



2025

SMFL / Think beyond, Act now

Integrated Report 2025

Sumitomo Mitsui Finance and Leasing

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Editorial Policy

Sumitomo Mitsui Finance and Leasing Co., Ltd. has published an integrated report each year since 2021 to help all of its stakeholders gain a deeper understanding of the SMFL Group's efforts to create value. In this, the SMFL Group's fifth integrated report, we continue to provide a concise description of the SMFL Group as a whole, our efforts to enhance corporate value, growth strategies by business, and corporate governance. At the same time, we have structured the report in a way to better elaborate on the SMFL Group's commitment to establishing a "Foundation for Sustainable Growth" by strengthening our management resources.

Building on the past two medium-term management plans, we are working to secure growth by overlapping the creation of social value and expansion of economic value while capturing opportunities and managing risks in a bid to evolve toward a business company with financial capabilities amid an ever-changing future business environment, including a state with positive interest rates.

We hope that the communication initiated through this report will lead to a deeper understanding of the SMFL Group.

Period Covered

This report primarily covers events that took place in FY2024 (April 1, 2024 to March 31, 2025). In some cases, however, events prior to and following this period may be noted as well.

Scope of Report

This report covers Sumitomo Mitsui Finance and Leasing Co., Ltd. and its 329 consolidated subsidiaries as well as 88 equity-method affiliates (as of the end of March 2025).

Referenced Guidelines

- GRI Sustainability Reporting Standards
- Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation 2.0 by Japan's Ministry of Economy, Trade and Industry
- International Integrated Reporting Framework by the IFRS Foundation



Date Issued

November 2025

Company and Group Notation

Company and Group names are noted in this report using the following abbreviations.

- SMFL: Sumitomo Mitsui Finance and Leasing
- SMFL Group: Sumitomo Mitsui Finance and Leasing Group
- SMFG: Sumitomo Mitsui Financial Group
- SMBC: Sumitomo Mitsui Banking Corporation
- SMBC Group: A complex financial group offering a broad array of banking, leasing, investment securities, credit card, consumer finance and other financial services

Cautionary Statement Regarding Forward-Looking Statements

The contents of this report include matters that SMFL has judged to be reasonable based on information available at the time of publication and on certain assumptions. Therefore, actual business conditions may differ significantly due to a variety of uncertain factors, including future social and economic conditions in and outside Japan, laws and regulations, interest rates, exchange rates and other risks. The forward-looking statements herein (including the achievement of planned figures, policies, etc.) represent neither a promise nor a guarantee of results.

Philosophy

SMFL Way

The “SMFL Way” serves as the framework that defines our management philosophy, policies, values, and principle. Its four elements—Our Mission, Our Vision, Our Value and Our Principle—represent our mission and purpose as a company, our medium- to long-term vision, the values and decision-making standards shared among all of our officers and employees, and the principles that form the premise and foundation for our corporate activities.

The “SMFL Way” is shared by all of our officers and employees as a cornerstone of our business activities, and by achieving its aims, we will fulfill our responsibility to all of our stakeholders and our societal mission as a company.



Top Message

As a “business company with strengths in financial capabilities and DX,” we will contribute to the sustainable growth of our customers and society on a Group global basis.



T. Imaeda
President

Constantly Work to Become a Company That Responds to Changing Times through Challenges and Innovation

— Trajectory and Groundwork —

My name is Tetsuro Imaeda and I was appointed President on June 1, 2025.

SMFL launched its financial business focusing mainly on leasing in 1963. Honing our expertise in equipment and leveraging comprehensive strengths of the SMBC Group and Sumitomo Corporation, we have evolved into a company that provides high value-added services to resolve customers' management issues and social issues while pursuing the strengths of “a business company with financial capabilities” over 60 years and more. My mission is to continue to take on new challenges while anticipating changing times and to create new value toward the next growth stage as well as entrust this role to the next generation.

SMFL's goals are to overlap the creation of social value and expansion of economic value to realize the “SMFL Way” in 2030. To this end, we will deliver our unique “Finance x Business x DX” solutions through combining our roots of lease and finance, various businesses we have built through progress, and in-house development of digital transformation (DX).”

In addition to positioning our three medium-term management plans “HOP,” “STEP,” and “JUMP” as steppingstones toward realizing our

long-term goal “SMFL Way,” we have expanded business domains through organic and inorganic growth. In FY2025, the final year of the current medium-term management plan, we will solidify our operating and business foundations and have begun preparation to enter next stage.

Meanwhile, the current business environment including the Trump administration's tariff policies, persistent inflation, and supply chain disruptions attributable to geopolitical risks leading to fluctuations in energy prices, is causing increased uncertainty in the global economy.

In the domestic economy, rise in commodity prices and return to a state with positive interest rates following the change in monetary easing policies have shifted market trends. With the economic outlook remaining uncertain and the pace of change continuing to accelerate, making it increasingly difficult to predict the future, SMFL will view changes as opportunities and continue to proactively innovate, and move forward without being satisfied with conventions or past successes. I am renewing my commitment to further solidify the foundation and capital we have built and are refine our strengths.

Review of FY2024

— Results of Each Strategy —

Overall, FY2024 was a year in which we took full advantage of opportunities as they arose. In a bid to fill in the missing pieces, we undertook a host of inorganic initiatives including M&As and joint ventures.

In FY2024, ordinary profit was ¥165.9 billion, a record high for the fourth consecutive fiscal year, and profit attributable to owners of parent totaled ¥133.9 billion.

With the theme of “Pursuing the strengths of ‘a business company with financial capabilities’ and taking on the challenge of solving social issues,” the current Medium-Term Management Plan has two facets, i.e., “a plan to deliver results,” and “a plan to solidify the foundation.” The foundation is comprised of business aspect and management aspect, two robust cornerstones essential for

maintaining long-term growth.

Additionally, we achieved steady results in each of strategies: the “Creation of new core businesses, and “Fundamental transformation of existing business,” as well as efforts to “Solve further social issues,” and “Establish business foundation.”

Under the first strategy, the “Creation of new core businesses,” we are further strengthening non-asset business.

In our aircraft leasing business, the joint venture established with a Canadian pension fund for the purpose of securitizing assets is operating smoothly. In similar fashion to the previous fiscal year, we also continued to securitize domestic general lease fee receivables in FY2024. Moreover, our Group company, Kenedix, which spearheads the handling of publicly offered real estate security tokens (digital securities

backed by real estate), ranked first in the industry in terms of the total amount issued (as of June 30, 2025) and accounted for roughly 30% of the market in terms of the number of transactions, demonstrating various expansion of our non-asset businesses.

In the real estate business, we undertook the development of various large-scale retail and resort facility projects. In addition, CRE, which is specializing in logistics facilities leasing, management, and development has joined the SMFL Group. It accelerates its pace of real estate activities that contribute to the infrastructure development.

From a global growth perspective in the real estate business, we launched an asset management business in the Asia-Pacific (APAC) region with Aravest in Singapore. SMFL is a domestic top runner with real estate assets under management (AUM) totaling ¥5 trillion in Japan and overseas.

In the transportation business, which includes aircraft and helicopter leasing, we have entered time charter business and container leasing business. In addition to diversifying our portfolio and expanding earnings, we are working to expand global activities while strategically selecting areas and sectors.

In the semiconductor manufacturing equipment-related business, one of our strength, we launched a comprehensive contract service that encompasses transportation, storage, and regular maintenance of manufacturing equipment in addition to existing leasing and used equipment trading businesses. Taking full advantage of the expertise and know-how nurtured over time, we will expand into adjacent peripheral businesses.

Turning to the second strategy, the “Fundamental transformation of existing business,”

we have improved operational efficiency by a thorough digitalization including electronic contracts and orders. First adopted in May 2020, the number of electronic contracts reached 74,000 in FY2024. Moving forward, we will provide electronic contract tools that deliver increased convenience to customers and partners while expanding functionality.

In addition, we will deepen collaboration between corporate business units while strengthening our matrix strategy that cuts across various businesses as a measure to further generate synergies and enhance productivity. Furthermore, we have worked to further coordinate our customer service endeavors with SMBC and increased the operational efficiency at regional offices. We have also bolstered collaboration with partners and entered peripheral areas of existing businesses in a bid to ramp up measures to secure sustainable growth.

Under our third strategy, where we hope to “Solve further social issues,” we are enhancing measures to achieve carbon neutrality and circular economy aiming for addressing climate change. In the environmental energy business, we commenced a full operation of development-first offsite PPA, and entered the floating solar power generation business in Japan, as well as expanded activities in the renewable energy field by investing in offshore wind power generation businesses in Europe. In conjunction with these efforts, we are working to stabilize the supply of electric power through co-located storage battery, Virtual PPA, and other measures while promoting the effective use of surplus power.

Going forward, we will not only address social issues through our businesses, but also work to simultaneously expand social value by solving social issues outside of business. We have identified the “Next generation” and “Community” as materialities (key issues) and have continued the donation of end-of-lease PCs since 2018, as well as educational support and volunteer work for poverty alleviation through SDGs lease since 2019. In FY2024, we have expanded the scope of such activities including the establishment of the Mirai Kizuna Fund and pro bono activities.

With respect to the fourth strategy “Establish business foundation,” we launched a new core system to further enhance our ability to monitor the progress of each business and asset status in a timely manner. In addition to the use of data, we will improve our operational efficiency, promote data-driven sales, and raise the quality of solution proposals and coordination by leveraging generative AI.

From a human resources strategy perspective, we have completed a total of three rounds of basic pay raise since FY2023. In addition to improving the compensation paid to young employees by increasing starting salaries, we bolster the investment in human resources and learning opportunities through

expanding training programs to support growth.

Furthermore, in addition to the diversification of funding methods, we are enhancing management systems for foreign currency transactions in line with the expansion of domains in each overseas business unit. Simultaneously, sophisticating

risk management and instilling an unwavering compliance culture in response to business development is of the utmost importance. It is precisely because of these uncertain times that we must act with integrity, basing our decisions on the clear principle “Do the right thing.”

To Realize the “SMFL Way” in 2030

— Strengthening the Core of Existing Businesses while Nurturing the New Seeds That Have Begun to Grow —

To realize the “SMFL Way” which we have adopted as our goal for 2030, the key will be to pursue sustainable growth by maintaining and accelerating the favorable momentum we have built up thus far. To enable us to do that, it is extremely important that we pool our strengths as the SMFL Group and grow together with our customers and society on a global basis. The theme of our next Medium-Term Management Plan, which begins next fiscal year, will therefore be “growing together with customers and society.”

The current global structural changes are bringing great uncertainty to the business environment not only for SMFL but also for customers. In this environment, for us to remain “best business partner,” we need to deepen collaboration within the SMFL Group and globally to continue to meet the expectations of customers and society. Previously, we have expanded the scale of business by accelerating investments in transportation, real estate, and environmental energy businesses, which are designated as areas of growth. As we move toward 2030, the entire SMFL Group will work together, regardless of business field or region, with flexibility of thought and action, to further strengthen the businesses we

have nurtured thus far, and will continue to take on new business challenges with the aim of reaching even greater heights.

In addressing these challenges to growth, I also believe that utilizing digital technology will be effective. In today's world, a variety of digital technologies and services are being developed in quick succession and will permeate throughout society at an astonishing speed. While our utilization of internally developed DX remains one of our strengths, having declared ourselves “an advanced digital company” in 2019, we will focus on the sophistication of our digital operations and create new added value.

To successfully take on these challenges, we must also make constant efforts to strengthen the underlying business foundation. SMFL now has total assets of more than ¥10 trillion, operating assets of more than ¥8 trillion, and a workforce of over 4,000 people across the SMFL Group. We will continue to enhance human capital management to utilize diverse talent pool and the expertise of each individual. In addition, we intend to establish a governance system that is appropriate for SMFL, in addition to enhancing risk management on a Group-wide and global basis.

Pursue SMFL’s Unique Characteristics

— Numerous New Green Transformation (GX) Initiatives That Have Begun to Accelerate —

In light of the growing significance of nature-related risks including disasters and the pressing needs to address global environmental issues, SMFL established the Global Environment Business Unit in FY2025 (⇒ Pages 43-45). We will expand our renewable energy business, support the efforts of society and our customers to achieve carbon neutrality through various measures, including

energy conservation consulting, while accelerating the pace of our own decarbonization, ramp up activities toward a circular economy (CE), and achieve GX by combining the strengths of our internally developed DX.

A concrete example of this DX is assetforce®, our proprietary cloud service. Leveraging the knowledge about equipment we have accumulated



through leasing businesses, our roots, we developed a digital tool that centrally controls the flow of equipment and a lot of information making them easier to grasp the status among related parties. Traceability, or the ability to track the production, use, and recycling of equipment and materials is essential to achieving a CE. In addition to harnessing assetforce® internally, we will work to enhance the convenience of customers and partners aiming to expand external sales.

As a leasing company, we possess a broad network of companies in both forward logistics and reverse logistics that allows us to serve as a “provider of circular solutions.” The leasing business has historically contributed to the 3Rs (Reduce, Reuse, and Recycle) by expanding methods for the sale of equipment and promoting long-term use. As we

look to the future, the potential exists for a transition to a Product as a Service (PaaS) model that shifts the focus from ownership to use, and I believe that leasing companies can enhance their contributions to realize a CE by taking on the role of asset holder.

By combining our leasing industry-specific know-how with the DX we developed internally, we aim to build “SMFL’s unique” CE business as a new pillar of business and earnings.

For example, in addition to the reuse and recycling of solar panels, we will foster a growth driver that expands our economic value through creating social value by supporting the local production and consumption of renewable energy. We will continue to take on the challenge of creating positive changes in society to realize a sustainable society.

Realize Sustainable Growth by Leveraging Our Strengths and Human Resource Capabilities as an Advanced Digital Company

— Toward Further Growth —

We aim to be “A ubiquitous digital company” and “A company with digital as a business pillar” as part of our vision for 2030. To this end, we are encouraging each employee to take ownership in promoting DX and using digital technologies. We are nurturing DX talent to further reinforce the strengths of internally developed DX. We are also planning and promoting the use of digital technologies together with not only development engineers, but also each front line. For example, in corporate analysis, which is essential for financial operations, we have reduced work hours by using Easy OCR®, our proprietary AI-OCR tool, and AI software that supports financial statement preparation.

While recognizing that AI is now an indispensable tool in everyday operations, we are working to become a leader in Software as a Service (SaaS) for equipment. Accordingly, we are endeavoring to further improve productivity through inhouse use while strengthening external sales system by enhancing our expertise and service convenience. Internal application is the first step in becoming a partner that can resolve the operating issues faced by customers and enhancing the added value of our various solutions.

Over and above DX talent, people and employees are the wellspring of the SMFL Group’s growth. With this in mind, we launched the SDGs Lease Mirai 2030® (⇒ Page 41) that blossomed from an employee suggestion and have promoted the Seed Contest through which employees put forward new business ideas since 2019. Another

example that originated from this contest is the asset-based lending (ABL) using unblended whiskey cask inventories as collateral, which won the 2023 Minister of the Environment Award for Best Practice (General Category) under the Principles for Financial Action for the 21st Century, contributing to further revitalizing this internal contest.

Turning to the human resources strategy (⇒ Pages 30-35), we place considerable importance on DE&I and are further promoting it by holding events and seminars that focus on the active participation of employees. Conscious of the need to ensure the health of each employee, we formulated the SMFL Health and Productivity Management Declaration in April 2021. In recognition of this and our efforts to enhance the health literacy of our employees and their families as well as to maintain and improve their health, we were certified for the third consecutive year as a 2025 Health & Productivity Management Outstanding Organization (White 500) program under the Large Enterprise Category as an SMBC Group company.

In this era of considerable uncertainty, it is important that we fortify our resilience and further promote the diversity of business and human resources while strengthening the connection between them in order to achieve sustainable growth.

As previously mentioned, SMFL boasts diverse human resources including engineers who stand at the forefront of our DX endeavors. In recent years,

the number of colleagues with an abundance of experience is increasing through M&As and mid-career hiring. We will pass on our corporate culture that values diversity as a strength and encourages human resources with specialized skills and unique personalities challenge each other to hone their professional capabilities for the future.

We will continue a variety of personnel measures to “Encourage employee development,” identified under Our Vision. In addition to the upswing in applicants to our internal open

recruitment system, launched in 2018, each year, the number of employees to take advantage of our incentive system for acquiring qualifications has increased substantially.

We will continue to prioritize a workplace environment in which employees can feel a sense of growth while working with peace of mind. Coupled with efforts to foster a virtuous cycle of growth and distribution, we will accelerate the pace of both SMFL’s and its employees’ growth.

A Company Chosen for Its Commitment to the Future

— Becoming the Best Business Partner —

I believe that the sum of each employee’s growth translates to the growth of a company. With this in mind, in order for us and our employees to grow sustainably together, we must embrace change and vigorously pursue transformation.

As a company grows, so does the potential for employee self-realization. Accordingly, the growth of each employee is essential for SMFL’s growth. It is vital that all officers and employees including the management team, remain acutely aware of prevailing conditions in the society and SMFL, think constantly about the most appropriate course of action, and act accordingly.

While providing added value that exceeds customer expectations by means of flexible thinking that leverages our diverse human resources and agile action through our diverse businesses, I would like to create the future together with our partners.

In my position as President, I will lead our transformation while listening closely to the opinions of all stakeholders. In doing so, I will also spearhead efforts to build a foundation for 2030 and beyond and create new businesses.

At the same time, our risk control also needs to be enhanced. In addition to further enhancing the governance function, we will maintain a system that identify risks and respond promptly to them at an early stage from the perspectives of compliance and risk management.

Recognizing the number of Group employees has nearly doubled over the past 10 years, we will pursue innovative ways to promote dialogue and communication with as many employees as possible. Here, we will enhance employee job satisfaction and revitalize communications and teamwork, to focus on accelerating SMFL’s momentum which has made great strides with HOP, STEP, and JUMP.

We will continue to take various actions to

resolve social issues from a medium- to long-term perspective.

Resolving social issues is clearly a challenge that SMFL alone is unable to overcome. Accordingly, collaboration and cooperation with partner companies who share our vision in Japan and overseas and all related parties are of the utmost importance. In addition to pursuit of SMFL’s unique characteristics, we will push forward a raft of measures aimed at creating social value and expanding economic value. In this manner, we will contribute to the sustainable growth of customers and society.

I humbly ask for the continued understanding and support of all our stakeholders.

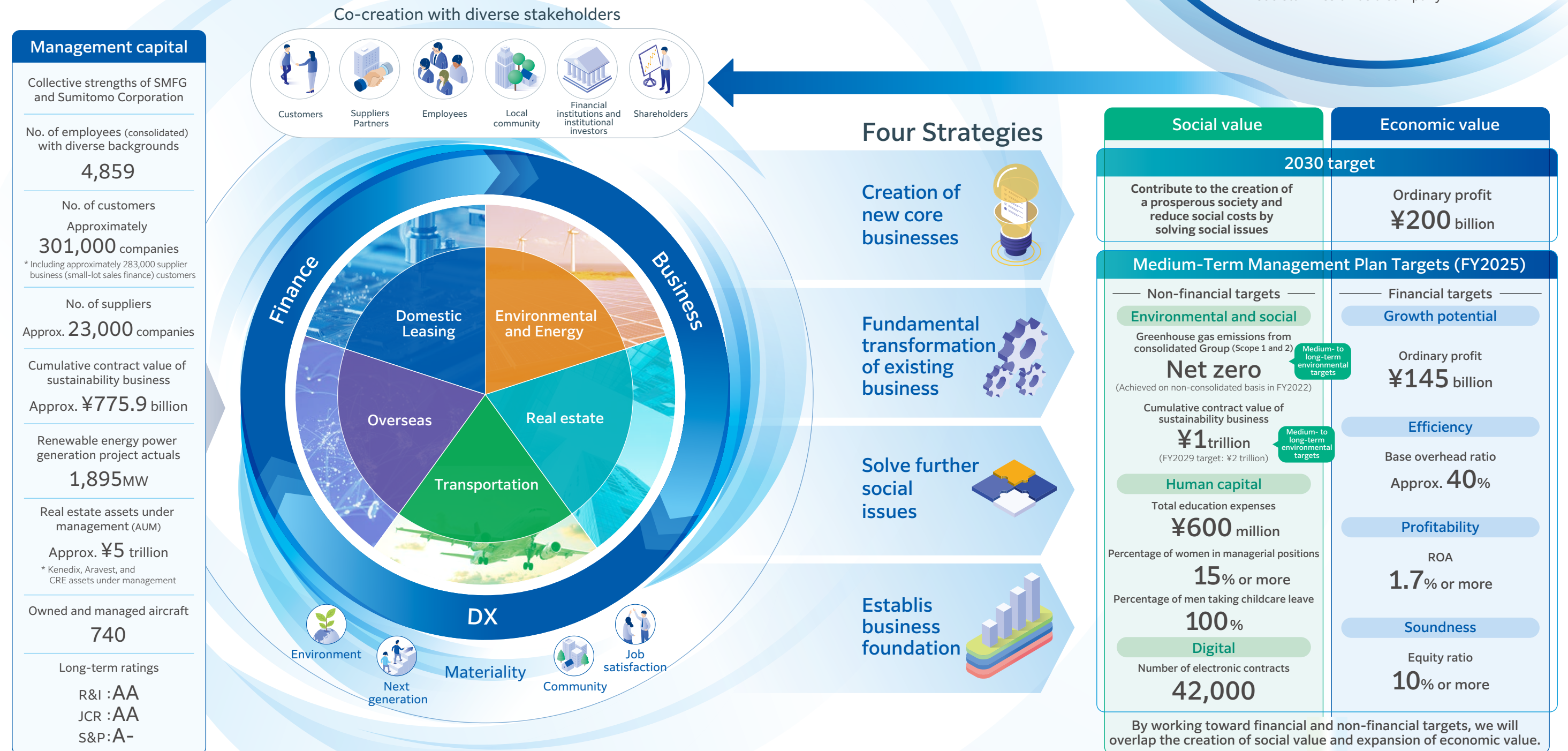


Value Creation Process

It is our belief that creating social value and expanding economic value will lead to the enhancement of our management capital, which is the source of our corporate activities. By combining our traditional strengths in finance with our newly accumulated businesses and digital transformation (DX) while working to resolve social issues, we will create new business opportunities and generate new economic value, which will contribute to the sustainable development of society.

Realizing the “SMFL Way”

The “SMFL Way” is shared by all of our officers and employees as a cornerstone of our business activities, and by achieving its aims, we will fulfill our responsibility to all of our stakeholders and our societal mission as a company.



Our Vision

- The best business partner
- Chosen for its commitment to SDGs
- Encourage employee development
- An advanced digital company

Our Principle

As a trusted and responsible corporate citizen committed to meeting and exceeding its customers' expectations, SMFL is committed to—at all times—acting in good faith and complying with all applicable law.

* Assumed exchange rate for ordinary profit, the target for economic value, is 1 U.S. dollar = 120 yen.

Review of the Past Two Medium-Term Management Plans and the Roadmap to 2030

During the past two medium-term management plans, we worked with both shareholders (SMFG and Sumitomo Corporation) to restructure our joint leasing business and pursue initiatives to expand our business domains as a “financial company that can do business.” SMFL is pushing forward its current Medium-Term Management Plan, which began in FY2023, a plan that has two faces. The first is to put in place a new growth structure as the culmination of the previous two plans (“HOP” and “STEP”) and then to realize the results (“JUMP”). The second is to build a foundation for creating new growth drivers and transforming our business portfolio with the aim of achieving its ideal for 2030, realization of the SMFL Way.”

Aiming to further evolve

HOP

Medium-Term Management Plan
FY2017-2019

Guided by the overarching theme, “Aiming to further evolve,” we took steps to break away from our status as a traditional leasing company and to build the foundation necessary to evolve into a business company under our Medium-Term Management Plan FY2017-2019. Coordinating with both shareholders, SMFG and Sumitomo Corporation, we also worked in earnest to reorganize our joint leasing partnerships.

Main Achievements and Initiatives

Completed reorganization of the joint leasing partnership with SMFG and Sumitomo Corporation

Built a new growth foundation

Integrated SMFL Capital

Further strengthened the domestic operations by maximizing synergies

Established SMFL MIRAI Partners

Accelerated growth in such non-financial domains as the real estate business and the environmental energy business

Established SMART

Entered the equipment and plant disposal general contracting business through a joint venture with ARBIZ Corporation

Becoming a company that evolves in response to changing times

STEP

Medium-Term Management Plan
FY2020-2022

Guided by the overarching theme, “Becoming a company that evolves in response to changing times,” we worked diligently to expand into new business domains as “a financial company that can do business” under our Medium-Term Management Plan FY2020-2022.

Main Achievements and Initiatives

Kenedix joined the Group

Enhanced the real estate business

Yanmar Credit Service joined the Group

Strengthened the sales financing business

Commenced external sales of internally manufactured DX solution tools

Began providing assetforce®, an asset management cloud service

Goshawk Management joined the Group

Became the world's second largest aircraft leasing company with the Group's collective fleet with SMBC Aviation capital expanding to approximately 1,000 owned, managed, or ordered aircraft

Established medium- to long-term environmental targets

Set targets for reducing own GHG emissions and business initiatives

Introduced renewable energy at major locations in Japan

Switched to renewable energy at major locations in Japan, including Osaka and Kobe, starting with our Tokyo Head Office

Pursuing the strengths of “a business company with financial capabilities” and taking on the challenge of solving social issues

JUMP

Medium-Term Management Plan
FY2023-2025

Guided by the overarching theme, “Pursuing the strengths of a “business company with financial capabilities” and taking on the challenge of solving social issues,” we are promoting initiatives in an effort to overlap the creation of social value and expansion of economic value under our Medium-Term Management Plan FY2023-2025.

Main Achievements and Initiatives

Launched an asset-based lending (ABL) using unblended whiskey cask inventories as collateral

Practical application of an idea that originated from an internal business contest
Received the 2023 Minister of the Environment Award for Best Practice (General Category) under the Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century) to which SMFL is a signatory.

Launched the storage power station business

Further spread of renewable energy

Established Circular LinX

Established a joint venture to focus on the waste management business with AMITA HOLDINGS CO.,LTD.

Aravest joined the Group

Accelerated real estate business expansion in the APAC region

CRE joined the Group

Strengthened real estate-related businesses

Established a joint venture with Brookfield

Entered the container leasing business

2030 To Be

Ideal

Realize the “SMFL Way” through unique solutions that combine financial capabilities, business development, and digital transformation (DX)



About the Medium-Term Management Plan

Efforts to carry out the four strategic pillars that underpin our current Medium-Term Management Plan continue to progress smoothly. In line with this progress, we will concentrate even more on building an operating and business foundation in FY2025.

Nobuyuki Sato

Executive officer
General manager, Corporate Planning Department



Our Goals under the Current Medium-Term Management Plan

Under the current Medium-Term Management Plan, our goal is to take steady steps toward realizing the “SMFL Way,” our vision for 2030, and creating a solid launch platform for future growth.

Since reorganizing its capital in 2018, SMFL has taken steps to expand both the domains in which it operates as well as the scale of its business. Among a host of initiatives, SMFL has strengthened its operating structure, engaged in new business activities including the real estate, environmental and energy, welcomed Kenedix into the Group, and acquired Goshawk Management. Moreover, the DX initiatives that underpin efforts to become an advanced digital company have blossomed into an inherent strength. Today, as we look toward 2030, our goal is to overlap the creation of social value and expansion of economic value through unique

solutions that combine financial capabilities, business development, and digital transformation (DX).

Following this overall direction, SMFL is engaging in activities under its current Medium-Term Management Plan with two key objectives. The first is to deliver results (“JUMP”) of its previous two plans (“HOP” and “STEP”). The second is to solidify our foundation with the aim of “realizing the SMFL Way,” our vision for 2030.

Building on the strengths we have accumulated to date, we will work to achieve the goals of our Medium-Term Management Plan from both the financial and non-financial perspectives by promoting four strategies. In specific terms, we will create new core businesses, promote the fundamental transformation of existing business, solve further social issues, and establish a business foundation.

Overview of the Current Medium-Term Management Plan

Theme of Medium-Term Management Plan (FY2023-2025)

Pursuing the strengths of “a business company with financial capabilities” and taking on the challenge of solving social issues

- | | |
|------------------------|---|
| Direction | <ul style="list-style-type: none"> Take steady steps toward the realization of the “SMFL Way” and creation of a solid launch platform for future growth Pursue SMFL’s unique characteristics and take on the challenge of creating new core businesses and fundamentally transforming existing business to overlap the creation of social value and expansion of economic value Establish a business foundation that supports business expansion, which is a prerequisite for growth |
| Two Objectives | <ul style="list-style-type: none"> Realize the results (“JUMP”) of the previous two plans (“HOP” and “STEP”) Solidify our foundation with the aim of “realizing the SMFL Way,” our vision for 2030 |
| Four Strategies | <ul style="list-style-type: none"> Creation of new core businesses Solve further social issues Fundamental transformation of existing business Establish business foundation |

Progress under the Current Medium-Term Management Plan

Progress over the past two years of the current Medium-Term Management Plan has been smooth. In FY2024, SMFL’s ordinary profit came in at ¥165.9 billion. This exceeded the target set for FY2025, the final fiscal year of the plan, of ¥145.0 billion (based on an exchange rate of 1USD: JPY120) and ¥158.0 billion (based on an exchange rate of 1USD: JPY145), and represented a record high for the fourth consecutive fiscal year. As far as other financial targets are concerned, trends in the SMFL’s base overhead ratio, ROA, and equity ratio are also sound. From a non-financial perspective, we are making steady progress toward achieving our targets under each of the environmental and social, human capital, and digital fields.

Various initiatives aligned to the four strategies are also yielding results. As for the creation of new core businesses, efforts to expand business domains from both the organic and inorganic perspectives are exhibiting steady progress and are expected to contribute to earnings going forward. These efforts include the expansion of non-asset businesses, inclusion of Aravest and CRE in the SMFL Group, entry into the container leasing and chartered vessel businesses,

and expansion of the helicopter leasing business, the investment and finance business in the infrastructure field, and semiconductor manufacturing equipment-related business.

Turning to the fundamental transformation of existing business, while redoubling our digitization endeavors in which we maintain a competitive advantage, we worked to increase productivity by enhancing our organization structure and management approach, mainly in the domestic leasing business. At the same time, we are placing considerable emphasis on creating added value through collaboration with partners.

As for efforts to solve further social issues, the initiatives to achieve carbon neutrality and a circular economy, as well as to expand external sales of DX solutions have progressed. In addition to these endeavors, we have taken steps to help solve social issues outside of business, including pro bono activities.

Finally, in a bid to establish a business foundation, we made progress across a wide range of areas including human capital, compliance, risk management, funding, and ICT/data management.

Progress toward achieving financial and non-financial targets in FY2024

	Financial		
	FY2024 Results	FY2025 Targets	
		At the time of formulation (USD1: JPY120)	USD1: JPY145 equivalent
Growth potential (Ordinary profit)	¥165.9 billion	¥145.0 billion	¥158.0 billion
Efficiency (Base overhead ratio) *1	39.7%	Approx. 40%	
Profitability (ROA) *2	1.9%	1.7% or more	
Soundness (Equity ratio)	11.2%	10% or more	

*1 Base overhead ratio: Base expenses ÷ (Gross profit + Equity in gains/losses of affiliates)
Base expenses are operating expenses excluding growth and up-front investments

*2 ROA = Ordinary profit ÷ (Operating assets + Investment-related assets)

		Non-financial	
		FY2024 Results	FY2025 Targets
Environmental and social (Environmental targets)	Greenhouse gas emissions (Scope 1 and 2)	SMFL non-consolidated and domestic locations achieved net zero (ongoing from FY2022)	SMFL Group net zero
	Cumulative contract value of sustainability business	¥775.9 billion	¥1trillion
	Total education expenses (FY2022: ¥200 million)	¥550 million	¥600 million
Human capital	Percentage of women in managerial positions	14.1%	15% or more
	Percentage of men taking childcare leave (Target from FY2023 onward: 100%)	100%	—
Digital	Number of electronic contracts (FY2022: 16,000)	74,000	42,000

* The targets for human capital and digital initiatives apply to SMFL non-consolidated, not the SMFL Group.

About the Medium-Term Management Plan

Four Strategies and Main Achievements to Date

Strategy	Key measures	Main Achievements
Creation of new core businesses	Asset turnover-type business	<ul style="list-style-type: none"> Operations commence at an aircraft investment joint venture established with a Canadian pension fund Expansion of publicly offered real estate security token business Securitization of domestic lease receivables
	Expand business into global growth areas	<ul style="list-style-type: none"> Aravest joined the Group Entered the container lease business Expanded the helicopter lease business
	Respond to social change	<ul style="list-style-type: none"> CRE joined the Group Expanded investment and financing businesses in the infrastructure field
	New business unique to SMFL	<ul style="list-style-type: none"> Expanded peripheral businesses related to semiconductor manufacturing equipment Entered the time charter business
Fundamental transformation of existing business	Thorough digitalization	<ul style="list-style-type: none"> Expanded the use of electronic contracts and orders
	Professionalization	<ul style="list-style-type: none"> Upgraded and expanded the organizational structure for collaboration among business units and SMBC
	Deeper collaboration with partners	<ul style="list-style-type: none"> Undertook joint projects with existing partners and cultivated new partnerships
	Enhance productivity	<ul style="list-style-type: none"> Increased the efficiency of operations at regional locations as well as administrative tasks
Solve further social issues	Environmental targets	<ul style="list-style-type: none"> Enhanced the accuracy and efficiency of GHG data collection
	Green Transformation (GX)	<ul style="list-style-type: none"> Upgraded and expanded solar power generation business schemes Concluded a partnership aimed at realizing a circular economy
	DX	<ul style="list-style-type: none"> Expanded the business development of DX solutions
	Efforts aimed at solving social issues outside of business	<ul style="list-style-type: none"> Established the SMFL Mirai Kizuna Fund Expanded pro bono activities as well as financial and economic education initiatives
Establish business foundation	Human capital	<ul style="list-style-type: none"> Expanded investments in human resource development, increased base pay and improved compensation
	Compliance	<ul style="list-style-type: none"> Took steps to instill a compliance-first culture, strengthened personnel deployment
	Risk management	<ul style="list-style-type: none"> Strengthened business portfolio monitoring systems
	Funding	<ul style="list-style-type: none"> Diversified funding sources
	ICT/Data Management	<ul style="list-style-type: none"> Built a new core system Promoted data and generative AI utilization as well as CRM/SFA construction initiatives

FY2025 Initiative Policy

SMFL will continue to pursue the initiatives outlined in its current Medium-Term Management Plan focusing on the aforementioned four strategies in FY2025. In addition to steadily realizing results over the past two year and taking definitive steps to achieve financial and non-financial targets, we will also place considerable emphasis on solidifying our foundation under the plan. We will work to build the two operating and business foundations that will support our business growth going forward.

As far as our operating foundation is concerned, we are prioritizing efforts aimed at creating businesses that overlap the creation of social value and expansion of economic value. For example, we established the Global Environment Business Unit in April 2025 while integrating and enhancing the organizational structures of our environmental and energy business and circular economy business in a bid to realize Green transformation (GX).

The asset turnover-type business is also a key area of focus. Leveraging the SMFL Group's strengths, we are working to provide high-quality and diverse investment products to investors in Japan and overseas and to expand our business, focusing on the domestic leasing, real estate, and transportation fields.

From a DX perspective, we have built up a solid track record of business growth by providing DX solutions to customers in parallel with the improvement of internal operations and digitization of sales support.

Moreover, we are working to secure even more business growth in new domains that we have entered or

expanded over the past two years of the current Medium-Term Management Plan. In addition to uncovering new earnings pillars, we are continuing to fundamentally transform existing businesses going forward.

Turning to our business foundation, we are ramping up efforts in human capital, compliance, risk management, funding, ICT/data management, and other fields while upgrading our structure and systems in line with the SMFL's growth.

From a human capital perspective, we are encouraging employees to take the initiative in confronting various issues as well as responsibility for their own growth. At the same time, we are maximizing employee performance and fostering professionals by increasing investment in the development of human resources and through various other measures.

As far as compliance is concerned, we are working to instill a compliance-first approach while pushing forward measures aimed at putting in place a compliance structure suited to the characteristics of business models that continue to diversify and expand.

In terms of risk management and funding, we are strengthening our management structure in line with the expansion of our overseas operations.

On the ICT/data management front, in addition to the launch of a new core system, we are promoting data and generative AI utilization as well as CRM/SFA construction initiatives.

Our understanding of current status and the direction of the next Medium-Term Management Plan with a view toward 2030

As the final fiscal year of the current Medium-Term Management Plan, we will bring the Plan to a close and formulate the next Medium-Term Management Plan in FY2025.

