

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.

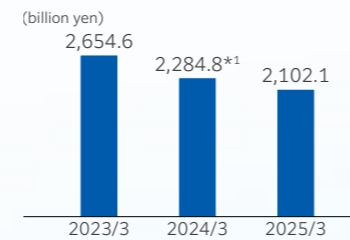


Domestic Leasing Business
Corporate Business Unit
Supplier Business Unit
Product Promotion Unit

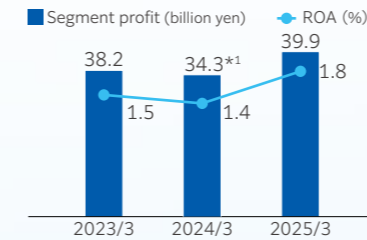
Business overview

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

Segment operating assets



Segment profit/ROA



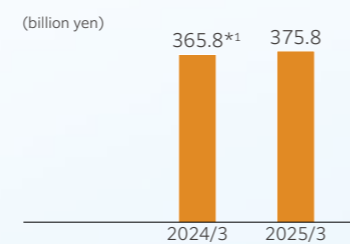
Environmental and Energy Business

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

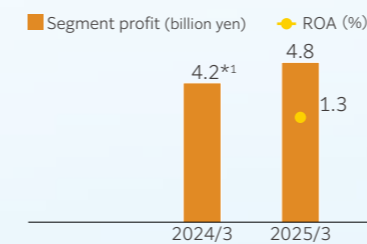
Business overview

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

Segment operating assets



Segment profit/ROA

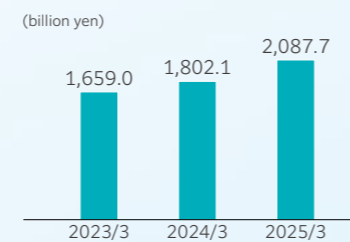


Real Estate Business

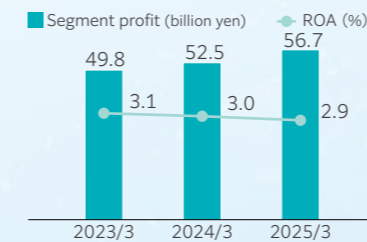
Business overview

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

Segment operating assets



Segment profit/ROA

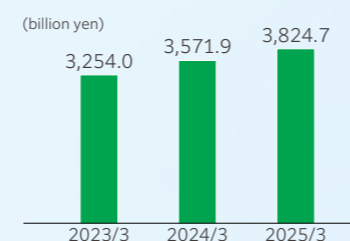


Transportation Business

