

Notice Regarding Consolidated Financial Results for the Six Months Ended September 30, 2020

Sumitomo Mitsui Finance and Leasing Company, Limited (the “Company,” President: Masaki Tachibana) hereby announces the consolidated financial results for the six months ended September 30, 2020 as follows.

1. Status of Operations

During the six months ended September 30, 2020, the global economy remained in a severe situation following rapid deterioration from the impact of the novel coronavirus infectious disease (COVID-19). In the latter half of the second quarter, while some countries and regions recovered after resuming economic activities, the pace of recovery varied across countries and regions, with economic lockdowns imposed in some areas due to the spread of the infection.

In the Japanese economy, although a severe situation also continued, signs of recovery were observed as economic activities gradually resumed, supported by monetary easing policies and economic measures.

Capital investment in Japan was on a declining trend. Leasing volume (statistics from the Japan Leasing Association) decreased by 19.9% year on year.

Under these circumstances, the amount of new contracts executed by the Group during the six months ended September 30, 2020 decreased by 15.2% year on year to ¥968.1 billion.

2. Status of Financial Results

Revenues for the six months ended September 30, 2020 decreased by 13.5% year on year to ¥661.4 billion. In terms of profit and loss, operating income decreased by 59.7% year on year to ¥18.4 billion, and ordinary profit decreased by 56.3% year on year to ¥20.5 billion. Profit attributable to owners of parent decreased by 62.7% year on year to ¥12.7 billion.

Operating assets at the end of the six months ended September 30, 2020 increased by ¥136.5 billion from the end of the previous fiscal year to ¥5,405.9 billion, and total assets increased by ¥122.6 billion from the end of the previous fiscal year to ¥6,501.3 billion. Net assets decreased by ¥6.2 billion from the end of the previous fiscal year to ¥729.3 billion.

3. Revision of Earnings Forecasts

The Company has revised its consolidated financial results forecasts for the fiscal year ending March 31, 2021 that were announced on May 14, 2020, primarily in consideration of an increase in credit-related costs due to the impact of the novel coronavirus infectious disease (COVID-19).

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

	Revenues	Operating income	Ordinary profit	Profit attributable to owners of parent	Earnings per share
Previously announced forecasts (A)	Million yen 1,480,000	Million yen 59,000	Million yen 62,000	Million yen 40,000	Yen 519.45
Revised forecasts (B)	1,380,000	45,900	46,000	31,000	402.57
Change (B-A)	(100,000)	(13,100)	(16,000)	(9,000)	
Rate of change (%)	(6.8)	(22.2)	(25.8)	(22.5)	
(Reference) Actual results for the previous fiscal year (ended March 31, 2020)	1,513,701	89,413	90,321	61,219	795.01

Please refer to the attachment for details.

[Contact Information]

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

Summary of Consolidated Financial Results for the Six Months Ended September 30, 2020 [Under Japanese GAAP]

November 13, 2020

Company name: Sumitomo Mitsui Finance and Leasing Company, Limited

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

Representative: Masaki Tachibana, President

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

Phone: +81-3-5219-6334

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2020 (April 1, 2020 to September 30, 2020)

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

	Revenues		Operating income		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 30, 2020	661,432	(13.5)	18,434	(59.7)	20,599	(56.3)	12,744	(62.7)
September 30, 2019	764,688	5.1	45,696	(8.0)	47,088	(5.3)	34,189	8.9

(Note) Comprehensive income: Six months ended September 30, 2020: ¥9,161 million [1.3%]

Six months ended September 30, 2019: ¥9,046 million [(84.6)%]

	Earnings per share
Six months ended	Yen
September 30, 2020	165.50
September 30, 2019	443.99

(2) Consolidated Financial Position

	Total assets	Net assets	Capital ratio
	Million yen	Million yen	%
As of September 30, 2020	6,501,306	729,318	9.4
As of March 31, 2020	6,378,701	735,542	9.6

(Reference) Equity: As of September 30, 2020: ¥609,557 million

As of March 31, 2020: ¥614,239 million

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

(% indicates changes from the previous corresponding period.)

