

# SENKO INTEGRATED REPORT 2023



# Our Philosophy

## Universal Mission and Vision

### Corporate Group Creating Future Trends

As a corporate group fostering people and supporting people's lives, we contribute to achieve a genuinely productive global society by continuously challenging efforts to create new trends in terms of products and services that shift the future; centering on our physical and commercial distribution business.

## Slogan

Our Thoughts into a Mission & Vision

# Moving Global

Go beyond logistics Make the world go round Revolutionize business

## Corporate Values

Values that should be shared with all our group employees (IP CReD)

Integrity

Passion

Commitment

Respect

Diversity

\*In the abbreviation "IP CReD," "IP" means "maintaining identity," while "CReD" is Latin for "will, belief."



## Overview of the SENKO Group

History of the SENKO Group	3
Review of Businesses (At a Glance)	5
Business Activities	7
Logistics	
Trading & Commerce	
Living Support	
Business Support	

## Strategies for Sustained Growth

Feature: Manufacturing at the SENKO Group	17
Relationship between Business Activities and the SDGs	21
A Message from the President	23
Medium-Term Business Plan	27

## Foundation for Growth

Promoting Sustainability Management	31
Environment	33
Social	39
Safety	44
Governance	47
Health	51

## Data Section

Ten-year Financial and Nonfinancial Highlights	53
Financial Review	55
Consolidated Balance Sheets	57
Share Status and Company Profile	62

### Editorial Policy

In order to realize our vision, it is essential that we undertake corporate activities in accordance with thinking that leverages both financial and nonfinancial capital as well as timely, precisely targeted decision-making. We believe that it is also important that we disclose information about strategy and corporate activities in a spirit of good faith to earn stakeholders' understanding. This report has been compiled to serve as a communication tool that offers readers a far-ranging, deep-reaching understanding of all of the SENKO Group's business activities, including financial data as well as information about environment, social, and governance (ESG) initiatives, by presenting a multifaceted, integrated description of how the Group will address social issues through its businesses and what kind of value it will create going forward. We're committed to fulfilling the imperative of accountability by disclosing information in a timely and appropriate manner through this report as well as our corporate website, securities reports, the SENKO Group Report, and other tools.

### Reference Guidelines

International Integrated Reporting Council (IIRC, currently the IFRS Foundation) International Integrated Reporting Framework  
SASB (Sustainability Accounting Standards Board) Guidance for Collaborative Value Creation (Ministry of Economy, Trade and Industry)

### Scope of Report

The scope of coverage includes the activities of SENKO Group Holdings Co., Ltd. and group companies.

### Reporting Period

This report covers business activities for the period between April 1, 2022, and March 31, 2023. However, some activities that took place after April 2023 are also covered.

### Disclaimer

The SENKO Group provides no guarantee concerning the outcome of the forward-looking statements in this report as they will be affected by various factors, including unforeseen changes in economic conditions.



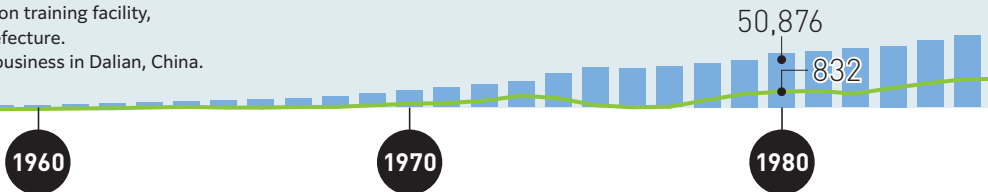


# History of the SENKO Group

## Embracing value creation beyond logistics Continuing to contribute to people's lives and the development of society

One century has passed since the founding of Tomita Shokai, the SENKO Group's forerunner, in 1916. The Group has expanded in both its businesses and its performance by embracing the challenge of pioneering innovation in every era. It transformed itself into a logistics and information company by introducing an operational system that integrates information and logistics. We continue to realize growth by pioneering businesses that contribute to people's lives and the development of industry and society, for example by providing services that integrate distribution and logistics and through our Living Support business, which meets the needs of contemporary society. As we look towards the next 100 years, the SENKO Group is more eager than ever to embrace challenges as it strives to resolve social issues and create new value through its businesses.

- 1916** Tomita Shokai is founded as a specialized distributor for Nippon Chisso Hiryo.
- 1946** SENKO Transport Co., Ltd. is established.
- 1961** The Company is listed on the Second Section of the Osaka Securities Exchange.
- 1965** The Company pioneers the introduction of computers in the distribution industry.
- 1970** The Company launches a distribution (logistics) consulting service.
- 1973** The Company changes its name to SENKO Co., Ltd.
- 1978** The Company makes a full-scale entry into the house moving business.
- 1980** The Company starts implementing comprehensive multi-functional warehouses (PD centers) with the opening of the Nanko PD Center in Osaka.
- 1985** The Company launches a delivery system for mass-merchandisers/retailers and a distribution business for chain stores.
- 1990** The Company is listed on the First Section of the Tokyo Stock Exchange.
- 1996** Crefeel Koto, a traffic safety and distribution training facility, opens in the city of Higashi Omi, Shiga Prefecture.
- 1997** The Company launches a logistics center business in Dalian, China.
- 2004** The Company enters the temping agency sector with the establishment of S-TAFF Co., Ltd.
- 2009** Tokyo Nohin Daiko Co., Ltd. becomes a subsidiary of the Company.
- 2011** Smile Corp. becomes a subsidiary of the Company.
- 2013** AST CORPORATION becomes a subsidiary of the Company.
- 2014** Runtec Corporation becomes a subsidiary of the Company as it makes a full-fledged entry into the cold logistics business.
- 2015** Laem Chabang Logistics Center opens in Thailand.
- 2016** Care Terrace Co., Ltd. becomes a subsidiary of the Company as it makes a full-fledged entry into the nursing care business.
- 2017** The Company changes its name to SENKO Group Holdings Co., Ltd. and transitions to a holding company structure. Nippon Marine Co., Ltd. and Eikichi Kaiun Co., Ltd. become subsidiaries of the Company as it expands its marine transport business. Skylift Consolidator (Pte) Ltd. becomes a subsidiary of the Company as it enters the international airfreight business. Blue Earth Japan Co., Ltd. becomes a subsidiary of the Company as it enters the fitness sector.



### 1916

#### Founding of Tomita Shokai, the forerunner of SENKO

Tomita Shokai was established in 1916 as a specialized distributor for Nippon Chisso Hiryo, a chemical industry conglomerate. In 1941, the company name was changed to Nicchitsu Unyu, and became a subsidiary of Nippon Chisso Hiryo.

The post-war policy of breaking up corporate groups known as *zaibatsu* led to Nicchitsu Unyu being dissolved in 1946. The Japanese character for *sen* (fan) used in the name of the new company was a reference to one element in the logo of the former Nippon Chisso Hiryo, which showed a Japanese "rising sun" on a folding fan.



SENKO Transport's emblem at the time of its establishment

### 1950

#### Development and expansion of transport structures

In 1965, the company installed the first computer ahead of competitors, and in 1970 began to further bolster its information and proposal-writing skills, for example by training logistics consultants. In 1973, to express our determination to take on the challenges of businesses other than distribution, the corporate name was changed to SENKO Co., Ltd.



### 1980

#### Transformation into a comprehensive logistics company

In 1980, we began the nationwide expansion of PD centers, incorporating multiple functions such as storage, shipping, and distribution processing. In 1985, we started major home center operations.

In 1996, we opened Crefeel Koto, the Company's comprehensive training center for transportation safety and distribution in Shiga Prefecture. We have improved education for drivers and forklift operators, and are further boosting quality and productivity on site. In 1981, we had already established a local subsidiary in the United States, and in 1996 we opened our first distribution center in China as part of our full-fledged expansion overseas.



Crefeel Koto



■ Non-consolidated revenue (millions of yen) ■ Consolidated revenue (millions of yen) — Ordinary profit (millions of yen)

- 2020** Terauchi Co., Ltd. becomes a subsidiary of the Company as it expands its Living Support business.
- 2021** Self Grow Inc. becomes a subsidiary of the Company as it looks to accommodate increased hiring of foreign human resources.  
Cartas Co., Ltd. becomes a subsidiary of the Company as it expands its share in the home-use paper wholesale industry.
- 2022** ZEROBRANDS Inc. is established and develops a sustainable fashion network with the goal of eliminating disposal of apparel products.  
The Group acquires Chuo Kagaku Co., Ltd. and enters the Products Business.
- 2023** The Group acquires Nissei Security Services Co., Ltd. and expands its general human resources business.



## 2000

### Transition from a comprehensive logistics company to a logistics information company

Expanded in Japan and overseas using logistic centers equipped with a range of capabilities, and significantly increased storage area. The Company also became fully active in M&As, welcoming companies with strengths in apparel/fashion and frozen/chilled shipping to the SENKO Group, in this way diversifying the logistics services it provides. Even in Trading & Commerce, the Company added trading company distributors and other companies to the SENKO Group and broadened its business domain, for example by providing integrated trading and logistics services.



## 2015

### Becoming a group that creates the trends of the future

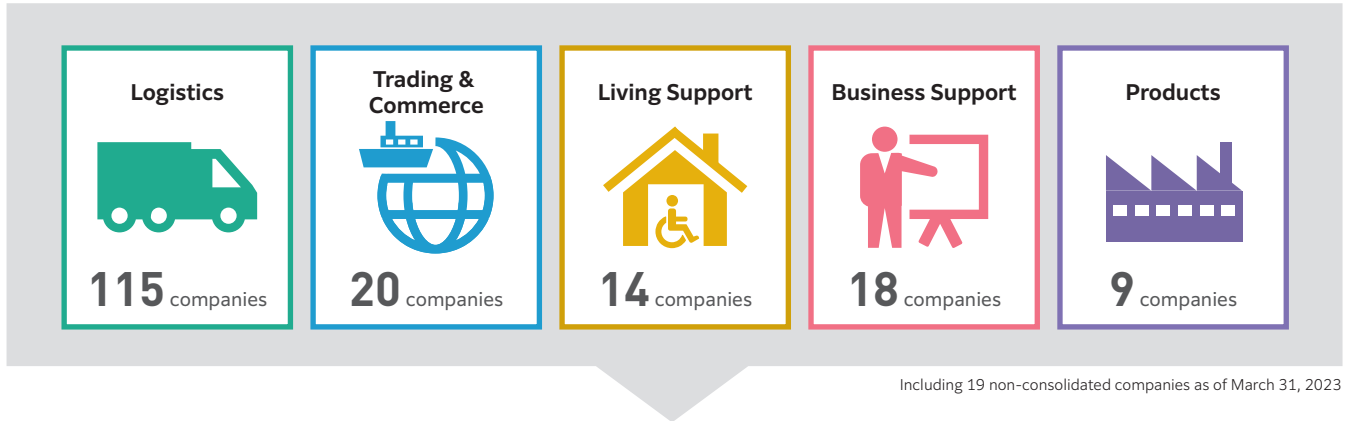
September 2016 marked the 100th anniversary of the Company. The company's name was changed to SENKO Group Holdings Co., Ltd. in April 2017 (as part of the transition to a holding company structure), and a new corporate philosophy was formulated. Today's SENKO Group consists of five domains, each of which continues to grow its own operations: Logistics, Trading & Commerce, Living Support, Business Support, and Products.



# At a Glance

## Delivering new value to people and society: Business development at the SENKO Group

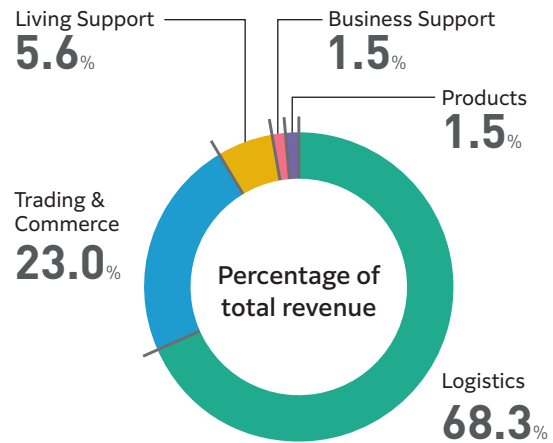
Building on the Logistics business, which comprises the basis for our growth, we're taking advantage of Group synergies to develop business that make a positive impact on society, for example through our Trading & Commerce business, which integrates distribution and logistics, and through our Business Support business, which provides advanced solution services. We're also creating and expanding businesses that deliver new value to people and society, for example by launching a new Products Business.



### Principal business indicators

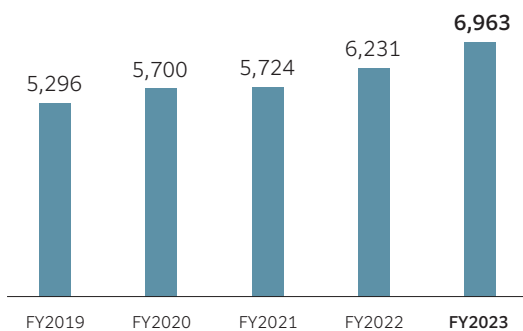
Revenue	<b>¥696.3</b> billion
Operating profit	<b>¥25.5</b> billion
Ordinary profit	<b>¥26.2</b> billion
Net income attributable to owners of parent	<b>¥15.3</b> billion
ROE	<b>10.0%</b>
Net D/E ratio	<b>1.05</b>

### Breakdown of revenue



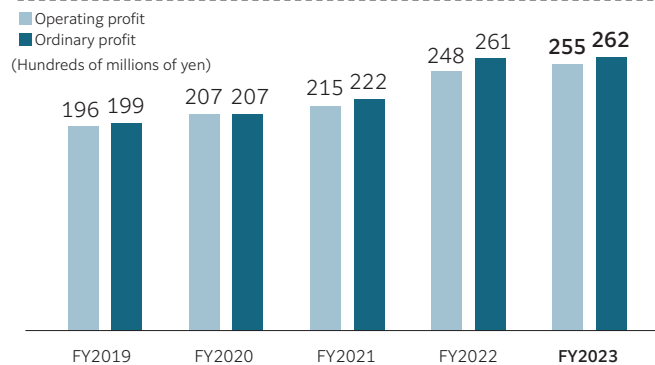
### Revenue

(Hundreds of millions of yen)



### Operating profit and ordinary profit

(Hundreds of millions of yen)



## Environment

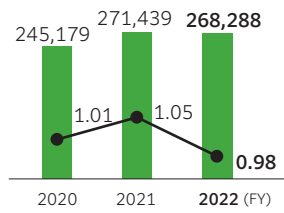
### CO<sub>2</sub> emissions\*<sup>1</sup> (land transport business)

**268,288** t-CO<sub>2</sub>

CO<sub>2</sub> emissions per 1 million yen of revenue

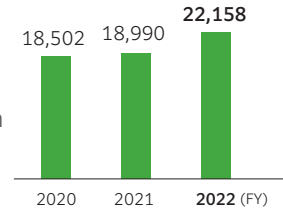
**0.98** t-CO<sub>2</sub>/1 million yen

\*1 Total, Scope 1 + Scope 2



### Renewable energy solar power generation

**22,158,000** kWh



### CO<sub>2</sub> reduction activity results

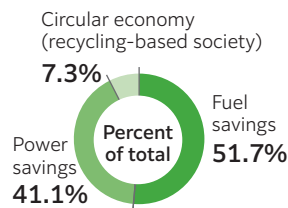
**4,065** t-CO<sub>2</sub>

Scope1 (fuel savings) **2,100** t-CO<sub>2</sub>

Scope2 (power savings) **1,670** t-CO<sub>2</sub>

Scope3 (recycling-based society\*) **295** t-CO<sub>2</sub>

\*2 Activities to reduce environmental impacts through the reuse and recycling of resources



### Green distribution modal shift rate\*<sup>3</sup>

**64.7%**



\*3 Value for SENKO Co., Ltd.

### Environmentally friendly vehicles as a percentage of the fleet\*<sup>4</sup>

**92.3%**



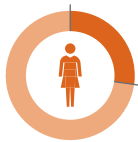
\*4 Excluding private, non-sales vehicles.

## Social

### Diversity

Percentage of female directors

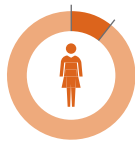
**27.3%**



(As of June 28, 2023)

Females as a percentage of management positions

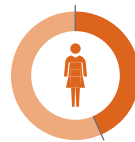
**10.7%**



(As of March 31, 2023)

Females as a percentage of newly hired graduates

**43.4%**



(Regular hiring in April 2023)

### Social initiatives

Number of blood donors

**564** participants



## Safety

Safety Excellence Workplace-certified sites (G Mark workplaces)

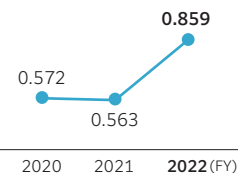
Number of certified sites **187**

Certification ratio **100%**

Nationwide certification ratio for truck transport workplaces **32.8%**

Vehicle accident frequency rate\*<sup>5</sup>

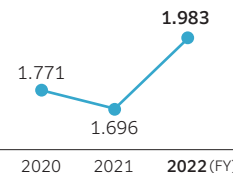
**0.859**



\*5 Scope: SENKO Co., Ltd. and SENKO Group logistics companies

Occupational accident frequency rate\*<sup>5</sup>

**1.983**



## Governance

Ratio of outside directors

**36.4%**



Ratio of external auditors

**50%**



(As of June 28, 2023)

## ESG indexes for which SENKO has been selected

2023 Constituent MSCI Japan \*<sup>6</sup>  
ESG Select Leaders Index

2023 Constituent MSCI Japan Empowering \*<sup>6</sup>  
Women Index (WIN)



FTSE Blossom Japan Sector Relative Index

\*6 Neither inclusion in MSCI indexes nor use of MSCI's logo, trademarks, service marks, or index names on this page should be construed to indicate the support, guarantee, or promotion of SENKO Group Holdings Co., Ltd. by MSCI or its affiliates. MSCI indexes are the exclusive property of MSCI. The names and logos of MSCI and its indexes are trademarks or service marks of MSCI and its affiliates.



# Logistics Group

## Combining proprietary strengths to provide new services that go beyond logistics

We provide logistics solutions that take advantage of our combined capabilities to customers in a broad range of industries and sectors, including distribution logistics for general supermarkets, drugstores, and apparel; housing and chemical logistics, both areas where we have a long track record of success; and food logistics, a market where we've built a nationwide network for cold (frozen and refrigerated) logistics.

In addition to providing stable shipping services through a natural disaster-resilient network served by our own ships, we've working to provide strategic logistics services in support of customers and business activities as a leading logistics environment company, for example through early support for green logistics.

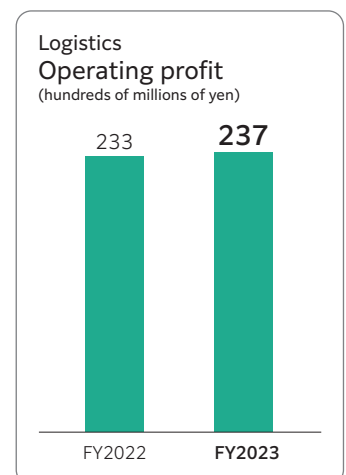
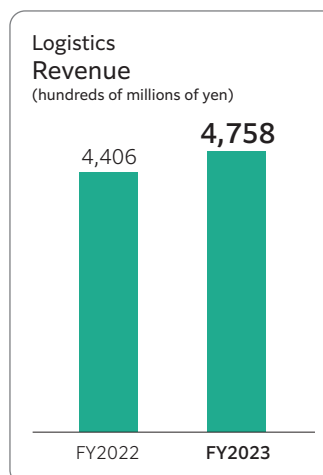
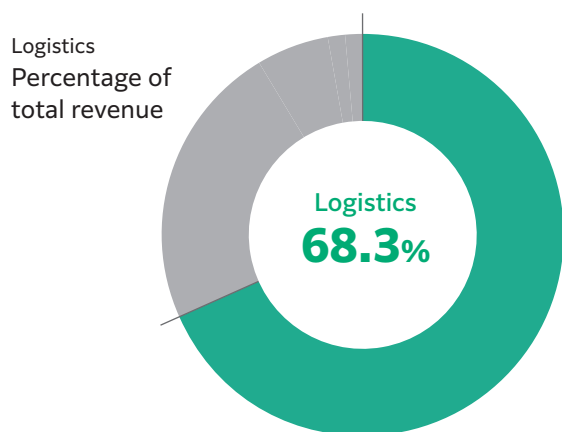
### Principal companies

SENKO Co., Ltd. / Runtec Corporation / Tokyo Nohin Daiko Co., Ltd. / SENKO A LINE AMANO Co., Ltd. / ACROSS TRANSPORT Corp. / Nippon Marine Co., Ltd.



## Review of Businesses

Despite challenges including increases in the cost of electricity and fuel and a rapid decline in freight movements during the second half of the fiscal year, operating revenues rose 35,267 million yen from the previous year to 475,833 million yen while segment profit rose 472 million yen to 23,748 million yen thanks to factors including efforts to grow sales and revise prices and contributions from M&As.



\*Segment accounting standards have changed.

# TOPICS

**Integrated land/sea shipping company  
Ohnami Corporation becomes part of the SENKO Group**

## Expanding domestic and overseas demand by strengthening SENKO's heavy cargo shipping network

The SENKO Group offers integrated land/sea shipping services for heavy cargo via multiple companies with heavy cargo shipment and marine shipment businesses. In February 2023, Ohnami Corporation, a former subsidiary of Hitachi Zosen Corporation with integrated land/sea shipping capabilities and a successful track record in services including handling, storage, shipment, and customs clearance of heavy and oversize cargo, became part of the SENKO Group. In addition to applying the company's heavy cargo shipping, export, and packaging expertise horizontally across the Group to expand its global heavy cargo shipping business, we will look to leverage the Group's network to streamline shipping operations, for example by utilizing round-trip and combined shipments.

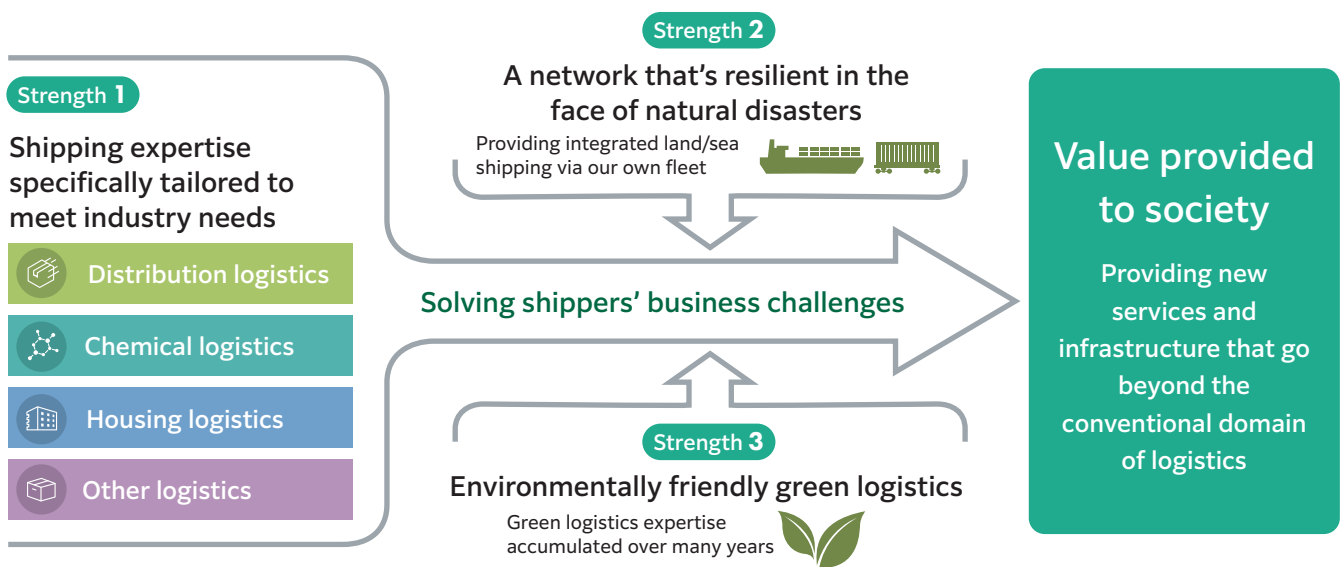
In addition, Ohnami plans to partner with Group companies to advance its mechanical engineering business and to expand operations involving the shipment and installation of large structural components and precision machinery.



