



Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (Under Japanese GAAP)

May 10, 2022

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 of annual general meeting of shareholders : June 23, 2022

Scheduled date to commence dividend payments : June 24, 2022

Scheduled date to file annual securities report : June 27, 2022

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 Fiscal 2021 (April 1, 2021 - March 31, 2022)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent	
	(¥ millions)	%	(¥ millions)	%	(¥ millions)	%	(¥ millions)	%
FY2021	657,847	(11.1)	46,034	3.3	52,723	9.8	33,886	14.6
FY2020	740,263	3.9	44,555	7.6	47,996	9.0	29,566	12.9

Note: Comprehensive income FY2021 ¥ 38,181 million (7.1) % FY2020 ¥ 41,092 million 62.8 %

* "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) has been applied from the beginning of the fiscal year ended March 31, 2022 and net sales for the fiscal year ended March 31, 2022 is the figure after applying the relevant accounting standards. If net sales is recognized based on conventional standards, it will be at ¥798.8 billion (7.9% increase from the previous year).

	Basic Earnings per Share	Diluted Earnings per Share	Return on Equity	Ratio of Ordinary Profit to Total Assets	Ratio of Operating Profit to Net Sales
	(¥)	(¥)	%	%	%
FY2021	1,130.52	1,123.38	10.6	1.8	7.0
FY2020	986.18	979.39	10.2	1.7	6.0

Reference: Share of profit of entities accounted for using equity method

FY2021 ¥ 3,293 million FY2020 ¥ 1,684 million

(2) Consolidated financial position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
As of	(¥ millions)	(¥ millions)	%	(¥)
March 31, 2022	2,949,704	374,239	11.3	11,121.96
March 31, 2021	2,979,285	344,796	10.2	10,153.22

Reference: Shareholders' Equity

As of March 31, 2022 ¥ 332,834 million As of March 31, 2021 ¥ 304,565 million

(3) Consolidated cash flows

	Cash Flows From Operating Activities	Cash Flows From Investing Activities	Cash Flows From Financing Activities	Cash and Cash Equivalents at End of Period
	(¥ millions)	(¥ millions)	(¥ millions)	(¥ millions)
FY2021	88,974	(15,669)	(101,534)	71,957
FY2020	(35,080)	(5,970)	63,405	98,753

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	(¥)	(¥)	(¥)	(¥)	(¥)	(¥ millions)	%	%
FY2020	—	110.00	—	130.00	240.00	7,220	24.3	2.5
FY2021	—	130.00	—	155.00	285.00	8,578	25.2	2.7
FY2022 (Forecast)	—	158.00	—	158.00	316.00		26.3	

3. Forecast for Fiscal 2022 (April 1, 2022 – March 31, 2023)

(Percentage figures represent comparisons with fiscal 2021 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	6.4	51,500	11.9	56,000	6.2	36,000	6.2	1,202.97

*Notes

(1) Changes in significant subsidiaries during the period

(changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2022 30,287,810 shares As of March 31, 2021 30,287,810 shares

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

As of March 31, 2022 361,957 shares As of March 31, 2021 290,885 shares

(iii) Average number of shares during the period

Fiscal year ended March 31, 2022 29,974,385 shares

Fiscal year ended March 31, 2021 29,981,005 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) 177,100 shares as of March 31, 2022 and 96,700 shares as of March 31, 2021. 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) 121,150 shares for the fiscal year ended March 31, 2022, and 97,065 shares for the fiscal year ended March 31, 2021.

***Financial reports are exempt from audit 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. Review of consolidated operating results

(1) Analysis of operating results for Fiscal 2021

(i) Summary of Fiscal 2021

During the fiscal year ended March 31, 2022 (fiscal 2021), the Japanese economy remained in a difficult situation due to restrictions and stagnation of economic activities caused by the spread of the novel coronavirus disease (COVID-19). While administering vaccines is progressing, the outlook remains uncertain due to the resurgence of infection cases caused by variant strains, soaring raw material and energy prices, and heightened geopolitical risks, among others.

In the leasing industry, domestic lease transaction volume in fiscal 2021 decreased 8.1% year on year to ¥4,181.1 billion according to preliminary data released by the Japan Leasing Association.

In this environment, the Fuyo Lease Group worked on “Frontier Expansion 2021,” a medium-term management plan for the period of fiscal 2017 to fiscal 2021. In fiscal 2021, the final year of the medium-term management plan, the Company steadily implemented the business and management strategies outlined in the plan, aiming to be a corporate group that clears the way to new business fields and continually expands the frontiers of its business portfolio by fulfilling the corporate slogan of “Go where no one has gone before.”

