

GAMBARE!! JAPANESE MONODZUKURI



TM



Since 1998



About the cover page

We adopted the environmental philosophy of "Sustainability" approximately 25 years ago when the term sustainability became widespread. At present, we are engaged in a variety of initiatives designed to create a better future, including not only environmental activities but also social activities and governance. The left half of the logo mark represents the Earth and the right half represents forests.

TRUSCO NAKAYAMA Corporation

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TRUSCO Fiorito Bldg., 4-28-1, Shimbashi, Minato-ku,
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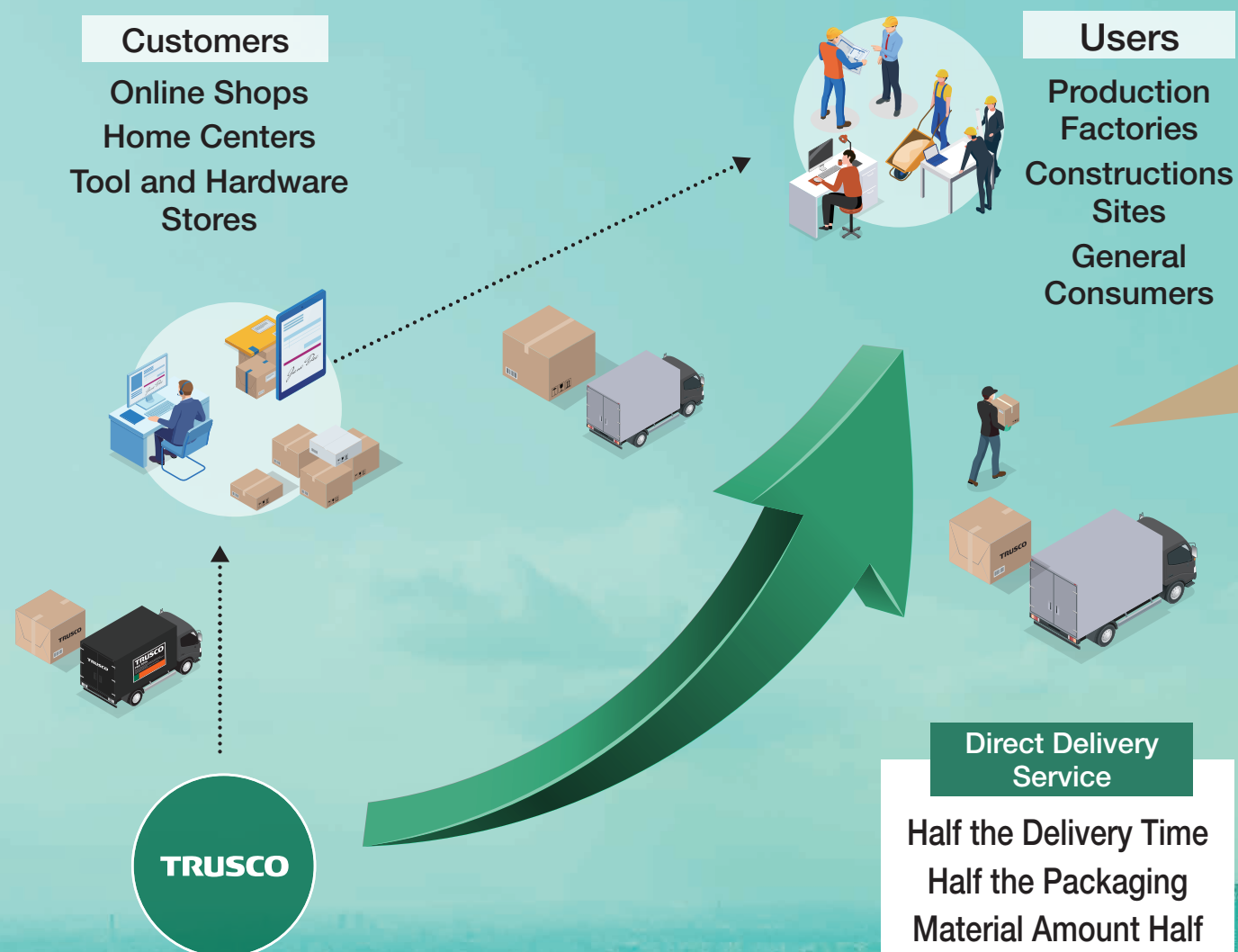
2,640 1,500 issues

For 25 years since 1998, we have been engaged in business activities that have a low environmental in line with our slogan "Sustainability"

NIAWASE (Order Consolidation) and our Direct Delivery Service reduces environmental burden by half



TM



Half the Delivery Time
Half the Packaging Material Amount
Half the Shipping Fee
Half the Environmental Burden
Half the Labor Burden

Scan the QR code to watch a video about our Direct Delivery Service



NIAWASE (Order Consolidation) and Direct Delivery Service

If you order multiple items on the Internet, each item will often have its own packaging. Users then have to deal with the hassle of receiving and disposing of cardboard boxes, and mail-order companies are often burdened with freight, packaging materials, and product delivery. However, with our abundant inventory and high-speed distribution equipment capable of NIAWASE (Order Consolidation), products can be placed together and shipped directly to users in a single package which increases convenience and reduces environmental impact. (a few excerpts from the Top Message on p.10)



TRUSCO Integrated Report

Integrated Report 2023

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Editorial Policy

We are publishing our Integrated Report annually in the hope that our institutional investors, shareholders, and other stakeholders will better understand our business and the process of value creation. **“GAMBARE!! JAPANESE MONODZUKURI”** is our corporate message. In the Integrated Report, we emphasize the story behind our vision, which is to be a company that will continue to be of service to the manufacturing industry in Japan that always provides the highest level of convenience. We believe the source of competitiveness for an organization is its **originality**. Therefore, we are building a business model that makes full use of products, logistics, and digital technologies. We hope that this report will give you some insight into our business and our approach to gaining a competitive advantage.

Note: The “Accounting Standard for Revenue Recognition” has been applied from the beginning of the fiscal year ending December 31, 2022. Therefore, unless otherwise stated, figures for the fiscal year ended December 31, 2021 have been retroactively applied, and year-on-year changes for the fiscal year ended December 31, 2022 have been compared with figures for the fiscal year ended December 31, 2021 after retroactive application.

Period Covered by the Report

This Integrated Report covers TRUSCO's business operations from January 1, 2022 to December 31, 2022.

Cautionary Information Regarding Forward-Looking Statements

This Integrated Report contains forward-looking statements regarding our future plans, strategies, and performance. These statements are based on our assumptions and plans based on current information. It contains risks and uncertainties related to economic trends and market demand. Therefore, please be aware that planned and actual results may differ, and that strategies may change.

Reference Guidelines

- “Guidance on Integrated Disclosure and Dialog for Co-Creation” (Ministry of Economy, Trade and Industry)
- “International Integrated Reporting Framework” (International Integrated Reporting Council (IIRC))

Origin of the Corporate Name TRUSCO

Our company was founded as Nakayama Kiko Shokai in 1959 before it was incorporated as Nakayama Kiko Co., Ltd. in 1964.

The company then changed its name to TRUSCO NAKAYAMA Corporation in 1994.

TRUSCO was coined from the words “Trust” and “Company” to convey our commitment to building a company that earns trust.

This name demonstrates our corporate approach to earn the trust of everyone we associate with in order to become a company that continues to grow in the future.

TRUST + COMPANY
= **TRUSCO**TM
Company Earning Your Trust

Spirit of Management

Shushazentaku

When you make a decision, you should ask yourself whether it is right or wrong, good or bad, and always choose what is right rather than focusing on whether it is profitable. Making a decision based on whether it will be profitable often results in a bad decision.



From the Top Message in FY2003

Creativity in Management

Choosing majority solutions results in ordinary results. This is because the will of the majority is not always right.



Building a distribution system by strengthening our wholesale operations

Emphasis on Regular Employment

We have a responsibility to provide workplaces where staff members can work with stability and peace of mind. We should not take away the goodness from people's lives even if doing so increases profits. TRUSCO has no temporary employees. Part-time employees are limited to persons that are not heads of households, students, and the elderly, while heads of households are hired as full-time employees.



From left to right: Head Chef Taro Kinoshita (TRUSCO Resort and Spa Hakone and TRUSCO Resort and Spa Karuizawa) and Sous-chef Toshiro Sato (TRUSCO Resort and Spa Hakone)

A Company With Assets

We must be able to secure company buildings, information systems, vehicles, and other important assets without relying on others. Owning assets means that they remain after depreciation, so money is not wasted. Instead of aiming for short-term profits, we stick to being “a company with assets” in order to have a long-term perspective of improving corporate value and to improve convenience for our customers. (see p.29).



Owning our own buildings allows us to strengthen functionality (Planet Saitama Distribution Center)

Decisive Management

It is also important to continue pursuing the core value through reviewing our mission and raison d'être, even if it means going back to the drawing board. Bringing a stop to some business practices, including the abolition of goods receipts and draft transactions, has resulted in changes. We will continue pursuing the core value by always deeply looking at the essence of things.



Top photo: Final note payable (August 2003)
Bottom photo: Final note receivable (December 2005)

Organizational Chart As of April 1, 2023

Advisor




Born January 16, 1955
68 years old; 45 years at Trusco

Career Summary
1978: Joined the Company
1996: Tokyo Branch Office Manager
1998: General Manager, Corporate Planning Department
1999: Executive Officer & General Manager, Corporate Planning Division
2003: Executive Officer & General Manager, Purchasing Division
2004: Division Head, Distribution Dept.
2007: Executive Director & Division Head, Product Division
2017: Senior Executive Director & General Manager, Business Management Department
2019: Senior Executive Director & Assistant to the President
2020: Advisor (present)

Advisor
The position of advisor was established the purpose of providing advice to employees with the advisor utilizing their knowledge and experience based on the past achievements of the company.

Takashi Nakai

Outside Directors




Born November 15, 1949
73 years old

Career Summary
1975: Joined McKinsey & Company
1996: Founded ForeSight & Company President (present)
2016: Outside Director of the Company (present)
2017: Founded the Society for Problem Solving Representative Director (present)

Outside Directors Board Brain(BB)*1
ForeSight & Company, Ltd. President

Kenichi Saito




Born August 19, 1953
69 years old

Career Summary
1976: Joined Hagihara Industries Inc.
1984: President, Hagihara Industries Inc.
2010: President & CEO of Hagihara Industries Inc. President & Executive Officer
2016: Chairman, Hagihara Industries Inc.
2016: Outside Director of the Company (present)
2018: President of Toyo Heisei Polymer, Co., Ltd.
2020: Outside Director, Wavelock Holdings Co., Ltd. (present)
2021: Chairman of the Toyo Heisei Polymer, Co., Ltd.
2022: Chairman, Hagihara Industries Inc. Senior Advisor, Toyo Heisei Polymer, Co., Ltd. (present)
2023: Senior Advisor, Hagihara Industries Inc. (present)

Outside Directors Board Brain(BB)*1
Senior Advisor, Hagihara Industries Inc.

Kuniaki Hagihara




Born March 5, 1962
61 years old

Career Summary
1984: Joined Nissan Motor Co., Ltd.
2001: Joined LVJ Group K.K. (currently Louis Vuitton Japan K.K.)
2009: Representative Director, Shaldan Co., Ltd.
2010: Joined S.T. CORPORATION
2013: Director & Representative Executive Officer and President, S.T.CORPORATION Director, Shaldan Co., Ltd. (present)
2020: Outside Director of the Company (present)
2021: Chairman of the Board of Directors, and Representative Executive Officer and President, S.T.CORPORATION (present)
2022: Outside Director, King Jim Co., Ltd. (present)

Outside Directors Board Brain(BB)*1
President, S.T.CORPORATION

Takako Suzuki

President



Born December 24, 1958
64 years old; 42 years at Trusco

Career Summary
1981: Joined the Company
1984: Director
1987: Executive Director
1991: Representative Director and Senior Executive Director
1994: President (present)

Tetsuya Nakayama



Director General Manager of the Business Management Department and General Manager of the Digital Service Strategy Department

Atsushi Kazumi

Born September 10, 1970
52 years old; 30 years at Trusco

Career Summary
1993: Joined the Company
2001: Office Manager, Tsuchiura Sales Office
2002: Office Manager, Kanazawa Sales Office
2006: Branch Office Manager, Osaka Branch
2010: Section Manager, Catalog Media Section and Section Manager, DOTKUL Section
2013: General Manager, e-commerce Sales Division
2014: General Manager, e-Business Sales Division
2017: Executive Officer & Head e-commerce manager, e-Business Sales Division
2017: Executive Officer & General Manager, Information Systems Division
2019: Executive Officer & General Manager, Information Systems Division
2019: Director & General Manager, Information Systems Division
2020: Director, General Manager of the Business Management Department and General Manager of the Digital Service Strategy Department & General Manager of the Digital Promotion Division
2021: Director, General Manager of the Business Management Department and General Manager of the Digital Service Strategy Department (present)



Director General Manager of the Product Division

Tatsuya Nakayama

Born August 4, 1985
37 years old; 10 years at Trusco

Career Summary
2013: Joined the Company
2018: Branch Office Manager, Internet Sales Tokyo Branch Division 1
2019: General Manager of Corporate Planning Division and Accounting Division
2021: Senior Executive Officer & General Manager, Product Division
2023: Director and General Manager, Product Division (present)

Business Management Dept. (96 employees in total)*2

Corporate Planning Division



General Manager of the Corporate Planning Division

Atsushi Shimozu

Born December 25, 1978
44 years old; 21 years at Trusco

Career Summary
2002: Joined the Company
2011: Branch Office Manager, Edogawa Branch
2013: Deputy Manager, Management Planning Section
2014: Section Manager, General Affairs Section, Osaka Head Office, Section Manager, Legal Affairs Section, and Section Manager, Vehicle Operation Management Section
2021: Section Manager, Management Planning Section, and Section Manager, IR Section
2021: General Manager of the Corporate Planning Division, Section Manager, Management Planning Section, and Section Manager, IR Section
2021: General Manager, Corporate Planning Division (present)

Corporate Planning Dept
Secretarial Section
IR Section
Sustainability Promotion Section (14 employees)

Personnel Division



General Manager of the Personnel Division

Tomoya Kita

Born December 24, 1978
44 years old; 22 years at Trusco

Career Summary
2001: Joined the Company
2010: Branch Office Manager, Kofu Branch
2016: Planet Tokai Logistic Center Manager
2019: Section Manager, Human Resources Development Section, Section Manager, Secretarial Section, and Section Manager, CSR Section
2021: Section Manager, Human Resources Development Section, Section Manager, Secretarial Section and Section Manager, CSR Section, and Section Manager, Recruit Section
2022: General Manager of the Personnel Division. (present)

Personnel Dept.
HR Support Section
Recruitment Section
Human Resources Development Section
Healthcare Section (23 employees)

Administration Division



General Manager of the Administration Div. and Manager of the Property Section

Mikio Adachi

Born September 20, 1969
53 years old; 29 years at Trusco

Career Summary
1994: Joined the Company
2002: Office Manager, HC Nagoya Sales Office
2004: Office Manager, HC Niigata Sales Office
2007: Branch Office Manager, HC Tokyo Branch
2008: Office Manager, Matsudo Sales Office
2011: Planet South Kanto Logistic Center Manager
2013: Planet North Kanto Logistic Center Manager
2016: General Manager, Factory Sales Division (Central Japan)
2018: General Manager, Factory Sales Division (Shinshu, Hokuriku, and Tokai)
2019: General Manager, Administration Division
2021: General Manager of the Administration Div. and Section Manager, Property Section

Tokyo Management Section
Osaka Management Section
Property Dept.
TRUSCO Resort and Spa Hakone
Kyoto Kaguraoka Rengetsuso
TRUSCO Resort and Spa Karuizawa (27 full-time employees; 12 part-time staff)

Trusco Nakayama Health Insurance Association Manager


Akiko Tani
Born May 6, 1981
41 years old;
10 years at Trusco
(2 employees on loan)

Accounting Division



General Manager, Accounting Division

Tetsuhiro Mori

Born March 27, 1966
57 years old; 4 years and 3 months at Trusco

Career Summary
2019: Joined the Company
2019: Manager of the Financial Management Section
2021: General Manager of the Accounting Division (present)

Accounting Section
Finance Section
19 full-time employees;
1 part-time staff

Digital Service Strategy Department (49 employees in total)

Information Systems Division



General Manager, Information Systems Dept.

Takayuki Kimura

Born June 26, 1973
49 years old; 25 years at Trusco

Career Summary
1998: Joined the Company
2011: Branch Office Manager, Yamaguchi Branch
2012: Branch Office Manager, Ube Branch
2013: Section Manager, Human Resources Development Section, Section Manager, Secretarial Section and Section Manager, Environmental Management Section
2019: General Manager, Information Systems Division (present)

IT Planning Section
System Management Section
Infrastructure/Network Management Section
Data Management Section (38 employees)

Digital Promotion Division



General Manager, Digital Promotion Division

Atsuhiro Yamanaka

Born September 21, 1974
48 years old; 25 years at Trusco

Career Summary
1998: Joined the Company
2008: Branch Office Manager, Tsuchiura Branch
2012: Branch Office Manager, South Osaka Branch Office
2018: Section Manager, Sales Planning Section
2021: General Manager, Digital Promotion Division (present)

Digital Promotion Division
UX Platform Development Section (11 employees)

Product Dept. (143 employees in total)

Tokyo Product Division



General Manager, Tokyo Product Division

Fumiaki Matsubara

Born July 21, 1980
42 years old; 19 years at Trusco

Career Summary
2004: Joined the Company
2018: Branch Office Manager, Fukui Branch
2021: Branch Office Manager, South Osaka Branch
2022: General Manager, Tokyo Product Division (present)

Tokyo NB Product Section
Tokyo PB Product Section
PB Product Design Section
Tokyo Supplier Development Dept. (49 employees)

Osaka Product Division



General Manager of the Osaka Product Division

Koshiro Aoyama

Born February 23, 1976
47 years old; 25 years at Trusco

Career Summary
1998: Joined the Company
2008: Branch Office Manager, Kumagaya Branch
2012: Branch Office Manager, Toyama Branch
2016: Section Manager, Tokyo PB Product Section and Section Manager, PB Product Design Section
2021: Deputy General Manager, Osaka Product Division
2021: General Manager, Osaka Product Division and Section Manager, Orange Book Section
2022: General Manager, Osaka Product Division (present)

Osaka NB Product Section
Osaka PB Product Section
PB Quality Assurance Dept.
Stock management Section
Osaka Supplier Development Dept.
Product DB Platform Development Office
Orange Book Section
Orange Book.com Section
Customer Consulting Section (79 employees)

Overseas Product Division



General Manager, Overseas Product Division

Norihiro Higashi

Born October 16, 1978
44 years old; 19 years at Trusco

Career Summary
2004: Joined the Company
2013: Branch Office Manager, Koyama Branch
2015: Representative Office Manager, Germany Representative Office
2022: General Manager, Overseas Product Division (present)

Overseas Purchase Dept.
Germany office
Taiwan office
Thailand office (15 employees)

Sales Planning Division/e-Business Sales Division



General Manger, Sales Planning Division and General Manager of the e-Business Sales Division

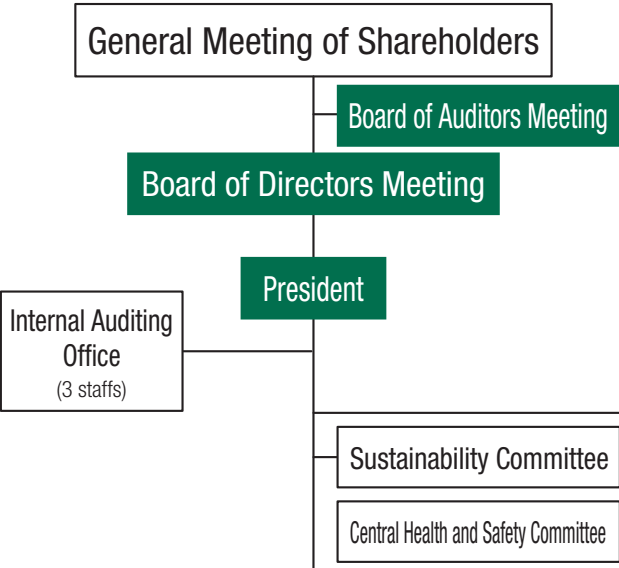
Masashi Yamamoto


Born May 27, 1973
49 years old; 27 years at Trusco

Career Summary
1996: Joined the Company
2004: Office Manager, Hamamatsu Sales Office
2010: Chief, Corporate Auditor's Office
2010: Section Manager, Administration Section
2014: Planet Tohoku Logistic Center Manager
2018: General Manager, Tokyo Metropolitan Area Distribution Division
2019: General Manager of the Overseas Division and General Manager, Marketing Division
2020: General Manager of the e-Business Sales Division
2022: General Manager, Sales Planning Division and General Manager, e-Business Sales Division (present)

Sales Planning Dept.
Market Price Strategy Office
Naojiro Section
MRO Stocker Promotion Section (10 employees)

InterSales Tokyo
InterSales Osaka
MRO Supply Tokyo (59 full-time employees; 3 part-time staff)






Full-time Auditor

Hiroaki Imagawa

Born January 22, 1963
60 years old; 37 years at Trusco

Career Summary
1986: Joined the Company
1996: Office Manager, Maebashi Sales Office
1997: Office Manager, Ota Sales Office
1998: Branch Office Manager, Tokyo Branch
2004: Executive Officer & General Manager, NB Product Division
2007: Director & General Manager, Sales Department
2013: Executive Officer & General Manager, Factory Sales Division (East Japan)
2016: Executive Officer & General Manager, Accounting Division
2019: Executive Officer & General Manager, Corporate Planning Division, and General Manager, Accounting Division
2019: Executive Officer & General Manager, Factory Sales Division and General Manager, Tokyo Metropolitan Area Distribution Division
2022: Executive Officer
2022: Full-time Auditor of the Company (present)




Part-time Auditor

Hiroho Kamakura

Born January 27, 1947
76 years old

Career Summary
1971: Joined Tohmatsu Aoki & Co. (currently Deloitte Touche Tohmatsu LLC)
1973: Registered as Certified Public Accountant
2012: Part-time Auditor, Trusco Nakayama Corporation (present)
Part-time Auditor, Yushin Precision Equipment Co., Ltd. (present)
2013: Part-time Auditor, Fujio Food System Co., Ltd. (present)
2018: Part-time Auditor, SymEnergy Inc. (present)




Part-time Auditor

Yoritomo Wada

Born October 23, 1955
67 years old

Career Summary
1978: Joined Tohmatsu Aoki & Co. (currently Deloitte Touche Tohmatsu LLC)
1981: Registered as Certified Public Accountant
1996: Partner, Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC)
2019: Part-time Auditor, Nippon Shokubai Co., Ltd. (present)
2020: Part-time Auditor, Sekisui House, Ltd. (present)
2023: Part-time Auditor, Trusco Nakayama Corporation (present)



