

Moving forward together into the future.



SUMITOMO WAREHOUSE

The Sumitomo Warehouse Co.,Ltd

(Securities Code : 9303)

Fifth Medium-Term Business Plan (FY2023 to 2025)



I. Status of Achievement of Fourth Medium-Term Business Plan (1)

- We have steadily executed our business strategy while responding to environmental changes such as global supply chain disruption and growth of e-commerce demand caused by the impact of COVID-19.

Business strategies based on environmental changes during the plan period		Main initiatives	Evaluation
Strengthening the business foundation / Maintaining logistics infrastructure	Restructuring of businesses with decreased profitability	<ul style="list-style-type: none"> Transfer of all Westwood Shipping Lines ,Inc. shares and vessels to the Swire Group 	○
	Acceleration of strengthening of international logistics foundation	<ul style="list-style-type: none"> Third warehouse construction in Laem Chabang, Thailand Opening of forwarding sites in Houston, USA and Shenzhen, China 	○
	Expansion of robust warehouse demand in preparation for natural disasters	<ul style="list-style-type: none"> Construction of 3 warehouses (Inuyama, Hanyu, Kobe) 	○
	Response to logistics demand associated with changes in socioeconomic activities caused by the pandemic	<ul style="list-style-type: none"> Strengthening of operations related to e-commerce 	○
	Continued acquisition of income property	<ul style="list-style-type: none"> Acquisition of nursing homes and building for rental housing 	△
	Response to labor shortage	<ul style="list-style-type: none"> Promotion of digitalization Implementation of i-Warehouse® / i-Clearance® 	○
Implementation of DX	Promotion of improvement of efficiency of operations and labor saving utilizing the latest technology	<ul style="list-style-type: none"> Adoption of external technologies Introduction of new technologies such as AI-OCR and robotics 	○
Contribution to sustainability	Strengthening of environmental responses in own facilities	<ul style="list-style-type: none"> Use of design with consideration for natural disasters prevention and reduced environmental impact in 3 new warehouses Procurement of construction funds with green bonds 	○



I. Status of Achievement of Fourth Medium-Term Business Plan (2)

- Although the business investment amount centered on the real estate business was not achieved due to rising real estate prices, performance targets were achieved.

	Target	Result	Evaluation	Note
Operating revenue	210.0 billion yen	231.4 billion yen	○	Logistics business grew Performance of shipping business improved
Operating income	12.0 billion yen	27.7 billion yen	○	
Business investment	50.0 billion yen	39.0 billion yen	△	Business investment centered on the real estate business was not achieved due to rising real estate prices
ROE	Aiming for 5% or higher	10.7%	○	ROE increased due to improvement of operating margin
Annual dividend	Maintain minimum of 47 yen per share and continue with increases	100 yen per share	○	Continued to increase dividends for 3 years and made purchases of treasury shares every year
Acquisition of treasury shares	Implement flexibly	Approx. 7.5 billion yen over 3 years	○	

