

**SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
SIX MONTHS ENDED SEPTEMBER 30, 2021 and 2020**

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
INTERIM CONSOLIDATED BALANCE SHEETS
September 30, 2021 and March 31, 2021

	Millions of yen		Thousands of U.S. dollars
	September 30, 2021	March 31, 2021	September 30, 2021
<u>Assets</u>			
Current assets:			
Cash and bank deposits	¥ 212,731	¥ 267,722	\$ 1,900,232
Installment sales receivable	546,903	524,857	4,885,244
Lease receivables and investment assets	2,170,323	2,118,375	19,386,542
Loans receivable	553,351	500,867	4,942,846
Short-term investment securities	1,500	4,958	13,402
Merchandise	4,651	9,421	41,548
Real estate for sale	55,744	42,897	497,944
Real estate for sale in process	3,457	—	30,886
Other	180,843	192,552	1,615,395
Allowance for doubtful accounts	(14,725)	(15,512)	(131,539)
Total current assets	3,714,780	3,646,141	33,182,500
Property and equipment:			
Leased assets	2,916,018	2,758,044	26,047,507
Allowance for loss on disposal of leased assets	(288)	(273)	(2,576)
Advances on purchases of leased assets	155,896	160,184	1,392,557
Other operating assets	63,608	46,022	568,182
Property and equipment for internal use	5,913	6,185	52,826
Total property and equipment	3,141,148	2,970,164	28,058,496
Intangible assets:			
Goodwill	71,587	76,624	639,462
Other	72,720	75,216	649,579
Total intangible assets	144,308	151,841	1,289,042
Investments and other assets:			
Investment securities	243,618	222,040	2,176,139
Long-term loans receivable	2	3	22
Delinquent receivables	40,580	35,493	362,490
Deferred tax assets	21,032	21,962	187,872
Net defined benefit asset	34	4	309
Other	19,839	16,579	177,218
Allowance for doubtful accounts	(22,504)	(22,235)	(201,026)
Total investments and other assets	302,603	273,848	2,703,024
Total assets	¥ 7,302,841	¥ 3,395,854	\$ 65,233,062

(continued)

	Millions of yen		Thousands of U.S. dollars
	September 30, 2021	March 31, 2021	September 30, 2021
<u>Liabilities and Net Assets</u>			
Current liabilities:			
Trade notes payable and accounts payable	¥ 72,679	¥ 80,588	\$ 649,217
Short-term loans	1,094,902	1,024,954	9,780,283
Long-term loans due within one year	457,683	454,577	4,088,287
Bonds due within one year	143,878	133,274	1,285,204
Commercial paper	953,800	954,400	8,519,875
Payables under securitization of lease receivables	3,600	7,760	32,157
Long-term payables under securitization of lease receivables due within one year	22,530	14,906	201,254
Lease obligations	17,787	16,173	158,891
Income taxes payable	8,502	7,772	75,950
Deferred profit on installment sales	19,476	19,032	173,978
Reserve for employee bonuses	2,414	1,874	21,570
Reserve for directors' bonuses	71	438	636
Asset retirement obligations	—	2	—
Other	129,006	154,483	1,152,362
Total current liabilities	2,926,335	2,870,239	26,139,665
Non-current liabilities:			
Bonds	669,837	687,364	5,983,361
Long-term loans	2,302,826	2,171,217	20,570,133
Long-term payables under securitization of lease receivables	52,125	28,155	465,613
Lease obligations	25,495	28,577	227,743
Deferred tax liabilities	62,219	58,601	555,779
Reserve for directors' retirement benefits	302	272	2,704
Net defined benefit liability	6,212	6,721	55,491
Guarantee deposits received	141,510	127,762	1,264,048
Asset retirement obligations	3,576	2,858	31,945
Other	134,555	138,158	1,201,926
Total non-current liabilities	3,398,661	3,249,689	30,358,744
Total liabilities	6,324,996	6,119,928	56,498,410
Net assets:			
Shareholders' equity:			
Capital stock	15,000	15,000	133,988
Capital surplus	422,069	412,086	3,770,157
Retained earnings	402,964	379,836	3,599,500
Treasury stock	(73,313)	(73,313)	(654,877)
Total shareholders' equity	766,719	733,609	6,848,768
Accumulated other comprehensive income:			
Net unrealized holding gains or losses on securities	30,358	26,382	271,176
Deferred gains or losses on hedges	(29,321)	(28,332)	(261,914)
Foreign currency translation adjustments	25,728	18,490	229,823
Remeasurements of defined benefit plans	(1,360)	(1,548)	(12,152)
Total accumulated other comprehensive income	25,405	14,991	226,934
Non-controlling interests	185,719	173,465	1,658,951
Total net assets	977,844	922,067	8,734,653
Total liabilities and net assets	¥ 7,302,841	¥ 7,041,995	\$ 65,233,062

