

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2024 and 2023

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
CONSOLIDATED BALANCE SHEETS
March 31, 2024 and 2023

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2024	2023	2024
<u>Assets</u>			
Current assets:			
Cash and bank deposits (Notes 14, 15, 27 and 29)	¥ 457,976	¥ 298,272	\$ 3,026,344
Installment sales receivable (Notes 11 and 29)	616,144	643,875	4,071,532
Lease receivables and investment assets (Notes 11, 15, 28 and 29)	1,928,155	2,102,929	12,741,398
Loans receivable (Notes 15 and 29)	512,884	592,285	3,389,182
Short-term investment securities (Notes 29 and 30)	0	629	0
Merchandise	18,217	8,946	120,380
Real estate for sale (Notes 14 and 15)	240,837	166,250	1,591,474
Real estate for sale in progress (Notes 14 and 15)	5,834	4,733	38,554
Other (Notes 11, 14 and 15)	310,242	293,833	2,050,103
Allowance for doubtful accounts (Note 3)	(11,032)	(17,630)	(72,902)
Total current assets	4,079,261	4,094,124	26,956,066
Property and equipment:			
Assets for lease (Notes 3, 8, 14, 15 and 24)	4,724,677	4,375,205	31,221,021
Allowance for loss on disposal of assets for lease	(286)	(292)	(1,894)
Advances on purchases of assets for lease (Notes 14 and 15)	197,247	143,674	1,303,427
Other operating assets (Notes 8 and 15)	137,380	101,900	907,819
Property and equipment for internal use (Note 8)	21,512	16,575	142,155
Total property and equipment	5,080,530	4,637,063	33,572,529
Intangible assets:			
Goodwill	48,189	57,548	318,441
Other	66,636	66,942	440,342
Total intangible assets	114,826	124,490	758,783
Investments and other assets:			
Investment securities (Notes 15, 29 and 30)	360,983	316,065	2,385,409
Long-term loans receivable	11	2	77
Delinquent receivables (Notes 10, 15 and 29)	38,200	37,979	252,434
Deferred tax assets (Notes 3 and 25)	12,956	19,320	85,620
Net defined benefit asset (Note 17)	161	122	1,065
Other (Notes 14 and 15)	27,209	27,223	179,804
Allowance for doubtful accounts (Note 3)	(18,083)	(10,742)	(119,496)
Total investments and other assets	421,440	389,971	2,784,913
Total assets	¥ 9,696,059	¥ 9,245,649	\$ 64,072,291

(Continued)

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
CONSOLIDATED BALANCE SHEETS
March 31, 2024 and 2023

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2024	2023	2024
<u>Liabilities and Net Assets</u>			
Current liabilities:			
Trade notes payable and accounts payable (Notes 11 and 29)	¥ 56,646	¥ 75,627	\$ 374,323
Short-term loans (Notes 12, 14, 15 and 29)	1,076,955	1,198,493	7,116,603
Long-term loans due within one year (Notes 12, 14, 15 and 29)	601,953	430,782	3,977,752
Bonds due within one year (Notes 13, 14, 15 and 29)	273,814	180,470	1,809,388
Commercial paper (Notes 12 and 29)	659,000	899,700	4,354,721
Payables under securitization of lease receivables (Notes 12, 16 and 29)	—	26,769	—
Long-term payables under securitization of lease receivables due within one year (Notes 12, 16 and 29)	11,141	18,573	73,622
Lease obligations (Notes 12, 28 and 29)	9,141	11,201	60,408
Income taxes payable	21,177	14,790	139,940
Deferred profit on installment sales	35,224	29,066	232,764
Reserve for employee bonuses	3,131	2,635	20,694
Reserve for directors' bonuses	636	898	4,204
Other (Note 15)	234,337	226,570	1,548,520
Total current liabilities	2,983,159	3,115,579	19,712,939
Non-current liabilities:			
Bonds (Notes 13, 14, 15 and 29)	993,680	691,517	6,566,314
Long-term loans (Notes 12, 14, 15 and 29)	3,838,067	3,789,074	25,362,241
Long-term payables under securitization of lease receivables (Notes 12, 16 and 29)	22,627	23,316	149,523
Lease obligations (Notes 12, 28 and 29)	23,504	28,475	155,318
Deferred tax liabilities (Notes 3 and 25)	95,596	73,699	631,709
Reserve for directors' retirement benefits	690	491	4,562
Net defined benefit liability (Note 17)	809	2,966	5,346
Guarantee deposits received (Notes 15 and 29)	144,231	146,658	953,091
Asset retirement obligations (Note 19)	5,958	4,868	39,374
Other	209,814	193,710	1,386,468
Total non-current liabilities	5,334,979	4,954,779	35,253,948
Total liabilities	8,318,138	8,070,359	54,966,887
Net assets (Notes 18 and 22):			
Shareholders' equity:			
Capital stock	15,000	15,000	99,121
Capital surplus	421,857	421,975	2,787,664
Retained earnings	544,739	440,339	3,599,682
Treasury stock	(73,313)	(73,313)	(484,461)
Total shareholders' equity	908,283	804,002	6,002,006
Accumulated other comprehensive income:			
Net unrealized holding gains or losses on securities	26,875	27,343	177,597
Deferred gains or losses on hedges	1,827	2,260	12,076
Foreign currency translation adjustments	113,091	75,836	747,318
Remeasurements of defined benefit plans	1,724	(198)	11,396
Total accumulated other comprehensive income	143,519	105,242	948,388
Stock acquisition rights	118	122	782
Non-controlling interests	325,999	265,923	2,154,229
Total net assets	1,377,920	1,175,290	9,105,405
Total liabilities and net assets	¥9,696,059	¥9,245,649	\$ 64,072,291
See accompanying notes.			(Concluded)

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
CONSOLIDATED STATEMENTS OF INCOME
Years Ended March 31, 2024 and 2023

	Thousands of U.S. Dollars (Note 1)	
	Millions of Yen	2024
	2024	2023
Revenues:		
Lease sales	¥ 1,650,574	¥ 1,448,811
Installment sales	431,160	558,349
Finance revenue	27,027	23,636
Other revenues (Note 33)	158,707	128,520
Total revenues	2,267,470	2,159,316
Costs and expenses (Note 3):		
Lease costs	1,313,781	1,197,528
Installment costs	408,580	540,324
Finance costs	151,120	85,785
Other costs	106,148	72,158
Total costs and expenses (Note 24)	1,979,631	1,895,797
Gross profit	287,839	263,519
Selling, general and administrative expenses (Note 23)	130,446	130,322
Operating income	157,392	133,197
Other income (expenses):		
Interest income	241	132
Dividend income	1,565	1,987
Interest expenses	(17,836)	(7,617)
Equity in earnings of affiliates	8,734	9,772
Value added tax refund	1,763	235
Foreign exchange gains (losses)	(1,068)	(1,347)
Amortization of bond issuance costs	(1,140)	(281)
Gain on sales of investment securities	13,156	625
Gain on sales of shares of subsidiaries and affiliates	—	881
Other—net	(1,532)	(132)
Total other income (expenses)—net	3,882	4,255
Extraordinary gains (losses) (Note 3):		
Gain on insurance proceeds related to economic sanctions on Russia (Note 24)	82,972	—
Loss on economic sanctions on Russia (Note 24)	(19,486)	(59,480)
Total extraordinary gains (losses)—net	63,485	(59,480)
Profit before income taxes	224,761	77,972
Income taxes:		
Current	32,066	25,643
Deferred	21,264	166
Total income taxes	53,331	25,809
Profit	171,430	52,162
Profit attributable to non-controlling interests	41,698	1,744
Profit attributable to owners of parent	¥ 129,731	¥ 50,418
	Yen	U.S. Dollars (Note 1)
	2024	2023
Per share of common stock (Note 36):		
Basic earnings per share	¥ 1,485.12	¥ 577.17
See accompanying notes.	\$ 9.81	

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Years Ended March 31, 2024 and 2023

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2024	2023	2024
Profit	¥ 171,430	¥ 52,162	\$ 1,132,826
Other comprehensive income (Note 26):			
Net unrealized holding gains or losses on securities	(434)	1,090	(2,869)
Deferred gains or losses on hedges	(844)	18,056	(5,582)
Foreign currency translation adjustments	62,444	38,424	412,635
Remeasurements of defined benefit plans	1,698	771	11,222
Share of other comprehensive income of affiliates accounted for using equity method	2,947	760	19,476
Total other comprehensive income	65,810	59,103	434,882
Comprehensive income	¥ 237,241	¥ 111,265	\$ 1,567,708
Comprehensive income attributable to:			
Owners of parent	¥ 168,009	¥ 92,588	\$ 1,110,216
Non-controlling interests	69,232	18,677	457,491
See accompanying notes.			

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
Years Ended March 31, 2024 and 2023

	Millions of Yen				
	Shareholders' Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance at April 1, 2022	¥ 15,000	¥ 421,975	¥ 402,421	¥ (73,313)	¥ 766,083
Changes during the period					
Dividends			(12,491)		(12,491)
Profit attributable to owners of parent			50,418		50,418
Change in scope of consolidation			(7)		(7)
Net changes other than shareholders' equity					
Total changes during the period	—	—	37,918	—	37,918
Balance at March 31, 2023	¥ 15,000	¥ 421,975	¥ 440,339	¥ (73,313)	¥ 804,002

	Accumulated Other Comprehensive Income				
	Net Unrealized Holding Gains or Losses on Securities	Deferred Gains or Losses on Hedges	Foreign Currency Translation Adjustments	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income
Balance at April 1, 2022	¥ 25,977	¥ (11,069)	¥ 48,969	¥ (805)	¥ 63,072
Changes during the period					
Dividends					
Profit attributable to owners of parent					
Change in scope of consolidation					
Net changes other than shareholders' equity	1,366	13,329	26,866	606	42,169
Total changes during the period	1,366	13,329	26,866	606	42,169
Balance at March 31, 2023	¥ 27,343	¥ 2,260	¥ 75,836	¥ (198)	¥ 105,242

	Stock Acquisition Rights	Non-controlling Interests	Total Net Assets
Balance at April 1, 2022	¥ 123	¥ 192,262	¥ 1,021,541
Changes during the period			
Dividends			(12,491)
Profit attributable to owners of parent			50,418
Change in scope of consolidation			(7)
Net changes other than shareholders' equity	(0)	73,661	115,830
Total changes during the period	(0)	73,661	153,749
Balance at March 31, 2023	¥ 122	¥ 265,923	¥ 1,175,290

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
Years Ended March 31, 2024 and 2023

Millions of Yen

	Shareholders' Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance at April 1, 2023	¥ 15,000	¥ 421,975	¥ 440,339	¥ (73,313)	¥ 804,002
Changes during the period					
Dividends			(25,332)		(25,332)
Profit attributable to owners of parent			129,731		129,731
Change in ownership interest of parent due to transactions with non-controlling interests		(118)			(118)
Change in scope of consolidation			1		1
Net changes other than shareholders' equity					
Total changes during the period	—	(118)	104,400	—	104,281
Balance at March 31, 2024	¥ 15,000	¥ 421,857	¥ 544,739	¥ (73,313)	¥ 908,283

	Accumulated Other Comprehensive Income				
	Net Unrealized Holding Gains or Losses on Securities	Deferred Gains or Losses on Hedges	Foreign Currency Translation Adjustments	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income
Balance at April 1, 2023	¥ 27,343	¥ 2,260	¥ 75,836	¥ (198)	¥ 105,242
Changes during the period					
Dividends					
Profit attributable to owners of parent					
Change in ownership interest of parent due to transactions with non-controlling interests					
Change in scope of consolidation					
Net changes other than shareholders' equity	(467)	(432)	37,255	1,922	38,277
Total changes during the period	(467)	(432)	37,255	1,922	38,277
Balance at March 31, 2024	¥ 26,875	¥ 1,827	¥ 113,091	¥ 1,724	¥ 143,519

	Stock Acquisition Rights	Non-controlling Interests	Total Net Assets
Balance at April 1, 2023	¥ 122	¥ 265,923	¥ 1,175,290
Changes during the period			
Dividends			(25,332)
Profit attributable to owners of parent			129,731
Change in ownership interest of parent due to transactions with non-controlling interests			(118)
Change in scope of consolidation			1
Net changes other than shareholders' equity	(4)	60,075	98,348
Total changes during the period	(4)	60,075	202,630
Balance at March 31, 2024	¥ 118	¥ 325,999	¥ 1,377,920

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
Years Ended March 31, 2024 and 2023

Thousands of U.S. Dollars (Note 1)

	Shareholders' Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance at April 1, 2023	\$ 99,121	\$2,788,448	\$2,909,799	\$ (484,461)	\$5,312,907
Changes during the period					
Dividends			(167,401)		(167,401)
Profit attributable to owners of parent			857,276		857,276
Change in ownership interest of parent due to transactions with non-controlling interests		(785)			(785)
Change in scope of consolidation			8		8
Net changes other than shareholders' equity					
Total changes during the period	—	(785)	689,883	—	689,098
Balance at March 31, 2024	\$ 99,121	\$2,787,664	\$3,599,682	\$ (484,461)	\$6,002,006

	Accumulated Other Comprehensive Income				
	Net Unrealized Holding Gains or Losses on Securities	Deferred Gains or Losses on Hedges	Foreign Currency Translation Adjustments	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income
Balance at April 1, 2023	\$ 180,689	\$ 14,935	\$ 501,134	\$ (1,310)	\$ 695,447
Changes during the period					
Dividends					
Profit attributable to owners of parent					
Change in ownership interest of parent due to transactions with non-controlling interests					
Change in scope of consolidation					
Net changes other than shareholders' equity	(3,092)	(2,859)	246,184	12,706	252,940
Total changes during the period	(3,092)	(2,859)	246,184	12,706	252,940
Balance at March 31, 2024	\$ 177,597	\$ 12,076	\$ 747,318	\$ 11,396	\$ 948,388

	Stock Acquisition Rights	Non-controlling Interests	Total Net Assets
Balance at April 1, 2023	\$ 812	\$1,757,243	\$7,766,410
Changes during the period			
Dividends			(167,401)
Profit attributable to owners of parent			857,276
Change in ownership interest of parent due to transactions with non-controlling interests			(785)
Change in scope of consolidation			8
Net changes other than shareholders' equity	(30)	396,985	649,896
Total changes during the period	(30)	396,985	1,338,994
Balance at March 31, 2024	\$ 782	\$2,154,229	\$9,105,405

See accompanying notes.

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended March 31, 2024 and 2023

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2024	2023	2024
Cash flows from operating activities:			
Profit before income taxes	¥ 224,761	¥ 77,972	\$ 1,485,241
Depreciation and other amortization	193,704	136,968	1,280,014
Impairment loss	10,958	9,721	72,412
Amortization of goodwill	9,425	9,537	62,287
Increase (decrease) in allowance for doubtful accounts	(1,044)	686	(6,902)
Increase (decrease) in other reserves	426	767	2,819
Increase (decrease) in net defined benefit liability	281	1,162	1,862
Loss (gain) on disposal of property and equipment for internal use	175	58	1,159
Loss (gain) on valuation of investment securities	1,171	213	7,743
Loss (gain) on liquidation of investment securities	8	26	57
Loss on valuation of golf club membership	3	6	24
Loss on economic sanctions on Russia	19,486	59,480	128,768
Gain on insurance proceeds related to economic sanctions on Russia	(82,972)	—	(548,287)
Interest income and dividend income	(1,807)	(2,120)	(11,944)
Interest expenses	168,956	93,403	1,116,479
Amortization of bond issuance costs	1,140	281	7,534
Equity in losses (earnings) of affiliates	(8,734)	(9,772)	(57,715)
Loss (gain) on disposal of assets for lease	(29,009)	(20,564)	(191,695)
Loss (gain) on sales of investment securities	(13,072)	(537)	(86,387)
Loss (gain) on sales of shares of subsidiaries and affiliates	94	(865)	626
Decrease (increase) in installment sales receivable	41,306	(60,619)	272,956
Net decrease (increase) in lease receivables and investment assets	190,028	90,712	1,255,724
Decrease (increase) in loans receivable	93,303	33,087	616,559
Decrease (increase) in operational investment securities	(43,023)	(16,597)	(284,305)
Decrease (increase) in delinquent receivables	1,711	(8,645)	11,310
Decrease (increase) in real estate for sale	(74,587)	(72,910)	(492,881)
Decrease (increase) in real estate for sale in progress	(1,101)	(886)	(7,278)
Purchase of assets for lease	(604,799)	(863,168)	(3,996,562)
Proceeds from sales of assets for lease	465,762	398,045	3,077,796
Decrease (increase) in advances on purchases of assets for lease	(36,102)	51,450	(238,566)
Purchase of other operating assets	(22,596)	(28,861)	(149,320)
Increase (decrease) in trade notes payable and accounts payable	(19,678)	(16,047)	(130,040)
Other—net	(21,165)	60,915	(139,862)
	463,013	(77,100)	3,059,627
Interest and dividends received	5,764	5,081	38,090
Interest paid	(161,157)	(78,877)	(1,064,939)
Insurance proceeds related to economic sanctions on Russia	114,371	—	755,773
Income taxes paid	(27,603)	(18,849)	(182,408)
Net cash provided by (used in) operating activities	394,387	(169,745)	2,606,143
Cash flows from investing activities:			
Purchase of property and equipment for internal use	(16,612)	(7,279)	(109,777)
Proceeds from sales of property and equipment for internal use	2	78	17
Purchase of investment securities	(8,338)	(26,523)	(55,104)
Proceeds from sales and redemption of investment securities	24,981	3,207	165,080
Decrease (increase) in time deposits	(2,762)	—	(18,257)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(2,686)	(181,140)	(17,749)
Other—net	(24)	(29)	(161)
Net cash provided by (used in) investing activities	(5,440)	(211,687)	(35,952)

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended March 31, 2024 and 2023

	(Continued)	
	Thousands of U.S. Dollars (Note 1)	
	Millions of Yen	
	2024	2023
		2024
Cash flows from financing activities:		
Net increase (decrease) in short-term loans	(124,094)	(45,007)
Net increase (decrease) in commercial paper	(240,700)	(60,000)
Proceeds from long-term loans	1,167,510	1,886,761
Repayments of long-term loans	(1,332,014)	(1,423,484)
Proceeds from securitization of lease receivables	10,810	31,603
Repayments of payables under securitization of lease receivables	(45,700)	(28,051)
Proceeds from issuance of bonds	538,684	91,418
Redemption of bonds	(189,365)	(153,470)
Repayments of lease obligations	(1,891)	(178)
Increase (decrease) in cash collateral received	4,517	5,635
Cash dividends paid	(25,332)	(12,491)
Cash dividends paid to non-controlling interests	(8,991)	(3,707)
Payments from non-controlling interests	9	58,507
Repayments to non-controlling interests	(34)	(60)
Net cash provided by (used in) financing activities	(246,593)	347,474
Effect of exchange rate change on cash and cash equivalents	14,631	13,985
Net increase (decrease) in cash and cash equivalents	156,984	(19,973)
Cash and cash equivalents at the beginning of the year	297,872	317,896
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	(43)	(50)
Cash and cash equivalents at the end of the year	¥ 454,813	¥ 297,872
		\$ 3,005,443
See accompanying notes.		(Concluded)

1. BASIS OF PRESENTATION

The accompanying 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 (the “FIEA”) 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”).

