

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2023 and 2022

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
CONSOLIDATED BALANCE SHEETS
March 31, 2023 and 2022

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2023	2022	2023
<u>Assets</u>			
Current assets:			
Cash and bank deposits (Notes 13, 14, 26 and 28)	¥ 298,272	¥ 318,296	\$ 2,233,580
Installment sales receivable (Note 28)	643,875	564,835	4,821,593
Lease receivables and investment assets (Notes 14, 27 and 28)	2,102,929	2,172,294	15,747,560
Loans receivable (Notes 14 and 28)	592,285	604,651	4,435,263
Short-term investment securities (Notes 28 and 29)	629	2,017	4,716
Merchandise	8,946	6,553	66,997
Real estate for sale (Notes 13 and 14)	166,250	93,339	1,244,946
Real estate for sale in progress (Notes 13 and 14)	4,733	3,846	35,443
Other (Notes 13 and 14)	293,833	197,637	2,200,339
Allowance for doubtful accounts (Note 3)	(17,630)	(14,486)	(132,027)
Total current assets	4,094,124	3,948,987	30,658,411
Property and equipment:			
Assets for lease (Notes 3, 8, 13, 14 and 23)	4,375,205	3,143,790	32,763,257
Allowance for loss on disposal of assets for lease	(292)	(286)	(2,190)
Advances on purchases of assets for lease (Notes 13 and 14)	143,674	152,963	1,075,892
Other operating assets (Notes 8 and 14)	101,900	77,764	763,067
Property and equipment for internal use (Note 8)	16,575	5,907	124,127
Total property and equipment	4,637,063	3,380,139	34,724,154
Intangible assets:			
Goodwill	57,548	66,553	430,942
Other	66,942	70,812	501,289
Total intangible assets	124,490	137,365	932,232
Investments and other assets:			
Investment securities (Notes 14, 28 and 29)	316,065	268,033	2,366,826
Long-term loans receivable	2	1	22
Delinquent receivables (Notes 10, 14 and 28)	37,979	28,242	284,408
Deferred tax assets (Notes 3 and 24)	19,320	24,448	144,680
Net defined benefit asset (Note 16)	122	70	916
Other (Notes 13 and 14)	27,223	20,781	203,857
Allowance for doubtful accounts (Note 3)	(10,742)	(12,111)	(80,445)
Total investments and other assets	389,971	329,466	2,920,263
Total assets	¥9,245,649	¥7,795,958	\$ 69,235,060

(Continued)

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
CONSOLIDATED BALANCE SHEETS
March 31, 2023 and 2022

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2023	2022	2023
<u>Liabilities and Net Assets</u>			
Current liabilities:			
Trade notes payable and accounts payable (Note 28)	¥ 75,627	¥ 91,145	\$ 566,327
Short-term loans (Notes 11, 13, 14 and 28)	1,198,493	1,241,085	8,974,791
Long-term loans due within one year (Notes 11, 13, 14 and 28)	430,782	481,290	3,225,868
Bonds due within one year (Notes 12, 13, 14 and 28)	180,470	144,905	1,351,430
Commercial paper (Notes 11 and 28)	899,700	959,700	6,737,307
Payables under securitization of lease receivables (Notes 11, 15 and 28)	26,769	2,600	200,458
Long-term payables under securitization of lease receivables due within one year (Notes 11, 15 and 28)	18,573	21,045	139,085
Lease obligations (Notes 11, 27 and 28)	11,201	13,694	83,881
Income taxes payable	14,790	7,529	110,758
Deferred profit on installment sales	29,066	20,125	217,665
Reserve for employee bonuses	2,635	2,296	19,734
Reserve for directors' bonuses	898	567	6,729
Asset retirement obligations (Note 18)	–	0	–
Other (Note 14)	226,570	147,384	1,696,650
Total current liabilities	3,115,579	3,133,371	23,330,685
Non-current liabilities:			
Bonds (Notes 12, 13, 14 and 28)	691,517	754,855	5,178,353
Long-term loans (Notes 11, 13, 14 and 28)	3,789,074	2,501,636	28,374,082
Long-term payables under securitization of lease receivables (Notes 11, 15 and 28)	23,316	41,461	174,605
Lease obligations (Notes 11, 27 and 28)	28,475	24,584	213,237
Deferred tax liabilities (Notes 3 and 24)	73,699	63,248	551,890
Reserve for directors' retirement benefits	491	399	3,683
Net defined benefit liability (Note 16)	2,966	4,953	22,212
Guarantee deposits received (Notes 14 and 28)	146,658	142,923	1,098,239
Asset retirement obligations (Note 18)	4,868	3,985	36,456
Other	193,710	102,997	1,450,579
Total non-current liabilities	4,954,779	3,641,045	37,103,335
Total liabilities	8,070,359	6,774,417	60,434,020
Net assets (Notes 17 and 21):			
Shareholders' equity:			
Capital stock	15,000	15,000	112,326
Capital surplus	421,975	421,975	3,159,921
Retained earnings	440,339	402,421	3,297,438
Treasury stock	(73,313)	(73,313)	(549,000)
Total shareholders' equity	804,002	766,083	6,020,685
Accumulated other comprehensive income:			
Net unrealized holding gains or losses on securities	27,343	25,977	204,760
Deferred gains or losses on hedges	2,260	(11,069)	16,924
Foreign currency translation adjustments	75,836	48,969	567,894
Remeasurements of defined benefit plans	(198)	(805)	(1,485)
Total accumulated other comprehensive income	105,242	63,072	788,094
Stock acquisition rights	122	123	920
Non-controlling interests	265,923	192,262	1,991,341
Total net assets	1,175,290	1,021,541	8,801,040
Total liabilities and net assets	¥ 9,245,649	¥ 7,795,958	\$ 69,235,060

See accompanying notes.

(Concluded)

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
CONSOLIDATED STATEMENTS OF INCOME
Years Ended March 31, 2023 and 2022

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2023	2022	2023
Revenues:			
Lease sales	¥ 1,448,811	¥ 1,279,068	\$ 10,849,270
Installment sales	558,349	412,778	4,181,137
Finance revenue	23,636	17,520	176,996
Other revenues (Note 32)	128,520	109,167	962,410
Total revenues	2,159,316	1,818,535	16,169,813
Costs and expenses (Note 3):			
Lease costs	1,197,528	1,060,094	8,967,565
Installment costs	540,324	397,311	4,046,163
Finance costs	85,785	76,120	642,397
Other costs	72,158	63,356	540,351
Total costs and expenses (Note 23)	1,895,797	1,596,883	14,196,476
Gross profit	263,519	221,652	1,973,336
Selling, general and administrative expenses (Note 22)	130,322	105,440	975,903
Operating income	133,197	116,212	997,433
Other income (expenses):			
Interest income	132	122	991
Dividend income	1,987	1,285	14,886
Interest expenses	(7,617)	(4,043)	(57,045)
Equity in earnings of affiliates	9,772	7,947	73,180
Foreign exchange gains (losses)	(1,347)	(2,153)	(10,091)
Amortization of bond issuance costs	(281)	(257)	(2,108)
Gain on sales of investment securities	625	1,285	4,682
Gain on sales of shares of subsidiaries and affiliates	881	–	6,600
Gain on bargain purchase (Notes 26 and 33)	–	1,208	–
Other—net	103	111	772
Total other income (expenses)—net	4,255	5,506	31,867
Extraordinary losses (Note 3):			
Loss on economic sanctions on Russia (Note 23)	(59,480)	(81,966)	(445,413)
Total extraordinary losses—net	(59,480)	(81,966)	(445,413)
Profit before income taxes	77,972	39,751	583,887
Income taxes:			
Current	25,643	17,349	192,029
Deferred	166	(7,277)	1,243
Total income taxes	25,809	10,072	193,272
Profit	52,162	29,678	390,614
Profit (loss) attributable to non-controlling interests	1,744	(5,684)	13,061
Profit attributable to owners of parent	¥ 50,418	¥ 35,363	\$ 377,554
	Yen		U.S. Dollars (Note 1)
	2023	2022	2023
Per share of common stock (Note 35):			
Basic earnings per share	¥ 577.17	¥ 404.83	\$ 4.32

See accompanying notes.

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Years Ended March 31, 2023 and 2022

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2023	2022	2023
Profit	¥ 52,162	¥ 29,678	\$ 390,614
Other comprehensive income (Note 25):			
Net unrealized holding gains or losses on securities	1,090	(252)	8,169
Deferred gains or losses on hedges	18,056	24,196	135,213
Foreign currency translation adjustments	38,424	44,082	287,739
Remeasurements of defined benefit plans	771	796	5,775
Share of other comprehensive income of affiliates accounted for using equity method	760	579	5,692
Total other comprehensive income	59,103	69,402	442,589
Comprehensive income	¥ 111,265	¥ 99,080	\$ 833,203
Comprehensive income attributable to:			
Owners of parent	¥ 92,588	¥ 83,443	\$ 693,337
Non-controlling interests	18,677	15,637	139,866

See accompanying notes.

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
Years Ended March 31, 2023 and 2022

	Millions of Yen				
	Shareholders' Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance at April 1, 2021	¥ 15,000	¥ 412,086	¥ 379,836	¥ (73,313)	¥ 733,609
Changes during the period					
Dividends			(12,666)		(12,666)
Profit attributable to owners of parent			35,363		35,363
Purchase of shares of consolidated subsidiaries		(333)			(333)
Sales of shares of consolidated subsidiaries		10,222			10,222
Change in scope of consolidation			(112)		(112)
Net changes other than shareholders' equity					
Total changes during the period	–	9,888	22,584	–	32,473
Balance at March 31, 2022	¥ 15,000	¥ 421,975	¥ 402,421	¥ (73,313)	¥ 766,083
	Accumulated Other Comprehensive Income				
	Net Unrealized Holding Gains or Losses on Securities	Deferred Gains or Losses on Hedges	Foreign Currency Translation Adjustments	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income
Balance at April 1, 2021	¥ 26,382	¥ (28,332)	¥ 18,490	¥ (1,548)	¥ 14,991
Changes during the period					
Dividends					
Profit attributable to owners of parent					
Purchase of shares of consolidated subsidiaries					
Sales of shares of consolidated subsidiaries					
Change in scope of consolidation					
Net changes other than shareholders' equity	(405)	17,262	30,479	742	48,080
Total changes during the period	(405)	17,262	30,479	742	48,080
Balance at March 31, 2022	¥ 25,977	¥ (11,069)	¥ 48,969	¥ (805)	¥ 63,072
	Stock Acquisition Rights	Non-controlling Interests	Total Net Assets		
Balance at April 1, 2021	¥ –	¥ 173,465	¥ 922,067		
Changes during the period					
Dividends			(12,666)		
Profit attributable to owners of parent			35,363		
Purchase of shares of consolidated subsidiaries			(333)		
Sales of shares of consolidated subsidiaries			10,222		
Change in scope of consolidation			(112)		
Net changes other than shareholders' equity	123	18,797	67,001		
Total changes during the period	123	18,797	99,474		
Balance at March 31, 2022	¥ 123	¥ 192,262	¥ 1,021,541		

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
Years Ended March 31, 2023 and 2022

Millions of Yen

	Shareholders' Equity				Total Shareholders' Equity
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	
Balance at April 1, 2022	¥ 15,000	¥ 421,975	¥ 402,421	¥ (73,313)	¥ 766,083
Changes during the period					
Dividends			(12,491)		(12,491)
Profit attributable to owners of parent			50,418		50,418
Change in scope of consolidation			(7)		(7)
Net changes other than shareholders' equity					
Total changes during the period	–	–	37,918	–	37,918
Balance at March 31, 2023	¥ 15,000	¥ 421,975	¥ 440,339	¥ (73,313)	¥ 804,002

	Accumulated Other Comprehensive Income				Total Accumulated Other Comprehensive Income
	Net Unrealized Holding Gains or Losses on Securities	Deferred Gains or Losses on Hedges	Foreign Currency Translation Adjustments	Remeasurements of Defined Benefit Plans	
Balance at April 1, 2022	¥ 25,977	¥ (11,069)	¥ 48,969	¥ (805)	¥ 63,072
Changes during the period					
Dividends					
Profit attributable to owners of parent					
Change in scope of consolidation					
Net changes other than shareholders' equity	1,366	13,329	26,866	606	42,169
Total changes during the period	1,366	13,329	26,866	606	42,169
Balance at March 31, 2023	¥ 27,343	¥ 2,260	¥ 75,836	¥ (198)	¥ 105,242

	Stock Acquisition Rights	Non-controlling Interests	Total Net Assets
	Balance at April 1, 2022	¥ 123	¥ 192,262
Changes during the period			
Dividends			(12,491)
Profit attributable to owners of parent			50,418
Change in scope of consolidation			(7)
Net changes other than shareholders' equity	(0)	73,661	115,830
Total changes during the period	(0)	73,661	153,749
Balance at March 31, 2023	¥ 122	¥ 265,923	¥ 1,175,290

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
Years Ended March 31, 2023 and 2022

Thousands of U.S. Dollars (Note 1)

	Shareholders' Equity				Total Shareholders' Equity
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	
Balance at April 1, 2022	\$ 112,326	\$3,159,921	\$3,013,487	\$ (549,000)	\$5,736,734
Changes during the period					
Dividends			(93,542)		(93,542)
Profit attributable to owners of parent			377,554		377,554
Change in scope of consolidation			(60)		(60)
Net changes other than shareholders' equity					
Total changes during the period	–	–	283,951	–	283,951
Balance at March 31, 2023	\$ 112,326	\$3,159,921	\$3,297,438	\$ (549,000)	\$6,020,685

	Accumulated Other Comprehensive Income				Total Accumulated Other Comprehensive Income
	Net Unrealized Holding Gains or Losses on Securities	Deferred Gains or Losses on Hedges	Foreign Currency Translation Adjustments	Remeasurements of Defined Benefit Plans	
Balance at April 1, 2022	\$ 194,527	\$ (82,893)	\$ 366,705	\$ (6,029)	\$ 472,310
Changes during the period					
Dividends					
Profit attributable to owners of parent					
Change in scope of consolidation					
Net changes other than shareholders' equity	10,234	99,818	201,189	4,544	315,784
Total changes during the period	10,234	99,818	201,189	4,544	315,784
Balance at March 31, 2023	\$ 204,760	\$ 16,924	\$ 567,894	\$ (1,485)	\$ 788,094

	Stock Acquisition Rights	Non-controlling Interests	Total Net Assets
Balance at April 1, 2022	\$ 925	\$1,439,737	\$7,649,706
Changes during the period			
Dividends			(93,542)
Profit attributable to owners of parent			377,554
Change in scope of consolidation			(60)
Net changes other than shareholders' equity	(5)	551,604	867,383
Total changes during the period	(5)	551,604	1,151,334
Balance at March 31, 2023	\$ 920	\$1,991,341	\$8,801,040

See accompanying notes.

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended March 31, 2023 and 2022

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2023	2022	2023
Cash flows from operating activities:			
Profit before income taxes	¥ 77,972	¥ 39,751	\$ 583,887
Depreciation and other amortization	136,968	138,936	1,025,674
Impairment loss	9,721	10,358	72,797
Amortization of goodwill	9,537	10,157	71,420
Increase (decrease) in allowance for doubtful accounts	686	(13,639)	5,143
Increase (decrease) in other reserves	767	675	5,745
Increase (decrease) in net defined benefit liability	1,162	(759)	8,707
Gain on bargain purchase	–	(1,208)	–
Loss (gain) on disposal of property and equipment for internal use	58	60	435
Loss (gain) on valuation of investment securities	213	64	1,598
Loss (gain) on liquidation of investment securities	26	11	199
Loss on valuation of golf club membership	6	2	45
Loss on economic sanctions on Russia	59,480	81,966	445,413
Interest income and dividend income	(2,120)	(1,407)	(15,877)
Interest expenses	93,403	80,163	699,442
Amortization of bond issuance costs	281	257	2,108
Equity in losses (earnings) of affiliates	(9,772)	(7,947)	(73,180)
Loss (gain) on disposal of assets for lease	(20,564)	(16,201)	(153,996)
Loss (gain) on sales of investment securities	(537)	(1,172)	(4,023)
Loss (gain) on sales of shares of subsidiaries and affiliates	(865)	–	(6,484)
Decrease (increase) in installment sales receivable	(60,619)	(21,469)	(453,946)
Net decrease (increase) in lease receivables and investment assets	90,712	(19,334)	679,291
Decrease (increase) in loans receivable	33,087	(83,267)	247,769
Decrease (increase) in operational investment securities	(16,597)	(5,301)	(124,289)
Decrease (increase) in delinquent receivables	(8,645)	9,096	(64,740)
Decrease (increase) in real estate for sale	(72,910)	(50,442)	(545,981)
Decrease (increase) in real estate for sale in progress	(886)	(3,846)	(6,636)
Purchase of assets for lease	(863,168)	(803,303)	(6,463,748)
Proceeds from sales of assets for lease	398,045	279,661	2,980,722
Decrease (increase) in advances on purchases of assets for lease	51,450	18,625	385,280
Purchase of other operating assets	(28,861)	(28,575)	(216,124)
Increase (decrease) in trade notes payable and accounts payable	(16,047)	10,040	(120,172)
Other—net	60,915	81,926	456,160
	<u>(77,100)</u>	<u>(296,122)</u>	<u>(577,359)</u>
Interest and dividends received	5,081	3,678	38,049
Interest paid	(78,877)	(77,880)	(590,665)
Income taxes paid	(18,849)	(18,316)	(141,150)
Net cash provided by (used in) operating activities	<u>(169,745)</u>	<u>(388,640)</u>	<u>(1,271,125)</u>
Cash flows from investing activities:			
Purchase of property and equipment for internal use	(7,279)	(5,670)	(54,514)
Proceeds from sales of property and equipment for internal use	78	0	587
Purchase of investment securities	(26,523)	(34,111)	(198,620)
Proceeds from sales and redemption of investment securities	3,207	4,569	24,020
Decrease (increase) in time deposits	–	3,272	–
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(181,140)	(3,836)	(1,356,448)
Other—net	(29)	(807)	(222)
Net cash provided by (used in) investing activities	<u>(211,687)</u>	<u>(36,583)</u>	<u>(1,585,196)</u>

(Continued)

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended March 31, 2023 and 2022

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2023	2022	2023
Cash flows from financing activities:			
Net increase (decrease) in short-term loans	(45,007)	193,896	(337,037)
Net increase (decrease) in commercial paper	(60,000)	5,300	(449,304)
Proceeds from long-term loans	1,886,761	976,906	14,128,814
Repayments of long-term loans	(1,423,484)	(728,845)	(10,659,613)
Proceeds from securitization of lease receivables	31,603	36,720	236,661
Repayments of payables under securitization of lease receivables	(28,051)	(35,203)	(210,057)
Proceeds from issuance of bonds	91,418	190,219	684,578
Redemption of bonds	(153,470)	(140,376)	(1,149,244)
Repayments of lease obligations	(178)	(1,093)	(1,340)
Decrease (increase) in pledged deposits	–	44,275	–
Increase (decrease) in cash collateral received	5,635	–	42,201
Cash dividends paid	(12,491)	(12,666)	(93,542)
Cash dividends paid to non-controlling interests	(3,707)	(647)	(27,764)
Payments from non-controlling interests	58,507	16,543	438,125
Repayments to non-controlling interests	(60)	(33,474)	(456)
Proceeds from issuance of stock acquisition rights	–	123	–
Net cash provided by (used in) financing activities	347,474	511,677	2,602,022
Effect of exchange rate change on cash and cash equivalents	13,985	7,666	104,730
Net increase (decrease) in cash and cash equivalents	(19,973)	94,120	(149,569)
Cash and cash equivalents at the beginning of the year	317,896	224,005	2,380,532
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	(50)	(229)	(378)
Cash and cash equivalents at the end of the year	¥ 297,872	¥ 317,896	\$ 2,230,585
See accompanying notes.			(Concluded)

1. BASIS OF PRESENTATION

The accompanying consolidated financial statements of Sumitomo Mitsui Finance and Leasing Company, Limited (the “Company”) and its consolidated subsidiaries (collectively, the “Group”) have been prepared in accordance with the provisions set forth in the Financial Instruments and Exchange Act of Japan (the “FIEA”) 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 the application and disclosure requirements of International Financial Reporting Standards (“IFRS”).

