



60th Annual Shareholders' Meeting

Convocation Notice

From January 1, 2022 to
December 31, 2022

Date and time March 24 (Friday), 2023 at 10 a.m. (Doors open at 9:00 a.m.)

Venue Fuyo Room, Banquet Floor, the Main Building, Hotel New Otani Tokyo
4-1 Kioi-cho, Chiyoda-ku, Tokyo



TRUSCO NAKAYAMA Corporation

Securities code
9830

- Pre-registration is required to attend and is available for up to 200 shareholders based on raffle drawing.
- The proceedings of this Shareholders' Meeting will be broadcast in real time on the Internet.
- Shareholders attending the Meeting at the venue are requested to wear a mask, use an alcohol-based sanitizer, and have the body temperature measured with a thermography. (Those with a temperature of 37.5 degrees or higher will not be allowed to enter.)

What TRUSCO NAKAYAMA wants to achieve

We want to realize the fastest, shortest, and best delivery



“Planet Aichi” distribution center

(Kita-Nagoya, Aichi)

Completion: November 2024

Operation start: July 2026 (planned)

Site area: 41,634 m²

Total floor area: 89,864 m²

(Completion image)

GAMBARE!! JAPANESE MONODZUKURI

I would first like to express my gratitude for your warm support.

Trusco Nakayama has made efforts to improve the convenience of customers by continuing its aggressive capital investment in distribution facilities and equipment as well as in digitalization and by strategically strengthening its expansion of its product lineup and inventories in order to accurately meet the needs of manufacturing sites for a wide variety of items in small lots.

The key phrase for this year is “Business management not in textbook.” If one could succeed in business just by following textbooks, the world would be full of successful managers. But the reality is that there are a handful or even a pinch of people who are called successful. It seems those who attract success with innovative ideas are not always following textbooks.

Understanding that the secret key to success is not written in a textbook, we should create innovative ideas that will lead to our growth.

Keeping in mind our policy that “Business must serve people and society,” we will continue to work to be a company needed by our customers and markets in 2023.



At the 55th Anniversary Hall, 3rd floor, Tokyo Head Office

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Annual Shareholders' Meeting for the previous year

Decided Matters upon the Convocation

Notice is hereby given that the 60th Annual Shareholders' Meeting of Trusco Nakayama ("the Company") will be held as described below and that you are invited to attend the Meeting.

The Company adopts electronic provision of information concerning this shareholders' meeting. Pursuant to the provision of Article 325-3 of the Companies Act, matters subject to electronic provision are presented on our corporate website on the internet. Please access the URL below to check the information.



Special website for
Annual Shareholders'
Meeting

Special website for Annual Shareholders' Meeting <https://www.trusco.co.jp/ir/meeting/>

If you cannot attend the Meeting, you may exercise your voting right either in writing or via the internet. Details of the Proposals are provided in Reference Materials of this Convocation Notice. After examining the materials, please return the enclosed Voting Form indicating your vote "For" or "Against" each of the proposals or access the Company's website for voting, which is indicated on the Voting Form, and exercise your voting rights via the internet by 5:30 p.m., Thursday, March 23, 2023.

1 Date and Time | March 24 (Friday), 2023, at 10 a.m. (Doors open at 9:00 a.m.)

* Pre-registration is required to attend and is available for up to 200 shareholders based on raf'e drawing.

2 Place | 4-1 Kioi-cho, Chiyoda-ku, Tokyo

Fuyo Room, Banquet Floor, the Main Building, Hotel New Otani Tokyo

* If the venue becomes unavailable because of COVID-19, we will announce it on the Company's website.

Shareholders attending the meeting on the day of the Annual Shareholders' Meetings are kindly requested to check the website before the meeting.

3 Matters Constituting the Purpose of the Meeting

Matters to be reported | Reports on the Business Report, Consolidated Financial Statements, Financial Statements, and the results of the audit of the Consolidated Financial Statements and Financial Statements by the accounting auditor and the Board of Auditors for the 60th Period (from January 1, 2022 to December 31, 2022)

Matters to be resolved | Proposal No. 1: Election of Eight (8) Directors
Proposal No. 2: Election of Two (2) Corporate Auditors
Proposal No. 3: Election of One (1) Substitute Corporate Auditor



4 Guide to the Exercise of Voting Rights

For details, please refer to the attached Notice on the 60th Annual Shareholders' Meeting.

Notice on the 60th Annual Shareholders' Meeting

Notes: 1. If you exercise your voting rights twice, via the internet and by post (in writing), we will treat your votes via the internet as effective.

2. If you exercise your voting rights more than once via the internet, we will treat the last exercise of your voting rights as effective.

3. If you do not indicate your vote for each proposal by post (in writing), your votes will be treated as affirmative votes. Your vote will be invalid if you circle both "For" and "Against."

Notes: 1. Shareholders attending the Meeting as a result of the drawing are requested to bring the Voting Form to the receptionist at the Meeting venue.

2. Of the matters to be written in documents stating electronic provision matters, the Company has posted the [Matters concerning the Current Situation of the Corporate Group (Major Lenders)], the [Matters concerning Company Executives (Major Activities of Outside Officers for the Current Fiscal Year, Matters concerning the Independence of Outside Officers, and Special information about Outside Officers)], the [Situation of Accounting Auditors], the [Systems and Policies of the Company (The System to Ensure the Propriety of the Company's Operations and the Operation Status of the System, Basic Policy concerning the Control of the Company, and Policy concerning the Decision of Dividends from Surplus)] of the Business Report, the [Consolidated Statements of Changes in Shareholders' Equity] and [Notes to Consolidated Financial Statements] of the Consolidated Financial Statements, and the [Statements of Changes in Shareholders' Equity] and [Notes to Non-consolidated Financial Statements] of the Financial Statements on the Company's website (<http://www.trusco.co.jp/> "IR Library" → "Shareholders Meeting") pursuant to the provisions of the law and Article 15, Paragraph 2 of the Articles of Incorporation. Therefore, they are not stated in the materials delivered to shareholders who have requested them in a paper-based format. For reference, the Business Report, Consolidated Financial Statements, and Financial Statements attached to the documents stating electronic provision matters are part of the documents that were audited by the corporate auditor and the accounting auditor upon preparing the audit report.

3. If any correction arises in any of the matters for electronic provision, the correction will be notified by posting the matter both before and after correction on the Company's website (<http://www.trusco.co.jp/> "IR Library" → "Shareholders Meeting").

4. In the event that the chairperson is unable to attend the meeting, the acting chair shall act as the chairperson in accordance with the predetermined order.

Business Report for the 60th Period

From January 1, 2022 to December 31, 2022
(Attached Documents)

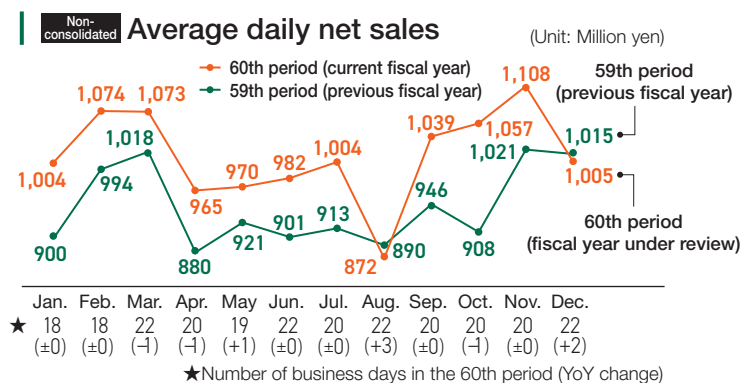
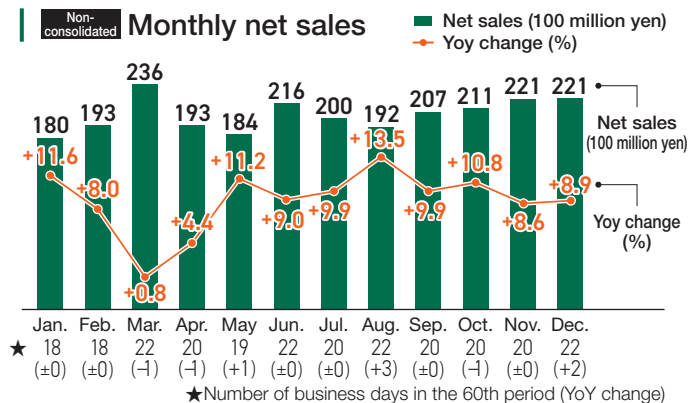
Providing the highest level of convenience for customers will result in social contribution

We have continued aggressive capital investment in order to accurately satisfy the needs of manufacturing sites for a wide variety of items in small lots. We made efforts to improve work efficiency of the entire supply chain, while working to reduce greenhouse gas emissions and consumption of resources, such as energy and packaging materials.

Developments and results of business activities

Operating results for the 60th period ended December 2022

Net sales	Consolidated	246,453	million yen	(+8.6% yoy)
	Non-consolidated	245,899	million yen	(+8.6% yoy)
Gross margin	Consolidated	21.2%		(-0.2pt yoy)
	Non-consolidated	21.1%		(-0.2pt yoy)
Selling, general and administrative expenses	Consolidated	37,493	million yen	(+8.1% yoy)
	Non-consolidated	37,194	million yen	(+8.1% yoy)
Incl.) Depreciation	Consolidated	6,667	million yen	(+3.8% yoy)
Operating income	Consolidated	14,667	million yen	(+12.8% yoy)
	Non-consolidated	14,588	million yen	(+12.1% yoy)
Ordinary income	Consolidated	15,065	million yen	(+11.1% yoy)
	Non-consolidated	15,028	million yen	(+10.7% yoy)
Net income attributable to owners of parent	Consolidated	10,626	million yen	(-8.4% yoy*)
	Non-consolidated	10,595	million yen	(-8.9% yoy*)



Net income per share	Consolidated	161.15	yen	(-14.17% yoy)
	Non-consolidated	160.68	yen	(-15.66% yoy)
Annual dividend per share		40.00	yen	(+4.50% yoy)

* For the 59th period ended December 2021, extraordinary income from sales of land of 3,466 million yen was recorded.

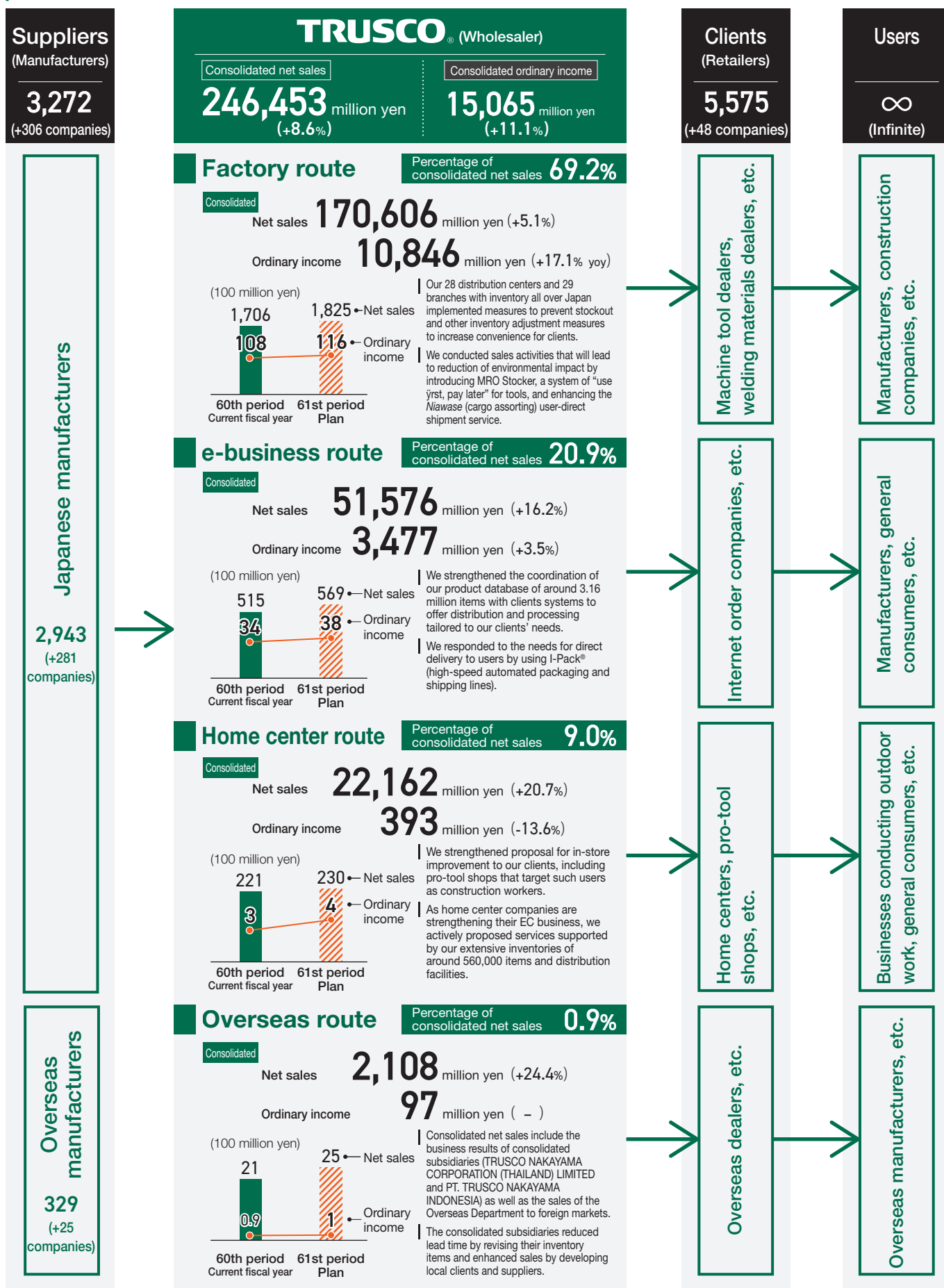
Sales by category of goods and percentage of total sales (figures in parentheses indicate yoy change)

Cutting tools 3.1% 7,706 million yen (+7.9%)	Production processing goods 7.3% 17,928 million yen (+4.4%)	Construction goods 11.5% 28,340 million yen (+9.0%)	Work supply 19.0% 46,753 million yen (+11.0%)	Hand tools 16.4% 40,177 million yen (+7.8%)
Environmental safety equipment 18.1% 44,461 million yen (+11.2%)	Distribution and storage equipment 11.0% 27,102 million yen (+9.0%)	Research management equipment 4.2% 10,314 million yen (+5.7%)	Office and housing facility equipment 8.7% 21,321 million yen (+3.8%)	Other 0.7% 1,793 million yen (+16.8%)

Notes: 1. All figures stated in Business Report from P6 onwards are rounded down to the nearest one million yen.

2. Starting from the beginning of the 60th period, the Accounting Standard for Revenue Recognition has been applied. Therefore, the figures for the 59th period of the Business Report are the figures after retrospective application of the new standard, and the year-on-year changes for the 60th period are those compared with figures of the 59th period after the retrospective application.

Business flow (YoY changes)



Developments and results of business activities

Progress and plan on key performance indicators of the Company

Key performance indicators		59th period FYE December 2021 Previous fiscal year	60th period FYE December 2022 Fiscal year under review	61st period FYE December 2023 Plan
Digital	Automated estimate ratio	18.2% (+10.1)	22.6% (+4.4)	28.0% (+5.4)
	Web estimate request ratio	42.7% (+6.0)	46.0% (+3.3)	50.0% (+4.0)
	System order intake ratio	85.3% (+1.4)	85.2% (-0.1)	86.0% (+0.8)
Products	Available TRUSCO Orange Book. Com items (free site)	2,760,887 (+423,667)	3,167,188 (+406,301)	4,200,000 (+1,032,812)
	Total number of suppliers	2,966 (+314)	3,272 (+306)	3,470 (+198)
	Incl.) Number of overseas suppliers	304 (+92)	329 (+25)	350 (+21)
	TRUSCO Orange Book	1,948 (+97)	2,152 (+204)	2,320 (+168)
	Number of listed manufacturers	508,000 (+37,000)	374,000 (-134,000)	374,000 (±0)
	Number of listed items	—	—	—
	Number of items listed on TRUSCO Digital Orange Book	—	374,000	444,000 (+70,000)
	Number of inventory items	499,964 (+57,528)	562,026 (+62,062)	595,000 (+32,974)
	Incl.) Number of items stocked automatically (SKU)	7,494 (+4,529)	26,109 (+18,615)	41,000 (+14,891)
	Number of PB products developed/brushed up	—	—	1,000 (+1,000)
	Total number of pieces in inventory	48,787,614 (+2,832,108)	53,197,583 (+4,409,969)	56,000,000 (+2,802,417)
	Inventory value	42,292 million yen	45,292 million yen (+3,000)	46,400 million yen (+1,108)
Sales	Number of corporate customers	5,527 (+12)	5,575 (+48)	5,630 (+55)
	Number of customer accounts	29,561 (+2,011)	31,614 (+2,053)	32,500 (+886)
	Number of companies connected to Orange Commerce	2,042 (+675)	2,233 (+191)	2,600 (+367)
	Number of MRO stockers introduced	329 (+282)	775 (+446)	1,000 (+225)
	Number of items sold	210,032,705	225,781,587 (+15,748,882)	242,000,000 (+16,218,413)
Logistics	Number of items delivered directly to users	2,836,392 (+603,997)	3,556,388 (+719,996)	4,400,000 (+843,612)
	Number of direct deliveries to users	3,396,286 (+677,072)	4,374,725 (+978,439)	5,400,000 (+1,025,275)
	Personnel expenses per receiving/shipping	117 (-7)	113 (-4)	108 (-5)
	Inventory shipment ratio	91.3% (+0.3)	91.7% (+0.4)	92.0% (+0.3)
	Number of hired vehicle delivery runs	161 (+1)	162 (+1)	150 (-12)
	Number of TRUSCO delivery runs	117 (+7)	116 (-1)	124 (+8)
	Percentage of TRUSCO delivery runs	42.1% (+1.4)	41.7% (-0.4)	45.7% (+4.0)
	Delivery lead time (Average of morning and afternoon deliveries for all companies, including primary, secondary and subsequent allocations)	20h 06min. 53 sec.	20h 10min. 4 sec. (+03min. 11sec.)	—
Environment	CO ₂ emissions (Scope 1)	1,941 t-CO ₂	2,327 t-CO ₂ (+385)	—
	CO ₂ emissions (Scope 2)	7,154 t-CO ₂	8,109 t-CO ₂ (+955)	—
	CO ₂ emissions (Scope 3)	1,724,759 t-CO ₂	—	—
	Power generation	2,604,757 kWh	2,653,344 kWh (+48,587)	—
HR	Average overtime hours per month	14.4 (-0.5)	18.1 (+3.7)	18.1 (±0)
	Average age (full-time employees)	39.6 (+1.2)	39.8 (+0.2)	—
	Average annual salary (full-time employees)	6.15 <6.53> million yen (-4)	6.61 <6.99> million yen (+46)	—
	Career	7.24 <7.72> million yen (+3)	7.71 <8.19> million yen (+47)	—
	Area	5.96 <6.33> million yen (-5)	6.33 <6.70> million yen (+37)	—
	Logistics	4.56 <4.76> million yen (-5)	4.94 <5.15> million yen (+38)	—
	Salary of persons in managerial posts	14.58 <15.74> million yen (+12)	14.68 <15.80> million yen (+10)	—
	Heads of Divisions, and general managers and deputy general managers of Departments (excluding officers)	11.17 <11.99> million yen (-11)	11.39 <12.16> million yen (+22)	—
	Branch office managers, center managers, head office section managers, etc.	2,906 (+120)	2,954 (+48)	—
	Total number of employees (including officers and part-time employees)	1,264 (+164)	1,305 (+41)	—
	Number of part-time employees	—	—	—

Notes: 1. Figures in parentheses () indicate changes from the previous fiscal year.

2. Average salary (full-time employees) includes the salary of executive officers.

3. Figures in parentheses < > indicate the amount of salary including financial bonds. The Company pays retirement allowance annually as financial bonds" rather than paying it as a lump-sum retirement payment at the time of retirement.

4. The total number of employees includes officers, part-time employees, temporarily transferred employees and local employees of subsidiaries.