These consolidated financial statements have been restructured and translated into English from the 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 consolidated financial statements, but not necessarily required for fair presentation, is not presented in the accompanying consolidated financial statements.

The 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 FIEA, amounts less than one million yen have been omitted. As a result, the totals shown in the consolidated financial statements do not necessarily agree with the sums of the individual amounts.

The translations of the Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2024, which was ¥151.33 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. SIGNIFICANT ACCOUNTING POLICIES FOR PREPARING CONSOLIDATED FINANCIAL STATEMENTS

(1) Scope of consolidation

(a) Consolidated subsidiaries

As of and for the year ended March 31, 2024

Number of consolidated subsidiaries: 344 companies

SMFL MIRAI Partners Co., Ltd.

Kenedix, Inc. and its 57 subsidiaries

SC Club Co., Ltd.

SFI Leasing Company, Limited

SMFL Rental Company, Limited

AJCC Corporation

MAX-REALTY INC.

YANMAR CREDIT SERVICE CO., LTD.

SMFL Trust Company, Limited

SMFL Business Service Company, Limited

SMBC Aviation Capital Limited

SMBC Aviation Capital (UK) Limited

SMBC Aero Engine Lease B.V.

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended March 31, 2024 and 2023

SMFL LCI Helicopters Limited
Sumitomo Mitsui Finance and Leasing (China) Co., Ltd.
Shanghai Sumitomo Mitsui General Finance and Leasing Co., Ltd.
Sumitomo Mitsui Finance and Leasing (Singapore) Pte. Ltd.
SMFL Hire Purchase (Malaysia) Sdn. Bhd.
SMFL Leasing (Malaysia) Sdn. Bhd.
PT. SMFL Leasing Indonesia
DMG MORI Finance GmbH
SMFL Leasing (Thailand) Co., Ltd.
Sumitomo Mitsui Finance and Leasing (Hong Kong) Ltd.

Other 264 companies

Thirty-five companies became consolidated subsidiaries of the Company mainly because the Group acquired their shares in the year ended March 31, 2024.

Shanghai Sumitomo Mitsui Finance and Leasing Co., Ltd. and Kyushu Capital Finance Co., Ltd. merged into Shanghai Sumitomo Mitsui General Finance and Leasing Co., Ltd. and the Company, respectively, and ceased to exist. Accordingly, they were excluded from the scope of consolidation.

Thirty-five companies were excluded from the scope of consolidation mainly because they were liquidated in the year ended March 31, 2024.

As of and for the year ended March 31, 2023

Number of consolidated subsidiaries: 346 companies

SMFL MIRAI Partners Co., Ltd.
Kenedix, Inc. and its 40 subsidiaries
SC Club Co., Ltd.
SFI Leasing Company, Limited
SMFL Rental Company, Limited
AJCC Corporation
MAX-REALTY INC.
Kyushu Capital Finance Company, Limited
YANMAR CREDIT SERVICE CO., LTD.
SMFL Trust Company, Limited
SMFL Business Service Company, Limited
SMBC Aviation Capital Limited
SMBC Aviation Capital (UK) Limited
SMBC Aero Engine Lease B.V.
SMFL LCI Helicopters Limited
Sumitomo Mitsui Finance and Leasing (China) Co., Ltd.
Shanghai Sumitomo Mitsui General Finance and Leasing Co., Ltd.
Shanghai Sumitomo Mitsui Finance and Leasing Co., Ltd.

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended March 31, 2024 and 2023

Sumitomo Mitsui Finance and Leasing (Singapore) Pte. Ltd.

SMFL Hire Purchase (Malaysia) Sdn. Bhd.

SMFL Leasing (Malaysia) Sdn. Bhd.

PT. SMFL Leasing Indonesia

DMG MORI Finance GmbH

SMFL Leasing (Thailand) Co., Ltd.

Sumitomo Mitsui Finance and Leasing (Hong Kong) Ltd.

Other 281 companies

Goshawk Management Limited and its 188 subsidiaries and other 29 companies became consolidated subsidiaries of the Company mainly because the Group acquired their shares in the year ended March 31, 2023. Goshawk Management changed its name to SMBC Aviation Capital Management Limited.

SMFL MIRAI Partners Investment 2 Co., Ltd., which was dissolved following the merger with SMFL MIRAI Partners Co., Ltd., and other 24 companies were excluded from the scope of consolidation in the year ended March 31, 2023.

(b) Unconsolidated subsidiaries

For the year ended March 31, 2024

Eifel Leasing Co., Ltd. and other 148 unconsolidated subsidiaries have been excluded from the scope of consolidation pursuant to Article 5, paragraph (1), item (ii) of the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements because they are operators of silent partnerships for lease transactions and their assets or profits/losses do not belong to them substantially.

Aoi Leasing Co., Ltd. and other 80 unconsolidated subsidiaries have been excluded from the scope of consolidation because they are small businesses and the effect of their total assets, revenues, profit or loss (the amount in proportion to the share held by the Company), and retained earnings (the amount in proportion to the share held by the Company) on the accompanying consolidated financial statements is insignificant.

For the year ended March 31, 2023

Eifel Leasing Co., Ltd. and other 153 unconsolidated subsidiaries have been excluded from the scope of consolidation pursuant to Article 5, paragraph (1), item (ii) of the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements because they are operators of silent partnerships for lease transactions and their assets or profits/losses do not belong to them substantially.

Irmak Leasing Co., Ltd. and other 64 unconsolidated subsidiaries have been excluded from the scope of consolidation because they are small businesses and the effect of their total assets, revenues, profit or loss (the amount in proportion to the share held by the Company), and retained earnings (the amount in proportion to the share held by the Company) on the accompanying consolidated financial statements is insignificant.

(2) Application of the equity method

(a) Affiliates accounted for by the equity method

As of and for the year ended March 31, 2024

Number of affiliates accounted for by the equity method: 46 companies

Sumitomo Mitsui Auto Service Company, Limited

NEC Capital Solutions Limited

CRE, Inc.

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended March 31, 2024 and 2023

SMART Incorporated

Mirai Partners Co., Ltd.

The Shimizu Lease and Card Co., Ltd.

LCI Investments Limited

SMBC Leasing (UK) Limited

Other 38 companies

LCI Investments Limited and other seven companies were included in the scope of equity method mainly because the Group acquired their shares in the year ended March 31, 2024.

Four companies were excluded from the scope of equity method mainly because they were liquidated in the year ended March 31, 2024.

As of and for the year ended March 31, 2023

Number of affiliates accounted for by the equity method: 42 companies

Sumitomo Mitsui Auto Service Company, Limited

NEC Capital Solutions Limited

CRE, Inc.

SMART Incorporated

Mirai Energy Partners Co., Ltd. (current company name: Mirai Partners Co., Ltd.)

The Shimizu Lease and Card Co., Ltd.

SMBC Leasing (UK) Limited

Other 35 companies

SMBC Leasing (UK) Limited and other 10 companies were newly included in the scope of equity method mainly because the Group acquired their shares in the year ended March 31, 2023.

Five companies were excluded from the scope of equity method mainly because they were liquidated in the year ended March 31, 2023.

(b) Unconsolidated subsidiaries or affiliates not accounted for by the equity method

For the year ended March 31, 2024

Eifel Leasing Co., Ltd. and other 148 unconsolidated subsidiaries have been excluded from the scope of equity method pursuant to Article 10, paragraph (1), item (ii) of the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements because they are operators of silent partnerships for lease transactions and their assets or profits/losses do not belong to them substantially.

Aoi Leasing Co., Ltd. and other 80 unconsolidated subsidiaries, and Bangkok SMBC Consulting Co., Ltd., an affiliate of the Company, have been excluded from the scope of equity method because the effect of their profit or loss (the amount in proportion to the share held by the Company) and retained earnings (the amount in proportion to the share held by the Company) on the accompanying consolidated financial statements is insignificant.

For the year ended March 31, 2023

Eifel Leasing Co., Ltd. and other 153 unconsolidated subsidiaries have been excluded from the scope of equity method pursuant to Article 10, paragraph (1), item (ii) of the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements because they are operators of silent partnerships for lease transactions and their assets or profits/losses do not belong to them substantially.

Apple Leasing Co., Ltd. and other 64 unconsolidated subsidiaries, and Bangkok SMBC Consulting Co., Ltd., an affiliate of the Company, have been excluded from the scope of equity method because the effect of their profit or loss (the amount in proportion to the share held by the Company) and retained earnings (the amount in proportion to the share held by the Company) on the accompanying consolidated financial statements is insignificant.

(3) Balance sheet dates of consolidated subsidiaries

For the year ended March 31, 2024

The balance sheet date of Sumitomo Mitsui Finance and Leasing (China) Co., Ltd. and other 73 companies is December 31, the balance sheet date of a silent partnership whose operator is Goudo Kaisha MPHGB is January 31, and the balance sheet date of Aviation Management Co., Ltd. and other two companies is the end of February. Their financial statements as of their respective balance sheet dates are used for consolidation because the differences between their balance sheet dates and the consolidated balance sheet date are three months or less.

Necessary adjustments have been made for consolidation purposes to reflect any significant transactions that occurred between their balance sheet dates and the consolidated balance sheet date.

Financial statements of Otemachi 142 Tokutei Mokuteki Kaisha and other 236 companies provisionally prepared as of the consolidated balance sheet date have been used.

For the year ended March 31, 2023

The balance sheet date of Sumitomo Mitsui Finance and Leasing (China) Co., Ltd. and other 76 companies is December 31. The balance sheet date of Aviation Management Co., Ltd. is the end of February. Their financial statements as of their respective balance sheet dates are used for consolidation because the differences between their balance sheet dates and the consolidated balance sheet date are three months or less.

Necessary adjustments have been made for consolidation purposes to reflect any significant transactions that occurred between their balance sheet dates and the consolidated balance sheet date.

Financial statements of Otemachi 142 Tokutei Mokuteki Kaisha and other 236 companies provisionally prepared as of the consolidated balance sheet date have been used.

(4) Accounting policies

(a) Securities

Other securities (Securities other than trading purpose securities, held-to-maturity securities and investments in unconsolidated subsidiaries and affiliates are classified as “Other securities.”)

Other securities other than stocks, etc. with no market value are carried at their year-end market prices. Unrealized gains and losses, net of applicable taxes, are reported in a separate component of net assets. The costs of securities sold are calculated by the moving-average method.

Stocks, etc. with no market value are stated at cost determined by the moving-average method.

As for investments in investment limited partnerships and other similar partnerships, which are deemed to be securities under Article 2, paragraph (2) of the FIEA, the Group’s share of each partnership’s net assets and profit or loss are recognized on a net basis based on the partnership’s most recent financial statements that are available depending on the reporting date prescribed in the relevant partnership agreement.

(b) Derivative transactions

Derivative transactions are carried at fair value, unless the allocation method or the special treatment for hedge accounting is applied, in which case the derivative transaction balances are not recorded as assets or liabilities.

(c) Inventories

Inventories held for sale in the ordinary course of business are stated at the lower of cost, which is determined by the specific identification method, or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. The replacement cost may be used in place of net selling value, if appropriate.

(d) Assets for lease

Assets for lease are generally depreciated to the estimated disposal value at the end of the lease term using the straight-line method over the lease term or the estimated useful lives of the assets.

(e) Other operating assets

Other operating assets are generally depreciated to the estimated disposal value using the straight-line method over the estimated useful lives of the assets.

(f) Property and equipment for internal use (excluding Leased assets)

Depreciation of property and equipment of the Company and its domestic consolidated subsidiaries is generally calculated using the declining-balance method, while depreciation of buildings as well as facilities attached to buildings and structures acquired on or after April 1, 2016 is calculated using the straight-line method. Depreciation of property and equipment of overseas consolidated subsidiaries is generally calculated using the straight-line method. The estimated useful lives of major items are as follows:

Buildings:	2 to 50 years
Office equipment:	2 to 20 years

(g) Intangible assets (excluding Goodwill and Leased assets)

Capitalized software for internal use owned by the Company and its consolidated subsidiaries is amortized using the straight-line method over its estimated useful life (basically five years). Amortization of other intangible assets is calculated using the straight-line method.

(h) Leased assets used as lessees

Leased assets under finance leases that do not transfer ownership are depreciated using the straight-line method over the lease term with no residual value.

(i) Allowance for doubtful accounts

Allowance for doubtful accounts is provided for probable losses on receivables. Allowance for doubtful accounts for normal receivables is computed based on the historical percentage of bad debts, while allowance for doubtful accounts for specifically identified doubtful receivables is based on the estimate of uncollectible amounts.

As for claims in bankruptcy, etc., the amounts deemed uncollectible are directly written off. The amounts directly written off for the years ended March 31, 2024 and 2023 were ¥32,980 million (\$217,934 thousand) and ¥35,626 million, respectively.

(j) Allowance for loss on disposal of assets for lease

To provide for possible losses from the disposal of assets for lease on expiration of the lease, losses are estimated on an individual asset basis, and allowance for loss on disposal of assets for lease is recorded at the estimated amount of losses.

(k) Reserve for employee bonuses

Reserve for employee bonuses is provided for payment of bonuses to employees, in the amount of estimated bonuses, which are attributable to the fiscal year.

(l) Reserve for directors' bonuses

Reserve for directors' bonuses is provided for payment of bonuses to directors, in the amount of estimated bonuses, which are attributable to the fiscal year.

(m) Reserve for directors' retirement benefits

Reserve for directors' retirement benefits is provided for payment of retirement benefits to directors, corporate auditors and other executive officers, in the amount deemed accrued at the fiscal year-end based on the Company's internal regulations.

(n) Accounting methods for severance and retirement benefits

The benefit formula basis is used to attribute expected retirement benefits to each fiscal year in calculating projected benefit obligations.

Unrecognized past service costs are amortized under the straight-line method over a certain period (primarily 10 years) within the estimated average remaining service period of employees, commencing from the fiscal year of incurrence.

Unrecognized actuarial gains and losses are amortized under the straight-line method over a certain period (primarily 10 years) within the estimated average remaining service period of employees, commencing from the next fiscal year of incurrence.

(o) Recognition of revenues and expenses

(i) Recognition of revenue and expense on finance leases

Lease sales and related costs and expenses are recognized over the lease term when lease payments become due.

(ii) Recognition of revenue on operating leases

Lease sales are recognized on the straight-line basis over the lease term, based on the contractual amount of lease fees per month.

(p) Foreign currency translation

All receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rate prevailing at the consolidated balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statements of income. All assets, liabilities, revenues and expenses in the financial statements of overseas subsidiaries and affiliates are translated into Japanese yen at the spot exchange rate at the consolidated balance sheet date or their balance sheet date. The resulting foreign currency translation adjustments are shown as "Foreign currency translation adjustments" or "Non-controlling interests" in net assets.

(q) Hedge accounting

(i) Hedge accounting methods

The Group generally applies either deferral hedge accounting or fair value hedge accounting. The Group applies the allocation method to foreign exchange forward contracts and other contracts that meet certain criteria and the special treatment to interest rate swaps meeting certain criteria.

(ii) Hedging instruments and hedged items

Hedging instruments: Loans denominated in foreign currencies, foreign exchange forward contract transactions, currency swap transactions, interest rate swap transactions, and others

Hedged items: Investments in subsidiaries denominated in foreign currencies, other securities denominated in foreign currencies, future transactions, loans, and others

(iii) Hedging policy and method of assessing hedge effectiveness

The Group uses derivative transactions to reduce foreign exchange and interest rate fluctuation risks associated with business activities and manage assets, liabilities, profits and losses comprehensively.

For the comprehensive hedges where the hedged item is a group of loans and the hedging instruments are interest rate swaps, etc., the Group assesses the hedge effectiveness by comparing the accumulated fluctuation of cash flows from the hedged item with those from the hedging instruments between the inception of the hedges and the fiscal year-end.

As for fair value hedges applied to other securities denominated in foreign currencies, the Group assesses the hedge effectiveness by identifying an item to be hedged in advance and comparing the ratios of fluctuations of the hedged item (other securities denominated in foreign currencies) and the hedging instrument (loans denominated in foreign currencies, etc.) due to changes in foreign exchange rates.

(r) Goodwill

Goodwill is amortized using the straight-line method within 20 years over which the effect of return on the investment is expected to be realized. However, immaterial goodwill is charged to expense directly when it arises.