As a result, newly executed contract volume in fiscal 2021 totaled ¥1,384,421 million, up 3.0% year on year. Consolidated operating assets (after subtracting the deferred profit on installment sales) as of March 31, 2022 totaled ¥2,565,939 million, up ¥10,081 million, or 0.4%, from the end of fiscal 2020 (March 31, 2021).

In terms of profits, net sales decreased 11.1% year on year to ¥657,847 million, operating profit increased 3.3% year on year to ¥46,034 million, ordinary profit increased 9.8% year on year to ¥52,723 million, and profit attributable to owners of parent increased 14.6% year on year to ¥33,886 million. Although net sales decreased due to the application of the “Accounting Standard for Revenue Recognition,” operating profit, ordinary profit and profit attributable to owners of parent exceeded those of the previous fiscal year, renewing records for the highest profits in a fiscal year.

If net sales is recognized based on conventional standards, it will be at ¥798,778 million, up 7.9%. For details, please refer to “3. Consolidated financial statements and significant notes thereto (5) Notes to the consolidated financial statements, Changes in accounting policies.”

(ii) Segment information

Consolidated results for each business segment for fiscal 2021 are as follows. Please note that net sales for each segment are “revenue 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 increased 2.4% year on year to ¥497,437 million and segment operating assets decreased 2.2% from the end of fiscal 2020 to ¥1,757,669 million. Segment net sales increased 9.3% year on year to ¥592,186 million and segment profit decreased 1.7% year on year to ¥32,751 million.

Financing

Newly executed contract volume in the Financing segment increased 4.8% year on year to ¥886,836 million, and segment operating assets increased 7.0% from the end of fiscal 2020 to ¥776,467 million. Segment net sales increased 7.5% year on year to ¥22,131 million, and segment profit increased 8.0% year on year to ¥16,523 million.

Other

Newly executed contract volume in the Other segment decreased 98.8% year on year to ¥147 million, and segment operating assets decreased 4.4% from the end of fiscal 2020 to ¥31,801 million. Segment net sales decreased 75.5% year on year to ¥43,529 million, and segment profit decreased 0.1% year on year to ¥8,779 million.

(2) Analysis of financial position for Fiscal 2021

As of the end of fiscal 2021, operating assets totaled ¥2,565,939 million, up 0.4% from the end of fiscal 2020. Total assets amounted to ¥2,949,704 million, down 1.0% from the end of fiscal 2020. At the end of fiscal 2021, indirect procurement increased 2.3% from the end of fiscal 2020 to ¥1,676,980 million, mainly due to an increase in long-term borrowings, and direct procurement decreased 13.0% from the end of fiscal 2020 to ¥689,243 million, mainly due to a decrease in commercial papers, despite an increase in bonds payable. As a result, the outstanding balance at the end of fiscal 2021 decreased 2.7% from the end of fiscal 2020 to ¥2,366,224 million. The direct procurement ratio was 29.1%, a decrease of 3.5 points from the end of fiscal 2020.

Total shareholders' equity rose 10.0% from the end of fiscal 2020 to ¥292,709 million due to an increase in retained earnings. Total net assets as of the end of fiscal 2021 totaled ¥374,239 million, up ¥29,442 million, or 8.5%, from the end of fiscal 2020.

(3) Analysis of cash flows for Fiscal 2021

Cash and cash equivalents at the end of fiscal 2021 totaled ¥71,957 million. The breakdown of cash flows is as follows.

Cash flows from operating activities

Operating activities in fiscal 2021 provided net cash of ¥88,974 million, compared with net cash used of ¥35,080 million in fiscal 2020. The main variable factors were an increase in loss on retirement of assets for lease and cost of property for lease sales, an increase in purchase of assets for lease, and net decrease in lease receivables and investments in leases.

Cash flows from investing activities

Investing activities in fiscal 2021 used net cash of ¥15,669 million, compared with net cash used of ¥5,970 million in fiscal 2020. The main variable factors were an increase in purchase of investment securities and an increase in purchase of shares of subsidiaries resulting in change in scope of consolidation.

Cash flows from financing activities

Financing activities in fiscal 2021 used net cash of ¥101,534 million, compared with net cash provided of ¥63,405 million in fiscal 2020. The main variable factors in indirect financing were a net decrease in short-term borrowings and a decrease in proceeds from long-term borrowings, while in direct financing there was a net decrease in commercial papers, among others.

(4) Outlook

With regard to the future economic outlook, although a gradual recovery is expected as economic and social activities move toward normalization, we anticipate that the situation will remain highly uncertain due to soaring raw material prices and heightened geopolitical risks, among others.

