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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.



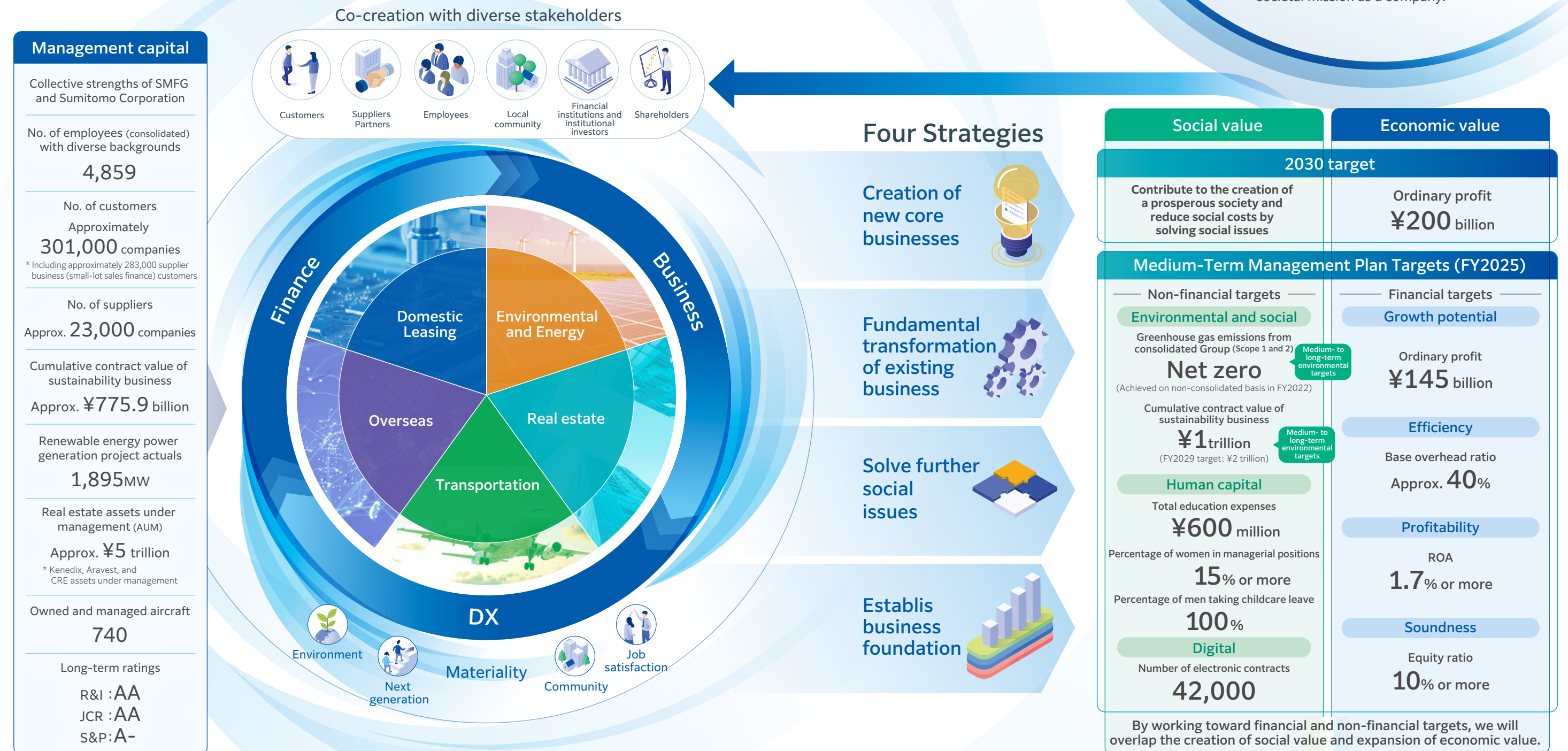


# Value Creation Process

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

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

