(Member of Financial Accounting Standards Foundation)

Consolidated Financial Report for the First Three Months of the Fiscal Year Ending March 31, 2021 (Fiscal 2020)

July 29, 2020

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	Senior Managing Director	Tel: +81-3-5275-8800
Date of issue of quarterly Securities Report	August 12, 2020 (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 2020 (April 1, 2020 -June 30, 2020)

(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 FY2020	179,019	8.5	9,574	2.8	10,219	3.0	6,196	0.6
First three months of FY2019	164,966	(0.2)	9,315	(0.5)	9,924	0.1	6,159	(5.2)

Note: Comprehensive income First three months of FY2020 ¥9,414 million 641.0% First three months of FY2019 ¥1,270 million (77.4)%

	Basic Earnings per Share	Diluted Earnings per Share
	(¥)	(¥)
First three months of FY2020	206.71	205.26
First three months of FY2019	204.23	202.69

* During the fiscal year ended March 31, 2020, the Company finalized the provisional accounting treatment for business combinations. As a result, figures for the first three months of the fiscal year ended March 31, 2020 reflect the finalization of the provisional accounting treatment.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	(¥ millions)	(¥ millions)	%	(¥)
June 30, 2020	2,964,698	316,533	9.4	9,297.39
March 31, 2020	2,752,598	311,819	10.0	9,204.20

Reference: Shareholders' Equity June 30, 2020 ¥278,715 million March 31, 2020 ¥275,869 million

2. Cash Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Full Year
	(¥)	(¥)	(¥)	(¥)	(¥)
FY 2019	—	100.00	—	105.00	205.00
FY 2020	—				
FY 2020 (planned)		110.00	—	110.00	220.00

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

3. Forecast for Fiscal 2020 (April 1, 2020 - March 31, 2021)

(Percentage figures represent comparisons with fiscal 2019 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	720,000	1.1	42,000	1.4	45,000	2.2	27,000	3.1	900.84

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, 2020 30,287,810 shares March 31, 2020 30,287,810 shares

(ⅱ) Number of shares of treasury stock

June 30, 2020 309,982 shares March 31, 2020 315,734 shares

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

June 30, 2020 29,976,385 shares June 30, 2019 30,158,666 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) (96,700 shares as of June 30, 2020 and 102,500 shares as of March 31, 2020). 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) (98,165 shares as of June 30, 2020 and 102,976 shares as of June 30, 2019).

***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, 2020	As of June 30, 2020
Assets		
Current assets		
Cash and deposits	77,436	141,810
Installment sales trade receivables	79,753	101,071
Lease receivables and investment assets	1,106,840	1,162,383
Accounts receivable - operating loans	307,124	320,856
Accounts receivable - other loans to customers	109,652	103,127
Operational investment securities	234,837	235,367
Other operating assets	15,706	14,720
Lease and other trade receivables	24,862	24,386
Other	74,359	76,093
Allowance for doubtful receivables	(3,085)	(3,296)
Total current assets	2,027,487	2,176,521
Fixed assets		
Tangible fixed assets		
Leased assets		
Leased assets	506,498	559,918
Advances on purchases of property and equipment for lease	6,911	11,480
Total leased assets	513,409	571,398
Other operating assets	26,383	36,719
Own-used assets	13,319	3,095
Total tangible fixed assets	553,111	611,212
Intangible fixed assets		
Software leased to customers	266	263
Other intangible fixed assets		
Goodwill	21,749	21,705
Other	7,644	7,923
Total other intangible fixed assets	29,394	29,629
Total intangible fixed assets	29,660	29,892

(¥ millions)

	As of March 31, 2020	As of June 30, 2020
Investments and other assets		
Investment in securities	91,984	95,321
Claims provable in bankruptcy, claims provable in rehabilitation and other	602	699
Retirement benefit asset	—	65
Deferred tax assets	2,762	2,723
Other	46,079	47,134
Allowance for doubtful receivables	(363)	(491)
Total investments and other assets	141,065	145,452
Total fixed assets	723,837	786,557
Deferred assets		
Deferred organization expenses	1	1
Business commencement expenses	1,271	1,617
Total deferred assets	1,273	1,619
Total assets	2,752,598	2,964,698

(¥ millions)

	As of March 31, 2020	As of June 30, 2020
Liabilities		
Current liabilities		
Notes and accounts payable-trade	45,391	30,166
Short-term loans from bank and other financial institutions	530,317	614,341
Current portion of bonds payable	20,000	40,000
Current portion of long-term loans from bank and other financial institutions	274,820	272,639
Commercial paper	450,700	550,200
Payables under fluidity lease receivables and installment sales trade receivables	28,900	22,800
Current portion of payables under fluidity long-term lease receivables and installment sales trade receivables	41,396	38,293
Lease obligations	20,302	19,316
Income taxes payable	4,215	1,301
Deferred profit on installment sales	1,307	1,223
Provision for bonuses	2,219	1,204
Provision for directors' bonuses	184	52
Provision for share-based remuneration for directors (and other officers)	57	—
Provision for future lease payments	3	3
Provision for loss on guarantees	50	48
Asset retirement obligations	453	87
Other	45,254	35,905
Total current liabilities	1,465,573	1,627,583
Long-term liabilities		
Bonds Payable	150,000	150,000
Long-term loans from bank and other financial institutions	680,017	729,168
Payables under fluidity long-term lease receivables and installment sales trade receivables	54,869	46,155
Lease obligations	417	382
Deferred tax liabilities	15,706	18,322
Net defined benefit liability	2,177	2,183
Accrued retirement benefits for directors and corporate auditors	132	124
Provision for share-based remuneration for directors (and other officers)	255	301
Provision for automobile maintenance costs	577	581
Provision for loss on guarantees	730	662
Asset retirement obligations	2,311	2,634
Other	68,009	70,064
Total long-term liabilities	975,205	1,020,581
Total liabilities	2,440,778	2,648,165