For the fiscal year ending March 31, 2023 (fiscal 2022), we forecast consolidated net sales of ¥700,000 million (up 6.4% year on year), operating profit of ¥51,500 million (up 11.9%), ordinary profit of ¥56,000 million (up 6.2%), and profit attributable to owners of parent of ¥36,000 million (up 6.2%).

2. Basic views on selection of accounting standards

Considering the comparability between consolidated financial statements over different accounting periods and of different companies, the Fuyo Lease Group prepares its consolidated financial statements in accordance with Japanese accounting standards.

Furthermore, regarding the adoption of International Financial Reporting Standards (IFRS), the Fuyo Lease Group intends to deal with the issue appropriately, taking into account various conditions in Japan and overseas.

3. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheets

(¥ millions)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	98,926	72,157
Installment receivables	84,545	66,877
Lease receivables and investments in leases	1,080,797	1,019,764
Operating loans	306,635	316,633
Accounts receivable - other loans to customers	117,660	114,443
Operational investment securities	283,209	323,021
Other operating assets	19,011	23,344
Accounts receivable - lease	29,604	24,807
Other	91,294	66,556
Allowance for doubtful accounts	(3,047)	(2,717)
Total current assets	2,108,637	2,024,888
Non-current assets		
Property, plant and equipment		
Assets for lease		
Assets for lease	632,299	671,643
Advances for purchase of assets for lease	8,140	15,111
Total assets for lease	640,440	686,754
Other operating assets	33,276	31,801
Construction in progress	—	4,673
Own-used assets	3,662	3,754
Total property, plant and equipment	677,379	726,984
Intangible assets		
Assets for lease	240	195
Other intangible assets		
Goodwill	20,718	21,234
Other	7,741	9,367
Total other intangible assets	28,459	30,602
Total intangible assets	28,699	30,797

(¥ millions)

	As of March 31, 2021	As of March 31, 2022
Investments and other assets		
Investment securities	112,838	120,259
Distressed receivables	558	539
Retirement benefit asset	64	88
Deferred tax assets	2,620	2,976
Other	47,450	42,554
Allowance for doubtful accounts	(287)	(331)
Total investments and other assets	163,244	166,087
Total non-current assets	869,323	923,869
Deferred assets		
Organization expenses	1	1
Business commencement expenses	1,322	944
Total deferred assets	1,323	945
Total assets	2,979,285	2,949,704

(¥ millions)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	33,027	35,441
Short-term borrowings	564,585	568,563
Current portion of bonds payable	30,000	30,000
Current portion of long-term borrowings	308,274	328,958
Commercial papers	470,200	371,000
Payables under securitization of lease receivables	30,100	29,400
Current portion of long-term payables under securitization of lease receivables	32,117	16,508
Lease obligations	14,977	10,827
Income taxes payable	9,974	8,145
Deferred profit on installment sales	1,046	810
Provision for bonuses	2,265	2,811
Provision for bonuses for directors (and other officers)	180	200
Provision for share awards for directors (and other officers)	49	205
Provision for future lease payments	3	3
Provision for loss on guarantees	39	31
Asset retirement obligations	90	1
Other	41,157	48,564
Total current liabilities	1,538,089	1,451,473
Non-current liabilities		
Bonds payable	191,072	227,137
Long-term borrowings	766,003	779,458
Long-term payables under securitization of lease receivables	38,640	15,197
Lease obligations	755	530
Deferred tax liabilities	20,772	17,122
Retirement benefit liability	1,302	2,974
Provision for retirement benefits for directors (and other officers)	129	160
Provision for share awards for directors (and other officers)	388	410
Provision for maintenance costs	570	476
Provision for loss on guarantees	554	440
Asset retirement obligations	2,568	3,825
Other	73,639	76,256
Total non-current liabilities	1,096,398	1,123,990
Total liabilities	2,634,488	2,575,464

(¥ millions)

	As of March 31, 2021	As of March 31, 2022
Net assets		
Shareholders' equity		
Share capital	10,532	10,532
Capital surplus	6,197	7,278
Retained earnings	251,320	277,361
Treasury shares	(1,912)	(2,463)
Total shareholders' equity	266,138	292,709
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	44,833	38,547
Deferred gains or losses on hedges	(2,656)	(3,932)
Foreign currency translation adjustment	(3,698)	5,509
Remeasurements of defined benefit plans	(50)	(0)
Total accumulated other comprehensive income	38,427	40,124
Share acquisition rights	704	650
Non-controlling interests	39,527	40,754
Total net assets	344,796	374,239
Total liabilities and net assets	2,979,285	2,949,704

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

Consolidated statements of income

(¥ millions)