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

## 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.

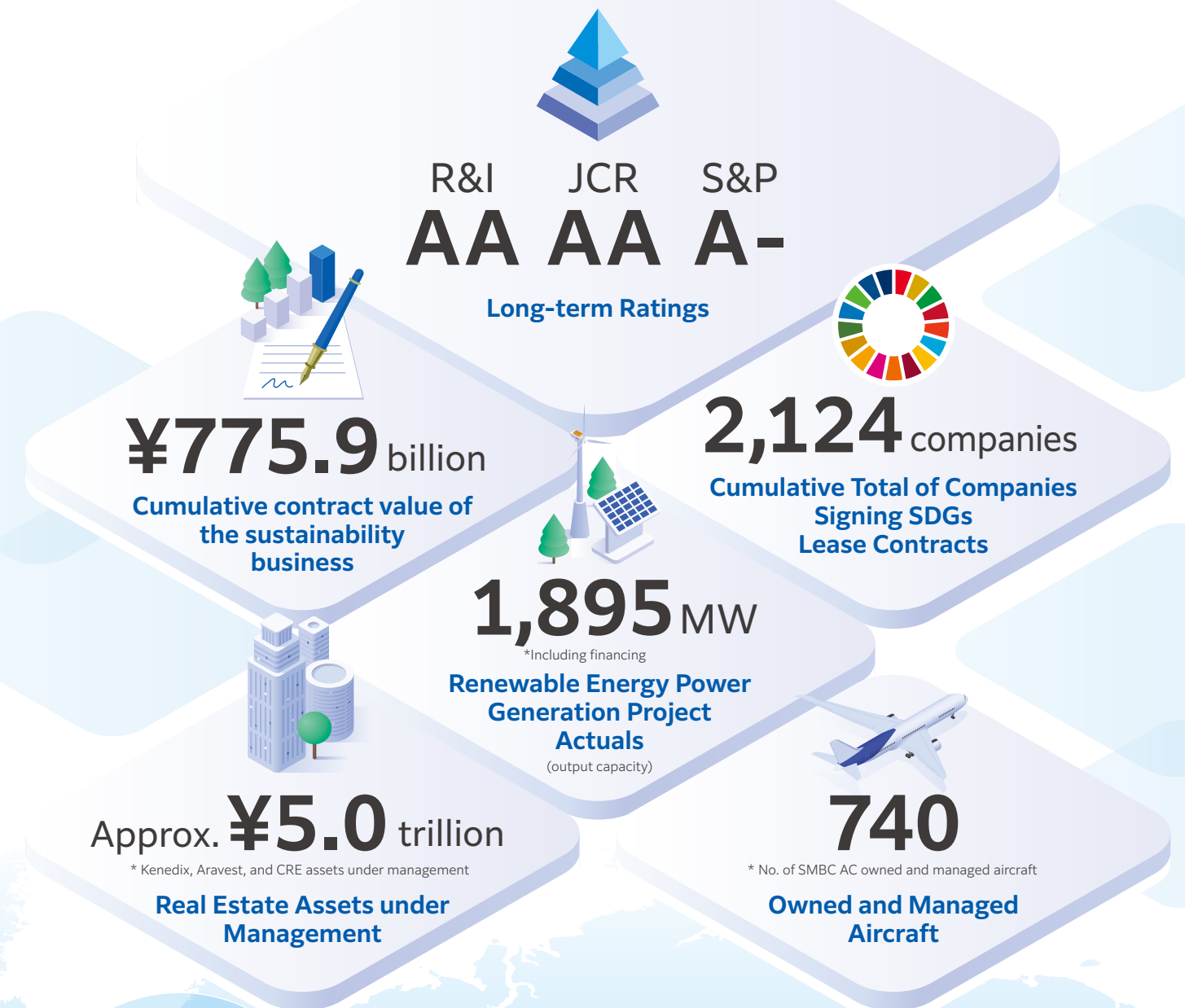
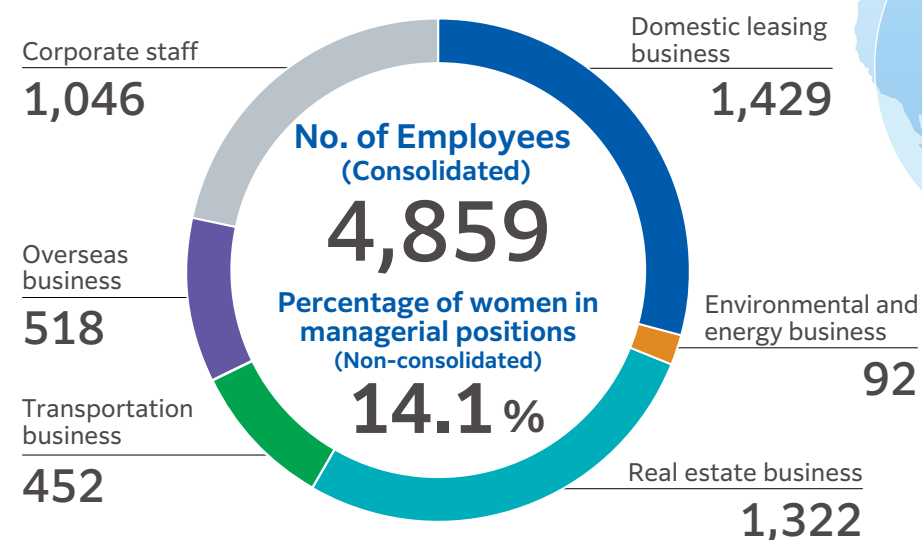
With a view to realizing the "SMFL Way," our vision for 2030, the key to our future growth is to put in place

