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May 12, 2023

Sumitomo Mitsui Finance and Leasing Company, Limited

Notice Regarding Consolidated Financial Results for the Fiscal Year Ended March 31, 2023

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, 2023 as follows.

1. Status of Operations

During the fiscal year ended March 31, 2023, the global economy as a whole continued to show a modest recovery, albeit with some variation from country to country and region to region, as economic activity resumed in the society coexisting with COVID-19. Some countries and regions experienced downward pressure due to factors such as Russia’s prolonged invasion of Ukraine, and rising prices and the resulting policy interest rate hikes by central banks. In Japan, despite rising resource prices and exchange rate fluctuations, the economy picked up as a balance was struck between suppressing the spread of COVID-19 and resuming economic activity. Exports and production were on the rise as supply constraints gradually eased. Meanwhile, corporate earnings continued to improve moderately, the employment and income environment began to recover, and personal consumption increased moderately.

Although weakness was observed in some industries, capital investment in Japan moved from recovery to an increase, and leasing volume (statistics from the Japan Leasing Association) increased by 1.6% year on year.

Under these circumstances, the amount of new contracts executed by the Group during the fiscal year ended March 31, 2023 increased by 6.9% year on year to ¥3,143.1 billion.

2. Status of Financial Results

Revenues for the fiscal year ended March 31, 2023 increased by 18.7% year on year to ¥2,159.3 billion. In terms of profit and loss, operating income increased by 14.6% year on year to ¥133.1 billion, and ordinary profit increased by 14.3% year on year to ¥136.5 billion. Profit attributable to owners of parent increased by 42.6% year on year to ¥50.4 billion, despite the recording of an additional loss related to sanctions on Russia under extraordinary losses.

Operating assets as of March 31, 2023 increased by ¥1,338.0 billion from the end of the previous fiscal year to ¥8,057.4 billion, and total assets increased by ¥1,449.6 billion from the end of the previous fiscal year to ¥9,245.6 billion. Net assets increased by ¥153.7 billion from the end of the previous fiscal year to ¥1,175.2 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, 2023 [Under Japanese GAAP]

May 12, 2023

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

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

(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, 2023	2,159,316	18.7	133,197	14.6	136,566	14.3	50,418	42.6
March 31, 2022	1,818,535	26.4	116,212	180.7	119,468	164.9	35,363	5.2

(Note) Comprehensive income: Fiscal year ended March 31, 2023: ¥111,265 million [12.3%]
 Fiscal year ended March 31, 2022: ¥99,080 million [34.3%]

	Earnings per share	Rate of return on equity	Ordinary profit to total assets	Operating income to revenues
Fiscal year ended	Yen	%	%	%
March 31, 2023	577.17	5.8	1.6	6.2
March 31, 2022	404.83	4.5	1.6	6.4

(2) Consolidated Financial Position

	Total assets	Net assets	Capital ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2023	9,245,649	1,175,290	9.8	10,408.70
March 31, 2022	7,795,958	1,021,541	10.6	9,491.87

(Reference) Equity:

As of March 31, 2023: ¥909,244 million
 As of March 31, 2022: ¥829,155 million

2. Consolidated Financial Results Forecasts for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% 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
	2,100,000	(2.7)	120,000	(9.9)	120,000	(12.1)	68,000	34.9	778.44

- 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, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and bank deposits	318,296	298,272
Installment sales receivable	564,835	643,875
Lease receivables and investment assets	2,172,294	2,102,929
Loans receivable	604,651	592,285
Short-term investment securities	2,017	629
Merchandise	6,553	8,946
Real estate for sale	93,339	166,250
Real estate for sale in process	3,846	4,733
Other	197,637	293,833
Allowance for doubtful accounts	(14,486)	(17,630)
Total current assets	3,948,987	4,094,124
Non-current assets		
Property and equipment		
Leased assets		
Leased assets	3,143,790	4,375,205
Allowance for loss on disposal of leased assets	(286)	(292)
Advances on purchases of leased assets	152,963	143,674
Total leased assets	3,296,467	4,518,587
Other operating assets	77,764	101,900
Property and equipment for internal use	5,907	16,575
Total property and equipment	3,380,139	4,637,063
Intangible assets		
Goodwill	66,553	57,548
Other	70,812	66,942
Total intangible assets	137,365	124,490
Investments and other assets		
Investment securities	268,033	316,065
Long-term loans receivable	1	2
Delinquent receivables	28,242	37,979
Deferred tax assets	24,448	19,320
Net defined benefit asset	70	122
Other	20,781	27,223
Allowance for doubtful accounts	(12,111)	(10,742)
Total investments and other assets	329,466	389,971
Total non-current assets	3,846,971	5,151,525
Total assets	7,795,958	9,245,649