The business environment in which we operate is becoming increasingly volatile. Against this backdrop, the incidence of positive interest rates, changes in lease accounting standards, shifts in political conditions both in Japan and overseas, and such medium- to long-term trends as climate change and digitization are factors that warrant careful consideration and scrutiny.

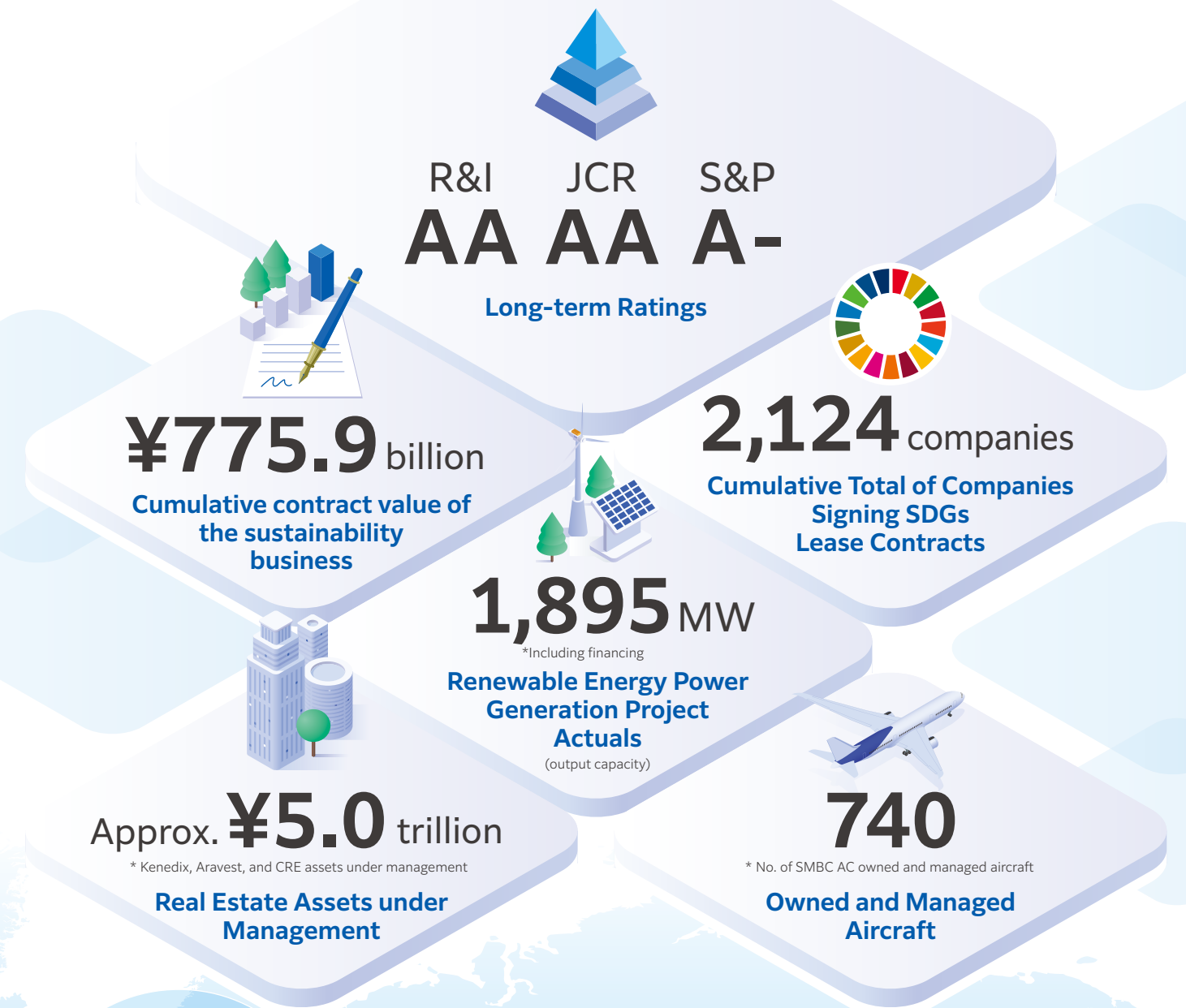
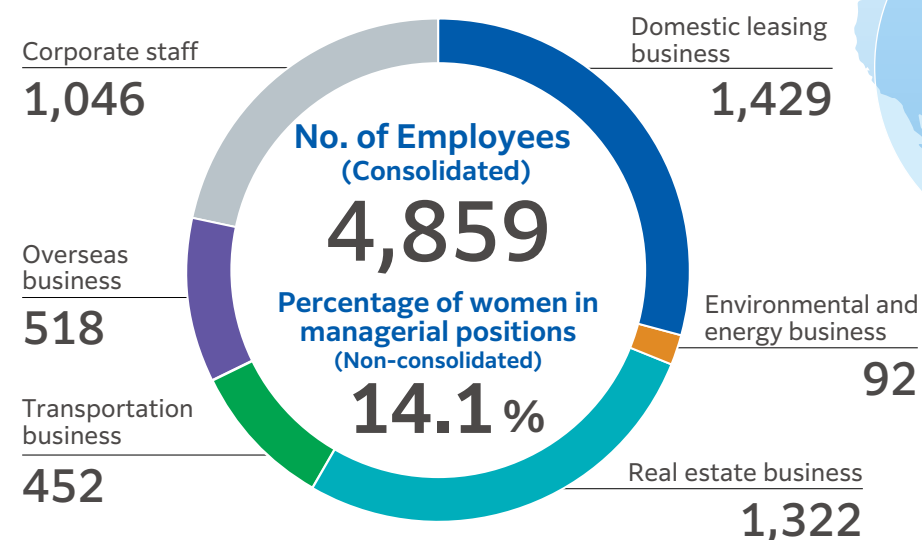
With a view to realizing the "SMFL Way," our vision for 2030, the key to our future growth is to put in place

strategies that accurately identify opportunities and risks, leverage the SMFL Group's strengths, and overlap the creation of social value and expansion of social value.

The four core components of Our Vision: "The best business partner," "Chosen for its commitment to SDGs," "Encourage employee development," and "An advanced digital company" are closely aligned with the strengths that we must leverage. With this in mind, we will formulate the next Medium-Term Management Plan with an eye toward contributing to the sustainable development of society and customer through initiatives that are unique to SMFL.

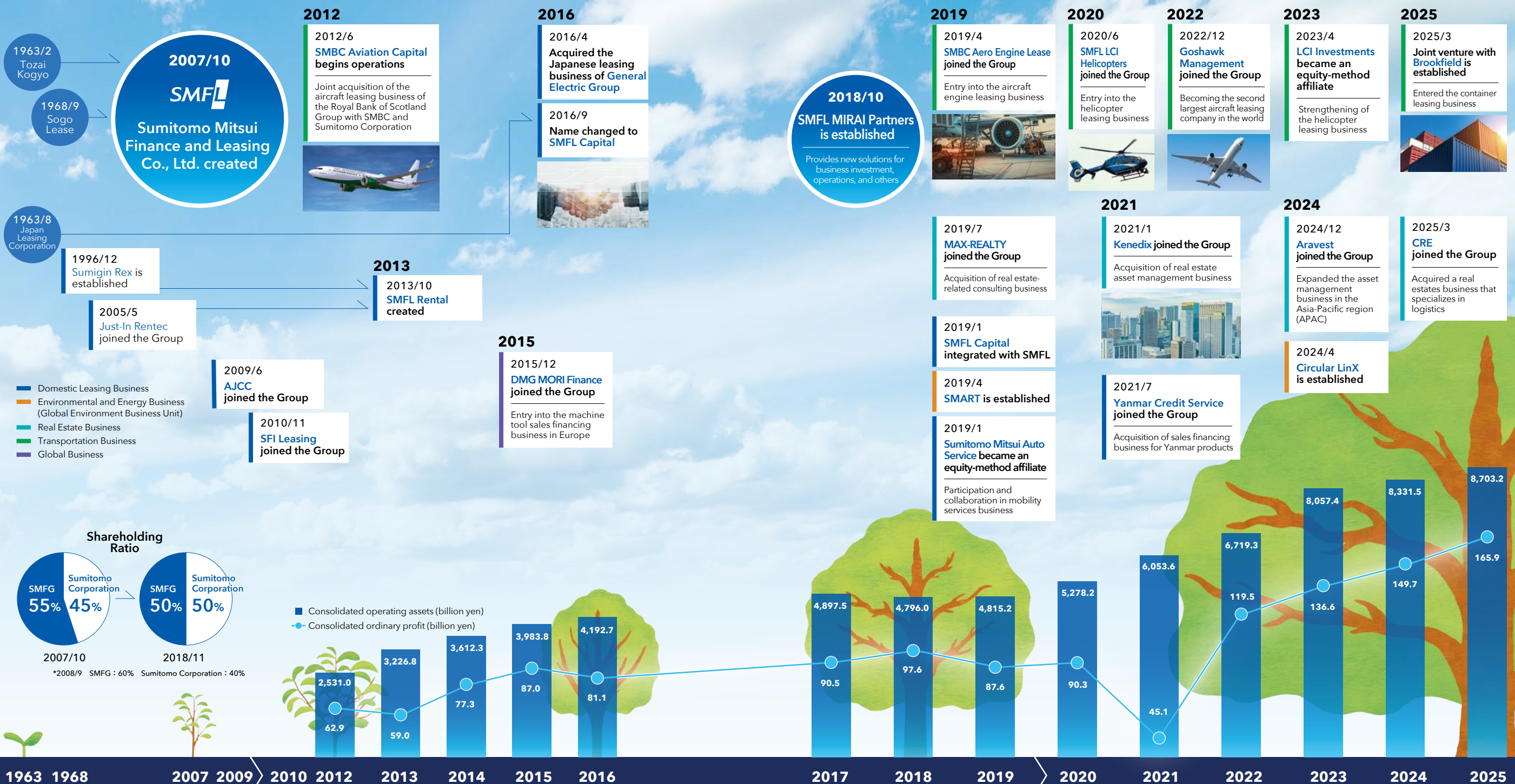
SMFL At a Glance

(as of March 31, 2025)



SMFL's History

The growth and evolution of the SMFL Group's organization



Changes in Society



Sprouting as a seed in the finance sector to grow into a sturdy branch, SMFL started leasing business in 1963 and has expanded its business domains drawing on the strengths of expertise in equipment. Our growth trajectory is grounded in the support of diverse stakeholders which serves as the wellspring of our competitive advantage. Building on the unique attributes that we have nurtured over the years, we will combine our internalized DX, circular economy, and related initiatives to become a company chosen for its commitment to the future. Moving forward, we will cultivate the sprouts that have already emerged while nurturing new seeds and ensure that this young tree continues to grow. Excited by the future that lies ahead, we welcome your expectations.



Accumulated Strengths of the SMFL Group

The SMFL Group has achieved steady growth by leveraging its strengths, including its connections with customers, partners, local communities, employees, and financial base. We are currently pursuing synergies among these strengths in a bid to realize our 2030 targets while working to secure sustainable growth and enhance corporate value in collaboration with our two shareholders SMFG and Sumitomo Corporation.

Cultivated foundations and expertise

Connections with customers, partners, local communities, and shareholders

Strengths

- Strong relationships of trust with customers built over more than 60 years, and close ties with partners
- The extensive customer base and global networks of both shareholders, SMFG and Sumitomo Corporation
- Solution capabilities through "Finance × Business × DX" that combine existing and new strengths

Enhancement measures for 2030

- Pursuing the strengths of "a business company with financial capabilities" and taking on the challenge of solving social issues
- Developing DX talent through the use of digital technologies in unison with the frontline



Human Resources

Professional human resources, specialized human resources, digitally competent human resources, and the organizations and systems that support them

Strengths

- Organizations and a corporate culture in which diverse human resources thrive
- Professional human resources as the best business partner for our customers
- Corporate culture that encourages employee-led development

Enhancement measures for 2030

- Proactive recruitment and development of specialized human resources across a broad range of units
- Supporting the career development of specialized and global human resources through diversified assignments
- Having espoused the concept of "Encourage employee development," focus on cultivating human resources, creating an organization and culture of taking on challenges



Strengths

- Extensive customer base
- Robust fund-raising capabilities backed by high creditworthiness
- Knowledge and expertise in risk management and compliance in business operations

Sustainability

Solutions that contribute to the realization of a sustainable society

Strengths

- Promoting the generation of CO₂-free power from renewable energy sources, including solar, wind, and hydro power
- Proactive promotion of sustainability businesses
- Initiatives to resolve social issues outside of businesses

Enhancement measures for 2030

- Strengthen solutions that contribute to carbon neutrality
- Engage in the full-scale roll out of businesses for realizing a circular economy
- Expand social contribution activities by strengthening collaboration with partners



Financial

Solid funding sources and high credit ratings

Strengths

- Solid capital relationship with SMFG and Sumitomo Corporation, our two shareholders, and solid funding sources
- Ongoing, stable business relationships with leading financial institutions
- A system enabling flexible access to financial markets (corporate bond market, CP markets, etc.)
- High credit ratings

Enhancement measures for 2030

- Enhance information disclosure and strengthen IR activities in a bid to expand the investor class
- Further enhance financial capital by diversifying funding sources



Strengths

- Global networks
- Flexible business development capabilities
- Knowledge and expertise with respect to business investment and operations
- Business risk management expertise

Digital Strategy and Data Utilization

With the aim of becoming “an advanced digital company” as stated in Our Vision of the “SMFL Way,” we are leveraging digital technology to drive a transformation in our business.

Having adopted becoming a “ubiquitous digital company” and a “company with digital as a business pillar” as Our Vision for 2030, we have positioned DX as an area that should be tackled in concert with workplaces as opposed to just by specialized departments. Having our highly experienced engineers take ownership in planning and promoting the use of digital technology in their respective workplaces, we are also working to develop the DX talent that will support these efforts.

Status of DX promotion

Working systematically, we have divided the DX process into three stages.

Working in parallel on the improvement of operational efficiency (Stage 1), the digitization of customer contact points (Stage 2), and customer DX support utilizing internally developed SaaS (Stage 3), we are building up a track record. We will continue expanding these efforts going forward.



Stage 1 Improvement of operational efficiency

Through the use of digital technologies, approximately 450,000 hours of work per year have been successfully automated in FY2024 (compared to FY2019).

RPA Each workplace takes the lead in conducting all operations, including reviews, design, development, and maintenance. Through these initiatives we are also cultivating digital talent, and employees are acquiring in-house skill certification based on their track record (60 employees have acquired certification).

AI We have developed AI-OCR tools (EasyOCR® and financial statement input AI) through in-house development. The use of these tools has become a part of the everyday tasks of each department.

assetforce® We use our assetforce platform not only for Company-wide operations, such as sales inventory (used equipment) and internal IT equipment management, but also for the streamlining and management of more than 70 workplace operations.

assetforce®

As a proprietary cloud service that streamlines the lifecycle management of equipment, assetforce® analyzes accumulated workplace data and is used to support management decision-making. With a high flexibility and scalability, the service provides all-in-one functionality essential in the management of equipment including workflows and forms.

In 2024, we developed “InnovAlte,” a generative AI platform that we began using in-house in October. Utilizing this platform enables us to present solutions tailored to the issues our customers are facing and automatically generate and configure workflows. Going forward, we aim to enhance the efficiency of customers operations and maximize customer experience value.



Stage 2 Sales support

Customer contact points In addition to joint marketing initiatives with SMBC and others (such as exhibitions and co-hosting of webinars), we are also focusing on owned-media operations to disseminate highly specialized information, thereby creating a variety of customer contact points.

Sales structure We identify the issues faced by our customers via our marketing automation system, which handles four million messages per year and is the largest in the B2B financial market, and by hosting webinars that are viewed by 10,000 people per year. Through an organic combination of digital marketing and telemarketing, we have developed an inside sales structure that provides sales units with highly accurate business negotiation information.

Data analysis Based on customer relationship management/sales force assistance (CRM/SFA) data that integrates marketing, non-face-to-face sales, and field sales, we are engaging in data analysis such as discovering customer insights and improving sales negotiation processes to enhance sales.

Digitization of transactions The entire SMFL Group is working to digitize transactions, including procedures for various equipment rental contracts such as “rentalforce” (⇒ Page 72) provided by SMFL Rental, and credit screening procedures when applying for financing, and transaction contracts between three parties including suppliers.

Stage 3 Digital business development

SMFL’s DX solutions are internally developed and more than theoretical. In fact, we provide these solutions to customers upon verifying their effectiveness and usability through their practical application in Stages 1 and 2 as part of our own businesses and operations. Employees on business front lines with business process re-engineering (BPR) skills and agile development methods, which are acquired through in-house projects, are proposing new business processes based on an understanding of the issues faced by our customers. We are also actively examining and utilizing advanced technologies. Possessing in-house R&D functions, we are collaborating directly with startups and other companies both in Japan and overseas that have advanced technologies while utilizing them in pilot projects and product development.

SMFL’s Vision for 2030

“A ubiquitous digital company” “A company with digital as a business pillar”

Declaring itself “an advanced digital company” in 2019, SMFL has been promoting DX on a Company-wide basis. Based on our previous results and achievements, we gave added impetus to our DX efforts and declared “drive DX 2030” in 2024 as a sign of our determination to contribute to the growth of our customers and the resolution of social issues toward 2030.

“A ubiquitous digital company”

We are continuously taking action to increase knowledge of and interest in digitization among all our officers and employees. In addition to providing them all with e-learning licenses and supporting them in obtaining qualifications such as the IT Passport, we showcase the activities of employees who are already working on DX through videos that we post as good examples within SMFL. In FY2023, we put in place a DX driver certification system that provides internal certification based on the skills and practical results demonstrated by each officer and employee in SMFL’s DX projects. Aiming to have certified 500 employees by the end of March 2026, we are supporting the activities of each officer and employee. (As of the end of March 2025, there were approximately 400 IT Passport holders.)

“A company with digital as a business pillar”

Finance × Business × DX We are actively utilizing internally developed digital products in each business unit. In the case of assetforce, the aim is not only to provide value to a single customer but also to provide a shared supply chain platform with equipment as its starting point.

A leader of SaaS for equipment First released in FY2021, assetforce is currently used by several hundred customer companies. We are strengthening the product and sales structure so that we can become a partner to more customers as a leader of SaaS for equipment by 2030.

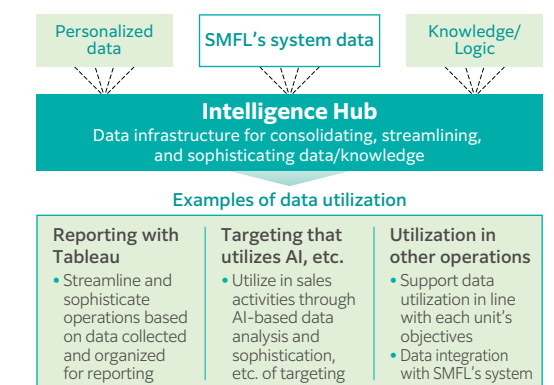
Build and utilize an internally developed BI platform “Intelligence Hub” to accelerate data-driven business

The data we utilize in our business operations were being stored in various locations, and SMFL was facing challenges in the Company-wide control of data utilization, such as data acquisition through unclear routes and data management dependent on individuals. We therefore internally built an Intelligence Hub with the aim of promoting and enhancing optimal data utilization throughout SMFL.

We collected and consolidated the data utilized on a daily basis from various sources and consolidated them in a cloud-based data warehouse (DWH) to create a data utilization environment through BI tools. We are also improving data literacy and data utilization skills through in-house training sessions, which have been attended by more than cumulative 1,700 employees, as well as working for greater operational efficiency and advanced data utilization at the Company-wide level. Through these initiatives, we have received commendations and won the IT Encouragement Award*1 and the FDUA Award*2.

*1 A system run by the Japan Institute of Information Technology (IT Association) to recognize companies and individuals who have made significant contributions to IT-based business innovation

*2 A system established by the Financial Data Utilization Association (FDUA) to sophisticate data utilization in financial institutions and raise the standards across the entire industry as well as recognize exemplary efforts in financial data utilization.

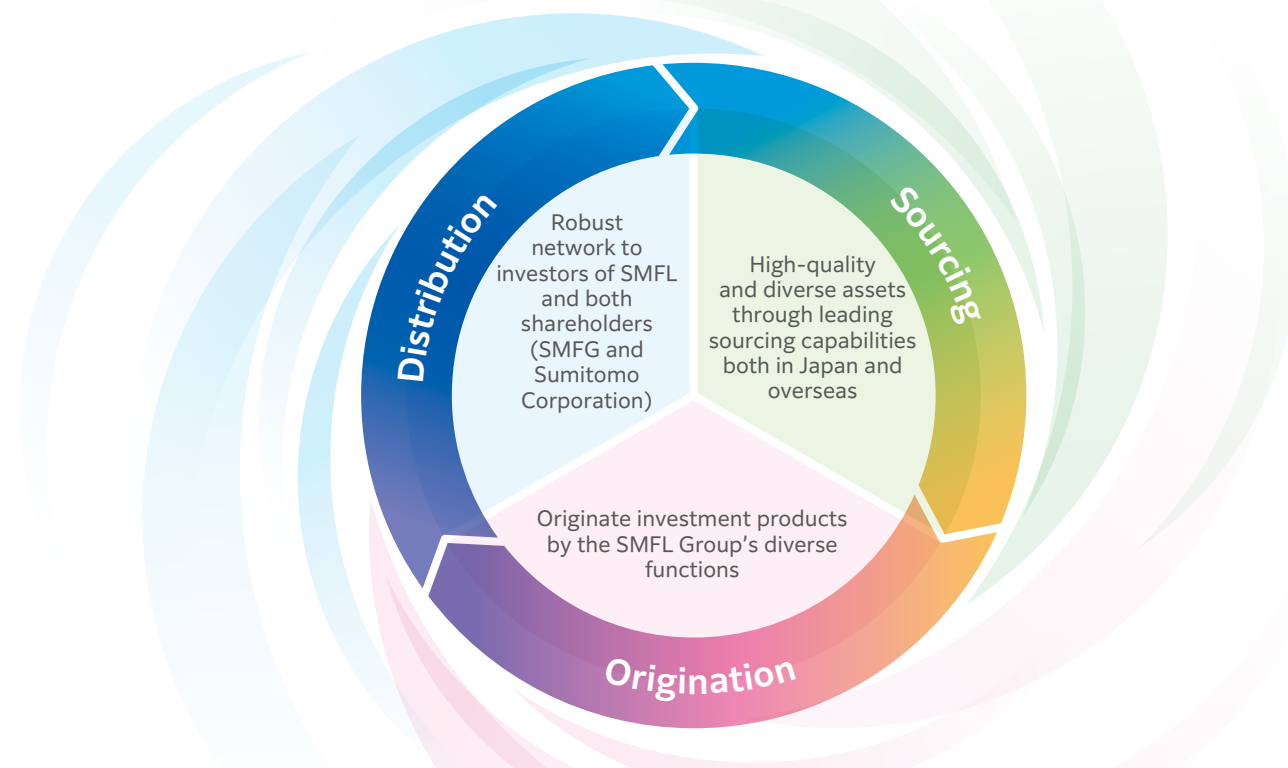


Asset Turnover-Type Business

As one of new pillars of its business strategies, the SMFL Group has been working on the asset turnover-type business such as securitization of lease receivables, real estate, and aircraft assets. This is to establish our additional earnings base by realizing the effective control to our own asset quality for further growth, and providing alternative investment opportunities to investors both in Japan and overseas.

Asset turnover-type business in the SMFL Group

We are engaged in asset recycling turnover-type business that leverages the SMFL Group's strengths.



Objectives and the significance of asset turnover-type business

- 1 **Secure funding capacity to provide high-quality stable financing**
- 2 **Offer a diverse range of high-quality investment products to investors in Japan and overseas**
- 3 **Build a new earnings base (asset management, revenue from asset sales, etc.)**

Our Group's strengths in each area

Sourcing



- Acquisition of superior operating assets through high value-added services and schemes
- In addition to lease receivables, a wide range of asset types, including aircraft and real estate

Origination



- Lease receivables: Trusts, ABS, etc. Real estate: Fund, REITs, security token etc., originate a wide range of investment products that meet investor needs
- Aircraft: JOL/JOLCO, JV, funding, etc.

Distribution



- Extensive investor base held by megabank as well as integrated trading company groups
- Expand and upgrade products lineup in each business to meet investor needs
- Provide unique investor portal site through DX

Current status of the asset turnover-type business

Building on its strengths as a "business company with financial capabilities," the SMFL Group makes full use of its diverse assets. With the aim of expanding the revenue source through the asset turnover-type business, we will promote strategies tailored to each asset class and create new revenue opportunities in line with investor appetite.

Investor	Objective	Hedge	Asset size/ funding control	Earning of fees	Capital gains
Individual			Security tokens		
Corporate			Japanese operating lease (JOL) Aircraft asset management		Real estate business
Financial institution		Debt liquidation/securitization	Aircraft JV		
Funding			Aircraft fund		Real estate asset management

Topics for each business in FY2024

Domestic leases

- Originated and issued our second ABS (¥50 billion) backed by general lease receivables
- Promoted arranging syndications for individual receivables, liquidation of more than ¥100 billion
- Promoted digitalization of contract procedures with investors, worked on simplification of contract procedures
- Began a revamp of our investor portal site with a view toward building proprietary liquidation infrastructure utilizing DX

Real estate

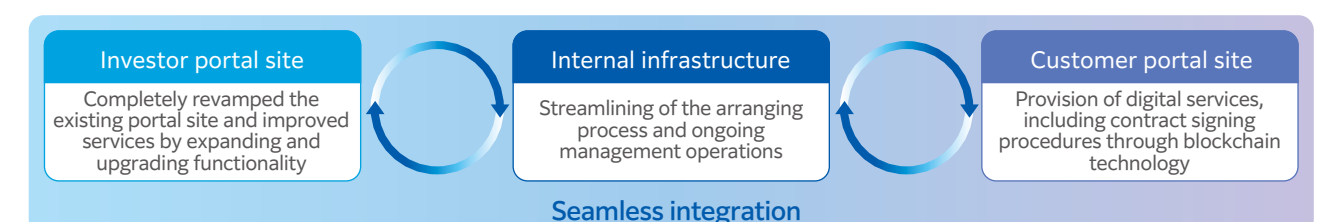
- Kenedix issued the first security tokens for rental housing in Japan
- Implemented a variety of liquidation measures (approx. ¥40 billion) for our real estate holdings
- Together with our partners, embarked on several real estate projects, including the development of residence hotels
- Acquired Aravest, a private fund business in Asia-Pacific (APAC) region

Transportation

- Accelerated solution sales within the Private Advisory Division to resolve customers' diverse management issues
- Promoted arrangement and sales of Japanese Operating Leases (JOL/JOLCO) from the customer's perspective by encouraging information sharing and collaboration between domestic sales departments and branches
- Established an online transaction system for JOLCO sales through DX

Initiatives toward 2030: "Full Digitization of the Liquidation Process" Project

More than merely revamping its investor portal site, the aim is to build a liquidity infrastructure unique to SMFL and improve the customer and investor satisfaction through the full digitization of internal and external liquidation processes, including arranging, sales, and ongoing management.



Human Resources Strategy

Contribute to the mutual growth of employees and SMFL as a part of efforts to realize the “SMFL Way”

Tomohiro Takimoto (left) Toru Gushi (right)
Executive Officer,
General Manager, Human
Resources Department General Manager, Human
Capital Development
Department



Human Resources Policy

Takimoto The SMFL's Human Resources Policy is based on the desire “to be of services to society and our customers,” and “to make them happy which in turn makes us happy and makes our work more rewarding.” This policy defines “What we expect of our employees” and “The value that SMFL provides” for the purpose of realizing growth among all employees—the source of our competitive advantage and most important management capital—supporting the sustainable development of SMFL as a whole.

We expect employees to produce results as a team of professionals who are always mindful of Our Principle and empowered by diversity reinforce and support each other. We also expect each individual to continue taking on challenges. Meanwhile, we cultivate an organizational culture empowered by diversity, and provide employees with opportunities to contribute to society and

customers. In this manner, we support employees to achieve their career goals in order to ensure they can realize aspirations and dreams as professionals.

An aspect of our Human Resources Policy is the relationship between employees and SMFL, where each party elevates the other while building close ties by mutual growth. To this end, our employees must be able to sense their own growth, serve society and customers, feel joy in doing so, and maintain and enhance their motivation.

We will continue to set our Human Resources Policy as our fundamental guideline to strengthen business foundation by executing a human resources strategy linked to management strategy, aiming to realize the SMFL Way, create social value and expand economic value.

Human Resources Strategy

Takimoto Our human resources strategy is built on three pillars based on our Human Resources Policy which is underpinned by the pursuit of deeper DE&I and improved well-being.

SMFL is a company that attract a diverse range of

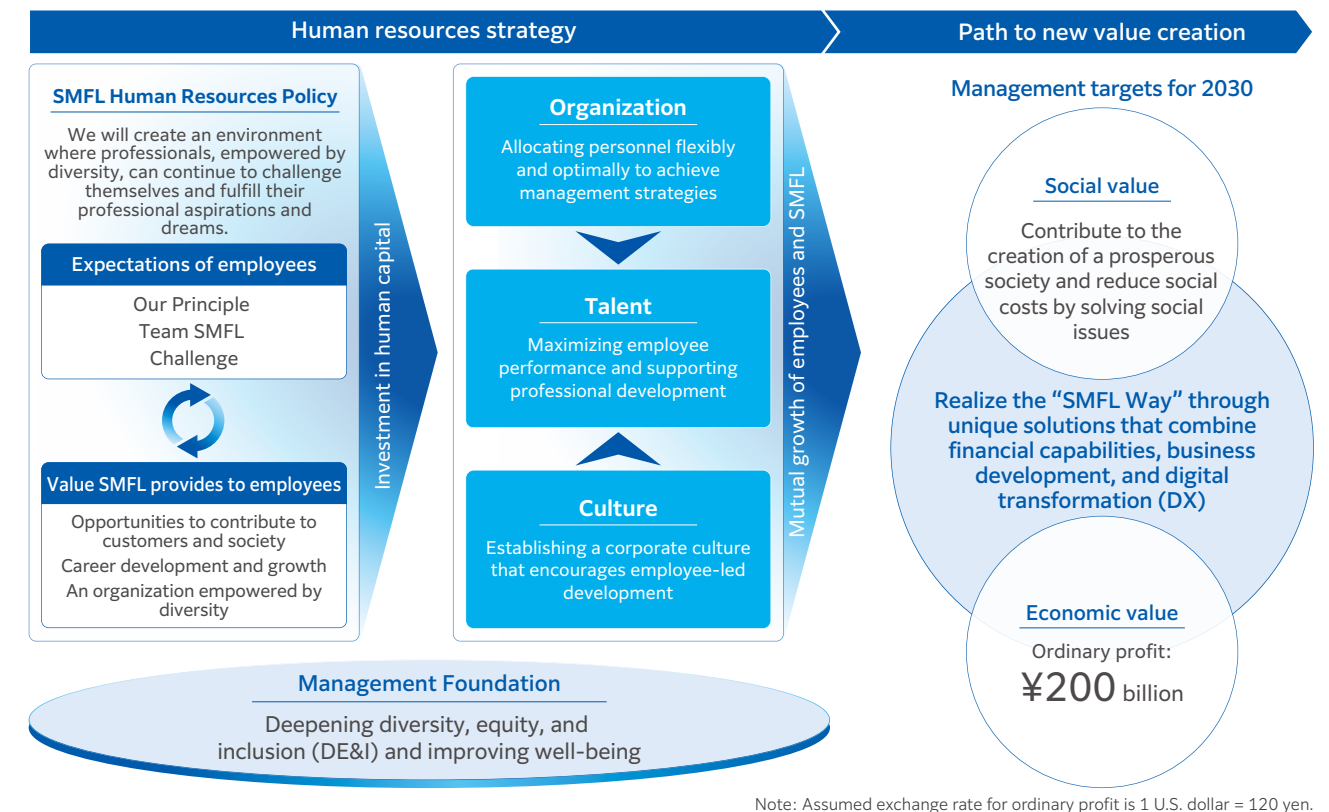


talent with backgrounds in different corporate cultures. The organization in which different cultures and value coexist is our inherent strength that allows us to generate innovative value. This is why our human resources strategy is based on the pursuit of deeper DE&I and improved well-being as our management foundation.

Based on this foundation, our human resources strategy is composed of three pillars: (1) Allocating personnel flexibly and optimally to achieve management strategies (Organization), (2) Establishing a corporate culture that encourages employee-led development (Culture), and (3) Maximizing employee performance and supporting professional development (Talent).

We will steadily implement various measures based on this human resources strategy so that both employees and SMFL continue to grow. Through these efforts, we aim to achieve our management targets for 2030 and to create new value.

Creating new value through a human resources strategy integrated with our management strategy



Note: Assumed exchange rate for ordinary profit is 1 U.S. dollar = 120 yen.

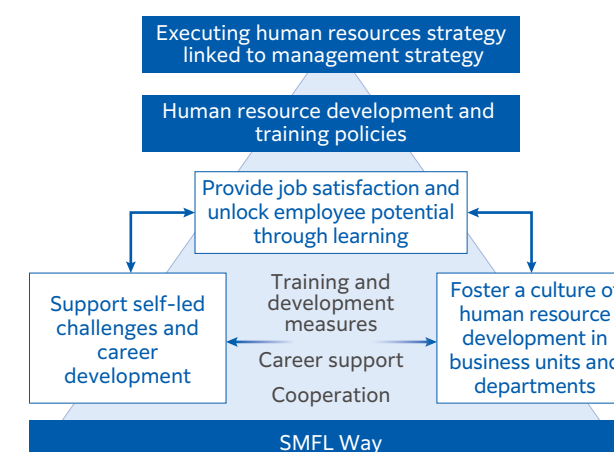
Policies for human resource development

Gushi The Human Capital Development Department is primarily responsible for developing and training human resources at SMFL. We are working to create an environment that enables each employee to take on new challenges with a positive outlook and to achieve their dreams and hopes while engaging in self-led growth.

To realize Our Vision as part of the “SMFL Way” and ensure our human resources strategy takes root, we have put in place human resource development and training policies founded on the three aspects of supporting self-led challenges and career development, fostering a culture of human resource development in business units

and departments, and providing job satisfaction and unlocking employee potential through learning all while developing training measures. One example is the launch of the SMFL Academy training platform. SMFL Academy is a mechanism through which employees can proactively hone their expertise to enhance our human capital. In FY2025, we expect human resource investments to total ¥1.43 billion, of which education expenses will account for ¥740 million.

As our business domains expand and diversify, we believe that one of the core missions of this department is to support self-led career development with the goal of ensuring each employee experiences growth. Going forward, we will encourage employees to undertake challenges in new business fields.



Human Resources Strategy

Organization

Allocating personnel flexibly and optimally to achieve management strategies

Recruitment policy

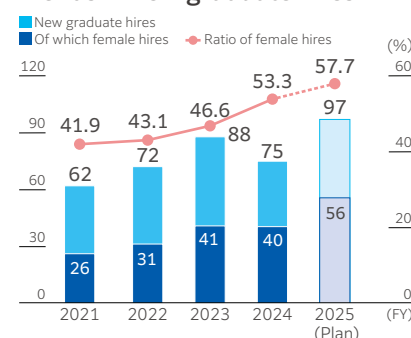
In order to address changes in the business environment, SMFL has strengthened efforts to recruit new graduates and mid-career hires, and has established an environment in which each individual can play an active role within SMFL empowered by diversity.

As for new graduate recruitment, we seek talent that possesses curiosity in the unknown, the ability to think flexibly, and the potential to support the sustainable development of society in unconventional ways. Moreover, we are diversifying the range of positions to which we assign new hires in order to create an environment in which specialized talent and global personnel can play

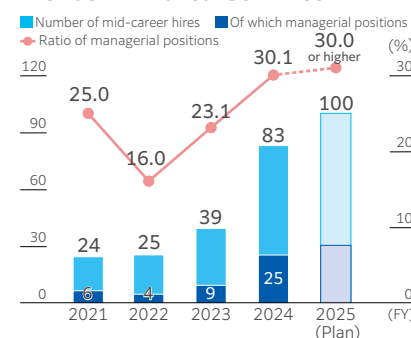
an active role. We also provide various opportunities and support career development so that employees can realize their aspirations and dreams.

Meanwhile, from a mid-career recruitment perspective, we actively seek human resources who possess the will to transform change into growth, and with high-level expertise in a wide range of business units, including experts specialized in digital technologies and data application. We also employ onboarding events and other similar measures to provide opportunities for mid-career hires to realize their desired careers by freely exercising their capabilities after joining SMFL.

