

**SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
THREE MONTHS ENDED JUNE 30, 2022 and 2021**

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
INTERIM CONSOLIDATED BALANCE SHEETS
June 30, 2022 and March 31, 2022

	Millions of yen		Thousands of U.S. dollars
	June 30, 2022	March 31, 2022	June 30, 2022
<u>Assets</u>			
Current assets:			
Cash and bank deposits	¥ 224,543	¥ 318,296	\$ 1,643,319
Installment sales receivable	632,744	564,835	4,630,745
Lease receivables and investment assets	2,139,142	2,172,294	15,655,318
Loans receivable	598,672	604,651	4,381,387
Short-term investment securities	2,359	2,017	17,271
Merchandise	9,119	6,553	66,744
Real estate for sale	134,794	93,339	986,493
Real estate for sale in process	4,034	3,846	29,526
Other	247,437	197,637	1,810,874
Allowance for doubtful accounts	(14,095)	(14,486)	(103,161)
Total current assets	3,978,754	3,948,987	29,118,516
Property and equipment:			
Leased assets	3,339,511	3,143,790	24,440,220
Allowance for loss on disposal of leased assets	(300)	(286)	(2,200)
Advances on purchases of leased assets	150,536	152,963	1,101,704
Other operating assets	93,332	77,764	683,051
Property and equipment for internal use	6,291	5,907	46,042
Total property and equipment	3,589,371	3,380,139	26,268,816
Intangible assets:			
Goodwill	64,078	66,553	468,956
Other	69,711	70,812	510,184
Total intangible assets	133,789	137,365	979,139
Investments and other assets:			
Investment securities	275,136	268,033	2,013,584
Long-term loans receivable	2	1	18
Delinquent receivables	33,600	28,242	245,903
Deferred tax assets	24,991	24,448	182,899
Net defined benefit asset	59	70	434
Other	21,443	20,781	156,936
Allowance for doubtful accounts	(15,285)	(12,111)	(111,870)
Total investments and other assets	339,947	329,466	2,487,904
Total assets	¥ 8,041,861	¥ 7,795,958	\$ 58,854,376

(continued)

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
INTERIM CONSOLIDATED BALANCE SHEETS
June 30, 2022 and March 31, 2022

	Millions of yen		Thousands of U.S. dollars
	June 30, 2022	March 31, 2022	June 30, 2022
Liabilities and Net Assets			
Current liabilities:			
Trade notes payable and accounts payable	¥ 73,405	¥ 91,145	\$ 537,221
Short-term loans	1,147,120	1,241,085	8,395,203
Long-term loans due within one year	511,154	481,290	3,740,882
Bonds due within one year	199,020	144,905	1,456,528
Commercial paper	995,700	959,700	7,287,032
Payables under securitization of lease receivables	2,600	2,600	19,028
Long-term payables under securitization of lease receivables due within one year	21,523	21,045	157,520
Lease obligations	13,145	13,694	96,205
Income taxes payable	6,341	7,529	46,408
Deferred profit on installment sales	21,312	20,125	155,975
Reserve for employee bonuses	1,056	2,296	7,734
Reserve for directors' bonuses	306	567	2,246
Asset retirement obligations	2	0	15
Other	153,421	147,384	1,122,816
Total current liabilities	3,146,110	3,133,371	23,024,812
Non-current liabilities:			
Bonds	745,851	754,855	5,458,517
Long-term loans	2,673,764	2,501,636	19,567,951
Long-term payables under securitization of lease receivables	35,624	41,461	260,716
Lease obligations	22,112	24,584	161,828
Deferred tax liabilities	71,196	63,248	521,051
Reserve for directors' retirement benefits	409	399	2,999
Net defined benefit liability	4,638	4,953	33,945
Guarantee deposits received	144,777	142,923	1,059,556
Asset retirement obligations	4,637	3,985	33,938
Other	108,804	102,997	796,288
Total non-current liabilities	3,811,817	3,641,045	27,896,788
Total liabilities	6,957,927	6,774,417	50,921,600
Net assets:			
Shareholders' equity:			
Capital stock	15,000	15,000	109,778
Capital surplus	421,975	421,975	3,088,231
Retained earnings	405,913	402,421	2,970,676
Treasury stock	(73,313)	(73,313)	(536,545)
Total shareholders' equity	769,575	766,083	5,632,139
Accumulated other comprehensive income:			
Net unrealized holding gains or losses on securities	27,238	25,977	199,344
Deferred gains or losses on hedges	(3,373)	(11,069)	(24,686)
Foreign currency translation adjustments	78,632	48,969	575,473
Remeasurements of defined benefit plans	(745)	(805)	(5,457)
Total accumulated other comprehensive income	101,752	63,072	744,673
Stock acquisition rights	123	123	904
Non-controlling interests	212,483	192,262	1,555,061
Total net assets	1,083,934	1,021,541	7,932,776
Total liabilities and net assets	¥ 8,041,861	¥ 7,795,958	\$ 58,854,376