	FY2020 (April 1, 2020 – March 31, 2021)	FY2021 (April 1, 2021 – March 31, 2022)
Net sales	740,263	657,847
Cost of sales	657,519	568,988
Gross profit	82,744	88,858
Selling, general and administrative expenses	38,188	42,824
Operating profit	44,555	46,034
Non-operating income		
Interest income	38	13
Dividend income	2,009	2,332
Gain on investments in investment partnerships	249	268
Share of profit of entities accounted for using equity method	1,684	3,293
Recoveries of written off receivables	96	1,743
Reversal of provision for loss on guarantees	187	121
Other	468	514
Total non-operating income	4,734	8,289
Non-operating expenses		
Interest expenses	677	775
Bond issuance costs	33	34
Foreign exchange losses	93	430
Loss on investments in investment partnerships	163	40
Distributions of profit or loss on silent partnerships	281	266
Other	43	52
Total non-operating expenses	1,292	1,600
Ordinary profit	47,996	52,723
Extraordinary income		
Gain on sale of investment securities	2	840
Gain on transition of retirement benefit plan	—	10
Subsidy income	727	—
Other	—	73
Total extraordinary income	730	924

(¥ millions)

	FY2020 (April 1, 2020 - March 31, 2021)	FY2021 (April 1, 2021 - March 31, 2022)
Extraordinary losses		
Loss on valuation of investment securities	1	357
Loss on step acquisitions	—	2
Impairment losses	1	642
Loss on disposal of non-current assets	35	40
Loss on tax purpose reduction entry of non-current assets	727	—
Loss on revision of retirement benefit plan	—	9
Total extraordinary losses	765	1,052
Profit before income taxes	47,960	52,595
Income taxes - current	15,216	17,052
Income taxes - deferred	(130)	(933)
Total income taxes	15,086	16,119
Profit	32,874	36,476
Profit attributable to non-controlling interests	3,307	2,589
Profit attributable to owners of parent	29,566	33,886

Consolidated statements of comprehensive income

(¥ millions)

	FY2020 (April 1, 2020 - March 31, 2021)	FY2021 (April 1, 2021 - March 31, 2022)
Profit	32,874	36,476
Other comprehensive income		
Valuation difference on available-for-sale securities	12,494	(6,297)
Deferred gains or losses on hedges	(1,829)	(742)
Foreign currency translation adjustment	(3,593)	7,910
Remeasurements of defined benefit plans, net of tax	124	26
Share of other comprehensive income of entities accounted for using equity method	1,023	808
Total other comprehensive income	8,218	1,705
Comprehensive income	41,092	38,181
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	37,740	35,583
Comprehensive income attributable to non-controlling interests	3,352	2,597

(3) Consolidated statements of changes in equity

FY2020 (From April 1, 2020 to March 31, 2021)

(¥ millions)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,532	8,873	228,285	(2,075)	245,615
Changes during period					
Dividends of surplus			(6,466)		(6,466)
Profit attributable to owners of parent			29,566		29,566
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares			(64)	163	98
Purchase of shares of consolidated subsidiaries		(2,676)			(2,676)
Change in ownership interest of parent due to transactions with non-controlling interests					—
Net changes in items other than shareholders' equity					
Total changes during period	—	(2,676)	23,035	163	20,522
Balance at end of period	10,532	6,197	251,320	(1,912)	266,138

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	31,650	(798)	(435)	(163)	30,253	764	35,186	311,819
Changes during period								
Dividends of surplus								(6,466)
Profit attributable to owners of parent								29,566
Purchase of treasury shares								(0)
Disposal of treasury shares								98
Purchase of shares of consolidated subsidiaries								(2,676)
Change in ownership interest of parent due to transactions with non-controlling interests								—
Net changes in items other than shareholders' equity	13,182	(1,857)	(3,263)	112	8,173	(60)	4,341	12,454
Total changes during period	13,182	(1,857)	(3,263)	112	8,173	(60)	4,341	32,977
Balance at end of period	44,833	(2,656)	(3,698)	(50)	38,427	704	39,527	344,796

FY2021 (From April 1, 2021 to March 31, 2022)

(¥ millions)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,532	6,197	251,320	(1,912)	266,138
Changes during period					
Dividends of surplus			(7,824)		(7,824)
Profit attributable to owners of parent			33,886		33,886
Purchase of treasury shares				(646)	(646)
Disposal of treasury shares			(20)	95	74
Purchase of shares of consolidated subsidiaries					—
Change in ownership interest of parent due to transactions with non-controlling interests		1,081			1,081
Net changes in items other than shareholders' equity					
Total changes during period	—	1,081	26,041	(551)	26,571
Balance at end of period	10,532	7,278	277,361	(2,463)	292,709