Trends in new graduate hires

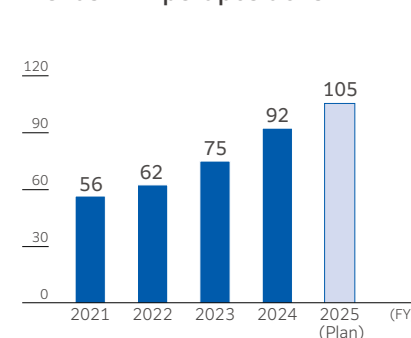


Trends in mid-career hires



* excluding general service positions

Trends in Expert positions



Culture

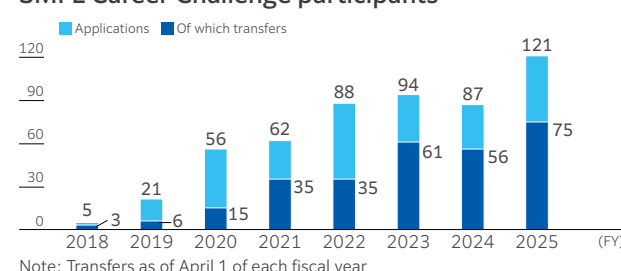
Establishing a corporate culture that encourages employee-led development

Challenge support

In order to support self-led career development by our employees, we provide an environment in which employees can challenge new positions through a four-step career cycle. This cycle is comprised of [1] Job Format, which documents operations and required skills in each business unit, [2] Job Forum, which disseminates information on a wide-range of tasks and roles at SMFL in a video format, [3] Job Shadow, which provides employees with work experience outside their affiliated business departments, and [4] SMFL Career Challenge, which allows employees to volunteer for their desired business departments based on the knowledge and experience they acquire in the above three steps.

We also offer short-term trainee system designed to provide human resources across all business units and broadly company-wide, including the judgement and customer proposal skills which necessary for SMFL's business, as well as knowledge on the environmental and DX fields.

SMFL Career Challenge participants

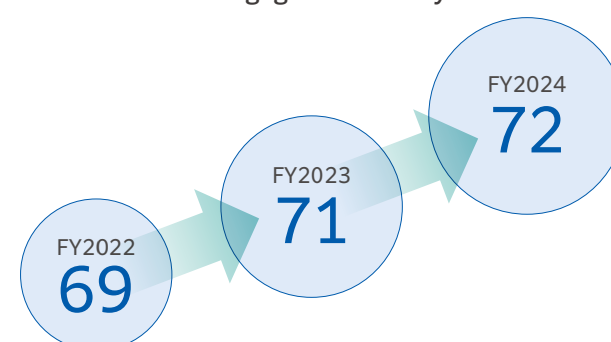


Note: Transfers as of April 1 of each fiscal year

Engagement

Along with implementing the human resources strategy, enhancing engagement is another essential part of ensuring the mutual growth of employees and SMFL. Therefore, SMFL is committed to further strengthening the desire for engagement among employees by communicating the importance of enhancing engagement and by implementing various measures. At the same time, we have established an environment in which employees can take the initiative in promoting efforts toward greater engagement. We have also conducted an engagement survey each year since FY2022, and regularly monitor the organizational status as a means of improving the organization and enhancing engagement.

Trends in overall engagement survey scores



Talent

Maximizing employee performance and supporting professional development

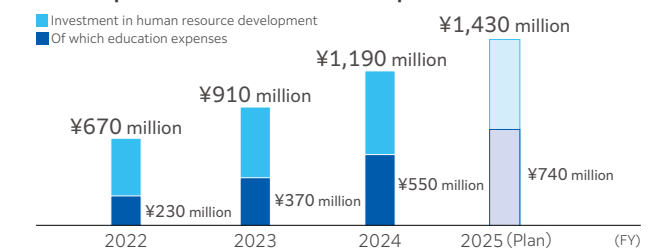
Investment in human resource development

The Human Capital Development Department has established an environment in which each employee can engage in self-led learning, and is actively expanding training opportunities led by each business unit and department in an effort to develop highly specialized talent according to the business strategy.

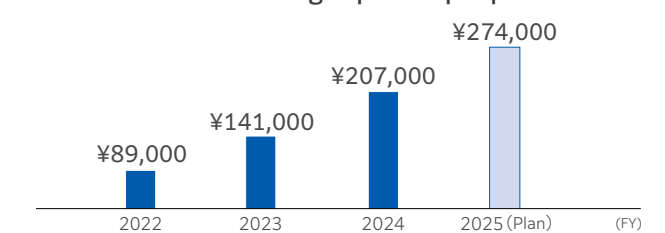
In FY2025, human resource investments are planned to reach ¥1.43 billion, of which education expenses will account for ¥740 million. Likewise, annual education expenses per person in FY2025 are expected to grow by a factor of 3.1 compared with FY2022.

These annual education expenses include job title and position-based training, unlimited GLOBIS learning opportunities provided to all officers and employees, fees for programs aimed at enhancing management skills, and external training costs incurred by the SMFL Business College. The Skill Up Challenge Fund seeks to enhance our business foundation, increase expertise of each business unit, and develop global personnel and DX talent.

Trends in investment in human resource development and education expenses



Trends in annual training expenses per person



*1 Annual education expenses per person = Education expenses / (Number of employees on a non-consolidated basis as of the end of the fiscal year + Number of temporary employees)

Management Foundation

Deepening DE&I, improving well-being

Health and Productivity Management Policy

SMFL believes the health of employees comes first and aims to create workplace environment in which each employee works vigorously and challenge themselves in good physical and mental health. In addition, we aim to improve health literacy of employees' families because the health of them is also important for employees to work in good health.

Specifically, we have established a health and productivity management system (Chief Health Officer: President), through which we have undertaken various initiatives to maintain and improve the health of our employees and their families.

Diverse and flexible work styles

SMFL seeks to create workplace environment that enables employees with diverse value sets to exercise their capabilities to the fullest and adopt high-productivity work styles so that they can experience fulfilling professional and private lives (including life events).

We also support the diverse work styles of our employees in specific ways. This includes the introduction and development of a flextime system (eliminating core time), various leave systems, and a reduced working hours system. These efforts serve to create an environment in which our employees who seek to balance work with childcare and nursing care can work with peace of mind.

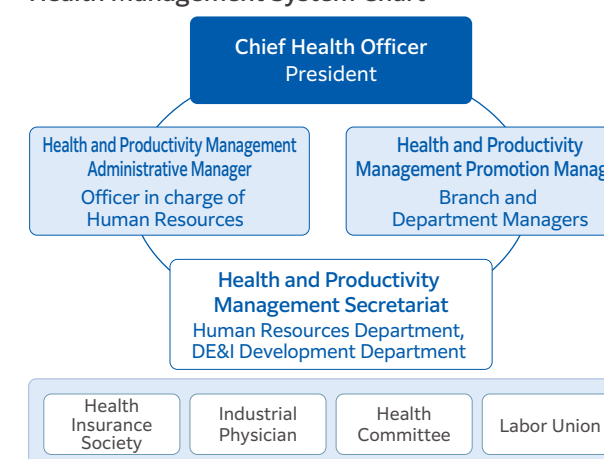
Empowering women

As a means of empowering women, we strive to increase the percentage of female managers and the percentage of female new graduates hired, and provide support for their career development. As of April 2025, we employed four female officers, and are now engaged in medium- to long-term career support initiatives through interactive events involving officers and other experienced employees, and through training programs.

Employing people with disabilities

To enable each and every employee with a disability to fulfill their potential, we have established a support system that includes job and task assignments that accommodate the needs of each individual, as well as periodic personnel interviews. Moreover, we promote employees with disabilities to full-time positions following a fixed period of employment for the purpose of ensuring stable employment.

Health Management System Chart



Roundtable Discussions

SMFL is committed to establishing an environment in which a corporate culture empowered by diversity has taken root and diverse human resources can play active roles. Against this backdrop, we recently spoke to several female employees who have returned to work to play active roles following maternity and childcare leave. Specifically, we asked about how they felt during childcare leave and after returning to work, as well as their outlook for their future careers.



Q1 Which of SMFL's systems did you find helpful when facing the life events such as childbirth and childcare?

Hisano: My physical condition was unstable during the early part of my pregnancy, so the flextime system was really helpful in that it allowed me to avoid the rush hour during my commute. And when I was busy with project closings, I worked from home. Working from home has also allowed me to secure time with my child and for household chores even after returning to work. I am also currently using the reduced working hours system, and since I can decide whether I use reduced working hours or not on a monthly basis instead of a yearly basis at SMFL, I hope to use this system flexibly in a way that matches my child's development in the future.



Yui Hisano

2021 Mid-career hire and member of the Energy & Environmental Business Promotion Department
April 2025 Returned to work from childcare leave

Shingyouchi: I also used the flextime system when I was pregnant. After I returned to work, I wanted to work from home twice a week for childrearing purposes, so I was very grateful that I readily received permission to do so when I conveyed this desire at my interview before returning to work.

Q2 Other than these systems, please tell us what you have found to be positive about SMFL's culture and the support you received from your bosses and colleagues.

Maruyama: As far as SMFL's culture is concerned, it seems to me there are a lot of employees in every department with an understanding of childcare. I have been very grateful for this environment when I take time for childcare.

Hisano: I feel similarly, and SMFL is also home to many male employees who take their children to and from nursery school, which makes the culture very understanding of childcare. My own boss takes his children to and from nursery school, and I am grateful that I can pick up my children from nursery school without feeling pressure from those around me.

Shingyouchi: One of the things that I feel positive about SMFL's culture is that everyone willingly accept my absence even if I leave work early when my child is ill. Sometimes I have to leave tasks unfinished because my child suddenly becomes ill, which I feel awfully terrible about, but everyone cheerfully encourages me even in these cases, which really puts me at ease.

Hisano: My bosses and colleagues provided a lot of

support that I was very happy about and grateful for. For example, my colleagues congratulated me and sent childcare support messages after I gave birth, and everyone said that they were waiting for me to return. This was helpful because I was spending a lot of time alone with my child during maternity and childcare leave, and sometimes felt cut-off from the rest of society.

Shingyouchi: I was also able to participate in my department's informal meetings twice during childcare leave, which kept me from feeling isolated and alone. And thanks to this kind of regular communication, I was able to return to my workplace without any problems.

Maruyama: I also had opportunities around once a month during maternity and childcare leave to join online meetings with my department manager, online meetings with a couple of my seniors, and lunch meetings that I brought my child to. This enabled me to return to work without feeling any gaps.

Shingyouchi: As another form of support, I was allowed to serve as the second in charge for all of the projects to which I was assigned right after returning to work so that I could get used to balancing work and home. Typically, the term "second in charge" gives the impression that you are not getting assigned any major tasks, yet I am getting assigned work that looks to my own future career.

Q3 What do you pay attention to in order to balance work and home?

Shingyouchi: I try to switch back and forth between myself as a business person and myself as a mother with a clear distinction. When I am a mother, I am careful not to think about work.

Maruyama: I returned to work more than a year ago. Because I had spent two years on maternity and childcare leave and underwent a transfer as soon as I returned to work, I have intentionally approached my work as if I were a new employee. At first, it was difficult to reset my mind when I suddenly had to pick up my child during work, but now I am careful to report my work progress at each step so that I can leave at any time. I also summarize and share all of my memos on a digital note app consciously,



Saori Shingyouchi

2018 New graduate hire and member of the Real Estate Development Department
May 2025 Returned to work from childcare leave

to ensure that anyone can follow up.

Hisano: Although I am not fully able to do so yet since I just returned to work, I have started to act in a more efficient manner where I eliminate waste from my work and private life as much as possible, which allows me to grow at work while maintaining a balance with home as best as I can. I am making every effort to effectively use free moments as I did before I gave birth, and have envisioned my desired career over the medium- to long term. I am trying to engage in work while constantly thinking about "how to change" the way I balance home and work over the short, medium, and long term in order to achieve my goals.



Kako Maruyama

2018 New graduate hire and member of Tokyo Corporate Business Department II
May 2024 Returned to work from childcare leave

Q4 Tell us about your future outlook and aspirations as a business person.

Maruyama: As I mentioned a moment ago, my short-term goal was to catch up as if I were a new employee. But right now, things have settled down a bit, so my medium-term goal is to try out a more aggressive stance including structuring new schemes and approaching new customers and those SMFL had partially given up because it had been particularly hard to win them. Over the long term, I will polish my work skills and hope to acquire management skills that allow me to follow up with my juniors and colleagues engaged in childcare and nursing care.

Shingyouchi: Since I am in my second year of real estate operations in practice, over the short term, I hope to absorb a lot of expertise through the projects in which I am currently involved and acquire the skills to manage projects on my own. Over the medium- to long term, I will use in-house systems to continue focusing on the English conversation lessons I attend because I want to become involved in collaborative projects with overseas companies that require English.

Hisano: First and foremost, I aim to return to work full time as soon as possible and function as a core team member. Over the medium- to long term, I would like to see opportunities for overseas assignments to which I can take along my child in anticipation of a future management position.

Sustainability Strategy

Efforts to address social issues under the current Medium-Term Management Plan and outlook for 2030



Masaru Shiomi

Representative Director, Senior Managing Executive Officer
Officer in charge of the Corporate Planning Department, Corporate Communications Department, Sustainability Promotion Department, Group Company Management Department

The current Medium-Term Management Plan (FY2023-2025) is now in its final fiscal year. This was the first time that SMFL adopted non-financial targets and announced efforts to address social issues as a major theme. To realize the SMFL Way in 2030, it is extremely important that we firmly link the progress we have made and challenges overcome over the past three years to our next medium-term management plan. I would like to take this opportunity to showcase some of the progress we are making on sustainability initiatives both inside and outside SMFL.

As part of our efforts, we are working to collect GHG emissions data (Scope 1, 2) and enhance its accuracy across the entire SMFL Group to achieve our medium-to long-term environmental targets. Additionally, we are expanding the calculation categories for Scope 3 disclosures and promoting disclosures on a consolidated basis. In FY2024, we published our first TCFD Report, in which we disclosed our strategies in each of the environment, real estate, and aircraft fields, areas that are expected to be particularly affected by climate change (⇒ Page 40). Since recognizing the business risks and opportunities associated with climate change and reflecting them in the business unit strategies will lead to sustainable business development, we will continue to deepen and expand our awareness going forward.

Our contributions to customers and society through

businesses are also steadily expanding. In FY2025, we merged the Environmental and Energy Business Unit and the Circular Economy Division, which was an internal organization of the Product Promotion Unit, to newly create the Global Environment Business Unit (⇒ Pages 43-45). By combining our environmental and energy and circular economy businesses into one business unit, we have given ourselves added impetus and realize even greater value provision as the SMFL Group. Sustainability businesses reached ¥775.9 billion in FY2024, and we will continue to steadily build up our cumulative contract value toward our final FY2025 target of ¥1 trillion.

For our sustainable growth, it is essential to establish new core businesses. I believe it will be of particular importance to build our future portfolio with an eye toward environmental value. Looking ahead to the next medium-term management plan and beyond, we will contribute to society by building an asset portfolio that places a greater emphasis on environmental value.

Issues in the area of sustainability are becoming increasingly crucial, and the expectations society places on companies are also becoming ever greater. Overlapping the creation of social value and expansion of economic value, the SMFL Group will take on the challenges of resolving social issues in partnership with its diverse stakeholders.

SMFL Group's Materiality

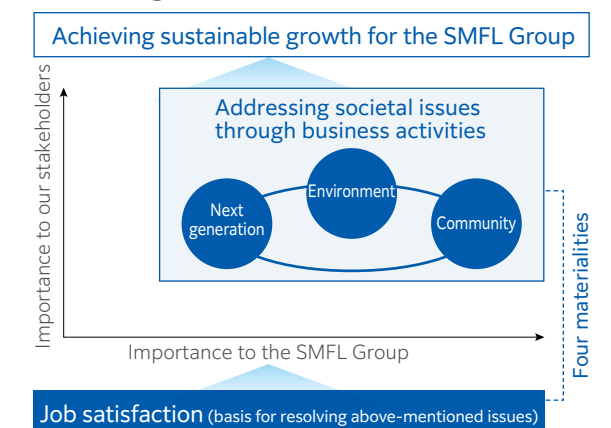
SMFL identified and has continued to address the Environment, Next Generation, Community, and Job Satisfaction as its four materialities (key issues). Selected based on two perspectives—their importance to stakeholders and importance to the SMFL Group—these key issues were identified following advice from external experts.

We have also reviewed some of our SDGs focus measures and key measures to align them with our initiatives, such as "activities as a leader in realizing the circular economy" and "contributing to society's priorities beyond business," which are key components of our current Medium-Term Management Plan. Going forward, we will promote initiatives designed to address materiality, while identifying changes in the SMFL Group's strategies and society as well as reviewing them as necessary.

Selection process for material issues

- Step 1** **Selecting SDGs focus items**
After taking a high-level view of the 169 targets of the SDGs and incorporating advice from experts, we selected items that are closely related to the business strategies of each business unit and that are especially worth focusing on.
- Step 2** **Including shareholder/stakeholder perspectives in evaluation**
While taking into account material issues for both our shareholders, we evaluated and prioritized issues that are closely aligned with the SMFL Group's business.
- Step 3** **Selecting material issues**
We selected three material issues in priority areas where we can leverage our strengths through business activities, and selected one material issue as the basis for resolving these issues.
- Step 4** **Internal approval procedure**
The selected issues are submitted for discussion by the SDGs Promotion Committee, approved by the Management Committee, and determined as materiality for the SMFL Group.

Positioning of material issues



Materiality Initiatives

Materiality	Environment Contributing to achieving decarbonization and a circular economy	Next generation Contributing to the development of people and companies that progress to the next generation	Community Contributing to the sustainable development of local communities	Job satisfaction Creating opportunities for everybody to be actively involved in a better future
Course of action	<ul style="list-style-type: none"> Support customer initiatives to reduce environmental impacts while operating our environmental management system in an appropriate manner Contribute to the realization of a circular economy through businesses that leverage the characteristics of a leasing company that handles equipment 	<ul style="list-style-type: none"> Work to develop and introduce new technologies, thereby contributing to the development and growth of companies as we move toward a society with a declining population. 	<ul style="list-style-type: none"> Contribute to building of sustainable communities through the development and maintenance of infrastructure essential to the region. 	<ul style="list-style-type: none"> Promote diversity and encourage the active participation of diverse human resources amid the declining birthrate and aging population. Create an open and productive workplace environment and foster a corporate culture in which employees can experience the joy of working.
SDGs focus measures				
Key measures	<ul style="list-style-type: none"> Promoting initiatives for renewable energy Expanding our offering of products that contribute to decarbonization Promoting a circular economy business Restrict the use of electricity and paper within our businesses 	<ul style="list-style-type: none"> Promote innovation in areas such as digital technology and robots Support the children who will become the platform for the next generation 	<ul style="list-style-type: none"> Provide solutions for sustainable urban development Contribute to the development of the economies of all countries by supporting capital investments on a global basis 	<ul style="list-style-type: none"> Promote an active role for women and senior citizens Promote workstyle reforms Improve operational efficiency through the use of digital technology
FY2024 Initiative Results	<ul style="list-style-type: none"> Development of an on-site PPA scheme facilitating surplus power generation sharing Certified by Japan's Ministry of the Environment as a designated leasing company that has secured outstanding achievements under its ESG Lease Promotion Project for a second consecutive year Concluded a business agreement aimed at promoting the use of sorting and processing equipment for used disposable diapers 	<ul style="list-style-type: none"> Released "InnovAlte," our in-house-developed generative AI tool Received the IT Encouragement Award for building and utilizing Intelligence Hub (a business intelligence platform developed in-house) Supported camping events and factory tours geared toward children from disadvantaged families 	<ul style="list-style-type: none"> Contributed to infrastructure projects that support society through the establishment of comprehensive infrastructure funds and investment in privatized domestic airport Participated in the operation of the Japan National Stadium Supported orphanages and undertook river cleanup activities in Malaysia 	<ul style="list-style-type: none"> Secured a year-on-year increase in the percentage of women in managerial positions Introduced a Work-life challenge system (12 working days per month) Received a four-star rating in the Nikkei Sustainable Management Survey (Smart Work Edition)

Sustainability Strategy

Medium- to long-term environmental targets

The SMFL Group formulated its environmental policy in June 2017, explicitly stating its aims in contributing to the resolution of global environmental issues. In April 2020, as one element of Our Vision within the SMFL Way, the SMFL Group declared its intention to become a company “chosen for its commitment to SDGs,” and since then has been working on various initiatives. In April 2022, we established three medium- to long-term environmental targets. Targets 1 and 2 are related to the decarbonization of SMFL and the SMFL Group, and under Target 3 we aim to contribute to resolving social issues, including the decarbonization of our customers’ operations.

Medium- to long-term targets for reducing GHG emissions

Target 1 Scope1 Scope2 Net-zero greenhouse gas emissions by SMFL in Japan (by FY2023)

We achieved Target 1 one year ahead of schedule in FY2022 and maintained net-zero emissions in FY2023 and FY2024. Given that the majority of our Scope 1 emissions are due to gasoline use in company vehicles, we have been taking measures to reduce its gasoline consumption. These measures include a 37% reduction in the number of vehicles by the end of FY2024 compared to FY2021, and simultaneously replacing them with environmentally friendly alternatives. We have offset any remaining Scope 1 emissions after implementing these measures through the use of carbon credits. For Scope 2 emissions, we have set and achieved our goal of sourcing all electricity used from renewable energy sources on a non-consolidated basis in Japan. This includes switching to renewable energy sources and utilizing non-fossil fuel certificates. Furthermore, we used all of the non-fossil certificates derived from the solar power facilities owned by the SMFL Group, while ensuring the continuity and transparency of our renewable energy procurement within the SMFL Group, from generation to consumption, over the long term.

Target 2 Scope1 Scope2 Net-zero greenhouse gas emissions by the SMFL Group (by FY2025)

To calculate the SMFL Group’s GHG emissions more precisely, we introduced a cloud system for calculating GHG emissions in April 2024. Additionally, SMFL Group has obtained third-party assurance for its Scope 1 and 2 GHG emissions for FY2024. Toward achieving environmental Target 2, we will further promote activities to reduce the SMFL Group’s GHG emissions and procure carbon credits, non-fossil fuel certificates, and overseas renewable energy certificates.

Consolidated GHG Emissions in FY2023/FY2024

t-CO ₂ e	FY2023	FY2024	Emissions factors/Notes
Scope1	2,665	3,223	In principle, we use the emission factors published in the Greenhouse Gas Emissions Accounting, Reporting and Disclosure System under Japan’s Act on Promotion of Global Warming Countermeasures to calculate Scope 1 emissions. For Scope 1 emissions, SMBC Aviation Capital’s share is recorded as 1,541 t-CO ₂ e for FY2023 and 2,414 t-CO ₂ e for FY2024.
Scope2	2,034	1,309	In principle, we use the provider-specific emission factors; otherwise, we use the country-specific emission factors published by International Energy Agency (IEA). Due to the review of the calculation Boundary, Scope 2 emissions for FY2023 were revised. Scope 2 emissions are after the application of non-fossil fuel certificates on SMFL in Japan. (Prior to application: 2,460 t-CO ₂ e for FY2023 and 1,513 t-CO ₂ e for FY2024)

* For details regarding the third-party assurance of the SMFL Group’s GHG emissions for FY2024, please refer to our website via the link below.
<https://www.smfl.co.jp/english/sustainability/environment/policy/>

Initiatives Scope3 Initiation of disclosure and expansion of coverage

We started to calculate Scope 3 emissions from FY2023. For FY2024, we calculated Scope 3 emissions for Category 1 and Category 2 in addition to the data we disclosed last year, and added transportation equipment to the list of target items for leased assets (downstream) in Category 13. For categories that are already disclosed, we will also expand the scope of Scope 3 information disclosure, for example, by expanding the scope from non-consolidated to consolidated.

Consolidated GHG Emissions in FY2023/FY2024

t-CO ₂ e	FY2023	FY2024	t-CO ₂ e	FY2023	FY2024
Category 1 (purchased goods and services)	41,252	46,728	Category 6 (business travel)	5,589	12,998
Category 2 (capital goods)	5,084,865	5,199,682	Category 7 (employee commuting)	719	1,105
Category 3 (fuel- and energy-related activities)	797	624	Category 13 (downstream leased assets)	17,276,999	17,627,922
Category 5 (waste generated in operations)	32	142	Of which aircraft	16,241,114	16,755,224
Of which office waste	3	11	Of which other transportation equipment	1,035,885	872,698
Of which business asset waste	29	131			

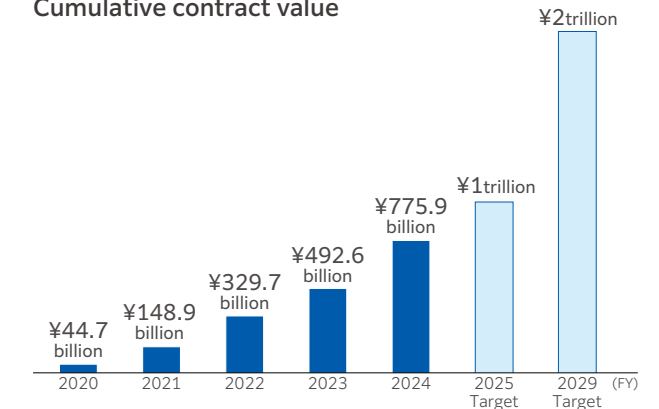
Note: For supplementary information on each category, please refer to the data section at the end of this report.

Target 3 Expand sustainability -related businesses

The SMFL Group is focusing on sustainability -related businesses to help address social issues, including climate issues, and to support customers in their decarbonization efforts. Initially, we set a cumulative contract value target of ¥1 trillion for FY2020 to FY2029, but we have moved this target date forward to FY2025 while raising the cumulative target to ¥2 trillion for FY2029.

Driven by our customers’ growing interest in sustainability, the cumulative contract value for sustainability-related businesses reached ¥775.9 billion over the five years to FY2024. We will continue to accelerate our efforts in each business to achieve these targets.

Cumulative contract value



Main transactions (FY2020~)

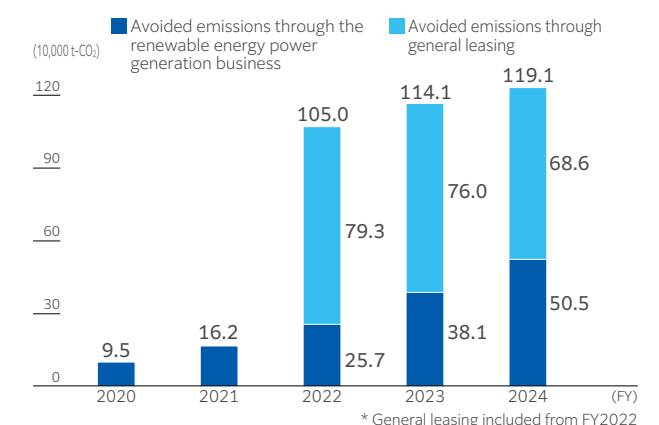
- Investment in and financing of renewable energy power generation businesses such as solar, wind, hydro and biomass
- Environmentally certified real estate development and financing projects
- SDGs Lease Mirai 2030® (donation type) /(evaluation type), SDGs leases in collaboration with companies and government agencies, real estate version of SDGs leases, etc.
- Sustainability-linked leases and loans (included from FY2023)
- Leases including carbon credits (included from FY2024)

* The inclusion of transactions related to sustainability in the aggregation target is subject to approval by the SDGs Promotion Committee.

Estimates of Avoided Emissions

Aiming to create social value and expand economic value, we began measuring our contribution to avoided emissions as an impact indicator that reflects the influence of our business activities on society and the environment from FY2020. Having recorded 510,000 t-CO₂ from renewable energy generation projects in FY2024, our avoided emissions has remained on an upward trend. Including general leasing transactions, the total avoided emissions amounted to 1,190,000 t-CO₂. Going forward, we will work to increase our avoided emissions throughout the supply chain, including power generation, storage, and energy conservation, and thereby contribute to the realization of a decarbonized society.

Avoided emissions



* General leasing included from FY2022

Method of calculating avoided emissions

	Renewable energy business	General leasing
Scope of calculation	In-house power generation (including PPA), financing and project finance projects handled by the Global Environment Business Unit	General leasing projects for renewable energy equipment handled by the Corporate Business Unit
Applicable power generation methods	Solar power, wind power, hydro power, biomass, geothermal	Same as on the left
Calculation method	Avoided emissions are calculated by multiplying our share of power generation in each fiscal year by the International Energy Agency (IEA) emission factor.	Avoided emissions are calculated by multiplying the power generation capacity determined by a specific logic, capacity utilization rate and IEA emission factor.

Climate-related scenario analysis

Climate-related scenario analysis

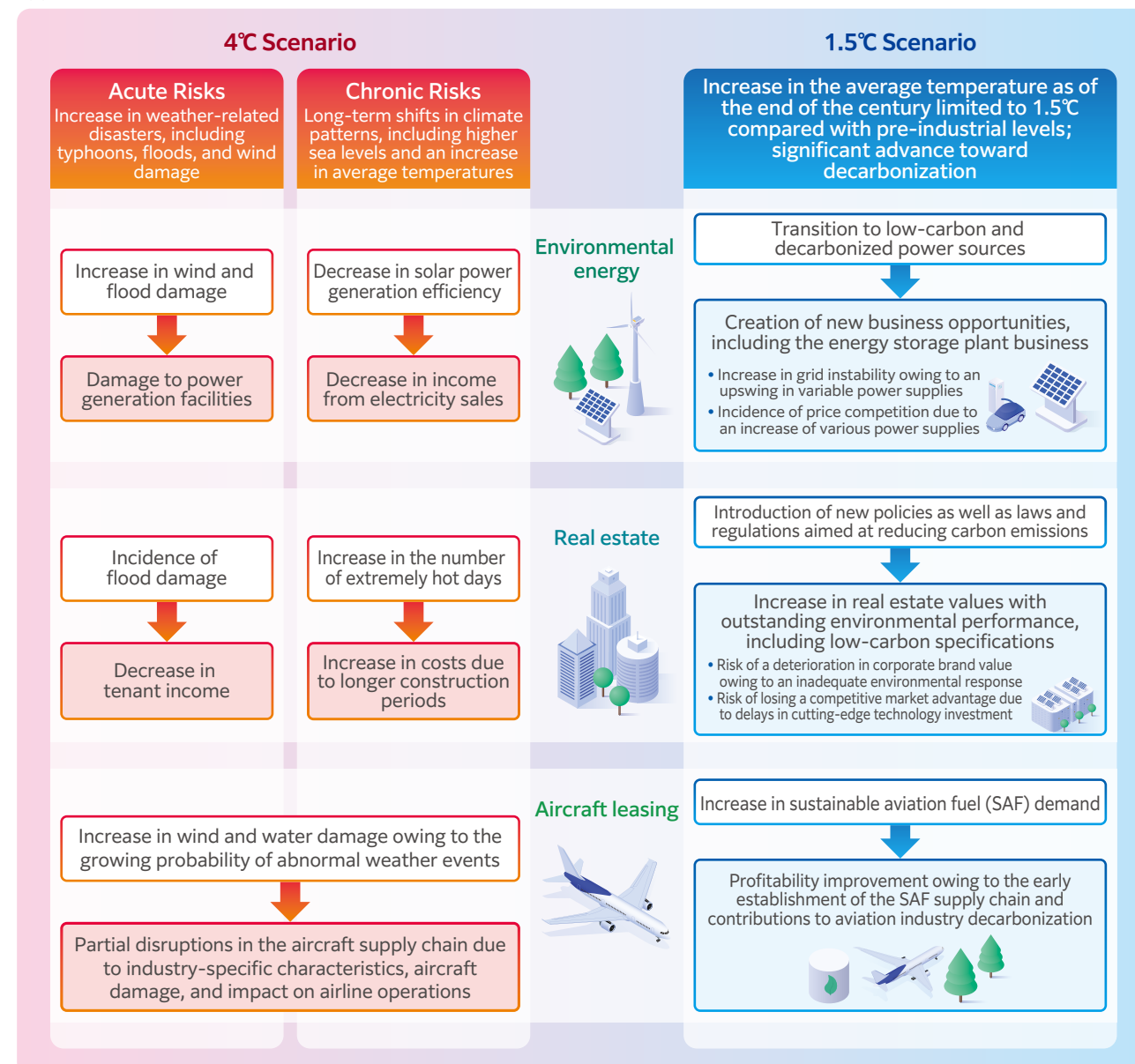
Referring to the recommendations put forward by the Task Force on Climate-Related Financial Disclosures (TCFD), the SMFL Group has analyzed climate-related risks, opportunities and business impact for the projects that may be significantly impacted by climate change. For the analysis, we referred to the "Net Zero Emissions by 2050 Scenario (1.5°C Scenario) published by the IEA and the "SSP5-8.5 (4°C scenario) put forward by the Intergovernmental Panel on Climate Change (IPCC). (TCFD Report: <https://www.smfl.co.jp/english/sustainability/environment/tcfd/>).

Moving forward, we plan to improve the accuracy of our analyses through various measures on an ongoing basis. This includes expanding the number of businesses subject to the scenario analysis and quantifying risks and opportunities.

Businesses Subject to Scenario Analysis

Of the Group's reportable segments, SMFL conducted scenario analyses for the Environmental and Energy, Real Estate, and Transportation businesses, which it believes are especially susceptible to climate change risks. Within the analyses conducted, the scope of analysis is presented as follows.

Environmental and Energy Business	<ul style="list-style-type: none"> Renewable energy generation Decarbonization solutions
Real Estate Business	<ul style="list-style-type: none"> Real estate leasing and development
Transportation Business	<ul style="list-style-type: none"> Aircraft leasing

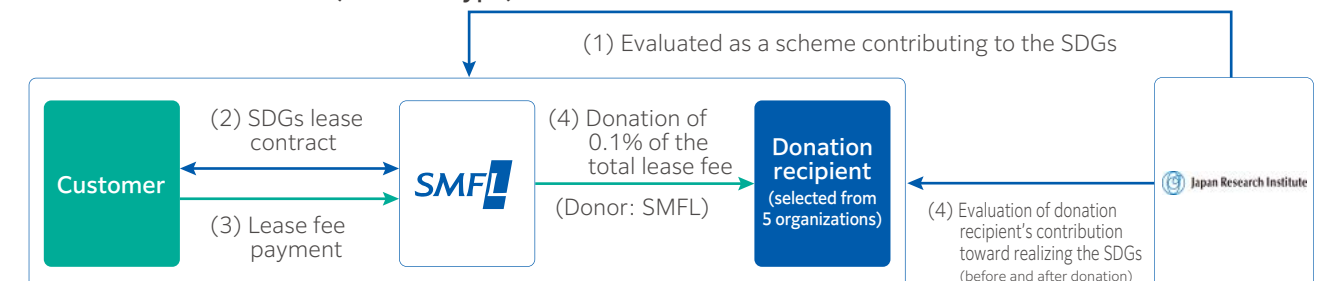


Social contribution activities

Progress in FY2024 on SDGs Lease MIRAI 2030® (donation type/evaluation type)

SDGs Lease Mirai 2030® is a leasing scheme that enables customers to contribute to the SDGs through leases. There are two types of leasing schemes: a "donation type" by which, with the customer's consent, a portion of the lease fee is donated to a certified NPO, etc., and an "evaluation type" that targets renewable energy and energy saving-related equipment and provides an evaluation report on the effects of installing the equipment. By the end of FY2024, a total of 2,124 companies had signed lease contracts for both the donation- and evaluation-type schemes.

SDGs Lease MIRAI 2030® (donation type) scheme



Initiatives with the certified NPO Kidsdoor

Supporting the activities of Kidsdoor, a certified NPO that is one of the recipients under our donation-type SDGs Lease scheme, we are working with Kidsdoor and our business partners to carry out our own pro bono activities. With the aim of realizing a society in which all children can have hopes and dreams, Kidsdoor provides educational support and food assistance for children to low-income households that are struggling to raise them.

POP-making workshop for children at Kidsdoor in collaboration with FamilyMart

In collaboration with FamilyMart Co., Ltd., we organized a workshop for children attending Kidsdoor's learning support center, with the aim of providing an opportunity for them to think about work and the future. By combining FamilyMart Co., Ltd.'s store management knowledge with the know-how from our "More Than Finance®" management support service, the children were able to experience creating point of purchase (POP) ads and learn how to work together as a team to achieve results.

The POP ads created by the children were displayed in stores and provided them with opportunities to experience actual work duties.



POP ads created by children

Dispatch of lecturers to SMBC Group Financial and Economic Education seminars at universities across the country

Provided by the SMBC Group for students who will lead the future and local residents, SMBC Group Financial and Economic Education is a free seminar aimed at helping participants acquire accurate knowledge and make appropriate judgments with regard to money.

