(Member of Financial Accounting Standards Foundation)

Consolidated Financial Report for the Fiscal Year Ended March 31, 2019 (Fiscal 2018)

May 9, 2019

Company	Fuyo General Lease Co., Ltd.	Stock Exchange Listing	First Section, Tokyo
Ticker	8424	Head office	Tokyo

(URL https://www.fgl.co.jp/)

President & CEO	Yasunori Tsujita		
Inquiries, Person in Charge	Soichi Hosoi	Managing Director	Tel: +81-3-5275-8800
Date of Shareholders' Meeting	June 21, 2019 (planned)	Date of payout of dividend	June 24, 2019 (Planned)
Date of issue of Securities Report	June 25, 2019 (planned)		

Supplementary materials to results: Available

Results presentation: Scheduled (aimed at analysts)

(Figures in millions are rounded down to the nearest million yen)

1. Consolidated Operating Results for Fiscal 2018 (April 1, 2018 - March 31, 2019)

(1) Consolidated Operating Results

(Percentage figures represent year-on-year changes.)

	Total Revenues		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent	
	(¥ millions)	%	(¥ millions)	%	(¥ millions)	%	(¥ millions)	%
FY2018	618,119	4.7	35,746	9.3	39,166	11.3	25,689	17.1
FY2017	590,318	16.4	32,717	13.7	35,200	12.2	21,944	9.9

Note: Comprehensive income FY2018 ¥21,993 million (20.6)% FY2017 ¥27,702 million 9.1%

	Basic Earnings per Share	Diluted Earnings per Share	Return on Shareholders' Equity	Ordinary Profit-to-Total Assets Ratio	Operating Profit-to-Net Sales Ratio
	(¥)	(¥)	%	%	%
FY2018	850.45	843.49	10.1	1.6	5.8
FY2017	726.41	719.99	9.2	1.5	5.5

Reference: Equity in earnings of affiliates FY2018 ¥1,259 million FY2017 ¥753 million

* The presentation has been changed from the fiscal year ended march 31, 2019, and Total Revenues and Operating Profit for FY2017 represent figures and year-on-year changes after the reclassification reflecting this change. For details, please see "3. Consolidated Financial Statements and Significant Notes Thereto, (5) Notes to the Consolidated Financial Statements (Changes in Presentation)" on P.21 of Supplementary Materials.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	(¥ millions)	(¥ millions)	%	(¥)
March 31, 2019	2,592,206	295,067	10.1	8,686.09
March 31, 2018	2,430,536	282,574	10.2	8,242.50

Reference: Shareholders' Equity March 31, 2019 ¥261,845 million March 31, 2018 ¥249,112 million

* The Company has adopted the Partial Amendments to Accounting Standard for Tax Effect Accounting, from the fiscal year ended march 31, 2019, and Total Assets as of March 31, 2018 represents a figure after the reclassification reflecting this change. For details, please see "3. Consolidated Financial Statements and Significant Notes Thereto, (5) Notes to the Consolidated Financial Statements (Changes in Presentation)" on P.21 of Supplementary Materials.

(3) Consolidated Cash Flows

	Cash Flows From Operating Activities	Cash Flows From Investing Activities	Cash Flows From Financing Activities	Period-end Cash and Cash Equivalents
	(¥ millions)	(¥ millions)	(¥ millions)	(¥ millions)
FY2018	(79,975)	(9,393)	105,502	69,918
FY2017	(104,417)	(5,679)	113,549	54,062

* The presentation has been changed from the fiscal year ended march 31, 2019, and Cash Flows from Operating Activities and Cash Flows from Investing Activities for FY2017 represent figures after the reclassification reflecting this change. For details, please see "3. Consolidated Financial Statements and Significant Notes Thereto, (5) Notes to the Consolidated Financial Statements (Changes in Presentation)" on P.21 of Supplementary Materials.

2. Cash Dividends

	Dividend per share					Dividends in total (full year)	Dividend payout ratio (consolidated)	Dividends on net assets (consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Full year			
	(¥)	(¥)	(¥)	(¥)	(¥)	(¥ millions)	%	%
FY2017	—	68.00	—	78.00	146.00	4,411	20.1	1.8
FY2018	—	78.00	—	110.00	188.00	5,674	22.1	2.2
FY2019 (planned)	—	100.00	—	100.00	200.00		23.2	

Note: The year-end dividend for the fiscal year ended March 31,2019 is made up of an ordinary dividend of ¥96 and a commemorative dividend of ¥14.

3. Forecast for Fiscal 2019 (April 1, 2019 - March 31, 2020)

(Percentage figures represent comparisons with fiscal 2018 full-year results)

	Total Revenues		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent		Basic Earnings per Share
	(¥ millions)	%	(¥ millions)	%	(¥ millions)	%	(¥ millions)	%	(¥)
Full Year	700,000	13.2	39,500	10.5	42,000	7.2	26,000	1.2	862.49

*Other Information

(1) Changes to the consolidation status of major subsidiaries during the period: Yes

New: 1 Company INVOICE INC.

Note: For details, please see "3. Consolidated Financial Statements and Significant Notes Thereto, (5) Notes to the Consolidated Financial Statements (Changes to the Consolidation Status of Major Subsidiaries During Fiscal 2018)" on P.21 of Supplementary Materials.

