(Member of Financial Accounting Standards Foundation)

Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (Under Japanese GAAP)

May 10, 2021

Company name: Fuyo General Lease Co., Ltd. Listing: Tokyo Stock Exchange
Securities code: 8424
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Scheduled date of annual general meeting of shareholders : June 23, 2021
Scheduled date to commence dividend payments : June 24, 2021
Scheduled date to file annual securities report : June 25, 2021
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 2020 (April 1, 2020 - March 31, 2021)

(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)	%
FY2020	740,263	3.9	44,555	7.6	47,996	9.0	29,566	12.9
FY2019	712,330	15.2	41,423	16.1	44,045	12.6	26,187	2.6

Note: Comprehensive income FY2020 ¥ 41,092 million 62.8 % FY2019 ¥ 25,245 million 14.9 %

	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
	(¥)	(¥)	%	%	%
FY2020	986.18	979.39	10.2	1.7	6.0
FY2019	871.95	865.56	9.7	1.6	5.8

Reference: Share of profit of entities accounted for using equity method
FY2020 ¥ 1,684 million FY2019 ¥ 1,322 million

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
As of	(¥ millions)	(¥ millions)	%	(¥)
March 31, 2021	2,979,285	344,796	10.2	10,153.22
March 31, 2020	2,752,598	311,819	10.0	9,204.20

Reference: Shareholders' Equity
As of March 31, 2021 ¥ 304,565 million As of March 31,2020 ¥ 275,869 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)
FY2020	(35,080)	(5,970)	63,405	98,753
FY2019	(108,804)	(11,242)	127,754	77,416

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)	%	%
FY2019	—	100.00	—	105.00	205.00	6,164	23.5	2.3
FY2020	—	110.00	—	130.00	240.00	7,220	24.3	2.5
FY2021 (Forecast)	—	130.00	—	130.00	260.00		25.2	

3. Forecast for Fiscal 2021 (April 1, 2021 - March 31, 2022)

(Percentage figures represent comparisons with fiscal 2020 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	610,000	(17.6)	46,500	4.4	50,000	4.2	31,000	4.8	1,033.44

* The Company will apply the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29), etc. effective from the beginning of the fiscal year ending March 31, 2022. Assuming net sales are estimated on the basis of the previous policy, net sales will be ¥750,000 million (up 1.3% year on year).

*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: None
(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, 2021 30,287,810 shares As of March 31, 2020 30,287,810 shares
(ⅱ) Number of treasury shares at the end of the period
As of March 31, 2021 290,885 shares As of March 31, 2020 315,734 shares
(ⅲ) Average number of shares during the period
Fiscal year ended March 31, 2021 29,981,005 shares
Fiscal year ended March 31, 2020 30,033,000 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) 96,700 shares as of March 31, 2021 and 102,500 shares as of March 31, 2020. 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) 97,065 shares for the fiscal year ended March 31, 2021 and 102,618 shares for the fiscal year ended March 31, 2020.

*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

(1) Analysis of Operating Results for Fiscal 2020

(i) Summary of Fiscal 2020

During the fiscal year ended March 31, 2021 (fiscal 2020), difficult conditions continued in the Japanese economy due to factors such as restrictions on economic activities due to the spread of the novel coronavirus disease (COVID-19). Despite signs of some economic recovery because of the effect of the government's economic measures, uncertainties regarding the future outlook are increasing as it is still not possible to predict when COVID-19 will come under control due to another declaration of a state of emergency as well as other factors.

In the leasing industry, domestic lease transaction volume in fiscal 2020 decreased 14.1% year on year to ¥4,551.7 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 the period of fiscal 2017 to fiscal 2021. In fiscal 2020, the fourth 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 2020 totaled ¥1,343,882 million, down 1.2% year on year. Consolidated operating assets (after subtracting the deferred profit on installment sales) as of March 31, 2021 totaled ¥2,555,857 million, up ¥171,865 million, or 7.2%, from the end of fiscal 2019 (March 31, 2020).

In terms of profits, the Company reported total net sales of ¥740,263 million, up 3.9% year on year, operating profit of ¥44,555 million, up 7.6% year on year, ordinary profit of ¥47,996 million, up 9.0% year on year, and profit attributable to owners of parent of ¥29,566 million, up 12.9% year on year. Net sales, operating profit, ordinary profit and profit 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 2020 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 fell 16.3% year on year to ¥485,554 million and segment operating assets increased 6.2% from the end of fiscal 2019 to ¥1,796,836 million. Segment net sales increased 2.4% year on year to ¥541,718 million and segment profit increased 0.5% year on year to ¥33,303 million.

