

SENKO INTEGRATED REPORT 2022

SENKO Group Holdings

Inquiries

Public Relations Office

13th floor, Sunrise Building Osaka, 2-6-8 Bingomachi, Chuo-ku, Osaka 541-0051

TEL: 06-6440-5156 FAX: 06-6440-5148

URL: <https://www.senkogrouphd.co.jp/en/>



Official Instagram account
senko_group.official



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

Relationship between Business Activities and the SDGs	17
A Message from the President	19
New Medium-Term Business Plan	23
Feature: The SENKO Group's Decarbonization Strategy	27

Foundation for Growth

ESG+H Initiatives	31
Environment	33
Safety	37
Social	40
Governance	43
Health	47
TOPICS	48

Data Section

Ten-year Financial and Nonfinancial Highlights	49
Financial Review	51
Consolidated Balance Sheets	53
Share Status and Company Profile	58

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. In compiling this Integrated Report, the Group's first, we have sought to provide a multifaceted and comprehensive look at the SENKO Group's business activities, including not only financial information, but also ESG (environment, social, and governance) content. 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 VRF)
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, 2021, and March 31, 2022. However, some activities that took place after April 2022 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.

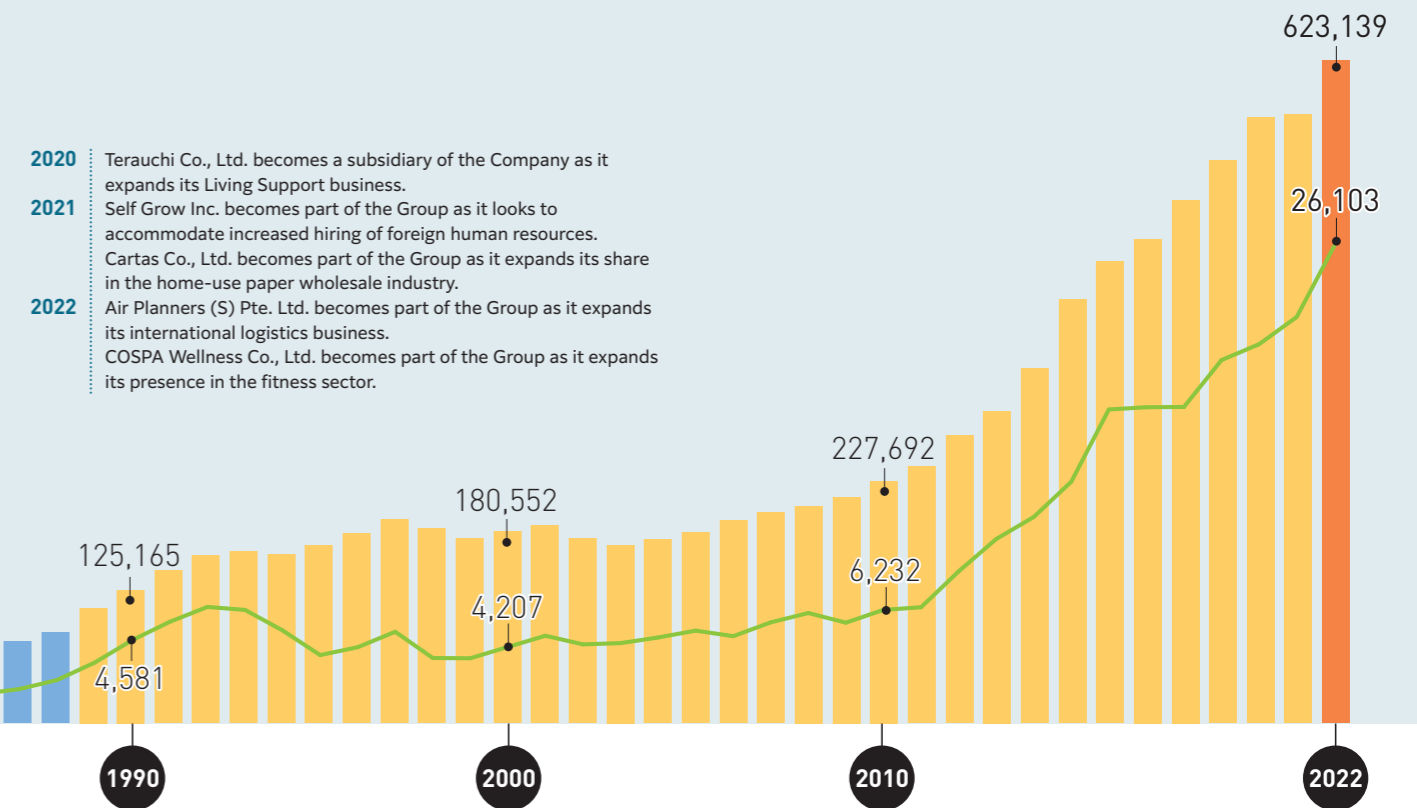
History of the SENKO Group

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 integrates 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 Inc. 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.

■ 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 part of the Group as it looks to accommodate increased hiring of foreign human resources. Cartas Co., Ltd. becomes part of the Group as it expands its share in the home-use paper wholesale industry.
- 2022** Air Planners (S) Pte. Ltd. becomes part of the Group as it expands its international logistics business. COSPA Wellness Co., Ltd. becomes part of the Group as it expands its presence in 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 consulting on distribution issues. 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

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. A new corporate philosophy was formulated to recognize the corporate name change to SENKO Group Holdings Co., Ltd. in April 2017 (as part of the transition to a holding company structure). In Logistics, in addition to increasing development of logistics centers overseas, we will move forward with plans to use automation and labor-saving technologies in these centers, while providing customers with high value-added distribution services. Also, we will strengthen new areas, such as Living Support, to build the third pillar of our company, in addition to Logistics and Trading & Commerce.



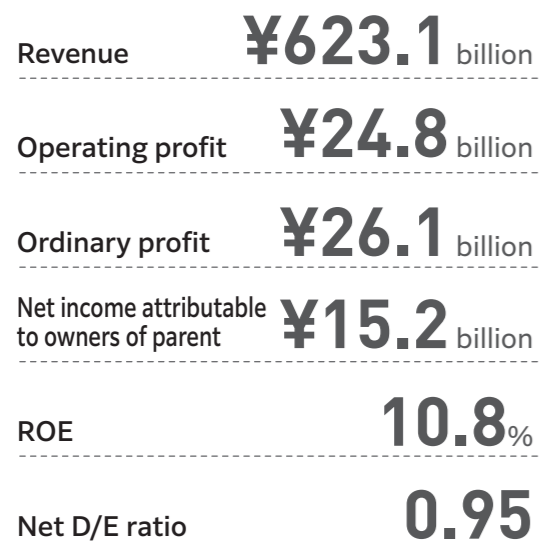
At a Glance

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

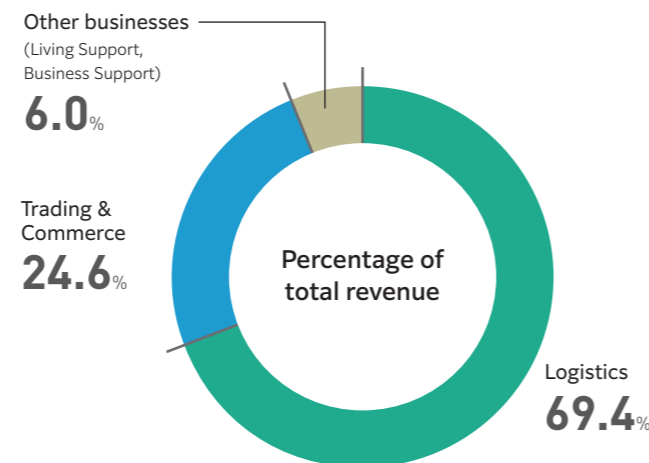
Building on the Logistics business, which comprises the basis for our growth, we're taking advantage of Group synergies to develop business that make a positive impact on society, for example through our Trading & Commerce business, which integrates distribution and logistics, and through our Business 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 entering the Living Support business, as a group that provides support for people's lives.



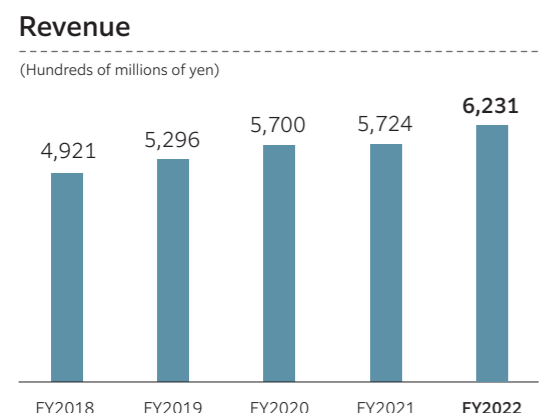
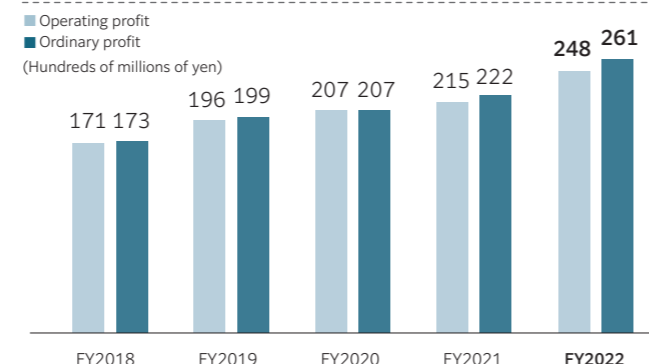
Principal business indicators



Breakdown of revenue

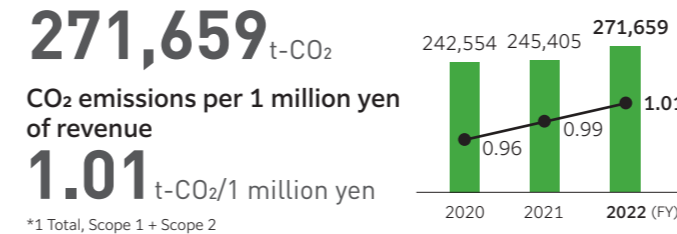


Operating profit and ordinary profit

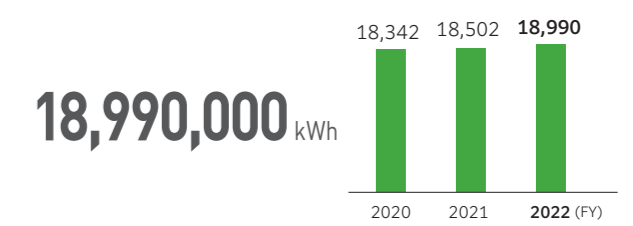


Environment

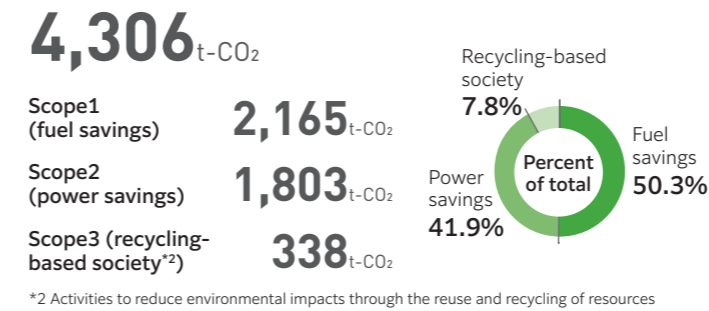
CO₂ emissions*¹ (land transport business)



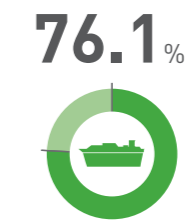
Renewable energy solar power generation



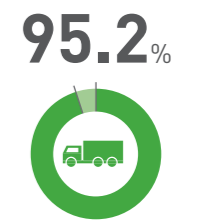
CO₂ reduction activity results



Green distribution modal shift rate

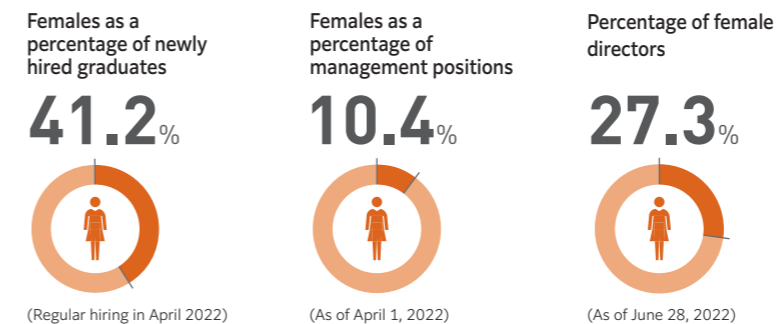


Environmentally friendly vehicles as a percentage of the fleet*³

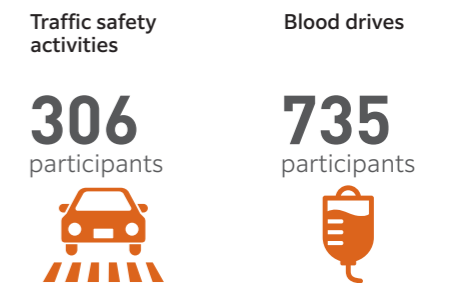


Social

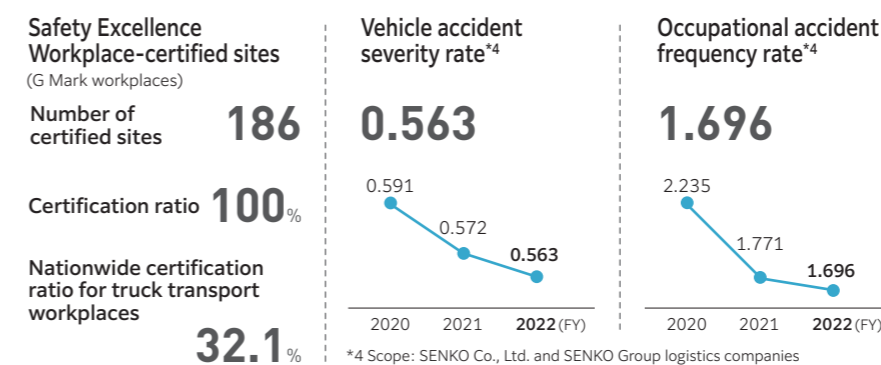
Diversity



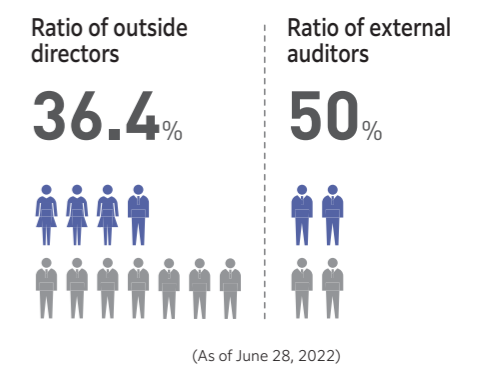
Social activities



Safety



Governance



ESG indexes for which SENKO has been selected

2022 Constituent MSCI Japan ⁵ ESG Select Leaders Index

2022 Constituent MSCI Japan Empowering ⁵ Women Index (WIN)



*5 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 Co., Ltd. / Nippon Marine Co., Ltd.



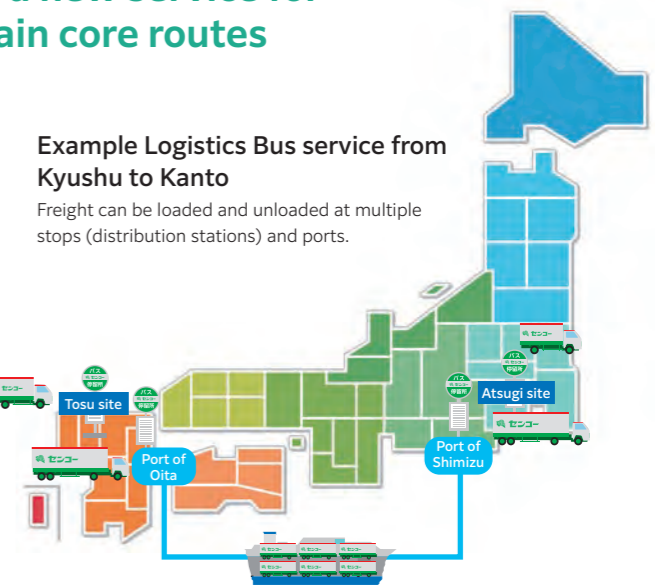
TOPICS

Helping solve issues in the transport industry

SENKO launches Logistics Bus, a new service for long-distance shipping on certain core routes

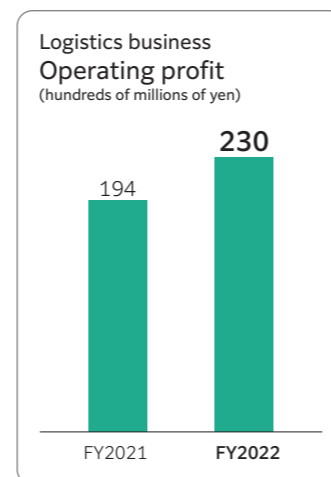
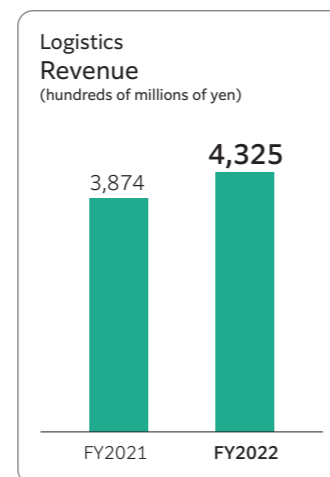
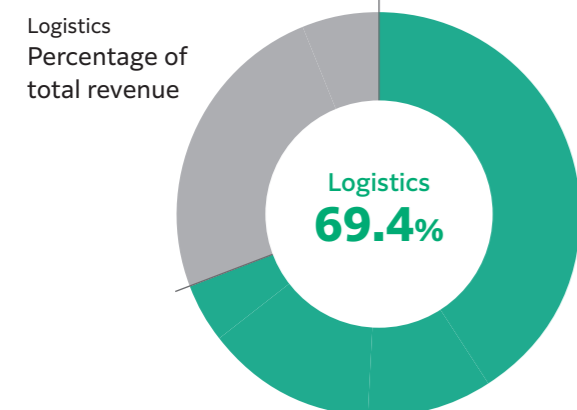
SENKO Co., Ltd. began operating Logistics Bus service between the island of Kyushu and the main island of Honshu (including the Kansai, Chubu, and Kanto regions). The service, which sells space based on customers' freight volume, is attracting attention as a highly convenient solution for long-distance shipping that allows cargo to be loaded and unloaded at multiple "stops" in the manner of an express highway bus.

Although it's becoming increasingly difficult to provide stable service for long-distance shipments that travel in excess of 600 kilometers each way due to factors including a driver shortage and workstyle reforms, SENKO offers stable shipping across a diverse range of channels that include a transportation system using cross-docking as well as truck, ship, and rail service. Our goal is to popularize the Logistics Bus system to help resolve issues facing the transport industry.