Part-time Auditor

Ken Hineno

Born August 23, 1979
43 years old

Career Summary
2003: Joined Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC)
2007: Registered as Certified Public Accountant
2007: Representative Director, Actionlearning Co. Ltd. (present)
2007: Representative, Hineno Certified Public Accountant Office (present)
2019: Senior Partner, Hineno Accounting Office (present)
2023: Part-time Auditor, Trusco Nakayama Corporation (present)

Department General Manager

Director
General Manager of the
Sales Department

Kazuo Nakai

Born July 7, 1969
53 years old; 30 years at Trusco

Career Summary
1993: Joined the Company
2002: Office Manager, HC Niigata Sales Office
2004: Branch Office Manager, HC Osaka Branch
2008: Section Manager, Personnel Section
2008: Section Manager for the Personnel Section and Health Care Section
2013: General Manager, Corporate Planning Division
2017: Executive Officer & General Manager, Corporate Planning Division
2019: Executive Officer & General Manager, Business Management Department
2019: Director & General Manager, Business Management Department
2020: Director & General Manager, Sales Department
Executive in charge of TRUSCO NAKAYAMA CORPORATION (THAILAND) LIMITED. (present)
Executive in charge of PT. TRUSCO NAKAYAMA INDONESIA (present)
2021: Director, General Manager of the Sales Department, General Manager of the Home Center Sales Division, and General Manager of the Distribution Division
2022: Director & General Manager, Sales Department (present)

Director
General Manager,
Distribution Division and
General Manager,
Distribution Safety
Promotion Division

Hideki
Naoyoshi

Born December 7, 1971
51 years old; 29 years at Trusco

Career Summary
1994: Joined the Company
2003: Branch Office Manager, Amagasaki Sales Office
2007: Branch Office Manager, Kokura Sales Office
2010: Head, Corporate Auditor's Office
2011: Section Manager, Management Planning Section
2013: General Manager, Information Systems Dept.
2017: Executive Officer & General Manager, Information Systems Dept.
2017: Executive Officer & General Manager, Distribution Division
2019: Director & General Manager, Distribution Division
2021: Director, General Manager of the Product Division and General Manager of Distribution Division
2021: General Manager, Distribution Division
2023: General Manager, Distribution Department and General Manager of the Distribution Safety Promotion Division (present)

Sales Department

(910 employees in total)*2

General Manager, Factory Sales Division (Central Japan)

General Manager, Factory Sales Division (East Japan)

Kiyonori Unto

Born February 9, 1962
61 years old; 36 years and 4 months at Trusco

Career Summary
1986: Joined the Company
1996: Office Manager, Fukui Sales Office
2004: Office Manager, Chiba Sales Office
2008: Branch Office Manager, Okayama Branch
2011: General Manager, Factory Sales Division (East Japan)
2013: General Manager, Overseas Division
2019: General Manager of Factory Sales Division and East Japan Distribution Division
2022: General Manager, Factory Sales Division (East Japan) (present)

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

General Manager, Factory Sales Division (Tokyo Metropolitan Area)

Yoshiki Kimura

Born September 2, 1980
42 years old; 20 years at Trusco

Career Summary
2003: Joined the Company
2012: Branch Office Manager, Kurume Branch
2015: Branch Office Manager, Tosu Branch
2016: Section Manager, PR Section, Section Manager, IR Section, and Section Manager, Corporate Design Section
2017: Section Manager, PR/IR Section
2019: Branch Office Manager, Osaka Branch
2022: General Manager, Factory Sales Division (Tokyo Metropolitan Area) (present)

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

General Manager, Factory Sales Division (Central Japan)

Yutaka Yoneda

Born November 6, 1975
47 years old; 24 years at Trusco

Career Summary
1999: Joined the Company
2005: Office Manager, Shiga Sales Office
2010: Section Manager, Recruitment Section
2013: Section Manager, Management Planning Section and Section Manager, Environmental Management Section
2014: Section Manager, Management Planning Section, Section Manager, Cost Management Section, and Section Manager, Risk Management Section
2017: General Manager, Tokyo Product Division (present)
2022: General Manager, Factory Sales Division (Central Japan) (present)

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

General Manager, Factory Sales Division (Kinki Area)

Toshiharu Sakai

Born August 17, 1976
46 years old; 24 years at Trusco

Career Summary
1999: Joined the Company
2008: Office Head, Tottori Office HC
2010: Office Manager, Yonago Sales Office
2011: Chief, Auditor's Office
2012: Section Manager, PR Section, Section Manager, IR Section, and Section Manager, Corporate Design Section
2016: Branch Office Manager, Tosu Branch
2022: General Manager, Factory Sales Division (Kinki) (present)

Ryuo, Kyoto, Osaka, East Osaka, South Osaka, Kobe, and Himeji (116 full-time employees; 7 part-time staff)

Overseas Subsidiaries Officer in charge at TRUSCO NAKAYAMA CORPORATION (THAILAND) LIMITED

President

Kazuaki Harada

Born November 8, 1980
42 years old; 20 years at Trusco
Employees: 22
(3 employees on loan and 19 local staff)
Naotsugu Kamijo, Director

General Manager, Factory Sales Division (West Japan)

Masatoshi Fujita

Born March 10, 1981
42 years old; 20 years at Trusco

Career Summary
2003: Joined the Company
2016: Branch Office Manager, Miyazaki Branch
2016: Branch Office Manager, Utsunomiya Branch
2021: Branch Office Manager, Komaki Branch
2022: General Manager, Factory Sales Division (West Japan) (present)

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

President

Yohei Takuno

Born May 16, 1986
36 years old; 13 years at Trusco
Employees: 21
(3 employees on loan and 18 local staff)
Naotsugu Kamijo, Auditor

Home Center Sales Division

General Manager, Home Center Sales Division

Shu Matsui

Born August 17, 1979
43 years old; 20 years at Trusco

Career Summary
2003: Joined the Company
2012: Branch Office Manager, Fukui Branch
2015: Branch Office Manager, HC Tokyo Branch
2022: General Manager, Home Center Sales Division and Branch Office Manager, HC Tokyo Branch
2023: General Manager, Home Center Sales Division (present)

HC Tokyo and HC Fukuoka
HC Osaka, and HC Okinawa
*Holds positions at two locations, including the Factory Sales Division. (31 full-time employees; 1 part-time staff)

Overseas Division

General Manager, Overseas Division and Section Manager, Overseas Sales Section

Naotsugu Kamijo

Born November 29, 1977
45 years old; 20 years at Trusco

Career Summary
2003: Joined the Company
2014: Branch Office Manager, Kashima Branch
2017: Section Manager, Overseas Sales Section
2020: General Manager, Overseas Division and Section Manager, Overseas Sales Section
2022: General Manager, Overseas Division
2023: General Manager of the Overseas Division and Section Manager, Overseas Sales Section (present)

Overseas Sales Dept.
*Overseas subsidiary service center (6 employees)

The number of employees in parentheses and site information are current as of January 1, 2023.

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

Distribution Division

(1,698 employees in total)

Distribution Reorganization Department

General Manager, Distribution Reorganization Department

Masaya Okada

Born August 17, 1976
46 years old; 23 years at Trusco

Career Summary
2000: Joined the Company
2008: Section Manager, Recruitment Section
2010: Branch Office Manager, Itabashi Branch
2015: Planet Tokai Logistic Center Manager
2016: Planet Saitama Preparation Room Manager
2018: Planet Saitama Logistic Center Manager
2021: General Manager, Distribution Reorganization Division (present)

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

Distribution Safety Promotion Division

Director General Manager, Distribution Division and General Manager, Distribution Safety Promotion Division

Hideki Naoyoshi

Born December 7, 1971
51 years old; 29 years at Trusco

Career Summary
1994: Joined the Company
2003: Branch Office Manager, Amagasaki Sales Office
2007: Branch Office Manager, Kokura Sales Office
2010: Head, Corporate Auditor's Office
2011: Section Manager, Management Planning Section
2013: General Manager, Information Systems Dept.
2017: Executive Officer General Manager, Information Systems Dept.
2017: Executive Officer General Manager of the Distribution Department
2019: Director, General Manager of the Distribution Department
2021: General Manager, Distribution Division and General Manager, Distribution Division
2021: Director, General Manager of the Distribution Department
2023: Director & General Manager, Distribution Division and General Manager, Distribution Safety Promotion Department (present)

Distribution Safety Promotion Section (2 employees)

Distribution Division

General Manager, East Japan Distribution Division

Masato Otani

Born October 24, 1967
55 years old; 32 years at Trusco

Career Summary
1991: Joined the Company
2008: Office Manager, Kagoshima Sales Office
2012: Branch Office Manager, Chiba Branch
2014: Section Manager, Personnel Section and Section Manager, Health Care Section
2018: General Manager, Factory Sales Division (Kinki Area)
2019: General Manager of Factory Sales Division and Distribution Division (Kinki)
2021: General Manager, Factory Sales Division and General Manager, Distribution Division (Chubu, Kinki)
2022: General Manager, East Japan Distribution Division (present)

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

General Manager, West Japan Distribution Division

Takanori Hirayama

Born April 20, 1975
47 years old; 24 years at Trusco

Career Summary
1999: Joined the Company
2005: Office Manager, Akashi Sales Office
2010: Section Manager, IT Planning Section
2015: Branch Office Manager, e-Business Tokyo Branch No. 1
2016: Branch Office Manager, Internet Sales Tokyo Branch Division 1
2018: Section Manager, Personnel Section and Section Manager, Health Care Section
2022: General Manager, West Japan Distribution Division (present)

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

TRUSCO Integrated Report 2023 8

Top Message

Conducting Management Not Taught Through Textbooks

President
中山 哲也
Tetsuya Nakayama

The conditions surrounding monodzukuri have changed drastically, including the continued impact of the Covid-19 pandemic, the trend toward decarbonization, and concerns about pressure on supply chains and high resource prices in the wake of Russia's invasion of Ukraine. Under these circumstances, in the fiscal year ended December 31, 2022, amid many procurement issues due to product shortages and other factors, we were able to have more customers take advantage of our efforts to increase inventories. As a result, consolidated net sales in the previous fiscal year reached a record high with \$1,760 million (up 8.6% Year on Year).

Becoming a company that continues to grow by thinking outside of the box

If everything in business went just as described in textbooks, the world would be full of successful people. However, the reality is that there are not even a handful but rather a portion of a handful of people who can be called successful. Moreover, it seems to me that those who are able to attract success by thinking outside of the box do not necessarily adhere to what is provided in textbooks. For example, textbooks teach “the less inventory, the better,” but this concept is based on the logic of the seller. From the buyer's perspective, they would want it so that there are a large assortment of products available in large quantities so that they are never out of stock. In addition, some people emphasize the “stock turnover rate,” which is also meaningless from the point of view of buyers as it is just a figure. Although there are many other management indicators, which are all provided from the company's standpoint, and many of them are not important from the customer's perspective.

In terms of finance, it seems that many people talk about how a company stacks up with other companies based on its P/L (Profit and Loss Statement). However, I think the B/S (Balance Sheet) should be used to discuss a company's true capabilities. With a Profit and Loss Statement, you can see only sales and profits, but with a Balance Sheet, you can understand clearly the company's approach and the direction that it's headed, how it uses and allocates money, and even how its president thinks. In addition, “M&A” and “share buybacks” are among trends in the business world. For us, investment in distribution is our equivalent to M&A (see p.29). Simply put, the idea is that if you build a logistic center, set up shelves, store inventory, and sell items from inventory, it will have the same effect as if you had acquired a company that does the same. A company that aims to grow without relying on M&A is called an organic company, and we would like to be such a company that continues to grow. We also have our own ideas about share buybacks (see p.11). In general, a share buyback is an increase in the per-share index and the expectation of a rise in stock prices. However, this does



Planet Aichi (Kitanagoya City, Aichi) conceptual image (approx. 41,636 m)

not increase a company's production, sales, or corporate strength. I think companies should devise measures for growth and invest money in them. I think that taking on various challenges is an ideal form of a company.

Wholesaler-based NIAWASE (Order Consolidation) and Direct Delivery Service will contribute to saving the planet

The main growth strategies we are currently focusing on are our Direct Delivery Service and NIAWASE (Order Consolidation). A wholesaler's job is to deliver products directly to its customers, and it is the customer's job to deliver products to users. Without making any changes to this traditional approach, the repetitive work of receiving orders, packing, and shipping continues. In contrast, our Direct Delivery Service is akin to delivering medicines to patients rather than to pharmacies. As many customers used the service last year as well, it has been well received by the market. (3.55 million units, up 25.4% from the previous year)

Also, if you order multiple items on the Internet such as helmets and protective equipment, in many cases each item will often have its own packaging. Users then have to deal with the hassle of receiving and disposing of cardboard boxes, and mail-order companies are often burdened with freight, packaging materials, and product delivery. However, with our abundant inventory and high-speed distribution equipment capable of NIAWASE (Order Consolidation), products can be placed together and shipped directly to users in a single package. I would like us to continue to take on the challenge to make our Direct Delivery Service and NIAWASE (Order Consolidation), which are highly convenient and contribute to reducing the environmental burden, standard approaches in the world, and help save the Earth through environmental preservation.



TRUSCO will perform NIAWASE (Order Consolidation) and then ship products directly to users, even products that are normally shipped in separate packages in an unorganized fashion. With our approach, there is no packaging material waste and it is environmentally friendly.



Based on the idea that “every human being takes part in destroying the global environment,” the company publishes the TRUECO Book (details on p.62), a pamphlet aimed at changing the mindset of each employee.

Together with Sustainability

Based on the idea that “we aim to be an Earth-friendly company so that our small, tiny efforts will lead to great caring in the future,” we have been implementing various environmental initiatives since 1998, about 25 years ago, when we adopted the environmental philosophy of “Sustainability” (see p.62 for details). This was more than 25 years ago when the term sustainability became widespread. We believe that it is important not only to reduce utility costs and resources required for corporate operations, but also to design an energy-saving business model by stocking products, delivering products through fixed-cost based distribution, etc. In recent years, our MRO Stocker (see p.46), a tool storage system that realizes zero delivery time, and Direct Delivery Service are part of our efforts to create a company with a low environmental impact caused through business operations. These are our unique approaches that take common sense by surprise.

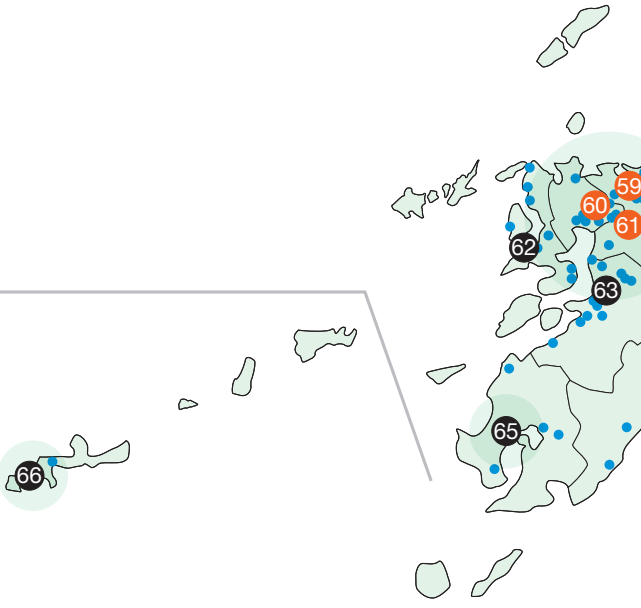
Keeping in mind that the secret to success is never found in textbooks, I would like to see TRUSCO continue to generate ideas that lead to growth by thinking outside of the box.

Thoughts on share buybacks

A share buyback is the act of buying back shares issued by a company with its own funds, and it is one of the measures to return profits to shareholders along with dividends. Although it is expected that a share buyback will temporarily increase the stock price, it will not lead to an increase in corporate value. In the case of our company, treasury stock is 0.1% of the total number of shares issued, and other shares are owned by domestic and foreign companies and institutional investors (see p.78 for details). We intend to continue to devote our funds and efforts to the growth of the company by focusing on the essence of issues rather than the issues that lie before us.

Map of Bases As of January 1, 2023 ★ indicates a company-owned property.

52	Shunan Branch	2-5-3 Kumechuo, Shunan City, Yamaguchi
53	Ube Branch	5-395-5 Oaza Nakano Gaisaku, Ube City, Yamaguchi
54	Takamatsu Branch	4001-77 Yoshida, Utazu-cho, Ayauta-gun, Kagawa★
55	Takamatsu Stock Center	2-3-1 Asahimachi, Takamatsu City, Kagawa★
56	Tokushima Branch	23 Nakahara, Ojin-cho Nakahara, Tokushima City, Tokushima
57	Matsuyama Branch	1068-4 Kumanodai, Matsuyama City, Ehime★
58	Kokura Branch	7-1 Kifunemachi, Kokurakita-ku, Kitakyushu City, Fukuoka★
59	Hakata Stock Center Fukuoka Branch	2-4-14 Takeshita, Hakata-ku, Fukuoka City, Fukuoka★
60	Planet Kyushu Tosu Branch	1651 Himekata-machi, Tosu City, Saga★
61	HC Kyushu Distribution Center	1956-1 Kitanomachinaka, Kurume City, Fukuoka★
62	Nagasaki Branch	23-4 Ohashi-machi, Nagasaki City, Nagasaki
63	Kumamoto Branch	5F Kumamoto Central Bldg. 66-7 Yamasaki-machi, Chuo-ku, Kumamoto City, Kumamoto
64	Oita Branch	1-3-28 Mukaibara-Higashi, Oita City, Oita★
65	Kagoshima Branch	3-68 Tokai-cho, Kagoshima City, Kagoshima★
66	Okinawa Branch	5F Okinawaken Kensetsu Kaikan 5-6-8 Makiminato, Urasoe City, Okinawa



Overseas Subsidiaries

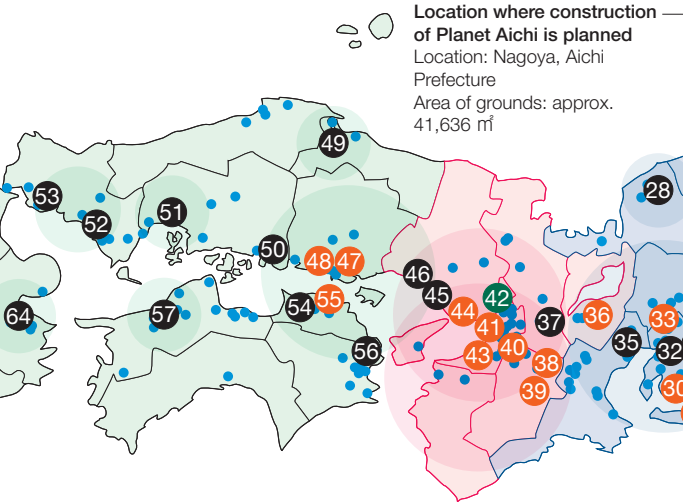
Number of Bases 2



42	Osaka Head Office	TRUSCO Glen Check Bldg. 1-34-15 Shinmachi, Nishi-ku, Osaka City, Osaka★
43	Planet Osaka South Osaka Branch	81-1 Ishizu Kitamachi, Sakai-ku, Sakai City, Osaka★
44	Planet Kobe	1-3-5 Nakamachi, Minatojima, Chuo-ku, Kobe City, Hyogo★
45	Kobe Branch	Nakayama Memorial Hall 5F, 2-1-9 Mizuki-dori, Hyogo-ku, Kobe, Hyogo
46	Himeji Branch	448-26 Hojo, Himeji City, Hyogo★

West Japan

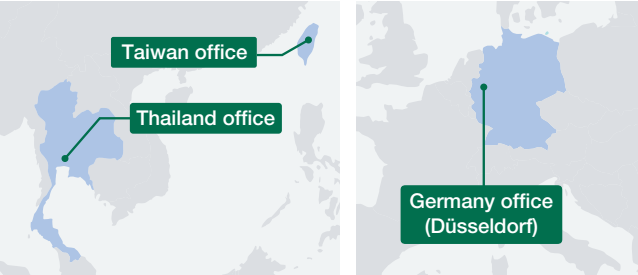
47	Planet Sanyo Okayama Branch	4-15 Amase, Kita-ku, Okayama City, Okayama★
48	Okayama Stock Center	2-16-35 Fukunari, Minami-ku, Okayama City, Okayama★
49	Yonago Branch	8-15-14 Yonehara, Yonago City, Tottori★
50	Fukuyama Branch	2-4-13 Akebono-cho, Fukuyama City, Hiroshima★
51	Hiroshima Branch	1-20-1 Naka-Hiromachi, Nishi-ku, Hiroshima City, Hiroshima★



Central Japan

26	Toyama Branch	1-1-34 Tanaka-machi, Toyama City, Toyama★
27	Kanazawa Branch	6-15-1 Eki Nishi-Honmachi, Kanazawa City, Ishikawa★
28	Fukui Branch	1-52 Toiya-cho, Fukui City, Fukui★
29	Hamamatsu Branch	209-1 Sode-cho, Naka-ku, Hamamatsu City, Shizuoka
30	Planet Tokai Okazaki Branch	18 Minami-Kubo, Oka-cho, Okazaki City, Aichi★
31	Okazaki Stock Center	1 Shimoike, Akashibu-cho, Okazaki City, Aichi★
32	Nagoya Branch	12-26 Ukishima-cho, Mizuho-ku, Nagoya City, Aichi★
33	Planet Nagoya Komaki Branch	10-1 Kawahigashi, Wada-cho, Konan City, Aichi★
34	Toyohashi Stock Center	33-16 Akemicho, Toyohashi City, Aichi★
35	Yokkaichi Branch	5-4-13 Shinsho, Yokkaichi City, Mie★

Supplier business development office (Overseas Product Division)

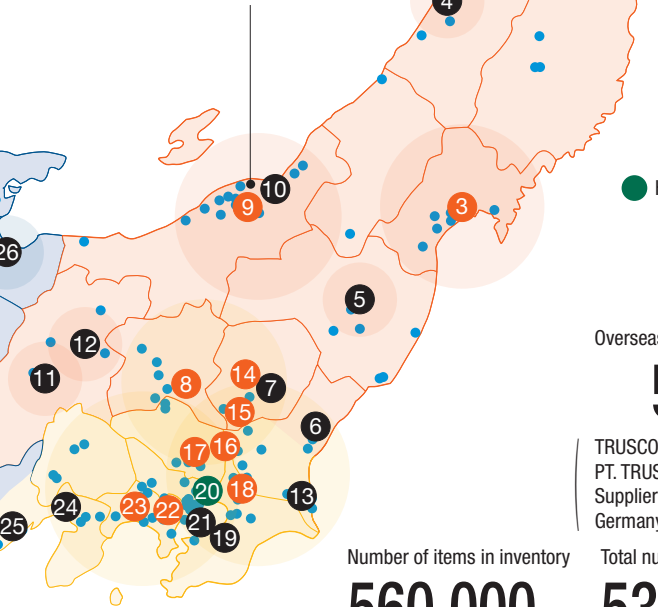


Kinki

36	Planet Shiga Ryuo Branch	1140-3 Oguchi, Ryuo-cho, Gamou-gun, Shiga★
37	Kyoto Branch	3F Trusco Crystal Bldg. 593 Higashi-Shio-koji-cho, Shimogyo-ku, Kyoto City, Kyoto★
38	HC West Japan Distribution Center	755-6 Kamifukawa-cho, Nara City, Nara★
39	Nara Stock Center	758-6 Kamifukawa-cho, Nara City, Nara★
40	East Osaka Stock Center/Higashi Osaka Branch	4-12 Shinjo-nishi, Higashi-Osaka City, Osaka★
41	Sakai Stock Center*	1-5-45 Hamadera Ishizuchohigashi, Nishi-ku, Sakai City, Osaka★

