

Sumitomo's Business Philosophy

Ever since the founding of Sumitomo Warehouse in 1899, we have carried out business according to the principles of Sumitomo's Business Philosophy. These principles call for integrity, sound management, and not pursuing immoral business. These words warn us not to chase immediate speculative profit to the detriment of society, or else we will lose all trust held in us. They also reflect our management philosophy of contributing to society through our business. Sumitomo's Business Philosophy forms the foundation of our business operations. It has been passed down unwaveringly through the generations since long before Japan and other countries around the world had begun to recognize the importance of a company's philosophy towards responsibility and contribution to society. We will continue to work based on the principles outlined in this philosophy.

The Sumitomo business philosophy can be stated as, "Benefit self and others, private and public interests are one and the same." In keeping with these core values, the Sumitomo Warehouse Group will strive to make contributions to our customers and society while also seeking steady growth by providing excellent service under all conditions, centered around the logistics business. Our Corporate Philosophy encapsulates this enduring mission, which we will fulfill no matter what economic and social changes we meet.



The Aphorisms of Monjuin (Monjuin Shiigaki), an instructional missive of proper business values and practices written by Masatomo (Monjuin), the founder of the Sumitomo family business, for his family members.

Photograph: Sumitomo Historical Archives

Corporate Philosophy

"We will provide earnest and timeless support for logistics functions as the social infrastructure, which is needed by all, while also working to create new services sought after by our customers and society."

Information Disclosure System

	Financial information	Non-financial information
Dialogue	<ul style="list-style-type: none"> Financial results briefings Individual meetings with institutional investors and analysts General Meeting of Shareholders 	<ul style="list-style-type: none"> SR meetings
Reports	Integrated Report	
	<ul style="list-style-type: none"> Financial statement report* Annual securities report* Material for financial results briefings/ Materials on Medium-Term Business Plan Report (To Our Shareholders) 	<ul style="list-style-type: none"> Corporate Governance Report*
Web	<ul style="list-style-type: none"> Information for shareholders and investors <p>https://www.sumitomo-soko.co.jp/English/ir/index.html</p>	<ul style="list-style-type: none"> Sustainability Information <p>https://www.sumitomo-soko.co.jp/English/sustainability/index.html</p>

*Statutory and regulatory disclosure documents

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Editorial Policy

The Sumitomo Warehouse Group publishes an Integrated Report as a tool for communicating information on business strategy and ESG management as a single unit. It reports on value creation, medium-term business targets, performance and strategies of each business segment, policies, and initiatives related to sustainability, data, etc. in an integrated manner.

In compiling this report, we referred to the International Integrated Reporting Framework of the International Financial Reporting Standards (IFRS) Foundation and the Guidance for Collaborative Value Creation 2.0 of the Ministry of Economy, Trade and Industry.



Notes on the forecast

This report contains not only past and present facts, but also forecasts, predictions, and plans for the future of the Sumitomo Warehouse Group. These are assumptions and judgments based on information available at the present time and may be affected by various factors, such as changes in the business environment in the future.

Reported period

In principle, FY2023 (April 2023 to March 2024).
If the reported period differs, it is stated individually.

Published

November 2024

Reported organization

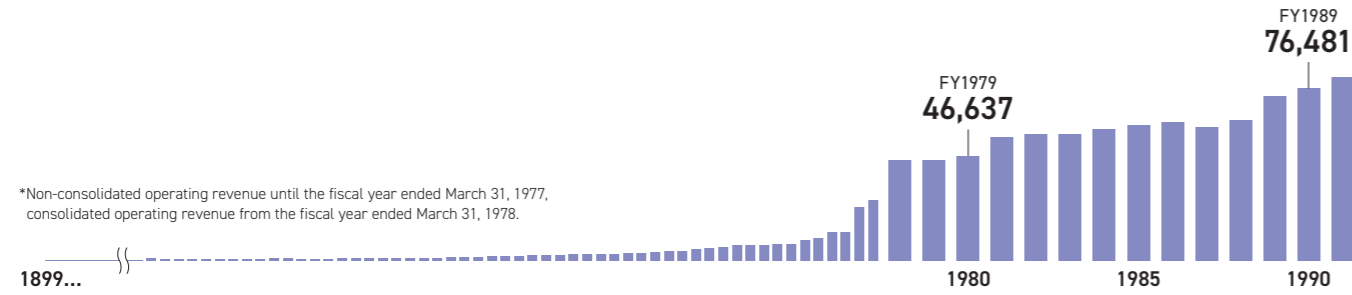
In principle, this report covers Sumitomo Warehouse and its consolidated subsidiaries for accounting purposes.

