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November 10, 2023

Sumitomo Mitsui Finance and Leasing Company, Limited

## Notice Regarding Consolidated Financial Results for the Six Months Ended September 30, 2023

Sumitomo Mitsui Finance and Leasing Company, Limited (the “Company,” President: Masaki Tachibana) hereby announces the consolidated financial results for the six months ended September 30, 2023 as follows.

### **1. Status of Operations**

During the six months ended September 30, 2023, the global economy has recovered as a whole, despite evidence of weakness in certain regions. The central banks of each country are continuing to take a monetary tightening position to address the globally persistent high prices, and as this continues, the economies of the United States and South East Asia have recovered at a moderate level while moderate slowdown and stagnation have been observed in the economies of China and Europe.

The Japanese economy has continued a moderate recovery since its rebound. Export and production activities have remained at the same level due to a relaxing of supply constraints being countered by the impact of the slowing pace of overseas economies in certain areas. As a result, corporate earnings have generally been at a high level. Capital investment in Japan is gradually increasing overall, although there are differing levels of investment in different industry sectors. Leasing volume (statistics from the Japan Leasing Association) increased by 9.7% year on year.

Under these circumstances, upon starting a new medium-term management plan in the current fiscal year, the Group has embarked on various strategies under the plan. In terms of the creation of new core businesses and the fundamental transformation of existing business, the Group has further strengthened the environmental energy business and is carrying out initiatives to create new businesses in relation to DX and the circular economy. At the same time, the Group has focused on improving the profitability of existing businesses through transitioning to high-quality assets and promoting an asset turnover-type business. Overseas, the Group has expanded its transportation business by completing the processes necessary for the integration of an aircraft leasing company acquired last year and turning LCI Investments Limited, a joint-venture partner in helicopter leasing, into an equity-method affiliate. In addition, we are promoting a European business through collaboration among shareholders, and a local Singapore corporation of our strategic subsidiary SMFL Mirai Partners Company, Limited, launched its operations with the aim of expanding business in the Asia-Pacific region.

As a result, the amount of new contracts executed during the six months ended September 30, 2023 decreased by 17.1% year on year to ¥1,258.2 billion.

### **2. Status of Financial Results**

Revenues for the six months ended September 30, 2023 increased by 2.4% year on year to ¥1,046.0 billion. In terms of profit and loss, operating income increased by 36.3% year on year to ¥76.2 billion, and ordinary profit increased

by 23.3% year on year to ¥73.4 billion due to an expansion of business and recovery in the revenue environment in the real estate business and the transportation business, reduction in credit-related costs and other factors. Profit attributable to owners of parent increased by 16.0% year on year to ¥43.4 billion.

Operating assets as of September 30, 2023 increased by ¥472.7 billion from the end of the previous fiscal year to ¥8,530.1 billion, and total assets increased by ¥455.6 billion from the end of the previous fiscal year to ¥9,701.3 billion. Net assets increased by ¥100.6 billion from the end of the previous fiscal year to ¥1,275.9 billion.

Regarding the consolidated financial results forecasts for the fiscal year ending March 31, 2024, taking into consideration the consolidated financial results of the six months ended September 30, 2023, and also accounting for the receipt of an insurance claim payment of approximately US\$710 million on October 2, 2023 regarding aircrafts that subsidiary SMBC Aviation Capital Limited had been leasing to Aeroflot Russian Airlines, as well as the impact of foreign exchange from yen depreciation, the Group has revised the forecast figures.

For details, please refer to the attachments.

[Contact Information]

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# Summary of Consolidated Financial Results for the Six Months Ended September 30, 2023 [Under Japanese GAAP]

November 10, 2023

Company name: Sumitomo Mitsui Finance and Leasing Company, Limited  
 URL: <https://www.smfl.co.jp/english/>  
 Representative: Masaki Tachibana, President  
 Contact: Hozumi Sawaguchi, General Manager of the Corporate Communications Department  
 Phone: +81-3-5219-6334

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

## 1. Consolidated Financial Results for the Six Months Ended September 30, 2023 (April 1, 2023 to September 30, 2023)

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

	Revenues		Operating income		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2023	1,046,088	2.4	76,212	36.3	73,431	23.3	43,496	16.0
September 30, 2022	1,021,852	27.3	55,933	19.4	59,557	19.9	37,502	4.4

(Note) Comprehensive income: Six months ended September 30, 2023: ¥129,817 million [(18.8)%]  
 Six months ended September 30, 2022: ¥159,865 million [198.5%]

	Earnings per share
Six months ended	Yen
September 30, 2023	497.93
September 30, 2022	429.31

## (2) Consolidated Financial Position

	Total assets	Net assets	Capital ratio
As of	Millions of yen	Millions of yen	%
September 30, 2023	9,701,319	1,275,912	10.0
March 31, 2023	9,245,649	1,175,290	9.8

(Reference) Equity:

As of September 30, 2023: ¥973,788 million  
 As of March 31, 2023: ¥909,244 million

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

(% indicates changes from the previous corresponding period.)

