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May 13, 2022

Sumitomo Mitsui Finance and Leasing Company, Limited

Notice Regarding Consolidated Financial Results for the Fiscal Year Ended March 31, 2022

Sumitomo Mitsui Finance and Leasing Company, Limited (the “Company,” President: Masaki Tachibana) hereby announces the consolidated financial results for the fiscal year ended March 31, 2022 as follows.

1. Status of Operations

During the fiscal year ended March 31, 2022, the impact of the novel coronavirus infectious disease (COVID-19) has been gradually subsiding, albeit with variation across countries and regions, and the global economy recovered from harsh conditions as a whole. At the same time, the global economy has been affected by increased prices for resources and raw materials caused by the increased demand for crude oil due to economic revival and the economic sanctions by various countries in response to Russia’s invasion of Ukraine in the final part of the fiscal year, along with fluctuations in interest rates and exchange rates due to monetary tightening by central banks particularly in the U.S.

In the Japanese economy, amid the repeating cycle of the implementation and lifting of state-of-emergency measures and infection prevention measures caused by COVID-19, exports and production activities have continued to increase against the backdrop of growing domestic and international demand, corporate earnings have continued to improve overall, and personal consumption, which had been declining, is now recovering.

Although capital investment in Japan is recovering, weakness can be observed in some industries, and leasing volume (statistics from the Japan Leasing Association) decreased by 8.1% year on year.

Under these circumstances, the amount of new contracts executed by the Group during the fiscal year ended March 31, 2022 increased by 20.8% year on year to ¥2,939.2 billion.

2. Status of Financial Results

Revenues for the fiscal year ended March 31, 2022 increased by 26.4% year on year to ¥1,818.5 billion. In terms of profit and loss, operating income increased by 180.7% year on year to ¥116.2 billion, and ordinary profit increased by 164.9% year on year to ¥119.4 billion. The increase for profit attributable to owners of parent was 5.2% year on year to ¥35.3 billion, which reflected the recording of extraordinary loss related to sanctions on Russia.

Operating assets as of March 31, 2022 increased by ¥665.7 billion from the end of the previous fiscal year to ¥6,719.3 billion, and total assets increased by ¥753.9 billion from the end of the previous fiscal year to ¥7,795.9 billion. Net assets increased by ¥99.4 billion from the end of the previous fiscal year to ¥1,021.5 billion.

Please refer to the attachment for details.

[Contact Information]

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Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 [Under Japanese GAAP]

May 13, 2022

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 Representative: Masaki Tachibana, President
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(Amounts of less than one million are rounded down.)

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

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

	Revenues		Operating income		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2022	1,818,535	26.4	116,212	180.7	119,468	164.9	35,363	5.2
March 31, 2021	1,438,293	(5.0)	41,395	(53.7)	45,096	(50.1)	33,627	(45.1)

(Note) Comprehensive income: Fiscal year ended March 31, 2022: ¥99,080 million [34.3%]
 Fiscal year ended March 31, 2021: ¥73,785 million [300.6%]

	Earnings per share	Rate of return on equity	Ordinary profit to total assets	Operating income to revenues
Fiscal year ended	Yen	%	%	%
March 31, 2022	404.83	4.5	1.6	6.4
March 31, 2021	436.54	4.9	0.7	2.9

(2) Consolidated Financial Position

	Total assets	Net assets	Capital ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	
March 31, 2022	7,795,958	1,021,541	10.6	9,491.87
March 31, 2021	7,041,995	922,067	10.6	8,569.72

(Reference) Equity:

As of March 31, 2022: ¥829,155 million
 As of March 31, 2021: ¥748,601 million

2. Consolidated Financial Results Forecasts for the Fiscal Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(% indicates changes from the previous corresponding period.)

	Revenues		Operating income		Ordinary profit		Profit attributable to owners of parent		Earnings per share
Full year	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	1,930,000	6.1	124,500	7.1	130,000	8.8	79,000	123.4	904.36