(s) Scope of “Cash and cash equivalents” on consolidated statements of cash flows

For the purpose of presenting the consolidated statements of cash flows, cash and cash equivalents represent cash, demand deposits, and short-term investments due within three months from the date of acquisition that are easily convertible into cash with little or no risk from fluctuation in value.

(t) Interest expenses on development projects

Interest expenses for large real estate development projects during the normal development period are included in the acquisition costs.

(u) Application of group tax sharing system

The group tax sharing system is applied. The Company and some of its domestic consolidated subsidiaries account for and disclose the corporation tax and the local corporation tax as well as the deferred taxes in accordance with the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (Practical Solution No. 42, issued on August 12, 2021).

3. SIGNIFICANT ACCOUNTING ESTIMATES

(1) Allowance for doubtful accounts

(a) Amounts in the consolidated financial statements

	Millions of Yen		Thousands of U.S. Dollars
As of March 31,	2024	2023	2024
Allowance for doubtful accounts	¥ 29,115	¥ 28,373	\$ 192,394

(b) Other information that assists users of consolidated financial statements in understanding the nature of the estimates

The allowance for doubtful accounts is provided for probable losses on installment sales receivable, lease receivables and investment assets, loans receivable, delinquent receivables, and others. The allowance for doubtful accounts for normal receivables is computed based on the historical percentage of bad debts, while the allowance for doubtful accounts for specifically identified doubtful receivables is based on the estimate of uncollectible amounts taking into consideration the collateral values and other factors, by each

borrower category classified according to credit risk based on the results of asset self-assessment in accordance with internal self-assessment standards for assets.

The determination of borrower categories is based on quantitative factors such as financial indicators as well as information related to qualitative factors such as future performance outlooks and cash flow conditions in accordance with the self-assessment standards established by the Group.

In the event of changes in the business conditions of the debtors or collateral values on which such estimates are based, additional provision may be required.

(2) Impairment losses on assets for lease

(a) Amounts in the consolidated financial statements

As of and for the year ended March 31,	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Assets for lease	¥ 4,724,677	¥ 4,375,205	\$ 31,221,021
Impairment losses on assets for lease.....			
Costs and expenses	10,935	9,721	72,259
Extraordinary losses (*1)	19,486	59,480	128,768

*1. Extraordinary losses are associated with assets for lease relating to the contracts terminated by SMBC Aviation Capital Limited, a consolidated subsidiary of the Company, pursuant to the rules of sanctions against Russia imposed by the European Union, the United States, the United Kingdom and other countries due to Russia's invasion of Ukraine.

(b) Other information that assists users of consolidated financial statements in understanding the nature of the estimates

For an asset for lease or a group of assets for lease for which there is an indication of impairment, when such asset for lease or group of assets for lease is required to be written down, the Group reduces its carrying amount to the recoverable amount and records the reduction as an impairment loss.

The recoverable amount of assets for lease is measured as the higher of the net realizable value, which is the fair value of the assets for lease less estimated costs of disposal (or the fair value less costs of disposal for overseas consolidated subsidiaries applying IFRS), and the value in use. Net realizable value or fair value is determined based on market value, and value in use is determined based on future cash flows based on factors including lease contracts and estimated residual values, and discount rates based on factors including market interest rates and other market conditions.

The future cash flows and discount rates used as assumptions in the estimates are calculated based on the secondhand trading market and other market conditions, taking into consideration the status of lease contracts as of the end of the fiscal year. Furthermore, among assets for lease whose underlying contracts had been terminated by the Group pursuant to the rules of sanctions against Russia (34 aircraft), the Group received insurance proceeds from Insurance Company NSK, a Russian insurance company, for 19 aircraft which had been under lease contracts with Aeroflot Russian Airlines and another company, in the year ended March 31, 2024. The remaining 15 aircraft which were not covered by the insurance, however, have not yet been returned to the Group and still involve a high degree of uncertainty due to the Russia-Ukraine situation. The Group determined an impairment loss for the aircraft remaining in Russia of ¥19,486 million (\$128,768 thousand), which is the carrying amount of such aircraft, for the year ended March 31, 2024 as it was difficult to anticipate a scenario in which the Group would recover such aircraft, taking into consideration the prolongation of the Russia-Ukraine situation and other conditions.

(3) Deferred tax assets

(a) Amounts in the consolidated financial statements

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Deferred tax assets	¥ 12,956	¥ 19,320	\$ 85,620
Deferred tax liabilities.....	95,596	73,699	631,709

(b) Other information that assists users of consolidated financial statements in understanding the nature of the estimates

The Group recognizes deferred tax assets and deferred tax liabilities by deducting the amount of taxes that is not expected to be recovered or paid in future accounting periods from the amount of taxes related to temporary differences.

Deferred tax assets are recognized by assessing the recoverability of the estimated amount of tax reduction related to the reversal of future deductible temporary differences or the offsetting of net operating loss carryforwards against taxable income before temporary differences and the occurrence of unused foreign tax credit carryforwards in future accounting periods.

The judgment on the recoverability of deferred tax assets is based on future taxable income and the scheduling of temporary differences, etc., which are estimated by revising the figures assumed in the medium-term management plan in line with external factors such as the business environment, the Group's business performance, and the status of achievement of the medium-term management plan.

The amount of deferred tax assets may change in the event of changes in the future taxable income and the scheduling of temporary differences, etc. that are used as assumptions under such estimates.

4. CHANGES IN ACCOUNTING POLICIES

For the year ended March 31, 2024

There were no changes in accounting policies in the year ended March 31, 2024.

For the year ended March 31, 2023

Application of Implementation Guidance on Accounting Standard for Fair Value Measurement

The Company and its domestic consolidated subsidiaries started to apply the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (Accounting Standards Board of Japan ("ASBJ") Guidance No. 31, revised on June 17, 2021; the "Guidance" in this section) at the beginning of the year ended March 31, 2023 and prospectively apply new accounting policies prescribed by the Guidance in accordance with the transitional provision in paragraph 27-2 of the Guidance. There were insignificant effects on the consolidated financial statements.

5. ACCOUNTING STANDARDS ISSUED BUT NOT YET ADOPTED

- **“Accounting Standard for Current Income Taxes”** (ASBJ Statement No. 27, revised on October 28, 2022)
- **“Accounting Standard for Presentation of Comprehensive Income”** (ASBJ Statement No. 25, revised on October 28, 2022)
- **“Implementation Guidance on Accounting Standard for Tax Effect Accounting”** (ASBJ Guidance No. 28, revised on October 28, 2022)

(1) Overview

In February 2018, the ASBJ issued ASBJ Statement No. 28, “Partial Amendments to Accounting Standard for Tax Effect Accounting,” and relevant implementation guidance, and practical guidelines for tax effect accounting issued by the Japanese Institute of Certified Public Accountants were transferred to the ASBJ. The above revised standards and implementation guidance are the results of the ASBJ’s reviewing the following two issues, which were to be reviewed after the issue of ASBJ Statement No. 28 and relevant implementation guidance in the process of deliberations for the transfer.

- Where to record income tax expense (taxation on other comprehensive income)
- Tax effect on the sale of subsidiary shares and affiliate shares under the Group Taxation Regime

(2) Scheduled date of application

The Company and its domestic consolidated subsidiaries start to apply the revised standards and the revised implementation guidance at the beginning of the year ending March 31, 2025.

(3) Effects of the application of the standards and implementation guidance

The Company is currently evaluating the effects of applying the revised standards and the revised implementation guidance on its consolidated financial statements.

- **“Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules”** (Practical Solution No. 46, issued on March 22, 2024)

(1) Overview

In the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting, members of the framework reached agreement on the global minimum tax in October 2021.

In response to the agreement, the Income Inclusion Rule (IIR) in the internationally agreed tax rules is prescribed in the “Act Partially Amending the Income Tax Act, etc.” (Act No. 3 of 2023), which was enacted on March 28, 2023, and was introduced in Japan. The IIR will apply to fiscal years beginning on or after April 1, 2024.

The global minimum tax aims to ensure that multinational enterprises that meet certain requirements pay at least 15% tax rate on the income arising in every country where they operate and introduces a new tax regime where the entity paying tax is not the entity that earned net income (profit) that is subject to the tax.

The above practical solution provides treatments for accounting for and disclosure of the corporation tax and the local corporation tax that are related to the global minimum tax rules.

(2) Scheduled date of application

The Company and its domestic consolidated subsidiaries start to apply the practical solution at the beginning of the year ending March 31, 2025.

(3) Effects of the application of the practical solution

The Company is currently evaluating the effects of applying the practical solution on its consolidated financial statements.

6. CHANGES IN PRESENTATION

For the year ended March 31, 2024

There were no changes in presentation in the year ended March 31, 2024.

For the year ended March 31, 2023

There were no changes in presentation in the year ended March 31, 2023.

7. ADDITIONAL INFORMATION

For the year ended March 31, 2024

Acquisition of private placement fund business from ARA Asset Management Limited

The Board of Directors of the Company passed a resolution that SMFL Mirai Partners (Singapore) Pte. Ltd. ("MPS"), a consolidated subsidiary of the Company, would acquire a private placement fund business operated by ARA Asset Management Limited ("ARA"), an affiliated company of ESR Group Limited, through MPSK Pte. Ltd. ("MPSK"), a special purpose acquisition company invested by MPS and Kenedix, Inc. ("KDX"), a consolidated subsidiary of the Company, at the extraordinary meeting of the Board of Directors held on March 7, 2024, and MPSK entered into a share purchase agreement.

The acquisition will be carried out when the terms and conditions in the agreement are fulfilled.

Outline of the business combination

(1) Name of acquired company and its business

Name: ARAvest Pte. Ltd.

Business: Private placement fund business (real estate asset management business and joint investment business)

(2) Major reason for the business combination

The purpose of this acquisition is to obtain synergies from the asset management know-how in and outside Japan, mainly in the Asia-Pacific region, of ARA and KDX and the financial foundation and the fund-raising capacity of the Group for mutual use.

(3) Legal form of the business combination

Share acquisition

(4) Name of the company after the business combination

Sumitomo Mitsui Finance and Leasing Company, Limited

(5) Basis for determining the acquirer

Share acquisition in exchange for cash

For the year ended March 31, 2023

There was no additional information in the year ended March 31, 2023.

8. ADVANCED DEPRECIATION AND ACCUMULATED DEPRECIATION OF PROPERTY AND EQUIPMENT

The Company applied advanced depreciation to property and equipment (assets for lease and other operating assets) purchased with government subsidy. ¥381 million (\$2,518 thousand) and ¥15 million were deducted from the costs of property and equipment (assets for lease and other operating assets) at March 31, 2024 and 2023, respectively.

The following table provides the accumulated depreciation of property and equipment at March 31, 2024 and 2023:

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Assets for lease	¥ 803,034	¥ 772,525	\$ 5,306,509
Other operating assets.....	19,221	12,133	127,014
Property and equipment for internal use.....	11,745	9,635	77,612

The accumulated depreciation includes accumulated impairment losses.

9. INVESTMENT AND RENTAL PROPERTIES

Some consolidated subsidiaries of the Company own commercial facilities and office buildings for rent in Tokyo and other areas.

Rental profits from such properties for the years ended March 31, 2024 and 2023 were ¥30,846 million (\$203,833 thousand) and ¥26,254 million (rental income is recorded as revenue, and rental expenses are recorded as costs and expenses), respectively. Gains on sales of such properties for the years ended March 31, 2024 and 2023 were ¥11,780 million (\$77,843 thousand) and ¥9,084 million (revenue from the sales is recorded as revenue, and expenses from the sales are recorded as costs and expenses), respectively.

The carrying amounts, changes in such balances, and fair values of the properties were as follows:

As of and for the year ended March 31,	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Carrying amounts:			
Balance at the beginning of the year.....	¥ 1,138,826	¥ 1,116,849	\$ 7,525,448
Net increase during the year	36,097	21,977	238,532
Balance at the end of the year.....	¥ 1,174,924	¥ 1,138,826	\$ 7,763,986
Fair value at the end of the year.....	¥ 1,355,417	¥ 1,337,419	\$ 8,956,697

- Notes: 1. The carrying amounts represent the acquisition cost less accumulated depreciation and accumulated impairment losses.
2. For the year ended March 31, 2024, the main reason for the increase was the purchase of properties of ¥196,098 million (\$1,295,830 thousand), and the main reason for the decrease was the sales of properties of ¥177,394 million (\$1,172,233 thousand). For the year ended March 31, 2023, the main reason for the increase was the purchase of properties of ¥260,772 million, and the main reason for the decrease was the sales of properties of ¥206,620 million.
3. With regard to the fair value at the end of the year, the fair values of major properties were estimated based on Japan's Real Estate Appraisal Standards. For other properties, fair values were estimated based on consistent values and indices that are judged as appropriately reflecting market values.

10. DELINQUENT RECEIVABLES

Delinquent receivables are receivables as defined in Article 32, paragraph (1), item (x) of the Regulation on Terminology, Forms and Preparation Methods of Financial Statements.

11. NOTES DUE ON BALANCE SHEET DATE

Notes due on the balance sheet date are settled and accounted for on the clearance date.

Since the balance sheet date of March 31, 2024 was a bank holiday, the following notes due on the balance sheet date are included in the year-end balance:

As of March 31,	Millions of Yen		Thousands of
	2024	2023	U.S. Dollars
Other (current assets).....	¥ 7	¥ —	\$ 46
Notes receivable obtained under lease and installment sales agreements.....	773	—	5,108
Trade notes payable.....	803	—	5,306

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12. BORROWED MONEY

As of March 31,	Millions of Yen		Thousands of U.S. Dollars	Average Interest Rate (%)	Due
	2024	2023	2024		
Short-term loans from banks and other financial institutions	¥1,075,815	¥1,198,493	\$ 7,109,066	0.58	–
Short-term non-recourse loans from banks and other financial institutions	1,140	–	7,533	1.34	–
Long-term loans from banks and other financial institutions due within one year	590,167	429,271	3,899,868	2.55	–
Long-term non-recourse loans from banks and other financial institutions due within one year	11,786	1,511	77,883	0.78	–
Lease obligations due within one year	9,141	11,201	60,408	4.37	–
Long-term loans from banks and other financial institutions excluding those due within one year	3,658,956	3,627,257	24,178,656	3.87	Apr. 2025 - Mar. 2040
Long-term non-recourse loans from banks and other financial institutions excluding those due within one year	179,111	161,817	1,183,579	1.02	Apr. 2025 - Sep. 2028
Lease obligations excluding those due within one year	23,504	28,475	155,318	4.83	Apr. 2025 - Nov. 2038
Other interest bearing debts:					
Commercial paper due within one year	659,000	899,700	4,354,721	0.06	–
Payables under securitization of lease receivables	–	26,769	–	–	–
Long-term payables under securitization of lease receivables due within one year	11,141	18,573	73,622	1.18	–
Long-term payables under securitization of lease receivables	22,627	23,316	149,523	0.82	Apr. 2025 - Dec. 2034
Total	¥6,242,390	¥6,426,387	\$ 41,250,182	–	–

Notes: 1. The average interest rate represents the weighted average interest rate on loans or other debts outstanding as of the fiscal year-end.

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended March 31, 2024 and 2023

2. The repayment schedule on long-term loans, lease obligations, other interest bearing debts and long-term non-recourse loans excluding those due within one year subsequent to March 31, 2024 was as follows:

	Millions of Yen	Thousands of U.S. Dollars
Long-term loans		
After one year through two years	¥ 688,465	\$4,549,428
After two years through three years	495,607	3,275,008
After three years through four years	555,614	3,671,539
After four years through five years	669,993	4,427,364
Lease obligations		
After one year through two years	¥ 5,880	\$ 38,855
After two years through three years	3,973	26,254
After three years through four years	2,170	14,340
After four years through five years	1,362	9,000
Other interest bearing debts		
After one year through two years	¥ 4,299	\$ 28,408
After two years through three years	2,640	17,445
After three years through four years	3,500	23,128
After four years through five years	5,055	33,404
Long-term non-recourse loans		
After one year through two years	¥ 45,369	\$ 299,802
After two years through three years	40,500	267,627
After three years through four years	30,487	201,460
After four years through five years	62,754	414,683

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13. BONDS

Issuers	Date of Issuance	Millions of Yen		Thousands of U.S. Dollars	Interest Rate (%)	Collateral	Due
		2024	2023	2024			
The Company:							
Euro Medium Term Note (Japanese yen) ..	Jun. 26, 2019 - Jan. 29, 2024	¥ 50,300	¥ 48,500	\$ 332,386	0.02 - 0.20	Unsecured	Apr. 12, 2024 - Mar. 17, 2027
(Due within one year)		48,500	28,700	320,492			
Unsecured Bond (public offering)	Aug. 5, 2014 - Sep. 6, 2023	349,000	320,000	2,306,218	0.11 - 1.07	Unsecured	Apr. 12, 2024 - Sep. 6, 2033
(Due within one year)		70,000	75,000	462,565			
Unsecured Bond (U.S. dollar)	Jan. 22, 2020 - Jan. 23, 2024	226,995	66,770	1,500,000	2.55 - 5.43	Unsecured	Jan. 22, 2025 - Jan. 23, 2029
(Due within one year)		75,665	—	500,000			
Unsecured Bond (private placement) ...	Mar. 11, 2019	100,000	110,000	660,808	0.27	Unsecured	Mar. 10, 2026
(Due within one year)		—	10,000	—			
SMBC AVIATION CAPITAL FINANCE DESIGNATED ACTIVITY COMPANY:							
U.S. Dollar-denominated Bond	Apr. 15, 2019 - Jul. 25, 2023	476,689	267,080	3,150,000	1.90 - 5.70	Unsecured	Apr. 15, 2024 - Jul. 25, 2033
(Due within one year)		75,665	66,770	500,000			
Otemachi 142 Tokutei Mokuteki Kaisha:							
Specified Bond (private placement) (Note 1)	Mar. 24, 2017	50,730	50,730	335,228	0.75	Secured	Sep. 30, 2025
(Due within one year)		—	—	—			
Others	—	13,780	8,907	91,059	—	—	—
(Due within one year)		3,984	—	26,327			
Total		¥1,267,495	¥ 871,987	\$8,375,702			
(Due within one year)	—	273,814	180,470	1,809,388	—	—	—

Notes: 1. The specified bond is classified as a non-recourse loan.