	Revenues		Operating income		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	2,180,000	1.0	133,000	(0.1)	133,000	(2.6)	118,000	134.0	1,350.82

(Note) Revision of earnings forecasts recently announced: Yes

- The earnings forecasts and other forward-looking statements in these materials are based on the information currently available to the Company and certain assumptions that are judged to be reasonable, and are not intended as a guarantee that the Company will achieve these targets. Actual results may differ significantly due to various factors.
- These materials are outside the scope of quarterly review procedures under the Financial Instruments and Exchange Act of Japan. As of the time of disclosure of these materials, the review procedures of the Company's quarterly consolidated financial statements under the Financial Instruments and Exchange Act have not been completed.

Quarterly Consolidated Financial Statements  
(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
<b>Assets</b>		
Current assets		
Cash and bank deposits	298,272	292,891
Installment sales receivable	643,875	638,307
Lease receivables and investment assets	2,102,929	2,072,753
Loans receivable	592,285	618,381
Short-term investment securities	629	2,943
Merchandise	8,946	10,871
Real estate for sale	166,250	200,285
Real estate for sale in process	4,733	4,835
Other	293,833	273,342
Allowance for doubtful accounts	(17,630)	(12,353)
Total current assets	4,094,124	4,102,258
Non-current assets		
Property and equipment		
Leased assets		
Leased assets	4,375,205	4,766,274
Allowance for loss on disposal of leased assets	(292)	(291)
Advances on purchases of leased assets	143,674	173,318
Total leased assets	4,518,587	4,939,301
Other operating assets	101,900	105,916
Property and equipment for internal use	16,575	17,517
Total property and equipment	4,637,063	5,062,735
Intangible assets		
Goodwill	57,548	52,887
Other	66,942	67,428
Total intangible assets	124,490	120,316
Investments and other assets		
Investment securities	316,065	347,020
Long-term loans receivable	2	7
Delinquent receivables	37,979	36,052
Deferred tax assets	19,320	18,930
Net defined benefit asset	122	127
Other	27,223	28,487
Allowance for doubtful accounts	(10,742)	(14,615)
Total investments and other assets	389,971	416,009
Total non-current assets	5,151,525	5,599,060
Total assets	9,245,649	9,701,319

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
<b>Liabilities</b>		
Current liabilities		
Trade notes payable and accounts payable	75,627	46,060
Short-term loans	1,198,493	1,190,171
Long-term loans due within one year	430,782	473,518
Bonds due within one year	180,470	177,746
Commercial paper	899,700	854,200
Payables under securitization of lease receivables	26,769	1,267
Long-term payables under securitization of lease receivables due within one year	18,573	14,139
Lease obligations	11,201	10,594
Income taxes payable	14,790	14,815
Deferred profit on installment sales	29,066	36,348
Reserve for employee bonuses	2,635	3,380
Reserve for directors' bonuses	898	86
Other	226,570	206,841
Total current liabilities	3,115,579	3,029,171
Non-current liabilities		
Bonds	691,517	1,027,386
Long-term loans	3,789,074	3,874,762
Long-term payables under securitization of lease receivables	23,316	17,640
Lease obligations	28,475	26,185
Deferred tax liabilities	73,699	85,588
Reserve for directors' retirement benefits	491	574
Net defined benefit liability	2,966	2,956
Guarantee deposits received	146,658	147,170
Asset retirement obligations	4,868	4,985
Other	193,710	208,985
Total non-current liabilities	4,954,779	5,396,235
Total liabilities	8,070,359	8,425,407
<b>Net assets</b>		
Shareholders' equity		
Capital stock	15,000	15,000
Capital surplus	421,975	421,857
Retained earnings	440,339	458,505
Treasury stock	(73,313)	(73,313)
Total shareholders' equity	804,002	822,048
Accumulated other comprehensive income		
Net unrealized holding gains or losses on securities	27,343	32,817
Deferred gains or losses on hedges	2,260	8,971
Foreign currency translation adjustments	75,836	110,067
Remeasurements of defined benefit plans	(198)	(116)
Total accumulated other comprehensive income	105,242	151,739
Share acquisition rights	122	122
Non-controlling interests	265,923	302,001
Total net assets	1,175,290	1,275,912
Total liabilities and net assets	9,245,649	9,701,319

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

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Revenues	1,021,852	1,046,088
Cost and expenses	903,812	910,727
Gross profit	118,040	135,360
Selling, general and administrative expenses	62,107	59,148
Operating income	55,933	76,212
Non-operating income		
Interest income	58	102
Dividend income	1,003	738
Equity in earnings of affiliates	6,081	5,069
Other	444	1,208
Total non-operating income	7,588	7,119
Non-operating expenses		
Interest expenses	2,629	8,530
Amortization of bond issuance cost	52	721
Foreign exchange losses	1,110	576
Other	170	71
Total non-operating expenses	3,963	9,900
Ordinary profit	59,557	73,431
Extraordinary income		
Gain on sales of investment securities	0	196
Gain on sales of shares of subsidiaries and affiliates	783	–
Other	1	0
Total extraordinary income	784	196
Extraordinary losses		
Loss on sales and retirement of property and equipment for internal use	15	55
Loss on sales of investment securities	63	79
Loss on valuation of investment securities	12	187
Other	5	22
Total extraordinary losses	98	345
Profit before income taxes	60,244	73,283
Income taxes	15,224	18,006
Profit	45,020	55,276
Profit attributable to non-controlling interests	7,518	11,779
Profit attributable to owners of parent	37,502	43,496