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	44,833	(2,656)	(3,698)	(50)	38,427	704	39,527	344,796
Changes during period								
Dividends of surplus								(7,824)
Profit attributable to owners of parent								33,886
Purchase of treasury shares								(646)
Disposal of treasury shares								74
Purchase of shares of consolidated subsidiaries								—
Change in ownership interest of parent due to transactions with non-controlling interests								1,081
Net changes in items other than shareholders' equity	(6,285)	(1,276)	9,208	50	1,697	(53)	1,227	2,871
Total changes during period	(6,285)	(1,276)	9,208	50	1,697	(53)	1,227	29,442
Balance at end of period	38,547	(3,932)	5,509	(0)	40,124	650	40,754	374,239

(4) Consolidated statements of cash flows

(¥ millions)

	FY2020 (April 1, 2020 - March 31, 2021)	FY2021 (April 1, 2021 - March 31, 2022)
Cash flows from operating activities		
Profit before income taxes	47,960	52,595
Depreciation of assets for lease	41,128	46,175
Loss on retirement of assets for lease and cost of property for lease sales	26,442	152,268
Depreciation of other operating assets	2,623	2,522
Depreciation	2,398	2,336
Amortization of goodwill	1,326	1,405
Impairment losses	1	642
Increase (decrease) in allowance for doubtful accounts	(128)	(406)
Increase (decrease) in provision for bonuses and bonuses for directors (and other officers)	(24)	8
Increase (decrease) in provision for future lease payments	0	0
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(2)	5
Increase (decrease) in provision for share awards for directors (and other officers)	125	177
Increase (decrease) in provision for maintenance costs	(6)	(94)
Increase (decrease) in provision for loss on guarantees	(187)	(121)
Increase (decrease) in retirement benefit liability	(750)	46
Loss (gain) on valuation of short-term and long-term investment securities	1	357
Interest and dividend income	(2,047)	(2,345)
Capital costs and interest expenses	10,432	10,155
Loss (gain) on investments in investment partnerships and silent partnerships	(85)	(228)
Share of loss (profit) of entities accounted for using equity method	(1,684)	(3,293)
Loss (gain) on sale of short-term and long-term investment securities	(2)	(840)
Loss (gain) on disposal of non-current assets	35	40
Subsidy income	(727)	—
Loss on tax purpose reduction entry of non-current assets	727	—
Decrease (increase) in installment receivables	19,027	17,555
Net decrease (increase) in lease receivables and investments in leases	69,314	90,527
Decrease (increase) in accounts receivable - lease	(1,747)	7,307

(¥ millions)

	FY2020 (April 1, 2020 - March 31, 2021)	FY2021 (April 1, 2021 - March 31, 2022)
Decrease (increase) in operating loans	(3,007)	(3,678)
Decrease (increase) in accounts receivable - other loans to customers	(7,436)	3,449
Decrease (increase) in investment securities for sale	(48,372)	(39,812)
Purchase of assets for lease	(145,886)	(220,598)
Purchase of other operating assets	(317)	(4,821)
Decrease (increase) in retirement benefit asset	3	(23)
Decrease (increase) in distressed receivables	43	18
Decrease (increase) in guarantee deposits	(198)	4,302
Increase (decrease) in trade payables	(15,551)	1,265
Increase (decrease) in lease obligations	(8,225)	(3,873)
Increase (decrease) in guarantee deposits received	4,018	3,420
Other, net	(7,996)	(1,315)
Subtotal	(18,776)	115,128
Interest and dividends received	2,332	2,706
Interest paid	(10,086)	(10,209)
Income taxes refund (paid)	(9,277)	(18,650)
Subsidies received	727	-
Net cash provided by (used in) operating activities	(35,080)	88,974
Cash flows from investing activities		
Purchase of own-used assets	(4,177)	(2,179)
Purchase of investment securities	(2,222)	(12,163)
Proceeds from sale and redemption of investment securities	194	1,543
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(3,589)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	302	-
Other, net	(67)	718
Net cash provided by (used in) investing activities	(5,970)	(15,669)

(¥ millions)