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections

(ⅰ) Changes in accounting policies due to revisions to accounting standards: None

(ⅱ) Changes in accounting policies due to other reasons: None

(ⅲ) Changes in accounting estimates: None

(ⅳ) Restatement of prior period financial statements after error corrections: None

(3) Number of outstanding shares at period-end (common shares)

(ⅰ) Number of outstanding shares at period-end (including treasury stock)

March 31, 2019 30,287,810 shares March 31, 2018 30,287,810 shares

(ⅱ) Number of shares of treasury stock

March 31, 2019 142,465 shares March 31, 2018 64,939 shares

(ⅲ) Average number of shares during the period

For the fiscal year ended March 31, 2019 30,206,737 shares

For the fiscal year ended March 31, 2018 30,209,506 shares

Note: The Company has introduced Board Benefit Trust (BBT). Number of shares of treasury stock includes the following Company's shares held by Board Benefit Trust (BBT) 104,600 shares as of March 31, 2019 and — shares as of March 31, 2018). Furthermore, shares of treasury stock 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) (100,198 shares for the fiscal year ended March 31, 2019 and — shares for the fiscal year ended March 31, 2018).

*Financial reports are exempt from audit conducted by certified public accountants or an audit corporation.

*Appropriate Use of Earnings Forecast and Other Important Information

(Caution Concerning Forward-Looking Statements)

Earnings forecasts and other forward-looking statements in this report are based on certain assumptions that are deemed reasonable and information available to the Company at the time of this report's preparation. Therefore the Company does not guarantee the achievement of any projections. Actual results may differ significantly from these forecasts for a number of reasons.

(Method of Obtaining Supplementary Explanation Materials)

The materials are disclosed on the Timely Disclosure network (TDnet) on the same day as the date of this report.

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1. Review of Consolidated Operating Results

As stated in “3. Consolidated Financial Statements and Significant Notes Thereto, (5) Notes to the Consolidated Financial Statements (Changes in Presentation),” the presentation has been changed from the fiscal year ended March 31, 2019.

To reflect this change, figures in the consolidated financial statements for the fiscal year ended March 31, 2018 were reclassified.

With regard to the following Analysis of Operating Results, Financial Position and Cash Flows for Fiscal 2018, comparisons were made using figures in the consolidated financial statements for the fiscal year ended March 31, 2018 after the reclassification.

(1) Analysis of Operating Results for Fiscal 2018

(i) Summary of Fiscal 2018

During the fiscal year ended March 31, 2019 (fiscal 2018), the Japanese economy has continued to show a moderate recovery, supported by the recovery in personal consumption due to improvements in the employment situation and income environment, and an increase in capital investment aimed at rationalization, labor saving, etc. against the backdrop of labor shortage. On the other hand, the future outlook is uncertain due to the intensification of U.S.-China trade friction and the impact of the issue of the U.K.’s withdrawal from the EU.

In the leasing industry, domestic lease transaction volume in fiscal 2018 increased 3.3% year on year to ¥4,989.4 billion according to preliminary data released by the Japan Leasing Association.

In this environment, the Fuyo Lease Group is working on “Frontier Expansion 2021,” a medium-term management plan for fiscal 2017 to fiscal 2021. In fiscal 2018, the second 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 2018 totaled ¥1,187,217 million, up 7.4% year on year. Consolidated operating assets (after subtracting the deferred profit on installment sales) as of March 31, 2019 totaled ¥2,262,824 million, up ¥90,235 million, or 4.2%, from the end of fiscal 2017 (March 31, 2018).

In terms of profits, the Company reported total revenues of ¥618,119 million, up 4.7% year on year, operating profit of ¥35,746 million, up 9.3% year on year, ordinary profit of ¥39,166 million, up 11.3% year on year, and profit attributable to owners of parent of ¥25,698 million, up 17.1% year on year.

Revenues, operating profit, ordinary profit and profitable attributable to owners of parent all rising year on year, and on a consolidated basis, we updated the record highs for profit.

(ii) Segment Information

Consolidated results for each business segment for fiscal 2018 are as follows. Please note that revenues 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 fell 8.2% year on year to ¥562,904 million and segment operating assets increased 4.5% from the end of fiscal 2017 to ¥1,660,822 million. Segment revenues decreased 7.6% year on year to ¥517,726 million and segment profit increased 0.6% year on year ¥29,892 million.

Financing

Newly executed contract volume in the Financing segment rose 25.4% year on year to¥611,823 million, and segment operating assets increased 1.8% from the end of fiscal 2017 to ¥573,736 million. Segment revenues rose 13.7% year on year to ¥14,980 million, and segment profit increased 18.3% year on year to ¥10,308 million.

Other

Newly executed contract volume in the other segment rose 242.3% year on year to ¥12,488 million, and segment operating assets increased 43.7% from the end of fiscal 2017 to ¥28,265 million. Segment revenues rose 407.2% year on year to ¥85,412 million, and segment profit increased 66.0% year on year to ¥7,366 million.