As a member of the SMBC Group, we deliver lectures on the links between leasing and sustainability at universities across the country. In FY2024, we delivered lectures at 10 universities and planned to increase the number to 19 in FY2025.



A lecture on Financial and Economic Education

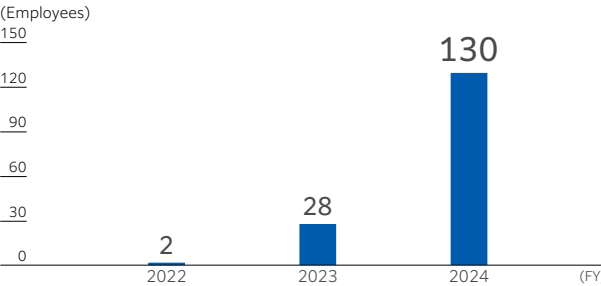
Initiatives to Develop Sustainability Talent

The SMFL Group is strengthening its sustainability education to accelerate initiatives to become a company "chosen for its commitment to SDGs." In FY2024, we expanded our existing SDGs study sessions and launched a sustainability talent development program. The program includes study sessions for all employees four times a year, encourages employees to obtain decarbonization advisor qualifications certified by Japan's Ministry of the Environment and promotes video-based education.

Company-wide study sessions focus on providing employees with knowledge and skills that they can apply to their own work and put into practice on a daily basis. These study sessions are taught by SDGs officers appointed to each department. The introduction of this

program is helping to improve knowledge within SMFL and fostering an awareness of sustainability initiatives.

Number of employees who have acquired decarbonization advisor qualifications certified by Japan's Ministry of the Environment



Company-wide study sessions (FY2024)

Theme	Content
Commitment to SDGs	Our commitment to SDGs, materiality, and initiatives for SDGs within and beyond business
Decarbonization	Green Transformation (GX)-related regulations, technologies that contribute to GX and their use at SMFL, and examples of contributions to GX through leases
DE&I	Background behind the initiatives, positioning and measures within SMFL, etc.
Greenwashing	Definition and risks of greenwashing, regulatory trends and our responses, etc.

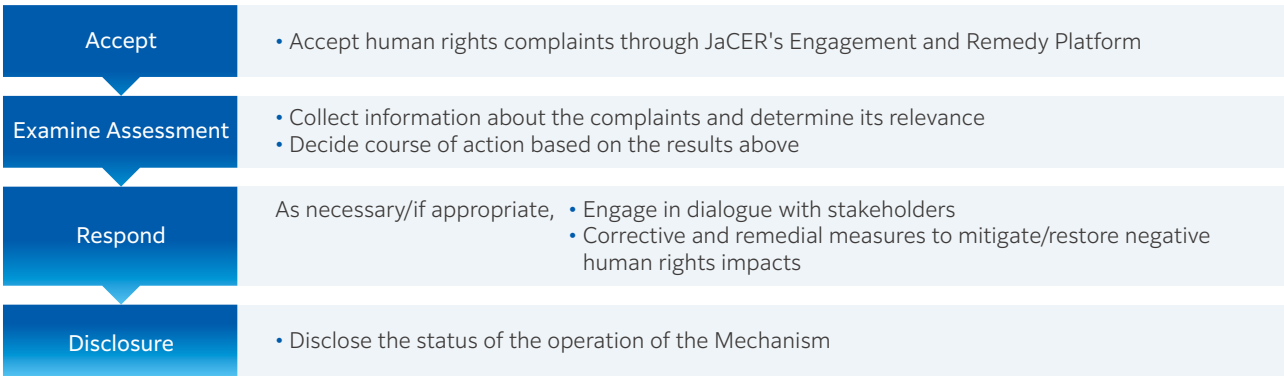
Initiatives to respect human rights in the supply chain

In recent years, concerns about human rights violations in companies have grown, and interest in human rights due diligence has also risen rapidly. We are "committed to contributing broadly to the sustainable growth of our customers and society" through the "SMFL Way." In May 2023, we formulated the SMFL Group Human Rights Policy to respect the human rights of all officers and employees as well as all persons directly or indirectly affected by our business.

To further strengthen our human rights initiatives, we established a redress mechanism, a framework for

handling human rights-related grievances for the period from FY2024 to FY2025. To build this platform, we utilized the Engagement and Remedy Platform provided by the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER), of which SMFG, our shareholder, is a member. By utilizing this platform, we aim to operate processes effectively and address all stakeholders in a transparent and fair manner. We also aim to fulfill our social responsibilities by detecting human rights issues early and appropriate responses.

Process flow utilizing JaCER's Engagement and Remedy Platform



Establishment of Global Environment Business Unit

Having newly established the Global Environment Business Unit, we put in place a system to consistently handle the Environmental and Energy and Circular Economy businesses. Having decided to make these two domains the pillars of our business, we will be contributing to the realization of GX.

Toward accelerating business that overlaps the creation of social value and expansion of economic value

Eiichi Sekiguchi

Representative Director, Senior Managing Executive Officer
Head of Global Environment Business Unit



The Global Environment Business Unit was launched in April 2025 with its concept: Carbon Neutrality (CN) x Circular Economy (CE) x Digital Transformation (DX) ⇒ Green Transformation (GX). The Environmental and Energy Business Unit, which was a stand-alone division until FY2024, and the Circular Economy Division, which was newly established in the same fiscal year, have been merged to form the Global Environment Business Unit. Two headquarters, the Environmental and Energy Business Division and the Circular Economy Division, have been established within the business unit.

We aim to bring about powerful synergies while accelerating business that overlaps the creation of social value and expansion of economic value. These aims will be achieved by combining our strength in digital know-how with the two pillars of our environmental energy business, which promotes the decarbonization of customer operations and of society as a whole through the renewable energy and energy-saving businesses, as well

as circular economy business which encourages waste reduction through the reuse and recycling of materials.

On an experimental basis, we have also introduced "avoided emissions" as a unique impact indicator in the Global Environment Business Unit. It is said that to realize a decarbonized society, companies need to not only reduce GHG emissions within their own company and supply chain but also contribute to reducing GHG emissions at other companies. By introducing "avoided emissions," which is a common term that applies to both the environmental energy business and the circular economy business, we will create businesses that contribute to reducing GHG emissions for our stakeholders including customers.

By contributing to green transformation (GX), which is essential for realizing a sustainable society, we will work to become a company "chosen for its commitment to SDGs," stated in the "SMFL Way."

What is a circular economy?

The traditional economic model of mass production, mass consumption, and mass disposal has led to numerous challenges, including climate change, natural resource depletion, and plastic pollution. Today, companies can no longer afford to ignore what happens to the products they create after they are used.

In light of this trend, the realization of a circular economy (CE) has now been positioned as a national strategy even in Japan. There is a need to shift to a socio-economic system that makes maximum use of waste and other resources, creates added value, and leads to new growth.

In addition to solving environmental issues such as climate change and biodiversity conservation, a CE has the potential to revitalize local areas, achieve a high quality of life, strengthen industrial competitiveness, and ensure economic security. Against this backdrop, it is essential for companies to view CE compliance not simply as a cost but as a growth strategy and take steps to gain a competitive advantage.

Circular Economy in the Forward Logistics Domain

To realize a CE in the forward logistics domain, it is important to ensure the traceability of products and clarify their ownership. By utilizing leasing (sales financing), the ownership of leased assets can remain attributed to the leasing company when provided to the user, enabling them to be collected when the user has finished with them. This enables manufacturers who are the sellers to make specific considerations toward making their products CE-compliant.

Circular Economy in the Reverse Logistics Domain

At SMFL, we believe that connecting the forward logistics domain with the reverse logistics domain is a vital mission for a leasing company. As the asset owner, we have carried out their proper disposal and provided solutions that contribute to the 3Rs, waste compliance management ASP services, and waste disposal assistance to our customers. Additionally, we are currently focusing on rare earths and other materials that have value in themselves, and products whose disposal present problems, while considering recycling businesses that utilize the strengths of each group company.

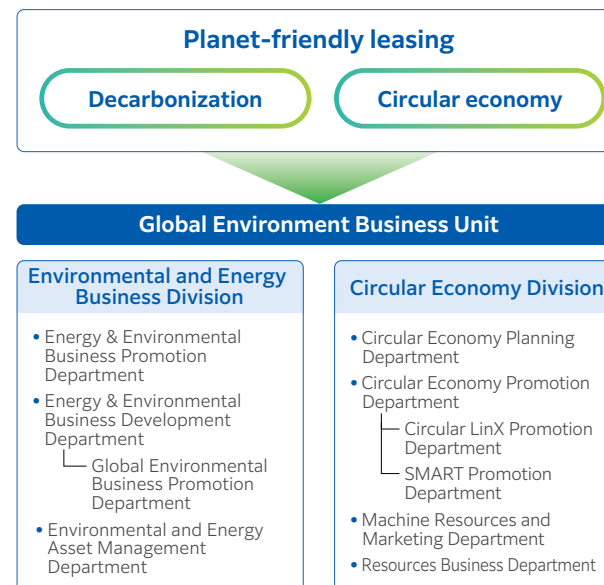
Establishment of Global Environment Business Unit

SMFL's circular economy (CE) promoting structure

In line with the Medium-Term Management Plan from April 2023, we launched a company-wide organization called the Circular Economy Promotion Working Team (WT) and have been worked to build specific CE models with customers and disseminate CE-related information both internally and externally.

To accelerate CE initiatives carried out to date, in April 2025 we significantly enhanced the organization and personnel of the Circular Economy Division, to which we transferred the WT functions. Consolidating domestic and international CE-related information, this division will accumulate specialized knowledge while providing wide-ranging solutions to customers' issues.

It is said that not only the utilization of renewable energy but also CE initiatives will be essential to the realization of a carbon-neutral (CN) society. In conjunction with the Environmental and Energy Business Division, which is handling decarbonization business and has been positioned under the umbrella of the newly established Global Environment Business Unit, we will accelerate CN and CE business by utilizing digital technologies and take on the challenge of realizing green transformation (GX).

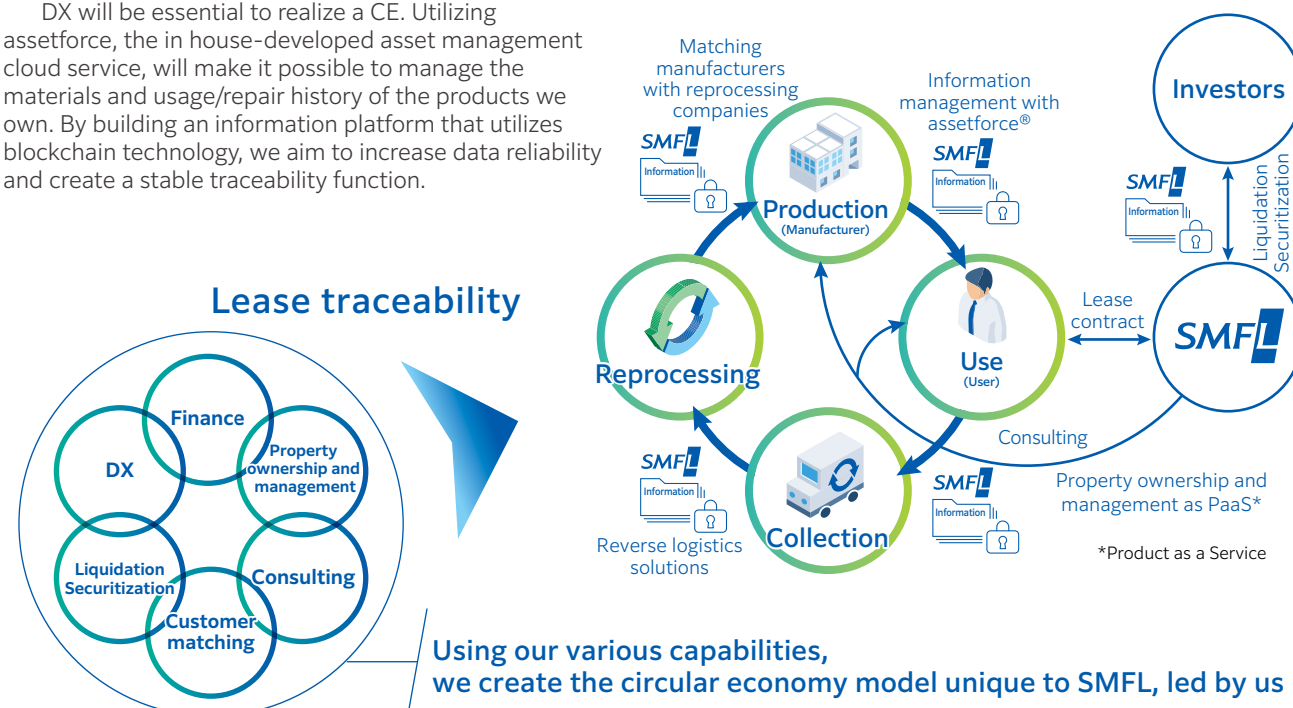


Toward Establishing a CE Model (SMFL2030 model)

Maximizing the use of the various capabilities we have cultivated as "a business company with financial capabilities," by 2030 we aim to build a CE model unique to SMFL from three perspectives: "Build a resource circulation circle," "CE promoted through strong relationships with individual companies," and a "CE relating to specific materials and products."

DX will be essential to realize a CE. Utilizing assetforce, the in-house-developed asset management cloud service, will make it possible to manage the materials and usage/repair history of the products we own. By building an information platform that utilizes blockchain technology, we aim to increase data reliability and create a stable traceability function.

If it becomes possible to reliably manage data on assets through these initiatives, we believe that this could lead to developments in business, including the securitization and liquidation of lease contracts linked to the various data. We are also giving consideration to the development of financial products for investors that will contribute to a CE.



Circular LinX



Circular LinX is a joint venture established by SMFL MIRAI Partners and AMITA HOLDINGS CO., LTD. and possesses strengths in waste management. By combining the aspirations of both AMITA Group, which has been working toward the realization of a sustainable society from the perspective of environmental resources, and the SMFL Group, which has been working to become a company "chosen for its commitment to SDGs," Circular LinX is providing services that can assist customers and society through more advanced ideas. We will accompany our customers as their best partner in achieving sustainability management while assisting in the building of the foundations of a social platform that will lead the new era.

SMART



SMART is a prime contractor in equipment and plant disposal established by two companies, ARBIZ Corporation and SMFL Mirai Partners (SMFLMP). Leveraging the technologies that ARBIZ possesses in demolition supervision, construction, and recycling as well as SMFLMP's knowledge and expertise about "equipment" and reuse sales network, SMART provides a one-stop service that covers plant dismantling, equipment removal, and resale/recycling of idle machinery/equipment. By combining the strengths of two companies, we aim to become the best partner for business restructuring support as specialists in dismantling and revitalization.

Examples of businesses that solve social issues and their corresponding materiality

Example 1 Signing of a strategic partnership

Corresponding Materiality

Environment/Next generation



In June 2025, five companies—SMFL, AMITA CORPORATION, ABeam Consulting Ltd., Circular LinX, and GX Concierge Inc.—reached a basic agreement to jointly provide companies with "services that comprehensively support the conception, design, and operation of circular businesses that combine the circular economy and digital transformation (DX)" on the basis of their strategic partnership.

By leveraging the strengths of each company, we will provide comprehensive solutions in the forward and reverse logistics domains, including finance and consulting, to companies working to achieve a CE.



Toward provision of a "Circular Co-Evolution" sustainability management service through a five-company collaboration

Example 2 Demolition work associated with the relocation of a baseball field

Corresponding Materiality

Environment



A prime contractor for the disposal of facilities and plants, SMFL Group company SMART was contracted to demolish Hanshin Naruohama Baseball Stadium, the home of the Hanshin Tigers' second team, which had decided to relocate due to the aging of the facility.

One of the concerns was the dismantling of the backscreen's 65m-high poles. However, SMART's track record in dismantling large Ferris wheels and wind farms was highly rated and led to the contract.

SMART is also promoting resource efficiency and waste reduction that contributes to a CE by maximizing the reuse and recycling of the waste materials generated during the stadium's demolition.



Hanshin Naruohama Baseball Stadium, where SMART undertook the demolition work

Financial Strategy

Financial strategy for achieving 2030 targets

Noriyuki Watanabe

Director, Managing Executive Officer
Officer in charge of Accounting Department, Treasury Department, and Risk Management Department



Review of the second year under the Medium-Term Management Plan

Building a stable and competitive funding structure

I am confident that we achieved favorable results in FY2024, the second fiscal year of our Medium-Term Management Plan. Most notably, we took steps to expand funding sources by adopting new funding methods as we sought to balance further growth with the asset control.

In specific terms, we strengthened profitability and expanded our asset turnover-type business by entering new fields and undertaking inorganic investments, while also increasing profits from existing businesses. As a result, SMFL reported record highs in ordinary profit and profit attributable to owners of parent. Ordinary profit was ¥165.9 billion, up ¥16.2 billion compared with the previous fiscal year, and profit attributable to owners of parent totaled ¥133.9 billion, up ¥4.2 billion year on year, owing to such factors as the recording of aircraft-related insurance settlements related to Russia.

In its domestic lease and finance businesses, SMFL took definitive steps to address customers' needs against the backdrop of an increasingly active business environment. These steps led to the conclusion of multiple large investment project contracts. In our transportation business, SMBC Aviation Capital Limited ("SMBC AC"), an aircraft leasing company, and SMBC Aero Engine Lease, an aircraft engine leasing company, reported increased profits. This largely reflected business growth, the downturn in Russia-related impairment loss, and the substantial decline in credit costs. Moreover, results in the real estate business

were boosted by the strong performance by Kenedix, successful conclusion of large-scale purchase and sale transactions, and securitization of assets.

Turning to new initiatives, SMFL entered the container leasing business in its Transportation Business. In the Real Estate Business, we acquired Aravest, a company that engages in real estate management in the Asia-Pacific (APAC) region, and included CRE within the scope of the SMFL Group's consolidation as a subsidiary with strengths in the development and management of domestic logistics facilities. Through these and other means, we proactively undertook investments aimed at securing further growth and strengthening the asset turnover-type business.

As for funding, we continued to build a stable and competitive funding structure in FY2024 to maintain an appropriate short- and long-term financing ratio in a bid to secure further growth and respond properly to a "state with positive interest rates." Meanwhile, SMBC AC issued a total of US\$1.5 billion in foreign bonds, and in May 2025, SMFL issued US\$0.5 billion as its fourth such issuance in line with the overseas business growth.

Furthermore, we worked to securitize pooled lease fee receivables as a means to diversify funding methods and sourced ¥50 billion. At the same time, we raised approximately ¥140.2 billion through joint money trusts.

The final fiscal year of the Medium-Term Management Plan

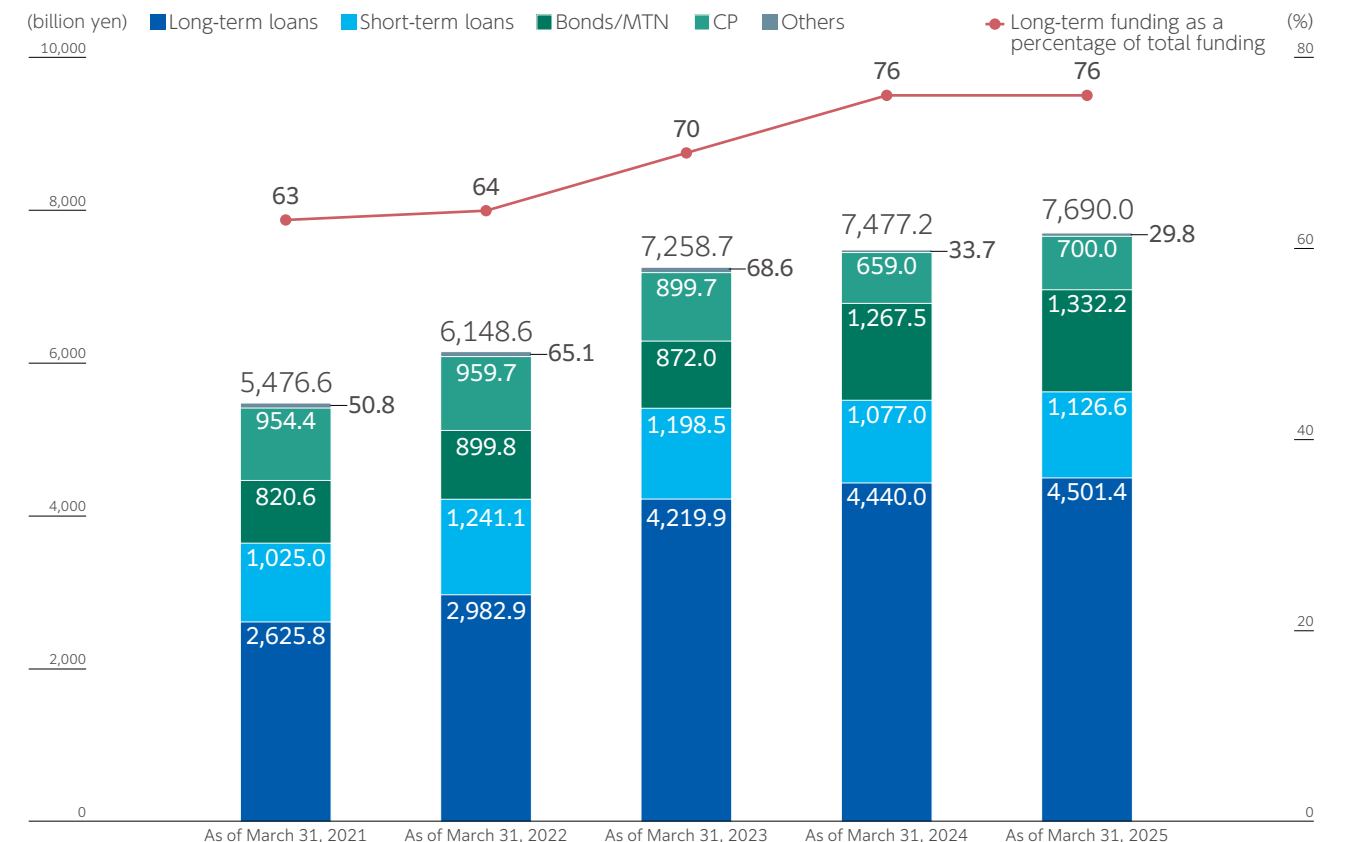
Engaging in funding operations mindful of a state with positive interest rates and geopolitical risks

FY2025, the final year of our Medium-Term Management Plan, is critical to both determining and laying the foundation necessary to achieve our 2030 vision.

As far as the external environment is concerned, and despite an increasingly active domestic economy, the impact of rising interest rates, tariff policies imposed by the U.S., and geopolitical risks associated with such events as the situations in Ukraine and the Middle East on

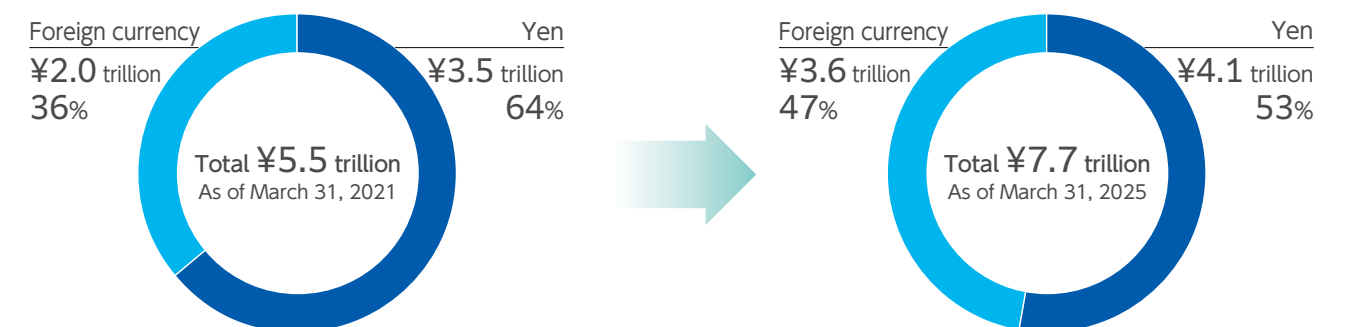
corporate activities as well as financial markets is difficult to discern. Against this backdrop, we recognize that we have entered a phase in which the ability to manage investment and financing as well as market risks will directly affect corporate value. Amid a state with positive interest rates, we will focus on proactive risk management and flexible ALM while strengthening our business foundation.

Funding balance over the most recent 5-year period

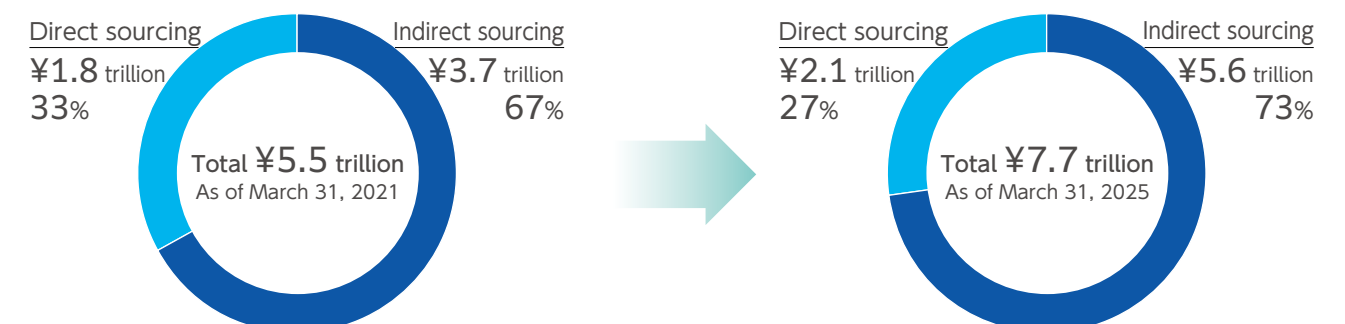


Consolidated interest-bearing debt

Yen- and foreign currency-denominated ratio



Direct- and indirect sourcing ratio

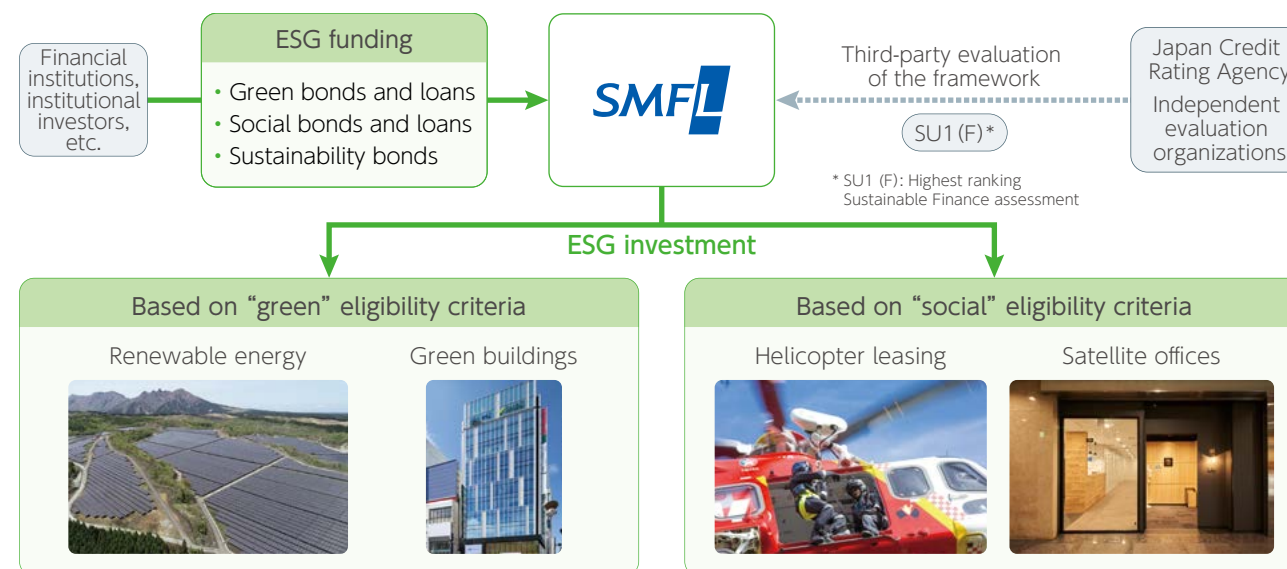


Financial Strategy

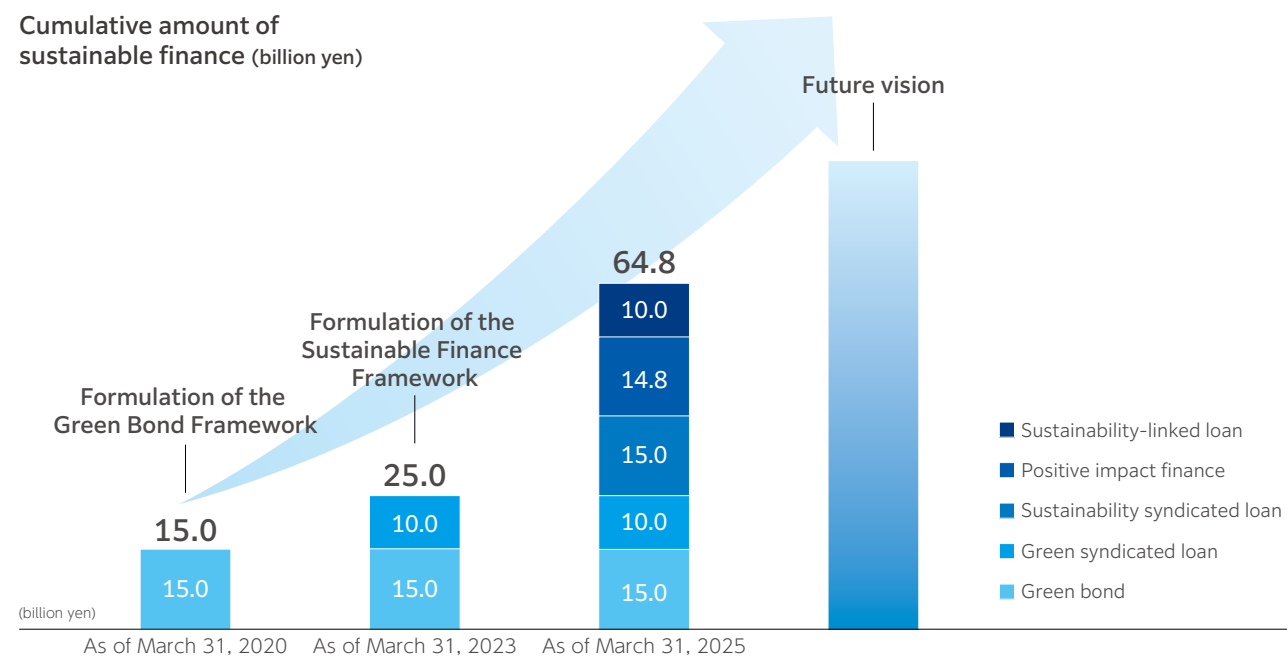
Initiatives for Sustainable Finance

Since formulating its Green Bond Framework in FY2019 and Sustainable Finance Framework in FY2022, SMFL has engaged in sustainable finance activities totaling approximately ¥65 billion through FY2024. Looking ahead, we will work diligently to garner the understanding of stakeholders toward our commitment to solving social issues, which includes achieving the SDGs. On this basis, we will proactively procure sustainable finance for use in fulfilling this commitment and provide various investment opportunities to investors and financial institutions.

Sustainable Finance Framework



Cumulative amount of sustainable finance (billion yen)



Enhancing risk management capabilities

Strengthening risk management systems as a business foundation to support expansion

SMFL Group is strengthening its risk management systems because the business investment risks, market risks, and other various risks are varying and deepening in line with the evolution into a business company with financial capabilities. We have introduced the Risk Appetite Framework as a management structure to clarify the types and amounts of risks associated with earnings growth and are maintaining discipline in business operations. At the same time, we plan to further entrench and enhance our Risk Appetite Framework by business unit in order to improve the autonomous risk response capabilities of our front office.

As a result of strengthening its function as an advisory

body to the Management Committee, the Investment & Financing Committee is bolstering the ability of each business unit to identify and structure deals as well as corporate departments to analyze, evaluate, and provide support. This in turn is contributing to higher quality and efficiency of deliberations. After undertaking investments and financing, steps are taken to regularly monitor each business, portfolio, and asset value, as well as to take action to enhance corporate value and ensure financial soundness. By implementing this PDCA cycle, energies are being directed toward putting in place and strengthening risk management systems commensurate with the expansion and growing depth of our business.

Direction of the next Medium-Term Management Plan aimed at achieving 2030 targets

Building a structure and strengthening our financial foundation to support growth strategies

Amid the transition to a state with positive interest rates, corporate activities in Japan are becoming increasingly vigorous in the pursuit of higher earnings. Turning to the world stage, uncertainty surrounding the future continues to mount owing to such factors as geopolitical risks and shifts in the policies of major countries. As a result, financial markets are exhibiting increased volatility. Despite this harsh operating environment, I believe that the corporate sector will continue to adopt an aggressive stance due to innovation and a review of the supply chain. At the same time, I recognize that the importance of financial strategies, including the allocation of assets and ALM, in determining corporate value is increasing as winners and losers among companies become more apparent. Here, SMFL will accelerate efforts aimed at overlapping the creation of social value and expansion

of economic value in line with the needs of customers and partners and incorporate this economic dynamism into the Company's own growth with a view to realizing 2030 targets. To this end, we recognize the need to build a stable and competitive funding structure and to further enhance risk management.

From a financial perspective, SMFL's equity ratio is exhibiting an upward trend, climbing 0.4 of a percentage point, to 11.2% in FY2024. In addition to adopting an aggressive risk-taking approach, including investing in new businesses, in an effort to further upgrade and expand business portfolio, we will further strengthen our financial base by steadily accumulating profits and implementing asset control, etc. through asset turnover-type business.

Promoting proactive dialogue with stakeholders

SMFL is committed to deepening mutual understanding through direct dialogue with not only shareholders, but also domestic and overseas financial institutions and investors. At the same time, we also share details of our direction and issues with employees through town hall meetings conducted by top management and other executives as well as daily communication.

I am thrilled by our stakeholders' expectations toward SMFL's growth. In particular, I am encouraged by the robust support for our efforts to pursue high-profit businesses as a business company with financial

capabilities, as well as for our renewable energy and circular economy businesses, which are advancing steadily with the aim of expanding future social and economic value despite their limited history.

I am acutely aware that the trust and expectations of stakeholders are predicated on the strengths of our compliance and risk management frameworks. Looking ahead, we will continue to realize the "SMFL Way" through interactive communication.

I humbly ask for the continued understanding and support of all our stakeholders.

Business Summary

SMFL provides optimal solutions as the best business partner for our customers leveraging collaboration among business units.
As we aim to “realize the SMFL Way” in 2030, we are making the most of the Group’s collective strength to create social value and expand economic value.

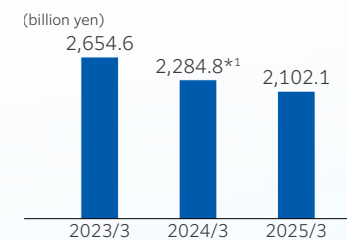
Domestic Leasing Business

Corporate Business Unit
Supplier Business Unit
Product Promotion Unit

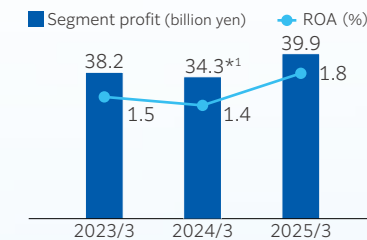
Business overview

Leasing and installment sales of a variety of machinery and equipment; loans; rentals; second-hand sales, etc.

Segment operating assets



Segment profit/ROA



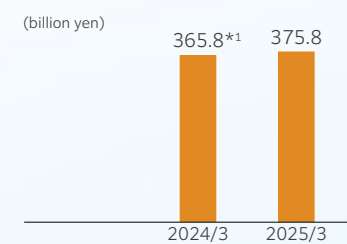
Environmental and Energy Business

Note: Newly established in April 2024 (separated as an independent business from the domestic leasing business)

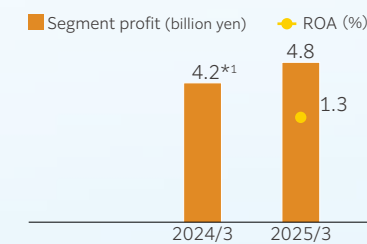
Business overview

Conservation equipment and renewable energy generation equipment; power generation business, etc.

