

May 14, 2020

Sumitomo Mitsui Finance and Leasing Company, Limited

Notice Regarding Consolidated Financial Results for the Fiscal Year Ended March 31, 2020

Sumitomo Mitsui Finance and Leasing Company, Limited (the “Company,” President: Masaki Tachibana) hereby announces the consolidated financial results for the fiscal year ended March 31, 2020 as follows.

1. Status of Operations

During the fiscal year ended March 31, 2020, the global economy continued to grow at a modest pace, despite an increasing trend toward slowdown overall, especially in China and Europe. However, through the end of the fiscal year, due to restrictions on economic activities caused by the worldwide spread of the novel coronavirus infectious disease (COVID-19), the economy rapidly decelerated, increasing the risk of a future downturn.

In the Japanese economy, although there were declines in exports and manufacturing due to the slowdown of the global economy and the impact of natural disasters, the modest recovery continued, buoyed by lower but still relatively high corporate performance, as well as robust domestic demand, including improvements in the employment and income environments and recovery of consumer spending. Meanwhile, the effects of the novel coronavirus infectious disease (COVID-19) through the end of the fiscal year have created a severe situation subject to significant downward pressure.

Capital investment in Japan maintained a modest albeit weak growth trend, supported by investments in streamlining and labor saving. Leasing volume (preliminary statistics from the Japan Leasing Association) increased by 6.2% year on year to ¥5,298.3 billion.

The amount of new leases executed by the Group (including overseas) during the fiscal year under review increased by 6.8% year on year to ¥1,355.7 billion. The amount of new contracts executed, including installment sales, business loans and others, increased by 3.2% year on year to ¥2,489.2 billion.

2. Status of Financial Results

Revenues for the fiscal year ended March 31, 2020 increased by 0.8% year on year to ¥1,513.7 billion. In terms of profit and loss, operating income decreased by 1.7% year on year to ¥89.4 billion, and ordinary profit increased by 3.1% year on year to ¥90.3 billion. Profit attributable to owners of parent decreased by 23.5% year on year to ¥61.2 billion.

Operating assets at the end of the fiscal year ended March 31, 2020 increased by ¥454.1 billion year on year to ¥5,269.3 billion, and total assets increased by ¥566.0 billion year on year to ¥6,378.7 billion. Net assets increased by ¥1.5 billion year on year to ¥735.5 billion.

Please refer to the attachment for details.

[Contact Information]

Ozawa, Head of the Corporate Communications Section, Corporate Planning Division (Phone: +81-3-5219-6334)

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 [Under Japanese GAAP]

May 14, 2020

Company name: Sumitomo Mitsui Finance and Leasing Company, Limited

URL: <https://www.smfl.co.jp/english/>

Representative: Masaki Tachibana, President

Contact: Akihisa Ozawa, Head of the Corporate Communications Section, Corporate Planning Division

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(Amounts of less than one million are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(1) Consolidated Operating Results (Accumulated) (% indicates changes from the previous corresponding period.)

	Revenues		Operating income		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2020	1,513,701	0.8	89,413	(1.7)	90,321	3.1	61,219	(23.5)
March 31, 2019	1,502,378	(7.4)	90,932	(6.3)	87,593	(10.3)	80,010	46.7

(Note) Comprehensive income: Fiscal year ended March 31, 2020: ¥18,417 million [(77.8)%]

Fiscal year ended March 31, 2019: ¥82,818 million [23.3%]

	Earnings per share	Rate of return on equity	Ordinary profit to total assets	Operating income to revenues
Fiscal year ended	Yen	%	%	%
March 31, 2020	795.01	10.0	1.5	5.9
March 31, 2019	920.10	12.1	1.5	6.1

(2) Consolidated Financial Position

	Total assets	Net assets	Capital ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2020	6,378,701	735,542	9.6	7,976.67
As of March 31, 2019	5,812,698	734,041	10.6	7,971.63

(Reference) Equity: As of March 31, 2020: ¥614,239 million

As of March 31, 2019: ¥613,851 million

2. Consolidated Financial Results Forecasts for the Fiscal Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)

(% indicates changes from the previous corresponding period.)

	Revenues		Operating income		Ordinary profit		Profit attributable to owners of parent	Earnings per share	
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	Yen	
	1,480,000	(2.2)	59,000	(34.0)	62,000	(31.4)	40,000	(34.7)	519.45

Note: The earnings forecasts above factor in the impact of the novel coronavirus infectious disease (COVID-19) on the Company's business with certain assumptions. These forecasts may be revised as the future situation changes, and these revisions will be announced promptly.

- The earnings forecasts and other forward-looking statements in these materials are based on the information currently available to the Company and certain assumptions that are judged to be reasonable, and are not intended as a guarantee that the Company will achieve these targets. Actual results may differ significantly due to various factors.
- These materials are outside the scope of audit procedures under the Financial Instruments and Exchange Act of Japan. As of the time of disclosure of these materials, the audit procedures of the Company's financial statements under the Financial Instruments and Exchange Act have not been completed.

Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and bank deposits	126,277	252,775
Installment sales receivable	516,538	558,161
Lease receivables and investment assets	2,093,824	2,161,247
Loans receivable	400,032	361,029
Short-term investment securities	1,116	-
Merchandise	7,397	8,854
Other	220,385	185,460
Allowance for doubtful accounts	(7,198)	(8,811)
Total current assets	3,358,373	3,518,718
Non-current assets		
Property and equipment		
Leased assets		
Leased assets	1,783,387	2,151,414
Allowance for loss on disposal of leased assets	(532)	(214)
Advances on purchases of leased assets	342,647	384,793
Total leased assets	2,125,502	2,535,993
Property and equipment for internal use	5,236	5,876
Total property and equipment	2,130,739	2,541,869
Intangible assets		
Goodwill	77,297	68,144
Other	33,925	33,231
Total intangible assets	111,222	101,376
Investments and other assets		
Investment securities	163,581	170,815
Long-term loans receivable	1,045	2
Delinquent receivables	21,494	17,611
Deferred tax assets	20,757	22,628
Other	13,447	13,404
Allowance for doubtful accounts	(7,962)	(7,724)
Total investments and other assets	212,363	216,736
Total non-current assets	2,454,325	2,859,982
Total assets	5,812,698	6,378,701

(Million yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Trade notes payable and accounts payable	93,404	86,578
Short-term loans	1,060,316	1,037,413
Long-term loans due within one year	353,554	351,793
Bonds due within one year	80,120	67,400
Commercial paper	1,040,900	1,021,900
Payables under securitization of lease receivables	14,412	17,179
Long-term payables under securitization of lease receivables due within one year	34,486	21,047
Lease obligations	19,098	18,633
Income taxes payable	3,926	4,451
Deferred profit on installment sales	25,884	25,417
Reserve for employee bonuses	2,245	2,095
Reserve for directors' bonuses	205	394
Asset retirement obligations	93	209
Other	117,129	115,851
Total current liabilities	2,845,779	2,770,366
Non-current liabilities		
Bonds	483,561	695,552
Long-term loans	1,418,288	1,791,445
Long-term payables under securitization of lease receivables	29,349	22,402
Lease obligations	40,814	34,432
Deferred tax liabilities	39,258	39,207
Reserve for directors' retirement benefits	452	411
Net defined benefit liability	7,306	9,818
Guarantee deposits received	108,435	113,275
Asset retirement obligations	1,441	1,184
Other	103,969	165,063
Total non-current liabilities	2,232,878	2,872,792
Total liabilities	5,078,657	5,643,158
Net assets		
Shareholders' equity		
Capital stock	15,000	15,000
Capital surplus	419,255	419,255
Retained earnings	322,858	362,264
Treasury stock	(168,639)	(168,639)
Total shareholders' equity	588,474	627,880
Accumulated other comprehensive income		
Net unrealized holding gains or losses on securities	22,187	16,671
Deferred gains or losses on hedges	(14,340)	(42,617)
Foreign currency translation adjustments	19,789	15,905
Remeasurements of defined benefit plans	(2,260)	(3,600)
Total accumulated other comprehensive income	25,376	(13,641)
Non-controlling interests	120,190	121,303
Total net assets	734,041	735,542
Total liabilities and net assets	5,812,698	6,378,701

(2) Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31, 2019	For the fiscal year ended March 31, 2020
Revenues	1,502,378	1,513,701
Cost and expenses	1,316,886	1,332,526
Gross profit	185,492	181,175
Selling, general and administrative expenses	94,559	91,761
Operating income	90,932	89,413
Non-operating income		
Interest income	130	184
Dividend income	1,171	1,327
Equity in earnings of affiliates	2,000	2,761
Foreign exchange gains	-	142
Other	660	543
Total non-operating income	3,962	4,959
Non-operating expenses		
Interest expenses	2,611	3,054
Loss on cancellation of interest swaps	2,674	-
Amortization of bond issuance cost	1,823	794
Foreign exchange losses	7	-
Loss on sales of long-term receivables	137	125
Other	47	77
Total non-operating expenses	7,301	4,051
Ordinary profit	87,593	90,321
Extraordinary income		
Gain on sales of investment securities	2,934	2,550
Gain on sales of shares of subsidiaries and affiliates	1,775	162
Gain on transfer from business divestitures	-	280
Gain on reversal of foreign currency translation adjustments resulting from liquidation of foreign subsidiaries	1,092	-
Other	58	2
Total extraordinary income	5,861	2,995
Extraordinary losses		
Loss on sales and retirement of property and equipment for internal use	55	189
Loss on valuation of investment securities	94	2,041
Other	11	50
Total extraordinary losses	161	2,281
Profit before income taxes	93,293	91,035
Income taxes - current	13,927	9,963
Income taxes - deferred	(14,572)	6,783
Total income taxes	(644)	16,747
Profit	93,938	74,288
Profit attributable to non-controlling interests	13,927	13,069
Profit attributable to owners of parent	80,010	61,219

[Notes]

(Change in accounting policy)

The Company's overseas consolidated subsidiaries adopted "Leases" (IFRS 16) effective from the beginning of the fiscal year ended March 31, 2020.

(Additional information)

Regarding the transition to the group tax sharing system established in the "Act for Partial Revisions to the Income Tax Act" (Act No. 8 of 2020) and the subjects in the non-consolidated tax system that were revised in conjunction therewith, the Company and certain domestic consolidated subsidiaries do not apply the provisions under Paragraph 44 of Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, February 16, 2018) in accordance with treatment under Paragraph 3 of "Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (PITF No. 39, March 31, 2020), and amounts for deferred tax assets and liabilities are based on the provisions of the tax act prior to the revision.