* Operations are scheduled to begin in May 2023

New Planet Niigata planned for construction
Location: Sanjo, Niigata Prefecture
Area of grounds: approx. 26,307 m²



Metropolitan

13	Kashima Branch	3-3-24 Horiwari, Kamisu City, Ibaraki★
14	Utsunomiya Stock Center	2-40-3 Shirasagi, Kaminokawamachi, Kawachi-gun, Tochigi★
15	Oyama Stock Center	1-6-33 Awanomiya, Oyama City, Tochigi★
16	Planet Saitama Satte Branch	988-7 Akagi, Shinmeiuchi, Satte City, Saitama★
17	Omiya Branch Omiya Stock Center	2039 Nishi-Asuma, Nishi-ku, Saitama City, Saitama★
18	Planet East Kanto Matsudo Branch	241-1 Kamihongo, Matsudo City, Chiba★
19	Chiba Branch	1969-17 Yawatakaigan-dori, Ichihara City, Chiba★
20	Tokyo Head Office Tokyo Branch HC Tokyo Branch Internet Sales Tokyo Branch MRO Supply Tokyo Branch	TRUSCO Fiorito Bldg., 4-28-1, 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 City, Kanagawa★
23	Planet South Kanto Atsugi Branch	1567-1 Takamori, Isehara City, Kanagawa★
24	Fuji Branch	251-1 Jubee, Fuji City, Shizuoka★
25	Shizuoka Branch	1-20 Midorigaoka-cho, Suruga-ku, Shizuoka City, Shizuoka★

Bases in Japan

94

2 59 28
(Branches with inventory: 29) (includes 11 Stock Centers)

Overseas Branches 5 775
Number of companies that have introduced MRO Stocker

TRUSCO NAKAYAMA CORPORATION (THAILAND) LIMITED
PT. TRUSCO NAKAYAMA INDONESIA
Supplier business development office locations:
Germany, Taiwan, and Thailand

Number of items in inventory 560,000
Total number of items in inventory 53,190,000 items
Inventory Value \$322 million

East Japan

1	Planet Hokkaido Sapporo Branch	3-4-51 Higashi-Naebō 5-jo, Higashi-ku, Sapporo City, Hokkaido★
2	Hachinohe Branch	1-2-9 Numadate, Hachinohe City, Aomori★
3	Planet Tohoku Sendai Branch	2-1-23 Ogimachi, Miyagino-ku, Sendai City, Miyagi★
4	Akita Branch	2-41 Sanno-Rinkaimachi, Akita City, Akita★
5	Koriyama Branch	1-23-7 Motomachi, Koriyama City, Fukushima★
6	Mito Branch	1567 Sugaya, Naka City Ibaraki★
7	Utsunomiya Branch	46-11 Hiraide Kogyo Danchi, Utsunomiya City, Tochigi★
8	Planet North Kanto Isesaki Branch	2739-1 Sanwa-cho, Isesaki City, Gunma★
9	HC East Japan Distribution Center Niigata Branch	280 Oaza Shinbo, Sanjo City, Niigata★
10	Niigata City Branch	2-6-50 Yutaka, Higashi-ku, Niigata City, Niigata★
11	Okaya Branch	2-1-33 Shinmei-cho, Okaya City, Nagano★
12	Ueda Branch	2F Unno-Machi-Kan Ito Bldg. 2-8-11 Chuo, Ueda City, Nagano

Main Business Locations All company-owned properties

Distribution Centers

Only some are corporate-owned properties (as of December 31, 2022)
①Area of Grounds ②Floor Area ③Start of Operations (Current Building) ④Number of Employees
⑤Number of items in inventory ⑥Total number of items in inventory ⑦Inventory Value

Planet Aichi (Conceptual Image)

Automated bucket warehouse AutoStore Automated pallet warehouse Shuttle racks I-Pack® Just fit BOX AMR Automated long pallet warehouse Load Assorting Station

Kitanagoya City, Aichi

①approx. 41,636 m² ②approx. 89,864 m² ③Operations are scheduled to begin in July 2026

Planet Hokkaido

①approx. 23,375 m² ②approx. 5,507 m² ③2004 ④33
⑤48,000 different products ⑥762,000 items ⑦\$4.5 million

Sapporo City, Hokkaido

Planet Shiga

Automated bucket warehouse Electric moving pallet racks

Ryuomachi, Gamou-gun, Shiga

①approx. 11,576 m² ②approx. 19,593 m² ③2008
④95 ⑤215,000 different products ⑥2,133,000 items ⑦\$13.2 million

Planet Osaka

Automated bucket warehouse SAS GAS I-Pack® Just fit BOX

Sakai City, Osaka

①approx. 10,373 m² ②approx. 20,479 m² ③2015
④190 ⑤341,000 different products ⑥3,536,000 items ⑦\$28.4 million

Planet Saitama

Automated bucket warehouse AutoStore Automated pallet warehouse Butler® Electric moving pallet racks AGV SAS GAS I-Pack® Just fit BOX Palletizing Robots AMR

Satte City, Saitama

①approx. 47,262 m² ②approx. 42,694 m² ③2018
④188 ⑤513,000 different products ⑥6,470,000 items ⑦\$52.3 million

Planet Tohoku

Automated bucket warehouse AutoStore SAS GAS Butler® I-Pack® Just fit BOX

Miyagino-ku, Sendai City, Miyagi

①approx. 15,041 m² ②approx. 28,400 m² ③2010
④76 ⑤189,000 different products ⑥3,140,000 items ⑦\$20.0 million

HC West Japan Distribution Center

①approx. 9,900 m² ②approx. 10,016 m² ③1992 ④78
⑤27,000 different products ⑥2,311,000 items ⑦\$10.3 million

Nara City

Planet Kobe

Automated bucket warehouse Electric moving pallet racks SAS GAS Just fit BOX

Chuo-ku, Kobe City, Hyogo

①approx. 8,287 m² ②approx. 16,687 m² ③2005 ④118
⑤173,000 different products ⑥2,440,000 items ⑦\$14.4 million

Planet Kyushu

①approx. 11,328 m² ②approx. 22,690 m² ③2015 ④81
⑤204,000 different products ⑥3,004,000 items ⑦\$20.2 million

Tosu City, Saga

Planet North Kanto

Automated pallet warehouse AutoStore Just fit BOX

Iseaki City, Gunma

①approx. 33,057 m² ②approx. 25,438 m² ③2007
④100 ⑤197,000 different products ⑥2,281,000 items ⑦\$14.7 million

Planet East Kanto

Automated bucket warehouse Automated pallet warehouse Electric moving pallet racks Shuttle racks GAS Just fit BOX

Matsudo City, Chiba

①approx. 14,680 m² ②approx. 29,705 m² ③2006
④175 ⑤358,000 different products ⑥3,080,000 items ⑦\$21.3 million

Planet Sanyo

Electric moving pallet racks

Kita-ku, Okayama City

①approx. 3,031 m² ②approx. 10,694 m²
③2013 ④46 ⑤112,000 different products
⑥1,431,000 items ⑦\$8.9 million

Planet Nagoya

①approx. 5,626 m² ②approx. 8,122 m²
③1998 ④41 ⑤57,000 different products
⑥877,000 items ⑦\$4.7 million

Konan City, Aichi

HC East Japan Distribution Center

①approx. 8,618 m² ②approx. 9,771 m² ③1994
④95 ⑤25,000 different products
⑥1,774,000 items ⑦\$7.4 million

Sanjo City, Niigata

East Osaka Stock Center

①approx. 3,024 m² ②approx. 8,558 m²
③2008/2016/2017 ⑤6,000 different products
⑥599,000 items ⑦\$4.5 million

Higashi-Osaka City, Osaka

Tokyo Backup Center

①approx. 2,509 m² ②approx. 5,004 m²
③2009 ④17 ⑤78,000 different products
⑥1,474,000 items ⑦\$15.5 million

Kawasaki City, Kanagawa

HC Kyushu Distribution Center

①approx. 5,560 m² ②approx. 5,933 m²
③2016/2002 ④61 ⑤17,000 different products
⑥1,226,000 items ⑦\$4.8 million

Kurume City, Fukuoka

Sakai Stock Center

①approx. 3,302 m² ②approx. 4,641 m²

Nishi-ku, Sakai City, Osaka

Planet South Kanto

Automated bucket warehouse AutoStore Electric moving pallet racks DAS Shuttle racks

Isehara City, Kanagawa

①approx. 12,105 m² ②approx. 26,062 m² ③2020
④139 ⑤172,000 different products ⑥2,370,000 items ⑦\$15.0 million

Planet Tokai

Automated bucket warehouse Electric moving pallet racks SAS GAS I-Pack® Just fit BOX

Okazaki City, Aichi

①approx. 13,666 m² ②approx. 24,003 m² ③2008
④153 ⑤325,000 different products ⑥3,580,000 items ⑦\$28.7 million

Oyama Stock Center

①approx. 4,690 m² ②approx. 3,166 m²
③2019 ⑤2,000 different products
⑥163,000 items ⑦\$2.5 million

Oyama City, Tochigi

Utsunomiya Stock Center

①approx. 1,877 m² ②approx. 872 m²
③2019 ⑤29 ⑥48,000 items
⑦\$428,571

Kaminokawamachi, Kawachi-gun, Tochigi

Omiya Stock Center

①approx. 1,652 m² ②approx. 1,371 m²
③2021 ⑤105 ⑥21,000 items
⑦\$428,571

Nishi-ku, Saitama City, Saitama

Toyohashi Stock Center

①approx. 9,900 m² ②approx. 6,856 m²
③2019 ⑤3,000 different products
⑥1,951,000 items ⑦\$5.7 million

Toyohashi City, Aichi

Nara Stock Center

①approx. 9,798 m² ②approx. 2,866 m²
③2017 ⑤354 ⑥500,000 items
⑦\$2.7 million

Nara City

Okayama Stock Center

①approx. 1,685 m² ②approx. 2,274 m²
③2017 ⑤411 ⑥51,000 items
⑦\$571,428

Minami-ku, Okayama City

Takamatsu Stock Center

①approx. 8,413 m² ②approx. 5,864 m²
③2019 ⑤1,000 different products
⑥1,272,000 items ⑦\$5.5 million

Takamatsu City, Kagawa

Hakata Stock Center

①approx. 3,867 m² ②approx. 7,609 m²
③2016/2002 ⑤1,000 different products
⑥502,000 items ⑦\$2.5 million

Hakata-ku, Fukuoka City

Head Office

Tokyo Head Office (TRUSCO Fiorito Bldg.)



Osaka Head Office (TRUSCO Glen Check Bldg.)



Future Osaka Head Office (TRUSCO Central Bldg.)



Employee Dormitory



TRUSCO'S Kugahara
(Third and Fourth Floors of the Keihin Branch building)
1 approx. 1,338 m²
2 approx. 2,667 m² (24 rooms)
3 2004 4 16



TRUSCO'S Ayase
1 approx. 148 m²
2 approx. 723 m² (21 rooms)
3 2021 4 21

Branch

Hachinohe Branch



Akita Branch



Koriyama Branch



Kashima Branch



Utsunomiya Branch



Chiba Branch



Niigata City Branch



Toyama Branch



Kanazawa Branch



Keihin Branch



Shizuoka Branch



Hiroshima Branch



Oita Branch



Kyoto Branch



Company-owned Recreation/Training Facility

TRUSCO Resort and Spa Hakone



Fukui Branch



Himeji Branch



Matsuyama Branch



Nagoya Branch



Takamatsu Branch



Fuji Branch



Fukuyama Branch



Kokura Branch



Yokkaichi Branch



Kagoshima Branch



Kyoto Kaguraoka Rengetsuso



Value Creation

Management Policy

Products

Distribution

Sales

Digital Service

Human Resources

Sustainability

Environmental Efforts

Corporate Governance

The Wakayama visually impaired welfare foundation

Corporate Data

Company Overview

As of December 31, 2022

Company name	TRUSCO NAKAYAMA Corporation		
Head store	Trusco Fiorito Bldg. 4-28-1, Shimbashi , Minato-ku, Tokyo		
Head Offices	Tokyo Head Office: Trusco Fiorito Bldg., 4-28-1, Shimbashi, Minato-ku, Tokyo 105-0004 (registered as compoany head office) Osaka Head Office: Trusco Glen Check Bldg., 1-34-15, Shinmachi, Nishi-ku, Osaka City, Osaka 550-0013		
Branches	Japan: 89 (2 head offices, 59 sales branches, and 28 distribution centers) Overseas: 5 (Names of our overseas subsidiaries: TRUSCO NAKAYAMA CORPORATION (THAILAND) LIMITED, PT.TRUSCO NAKAYAMA INDONESIA; Supplier business development office locations: Germany, Taiwan, and Thailand) (as of January 1, 2023)		
Capital	\$35 million; Listed on the First Section of the Tokyo Stock Exchange (Securities code: 9830)		
Shareholders' equity ratio	67.1% (as of December 31, 2022)		
Employees	Consolidated: 2,954 (10 officers, 1,639 full-time employees; 1,305 part-time staff)		
Founded	May 15, 1959		
Established	March 2, 1964		
Closing date for fiscal year	December 31		
Sales	Consolidated: \$1,760 million (for Fiscal Year Ending December 31, 2022)/Sales of \$1,893 million planned for Fiscal Year Ending December 31, 2023		
Ordinary Income	Consolidated: \$107 million (for Fiscal Year Ending December 31, 2022)/Ordinary Income of \$114 million planned for Fiscal Year Ending December 31, 2023		
Bank	Mizuho Bank, Resona Bank, Bank of Tokyo-Mitsubishi UFJ, Sumitomo Mitsui Banking, Sumitomo Trust & Banking		
Accounting Auditor	Deloitte Touche Tohmatsu LLC		
Rating	Single A (Rating and Investment Information, Inc.)		
Suppliers	3,272 (2,943 suppliers in Japan, 329 overseas suppliers)		
Customers	Dealers of machine tools, construction materials, electrical materials, tubing materials, online shops, and home centers etc.; about 5,575 customers		
Business Areas	Wholesale of PRO TOOLS (subsidiary equipment used at factories) including machine tools, distribution equipment, environmental safety equipment, along with the planning and development of the products of company's own brand TRUSCO		
Officers	As of April 1, 2023		
	President	Tetsuya Nakayama	Full-time Auditor Hiroaki Imagawa
	Director	Kazuo Nakai (General Manager of the Sales Department)	Part-time Auditor Hiroho Kamakura
			Part-time Auditor Yoritomo Wada
	Director	Atsushi Kazumi (General Manager of the Business Management Department and Digital Service Strategy Department)	Part-time Auditor Ken Hineno
	Director	Hideki Naoyoshi (General Manager of the Distribution Department and General Manager of the Distribution Safety Promotion Division)	
	Director	Tatsuya Nakayama (General Manager of the Product Department)	
	Outside Directors	Kenichi Saito (ForeSight & Company, Ltd.) (President)	
	Outside Directors	Kuniaki Hagihara (Senior Advisor, Hagihara Industries Inc.)	
	Outside Directors	Takako Suzuki (President, S.T.CORPORATION)	

Our Policy

“Business must serve people and society”

To Achieve “Our Ambitions” (Value Creation)

Founded as a latecomer to the industry, thinking outside the box has been our core approach from the start. We have provided a variety of services to meet the needs of our customers and the manufacturing industry of the times. In the future, we will continue to aim to be a company that always provides the highest level of convenience in order to continue to be of service to the manufacturing industry in Japan, based on our belief that business must serve people and society.

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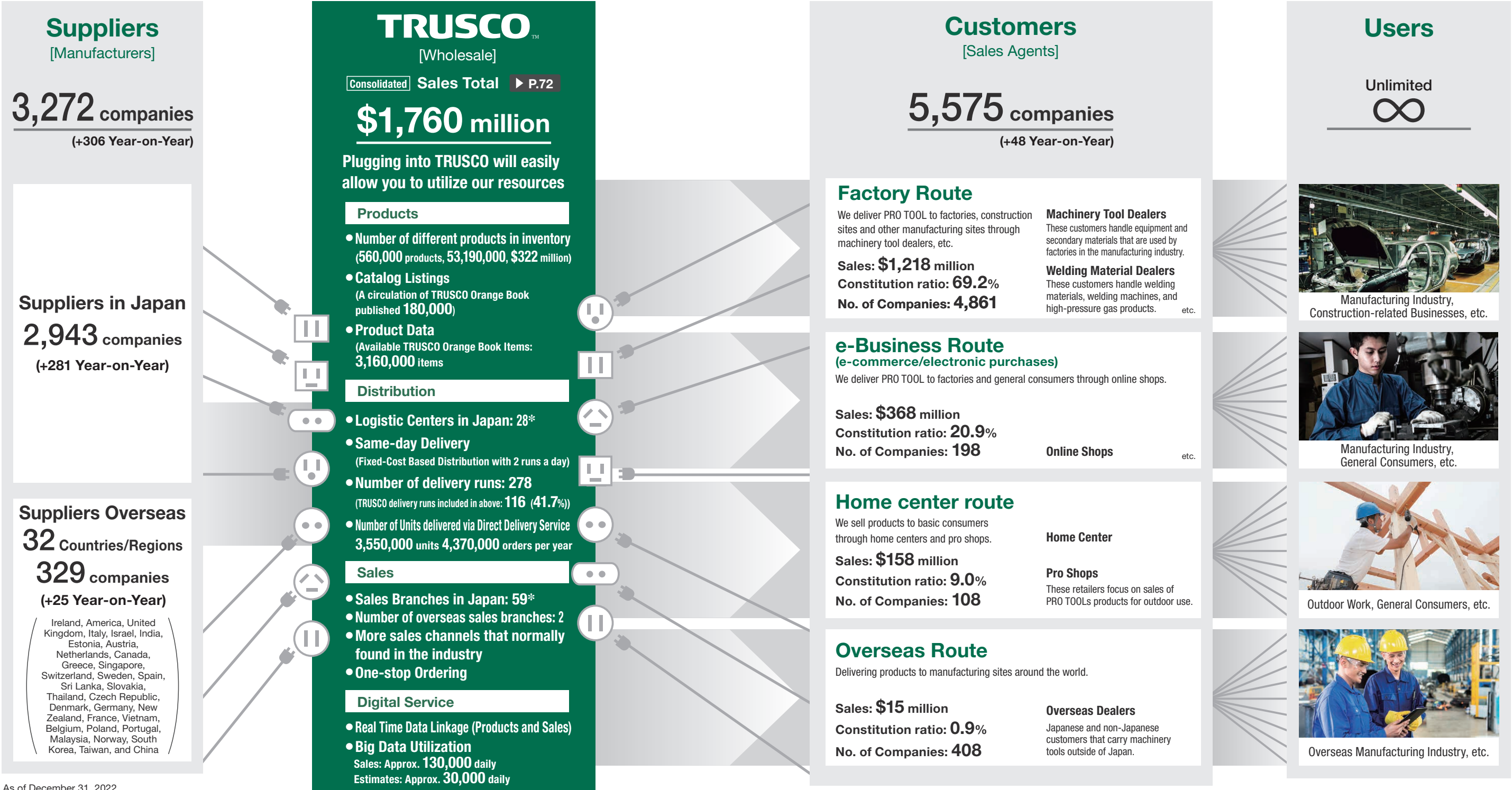
Business Flow

TRUSCO NAKAYAMA is a specialized trading company that procures PRO TOOL from suppliers and sells them to machinery tool dealers, Online shopping, home centers, and other customers. We ensure prompt, smooth and reliable delivery to manufacturing sites all over Japan. As a wholesaler, we have developed a unique business model to improve the convenience of our customers, suppliers, and users.

Plugging into TRUSCO to start doing business with us

Customers and suppliers can easily access our management resources and use them for their businesses in a way that suits their characteristics and business type. In addition to the ability to sell their products to 5,575 customers, suppliers can also receive a wide range of sales support services such as product data linkage, inventory holding, and catalog listing

services. Customers can centrally procure products from 3,272 suppliers and can also utilize functions such as same-day delivery and user-direct delivery services to expand their own businesses. We will continue to pursue further convenience for our customers and suppliers by optimizing the distribution of PRO TOOLS.



As of December 31, 2022

As of December 31, 2022
*As of January 2023

As of December 31, 2022

Helping People and Society
- Value Creation Model -

As a Pro Tools supplier, we aim to be an indispensable company for Japanese “monodzukuri” sites by height-
ening our ability to supply PRO TOOLS and providing
convenience for our customers.



GAMBARE!! JAPANESE MONODZUKURI

We want to be of service to the manufacturing industry in Japan that
always provides the highest level of convenience regardless of the times.
Therefore, we strive to be a company that always
provides the highest level of convenience.