Business overview

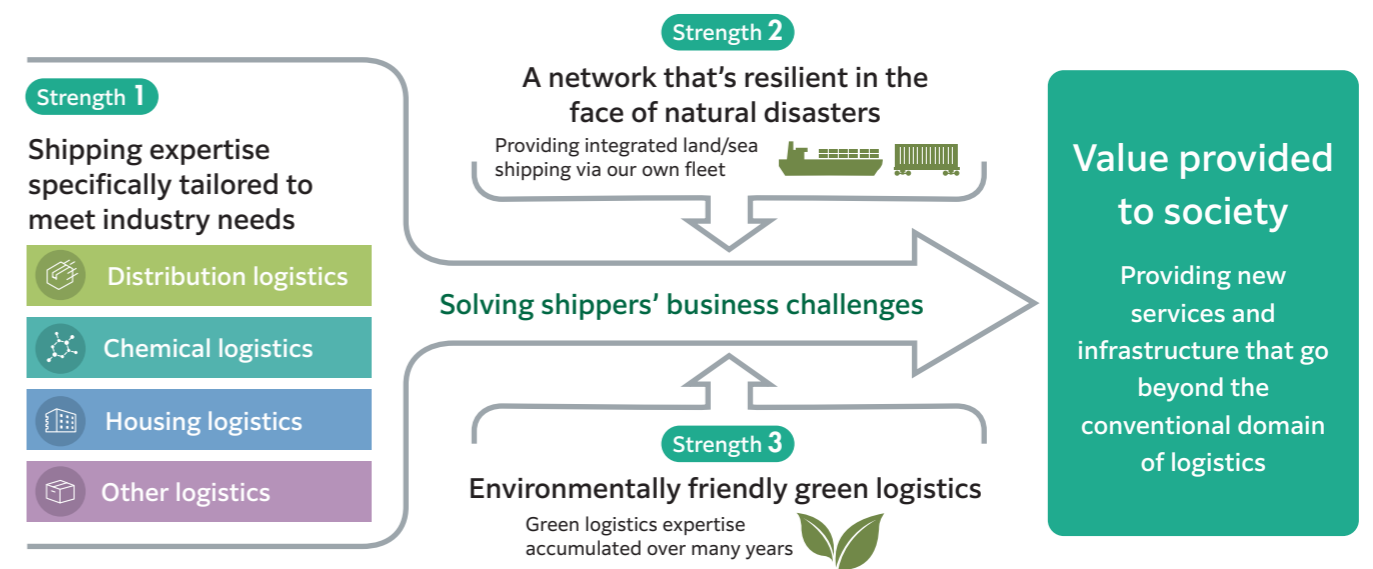
Despite the effects of rising fuel prices, we worked to promote services, lower costs, and boost productivity as the volume of goods, which had fallen dramatically due to the effects of the COVID-19 pandemic during the previous fiscal year, recovered. Revenue rose 45,188 million yen from the previous year to 432,538 million yen thanks to factors including contributions from M&As. Segment profit rose 3,615 million yen to 23,013 million yen.



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.

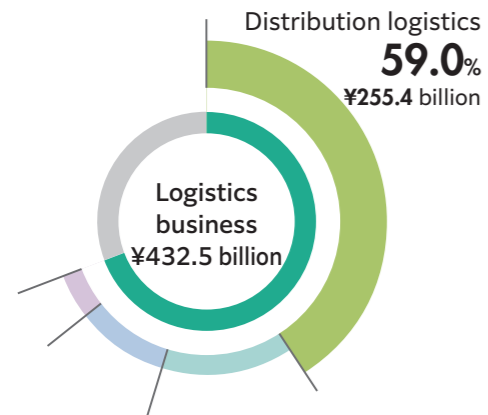


Logistics Group

Distribution logistics

Percentage of total revenue

59.0%



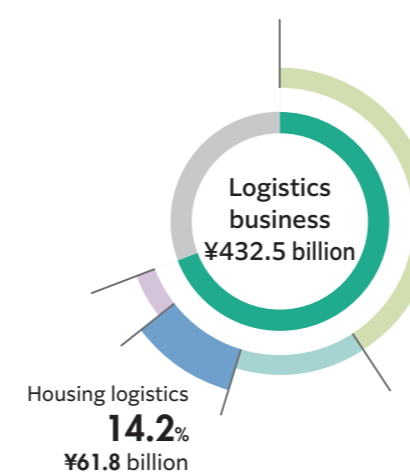
Mass retailers, retailers, food, fashion, etc.

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.

Housing logistics

Percentage of total revenue

14.2%



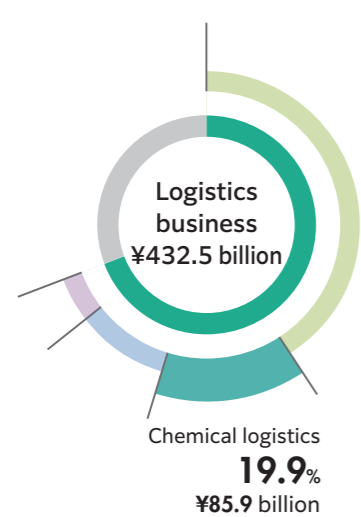
Homebuilder products, associated materials, etc.

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.

Chemical logistics

Percentage of total revenue

19.9%



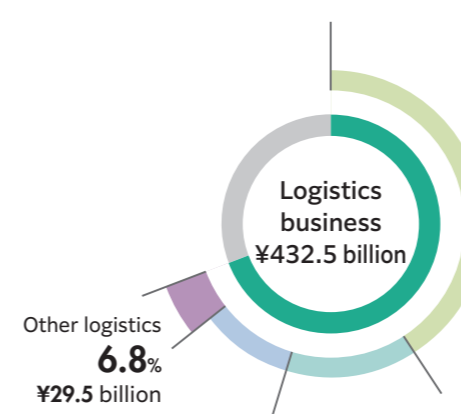
Resin raw materials, resin molded products, processed goods, etc.

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.

Other logistics

Percentage of total revenue

6.8%



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 Corporaiton / Smile Corp. / AZFIT Co., Ltd. / Marufuji Co., Ltd. / SENKO International Trading Co., Ltd.



TOPICS

Creating a group of household paper trading companies to boost synergies

Striving to increase market share in the household paper wholesale industry through intra-group collaboration

In November 2021, we welcomed Cartas Co., Ltd., a household paper trading company headquartered in Chuo-ku, Tokyo, whose operations include the wholesale, planning, and sale of household paper and convenience goods, to the Group.

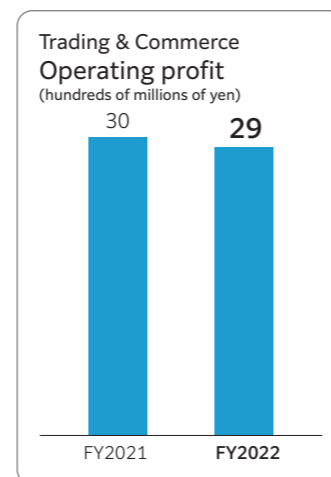
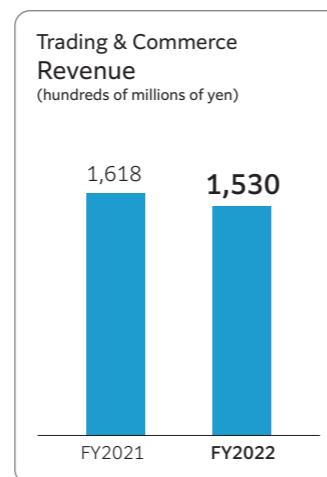
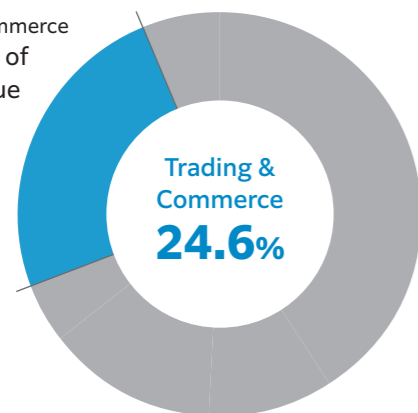
Group companies AST Corporation and AZFIT Co., Ltd. operate broad-reaching businesses in the household paper wholesale segment, and adding Cartas will serve to further accelerate synergies within the Group. By moving ahead with efforts to improve product development and price competitiveness and streamline logistics by taking advantage of delivery networks and expertise, we will expand our market share in the household paper wholesale industry while helping create pleasant lifestyles for consumers.



Business overview

Although we made AZFIT, a household paper products wholesaler, a consolidated subsidiary in April 2021 and worked to increase sales and reduce costs, revenue fell 8,770 million yen from the previous fiscal year to 153,049 million yen due to factors including the application of revenue recognition accounting and other related standards and increases in purchase price for fuel sales. Segment profit fell 130 million yen to 2,905 million yen.

Trading & Commerce Percentage of total revenue

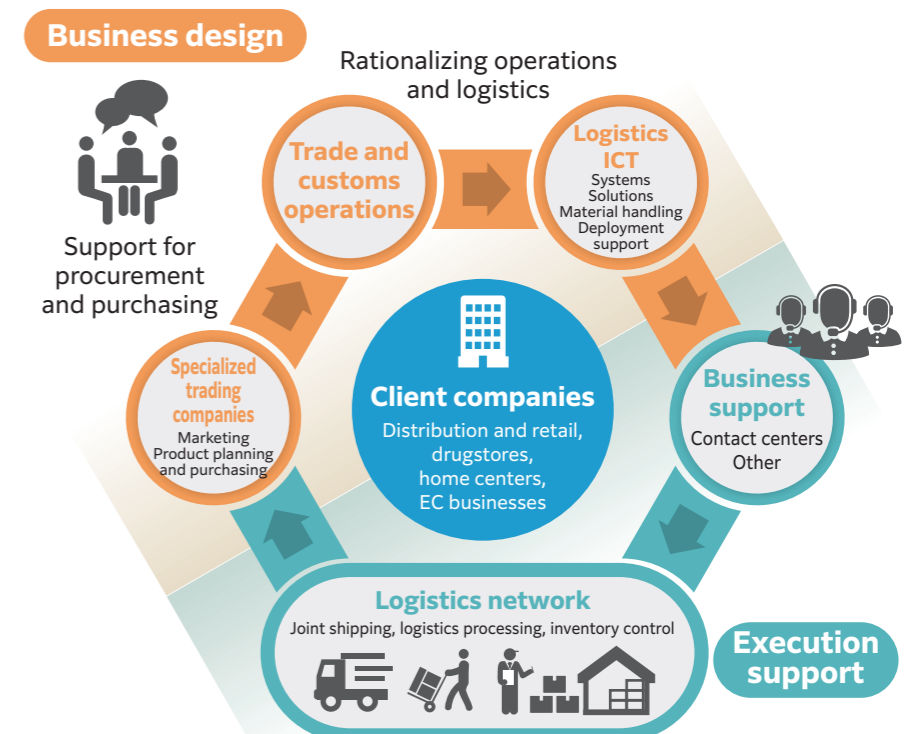


Business strengths

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

We discover business opportunities and procure products from a variety of 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 Co., Ltd. / Terauchi Co., Ltd. / Procure Co., Ltd. / Senko School Farm Tottori Co., Ltd.



TOPICS

Expanding our fitness business and nursing care services in the Kansai region

COSPA Wellness Co., Ltd. joins the Group

In July 2022, COSPA Wellness Co., Ltd. (formerly known as OG Sports Co., Ltd.) joined the Group. The company is striving to achieve new growth in the SENKO Group, which has a proven record in health-related businesses, particularly in the fitness space.

With the addition of a company that operates 62 facilities* in and around the Kansai region, including fitness, swimming, and tennis clubs, the Group will be able to expand the area served by its fitness business, develop new services in connection with its nursing care business, and otherwise strengthen its businesses in the health domain. We will continue to develop our Living Support business, which supports consumers' lifestyles.

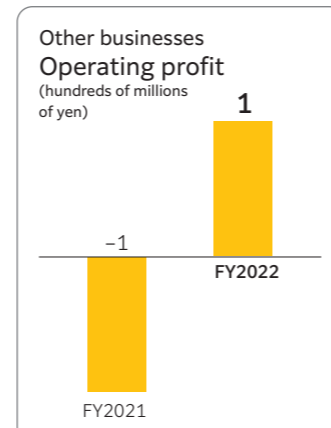
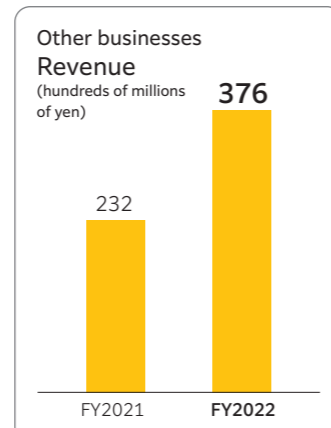
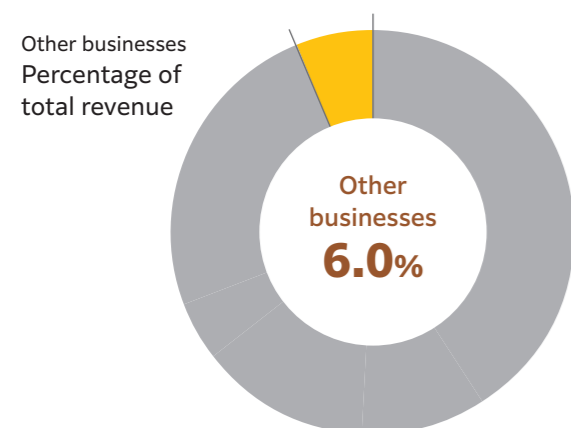
*As of April 2022.



Business overview

In our Living Support business, where we are working to expand the health, lifestyle, and food domains, we made Terauchi Co., Ltd., a membership-based general wholesaler and retailer, a consolidated subsidiary in January 2021. We also expanded our business domain by welcoming DIA Cleaning Co., Ltd., which operates cleaning and coin laundry businesses, to the Group in 2022.

Revenue in our "other businesses" category, which combines Living Support and Business Support businesses, rose 14,315 million yen from the previous fiscal year to 37,550 million yen thanks to the inclusion of new consolidated subsidiaries in the Group, increased sales, and reduced costs. Segment profit rose 161 million yen to 99 million yen.



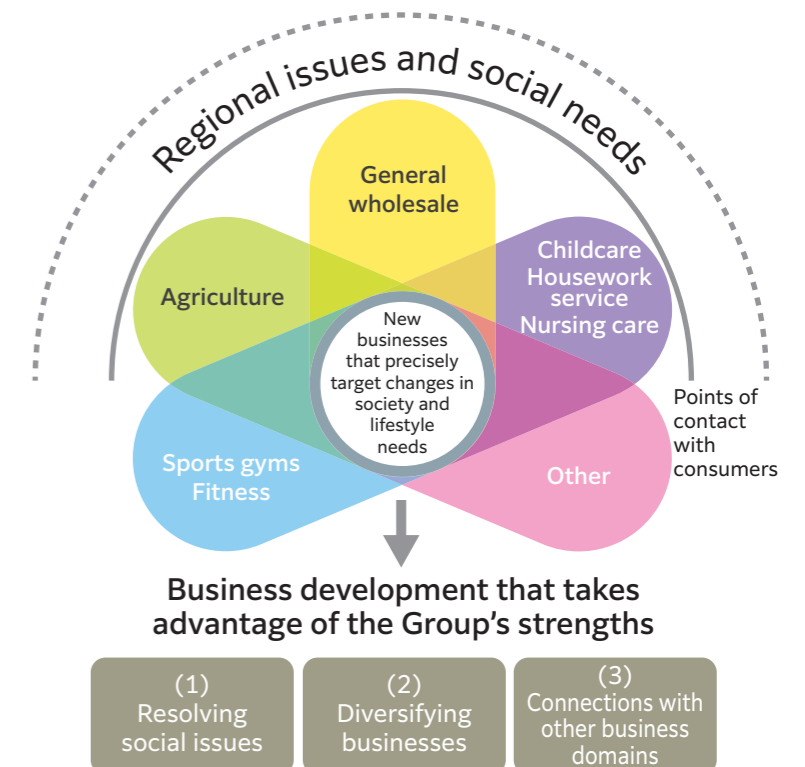
*Until FY2022, the Living Support and Business Support business results were reported under the "other businesses" category.

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.



TOPICS

Expanding employment of foreign workers and supporting mastery of technical skills

Welcoming a foreign worker staffing business to the Group to meet societal demand

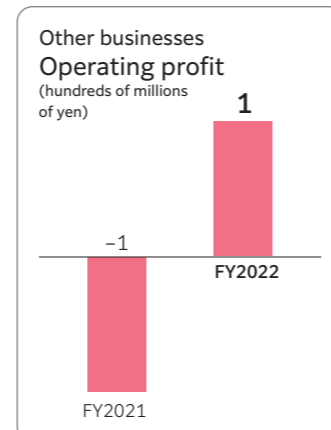
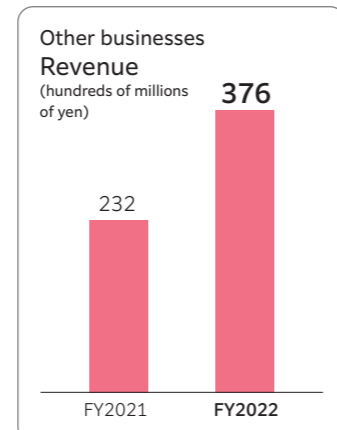
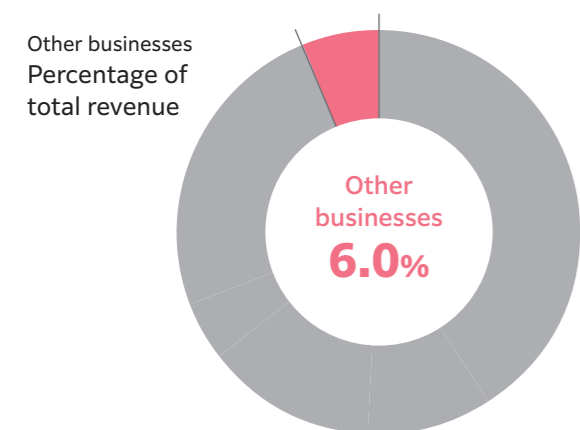
As a result of welcoming Self Grow Inc., a Showa-ku, Nagoya-headquartered company that operates a foreign worker staffing business with facilities in the Kanto region and Aichi Prefecture, to the Group, we'll be able to meet growing demand for foreign worker staffing services as Japan's labor population shrinks. We'll grow our foreign worker skill mastery and staffing business by taking advantage of the expertise of Self Grow, which provides employment support such as training for technical interns to a unique customer base including machinery and food manufacturing companies, nursing care facilities, and hospitals, to augment the staffing business currently operated by group company S-TAFF Co., Ltd. In addition, we're working to utilize group companies' management resources to expand the scale and geographic coverage of our training business, for example by offering training for technical interns through Crefeel Nagareyama (in Chiba Prefecture), an in-house training facility.



Business overview

In addition to expanding our business domain by welcoming Self Grow Inc., which offers foreign worker staffing and training services, to the Group, we launched real estate businesses founded on new schemes, for example by loaning logistics facilities developed and built by the Group to group companies.

Revenue in our "other businesses" category, which combines Living Support and Business Support businesses, rose 14,315 million yen from the previous fiscal year to 37,550 million yen thanks to the inclusion of new consolidated subsidiaries in the Group, increased sales, and reduced costs. Segment profit rose 161 million yen to 99 million yen.