Changes in assets and profit or loss in the last 10 years

Performance indicators

(Unit: Million yen)

Fiscal year	51st period FYE March 2014	52nd period FYE December 2014 (9 months ended December)	53rd period FYE December 2015	54th period FYE December 2016	55th period FYE December 2017	56th period FYE December 2018	57th period FYE December 2019 [Consolidated]	58th period FYE December 2020 [Consolidated]	59th period FYE December 2021 [Consolidated]	60th period FYE December 2022 Fiscal year under review [Consolidated]
Category										
Net sales	145,882	114,473	166,565	177,053	195,096	214,297	220,674	213,404	226,833	246,453
Gross margin	20.4%	20.9%	21.5%	21.7%	21.2%	21.2%	21.3%	21.5%	21.0%	21.2%
Selling, general and administrative expenses	19,588	15,504	22,788	24,198	27,114	31,127	33,237	34,891	34,673	37,493
Operating income	10,133	8,477	12,976	14,163	14,276	14,364	13,797	11,017	12,997	14,667
Ordinary income	10,078	8,494	13,211	14,433	14,581	14,642	14,197	11,559	13,555	15,065
Net income ^{*4}	5,954	5,474	8,242	9,963	10,173	9,722	9,613	8,007	11,596	10,626
Net income per share ^{*1, 3}	90.28 yen	83.01 yen	124.98 yen	151.08 yen	154.28 yen	147.44 yen	145.78 yen	121.43 yen	175.86 yen	161.15 yen
Net assets	87,039	90,917	97,777	105,836	113,680	120,648	127,478	132,960	142,426	151,002
Return on equity (ROE)	7.0%	6.2%	8.7%	9.8%	9.3%	8.3%	7.5%	6.1%	8.4%	7.2%
Total assets	109,738	109,917	120,141	128,044	147,363	170,216	196,094	208,854	222,657	225,207
Net assets per share ^{*2, 3}	1,319.67 yen	1,378.52 yen	1,482.65 yen	1,604.89 yen	1,723.87 yen	1,829.54 yen	1,933.13 yen	2,016.28 yen	2,159.86 yen	2,289.92 yen
Return on assets (ROA)	9.6%	7.7%	11.5%	11.6%	10.6%	9.2%	7.2%	5.7%	6.3%	6.7%
Equity ratio	79.3%	82.7%	81.4%	82.7%	77.1%	70.9%	65.0%	63.7%	64.0%	67.1%

Notes: 1. Net income per share is calculated based on the average number of issued shares outstanding during the period after subtracting the average number of treasury shares outstanding during the period.

2. Net assets per share is calculated based on the total number of issued shares outstanding at the end of the period after subtracting the number of treasury shares outstanding at the end of the period.

3. The Company carried out a 1 to 2 stock split for its common stock on January 1, 2017. Therefore, the amounts of net income per share and net assets per share were calculated as if the stock split had been carried out at the beginning of the 51st period.

4. The Company began to report consolidated figures from the fiscal year ended December 2019. Accordingly, net income attributable to owners of parent is presented from the fiscal year ended December 2019 onwards.

Trends in cash flows

(Unit: Million yen)

Fiscal year	51st period FYE March 2014	52nd period FYE December 2014 (9 months ended December)	53rd period FYE December 2015	54th period FYE December 2016	55th period FYE December 2017	56th period FYE December 2018	57th period FYE December 2019 [Consolidated]	58th period FYE December 2020 [Consolidated]	59th period FYE December 2021 [Consolidated]	60th period FYE December 2022 Fiscal year under review [Consolidated]
Category										
Cash flow from operating activities	9,368	3,263	9,336	6,459	8,932	6,928	10,998	15,068	15,926	12,178
Cash flow from investing activities	-5,502	-4,385	-5,083	-7,806	-16,628	-18,144	-19,707	-8,743	-4,596	-5,165
Cash flow from financing activities	-1,288	-1,735	-1,575	-2,262	7,424	12,492	14,558	7,722	-2,243	-9,110
Cash and cash equivalents at the end of the period	14,476	11,618	14,296	10,682	10,412	11,685	18,330	32,344	41,449	39,400

Operation bases

94 locations

- **2** Head Offices
- **59** sales branches in Japan (including 29 branches with inventory)
- **28** distribution centers in Japan (including 11 Stock Centers)
- 5** overseas branches
 - (Local subsidiaries: TRUSCO Nakayama Thailand
TRUSCO Nakayama Indonesia)
 - (Supplier business development ofices:
Germany, Taiwan, Thailand)

● Number of MRO stockers introduced: **775**

Inventory

560,000 items in inventoryTotal **53,190,000**
pieces in inventoryInventory value **45.2**
billion yen

Planet Niigata planned to be built
Location: Sanjo, Niigata
Site area: 26,307 m²

Planet Aichi planned to be built
Location: Kita-Nagoya, Aichi
Site area: 41,636 m²

Overseas supplier development offices
(Overseas Product Department)

Operation bases
3 locations

Taiwan Ofice

Thailand Ofice

Germany Ofice
(Dusseldorf)

Overseas local subsidiaries

2 locations

TRUSCO Nakayama
Thailand

Bangkok

TRUSCO Nakayama
Indonesia

Jakarta

Sales and distribution bases

★ indicates property of the Company

East Japan	1	Planet Hokkaido Sapporo Branch	3-4-51 Higashi-Naeba 5-jo, Higashi-ku, Sapporo-shi, Hokkaido	★
	2	Hachinohe Branch	1-2-9 Numadate, Hachinohe-shi, Aomori	★
	3	Planet Tohoku Sendai Branch	2-1-23 Ogimachi, Miyagino-ku, Sendai-shi, Miyagi	★
	4	Akita Branch	2-41 Sanno-Rinkaimachi, Akita-shi, Akita	★
	5	Koriyama Branch	1-23-7 Motomachi, Koriyama-shi, Fukushima	★
	6	Mito Branch	1567 Sugaya, Naka-shi Ibaraki	★
	7	Utsunomiya Branch	46-11 Hiraide Kogyo Danchi, Utsunomiya-shi, Tochigi	★
	8	Planet North Kanto	Iesaki Branch 2739-1 Sanwa-cho, Iesaki-shi, Gunma	★
	9	HC East Japan Distribution Center Niigata Branch	280 Shinbo, Sanjo-shi, Niigata	★
	10	Niigataki Branch	2-6-50 Yutaka, Higashi-ku, Niigata-shi, Niigata	★
	11	Okaya Branch	2-1-33 Shinmei-cho, Okaya-shi, Nagano	★
	12	Ueda Branch	2F Unno-Machi-Kan Ito Bldg. 2-8-11 Chuo, Ueda-shi, Nagano	★
Tokyo Metropolitan	13	Kashima Branch	3-3-24 Horiwari, Kamisu-shi, Ibaraki	★
	14	Utsunomiya Stock Center	2-40-3 Shirasagi, Kaminokawamachi, Kawachi-gun, Tochigi	★
	15	Oyama Stock Center	1-6-33 Awanomiya, Oyama-shi, Tochigi	★
	16	Planet Saitama Sate Branch	988-7 Akagi, Shinmeiuchi, Sate-shi, Saitama	★
	17	Omiya Branch Omiya Stock Center	2039 Nishi-Asuma, Nishi-ku, Saitama-shi, Saitama	★
	18	Planet East Kanto Matsudo Branch	241-1 Kamihongo, Matsudo-shi, Chiba	★
	19	Chiba Branch	1969-17 Yawatakaigan-dori, Ichihara-shi, Chiba	★
	20	Tokyo Head Office Tokyo Branch 20 HC Tokyo Branch Internet Sales Tokyo Branch MRO Supply Tokyo Branch	TRUSCO Fiorito Bldg. 4-38-1 Shimbashi, Minato-ku, Tokyo	★
	21	Keihin Branch	2-14-23 Kugahara, Ota-ku, Tokyo	★
	22	Tokyo Backup Center	3-10-6 Tamachi, Kawasaki-ku, Kawasaki-shi, Kanagawa	★
	23	Planet South Kanto Atsugi Branch	1567-1 Takamori, Isehara-shi, Kanagawa	★
	24	Fuji Branch	251-1 Jubee, Fuji-shi, Shizuoka	★
Central Japan	25	Shizuoka Branch	1-20 Midorigaoka-cho, Suruga-ku, Shizuoka-shi, Shizuoka	★
	26	Toyama Branch	1-1-34 Tanaka-machi, Toyama-shi, Toyama	★
	27	Kanazawa Branch	6-15-1 Eki Nishi-Honmachi, Kanazawa-shi, Ishikawa	★
	28	Fukui Branch	1-52 Toiya-cho, Fukui-shi, Fukui	★
	29	Hamamatsu Branch	209-1 Sode-cho, Naka-ku, Hamamatsu-shi, Shizuoka	★
	30	Planet Tokai Okazaki Branch	18 Minami-Kubo, Oka-cho, Okazaki-shi, Aichi	★
	31	Okazaki Stock Center	1 Shimoike, Akashibu-cho, Okazaki-shi, Aichi	★
	32	Nagoya Branch	12-26 Ukishima-cho, Mizuho-ku, Nagoya-shi, Aichi	★
	33	Planet Nagoya Komaki Branch	10-1 Kawahigashi, Wada-cho, Konan-shi, Aichi	★
	34	Toyohashi Stock Center	33-16 Akemicho, Toyohashi-shi, Aichi	★
	35	Yokkaichi Branch	5-4-13 Shinsho, Yokkaichi-shi, Mie	★

Kinki	36	Planet Shiga Ryuo Branch	1140-3 Oguchi, Ryuo-cho, Gamou-gun, Shiga	★
	37	Kyoto Branch	3F Trusco Crystal Bldg. 593 Higashi-Shiojiko-cho, Shimogyo-ku, Kyoto-shi, Kyoto	★
	38	HC West Japan Distribution Center	755-6 Kamifukawa-cho, Nara-shi, Nara	★
	39	Nara Stock Center	758-6 Kamifukawa-cho, Nara-shi, Nara	★
	40	East Osaka Stock Center Higashi Osaka Branch	4-12 Shinjo-nishi, Higashi-Osaka-shi, Osaka	★
	41	Sakai Stock Center ¹	1-5-45 Ishizu-cho Higashi, Hamadera, Nishi-ku, Sakai-shi, Osaka	★
	42	Osaka Head Office Osaka Branch HC Osaka Branch Internet Sales Osaka Branch	TRUSCO Glen Check Bldg., 1-34-15, Shinmachi, Nishi-ku, Osaka-shi, Osaka	★
	43	Planet Osaka South Osaka Branch	81-1 Ishizu Kitamachi, Sakai-ku, Sakai-shi, Osaka	★
	44	Planet Kobe	1-3-5 Nakamachi, Minatojima, Chuo-ku, Kobe-shi, Hyogo	★
	45	Kobe Branch	Nakayama Memorial Hall 5F, 2-1-9 Mizuki-dori, Hyogo-ku, Kobe, Hyogo	★
	46	Himeji Branch	448-26 Hojo, Himeji-shi, Hyogo	★
West Japan	47	Planet Sanyo Okayama Branch	4-15 Amase, Kita-ku, Okayama-shi, Okayama	★
	48	Okayama Stock Center	2-16-35 Fukunari, Minami-ku, Okayama-shi, Okayama	★
	49	Yonago Branch	8-15-14 Yonehara, Yonago-shi, Tottori	★
	50	Fukuyama Branch	2-4-13 Akebono-cho, Fukuyama-shi, Hiroshima	★
	51	Hiroshima Branch	1-20-1 Naka-Hiromachi, Nishi-ku, Hiroshima-shi, Hiroshima	★
	52	Shunan Branch	2929-14 Kume, Shunan-shi, Yamaguchi	★
	53	Ube Branch	5-395-5 Nakano Gaisaku, Ube-shi, Yamaguchi	★
	54	Takamatsu Branch	4001-77 Yoshida, Utazu-cho, Ayauta-gun, Kagawa	★
	55	Takamatsu Stock Center	2-3-1 Asahimachi, Takamatsu-shi, Kagawa	★
	56	Tokushima Branch	23 Nakahara, Ojin-cho Nakahara, Tokushima-shi, Tokushima	★
	57	Matsuyama Branch	1068-4 Kumanodai, Matsuyama-shi, Ehime	★
	58	Kokura Branch	7-1 Kifunemachi, Kokurakita-ku, Kitakyushu-shi, Fukuoka	★
	59	Hakata Stock Center Fukuoka Branch	2-4-14 Takeshita, Hakata-ku, Fukuoka-shi, Fukuoka	★
	60	Planet Kyushu Tosu Branch	1651 Himekata-machi, Tosu-shi, Saga	★
	61	HC Kyushu Distribution Center ² Kurume Stock Center	1956-1 Kitanomachinaka, Kurume-shi, Fukuoka	★
	62	Nagasaki Branch	23-4 Ohashi-machi, Nagasaki-shi, Nagasaki	★
	63	Kumamoto Branch	5F Kumamoto Central Bldg. 66-7 Yamasaki-machi, Chuo-ku, Kumamoto-shi, Kumamoto	★
	64	Oita Branch	1-3-28 Mukaibara-Higashi, Oita-shi, Oita	★
	65	Kagoshima Branch	3-68 Tokai-cho, Kagoshima-shi, Kagoshima	★
	66	Okinawa Branch	5F Okinawaken Kensetsu Kaikan 5-6-8 Makiminato, Urasoe-shi, Okinawa	★

Notes: 1. ④ Sakai Stock Center is scheduled to start operation in May 2023.

2. Kurume Stock Center attached to HC Kyushu Distribution Center was closed on January 1, 2023.

Current Status of Subsidiaries

TRUSCO THAILAND TRUSCO NAKAYAMA CORPORATION (THAILAND) LIMITED

Since its foundation in 2010, TRUSCO Thailand has continued to expand sales to not only Japanese dealers but also major local dealers. The company also works to spread Thai and English versions of TRUSCO Orange Book Jr. and increase the number of items in stock, aiming to become a company needed at manufacturing sites in Thailand.



Performance trend

Company Overview

Trade name: TRUSCO NAKAYAMA CORPORATION (THAILAND) LIMITED
 President: Kazuaki Harada
 Officer in charge at TRUSCO NAK YAMA Corporation: Kazuo Nakai
 Business areas: Wholesale of PRO TOOLS (secondary materials used in factories)
 Director: Naotsugu Kamijo
 Capital: 390 million baht (approx. 1.3 billion yen)
 Established: September 2010
 Equity: 99.9%
 Capital investment: 250 million yen for land, 210 million yen for buildings, etc.
 Location: Bangplee, Samutprakarn
 (13 km south of Suvarnabhumi International Airport)
 TIP7 789/8 Moo9, Bangplee Samutprakarn 10540 THAILAND

TRUSCO INDONESIA PT.TRUSCO NAKAYAMA INDONESIA

Export operations in Indonesia take a lot of time and processes. Therefore, TRUSCO Indonesia's inventory and distribution infrastructure, which ensure accurate delivery, are a significant advantage for Japanese companies operating in the country. Against the backdrop of domestic demand in a country with a population of 270 million people, the company will continue to contribute to Indonesia's advancing manufacturing industry.



Performance trend

Company Overview

Trade name: PT.TRUSCO NAKAYAMA INDONESIA
 President: Yohei Takuno
 Officer in charge at TRUSCO NAK YAMA Corporation: Kazuo Nakai
 Business areas: Wholesale of PRO TOOLS (secondary materials used in factories)
 Auditor: Naotsugu Kamijo
 Capital and capital surplus: 378.8 billion rupiah (approx. 3.2 billion yen)
 Established: December 2014
 Equity: 99.9%
 Capital investment: 1,130 million yen for land, 640 million yen for buildings, etc.
 Location: Lippo Cikarang District, Bekasi, Jawa Barat
 (40 km east of the capital city, Jakarta)
 Jl. Kenari Raya No. 36 Delta Silicon VI, Jayamukti, Cikarang Pusat, Kab. Bekasi 17815.

Specific initiatives

Products

We will further expand our largest-in-the-industry inventory (approx. 560,000 items) while enhancing paper catalogues and websites, thereby improving our product supply capacity.

National Brand (NB) products

Number of suppliers: 3,272 (+306)

Private Brand (PB) products

Number of PB product items: 90,000 (+11,000)

PB product sales: 45.8 billion yen

Overseas brand products

Number of overseas suppliers: 329 (+25)

Overseas product sales: 5.6 billion yen



Logistics

We aim to realize the fastest, shortest, and best delivery by reinforcing our distribution facilities and establishing a data-based distribution system.

Inventory shipment ratio
91.7% (+0.4pt)

Percentage of TRUSCO delivery runs at end of fiscal year
41.7% (-0.4pt)

Number of direct deliveries to users
4.37 million (+0.97 million)



Digital

Aiming at the best convenience in the industry, we work to establish an environment that makes our systems and functions available to the entire supply chain.

Key indicators for digital strategies

Automated estimate ratio: 22.6% (+4.4pt)

Web estimate request ratio: 46.0% (+3.3pt)

System order intake ratio: 85.2% (-0.1pt)

Digital expenditures (recent three periods):
2.4 billion yen



Sales

By utilizing advanced digital and distribution facilities, we will establish a new business style and thereby improve convenience and efficiency of the entire supply chain.

Number of customers

Corporate customers: 5,575 (+48)

Sales accounts: 31,614 (+2,053)

MRO Stocker

Number introduced: 775 (+446)

Number of companies connected to Orange Commerce:
2,233 (+191)



Major capital investments in 60th period

Construction of Planet East Kanto second automated pallet warehouse (scheduled to start operation in March 2023)

We have constructed the second automated pallet warehouse of Planet East Kanto. With the new automated pallet warehouse, which will enable storage of additional 2,556 pallets, we will enhance our prompt delivery system for expanded product lineups.

Location: Matsudo, Chiba Site area: Newly constructed area: 2,770 m²

Total floor area: Newly constructed area: 6,019 m²

Total investment (for newly constructed area): Approx. 2.68 billion

Total investment in 60th period: 1.41 billion (for buildings and equipment)



Planet East Kanto second automated pallet warehouse

Construction of Sakai Stock Center (scheduled to start operation in May 2023)

We have constructed the Sakai Stock Center. By installing a new automated pallet warehouse, which will enable storage of additional 3,304 pallets, we will enhance our prompt delivery system with the improved inventory storage capacity.

Location: Sakai, Osaka Site area: 3,302 m²

Total floor area: 4,641 m² Total investment: 1.83 billion

Total investment in 60th period: 0.72 billion (for buildings)

Financing

The Company raises funds by way of long-term and short-term borrowings from financial institutions to continue to invest in distribution facilities and digital technologies for the purpose of increasing convenience for clients.

As of the end of the 60th period (December 31, 2022), the balance of cash and deposits amounted to 39.4 billion yen (a decrease of 2 billion yen from the previous fiscal year). The Company did not raise new funds during the fiscal year under review, and repaid a part of the short-term borrowings (7 billion yen). So the remaining balance is 10 billion yen.

Major lenders



Internet disclosure

Financing table

Fiscal year	55th period 2017	56th period 2018	57th period 2019	58th period 2020	59th period 2021	60th period 2022	Balance of borrowings at end of 60th period	Balance of cash and deposits at end of 60th period
Long-term borrowings (incl. current portion of long-term borrowings)	10 billion yen	15 billion yen	-	10 billion yen	-	- (10 billion yen)	35 billion yen (10 billion yen)	
Short-term borrowings	-	-	17 billion yen	-	-	-7 billion yen	10 billion yen	
Total	10 billion yen	15 billion yen	17 billion yen	10 billion yen	-	-7 billion yen	45 billion yen	39.4 billion yen

* The financing by way of long-term borrowings during the 58th period ended December 2020 was conducted in view of the possibility of an economic crisis under the COVID-19 pandemic.

Challenges to be addressed

Outlook for the 61st period ending December 2023

In the next fiscal year, the Company and its subsidiaries are likely to face a business environment in which although gradual recovery of domestic demand is expected, outlook for global economy is increasingly severe and it will take some time for the business conditions, mainly for export businesses, to improve. Concerns about rises in production and labor costs due to rising prices and labor shortages are making us cautious in predicting future developments.

Regarding our business performance of the next consolidated fiscal year, we expect growth in net sales as we will continue aggressive capital investment in order to accurately satisfy the needs of manufac-

turing sites for a wide variety of items in small lots.

We forecast that selling, general and administrative expenses will amount to 39,650 million yen in total as we expect increases in freight and packing expenses due to an increase in the number of shipments corresponding to the increase in sales.

As for the consolidated fiscal results for the next fiscal year, we forecast net sales of 265,090 million yen, ordinary income of 15,970 million yen, net income attributable to owners of parent of 10,920 million yen, net income per share of 165.60 yen, and annual dividend per share of 41.50 yen.

Three-year Management Plan

Consolidated operating results	60th period FYE December 2022 Fiscal year under review	61st period FYE December 2023 Plan	62nd period FYE December 2024 Plan	63rd period FYE December 2025 Plan
Net sales	246,453 million yen (+8.6%)	265,090 million yen (+7.6%)	284,000 million yen (+7.1%)	304,200 million yen (+7.1%)
Gross margin	21.2% (+0.2pt)	20.9% (-0.3pt)	20.9% (±0pt)	20.9% (±0pt)
Selling, general and administrative expenses	37,493 million yen (+8.1%)	39,650 million yen (+5.8%)	41,500 million yen (+4.7%)	43,500 million yen (+4.8%)
Incl.) Depreciation	6,667 million yen (-3.8%)	6,397 million yen (-4.1%)	6,115 million yen (-4.4%)	5,239 million yen (-14.3%)
Operating income	14,667 million yen (+12.8%)	15,700 million yen (+7.0%)	17,800 million yen (+13.4%)	20,100 million yen (+12.9%)
Ordinary income	15,065 million yen (+11.1%)	15,970 million yen (+6.0%)	18,200 million yen (+14.0%)	20,500 million yen (+12.6%)
Net income attributable to owners of parent	10,626 million yen (-8.4%) ^{Note 2}	10,920 million yen (+2.8%)	12,417 million yen (+13.7%)	13,987 million yen (+12.6%)
Net income per share	161.15 yen (-14.71 yen)	165.60 yen (+4.45 yen)	188.11 yen (+22.51 yen)	211.90 yen (+23.79 yen)
Annual dividend per share	40.00 yen (+4.50 yen)	41.50 yen (+1.50 yen)	47.50 yen (+6.00 yen)	53.00 yen (+5.50 yen)

Notes: 1. Figures in parentheses () indicate changes from the previous fiscal year.