These consolidated financial statements have been restructured and translated into English from the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

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

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. As permitted by the FIEA, amounts less than one million yen have been omitted. As a result, the totals shown in the consolidated financial statements do not necessarily agree with the sums of the individual amounts.

The translations of the Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2023, which was ¥133.54 to US\$1. These translations should not be construed as representations 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. SIGNIFICANT ACCOUNTING POLICIES FOR PREPARING CONSOLIDATED FINANCIAL STATEMENTS

(1) Scope of consolidation

(a) Consolidated subsidiaries

As of and for the year ended March 31, 2023

Number of consolidated subsidiaries: 346 companies

SMFL MIRAI Partners Co., Ltd.

Kenedix, Inc. and its 40 subsidiaries

SC Club Co., Ltd.

SFI Leasing Company, Limited

SMFL Rental Company, Limited

AJCC Corporation

MAX-REALTY INC.

Kyushu Capital Finance Company, Limited

YANMAR CREDIT SERVICE CO., LTD.

SMFL Trust Company, Limited

SMFL Business Service Company, Limited

SMBC Aviation Capital Limited

SMBC Aviation Capital (UK) Limited

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended March 31, 2023 and 2022

SMBC Aero Engine Lease B.V.
SMFL LCI Helicopters Limited
Sumitomo Mitsui Finance and Leasing (China) Co., Ltd.
Shanghai Sumitomo Mitsui General Finance and Leasing Co., Ltd.
Shanghai Sumitomo Mitsui Finance and Leasing Co., Ltd.
Sumitomo Mitsui Finance and Leasing (Singapore) Pte. Ltd.
SMFL Hire Purchase (Malaysia) Sdn. Bhd.
SMFL Leasing (Malaysia) Sdn. Bhd.
PT. SMFL Leasing Indonesia
DMG MORI Finance GmbH
SMFL Leasing (Thailand) Co., Ltd.
Sumitomo Mitsui Finance and Leasing (Hong Kong) Ltd.
Other 281 companies

Goshawk Management Limited and its 188 subsidiaries and other 29 companies became consolidated subsidiaries of the Company mainly because the Group acquired their shares in the year ended March 31, 2023. Goshawk Management changed its name to SMBC Aviation Capital Management Limited.

SMFL MIRAI Partners Investment 2 Co., Ltd., which was dissolved following the merger with SMFL MIRAI Partners Co., Ltd., and other 24 companies were excluded from the scope of consolidation in the year ended March 31, 2023.

As of and for the year ended March 31, 2022

Number of consolidated subsidiaries: 153 companies

SMFL MIRAI Partners Co., Ltd.
SMFL MIRAI Partners Investment 2 Co., Ltd.
Kenedix, Inc. and its 41 subsidiaries
SC Club Co., Ltd.
SFI Leasing Company, Limited
SMFL Rental Company, Limited
AJCC Corporation
MAX-REALTY INC.
Kyushu Capital Finance Company, Limited
YANMAR CREDIT SERVICE CO., LTD.
SMFL Trust Company, Limited
SMFL Business Service Company, Limited
SMBC Aviation Capital Limited
SMBC Aviation Capital (UK) Limited
SMBC Aero Engine Lease B.V.
SMFL LCI Helicopters Limited
Sumitomo Mitsui Finance and Leasing (China) Co., Ltd.

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
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Shanghai Sumitomo Mitsui General Finance and Leasing Co., Ltd.

Shanghai Sumitomo Mitsui Finance and Leasing Co., Ltd.

Sumitomo Mitsui Finance and Leasing (Singapore) Pte. Ltd.

SMFL Hire Purchase (Malaysia) Sdn. Bhd.

SMFL Leasing (Malaysia) Sdn. Bhd.

PT. SMFL Leasing Indonesia

DMG MORI Finance GmbH

SMFL Leasing (Thailand) Co., Ltd.

Sumitomo Mitsui Finance and Leasing (Hong Kong) Ltd.

Other 86 companies

YANMAR CREDIT SERVICE CO., LTD. and other 32 companies were newly included in the scope of consolidation due to the acquisitions of shares in the year ended March 31, 2022.

SMKY SHIPPING S.A. and other 25 companies were excluded from the scope of consolidation due to liquidation in the year ended March 31, 2022.

(b) Unconsolidated subsidiaries

For the year ended March 31, 2023

Eifel Leasing Co., Ltd. and other 153 companies have been excluded from the scope of consolidation pursuant to Article 5, paragraph (1), item (ii) of the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements because they are operators of silent partnerships for lease transactions and their assets or profits/losses do not belong to them substantially.

Irmak Leasing Co., Ltd. and other 64 companies have been excluded from the scope of consolidation because they are small businesses and the effect of their total assets, revenues, profit or loss (the amount in proportion to the share held by the Company), and retained earnings (the amount in proportion to the share held by the Company) on the accompanying consolidated financial statements is insignificant.

For the year ended March 31, 2022

Eifel Leasing Co., Ltd. and other 137 companies have been excluded from the scope of consolidation pursuant to Article 5, paragraph (1), item (ii) of the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements because they are operators of silent partnerships for lease transactions and their assets or profits/losses do not belong to them substantially.

Irmak Leasing Co., Ltd. and other 92 companies have been excluded from the scope of consolidation because they are small businesses and the effect of their total assets, revenues, profit or loss (the amount in proportion to the share held by the Company), and retained earnings (the amount in proportion to the share held by the Company) on the accompanying consolidated financial statements is insignificant.

(2) Application of the equity method

(a) Affiliates accounted for by the equity method

As of and for the year ended March 31, 2023

Number of affiliates accounted for by the equity method: 42 companies

Sumitomo Mitsui Auto Service Company, Limited

NEC Capital Solutions Limited

CRE, Inc.

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
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SMART Incorporated

Mirai Energy Partners Co., Ltd.

The Shimizu Lease and Card Co., Ltd.

SMBC Leasing (UK) Limited

Other 35 companies

SMBC Leasing (UK) Limited and other 10 companies were newly included in the scope of equity method mainly because the Group acquired their shares in the year ended March 31, 2023.

Five companies were excluded from the scope of equity method mainly because they were liquidated in the year ended March 31, 2023.

As of and for the year ended March 31, 2022

Number of affiliates accounted for by the equity method: 36 companies

Sumitomo Mitsui Auto Service Company, Limited

NEC Capital Solutions Limited

CRE, Inc.

SMART Incorporated

Mirai Energy Partners Co., Ltd.

The Shimizu Lease and Card Co., Ltd.

Other 30 companies

Six companies were newly included in the scope of equity method due to the acquisition of shares in the year ended March 31, 2022.

Three companies were excluded from the scope of equity method due to liquidation in the year ended March 31, 2022.

(b) Unconsolidated subsidiaries or affiliates not accounted for by the equity method

For the year ended March 31, 2023

Eifel Leasing Co., Ltd. and other 153 unconsolidated subsidiaries have been excluded from the scope of equity method pursuant to Article 10, paragraph (1), item (ii) of the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements because they are operators of silent partnerships for lease transactions and their assets or profits/losses do not belong to them substantially.

Apple Leasing Co., Ltd. and other 64 unconsolidated subsidiaries, and Bangkok SMBC Consulting Co., Ltd., an affiliate of the Company, have been excluded from the scope of equity method because the effect of their profit or loss (the amount in proportion to the share held by the Company) and retained earnings (the amount in proportion to the share held by the Company) on the accompanying consolidated financial statements is insignificant.

For the year ended March 31, 2022

Eifel Leasing Co., Ltd. and other 137 unconsolidated subsidiaries have been excluded from the scope of equity method pursuant to Article 10, paragraph (1), item (ii) of the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements because they are operators of silent partnerships for lease transactions and their assets or profits/losses do not belong to them substantially.

Irmak Leasing Co., Ltd. and other 92 unconsolidated subsidiaries, and Bangkok SMBC Consulting Co., Ltd., an affiliate of the Company, have been excluded from the scope of equity method because the effect of their profit or loss (the amount in proportion to the share held by the Company) and retained earnings

(the amount in proportion to the share held by the Company) on the accompanying consolidated financial statements is insignificant.

(3) Balance sheet dates of consolidated subsidiaries

For the year ended March 31, 2023

The balance sheet date of Sumitomo Mitsui Finance and Leasing (China) Co., Ltd. and other 76 companies is December 31. The balance sheet date of Aviation Management Co., Ltd. is the end of February. Their financial statements as of their respective balance sheet dates are used for consolidation because the differences between their balance sheet dates and the consolidated balance sheet date are three months or less.

Necessary adjustments have been made for consolidation purposes to reflect any significant transactions that occurred between their balance sheet dates and consolidated balance sheet date.

Financial statements of Otemachi 142 Tokutei Mokuteki Kaisha and other 236 companies provisionally prepared as of the consolidated balance sheet date have been used.

For the year ended March 31, 2022

The balance sheet date of Sumitomo Mitsui Finance and Leasing (China) Co., Ltd. and other 63 companies is December 31. The balance sheet date of Aviation Management Co., Ltd. is the end of February. Their financial statements as of their respective balance sheet dates are used for consolidation because the differences between their balance sheet dates and the consolidated balance sheet date are three months or less.

Necessary adjustments have been made for consolidation purposes to reflect any significant transactions that occurred between their balance sheet dates and consolidated balance sheet date.

Financial statements of Amador Leasing Co., Ltd. and other 55 companies provisionally prepared as of the consolidated balance sheet date have been used.

(4) Accounting policies

(a) Securities

Other securities (Securities other than trading purpose securities, held-to-maturity securities and investments in unconsolidated subsidiaries and affiliates are classified as "Other securities.")

Other securities other than stocks, etc. with no market value are carried at their year-end market prices. Unrealized gains and losses, net of applicable taxes, are reported in a separate component of net assets. The costs of securities sold are calculated by the moving-average method.

Stocks, etc. with no market value are stated at cost determined by the moving-average method.

As for investments in investment limited partnerships and other similar partnerships, which are deemed to be securities under Article 2, paragraph (2) of the FIEA, the Group's share of each partnership's net assets and profit or loss are recognized on a net basis based on the partnership's most recent financial statements that are available depending on the reporting date prescribed in the relevant partnership agreement.

(b) Derivative transactions

Derivative transactions are carried at fair value, unless the allocation method or the special treatment for hedge accounting is applied, in which case the derivative transaction balances are not recorded as assets or liabilities.

(c) Inventories

Inventories held for sale in the ordinary course of business are stated at the lower of cost, which is determined by the specific identification method, or net selling value, which is defined as the selling price

less additional estimated manufacturing costs and estimated direct selling expenses. The replacement cost may be used in place of net selling value, if appropriate.

(d) Assets for lease

Assets for lease are generally depreciated to the estimated disposal value at the end of the lease term using the straight-line method over the lease term or estimated useful lives of the assets.

(e) Other operating assets

Other operating assets are generally depreciated to the estimated disposal value using the straight-line method over the estimated useful lives of the assets.

(f) Property and equipment for internal use (excluding Leased assets)

Depreciation of property and equipment of the Company and its domestic consolidated subsidiaries is generally calculated using the declining-balance method, while depreciation of buildings as well as facilities attached to buildings and structures acquired on or after April 1, 2016 is calculated using the straight-line method. Depreciation of property and equipment of overseas consolidated subsidiaries is generally calculated using the straight-line method. The estimated useful lives of major items are as follows:

Buildings: 2 to 50 years

Office equipment: 2 to 20 years

(g) Intangible assets (excluding Goodwill and Leased assets)

Capitalized software for internal use owned by the Company and its consolidated subsidiaries is amortized using the straight-line method over its estimated useful life (basically five years). Amortization of other intangible assets is calculated using the straight-line method.

(h) Leased assets used as lessees

Leased assets under finance leases that do not transfer ownership are depreciated using the straight-line method over the lease term with no residual value.

(i) Allowance for doubtful accounts

Allowance for doubtful accounts is provided for probable losses on receivables. Allowance for doubtful accounts for normal receivables is computed based on the historical percentage of bad debts, while allowance for doubtful accounts for specifically identified doubtful receivables is based on the estimate of uncollectible amounts.

As for claims in bankruptcy, etc., the amounts deemed uncollectible are directly written off. The amounts directly written off for the years ended March 31, 2023 and 2022 were ¥35,626 million (\$266,781 thousand) and ¥35,903 million, respectively.

(j) Allowance for loss on disposal of assets for lease

To provide for possible losses from the disposal of assets for lease on expiration of the lease, losses are estimated on an individual asset basis, and allowance for loss on disposal of assets for lease is recorded at the estimated amount of losses.

(k) Reserve for employee bonuses

Reserve for employee bonuses is provided for payment of bonuses to employees, in the amount of estimated bonuses, which are attributable to the fiscal year.

(l) Reserve for directors' bonuses

Reserve for directors' bonuses is provided for payment of bonuses to directors, in the amount of estimated bonuses, which are attributable to the fiscal year.

(m) Reserve for directors' retirement benefits

Reserve for directors' retirement benefits is provided for payment of retirement benefits to directors, corporate auditors and other executive officers, in the amount deemed accrued at the fiscal year-end based on the Company's internal regulations.

(n) Accounting methods for severance and retirement benefits

The benefit formula basis is used to attribute expected retirement benefits to each fiscal year in calculating projected benefit obligations.

Unrecognized past service costs are amortized under the straight-line method over a certain period (primarily 10 years) within the estimated average remaining service period of employees, commencing from the fiscal year of incurrence.

Unrecognized actuarial gains and losses are amortized under the straight-line method over a certain period (primarily 10 years) within the estimated average remaining service period of employees, commencing from the next fiscal year of incurrence.

(o) Recognition of revenues and expenses

i) Recognition of revenue and expense on finance leases

Lease sales and related costs and expenses are recognized over the lease term when lease payments become due.

ii) Recognition of revenue on operating leases

Lease sales are recognized on the straight-line basis over the lease term, based on the contractual amount of lease fees per month.

(p) Foreign currency translation

All receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rate prevailing at the consolidated balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statements of income. All assets, liabilities, revenues and expenses in the financial statements of overseas subsidiaries and affiliates are translated into Japanese yen at the spot exchange rate at the consolidated balance sheet date or their balance sheet date. The resulting foreign currency translation adjustments are shown as "Foreign currency translation adjustments" or "Non-controlling interests" in the separate components of net assets.

(q) Hedge accounting

i) Hedge accounting methods

The Group generally applies either deferral hedge accounting or fair value hedge accounting. The Group applies the allocation method to foreign exchange forward contracts and other contracts that meet certain criteria and the special treatment to interest rate swaps meeting certain criteria.

ii) Hedging instruments and hedged items

Hedging instruments: Loans denominated in foreign currencies, foreign exchange forward contract transactions, currency swap transactions, interest rate swap transactions, and others

Hedged items: Investments in subsidiaries denominated in foreign currencies, other securities denominated in foreign currencies, future transactions, loans, and others

iii) Hedging policy and method of assessing hedge effectiveness

The Group uses derivative transactions to reduce foreign exchange and interest rate fluctuation risks associated with business activities and manage assets, liabilities, profits and losses comprehensively.

