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(Member of Financial Accounting
Standards Foundation)



Consolidated Financial Results for the Nine Months Ended December 31, 2023 (Under Japanese GAAP)

February 5, 2024

Company name: Fuyo General Lease Co., Ltd.

Listing: Tokyo Stock Exchange

Securities code: 8424

URL: <https://www.fgl.co.jp/>

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Scheduled date to file quarterly securities report : February 13, 2024

Scheduled date to commence dividend payments : —

Preparation of supplementary material on quarterly financial results: Yes

Holding of quarterly financial results briefing : None

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

1. Consolidated financial results for the nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	(¥ millions)	%	(¥ millions)	%	(¥ millions)	%	(¥ millions)	%
Nine months ended								
December 31, 2023	520,589	(2.5)	47,679	15.2	54,691	16.4	39,855	29.7
December 31, 2022	533,765	15.3	41,376	19.9	46,993	20.7	30,730	19.6

Note: Comprehensive income For the nine months ended December 31, 2023: ¥ 72,475 million 49.6%

For the nine months ended December 31, 2022: ¥ 48,454 million 64.8%

	Basic earnings per share	Diluted earnings per share
Nine months ended	(¥)	(¥)
December 31, 2023	1,326.59	1,322.66
December 31, 2022	1,025.45	1,019.97

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
As of	(¥ millions)	(¥ millions)	%	(¥)
December 31, 2023	3,358,188	470,886	12.7	14,171.98
March 31, 2023	3,151,624	410,197	11.6	12,227.88

Reference: Shareholders' equity

As of December 31, 2023 ¥ 425,976 million As of March 31, 2023 ¥ 366,642 million

* During the third quarter ended December 31, 2023, the Company finalized the provisional accounting treatment for business combinations. As a result, figures for the fiscal year ended March 31, 2023 reflect the finalization of the provisional accounting treatment.

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	(¥)	(¥)	(¥)	(¥)	(¥)
FY 2022	—	158.00	—	185.00	343.00
FY 2023	—	195.00	—		
FY 2023 (Forecast)				195.00	390.00

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

3. Forecast for Fiscal 2023 (April 1, 2023 - March 31, 2024)

(Percentage figures represent comparisons with fiscal 2022 full-year results)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	(¥ millions)	%	(¥ millions)	%	(¥ millions)	%	(¥ millions)	%	(¥)
Full year	700,000	1.6	57,000	10.5	64,000	7.2	43,000	10.4	1,434.09

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

*Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly 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: None
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None
- (4) Number of issued shares (common shares)
 - (i) Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2023	30,287,810 shares		As of March 31, 2023	30,287,810 shares
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 - (ii) Number of treasury shares at the end of the period

As of December 31, 2023	230,137 shares		As of March 31, 2023	303,657 shares
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 - (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2023	30,043,627 shares		Nine months ended December 31, 2022	29,968,055 shares
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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) 147,700 shares as of December 31, 2023 and 149,800 shares as of March 31, 2023. 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) 147,883 shares for the nine months ended December 31, 2023 and 151,882 shares for the nine months ended December 31, 2022.

*** Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.**

* 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. Qualitative information regarding financial results for the nine months ended December 31, 2023

(1) Explanation of operating results

Newly executed contract volume in the nine months ended December 31, 2023 totaled ¥1,342,479 million, up 23.7% year on year.

In terms of profits, the Company reported net sales of ¥520,589 million, down 2.5% year on year, operating profit of ¥47,679 million, up 15.2% year on year, ordinary profit of ¥54,691 million, up 16.4% year on year, and profit attributable to owners of parent of ¥39,855 million, up 29.7% year on year.

Operating profit, ordinary profit and profit attributable to owners of parent all rose year on year, with each stage of profit updating its respective record high for a nine-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 nine-month period for seven 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 rose 50.0% year on year to ¥504,830 million and segment operating assets increased 7.7% from the end of the previous fiscal year to ¥1,874,330 million. Segment net sales decreased 4.4% year on year to ¥455,997 million and segment profit increased 17.9% year on year to ¥34,144 million.