Segment operating assets



Segment profit/ROA

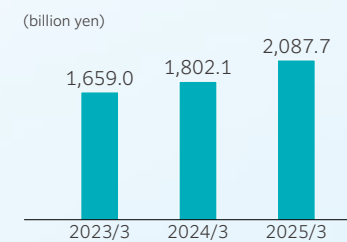


Real Estate Business

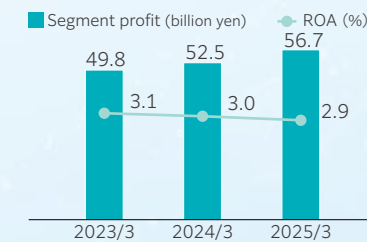
Business overview

Leasing and loans for real estate; real estate leasing business; real estate development; real estate asset management, etc.

Segment operating assets



Segment profit/ROA

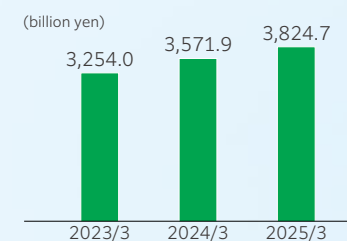


Transportation Business

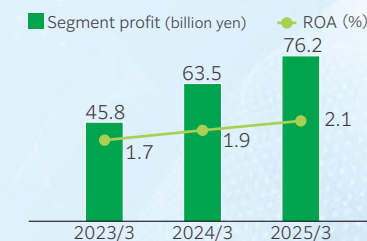
Business overview

Aircraft leasing; aircraft engine leasing; various helicopter leasing businesses; leasing and installment sales of vessels; loans; chartered vessel business, etc.

Segment operating assets



Segment profit/ROA

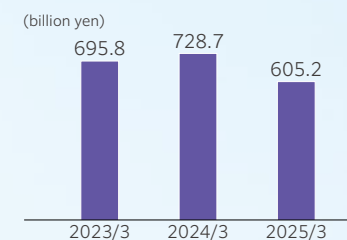


Overseas Business

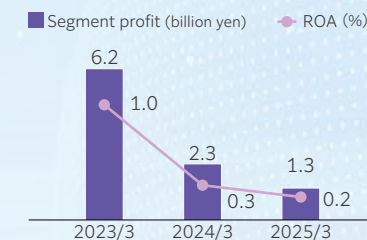
Business overview

Sales financing for overseas companies; financing services, etc. for capital investments by Japanese companies

Segment operating assets

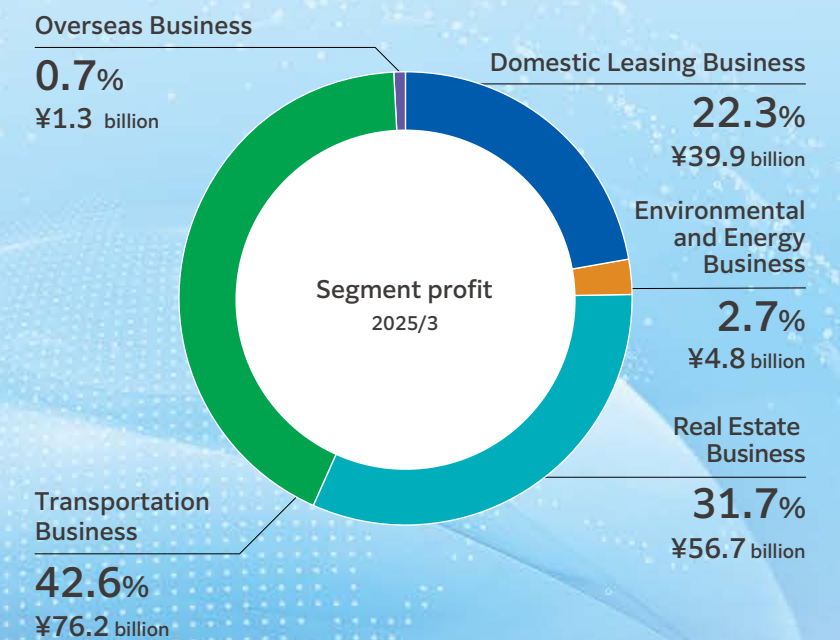
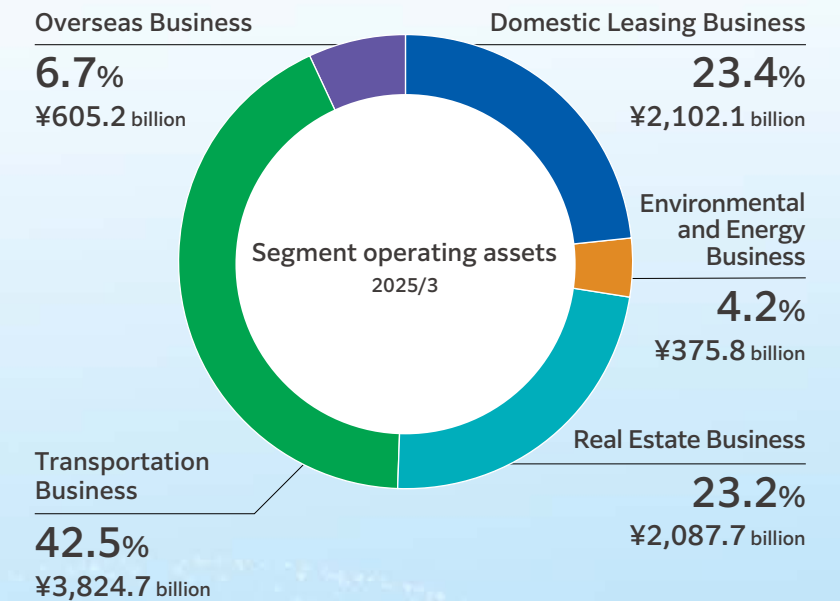


Segment profit/ROA



Segment operating assets; segment profit

Note: Composition ratio for each business is rounded to the nearest whole number.



Note: Segment operating assets and segment profit are based on figures before adjustments to the consolidated financial statements.

*1 Calculated values for the domestic leasing business as well as the environmental and energy business based on criteria after the change in business segment following the establishment of the Environmental and Energy Business Unit

Growth Strategies by Business

Domestic Leasing Business

Corporate Business Unit

Business overview

- Through its nationwide network, the Corporate Business Unit acts as a general point of contact for all types of customers, from large corporations to small and medium-sized enterprises, and coordinates solutions to a variety of issues.
- We propose optimized solutions by identifying both the actual and latent needs of our customers.



Takashi Arima
Senior Managing Executive
Officer
Head of Corporate Business
Unit and Business Advisory Unit

Growing as a partner to society and customers by helping to solve issues

The Corporate Business Unit's main mission is to act as a coordinator, proposing and providing a variety of SMFL services and schemes that are unique and have a competitive edge to help solve the management issues our customers face. In FY2025, the final year of the Medium-Term Management Plan, we will form teams for each focus field. Strengthening information sharing and collaboration across business units and lines, we will vigorously promote our matrix strategy, which will serve as a hub for all information. This will enhance our specialized knowledge and ability to propose solutions, expanding business not only for the Corporate Business Unit but also for SMFL as a whole.

We will help customers address their management challenges by realizing change that surmounts the major trends in society and in our customers' businesses as well as by building systems that will make that possible. By working together with our customers to solve social issues, our goal is to become an indispensable partner.

Market outlook with a focus on 2030 targets

- In working toward resolving our customers' management and social issues, we will deepen our relationship management (RM) to enable us to coordinate solutions unique to SMFL in a sophisticated manner, thereby contributing to the sustainable growth of our customers and society.

Strengths to be leveraged

- By combining the customer base and the knowledge in specialized fields that the SMFL Group has cultivated, we will demonstrate our ability to respond to wide-ranging needs.
- We will promote collaboration among business units, for example, with the environment, real estate, and transportation business units.
- Focusing on assetforce, our unique product, we will expand digital business to enable us to meet a variety of needs.
- We will work to optimize our sales style by collaborating with the Data Management Department and the Remote Marketing Department.

Achievements and Challenges in the Second Year of the Medium-Term Management Plan, Priority Measures from the Third Year Onwards

Creation of new core businesses

- We promoted, for example, replacement with high-quality assets by providing high value-added solutions as well as asset turnover and fee businesses.
- In FY2025, we aim to expand sales of assetforce, our unique digital platform, and other products.

Fundamental transformation of existing business

- We will focus on innovative sectors that are spearheading social change and on markets with robust economic activity. We will continue to utilize customer data analyses and strengthen shareholder collaboration while building a more efficient business operations structure.

Solve further social issues

- We will work to build partnerships that help solve social issues, including environmental issues, aging social infrastructure, and labor shortages.

Establish business foundation

- We will promote the strengthening of compliance, the building of a sales structure from a medium- to long-term perspective, and the development of human resources who can become coordinators and will contribute to improving our customers' social value. We will also promote remote and targeted sales approaches that utilize digital tools.

Supplier Business Unit

Business overview

- Through collaboration with manufacturers and sales companies, we develop sales financing that provides financing for the sale of products and services
- Contributing to DX by utilizing unique digital tools that connect customers, partners, and SMFL
- Pursuit of operational efficiency and ease of working both inside and outside SMFL as well as the creation of added value through DX
- Solving social issues, which includes building a circular economy (CE) model through co-creation with partners



Etsuji Honda
Senior Managing Executive
Officer
Head of Supplier Business
Unit

Transforming business models, expanding our business area, and creating social value through the DX of sales finance

In the Supplier Business Unit, we provide sales financing that contributes to sales expansion as a partner to manufacturers and dealers. We are facing the challenges of transforming and deepening our business model by utilizing finance and our unique digital tools. In FY2024, the second fiscal year of the Medium-Term Management Plan, We focused on accumulating high-quality assets while strengthening the group collaboration and promoting the development of new partners.

We also promoted further DX across a series of operations including electronic contracts and orders. While continuing to contribute to the financial and sales strategies and operational efficiency of our customers and partners through DX, we will further enhance collaboration with partners and accelerate our efforts to help solve social issues including the decarbonization and a realization of a circular economy. At the same time, we will achieve efficient asset management through our asset turnover-type business.

Market outlook with a focus on 2030 targets

- As DX progresses throughout society, we will transform into efficient business models by means of DX and provide functions to our customers and partners (aiming to digitalize more than 80% of contracts)
- Promoting co-creation with partners to realize a sustainable society. Expanding our business area to fields that contribute to resolving social issues through the building of a circular business model.

Strengths to be leveraged

- Including electronic contracts and orders as well as customer portal sites, our unique digital tools are utilized by many customers and partners. Going forward, we will continue to expand and improve functionality, thereby bringing about their evolution into even better tools to contribute to the growth and streamlining of our customers and partners.
- We will maximize the strengths of the SMFL Group and build partnerships with many manufacturers through sales financing promotion that utilizes our unique schemes and DX. We will take on the challenge of leading efforts to solve social issues through co-creation with partners, exercising our knowledge of DX and equipment.
- We will increase profitability through efficient asset management including the asset turnover-type business that utilizes high-quality assets held.

Achievements and Challenges in the Second Year of the Medium-Term Management Plan, Priority Measures from the Third Year Onwards

Creation of new core businesses

- By strengthening collaboration within the SMFL Group, we have advanced the development of new partners.
- We will further expand transactions with partners, develop unique schemes, and strengthen sales in focus areas.

Fundamental transformation of existing business

- We continued to accumulate high-quality assets to promote asset turnover business, in which we engage on a company-wide basis.
- We will clarify the assets that should be accumulated based on data analyses and effectively promote face-to-face as well as non-face-to-face sales.

Solve further social issues

- We have expanded the functionality of our unique digital tools, such as electronic contracts and customer portal sites.
- Working to improve utilization rates by continuing to further expand functionality, we will contribute to the DX of our customers and partners.
- Through co-creation with partners, we will continue to take on the challenge of building a CE.

Establish business foundation

- We promoted the development of DX talent through the acquisition of DX-related qualifications and the conducting of training sessions.
- We will continue to develop human resources who can lead process improvements and transformation including DX.

Domestic Leasing Business

Product Promotion Unit

Business overview

- We provide various products, services, and schemes that contribute to solving corporate management and social issues.
- We are engaged in the sale and leasing of used semiconductor manufacturing equipment, the guarantee business and life insurance sales as well as investment and financing businesses.



Hirotugu Harada
Senior Managing Executive Officer
Head of Product Promotion Unit

Contributing to the sustainable development of our customers and society through various businesses

The Product Promotion Unit's diverse business field includes the sale and leasing of used semiconductor manufacturing equipment, the guarantee business and life insurance sales as well as investment and financing businesses.

In FY2025, the final fiscal year of the Medium-Term Management Plan, we will focus on expanding our business field, including the buying and selling of used semiconductor manufacturing equipment and other areas including peripheral services, for which systems we have already put in place.

We will also further strengthen our mezzanine deal sourcing in the investment and financing businesses as well as work to expand mezzanine and equity projects in the overseas and infrastructure sectors.

Furthermore, in the non-asset businesses of guarantee business and life insurance sales, we will support customers in solving issues in response to changes in the business environment by expanding and upgrading our product lineup and strengthening our proposal abilities.

Market outlook with a focus on 2030 targets

- In light of the growing demand for semiconductors, we will engage in the sale, leasing, and financing of used semiconductor manufacturing equipment as well as other peripheral businesses, thereby contributing to the advancement of society and industrial development.
- From a financial perspective, we will support developmental growth such as corporate business successions and carve-outs, as well as expansion of social infrastructure investment to contribute to the regeneration and sustainable growth of the Japanese economy.
- Through our guarantee business and life insurance sales, we will support the stable business continuity of our customers.

Strengths to be leveraged

- In the buying and selling of used semiconductor manufacturing equipment, we utilize the expertise, name recognition, inventory business know-how, and strong ties with equipment manufacturers that we have cultivated over more than 30 years. We will expand our service area beyond the buying and selling of used equipment to include peripheral businesses (one-stop services for dismantling, setting up, transporting, and storing equipment).
- In our investment and financing businesses, we will leverage our relationships with leading private equity and infrastructure funds that are backed by long track record. At the same time, we will utilize the knowledge and know-how gained from expanding into new investment areas (infrastructure), risk areas (equity), and geographical areas (overseas).

Achievements and Challenges in the Second Year of the Medium-Term Management Plan, Priority Measures from the Third Year Onwards

Electronics Equipment Department

- We have put in place a system to expand services related to the buying and selling of used semiconductor manufacturing equipment. In conjunction with building up our service track record, we will focus on developing global markets in addition to China and work to expand used equipment buying and selling-related businesses.

Financial Advisory & Solutions Department

- In response to diversifying insurance needs, such as business succession, inheritance, and living benefits, we promoted value-added proposals that included stock price valuation and insurance consolidation services. We will continue to focus on developing new customer segments.

Risk Management Plan Promotion Department

- We promoted the digitalization of contracts and invoices. We will continue to provide new added value to customers by, for example, strengthening collaboration within the SMFL Group in the guarantee business and expanding our market appeal.

Investment & Finance Department

- We made equity investments in the overseas and infrastructure sectors. We will continue to expand our areas by focusing on equity investments while striving to build up a track record in high-quality mezzanine loans.

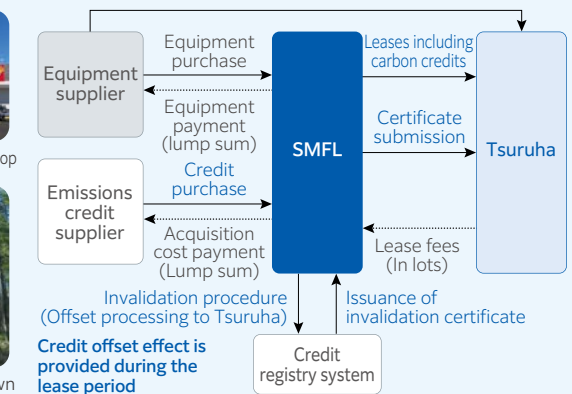
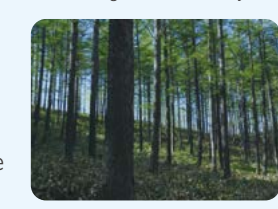
Examples of businesses that solve social issues and their corresponding materiality

Example 1

Utilizing leases that include carbon credits in contribution to local community and forest conservation efforts

Corresponding Materiality
Environment

The three parties involved in the lease of store equipment for the Tsuruha Drugstore Tonden Rokujo Shop—SMFL, Tsuruha Co., Ltd., and Tsubetsu Town in Hokkaido—commenced "leases including carbon credits" that add forest-derived credits created by Tsubetsu Town. Through this scheme, in addition to offsetting the CO₂ emissions of its store facilities, Tsuruha is contributing to local community and forest conservation. In the years to come, we will contribute to the realization of a sustainable society by providing a variety of services that support the achievement of the SDGs.

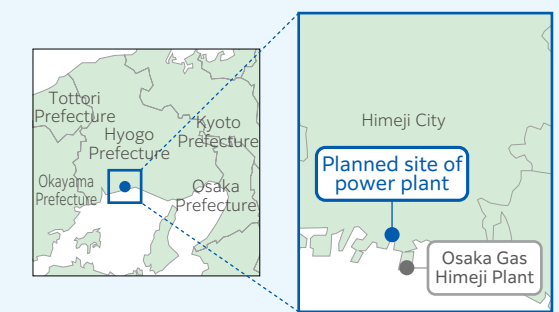


Example 2

Participation in the natural gas power generation business

Corresponding Materiality
Environment/Next generation

Having submitted the winning bid in a long-term decarbonized power source auction, SMFL MIRAI Partners (SMFLMP), Osaka Gas Co., Ltd., Development Bank of Japan Inc., and Mizuho Leasing Company, Limited have decided to jointly construct a natural gas power plant in Himeji City, Hyogo Prefecture. Installing the 6 GW combined cycle gas turbine power generation facility that is its investment target, the joint venture is aiming to start operations at Himeji Natural Gas Power Generation Unit 3 in FY2030. Looking ahead, consideration is being given to switching its fuel from natural gas to e-methane (a synthetic methane produced from renewable energy-derived hydrogen and CO₂), which is expected to play an important role in Japan's energy transition.

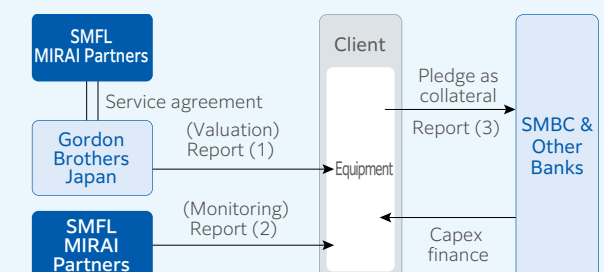


Example 3

Providing a new scheme for semiconductor manufacturing equipment

Corresponding Materiality
Job satisfaction

SMFLMP has begun offering a new financing scheme geared toward semiconductor manufacturing equipment. Under this scheme, SMFLMP will utilize its expertise in valuating used equipment jointly with Gordon Brothers Japan Co., Ltd., a leader in the movable property business. Based on these valuations, Sumitomo Mitsui Banking Corporation will arrange financing, and SMFLMP will be responsible for equipment monitoring. We will contribute to the further growth of the semiconductor industry through this scheme.

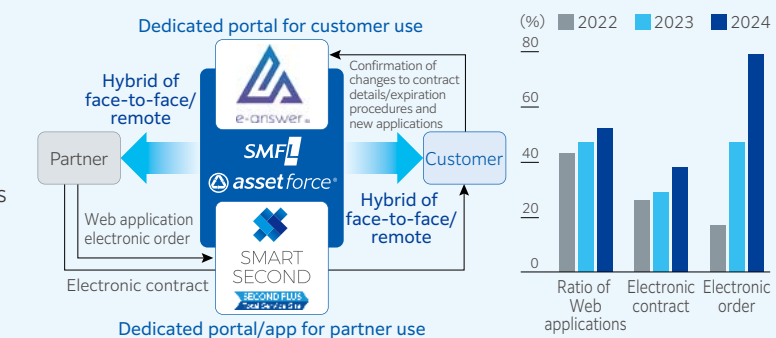


Example 4

Further evolution toward full digitalization

Corresponding Materiality
Next generation

The ratio of electronic contracts in our industry-pioneering small-lot sales finance which we launched in FY2020 has grown to more than 40%, and electronic orders now account for more than 80% of the total. We increased not only the use of our DX tools by our customers and partners, but also the amount of donations made to organizations contributing to the SDGs based on the number of electronic contracts and orders. We are effectively utilizing both face-to-face and non-face-to-face sales activities as well as using assetforce internally to improve operational efficiency.



Environmental and Energy Business

Business overview

- Provide various financial services for renewable energy and energy conservation facilities
- Renewable energy power generation business and the supply of carbon-free electricity to customers
- Grid storage battery business and provision of various financial services
- Provision of consulting services relating to energy conservation subsidies and diagnostics as well as power consumption visualization services



Junji Asai

Managing Executive Officer
Head of Environmental and
Energy Business Division

Contributing to the realization of a social green transformation (GX) through our two cornerstone businesses of renewable energy and energy conservation

According to the Seventh Strategic Energy Plan, which was formulated in February 2025, electricity demand in Japan is set to increase for the first time in about 20 years. Accordingly, calls for thorough energy conservation and an increase in the number of renewable energy projects are being made to realize a decarbonized society. In light of this trend, the Environmental and Energy Business Division is working in cooperation with the Circular Economy Division as part of the Global Environment Business Unit and engaging in Green Transformation (GX). Currently, we are working on project financing for Japan's first grid storage power station and enhancing our asset management functions in line with the expansion of our power generation business as we strive to transform ourselves from a traditional "business company with financial capabilities" to a "service provider." Going forward, we aim to be the best partner for our customers as a GHG reduction solution provider.

Market outlook with a focus on 2030 targets

- The number of suitable locations for the large-scale development of solar power generation is decreasing. There is, however, room for growth in small- and medium-sized, rooftop, and wall-mounted solar power generation facilities. Against this backdrop, we will promote their development including solar sharing (agrivoltaics).
- Renewable energy is dependent on the weather, and fluctuations in supply and demand are increasing year by year. As the introduction of storage batteries is expected to accelerate to perform a function of supply-demand adjustment, we will expand investment and financing in the storage business.
- We will promote R&D geared toward increasing the power generation efficiency of solar and wind power by means of technological innovation, in increasing the value of power plants by placing storage battery facilities nearby, and in floating offshore wind power facilities, which have significant potential.
- Starting from CO₂ visualization, engineering is essential in formulating and implementing plans toward the achievement of carbon neutrality. Sophisticating the energy conservation subsidy business, which is one of our strengths, we will deepen our energy conservation consulting services.

Strengths to be leveraged

- In the environmental energy business, SMFG and Sumitomo Corporation will make the most of their strong customer base and fund-raising capabilities backed by the creditworthiness of their shareholders. We contribute to the spread of renewable energy through both financing and investment.
- As they shift to non-FIT projects, power generation companies are selling electricity out of necessity. We are involved in the development, financing, construction, and operation of power plants providing carbon-free power to customers in a one-stop process.
- While providing one-stop energy conservation and renewable energy solutions, we will deploy customer-driven decarbonization solutions.
- Leveraging our experience in the renewable energy business in Japan, we will promote overseas expansion.

Achievements and Challenges in the Second Year of the Medium-Term Management Plan, Priority Measures from the Third Year Onwards

Creation of new core businesses

- We will build new business pillars to follow on from solar power generation, such as storage battery business and offshore wind power generation.
- Having expanded European business following our investment in a UK offshore wind power generation project. We will maintain a focus on renewable energy power generation projects overseas (Europe, APAC).

Fundamental transformation of existing business

- The power generation capacity of our domestic solar power generation business as of the end of FY2024 reached 981 MW (an increase of 189 MW year on year). Continuing to expand this business, we aim to reach an owned capacity of 1,200 MW as of the end of FY2025.
- We will promote pioneering development in solar power generation and expand our ability to provide renewable energy.
- Sophisticating asset management functions, for example in terms of maintenance, repairs, and disaster responses, we aim to enhance the value and strengthen the profitability of our power plants.

Solve further social issues

- We provide one-stop decarbonization solutions, from the visualization of energy consumption and the planning of CO₂ reduction measures, to supporting the implementation of those measures.
- In response to the issue of increases in variable power supplies brought about by the rise in renewable energy, we will focus on the storage battery business, which performs the function of adjusting supply and demand.

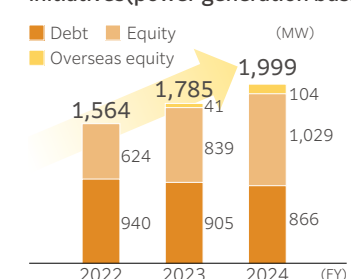
Establish business foundation

- We will strengthen our business management capabilities, for example, through the utilization of DX for ongoing management.
- As a business company, we will place importance on optimal compliance with laws and regulations and attentive dialogue with local communities as we strive for sustainable business operations under our "regional revitalization and safe and secure operations" motto.

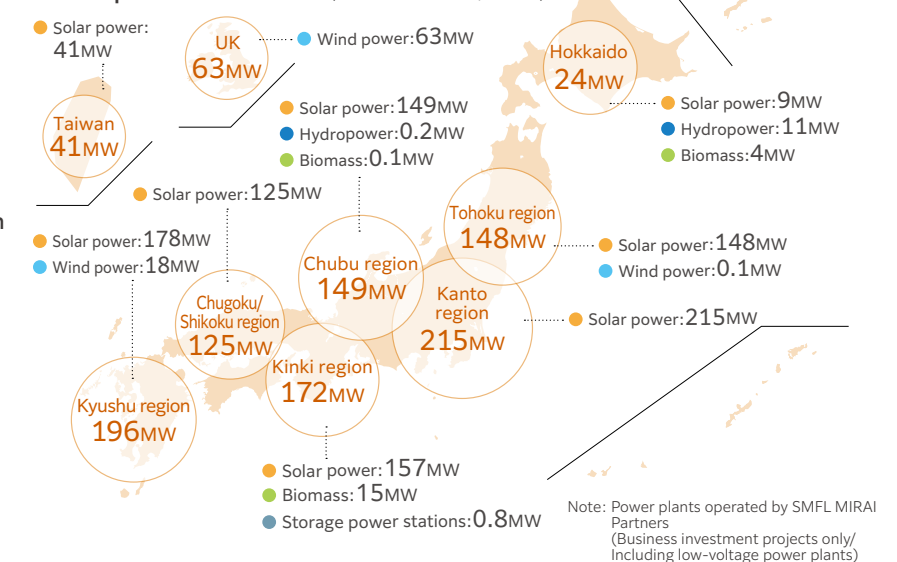
Trends in the balance of environmental assets



Results of renewable energy generation initiatives (power generation business)



Power plant distribution (as of March 31, 2025)



Examples of businesses that solve social issues and their corresponding materiality

Example 1 Initiatives for Onsite/ Offsite PPA

Corresponding Materiality
Environment/
Next generation

Solar power operations in Japan are shifting to non-FIT projects with onsite/offsite power purchase agreements (PPAs) able to supply carbon-free power to customers. In the case of onsite PPAs, we are promoting the transfer of surplus power to other facilities and the use of storage batteries. With regard to offsite PPAs, we are focusing on an "advanced development," in which power plants are developed beforehand to meet customer demand in a timely manner.



Example 2 Investment in Floating Offshore Wind Power Business in Japan

Corresponding Materiality
Environment/
Next generation

In April 2025, SMFL MIRAI Partners (SMFLMP) jointly invested in the Hibiki Floating Wind Power and began the commercial operation of Japan's second floating offshore wind farm, the first steel barge-type floating structure, off the coast of the Hibikinada in Kitakyushu City. The installation of a steel barge-type floating structure enables wind power generation that is better suited to Japan's weather conditions.



Example 3 Initiatives in Storage Power Station Business

Corresponding Materiality
Environment/
Next generation

In August 2023, SMFLMP, together with Idemitsu Kosan Co., Ltd., Renova, Inc., and Nagase & Co., Ltd., established Himeji Energy Storage Facility, a joint venture to compensate for the lack of regulating capabilities in the power grid. SMFLMP arranged project financing, the first such project in Japan for a storage power station business. As a result of this initiative, we have witnessed an increase in requests for project consultation from business partners.



Example 4 Providing one-stop services for GHG reduction initiatives

Corresponding Materiality
Environment

Going beyond traditional subsidy consulting, we are engaging in a multifaceted approach as a GHG reduction solution provider. The comprehensive support we provide ranges from conducting energy-conserving diagnostics to delving into our customers' energy-saving needs, proposing a variety of energy-saving measures, introducing renewable energy through PPAs and supplying carbon-free power.



Real Estate Business

Business overview

- Leasing and non-recourse financing for real estate such as retail properties, office buildings, and logistics facilities, as well as real estate development and rental, real estate asset management and other services



Hideyuki Yamazaki

Managing Executive Officer
Head of Real Estate Business Unit

Working with Partners to Deliver Tailor-Made Deals Unique to the SMFL Group

The Real Estate Business Unit is centered around SMFL MIRAI Partners (SMFLMP), which was established in 2018, and has expanded the real estate business together with its close business partners.

In FY2024, we welcomed Singapore-based Aravest into the SMFL Group, thereby accelerated business expansion in the Asia-Pacific region (APAC). Specifically, we supported Aravest's acquisition of Conrad Seoul, a luxury hotel in Korea, and provided funding to an Australian real estate fund. In January 2025, we held a party to commemorate the founding of Aravest, inviting a total of 400 local partners, investors, and others as a part of efforts to solidify our presence in APAC.

Domestically, we successfully completed our tender offer for CRE, which is listed on the TSE Prime Market, bringing it under our umbrella. CRE engages in a wide range of logistics real estate business, from logistics facility development and subleasing to property as well as asset management, and therefore possesses extensive knowledge on logistics markets. By

combining this knowledge with our resources, we will provide new added value in the logistics field that is unique to the SMFL Group.

Moreover, we began offering partner-supportive business investments as a new service that will help create social value. This service aims to structure strategic investments that combine the knowledge and planning capabilities of local developers and small- and medium-sized asset management companies with our financial strength and risk-taking capabilities. In FY2024, we worked on a renovation and value-enhancement project for an old auberge. This strategy will enable us to supply growth capital that contributes to regional revitalization, as well as to support and cooperate with up-and-coming real estate businesses. In this way, it works to ensure an overlap of creation of social value and expansion of economic value.

As for our focus on the hotel business in FY2024, we began developing a condominium hotel together with a close business partner in a prime location in the Niseko of Hokkaido, purchased a newly built resort hotel in Okinawa, and took an equity interest in the official hotel of USJ in Osaka, spanning eight properties totaling 1,838 rooms. In FY2025, we will introduce a management contract model with the aim of further developing this business.

Together with our partners, we will continue to offer tailor-made deals unique to the SMFL Group.

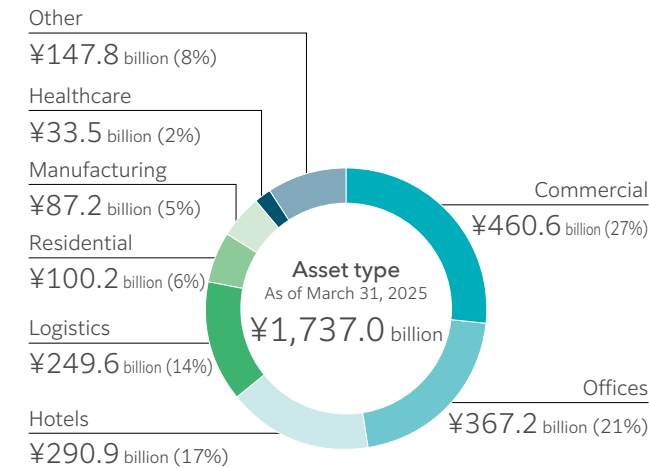
Market outlook with a focus on 2030 targets

- Strengthening partnerships with leading hotel operators, and enhancing value by rebranding existing hotels
- Working to expand asset turnover-type businesses by providing solutions to Japanese and local partners overseas
- Promoting partner-supportive business investments that provide funding support in partnership with nation-wide AMs and developers that possess the ability to identify and structure projects
- Strengthening the AM function of Group companies and incorporating external capital for greater capital efficiency
- Introducing carbon-free power to the NEWNO real estate brand, and promoting a circular economy through greening, the conversion to wood materials, and other ESG initiatives

Strengths to be leveraged

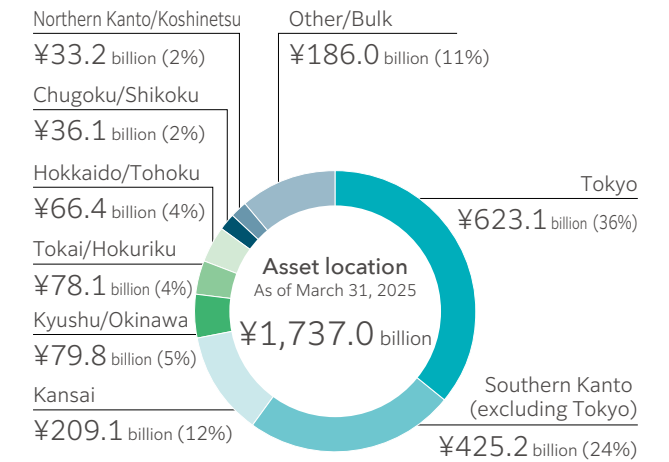
- Creditworthiness backed by two shareholders (SMFG and Sumitomo Corporation), and the SMFL Group's financial base and fundraising capabilities
- Solution proposal capabilities that leverage our real estate appraisal capabilities, real estate holding capabilities, and leasing, financing, and other financial capabilities that we have developed to date
- Relationships with leading partners built through existing transactions
- Our asset management platform in the Asia Pacific region (APAC) deployed with SMFL MIRAI Partners (Singapore) and Aravest
- Our expertise and knowledge regarding carbon neutrality and the circular economy built up within the SMFL Group

Operating assets by property type*



*Including not accepted assets as of calculating

Operating assets by region*



Achievements and Challenges in the Second Year of the Medium-Term Management Plan, Priority Measures from the Third Year Onwards

Creation of new core businesses

- We participated in the HOSHINOYA Hütte Niseko (tentative name) development project together with a partner company. We built a new 62-guestroom condominium hotel on a site of 6,400 square meters and with a total floor area of 14,800 square meters. This property is scheduled to begin operations as the first residence hotel under the HOSHINOYA brand.
- We seek to enhance contract (MC) model for hotel assets in partnership with hotel operators, and to strengthen the business management framework.

Fundamental transformation of existing business

- We participated in an old hotel/Japanese inn renovation project through the partner-supportive business investment scheme, thereby SMFLMP supported fund raising under the partnership with nation-wide AMs and developers that possess the ability to identify and structure projects.

Solve further social issues

- We structured a commercial building lease project that leverages the refining construction method*, which is expected to significantly reduce industrial waste and CO₂ emissions.

* Unlike reform and renovation techniques, this approach rejuvenates and extends the life of buildings by reusing roughly 80% of the existing structural framework

Establish business foundation

- We hired 14 new employees through domestic mid-career and overseas local recruitment activities to enhance our expertise. Moreover, we dispatched trainees to overseas locations in order to develop global human resources.
- In FY2024, we established a new weekly round-table meeting as a forum whereby we reach an early consensus and promote investment governance over business investment projects with SMFLMP. We will continue to improve standards and the monitoring framework including business investment screenings, governance, and cash management, and will work to formulate and revise rules suited to projects managed by SMFLMP.
- In FY2024, we conducted trials of an AI document review system designed to reduce workloads during document preparation. Similarly, we advanced data consolidation and normalization while utilizing BI tools, to visualize the business portfolio, performance of specific projects, and property locations and damage condition forecasts in the event of a Nankai Trough Earthquake.

Growth Strategies by Business

Real Estate Business

Kenedix

Formulating our purpose and transitioning to the next growth phase under a new management framework



Hikaru Teramoto

Kenedix, Inc.
Representative Director,
President & COO

Celebrating our 30th anniversary

Kenedix celebrated the 30th anniversary since its founding in April 2025. With our 30th anniversary as a turning point, we transitioned to a new management framework in anticipation of coming generations with the appointment of Hikaru Teramoto as Representative Director, President & COO. In addition, in order to embark on the next stage from our earlier mission statement of "Kenedix is dedicated to realizing the full potential of real estate," we formulated our purpose as "Discovering the true value of real estate around the world, activating it, and delivering it to society."