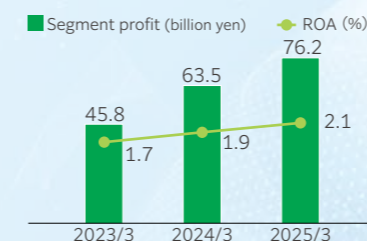
Business overview

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

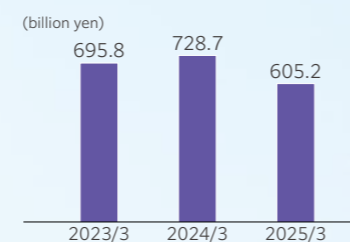


Overseas Business

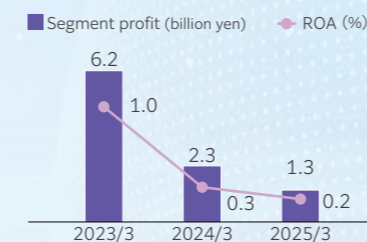
Business overview

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

Segment operating assets

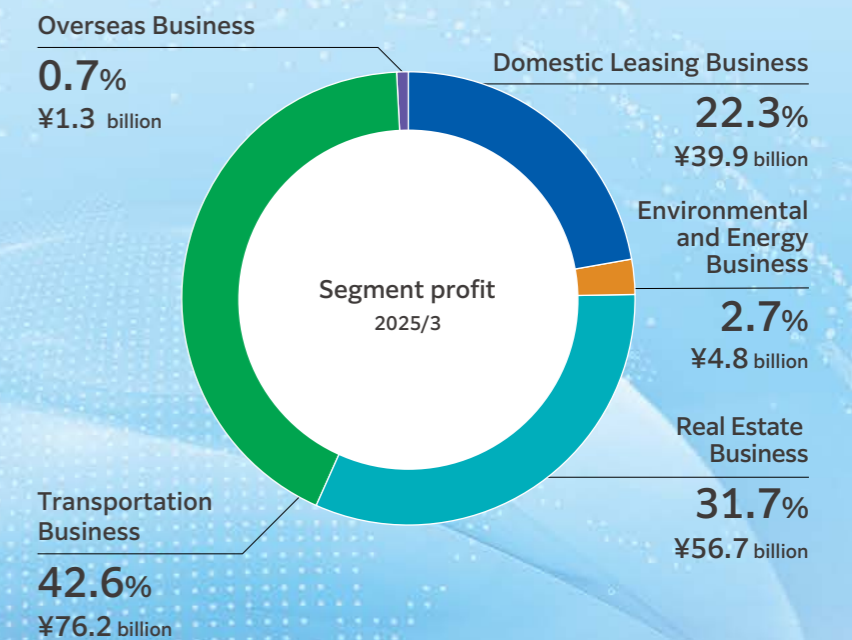
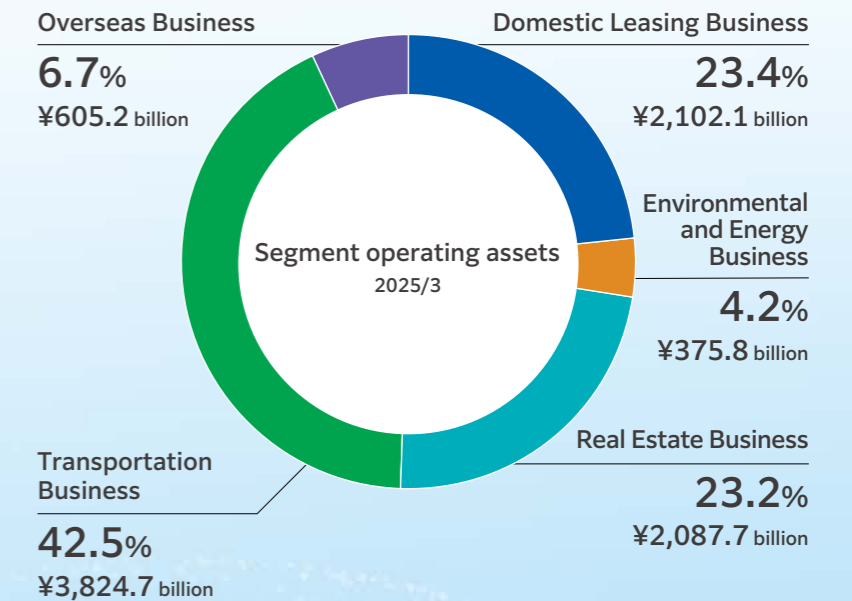


Segment profit/ROA



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.



Hirotsugu 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

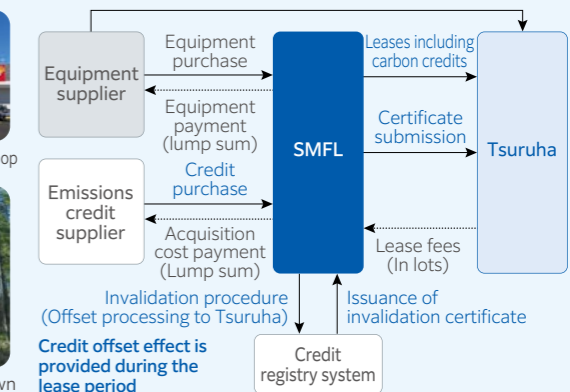
The three parties involved in the lease of store equipment for the Tsuruha Drugstore Tonden Rokujo Shop—SMFL, Tsuruha Co., Ltd., and Tsubetsu Town in Hokkaido—commenced "leases including carbon credits" that add forest-derived credits created by Tsubetsu Town. Through this scheme, in addition to offsetting 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.