For the comprehensive hedges where the hedged item is a group of loans and the hedging instruments are interest rate swaps, etc., the Group assesses the hedge effectiveness by comparing the accumulated fluctuation of cash flows from the hedged item with those from the hedging instruments between the inception of the hedges and the fiscal year-end.

As for fair value hedges applied to other securities denominated in foreign currencies, the Group assesses the hedge effectiveness by identifying the items to be hedged in advance and comparing the ratio of fluctuation amount of the hedged items (other securities dominated in foreign currencies) and the hedging instruments (loans denominated in foreign currencies) due to changes in foreign exchange rates.

(r) Goodwill

Goodwill is amortized using the straight-line method within 20 years in which the effect of the return on the investment is expected to realize. However, immaterial goodwill is charged to expense directly when it arises.

(s) Scope of “Cash and cash equivalents” on consolidated statements of cash flows

For the purpose of presenting the consolidated statements of cash flows, cash and cash equivalents represent cash, demand deposits, and short-term investments due within three months from the date of acquisition that are easily convertible into cash with little or no risk from fluctuation in value.

(t) Interest expenses on development projects

Interest expenses for large real estate development projects during the normal development period are included in the acquisition costs.

(u) Application of group tax sharing system/consolidated taxation system

For the year ended March 31, 2023

The group tax sharing system is applied.

For the year ended March 31, 2022

The consolidated taxation system is applied from the year ended March 31, 2020.

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

The Company and some of its domestic consolidated subsidiaries started to apply the group tax sharing system instead of the consolidated taxation system at the beginning of the year ended March 31, 2023 and account for and disclose the corporation tax and the local corporation tax as well as the deferred taxes in accordance with the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (Accounting Standards Board of Japan (“ASBJ”) Practical Issues Task Force (“PITF”) No. 42, issued on August 12, 2021; “PITF No.42”). Pursuant to paragraph 32 (1) of PITF No. 42, the Company deemed that these changes in accounting policies due to the application of PITF No. 42 had no effect on the accompanying consolidated financial statements.

3. SIGNIFICANT ACCOUNTING ESTIMATES

(1) Allowance for doubtful accounts

a. Amounts in the consolidated financial statements

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Allowance for doubtful accounts	¥ 28,373	¥ 26,597	\$ 212,468

b. Other information that assists users of consolidated financial statements in understanding the nature of the estimates

The allowance for doubtful accounts is provided for probable losses on installment sales receivable, lease receivables and investment assets, loans receivable, delinquent receivables, and others. The allowance for doubtful accounts for normal receivables is computed based on the historical percentage of bad debts, while the allowance for doubtful accounts for specifically identified doubtful receivables is based on the estimate of uncollectible amounts in reference to collateral value and other factors, by each borrower category classified according to credit risk based on results of the asset self-assessment in accordance with internal self-assessment standards for assets.

The determination of borrower categories is based on quantitative factors such as financial indicators as well as information related to qualitative factors such as future performance outlooks and cash flow conditions in accordance with the self-assessment standards established by the Group.

In the event of changes in the business conditions of the debtors or collateral values on which such estimates are based, additional provision may be required.

(2) Impairment losses on assets for lease

a. Amounts in the consolidated financial statements

As of and for the year ended March 31,	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Assets for lease	¥ 4,375,205	¥ 3,143,790	\$ 32,763,257
Impairment losses on assets for lease.....			
Costs and expenses	9,721	10,358	72,795
Extraordinary losses (*1)	59,480	102,202	445,413

*1. Extraordinary losses are associated with assets for lease relating to the contracts terminated by SMBC Aviation Capital Limited, a consolidated subsidiary of the Company, pursuant to the rules of the sanctions against Russia imposed by the European Union due to Russia's invasion of Ukraine.

b. Other information that assists users of consolidated financial statements in understanding the nature of the estimates

For an asset for lease or a group of assets for lease for which there is an indication of impairment, when such asset for lease or group of assets for lease is required to be written down, the Group reduces its carrying amount to the recoverable amount and records the reduction as an impairment loss.

The recoverable amount of assets for lease is measured as the higher of the net realizable value, which is the fair value of the assets for lease less estimated costs of disposal (or the fair value less costs of disposal for overseas consolidated subsidiaries applying IFRS), and the value in use. Net realizable value or fair value is determined based on market value, and value in use is determined based on future cash flows based on factors including lease contracts and estimated residual values, and discount rates based on factors including market interest rates and other market conditions.

The future cash flows and discount rates used as assumptions in the estimates are calculated based on the secondhand trading market and other market conditions, taking into consideration the status of lease

contracts as of the end of the fiscal year. Furthermore, assets for lease whose underlying contracts were terminated by the Group pursuant to the rules of sanctions against Russia (34 aircraft) in the year ended March 31, 2022 still involve a high degree of uncertainty due to the Russia-Ukraine situation. The Group estimated an impairment loss for the aircraft remaining in Russia of ¥59,480 million (\$445,413 thousand) for the year ended March 31, 2023 as a result of revising the probability of possible scenarios, taking into consideration the prolongation of the Russia-Ukraine situation. Such possible scenarios include the full write-off of the aircraft and the collection of the aircraft with poor maintenance condition in the future.

In the event of changes in such premises and/or assumptions, an impairment loss may be recognized.

(3) Deferred tax assets

a. Amounts in the consolidated financial statements

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Deferred tax assets	¥ 19,320	¥ 24,448	\$ 144,680
Deferred tax liabilities.....	73,699	63,248	551,890

b. Other information that assists users of consolidated financial statements in understanding the nature of the estimates

The Group recognizes deferred tax assets and deferred tax liabilities by deducting the amount of taxes that is not expected to be recovered or paid in future accounting periods from the amount of taxes related to temporary differences.

Deferred tax assets are recognized by assessing the recoverability of the estimated amount of tax reduction related to the reversal of future deductible temporary differences or the offsetting of net operating loss carryforwards against taxable income before temporary differences and the occurrence of unused foreign tax credit carryforwards in future accounting periods.

The judgment on the recoverability of deferred tax assets is based on future taxable income and the scheduling of temporary differences, etc., which are estimated by revising the figures assumed in the medium-term management plan in line with external factors such as the business environment, the Group's business performance, and the status of achievement of the medium-term management plan.

The amount of deferred tax assets may change in the event of changes in the future taxable income and the scheduling of temporary differences, etc. that are used as assumptions under such estimates.

4. CHANGES IN ACCOUNTING POLICIES

For the year ended March 31, 2023

Application of Implementation Guidance on Accounting Standard for Fair Value Measurement

The Company and its domestic consolidated subsidiaries started to apply the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, revised on June 17, 2021; the "Guidance" in this section) at the beginning of the year ended March 31, 2023 and prospectively apply new accounting policies prescribed by the Guidance in accordance with the transitional provision in paragraph 27-2 of the Guidance. There were insignificant effects on the consolidated financial statements.

In Note 28. FINANCIAL INSTRUMENTS, (5) Fair values of financial instruments and components of financial instruments by level, information about investment trusts for the year ended March 31, 2022 is not disclosed in accordance with paragraph 27-3 of the Guidance.

For the year ended March 31, 2022

Application of Accounting Standard for Revenue Recognition, etc.

The Company and its domestic consolidated subsidiaries have applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, revised on March 31, 2020) and relevant ASBJ regulations from the beginning of the year ended March 31, 2022. Accordingly, revenue is recognized when the control of promised goods or services is transferred to customers at the amount expected to be received upon exchange of said goods or services.

The application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition, but there was no effect on the beginning balance of retained earnings of the year ended March 31, 2022. In addition, the effects on the consolidated financial statements were immaterial.

Application of Accounting Standard for Fair Value Measurement, etc.

The Company and its domestic consolidated subsidiaries have applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, issued on July 4, 2019) and relevant ASBJ regulations from the beginning of the year ended March 31, 2022, and decided to apply the new accounting policies prescribed in the Accounting Standard for Fair Value Measurement, etc. prospectively in accordance with the transitional measures provided for in paragraph 19 of the Accounting Standard For Fair Value Measurement, and paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, revised on July 4, 2019). As a result of this application, the method used to evaluate the stocks with market values in other securities has been changed from the fair value method based on their average market value during the one month prior to the balance sheet date to the fair value method based on their market value at the balance sheet date.

Moreover, Note 28. FINANCIAL INSTRUMENTS includes notes to components of financial instruments by level, etc.

5. ACCOUNTING STANDARDS ISSUED BUT NOT YET ADOPTED

- **“Accounting Standard for Current Income Taxes”** (ASBJ Statement No. 27, revised on October 28, 2022)
- **“Accounting Standard for Presentation of Comprehensive Income”** (ASBJ Statement No. 25, revised on October 28, 2022)
- **“Implementation Guidance on Accounting Standard for Tax Effect Accounting”** (ASBJ Guidance No. 28, revised on October 28, 2022)

(1) Overview

In February 2018, the ASBJ issued ASBJ Statement No. 28, “Partial Amendments to Accounting Standard for Tax Effect Accounting,” and relevant implementation guidance, and practical guidelines for tax effect accounting issued by the Japanese Institute of Certified Public Accountants were transferred to the ASBJ. The above revised standards and implementation guidance are the results of the ASBJ’s reviewing the following two issues, which were to be reviewed after the issue of ASBJ Statement No. 28 and relevant implementation guidance in the process of deliberations for the transfer.

- Where to record income tax expense (taxation on other comprehensive income)
- Tax effect on the sale of subsidiary shares and affiliate shares under the Group Taxation Regime

(2) Scheduled date of application

The Company and its domestic consolidated subsidiaries expect to apply the revised standards and the revised implementation guidance at the beginning of the year ending March 31, 2025.

(3) Effects of the application of the standards and implementation guidance

The Company is currently evaluating the effects of applying the revised standards and the revised implementation guidance on its consolidated financial statements.

6. CHANGES IN PRESENTATION

For the year ended March 31, 2023

There were no changes in presentation in the year ended March 31, 2023.

For the year ended March 31, 2022

There were no changes in presentation in the year ended March 31, 2022.

7. ADDITIONAL INFORMATION

For the year ended March 31, 2023

There was no additional information in the year ended March 31, 2023.

For the year ended March 31, 2022

There was no additional information in the year ended March 31, 2022.

8. ADVANCED DEPRECIATION AND ACCUMULATED DEPRECIATION OF PROPERTY AND EQUIPMENT

The Company applied advanced depreciation to property and equipment (assets for lease) purchased with government subsidy. ¥15 million (\$112 thousand) and ¥20 million were deducted from the cost of property and equipment (assets for lease) at March 31, 2023 and 2022, respectively.

Accumulated depreciation of property and equipment at March 31, 2023 and 2022 were as follows:

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Assets for lease	¥ 772,525	¥ 662,612	\$ 5,784,971
Other operating assets	12,133	5,527	90,857
Property and equipment for internal use	9,635	8,643	72,151

Accumulated depreciation includes accumulated impairment loss.

9. INVESTMENT AND RENTAL PROPERTIES

Some consolidated subsidiaries of the Company own commercial facilities and office buildings for rent in Tokyo and other areas.

Rental profits from such properties for the years ended March 31, 2023 and 2022 were ¥26,254 million (\$196,600 thousand) and ¥27,502 million (rental income is recorded as revenue, and rental expenses are recorded as costs and expenses), respectively. Gains on sales of investment and rental properties for the years ended March 31, 2023 and 2022 were ¥9,084 million (\$68,025 thousand) and ¥3,684 million (revenue from the sales is recorded as revenue, and expenses from the sales are recorded as costs and expenses), respectively.

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The carrying amounts, changes in such balances, and fair values of the rental properties were as follows:

As of and for the year ended March 31,	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Carrying amounts:			
Beginning balance.....	¥ 1,116,849	¥ 956,990	\$ 8,363,404
Net increase during the year.....	21,977	159,859	164,572
Ending balance.....	¥ 1,138,826	¥ 1,116,849	\$ 8,527,977
Fair value at the balance sheet date.....	¥ 1,337,419	¥ 1,299,832	\$ 10,015,119

- Notes: 1. The carrying amounts represent the acquisition cost less accumulated depreciation and accumulated impairment loss.
2. For the year ended March 31, 2023, the main reason for the increase was the purchase of properties of ¥260,772 million (\$1,952,763 thousand), and the main reason for the decrease was the sales of properties of ¥206,620 million (\$1,547,252 thousand). For the year ended March 31, 2022, the main reason for the increase was the purchase of properties of ¥329,882 million, and the main reason for the decrease was the sales of properties of ¥148,713 million.
3. With regard to the fair value at the balance sheet date, the fair values of major properties were estimated based on Japan's Real Estate Appraisal Standards. For other properties, fair values were estimated based on consistent values and indices that are judged as appropriately reflecting market values.

10. DELINQUENT RECEIVABLES

Delinquent receivables are receivables, of which definition is stipulated in Article 32, paragraph (1), item (x) of the Regulation on Terminology, Forms and Preparation Methods of Financial Statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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11. BORROWED MONEY

As of March 31,	Millions of Yen		Thousands of U.S. Dollars	Average Interest Rate (%)	Due
	2023	2022	2023		
Short-term loans from banks and other financial institutions	¥ 1,198,493	¥ 1,239,150	\$ 8,974,791	0.37	–
Short-term non-recourse loans from banks and other financial institutions	–	1,935	–	–	–
Long-term loans from banks and other financial institutions due within one year	429,271	472,689	3,214,550	2.12	–
Long-term non-recourse loans from banks and other financial institutions due within one year	1,511	8,600	11,315	0.79	–
Lease obligations due within one year	11,201	13,694	83,881	4.03	–
Long-term loans from banks and other financial institutions excluding those due within one year	3,627,257	2,388,697	27,162,326	3.85	Apr. 2024 - Mar. 2040
Long-term non-recourse loans from banks and other financial institutions excluding those due within one year	161,817	112,939	1,211,749	1.02	Sep. 2024 - Dec. 2027
Lease obligations excluding those due within one year	28,475	24,584	213,237	4.98	Apr. 2024 - Jul. 2039
Other interest bearing debts:					
Commercial paper due within one year	899,700	959,700	6,737,307	0.03	–
Payables under securitization of lease receivables	26,769	2,600	200,458	0.36	–
Long-term payables under securitization of lease receivables due within one year	18,573	21,045	139,085	1.19	–
Long-term payables under securitization of lease receivables	23,316	41,461	174,605	0.86	Apr. 2024 - Dec. 2034
Total	¥ 6,426,387	¥ 5,287,098	\$ 48,123,311	–	–

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended March 31, 2023 and 2022

- Notes: 1. The average interest rate represents the weighted average interest rate on loans or other debts outstanding as of the fiscal year-end.
2. The repayment schedule on long-term loans, lease obligations, other interest bearing debts and non-recourse loans excluding those due within one year subsequent to March 31, 2023 was as follows:

	Millions of Yen	Thousands of U.S. Dollars
Long-term loans		
After one year through two years	¥ 462,397	\$3,462,610
After two years through three years	599,885	4,492,175
After three years through four years	360,015	2,695,934
After four years through five years	729,336	5,461,555
Lease obligations		
After one year through two years	¥ 7,893	\$ 59,106
After two years through three years	5,151	38,573
After three years through four years	3,311	24,794
After four years through five years	1,587	11,884
Other interest bearing debts		
After one year through two years	¥ 10,102	\$ 75,648
After two years through three years	3,274	24,517
After three years through four years	1,586	11,877
After four years through five years	2,434	18,227
Long-term non-recourse loans		
After one year through two years	¥ 11,814	\$ 88,468
After two years through three years	49,002	366,946
After three years through four years	30,167	225,902
After four years through five years	48,853	365,830

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12. BONDS

Issuers	Date of Issuance	Millions of Yen		Thousands of U.S. Dollars	Interest Rate (%)	Collateral	Due
		2023	2022	2023			
The Company:							
Euro Medium Term Note (Japanese yen) ..	Jun. 26, 2019 -Jan. 26, 2023	¥ 48,500	¥ 58,500	\$ 363,187	0.01 - 0.30	Unsecured	Apr. 27, 2023 -Mar. 17, 2027
(Due within one year)		28,700	33,700	214,917			
Unsecured Bond (public offering)	Aug. 5, 2014 -Feb. 2, 2023	320,000	315,000	2,396,286	0.01 - 0.73	Unsecured	May 29, 2023 -Dec. 16, 2031
(Due within one year)		75,000	50,000	561,629			
Unsecured Bond (U.S. dollar)	Jan. 22, 2020	66,770	61,205	500,000	2.55	Unsecured	Jan. 22, 2025
(Due within one year)		—	—	—			
Unsecured Bond (private placement) ...	Mar. 11, 2019 - Dec. 26, 2022	110,000	100,000	823,723	0.10 - 0.27	Unsecured	Dec. 26, 2023 - Mar. 10, 2026
(Due within one year)		10,000	—	74,884			
SMBC AVIATION CAPITAL FINANCE DESIGNATED ACTIVITY COMPANY:							
U.S. Dollar-denominated Bond	Jul. 30, 2018 - Oct. 15, 2021	267,080	306,025	2,000,000	1.90 - 4.13	Unsecured	Jul. 15, 2023 -Jun. 15, 2028
(Due within one year)		66,770	61,205	500,000			
Otemachi 142 Tokutei Mokuteki Kaisha:							
Specified Bond (private placement) (Note 1)	Mar. 24, 2017	50,730	50,730	379,886	0.75	Secured	Sep. 30, 2025
(Due within one year)		—	—	—			
Others		8,907	8,300	66,699			
(Due within one year)		—	—	—			
Total		¥871,987	¥899,760	\$6,529,781			
(Due within one year)		180,470	144,905	1,351,430			

Notes: 1. The specified bond is classified as a non-recourse loan.

