

**Consolidated Financial Results
for the Year Ended March 31, 2019[Japan GAAP]**

May 14, 2019

The Sumitomo Warehouse Co., Ltd.

Securities code:	9303
Stock exchange listings:	Tokyo
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Representative:	Takanori Ono, President
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Date of general shareholders' meeting (as planned):	June 20, 2019
Dividend payable date (as planned):	June 21, 2019
Annual securities report filing date (as planned):	June 20, 2019
Supplemental material of annual results:	Yes
Convening briefing of annual results:	Yes

1. Consolidated financial results for the year ended March 31, 2019(April 1, 2018-March 31, 2019)

Figures are rounded down to the nearest million yen, except per share figures.

(1) Consolidated operating results (%: year-on-year change)

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2019	186,172	5.9	8,795	(14.6)	11,295	(10.9)	6,912	(17.3)
Year ended March 31, 2018	175,756	6.4	10,302	12.1	12,684	12.0	8,358	7.1

Note: Comprehensive income:

Year ended March 31, 2019: (236) million yen; -%

Year ended March 31, 2018 : 20,663 million yen; 71.1%

	Net income per share	Diluted net income per share	Net income to shareholders' equity ratio	Ordinary income to total assets ratio	Operating income to operating revenues ratio
	Yen	Yen	%	%	%
Year ended March 31, 2019	79.80	79.57	3.8	3.4	4.7
Year ended March 31, 2018	94.84	94.60	4.7	3.9	5.9

Note: Investment profit (loss) on equity method:

Year ended March 31, 2019 : 276 million yen

Year ended March 31, 2018 : 466 million yen

* The Company conducted a 1-for-2 reverse stock split on its common shares (a consolidation of every two shares into one share, "share consolidation") on October 1, 2018. Therefore, "Net income per share" and "Diluted net income per share" are calculated on the assumption that "share consolidation" was conducted at the beginning of the previous fiscal year.

(2) Consolidated financial positions

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2019	322,683	187,475	56.2	2,119.23
As of March 31, 2018	342,086	193,593	54.2	2,123.09

Note: Owner's equity

As of March 31, 2019: 181,196 million yen

As of March 31, 2018: 185,247 million yen

* The Company conducted a 1-for-2 reverse stock split on its common shares (a consolidation of every two shares into one share, "share consolidation") on October 1, 2018. Therefore, "Net assets per share" is calculated on the assumption that "share consolidation" was conducted at the beginning of the previous fiscal year.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents, end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2019	13,999	(255)	(20,555)	24,161
Year ended March 31, 2018	16,639	(13,268)	3,355	31,299

2. Dividends

	Dividend per share					Total dividend paid Millions of yen	Payout ratio (consolidated) %	Ratio of total amount of dividends to net assets (consolidated) %
	First quarter	Second quarter	Third quarter	Fiscal year end	Total			
	Yen	Yen	Yen	Yen	Yen			
Year ended March 31, 2018	—	8.00	—	8.50	16.50	2,878	34.8	1.6
Year ended March 31, 2019	—	8.50	—	28.50	—	3,920	57.0	2.1
Year ending March 31, 2020 (Forecast)	—	18.00	—	28.00	46.00		44.7	

* Dividend per share for the fiscal year ended March 31, 2019 consists of ¥13.00 for ordinary dividend and ¥15.50 for special dividend.

* Dividend per share for the fiscal year ending March 31, 2020 consists of ¥18.00 for ordinary dividend and ¥10.00 for 120th anniversary commemorative dividend.

* The Company conducted “share consolidation” on October 1, 2018. Therefore, Dividend per share for the year ended March 31, 2019 reflects such “share consolidation” on October 1, 2018. Therefore, Dividend per share for the year ended March 31, 2019 reflects such “share consolidation” and Total Dividend per share states “—”. Without taking into account such “share consolidation”, Fiscal-year-end Dividend per share for the year ended March 31, 2019 would be ¥14.25 and Total Dividend per share for the year ended March 31, 2019 would be ¥22.75 (Dividend per share would be an increase of ¥6.25 compared with the last fiscal year). See “Explanation for the proper use of forecasts and other special instructions” for details.