Tsuruha Drugstore Tonden Rokujo Shop



Forest owned by Tsubetsu Town

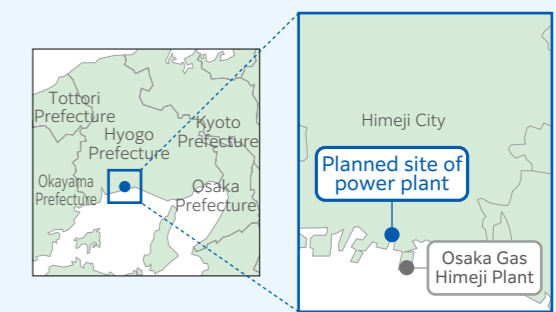


Example 2

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.

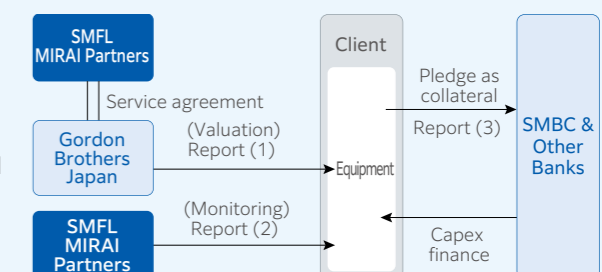


Example 3

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.

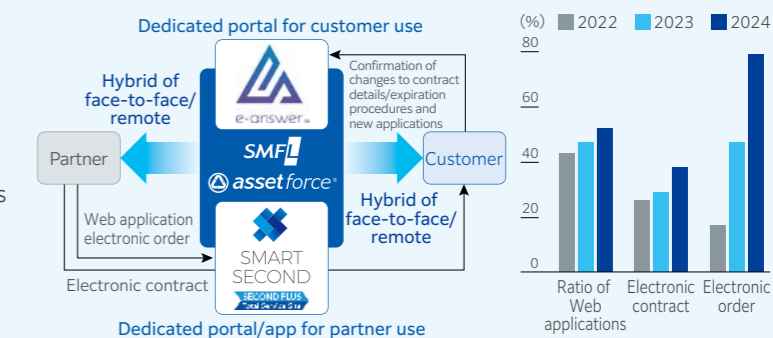


Example 4

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.

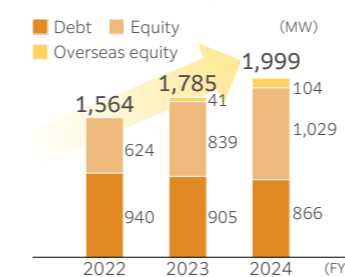
Establish business foundation

- 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.

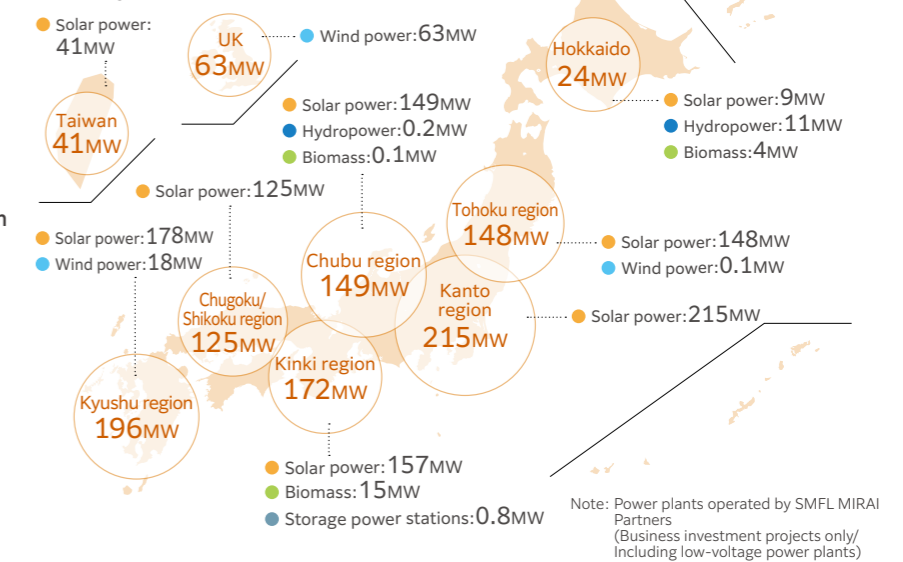
Trends in the balance of environmental assets



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.