(2) Analysis of Financial Position for Fiscal 2018

As of the end of fiscal 2018, operating assets totaled ¥2,262,824 million, up 4.2% from the end of fiscal 2017. Total assets amounted to ¥2,592,206 million, up 6.7% from the end of fiscal 2017. At the end of fiscal 2018, indirect procurement increased by 6.7% from the end of fiscal 2017 to ¥1,382,053 million, mainly due to an increase in long-term loans, and direct procurement increased 6.8% from the end of fiscal 2017 to ¥714,904 million mainly due to the issuance of commercial paper and bonds. As a result, the outstanding balance at the end of fiscal 2018 increased 6.7% from the end of fiscal 2017 to ¥227,208 million. The direct procurement ratio was 34.1%, flat with the end of fiscal 2017.
Total shareholders' equity rose 9.0% from the end of fiscal 2017 to ¥227,208 million due to an increase in retained earnings. Total net assets as of the end of fiscal 2018 totaled ¥295,067 million, up ¥12,493 million, or 4.4%, from the end of fiscal 2017.

(3) Analysis of Cash Flows for Fiscal 2018

Cash and cash equivalents at the end of fiscal 2018 totaled ¥69,918 million. The breakdown of cash flows is as follows.

Cash flows from operating activities

Operating activities in fiscal 2018 used net cash of ¥79,975 million, compared with net cash used of ¥104,417 million in fiscal 2017. The main variable factors were decreases in loss on retirement of property for lease and cost of property for lease sales, decreases in lease receivables and investment assets and investment securities for sale, and increases in accounts receivable-operating loans and purchase of leased assets.

Cash flows from investing activities

Investing activities in fiscal 2018 used net cash of ¥9,393 million, compared with net cash used of ¥5,679 million in the previous fiscal year.
The main variable factors were increases in purchases of marketable and investment securities and purchase of shares of subsidiaries resulting in change in scope of consolidation, and increases in proceeds from the sales and redemption of investment securities.

Cash flows from financing activities

Financing activities in fiscal 2018 provided net cash of ¥105,502 million, compared with net cash provided of ¥113,549 million in the previous fiscal year.
The main variable factors in indirect financing were net increase in short-term borrowings, increases in proceeds from long-term loans from bank and other financial institutions and repayment of long-term loans from bank and other financial institutions. The main variable factors in direct financing were net decrease in commercial paper, increases in proceeds from issuance of bonds and redemption of bonds, increases in proceeds from payables under fluidity lease receivables and installment sales trade receivables, decreases in repayment of payables under fluidity lease receivables and installment sales trade receivables.

(4) Outlook

With regard to economic prospects in the future, although domestic demand is expected to remain firm on the back of recovery in personal consumption and expansion of business fixed investment, the world economy is likely to slow due to the deepening of US-China trade friction and the stagnation of the Chinese economy. The Fuyo Lease Group expects that the unstable situation will continue.

For the fiscal year ending March 31, 2020 (fiscal 2019), we forecast consolidated total revenues of ¥700,000 million (up 13.2% year on year), operating profit of ¥39,500 million (up 10.5%), ordinary profit of ¥42,000 million (up 7.2%), and profit attributable to owners of parent of ¥26,000 million (up 1.2%).

2. Basic views on selection of Accounting Standards

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

Furthermore, regarding the adoption of International Financial Reporting Standards (IFRS), the 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, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	54,822	71,173
Installment sales trade receivables	116,697	97,452
Lease receivables and investment assets	1,098,722	1,083,530
Accounts receivable - operating loans	296,405	298,432
Accounts receivable - other loans to customers	84,149	87,519
Operational investment securities	177,881	179,529
Other operating assets	7,626	10,830
Lease and other trade receivables	16,759	19,656
Short-term investment securities	15	—
Other	27,574	52,779
Allowance for doubtful receivables	(2,806)	(2,725)
Total current assets	1,877,848	1,898,179
Fixed assets		
Tangible fixed assets		
Leased assets		
Leased assets	375,312	480,930
Advances on purchases of property and equipment for lease	3,504	15,073
Total leased assets	378,816	496,003
Other operating assets	19,671	28,265
Own-used assets	1,885	1,790
Total tangible fixed assets	400,373	526,059
Intangible fixed assets		
Software leased to customers	373	330
Other intangible fixed assets		
Goodwill	6,226	17,482
Other	4,201	4,268
Total other intangible fixed assets	10,427	21,751
Total intangible fixed assets	10,801	22,081

(¥ millions)

	As of March 31, 2018	As of March 31, 2019
Investments and other assets		
Investment in securities	90,454	92,821
Claims provable in bankruptcy, claims provable in rehabilitation and other	1,022	571
Net defined benefit asset	53	—
Deferred tax assets	3,149	4,155
Other	46,451	47,541
Allowance for doubtful receivables	(445)	(375)
Total investments and other assets	140,686	144,713
Total fixed assets	551,861	692,854
Deferred assets		
Deferred organization expenses	0	0
Business commencement expenses	825	1,171
Total deferred assets	826	1,172
Total assets	2,430,536	2,592,206