Financing

Newly executed contract volume in the Financing segment rose 10.2% year on year to ¥825,044 million, and segment operating assets increased 9.6% from the end of the previous fiscal year to ¥1,023,552 million. Segment net sales rose 20.6% year on year to ¥23,254 million, and segment profit increased 5.7% year on year to ¥15,354 million.

Other

Newly executed contract volume in the Other segment rose ¥12,431 million year on year to ¥12,604 million, and segment operating assets increased 34.7% from the end of the previous fiscal year to ¥39,597 million. Segment net sales rose 10.3% year on year to ¥41,337 million, and segment profit increased 6.4% year on year to ¥8,615 million.

(2) Explanation of financial position

As of December 31, 2023, operating assets totaled ¥2,937,479 million, up 8.6% from the end of the previous fiscal year. Total assets amounted to ¥3,358,188 million, up 6.6% from the end of the previous fiscal year. As of December 31, 2023, indirect procurement increased 4.5% from the end of the previous fiscal year to ¥1,888,573 million, mainly due to an increase in long-term borrowings, and direct procurement increased 10.5% from the end of the previous fiscal year to ¥780,331 million, due to the issuance of commercial papers and bonds. As a result, the outstanding balance as of December 31, 2023 increased 6.2% from the end of the previous fiscal year to ¥2,668,905 million. The direct procurement ratio was 29.2%, an increase of 1.1 points from the end of the previous fiscal year. Total shareholders' equity rose 9.0% from the end of the previous fiscal year to ¥345,772 million due to an increase in retained earnings. Total net assets as of December 31, 2023 amounted to ¥470,886 million, up ¥60,689 million, or 14.8%, from the end of the previous fiscal year. Shareholders' equity ratio was 12.7%, an increase of 1.1 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 2023 announced in Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 on May 10, 2023.

2. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheets

(¥ millions)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	121,227	60,135
Installment receivables	53,491	52,045
Lease receivables and investments in leases	890,802	879,814
Operating loans	328,697	356,278
Accounts receivable - other loans to customers	118,529	122,759
Operational investment securities	454,966	514,885
Other operating assets	33,210	30,802
Accounts receivable - lease	26,172	26,691
Other	72,698	92,685
Allowance for doubtful accounts	(2,672)	(2,898)
Total current assets	2,097,123	2,133,201
Non-current assets		
Property, plant and equipment		
Assets for lease		
Assets for lease	797,218	943,426
Advances for purchase of assets for lease	839	464
Total assets for lease	798,057	943,891
Other operating assets	29,407	39,597
Construction in progress	10,732	—
Own-used assets	3,872	3,436
Total property, plant and equipment	842,070	986,924
Intangible assets		
Assets for lease	138	102
Other intangible assets		
Goodwill	25,707	24,369
Other	15,278	15,560
Total other intangible assets	40,986	39,929
Total intangible assets	41,124	40,032

(¥ millions)

	As of March 31, 2023	As of December 31, 2023
Investments and other assets		
Investment securities	125,286	152,453
Distressed receivables	439	25
Retirement benefit asset	523	440
Deferred tax assets	2,897	4,070
Other	41,740	40,447
Allowance for doubtful accounts	(231)	(0)
Total investments and other assets	170,656	197,437
Total non-current assets	1,053,851	1,224,394
Deferred assets		
Organization expenses	4	3
Business commencement expenses	645	588
Total deferred assets	649	592
Total assets	3,151,624	3,358,188