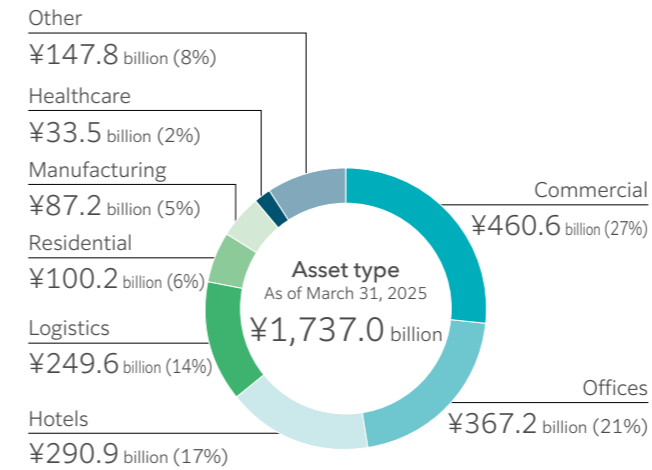
Market outlook with a focus on 2030 targets

- 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

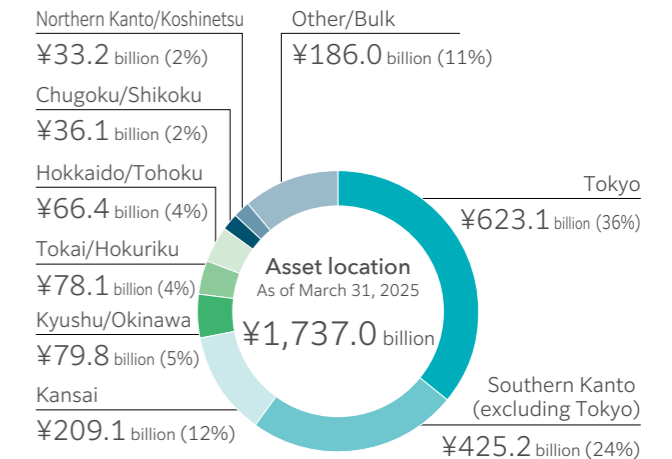
- Creditworthiness backed by two shareholders (SMFG and Sumitomo Corporation), and the SMFL Group's financial base and fundraising capabilities
- Solution proposal capabilities that leverage our real estate appraisal capabilities, real estate holding capabilities, and leasing, financing, and other financial 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

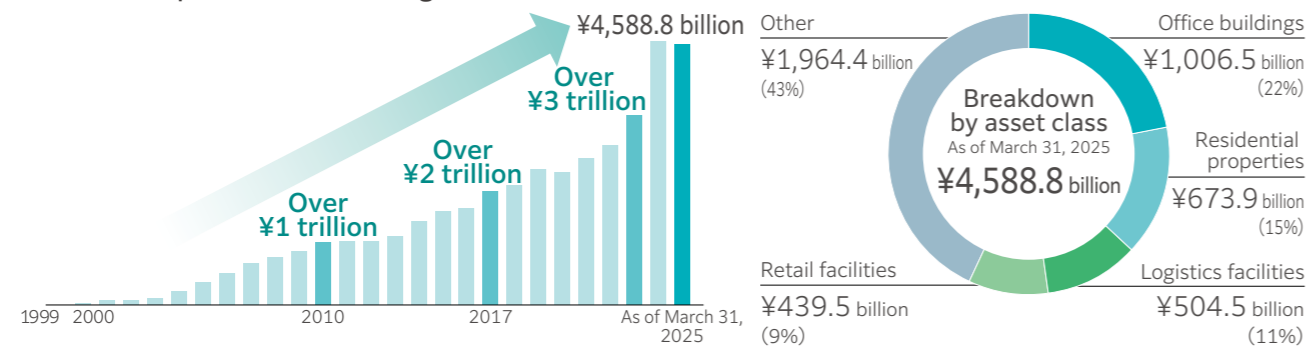
By exercising the synergies between the SMFL Group and Kenedix to their fullest, we successfully acquired Aravest, a new company carved out from the private fund business operated by ARA Asset Management Limited (ARA)*. As a result, we significantly expanded assets under management (AUM) to a scale that 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