See accompanying notes.

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
INTERIM CONSOLIDATED STATEMENTS OF INCOME
Three months ended June 30, 2022 and 2021

	Millions of yen		Thousands of U.S. dollars
	Three months ended June 30,		
	2022	2021	2022
Revenues	¥ 561,691	¥ 375,981	\$ 4,110,739
Costs and expenses	<u>506,285</u>	<u>329,002</u>	<u>3,705,253</u>
Gross profit	55,405	46,978	405,486
 Selling, general and administrative expenses	 29,095	 28,507	 212,936
Operating income	<u>26,310</u>	<u>18,471</u>	<u>192,551</u>
 Other income (expenses):			
Interest income	37	15	273
Dividend income	554	299	4,061
Interest expenses	(1,125)	(933)	(8,235)
Equity in earnings of affiliates	3,039	2,331	22,243
Foreign exchange gains (losses)	(1,819)	(157)	(13,314)
Amortization of bond issuance cost	(24)	(22)	(177)
Gain on sales of investment securities	0	23	0
Gain on sales of shares of subsidiaries and affiliates	783	–	5,735
Loss on valuation of investment securities	(7)	(4)	(57)
Loss on liquidation of investment securities	(1)	(1)	(14)
Other—net	46	(191)	338
Total other income (expenses)—net	<u>1,482</u>	<u>1,359</u>	<u>10,851</u>
 Profit before income taxes	 27,792	 19,830	 203,402
Income taxes	<u>8,576</u>	<u>3,898</u>	<u>62,764</u>
Profit	<u>19,216</u>	<u>15,931</u>	<u>140,639</u>
Profit attributable to non-controlling interests	<u>3,238</u>	<u>1,709</u>	<u>23,702</u>
Profit attributable to owners of parent	<u>¥ 15,978</u>	<u>¥ 14,221</u>	<u>\$ 116,937</u>

	Yen		U.S. dollars
	Three months ended June 30,		
	2022	2021	2022
 Per share of common stock (Note 15):			
Earnings per share	¥ 182.91	¥ 162.81	\$ 1.34

See accompanying notes.

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Three months ended June 30, 2022 and 2021

	Millions of yen		Thousands of
			U.S. dollars
	Three months ended June 30,		
	2022	2021	2022
Profit	¥ 19,216	¥ 15,931	\$ 140,639
Other comprehensive income:			
Net unrealized holding gains or losses on securities	1,365	1,682	9,996
Deferred gains or losses on hedges	11,830	(6,010)	86,579
Foreign currency translation adjustments	44,604	4,623	326,436
Remeasurements of defined benefit plans	71	105	522
Share of other comprehensive income of affiliates accounted for using equity method	511	172	3,747
Total other comprehensive income	58,383	574	427,280
Comprehensive income	¥ 77,600	¥ 16,505	\$ 567,918
Comprehensive income attributable to:			
Owners of parent	¥ 54,657	¥ 16,098	\$ 400,014
Non-controlling interests	22,942	407	167,904

See accompanying notes.

