

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

November 6, 2019

Company	Fuyo General Lease Co., Ltd.	Stock Exchange Listing	First Section, Tokyo
Ticker	8424	Head office	Tokyo
(URL <a href="https://www.fgl.co.jp/">https://www.fgl.co.jp/</a> )			
President & CEO	Yasunori Tsujita		
Inquiries, Person in Charge	Soichi Hosoi	Managing Director	Tel: +81-3-5275-8800
Date of issue of quarterly Securities Report	November 14, 2019 (planned)	Date of payout of dividend	December 3, 2019 (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 2019

(April 1, 2019 – September 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 six months of FY2019	344,535	16.5	20,474	12.5	21,980	12.0	13,720	8.2
First six months of FY2018	295,671	(2.3)	18,193	3.9	19,619	4.2	12,685	8.4

Note: Comprehensive income

First six months of FY2019

¥13,688 million

First six months of FY2018

¥10,222 million

(24.3)%

	Basic Earnings per Share	Diluted Earnings per Share
	(¥)	(¥)
First six months of FY2019	455.81	452.42
First six months of FY2018	419.54	416.03

#### (2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	(¥ millions)	(¥ millions)	%	(¥)
September 30, 2019	2,712,555	303,373	9.9	8,979.83
March 31, 2019	2,592,981	295,039	10.1	8,680.32

Reference: Shareholders' Equity

September 30, 2019 ¥269,050 million

March 31, 2019 ¥261,671 million

\* During the second quarter ended September 30, 2019, the Company finalized the provisional accounting treatment for business combinations. As a result, figures for the fiscal year ended March 31, 2019 reflect the finalization of the provisional accounting treatment.

### 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	—	100.00			
FY 2019 (planned)			—	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	10.7	42,000	7.4	26,000	1.9
								862.49

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

\* During the second quarter ended September 30, 2019, the Company finalized the provisional accounting treatment for business combinations. As a result, the percentage figures representing comparisons with fiscal 2018 for operating profit, ordinary profit, and profit attributable to owners of parent were calculated based on fiscal 2018 amounts that reflect the finalization of the provisional accounting treatment.

#### \*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, 2019 30,287,810 shares March 31, 2019 30,287,810 shares

(ii) Number of shares of treasury stock

September 30, 2019 326,134 shares March 31, 2019 142,465 shares

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

September 30, 2019 30,100,449 shares September 30, 2018 30,236,361 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 September 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 six months) include the following Company's shares held by Board Benefit Trust (BBT) (102,737 shares as of September 30, 2019 and — shares as of September 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 September 30, 2019
Assets		
Current assets		
Cash and deposits	71,173	67,897
Installment sales trade receivables	97,452	92,119
Lease receivables and investment assets	1,083,530	1,113,130
Accounts receivable - operating loans	298,432	300,714
Accounts receivable - other loans to customers	87,519	94,364
Operational investment securities	179,529	214,721
Other operating assets	10,830	14,318
Lease and other trade receivables	19,656	22,006
Other	52,779	64,456
Allowance for doubtful receivables	(2,725)	(2,710)
Total current assets	1,898,179	1,981,019
Fixed assets		
Tangible fixed assets		
Leased assets		
Leased assets	480,930	513,036
Advances on purchases of property and equipment for lease	15,073	7,862
Total leased assets	496,003	520,899
Other operating assets	28,265	27,341
Own-used assets	1,790	5,158
Total tangible fixed assets	526,059	553,399
Intangible fixed assets		
Software leased to customers	330	319
Other intangible fixed assets		
Goodwill	15,935	24,105
Other	6,591	6,450
Total other intangible fixed assets	22,526	30,555
Total intangible fixed assets	22,856	30,874

(¥ millions)

	As of March 31, 2019	As of September 30, 2019
Investments and other assets		
Investment in securities	92,821	96,339
Claims provable in bankruptcy, claims provable in rehabilitation and other	571	728
Deferred tax assets	4,155	3,370
Other	47,541	46,084
Allowance for doubtful receivables	(375)	(506)
Total investments and other assets	144,713	146,016
Total fixed assets	693,630	730,290
Deferred assets		
Deferred organization expenses	0	0
Business commencement expenses	1,171	1,245
Total deferred assets	1,172	1,245
Total assets	2,592,981	2,712,555

(¥ millions)

	As of March 31, 2019	As of September 30, 2019
Liabilities		
Current liabilities		
Notes and accounts payable-trade	44,531	56,513
Short-term loans from bank and other financial institutions	491,659	507,650
Current portion of bonds payable	20,000	20,000
Current portion of long-term loans from bank and other financial institutions	244,023	270,547
Commercial paper	500,700	520,700
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	33,011
Lease obligations	25,103	23,424
Income taxes payable	5,555	5,509
Deferred profit on installment sales	1,421	1,364
Provision for bonuses	2,015	2,181
Provision for directors' bonuses	191	98
Provision for future lease payments	2	2
Provision for loss on guarantees	66	61
Asset retirement obligations	—	480
Other	33,857	37,174
Total current liabilities	1,419,831	1,501,618
Long-term liabilities		
Bonds Payable	105,000	130,000
Long-term loans from bank and other financial institutions	646,370	643,631
Payables under fluidity long-term lease receivables and installment sales trade receivables	38,502	46,110
Lease obligations	593	503
Deferred tax liabilities	15,606	15,977
Net defined benefit liability	1,869	1,843
Accrued retirement benefits for directors and corporate auditors	126	131
Provision for share-based remuneration for directors (and other officers)	137	218
Provision for automobile maintenance costs	524	615
Provision for loss on guarantees	907	835
Asset retirement obligations	1,770	1,612
Other	66,702	66,084
Total long-term liabilities	878,110	907,563
Total liabilities	2,297,941	2,409,182