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2. The maturities of bonds and non-recourse bonds subsequent to March 31, 2024 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Bonds:		
Within one year	¥ 273,814	\$1,809,388
After one year through two years	166,495	1,100,211
After two years through three years	146,465	967,852
After three years through four years	35,000	231,283
After four years through five years	379,659	2,508,815
Non-recourse bonds:		
Within one year	¥ —	\$ —
After one year through two years	50,730	335,228
After two years through three years	—	—
After three years through four years	—	—
After four years through five years	—	—

14. NON-RECOURSE DEBT

- (1) The non-recourse debt of a consolidated special purpose company at March 31, 2024 and 2023 consists of the following:

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Short-term loans	¥ 1,140	¥ –	\$ 7,533
Long-term loans (including current portion)	190,897	163,328	1,261,462
Bonds (including current portion)	50,730	50,730	335,228

- (2) Assets corresponding to the non-recourse debt at March 31, 2024 and 2023 were as follows:

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Cash and bank deposits	¥ 15,481	¥ 16,064	\$ 102,300
Real estate for sale	198,286	152,237	1,310,289
Real estate for sale in progress	1,001	990	6,615
Other (current assets)	1,898	1,815	12,542
Assets for lease	130,976	131,560	865,499
Advances on purchases of assets for lease	2,567	1,201	16,963
Other (investments and other assets)	458	683	3,026

Part of the amounts presented in Note 15. ASSETS PLEDGED AS COLLATERAL AND CORRESPONDING LIABILITIES is included in the above amounts.

15. ASSETS PLEDGED AS COLLATERAL AND CORRESPONDING LIABILITIES

- (1) Assets pledged as collateral at March 31, 2024 and 2023 were as follows:

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Cash and bank deposits	¥ 8,381	¥ 6,486	\$ 55,382
Lease receivables and investment assets	4,585	6,574	30,298
Loans receivable	2,104	1,945	13,903
Real estate for sale	230,608	152,237	1,523,875
Real estate for sale in progress	1,001	990	6,615
Other (current assets)	886	550	5,855
Assets for lease (*1)	373,662	398,367	2,469,187
Advances on purchases of assets for lease	2,567	1,201	16,963
Other operating assets	35,208	16,458	232,657
Investment securities	15,950	13,082	105,399
Other (investments and other assets)	1	1	7
Total	¥ 674,958	¥ 597,897	\$4,460,173

*1. Operating lease contract receivables were also pledged as collateral.

(2) Liabilities corresponding to the assets pledged as collateral at March 31, 2024 and 2023 were as follows:

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Short-term loans	¥ 1,140	¥ –	\$ 7,533
Long-term loans (including current portion)	428,738	373,945	2,833,133
Lease obligations (including current portion).....	659	–	4,355
Bonds (including current portion)	50,730	50,730	335,228
Other (current liabilities)	181	130	1,196
Guarantee deposits received	1,593	1,642	10,527
Total	¥ 483,043	¥ 426,448	\$ 3,191,984

¥18,055 million (\$119,309 thousand) and ¥15,027 million of the above total assets were pledged as collateral for debts of silent partnerships and others at March 31, 2024 and 2023, respectively.

16. PAYABLES UNDER SECURITIZATION OF LEASE RECEIVABLES AND LONG-TERM PAYABLES UNDER SECURITIZATION OF LEASE RECEIVABLES

Payables under securitization of lease receivables are payables which arise from the securitization of lease receivables.

17. EMPLOYEE RETIREMENT BENEFITS

(1) Outline of employee retirement benefits

The Company and certain consolidated subsidiaries have established defined benefit plans such as employee pension plans and lump-sum severance indemnity plans, and also established defined contribution plans. They may grant additional benefits in the case where certain requirements are met when employees retire. The Company contributed some of its marketable equity securities to its employee retirement benefits trust.

(2) Defined benefit plans

(a) Reconciliation of the beginning balance and the ending balance of projected benefit obligations

	Millions of Yen		Thousands of U.S. Dollars
For the year ended March 31,	2024	2023	2024
Balance at the beginning of the year	¥ 24,206	¥ 25,008	\$ 159,955
Service cost	1,429	1,401	9,443
Interest cost	230	163	1,520
Actuarial gains or losses	(1,139)	(1,190)	(7,527)
Benefits paid	(929)	(1,238)	(6,139)
Past service cost	—	(27)	—
Other	(92)	88	(608)
Balance at the end of the year	¥ 23,705	¥ 24,206	\$ 156,644

Note: Certain consolidated subsidiaries adopt the simple method in calculating the projected benefit obligations, under which the projected benefit obligations are deemed to be an amount of benefits calculated assuming all employees retire voluntarily at the fiscal year-end.

(b) Reconciliation of the beginning balance and the ending balance of plan assets

	Millions of Yen		Thousands of U.S. Dollars
For the year ended March 31,	2024	2023	2024
Balance at the beginning of the year	¥ 21,362	¥ 20,125	\$ 141,162
Expected return on plan assets	388	367	2,564
Actuarial gains or losses	1,059	(492)	6,998
Employer contributions	1,105	2,448	7,302
Benefits paid	(859)	(1,168)	(5,676)
Other	—	82	—
Balance at the end of the year	¥ 23,057	¥ 21,362	\$ 152,362

(c) Reconciliation of the ending balance of projected benefit obligations and plan assets and net defined benefit liability and net defined benefit asset recorded on the consolidated balance sheet

	Millions of Yen		Thousands of U.S. Dollars
As of March 31,	2024	2023	2024
Funded projected benefit obligations	¥ 23,302	¥ 23,901	\$ 153,981
Plan assets	(23,057)	(21,362)	(152,362)
	244	2,538	1,612
Unfunded projected benefit obligations	403	304	2,663
Net of liability and asset on the consolidated balance sheet.	¥ 647	¥ 2,843	\$ 4,275
Net defined benefit liability	¥ 809	¥ 2,966	\$ 5,346
Net defined benefit asset	(161)	(122)	(1,065)
Net of liability and asset on the consolidated balance sheet.	¥ 647	¥ 2,843	\$ 4,275

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(d) Breakdown of retirement benefit expenses

	Millions of Yen		Thousands of U.S. Dollars
For the year ended March 31,	2024	2023	2024
Service cost	¥ 1,429	¥ 1,401	\$ 9,443
Interest cost	230	163	1,520
Expected return on plan assets	(388)	(367)	(2,564)
Amortization of actuarial gains or losses	34	199	225
Amortization of past service cost	214	186	1,414
Other	238	219	1,573
Retirement benefit expenses for defined benefit plans	¥ 1,758	¥ 1,804	\$ 11,617

(e) Breakdown of remeasurements of defined benefit plans (before tax effect) in other comprehensive income

	Millions of Yen		Thousands of U.S. Dollars
For the year ended March 31,	2024	2023	2024
Past service cost	¥ 214	¥ 214	\$ 1,414
Actuarial gains or losses	2,233	897	14,756
Total	¥ 2,447	¥ 1,111	\$ 16,170

(f) Breakdown of remeasurements of defined benefit plans (before tax effect) in accumulated other comprehensive income

	Millions of Yen		Thousands of U.S. Dollars
As of March 31,	2024	2023	2024
Unrecognized past service cost	¥ 1,304	¥ 1,518	\$ 8,617
Unrecognized actuarial gains or losses	(3,374)	(1,141)	(22,296)
Total	¥ (2,070)	¥ 377	\$ (13,679)

(g) Plan assets

(i) Components of plan assets as a percentage of total plan assets

As of March 31,	2024	2023
Cash and bank deposits	100.0%	—%
Bonds	—	40.6
Stocks	—	19.1
General accounts of life insurance companies	—	30.3
Other	—	10.0
Total	100.0%	100.0%

Note: The total plan assets include 4.5% and 5.0% of a retirement benefits trust established for employee pension plans at March 31, 2024 and 2023, respectively.

(ii) Long-term expected rate of return on plan assets

The long-term expected rate of return on plan assets is determined considering the current and anticipated allocation of the plan assets as well as the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

(h) Assumptions used for actuarial calculations

For the year ended March 31,	2024	2023
Discount rate.....	Primarily 1.4%	Primarily 1.0%
Long-term expected rate of return on plan assets.....	Primarily 2.0%	Primarily 2.0%

(3) Defined contribution plans

The amounts to be contributed to the defined contribution pension plans of the Company and certain consolidated subsidiaries for the years ended March 31, 2024 and 2023 were ¥1,298 million (\$8,577 thousand) and ¥1,001 million, respectively.

18. STOCK OPTIONS

(1) Expenses and account titles for stock options

No items to report.

(2) Description and volume of stock options and their changes

(a) Description of stock options

Company name	Consolidated Subsidiary (Kenedix, Inc.)		
Name	7th Stock Acquisition Rights	8th Stock Acquisition Rights	9th Stock Acquisition Rights
Date of resolution	October 29, 2021		
Category and number of persons granted (Persons)	Directors of said company: 2 Employees, etc. of said company: 67	Delegated executive officers, etc. of said company: 8	Custodian: 1 (*1)
Number of stock options by stock class	Common stock 11,695,167 shares	Common stock 2,202,833 shares	Common stock 1,542,678 shares
Grant date	November 25, 2021		
Vesting conditions	(i) The stock acquisition rights may not be exercised if, in so doing, the total number of the said company's issued shares at that time would exceed the total number of authorized shares. (ii) Other terms and conditions for the exercise of stock acquisition rights are as specified in the written stock acquisition rights allotment agreement entered into by and between the said company and the holders of stock acquisition rights.		
Requisite service period	No provision for requisite service period		
Exercise period	From April 1, 2025 to November 24, 2031		
*1. These stock acquisition rights were allotted to a trust for which Kotaeru Trust Co., Ltd. is the custodian, and the shares will be delivered to the persons among the said company's officers and employees designated as beneficiaries as of the expiration date of the trust period.			

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(b) Volume of stock options and their changes

The following table summarizes the stock option activity during the year ended March 31, 2024. The number of stock options was converted into the number of shares.

(i) Number of stock options

Company name Name	Consolidated Subsidiary (Kenedix, Inc.)		
	7th Stock Acquisition Rights	8th Stock Acquisition Rights (Shares)	9th Stock Acquisition Rights
Prior to vesting rights			
As of March 31, 2023	11,618,728	2,202,833	1,542,678
Granted	—	—	—
Forfeited	562,869	—	—
Vested	—	—	—
Unvested	11,055,859	2,202,833	1,542,678

(ii) Price information

Company name Name	Consolidated Subsidiary (Kenedix, Inc.)							
	7th Stock Acquisition Rights		8th Stock Acquisition Rights		9th Stock Acquisition Rights			
Exercise price	¥	750	\$	4.96	¥	750	\$	4.96
Average share price at the time of exercise		—		—		—		—
Fair value per unit at grant date		—		—		—		—

(3) Method of estimating fair value per unit of stock options

As Kenedix, Inc. is an unlisted company, as a substitute for estimating the fair value per unit of stock options, a method of estimating the intrinsic value per unit of stock options is used. As a basis for determining the intrinsic value per unit, a method for assessing the company's own shares is applied using the price determined based on the most recent sale price.

(4) Method of estimating number of stock options vested

The number of options that have actually forfeited is incorporated in the estimation of the number of vested options because it is difficult to reasonably estimate how many options will expire in the future.

(5) Total intrinsic value at March 31, 2024 and total intrinsic value at the exercise date of stock options exercised during the year ended March 31, 2024 when computing fair value per unit using the intrinsic value of stock options

	Millions of Yen	Thousands of U.S. Dollars
(a) Total intrinsic value at March 31, 2024	¥ —	\$ —
(b) Total intrinsic value of options exercised during the year ended March 31, 2024	—	—

19. ASSET RETIREMENT OBLIGATIONS

Information about asset retirement obligations is not disclosed since the amounts of these obligations were 1% or less of total liabilities and net assets at the beginning and end of the year ended March 31, 2024.

20. CONTINGENT LIABILITIES

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
7,365 (7,355 in 2023) guarantees of obligations for business (including commitments to guarantee obligations).....	¥ 61,656	¥ 52,537	\$ 407,427
Loan guarantees to affiliates.....	4,863	5,113	32,135
Loan guarantees to employees (housing loans, etc.).....	3	4	20

¥100 million (\$661 thousand) and ¥100 million at March 31, 2024 and 2023, respectively, of the above guarantees of obligations for business were guaranteed by other third parties.

21. LOAN COMMITMENTS

(1) Lender side

Unused commitments at March 31, 2024 and 2023 were as follows:

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Total loan commitments	¥ 172,045	¥ 151,713	\$1,136,886
Used loan commitments	90,721	75,305	599,491
Unused loan commitments	¥ 81,324	¥ 76,408	\$ 537,395

The commitments above include the contracts which require the screening of borrowers including the use of funds and credit conditions beforehand. Therefore, the full amount of the loan commitments is not necessarily borrowed.

(2) Borrower side

To enhance efficiency and stability in fund procurement, the Group has executed loan commitment contracts. The amounts of unused loan commitments at March 31, 2024 and 2023 were as follows:

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Total loan commitments	¥ 592,165	¥ 493,708	\$3,913,071
Used loan commitments	138,253	133,385	913,586
Unused loan commitments	¥ 453,911	¥ 360,322	\$2,999,478

22. CHANGES IN NET ASSETS

Under the Companies Act of Japan (the “Act”), the entire amount paid for new shares is required to be designated as common stock. However, a company may, by resolution of the board of directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital, which is a component of capital surplus.

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The Act provides that an amount equal to at least 10% of dividends should be appropriated as additional paid-in capital or a legal reserve (a component of retained earnings), depending on the account charged upon the payment of such dividends, until the total of additional paid-in capital and legal reserve equals 25% of the common stock. When the total of additional paid-in capital and legal reserve is greater than 25% of the common stock, such excess of additional paid-in capital and legal reserve may be transferred to other capital surplus and retained earnings, respectively, by resolution of the general meeting of shareholders, which may be available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with the Act.

(1) Class and number of shares issued and treasury stock for the years ended March 31, 2024 and 2023

	Number of Shares (Thousands of Shares)			
	April 1, 2023	Increase	Decrease	March 31, 2024
Stock issued:				
Common stock.....	95,314	—	—	95,314
Total	95,314	—	—	95,314
Treasury stock:				
Common stock.....	7,959	—	—	7,959
Total	7,959	—	—	7,959

	Number of Shares (Thousands of Shares)			
	April 1, 2022	Increase	Decrease	March 31, 2023
Stock issued:				
Common stock.....	95,314	—	—	95,314
Total	95,314	—	—	95,314
Treasury stock:				
Common stock.....	7,959	—	—	7,959
Total	7,959	—	—	7,959

(2) Information on stock acquisition rights

For the year ended March 31, 2024

Company	Breakdown of Stock Acquisition Rights	Class of Stock Issued upon Exercise of Stock Acquisition Rights	Number of Shares Issued upon Exercise of Stock Acquisition Rights (Shares)				Balance at March 31, 2024	
			April 1, 2023	Increase	Decrease	March 31, 2024	Millions of Yen	Thousands of U.S. Dollars
Consolidated subsidiary	—	—	—	—	—	—	¥ 118	\$ 782
Total		—	—	—	—	—	¥ 118	\$ 782

For the year ended March 31, 2023

Company	Breakdown of Stock Acquisition Rights	Class of Stock Issued upon Exercise of Stock Acquisition Rights	Number of Shares Issued upon Exercise of Stock Acquisition Rights (Shares)				Balance at March 31, 2023	
			April 1, 2022	Increase	Decrease	March 31, 2023	Millions of Yen	
Consolidated subsidiary	—	—	—	—	—	—	¥ 122	
Total		—	—	—	—	—	¥ 122	

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(3) Information on dividends

(a) Dividends paid in the years ended March 31, 2024 and 2023

2024						
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	\$ 167,401	¥ 290	\$ 1.92	March 31, 2023	June 28, 2023
Date of resolution: Ordinary general meeting of shareholders held on June 27, 2023						
2023						
Class of Stock	Total Dividends		Dividend per Share		Record Date	Effective Date
	Millions of Yen		Yen			
Common stock	¥ 12,491		¥ 143		March 31, 2022	June 27, 2022
Date of resolution: Ordinary general meeting of shareholders held on June 24, 2022						

(b) Dividends resolved to be payable in the year ending March 31, 2025

2024						
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	¥ 42,454	\$ 280,539	¥ 486	\$ 3.21	March 31, 2024	June 26, 2024

Notes: 1. Date of resolution: Ordinary general meeting of shareholders held on June 25, 2024
2. The dividends were paid out from retained earnings.

23. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
For the year ended March 31,			
Employee salaries and bonuses	¥ 47,950	¥ 43,026	\$ 316,857
Provision of allowance for doubtful accounts and credit losses .	3,969	7,959	26,227
Amortization of goodwill	9,425	9,537	62,281
Provision of reserve for employee bonuses	3,131	2,635	20,690
Provision of reserve for directors' bonuses	636	898	4,203
Retirement benefit expenses	3,057	2,805	20,201
Provision of reserve for directors' retirement benefits	213	209	1,408

24. IMPAIRMENT LOSSES AND RELATED GAIN

The Group recognized impairment losses mainly on property and equipment in the years ended March 31, 2024 and 2023 as follows:

For the year ended March 31, 2024

Use	Type of Assets	Millions of Yen	Thousands of U.S. Dollars
Assets for lease	Aircraft	¥ 30,210	\$ 199,630

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Certain consolidated subsidiaries recognized impairment losses on the assets for lease with low profitability mainly due to a decrease in expected future cash flows by reducing their carrying amounts to the respective recoverable amounts. The impairment losses (¥10,723 million (\$70,858 thousand)) are included in “Costs and expenses” in the consolidated statement of income.