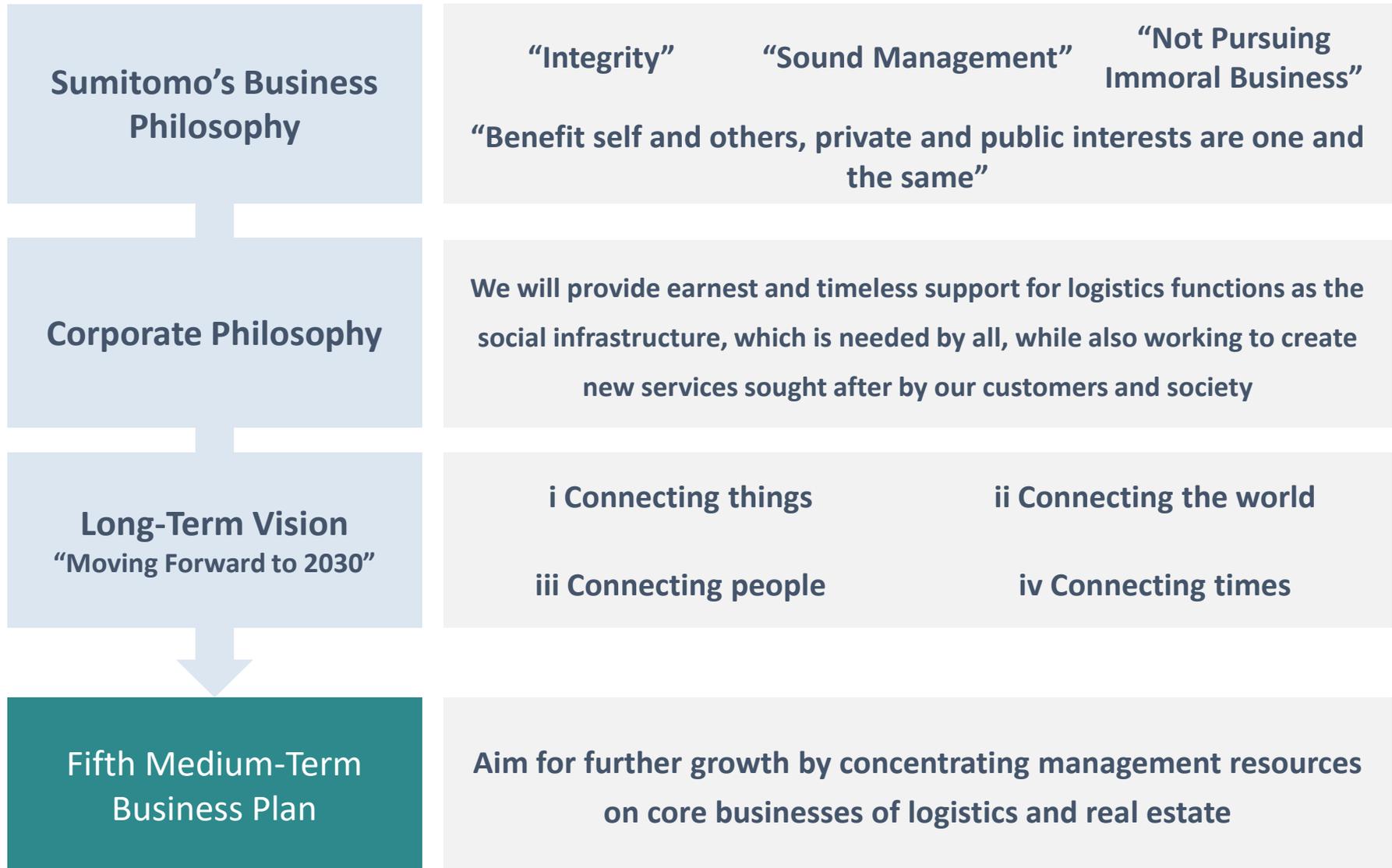
II. External Environment and Issues Faced by the Group

- **Logistics services required by customers inside and outside Japan have diversified through the pandemic.**
- **The impact of heightened awareness of climate change and progression of decline and aging of population is materializing.**

Awareness of environment	Impact on logistics industry	Issues faced by the Group
Destabilization of international conditions and heightened geopolitical risk	<ul style="list-style-type: none"> • Reorganization of supply chains 	<ul style="list-style-type: none"> • Response to logistics demand associated with reorganization of supply chains
Changes in lifestyles and values caused by the pandemic	<ul style="list-style-type: none"> • Expansion of e-commerce logistics demand 	<ul style="list-style-type: none"> • Response to increased frequency and smaller lots
Heightened sense of crisis concerning climate change and movements aimed at carbon neutrality	<ul style="list-style-type: none"> • Requirements to strengthen initiatives aimed at resolution of ESG issues 	<ul style="list-style-type: none"> • Materialization of initiatives aimed at achievement of environmental targets • Expansion of logistics services aimed at reducing customers' environmental impact
Progression of decline and aging of population	<ul style="list-style-type: none"> • Decrease in working population engaged in the logistics industry • "2024 problem"* 	<ul style="list-style-type: none"> • Establishment of sites assuming demand for dispersed logistics sites • Promotion of relay transportation, joint delivery, modal shift, etc. • Promotion of improvement of efficiency and reduction of labor through digitalization

*So-called logistics industry's "2024 problem", which includes regulations on the maximum number of overtime hours that truck drivers are allowed to work

III. Positioning of the Fifth Medium-Term Business Plan





IV. Out line of Fifth Medium-Term Business Plan

- Aim for further growth by concentrating management resources on the two core businesses of logistics and real estate.

