

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
SIX MONTHS ENDED SEPTEMBER 30, 2023 and 2022

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
INTERIM CONSOLIDATED BALANCE SHEETS
September 30, 2023 and March 31, 2023

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	September 30, 2023	March 31, 2023	September 30, 2023
<u>Assets</u>			
Current assets:			
Cash and bank deposits (Note 5)	¥ 292,891	¥ 298,272	\$ 1,958,095
Installment sales receivable	638,307	643,875	4,267,331
Lease receivables and investment assets	2,072,753	2,102,929	13,857,159
Loans receivable	618,381	592,285	4,134,120
Short-term investment securities	2,943	629	19,678
Merchandise	10,871	8,946	72,682
Real estate for sale	200,285	166,250	1,338,984
Real estate for sale in progress	4,835	4,733	32,324
Other	273,342	293,833	1,827,400
Allowance for doubtful accounts	(12,353)	(17,630)	(82,589)
Total current assets	4,102,258	4,094,124	27,425,183
Property and equipment:			
Assets for lease	4,766,274	4,375,205	31,864,382
Allowance for loss on disposal of assets for lease	(291)	(292)	(1,950)
Advances on purchases of assets for lease	173,318	143,674	1,158,702
Other operating assets	105,916	101,900	708,094
Property and equipment for internal use	17,517	16,575	117,109
Total property and equipment	5,062,735	4,637,063	33,846,337
Intangible assets:			
Goodwill	52,887	57,548	353,577
Other	67,428	66,942	450,784
Total intangible assets	120,316	124,490	804,361
Investments and other assets:			
Investment securities	347,020	316,065	2,319,967
Long-term loans receivable	7	2	52
Delinquent receivables	36,052	37,979	241,022
Deferred tax assets	18,930	19,320	126,554
Net defined benefit asset	127	122	851
Other	28,487	27,223	190,448
Allowance for doubtful accounts	(14,615)	(10,742)	(97,712)
Total investments and other assets	416,009	389,971	2,781,182
Total assets	¥ 9,701,319	¥ 9,245,649	\$ 64,857,063

(Continued)

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
INTERIM CONSOLIDATED BALANCE SHEETS
September 30, 2023 and March 31, 2023

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	September 30, 2023	March 31, 2023	September 30, 2023
<u>Liabilities and Net Assets</u>			
Current liabilities:			
Trade notes payable and accounts payable	¥ 46,060	¥ 75,627	\$ 307,934
Short-term loans	1,190,171	1,198,493	7,956,757
Long-term loans due within one year	473,518	430,782	3,165,657
Bonds due within one year	177,746	180,470	1,188,301
Commercial paper	854,200	899,700	5,710,657
Payables under securitization of lease receivables	1,267	26,769	8,476
Long-term payables under securitization of lease receivables due within one year	14,139	18,573	94,528
Lease obligations	10,594	11,201	70,825
Income taxes payable	14,815	14,790	99,048
Deferred profit on installment sales	36,348	29,066	243,002
Reserve for employee bonuses	3,380	2,635	22,602
Reserve for directors' bonuses	86	898	578
Other	206,841	226,570	1,382,813
Total current liabilities	<u>3,029,171</u>	<u>3,115,579</u>	<u>20,251,177</u>
Non-current liabilities:			
Bonds	1,027,386	691,517	6,868,476
Long-term loans	3,874,762	3,789,074	25,904,280
Long-term payables under securitization of lease receivables	17,640	23,316	117,933
Lease obligations	26,185	28,475	175,060
Deferred tax liabilities	85,588	73,699	572,192
Reserve for directors' retirement benefits	574	491	3,842
Net defined benefit liability	2,956	2,966	19,767
Guarantee deposits received	147,170	146,658	983,889
Asset retirement obligations	4,985	4,868	33,329
Other	208,985	193,710	1,397,152
Total non-current liabilities	<u>5,396,235</u>	<u>4,954,779</u>	<u>36,075,919</u>
Total liabilities	<u>8,425,407</u>	<u>8,070,359</u>	<u>56,327,096</u>
Net assets (Note 6):			
Shareholders' equity:			
Capital stock	15,000	15,000	100,281
Capital surplus	421,857	421,975	2,820,278
Retained earnings	458,505	440,339	3,065,283
Treasury stock	(73,313)	(73,313)	(490,129)
Total shareholders' equity	<u>822,048</u>	<u>804,002</u>	<u>5,495,712</u>
Accumulated other comprehensive income:			
Net unrealized holding gains or losses on securities	32,817	27,343	219,399
Deferred gains or losses on hedges	8,971	2,260	59,975
Foreign currency translation adjustments	110,067	75,836	735,846
Remeasurements of defined benefit plans	(116)	(198)	(781)
Total accumulated other comprehensive income	<u>151,739</u>	<u>105,242</u>	<u>1,014,440</u>
Stock acquisition rights	122	122	822
Non-controlling interests	302,001	265,923	2,018,993
Total net assets	<u>1,275,912</u>	<u>1,175,290</u>	<u>8,529,967</u>
Total liabilities and net assets	<u>¥ 9,701,319</u>	<u>¥ 9,245,649</u>	<u>\$ 64,857,063</u>
See accompanying notes.			(Concluded)