## Business strengths

### Tapping proprietary strengths to provide new value to customers and society

The SENKO Group has accumulated extensive shipping expertise for different industries over more than 100 years since its founding. The quality of our logistics services is highly regarded. In addition, we're helping improve customers' corporate value by realizing efficient, low-environmental-impact shipping service through green logistics and an integrated sea/land modal shift, a proprietary capability of the SENKO Group, which operates its own fleet of ships.

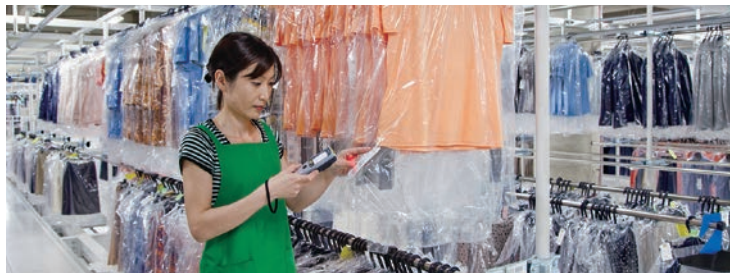
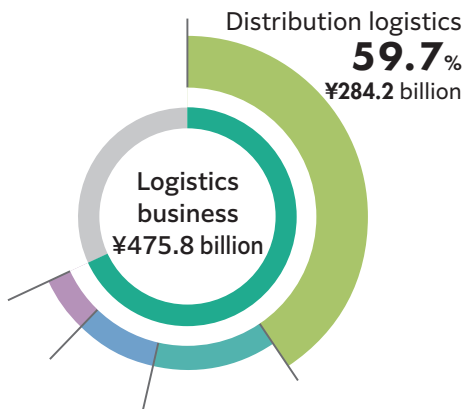


# Logistics Group

## Distribution logistics

Percentage of total revenue

# 59.7%



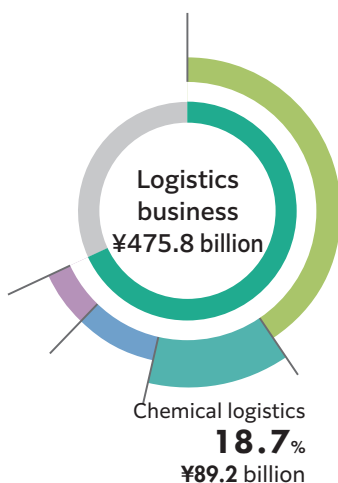
**Mass retailers, retailers, food, fashion, etc.**

Building on our logistics track record for chain store operators, we provide optimal logistics solutions for customers in every segment of the distribution industry. In fashion logistics, we provide seamless capability from overseas production to domestic retail with product management, logistics processing, and quality control (QC) operations.

## Chemical logistics

Percentage of total revenue

# 18.7%



**Resin raw materials, resin molded products, processed goods, etc.**

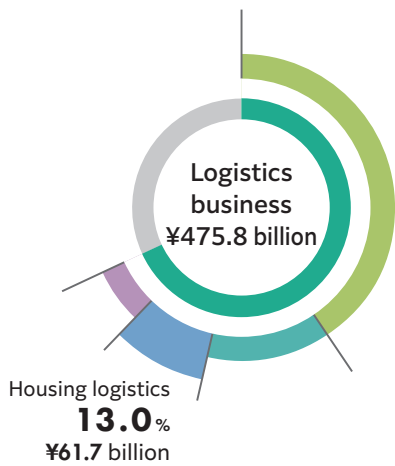
Taking advantage of chemical logistics expertise accumulated since our founding, we offer a comprehensive range of operations, from raw material procurement to order processing, internal plant logistics, storage, and delivery. We also offer comprehensive outsourcing operations with planning and management department functions, for example creation of logistics budgets and development of supply/demand plans.



# Housing logistics

Percentage of total revenue

# 13.0%



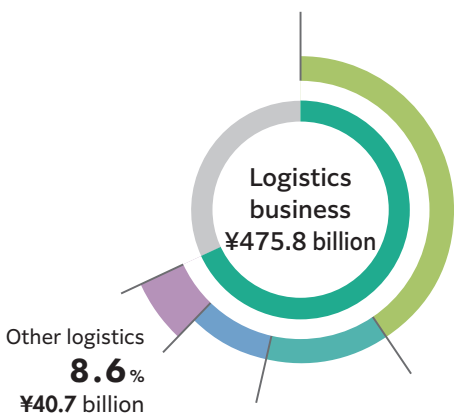
## Homebuilder products, associated materials, etc.

Our housing logistics business has accumulated a leading track record as it's developed alongside progress in industrialized housing. We built TGC-J, a proprietary logistics system that integrates logistics and information. Moreover, we earn customer trust with a variety of services, including joint shipments, just-in-time shipments, and heavy-cargo delivery.

# Other logistics

Percentage of total revenue

# 8.6%



## Services for individuals and corporations, hospital relocations, etc.

We offer a pleasant moving experience designed to ensure peace of mind by directly connecting domestic and overseas facilities for individuals as well as office relocation and other services for corporations. We also leverage our logistics technologies in support of hospital relocations and patient transfers as part of a suite of reliable, fine-grained relocation services that ensure no interruption in hospital functions, earning high praise in the process.

# Trading & Commerce Group

## Operating a global Trading & Commerce business that integrates logistics and distribution in the pursuit of maximum efficiency

Our commerce business provides support for international transactions through the import and export of customers' products and raw materials.

In every business and area of operations, from the wholesale of alcoholic beverages and paper products to the sale of food and logistics-related products and the sale of fuel using fuel cards, we work to maximize efficiency by integrating logistics and information systems. Our goal is to create new businesses by connecting a diverse range of supply chains and businesses while moving beyond the framework of conventional logistics businesses.

### Principal companies

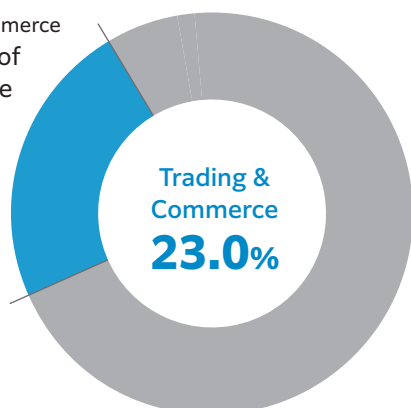
SENKO Shoji Co., Ltd. / AST CORPORATION / Smile Corp. / AZFIT Co., Ltd. / Marufuji Co., Ltd. / SENKO International Trading Co., Ltd.



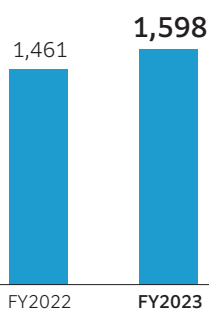
## Review of Businesses

Despite the contribution from Cartas Co., Ltd., a home-use paper wholesaler that became a consolidated subsidiary last fiscal year, and efforts to revise prices, grow sales, and improve the cost picture, factors including declining demand for packaging materials used in takeout and delivery services and rising purchase price weighed on performance as operating revenues rose 13,697 million yen from the previous year to 159,821 million yen. Segment profit fell 26 million yen to 2,421 million yen.

Trading & Commerce  
Percentage of  
total revenue



Trading & Commerce  
Revenue  
(hundreds of millions of yen)



Trading & Commerce  
Operating profit  
(hundreds of millions of yen)



\*Segment accounting standards have changed.

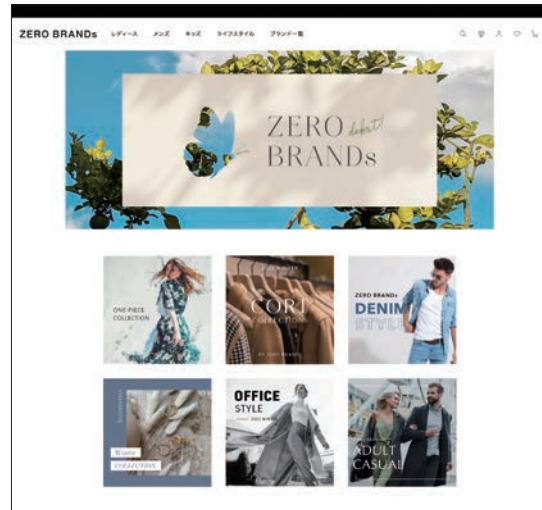
# TOPICS

The Group launches the industry's first sustainable fashion platform

## Establishing a new company and helping partners eliminate disposal of fashion products

“Is it possible to reduce the volume of products targeted for disposal as surplus inventory?” ZEROBRANDS Inc. was established to resolve this issue as a logistics company that provides logistics services to fashion companies.

In August 2022, the new company began building the industry's first platform to incorporate product remanufacturing, resale, and recycling functions. It plans to work closely with companies that share its philosophy, including by developing joint logistics services extending from product returns to resale, partnerships with inventory sales channels, and administration of e-commerce sites. By connecting a diverse range of supply chains and businesses, ZEROBRANDS will create a new business that contributes to the development of a sustainable society by transforming resold products into valuable offerings.

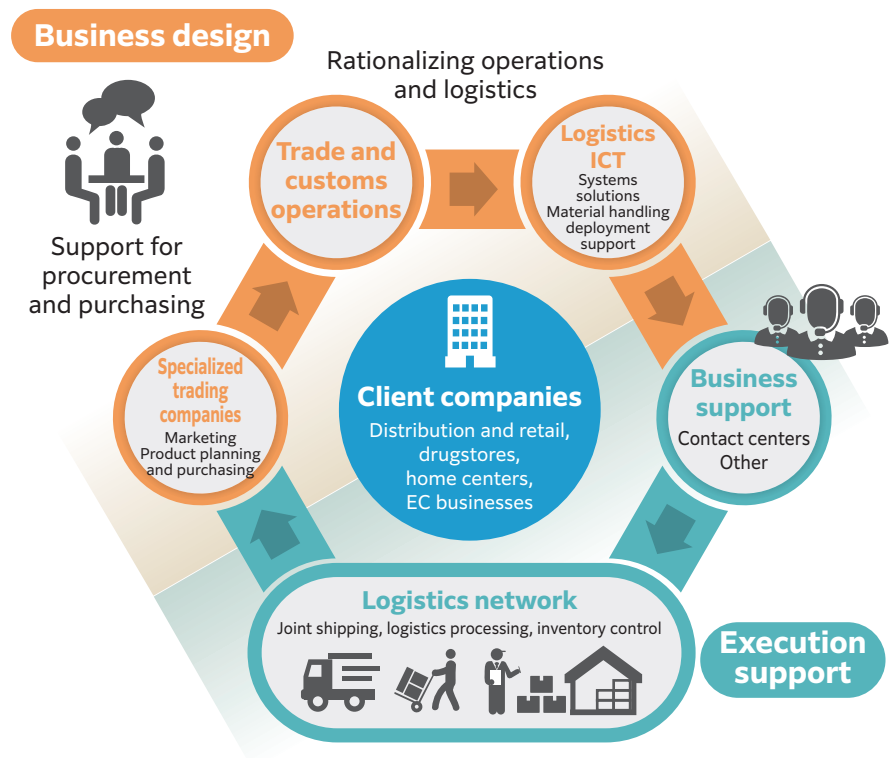


## Business strengths

### The SENKO Group's approach of integrating products and logistics connects customers to the world.

SENKO discovers business opportunities and procures products from various suppliers. Taking advantage of Group companies' logistics expertise, we help craft and successfully execute business designs.

From production plants to small retail shops, we realize optimal supply chain management (SCM) through integrated logistics operations and proprietary, advanced IT systems. The SENKO Group's approach of integrating products and logistics in its businesses provides comprehensive support for customers' development of their businesses.





# Living Support Group

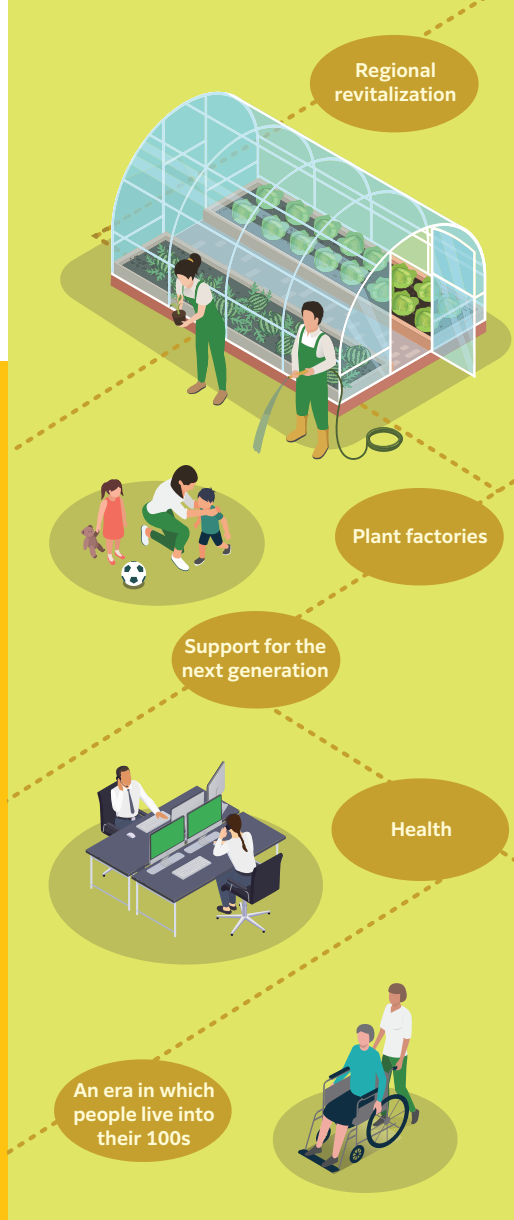
Helping create communities where everyone can lead a fulfilling life with peace of mind by positioning ourselves close to consumers' lifestyles

We entered the Living Support business to meet social needs as a corporate group that supports people's lives. Group companies' businesses earn praise for contributing to the sustained development of local communities, including operating sports gyms and fitness programs that focus on health in an era when people are living into their 100s, providing nursing care and nursing services, operating agricultural businesses that contribute to regional industry and job creation (plant factories), and offering services in areas like housework and childcare.

Going forward, we'll work to expand our business domain and increase the sophistication of our services so that we can support consumers throughout their lives.

## Principal companies

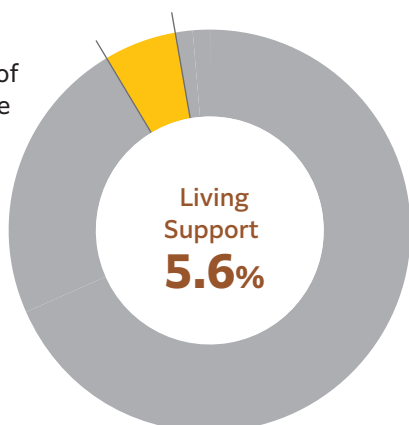
Care Terrace Co., Ltd. / Blue Earth Japan Co., Ltd. / Venus Corporation / Terauchi Co., Ltd. / Procure Co., Ltd. / Senko School Farm Tottori Co., Ltd.



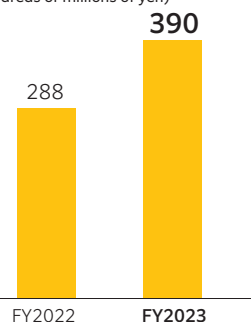
## Review of Businesses

Thanks to factors including growth in customer volume and store foot traffic as a result of the post-pandemic normalization of daily life and contributions from new stores and M&As, operating revenues rose 10,172 million yen from the previous year to 38,985 million yen, while segment profit rose 894 million yen to 186 million yen.

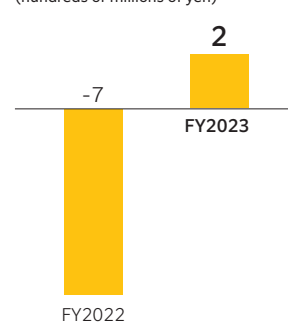
Living Support  
Percentage of  
total revenue



Living Support  
Revenue  
(hundreds of millions of yen)



Living Support  
Operating profit  
(hundreds of millions of yen)



\*Segment accounting standards have changed.

# TOPICS

Striving to further enhance Living Support services

## ARS Co., Ltd., a provider of urgent services, joins the SENKO Group

ARS Co., Ltd. operates a nationwide business that dispatches specialized staff to deal with problems that demand urgent service, including electrical and plumbing issues and problems involving locks and keys. Other businesses encompass a broad range of operations, including dispatching ARS employees and staff from some 3,000 partner companies nationwide to provide virus and bacteria sterilization, housecleaning, pest extermination, and related services and developing and administering an online service that pairs customers with service providers.

For ARS, the benefits from joining the SENKO Group include the ability to expand its in-house facilities and develop new corporate systems. The company plans to develop a full line of lifestyle services, for example by having its call center accept orders for housekeeping and other services provided by other Group companies.

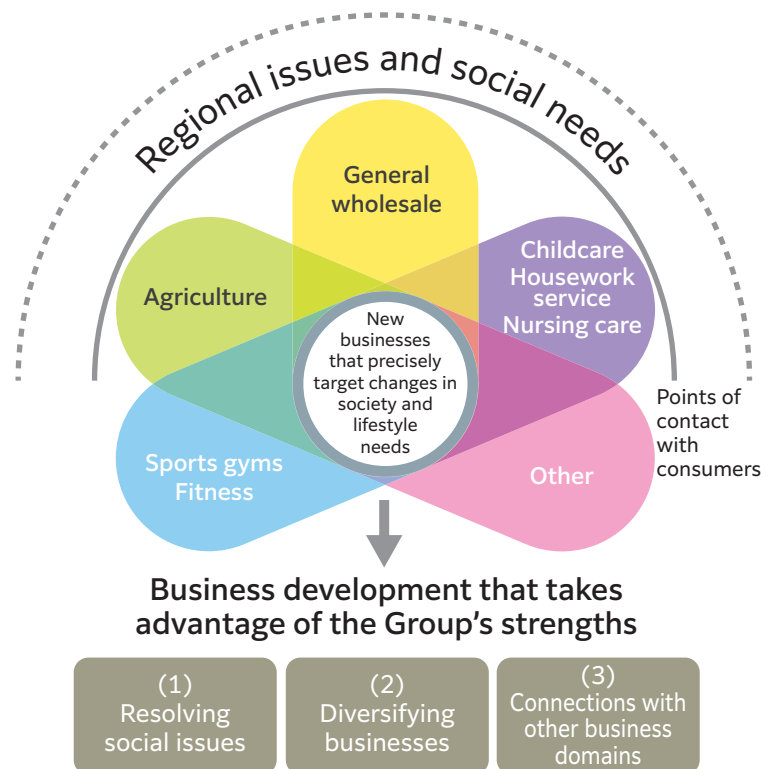


## Roles of the business

### Responding to social needs: Putting down local roots and supporting consumers' lifestyles

In our Living Support business, we strive to identify trends in society and discover new social value. The SENKO Group is committed to making a positive impact on society by redoubling investments centering on businesses related to health, lifestyles, and food in a way that meets contemporary social needs.

We will also accelerate the creation of businesses and new services that fit into consumers' lives while maximizing synergies with group companies. In this way, we will contribute to the extension of health lifespan, enrich nursing care and social welfare, and realize sustainable local communities.



# Business Support Group

## Optimizing logistics through solution consulting, ICT support, and other services while creating logistics services that increase customers' corporate value

To realize an optimal logistics system that accommodates a diverse array of customer needs, we're developing a logistics consulting business as well as an information systems business that develops and administers IT solution systems.

We're also enhancing business process outsourcing (BPO) services that let businesses outsource certain operations, for example contact center operations, for staffing agencies and mail order businesses. These services provide omnidirectional support for customers' business activities, for example by resolving issues like labor shortages and allowing them to focus on core operations that create value.

### Principal companies

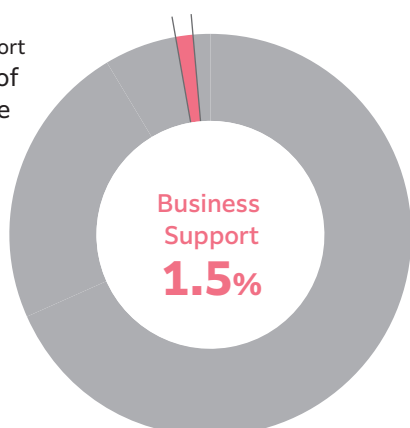
Logi Solution Co., Ltd. / SENKO INFORMATION SYSTEM Co., Ltd. / Senko Real Estate Co., Ltd. / S-TAFF Co., Ltd. / Senko Business Support Co., Ltd.



## Review of Businesses

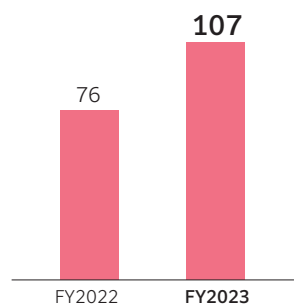
Thanks to factors including efforts to grow sales and improve the cost picture and contributions from M&As, operating revenues rose 3,107 million yen from the previous year to 10,733 million yen, while segment profit rose 152 million yen to 1,252 million yen.

Business Support Percentage of total revenue



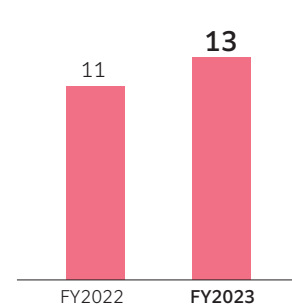
Business Support Revenue

(hundreds of millions of yen)



Business Support Operating profit

(hundreds of millions of yen)



\*Segment accounting standards have changed.



# TOPICS

## Expanding the domain of SENKO's Business Support Business

### Expanding SENKO's human resources business by acquiring a security company

The Group is working to expand its businesses into a variety of industries and sectors that require human resources by establishing a human resources business. Building on the previous addition of two temporary staffing agencies that focus on foreign workers, the Group in February 2023 acquired all shares of Nissei Security Services Co., Ltd., which provides traffic control and guidance for movements of heavy equipment at major general contractors' construction sites and security for universities and other customers.

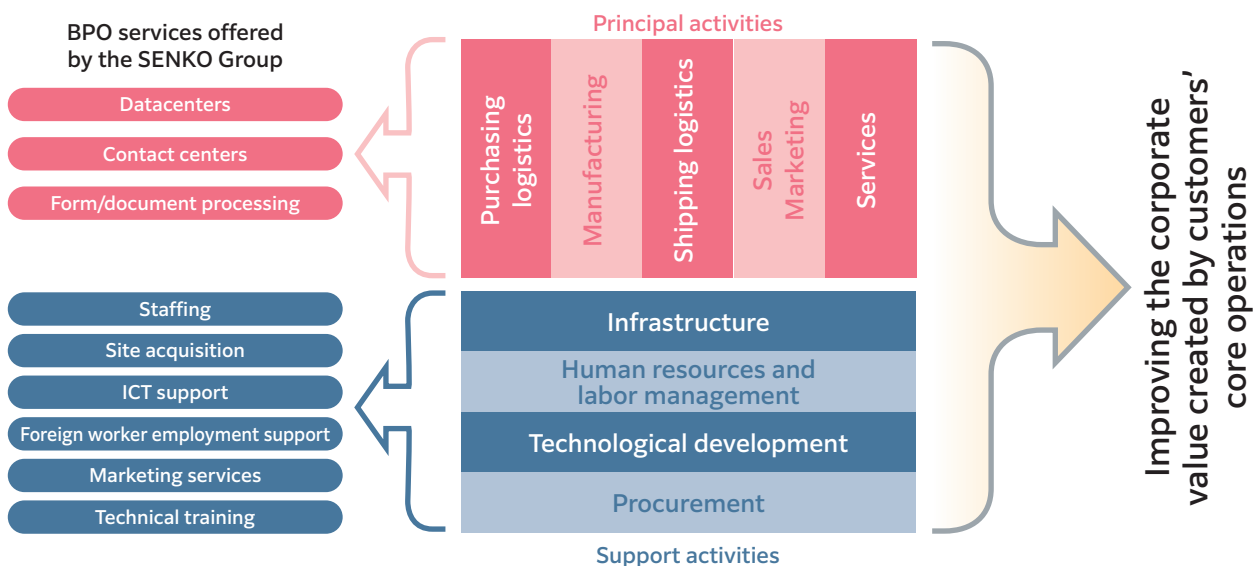
Going forward, the company will meet customers' security needs, for example at the Group's logistics facilities and housing manufacturers' construction sites, while strengthening its recruiting capabilities against the backdrop of the trust enjoyed by the SENKO Group. In addition, it plans to develop a general human resources business to help a diverse range of human resources contribute to society by expanding its security and temporary staffing businesses.