(¥ millions)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	33,916	33,642
Short-term borrowings	584,811	614,457
Current portion of bonds payable	45,000	35,000
Current portion of long-term borrowings	393,529	385,547
Commercial papers	306,000	357,600
Payables under securitization of lease receivables	24,200	18,400
Current portion of long-term payables under securitization of lease receivables	5,628	3,006
Lease liabilities	7,500	6,362
Income taxes payable	7,359	3,052
Deferred profit on installment sales	699	1,059
Provision for bonuses	3,002	1,634
Provision for bonuses for directors (and other officers)	210	176
Provision for share awards for directors (and other officers)	21	—
Provision for future lease payments	4	6
Provision for loss on guarantees	24	20
Other	67,122	56,035
Total current liabilities	1,479,030	1,516,001
Non-current liabilities		
Bonds payable	316,397	359,997
Long-term borrowings	829,614	888,569
Long-term payables under securitization of lease receivables	8,725	6,328
Lease liabilities	272	206
Deferred tax liabilities	19,553	26,801
Retirement benefit liability	3,122	3,015
Provision for retirement benefits for directors (and other officers)	378	379
Provision for share awards for directors (and other officers)	606	782
Provision for maintenance costs	314	191
Provision for loss on guarantees	365	312
Asset retirement obligations	4,147	5,209
Other	78,898	79,506
Total non-current liabilities	1,262,396	1,371,299
Total liabilities	2,741,426	2,887,301

(¥ millions)

	As of March 31, 2023	As of December 31, 2023
Net assets		
Shareholders' equity		
Share capital	10,532	10,532
Capital surplus	1,902	1,902
Retained earnings	306,782	334,923
Treasury shares	(2,067)	(1,585)
Total shareholders' equity	317,149	345,772
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	36,000	53,214
Deferred gains or losses on hedges	(4,608)	(7,834)
Foreign currency translation adjustment	17,936	34,718
Remeasurements of defined benefit plans	163	104
Total accumulated other comprehensive income	49,492	80,203
Share acquisition rights	541	323
Non-controlling interests	43,012	44,586
Total net assets	410,197	470,886
Total liabilities and net assets	3,151,624	3,358,188

(2) Consolidated statements of income and statements of comprehensive incomeConsolidated statements of income
for the nine months ended December 31, 2023

(¥ millions)

	FY2022 (April 1, 2022— December 31, 2022)	FY2023 (April 1, 2023— December 31, 2023)
Net sales	533,765	520,589
Cost of sales	459,191	434,272
Gross profit	74,574	86,316
Selling, general and administrative expenses	33,197	38,637
Operating profit	41,376	47,679
Non-operating income		
Interest income	44	213
Dividend income	1,393	1,586
Foreign exchange gains	659	—
Gain on investments in investment partnerships	258	96
Share of profit of entities accounted for using equity method	3,898	6,054
Recoveries of written off receivables	53	69
Reversal of provision for loss on guarantees	69	71
Other	466	889
Total non-operating income	6,843	8,981
Non-operating expenses		
Interest expenses	712	1,301
Bond issuance costs	45	41
Foreign exchange losses	—	30
Loss on investments in investment partnerships	64	61
Distributions of profit or loss on silent partnerships	339	491
Other	64	42
Total non-operating expenses	1,227	1,969
Ordinary profit	46,993	54,691
Extraordinary income		
Gain on sale of investment securities	1	593
Total extraordinary income	1	593

(¥ millions)

	FY2022 (April 1, 2022– December 31, 2022)	FY2023 (April 1, 2023– December 31, 2023)
Extraordinary losses		
Loss on sale of investment securities	—	47
Loss on valuation of investment securities	162	—
Loss on liquidation of subsidiaries and associates	865	—
Impairment losses	0	312
Loss on disposal of non-current assets	32	23
Total extraordinary losses	1,061	383
Profit before income taxes	45,933	54,901
Income taxes	13,756	13,331
Profit	32,176	41,570
Profit attributable to non-controlling interests	1,446	1,714
Profit attributable to owners of parent	30,730	39,855

Consolidated statements of comprehensive income
for the nine months ended December 31, 2023

(¥ millions)