History of Value Creation

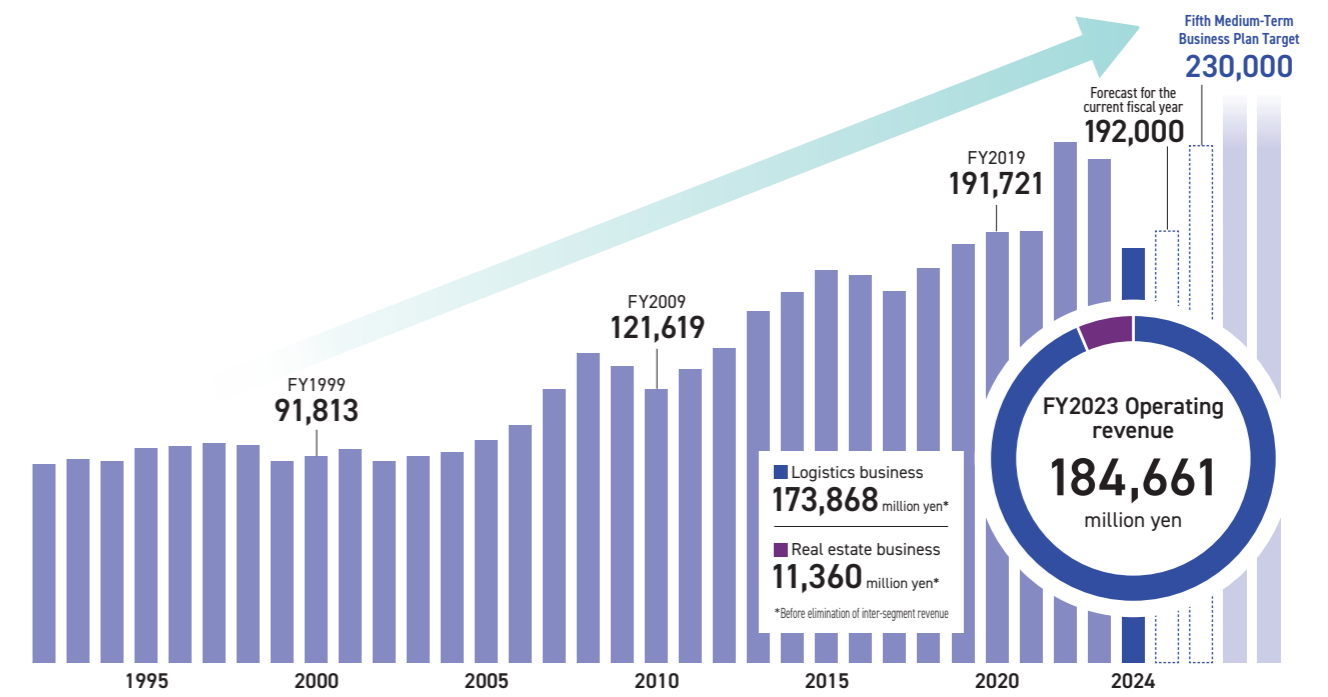
The Sumitomo Warehouse Group has developed business globally with the logistics business, which started with warehousing, and the real estate business, which focuses on the redevelopment of logistics business sites, as its core businesses, and celebrated its 125th anniversary in 2024.