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

Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and bank deposits	267,722	318,296
Installment sales receivable	524,857	564,835
Lease receivables and investment assets	2,118,375	2,172,294
Loans receivable	500,867	604,651
Short-term investment securities	4,958	2,017
Merchandise	9,421	6,553
Real estate for sale	42,897	93,339
Real estate for sale in process	–	3,846
Other	192,552	197,637
Allowance for doubtful accounts	(15,512)	(14,486)
Total current assets	3,646,141	3,948,987
Non-current assets		
Property and equipment		
Leased assets		
Leased assets	2,758,044	3,143,790
Allowance for loss on disposal of leased assets	(273)	(286)
Advances on purchases of leased assets	160,184	152,963
Total leased assets	2,917,956	3,296,467
Other operating assets	46,022	77,764
Property and equipment for internal use	6,185	5,907
Total property and equipment	2,970,164	3,380,139
Intangible assets		
Goodwill	76,624	66,553
Other	75,216	70,812
Total intangible assets	151,841	137,365
Investments and other assets		
Investment securities	222,040	268,033
Long-term loans receivable	3	1
Delinquent receivables	35,493	28,242
Deferred tax assets	21,962	24,448
Net defined benefit asset	4	70
Other	16,579	20,781
Allowance for doubtful accounts	(22,235)	(12,111)
Total investments and other assets	273,848	329,466
Total non-current assets	3,395,854	3,846,971
Total assets	7,041,995	7,795,958

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Trade notes payable and accounts payable	80,588	91,145
Short-term loans	1,024,954	1,241,085
Long-term loans due within one year	454,577	481,290
Bonds due within one year	133,274	144,905
Commercial paper	954,400	959,700
Payables under securitization of lease receivables	7,760	2,600
Long-term payables under securitization of lease receivables due within one year	14,906	21,045
Lease obligations	16,173	13,694
Income taxes payable	7,772	7,529
Deferred profit on installment sales	19,032	20,125
Reserve for employee bonuses	1,874	2,296
Reserve for directors' bonuses	438	567
Asset retirement obligations	2	0
Other	154,483	147,384
Total current liabilities	2,870,239	3,133,371
Non-current liabilities		
Bonds	687,364	754,855
Long-term loans	2,171,217	2,501,636
Long-term payables under securitization of lease receivables	28,155	41,461
Lease obligations	28,577	24,584
Deferred tax liabilities	58,601	63,248
Reserve for directors' retirement benefits	272	399
Net defined benefit liability	6,721	4,953
Guarantee deposits received	127,762	142,923
Asset retirement obligations	2,858	3,985
Other	138,158	102,997
Total non-current liabilities	3,249,689	3,641,045
Total liabilities	6,119,928	6,774,417
Net assets		
Shareholders' equity		
Capital stock	15,000	15,000
Capital surplus	412,086	421,975
Retained earnings	379,836	402,421
Treasury stock	(73,313)	(73,313)
Total shareholders' equity	733,609	766,083
Accumulated other comprehensive income		
Net unrealized holding gains or losses on securities	26,382	25,977
Deferred gains or losses on hedges	(28,332)	(11,069)
Foreign currency translation adjustments	18,490	48,969
Remeasurements of defined benefit plans	(1,548)	(805)
Total accumulated other comprehensive income	14,991	63,072
Share acquisition rights	–	123
Non-controlling interests	173,465	192,262
Total net assets	922,067	1,021,541
Total liabilities and net assets	7,041,995	7,795,958

(2) Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Revenues	1,438,293	1,818,535
Cost and expenses	1,281,942	1,596,883
Gross profit	156,351	221,652
Selling, general and administrative expenses	114,956	105,440
Operating income	41,395	116,212
Non-operating income		
Interest income	125	122
Dividend income	1,623	1,285
Equity in earnings of affiliates	4,099	7,947
Other	1,231	642
Total non-operating income	7,080	9,998
Non-operating expenses		
Interest expenses	2,750	4,043
Amortization of bond issuance cost	361	257
Foreign exchange losses	118	2,153
Other	148	288
Total non-operating expenses	3,379	6,742
Ordinary profit	45,096	119,468
Extraordinary income		
Gain on sales of investment securities	1,885	1,285
Gain on bargain purchase	–	1,208
Other	3	12
Total extraordinary income	1,888	2,506
Extraordinary losses		
Loss on sales and retirement of property and equipment for internal use	239	60
Expenses related to system migration	3,484	–
Loss related to sanctions on Russia	–	81,966
Other	171	195
Total extraordinary losses	3,896	82,222
Profit before income taxes	43,088	39,751
Income taxes - current	10,941	17,349
Income taxes - deferred	(2,949)	(7,277)
Total income taxes	7,991	10,072
Profit	35,096	29,678
Profit (loss) attributable to non-controlling interests	1,468	(5,684)
Profit attributable to owners of parent	33,627	35,363