



Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (Under Japanese GAAP)

May 10, 2023

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, 2023

Scheduled date to commence dividend payments : June 26, 2023

Scheduled date to file annual securities report : June 27, 2023

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 2022 (April 1, 2022 - March 31, 2023)

(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)	%
FY2022	688,655	4.7	51,561	12.0	59,699	13.2	38,939	14.9
FY2021	657,847	(11.1)	46,034	3.3	52,723	9.8	33,886	14.6

Note: Comprehensive income FY2022 ¥ 50,314 million 31.8 % FY2021 ¥ 38,181 million (7.1) %

* "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
	(¥)	(¥)	%	%	%
FY2022	1,299.27	1,292.42	11.1	2.0	7.5
FY2021	1,130.52	1,123.38	10.6	1.8	7.0

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

FY2022 ¥ 6,028 million FY2021 ¥ 3,293 million

(2) Consolidated financial position

As of	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	(¥ millions)	(¥ millions)	%	(¥)
March 31, 2023	3,149,740	409,437	11.6	12,227.88
March 31, 2022	2,949,704	374,239	11.3	11,121.96

Reference: Shareholders' Equity

As of March 31, 2023 ¥ 366,642 million As of March 31, 2022 ¥ 332,834 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)
FY2022	(24,149)	(12,393)	84,042	121,192
FY2021	88,974	(15,669)	(101,534)	71,957

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)	%	%
FY2021	—	130.00	—	155.00	285.00	8,578	25.2	2.7
FY2022	—	158.00	—	185.00	343.00	10,334	26.4	2.9
FY2023 (Forecast)	—	195.00	—	195.00	390.00		27.2	

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

*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: Yes

(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, 2023 30,287,810 shares As of March 31, 2022 30,287,810 shares

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

As of March 31, 2023 303,657 shares As of March 31, 2022 361,957 shares

(iii) Average number of shares during the period

Fiscal year ended March 31, 2023 29,970,512 shares

Fiscal year ended March 31, 2022 29,974,385 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, 2023 and 149,800 shares as of March 31, 2022. 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) 151,368 shares for the fiscal year ended March 31, 2023, and 121,150 shares for the fiscal year ended March 31, 2022.

***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 2022

(i) Summary of Fiscal 2022

During the fiscal year ended March 31, 2023 (fiscal 2022), the Japanese economy showed a moderate recovery tone mainly due to the easing of the activity restrictions put in place by the novel coronavirus disease (COVID-19). However, the situation continues to be uncertain on account of rises in the cost of goods, such as soaring resource prices, together with concerns of economic slowdowns overseas, as indicated by global fiscal tightening, among other factors.

In this environment, the Fuyo Lease Group launched its five-year (FY2022-FY2026) medium-term management plan "Fuyo Shared Value 2026" in April 2022. In fiscal 2022, the first year of the plan, we made it our aim to become a corporate group that strongly pursues sustainable growth in drastically changing external environments by practicing CSV (Creating Shared Value) to create value shared between society and the company through business activities resolve social issues while at the same time enhancing corporate value, and we steadily implemented the business strategies and management strategies outlined in the plan.

As a result, newly executed contract volume in fiscal 2022 totaled ¥1,530,830 million, up 10.6% year on year. Consolidated operating assets (after subtracting the deferred profit on installment sales) as of March 31, 2023 totaled ¥2,704,526 million, up ¥138,587 million, or 5.4%, from the end of fiscal 2021 (March 31, 2022).

In terms of profits, net sales increased 4.7% year on year to ¥688,655 million, operating profit increased 12.0% year on year to ¥51,561 million, ordinary profit increased 13.2% year on year to ¥59,699 million, and profit attributable to owners of parent increased 14.9% year on year to ¥38,939 million. We achieved year-on-year increases in net sales, operating profit, ordinary profit and profit attributable to owners of parent, setting new records for the highest profit ever achieved for each profit item.

For ordinary profit in particular, which is set as a management target in the medium-term management plan, this was the sixth consecutive fiscal year that the record-high amount was updated.