1. BASIS OF PRESENTATION

Sumitomo Mitsui Finance and Leasing Company, Limited (“the Company”) and its subsidiaries (together “the Group”) have prepared the accompanying interim consolidated financial statements in accordance with the provisions set forth in the Financial Instruments and Exchange Act of Japan and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards (“IFRS”).

The accompanying interim consolidated financial statements have been restructured and translated into English from the interim consolidated financial statements of the Company prepared in accordance with Japanese GAAP.

Some supplementary information included in the statutory Japanese language interim consolidated financial statements, but not necessarily required for fair presentation, is not presented in the accompanying interim consolidated financial statements.

Amounts less than one million yen have been omitted. As a result, the totals in Japanese yen shown in the financial statements do not necessarily agree with the sum of the individual amounts.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at June 30, 2022, which was ¥136.64 to US\$1. These translations should not be construed as representation that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at that rate.

2. CHANGES IN SCOPE OF CONSOLIDATION OR SCOPE OF APPLICATION OF THE EQUITY METHOD

(1) Significant change in scope of consolidation

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

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

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

3. CHANGE IN ACCOUNTING POLICIES

Application of Implementation Guidance on Accounting Standard for Fair Value Measurement

The Company and its domestic consolidated subsidiaries have applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (Accounting Standards Board of Japan (“ASBJ”) Guidance No. 31, June 17, 2021) from the beginning of the first quarter of the fiscal year ending March 31, 2023, and decided to apply the new accounting policies prescribed in the Implementation Guidance on Accounting Standard for Fair Value Measurement prospectively in accordance with the transitional measures provided for in paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement. The effects on the interim consolidated financial statements were immaterial.

4. APPLICATION OF ACCOUNTING TREATMENTS SPECIFIC TO PREPARATION OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Calculation of tax expenses

The Company and some of its domestic consolidated subsidiaries calculated tax expenses by multiplying profit before income taxes by an effective tax rate that was reasonably estimated by applying tax effect accounting to estimated profit before income taxes for the fiscal year including the three months ended June 30, 2022. Amounts of income taxes include income taxes - deferred.

5. ADDITIONAL INFORMATION

Application of Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System

The Company and some of its domestic consolidated subsidiaries have transitioned from the consolidated taxation system to the group tax sharing system from the first quarter of the fiscal year ending March 31, 2023. In accordance with this transition, the accounting treatment and disclosure of income tax, local income tax, and tax effect accounting are in compliance with the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (ASBJ Practical Issues Task Force (“PITF”) No. 42, August 12, 2021). In addition, based on paragraph 32 (1) of ASBJ PITF No. 42, the Company deems that there is no effect of changes in accounting policies due to the application of ASBJ PITF No. 42.

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
Three months ended June 30, 2022 and 2021

6. CONTINGENT LIABILITIES

	Millions of Yen		Thousands of
	June 30, 2022	March 31, 2022	U.S. Dollars June 30, 2022
7,961 (7,825 at March 31, 2022) guarantees of obligations for business (including commitment to guarantee)	¥ 54,187	¥ 53,763	\$ 396,568
Loan guarantees to affiliates.....	3,544	1,339	25,937
Loan guarantees to employees (housing loan, etc.).....	5	5	37

Note: ¥100 million (US\$732 thousand) and ¥100 million at June 30, 2022 and March 31, 2022, respectively, of the above guarantees of obligations for business are guaranteed by other third parties.