TRUSCO™

Becoming the Company We Want to Be

(Capability Targets) P.24

Management resources

- Stock** (Product capital/Social capital)
- Number of items in inventory: **560,000 items**
 - Inventory Value: **\$322 million** (Consolidated) •Total number of items in inventory: **53,190,000 items**
 - Total Number of suppliers: **3,272 companies** (Overseas: **329 companies**)
- Deliver** (Distribution capital)
- Logistic Centers in Japan: **28 locations** •Branches with inventory: **29 locations**
 - Number of total delivery runs: **278 vehicles** (TRUSCO delivery runs included in above: **116 vehicles, 41.7%**)
- Connecting** (Digital capital)
- Digital Expenditures (most recent three periods) **\$17 million**
 - Number of systems: **60** •Product Data Number: **5,500,000 items**
 - Number of system connected companies: **11,855 companies**

- Communicate** (Intellectual capital)
- TRUSCO Orange Book: **Approx. 180,000** (2023 edition, total number published)
 - Available TRUSCO Orange Book Items: **3,160,000 items**
- Respond** (Human capital/Social capital)
- Employees: **Consolidated 2,954**
(Officers: **10** / Full-time staff: **1,639** / Part-time Staff: **1,305**)
 - Number of Customer Companies: **5,575**
- Support** (Product capital/Nature capital/Social capital)
- Shareholders' equity ratio: **67.1%** •Rating: **Single A** (R&I)
 - Trusco Power Generation Installations: **19**
 - Number of shareholders: **15,466**
- As of December 31, 2022

- Financial Results** (Financial capital)
- Sales (consolidated): **\$1,760 million**
 - Ordinary income (consolidated): **\$107 million** •Dividends: **\$0.28**
- Improving Convenience**
(Distribution capital, Intellectual capital, and Digital capital)
- Stock Hit Rate: **91.7% (+0.4 pt year on year)**
 - System order intake ratio: **85.2% (-0.1 pt year on year)**
 - Automated Estimate Ratio: **22.6% (+4.4 pt year on year)**
 - Delivery Lead Time: **20 hrs. 10 min. 4 sec.**

- A workplace where various human resources can flourish** (Human capital)
- Turnover rate: **4.8%**
 - Percentage of female employees among full-time employees: **35.2%**
 - Retirement age: Managerial retirement age: **62**
Full-time staff retirement age: **65**
Employment extension: **70** Part-time staff: **75**
- Social and Environmental Value Creation**
(Social capital/Nature capital)
- Renewable Energy Power Self-sufficiency Rate: **16.4%**
 - Naojiro Repair Service Sales: **\$12 million**
 - Number of Companies Appearing on “TRUSCO unknown gulliver” (TV program): **239**
- As of December 31, 2022

Results

Aim for sustainable growth

through a cycle

Common sense might change but
our principles remain unchanged

Although common sense sometimes changes, our principles remain unchanged.

Never Changing Our Principles (Unchanging demands of the market)

- High-level of convenience
- Rapid, reliable delivery
- Abundant line-up and inventory
- Convincing prices
- Courteous, Polite, and Reliable
- Digital Capabilities

Society/Local Environment

Our Policy

Business must serve
people and society

Business Activities

- Product Strategy** P.30
- Solving issues throughout the entire supply chain with our unique product lineup and product data
- Distribution Strategy** P.40
- Accelerating distribution innovation utilizing people and systems in pursuit of ultimate type of immediate delivery that no one has yet experienced
- Sales Strategy** P.44
- Aiming to become a supplier that is needed by our customers by accurately identifying their changing needs
- Digital Service Strategy** P.50
- To respond to the unchanging customer demand through our digital capabilities.
- Human Resources Strategy** P.54
- To become a company that continues to provide support regardless of the times with our people (originality) as a starting point
- Sustainability** P.61
- Being a trusted company through our unique governance system, environmental initiatives, and highly transparent information dissemination

- Material Issue** P.63
- Total optimization of the supply chain
 - Planning and development of products that respond to diversifying needs
 - Development of environments and human resources to enable them to fully display their personal abilities
 - Environmental actions through business activities
 - Contribution to stakeholders and local communities
 - Governance based on a stance of Shushazentaku (choosing the proper action)

Contribution

Becoming the Company We Want to Be - Capability Targets -

We believe that in order to constantly provide the highest level of convenience as a unique company, our priority should be capability targets, which tell us the types of capabilities that we should possess as a company, rather than to numerical targets such as sales and profit figures. In order to become a company that is needed by our customers and society during any era, we have set the following goals and will continue to work on achieving them.

01 To become a company that will be able to store one million items in inventory by 2030

We are working on expanding the number of items in our inventory and strengthening our distribution system to improve customer convenience. At Planet Aichi, which is planned for construction, we will build a state-of-the-art distribution system based on a different approach to distribution to establish a system which will allow us to store one million items in inventory by 2030.



Planet Aichi (Kitanagoya City, Aichi) conceptual image (approx. 41,636 m²)

02 To become a company capable of receiving orders 24 hours a day and shipping products 365 days a year

With an eye on improving convenience for our customers and increasing the number of product shipments in the future, we will establish a system that enables us to receive orders 24 hours a day and ship products 365 days a year. Planet South Kanto, which was rebuilt and put into operation in August 2020, is equipped with an underground parking lot with a high ceiling that allows delivery trucks to enter. Facilities will be designed to allow loading and unloading even at night.



Planet South Kanto (Isehara City, Kanagawa)

03 To become a company where products are always in stock and that never experiences order or shipping based errors

We will expand the number of different products in inventory and move forward with creating a system for appropriate stocking made possible through the use of AI to prevent shortages from occurring. In addition, the majority of order and shipping errors occur when people are involved in the process. Through the adoption of robotics and AI, we are moving forward with automation and labor reduction, creating a system that is free of order and shipping based errors.

04 To become a company that never has to take inventory (Inventory variance rate as of December 31, 2022: 0.43%)

Taking inventory of 560,000 items is a time-consuming and labor-intensive process. For this reason, the Inventory Abolition Committee has been established within the company to eliminate the need for inventory work in the future. We are working to improve systems and operations to achieve this goal.

05 To become a company that can Direct Delivery Service as a wholesaler

In general, it is common practice in the industry to deliver products that wholesalers receive orders for from customers to users via those customers. However, in addition to long delivery times, the products need to be reshipped and repackaged, placing a burden on the environment. In contrast, since products are shipped directly to the users when using our Direct Delivery Service, delivery times, packaging material amounts, shipping costs, and the environmental burden can all be reduced by half. We will make our Direct Delivery Service common practice and associate it with environmental conservation (see p.46).

06 To become a company capable of quickly providing estimates (Automated estimate ratio as of December 31, 2022: 22.6%)

The adoption of an AI-based quotation system in January 2020 allows us to respond to each of the 30,000 quotation requests received from our customers each day with a minimum reply time of five seconds. As of December 31, 2022, our automated estimate ratio is 22.6%. We are improving system accuracy so that this ratio can be increased to 34.0% by 2025.

07 To become a company capable of realizing the “fastest,” “shortest,” and “best” deliveries in the industry

We believe that “immediate delivery is the greatest service” and have been working to strengthen our distribution system. In the future, we will aim to shorten lead time, the time from when an order is received to product delivery (20 hrs., 10 min., and 4 sec. as of December 31st, 2022), by analyzing each order. We will address issues that emerge by visualizing what immediate delivery is and establish a system capable of realizing the “fastest,” “shortest,” and “best” deliveries in the industry.

08 To become a company with a minimal environmental burden

Offering an abundant line-up and inventory to select from has led to the realization of one-stop shopping, which results in lower consumption of energy and resources for procurement (see p.66). In addition, by establishing a fixed-cost based distribution system (see p.41), delivery is made using a fixed amount of energy regardless of the delivery volume without incurring costs for each individual delivery as with express home delivery services. In addition, by expanding our Direct Delivery Service (see p.46) and number of MRO Stocker (see p.46) locations, we aim to become a company with a small environmental burden.



Introducing MRO Stocker at manufacturing sites throughout Japan

09 To become a company that is also actively involved in the recycling, reuse, and return of tools and equipment (Naojiro Repair Workshops results for FY2022: \$12 million)

Our Naojiro Repair Workshops, which have been in operation since 1998, provide unique services designed to help reduce the environmental burden and cut costs by prolonging the use of familiar tools and equipment (see p.47). In addition to re-grinding and calibration, Naojiro Repair Workshops offer a wide range of services, including tape processing.



Chain sling repair is handled at each distribution center (Mai Takeda, Planet North Kanto)

10 To become a “platform holder” that supports manufacturing in Japan

In June 2021, we announced an industry-academia collaboration with National University Corporation Tokai National Higher Education and Research System, Nagoya University and capital and business alliances with GROUND Inc. and Cinnamon Inc. at a press conference. We hope to build a strong partnership that includes not only business but also mutual exchange of human resources. At the same time as the TRUSCO HACOBUne project started, the three departments of the new product data platform, UX platform, and logistics platform will play the core role in minimizing lead time (labor and inefficient use of time) from the point when users need a product to when they receive it. We aim to realize services that further improve the convenience of our customers. By building “TRUSCO HACOBUne”, a new distribution platform, we aim to further accelerate digital transformation (DX) (Trusco DX2.0) in the future, which will include the utilization of AI and robots.



Scan the QR code for information about the initiative



From left to right: Seiichi Matsuo (President of Tokai National Higher Education and Research System), Miku Hirano (CEO of Cinnamon Inc.), Tetsuya Nakayama (President of TRUSCO NAKAYAMA Corporation), and Hiratomio Miyata (President & CEO of GROUND Inc.) (At the 55th Anniversary Hall on the 3rd floor of the Tokyo Head Office of TRUSCO NAKAYAMA Corporation)

11 To become a company capable of rewriting the accepted practices, customs, accepted opinions, and conventions of the industry

As a latecomer to the industry, we have developed our business by thinking outside the box. The starting point that continues to generate corporate vitality and growth is the idea that choosing majority solutions results in ordinary results. We will continue to solve various problems with ideas that take common sense by surprise, capable of rewriting the customs, accepted opinions, and conventions of the industry.

External Evaluation

(some award winners as well as honorifics have been omitted)

2017

“Best IR Award for Encouragement” recipient

(Sponsor: Japan Investor Relations Association)

The openness of TRUSCO's top management was reflected in the company's level of disclosure, and TRUSCO was recognized for its efforts to disclose information in an early and fair manner, including proactive dissemination of useful information to investors, as well as for its enhancement of ESG information and activities for individual investors.

Companies receiving the award in 2017

“Best IR Award for Encouragement” recipients

TRUSCO NAKAYAMA Corporation
Recruit Holdings Co., Ltd.

“IR Grand Prix” recipients

Komatsu Ltd.
Shionogi & Co., Ltd.

2018

“Porter Prize” recipient

(Sponsor: Hitotsubashi University Graduate School of International Corporate Strategy (ICS))

The company's unique inventory expansion strategy and logistics system have earned the trust of customers, who say “TRUSCO has it in stock.” The company's unique efforts to improve convenience without appealing to sales price were highly evaluated.

Companies receiving the award in 2018

TRUSCO NAKAYAMA Corporation
Hoken No Madoguchi Group Inc.,
MonotaRO Co., Ltd.
RIZAP GROUP Inc.

2020

Selected as a “DX Stocks 2020” company

“DX Grand Prix 2020” recipient

(Sponsors: Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange)

2021

Selected as a “DX Stocks 2021” company

2022

Selected as a “DX Stocks 2022” company

“Intuition and assumptions can sometimes lead to fatal mistakes. We want to use the data analysis and utilization as a foundation for moving forward to the next stage.” In addition to this awareness by top management, the company was highly evaluated for converting data analysis into creative services by utilizing AI and other technologies.

“DX Grand Prix 2020” recipients

TRUSCO NAKAYAMA Corporation Komatsu Ltd.

Companies selected as a “DX Stocks” companies for three consecutive years

TRUSCO NAKAYAMA Corporation, Bridgestone Corporation, and six other companies

FY2020

Information Technology Award

(Digital Transformation category)

(Sponsor: Japan Institute of Information Technology)

FY2021

“IT Grand Prize” Recipient

TRUSCO was recognized for the high level of results it has achieved by improving the efficiency of the entire industry through the development of IT systems and for improving operational efficiency throughout the supply chain and business reform through the establishment of various mechanisms, including the automation of quotations using AI.

2020 “IT Grand Prize” Recipients

(Digital Transformation category): Trusco Nakayama Corporation
Customer/Business Functions category: All Nippon Airways Co., Ltd.
Social Problem Solving category: Kochi Prefecture (prefectural government)

2021

Digital Transformation Certification

(Sponsor: Ministry of Economy, Trade and Industry (METI))

TRUSCO was recognized for its internal operation reforms and improving the convenience of the entire supply chain through the use of digital technology.

Companies that have received DX Certification

TRUSCO NAKAYAMA Corporation
Fujitsu Limited
YAMATO HOLDINGS CO., LTD.
etc.

2023

Good Career Company Award 2022 Grand Prize

(Sponsor: Ministry of Health, Labour and Welfare)

The company's efforts to (1) Create an environment where each employee is listened to through the establishment of a new HR Support Section and the operation of a talent management system, and (2) to create a personnel system that follows up on each employee's career development through regular job rotations, were highly evaluated.

Good Career Company Award 2022 Grand Prize recipients

TRUSCO NAKAYAMA Corporation, Megmilk Snow Brand Co., Ltd., etc.

Be an Ultimate Master Wholesale
(Management Policy)

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. TRUSCO continues to promote the improvement of convenience for our customers and enhancement of the environment and systems that allow our employees to work with peace of mind over the long term. Setting our own management indicators for each strategy, we will continue to aim to be a company that always meets the demands of the manufacturing sites.

Management Policy - Be an Ultimate Master Wholesale - 28

Financial Strategy - A Company with Assets - 29

Product Strategy 30

Distribution Strategy 40

Sales Strategy 44

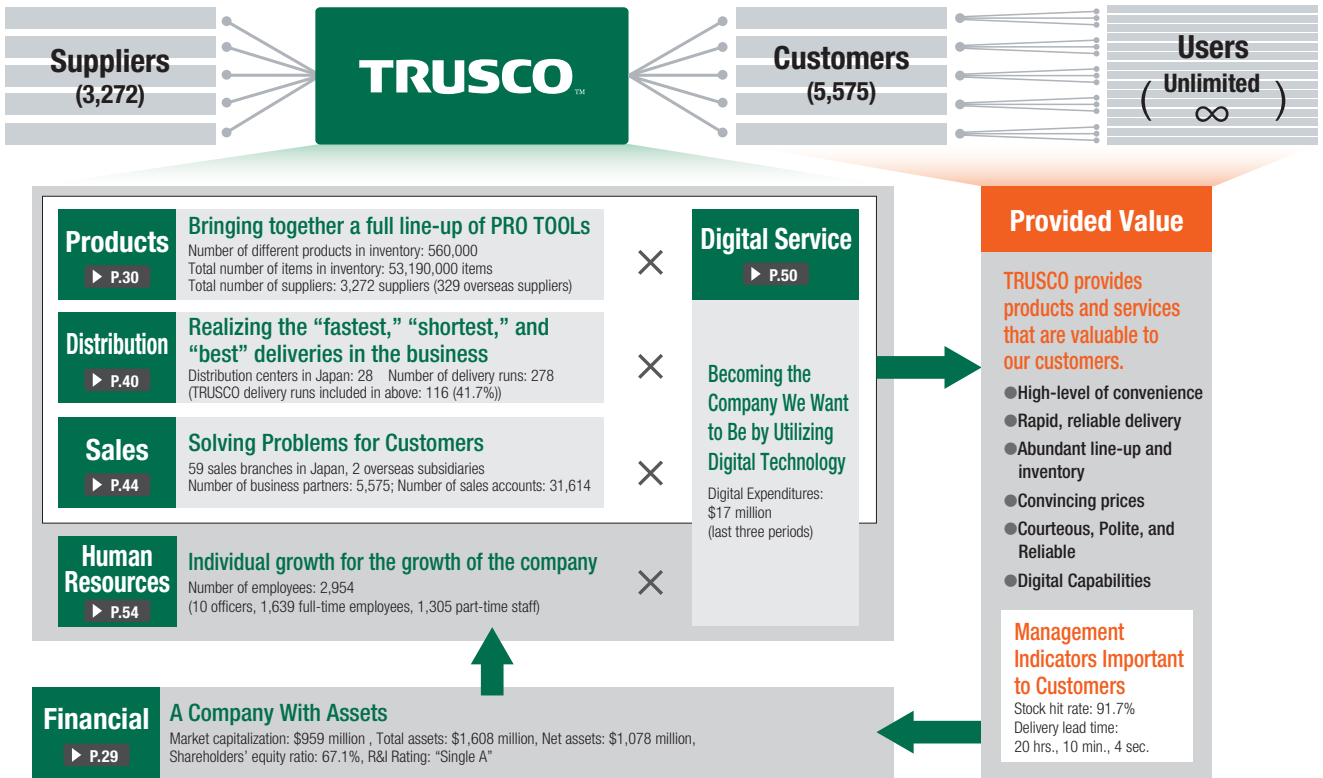
Digital Service Strategy 50

Human Resources Strategy 54

Management Policy - Be an Ultimate Master Wholesale -

TRUSCO's Strengths

In order to be a company that continues to be of service to Japanese manufacturing regardless of era, we are streamlining and optimizing the entire Product Dept. supply by executing five strategies for the following: products, distribution, sales, digital service, and human resources. The overall strategy is supported by our financial foundation (see p.29) based on being “a company with assets” which has been built through consistently providing customers with a variety of values, including high convenience.



A financial statement that everyone can understand For the 60th term (as of December 31, 2022) (consolidated)

Income Item	Expense Item	The year-on-year comparison is shown in the parentheses.
Sales	\$1,760 million (+8.6%)	⊖
Cost of Goods Sold	\$1,387 million (+8.4%)	⊖
Gross profit margin (gross margin)	\$372 million (+9.4%)	⊖
Selling, general and administrative expenses	\$267 million (+8.1%)	⊖
Operating income	\$104 million (+12.8%)	⊕
Non-operating income	\$4 million (-22.5%)	⊖
Non-operating costs	\$1 million (-4.6%)	⊖
Ordinary Income	\$107 million (+11.1%)	⊖
Net income before tax	\$108 million (-10.1%)	⊖
Corporate tax	\$33 million (-13.8%)	⊖
Net Income	\$75 million (-8.4%)*	⊖

* Extraordinary income of \$24 million from the sale of land was recorded for the 59th fiscal year ended December 31, 2021.

Consolidated Sales by Segment

Segment	Sales
Factory Route	\$1,218 million (+5.1%)
e-Business Route	\$368 million (+16.2%)
Home Center Route	\$158 million (+20.7%)
Overseas Route	\$15 million (+24.4%)

Main breakdown of selling, general and administrative expenses	
41.0%	Salaries, bonuses, benefits and welfare costs \$109 million (+7.0%) - Employee salaries and bonuses \$78 million (non-consolidated parent) (+5.1%) - Part-time salaries and bonuses \$18 million (non-consolidated parent) (+15.1%) etc.
17.8%	Depreciation \$47 million (-3.8%) Factors for decrease - P South KantoReconstruction of building and material handling -\$657 thousand - P TohokuReconstruction of building and material handling -\$614 thousand etc.
20.4%	Shipping expenses and packing costs \$54 million (+12.5%) - Shipping expenses \$40 million (+15.6%) - Third-party delivery company fees \$10 million (+0.1%) etc.
20.8%	Other products \$55 million (+18.6%) - Payment Fees \$18 million (+13.7%) - Taxes and public charges \$10 million (+2.7%) etc.

Financial Strategy - A Company with Assets -

We must be able to secure important assets without relying on others.

We believe that owning our own distribution centers, branch offices, data centers, and vehicles, which serve as the main arteries of corporate management, will bring the greatest benefits. This is why we are placing importance on the idea of TRUSCO being “Having assets on our own”. Instead of aiming for short-term profits, we take the perspective of long-term corporate value enhancement and promote the strategic strengthening of financial foundation, which leads to greater convenience for our customers. Since 2016, we have maintained a rating of “Single A” by Rating and Investment Information, Inc., and by raising funds with an eye to the future and continuing to proactively make capital investments, we are providing our customers with higher value-added services.

Product Strategy | Bringing Together a Full Line-up of PRO TOOLS (p.31)

Of our \$854 million in liquid assets, \$322 million was invested in inventory assets (products). We provide value to our customers by reassuring them that “Trusco has it.”

Distribution Strategy | Realizing the “fastest,” “shortest,” and “best” deliveries in the business (p.41)

Our distribution facilities and material handling equipment account for about 60% of the \$695 million in tangible fixed assets. We are also promoting logistics DX to improve efficiency in warehouses and delivery speed.

Digital Service Strategy | Becoming the company we want to be by utilizing digital technology (p.51)

To Achieve “Our Ambitions” (Value Creation), we strategically improve the our effectiveness through digital technology. In the future, we will build a new distribution platform called TRUSCO HACOBUNE to provide the highest level of convenience to the entire supply chain (p.25).

Liquid Assets \$854 million	Current Liabilities \$329 million
Cash and deposits \$281 million	Accounts Payable \$134 million
Accounts Receivable \$225 million	Short-term Debt \$71 million
Merchandise (products) \$323 million etc.	Long-term loans due within one year \$71 million etc.
Fixed assets \$753 million	Fixed Liabilities \$200 million
Tangible fixed assets \$696 million	Long-term Debt \$178 million etc.
Intangible fixed assets \$31 million etc.	Net Worth \$1,078 million
Total assets \$1,608 million	Capital: \$35 million
	Retained Earnings \$1,007 million etc.
	Liabilities/Net assets \$1,608 million

60th term (2022) Balance Sheet (Shareholders' equity ratio: 67.1%)

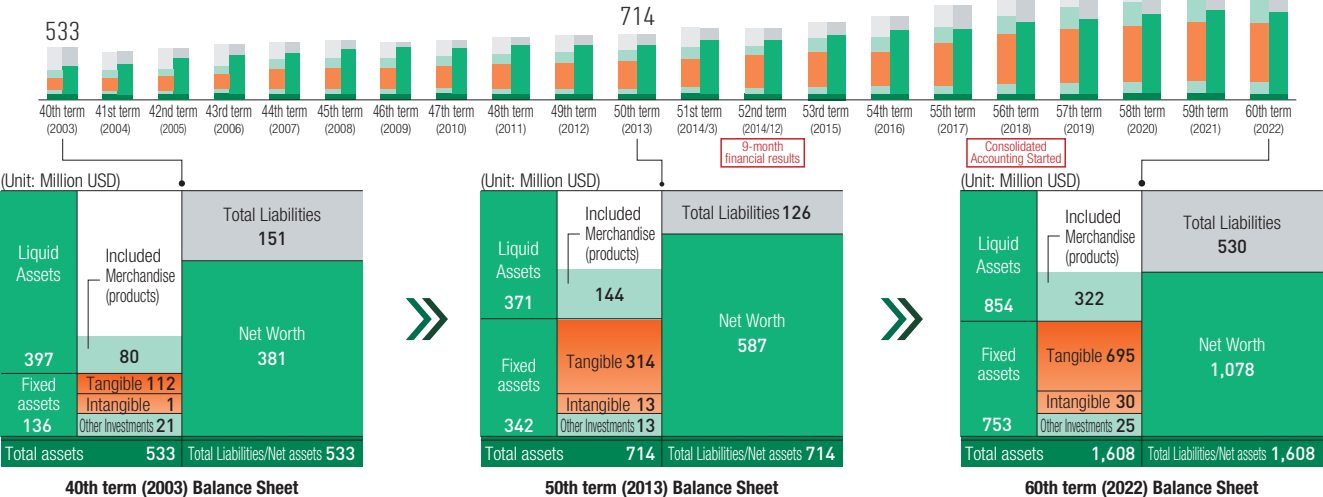
Investments in distribution is our equivalent to M&A

In general, there is a tendency to actively conduct mergers and acquisitions to increase the size of a company. For us, however, investments in distribution is our equivalent to M&A. We believe that active investment in distribution, such as the construction of distribution centers and the introduction of distribution equipment, will have the same effect as acquiring a distribution company. This

is because we can provide the value of instant delivery and stable supply of professional tools to manufacturing sites by having abundant inventory, just like our suppliers. By holding a \$322 million inventory and actively investing in logistics, we believe that we are achieving the same effect as M&A would have as an investment that increases added value over the long term.