See accompanying notes.

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
INTERIM CONSOLIDATED STATEMENTS OF INCOME
Six months ended September 30, 2021 and 2020

	Millions of yen		Thousands of U.S. dollars
	Six months ended September 30,		
	2021	2020	2021
Revenues	¥ 802,715	¥ 661,432	\$ 7,170,301
Costs and expenses	698,533	587,007	6,239,695
Gross profit	104,181	74,424	930,606
Selling, general and administrative expenses	57,351	55,990	512,291
Operating income	46,830	18,434	418,315
Other income (expenses):			
Interest income	34	71	312
Dividend income	590	617	5,278
Interest expenses	(1,549)	(1,528)	(13,840)
Equity in earnings of affiliates	4,302	2,180	38,435
Foreign exchange gains (losses)	(294)	317	(2,627)
Amortization of bond issuance cost	(53)	(338)	(474)
Gain on sales of investment securities	23	211	208
Loss on valuation of investment securities	(13)	(17)	(119)
Loss on liquidation of investment securities	(6)	—	(60)
Gain on bargain purchase	1,208	—	10,793
Loss on sales and retirement of property and equipment for internal use	(43)	(1)	(385)
Expenses related to system migration	—	(3,479)	—
Other—net	(180)	845	(1,610)
Total other income (expenses)—net	4,020	(1,120)	35,910
Profit before income taxes	50,850	17,313	454,225
Income taxes	9,238	3,546	82,519
Profit	41,612	13,766	371,706
Profit attributable to non-controlling interests	5,704	1,022	50,955
Profit attributable to owners of parent	¥ 35,907	¥ 12,744	\$ 320,750
	Yen		U.S. dollars
	Six months ended September 30,		
	2021	2020	2021
Per share of common stock (Note 12):			
Earnings per share	¥ 411.06	¥ 165.50	\$ 3.67

See accompanying notes.

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Six months ended September 30, 2021 and 2020

	Millions of yen		Thousands of U.S. dollars
	Six months ended September 30,		
	2021	2020	2021
Profit	¥ 41,612	¥ 13,766	\$ 371,706
Other comprehensive income:			
Net unrealized holding gains or losses on securities	4,285	4,917	38,280
Deferred gains or losses on hedges	(1,864)	1,515	(16,653)
Foreign currency translation adjustments	9,069	(11,340)	81,013
Remeasurements of defined benefit plans	188	225	1,682
Share of other comprehensive income of affiliates accounted for using equity method	259	75	2,319
Total other comprehensive income	11,938	(4,605)	106,641
Comprehensive income	¥ 53,550	¥ 9,161	\$ 478,346
Comprehensive income attributable to:			
Owners of parent	¥ 46,321	¥ 11,167	\$ 413,768
Non-controlling interests	7,229	(2,006)	64,579

See accompanying notes.