Financing

Newly executed contract volume in the Financing segment rose 8.6% year on year to ¥846,341 million, and segment operating assets increased 9.0% from the end of fiscal 2019 to ¥725,745 million. Segment net sales rose 28.8% year on year to ¥20,588 million, and segment profit increased 35.1% year on year to ¥15,303 million.

Other

Newly executed contract volume in the other segment rose ¥11,823 million year on year to ¥11,986 million, and segment operating assets increased 26.1% from the end of fiscal 2019 to ¥33,276 million. Segment net sales rose 6.2% year on year to ¥177,956 million, and segment profit decreased 5.1% year on year to ¥8,786 million.

(2) Analysis of Financial Position for Fiscal 2020

As of the end of fiscal 2020, operating assets totaled ¥2,555,857 million, up 7.2% from the end of fiscal 2019. Total assets amounted to ¥2,979,285 million, up 8.2% from the end of fiscal 2019. At the end of fiscal 2020, indirect procurement increased by 10.4% from the end of fiscal 2019 to ¥1,638,863 million, mainly due to an increase in long-term borrowings, and direct procurement increased 6.2% from the end of fiscal 2019 to ¥792,129 million mainly due to the issuance of bonds payable. As a result, the outstanding balance at the end of fiscal 2020 increased 9.0% from the end of fiscal 2019 to ¥2,430,993 million. The direct procurement ratio was 32.6%, a decrease of 0.8 points from the end of fiscal 2019.
Total shareholders' equity rose 8.4% from the end of fiscal 2019 to ¥266,138 million due to an increase in retained earnings. Total net assets as of the end of fiscal 2020 totaled ¥344,796 million, up ¥32,977 million, or 10.6%, from the end of fiscal 2019.

(3) Analysis of Cash Flows for Fiscal 2020

Cash and cash equivalents at the end of fiscal 2020 totaled ¥98,753 million. The breakdown of cash flows is as follows.

Cash flows from operating activities

Operating activities in fiscal 2020 used net cash of ¥35,080 million, compared with net cash used of ¥108,804 million in the previous fiscal year. The main variable factors were decreases in purchase of assets for lease and in net decrease (increase) in lease receivables and investment assets.

Cash flows from investing activities

Investing activities in fiscal 2020 used net cash of ¥5,970 million, compared with net cash used of ¥11,242 million in the previous fiscal year. The main variable factors were an increase in purchase of own-used assets and a decrease in purchase of investment securities.

Cash flows from financing activities

Financing activities in fiscal 2020 provided net cash of ¥63,405 million, compared with net cash provided of ¥127,754 million in the previous fiscal year. The main variable factors in indirect financing were increases in proceeds from long-term borrowings from banks and other financial institutions and repayments of long-term borrowings from banks and other financial institutions. The main variable factors in direct financing were increases in proceeds from issuance of bonds and repayments of payables under securitization of lease receivables.

(4) Outlook

With regard to economic prospects in the future, economic activity will continue to be restricted owing to the impact of COVID-19. The Fuyo Lease Group expects that uncertain conditions will continue.
For the fiscal year ending March 31, 2022 (fiscal 2021), we forecast consolidated net sales of ¥610,000 million (down 17.6% year on year), operating profit of ¥46,500 million (up 4.4%), ordinary profit of ¥50,000 million (up 4.2%), and profit attributable to owners of parent of ¥31,000 million (up 4.8%).
The Company will apply the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29), etc. effective from the beginning of the fiscal year ending March 31, 2022. Assuming net sales are estimated on the basis of the previous policy, net sales will be ¥750,000 million (up 1.3% year on year).