## Business strengths

### Offering overall optimization for customers' business activities (value chains)

The SENKO Group is uniquely capable of offering comprehensive proposals outlining optimal supply chain management (SCM) that integrate logistics, information, and distribution. We support the streamlining of management through outsourcing of business processes and various issues encountered in the course of pursuing business activities. We offer a diverse array of high-quality solution services, including staffing, technical training, ICT support, and business site acquisition.



# Feature: Manufacturing at the SENKO Group

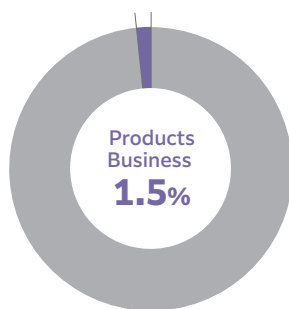
## Entry into the Products Business

The SENKO Group recently launched a new Products Business Promotion HQ. to draw on its involvement in an array of supply chains, from manufacturing to sale, which is a key strength of its flagship Logistics Business. This business will entail an effort to strengthen SENKO's manufacturing operations centering Chuo Kagaku Co., Ltd., which recently became part of the Group.

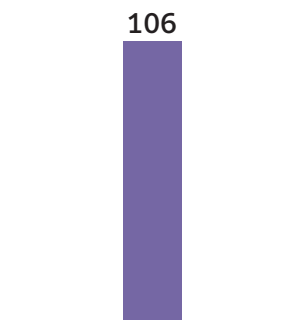
### Review of Businesses

Chuo Kagaku became a consolidated subsidiary during the fourth quarter of the year, during which Product Business revenue totaled 10,604 million yen for an operating loss of 180 million yen. During the fiscal year ended March 2023, Chuo Kagaku generated operating profit of 446 million yen on operating revenues of 48,505 million yen.

Products Business  
(fiscal year ended March 2023)  
Percentage of total revenue



Products Business  
(fiscal year ended March 2023)  
Revenue (hundreds of millions of yen)



Products Business  
(fiscal year ended March 2023)  
Operating loss  
(hundreds of millions of yen)



### Company overview

#### Businesses and history

During the more than 60 years that have passed since its 1961 establishment as a pioneering food packaging and container manufacturer dedicated to supporting rich and fulfilling food culture through a focus on the concepts of “protection, support, and variability,” Chuo Kagaku has played an essential role in people’s lives by meeting the needs of society in every era. Lifestyles have changed significantly over time, but the company’s food packaging and containers have served as essential products in a variety of settings thanks to its ability to supply products that meet the needs of each era by ensuring consumer safety and peace of mind from the factory floor to the dining room table while making possible convenient lifestyles, safeguarding food product hygiene, maintaining quality, and providing variability.

#### Commitment to its philosophy

Chuo Kagaku has embraced “Ingenuity from Everyone” as its corporate philosophy. This philosophy has been passed down intact from founding president Koji Watanabe, and at its essence calls on all employees to think for themselves. Behind that philosophy lies a desire for each and every employee to offer up ideas in a variety of business settings as if they were an executive, including not only improving the company’s performance, but also ensuring safety and peace of mind for themselves and customers.

#### Market environment in the company’s business domains

Currently, plastic is facing numerous challenges. That said, this tough, lightweight, and inexpensive material plays an essential role in food distribution and embodies food culture itself. Accordingly, Chuo Kagaku is working to make all possible improvements through its businesses in order to minimize the material’s environmental impacts.





## Manufacturing at Chuo Kagaku (1) | Manufacturing principles and focus

Chuo Kagaku's approach to product development is founded on a constant focus on how food culture and consumers' lifestyles can be improved through food containers, a goal that it embraces as its mission. In product development, which can be broadly divided into material development and container shape and design, Chuo Kagaku emphasizes the primacy of materials. As a result, the company is able to create products that communicate a friendly, approachable ambiance while stimulating consumers to purchase them; examples of this ability include its creation of the first microwave-safe containers and its development of products that retain an attractive appearance even when printed on (thanks to a glossy surface and design that attracts consumers' attention). It also engages in three types of recycling—chemical, material, and thermal—while giving top priority to customers' safety and peace of mind.



## Manufacturing at Chuo Kagaku (2) | Supplying products that draw on its strengths

Chuo Kagaku's strengths include the technological and design capabilities that allow it to perceive market needs quickly and start developing materials to meet them as well as the human resources who make that possible. Backing up those technological capabilities are the accumulation of expertise in each process and supply chains that let the company realize customer feedback immediately across operations extending from the procurement of raw materials and other inputs from suppliers to material development, marketing (product planning and development), manufacturing, quality control and assurance, sales, logistics (by means of which products can be delivered directly to customers), and subsequent recycling. To date, the company has drawn on these strengths to supply a broad range of containers and other products. Going forward, it will continue to leverage these strengths to supply a variety of products.



## Manufacturing at Chuo Kagaku (3) | China business: A key segment for Chuo Kagaku

Chuo Kagaku saw the potential in the Chinese market, which is home to the world's largest population, early on and launched its business as the country's only foreign-based plastic food packaging and container manufacturer in 1994. Today, a quarter of a century later, its technological capabilities, design appeal, and commitment to delivering quality that ensures safety and peace of mind as a Japanese company have earned it the trust of customers in the Chinese market. Plastic food packaging and containers play an essential role in people's dietary lives, but the need for environmental responsibility grows greater with each passing year in China, too. By developing environmentally friendly materials and products and offering a broad line of environmentally responsible products, Chuo Kagaku meets its customers' needs as a general manufacturer of packaging and containers.

Going forward, it will strive to expand the scale of its operations as a core SENKO business as it continues to export containers manufactured in China to other countries worldwide, with a particular focus on Southeast Asia.



### Principal environmentally responsible products of Chuo Kagaku's Chinese business

- Heat-resistant biodegradable plastic (T-PLA) (developed using proprietary technology from the Chinese business)
- Products that meet various market needs, for example biodegradable plastic bags and molded-pulp containers
- Paper containers (non-plastic containers that are manufactured in-house)
- Cutlery manufactured by a joint venture using natural materials (recently launched)

## Manufacturing at Chuo Kagaku (4) | Synergies with the SENKO Group

Chuo Kagaku became part of the SENKO Group in December 2022. The acquisition is expected to yield synergistic effects since the company's philosophy resonates with the SENKO Group's commitment to improving consumer convenience. One such effect of particular significance will be the streamlining of the businesses operated by the Group, which has a core focus on logistics, through strengthened relationships and partnerships with its customers.

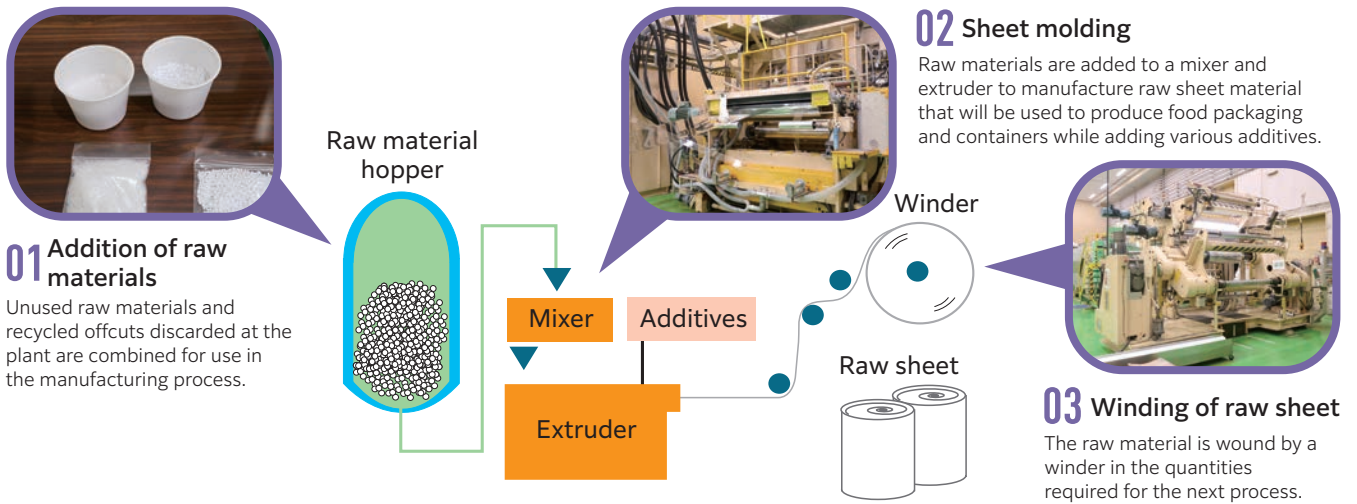
A secondary effect will be to empower Chuo Kagaku's employees to pursue more ambitious dreams thanks to access to the SENKO Group's capital, which will boost their motivation in a meaningful way. Going forward, Chuo Kagaku will work to play a central role so that it can contribute to the Group's new Products Business.



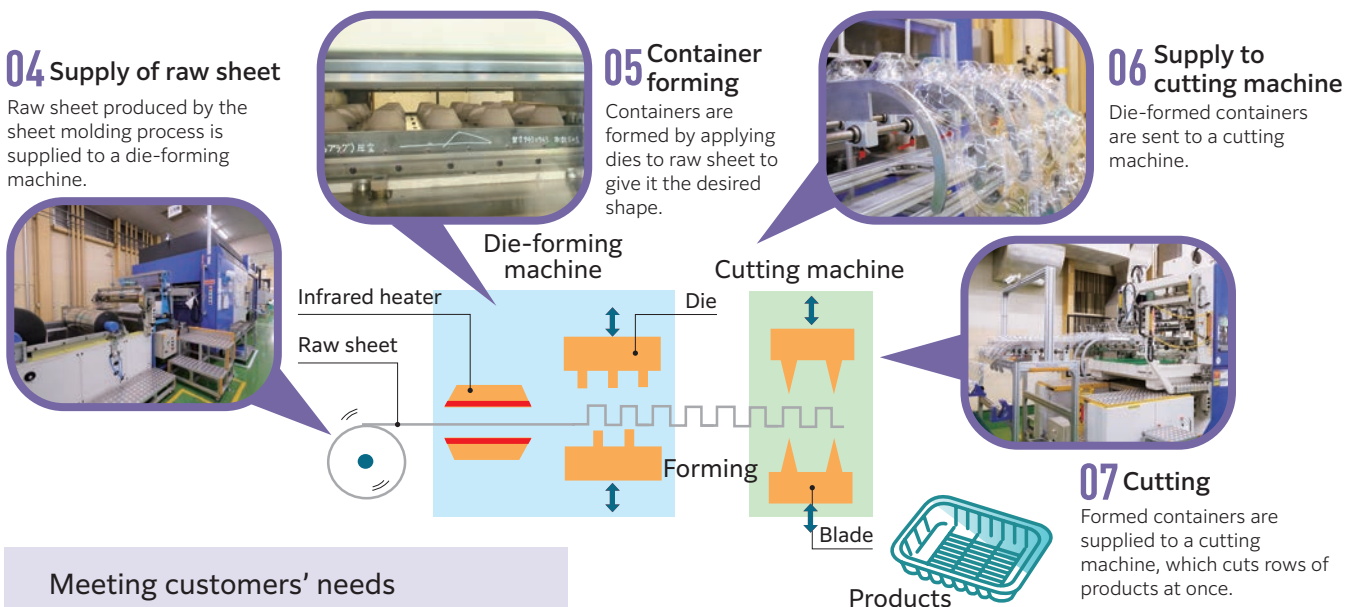
## Chuo Kagaku's manufacturing facilities

Chuo Kagaku operates eight plants in Japan and three in China. The facilities manufacture food packaging and containers with processes ranging from sheet molding to container forming, while thoroughly managing safety and hygiene.

### Sheet molding



### Container forming



### Meeting customers' needs

Chuo Kagaku leverages extensive experience and expertise to offer an array of food packaging and container products that meet customers' needs, starting with the development of safe, environmentally friendly materials.



### 08 Automatic packaging of cut containers

Cut containers are inspected for misaligned cuts and other defects and then packaged if none are found.



### 09 Packing and shipment

Packed cartons are loaded onto product-specific pallets. A specialized machine scans the barcodes on the cartons' labels and sends them on to the shipment process.





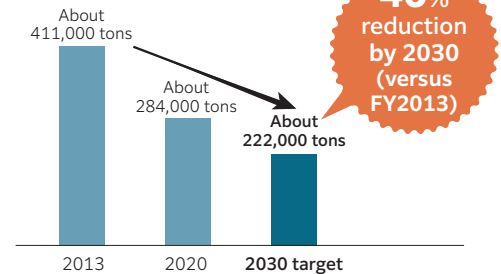
# Environmental initiatives at Chuo Kagaku

## 1. Environmental management

Chuo Kagaku has established its own Basic Policy on the Environment and Corporate Code of Conduct, and it's implemented an environmental management system to help ensure it complies with local environmental laws and ordinances.

In addition, the company is taking a range of steps to help realize a carbon-neutral society and meet the Japanese government's target (of reducing greenhouse gases by 46% from FY2013 levels by 2030), including by utilizing recycled materials and biomass-derived raw materials, adopting less energy-intensive manufacturing processes, boosting shipping efficiency, reducing plastic waste, and developing products that help decrease food waste.

● Greenhouse gas (CO<sub>2</sub>) emissions by Chuo Kagaku



\*Estimates are based on Chuo Kagaku's collection of ESG data, disposal of used products, and other information. Specific values may change going forward, for example due to the revision of categories used in calculations.

### ■ Chuo Kagaku initiatives to reduce greenhouse gas emissions (FY2030 targets)

<b>Resource recycling</b> 	Transition to C-APG for PET products <b>100%</b>
<b>Development of environmentally responsible materials and products</b> 	Transition to lighter-weight PSP, OPS, and C-APG products <b>-5%</b> Increase in proportion of environmentally responsible products sold <b>7x</b>
<b>Measures to reduce food waste</b> 	Increase in volume of functional containers sold <b>8x</b>

## 2. Environmentally responsible materials and products

Chuo Kagaku is working to develop and increase use of the following environmentally responsible materials and products to help reduce CO<sub>2</sub> emissions and food waste:

- TALFA, the manufacture of which generates about 49% fewer CO<sub>2</sub> emissions (compared to the company's polypropylene) by using natural talc procured directly from a mine located adjacent to Haicheng Chuo Kagaku in China
- C-APG, the manufacture of which generates about 27% fewer CO<sub>2</sub> emissions (compared to the company's A-PET) by allowing used plastic beverage containers to be recycled into plastic food packaging and containers
- MAPKA, a material that uses paper as its principal raw material and generates about 41% fewer CO<sub>2</sub> emissions (compared to the company's polypropylene) thanks to its use of at least 50% biomass materials
- Biomass-derived materials, the manufacture of which generates about 7% fewer CO<sub>2</sub> emissions (compared to the company's CF or CT) along with bio-CF and bio-CT by using sustainable, plant-based organic resources
- Lightweight containers made of foamed materials, which help reduce environmental impacts by lowering the amount of petroleum resources used in containers
- Functional containers (gas-barrier packaging and airtight packaging technologies), the development of which helps reduce food waste by lengthening shelf life

For more information about Chuo Kagaku, please see the URL to the right. >>> <https://www.chuo-kagaku.co.jp/>

### More about SENKO Group manufacturing

#### Okumura Co., Ltd. <https://www.okumura-int.co.jp/>

This respected manufacturer of slippers was founded more than 120 years ago. It sells high-value-added products developed based on its philosophy of soothing, healing, and conditioning through a network of sales channels that extends beyond department stores, chain stores selling miscellaneous products, and drugstores to encompass premium interior furnishings shops, resort hotels, and high-end restaurants.

#### Takano Machinery Works, Co., Ltd. <https://www.takanokikai.co.jp/>

Since its founding in 1976, Takano Machinery Works has manufactured and sold printing machinery and sold printing materials. It focuses on selling plates for letterpress printing and on manufacturing water-developed plate-making equipment, and it ships more plate-making equipment to domestic customers than any other Japanese manufacturer. It also supplies about 30% of the Japanese market for photosensitive resin plates.

# SDGs and the business activities of the SENKO Group, which fosters professional development and supports consumers' lifestyles

- Priority SDG themes of the SENKO Group**
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
  - 10 REDUCED INEQUALITIES
  - 11 SUSTAINABLE CITIES AND COMMUNITIES
  - 13 CLIMATE ACTION
  - 17 PARTNERSHIPS FOR THE GOALS



## Economic level

Providing new value for society through business operations

Businesses that nurture people and support their daily lives

Through our business activities, we look to resolve social issues through initiatives that interconnect with sustainability measures and to contribute to the realization of a barrier-free society.



Promoting a green transformation in collaboration with customers



Providing resilient logistics service that can withstand natural disasters



Developing a Living Support business that offers nursing care, childcare, and health services



Developing a full line of lifestyle support services



Manufacturing products that support dietary convenience

## Sustainability of the global environment



Installing solar power and energy-saving equipment at PD centers



Reducing the energy use and carbon dependency of shipping infrastructure (Adopting liquefied natural gas-powered trucks and electric trucks)



Recycled plastic pallets



Cooperating with the Osaka Bay Environment Restoration Project



The SENKO Group aims to resolve social challenges and create new value through its businesses, based on the core approach that economic activities can be achieved with a healthy global environment and a good relationship with local communities.

**Crefeel Koto**

Traffic safety / Human resources training / Children's Traffic Park, etc.

**Living Support**

Nursing and housework services / Fitness / General wholesale and retail / Childcare / Restaurant operations / Agriculture, etc.

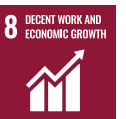
**Logistics**

Logistics processing / International logistics, etc.

**Products**

Manufacture of food containers / Manufacture of housewares, etc.

Priority  
SDG  
themes of  
the  
SENKO  
Group



**Society level**

We promote dialog and cooperation with the local community and various stakeholders associated with the SENKO Group to build a good relationship with society.

**Human resources and organization as the foundation**

**Cooperation with society**

**Sustainability**  
Social initiatives  
Safety initiatives  
Health initiatives



Fostering the development of people and business through SENKO University



Building workplaces that make the most of human resources' diversity, individuality, and abilities



Children's Traffic Park: A park where kids can raise their traffic safety awareness while having fun with their families



Initiatives to raise driver awareness of the importance of reducing the number of traffic accidents

**Environmental level**

**Sustainability**  
Environmental initiatives

**Minimizing the environmental impact of business activities**

Recognizing our responsibility for energy consumption and greenhouse gas emissions as a logistics company, we're working to maximize understanding and related reductions.

# A Message from the President



## About the Group's vision (philosophy) and goals

As a corporate group with highly public businesses that involve fostering people and supporting their lives, the SENKO Group has embraced the goal of becoming a “group that creates the trends of the future” by fulfilling its mission of contributing to achieving a genuinely productive global society by continuously challenging efforts to create new trends in terms of products and services that shift the future, with a focus on its physical and commercial distribution business.

We express that philosophy in our slogan of “Moving Global: Go beyond logistics, make the world go round, and revolutionize business.” We've earned trust as a company and contributed to society in general and all of its people, including shareholders, customers, and employees, by expanding our business activities to include a broad array of logistics operations—not only manufacturing, but also sales, centering on our logistics centers, as well as living support.

## Approach to changing markets, risks, and opportunities

Even as the economic environment in which the Group operates experiences a gradual recovery accompanied by a progressive reversion of socioeconomic activities to a “new normal” following the COVID-19 pandemic, our view is that challenges remain, including abrupt foreign exchange rate fluctuations against the backdrop of soaring energy and food prices worldwide and fiscal tightening in Europe and the United States.

While global inflation and rising energy costs drive concerns about the risk of a downturn in overseas business conditions, we expect gradual economic growth thanks to factors including the ongoing recovery from the pandemic and improvements in the employment and income environment.

While rising electricity, fuel, and prime costs will impact performance, we believe it will be possible to deal with these challenges by working hard and transitioning prices to appropriate levels. We're also looking to expand



# Providing new value by embracing large-scale manufacturing as a pillar of growth

SENKO Group Holdings Co., Ltd.  
President and Representative Director  
Chairperson, Sustainability Promotion Council

*Y. Fukuda*

our business domains as we pursue manufacturing with a focus on household goods and other familiar lifestyle products now that Chuo Kagaku Co., Ltd. has become part of the Group.

At the same time, the risks faced by our businesses include Japan's aging population and shrinking birthrate, and it will be necessary to take steps including utilization of foreign workers in order to deal with the shrinking labor population, which is expected to decline by 1 million people annually. Our approach will be to expand our businesses globally through M&As in an effort to accommodate changes in the market, including by bolstering our overseas businesses with a focus on growth in the forwarding and trading businesses.

## Reorganization

We revamped some of the structures underlying our organization in April 2023. The International Business HQ., which had been part of SENKO Co., Ltd., our logistics operating company, was transferred to SENKO Group Holdings, and its name was changed to the International Business Operation HQ. These changes were made to strengthen our management structures by making separate departments responsible for domestic and international logistics, and they're part of an active effort to spur the globalization of not only Logistics, but also Trading & Commerce and other business segments. Our approach will be to take robust action to realize further growth in international businesses through strong partnership among businesses under the leadership of the International Business Operation HQ.

## Launching the Products Business Promotion HQ. as a new business

The Products Business Promotion HQ. was launched in June 2023. The Group's flagship Logistics Business is involved with an array of supply chains, from

manufacturing to sales. Drawing on that strength, we launched the Products Business as our fifth core business, augmenting Logistics, Trading & Commerce, Living Support, and Business Support, and acquired Chuo Kagaku Co, Ltd. through a tender offer for its shares.

The decision was driven by the expectation that the acquisition of the company, a manufacturer of food packaging and containers, would serve to improve logistics while expanding sales channels, in part due to the significant overlap in customers between Chuo Kagaku and the SENKO Group.

As we move to embrace large-scale manufacturing, we plan to expand the domain of household goods in the future, and we see considerable promise in product categories handled in large volumes by the Group, for example apparel. Reflecting the large number of inquiries from manufacturers in Southeast Asia concerning capital and operational tie-ups and related topics, the Products Business Promotion HQ. will work with the newly formed International Business Operation HQ., which is responsible for business domains other than logistics, to actively pursue manufacturing on the global stage.

## Building on 20 consecutive fiscal years of rising revenue and 14 consecutive fiscal years of rising ordinary profit

During the fiscal year ended March 2023, the Group generated revenue of 696.3 billion yen, up 73.1 billion yen from the previous year. Operating profit rose 760 million yen to 25,540 million yen, while ordinary profit rose 50 million yen to 26,150 million yen.

