

**SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
THREE MONTHS ENDED JUNE 30, 2021 and 2020**

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
INTERIM CONSOLIDATED BALANCE SHEETS
June 30, 2021 and March 31, 2021

	Millions of yen		Thousands of U.S. dollars
	June 30, 2021	March 31, 2021	June 30, 2021
<u>Assets</u>			
Current assets:			
Cash and bank deposits	¥ 223,268	¥ 267,722	\$ 2,018,523
Installment sales receivable	532,155	524,857	4,811,097
Lease receivables and investment assets	2,125,670	2,118,375	19,217,709
Loans receivable	512,257	500,867	4,631,206
Short-term investment securities	1,288	4,958	11,648
Merchandise	7,152	9,421	64,667
Real estate for sale	68,307	42,897	617,555
Real estate for sale in process	3,432	—	31,028
Other	203,286	192,552	1,837,867
Allowance for doubtful accounts	(13,818)	(15,512)	(124,932)
Total current assets	<u>3,663,001</u>	<u>3,646,141</u>	<u>33,116,369</u>
Property and equipment:			
Leased assets	2,845,871	2,758,044	25,728,880
Allowance for loss on disposal of leased assets	(295)	(273)	(2,672)
Advances on purchases of leased assets	152,965	160,184	1,382,930
Other operating assets	58,116	46,022	525,423
Property and equipment for internal use	5,956	6,185	53,854
Total property and equipment	<u>3,062,615</u>	<u>2,970,164</u>	<u>27,688,415</u>
Intangible assets:			
Goodwill	74,102	76,624	669,948
Other	73,844	75,216	667,607
Total intangible assets	<u>147,946</u>	<u>151,841</u>	<u>1,337,555</u>
Investments and other assets:			
Investment securities	231,004	222,040	2,088,456
Long-term loans receivable	2	3	24
Delinquent receivables	49,974	35,493	451,812
Deferred tax assets	21,984	21,962	198,755
Net defined benefit asset	10	4	96
Other	16,455	16,579	148,768
Allowance for doubtful accounts	(27,532)	(22,235)	(248,920)
Total investments and other assets	<u>291,898</u>	<u>273,848</u>	<u>2,638,992</u>
Total assets	¥ <u><u>7,165,462</u></u>	¥ <u><u>7,041,995</u></u>	\$ <u><u>64,781,331</u></u>

(continued)

	Millions of yen		Thousands of U.S. dollars
	June 30, 2021	March 31, 2021	June 30, 2021
Liabilities and Net Assets			
Current liabilities:			
Trade notes payable and accounts payable	¥ 62,558	¥ 80,588	\$ 565,579
Short-term loans	1,071,341	1,024,954	9,685,758
Long-term loans due within one year	456,107	454,577	4,123,561
Bonds due within one year	128,395	133,274	1,160,792
Commercial paper	961,800	954,400	8,695,416
Payables under securitization of lease receivables	3,600	7,760	32,547
Long-term payables under securitization of lease receivables due within one year	14,496	14,906	131,058
Lease obligations	15,502	16,173	140,152
Income taxes payable	4,103	7,772	37,097
Deferred profit on installment sales	18,357	19,032	165,970
Reserve for employee bonuses	577	1,874	5,222
Reserve for directors' bonuses	35	438	322
Asset retirement obligations	0	2	4
Other	135,044	154,483	1,220,903
Total current liabilities	<u>2,871,920</u>	<u>2,870,239</u>	<u>25,964,382</u>
Non-current liabilities:			
Bonds	741,498	687,364	6,703,718
Long-term loans	2,215,713	2,171,217	20,031,764
Long-term payables under securitization of lease receivables	29,444	28,155	266,200
Lease obligations	27,742	28,577	250,814
Deferred tax liabilities	58,596	58,601	529,756
Reserve for directors' retirement benefits	260	272	2,356
Net defined benefit liability	6,404	6,721	57,903
Guarantee deposits received	130,420	127,762	1,179,106
Asset retirement obligations	3,300	2,858	29,835
Other	139,906	138,158	1,264,859
Total non-current liabilities	<u>3,353,287</u>	<u>3,249,689</u>	<u>30,316,311</u>
Total liabilities	<u>6,225,207</u>	<u>6,119,928</u>	<u>56,280,693</u>
Net assets:			
Shareholders' equity:			
Capital stock	15,000	15,000	135,612
Capital surplus	422,041	412,086	3,815,586
Retained earnings	381,278	379,836	3,447,048
Treasury stock	(73,313)	(73,313)	(662,811)
Total shareholders' equity	<u>745,006</u>	<u>733,609</u>	<u>6,735,435</u>
Accumulated other comprehensive income:			
Net unrealized holding gains or losses on securities	27,878	26,382	252,042
Deferred gains or losses on hedges	(32,451)	(28,332)	(293,384)
Foreign currency translation adjustments	22,865	18,490	206,725
Remeasurements of defined benefit plans	(1,424)	(1,548)	(12,878)
Total accumulated other comprehensive income	<u>16,868</u>	<u>14,991</u>	<u>152,505</u>
Non-controlling interests	178,380	173,465	1,612,698
Total net assets	<u>940,255</u>	<u>922,067</u>	<u>8,500,637</u>
Total liabilities and net assets	¥ <u>7,165,462</u>	¥ <u>7,041,995</u>	\$ <u>64,781,331</u>

See accompanying notes.