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
Six months ended September 30, 2021 and 2020

	Millions of yen		Thousands of U.S. dollars
	Six months ended September 30,		
	2021	2020	2021
Cash flows from operating activities:			
Profit before income taxes	¥ 50,850	¥ 17,313	\$ 454,225
Depreciation of leased assets and property and equipment for internal use	61,745	53,882	551,542
Impairment loss	3,978	5,702	35,536
Amortization of goodwill	5,045	4,544	45,072
Increase (decrease) in allowance for doubtful accounts	(1,168)	10,314	(10,439)
Increase (decrease) in other reserves	201	(944)	1,799
Increase (decrease) in net defined benefit liability	(373)	(463)	(3,340)
Loss (gain) on disposal of property and equipment for internal use	42	1	384
Loss (gain) on valuation of investment securities	13	17	119
Loss (gain) on liquidation of investment securities	6	—	60
Gain on bargain purchase	(1,208)	—	(10,793)
Interest income and dividend income	(625)	(689)	(5,589)
Interest expenses	36,144	36,700	322,862
Amortization of bond issuance cost	53	338	474
Equity in losses (earnings) of affiliates	(4,302)	(2,180)	(38,435)
Loss (gain) on disposal of leased assets	(4,094)	(1,993)	(36,574)
Loss (gain) on sales of investment securities	(23)	(211)	(208)
Loss (gain) on sales of shares of subsidiaries and affiliates	—	—	—
Decrease (increase) in installment sales receivable	(5,594)	40,748	(49,977)
Net decrease (increase) in lease receivables and investment assets	(24,718)	14,360	(220,798)
Decrease (increase) in loans receivable	(45,289)	(37,615)	(404,549)
Decrease (increase) in operational investment securities	1	6,273	13
Decrease (increase) in delinquent receivables	(4,626)	(11,221)	(41,326)
Purchase of leased assets	(276,387)	(177,528)	(2,468,844)
Proceeds from sales of leased assets	76,999	14,315	687,805
Decrease (increase) in advances on purchases of leased assets	5,499	18,089	49,125
Purchase of other operating assets	(13,053)	(28,788)	(116,602)
Increase (decrease) in trade notes payable and accounts payable	(8,255)	(15,250)	(73,746)
Increase (decrease) in real estate for sale	(12,847)	—	(114,763)
Increase (decrease) in real estate for sale in process	(3,457)	—	(30,886)
Other, net	27,903	(3,777)	249,249
	(137,542)	(58,062)	(1,228,603)
Interest income and dividend income received	2,827	1,799	25,261
Interest expenses paid	(35,608)	(32,450)	(318,075)
Income taxes paid	(8,206)	(3,471)	(73,308)
Net cash provided by (used in) operating activities	(178,529)	(92,185)	(1,594,725)
Cash flows from investing activities:			
Purchase of property and equipment for internal use	(2,378)	(2,657)	(21,249)
Proceeds from sales of property and equipment for internal use	0	6	4
Purchase of investment securities	(9,729)	(15,951)	(86,912)
Proceeds from sales and redemption of investment securities	389	467	3,480
Decrease (increase) in time deposits	3,272	(100)	29,235
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(3,773)	(5,051)	(33,711)
Proceeds from business divestitures	—	—	—
Other, net	(45)	1,042	(406)
Net cash used in investing activities	(12,265)	(22,245)	(109,559)
Cash flows from financing activities:			
Net increase (decrease) in short-term loans	48,531	(23,634)	433,507
Net increase (decrease) in commercial paper	(600)	(81,000)	(5,360)
Proceeds from long-term loans	488,367	580,056	4,362,373
Repayments of long-term loans	(375,229)	(406,136)	(3,351,762)
Proceeds from securitization of lease receivables	34,120	39,865	304,779
Repayments of payables under securitization of lease receivables	(19,454)	(33,137)	(173,781)
Proceeds from issuance of bonds	75,121	101,661	671,031
Redemption of bonds	(84,982)	(30,100)	(759,111)
Repayments of lease obligations	(253)	(670)	(2,261)
Decrease (increase) in pledged deposits	15,964	—	142,600
Cash dividends paid	(12,666)	(15,554)	(113,143)
Cash dividends paid to non-controlling interests	(360)	(179)	(3,222)
Proceeds from share issuance to non-controlling interests	16,543	—	147,777
Repayments to non-controlling interests	(32,335)	—	(288,841)
Net cash provided by financing activities	152,765	131,170	1,364,586
Effect of exchange rate change on cash and cash equivalents	1,936	(2,530)	17,298
Net increase (decrease) in cash and cash equivalents	(36,092)	14,209	(322,400)
Cash and cash equivalents at the beginning of the period	224,005	185,864	2,000,945
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	(110)	171	(986)
Cash and cash equivalents at the end of the period	¥ 187,802	¥ 200,245	\$ 1,677,559