Changes in Total Assets

TRUSCO invests in merchandise (products) and fixed assets, continuing to put the concept “a company with assets” in practice in order to increase total assets.



Product Strategy

With the challenges and data that are unique to TRUSCO, we will make the concept “TRUSCO has it.” true

Director General Manager of the Product Division Tatsuya Nakayama



The inventory of 560,000 SKUs, of which 90,000 are Private Brand products, is the result of our unique efforts. By utilizing the valuable experience gained through this process as unique “data”, we can improve the quality and speed of the process and further strengthen the product lineup. In addition, the importance of product “data” is only increasing for optimal product selection. We will continue to pursue the unique convenience based on the concept “TRUSCO has it.” by focusing on “data” along with the challenges that are unique to TRUSCO.

A review of the 60th term

Accelerated product lineup expansion and revamped Orange Book

We aggressively expanded our product lineup with the aim of becoming a company that always has what customers need. The number of inventory items reached 560,000, and the number of product data reached 5,500,000. On the other hand, the Orange Book was revamped. The number of its pages has been cut by half to reduce environmental impact, and QR codes provided link readers to the Internet.

- The number of inventory items increased to 560,000 (a year-on-year increase of 60,000) by actively increasing automatic stocking based on data in addition to traditional item selection performed by people.
- With the cooperation of suppliers, the number of product data has been expanded to 5.5 million items (up 1.3 million from the previous fiscal year)
- The number of pages used for Orange Book has been cut by half to reduce environmental impact, and QR codes provided within which link readers to the Internet make it easier to select products.

Initiatives during the 61st term

Driving innovation in the product domain with a focus on data

With data at the center of the product domain, we will promote the expansion, utilization, and collaboration of data. Using data, we will strengthen collaboration with online e-commerce companies and major users, accelerate and improve the efficiency of business processes, and deepen collaboration with suppliers, thereby improving convenience as a platform for PRO TOOLS.

- In order to meet the needs of online mail order companies and major users, we will further accelerate the expansion of product data
- Transform operations in the product domain, such as expanding product lineups, developing products, and preventing product shortages, into data-centered processes
- Actively share various data with suppliers to contribute to manufacturing and sales promotion

Distribution collaboration with suppliers and improvement of major PB products

Strengthen collaboration with suppliers on distribution in anticipation of future distribution issues throughout the entire supply chain. This contributes to solving problems such as improving operational efficiency and expanding business. We will also work to revamp our mainstay products so that TRUSCO Private Brand products will further contribute to manufacturing and become standard at workplaces.

- Contribute to solving distribution issues for suppliers and improving convenience for users by expanding inventory at our distribution centers and strengthening our unique services such as Direct Delivery Service
- In order to make TRUSCO products more useful in the field, we will improve our main PB products such as carts and various sprays

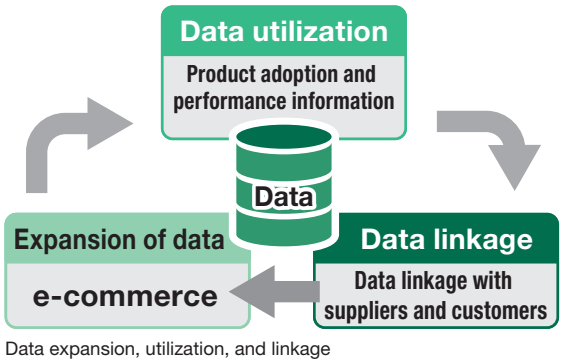
Number of items in inventory

500,000 → 560,000

Number of Product Data

4,200,000 → 5,500,000

Product lineup expansion and revamped Orange Book



Abundant line-up and product inventory



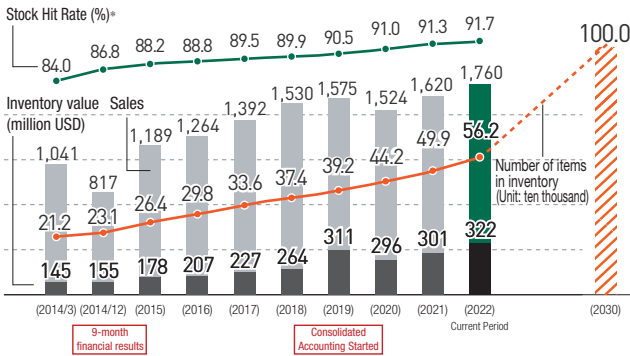
Focusing on distribution collaboration with suppliers and improvement of major PB products

Inventory Strategy

Bringing Together a Full Line-up of PRO TOOL

PRO TOOLS in general refer to tools, operational supplies, consumables, and machinery required by professionals at manufacturing sites such as factories and construction sites. We try to carry as many PRO TOOLS products as possible. By stocking not only the best-selling products but also all products with the same or similar functions, we are able to respond accurately to our customers' needs. We will continue to offer an abundant product lineup and inventory to help customers expand their businesses.

Changes in Sales, Inventory Hit Rate, Number of Items in Inventory, and Inventory Value



*Stock Hit Rate: Ratio of products delivered from our company stock among our total number of orders.

Sales Constitution Ratio of Available Products

Shows the constitution ratio of sales by category. Sales data current as of December 31, 2022. Figures in brackets are from the previous year provided for comparison.



Product Strategy Key Indicators

Private Brand (PB)	
Number of Items	90,277 Items (+10,777 Items)
Sales	\$327 million (+5.6%)
TRUSCO Orange Book.Com	
Number of items listed	3,167,188 Items (+406,301 Items)
Total Number of suppliers	3,272 companies (+306 companies)
Japan	2,943 companies (+281 companies)
Overseas	329 companies (+25 companies)
TRUSCO Orange Book	
Number of listed manufacturers	2,152 companies (+204 companies)
Number of items	374,000 Items (-134,000 Items)
Inventory items	
Number of items in inventory	562,026 Items (+62,062 Items)
Number of those products that are stocked automatically	26,109 Items (+18,615 Items)
Total number of items in inventory	53,197,583 units (+4,409,969 units)
Inventory Value	\$323 million (+\$21 million)

Enhancing our inventory using the NAKAYAMA Original Inventory Logic

Based on the belief that inventory is necessary for the convenience of our customers and for improving sales, we have developed our own approach to inventory - **NAKAYAMA Original Inventory Logic**. With this approach, we are expanding our inventory using creative methods to ensure that our customers always know that TRUSCO has what they need.



Keeping Long Tail Products in stock

We are able to provide immediate delivery for even long tail products that have a low order frequency. By stocking all colors and sizes regardless of what sells, we have created a one-stop environment for our products.

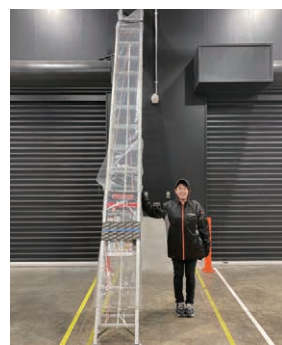


Accepting Product Returns Automatically

When an order is incorrect, a return can be automatically accepted for unopened inventory items. Products are collected by a delivery service that travels fixed routes.

Stocking "Difficult-to-Deliver" products

We refer to large and long products that are difficult to manage and ship as **"Difficult-to-Deliver"** products. We are able to meet all orders by actively stocking these products.



We also have 7 m ladders in stock

Inventory of Manufacturer Catalogs

We keep catalogs from manufacturers so that we can provide information immediately when detailed information about a product is needed. As with products, our catalog inventory is managed using bar codes, which allows for more customer business opportunities.



We carry catalogs from around 600 manufacturers.

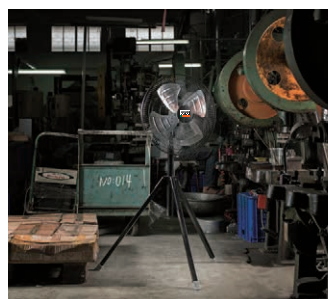
Establishment of Cut Depots Dedicated to Cutting Tools

We have set up cut depots that stock cutting tools, which are the greatest consumable in factories, at three distribution centers in Japan, making those products available for immediate delivery.



Inventory of seasonal products year-round

It is common for seasonal products to be stocked only in quantities that can be sold out during the season. However, in order to meet the demand for the last units, we keep more inventory than the seasonal demand and respond to orders throughout the year.



Ability to supply even the last unit of a product during seasonal demand

Private Brand Products

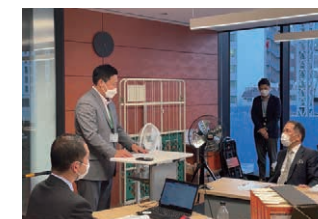
Developing our own brand with an original approach

The TRUSCO brand was born out of the desire to respond to professional skills with professional quality. It was born as the industry's first Private Brand (PB) in 1964 and covers the widest range of auxiliary materials for factory use among all brands.



New product review meeting for original product development

Once a month, members of the Company, including the President and directors, hold a new product review meeting. Highly original products are commercialized through this review meeting. Meeting participants examine not only functionality and cost but also how original the product is from a variety of perspectives.



Participants discuss various topics during a new product review meeting

Products Based on Ideas from Employees

The PB Request Box is a system for employees to propose ideas for new products. Approximately 100 new ideas are presented each month, some which lead to the creation of various unique PB Products.



Product info



TPBC-BK Waterproof Tarpaulin Boot Case

Received Multiple Good Design Awards

The Japan Institute of Design Promotion presents awards to products and services with superior design every year. TRUSCO has received Good Design Awards 21 times for many of its products including carts, air dusters, and hip roof tool boxes.



(2022 Good Design Award winner)



TPC6KJ-50 Plastic Chain with Attachable/Detachable Links 6MMx50M Plastic chain (yellow) + Plastic chain links (red)



Product info



FHWR The Worker's Rucksack can also store a full harness



Product info



MPK720 Kartio - Light-Duty Resin Platform Truck (Good Design Long Life Design Award)



Product info

We also deeply focus on quality control

We established the PB Quality Assurance Section for manage the quality of TRUSCO Private Brand products. We are striving to enhance quality through measures that include the plans to prevent recurrence when a deficiency occurs as well as product improvements.

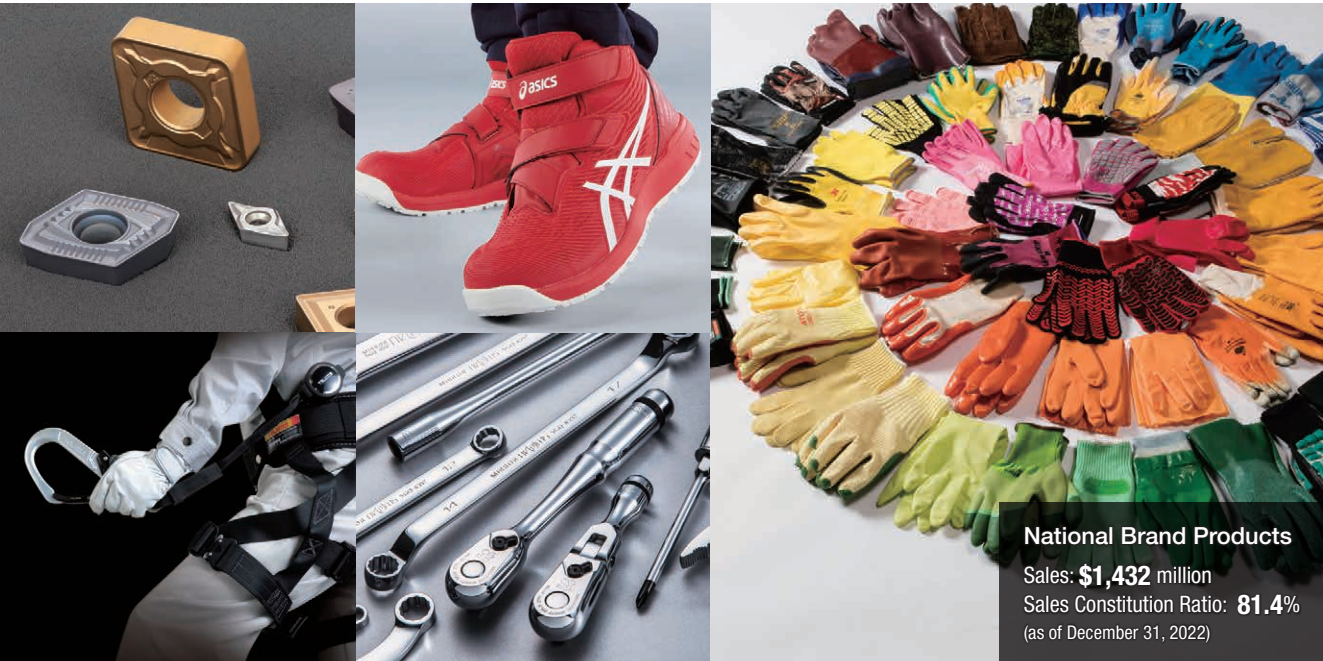


A regular remote business meeting with a manufacturer

National Brand (NB) Products

Providing a Broad Selection of PRO TOOLS in Japan

We are able to provide items (National Brand Products) from around 2,943 companies procured from suppliers in Japan. The number of suppliers we work with grows every year so that we can provide a broad selection of products to everyone involved with manufacturing.



We are always looking for products with professional specifications to provide total support to manufacturing sites nationwide.

Yattemasen List

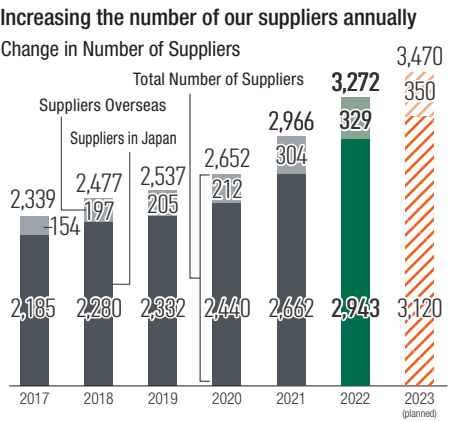
We have a list of suppliers that we have rejected because they do not do what we are looking for. The new ideas list is made available on our intranet and employees in the sales field contribute to the list daily in order to cultivate suppliers.

Product Request Advertisements

We publish advertisements to recruit new suppliers in newspapers and on our website. We are opening avenues to products by placing product request advertisements.



Product Request Advertisements



Sales and composition ratio by product category in the Trusco Orange Book (fiscal year ended December 31, 2022)

	Category	Sales	Number of Items	Sales Constitution ratio
01	Cutting Tools	\$59 million (+7.8%)	486,755	3.3%
02	Tools for machine tools	\$19 million (+8.2%)	69,767	1.1%
03	Measurement equipment	\$72 million (+2.2%)	105,521	4.1%
04	Mechatronics parts	\$22 million (+4.3%)	276,929	1.3%
05	Hardware and building materials	\$63 million (+6.7%)	460,651	3.6%
06	Pneumatic accessories	\$40 million (+10.9%)	735,062	2.3%
07	Electronic Devices	\$37 million (+17.2%)	227,635	2.1%

	Category	Sales	Number of Items	Sales Constitution ratio
08	Chemical Products	\$118 million (+17.3%)	12,696	6.6%
09	Hand Tools	\$133 million (+5.6%)	119,321	7.5%
10	Electric, hydraulic, and pneumatic tools	\$163 million (+5.3%)	131,297	9.2%
11	Protective equipment	\$178 million (+11.5%)	269,856	10.0%
12	Safety goods	\$40 million (+7.0%)	77,513	2.3%
13	Packaging goods	\$123 million (+9.8%)	41,934	7.0%
14	Construction and Lighting Equipment	\$160 million (+7.9%)	158,424	9.0%

	Category	Sales	Number of Items	Sales Constitution ratio
15	Loading goods	\$60 million (+4.7%)	26,057	3.4%
16	Distribution/Storage Supplies	\$103 million (+8.8%)	109,006	5.8%
17	Conveyance equipment	\$73 million (+9.7%)	478,479	4.1%
18	Cleaning and sanitation goods	\$94 million (+5.6%)	45,842	5.3%
19	Environmental improvement goods	\$80 million (+18.2%)	41,666	4.5%
20	Gardening equipment	\$12 million (+10.3%)	13,973	0.7%
21	Office/Household Supplies	\$75 million (+3.6%)	239,755	4.2%
22	Research equipment	\$43 million (+9.7%)	222,719	2.5%
23	Other products		134,914	

* 1. Net Sales of New TRUSCO Orange Book Products.
2. "Accounting Standard for Revenue Recognition", etc. not applied.

Overseas National Brand Products

Launching the World's PRO TOOLS in Japan

Starting with the Germany office (Düsseldorf), TRUSCO has sequentially opened product procurement bases overseas, including the Taiwan office and the Thailand office, to procure PRO TOOLS from around the world with a focus on Europe, where many high-quality tool manufacturers have built up a long history. We import quality PRO TOOLS from various countries to invigorate the manufacturing sites in Japan.



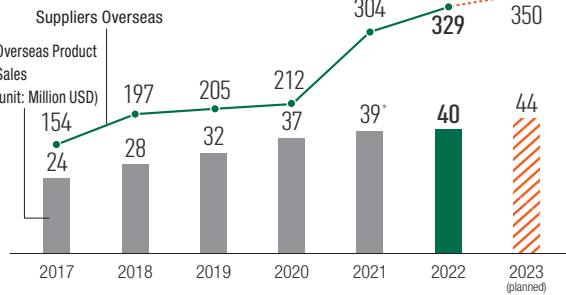
TRUSCO also carries products that are difficult to obtain in Japan

At present, TRUSCO handles the products of approximately 329 overseas suppliers from 32 countries/regions and stock them as Japanese products in distribution centers across Japan. With a wide-ranging lineup of overseas pro tools not readily available in Japan, we offer users increased convenience and options. We also have a website "Sekai no PRO TOOLS" where we provide promotional information based on a wealth of information.



Access here to see the "Sekai no PRO TOOLS" website.

Sales are growing in proportion to the increase in overseas suppliers



Note: "Accounting Standard for Revenue Recognition", etc. not retroactively applied.

Major Overseas Suppliers (honorifics omitted)

Ansell
(Belgium)
[gloves and protective clothing]

PELICAN
(USA)
[protective tool cases]

wiha
(Germany)
[Screwdrivers and hand tools]

GEDORE
(Germany)
[Work tools, tool wagons, and torque wrenches]

JTG
(Sri Lanka)
[Work Gloves]

ATG
(Sri Lanka)
[Work Gloves]

Justrite
Safety Group
(USA)
[General safety goods]

Germany office

Satoru Yamada, Office Head
Shota Sasaki, Supervisor

Taiwan office

Masato Nishimura, Office Head
Seika Ryu, Deputy Office Head

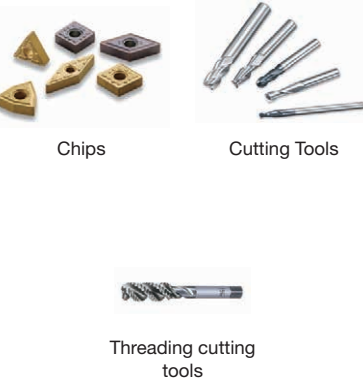
Thailand office

Yuki Morikawa, Office Head

TRUSCO imports PRO TOOLS from 32 countries/regions around the world

Number of different products in inventory: **562,026** As of December 31, 2022

Cutting Tools (132,785 items)



Production Processing Tools (51,426 items)



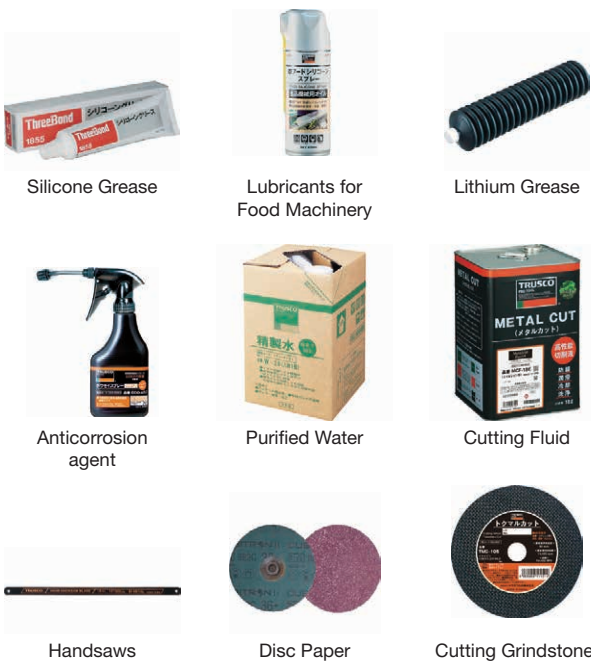
Environmental Safety Supplies (59,342 items)



Construction Tools (74,545 items)



Work Supplies (46,085 items)



Distribution/Storage Supplies (17,848 items)



Hand Tools (137,412 items)



Laboratory Supplies (12,948 items)




Office/Household Supplies (29,337 items)



Customer Support Feature

Aiming to provide customers the most convenient feature in procurement Pro Tool

The Feature needed for use at manufacturing sites vary greatly according to the times. There are also different situations that make procurement challenging, such as work sites that are offline and performing product searches without knowing product serial numbers. TRUSCO aims to provide the highest level of convenience in tool procurement in order to respond to any situation.



TRUSCO Orange Book 2023


Listed items: **374,000** items, Inventory items: **560,000** items

Off-the-shelf rate: **82%**, Manufacturers listed: **2,152** companies, Page count: **8,352**, Weight: **12** kg

Providing tools suitable for manufacturing sites

We launched our first product catalog “Nakayama Shouhou” (“Nakayama Business Bulletin”) in 1964. At that time, there were no catalogs that combined products from multiple manufacturers, and it was the first product catalog in the industry that provided users with real convenience. Currently, we

are developing not only catalog functions and web product search functions but also AI-based product search services. We provide tools suitable for a variety of manufacturing sites, most of which are linked to our inventory, to improve the convenience of PRO TOOLS searches and procurement.



2000 年度機器・物流・住設 総合カタログ

Name of the company's comprehensive catalog changed from “Nakayama Shouhou” to “Orange Book” in 2000

Note: Photo above shows the handbook version (small size version) of the Orange Book.

The idea for the catalog was born from the concept that it would be more convenient for users if the catalogs of each manufacturer were consolidated and prices as well as part numbers were integrated.

Paper-based Catalog & WEB



Starting with the 2023 TRUSCO Orange Book edition, we will reduce the page amount to half to make each catalog thinner and provide two-dimensional codes so that readers can access a wealth of information on the Internet in real time.