We will continue to strive to create value with the aim of achieving sustainable development.

Changes in operating revenue (million yen)



*Non-consolidated operating revenue until the fiscal year ended March 31, 1977, consolidated operating revenue from the fiscal year ended March 31, 1978.



Logistics business
173,868 million yen*

Real estate business
11,360 million yen*

*Before elimination of inter-segment revenue



Economic and social situations

- | | | | | | | | |
|--|---|--|---|--|---|--|---|
| <p>1945 ■ End of the war
■ GHQ's order to dissolve "zaibatsu" conglomerates</p> <p>1950 ■ Special procurement from the Korean War
■ Progress in economic recovery</p> <p>1955 ■ Towards the high economic growth period
■ Export promotion / trade liberalization</p> | <p>1964 ■ Tokyo Olympics and Paralympics</p> <p>1970 ■ Osaka Expo</p> <p>1971 ■ Nixon shock</p> <p>1973 ■ First oil crisis
■ Transition to a floating exchange rate system</p> <p>1979 ■ Second oil crisis</p> | <p>1980 ■ Iran-Iraq War</p> <p>1985 ■ Plaza Accord, rapid appreciation of the yen
■ Monetary easing implemented by the Bank of Japan</p> | <p>1991 ■ Collapse of the bubble economy followed by a serious recession</p> <p>1995 ■ Great Hanshin-Awaji Earthquake</p> <p>1996 ■ Major financial system reform (Japanese Big Bang)</p> <p>1997 ■ Asian currency crisis</p> | <p>2001 ■ Birth of the three megabanks
■ Simultaneous terrorist attacks in the United States</p> <p>2008 ■ Bankruptcy of Lehman Brothers</p> | <p>2010 ■ Economic crisis in Greece
■ China becomes the second largest economy in terms of GDP in the world.</p> | <p>2011 ■ Great East Japan Earthquake</p> | <p>2020 ■ Spread of COVID-19 infection</p> <p>2021 ■ Tokyo Olympics and Paralympics</p> |
|--|---|--|---|--|---|--|---|

1890s-1950s | 1960s-1970s | 1980s | 1990s | 2000s | 2010s | 2020s

- 1899**
 - Started warehousing business under the trade name of Sumitomo Warehouse as a private business of the Sumitomo family
 - Established head office in Osaka and branch office in Kobe
- 1917**
 - Full-scale launch of harbor transportation operations
- 1919**
 - Established Tokyo branch office
- 1921**
 - Reorganized as warehouse division of Sumitomo Limited Partnership Corporation
- 1923**
 - Incorporated as The Sumitomo Warehouse Co., Ltd.
- 1948**
 - Established The Izumi Express Co., Ltd. for the purpose of cargo vehicle transportation business
- 1949**
 - Established Yokohama branch office
- 1950**
 - Listed on the Tokyo Stock Exchange and Osaka Securities Exchange



Ridge-end tile with the Sumitomo Logo from Tomishima Warehouse in 1900

- 1968**
 - Entered the shipping container terminal business in Kobe and Tokyo
 - Subsequently expanding container terminal business at other major ports in Japan
- 1970**
 - Established Nagoya branch office
- 1971**
 - Constructed the Higashi Osaka Logistics Center in Osaka that uses ramps (sloping roads)
- 1972**
 - Established representative office in San Francisco, USA
 - Subsequently expanded overseas operations
- 1974**
 - Launched real estate leasing business with the construction and leasing of the Kawaguchi Sumiso Building in Osaka
 - Subsequently expanded real estate leasing business
- 1978**
 - Established representative office in Germany
 - Subsequently expanded international transportation business



