

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

November 11, 2021

Sumitomo Mitsui Finance and Leasing Company, Limited

Notice Regarding Consolidated Financial Results for the Six Months Ended September 30, 2021

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, 2021 as follows.

1. Status of Operations

During the six months ended September 30, 2021, although a severe situation continued due to the impact of the novel coronavirus infectious disease (COVID-19), the global economy continued to recover as a whole, albeit with variation across countries and regions.

In the Japanese economy, the trend of recovery continued. On the other hand, the momentum of export growth, the recovery of production activities and corporate profits in some non-manufacturers can be seen weakening, and the personal consumption was also sluggish.

Although capital investment in Japan continued to increase, the lease transaction volume (statistics of the Japan Leasing Association) decreased by 8.5% year-on-year to ¥1,976.7 billion.

Under these circumstances, the amount of new contracts executed by the Group during the six months ended September 30, 2021 increased by 37.3% year on year to ¥1,336.5 billion.

2. Status of Financial Results

Revenues for the six months ended September 30, 2021 increased by 21.4% year on year to ¥802.7 billion. In terms of profit and loss, operating income increased by 154.0% year on year to ¥46.8 billion, and ordinary profit increased by 141.1% year on year to ¥49.6 billion. Profit attributable to owners of parent increased by 181.8% year on year to ¥35.9 billion.

Operating assets as of September 30, 2021 increased by ¥307.5 billion from the end of the previous fiscal year to ¥6,361.2 billion, and total assets increased by ¥260.8 billion from the end of the previous fiscal year to ¥7,302.8 billion. Net assets increased by ¥55.7 billion from the end of the previous fiscal year to ¥977.8 billion.

Please refer to the attachment for details.

[Contact Information]

Sawaguchi, Corporate Communications Department (Phone: +81-3-5219-6334)

Summary of Consolidated Financial Results for the Six Months Ended September 30, 2021 [Under Japanese GAAP]

November 11, 2021

Company name: Sumitomo Mitsui Finance and Leasing Company, Limited
 URL: <https://www.smfl.co.jp/english/>
 Representative: Masaki Tachibana, President
 Contact: Hozumi Sawaguchi, General Manager of the Corporate Communications Department
 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, 2021 (April 1, 2021 to September 30, 2021)

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

	Revenues		Operating income		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2021	802,715	21.4	46,830	154.0	49,669	141.1	35,907	181.8
September 30, 2020	661,432	(13.5)	18,434	(59.7)	20,599	(56.3)	12,744	(62.7)

(Note) Comprehensive income: Six months ended September 30, 2021: ¥53,550 million [484.6%]
 Six months ended September 30, 2020: ¥9,161 million [1.3%]

	Earnings per share
Six months ended	Yen
September 30, 2021	411.06
September 30, 2020	165.50

(2) Consolidated Financial Position

	Total assets	Net assets	Capital ratio
As of	Millions of yen	Millions of yen	%
September 30, 2021	7,302,841	977,844	10.8
March 31, 2021	7,041,995	922,067	10.6

(Reference) Equity:

As of September 30, 2021: ¥792,124 million
 As of March 31, 2021: ¥748,601 million

2. Consolidated Financial Results Forecasts for the Fiscal Year Ending March 31, 2022 (April 1, 2021 to March 31, 2022)

(% indicates changes from the previous corresponding period.)

	Revenues		Operating income		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	1,500,000	4.3	83,500	101.7	83,000	84.1	57,000	69.5	652.52

(Note) Revision of earnings forecasts recently announced: None

- 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. As of the time of disclosure of these materials, the review procedures of the Company's quarterly consolidated financial statements under the Financial Instruments and Exchange Act have not been completed.