In addition, in the year ended March 31, 2022, SMBC Aviation Capital Limited, a consolidated subsidiary of the Company, terminated all lease contracts with Russian airlines pursuant to the rules of sanctions against Russia imposed by the European Union, the United States, the United Kingdom and other countries due to Russia’s invasion of Ukraine. Among such assets for lease, 15 aircraft remaining in Russia as of March 31, 2024 still involve a high degree of uncertainty due to the Russia-Ukraine situation. The Group recognized an impairment loss for the carrying amount of the aircraft, ¥19,486 million (\$128,768 thousand), as loss on economic sanctions on Russia as it was difficult to anticipate a scenario in which the Group would get such aircraft back on grounds of the prolongation of the Russia-Ukraine situation and other conditions.

The recoverable amount of those assets was measured at their fair value after deducting their disposal cost or their value in use, and their fair value after deducting their disposal cost was measured on the basis of market value and their value in use was measured using future cash flows with mainly a discount rate of 6%.

For the year ended March 31, 2023

Use	Type of Assets	Millions of Yen
Assets for lease	Aircraft	¥ 69,074

Certain consolidated subsidiaries recognized impairment losses on the assets for lease with low profitability mainly due to a decrease in expected future cash flows by reducing their carrying amounts to the respective recoverable amounts. The impairment losses (¥9,593 million) are included in “Costs and expenses” in the consolidated statement of income.

In addition, in the year ended March 31, 2022, SMBC Aviation Capital Limited, a consolidated subsidiary of the Company, terminated all lease contracts with Russian airlines pursuant to the rules of sanctions against Russia imposed by the European Union, the United States, the United Kingdom and other countries due to Russia’s invasion of Ukraine. Furthermore, the future cash flows regarding the 34 aircraft constituting the assets for lease are subject to a high degree of uncertainty due to the Russia-Ukraine situation. For the aircraft remaining in Russia, the Group reduced their carrying amount to the recoverable amount and recorded the reduction as loss on economic sanctions on Russia of ¥59,480 million in extraordinary losses as a result of revising the probability of possible scenarios, taking into consideration the prolongation of the Russia-Ukraine situation.

The recoverable amount of those assets was measured at their fair value after deducting their disposal cost or their value in use, and their fair value after deducting their disposal cost was measured on the basis of market value and their value in use was measured using future cash flows with mainly a discount rate of 6%.

Gain on insurance proceeds related to economic sanctions on Russia

For the year ended March 31, 2024

In the year ended March 31, 2022, SMBC Aviation Capital Limited, a consolidated subsidiary of the Company, terminated all lease contracts with Russian airlines pursuant to the rules of 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.

In the year ended March 31, 2024, for 19 aircraft which had been under lease contracts with Aeroflot Russian Airlines and another company, SMBC Aviation Capital received insurance proceeds of \$756 million in total from Insurance Company NSK, a Russian insurance company, and recognized an extraordinary gain of ¥82,972 million (\$548,287 thousand), which is a difference between the carrying amount of the aircraft and the insurance proceeds.

For the year ended March 31, 2023

Gain on insurance proceeds related to economic sanctions on Russia was not recognized in the year ended March 31, 2023.

Loss on economic sanctions on Russia

For the year ended March 31, 2024

In the year ended March 31, 2022, SMBC Aviation Capital Limited, a consolidated subsidiary of the Company, terminated all lease contracts with Russian airlines pursuant to the rules of sanctions against Russia imposed by the European Union, the United States, the United Kingdom and other countries due to Russia's invasion of Ukraine. The Group recognized an extraordinary loss of ¥19,486 million (\$128,768 thousand) as it was difficult to anticipate a scenario in which SMBC Aviation Capital would get such aircraft back on grounds of the prolongation of the Russia-Ukraine situation and other conditions.

For the year ended March 31, 2023

In the year ended March 31, 2022, SMBC Aviation Capital Limited, a consolidated subsidiary of the Company, terminated all lease contracts with Russian airlines pursuant to the rules of sanctions against Russia imposed by the European Union, the United States, the United Kingdom and other countries due to Russia's invasion of Ukraine. The Group recognized an extraordinary loss of ¥59,480 million as a result of revising the future recoverability, taking into consideration the prolongation of the Russia-Ukraine situation.

25. INCOME TAXES

(1) Significant components of deferred tax assets and liabilities at March 31, 2024 and 2023

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Deferred tax assets:			
Net operating loss carryforwards (*2)	¥ 136,113	¥ 163,126	\$ 899,445
Allowance for doubtful accounts	14,125	16,516	93,339
Amortization of securities	4,941	5,256	32,650
Depreciation	2,940	3,224	19,428
Other	26,663	25,430	176,191
Subtotal deferred tax assets	184,784	213,555	1,221,067
Valuation allowance for net operating loss carryforwards (*2)	(4,719)	(11,979)	(31,184)
Valuation allowance for total deductible temporary differences	(22,138)	(19,802)	(146,290)
Subtotal valuation allowance (*1)	(26,857)	(31,781)	(177,473)
Total deferred tax assets	157,926	181,774	1,043,587
Deferred tax liabilities:			
Depreciation	(203,405)	(192,689)	(1,344,116)
Valuation differences due to business combinations	(17,442)	(19,428)	(115,258)
Net unrealized holding gains or losses on securities	(12,108)	(11,339)	(80,011)
Special exemption for lease transactions under Corporation Tax Act	(2,736)	(3,518)	(18,080)
Other	(4,873)	(9,177)	(32,201)
Total deferred tax liabilities	(240,566)	(236,152)	(1,589,678)
Net deferred tax assets (liabilities)	¥ (82,639)	¥ (54,378)	\$ (546,085)

*1. Valuation allowance decreased by ¥4,924 million (\$32,538 thousand) for the year ended March 31, 2024 mainly due to the decrease of valuation allowance for net operating loss carryforwards.

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- *2. The expiration of net operating loss carryforwards and the related deferred tax assets subsequent to March 31, 2024 and 2023 was as follows:

	Millions of Yen		
	Net Operating Loss Carryforwards (a)	Valuation Allowance	Deferred Tax Assets
As of March 31, 2024			
Within one year.....	¥ 4,376	¥ (1,043)	¥ 3,332
After one year through two years.....	380	(33)	346
After two years through three years.....	609	(137)	472
After three years through four years.....	25	(21)	3
After four years through five years.....	257	(0)	256
After five years.....	130,465	(3,482)	126,982
Total.....	¥ 136,113	¥ (4,719)	¥ 131,394 (b)

	Millions of Yen		
	Net Operating Loss Carryforwards (a)	Valuation Allowance	Deferred Tax Assets
As of March 31, 2023			
Within one year.....	¥ 12,795	¥ (5,201)	¥ 7,593
After one year through two years.....	9,555	(1,968)	7,586
After two years through three years.....	34	(33)	0
After three years through four years.....	447	(152)	295
After four years through five years.....	223	(39)	184
After five years.....	140,070	(4,585)	135,485
Total.....	¥ 163,126	¥ (11,979)	¥ 151,147 (b)

	Thousands of U.S. Dollars		
	Net Operating Loss Carryforwards (a)	Valuation Allowance	Deferred Tax Assets
As of March 31, 2024			
Within one year.....	\$ 28,917	\$ (6,892)	\$ 22,018
After one year through two years.....	2,511	(218)	2,286
After two years through three years.....	4,024	(905)	3,119
After three years through four years.....	165	(139)	20
After four years through five years.....	1,698	(0)	1,692
After five years.....	862,123	(23,009)	839,107
Total.....	\$ 899,445	\$ (31,184)	\$ 868,261 (b)

Notes: (a) Net operating loss carryforwards shown in the above table are after multiplying the statutory tax rate.

(b) Deferred tax assets of ¥131,394 million (\$868,261 thousand) and ¥151,147 million were recognized with respect to net operating loss carryforwards of ¥136,113 million (\$899,445 thousand) and ¥163,126 million (amounts multiplied by the statutory tax rate) at March 31, 2024 and 2023, respectively. Such deferred tax assets were recognized primarily for a part of net operating loss carryforwards for the Company and certain overseas consolidated subsidiaries. Valuation allowance was not recognized for such deferred tax assets on net operating loss carryforwards as the amount was determined to be recoverable based on the estimate of future taxable income.

(2) Reconciliation of the statutory tax rate to the effective income tax rates reflected in the accompanying consolidated statements of income for the years ended March 31, 2024 and 2023

For the year ended March 31,	2024	2023
Statutory tax rate	30.6%	30.6%
Inclusion of income of specified foreign subsidiaries.....	3.7	12.8
Difference of statutory tax rates of the Company and overseas consolidated subsidiaries	(14.8)	2.1
Changes in valuation allowance	(1.9)	(9.2)
Amortization of goodwill	1.3	3.8
Equity in earnings of affiliates.....	(1.2)	(3.8)
Other.....	6.0	(3.2)
Effective income tax rate.....	23.7%	33.1%

(3) Accounting and disclosure of corporation tax and local corporation tax as well as the deferred taxes

The Company and some of its domestic consolidated subsidiaries apply the group tax sharing system and account for and disclose the corporation tax and the local corporation tax as well as the deferred taxes in accordance with the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (Practical Solution No. 42, issued on August 12, 2021).

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26. OTHER COMPREHENSIVE INCOME

Reclassification adjustments and tax effects for each component of other comprehensive income for the years ended March 31, 2024 and 2023

	Millions of Yen		Thousands of U.S. Dollars
For the year ended March 31,	2024	2023	2024
Net unrealized holding gains or losses on securities:			
Gains (losses) during the year	¥ 12,543	¥ 4,122	\$ 82,885
Reclassification adjustments.....	(12,287)	(571)	(81,193)
Amount before income tax effect	256	3,551	1,692
Income tax effect	(690)	(2,460)	(4,560)
Net unrealized holding gains or losses on securities.....	¥ (434)	¥ 1,090	\$ (2,869)
Deferred gains or losses on hedges:			
Gains (losses) during the year	¥ 9,614	¥ 19,855	\$ 63,530
Reclassification adjustments.....	(11,853)	1,238	(78,326)
Amount before income tax effect	(2,239)	21,094	(14,795)
Income tax effect	1,394	(3,038)	9,212
Deferred gains or losses on hedges.....	¥ (844)	¥ 18,056	\$ (5,582)
Foreign currency translation adjustments:			
Adjustments during the year.....	¥ 62,444	¥ 38,424	\$ 412,635
Foreign currency translation adjustments	¥ 62,444	¥ 38,424	\$ 412,635
Remeasurements of defined benefit plans:			
Adjustments during the year	¥ 2,199	¥ 697	\$ 14,531
Reclassification adjustments.....	248	414	1,639
Amount before income tax effect	2,447	1,111	16,170
Income tax effect	(749)	(340)	(4,949)
Remeasurements of defined benefit plans	¥ 1,698	¥ 771	\$ 11,222
Share of other comprehensive income of affiliates accounted for using equity method:			
Gains (losses) during the year	¥ 3,125	¥ 871	\$ 20,650
Reclassification adjustments.....	(177)	(110)	(1,170)
Share of other comprehensive income of affiliates accounted for using equity method.....	¥ 2,947	¥ 760	\$ 19,476
Total other comprehensive income.....	¥ 65,810	¥ 59,103	\$ 434,882

27. SUPPLEMENTAL 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
As of March 31,	2024	2023	2024
Cash and bank deposits	¥ 457,976	¥ 298,272	\$3,026,344
Time deposits with maturities exceeding three months	(3,162)	(400)	(20,895)
Cash and cash equivalents	¥ 454,813	¥ 297,872	\$3,005,443

(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.

(3) Breakdown of assets and liabilities of newly consolidated subsidiaries as a result of acquisition of shares

For the year ended March 31, 2024

No items to report.

For the year ended March 31, 2023

The following table provides the summary of assets acquired and liabilities assumed through the acquisition of shares of Goshawk Management Limited in the year ended March 31, 2023 as well as a reconciliation of the acquisition cost of the shares to disbursement for the purchase.

	Millions of Yen
Current assets	¥ 55,627
Non-current assets	856,581
Goodwill.....	513
Current liabilities.....	(621,909)
Non-current liabilities.....	(71,187)
Acquisition cost of shares.....	219,626
Cash and cash equivalents	(46,938)
Net: Purchase of investments in subsidiaries resulting in change in scope of consolidation	¥ 172,687

28. LEASE TRANSACTIONS

Lessee Side

(1) Finance lease transactions

(a) Finance leases that do not transfer ownership

(i) Breakdown of leased assets

a. Property and equipment

Vehicles for sales activities and buildings, including right-of-use assets recognized under IFRS 16

b. Intangible assets

Software

(ii) Depreciation method of leased assets

This is as described in Note 2. SIGNIFICANT ACCOUNTING POLICIES FOR PREPARING CONSOLIDATED FINANCIAL STATEMENTS, (4) Accounting policies, (h) Leased assets used as lessees.

(2) Operating lease transactions

Future minimum lease payments under noncancelable operating leases at March 31, 2024 and 2023 were as follows:

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Due within one year.....	¥ 5,733	¥ 5,949	\$ 37,884
Due after one year	10,864	14,603	71,790
Total	¥ 16,598	¥ 20,553	\$ 109,681

Lessor Side

(1) Finance lease transactions

(a) Breakdown of lease investment assets

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Lease receivables	¥1,154,560	¥1,237,707	\$ 7,629,419
Estimated residual value	66,465	65,401	439,206
Unearned interest income.....	(134,370)	(138,864)	(887,927)
Lease investment assets	¥1,086,655	¥1,164,245	\$ 7,180,698

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(b) The scheduled collection of lease receivables and investment assets

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Lease receivables:			
Within one year	¥ 275,635	¥ 329,266	\$ 1,821,417
After one year through two years	201,242	218,214	1,329,822
After two years through three years	138,738	160,072	916,791
After three years through four years	87,762	142,935	579,938
After four years through five years	56,813	58,134	375,425
After five years	156,640	178,649	1,035,089
Total	¥ 916,832	¥1,087,273	\$ 6,058,495
Lease investment assets:			
Within one year	¥ 342,256	¥ 364,425	\$ 2,261,653
After one year through two years	271,845	289,805	1,796,372
After two years through three years	202,835	220,997	1,340,349
After three years through four years	150,747	154,653	996,147
After four years through five years	90,773	104,210	599,835
After five years	96,103	103,615	635,056
Total	¥1,154,560	¥1,237,707	\$ 7,629,419

(2) Operating lease transactions

Future minimum lease payments receivable under noncancelable operating leases at March 31, 2024 and 2023 were as follows:

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Due within one year	¥ 399,118	¥ 257,183	\$ 2,637,402
Due after one year	2,163,657	1,735,373	14,297,608
Total	¥2,562,776	¥1,992,557	\$16,935,016

(3) Sublease transactions

Lease receivables and investment assets and lease obligations under sublease transactions on the consolidated balance sheets at March 31, 2024 and 2023 that include unearned interest income were as follows:

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Lease receivables and investment assets	¥ 2,343	¥ 3,207	\$ 15,483
Lease obligations	2,208	3,209	14,591

29. FINANCIAL INSTRUMENTS

(1) Group policy for financial instruments

The Group operates financial services such as leases, installment sales, and loans. The Group finances necessary funds through indirect finance such as loans from financial institutions and through direct finance such as commercial paper and bonds. Furthermore, the Group manages interest rate and foreign

exchange fluctuation risks by Asset Liability Management (“ALM,” a method to manage assets and liabilities as a whole). The Group uses derivative transactions to reduce interest rate and foreign exchange fluctuation risks arising from the acquisition of operating assets and financing.

(2) Details of financial instruments and associated risks

The Group’s operating assets such as lease receivables and investment assets, installment sales receivable and loans receivable are exposed to credit risk. Short-term investment securities and investment securities consist of stocks, bonds and investments in partnerships. The Group holds these securities for business strategies and gaining financial returns, and they are exposed to market fluctuation risk and credit risk of issuers.

Financing by loans, commercial paper and bonds are exposed to liquidity risk, such as higher interest rates for financing and difficulty for sufficient financing due to the rapid deterioration of the financial environment or credit worthiness of the Group.

Most of operating assets are fixed interest financial assets whose collectible amount is determined based on the interest rate at the contract date. The Group plans to decrease finance costs by financing with fixed and variable interest rates on these operating assets and increase profit margin. Accordingly, the Group is exposed to interest rate fluctuation risk where its finance costs may increase when the interest rate level rises.

The Group uses derivative transactions such as interest rate swaps to hedge the interest rate fluctuation risk and applies hedge accounting to hedged items such as future transactions and loans. The effectiveness of hedges is assessed by comparing the accumulated cash flow fluctuations of the hedged items and the hedging instruments from the inception of the hedges to the fiscal year-end. For interest rate swaps that meet certain criteria, the special treatment is applied. For foreign exchange forward contracts that meet certain criteria, the allocation method is applied.

(3) Risk management of financial instruments

(a) Credit risk management

The Group establishes the general and basic principles, guidelines, and rules of credit management in general credit policies and detailed operating standards in their operating standards manual. The Risk Management Department, credit departments and the Credit Administration Department handle credit risk related procedures. The Risk Management Department plans a risk management system and an evaluation method of credit risk. The Risk Management Department also measures credit risk and controls risk capital management. Each credit department reviews credit transactions, supervises sales branches and plans and controls security policies and their execution. The Credit Administration Department and the Retail Business Administration Department manage doubtful receivables and make efforts to minimize doubtful receivables. In addition, the independent Internal Audit Department audits the accuracy of the credit risk management, the appropriateness of credit risk evaluation standards, measurement methods and the status of the credit risk management and reports the result to the Management Committee and the Board of Directors.