Honmoku Container Terminal

- 1982**
 - Established Sumitomo Warehouse (Deutschland) GmbH (currently Sumitomo Warehouse (Europe) GmbH), a wholly owned subsidiary in Germany
- 1985**
 - Established Sumitomo Warehouse (U.S.A.), Inc., a wholly owned subsidiary
 - Acquired airfreight agent license from the International Air Transport Association
- 1988**
 - Constructed and leased the Tokyo Sumitomo Twin Buildings high rise office buildings
 - Established Sumitomo Warehouse (Singapore) Pte. Ltd., a wholly owned subsidiary
 - Established Sumiso (Malaysia) Sdn. Bhd.
- 1989**
 - Established Rojana Distribution Center Co., Ltd. in Thailand
 - Established Sumiso (Taiwan) Co., Ltd.



Tokyo Sumitomo Twin Buildings

- 1992**
 - Launched international airfreight consolidation after licensed by the Government of Japan
- 1993**
 - Established Sumitomo Warehouse (Hong Kong) Ltd., a wholly owned subsidiary
 - Established Sumitomo Warehouse (Shanghai) Ltd., a wholly owned subsidiary
- 1996**
 - Constructed a seismic isolation trunk room warehouse in Tokyo
- 1998**
 - Built a warehouse with cold storage function in Kobe to start handling temperature-sensitive cargo
 - Constructed the Hanyu Archives No.1 in Saitama
- 1999**
 - Acquired ISO 9002 certification for airfreight operations, then ISO 9001 in 2002



Heiwajima Archives

- 2000**
 - Opened a contemporary art gallery, Contemporary Art Space Osaka (CASO)
- 2001**
 - Constructed and leased a commercial building, T-PLATZ, in Yokohama
 - Established Sumitomo Warehouse (Shenzhen) Ltd. in Shenzhen, China
- 2003**
 - Established Shanghai Sumiso International Logistics Co., Ltd., in Shanghai, China
 - Established Sumiso International Logistics (Qingdao) Co., Ltd. in Qingdao, China
- 2004**
 - Established Vantec Sumiso Logistics (Wuhan) Co., Ltd. in Wuhan, China
- 2005**
 - Established Sumiso International Logistics (Guangzhou) Co., Ltd. in Guangzhou, China
- 2006**
 - Acquired ISTAR Corporation to add it in Sumitomo Warehouse Group
 - Acquired ENSHU TRUCK CO., LTD. to add it in Sumitomo Warehouse Group
 - Established Sumitomo Warehouse (China) Ltd. in Shanghai, China
- 2015**
 - Established Chiba Logistics Center in Wakaba-ku, Chiba
 - Established PT. Sumiso Logistics Indonesia in Jakarta, Indonesia



Sumitomo Warehouse (China) Ltd.

- 2007**
 - Established Rabigh Petrochemical Logistics LLC in Damman, Saudi Arabia
 - Acquired ISO27001 certification covering archives business in Tokyo and Yokohama
 - Thereafter acquired the same certifications covering other archives business bases in Kanto, Kansai, Chubu District
- 2011**
 - Acquired Westwood Shipping Lines, Inc. to add it in Sumitomo Warehouse Group
- 2012**
 - Established Sumiso (Vietnam) Co., Ltd. (currently Sumitomo Warehouse (Vietnam) Co., Ltd.) in Ho Chi Minh City, Vietnam
 - Established Shanghai Jinjiang-Sumiso International Logistics Co., Ltd. in Shanghai, China
 - Constructed the Hanyu Archives No.2 in Saitama
- 2013**
 - Launched warehousing of Rabigh Petrochemical Logistics LLC in Saudi Arabia
 - Joined the "Osaka Hikari-no-Mori Project"
 - Attained ISO9001 certification covering Handling of Warehouse-in/out, Storage in Warehouse, Im/Ex Cargo Handling, Customs Clearance and Intermodal Transportation Service