Results for the FYE December 31, 2024

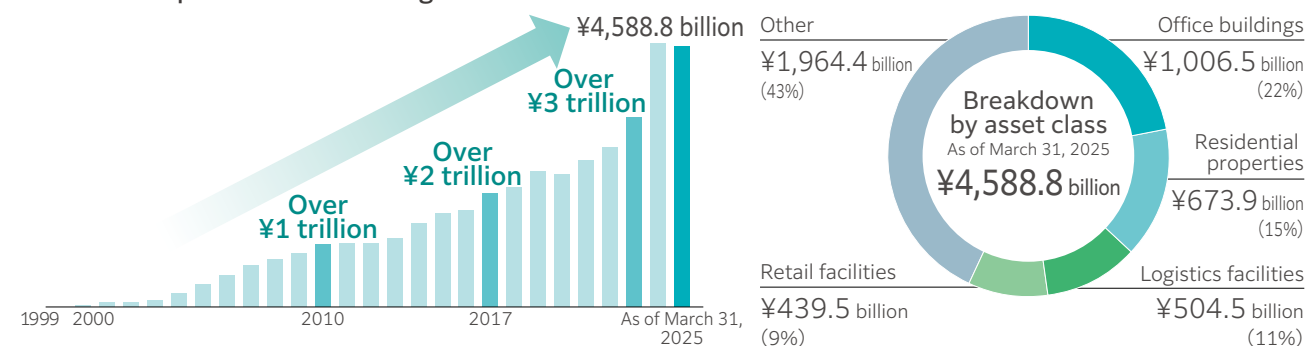
By exercising the synergies between the SMFL Group and Kenedix to their fullest, we successfully acquired Aravest, a new company carved out from the private fund business operated by ARA Asset Management Limited (ARA)*. As a result, we significantly expanded assets under management (AUM) to a scale that exceeds ¥4 trillion. Other segments also grew steadily, leading ordinary profit and profit attributable to owners of parent to reach ¥22.0 billion and ¥14.6 billion, respectively, both of which exceeded the results of the previous fiscal year and surpassed the initial plan.

Toward the next phase of growth

Under a new management framework and purpose established to mark its 30th anniversary, Kenedix will continue to maximize synergies with the SMFL Group and contribute to the realization of the "SMFL Way."

* ESR Asset Management Limited as of November 2025

Kenedix Group assets under management



Achievements and Challenges in the Second Year of the Medium-Term Management Plan, Priority Measures from the Third Year Onwards

Achievements in the second year of the Medium-Term Management Plan

- We grew assets under management (AUM) to approximately ¥4.6 trillion through the acquisition of the Aravest private fund business in the Asia-Pacific region (APAC) that was jointly managed with SMFL MIRAI Partners (approx. ¥1.3 trillion over the previous fiscal year)
- We established a stable cycle from property acquisition to fund conversion for Single-Family Rental
- We steadily established a track record in issuing real estate security tokens and undertook new asset classes

Priority measures from the third year onwards

- We will launch a real estate security token investor portal site (mobile app version) and engage in initiatives toward future data utilization
- We will engage in value-added projects and pursue investment returns even in the face of rising interest rates
- We aim to switch all Group REITs to renewable energy by the end of 2025
- We will improve asset management performance by using assetforce to enhance Single-Family Rental appraisals and asset management data analysis during the leasing period

Aravest

Aiming to expand and diversify business with a focus on real estate asset management in APAC



Moses K Song

CEO, Aravest

Making a new start

Aravest is a real estate asset management company located in the Asia-Pacific region (APAC), primarily Singapore, Korea, and Australia.

As a select team of specialists with an overseas real estate fund management track record spanning 20 years or more, we were carved out from our former parent, ARA Asset Management Limited (ARA)*, and joined the SMFL Group in December 2024. Around the time Kenedix (KDX) joined the SMFL Group in January 2021, ARA, which had invested in KDX, and SMFL MIRAI Partners (SMFMP) began to deepen their relationship, which continues to thrive today.

We feel that the SMFL Group's financial strength, creditworthiness, robust customer base, and network closely match the entrepreneurial spirit of Aravest, our ability to generate transactions across the globe, and asset management capabilities. We will therefore forge ahead with our efforts to generate more synergies expand assets under management (AUM) in the future.

History of Aravest

Like SMFL MIRAI Partners (Singapore), Aravest's head office is located in the Capital Square Grade A office tower as part of Raffles Place in the heart of Singapore's business district. Even before we joined the SMFL Group, we jointly invested in two office properties in Singapore with SMFL MIRAI Partners (Singapore) (Capital Square in February 2022 and Lazada One in March 2023), and recently carried out a joint investment with SMFLMP in Conrad Seoul, a luxury hotel in Korea (August 2024), as the first project Aravest undertook.

Future outlook in light of Aravest's strengths

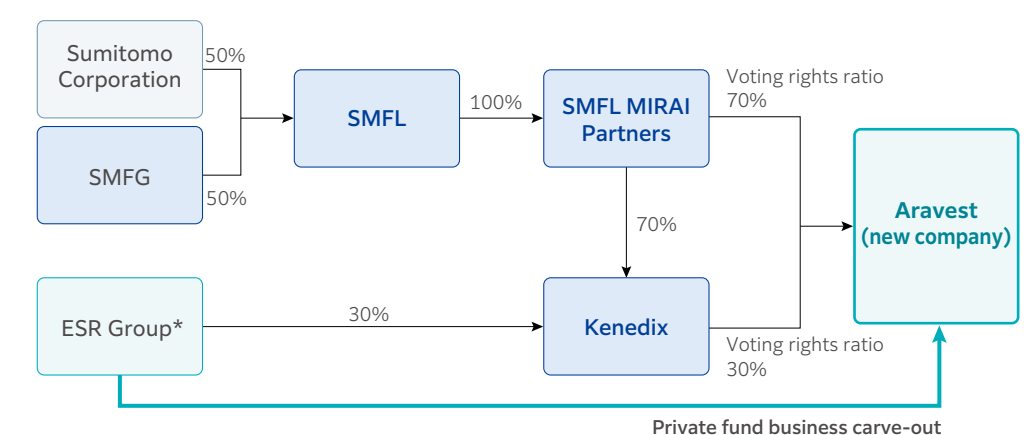
Aravest's strengths lie in its network that spans three Asia-Pacific region (APAC) countries. As part of our efforts to promote and consider a diverse range of business expansion opportunities, we will continue to focus our investments on symbolic Grade A office and logistics facilities in Singapore and promote strategic fund expansion through partnerships in Korea while aiming to structure funds for Japanese investors in Australia.

Leveraging the strengths of this kind of diversified investment approach in each country, we will provide investment opportunities in high-quality global assets to investors in Japan and overseas using the customer bases of SMBC Group and SMFL Group. With the aim of becoming the top real estate asset management company in Asia, Aravest will work to further maximize the corporate value of the SMFL Group.

* ESR Asset Management Limited as of November 2025



Structure of the new company Aravest (as of September 2025)



* Real estate asset management company in Hong Kong

Growth Strategies by Business

Real Estate Business

CRE

Creating synergies with the SMFL Group and forging ahead to realize a better society



Shuheï Yamashita
Representative Director,
Chairman & CEO



Tadahide Kameyama
Representative Director,
President & COO

Becoming a member of the SMFL Group through an MBO

CRE has engaged in business as the only listed company in Japan that specializes in logistics real estate. Grounded in our more than 20-year relationship with SMFL, we recently made the decision to join the SMFL Group through an MBO. As we generate various synergies going forward, we will forge ahead to realize a better society as a company that supports the social infrastructure of logistics real estate.

CRE business profile

CRE provides a broad range of services involved in logistics real estate. In addition to the logistics investment business, the real estate management business, and the asset management business, CRE also operates an overseas business in Southeast Asia. Moreover, we collaborate with Group companies to go beyond “warehouses” and

offer “services that enhance the convenience of warehouses” from both tangible and intangible approaches, such as automating warehouses, digitalizing operations, and securing labor forces.

Consolidated results for the FYE July 31, 2024

In the FYE July 31, 2024, we reported revenues of ¥66.9 billion, ordinary profit of ¥6.8 billion, and profit attributable to owners of parent of ¥4.3 billion. The logistics investment business steadily increased the development pipeline balance, the real estate management business steadily expanded floor area under management, and the asset management business steadily bolstered assets under management (AUM).

Strengths of the CRE Group

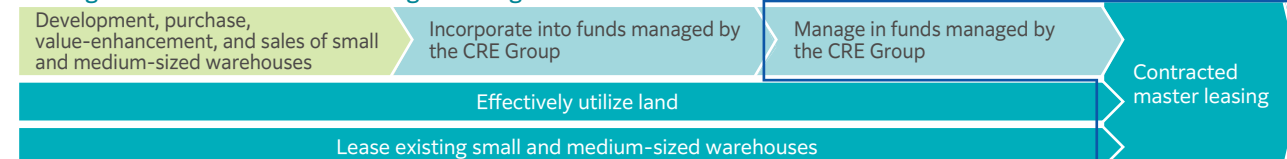
- 1 A long-standing, broad network of asset owners and tenants built through the real estate management business**
 - Develop logistics facilities that combine functionality and versatility by precisely capturing the individual needs of tenants
- 2 Unique logistics real estate development**
 - Create competitive advantages through property development that leverages its expertise in urbanization control areas and contaminated land
- 3 Organic link between recurring and non-recurring revenue businesses**
 - By handling the development of properties on its own (non-recurring business), CRE is able to steadily expand the scale of asset management and real estate management businesses (recurring revenue businesses) to serve as a stable earnings base

Earnings model linked with development



Solid recurring revenue business growth

Earnings model linked with rental margins through master lease business



Medium- to long-term strategy based on our entry into the SMFL Group

- We will strengthen our fundraising capabilities in the logistics investment business, growth driver, by improving the creditworthiness of the CRE Group
- We will stabilize the performance of the CRE Group by leveraging the bridge holding function of the SMFL Group in order to make regular property sales that are unswayed by investment market trends
- We will leverage the extensive customer base, robust network, and other management resources of the SMFL Group to provide not only one-stop services for logistics real estate but also more high-added-value services as the basis for all logistics services
- By coordinating EnBio Holdings, Inc. which provides engineering services involved in renewable energy and environmental protection in the CRE Group, with the new Global Environment Business Unit established by SMFL, we will build solutions for realizing a sustainable society

With the aim of realizing these synergies at the earliest possible time, we will engage in fast-paced business operations to achieve greater corporate value of the SMFL Group and CRE.

Examples of businesses that solve social issues and their corresponding materiality

Example 1 Promotion of an environmentally friendly logistics business

NEWNO SOSiLA Takatsuki, which was completed in May 2023 through a joint development with the Sumitomo Corporation's brand SOSiLA, is the first logistics facility asset under our NEWNO real estate brand.

This environmentally-friendly logistics facility utilizes high-efficiency equipment, water-saving devices, and recycled materials, and was recently equipped with a rooftop solar power generation system that began operation in March 2025 (estimated annual generation capacity: approx. 1,000 MWh). Under the NEWNO real estate brand, we will continue to expand and deepen existing business domains while contributing to realize a sustainable society through the improvement and enhancement of the environmental friendliness and service value as real estate.

Corresponding Materiality
Environment



NEWNO SOSiLA Takatsuki

Example 2 Initiative aimed at establishing Japan as a major tourism center through the hotel business

SMFL MIRAI Partners will participate in the HOSHINOYA Hütte Niseko (tentative name) development project with a partner company. This will be the first HOSHINOYA brand residence hotel to open in one of the largest winter resorts in Niseko. Moreover, through the partner-supportive business investment as a new service that helps create social value, we also began managing TOBE Auberge Resort as part of a renovation project for a 16-year-old hotel located in Iyo, Ehime prefecture, and started managing the new look Otaru Ryotei Kuramura in Otaru City, Hokkaido, after taking it over from a local operator. We will continue these efforts through the hotel business in a bid to help Japan achieve the status of a major tourist center.

Corresponding Materiality
Next Generation/Community



TOBE Auberge Resort



Otaru Ryotei Kuramura

Example 3 Support in the event of local disasters through the NEWNO real estate brand

NEWNO Jiyugaoka, NEWNO Nagoyaeki Nishi, and NEWNO GS Shinjuku have concluded disaster prevention agreements with their local governments, through which they are involved in collaborative activities to prevent local disasters. During FY2024, NEWNO Hakata and NEWNO Asakusa engaged in activities toward disaster prevention agreements.

We will continue our efforts through NEWNO to help realize a sustainable society by strengthening action and support in the event of local disasters. This includes consulting with local governments regarding disaster prevention agreements as part of projects that are currently under development.

Corresponding Materiality
Next Generation/Community



NEWNO Asakusa



NEWNO Nagoyaeki Nishi
Community Disaster Prevention
Cooperation Business Site Certificate

Example 4 Revolution in enabling anyone to purchase real estate that only professionals buy

High-quality real estate belongs to the professionals—Kenedix is seeking to change this conventional wisdom. The evolution in security tokens as a form of digital technology has enabled us to offer individual customers with financial products that leverage the real estate appraisal and management capabilities that Kenedix has established over the past 30 years. To date, we have converted real estate valued at more than ¥180 billion (as of June 30, 2025) to security tokens and have offered new real estate investment opportunities to many individual investors.

Moreover, through the official KDX ST mobile app, we also provide a more hands-on investment experience, allowing individual investors to use their smartphones to manage real estate security token and gather information.

Corresponding Materiality
Next Generation/Community



Transportation Business

Business overview

- In addition to aircraft, aircraft engine, and helicopter leasing, entered container leasing and time charter business in the shipping industry, to diversify business portfolio
- Business unit management focused on both quantitative and qualitative growth
- Expansion of the domestic and overseas investor businesses by adding new structure and asset classes



Shinichiro Watanabe

Senior Managing Executive
Officer
Head of Transportation
Business Unit

Further sophisticate our business to drive company-wide growth

Despite increasing global instability, the Transportation Business Unit achieved record high profits for the second consecutive year in FY2024, capitalizing on the post-pandemic recovery in passenger demand and delays in aircraft deliveries by manufacturers. We have also achieved diversifying our portfolio such as the start of container leasing and time charter business in the shipping industry while expanding helicopter leasing business through the acquisition of Macquarie Rotorcraft Limited.

FY2025 is the final fiscal year of the current Medium-Term Management Plan. We will implement necessary actions for improving ROE of the business unit, accelerate measures for the expansion of business areas in addition to aircraft business, accelerate asset turnover-type business for further developing domestic and overseas investor businesses.

The SMFL Group strengths remain rooted in its abilities to raise capital backed by the creditworthiness of its two shareholders and its ability to provide high-level solutions utilizing leasing and financing. Leveraging these strengths, we are taking on the challenge of expanding businesses through collaboration with existing and new partners in order to contribute to the creation of a better society.

Market outlook with a focus on 2030 targets

- Business group that contributes the most to the SMFL Group's profits
We will continue to expand the Transportation Business Unit to drive SMFL Group growth.
- Establish a top-class position in the domestic and overseas investor businesses
We aim to develop asset turnover-type business and increase the investment opportunities we offer our customers by expanding our range of assets and further advancing market-in approach.
- Gain social recognition for proactively reducing environmental impact
The SMFL Group engages in leasing of mission critical helicopters contributing to the SDGs, promoting shipping business focused on environmentally friendly vessels and leasing of new generation aircraft with better fuel efficiency that have a low environmental impact. Beyond this, the SMFL Group will work together to develop and promote sustainable aviation fuel (SAF).
- Attract first-class talents and encourage self-driven growth
We are working to train transportation business professionals in an effort to improve further.

Strengths to be leveraged

- We will leverage robust financing capabilities—backed by the creditworthiness of our two shareholders—business development through collaboration with shareholders and Group companies in the SAF and time charter business in the shipping industry, and a solid balance sheet that will realize economies of scale.
- Positioned as a global leader in the aircraft and helicopter leasing businesses, we will work to further expand our business and strengthen our earnings base by leveraging our buying power for OEMs and our placement power for lessees.
- We are able to provide sophisticated solutions through our advanced lease and financing platform and reach out to investors using various networks.
- We are developing training programs to develop and acquire professionals well versed in business operations, as well as formulating business unit-specific measures to increase engagement.

Achievements and Challenges in the Second Year of the Medium-Term Management Plan, Priority Measures from the Third Year Onwards

Creation of new core businesses

- SMFL established a joint venture with Brookfield Corporation and entered the container leasing business by acquiring certain assets of Triton International Limited, a Brookfield group company and the world's largest lessor of containers. Considering expectations that the container leasing industry will expand going forward, we aim to increase our earnings base.
- We will continue the initiative of "customer first" and work on asset sales and product development that are tailored to investor needs.

Fundamental transformation of existing business

- While taking steady steps to complete the post-merger integration of Goshawk Management, which we acquired in 2022, SMBC AC achieved record-high profits by capturing earnings opportunities without delay due to on-going delays in new aircraft and posting aircraft-related insurance settlements in Russia.
- We have acquired a helicopter leasing subsidiary from Australia's Macquarie Group in order to enhance our presence in this business and achieve economies of scale.
- Amid increasing instability owing to the geopolitical risks associated with global conflicts and the imposition of tariffs, we are working to enhance portfolio management and operation structure.

Solve further social issues

- Through SMFL MIRAI Partners, we have entered time charter business in the shipping industry and acquired a portion of shares of two special purpose companies (SPCs) that own LNG carriers. We have entered this business to provide vessels that contribute to a decarbonized society and help realize a sustainable society.
- SMFL LCI Helicopters entered into a social loan agreement based on a social loan framework of which basic policy was established in October 2023. The funds raised are mainly earmarked to purchase helicopters for emergency medical transport as well as for search and rescue purposes, thereby we are contributing to local communities and working toward the realization of a sustainable society.

Establish business foundation

- With business conditions becoming increasingly complex, we have expanded various training programs to instill a compliance-first mindset in the business unit and worked to enhance the level of monitoring mainly through business unit surveys.
- We will continue to enhance our training programs, hold town hall meetings, create business unit communication tools to improve engagement and motivation, and develop professionals through external recruitment and transfer of members to overseas offices.
- We will continue to enhance middle- and back-office functions, which are essential for improving service quality of the business unit.



Transportation Business

Aircraft leasing business/SMBC Aviation Capital



Peter Barrett
CEO, SMBC AC

Further growth through the spirit of partnership

2024 was a year in which SMBC Aviation Capital (SMBC AC) took steps to meet its commitments to customers and stakeholders by being innovative while responding to uncertainty. We have established ourselves as the most trusted partner in the aircraft leasing industry, steadily using our capabilities and leveraging the strong support of shareholders and business scale to provide attractive solutions to customers. The spirit of partnership that we value is essential in an aviation industry that is becoming increasingly complex.

In 2025, we will continue to support customers and partners by leveraging our robust balance sheet and high-quality portfolio, while capitalizing on opportunities to generate revenue. These initiatives would not be possible without the strong support of our shareholders. We would like to express our sincere gratitude to our dedicated SMBC AC employees, trusted partners, and customers for their invaluable support. In addition, we will continue to provide added value to our shareholders, customers, and society.

Growing along with customers

Our business centers around customers. Partnering with customers enables us to respond to challenges and opportunities in the aircraft leasing industry. The best thing for our customers is for us to become their best partner and contribute to their profitability. Continuous efforts to understand customer needs and provide services that exceed those needs will forge mutual long-term relationships of trust and mutual success. We are a company that has secured a leading position in the aviation industry. With strong financial support from our shareholders, we have worked to expand our high-quality equipment, thereby improving profitability and enhancing our balance sheet. We will continue to focus on quality and partnerships to remain a key player in the aviation industry.

Outline of SMBC AC (as of March 31, 2025)

No. of aircraft	Average age	Average remaining lease term	Narrow-body aircraft	New technology aircraft
1,001 <small>(owned, managed, and committed)</small>	5.59 years	6.5 years	87% <small>(by net book value)</small>	73% <small>(by net book value)</small>

Sustainability initiatives

Our sustainability initiatives contribute to the development of the aviation industry while supporting society and the economy. Although sustainable aviation fuel (SAF) has room for improvement from both the manufacturing and pricing perspectives, it remains an indispensable option for decarbonizing the aviation industry and supporting its future. We support Trinity College Dublin, which collaborates with the European Union Aviation Safety Agency (a SAF certification body). The fact that the college's research facilities are located at our headquarters is a testament to our commitment to innovation and sustainability. Aiming to make FY2025 a fiscal year of further growth, we will continue to provide social value in the spirit of partnership while driving the aviation industry's efforts to achieve sustainability.



Aircraft engine leasing business/SMBC Aero Engine Lease



Roger Welaratne
Managing Director & CEO,
SAEL

Steady performance for further qualitative growth

2024 was another successful year for SMBC Aero Engine Lease (SAEL) as we achieved a record profit. We navigated through a turbulent year marked with supply chain issues and successfully managed a few troubled accounts, recovering all our engines. Engine reliability issues, supply chain issues, and geopolitical issues will be the key aspects for the aviation industry, but we remain committed to achieving our targets for FY2025, the final fiscal year of the medium-term management plan.

SAEL will now focus on the next phase of growth with an emphasis on quality. We are also looking at new growth avenues that will help increase the SMFL Group's footprint in the aviation industry. SAEL continued to acquire fuel-efficient modern engines that now represent over 75% of our \$1.3 billion portfolio, supporting the aviation industry in our shared goal of protecting the environment and our ESG commitments. SAEL's management philosophy, "Your Trusted Engine Partner," is at the core of our growth strategy, and reminds us that our customers and the environment are always the primary considerations. We will continue this adventure with our stakeholders by providing "customer-first" solutions.

Helicopter leasing business/
SMFL LCI Helicopters, LCI Investments



Jaspal Jandu
CEO, SMFLH

A 20th anniversary year of sustainable growth, value creation, and building stronger communities

SMFL LCI Helicopters (SMFLH)/LCI Investments (LCI) are premier helicopter lessors which delivers innovative finance and leasing solutions to helicopter operators and end users across the globe.

SMFLH has taken steps to expand our fleet of around 150 helicopters owned and under management, and concluded new mission-critical helicopter lease placements across the globe, including our first with an end user. Responding to growing demand for helicopter leasing, SMFLH signed agreements with Leonardo S.p.A. of Italy in February 2024 and Airbus Helicopters S.A.S. of France in May to purchase the similar number of medium and super medium helicopters, respectively.

Throughout 2024, SMFLH has commenced new lease deployments across a range of mission critical sectors, including emergency medical services (EMS) in Australia, Canada and the UK, and maritime pilot transfer in the Netherlands. SMFLH and LCI are also taking leading roles in supporting energy transition and were among the first helicopter lessors to target offshore wind.

Commemorating its 20th anniversary in November 2024, LCI has also focused on a range of activities designed to contribute to the communities around us.

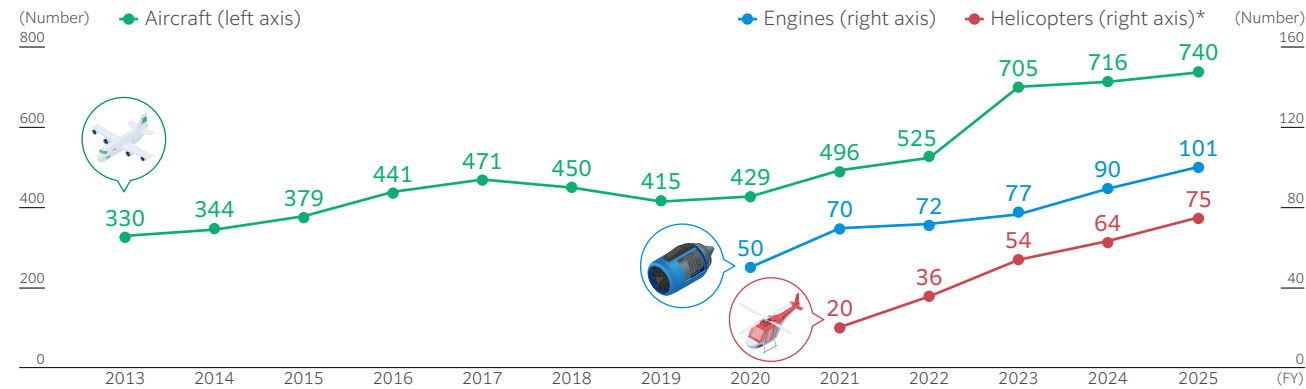
LCI is a signatory of Aircraft Leasing Ireland's (ALI) Sustainability Charter, with a commitment to driving forward and achieving ESG related goals, including a commitment to achieving net zero by 2050.



Transportation Business

Sharp Growth in the Transportation Business

No. of owned and managed aircraft (As of March 31, 2025)



* No. of Helicopters owned by SMFL LCI Helicopters



Container leasing business/Triton International

Entry into the container leasing business with Brookfield Corporation

SMFL has established a joint venture with global infrastructure fund Brookfield Corporation (Brookfield) and entered into a partnership agreement with Triton International Limited (Triton), the global leader in the container leasing industry. We have entered the container leasing business, realizing our long-standing target.

Brookfield has over US\$1 trillion of assets under management and an ample track record of investments mainly in infrastructure, renewable energy, and real estate. Brookfield's subsidiary Triton is the largest container leasing company with an overwhelming business scale and network, owning 7 million or more TEUs of containers in 47 countries. With the establishment of this joint venture, SMFL has acquired a portion of Triton's container leasing assets and entered the container leasing business by collaborating with this industry leader. We have been aiming to enter the container leasing industry based on the following advantages.

- 1 Global asset with high liquidity and value stability
- 2 Massive market size which is worth for US\$100 billion
- 3 Growth potential exceeding global GDP growth rates over the long term
- 4 Stable profitability and high entry barriers in this oligopolistic market

Entry into this market will enable SMFL to build a new earnings base and diversify its business portfolio.

Message from Triton CEO



Brian Sondey
CEO, Triton

We are very pleased by the investment made by SMFL, a global leader in the leasing industry. SMFL has accumulated operating lease assets over the past 60 years, and we look forward to further expanding our business through this partnership.



Examples of businesses that solve social issues and their corresponding materiality

Example 1 SDG initiatives

In the maritime business, we have started a time charter business in the shipping industry targeting vessels that will contribute to the realization of decarbonized society, which we will challenge as an operation company. In the aircraft business, we are utilizing a social loan framework for the development of SAF through industry-academia collaboration with SMBC AC as well as the purchase of helicopters mainly for emergency medical services and/or search and rescue. The SMFL Group will continue to focus on both business and sustainability to realize a sustainable society.

Corresponding Materiality
Environment/Community



Example 2 Entry into the environmentally-friendly vessels and time charter business in the shipping industry

SMFL MIRAI Partners has entered into the time charter business after acquiring a part of shares of two special purpose companies (SPCs) from Mitsubishi Corporation, in which Mitsubishi Corporation and Nippon Yusen Kaisha have stakes. Each of these companies owns one LNG carrier equipped with highly fuel-efficient dual-fuel LNG engines.

As the only leasing company in the world participating in the Poseidon Principles*, we will actively promote investment and financing in environmentally-friendly vessels, such as LNG carriers and service operation vessel for offshore wind power, with the aim of contributing to the decarbonization of the maritime industry.

* See "Approved initiatives and external recognition" on page 93 for details.

Corresponding Materiality
Environment



Example 3 CSR initiatives by SMBC AC

SMBC AC works with various partners to pursue sustainable CSR activities that truly contribute to society in keeping with the values of its employees, customers, and shareholders, supporting children's education, equality and inclusion, and regions that need help.

In addition to improving employee engagement and contributing to the community, these efforts serve as a model for other organizations. We currently partner with 14 charities and conduct activities in Ireland, India, Malawi, and Ethiopia.

Corresponding Materiality
Community



Global Business

Business overview

- Finance leases, operating leases, and various financial services for overseas and Japanese companies
- Overseas investment and finance business, primarily in infrastructure projects



Eiji Ishida
Director, Senior Managing
Executive Officer
Head of Global Business Unit

Expanding the provision of diverse products, contributing to solutions for social issues

Through its bases in 10 countries, the Global Business Unit provides sales financing for local companies and financing services for capital investment by Japanese companies expanding abroad. Under the current Medium-Term Management Plan, in addition to these businesses, we have promoted IT operating leases in collaboration with global partners and infrastructure investment and financing businesses, mainly in Europe. Going forward, we will continue to leverage our extensive customer base and our shareholders' global networks to further expand our product offerings, provide higher value-added services, and pursue business expansion through equity participation, thereby achieving sustainable growth in our overseas business while contributing to the resolution of social issues.

Market outlook with a focus on 2030 targets

- We aim to be the best business partner, working with customers to take on challenges and grow together by leveraging our global network and diverse solutions.
- We intend to further expand our operating lease and infrastructure investment and financing businesses.
- We will work to expand new businesses in collaboration with partners in Indonesia, the Philippines, Vietnam, and India, countries that are targeted under the SMBC Group's multi-franchise strategy.

Strengths to be leveraged

- By collaborating with domestic leasing businesses, we support Japanese companies located overseas in addressing social issues.
- Through collaboration with leading global partners, we will take on the challenge in each business field.
- Leveraging the SMBC Group's extensive customer network, we will work to expand business for local companies.
- Through collaboration with Sumitomo Corporation which creates new business fields, we will pursue business growth and expansion.

Achievements and Challenges in the Second Year of the Medium-Term Management Plan, Priority Measures from the Third Year Onwards

Creation of new core businesses

- We expanded IT operating leases, broadened target regions, and accumulated investment and financing projects in the infrastructure sector.
- In FY2025, we will pursue further growth by strengthening collaboration across businesses and such initiatives as the SMBC Group's multi-franchise strategy.

Fundamental transformation of existing business

- We began reviewing our business portfolio and the role of our bases in line with the characteristics of each country and region.
- SMFL will focus on enhancing profitability further through an ongoing business selection and concentration as well as the optimal allocation of resources.

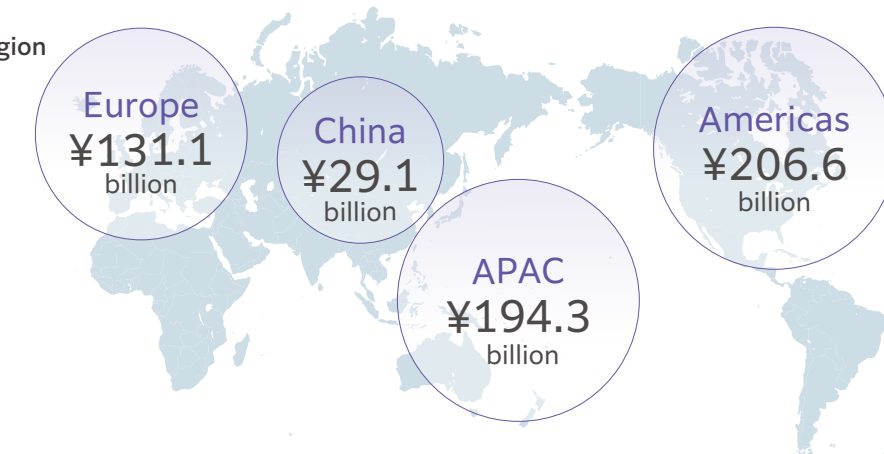
Solve further social issues

- We contributed to the revitalization of local communities through CSR activities at our overseas locations in addition to addressing social issues through businesses including social infrastructure initiatives.
- We will continue our efforts going forward and work to become a company that can create social value globally.

Establish business foundation

- In addition to building frameworks for compliance, digital, and human resource development at overseas location, we began developing platforms to support the SMFL Group's global expansion.

Operating assets by region (as of March 31, 2025)

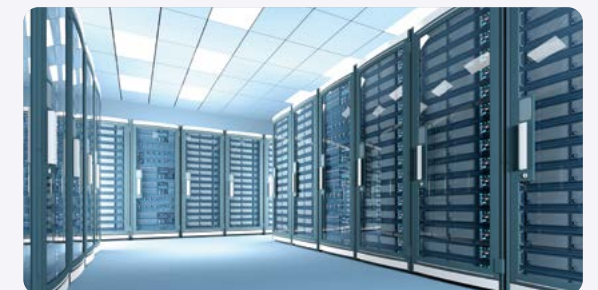


Examples of businesses that solve social issues and their corresponding materiality

Example 1 Investment and financing businesses in the infrastructure field

Corresponding Materiality
Next generation

In collaboration with SMBC Leasing (UK) Limited, we are providing financing for data center development projects in Europe focusing on the UK. Data centers are critical infrastructure that underpin the digital society and are indispensable for advancing digitalization through AI. We will further advance our investment and financing businesses in the digital sector, which holds growth potential in the European market, and in the energy transition sector that encourages the digital sector.



Example 2 Providing End-to-End Services in asset LCM*

Corresponding Materiality
Environment/Next generation

We are transitioning to a service model that provides comprehensive support from procurement, kitting, maintenance, and recycling, thereby contributing to proceed circular economy. In FY2024, we launched a new full-service operating lease (DaaS) for IT equipment in Thailand. Furthermore, by expanding our target countries and equipment in collaboration with our longstanding partner CHG-MERIDIAN AG, we aim to deliver a wide range of services.

*asset LCM: asset LifeCycle Management



Example 3 Initiatives supporting customer decarbonization

Corresponding Materiality
Environment

We provide solar power generation equipment leases to support decarbonization in Thailand and Vietnam. Many Japanese companies have expanded their business into these countries, where manufacturing, an industry with high electricity consumption, accounts for a large proportion of the total. As rising electricity prices have made cost reductions a pressing issue for customers, we are helping them lower electricity costs while also supporting the realization of carbon neutrality and providing lease solutions.



Group Companies

SMFL has an extensive network of Group companies that exhibit a broad range of characteristics. This network includes rental and leasing companies that specialize in specific products or industries, as well as joint ventures with partners. By combining the SMFL Group's customer base with the unique characteristics of each company, our goal is to help resolve both customer and social issues through the provision of high-value-added services.

SMFL Rental

SMFL SMFL Rental Company, Limited

As the SMFL Group's only rental company, we provide a wide range of rental services.

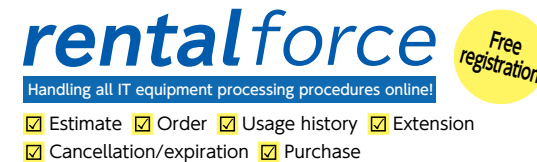
Overview of core services

As the only rental company in the SMFL Group, SMFL Rental leases IT equipment, measuring instruments, and an extensive range of other products. The company offers computer kitting, measurement instrument calibration, and other services via its technical center in Ichikawa City, Chiba, and supplies rental equipment throughout Japan. The technical center purges computers of all data and properly processes them immediately after the rental agreement term concludes.

In addition, SMFL Rental focuses on enhancing the convenience of those responsible for procuring equipment by providing rentalforce, an online ordering and management service.

In collaboration with its partners, SMFL Rental addresses the needs of customers through solutions that combine various types of equipment and services.

Online ordering and management services for IT equipment rental



Trend

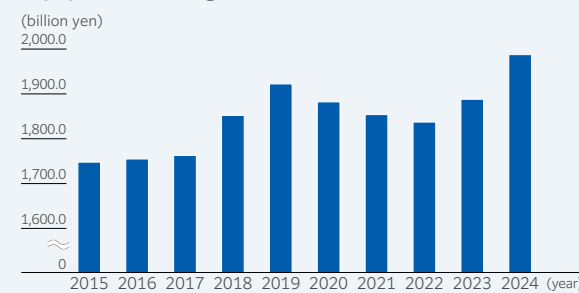
Growing rental market, from ownership to use

Advancements in digital technologies have led to the growing popularity of subscription, sharing economy, and other similar services. In this backdrop, social consciousness is shifting from ownership to use and driving a trend in consumption behavior values toward a focus on experiences instead of things.

Similarly, with the growing interest among society in reducing waste and other forms of environmental consciousness from an SDGs perspective, the rental industry market, which enables the use of the necessary items at the necessary timing, continues to expand each year. In FY2024, equipment leasing business (rental) revenues exceeded levels not seen since before the COVID-19 pandemic.

Against this backdrop, SMFL Rental offers Life Cycle Management (LCM) services that provide comprehensive support from IT equipment selection to purchase, setup, maintenance, and disposal, to contribute to their efficient introduction, management, and use.

Equipment leasing business (rental) revenue trends



Source: Prepared based on the "Survey of Selected Service Industries" by Japan's Ministry of Economy, Trade and Industry

SFI Leasing

We provide highly specialized financial solutions mainly based on broadcasting equipment made by Sony.

SFI Leasing is a joint company between SMFL and Sony Group Corporation. Based on the expertise and extensive track record accumulated through its long-standing business relationships with Sony Group Companies, SFI Leasing provides innovative, highly specialized, and high-added-value financial solutions.

Through structuring high-value-added original financial programs mainly based on Sony's broadcasting equipment, SFI Leasing supports customers in a wide range of media industries, from large-scale arenas to sports stadiums, TV stations, and TV program production companies.