Business Strategy

1. Logistics business

- Further expansion of logistics network inside and outside Japan
- Expansion of logistics services
- Digitalization of operations, promotion of DX

2. Real estate business

- Expansion of revenue base through promotion of leasing business
- Expansion of business content to sales business

3. ESG management

Numerical Targets

Consolidated
operating revenue

230 billion yen

Consolidated
operating income

18 billion yen

Capital
expenditures

85 billion yen

ROE

7 %

Dividends

Minimum of 100 yen per share
Guideline of DOE* of 3.5% to 4.0%

* DOE: Dividend on equity ratio

Reduction of cross-shareholdings:

- ✓ Aim to reduce cross-shareholdings by approx. 10 billion yen by March 2028 (equivalent to approx. 10% of book value as of March 31, 2022)
- ✓ Reduce by 6 billion yen of the above 10 billion yen by March 2026 (equivalent to approx. 6% of book value as of March 31, 2022)

Environmental target:

- ✓ Reduce greenhouse gas emissions of Scopes 1 and 2 on a non-consolidated basis by 50% from the FY2018 level by FY2030.

V. Business Strategy in Logistics (1)

- In addition to continuing investment in warehouses that are the business foundation, promote expansion of logistics services.

Expansion of logistics network inside and outside Japan

✓ New warehouse construction in Japan

Continuously promote expansion of warehouse capacity. Actively capture demand against the backdrop of the “2024 problem”

- New warehouse in Shizuoka area
(scheduled for completion in 2023: approx. 30,800 m²)
- New warehouse in Fukuoka area
(scheduled to start construction in 2023: approx. 12,000 m²)

✓ Expansion of relay transportation (Enshu Truck: e-change)

✓ Expansion of overseas business

Promote warehouse construction and acquisition in Thailand and Europe. Expand warehouse business in Indonesia and Vietnam, and create synergies with existing forwarding business.

- Third warehouse in Laem Chabang, Thailand
(scheduled for completion in May 2023: approx. 14,300m²)
- Continue consideration of fourth warehouse in Laem Chabang, Thailand

Expansion of logistics services

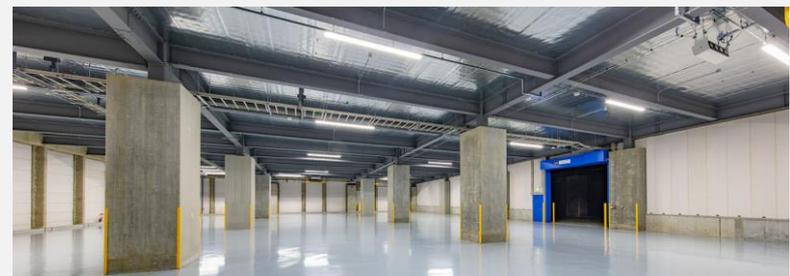
✓ Functional improvement of warehouse facilities

Capture demand backed by global warming, promote the expansion of constant temperature facilities, and expand handling of high value-added products, in addition to increasing the environmental performance of air conditioning equipment

✓ Expansion of refrigerated air transportation services

✓ Strengthening of BPO services in archives business

Implement further deployment of services for the implementation of paperless operations by customers such as the conversion of documents into electronic data



Interior view of L6 300 warehouse at Kobe Chuo Logistics Center with temperature-controlled zone floorspace increased in May 2022

V. Business Strategy in Logistics (2)

- Establish a competitive advantage through digitalization and automation of operations and the promotion of DX.