3. Consolidated forecasts for the year ending March 31, 2020 (April 1, 2019-March 31, 2020)

(%: year-on-year change)

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months	95,000	5.5	5,000	26.8	6,200	16.6	3,850	126.1	45.03
Full year	192,000	3.1	10,850	23.4	13,100	16.0	8,800	27.3	102.92

4. Other

(1) Material changes in subsidiaries during this period (Changes in scope of consolidations resulting from change in subsidiaries)
: None

(2) Changes in accounting policies, accounting estimates and retrospective restatement

1) Changes in accounting policies based on revisions of accounting standard: None

2) Changes in accounting policies other than ones based on revisions of accounting standard: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(3) Number of issued and outstanding shares (common stock)

Number of issued and outstanding shares (including treasury stock):

As of March 31, 2019 : 86,386,615 shares

As of March 31, 2018 : 88,186,615 shares

Number of treasury stock:

As of March 31, 2019 : 885,392 shares

As of March 31, 2018 : 932,794 shares

Average number of shares:

Year ended March 31, 2019 : 86,628,224 shares

Year ended March 31, 2018 : 88,132,121 shares

*The Company conducted “share consolidation” on October 1, 2018. Accordingly, the number of issued and outstanding shares and the number of treasury stock at March 31, 2018 and the average number of shares for the year ended March 31, 2018 and 2017 have been calculated on the assumption that such “share consolidation” was conducted at the beginning of the previous fiscal year.

* Status of auditing processes

This Financial Results is not subject to audits by certified public accountants or auditing firms.

* Explanation for the proper use of forecasts and other special instructions

1. The forecasts are based on information currently available and certain assumptions judged to be reasonable. The Company’s actual results may differ materially from the forecasts as a result of numerous factors outside of Company’s control.

2. At the 141th General shareholders' meeting held on June 27, 2018, “share consolidation” on October 1, 2018 was approved. The Company also changed the share trading unit from 1,000 shares to 100 shares on the same date. Without taking into account such “share consolidation”, Dividends and consolidated financial results for the year ended March 31, 2019 would be as follows:

(1) Dividends for the year ended March 31, 2019

Dividend per share for the second quarter	¥8.50 (Note 1)
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Dividend per share for the fiscal year end	¥14.25 (Note 2)
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(2) Consolidated financial results for the year ended March 31, 2019 (full-year)

Net income per share for the year ended March 31, 2019	¥39.90
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Note 1: Dividend per share for the second quarter was paid according to the number of shares prior to the “share consolidation”.

Note 2: The amount is calculated without taking into account such “share consolidation”.

Note 3: The total annual dividend per share for the year ended March 31, 2019 without taking into account such “share consolidation” is projected to be ¥22.75.

Consolidated Financial Results

(1) Consolidated quarterly balance sheets

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	45,905	28,176
Notes and accounts receivable-trade	20,824	22,494
Real estate for sale	35	52
Work in process	77	14
Other	4,844	5,732
Allowance for doubtful accounts	(129)	(122)
Total current assets	71,558	56,347
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	71,777	71,841
Machinery, equipment and vehicles, net	3,673	2,915
Vessels, net	6,401	4,641
Tools, furniture and fixtures, net	765	910
Land	57,517	62,534
Construction in progress	390	5,192
Other, net	692	576
Total property, plant and equipment	141,219	148,611
Intangible assets		
Goodwill	2,145	62
Leasehold right	7,102	5,687
Software	1,399	1,502
Other	1,470	198
Total intangible assets	12,118	7,451
Investments and other assets		
Investment securities	108,463	102,344
Long-term loans receivable	506	492
Retirement benefit asset	190	—
Deferred tax assets	1,409	453
Other	6,893	7,256
Allowance for doubtful accounts	(273)	(275)
Total investments and other assets	117,190	110,272
Total non-current assets	270,527	266,335
Total assets	342,086	322,683

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable-trade	12,966	14,030
Current portion of bonds	7,000	—
Short-term loans payable	17,948	15,350
Income taxes payable	1,953	3,805
Provision for bonuses	1,644	1,741
Other	6,875	7,033
Total current liabilities	48,387	41,961
Non-current liabilities		
Bonds payable	33,000	33,000
Long-term loans payable	28,800	23,963
Deferred tax liabilities	26,642	24,166
Provision for retirement benefits for directors (and other officers)	38	52
Retirement benefit liability	2,755	3,437
Long-term deposits received	7,924	7,862
Other	943	764
Total non-current liabilities	100,105	93,246
Total liabilities	148,492	135,208
Net assets		
Shareholders' equity		
Capital stock	14,922	14,922
Capital surplus	15,491	13,112
Retained earnings	99,353	103,299
Treasury stock	(1,231)	(1,205)
Total shareholders' equity	128,537	130,129
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	52,132	48,328
Foreign currency translation adjustment	3,571	2,171
Remeasurements of defined benefit plans	1,006	568
Total accumulated other comprehensive income	56,710	51,067
Share acquisition rights	248	285
Non-controlling interests	8,097	5,993
Total net assets	193,593	187,475
Total liabilities and net assets	342,086	322,683

