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(Member of Financial Accounting Standards Foundation)

Consolidated Financial Results for the Six Months Ended September 30, 2024 (Under Japanese GAAP)

November 8, 2024

Company name: Fuyo General Lease Co., Ltd. Listing: Tokyo Stock Exchange
Securities code: 8424
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Scheduled date to file semi-annual securities report : November 13, 2024
Scheduled date to commence dividend payments : December 9, 2024
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing : Yes (for analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the six months ended September 30, 2024(from April 1, 2024 to September 30, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	(¥ millions)	%	(¥ millions)	%	(¥ millions)	%	(¥ millions)	%
September 30, 2024	331,984	(5.3)	32,315	16.6	34,285	3.5	22,812	(0.8)
September 30, 2023	350,393	(1.6)	27,709	2.6	33,132	6.4	23,006	13.3

Note: Comprehensive income For the six months ended September 30, 2024: ¥ 43,868 million (0.2)%
For the six months ended September 30, 2023: ¥ 43,948 million 24.0%

	Basic earnings per share	Diluted earnings per share
Six months ended	(¥)	(¥)
September 30, 2024	758.11	756.57
September 30, 2023	765.93	763.49

* During the fiscal year ended March 31, 2024, the Company finalized the provisional accounting treatment for business combinations. As a result, figures for the six months ended September 30, 2023 reflect the finalization of the provisional accounting treatment.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
As of	(¥ millions)	(¥ millions)	%	(¥)
September 30, 2024	3,454,083	513,710	13.5	15,523.12
March 31, 2024	3,390,324	477,326	12.7	14,357.66

Reference: Shareholders' equity
As of September 30, 2024 ¥ 467,373 million As of March 31,2024 ¥ 431,675 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	(¥)	(¥)	(¥)	(¥)	(¥)
FY2023	—	195.00	—	245.00	440.00
FY2024	—	225.00			
FY2024(Forecast)			—	225.00	450.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Forecast for Fiscal 2024 (April 1, 2024 - March 31, 2025)

(Percentage figures represent comparisons with fiscal 2023 full-year results)

	Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	(¥ millions)	%	(¥ millions)	%	(¥ millions)	%	(¥)
Full year	60,000	(0.1)	66,000	(3.4)	45,000	(4.7)	1,496.71

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

*Notes

(1) Significant changes in the scope of consolidation during the period: None

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(ⅰ) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

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

(ⅲ) Changes in accounting estimates: None

(ⅳ) Restatement: None

Note: For details, please refer to "2. Consolidated financial statements and significant notes thereto, (3) Notes to the consolidated financial statements, Notes on changes in accounting policies" on page 12 of the attached materials.

(4) Number of issued shares (common shares)

(ⅰ) Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2024 30,287,810 shares As of March 31, 2024 30,287,810 shares

(ⅱ) Number of treasury shares at the end of the period

As of September 30, 2024 179,585 shares As of March 31, 2024 221,937 shares

(ⅲ) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2024 30,091,013 shares

Six months ended September 30, 2023 30,036,982 shares

Note: The Company has introduced Board Benefit Trust (BBT). Number of treasury shares includes the following Company's shares held by Board Benefit Trust (BBT) 125,900 shares as of September 30, 2024 and 147,700 shares as of March 31, 2024. Furthermore, treasury shares that are deducted in the calculation of the average number of shares during the period include the following Company's shares held by Board Benefit Trust (BBT) 128,563 shares for the six months ended September 30, 2024 and 147,975 shares for the six months ended September 30, 2023.

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

(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. Review of consolidated operating results

(1) Analysis of operating results for the period

Newly executed contract volume in the six months ended September 30, 2024 totaled ¥842,047 million, up 0.9% year on year.

In terms of profits, the Company reported net sales of ¥331,984 million, down 5.3% year on year, operating profit of ¥32,315 million, up 16.6% year on year, ordinary profit of ¥34,285 million, up 3.5% year on year, and profit attributable to owners of parent of ¥22,812 million, down 0.8% year on year. Operating profit and ordinary profit rose year on year, updating its respective record high for a six-month period. In addition, ordinary profit, which is set as a management goal in the medium-term management plan, has been the highest for a six-month period for eight consecutive years since the fiscal year ended March 31, 2018.

Operating results for each business segment are as follows. Please note that net sales for each segment are “revenues from external customers” and segment profit is the amount shown in reportable segments.

Lease and Installment Sales

Newly executed contract volume in the Lease and Installment Sales segment fell 6.1% year on year to ¥264,880 million and segment operating assets increased 2.8% from the end of the previous fiscal year to ¥1,897,193 million. Segment net sales decreased 7.7% year on year to ¥285,181 million and segment profit increased 10.4% year on year to ¥22,387 million.

