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June 7, 2024

To Our Shareholders

Company Name SENKO Group Holdings Co., Ltd.  
N a m e o f President  
Representative Yasuhisa Fukuda  
(Code: 9069 TSE Prime Market)  
I n q u i r i e s Shinzo Yoshimura  
Executive Officer, Responsible for PR & IR  
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**Supplementary Explanation on Proposal No. 2 of the 107th Annual Meeting of Shareholders**

At the 107th Annual Meeting of Shareholders held on June 26, 2024, we will discuss the second proposal, " Disposal of Treasury Shares Through Third-Party Allotment for the Purpose of Supporting Social Contribution Activities of SENKO MIRAI Foundation ". In light of the content of the dialogue with shareholders regarding this matter, we have prepared Q&A as a supplementary explanation as shown below. We would like to announce this.

We would like to ask all of our shareholders to refer to this Supplementary Explanation for their understanding of the proposal.

Notation

Q1	What are the specific ways in which the activities of the SENKO MIRAI Foundation (hereinafter referred to as the "Foundation") lead to an increase in corporate value?
A1	<p>Currently, the expectations of stakeholders surrounding companies are not merely pursuing profits, but are also being directed toward non-financial activities such as social responsibility and sustainability initiatives. Our group also holds traffic safety classes and conducts cleanup activities in each region. With many other companies in the same industry engaged in donation activities through foundations and incorporated associations, we are able to increase the trust and support of our business partners and consumers by conducting more proactive social contribution activities, thereby ensuring our competitive advantage and enhancing our corporate brand value.</p> <p>In addition, proactive social contribution activities contribute to enhancing employee satisfaction and engagement. Employees feel proud of the fact that the companies in which they work are contributing to society and their motivation are enhanced. The Group's efforts to fulfill its social responsibilities through these activities also contribute to the recruitment and retention of excellent human resources.</p> <p>Furthermore, amid the increasingly fierce recruitment of excellent human resources, particularly in the logistics business, which is the Group's mainstay, we expect that the Foundation, which has our company's name, will have contact with students and contribute to recruitment. The students (universities) eligible for the Foundation's benefits are not biased toward any particular region or faculty but are broadly eligible for universities in Japan. To this end, the Foundation will attract and retain human resources through activities such as recruitment and announcement through websites, DM to high schools and universities nationwide, as well as communications during school with eligible persons.</p>

Q2	Why don't the Company just make a donation to the Foundation without having to dispose of treasury shares to the Foundation in favor of the Foundation?
A2	<p>The goal of stock corporations' activities is to maximize profits for the current fiscal year. However, when we make donations to fund the operations of the Foundation, profits for the current fiscal year will decline, and in the short term, profits for shareholders will decline. This may result in conflicts of interest with shareholders.</p> <p>On the other hand, if the Foundation uses dividends on its allocated shares to fund its activities, the incentive to increase our earnings and increase dividends will benefit both the Shareholders and the Foundation.</p> <p>Furthermore, the contribution of donations may be discontinued or reduced due to our business performance, temporary changes in management policies, etc., and stable Foundation activities are not guaranteed. On the other hand, the Company have continued to pay stable dividends from the past while also factoring in dividend increases and have announced that we will aim for a dividend payout ratio of 40% by the fiscal year ending March 2027.</p> <p>In this way, using dividends as funds for activities will increase our corporate value over the long term and enhance the activities of the Foundation.</p>
Q3	Specifically, what size of benefit projects will the Foundation provide?
A3	The Foundation plans to provide scholarships to about 20 students each year. The number of students eligible for such scholarships will increase by the same number each year, and in the future, the number will reach about 80. Considering the differences between the national and public or private sectors, as well as between the literature and science, the total amount paid per person is approximately 1.5 to 3 million yen for a four-year period, and the total amount paid by this Foundation for a single fiscal year is expected to be approximately 40 million yen.
Q4	What is the governance-based system of the Foundation?
A4	<p>The Foundation is currently established as a general incorporated foundation, and upon commencement of its activities, the Foundation is scheduled to change to a public-interest incorporated foundation upon approval from the administrative agency. In order to receive public interest certification, it is required that the number of council members and directors with whom we have relationships do not exceed one-third each.</p> <p>For this reason, the Foundation has established a structure that contributes to the public interest from a neutral standpoint by securing the composition of officers who satisfy these requirements. Furthermore, we will appropriately disclose information on business plans, business reports, and other matters required as public-interest corporations, strengthen our governance system, and ensure operational transparency.</p>
Q5	How will the voting rights of the shares assigned to the Foundation be exercised?
A5	As stated in A4, public interest incorporated foundations operate under certain governance. As a result, the decision-making of this Foundation is not affected by the intentions of us or individual directors, but in order to eliminate the possibility of arbitrary voting, it is stipulated in the Articles of Incorporation of this Foundation that they do not exercise their voting rights.

<Schedule>

- ① Monday, May 27, 2024 : Commenced providing electronic notice of the 107th Annual Meeting of Shareholders
- ② Wednesday, June 26, 2024 : Annual Meeting of Shareholders

<Published accounts>

- ① Notice of Convocation of 107th Annual Meeting of Shareholders  
<https://www.senkogrouphd.co.jp/ir/pdf/gsm-107-an.pdf>
- ② Disposal of Treasury Shares Through Third-Party Allotment for the Purpose of Supporting Social Contribution Activities of SENKO MIRAI Foundation  
<https://www.senkogrouphd.co.jp/ir/news/assets/202405133.pdf>

Or more