TRUSCO Orange Book

TRUSCO Encyclopedia for “Monodzukuri”
OrangeBook.

TRUSCO Orange Book - “Great Dictionary of Monodzukuri” used at various manufacturing sites

Our catalog lists every sort of PRO TOOL that is required on “manufacturing sites.” This is a professional tool catalog that supports efficient product search and procurement with a magazine-like composition that allows you to obtain delivery date information and find out about popular products at a glance. Starting with the 2023 edition, the 10-volume catalog has been slimmed down to 5 volumes, and the use of QR codes has made it both more convenient and portable. We also offer the “TRUSCO Digital Orange Book” which combines the reading ease of a printed catalog with the searchability of the web.



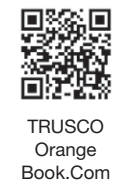
The Orange Book Book Stand is single-piece book holder

TRUSCO Orange Book.Com

TRUSCO **OrangeBook.Com.**
Search and information website for PRO TOOLS.

Product search site listed all the information users need to acquire PRO TOOLS

This comprehensive site supports product searches and the purchase of PRO TOOL. Information on the products we handle is available, as are SDS forms (Safety Data Sheets), schematics, and more. In addition, site members can request product estimates, place orders, and submit return requests 24 hours a day, and even check inventory in real time. It is a system that we are continuing to build in order to support smooth business transactions and assist our customers in their sales activities.



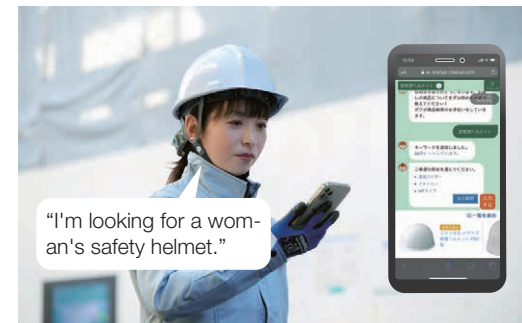
The number of items listed on TRUSCO Orange Book.Com is increasing daily

TRUSCO AI Orange Rescue



AI Chatbot (automatic chat program) responds instantly even voice searches

AI Chatbot is a product search service that uses artificial intelligence (AI). It is capable of instantly finding the most suitable product from over 3.16 million items. Even if you do not know the specific industry name for the tool, manufacturer name, product name, or model number, you can easily narrow down the products you want using the voice search function and guided chat function. The AI “learns” the search results to improve accuracy day by day, helping to improve the efficiency of operations.



Quickly finds products even during fuzzy searches

Catalogs that fit diversifying sales channels

TRUSCO Orange Book Jr.

This catalog gathers representative excerpts from every product category into one book.

2023 edition
Pages: 1,488 (A4 size)
Number of items listed: About 69,000
Number of manufacturers listed: 1,629
Price: \$14 (excluding tax)

Note: A Thai version as well as a version for the Indonesia market (2020-2021 version) have also been published.



TRUSCO Construction Tools BOOK

This catalog features a lineup of PRO TOOL required for construction and other work sites. The cover is UV laminated for improved water and weather resistance. This means that you can even use it at work sites without worrying about it getting damaged.

2023 edition
Pages: 706 (A4 size)
Number of items listed: About 33,000
Number of manufacturers listed: 655
Price: \$7 (excluding tax)



TRUSCO PRO TOOL MAGAZINE ICHIOSHI

This catalog magazine features up-to-date information on items recommended by manufacturers.

2023 edition
Pages: 246 (A4 size)
Number of items listed: 273
Number of manufacturers listed: 242
Price: \$3 (excluding tax)
Front Cover: 2018: Mansai Nomura
2019: Mari Watanabe
2020: Rie Tanaka
2021: Spotlight on craftsmen working at manufacturing sites
2022: Osamu Suzuki
2023: Kentaro Oyama



COCOMITE

A guidebook for PRO TOOLS, COCOMITE features basic product knowledge, simple explanations of points for selecting products, and more. This publication makes selecting products more efficient.

Vol.3
Pages: About 964 (B5 size)
Price: \$17 (excluding tax)
Note: An English version of this publication titled COCOMITE UNIVERSAL is also available.



Distribution Strategy

We will continue to meet the expectations of our customers and the market by improving convenience

Director
General Manager of the Distribution Department and
General Manager of the Distribution Safety Promotion Department

Hideki Naoyoshi



The most convenient and comfortable situation for our customers is having the ability to always be able to find the most suitable PRO TOOLS at any time and to ensure that they are delivered on time as promised. With the determination of all our employees to support manufacturing, we strive to become a company where one-stop procurement can be achieved on a routine basis without stress and the highest level of convenience can be experienced at all times. By combining the power of safety, automation, IT, and human resources, we will hone our highly original distribution capabilities.

A review of the 60th term

Prompt problem solving and distribution reform focusing on Planet Aichi

With the aim of improving the level of service offered to customers, we have promoted distribution reform using digital technology, such as warehouse condition visualization and optimal allocation of personnel. In addition, while confronting and resolving the many distribution issues that are in front of us, we have promoted the development of distribution personnel and the improvement of the educational environment.

- Focused on maximizing the power of inventory, such as optimal inventory allocation and prevention of running out of goods as well as quantity shortages
- Took on the challenge of performing demand forecasting using AI and introduced state-of-the-art distribution equipment
- Created an environment where employees who want to work hard can do so and take on challenges

Initiatives during the 61st term

Taking on the challenge of providing a distribution service of the highest standard

Through the continuous enhancement of inventory, which is the source of competitiveness, we will realize that the professional tools that customers need are “always found and immediately available.” We aim to create data-driven distribution that improves customer service levels by utilizing the huge amount of data generated by combining the two while thoroughly strengthening distribution and digital technology.

- Acquire control capabilities which prevent stockouts and optimize inventory volumes
- Focusing on Planet Aichi, we will thoroughly advance and optimize our distribution system (distribution DX) through means including automating prediction and judgment functions for warehouse work volumes
- Development of distribution personnel who can solve problems by making full use of both material handling equipment and digital technology

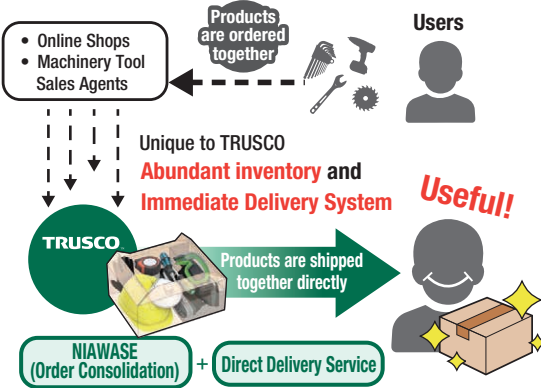
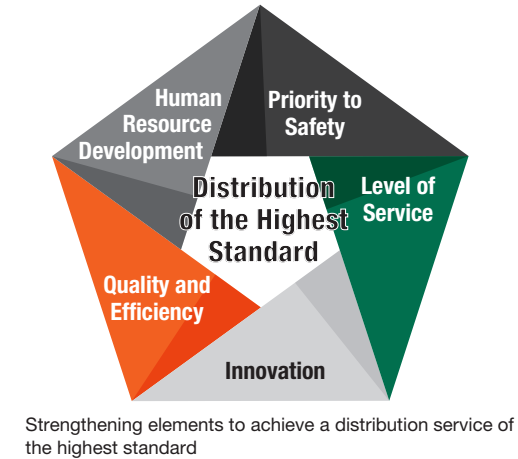
Enhancement of Direct Delivery Service Functions

TRUSCO is committed to “NIAWASE (Order Consolidation),” which allows for packaging material amounts, shipping costs, delivery time and the environmental burden to all be reduced by half. In addition, we will thoroughly enhance our Direct Delivery Service, which is used to deliver products directly to users, thereby eliminating waste in the supply chain. At the same time, we will reduce distribution costs through packaging line automation and labor savings.

- Expand environmentally-friendly services that utilize both NIAWASE (Order Consolidation) and our Direct Delivery Service
- Full utilization of I-Pack® high-speed automated packaging and shipping lines capable of packaging and preparing a maximum of 720 packages per line for shipping in just an hour (6 lines nationwide)
- Achieve a high level of service by combining high-speed NIAWASE (Order Consolidation) equipment with an unparalleled abundance of inventory



Digital visualization of warehouse conditions



Distribution System

Realizing the “fastest,” “shortest,” and “best” deliveries in the business

We are evolving logistics to meet the request from our customers, we will deliver “Just what is needed, only when needed, only in the quantity needed.” We have introduced the world’s most advanced logistics facilities to promote labor saving and automation. For Planet Aichi, which is currently being conceptualized, we are also making use of the latest technologies, such as virtual simulation using a digital twin.

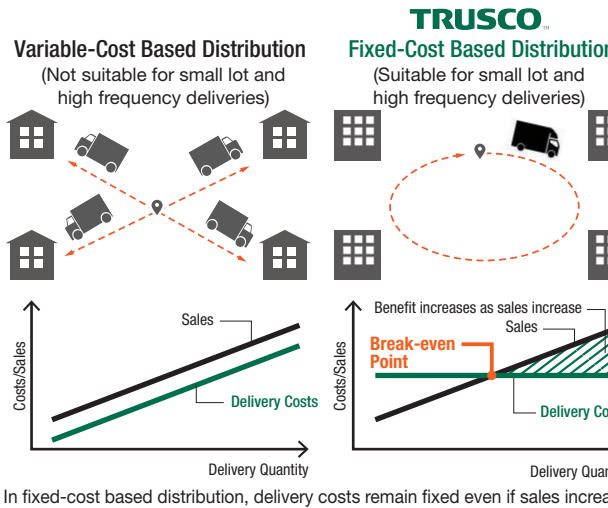
We also believe that “Immediate delivery is the greatest service” and analyze the lead time for each order from when an order is received to delivery. We will address issues that emerge by visualizing what immediate delivery is and establish a system capable of realizing the “fastest,” “shortest,” and “best” deliveries in the industry.

Unique fixed-cost based distribution

We have created a unique logistics system that establishes fixed freight costs. In contrast with variable-cost based distribution where costs are incurred for each individual delivery as with express home delivery services, etc., **fixed-cost based distribution** involves using fixed delivery routes so that delivery expenses are fixed regardless of the quantity of items delivered. As a result, we are able to provide better services to our customers, such as free deliveries (two deliveries per day), making products returnable if they are items that we stock (see p.32), and Naojiro Repair Workshops (see p.47) which handle repairs when necessary. In addition, because we have fixed delivery routes, we can deliver and collect cargo in containers without using cardboard boxes or other packaging materials, thus realizing low environmental impact distribution (see p.67).

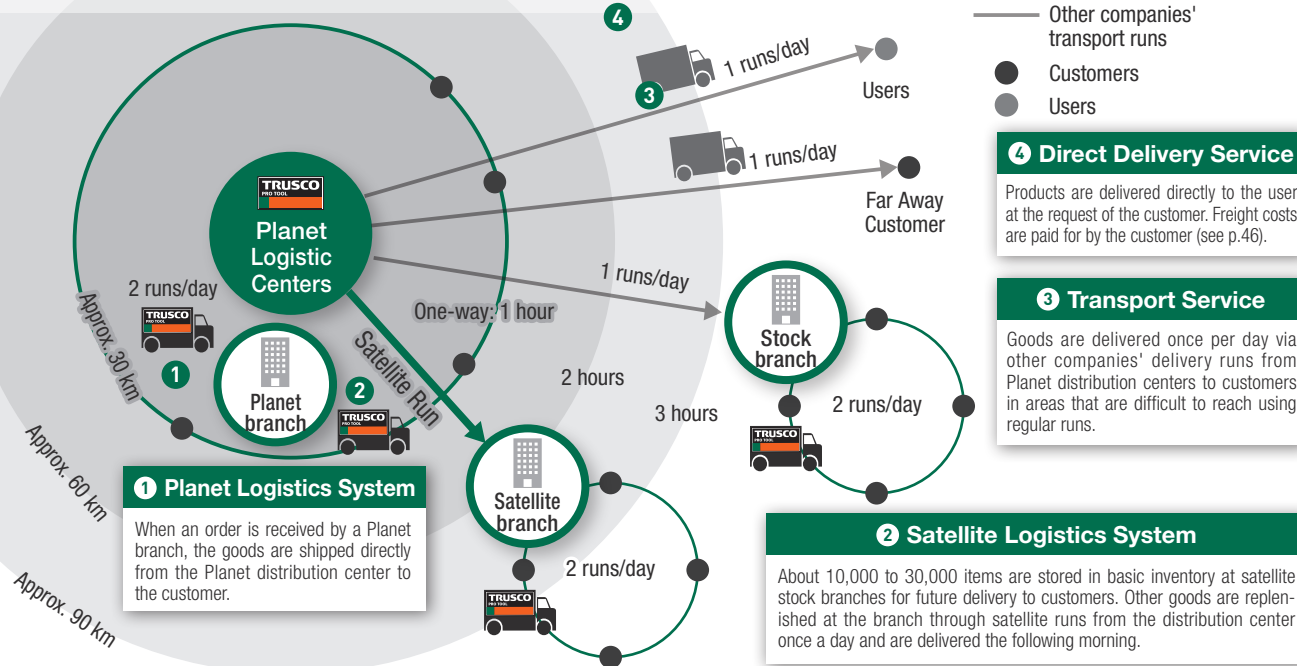
Distribution Strategy Key Indicators

Number of distribution bases	28 locations	Logistic centers	17 locations
		Stock centers	11 locations
Number of packages delivered via Direct Delivery Service	3,556,388 (+719,996 units)		
Number of orders delivered via Direct Delivery Service	4,374,725 (+978,439 units)		
Labor cost to ship one order	\$0.80 (-\$0.02)		
Stock hit rate	91.7% (+0.4 pt)		
	(Ratio of products delivered from our company stock among our total number of orders.)		
Number of Third-party Delivery Runs	162 vehicles (+1 vehicle)		
TRUSCO delivery routes	116 vehicles (-1 vehicle)		
Percentage of TRUSCO delivery runs	41.7% (-0.4 pt)		
Delivery lead time	20 hrs. 10 min. 4 sec. (+3 min. 11 sec.)		



Routes that achieve immediate delivery (Planet & Satellite Distribution System)

Throughout Japan, TRUSCO has built delivery routes that trace planet-like orbits around our distribution centers. From this, we have named our distribution centers “Planets.”



Logistics Wonderland

Introduction of a cutting-edge distribution system

Our distribution centers, which house the world's most advanced logistics equipment, are each truly a “logistics wonderland.” We have introduced a variety of logistics equipment and facilities to promote labor saving and automation. We continue to expand the number of items in stock and strengthen our immediate delivery system by realizing high-density storage in logistics equipment according to the size of the product and frequency of shipment, as well as high-speed receiving/shipping through automated sorting and packaging.

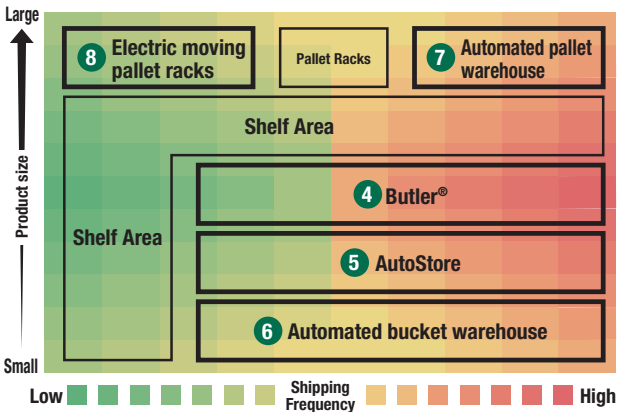
Logistics Wonderland Planet Saitama

Scan the QR code to watch video.



- Labor saving capability
- Distribution Center where the technology was introduced

Utilizing a variety of logistics equipment according to product size and shipping frequency



AMRs are used for pallet transfer, especially after receiving large items or large quantities of goods for which pallet transfer is a labor-intensive and time-consuming process. This contributes to a reduction of man-hours through labor savings.



Reaches speed of 5.8 km/h when moving straight forward

Saitama

Explanatory video



Automated conveyance robots lift shelves and transport them to workers in the warehouse. This reduces workers' time spent walking and raises the efficiency of loading/unloading.



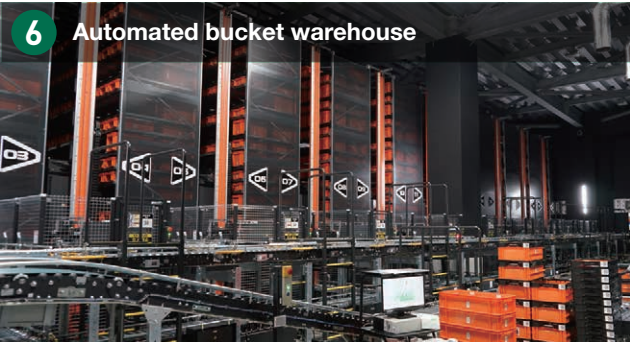
Shipping Capacity 70 shipments/h (1 station*)

Work Capacity Work Performed by approx. 2.5 Workers/h (1 station)

2x more storage capacity* Tohoku Saitama

*Independent estimate based on TRUSCO inventory items.

Explanatory video



We offer high-density storage of buckets (containers) of small- and medium-sized goods that are characterized by many types and relatively low inventory volume for each product. Cranes are used to automatically transport the buckets. This allows for many products to be efficiently managed by a small number of workers.

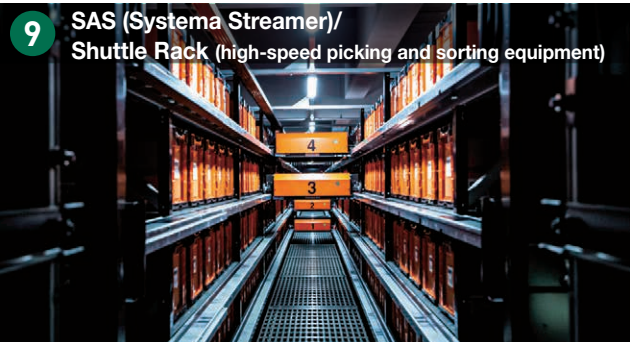


Shipping Capacity 110 shipments/h (1 station)

Work Capacity Work Performed by approx. 3 Workers/h 2.5x more storage capacity

Tohoku Saitama East Kanto South Kanto Tokai Shiga Osaka Kobe

Explanatory video



This high-speed NIAWASE (Order Consolidation) equipment for automated warehouses Can simultaneously perform NIAWASE (Order Consolidation) and sort goods for multiple orders. This reduces the work and time involved for sorting and transport.



Sorting capacity of 1,800 containers/h

Tohoku Saitama East Kanto South Kanto

Tokai Osaka Kobe

Explanatory video



This effectively uses space to enable efficient storage of large and heavy goods. Large-size cranes are used to automatically transport goods, making it possible to perform tasks fast and accurately.



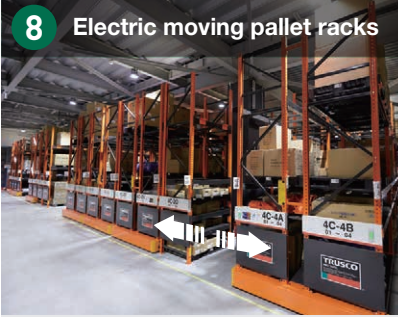
Shipping Capacity 35 shipments/h (1 station)

3x more storage capacity

Work Performed by approx. 1.5 Workers/h (1 station)

Saitama North Kanto East Kanto

Explanatory video



Movable pallet trucks reduce the number of passageways and expand storage space within warehouses. It increases the storage efficiency of large and heavy goods.

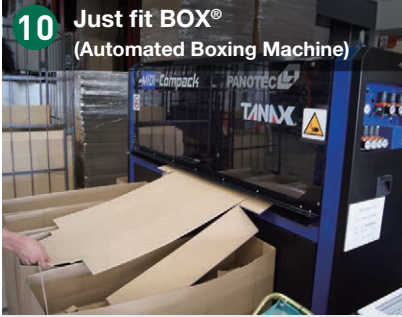


2x more storage capacity Saitama

East Kanto South Kanto Tokai

Shiga Kobe Sanyo

Explanatory video



This automated boxing machine reads the three linear dimensions of large and irregular-shaped items, which are difficult to pack, and creates a box to fit its size. It effectively reduces use of packaging materials as well as improves work efficiency and packaging quality.



Packaging Capacity 10 Workers/h

120 packages/h Tohoku

North Kanto Saitama East Kanto

Tokai Osaka Kobe

Explanatory video



Automatic Guided Vehicles automatically transport products along magnetic tape laid out on the floor of the Distribution Center. It improves transport efficiency through labor saving.



Reaches speed of 3.6 km/h when moving straight forward

Saitama

Explanatory video



This equipment for sorting products eliminates sorting mistakes by people, improving precision and speed. This is because the lid of the container where a product is to be placed will open (or a light will shine to indicate which container), prompting the worker to simply place products inside.



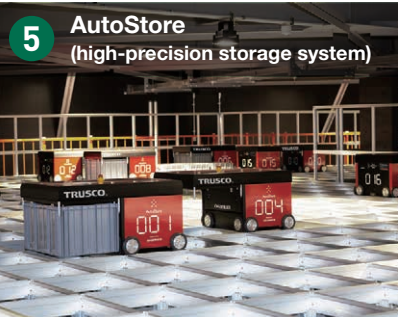
Sorting Capacity 200 product types/h

Work Capacity Work Performed by approx. 3 Workers/h (1 station)

Tohoku Saitama East Kanto

South Kanto Tokai Osaka Kobe

Explanatory video



AutoStore maximizes space efficiency by stacking bins (plastic containers) from the floor to near the ceiling. The use of robots to transport containers to improve efficiency and reduce the amount of labor for loading/unloading work.



Shipping Capacity 120 shipments/h (1 station)

Work Capacity Work Performed by approx. 3 Workers/h (1 station)

2x to 3x more storage capacity Tohoku

North Kanto Saitama South Kanto

Explanatory video



I-Pack places delivery slips inside packages and handles packaging as well as labeling all at high speeds. Automation leads to shorter packing time and better quality, the keys to our Direct Delivery Service.



Packaging Capacity 24 Workers/h

Maximum of 720 packages/h per line

Tohoku Saitama Tokai Osaka

Explanatory video



Palletizing robots are robots that perform loading and unloading operations. They are mainly used for sorting goods packed using I-Pack® to reduce labor and improve accuracy as well as work quality.



Sorting Capacity 300 product types/h (per robot)

Saitama

Explanatory video

Sales Strategy

By constantly solving ever-changing issues, we will build customer trust

Director
General Manager of the Sales Department

Kazuo Nakai

Our role in sales is not just to sell things but to understand the problems of our customers to propose the best solutions. To this end, we will accurately identify problems by establishing effective customer contact points in response to changes in the social environment and needs. We will use our unique services to solve problems and become a reliable supplier.