(¥ millions)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable-trade	26,464	44,531
Short-term loans from bank and other financial institutions	467,340	491,659
Current portion of bonds payable	20,000	20,000
Current portion of long-term loans from bank and other financial institutions	221,381	244,023
Commercial paper	473,700	500,700
Payables under fluidity lease receivables and installment sales trade receivables	18,900	22,900
Current portion of payables under fluidity long-term lease receivables and installment sales trade receivables	30,338	27,802
Lease obligations	34,873	25,103
Income taxes payable	5,880	5,555
Deferred profit on installment sales	1,625	1,421
Provision for bonuses	1,707	2,015
Provision for directors' bonuses	139	191
Provision for future lease payments	2	2
Provision for loss on guarantees	72	66
Other	28,620	33,857
Total current liabilities	1,331,046	1,419,831
Long-term liabilities		
Bonds Payable	90,000	105,000
Long-term loans from bank and other financial institutions	606,666	646,370
Payables under fluidity long-term lease receivables and installment sales trade receivables	36,626	38,502
Lease obligations	462	593
Deferred tax liabilities	16,618	14,802
Net defined benefit liability	1,533	1,869
Accrued retirement benefits for directors and corporate auditors	169	126
Provision for share-based remuneration for directors (and other officers)	—	137
Provision for automobile maintenance costs	381	524
Provision for loss on guarantees	992	907
Asset retirement obligations	1,027	1,770
Other	62,436	66,702
Total long-term liabilities	816,915	877,307
Total liabilities	2,147,962	2,297,138

(¥ millions)

	As of March 31, 2018	As of March 31, 2019
Net assets		
Shareholders' equity		
Common stock	10,532	10,532
Capital surplus	10,416	8,873
Retained earnings	187,673	208,628
Treasury stock, at cost	(224)	(826)
Total Shareholders' equity	208,397	227,208
Accumulated other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	39,265	34,713
Deferred gains (losses) on hedges	(92)	(577)
Foreign currency translation adjustment	1,551	496
Remeasurements of defined benefit plans	(10)	3
Total accumulated other comprehensive income	40,714	34,636
Share acquisition rights	924	842
Non-controlling interests	32,537	32,379
Total net assets	282,574	295,067
Total liabilities and net assets	2,430,536	2,592,206

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

Consolidated Statements of Income

(¥ millions)

	FY2017 (April 1, 2017 - March 31, 2018)	FY2018 (April 1, 2018 - March 31, 2019)
Total revenues	590,318	618,119
Total costs	529,798	551,433
Gross profit	60,519	66,686
Selling, general and administrative expenses	27,802	30,939
Operating profit	32,717	35,746
Other income		
Interest income	49	101
Dividend income	1,390	1,690
Gain on investments in partnership	36	378
Gain on investments in silent partnership	424	336
Equity in earnings of affiliates	753	1,259
Bad debts recovered	118	86
Reversal of allowance for doubtful receivables	103	95
Reversal of provision for loss on guarantees	127	91
Other	149	252
Total other income	3,152	4,293
Other expenses		
Interest expenses	354	530
Bond issuance cost	7	16
Foreign exchange losses	77	33
Loss on investments in partnership	45	24
Loss on investments in silent partnership	10	4
Other	173	264
Total other expenses	668	873
Ordinary profit	35,200	39,166

(¥ millions)

	FY2017 (April 1, 2017 - March 31, 2018)	FY2018 (April 1, 2018 - March 31, 2019)
Extraordinary gains		
Gain on sale of marketable and investment securities	0	941
Subsidy income	—	2,684
Gain on reversal of share acquisition rights	—	8
Other	—	2
Total extraordinary gains	0	3,637
Extraordinary losses		
Impairment loss	38	22
Loss on disposal of own-used assets	10	10
Loss on liquidation of subsidiaries and associates	2	0
Loss on reduction of non-current assets	—	2,684
Loss on valuation of golf club membership	20	—
Total extraordinary losses	70	2,717
Profit before income taxes	35,130	40,085
Income taxes - current	10,965	11,182
Income taxes - deferred	(92)	825
Income taxes	10,872	12,008
Profit	24,257	28,077
Profit attributable to non-controlling interests	2,312	2,388
Profit attributable to owners of parent	21,944	25,689

Consolidated Statements of Comprehensive Income

(¥ millions)

	FY2017 (April 1, 2017 - March 31, 2018)	FY2018 (April 1, 2018 - March 31, 2019)
Profit	24,257	28,077
Other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	3,957	(4,553)
Deferred gains (losses) on hedges	9	(478)
Foreign currency translation adjustment	(586)	(1,066)
Remeasurements of defined benefit plans	80	(10)
Share of other comprehensive income of entities accounted for using equity method	(14)	24
Total other comprehensive income	3,445	(6,084)
Comprehensive income	27,702	21,993
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	25,364	19,611
Comprehensive income attributable to non-controlling interests	2,338	2,381

(3) Consolidated Statements of Shareholders' Equity

FY2017 (From April 1, 2017 to March 31, 2018)

(¥ millions)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at beginning of year	10,532	10,416	169,942	(342)	190,548
Changes during the year					
Cash dividend			(4,167)		(4,167)
Profit attributable to owners of parent			21,944		21,944
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock			(45)	118	73
Change in ownership interest of parent due to transactions with non-controlling interests					—
Net changes of items other than shareholders' equity					
Total changes during the year	—	—	17,730	118	17,849
Balance at end of year	10,532	10,416	187,673	(224)	208,397