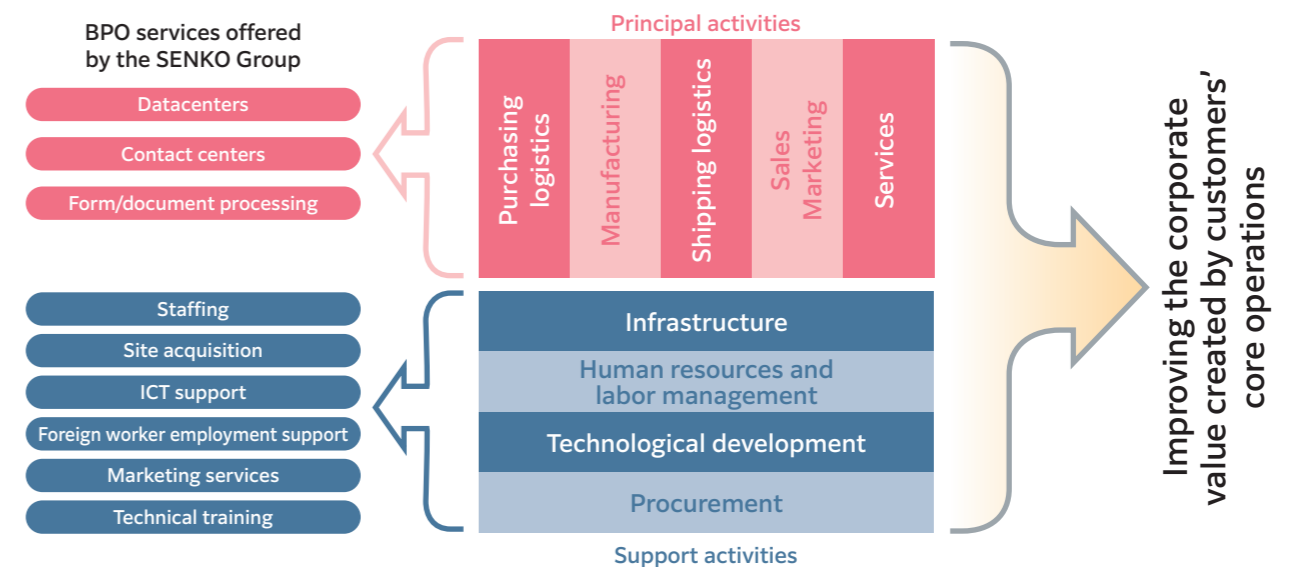


*Until FY2022, the Living Support and Business Support business results were reported under the "other businesses" category.

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.



Relationship between Business Activities and the SDGs

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

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.

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

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

Business Support
Logistics consulting / IT solutions / Contact center operations / Temping services / Hotel operations / Real estate, etc.

Trading & Commerce
Trade / Oil sales / Sales of convenience goods, food, and alcoholic beverages, etc.

Logistics business
Shipping / Storage / In-factory operations / Logistics processing / International logistics, etc.

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

Priority SDG themes of the SENKO Group

- 3 GOOD HEALTH AND WELL-BEING
- 4 QUALITY EDUCATION
- 5 GENDER EQUALITY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 17 PARTNERSHIPS FOR THE GOALS

Economic level

Providing new value for society through business operations

Businesses that nurture people and support their daily lives

 Promoting green logistics in partnership with customers	 Providing resilient logistics service that can withstand natural disasters	 Developing a Living Support business that offers nursing care, childcare, and health services	 Fostering community development through agriculture and revitalizing local industry
--	---	--	---

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.

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

 Promoting health management throughout the Group	 Fostering the development of people and business through SENKO University
---	--

Cooperation with society

 Traffic safety classes for children at business sites	 Offering logistics safety education and professional driver training at Crefeel Koto
--	---

Sustainability
Safety initiatives
Health initiatives
Social initiatives

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 (Introducing CNG-powered vehicles and electric trucks)	 Using recycled plastic pallets	 Cooperating with the Osaka Bay Environment Restoration Project
---	--	---	--

Sustainability
Environmental measures

Environmental level

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



On the publication of this Integrated Report

We've decided to publish the SENKO Integrated Report 2022 in place of the previous Annual Report and CSR Report.

The report provides a comprehensive picture of management strategies, financial information, and non-financial content such as information about ESG initiatives in order to help shareholders, investors, and other stakeholders understand the SENKO Group's medium- and long-term value creation story. The Group is implementing sustainable management for its flagship Logistics business as well as other businesses. To help readers understand value creation throughout the Group, this report incorporates ample illustrations, photographs, and other visual elements in what we hope is an easy-to-understand introduction to the SENKO Group's medium- and long-term growth strategies and other aspects of its operations. We look forward to

refining the design of the report in the future so that it can serve as a communication tool for fostering constructive dialog with stakeholders by communicating our initiatives for creating value in a sustained manner.

Operating in the vicinity of lifestyles embraced as a matter of course

Our corporate slogan of "Moving Global" guides an effort to go beyond logistics, make the world go round, and revolutionize business. This approach signals our intention to pursue growth by developing businesses that augment logistics with additional services even as we undertake business activities worldwide and move the world's goods, for example by entering the distribution and manufacturing sectors in addition to logistics, offering services that combine logistics with sales, and transporting products that we've manufactured ourselves.

Becoming a group that delivers new value to people and society around the theme of connectedness

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

Y. Fukuda

The SENKO Group exists to leverage logistics strengths situated at the center of the supply chain to create new value both upstream (in manufacturing) and downstream (in sales), in line with a system of values that focuses on changing society for the better.

The Group Philosophy adopted in 2017 describes our highest mission as "continuously challenging efforts to create services and products as a corporate group supporting people's lives." Our goal is to operate in the vicinity of lifestyles that consumers embrace as a matter of course by supporting not only business and industry, but also people's everyday lives through the development of businesses that support logistics as well as the needs of an aging society, health, food, and daily life.

In this way, we'll work to realize ongoing growth by delivering new value to people and society while resolving social issues through involvement with people's lives and industry.

The Group's strengths: Green logistics and a diverse array of business platforms that connect it to consumers and society

Although Logistics comprises the SENKO Group's core business platform, our active pursuit over many years of not only truck logistics, but also a modal shift that combines in-house ships and other domestic marine shipping and rail elements and low-environmental-impact green logistics is a key strength of the Group. More than anything else, these environmentally friendly logistics solutions are a major asset that we can bring to bear in our business activities as society makes a concerted effort to realize decarbonization.

In addition to directly addressing issues faced by customers' businesses thanks to our in-house trading functions, we can incorporate elements of operations such as our Living Support business, which integrates closely with consumers' daily lives and local communities. I believe that marshaling all of its resources to treat social issues as business opportunities and embrace the challenge of resolving such issues through its business activities will be the key to the Group's future growth.

Evaluating materialities based on the characteristics of all the Group's businesses and investors' perspective

To date, we've disclosed information about the importance of key issues for stakeholders and the Company from the perspective of CSR management along with associated initiatives as "key CSR measures." In publishing this new Integrated Report, which incorporates what you might call an integrated mindset, we conducted an analysis of materialities while referring to international standards so that we could understand the characteristics of the Group's diverse portfolio of businesses and assess materialities, including from the perspective of investors.

I believe that the work we've done to identify materialities has served to clarify the entire Group's materialities. In the Logistics business, which among our business segments plays a particularly important role, decarbonization is a major theme. The Logistics business has a direct impact on not only our own efforts to reduce greenhouse gas (GHG) emissions in our corporate activities, but also on our customers' GHG emissions,

A Message from the President

and moving forward with decarbonization in this domain will have favorable impacts on society as a whole. To that end, the entire Group will redouble its efforts to realize a green transformation. I believe that human capital is the source of the Group's growth. As Japan's population continues to shrink, labor shortages have already become a challenge for the entire country. While it's critical to create a healthy, motivating work environment, we'll also work to boost productivity through such means as developing employee skills and pursuing labor savings, automation, and a digital transformation (DX) strategy in a variety of operations by utilizing ICT and robotics. We're also planning to develop business facilities that contribute to the health of both employees and local residents and to community development, for example through sports and childcare facilities at large logistics centers.

For more information about our materiality analysis, please see page 32.

Pursuing business activities and growth around the theme of connectedness

The economic environment is expected to recover gradually in the future, despite concerns about issues such as the situation in Ukraine, rising resource prices, and the direction of monetary policy in the U.S.

Against this backdrop, the Group formulated a new Medium-Term Business Plan covering the five-year period starting in FY2023. Under this plan, we'll work to connect supply chains, businesses, the next generation, and the world under the overriding theme of connectedness. To that end, strengthening human capital and ensuring female employees can flourish professionally will be major priorities.

We're planning total investments of 290 billion yen during the plan's five years. The plan also envisions manufacturing as new tentpole capability as we look to tap more multifaceted sources of revenue apart from logistics. We'll work to establish a successful track record

so that we can maintain a dividend payout ratio of 30% while ensuring financial stability.

During FY2027, the final year of the plan, our goal is to achieve revenue of 1 trillion yen and operating profit of 45 billion yen.

Realizing sustained growth while working to improve corporate value

The COVID-19 pandemic continues to affect supply chains and consumer demand, and there continues to be a sense of uncertainty concerning the future direction of the economy, including geopolitical risk, for example with regard to the situation in Ukraine, as well as exchange rate and financial trends. Nonetheless, the Group will continue to work in a concerted manner to operate its businesses, which comprise key infrastructure, while giving priority to employee health and safety and continued employment.

We will also continue to precisely accommodate the

requirements of international trends like the SDGs and ESG governance, to actively incorporate new technologies and the digital transformation (DX), and to strive to adopt the latest corporate management practices.

We consider returning profits to investors and shareholders to be a key management priority. We pay a performance-linked dividend in addition to a stable, long-running dividend, and we will continue to strive to enhance shareholder returns while working to further improve the payout ratio. The year-end dividend for the fiscal year ended March 31, 2022, was 34 yen, reflecting the Group's solid performance during the year. We will also redouble efforts to improve communication with investors.

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.

Inputs (capital and strengths of the Group)

Six types of capital owned by the Group

Capital that can be used to further business activities

- Total assets
- Equity ratio
- 19 consecutive fiscal years of rising revenue, 13 consecutive fiscal years of rising ordinary profit

Assets the organization can use to produce products or provide services

- Group companies: 161 (up 19 from the previous fiscal year)
- Number of companies operating Living and Business Support businesses: 21 (down 1 from the previous fiscal year)
- Total storage floor space: 4.06 million m² (up 140,000 m² from the previous fiscal year)
- Total number of group vehicles (tractor head): 6,727 (up 498 from the previous fiscal year)
- Number of ships under management: 69 (unchanged from the previous fiscal year)

All renewable and non-renewable environmental resources and processes for providing the goods and services that serve as the foundation for the organization's past, current, and future success

- Modal shift rate: 76.1% (corresponding quarter of the previous fiscal year: 74.9%)
- Number of solar power installations: 24 (up 2 from the previous fiscal year)
- Solar power generation: 18,990 kWh (up 488 kWh from the previous fiscal year)
- CO₂ emission reductions: 4,306 t-CO₂ (up 1,011 t-CO₂ from the previous fiscal year)

Employee skills, experience, and appetite for innovation

- Number of employees: 20,725 (up 1,531 from the previous fiscal year)
- Number of drivers and operators: 12,237 (up 98 from the previous fiscal year)
- Number of employees in the Living and Business Support businesses: 2,217 (up 940 from the previous fiscal year)
- Number of participants in educational and training programs at Crefeel Koto: 637 (down 35 from the previous fiscal year)
- Cumulative number of graduates of SENKO University: 98 (up 13 from the previous fiscal year)

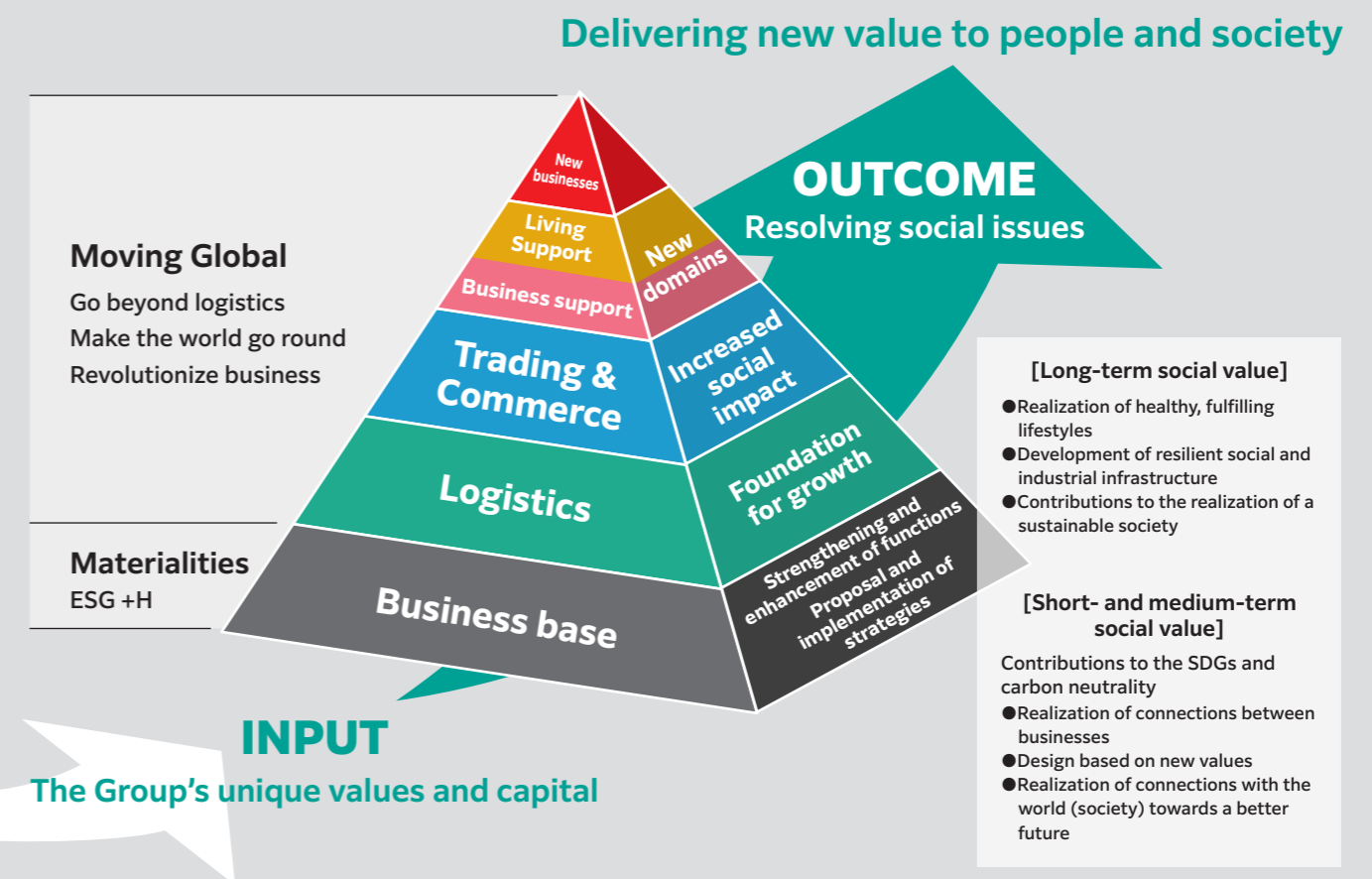
Individual communities, stakeholders, groups, and other networks or their internal institutions and relationships, and ability to share information in order to increase individual and collective happiness

- Cumulative number of visitors to Crefeel Koto Children's Traffic Park: 158,613 (up 14,649 from the previous fiscal year)
- Number of annual participants in traffic safety classes: 306 (up 162 from the previous fiscal year)

Organizational intellectual-based intangible assets

- Logistics expertise (Crefeel Koto, an in-house training facility)
- Consulting and system proposal capabilities (200 information SEs, 100 logistics SEs)

Value creation process



New Medium-Term Business Plan

Looking back on the previous Medium-Term Business Plan

During the five years covered by the previous Medium-Term Business Plan, revenue rose 167.7 billion yen, or 36.8%, while operating profit rose 7.69 billion yen, or 45.0%. Performance failed to achieve the plan's targets due to factors including the application of revenue recognition accounting standards and the effects of the COVID-19 pandemic.

Previous Medium-Term Business Plan: Targets and results

	FY2017 (1) Results	FY2022		Difference	
		(2) Medium-Term Business Plan target	(3) Results	(3)-(1), vs. FY2017	(3)-(2), vs. target
Revenue Hundreds of millions of yen	4,554	7,000	6,231	1,677 36.8%	(769)
Operating profit Hundreds of millions of yen	170.8	280.0	247.7	76.9 45.0%	(32.3)
Operating profit margin	3.8	4.0	4.0	0.2	—
ROE	9.5	10.5	10.8	1.3	0.3
Net D/E ratio	0.58	0.64	0.95	0.37	0.31
Equity ratio	35.1	40.2	30.6	(4.5)	(9.6)

Logistics center storage area



FY2017

3.22
million m²

FY2022

4.06
million m²

Number of company vehicles [Tractor head]



FY2017

4,426

FY2022

6,727

Number of employees



FY2017

13,915

FY2022

20,725

Overview of the new Medium-Term Business Plan

The Group formulated a new Medium-Term Business Plan covering the five-year period starting in FY2023. 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 Group will address five key issues under the plan: (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.