Despite a variety of challenges including an abrupt decline in logistics volume from January to March 2023, the Logistics Business realized its 20th consecutive fiscal year of increased revenue and its 14th consecutive fiscal year of increased ordinary profit as efforts to grow sales and revise prices combined with contributions from new subsidiaries to fuel performance.

# A Message from the President

At the same time, continuous progress in M&As helped boost revenue, and ongoing development by logistics centers also contributed to increased sales. Although we're planning for revenue of 790 billion yen and operating profit of 29 billion yen during the fiscal year ending March 2024, we expect to exceed future revenue targets thanks in part to potential large-scale M&As.

## Focusing on sustainability management

In the face of calls to realize a sustainable society on a global scale, companies can no longer earn praise from society just by generating profits.

The Group strives to deliver new value by connecting people and society through its various businesses in line with its basic policy of helping realize a sustainable environment and society and working to achieve sustained growth for the Group.

Companies are being called upon to manage their operations in a way that values environmental protection and diversity, which is one of the values embraced by the Group's corporate philosophy, among other priorities,

and one of the characteristics that distinguishes the Group is its concerted pursuit of sustainability activities, for example in an effort to realize sustainable management throughout its supply chains, including both customers and Group companies.

Also distinguishing the Group is its pursuit of pioneering human resources education at Crefeel Koto, in which it invested three times the profit it was generating at the time, some 30 years before expressions like *human capital* gained currency. Similarly defining are the Group's efforts to augment ESG management with a health (H) component so that employees' health can be maintained and improved not only during their employment with the company, but throughout their lives.

## Increasing SENKO's corporate value

Unfortunately, our price-to-book ratio (PBR) is on track to fall below 1, but we will continue working to realize management founded on awareness of capital costs and share value. Since PBR can be considered to be

### SENKO GHD value creation model

INPUT	
<b>Manufacturing capital</b>	<ul style="list-style-type: none"> <li>● Group companies: 176</li> <li>● Living and Business Support Businesses Number of operating companies: 41</li> <li>● Total storage floor space: 4.47 million m<sup>2</sup></li> <li>● Total number of group vehicles (tractor heads): 6,960</li> <li>● Number of ships under management: 72</li> </ul>
<b>Natural capital</b>	<ul style="list-style-type: none"> <li>● Energy utilization (crude oil equivalent): 183,421 kl</li> </ul>
<b>Social relationship capital</b>	Pursuit of a diverse array of businesses through domestic and international networks <ul style="list-style-type: none"> <li>● Group companies: 176</li> <li>● Living and Business Support Businesses Number of operating companies: 41</li> <li>● Number of facilities: 727 (669 in Japan and 58 overseas)</li> </ul>
<b>Human capital</b>	<ul style="list-style-type: none"> <li>● Number of employees: 23,727</li> <li>● Drivers and operators: 16,189</li> <li>● Living and Business Support Number of employees: 3,138</li> </ul>
<b>Intellectual capital</b>	<ul style="list-style-type: none"> <li>● Logistics expertise (Crefeel Koto, SENKO's in-house training facility)</li> <li>● Consulting and system proposal capabilities (200 information SEs and 100 logistics SEs)</li> </ul>
<b>Financial capital</b>	<ul style="list-style-type: none"> <li>● Total assets: ¥581,850 million</li> <li>● Equity ratio: 27.6%</li> </ul>

### The SENKO Group's business model



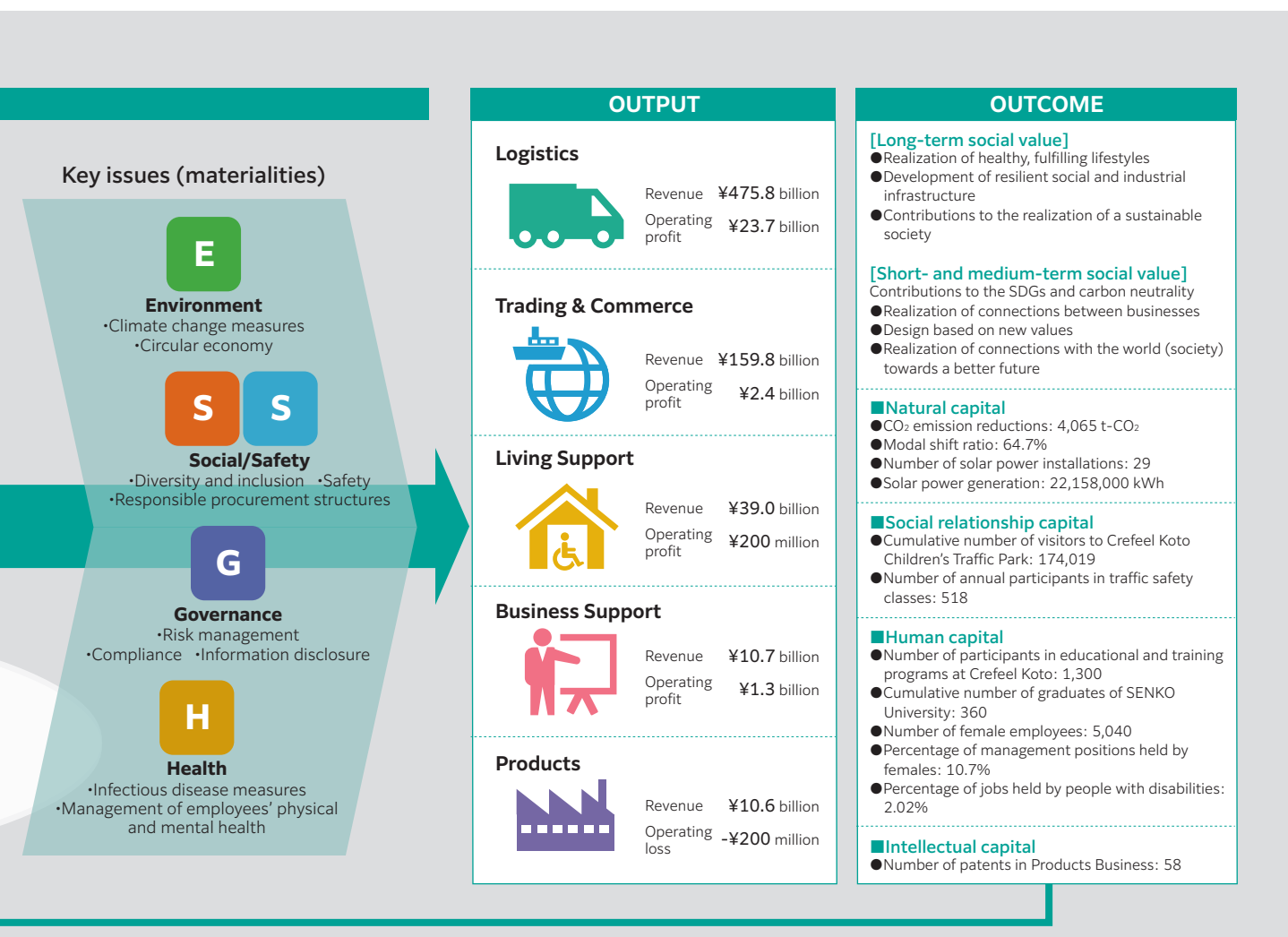
the product of return on equity (ROE) and price-earnings ratio (PER), it's necessary to foster awareness of the need to improve profitability (ROE) and PER (share price).

With regard to improving profitability, we will boost our operating profit margin from the current level of about 3.7% to 4.5% by achieving operating revenue of 1 trillion yen and operating profit of 45 billion yen in FY2027, the final year of our Medium-Term Business Plan.

With regard to increasing our share price, we're working to maintain and improve payout ratio levels. With regard to the payout ratio, our basic policy concerning the allocation of profits declares, "While securing the internal reserves necessary for future business development and to bolster our management structure, ... [we will issue] stable dividends that are linked to business results." Our goal is to maintain a payout ratio of at least 40% by FY2027. Our goal is to increase PBR beyond 1 as our profitability and share price increase.

We will also dedicate resources to explaining our growth strategy in detail so that investors can recognize the Group's future potential. Furthermore, reflecting the fact that securing human resources will be one of the greatest management challenges for SENKO, we will strive to become a group that attracts a diverse range of human resources who feel motivated while enjoying individual growth by publicizing not only conventional financial information such as the scale of our assets, but also the human side of our operations, including an employee-friendly workplace environment with benefits such as childcare facilities at logistics centers, while introducing cultural and sports activities.

The Group will continue to realize sustained growth while treating changes in the business environment as opportunities, embracing the challenge of new fields and techniques, and working to improve corporate value so that it can meet the expectations of investors and shareholders.



\*Figures are current as of March 31, 2023, or indicate March 2023 results.

# Medium-Term Business Plan

## Overview of the Medium-Term Business Plan

Under the basic policy of “striving to achieve sustained growth by supplying new value to people and society through the deepening and creation of businesses,” the SENKO Group formulated a five-year Medium-Term Business Plan covering FY2023 to FY2027.

We will take steps to achieve the goals set forth in the Medium-Term Business Plan and realize further growth in keeping with the following four connection-related slogans:

### Medium-Term Business Plan slogans

#### Connecting supply chains

##### Go beyond logistics

Moving beyond the framework of conventional logistics businesses

##### Connecting supply chains



#### Connecting all businesses

##### Revolutionize business

Providing new value

##### Connecting all businesses in the world

#### Connecting the world

##### Make the world go round

Becoming an international business that **connects the world** by undertaking business activities worldwide



#### Connecting to the next generation

##### Passing the baton

Becoming a business where the next generation of employees, who will be responsible for the future, **can grow and flourish professionally**

# Connectedness

## Key issues identified by the Medium-Term Business Plan

As a corporate group with highly public businesses that involve fostering people and supporting their lives, we will work to address five key issues: (1) expanding and deepening existing businesses, (2) creating and fostering the development of growth businesses, (3) implementing ESG+H (health) management, (4) practicing more sophisticated management, and (5) increasing motivation and realizing personal growth among employees.

<b>1 Expanding and deepening existing businesses</b>	In the Logistics Business, we will work to expand our businesses in growth domains such as drugstores, online sales, and chain stores and advance into new business segments such as logistics center operations and chemicals. In our Trading Business, we will expand our businesses by developing new products, pursuing international businesses, and entering into M&As.
<b>2 Creating and fostering the development of growth businesses</b>	In our Living Support Business, we will pursue safe and secure businesses while aiding in the recovery from the pandemic. In our Business Support Business, we will expand related businesses, including in real estate and temporary staffing. At the same time, we will lay the groundwork for new businesses.
<b>3 Implementing ESG+H management</b>	We will implement initiatives to reduce CO <sub>2</sub> emissions in an effort to realize carbon neutrality by 2050, offer diversity and inclusion education, strengthen the entire Group's risk management structures, and pursue initiatives to boost health through sports and cultural events.
<b>4 Practicing more sophisticated management</b>	We will introduce investment standards that reflect an awareness of capital costs; strengthen IT security and employee IT education; pursue research, planning, and development of advanced technologies for realizing power and labor savings; and create Group synergies through collaboration among business groups.
<b>5 Increasing motivation and realizing personal growth among employees</b>	We will cultivate an organizational culture that encourages employees to embrace ambitious goals through a program of “challenge and change activities,” revitalize the Group through the exchange of information and human resources by Group companies, train a new generation of executive leadership at SENKO University, and expand our employee stock ownership plan.



## Examples of progress made under the Medium-Term Business Plan

In keeping with the Medium-Term Business Plan, we're working to further expand and globalize existing business domains in our Logistics and Trading & Commerce Businesses. We will progressively implement initiatives geared to create and foster the development of growth businesses in the Living Support, Business Support, and new Products Businesses. Initiatives (1) through (3) below provide examples of measures undertaken during FY2023.

### Example (1): Opening logistics centers throughout Japan

Our Logistics Business team is accelerating efforts to open logistics centers to facilitate an expansion of the business.

Seven facilities began operating in 2022: Saitama PD Center (Iwatsuki-ku, Saitama) and Sendai-kita PD Center (Rifu-cho, Miyagi Prefecture) in April, Kasai No. 2 PD Center (Edogawa-ku, Tokyo) in May, ACROSS TRANSPORT Sapporo Center (Kitahiroshima, Hokkaido) in July, Ayase Logistics Center (Ayase, Kanagawa Prefecture) in August, and Kita-Kobe PD Center (Nishi-ku, Kobe) and Keiyo PD Center (Ichihara, Chiba Prefecture) in December.



Saitama PD Center

### Example (2): Opening new outlets in the Living Support Business

In April 2022, Keihanna Helper Station Co., Ltd. changed its name to Care Terrace Co., Ltd. and opened Twinkle Kashiba, a private house-type nursing home that also offers day service.

Venus Corporation, which operates a nursing care business, opened Venus With, its first small-scale, multifunctional home-care service in Sakai, Osaka Prefecture, in December 2022. The facility is supporting the lives of local residents by combining home-visit nursing care with small-scale, multifunctional home care to provide an integrated mix of services including outpatient, inpatient, and home-visit components.



Venus With

### Example (3): Earning recognition as a Certified DX Business from the Ministry of Economy, Trade and Industry

Digital transformation (DX) certification is a program run by the Ministry of Economy, Trade and Industry to certify that businesses are "DX-ready," meaning they have prepared to transform their businesses through digital technology.

The Group launched a DX Promotion Project in 2021 to prepare to implement its DX strategy. We earned certification in February 2023 following a favorable evaluation of various initiatives, including efforts to use AI to forecast freight volume, computerize payment processing, and foster the development of DX human resources.

Going forward, we will strategically pursue a transformation in our businesses and services through digitalization while furthering the DX to underpin the reorganization of the entire Group's businesses, maintain and strengthen business competitiveness through the use of digital data, secure new customers, create new businesses through new digital technologies, and boost productivity through use of digital technologies.



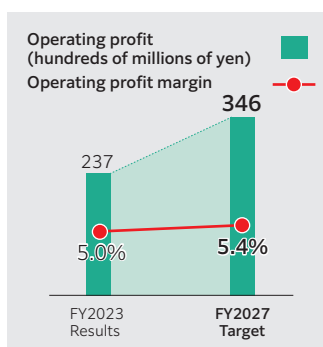
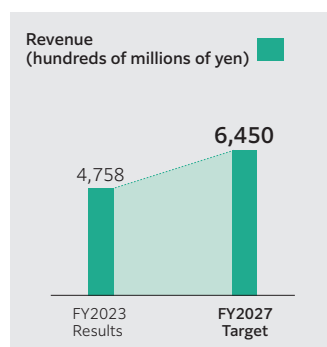
## Medium-Term Business Plan

### Targets and key measures by business segment under the Medium-Term Business Plan

#### Expanding and deepening existing businesses

- Expanding existing business domains
- Pursuing additional globalization

#### Logistics



##### Domestic logistics

- Expanding orders based on comprehensive proposal capabilities and the stability of our directly operated approach
- Strengthening logistics facilities and vehicle structures and pursuing M&As

##### Cold logistics

- Accelerating facility development and further expanding our delivery network

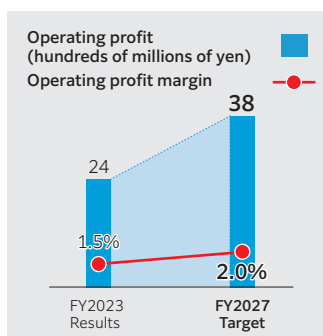
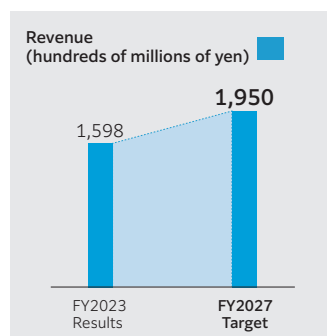
##### International logistics

- Establishing a global network by expanding our facilities

##### Marine shipping

- Increasing our market share by increasing the amount of shipping space

#### Trading & Commerce



##### Product sales

- Strengthening EC sales and expanding the range of unique products we offer

##### Household paper wholesaling

- Streamlining operations at our three wholesale companies and increasing market share

##### Commerce

- Maintaining and increasing trademarks through operation of a joint venture with a Chinese electronics material trading company

#### Revenue targets by segment

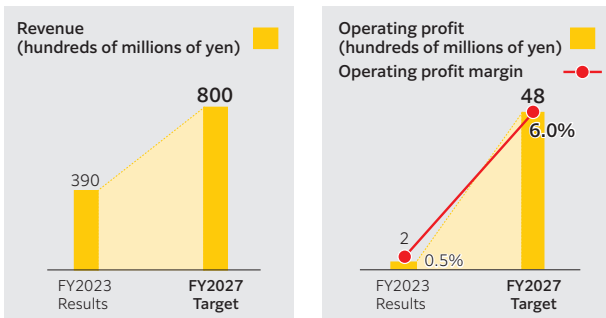
		FY2023	FY2027
Logistics	Food logistics	869	1,150
	Chain store logistics	943	1,250
	Fashion logistics (including EC logistics)	525	650
	Other logistics	506	750
	Subtotal	2,842	3,800
	Chemical logistics	892	1,300
	Housing logistics	617	750
	Other logistics, etc.	407	600
Subtotal	4,758	6,450	
Trading & Commerce		1,598	1,950
Living Support		390	800
Business Support		107	300
Products		106	500
Total		6,963	10,000
International revenue*	Logistics	630	770
	Trading & Commerce	292	430
Subtotal		922	1,200

\*Above figures include international revenue. \*Classifications have been changed based on a careful examination of customers and the nature of newly consolidated business operations.

## Creating and fostering the development of growth businesses

- Further expanding the Living Support and Business Support businesses
- Embracing the challenges of new businesses (manufacturing, etc.)

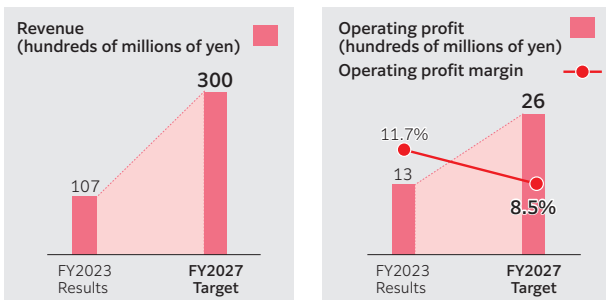
### Living Support



- Health domain**
- Lifestyle domain**
- Food domain**

- Realizing a fast recovery from the downturn caused by the COVID-19 pandemic and expanding the number of outlets we operate
- Pursuing M&As in the health, lifestyle, and food domains

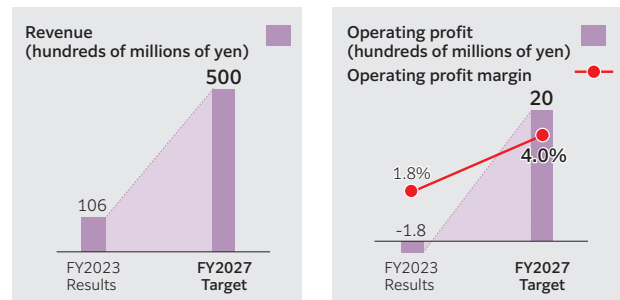
### Business Support



#### Real estate, information, staffing, etc.

- Realizing a fast recovery from the downturn caused by the COVID-19 pandemic
- Pursuing M&As, for example in the staffing business

### Products



- Entering new fields

(Unit: Hundreds of millions of yen)

Amount of increase	Rate of increase
281	32.3%
307	32.6%
125	23.8%
244	48.2%
958	33.7%
408	45.7%
133	21.6%
193	47.4%
1,692	35.6%
352	22.0%
410	105.1%
193	180.4%
394	371.7%
3,037	43.6%
140	22.2%
138	47.3%
278	30.2%

## Key measures in ESG and group management

**Specific CO<sub>2</sub> emissions (land transport business)** Reduce 10% compared to FY2021

**Percentage of management positions held by females** At least 15%

- Implementing in-house environmental measures and promoting modal shift
- Reforming programs to take advantage of a diverse workforce and expanding employment opportunities
- Introducing advanced technologies to realize automation and labor savings
- Practicing health management through sports and cultural activities

We will pay a performance-linked dividend in addition to a stable dividend, and we will strive to enhance shareholder returns while working to further improve the payout ratio.

# Promoting Sustainability Management

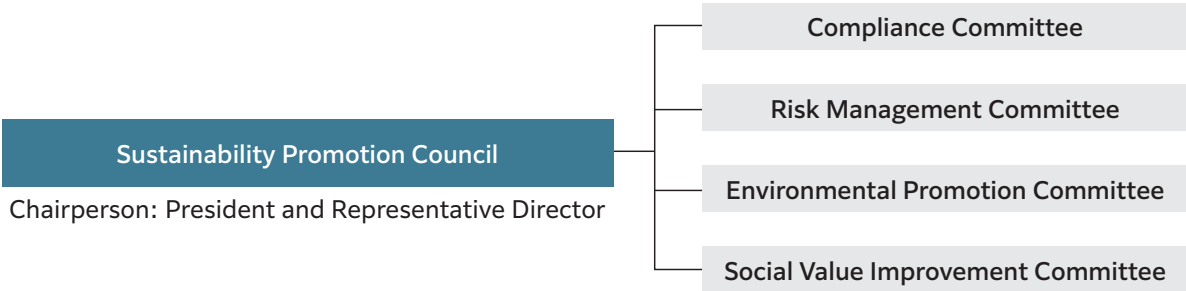
## SENKO Group Sustainability Policy

The SENKO Group has adopted a Sustainability Policy that commits it to strive to deliver new value by helping realize a sustainable environment and society, working to achieve sustained growth for the Group, and connecting people and society through its various businesses.

### Governance

In keeping with the above policy, we will provide value that helps facilitate the resolution of a variety of issues. To implement the policy, Compliance, Risk Management, Environmental Promotion, and Social Value Improvement Committees are involved in a variety of activities related to sustainability. Furthermore, our Sustainability Promotion Council, which meets twice a year and which oversees those committees as well as the Sustainability Promotion Department, discusses important matters and reports to the Board of Directors on topics such as the content of its discussions and the results of related activities. The Board of Directors, which oversees the Council, accepts reports from the Sustainability Promotion Council on topics such as the content of its discussions and the results of related activities.

The Sustainability Promotion Council, which is chaired by the president and representative director, who has final responsibility for all sustainability-related initiatives, consists of outside directors and other executives. The Sustainability Promotion Department, which is overseen by the Sustainability Promotion Council, works on an operational level with sustainability officers and sustainability coordinators from major Group companies and business headquarters to undertake various initiatives and reports on related matters to the Sustainability Promotion Council.



### Risk management

The Group strives to deliver new value by connecting people and society through its various businesses in line with its basic policy of helping realize a sustainable environment and society and working to achieve sustained growth for the Group. In keeping with the above policy, we work to resolve environmental (E), social (S), governance (G), and health (H) issues and consider addressing climate change to be a top-priority issue.

### Strategy

Our basic policy is to operate with a strong sense of ethics in accordance with a variety of laws and international norms, and to that end we approved the United Nations Global Compact in October 2020 and formulated the SENKO Standards of Business Conduct in April 2021.

We also formulated the SENKO Group Basic Procurement Policy as a series of policies that suppliers are expected to understand and comply with.

Going forward, we will continue to strive to realize sustained growth for the environment and society and to increase our corporate value in line with the above policies.



## Indicators and targets

### Climate change

We are taking a variety of steps to reduce our CO<sub>2</sub> emissions in order to realize the goal of achieving a carbon-neutral society by 2050 as set forth in the Paris Agreement. Under the five-year Medium-term Business Plan that began in FY2023, we are striving to realize sustained business growth through environmentally oriented activities such as strategic investments using CO<sub>2</sub> emissions per unit of revenue in our ground transport business as the principal indicator, with a FY2027 target of realizing a 10% reduction relative to FY2021. We are not only assessing Scope 1 and 2\* CO<sub>2</sub> emissions, but also calculating emissions both upstream (via procurement) and downstream (via shipment and beyond) of our corporate activities (i.e., Scope 3\* emissions) in a more detailed manner. We are also moving ahead with an effort to calculate Scope 3 emissions for logistics operations in our customers' supply chains and recommend efficient logistics measures.