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
INTERIM CONSOLIDATED STATEMENTS OF INCOME
Six Months Ended September 30, 2023 and 2022

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	Six Months Ended September 30,		
	2023	2022	2023
Revenues	¥ 1,046,088	¥ 1,021,852	\$ 6,993,503
Costs and expenses	910,727	903,812	6,088,563
Gross profit	135,360	118,040	904,940
Selling, general and administrative expenses	59,148	62,107	395,428
Operating income	76,212	55,933	509,512
Other income (expenses):			
Interest income	102	58	686
Dividend income	738	1,003	4,934
Interest expenses	(8,530)	(2,629)	(57,029)
Equity in earnings of affiliates	5,069	6,081	33,894
Foreign exchange losses	(576)	(1,110)	(3,857)
Amortization of bond issuance costs	(721)	(52)	(4,821)
Gain on sales of shares of subsidiaries and affiliates	–	783	–
Gain on sales of investment securities	196	0	1,311
Loss on sales of investment securities	(79)	(63)	(531)
Loss on valuation of investment securities	(187)	(12)	(1,254)
Loss on sales and retirement of property and equipment for internal use	(55)	(15)	(369)
Other—net	1,114	268	7,451
Total other income (expenses)—net	(2,929)	4,310	(19,584)
Profit before income taxes	73,283	60,244	489,927
Income taxes	18,006	15,224	120,384
Profit	55,276	45,020	369,544
Profit attributable to non-controlling interests	11,779	7,518	78,752
Profit attributable to owners of parent	¥ 43,496	¥ 37,502	\$ 290,792
	Yen		U.S. Dollars
Per share of common stock (Note 13):			
Basic earnings per share	¥ 497.93	¥ 429.31	\$ 3.33

See accompanying notes.

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Six Months Ended September 30, 2023 and 2022

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	Six Months Ended September 30,		
	2023	2022	2023
Profit	¥ 55,276	¥ 45,020	\$ 369,544
Other comprehensive income:			
Net unrealized holding gains or losses on securities	5,798	1,598	38,765
Deferred gains or losses on hedges	8,884	36,388	59,397
Foreign currency translation adjustments	56,660	74,731	378,799
Remeasurements of defined benefit plans	87	142	585
Share of other comprehensive income of affiliates accounted for using equity method	3,109	1,983	20,791
Total other comprehensive income	74,541	114,844	498,338
Comprehensive income	¥ 129,817	¥ 159,865	\$ 867,882
Comprehensive income attributable to:			
Owners of parent	¥ 89,994	¥ 117,150	\$ 601,648
Non-controlling interests	39,823	42,714	266,233
See accompanying notes.			

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
Six Months Ended September 30, 2023 and 2022