2. For the 59th period ended December 2021, extraordinary income from sales of land of 3,466 million yen was recorded.

Our special initiatives!

“Niawase”+“Yuchoku”

(cargo assorting)

(direct delivery to users)

As the market of online shopping has been expanding, one of the problems that have been drawing public attention is the rising delivery fees.

The “last one mile” involves various problems, such as fees and labor for transportation. As a solution to the cost problem, online shopping companies often negotiate discounts with transport companies. However, even if the fees are lowered, the trouble on the user side of receiving cargo and disposal of cardboard boxes remains as a problem, and it is a social challenge to solve this problem. Under these circumstances, as one of its new business strategies, TRUSCO NAKAYAMA will strengthen the services of “Niawase” (cargo assorting) and “Yuchoku” (direct delivery to users) to halve the environmental burden, thereby contributing to solving social issues.

Usually...



Before “Niawase”

Goods ordered online are often delivered in different boxes, making users busy receiving them and disposing of the cardboard boxes.



After “Niawase”

TRUSCO, which not only has a large stock of goods but also uses the most advanced logistics equipment, can offer the convenience of direct delivery of multiple goods in a single box to users.

If you order from TRUSCO...

Initiatives for Sustainability

Since more than 25 years ago, when the word "sustainability" became widespread, we have been conducting environmental activities under the environmental philosophy of sustainability. Currently, we are engaged in various initiatives for the future, including social activities and governance, collectively as the "TRUSCO Sustainability Project."



Sustainability basic policy

As a PRO TOOL supplier, we would like to be a company that continues to be useful for manufacturing in Japan at all times. Based on the idea that "a Business must serve people and society," we will create both social value and corporate value (TSV*) through our business to solve social issues and contribute to sustainable communities.

* TSV (TRUSCO Shared Value) is named after TRUSCO + CSV (Creating Shared Value).

To become what we want to be: Capability targets

To be able to always provide the highest level of convenience as a creative company, we believe that we should prioritize "capability targets," which clarify what abilities the Company should develop, rather than "quantitative targets," such as sales and profit. To aim to become a company that is always needed by clients and the society, we will engage in our business while seeking to become what we want to be as described below:

- 1 We want to be a company with the ability to store 1 million items in inventory by 2030.
- 2 We want to become a company with the ability to receive orders 24 hours a day and ship orders 365 days a year.
- 3 We want to become a company free from out-of-stock items, wrong orders received, and wrong shipments.
- 4 We want to become a company without the need for inventory taking.
- 5 We want to become a wholesaler company with the ability to ship orders directly to users without stress.
- 6 We want to become a company with the ability to provide an estimate instantaneously.
- 7 We want to become a company with the ability to realize the fastest, shortest, and best delivery in the industry.
- 8 We want to become a company with as small environmental load as possible.
- 9 We want to become a company that actively promotes recycling, reuse, and returnable initiatives.
- 10 We want to become a platformer that supports the Japanese manufacturing sector.
- 11 We want to become a company with the ability to overturn the common sense, customs, established theories, and standard moves in the industry.



Planet Aichi (Kita-Nagoya, Aichi)
construction plan (Site area: 41,636 m²)
Completion: November 2024
Operation start: July 2026 (planned)



High-speed cargo assorting equipment SAS (Systema Streamer) / Shuttle Rack



MRO Stocker has been increasingly introduced by manufacturers all over Japan.

TRUSCO's material issues

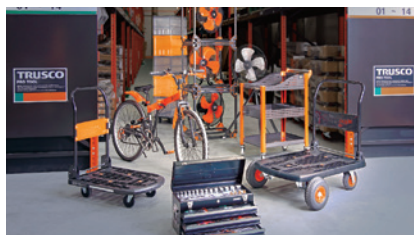
Under the Sustainability basic policy, the Company has identified its material issues for sustainability. We will work on these material issues through our business activities toward the establishment of a sustainable society.

① Total optimization of the supply chain



Contribute to the reduction of environmental load with one-stop logistics

② Planning and development of products that respond to diversifying needs



Strengthen competitiveness through creative product development

③ Development of environments and personnel to enable individuals to fully display their personal abilities



Offer employee training programs and systems to give awareness in various areas (From back left: Wataru Fujii, 丁 炯朱, Kantaro Harita) (From front left: Kyoko Yoshimi, Center Manager, Yurina Nishide)

④ Environmental actions through business activities



Assembly services for chain sling available at "Naojiro" repair workshops (Mai Takeda, Planet North Kanto)

⑤ Contribution to stakeholders and local communities



The Nakayama Visual Welfare Foundation's new Nakayama Memorial Hall

⑥ Governance based on a stance of choosing the proper actions ("Shushazentaku")



Management conference attended by department heads

Corporate Management Division

Becoming a company that is always be of service to clients by creating value and solving issues

Atsushi Kazumi

Director
Head of Corporate Management Division,
Head of Digital Strategy Division

The key to realizing TRUSCO's ambitions is that each individual has his/her own ambitions for the growth. At the same time, the starting point for the growth is to seriously address every task in front of us. Based on the job rotation system across departments to develop employees who will play active roles for a long time, as well as those for specialists, the Company promotes human resources development programs that draw awareness and motivation of individuals with diverse values, such as the job challenge system.



Review of the 60th period

Enhancing the personnel system to support autonomous career development

In this age of uncertainty, we believe that just concentrating on the work in front of us will lead to a bright future. At the same time, values of workstyles and motivations are increasingly diversified, making it difficult to develop human resources in an uniform system or environment. We therefore implemented reform of our personnel system by enhancing training courses and workstyles according to diverse values of employees.

- As career options, we set five new courses.
- We started the open position system and the concurrent job challenge system.
- We set the HR Support Section to support career development of every employee, including those in responsible positions.

Initiatives in the 61st period

Creating value and solving issues

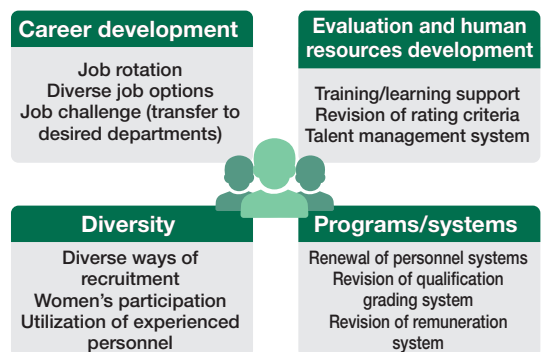
In the 61st period, we will develop independent-minded human resources through initiatives to create value for the future and solve the issues at present. It is also important that every employee will actively participate in the Company's initiatives for environmentally responsible business management under the sustainability policy. We will promote development of human resources who will work to solve issues with the sense of ownership.

- Accelerate the TRUSCO HACOBUNE project and develop digital human resources
- Acquire frameworks for problem solving, visualize issues, and implement specific solutions
- Accelerate services to reduce environmental burden, such as direct delivery to users, MRO Stocker, *Niawase*, and *Naojiro*

Achieve growth through practice

In promoting various reforms, we will foster strong belief, and abilities to share values and persistently overcome difficulties. At the same time, we will place importance on practice and accumulate knowledge acquired from experience and hardships, and aim to develop human resources capable of mutually respecting and cooperating with others.

- Develop human resources with high EQ (emotional intelligence quotient)
- By increasing engagement, raise a sense of unity with the organization and improve productivity
- Create a better framework for personnel evaluation and educational opportunities



Personnel system reform to create a company that allows employees to continue to work throughout their life time

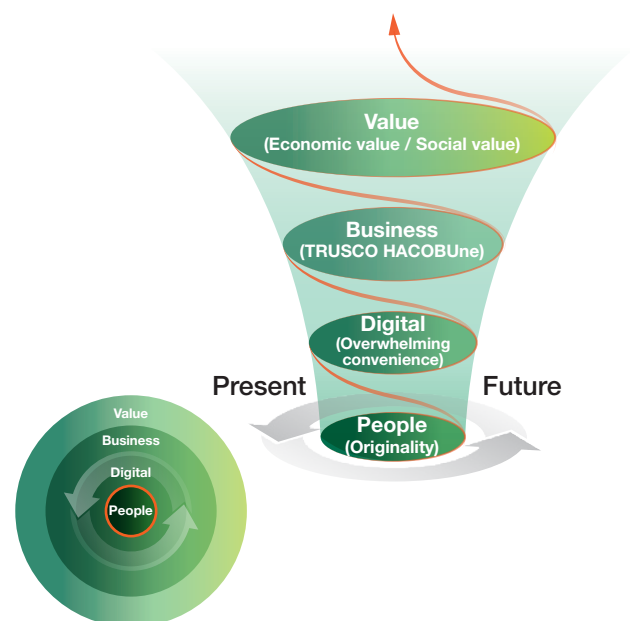
Received the grand prize of the Good Career Company Award 2022 for the above initiatives



GOOD CAREER COMPANY AWARD 2022
Grand prize

TRUSCO's ambitions

Business must serve people and society



Simultaneously "create values for the future" and "solve the issues at present"

Digital Strategy Division

Aim to improve convenience and establish a sustainable value chain

Atsushi Kazumi

Director
Head of Corporate Management Division,
Head of Digital Strategy Division

To become the Company we want to be, continuous improvement of digital capabilities is essential. To realize sustainability globally, digitization of society as a whole is being promoted. By making TRUSCO's digital infrastructure available for use by the entire manufacturing value chain in Japan, we will make steady efforts to satisfy unchanging requirements of clients, such as "the selection of necessary items," "speedy and reliable delivery," "reasonable prices," "high convenience," and "kindness, courtesy, security," as well as "reduced burden on the environment."

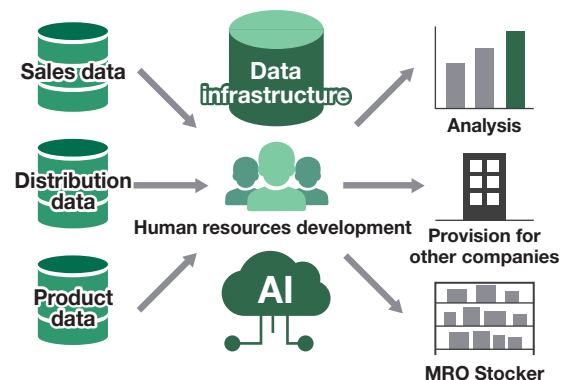


Review of the 60th period

Aiming to become TRUSCO as a data-based company

By utilizing the data accumulated through business activities, we aim to identify the situation in a more timely manner and promptly take more appropriate action. To this end, we will focus efforts to establish a data management structure and develop data specialists.

- ~ Aiming to become TRUSCO as a data-based company, offer educational opportunities, mainly practical training, for all members from management to general employees.
- ~ Establish a structure for integrated management of various data to enable flexible and prompt utilization of data
- ~ Improve convenience of new services by utilizing data and AI



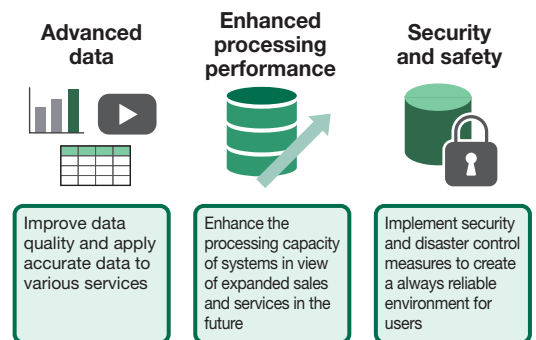
Develop both infrastructure and human resources to make effective use of data

Initiatives in the 61st period

Establish a sustainable value chain

TRUSCO's distribution services aim to improve efficiency of the entire supply chain and thereby reduce environmental load as much as possible. For this purpose, we work to properly use digital technologies so that we can offer better services.

- ~ Reduce inquiries to suppliers by introducing inventory coordination with suppliers (to start 2022)
- ~ Advanced product information will enable proposal of similar products, reducing work of distributors for product search
- ~ Reduce environmental load by offering services of "Niawase" and direct delivery to users, and support for improving delivery efficiency

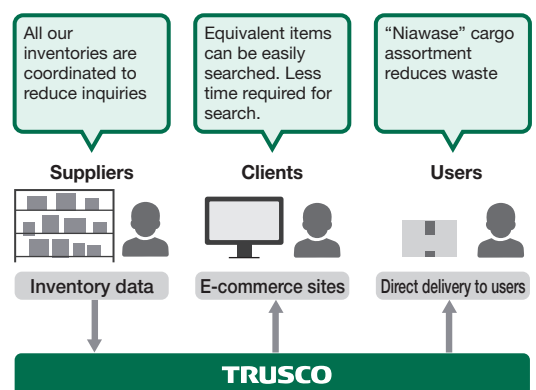


Work to solve issues of all of our clients

Establish system infrastructure for the future

In order to achieve the growth of our business and to continue to satisfy diverse requests of our customers, we will continue work to establish system infrastructure to ensure security for transactions.

- ~ Start building data infrastructure, such as product database with highly accurate data
- ~ Strengthen network infrastructure to be prepared for the increasing inter-company collaborations.
- ~ Establish a security environment to allow our clients feel safe to use our systems



Key points in enhancing system infrastructure

Product Division

Taking on challenges and using data, realize
“TRUSCO has what we need”

Tatsuya Nakayama Senior Executive Officer
Head of Product Division

As a result of continuously taking on challenges, TRUSCO now has 560,000 SKUs in inventory and 90,000 SKUs of private brand products. Utilizing our valuable experience as unique “data” leads to improving the quality and speed of processes and further enhancing our product lineups. And the importance of product data has also been increasing for optimal selection of products. Through taking on challenges and focusing on data, we will pursue the unique convenience to realize “TRUSCO has what we need.”



Review of the 60th period

Accelerating enhancement of the selection of items through renewal of TRUSCO Orange Book

Aiming to realize “TRUSCO always has what we need,” we aggressively enhanced the selection of items. As a result, the number of items in inventory reached 560,000 and the number of items in product data reached 5.5 million. At the same time, we renewed TRUSCO Orange Book. The number of pages was halved to reduce the environmental impact and 2D codes were employed to enable linkage with the Internet.

- ~ The number of items in inventory reached 560,000 (+60,000 of the previous year) as a result of actively enhancing data-based automated inventory management, in addition to selection by human.
- ~ Thanks to cooperation by suppliers, the number of items in product data expanded to 5.5 million (+1.3 million of the previous year).
- ~ For Orange Book, the number of pages was halved to reduce the environmental impact and 2D codes were employed to enable linkage with the Internet, to make it easier for users to select items.

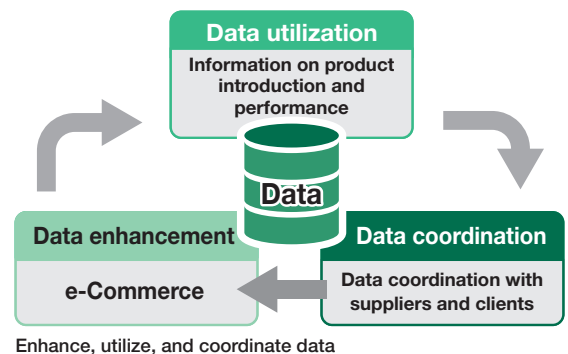


Initiatives in the 61st period

Promote reform in the product domain, focusing on data

Placing data in the center of the product domain, we will promote enhancement, utilization, and coordination of data. Through utilization of data, we will strengthen cooperation with online shopping companies and major users, improve the speed and efficiency of work processes, and deepen partnerships with suppliers, and thereby improve the convenience of PRO TOOL as a platform.

- ~ Accelerate enhancement of product data to respond to requests from online shopping companies and major users.
- ~ Transform operations in the product domain, such as expanding product lineups, product development, and preventing stockout, into data-based processes.
- ~ Actively promote sharing of various data with suppliers to contribute to manufacturing and sales promotion.



Cooperating with suppliers for distribution and brushing up major PB products

In view of the distribution issues for the entire supply chain in the future, we will strengthen ties with suppliers in the distribution aspect. Improved work efficiency and business expansion will contribute to solving the issues. We will also renew our major products so that our private brand TRUSCO products will further contribute to manufacturing and become standards for the manufacturing sites.

- ~ Contribute to solving distribution issues of suppliers and improving convenience for users by expanding inventory at our distribution centers and enhancing direct delivery to users and other unique services
- ~ Aiming to offer more useful TRUSCO products for manufacturing sites, brush up major PB items such as dollies and sprays.



Sales Division

Accumulating trust from customers by solving ever-changing issues

Kazuo Nakai Director
Head of Sales Division

Our role as sales personnel is not just selling goods but understanding problems of our clients and proposing optimal solutions to them. To fulfill this role, we effectively have contacts with customers according to changes in the social environment and needs, so as to accurately identify their problems. We solve the problems by using our unique services, and thereby aim to become a reliable supplier.



Review of the 60th period

Activities to deepen mutual understanding with clients

“Meet those who we should meet and communicate what we should communicate.” We made efforts to make our unique services known to not only the existing clients but also new clients, while also working to know our clients better.

- ~ The number of MRO Stockers introduced until 2021 was around 300. As a result of the advancement in cooperation between TRUSCO and clients, the number rapidly increased to around 1,000, including reservations.
- ~ By encouraging the use of our unique “direct delivery to users” service, we were able to help improve work efficiency of clients and expand sales channels.



Meeting with users of MRO Stocker
(Right: Natsumi Nakamura, Niigata Branch)

Initiatives in the 61st period

Improve convenience of clients' estimation and ordering operations

By increasing contacts with customers, we will identify details of their problems, and work to improve efficiency in purchasing and streamline operations.

- ~ By identifying diverse needs of the clients that have introduced MRO Stocker and reviewing the products in stock by employing data analysis and other means, we aim to increase the frequency of use.
- ~ We will promote introduction of digital tools to improve convenience of our clients, such as TRUSCO Orange Book.Com automated estimate system, which provides quotations in five seconds, and T-Rate app, which enables chatting with our sales staff without meeting. Human staff will thoroughly take care of the portions that cannot be covered by digital means.



Increasing contacts with clients to promptly solve problems
(Kasumi Taninaka, Tokyo Branch)

Responding to changing delivery styles and tackling environmental issues

Direct delivery to users from TRUSCO and the “Niawase” product assortment service to ship multiple products in a box will help improve work efficiency of clients and reduce environmental impact.

- ~ With the Niawase and the user-direct delivery service, we will help customers reduce their shipping operations, packaging materials, and fuel costs, and thereby reduce the impact on the environment.
- ~ As the demand for repair has been increasing due to environmental concern, we offer Naojiro repair service, which collects items for repair from clients using the delivery runs of TRUSCO and therefore requires no packing materials and fees.



Collecting items for repair using the special container for Naojiro repair service

Distribution Division

Boosting convenience to continuously respond to expectations of clients and market

Hideki Naoyoshi

Director
Head of Distribution Division and Head of
Distribution Safety Promotion Department

For clients, the most convenient and comfortable service is that they can meet the most appropriate professional tools whenever they want and that they are always delivered within the promised delivery period. With the determination of all our employees to support manufacturing, we aim to realize one-stop procurement without stress, which is the ideal form of infrastructure for TRUSCO Nakayama, and we will pursue the highest convenience all the time. By combining our capabilities in safety, automation, IT, and human resources, we will sophisticate our unique distribution abilities.



Review of the 60th period

Prompt problem solving and distribution reform in view of Planet Aichi

Aiming to raise the level of our services for customers, we promoted distribution reform using digital technologies, such as visualization of the warehouse status and optimal personnel allocation. At the same time, we tackled many distribution issues facing us and worked to solve them through promoting training of distribution personnel and developing the environment for education.

- ~ Initiatives to maximize the inventory capacity, such as optimal inventory allocation and preventing stockout and lack in quantity
- ~ Introduced AI-based demand forecast and state-of-the-art distribution equipment
- ~ Created an environment where motivated employees can do their best and take on challenges



Visualizing warehouse status with digital technology

Initiatives in the 61st period

Strengthen functions of user-direct delivery service

Through continuously reinforcing inventory, which is the source of competitiveness, we will realize a situation for clients where they can find and get quickly any professional tool they want. While enhancing distribution functions and digital technologies and by utilizing huge amount of data generated from a combination of these two aspects, we aim for data-driven distribution that helps improve the level of our clients' services.