(¥ millions)

	As of March 31, 2019	As of September 30, 2019
Net assets		
Shareholders' equity		
Common stock	10,532	10,532
Capital surplus	8,873	8,873
Retained earnings	208,454	218,831
Treasury stock, at cost	(826)	(2,111)
Total Shareholders' equity	227,034	236,126
Accumulated other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	34,713	35,112
Deferred gains (losses) on hedges	(577)	(887)
Foreign currency translation adjustment	496	(1,298)
Remeasurements of defined benefit plans	3	(1)
Total accumulated other comprehensive income	34,636	32,924
Share acquisition rights	842	792
Non-controlling interests	32,525	33,529
Total net assets	295,039	303,373
Total liabilities and net assets	2,592,981	2,712,555

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

Consolidated Statements of Income

For the six months ended September 30, 2019

(¥ millions)

	FY2018 (April 1, 2018 – September 30, 2018)	FY2019 (April 1, 2019 – September 30, 2019)
Total revenues	295,671	344,535
Total costs	263,577	307,669
Gross profit	32,093	36,866
Selling, general and administrative expenses	13,900	16,392
Operating profit	18,193	20,474
Other income		
Interest income	39	35
Dividend income	771	836
Gain on investments in partnership	2	—
Gain on investments in silent partnership	299	—
Equity in earnings of affiliates	589	960
Bad debt recovered	38	45
Reversal of provision for loss on guarantees	81	77
Other	83	155
Total other income	1,908	2,111
Other expenses		
Interest expenses	220	305
Bond issuance cost	5	17
Foreign exchange losses	14	8
Loss on investments in partnership	16	26
Loss on investments in silent partnership	3	0
Other	219	246
Total other expenses	481	604
Ordinary profit	19,619	21,980
Extraordinary gains		
Gain on sale of marketable and investment securities	249	209
Subsidy income	1,299	—
Other	2	0
Total extraordinary gains	1,550	209
Extraordinary losses		
Loss on disposal of own-used assets	2	4
Loss on liquidation of subsidiaries and associates	0	—
Loss on reduction of non-current assets	1,299	—
Other	—	5
Total extraordinary losses	1,302	9
Profit before income taxes	19,867	22,181
Income taxes	6,089	6,779
Profit	13,778	15,401
Profit attributable to non-controlling interests	1,093	1,681
Profit attributable to owners of parent	12,685	13,720



Consolidated Statements of Comprehensive Income  
For the six months ended September 30, 2019

(¥ millions)

	FY2018 (April 1, 2018 – September 30, 2018)	FY2019 (April 1, 2019 – September 30, 2019)
Profit	13,778	15,401
Other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	(2,930)	398
Deferred gains (losses) on hedges	0	(189)
Foreign currency translation adjustment	(925)	(1,738)
Remeasurements of defined benefit plans	15	(0)
Share of other comprehensive income of entities accounted for using equity method	284	(182)
Total other comprehensive income	(3,555)	(1,712)
Comprehensive income	10,222	13,688
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	9,121	12,008
Comprehensive income attributable to non-controlling interests	1,101	1,680

**(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 second quarter ended September 30, 2019.

## 2. Newly Executed Contracts, Operating Assets

### (1) Executed Contracts Volume

Segment by Business		First six months of FY2018 (April 1, 2018 – September 30, 2018)		First six months of FY2019 (April 1, 2019 – September 30, 2019)		Net Change	
		Executed contracts volume	Composition	Executed contracts volume	Composition	Amount	Pct.
		(¥ millions)	(%)	(¥ millions)	(%)	(¥ millions)	(%)
Lease and installment sales	Finance leases	163,644	33.8	206,647	30.0	43,002	26.3
	Operating leases	24,711	5.1	94,968	13.8	70,256	284.3
	Total leases	188,356	38.9	301,615	43.8	113,259	60.1
	Installment sales	16,261	3.3	18,682	2.7	2,421	14.9
	Lease and installment sales total	204,617	42.2	320,298	46.5	115,680	56.5
Financing		271,839	56.1	368,253	53.5	96,414	35.5
Other		8,051	1.7	98	0.0	(7,953)	(98.8)
Total		484,508	100.0	688,650	100.0	204,141	42.1

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.

### (2) Operating Assets

Segment by Business		As of March 31, 2019		As of September 30, 2019		Net Change	
		Balance	Composition	Balance	Composition	Amount	Pct.
		(¥ millions)	(%)	(¥ millions)	(%)	(¥ millions)	(%)
Lease and installment sales	Finance leases	1,083,530	47.9	1,113,130	47.0	29,600	2.7
	Operating leases	481,260	21.3	513,355	21.7	32,095	6.7
	Total leases	1,564,791	69.2	1,626,486	68.7	61,695	3.9
	Installment sales	96,031	4.2	90,755	3.9	(5,275)	(5.5)
	Lease and installment sales total	1,660,822	73.4	1,717,241	72.6	56,419	3.4
Financing		573,736	25.4	622,094	26.3	48,357	8.4
Other		28,265	1.2	27,341	1.1	(923)	(3.3)
Total		2,262,824	100.0	2,366,677	100.0	103,853	4.6

Note:

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