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, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	77,436	98,926
Installment receivables	79,753	84,545
Lease receivables and investments in leases	1,106,840	1,080,797
Accounts receivable - operating loans	307,124	306,635
Accounts receivable - other loans to customers	109,652	117,660
Operational investment securities	234,837	283,209
Other operating assets	15,706	19,011
Accounts receivable - lease	24,862	29,604
Other	74,359	91,294
Allowance for doubtful accounts	(3,085)	(3,047)
Total current assets	2,027,487	2,108,637
Non-current assets		
Property, plant and equipment		
Assets for lease		
Assets for lease	506,498	632,299
Advances for purchase of assets for lease	6,911	8,140
Total assets for lease	513,409	640,440
Other operating assets	26,383	33,276
Own-used assets	13,319	3,662
Total property, plant and equipment	553,111	677,379
Intangible assets		
Assets for lease	266	240
Other intangible assets		
Goodwill	21,749	20,718
Other	7,644	7,741
Total other intangible assets	29,394	28,459
Total intangible assets	29,660	28,699

(¥ millions)

	As of March 31, 2020	As of March 31, 2021
Investments and other assets		
Investment securities	91,984	112,838
Distressed receivables	602	558
Retirement benefit asset	—	64
Deferred tax assets	2,762	2,620
Other	46,079	47,450
Allowance for doubtful accounts	(363)	(287)
Total investments and other assets	141,065	163,244
Total non-current assets	723,837	869,323
Deferred assets		
Organization expenses	1	1
Business commencement expenses	1,271	1,322
Total deferred assets	1,273	1,323
Total assets	2,752,598	2,979,285

(¥ millions)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable-trade	45,391	33,027
Short-term borrowings	530,317	564,585
Current portion of bonds payable	20,000	30,000
Current portion of long-term borrowings	274,820	308,274
Commercial papers	450,700	470,200
Payables under securitization of lease receivables	28,900	30,100
Current portion of long-term payables under securitization of lease receivables	41,396	32,117
Lease obligations	20,302	14,977
Income taxes payable	4,215	9,974
Deferred profit on installment sales	1,307	1,046
Provision for bonuses	2,219	2,265
Provision for bonuses for directors (and other officers)	184	180
Provision for share awards for directors (and other officers)	57	49
Provision for future lease payments	3	3
Provision for loss on guarantees	50	39
Asset retirement obligations	453	90
Other	45,254	41,157
Total current liabilities	1,465,573	1,538,089
Non-current liabilities		
Bonds payable	150,000	191,072
Long-term borrowings	680,017	766,003
Long-term payables under securitization of lease receivables	54,869	38,640
Lease obligations	417	755
Deferred tax liabilities	15,706	20,772
Retirement benefit liability	2,177	1,302
Provision for retirement benefits for directors (and other officers)	132	129
Provision for share awards for directors (and other officers)	255	388
Provision for automobile maintenance costs	577	570
Provision for loss on guarantees	730	554
Asset retirement obligations	2,311	2,568
Other	68,009	73,639
Total non-current liabilities	975,205	1,096,398
Total liabilities	2,440,778	2,634,488

(¥ millions)

	As of March 31, 2020	As of March 31, 2021
Net assets		
Shareholders' equity		
Share capital	10,532	10,532
Capital surplus	8,873	6,197
Retained earnings	228,285	251,320
Treasury shares	(2,075)	(1,912)
Total shareholders' equity	245,615	266,138
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	31,650	44,833
Deferred gains or losses on hedges	(798)	(2,656)
Foreign currency translation adjustment	(435)	(3,698)
Remeasurements of defined benefit plans	(163)	(50)
Total accumulated other comprehensive income	30,253	38,427
Share acquisition rights	764	704
Non-controlling interests	35,186	39,527
Total net assets	311,819	344,796
Total liabilities and net assets	2,752,598	2,979,285

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

Consolidated Statements of Income

(¥ millions)

	FY2019 (April 1, 2019 - March 31, 2020)	FY2020 (April 1, 2020 - March 31, 2021)
Net sales	712,330	740,263
Cost of sales	635,982	657,519
Gross profit	76,347	82,744
Selling, general and administrative expenses	34,924	38,188
Operating profit	41,423	44,555
Non-operating income		
Interest income	71	38
Dividend income	1,772	2,009
Gain on investments in investment partnerships	48	249
Share of profit of entities accounted for using equity method	1,322	1,684
Recoveries of written off receivables	97	96
Reversal of provision for loss on guarantees	192	187
Other	243	468
Total non-operating income	3,750	4,734
Non-operating expenses		
Interest expenses	627	677
Bond issuance costs	31	33
Foreign exchange losses	142	93
Loss on investments in investment partnerships	58	163
Loss on investments in silent partnerships	0	—
Distributions of profit or loss on silent partnerships	251	281
Other	15	43
Total non-operating expenses	1,128	1,292
Ordinary profit	44,045	47,996