- ~ Acquire the ability to ensure no stockout and optimized inventory quantity
- ~ In view of Planet Aichi, promote sophistication and optimization of distribution systems (distribution DX), such as automated prediction and determination of the warehouse work volume
- ~ Develop distribution personnel capable of solving problems by using both material handling equipment and digital tools

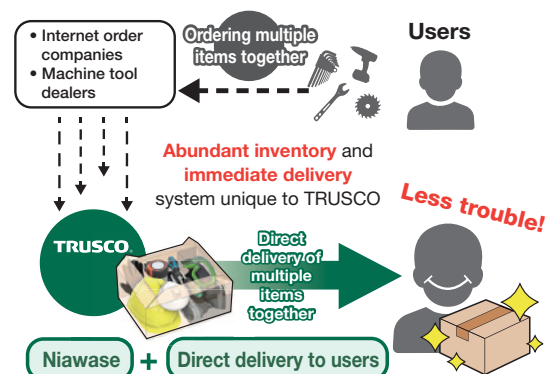
Realize the highest level of distribution services

By employing "Niawase" cargo assortment service, which enables reduction of packaging materials, shipping costs, delivery time and environmental burden by half, and strengthening the user-direct delivery service for direct delivery of goods to users, we will eliminate waste in the supply chain. In addition, through the automation and manpower saving of packaging lines, we will reduce distribution costs.

- ~ Enhance environment-friendly "Niawase" × "user-direct delivery" service
- ~ Fully utilize I-Pack® (high-speed automated packaging and shipping lines) with a maximum shipment capacity of 720 pieces/line per hour
- ~ Realize high level of services by combining high-speed cargo assortment equipment and unrivaled scale of inventory



Strengthening factors to realize the highest level of distribution services



Environment Environmental activities through business

Environment

TRUSCO is working to reduce environmental load in business activities, planning and developing environmentally friendly private brands (PB), and actively promoting recycling, reuse, and the use of returnable containers. The Company aims to provide sustainable distribution by working to reduce the environmental load of the entire supply chain through the efforts to reduce not only its environmental load, but also that of the users of its products. These efforts are internally referred to as TRUSCO Shared Value (TSV) activities, and the Company strives to raise the awareness of and instill TSV into each employee.

Efforts to reduce environmental load throughout the supply chain

1 Purchase products

- ~ Environmentally friendly TRUSCO products
- ~ Reduction and standardization of containers and packing
- ~ Inclusion of environmental information in catalogues

TRUSCO α-Cleaner non-gas spray with a nozzle 350 ml ECO-CL-S

We constantly develop environment-friendly products, such as 100% natural fat-based cleaners, tape from recycled materials, and non-gas sprays. Propellant gas (LPG) is not used for non-gas sprays, as they are pressure accumulator type and inject liquid.



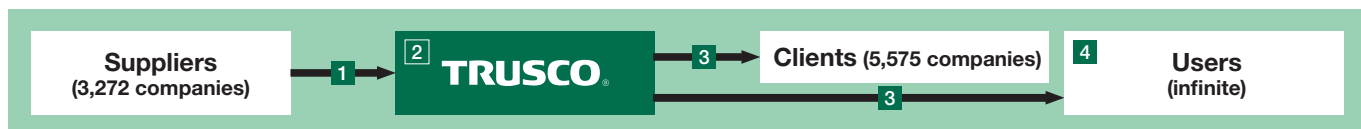
3 Deliver products

- ~ Reducing environmental load by fixed cost-based distribution
- ~ Reducing environmental load by direct delivery to users



Folding containers and return cushions* are used for the delivery to clients. Routing delivery enables delivery of products without using extra packing materials.

* TRUSCO return cushions TRC-20L/50L (available in three colors)



2 Reduce environmental load by using our own equipment

- ~ TRUSCO Power Generation Installations (19 locations)
 - ~ Introduction of environmentally friendly vehicles
- Introduction of 40 vehicles (about 25% of our delivery trucks) by 2025 is planned.



Solar panels on the rooftop of Planet Saitama



Hybrid truck (Hino Dutro)

4 Use products

- ~ MRO Stocker, a system of "use first, pay later" for tools (775 stockers installed nationwide)
- (As of December 31, 2022)
- ~ "Naojiro" repair workshop service

A poster was prepared for the purpose of informing customers with environmental awareness of the option of "repair of professional tools = conservation of the environment."



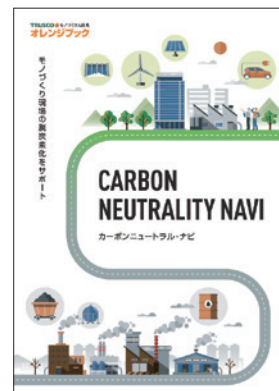
"TRUECO Book" environmental brochure for employees

Although companies and governments are often considered as responsible for environmental destruction, we ourselves are the major players in environmental destruction. To remind us of this fact, we published TRUECO Book containing a checklist of our daily actions. We are promoting various initiatives to change the awareness of individuals, so that each employee will be encouraged to face environmental issues.



Carbon Neutrality Navi

As part of the initiative to reduce CO₂ emissions, we published Carbon Neutrality Navi (catalogue). For the catalogue, aiming to support users' efforts to achieve carbon neutrality at manufacturing sites and offices, we picked up and presented products that are more efficient and energy-saving than conventional products and products with less CO₂ emissions in their manufacturing and disposal processes.



Environment Responses to climate change risks and opportunities Environment

To continue to be of service to people and society in any era, the Company works to resolve social issues and conducts activities to contribute to local communities in accordance with the Sustainability basic policy. Based on the TCFD recommendations*, we disclose our responses to climate change in accordance with the four categories of “governance,” “strategy,” “risk management,” and “metrics and targets” as follows:

* The Task Force on Climate-related Financial Disclosures (TCFD) is an international framework for encouraging disclosures of climate-related risks and opportunities and the impact of climate change on financial performance. It published recommendations to companies for the disclosure of climate-related information in 2017.

Governance

The Company has established a Sustainability Committee as an organization to oversee the Company’s efforts to address its Sustainability basic policy and material issues. With the Sustainability Promotion Section of the Corporate Planning Department serving as the secretariat, the Committee is responsible for overseeing activities to promote company-wide sustainability initiatives, including climate change-related risk management. Every important agenda item approved by the Committee is reported each time to the Board of Directors (Management Conference). In addition, subcommittees are established under the Sustainability Committee to deliberate on individual specific matters concerning each risk and initiative.

Strategy

We analyzed the impact of climate change on the Company’s business by examining future changes in the external environment based on the framework proposed by the TCFD. We are promoting responses to major risks and opportunities associated with our business activities.



Scenario analysis
of risks and
opportunities

Risk management

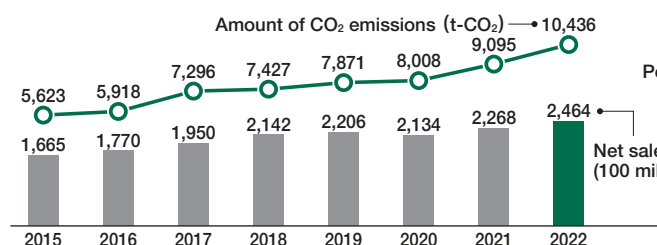
The Sustainability Committee is responsible for the management of all risks across the Company. Among these risks, the Committee recognizes climate change risk as one of the key risks. Subcommittees discuss climate change risks at least four times a year, examining the progress of initiatives for the issues and new risks, identifying risks and opportunities, evaluating them, and organizing countermeasures. The content of the discussions by the subcommittees is reported to the Sustainability Committee, which meets twice a year, and particularly important issues are reported to the Board of Directors (Management Conference). In addition, environmental metrics and issues are reported by the Sustainability Promotion Section to the Board of Directors (Management Conference) on a monthly basis in principle.

Metrics and targets

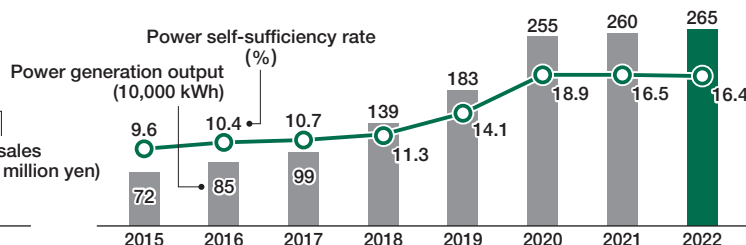
as its unique efforts to reduce the environmental impact of the entire supply chain, the Company has set targets for the number of direct shipments to users, which are highly efficient and leading to reduction of packaging materials, and the number of MRO stockers introduced as metrics for reducing environmental impact.

Progress and plan on key performance indicators of the Company ▶ P6

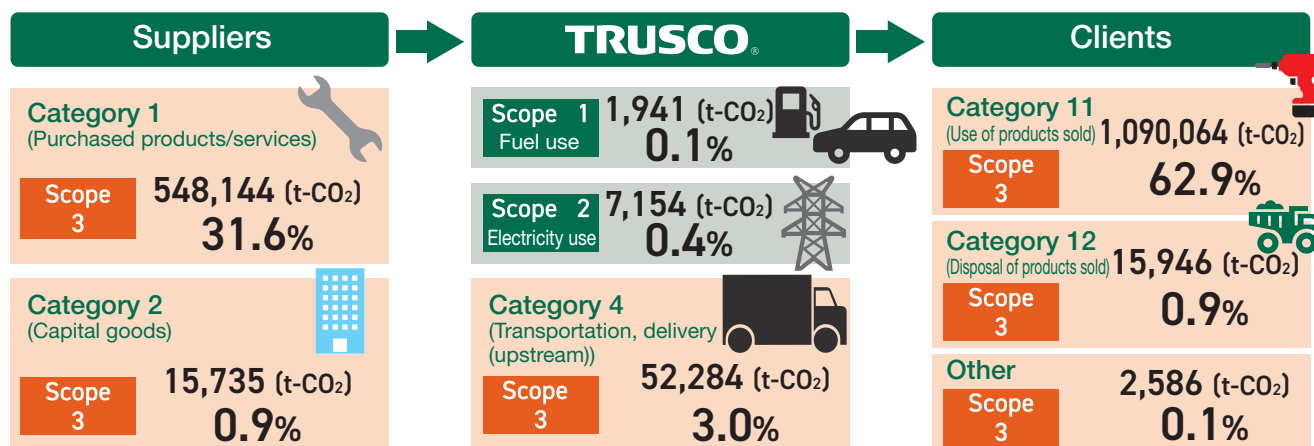
Amount of CO₂ emissions (Scope 1, Scope 2) and net sales



Changes in power output and power self-sufficiency rate of the Company



CO₂ emissions related to the Company’s business activities (results of 2021)



* Figures with % indicate composition ratio.

* Scope 1: Direct emissions from fuel use

Scope 2: indirect emissions resulting from energy supply by other companies

Scope 3: Indirect emissions related to the supply chain other than Scopes 1 and 2

For Scope 3 categories, refer to the website of the Ministry of the Environment.

Based on the idea that “an employer has the obligation to provide a work environment where employees can continue to work for a long time with a peace of mind,” the Company provides an environment that supports participation of diverse human resources and encourages all employees to use various workplace-related programs of the Company.

Comfortable work environment indicators*1

	FY ended December 2021	FY ended December 2022
Percentage of female employees hired	51.0% (employees)	46.7% (employees)
Percentage of female employees	35.0% (employees) 73.5% (part-time employees)	35.2% (employees) 73.9% (part-time employees)
Percentage of female senior supervisors	22.1% (56)	22.8% (57)
Percentage of female employees in management roles	6.9% (9)	7.8% (10)
Percentage of annual paid leave taken	65.9% (employees)	65.8% (employees)
Percentage of employees who returned to work from child care leave	96.0% (43)	98.0% (44)
Number of male employees who have taken child care leave	11	9
Percentage of employees who have taken childcare leave by gender	Male 26.0% (employees) Female 100.0% (employees)	Male 42.8% (employees) Female 97.7% (employees)
Average number of overtime hours per month	14.4 hours*2	18.1 hours*2

*1 The above indicators are for the parent company only.

*2 Including hours within the statutory overtime hours

Trusco Nakayama Health Insurance Association

As a company that looks after the lives of our employees, we want to take responsibility for the health of our employees and their families. Based on that desire, in April 2019, we established the Trusco Nakayama Health Insurance Association, our sole health insurance association, at the Tokyo Head Office. Its establishment allows us to make decisions smoothly and further enhance our own insurance services. We will promote initiatives that are suitable for the Company so that employees can continue working with a peace of mind for many years.



Health insurance card (sample)



Trusco Nakayama Health Insurance Association website



Trusco Nakayama Health Insurance Association (From left) Akiko Tani, Head of Administration, and Ryoko Makamura, chief

Ratio of salary of female employees to that of male employees

		Number	Salary ratio
Full-time employees	Male	942	73.2%
	Female	408	
Full-time employees (excluding those in management positions)	Male	825	80.1%
	Female	399	
Contract employees and part-time employees	Male	309	81.9%
	Female	816	
All employees (including part-time employees)	Male	1,251	51.2%
	Female	1,224	

Period surveyed: From January 1, 2022 to December 31, 2022

Targeting only those who were paid throughout the year (those who joined or left the Company in the middle of the year are not included)

Full-time employees: Excluding officers, contract employees, and local employees of overseas subsidiaries
Salary: Excluding non-taxable commuting allowance and financial bond

One of the reasons for the difference in salary between male and female employees is that the women's length of service is shorter than that of men and that the women's average age is lower than that of men. Starting from around 2006, aiming to raise the percentage of female employees, the Company has been promoting initiatives to recruit women and create systems to enable them to continue to work (short-time working system, etc.). We will continue efforts to create comfortable workplaces for everyone, which will result in longer length of service of women and more female employees in management positions. Then, the difference in salary is expected to be narrowed.

Age and number of full-time employees by gender



Programs to help employees to continue to work for many years with a peace of mind

TRUSCO Nakayama raises the motivation of employees for work by respecting their opinions and setting up programs to support their workstyles through various approaches, thereby achieving its corporate growth.

Major personnel programs

- ° Happy Sunday Program
- ° Paid Leave Accumulation Bank Program
- ° In-house Side Job Program (Hybrid Work Program)



Details of the programs



Mr. Yasuzumi, Recruitment Section, and Mrs. Yasuzumi, Satte Branch, on childcare leave together, with their child

“Giving Back to Society” through the Nakayama Visual Welfare Foundation

The Nakayama Visual Welfare Foundation was established in 1997 in response to the will of “wanting to serve visually impaired people” by Kiyoko Nakayama, the mother of Tetsuya Nakayama (President of the foundation), who was born with optic nerves damaged by a forceps delivery. It later became a public interest incorporated foundation in 2010. The basic property of the Foundation consists of shares of TRUSCO NAKAYAMA Corporation, and the Foundation does not receive donations or support from outside and is operated independently. We continue “Giving Back to Society” through the Nakayama Visual Welfare Foundation.

The operation of the Foundation is funded by stock dividends

The Foundation was established by the Chief Director's Nakayama Family with a contribution of four million shares of TRUSCO NAKAYAMA Corporation stock and 500 million yen in cash. In 2021, the Nakayama Family made an additional contribution of 1 million shares. The Foundation's business operations are funded by stock dividends.

Number of the Company's shares held: 435 million (as of December 31, 2022)

Overview

Established October 1, 1997
November 1, 2010 Transformed into a public interest incorporated foundation
October 1, 2021 Renamed from “The Nakayama Visually Impaired Welfare Foundation” to “The Nakayama Visual Welfare Foundation”

Chief Director Tetsuya Nakayama

Address 2-1-9 Mizuki-dori, Hyogo-ku, Kobe, Hyogo (3-minute walk from Shinkaichi Station)
TEL: 078-599-6140 / FAX: 078-599-6141

Support project results 939.35 million yen (cumulative total for 25 years through FY2021)

Public interest project 1 (Nakayama Memorial Hall Facilities leasing business)

The Nakayama Memorial Hall is leased to 12 nonprofit organizations, which work in coordination with each other in conducting various activities to provide consultations and overall support for many visually impaired people.

Public interest project 2 (Grant project for support groups for visually impaired people, and individuals)

The Foundation provides grants to groups for visually impaired people and support groups in financial difficulty to enable them to enhance their activities, and provides scholarships free of charge to university students and others. From FY2022 onwards, scholarships are granted also to graduate students (in the master's course).

Profit-making business (Real estate rental business)

The Foundation started real estate rental business using a part of the Nakayama Memorial Hall (rental offices, etc.) from November 2021.



New Nakayama Memorial Hall (completed on September 15, 2021)

Site area: 1,401 m²

Total floor area: 5,712 m²

Building structure: 1 underground level, 5 floors above ground, equipped with a seismic isolation system

Public interest project 3 (Activities to support visually impaired people for their social participation activities)

Aiming to popularize the philosophy of “normalization” that aims to realize a society in which people with disabilities spend every day like, and participate in activities energetically together with, people without disabilities, the Foundation supports the participation of visually impaired people in society.



Guide dog lending project
Guide dog lending ceremony



PC training course project
(Elementary PC course)

List of Officers and Councilors (in the order of the Japanese syllabary without honorifics)

Chief Director

Tetsuya Nakayama Representative Director and President, TRUSCO NAKAYAMA Corporation

Senior Director

Saori Nakayama Representative Director, NR Holdings Corporation
Certified Public Accountant

Managing Director

Atsushi Matsumae Executive Director

Directors

Takuji Iuchi President, AS ONE Corporation
Tatsuya Otsuka Chairman, Earth Corporation
Kohei Goto Chairman, SANKO Co., Ltd.
Teruo Hashimoto Chairman, Nippon Lighthouse Welfare Center for The Blind
Kenji Furuhashi President and CEO, Hosiden Corporation
Masahiko Mori President, DMG MORI Co., Ltd.
Naoyuki Yamamoto CEO & President, Yamamoto Kogaku Co., Ltd.
Osamu Tsujimoto President, Tsurumi Manufacturing Co., Ltd.
(Scheduled to be appointed on June 14, 2023)

Auditors

Kohei Nomura Attorney, Nomura Law Office
Yoritomo Wada Certified Public Accountant, Wada CPA Accounting Firm
(Scheduled to resign on May 22, 2022, and scheduled to be appointed outside corporate auditor of the Company on March 24, 2023)
Kazumasa Murai Certified Public Accountant and tax accountant, Murai CPA Accounting Firm
(Scheduled to be appointed on June 14, 2023)

Councilors

Yusuke Saraya President and Representative Director, Saraya Co., Ltd.
Tomihito Takayasu Former Chairman, DyDo Group Holdings Inc.
Yuko Nakayama Representative Director, NS Holdings Corporation
Rie Nakayama Physician and Assistant Head of Ear, Nose, and Throat Department and Head and Neck Surgery Department, Kawasaki Municipal Hospital
Motonobu Nishimura Representative Director and Chairman, Mandom Corporation
Yuki Nomura President, Taiyo Kogyo Corporation
Junji Hada Representative Director and Chairman, ELECOM Co., Ltd.
Naotaro Hikida President, Kohnan Shoji Co., Ltd.
Kunio Yamada Chairman, Rohto Pharmaceutical Co., Ltd.
Yoshiaki Yamamoto Director, Social Welfare Corporation Rokko Kakujuen
Teiji Wakita President and Representative Director, WAKITA Corporation

Mr. Senichi Hoshino (former professional baseball manager), who passed away on January 4, 2018, also served as director from June 2017 to January 2018, and contributed to the development of the Foundation.

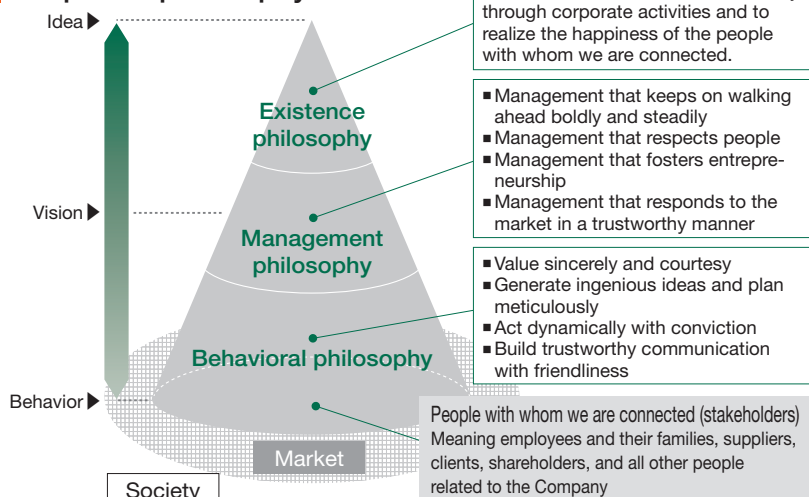
For the embodiment of “TRUST COMPANY”

The Company name and corporate logo **TRUSCO** directly express the concept of “TRUST COMPANY,” a company trusted by all stakeholders. We will fulfill our social mission by embodying this concept **TRUSCO** as the starting point of our daily corporate activities.