Digitalization of operations, promotion of DX

- ✓ **Promote increased functionality of web services**

Provide high value-added logistics services in international logistics operations including import and export operations in addition to peripheral operations

- ✓ **Promotion introduction of automation equipment such as robots**

Promote improvement of productivity through renewal of AGV and material handling equipment

- ✓ **Renewal of container terminal management system**

Increased functionality of web services

Provide high value-added services utilizing digital technology in logistics operations where analog responses such as paper documents, mail and telephones remain. Offer services supporting DX for customers in an effort to expand turnover.

- Unification of correspondence in logistics operations into web service
- Reduction of administrative man hours on customer side through digitalization of customs clearance administration utilizing AI-OCR, etc. (i-Clearance®)
- Management, recording and provision of customs clearance information
- Digital storage of trading documents
- Provision of information on greenhouse gas emissions

Logistics segment
FY2025
Numerical targets

Operating revenue

213.5 billion yen
(Up 10.2% from FY2022)

Operating income

17.5 billion yen
(Up 11.9% from FY2022)

Cumulative investment amount

40 billion yen
(Up 11.5 billion yen from period of previous Medium-Term Business Plan)

VI. Business Strategy in the Real Estate Business (1)

- The real estate leasing business has been operated starting with the redevelopment of warehouse sites.
- In recent years, in addition to redevelopment, growth has continued through the promotion of new real estate acquisition.

Results of expansion of revenue base through promotion of leasing business

✓ Redevelopment of existing land and buildings

Conduct redevelopment of warehouse sites, and operate office buildings and commercial facilities, etc.

Redevelopment results



Tokyo Sumitomo Twin Buildings
(Chuo-ku, Tokyo)

✓ Acquisition and development of new land and buildings

Acquisition of residential facilities, etc. centered on office buildings in the Keihin area and the Hanshin area

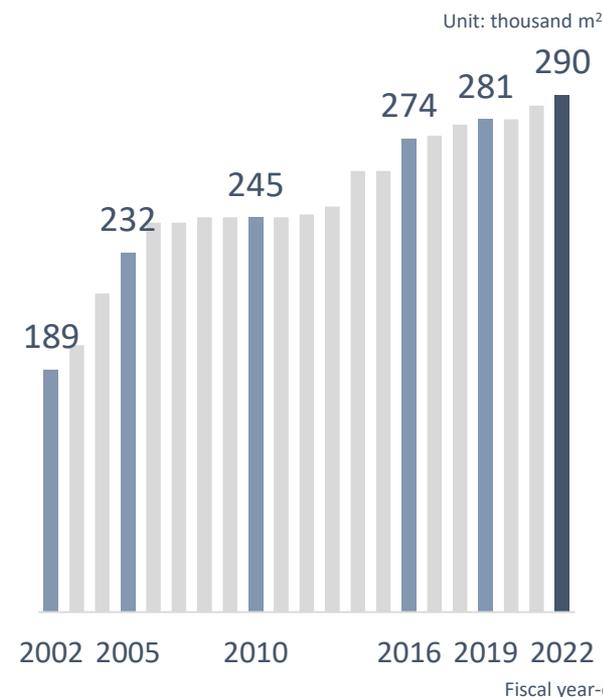
Acquisition results



Yodoyabashi Mid-Cube
(Osaka-shi)

Leased real estate space

Increased by 53% over 20 years



VI. Business Strategy in the Real Estate Business (2)

- Implement replacement of real estate for lease aimed at further growth and the avoidance of a decline in future profitability associated with the increase in the number of years since construction of real estate held.
- Reinvest funds obtained through the sale of non-core assets in the acquisition of real estate for lease and real estate for sale that are core assets with the aim of expanding revenue scale.