A review of the 60th term

Activities to deepen mutual understanding with customers

“Meet the people you need to meet and tell them what you need to say”

In addition to our existing customers, we focused on making new customers with whom we had no previous contact also aware of our unique services while at the same time getting to know new customers.

- Although the number of MRO Stocker (see p.46) locations was approximately 300 until 2021, the number of MRO Stocker locations has suddenly jumped to approximately 1,000 including reservations due to the advancement of collaborations between the TRUSCO and our customers.
- We have also helped our customers to streamline their operations and expand their sales channels by utilizing our unique Direct Delivery Service (see p.46)

Initiatives during the 61st term

Improving convenience for customers when being provided with estimates and when placing orders

By increasing the number of points of contact with customers, we will grasp the details of various problems and strive to streamline purchasing and simplify operations.

- We will learn about the diverse needs of customers who have installed MRO Stocker and use data analysis and other methods to review the products that have been stocked in order to further increase the frequency of use.
- Digitalization will be promoted to improve customer convenience, such as automated estimates via TRUSCO Orange Book.Com, which can provide estimates in as little as 5 seconds, and T-Rate, an app that allows users to chat with a TRUSCO representative even when on the go. Even in such a situation, we will ensure that things which cannot be handled digitally are handled by humans in a kind and courteous manner from the customer's point of view.

Responding to changing delivery styles and tackling environmental issues

By offering our Direct Delivery Service, which handles shipments to users, and NIAWASE (Order Consolidation), which ships products collectively taking advantage of our abundant inventory, customers can streamline their operations and reduce their environmental impact.

- Through NIAWASE (Order Consolidation) and Direct Delivery Service utilization, customers can reduce their shipping work, amount of packaging materials used, fuel costs, and other factors, thereby reducing their environmental impact.
- As demand for repairs increases due to environmental considerations, we support efforts to address environmental issues through “Naojiro” (see p.47), repair service that requires no customer-side labor, packaging materials, or shipping charges when shipped by customers by utilizing our delivery service.



Meeting with MRO Stocker user and customer
(Right: Natsumi Nakamura, Niigata Branch)



Increasing contact points with customers to solve issues as quickly as possible (Kasumi Yanaka, Tokyo Branch)



Picking up a product to be repaired using a dedicated Naojiro container
(Right: Anna Sasaki, Fuji Branch)

Route specific strategies

One-stop purchasing that integrates products, logistics, and digital services

We are grasping the latent needs of our customers that are not quantified and are working to solve their problems by utilizing our product, logistics, and digital services. By providing services suited to the characteristics of each route and realizing one-stop purchasing from customers to users, we will continue to contribute to improving productivity and sales in the entire industry.



Route specific strategies website

Sales Strategy Key Indicators

Sales	Factory Route	\$1,218 million	Home center route	\$158 million
	e-Business Route	\$368 million	Overseas Route	\$15 million
	Total	\$1,760 million		
Number of sales branches	Japan	59 locations	Branches with inventory	29 locations
	Overseas	2 locations	Overseas subsidiary: TRUSCO NAKAYAMA CORPORATION (THAILAND) LIMITED PT. TRUSCO NAKAYAMA INDONESIA	
	Number of customers	5,575 companies (+48 companies)	31,614 sales accounts (+2,053)	
Number of Companies Connected to Orange Commerce	2,233 companies (+191 companies)			
	MRO Stocker introduced	775 locations (+446 incidents)	Under negotiation	395 (as of December 31, 2022)

Factory Route

Machinery Tool Dealers
Welding Material Dealers, etc. 4,861 Manufacturing Industry, Construction-related Businesses, etc.

Toward a sales style that further utilizes digital technology

This route is to do business with customers in a wide range of industries, such as with machine tool dealers who mainly handle equipment and factory auxiliary materials, and welding material dealers who mainly handle high-pressure gas. By having sales offices throughout Japan, we are able to respond quickly to any problems and strengthen the cooperative system of each region. In recent years, we have introduced MRO Stocker (see p.46), which is like “Okigusuri,” a business model that has been around for many years in Japan, but for tools. We also focus on proposing environmentally-friendly products and repair services.



Arranging repair service for a customer using the Naojiro Repair Workshops website (Natsumi Nakamura, Niigata Branch)

e-Business Route

Online Shops, etc. 198 Manufacturing Industry, General Consumers, etc.

Providing high quality services required for e-business

We are developing business for mail-order companies that sell products via the Internet and business that links the purchasing systems utilized by users with our electronic catalog (Orange Commerce (see p.47)). By linking data in real time and visualization of the procurement process, we are helping our customers to improve order efficiency.



We provide support for user procurement efficiency

Home center route

Home Center Pro Shops, etc. 108 Outdoor Work, General Consumers, etc.

Supporting businesses that integrate physical and online businesses

The home center route involves doing business with home centers that have large stores nationwide and professional stores that serve craftsmen as customers. In recent years, we have been working to integrate physical and online businesses by promoting services that allow users to pick up products in stores in response to the growing demand for omni-channel services that link stores and mail-order sites.



Expanding Private Brand (PB) business at home centers throughout Japan

Overseas Route

Overseas Dealers, etc. 408 Overseas Manufacturing Industry, etc.

Overseas business based on our unique strengths

This is the route we take to do business with overseas subsidiaries of domestic customers and customers who handle local machinery tools. We have local subsidiaries in Thailand and Indonesia, where we provide the same quality of service as in Japan. We are contributing to the development of manufacturing in those regions by utilizing our unique strengths such as providing catalogs and inventory for those local markets.



Approximately 100,000 copies of the Trusco Orange Book Digest (overseas version of TRUSCO Orange Book) are available in three languages (English, Chinese, and Thai)

Direct Delivery Service



Environmental Conservation Through a Wholesaler-based Direct Delivery Service

With our Direct Delivery Service, products ordered variety of customers are delivered to users directly from our distribution centers. By shipping directly to users without shipping to customers first, not only is the lead time for delivery shortened but the customer's delivery and shipping costs are also reduced, which is linked with expanding sales to customers located in remote areas.

It also contributes to environmental conservation since it is able to reduce CO₂ emissions associated with packaging materials and transport (Number of packages delivered via Direct Delivery Service: 3.55 million units). In addition, multiple orders received from online shops and retailers will be bundled together using NI-AWASE (Order Consolidation) and delivered to users.

* TRUSCO does not sell any product directly to users.

* Our shipping charges for Direct Delivery Service are subject to certain conditions and not all orders from customers qualify for Direct Delivery Service.



Scan the QR code for more information

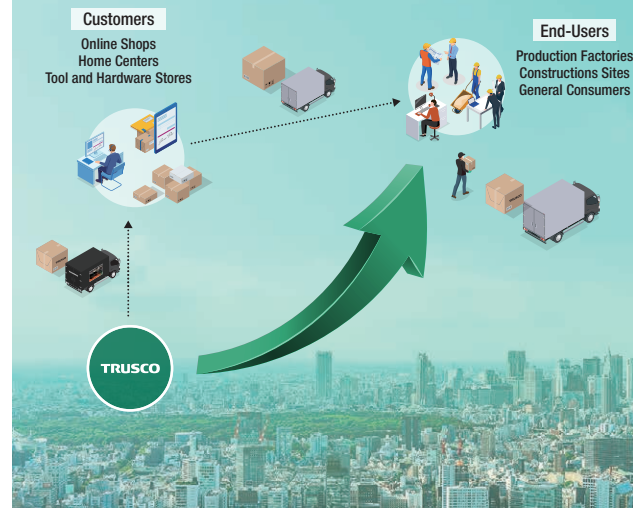
Our Direct Delivery Service can reduce the following by half

Delivery times

Amount of packaging materials used

Shipping costs Environmental burden Labor

Environmental Protection through Direct Delivery Service



Our Direct Delivery Service solves various issues

MRO Stocker

MRO STOCKER by TRUSCO



MRO Stocker

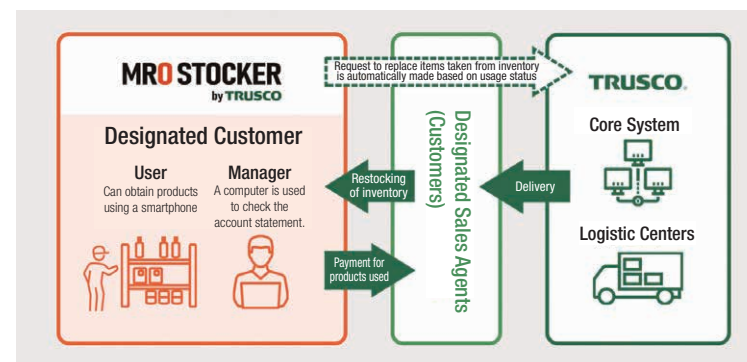
MRO Stocker is like "Okigusuri," a business model that has been around for many years in Japan, but for tools. MRO Stocker is stocked with consumables that users utilize on a daily basis in the manufacturing process, responding to the needs of manufacturing sites that need certain products immediately.

MRO Stocker locations: 775 (as of December 31, 2022)



MRO Stocker website

Workflow



TOPICS Example of MRO Stocker Adoption

Railroad car electrical equipment maintenance company

Number of items in inventory: 87 Number of shelves: 4 medium lightweight shelves

"MRO Stocker contributes to the stabilization of our production process"

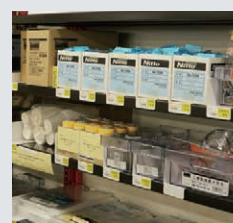
Mr. "U," Plant Manager

Prior to adopting MRO Stocker, we relied on the experience and feelings of the person in charge of placing orders for tools and supplies, which sometimes resulted in overstocking or understocking.

Since the adoption of MRO Stocker, we have been able to obtain the products we need when needed. This has led to the stabilization of our production process with MRO Stocker being used very effectively. We intend to continue to increase the number of MRO Stocker items to improve our production process.



Main inventory items
Consumable supplies (chemical protection suits, tapes, waste bags, etc.)



Orange Commerce (electronic purchasing system)



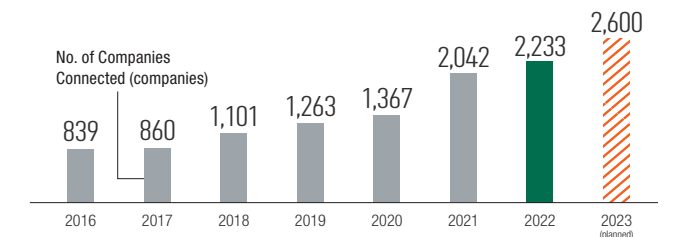
Combining our normal Orange Book with customer electronic purchasing systems

Orange Commerce is an electronic catalog that can be linked with customer purchasing systems. The trend toward electronic purchasing is accelerating, especially among major users, with the aim of improving procurement efficiency and reducing costs. It is a service that enables us to work together with our customers to respond to the requests of users. Number of Companies Connected: 2,233 (as of December 31, 2022)

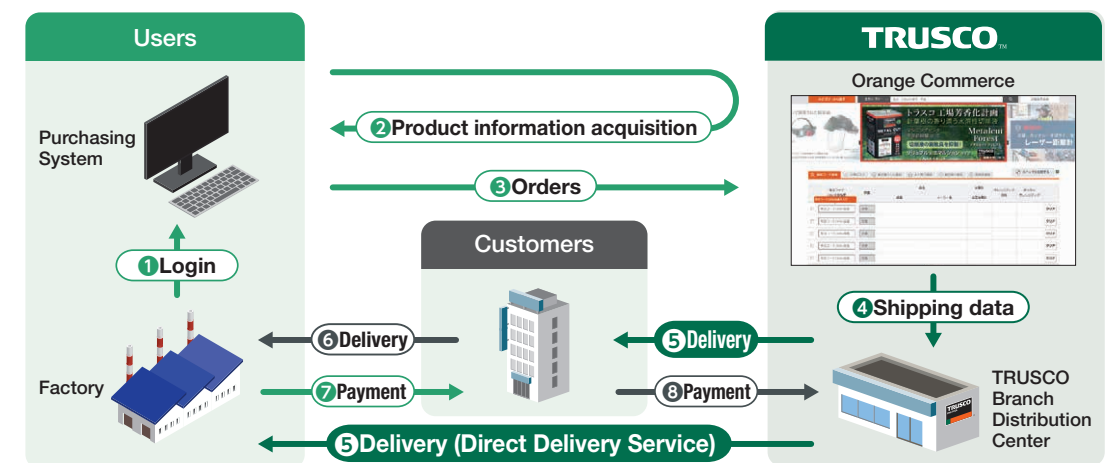


Scan for more information on Orange Commerce

Number of Companies Connected to Orange Commerce



Workflow



Repair Workshops "Naojiro"

A service that combines the reuse of PRO TOOLS and efficiency for our clients

Started in 1998, Naojiro Repair Workshops provide a unique TRUSCO service for repairs and maintenance that includes PRO TOOLS repair and resharpening of cutting tools. By promoting recycling and reuse, we support our customers' efforts to address environmental issues. Products for which service is requested using the Naojiro Repair Workshops website "Nao-SIS" will be picked up as required using our own vehicles. Since we use the Naojiro Repair Workshops dedicated containers for pick ups, no packing is required. (Naojiro Repair Workshops results as of December 31, 2022: \$12 million (+13.9%))



Naojiro Repair Workshops Basic Information Website



Naojiro Repair Workshops Services Catalog

The Eight Services Available Through Naojiro

Repair	Re-grinding	Calibration	Reuse
Machining	Maintenance	Assembly	Construction and Installation

修理工房
直治郎
な お し ろ う



TRUSCO is creating posters and catalogs so that our customers, who are aware of environmental issues, know that they have the option of repairing/servicing their tools.

Overseas Business

Responding to MRO demand in countries around the world

In order to contribute to manufacturing around the world, we are accelerating our exports to various countries as well as business with local subsidiaries. In terms of domestic exports, we are currently doing business with 408 companies in 20 countries around the world, and we are developing unique businesses that can be realized by combining our management resources. Our local subsidiaries are located in Thailand and Indonesia, where we are contributing to local manufacturing by utilizing our strengths, such as providing local catalogs, our abundant inventory, and immediate delivery system. We will continue to expand our trading area and aim to become a company that can meet the demand for MRO from all over the world.

Overseas Sales Dept.

Unique business created by combining management resources

In overseas sales, we are mainly exporting our TRUSCO Private Brand products to countries around the world. In general, importing and exporting takes time and effort, but thanks to our inventory strategy and strong logistics capabilities, we have been able to build an immediate delivery system for exports, enabling us to meet the demands of each country.

Overseas Subsidiary

TRUSCO THAILAND
TRUSCO NAKAYAMA CORPORATION (THAILAND) LIMITED

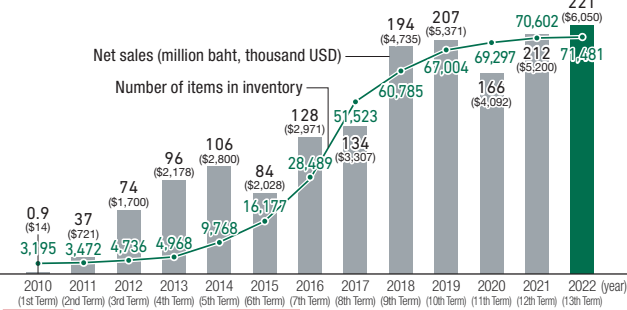
This subsidiary has continued to expand its sales to Japanese dealers and to major local dealers. By holding inventory and strengthening our immediate delivery system, we are contributing to the efficiency of the PRO TOOLS supply chain in Thailand by collaborating with local customers. In recent years, we have also been promoting our own initiatives, such as direct trade with Japanese manufacturers, to reduce purchasing costs and increase our share of local sales.



Office and warehouse of TRUSCO NAKAYAMA CORPORATION (THAILAND) LIMITED

TRUSCO Thailand staff

Changes in sales and number of different products in inventory at TRUSCO NAKAYAMA CORPORATION (THAILAND) LIMITED



Note: Sales in USD for each term are calculated using the exchange rate at the end of the period.

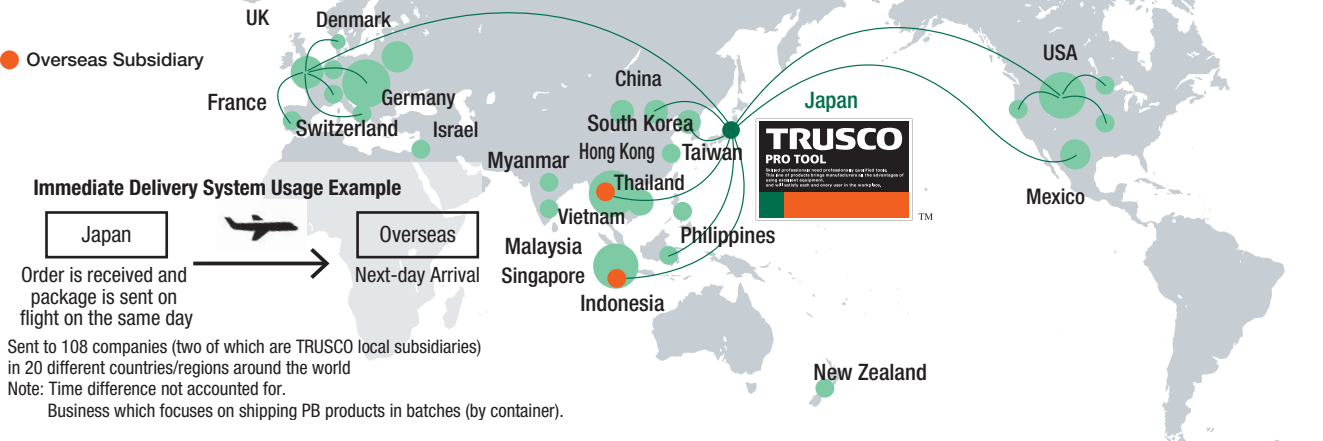
Developing top local brands

In order to support manufacturing in Thailand, we have examined the manufacturers of products that are in demand at manufacturing sites and have started carrying those products. From work supplies to work tools, we are expanding the number of manufacturers that we work with so that we can quickly respond to requests for different brands from those in Japan.



Product introduction flyer for local customers

Our Overseas Sales Section delivers PRO TOOLS around the world leveraging the strength of our immediate delivery system



Overseas Subsidiary

TRUSCO INDONESIA
PT. TRUSCO NAKAYAMA INDONESIA

There were many factors that hindered PRO TOOLS distribution in Indonesia, such as heavy traffic congestion and strict import regulations. For this reason, we have set up a distribution center in an area where many factories belonging to Japanese companies are concentrated. With the largest inventory in the region, we are taking on the challenge of optimizing PRO TOOLS distribution. Against the backdrop of domestic demand in a company with a population of 270 million people, we will continue to contribute to Indonesia's advancing manufacturing industry.



Office and warehouse of PT. TRUSCO NAKAYAMA INDONESIA

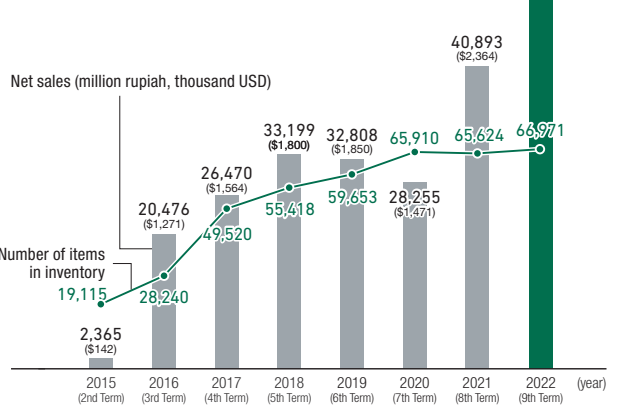
TRUSCO NAKAYAMA INDONESIA staff

Company Overview As of December 31, 2022

- Trade name: PT. TRUSCO NAKAYAMA INDONESIA
- President: Yohei Takuno
- Auditor: Naotsugu Kamiyo
- Officer in charge at TRUSCO NAKAYAMA Corporation: Kazuo Nakai
- Business areas: Wholesale of PRO TOOLS (secondary materials used in factories)
- Capital: About 378.8 billion rupiah (about \$22 million)
- Employees: 21 (3 employees on loan and 18 local staff)
- Established: December 2014
- Equity: 99.9%
- Area of grounds: approx. 16,178 m²
- Floor area: approx. 10,429 m²
- Number of different products in inventory: 66,000
- Inventory value: \$4.2 million
- Total number of items in inventory: 410,000
- Value of investment: Land, \$8 million; Buildings, \$4.5 million
- Address: Lippo Cikarang District, Bekasi, Jawa Barat (about 40 km east of the capital city, Jakarta)
- Jl. Kenari Raya No. 36 Delta Silicon VI, Jayamukti, Cikarang Pusat, Kab. Bekasi 17815.



Changes in sales and number of items in inventory at PT. TRUSCO NAKAYAMA INDONESIA



Note: Sales in USD for each term are calculated using the exchange rate at the end of the period.

Increasing the number of manufacturers that we trade directly with

We are doing more business directly with manufacturers without going through a parent company. We are now able to carry products designed for the local voltage and models exclusively for the overseas market, further improving our product lineup.



Digital Service Strategy

Aiming to increase convenience and build a sustainable value chain

Director
General Manager of the Business Management Department and
Digital Service Strategy Department

Atsushi Kazumi



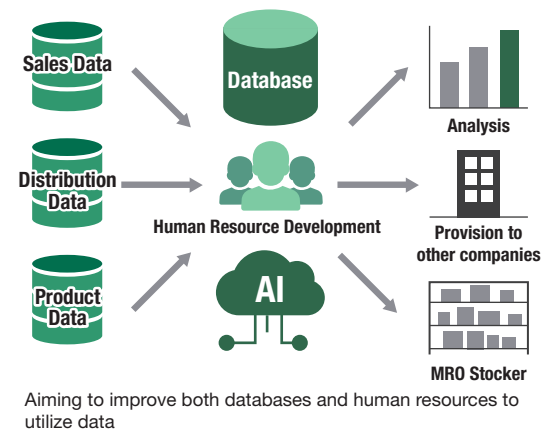
To become the company that we want to be, we regard continuous enhancement of our digital capabilities to be essential. In order to realize sustainability on a global scale, digitalization of society as a whole is being promoted. By utilizing our digital infrastructure throughout the Japanese manufacturing value chain, we will strive to meet our customers' constant demands, such as making sure they have everything they need, prompt and reliable delivery, reasonable prices, high level of convenience, kindness, politeness, and security, and reducing their environmental impact.

A review of the 60th term

TRUSCO aims to become a data powerhouse

We aim to make use of the data accumulated in business to grasp conditions in the field in a timely manner and to respond more quickly and appropriately. To that end, we are focusing on building a data infrastructure and training data human resources.