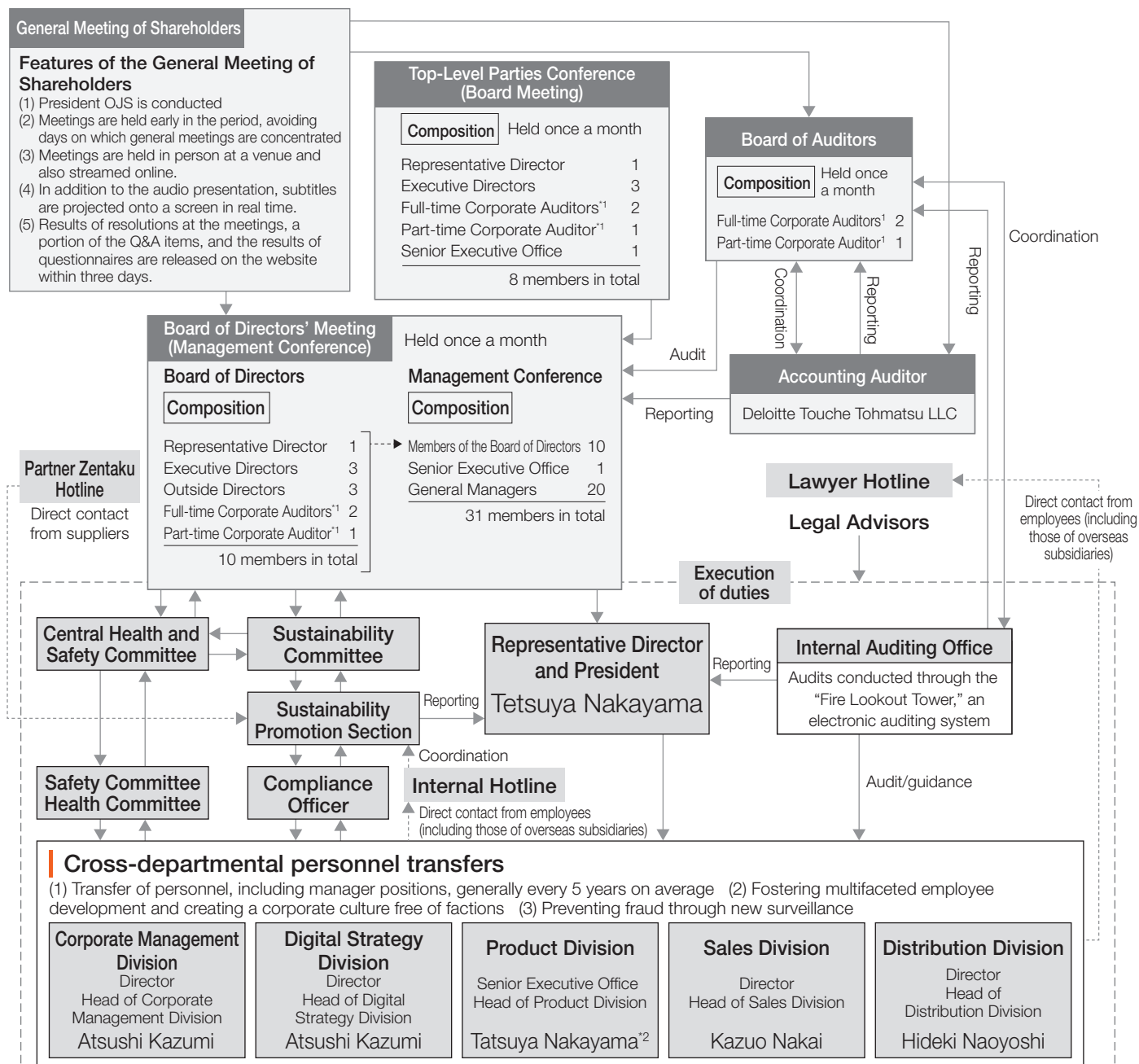
TRUST + **COMPANY**

= TRUSCO®
A company that earns trust

Corporate philosophy



Governance Structure (as of December 31, 2022)



Notes 1. One of the full-time Corporate Auditors and the part-time Corporate Auditor are outside corporate auditors.

2. Scheduled to be appointed Director upon resolution at the 60th Annual General Meeting of Shareholders to be held on March 24, 2023.

Top-Level Parties Conference (Board Meeting)

This Conference consists of officers (excluding outside directors). It discusses and shares the directions of the Company, while ensuring objective and rational judgment, following which a meeting of the Board of Directors (Management Conference) is held.

Establishment of Outside Directors (Board Brain)

Outside Directors are elected based on the criteria that they should have broad knowledge and sufficient experience and should be able to contribute not only to fraud prevention but also to sustainable growth and enhancement of the corporate value of the Company.

Interview with Outside Directors ▶ P24



Interview video

Zentaku Hotlines

“Zentaku Hotlines” are reporting hotlines established inside and outside the Company to early detect, address, and prevent any compliance issues.

Zentaku Hotlines

Internal Hotline: An internal reporting hotline for employees established within the Sustainability Promotion Section

Lawyer Hotline: An internal reporting hotline for employees established at an external contractor

Partner Zentaku Hotline: A reporting hotline for suppliers established within the Sustainability Promotion Section

Sustainability Committee

The Sustainability Committee is chaired by the director serving as the Head of the Corporate Management Division and meets twice a year in principle. The Committee formulates activity policies, promotes and supervises activities, and reports regularly to the Board of Directors with the aim of solving social issues and contributing to sustainable local communities by creating both social and corporate value through our business activities.

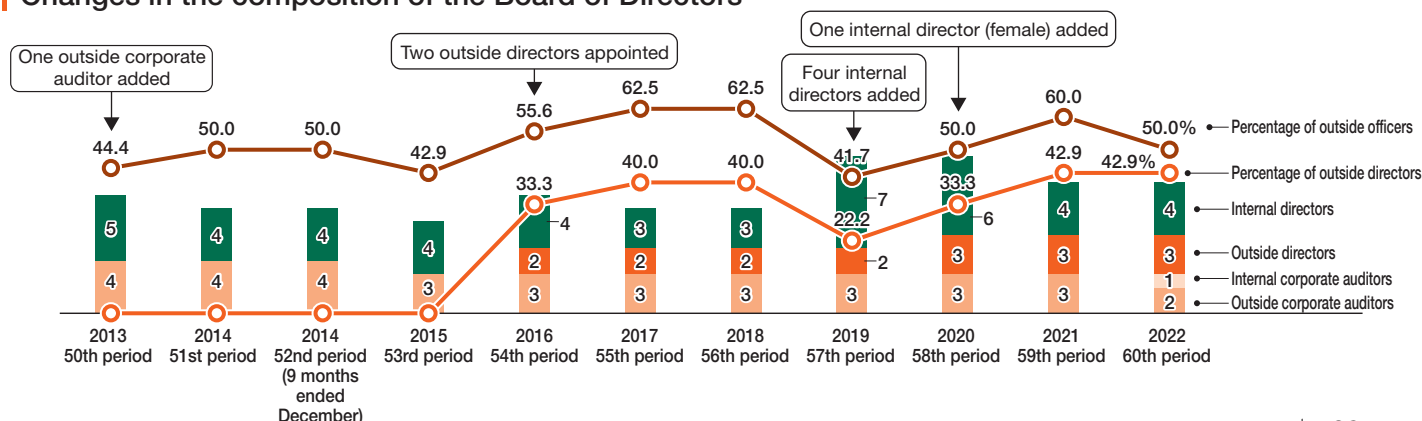
Board of Directors' Meeting (Management Conference)

The Board of Directors meets once a month in principle to make decisions. The Management Conference seeks a wide range of opinions from attendees that include executive officers and general managers of departments to ensure a broad perspective and transparency.

Features of the Conference

- (1) Round-table layout allowing face-to-face communication
- (2) The seating is changed every time with no regard to seniority to facilitate participation from a fresh perspective
- (3) Minutes of the Management Conference, containing not only the resolved matters, but also the comments of each attendee, are released to all employees within one week.

Changes in the composition of the Board of Directors



Open Judge System (OJS; 360-degree evaluation)

Objectives

- (1) The objectivity of the evaluation can be enhanced because various evaluations are conducted not only by supervisors but also by colleagues and subordinates with whom the employees work on a daily basis.
- (2) Evaluation comments are fed back to each individual to help them reaffirm their “strengths,” “weaknesses,” and “what is expected of them,” leading to behavioral reforms.
- (3) This is a system in which co-workers mutually evaluate each other, which will create a good sense of tension. Knowing that they are being monitored will encourage all employees to work harder and improve their abilities.

Category	Frequency	Description
Personnel Evaluation OJS	Twice a year	Conducts mutual OJS assessments of employees working in the same workplace (superiors, colleagues, and subordinates) with results reflected in personnel evaluations.
Promotion OJS	Once a year	All employees who know the candidate employee will evaluate the employee and the results will be reflected in promotions and other personnel treatment.

* For all full-time and part-time employees, excluding officer

Evaluation system operation method

- (1) Personal information on voters is completely undisclosed.
- (2) Each of three evaluation items is rated on a 5-point scale.
- (3) Voting results are reflected in personnel evaluations, promotions, and other personnel treatment.

“Fire Lookout Tower” electronic auditing system

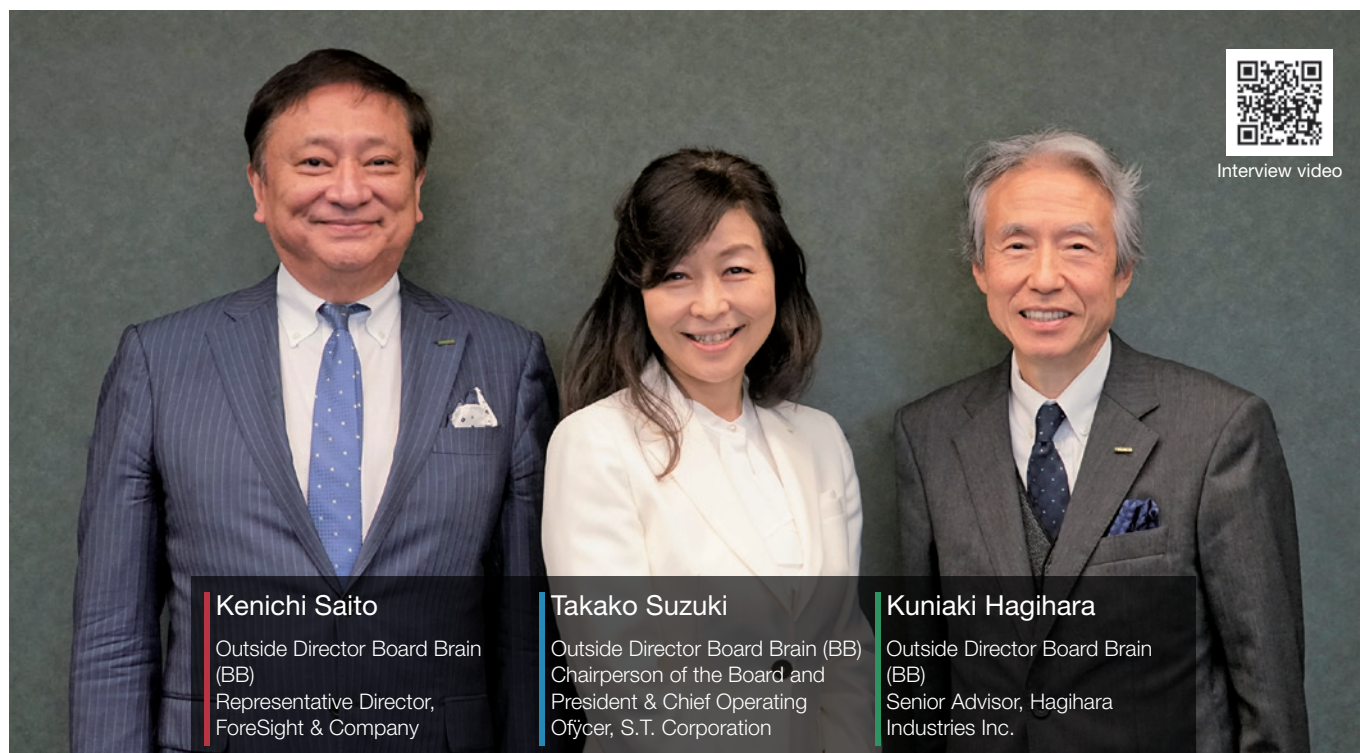
This is the industry’s first electronic auditing system, which was launched in June 2001. The system is operated for the purpose of immediately detecting abnormal events using electronic data of internal transactions and taking measures to prevent recurrence.

“Shushazentaku” education

To ensure that each and every employee has a high sense of ethics, we have adopted the concept of Shushazentaku as a compliance guideline and instilled our corporate stance of making a decision based on what is right rather than focusing on whether it is profitable. We distribute the TRUSCO Zentaku Book, our compliance manual, to all employees, including part-time workers, to ensure that they are fully aware of the importance of making good choices.



TRUSCO Zentaku Book, our compliance manual



Kenichi Saito

Outside Director Board Brain (BB)
Representative Director,
ForeSight & Company

Takako Suzuki

Outside Director Board Brain (BB)
Chairperson of the Board and
President & Chief Operating
Officer, S.T. Corporation

Kuniaki Hagihara

Outside Director Board Brain (BB)
Senior Advisor, Hagihara
Industries Inc.

Since they utilize their abundant experience and knowledge so as to contribute to the development of the company, TRUSCO calls Outside Directors “Board Brains.” In general, the role of an Outside Director is to prevent scandals as an outside observer. However, at our company, we have formed our own highly transparent governance system, so we place emphasis on contributing to “sustainable growth and the improvement of company value.” We interviewed each of these Outside Directors about the roles of Outside Directors and issues facing the company.

Q1 Please tell us about efforts that you have been involved with in the 60th period.

Suzuki

Employees of TRUSCO usually have contact with the business-to-business (B2B) market. So I have given proposals at the Management Conference meetings with the intention to communicate what is going on in the Business-to-Consumer (B2C) market, where I usually do business, with a sense of reality. I feel that there is an escalating trend of pursuing higher value with reasonable prices. There is also a clear gap in advancement of retail DX among companies. In view of the shift from mass marketing to marketing focused on individual needs, I explained the current moves of retail DX and responses of manufacturers, using cases of specific companies.

Q2 What do you think about TRUSCO Nakayama in the future? How should the Company challenge the traditional ideas of the industry?

Saito

Thinking about the optimization of the entire supply chain of the Company, it is crucial to grasp the needs of end users and reflect them in the product development with our suppliers. For clients, by proposing solutions to the needs of end users, we may contribute to increasing sales of the clients.

Q3 In relation to social issues and environmental problems in the future, what kind of things will be required of business management? What do you think are the points to be improved or the efforts to be enhanced?

Hagihara

Due to external factors, such as the Russian invasion of Ukraine and the weakening of the yen, manufacturing has been returning to Japan. I think TRUSCO Nakayama should look ahead and identify how manufacturing bases will change and take appropriate measures. It is important to pay keen attention to the strategies of the Japanese manufacturing industry to change the manufacturing sites. TRUSCO Nakayama should take action to keep up with the dynamic trend in the industry.

Employees

Number of employees

(Unit: persons/years old/years)

Category	2021 No. of employees*	2022 No. of employees*	YoY change	Average age	Average years of service
Female employees	571	577	+6	33.0	9.4
Male employees	1,061	1,062	+1	43.4	18.5
Part-time employees	1,264	1,305	+41	52.8	6.6
Officers	10	10	±0	62.0	19.1
Total and average	2,906	2,954	+48	45.5	11.3

*Note: The number of employees seconded employees and local employees of subsidiaries.

Number of employees with disabilities

	2018	2019	2020	2021	2022
No. of employees with disabilities	67	66	66	67	67
Required number of employees with disabilities based on the mandatory employment rate ¹	48	51	50	55	62
Rate of employees with disabilities (%) ²	2.9	2.9	2.9	2.8	2.7
Mandatory employment rate	2.2	2.2	2.2	2.3	2.3

Notes: 1. The number of employees with disabilities necessary for the Company to satisfy the mandatory rate is calculated on a trial basis.

2. Rate of employees with disabilities is calculated as the ratio to the total number of full-time employees.

Matters concerning stock of the Company

Status of shares

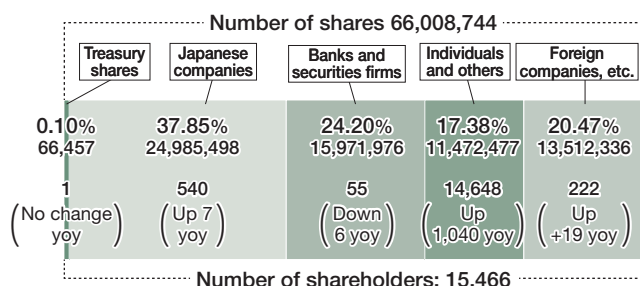
(1) Total number of authorized shares 110,000,000

(2) Total number of issued shares
66,008,744 (including 66,457 treasury shares)
65,942,287 (excluding 66,457 treasury shares)

(3) Number of shares per unit of stock 100

(4) Number of shareholders
15,466 (up 1,060 from the end of the previous fiscal year)
Number of shareholders with voting rights
14,436 (up 909 from the end of the previous fiscal year)

Share composition by shareholder and shareholder distribution



Top 10 largest shareholders

Name	No. of shares held (thousand shares)	Shareholding ratio (%)
1 The Master Trust Bank of Japan, Ltd. (Trust account)	8,344	12.65
2 NS Holdings Corporation	7,918	12.01
3 Custody Bank of Japan, Ltd. (Trust account)	4,356	6.61
4 The Nakayama Visual Welfare Foundation	4,350	6.60
5 Daido Shoji Co., Ltd.	3,450	5.23
6 NR Holdings Corporation	2,358	3.58
7 NF Holdings Corporation	2,000	3.03
8 Government of Norway	1,891	2.87
9 Tsutomu Otsu	1,547	2.35
10 Hiroyuki Otsu	1,346	2.04

Note: Shareholding ratio is the ratio of shares held to the total number of issued shares (excluding 66,457 treasury shares) outstanding as of the last day of the fiscal year under review.

Dividend of surplus and dividend calculation standard

Dividend policy

The Company carries out business activities and capital investment for the purpose of being of service to the manufacturing industry in Japan to achieve sustainable growth and thereby intends to maximize the return to its shareholders. As for the distribution of profit, the Company's basic dividend policy is to pay performance-linked dividend at a consolidated payout ratio of 25% based on net income attributable to owners of parent, provided that the Company's profit has exceeded a certain threshold subject to a lower limit to secure stable dividend.

Dividend calculation standard

Net income per share	Annual (interim) dividend per share
Above 40 (20) yen	Net income per share × 25%
Below 40 (20) yen	10 (5) yen

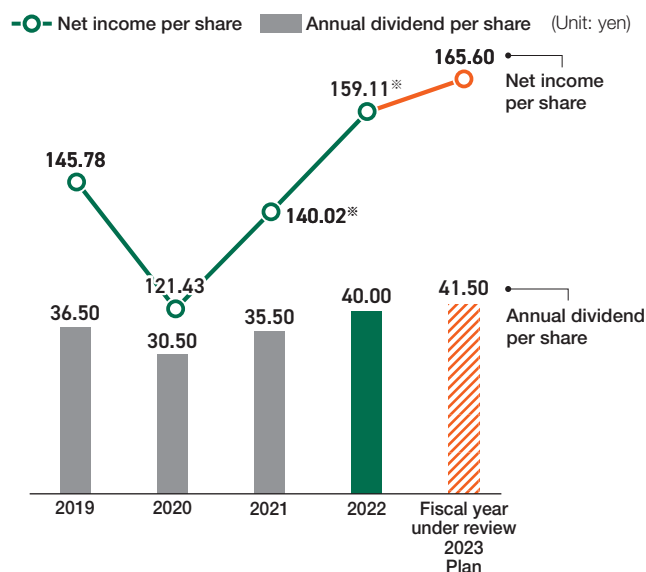
Notes: 1. The figures in parentheses () indicate the calculation standard for the first two quarters of the year.

2. For the purpose of this calculation, any fraction less than 1 yen will be rounded up in increments of 0.50 yen.
(0.01 - 0.49 yen will be rounded up to 0.50 yen and 0.51 - 0.99 yen to 1.00 yen)

Treatment of the impact of special factors, such as the sale of real estate or shares

In a fiscal year in which net income attributable to owners of parent has fluctuated significantly due to the sale of real estate or shares not directly related to business activities or other special factors, their impact is excluded in the determination of dividend amount.

Annual dividend per share and net income per share



* Net income per share recalculated after excluding extraordinary income or loss

Matters concerning the Company's officers

Directors and Corporate Auditors (as of December 31, 2022)

Position	Name	Responsibilities and important concurrent posts	Term of office
Representative Director and President	Tetsuya Nakayama	Overall business of the Company	At the close of the 60th Annual Shareholders' Meeting
Director	Kazuo Nakai	Head of Sales Division Executive in charge of TRUSCO Nakayama Corporation (Thailand) Limited Executive in charge of PT. TRUSCO Nakayama Indonesia (present)	At the close of the 60th Annual Shareholders' Meeting
Director	Atsushi Kazumi	Head of Corporate Management Division, Head of Digital Strategy Division	At the close of the 60th Annual Shareholders' Meeting
Director	Hideki Naoyoshi	Head of Distribution Division	At the close of the 60th Annual Shareholders' Meeting
Outside Director	Kenichi Saito	Representative Director, ForeSight & Company Representative Director, the Society for Problem-Solving Proficiency	At the close of the 60th Annual Shareholders' Meeting
Outside Director	Kuniaki Hagihara	Chairman, Hagihara Industries Inc. Senior Advisor, Toyo Heisei Polymer Co., Ltd. Outside Director, Wavelock Holdings Co., Ltd.	At the close of the 60th Annual Shareholders' Meeting
Outside Director	Takako Suzuki	Chairperson of the Board and President & Chief Operating Officer, S.T. Corporation Director, Chardin Co., Ltd. (present) External Director of King Jim Co., Ltd.	At the close of the 60th Annual Shareholders' Meeting
Full-time Corporate Auditor	Akira Takada		At the close of the 63rd Annual Shareholders' Meeting
Full-time Corporate Auditor	Hiroaki Imagawa		At the close of the 63rd Annual Shareholders' Meeting
Part-time Corporate Auditor	Hiroho Kamakura	Part-time Corporate Auditor, Yushin Precision Equipment Co., Ltd. Part-time Corporate Auditor, Fujio Food System Co., Ltd. Part-time Corporate Auditor, SymEnergy Inc.	At the close of the 61st Annual Shareholders' Meeting

Notes: 1. Pursuant to Article 19 of the Articles of Incorporation of the Company, the term of office of a director is one year.