(ii) Segment information

Consolidated results for each business segment for fiscal 2022 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 decreased 3.0% year on year to ¥482,549 million and segment operating assets decreased 1.0% from the end of fiscal 2021 to ¥1,740,951 million. Segment net sales increased 3.3% year on year to ¥611,863 million and segment profit increased 12.0% year on year to ¥36,679 million.

Financing

Newly executed contract volume in the Financing segment increased 18.2% year on year to ¥1,048,095 million, and segment operating assets increased 20.3% from the end of fiscal 2021 to ¥934,167 million. Segment net sales increased 18.4% year on year to ¥26,208 million, and segment profit increased 12.6% year on year to ¥18,605 million.

Other

Newly executed contract volume in the Other segment increased 25.2% year on year to ¥185 million, and segment operating assets decreased 7.5% from the end of fiscal 2021 to ¥29,407 million. Segment net sales increased 16.2% year on year to ¥50,583 million, and segment profit increased 15.1% year on year to ¥10,106 million.

(2) Analysis of financial position for Fiscal 2022

As of the end of fiscal 2022, operating assets totaled ¥2,704,526 million, up 5.4% from the end of fiscal 2021. Total assets amounted to ¥3,149,740 million, up 6.8% from the end of fiscal 2021. At the end of fiscal 2022, indirect procurement increased 7.8% from the end of fiscal 2021 to ¥1,807,955 million, mainly due to an increase in long-term borrowings, and direct procurement increased 2.4% from the end of fiscal 2021 to ¥705,951 million, mainly due to the issuance of bonds payable. As a result, the outstanding balance at the end of fiscal 2022 increased 6.2% from the end of fiscal 2021 to ¥2,513,906 million. The direct procurement ratio was 28.1%, a decrease of 1.0 points from the end of fiscal 2021.

Total shareholders' equity rose 8.3% from the end of fiscal 2021 to ¥317,149 million due to an increase in retained earnings. Total net assets as of the end of fiscal 2022 totaled ¥409,437 million, up ¥35,197 million, or 9.4%, from the end of fiscal 2021.

(3) Analysis of cash flows for Fiscal 2022

Cash and cash equivalents at the end of fiscal 2022 totaled ¥121,192 million. The breakdown of cash flows is as follows.

Cash flows from operating activities

Operating activities in fiscal 2022 used net cash of ¥24,149 million, compared with net cash provided of ¥88,974 million in fiscal 2021. The main variable factors were an increase in operational investment securities, a decrease in loss on retirement of assets for lease and cost of property for lease sales, and net decrease in lease receivables and investments in leases.

Cash flows from investing activities

Investing activities in fiscal 2022 used net cash of ¥12,393 million, compared with net cash used of ¥15,669 million in fiscal 2021. The main variable factors were a decrease in purchase of investment securities and a decrease in purchase of shares of subsidiaries resulting in change in scope of consolidation.

Cash flows from financing activities

Financing activities in fiscal 2022 provided net cash of ¥84,042 million, compared with net cash used of ¥101,534 million in fiscal 2021. The main variable factors in indirect financing was an increase in proceeds from long-term borrowings, while in direct financing there was an increase in proceeds from issuance of bonds.

(4) Outlook

Concerning the economic outlook going forward, although we are expecting the moderate tone of recovery to proceed as economic and social activities normalize, we also anticipate the continuation of prevailing uncertainties such as rising geopolitical risk and instability of financial systems in Europe and North America.

For the fiscal year ending March 31, 2024 (fiscal 2023), we forecast consolidated net sales of ¥700,000 million (up 1.6% year on year), operating profit of ¥57,000 million (up 10.5%), ordinary profit of ¥64,000 million (up 7.2%), and profit attributable to owners of parent of ¥43,000 million (up 10.4%).