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2. The maturities of bonds and non-recourse bonds subsequent to March 31, 2023 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Bonds:		
Within one year.....	¥ 180,470	\$1,351,430
After one year through two years.....	225,402	1,687,899
After two years through three years.....	166,044	1,243,403
After three years through four years.....	97,570	730,643
After four years through five years.....	35,000	262,094
Non-recourse bonds:		
Within one year.....	¥ —	\$ —
After one year through two years.....	—	—
After two years through three years.....	50,730	379,886
After three years through four years.....	—	—
After four years through five years.....	—	—

13. NON-RECOURSE LOANS

(1) Non-recourse loans of a consolidated special purpose company at March 31, 2023 and 2022 were as follows:

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Short-term loans	¥ –	¥ 1,935	\$ –
Long-term loans (including current portion)	163,328	121,540	1,223,064
Bonds (including current portion)	50,730	50,730	379,886

(2) Assets corresponding to the non-recourse loans at March 31, 2023 and 2022 were as follows:

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Cash and bank deposits	¥ 16,064	¥ 16,127	\$ 120,294
Real estate for sale.....	152,237	83,612	1,140,010
Real estate for sale in progress	990	–	7,414
Other (current assets).....	1,815	1,219	13,591
Assets for lease.....	131,560	145,942	985,173
Advances on purchases of assets for lease.....	1,201	537	8,994
Other (investments and other assets)	683	913	5,115

Part of the amounts presented in Note 14. ASSETS PLEDGED AS COLLATERAL AND CORRESPONDING LIABILITIES is included in the above amounts.

14. ASSETS PLEDGED AS COLLATERAL AND CORRESPONDING LIABILITIES

(1) Assets pledged as collateral at March 31, 2023 and 2022 were as follows:

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Cash and bank deposits	¥ 6,486	¥ 4,701	\$ 48,570
Lease receivables and investment assets	6,574	8,848	49,229
Loans receivable.....	1,945	2,066	14,565
Real estate for sale.....	152,237	83,612	1,140,010
Real estate for sale in progress	990	–	7,414
Other (current assets).....	550	527	4,119
Assets for lease (*1)	398,367	425,597	2,983,129
Advances on purchases of assets for lease.....	1,201	537	8,994
Other operating assets.....	16,458	6,790	123,244
Investment securities	13,082	3,097	97,963
Other (investments and other assets)	1	–	7
Delinquent receivables	–	210	–
Total	¥ 597,897	¥ 535,990	\$4,477,288

*1. Operating lease contract receivables are also pledged as collateral.

(2) Liabilities corresponding to the assets pledged as collateral at March 31, 2023 and 2022 were as follows:

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Short-term loans	¥ —	¥ 1,935	\$ —
Long-term loans (including current portion)	373,945	340,953	2,800,247
Bonds (including current portion)	50,730	50,730	379,886
Other (current liabilities)	130	833	973
Guarantee deposits received	1,642	1,690	12,296
Total	¥ 426,448	¥ 396,142	\$3,193,410

¥15,027 million (\$112,528 thousand) and ¥5,164 million of the above total assets were pledged as collateral for debts of silent partnerships and others at March 31, 2023 and 2022, respectively.

15. PAYABLES UNDER SECURITIZATION OF LEASE RECEIVABLES AND LONG-TERM PAYABLES UNDER SECURITIZATION OF LEASE RECEIVABLES

Payables under securitization of lease receivables are payables which arise from the securitization of lease receivables.

16. EMPLOYEE RETIREMENT BENEFITS

(1) Outline of employee retirement benefits

The Company and certain consolidated subsidiaries have established defined benefit plans such as employee pension plans and lump-sum severance indemnity plans, and also established defined contribution plans. They may grant additional benefits in the case where certain requirements are met when employees retire. The Company contributed some of its marketable equity securities to its employee retirement benefits trust.

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(2) Defined benefit plans

(a) Reconciliation of the beginning balance and the ending balance of projected benefit obligations

For the year ended March 31,	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Balance at the beginning of the year	¥ 25,008	¥ 25,365	\$ 187,270
Service cost	1,401	1,384	10,491
Interest cost	163	120	1,221
Actuarial gains or losses	(1,190)	(796)	(8,911)
Benefits paid	(1,238)	(1,242)	(9,271)
Past service cost	(27)	–	(202)
Other	88	177	659
Balance at the end of the year	¥ 24,206	¥ 25,008	\$ 181,264

Note: Certain consolidated subsidiaries adopt the simple method in calculating the projected benefit obligations, under which the projected benefit obligations are deemed to be an amount of benefits calculated assuming all employees retired voluntarily at the fiscal year-end.

(b) Reconciliation of the beginning balance and the ending balance of plan assets

For the year ended March 31,	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Balance at the beginning of the year	¥ 20,125	¥ 18,649	\$ 150,704
Expected return on plan assets	367	340	2,748
Actuarial gains or losses	(492)	(180)	(3,684)
Employer contributions	2,448	2,400	18,332
Benefits paid	(1,168)	(1,181)	(8,746)
Other	82	98	614
Balance at the end of the year	¥ 21,362	¥ 20,125	\$ 159,967

(c) Reconciliation of the ending balance of projected benefit obligations and plan assets and net defined benefit liability and net defined benefit asset recorded on the consolidated balance sheet

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Funded projected benefit obligations	¥ 23,901	¥ 24,732	\$ 178,980
Plan assets	(21,362)	(20,125)	(159,967)
	2,538	4,606	19,006
Unfunded projected benefit obligations	304	276	2,276
Net of liability and asset on the consolidated balance sheet.	¥ 2,843	¥ 4,882	\$ 21,290
Net defined benefit liability	¥ 2,966	¥ 4,953	\$ 22,212
Net defined benefit asset	(122)	(70)	(916)
Net of liability and asset on the consolidated balance sheet.	¥ 2,843	¥ 4,882	\$ 21,290

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(d) Breakdown of retirement benefit expenses

For the year ended March 31,	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Service cost	¥ 1,401	¥ 1,384	\$ 10,491
Interest cost	163	120	1,221
Expected return on plan assets	(367)	(340)	(2,748)
Amortization of actuarial gains or losses	199	321	1,490
Amortization of past service cost	186	210	1,393
Other	219	258	1,640
Retirement benefit expenses for defined benefit plans.....	¥ 1,804	¥ 1,954	\$ 13,509

(e) Breakdown of remeasurements of defined benefit plans (before tax effect) in other comprehensive income

For the year ended March 31,	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Past service cost	¥ 214	¥ 210	\$ 1,603
Actuarial gains or losses	897	936	6,717
Total.....	¥ 1,111	¥ 1,147	\$ 8,320

(f) Breakdown of remeasurements of defined benefit plans (before tax effect) in accumulated other comprehensive income

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Unrecognized past service cost	¥ 1,518	¥ 1,732	\$ 11,367
Unrecognized actuarial gains or losses	(1,141)	(244)	(8,544)
Total.....	¥ 377	¥ 1,488	\$ 2,823

(g) Plan assets

(i) Components of plan assets as a percentage of total plan assets

As of March 31,	2023	2022
Bonds	40.6%	41.0%
Stocks.....	19.1	19.6
General accounts of life insurance companies	30.3	29.7
Other	10.0	9.7
Total.....	100.0%	100.0%

Note: The total amount of plan assets above includes 5.0% and 5.4% of a retirement benefits trust established for employee pension plans at March 31, 2023 and 2022, respectively.

(ii) Long-term expected rate of return

Current and target asset allocations, and current and expected returns on various categories of plan assets have been considered in determining the long-term expected rate of return.

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(h) Assumptions used for actuarial calculations

For the year ended March 31,	2023	2022
Discount rate.....	Primarily 1.0%	Primarily 0.7%
Long-term expected rate of return.....	Primarily 2.0%	Primarily 2.0%

(3) Defined contribution plans

The amount to be contributed to the defined contribution pension plans of the Company and certain consolidated subsidiaries for the years ended March 31, 2023 and 2022 was ¥1,001 million (\$7,496 thousand) and ¥953 million, respectively.

17. STOCK OPTIONS

(1) Expenses and account titles for stock options

No items to report.

(2) Description, size and changes in the number of stock options

(a) Description of stock options

Company name	Consolidated Subsidiary (Kenedix, Inc.)		
Name	7th Stock Acquisition Rights	8th Stock Acquisition Rights	9th Stock Acquisition Rights
Date of resolution	October 29, 2021		
Category and number of persons granted (Persons)	Directors of said company: 2 Employees, etc. of said company: 67	Delegated executive officers, etc. of said company: 8	Custodian: 1 (*1)
Number of stock options by stock class	Common stock 11,695,167 shares	Common stock 2,202,833 shares	Common stock 1,542,678 shares
Grant date	November 25, 2021		
Vesting conditions	(i) The stock acquisition rights may not be exercised if, in so doing, the total number of the said company's issued shares at that time would exceed the total number of authorized shares. (ii) Other terms and conditions for the exercise of stock acquisition rights are as specified in the written stock acquisition rights allotment agreement entered into by and between the said company and the holders of stock acquisition rights.		
Requisite service period	No provision for requisite service period		
Exercise period	From April 1, 2025 to November 24, 2031		

*1. These stock acquisition rights are allotted to a trust for which Kotaeru Trust Co., Ltd. is the custodian. The shares are delivered to the persons among the said company's officers and employees designated as beneficiaries as of the expiration date of the trust period.

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(b) Size and changes in the number of stock options

The following table summarizes the stock option activity during the year ended March 31, 2023. The number of stock options was converted into the number of shares.

(i) Number of stock options

Company name Name	Consolidated Subsidiary (Kenedix, Inc.)		
	7th Stock Acquisition Rights	8th Stock Acquisition Rights (Shares)	9th Stock Acquisition Rights
Prior to vesting rights			
As of March 31, 2022	11,695,167	2,202,833	1,542,678
Granted	—	—	—
Forfeited	76,439	—	—
Vested	—	—	—
Unvested	11,618,728	2,202,833	1,542,678

(ii) Per-unit price information

Company name Name	Consolidated Subsidiary (Kenedix, Inc.)											
	7th Stock Acquisition Rights			8th Stock Acquisition Rights			9th Stock Acquisition Rights					
Exercise price	¥	750	\$	5.62	¥	750	\$	5.62	¥	750	\$	5.62
Average share price at the time of exercise		—		—		—		—		—		—
Fair value per unit at grant date		—		—		—		—		—		—

(3) Method of estimating fair value per unit of stock options

As Kenedix, Inc. is an unlisted company, as a substitute for estimating the fair value per unit of stock options, a method of estimating the intrinsic value per unit of stock options is used. As a basis for determining the intrinsic value per unit, the method for assessing the company's own shares is applied using the price determined based on recent examples of sale.

(4) Method of estimating number of stock options vested

The number of options that have actually forfeited is incorporated in the estimation of the number of vested options because it is difficult to reasonably estimate how many options will expire in the future.

(5) Total intrinsic value at March 31, 2023 and total intrinsic value at the exercise date of stock options exercised during the year ended March 31, 2023 when computing fair value per unit using the intrinsic value of stock options

	Millions of Yen	Thousands of U.S. Dollars
(a) Total intrinsic value at March 31, 2023	¥ —	\$ —
(b) Total intrinsic value of options exercised during the year ended March 31, 2023	—	—

18. ASSET RETIREMENT OBLIGATIONS

Information about asset retirement obligations is not disclosed since the amounts of these obligations were 1% or less of total liabilities and net assets at the beginning and end of the year ended March 31, 2023.

19. CONTINGENT LIABILITIES

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
As of March 31,			
7,355 (7,825 in 2022) guarantees of obligations for business (including commitments to guarantee obligations).....	¥ 52,537	¥ 53,763	\$ 393,418
Loan guarantees to affiliates	5,113	1,339	38,288
Loan guarantees to employees (housing loans, etc.)	4	5	30

¥100 million (\$749 thousand) and ¥100 million at March 31, 2023 and 2022, respectively, of the above guarantees of obligations for business are guaranteed by other third parties.

20. LOAN COMMITMENTS

(1) Lender side

Unused commitments at March 31, 2023 and 2022 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
As of March 31,			
Total loan commitments	¥ 151,713	¥ 123,475	\$1,136,087
Used loan commitments	75,305	61,141	563,913
Unused loan commitments	¥ 76,408	¥ 62,333	\$ 572,173

The commitments above include the contracts which require the screening of borrowers including the use of funds and credit conditions beforehand. Therefore, the full amount of the loan commitments is not necessarily borrowed.

(2) Borrower side

To enhance efficiency and stability in fund procurement, the Group has executed loan commitment contracts. The amounts of unused loan commitments at March 31, 2023 and 2022 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
As of March 31,			
Total loan commitments	¥ 493,708	¥ 425,841	\$3,697,080
Used loan commitments	133,385	134,576	998,839
Unused loan commitments	¥ 360,322	¥ 291,264	\$2,698,233

21. CHANGES IN NET ASSETS

Under the Companies Act of Japan (the “Act”), the entire amount paid for new shares is required to be designated as common stock. However, a company may, by resolution of the Board of Directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital, which is a component of capital surplus.

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The Act provides that earnings in an amount equal to at least 10 percent of appropriations of retained earnings to be paid as dividends should be appropriated as a capital surplus or a legal reserve (a component of retained earnings) until the total of capital surplus and legal reserve equals 25 percent of stated common stock. In addition to transfer from capital surplus to stated common stock, either capital surplus or legal reserve may be available for dividends by resolution of the general meeting of shareholders.

Under the Act, all additional paid-in capital and all legal reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with the Act.

(1) Class and number of shares issued and treasury stock for the years ended March 31, 2023 and 2022

	Number of Shares (Thousands of Shares)			
	April 1, 2022	Increase	Decrease	March 31, 2023
Stock issued				
Common stock.....	95,314	–	–	95,314
Total	95,314	–	–	95,314
Treasury stock				
Common stock.....	7,959	–	–	7,959
Total	7,959	–	–	7,959

	Number of Shares (Thousands of Shares)			
	April 1, 2021	Increase	Decrease	March 31, 2022
Stock issued				
Common stock.....	95,314	–	–	95,314
Total	95,314	–	–	95,314
Treasury stock				
Common stock.....	7,959	–	–	7,959
Total	7,959	–	–	7,959

(2) Information on stock acquisition rights

For the year ended March 31, 2023

Type	Breakdown of Stock Acquisition Rights	Class of Stock Issued upon Exercise of Stock Acquisition Rights	Number of Shares Issued upon Exercise of Stock Acquisition Rights				Balance at March 31, 2023	
			April 1, 2022	Increase	Decrease	March 31, 2023	Millions of Yen	Thousands of U.S. Dollars
Consolidated subsidiary	–	–	–	–	–	–	¥ 122	\$ 920
Total	–	–	–	–	–	–	¥ 122	\$ 920

For the year ended March 31, 2022

Type	Breakdown of Stock Acquisition Rights	Class of Stock Issued upon Exercise of Stock Acquisition Rights	Number of Shares Issued upon Exercise of Stock Acquisition Rights				Balance at March 31, 2022	
			April 1, 2021	Increase	Decrease	March 31, 2022	Millions of Yen	
Consolidated subsidiary	–	–	–	–	–	–	¥ 123	
Total	–	–	–	–	–	–	¥ 123	

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(3) Information on dividends

(a) Dividends paid in the years ended March 31, 2023 and 2022

Class of Stock	2023		Dividend per Share		Record Date	Effective Date
	Total Dividends		Yen	U.S. Dollars		
	Millions of Yen	Thousands of U.S. Dollars				
Common stock	¥ 12,491	\$ 93,542	¥ 143	\$ 1.07	March 31, 2022	June 27, 2022
Date of resolution: Ordinary general meeting of shareholders held on June 24, 2022						
Class of Stock	2022		Dividend per Share		Record Date	Effective Date
	Total Dividends		Yen	U.S. Dollars		
	Millions of Yen	Thousands of U.S. Dollars				
Common stock	¥ 12,666	\$ 93,542	¥ 145	\$ 1.07	March 31, 2021	June 29, 2021
Date of resolution: Ordinary general meeting of shareholders held on June 28, 2021						

(b) Dividends resolved to be payable in the year ending March 31, 2024

Class of Stock	2023		Dividend per Share		Record Date	Effective Date
	Total Dividends		Yen	U.S. Dollars		
	Millions of Yen	Thousands of U.S. Dollars				
Common stock	¥ 25,332	\$ 189,696	¥ 290	\$ 2.17	March 31, 2023	June 28, 2023

Notes: 1. Date of resolution: Ordinary general meeting of shareholders held on June 27, 2023

2. The dividends were paid out from retained earnings.

22. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
For the year ended March 31,			
Employee salaries and bonuses.....	¥ 43,026	¥ 39,414	\$ 322,196
Provision for allowance for doubtful accounts and credit losses	7,959	2,605	59,600
Amortization of goodwill.....	9,537	10,157	71,417
Provision for reserve for employee bonuses	2,635	2,296	19,732
Provision for reserve for directors' bonuses.....	898	567	6,725
Retirement benefit expenses	2,805	2,908	21,005
Provision for reserve for directors' retirement benefits.....	209	180	1,565

23. IMPAIRMENT LOSS

The Group recognized impairment losses mainly on property and equipment in the years ended March 31, 2023 and 2022 as follows:

For the year ended March 31, 2023

Use	Type of Assets	Millions of Yen	Thousands of U.S. Dollars
Assets for lease	Aircraft	¥ 69,074	\$ 517,253

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Certain consolidated subsidiaries recognized impairment losses on the assets for lease with low profitability mainly due to a decrease in expected future cash flows by reducing their carrying amounts to the respective recoverable amounts. The impairment losses (¥9,593 million (\$71,836 thousand)) are included in “Costs and expenses” in the consolidated statement of income.