New Medium-Term Business Plan slogan

Connecting supply chains

Go beyond logistics
Connecting supply chains
by moving beyond the framework of conventional logistics businesses



Connecting the world

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



Connectedness



Connecting all businesses

Revolutionize business
Connecting all businesses in the world so that we can provide new value



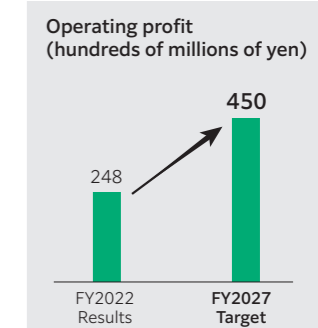
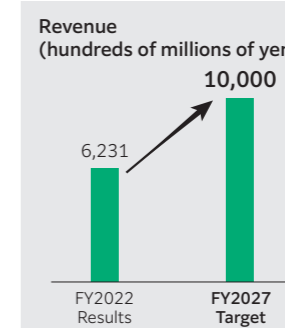
Connecting to the next generation

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

Key issues identified by the new Medium-Term Business Plan

- 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
- 5 Increasing motivation and realizing personal growth among employees

Overall numerical targets under the new Medium-Term Business Plan



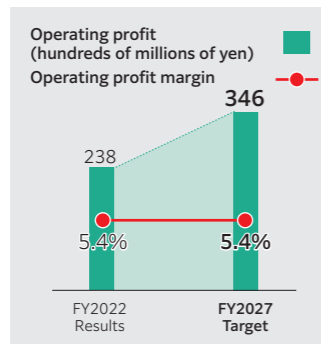
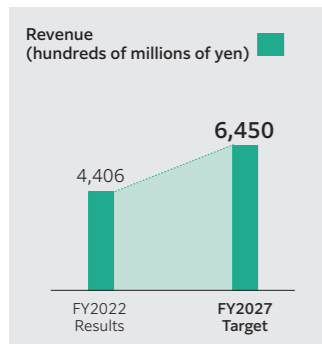
New Medium-Term Business Plan

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

Expanding and deepening existing businesses

- Expanding existing business domains
- Further globalizing operations

Logistics business



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

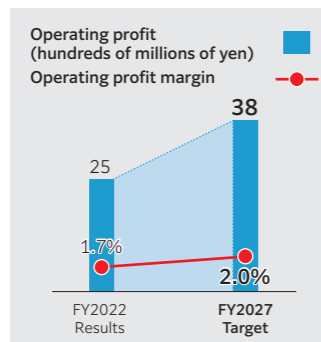
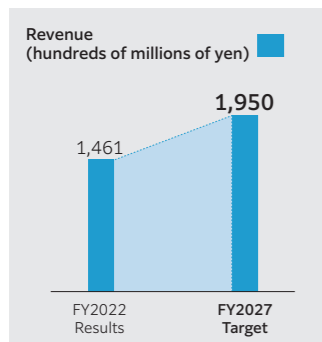
International logistics

- 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

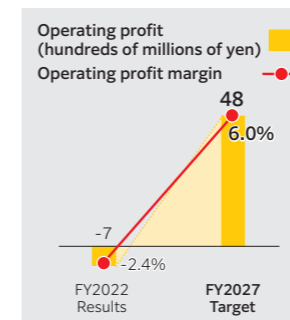
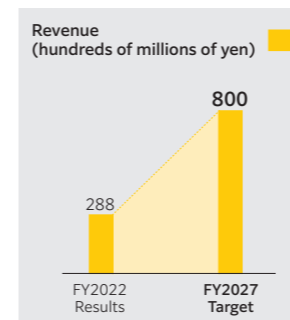
Commerce

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

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



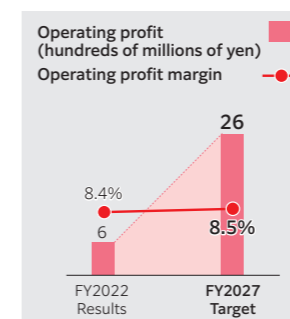
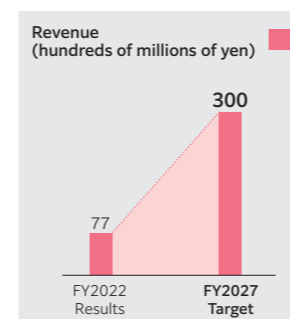
Health domain

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

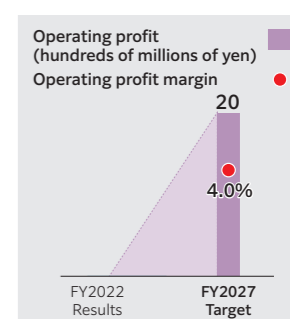
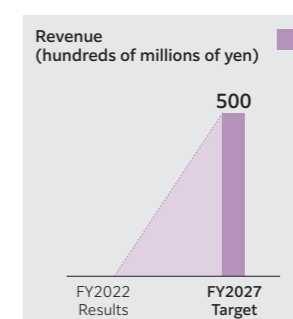
Business Support



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

Other businesses



- Entering new fields

Revenue targets by segment

		FY2022	FY2027	Amount of increase	Rate of increase
Logistics business	Food logistics	822	1,150	328	39.9%
	Chain store logistics	837	1,250	413	49.3%
	Fashion logistics (including EC logistics)	495	650	155	31.4%
	Other logistics	398	750	352	88.4%
	Subtotal	2,552	3,800	1,248	48.9%
	Chemical logistics	848	1,300	452	53.2%
	Housing logistics	617	750	133	21.5%
	Other logistics, etc.	388	600	212	54.6%
	Subtotal	4,406	6,450	2,044	46.4%
	Trading & Commerce	1,461	1,950	489	33.4%
Living Support	288	800	512	177.8%	
Business Support	77	300	224	292.2%	
Other businesses		500	500		—
Total		6,231	10,000	3,769	60.5%
International revenue*	Logistics business	436	770	334	76.8%
	Trading & Commerce	321	430	110	34.2%
	Subtotal	756	1,200	444	58.7%

*Included in above figures. *FY2022 figures have been restated to reflect the application of changes in segment accounting standards made in FY2023.

Key measures in ESG and group management

Specific CO ₂ 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 model 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.

Feature

The SENKO Group's Decarbonization Strategy



Approach to decarbonization

Reflecting our commitment to helping achieve the commitment made by Japan to the global community to reduce CO₂ emissions by 35.0% from 2013 levels by 2030, the SENKO Group is working to improve its environmental performance so that it can contribute to customers and local communities.

As a leading environmental business, we will actively work to visualize our environmental measures.

Strategy 1

Groupwide

Energy savings

We're working to realize more efficient and effective use of electrical power as we look to switch to LED lighting and install alternative HVAC systems at multiple large facilities.

Renewable energy

Having launched a solar power business designed to promote adoption of renewable energy in FY2014, the Group supplies electricity to multiple power companies. Going forward, we will accelerate use of renewable energy at logistics centers.

Clean procurement

The Group is undertaking initiatives to realize a circular economy which reduces new resource use and encourages the recycling and reuse of existing resources.

Although our logistics centers have previously discarded the stretch film used to secure freight as industrial waste, all such film is now used to make recycled garbage bags as part of a joint initiative with a recycling processor, realizing cyclical use.

Strategy 2

Decarbonization in the Logistics business

Greenification of in-house shipping equipment and logistics facilities

We're introducing environmentally friendly trucks with reduced CO₂ and NO_x emissions, for example electric and hybrid trucks. By leveraging the environmental advantages of these vehicles, specifically their lack of soot and sulfur oxide emissions, we're meeting customers' desire for low-carbon shipping.

Promotion of modal shift

The Group began promoting and implementing green logistics, an approach characterized by a reduced environmental footprint, early on. We've won praise for initiatives designed to realize a decarbonized society, including a modal shift combining rail and marine shipping, introduction of larger trucks, and consolidation of logistics facilities.

Risk analysis and feedback to businesses

As part of the transition to the Prime Market in FY2023, we've been disclosing information related to climate change in accordance with the Task Force on Climate-Related Financial Disclosures (TCFD). In FY2023, we also launched a Sustainability Promotion Department and disclosed information about materialities.

We're working in a systematic manner towards decarbonization in strategic investments and services in our Logistics segment.



Strategic decarbonization themes in the Logistics business

Greenification of facilities and equipment

Building and making environmental improvements at logistics centers and other facilities through green bond funding

We've been issuing green bonds using a public subscription model in the domestic market. As we streamline logistics and promote green logistics while helping reduce greenhouse gas emissions, we've worked to more clearly demonstrate our commitment to the global environment by issuing green bonds to fund PD center construction.

These green bonds were used to fund the cost of building the Gifu Hashima PD Center and Wangan Yatomi PD Center, which opened in May 2021. In addition to reducing CO₂ emissions associated with shipping by streamlining customers' logistics through operation of these two PD centers, we've reduced our own, in-house CO₂ emissions by realizing energy savings and use of renewable energy at the facilities. Through these initiatives, we're striving to realize even greener logistics.

Strategic decarbonization themes in the Logistics business

Modal shift

Helping streamline shipping and reduce CO₂ emissions

Transporting goods by rail and ship is more energy-efficient than using cargo vehicles, which both helps cut CO₂ emissions and prevent air pollution.

The SENKO Group operates its own fleet of ships, and it's provided more efficient shipping service through a modal shift to rail and marine transport. Similarly, we're working to reduce environmental impacts and shorten driver working hours through a modal shift to rail shipping, which generates significantly less CO₂ emissions—and uses less energy—than shipping by truck.

A group leading the way to a modal shift

The SENKO Group, which has actively promoted a modal shift, has earned a variety of awards, including the Logistics Environment Award.

In June 2022, SENKO Co., Ltd.; Runtec Corporation; and Saitama-minami SENKO Lodge Co., Ltd. earned three special prizes at the 23rd Logistics Environment Awards, hosted by the Japan Association for Logistics and Transport. The award program was created in June 2000 to recognize companies that contribute to the development of the logistics industry, for example through exceptional environmental protection activities, environmental awareness-raising, or development of pioneering technologies. Runtec was recognized for helping reduce CO₂ emissions and driver workload associated with small-/mixed-lot transport (refrigerated and frozen food products) by switching from truck to rail for shipments from Miyagi Prefecture to Hyogo

Prefecture and by consolidating two shipping routes (Fukuoka Prefecture to Hiroshima Prefecture, and Fukuoka Prefecture to Hyogo Prefecture) into a single run using larger vehicles by switching from 13.5-ton refrigerated trucks to 20-ton trailers. We've also earned the right to display the "Eco Ship" and the "Eco Rail" marks as a logistics company that uses environmentally friendly marine and rail shipping for a certain percentage of shipments, and we continue to propose environmentally responsible logistics services and shipping channels other than truck transport.



Feature The SENKO Group's Decarbonization Strategy

Case study 1 SENKO Sennan PD Center

Launching a logistics facility leasing business

SENKO Sennan PD Center, which was completed in March 2022, was built by SENKO Group Holdings Co., Ltd. and leased to SENKO Co., Ltd. becoming the Group's first leased logistics facility. The facility also began self-consignment of power generated by its solar panels. The center enjoys easy access for deliveries in the Kansai region, particularly downtown Osaka, and it's located ideally for processing imports and exports of international freight. Its location is not part of any danger areas on flooding, landslide, or tsunami hazard maps, and it maintains a business continuity plan (BCP).



Sennan PD Center

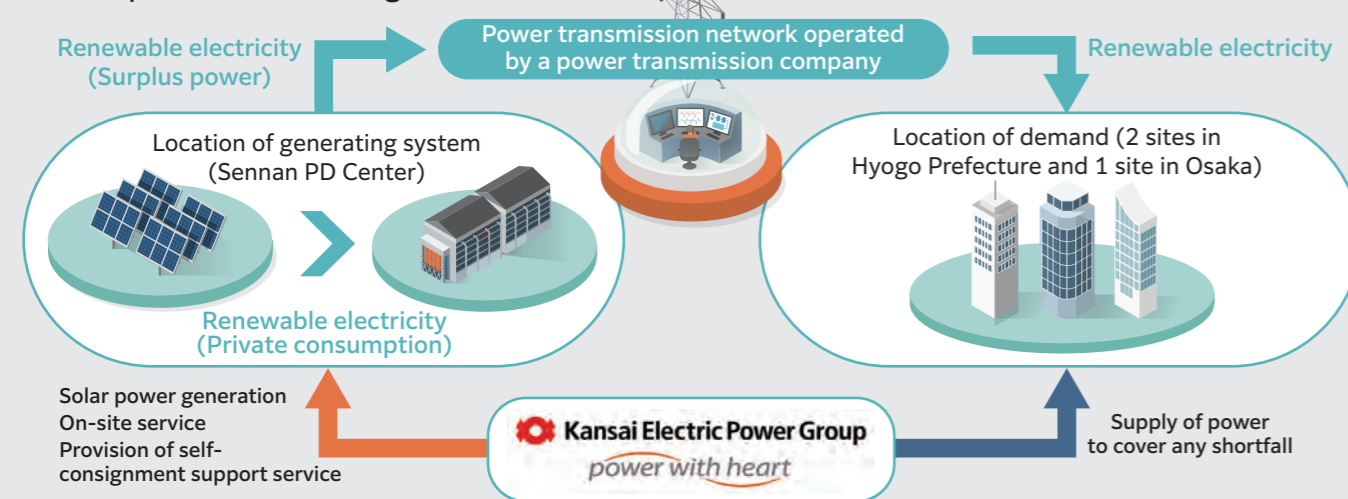
We're using the facility to launch a logistics facility leasing business, with the goal of providing higher-quality, lower-cost leases to the SENKO Group. We plan to build more such facilities in the future while working to ensure they provide an attractive exterior design and an appealing, employee-friendly environment, for example by incorporating break areas where workers can relax.

Streamlining operations and contributing to the realization of a decarbonized society

Thanks to the introduction of a solar power purchase agreement model for private consumption^{*1}, the Sennan PD Center began using power from solar panels covering its roof (682.5 kilowatts) as of April 1, 2022, while employing a self-consignment scheme^{*2} to share surplus power with other SENKO Group companies in partnership with Kansai Electric Power Co., Inc. The initiative is the first in Japan^{*3} to use a self-consignment scheme to share power with three facilities in the same group: two logistics facilities operated by SENKO Co., Ltd. in Hyogo Prefecture and a commercial facility operated by Terauchi Co., Ltd. in Osaka.

The SENKO Group plans to streamline operations and contribute to the realization of a decarbonized society by expanding the initiative to the entire group.

PPA model for solar power private consumption and self-consignment



*1 PPA model for private consumption: The supply, for a fee, of power generated by equipment installed by a company that owns and manages generating equipment (the PPA business) in space, for example on a roof, provided free of charge by that facility.

*2 Self-consignment: An arrangement in which a company uses the power transmission network to send power generated from solar panels it has installed to other facilities it operates.

*3 Per research by Kansai Electric Power.

Case study 2 Tandem tractor-trailers

Helping reduce both driver working hours and CO₂ emissions

An increasingly serious labor shortage caused by the aging of truck drivers and legal changes to cap driver overtime to 960 hours a year in 2024 are expected to make smooth delivery of freight to destinations difficult using current long-distance transport methods, possibly causing an economic bottleneck.

To address this challenge, SENKO Co., Ltd. began operating tandem tractor-trailers, which allow one driver to transport two trailers' worth of cargo, for long-distance shipments in January 2021. After departing SENKO's facility, tandem tractor-trailers carrying two large trucks' worth of separately collected cargo are driven by a single driver for the long-distance part of their journey on expressways, with driver changes at tandem tractor-trailer docking stations along the route. The new driver drives the trailers to the location at which they're scheduled to be separated, where the assembly is split into a large truck and a semi trailer using a method known as the dolly method*. The trailers are then driven to their respective destinations, helping reduce both driver working hours and CO₂ emissions.

*Dolly method: A method for connecting and disconnecting trailers using a dolly. Tandem tractor-trailers consist of a trailer connected behind a 10-ton truck using a dolly.



Tandem tractor-trailers

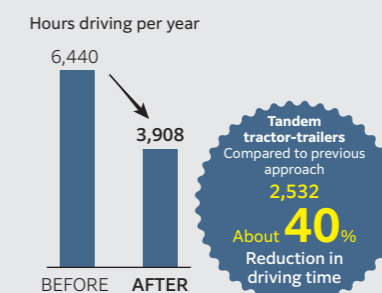
Development of next-generation, long-distance shipping on core routes while addressing environmental issues

Enlisting the cooperation of Asahi Kasei Homes Corporation and Fujitec Co., Ltd., we began shipping freight for the two companies using tandem tractor-trailers. The initiative is the first of its kind in Japan to separate tandem tractor-trailers midway along a route so that the trailers can be delivered simultaneously to different customers.

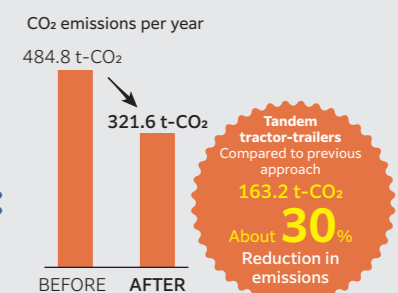
Going forward, SENKO will help address the driver shortage while helping realize a decarbonized society by developing next-generation, long-distance shipping on core routes through increased use of tandem tractor-trailers.

Benefits of introducing tandem tractor-trailers

Reduction in driving time



CO₂ reduction



ESG+H Initiatives

Promoting sustainable management

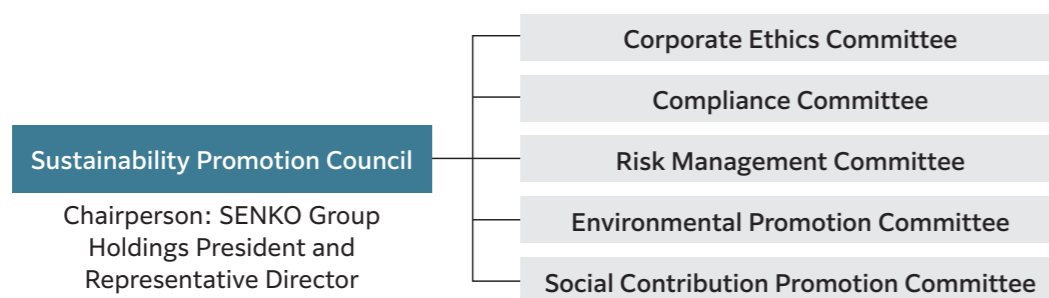
With global society facing numerous challenges, SENKO believes contributing to society by working to resolve those challenges through business activities is important in order to generate sustained growth.

The SENKO Group will work to provide value that leads to the resolution of social issues through its business activities by practicing sustainable management so that it can continue to grow and develop alongside society.

Management structures underpinning sustainable management

Corporate Ethics, Compliance, Risk Management, Environmental Promotion, and Social Contribution Promotion Committees formed to resolve a variety of social issues undertake a range of activities related to sustainability.

The Sustainability Promotion Council, which is chaired by the president of SENKO Group Holdings Co., Ltd., oversees these committees.

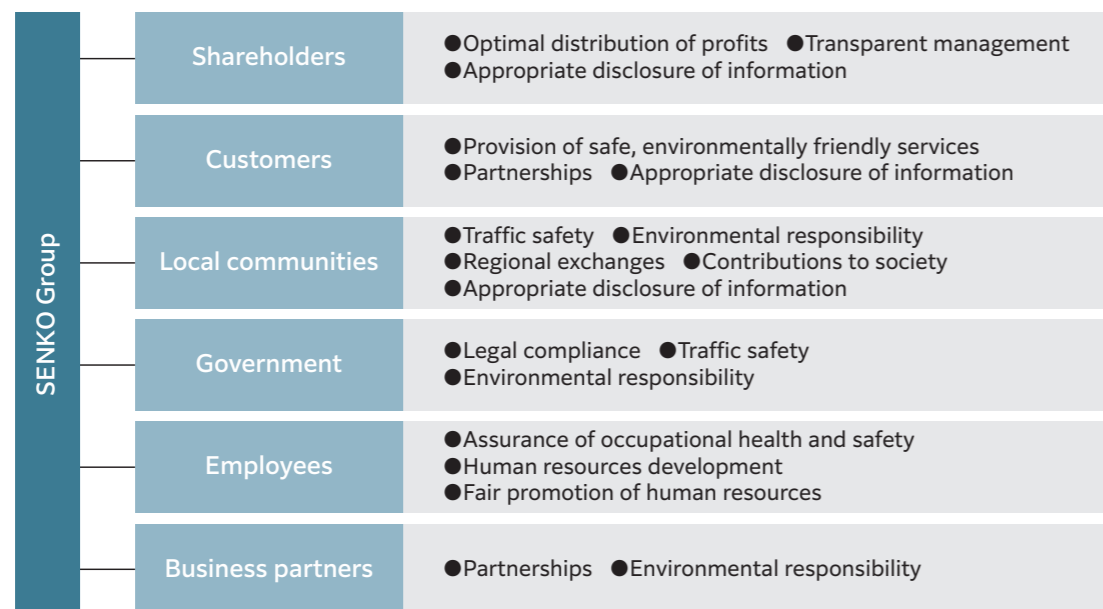


Sustainability Policy

The SENKO Group strives 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.

SENKO Group stakeholders and their relationships

The SENKO Group operates its businesses with the goal of earning the trust of all stakeholders.