**Real estate segment
FY2025
Numerical targets**

Operating revenue

18 billion yen
(Up 68.6% from FY2022)

Operating income

6 billion yen
(Up 15.7% from FY2022)

Cumulative investment amount

40 billion yen
(Up 31.2 billion yen from period of previous Medium-Term Business Plan)



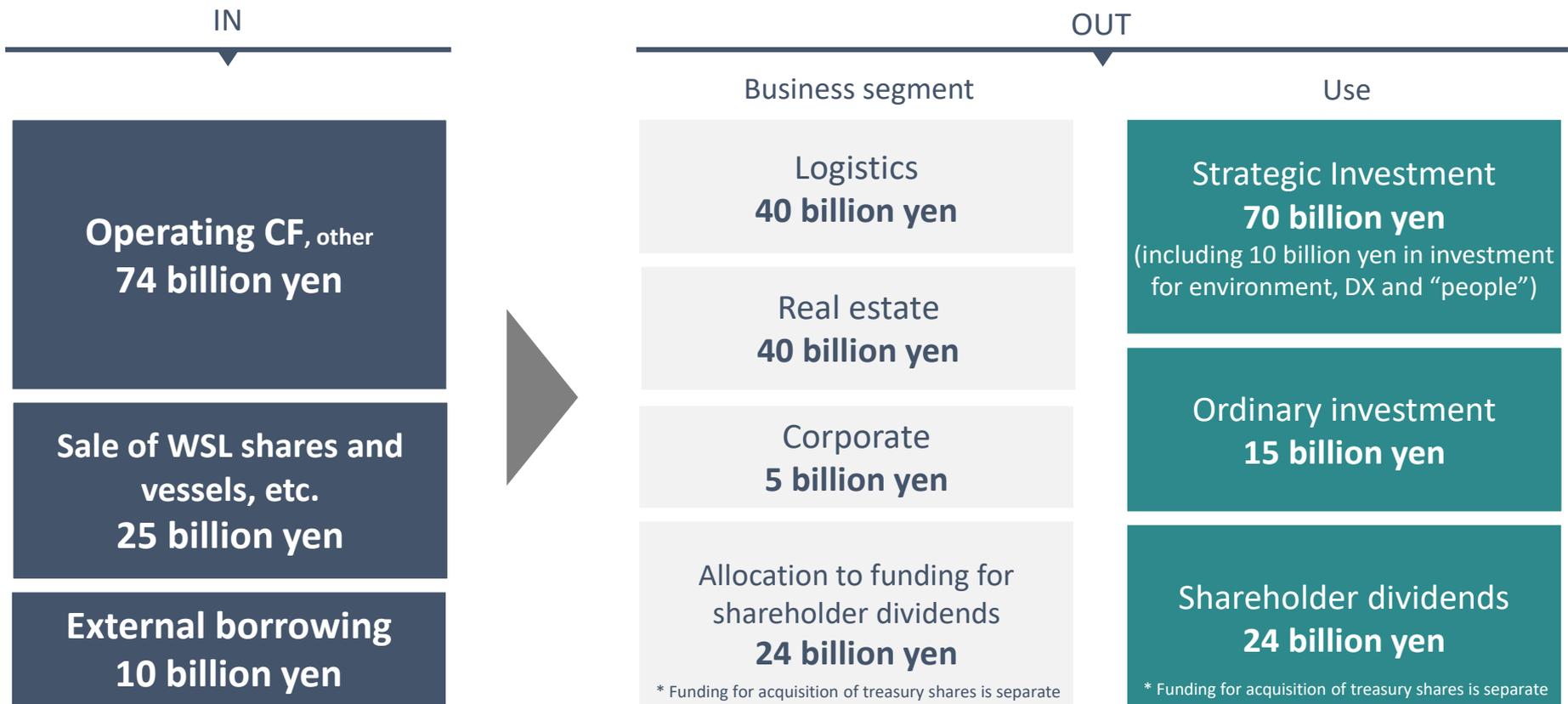
VII. Performance Target

- Aim for 230 billion yen in consolidated operating revenue, 18 billion in operating income and ROE of 7% in FY2025.