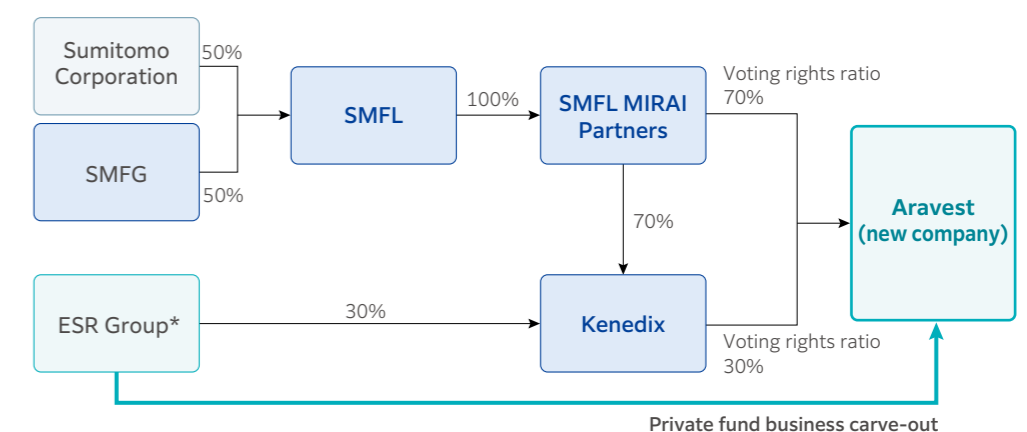
Aravest's strengths lie in its network that spans three Asia-Pacific region (APAC) countries. As part of our efforts to promote and consider a diverse range of business expansion opportunities, we will continue to focus our investments on symbolic Grade A office and logistics facilities in Singapore 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)

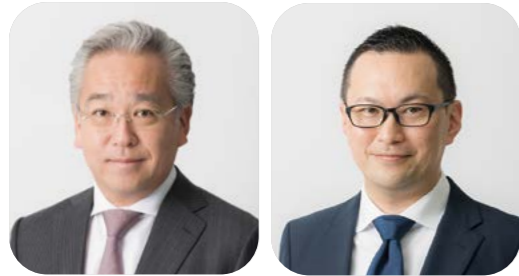


* Real estate asset management company in Hong Kong

Real Estate Business

CRE

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



Shuhei 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

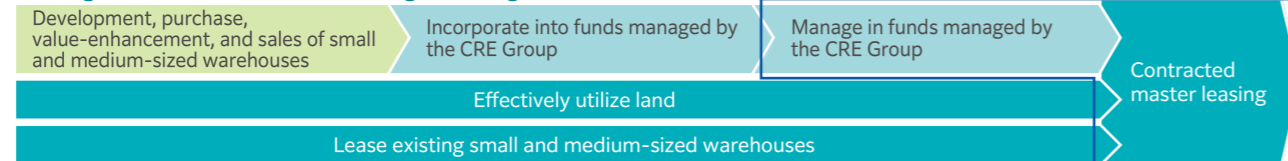
- 1 A long-standing, broad network of asset owners and tenants built through the real estate management business**
 - Develop logistics facilities that combine functionality and versatility by precisely capturing the individual needs of tenants
- 2 Unique logistics real estate development**
 - Create 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.



NEWNO SOSiLA Takatsuki

Corresponding Materiality
Environment

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.



TOBE Auberge Resort

Otaru Ryotei Kuramura

Corresponding Materiality
Next Generation/Community

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.



NEWNO Asakusa

NEWNO Nagoyaeki Nishi
Community Disaster Prevention
Cooperation Business Site Certificate

Corresponding Materiality
Next Generation/Community

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.