(¥ millions)

	FY2019 (April 1, 2019 - March 31, 2020)	FY2020 (April 1, 2020 - March 31, 2021)
Extraordinary income		
Gain on sale of investment securities	395	2
Subsidy income	592	727
Other	0	—
Total extraordinary income	989	730
Extraordinary losses		
Loss on valuation of investment securities	545	1
Loss on redemption of investment securities	513	—
Impairment losses	1,283	1
Loss on disposal of non-current assets	14	35
Loss on tax purpose reduction entry of non-current assets	592	727
Other	5	—
Total extraordinary losses	2,954	765
Profit before income taxes	42,080	47,960
Income taxes - current	10,680	15,216
Income taxes - deferred	1,747	(130)
Total income taxes	12,427	15,086
Profit	29,653	32,874
Profit attributable to non-controlling interests	3,466	3,307
Profit attributable to owners of parent	26,187	29,566

Consolidated Statements of Comprehensive Income

(¥ millions)

	FY2019 (April 1, 2019 - March 31, 2020)	FY2020 (April 1, 2020 - March 31, 2021)
Profit	29,653	32,874
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,380)	12,494
Deferred gains or losses on hedges	(128)	(1,829)
Foreign currency translation adjustment	(686)	(3,593)
Remeasurements of defined benefit plans, net of tax	(54)	124
Share of other comprehensive income of entities accounted for using equity method	(1,157)	1,023
Total other comprehensive income	(4,408)	8,218
Comprehensive income	25,245	41,092
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	21,804	37,740
Comprehensive income attributable to non-controlling interests	3,440	3,352

(3) Consolidated Statements of Changes in Equity

FY2019 (From April 1, 2019 to March 31, 2020)

(¥ millions)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,532	8,873	208,454	(826)	227,034
Changes during period					
Dividends of surplus			(6,333)		(6,333)
Profit attributable to owners of parent			26,187		26,187
Purchase of treasury shares				(1,364)	(1,364)
Disposal of treasury shares			(22)	115	92
Change in scope of consolidation			(0)		(0)
Purchase of shares of consolidated subsidiaries					—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	19,830	(1,249)	18,580
Balance at end of period	10,532	8,873	228,285	(2,075)	245,615

	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	34,713	(577)	496	3	34,636	842	32,525	295,039
Changes during period								
Dividends of surplus								(6,333)
Profit attributable to owners of parent								26,187
Purchase of treasury shares								(1,364)
Disposal of treasury shares								92
Change in scope of consolidation								(0)
Purchase of shares of consolidated subsidiaries								—
Net changes in items other than shareholders' equity	(3,062)	(221)	(931)	(167)	(4,383)	(78)	2,660	(1,801)
Total changes during period	(3,062)	(221)	(931)	(167)	(4,383)	(78)	2,660	16,779
Balance at end of period	31,650	(798)	(435)	(163)	30,253	764	35,186	311,819

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
Change in scope of consolidation					—
Purchase of shares of consolidated subsidiaries		(2,676)			(2,676)
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
Change in scope of consolidation								—
Purchase of shares of consolidated subsidiaries								(2,676)
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

(4) Consolidated Statements of Cash Flows

(¥ millions)

	FY2019 (April 1, 2019 - March 31, 2020)	FY2020 (April 1, 2020 - March 31, 2021)
Cash flows from operating activities		
Profit before income taxes	42,080	47,960
Depreciation of assets for lease	33,694	41,128
Loss on retirement of assets for lease and cost of property for lease sales	118,027	26,442
Depreciation of other operating assets	2,040	2,623
Depreciation	2,124	2,398
Amortization of goodwill	1,132	1,326
Impairment losses	1,283	1
Increase (decrease) in allowance for doubtful accounts	347	(128)
Increase (decrease) in provision for bonuses and bonuses for directors (and other officers)	30	(24)
Increase (decrease) in provision for future lease payments	0	0
Increase (decrease) in provision for retirement benefits for directors (and other officers)	5	(2)
Increase (decrease) in provision for share awards for directors (and other officers)	175	125
Increase (decrease) in provision for automobile maintenance costs	52	(6)
Increase (decrease) in provision for loss on guarantees	(192)	(187)
Increase (decrease) in retirement benefit liability	253	(750)
Loss (gain) on valuation of short-term and long-term investment securities	545	1
Interest and dividend income	(1,844)	(2,047)
Capital costs and interest expenses	10,075	10,432
Loss (gain) on investments in investment partnerships and silent partnerships	11	(85)
Share of loss (profit) of entities accounted for using equity method	(1,322)	(1,684)
Loss (gain) on sale of short-term and long-term investment securities	(395)	(2)
Loss (gain) on redemption of investment securities	513	—
Loss (gain) on disposal of non-current assets	13	35
Subsidy income	(592)	(727)
Loss on tax purpose reduction entry of non-current assets	592	727
Decrease (increase) in installment receivables	17,581	19,027
Net decrease (increase) in lease receivables and investments in leases	(32,851)	69,314
Decrease (increase) in accounts receivable - lease	(4,076)	(1,747)