Quarterly Consolidated Financial Statements
(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and bank deposits	267,722	212,731
Installment sales receivable	524,857	546,903
Lease receivables and investment assets	2,118,375	2,170,323
Loans receivable	500,867	553,351
Short-term investment securities	4,958	1,500
Merchandise	9,421	4,651
Real estate for sale	42,897	55,744
Real estate for sale in process	–	3,457
Other	192,552	180,843
Allowance for doubtful accounts	(15,512)	(14,725)
Total current assets	3,646,141	3,714,780
Non-current assets		
Property and equipment		
Leased assets		
Leased assets	2,758,044	2,916,018
Allowance for loss on disposal of leased assets	(273)	(288)
Advances on purchases of leased assets	160,184	155,896
Total leased assets	2,917,956	3,071,626
Other operating assets	46,022	63,608
Property and equipment for internal use	6,185	5,913
Total property and equipment	2,970,164	3,141,148
Intangible assets		
Goodwill	76,624	71,587
Other	75,216	72,720
Total intangible assets	151,841	144,308
Investments and other assets		
Investment securities	222,040	243,618
Long-term loans receivable	3	2
Delinquent receivables	35,493	40,580
Deferred tax assets	21,962	21,032
Net defined benefit asset	4	34
Other	16,579	19,839
Allowance for doubtful accounts	(22,235)	(22,504)
Total investments and other assets	273,848	302,603
Total non-current assets	3,395,854	3,588,060
Total assets	7,041,995	7,302,841

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Liabilities		
Current liabilities		
Trade notes payable and accounts payable	80,588	72,679
Short-term loans	1,024,954	1,094,902
Long-term loans due within one year	454,577	457,683
Bonds due within one year	133,274	143,878
Commercial paper	954,400	953,800
Payables under securitization of lease receivables	7,760	3,600
Long-term payables under securitization of lease receivables due within one year	14,906	22,530
Lease obligations	16,173	17,787
Income taxes payable	7,772	8,502
Deferred profit on installment sales	19,032	19,476
Reserve for employee bonuses	1,874	2,414
Reserve for directors' bonuses	438	71
Asset retirement obligations	2	—
Other	154,483	129,006
Total current liabilities	2,870,239	2,926,335
Non-current liabilities		
Bonds	687,364	669,837
Long-term loans	2,171,217	2,302,826
Long-term payables under securitization of lease receivables	28,155	52,125
Lease obligations	28,577	25,495
Deferred tax liabilities	58,601	62,219
Reserve for directors' retirement benefits	272	302
Net defined benefit liability	6,721	6,212
Guarantee deposits received	127,762	141,510
Asset retirement obligations	2,858	3,576
Other	138,158	134,555
Total non-current liabilities	3,249,689	3,398,661
Total liabilities	6,119,928	6,324,996
Net assets		
Shareholders' equity		
Capital stock	15,000	15,000
Capital surplus	412,086	422,069
Retained earnings	379,836	402,964
Treasury stock	(73,313)	(73,313)
Total shareholders' equity	733,609	766,719
Accumulated other comprehensive income		
Net unrealized holding gains or losses on securities	26,382	30,358
Deferred gains or losses on hedges	(28,332)	(29,321)
Foreign currency translation adjustments	18,490	25,728
Remeasurements of defined benefit plans	(1,548)	(1,360)
Total accumulated other comprehensive income	14,991	25,405
Non-controlling interests	173,465	185,719
Total net assets	922,067	977,844
Total liabilities and net assets	7,041,995	7,302,841

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

(Millions of yen)

	For the six months ended September 30, 2020	For the six months ended September 30, 2021
Revenues	661,432	802,715
Cost and expenses	587,007	698,533
Gross profit	74,424	104,181
Selling, general and administrative expenses	55,990	57,351
Operating income	18,434	46,830
Non-operating income		
Interest income	71	34
Dividend income	617	590
Equity in earnings of affiliates	2,180	4,302
Foreign exchange gains	317	–
Other	895	233
Total non-operating income	4,082	5,162
Non-operating expenses		
Interest expenses	1,528	1,549
Amortization of bond issuance cost	338	53
Foreign exchange losses	–	294
Other	50	426
Total non-operating expenses	1,916	2,322
Ordinary profit	20,599	49,669
Extraordinary income		
Gain on sales of investment securities	211	23
Gain on bargain purchase	–	1,208
Other	0	12
Total extraordinary income	211	1,243
Extraordinary losses		
Loss on sales and retirement of property and equipment for internal use	1	43
Loss on liquidation of investment securities	–	6
Loss on valuation of investment securities	17	13
Expenses related to system migration	3,479	–
Other	–	0
Total extraordinary losses	3,498	63
Profit before income taxes	17,313	50,850
Income taxes	3,546	9,238
Profit	13,766	41,612
Profit attributable to non-controlling interests	1,022	5,704
Profit attributable to owners of parent	12,744	35,907