\*Scope 1: Greenhouse gases directly emitted by the company in question as a result of its fuel use.  
 \*Scope 2: Greenhouse gases emitted as a result of the use of supplied electricity.  
 \*Scope 3: Greenhouse gases emitted indirectly by the company via its supply chains.

### Human capital

We've established quantitative targets for the implementation of diversity and inclusion as well as health management, and we're working towards those goals.





The following table summarizes indicators related to our policies on human resources development, including workforce diversity, and the development of the company's internal environment as well as FY2023 results using the indicators in question and FY2027 targets.

Indicator	FY2023 result	FY2027 target* <sup>1</sup>
Percentage of management positions held by females* <sup>2</sup>	10.7%	15.0%
Utilization of childcare leave by male employees* <sup>3</sup>	9.9%	50.0%

\*1 FY2027 targets include SENKO as well as all consolidated subsidiaries.  
 \*2 Includes SENKO as well as all consolidated subsidiaries. In the context of this indicator, management positions include employees in assistant manager and higher positions (or their equivalents).  
 \*3 The FY2023 result for utilization of childcare leave by male employees includes only companies that announced their results in accordance with the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015) and the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991) as the figures do not include some overseas and domestic consolidated subsidiaries. Percentage utilization of childcare leave and related programs and time off taken for the purpose of childcare was calculated for each company as defined in Article 71 Paragraph 4 Item 2 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991), and the average of those figures was used to calculate the disclosed percentage.

## Analysis of materialities

Against the backdrop of the growing global importance of sustainability-related initiatives such as Environment-Social-Governance (ESG) management and the Sustainable Development Goals (SDGs), we analyzed material factors (materiality) based on the continual evolution of megatrends with the potential to impact the Group's businesses. Specifically, we determined that the Group's business segments are related to 28 of 77 sectors identified by the Sustainability Accounting Standards Board (SASB) in its standards. We estimated each industries' importance as a percentage of our sales and its potential impact on our businesses and then identified issues that need to be addressed through our businesses based on the materiality required for those 28 sectors. We established material factors (materiality) related to environment (E), social (S), governance (G), and health (H) management based on a close examination of their relationships with key measures in the Group's management.

	<p><b>Environment</b></p> <ul style="list-style-type: none"> <li>● Climate change measures</li> <li>● Circular economy</li> </ul>		<p><b>Governance</b></p> <ul style="list-style-type: none"> <li>● Risk management</li> <li>● Compliance</li> <li>● Information disclosure</li> </ul>
	<p><b>Social</b></p> <ul style="list-style-type: none"> <li>● Diversity and inclusion</li> <li>● Assurance of safety</li> <li>● Responsible procurement structures</li> </ul>		<p><b>Health</b></p> <ul style="list-style-type: none"> <li>● Infectious disease measures</li> <li>● Management of employees' physical and mental health</li> </ul>

## E Environment

### TCFD initiatives

#### Governance and risk management

For more information about governance, please see “Promoting Sustainability Management” (page 31).

With regard to risk management, the Risk Management Committee has created a Natural Disaster Risk Subcommittee, which is working to increase the SENKO Group’s resilience by inspecting and reviewing its business continuity plan (BCP) and through other initiatives to address climate change. The committee reports on the identified risks, risk prevention measures, risk amelioration measures, and related topics to the Sustainability Promotion Council.

In addition to establishing an Environmental Initiative Policy to guide the Group’s efforts to protect the environment and reduce environmental impacts and spreading awareness of the policy among employees and other workers, the Environmental Promotion Committee manages environmental targets in areas including CO<sub>2</sub> reductions, renewable energy use, and waste recycling. The Committee also reports on progress towards the Group’s environmental targets to the Sustainability Promotion Council.

The Sustainability Promotion Council discusses important matters based on reports from the Risk Management Committee, Environmental Promotion Committee, and other bodies and reports to the Board of Directors on topics such as the content of its discussions and the results of related activities. The Board of Directors accepts reports related to risk management from the Sustainability Promotion Council, which it oversees.



#### Strategy

##### Basic approach

We recognize that dealing with climate change is a key priority in the effort to protect the global environment and a material factor (materiality) in our implementation of sustainable management. Consequently, the Group has undertaken a serious effort to address climate change. It signed the United Nations Global Compact in October 2020, and takes action in support of the implementation of principles related to addressing environmental issues and other priorities. Having endorsed the Task Force on Climate-related Financial Disclosures (TCFD) in September 2022, we disclosed information related to climate change to facilitate good communication with a broad range of stakeholders, including shareholders and investors.

##### Scenario analysis and scenario analysis results

###### Scenario analysis

During FY2023, we conducted a scenario analysis of risks and opportunities associated with climate change based on the TCFD framework for our flagship Logistics business, as well as our Trading & Commerce, Living Support, and Business Support businesses, where climate change is likely to have a smaller impact. This effort entailed identifying specific transition and physical risks and opportunities and studying medium- and long-term measures to address them.

With regard to our flagship Logistics business, deepened our scenario analysis and evaluated the extent of financial impacts under the 1.5°C and 4°C scenarios for 2030 and 2050 for those risks and opportunities we anticipated facing in FY2022 which we deem to be serious and studied how to apply the results to strategies affecting investment and financing. In the future, we plan to conduct similar analyses for the Products Business, which was created following our acquisition of Chuo Kagaku Co., Ltd. as a consolidated subsidiary.

###### Scenario analysis results

We are working to ascertain the risks and opportunities posed by climate change in order to boost the resilience of our management, and we are involved in ongoing initiatives to maximize opportunities while dealing with the risks we have identified.

Among the serious risks we identified, an FY2023 assessment of the financial impact of the adoption of carbon tax throughout the Group calculated an impact of about 5 to 6 billion yen in 2030 assuming carbon tax pricing of USD 130 per ton of CO<sub>2</sub> in 2030 under the 1.5°C scenario. With regard to the adoption of carbon tax, we will both participate in the GX League and assess associated trends while taking a variety of steps to reduce various CO<sub>2</sub> emissions, for example through use of renewable energy and active adoption of environmentally friendly vehicles and resource-friendly tires, in an effort to lower our tax burden.

In addition, we will work with other companies to develop truck bodies and containers that help improve loading efficiency and contribute to the Group’s transport applications in an effort to develop technology for environmentally friendly vehicles. With regard to adoption of such vehicles, we will provide even lower-carbon logistics services to customers while actively undertaking investments to lower CO<sub>2</sub> emissions.

Through these initiatives, we will work to go beyond merely mitigating risk so that we can secure and expand opportunities.

## Scenario analysis (Logistics Business)

Category	Anticipated risks and opportunities	Impact on the Group	Business impact*1				Countermeasures	
			2030		2050			
			1.5°C	4°C	1.5°C	4°C		
Transition risks	Public policy, law, and regulations (Carbon pricing)	<ul style="list-style-type: none"> <li>Abrupt changes in fuel prices</li> <li>Electrical fees due to adoption of environmentally friendly vehicles</li> </ul>	<ul style="list-style-type: none"> <li>Fluctuations in shipping fuel costs</li> </ul>	Intermediate (+) <sup>2</sup>	Intermediate	Intermediate	Intermediate	<ul style="list-style-type: none"> <li>Promotion of transition to environmentally friendly vehicles (EVs, HVs, LNG-powered vehicles, environmentally friendly DSLs, etc.) and tandem-trailer trucks</li> <li>Promotion of modal shift</li> <li>Study of the introduction of FCVs and LNG- and ammonia-fueled ships</li> <li>Initiatives as a GX League member company</li> </ul>
		<ul style="list-style-type: none"> <li>Introduction of regulations such as carbon taxes</li> </ul>	<ul style="list-style-type: none"> <li>Rising cost burdens</li> </ul>	Significant	—	Significant	—	
	Technologies (Delays in renewable energy and energy-saving technologies)	<ul style="list-style-type: none"> <li>Difficulty in achieving GHG reduction targets</li> </ul>	<ul style="list-style-type: none"> <li>Increased cost of procuring renewable energy, energy savings, and carbon credits</li> </ul>			—		<ul style="list-style-type: none"> <li>Management of the Group's energy use and energy-saving measures</li> <li>Assurance of power from renewable sources</li> </ul>
	Markets (Changes in the size of the customer base)	<ul style="list-style-type: none"> <li>Selection of lower-carbon services by customers</li> </ul>	<ul style="list-style-type: none"> <li>Stagnation in market share if we fail to provide low-carbon services</li> </ul>	Significant	—	Significant	—	<ul style="list-style-type: none"> <li>Disclosure of CO<sub>2</sub> emissions, including Scope 3</li> <li>Pursuit of the visualization of CO<sub>2</sub> emissions</li> <li>Provision of options geared to further decarbonization, for example use of environmentally friendly vehicles and ships, implementation of a modal shift, and consolidation of logistics facilities</li> </ul>
Physical risks	Acute risks (Extreme weather)	<ul style="list-style-type: none"> <li>Interruptions in the operation of road, rail, marine, and air transport</li> </ul>	<ul style="list-style-type: none"> <li>Rising cost of continuing Logistics business operations (Equipment damage not covered by insurance, etc.)</li> </ul>	—	—	Low	Low	<ul style="list-style-type: none"> <li>Development of BCPs and staging of associated training</li> <li>Purchase of supplies</li> <li>Collaborative support among facilities</li> <li>Dispersion of facilities</li> <li>Provision of alternative transport routes</li> </ul>
	Chronic risks (Sea level rise)	<ul style="list-style-type: none"> <li>Need for measures to prevent flooding at logistics facilities and reassess siting</li> </ul>	<ul style="list-style-type: none"> <li>Increased costs, for example to assess risk at, and relocate, logistics facilities</li> </ul>			—		
	Chronic risks (Rising temperatures)	<ul style="list-style-type: none"> <li>Risk of heat illness</li> <li>Increased employee attrition</li> </ul>	<ul style="list-style-type: none"> <li>Increased employee health impacts</li> <li>Increases in insurance premiums, hiring costs, etc.</li> </ul>			—		<ul style="list-style-type: none"> <li>Development of a safe workplace environment</li> <li>Promotion of automation and labor-free operations</li> <li>Cultivation of employee awareness of health and safety; strengthening of initiatives to promote health</li> </ul>
Opportunities	Technologies (Adoption of renewable energy and energy-saving technologies)	<ul style="list-style-type: none"> <li>Increased use of renewable energy and energy-saving technologies, for example switching to renewable energy</li> </ul>	<ul style="list-style-type: none"> <li>Stable supply of low-cost, low-CO<sub>2</sub> energy</li> <li>Revenue from the sale of power generated at group facilities</li> </ul>			—		<ul style="list-style-type: none"> <li>Installation of solar power facilities and shift to private consumption of generated power</li> <li>Transition to LED lighting and environmentally friendly air-conditioning control</li> <li>Transition to solar power, wind power, etc.</li> </ul>
	Technologies (Development of next-generation technologies)	<ul style="list-style-type: none"> <li>Increased adoption of next-generation logistics technologies that improve vehicle loading and operational efficiency, for example joint logistics services</li> </ul>	<ul style="list-style-type: none"> <li>Savings in logistics costs, for example due to implementation of a modal shift and adoption of tandem-trailer trucks</li> <li>Reduced CO<sub>2</sub> emissions</li> </ul>	Intermediate	—	Intermediate	—	<ul style="list-style-type: none"> <li>Proposal of logistics services that take into account climate change risk, for example optimized shipping patterns and optimized shipping routes</li> </ul>
	Markets (Next-generation energy transport)	<ul style="list-style-type: none"> <li>Growing demand for transport of liquefied hydrogen by trucks with the widespread adoption of fuel cell trucks</li> <li>Growing demand for transport of liquefied ammonia by ships</li> </ul>	<ul style="list-style-type: none"> <li>Increased revenue related to liquefied hydrogen and liquefied ammonia shipment</li> </ul>	Low	—	Intermediate	—	<ul style="list-style-type: none"> <li>Expansion of existing businesses and development of next-generation energy transport structures</li> </ul>
	Markets (Circular economy)	<ul style="list-style-type: none"> <li>Increased reuse and recycling of EV batteries, solar panels, and waste plastic</li> </ul>	<ul style="list-style-type: none"> <li>Increased revenue related to logistics services associated with reuse and recycling</li> </ul>	Low	—	Low	—	<ul style="list-style-type: none"> <li>Targeting of existing and new customers based on demand for climate change countermeasures</li> <li>Development of logistics platforms</li> </ul>
	Reputation (Stakeholder reputation)	<ul style="list-style-type: none"> <li>Praise from investors and others in response to accurate disclosure of information about how we are addressing climate change risk</li> </ul>	<ul style="list-style-type: none"> <li>Increased corporate value and fund procurement under better terms</li> </ul>			—		<ul style="list-style-type: none"> <li>Deepening of disclosure of information to stakeholders</li> <li>Fund procurement through means such as green bonds</li> </ul>

\*1 • We evaluated business impacts by calculating financial impacts on SENKO under each scenario in terms of effects on operating profit and evaluated the results using a three-stage scale (significant, intermediate, and low). "Significant" indicates an impact of greater than 5 billion yen; "intermediate," an impact of 1 to 5 billion yen; and "low," an impact of less than 1 billion yen. A dash indicates that impacts were not evaluated based on our assessment that the magnitude of any impact at present would be small.  
 • The scenario analysis drew on resources including "World Energy Outlook 2022" (crude oil prices) and "World Energy Outlook 2021" (carbon tax prices), both published by the IEA.

\*2 • Since fuel costs are expected to decline under the 1.5°C scenario, the financial impact is positive despite being classified as a risk.

**E Environment**

**Scenario analysis (Trading & Commerce, Living Support, and Business Support businesses)**

Category	Anticipated risks and opportunities	Impact on the Group	Impacted businesses			Countermeasures	
			Trading & Commerce	Living Support	Business support		
Transition risks	Public policy, law, and regulations (Carbon pricing)	• Increased logistics costs	○			• Consolidation of logistics in SENKO's logistics group • Reassessment of shipment frequency	
		• Increased shipping and procurement costs • Increased costs associated with regulatory strengthening	○	○	○	• Use of solar power self-consignment at SENKO Group facilities	
		• Increased raw material procurement costs	○	○		• Pursuit of joint procurement within the SENKO Group	
	Technologies (Development of environmentally friendly products and services)	• Increased product and service development costs	○			• Development of structures for developing environmentally friendly products and services • Pursuit of joint research within the SENKO Group	
• Increased service development costs		○	○	○			
Markets (Increased demand for environmentally friendly products and services)	• Selection of environmentally friendly products and services by customers • Displacement from markets due to environmentally unfriendly products	• Stagnating market share if SENKO fails to supply environmentally friendly products and services	○	○	○		
Physical risks	Acute risks (Extreme weather)	• Extensive damage to facilities, equipment, inventory, real-estate properties, etc.	○	○	○	• Development of BCPs and staging of associated training • Purchase of supplies • Dispersion of vendors and facilities • Collaborative support among facilities • Development of a safe workplace environment • Cultivation of employee awareness of health and safety; strengthening of initiatives to promote health	
		• Interruptions to business due to supply chain disruptions	○	○	○		
		• Increased human toll for employees and customers due to extreme weather	○	○	○		
	Chronic risks (Sea level rise)	• Need for measures to prevent flooding at outlets and facilities and reassess siting • Development of structures (information and logistics networks) for supplying products in a sustainable manner	• Increased costs, for example to assess risk at, and relocate, stores and facilities		○		○
Chronic risks (Rising temperatures)		• Increase in heat illness risk experienced by employees due to rising temperatures • Human toll of increased tropical infectious diseases	• Increased employee health impacts and attrition	○	○	○	
	Opportunities	Technologies (Adoption of renewable energy and energy-saving technologies)	• Increased demand for accurate assessment of CO <sub>2</sub> emissions, including Scope 3	○		○	• Development and provision of services that utilize expertise accumulated through SENKO's logistics business
• Use of green energy • Progress in equipment incorporating energy-saving technologies			○	○	○	• Research into, and active adoption of, next-generation energy and next-generation technologies	
Markets (Circular economy)		• Increased demand for environmentally friendly products and services	• Increased demand for alternative products due to progress in reduced use of plastics	○			• Strengthened development of products that use recycled plastic and plastic alternatives
			• Increased revenue from accommodating growing customer demand for environmentally friendly products and services	○			• Development of resource recycling mechanisms through use of the Group's aggregate capabilities, from collection through reuse
Markets (Increased catastrophic damage)	• Increased demand for facilities that can better withstand frequent typhoons and torrential rainfall	• Increased revenue due to increased use of disaster-resilient facilities			○	• Strengthening of disaster measures and resilience at existing facilities	
Reputation (Stakeholder reputation)	• Improvement in reputation as a result of providing environmentally friendly products and services • Improvement in reputation as a result of factors including improvements in the labor environment • Improvement in reputation from the perspective of business partners as a result of ensuring a stable supply in the event of a natural disaster	• Increased brand value • Increased corporate value and fund procurement under better terms	○	○	○	• Deepening of disclosure of information to stakeholders • Fund procurement through means such as green bonds	



## Environmental targets and results

### CO<sub>2</sub> reduction initiatives and results

We assess energy use and CO<sub>2</sub> emissions associated with our business activities and apply the results to our environmental protection activities. We're currently implementing a variety of initiatives to reduce environmental impacts while working to achieve the CO<sub>2</sub> reduction target set forth in the five-year Medium-Term Business Plan that started in FY2023, specifically a 10% reduction from FY2021 levels in CO<sub>2</sub> emissions from the land transport business per unit of revenue (expressed as tons of CO<sub>2</sub> emissions per million yen of revenue).

Results for FY2023 were 0.98, a 3% reduction compared to FY2021.

### Breakdown of FY2023 CO<sub>2</sub> emission sources

	INPUT		OUTPUT		
	Fuel use <sup>*1</sup> (kℓ)	Power use (Thousands of kWh)	Scope 1 (t-CO <sub>2</sub> )	Scope 2 (t-CO <sub>2</sub> )	Total (t-CO <sub>2</sub> )
SENKO Group total <sup>*2</sup>	129,212	210,744	347,622	87,518	435,140

\*1 Fuel use is calculated in terms of crude oil (kℓ). \*2 The SENKO Group total encompasses all consolidated companies in Japan, including SENKO Co., Ltd.

### CO<sub>2</sub> emission results, annual trend<sup>\*3</sup>

		FY2021	FY2022	FY2023
SENKO Group total	(t-CO <sub>2</sub> )	—	420,648	435,140
CO <sub>2</sub> emissions per unit of revenue	(t-CO <sub>2</sub> /¥1 million)	—	0.86	0.79
Of which, ground transport business emissions	(t-CO <sub>2</sub> )	245,179	271,439	268,288
CO <sub>2</sub> emissions per unit of revenue	(t-CO <sub>2</sub> /¥1 million)	1.01	1.05	0.98

\*3 Segment classifications and tabulation methods changed starting in FY2023. Since the ground transport business as well as CO<sub>2</sub> emissions per unit of revenue have been redefined, figures for past fiscal years have been recalculated.

### FY2023 CO<sub>2</sub> emission reduction target and results (t-CO<sub>2</sub>)

CO <sub>2</sub> reduction target	Results	Achievement rate
4,000	4,065	102%

### FY2023 priority measures and reductions (t-CO<sub>2</sub>)

Priority measure			CO <sub>2</sub> reduction (t-CO <sub>2</sub> )
Scope 1	Fuel savings	(1) Promoting the transition to energy-saving vehicles (2) Promoting the transition to environmentally friendly forklifts (3) Installing other environmentally friendly equipment	2,100
Scope 2	Power savings	(1) Switching to a new power company and revising fees (2) Transition to energy-saving equipment (LEDs, air conditioning) (3) Utilizing renewable energy from solar power installations	1,670
Scope 3	Recycling-based society	(1) Recycling discarded wood pallets (2) Promoting use of retread tires	295
Total			<b>4,065</b>

### FY2023 green logistics proposals and CO<sub>2</sub> emission reductions

	Number of contracts	CO <sub>2</sub> reduction (t-CO <sub>2</sub> )
CO <sub>2</sub> emission reduction benefits from proposed improvements to customers' logistics systems, including modal shifts, facility consolidation, joint transport and deliveries, and use of larger vehicles	42	1,270



We participated in the GX League, which provides a venue for companies to collaborate while embracing the challenge of transforming social systems by realizing economic growth through initiatives designed to achieve carbon neutrality by 2050. We're working to lower environmental impacts and protect the environment, for example by adopting advanced, environmentally friendly trucks; installing rooftop solar power systems on our logistics centers; and pursuing initiatives to protect biodiversity.

# E Environment

## Broad praise for SENKO's green transformation (GX)

We're actively pursuing a variety of initiatives to reduce CO<sub>2</sub> emissions. Those initiatives have won broad praise, and we were recognized once again in FY2023 as a business with noteworthy achievements in this area.

### Runtec receives the 2022 Minister's Award for Excellence in Environmental Protection by a Transportation Business

Runtec Corporation has been actively introducing trucks with patented hybrid electric freezers developed jointly with the manufacturer as well as large hybrid trucks. The company received the 2022 Minister's Award for Excellence in Environmental Protection by a Transportation Business in recognition for the leading role its activities play in the industry, including a variety of ongoing initiatives to lower CO<sub>2</sub> emissions, for example installing refrigeration equipment that uses energy-saving natural refrigerants and private-consumption solar power systems at logistics facilities and implementing a modal shift from truck transport to JR container transport and marine transport, and offering environmental protection education to employees.



At the award ceremony (from right, Runtec president Yoshiaki Kanaga and Minister of Land, Infrastructure, Transport and Tourism Tetsuo Saito)

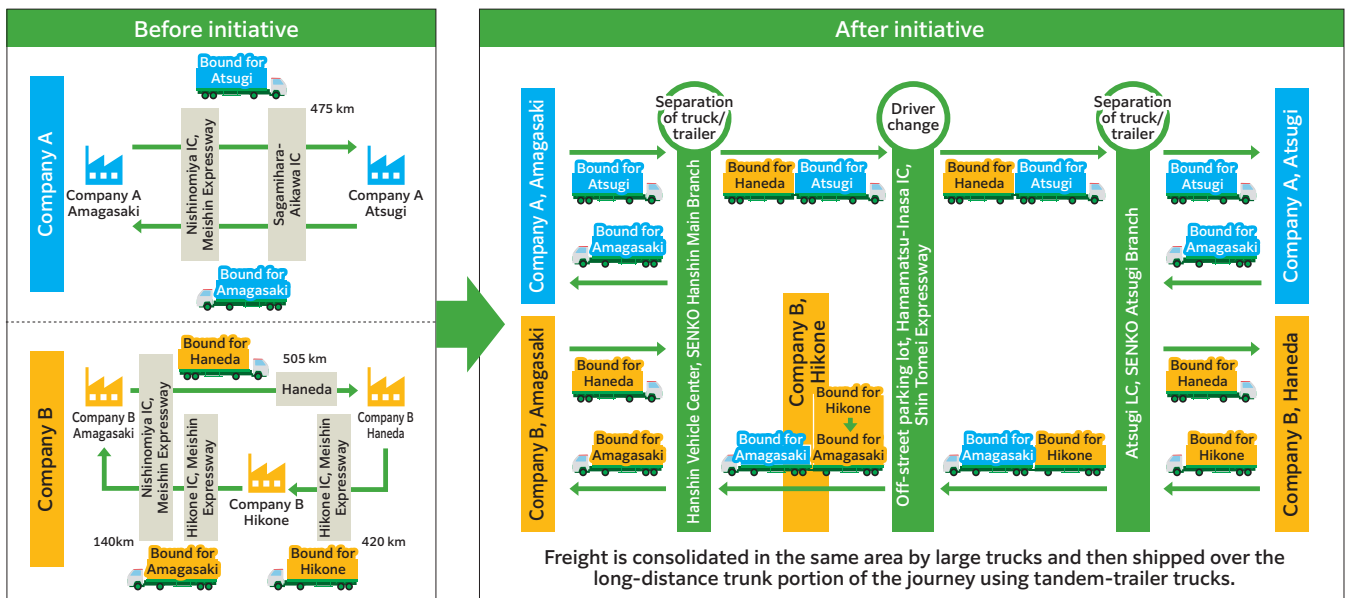
### SENKO receives an Excellence in Logistics Partnership category award

Working with customers, SENKO Co., Ltd. has reduced CO<sub>2</sub> emissions while using fewer vehicles and drivers by consolidating freight being shipped between the Kanto and Kansai regions and transporting it together with dolly-linked tandem-trailer trucks.