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of year	35,314	(109)	2,137	(47)	37,294	842	30,506	259,192
Changes during the year								
Cash dividend								(4,167)
Profit attributable to owners of parent								21,944
Purchase of treasury stock								(0)
Disposal of treasury stock								73
Change in ownership interest of parent due to transactions with non-controlling interests								—
Net changes of items other than shareholders' equity	3,951	17	(586)	37	3,419	81	2,031	5,532
Total changes during the year	3,951	17	(586)	37	3,419	81	2,031	23,381
Balance at end of year	39,265	(92)	1,551	(10)	40,714	924	32,537	282,574

FY2018 (From April 1, 2018 to March 31, 2019)

(¥ millions)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at beginning of year	10,532	10,416	187,673	(224)	208,397
Changes during the year					
Cash dividend			(4,716)		(4,716)
Profit attributable to owners of parent			25,689		25,689
Purchase of treasury stock				(695)	(695)
Disposal of treasury stock			(17)	94	76
Change in ownership interest of parent due to transactions with non-controlling interests		(1,542)			(1,542)
Net changes of items other than shareholders' equity					
Total changes during the year	—	(1,542)	20,955	(601)	18,811
Balance at end of year	10,532	8,873	208,628	(826)	227,208

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of year	39,265	(92)	1,551	(10)	40,714	924	32,537	282,574
Changes during the year								
Cash dividend								(4,716)
Profit attributable to owners of parent								25,689
Purchase of treasury stock								(695)
Disposal of treasury stock								76
Change in ownership interest of parent due to transactions with non-controlling interests								(1,542)
Net changes of items other than shareholders' equity	(4,552)	(484)	(1,055)	14	(6,078)	(81)	(158)	(6,317)
Total changes during the year	(4,552)	(484)	(1,055)	14	(6,078)	(81)	(158)	12,493
Balance at end of year	34,713	(577)	496	3	34,636	842	32,379	295,067

(4) Consolidated Statements of Cash Flows

(¥ millions)

	FY2017 (April 1, 2017 - March 31, 2018)	FY2018 (April 1, 2018 - March 31, 2019)
Cash flows from operating activities		
Profit before income taxes	35,130	40,085
Depreciation of leased assets	31,126	30,066
Loss on retirement of property for lease and cost of property for lease sales	70,364	19,898
Depreciation of other operating assets	1,157	1,666
Depreciation on own-used assets	1,251	1,570
Amortization of goodwill and negative goodwill	1,571	812
Increase (decrease) in allowance for doubtful receivables	(622)	(164)
Increase (decrease) in provision for bonuses and directors' bonuses	70	165
Increase (decrease) in provision for future lease payments	0	0
Increase (decrease) in provision for directors' retirement benefits	27	(42)
Increase (decrease) in provision for share-based remuneration for directors (and other officers)	—	137
Increase (decrease) in provision for automobile maintenance costs	30	143
Increase (decrease) in provision for loss on guarantees	(127)	(91)
Increase (decrease) in net defined benefit liability	(130)	118
Interest and dividend income	(1,439)	(1,792)
Interest expenses	7,704	9,179
Loss (gain) on investments in partnership and silent partnership	(404)	(686)
Equity in earnings of affiliates	(753)	(1,259)
Loss (gain) on sales of marketable and investment securities	(0)	(941)
Loss (gain) on disposal of noncurrent assets	10	10
Subsidy income	—	(2,684)
Loss on tax purpose reduction entry of non-current assets	—	2,684
Gain on reversal of share acquisition rights	—	(8)
Decrease (increase) in installment sales trade receivables	12,774	19,028
Decrease (increase) in lease receivables and investment assets	(49,480)	18,628
Decrease (increase) in lease and other trade receivables	(1,599)	(3,467)
Decrease (increase) in accounts receivable-operating loans	8,159	(2,974)
Decrease (increase) in other operating loans receivable	(6,663)	(3,369)
Decrease (increase) in investment securities for sale	(28,745)	(1,648)
Purchase of leased assets	(149,448)	(168,509)

(¥ millions)

	FY2017 (April 1, 2017 - March 31, 2018)	FY2018 (April 1, 2018 - March 31, 2019)
Purchase of other operating assets	(3,648)	(12,488)
Decrease (increase) in net defined benefit asset	85	53
Decrease (increase) in claims provable in bankruptcy, claims provable in rehabilitation	(142)	451
Decrease (increase) in guarantee money	111	(870)
Increase (decrease) in notes and accounts payable-trade	(3,710)	(258)
Increase (decrease) in lease obligations	(14,366)	(9,802)
Increase (decrease) in guarantee deposits from customers	3,460	2,880
Other, net	669	(577)
Subtotal	(87,578)	(64,055)
Interest and dividend income received	1,245	1,722
Interest expenses paid	(7,857)	(8,913)
Income taxes paid	(10,226)	(11,414)
Subsidies received	—	2,684
Net cash provided by (used in) operating activities	(104,417)	(79,975)
Cash flows from investing activities		
Purchases of property and equipment for own use	(2,213)	(1,275)
Proceeds from sales and redemption of securities	—	15
Purchases of marketable and investment securities	(7,400)	(9,297)
Proceeds from the sales and redemption of investment securities	2,604	4,233
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(2,352)
Proceeds from withdrawal of investments in silent partnership	1,050	—
Other, net	280	(716)
Net cash provided by (used in) investing activities	(5,679)	(9,393)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings, net	11,262	24,813
Increase (decrease) in commercial paper, net	54,000	27,000
Proceeds from long-term loans from bank and other financial institutions	292,281	303,495
Repayment of long-term loans from bank and other financial institutions	(237,469)	(258,284)
Increase (decrease) in payables under securitized lease receivables, net	(2,600)	4,000
Proceeds from payables under fluidity lease receivables and installment sales trade receivables	25,959	36,331
Repayment of payables under fluidity lease receivables and installment sales trade receivables	(44,798)	(36,992)
Proceeds from issuance of bonds	20,000	35,000
Redemption of bonds	(300)	(20,000)
Purchase of treasury stock	(0)	(695)
Disposal of treasury stock	73	76