- 2014**
 - Established Chicago Branch Office of Sumitomo Warehouse (U.S.A.), Inc.
 - Constructed and leased an office building, Yodoyabashi Mid-Cube, in Osaka
- 2015**
 - Built a warehouse of Shanghai Jinjiang-Sumiso International Logistics Co., Ltd.
 - Built a warehouse in the Nanko District, Port of Osaka
 - Established Hanoi Branch Office of Sumiso (Vietnam) Co., Ltd. (currently Sumitomo Warehouse (Vietnam) Co., Ltd.)
- 2016**
 - Established Chiba Logistics Center in Wakaba-ku, Chiba
 - Established PT. Sumiso Logistics Indonesia in Jakarta, Indonesia



Yodoyabashi Mid-Cube

- 2017**
 - Acquired Wakasu Co., Ltd. to add it in Sumitomo Warehouse Group
 - Established New York Branch Office of Sumitomo Warehouse (U.S.A.), Inc.
- 2018**
 - Constructed a new warehouse (4th period) in Ayutthaya, Thailand
 - Constructed a new warehouse (2nd period) in Laem Chabang, Thailand
- 2019**
 - Constructed a new warehouse in Minamihonmoku, Yokohama
 - Constructed a new warehouse of Sumitomo Warehouse (Singapore) Pte Ltd in Tuas, Singapore
- 2020**
 - Constructed a new warehouse for archives in Inuyama, Aichi
- 2021**
 - Constructed a new warehouse in Kobe Port Island, Hyogo
- 2022**
 - Transferred Westwood Shipping Lines, Inc. and four vessels to the Swire Shipping Group
 - Established Shenzhen Branch Office of Sumiso International Logistics (Guangzhou) Co., Ltd.
 - Established Houston Branch Office of Sumitomo Warehouse (U.S.A.), Inc.

At a Glance

Combining the know-how gained in domestic and global logistics, Sumitomo Warehouse has built a strong global network. We will further enhance and strengthen the functions of our domestic logistics bases, and expand our logistics bases around the world, in order to offer the best logistics solutions to meet our customers' trust.

Business overview

Logistics business

Warehousing

We provide a wide range of logistics services, including warehousing, warehouse-in/out, value-added services, document storage, and trunk room services for a diverse range of cargo, from raw materials to consumer goods.

Harbor transportation

As a leader in harbor transportation that supports international marine transportation, we provide logistics services at ports, including loading, unloading, and cargo handling.

International transportation

We provide global logistics services by combining sea, land, and air transportation and making full use of our network that extends around the world.

Land transportation, etc.

We provide a variety of land transportation services, including transportation by large truck and small-lot delivery, to meet the needs of our customers.

Real estate business

We own office buildings, commercial facilities, and other properties with a total floor area of over 380,000 m², primarily in the Tokyo metropolitan area and in Osaka, and provide leasing services. In addition, we are also committed to urban development that will lead to the revitalization of the local community, such as the redevelopment of the Minamihorie district in the Osaka Namba area.

Financial results (as of the end of March 2024)

Operating revenue

184.66

billion yen

Operating profit

13.19

billion yen

Real estate business 6.1%

Land transportation, etc. 33.2%

Warehousing 17.0%

Harbor transportation 16.4%

International transportation 27.4%

Real estate business 28.5%

Logistics business 71.5%

ROE

5.3%

Equity-to-asset ratio

58.4%

Overseas sales ratio

15.2%

Business data supporting revenue growth (as of the end of March 2024)

Consolidated number of employees

4,463

Logistics business

4,229

Real estate business

54

Corporate

180

Regions where business has been launched

14

countries

Number of bases of business in Japan and overseas

264

Warehouse space for storage (in Japan)

852,000

m²

Warehouse space (overseas)

272,000

m²

Leased real estate space

294,000

m²

Number of trucks

1,344

05 SUMITOMO WAREHOUSE INTEGRATED REPORT 2024

SUMITOMO WAREHOUSE INTEGRATED REPORT 2024 06

What is SUMITOMO WAREHOUSE?