(2) Consolidated statements of income and consolidated statements of comprehensive income
(Consolidated statements of income)

(Millions of yen)

	Year ended March 31, 2018	Year ended March 31, 2019
Operating revenue		
Warehouse income	24,091	25,923
Harbor transportation income	35,429	38,035
International transportation income	38,026	40,075
Land transportation income	30,213	34,451
Shipping income	26,036	25,353
Rent income of warehouse and logistics facilities	5,433	5,546
Rent income of real estate	9,787	9,942
Other	6,738	6,844
Total operating revenue	175,756	186,172
Operating cost		
Cost of sales	107,315	116,670
Personal expenses	20,925	21,915
Rent expenses	10,268	10,814
Taxes and dues	2,050	2,150
Depreciation	7,092	6,955
Other	8,065	8,709
Total operating cost	155,716	167,217
Operating gross profit	20,039	18,955
Selling, general and administrative expenses		
Salaries and allowances and welfare expenses	5,194	5,380
Provision for bonuses	337	373
Retirement benefit expenses	247	208
Amortization of goodwill	362	197
Other	3,595	3,999
Total selling, general and administrative expenses	9,737	10,160
Operating income	10,302	8,795
Non-operating income		
Interest income	101	93
Dividend income	2,098	2,354
Share of profit of entities accounted for using equity method	466	276
Other	343	386
Total non-operating income	3,010	3,111
Non-operating expenses		
Interest expenses	391	441
Bond issuance cost	83	—
Other	153	169
Total non-operating expenses	628	611
Ordinary income	12,684	11,295

(Millions of yen)

	Year ended March 31, 2018	Year ended March 31, 2019
Extraordinary income		
Gain on sales of non-current assets	342	86
Gain on donation of non-current assets	28	15
Compensation income	—	2,000
Gain on sales of investment securities	299	3,142
Penalty income	—	165
Total extraordinary income	669	5,409
Extraordinary losses		
Loss on retirement of non-current assets	157	287
Impairment loss	—	5,102
Compensation expenses	170	—
Loss on disaster	—	152
Total extraordinary losses	327	5,542
Profit before income taxes	13,026	11,162
Income taxes-current	3,754	5,688
Income taxes-deferred	500	342
Total income taxes	4,254	6,031
Profit	8,771	5,131
Profit (loss) attributable to non-controlling interests	413	(1,781)
Profit attributable to owners of parent	8,358	6,912

(Consolidated statements of comprehensive income)

(Millions of yen)

	Year ended March 31, 2018	Year ended March 31, 2019
Profit	8,771	5,131
Other comprehensive income		
Valuation difference on available-for-sale securities	10,925	(3,830)
Deferred gains or losses on hedges	16	—
Foreign currency translation adjustment	313	(903)
Remeasurements of defined benefit plans, net of tax	583	(440)
Share of other comprehensive income of entities accounted for using equity method	53	(192)
Total other comprehensive income	11,892	(5,367)
Comprehensive income	20,663	(236)
(Comprehensive income attributable to)		
Owners of parent	20,172	1,269
Non-controlling interests	491	(1,505)

(3) Consolidated statements of changes in net assets

Year ended March 31, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	21,822	19,365	93,910	(8,936)	126,162
Changes of items during period					
Transfer to other capital surplus from capital stock	(6,900)	6,900			—
Dividends of surplus			(2,914)		(2,914)
Profit attributable to owners of parent			8,358		8,358
Purchase of treasury stock				(3,167)	(3,167)
Disposal of treasury stock		15		83	98
Retirement of treasury stock		(10,789)		10,789	—
Net changes of items other than shareholders' equity					
Total changes of items during period	(6,900)	(3,874)	5,443	7,705	2,374
Balance at end of current period	14,922	15,491	99,353	(1,231)	128,537

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	41,253	(10)	3,231	421	44,896	197	7,579	178,836
Changes of items during period								
Transfer to other capital surplus from capital stock								—
Dividends of surplus								(2,914)
Profit attributable to owners of parent								8,358
Purchase of treasury stock								(3,167)
Disposal of treasury stock								98
Retirement of treasury stock								—
Net changes of items other than shareholders' equity	10,879	10	339	584	11,813	51	518	12,383
Total changes of items during period	10,879	10	339	584	11,813	51	518	14,757
Balance at end of current period	52,132	—	3,571	1,006	56,710	248	8,097	193,593