(b) Management of liquidity risk associated with market risk and financing

The Group establishes the basic framework of risk management in market risk and liquidity risk management regulations and determines the structure for risk management operation as well as management system, methods, and rules in market risk and liquidity risk management rules. The Risk Management Department manages and controls market risk and liquidity risk, establishing and monitoring risk limits and guidelines, and reports the current status of market risk and liquidity risk to the Management Committee regularly.

(i) Interest rate risk management

The Group manages interest rate risk by monitoring assets and liabilities with fixed interest rates using ALM and executes hedging appropriately by keeping track of the financial environment and interest rate trend.

(ii) Foreign exchange risk management

The Group has a policy of not taking any foreign exchange risks in principle. The Group manages the assets and liabilities in foreign currencies by hedging individual items.

(iii) Stock price fluctuation risk management

The Group holds stocks that have price fluctuation risk for the purpose of business strategies. Since it is difficult to buy and sell the stocks flexibly and to control the risk, the Group measures the gains and losses arising from the fluctuation of listed stocks.

(iv) Derivative transactions

The Group sets basic transaction rules, transaction limits and reporting in derivatives and hedge accounting rules. The Group uses derivative financial instruments to hedge interest rate and foreign exchange risks arising from financing, fund operation and acquisition of operating assets. The Group executes and manages derivative transactions appropriately by establishing the segregation of duties, which segregate functions between the Treasury Department which executes transactions and the Accounting Department which evaluates the transactions.

(v) Liquidity risk management

The Group manages its liquidity risk by maintaining the liquidity of funds through ALM, such as by considering the appropriate financing and the balance of long-term and short-term loans.

(vi) Quantitative information about market risk

Interest rate risk is a key risk variable for the Group, and operating assets such as installment sales receivable, lease receivables and investment assets, and loans receivable, and financial liabilities such as bonds, long-term loans, and interest rate swaps are main financial instruments which are exposed to the interest rate risk. Of non-financial instruments, future minimum lease payments on operating leases are main instruments which are exposed to the interest rate risk. The Group uses an ALM approach to these operating assets including non-financial instruments and financial liabilities. The Group calculates the Basis Point Value (BPV), the change in the present value of a position associated with interest rates if the interest rates change by 0.01% (the change in unrealized gains or losses), on a periodic basis and manages the upper limit by comparing it with a limit established in advance. Assuming all other risk variables except for interest rates are stable, if yen interest rates rose by 1bp (0.01%) at March 31, 2024, the present value of the entire position associated with interest rates would decrease by ¥452 million (\$2,987 thousand) (¥502 million at March 31, 2023), and if yen interest rates dropped by 1bp (0.01%), the present value would increase by ¥452 million (\$2,987 thousand) (¥502 million at March 31, 2023). These amounts are calculated under the assumption that all risk variables except for interest rates are stable, and correlations between interest rates and other risk variables are not considered.

(4) Supplemental explanation of fair values of financial instruments

Since certain assumptions and other factors are adopted in estimating fair values, different assumptions and factors could result in different fair values. Furthermore, for the contract amount regarding derivative transactions described in Note 31. DERIVATIVE TRANSACTIONS, the contract amount itself does not indicate market risk related to derivative transactions.

(5) Fair values of financial instruments and components of financial instruments by level

Carrying amounts, fair values and the differences between them and fair values by level as of March 31, 2024 and 2023 were as follows. In accordance with paragraph 24-16 of the ASBJ Guidance No. 31, "Implementation Guidance on Accounting Standard for Fair Value Measurement," the below table excludes investments in partnerships, for which an amount equivalent to the Group's share is recognized on a net basis in the consolidated balance sheet, and stocks etc. with no market value.

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Based on the observability and the significance of the inputs used to measure the fair value, the fair value of financial instruments is classified into the following three levels:

Level 1: Fair values determined based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Fair values determined based on inputs other than Level 1 inputs that are observable, either directly or indirectly

Level 3: Fair values determined based on significant unobservable inputs

If multiple inputs that are significant to fair value measurement are used, the fair value is classified as the lowest priority level.

(a) Financial assets and financial liabilities that are recorded at fair value on the consolidated balance sheet

Type	Millions of Yen			
	March 31, 2024			
	Carrying Amount			
	Level 1	Level 2	Level 3	Total
Short-term investment securities and investment securities:				
Other securities.....	¥ 71,336	¥ 24,757	¥ –	¥ 96,094
Derivative transactions (*1) (*2):				
Interest-related transactions.....	–	10,302	–	10,302
Currency-related transactions.....	–	1,300	–	1,300
Total.....	¥ 71,336	¥ 36,361	¥ –	¥107,697

Type	Millions of Yen			
	March 31, 2023			
	Carrying Amount			
	Level 1	Level 2	Level 3	Total
Short-term investment securities and investment securities:				
Other securities.....	¥ 81,231	¥ 20,609	¥ –	¥101,840
Derivative transactions (*1) (*2):				
Interest-related transactions.....	–	9,304	–	9,304
Currency-related transactions.....	–	(99)	–	(99)
Total.....	¥ 81,231	¥ 29,814	¥ –	¥111,045

Type	Thousands of U.S. Dollars			
	March 31, 2024			
	Carrying Amount			
	Level 1	Level 2	Level 3	Total
Short-term investment securities and investment securities:				
Other securities.....	\$ 471,394	\$ 163,596	\$ –	\$ 634,996
Derivative transactions (*1) (*2):				
Interest-related transactions.....	–	68,076	–	68,076
Currency-related transactions.....	–	8,590	–	8,590
Total.....	\$ 471,394	\$ 240,276	\$ –	\$ 711,670

*1. Net assets and liabilities arising from derivative transactions are presented on a net basis.

*2. The carrying amounts of derivatives to which hedge accounting is applied were ¥9,603 million (\$63,457 thousand) and ¥9,572 million at March 31, 2024 and 2023, respectively. Such derivatives

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are interest rate swaps and other derivative transactions designated as hedging instruments to fix cash flows of hedged items such as future transactions and loans. The Group mainly applies deferral hedge accounting to those derivative transactions. The Group applies the “Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR” (Practical Solution No. 40, revised on March 17, 2022) to those hedging relationships.

(b) Financial assets and financial liabilities that are not recorded at fair value on the consolidated balance sheet

Information about cash or bank deposits, trade notes payable and accounts payable, short-term loans, commercial paper, and payables under securitization of lease receivables that are settled in a short period of time and therefore the fair values of which approximate the carrying amounts is not disclosed.

	Millions of Yen							
	March 31, 2024							
Type	Fair Value					Carrying Amount	Difference	
	Level 1	Level 2	Level 3	Total				
Installment sales receivable (*1) (*2)	¥	—	¥	—	¥ 584,289	¥ 584,289	¥ 579,497	¥ 4,791
Lease receivables and investment assets (*2)		—		—	1,982,209	1,982,209	1,923,744	58,465
Loans receivable (*2)		—		—	516,131	516,131	511,634	4,496
Delinquent receivables (*2)		—		—	20,371	20,371	20,371	—
Total assets	¥	—	¥	—	¥3,103,001	¥3,103,001	¥3,035,247	¥ 67,753
Bonds	¥	—	¥1,279,002	¥	—	¥1,279,002	¥1,267,495	¥ 11,507
Long-term loans		—	4,309,088		—	4,309,088	4,440,021	(130,932)
Long-term payables under securitization of lease receivables		—	33,908		—	33,908	33,768	140
Lease obligations		—	32,561		—	32,561	32,645	(84)
Guarantee deposits received		—	134,941		—	134,941	144,231	(9,290)
Total liabilities	¥	—	¥5,789,501	¥	—	¥5,789,501	¥5,918,161	¥(128,659)

	Millions of Yen							
	March 31, 2023							
Type	Fair Value					Carrying Amount	Difference	
	Level 1		Level 2	Level 3	Total			
Installment sales receivable (*1) (*2)	¥	—	¥	—	¥ 614,353	¥ 614,353	¥ 613,104	¥ 1,248
Lease receivables and investment assets (*2)		—		—	2,156,105	2,156,105	2,097,656	58,449
Loans receivable (*2)		—		—	595,890	595,890	591,024	4,865
Delinquent receivables (*2)		—		—	27,590	27,590	27,590	—
Total assets	¥	—	¥	—	¥3,393,940	¥3,393,940	¥3,329,376	¥ 64,563
Bonds	¥	—	¥ 861,860	¥	—	¥ 861,860	¥ 871,987	¥ (10,127)
Long-term loans		—	4,352,129		—	4,352,129	4,219,857	132,272
Long-term payables under securitization of lease receivables		—	41,987		—	41,987	41,890	97
Lease obligations		—	39,381		—	39,381	39,677	(295)
Guarantee deposits received		—	138,210		—	138,210	146,658	(8,448)
Total liabilities	¥	—	¥5,433,568	¥	—	¥5,433,568	¥5,320,070	¥ 113,498

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Type	Thousands of U.S. Dollars						
	March 31, 2024						
	Fair Value				Carrying Amount	Difference	
	Level 1	Level 2	Level 3	Total			
Installment sales receivable (*1) (*2).....	\$ –	\$ –	\$ 3,861,026	\$ 3,861,026	\$ 3,829,360	\$ 31,659	
Lease receivables and investment assets (*2).....	–	–	13,098,586	13,098,586	12,712,245	386,341	
Loans receivable (*2).....	–	–	3,410,632	3,410,632	3,380,916	29,710	
Delinquent receivables (*2).....	–	–	134,613	134,613	134,613	–	
Total assets.....	\$ –	\$ –	\$20,504,864	\$20,504,864	\$20,057,140	\$ 447,717	
Bonds	\$ –	\$ 8,451,741	\$ –	\$ 8,451,741	\$ 8,375,702	\$ 76,039	
Long-term loans	–	28,474,777	–	28,474,777	29,339,992	(865,208)	
Long-term payables under securitization of lease receivables	–	224,067	–	224,067	223,141	925	
Lease obligations.....	–	215,166	–	215,166	215,721	(555)	
Guarantee deposits received.....	–	891,700	–	891,700	953,089	(61,389)	
Total liabilities	\$ –	\$38,257,457	\$ –	\$38,257,457	\$39,107,652	\$(850,188)	

*1. Deferred profit on installment sales has been deducted from installment sales receivable in the consolidated balance sheet.

*2. Installment sales receivable, lease receivables and investment assets, loans receivable, and delinquent receivables at March 31, 2024 and 2023 in the above table are after deducting the allowance for doubtful accounts of ¥1,423 million (\$9,403 thousand) and ¥1,703 million, ¥4,411 million (\$29,148 thousand) and ¥5,272 million, ¥1,250 million (\$8,260 thousand) and ¥1,260 million, and ¥17,829 million (\$117,815 thousand) and ¥10,389 million, respectively.

Notes: 1. Explanation of evaluation techniques used for measuring fair value and inputs used for measuring fair value

Assets

Short-term investment securities and Investment securities

Among market prices or prices quoted from information vendors, etc., the fair values of securities that can be determined based on unadjusted quoted prices in active markets (listed stocks, etc.) are classified as Level 1.

The fair values of those with quoted prices in inactive markets are classified as Level 2.

Since the fair values of bonds with a short remaining period, and bonds with variable interest rates reflecting market interest rates in a short period of time approximate their carrying amounts, the fair values are determined to be the same as their carrying amounts and classified as Level 2.

The fair values of investment trusts that have no market price are determined based on the net asset value and classified as Level 2, when there are no significant restrictions on cancellation or repurchase to such an extent that market participants would require compensation for the risk.

Installment sales receivable, Lease receivables and investment assets, and Loans receivable

The fair values of these items are determined by discounting estimated future cash flows, for which consideration has been given to an internal rating for each counterparty, a forecasted default rate based on the internal rating, a forecasted uncollectable rate upon default based on collateral, guarantees, etc., at the market interest rate. Since the effect of unobservable inputs is significant, the fair value is classified as Level 3.

Delinquent receivables

As the Group determines the estimated uncollectible amount based on the estimated collectible amounts covered by collateral and guarantees, the fair value closely approximates the amount obtained by deducting the current estimated uncollectible amount from the carrying amount at the fiscal year-end and is determined to be the same as such amount. Since the effect of unobservable inputs is significant, the fair value is classified as Level 3.

Liabilities

Bonds, Long-term loans, Long-term payables under securitization of lease receivables, Lease obligations, and Guarantee deposits received

Among these items, the fair values of bonds whose prices are provided by industry groups, etc. are determined based on the price information. Those with variable interest rates other than the above reflect market interest rates in a short period of time, and the Company's credit standing has not changed significantly since their execution. Accordingly, their fair values are considered to approximate their carrying amounts and determined to be the same as their carrying amounts. For those with a fixed interest rate, the fair values are measured by discounting the future cash flows using the interest rates applicable to similar financing arrangements for the same remaining maturities.

Since the effect of unobservable inputs on the fair value measurement is insignificant, the fair values are classified as Level 2.

Derivative transactions

The fair values of derivatives are measured by the Discounted Cash Flow Method using observable inputs such as interest rates and forward exchange rates, and are classified as Level 2. Since foreign exchange forward contracts under the allocation method and interest rate swaps under the special treatment are accounted for with hedged items, bonds or long-term loans, the fair values are included in the fair values of the bonds or the long-term loans.

Additional information is provided in Note 31. DERIVATIVE TRANSACTIONS.

2. The following table provides the carrying amounts of stocks, etc. with no market value and investments in partnerships and others that are excluded from the above information about the fair values of financial instruments.

As of March 31,	Millions of Yen		Thousands of
	2024	2023	U.S. Dollars
Stocks, etc. with no market value (*1)	¥ 15,396	¥ 18,639	\$ 101,738
Investments in partnerships and others	81,062	62,403	535,664
Total.....	¥ 96,458	¥ 81,042	\$ 637,402

*1. Stocks, etc. with no market value include unlisted stocks.

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3. Maturities of monetary claims and securities with maturities

	Millions of Yen					
	March 31, 2024					
	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years
Installment sales receivable	¥ 251,499	¥ 139,984	¥ 101,873	¥ 66,135	¥ 35,180	¥ 21,471
Lease receivables and investment assets (*1) ...	545,031	421,553	304,873	212,849	130,278	247,103
Loans receivable	174,877	66,079	43,397	48,053	39,654	142,928
Short-term investment securities and investment securities (*2).....	4	2,261	9,195	8,926	11,588	27,133
Other securities with maturities of the above	4	2,261	9,195	8,926	11,588	27,133
Total.....	¥ 971,413	¥ 629,879	¥ 459,339	¥ 335,963	¥ 216,701	¥ 438,636

	Millions of Yen					
	March 31, 2023					
	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years
Installment sales receivable	¥ 320,440	¥ 124,925	¥ 90,929	¥ 59,301	¥ 31,429	¥ 16,849
Lease receivables and investment assets (*1) ...	613,582	453,017	341,618	270,554	144,267	214,487
Loans receivable	262,733	47,539	62,563	43,294	42,170	136,633
Short-term investment securities and investment securities (*2).....	1,289	2,649	2,276	8,091	6,629	23,584
Other securities with maturities of the above	1,289	2,649	2,276	8,091	6,629	23,584
Total.....	¥1,198,045	¥ 628,132	¥ 497,386	¥ 381,242	¥ 224,495	¥ 391,555

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Thousands of U.S. Dollars						
March 31, 2024						
	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years
Installment sales receivable	\$ 1,661,924	\$ 925,025	\$ 673,184	\$ 437,025	\$ 232,472	\$ 141,882
Lease receivables and investment assets (*1) ...	3,601,606	2,785,654	2,014,624	1,406,522	860,887	1,632,875
Loans receivable	1,155,600	436,655	286,771	317,538	262,037	944,479
Short-term investment securities and investment securities (*2).....	26	14,941	60,761	58,984	76,574	179,297
Other securities with maturities of the above	26	14,941	60,761	58,984	76,574	179,297
Total.....	\$ 6,419,170	\$ 4,162,288	\$ 3,035,347	\$ 2,220,069	\$ 1,431,976	\$ 2,898,540

*1. Estimated residual values of ¥66,465 million (\$439,206 thousand) and ¥65,401 million are excluded from lease receivables and investment assets as of March 31, 2024 and 2023, respectively.

*2. Short-term investment securities and investment securities of ¥0 million (\$0 thousand) and ¥0 million that are deemed uncollectible as of March 31, 2024 and 2023 are excluded from the table above.