	FY2022 (April 1, 2022— December 31, 2022)	FY2023 (April 1, 2023— December 31, 2023)
Profit	32,176	41,570
Other comprehensive income		
Valuation difference on available-for-sale securities	(5,195)	17,213
Deferred gains or losses on hedges	(1,405)	(3,155)
Foreign currency translation adjustment	21,803	16,279
Remeasurements of defined benefit plans, net of tax	193	(87)
Share of other comprehensive income of entities accounted for using equity method	881	655
Total other comprehensive income	16,277	30,905
Comprehensive income	48,454	72,475
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	46,930	70,566
Comprehensive income attributable to non-controlling interests	1,523	1,909

(3) Notes to the consolidated financial statements

Note on the going-concern assumption

Not applicable

Note on significant changes in shareholders' equity

Not applicable

Segment information

I Nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)

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

(¥ millions)

	Lease and Installment Sales	Financing	Other	Total
Sales				
Revenues from external customers	476,997	19,276	37,491	533,765
Transactions with other segments	565	2,644	2,191	5,401
Net sales	477,563	21,920	39,682	539,166
Segment profit	28,952	14,533	8,098	51,583

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	51,583
Eliminations	(1,862)
Corporate expenses (Note)	(8,345)
Operating profit reported on the consolidated statements of income	41,376

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)

During the third quarter ended December 31, 2022, the Company acquired outstanding shares of Human Centrix Co.,Ltd. and included it in the scope of consolidation, which resulted in goodwill of 776 million yen in the "Other" segment.

The amount of goodwill is the amount which reflects the material changes to the initially allocated acquisition costs that were carried out due to the finalization of the provisional accounting treatment for business combinations.

(Material gain on bargain purchase)

There is no material gain on bargain purchase.

II Nine months ended December 31, 2023 (From April 1, 2023 to December 31, 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	455,997	23,254	41,337	520,589
Transactions with other segments	569	4,488	1,901	6,959
Net sales	456,567	27,742	43,238	527,548
Segment profit	34,144	15,354	8,615	58,114

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	58,114
Eliminations	(1,395)
Corporate expenses (Note)	(9,040)
Operating profit reported on the consolidated statements of income	47,679

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 combinations with Pacific Rim Capital, Inc. that were concluded on January 6, 2023, was accounted for on a provisional basis in the fiscal year ended March 31, 2023, but the acquisition cost allocation was finalized in the 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.

3. Newly executed contracts, operating assets

(1) Executed contracts volume

Segment by business		For the nine months ended December 31, 2022		For the nine months ended December 31, 2023		Net change	
		Executed contracts volume (¥ millions)	Composition (%)	Executed contracts volume (¥ millions)	Composition (%)	Amount (¥ millions)	Pct. (%)
Lease and installment sales	Finance leases	175,278	16.1	191,040	14.2	15,761	9.0
	Operating leases	145,381	13.4	295,437	22.0	150,055	103.2
	Total leases	320,660	29.5	486,477	36.2	165,817	51.7
	Installment sales	15,798	1.5	18,353	1.4	2,555	16.2
	Lease and installment sales total	336,458	31.0	504,830	37.6	168,372	50.0
Financing		748,998	69.0	825,044	61.5	76,045	10.2
Other		172	0.0	12,604	0.9	12,431	—
Total		1,085,629	100.0	1,342,479	100.0	256,849	23.7

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 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, 2023		As of December 31, 2023		Net change	
		Balance (¥ millions)	Composition (%)	Balance (¥ millions)	Composition (%)	Amount (¥ millions)	Pct. (%)
Lease and installment sales	Finance leases	890,802	32.9	879,814	30.0	(10,987)	(1.2)
	Operating leases	797,356	29.5	943,529	32.1	146,172	18.3
	Total leases	1,688,159	62.4	1,823,344	62.1	135,185	8.0
	Installment sales	52,791	2.0	50,985	1.7	(1,806)	(3.4)
	Lease and installment sales total	1,740,951	64.4	1,874,330	63.8	133,378	7.7
Financing		934,167	34.5	1,023,552	34.8	89,384	9.6
Other		29,407	1.1	39,597	1.4	10,189	34.7
Total		2,704,526	100.0	2,937,479	100.0	232,953	8.6

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