(Member of Financial Accounting Standards Foundation)

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

November 6, 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	November 13, 2020 (planned)	Date of payout of dividend	December 2, 2020 (planned)

Supplementary materials to quarterly results: Available
Quarterly results presentation: Scheduled (aimed at analysts)

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

1. Consolidated Operating Results for the First Six Months of Fiscal 2020 (April 1, 2020 - September 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 six months of FY2020	357,379	3.7	20,944	2.3	22,787	3.7	13,873	1.1
First six months of FY2019	344,535	16.5	20,474	12.5	21,980	12.0	13,720	8.2

Note: Comprehensive income First six months of FY2020 ¥14,840 million 8.4% First six months of FY2019 ¥13,688 million 33.9%

	Basic Earnings per Share	Diluted Earnings per Share
	(¥)	(¥)
First six months of FY2020	462.79	459.57
First six months of FY2019	455.81	452.42

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	(¥ millions)	(¥ millions)	%	(¥)
September 30, 2020	2,941,704	321,961	9.6	9,448.61
March 31, 2020	2,752,598	311,819	10.0	9,204.20

Reference: Shareholders' Equity September 30, 2020 ¥283,271 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	—	110.00			
FY 2020 (planned)			—	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)

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

(ⅱ) Number of shares of treasury stock

September 30, 2020 307,583 shares March 31, 2020 315,734 shares

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

September 30, 2020 29,978,251 shares September 30, 2019 30,100,449 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 September 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 six months) include the following Company's shares held by Board Benefit Trust (BBT) (97,428 shares as of September 30, 2020 and 102,737 shares as of September 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.

Supplementary Materials - Contents

1. Consolidated Financial Statements and Significant Notes Thereto ····· P.4
(1) Consolidated Balance Sheets ····· P.4
(2) Consolidated Statements of Income and Statements of Comprehensive Income ····· P.8
Consolidated Statements of Income ····· P.8
For the six months ended September 30, 2020
Consolidated Statements of Comprehensive Income ····· P.10
For the six months ended September 30, 2020
(3) Notes to the Consolidated Financial Statements ····· P.11
Note on the Going-concern Assumption ····· P.11
Note on Significant Changes in Shareholders' Equity ····· P.11
Accounting Procedures Specific to Preparation of Quarterly Consolidated Financial Statements ····· P.11
2. Newly Executed Contracts, Operating Assets ····· P.12
(1) Executed Contracts Volume ····· P.12
(2) Operating Assets ····· P.12

1. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated Balance Sheets

(¥ millions)

	As of March 31, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	77,436	72,743
Installment sales trade receivables	79,753	94,215
Lease receivables and investment assets	1,106,840	1,154,234
Accounts receivable - operating loans	307,124	305,793
Accounts receivable - other loans to customers	109,652	107,628
Operational investment securities	234,837	293,841
Other operating assets	15,706	16,031
Lease and other trade receivables	24,862	25,268
Other	74,359	81,829
Allowance for doubtful receivables	(3,085)	(3,299)
Total current assets	2,027,487	2,148,288
Fixed assets		
Tangible fixed assets		
Leased assets		
Leased assets	506,498	569,501
Advances on purchases of property and equipment for lease	6,911	11,874
Total leased assets	513,409	581,375
Other operating assets	26,383	36,089
Own-used assets	13,319	3,839
Total tangible fixed assets	553,111	621,304
Intangible fixed assets		
Software leased to customers	266	237
Other intangible fixed assets		
Goodwill	21,749	21,366
Other	7,644	7,825
Total other intangible fixed assets	29,394	29,192
Total intangible fixed assets	29,660	29,429

(¥ millions)