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	Six Months Ended September 30,		
	2023	2022	2023
Cash flows from operating activities:			
Profit before income taxes	¥ 73,283	¥ 60,244	\$ 489,927
Depreciation and other amortization	100,709	71,520	673,283
Impairment loss	4,358	4,633	29,139
Amortization of goodwill	4,721	4,844	31,562
Increase (decrease) in allowance for doubtful accounts	(3,140)	2,720	(20,995)
Increase (decrease) in other reserves	15	518	104
Increase (decrease) in net defined benefit liability	105	690	708
Loss (gain) on disposal of property and equipment for internal use	55	15	369
Loss (gain) on valuation of investment securities	187	12	1,254
Loss (gain) on liquidation of investment securities	7	1	51
Loss on valuation of golf club membership	0	4	4
Interest income and dividend income	(840)	(1,062)	(5,620)
Interest expenses	85,119	42,968	569,058
Amortization of bond issuance costs	721	52	4,821
Equity in losses (earnings) of affiliates	(5,069)	(6,081)	(33,894)
Loss (gain) on disposal of assets for lease	(11,582)	(11,166)	(77,433)
Loss (gain) on sales of investment securities	(116)	63	(780)
Loss (gain) on sales of shares of subsidiaries and affiliates	—	(783)	—
Decrease (increase) in installment sales receivable	19,907	(106,117)	133,091
Net decrease (increase) in lease receivables and investment assets	46,799	51,649	312,871
Decrease (increase) in loans receivable	(13,488)	(16,769)	(90,177)
Decrease (increase) in operational investment securities	(13,865)	(5,742)	(92,696)
Decrease (increase) in delinquent receivables	3,855	(5,566)	25,774
Decrease (increase) in real estate for sale	(34,035)	(44,778)	(227,538)
Decrease (increase) in real estate for sale in progress	(102)	(399)	(682)
Purchase of assets for lease	(229,268)	(406,785)	(1,532,748)
Proceeds from sales of assets for lease	154,533	211,772	1,033,115
Decrease (increase) in advances on purchases of assets for lease	(13,891)	25,418	(92,872)
Purchase of other operating assets	(7,061)	(19,188)	(47,211)
Increase (decrease) in trade notes payable and accounts payable	(30,265)	21	(202,335)
Other—net	(4,434)	5,876	(29,647)
	<u>127,218</u>	<u>(141,412)</u>	<u>850,503</u>
Interest and dividends received	4,442	3,911	29,701
Interest paid	(78,878)	(36,563)	(527,334)
Income taxes paid	(15,489)	(8,167)	(103,552)
Net cash provided by (used in) operating activities	<u>37,292</u>	<u>(182,231)</u>	<u>249,318</u>
Cash flows from investing activities:			
Purchase of property and equipment for internal use	(6,179)	(2,690)	(41,310)
Proceeds from sales of property and equipment for internal use	5	0	36
Purchase of investment securities	(7,157)	(20,836)	(47,849)
Proceeds from sales and redemption of investment securities	632	1,172	4,229
Decrease (increase) in time deposits	(2,770)	—	(18,525)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	(2,299)	—
Other—net	(4)	731	(29)
Net cash provided by (used in) investing activities	<u>(15,473)</u>	<u>(23,920)</u>	<u>(103,448)</u>

(Continued)

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
Six Months Ended September 30, 2023 and 2022

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	Six Months Ended September 30,		
	2023	2022	2023
Cash flows from financing activities:			
Net increase (decrease) in short-term loans	(10,877)	1,862	(72,721)
Net increase (decrease) in commercial paper	(45,500)	82,000	(304,185)
Proceeds from long-term loans	708,561	722,871	4,737,008
Repayments of long-term loans	(915,558)	(528,147)	(6,120,865)
Proceeds from securitization of lease receivables	-	3,137	-
Repayments of payables under securitization of lease receivables	(35,611)	(13,034)	(238,076)
Proceeds from issuance of bonds	438,875	15,147	2,934,055
Redemption of bonds	(146,990)	(111,605)	(982,685)
Repayments of lease obligations	(1,030)	(441)	(6,891)
Increase (decrease) in cash collateral received	(6,312)	29,167	(42,201)
Cash dividends paid	(25,332)	(12,491)	(169,359)
Cash dividends paid to non-controlling interests	(3,668)	(3,348)	(24,525)
Repayments to non-controlling interests	(33)	(7)	(222)
Net cash provided by (used in) financing activities	(43,477)	185,109	(290,667)
Effect of exchange rate change on cash and cash equivalents	13,551	25,524	90,594
Net increase (decrease) in cash and cash equivalents	(8,107)	4,481	(54,204)
Cash and cash equivalents at the beginning of the period	297,872	317,896	1,991,391
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	(43)	(61)	(291)
Cash and cash equivalents at the end of the period	¥ 289,720	¥ 322,315	\$ 1,936,896
See accompanying notes.			(Concluded)

1. BASIS OF PRESENTATION

The accompanying interim consolidated financial statements of Sumitomo Mitsui Finance and Leasing Company, Limited (the “Company”) and its consolidated subsidiaries (collectively, the “Group”) have been prepared 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 the application and disclosure requirements of International Financial Reporting Standards (“IFRS”).