See accompanying notes.

1. BASIS OF PRESENTATION

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

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

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

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

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at September 30, 2021, which was ¥111.95 to US\$1. These translations should not be construed as representation that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at that rate.

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

YANMAR CREDIT SERVICE CO., LTD. was newly included in the scope of consolidation due to the acquisition of shares in the six months ended September 30, 2021.

3. CHANGE IN ACCOUNTING POLICIES

Application of Accounting Standard for Revenue Recognition, etc.

The Company and its domestic consolidated subsidiaries have applied the “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (“ASBJ”) Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the first quarter of the fiscal year ending 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 opening balance of retained earnings of the first quarter of the fiscal year ending March 31, 2022. In addition, the effects on the interim consolidated financial statements were immaterial.

Furthermore, the information on disaggregation of revenue from contracts with customers during the six months of the previous fiscal year was not disclosed as allowed by the transitional treatment provided for in paragraph 28-15 of the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No. 12, March 31, 2020).

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, July 4, 2019) and relevant ASBJ regulations from the beginning of the first quarter of the fiscal year ending 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, July 4, 2019). As a result of this application, the method used to evaluate the stocks with market value 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.

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

Calculation of income tax expenses

The Company and certain domestic consolidated subsidiaries calculated income tax expenses by multiplying profit before income taxes by an effective tax rate that was reasonably estimated by applying tax effect accounting to estimated profit before income taxes for the fiscal year including

the six months ended September 30, 2021. Amounts of income taxes include income taxes - deferred.

5. ADDITIONAL INFORMATION

Application of tax effect accounting for the transition from the consolidated taxation system to the group taxation system

Having regard to paragraph 3 of “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (Practical Issues Task Force (“PITF”) No. 39, March 31, 2020), the Company and its certain domestic consolidated subsidiaries did not follow paragraph 44 of “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, February 16, 2018) but applied provisions of pre-amended tax laws when calculating the amounts of deferred tax assets and liabilities that relate to transitioning to the group taxation system, which was introduced in the “Act Partially Amending the Income Tax Act” (Act No. 8 of 2020), and related amendments of tax laws for transitioning to the single tax payment system.

6. CONTINGENT LIABILITIES

	Millions of Yen		Thousands of U.S. Dollars	
	September 30, 2021	March 31, 2021	September 30, 2021	
7,728 (7,771 at March 31, 2021) guarantees of obligations for business (including commitment to guarantee)	¥ 47,343	¥ 46,988	\$ 422,894	
Loan guarantees to employees (housing loan, etc.).....	6	7	54	

Note: ¥100 million (US\$893 thousand) and ¥100 million at September 30, 2021 and March 31, 2021, respectively, of the above guarantees of obligations for business are guaranteed by other third parties.

