(Member of Financial Accounting Standards Foundation)

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

February 5, 2021

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	February 12, 2021 (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 Nine Months of Fiscal 2020 (April 1, 2020 - December 31, 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 nine months of FY2020	553,842	4.6	31,413	2.5	33,836	4.1	20,672	2.3
First nine months of FY2019	529,527	16.0	30,646	20.9	32,504	17.7	20,198	15.2

Note: Comprehensive income First nine months of FY2020 ¥26,902 million (7.6)% First nine months of FY2019 ¥29,124 million 118.6%

	Basic Earnings per Share	Diluted Earnings per Share
	(¥)	(¥)
First nine months of FY2020	689.58	684.79
First nine months of FY2019	672.07	667.10

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	(¥ millions)	(¥ millions)	%	(¥)
December 31, 2020	3,005,058	330,608	9.7	9,717.17
March 31, 2020	2,752,598	311,819	10.0	9,204.20

Reference: Shareholders' Equity December 31, 2020 ¥291,336 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)

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

(ⅱ) Number of shares of treasury stock

December 31, 2020 306,185 shares March 31, 2020 315,734 shares

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

December 31, 2020 29,979,177 shares December 31, 2019 30,054,458 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 December 31, 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 nine months) include the following Company's shares held by Board Benefit Trust (BBT) (97,185 shares as of December 31, 2020 and 102,657 shares as of December 31, 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 nine months ended December 31, 2020
Consolidated Statements of Comprehensive Income ····· P. 9
For the nine months ended December 31, 2020
(3) Notes to the Consolidated Financial Statements ····· P.10
Note on the Going-concern Assumption ····· P.10
Note on Significant Changes in Shareholders' Equity ····· P.10
Accounting Procedures Specific to Preparation of Quarterly Consolidated Financial Statements ····· P.10
2. Newly Executed Contracts, Operating Assets ····· P.11
(1) Executed Contracts Volume ····· P.11
(2) Operating Assets ····· P.11

1. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated Balance Sheets

(¥ millions)

	As of March 31, 2020	As of December 31, 2020
Assets		
Current assets		
Cash and deposits	77,436	97,438
Installment sales trade receivables	79,753	89,564
Lease receivables and investment assets	1,106,840	1,128,957
Accounts receivable - operating loans	307,124	304,057
Accounts receivable - other loans to customers	109,652	118,700
Operational investment securities	234,837	292,322
Other operating assets	15,706	16,008
Lease and other trade receivables	24,862	24,985
Other	74,359	79,816
Allowance for doubtful receivables	(3,085)	(2,909)
Total current assets	2,027,487	2,148,942
Fixed assets		
Tangible fixed assets		
Leased assets		
Leased assets	506,498	627,021
Advances on purchases of property and equipment for lease	6,911	8,743
Total leased assets	513,409	635,765
Other operating assets	26,383	35,452
Own-used assets	13,319	3,759
Total tangible fixed assets	553,111	674,977
Intangible fixed assets		
Software leased to customers	266	237
Other intangible fixed assets		
Goodwill	21,749	21,042
Other	7,644	7,746
Total other intangible fixed assets	29,394	28,789
Total intangible fixed assets	29,660	29,026
Investments and other assets		
Investment in securities	91,984	100,704
Claims provable in bankruptcy, claims provable in rehabilitation and other	602	351
Retirement benefit asset	—	63
Deferred tax assets	2,762	2,475
Other	46,079	47,318
Allowance for doubtful receivables	(363)	(213)
Total investments and other assets	141,065	150,700
Total fixed assets	723,837	854,704

(¥ millions)

	As of March 31, 2020	As of December 31, 2020
Deferred assets		
Deferred organization expenses	1	1
Business commencement expenses	1,271	1,409
Total deferred assets	1,273	1,410
Total assets	2,752,598	3,005,058

(¥ millions)

	As of March 31, 2020	As of December 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable-trade	45,391	34,676
Short-term loans from bank and other financial institutions	530,317	563,258
Current portion of bonds payable	20,000	20,000
Current portion of long-term loans from bank and other financial institutions	274,820	286,108
Commercial paper	450,700	548,900
Payables under fluidity lease receivables and installment sales trade receivables	28,900	30,300
Current portion of payables under fluidity long-term lease receivables and installment sales trade receivables	41,396	35,057
Lease obligations	20,302	16,349
Income taxes payable	4,215	4,751
Deferred profit on installment sales	1,307	1,121
Provision for bonuses	2,219	1,195
Provision for directors' bonuses	184	136
Provision for share-based remuneration for directors (and other officers)	57	—
Provision for future lease payments	3	3
Provision for loss on guarantees	50	44
Asset retirement obligations	453	90
Other	45,254	40,601
Total current liabilities	1,465,573	1,582,596
Long-term liabilities		
Bonds Payable	150,000	200,352
Long-term loans from bank and other financial institutions	680,017	751,466
Payables under fluidity long-term lease receivables and installment sales trade receivables	54,869	41,421
Lease obligations	417	810
Deferred tax liabilities	15,706	19,239
Net defined benefit liability	2,177	2,171
Accrued retirement benefits for directors and corporate auditors	132	143
Provision for share-based remuneration for directors (and other officers)	255	392
Provision for automobile maintenance costs	577	584
Provision for loss on guarantees	730	600
Asset retirement obligations	2,311	2,549
Other	68,009	72,120
Total long-term liabilities	975,205	1,091,853
Total liabilities	2,440,778	2,674,449