(¥ millions)

	FY2019 (April 1, 2019 - March 31, 2020)	FY2020 (April 1, 2020 - March 31, 2021)
Decrease (increase) in accounts receivable - operating loans	(11,528)	(3,007)
Decrease (increase) in accounts receivable - other loans to customers	(22,143)	(7,436)
Decrease (increase) in investment securities for sale	(55,307)	(48,372)
Purchase of assets for lease	(170,362)	(145,886)
Purchase of other operating assets	(12,424)	(317)
Decrease (increase) in retirement benefit asset	—	3
Decrease (increase) in distressed receivables	(30)	43
Decrease (increase) in guarantee deposits	1,411	(198)
Increase (decrease) in trade payables	551	(15,551)
Increase (decrease) in lease obligations	(4,629)	(8,225)
Increase (decrease) in guarantee deposits received	1,239	4,018
Other, net	(6,505)	(7,996)
Subtotal	(90,423)	(18,776)
Interest and dividends received	3,158	2,332
Interest paid	(10,606)	(10,086)
Income taxes refund (paid)	(11,526)	(9,277)
Subsidies received	592	727
Net cash provided by (used in) operating activities	(108,804)	(35,080)
Cash flows from investing activities		
Purchase of own-used assets	(1,690)	(4,177)
Proceeds from sale of own-used assets	11	—
Purchase of investment securities	(5,489)	(2,222)
Proceeds from sale and redemption of investment securities	917	194
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(6,393)	—
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	302
Other, net	1,400	(67)
Net cash provided by (used in) investing activities	(11,242)	(5,970)

(¥ millions)

	FY2019 (April 1, 2019 - March 31, 2020)	FY2020 (April 1, 2020 - March 31, 2021)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	39,109	35,384
Repayments of short-term borrowings	—	(54,272)
Net increase (decrease) in commercial papers	(50,000)	19,500
Proceeds from long-term borrowings	336,231	390,069
Repayments of long-term borrowings	(269,934)	(342,902)
Net increase (decrease) in payables under securitization of lease receivables	6,000	1,200
Proceeds from securitization of lease receivables	66,123	20,672
Repayments of payables under securitization of lease receivables	(36,162)	(46,180)
Proceeds from issuance of bonds	65,000	70,405
Redemption of bonds	(20,000)	(20,000)
Purchase of treasury shares	(1,364)	(0)
Proceeds from disposal of treasury shares	92	98
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(3,440)
Dividends paid	(6,333)	(6,466)
Dividends paid to non-controlling interests	(781)	(366)
Other, net	(225)	(296)
Net cash provided by (used in) financing activities	127,754	63,405
Effect of exchange rate change on cash and cash quivalents	(28)	(484)
Net increase (decrease) in cash and cash equivalents	7,678	21,869
Cash and cash equivalents at beginning of period	69,918	77,416
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	(179)	(532)
Cash and cash equivalents at end of period	77,416	98,753

(5) Notes to the Consolidated Financial Statements

Note on the Going-concern Assumption

Not applicable

Change in Accounting Policy

Not applicable

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 services (new business fields).

The segment information for previous fiscal years is presented using figures reflecting material changes to the initial allocation of acquisition costs, which arose as a result of the finalization of the tentative accounting treatment of business combinations.