	Revenues		Operating income		Ordinary profit		Profit attributable to owners of parent		Earnings per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	1,380,000	(8.8)	45,900	(48.7)	46,000	(49.1)	31,000	(49.4)	402.57

(Note) Revision of earnings forecasts recently announced: Yes

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

Quarterly Consolidated Financial Statements
(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and bank deposits	252,775	265,433
Installment sales receivable	558,161	508,746
Lease receivables and investment assets	2,161,247	2,140,252
Loans receivable	361,029	398,075
Short-term investment securities	-	3,365
Merchandise	8,854	8,542
Other	185,460	189,712
Allowance for doubtful accounts	(8,811)	(12,080)
Total current assets	3,518,718	3,502,047
Non-current assets		
Property and equipment		
Leased assets		
Leased assets	2,151,414	2,291,208
Allowance for loss on disposal of leased assets	(214)	(255)
Advances on purchases of leased assets	384,793	354,931
Total leased assets	2,535,993	2,645,884
Other operating assets	-	31,001
Property and equipment for internal use	5,876	5,866
Total property and equipment	2,541,869	2,682,752
Intangible assets		
Goodwill	68,144	63,558
Other	33,231	31,984
Total intangible assets	101,376	95,542
Investments and other assets		
Investment securities	170,815	169,430
Long-term loans receivable	2	2
Delinquent receivables	17,611	28,498
Deferred tax assets	22,628	20,767
Other	13,404	16,801
Allowance for doubtful accounts	(7,724)	(14,536)
Total investments and other assets	216,736	220,963
Total non-current assets	2,859,982	2,999,258
Total assets	6,378,701	6,501,306

(Million yen)

	As of March 31, 2020	As of September 30, 2020
Liabilities		
Current liabilities		
Trade notes payable and accounts payable	86,578	71,150
Short-term loans	1,037,413	1,013,062
Long-term loans due within one year	351,793	419,195
Bonds due within one year	67,400	122,619
Commercial paper	1,021,900	940,900
Payables under securitization of lease receivables	17,179	14,972
Long-term payables under securitization of lease receivables due within one year	21,047	20,530
Lease obligations	18,633	17,585
Income taxes payable	4,451	3,051
Deferred profit on installment sales	25,417	19,934
Reserve for employee bonuses	2,095	1,641
Reserve for directors' bonuses	394	-
Asset retirement obligations	209	130
Other	115,851	117,735
Total current liabilities	2,770,366	2,762,509
Non-current liabilities		
Bonds	695,552	704,456
Long-term loans	1,791,445	1,912,700
Long-term payables under securitization of lease receivables	22,402	31,852
Lease obligations	34,432	30,394
Deferred tax liabilities	39,207	38,680
Reserve for directors' retirement benefits	411	275
Net defined benefit liability	9,818	9,026
Guarantee deposits received	113,275	117,617
Asset retirement obligations	1,184	1,879
Other	165,063	162,596
Total non-current liabilities	2,872,792	3,009,478
Total liabilities	5,643,158	5,771,987
Net assets		
Shareholders' equity		
Capital stock	15,000	15,000
Capital surplus	419,255	419,255
Retained earnings	362,264	359,159
Treasury stock	(168,639)	(168,639)
Total shareholders' equity	627,880	624,775
Accumulated other comprehensive income		
Net unrealized holding gains or losses on securities	16,671	21,662
Deferred gains or losses on hedges	(42,617)	(41,762)
Foreign currency translation adjustments	15,905	8,232
Remeasurements of defined benefit plans	(3,600)	(3,350)
Total accumulated other comprehensive income	(13,641)	(15,217)
Non-controlling interests	121,303	119,760
Total net assets	735,542	729,318
Total liabilities and net assets	6,378,701	6,501,306

(2) Quarterly Consolidated Statements of Income
[For the Six Months Ended September 30]

(Million yen)

	For the six months ended September 30, 2019	For the six months ended September 30, 2020
Revenues	764,688	661,432
Cost and expenses	673,547	587,007
Gross profit	91,141	74,424
Selling, general and administrative expenses	45,445	55,990
Operating income	45,696	18,434
Non-operating income		
Interest income	93	71
Dividend income	575	617
Equity in earnings of affiliates	2,444	2,180
Foreign exchange gains	-	317
Other	188	895
Total non-operating income	3,301	4,082
Non-operating expenses		
Interest expenses	1,499	1,528
Amortization of bond issuance cost	329	338
Foreign exchange losses	27	-
Loss on sales of long-term receivables	6	-
Other	47	50
Total non-operating expenses	1,909	1,916
Ordinary profit	47,088	20,599
Extraordinary income		
Gain on sales of investment securities	1,221	211
Gain on transfer from business divestitures	280	-
Other	2	0
Total extraordinary income	1,504	211
Extraordinary losses		
Loss on sales and retirement of property and equipment for internal use	5	1
Loss on valuation of investment securities	7	17
Loss on sales of shares of subsidiaries and affiliates	23	-
Expenses related to system migration	-	3,479
Other	4	-
Total extraordinary losses	40	3,498
Profit before income taxes	48,552	17,313
Income taxes	7,299	3,546
Profit	41,252	13,766
Profit attributable to non-controlling interests	7,063	1,022
Profit attributable to owners of parent	34,189	12,744