In addition, SMBC Aviation Capital Limited, a consolidated subsidiary of the Company, terminated all lease contracts with Russian airlines and issued notices to those airlines demanding the cessation of operation and immediate return of the subject aircraft pursuant to the rules of the sanctions against Russia imposed by the European Union due to Russia’s invasion of Ukraine. Furthermore, the future cash flows regarding the 34 aircraft constituting the assets for lease are subject to a high degree of uncertainty due to the Russia-Ukraine situation. For the aircraft remaining in Russia, the Group reduced its carrying amount to the recoverable amount and recorded the reduction as loss on economic sanctions on Russia of ¥59,480 million (\$445,413 thousand) in extraordinary losses as a result of revising the probability of possible scenarios, taking into consideration the prolongation of the Russia-Ukraine situation.

The recoverable amount of those assets was measured at their fair value after deducting their disposal cost or their value in use, and their fair value after deducting their disposal cost was measured on the basis of market value and their value in use was measured using future cash flows with mainly a discount rate of 6%.

For the year ended March 31, 2022

Use	Type of Assets	Millions of Yen
Assets for lease	Aircraft	¥ 112,370

Certain consolidated subsidiaries recognized impairment losses on the assets for lease with low profitability mainly due to a decrease in expected future cash flows by reducing their carrying amounts to the respective recoverable amounts. The impairment losses (¥10,168 million) are included in “Costs and expenses” in the consolidated statement of income.

In addition, SMBC Aviation Capital Limited, a consolidated subsidiary of the Company, terminated all lease contracts with Russian airlines and issued notices to those airlines demanding the cessation of operation and immediate return of the subject aircraft pursuant to the rules of the sanctions against Russia imposed by the European Union due to Russia’s invasion of Ukraine. Furthermore, the future cash flows regarding the 34 aircraft constituting the assets for lease are subject to a high degree of uncertainty due to the Russia-Ukraine situation and have been calculated taking into consideration multiple scenarios. As a result, the carrying amount of said assets for lease on the balance sheet was reduced to the recoverable amount and this amount of reduction (¥102,202 million) was recorded in extraordinary losses as loss on economic sanctions on Russia.

The recoverable amount of those assets was measured at their fair value after deducting their disposal cost or their value in use, and their fair value after deducting their disposal cost was measured on the basis of market value and their value in use was measured using future cash flows with mainly a discount rate of 5%.

Loss on economic sanctions on Russia

For the year ended March 31, 2023

In the year ended March 31, 2022, SMBC Aviation Capital Limited, a consolidated subsidiary of the Company, terminated all lease contracts with Russian airlines and issued notices to those airlines demanding the cessation of operation and immediate return of the subject aircraft pursuant to the rules of the sanctions against Russia imposed by the European Union due to Russia’s invasion of Ukraine. The Group recognized an extraordinary loss of ¥59,480 million (\$445,413 thousand) as a result of revising the future recoverability, taking into consideration the prolongation of the Russia-Ukraine situation.

For the year ended March 31, 2022

Pursuant to the rules of the sanctions against Russia imposed by the European Union due to Russia’s invasion of Ukraine, SMBC Aviation Capital Limited, a consolidated subsidiary of the Company, terminated all lease contracts with Russian airlines and issued notices to those airlines demanding the

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cessation of operation and immediate return of the subject aircraft. Based on those events, the Group has conducted impairment accounting, etc. on the assets for lease owned (aircraft) and recorded in extraordinary losses.

Due to the occurrence of said events, in the year ended March 31, 2022, the Group recorded ¥81,966 million in extraordinary losses, after deducting total guarantees and related asset depreciation of ¥20,235 million from the impairment accounting amount of ¥102,202 million.

24. INCOME TAXES

(1) Significant components of deferred tax assets and liabilities at March 31, 2023 and 2022

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Deferred tax assets:			
Net operating loss carryforwards (*2)	¥ 163,126	¥ 108,002	\$ 1,221,552
Allowance for doubtful accounts.....	16,516	17,585	123,678
Amortization of securities	5,256	6,271	39,359
Depreciation	3,224	3,801	24,143
Net defined benefit liability.....	1,234	1,849	9,241
Deferred gains or losses on hedges.....	–	3,651	–
Other.....	24,195	16,227	181,182
Subtotal of deferred tax assets	213,555	157,389	1,599,184
Valuation allowance for net operating loss carryforwards (*2)	(11,979)	(30,254)	(89,703)
Valuation allowance for total deductible temporary differences	(19,802)	(22,194)	(148,285)
Subtotal of valuation allowance (*1).....	(31,781)	(52,449)	(237,989)
Total of deferred tax assets	181,774	104,940	1,361,195
Deferred tax liabilities:			
Depreciation	(192,689)	(100,971)	(1,442,931)
Valuation differences due to business combinations	(19,428)	(21,189)	(145,484)
Net unrealized holding gains or losses on securities.....	(11,339)	(10,894)	(84,911)
Special exemption for lease transactions under tax law.....	(3,518)	(4,321)	(26,344)
Deferred gains or losses on hedges	(403)	–	(3,018)
Other.....	(8,774)	(6,362)	(65,703)
Total of deferred tax liabilities	(236,152)	(143,740)	(1,768,399)
Net deferred tax assets (liabilities)	¥ (54,378)	¥ (38,799)	\$ (407,204)

*1. Valuation allowance decreased by ¥20,667 million (\$154,763 thousand) for the year ended March 31, 2023 mainly due to the decrease of valuation allowance for net operating loss carryforwards.

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- *2. The expiration of net operating loss carryforwards and the related deferred tax assets subsequent to March 31, 2023 and 2022 was as follows:

	Millions of Yen		
	Net Operating Loss Carryforwards (a)	Valuation Allowance	Deferred Tax Assets
As of March 31, 2023			
Within one year.....	¥ 12,795	¥ (5,201)	¥ 7,593
After one year through two years.....	9,555	(1,968)	7,586
After two years through three years.....	34	(33)	0
After three years through four years.....	447	(152)	295
After four years through five years.....	223	(39)	184
After five years.....	140,070	(4,585)	135,485
Total.....	¥ 163,126	¥ (11,979)	¥ 151,147 (b)

	Millions of Yen		
	Net Operating Loss Carryforwards (a)	Valuation Allowance	Deferred Tax Assets
As of March 31, 2022			
Within one year.....	¥ 25,881	¥ (17,674)	¥ 8,206
After one year through two years.....	12,248	(3,681)	8,567
After two years through three years.....	8,983	(600)	8,382
After three years through four years.....	136	(33)	103
After four years through five years.....	338	(144)	193
After five years.....	60,413	(8,119)	52,294
Total.....	¥ 108,002	¥ (30,254)	¥ 77,748 (b)

	Thousands of U.S. Dollars		
	Net Operating Loss Carryforwards (a)	Valuation Allowance	Deferred Tax Assets
As of March 31, 2023			
Within one year.....	\$ 95,814	\$ (38,947)	\$ 56,859
After one year through two years.....	71,552	(14,737)	56,807
After two years through three years.....	255	(247)	0
After three years through four years.....	3,347	(1,138)	2,209
After four years through five years.....	1,670	(292)	1,378
After five years.....	1,048,899	(34,334)	1,014,565
Total.....	\$ 1,221,552	\$ (89,703)	\$ 1,131,848 (b)

Notes: (a) Net operating loss carryforwards shown in the above table are after multiplying the statutory tax rate.

(b) Deferred tax assets of ¥151,147 million (\$1,131,848 thousand) and ¥77,748 million were recognized with respect to net operating loss carryforwards of ¥163,126 million (\$1,221,552 thousand) and ¥108,002 million (amounts multiplied by the statutory tax rate) at March 31, 2023 and 2022, respectively. Such deferred tax assets were recognized primarily for a part of net operating loss carryforwards for the Company and certain overseas consolidated subsidiaries. Valuation allowance was not recognized for such deferred tax assets on net operating loss carryforwards as the amount was determined to be recoverable based on the estimate of future taxable income.

(2) Reconciliation of the statutory tax rate to the effective income tax rates reflected in the accompanying consolidated statements of income for the years ended March 31, 2023 and 2022

For the year ended March 31,	2023	2022
Statutory tax rate	30.6%	30.6%
Inclusion of income of specified foreign subsidiaries.....	12.8	1.4
Difference of statutory tax rates of the Company and overseas consolidated subsidiaries.....	2.1	16.6
Changes in valuation allowance	(9.2)	(18.1)
Amortization of goodwill	3.8	7.8
Equity in earnings of affiliates.....	(3.8)	(6.7)
Other.....	(3.2)	(6.3)
Effective income tax rate.....	33.1%	25.3%

(3) Accounting and disclosure of corporation tax and local corporation tax as well as the deferred taxes

The Company and some of its domestic consolidated subsidiaries started to apply the group tax sharing system at the beginning of the year ended March 31, 2023 and account for and disclose the corporation tax and the local corporation tax as well as the deferred taxes in accordance with the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (ASBJ PITF No. 42, issued on August 12, 2021).

25. OTHER COMPREHENSIVE INCOME

Reclassification adjustments and tax effects for each component of other comprehensive income for the years ended March 31, 2023 and 2022

For the year ended March 31,	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Net unrealized holding gains or losses on securities:			
Gains (losses) during the year	¥ 4,122	¥ (398)	\$ 30,867
Reclassification adjustments.....	(571)	(148)	(4,276)
Amount before income tax effect	3,551	(546)	26,591
Income tax effect	(2,460)	294	(18,421)
Net unrealized holding gains or losses on securities.....	¥ 1,090	¥ (252)	\$ 8,169
Deferred gains or losses on hedges:			
Gains (losses) during the year	¥ 19,855	¥ 12,429	\$ 148,682
Reclassification adjustments.....	1,238	14,300	9,271
Amount before income tax effect	21,094	26,730	157,960
Income tax effect	(3,038)	(2,533)	(22,750)
Deferred gains or losses on hedges.....	¥ 18,056	¥ 24,196	\$ 135,213
Foreign currency translation adjustments:			
Adjustments during the year	¥ 38,424	¥ 44,082	\$ 287,739
Foreign currency translation adjustments	¥ 38,424	¥ 44,082	\$ 287,739
Remeasurements of defined benefit plans:			
Adjustments during the year	¥ 697	¥ 615	\$ 5,219
Reclassification adjustments.....	414	531	3,100
Amount before income tax effect	1,111	1,147	8,320
Income tax effect	(340)	(351)	(2,546)
Remeasurements of defined benefit plans	¥ 771	¥ 796	\$ 5,775
Share of other comprehensive income of affiliates accounted for using equity method:			
Gains (losses) during the year	¥ 871	¥ 1,468	\$ 6,522
Reclassification adjustments.....	(110)	(889)	(824)
Share of other comprehensive income of affiliates accounted for using equity method.....	¥ 760	¥ 579	\$ 5,692
Total other comprehensive income.....	¥ 59,103	¥ 69,402	\$ 442,589

26. SUPPLEMENTAL CASH FLOW INFORMATION

(1) Reconciliation of cash and bank deposits in the consolidated balance sheets to cash and cash equivalents in the consolidated statements of cash flows

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Cash and bank deposits	¥ 298,272	¥ 318,296	\$2,233,580
Time deposits with maturities exceeding three months	(400)	(400)	(2,995)
Cash and cash equivalents	¥ 297,872	¥ 317,896	\$2,230,585

(2) Increase/decrease in other reserves

Increase/decrease in other reserves consists of increases/decreases in allowance for loss on disposal of assets for lease, reserve for employee bonuses, reserve for directors' bonuses, and reserve for directors' retirement benefits.

(3) Breakdown of assets and liabilities of newly consolidated subsidiaries as a result of acquisition of shares

For the year ended March 31, 2023

The following table provides the summary of assets acquired and liabilities assumed through the acquisition of shares of Goshawk Management Limited in the year ended March 31, 2023 as well as a reconciliation of the acquisition cost of the shares to disbursement for the purchase.

	Millions of Yen	Thousands of U.S. Dollars
Current assets	¥ 55,627	\$ 416,557
Non-current assets	856,581	6,414,415
Goodwill.....	513	3,842
Current liabilities.....	(621,909)	(4,657,099)
Non-current liabilities.....	(71,187)	(533,076)
Acquisition cost of shares.....	219,626	1,644,646
Cash and cash equivalents	(46,938)	(351,490)
Net: Purchase of investments in subsidiaries resulting in change in scope of consolidation	¥ 172,687	\$ 1,293,148

For the year ended March 31, 2022

The following table provides the summary of assets acquired and liabilities assumed through the acquisition as well as a reconciliation of the acquisition cost and disbursement for the acquisition of shares of YANMAR CREDIT SERVICE CO., LTD., which was newly consolidated following the acquisition of shares in the year ended March 31, 2022.

	Millions of Yen
Current assets	¥ 42,565
Non-current assets	4,900
Current liabilities.....	(32,728)
Non-current liabilities.....	(10,223)
Non-controlling interests	(1,805)
Gain on bargain purchase	(1,208)
Acquisition cost of shares	1,500
Cash and cash equivalents	(356)
Net: Purchase of investments in subsidiaries resulting in change in scope of consolidation	¥ 1,143

27. LEASE TRANSACTIONS

(Lessee Side)

(1) Finance lease transactions

(a) Finance leases that do not transfer ownership

1) Breakdown of leased assets

i) Property and equipment

Vehicles for sales activities and buildings, including right-of-use assets recognized based on IFRS 16

ii) Intangible assets

Software

2) Depreciation method of leased assets

This is as described in Note 2. SIGNIFICANT ACCOUNTING POLICIES FOR PREPARING CONSOLIDATED FINANCIAL STATEMENTS, (4) Accounting policies, (h) Leased assets used as lessees.

(2) Operating lease transactions

Future minimum lease payments on operating leases which were not cancelable at March 31, 2023 and 2022 were as follows:

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Due within one year.....	¥ 5,949	¥ 6,151	\$ 44,548
Due after one year	14,603	15,295	109,353
Total	¥ 20,553	¥ 21,447	\$ 153,909

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(Lessor Side)

(1) Finance lease transactions

(a) Breakdown of lease investment assets

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
As of March 31,			
Lease receivables	¥1,237,707	¥1,234,716	\$ 9,268,436
Estimated residual value	65,401	59,342	489,748
Unearned interest income.....	(138,864)	(137,032)	(1,039,868)
Lease investment assets	¥1,164,245	¥1,157,026	\$ 8,718,324

(b) The scheduled collections of lease receivables and investment assets

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
As of March 31,			
Lease receivables:			
Within one year.....	¥ 329,266	¥ 349,419	\$ 2,465,673
After one year through two years	218,214	244,089	1,634,072
After two years through three years	160,072	165,772	1,198,682
After three years through four years	142,935	115,216	1,070,353
After four years through five years	58,134	111,086	435,330
After five years	178,649	184,215	1,337,794
Total.....	¥1,087,273	¥1,169,800	\$ 8,141,928
Lease investment assets:			
Within one year.....	¥ 364,425	¥ 368,293	\$ 2,728,958
After one year through two years	289,805	292,705	2,170,174
After two years through three years	220,997	219,024	1,654,912
After three years through four years	154,653	154,578	1,158,102
After four years through five years	104,210	89,686	780,365
After five years	103,615	110,428	775,910
Total.....	¥1,237,707	¥1,234,716	\$ 9,268,436

(2) Operating lease transactions

Future minimum lease payments receivable on operating leases which were not cancelable at March 31, 2023 and 2022 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
As of March 31,			
Due within one year.....	¥ 257,183	¥ 232,048	\$ 1,925,887
Due after one year	1,735,373	1,593,654	12,995,155
Total	¥1,992,557	¥1,825,703	\$14,921,050

(3) Sublease transactions

Lease receivables and investment assets and lease obligations under sublease transactions reported on the consolidated balance sheets at March 31, 2023 and 2022 that include unearned interest income were as follows:

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As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Lease receivables and investment assets	¥ 3,207	¥ 4,900	\$ 24,015
Lease obligations.....	3,209	5,161	24,030

28. FINANCIAL INSTRUMENTS

(1) Group policy for financial instruments

The Group operates financial services such as leases, installment sales, and loans. The Group finances necessary funds through indirect finance such as loans from financial institutions and through direct finance such as commercial paper and bonds. Also, the Group manages interest rate fluctuation risks and foreign exchange risks by Asset Liability Management (“ALM,” a method to manage assets and liabilities as a whole). The Group uses derivative transactions to reduce interest rate and foreign exchange fluctuation risks arising from operating assets acquisition and financing.

(2) Details of financial instruments and associated risks

Operating assets such as lease receivables and investment assets, installment sales receivable and loans receivable are exposed to credit risk. Short-term investment securities and investment securities consist of stocks, bonds and investments in partnerships. The Group holds these securities for business strategies and gaining financial returns, and they are exposed to market fluctuation risk and credit risk of issuers.

Financing by loans, commercial paper and bonds are exposed to liquidity risk, such as higher interest rates for financing and difficulty for sufficient financing due to the rapid deterioration of the financial environment or credit worthiness of the Group.

Most of operating assets are fixed interest financial assets whose collectible amount is determined based on the interest rate at the contract date. The Group plans to increase profit margin and decrease finance costs by financing with fixed and variable interest rate funds on these operating assets. Accordingly, the Group is exposed to interest rate fluctuation risk such as increase of finance costs when interest rates rise.

The Group uses derivative transactions such as interest rate swaps to reduce and hedge interest rate fluctuation risk and applies hedge accounting on future transactions, loans, and others. The effectiveness of hedges is assessed by comparing the accumulated cash flow fluctuations of the hedged items and the hedging instruments from the inception of the hedges to the fiscal year-end. For interest rate swaps that meet certain criteria, the special treatment is applied. For foreign exchange forward contracts that meet certain criteria, the allocation method is applied.