(¥ millions)

	FY2017 (April 1, 2017 - March 31, 2018)	FY2018 (April 1, 2018 - March 31, 2019)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(4,064)
Cash dividends paid	(4,168)	(4,716)
Dividends paid to non-controlling interests	(304)	(304)
Other, net	(384)	(157)
Net cash provided by (used in) financing activities	113,549	105,502
Effect of exchange rate changes on cash and cash equivalents	47	(276)
Net increase (decrease) in cash and cash equivalents	3,500	15,855
Cash and cash equivalents at beginning of period	50,561	54,062
Cash and cash equivalents at end of period	54,062	69,918

(5) Notes to the Consolidated Financial Statements

Note on the Going-concern Assumption

Not applicable

Changes to the Consolidation Status of Major Subsidiaries During Fiscal 2018

During the fiscal ended March 31, 2019, the Company acquired 60.00% of the issued shares of Kabushiki Kaisha GI Holdings. Accordingly, the aforementioned company and its subsidiary INVOICE INC. are included in the scope of consolidation. INVOICE INC. qualifies as a specified subsidiary of the Company.

Change in Accounting Policy

Not applicable

Changes in Presentation

(Changes Due to Application of the Partial Amendments to Accounting Standard for Tax Effect Accounting)

The Company has adopted the Partial Amendments to Accounting Standard for Tax Effect Accounting (Accounting Standards Board of Japan Statement No. 28, February 16, 2018) from the beginning of the fiscal ended March 31, 2019, and has changed the presentation to the method where it presents deferred tax assets in the category of investments and other assets and deferred tax liabilities in the category of long-term liabilities.

As a result, in the consolidated balance sheets as of March 31, 2018, Deferred tax assets under Current assets decreased ￥2,771 million and Deferred tax assets under Investments and other assets increased ￥2,469 million. In addition, Deferred tax liabilities under Current liabilities decreased ￥130 million and Deferred tax liabilities under Long-term liabilities decreased ￥171 million. Deferred tax assets and deferred tax liabilities of the same taxable entity are set off in the presentation, and total assets decreased by ￥302 million compared with the amount before the change.

(Consolidated Balance Sheets)

For real estate investment trust, which was included in Investment in securities under Investments and other assets until the fiscal year ended March 31, 2018, the Company changed the management policy as the investment amount was expanding. Accordingly, the Company has changed the presentation to the method where real estate investment trust is presented as Operational investment securities under Current assets from the fiscal year ended March 31, 2019 in order to reflect the actual condition of business more appropriately. To reflect this change in presentation, figures in the consolidated financial statements for the fiscal year ended March 31, 2018 were reclassified.

As a result, in the consolidated balance sheets as of March 31, 2018, ￥3,859 million, which was presented in Investment in securities under Investments and other assets, was reclassified as Operational investment securities under Current assets.

Assets for the solar power generation business in the Energy/Environment areas were included in Own-used assets under Tangible fixed assets until the fiscal year ended March 31, 2018. However, due to the increasing significance, the Company has determined to separately present these assets as Other operating assets under Tangible fixed assets from the fiscal year ended March 31, 2019 to reflect the actual condition of business more appropriately. To reflect this change in presentation, figures in the consolidated financial statements for the fiscal year ended March 31, 2018 were reclassified.

Consequently, in the consolidated balance sheets as of March 31, 2018, ￥19,671 million, which was presented in Own-used assets under Tangible fixed assets, was reclassified as Other operating assets under Tangible fixed assets.

(Consolidated Statements of Income)

For income from real estate investment trust, which was included in Dividend income under Other income until the fiscal year ended March 31, 2018, the Company has changed the presentation to the method where this income is presented as Total revenues from the fiscal year ended March 31, 2019 as a result of the change of the management policy. To reflect this change in presentation, figures in the consolidated financial statements for the fiscal year ended March 31, 2018 were reclassified. Consequently, in the consolidated statements of income for the fiscal year ended March 31, 2018, ￥116 million, which was presented in Dividend income under Other income, was reclassified as Total revenues.

(Consolidated Statements of Cash Flows)

In the consolidated statements of income, for income from real estate investment trust, which was included in Dividend income under Other income until the fiscal year ended March 31, 2018, the Company has changed the presentation to the method where this income is presented as Total revenues from the fiscal year ended March 31, 2019 as a result of the change of the management policy. Consequently, in the consolidated statements of cash flows for the fiscal year ended March 31, 2018, ￥(116) million and ￥116 million were deducted from Interest and dividend income under Cash flows from operating activities and Interest and dividend income received below the Subtotal field, respectively.