Financing

Newly executed contract volume in the Financing segment rose 6.7% year on year to ¥576,994 million, and segment operating assets increased 5.8% from the end of the previous fiscal year to ¥1,051,817 million. Segment net sales rose 22.5% year on year to ¥17,799 million, and segment profit increased 16.8% year on year to ¥11,326 million.

Other

Newly executed contract volume in the Other segment fell 98.5% year on year to ¥172 million, and segment operating assets decreased 12.7% from the end of the previous fiscal year to ¥33,868 million. Segment net sales rose 8.0% year on year to ¥29,003 million, and segment profit increased 22.3% year on year to ¥6,089 million.

(2) Analysis of financial position for the period

As of September 30, 2024, operating assets totaled ¥2,982,879 million, up 3.7% from the end of the previous fiscal year. Total assets amounted to ¥3,454,083 million, up 1.9% from the end of the previous fiscal year.

As of September 30, 2024, indirect procurement increased 2.5% from the end of the previous fiscal year to ¥2,005,420 million, mainly due to increases in short-term borrowings and the current portion of long-term borrowings, and direct procurement decreased 2.2% from the end of the previous fiscal year to ¥709,726 million, mainly due to decreases in commercial papers and payables under securitization of lease receivables. As a result, the outstanding balance as of September 30, 2024 increased 1.2% from the end of the previous fiscal year to ¥2,715,146 million. The direct procurement ratio was 26.1%, a decrease of 1.0 points from the end of the previous fiscal year.

Total shareholders’ equity rose 4.4% from the end of the previous fiscal year to ¥368,802 million mainly due to an increase in retained earnings. Total net assets as of September 30, 2024 amounted to ¥513,710 million, up ¥36,383 million, or 7.6%, from the end of the previous fiscal year. Shareholders’ equity ratio was 13.5%, an increase of 0.8 points from the end of the previous fiscal year.

(3) Explanation of consolidated earnings forecasts and other forward-looking statements

No revisions have been made to the consolidated earnings forecasts for the Forecast for Fiscal 2024 announced in Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 on May 8, 2024.

2. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheets

(¥ millions)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	140,804	96,953
Installment receivables	50,984	60,517
Lease receivables and investments in leases	858,731	846,450
Operating loans	339,872	362,700
Accounts receivable - other loans to customers	132,002	129,016
Operational investment securities	491,466	525,060
Other operating assets	31,967	33,493
Accounts receivable - lease	28,620	33,782
Other	94,511	101,131
Allowance for doubtful accounts	(2,536)	(2,267)
Total current assets	2,166,425	2,186,839
Non-current assets		
Property, plant and equipment		
Assets for lease		
Assets for lease	936,038	991,541
Advances for purchase of assets for lease	357	209
Total assets for lease	936,396	991,751
Other operating assets	38,796	33,868
Own-used assets	3,386	3,869
Total property, plant and equipment	978,579	1,029,489
Intangible assets		
Assets for lease	88	76
Other intangible assets		
Goodwill	23,256	22,388
Other	14,290	14,534
Total other intangible assets	37,546	36,923
Total intangible assets	37,634	36,999

(¥ millions)

	As of March 31, 2024	As of September 30, 2024
Investments and other assets		
Investment securities	158,182	152,211
Distressed receivables	26	25
Retirement benefit asset	2,176	2,365
Deferred tax assets	4,229	4,223
Other	42,551	41,548
Allowance for doubtful accounts	(1)	(2)
Total investments and other assets	207,163	200,371
Total non-current assets	1,223,378	1,266,860
Deferred assets		
Organization expenses	3	2
Business commencement expenses	517	380
Total deferred assets	521	383
Total assets	3,390,324	3,454,083

(¥ millions)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	36,467	34,845
Short-term borrowings	558,104	599,692
Current portion of bonds payable	35,000	30,000
Current portion of long-term borrowings	422,660	441,691
Commercial papers	276,000	231,000
Payables under securitization of lease receivables	13,000	7,100
Current portion of long-term payables under securitization of lease receivables	2,464	1,437
Lease liabilities	5,841	5,258
Income taxes payable	7,617	5,766
Deferred profit on installment sales	1,078	1,393
Provision for bonuses	3,257	3,254
Provision for bonuses for directors (and other officers)	224	149
Provision for share awards for directors (and other officers)	202	—
Provision for loss on guarantees	19	16
Other	59,374	57,671
Total current liabilities	1,421,313	1,419,279
Non-current liabilities		
Bonds payable	393,495	435,110
Long-term borrowings	976,080	964,035
Long-term payables under securitization of lease receivables	5,790	5,078
Lease liabilities	151	43
Deferred tax liabilities	27,461	30,235
Retirement benefit liability	2,271	2,403
Provision for retirement benefits for directors (and other officers)	253	259
Provision for share awards for directors (and other officers)	638	772
Provision for maintenance costs	931	1,035
Provision for loss on guarantees	285	229
Asset retirement obligations	5,519	5,306
Other	78,804	76,582
Total non-current liabilities	1,491,684	1,521,093
Total liabilities	2,912,998	2,940,372