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, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	72,157	121,227
Installment receivables	66,877	53,491
Lease receivables and investments in leases	1,019,764	890,802
Operating loans	316,633	328,697
Accounts receivable - other loans to customers	114,443	118,529
Operational investment securities	323,021	454,966
Other operating assets	23,344	33,210
Accounts receivable - lease	24,807	26,172
Other	66,556	72,698
Allowance for doubtful accounts	(2,717)	(2,672)
Total current assets	2,024,888	2,097,123
Non-current assets		
Property, plant and equipment		
Assets for lease		
Assets for lease	671,643	797,218
Advances for purchase of assets for lease	15,111	839
Total assets for lease	686,754	798,057
Other operating assets	31,801	29,407
Construction in progress	4,673	10,732
Own-used assets	3,754	3,872
Total property, plant and equipment	726,984	842,070
Intangible assets		
Assets for lease	195	138
Other intangible assets		
Goodwill	21,234	27,986
Other	9,367	11,116
Total other intangible assets	30,602	39,102
Total intangible assets	30,797	39,241

(¥ millions)

	As of March 31, 2022	As of March 31, 2023
Investments and other assets		
Investment securities	120,259	125,286
Distressed receivables	539	439
Retirement benefit asset	88	523
Deferred tax assets	2,976	2,897
Other	42,554	41,740
Allowance for doubtful accounts	(331)	(231)
Total investments and other assets	166,087	170,656
Total non-current assets	923,869	1,051,968
Deferred assets		
Organization expenses	1	4
Business commencement expenses	944	645
Total deferred assets	945	649
Total assets	2,949,704	3,149,740

(¥ millions)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	35,441	33,916
Short-term borrowings	568,563	584,811
Current portion of bonds payable	30,000	45,000
Current portion of long-term borrowings	328,958	393,529
Commercial papers	371,000	306,000
Payables under securitization of lease receivables	29,400	24,200
Current portion of long-term payables under securitization of lease receivables	16,508	5,628
Lease liabilities	10,827	7,500
Income taxes payable	8,145	7,359
Deferred profit on installment sales	810	699
Provision for bonuses	2,811	3,002
Provision for bonuses for directors (and other officers)	200	210
Provision for share awards for directors (and other officers)	205	21
Provision for future lease payments	3	4
Provision for loss on guarantees	31	24
Asset retirement obligations	1	—
Other	48,564	67,122
Total current liabilities	1,451,473	1,479,030
Non-current liabilities		
Bonds payable	227,137	316,397
Long-term borrowings	779,458	829,614
Long-term payables under securitization of lease receivables	15,197	8,725
Lease liabilities	530	272
Deferred tax liabilities	17,122	18,430
Retirement benefit liability	2,974	3,122
Provision for retirement benefits for directors (and other officers)	160	378
Provision for share awards for directors (and other officers)	410	606
Provision for maintenance costs	476	314
Provision for loss on guarantees	440	365
Asset retirement obligations	3,825	4,147
Other	76,256	78,898
Total non-current liabilities	1,123,990	1,261,272
Total liabilities	2,575,464	2,740,303

(¥ millions)

	As of March 31, 2022	As of March 31, 2023
Net assets		
Shareholders' equity		
Share capital	10,532	10,532
Capital surplus	7,278	1,902
Retained earnings	277,361	306,782
Treasury shares	(2,463)	(2,067)
Total shareholders' equity	292,709	317,149
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	38,547	36,000
Deferred gains or losses on hedges	(3,932)	(4,608)
Foreign currency translation adjustment	5,509	17,936
Remeasurements of defined benefit plans	(0)	163
Total accumulated other comprehensive income	40,124	49,492
Share acquisition rights	650	541
Non-controlling interests	40,754	42,253
Total net assets	374,239	409,437
Total liabilities and net assets	2,949,704	3,149,740

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

Consolidated statements of income

(¥ millions)