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Three months ended June 30, 2021 and 2020

	Millions of yen		Thousands of
	U.S. dollars		
	Three months ended June 30,		
	2021	2020	2021
Profit	¥ 15,931	¥ 7,601	\$ 144,035
Other comprehensive income:			
Net unrealized holding gains or losses on securities	1,682	4,959	15,214
Deferred gains or losses on hedges	(6,010)	(1,137)	(54,342)
Foreign currency translation adjustments	4,623	(5,987)	41,801
Remeasurements of defined benefit plans	105	112	954
Share of other comprehensive income of affiliate: accounted for using equity method	172	2	1,563
Total other comprehensive income	574	(2,050)	5,190
Comprehensive income	¥ 16,505	¥ 5,550	\$ 149,224
Comprehensive income attributable to:			
Owners of parent	¥ 16,098	¥ 5,877	\$ 145,544
Non-controlling interests	407	(326)	3,680

See accompanying notes.

1. BASIS OF PRESENTATION

Sumitomo Mitsui Finance and Leasing Company, Limited (“the Company”) and its subsidiaries (together “the Group”) have prepared the accompanying interim consolidated financial statements in accordance with the provisions set forth in the Financial Instruments and Exchange Act of Japan and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards (“IFRS”).

The accompanying interim consolidated financial statements have been restructured and translated into English from the interim consolidated financial statements of the Company prepared in accordance with Japanese GAAP.

Some supplementary information included in the statutory Japanese language interim consolidated financial statements, but not necessarily required for fair presentation, is not presented in the accompanying interim consolidated financial statements.

Amounts less than one million yen have been omitted. As a result, the totals in Japanese yen shown in the financial statements do not necessarily agree with the sum of the individual amounts.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at June 30, 2021, which was ¥110.61 to US\$1. These translations should not be construed as representation that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at that rate.

2. CHANGES IN SCOPE OF CONSOLIDATION OR SCOPE OF APPLICATION OF THE EQUITY METHOD

There were no changes in scope of consolidation or scope of application of the equity method for the three months ended June 31, 2021.

3. CHANGES IN ACCOUNTING POLICIES

(1) Application of Accounting Standard for Revenue Recognition, etc.

The Company and its domestic consolidated subsidiaries applied “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (“ASBJ”) Statement No. 29, March 31, 2020) (hereinafter referred to as “Revenue Recognition Standard”), etc. from the beginning of the three months ended June 30, 2021. Accordingly, revenue is recognized when control of promised goods or services is transferred to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The Revenue Recognition Standard, etc. were applied pursuant to the transitional measures permitted by the proviso of Paragraph 84 of the Revenue Recognition Standard. The application of this standard had no effect on the beginning balance of retained earnings for the three months ended

June 30, 2021. In addition, the effects on the interim consolidated financial statements were immaterial. Information on the disaggregation of revenues from contracts with customers for the three months ended June 30, 2020 was not disclosed pursuant to the transitional measures permitted by Paragraph 28-15 of “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No. 12, March 31, 2020).

(2) Application of Accounting Standard for Fair Value Measurement, etc.

The Company and its domestic consolidated subsidiaries applied “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) (hereinafter referred to as “Fair Value Measurement Standard”), etc. from the beginning of the three months ended June 30, 2021, and decided to prospectively apply the new accounting policies prescribed in the Fair Value Measurement Standard, etc. in accordance with the transitional measures permitted by Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). Accordingly, the method of valuation of stocks with market prices included in other securities were changed from the market price method based on the average market price during the one month period immediately before the balance sheet date to the market price method based on the market price at the balance sheet date.

4. APPLICATION OF ACCOUNTING TREATMENTS SPECIFIC TO PREPARATION OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Calculation of tax expenses

The Company and certain domestic consolidated subsidiaries calculated tax expenses by multiplying profit before income taxes by an effective tax rate that was reasonably estimated by applying tax effect accounting to estimated profit before income taxes for the fiscal year including the three months ended June 30, 2021.

Amounts of income taxes include deferred income taxes.