Strategy

Results of Value Creation

Foundations that Support Value Creation

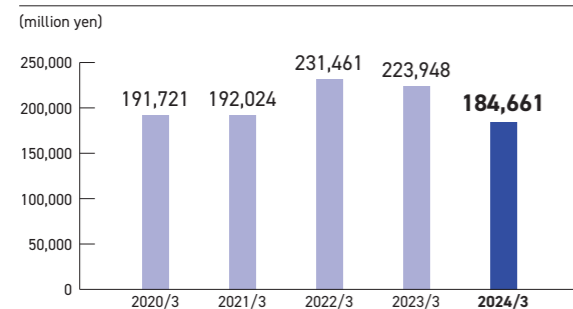
Financial and Corporate Data

Financial and Non-Financial Highlights

Financial information

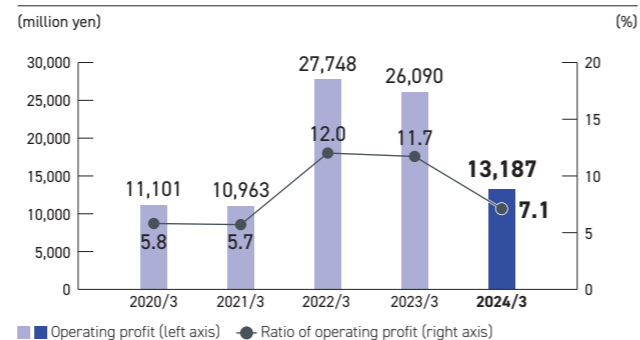
As a result of examining the optimal business portfolio for the Group, in order to concentrate management resources on the core businesses, the logistics business and the real estate business, in June 2022, the Company transferred the shares in its U.S. shipping subsidiary, Westwood Shipping Lines, Inc. and other assets, and as a result, operating revenue and operating profit for the fiscal year ended March 31, 2024 decreased significantly compared to the fiscal year ended March 31, 2023.

Operating revenue



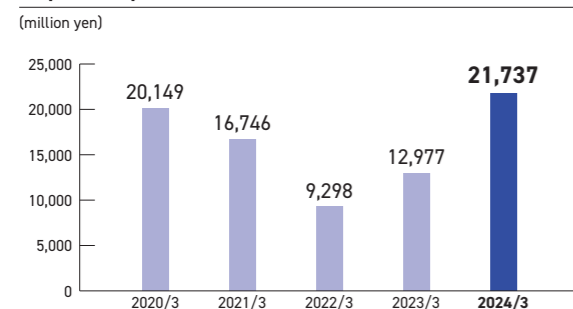
In addition to the transfer of shares in the shipping subsidiary, operating revenue for the fiscal year ended March 31, 2024 was 184,661 million yen (down 17.5% year-on-year) due to a decrease in international transportation income caused by the decline in the market price for marine transportation, which had been rising sharply.

Operating profit/Ratio of operating profit



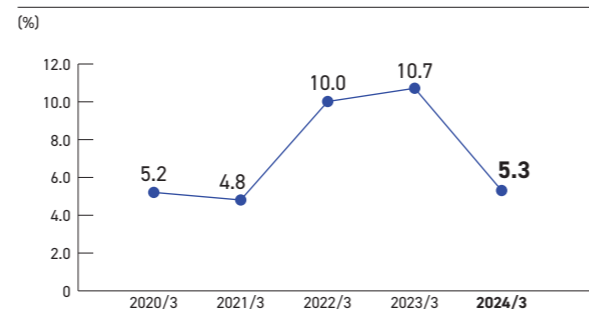
Operating profit was 13,187 million yen (down 49.5% year-on-year) for the fiscal year ended March 31, 2024, due to the transfer of shares in the shipping subsidiary and other assets, as well as an increase in personnel expenses, etc.