7. STATEMENTS OF CASH FLOWS

The interim consolidated statements of cash flows for the three months ended June 30, 2022 and 2021 are not prepared. Depreciation (including amortization of intangible assets other than goodwill) and amortization of goodwill were as follows:

	Millions of Yen		Thousands of
	Three months ended June 30,		
	2022	2021	2022
Depreciation	¥ 33,565	¥ 30,026	\$ 245,645
Amortization of goodwill	2,489	2,520	18,216

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 Three months ended June 30, 2022 and 2021

8. NET ASSETS

Dividends paid in the three months ended June 30, 2022 and 2021

Type of shares	Aggregate amount of dividends		Cash dividends per stock		Record date	Effective date
	Millions of Yen	Thousands of U.S. Dollars	Yen	U.S. Dollars		
	2022					
Common stock	¥ 12,491	\$ 91,415	¥ 143	\$ 1.05	March 31, 2022	June 27, 2022

Notes:

1. Date of resolution: Ordinary general meeting of shareholders held on June 24, 2022
2. The dividends were paid out from retained earnings.

Type of shares	Aggregate amount of dividends		Cash dividends per stock	Record date	Effective date
	Millions of Yen	Yen			
2021					
Common stock	¥ 12,666	¥ 145		March 31, 2021	June 29, 2021

Notes:

1. Date of resolution: Ordinary general meeting of shareholders held on June 28, 2021
2. The dividends were paid out from retained earnings.

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NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
Three months ended June 30, 2022 and 2021

9. SEGMENT INFORMATION

(1) Information about reported segment revenues and segment profit or loss

For the three months ended June 30, 2022	Reportable segment				Adjustments (*1)	Consolidated (*3)
	Domestic leasing	Real estate	Trans- portation	Overseas		
Revenues						
Lease sales	¥ 169,759	¥ 172,615	¥ 61,990	¥ 10,287	¥ -	¥ 414,652
Installment sales	93,108	-	307	23,786	-	117,202
Finance revenue.....	1,963	463	2,319	493	-	5,239
Other revenues (*2)	8,742	12,644	2,798	410	-	24,596
Revenues from external customers	273,572	185,724	67,415	34,978	-	561,691
Intersegment revenues or transfers	2,940	280	1,793	31,107	(36,121)	-
Total revenues.....	276,513	186,004	69,209	66,086	(36,121)	561,691
Segment profit	¥ 8,430	¥ 12,506	¥ 5,806	¥ 1,976	¥ (1,701)	¥ 27,019

Notes:

*1. "Adjustments" for "Segment profit" of ¥(1,701) million included amortization of goodwill of ¥(2,249) million which was not allocated to each reportable segment.

*2. "Other sales" included revenue from contracts with customers.

*3. Adjustments for "Segment profit" were made to match ordinary income in the interim consolidated statements of income. Ordinary income, which equals operating income after adjustment for non-operating income/expenses, is a subtotal required under Japanese presentation and a management index that is widely used in Japan.

Due to differences in accounting presentation, ordinary income is not referred to the Company's financial statements under English presentation.

For the three months ended June 30, 2021	Reportable segment				Adjustments (*1)	Consolidated (*3)
	Domestic leasing	Real estate	Trans- portation	Overseas		
Revenues						
Lease sales	¥ 164,543	¥ 38,965	¥ 41,892	¥ 9,616	¥ -	¥ 255,018
Installment sales	79,502	-	188	18,962	-	98,652
Finance revenue.....	1,448	467	1,668	188	-	3,773
Other revenues (*2)	8,076	7,734	2,344	382	-	18,537
Revenues from external customers	253,571	47,167	46,093	29,149	-	375,981
Intersegment revenues or transfers	1,691	64	882	25,266	(27,904)	-
Total revenues.....	255,262	47,231	46,975	54,416	(27,904)	375,981
Segment profit	¥ 9,737	¥ 8,729	¥ 3,289	¥ 2,079	¥ (4,036)	¥ 19,799

Notes:

*1. "Adjustments" for "Segment profit" of ¥(4,036) million included amortization of goodwill of ¥(2,279) million which was not allocated to each reportable segment.

*2. "Other sales" included revenue from contracts with customers.

*3. Adjustments for "Segment profit" were made to match ordinary income in the interim consolidated statements of income. Ordinary income, which equals operating income after

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adjustment for non-operating income/expenses, is a subtotal required under Japanese presentation and a management index that is widely used in Japan.