	FY2022 Excluding shipping business	FY2025 plan	FY2022→2025 change	
Consolidated operating revenue	203.8 billion yen	230.0 billion yen	26.2 billion yen	12.9%
Logistics business	193.7 billion yen	213.5 billion yen	19.7 billion yen	10.2%
Real estate business	10.6 billion yen	18.0 billion yen	7.3 billion yen	68.6%
Inter-segment revenue	(0.5) billion yen	(1.5) billion yen	(0.9) billion yen	-
Consolidated operating income	15.7 billion yen	18.0 billion yen	2.2 billion yen	14.0 %
Logistics business	15.6 billion yen	17.5 billion yen	1.8 billion yen	11.9%
Real estate business	5.1 billion yen	6.0 billion yen	0.8 billion yen	15.7%
Company-wide expenses	(5.0) billion yen	(5.5) billion yen	(0.4) billion yen	-

VIII. Cash Flow Allocation

- While maintaining a sound financial base, utilize funds from the sale of Westwood Shipping Lines (WSL) shares and vessels along with external borrowing, etc. to execute business investment totaling 85 billion yen over 3 years.
- Execute active business investment while continuing ample shareholder returns.



IX. Shareholder Returns

- Continue business investment required for enhancement of corporate value from a medium- to long-term perspective, and implement shareholder returns with consideration for the improvement in profitability in each fiscal year.

Dividends

- ✓ Minimum annual dividend per share of 100 yen
- ✓ Guideline of DOE* of 3.5% to 4.0% * DOE: Dividend on equity ratio

Acquisition of treasury shares

Flexibly implement treasury share acquisition, taking into consideration economic conditions, market trends, business investments, and profit levels.

Annual dividend per share



- **Steadily implement initiatives aimed at promotion of ESG management.**

Environment (E)

- **Set environmental targets**

Reduce greenhouse gas emissions of Scopes 1 and 2 on a non-consolidated basis by 50% from the FY2018 level by FY2030.

- **Initiatives aimed at targets**

- ✓ Expand implementation of energy-saving equipment
- ✓ Expand implementation of solar power generation systems
- ✓ Utilize renewable energy
- ✓ Use electric vehicles (EV) for company vehicles and install EV charging stands

Society (S)

- **Continue initiatives aimed at security and safety**
- **Strengthen investment in “people”**
- **Contribute to “Expo 2025 Osaka, Kansai, Japan”**

Handle expo logistics operations as a designated on-site cargo handlers (joint venture by Sumitomo Warehouse Group and Maguchi Group)

Governance (G)

- **Reduce cross-shareholdings**
- ✓ Aim to reduce cross-shareholdings by approx. 10 billion yen by March 2028 (equivalent to approx. 10% of book value as of March 31, 2022)
- ✓ Reduce by 6 billion yen of the above 10 billion yen by March 2026 (equivalent to approx. 6% of book value as of March 31, 2022)

XI. TOPICS Expo 2025 Osaka, Kansai, Japan

- The joint venture by Sumitomo Warehouse Group and Maguchi Group is a designated business operator (only 2 business operators) able to provide one-stop service for logistics operations inside and outside the venue of Expo 2025 Osaka, Kansai, Japan.
- We provide logistical support for the smooth operation of Expo 2025 Osaka, Kansai, Japan.



2 business operators including the joint venture by Sumitomo Warehouse Group and Maguchi Group

17 business operators including the joint venture by Sumitomo Warehouse Group and Maguchi Group

Inside the Expo Site

Operations limited to designated on-site cargo handlers
 Businesses that can handle cargo and offer logistics-related support within the Expo Site.
 *To ensure safety and operational efficiency, the handling of cargo within the Expo Site is limited to designated businesses.

Cargo arrival confirmation

Unpacking
Installation
Removal
Repacking

Unloading
Carrying cargo in
Loading
Carrying cargo out

On-site transportation

In addition to the above, various other types of support are also available

Displays

Inventory control

Event operation support

Pavilion operation support

Within the Expo Site, requests for cargo handling must be made to designated on-site cargo handlers

Outside the Expo Site

Shared operations for designated on-site cargo handlers and recommended logistics service providers
 Service providers can be involved in the transportation of goods and products, customs procedures, and cargo handling operations within the Expo Site. Particularly carriers and customs brokers deemed suitable by the organizer.

Overseas operation

International transportation

Port stevedoring

Inspection and quarantine

Customs clearance

Warehousing and storage

Inland transportation

Unpacking
Inspection
Temporary assembly