Freight trailers are connected to cargo trucks with a dolly that allows them to be split apart near their respective destinations so that cargo can be simultaneously delivered to its respective suppliers. Drivers can be changed at relay stations along the route, allowing them to make day trips.



Tandem-trailer trucks



## Initiatives to reduce environmental impacts

We're working to lower environmental impacts and protect the environment, for example by adopting advanced, environmentally friendly trucks; installing rooftop solar power systems on our logistics centers; and pursuing initiatives to realize a recycling-based society.

### Deploying advanced environmental trucks

7 EVs	Number of vehicles	Date of introduction
Tokyo Nohin Daiko Nishinihon Co., Ltd.	1	April 2022
Tokyo Nohin Daiko Co., Ltd.	2	June 2022
Tokyo Nohin Daiko Co., Ltd.	1	September 2022
Saitama Main Branch, SENKO Co., Ltd. (currently the Urawa Branch)	2	December 2022
ACROSS TRANSPORT Corp.	1	January 2023
4 NGVs		
Hokkaido SENKO Co., Ltd.	2 (LNG)	June and July 2022
Tokai Senko Transport Co., Ltd.	1 (CNG)	July 2022
Esaka Logistics Service Co., Ltd.	1 (CNG)	December 2022

\*LNG: Liquefied natural gas truck CNG: Compressed natural gas truck



An electric truck used by ACROSS TRANSPORT Corp.



A liquefied natural gas (LNG) truck used by Hokkaido SENKO Co., Ltd.

### Developing a solar power business using rooftop space at logistics centers

In 2022, we began self-consignment of surplus power generated by a solar power system covering the roof of SENKO Sennan PD Center among SENKO Group companies. Then in April 2023, we installed the Group's first system consisting of Solar Mobiway, a line of solar panels designed to be installed on road surfaces developed by Mirai-Labo Co., Ltd.; Repurposed EV Storage Battery, which consists of used EV batteries; and G-CROSS, a system that combines a generator with replaceable battery modules, at Wangan-Yatomi PD Center. Working through a capital tie-up, Mirai-Labo and the SENKO Group plan to help realize a decarbonized society through iterative improvements to the Mirai-Labo's Solar Mobiway line of road surface solar panels, which make it easy to retrofit existing parking lots, with a view towards installing the panels throughout the Group.



Wangan-Yatomi PD Center



Solar Mobiway



Repurposed EV Storage Battery



G-CROSS

### Initiatives to realize a recycling-based society

The Group is undertaking initiatives to realize a recycling-based (circular) economy that reduces new natural resource use and encourages the recycling and reuse of existing resources, by utilizing an approach known as "waste distribution" to collect resources.

We're collecting plastic garment bags used to protect apparel, which used to be discarded as waste, at the time of product delivery; compressing them so they take up less space at our logistics centers; delivering them to recyclers; and then distributing them again as recycled garment bags.

#### Apparel waste plastic recycling



**S Social**

**Human capital**

**Strategy**

**Basic approach**

Our mission is as follows: As a corporate group fostering people and supporting people’s lives, we contribute to achieve a genuinely productive global society by continuously challenging efforts to create new trends in terms of products and services that shift the future; centering on our physical and commercial distribution business. In order to continue to realize this mission and continue to provide new value to people and society through our involvement in people’s lives and in industry, we believe it’s important to increase motivation and realize personal growth among individual employees. Based on the above, we’ve codified the Group’s basic approach to human capital in a human resources development policy that focuses on training human resources so that employees themselves can tap their individuality and abilities to the maximum extent possible. By adopting the policy of “respecting human rights and working to create workplaces where employees can do their jobs in a safe, energetic, and healthy manner while manifesting their individuality” to guide our development of SENKO’s internal environment, we’re striving to realize a relationship where both the company and its employees can help one another reach greater heights of performance.

**SENKO’s vision of the ideal employee, as the outcome of its human resources development program**

The SENKO Group, which exists to create new value in the world in keeping with its slogans of “go beyond logistics,” “make the world go round,” and “revolutionize business,” needs human resources who continuously embrace new challenges while valuing passion.

In addition, as a corporate group operating businesses that provide direct support for people’s lives, we require human resources who can act in a spirit of good faith with a sense of responsibility.

Furthermore, to transcend generations and connect the world, we need a diverse range of human resources who encompass a variety of attributes and who can respect the diversity of others.



**Specific initiatives**

**Development**

The SENKO Group offers various types of training that align with the career stages and individual characteristics of individual trainees for all employees in an effort to secure and endow them with the desired traits described in our vision. In addition, in order to become a corporate group that fosters employees’ development, it’s necessary to create spaces for learning that let participants get away from daily work so they can concentrate. We’ve established purpose-driven educational and training facilities to help all SENKO Group employees, from executives to drivers and other workers on the front lines of our logistics facilities, to embrace challenges and change themselves.



### Human resources development at Crefeel Koto

We offer a variety of training programs at Crefeel Koto, a traffic safety and logistics training facility dedicated to ensuring that logistics skills accumulated in the course of operating its businesses will be passed down and refined.

Crefeel Koto, one of the largest training facilities of its kind in Japan, offers professional driver training programs using its driving course, and trainees who have prepared to offer such instruction (truck drivers and forklift operator instructors) go on to become instructors by offering guidance tailored to meet the needs of various Logistics Business operations at facilities nationwide.



### Opening of SENKO University

SENKO University opened in 2016 as part of an effort to ensure the more robust future development of not only the Logistics Business, but all the Group's businesses.

The University serves as a venue for intellectual exchange within the Group and as a place where human resources who will occupy executive leadership positions in the future can undergo prioritized education designed to endow them with advanced knowledge and skills. The program currently consists primarily of two courses: a Department of Executive Human Resources and a Department of Advanced Professional Human Resources. The Department of Executive Human Resources seeks to prepare students to rebuild SENKO's business portfolio by getting to the bottom of new social and customer issues, while the Department of Advanced Professional Human Resources seeks to prepare students to play a leading role in digital innovation. A total of 491 students had graduated from the University's courses by FY2023.

#### Courses and number of graduates

Fiscal year	Number of graduates
FY2017 to FY2022	131
FY2023	360*
Total	491

\*Including 261 e-learning students.



### One-on-one meetings

In order to build equal relationships between the company and individuals, respect each and every employee's personal values and individuality, and help individual workers extend their skills and abilities, it's essential to create spaces that foster "flat" dialog with supervisors so that subordinates can realize self-growth through the lessons of experience. In FY2021, we introduced biweekly one-on-one meetings as a venue for dialog with supervisors to foster subordinates' growth, and we're working to roll out the program throughout the Group.

#### Number of employees with coaching certifications for one-on-one meetings

Fiscal year	Number of certified employees
Through FY2023	24

### Future Design Project

The Future Design Project was launched in FY2023 to provide a venue for connecting the individual characteristics (strengths) of the close to 180 Group companies and creating future synergies. We will continue the project, both to provide a place where young people with diverse values can stimulate one another as they trace a vision for the Group's future and to serve as a venue for identifying candidates for future executive leadership positions and orchestrating exchanges of human resources.

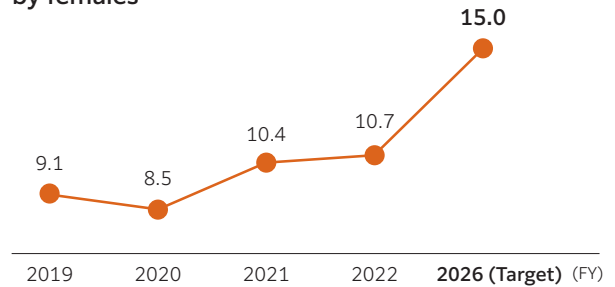


**S Social**

**Diversity and inclusion**

The Group's Medium-term Business Plan (which covers FY2023 to FY2027) sets the goal of increasing the percentage of management positions held by women (including those in assistant manager positions) to 15%. We're undertaking various initiatives so that we can build workplaces where employees can make the most of their individuality and abilities without regard to gender or nationality. The effort to implement those initiatives goes beyond existing executive- and management-level employees. In addition, we're pursuing this project, which targets female managers and manager candidates in a broad range of operating companies, including in the Logistics, Trading & Commerce, Living Support, and Business Support Businesses, and which seeks to foster participants' motivation and leadership skills, while holding discussions on a broad variety of themes, including management, human resources programs, hiring, and training, from the female perspective and ultimately advising the company's executive-level leadership.

**Percentage of management positions held by females**



\*As of FY2023, the scope of tabulation for Group companies was changed to consolidated subsidiaries only.

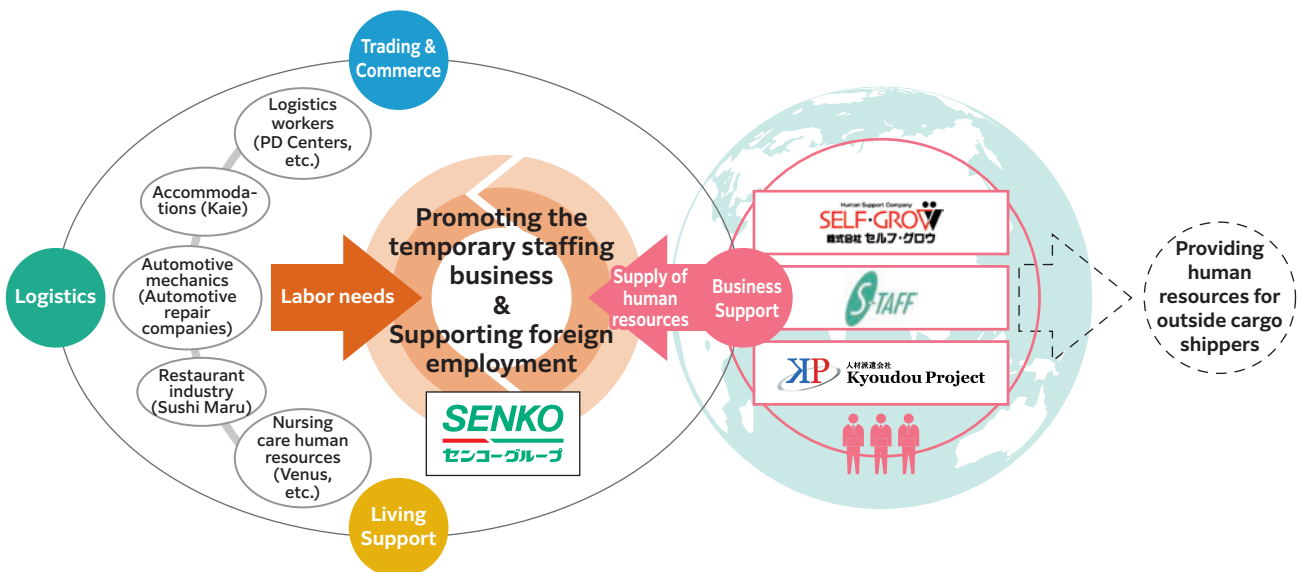
**Promoting hiring of foreigners and mid-career hires**

The Group began accepting foreign human resources via a technical intern training program administered by the Japanese government in FY2018 to deal with labor shortages, and the program has accepted more than 200 trainees to date in areas including logistics and automotive repair work.

In addition, the number of foreign workers in the Group has been growing with each passing year since 2021 with the addition of Self Grow Co., Ltd. and Kyoudou Project Co., Ltd., which have strengths in temporary staffing with foreign workers.

Going forward, the Group will continue to actively hire skilled foreign workers in businesses affected by labor shortages while accommodating the establishment of new programs resulting from a current, government-led effort to revamp the technical intern training program.

**Working to meet foreign workers' needs on an organizational level through staffing agencies and other companies in the Group**



**Creation of a position responsible for mid-career hiring and foreigner worker support**  
 We created a position in the Human Resources Department to oversee mid-career hiring and support for foreign workers, and we're working both to secure human resources with a diverse range of experience and insight and to expand the Group's hiring of foreigners and acceptance of technical trainees.

## Human rights initiatives

### Basic approach

The Group supports the United Nations Global Compact, which encompasses 10 principles spanning four areas, and we respect the International Bill of Human Rights, including the Universal Declaration of Human Rights, as well as the basic rights described in the International Labour Organization (ILO) core conventions as set forth in the ILO Declaration on Fundamental Principles and Rights at Work as the minimal acceptable level of rights. We support guidelines such as the OECD Guidelines for Multinational Enterprises, the ILO Multinational Enterprises Declaration, and the United Nations Human Rights Council's Guiding Principles on Business and Human Rights, and we conduct our business activities in accordance with those principles. We also comply with all national and regional laws in the conduct of our business activities.

### SENKO Group Human Rights Policy

We established and published this Human Rights Policy with advice from outside experts in March 2023 to facilitate related initiatives by clarifying the SENKO Group's approach to human rights.

The policy has been approved by the Board of Directors. The SENKO Group strives to respect the human rights of all stakeholders involved in its business activities and to work with everyone involved with those activities, including business partners.

**SENKO Group Human Rights Policy**

- (1) Scope of the policy
- (2) Human rights risks associated with our business activities
- (3) Human rights due diligence
- (4) Corrective action and relief
- (5) Complaint resolution mechanisms
- (6) Education and training
- (7) Information disclosure

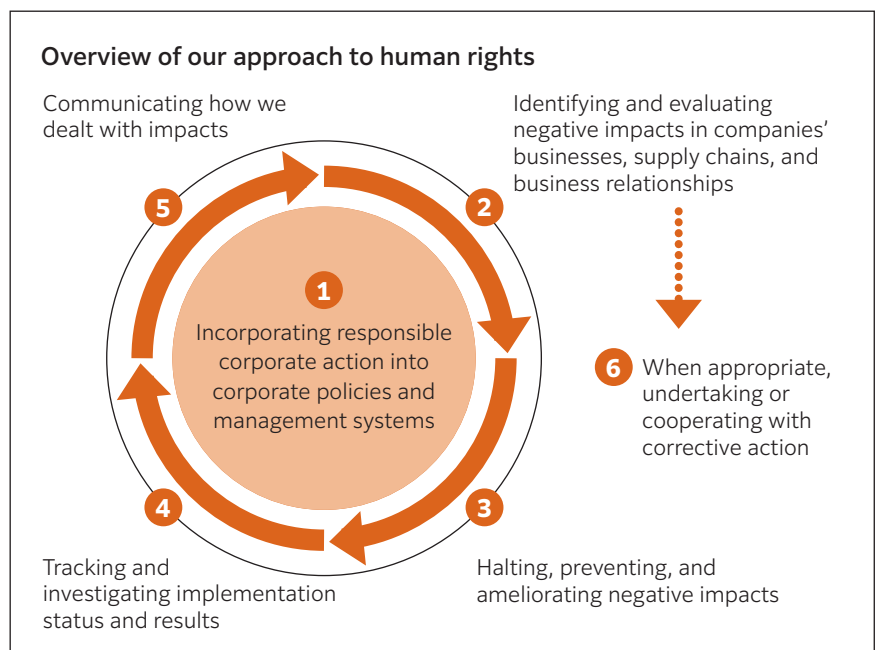
Enacted in March 2023

SENKO Group Human Rights Policy  
[https://www.senkogrouphd.co.jp/ir/pdf/human\\_rights.pdf](https://www.senkogrouphd.co.jp/ir/pdf/human_rights.pdf)

### Human rights due diligence

To identify and evaluate negative impacts of the Group's business activities on human rights in line with our Human Rights Policy, we launched an effort in FY2024 to identify human rights risks by business by holding advance training and workshops for the executive leadership of divisions and major Group companies under the guidance of outside experts and the Sustainability Promotion Department and pursuing engagement (dialog) with the SENKO Group Labor Union Federation. Based on the results of that effort, we will offer feedback to business sites and undertake initiatives according to the nature of risks identified.

In addition, progress on human rights due diligence and information about associated issues are reported to the Sustainability Promotion Council, which meets twice a year and whose membership includes SENKO directors and officers, among others.



Due diligence process and the means that support it  
 Source: OECD (2018), OECD Due Diligence Guidance for Responsible Business Conduct

**S Social**

## SENKO Group Social Contribution Promotions Policy

To provide new value to people and society, the SENKO Group will effectively utilize its management resources (human resources and business infrastructure) to pursue activities centering on the following three areas in order to help realize a sustainable society. In addition, we will encourage active participation in related activities by the Group's employees and support voluntary action by them.

Contributing to local communities

Addressing environmental issues

Contributing to society through culture and sports

### Principal FY2023 initiatives

CLOSE UP!

#### Updating the Children's Traffic Park, a park where kids can raise their traffic safety awareness while having fun with their families, on the seventh anniversary of its opening

In 2016, we built Children's Traffic Park at Crefeel Koto, a facility that opened in 1996 to help professional drivers master safe driving techniques. In May 2023, we updated the park, which consists of an EV Driving Course, Athletic Zone, Kids' Train, and Center House, with a new educational attraction called "A Driving Adventure: Adventure on SENKO Island" designed to let children have fun while raising their traffic safety awareness to mark the seventh anniversary of the park's opening.



Aerial view of the Children's Traffic Park



A Driving Adventure: Adventure on SENKO Island

#### Participating in the Children's Museum Project

Saitama Senko Logiservice Co., Ltd. and ACROSS TRANSPORT Corp. are participating in the Children's Museum Project, an initiative to raise drivers' awareness of the need to reduce the number of traffic accidents, by wrapping a truck with graphics depicting children's wishes for traffic safety.

In January 2023, Saitama Senko Logiservice unveiled the truck at its Ranzan Center. Local kindergarten students participated in the event and viewed the completed truck.

In February 2023, ACROSS TRANSPORT held a reception at Kamo Elementary School in the city of Fukuyama, Hiroshima Prefecture, and sent a letter of thanks to the children who drew pictures for the truck.



Ranzan Center, Saitama Senko Logiservice Co., Ltd.



ACROSS TRANSPORT Corp.

FY2023 result

Expenditures on social contribution activities: **¥193.6** million



ESG+H Initiatives

**S** Safety

### SENKO Group’s Safety Policy

<b>Safety Philosophy</b>	<p>The SENKO Group will “achieve an eventual goal of zero workplace accidents” based on the spirit of respect and by prioritizing safety over everything else.</p> <ol style="list-style-type: none"> <li>1. We can and must prevent all accidents and disasters.</li> <li>2. Managers are responsible for the safety of employees.</li> <li>3. Every employee must believe in "eliminating all accidents."</li> <li>4. Safety ensures high quality and high productivity.</li> </ol>
<b>Basic Approach</b>	<ul style="list-style-type: none"> <li>○ The SENKO Group deeply recognizes the social mission of the logistics business and promotes efforts that all employees understand correctly and that contributes to the improvement of safety by ensuring safety in business activities is the basis of our business.</li> <li>○ The top management will actively lead the field from the bottom to the top to unite and strive to secure safety and improve safety in business activities.</li> <li>○ The basis of safety is to be strongly conscious of each person working in the SENKO Group to be healthy mentally and physically, to practice proper health management.</li> </ul>
<b>Priority Measures</b>	<ol style="list-style-type: none"> <li>1. We comply with relevant laws and regulations and fulfill our social responsibilities.</li> <li>2. We thoroughly carry out risk assessment and reduce all safety risks.</li> <li>3. We prevent health problems by enhancing health management system and promoting independent health.</li> <li>4. We actively disclose information on safety and health activities.</li> </ol>

### Achievement of safety goals (FY2023)

	FY2022 result	FY2023 target	FY2023 result
Vehicle accident frequency rate	0.979	0.930	<b>0.859</b>
Occupational accident frequency rate	1.829	1.575	<b>1.983</b>



#### Priority Measures

1. Improving health and safety management structures and creating safety synergies
2. Putting in place an environment so that SENKO becomes a company where employees can work with peace of mind
3. Strengthening visualization of safety management
4. Promoting continued adoption of advanced safety technologies
5. Expanding education and training and revamping educational methods based on lessons learned from the pandemic

### Medium-term safety goals (FY2023 to FY2027)

Based on the Medium-Term Business Plan that started in FY2023, we will promote group-wide safety programs, including using the latest driver assistance technology and other measures.

We aim to reduce vehicle and occupational accidents by 25% from the FY2023 level.	<b>Vehicle accident frequency rate</b> (On-road accidents)	FY2023 result <b>0.859</b>	➔	FY2027 target <b>0.735</b> or less
	<b>Occupational accident frequency rate</b> (Occupational accidents resulting in at least four lost workdays)	FY2023 result <b>1.983</b>	➔	FY2027 target <b>1.244</b> or less

# S Safety

## Building a foundation for safety

### Ensuring internal sharing of information using the company's systems

In keeping with our Health and Safety Management Rules, we set annual targets, implement and review associated measures, practice the PDCA improvement cycle, and conduct internal audits of our level of performance in each area (Safety Skills Evaluations). We've established a robust foundation for safety by using the company's systems to visualize the results of those efforts.



### Aggressively offering safety education that brings together the company's technologies

#### Trainer program

We introduced the trainer program in 2004 to ensure that workers in the field involved with logistics quality have a uniform skill level. Drivers and forklift operators who have been trained and educated at Crefeel Koto, SENKO's in-house training facility, are appointed to serve as trainers to help reduce accident rates by spreading what they've learned at branches and sales offices. The program has earned high praise from customers.



#### Skill Contest

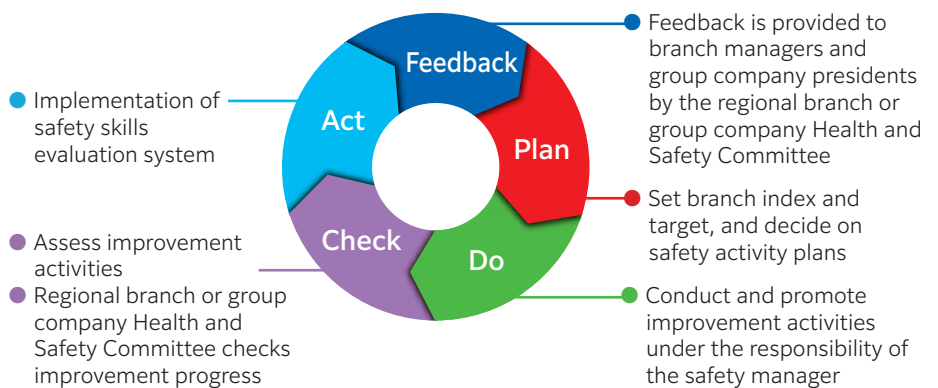
We've been holding the SENKO Group Skill Contest since 2006 to improve the skills of drivers and operators. Employees from throughout Japan and around the world compete on the basis of their logistics skills in truck and forklift driving events so that SENKO can provide safety and peace of mind to its customers.



## Implementing our safety management system

We conduct "Safety Skills Evaluations" (internal audits) every year in accordance with legislation, and publish the progress of improvements as improvement ranking charts which are distributed to branch managers and presidents of group companies on a regular basis. We apply the specific results to management in each region, and run a PDCA cycle for resolving issues to ensure safety.