4. Maturities of bonds, long-term loans, lease obligations, and other interest bearing debts

Millions of Yen						
March 31, 2024						
	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years
Bonds	¥ 273,814	¥ 217,225	¥ 146,465	¥ 35,000	¥ 379,659	¥ 215,330
Long-term loans	601,953	733,835	536,107	586,102	732,748	1,249,275
Long-term payables under securitization of lease receivables.....	11,141	4,299	2,640	3,500	5,055	7,130
Lease obligations	9,141	5,880	3,973	2,170	1,362	10,117
Total.....	¥ 896,050	¥ 961,240	¥ 689,186	¥ 626,773	¥ 1,118,825	¥ 1,481,853

Millions of Yen						
March 31, 2023						
	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years
Bonds	¥ 180,470	¥ 225,402	¥ 216,774	¥ 97,570	¥ 35,000	¥ 116,770
Long-term loans	430,782	474,211	648,887	390,182	778,189	1,497,603
Long-term payables under securitization of lease receivables.....	18,573	10,102	3,274	1,586	2,434	5,918
Lease obligations	11,201	7,893	5,151	3,311	1,587	10,531
Total.....	¥ 641,027	¥ 717,610	¥ 874,088	¥ 492,649	¥ 817,211	¥ 1,630,824

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Thousands of U.S. Dollars						
March 31, 2024						
	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years
Bonds.....	\$1,809,383	\$1,435,439	\$ 967,852	\$ 231,283	\$2,508,815	\$ 1,422,917
Long-term loans.....	3,977,751	4,849,237	3,542,635	3,873,006	4,842,054	8,255,303
Long-term payables under securitization of lease receivables.....	73,621	28,408	17,445	23,128	33,404	47,116
Lease obligations	60,404	38,855	26,254	14,340	9,000	66,854
Total.....	\$5,921,166	\$6,351,946	\$4,554,193	\$4,141,763	\$7,393,280	\$ 9,792,196

30. SECURITIES

(1) Investments in unconsolidated subsidiaries and affiliates

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Investment securities	¥ 168,431	¥ 135,267	\$1,113,005

(2) Other securities with market values

Millions of Yen				
March 31, 2024				
	Type	Acquisition Cost	Carrying Amount	Net Unrealized Gains (Losses)
Securities whose carrying amount exceeds the acquisition cost	Stocks	¥ 32,652	¥ 69,649	¥ 36,996
	Bonds:			
	Corporate bonds	—	—	—
	Other	21,071	23,108	2,036
	Subtotal	53,724	92,758	39,033
Securities whose carrying amount does not exceed the acquisition cost	Stocks	2,179	2,086	(93)
	Bonds:			
	Corporate bonds	750	750	—
	Other	500	500	—
	Subtotal	3,429	3,336	(93)
	Total	¥ 57,153	¥ 96,094	¥ 38,940

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Millions of Yen				
March 31, 2023				
	Type	Acquisition Cost	Carrying Amount	Net Unrealized Gains (Losses)
Securities whose carrying amount exceeds the acquisition cost	Stocks	¥ 19,311	¥ 58,900	¥ 39,589
	Bonds:			
	Corporate bonds	—	—	—
	Other	15,728	17,526	1,798
	Subtotal	35,039	76,426	41,387
Securities whose carrying amount does not exceed the acquisition cost	Stocks	24,528	22,104	(2,423)
	Bonds:			
	Corporate bonds	1,409	1,409	—
	Other	1,900	1,900	—
	Subtotal	27,837	25,413	(2,423)
	Total	¥ 62,876	¥ 101,840	¥ 38,964

Thousands of U.S. Dollars				
March 31, 2024				
	Type	Acquisition Cost	Carrying Amount	Net Unrealized Gains (Losses)
Securities whose carrying amount exceeds the acquisition cost	Stocks	\$ 215,767	\$ 460,246	\$ 244,472
	Bonds:			
	Corporate bonds	—	—	—
	Other	139,239	152,699	13,454
	Subtotal	355,012	612,952	257,933
Securities whose carrying amount does not exceed the acquisition cost	Stocks	14,399	13,784	(615)
	Bonds:			
	Corporate bonds	4,956	4,956	—
	Other	3,304	3,304	—
	Subtotal	22,659	22,045	(615)
	Total	\$ 377,671	\$ 634,996	\$ 257,318

Note: Stocks with no market value and investments in partnerships and others (carrying amount: ¥96,458 million (\$637,402 thousand) and ¥81,042 million as of March 31, 2024 and 2023, respectively) are excluded from the above “Other securities.”

(3) Other securities sold during the year

Type	Millions of Yen		
	For the Year Ended March 31, 2024		
	Sales Proceeds	Aggregate Gain	Aggregate Loss
Stocks	¥ 23,741	¥ 13,156	¥ 83
Bonds:			
Corporate bonds	659	—	—
Other.....	7,411	—	39
Total	¥ 31,811	¥ 13,156	¥ 123

Type	Millions of Yen		
	For the Year Ended March 31, 2023		
	Sales Proceeds	Aggregate Gain	Aggregate Loss
Stocks	¥ 946	¥ 625	¥ 87
Bonds:			
Corporate bonds	1,148	—	—
Other.....	9,405	—	—
Total	¥ 11,500	¥ 625	¥ 87

Type	Thousands of U.S. Dollars		
	For the Year Ended March 31, 2024		
	Sales Proceeds	Aggregate Gain	Aggregate Loss
Stocks	\$ 156,882	\$ 86,936	\$ 548
Bonds:			
Corporate bonds	4,355	—	—
Other.....	48,972	—	258
Total	\$ 210,209	\$ 86,936	\$ 813

(4) Impairment of securities

If the fair values of other securities have declined materially below their acquisition costs, the decline is considered other-than-temporary, and the Group reduces their carrying amounts to the fair values and recognizes a valuation loss in the consolidated statement of income.

Impairment losses on other securities, including stocks, etc. with no market value, of ¥3,506 million (\$23,168 thousand) and ¥213 million were recognized during the years ended March 31, 2024 and 2023, respectively.

31. DERIVATIVE TRANSACTIONS

(1) Derivative transaction to which hedge accounting is not applied

(a) Interest rate derivatives

There were no interest rate derivatives to which hedge accounting is not applied at March 31, 2024 and 2023.

(b) Currency derivatives

Millions of Yen				
March 31, 2024				
Type	Contract Amount		Fair Value	Unrealized Gain (Loss)
	Total	Due after One Year		
Over-the-counter transactions:				
Currency swaps	¥ 18,230	¥ 17,089	¥ 59	¥ 59
Foreign exchange forward contracts:				
Sold.....	118,988	—	1,940	1,940
Total	¥ 137,219	¥ 17,089	¥ 1,999	¥ 1,999

Millions of Yen				
March 31, 2023				
Type	Contract Amount		Fair Value	Unrealized Gain (Loss)
	Total	Due after One Year		
Over-the-counter transactions:				
Currency swaps	¥ 19,305	¥ 17,934	¥ (367)	¥ (367)
Total	¥ 19,305	¥ 17,934	¥ (367)	¥ (367)

Thousands of U.S. Dollars				
March 31, 2024				
Type	Contract Amount		Fair Value	Unrealized Gain (Loss)
	Total	Due after One Year		
Over-the-counter transactions:				
Currency swaps	\$ 120,465	\$ 112,925	\$ 390	\$ 390
Foreign exchange forward contracts:				
Sold.....	786,282	—	12,820	12,820
Total	\$ 906,753	\$ 112,925	\$ 13,210	\$ 13,210

(2) Derivative transactions to which hedge accounting is applied

(a) Interest rate derivatives

Millions of Yen				
March 31, 2024				
Type	Hedged Item	Contract Amount		Fair Value
		Total	Due after One Year	
<u>Deferral hedge method</u>	Future transactions, loans, and others			
Interest rate swaps:				
Receivable floating rate/payable fixed rate		¥ 994,908	¥ 827,466	¥ 10,302
<u>Special treatment</u>	Loans, and others			
Interest rate swaps:				
Receivable floating rate/payable fixed rate		384,191	355,263	(*1)
Receivable fixed rate/payable floating rate		37,050	37,050	
Total		¥1,416,150	¥1,219,779	¥ 10,302

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		Millions of Yen		
		March 31, 2023		
		Contract Amount		
Type	Hedged Item	Total	Due after One Year	Fair Value
<u>Deferral hedge method</u>				
Interest rate swaps:	Future transactions, loans, and others			
Receivable floating rate/payable fixed rate		¥ 904,264	¥ 842,310	¥ 9,304
<u>Special treatment</u>				
Interest rate swaps:	Loans, and others			
Receivable floating rate/payable fixed rate		383,295	382,678	(*)
Total		¥1,287,560	¥1,224,988	¥ 9,304

Thousands of U.S. Dollars				
March 31, 2024				
Type	Hedged Item	Contract Amount		Fair Value
		Total	Due after One Year	
<u>Deferral hedge method</u>				
Interest rate swaps:	Future transactions, loans, and others			
Receivable floating rate/payable fixed rate		\$6,574,427	\$5,467,957	\$ 68,076
<u>Special treatment</u>				
Interest rate swaps:	Loans, and others			
Receivable floating rate/payable fixed rate		2,538,763	2,347,605	(*1)
Receivable fixed rate/payable floating rate		244,829	244,829	
Total		\$9,358,026	\$8,060,391	\$ 68,076

*1. Since interest rate swaps to which the special treatment is applied are accounted for with the hedged items such as loans, the fair value is included in the fair value of the loans and others.

(b) Currency derivatives

		Millions of Yen				
		March 31, 2024				
		Contract Amount				
Type	Hedged Item	Total	Due after One Year		Fair Value	
<u>Deferral hedge method</u>						
Currency swaps	Future transactions, loans, and others	¥ 36,267	¥ 33,110		¥ (692)	
Foreign exchange forward contracts:						
Sold		294	—		(6)	
<u>Allocation method</u>						
Currency swaps	Loans, and others	16,637	12,960			
Foreign exchange forward contracts:						(*1)
Sold		4,720	—			
Total		¥ 57,920	¥ 46,071		¥ (699)	

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		Millions of Yen			
		March 31, 2023			
		Contract Amount			
Type	Hedged Item	Total	Due after One Year	Fair Value	
<u>Deferral hedge method</u>					
Currency swaps	Future transactions, loans, and others	¥ 37,242	¥ 34,585	¥	183
Foreign exchange forward contracts:					
Sold		4,203	294		84
<u>Allocation method</u>					
Currency swaps	Loans, and others	20,817	18,093		
Foreign exchange forward contracts:					
Sold		10,592	—		
Total		¥ 72,855	¥ 52,974	¥	267

Thousands of U.S. Dollars				
March 31, 2024				
Type	Hedged Item	Contract Amount		Fair Value
		Total	Due after One Year	
<u>Deferral hedge method</u>				
Currency swaps	Future transactions, loans, and others	\$ 239,655	\$ 218,793	\$ (4,573)
Foreign exchange forward contracts:				
Sold		1,943	—	(40)
<u>Allocation method</u>				
Currency swaps	Loans, and others	109,939	85,641	
Foreign exchange forward contracts:				
Sold		31,190	—	
Total		\$ 382,740	\$ 304,441	\$ (4,619)

*1. Since contracts to which the allocation method is applied are accounted for with the hedged items such as loans, the fair value is included in the fair value of the loans and others.

32. BUSINESS COMBINATION

For the year ended March 31, 2024

There were no business combinations in the year ended March 31, 2024.

For the year ended March 31, 2023

Business combination through acquisition

Acquisition of Goshawk Management Limited by SMBC Aviation Capital Limited

SMBC Aviation Capital Limited (“SMBC Aviation Capital”), the Company’s consolidated subsidiary, acquired the businesses of Goshawk Management Limited, which is an aircraft leasing company, through transactions including purchase of all the shares of Goshawk Management Limited from Chow Tai Fook Enterprises Limited and NWS Holdings Limited under the share purchase agreement executed on May 16, 2022.

(1) Outline of the business combination

(a) Name of acquired company and its business

Name: Goshawk Management Limited (changed its name to SMBC Aviation Capital Management Limited)

Business: Aircraft leasing business

(b) Major reason for the business combination

The purpose of the business combination is to achieve the sustainable growth of the Group's aircraft leasing business. As a result of the business combination, SMBC Aviation Capital became the world's second largest aircraft leasing company with approximately 1,000 owned, managed and ordered aircraft, which enables it to provide aircraft leasing services to a wider range of airlines than ever before and offer investment opportunities that leverage the benefits provided by economies of scale to domestic and overseas aircraft investors.

(c) Date of the business combination

December 21, 2022

(d) Legal form of the business combination

Acquisition of shares and businesses

(e) Name of the company after the business combination

Sumitomo Mitsui Finance and Leasing Company, Limited

(f) Ratio of voting rights acquired

100%*

* Acquisition through SMBC Aviation Capital (ratio of voting rights: 68%)

(g) Basis for determining the acquirer

It is based on the fact that majority voting rights in the company in (a) above were obtained in exchange for cash.

(2) The period for which the operating results of the acquired company are included in the consolidated statement of income for the year ended March 31, 2023

From December 21, 2022 through March 31, 2023

(3) Acquisition cost of the acquired company and each class of consideration

Consideration for acquisition:	Cash	¥219,626 million
Total acquisition cost		¥219,626 million

(4) Nature and amount of major acquisition-related costs

Advisory fees, commissions and other expenses ¥3,513 million

(5) Amount of and reasons for goodwill arising from the business combination, and method and period of amortization

(a) Amount of goodwill arising from the business combination ¥513 million

(b) Reasons for goodwill arising from the business combination

Goodwill arose because the acquisition cost exceeded the Company's share of the fair value of the

acquired company's net assets.

(c) Method and period of amortization

The goodwill is amortized on a straight-line basis over 10 years.

(6) The assets acquired and the liabilities assumed at the date of the business combination

	Millions of Yen
Current assets.....	¥ 55,627
Non-current assets.....	856,581
Total assets acquired.....	¥ 912,208
Current liabilities	¥ 621,909
Non-current liabilities	71,187
Total liabilities assumed.....	¥ 693,096

(7) Amount of acquisition cost that was allocated to intangible assets other than goodwill and amortization period for each asset class

No items to report.

(8) Effects on the consolidated statement of income for the year ended March 31, 2023 as though this business combination had been completed as of April 1, 2022, and method of calculating the effects

	Millions of Yen
Revenues	¥ 90,102
Profit before income taxes.....	9,940
Profit attributable to owners of parent.....	5,905

(Method of calculating the effects)

Revenues and profit or loss would be calculated as above as though this business combination had been completed as of April 1, 2022, the beginning of the year ended March 31, 2023. Amortization or depreciation of the goodwill and other items recognized at the date of the business combination was adjusted as though they had arisen as of April 1, 2022.

The above note is unaudited by KPMG AZSA LLC.

33. REVENUE RECOGNITION

Information on revenue from contracts with customers was as follows.

Receivables from contracts with customers, contract assets and contract liabilities

	Millions of Yen		Thousands of U.S. Dollars
As of March 31,	2024	2023	2024
Receivables from contracts with customers.....	¥ 4,420	¥ 5,006	\$ 29,208
Contract assets.....	1,198	1,149	7,916
Contract liabilities	3,457	5,080	22,844

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Revenue from contracts with customers

	Millions of Yen		Thousands of U.S. Dollars
For the year ended March 31,	2024	2023	2024
Revenue from contracts with customers	¥ 79,730	¥ 64,391	\$ 526,862

34. SEGMENT INFORMATION

(1) General information about reportable segments

The Group's reportable segments are business units of the Group whose discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to make decisions regarding the allocation of management resources and evaluate performance.

The Group had the reportable segments of "Domestic Leasing Business," "Real Estate Business," "Transportation Business," and "Overseas Business."

Domestic Leasing Business	Leasing and installment sales, loans, rental, secondhand trading, etc. of various goods including equipment and machinery, and power generation business, etc., for domestic large companies and small and medium-sized companies
Real Estate Business	Leasing and loans for real estate, such as commercial facilities, office buildings, and logistics warehouses, real estate rental business, real estate development business, etc.
Transportation Business	Aircraft leasing business, aircraft engine leasing business, helicopter leasing business, leasing and installment sales of vessels, loans, etc.
Overseas Business	Sales finance for overseas companies, finance services for capital investments of Japanese companies, etc.

(2) Basis of measurement of revenues, profit or loss, assets, and other items by reportable segment

The accounting policies of each reportable segment are almost consistent with those disclosed in Note 2. SIGNIFICANT ACCOUNTING POLICIES FOR PREPARING CONSOLIDATED FINANCIAL STATEMENTS. When more than one business department cooperatively wins a deal, each of such departments recognizes revenue based on actual revenue in accordance with the rules of internal managerial accounting.

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 year ended March 31, 2024. Segment information for the year ended March 31, 2023 has been prepared using the new basis.

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(3) Information about revenues, profit or loss, assets, and other items by reportable segment

As of and for the year ended March 31, 2024	Millions of Yen					
	Reportable Segment				Adjustments (*1)	Consolidated (*3)
	Domestic Leasing	Real Estate	Trans- portation	Overseas		
Revenues:						
Lease sales	¥ 686,699	¥ 303,684	¥ 618,924	¥ 41,265	¥ –	¥1,650,574
Installment sales	338,610	–	285	92,265	–	431,160
Finance revenue	11,042	1,728	9,611	4,645	–	27,027
Other revenues (*2).....	36,716	108,711	10,675	2,603	–	158,707
Revenues from external customers.....	1,073,069	414,125	639,496	140,780	–	2,267,470
Intersegment revenues or transfers	11,262	1,078	31,610	181,181	(225,133)	–
Total revenues	¥1,084,332	¥ 415,203	¥ 671,106	¥ 321,961	¥(225,133)	¥2,267,470
Segment profit (loss).....	¥ 35,371	¥ 52,462	¥ 63,473	¥ 2,259	¥ (3,898)	¥ 149,667
Segment assets	2,487,557	1,802,089	3,571,884	728,670	1,105,857	9,696,059

As of and for the year ended March 31, 2023	Millions of Yen					Adjustments (*1)	Consolidated (*3)
	Reportable Segment						
	Domestic Leasing	Real Estate	Trans- portation	Overseas			
Revenues:							
Lease sales	¥ 689,081	¥ 324,591	¥ 399,829	¥ 35,308	¥ –		¥1,448,811
Installment sales	478,921	–	5,838	73,589	–		558,349
Finance revenue	9,306	1,767	9,777	2,783	–		23,636
Other revenues (*2).....	33,932	79,838	12,818	1,931	–		128,520
Revenues from external customers.....	1,211,241	406,197	428,263	113,613	–		2,159,316
Intersegment revenues or transfers	8,998	1,662	7,733	181,675	(200,070)		–
Total revenues	¥1,220,240	¥ 407,859	¥ 435,997	¥ 295,289	¥(200,070)		¥2,159,316
Segment profit (loss).....	¥ 38,160	¥ 49,809	¥ 45,771	¥ 6,150	¥ (3,326)		¥ 136,566
Segment assets	2,654,560	1,659,037	3,254,000	695,841	982,210		9,245,649

	Thousands of U.S. Dollars					
	Reportable Segment					
As of and for the year ended March 31, 2024	Domestic Leasing	Real Estate	Transportation	Overseas	Adjustments (*1)	Consolidated (*3)
Revenues:						
Lease sales	\$ 4,537,759	\$ 2,006,767	\$ 4,089,896	\$ 272,682	\$ –	\$10,907,123
Installment sales	2,237,560	–	1,883	609,694	–	2,849,144
Finance revenue	72,966	11,419	63,510	30,695	–	178,603
Other revenues (*2).....	242,622	718,370	70,541	17,201	–	1,048,749
Revenues from external customers.....	7,090,921	2,736,569	4,225,838	930,285	–	14,983,618
Intersegment revenues or transfers	74,420	7,124	208,881	1,197,258	(1,487,696)	–
Total revenues	\$ 7,165,347	\$ 2,743,693	\$ 4,434,719	\$ 2,127,542	\$(1,487,696)	\$14,983,618
Segment profit (loss)	\$ 233,734	\$ 346,673	\$ 419,434	\$ 14,928	\$ (25,758)	\$ 989,011
Segment assets	16,437,963	11,908,339	23,603,278	4,815,106	7,307,586	64,072,291

*1. a) “Adjustments” for “Segment profit (loss)” of ¥(3,898) million (\$ (25,758) thousand) and ¥(3,326) million for the years ended March 31, 2024 and 2023 include amortization of goodwill of ¥(8,420) million (\$ (55,640) thousand) and ¥(8,561) million and equity in earnings of affiliates of ¥7,624 million (\$ (50,380) thousand) and ¥6,700 million which were not allocated to each reportable segment.

b) “Segment assets” in each reportable segment are mainly operating assets. “Adjustments” for “Segment assets” are principally corporate assets which were not allocated to each reportable segment.