	FY2020 (April 1, 2020 - March 31, 2021)	FY2021 (April 1, 2021 - March 31, 2022)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	35,384	(1,850)
Repayments of short-term borrowings	(54,272)	—
Net increase (decrease) in commercial papers	19,500	(99,200)
Proceeds from long-term borrowings	390,069	353,067
Repayments of long-term borrowings	(342,902)	(336,531)
Net increase (decrease) in payables under securitization of lease receivables	1,200	(700)
Proceeds from securitization of lease receivables	20,672	42
Repayments of payables under securitization of lease receivables	(46,180)	(42,054)
Proceeds from issuance of bonds	70,405	64,530
Redemption of bonds	(20,000)	(30,000)
Purchase of treasury shares	(0)	(646)
Proceeds from disposal of treasury shares	98	74
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(3,440)	—
Dividends paid	(6,466)	(7,824)
Dividends paid to non-controlling interests	(366)	(288)
Other, net	(296)	(154)
Net cash provided by (used in) financing activities	63,405	(101,534)
Effect of exchange rate change on cash and cash equivalents	(484)	1,433
Net increase (decrease) in cash and cash equivalents	21,869	(26,796)
Cash and cash equivalents at beginning of period	77,416	98,753
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	(532)	—
Cash and cash equivalents at end of period	98,753	71,957

(5) Notes to the consolidated financial statements

Note on the going-concern assumption

Not applicable

Changes in accounting policies

(Application of "Accounting Standard for Revenue Recognition")

The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), hereinafter, Revenue Recognition Accounting Standard, has been applied from the beginning of fiscal 2021 and when control of a promised goods or services is transferred to the customer, we have recognized revenue in the amount expected to be received in exchange for the goods or services. As a result, for some transactions, the total amount of consideration received from customers was previously recognized as revenue, but for transactions in which the Group's role in providing goods or services to customers is as an agent, revenue is recognized as a net amount obtained by deducting the amount paid to the supplier from the amount received from the customer.

The application of the Revenue Recognition Accounting Standard follows the transitional treatment stipulated in the proviso to Section 84 of the Revenue Recognition Accounting Standard, and the cumulative effect of retroactively applying the new accounting policy prior to the beginning of fiscal 2021, was adjusted from retained earnings at the beginning of fiscal 2021, and thus the new accounting policy is applied from such beginning balance.

As a result, net sales and cost of sales for the fiscal year ended March 31, 2022 each decreased by ¥140,931 million. Additionally, there is no effect on the beginning balance of retained earnings.

(Application of "Accounting Standard for Fair Value Measurement")

The "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019, hereinafter referred to as "Fair Value Measurement Accounting Standard") has been applied from the beginning of fiscal 2021 and in accordance with the transitional treatment stipulated in Section 19 of "Fair Value Measurement Accounting Standard" and Section 44-2 of "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), we have decided to apply the new accounting policy stipulated by the "Fair Value Measurement Accounting Standard" prospectively. As a result, for available-for-sale securities whose market value is used as the balance sheet amount, the Company previously used the value calculated based on the average market price during one month before the consolidated balance sheet date, but has changed to using the market price on the consolidated balance sheet date.

Segment information

1. Overview of reportable segments

The Fuyo Lease Group's reportable segments are components of the Fuyo Lease Group for which separate financial information is available. These segments are subject to periodic examinations undertaken to enable the Board of Directors of the Fuyo Lease Group to make decisions on allocating resources and to evaluate performance.

The Fuyo Lease Group is primarily engaged in leasing and installment sales, and its operations are divided into three reportable segments based on the major types of transactions handled, namely the Lease and Installment Sales segment, the Financing segment, and the Other segment.

The Lease and Installment Sales segment conducts leasing of IT and office equipment, industrial machinery, and other assets (includes the sale of off-lease assets upon lease expiration or termination) and leasing of real estate, and sells commercial/service equipment, production facilities, medical devices, and other assets on an installment basis. The Financing segment is mainly engaged in commercial lending, investment in marketable securities for financial income and forming *tokumei-kumiai* (silent partnership) arrangements. The Other segment primarily engages in environmental-related businesses, fee handling, and BPO and mobility business, etc.

2. Calculation of net sales, profit/loss, assets, liabilities, and other items by reportable segment
 Methods of accounting for reportable business segments are the same as those disclosed in “Basis of preparing consolidated financial statements.” Profit of reportable business segments is based on operating profit. Intersegment revenue and transfers are based on prevailing market prices.

3. Disclosure of sales, profit (loss), asset, liability, and other items for each reportable segment
 FY2020 (From April 1, 2020 to March 31, 2021)

(¥ millions)

	Lease and Installment Sales	Financing	Other	Total
Sales				
Revenues from external customers	541,718	20,588	177,956	740,263
Transactions with other segments	1,282	3,454	1,995	6,732
Net sales	543,000	24,043	179,951	746,996
Segment profit	33,303	15,303	8,786	57,392
Segment assets	1,849,658	932,383	120,917	2,902,959
Other items				
Depreciation	41,128	—	3,114	44,243
Amortization of goodwill	49	324	952	1,326
Investments in entities accounted for using equity method	—	—	—	—
Increase in property, plant and equipment and intangible assets	144,656	—	317	144,974