	FY2021 (April 1, 2021 - March 31, 2022)	FY2022 (April 1, 2022 - March 31, 2023)
Net sales	657,847	688,655
Cost of sales	568,988	591,338
Gross profit	88,858	97,316
Selling, general and administrative expenses	42,824	45,755
Operating profit	46,034	51,561
Non-operating income		
Interest income	13	78
Dividend income	2,332	2,357
Foreign exchange gains	—	437
Gain on investments in investment partnerships	268	252
Share of profit of entities accounted for using equity method	3,293	6,028
Recoveries of written off receivables	1,743	95
Reversal of provision for loss on guarantees	121	81
Other	514	575
Total non-operating income	8,289	9,906
Non-operating expenses		
Interest expenses	775	1,017
Bond issuance costs	34	78
Foreign exchange losses	430	—
Loss on investments in investment partnerships	40	100
Distributions of profit or loss on silent partnerships	266	458
Other	52	114
Total non-operating expenses	1,600	1,768
Ordinary profit	52,723	59,699
Extraordinary income		
Gain on sale of investment securities	840	64
Gain on transition of retirement benefit plan	10	—
Other	73	—
Total extraordinary income	924	64

(¥ millions)

	FY2021 (April 1, 2021 - March 31, 2022)	FY2022 (April 1, 2022 - March 31, 2023)
Extraordinary losses		
Loss on valuation of investment securities	357	256
Loss on step acquisitions	2	85
Loss on liquidation of subsidiaries and associates	—	1,349
Impairment losses	642	0
Loss on disposal of non-current assets	40	41
Loss on revision of retirement benefit plan	9	—
Total extraordinary losses	1,052	1,734
Profit before income taxes	52,595	58,029
Income taxes - current	17,052	16,658
Income taxes - deferred	(933)	494
Total income taxes	16,119	17,152
Profit	36,476	40,876
Profit attributable to non-controlling interests	2,589	1,936
Profit attributable to owners of parent	33,886	38,939

Consolidated statements of comprehensive income

(¥ millions)

	FY2021 (April 1, 2021 - March 31, 2022)	FY2022 (April 1, 2022 - March 31, 2023)
Profit	36,476	40,876
Other comprehensive income		
Valuation difference on available-for-sale securities	(6,297)	(2,529)
Deferred gains or losses on hedges	(742)	(687)
Foreign currency translation adjustment	7,910	12,464
Remeasurements of defined benefit plans, net of tax	26	163
Share of other comprehensive income of entities accounted for using equity method	808	26
Total other comprehensive income	1,705	9,437
Comprehensive income	38,181	50,314
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	35,583	48,307
Comprehensive income attributable to non-controlling interests	2,597	2,006

(3) Consolidated statements of changes in equity

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

FY2022 (From April 1, 2022 to March 31, 2023)

(¥ millions)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,532	7,278	277,361	(2,463)	292,709
Changes during period					
Dividends of surplus			(9,425)		(9,425)
Profit attributable to owners of parent			38,939		38,939
Purchase of treasury shares					—
Disposal of treasury shares			(93)	396	302
Purchase of shares of consolidated subsidiaries		(5,376)			(5,376)
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	—	(5,376)	29,420	396	24,440
Balance at end of period	10,532	1,902	306,782	(2,067)	317,149

	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	38,547	(3,932)	5,509	(0)	40,124	650	40,754	374,239
Changes during period								
Dividends of surplus								(9,425)
Profit attributable to owners of parent								38,939
Purchase of treasury shares								—
Disposal of treasury shares								302
Purchase of shares of consolidated subsidiaries								(5,376)
Change in ownership interest of parent due to transactions with non-controlling interests								—
Net changes in items other than shareholders' equity	(2,546)	(675)	12,426	163	9,368	(108)	1,498	10,757
Total changes during period	(2,546)	(675)	12,426	163	9,368	(108)	1,498	35,197
Balance at end of period	36,000	(4,608)	17,936	163	49,492	541	42,253	409,437

(4) Consolidated statements of cash flows

(¥ millions)

