

Fuyo General Lease Revised Earnings Forecasts Downward Due to Losses from Renewable Energy Projects—Limited Impact on Rating

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on the fact that Fuyo General Lease Co., Ltd. (security code: 8424) recorded losses from renewable energy projects as well as its downward revisions of full-year consolidated earnings forecasts.

- (1) On October 23, the Company announced that it had discovered that among the multiple renewable energy projects being developed and funded by counterparties through project-specific holding companies, some projects in Spain had been delayed due to insufficient development funds and that as a result of the examination of the recoverability of them, there is a risk that these receivables may be uncollectible or subject to collection delays. Consequently, it revised its earnings forecast for the fiscal year ending March 2026 (FY2025), lowering ordinary profit from 70 billion yen to 38 billion yen and net profit from 46 billion yen to 17 billion yen.
- (2) JCR incorporates in the Company's long-term issuer rating some factors such as strong earnings capacity supported by a broad business base and diverse revenue sources, high soundness of its assets based on disciplined credit management, and sufficient equity capital relative to risks. While the expected losses from the projects are not small standing at 28.6 billion, they are within a range that can be absorbable by periodical income recorded in other firm businesses and JCR views that the impact on the rating can be limited. Considering the external environments, including rising construction and operational costs, JCR believes that it is necessary to watch the overall trend of the renewable energy business to a certain extent. However, given that the Company's business portfolio is sufficiently diversified across the Real Estate, Aircraft, and Mobility & Logistics, etc., JCR believes that its business performance will turn around for FY2026 supported by diverse revenue sources.

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<Reference>

Issuer: Fuyo General Lease Co., Ltd.

Long-term Issuer Rating: AA- Outlook: Stable

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