(3) Risk management of financial instruments

(a) Credit risk management

The Group establishes the general and basic principles, guidelines, and rules of credit management in general credit policies and detailed operating standards in their operating standards manual. Risk Management Department, credit departments and Credit Administration Department handle credit risk related procedures. Risk Management Department plans a risk management system and an evaluation method of credit risk. Also Risk Management Department measures credit risk and controls risk capital management. Each credit department reviews credit transactions, supervises sales branches and plans and controls security policies and its execution. Credit Administration Department manages doubtful receivables and makes efforts to minimize doubtful receivables. In addition, independent Internal Audit Department audits the accuracy of the credit risk management, the appropriateness of credit risk evaluation standards, measurement methods and the status of the credit risk management and reports the result to the management meeting and the board meeting.

(b) Management of liquidity risk associated with financing and market risk

The Group establishes the basic framework of risk management in market risk and liquidity risk management regulations and determines the structure for risk management operation as well as management system, methods, and rules in market risk and liquidity risk management rules. Risk Management Department manages and controls market risk and liquidity risk, establishing and monitoring risk limits and guidelines, and reports the current status of market risk and liquidity risk to the management meeting regularly.

(i) Interest rate risk management

The Group manages interest rate risk by monitoring assets and liabilities with fixed interest rates using ALM and executes hedging appropriately by keeping track of the financial environment and interest rate trend.

(ii) Foreign exchange risk management

The Group has a policy of not taking any foreign exchange risks in principle. The Group manages the assets and liabilities in foreign currencies by hedging individual items.

(iii) Stock price fluctuation risk management

The Group holds stocks that have price fluctuation risk for the purpose of business strategies. Since it is difficult to buy and sell stocks flexibly and to control the risk, the Group measures the gains and losses arising from the fluctuation of listed stocks.

(iv) Derivative transactions

The Group sets basic transaction rules, transaction limits and reporting in derivatives and hedge accounting rules. The Group uses derivative financial instruments to hedge interest rate and foreign exchange risk arising from financing, fund operation and acquisition of operating assets. The Group executes and manages derivative transactions appropriately by establishing the segregation of duties, which segregate functions between Treasury Department which executes transactions and Accounting Department which verifies the transactions.

(v) Liquidity risk management

The Group manages its liquidity risk by maintaining the liquidity of funds through ALM such as considering the appropriate financing and the balance of long-term and short-term loans.

(vi) Quantitative information about market risk

Interest rate risk is a key risk variable for the Group, and installment sales receivable, lease receivables and investment assets, loans receivable, and financial liabilities such as bonds, long-term loans, and interest rate swaps are main financial instruments which are exposed to the interest rate risk. Of non-financial instruments, future minimum lease payments on operating leases are main instruments which are exposed to the interest rate risk. The Group uses an ALM approach to these operating assets including non-financial instruments and financial liabilities. The Group calculates the Basis Point Value (BPV), the change in the present value of a position associated with interest rates if the interest rates change by 0.01% (the change in unrealized gains or losses), on a periodic basis and manages the upper limit by comparing it with a limit established in advance. Assuming all other risk variables except for interest rates are stable, if yen interest rates rose by 1bp (0.01%) at March 31, 2023, the present value of the entire position associated with interest rates would decrease by ¥502 million (\$3,759 thousand) (¥452 million at March 31, 2022), and if yen interest rates dropped by 1bp (0.01%), the present value would increase by ¥502 million (\$3,759 thousand) (¥452 million at March 31, 2022). These amounts are calculated under the assumption that all risk variables except for interest rates are stable, and correlations between interest rates and other risk variables are not considered.

(4) Supplemental explanation of fair values of financial instruments

Since certain assumptions and other factors are adopted in estimating fair values, different assumptions and factors could result in different fair values. Also, for the contract amount regarding derivative transactions described in Note 30. DERIVATIVE TRANSACTIONS, the contract amount itself does not indicate market risk related to derivative transactions.

(5) Fair values of financial instruments and components of financial instruments by level

Carrying amounts, fair values and the differences between them and fair values by level as of March 31, 2023 and 2022 were as follows. In accordance with paragraph 24-16 of the ASBJ Guidance No. 31, “Implementation Guidance on Accounting Standard for Fair Value Measurement” (the “Fair Value Implementation Guidance”), the below table excludes investments in partnerships, for which an amount equivalent to the Group’s share is recognized on a net basis in the consolidated balance sheet, and stocks etc. with no market value.

Based on the observability and the significance of the inputs used to measure the fair value, the fair value of financial instruments is classified into the following three levels:

Level 1: Fair values determined based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Fair values determined based on inputs other than Level 1 inputs that are observable, either directly or indirectly

Level 3: Fair values determined based on significant unobservable inputs

If multiple inputs that are significant to fair value measurement are used, the fair value is classified as the lowest priority level.

(a) Financial assets and financial liabilities that are recorded at fair value on the consolidated balance sheet

Type	Millions of Yen			
	March 31, 2023			
	Carrying Amount			
	Level 1	Level 2	Level 3	Total
Short-term investment securities and investment securities:				
Other securities.....	¥ 81,231	¥ 20,609	¥ -	¥101,840
Derivative transactions (*2) (*3):				
Interest-related transactions.....	-	9,304	-	9,304
Currency-related transactions.....	-	(99)	-	(99)
Total.....	¥ 81,231	¥ 29,814	¥ -	¥111,045

Type	Millions of Yen			
	March 31, 2022			
	Carrying Amount			
	Level 1	Level 2	Level 3	Total
Short-term investment securities and investment securities:				
Other securities (*1).....	¥ 54,129	¥ 2,531	¥ -	¥ 56,661
Derivative transactions (*2) (*3):				
Interest-related transactions.....	-	(11,795)	-	(11,795)
Currency-related transactions.....	-	(478)	-	(478)
Total.....	¥ 54,129	¥ (9,741)	¥ -	¥ 44,387

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Type	Thousands of U.S. Dollars			
	March 31, 2023			
	Carrying Amount			
	Level 1	Level 2	Level 3	Total
Short-term investment securities and investment securities.....				
Other securities.....	\$ 608,290	\$ 154,328	\$ –	\$ 762,618
Derivative transactions (*2) (*3).....				
Interest-related transactions.....	–	69,672	–	69,672
Currency-related transactions.....	–	(741)	–	(741)
Total.....	\$ 608,290	\$ 223,259	\$ –	\$ 831,549

*1. In accordance with paragraph 26 of the Fair Value Implementation Guidance, investment trusts to which transitional measures have been applied are not included in the balance. The amount of those investment trusts in the consolidated balance sheet was ¥32,157 million at March 31, 2022.

*2. Net assets and liabilities arising from derivative transactions are presented on a net basis.

*3. The carrying amounts of derivatives to which hedge accounting is applied were ¥9,572 million (\$71,679 thousand) and ¥(12,399) million at March 31, 2023 and 2022, respectively. Such derivatives are interest rate swaps and other derivative transactions designated as hedging instruments to fix cash flows of hedged items such as future transactions and loans. The Group mainly applies deferral hedge accounting to those derivative transactions. The Group applies the “Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR” (ASBJ PITF No. 40, revised on March 17, 2022) to those hedging relationships.

(b) Financial assets and financial liabilities that are not recorded at fair value on the consolidated balance sheet

Information about cash or bank deposits, trade notes payable and accounts payable, short-term loans, commercial paper, and payables under securitization of lease receivables that are settled in a short period of time and therefore the fair values of which approximate the carrying amounts is not disclosed.

Type	Millions of Yen					
	March 31, 2023					
	Fair Value				Carrying Amount	Difference
Level 1	Level 2	Level 3	Total			
Installment sales receivable (*1) (*2).....	¥ –	¥ –	¥ 614,353	¥ 614,353	¥ 613,104	¥ 1,248
Lease receivables and investment assets (*2).....	–	–	2,156,105	2,156,105	2,097,656	58,449
Loans receivable (*2).....	–	–	595,890	595,890	591,024	4,865
Delinquent receivables (*2).....	–	–	27,590	27,590	27,590	–
Total assets.....	¥ –	¥ –	¥3,393,940	¥3,393,940	¥3,329,376	¥ 64,563
Bonds	¥ –	¥ 861,860	¥ –	¥ 861,860	¥ 871,987	¥ (10,127)
Long-term loans	–	4,352,129	–	4,352,129	4,219,857	132,272
Long-term payables under securitization of lease receivables	–	41,987	–	41,987	41,890	97
Lease obligations.....	–	39,381	–	39,381	39,677	(295)
Guarantee deposits received.....	–	138,210	–	138,210	146,658	(8,448)
Total liabilities	¥ –	¥5,433,568	¥ –	¥5,433,568	¥5,320,070	¥ 113,498

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Type	Millions of Yen								
	March 31, 2022								
	Fair Value				Total	Carrying Amount	Difference		
Level 1	Level 2	Level 3							
Installment sales receivable (*1) (*2).....	¥	-	¥	-	¥ 554,682	¥ 554,682	¥ 543,183	¥ 11,499	
Lease receivables and investment assets (*2).....		-		-	2,237,701	2,237,701	2,166,284	71,417	
Loans receivable (*2).....		-		-	608,259	608,259	603,317	4,941	
Delinquent receivables (*2).....		-		-	16,451	16,451	16,451	-	
Total assets.....	¥	-	¥	-	¥3,417,095	¥3,417,095	¥3,329,237	¥ 87,857	
Bonds	¥	-	¥	898,547	¥	-	¥ 898,547	¥ 899,760	¥ (1,212)
Long-term loans		-		3,099,364		-	3,099,364	2,982,927	116,437
Long-term payables under securitization of lease receivables		-		63,073		-	63,073	62,506	566
Lease obligations.....		-		38,153		-	38,153	38,279	(125)
Guarantee deposits received		-		136,799		-	136,799	142,923	(6,124)
Total liabilities	¥	-	¥	4,235,938	¥	-	¥4,235,938	¥4,126,397	¥ 109,540

Type	Thousands of U.S. Dollars								
	March 31, 2023								
	Fair Value				Total	Carrying Amount	Difference		
Level 1	Level 2	Level 3							
Installment sales receivable (*1) (*2).....	\$	-	\$	-	\$ 4,600,517	\$ 4,600,517	\$ 4,591,164	\$ 9,346	
Lease receivables and investment assets (*2).....		-		-	16,145,762	16,145,762	15,708,072	437,689	
Loans receivable (*2).....		-		-	4,462,258	4,462,258	4,425,820	36,431	
Delinquent receivables (*2).....		-		-	206,605	206,605	206,605	-	
Total assets.....	\$	-	\$	-	\$25,415,157	\$25,415,157	\$24,931,676	\$ 483,473	
Bonds	\$	-	\$	6,453,946	\$	-	\$ 6,453,946	\$ 6,529,781	\$ (75,835)
Long-term loans		-		32,590,452		-	32,590,452	31,599,948	990,505
Long-term payables under securitization of lease receivables		-		314,415		-	314,415	313,689	726
Lease obligations.....		-		294,900		-	294,900	297,117	(2,209)
Guarantee deposits received		-		1,034,971		-	1,034,971	1,098,233	(63,262)
Total liabilities	\$	-	\$	40,688,693	\$	-	\$40,688,693	\$39,838,775	\$ 849,918

*1. Deferred profit on installment sales has been deducted from the amounts recorded in the consolidated balance sheet.

*2. Installment sales receivable, lease receivables and investment assets, loans receivable, and delinquent receivables in the above table are after deducting the allowance for doubtful accounts of ¥1,703 million (\$12,753 thousand) and ¥1,526 million, ¥5,272 million (\$39,479 thousand) and ¥6,009 million, ¥1,260 million (\$9,435 thousand) and ¥1,333 million, and ¥10,389 million (\$77,797 thousand) and ¥11,791 million, respectively.

Notes: 1. Explanation of evaluation techniques used for measuring fair value and inputs used for measuring fair value

Assets

Short-term investment securities and Investment securities

Among market prices or prices quoted from information vendors, etc., the fair values of securities that can be determined based on unadjusted quoted prices in active markets (listed stocks, etc.) are classified as Level 1.

The fair values of those with quoted prices in inactive markets are classified as Level 2.

Since the fair values of bonds with a short remaining period, and bonds with variable interest rates reflecting market interest rates in a short period of time approximate their carrying amounts, the fair values are determined to be the same as their carrying amounts and classified as Level 2.

Installment sales receivable, Lease receivables and investment assets, and Loans receivable

Estimated future cash flows, for which consideration has been given to an internal rating for each counterparty, a forecasted default rate based on the internal rating, a forecasted uncollectable rate upon default based on collateral and guarantees, etc., are measured by discounting at the market interest rate. Since the effect of unobservable inputs is significant, the fair value is classified as Level 3.

Delinquent receivables

As the Group determines the estimated uncollectible amount based on the estimated collectible amounts covered by collateral and guarantees, the fair value closely approximates the amount obtained by deducting the current estimated uncollectible amount from the carrying amount at the fiscal year-end and is determined to be the same as such amount. Since the effect of unobservable inputs is significant, the fair value is classified as Level 3.

Liabilities

Bonds, Long-term loans, Long-term payables under securitization of lease receivables, Lease obligations, and Guarantee deposits received

Among these items, the fair values of bonds whose prices are provided by industry groups, etc. are determined based on the price information. Those with variable interest rates other than the above reflect market interest rates in a short period of time, and the Company's credit standing has not changed significantly since their execution. Accordingly, their fair values are considered to approximate their carrying amounts and determined to be the same as their carrying amounts. For those with a fixed interest rate, the fair values are measured by discounting the future cash flows using the interest rates applicable to similar financing arrangements for the same remaining maturities.

Since the effect of unobservable inputs on the fair value measurement is insignificant, the fair values are classified as Level 2.

Derivative transactions

The fair values of derivatives are measured by the Discounted Cash Flow Method using observable inputs such as interest rates and forward exchange rates, and are classified as Level 2. Since foreign exchange forward contracts under the allocation method and interest rate swaps under the special treatment are accounted for with hedged items, bonds or long-term loans, the fair values are included in the fair values of the bonds or the long-term loans.

Additional information is provided in Note 30. DERIVATIVE TRANSACTIONS.

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2. The following table provides the carrying amounts of stocks, etc. with no market value and investments in partnerships and others that are excluded from the above information about the fair values of financial instruments.

As of March 31,	Millions of Yen		Thousands of
	2023	2022	U.S. Dollars
Stocks, etc. with no market value (*1)	¥ 18,639	¥ 11,812	\$ 139,576
Investments in partnerships and others	62,403	56,982	467,298
Total	¥ 81,042	¥ 68,794	\$ 606,874

*1. Stocks, etc. with no market value include unlisted stocks.

3. Maturities of monetary claims and securities with maturities

	Millions of Yen					
	March 31, 2023					
	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years
Installment sales receivable	¥ 320,440	¥ 124,925	¥ 90,929	¥ 59,301	¥ 31,429	¥ 16,849
Lease receivables and investment assets (*1) ...	613,582	453,017	341,618	270,554	144,267	214,487
Loans receivable	262,733	47,539	62,563	43,294	42,170	136,633
Short-term investment securities and investment securities (*2)	1,289	2,649	2,276	8,091	6,629	23,584
Other securities with maturities of the above	1,289	2,649	2,276	8,091	6,629	23,584
Total	¥1,198,045	¥ 628,132	¥ 497,386	¥ 381,242	¥ 224,495	¥ 391,555

	Millions of Yen					
	March 31, 2022					
	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years
Installment sales receivable	¥ 304,976	¥ 109,242	¥ 70,754	¥ 42,088	¥ 22,478	¥ 15,294
Lease receivables and investment assets (*1) ...	635,671	480,050	345,598	242,259	182,554	226,818
Loans receivable	317,298	37,345	41,846	64,228	45,275	100,465
Short-term investment securities and investment securities (*2)	2,635	36,642	49	4,724	6,802	20,268
Other securities with maturities of the above	2,635	36,642	49	4,724	6,802	20,268
Total	¥1,260,581	¥ 663,281	¥ 458,249	¥ 353,300	¥ 257,109	¥ 362,847

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Thousands of U.S. Dollars						
March 31, 2023						
	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years
Installment sales receivable	\$ 2,399,581	\$ 935,487	\$ 680,912	\$ 444,069	\$ 235,353	\$ 126,172
Lease receivables and investment assets (*1) ...	4,594,743	3,392,369	2,558,170	2,026,015	1,080,328	1,606,163
Loans receivable	1,967,448	355,991	468,496	324,202	315,786	1,023,162
Short-term investment securities and investment securities (*2).....	9,653	19,837	17,044	60,589	49,641	176,606
Other securities with maturities of the above	9,653	19,837	17,044	60,589	49,641	176,606
Total.....	\$ 8,971,432	\$ 4,703,699	\$ 3,724,622	\$ 2,854,890	\$ 1,681,107	\$ 2,932,118

*1. Estimated residual values of ¥65,401 million (\$489,748 thousand) and ¥59,342 million are excluded from lease receivables and investment assets as of March 31, 2023 and 2022, respectively.

*2. Short-term investment securities and investment securities of ¥0 million (\$0 thousand) and ¥0 million that are deemed uncollectible as of March 31, 2023 and 2022 are excluded from the table above.