(¥ millions)

	As of March 31, 2020	As of December 31, 2020
Net assets		
Shareholders' equity		
Common stock	10,532	10,532
Capital surplus	8,873	6,197
Retained earnings	228,285	242,478
Treasury stock, at cost	(2,075)	(2,012)
Total Shareholders' equity	245,615	257,195
Accumulated other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	31,650	38,391
Deferred gains (losses) on hedges	(798)	(1,448)
Foreign currency translation adjustment	(435)	(2,649)
Remeasurements of defined benefit plans	(163)	(152)
Total accumulated other comprehensive income	30,253	34,140
Share acquisition rights	764	752
Non-controlling interests	35,186	38,519
Total net assets	311,819	330,608
Total liabilities and net assets	2,752,598	3,005,058

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

Consolidated Statements of Income

For the nine months ended December 31, 2020

(¥ millions)

	FY2019 (April 1, 2019－ December 31, 2019)	FY2020 (April 1, 2020－ December 31, 2020)
Total revenues	529,527	553,842
Total costs	473,823	492,874
Gross profit	55,704	60,968
Selling, general and administrative expenses	25,058	29,555
Operating profit	30,646	31,413
Other income		
Interest income	49	34
Dividend income	1,027	1,213
Gain on investments in partnership	5	174
Equity in earnings of affiliates	1,277	1,334
Bad debt recovered	60	66
Reversal of provision for loss on guarantees	36	136
Other	250	431
Total other income	2,707	3,391
Other expenses		
Interest expenses	466	507
Bond issuance cost	31	31
Foreign exchange losses	0	7
Loss on investments in partnership	36	65
Loss on investments in silent partnership	0	－
Distributions of loss on silent partnerships	295	318
Other	18	38
Total other expenses	849	968
Ordinary profit	32,504	33,836
Extraordinary gains		
Gain on sales of investment securities	209	0
Subsidy income	－	727
Other	0	－
Total extraordinary gains	210	727
Extraordinary losses		
Loss on sales of investment securities	0	－
Loss on valuation of investment securities	－	17
Loss on redemption of investment securities	513	－
Impairment loss	1	2
Loss on disposal of own-used assets	7	26
Loss on reduction of non-current assets	－	727
Loss on valuation of golf club membership	4	－
Total extraordinary losses	526	773
Profit before income taxes	32,187	33,789
Income taxes	9,437	10,780
Profit	22,750	23,008
Profit attributable to non-controlling interests	2,551	2,336
Profit attributable to owners of parent	20,198	20,672

Consolidated Statements of Comprehensive Income

For the nine months ended December 31, 2020

(¥ millions)

	FY2019 (April 1, 2019— December 31, 2019)	FY2020 (April 1, 2020— December 31, 2020)
Profit	22,750	23,008
Other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	8,375	6,722
Deferred gains (losses) on hedges	(212)	(634)
Foreign currency translation adjustment	(1,742)	(2,305)
Remeasurements of defined benefit plans	(1)	17
Share of other comprehensive income of entities accounted for using equity method	(45)	93
Total other comprehensive income	6,373	3,893
Comprehensive income	29,124	26,902
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	26,574	24,559
Comprehensive income attributable to non-controlling interests	2,549	2,342

(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 third quarter ended December 31, 2020.

2. Newly Executed Contracts, Operating Assets

(1) Executed Contracts Volume

Segment by Business		First nine months of FY2019 (April 1, 2019— December 31, 2019)		First nine months of FY2020 (April 1, 2020— December 31, 2020)		Net Change	
		Executed contracts volume (¥ millions)	Composition (%)	Executed contracts volume (¥ millions)	Composition (%)	Amount (¥ millions)	Pct. (%)
Lease and installment sales	Finance leases	284,872	28.4	234,292	23.0	(50,580)	(17.8)
	Operating leases	119,925	12.0	118,367	11.6	(1,558)	(1.3)
	Total leases	404,797	40.4	352,659	34.6	(52,138)	(12.9)
	Installment sales	29,199	2.9	24,591	2.4	(4,607)	(15.8)
	Lease and installment sales total	433,997	43.3	377,251	37.0	(56,746)	(13.1)
Financing		567,633	56.7	628,990	61.8	61,356	10.8
Other		127	0.0	11,769	1.2	11,642	—
Total		1,001,758	100.0	1,018,011	100.0	16,252	1.6

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 nine-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 December 31, 2020		Net Change	
		Balance (¥ millions)	Composition (%)	Balance (¥ millions)	Composition (%)	Amount (¥ millions)	Pct. (%)
Lease and installment sales	Finance leases	1,106,840	46.4	1,128,957	43.3	22,117	2.0
	Operating leases	506,765	21.3	627,258	24.0	120,493	23.8
	Total leases	1,613,605	67.7	1,756,216	67.3	142,610	8.8
	Installment sales	78,445	3.3	88,442	3.4	9,996	12.7
	Lease and installment sales total	1,692,051	71.0	1,844,658	70.7	152,607	9.0
Financing		665,557	27.9	730,388	28.0	64,830	9.7
Other		26,383	1.1	35,452	1.3	9,068	34.4
Total		2,383,992	100.0	2,610,499	100.0	226,506	9.5

Note:

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