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
Six months ended September 30, 2021 and 2020

7. STATEMENT OF CASH FLOWS

(1) Cash and cash equivalents and amounts of the account mentioned in consolidated balance sheets at September 30, 2021 and 2020

	Millions of Yen				Thousands of U.S. Dollars
	Six months ended September 30,				
	2021		2020		2021
Cash and bank deposits	¥	212,731	¥	265,433	\$ 1,900,232
Time deposits with maturities exceeding three months.....		(400)		(1,530)	(3,573)
Deposits pledged as collateral.....		(24,528)		(63,658)	(219,098)
Cash and cash equivalents at the end of the period.....	¥	187,802	¥	200,245	\$ 1,677,559

(2) Increase (decrease) in other reserves

Increase (decrease) in other reserves consists of those in reserve for employee bonuses, reserve for directors' bonuses, allowance for loss on disposal of leased assets, and reserve for directors' retirement benefits.

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
Six months ended September 30, 2021 and 2020

8. NET ASSETS

Dividends paid in the six months ended September 30, 2021 and 2020

2021						
Type of shares	Aggregate amount of dividends		Cash dividends per stock		Record date	Effective date
	Millions of Yen	Thousands of U.S. Dollars	Yen	U.S. Dollars		
Common stock	¥ 12,666	\$ 113,140	¥ 145	\$ 1.30	March 31, 2021	June 29, 2021

Notes:

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

2020				
Type of shares	Aggregate amount of dividends	Cash dividends per stock	Record date	Effective date
	Millions of Yen	Yen		
Common stock	¥ 15,554	¥ 202	March 31, 2020	June 24, 2020

Notes:

1. Date of resolution: Ordinary general meeting of shareholders held on June 23, 2020
2. The dividends were paid out from retained earnings.

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
Six months ended September 30, 2021 and 2020

9. SEGMENT INFORMATION

(1) Information about reported segment revenues, segment profit or loss, and disaggregation of revenues from contracts with customers

For the six months ended September 30, 2021	Millions of Yen							
	Reportable segment				Adjustments (*1)	Consolidated (*3)		
	Domestic leasing	Real estate	Trans- portation	Overseas				
Revenues								
Leasing.....	¥ 328,033	¥ 92,816	¥ 112,841	¥ 17,763	¥ —	¥ 551,455		
Installment sales	166,939	—	470	35,238	—	202,648		
Finance revenues	3,133	834	3,524	491	—	7,984		
Other sales (*2).....	16,717	17,517	5,743	648	—	40,626		
Revenues from external customers	¥ 514,823	¥ 111,168	¥ 122,580	¥ 54,142	¥ —	¥ 802,715		
Intersegment revenues or transfers	3,617	225	1,493	55,938	(61,274)	—		
Total revenues.....	518,441	111,394	124,073	110,080	(61,274)	802,715		
Segment profit	¥ 19,067	¥ 21,989	¥ 12,251	¥ 2,046	¥ (5,685)	¥ 49,669		

Notes:

*1. "Adjustments" for "Segment profit" of ¥(5,685) million included amortization of goodwill of ¥(4,564) million which was not allocated to each reportable segment.

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

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

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

For the six months ended September 30, 2020	Millions of Yen						Adjustments (*1)	Consolidated (*2)
	Reportable segment							
	Domestic leasing	Real estate	Trans- portation	Overseas				
Revenues								
Revenues from external customers	¥ 491,629	¥ 46,443	¥ 81,557	¥ 41,801	¥ —	¥ 661,432		
Intersegment revenues or transfers	3,139	61	1,471	38,413	(43,085)	—		
Total revenues.....	494,768	46,505	83,029	80,214	(43,085)	661,432		
Segment profit	¥ 12,281	¥ 11,464	¥ 831	¥ 1,441	¥ (5,418)	¥ 20,599		

Notes:

*1. "Adjustments" for "Segment profit" of ¥(5,418) million included amortization of goodwill of ¥(4,544) million which was not allocated to each reportable segment.

