

Sumitomo Mitsui Finance and Leasing Company, Limited

Blockchain Proof-of-Concept (PoC) for Asset Management System

～ Enhancing "assetforce"; the asset management SaaS product ～

Sumitomo Mitsui Finance and Leasing Company, Limited (President: Masaki Tachibana, hereafter, "SMFL") announced that they successfully added Blockchain-based^{※1} features to "assetforce"^{※2} cloud software in collaborations with Vertalo, Inc (CEO: Dave Hendricks, hereafter, "Vertalo") and completed Proof of Concept (PoC^{※3}). The first trial was intended to validate the system if it could centrally manage multiple data sets and operations concerning Security Token^{※4} Offerings (STO). Moving forward, SMFL envisions that the enhanced system provides sufficient traceability^{※5} mechanisms required in Circular Economy, taking advantages of Blockchain and adding sheer robustness to data security.

■ "assetforce" can perform as a platform managing ST asset data

In real estate STOs for the Japanese market, various parties are involved in each offering, such as originators, asset management companies, securities companies, trust banks and so on. These multi-party groups are required to exchange numerous sets of investor data and asset information, currently requiring a substantial amount of time and human resources to coordinate an offering which may result in a lack of data accuracy and unexpected frictions among the parties involved.

To resolve this systemic friction, SMFL developed a prototype for validating the concept to have asset data centrally managed while also integrating Vertalo's systems to issue digital tokens. Vertalo is a SaaS^{※6} company registered with the U.S. Securities and Exchange Commission with a proven track record of issuing and managing both Security Tokens and digital dematerialized securities. In addition to their ability for developing APIs^{※7} and technologies that seamlessly connect financial institutions' systems, Vertalo possesses a breadth and depth of knowledge in digitizing alternative assets^{※8}. Additionally, Vertalo's proprietary transfer protocol (VSP) permits cross-chain transfer of an issued token regardless of blockchain platform types, thereby increasing interoperability and liquidity for issued tokens.

■ Creating new values while driving Circular Economy

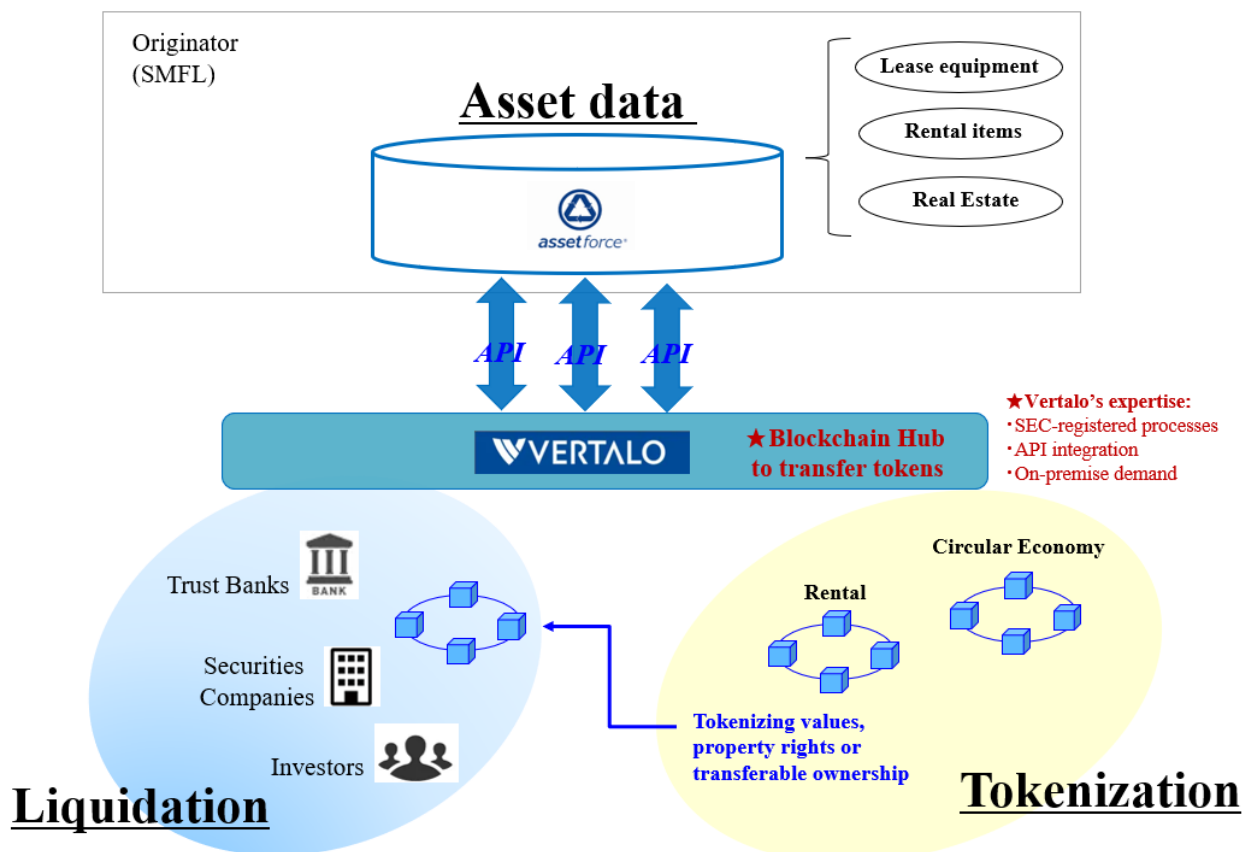
In Circular Economy, Digital Product Passport (DPP) is gaining more significance as a tool to share information about product manufacturers, materials used, and recyclability throughout the product life cycle. And DPP requires strict audit trails, accurate transactions history, and ensured traceability.