Purchase and depreciation of assets for the solar power generation business in the Energy/Environment areas were included in Purchases of property and equipment for own use under Cash flows from investing activities and Other, net under Cash flows from operating activities until the fiscal year ended March 31, 2018. However, due to the increasing significance, the Company has determined to separately present these assets as Purchase of other operating assets and Depreciation of other operating assets under Cash flows from operating activities from the fiscal year ended March 31, 2019 to reflect the actual condition of business more appropriately. To reflect this change in presentation, figures in the consolidated statements of cash flows for the fiscal year ended March 31, 2018 were reclassified. Consequently, in the consolidated statements of cash flows for the fiscal year ended March 31, 2018, ￥(3,648) million, which was presented in Purchases of property and equipment for own use under Cash flows from investing activities, and ￥1,157 million, which was presented in Other, net under Cash flows from operating activities, were reclassified as Purchase of other operating assets under Cash flows from operating activities and Depreciation of other operating assets, respectively.

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 other new business fields.

2. Calculation of revenues, profit and 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.

(Changes in Presentation)

The presentation has been changed from the fiscal year ended March 31, 2019, and figures in segment information for the fiscal year ended March 31, 2018 represent figures after the reclassification reflecting this change. For details, please see “3. Consolidated Financial Statements and Significant Notes Thereto, (5) Notes to the Consolidated Financial Statements (Changes in Presentation)” on P.21 of Supplementary Materials.

3. Revenues, profit/loss, assets, liabilities, and other items by reportable segment

FY2017 (From April 1, 2017 to March 31, 2018)

(¥ millions)

	Lease Installment sales	Financing	Other	Total
Operating revenues				
(1) Revenue from external customers	560,298	13,180	16,839	590,318
(2) Intersegment revenue and transfers	839	2,073	846	3,759
Total revenues	561,137	15,253	17,686	594,078
Operating profit	29,705	8,712	4,438	42,856
Segment assets	1,618,833	681,244	36,890	2,336,968
Other items				
Depreciation	31,126	—	1,157	32,284
Amortization of goodwill	1,189	324	57	1,571
Amount invested in equity-method affiliates	—	—	—	—
Increase in tangible fixed assets and intangible fixed assets	157,674	—	3,648	161,323

FY2018 (From April 1, 2018 to March 31, 2019)

(¥ millions)

	Lease Installment sales	Financing	Other	Total
Operating revenues				
(1) Revenue from external customers	517,726	14,980	85,412	618,119
(2) Intersegment revenue and transfers	1,017	3,103	1,051	5,172
Total revenues	518,743	18,084	86,464	623,292
Operating profit	29,892	10,308	7,366	47,567
Segment assets	1,676,976	730,907	100,895	2,508,779
Other items				
Depreciation	30,066	—	1,666	31,733
Amortization of goodwill	—	324	488	812
Amount invested in equity-method affiliates	—	—	—	—
Increase in tangible fixed assets and intangible fixed assets	156,941	—	12,488	169,429

4. Difference, and analysis, between reportable segments' total profit/loss and profit/loss reported on the consolidated financial statements (adjustments)

Operating revenues (¥ millions)	FY2017 (April 1, 2017 - March 31, 2018)	FY2018 (April 1, 2018 - March 31, 2019)
Reportable segments total	594,078	623,292
Eliminations	(3,759)	(5,172)
Operating revenues reported on the consolidated statements of income	590,318	618,119

Income (¥ millions)	FY2017 (April 1, 2017 - March 31, 2018)	FY2018 (April 1, 2018 - March 31, 2019)
Reportable segments total	42,856	47,567
Eliminations	(1,876)	(2,028)
Corporate (Note)	(8,263)	(9,792)
Operating profit reported on the consolidated statements of income	32,717	35,746

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

Assets (¥ millions)	As of March 31, 2018	As of March 31, 2019
Reportable segments total	2,336,968	2,508,779
Corporate (Note)	93,567	83,426
Total assets reported on the consolidated balance sheets	2,430,536	2,592,206

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	
	FY2017	FY2018	FY2017	FY2018	FY2017	FY2018
Depreciation	32,284	31,733	1,251	1,570	335,357	33,303
Amortization of goodwill	1,571	812	—	—	1,571	812
Amount invested in equity-method affiliates	—	—	14,504	23,423	14,504	23,423
Increase in tangible fixed assets and intangible fixed assets	161,323	169,429	2,213	1,275	163,536	170,705

Notes:

1. Depreciation adjustments mainly represent depreciation on own-used assets.
2. Adjustments for amount invested in equity-method affiliates mainly represent the amount of funds invested in equity-method affiliates.
3. Adjustments on increase in tangible fixed assets and intangible fixed assets mainly represent capital investment in own-used assets.