FY2021 (From April 1, 2021 to March 31, 2022)

(¥ millions)

	Lease and Installment Sales	Financing	Other	Total
Sales				
Revenues from external customers	592,186	22,131	43,529	657,847
Transactions with other segments	1,230	3,488	2,127	6,847
Net sales	593,416	25,620	45,657	664,694
Segment profit	32,751	16,523	8,779	58,053
Segment assets	1,764,861	967,301	126,186	2,858,349
Other items				
Depreciation	46,175	—	3,069	49,244
Amortization of goodwill	70	324	1,010	1,405
Investments in entities accounted for using equity method	—	—	—	—
Increase in property, plant and equipment and intangible assets	220,598	—	4,821	225,419

4. Description of nature of differences between amounts of reportable segments total and consolidated financial statements

Net sales (¥ millions)	FY2020 (April 1, 2020 - March 31, 2021)	FY2021 (April 1, 2021 - March 31, 2022)
Reportable segments total	746,996	664,694
Eliminations	(6,732)	(6,847)
Net sales reported on the consolidated statements of income	740,263	657,847

Profit (¥ millions)	FY2020 (April 1, 2020 - March 31, 2021)	FY2021 (April 1, 2021 - March 31, 2022)
Reportable segments total	57,392	58,053
Eliminations	(3,206)	(699)
Corporate expenses (Note)	(9,630)	(11,319)
Operating profit reported on the consolidated statements of income	44,555	46,034

Note:

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

Assets (¥ millions)	As of March 31, 2021	As of March 31, 2022
Reportable segments total	2,902,959	2,858,349
Corporate assets (Note)	76,325	91,354
Total assets reported on the consolidated balance sheets	2,979,285	2,949,704

Note:

Corporate assets include surplus funds (cash and deposits, etc.), long-term investment funds (investment in securities) and assets related to administrative divisions that are not attributable to any reportable segment.

Other items (¥ millions)	Reportable segments total		Adjustment		Amounts reported on the consolidated financial statements	
	FY2020	FY2021	FY2020	FY2021	FY2020	FY2021
Depreciation	44,243	49,244	1,907	1,789	46,150	51,034
Amortization of goodwill	1,326	1,405	—	—	1,326	1,405
Investments in entities accounted for using equity method	—	—	28,942	42,075	28,942	42,075
Increase in property, plant and equipment and intangible assets	144,974	225,419	4,177	2,179	149,152	227,599

Notes:

1. Depreciation adjustments mainly represent depreciation on own-used assets.
2. Adjustments for investments in entities accounted for using equity method mainly represent the amount of funds invested in entities accounted for using equity method.
3. Adjustments on increase in property, plant and equipment and intangible assets mainly represent capital investment in own-used assets.

Per share information

	FY2020 (April 1, 2020 – March 31, 2021)	FY2021 (April 1, 2021 – March 31, 2022)
Net assets per share	¥10,153.22	¥11,121.96
Basic earnings per share	¥986.18	¥1,130.52
Diluted earnings per share	¥979.39	¥1,123.38

Notes:

1. Treasury shares, which is deducted when calculating the number of common shares as of the fiscal year-end, used in the computation of the net assets per share, includes the Company's shares owned by the Board Benefit Trust (BBT). The number of treasury shares owned by the Board Benefit Trust (BBT) as of the fiscal year-end is 96,700 shares for the fiscal year ended March 31, 2021 and 177,100 shares for the fiscal year ended March 31, 2022.
2. Treasury shares, which is deducted when calculating the average number of shares during the period, used in the computation of the basic earnings per share, includes the Company's shares owned by the Board Benefit Trust (BBT). The average number of treasury shares owned by the Board Benefit Trust (BBT) during the period is 97,065 shares for the fiscal year ended March 31, 2021 and 121,150 shares for the fiscal year ended March 31, 2022.
3. Calculation basis of net assets per share is as follows.

	As of March 31, 2021	As of March 31, 2022
Total net assets (¥ millions)	344,796	374,239
Amounts excluded from total net assets (¥ millions)	40,231	41,405
Of which, share acquisition rights	704	650
Of which, non-controlling interests	39,527	40,754
Net assets attributable to common shares (¥ millions)	304,565	332,834
Number of common shares as of the fiscal year-end used in the calculation of net assets per share (thousands shares)	29,996	29,925

4. Calculation basis of basic earnings per share and diluted earnings per share is as follows.

	FY2020 (April 1, 2020 - March 31, 2021)	FY2021 (April 1, 2021 - March 31, 2022)
Basic earnings per share		
Profit attributable to owners of parent (¥ million)	29,566	33,886
Amount not attributable to common shareholders (¥ million)	—	—
Profit attributable to owners of parent attributable to common shares (¥ million)	29,566	33,886
Average number of shares during the period (thousands shares)	29,981	29,974
Diluted earnings per share		
Adjustments to profit attributable to owners of parent (¥ millions)	—	—
Increase in the number of common shares (thousands shares)	207	190
Residual securities that are not dilutive and not included in the calculation of diluted earnings per share	—————	—————

Subsequent events

(Transactions under common control etc.)