4. Maturities of bonds, long-term loans, lease obligations, and other interest bearing debts

Millions of Yen						
March 31, 2023						
	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years
Bonds	¥ 180,470	¥ 225,402	¥ 216,774	¥ 97,570	¥ 35,000	¥ 116,770
Long-term loans	430,782	474,211	648,887	390,182	778,189	1,497,603
Long-term payables under securitization of lease receivables.....	18,573	10,102	3,274	1,586	2,434	5,918
Lease obligations	11,201	7,893	5,151	3,311	1,587	10,531
Total.....	¥ 641,027	¥ 717,610	¥ 874,088	¥ 492,649	¥ 817,211	¥ 1,630,824

Millions of Yen						
March 31, 2022						
	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years
Bonds	¥ 144,905	¥ 141,205	¥ 214,143	¥ 186,296	¥ 92,005	¥ 121,205
Long-term loans	481,290	373,527	411,512	485,093	371,345	860,157
Long-term payables under securitization of lease receivables.....	21,045	18,606	10,182	3,343	1,676	7,652
Lease obligations	13,694	9,989	6,653	3,924	2,385	1,632
Total.....	¥ 660,935	¥ 543,328	¥ 642,492	¥ 678,657	¥ 467,411	¥ 990,647

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Thousands of U.S. Dollars						
March 31, 2023						
	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years
Bonds.....	\$1,351,430	\$1,687,899	\$1,623,289	\$ 730,643	\$ 262,094	\$ 874,420
Long-term loans.....	3,225,865	3,551,078	4,859,121	2,921,836	5,827,385	11,214,640
Long-term payables under securitization of lease receivables.....	139,082	75,648	24,517	11,877	18,227	44,316
Lease obligations.....	83,877	59,106	38,573	24,794	11,884	78,860
Total.....	\$4,800,262	\$5,373,746	\$6,545,514	\$3,689,149	\$6,119,597	\$12,212,251

29. SECURITIES

(1) Investments in unconsolidated subsidiaries and affiliates

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Investment securities.....	¥ 135,267	¥ 113,592	\$1,012,932

(2) Other securities with market values

Millions of Yen				
March 31, 2023				
	Type	Acquisition Cost	Carrying Amount	Net Unrealized Gains (Losses)
Securities whose carrying amount exceeds the acquisition cost	Stocks	¥ 19,311	¥ 58,900	¥ 39,589
	Bonds:			
	Corporate bonds	—	—	—
	Other	15,728	17,526	1,798
	Subtotal	35,039	76,426	41,387
Securities whose carrying amount does not exceed the acquisition cost	Stocks	24,528	22,104	(2,423)
	Bonds:			
	Corporate bonds	1,409	1,409	—
	Other	1,900	1,900	—
	Subtotal	27,837	25,413	(2,423)
	Total	¥ 62,876	¥ 101,840	¥ 38,964

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Millions of Yen				
March 31, 2022				
	Type	Acquisition Cost	Carrying Amount	Net Unrealized Gains (Losses)
Securities whose carrying amount exceeds the acquisition cost	Stocks	¥ 31,989	¥ 68,579	¥ 36,589
	Bonds:			
	Corporate bonds	-	-	-
	Other	11,590	13,095	1,504
	Subtotal	43,580	81,674	38,094
Securities whose carrying amount does not exceed the acquisition cost	Stocks	6,569	4,612	(1,956)
	Bonds:			
	Corporate bonds	2,531	2,531	-
	Other	-	-	-
	Subtotal	9,100	7,144	(1,956)
Total	¥ 52,681	¥ 88,819	¥ 36,137	

Thousands of U.S. Dollars				
March 31, 2023				
	Type	Acquisition Cost	Carrying Amount	Net Unrealized Gains (Losses)
Securities whose carrying amount exceeds the acquisition cost	Stocks	\$ 144,608	\$ 441,066	\$ 296,458
	Bonds:			
	Corporate bonds	-	-	-
	Other	117,777	131,242	13,464
	Subtotal	262,386	572,308	309,922
Securities whose carrying amount does not exceed the acquisition cost	Stocks	183,675	165,523	(18,144)
	Bonds:			
	Corporate bonds	10,551	10,551	-
	Other	14,228	14,228	-
	Subtotal	208,454	190,303	(18,144)
Total	\$ 470,840	\$ 762,618	\$ 291,778	

Note: Stocks with no market value and investments in partnerships and others (carrying amount: ¥81,042 million (\$606,874 thousand) and ¥68,794 million as of March 31, 2023 and 2022, respectively) are excluded from the above "Other securities."

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(3) Other securities sold during the year

Type	Millions of Yen		
	For the Year Ended March 31, 2023		
	Sales Proceeds	Aggregate Gain	Aggregate Loss
Stocks	¥ 946	¥ 625	¥ 87
Bonds:			
Corporate bonds	1,148	–	–
Other.....	9,405	–	–
Total	¥ 11,500	¥ 625	¥ 87

Type	Millions of Yen		
	For the Year Ended March 31, 2022		
	Sales Proceeds	Aggregate Gain	Aggregate Loss
Stocks	¥ 3,262	¥ 1,284	¥ 113
Bonds:			
Corporate bonds	4,393	1	–
Other.....	7,289	112	–
Total	¥ 14,945	¥ 1,398	¥ 113

Type	Thousands of U.S. Dollars		
	For the Year Ended March 31, 2023		
	Sales Proceeds	Aggregate Gain	Aggregate Loss
Stocks	\$ 7,084	\$ 4,680	\$ 651
Bonds:			
Corporate bonds	8,597	–	–
Other.....	70,428	–	–
Total	\$ 86,117	\$ 4,680	\$ 651

(4) Impairment of securities

If the fair values of other securities have declined materially below their acquisition costs, the decline is considered other-than-temporary, and the Group reduces their carrying amounts to the fair values and recognizes a valuation loss in the consolidated statement of income.

Impairment losses on other securities, including stocks, etc. with no market value, of ¥213 million (\$1,595 thousand) and ¥1,685 million were recognized during the years ended March 31, 2023 and 2022, respectively.

30. DERIVATIVE TRANSACTIONS

(1) Derivative transaction to which hedge accounting is not applied

(a) Interest rate derivatives

There were no interest rate derivatives to which hedge accounting is not applied at March 31, 2023 and 2022.

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(b) Currency derivatives

Millions of Yen				
March 31, 2023				
Type	Contract Amount			
	Total	Due after One Year	Fair Value	Unrealized Gain (Loss)
Over-the-counter transactions:				
Currency swaps	¥ 19,305	¥ 17,934	¥ (367)	¥ (367)
Total	¥ 19,305	¥ 17,934	¥ (367)	¥ (367)

Millions of Yen				
March 31, 2022				
Type	Contract Amount			
	Total	Due after One Year	Fair Value	Unrealized Gain (Loss)
Over-the-counter transactions:				
Currency swaps	¥ 14,696	¥ 9,637	¥ 125	¥ 125
Foreign exchange forward contracts:				
Sold	242	-	11	11
Bought	242	-	(11)	(11)
Total	¥ 15,180	¥ 9,637	¥ 125	¥ 125

Thousands of U.S. Dollars				
March 31, 2023				
Type	Contract Amount			
	Total	Due after One Year	Fair Value	Unrealized Gain (Loss)
Over-the-counter transactions:				
Currency swaps	\$ 144,563	\$ 134,297	\$ (2,748)	\$ (2,748)
Total	\$ 144,563	\$ 134,297	\$ (2,748)	\$ (2,748)

(2) Derivative transactions to which hedge accounting is applied

(a) Interest rate derivatives

Millions of Yen				
March 31, 2023				
Type	Hedged Item	Contract Amount		
		Total	Due after One Year	Fair Value
<u>Deferral hedge method</u>				
Interest rate swaps:				
Receivable floating rate/payable fixed rate	Future transactions, loans, and others	¥ 904,264	¥ 842,310	¥ 9,304
<u>Special treatment</u>				
Interest rate swaps:				
Receivable floating rate/payable fixed rate	Loans, and others	383,295	382,678	(*1)
Total		¥1,287,560	¥1,224,988	¥ 9,304

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Millions of Yen				
March 31, 2022				
Type	Hedged Item	Contract Amount		Fair Value
		Total	Due after One Year	
<u>Deferral hedge method</u>				
Interest rate swaps:				
Receivable floating rate/payable fixed rate	Future transactions, loans, and others	¥ 838,869	¥ 724,733	¥ (11,795)
<u>Special treatment</u>				
Interest rate swaps:				
Receivable floating rate/payable fixed rate	Loans, and others	68,707	66,935	(*1)
Total		¥ 907,577	¥ 791,669	¥ (11,795)

Thousands of U.S. Dollars				
March 31, 2023				
Type	Hedged Item	Contract Amount		Fair Value
		Total	Due after One Year	
<u>Deferral hedge method</u>				
Interest rate swaps:				
Receivable floating rate/payable fixed rate	Future transactions, loans, and others	\$6,771,484	\$6,307,548	\$ 69,672
<u>Special treatment</u>				
Interest rate swaps:				
Receivable floating rate/payable fixed rate	Loans, and others	2,870,264	2,865,643	(*1)
Total		\$9,641,755	\$9,173,192	\$ 69,672

*1. Since interest rate swaps to which the special treatment is applied are accounted for with the hedged items such as loans, the fair value is included in the fair value of the loans and others.

(b) Currency derivatives

Millions of Yen				
March 31, 2023				
Type	Hedged Item	Contract Amount		Fair Value
		Total	Due after One Year	
<u>Deferral hedge method</u>				
Currency swaps				
	Future transactions, loans, and others	¥ 37,242	¥ 34,585	¥ 183
Foreign exchange forward contracts:				
Sold	others	4,203	294	84
<u>Allocation method</u>				
Currency swaps				
		20,817	18,093	
Foreign exchange forward contracts:				
Sold	Loans, and others	10,592	-	(*1)
Total		¥ 72,855	¥ 52,974	¥ 267

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Millions of Yen				
March 31, 2022				
Type	Hedged Item	Contract Amount		Fair Value
		Total	Due after One Year	
<u>Deferral hedge method</u>				
Currency swaps	Future transactions, loans, and others	¥ 28,078	¥ 22,243	¥ (604)
<u>Allocation method</u>				
Currency swaps		23,542	21,534	
Foreign exchange forward contracts:	Loans, and others			(*1)
Sold		2,604	-	
Total		¥ 54,225	¥ 43,777	¥ (604)

Thousands of U.S. Dollars				
March 31, 2023				
Type	Hedged Item	Contract Amount		Fair Value
		Total	Due after One Year	
<u>Deferral hedge method</u>				
Currency swaps	Future transactions, loans, and others	\$ 278,883	\$ 258,986	\$ 1,370
Foreign exchange forward contracts:	Loans, and others			
Sold		31,474	2,202	629
<u>Allocation method</u>				
Currency swaps		155,886	135,487	
Foreign exchange forward contracts:	Loans, and others			(*1)
Sold		79,317	-	
Total		\$ 545,567	\$ 396,690	\$ 1,999

*1. Since contracts to which the allocation method is applied are accounted for with the hedged items such as loans, the fair value is included in the fair value of the loans and others.

31. BUSINESS COMBINATION

For the year ended March 31, 2023

Business combination through acquisition

Acquisition of Goshawk Management Limited by SMBC Aviation Capital Limited

SMBC Aviation Capital Limited (“SMBC Aviation Capital”), the Company’s consolidated subsidiary, acquired the businesses of Goshawk Management Limited, which is an aircraft leasing company, through transactions including purchase of all the shares of Goshawk Management Limited from Chow Tai Fook Enterprises Limited and NWS Holdings Limited under the share purchase agreement executed on May 16, 2022.

(1) Outline of the business combination

(a) Name of acquired company and its business

Name: Goshawk Management Limited (changed its name to SMBC Aviation Capital Management Limited)

Business: Aircraft leasing business

(b) Major reason for the business combination

The purpose of the business combination is to achieve the sustainable growth of the Group's aircraft leasing business. As a result of the business combination, SMBC Aviation Capital became the world's second largest aircraft leasing company with approximately 1,000 owned, managed and ordered aircraft, which enables it to provide aircraft leasing services to a wider range of airlines than ever before and offer investment opportunities that leverage the benefits provided by economies of scale to domestic and overseas aircraft investors.

(c) Date of the business combination

December 21, 2022

(d) Legal form of the business combination

Acquisition of shares and businesses

(e) Name of the company after the business combination

Sumitomo Mitsui Finance and Leasing Company, Limited

(f) Ratio of voting rights acquired

100%*

* Acquisition through SMBC Aviation Capital (ratio of voting rights: 68%)

(g) Basis for determining the acquirer

It is based on the fact that majority voting rights in the company in (a) above were obtained in exchange for cash.

(2) The period for which the operating results of the acquired company are included in the consolidated statement of income for the year ended March 31, 2023

From December 21, 2022 through March 31, 2023

(3) Acquisition cost of the acquired company and each class of consideration

Consideration for acquisition: Cash	¥219,626 million (\$1,644,646 thousand)
Total acquisition cost	¥219,626 million (\$1,644,646 thousand)

(4) Nature and amount of major acquisition-related costs

Advisory fees, commissions and other expenses ¥3,513 million (\$26,307 thousand)

(5) Amount of and reasons for goodwill arising from the business combination, and method and period of amortization

(a) Amount of goodwill arising from the business combination ¥513 million (\$3,842 thousand)

(b) Reasons for goodwill arising from the business combination

Goodwill arose because the acquisition cost exceeded the Company's share of the fair value of the acquired company's net assets.

(c) Method and period of amortization

The goodwill is amortized on a straight-line basis over 10 years.

(6) The assets acquired and the liabilities assumed at the date of the business combination

	Millions of Yen	Thousands of U.S. Dollars
Current assets.....	¥ 55,627	\$ 416,557
Non-current assets.....	856,581	6,414,415
Total assets acquired.....	¥ 912,208	\$6,830,972
Current liabilities	¥ 621,909	\$4,657,099
Non-current liabilities	71,187	533,076
Total liabilities assumed.....	¥ 693,096	\$5,190,175

(7) Amount of acquisition cost that was allocated to intangible assets other than goodwill and amortization period for each asset class

No items to report.

(8) Effects on the consolidated statement of income for the year ended March 31, 2023 as though this business combination had been completed as of April 1, 2022, and method of calculating the effects

	Millions of Yen	Thousands of U.S. Dollars
Revenues	¥ 90,102	\$ 674,719
Profit before income taxes.....	9,940	74,435
Profit attributable to owners of parent	5,905	44,219

(Method of calculating the effects)

Revenues and profit or loss would be calculated as above as though this business combination had been completed as of April 1, 2022, the beginning of the year ended March 31, 2023. Amortization or depreciation of the goodwill and other items recognized at the date of the business combination was adjusted as though they had arisen as of April 1, 2022.

The above note is unaudited by KPMG AZSA LLC.

For the year ended March 31, 2022

There were no business combinations in the year ended March 31, 2022.

32. REVENUE RECOGNITION

Information on revenue from contracts with customers was as follows.

Receivables from contracts with customers, contract assets and contract liabilities

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Receivables from contracts with customers	¥ 5,006	¥ 5,020	\$ 37,487
Contract assets	1,149	–	8,604
Contract liabilities.....	5,080	1,237	38,041

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Revenue from contracts with customers

For the year ended March 31,	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Revenue from contracts with customers	¥ 64,391	¥ 89,621	\$ 482,185

33. SEGMENT INFORMATION

(1) General information about reportable segments

The Group's reportable segments are business units of the Group whose discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to make decisions regarding the allocation of management resources and evaluate performance.

The Group has the reportable segments of "Domestic Leasing Business," "Real Estate Business," "Transportation Business," and "Overseas Business."

Domestic Leasing Business.....	Leasing and installment sales, loans, rental, secondhand trading, etc. of various goods including equipment and machinery, and power generation business, etc., for domestic large companies and small and medium-sized companies
Real Estate Business.....	Leasing and loans for real estate, such as commercial facilities, office buildings, and logistics warehouses, real estate rental business, real estate development business, etc.
Transportation Business	Aircraft leasing business, aircraft engine leasing business, helicopter leasing business, leasing and installment sales of vessels, loans, etc.
Overseas Business	Sales finance for overseas companies, finance services for capital investments of Japanese companies, etc.

(2) Basis of measurement of revenues, profit or loss, assets, and other items by reportable segment

The accounting policies of each reportable segment are almost consistent with those disclosed in Note 2. SIGNIFICANT ACCOUNTING POLICIES FOR PREPARING CONSOLIDATED FINANCIAL STATEMENTS. When more than one business department cooperatively wins a deal, each of such departments recognizes revenue based on actual revenue in accordance with the rules of internal managerial accounting.