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	14,922	15,491	99,353	(1,231)	128,537
Changes of items during period					
Dividends of surplus			(2,967)		(2,967)
Profit attributable to owners of parent			6,912		6,912
Purchase of treasury stock				(2,498)	(2,498)
Disposal of treasury stock		(6)		66	60
Retirement of treasury stock		(2,457)		2,457	—
Change in ownership interest of parent due to transactions with non-controlling interests		85			85
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(2,378)	3,945	25	1,592
Balance at end of current period	14,922	13,112	103,299	(1,205)	130,129

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	52,132	3,571	1,006	56,710	248	8,097	193,593
Changes of items during period							
Dividends of surplus							(2,967)
Profit attributable to owners of parent							6,912
Purchase of treasury stock							(2,498)
Disposal of treasury stock							60
Retirement of treasury stock							—
Change in ownership interest of parent due to transactions with non-controlling interests							85
Net changes of items other than shareholders' equity	(3,804)	(1,400)	(437)	(5,642)	36	(2,104)	(7,710)
Total changes of items during period	(3,804)	(1,400)	(437)	(5,642)	36	(2,104)	(6,118)
Balance at end of current period	48,328	2,171	568	51,067	285	5,993	187,475

(4) Consolidated statements of cash flows

(Millions of yen)

	Year ended March 31, 2018	Year ended March 31, 2019
Cash flows from operating activities		
Profit before income taxes	13,026	11,162
Depreciation	7,473	7,424
Impairment loss	—	5,102
Gain on donation of non-current assets	(28)	(15)
Compensation income	—	(2,000)
Amortization of goodwill	362	197
Increase (decrease) in allowance for doubtful accounts	(37)	(4)
Increase (decrease) in retirement benefit liability	449	238
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(3)	13
Increase (decrease) in provision for bonuses	58	98
Interest and dividend income	(2,200)	(2,448)
Interest expenses	391	441
Share of loss (profit) of entities accounted for using equity method	(466)	(276)
Loss (gain) on sales of non-current assets	(342)	(86)
Loss on retirement of non-current assets	157	287
Loss (gain) on sales of investment securities	(299)	(3,142)
Decrease (increase) in notes and accounts receivable-trade	(1,338)	(1,834)
Increase (decrease) in notes and accounts payable-trade	594	1,179
Increase (decrease) in deposits received	110	292
Other, net	44	(920)
Subtotal	<u>17,952</u>	<u>15,711</u>
Interest and dividend income received	2,282	2,687
Interest expenses paid	(397)	(454)
Income taxes paid	(3,197)	(3,945)
Net cash provided by (used in) operating activities	<u>16,639</u>	<u>13,999</u>
Cash flows from investing activities		
Payments into time deposits	(18,464)	(2,984)
Proceeds from withdrawal of time deposits	10,388	13,405
Purchase of property, plant and equipment	(5,632)	(13,533)
Proceeds from sales of property, plant and equipment	1,281	133
Purchase of intangible assets	(1,177)	(624)
Purchase of investment securities	(36)	(40)
Proceeds from sales of investment securities	449	3,597
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(143)	—
Payments of loans receivable	(17)	(26)
Collection of loans receivable	34	37
Other, net	49	(218)
Net cash provided by (used in) investing activities	<u>(13,268)</u>	<u>(255)</u>

(Millions of yen)

	Year ended March 31, 2018	Year ended March 31, 2019
Cash flows from financing activities		
Increase in short-term loans payable	2,879	2,386
Decrease in short-term loans payable	(7,033)	(2,438)
Proceeds from long-term loans payable	6,650	3,607
Repayments of long-term loans payable	(7,822)	(10,990)
Proceeds from issuance of bonds	15,000	—
Redemption of bonds	(100)	(7,000)
Proceeds from sales of treasury stock	79	38
Purchase of treasury stock	(3,167)	(2,498)
Cash dividends paid	(2,913)	(2,966)
Cash dividends paid to non-controlling interests	(73)	(510)
Other, net	(142)	(183)
Net cash provided by (used in) financing activities	3,355	(20,555)
Effect of exchange rate change on cash and cash equivalents	12	(326)
Net increase (decrease) in cash and cash equivalents	6,739	(7,138)
Cash and cash equivalents at beginning of period	24,559	31,299
Cash and cash equivalents at end of period	31,299	24,161

(5) Segment Information

[Segment Information]

1. General information about reportable segments

The reportable segments are the components of our Group, for each of which discrete financial information is available, and whose operating results are regularly reviewed by the Company's board of directors to make decisions about resources to be allocated to each segment and assess its performance.