	As of March 31, 2020	As of September 30, 2020
Investments and other assets		
Investment in securities	91,984	92,068
Claims provable in bankruptcy, claims provable in rehabilitation and other	602	393
Retirement benefit asset	—	64
Deferred tax assets	2,762	2,728
Other	46,079	46,174
Allowance for doubtful receivables	(363)	(265)
Total investments and other assets	141,065	141,163
Total fixed assets	723,837	791,897
Deferred assets		
Deferred organization expenses	1	1
Business commencement expenses	1,271	1,516
Total deferred assets	1,273	1,518
Total assets	2,752,598	2,941,704

(¥ millions)

	As of March 31, 2020	As of September 30, 2020
Liabilities		
Current liabilities		
Notes and accounts payable-trade	45,391	32,335
Short-term loans from bank and other financial institutions	530,317	580,615
Current portion of bonds payable	20,000	30,000
Current portion of long-term loans from bank and other financial institutions	274,820	287,467
Commercial paper	450,700	515,200
Payables under fluidity lease receivables and installment sales trade receivables	28,900	30,000
Current portion of payables under fluidity long-term lease receivables and installment sales trade receivables	41,396	34,728
Lease obligations	20,302	17,625
Income taxes payable	4,215	5,856
Deferred profit on installment sales	1,307	1,160
Provision for bonuses	2,219	2,313
Provision for directors' bonuses	184	93
Provision for share-based remuneration for directors (and other officers)	57	—
Provision for future lease payments	3	3
Provision for loss on guarantees	50	45
Asset retirement obligations	453	90
Other	45,254	37,285
Total current liabilities	1,465,573	1,574,821
Long-term liabilities		
Bonds Payable	150,000	160,000
Long-term loans from bank and other financial institutions	680,017	752,541
Payables under fluidity long-term lease receivables and installment sales trade receivables	54,869	38,241
Lease obligations	417	872
Deferred tax liabilities	15,706	16,603
Net defined benefit liability	2,177	2,171
Accrued retirement benefits for directors and corporate auditors	132	133
Provision for share-based remuneration for directors (and other officers)	255	347
Provision for automobile maintenance costs	577	617
Provision for loss on guarantees	730	564
Asset retirement obligations	2,311	2,535
Other	68,009	70,293
Total long-term liabilities	975,205	1,044,922
Total liabilities	2,440,778	2,619,743

(¥ millions)

	As of March 31, 2020	As of September 30, 2020
Net assets		
Shareholders' equity		
Common stock	10,532	10,532
Capital surplus	8,873	6,197
Retained earnings	228,285	238,991
Treasury stock, at cost	(2,075)	(2,021)
Total Shareholders' equity	245,615	253,699
Accumulated other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	31,650	32,249
Deferred gains (losses) on hedges	(798)	(913)
Foreign currency translation adjustment	(435)	(1,607)
Remeasurements of defined benefit plans	(163)	(155)
Total accumulated other comprehensive income	30,253	29,572
Share acquisition rights	764	758
Non-controlling interests	35,186	37,931
Total net assets	311,819	321,961
Total liabilities and net assets	2,752,598	2,941,704

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

Consolidated Statements of Income

For the six months ended September 30, 2020

(¥ millions)

	FY2019 (April 1, 2019 - September 30, 2019)	FY2020 (April 1, 2020 - September 30, 2020)
Total revenues	344,535	357,379
Total costs	307,669	316,470
Gross profit	36,866	40,909
Selling, general and administrative expenses	16,392	19,964
Operating profit	20,474	20,944
Other income		
Interest income	35	31
Dividend income	836	1,030
Foreign exchange gains	—	43
Gain on investments in partnership	—	25
Equity in earnings of affiliates	960	866
Bad debt recovered	45	45
Reversal of provision for loss on guarantees	77	170
Other	155	315
Total other income	2,111	2,529
Other expenses		
Interest expenses	305	339
Bond issuance cost	17	14
Foreign exchange losses	8	—
Loss on investments in partnership	26	61
Loss on investments in silent partnership	0	—
Distributions of loss on silent partnerships	230	241
Other	15	30
Total other expenses	604	686
Ordinary profit	21,980	22,787
Extraordinary gains		
Gain on sales of investment securities	209	—
Subsidy income	—	727
Other	0	—
Total extraordinary gains	209	727
Extraordinary losses		
Loss on sales of investment securities	0	—
Loss on valuation of investment securities	—	1
Impairment loss	0	1
Loss on disposal of own-used assets	4	18
Loss on reduction of non-current assets	—	727
Loss on valuation of golf club membership	4	—
Total extraordinary losses	9	750
Profit before income taxes	22,181	22,764