Capital expenditures



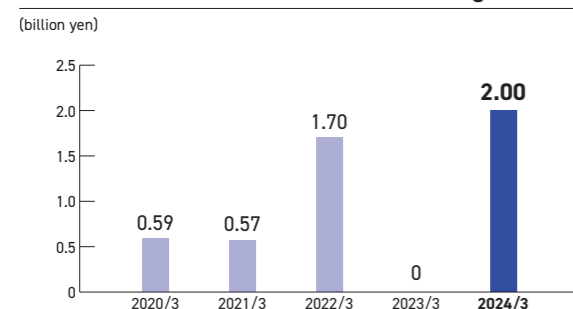
Capital expenditures for the fiscal year ended March 31, 2024 was 21,737 million yen mainly due to the acquisition of office buildings for lease by the Company and the construction of a warehouse building by Enshu Truck Co., Ltd.

ROE



In the fiscal years ended March 31, 2022 and March 31, 2023, ROE was in the 10% range each year mainly due to the sharp rise in the market price for marine transportation and the recovery of cargo movements, but in the fiscal year ended March 31, 2024, ROE was 5.3% mainly due to the transfer of shares in the shipping subsidiary and other assets.

Proceeds from sale of cross-shareholdings

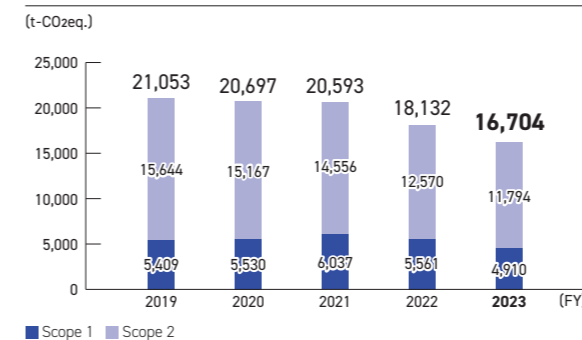


In the Fifth Medium-Term Business Plan, which covers the three-year period from FY2023 to FY2025, formulated in March 2023, the Company aims to reduce approximately 6 billion yen. The progress rate for the target in FY2023 is approximately 33%, and we will continue to proceed with the sale of cross-shareholdings.

Non-financial information

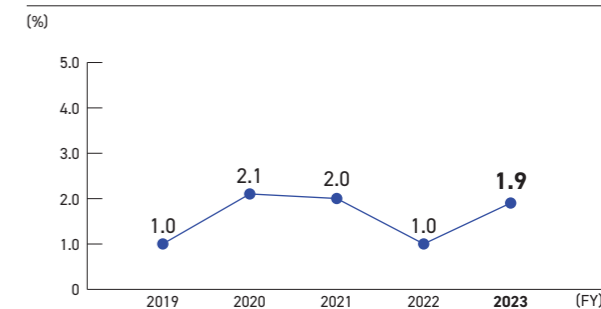
In the Fifth Medium-Term Business Plan (plan period: FY2023 to FY2025), we have set out to promote ESG management. We are promoting measures in the areas of environment (E), society (S), and governance (G), including initiatives to reduce environmental impact and address climate change, strengthening investment in "people," and reducing cross-shareholdings.

Greenhouse gas emissions (Sumitomo Warehouse non-consolidated)



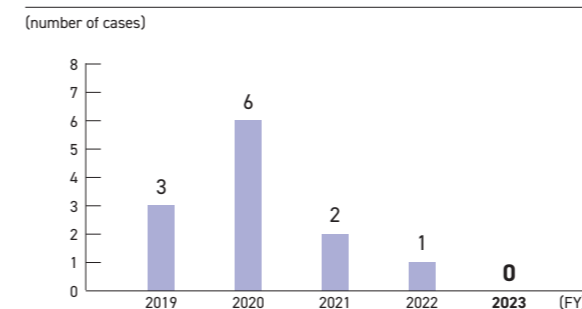
The Company announced in the Fifth Medium-Term Business Plan formulated in March 2023 that it would reduce greenhouse gas emissions (Scopes 1 and 2) by 50% by FY2030 (compared to FY2018). In FY2023, we achieved a reduction of approximately 27% from the base year of FY2018, and we will continue to steadily work to reduce emissions.