	FY2021 (April 1, 2021 - March 31, 2022)	FY2022 (April 1, 2022 - March 31, 2023)
Cash flows from operating activities		
Profit before income taxes	52,595	58,029
Depreciation of assets for lease	46,175	40,595
Loss on retirement of assets for lease and cost of property for lease sales	152,268	90,840
Depreciation of other operating assets	2,522	2,559
Depreciation	2,336	2,739
Amortization of goodwill	1,405	1,619
Impairment losses	642	0
Increase (decrease) in allowance for doubtful accounts	(406)	(601)
Increase (decrease) in provision for bonuses and bonuses for directors (and other officers)	8	167
Increase (decrease) in provision for future lease payments	0	0
Increase (decrease) in provision for retirement benefits for directors (and other officers)	5	207
Increase (decrease) in provision for share awards for directors (and other officers)	177	12
Increase (decrease) in provision for maintenance costs	(94)	(162)
Increase (decrease) in provision for loss on guarantees	(121)	(81)
Increase (decrease) in retirement benefit liability	46	405
Loss (gain) on valuation of short-term and long-term investment securities	357	256
Interest and dividend income	(2,345)	(2,435)
Capital costs and interest expenses	10,155	11,965
Loss (gain) on investments in investment partnerships and silent partnerships	(228)	(152)
Share of loss (profit) of entities accounted for using equity method	(3,293)	(6,028)
Loss (gain) on sale of short-term and long-term investment securities	(840)	(64)
Loss on liquidation of subsidiaries and associates	—	1,349
Loss (gain) on disposal of non-current assets	40	41
Decrease (increase) in installment receivables	17,555	13,291
Net decrease (increase) in lease receivables and investments in leases	90,527	136,887
Decrease (increase) in accounts receivable - lease	7,307	1,892

(¥ millions)

	FY2021 (April 1, 2021 - March 31, 2022)	FY2022 (April 1, 2022 - March 31, 2023)
Decrease (increase) in operating loans	(3,678)	(6,633)
Decrease (increase) in accounts receivable - other loans to customers	3,449	(4,030)
Decrease (increase) in investment securities for sale	(39,812)	(131,708)
Purchase of assets for lease	(220,598)	(216,032)
Purchase of other operating assets	(4,821)	(6,244)
Decrease (increase) in retirement benefit asset	(23)	(434)
Decrease (increase) in distressed receivables	18	100
Decrease (increase) in guarantee deposits	4,302	(1,223)
Increase (decrease) in trade payables	1,265	(1,770)
Increase (decrease) in lease obligations	(3,873)	(3,194)
Increase (decrease) in guarantee deposits received	3,420	2,021
Other, net	(1,315)	16,507
Subtotal	115,128	695
Interest and dividends received	2,706	3,510
Interest paid	(10,209)	(11,382)
Income taxes refund (paid)	(18,650)	(16,972)
Net cash provided by (used in) operating activities	88,974	(24,149)
Cash flows from investing activities		
Purchase of own-used assets	(2,179)	(2,676)
Purchase of investment securities	(12,163)	(9,177)
Proceeds from sale and redemption of investment securities	1,543	1,309
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(3,589)	(2,397)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	348
Other, net	718	200
Net cash provided by (used in) investing activities	(15,669)	(12,393)

(¥ millions)

	FY2021 (April 1, 2021 - March 31, 2022)	FY2022 (April 1, 2022 - March 31, 2023)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,850)	6,414
Net increase (decrease) in commercial papers	(99,200)	(65,000)
Proceeds from long-term borrowings	353,067	459,699
Repayments of long-term borrowings	(336,531)	(357,873)
Net increase (decrease) in payables under securitization of lease receivables	(700)	(5,200)
Proceeds from securitization of lease receivables	42	4
Repayments of payables under securitization of lease receivables	(42,054)	(17,351)
Proceeds from issuance of bonds	64,530	110,000
Redemption of bonds	(30,000)	(30,000)
Purchase of treasury shares	(646)	—
Proceeds from disposal of treasury shares	74	302
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(6,869)
Dividends paid	(7,824)	(9,425)
Dividends paid to non-controlling interests	(288)	(281)
Other, net	(154)	(377)
Net cash provided by (used in) financing activities	(101,534)	84,042
Effect of exchange rate change on cash and cash equivalents	1,433	1,735
Net increase (decrease) in cash and cash equivalents	(26,796)	49,235
Cash and cash equivalents at beginning of period	98,753	71,957
Cash and cash equivalents at end of period	71,957	121,192