5. ADDITIONAL INFORMATION

Application of tax effect accounting for the transition from the consolidated taxation system to the group taxation system

Having regard to Paragraph 3 of “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (Practical Issues Task Force (“PITF”) No. 39, March 31, 2020), the Company and its domestic consolidated subsidiaries did not follow Paragraph 44 of “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, February 16, 2018) but applied provisions of pre-amended tax laws when calculating the amounts of deferred tax assets and liabilities that relate to transitioning to the group

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taxation system and related amendments of tax laws for transitioning to the single tax payment system.

6. CONTINGENT LIABILITIES

	Millions of Yen		Thousands of
	June 30, 2021	March 31, 2021	U.S. Dollars June 30, 2021
7,552 (7,771 at March 31, 2021) guarantees of obligations for business (including commitment to guarantee)	¥ 44,984	¥ 46,988	\$ 406,690
Loan guarantees to employees (housing loan, etc.).....	7	7	63

Note: ¥100 million (US\$904 thousand) and ¥100 million at June 30, 2021 and March 31, 2021, respectively, of the above guarantees of obligations for business are guaranteed by other third parties.

7. STATEMENTS OF CASH FLOWS

The interim consolidated statements of cash flows for the three months ended June 30, 2021 and 2020 are not prepared. Depreciation (including amortization of intangible assets other than goodwill) and amortization of goodwill were as follows:

	Millions of Yen		Thousands of
	Three months ended June 30,		
	2021	2020	2021
Depreciation	¥ 30,026	¥ 27,001	\$ 271,458
Amortization of goodwill	2,520	2,275	22,783

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8. NET ASSETS

Dividends paid in the three months ended June 30, 2021 and 2020

Type of shares	2021				Record date	Effective date
	Aggregate amount of dividends		Cash dividends per stock			
	Millions of Yen	Thousands of U.S. Dollars	Yen	U.S. Dollars		
Common stock	¥ 12,666	\$ 114,510	¥ 145	\$ 1.31	March 31, 2021	June 29, 2021

Notes:

1. Date of resolution: Ordinary general meeting of shareholders held on June 28, 2021
2. The dividends were paid out from retained earnings.

Type of shares	2020				Record date	Effective date
	Aggregate amount of dividends		Cash dividends per stock			
	Millions of Yen		Yen			
Common stock	¥ 15,554		¥ 202		March 31, 2020	June 24, 2020

Notes:

1. Date of resolution: Ordinary general meeting of shareholders held on June 23, 2020
2. The dividends were paid out from retained earnings.

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9. SEGMENT INFORMATION

(1) Information about reported segment revenues, segment profit or loss, and disaggregation of revenues from contracts with customers

For the three months ended June 30, 2021	Reportable segment				Adjustments (*1)	Consolidated (*3)
	Domestic leasing	Real estate	Trans- portation	Overseas		
Revenues						
Leasing.....	¥ 164,543	¥ 38,965	¥ 41,892	¥ 9,616	¥ —	¥ 255,018
Installment sales.....	79,502	—	188	18,962	—	98,652
Finance revenues.....	1,448	467	1,668	188	—	3,773
Other sales (*2).....	8,076	7,734	2,344	382	—	18,537
Revenues from external customers.....	253,571	47,167	46,093	29,149	—	375,981
Intersegment revenues or transfers.....	1,691	64	882	25,266	(27,904)	—
Total revenues	255,262	47,231	46,975	54,416	(27,904)	375,981
Segment profit	¥ 9,737	¥ 8,729	¥ 3,289	¥ 2,079	¥ (4,036)	¥ 19,799

Notes:

*1. "Adjustments" for "Segment profit" of ¥(4,036) million included amortization of goodwill of ¥(2,279) million which was not allocated to each reportable segment.

*2. "Other sales" included revenues from contracts with customers.

*3. Adjustments for "Segment profit" were made to match ordinary income in the interim consolidated statements of income. Ordinary income, which equals operating income after adjustment for non-operating gains/losses, is a subtotal required under Japanese presentation and a management index that is widely used in Japan.

Due to differences in accounting presentation, ordinary income is not referred to in the Company's financial statements under English presentation.

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For the three months ended June 30, 2020	Millions of yen					
	Reportable segment				Adjustments (*1)	Consolidated (*2)
	Domestic leasing	Real estate	Trans- portation	Overseas		
Revenues						
Revenues from external customers.....	¥ 243,998	¥ 21,856	¥ 44,167	¥ 19,523	¥ —	¥ 329,546
Intersegment revenues or transfers.....	1,770	33	764	14,058	(16,627)	—
Total revenues	245,769	21,889	44,932	33,582	(16,627)	329,546
Segment profit	¥ 5,154	¥ 5,425	¥ 4,320	¥ 1,346	¥ (3,448)	¥ 12,799

Notes:

*1. "Adjustments" for "Segment profit" of ¥(3,448) million included amortization of goodwill of ¥(2,275) million which was not allocated to each reportable segment.