(¥ millions)

	As of March 31, 2024	As of September 30, 2024
Net assets		
Shareholders' equity		
Share capital	10,532	10,532
Capital surplus	1,902	1,902
Retained earnings	342,268	357,610
Treasury shares	(1,532)	(1,243)
Total shareholders' equity	353,171	368,802
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	61,773	57,477
Deferred gains or losses on hedges	(11,953)	(8,486)
Foreign currency translation adjustment	28,268	49,191
Remeasurements of defined benefit plans	415	388
Total accumulated other comprehensive income	78,504	98,570
Share acquisition rights	289	221
Non-controlling interests	45,362	46,115
Total net assets	477,326	513,710
Total liabilities and net assets	3,390,324	3,454,083

(2) Consolidated statements of income and statements of comprehensive income

Consolidated statements of income

for the six months ended September 30, 2024

(¥ millions)

	FY2023 (April 1, 2023 - September 30, 2023)	FY2024 (April 1, 2024 - September 30, 2024)
Net sales	350,393	331,984
Cost of sales	296,811	272,762
Gross profit	53,581	59,221
Selling, general and administrative expenses	25,872	26,906
Operating profit	27,709	32,315
Non-operating income		
Interest income	140	194
Dividend income	1,311	1,343
Foreign exchange gains	—	206
Gain on investments in investment partnerships	160	27
Share of profit of entities accounted for using equity method	4,628	1,700
Recoveries of written off receivables	56	37
Reversal of provision for loss on guarantees	60	57
Other	468	452
Total non-operating income	6,826	4,021
Non-operating expenses		
Interest expenses	800	1,290
Bond issuance costs	22	43
Foreign exchange losses	129	—
Loss on investments in investment partnerships	25	165
Distributions of profit or loss on silent partnerships	392	442
Other	32	109
Total non-operating expenses	1,403	2,051
Ordinary profit	33,132	34,285
Extraordinary income		
Gain on sale of investment securities	593	7
Total extraordinary income	593	7

(¥ millions)

	FY2023 (April 1, 2023 - September 30, 2023)	FY2024 (April 1, 2024 - September 30, 2024)
Extraordinary losses		
Loss on sale of investment securities	47	—
Impairment losses	311	2
Loss on disposal of non-current assets	23	4
Total extraordinary losses	381	6
Profit before income taxes	33,343	34,286
Income taxes	9,203	10,263
Profit	24,140	24,022
Profit attributable to non-controlling interests	1,134	1,210
Profit attributable to owners of parent	23,006	22,812

Consolidated statements of comprehensive income
for the six months ended September 30, 2024

(¥ millions)

	FY2023 (April 1, 2023 - September 30, 2023)	FY2024 (April 1, 2024 - September 30, 2024)
Profit	24,140	24,022
Other comprehensive income		
Valuation difference on available-for-sale securities	12,377	(4,290)
Deferred gains or losses on hedges	(4,904)	3,393
Foreign currency translation adjustment	11,485	21,342
Remeasurements of defined benefit plans, net of tax	(57)	(42)
Share of other comprehensive income of entities accounted for using equity method	906	(558)
Total other comprehensive income	19,808	19,845
Comprehensive income	43,948	43,868
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	42,684	42,879
Comprehensive income attributable to non-controlling interests	1,263	989

(3) Notes to the consolidated financial statements

Notes on changes in accounting policies

(Application of the Accounting Standard for Current Income Taxes, etc.)

The Company has applied the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022; hereinafter, the "Revised Accounting Standard of 2022"), etc. from the beginning of the six months ended September 30, 2024.

Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022 and to the transitional treatment in the proviso of paragraph 65-2(2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022).

The impact of applying this standard, etc. on the consolidated financial statements for the six months ended September 30, 2024 is immaterial.

(Application of the Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules, etc.)

The Company has applied the Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules (ASBJ Practical Solution No. 46, March 22, 2024), etc. from the beginning of the six months ended September 30, 2024.

For the six months ended September 30, 2024, the Company has applied the treatment in paragraph 7, which allows the Company to not record current taxes related to the global minimum tax rules.

Notes on segment information etc.