(5) Notes to the consolidated financial statements

Note on the going-concern assumption

Not applicable

Changes in accounting policies

(Application of “Implementation Guidance on Accounting Standard for Fair Value Measurement”)

The “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021, hereinafter referred to as “Fair Value Measurement Accounting Guidance”) has been applied from the beginning of fiscal 2022 and in accordance with the transitional treatment stipulated in paragraph 27-2 of Fair Value Measurement Accounting Guidance, we have decided to apply the new accounting policy stipulated by the Fair Value Measurement Accounting Guidance prospectively. As a result, evaluation of some investment trusts, which was previously performed using reference prices, has been changed to a method that uses net asset values per unit.

Changes in accounting estimates

For aircraft that the Group owns as assets for lease, the Group in principle had estimated the disposal price when the lease contract expires based on a useful life of 21 years and a residual value ratio that would make the residual value 10% of the acquisition price of those assets for lease and set that as the residual value. From the beginning of fiscal 2022, the Group has revised the method to in principle basing the estimate on a useful life of 25 years and a residual value ratio that would make the residual value 15% of the acquisition price, and these changes shall be applied prospectively.

For the aircraft held as assets for lease, under the new medium-term management plan that has started in fiscal 2022, the Group has changed from a business model that holds equipment over a long period to a business model that switches equipment depending on the market environment, etc. In conjunction with this change, in the first quarter ended June 30, 2022, the Group examined the useful life and residual value of aircraft based on data compiled from past transactions in aircraft leases and a forecast of aircraft demand, etc. going forward, and changed to a useful life and residual value that are better matching with reality in light of the long-term demand of aircraft and the extending length of years of service life.

As a result, operating profit, ordinary profit and profit before income taxes for fiscal year ended March 31, 2023, increased by ¥2,065 million each than would have been the case using the previous method.

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
 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

FY2022 (From April 1, 2022 to March 31, 2023)

(¥ millions)

	Lease and Installment Sales	Financing	Other	Total
Sales				
Revenues from external customers	611,863	26,208	50,583	688,655
Transactions with other segments	741	3,584	2,742	7,069
Net sales	612,605	29,792	53,326	695,724
Segment profit	36,679	18,605	10,106	65,390
Segment assets	1,737,604	1,128,429	135,058	3,001,092
Other items				
Depreciation	40,595	—	3,138	43,734
Amortization of goodwill	49	324	1,246	1,619
Investments in entities accounted for using equity method	—	—	—	—
Increase in property, plant and equipment and intangible assets	216,032	—	6,244	222,276

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

Net sales (¥ millions)	FY2021 (April 1, 2021 - March 31, 2022)		FY2022 (April 1, 2022 - March 31, 2023)	
	Reportable segments total	664,694		695,724
Eliminations	(6,847)		(7,069)	
Net sales reported on the consolidated statements of income	657,847		688,655	

Profit (¥ millions)	FY2021 (April 1, 2021 - March 31, 2022)		FY2022 (April 1, 2022 - March 31, 2023)	
	Reportable segments total	58,053		65,390
Eliminations	(699)		(2,451)	
Corporate expenses (Note)	(11,319)		(11,377)	
Operating profit reported on the consolidated statements of income	46,034		51,561	

Note:

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

Assets (¥ millions)	As of March 31, 2022		As of March 31, 2023	
	Reportable segments total	2,858,349		3,001,092
Corporate assets (Note)	91,354		148,647	
Total assets reported on the consolidated balance sheets	2,949,704		3,149,740	

