

March 30, 2023

To Whom It May Concern,

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Notice of Sumitomo Warehouse Group's Fifth Medium-Term Business Plan

We hereby announce that the Board of Directors of The Sumitomo Warehouse Co., Ltd. (the "Company"), at a meeting held today, approved the Fifth Medium-Term Business Plan for the Sumitomo Warehouse Group for the period from fiscal years 2023 to 2025.

1. Review of Fourth Medium-Term Business Plan

Based on the ten-year long-term vision "**Moving Forward to 2030**," which is the target year of the SDGs, the Sumitomo Warehouse Group has positioned the period of the Fourth Medium-Term Business Plan as a period of "strengthening the business foundation" toward realization of the long-term vision. As a result of executing our business strategy, we were able to largely achieve our plans.

- (1) In the logistics business, the warehouses that commenced operation during the Fourth Medium-Term Business Plan period have steadily gotten up and running, and the harbor transportation business and the international transportation business have expanded. In the land transportation business, e-commerce demand was steadily captured. Thus, we were able to achieve steady growth in both businesses.
- (2) In the shipping business, while business performance improved significantly, we decided to concentrate our management resources on our core businesses of logistics and real estate as a result of reviewing our group's business portfolio under the business structure reform policy set forth in the Fourth Medium-Term Business Plan and transferred the shares of our shipping subsidiaries and vessels in June 2022.
- (3) In the real estate business, we proceeded with the acquisition of new properties to generate long-term stable earnings.
- (4) In response to climate change, we disclosed information in accordance with the TCFD framework and made efforts to provide services that reduce environmental impact, such as modal shifts.

- (5) With respect to shareholder returns, we are on track to achieve a tenth consecutive year of dividend increases, and we proceeded with the acquisition and cancellation of treasury shares as planned.
- (6) As a result of the above, we achieved our performance and return on equity (ROE) targets in the second year of the plan.

FY2022 consolidated operating revenue and consolidated operating income

(Billions of yen)

	Plan	Forecast	Difference
Consolidated operating revenue	210.0	228.0 [207.2]	+18.0
Consolidated operating income	12.0	26.1 [15.8]	+14.1

(Note) Figures in square brackets indicate operating revenue and operating income excluding the shipping business.

Business investment (three-year cumulative total)

(Billions of yen)

	Plan	Forecast	Difference
Business investment	50.0	43.0	(7.0)

ROE; Shareholder Returns

	Plan	Achievements/Plans
ROE	Targeting 5% or more	10.0% (actual for fiscal year ending March 2022)
Dividend per share	Maintain annual dividend of 47 yen and continue to increase dividends	FY2020: 48 yen (actual) FY2021: 97 yen (actual) FY2022: 100 yen (plan) Dividend increase for ten consecutive terms (plan)
Acquisition and cancellation of treasury shares	To purchase treasury shares flexibly, taking into consideration the economic situation, financial condition, etc.	(three-year cumulative total) Number of shares acquired: 4,389,300 shares (actual) Number of shares to be cancelled: 4,389,300 shares (plan) (Note) Total amount of shares acquired: 7,554 million yen (actual)

(Note) Of the 4,389,300 shares, 2,954,700 shares have been cancelled, and 1,434,600 shares will be cancelled on March 31, 2023.

2. Fifth Medium-Term Business Plan

(1) Basic Policy

- (i) This period will be the “second step” to accelerate growth toward the target year of 2030 of the long-term vision “**Moving Forward to 2030.**”
- (ii) The Company will further promote business restructuring and transform itself into a corporate structure that is resilient and capable of steady growth and is less susceptible to deterioration in the domestic and overseas economic environment.
- (iii) The Company aims to generate steady cash flow every year and increase its corporate value over the medium to long term.

(2) Plan Period

FY2023–FY2025 (three years)

(3) Business Strategy

The Company will concentrate its management resources on its core businesses of logistics and real estate.

