

Moving forward together into the future.



(Translation)

May 9, 2025

The Sumitomo Warehouse Co., Ltd.

Action to Implement Cost of Capital and Stock Price Conscious Management

1. Analysis of Current Situation

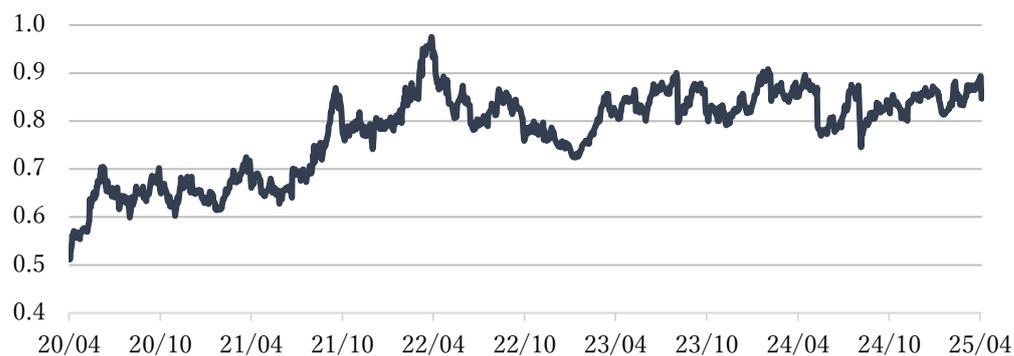
(1) Stock price and PBR (Price Book-value Ratio)

[Trends in the Company's stock price]



[Trends in the Company's PBR]

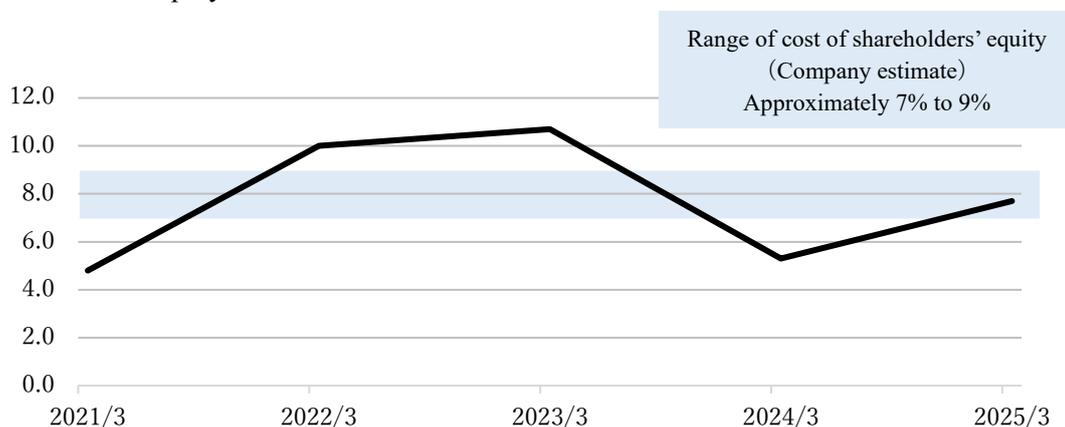
The Company's PBR has remained below 1x.



Since the formula “PBR = ROE (Return on Equity) × PER (Price-earnings Ratio)” is established, we recognize the need to work on improving “earning power” (ROE) and “expected value” (PER) in order to improve the PBR level.

(2) ROE (Return on Equity)

Our ROE for the fiscal year ending March 2025 was 7.7%, an improvement from the 5.3% level of the fiscal year ending March 2024. This improvement was due to the acquisition of treasury shares and the inclusion of special profits such as compensation received related to the "Naniwasuji Line project". On the other hand, we recognize that we need to secure an ROE level that exceeds the cost of shareholders' equity.



2. Plan

(1) Policy

- (i) Based on the Fifth Medium-Term Management Plan (planning period: fiscal year ending March 2024 to fiscal year ending March 2026), we will strive to manage our business in response to changes in the business environment.
- (ii) We will continue to provide substantial shareholder returns and aim to maintain a suitable capital structure.
- (iii) Through dialogue with shareholders and investors and increased disclosure of information, we will strive to gain an understanding of the Group's future growth potential and contribute to the evaluation of a fair share price.

(2) Objectives

- (i) We aim to achieve an ROE of 7% during the period of the Fifth Medium-Term Business Plan, while maintaining a sound financial base.
- (ii) The Company will pay a minimum annual dividend of 100 yen per share, with a target dividend on equity ratio (DOE) of around 3.5% to 4.0%, taking into consideration improvements in profitability in each fiscal year.
- (iii) In the Fifth Medium-Term Business Plan, we had planned to reduce our cross-shareholdings by approximately 10 billion yen by March 2028. However, we will advance this plan by two years and complete the reduction by selling approximately 6 billion yen worth of shares during the fiscal year ending March 2026.

(3) Initiatives

(i) Improvement of profit-generating ability through aggressive business investments

- Logistics Business

We will continuously consider investing in warehouses, which form the business foundation, and establish a competitive advantage through digitization and automation of operations and promotion of DX.

- Real Estate Business

We will improve profitability by replacing our real estate holdings for lease, etc. In addition, by expanding into sales, we aim to develop our business with an awareness of capital efficiency.

(ii) Maintain a suitable capital structure

In addition to returning profits to shareholders through dividends, the Company will flexibly implement treasury share acquisitions, taking into consideration economic conditions, market trends, business investments, as well as profit levels.

At the Board of Directors meeting held on May 9, 2025, the Company resolved to acquire treasury shares up to 1,200,000 shares or 3.5 billion yen worth of shares (acquisition period: from May 12, 2025 to November 28, 2025), and to retire all the acquired shares (scheduled date of retirement: March 31, 2026).

(iii) Increased dialogue with and disclosure of information to shareholders and investors

We will promote active dialogue with shareholders and investors through individual IR meetings, etc., and increase the disclosure of information on our integrated report and corporate website, etc.

END

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