*2. Other revenues include revenue that falls under revenue from contracts with customers.

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*3. “Segment profit” was reconciled to ordinary income, which is calculated as operating income plus non-operating income minus nonoperating expenses in the 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.

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

For the year ended March 31,	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Operating income	¥ 157,392	¥ 133,197	\$1,040,065
Interest income	241	132	1,598
Dividend income	1,565	1,987	10,346
Interest expenses.....	(17,836)	(7,617)	(117,865)
Equity in earnings of affiliates.....	8,734	9,772	57,715
Value added tax refund.....	1,763	235	11,650
Foreign exchange gains (losses).....	(1,068)	(1,347)	(7,063)
Amortization of bond issuance costs	(1,140)	(281)	(7,534)
Other—net.....	15	487	99
Ordinary income.....	¥ 149,667	¥ 136,566	\$ 989,011

(4) Information by product and service

	Millions of Yen			
	For the Year Ended March 31, 2024			
	Leases, Rentals, and Installment Sales	Loans	Other	Total
Revenues from external customers	¥2,081,735	¥ 27,027	¥ 158,707	¥2,267,470

	Millions of Yen			
	For the Year Ended March 31, 2023			
	Leases, Rentals, and Installment Sales	Loans	Other	Total
Revenues from external customers	¥2,007,160	¥ 23,636	¥ 128,520	¥2,159,316

	Thousands of U.S. Dollars			
	For the Year Ended March 31, 2024			
	Leases, Rentals, and Installment Sales	Loans	Other	Total
Revenues from external customers	\$13,756,261	\$ 178,596	\$1,048,748	\$14,983,618

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(5) Geographic information

(a) Revenues

Millions of Yen					
For the Year Ended March 31, 2024					
Japan	Europe and the United States		Asia and Oceania	Total	
	Ireland	Other			
¥ 1,518,104	¥ 559,745	¥ 167,981	¥ 21,639	¥	2,267,470

Millions of Yen					
For the Year Ended March 31, 2023					
Japan	Europe and the United States		Asia and Oceania	Total	
	Ireland	Other			
¥ 1,624,891	¥ 367,537	¥ 141,757	¥ 25,130	¥	2,159,316

Thousands of U.S. Dollars					
For the Year Ended March 31, 2024					
Japan	Europe and the United States		Asia and Oceania	Total	
	Ireland	Other			
\$ 10,031,745	\$ 3,698,837	\$ 1,110,031	\$ 142,992	\$	14,983,618

- Notes: 1. The above table presents revenues in countries or regions where the Group companies are located.
2. The classification of countries or regions is based on geographical proximity.
3. (i) Major countries included in “Europe and the United States” are Ireland, the Netherlands, Germany (2024), and the United Kingdom (2023).
(ii) Major countries and regions included in “Asia and Oceania” are China, Taiwan (2023), Singapore, and Thailand (2024).

(b) Property and equipment

Millions of Yen					
March 31, 2024					
Japan	Europe and the United States		Asia and Oceania	Total	
	Ireland	Other			
¥ 1,471,750	¥ 3,388,075	¥ 204,012	¥ 16,692	¥	5,080,530

Millions of Yen					
March 31, 2023					
Japan	Europe and the United States		Asia and Oceania	Total	
	Ireland	Other			
¥ 1,402,049	¥ 3,037,036	¥ 185,375	¥ 12,603	¥	4,637,063

Thousands of U.S. Dollars					
March 31, 2024					
Japan	Europe and the United States		Asia and Oceania	Total	
	Ireland	Other			
\$ 9,725,434	\$ 22,388,654	\$ 1,348,127	\$ 110,302	\$	33,572,529

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(6) Information about major customers

Information by major customer is not disclosed because there were no revenues from any single customer accounting for 10% or more of revenues in the consolidated statements of income.

(7) Information about impairment losses on fixed assets by reportable segment

Millions of Yen							
For the Year Ended March 31, 2024							
	Domestic Leasing	Real Estate	Transportation	Overseas	Corporate or Elimination	Total	
Impairment losses	¥ 111	¥ 122	¥ 30,210	¥ –	¥ –	¥	30,444

Millions of Yen							
For the Year Ended March 31, 2023							
	Domestic Leasing	Real Estate	Transportation	Overseas	Corporate or Elimination	Total	
Impairment losses	¥ 127	¥ –	¥ 69,074	¥ –	¥ –	¥	69,201

Thousands of U.S. Dollars							
For the Year Ended March 31, 2024							
	Domestic Leasing	Real Estate	Transportation	Overseas	Corporate or Elimination	Total	
Impairment losses	\$ 733	\$ 806	\$ 199,630	\$ –	\$ –	\$	201,176

(8) Information about amortization and balance of goodwill by reportable segment

Millions of Yen							
As of and for the Year Ended March 31, 2024							
	Domestic Leasing	Real Estate	Transportation	Overseas	Corporate or Elimination (*1)	Total	
Amortization.....	¥ –	¥ 946	¥ 59	¥ –	¥ 8,420	¥	9,425
Balance as of March 31	–	14,700	516	–	32,972		48,189

Millions of Yen							
As of and for the Year Ended March 31, 2023							
	Domestic Leasing	Real Estate	Transportation	Overseas	Corporate or Elimination (*1)	Total	
Amortization of goodwill.....	¥ –	¥ 963	¥ 13	¥ –	¥ 8,561	¥	9,537
Balance as of March 31	–	15,647	507	–	41,392		57,548

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Thousands of U.S. Dollars							
As of and for the Year Ended March 31, 2024							
	Domestic Leasing	Real Estate	Transportation	Overseas	Corporate or Elimination (*1)	Total	
Amortization of goodwill.....	\$ —	\$ 6,251	\$ 390	\$ —	\$ 55,640	\$ 62,287	
Balance as of March 31	—	97,139	3,410	—	217,881	318,441	

*1. “Corporate or elimination” represents amortization and unamortized balance of goodwill that were not allocable to reportable segments.

(9) Information about gain on bargain purchase by reportable segment

For the year ended March 31, 2024

No items to report.

For the year ended March 31, 2023

No items to report.

35. RELATED PARTY TRANSACTIONS

(1) Related party transactions

(a) Transactions between the Company and related parties

(i) Fellow subsidiaries

For the year ended March 31, 2024

Category	Related Party	Location	Capital		Business	Ownership Ratio	Relationship
			(Millions of Yen)	(Thousands of U.S. Dollars)			
Subsidiary of other associated company	Sumitomo Mitsui Banking Corporation	Chiyoda-ku, Tokyo	¥ 1,770,996	\$ 11,702,875	Banking	—	Concurrent officers Borrowing of funds

Transaction	Transaction Amount		Account	Balance	
	(Millions of Yen)	(Thousands of U.S. Dollars)		(Millions of Yen)	(Thousands of U.S. Dollars)
Borrowing of funds	¥ 2,587,282	\$ 17,096,954	Short-term loans	¥ 525,342	\$ 3,471,499
			Commercial paper	20,000	132,162
			Long-term loans due within one year	44,351	293,075
Payment of interest	7,513	49,646	Long-term loans	172,426	1,139,404

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For the year ended March 31, 2023

Category	Related Party	Location	Capital	Business	Ownership Ratio	Relationship
			(Millions of Yen)			
Subsidiary of other associated company	Sumitomo Mitsui Banking Corporation	Chiyoda-ku, Tokyo	¥ 1,770,996	Banking	–	Concurrent officers Borrowing of funds

Transaction		Transaction Amount	Account		Balance
		(Millions of Yen)			(Millions of Yen)
Borrowing of funds	¥ 3,029,979	Short-term loans	¥ 565,653		
		Commercial paper	125,000		
Payment of interest	6,291	Long-term loans due within one year	21,289		
		Long-term loans	182,255		

Note: Terms and conditions for transactions and determination policy

As for the borrowing of funds, interest rates have been reasonably determined taking the market interest rate into consideration.

(ii) Other associated companies

For the year ended March 31, 2024

Category	Related Party	Location	Capital		Business	Ownership Ratio	Relationship
			(Millions of Yen)	(Thousands of U.S. Dollars)			
Other associated company	Sumitomo Corporation	Chiyoda-ku, Tokyo	¥ 220,423	\$ 1,456,572	General trading	Directly owned 50%	Concurrent officers Purchase of receivables

Transaction		Transaction Amount		Account	Balance	
		(Millions of Yen)	(Thousands of U.S. Dollars)		(Millions of Yen)	(Thousands of U.S. Dollars)
Purchase of receivables	¥ 25,712	\$ 169,907		–	¥ –	\$ –

For the year ended March 31, 2023

Category	Related Party	Location	Capital	Business	Ownership Ratio	Relationship
			(Millions of Yen)			
Other associated company	Sumitomo Corporation	Chiyoda-ku, Tokyo	¥ 220,046	General trading	Directly owned 50%	Concurrent officers Purchase of receivables

Transaction		Transaction Amount	Account		Balance
		(Millions of Yen)			(Millions of Yen)
Purchase of receivables	¥ 64,912	Other loans receivable	¥ 19,877		

Note: Terms and conditions for transactions and determination policy

As for the purchase of receivables, interest rates have been reasonably determined taking the market interest rate into consideration.

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(b) Transactions between consolidated subsidiaries of the Company and its related parties

Fellow subsidiaries

For the year ended March 31, 2024

Category	Related Party	Location	Capital		Business	Ownership Ratio	Relationship
			(Millions of Yen)	(Thousands of U.S. Dollars)			
Subsidiary of other associated company	Sumitomo Mitsui Banking Corporation	Chiyoda-ku, Tokyo	¥ 1,770,996	\$ 11,702,875	Banking	–	Concurrent officers Borrowing of funds
Subsidiary of other associated company	SMBC Trust Bank Ltd.	Chiyoda-ku, Tokyo	¥ 87,550	\$ 578,537	Banking	–	Concurrent officers Borrowing of funds

Transaction		Transaction Amount		Account		Balance	
		(Millions of Yen)	(Thousands of U.S. Dollars)			(Millions of Yen)	(Thousands of U.S. Dollars)
Borrowing of funds	¥ 554,572	\$ 3,664,653	Short-term loans	¥ 16,723	\$ 110,507		
Payment of interest	28,159	186,077	Long-term loans due within one year	87,401	577,552		
			Long-term loans	671,977	4,440,474		
			Long-term loans due within one year	¥ 8,449	\$ 55,832		
Borrowing of funds	¥ 287,024	\$ 1,896,676	Long-term loans	436,209	2,882,502		
Payment of interest	24,248	160,233					

For the year ended March 31, 2023

Category	Related Party	Location	Capital		Business	Ownership Ratio	Relationship
			(Millions of Yen)	(Thousands of U.S. Dollars)			
Subsidiary of other associated company	Sumitomo Mitsui Banking Corporation	Chiyoda-ku, Tokyo	¥ 1,770,996		Banking	–	Concurrent officers Borrowing of funds
Subsidiary of other associated company	SMBC Trust Bank Ltd.	Chiyoda-ku, Tokyo	¥ 87,550		Banking	–	Borrowing of funds

Transaction		Transaction Amount		Account		Balance	
		(Millions of Yen)	(Thousands of U.S. Dollars)			(Millions of Yen)	(Thousands of U.S. Dollars)
Borrowing of funds	¥ 1,086,786		Short-term loans	¥ 11,620			
Payment of interest	33,190		Long-term loans due within one year	66,697			
			Long-term loans	991,507			
			Long-term loans due within one year	¥ 10,351			
Borrowing of funds	¥ 197,610		Long-term loans	373,397			
Payment of interest	19,675						

Note: Terms and conditions for transactions and determination policy

As for the borrowings of funds, interest rates have been reasonably determined taking the market interest rate into consideration.

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Years Ended March 31, 2024 and 2023

36. PER SHARE DATA

As of and for the year ended March 31,	Yen		U.S. Dollars
	2024	2023	2024
Net assets per share	¥ 12,040.66	¥10,408.70	\$ 79.57
Basic earnings per share	1,485.12	577.17	9.81
Diluted earnings per share	1,479.44	—	9.78

Notes: 1. Basic earnings per share and diluted earnings per share were calculated based on the following:

For the year ended March 31,	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Basic earnings per share:			
Profit attributable to owners of parent	¥ 129,731	¥ 50,418	\$ 857,276
Amount not attributable to common stockholders	—	—	—
Profit attributable to owners of parent related to common stock	129,731	50,418	857,276
Average number of shares of common stock during the year (Thousands of Shares)	87,354	87,354	
Diluted earnings per share:			
Adjustment for profit attributable to owners of parent	(496)	—	(3,278)
Adjustment of dilutive shares issued by consolidated subsidiary	(496)	—	(3,278)
Increase in number of shares of common stock (Thousands of Shares)	—	—	

For the year ended March 31,	2024	2023
		(Consolidated subsidiary) Kenedix, Inc.
		Stock acquisition rights approved on October 29, 2021
Overview of potential common shares that were not included in the calculation of diluted earnings per share because they have no dilutive effect	—	7th stock acquisition rights Common stock: 11,618,728 shares
		8th stock acquisition rights Common stock: 2,202,833 shares
		9th stock acquisition rights Common stock: 1,542,678 shares

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2. Net assets per share were calculated based on the following:

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Total net assets.....	¥1,377,920	¥1,175,290	\$9,105,405
Amount excluded from total net assets	326,117	266,046	2,155,006
Stock acquisition rights on the above.....	118	122	782
Non-controlling interests on the above	325,999	265,923	2,154,229
Net assets related to common stock at the fiscal year-end	1,051,803	909,244	6,950,393
Number of shares of common stock at the fiscal year-end used for the calculation of net assets per share (Thousands of Shares)	87,354	87,354	

37. SUBSEQUENT EVENTS

For the year ended March 31, 2024

(1) Change in segmentation

The Group has changed its segmentation on the grounds that it made an organizational change as of April 1, 2024 to strengthen its structure to promote the environmental energy business and established the “Environmental and Energy Business Unit.”

Previously, the Group had the reportable segments of “Domestic Leasing Business,” “Transportation Business,” “Real Estate Business,” and “Overseas Business.” As a result of the organizational change, the “Environmental and Energy Business” has been separated from the “Domestic Leasing Business” and has become a newly reportable segment, and therefore the Group has the reportable segments of “Domestic Leasing Business,” “Transportation Business,” “Real Estate Business,” “Environmental and Energy Business,” and “Overseas Business” for periods beginning on or after April 1, 2024.

Revenues and profit or loss for the year ended March 31, 2024 and assets as of March 31, 2024 for each reportable segment on the new basis of segmentation are currently under evaluation.

(2) Issuance of large amounts of corporate bonds

SMBC Aviation Capital Finance Designated Activity Company, which is an affiliated company of SMBC Aviation Capital Limited, a consolidated subsidiary of the Company, issued bonds as follows:

- a. Type of issue: U.S. dollar-denominated bond
- b. Issuance amount: \$1,500,000 thousand (¥226,995 million)
(5-year bond: \$650,000 thousand (¥98,365 million),
10-year bond: \$850,000 thousand (¥128,631 million))
- c. Date of issuance: April 3, 2024
- d. Issue price: At par value
- e. Interest rate: 5-year bond: 5.30%
10-year bond: 5.55%
- f. Due: 5-year bond: April 3, 2029
10-year bond: April 3, 2034
- g. Use of proceeds: Business funds

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38. QUARTERLY INFORMATION (Unaudited)

Quarterly information for the year ended March 31, 2024 was as follows:

Cumulative	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Revenues (Millions of Yen)	¥ 514,374	¥ 1,046,088	¥ 1,588,617	¥ 2,267,470
Profit before income taxes (Millions of Yen)	36,190	73,283	204,392	224,761
Profit attributable to owners of parent (Millions of Yen)	21,509	43,496	121,271	129,731
Basic earnings per share (Yen)	246.23	497.93	1,388.27	1,485.12

Cumulative	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Revenues (Thousands of U.S. Dollars)	\$ 3,399,022	\$ 6,912,628	\$10,497,700	\$14,983,618
Profit before income taxes (Thousands of U.S. Dollars)	239,146	484,260	1,350,638	1,485,241
Profit attributable to owners of parent (Thousands of U.S. Dollars)	142,133	287,425	801,368	857,276
Basic earnings per share (U.S. Dollars)	1.63	3.29	9.17	9.81

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Basic earnings per share (Yen)	¥ 246.23	¥ 251.70	¥ 890.34	¥ 96.85

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Basic earnings per share (U.S. Dollars)	\$ 1.63	\$ 1.66	\$ 5.88	\$ 0.64