(¥ millions)

	As of March 31, 2020	As of June 30, 2020
Net assets		
Shareholders' equity		
Common stock	10,532	10,532
Capital surplus	8,873	6,197
Retained earnings	228,285	231,323
Treasury stock, at cost	(2,075)	(2,037)
Total Shareholders' equity	245,615	246,016
Accumulated other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	31,650	34,431
Deferred gains (losses) on hedges	(798)	(621)
Foreign currency translation adjustment	(435)	(952)
Remeasurements of defined benefit plans	(163)	(157)
Total accumulated other comprehensive income	30,253	32,699
Share acquisition rights	764	764
Non-controlling interests	35,186	37,053
Total net assets	311,819	316,533
Total liabilities and net assets	2,752,598	2,964,698

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

Consolidated Statements of Income

For the three months ended June 30, 2020

(¥ millions)

	FY2019 (April 1, 2019 - June 30, 2019)	FY2020 (April 1, 2020 - June 30, 2020)
Total revenues	164,966	179,019
Total costs	147,535	159,194
Gross profit	17,430	19,825
Selling, general and administrative expenses	8,115	10,251
Operating profit	9,315	9,574
Other income		
Interest income	17	21
Dividend income	236	279
Foreign exchange gains	12	37
Gain on investments in partnership	—	25
Equity in earnings of affiliates	486	356
Bad debt recovered	17	18
Reversal of provision for loss on guarantees	26	70
Other	70	182
Total other income	868	991
Other expenses		
Interest expenses	149	171
Bond issuance cost	9	8
Loss on investments in partnership	7	32
Loss on investments in silent partnership	1	—
Other	91	133
Total other expenses	259	345
Ordinary profit	9,924	10,219
Extraordinary gains		
Subsidy income	—	727
Total extraordinary gains	—	727
Extraordinary losses		
Loss on sales of investment securities	0	—
Loss on valuation of investment securities	—	3
Impairment loss	0	1
Loss on disposal of own-used assets	0	24
Loss on reduction of non-current assets	—	727
Loss on valuation of golf club membership	4	—
Total extraordinary losses	4	757
Profit before income taxes	9,919	10,190
Income taxes	3,032	3,223
Profit	6,886	6,966
Profit attributable to non-controlling interests	727	770
Profit attributable to owners of parent	6,159	6,196

Consolidated Statements of Comprehensive Income

For the three months ended June 30, 2020

(¥ millions)

	FY2019 (April 1, 2019 - June 30, 2019)	FY2020 (April 1, 2020 - June 30, 2020)
Profit	6,886	6,966
Other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	(5,712)	2,776
Deferred gains (losses) on hedges	(40)	112
Foreign currency translation adjustment	154	(597)
Remeasurements of defined benefit plans	(0)	5
Share of other comprehensive income of entities accounted for using equity method	(17)	150
Total other comprehensive income	(5,616)	2,447
Comprehensive income	1,270	9,414
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	543	8,642
Comprehensive income attributable to non-controlling interests	727	771

(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, 2020.

2. Newly Executed Contracts, Operating Assets

(1) Executed Contracts Volume

Segment by Business		First three months of FY2019 (April 1, 2019 - June 30, 2019)		First three months of FY2020 (April 1, 2020 - June 30, 2020)		Net Change	
		Executed contracts volume (¥ millions)	Composition (%)	Executed contracts volume (¥ millions)	Composition (%)	Amount (¥ millions)	Pct. (%)
Lease and installment sales	Finance leases	97,161	28.2	81,446	25.3	(15,714)	(16.2)
	Operating leases	72,276	21.0	41,343	12.8	(30,932)	(42.8)
	Total leases	169,437	49.2	122,790	38.1	(46,647)	(27.5)
	Installment sales	8,113	2.4	9,450	2.9	1,337	16.5
	Lease and installment sales total	177,551	51.6	132,240	41.0	(45,310)	(25.5)
Financing		166,738	48.4	178,581	55.4	11,843	7.1
Other		71	0.0	11,722	3.6	11,651	—
Total		344,361	100.0	322,545	100.0	(21,816)	(6.3)

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.
3. A dash is presented for the percentage year-on-year net change for Other because the value exceeds 1,000%.

(2) Operating Assets

Segment by Business		As of March 31, 2020		As of June 30, 2020		Net Change	
		Balance (¥ millions)	Composition (%)	Balance (¥ millions)	Composition (%)	Amount (¥ millions)	Pct. (%)
Lease and installment sales	Finance leases	1,106,840	46.4	1,162,383	45.9	55,543	5.0
	Operating leases	506,765	21.3	560,181	22.1	53,415	10.5
	Total leases	1,613,605	67.7	1,722,564	68.0	108,959	6.8
	Installment sales	78,445	3.3	99,848	3.9	21,402	27.3
	Lease and installment sales total	1,692,051	71.0	1,822,412	71.9	130,361	7.7
Financing		665,557	27.9	672,858	26.6	7,300	1.1
Other		26,383	1.1	36,719	1.5	10,336	39.2
Total		2,383,992	100.0	2,531,990	100.0	147,998	6.2

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