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. Net sales, profit/loss, assets, liabilities, and other items by reportable segment

FY2019 (From April 1, 2019 to March 31, 2020)

(¥ millions)

	Lease and Installment Sales	Financing	Other	Total
Net sales				
Revenue from external customers	528,853	15,979	167,497	712,330
Intersegment revenue and transfers	1,026	3,708	1,078	5,813
Net sales	529,880	19,688	168,575	718,143
Operating profit	33,134	11,330	9,254	53,719
Segment assets	1,704,786	804,101	128,744	2,637,632
Other items				
Depreciation	33,694	—	2,397	36,091
Amortization of goodwill	—	324	807	1,132
Amount invested in entities accounted for using equity method	—	—	—	—
Increase in property, plant and equipment and intangible assets	178,524	—	12,424	190,948

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

(¥ millions)

	Lease and Installment Sales	Financing	Other	Total
Net sales				
Revenue from external customers	541,718	20,588	177,956	740,263
Intersegment revenue and transfers	1,282	3,454	1,995	6,732
Net sales	543,000	24,043	179,951	746,996
Operating 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
Amount invested in entities accounted for using equity method	—	—	—	—
Increase in property, plant and equipment and intangible assets	144,656	—	317	144,974

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

Net sales (¥ millions)	FY2019 (April 1, 2019 - March 31, 2020)	FY2020 (April 1, 2020 - March 31, 2021)
Reportable segments total	718,143	746,996
Eliminations	(5,813)	(6,732)
Net sales reported on the consolidated statements of income	712,330	740,263

Profit (¥ millions)	FY2019 (April 1, 2019 - March 31, 2020)	FY2020 (April 1, 2020 - March 31, 2021)
Reportable segments total	53,719	57,392
Eliminations	(2,486)	(3,206)
Corporate expenses (Note)	(9,808)	(9,630)
Operating profit reported on the consolidated statements of income	41,423	44,555

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

Assets (¥ millions)	As of March 31, 2020	As of March 31, 2021
Reportable segments total	2,637,632	2,902,959
Corporate assets (Note)	114,966	76,325
Total assets reported on the consolidated balance sheets	2,752,598	2,979,285

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	
	FY2019	FY2020	FY2019	FY2020	FY2019	FY2020
Depreciation	36,091	44,243	1,768	1,907	37,859	46,150
Amortization of goodwill	1,132	1,326	—	—	1,132	1,326
Amount invested in entities accounted for using equity method	—	—	23,657	28,942	23,657	28,942
Increase in property, plant and equipment and intangible assets	190,948	144,974	1,690	4,177	192,638	149,152

Notes:
1. Depreciation adjustments mainly represent depreciation on own-used assets.
2. Adjustments for amount invested 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

	FY2019 (April 1, 2019 - March 31, 2020)	FY2020 (April 1, 2020 - March 31, 2021)
Net assets per share	¥9,204.20	¥10,153.22
Basic earnings per share	¥871.95	¥986.18
Diluted earnings per share	¥865.56	¥979.39

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 102,500 shares for the fiscal year ended March 31, 2020 and 96,700 shares for the fiscal year ended March 31, 2021.
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 102,618 shares for the fiscal year ended March 31, 2020 and 97,065 shares for the fiscal year ended March 31, 2021.
3. Calculation basis of net assets per share is as follows.

	As of March 31, 2020	As of March 31, 2021
Total net assets (¥ millions)	311,819	344,796
Amounts excluded from total net assets (¥ millions)	35,950	40,231
Of which, share acquisition rights	764	704
Of which, non-controlling interests	35,186	39,527
Net assets attributable to common shares (¥ millions)	275,869	304,565
Number of common shares as of the fiscal year-end used in the calculation of net assets per share (thousands shares)	29,972	29,996

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

	FY2019 (April 1, 2019 - March 31, 2020)	FY2020 (April 1, 2020 - March 31, 2021)
Basic earnings per share		
Profit attributable to owners of parent (¥ million)	26,187	29,566
Amount not attributable to common shareholders (¥ million)	—	—
Profit attributable to owners of parent attributable to common shares (¥ million)	26,187	29,566
Average number of shares during the period (thousands shares)	30,033	29,981
Diluted earnings per share		
Adjustments to profit attributable to owners of parent (¥ millions)	—	—
Increase in the number of common shares (thousands shares)	221	207
Residual securities that are not dilutive and not included in the calculation of diluted earnings per share	————————	————————

Subsequent Events

Conversion to a consolidated subsidiary by acquisition of shares

The Company resolved at a Board of Directors meeting held on March 26, 2021 to acquire additional shares of Nihon Credit Lease Co., Ltd. (hereinafter referred to as "Nihon Credit Lease"), an equity-method associate of the Company, to make it a wholly owned subsidiary. The Company concluded a share transfer agreement with NICHIIGAKKAN CO., LTD. and acquired the shares on April 1, 2021. Following the acquisition, Nihon Credit Lease became a consolidated subsidiary of the Company.