Analysis of materialities

The SENKO Group has identified a "Medium-Term Policy of CSR" outlining issues that are important to stakeholders and which have a significant impact on the Group's management. As the importance of sustainability grows worldwide, for example in the form of ESG and the Sustainable Development Goals (SDGs), the Group conducted an analysis of key issues (materialities) due to the ever-changing nature of megatrends with the potential to impact its 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 then looked at the materialities required of those 28 sectors and identified issues that the Group should address through its businesses, taking into account sales ratios and business impacts. As a result of a careful examination that included key measures in the Group's management, we established the following initiative areas (materialities) related to the environment, society, governance, and health.

Priority CSR measures, SDG themes, and materialities

Priority CSR measures	Priority SDG themes	Materialities and related initiatives based on the SASB	Corresponding initiatives
1. Environmental measures <ol style="list-style-type: none"> (1) Focus on meeting energy-saving targets as a Specified Corporation. (2) Make improvements related to "Reduce with energy-saving," "Recycling rate" and "Green product procurement rate" and contribute to a recycling-oriented society. (3) Organize environment-related information of group companies, and aim to achieve the same environmental targets. (4) Actively install fixtures with a low environmental impact, such as LED lighting and low-emission vehicles. (5) Increase use of alternative energy sources, such as installing solar panels on new facilities and increasing the number of large CNG vehicles. (6) Actively promote modal shift to customers as a way of implementing green logistics. 	 	Environment <ul style="list-style-type: none"> ● Climate change measures ● Circular economy Social/safety/security <ul style="list-style-type: none"> ● Diversity and inclusion ● Assurance of safety ● Responsible procurement structures Governance <ul style="list-style-type: none"> ● Risk management ● Compliance ● Information disclosure Health <ul style="list-style-type: none"> ● Infectious disease measures ● Management of employees' physical and mental health 	E Environment P33 S Safety P37 S Social P40 G Governance P43 H Health P47
For more about the relationship between SENKO's businesses and the SDGs, please see pages 17 and 18.			

The SENKO Group will choose key issues (materialities) to address through its business activities while making reference to the priority CSR measures and materialities. We plan to review key issues on an ongoing basis.

ESG+H Initiatives

E Environment

Initiatives to reduce environmental impacts

Deploying advanced environmental trucks

The SENKO Group is deploying advanced environmental trucks, for example hybrid vehicles (HVs), natural gas vehicles (NGVs), and electric vehicles (EVs), which generate fewer CO₂ and NO_x emissions than diesel trucks. During FY2022, we deployed five light cargo EVs for last-mile use and two 3-ton EV trucks. By leveraging the environmental advantages of such vehicles, which generate 65% fewer CO₂ emissions than a conventional light delivery van, and more than 25% less than a diesel truck, we're accommodating customers' desire for low-carbon transport.



A 3-ton EV truck and light EV van at SENKO's Komaki Branch

Introducing recycled plastic pallets

The SENKO Group is introducing environmentally friendly recycled plastic pallets. These pallets are manufactured using recycled plastic from used pallets, containers, and other packaging containers. Pallets that can no longer be used, for example due to damage, can be recycled again as part of the Group's commitment to addressing environmental problems by using environmentally responsible products.



Recycled plastic pallets

Accelerating private consumption of solar power from panels installed on logistics center rooftops

The SENKO Group launched its solar power business in FY2014, and it supplies renewable energy to various power companies. Since FY2021, we've pivoted to in-house use of solar power and worked to transition to non-fossil, renewable energy for power used at logistics centers on clear days.

In FY2021, SENKO Co., Ltd. installed its first large-scale in-house solar power system (with a generating capacity of 1,051 kW) at Gifu Hashima PD Center and established a model in which surplus power not used by the company is shared with a new power company as its source of power. We continue to make progress on the issue of accelerating use of renewable energy at logistics centers.



Gifu Hashima PD Center, which began using solar power in-house in collaboration with a new power company

Power generation vs. FY2021	Up 1,887 kW	Number of solar power installations	FIT power-selling installations: 20	Private-consumption installations: 4
			16,400 kW	3,500 kW
SENKO Group solar power generation				

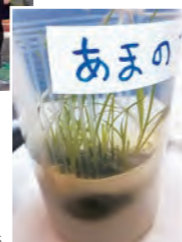
Continuing initiatives to protect biodiversity

The SENKO Group began an initiative to protect biodiversity in FY2020, and in FY2022, SENKO Co., Ltd. held environmental tree-planting programs to plant saplings at the sites of logistics centers and other facilities at 10 branches and two group companies. Initiatives to pass on a green legacy to the next generation serve to improve workplace communication while contributing to local communities.

We also joined local environmental conservation groups in participating in ocean conservation activities targeting Osaka Bay and the Seto Inland Sea. These activities also helped protect marine biodiversity by creating a home for ocean-dwelling creatures through the raising of eelgrass, a type of seaweed.



Commemorative photograph taken during an environmental tree-planting program



Raising eelgrass

Environmental targets and results

CO₂ reduction initiatives and results

The SENKO Group assess energy use and CO₂ emissions associated with its business activities and applies the results to its environmental protection activities. We're currently implementing a variety of initiatives to reduce environmental impacts while working to achieve the CO₂ reduction target set forth in the five-year Medium-Term Business Plan that started in FY2023, specifically a 10% reduction from FY2021 levels in CO₂ emissions from the land transport business per unit of revenue (expressed as tons of CO₂ emissions per million yen of revenue).

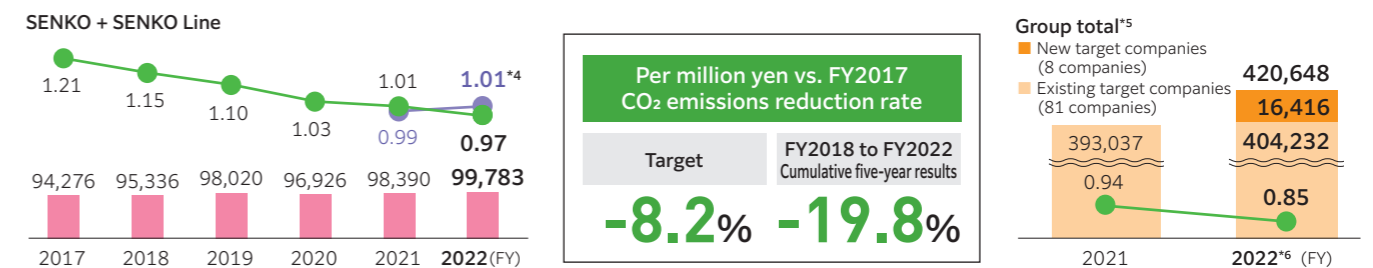
Breakdown of the SENKO Group's CO₂ emission sources

	INPUT		OUTPUT			
	Fuel use ^{*1} (kℓ)	Power use (Tens of thousands of kWh)	Scope 1 (t-CO ₂)	Scope 2 (t-CO ₂)	Total (t-CO ₂)	Ratio (%)
SENKO Co., Ltd.	16,510	7,465	43,500	34,798	78,298	19
SENKO Line Co., Ltd.	7,989	0	21,485	0	21,485	5
SENKO + SENKO Line	24,499	7,465	64,985	34,798	99,783	24
Group (excluding above)	103,362	9,107	277,482	43,383	320,865	76
Total	127,861	16,572	342,467	78,181	420,648	100

*1 Fuel use is calculated in terms of crude oil (kL).

SENKO Group CO₂ emissions

■ CO₂ emissions (t)^{*2} ● CO₂ emissions (t) per million yen of revenue^{*3}



*2 Emissions include Scopes 1 and 2. *3 Revenue is calculated for flagship businesses corresponding to Scopes 1 and 2. *4 CO₂ emissions per million yen of revenue in the land transport business. *5 Consisting of 57 logistics companies, including SENKO Co., Ltd., SENKO Line Co., Ltd., and SENKO Group Holdings Co., Ltd. along with seven trading and commerce companies and 25 other companies, for a total of 89 companies. *6 FY2022 trading department revenue prior to application of revenue recognition accounting standards. The specific unit after the application of revenue recognition accounting standards is 0.94 t-CO₂/¥1 million.

FY2022 CO₂ reduction targets and results

(t-CO₂)

	FY2022 CO ₂ reduction target	Result	Achievement rate
SENKO + SENKO Line	1,700	1,601	94%
Other	1,700	2,705	159%
Total	3,400	4,306	127%

Priority measure	CO ₂ reduction			
	SENKO Co., Ltd. + SENKO Line Co., Ltd.	Other	Total	
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	625	1,540	2,165
Scope 2 Power savings	(1) Switching to a new power company and revising fees (2) Switching to energy-saving equipment (LED, air-conditioning) (3) Utilizing renewable energy from solar power installations	857	946	1,803
Scope 3 Recycling-based society	(1) Recycling discarded wood pallets (2) Promoting use of recycled tires	119	219	338
Total		1,601	2,705	4,306
Green logistics proposals	CO ₂ emission reduction benefits from proposed improvements to customers' logistics systems, including modal shifts, facility consolidation, joint transport and deliveries, and use of larger vehicles	766	293	1,059

Note: Since the publication of ESG data (FY2022 edition) and the SENKO Group Report (for the 105th fiscal year), we've reviewed CO₂ reduction activity assessment standards and reexamined results values to take account of benefits such as the transition to power companies with lower CO₂ emissions coefficients and private consumption of solar power generated at group facilities.

ESG+H Initiatives

E Environment

TCFD initiatives

Climate change is a global environmental issue, and we consider dealing with it to be a key issue for sustainable management.

As a result, the SENKO Group is committed to addressing climate change in a serious manner, and we've contributed to the realization of principles related to environmental action, for example by signing the United Nations Global Compact in October 2020.

In FY2023, we began disclosing information related to climate change in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) in a timely and appropriate manner.

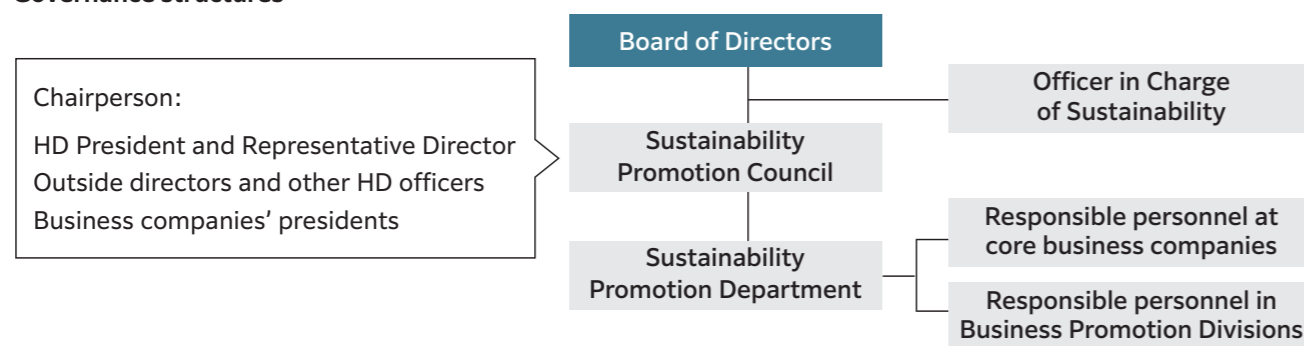
Governance

During FY2023, the Board of Directors acted to increase the Group's medium- and long-term corporate value through the implementation of sustainable management by creating a new executive officer position in charge of sustainability and assigning the deputy manager of the Administrative Department to hold it, and by creating the Sustainability Promotion Council chaired by the president and representative director and consisting of a membership that includes outside directors.

The Council convenes twice a year to discuss important matters related to the Group's environmental (E), social (S), governance (G), and health (H) activities and reports to the Board of Directors concerning its discussions and the results of associated activities.

The Sustainability Promotion Department, which is responsible for administering the Sustainability Promotion Council, facilitates the implementation of operational initiatives by core companies in the Logistics, Trading & Commerce, Living Support, and Business Support businesses along with sustainability coordinators in Business Promotion Divisions. It reports to the Sustainability Promotion Council.

Governance structures



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 policies related to sustainability, 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.

In addition, we've created a Risk Management Committee and an Environmental Promotion Committee that report to the Sustainability Promotion Council. The Risk Management Committee identifies risks that the Group faces now or is likely to face in the future and develops organizational and appropriate preventive measures and improvement measures to address those risks. The Risk Management Committee has created a Natural Disaster Risk Subcommittee, which is working to increase the Group's resilience by inspecting and reviewing its business continuity plan (BCP) and through other initiatives.

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 CO₂ reductions, renewable energy use, and waste recycling.

Strategy

This fiscal year, we carried out a scenario analysis for the Logistics business to identify risks and opportunities associated with climate change. We clarified important transition and physical risks and opportunities and studied their medium- and long-term effects as well as countermeasures.

	Category	Anticipated risks and opportunities	Impact on the Group	Countermeasures
Transition risks	Public policy, law, and regulations (Carbon pricing)	• Rapid increases in fuel prices	• Rising cost burdens	• Promotion of transition to environmentally friendly vehicles (EVs, HVs, LNGs, environmentally friendly DSLs, etc.) and tandem tractor-trailers • Promotion of modal shifts • Study of the future introduction of FCVs, LNGs, and ammonia-fueled ships • Initiatives as a GX League sponsor
	Technologies (Delays in renewable energy and energy-saving technologies)	• Difficulty in achieving GHG reduction targets	• Increases in renewable energy, energy savings, and carbon credit procurement costs	• Management of the Group's energy use and energy-saving measures • Assurance of power from renewable sources
	Markets (Changes in the size of the customer base)	• Selection of lower-carbon services by customers	• Stagnation in market share if we fail to provide low-carbon services	• Disclosure of CO ₂ emissions, including Scope 3 • Provision of decarbonization choices, for example through use of environmentally friendly vehicles, modal shifts, and logistics facility consolidation
Physical risks	Acute risks (Extreme weather)	• Interruptions in the operation of road, rail, marine, and air transport	• Rising cost of continuing Logistics business operations	• Development of BCPs and staging of associated training • Purchase of supplies • Collaborative support among facilities • Dispersion of facilities • Provision of alternative transport routes
	Chronic risks (Sea level rise)	• Need for measures to prevent flooding at logistics facilities and reassess siting	• Costs associated with activities such as risk surveys and relocation of logistics facilities	
	Chronic risks (Rising temperatures)	• Risk of heat illness • Increased employee attrition	• Employee health impacts • Increases in insurance premiums, hiring costs, etc.	• Development of a safe workplace environment • Promotion of automation and labor-saving measures
Opportunities	Technologies (Adoption of renewable energy and energy-saving technologies)	• Transition to renewable energy sources; increased use of renewable energy and energy-saving technologies, for example through introduction of in-house power generation	• Stable supply of low-cost, low-CO ₂ energy • Revenue from the sale of power generated at group facilities	• Installation of solar power facilities and shift to private consumption of generated power • Transition to LED lighting and environmentally friendly air-conditioning control • Transition to solar power, wind power, etc.
	Technologies (Development of next-generation technologies)	• Growing adoption of next-generation logistics technologies that improve vehicle loading and operating efficiency, for example joint logistics service	• Reduced logistics costs • Reduced CO ₂ emissions	• Development and introduction of systems that provide optimal transport patterns and routes • Promotion of automation and labor-saving measures through the digital transformation (DX), etc.
	Markets (Liquefied hydrogen/liquefied ammonia)	• Growing demand for transport of liquefied hydrogen by trucks as adoption of fuel cell trucks rises • Growing demand for transport of liquefied ammonia by ships	• Increased revenue related to the transport of liquefied hydrogen and liquefied ammonia	• Expansion of existing businesses and development of next-generation energy transport structures
	Markets (Circular economy)	• Increased reuse and recycling of EV batteries, solar panels, and waste plastic	• Increased revenue related to logistics services associated with reuse and recycling	• Targeting of existing and new customers based on demand for climate change countermeasures • Development of logistics platforms
	Reputation (Investors' evaluations)	• Praise from investors for properly disclosing information about how we deal with climate change risk	• Growth in corporate value; fund procurement at favorable terms	• Deepening of disclosure of information to stakeholders • Fund procurement through means such as green bonds

Indicators and targets

Under the five-year Medium-Term Business Plan that began in FY2023, we're working to realize sustainable growth of our businesses through environmental initiatives designed to achieve carbon neutrality by undertaking strategic investments and other measures, with the principal target of reducing CO₂ emissions per unit of revenue (in our land transport business) by 10% from FY2021 levels.

In addition to calculating CO₂ emissions both upstream (procurement-related) and downstream (post-shipment) of our corporate activities (i.e., Scope 3 emissions) in a more fine-grained manner, we plan to calculate Scope 3 emissions associated with logistics in our customers' supply chains and to offer advice concerning efficient logistics measures.

ESG+H Initiatives

S Safety

The SENKO Group's Safety Policy

Safety Philosophy	<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"> 1. We can and must prevent all accidents and disasters. 2. Managers are responsible for the safety of employees. 3. Every employee must believe in "eliminating all accidents." 4. Safety ensures high quality and high productivity.
Basic Approach	<ul style="list-style-type: none"> ○ 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. ○ 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. ○ 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.
Priority Measures	<ol style="list-style-type: none"> 1. We comply with relevant laws and regulations and fulfill our social responsibilities. 2. We thoroughly carry out risk assessment and reduce all safety risks. 3. We prevent health problems by enhancing health management system and promoting independent health. 4. We actively disclose information on safety and health activities.

Achievement of safety goals (FY2022)

Although both vehicle and occupational accidents fell compared to the previous year, we will formulate and implement new measures as not all goals were achieved.

	FY2021 result	FY2022 target	FY2022 result
Vehicle accident frequency rate	0.572	0.28 or less	0.563
Occupational accident frequency rate	1.771	0.70 or less	1.696

[Priority measures]

- Having top management develop safety and health management structures and voluntary operational structures
- Strengthening collaboration on safety and health initiatives within the Group
- Encouraging the prevention of accidents through collaboration among safety-related systems
- Actively introducing active safety technologies
- Creating opportunities for passing on and learning about safety technologies

Medium-term safety goals (FY2023 to FY2027)

Based on the five-year 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.

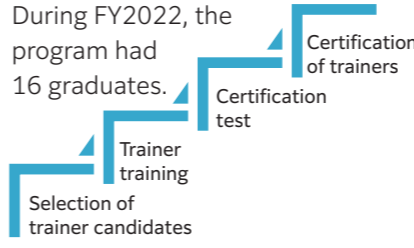

<p>We aim to reduce vehicle and occupational accidents by 25% from the FY2022 level.</p>	<p>Vehicle accident frequency rate (On-road accidents)</p>	<p>FY2022 result</p> <p>0.563</p>	<p>FY2027 target</p> <p>0.422 or less (SENKO Co., Ltd. and Logistics Group)</p>
	<p>Occupational accident frequency rate (Occupational accidents resulting in at least four lost workdays)</p>	<p>1.696</p>	<p>1.272 or less (SENKO Co., Ltd. and Logistics Group)</p>

*Figures for the Logistics Groups do not include companies acquired during FY2023 or later.