### Safety Skills Evaluation Operating Cycle



Principal FY2023 initiatives

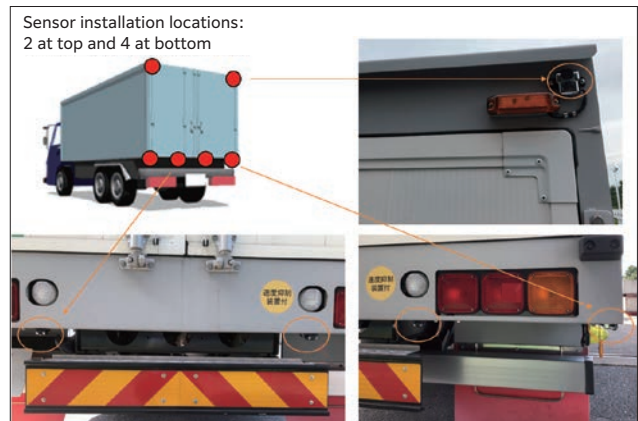
Introducing arch-shaped light displays to give workers visual warnings of nearby forklifts

Stored products create blind spots in warehouses, posing the risk of collisions between workers and forklifts. To address this risk, we had installed arch-shaped light displays on 478 forklifts (8% of our total fleet) to warn workers of nearby forklifts as of the end of FY2023. In this way, we're working to prevent accidents involving collisions between workers and forklifts in warehouses, which are characterized by high noise levels and numerous blind spots.



Installing sonar to detect obstacles when backing up

A large proportion of truck accidents occur while the vehicle is backing up. To provide greater safety, SENKO had installed sonar sensors to warn drivers of obstacles behind their truck on 602 trucks (44% of our total fleet) as of the end of FY2023.



Acquiring "Safety Excellence Workplace" certification

As part of safety programs in line with the safety management system, the SENKO Group is aiming to have all workplaces that operate vehicles acquire "Safety Excellence Workplace certification." As of the end of March 2023, 100% of all workplaces had acquired certification, marking the second consecutive year of 100% coverage.

\*Workplaces that have been certified as having an outstanding level of safety under the Truck Shipping Business Safety Evaluation Program are entitled to display the "G Mark." The Japan Trucking Association launched the program, which is being promoted by the Ministry of Land, Infrastructure, Transport and Tourism, in July 2003 as the government-designated organization responsible for its implementation.

**100%** of all SENKO Group workplaces have acquired certification.



G-Mark issued by the Japan Trucking Association

Structures for managing hazardous goods areas

We strive to differentiate ourselves from other companies by assigning a hazardous goods area administrator to each of five geographic areas so that we can provide low-risk logistics services.

The number of hazardous goods found among products being shipped to consumers is trending up, and we're working to differentiate ourselves from other companies by fostering awareness of how products can cause accidents and providing low-risk logistic services.

Hazardous goods administrators are assigned to five geographic areas.



Building management structures for each area

Assigning and training area administrators

- Offering practical education through study groups (videoconferences) and guidance during patrols
- (1) Ascertaining storage quantities and implementing appropriate management (oversight)
- (2) Ensuring appropriate handling and storage
- (3) Educating employees (providing education that's useful at home, too)

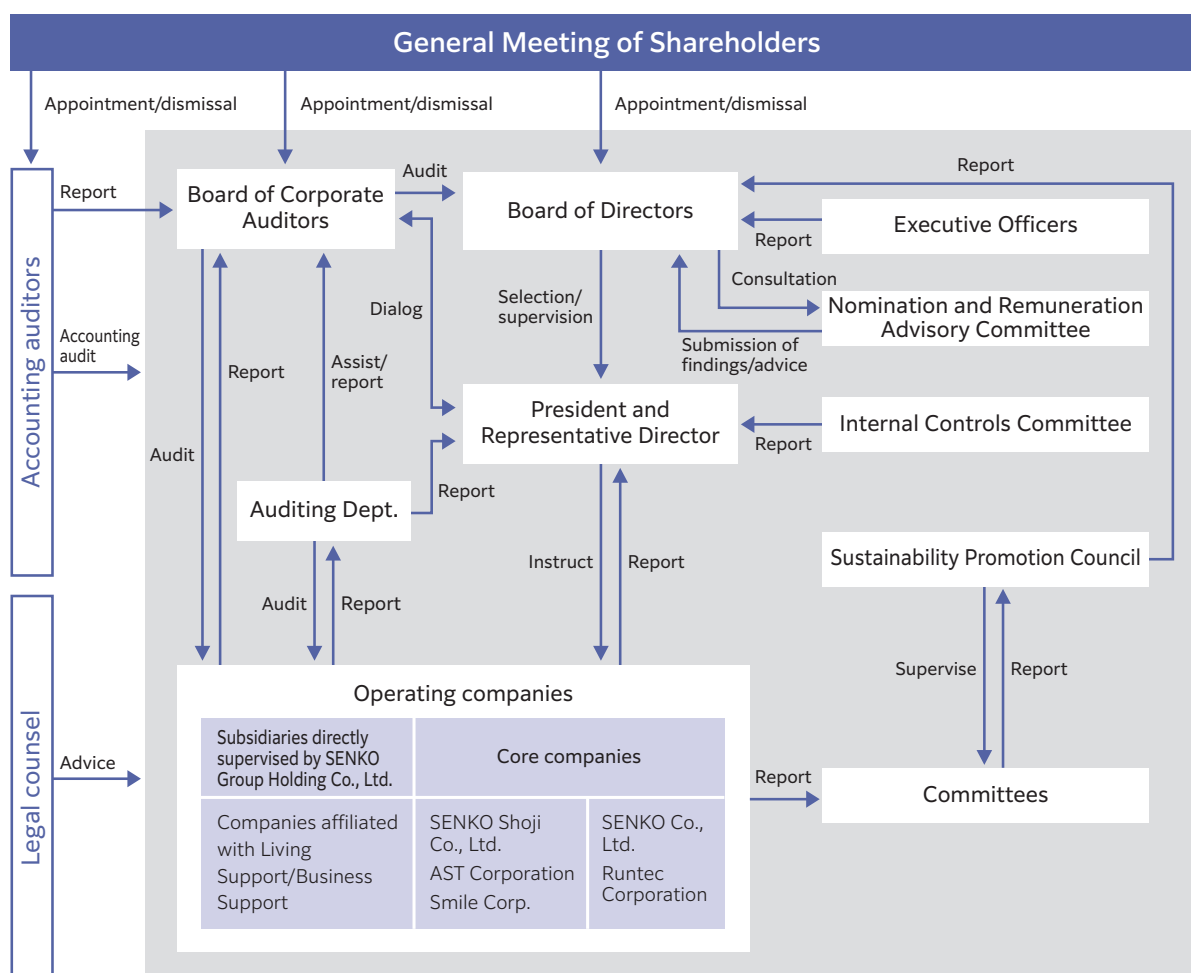
# G Governance

## Basic Policy

SENKO is a logistics company involved in highly public work that fosters people's development and supports their lives. We make every effort to ensure that all corporate activities thoroughly comply with laws, based on the awareness that good corporate governance is the foundation of business, as well as regarding governance as a high priority for management.

## Corporate Governance System

We have adopted the following corporate governance system, one that we consider to be optimal, in order to ensure management transparency and legal compliance based on the company's size, lines of business, organizational structure, and other features.



- 1 The Company's Board of Directors meets at least once a month and deliberates on issues as required by laws and regulations as well as important management concerns in addition to being an organization that oversees the execution of business. Furthermore, so that the Directors, Executive Officers, and key employees execute their duties appropriately and efficiently, the Company has established the Regulations of the Board of Directors and the Regulations for Administrative Authority to clarify authority and responsibility. We also verify the status of the implementation of operations and strive to have even more transparent management.
- 2 To implement the sustainable management of the entire group, the Group has established a Sustainability Promotion Council to oversee the activity policies and plans that guide committees related to compliance with applicable business laws, corporate risk, the environment, and social contribution activities. We've also established an Internal Controls Committee to increase the sophistication of the Group's internal control activities and ensure their thorough implementation. The committee's responsibilities include oversight of the evaluation of the development and administration of the internal control system.



3	Our Board of Corporate Auditors, which meets at least once a month, reports on, discusses, and makes decisions about legally mandated matters as well as important matters related to audits.
4	The Company has concluded an audit contract with Grant Thornton Taiyo LLC as the accounting auditor, under the terms of the Companies Act and the Financial Instruments and Exchange Act, and will receive guidance in relation to accounting. Our audit staff includes six certified public accountants and another 18 employees.
5	The Auditing Department performs internal audits at the Company and subsidiaries with the aim of verifying the status of risk countermeasures, identifying the status of managing operations and of improvements, and ensuring the effectiveness of the operation management system. As well, the Auditing Department reports its findings to the Representative Director and the Board of Corporate Auditors.
6	We established the Nomination and Remuneration Advisory Committee to enhance corporate governance by increasing the fairness, transparency, and objectivity of procedures related to director nominations, compensation, and similar tasks. The Committee deliberates matters related to those tasks in response to requests for advice from the Board of Directors and reports its findings to the Board.

## Policy on determining compensation for officers

Compensation for officers includes basic compensation, performance-based pay (bonuses), performance-based stock, and restricted stock compensation. Guided by internal rules, we determine the specific amounts of the compensation and number of assigned shares, taking into account factors such as the position of the officer, the performance in the individual fiscal year, and the level of contribution to performance made by each person. In addition, the Nomination and Remuneration Advisory Committee deliberates the general approach to remuneration structures and related decisions and reports on its findings to the Board of Directors, which makes final decisions while respecting the Committee's findings.

The performance-based stock compensation program was revised in FY2024 to add achievement of ESG goals to the evaluation criteria.

### Total FY2023 remuneration by officer category and number of corresponding officers

Officer category	Total compensation (millions of yen)	Total amount of each type of compensation, etc. (millions of yen)				Number of eligible officers
		Basic remuneration	Performance-based pay (bonuses)	Performance-based stock compensation	Restricted stock compensation	
Directors (excluding outside directors)	168	82	58	15	12	9
Corporate auditors (excluding outside corporate auditors)	45	33	11	-	-	2
Outside officers	55	44	10	-	-	6

The Financial Services Agency and the Tokyo Stock Exchange began applying a number of major principles that contribute to the realization of effective corporate governance as the Corporate Governance Code in June 2015. SENKO includes all elements of the Corporate Governance Code on its website to clarify the Company's position on working to enhance corporate governance based on this code.

●Corporate governance report ●Initiatives based on corporate governance principles

<https://www.senkogrouphd.co.jp/ir/governance/>

## Compliance-based management

Compliance-based management, which complies with laws and regulations and engages in ethical business activities, is the base for a company to fulfill its social responsibility and earn the trust of stakeholders.

The SENKO Group has established, based on a thorough understanding of the Group's social obligations, the SENKO Standards of Business Conduct, which prescribe all items that executives and employees must observe for every aspect of their jobs.

**G** Governance

List of directors and corporate auditors

**Yasuhisa Fukuda**

President and Representative Director  
General Manager of Strategic Planning HQ.  
General Manager of Products Business Promotion HQ.



**Noburo Sasaki**

Director  
Managing Executive Officer  
General Manager of Administration HQ.



**Shigeru Ono**

Director  
Managing Executive Officer  
General Manager of International Business Operation HQ.



**Yasuhiro Masuda**

Director  
Managing Executive Officer  
General Manager of Living Support Business HQ.



**Hideki Tsutsumi**

Director  
Managing Executive Officer  
Responsible for Trading & Commerce



**Kenji Sugimoto**

Director  
Responsible for Logistics



**Yoshiki Kanaga**

Director  
Responsible for Refrigerated & Frozen Logistics



**Hiroko Ameno**

Director  
(Outside)



**Yasuyuki Sugiura**

Director  
(Outside)



**Yoko Araki**

Director  
(Outside)



**Fumiko Okuno**

Director  
(Outside)



**Masanobu Uenaka**

Full-time  
Corporate Auditor



**Masami Washida**

Full-time  
Corporate Auditor



**Sinichiro Kohara**

Corporate Auditor  
(Outside)



**Yoshiro Okano**

Corporate Auditor  
(Outside)



## Skill matrix

Position	Name	Independent outside	Corporate management and management strategy	Human resources and human resources development	Financial and accounting	Legal affairs and risk management	Global	IT-DX	Sustainability (ESG+H)
Director	Yasuhisa Fukuda		●	●	●		●	●	
	Noburo Sasaki		●	●		●			●
	Shigeru Ono		●				●		
	Yasuhiro Masuda		●		●			●	
	Hideki Tsutsumi		●				●		
	Kenji Sugimoto		●	●	●			●	●
	Yoshiki Kanaga		●	●	●				
	Hiroko Ameno	★	●	●					●
	Yasuyuki Sugiura	★	●	●	●		●		●
	Yoko Araki	★		●					●
	Fumiko Okuno	★		●					●
Corporate Auditor	Masanobu Uenaka		●		●		●		
	Masami Washida					●			●
	Sinichiro Kohara	★	●						●
	Yoshiro Okano	★			●	●			

Note: The above table is not meant to serve as an exhaustive list of all individuals' knowledge, experience, and skills.

## Business risks

Risks related to the condition of SENKO's businesses, accounting, and other operations that could have a material impact on the judgment of investors are described in its securities reports.

## Risk Management System

SENKO's key management issues include ensuring stable earnings and establishing a sound management base by managing all risks associated with the execution of operations. The risk management system is described below.

1	To systematically and effectively mitigate the risks that the Group faces, and to take corrective action, we have established the Risk Management Regulations. Every department that controls risk is also tasked with formulating and distributing regulations, etc., aimed at reducing risks that affect the entire group and for taking effective action when such risks materialize.
2	When a risk materializes and is expected to cause serious damage, the department controlling this risk and the department in which the risk is expected to arise collaborate on reporting to the Board of Directors.
3	The Auditing Department verifies the status of risk countermeasures, etc., and reports to the Representative Director and the Board of Corporate Auditors.

## Establishing business continuity plans (BCPs)

Every Group location has established a business continuity plan (BCP) in order to swiftly recover logistics in the event of a disaster. In an emergency, support and recovery activities will be carried out promptly under the direction of the head office and the manager of the department taking countermeasures on the ground using the BCP. We use cloud services to ensure information systems will continue to be available in the event of a natural disaster, allowing logistics structures to be maintained.

**H** Health

Health management vision

**Health Management Declaration**

Reflecting our effort to become a group that creates the trends of the future through innovation, we've identified ESG+H (health) management as a key issue in our Medium-Term Business Plan, and we consider promoting employee health to be a top management priority.

As part of our ongoing implementation of health management, we've communicated the SENKO Group Health Management Declaration both inside and outside the company to help the Group come together to achieve its goals concerning this issue. The Health Management Declaration incorporates our wish that employees enjoy lifelong health and happiness, both while they work in a healthy and happy manner as employees and after they retire as working adults.

**Health management strategy map**

To guide our implementation of health management, we've formulated a health management strategy map that illustrates the connections between specific initiatives by linking management issues that the Group wishes to resolve through health management and employee health issues that merit improvement.

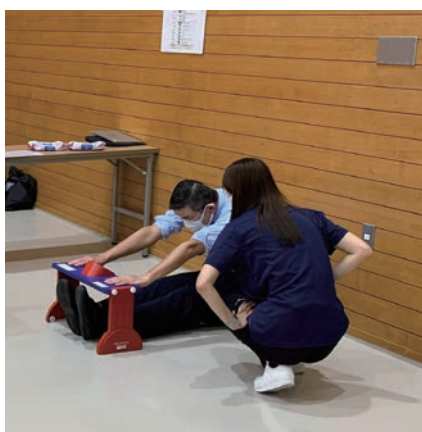


**Principal health management initiatives**

Hosting seminars, study groups and events

We host a variety of seminars and health events based on the health management strategy map and leverage them to improve employees' health literacy, maintain and improve physical and mental health, and boost work engagement.

- Women's health seminar
- Line care seminars
- Workplace environment improvement study groups
- Nursing staff training study sessions
- Establishment of a consulting service for diseases specific to women
- Adult-onset disease prevention seminars
- Strength and gait measurement sessions
- Health improvement activities planned in each geographic area of Japan



At a strength measurement session



Employees listen to their gait measurement results.



A poster advertising the consulting service for diseases specific to women



## SENKO Group Culture Festival held for the first time in 2023

SENKO is involved with a variety of programs designed to revitalize employees and the organization through enjoyment of culture and sports and to create a smile-filled future. As part of those programs, the SENKO Group Culture Festival was held for the first time in 2023. More than 300 employees participated in the event, whose main theme was “strengthening connections between employees.” It was livestreamed, which helped make it a major success by allowing as many workers as possible to participate. It served as a meaningful chance to provide connections and new-employee experiences through culture.



Employees who aren't able to meet each other in the course of their normal work were able to deepen their bonds.



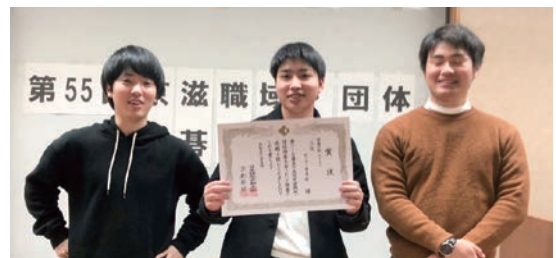
Participants drew on their respective strengths in different areas to bring excitement and fun to the venue.

## Culture and sports activities led by various operational teams

Various operational teams related to culture and sports helped deepen the connections between people and between people and the organization, boosting many employees' interest in culture and sports by letting them experience what it's like to push human potential to the limits as an athlete and by sharing excitement and enthusiasm.

### ■ Go Club

The Senko Group is helping popularize the culture of the game of go by hosting a go festival and sponsoring the Senko Cup, a professional tournament for female players, and the Senko Cup International Go Tournament. Members of the Go Club, which was formed in 2015, participated in a variety of tournaments in FY2023, with one member placing as runner-up in individual competition at the Shizuoka Go Festival (an “amateur champion” tournament) and the team notching a second-place finish in the 55th Kyoto-Shiga Occupational Group Go Tournament. They continue to work to boost their performance.



### ■ Golf Club

SENKO's Golf Club won the 9th Japan Club Team Golf Tournament for the second year in a row, placing first out of 257 teams from around Japan (including 1,028 players). In addition, the club worked with Gamo Golf Club, which the Group owns, to host the facility's first charity golf tournament. Proceeds were donated to the town of Hino, Shiga Prefecture, which is using them to fund youth development programs.



### ■ Judo Club

SENKO's Judo Club competed at the FY2022 All-Japan Senior Judo Weight-class Championship, with members placing second and third in women's individual competition. The team is working together so that they can achieve even more ambitious goals while balancing training with their job responsibilities.



# Ten-year Financial and Nonfinancial Highlights

	FY2014	FY2015	FY2016	FY2017	FY2018
<b>Business results (millions of yen)</b>					
Operating revenues	333,883	398,447	434,000	455,435	492,127
Operating costs and expenses	299,039	357,431	386,321	405,757	440,671
Selling, general and administrative expenses	22,722	27,366	30,181	32,595	34,369
Operating profit	12,122	13,649	17,497	17,081	17,087
Ordinary profit	11,305	13,234	17,178	17,301	17,316
Net income attributable to owners of parent	6,503	7,073	8,542	8,950	9,503
Comprehensive income	7,045	9,804	8,630	12,249	12,893
<b>Per-share information (yen)</b>					
Net assets per share	539.52	581.46	613.71	661.61	741.44
Net income per share	51.89	55.06	60.43	61.67	62.64
Net income per share after adjustment for residual shares	45.17	50.41	56.32	58.74	58.08
Annual dividend	16.00	17.00	20.00	22.00	22.00
<b>Financial position (millions of yen)</b>					
Net assets	72,302	92,743	100,009	114,090	118,056
Total assets	243,570	285,309	269,461	285,958	333,972
Cash flows from operating activities	10,689	19,228	16,149	20,848	24,567
Cash flows from investing activities	(24,956)	(17,978)	(2,288)	(3,678)	(37,020)
Cash flows from financing activities	14,551	6,209	(21,492)	(8,626)	9,940
Cash and cash equivalents at end of year	17,667	25,476	17,765	26,197	23,795
<b>Decision-making indicators</b>					
Operating profit margin (%)	3.63%	3.43%	4.03%	3.75%	3.47%
Equity ratio (%)	27.80%	28.40%	32.60%	35.10%	33.70%
Return on assets (ROA) (%)	5.01%	5.00%	6.19%	6.23%	5.59%
Return on equity (ROE) (%)	9.80%	9.50%	10.10%	9.50%	8.90%
Price earnings ratio (PER)	8.63	14.17	11.35	11.63	13.22
Final share price at end of fiscal year (yen)	448	780	686	717	828
Price book-value ratio (PBR)	0.83	1.34	1.12	1.08	1.12
<b>Nonfinancial information</b>					
Number of employees	8,738	11,562	11,992	13,915	14,496
Number of drivers	2,534	4,000	4,024	4,105	5,051
Number of operators	3,692	4,528	4,496	4,575	5,143
Number of group companies	79	86	86	111	133
Modal shift ratio (%)	—	—	—	63.4%	65.7%
Total warehouse floor space (tens of thousands of square meters)	252	280	293	322	342
Number of vehicles (tractors)	3,352	4,540	4,745	4,426	5,179
Number of ships under management	19	18	18	18	68
Of which, number of owned ships	11	11	11	11	34

\*During the fiscal year ended March 31, 2023, the company finalized the provisional accounting treatment for business combinations. As a result, principal management allocation of the cost of acquisition resulting from the finalization of provisional accounting treatment.

## Outside recognition

2023 Constituent MSCI Japan ESG Select Leaders Index<sup>\*1</sup>



FTSE Blossom Japan Sector Relative Index



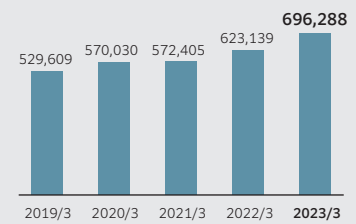
2023 Constituent MSCI Japan Empowering Women Index (WIN)<sup>\*1</sup>

\*1 Neither inclusion in MSCI indexes nor use of MSCI's logo, trademarks, service marks, or index names on this page should be construed to indicate the support, guarantee, or promotion of SENKO Group Holdings Co., Ltd. by MSCI or its affiliates. MSCI indexes are the exclusive property of MSCI. The names and logos of MSCI and its indexes are trademarks or service marks of MSCI and its affiliates.