In the event rental business, it also offers spatial staging and entertainment event management support services using Sony's cutting-edge technologies and products, working on events like the TOKYO GAME SHOW.

SFI Leasing established the new Circular Economy Promotion Department and Group Relation Development Department in and after FY2024 and will continue its challenge of expanding the circular economy business as a new pillar of business, and of establishing new businesses through collaborative creation with Sony Group companies and SMFL.



"Crystal LED" LED display



4K display equipment (inside a large relay vehicle)

AJCC Corporation

The only leasing company that specializes in the cable television (CATV) industry

AJCC is the only leasing company that specializes in the CATV industry. The company leases over 17 million terminal devices for cable television services such as Cabel TV Set Top Boxes. This represents a market share of approximately 73%* of the cumulative total of shipments in Japan. Its customers (cable television operator) offer television, internet, mobile phone, and other services, thereby forming an essential part of communities through disaster prevention coordination with local governments. Over the 38 years since its founding, AJCC has engaged in business tailored to its customers.

In addition to lease and sales/purchase transactions, the company provides new services including Cable IP Stick (Streaming Stick) a stick-type terminal device exclusive to the CATV industry that enables the IP distribution of various contents such as customer-produced programs and disaster prevention information, as well as "warehouse logistics scheme" for efficiency improvement and cost reduction of warehouse logistics operations.

* Average for FY2017 to FY2021 (based on AJCC data)



Cable IP Stick (Streaming Stick)

YANMAR Credit Service

YANMAR CREDIT SERVICE CO., LTD.

As a form of captive finance for the YANMAR Group, we provide sales financing for Yanmar products.

YANMAR Credit Service has grown by providing captive finance for the YANMAR Group's agricultural machinery business as well as financial and asset management services for vehicles and equipment introduced by group companies.

Following our alliance with SMFL, we have expanded captive finance across the diverse business fields of the YANMAR Group. For Group-wide financial services, we work to solve each company's challenges by supporting capital investment through SMFL's extensive solutions.

Furthermore, the company is taking up the challenge through various initiatives to realize YANMAR Group's vision of "A SUSTAINABLE FUTURE — New Value through Technology —"

In the agricultural field, we engage in activities that add farming support services to lease agreements for farmers and put forward service proposals, including cultivation guidance in collaboration with the YANMAR Group to corporations new to agriculture.

In the energy systems field, we provide services that help visualize equipment management for electric power companies. We also work to deliver new value through synergies with SMFL Group companies. This includes supporting the introduction of HEV vehicles to advance the YANMAR Group's sustainability initiatives and the adoption of solar power generation facilities integrated with farming operations.



Agricultural machinery

Construction machinery



Air-conditioning equipment



Pleasure boats

Corporate Governance

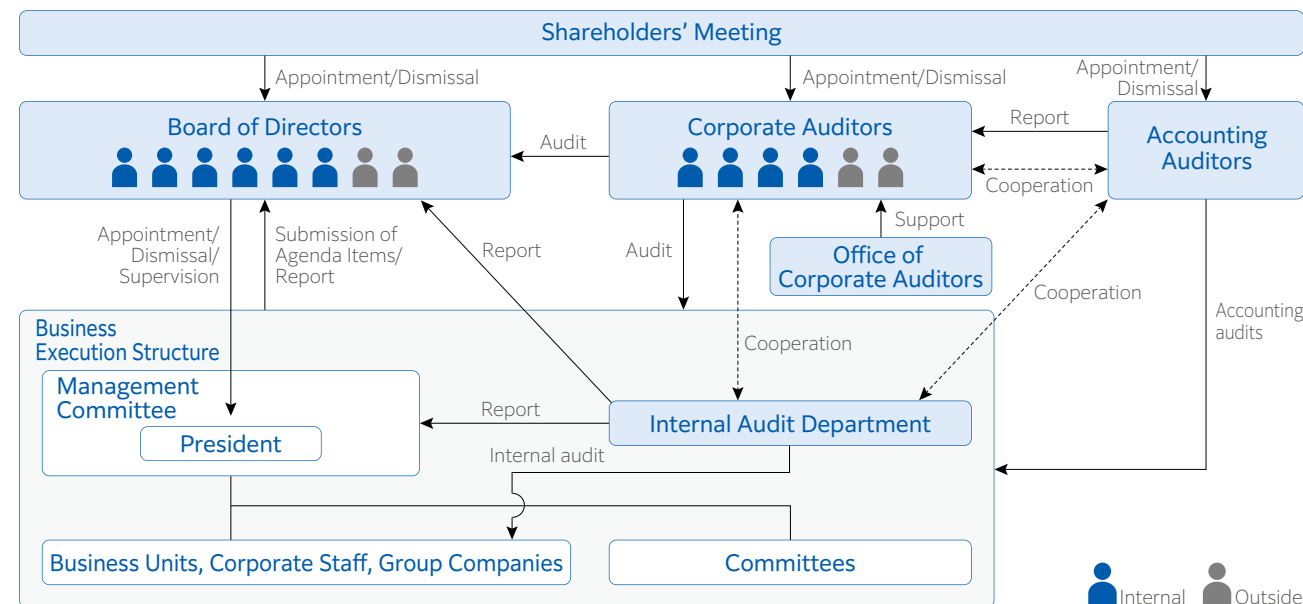
Basic policy

SMFL was established through the merger between Sumisho Lease and SMBC Leasing, and has grown in part through the acquisition of an aircraft leasing business and the merger with SMFL Capital (formerly GE Capital Japan).

Since our business domain is expanding, it is necessary to respond appropriately to the continuing changes in the business environment, aim for sustainable development for society and sustainable growth for SMFL. As a representation of this commitment, we have formulated the “SMFL Way.”

The “SMFL Way” is our fundamental policy as our management philosophy, and we believe that strengthening and enhancing corporate governance is an important management challenge in the context of following this policy.

Business management organizational structure



Committees	Purpose and overview	Meeting frequency
Human Rights Awareness Promotion Committee	This committee determines basic policies for promoting human rights awareness and plans and implements training on discrimination and human rights issues.	As needed
ALM Committee	In order to appropriately implement asset and liability management (ALM) across SMFL, this committee forecasts interest rates and analyzes results, exchanges information and reports on the situation with regard to funding, liabilities, and profit and loss, and deliberates policies.	Every two weeks in principle
IR Committee	This committee contributes to our business activities and funding by enhancing the consistency and strategic nature of our various external communications.	Once every three months
SDGs Promotion Committee	In order to help realize a sustainable society, this committee formulates policies to actively promote initiatives for SMFL's commitment to SDGs, as well as discussing and promoting the necessary measures.	At least once every six months
Investment & Financing Committee	As well as deliberating policies related to individual investment and financing cases, this committee receives regular reports on the market environment and performance, and discusses various measures to respond rapidly to changes in the market environment, as necessary.	Weekly
Security Export Control Committee	In order to ensure appropriate controls of security exports in trade transactions by SMFL, this committee submits reports, shares information, and deliberates operational policies in relation to the status of trade transactions, the status of security export controls and related structures.	Once every six months
Emergency Countermeasures Promotion Committee	This committee checks and reports the state of progress in relation to plans to establish emergency countermeasures, as well as discussing modifications to emergency countermeasures.	Annually
Risk Management Committee	This committee monitors the current risks faced by SMFL, as well as discussing and promoting various necessary measures.	As needed
Compliance Committee	This committee deliberates and promotes various measures to contribute to the appropriate operation of SMFL's compliance system.	Twice a year
Health Committee	Established in accordance with laws and regulations, this committee investigates and deliberates on relevant matters and submits necessary opinions to SMFL.	Monthly

Directors and corporate auditors

SMFL operates under a structure of eight directors and six corporate auditors, of which two directors and two corporate auditors were appointed from outside SMFL. From the perspective of improving the transparency and soundness of management, SMFL operates an executive officer system under which the decision-making and supervisory functions are separated from the business execution functions. Our business is executed by 46 executive officers (including five directors) appointed by the Board of Directors.

Board of Directors

As well as making decisions on important matters, the Board of Directors supervises business execution by directors and executive officers. It is chaired by the Chairman of the Board of SMFL in order to ensure a separation of roles with the President, who is in charge of overall business execution.

In principle, the Board of Directors meets once a month. The Board of Directors makes resolutions and reports on progress of the Medium-Term Management Plan and business plans of SMFL and the SMFL Group, organizational and personnel matters, other important management matters, and matters stipulated by laws, regulations, the Articles of Incorporation, and the Regulations of the Board of Directors, and supervises business execution by directors and executive officers.

A total of 16 meetings of the Board of Directors were held in FY2024 (including five resolutions in writing in accordance with the provisions of Article 370 of the Companies Act). The attendance of individual directors is as follows.

FY2024 Board of Directors attendance

(officers and position as of the end of March 2025)

Position	Name	Meetings attended (attendance rate)
Representative Director, Chairman of the Board	Shoichiro Oka	16 of 16 (100%)
Representative Director, President	Masaki Tachibana	16 of 16 (100%)
Representative Director, Deputy President	Tetsuro Imaeda	14 of 14 (100%) (Appointed June 2024)
Representative Director, Senior Managing Executive Officer	Masaru Shiomi	16 of 16 (100%)
Director, Senior Managing Executive Officer	Eiichi Sekiguchi	16 of 16 (100%)
Director, Senior Managing Executive Officer	Eiji Ishida	16 of 16 (100%)
Outside Director	Fumihiko Ito	16 of 16 (100%)
Outside Director	Takao Kusaka	15 of 16 (94%)

Structure for execution of business

At SMFL, executive officers appointed by the Board of Directors are in charge of the execution of business, and the Management Committee is the highest decision-making body for business execution. The Management Committee consists of directors who serve concurrently as executive officers and executive officers who are selected by the President to attend the Management Committee, and those members deliberate important matters of business execution.

With regard to business operations, SMFL has established meetings such as the Information Liaison Meeting which serve as opportunities for wide-ranging and flexible communication of information and exchange of opinions, as well as various committees that serve as cross-departmental organizations for coordination and discussion, in order to deliberate important business reports and specific measures.

Conditions for resolutions on director appointments

SMFL's Articles of Incorporation stipulate that a director shall be appointed by a resolution of a majority of the voting rights of shareholders present at the Shareholders' Meeting, a quorum of whom shall be shareholders holding voting rights representing not less than one-third of the voting rights of shareholders who may exercise voting rights.

The Articles of Incorporation also stipulate that cumulative voting shall not be used in director appointment.

Sustainability governance

Consistent with the goal to be “chosen for its commitment to SDGs,” which is part of the Vision outlined in the “SMFL Way,” SMFL established the SDGs Promotion Committee to actively promote SDG management initiatives. Decisions regarding sustainability are reviewed by the SDGs Promotion Committee, resolved at and reported to the Management Committee, and in principle supervised by the Board of Directors at least once a year.

The SDGs Promotion Committee sets the President as its chairman, general managers of related corporate staff departments and the business planning department of each business unit as its members, and the Sustainability Promotion Department as its secretariate. This committee formulates policies regarding SDG management initiatives, deliberating on and promoting various measures across the organization, and monitoring the status of SDG management. Topics for discussion in FY2024 included medium- to long-term environmental targets, the circular economy, human rights due diligence, non-financial information disclosure, solving social issues outside of business, and sustainability education.

Message from the Chairman of the Board



Norihiko Nonaka
Representative Director,
Chairman of the Board

Please provide us with a history of the SMFL Group and your thoughts on the strengths gained through its growth process.

Sumitomo Mitsui Finance and Leasing was established from the merger of SMBC Leasing and Sumisho Lease in 2007. Since then, the SMFL Group has expanded its scope of operations and evolved its business model, notably through the acquisition of an aircraft leasing business in 2012, the integration of SMFL Capital (formerly GE Capital Japan) in 2019, and the acquisition and inclusion of Kenedix, making it a subsidiary in 2021. In 2018, the ownership structure was changed from 60% Sumitomo Mitsui Financial Group and 40% Sumitomo Corporation to an equal 50%/50% split between the two shareholders. In the same year, SMFL MIRAI Partners was founded as a non-financial business arm. Through these changes, the SMFL Group has evolved into a hybrid corporate group in the financial business, as befitting its name ("Finance and Leasing"), while also being involved in non-financial businesses.

Through this combination of organic and inorganic growth, SMFL has made remarkable strides. Our inherent strengths—the knowledge on finance and products that we have nurtured through our core leasing business, the expertise in business investment and business operations across such fields as real estate and renewable energy, and the digital transformation (DX) capabilities that stem from SMFL Capital's digital team—have become the pillars of our business model, which is based on the concept of "Finance x Business x DX." These strengths are in turn driven by the power of our people. SMFL's diverse human resources share in its management philosophy, the "SMFL Way" as backbone of the Group, and underpin our efforts toward further growth and evolution.

What role do the two shareholders play in SMFL's governance structure?

SMFL has become a unique entity, as one of the few major Japanese leasing companies that remain unlisted, and a joint venture between a megabank and an integrated trading company. In this regard, our two shareholders play a vital role in our governance structure.

For proposals put on the agenda before the Shareholders' Meeting, both shareholders conduct preliminary reviews under their respective governance structures before engaging in discussions and decisions on the agenda items. By incorporating the advanced governance structures of both a megabank and an integrated trading company in two different sectors, both shareholders form the cornerstone of the SMFL Group's corporate governance while supporting its business

activities across financial and non-financial domains.

Additionally, both shareholders and SMFL Group are mutually invaluable business partners as we support each other in advancing our respective growth strategies. In strategic alignment with both shareholders, SMFL Group develops new businesses while taking advantage of the megabank's customer base, fundraising capability, and financial solutions expertise, as well as the integrated trading company's network, business development capability, and risk management expertise. This strategic partnership also contributes as a key element supporting our governance structure.

Please elaborate on the operations of the Board of Directors and the roles fulfilled by corporate auditors.

The Board of Directors consists of six internal directors, including the Chairman and the President, and two outside directors nominated by each of the two shareholders, for a total of eight members. The Board of Directors makes decisions on important matters as they pertain to management, including business plans, large-scale investment projects, and key internal systems. When referring agenda items to the Board of Directors, an internal review process is applied and management-level deliberations are undertaken as needed. In similar fashion to the Shareholders' Meeting, the outside directors appointed by both shareholders conduct preliminary reviews under their respective governance structures before discussions and decision-making. This ensures that sophisticated risk management systems are functioning properly through the multifaceted perspectives from within and outside SMFL.

SMFL Group has six corporate auditors that include both internal and external auditors. Our corporate

auditors formulate the audit policies based on the audit policies of both shareholders, the surrounding business environment, and the SMFL Group's business plan. Given the rapid pace of growth and evolution of the SMFL Group's businesses, the corporate auditors attend not only Board of Directors meetings but also Management Committee, Semi-Annual Conference of Department Head, Monthly Information Liaison Meetings, and various other committees. They also engage in direct dialogue with employees during visits to domestic and overseas locations, thus obtain information straight from the front lines. Furthermore, monthly meetings are held with the Chairman and the President to ensure a robust framework for direct communication between the corporate auditors and the top executive. As the SMFL Group's scope of activity expands across financial and non-financial sectors, domestic and international markets, and to Group management, corporate auditors play a crucial role in SMFL's governance structure.

Can you tell us about SMFL's decision-making process within the Group's executive structure and the selection of participants in that process.

The Management Committee is the highest decision-making body. Its members include the Chairman, President, and heads of each business unit and administrative departments, who are selected for their acknowledged expertise and ability to effectively deliberate on the overall management of the Group. Based on the discussions in this committee, final decisions on business execution are made by the President, who is in charge of overall business execution.

Various committees have also been established under the Management Committee. In particular, in its capacity as an advisory body, the Investment & Financing

Committee reviews important investment projects in advance and submits its findings to the Management Committee. The Investment & Financing Committee is composed primarily of members from administrative organizations responsible for risk management and screening with additional members selected for their specialized expertise depending on the requirements of each project. Consistent with SMFL's business domain expansion, the Investment & Financing Committee is demonstrating its high level of expertise as the importance of its role increases.

Can you explain how each business unit is autonomously managed?

SMFL operates under a business unit system, currently consisting of eight business units. Each business unit manages its operations autonomously, based on the unit's business plans deliberated on and approved by the Board of Directors and the Management Committee. At the same time, each business unit actively collaborates with other units and Group companies working as a unified "Team SMFL" to promote initiatives across the entire Group. Each business unit has a planning department that is responsible for important operating functions, such as

planning and formulating unit business plans, putting in place operating frameworks, and evaluating activities. These business plans consist of a three-year medium-term management plan and a plan for each fiscal year. FY2025 marks the final fiscal year of the current Medium-Term Management Plan as well as the fiscal year for formulating the next medium-term management plan. Looking ahead, SMFL will work diligently to create social value and expand economic value in a bid to realize its vision for 2030 while leveraging the strengths of each business unit.

Under the governance structure you have just described, what kind of challenges will the SMFL Group face in the future?

Since its inception in 2007, the SMFL Group has consistently taken on new challenges while achieving remarkable growth. Moving forward, we will continue our efforts to bring the "SMFL Way" to fruition in 2030 and undertake measures aimed at securing sustainable growth as we look further ahead. Put simply, these challenges precisely embody SMFL's efforts to realize the four visions of its ideal future, namely to: 1) be the best

business partner, 2) be chosen for its commitment to SDGs, 3) encourage employee development, and 4) be an advanced digital company. In addition, we recognize the need to consistently refine the governance structure that supports these endeavors. Based on this understanding, we will solve social and customers' issues through our unique measures and contribute to their sustainable development.

Risk Management

General principles for risk management

SMFL recognizes the importance of risk management and identifies the locations and types of risks to be managed according to our strategic objectives and business activities. In accordance with the following general principles, SMFL conducts appropriate management according to the characteristics of each risk.

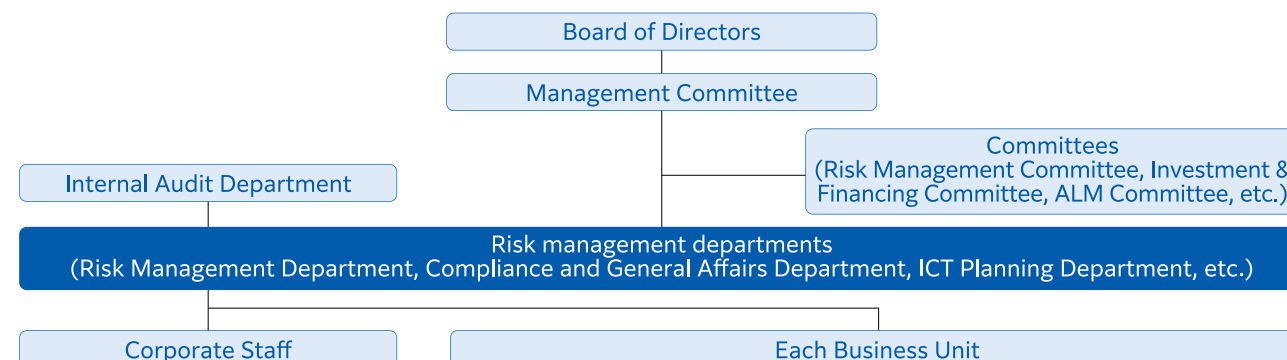
- 1 Group-level management**
Various risks are managed at the SMFL Group level to avoid infringement of laws, regulations and other rules in accordance with the nature and importance of the business.
- 2 Management based on quantification**
SMFL identifies the range of risks to be managed and quantitatively manages them according to the characteristics of the risks.
- 3 Ensuring consistency with business strategy**
Risk management shall be consistent with business strategy.
- 4 System of checks**
The risk management system shall be designed to check operations.
- 5 Response in case of emergency or serious situation**
If risk materializes, SMFL takes necessary measures based on the assumption of situations and scenarios that have a significant impact on management and financial conditions.
- 6 Verification of the risk management system**
The internal audit division examines our risk management system.

Three Lines Model

We are working to strengthen our risk management based on the three lines model concept, which is a framework for risk governance.

Main Departments	Roles and Responsibilities
First Line Business departments, etc.	As the risk owner for the business under his/her jurisdiction, he/she will assume the following roles and responsibilities in accordance with the basic policies established by the risk management departments (second line). 1. Identify risk, conduct assessments 2. Implement measures to reduce/manage risks 3. Monitor risk conditions and report to the first and second lines 4. Cultivate/instill a healthy risk culture
Second Line Risk management departments	To improve the risk management system within SMFL, the following roles and responsibilities will be assumed: 1. Drafting/formulation of risk management-related basic principles, frameworks, policies, etc. 2. Monitoring, checks and balances, and training for the first line are conducted to ensure that the first line identifies and assesses risks and takes appropriate measures to mitigate and manage risks.
Third Line Internal Audit Department	From a position independent of the first and second lines, this department evaluates and verifies whether first and second line activities are being carried out effectively and appropriately. The results of these investigations will be reported to the Board of Directors and Management Committee, etc., and recommendations for improvements made for any issues or problems uncovered, as well as advice given to relevant departments as necessary.

Risk Management System

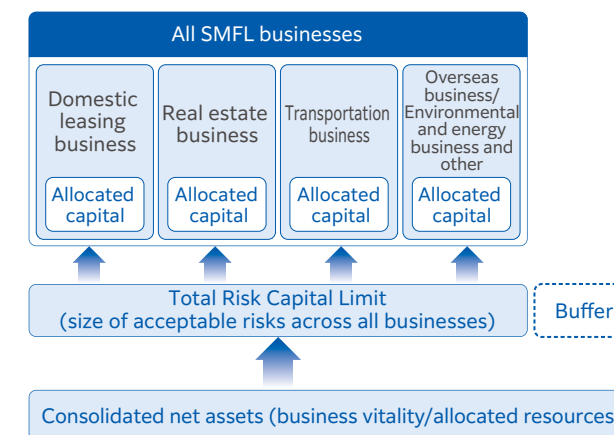


Risk Management Methods

Risk capital management

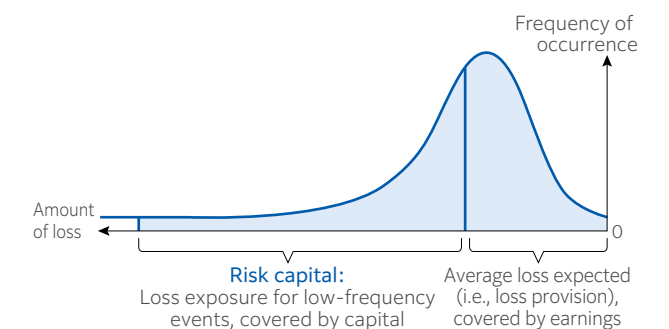
In order to balance risks and returns while controlling risks within the limit of business vitality without placing undue emphasis on specific risks, we ascertain the amount of risk as much as possible, and set an upper limit on the size of acceptable risks as the "Total Risk Capital Limit."

SMFL's risk capital management



Risk capital

We define "risk capital" as the approximate maximum loss exposure on owned assets, which is covered by capital.



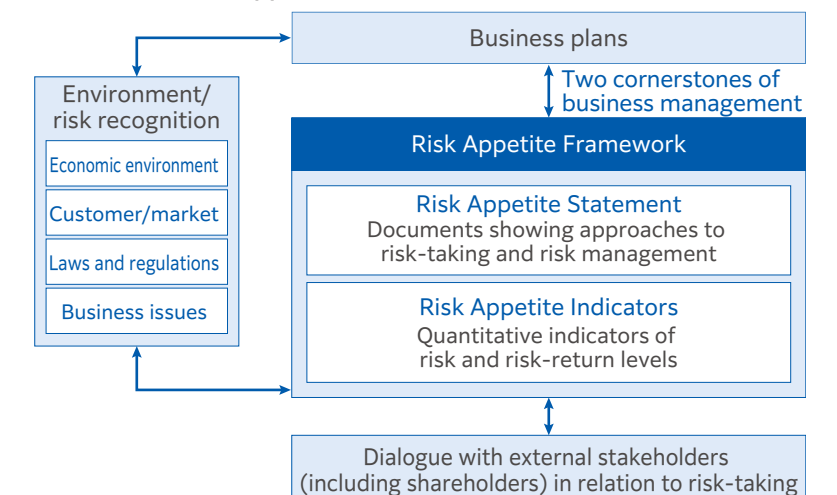
Risk Appetite Framework

SMFL has adopted the Risk Appetite Framework as our management structure in order to clarify the types and amounts of risk associated with earnings growth and to disseminate them throughout SMFL.

The Risk Appetite Framework is broadly divided into two components: Risk Appetite Statement and Risk Appetite Indicators (see the diagram on the right).

Using these documents and indicators, SMFL conducts Company-wide reviews of the risks and reflects them in our management strategy to promote appropriate risk-taking and to aim for business operations that balance soundness, profitability, and growth potential.

Structure of Risk Appetite Framework



Stress tests

SMFL is developing and enhancing stress testing methods to proactively verify the impact of unforeseen events such as a large-scale deterioration in economic conditions or a worsening of the market conditions in a specific industrial sector on our credit portfolio and financial position including shareholders' equity, as well as cash flows. Stress tests enable us to maintain the soundness of our business even under stressed conditions, thereby allowing us to establish a system that ensures appropriate risk control under normal circumstances.

Risk Register

In anticipation of venturing into new business fields and coping with rapid shifts in the business environment, we conduct risk identification by means of a Risk Register designed to enhance risk governance and risk ownership. Business units communicate with risk management departments to identify potential business risks. SMFL has established a system whereby each business department identifies the risks inherent in its operations through communication with the risk management department, fully evaluates them and verifies the appropriateness of control measures before promoting operations that reflect them in its business strategy.

Business Risks, Etc.: Main Risk Description and Measures

Listed below are the main risks associated with the SMFL Group's business, etc., that may significantly influence the decisions of investors. In addition to taking measures to deal with each of these risks, we are developing and reinforcing the risk management system to ensure a prompt and appropriate response when a risk materializes.

Risk category		Main measures for risk
1	Risk relating to business environment	<ul style="list-style-type: none"> We conduct Company-wide reviews of risks from the perspective of the economic environment, regulatory, market trends, etc., and reflect them in our management strategy to promote appropriate risk-taking and aim for business operations that balance soundness, profitability, and growth potential. (See the Risk Appetite Framework section on page 79 for details)
2	Risks relating to sustainability	<ul style="list-style-type: none"> Based on the TCFD recommendations, we identify and assess risks as part of our efforts toward information disclosure. For details of those risks, please refer to our TCFD Report. (https://www.smfl.co.jp/english/sustainability/environment/tcfd/) In response to climate change, we have been working on a raft of measures under Our Vision "Chosen for its commitment to SDGs" in the SMFL Way since April 2020. In April 2022, we set medium- to long-term environmental targets and are promoting efforts toward decarbonization. As far as the risk of human rights violations is concerned, there is a risk of becoming involved in human rights violations (forced labor, child labor, and occupational health and safety issues) in the supply chain through our transactions with customers and suppliers. In response to these risks, we established the SMFL Group Human Rights Policy in May 2023 and are promoting a variety of measures, including disclosing a Modern Slavery Statement in accordance with the U.K.'s Modern Slavery Act, the holding of internal workshops on human rights, and the putting in place of a human rights due diligence system.
3	Credit risk	<ul style="list-style-type: none"> When we evaluate potential transactions, we carefully screen them individually and consider, among other things, the future value of used equipment of the leased property in determining whether to approve the transaction. As for overseas credit, the decision on whether to approve entails considering country risk in view of the foreign currency situation and the political and economic situation in the customers' country. Once a transaction is executed, we conduct regular self-assessments and monitor the status of customers, while booking allowance for doubtful accounts according to the degree of credit risk in view of the expected amount of recovery (from disposition of security, property, etc.) and the loan loss ratio, etc. We regularly verify the credit status of each existing customer and market trends in each industry, and manage our portfolio so that credit balances are not concentrated in any particular company or industry.
4	Asset risk	<ul style="list-style-type: none"> We measure the amount of risk by regularly monitoring the market value of used equipment while working to reduce the risk as much as possible by diversifying lease equipment and models, locations, lease maturity, etc.
5	Market risk	(1) Interest rate fluctuation risk
		(2) Foreign exchange risk
		(3) Stock price fluctuation risk
6	Funding and liquidity risk	<ul style="list-style-type: none"> In order to properly manage funding and liquidity risk, we set a maximum risk tolerance limit for the funding gap (the amount of funding that will be required due to the mismatch between the investment and funding periods), conduct monitoring, and establish contingency plans.
7	Institutional change risk	<ul style="list-style-type: none"> We continuously monitor the status of amendments and changes to various laws, tax systems, and accounting systems. Through cooperation with the Japan Leasing Association and external experts, we collect information about amendments and changes and implement countermeasures.

For details of business risks, etc., please refer to pages 20-22 of SMFL's Securities Report for the fiscal year ended March 31, 2025 (Japanese only).

<https://www.smfl.co.jp/corporate/assets/yuho63.pdf>

Risk category		Main measures for risk
8	Operational risk	(1) Measures for processing risk
		(2) Measures for information system risk
9	Compliance risk	<ul style="list-style-type: none"> When conducting business, we are subject to Japanese laws and regulations such as the Companies Act, the Financial Instruments and Exchange Act, the Antimonopoly Act, the Personal Information Protection Act, the Money Lending Business Act, and the Banking Act, and to the supervision of regulatory authorities. As for overseas, we are subject to the laws and regulations and the supervision of regulatory authorities in each country and region. The SMFL Group is working to strengthen its compliance system and internal control system in order to comply with laws, regulations and other rules, has established a system to provide proper instructions, guidance, and monitoring to officers and employees, and has taken preventive measures to prevent and detect misconduct.
10	Risk relating to our investment, strategic alliances, etc.	<ul style="list-style-type: none"> For strategic alliances and investment projects, there is a deliberation system in which the Investment & Financing Committee, Management Committee, and other meeting bodies identify the risks associated with investment from a broad perspective, as well as risks related to the operations of the investee, determine countermeasures to be taken, and decide carefully on whether to execute after analyzing multiple scenarios. For all projects after investment, we regularly review the status of achieving investment objectives including returns and measures to be taken to improve the corporate value of investees, and have developed a monitoring system that includes overall management of our portfolio.
11	Risk relating to occurrence of disasters	<ul style="list-style-type: none"> Having established an Emergency Countermeasures Promotion Committee, we are developing and reviewing emergency response plans to improve our systems on an ongoing basis. To prepare for a disaster, we have established a system to set up an emergency response headquarters and implement measures to resolve the emergency. Even during normal times, we regularly prepare for disasters by (1) holding various training drills and workshops, (2) reviewing response manuals, and (3) maintaining communication infrastructure and disaster supplies.
12	Risk relating to securing human resources	<ul style="list-style-type: none"> To secure and develop diverse human resources, we are focusing not only on traditional recruitment channels but also recruiting a wide range of talent through a variety of recruitment routes. These include the recruitment of new graduates from overseas universities and the hiring of mid-career professionals through direct recruiting and referrals. In order to enhance our training system, we have established SMFL Academy, and we support employees to improve their expertise and become reskilled through training that caters to the characteristics of each business and department, and provide proactive self-development support, including an incentive system for acquiring qualifications.

Internal Controls/Status of Audits

Internal Controls

Basic approach

SMFL has set out its structure for ensuring appropriate corporate operations (internal control system) in the Internal Controls Regulations. We are working to maintain a sound management structure by putting in place systems for the execution of duties by directors, internal controls over financial reporting, systems to ensure appropriate operation of the Group, systems for audit duties by corporate auditors, systems for internal audit, and systems for risk management and compliance.

Systems for the execution of duties by directors

Information related to the execution of duties by directors is retained and managed appropriately in accordance with the Information Management Regulations, the Information and Document Management Rules, and other rules. Execution of duties by directors consists of the formulation of operating plans, the efficient operation of the business and management of performance. In addition to appropriately allocating the role of each director, SMFL has formulated Organizational and Authority Regulations and delegates authority appropriately and in accordance with these regulations.

Internal controls over financial reporting

In order to ensure the appropriateness of accounting and the reliability of financial reporting for the SMFL Group as a whole, SMFL has formulated internal control evaluation regulations and others related to financial reporting, enabling it to put in place and operate the necessary systems for internal controls over financial reporting, and

to assess their effectiveness.

Determining or amending basic policy for the overall evaluation of internal controls over financial reporting and relevant important matters are decided by the Management Committee and approved by the Board of Directors. The plans and policies for each fiscal year, the resulting evaluations and relevant important matters are approved by the Management Committee.

Management/Operation of Group companies

In order to understand the status of execution of duties by directors at SMFL Group companies, and to ensure that those duties are executed efficiently, basic matters for the management of Group companies are set out in the Group Company Regulations and other rules. Group companies are managed and operated in accordance with these rules and regulations. Group Company Regulations for Compliance have also been set out, and management of the SMFL Group is conducted in complete adherence to these regulations.

In addition, SMFL ensures the fairness and appropriateness of transactions within the SMFL Group in cases where transactions and the like are conducted within the SMFL Group, with either of our shareholders or with any of said shareholders' group companies. SMFL and its Group companies conduct multifaceted verifications in accordance with the procedures set out in the Legal Risk Management Regulations to establish whether the conditions of the trade, such as the consideration received for a product or service, are appropriate and reasonable in comparison to the usual conditions.

exchange information with directors and auditors of subsidiaries and receive business reports from such subsidiaries as necessary.

Audit policy by SMFL's corporate auditors

The audit policy by SMFL's corporate auditors mandates strict and fair audits of the execution of duties by directors, in accordance with laws, regulations, and SMFL's Articles of Incorporation. In light of intensifying geopolitical risks, changes in the financial and economic environment, and the status of Medium-Term Management Plan implementation, and with reference to SMFL's management philosophy and policies, "SMFL Way," as well as the corporate audit policies of both shareholders, SMFL's corporate auditors carried out their audit activities while keeping in mind that internal control systems had been properly established and were functioning on a global basis, in terms of policies for such matters as ensuring efficiency, managing risk of loss, and complying with laws and regulations in FY2024.

Activities of standing corporate auditors and part-time corporate auditors

The standing corporate auditors perform their duties smoothly and efficiently. This is ensured over the course of day-to-day audits carried out by all or some of the standing corporate auditors, and sufficient sharing of information and exchange of opinions with the other corporate auditors through the Standing Corporate Auditors' Meeting.

The part-time corporate auditors cooperate in the audit duties of the standing corporate auditors as necessary through performing their duties, such as attending key meetings, including meetings of the Board of Directors, and exchanging opinions and receiving reports from the standing corporate auditors at the Council of Corporate Auditors.

Reporting structure to corporate auditors

If any officer or employee of SMFL or its Group companies discover any fact that may cause significant damage to SMFL or any Group company, any fraudulent act, or any material fact in violation of laws, regulations, or the Articles of Incorporation, the officer or employee written above is required to report their discovery to the corporate auditors. Furthermore, if explanation regarding the execution of duties is requested by a corporate auditor, the officers and employees written above are required to report the requested matters promptly.

On discovery of any violation of laws or regulations, the violation can be reported to the corporate auditors of the company to which the officer or employee belongs, the internal reporting systems and hotline established at the company to which the officer or employee belongs, or the internal reporting systems and hotline set up by Sumitomo Mitsui Financial Group.

In order to ensure that any officers and employees of SMFL and its Group companies who reported to the internal reporting systems and hotline established at their company or a corporate auditor at their company are not subject to unfair treatment for such report, the internal

reporting regulations for each company stipulate the prohibition of any unfair treatment.

In addition, the departments in charge of compliance at SMFL and its Group companies regularly report to the corporate auditors of each company on the status of receipt and handling of internal reports, and, when it is deemed necessary, given impact on management or requested by corporate auditors, issue prompt ad-hoc reports.

Collaboration with the Internal Audit Department

The Internal Audit Department works closely with the corporate auditors. When corporate auditors request assistance in their audit duties, the Internal Audit Department cooperates by providing information so that the corporate auditors can conduct effective audits.

Exchange of opinions with the representative directors

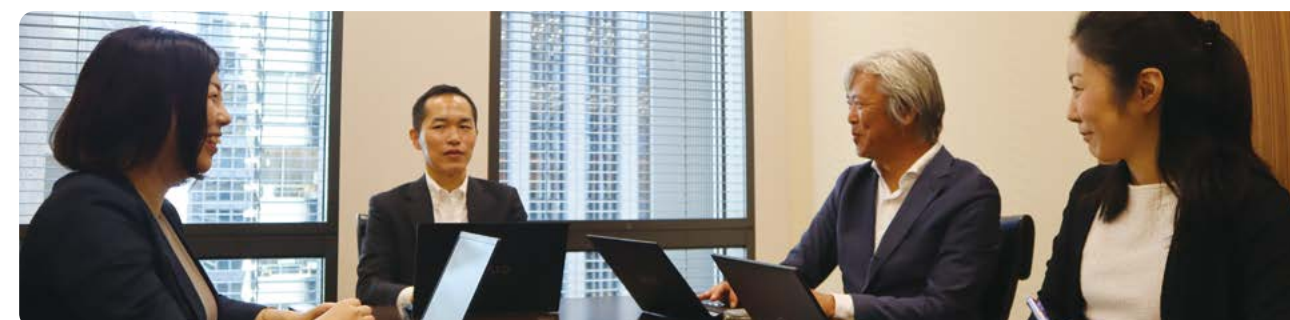
The representative directors strive to improve the effectiveness of the corporate auditors' audit function by ensuring opportunities for regular exchange of opinions with the corporate auditors.