Building a Foundation for Safety

Trainer program

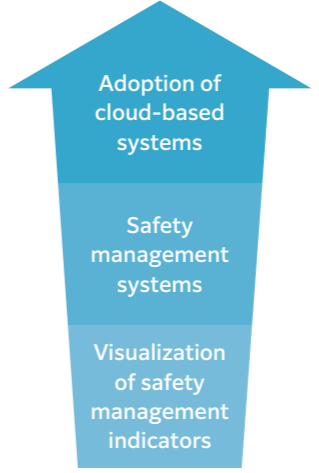
We're working to enhance trainer skills to facilitate more effective education for passing on safety technologies and improving skill levels. During FY2022, the program had 16 graduates.

Certification of trainers

Use of ICT

In FY2022, we began adopting cloud technologies in an effort to realize more advanced safety and educational management systems.



Compliance measures

[Development of a system for managing operation of light cargo vehicles]

By adopting a system for managing the operation of light cargo vehicles, we're working to improve safety through enhanced safe driving guidance and management of driving hours and fuel costs.

[Oversight through simulated branch visits]

As part of an effort to improve compliance, we're conducting simulated branch visits to deepen branches' understanding of laws and regulations.

Principal FY2022 initiatives

Accompanied instruction for all drivers in their third year

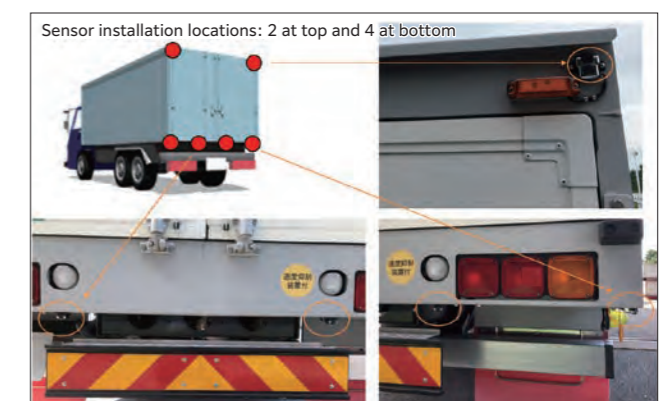
Since drivers with less than three years of experience are the most likely to cause vehicle accidents, we began offering accompanied instruction to all drivers in their third year as an FY2022 priority initiative. Although the results remain preliminary, accidents involving drivers with less than three years of experience have fallen 13% from the previous year. In FY2023, we're continuing to offer accompanied instruction to all drivers in their third year while verifying the effectiveness of the program.



Accompanied instruction

Installation of truck sonar

Although we offer instruction for drivers through initiatives like crew certification and local training, just under 30 percent of all vehicle accidents continue to occur while vehicles are being backed up. As an urgent measure to address this problem, we began installing truck sonar devices that warn the driver when the vehicle is approaching an obstacle behind it under a three-year plan in FY2022. As of March 31, 2022, the devices have been installed on 553 vehicles, and we will continue to install them in a systematic manner in FY2023 and beyond.



Truck sonar

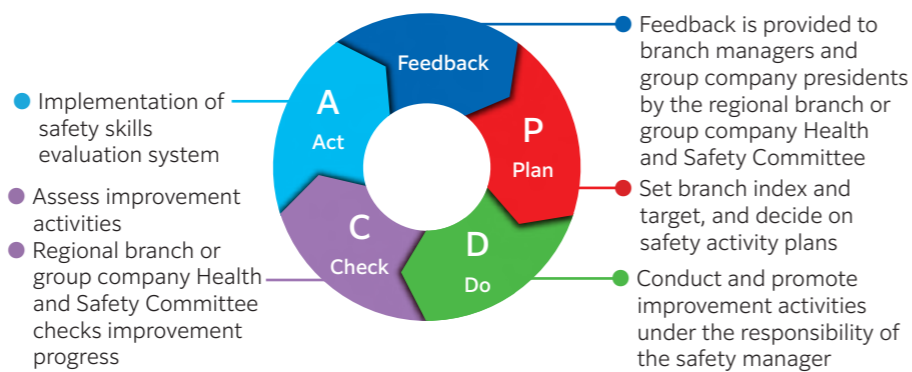
ESG+H Initiatives

S Safety

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. 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 FY2022 initiatives

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 acquire "Safety Excellence Workplace certification*."

As of the end of March 2022, 100% of all workplaces have acquired certification (2% increase compared to previous year).

* Safety Excellence Workplace certification: Certification acquired from the Japan Trucking Association for workplaces with traffic safety and other initiatives that are deemed to meet specific standards.

100% of all SENKO Group workplaces have acquired certification



G-Mark issued by the Japan Trucking Association



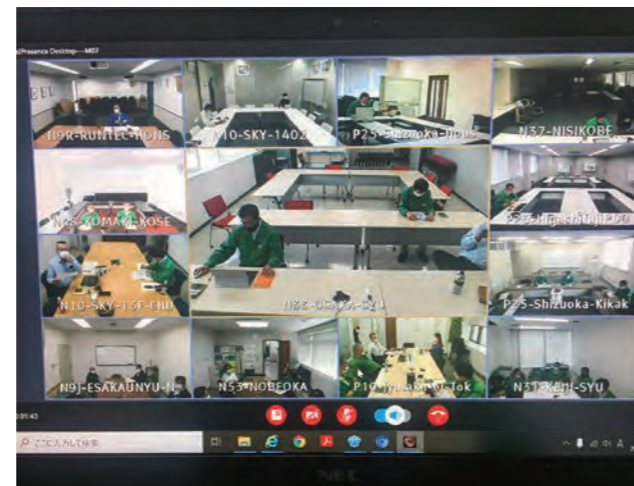
Education for veteran drivers

This fiscal year, we relaunched a coaching program that had been halted due to the COVID-19 pandemic. We're working to offer systematic ongoing coaching-style instruction to reduce accidents by verifying trainers' coaching skills and explaining procedures and systems to safety coordinators while taking steps to prevent infection.

Structures for managing hazardous goods areas

We offer safety instruction through regular workshops and tours for sales coordinators and logistics sales offices that handle hazardous goods.

In addition to identifying latent risks with the potential to have a serious impact on our business and providing guidance to take corrective action, we're working to raise managers' safety awareness and expertise.

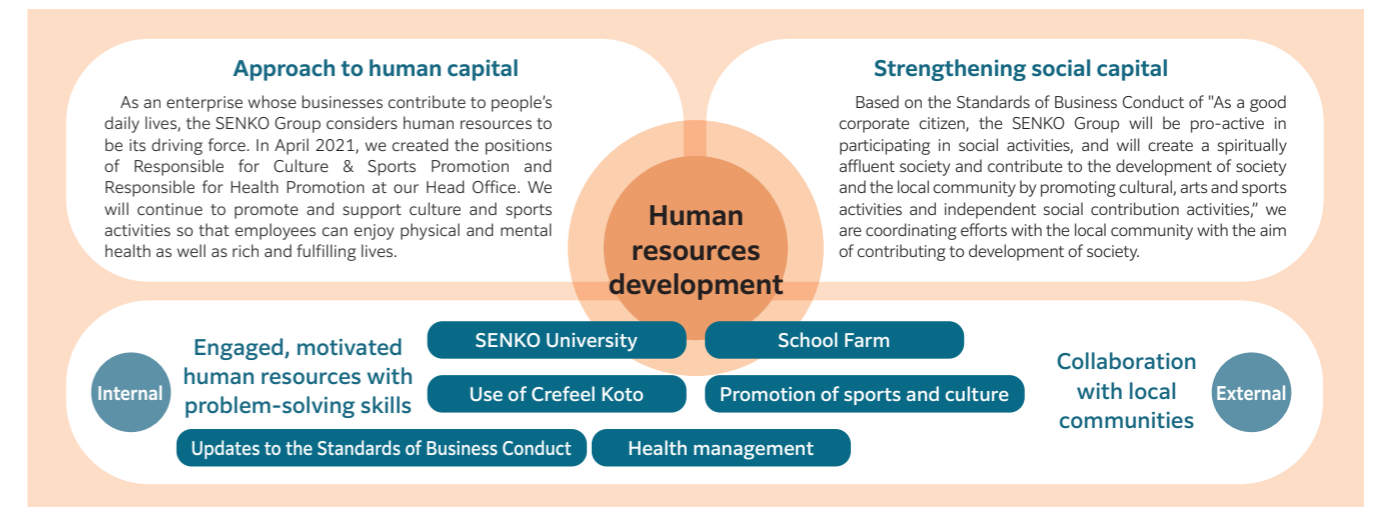


A meeting of people in charge of hazardous goods areas

ESG+H Initiatives

S Social

The SENKO Group's social activities



Principal initiatives

Use of Crefeel Koto in human resources development

We opened and continue to operate Crefeel Koto, a traffic safety and logistics education facility, in an effort to pass on logistics technologies accumulated through SENKO's businesses and to foster the development of even more advanced technologies. Crefeel Koto is one of the largest training facilities focusing on traffic safety and logistics skills in Japan.

The facility offers a variety of driver training programs that use its traffic course. In addition, certified trainers from the facility offer instruction to drivers and operators throughout Japan in a way that reflects the nature of their jobs.

	FY2022 result	
	Crefeel Koto	Regional training
Number of training sessions	70	335
Number of participants	637	2,934

Improving traffic safety and manners through traffic safety classes for children

We've been hosting traffic safety classes for children since FY2007 in an effort to teach traffic safety knowledge and thereby safeguard children from traffic accidents. We've also continued to offer on-site instruction at elementary and junior high schools since FY2015.

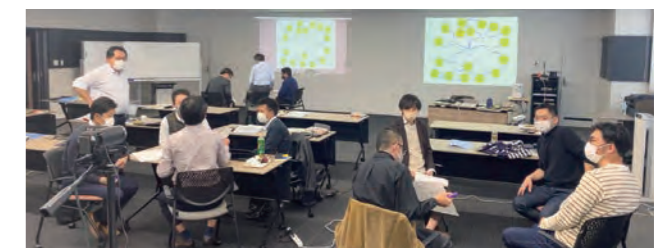
	FY2022 result
Number of participating children:	306

SENKO University: Human resources development to create future trends

SENKO University opened in 2016 as a place where human resources development could become more advanced and more specialized to ensure the more robust development of the Group's businesses in the future.

Courses are taught by inside and outside experts who are well versed in the latest technologies and market trends, and top management and executives also participate as instructors to spread knowledge of the Group's business principles and philosophy.

The program contributes to strategic development of human resources with the latest knowledge and skills in the SENKO Group's business domains.



Participating in the United Nations Global Compact

In October 2020, SENKO Group Holdings Co., Ltd. signed the United Nations Global Compact (UNGC), registering as a participating company.

The UNGC is a voluntary initiative that lets companies and other organizations exhibit creative leadership to act as good citizens while participating in the creation of a global framework for realizing sustainable growth. In this way, we're working to resolve social problems and create new value through our businesses in an effort to realize a sustainable society.

ESG+H Initiatives

S Social

Close-up on principal FY2022 initiatives

Registering as an SDGs Partner (Senko School Farm Tottori Co., Ltd.)

Senko School Farm Tottori Co., Ltd, which was established as a special subsidiary of the Group in April 2010, is using a former school in the town of Yurihama, Tottori, to grow hydroponic vegetables in a greenhouse built on the school's grounds and to grow mushrooms in renovated classrooms.

Tottori Prefecture has introduced the Tottori SDGs Partner program to allow companies and other organizations working to achieve the SDGs in the prefecture to register as partners. The program is designed to allow participants to contribute to the realization of the SDGs in partnership with the prefecture.

Since Senko School Farm Tottori has promoted the SDGs through a variety of business activities, including by providing waste vegetables for use as cattle feed and waste mushroom beds from mushroom production for use as cattle bedding, the company registered as an SDGs Partner promoting the SDGs in September 2021.

Going forward, SENKO will continue to work to achieve the SDGs through a variety of business activities.



SDGs Partner certificate



SDGs badge

Donating supplies (SENKO Co., Ltd.)

Food banks collect safe food products that cannot be distributed, for example due to a tear in packaging, excess inventory, or a printing error, from companies and provide them free of charge to facilities, organizations, and economically disadvantaged families that need them. Volunteers working for NPOs and other organizations collect food products and ingredients that have no quality issues but that would be difficult to sell normally from food manufacturers and provide them free of charge to social welfare facilities and other recipients, including rice, bread, noodles, fresh foods, snacks, drinks, seasonings, and instant foods.

The Nobeoka City Social Welfare Council operates a food bank to provide food support to needy families and others. Reflecting its support for this work, SENKO's Higashikyushu Operations Center donated about 1,000 (emergency rations) natural disaster items to the council's Nobeoka Self-reliance Consultation and Support Center.

Going forward, we will continue to participate in a variety of community service programs in order to help realize the SDGs.



Donated supplies

White Ribbon campaign (AST Corporation)

AST Corporation sells and imports products including paper products, daily necessities, foods, and quasi-drugs. The company donated paper diapers through JOICFP (a domestic and international program dedicated to creating a world in which women can make their own life choices at all times and in all places by promoting international cooperation in the fields of population and health) in order to assist mothers and children in areas affected by natural disasters.

Reflecting its understanding of the need to contribute to society not only in the event of natural disasters, but also in a year-round manner, the company launched a "Household Paper Support Group Project" to produce products that come with a donation in order to foster activities with business partners and customers. It's also participating in activities designed to safeguard the lives and health of women to better understand women and earn their empathy, including by donating a certain amount from the sale of specially planned products to the White Ribbon campaign through JOICFP.

In addition, JOICFP holds charity runs throughout Japan every March to mark International Women's Day. Entry fees are used to provide support to women in developing nations, and starting this fiscal year, AST plans to participate as a sponsor.

*There are still women in the world whose health and lives are threatened by unsafe abortions and childbirth due to an inability to exert control over sexual conduct and contraception or receive medical care. There are also women who lose access to educational opportunities due to unwanted pregnancy and child marriage, sacrificing their dreams of self-realization. The White Ribbon is an international symbol mark that communicates the importance of women's health and rights.



WHITE RIBBON
女性の健康が、世界を変える。



Teaching swimming at elementary schools (Blue Earth Japan Co., Ltd.)

Blue Earth Japan Co., Ltd. operates a total of 20 Blue Earth sports clubs and My-Body fitness gyms that are open year-round 24 hours a day in Yamanashi, Tokyo, Kanagawa, Shizuoka, Nagano, and Gunma Prefectures. The company also operates sports classes that teach swimming, ballet, karate, dance, and PE as well as Kids Station, an after-school program that teaches English, calligraphy, and other subjects as part of an effort to help create communities where people of all ages, from children to senior citizens, can enjoy physical and mental health and where members are left with energetic smiles and feelings of happiness.

In May 2021, Blue Earth received a contract to teach elementary school swimming from cities, towns, and villages in Yamanashi Prefecture as part of a program that allows private-sector use of schools' swimming pools. Whereas swimming classes at elementary schools are usually taught by school teachers at their school's pool, this program has Blue Earth Japan swimming coaches provide instruction at the company's pools. The contract includes bus transportation between the schools to the company's facilities, along with other services. Classes, which are based on the PE Edition of the Elementary School Learning Guidelines, follow an annual instructional plan.

The program is helping reduce school faculty members' workload while providing safe, advanced swimming instruction, and the company plans to expand the contract area to include other cities, towns, and villages going forward.



ESG+H Initiatives

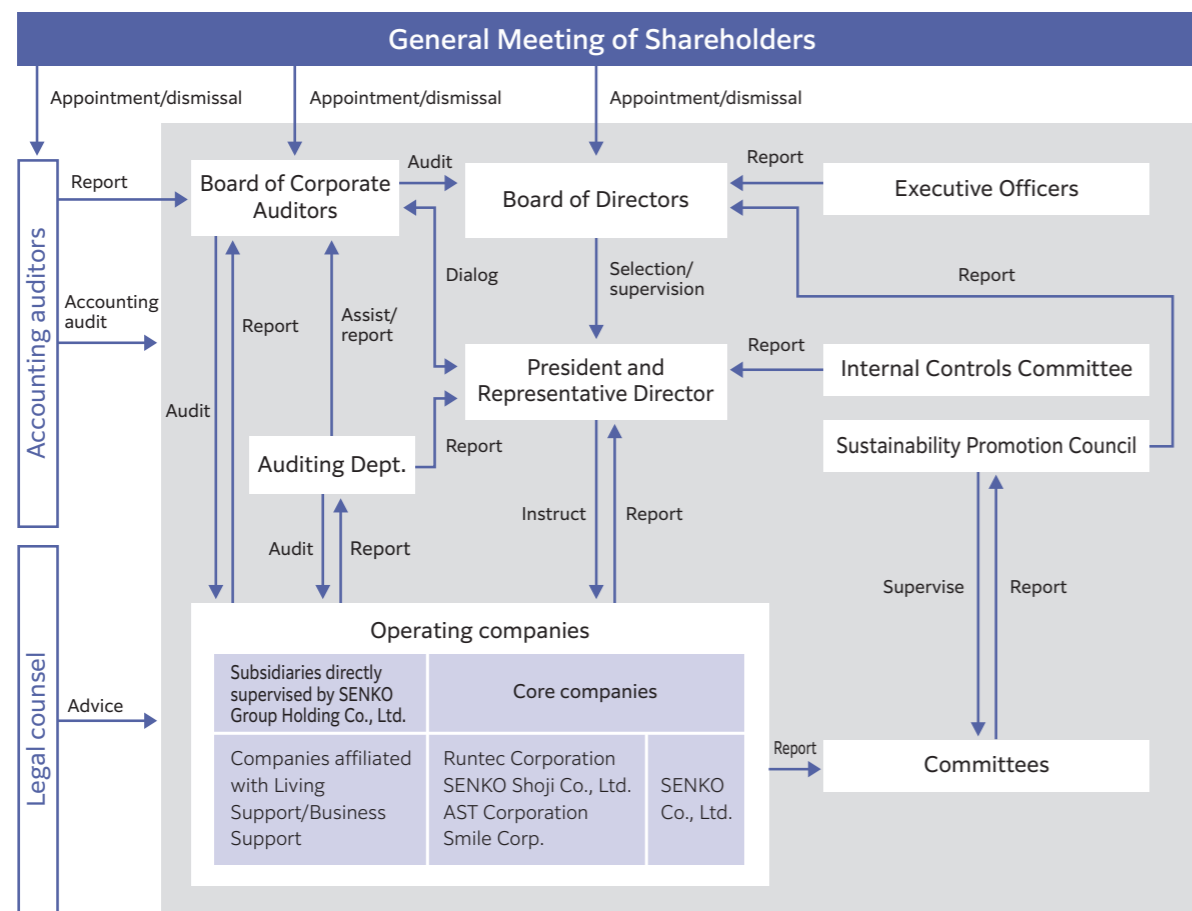
G Governance

Basic Policy

The SENKO Group is a logistics company involved in highly public work that fosters people's development and supports their lives. The SENKO Group makes 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

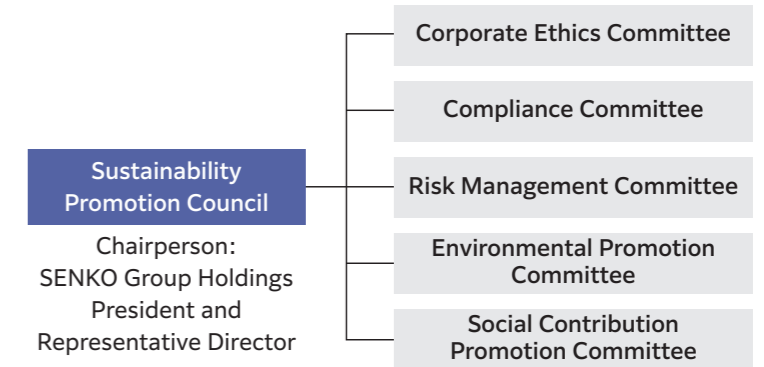
We have adopted the following corporate governance system, one that we consider to be optimal, in order to ensure management transparency and legal compliance based on the company's size, lines of business, organizational structure, and other features.