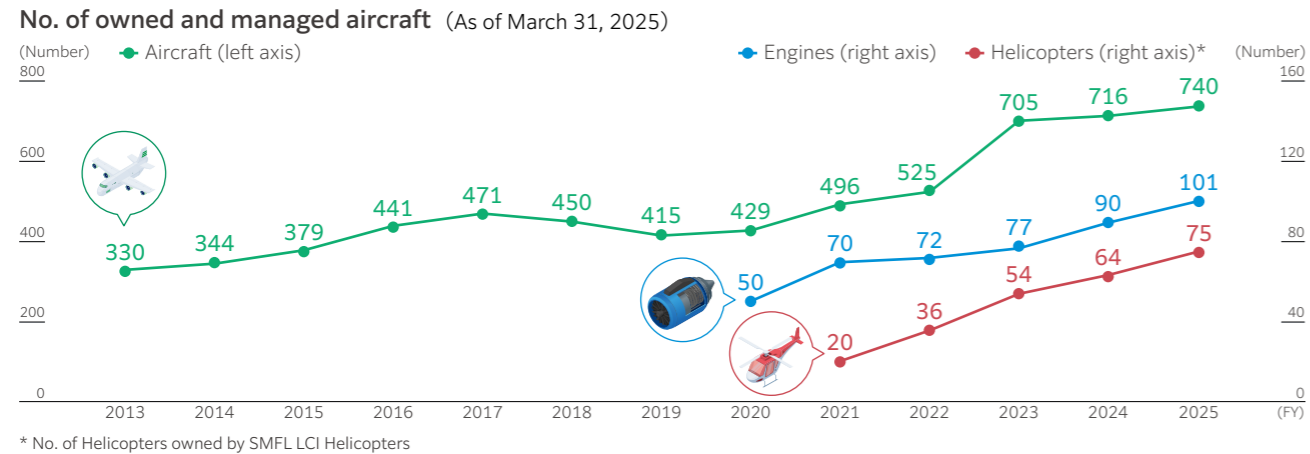
Commemorating its 20th anniversary in November 2024, LCI has also focused on a range of activities designed to contribute to the communities around us.

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



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.

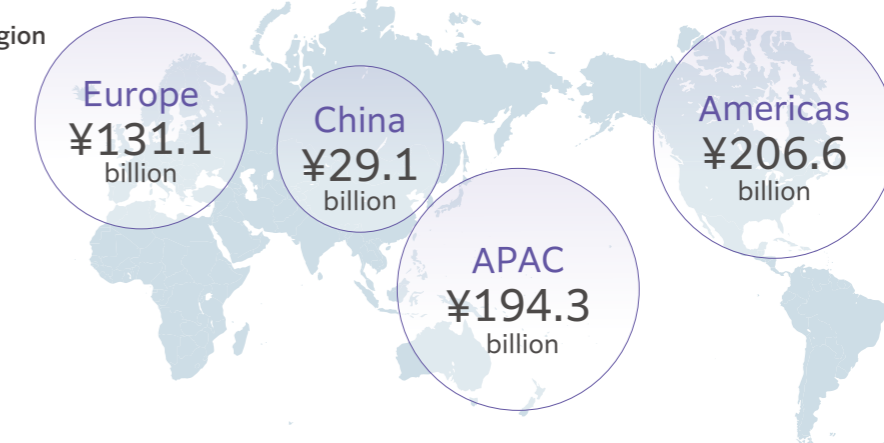
Solve further social issues

- 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)

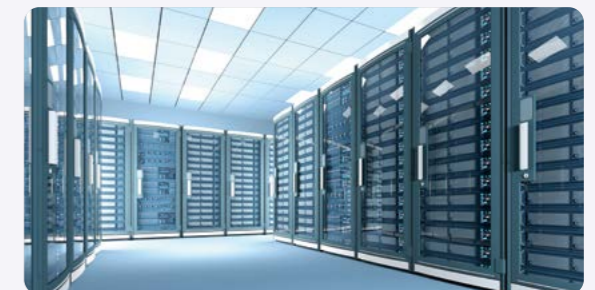


Examples of businesses that solve social issues and their corresponding materiality

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

rentalforce Free registration

Handling all IT equipment processing procedures online!

- Estimate
- Order
- Usage history
- Extension
- Cancellation/expiration
- Purchase



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