- (i) In the logistics business, the Company will continue to expand its domestic and overseas bases, and will expand its business, especially overseas. In addition to addressing environmental issues, the Company will aim to achieve sustainable growth in the logistics business by promoting investment in DX and “people” to develop human resources and improve its on-site capabilities and ability to make proposals to customers over the medium to long term.
- (ii) In the real estate business, the Company aims to expand the scale of earnings by acquiring new properties and expanding its business domain to include the sales business.

(4) Performance Targets

Consolidated operating revenue (FY2025): 230 billion yen

(Billions of yen)

	Forecast for FY2022 (Note)	FY2025 (Final year of the plan)
Logistics business	197.9	213.5
Real estate business	10.7	18.0
Inter-segment revenue	(1.4)	(1.5)
Total	207.2	230.0

(Note) The forecast for FY2022 is based on the figures in the consolidated financial results for the third quarter of the fiscal year ending March 31, 2023 [Japanese GAAP], excluding the shipping business.

Consolidated operating income (FY2025): 18 billion yen

(Billions of yen)

	Forecast for FY2022 (Note)	FY2025 (Final year of the plan)
Logistics business	15.6	17.5
Real estate business	5.2	6.0
Company-wide expenses	(5.0)	(5.5)
Total	15.8	18.0

(Note) The forecast for FY2022 is based on the figures in the consolidated financial results for the third quarter of the fiscal year ending March 31, 2023 [Japanese GAAP], excluding the shipping business.

(5) Capital Expenditures

85 billion yen (three-year cumulative total)

(1) By business segment

(Billions of yen)

Logistics	40.0
Real estate	40.0
Corporate	5.0
Total	85.0

(2) By ordinary investment and strategic investment

(Billions of yen)

Ordinary investment	15.0
Strategic Investment (Breakdown)	70.0
Business Investment	(60.0)
Environment, DX, "People"	(10.0)
Total	85.0

(6) Financial Indicators

We aim to achieve an ROE of 7% while maintaining a sound financial base.

(7) Shareholder Returns

(i) Dividends

The Company will pay a dividend on equity (DOE) of around 3.5% to 4.0%, taking into consideration the improvement in profitability in each fiscal year, with a minimum annual dividend of 100 yen per share, while continuing to make the necessary business investments to enhance its corporate value from a medium- to long-term perspective.

(ii) Acquisition of treasury shares

The Company will flexibly implement treasury share acquisition, taking into consideration economic conditions, market trends, business investments, and profit levels.

(8) ESG Management and DX Promotion

(i) Environment

- Reduce environmental impact and address climate change issues.

We aim to reduce greenhouse gas (GHG) emissions of Scopes 1 and 2 on a non-consolidated basis by 50% from the FY2018 level by FY2030.

During the period of the Fifth Medium-Term Business Plan, we will promote the increased use of energy-saving equipment and solar power generation systems, the use of renewable energy, the conversion of company vehicles to electric vehicles (EVs), and the installation of charging stations for EVs.

(ii) Society

- Strengthen investment in “people”

In addition to promoting measures for women’s advancement and diversity, we will encourage the realization of growth of each and every employee by expanding education and training programs (including the implementation of DX training), which will lead to the sustainable growth of our group.

- Contribution to the 2025 World Exposition in Japan, named “Expo 2025 Osaka, Kansai, Japan.”

(iii) Governance

- Reduce cross-shareholdings

Over the next five years, we aim to reduce our cross-shareholdings by approximately 10 billion yen (equivalent to approximately 10% of the book value at the end of March 2022), of which approximately 6 billion yen (equivalent to 6% of the book value at the end of March 2022) is targeted to be reduced during the period of the Fifth Medium-Term Business Plan.

(iv) Promotion of DX

Through further promotion of DX, we will not only improve administrative and operational efficiency but also increase the added value we provide to customers.

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(Note) The information in this document is based on various assumptions and suppositions made by the Company and does not constitute a commitment or guarantee of future plans, target figures, or implementation of measures described herein. Actual results may differ significantly due to various factors, including future changes in the business environment.

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