Status of internal audits

With the aim of ensuring the sound and appropriate management of SMFL's operations, our Internal Audit Department, which is independent of other units, conducts internal audits of each department of the corporate staff and each business department. The Internal Audit Department verifies the efficiency and effectiveness of operations, the reliability of financial reporting, and the appropriateness and effectiveness of internal control systems and the like, creates evaluations based on the results, and presents recommendations for improvement. In order to ensure the effectiveness of internal audits, the Board of Directors approves the Internal Audit Regulations and Audit Plan, and the Internal Audit Department conducts internal audits based on these regulations and plans. In addition, internal audit results are regularly reported directly to the executive officer in charge of the Internal Audit Department, the President, the Management Committee, and the Board of Directors.

The Internal Audit Department, corporate auditors, and accounting auditors communicate and coordinate with each other as required, and work to implement appropriate and effective audits.

In addition, we encourage and support the member of the Internal Audit Department to obtain international internal audit qualifications such as Certified Internal Auditor (CIA) certification.



Compliance

Toward strengthening the compliance structure to adapt to expanding and diversifying business models

SMFL is promoting measures to ensure the compliance first culture and to establish a compliance structure suited to the characteristics of each business so that we can establish business foundation.

1.Formulation of Compliance Policy

This represents our fundamental approach toward practicing “Our Principle” as the highest-level policy regarding compliance at SMFL.

Our Principle

SMFL bases all of its business activities on “Our Principle.”

As a trusted and responsible corporate citizen committed to meeting and exceeding its customers expectations, SMFL is committed to—at all times—acting in good faith and complying with all applicable law.

2. Definition of “Compliance”

SMFL defines “Compliance” as follows: We comply with laws, regulations and internal rules, and meet social norms and expectations from society and customers.

3. Five Compliance Policies

To put “Our Principle” into practice on a daily basis, we have established the following five policies:

- Do The Right Thing
- Risk Ownership
- Comply with Laws and Rules
- Speak Up
- Respect for Human Rights

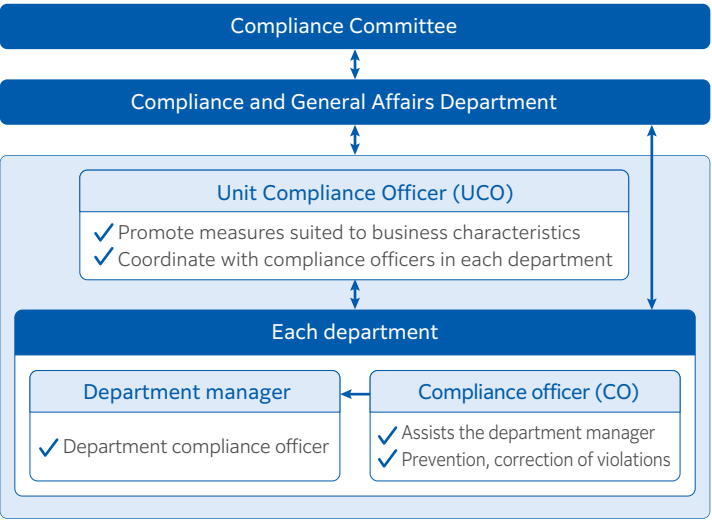
Structure for promoting compliance

SMFL established the Compliance Committee. Chaired by Managing Executive Officer in charge of the Compliance and General Affairs Department, this Committee in principle meets twice a year and discuss various compliance-related measures.

On an organizational unit basis, each department manager is responsible for compliance. A Compliance Officer is assigned to each department to assist the general manager in ensuring that all employees are fully aware of the laws, regulations, and internal rules related to business operations.

Unit Compliance Officers are assigned to each business unit to collect and collate information on laws, regulations, and industry trends suited to the characteristics of each business unit, and to provide guidance and support to general managers and compliance officers under relevant business unit.

Structure for promoting compliance



Promote Compliance Initiatives

As part of our annual plan, we are formulating a compliance program while working to foster a compliance culture, establish a risk management system, and share information among departments.

Key Compliance Programs

Items	Description
Fostering a compliance culture	Information dissemination, including messages from the President, and compliance sessions for all officers and employees (approximately 90% of domestic employees participated)
Instill a Compliance-first Culture	Fixed-point measurement of the degree of awareness toward a compliance-first culture using compliance questionnaires <div>In your department, when actions required to achieve earnings and performance targets conflict with “doing the right thing,” do you think there is an atmosphere or culture that prioritizes “doing the right thing”?</div> <div>“I believe so” or “To a certain extent” 91.6% 94.7% 96.4% 2022 2023 2024 (FY)</div>
Enhance the Risk Management System	In addition to strengthening the risk management analysis of new businesses, we will work to entrench management systems through training and monitoring
Support the development of risk management systems at overseas locations and each department	We are developing overseas locations and Group company systems suited to business characteristics while implementing compliance measures for new business ventures
Compliance personnel exchanges in each department	Regular information sharing and the promotion of communication between organizations

Information Management

We have established our policy regarding the appropriate protection and use of customer information in our Privacy Policy.

Details regarding management systems are specified in “Handling of Customer’s Personal Information.”

Whistleblowing system

In order to self-cleanse where violations of laws or regulations are discovered and corrected at an early stage, and to protect whistleblowers, we have put in place an internal whistleblowing system.

Hotline	Description
SMFL Alarm Line (internal hotline)	Reportable matters: • Acts or facts that violate or are suspected of violating laws and regulations • Acts or facts that, if left unchecked, may damage the property interests or credibility of SMFL or its subsidiaries, the life, health, or property interests or credibility of customers or employees, or market order
SMFL Hotline (external hotline)	• Acts or facts that violate or are suspected of violating internal rules
SMBC Group Alarm Line	Description of the system: • Same reportable matters as with the SMFL Alarm Line. Whistleblowing hotline that employees, etc. of Group companies can use if they hesitate to report to their own company’s whistleblowing system upon becoming aware of misconduct, etc. by officers or employees of their company
SMFG Accounting and Audit Hotline	Reportable matters: • Improper or suspected improper accounting or auditing by SMFG or SMFG consolidated subsidiaries

Prevention of Bribery

We thoroughly disseminate information regarding regulations for preventing bribery to all officers and employees, as well as regularly monitor compliance with various regulations.

Cutting Off Relations with Antisocial Forces, and Anti-Money Laundering/ Combating the Financing of Terrorism

We have established basic Group-wide policies on cutting off ties with antisocial forces and preventing money laundering and terrorist financing. Working in unison as the SMFL Group, we are taking steps to establish systems and respond appropriately.

List of Officers

(as of October 1, 2025)

Members of the Board of Directors



Norihiko Nonaka
Representative
Director, Chairman of
the Board

Apr. 1985 Joined Sumitomo Corporation (SC)
Apr. 2017 Executive Officer of SC
Apr. 2021 Managing Executive Officer of SC
Jun. 2022 Director of Sumitomo Mitsui Finance and Leasing Co., Ltd. (SMFL)
Apr. 2024 Senior Managing Executive Officer of SC
Jun. 2024 Representative Director, Senior Managing Executive Officer of SC
Apr. 2025 Director of SC
Jun. 2025 Advisor of SMFL
Representative Director, Chairman of the Board of SMFL (current position)



Tetsuro Imaeda
President

Apr. 1986 Joined Sumitomo Bank
Apr. 2014 Executive Officer of Sumitomo Mitsui Banking Corporation (SMBC)
Sep. 2016 Managing Executive Officer of SMBC
Apr. 2017 Managing Executive Officer of Sumitomo Mitsui Financial Group (SMFG)
Apr. 2020 Senior Managing Executive Officer of SMBC
Senior Managing Executive Officer of SMFG
May 2020 Director and Senior Managing Executive Officer of SMBC
Senior Managing Executive Officer of SMFG
Apr. 2022 Senior Managing Executive Officer of SMBC
Mar. 2023 Director and Senior Managing Executive Officer of SMBC
Apr. 2023 Representative Director and Deputy President of SMBC
Deputy President and Representative Executive Officer of SMFG
Apr. 2024 Deputy President of SMBC
Jun. 2024 Representative Director and Deputy President of Sumitomo Mitsui Finance and Leasing Co., Ltd.
Jun. 2025 President of SMFL (current position)



Takao Kusaka
Outside Director

Apr. 1989 Joined Sumitomo Corporation (SC)
Apr. 2022 Executive Officer of SC
Apr. 2024 Director of Sumitomo Mitsui Finance and Leasing Co., Ltd. (current position)
Apr. 2025 Managing Executive Officer of SC (current position)



Kazuyuki Anchi
Outside Director

Apr. 1993 Joined Sumitomo Bank
Apr. 2021 Executive Officer of Sumitomo Mitsui Banking Corporation (SMBC)
Executive Officer of Sumitomo Mitsui Financial Group (SMFG)
Apr. 2023 Managing Executive Officer of SMBC
Managing Executive Officer of SMFG
Apr. 2025 Director and Senior Managing Executive Officer of SMBC (current position)
Senior Managing Executive Officer of SMFG
Director of Sumitomo Mitsui Finance and Leasing Co., Ltd. (current position)
Jun. 2025 Director Senior Managing Executive Officer, of SMFG (current position)

Corporate Auditors

Standing Corporate Auditor (Outside)
Keiichiro Kameyama

Standing Corporate Auditor
Fumiko Kobayashi

Standing Corporate Auditor
Toyofumi Sakai

Corporate Auditor (Outside)
Atsushi Tanaka

Standing Corporate Auditor
Kazutaka Tsubota

Corporate Auditor
Takanori Yagi



Masaru Shiomi
Representative
Director, Senior
Managing Executive
Officer

Apr. 1985 Joined Sumitomo Corporation (SC)
Apr. 2017 Executive Officer of SC
Apr. 2020 Managing Executive Officer of SC
Jun. 2020 Representative Director, Managing Executive Officer of SC
Apr. 2022 Senior Managing Executive Officer of Sumitomo Mitsui Finance and Leasing Co., Ltd. (SMFL)
Director, Managing Executive Officer of SC
Jun. 2022 Managing Executive Officer of SC
Representative Director, Senior Managing Executive Officer of SMFL (current position)



Eiichi Sekiguchi
Representative
Director, Senior
Managing Executive
Officer

Apr. 1986 Joined Sumitomo Bank
Apr. 2015 Executive Officer of Sumitomo Mitsui Banking Corporation (SMBC)
Apr. 2017 Managing Executive Officer of SMBC
Managing Executive Officer of Sumitomo Mitsui Financial Group (SMFG)
May 2020 Senior Managing Executive Officer of Sumitomo Mitsui Finance and Leasing Co., Ltd. (SMFL)
Managing Executive Officer of SMFG
Jun. 2021 Director, Senior Managing Executive Officer of SMFL
Jun. 2023 Representative Director, Senior Managing Executive Officer of SMFL
Jun. 2024 Director, Senior Managing Executive Officer of SMFL (current position)
Jun. 2025 Representative Director, Senior Managing Executive Officer of SMFL (current position)



Eiji Ishida
Director, Senior Managing
Executive Officer

Apr. 1986 Joined Sumitomo Corporation (SC)
Apr. 2019 Executive Officer of SC
Apr. 2022 Managing Executive Officer of Sumitomo Mitsui Finance and Leasing Co., Ltd. (SMFL)
Jun. 2022 Director, Managing Executive Officer of SMFL
Apr. 2024 Director, Senior Managing Executive Officer of SMFL (current position)



Noriyuki Watanabe
Director, Managing
Executive Officer

Apr. 1989 Joined Sumitomo Bank
Apr. 2019 Executive Officer of Sumitomo Mitsui Banking Corporation (SMBC)
May 2022 Managing Executive Officer of Sumitomo Mitsui Finance and Leasing Co., Ltd. (SMFL)
Apr. 2025 Managing Executive Officer of Sumitomo Mitsui Financial Group (SMFG) (current position)
Jun. 2025 Director, Managing Executive Officer of SMFL (current position)

Management Committee member (excludes corporate auditors)

Norihiko Nonaka	Representative Director, Chairman of the Board of SMFL	
Tetsuro Imaeda	President	
Masaru Shiomi	Representative Director, Senior Managing Executive Officer	Officer in charge of Corporate Planning Department, Corporate Communications Department, Sustainability Promotion Department, Group Company Management Department
Eiichi Sekiguchi	Representative Director, Senior Managing Executive Officer	Head of Global Environment Business Unit
Eiji Ishida	Director, Senior Managing Executive Officer	Head of Global Business Unit
Noriyuki Watanabe	Director, Managing Executive Officer	Officer in charge of Accounting Department, Treasury Department, Risk Management Department
Etsuji Honda	Senior Managing Executive Officers	Managing Executive Officer Head of Supplier Business Unit
Takashi Arima	Senior Managing Executive Officers	Head of Corporate Business Unit, Business Advisory Unit
Shinichiro Watanabe	Senior Managing Executive Officers	Head of Transportation Business Unit
Akira Ueda	Senior Managing Executive Officers	Representative director, President of SMFL MIRAI Partners
Hirotsugu Harada	Senior Managing Executive Officers	Head of Product Promotion Unit
Yoichi Namiki	Senior Managing Executive Officers	Officer in charge of Data Management Department, ICT Planning Department, Security Planning Department, ICT Development Department, ICT Infrastructure Operations Department, Business Support Planning Department, Business Support Department I/Business Support Department II, Business Affairs Department, digital technologies
Hiroo Sugai	Managing Executive Officers	Officer in charge of Strategic Business Planning Department, Asia Strategic Planning Department
Satoshi Matsumura	Managing Executive Officers	Officer in charge of Secretariat, Human Resources Department, Human Capital Development Department, Compliance and General Affairs Department, Administrative Services Department, Legal Department
Toru Okamoto	Managing Executive Officers	Officer in charge of Credit Administration Department, Credit Department I/Credit Department II, Business Investment & Finance Advisory Department, Overseas Credit Department
Hideyuki Yamazaki	Managing Executive Officers	Head of Real Estate Business Unit
Tetsuro Yoshino	Managing Executive Officers	Officer in charge of Internal Audit Department
Yoshiyuki Ogata	Managing Executive Officers	West Japan Representative

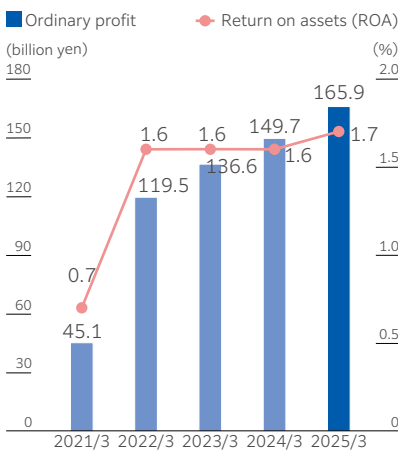
10-year Summary

		2016/3	2017/3	2018/3	2019/3	2020/3	2021/3	2022/3	2023/3	2024/3	2025/3
Operating results											
Revenues	(million yen)	1,147,898	1,420,430	1,622,823	1,502,378	1,513,701	1,438,293	1,818,535	2,159,316	2,267,470	2,209,133
Cost and expenses	(million yen)	1,006,141	1,243,965	1,437,305	1,316,886	1,332,526	1,281,942	1,596,883	1,895,797	1,979,631	1,897,845
Gross profit	(million yen)	141,756	176,465	185,517	185,492	181,175	156,351	221,652	263,519	287,839	311,287
Selling, general and administrative expenses	(million yen)	62,132	87,372	88,438	94,559	91,761	114,956	105,440	130,322	130,446	139,860
Operating income	(million yen)	79,624	89,092	97,079	90,932	89,413	41,395	116,212	133,197	157,392	171,427
Ordinary profit	(million yen)	81,078	90,458	97,636	87,593	90,321	45,096	119,468	136,566	149,667	165,851
Profit attributable to owners of parent	(million yen)	45,593	50,449	54,553	80,010	61,219	33,627	35,363	50,418	129,731	133,914
Financial condition											
Total assets	(million yen)	4,732,940	5,596,643	5,660,666	5,812,698	6,378,701	7,041,995	7,795,958	9,245,649	9,696,059	10,133,649
Operating assets	(million yen)	4,192,692	4,897,506	4,795,956	4,815,249	5,278,231	6,053,622	6,719,336	8,057,417	8,331,476	8,703,206
Interest-bearing debt	(million yen)	3,472,201	4,192,197	4,249,771	4,514,990	5,026,133	5,476,612	6,148,580	7,258,697	7,477,240	7,690,035
Net assets	(million yen)	728,821	779,319	824,602	734,041	735,542	922,067	1,021,541	1,175,290	1,377,920	1,527,863
Cash flows											
Cash flows from operating activities	(million yen)	(100,985)	(113,811)	(46,033)	(343,019)	(232,629)	(296,859)	(388,640)	(169,745)	394,387	55,045
Cash flows from investing activities	(million yen)	(6,052)	(148,604)	(3,388)	(15,689)	(42,567)	(52,226)	(36,583)	(211,687)	(5,440)	(62,342)
Cash flows from financing activities	(million yen)	98,711	275,470	67,796	334,357	353,662	386,094	511,677	347,474	(246,593)	(46,573)
Ending balance of cash and cash equivalents	(million yen)	86,697	109,662	135,181	108,420	185,864	224,005	317,896	297,872	454,813	403,045
Main operating indicators											
Equity ratio	(%)	13.5	12.1	12.6	10.6	9.6	10.6	10.6	9.8	10.8	11.2
Return on equity (ROE)	(%)	7.2	7.7	7.8	12.1	10.0	4.9	4.5	5.8	13.2	12.2
Return on assets (ROA)	(%)	1.7	1.7	1.7	1.5	1.5	0.7	1.6	1.6	1.6	1.7
Transaction volume	(million yen)	1,994,882	2,192,640	2,185,012	2,412,201	2,489,229	2,433,511	2,939,291	3,143,129	2,446,782	2,301,650
Rating (long-term issuer rating)											
Japan Credit Rating Agency, Ltd. (JCR)		AA－	AA－	AA－	AA－	AA	AA	AA	AA	AA	AA
Rating and Investment Information, Inc. (R&I)		A＋	A＋	A＋	A＋	A＋	A＋	AA－	AA－	AA	AA
S&P Global Ratings Japan Inc.		－	A－	A－	A－	A－	A－	A－	A－	A－	A－
Other											
No. of employees (consolidated)		2,481	3,492	3,550	3,285	3,357	3,631	3,719	3,847	3,941	4,859

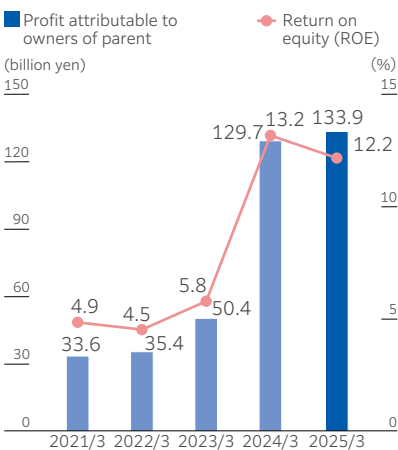
Financial and Non-financial Highlights

Financial Highlights

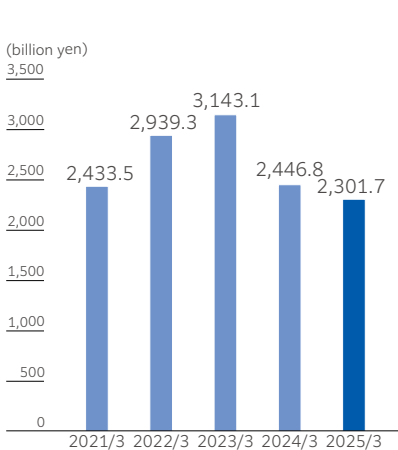
Ordinary profit/ROA



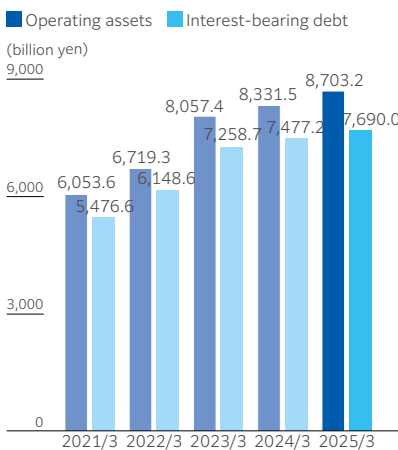
Profit attributable to owners of parent/ROE



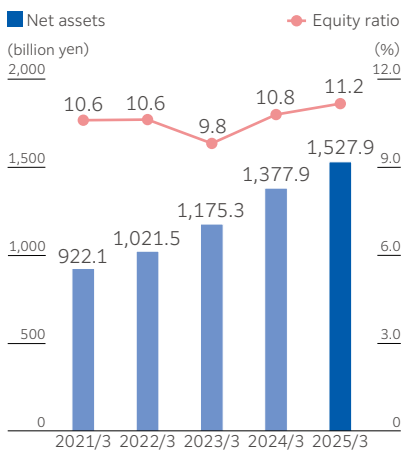
Transaction volume



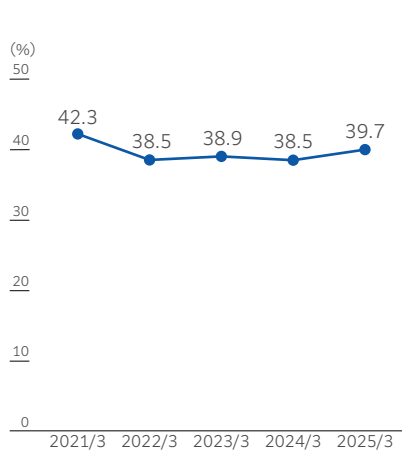
Operating assets/Interest-bearing debt



Net assets/Equity ratio



Overhead ratio

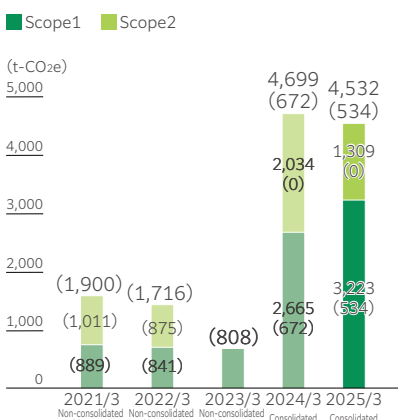


Note: Managerial accounting basis. Overhead ratio = Operating expenses / (Gross profit + Equity in gains (losses) of affiliates). Starting from FY2024/3, the numerator has been changed from operating expenses to base expenses, excluding growth and up-front investments.

Non-financial Highlights

Non-consolidated (domestic)/Consolidated

Greenhouse gas emissions (Scope 1 and Scope 2)*1 *2 *3 *4

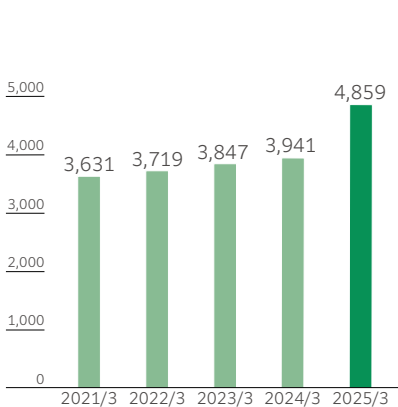


Note: Scope 2 emissions are after the application of non-fossil fuel certificates on SMFL offices in Japan. (Prior to application: 624 t-CO2e in FY2022, 2,460 t-CO2e in FY2023 and 1,513 t-CO2e in FY2024)

Note: () indicates the figure on a non-consolidated basis in Japan

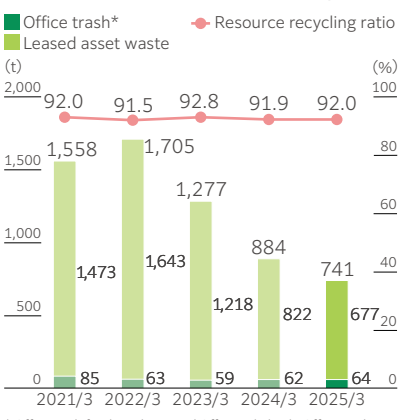
Consolidated

No. of employees



Non-consolidated

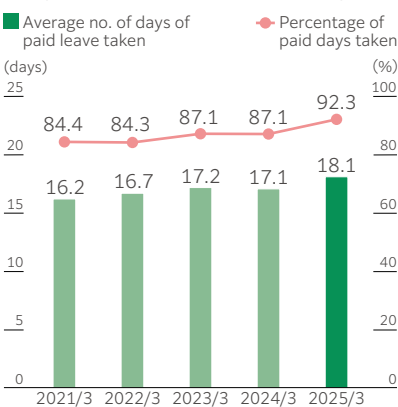
Amount of waste/Resource recycling ratio



* Office trash for the Tokyo Head Office, Takebashi Office, and Osaka Head Office (includes certain trash from subsidiaries at the same locations)

Non-consolidated

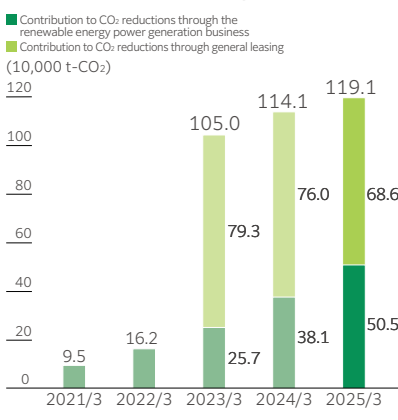
Average no. of days of paid leave taken/ Percentage taken



Note: No. of paid days taken/no. of paid days granted (excluding carryover)

Consolidated

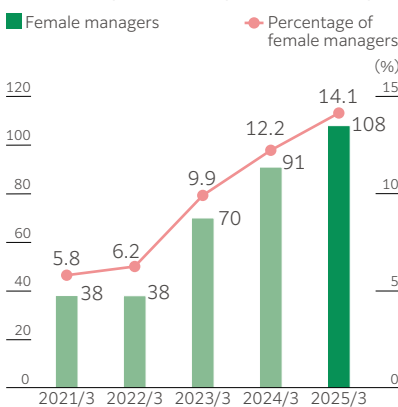
Contribution to reducing CO2 emissions



Note: General leasing calculated from FY2022

Non-consolidated

Female managers/ Percentage of female managers



Note: Female managers: Section manager level or higher
Note: In conjunction with revisions to the personnel system undertaken in October 2022, persons in senior roles, etc. with leadership responsibilities were reclassified as managers, resulting in a year-on-year increase for FY2023/3.

Consolidated

FY2023 and FY2024 consolidated GHG emissions [t-CO2e]

	FY2023	FY2024
Scope 1 *1 *4	2,665	3,223
Of which SMBC AC	1,541	2,414
Scope 2 *2 *3 *4	2,034	1,309
Market-based	2,034	1,309
Location-based	3,984	3,523
Category 1 (purchased products and services)	41,252	46,728
Category 2 (capital goods)	5,084,865	5,199,682
Category 3 (fuel- and energy-related activities)*3	797	624
Category 5 (Waste Generated in Operations)*5*6*7	32	142
Of which office waste	3	11
Of which business asset waste	29	131
Category 6 (business trips)*8	5,589	12,998
Category 7 (employee commuting)*8	719	1,105
Category 13 (lease assets (downstream))*9	17,276,999	17,627,922
Of which aircraft	16,241,114	16,755,224
Of which other transportation equipment	1,035,885	872,698

Non-consolidated/ Consolidated

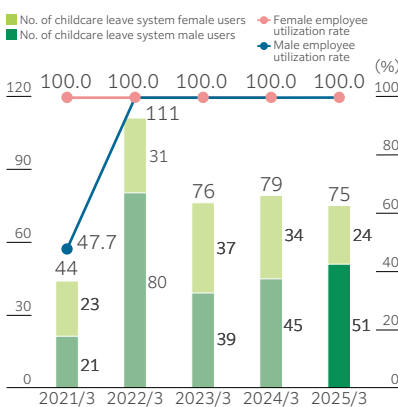
Energy consumption

Type of energy	Non-consolidated				Consolidated	
	2021	2022	2023	2024	2023	2024
Gasoline [kL]	338	326	274	209	457	321
Jet fuel [t]	-	-	-	-	286	448
Diesel fuel [kL]	0	0	2	3	6	4
City gas [thousands m³]	25	23	23	24	30	31
Electricity [MWh]	1,915	1,979	2,272	2,369	8,895	8,045
Of which renewable electricity [MWh]	0	1,880	2,135	2,223	4,471	5,316
Renewable energy ratio (%)	0	95.0	94.0	93.8	50.3	66.1
Cooling water [GJ]	-	-	-	-	616	572

Note: Renewable electricity includes the amount of non-fossil fuel certificates purchased

Non-consolidated

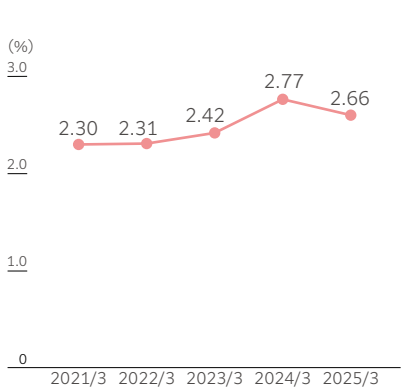
No. of childcare leave system users/ Utilization rate



Note: The number of male users of the childcare leave system in FY2022 has been revised.

Non-consolidated

Percentage of employees with disabilities hired



Note: Statutory employment rate: 2.3% (prior to March 2024) 2.5% (from April 2024)

- *1 In principle, we use the emission factors published in the Greenhouse Gas Emissions Accounting, Reporting and Disclosure System under Japan's Act on Promotion of Global Warming Countermeasures to calculate Scope 1 emissions.
- *2 In principle, we use the provider-specific emission factors; otherwise, we use the country-specific emission factors published by IEA to calculate Scope 2 emissions.
- *3 Due to the review of the calculation boundary, Scope 2 emissions for FY2023 were revised.
- *4 SMFL Group has obtained third-party assurance for its Scope 1 and 2 emissions for FY2024.
- *5 Emissions that were recorded as category 12 from FY2023 have been reclassified as category 5 in line with the revision to methodology.
- *6 Data is compiled from companies for which data is available.
- *7 FY2023 data is calculated for SMFL and domestic affiliates occupying the following offices (Tokyo Head Office, Osaka Head Office, Takebashi Office).
- *8 FY2023 data is calculated for SMFL and SMFL MIRAI Partners Co., Ltd.
- *9 Scope 3 Category 13 is calculated based on aircrafts owned by SMBC AC and other transportation equipment under lease contracts with SMFL and may increase in the future as assets subject to calculation expand.

* Please refer to SMFL's website for environmental data.
<https://www.smfl.co.jp/english/sustainability/environment/policy/>

Corporate Information

Company profile

Company name	Sumitomo Mitsui Finance and Leasing Company, Limited
Established	February 1963
Business activities	Domestic leasing business, environmental and energy business, real estate business, transportation business, and global business, etc.
Representatives	Representative Director, Chairman of the Board Norihiko Nonaka President Tetsuro Imaeda
Head office locations	Tokyo Head Office 1-3-2, Marunouchi, Chiyoda-ku, Tokyo 100-8287, Japan TEL: 81-3-5219-6400 Osaka Head Office 3-10-19, Minami-senba, Chuo-ku, Osaka 542-0081, Japan TEL: 81-6-6282-2828
Capital	¥50 billion
Net assets	¥1,527.9 billion (consolidated); ¥548.4 billion (non-consolidated) (as of March 31, 2025)
No. of employees	4,859 (consolidated); 2,324 (non-consolidated) (as of March 31, 2025)
Shareholders	Sumitomo Mitsui Financial Group, Inc. (50%), Sumitomo Corporation (50%)

Major group companies

* As of March 31, 2025

Domestic leasing business

SMFL MIRAI Partners Co., Ltd.
SMFL Rental Co., Ltd.
SFI Leasing Co., Ltd.
AJCC Corporation
YANMAR Credit Service Co., LTD.
SC Club Co., Ltd.
SMART Incorporated.*
Circular LinX CO., LTD.*

Environmental and energy business

SMFL MIRAI Partners Co., Ltd.
Mirai Partners Co., Ltd.*

Real estate business

SMFL MIRAI Partners Co., Ltd.
Kenedix, Inc.
ARAVEST PTE. LTD.
CRE, Inc.
MAX-REALTY INC.
SMFL MIRAI Partners(Singapore)Pte. Ltd.

Transportation business

SMBC Aviation Capital Limited
SMBC Aviation Capital (UK) Limited
SMBC Aero Engine Lease B.V.
SMFL LCI Helicopters Limited
SMFL MIRAI Partners Co., Ltd.
LCI Investments Limited*

Global business

Sumitomo Mitsui Finance and Leasing(China) Co., Ltd.
Shanghai Sumitomo Mitsui General 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.
SMBC Leasing (UK) Limited*

Other

SMFL Trust Co., Ltd.
SMFL Business Service Co., Ltd.
Sumitomo Mitsui Auto Service Company, Limited*
The Shimizu Lease and Card Co., Ltd.*

* Equity method affiliate

Ratings information

Rating agency			Japan Credit Rating Agency, Ltd. (JCR)	Rating and Investment Information, Inc. (R&I)	S&P Global Ratings Japan Inc.
Long-term	Issuer rating	Rating	AA	AA	A-
		Rating outlook	Stable	Stable	Stable
	Shelf registration bond preliminary rating	Rating	AA	AA	-
		Planned issuance total amount	¥400 billion	¥400 billion	-
	Euro MTN program	Rating	AA	AA	-
Short-term	Commercial paper	Maximum issuance amount	US\$5 billion equivalent	US\$5 billion	-
		Rating	J-1+	a-1+	-
		Maximum issuance amount	¥1.2 trillion	¥1.2 trillion	-

Approved initiatives and external recognition

Principles for Financial Action for the 21st Century



Action guidelines for financial institutions that wish to fulfill the responsibilities and roles necessary for the creation of a sustainable society, which was compiled in October 2011 under the leadership of Japan's Ministry of the Environment

Poseidon Principles



A voluntary framework established by financial institutions in Europe and the US with the aim of contributing to the shipping industry's initiatives to mitigate climate change risk from a financial perspective based on the medium- to long-term reduction target for greenhouse gases in international shipping adopted by the International Maritime Organization in April 2018

work with Pride



An index used to evaluate initiatives aimed at supporting sexual minority employees including the LGBTQ+ in the workplace, developed by the general incorporated association work with Pride

Kurumin



A system under which companies that have formulated a general employer action plan and achieved its targets are certified as a company supporting the development of the next generation by Japan's Ministry of Health, Labour and Welfare, based on Japan's Act on Advancement of Measures to Support Raising Next-Generation Children

L-Boshi



A system under which companies that have a proven track record of implementing initiatives to empower women are certified by Japan's Ministry of Health, Labour and Welfare, based on Japan's Act on Promotion of Female Participation and Advancement in the Workplace

2025 Certified Health & Productivity Management Outstanding Organizations



A system under which companies that are implementing Health & Productivity Management based on efforts to address local health issues and the health initiatives put forward by the Nippon Kenko Kaigi, jointly sponsored by Japan's Ministry of Economy, trade and Industry (METI) and the Nippon Kenko Kaigi

Nikkei Smart Work Management Survey



A survey that defines the efforts to maximize organization performance through three initiatives: use of human resources, investment in human resources, and use of technologies as "smart work management" and evaluates such efforts on a 5-star scale

Sports Yell Company



A system under which companies that actively promote measures to improve employees' health through sport are certified by the Japan Sports Agency

DX Certification



BA system under which the Ministry of Economy, Trade and Industry certifies companies that have implemented outstanding initiatives and are recognized as prepared to promote Digital Transformation (DX), based on the Guidelines for the Operation and Management of Information Processing Systems formulated by the government

ESG Lease



A system under which Japan's Ministry of the Environment certifies designated leasing companies that have secured outstanding results or implemented notable initiatives under the ESG lease promotion project that spread decarbonization equipment stipulated by the Ministry



Sumitomo Mitsui Finance and Leasing Co., Ltd.

www.smfl.co.jp/english/