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

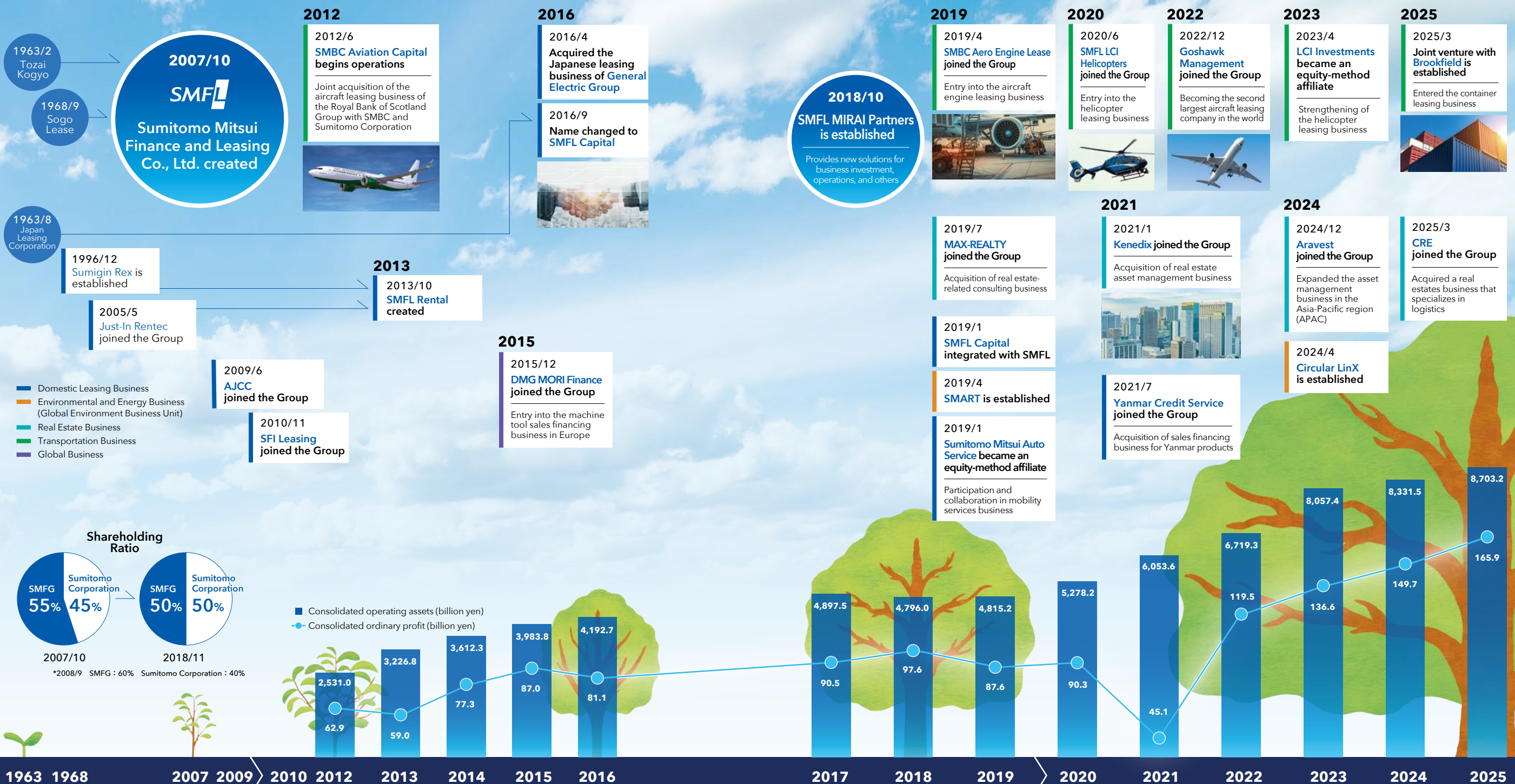
(as of March 31, 2025)





# 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.