Segment information

Ⅰ Six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)

1. Disclosure of sales and profit (loss) for each reportable segment

(¥ millions)

	Lease and Installment Sales	Financing	Other	Total
Sales				
Revenues from external customers	309,002	14,536	26,854	350,393
Transactions with other segments	356	2,669	1,168	4,194
Net sales	309,359	17,205	28,023	354,588
Segment profit	20,277	9,702	4,979	34,959

2. Description of nature of differences between amounts of profit (loss) of reportable segments total and consolidated financial statements

(¥ millions)

Profit	Amount
Reportable segments total	34,959
Eliminations	(911)
Corporate expenses (Note)	(6,338)
Operating profit reported on the consolidated statements of income	27,709

Note: Corporate expenses are mainly selling, general and administrative expenses that are not attributable to any reportable segment.

3. Information about impairment losses of non-current assets or goodwill, etc. for each reportable segment

(Material impairment losses on non-current assets)

There are no material impairment losses on non-current assets.

(Material change in amount of goodwill)

The business combination with Pacific Rim Capital, Inc. that was concluded on January 6, 2023, was accounted for on a provisional basis, but the acquisition cost allocation was finalized in the third quarter ended December 31, 2023.

With the finalization of this provisional accounting treatment, the amount of the initial allocation of acquisition cost was revised.

As a result, the amount of goodwill in the “Lease and Installment Sales” segment decreased.

(Material gain on bargain purchase)

There is no material gain on bargain purchase.

Ⅱ Six months ended September 30, 2024 (From April 1, 2024 to September 30, 2024)

1. Disclosure of sales and profit (loss) for each reportable segment

(¥ millions)

	Lease and Installment Sales	Financing	Other	Total
Sales				
Revenues from external customers	285,181	17,799	29,003	331,984
Transactions with other segments	414	4,048	1,382	5,844
Net sales	285,595	21,848	30,385	337,829
Segment profit	22,387	11,326	6,089	39,804

2. Description of nature of differences between amounts of profit (loss) of reportable segments total and consolidated financial statements

(¥ millions)

Profit	Amount
Reportable segments total	39,804
Eliminations	(605)
Corporate expenses (Note)	(6,882)
Operating profit reported on the consolidated statements of income	32,315

Note: Corporate expenses are mainly selling, general and administrative expenses that are not attributable to any reportable segment.

3. Information about impairment losses of non-current assets or goodwill, etc. for each reportable segment

(Material impairment losses on non-current assets)

There are no material impairment losses on non-current assets.

(Material change in amount of goodwill)

There is no material change in amount of goodwill.

(Material gain on bargain purchase)

There is no material gain on bargain purchase.

Notes on significant changes in shareholders' equity

Not applicable

Notes on the going-concern assumption

Not applicable

3. Newly executed contracts, operating assets

(1) Executed contracts volume

Segment by business		For the six months ended September 30, 2023		For the six months ended September 30, 2024		Net change	
		Executed contracts volume (¥ millions)	Composition (%)	Executed contracts volume (¥ millions)	Composition (%)	Amount (¥ millions)	Pct. (%)
Lease and installment sales	Finance leases	120,518	14.4	150,069	17.8	29,550	24.5
	Operating leases	152,022	18.2	97,475	11.6	(54,546)	(35.9)
	Total leases	272,541	32.6	247,544	29.4	(24,996)	(9.2)
	Installment sales	9,685	1.2	17,335	2.1	7,650	79.0
	Lease and installment sales total	282,226	33.8	264,880	31.5	(17,346)	(6.1)
Financing		540,643	64.8	576,994	68.5	36,351	6.7
Other		11,805	1.4	172	0.0	(11,633)	(98.5)
Total		834,675	100.0	842,047	100.0	7,371	0.9

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 receivables net of the deferred profit on installment sales on an execution basis.

(2) Operating assets

Segment by business		As of March 31, 2024		As of September 30, 2024		Net change	
		Balance (¥ millions)	Composition (%)	Balance (¥ millions)	Composition (%)	Amount (¥ millions)	Pct. (%)
Lease and installment sales	Finance leases	858,731	29.9	846,450	28.4	(12,281)	(1.4)
	Operating leases	936,126	32.5	991,618	33.2	55,491	5.9
	Total leases	1,794,858	62.4	1,838,068	61.6	43,210	2.4
	Installment sales	49,906	1.7	59,124	2.0	9,218	18.5
	Lease and installment sales total	1,844,765	64.1	1,897,193	63.6	52,428	2.8
Financing		993,887	34.5	1,051,817	35.3	57,930	5.8
Other		38,796	1.4	33,868	1.1	(4,928)	(12.7)
Total		2,877,449	100.0	2,982,879	100.0	105,430	3.7

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