2. Outside Director Kuniaki Hagihara has taken office as the Senior Advisor of Hagihara Industries Inc. since January 2023.

3. Full-time Corporate Auditor Masaki Matsuda resigned at the close of the 59th Annual Shareholders' Meeting held on March 18, 2022.

4. The following items of Business Report are posted on the Company's website (<https://www.trusco.co.jp/>) "IR Information > Shareholders' Meeting" and therefore not included in the documents to be delivered to shareholders who have requested them in a paper-based format. [Matters concerning the Current Situation of the Corporate Group (Major Lenders)], [Matters concerning Company Executives (Major Activities of Outside Officers for the Current Fiscal Year, Matters concerning the Independence of Outside Officers, and Special information about Outside Officers)], [Situation of Accounting Auditors], [Systems and Policies of the Company (The System to Ensure the Propriety of the Company's Operations and the Operation Status of the System, Basic Policy concerning the Control of the Company, and Policy concerning the Decision of Dividends from Surplus)]



Internet disclosure

Amounts of Remuneration, etc. of Directors and Corporate Auditors

Policy for determining the remuneration, etc. of Directors and Corporate Auditors

At its meeting held on October 14, 2021, the Board of Directors of the Company passed a resolution to establish a policy for determining the remuneration of individual officers. As the Board of Directors also confirmed that the method of determining remuneration and the remuneration determined for each individual officer for the fiscal year under review are consistent with the determination policy, the Company has judged that they comply with the determination policy.

The Company determines the officers' remuneration paid to Directors and Corporate Auditors based on the following policy:

- (1) The level of remuneration should be such that the Company is able to retain the motivation to improve business performance and to secure excellent human resources from within and outside the Company.
- (2) The level should be based on changes in the business environment, objective external data, etc. and should take into account the balance between public standards, management content, and employee salaries.
- (3) Officers' remuneration should be paid within the annual remuneration limit, including their bonuses.

Remuneration system for Directors and Corporate Auditors

Fixed remuneration

Monthly fixed remuneration
Paid in accordance with each officer's position, individual performance evaluation, etc.



Bonuses for Directors and Corporate Auditors

Paid in accordance with performance up to 3% of net income attributable to owners of parent provided that it is positive for the fiscal year.

Method of determining officers' remuneration and its composition

Officers' remuneration consists of fixed remuneration (monthly fixed remuneration) and officers' bonuses. The following remuneration ranges, designed to take into account the responsibilities of each position and the degree of influence on management, have been established, and each component of remuneration will be determined by the Board of Directors after taking into account the management environment, business performance, achievements, management capabilities, the degree of contribution, etc.

The determination of the specific amount of remuneration for each officer may be left to the discretion of the President Tetsuya Nakayama by resolution of the Board of Directors. The authority delegated to him is to determine the specific amount of remuneration for each officer after taking into account the business performance, achievements, management capabilities, the degree of contribution, etc., within the range designed for each position to take into consideration the right of representation, the responsibilities of each position, and the degree of influence on management. The reason for this delegation of authority is that he is the Representative Director and President of the Company, who oversees the overall business execution of the Company, and therefore is the most suitable person to evaluate each director while taking into consideration the financial performance of the whole Company from a high-level perspective.

① Fixed remuneration

The amount of remuneration is determined at the beginning of each fiscal year after taking into account the business performance, achievements, management capabilities, the degree of contribution, etc., within the range designed for each position to take into consideration the right of representation, the responsibilities of each position, and the degree of influence on management.

② Officers' bonuses

Officers' bonuses are determined as an incentive linked to profit indicators similar to the basic policy for shareholder returns. More specifically, the total amount is determined at the end of each fiscal year by the Board of Directors subject the upper limit of 3% of net income attributable to owners of parent after calculating reference amounts by multiplying net income attributable to owners of parent by bonus multipliers (cumulative) for each position as specified in bylaws. Officers' bonuses are paid annually within six months from the end of the relevant fiscal year.

The amount to be paid to individual officers is determined for each officer within the remuneration range, taking into consideration, among others, the degree of contribution to the business results for the relevant fiscal year.

* The same remuneration system as for Directors is adopted also for Corporate Auditors and Outside Directors based on the recognition that they are also responsible for the enhancement of the corporate value of the Company and its consolidated subsidiaries. Individual amounts of fixed remuneration and officers' bonuses to be paid to Corporate Auditors are proposed by Directors to them and finalized through discussions among Corporate Auditors.

Upper limits, ranges, and total amounts for the fiscal year under review of officers' remuneration, etc.

	Position	Upper limits of officers' remuneration	Ranges of remuneration			Total amounts of remuneration, etc. of Directors and Corporate Auditors for the fiscal year under review		
			① Fixed remuneration	② Officers' bonuses	(①+②)			
Directors	President	Within 600 million yen per year ¹	60 million yen to 144 million yen	0 yen to 80 million yen	60 million yen to 224 million yen	Directors: 7 342 million yen in total	Internal Directors: 4 323 million yen in total	Officers: 11 401 million yen in total (including 6 outside officers: 58 million yen in total)
	Senior Managing Director		27 million yen to 39 million yen	0 yen to 24 million yen	27 million yen to 63 million yen			
	Managing Director		21 million yen to 33 million yen	0 yen to 20 million yen	21 million yen to 53 million yen			
	Director		18 million yen to 27 million yen	0 yen to 14 million yen	18 million yen to 41 million yen			
	Outside Director		4 million yen to 9 million yen	0 yen to 1 million yen	4 million yen to 10 million yen		Outside Directors 3 19 million yen in total	
Corporate Auditors	Full-time Corporate Auditor	Within 100 million yen per year ²	15 million yen to 27 million yen	0 yen to 9 million yen	15 million yen to 36 million yen	Corporate Auditors: 4		
	Part-time Corporate Auditor		4 million yen to 9 million yen	0 yen to 1 million yen	4 million yen to 10 million yen	(including 3 Outside Corporate Auditors) 58 million yen in total		

- Notes: 1. As per the resolution passed at the 56th Annual Shareholders' Meeting held on March 8, 2019. The number of Directors at the close of the meeting was 9 (including 2 Outside Directors).
2. As per the resolution passed at the 58th Annual Shareholders' Meeting held on March 18, 2021. The number of Corporate Auditors at the close of the meeting was 4 (including 3 Outside Corporate Auditors).
3. The officers' retirement benefit program was transitioned to financial bonds in 2004. An amount equivalent to 10% of officers' bonuses is paid in monthly installments.
4. The total amount of officers' remuneration paid for the fiscal year under review is equivalent to 1.1% of net income attributable to owners of parent.
5. The table above includes a Corporate Auditor who resigned at the close of the 59th Annual Shareholders' Meeting held on March 18, 2022.

Matters concerning Directors' and Officers' Liability Insurance Agreement

The Company has concluded with an insurance company, and bears the full premiums of, a Directors' and Officers' Liability Insurance Agreement covering as insured persons the directors, corporate auditors, and executive officers of the Company and its consolidated subsidiaries. This insurance compensates for any litigation costs and damages arising from non-derivative actions, shareholder derivative actions, and corporate actions that are borne by the insured persons in executing their duties, provided that they have executed their duties in good faith or without violating laws and regulations. (However, measures are taken to ensure that the appropriateness of the execution of duties by the insured persons will not be undermined by excluding from the coverage any damage, etc. to those insured persons who have engaged in any criminal offence or intentional act of violating laws and regulations.)

Organization Chart

As of January 1, 2023

Advisor



Takashi Nakai
Advisor

What is an Advisor?

The Company has established the position of Advisor. The Advisor is expected to give advice to employees by using his/her knowledge and experience based on the achievements he/she has accumulated at the Company.

Outside Directors



Kenichi Saito
Board Brain (BB)
Outside Director
Representative Director,
ForeSight & Company



Kuniaki Hagihara
Board Brain (BB)
Outside Director
Senior Advisor, Hagihara
Industries Inc.



Takako Suzuki
Board Brain (BB)
Outside Director
Chairperson of the Board
and President & Chief
Operating Officer, S.T.
Corporation

Board Brain (BB)?

At TRUSCO Nakayama, we call outside directors "Board Brains." This alludes to our hope that they will provide advice and support based on their abundant experience and knowledge, and contribute to the Company's development.

Representative Director and President



Tetsuya Nakayama
Representative
Director and President

Division Heads



Atsushi Kazumi
Head of Corporate
Management Division,
Head of Digital
Strategy Division



Tatsuya Nakayama
Senior Executive Officer
Head of Product Division

Scheduled to be appointed
Director upon resolution at the
60th Annual General Meeting of
Shareholders to be held on
March 24, 2023

Corporate Management Division				Digital Strategy Division		Product Division			Sales Planning Department / e-Business Sales Department
Corporate Planning Department	Personnel Department	Administration Department	Accounting Department	Information Systems Department	Digital Promotion Department	Tokyo Product Department	Osaka Product Department	Overseas Product Department	
Atsushi Shimozu General Manager, Corporate Planning Department	Tomoya Kita General Manager, Personnel Department	Mikio Adachi General Manager, Administration Department and Section Manager, Property Section	Tetsuhiro Mori General Manager, Accounting Department	Takayuki Kimura General Manager, Information Systems Department	Atsuhiko Yamanaka General Manager, Digital Promotion Department	Fumiaki Matsubara General Manager, Tokyo Product Department	Koshiro Aoyama General Manager, Osaka Product Department	Norihiro Higashi General Manager, Overseas Product Department	Masashi Yamamoto General Manager, Sales Planning Department and e-Business Sales Department
Corporate Planning Section Secretarial Section PR/IR Section Sustainability Promotion Section (14 employees)	Personnel Section HR Support Section Recruitment Section Human Resource Development Section Healthcare Section (23 employees)	Tokyo Management Section Osaka Management Section Property Section TRUSCO Resort and Spa Hakone Kyoto Kaguraoka Rengetsuso TRUSCO Resort and Spa Karuizawa (27 full-time and 12 part-time employees)	Accounting Section Finance Section (19 full-time and 1 part-time employees)	IT Planning Section System Management Section Infrastructure/Network Management Section Data Management Section (38 employees)	Digital Promotion Section UX Platform Development Office (11 employees)	Tokyo NB Product Section Tokyo PB Product Section PB Product Design Section Tokyo Supplier Development Section (49 employees)	Osaka NB Product Section Osaka PB Product Section PB Quality Assurance Section Stock Management Section Osaka Supplier Development Section Product DB Platform Development Office Orange Book Section Orange Book.com Section Customer Consulting Office (79 employees)	Overseas Purchase Section Germany Office Taiwan Office Thailand Office (15 employees)	Sales Planning Section Naojiro Section MRO Stocker Promotion Section (10 employees) Internet Sales Tokyo Internet Sales Osaka MRO Supply Tokyo (59 full-time and 3 part-time employees)
 Trusco Nakayama Health Insurance Association Akiko Tani Manager (2 temporarily transferred employees)									
(96 members in total)*				(49 members in total)		(143 members in total)			

Figures in parentheses () indicate the numbers of employees as of January 1, 2023.

* The total number of employees at each Division includes the number of temporarily transferred employees.

General Meeting of Shareholders

Board of Corporate Auditors

Board of Directors

Representative Director and President

Internal Auditing Office (4 members)

Sustainability Committee

Central Health and Safety Committee

Corporate Auditors



Akira Takada
Full-time Corporate Auditor



Hiroaki Imagawa
Full-time Corporate Auditor



Hiroho Kamakura
Part-time Corporate Auditor

He will retire as full-time Corporate Auditor at the close of the 60th Annual General Shareholders' Meeting to be held on March 24, 2023 and will assume the office of "Zentaku Advisor."

Corporate Auditor candidates



Yoritomo Wada
Part-time Corporate Auditor candidate



Ken Hineno
Part-time Corporate Auditor candidate

Scheduled to be appointed part-time Corporate Auditors upon resolution at the 60th Annual General Meeting of Shareholders to be held on March 24, 2023

Division Heads



Kazuo Nakai
Director
Head of Sales Division



Hideki Naoyoshi
Director
Head of Distribution Division and General Manager of Distribution Safety Promotion Department

Sales Division

Factory Sales Department



Kiyonori Unto
General Manager, Factory Sales Department East Japan



Yoshiaki Kimura
General Manager, Factory Sales Department Tokyo Metropolitan Area



Yutaka Yoneda
General Manager, Factory Sales Department Chubu Japan



Toshiharu Sakai
General Manager, Factory Sales Department Kinki



Masatoshi Fujita
General Manager, Factory Sales Department West Japan



Shu Matsui
General Manager, Home Center Sales Department



Naotsugu Kamijo
General Manager, Overseas Sales Section

Sapporo, Hachinohe, Sendai, Akita, Koriyama, Mito, Utsunomiya, Isezaki, Niigata, Niigata-kita, Okaya, Ueda (142 full-time and 23 part-time employees)

Kashima, Omiya, Satte, Chiba, Matsudo, Tokyo, Keihin, Atsugi, Shizuoka, Fuji (152 full-time and 33 part-time employees)

Toyama, Kanazawa, Fukui, Hamamatsu, Nagoya, Okazaki, Komaki, Yokkaichi (118 full-time and 26 part-time employees)

Ryuo, Kyoto, Osaka, Higashi-Osaka, Minami-Osaka, Kobe, Himeji (116 full-time and 7 part-time employees)

Yonago, Okayama, Hiroshima, Fukuyama, Ube, Shunan, Tokushima, Takamatsu, Matsuyama, Fukuoka, Tosu, Nagasaki, Kumamoto, Oita, Kagoshima, Okinawa (150 full-time and 27 part-time employees)

HC Tokyo, Fukuoka, HC Osaka, Okinawa * Including two branches under concurrent post at branches of the Factory Sales Department (31 full-time and 1 part-time employees)

Overseas Sales Section * Liaison function with overseas subsidiaries (6 employees)

"Overseas subsidiaries" Officer in charge at TRUSCO NAKAYAMA Corporation: Kazuo Nakai

TRUSCO NAKAYAMA CORPORATION (THAILAND) LIMITED

PT. TRUSCO NAKAYAMA INDONESIA



Kazuaki Harada
Representative Director and President
22 employees
(3 temporarily transferred employees and 19 local employees)
Director: Naotsugu Kamijo



Yohei Takuno
Representative Director and President
21 employees
(3 temporarily transferred employees and 18 local employees)
Corporate Auditor: Naotsugu Kamijo

(910 members in total)*

Distribution Division

Distribution Reorganization Department



Masaya Okada
General Manager, Distribution Reorganization Department

Logistics Planning Section
Delivery Management Section
Logistics Platform Development Office and P Aichi Preparation Office (14 employees)

Distribution Safety Promotion Department



Hideki Naoyoshi
Head of Distribution Division and General Manager of Distribution Safety Promotion Department

Distribution Safety Promotion Section (2 employees)

Distribution Department



Masato Otani
General Manager, Distribution Department East Japan

P Hokkaido, P Tohoku, P North Kanto, P Saitama, P South Kanto, Tokyo BUC HC East Japan Distribution Center Utsunomiya STC Oyama STC Omiya STC (250 full-time and 570 part-time employees)



Takanori Hirayama
General Manager, Distribution Department West Japan

P Tokai, P Nagoya, P Shiga, P Osaka, P Kobe, P Sanyo, P Kyushu HC West Japan Distribution Center HC Kyushu Distribution Center Okazaki STC Toyohashi STC East Osaka STC Sakai STC (scheduled to start operation in May 2023) Nara STC Okayama STC Takamatsu STC Hakata STC (262 full-time and 600 part-time employees)

(1,698 members in total)

P (Planet), BUC (Backup Center), and STC (Stock Center) are abbreviations for our distribution centers.

The Company has expressed the skills matrix of directors in a T-form as shown below by combining the necessary management skills and the Open Judge System (OJS; 360-degree evaluation), which we have used for some time. The Company believes that the most important skill expected of Representative Director and President is the ability to propose management strategies, measures, and systems. For this reason, the Company discloses management strategies, measures, and systems proposed by the Representative Director and President as a senior management executive who aims to manage the Company in an ingenious and original manner. For directors and corporate auditors, in addition to the evaluation of their skills for 11 skill items based on their experience and track record, the Open Judge System (OJS; 360-degree evaluation), which has been firmly embedded in the Company through many years of operation of the system, is utilized to increase the fairness and objectivity of the evaluation. As for the OJS on the Representative Director and President, voting results of shareholders who attended the annual shareholders' meeting each year are disclosed as important evaluation indicators (OJS on the President).

Open Judge System (OJS; 360-degree evaluation)

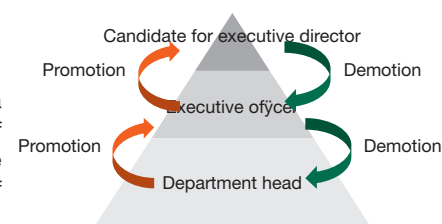
Objective evaluation from
multiple perspectives

Commonly used Skills Matrix

Main areas in which each person
has experience/track record and
is expected to contribute

Executive Evaluation System Based on Open Judge System (OJS; 360-degree evaluation)

The Company has introduced an evaluation system that evaluates staff with executive posts of a department head or higher from multiple aspects. Voters (around 140 persons in the post of responsible person or higher) vote for each executive member based on the member's daily attitude toward work (4 points × 6 items: full score of 24 points). Promotion or demotion of the executive staff member is decided based on the results of the votes as well as the member's daily actions and remarks, judgment, problem-solving skills, etc.

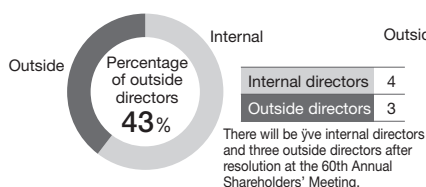


Open Judge System (OJS; 360-degree evaluation) (4 points × 6 items: full score of 24 points)							Directors and Senior Executive Officers	
Judgment grasping the essence	Management skills	Originality and creativity	Problem-solving ability	Communication ability	"Shushazentaku" (Fairness, equitability, and honesty)	Total (Year on year)		
3.1	3.1	2.4	3.2	3.4	3.1	18.4 (-0.6)		Kazuo Nakai Director & Head of Sales Division
3.2	2.9	3.1	3.0	3.0	2.8	18.0 (-1.4)		Atsushi Kazumi Director & Head of Corporate Management Division, Head of Digital Strategy Department
2.9	2.7	2.6	3.0	2.9	2.9	16.9 (-1.3)		Hideki Naoyoshi Director & Head of Distribution Division, Head of Distribution Safety Promotion Department
3.2	2.9	2.9	3.1	3.1	3.2	18.4 (-1.0)		Tatsuya Nakayama New Senior Executive Officer & Head of Product Division
Outside directors are not subject to OJS.								Kenichi Saito Outside Director
								Kuniaki Hagihara Outside Director
								Takako Suzuki Outside Director
Compliance	Sense of management and foresight	Objectivity, neutrality, common sense, and knowledge	Pointing out problems and proposing improvements	Communication ability	"Shushazentaku" (Fairness, equitability, and honesty)	Total (Year on year)	Corporate Auditors	
3.0	2.9	2.9	2.7	3.0	3.0	17.4 (-0.7)		Akira Takada Full-time Corporate Auditor
2.7	2.9	2.6	2.7	2.7	2.4	15.9		Hiroaki Imagawa Full-time Corporate Auditor
Part-time corporate auditors are not subject to OJS.								Hiroho Kamakura Part-time Corporate Auditor
								Yoritomo Wada New Part-time Corporate Auditor
								Ken Hineno New Part-time Corporate Auditor

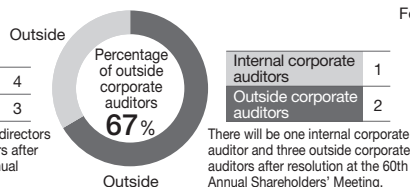
Composition of officers

* As of December 31, 2022

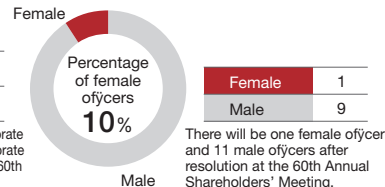
1. Composition of directors



2. Composition of corporate auditors



3. Percentage of female officers



Representative Director and President



Tetsuya Nakayama
Representative Director and President

OJS on the President

Attendees of the 60th Annual Shareholders' Meeting

121

Approval rate

97.5%

Valid votes

118

Affirmative votes

115

Management strategies, measures and systems proposed by Nakayama, Representative Director and President

Totally eliminating negotiable instruments, having assets on our own (inventories, real estate, vehicles), decisive management, logistics enhancement strategy, inventory building measures, measures to expand direct delivery to users, AI-based quotation system, unifying PBs as TRUSCO, name change to Orange Book, adopting the number of inventory items and inventory shipping rate as KPIs, MRO Stocker, performance-based dividend policy, free-choice type shareholder incentive program, proposing TRUSCO Unknown Gulliver, year-round stocking of seasonal products, closing Nara Factory, DOTKUL, Face Phone that allows for communication with TRUSCO at any time, ICHIOSHI Catalogue, COCOMITE, Orange Book Jr., product request advertisement, Yattemasen List, stocking "difficult-to-deliver products," OJS (Open Judge System), staff registry that includes face photos, Orange Doctor Examination, wine seminars, childcare leave program (3 years), vacation condominiums and sanatoriums for employees, prohibiting non-regular employment of heads of household as a general rule, establishing Healthcare Section, annual payment of retirement allowance, establishing Trusco Nakayama Health Insurance Association, establishing Marine Club, donation to Peshawar-kai, supporting Osaka Lovvits (women's handball team), establishing The Nakayama Visual Welfare Foundation, paid leave accumulation bank program, partial lifting of restrictions on PRO TOOL, enhancement of the childcare leave program for men, infertility treatment leave program, and visualization of delivery lead times

(In 2022) Niawase (cargo matching), enhancement of direct delivery to users, EV and carbon neutral catalogue, environmental leaflet for individuals, provision of life-support extraordinary bonus, adjustment of company holidays to calendar holidays

* Believing that the most important skill expected of Representative Director and President is the ability to formulate management strategies, measures, and systems, the Company discloses these skills.