*2. Adjustments for "Segment profit" were made to match ordinary income in the interim consolidated statements of income. Ordinary income, which equals operating income after adjustment for non-operating gains/losses, is a subtotal required under Japanese presentation and a management index that is widely used in Japan.

Due to differences in accounting presentation, ordinary income is not referred to in the Company's financial statements under English presentation.

For the three months ended June 30, 2021	Thousands of U.S. Dollars					
	Reportable segment				Adjustments (*1)	Consolidated (*3)
	Domestic leasing	Real estate	Trans- portation	Overseas		
Revenues						
Leasing.....	\$ 1,487,596	\$ 352,274	\$ 378,736	\$ 86,936	\$ —	\$ 2,305,560
Installment sales.....	718,760	—	1,700	171,431	—	891,890
Finance revenues.....	13,091	4,222	15,080	1,700	—	34,111
Other sales (*2).....	73,013	69,921	21,192	3,454	—	167,589
Revenues from external customers.....	2,292,478	426,426	416,716	263,530	—	3,399,165
Intersegment revenues or transfers.....	15,288	579	7,974	228,424	(252,274)	—
Total revenues	2,307,766	427,005	424,690	491,963	(252,274)	3,399,165
Segment profit	\$ 88,030	\$ 78,917	\$ 29,735	\$ 18,796	\$ (36,489)	\$ 179,005

Notes:

*1. "Adjustments" for "Segment profit" of US\$(36,489) thousand included amortization of goodwill of US\$(20,604) thousand which was not allocated to each reportable segment.

*2. "Other sales" included revenues from contracts with customers.

*3. Adjustments for "Segment profit" were made to match ordinary income in the interim consolidated statements of income. Ordinary income, which equals operating income after adjustment for non-operating gains/losses, is a subtotal required under Japanese presentation and a management index that is widely used in Japan.

Due to differences in accounting presentation, ordinary income is not referred to in the Company's financial statements under English presentation.

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Reconciliation between operating income in the interim consolidated statements of income and ordinary income was as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	Three months ended June 30,			
	2021	2020	2021	
Operating income	¥ 18,471	¥ 11,515	\$ 166,997	
Interest income	15	36	143	
Dividend income.....	299	220	2,711	
Interest expenses	(933)	(815)	(8,436)	
Equity in earnings of affiliates.....	2,331	1,385	21,078	
Foreign exchange gains (losses)	(157)	33	(1,423)	
Amortization of bond issuance cost	(22)	(211)	(204)	
Other—net	(205)	634	(1,860)	
Ordinary income	¥ 19,799	¥ 12,799	\$ 179,005	

(2) Changes in reportable segments, etc.

As stated in “3. CHANGES IN ACCOUNTING POLICIES,” the Revenue Recognition Standard, etc. were applied from the beginning of the three months ended June 30, 2021, and the accounting policy on revenue recognition was changed. Accordingly, the calculation methods of revenues and segment profit of the reportable segments were also changed in the same manner.

This change had no effect on revenues and segment profit of the reportable segments for the three months ended June 30, 2021.

(3) Information about impairment loss on fixed assets or goodwill, etc. by reportable segment

There were no items to be reported.

10. FINANCIAL INSTRUMENTS

There were no significant changes as compared with the end of the fiscal year ended March 31, 2021.

11. SECURITIES

There were no significant changes as compared with the end of the fiscal year ended March 31, 2021.

12. DERIVATIVE TRANSACTIONS

There were no significant changes as compared with the end of the fiscal year ended March 31, 2021.

13. BUSINESS COMBINATION

There were no items to be reported.

14. REVENUE RECOGNITION

Information on the disaggregation of revenues from contracts with customers is disclosed in "9. SEGMENT INFORMATION."

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15. PER SHARE DATA

For the three months ended June 30,	Yen		U.S. Dollars
	2021	2020	2021
Earnings per share	¥ 162.81	¥ 77.86	\$ 1.47

Notes: 1. Information on diluted earnings per share is omitted due to an absence of potential shares.

2. Earnings per share were calculated based on the followings:

For the three months ended June 30,	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Earnings per share			
Profit attributable to owners of parent.....	¥ 14,221	¥ 5,995	\$ 128,578
Amount not attributable to common stockholders.....	—	—	—
Profit attributable to owners of parent related to common stock	14,221	5,995	128,578
Average number of common stock during the period (thousand)	87,354	77,004	

16. SUBSEQUENT EVENTS

There were no items to be reported.