment sales on an execution basis.

(2) Operating Assets

Segment by Business		As of March 31, 2019		As of June 30, 2019		Net Change	
		Balance (¥ millions)	Composition (%)	Balance (¥ millions)	Composition (%)	Amount (¥ millions)	Pct. (%)
Lease and installment sales	Finance leases	1,083,530	47.9	1,101,026	47.3	17,495	1.6
	Operating leases	481,260	21.3	514,311	22.1	33,050	6.9
	Total leases	1,564,791	69.2	1,615,337	69.4	50,546	3.2
	Installment sales	96,031	4.2	91,941	3.9	(4,090)	(4.3)
	Lease and installment sales total	1,660,822	73.4	1,707,278	73.3	46,456	2.8
Financing		573,736	25.4	594,004	25.5	20,267	3.5
Other		28,265	1.2	27,825	1.2	(439)	(1.6)
Total		2,262,824	100.0	2,329,108	100.0	66,284	2.9

Note:

The figures for the installment sales segment are the installment sales trade receivables net of the deferred profit on installment sales.