Percentage of female employees in management positions (Sumitomo Warehouse non-consolidated)



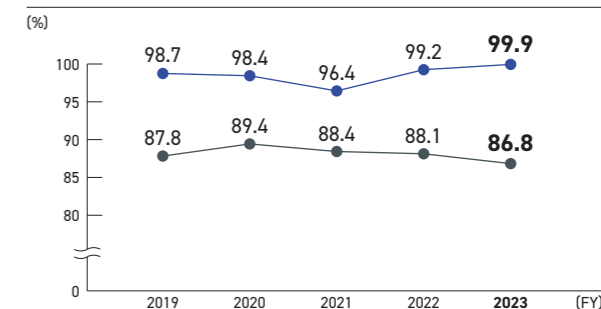
Although the proportion of young women in the career-track positions is high, we are actively promoting the recruitment of female career-track employees, including mid-career hires, and are working to develop young and medium-level employees, based on a policy of actively promoting female employees to management positions.

Number of occupational accidents (Sumitomo Warehouse non-consolidated)



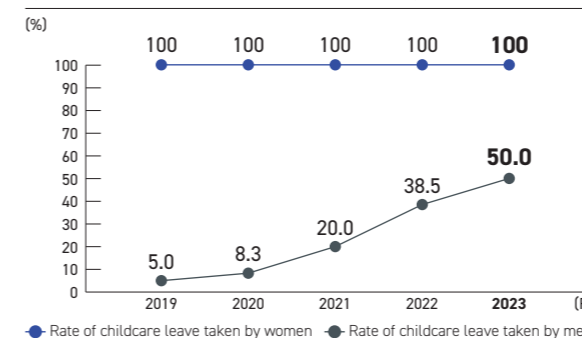
At each workplace, we hold daily meetings before work begins to share information and remind people to be careful so that cargo handling operation can be carried out safely. In addition, we have been thoroughly informing people about how to prevent accidents, and as a result, the number of occupational accidents has continued to decrease. We will continue these initiatives with the goal of eliminating occupational accidents.

Health checkup participation rate and stress check participation rate (Sumitomo Warehouse non-consolidated)



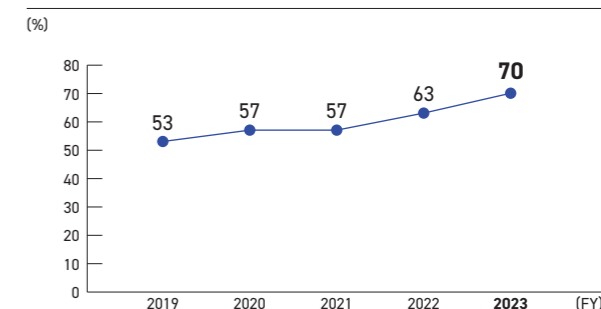
For health checkups, we are taking measures to encourage those who have not yet received a checkup, such as by setting up opportunities to have checkups at medical institutions in addition to mobile health checkups. Stress checks are recommended multiple times during the check period to those who have not yet been examined. We will continue to work to maintain a high rate of participation in both the health checkups and the stress checks.

Rate of childcare leave taken by sex (Sumitomo Warehouse non-consolidated)



In addition to the fact that individual awareness of the childcare leave system and confirmation of intentions has led to a better understanding of the system among employees, the establishment of postnatal childcare leave for fathers has also had the effect of increasing the rate of childcare leave taken by male employees each year. We will continue to promote initiatives to encourage male employees to take childcare leave.

The rate of annual paid leave taken (Sumitomo Warehouse non-consolidated)



We have worked to improve the rate of annual paid leave taken by utilizing a system for the planned granting of annual paid leave. As a result, the rate of annual paid leave taken for FY 2023 was 70%, and the rate has improved regardless of job type or tier.