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, corporate ethics, 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 12 certified public accountants, eight individuals who have passed certified public accountant exams, and another 12 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 Corporate Auditors.

Further, to implement sustainable management throughout the Group (in order to improve the sustainability of its businesses), we have developed a series of sustainable management structures that encompass the entire Group, including Corporate Ethics, Compliance, Risk Management, Environmental Promotion, and Social Contribution Promotion Committees as well as a Sustainability Promotion Council, which oversees the committees, and an Internal Controls Committee.



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, 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.

Officer category	Total amount of compensation, etc. (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)	161	59	62	26	13	9
Corporate auditors (excluding outside corporate auditors)	45	34	11	-	-	3
Outside officers	51	36	15	-	-	7

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 has included 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.















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

<p>Yasuhisa Fukuda</p> <p>President and Representative Director Senior Manager of Business Development Department</p>		<p>Noburo Sasaki</p> <p>Director Managing Executive Officer Senior Manager of Administrative Department</p>		<p>Hiroshi Yoneji</p> <p>Director Responsible for Trading & Commerce</p>	
<p>Akira Taniguchi</p> <p>Director Responsible for Marine Logistics</p>		<p>Kenji Sugimoto</p> <p>Director Responsible for Logistics</p>		<p>Toshio Takanashi</p> <p>Director Responsible for International Business</p>	
<p>Yoshiki Kanaga</p> <p>Director Responsible for Refrigerated & Frozen Logistics</p>		<p>Hiroko Ameno</p> <p>Director (Outside)</p>		<p>Yasuyuki Sugiura</p> <p>Director (Outside)</p>	
<p>Yoko Araki</p> <p>Director (Outside)</p>		<p>Fumiko Okuno</p> <p>Director (Outside)</p>		<p>Masanobu Uenaka</p> <p>Full-time Corporate Auditor</p>	
<p>Masami Washida</p> <p>Full-time Corporate Auditor</p>		<p>Yasushi Matsutomo</p> <p>Full-time Corporate Auditor (Outside)</p>		<p>Yoshiro Okano</p> <p>Part-time Corporate Auditor (Outside)</p>	

Business risks

Risks related to the condition of the Group's businesses, accounting, and other operations that could have a material impact on the judgment of investors are described below. Forward-looking statements are based on the judgment of the SENKO Group (the Company, its consolidated subsidiaries, and its equity-method affiliates) as of the last day of the fiscal year under review (March 31, 2022).

1	Laws and regulations	The Group provides a wide range of services as part of Logistics, Trading & Commerce, and other businesses. These businesses must comply with a variety of laws and regulations. Future developments such as the strengthening of laws or regulations, or the application of new laws or regulations, could impose additional costs as the Group seeks to comply with them, and the need to make changes to the manner in which it operates its businesses could affect the Group's financial position and business performance.
2	Sharp increases in the price of crude oil	Higher prices for light oil due to a sharp increase in the price of crude oil will push up transportation costs. The performance of the Group, where truck transportation is the mainstay business, could be affected in the future by price trends.
3	Occurrence of a serious accident	In case a serious vehicle or freight accident occurs, the performance of the Group could be affected by a loss in customer and public confidence, suspension of vehicle use, administrative penalties such as business suspension, etc.
4	Occurrence of a disaster, etc.	The performance of the Group could be affected by a system shutdown due to transportation routes being blocked or electricity being suspended during a disaster, such as heavy rain, lightning, typhoon, or earthquake, or by a blackout. Recent natural disasters that have affected the Group's operations include intense rainfall throughout Japan in August 2021 and an earthquake that occurred in Fukushima Prefecture in March 2022 (the Fukushima Prefecture Offshore Earthquake).
5	IT system failure	The Group leverages IT technology to manage customer freight information and for control systems for warehouses. The performance of the Group could be affected if these systems are shut down due to a natural disaster, computer virus, or computer hacking.
6	Management of customer information	The Group handles customer information when providing logistics services and has worked hard on information management through in-house education. However, the Group's performance could be affected by claims for compensation for damages if there is an external leak of information or loss of data.
7	M&A and capital alliances	When expanding the scale of existing businesses, or entering new business fields, the SENKO Group concludes M&As and enters into capital alliances, etc., as part of its business strategy. However, initially-expected benefits may fail to materialize due to the effects of factors including significant changes in the market environment following the acquisition, legal regulations, or unanticipated increases in costs. In addition, in the event of a problem that went undetected during preliminary investigations, for example due to the discovery of a contingent liability or un-reviewed liability, the Group's financial position could be adversely affected.
8	Overseas business growth	To continue growing into the future, the SENKO Group is working to expand its businesses overseas. The Group's business expansion, performance, and growth outlook could be significantly affected by social disturbances in the regions where it operates. These disturbances could be due to changes in the economic situation, recessions, fluctuations in foreign exchange rates, changes in politics or laws and regulations, natural disasters, or outbreaks of terrorism, war or disease.
9	Pandemic	A pandemic could affect the Group's performance due to the impact of temporary closures of business sites or government-imposed lockdowns.

Risk Management System

The SENKO Group'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. When data centers are affected by a disaster, a backup data center will restore systems within 30 minutes, even if the server shuts down to ensure that logistics systems can be maintained.

ESG+H Initiatives

H Health

The SENKO Group is committed to health management.

The SENKO Group has announced the SENKO Group Health Management Declaration, which positions the promotion of employee health as one of the most important issues facing management; we have been encouraging activities that promote healthy living for many years.

Approach to health management

Health management strategy map

The SENKO Group's new Medium-Term Business Plan identifies ESG+H (health) management as a key issue. Having created a health management strategy map that details the connections between health promotion initiatives and management strategies, we're undertaking a program of activities in this area.

Health promotion at the SENKO Group

We've assigned 27 nursing professionals (public health nurses and registered nurses) to work in major areas nationwide, where they collaborate with 103 health promotion coordinators to provide a variety of support related to employee health. In FY2021, we appointed an industrial physician to oversee the 78 industrial physicians and nurses, enabling us to develop more effective Company-wide health policies and

programs. When the introduction of COVID-19 countermeasures was required, we established in-house standards to help us achieve a better balance between the health of employees and our business activities.



Nursing staff stationed around the country

Principal health management initiatives

Holding health classes and seminars

We offer a variety of seminars designed to improve employees' health literacy, including a Mental Health Seminar, which targets newly appointed managers, and a Women's Health Seminar, which is dedicated to helping create an environment in which female employees can continue to work in ways they find self-affirming.



Women's Health Seminar

Promoting physical and mental health through club activities

In addition to official teams for judo, golf, *kendo*, women's tennis, and women's track and field, the Group has numerous employee clubs that allow workers to have fun in a collegial atmosphere outside working hours.



Group photograph of the tennis club

TOPICS

DX promotion at the SENKO Group

The SENKO Group's DX Policy

In implementing its digital transformation (DX) strategy, the SENKO Group is aiming to advance business and service reforms in a strategic manner so as to establish a competitive advantage through the creation of new value. To that end, the Group is working to address the following four topics as it creates an overall computerization strategy:

- (1) Promoting the DX to support business innovation throughout the Group
- (2) Using digital data to support the maintenance and strengthening of business competitiveness and to acquire new customers
- (3) Creating new businesses with new digital technologies
- (4) Using digital data to boost productivity

Since launching a DX promotion project in 2021, SENKO Co., Ltd. has been pursuing the following initiatives:

- Promoting operational reforms that utilize digital technologies
- Studying data management to centralize internal data
- Designing DX human resources development programs through SENKO University

DX promotion structures

SENKO Co., Ltd., which operates the Group's core Logistics business, and SENKO Group Holdings Co., Ltd., which oversees the entire Group's operations, have created DX Promotion Departments to strengthen structures that cut across group companies and departments that are involved with initiatives.

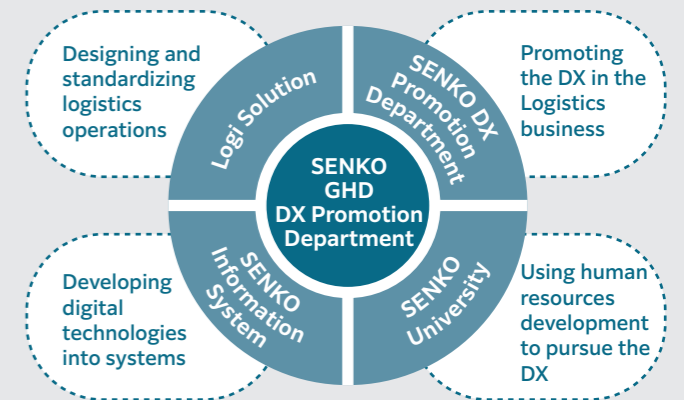
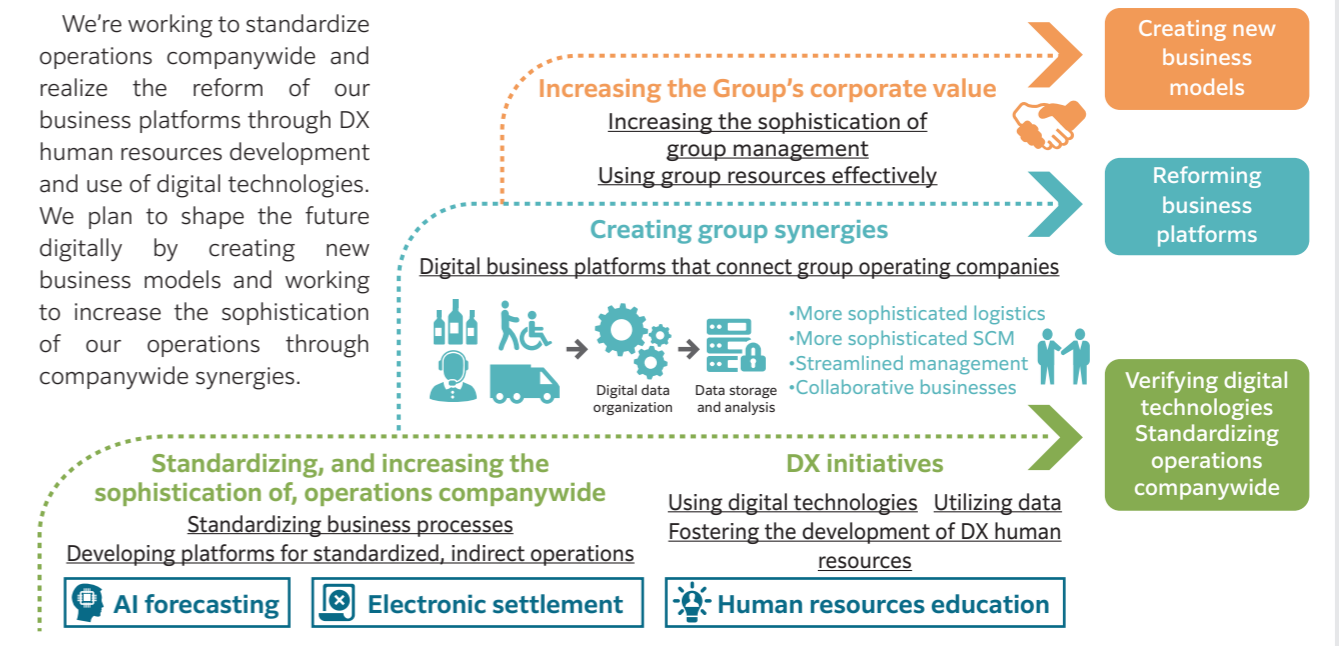


Illustration of SENKO's DX strategy

We're working to standardize operations companywide and realize the reform of our business platforms through DX human resources development and use of digital technologies. We plan to shape the future digitally by creating new business models and working to increase the sophistication of our operations through companywide synergies.



AI cargo volume forecasts at SENKO

In offering contract logistics services to customers, we're working to use machine learning to forecast warehouse shipping volumes in order to streamline personnel assignments and reduce planning coordinator workload.

Electronic expense settlement

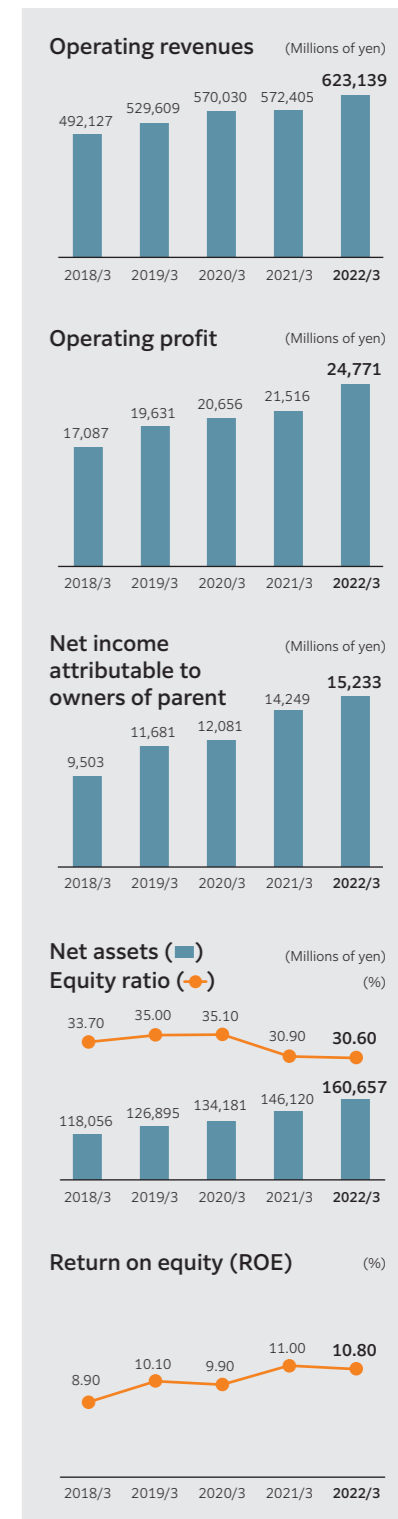
We've implemented paperless transactions using Concur and standardized and reduced business processes in a way that complies with Japan's Act on Book and Record Keeping through Electronic Methods. We're working to strengthen the Group's governance through data analysis and visualization.

Development of DX human resources

We're working with outside partners to implement an escort-based DX human resources development program that includes practical implementation and a digital literacy learning program with an assessment component.

Ten-year Financial and Nonfinancial Highlights

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Business results (millions of yen)										
Operating revenues	293,534	333,883	398,447	434,000	455,435	492,127	529,609	570,030	572,405	623,139
Operating costs and expenses	263,898	299,039	357,431	386,321	405,757	440,671	471,129	503,687	500,653	534,352
Selling, general and administrative expenses	19,727	22,722	27,366	30,181	32,595	34,369	38,847	45,686	50,235	64,015
Operating profit	9,908	12,122	13,649	17,497	17,081	17,087	19,631	20,656	21,516	24,771
Ordinary profit	10,100	11,305	13,234	17,178	17,301	17,316	19,876	20,744	22,227	26,103
Net income attributable to owners of parent	5,202	6,503	7,073	8,542	8,950	9,503	11,681	12,081	14,249	15,233
Comprehensive income	5,838	7,045	9,804	8,630	12,249	12,893	10,547	10,677	17,841	17,596
Per-share information (yen)										
Net assets per share	521.48	539.52	581.46	613.71	661.61	741.44	785.08	823.61	909.55	985.67
Net income per share	41.45	51.89	55.06	60.43	61.67	62.64	76.90	79.51	93.87	104.09
Net income per share after adjustment for residual shares	37.46	45.17	50.41	56.32	58.74	58.08	71.31	73.75	78.44	91.99
Annual dividend	14.00	16.00	17.00	20.00	22.00	22.00	26.00	26.00	28.00	34.00
Financial position (millions of yen)										
Net assets	67,327	72,302	92,743	100,009	114,090	118,056	126,895	134,181	146,120	160,657
Total assets	208,095	243,570	285,309	269,461	285,958	333,972	340,491	356,308	436,066	480,487
Cash flows from operating activities	11,037	10,689	19,228	16,149	20,848	24,567	27,022	31,098	31,858	31,885
Cash flows from investing activities	(6,236)	(24,956)	(17,978)	(2,288)	(3,678)	(37,020)	(15,770)	(18,030)	(46,309)	(46,141)
Cash flows from financing activities	(2,551)	14,551	6,209	(21,492)	(8,626)	9,940	(13,224)	(9,155)	36,757	5,773
Cash and cash equivalents at end of year	15,690	17,667	25,476	17,765	26,197	23,795	22,801	27,142	50,371	42,193
Decision-making indicators										
Operating profit margin (%)	3.38%	3.63%	3.43%	4.03%	3.75%	3.47%	3.71%	3.62%	3.76%	3.98%
Equity ratio (%)	31.30%	27.80%	28.40%	32.60%	35.10%	33.70%	35.00%	35.10%	30.90%	30.60%
Return on assets (ROA) (%)	4.92%	5.01%	5.00%	6.19%	6.23%	5.59%	5.89%	5.95%	5.61%	5.70%
Return on equity (ROE) (%)	8.20%	9.80%	9.50%	10.10%	9.50%	8.90%	10.10%	9.90%	11.00%	10.80%
Price earnings ratio (PER)	11.92	8.63	14.17	11.35	11.63	13.22	11.95	10.54	11.16	8.63
Final share price at end of fiscal year (yen)	494	448	780	686	717	828	919	838	1,048	898
Price book-value ratio (PBR)	0.95	0.83	1.34	1.12	1.08	1.12	1.17	1.02	1.15	0.91
Nonfinancial information										
Number of employees	8,356	8,738	11,562	11,992	13,915	14,496	16,004	16,693	19,194	20,725
Number of drivers	2,385	2,534	4,000	4,024	4,105	5,051	5,397	5,450	6,004	6,226
Number of operators	3,291	3,692	4,528	4,496	4,575	5,143	5,429	5,602	6,135	6,011
Number of group companies	71	79	86	86	111	133	132	131	141	161
Model shift ratio (%)	—	—	—	—	63.4%	65.7%	69.8%	70.0%	74.9%	76.1%
Total warehouse floor space (tens of thousands of square meters)	221	252	280	293	322	342	366	387	392	406
Number of vehicles (tractors)	3,240	3,352	4,540	4,745	4,426	5,179	5,525	5,790	6,229	6,727
Number of ships under management	19	19	18	18	18	68	69	69	69	69
Of which, number of owned ships	11	11	11	11	11	34	34	33	38	40



* During the fiscal year ended March 31, 2022, 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.

indicators and other figures related to the fiscal year ended March 31, 2021, reflect important revisions to the initial

Outside recognition

2022 Constituent MSCI Japan ESG Select Leaders Index^{*1}



FTSE Blossom Japan Sector Relative Index



ISO14001
 ● Certified organization / 4 branches of SENKO Co., Ltd. and Sankyo Freight Co., Ltd.
 ● Certification No. / JQA-EM7663
 ● 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.; Minami Osaka Senko Transport Co., Ltd.; Chushikoku Logistics Co., Ltd.; Eikichi Kaiun Co., Ltd.; Minami Kyushu Senko Co., Ltd.; Tokyo Nohin Daiko Co., Ltd.; Kitanihonunyu Corporation
 ● Certifying institution / Foundation for Promoting Personal Mobility and Ecological Transportation

*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.