Main areas in which each person has experience/track record

Corporate management	Sales Marketing	Product development	Logistics	Catalogue media	Finance/accounting	Personnel affairs Human resources development	IT/digital	Legal affairs Risk management	ESG Sustainability	Global business
●	●		●		●	●		●	●	●
●	●			●	●	●	●	●	●	
●	●		●				●	●		
●	●	●		●	●	●		●	●	●
●	●	●			●	●			●	●
●	●	●		●		●				●
●	●	●		●		●			●	●
Corporate management	Sales Marketing	Product development	Logistics	Catalogue media	Finance/accounting	Personnel affairs Human resources development	IT/digital	Legal affairs Risk management	ESG Sustainability	Global business
					●			●	●	
	●	●	●	●	●	●		●	●	
●					●			●		
●					●			●		●
●	●				●		●	●		

Election of Eight (8) Directors

The terms of office of all seven (7) directors will expire at the closing of the Meeting. Therefore, we would like to ask for your approval on adding one director for the purpose of further enhancing the management structure and appointing a total of eight directors. The director candidates are as below.

Candidate No.

1

Re-appointment

Internal

なか やま てつ や
中山 哲也

Tetsuya Nakayama



Candidate's profile

Date of birth	December 24, 1958 (64 years old)
With the Company	41 years and 11 months
No. of Company shares held	60,900
Attendance at Board of Directors' meeting	100% (10/10 meetings)

Reason for nomination as a director candidate

Mr. Nakayama has been nominated as a director candidate, taking into consideration the results of the OJS on the President, which is a vote by shareholders who attended the previous (59th) Annual Shareholders' Meeting, as well as management strategies, measures, and systems invented by him as Representative Director and President, as important benchmarks.

No. of attendees	Approval rate	No. of valid votes*	Affirmative vote
121	97.5%	118	115

* The number of valid votes does not include shareholders who did not vote on the day of the Meeting (abstention) or those whose vote contents could not be determined (invalid).

Direct delivery by wholesalers will save the Earth

The work of wholesalers is to deliver commodities to their customers while the work of dealers is to deliver them to users. Because of this common sense, duplicated operations of order taking, packaging, and shipment have been ongoing around the world. Drugs should be delivered to patients, not pharmacies. We will challenge the common sense to make direct delivery to users a common practice.

Brief biography, status, responsibilities, and important concurrent posts

March 1981	Joined the Company
October 1984	Director
December 1987	Managing Director
December 1991	Representative Director and Senior Managing Director
December 1994	Representative Director and President (present)

(Reference) The Company's shares held by related parties of Tetsuya Nakamura, Representative Director and President

The Nakayama Visual Welfare Foundation (President)	4,350,000 shares
NS Holdings Corporation (Corporate Auditor)	7,918,632 shares
NR Holdings Corporation (Corporate Auditor)	2,358,488 shares
NF Holdings Corporation (Representative Director and President)	2,000,000 shares

Candidate No.

2

Re-appointment

Internal

なか い かず お
中井 一雄

Kazuo Nakai



Candidate's profile

Date of birth	July 7, 1969 (53 years old)
With the Company	29 years and 11 months
No. of Company shares held	5,800
Attendance at Board of Directors' meeting	90% (9/10 meetings)

Reason for nomination as a director candidate

The candidate has extensive business experience through working for Sales Division, Distribution Division, and Corporate Management Division. Based on the results of the OJS vote, as well as his efforts at the Sales Division during the 60th period, he is expected to continue to contribute to swift and bold decision-making toward improvement of sustainable corporate value of the Company. Therefore, he has been nominated as a director candidate.

Hoping to respond to customer demand at any time

Demand for consideration to environment-friendliness has been growing year by year from various customers mainly in the manufacturing industry, which is affecting significantly our business. Aiming to be of some help to our customers, we will work to improve convenience of our customers and help solve social issues by correctly identifying the needs of society and employing our unique resources and services.

Brief biography, status, responsibilities, and important concurrent posts

April 1993	Joined the Company
April 2002	Head of NC Niigata Sales Office
April 2004	HC Osaka Branch Manager
April 2008	Head of Human Resources Section
October 2008	Head of Human Resources Section & Healthcare Section
April 2013	Head of Corporate Planning Department
January 2017	Executive Officer & Head of Corporate Planning Department
January 2019	Executive Officer & Head of Corporate Management Division
March 2019	Director & Head of Corporate Management Division
October 2020	Director & Head of Sales Division
	Executive in charge of TRUSCO Nakayama Corporation (Thailand) Limited (present)
	Executive in charge of PT. TRUSCO Nakayama Indonesia (present)
January 2021	Director & Head of Sales Division, Head of Home Center Sales Department & Distribution Department
January 2022	Director & Head of Sales Division (present)

Candidate No.
3

Re-appointment
Internal

かず み あつし
数見 篤

Atsushi Kazumi



Candidate's profile

Date of birth	September 10, 1970 (52 years old)
With the Company	29 years and 11 months
No. of Company shares held	5,800
Attendance at Board of Directors' meeting	100% (10/10 meetings)

Reason for nomination as a director candidate

The candidate has extensive business experience through working for Sales Division, Digital Strategy Department, and Corporate Management Division. Based on the results of the OJS vote, as well as his efforts at the Corporate Management Division and Digital Strategy Department during the 60th period, he is expected to continue to contribute to swift and bold decision-making toward improvement of sustainable corporate value of the Company. Therefore, he has been nominated as a director candidate.

Value our feelings and actions for further growth

The future of TRUSCO. A company filled with dream and hope, where many employees are working with full of motivation and satisfaction, always relied on by customers and needed by society. There are so many things to do to become such a company. Look at the problems and realities of worksites, and solve each problem carefully and quickly. Digital and AI are just tools and means. We should value feelings and actions of people.

Brief biography, status, responsibilities, and important concurrent posts

April 1993	Joined the Company
April 2001	Head of Tsuchiura Sales Office
November 2002	Head of Kanazawa Sales Office
April 2006	Osaka Branch Manager
October 2010	Head of Catalog/Media Section & Head of Dottokuru Section
October 2013	Head of e-Commerce Sales Department
April 2014	Head of e-Business Sales Department
January 2017	Executive Officer & Head of e-Business Sales Department in charge of Mail Order
July 2017	Executive Officer & Head of Information Systems Department
January 2019	Executive Officer & Head of Information Systems Division
March 2019	Director & Head of Information Systems Division
October 2020	Director & Head of Corporate Management Division, Head of Digital Strategy Department, Head of Digital Promotion Department
January 2021	Director & Head of Corporate Management Division, Head of Digital Strategy Department (present)

Candidate No.
4

Re-appointment
Internal

なお よし ひで き
直吉 秀樹

Hideki Naoyoshi



Candidate's profile

Date of birth	December 7, 1971 (51 years old)
With the Company	28 years and 11 months
No. of Company shares held	4,800
Attendance at Board of Directors' meeting	100% (10/10 meetings)

Reason for nomination as a director candidate

The candidate has extensive business experience through working for Sales Division, Digital Strategy Department, Corporate Management Division, and Distribution Division. Based on the results of the OJS vote, as well as his efforts at the Distribution Division during the 60th period, he is expected to continue to contribute to swift and bold decision-making toward improvement of sustainable corporate value of the Company. Therefore, he has been nominated as a director candidate.

Capabilities to support Japanese MONODZUKURI

Are we making our utmost efforts to satisfy customer expectations? Are we making effective use of over 560,000 items in stock to offer unique convenience? Are we devoting all-out efforts to solving problems? With the pleasure and appreciation for the opportunity to cooperate with everyone in achieving our vision, I will engage in my work, make ceaseless efforts to tackle any challenge, and endeavor to strengthen the corporate functions with a strong determination to go through with till the end.

Brief biography, status, responsibilities, and important concurrent posts

April 1994	Joined the Company
October 2003	Head of Amagasaki Sales Office
April 2007	Head of Kokura Sales Office
October 2010	Head of Corporate Auditors' Office
October 2011	Head of Corporate Planning Section
February 2013	Head of Information Systems Department
January 2017	Executive Officer & Head of Information Systems Department
July 2017	Executive Officer & Head of Distribution Division
March 2019	Director & Head of Distribution Division
March 2021	Director & Head of Product Division, Head of Distribution Division
April 2021	Director & Head of Distribution Division
January 2023	Director & Head of Distribution Division, Head of Distribution Safety Promotion Department (present)

Candidate No.

5

New

Internal

なか やま たつ や
中山 達也

Tatsuya Nakayama



Candidate's profile

Date of birth	August 4, 1985 (37 years old)
With the Company	10 years
No. of Company shares held	3,200

Reason for nomination as a director candidate

The candidate has extensive business experience through working for Sales Division, Product Division, and Corporate Management Division. Based on the results of the OJS vote, as well as his efforts at the Product Division during the 60th period, he is expected to continue to contribute to swift and bold decision-making toward improvement of sustainable corporate value of the Company. Therefore, he has been nominated as a director candidate.

Create new “differences”

The Company has established unique convenience mainly in the fields of inventory, distribution, and digital tools. This is because the Company discovered the importance of such convenience from early on, and has believed and continuously enhanced it. Our greatest mission now is to hone the capabilities to create “differences” in such fields as data and AI and develop them into TRUSCO's unique systems. I will challenge this mission with all the employees.

Brief biography, status, responsibilities, and important concurrent posts

April 2013	Joined the Company
January 2018	Branch Office Manager, Internet Sales Tokyo Branch Division 1
September 2019	Head of Corporate Planning Department and Accounting Department
April 2021	Senior Executive Officer & Head of Product Division (present)

Candidate No.

6

Re-appointment

Outside

さい とう けん いち
齋藤 顕一

Kenichi Saito



Candidate's profile

Date of birth	November 15, 1949 (73 years old)
No. of Company shares held	3,500
Attendance at Board of Directors' meeting	90% (9/10 meetings)
Years of service (at the closing of the Meeting)	7 years

Reason for nomination as an outside director candidate and outline of expected roles

Mr. Kenichi Saito has experience in a company that conducts business globally and has founded a management consulting firm. He has been nominated as a candidate for outside director for fair and objective guidance toward sustainable growth of the Company and continuous improvement of its corporate value, as expected of him, based on his experience, and knowledge as a management professional.

Think about the “ability to think”

What is the ability to think? It is not the ability to use knowledge nor get accustomed. Of course it is not the ability to speak in general terms. I think it should be the ability, based on altruism, to read the implications of many facts and create the most appropriate methods to make your company or society better. This year, I will continue to hone my “ability to think” to make greater contribution.

Brief biography, status, and important concurrent posts

April 1975	Joined McKinsey & Company
January 1996	Founded ForeSight & Company President (present)
March 2016	Outside Director of the Company (present)
October 2017	Founded the Society for Problem-Solving Proficiency Representative Director of the Society for Problem-Solving Proficiency (present)

Criteria for appointment of outside directors and criteria for independence of outside officers ▶ P37

Notes concerning outside director candidates

(1) On independence

Mr. Kenichi Saito, Mr. Kuniaki Hagihara, and Ms. Takako Suzuki are outside director candidates as set forth in Item 7, Paragraph 3, Article 2 of the Ordinance for Enforcement of the Companies Act and fulfill the Company's outside director appointment criteria. They also fulfill the requirements for independence stipulated by the Tokyo Stock Exchange as well as the independence criteria for outside officers stipulated by the Company. We have filed Mr. Kenichi Saito, Mr. Kuniaki Hagihara, and Ms. Takako Suzuki as independent officers with the Tokyo Stock Exchange.

(2) On the contract for limitation of liability

In order to acquire personnel who would become outside officers and to secure

their effectiveness, we have concluded a contract for limitation of liability with Mr. Kenichi Saito, Mr. Kuniaki Hagihara, and Ms. Takako Suzuki with the amount of limited liability being the minimum total liability amount as prescribed in Paragraph 1, Article 425 of the Companies Act. If their re-appointments are approved, we are planning to continue the above contract for limitation of liability.

(3) On special interest in the Company

Mr. Kenichi Saito is the Representative Director of ForeSight & Company, whose business with the Company accounts for less than 1% of the Company's consolidated net sales. Therefore, there is no important business or other relationship between the two companies. Mr. Saito also serves as Representative Director of the Society for Problem-Solving Proficiency, with whom the Company has no business or other relationship, and there is no special interest that will hinder or pose a problem in Mr. Saito's execution of his duties as an

Candidate No.
7

Re-appointment
Outside

はぎ はら くに あき
萩原 邦章

Kuniaki Hagihara



Candidate's profile

Date of birth	August 19, 1953 (69 years old)
No. of Company shares held	3,500
Attendance at Board of Directors' meeting	100% (10/10 meetings)
Years of service (at the closing of the Meeting)	7 years

Reason for nomination as an outside director candidate and outline of expected roles

Mr. Kuniaki Hagihara has been nominated as a candidate for outside director for his abundant experience and broad knowledge as a manager in manufacturing, as well as his expected contribution to swift and bold decision-making by the management, in addition to supervisory functions and advice from a shareholder's/investor's perspective toward sustainable growth of the Company and continuous improvement of its corporate value.

Working to provide essential advice to support the reason for existence

Each company has its mission to continue in existence. The primary mission is to provide convenience for customers, which is useful for society and people. By continuing to provide the convenience, the Company can have the reason for its existence. I will continue to provide essential and reasonable advice to support the Company's mission of "strengthening international competitiveness of the Japanese manufacturing sector."

Brief biography, status, and important concurrent posts

March 1976	Joined Hagihara Industries Inc.
December 1984	President of Hagihara Industries Inc.
January 2010	President & CEO of Hagihara Industries Inc.
January 2016	Chairman of Hagihara Industries Inc.
March 2016	Outside Director of the Company (present)
June 2018	President of Toyo Heisei Polymer Co., Ltd.
June 2020	Outside Director, Wavelock Holdings Co., Ltd. (present)
October 2021	Chairman, Toyo Heisei Polymer Co., Ltd.
January 2022	Chairman, Hagihara Industries Inc.
December 2022	Senior Advisor, Toyo Heisei Polymer Co., Ltd. (present)
January 2023	Senior Advisor, Hagihara Industries Inc. (present)

Criteria for appointment of outside directors and criteria for independence of outside officers ▶ P37

Candidate No.
8

Re-appointment
Outside

すず き たか こ
鈴木 貴子

Takako Suzuki



Candidate's profile

Date of birth	March 5, 1962 (61 years old)
No. of Company shares held	2,500
Attendance at Board of Directors' meeting	100% (10/10 meetings)
Years of service (at the closing of the Meeting)	3 years

Reason for nomination as an outside director candidate and outline of expected roles

Ms. Takako Suzuki has been nominated as a candidate for outside director for her abundant experience and broad knowledge as of corporate management, as well as her expected contribution to swift and bold decision-making by the management, in addition to supervisory functions and advice from a shareholder's/investor's perspective toward sustainable growth of the Company.

Adding value with distribution processes

As the president of a consumer goods manufacturer, I always think about the method to deliver products to end users without losing their product value. The Company aims for DX in advanced logistics, a model that may achieve value improvement in the distribution stage, which cannot be achieved by the manufacturer alone. I will offer proposals for building a next-generation distribution platform from the perspectives of both a manufacturer and user.

Brief biography, status, and important concurrent posts

April 1984	Joined Nissan Motor Co., Ltd.
August 2001	Joined LVJ Group Co., Ltd. (currently Louis Vuitton Japan Co., Ltd.)
April 2009	Representative Director, Chardin Co., Ltd.
January 2010	Joined S.T. Corporation
April 2013	President & Chief Operating Officer of S. . Corporation
May 2013	Director, Chardin Co., Ltd. (present)
March 2020	Outside Director of the Company (present)
June 2021	Chairperson of the Board and President & Chief Operating Officer of S. . Corporation (present)
September 2022	External Director of King Jim Co., Ltd. (present)

Criteria for appointment of outside directors and criteria for independence of outside officers ▶ P37

outside director.

Hagihara Industries Inc., of which Mr. Hagihara is the Chairman, and the Company have a 28-year business relationship. However, our procurement from Hagihara Industries accounts for less than 1% of our total procurement by amount (less than 3% of the consolidated net sales of said company). Innovec Co., Ltd., a subsidiary of Wavelock Holdings Co., Ltd., of which Mr. Hagihara is Outside Director, and the Company have an approximately 21-year business relationship. However, our procurement from said subsidiary accounts for less than 1% of our total procurement by amount (less than 1% of the consolidated net sales of said company). In addition, there is no business relationship between Toyo Heisei Polymer Co., Ltd., of which Mr. Hagihara is the Advisor, and the Company, and no special interest that will hinder or pose a problem in Mr. Hagihara's execution of his duties as an outside director.

S.T. Corporation, of which Ms. Takako Suzuki is the Chairperson of the Board and the President & Chief Operating Officer, has no direct business relationship with the Company, but has an approximately 16-year business relationship with the Company through its subsidiary S.T. PRO Co., Ltd. Our procurement from said subsidiary accounts for less than 1% of our total procurement by amount (less than 1% of the consolidated net sales of said company). King Jim Co., Ltd., of which Ms. Suzuki is External Director, and the Company have a 21-year business relationship. However, our procurement from King Jim Co., Ltd. accounts for less than 1% of our total procurement by amount (less than 1% of the consolidated net sales of said company). In addition, there is no business relationship between Chardin Co., Ltd., of which Ms. Suzuki is Outside Director, and the Company, and no special interest that will hinder or pose a problem in Ms. Suzuki's execution of her duties as an outside director.

Election of Two (2) Corporate Auditors

Corporate Auditor Akira Takada will resign at the closing of the Meeting. Therefore, we would like to ask for your approval on adding one corporate auditor to enhance the audit structure and appointing a total of two new corporate auditors. This proposal has obtained the consent of the Board of Auditors. The corporate auditor candidates are described below:

Candidate No.

1

New

Part-time

Outside

わだ より とも
和田 頼知

Yoritomo Wada



Candidate's profile

Date of birth October 23, 1955 (67 years old)
No. of Company shares held 0

Reason for nomination as an outside corporate auditor

Mr. Yoritomo Wada has extensive knowledge and deep insight in corporate management, as well as professional expertise in accounting, based on his many years of experience as a certified public accountant and also of serving as an outside corporate auditor for other companies. With such expertise and insight, he is expected to provide neutral and fair opinions concerning the Company's business management from an objective standpoint as a part-time corporate auditor and to be able to execute his duties as an outside corporate auditor. Therefore, we would like to ask for his appointment. Although Mr. Wada has never been involved in corporate management in any other manner than serving as an outside corporate auditor, he has been judged to be able to properly execute his duties as our outside corporate auditor due to the reasons above.

Duties of a corporate auditor

One of the duties of a corporate auditor is to check whether directors have sufficient discussions before making decisions on important matters of the company. And the points to be checked include that the discussions are held from a perspective of long-term development and that decisions are not risky. But I should also be careful not to be too cautious. I would like to utilize my 45 years of experience as an accountant for this company.