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

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
Six months ended September 30, 2021 and 2020

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

For the six months ended September 30, 2021	Thousands of U.S. Dollars					
	Reportable segment				Adjustments (*1)	Consolidated (*3)
	Domestic leasing	Real estate	Trans- portation	Overseas		
Revenues						
Leasing.....	\$2,930,174	\$ 829,084	\$ 1,007,959	\$ 158,669	\$ —	\$ 4,925,904
Installment sales	1,491,192	—	4,198	314,766	—	1,810,165
Finance revenues	27,986	7,450	31,478	4,386	—	71,318
Other sales (*2).....	149,326	156,472	51,300	5,788	—	362,894
Revenues from external customers	\$4,598,687	\$ 993,015	\$ 1,094,953	\$ 483,627	\$ —	\$ 7,170,301
Intersegment revenues or transfers	32,309	2,010	13,336	499,669	(547,334)	—
Total revenues.....	4,631,005	995,033	1,108,289	983,296	(547,334)	7,170,301
Segment profit	\$ 170,317	\$ 196,418	\$ 109,433	\$ 18,276	\$ (50,782)	\$ 443,678

Notes:

*1. "Adjustments" for "Segment profit" of US\$(50,782) thousand included amortization of goodwill of US\$(40,768) thousand which was not allocated to each reportable segment.

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

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

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

SUMITOMO MITSUI FINANCE AND LEASING COMPANY, LIMITED
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
Six months ended September 30, 2021 and 2020

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

	Millions of Yen				Thousands of U.S. Dollars
	Six months ended September 30,				
	2021		2020		2021
Operating income	¥	46,830	¥	18,434	\$ 418,315
Interest income		34		71	312
Dividend income.....		590		617	5,278
Interest expenses		(1,549)		(1,528)	(13,840)
Equity in earnings of affiliates		4,302		2,180	38,435
Foreign exchange gains (losses)		(294)		317	(2,627)
Amortization of bond issuance cost		(53)		(338)	(474)
Other—net		(192)		845	(1,720)
Ordinary income	¥	49,669	¥	20,599	\$ 443,678

(2) Change in reportable segment, etc.

For the six months ended September 30, 2021

As described in “3. CHANGE IN ACCOUNTING POLICIES,” the Accounting Standard for Revenue Recognition and relevant ASBJ regulations were applied from the beginning of the first quarter of the fiscal year ending March 31, 2022, and the accounting policies for revenue recognition were changed. Accordingly, the method of measuring revenues and segment profit of reportable segments were also changed in the same matter.

There was no effect from this change on the revenues and segment profit of reportable segments.

For the six months ended September 30, 2020

There were no items to be reported.

(3) Information about impairment loss on non-current assets or goodwill, etc. by reportable segment

For the six months ended September 30, 2021

There were no items to be reported.

For the six months ended September 30, 2020

Impairment loss on leased assets whose profitability significantly declined was recognized in costs and expenses in the Transportation Business segment. The amount of the impairment loss was

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¥5,682 million.

10. FINANCIAL INSTRUMENTS

There were no significant changes as compared with the end of the fiscal year ended March 31, 2021.

11. SECURITIES

There were no significant changes as compared with the end of the fiscal year ended March 31, 2021.

12. DERIVATIVE TRANSACTIONS

There were no significant changes as compared with the end of the fiscal year ended March 31, 2021.

13. BUSINESS COMBINATION

There were no items to be reported.

14. REVENUE RECOGNITION

Information on the disaggregation of revenues from contracts with customers is disclosed in “9. SEGMENT INFORMATION.”

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15. PER SHARE DATA

	Yen		U.S. Dollars	
For the six months ended September 30,	2021	2020	2021	
Earnings per share	¥ 411.06	¥ 165.50	\$ 3.67	

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

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

	Millions of Yen		Thousands of U.S. Dollars	
For the six months ended September 30,	2021	2020	2021	
Earnings per share				
Profit attributable to owners of parent.....	¥ 35,907	¥ 12,744	\$ 320,750	
Amount not attributable to common stockholders.....	—	—	—	
Profit attributable to owners of parent related to common stock	35,907	12,744	320,750	
Average number of common stock during the period (thousand)	87,354	77,004		

16. SUBSEQUENT EVENTS

There were no items to be reported.