Additional acquisition of subsidiary shares

1. Overview of transaction

(1) Name and business description of entity involved in business combination

Name of the entity: Kabushiki Kaisha GI Holdings

Business description: Acquisition, holding and disposal of shares, investments and other equity and bonds of stock companies and other corporations, purchase and sale of trust beneficiary rights, purchase of monetary claims, real estate investment, securities investment, asset management business, solutions business, and other businesses

(2) Date of the business combination

April 1, 2022

(3) Legal form of the business combination

Acquisition of shares from a non-controlling shareholder

(4) Name of the entity after the business combination

No change

(5) Other matters related to overview of transaction

The Company additionally acquired all shares held by the non-controlling shareholder. As a result of this additional acquisition of shares, the entity and its subsidiary INVOICE INC. became wholly owned subsidiaries of the Company.

2. Overview of accounting treatment to be implemented

In accordance with the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, January 16, 2019) and the “Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures,” (ASBJ Guidance No.10, January 16, 2019) the Company treated the transaction as a transaction with a non-controlling shareholder among transactions under common control, etc.

3. Matters concerning the additional acquisition of shares of a subsidiary

Acquisition price	Cash and deposits	¥6,869 million
Acquisition cost		¥6,869 million

4. Matters concerning a change in initial equity related to transactions with non-controlling shareholders

(1) Main reasons for the change in capital surplus

Additional acquisition of subsidiary shares

(2) Amount of capital surplus reduced by transactions with non-controlling shareholders

¥5,376 million

Corporate bond issuance

The Company issued straight bonds as follows:

(1) Issue name Fuyo General Lease Co., Ltd., No. 33 unsecured straight bond

(2) Issuance amount ¥30,000 million

(3) Issuance date April 28, 2022

(4) Issue price ¥100 per ¥100 of face value

(5) Coupon rate 0.400% per year

(6) Redemption date April 28, 2027

(7) Use of proceeds To fund capital investments

4. Newly executed contracts, operating assets

(1) Executed contracts volume

Segment by Business		FY2020 (April 1, 2020 - March 31, 2021)		FY2021 (April 1, 2021 - March 31, 2022)		Net Change	
		Executed contracts volume (¥ millions)	Composition (%)	Executed contracts volume (¥ millions)	Composition (%)	Amount (¥ millions)	Pct. (%)
Lease and installment sales	Finance leases	308,047	22.9	259,401	18.7	(48,646)	(15.8)
	Operating leases	145,541	10.8	214,725	15.5	69,184	47.5
	Total leases	453,588	33.7	474,126	34.2	20,538	4.5
	Installment sales	31,966	2.4	23,310	1.7	(8,655)	(27.1)
	Lease and installment sales total	485,554	36.1	497,437	35.9	11,882	2.4
Financing		846,341	63.0	886,836	64.1	40,495	4.8
Other		11,986	0.9	147	0.0	(11,838)	(98.8)
Total		1,343,882	100.0	1,384,421	100.0	40,539	3.0

Notes:

- Operating leases are recorded at the acquisition costs of lease assets. The executed volume of re-lease transactions is not included.
- The figures for the lease segment are the purchase prices of lease assets acquired during each respective fiscal year. 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, 2021		As of March 31, 2022		Net Change	
		Balance (¥ millions)	Composition (%)	Balance (¥ millions)	Composition (%)	Amount (¥ millions)	Pct. (%)
Lease and installment sales	Finance leases	1,080,797	42.3	1,019,764	39.7	(61,033)	(5.6)
	Operating leases	632,539	24.7	671,838	26.2	39,298	6.2
	Total leases	1,713,337	67.0	1,691,602	65.9	(21,734)	(1.3)
	Installment sales	83,499	3.3	66,067	2.6	(17,431)	(20.9)
	Lease and installment sales total	1,796,836	70.3	1,757,669	68.5	(39,166)	(2.2)
Financing		725,745	28.4	776,467	30.3	50,722	7.0
Other		33,276	1.3	31,801	1.2	(1,474)	(4.4)
Total		2,555,857	100.0	2,565,939	100.0	10,081	0.4

Note:

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