Brief biography, status, and important concurrent posts

April 1978	Joined Tohmatsu Aoki & Co. (now Deloitte Touche Tohmatsu LLC)
August 1981	Registered as a Certified Public Accountant
June 1996	Partner, Tohmatsu Audit Firm (now Deloitte Touche Tohmatsu LLC)
June 2019	Part-time Corporate Auditor, Nippon Shokubai Co., Ltd.
April, 2020	Part-time Audit and Supervisory Board Member, Sekisui House, Ltd. (present)

Candidate No.

2

New

Part-time

Outside

ひ ね の けん
日根野 健

Ken Hineno



Candidate's profile

Date of birth August 23, 1979 (43 years old)
No. of Company shares held 10,000

Reason for nomination as an outside corporate auditor

Mr. Ken Hineno has extensive knowledge and deep insight in corporate management, as well as professional expertise in accounting, based on his many years of experience as a certified public accountant and a business manager. He is expected to provide neutral and fair opinions concerning the Company's business management from an objective standpoint as a part-time corporate auditor and to be able to execute his duties as an outside corporate auditor. Therefore, we would like to ask for his appointment.

Aiming to protect corporate value

There are always changes in our business environment, such as advancement of technologies and changes in business practices. The Company has created its corporate value by implementing innovative initiatives in advance of such changes. However, new initiatives are always associated with risks. I would like to fulfill my duties to help the Company correctly detect and properly address such risks, thereby protecting its corporate value.

Brief biography, status, and important concurrent posts

October 2003	Joined Tohmatsu Audit Firm (now Deloitte Touche Tohmatsu LLC)
July 2007	Registered as a Certified Public Accountant
August 2007	Representative Director, Actionlearning Co., Ltd. (present) Representative, Hineno Certified Public Accountant Office (present)
December 2019	Representative Partner, Hineno Accounting Office (present)

Notes concerning the outside corporate auditor candidates

(1) On independence

Mr. Yoritomo Wada and Mr. Ken Hineno are outside corporate auditor candidates as set forth in Item 8, Paragraph 3, Article 2 of the Ordinance for Enforcement of the Companies Act. They fulfill the Company's outside corporate auditor appointment criteria (□ See p37), and also fulfill the requirements for independence stipulated by the Tokyo Stock Exchange as well as the independence criteria for outside officers stipulated by the Company. If their appointments are approved, the two are scheduled to be filed as independent officers with the Tokyo Stock Exchange.

(2) On the contract for limitation of liability

If appointments of Mr. Yoritomo Wada and Mr. Ken Hineno are approved, in order to acquire personnel who would become outside officers and to secure their effectiveness, we are planning to conclude a contract for limitation of liability with them with the amount of limited liability being the minimum total liability amount as prescribed in Paragraph 1, Article 425 of the Companies Act if their appointments are approved.

(3) On special interest in the Company

Mr. Yoritomo Wada has experience working at Deloitte Touche Tohmatsu LLC, which is the accounting auditor of the Company, but he left the job three years and nine months ago. In addition, there is no business relationship between Nippon Shokubai Co., Ltd. or Sekisui House, Ltd., of which Mr. Wada is a part-time corporate auditor, and the Company, and there is no special interest that will hinder or affect decision-making between the Company and the two companies in Mr. Wada's execution of his duties as a part-time corporate auditor.

Mr. Ken Hineno has experience working at Deloitte Touche Tohmatsu LLC, which is the accounting auditor of the Company, but he left the job 15 years and eight months ago.

Mr. Hineno is also the Representative Director of Actionlearning Co., Ltd., whose business with the Company accounts for less than 1% of the Company's consolidated net sales. Therefore, there is no important business or other relationship between the two companies. In addition, there is no business relationship between Hineno Certified Public Accountant Office or Hineno Accounting Office, of which Mr. Hineno is the representative, and the Company, and there is no special interest that will hinder or affect decision-making between the Company and the two companies in Mr. Hineno's execution of his duties as a part-time corporate auditor.

Notes concerning the candidates for Proposal No. 1 and Proposal No. 2

Summary of details on Directors' and Officers' Liability Insurance Agreement
Directors Tetsuya Nakayama, Kazuo Nakai, Atsushi Kazumi, Hideki Naoyoshi, Kenichi Saito, Kuniaki Hagihara, and Takako Suzuki; Director candidate Tatsuya Nakayama; and Corporate Auditor candidates Yoritomo Wada and Ken Hineno are scheduled to renew their Directors' and Officers' Liability Insurance Agreement in June. The Company has concluded with an insurance company, and bears the full premiums of, a Directors' and Officers' Liability Insurance Agreement covering as insured persons the directors, corporate auditors, and executive officers of the Company and its consolidated subsidiaries. This insurance compensates for any litigation costs and damages arising from non-derivative actions, shareholder derivative actions, and corporate actions that are borne by the insured persons in executing their duties, provided that they have executed their duties in good faith or without violating laws and regulations. (However, measures are taken to ensure that the appropriateness of the execution of duties by the insured persons will not be undermined by excluding from the coverage any damage, etc. to those insured persons who have engaged in any criminal offence or intentional act of violating laws and regulations.)

Election of One (1) Substitute Corporate Auditor

Since the validity of the current appointment of the substitute corporate auditor is until the start of the Meeting, we would like to ask our shareholders to appoint one (1) substitute corporate auditor in case the Company lacks the quorum of corporate auditors as stipulated in laws and regulations. This proposal has obtained the consent of the Board of Auditors. The substitute corporate auditor candidate is described below:

Candidate

Outside

の むら こう へい
野村 公平

Kohei Nomura



Candidate's profile

Date of birth	May 12, 1948 (74 years old)
No. of Company shares held	870

Reason for nomination as a substitute outside corporate auditor

He has professional expertise and experience as a lawyer. He also has excellent track record in corporate law. Therefore, we have determined that he would be able to appropriately execute his duties as an outside corporate auditor, and we would like to ask for his appointment.

* **Nomura Law Office** Location: Kita-ku, Osaka

Abiding by the motto "There is no case that cannot be solved," the law office accepts requests from a broad range of clients, including companies, groups, and individuals, and handles cases in various fields from corporate law, including the Companies Act and financial legislations, to general civil cases and criminal cases.

Criteria for Appointment of Outside Officers

For the appointment of outside directors and outside corporate auditors, Trusco Nakayama Corporation (hereinafter referred to as the "Company") sets out the following criteria.

- Criteria for the Appointment of Outside Directors
The Company appoints outside directors from among those fulfilling the conditions set out below.
 - Candidates shall be able to contribute to the continuous growth and improvement of the corporate value of the Company and shall have extensive knowledge and sufficient experience of business management.
 - Candidates shall be subject to none of the grounds for disqualification as a director set out in the items of Paragraph 1, Article 331 of the Companies Act.
 - Candidates shall fulfill the requirements for an outside director set out in Item 15, Article 2 of the Companies Act.
- Criteria for the Appointment of Outside Corporate Auditors
The Company appoints outside corporate auditors from among those fulfilling the conditions set out below.
 - Candidates shall have knowledge in fields such as law, finance, accounting, corporate governance and the like and shall be able to contribute to the improvement of corporate value from a neutral and fair standpoint.
 - Candidates shall be subject to none of the grounds for disqualification as a corporate auditor set out in Paragraph 1, Article 335 of the Companies Act.
 - Candidates shall fulfill the requirements for an outside corporate auditor set out in Item 16, Article 2 of the Companies Act.

Message from the Retiring Corporate Auditor

Full-time Corporate Auditor

たかだ あきら
高田 明
Akira Takada

Date of birth	January 3, 1958 (65 years old)
No. of Company shares held	2,000
Years of service (at the closing of the Meeting)	5 years

Full-time Corporate Auditor Akira Takada will retire at the closing of the Meeting as he reaches the mandatory retirement age for corporate officers and will assume the office of "Zentaku Advisor."

Message to shareholders

I was appointed Outside Corporate Auditor at the annual shareholders' meeting in March 2018. In just five years since then, the Company has changed significantly. And I think the speed of reform will increase year by year. Now, I have renewed my determination to contribute to further development of the Company as a "Zentaku Advisor." I would appreciate your continued support.

Zentaku Advisor is

A position placed within the Corporate Management Division for the purpose of supporting problem-solving in the Company's business operations as a whole and guiding the Company in a good direction.

Notes concerning the substitute outside corporate auditor candidate

- Mr. Kohei Nomura has concluded an advisory contract with the Company.
- Mr. Kohei Nomura is a substitute outside corporate auditor candidate and fulfills the requirements for outside corporate auditor candidates as set forth in Item 8, Paragraph 3, Article 2 of the Ordinance for Enforcement of the Companies Act.
- If Mr. Kohei Nomura is appointed as an outside corporate auditor, we are planning to conclude a contract for limitation of liability, with the amount of limited liability being the minimum total liability amount as prescribed in Paragraph 1, Article 425 of the Companies Act in order to acquire personnel who will become outside officers and secure their effectiveness.
- Although Mr. Kohei Nomura belongs to Nomura Law Office, with which the Company has business relations through an advisory contract, the advisory fee is extremely small. ALINCO Incorporated, of which Mr. Nomura is Outside Director, and the Company have a 17-year business relationship. However, our procurement from ALINCO Incorporated accounts for less than 1% of our total procurement by amount (less than 2% of the consolidated net sales of said company). In addition, there is no business relationship between MK System Corporation and Suminoe Textile Co., Ltd., of which Mr. Nomura is Outside Director, JTEC Corporation, of which Mr. Nomura is Outside Corporate Auditor, and the Company, and no special interest that will hinder or pose a problem in Mr. Nomura's execution of his duties as an outside corporate auditor. Therefore, we are planning to file him as an independent officer with the Tokyo Stock Exchange if his appointment is approved.

Brief biography, status, and important concurrent posts

April 1975	Registered as a lawyer (Osaka Bar Association)
April 1977	Established Nishikawa & Nomura Law Office (now Nomura Law Office)
June 2004	Outside Corporate Auditor, ALINCO Incorporated
February 2007	Outside Corporate Auditor, MK System Corporation
June 2015	Outside Director, MK System Corporation (present)
September 2015	Outside Corporate Auditor, JTEC Corporation (present)
June 2016	Outside Director (Audit & Supervisory Committee Member), ALINCO Incorporated (present)
August 2018	Outside Director, Suminoe Textile Co., Ltd. (present)

Criteria for the Independence of Outside Officers

The Company has set out the criteria for independence as below and deems that an outside officer is independent if none of the criteria applies thereto.

- A major shareholder of the Company (holding 10% or more of the total voting rights in the Company at the end of the most recent fiscal year), or an individual who serves as a key employee such as a director, corporate auditor, executive officer, manager, or any other post higher than department head (hereinafter referred to as "Director, etc.") in an entity that is a major shareholder of the Company
- A director, etc., of a corporation or the like of which the Company is a major business partner (with annual business exceeding 5% of consolidated net sales)
- A director, etc., of a corporation or the like that is a major business partner of the Company (with annual business exceeding 5% of consolidated net sales)
- A director, etc., of a corporation or the like that is a major lender to the Company (the Company borrows more than 2% of its total assets from the lender)
- An accounting auditor of the Company or its subsidiary, or an individual who is responsible for auditing the Company or its subsidiary as an employee at the accounting auditor
- A relative within the third degree of kinship or closer of an individual described in any of the items (1) to (5) above
- A relative within the third degree of kinship or closer of an officer, executive officer, or key employee in a post higher than department head of the Company or its subsidiary
- An individual to whom any of the items (1) to (7) above has applied within the last three years



Brief biography

April 1981	Joined Nomura Securities Co., Ltd.
December 2001	Head of IB Consulting Office of Nomura Securities Co., Ltd.
March 2009	Managing Director, IB Business Development Department of Nomura Securities Co., Ltd.
April 2012	Director, Nomura Investor Relations Co., Ltd.
April 2015	Advisor, Nomura Investor Relations Co., Ltd.
March 2018	Full-time Corporate Auditor of the Company (present)

Introduction of Corporate Auditors

Internal

Full-time

いま がわ ひろ あき

今川 裕章

Hiroaki Imagawa



Candidate's profile

Date of birth	January 22, 1963 (60 years old)
With the Company	36 years and 11 months
No. of Company shares held	20,000
Attendance at Board of Directors' meeting	100% (9/9 meetings)
Attendance at Board of Auditors' meeting	100% (11/11 meetings)
Years of service (at the closing of the Meeting)	1 year

Corporate Auditor Hiroaki Imagawa was appointed at the 59th Annual Shareholders' Meeting held on March 18, 2022, and therefore the numbers of meetings of the Board of Directors and the Board of Auditors are different from those of the other corporate auditors.

Evaluation as Corporate Auditor

Mr. Hiroaki Imagawa has extensive experience in serving as a senior executive for many years, as well as thorough knowledge of the Company's business in general. Based on his knowledge and insight and from an objective standpoint as an outside corporate auditor, Mr. Imagawa works to ensure the validity and appropriateness of decision-making by the Board of Directors and thus properly executes his duties as an outside corporate auditor.

Initiatives in the 60th period

Mr. Imagawa attended the meetings of the Board of Auditors and other important meetings, where he pointed out problems in business operations and presented solutions by utilizing his long years of experience in business practice beyond the framework of a corporate auditor. In terms of risk management, he provided opinions on incidents for which specific

Outside

Part-time

かま くら ひろ ほ

鎌倉 寛保

Hiroho Kamakura



Profile

Date of birth	January 27, 1947 (76 years old)
No. of Company shares held	4,800
Attendance at Board of Directors' meeting	60% (6/10 meetings)
Attendance at Board of Auditors' meeting	60% (9/15 meetings)
Years of service (at the closing of the Meeting)	10 years and 8 months

Evaluation as Corporate Auditor

Mr. Hiroho Kamakura provides neutral and fair opinions on the Company's management and appropriately executes his duties as an outside corporate auditor based on his knowledge and insight and from an objective standpoint as an outside corporate auditor in addition to his broad knowledge and deep insight in corporate management gained through his long experience as a certified public accountant as well as his professional knowledge of accounting.

Initiatives in the 60th period

Mr. Hiroho Kamakura provided opinions on the overall management policy, etc., at Board of Directors' and Board of Corporate Auditors' meetings based on his experience as a certified public accountant who has been

measures should be taken, and also opinions to ensure the validity and appropriateness of decision-making of the Board of Directors. Furthermore, as a full-time corporate auditor, he also carried out activities such as visiting branches, attending inventory taking, witnessing site investigation by the audit firm in accordance with the policy on audit, etc.

Supporting sustainability management

As the social environment is dynamically changing, the situation where there are both challenges and opportunities will continue for the time being. Management decisions are required to be made based on sustainable ideas, and our new task is to maintain sustainability in environment, social, and economic perspectives. Following the spirit of "Shushazentaku," we will contribute to our customers through business activities and make efforts to create a more reliable company.

Brief biography, status, and important concurrent posts

March 1986	Joined the Company
April 1996	Head of Maebashi Sales Office
April 1997	Head of Ota Sales Office
April 1998	Tokyo Branch Manager
April 2004	Executive Officer & Head of NB Product Division
April 2007	Director & Head of Sales Division
October 2013	Executive Officer & Head of Factory Sales Department (East)
January 2016	Executive Officer & Head of Accounting Department
January 2019	Executive Officer & Head of Corporate Planning Department, Head of Accounting Department
September 2019	Executive Officer & Head of Factory Sales Department, Head of Distribution Department, Tokyo Metropolitan Area
January, 2022	Executive Office
March, 2022	Full-time Corporate Auditor of the Company (present)

involved in the management of many companies. He also attended audit report meetings of the accounting auditor, internal committee, etc., and provided various opinions based on his professional knowledge as a certified public accountant.

Contributing to sound and continuous growth

Each corporate auditor is an independent organ acting under the entrustment of shareholders. The role of corporate auditors is to conduct both "defensive" and "offensive" audits from an objective perspective to ensure company's healthy and continuous growth. As an outside corporate auditor with long years of experience as a certified public accountant, I would like to actively contribute to the sustainable growth of the Company.

Brief biography, status, and important concurrent posts

November 1971	Joined Tohmatsu Aoki & Co. (now Deloitte Touche Tohmatsu LLC)
May 1973	Registered as a Certified Public Accountant
July 2012	Part-time Corporate Auditor of the Company (present) Part-time Corporate Auditor, Yushin Precision Equipment Co., Ltd. (present)
March 2013	Part-time Corporate Auditor, Fujio Food System Co., Ltd. (present)
February 2018	Part-time Corporate Auditor, SymEnergy Inc. (present)

Q1 Are you considering the revival of the **shareholder special benefit program**?

At present, revival of the program is not planned.

The number of shareholders increased steadily thanks to the program. However, since the program was likely to boost the costs for benefit items for shareholders and for operation of the venue, etc. of general shareholders' meetings, we abolished the program in 2020. The Company needs to continue to invest in distribution equipment and digital technologies for the purpose of becoming what we want to be: a company that continues to be useful for manufacturing in Japan. We will reward our shareholders by making investments that will lead to further growth.

Q2 What is your policy on **payout ratio**?

Consolidated dividend payout ratio to be maintained at 25%

The Company intends to achieve sustainable growth and thereby maximize the return to its shareholders. Based on the policy that ongoing capital investment is indispensable for the enhancement of corporate value, we have prioritized investments in distribution centers, digital technologies, and human resources to support them to realize stable growth. At this point, after considering the balance between shareholder return in the form of the enhancement of corporate value through capital investment and shareholder return in the form of dividend, we intend to maintain a consolidated dividend payout ratio of 25%, which is linked to financial performance, and to reward our shareholders with the overall return aiming for the growth in the future.

Treatment of the impact of special factors, such as the sale of real estate or shares

In a fiscal year in which net income attributable to owners of parent has fluctuated significantly due to the sale of real estate or shares not directly related to business activities or other special factors, their impact is excluded in the determination of dividend amount.

Q3 What is your policy on **share buyback**?

A company should develop measures for growth and invest funds in them

The aim of share buyback is to increase the index of a share by reducing the total number of shares in anticipation of a rise in stock price. However, we do not think it raises the company's production capacity, sales capacity, or corporate value. We will develop measures for the growth and invest funds in them to achieve growth, thereby rewarding our shareholders.

Q4 What is your policy on **M&As**?

Investment in distribution is equivalent to M&As

Building a distribution center, placing shelves, stocking goods, and selling them has the same effect as purchasing a company. We will continue to be a company that will continue to grow by itself even though the progress is slow.

Q5 Why has the **number of shares held** by President decreased?

They have been assigned to an asset management corporation.

The number of shares held by Tetsuya Nakamura, President decreased from that at the end of the 59th period. This is because of the contribution in kind of 1.2 million shares made at the establishment of NF Holdings Corporation (asset management corporation), for which Tetsuya Nakamura serves as Representative Director and Chairman, in August 2022.

The Company's shares held by related parties of Tetsuya Nakamura, Representative Director and President ▶ P32

Q6 What is the reason that you do not start **direct selling** or **selling for general consumers**?

Be an Ultimate Master Wholesale

We believe that the source of competitiveness for an organization is its originality and we are placing it at the root of our management strategy. If we start direct selling for general consumers, all the online shopping companies today will be our competitors. "A wholesaler must thoroughly enhance its wholesale functions." We believe this is the best growth strategy. In addition, since our products are purchasable through online shopping companies, we think there is no need to sell them directly. Through cooperation with online shopping companies and other retail businesses, the Company will continue to support and respond to the needs of manufacturing sites.

Q7 How does TRUSCO plan to develop its **overseas business** in the future?

Our consolidated subsidiaries will realize stable supply of products to satisfy the needs of foreign companies

Our overseas businesses are operated under two strategies: sales activities by PT. TRUSCO Nakayama Indonesia and sales activities by the Overseas Sales Section focusing on the expansion of one-stop sales to local distributors and the development of new local distributors. Although our overseas business accounts for only 0.9% of the total sales of the Company, we will aim to build further relationships with local clients, while working to develop new sales channels.

Overseas Sales Section

We engage in direct international trades with distributors located all over the world, mainly in the U.S, Europe, and ASEAN, exporting products to 20 countries as of December 31, 2022. We will continue to aim to become a company that is of service to the global manufacturing sector.

Q8 What are your **business continuity plan and disaster countermeasures**?

We have established a system to enable the Company to continue its business activities in an emergency.

Business continuity system

- (1) 28 distribution centers all over Japan
Risk diversification by maintaining product inventories in various locations all over Japan
- (2) Emergency supply routes secured
A system has been established in which an existing supply route will be automatically supported by other locations if it is disrupted by a disaster.
- (3) Facilities and equipment owned by the Company
The Company owns a wide range of facilities and equipment from buildings to servers. By not depending on external aid, we can avoid risks and respond flexibly.

Disaster countermeasures

Seismic isolation equipment has been installed in Tokyo Head Office, Planet Osaka, Planet Saitama, and Planet South Kanto so that the Company can fulfill its supply responsibility to clients even in the case of a disaster. Seismic isolation equipment will be installed as standard equipment in all new distribution centers to be constructed in the future. In addition, Tokyo Head Office is equipped with an emergency power generator, which can supply electricity for its main systems to continue to be operated half a day in case of power outage, and water gates to prevent flooding. Furthermore, all important machinery and equipment, such as data centers, are located on the second floor or above to prepare for emergency.