The accounting standard for quarterly financial statements requires companies to prepare a set of interim consolidated financial statements for each quarter comprised of the consolidated balance sheet as of the current quarter-end and the consolidated statements of income, comprehensive income, and cash flows for the year-to-date period. A statement of changes in net assets is not required, and the year-to-date consolidated statements of cash flows for the first quarter and the third quarter may be prepared at the company’s option but are not required. Therefore, the consolidated statement of changes in net assets is not presented herein.

These interim consolidated financial statements have been restructured and translated into English from the interim consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

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.

The interim consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. As permitted by the Financial Instruments and Exchange Act of Japan, amounts less than one million yen have been omitted. As a result, the totals shown in the interim consolidated financial statements do not necessarily agree with the sums of the individual amounts.

The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan, using the prevailing exchange rate at September 30, 2023, which was ¥149.58 to US\$1. These translations should not be construed as representations 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

(1) Significant change in scope of consolidation

For the six months ended September 30, 2023

There were no changes in the scope of consolidation in the six months ended September 30, 2023.

For the six months ended September 30, 2022

SMFL MIRAI Partners Investment 2 Co., Ltd. was excluded from the scope of consolidation since it was dissolved following the merger with SMFL MIRAI Partners Co., Ltd. in the six months ended September 30, 2022.

(2) Significant change in scope of application of the equity method

For the six months ended September 30, 2023

LCI Investments Limited was included in the scope of equity method since the Company acquired the shares in LCI Investments in the six months ended September 30, 2023.

For the six months ended September 30, 2022

SMBC Leasing (UK) Limited was newly included in the scope of equity method due to the acquisition of shares in the six months ended September 30, 2022.

3. SIGNIFICANT ACCOUNTING POLICIES

Substantially the same accounting policies have been followed in these interim consolidated financial statements as were applied in the preparation of the consolidated financial statements for the year ended March 31, 2023, except for such policies as specifically allowed and adopted for interim accounting periods described below.

Calculation of income tax expenses

The Company and some of its domestic consolidated subsidiaries calculated their income 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 that includes the six months ended September 30, 2023. The amount of income taxes includes deferred income taxes.

4. CONTINGENT LIABILITIES

	Millions of Yen		Thousands of
	September 30, 2023	March 31, 2023	U.S. Dollars
7,144 (7,355 at March 31, 2023) guarantees of obligations for business (including commitments to guarantee obligations).....	¥ 47,526	¥ 52,537	\$ 317,730
Loan guarantees to affiliates	4,949	5,113	33,086
Loan guarantees to employees (housing loans, etc.)	3	4	20

Note: ¥100 million (\$669 thousand) and ¥100 million at September 30, 2023 and March 31, 2023, respectively, of the above guarantees of obligations for business are guaranteed by other third parties.

5. CASH FLOW INFORMATION

(1) Reconciliation of cash and bank deposits in the consolidated balance sheets to cash and cash equivalents in the consolidated statements of cash flows

	Millions of Yen		Thousands of U.S. Dollars	
	Six Months Ended September 30,			
	2023	2022	2023	
Cash and bank deposits.....	¥ 292,891	¥ 322,715	\$ 1,958,095	
Time deposits with maturities exceeding three months	(3,170)	(400)	(21,193)	
Cash and cash equivalents	¥ 289,720	¥ 322,315	\$ 1,936,896	

(2) Increase/decrease in other reserves

Increase/decrease in other reserves consists of increases/decreases in allowance for loss on disposal of assets for lease, reserve for employee bonuses, reserve for directors' bonuses, and reserve for directors' retirement benefits.

6. NET ASSETS

Dividends paid in the six months ended September 30, 2023 and 2022

2023						
Class of Stock	Total dividends		Dividend per share		Record date	Effective date
	Millions of Yen	Thousands of U.S. Dollars	Yen	U.S. Dollars		
Common stock	¥ 25,332	\$ 169,359	¥ 290	\$ 1.94	March 31, 2023	June 28, 2023

Notes: 1. Resolved at the ordinary general meeting of shareholders held on June 27, 2023
2. The dividends were paid out from retained earnings.