Financial Review

During the fiscal year under review, the Group's operating revenue was affected by factors including the application of revenue recognition and other accounting standards, and its profits were affected by rising fuel prices. Nonetheless, group-wide efforts to increase sales, reduce costs, and boost productivity combined with M&As to drive year-on-year increases in consolidated operating revenue, consolidated operating profit, consolidated ordinary profit, and net income attributable to owners of parent.

		FY2021	FY2022 (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	773	822	50	6.4
	Chain store logistics	799	837	38	4.8
	Distribution Logistics	478	495	17	3.5
	Other logistics	238	400	162	68.3
		2,287	2,554	267	11.7
	Housing logistics	583	618	35	6.0
	Chemical logistics	735	859	124	16.9
	Other logistics	269	295	26	9.7
		3,874	4,325	452	11.7
	Trading & Commerce	1,618	1,530	(88)	(5.4)
Other businesses	232	376	143	61.6	
Total	5,724	6,231	507	8.9	

Logistics business

Despite the effects of rising fuel prices, we worked to promote sales, lower costs, and boost productivity as the volume of goods, which had fallen dramatically due to the effects of the COVID-19 pandemic during the previous fiscal year, recovered. Operating revenues rose 45,188 million yen from the previous year to 432,538 million yen thanks to factors including contributions from M&As. Segment profit rose 3,615 million yen to 23,013 million yen.

Trading & Commerce

Although we made AZFIT, a household paper products wholesaler, a consolidated subsidiary in April 2021 and worked to increase sales and reduce costs, operating revenues fell 8,770 million yen from the previous fiscal year to 153,049 million yen due to factors including the application of revenue recognition accounting and other related standards and increases in purchase price for fuel sales. Segment profit fell 130 million yen to 2,905 million yen.

Other businesses

Operating revenues rose 14,315 million yen from the previous fiscal year to 37,550 million yen thanks to the inclusion of Terauchi Co., Ltd., a membership-based general wholesaler and retailer, as a consolidated subsidiary in January 2021 along with efforts to increase sales and reduce costs. Segment profit rose 161 million yen to 99 million yen.

Assets, liabilities, and net assets

Total assets

Total assets as of March 31, 2022, were 480,487 million yen, an increase of 44,421 million yen from the previous year.

Current assets came to 171,033 million yen, up 7,142 million yen from the end of the previous fiscal year. The increase reflects a decrease of 7,437 million yen in cash and cash equivalents and increases of 9,204 million yen in trade accounts, notes receivable, and contract assets; 1,023 million yen in electronically recorded obligations; 1,193 million yen in merchandise and finished goods; and 3,190 million yen in other current assets.

Non-current assets were 309,454 million yen, an increase of 37,278 million yen from the previous fiscal year. The increase reflects increases of 22,084 million yen in property, plant and equipment as well as 5,709 million yen in intangible assets and 9,484 million yen in investments and other assets.

Liabilities

Total liabilities as of March 31, 2022, increased 29,884 million yen from the end of the previous fiscal year to 319,830 million yen.

Current liabilities totaled 137,646 million yen, up 3,931 million yen from the end of the previous fiscal year. The increase reflects decreases of 7,094 million yen in current portion of bonds payable and 10,009 million yen in current portion of convertible bonds with share acquisition rights, which were offset by increases of 6,291 million yen in trade accounts and notes payable and 14,298 million yen in short-term loans.

Non-current liabilities totaled 182,183 million yen, up 25,952 million yen from the end of the previous fiscal year. The increase reflects increases of 9,976 million yen in bonds payable, 11,858 million yen in long-term loans, 1,088 million yen in long-term lease obligations, 1,317 million yen in deferred tax liabilities, and 1,113 million yen in other non-current liabilities.

Net assets

Net assets as of March 31, 2022, rose 14,537 million yen from the end of the previous fiscal year to 160,657 million yen. The increase reflects a decrease of 3,521 million yen in the purchase of treasury shares, which was offset by increases of 1,915 million yen in capital obtained from transactions such as the conversion of convertible bonds with share acquisition rights to stock shares, 1,739 million yen in capital surplus, 10,525 million yen in retained earnings, and 2,524 million yen in non-controlling interests. As of March 31, 2022, the equity ratio was 30.6%, a decrease of 0.3 percentage points from the end of the previous fiscal year.

Capital expenditures and depreciation

Capital expenditures in the fiscal year under review totaled 31,868 million yen. Principle expenditures included 14,864 million yen on building expansion and related projects (primarily in the Logistics business), 5,789 million yen on vehicle and transport equipment (primarily in the Logistics business), and 5,219 million yen on property purchases and related transactions (primarily in the Logistics business).

Depreciation in the fiscal year under review rose 17,441 million yen from the previous year to 19,817 million yen.

Cash flows

Cash and cash equivalents at the end of the fiscal year under review fell 8,177 million yen from the end of the previous fiscal year to 42,193 million yen.

Net cash provided by operating activities came to 31,885 million yen. This was mainly due to income before income taxes of 24,778 million yen, depreciation of 19,817 million yen, increased funds due to increase in accrued liabilities of 3,654 million yen, despite a decrease in funds due to increase in trade receivables of 5,123 million yen, and income taxes paid of 9,321 million yen.

Net cash used in investing activities came to 46,141 million yen. This was mainly due to purchase of property, plant and equipment of 30,311 million yen, investments in capital of subsidiaries and associates of 5,668 million yen, and purchase of shares of subsidiaries resulting in change in scope of consolidation of 8,837 million yen.

Net cash provided by financing activities came to 5,773 million yen. This was mainly due to net increase of short-term loans of 4,671 million yen, proceeds from long-term loans of 22,563 million yen, and proceeds from issuance of bonds of 10,000 million yen, despite repayments of long-term loans of 4,035 million yen, repayments of finance/lease liabilities of 5,359 million yen, proceeds from bonds payable of 13,288 million yen, purchase of treasury shares of 3,630 million yen, and dividends paid of 4,704 million yen.

Consolidated financial statements

Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and cash equivalents	52,530	45,093
Trade accounts and notes receivable	82,689	—
Trade accounts and notes receivable, and contract assets	—	91,893
Electronically recorded obligations - operating	2,519	3,543
Merchandise and finished goods	12,990	14,183
Work in process	316	95
Raw materials and supplies	651	845
Other	12,221	15,411
Allowance for doubtful accounts	(28)	(34)
Total current assets	163,891	171,033
Non-current assets		
Property, plant and equipment		
Buildings and structures	169,354	187,259
Accumulated depreciation	(89,153)	(96,162)
Buildings and structures, net	80,201	91,096
Machinery and equipment, vehicle and vessels	77,660	101,063
Accumulated depreciation	(52,603)	(73,248)
Machinery and equipment, vehicle and vessels, net	25,056	27,815
Tools, furniture and fixtures	10,384	13,528
Accumulated depreciation	(7,995)	(10,611)
Tools, furniture and fixtures, net	2,388	2,917
Land	81,628	90,313
Leased assets	20,025	23,823
Accumulated depreciation	(6,231)	(8,890)
Leased assets, net	13,793	14,932
Construction in progress	6,484	4,562
Total property, plant and equipment	209,554	231,639
Intangible assets		
Goodwill	9,979	12,564
Other	8,034	11,159
Total intangible assets	18,014	23,723
Investments and other assets		
Investment securities	17,398	17,957
Long-term loans receivable	507	279
Retirement benefit asset	5,471	7,703
Guarantee deposits	13,086	14,388
Deferred tax assets	4,902	5,115
Other	3,647	9,066
Allowance for doubtful accounts	(407)	(418)
Total investments and other assets	44,606	54,091
Total non-current assets	272,175	309,454
Deferred assets		
Business commencement expenses	0	0
Total deferred assets	0	0
Total assets	436,066	480,487

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Trade accounts and notes payable	44,383	50,675
Electronically recorded obligations - operating	8,586	9,076
Current portion of bonds payable	7,118	24
Current portion of convertible bonds with share acquisition rights	10,009	—
Short-term loans	22,036	36,335
Lease obligations	4,253	4,632
Income taxes payable	5,377	5,052
Provision for bonuses	6,247	6,585
Provision for bonuses for directors (and other officers)	420	427
Provision for loss on disaster	68	416
Other	25,211	24,420
Total current liabilities	133,715	137,646
Non-current liabilities		
Bonds payable	30,024	40,000
Convertible bonds with share acquisition rights	22,108	22,081
Long-term loans	74,887	86,746
Lease obligations	14,881	15,970
Provision for retirement benefits for directors (and other officers)	260	573
Provision for special repairs	98	196
Provision for share awards	149	336
Retirement benefit liability	7,103	7,050
Asset retirement obligations	869	950
Deferred tax liabilities	3,669	4,987
Other	2,178	3,291
Total non-current liabilities	156,230	182,183
Total liabilities	289,946	319,830
Net assets		
Shareholders' equity		
Share capital	26,564	28,479
Capital surplus	29,806	31,545
Retained earnings	81,211	91,737
Treasury shares	(4,638)	(8,159)
Total shareholders' equity	132,944	143,602
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,759	1,472
Deferred gains or losses on hedges	32	70
Foreign currency translation adjustment	57	755
Remeasurements of defined benefit plans	(10)	916
Total accumulated other comprehensive income	1,839	3,215
Share acquisition rights	410	388
Non-controlling interests	10,926	13,451
Total net assets	146,120	160,657
Total liabilities and net assets	436,066	480,487

Consolidated financial statements

Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2021 (April 1, 2020 - March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 - March 31, 2022)
Operating revenues	572,405	623,139
Operating costs and expenses	500,653	534,352
Operating gross profit	71,751	88,786
Selling, general and administrative expenses	50,235	64,015
Operating profit	21,516	24,771
Non-operating income		
Interest income	71	100
Dividend income	148	286
Share of profit of entities accounted for using equity method	400	402
Revenue from subsidiaries	506	531
Rental income from land and buildings	333	356
Other	1,472	1,670
Total non-operating income	2,934	3,349
Non-operating expenses		
Interest expenses	1,171	1,244
Other	1,052	772
Total non-operating expenses	2,223	2,016
Ordinary profit	22,227	26,103
Extraordinary income		
Subsidy income	312	248
Gain on sale of non-current assets	488	111
Gain on bargain purchase	4,483	—
Reversal of provision for asset retirement obligations	348	—
Gain on sale of investment securities	38	—
Total extraordinary income	5,671	359
Extraordinary losses		
Provision for loss on disaster	68	416
Compensation expenses	—	298
Loss on tax purpose reduction entry of non-current assets	337	253
Loss on COVID-19 impact	494	211
Loss on cancellation of leases	—	202
Loss on retirement of non-current assets	310	182
Loss on sale of non-current assets	56	43
Impairment losses	3,053	31
Loss on disaster	15	28
Provision of allowance for doubtful accounts for subsidiaries and associates	29	12
Provision of allowance for doubtful accounts	36	3
Amortization of business commencement expenses	560	—
Loss on valuation of investment securities	277	—
Loss on office withdrawal	60	—
Total extraordinary losses	5,299	1,684
Income before income taxes	22,598	24,778
Income taxes - current	8,195	8,831
Income taxes - deferred	(320)	(230)
Total income taxes	7,874	8,601
Net income	14,724	16,177
Net income attributable to non-controlling interests	475	943
Net income attributable to owners of parent	14,249	15,233

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021 (April 1, 2020 - March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 - March 31, 2022)
Net income	14,724	16,177
Other comprehensive income		
Valuation difference on available-for-sale securities	1,025	(337)
Deferred gains or losses on hedges	17	47
Foreign currency translation adjustment	(354)	781
Remeasurements of defined benefit plans	2,429	927
Total other comprehensive income	3,117	1,419
Comprehensive income	17,841	17,596
Total comprehensive income attributable to:		
Owners of parent	17,484	16,609
Non-controlling interests	357	987

Consolidated statements of changes in equity

Fiscal year ended March 31, 2021 (April 1, 2020 - March 31, 2021)

(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			
Balance at beginning of period	26,528	29,770	70,901	(652)	126,548	779	14	256	(2,439)	(1,390)	432	8,590	134,181
Changes during period													
Issuance of new shares	36	35			71								71
Dividends of surplus			(3,971)		(3,971)								(3,971)
Net income attributable to owners of parent			14,249		14,249								14,249
Purchase of treasury shares				(4,312)	(4,312)								(4,312)
Disposal of treasury shares		(0)		326	325								325
Change of scope of consolidation			32		32								32
Change in ownership interest of parent due to transactions with non-controlling interests		0			0								0
Net changes in items other than shareholders' equity						980	18	(198)	2,429	3,229	(21)	2,336	5,543
Total changes during period	36	36	10,309	(3,986)	6,395	980	18	(198)	2,429	3,229	(21)	2,336	11,939
Balance at end of period	26,564	29,806	81,211	(4,638)	132,944	1,759	32	57	(10)	1,839	410	10,926	146,120

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			
Balance at beginning of period	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 of scope of consolidation													
Change in ownership interest of parent due to transactions with non-controlling interests		(136)			(136)								(136)
Net changes in items other than shareholders' equity						(287)	38	697	927	1,375	(21)	2,524	3,878
Total changes during period	1,915	1,739	10,525	(3,521)	10,658	(287)	38	697	927	1,375	(21)	2,524	14,537
Balance at end of period	28,479	31,545	91,737	(8,159)	143,602	1,472	70	755	916	3,215	388	13,451	160,657

Consolidated financial statements

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021 (April 1, 2020 - March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 - March 31, 2022)
Cash flows from operating activities		
Income before income taxes	22,598	24,778
Depreciation	17,441	19,817
Amortization of goodwill	779	1,071
Increase (decrease) in allowance for doubtful accounts	(78)	2
Decrease (increase) in retirement benefit asset	(3,376)	(2,232)
Increase (decrease) in retirement benefit liability	2,472	874
Increase (decrease) in provision for bonuses	570	218
Increase (decrease) in provision for share awards	(121)	186
Increase (decrease) in provision for loss on disaster	68	416
Interest and dividend income	(220)	(386)
Foreign exchange losses (gains)	(109)	(251)
Interest expenses	1,171	1,244
Loss (gain) on sale of non-current assets	(431)	(68)
Loss on tax purpose reduction entry of non-current assets	337	253
Subsidy income	(312)	(248)
Loss on retirement of non-current assets	310	182
Impairment losses	3,053	31
Gain on bargain purchase	(4,483)	—
Reversal of provision for asset retirement obligations	(348)	—
Amortization of business commencement expenses	560	—
Decrease (increase) in trade receivables	(1,539)	(5,123)
Decrease (increase) in inventories	(682)	(592)
Increase (decrease) in accrued liabilities	1,947	3,654
Increase (decrease) in accrued consumption taxes	551	(1,685)
Decrease (increase) in consumption taxes refund receivable	(1,773)	22
Other	509	(335)
Subtotal	38,895	41,830
Proceeds from subsidy income	312	248
Interest and dividend income received	622	377
Interest expenses paid	(1,150)	(1,249)
Income taxes paid	(6,822)	(9,321)
Net cash provided by (used in) operating activities	31,858	31,885
Cash flows from investing activities		
Payments into time deposits	(2,069)	(2,071)
Proceeds from withdrawal of time deposits	1,803	2,028
Purchase of property, plant and equipment	(33,618)	(30,311)
Proceeds from sale of property, plant and equipment	1,455	907
Payments for investments in capital of subsidiaries and associates	—	(5,668)
Payments for guarantee deposits	(987)	(1,097)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(11,386)	(8,837)
Other	(1,505)	(1,091)
Net cash provided by (used in) investing activities	(46,309)	(46,141)
Cash flows from financing activities		
Net increase (decrease) in short-term loans	334	4,671
Proceeds from long-term loans	21,566	22,563
Repayments of long-term loans	(14,510)	(4,035)
Repayments of finance lease obligations	(4,465)	(5,359)
Proceeds from issuance of bonds	42,110	10,000
Redemption of bonds	(48)	(13,288)
Purchase of treasury shares	(4,312)	(3,630)
Proceeds from sale of treasury shares	106	6
Dividends paid	(3,967)	(4,704)
Dividends paid to non-controlling interests	(169)	(148)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(249)
Other	113	(51)
Net cash provided by (used in) financing activities	36,757	5,773
Effect of exchange rate change on cash and cash equivalents	(157)	304
Net increase (decrease) in cash and cash equivalents	22,149	(8,177)
Cash and cash equivalents at beginning of year	27,142	50,371
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	1,078	—
Cash and cash equivalents at end of period	50,371	42,193

Share Status and Company Profile

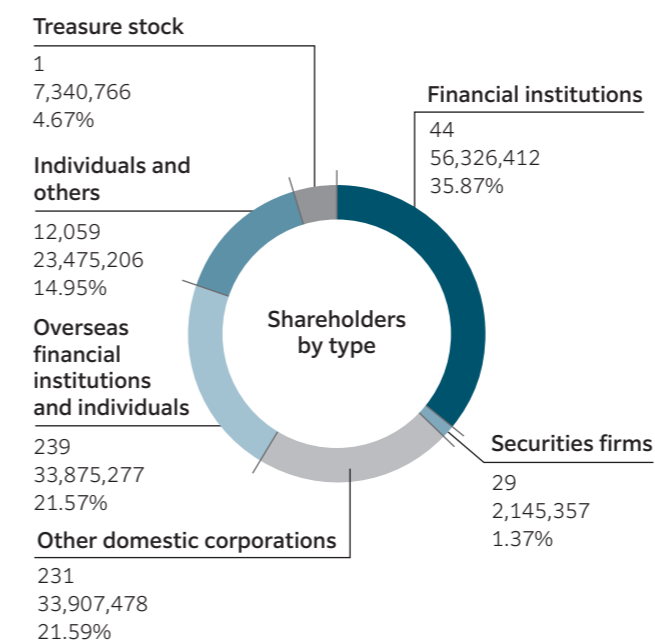
Share Status

(As of March 31, 2022)

Listed exchange	Prime Market, Tokyo Stock Exchange
Stock code	9069
Authorized shares	294,999,000
Outstanding shares	157,070,496
Number of shareholders	12,603
Administrator of shareholders' register	Osaka Stock Transfer Agent Division Mitsubishi UFJ Trust and Banking Corporation 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.	18,313	12.24%
Custody Bank of Japan	13,209	8.83%
Asahi Kasei Corporation	11,676	7.80%
SENKO Group Employee's Stockholding	6,946	4.64%
STATE STREET BANK AND TRUST COMPANY	4,356	2.91%
Mitsubishi UFJ Trust and Banking Corporation	4,060	2.71%
Isuzu Motors Ltd.	4,039	2.70%
JPMORGAN CHASE BANK	3,554	2.38%
Tokio Marine & Nichido Fire Insurance Co., Ltd.	3,439	2.30%
Sekisui Chemical Co., Ltd.	3,393	2.27%

Shareholders by type



Company profile

(As of March 31, 2022)

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	20,725
Group companies	161 (147 subsidiaries and 14 affiliates)

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 Co., Ltd.
 SENKO Shoji Co., Ltd.
 Smile Corp.
 AST Corporation

Overseas

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