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(3) Information about revenues, profit or loss, assets, and other items by reportable segment

As of and for the year ended March 31, 2023	Millions of Yen					
	Reportable Segment				Adjustments (*1)	Consolidated (*3)
	Domestic Leasing	Real Estate	Trans- portation	Overseas		
Revenues:						
Lease sales	¥ 689,081	¥ 324,591	¥ 399,829	¥ 35,308	¥ –	¥1,448,811
Installment sales	478,921	–	5,838	73,589	–	558,349
Finance revenue	9,306	1,767	9,777	2,783	–	23,636
Other revenues (*2)	33,932	79,838	12,818	1,931	–	128,520
Revenues from external customers	1,211,241	406,197	428,263	113,613	–	2,159,316
Intersegment revenues or transfers	8,998	1,662	7,733	181,675	(200,070)	–
Total revenues	¥1,220,240	¥ 407,859	¥ 435,997	¥ 295,289	¥(200,070)	¥2,159,316
Segment profit (loss)	¥ 44,700	¥ 50,286	¥ 47,615	¥ 6,842	¥ (12,878)	¥ 136,566
Segment assets	2,654,560	1,659,037	3,254,000	695,841	982,210	9,245,649

As of and for the year ended March 31, 2022	Millions of Yen					
	Reportable Segment				Adjustments (*1)	Consolidated (*3)
	Domestic Leasing	Real Estate	Trans- portation	Overseas		
Revenues:						
Lease sales	¥ 676,043	¥ 250,615	¥ 316,426	¥ 35,982	¥ –	¥1,279,068
Installment sales	349,603	–	1,067	62,107	–	412,778
Finance revenue	6,809	1,874	7,651	1,185	–	17,520
Other revenues (*2)	28,598	66,262	12,853	1,452	–	109,167
Revenues from external customers	1,061,054	318,753	337,999	100,728	–	1,818,535
Intersegment revenues or transfers	8,273	420	6,458	118,848	(134,000)	–
Total revenues	¥1,069,328	¥ 319,173	¥ 344,457	¥ 219,577	¥(134,000)	¥1,818,535
Segment profit (loss)	¥ 37,422	¥ 47,576	¥ 42,878	¥ 3,094	¥ (11,503)	¥ 119,468
Segment assets	2,605,117	1,516,338	2,164,858	586,277	923,367	7,795,958

As of and for the year ended March 31, 2023	Thousands of U.S. Dollars					
	Reportable Segment				Adjustments (*1)	Consolidated (*3)
	Domestic Leasing	Real Estate	Trans- portation	Overseas		
Revenues:						
Lease sales	\$ 5,160,109	\$ 2,430,655	\$ 2,994,077	\$ 264,400	\$ –	\$10,849,270
Installment sales	3,586,349	–	43,717	551,063	–	4,181,137
Finance revenue	69,687	13,232	73,214	20,840	–	176,996
Other revenues (*2)	254,096	597,858	95,986	14,460	–	962,410
Revenues from external customers	9,070,249	3,041,763	3,207,002	850,779	–	16,169,813
Intersegment revenues or transfers	67,381	12,446	57,908	1,360,454	(1,498,203)	–
Total revenues	\$ 9,137,637	\$ 3,054,208	\$ 3,264,917	\$ 2,211,240	\$(1,498,203)	\$16,169,813
Segment profit (loss)	\$ 334,731	\$ 376,561	\$ 356,560	\$ 51,236	\$ (96,436)	\$ 1,022,660
Segment assets	19,878,388	12,423,521	24,367,231	5,210,731	7,355,174	69,235,060

*1. a) “Adjustments” for “Segment profit (loss)” of ¥(12,878) million (\$96,436) thousand and ¥(11,503) million for the years ended March 31, 2023 and 2022 include amortization of goodwill of ¥(8,561) million (\$64,108) thousand and ¥(9,194) million which was not allocated to each reportable segment.

b) “Segment assets” in each reportable segment are mainly operating assets. “Adjustments” for “Segment assets” are principally corporate assets which were not allocated to each reportable segment.

*2. Other revenues include revenue that falls under revenue from contracts with customers.

*3. “Segment profit” was reconciled to ordinary income, which is calculated as operating income plus non-operating income minus nonoperating expenses in the consolidated statement of income as shown below.

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Ordinary income is required to be presented under Japanese GAAP and is widely used as key financial data in Japan.

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

For the year ended March 31,	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Operating income	¥ 133,197	¥ 116,212	\$ 997,433
Interest income	132	122	991
Dividend income	1,987	1,285	14,886
Interest expenses.....	(7,617)	(4,043)	(57,045)
Equity in earnings of affiliates.....	9,772	7,947	73,180
Foreign exchange gains (losses).....	(1,347)	(2,153)	(10,091)
Amortization of bond issuance costs	(281)	(257)	(2,108)
Other—net.....	723	354	5,414
Ordinary income.....	¥ 136,566	¥ 119,468	\$1,022,660

(4) Information by product and service

	Millions of Yen			
	For the Year Ended March 31, 2023			
	Leases, Rentals, and Installment Sales	Loans	Other	Total
Revenues from external customers.....	¥2,007,160	¥ 23,636	¥ 128,520	¥2,159,316

	Millions of Yen			
	For the Year Ended March 31, 2022			
	Leases, Rentals, and Installment Sales	Loans	Other	Total
Revenues from external customers.....	¥1,691,847	¥ 17,520	¥ 109,167	¥1,818,535

	Thousands of U.S. Dollars			
	For the Year Ended March 31, 2023			
	Leases, Rentals, and Installment Sales	Loans	Other	Total
Revenues from external customers.....	\$15,030,403	\$ 176,996	\$ 962,408	\$16,169,813

(5) Geographic information

a. Revenues

	Millions of Yen				
	For the Year Ended March 31, 2023				
	Japan	Europe and the United States		Asia and Oceania	Total
		Ireland	Other		
¥	1,624,891	¥ 367,537	¥ 141,757	¥ 25,130	¥ 2,159,316

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Millions of Yen					
For the Year Ended March 31, 2022					
Japan	Europe and the United States		Asia and Oceania	Total	
	Ireland	Other			
¥ 1,400,154	¥ 263,002	¥ 120,816	¥ 34,561	¥ 1,818,535	

Thousands of U.S. Dollars					
For the Year Ended March 31, 2023					
Japan	Europe and the United States		Asia and Oceania	Total	
	Ireland	Other			
\$ 12,167,822	\$ 2,752,261	\$ 1,061,532	\$ 188,183	\$ 16,169,813	

- Notes: 1. The above table presents revenues in countries or regions where the Group companies are located.
2. The classification of countries or regions is based on geographical proximity.
3. (i) Major countries included in “Europe and the United States” are Ireland, the Netherlands, and the United Kingdom.
(ii) Major countries and regions included in “Asia and Oceania” are China, Taiwan, and Thailand.

b. Property and equipment

Millions of Yen					
March 31, 2023					
Japan	Europe and the United States		Asia and Oceania	Total	
	Ireland	Other			
¥ 1,402,049	¥ 3,037,036	¥ 185,375	¥ 12,603	¥ 4,637,063	

Millions of Yen					
March 31, 2022					
Japan	Europe and the United States		Asia and Oceania	Total	
	Ireland	Other			
¥ 1,390,837	¥ 1,810,912	¥ 167,247	¥ 11,142	¥ 3,380,139	

Thousands of U.S. Dollars					
March 31, 2023					
Japan	Europe and the United States		Asia and Oceania	Total	
	Ireland	Other			
\$ 10,499,094	\$ 22,742,519	\$ 1,388,161	\$ 94,376	\$ 34,724,154	

(7) Information about major customers

Information by major customer is not disclosed because there were no revenues from any single customer accounting for 10% or more of revenues in the consolidated statements of income.

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(8) Information about impairment loss on fixed assets by reportable segment

Millions of Yen						
For the Year Ended March 31, 2023						
	Domestic Leasing	Real Estate	Transportation	Overseas	Corporate or Elimination	Total
Impairment loss.	¥ 127	¥ –	¥ 69,074	¥ –	¥ –	¥ 69,201

Millions of Yen						
For the Year Ended March 31, 2022						
	Domestic Leasing	Real Estate	Transportation	Overseas	Corporate or Elimination	Total
Impairment loss.	¥ 189	¥ –	¥ 112,370	¥ –	¥ –	¥ 112,560

Thousands of U.S. Dollars						
For the Year Ended March 31, 2023						
	Domestic Leasing	Real Estate	Transportation	Overseas	Corporate or Elimination	Total
Impairment loss.	\$ 951	\$ –	\$ 517,253	\$ –	\$ –	\$ 518,204

(9) Information about amortization and balance of goodwill by reportable segment

Millions of Yen						
As of and for the Year Ended March 31, 2023						
	Domestic Leasing	Real Estate	Transportation	Overseas	Corporate or Elimination (*1)	Total
Amortization.....	¥ –	¥ 963	¥ 13	¥ –	¥ 8,561	¥ 9,537
Balance as of March 31	–	15,647	507	–	41,392	57,548

Millions of Yen						
As of and for the Year Ended March 31, 2022						
	Domestic Leasing	Real Estate	Transportation	Overseas	Corporate or Elimination (*1)	Total
Amortization of goodwill.....	¥ –	¥ 963	¥ –	¥ –	¥ 9,194	¥ 10,157
Balance as of March 31	–	16,610	–	–	49,942	66,553

Thousands of U.S. Dollars						
As of and for the Year Ended March 31, 2023						
	Domestic Leasing	Real Estate	Transportation	Overseas	Corporate or Elimination (*1)	Total
Amortization of goodwill.....	\$ –	\$ 7,211	\$ 97	\$ –	\$ 64,108	\$ 71,420
Balance as of March 31	–	117,171	3,797	–	309,960	430,942

*1. “Corporate or elimination” represents amortization and unamortized balance of goodwill that were not allocated to each reportable segment.

(10) Information about gain on bargain purchase by reportable segment

For the year ended March 31, 2023

No items to report.

For the year ended March 31, 2022

Gain on bargain purchase of ¥1,208 million was recorded in the “Domestic leasing” segment as a result of the acquisition of the shares of YANMAR CREDIT SERVICE CO., LTD. to make it a consolidated subsidiary. Note that the gain on bargain purchase is not included in segment profit or loss.

34. RELATED PARTY TRANSACTIONS

(1) Related party transactions

(a) Transactions between the Company and related parties

(i) Fellow subsidiaries

For the year ended March 31, 2023

Category	Related Party	Location	Capital		Business	Ownership Ratio	Relationship
			(Millions of Yen)	(Thousands of U.S. Dollars)			
Subsidiary of other associated company	Sumitomo Mitsui Banking Corporation	Chiyoda-ku, Tokyo	¥ 1,770,996	\$ 13,261,914	Banking	–	Concurrent officers Borrowing of funds

Transaction	Transaction Amount		Account	Balance	
	(Millions of Yen)	(Thousands of U.S. Dollars)		(Millions of Yen)	(Thousands of U.S. Dollars)
Borrowing of funds	¥ 3,029,979	\$ 22,689,674	Short-term loans	¥ 565,653	\$ 4,235,832
			Commercial paper	125,000	936,049
			Long-term loans due within one year	21,289	159,420
Payment of interest	6,291	47,109	Long-term loans	182,255	1,364,797

For the year ended March 31, 2022

Category	Related Party	Location	Capital		Business	Ownership Ratio	Relationship
			(Millions of Yen)	(Thousands of U.S. Dollars)			
Subsidiary of other associated company	Sumitomo Mitsui Banking Corporation	Chiyoda-ku, Tokyo	¥ 1,770,996		Banking	–	Concurrent officers Borrowing of funds

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Transaction	Transaction Amount		Account	Balance	
	(Millions of Yen)	(Millions of Yen)		(Millions of Yen)	(Millions of Yen)
Borrowing of funds	¥ 2,795,888		Short-term loans	¥ 674,727	
			Commercial paper	102,000	
			Long-term loans due within one year	13,523	
Payment of interest	2,903		Long-term loans	132,419	

Note: Terms and conditions for transactions and determination policy

As for the borrowing of funds, interest rates have been reasonably determined taking the market interest rate into consideration.

(ii) Other associated companies

For the year ended March 31, 2023

Category	Related Party	Location	Capital		Business	Ownership Ratio	Relationship
			(Millions of Yen)	(Thousands of U.S. Dollars)			
Other associated company	Sumitomo Corporation	Chiyoda-ku, Tokyo	¥ 220,046	\$ 1,647,791	General trading	Directly owned 50%	Concurrent officers Purchase of receivables

Transaction	Transaction Amount		Account	Balance	
	(Millions of Yen)	(Thousands of U.S. Dollars)		(Millions of Yen)	(Thousands of U.S. Dollars)
Purchase of receivables	¥ 64,912	\$ 486,087	Other loans receivable	¥ 19,877	\$ 148,847

For the year ended March 31, 2022

Category	Related Party	Location	Capital		Business	Ownership Ratio	Relationship
			(Millions of Yen)	(Thousands of U.S. Dollars)			
Other associated company	Sumitomo Corporation	Chiyoda-ku, Tokyo	¥ 219,893		General trading	Directly owned 50%	Concurrent officers Purchase of receivables

Transaction	Transaction Amount		Account	Balance	
	(Millions of Yen)	(Millions of Yen)		(Millions of Yen)	(Millions of Yen)
Purchase of receivables	¥ 96,459		Other loans receivable	¥ 21,697	

Note: Terms and conditions for transactions and determination policy

As for the purchase of receivables, interest rates have been reasonably determined taking the market interest rate into consideration.

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(b) Transactions between consolidated subsidiaries of the Company and its related parties

Fellow subsidiaries

For the year ended March 31, 2023

Category	Related Party	Location	Capital		Business	Ownership Ratio	Relationship
			(Millions of Yen)	(Thousands of U.S. Dollars)			
Subsidiary of other associated company	Sumitomo Mitsui Banking Corporation	Chiyoda-ku, Tokyo	¥ 1,770,996	\$ 13,261,914	Banking	–	Concurrent officers Borrowing of funds
Subsidiary of other associated company	SMBC Trust Bank Ltd.	Chiyoda-ku, Tokyo	87,550	655,609	Banking	–	Borrowing of funds

Transaction	Transaction Amount		Account	Balance	
	(Millions of Yen)	(Thousands of U.S. Dollars)		(Millions of Yen)	(Thousands of U.S. Dollars)
Borrowing of funds	¥ 1,086,786	\$ 8,138,281	Short-term loans	¥ 11,620	\$ 87,015
Payment of interest	33,190	248,540	Long-term loans due within one year	66,697	499,453
			Long-term loans	991,507	7,424,794
Borrowing of funds	¥ 197,610	\$ 1,479,781	Long-term loans due within one year	¥ 10,351	\$ 77,512
Payment of interest	19,675	147,334	Long-term loans	373,397	2,796,143

For the year ended March 31, 2022

Category	Related Party	Location	Capital		Business	Ownership Ratio	Relationship
			(Millions of Yen)	(Thousands of U.S. Dollars)			
Subsidiary of other associated company	Sumitomo Mitsui Banking Corporation	Chiyoda-ku, Tokyo	¥ 1,770,996		Banking	–	Concurrent officers Borrowing of funds
Subsidiary of other associated company	SMBC Trust Bank Ltd.	Chiyoda-ku, Tokyo	87,550		Banking	–	Concurrent officers Borrowing of funds

Transaction	Transaction Amount		Account	Balance	
	(Millions of Yen)	(Thousands of U.S. Dollars)		(Millions of Yen)	(Thousands of U.S. Dollars)
Borrowing of funds	¥ 432,836		Short-term loans	¥ 4,607	
Payment of interest	21,057		Long-term loans due within one year	88,268	
			Long-term loans	714,830	
Borrowing of funds	¥ 169,959		Long-term loans due within one year	¥ 9,462	
Payment of interest	11,965		Long-term loans	393,715	

Note: Terms and conditions for transactions and determination policy

As for the borrowings of funds, interest rates have been reasonably determined taking the market interest rate into consideration.

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Years Ended March 31, 2023 and 2022

35. PER SHARE DATA

As of and for the year ended March 31,	Yen		U.S. Dollars
	2023	2022	2023
Net assets per share	¥ 10,408.70	¥ 9,491.87	\$ 77.94
Basic earnings per share	577.17	404.83	4.32

Notes: 1. Information on diluted earnings per share is not disclosed because there were no potentially dilutive shares of common stock outstanding.

2. Basic earnings per share were calculated based on the following:

For the year ended March 31,	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Basic earnings per share:			
Profit attributable to owners of parent.....	¥ 50,418	¥ 35,363	¥ 377,554
Amount not attributable to common stockholders	—	—	—
Profit attributable to owners of parent related to common stock	50,418	35,363	377,554
Average number of shares of common stock during the year (thousand)	87,354	87,354	

For the year ended March 31,	2023	2022
	(Consolidated subsidiary) Kenedix, Inc.	(Consolidated subsidiary) Kenedix, Inc.
	Stock acquisition rights approved on October 29, 2021	Stock acquisition rights approved on October 29, 2021
Overview of potential common shares that were not included in the calculation of diluted earnings per share because they have no dilutive effect	7th stock acquisition rights Common stock: 11,618,728 shares	7th stock acquisition rights Common stock: 11,695,167 shares
	8th stock acquisition rights Common stock: 2,202,833 shares	8th stock acquisition rights Common stock: 2,202,833 shares
	9th stock acquisition rights Common stock: 1,542,678 shares	9th stock acquisition rights Common stock: 1,542,678 shares

3. Net assets per share were calculated based on the following:

As of March 31,	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Total net assets.....	¥1,175,290	¥1,021,541	\$8,801,040
Amount excluded from total net assets	266,046	192,386	1,992,257
Stock acquisition rights on the above.....	122	123	920
Non-controlling interests on the above	265,923	192,262	1,991,341
Net assets attributable to common stock at the fiscal year-end .	909,244	829,155	6,808,776
Number of shares of common stock at the fiscal year-end used for the calculation of net assets per share (thousand).....	87,354	87,354	

36. SUBSEQUENT EVENTS

For the year ended March 31, 2023

No items to report.

37. QUARTERLY INFORMATION (Unaudited)

Quarterly information for the year ended March 31, 2023 was as follows:

Cumulative	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Revenues (Millions of Yen)	¥ 561,691	¥ 1,021,852	¥ 1,567,068	¥ 2,159,316
Profit before income taxes (Millions of Yen)	27,792	60,244	97,559	77,972
Profit attributable to owners of parent (Millions of Yen)	15,978	37,502	61,248	50,418
Basic earnings per share (Yen)	182.91	429.31	701.15	577.17

Cumulative	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Revenues (Thousands of U.S. Dollars)	\$ 4,206,163	\$ 7,652,029	\$ 11,734,821	\$ 16,169,813
Profit before income taxes (Thousands of U.S. Dollars)	208,117	451,131	730,560	583,887
Profit attributable to owners of parent (Thousands of U.S. Dollars)	119,650	280,830	458,649	377,554
Basic earnings per share (U.S. Dollars)	1.37	3.21	5.25	4.32

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Basic earnings (loss) per share (Yen)	¥ 182.91	¥ 246.40	¥ 271.84	¥ (123.98)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Basic earnings (loss) per share (U.S. Dollars)	\$ 1.37	\$ 1.85	\$ 2.04	\$ (0.93)