Press Release

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June 29, 2022

SENKO Co., Ltd.

Industry One, Inc.

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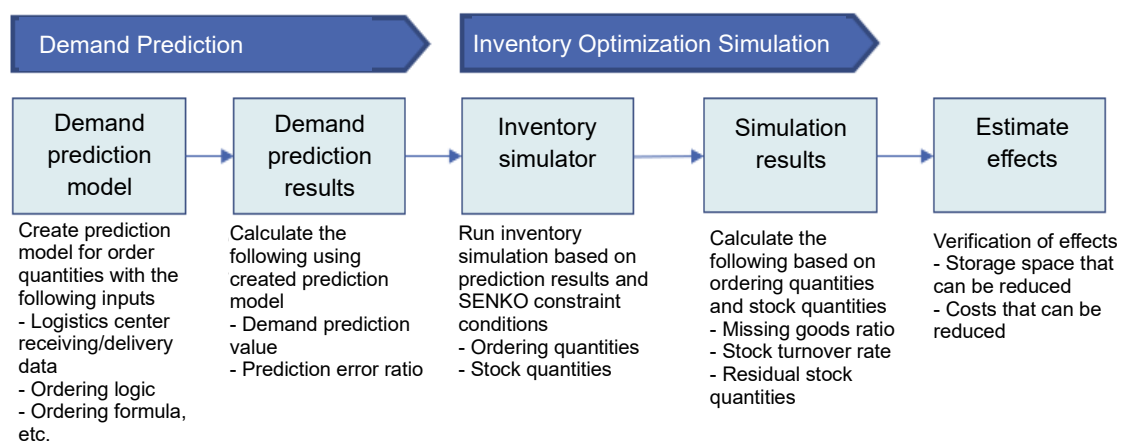## Efforts Toward Inventory Optimization and Ordering Efficiency by Harnessing AI

SENKO Group Holdings Co., Ltd. (Head office, Koto-ku Tokyo; President, Yasuhisa Fukuda) affiliated core company SENKO Co., Ltd. (Head office, Kita-ku, Osaka; President, Kenji Sugimoto; "SENKO"), Mitsubishi Corporation and The Nippon Telegraph and Telephone Corporation's joint venture company Industry One, Inc. (Head office, Chiyoda-ku, Tokyo; President and Representative Director, Ryo Serizawa; "Industry One") have been verifying AI demand prediction models developed using receiving and delivery data at logistics centers operated by SENKO. The results indicated a certain degree of strategic inventory management and ordering efficiency by reducing excess stock and missing goods ratio.

Based on the results of this demonstration test, SENKO and Industry One will focus on rolling out the technology to SENKO's retailing, warehousing, manufacturing and other sectors, and will also further enhance prediction level accuracy, which will help resolve industry challenges such as labor shortages and excess stock, and solve social problems like food losses and lowering CO_2 emissions.

"Demonstration test overview"

1. Target: Food category products at logistics centers operated by SENKO
2. Period: From December 2021 to March 2022
3. Details: Estimating the effects of reducing stock and missing goods ratio using automated suggestions for recommended order quantities with AI demand prediction model
4. Results: Achieved up to 20% reduction in stock while maintaining the current standard of missing goods ratio (ordering frequency of once/week or more, products in the top 50% of shipping volume)

Demonstration test flow

<Inquiries about this release>

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