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	
	FY2021	FY2022	FY2021	FY2022	FY2021	FY2022
Depreciation	49,244	43,734	1,789	2,161	51,034	45,895
Amortization of goodwill	1,405	1,619	—	—	1,405	1,619
Investments in entities accounted for using equity method	—	—	42,075	45,804	42,075	45,804
Increase in property, plant and equipment and intangible assets	225,419	222,276	2,179	2,676	227,599	224,952

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

	FY2021 (April 1, 2021 – March 31, 2022)	FY2022 (April 1, 2022 – March 31, 2023)
Net assets per share	¥11,121.96	¥12,227.88
Basic earnings per share	¥1,130.52	¥1,299.27
Diluted earnings per share	¥1,123.38	¥1,292.42

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 177,100 shares for the fiscal year ended March 31, 2022 and 149,800 shares for the fiscal year ended March 31, 2023.
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 121,150 shares for the fiscal year ended March 31, 2022 and 151,368 shares for the fiscal year ended March 31, 2023.
3. Calculation basis of net assets per share is as follows.

	As of March 31, 2022	As of March 31, 2023
Total net assets (¥ millions)	374,239	409,437
Amounts excluded from total net assets (¥ millions)	41,405	42,795
Of which, share acquisition rights	650	541
Of which, non-controlling interests	40,754	42,253
Net assets attributable to common shares (¥ millions)	332,834	366,642
Number of common shares as of the fiscal year-end used in the calculation of net assets per share (thousands shares)	29,925	29,984

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

	FY2021 (April 1, 2021 - March 31, 2022)	FY2022 (April 1, 2022 - March 31, 2023)
Basic earnings per share		
Profit attributable to owners of parent (¥ million)	33,886	38,939
Amount not attributable to common shareholders (¥ million)	—	—
Profit attributable to owners of parent attributable to common shares (¥ million)	33,886	38,939
Average number of shares during the period (thousands shares)	29,974	29,970
Diluted earnings per share		
Adjustments to profit attributable to owners of parent (¥ millions)	—	—
Increase in the number of common shares (thousands shares)	190	158
Residual securities that are not dilutive and not included in the calculation of diluted earnings per share	—————	—————

Subsequent events

Not applicable

4. Newly executed contracts, operating assets

(1) Executed contracts volume

Segment by Business		FY2021 (April 1, 2021 – March 31, 2022)		FY2022 (April 1, 2022 – March 31, 2023)		Net Change	
		Executed contracts volume (¥ millions)	Composition (%)	Executed contracts volume (¥ millions)	Composition (%)	Amount (¥ millions)	Pct. (%)
Lease and installment sales	Finance leases	259,401	18.7	229,105	15.0	(30,295)	(11.7)
	Operating leases	214,725	15.5	231,958	15.1	17,232	8.0
	Total leases	474,126	34.2	461,064	30.1	(13,062)	(2.8)
	Installment sales	23,310	1.7	21,485	1.4	(1,824)	(7.8)
	Lease and installment sales total	497,437	35.9	482,549	31.5	(14,887)	(3.0)
Financing		886,836	64.1	1,048,095	68.5	161,259	18.2
Other		147	0.0	185	0.0	37	25.2
Total		1,384,421	100.0	1,530,830	100.0	146,408	10.6

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, 2022		As of March 31, 2023		Net Change	
		Balance (¥ millions)	Composition (%)	Balance (¥ millions)	Composition (%)	Amount (¥ millions)	Pct. (%)
Lease and installment sales	Finance leases	1,019,764	39.7	890,802	32.9	(128,961)	(12.6)
	Operating leases	671,838	26.2	797,356	29.5	125,518	18.7
	Total leases	1,691,602	65.9	1,688,159	62.4	(3,442)	(0.2)
	Installment sales	66,067	2.6	52,791	2.0	(13,275)	(20.1)
	Lease and installment sales total	1,757,669	68.5	1,740,951	64.4	(16,718)	(1.0)
Financing		776,467	30.3	934,167	34.5	157,700	20.3
Other		31,801	1.2	29,407	1.1	(2,394)	(7.5)
Total		2,565,939	100.0	2,704,526	100.0	138,587	5.4

Note:

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