(¥ millions)

	FY2019 (April 1, 2019 - September 30, 2019)	FY2020 (April 1, 2020 - September 30, 2020)
Income taxes	6,779	7,248
Profit	15,401	15,516
Profit attributable to non-controlling interests	1,681	1,642
Profit attributable to owners of parent	13,720	13,873

Consolidated Statements of Comprehensive Income

For the six months ended September 30, 2020

(¥ millions)

	FY2019 (April 1, 2019 - September 30, 2019)	FY2020 (April 1, 2020 - September 30, 2020)
Profit	15,401	15,516
Other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	398	603
Deferred gains (losses) on hedges	(189)	(110)
Foreign currency translation adjustment	(1,738)	(1,232)
Remeasurements of defined benefit plans	(0)	10
Share of other comprehensive income of entities accounted for using equity method	(182)	53
Total other comprehensive income	(1,712)	(675)
Comprehensive income	13,688	14,840
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	12,008	13,192
Comprehensive income attributable to non-controlling interests	1,680	1,648

(3) Notes to the Consolidated Financial Statements

Note on the Going-concern Assumption

Not applicable

Note on Significant Changes in Shareholders' Equity

During the first three months of fiscal 2020, capital surplus decreased ¥2,676 million due to the additional acquisition of stock of G.I HOLDINGS INC. a consolidated subsidiary of the Company.

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 second quarter ended September 30, 2020.

2. Newly Executed Contracts, Operating Assets

(1) Executed Contracts Volume

Segment by Business		First six months of FY2019 (April 1, 2019 - September 30, 2019)		First six months of FY2020 (April 1, 2020 - September 30, 2020)		Net Change	
		Executed contracts volume (¥ millions)	Composition (%)	Executed contracts volume (¥ millions)	Composition (%)	Amount (¥ millions)	Pct. (%)
Lease and installment sales	Finance leases	206,647	30.0	160,791	24.3	(45,855)	(22.2)
	Operating leases	94,968	13.8	56,509	8.5	(38,458)	(40.5)
	Total leases	301,615	43.8	217,300	32.8	(84,314)	(28.0)
	Installment sales	18,682	2.7	17,085	2.6	(1,597)	(8.5)
	Lease and installment sales total	320,298	46.5	234,386	35.4	(85,911)	(26.8)
Financing		368,253	53.5	416,303	62.8	48,050	13.0
Other		98	0.0	11,750	1.8	11,651	—
Total		688,650	100.0	662,440	100.0	(26,209)	(3.8)

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 six-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 represents 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 September 30, 2020		Net Change	
		Balance (¥ millions)	Composition (%)	Balance (¥ millions)	Composition (%)	Amount (¥ millions)	Pct. (%)
Lease and installment sales	Finance leases	1,106,840	46.4	1,154,234	44.8	47,394	4.3
	Operating leases	506,765	21.3	569,739	22.1	62,973	12.4
	Total leases	1,613,605	67.7	1,723,973	66.9	110,368	6.8
	Installment sales	78,445	3.3	93,055	3.6	14,609	18.6
	Lease and installment sales total	1,692,051	71.0	1,817,029	70.5	124,978	7.4
Financing		665,557	27.9	722,485	28.1	56,927	8.6
Other		26,383	1.1	36,089	1.4	9,705	36.8
Total		2,383,992	100.0	2,575,603	100.0	191,611	8.0

Note:

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