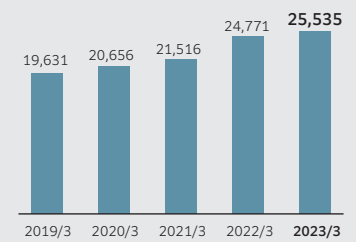
## Initiatives in which the Group

	FY2019	FY2020	FY2021	FY2022	FY2023
	529,609	570,030	572,405	623,139	696,288
	471,129	503,687	500,653	534,352	595,013
	38,847	45,686	50,235	64,015	75,738
	19,631	20,656	21,516	24,771	25,535
	19,876	20,744	22,227	26,103	26,151
	11,681	12,081	14,249	15,233	15,341
	10,547	10,677	17,841	17,596	20,036
	785.08	823.61	909.55	985.67	1,075.69
	76.90	79.51	93.87	104.09	102.90
	71.31	73.75	78.44	91.99	91.11
	26.00	26.00	28.00	34.00	34.00
	126,895	134,181	146,120	160,854	179,103
	340,491	356,308	436,066	480,818	581,850
	27,022	31,098	31,858	31,885	47,694
	(15,770)	(18,030)	(46,309)	(46,141)	(52,319)
	(13,224)	(9,155)	36,757	5,773	17,730
	22,801	27,142	50,371	42,193	56,147
	3.71%	3.62%	3.76%	3.98%	3.67%
	35.00%	35.10%	30.90%	30.50%	27.60%
	5.89%	5.95%	5.61%	5.70%	4.92%
	10.10%	9.90%	11.00%	10.80%	10.00%
	11.95	10.54	11.16	8.63	9.18
	919	838	1,048	898	945
	1.17	1.02	1.15	0.91	0.88
	16,004	16,693	19,194	20,725	23,727
	5,397	5,450	6,004	6,226	6,708
	5,429	5,602	6,135	6,011	9,481
	132	131	141	161	176
	69.8%	70.0%	74.9%	76.1%	64.7%
	366	387	392	406	447
	5,525	5,790	6,229	6,727	6,960
	69	69	69	69	72
	34	33	38	40	40

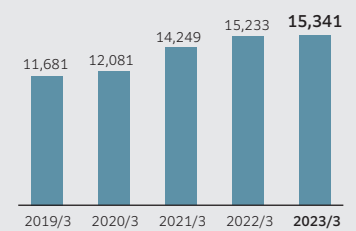
Operating revenues (Millions of yen)



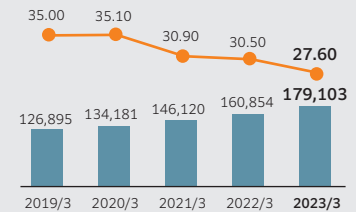
Operating profit (Millions of yen)



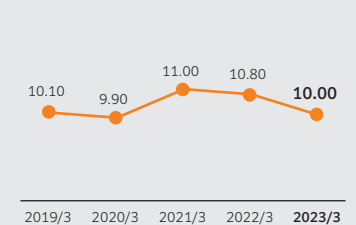
Net income attributable to owners of parent (Millions of yen)



Net assets (Millions of yen) and Equity ratio (%)



Return on equity (ROE) (%)



indicators and other figures related to the fiscal year ended March 31, 2022, reflect important revisions to the initial

is participating (SENKO Group Holdings Co., Ltd. and SENKO Group companies)



**ISO14001**  
 ● Certified organization / 4 branches of SENKO Co., Ltd. and Sankyo Freight Co., Ltd. Tokyo Nohin Daiko Co., Ltd.  
 ● Certification No. / JQA-EM1492  
 ● Certifying institution / JQA (Japan Quality Assurance Organization)



**ISO14001**  
 ● Certified organization / Smile Corp.  
 ● Certification No. / JQA-EM7663  
 ● Certifying institution / JQA (Japan Quality Assurance Organization)



**ISO14001**  
 ● Certified organization / Harcob Co., Ltd.  
 ● Certification No. / EMS542855  
 ● Certifying institution / BSI Group Japan



**Green Management Certification**  
 ● Certified organization / 9 business sites at SENKO Co., Ltd.; SENKO Line Co., Ltd.; Atsugi Senko Transport Co., Ltd.; Chushikoku Logistics Co., Ltd.; Eikichi Kaiun Co., Ltd.; Minami Kyushu Senko Co., Ltd.; Tokyo Nohin Daiko Co., Ltd.; Kitanihonnyu Corporation  
 ● Certifying institution / Foundation for Promoting Personal Mobility and Ecological Transportation

# Financial Review

During the fiscal year under review, the Group's pursuit of M&As combined with Group-wide efforts to grow sales and revise the fee and cost picture to address challenges including rising electricity, fuel, and prime costs and a fall-off in special demand associated with the pandemic. As a result, we achieved year-on-year increases in operating revenue, operating profit, ordinary profit, and net income attributable to owners of parent.

		FY2022 (1H)	FY2023 (fiscal year under review)	Vs. previous fiscal year	
		Operating revenues (hundreds of millions of yen)	Operating revenues (hundreds of millions of yen)	Change (hundreds of millions of yen)	Percentage change (%)
Logistics Business	Food logistics	822	869	46	5.6
	Chain store logistics	837	943	106	12.6
	Fashion logistics	495	525	30	6.1
	Other logistics	396	506	110	27.7
		2,550	2,842	292	11.4
	Housing logistics	617	617	0	0.0
	Chemical logistics	849	892	43	5.1
	Other logistics	390	407	18	4.5
	4,406	4,758	353	8.0	
Trading & Commerce		1,461	1,598	137	9.4
Living Support		288	390	102	35.3
Business Support		76	107	31	40.7
Products		—	106	106	—
Adjustment		0	3	3	—
Total		6,231	6,963	731	11.7

## Logistics Business

Despite challenges including increases in the cost of electricity and fuel and a rapid decline in freight movements during the second half of the fiscal year, operating revenues rose 35,267 million yen from the previous year to 475,833 million yen while segment profit rose 472 million yen to 23,748 million yen thanks to factors including efforts to grow sales and revise prices and contributions from M&As.

## Trading & Commerce

Despite the contribution from Cartas Co., Ltd., a home-use paper wholesaler that became a consolidated subsidiary last fiscal year, and efforts to revise prices, boost sales, and improve the cost picture, factors including declining demand for packaging materials used in takeout and delivery services and rising supply costs weighed on performance as operating revenues rose 13,697 million yen from the previous year to 159,821 million yen. Segment profit fell 26 million yen to 2,421 million yen.

## Living Support

Thanks to factors including growth in customer volume and store foot traffic as a result of the post-pandemic normalization of daily life and contributions from new stores and M&As, operating revenues rose 10,172 million yen from the previous year to 38,985 million yen, while segment profit rose 894 million yen to 186 million yen.

## Business Support

Thanks to factors including efforts to grow sales and improve the cost picture and contributions from M&As, operating revenues rose 3,107 million yen from the previous year to 10,733 million yen, while segment profit rose 152 million yen to 1,252 million yen.

## Products

Chuo Kagaku, which became a consolidated subsidiary during the fiscal year under review, realized an operating loss of 180 million yen on business revenue of 10,604 million yen.



## Assets, liabilities, and net assets

### Total assets

Total assets as of March 31, 2023, were 581,850 million yen, an increase of 101,032 million yen from the previous year. Current assets came to 201,773 million yen, up 30,739 million yen from the end of the previous fiscal year. That result reflects increases of 13,490 million yen in cash and cash equivalents; 5,303 million yen in trade accounts, notes receivable, and contract assets; 6,013 million yen in merchandise and finished goods; 2,290 million yen in raw materials and supplies; and 1,920 million yen in other current assets. Non-current assets were 380,077 million yen, an increase of 70,293 million yen from the previous fiscal year. That result reflects increases of 58,973 million yen in property, plant and equipment; 1,226 million yen in intangible assets; and 10,093 million yen in investments and other assets.

### Liabilities

Total liabilities as of March 31, 2023, increased 82,783 million yen from the end of the previous fiscal year to 402,747 million yen. Current liabilities totaled 165,357 million yen, up 27,710 million yen from the end of the previous fiscal year. That result reflects increases of 5,383 million yen in trade accounts and notes payable, 2,015 million yen in electronically recorded obligations, 4,208 million yen in short-term loans, 2,260 million yen in lease obligations, and 13,100 million yen in other current liabilities. Non-current liabilities totaled 237,389 million yen, up 55,072 million yen from the end of the previous fiscal year. That result reflects increases of 37,546 million yen in long-term loans, 9,052 million yen in long-term lease obligations, 1,428 million yen in retirement benefit liabilities, 1,093 million yen in asset retirement obligations, 2,853 million yen in deferred tax liabilities, and 2,871 million yen in other non-current liabilities.

### Net assets

Net assets as of March 31, 2023, were 179,103 million yen, an increase of 18,248 million yen from the previous year. That result reflects increases of 10,247 million yen in retained earnings, 2,327 million yen in foreign currency translation adjustment, and 4,578 million yen in non-controlling interests. As of March 31, 2023, the equity ratio was 27.6%, a decrease of 2.9 percentage points from the end of the previous fiscal year.

## Capital expenditures and depreciation

Capital expenditures in the fiscal year under review totaled 41,853 million yen. Principle expenditures included 19,401 million yen on building expansion and related projects (primarily in the Logistics business), 8,490 million yen in property purchases and related transactions (primarily in the Logistics business), and 4,444 million yen on vehicle and transport equipment (primarily in the Logistics business).

Depreciation in the fiscal year under review rose to 22,429 million yen from 19,817 million yen the previous fiscal year.

## Cash flows

Cash and cash equivalents at the end of the fiscal year under review rose 13,953 million yen from the end of the previous fiscal year to 56,147 million yen.

Net cash provided by operating activities came to 47,694 million yen. This was mainly due to income before income taxes of 25,736 million yen, depreciation of 22,429 million yen, and increased funds due to a decrease in trade receivables and contract assets of 9,704 million yen, which collectively offset a decrease in funds due to a decrease in accrued liabilities of 3,243 million yen and income taxes paid of 9,223 million yen.

Net cash used in investing activities came to 52,319 million yen. This was mainly due to purchase of property, plant and equipment of 34,578 million yen and purchase of shares of subsidiaries resulting in change in scope of consolidation of 15,500 million yen.

Net cash provided by financing activities came to 17,730 million yen. This was mainly due to net decrease of short-term loans of 5,149 million yen, repayments of long-term loans of 13,424 million yen, repayments of finance/lease liabilities of 6,603 million yen, and dividends paid of 5,089 million yen, which offset proceeds from long-term borrowing of 48,346 million yen.

# Consolidated financial statements

## Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	45,093	58,583
Trade accounts and notes receivable, and contract assets	91,893	97,197
Electronically recorded obligations - operating	3,543	4,476
Merchandise and finished goods	14,183	20,197
Work in process	95	909
Raw materials and supplies	845	3,136
Other	15,411	17,332
Allowance for doubtful accounts	(34)	(59)
<b>Total current assets</b>	<b>171,033</b>	<b>201,773</b>
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings and structures	187,259	215,311
Accumulated depreciation	(96,162)	(103,396)
Buildings and structures, net	91,096	111,914
Machinery and equipment, vehicle and vessels	101,063	100,872
Accumulated depreciation	(73,248)	(70,635)
Machinery and equipment, vehicle and vessels, net	27,815	30,236
Tools, furniture and fixtures	13,528	22,004
Accumulated depreciation	(10,611)	(18,454)
Tools, furniture and fixtures, net	2,917	3,549
Land	90,313	114,478
Leased assets	23,823	38,250
Accumulated depreciation	(8,890)	(13,425)
Leased assets, net	14,932	24,824
Construction in progress	4,562	5,608
<b>Total property, plant and equipment</b>	<b>231,639</b>	<b>290,612</b>
Intangible assets		
Goodwill	12,104	11,727
Other	11,949	13,553
<b>Total intangible assets</b>	<b>24,054</b>	<b>25,280</b>
Investments and other assets		
Investment securities	17,957	20,248
Long-term loans receivable	279	541
Retirement benefit asset	7,703	10,207
Guarantee deposits	14,388	17,034
Deferred tax assets	5,115	5,571
Other	9,066	11,360
Allowance for doubtful accounts	(418)	(780)
<b>Total investments and other assets</b>	<b>54,091</b>	<b>64,184</b>
<b>Total non-current assets</b>	<b>309,784</b>	<b>380,077</b>
<b>Deferred assets</b>		
Business commencement expenses	0	—
<b>Total deferred assets</b>	<b>0</b>	<b>—</b>
<b>Total assets</b>	<b>480,818</b>	<b>581,850</b>

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade accounts and notes payable	50,675	56,058
Electronically recorded obligations - operating	9,076	11,091
Current portion of bonds payable	24	—
Short-term loans	36,335	40,543
Lease obligations	4,632	6,892
Income taxes payable	5,052	5,113
Provision for bonuses	6,585	7,544
Provision for bonuses for directors (and other officers)	427	420
Provision for loss on disaster	416	170
Other	24,420	37,521
<b>Total current liabilities</b>	<b>137,646</b>	<b>165,357</b>
<b>Non-current liabilities</b>		
Bonds payable	40,000	40,000
Convertible bonds with share acquisition rights	22,081	22,054
Long-term loans	86,746	124,292
Lease obligations	15,970	25,022
Provision for retirement benefits for directors (and other officers)	573	608
Provision for special repairs	196	256
Provision for share awards	336	494
Retirement benefit liability	7,050	8,479
Asset retirement obligations	950	2,044
Deferred tax liabilities	5,120	7,973
Other	3,291	6,163
<b>Total non-current liabilities</b>	<b>182,317</b>	<b>237,389</b>
<b>Total liabilities</b>	<b>319,963</b>	<b>402,747</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	28,479	28,479
Capital surplus	31,545	31,318
Retained earnings	91,737	101,984
Treasury shares	(8,159)	(7,712)
<b>Total shareholders' equity</b>	<b>143,602</b>	<b>154,070</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,472	1,668
Deferred gains or losses on hedges	70	(2)
Foreign currency translation adjustment	755	3,082
Remeasurements of defined benefit plans	916	1,690
<b>Total accumulated other comprehensive income</b>	<b>3,215</b>	<b>6,439</b>
<b>Share acquisition rights</b>	<b>388</b>	<b>366</b>
<b>Non-controlling interests</b>	<b>13,648</b>	<b>18,226</b>
<b>Total net assets</b>	<b>160,854</b>	<b>179,103</b>
<b>Total liabilities and net assets</b>	<b>480,818</b>	<b>581,850</b>

## Consolidated financial statements

### Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2022 (April 1, 2021 - March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 - March 31, 2023)
Operating revenues	623,139	696,288
Operating costs and expenses	534,352	595,013
Operating gross profit	88,786	101,274
Selling, general and administrative expenses	64,015	75,738
Operating profit	24,771	25,535
Non-operating income		
Interest income	100	132
Dividend income	286	198
Share of profit of entities accounted for using equity method	402	370
Revenue from subsidiaries	531	244
Rental income from land and buildings	356	402
Other	1,670	1,925
Total non-operating income	3,349	3,273
Non-operating expenses		
Interest expenses	1,244	1,668
Other	772	989
Total non-operating expenses	2,016	2,658
Ordinary profit	26,103	26,151
Extraordinary income		
Gain on bargain purchase	—	1,469
Subsidy income	248	279
Gain on sale of non-current assets	111	253
Gain on sale of investment securities	—	40
Total extraordinary income	359	2,043
Extraordinary losses		
Impairment losses	31	1,540
Loss on tax purpose reduction entry of non-current assets	253	279
Loss on retirement of non-current assets	182	271
Loss on office withdrawal	—	184
Compensation expenses	298	132
Loss on cancellation of leases	202	50
Provision for loss on disaster	416	—
Loss on COVID-19 impact	211	—
Loss on sale of non-current assets	43	—
Loss on disaster	28	—
Provision of allowance for doubtful accounts for subsidiaries and associates	12	—
Provision of allowance for doubtful accounts	3	—
Total extraordinary losses	1,684	2,458
Income before income taxes	24,778	25,736
Income taxes - current	8,831	8,907
Income taxes - deferred	(230)	507
Total income taxes	8,601	9,415
Net income	16,177	16,320
Net income attributable to non-controlling interests	943	979
Net income attributable to owners of parent	15,233	15,341



## Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022 (April 1, 2021 - March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 - March 31, 2023)
Net income	16,177	16,320
Other comprehensive income		
Valuation difference on available-for-sale securities	(337)	207
Deferred gains or losses on hedges	47	(81)
Foreign currency translation adjustment	781	2,353
Remeasurements of defined benefit plans	927	773
Equity equivalent amount in equity-method affiliates	—	463
Total other comprehensive income	1,419	3,715
Comprehensive income	17,596	20,036
Total comprehensive income attributable to:		
Owners of parent	16,609	18,566
Non-controlling interests	987	1,469

## Consolidated statements of changes in equity

Fiscal year ended March 31, 2022 (April 1, 2021 - March 31, 2022)

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	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			
<b>Balance at beginning of period</b>	26,564	29,806	81,211	(4,638)	132,944	1,759	32	57	(10)	1,839	410	10,926	146,120
Changes during period													
Issuance of new shares	1,915	1,915			3,830					—			3,830
Dividends of surplus			(4,708)		(4,708)					—			(4,708)
Net income attributable to owners of parent			15,233		15,233					—			15,233
Purchase of treasury shares				(3,661)	(3,661)					—			(3,661)
Disposal of treasury shares		(39)		139	100					—			100
Change in ownership interest of parent due to transactions with non-controlling interests		(136)			(136)					—			(136)
Net changes in items other than shareholders' equity, net					—	(287)	38	697	927	1,375	(21)	2,721	4,075
Total changes during period	1,915	1,739	10,525	(3,521)	10,658	(287)	38	697	927	1,375	(21)	2,721	14,734
<b>Balance at end of period</b>	28,479	31,545	91,737	(8,159)	143,602	1,472	70	755	916	3,215	388	13,648	160,854

Fiscal year ended March 31, 2023 (April 1, 2022 - March 31, 2023)

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	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			
<b>Balance at beginning of period</b>	28,479	31,545	91,737	(8,159)	143,602	1,472	70	755	916	3,215	388	13,648	160,854
Changes during period													
Issuance of new shares					—					—			—
Dividends of surplus			(5,093)		(5,093)					—			(5,093)
Net income attributable to owners of parent			15,341		15,341					—			15,341
Purchase of treasury shares				(0)	(0)					—			(0)
Disposal of treasury shares		(230)		447	217					—			217
Change in ownership interest of parent due to transactions with non-controlling interests		3			3					—			3
Net changes in items other than shareholders' equity, net					—	196	(72)	2,327	773	3,224	(22)	4,578	7,781
Total changes during period	—	(227)	10,247	447	10,467	196	(72)	2,327	773	3,224	(22)	4,578	18,248
<b>Balance at end of period</b>	28,479	31,318	101,984	(7,712)	154,070	1,668	(2)	3,082	1,690	6,439	366	18,226	179,103

# Consolidated financial statements

## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022 (April 1, 2021 - March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 - March 31, 2023)
<b>Cash flows from operating activities</b>		
Income before income taxes	24,778	25,736
Depreciation	19,817	22,429
Amortization of goodwill	1,071	1,333
Increase (decrease) in allowance for doubtful accounts	2	158
Decrease (increase) in retirement benefit asset	(2,232)	(2,504)
Increase (decrease) in retirement benefit liability	874	583
Increase (decrease) in provision for bonuses	218	398
Increase (decrease) in provision for share awards	186	158
Increase (decrease) in provision for loss on disaster	416	(246)
Interest and dividend income	(386)	(330)
Foreign exchange losses (gains)	(251)	(167)
Interest expenses	1,244	1,668
Loss (gain) on sale of non-current assets	(68)	(253)
Loss on tax purpose reduction entry of non-current assets	253	279
Subsidy income	(248)	(279)
Gain on bargain purchase	—	(1,469)
Loss (gain) on sale of investment securities	—	(40)
Impairment losses	31	1,540
Loss on retirement of non-current assets	182	271
Loss on office withdrawal	—	184
Compensation expenses	298	132
Loss on cancellation of leases	202	50
Decrease (increase) in trade receivables and contract assets	(5,123)	9,704
Decrease (increase) in inventories	(592)	(1,050)
Increase (decrease) in accrued liabilities	3,654	(3,243)
Increase (decrease) in accrued consumption taxes	(1,685)	878
Decrease (increase) in consumption taxes refund receivable	22	(377)
Other	(837)	1,827
Subtotal	41,830	57,371
Proceeds from subsidy income	248	279
Interest and dividend income received	377	936
Interest expenses paid	(1,249)	(1,669)
Income taxes paid	(9,321)	(9,223)
Net cash provided by (used in) operating activities	31,885	47,694
<b>Cash flows from investing activities</b>		
Payments into time deposits	(2,071)	(2,934)
Proceeds from withdrawal of time deposits	2,028	3,476
Purchase of property, plant and equipment	(30,311)	(34,578)
Proceeds from sale of property, plant and equipment	907	799
Purchase of intangible assets	(730)	(1,131)
Payments for investments in capital of subsidiaries and associates	(5,668)	—
Purchase of investment securities	(653)	(1,666)
Payments for guarantee deposits	(1,097)	(2,023)
Proceeds from collection of guarantee deposits	354	1,631
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(8,837)	(15,500)
Other	(60)	(391)
Net cash provided by (used in) investing activities	(46,141)	(52,319)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans	4,671	(5,149)
Proceeds from long-term loans	22,563	48,346
Repayments of long-term loans	(4,035)	(13,424)
Repayments of finance lease obligations	(5,359)	(6,603)
Proceeds from issuance of bonds	10,000	—
Redemption of bonds	(13,288)	(24)
Purchase of treasury shares	(3,630)	(0)
Dividends paid	(4,704)	(5,089)
Dividends paid to non-controlling interests	(148)	(275)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(249)	(29)
Other	(45)	(18)
Net cash provided by (used in) financing activities	5,773	17,730
<b>Effect of exchange rate change on cash and cash equivalents</b>	304	848
<b>Net increase (decrease) in cash and cash equivalents</b>	(8,177)	13,953
<b>Cash and cash equivalents at beginning of period</b>	50,371	42,193
<b>Cash and cash equivalents at end of period</b>	42,193	56,147

# Share Status and Company Profile

## Share Status

(As of March 31, 2023)

Listed exchange:	Prime Market, Tokyo Stock Exchange
Stock code:	9069
Authorized shares:	294,999,000
Outstanding shares:	157,070,496
Number of shareholders:	29,489
Administrator of shareholders' register	Mitsubishi UFJ Trust and Banking Corporation Osaka Stock Transfer Agent Division 3-6-3, Fushimimachi, Chuo-ku, Osaka 541-8502, Japan

Major shareholders	Number of shares (Thousands)	Percentage held
The Master Trust Bank of Japan, Ltd.	20,196	13.02%
Custody Bank of Japan	18,037	11.63%
Asahi Kasei Corporation	11,676	7.53%
SENKO Group Employee's Stockholding	7,616	4.91%
STATE STREET BANK AND TRUST COMPANY	5,569	3.59%
JPMORGAN CHASE BANK	4,067	2.62%
Mitsubishi UFJ Trust and Banking Corporation	4,060	2.62%
Isuzu Motors Ltd.	4,039	2.60%
Sekisui Chemical Co., Ltd.	3,393	2.19%
Aioi Nissay Dowa Insurance Co., Ltd.	3,169	2.04%

## Shareholders by type

### Treasure stock

1  
1,947,369  
1.24%

### Individuals and others

28,878  
26,694,468  
17.00%

### Overseas financial institutions and individuals

261  
30,718,286  
19.56%

### Other domestic corporations

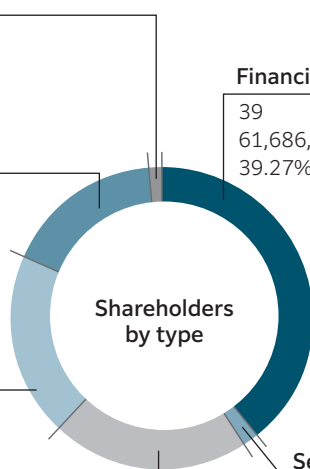
277  
33,508,341  
21.33%

### Financial institutions

39  
61,686,118  
39.27%

### Securities firms

33  
2,515,914  
1.60%



## Company profile

(As of March 31, 2023)

Trade name:	SENKO Group Holdings Co., Ltd.
Established:	September 1916
Incorporated:	July 1946
Head Office:	2-8-10 Shiomi, Koto-ku, Tokyo, Japan
Representative:	Yasuhisa Fukuda, President and Representative Director
Share capital:	28,479 million yen
Group employees:	23,727
Group companies:	176

## Main group companies

### Domestic

SENKO Co., Ltd.  
Runtec Corporation  
Tokyo Nohin Daiko Co., Ltd.  
SENKO A Line Amano Co., Ltd.  
Nippon Marine Co., Ltd.  
ACROSS TRANSPORT Corp.  
SENKO Shoji Co., Ltd.  
Smile Corp.  
AST Corporation  
Chuo Kagaku Co., Ltd.

### Overseas

Dalian Tri-Enterprise Logistics Co., Ltd.  
Shanghai Senko International Freight Forwarding Inc.  
Guangzhou Senko Logistics Co., Ltd.  
Senko International Logistics Pte. Ltd.  
Shanghai Smile Corp.  
HONG KONG SMILECORP LIMITED  
KOREA SMILE CORP LIMITED  
SMILECORP VIETNAM CO., LTD.

## ***SENKO Group Holdings***

Inquiries

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[senko\\_group.official](#)