1. Overview of the business combination

(1) Name and business activities of the acquired company

Acquired company name: Nihon Credit Lease Co., Ltd.

Business activities: Leasing and installment sales of nursing care and welfare equipment, medical equipment, and information equipment

(2) Reason for the business combination

To promote the expansion of the business domain of the Fuyo Lease Group and further strengthen the efforts for the medical and welfare business, which is one of the strategic fields.

(3) Business combination date

April 1, 2021

(4) Legal form of the business combination

Acquisition of shares for cash consideration

(5) Name of the company after combination

No change.

(6) Ratio of acquired voting rights

Ratio of voting rights held before the business combination date	30.00%
Ratio of voting rights acquired on the business combination date	70.00%
Ratio of voting rights held after the acquisition	100.00%

(7) Main grounds for determination of acquiring company

The Company additionally acquired 70.00% of the issued shares of Japan Credit Lease for a cash consideration.

2. Acquisition cost of the acquired company and breakdown by type of consideration

Acquisition price Cash and deposits

Acquisition consideration Currently unconfirmed.

3. Details and amounts of main acquisition-related expenses

Currently unconfirmed.

4. Amount of goodwill generated, reason for the goodwill, amortization method and amortization period

Currently unconfirmed.

5. Amounts of assets received and liabilities assumed on the business combination date and their major components

Currently unconfirmed.

Corporate bond issuance

The company issued straight bonds as follows:

(1) Issue name: Fuyo General Lease Co., Ltd., No.28 unsecured straight bond

(2) Issuance amount: ¥20,000 million

(3) Issuance date: April 21, 2021

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

(5) Coupon rate: 0.140% per year

(6) Redemption date: April 21, 2026

(7) Purpose: To fund capital investments

4. Newly Executed Contracts, Operating Assets

(1) Executed contracts volume

Segment by Business		FY2019 (April 1, 2019 - March 31, 2020)		FY2020 (April 1, 2020 - March 31, 2021)		Net Change	
		Executed contracts volume (¥ millions)	Composition (%)	Executed contracts volume (¥ millions)	Composition (%)	Amount (¥ millions)	Pct. (%)
Lease and installment sales	Finance leases	365,420	26.9	308,047	22.9	(57,373)	(15.7)
	Operating leases	179,078	13.2	145,541	10.8	(33,537)	(18.7)
	Total leases	544,499	40.1	453,588	33.7	(90,910)	(16.7)
	Installment sales	35,757	2.6	31,966	2.4	(3,791)	(10.6)
	Lease and installment sales total	580,256	42.7	485,554	36.1	(94,702)	(16.3)
Financing		779,283	57.3	846,341	63.0	67,057	8.6
Other		163	0.0	11,986	0.9	11,823	—
Total		1,359,703	100.0	1,343,882	100.0	(15,821)	(1.2)

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 receivables net of the deferred profit on installment sales on an execution basis.
3. A dash represents the percentage year-on-year net change for Other because the value exceeds 1,000%.

(2) Operating assets

Segment by Business		As of March 31, 2020		As of March 31, 2021		Net Change	
		Balance (¥ millions)	Composition (%)	Balance (¥ millions)	Composition (%)	Amount (¥ millions)	Pct. (%)
Lease and installment sales	Finance leases	1,106,840	46.4	1,080,797	42.3	(26,042)	(2.4)
	Operating leases	506,765	21.3	632,539	24.7	125,774	24.8
	Total leases	1,613,605	67.7	1,713,337	67.0	99,731	6.2
	Installment sales	78,445	3.3	83,499	3.3	5,053	6.4
	Lease and installment sales total	1,692,051	71.0	1,796,836	70.3	104,784	6.2
Financing		665,557	27.9	725,745	28.4	60,187	9.0
Other		26,383	1.1	33,276	1.3	6,893	26.1
Total		2,383,992	100.0	2,555,857	100.0	171,865	7.2

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