Per Share Information

	FY2017 (April 1, 2017 - March 31, 2018)	FY2018 (April 1, 2018 - March 31, 2019)
Net assets per share	¥8,242.50	¥8,686.09
Basic earnings per share	¥726.41	¥850.45
Diluted earnings per share	¥719.99	¥843.49

Note:

1. Shares of treasury stock that are deducted in the calculation of the number of common shares used in the calculation of net assets per share include the Company's shares held by Board Benefit Trust (BBT). The number of shares of treasury stock for the Company's shares held by Board Benefit Trust (BBT) was — shares as of March 31, 2018 and 104,600 shares as of March 31, 2019.
2. Shares of treasury stock that are deducted in the calculation of the average number of shares during the period used in the calculation of basic earnings per share include the Company's shares held by Board Benefit Trust (BBT). The average number of shares during the period for the Company's shares held by Board Benefit Trust (BBT) was — shares for the fiscal year ended March 31, 2018 and 100,198 shares for the fiscal year ended March 31, 2019.
3. Calculation basis of net assets per share is as follows.

	As of March 31, 2018	As of March 31, 2019
Total net assets (¥ millions)	282,574	295,067
Amounts excluded from total net assets (¥ millions)	33,462	33,222
Of which,share acquisition rights	924	842
Of which, non-controlling interests	32,537	32,379
Net assets attributable to common stock (¥ millions)	249,112	261,845
Number of shares in common stock used in the calculation of net assets per share (thousands shares)	30,222	30,145

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

	FY2017 (April 1, 2017 - March 31, 2018)	FY2018 (April 1, 2018 - March 31, 2019)
Basic earnings per share		
Profit attributable to owners of parent (¥ million)	21,944	25,689
Amount not attributable to common stock shareholders (¥ million)	—	—
Profit attributable to owners of parent attributable to common stock (¥ million)	21,944	25,689
Average number of shares during the period (thousands shares)	30,209	30,206
Diluted earnings per share		
Adjustments to profit attributable to owners of parent (¥ millions)	(0)	—
Of which, adjustments due to potential shares of consolidated subsidiaries	(0)	—
Increase in the number of shares in common stock (thousands shares)	269	249
Of which,share acquisition rights	269	249
Residual securities that are not dilutive and not included in the calculation of diluted earnings per share	————————	————————

Subsequent Events

Corporate bond issuance

The company issued straight bonds as follows:

(1) Issue name: Fuyo General Lease Co., Ltd., No. 19 unsecured straight bond
(2) Issuance amount: ¥20,000 million
(3) Issuance date: April 17, 2019
(4) Issue price: ¥100 per ¥100 of face value
(5) Coupon rate: 0.230% per year
(6) Redemption date: April 17, 2024
(7) Purpose: To fund capital investments

4. Newly Executed Contracts, Operating Assets

(1) Executed contracts volume

Segment by Business		FY2017 (April 1, 2017 - March 31, 2018)		FY2018 (April 1, 2018 - March 31, 2019)		Net Change	
		Executed contracts volume (¥ millions)	Composition (%)	Executed contracts volume (¥ millions)	Composition (%)	Amount (¥ millions)	Pct. (%)
Lease and installment sales	Finance leases	405,180	36.7	372,359	31.3	(32,821)	(8.1)
	Operating leases	158,408	14.3	157,606	13.3	(801)	(0.5)
	Total leases	563,588	51.0	529,965	44.6	(33,623)	(6.0)
	Installment sales	49,917	4.5	32,939	2.8	(16,977)	(34.0)
	Lease and installment sales total	613,505	55.5	562,904	47.4	(50,601)	(8.2)
Financing		487,974	44.2	611,823	51.5	123,849	25.4
Other		3,648	0.3	12,488	1.1	8,839	242.3
Total		1,105,129	100.0	1,187,217	100.0	82,088	7.4

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 fiscal year. The figures for the installment sales segment are the installment sales trade receivables net of the deferred profit on installment sales on an execution basis.
3. As stated in “3. Consolidated Financial Statements and Significant Notes Thereto, (5) Notes to the Consolidated Financial Statements (Changes in Presentation),” the presentation has been changed from the fiscal year ended March 31, 2019. With regard to net change, comparisons were made using figures for the fiscal year ended March 31, 2018 after the reclassification.

(2) Operating assets

Segment by Business		As of March 31, 2018		As of March 31, 2019		Net Change	
		Balance (¥ millions)	Composition (%)	Balance (¥ millions)	Composition (%)	Amount (¥ millions)	Pct. (%)
Lease and installment sales	Finance leases	1,098,722	50.6	1,083,530	47.9	(15,191)	(1.4)
	Operating leases	375,685	17.3	481,260	21.3	105,574	28.1
	Total leases	1,474,408	67.9	1,564,791	69.2	90,382	6.1
	Installment sales	115,072	5.3	96,031	4.2	(19,041)	(16.5)
	Lease and installment sales total	1,589,480	73.2	1,660,822	73.4	71,341	4.5
Financing		563,436	25.9	573,736	25.4	10,300	1.8
Other		19,671	0.9	28,265	1.2	8,594	43.7
Total		2,172,588	100.0	2,262,824	100.0	90,235	4.2

Notes:

1. The figures for the installment sales segment are installment sales trade receivables net of the deferred profit on installment sales.
2. As stated in “3. Consolidated Financial Statements and Significant Notes Thereto, (5) Notes to the Consolidated Financial Statements (Changes in Presentation),” the presentation has been changed from the fiscal year ended March 31, 2019. With regard to net change, comparisons were made using figures as of March 31, 2018 after the reclassification.