2022						
Class of Stock	Total dividends		Dividend per share		Record date	Effective date
	Millions of Yen	U.S. Dollars	Yen	U.S. Dollars		
Common stock	¥ 12,491	\$ 80,000	¥ 143	\$ 0.94	March 31, 2022	June 27, 2022

Notes: 1. Resolved at the ordinary general meeting of shareholders held on June 24, 2022
2. The dividends were paid out from retained earnings.

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
Six Months Ended September 30, 2023 and 2022

7. SEGMENT INFORMATION

(1) Information about revenues and profit or loss by reportable segment

For the six months ended September 30, 2023	Millions of Yen					
	Reportable Segment				Adjustments (*1)	Consolidated (*3)
	Domestic Leasing	Real Estate	Trans- portation	Overseas		
Revenues:						
Lease sales	¥ 330,455	¥ 132,951	¥ 241,643	¥ 17,983	¥ -	¥ 723,034
Installment sales	202,345	-	140	40,504	-	242,989
Finance revenue	5,627	884	4,712	2,121	-	13,345
Other revenues (*2).....	20,771	41,927	2,775	1,244	-	66,718
Revenues from external customers	559,199	175,762	249,271	61,854	-	1,046,088
Intersegment revenues or transfers.....	6,299	724	15,831	91,855	(114,710)	-
Total revenues	¥ 565,498	¥ 176,487	265,103	153,709	(114,710)	1,046,088
Segment profit.....	¥ 20,946	¥ 24,725	¥ 27,771	¥ 1,282	¥ (1,294)	¥ 73,431

For the six months ended September 30, 2022	Millions of Yen					
	Reportable Segment				Adjustments (*1)	Consolidated (*3)
	Domestic Leasing	Real Estate	Trans- portation	Overseas		
Revenues:						
Lease sales	¥ 331,490	¥ 215,610	¥ 138,825	¥ 19,723	¥ -	¥ 705,650
Installment sales	210,765	-	5,861	39,201	-	255,829
Finance revenue	4,013	906	5,138	1,116	-	11,175
Other revenues (*2).....	18,483	24,446	5,278	988	-	49,197
Revenues from external customers	564,753	240,964	155,103	61,030	-	1,021,852
Intersegment revenues or transfers.....	4,969	629	3,835	81,238	(90,672)	-
Total revenues	¥ 569,723	¥ 241,593	158,939	142,269	(90,672)	1,021,852
Segment profit.....	¥ 16,192	¥ 21,416	¥ 17,768	¥ 3,152	¥ 1,027	¥ 59,557

For the six months ended September 30, 2023	Thousands of U.S. Dollars					
	Reportable Segment				Adjustments (*1)	Consolidated (*3)
	Domestic Leasing	Real Estate	Trans- portation	Overseas		
Revenues:						
Lease sales	\$2,209,219	\$ 888,829	\$ 1,615,477	\$ 120,223	\$ -	\$ 4,833,761
Installment sales	1,352,754	-	936	270,785	-	1,624,475
Finance revenue	37,619	5,910	31,502	14,180	-	89,216
Other revenues (*2).....	138,862	280,298	18,552	8,317	-	446,036
Revenues from external customers	3,738,461	1,175,037	1,666,473	413,518	-	6,993,503
Intersegment revenues or transfers.....	42,111	4,840	105,836	614,086	(766,881)	-
Total revenues	\$3,780,572	\$ 1,179,884	1,772,316	1,027,604	(766,881)	6,993,503
Segment profit.....	\$ 140,032	\$ 165,296	\$ 185,660	\$ 8,571	\$ (8,651)	\$ 490,915

*1. "Adjustments" for "segment profit" of ¥(1,294) million (\$8,651) thousand and ¥1,027 million for the six months ended September 30, 2023 and 2022 include amortization of goodwill of ¥(4,210) million (\$28,145) thousand and ¥(4,362) million and equity in earnings of affiliates of ¥4,155 million (\$27,778 thousand) and ¥4,045 million which were not allocated to the reportable segments.

*2. "Other revenues" include revenue from contracts with customers.