Due to differences in accounting presentation, ordinary income is not referred to the Company's financial statements under English presentation.

For the three months ended June 30, 2022	Thousands of U.S. Dollars				Adjustments (*1)	Consolidated (*3)
	Reportable segment					
	Domestic leasing	Real estate	Trans- portation	Overseas		
Revenues						
Lease sales	\$1,242,381	\$ 1,263,283	\$ 453,674	\$ 75,285	\$ -	\$ 3,034,631
Installment sales	681,411	-	2,247	174,078	-	857,743
Finance revenue.....	14,366	3,388	16,972	3,608	-	38,342
Other revenues (*2)	63,978	92,535	20,477	3,001	-	180,006
Revenues from external customers	2,002,137	1,359,221	493,377	255,987	-	4,110,739
Intersegment revenues or transfers	21,516	2,049	13,122	227,657	(264,352)	-
Total revenues.....	2,023,661	1,361,270	506,506	483,650	(264,352)	4,110,739
Segment profit	\$ 61,695	\$ 91,525	\$ 42,491	\$ 14,461	\$ (12,449)	\$ 197,739

Notes:

*1. "Adjustments" for "Segment profit" of US\$(12,449) thousand included amortization of goodwill of US\$(16,459) thousand which was not allocated to each reportable segment.

*2. "Other sales" included revenue from contracts with customers.

*3. Adjustments for "Segment profit" were made to match ordinary income in the interim consolidated statements of income. Ordinary income, which equals operating income after adjustment for non-operating income/expenses, is a subtotal required under Japanese presentation and a management index that is widely used in Japan.

Due to differences in accounting presentation, ordinary income is not referred to the Company's financial statements under English presentation.

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NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
Three months ended June 30, 2022 and 2021

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

	Millions of Yen		Thousands of U.S. Dollars	
	Three months ended June 30,			
	2022	2021	2022	
Operating income	¥ 26,310	¥ 18,471	\$ 192,551	
Interest income	37	15	273	
Dividend income.....	554	299	4,061	
Interest expenses.....	(1,125)	(933)	(8,235)	
Equity in earnings of affiliates	3,039	2,331	22,243	
Foreign exchange gains (losses)	(1,819)	(157)	(13,314)	
Amortization of bond issuance cost	(24)	(22)	(177)	
Other—net	46	(205)	338	
Ordinary income.....	¥ 27,019	¥ 19,799	\$ 197,739	

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

There were no items to be reported.

10. FINANCIAL INSTRUMENTS

There were no significant changes as compared with the end of the fiscal year ended March 31, 2022.

11. SECURITIES

There were no significant changes as compared with the end of the fiscal year ended March 31, 2022.

12. DERIVATIVE TRANSACTIONS

There were no significant changes as compared with the end of the fiscal year ended March 31, 2022.

13. BUSINESS COMBINATION

There were no items to be reported.

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 NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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14. REVENUE RECOGNITION

Disclosures of revenue recognition were omitted since the amount of revenue from contracts with customers were immaterial.

15. PER SHARE DATA

For the three months ended June 30,	Yen		U.S. Dollars	
	2022	2021	2022	
Earnings per share	¥ 182.91	¥ 162.81	\$	1.34

Notes: 1. Information on diluted earnings per share is omitted due to an absence of potential shares with dilutive effects.

2. Earnings per share were calculated based on the followings:

For the three months ended June 30,	Millions of Yen		Thousands of U.S. Dollars	
	2022	2021	2022	
Earnings per share				
Profit attributable to owners of parent.....	¥ 15,978	¥ 14,221	\$	116,937
Amount not attributable to common stockholders.....	-	-		-
Profit attributable to owners of parent related to common stock	15,978	14,221		116,937
Average number of common stock during the period (thousand)	87,354	87,354		
Overview of potential shares that were not included in the calculation of diluted earnings per share due to an absence of dilutive effect and significantly changed from the end of the previous fiscal year	-	-		

16. SUBSEQUENT EVENTS

There were no items to be reported.