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Trade notes payable and accounts payable	91,145	75,627
Short-term loans	1,241,085	1,198,493
Long-term loans due within one year	481,290	430,782
Bonds due within one year	144,905	180,470
Commercial paper	959,700	899,700
Payables under securitization of lease receivables	2,600	26,769
Long-term payables under securitization of lease receivables due within one year	21,045	18,573
Lease obligations	13,694	11,201
Income taxes payable	7,529	14,790
Deferred profit on installment sales	20,125	29,066
Reserve for employee bonuses	2,296	2,635
Reserve for directors' bonuses	567	898
Asset retirement obligations	0	-
Other	147,384	226,570
Total current liabilities	3,133,371	3,115,579
Non-current liabilities		
Bonds	754,855	691,517
Long-term loans	2,501,636	3,789,074
Long-term payables under securitization of lease receivables	41,461	23,316
Lease obligations	24,584	28,475
Deferred tax liabilities	63,248	73,699
Reserve for directors' retirement benefits	399	491
Net defined benefit liability	4,953	2,966
Guarantee deposits received	142,923	146,658
Asset retirement obligations	3,985	4,868
Other	102,997	193,710
Total non-current liabilities	3,641,045	4,954,779
Total liabilities	6,774,417	8,070,359
Net assets		
Shareholders' equity		
Capital stock	15,000	15,000
Capital surplus	421,975	421,975
Retained earnings	402,421	440,339
Treasury stock	(73,313)	(73,313)
Total shareholders' equity	766,083	804,002
Accumulated other comprehensive income		
Net unrealized holding gains or losses on securities	25,977	27,343
Deferred gains or losses on hedges	(11,069)	2,260
Foreign currency translation adjustments	48,969	75,836
Remeasurements of defined benefit plans	(805)	(198)
Total accumulated other comprehensive income	63,072	105,242
Share acquisition rights	123	122
Non-controlling interests	192,262	265,923
Total net assets	1,021,541	1,175,290
Total liabilities and net assets	7,795,958	9,245,649

(2) Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Revenues	1,818,535	2,159,316
Cost and expenses	1,596,883	1,895,797
Gross profit	221,652	263,519
Selling, general and administrative expenses	105,440	130,322
Operating income	116,212	133,197
Non-operating income		
Interest income	122	132
Dividend income	1,285	1,987
Equity in earnings of affiliates	7,947	9,772
Other	642	1,123
Total non-operating income	9,998	13,016
Non-operating expenses		
Interest expenses	4,043	7,617
Amortization of bond issuance cost	257	281
Foreign exchange losses	2,153	1,347
Other	288	400
Total non-operating expenses	6,742	9,647
Ordinary profit	119,468	136,566
Extraordinary income		
Gain on sales of investment securities	1,285	625
Gain on sales of shares of subsidiaries and affiliates	–	881
Gain on bargain purchase	1,208	–
Other	12	1
Total extraordinary income	2,506	1,507
Extraordinary losses		
Loss related to sanctions on Russia	81,966	59,480
Other	255	621
Total extraordinary losses	82,222	60,101
Profit before income taxes	39,751	77,972
Income taxes - current	17,349	25,643
Income taxes - deferred	(7,277)	166
Total income taxes	10,072	25,809
Profit	29,678	52,162
Profit (loss) attributable to non-controlling interests	(5,684)	1,744
Profit attributable to owners of parent	35,363	50,418