*3. "Segment profit" was reconciled to ordinary income, which is calculated as operating income plus non-operating income minus non-operating expenses in the interim consolidated statement of income as shown below. Ordinary income is required to be presented under Japanese GAAP and is widely used as key financial data in Japan.

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
Six Months Ended September 30, 2023 and 2022

Operating income in the interim consolidated statements of income was reconciled to ordinary income as follows:

	Millions of Yen		Thousands of
			U.S. Dollars
	Six Months Ended September 30,		
	2023	2022	2023
Operating income.....	¥ 76,212	¥ 55,933	\$ 509,512
Interest income	102	58	686
Dividend income.....	738	1,003	4,934
Interest expenses.....	(8,530)	(2,629)	(57,029)
Equity in earnings of affiliates.....	5,069	6,081	33,894
Foreign exchange losses	(576)	(1,110)	(3,857)
Amortization of bond issuance costs	(721)	(52)	(4,821)
Other—net.....	1,136	274	7,595
Ordinary income	¥ 73,431	¥ 59,557	\$ 490,915

(2) Changes in reportable segments

(Changes in measurement methods of segment profit and loss)

To present the operating results of the respective reportable segments more appropriately, the Group changed the allocation basis of corporate expenses at the beginning of the first quarter of the year ending March 31, 2024. Segment information for the six months ended September 30, 2022 has been prepared using the new basis.

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

For the six months ended September 30, 2023

There were no items to be reported.

For the six months ended September 30, 2022

There were no items to be reported.

8. FINANCIAL INSTRUMENTS

There were no significant changes in the Group's financial instruments compared with those at the end of the year ended March 31, 2023.

9. SECURITIES

There were no significant changes in the Group's securities compared with those at the end of the year ended March 31, 2023.

10. DERIVATIVE TRANSACTIONS

There were no significant changes in the Group's derivatives compared with those at the end of the year ended March 31, 2023.

11. BUSINESS COMBINATION

There were no items to be reported.

12. REVENUE RECOGNITION

Disclosures of revenue recognition have been omitted since the amount of revenue from contracts with customers was immaterial.

13. PER SHARE DATA

For the six months ended September 30,	Yen		U.S. Dollars
	2023	2022	2023
Basic earnings per share..... ¥	497.93	¥ 429.31	\$ 3.33

Notes: 1. Diluted earnings per share is not disclosed because there were no dilutive potential shares.

2. Basic earnings per share were calculated based on the following:

For the six months ended September 30,	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Profit attributable to owners of parent ¥	43,496	¥ 37,502	\$ 290,792
Amount not attributable to common shareholders	—	—	—
Profit attributable to owners of parent related to common stock.....	43,496	37,502	290,792
Average number of shares of common stock during the period (thousands of shares).....	87,354	87,354	
Overview of potential shares that were not included in the calculation of diluted earnings per share because they have no dilutive effect and that significantly changed compared with those at the end of the previous fiscal year	—	—	

14. SUBSEQUENT EVENT

(Insurance proceeds received by SMBC Aviation Capital)

(1) Date of the event

October 2, 2023

(2) Nature of the event

In the year ended March 31, 2022, SMBC Aviation Capital Limited (“SMBC Aviation Capital”), a consolidated subsidiary of the Company, terminated all lease contracts with Russian airlines pursuant to the rules of the sanctions against Russia imposed by the European Union, the United States, the United Kingdom and other countries due to Russia’s invasion of Ukraine and recognized an extraordinary loss on impairment of such 34 aircraft accordingly in the years ended March 31, 2023 and 2022.

For 16 aircraft which had been under a lease contract with Public Joint Stock Company Aeroflot - Russian Airlines (“Aeroflot”) of the above, SMBC Aviation Capital received insurance proceeds of approximately

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\$710 million from Insurance Company NSK, a Russian insurance company, under an insurance policy of Aeroflot on October 2, 2023.

(3) Effect of the event on the interim consolidated statement of income

The Group expects to recognize an extraordinary gain of approximately \$539 million*, which is a difference between the carrying amount of the aircraft and the insurance proceeds, in the third quarter of the year ending March 31, 2024.

*The \$539 million is translated into approximately ¥80,600 million at the exchange rate at September 30, 2023 of ¥149.58 to US\$1. The amount to be recognized in the consolidated financial statements will change with exchange rate fluctuations.