The Company, in cooperation with its domestic and overseas subsidiaries, operates "Logistics business" including warehousing, harbor transportation, international transportation and land transportation etc., which, constituting respective parts of total logistics business, have a mutual relationship to each other and are deemed to be inseparable in management of the Company, and "Shipping business" consisting mainly of vessel operations on the routes between the northwest coast of North America and East Asia by our subsidiary Westwood Shipping Lines, Inc. In addition to these, the Company promotes "Real estate business" including leasing and sales of real estate etc., with a dedicated department in its head office, mainly in such way as to put its real estate to more effective use.

The Company's business comprises the segments corresponding to each business as mentioned above, and the Company presents "Logistics", "Real estate" and "Shipping" as its three reportable segments.

2. Information related to operating revenue, income (loss), assets, and other items by reportable segment

Year ended March 31, 2018

(Millions of yen)

	Reportable segment				Adjustment (Note 1)	Amount in consolidated statements of income (Note 2)
	Logistics	Shipping	Real estate	Total		
Operating revenue						
Operating revenue to outside customers	139,523	26,036	10,196	175,756	—	175,756
Intersegment transfers	591	386	399	1,376	(1,376)	—
Total	140,114	26,422	10,595	177,133	(1,376)	175,756
Segment income (loss)	9,865	(76)	5,250	15,038	(4,736)	10,302
Segment assets	146,211	15,945	44,764	206,921	135,164	342,086
Other items						
Depreciation	4,126	526	2,346	6,999	474	7,473
Amortization of goodwill	4	358	—	362	—	362
Investment in associates accounted for by equity method	6,171	22	—	6,193	—	6,193
Additions to property, plant and equipment and intangible assets	3,697	542	2,706	6,947	768	7,715

Notes: 1. (1) Adjustment in segment income (loss) of ¥(4,736) million includes company-wide expenses of ¥(4,795) million, which are not allocated to the respective reportable segments. Company-wide expenses consist mainly of the expenses not assignable to neither of the reportable segments for administrative departments of the Company and some of its consolidated subsidiaries.

(2) Adjustment in segment assets of ¥135,164 million includes company-wide assets of ¥135,469 million, which are not allocated to the respective reportable segments. Company-wide assets consist mainly of working funds (cash and deposits), long-term investments (investment securities) and assets of administrative departments, of the Company and some of its consolidated subsidiaries, which are not assignable to neither of the reportable segments.

(3) Adjustment in additions to property, plant and equipment and intangible assets of ¥768 million consist of the capital investments not assignable to neither of the reportable segments for administrative departments of the Company and some of its consolidated subsidiaries.

2. Segment income (loss) is adjusted to coincide with operating income as recorded on the consolidated statements of income.

	Reportable segment				Adjustment (Note 1)	Amount in consolidated statements of income (Note 2)
	Logistics	Shipping	Real estate	Total		
Operating revenue						
Operating revenue to outside customers	150,763	25,353	10,055	186,172	—	186,172
Intersegment transfers	531	519	416	1,467	(1,467)	—
Total	151,294	25,873	10,472	187,640	(1,467)	186,172
Segment income (loss)	10,328	(1,671)	5,058	13,715	(4,920)	8,795
Segment assets	154,566	10,053	45,243	209,863	112,820	322,683
Other items						
Depreciation	4,210	431	2,277	6,918	506	7,424
Amortization of goodwill	22	175	—	197	—	197
Investment in associates accounted for by equity method	6,006	—	—	6,006	—	6,006
Additions to property, plant and equipment and intangible assets	12,329	303	2,904	15,537	397	15,935

Notes: 1. (1) Adjustment in segment income (loss) of ¥(4,920) million includes company-wide expenses of ¥(4,865) million, which are not allocated to the respective reportable segments. Company-wide expenses consist mainly of the expenses not assignable to neither of the reportable segments for administrative departments of the Company and some of its consolidated subsidiaries.

(2) Adjustment in segment assets of ¥112,820 million includes company-wide assets of ¥113,250 million, which are not allocated to the respective reportable segments. Company-wide assets consist mainly of working funds (cash and deposits), long-term investments (investment securities) and assets of administrative departments, of the Company and some of its consolidated subsidiaries, which are not assignable to neither of the reportable segments.

(3) Adjustment in additions to property, plant and equipment and intangible assets of ¥397 million consist of the capital investments not assignable to neither of the reportable segments for administrative departments of the Company and some of its consolidated subsidiaries.

2. Segment income (loss) is adjusted to coincide with operating income as recorded on the consolidated statements of income.

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