With these factors being considered, SMFL has initiated additional projects leveraging blockchain,

including the initiative to innovate asset management systems used by SMFL Rental Company, Limited, one of group companies of the SMFL Group. The company aims to better manage transactions history of stock intake, lending, calibration, and repair of measuring instruments while accurately identifying transaction details such as locations and conditions of properties. The transparency will help identify recyclable products, assist to procure new products in an optimized manner, and will also allow verifying authenticity of inspected products for upcoming rental needs. In addition, SMFL Rental is studying potentials of the innovated asset management system, researching better ways of product life cycle management for used PCs, IT equipment as well as keeping logs of maintenance events such as kitting[※], data erasure and so on. SMFL Group is committed to drive Circular Economy, in which the traditional business model consisting of mass production, mass consumption and mass disposal to be reinvented. The SMFL Group will further implement necessary functions to assetforce as it drives Circular Economy, and the company aims to have these functions available for a commercial use by the end of fiscal 2024. With these initiatives, SMFL strives to further advance its rental and leasing businesses, and the company also endeavors to create new business values in Circular Economy.

In The SMFL Way, the company's statement of mission and management philosophy, SMFL envisions ourselves as "An advanced digital company". While utilizing blockchain, an integral technology in the Web 3.0 era, SMFL will further drive creating new business models and new values, in which SMFL could make a difference with its expertise as asset management professionals.

【Concept image of the system】



[About Vertalo]

Company name	Vertalo, inc
Office location	Austin Texas USA
Year of establishment	2017
Representative	Dave Hendricks
Line of businesses	Financial Record-Keeping, Securities Issuance, Development and Sales of Asset Management Software
Company URL	https://www.vertalo.com/

※1 Blockchain: A blockchain database stores data in blocks that are linked together in a chain. The data is chronologically consistent as it will not allow delete or modify the chain without consensus from the network.

※2 assetforce: the cloud service provided by SMFL since 2021. The software helps manage businesses of their assets as well as assist actors to rationalize asset management tasks.

<https://pr.asset-force.com/>

※3 Proof of Concept (PoC) : performing trials, typically deriving from an experiment or pilot project, which demonstrates that a design concept, business proposal, etc

※4 Security Token(ST): Security tokens are digital assets that represent transferred ownership rights or asset value to a blockchain token. Security Token Offering (STO) is a regulated form of fundraising, expected to increase its market size.

※5 Traceability: the ability to identify, track and trace elements of a product as it moves along the supply chain from procuring, producing, consuming and disposing products.

※6 SaaS: Software as a Service, the cloud- based software services.

※7 API: Application Programming Interface, which allows systems to connect and integrate each other.

※8 Alternative assets: financial assets that does not fall into one of the conventional investment categories which are stocks, bonds or cash.

※9 Kitting: a technique where complementary items such as software and hardware are ordered, packaged or shipped together as a single "kit".

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