- Aiming to become a data powerhouse, we improved our skills through educational opportunities for management to staff focusing on taking what was learned and putting it into practice
- Built a foundation that can centrally manage various types of data and utilize them flexibly and quickly
- Used data and AI to improve the convenience of new services

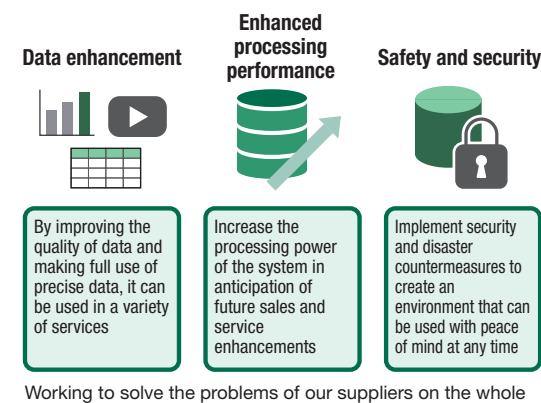


Initiatives during the 61st term

Building a sustainable value chain

Our distribution services aim to increase the efficiency of the entire supply chain and reduce the environmental impact as much as possible. To that end, we are striving to make the best use of digital technology to provide better services.

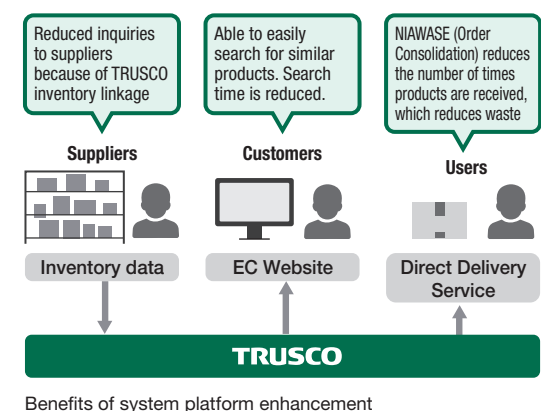
- Reduce inquiries to suppliers through supplier inventory linkage (started in 2022)
- Propose similar products by improving product information. Reduce the time and effort required for retailers to search for products
- Reduce environmental impact through NIAWASE (Order Consolidation) and Direct Delivery Service to eliminate unnecessary delivery work



Building a System Platform for the Future

In order to continue to grow our business and respond to the diverse requests of our customers, we will continue to build a system platform that enables our customers to conduct transactions with peace of mind.

- Start building databases, such as a product database, which contain highly-accurate data
- Strengthen infrastructure such as networks in preparation for the increase in inter-company collaboration in the future
- Create a security environment that allows our business partners to use our systems with peace of mind



TRUSCO's Digital Transformation

Becoming the Company We Want to Be by Utilizing Digital Technology

Digital transformation is a step of a process, not an end goal. In order to put our policy “**Business must serve people and society**” and slogan “**GAMBARE!! JAPANESE MONODZUKURI**” into practice in order to make a difference, it is essential for us to utilize digital technology. We plan to further accelerate digital transformation (TRUSCO DX2.0), including the use of AI and robots, to provide an unparalleled level of convenience that no other company can match.

Digital Service Strategy Key Indicators

Automated estimate ratio	22.6% (+4.4pt)
Ratio of Web-based estimate requests	46.0% (+3.3pt)
System order intake ratio	85.2% (-0.1pt)
Digital Expenditures (most recent three periods)	\$17 million

DX1.0 >>> DX2.0

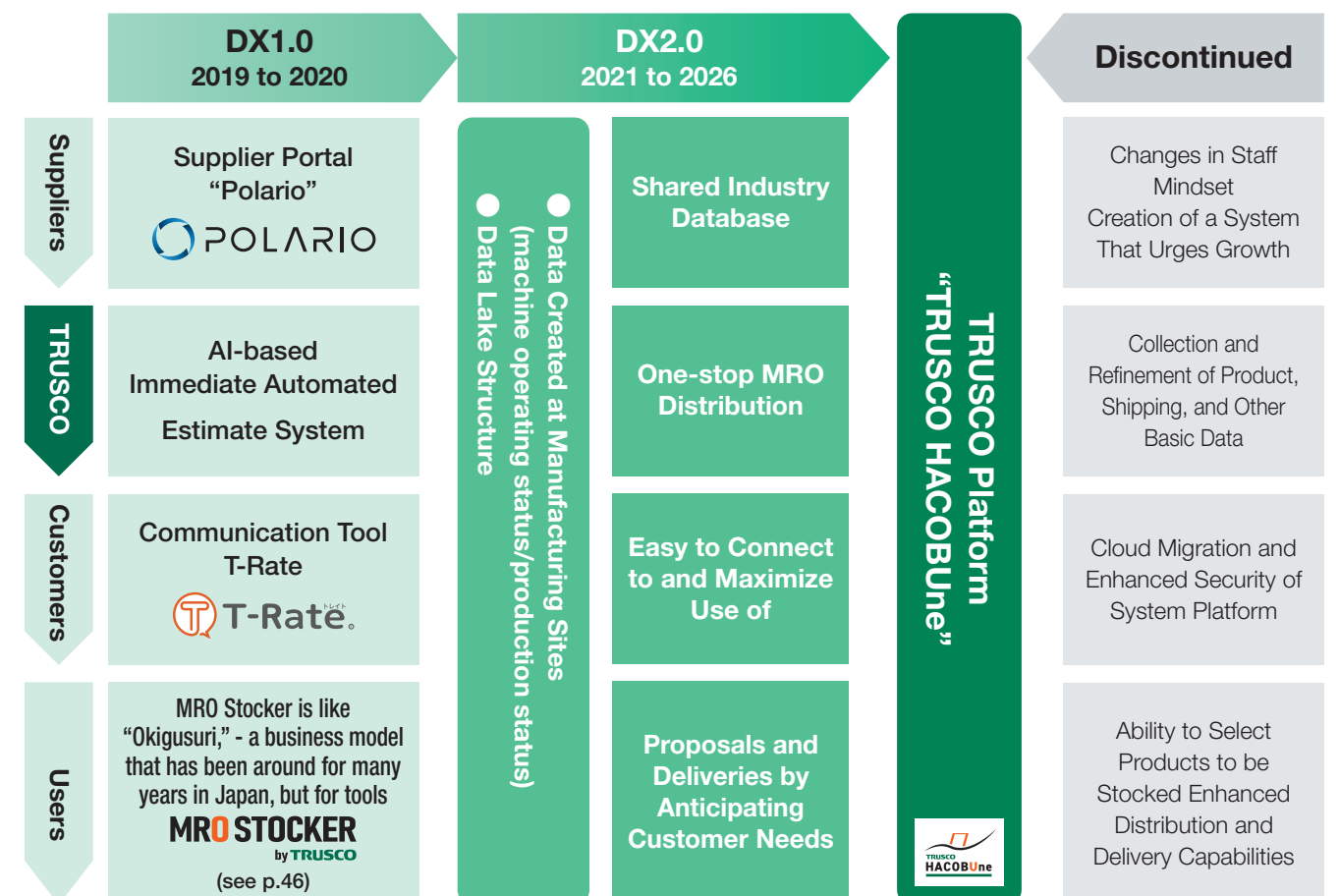
Automation of all work that can be automated (see p.53)

Achieving the industry's “fastest,” “shortest,” and “best” deliveries, aiming to make the catchphrase “The best is already there” a reality (see p.52)

Medium-term Digital Transformation Strategy

Providing Unparalleled Convenience in PRO TOOLS Procurement

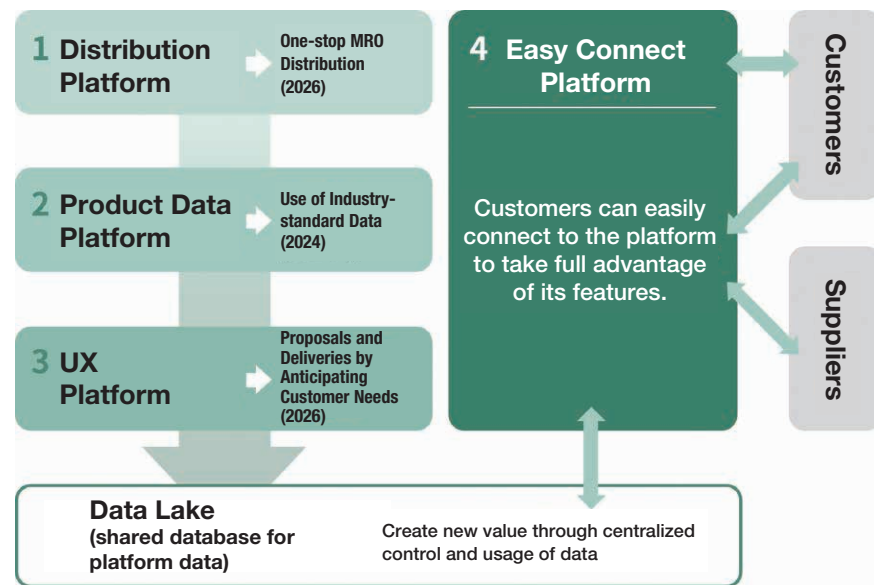
We will continue our digital transformation for every business scene where we have contact with customers to improve the convenience of the entire supply chain, from the construction of a shared industry database to the delivery of products to users ahead of time.



TRUSCO DX 2.0

Toward becoming a “platform holder” that supports manufacturing sites

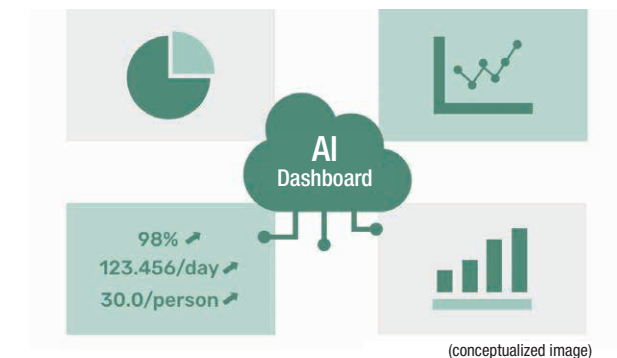
TRUSCO HACOBUNE was created to serve as a platform that integrates distribution, product data, and UX (user experience) to achieve the “fastest,” “shortest,” and “best” delivery in the industry, aiming to make the catchphrase “The best is already there” a reality. By streamlining the entire supply chain, we will create a foundation for providing the highest level of convenience to our customers.



1 Distribution Platform

We always have what customers need and deliver products quickly

In addition to demand forecast AI, Planet Aichi, a next-generation distribution center which will hold one million items in inventory, is scheduled to begin operations with the implementation of a distribution facility integrated management system (WES) designed to automate even inventory and personnel allocation decisions.



AI Dashboard allows data to be visualized, analyzed, and used in proposals

3 UX Platform

Allows users to easily select and purchase the best products

We will further advance user experience (UX) by implementing a search function for equivalent products and a linkage function with manufacturer inventory information for a vast array of products. MRO Stocker aims to realize the delivery of products that users will need in the future by using data and AI to make proposals ahead of time.

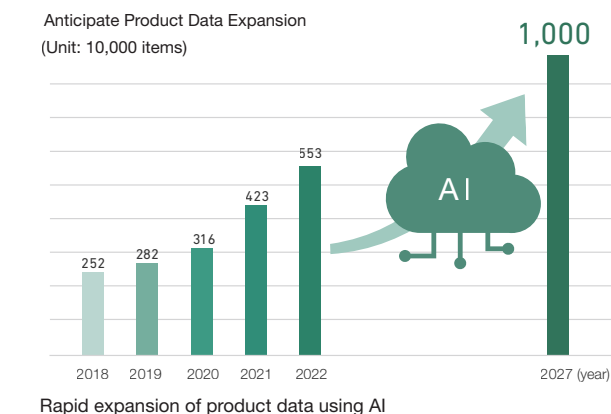


Delivering products in advance is made possible by MRO Stocker

2 Product Data Platform

Availability of all types of necessary product data

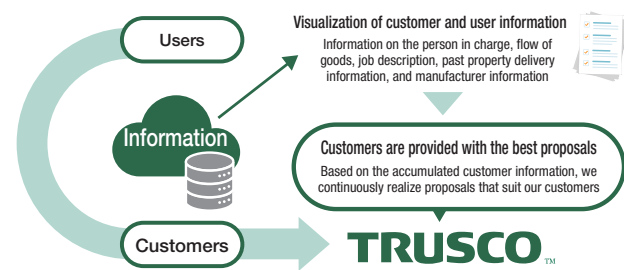
We will expand our product data to cover more than ten million items by building a system to implement automatic analysis and collection functions of product data using AI. We aim to achieve dramatic efficiency in product selection and industry standardization of product data.



4 Integrated Sales

Allows anyone to help customers

During Integrated Sales, customer interactions are digitized and accumulated in a data format. We aim to create an environment where anyone can provide high-quality service to customers at any time by sharing information among sales staff.



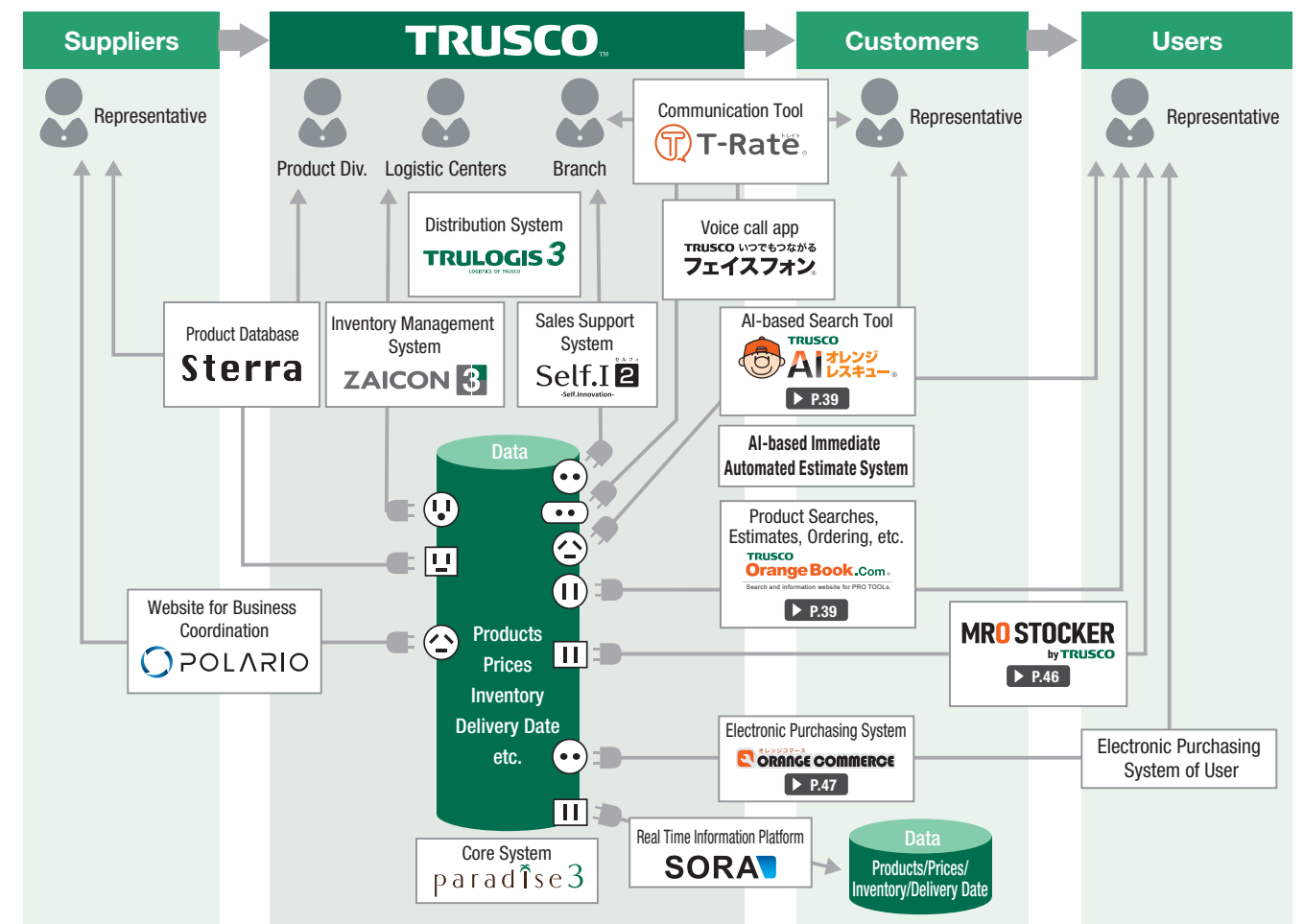
Visualization of customer and user information and realization of optimal proposals

TRUSCO DX 1.0

Automation of all work that can be automated

Starting with the launch of our core system “Paradise 3” in January 2020, we have released various systems to improve convenience with the aim of automating all tasks that can be automated in the supply chain. In addition to internal business reforms, including our AI-based quotation system, which realizes dynamic pricing using AI, and ZAICON 3, our inventory management system that forecasts demand for each individual product to drastically cut down time used for inventory management, our company, which is in the middle of the distribution chain as a wholesaler, is promoting the reform of business practices throughout the supply chain by utilizing digital technology aiming at digital transformation.

TRUSCO DX Measures

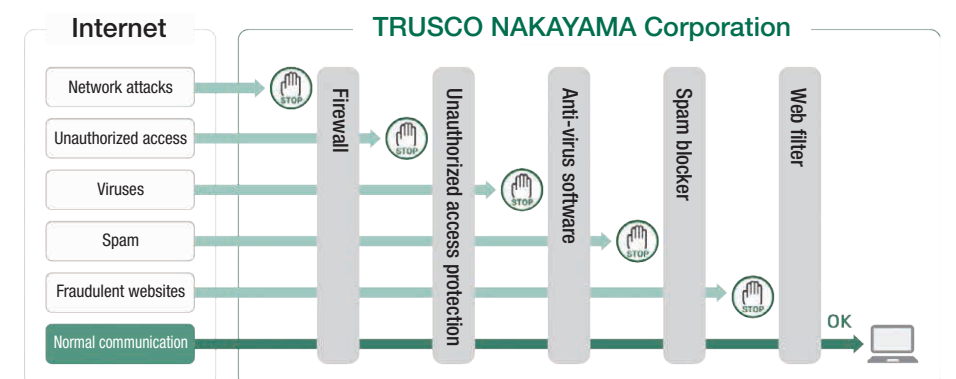


Strategic partners that support our digital transformation (in alphabetical order, honorifics omitted)

Framework, Inc., IBM Japan Co., Ltd., Nomura Research Institute, Ltd., SAP Japan Co., Ltd., SCSK Corporation

Responding to security risks

Considering the possibility that high-speed and dense data sharing throughout the supply chain could lead to the leakage of personal or corporate information, we have implemented optimal data placement and authorization settings.



Human Resources Strategy

Aiming to become a company that continues to serve customers by creating value and solving problems

Director
General Manager of the Business Management Department and
Digital Service Strategy Department

Atsushi Kazumi



In order to realize our aspirations, it is important that each and every one of us grow with our aspirations from his or her own perspective. On the other hand, it is also "the starting point of growth to seriously tackle the work in front of you." Through personnel rotations across divisions, TRUSCO is striving to develop human resources who are self-aware and motivated with diverse values, such as specialist human resources who conduct research work and a job challenge system that allows them to take on challenges on their own, based on the development of employees who can be active for a long time.

A review of the 60th term

Expansion of personnel system for autonomous career development

In an era where the future is uncertain, I believe that focusing on the work in front of us will lead to a bright future. At the same time, since work styles and values regarding work satisfaction are diversifying, it is difficult to develop human resources in a uniform system and environment. Therefore, we conducted personnel system reforms that expanded career courses and work styles in line with various values.

- Five new courses for career selection (see p.56)
- We started an open position system and a concurrent job challenge system where employees can apply on their own
- Established the HR Support Section to support the careers of each employee, including managers

Initiatives during the 61st term

Value Creation and Problem Solving

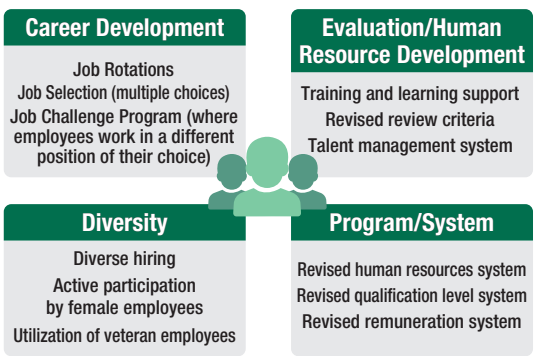
In the 61st term, we will develop independent human resources through initiatives to create value for the future and practice solving current issues. In addition, it is essential that each and every one of us actively participate in TRUSCO's environmentally-friendly management initiative, "Sustainability." We will work to develop human resources who have a sense of ownership and are committed to solving problems.

- Accelerate the speed of the TRUSCO HACOBUNE project and develop digital human resources
- Acquire the form (frame) of "problem solving," visualize issues, and implement concrete solutions
- Accelerate the proliferation of environmental impact reduction services including our Direct Delivery Service, MRO Stocker, NIAWASE (Order Consolidation), and Naojiro Repair Workshops

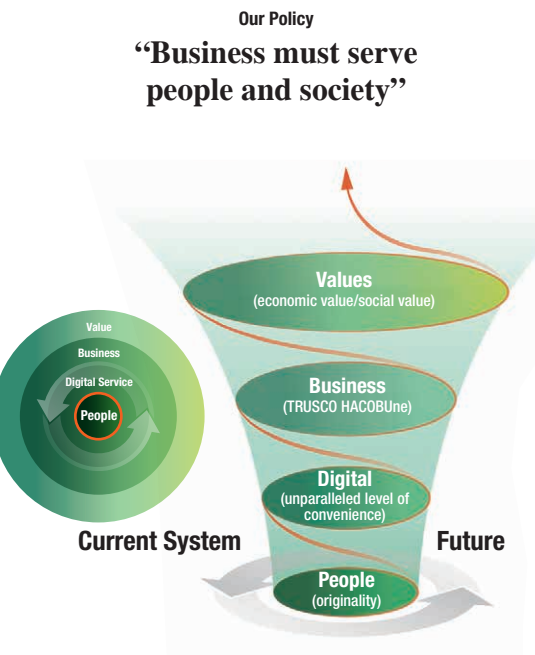
We aim for growth by "putting what we have learned into practice"

In advancing various reforms, we will foster traits such as "empathy," where employees share their strong beliefs and values, and "persistence," a trait that allows us to overcome difficult barriers. While giving importance to making use of these traits, we aim to develop human resources who can think and collaborate with each other by accumulating knowledge and hardships gained through experience.

- Develop human resources with a high emotional intelligence (EQ) levels
- Increase engagement, create a sense of unity with organizations, and improve productivity
- Create more appropriate personnel evaluation systems and educational opportunities



Personnel system reform designed to create a company where employees can continue to work for life



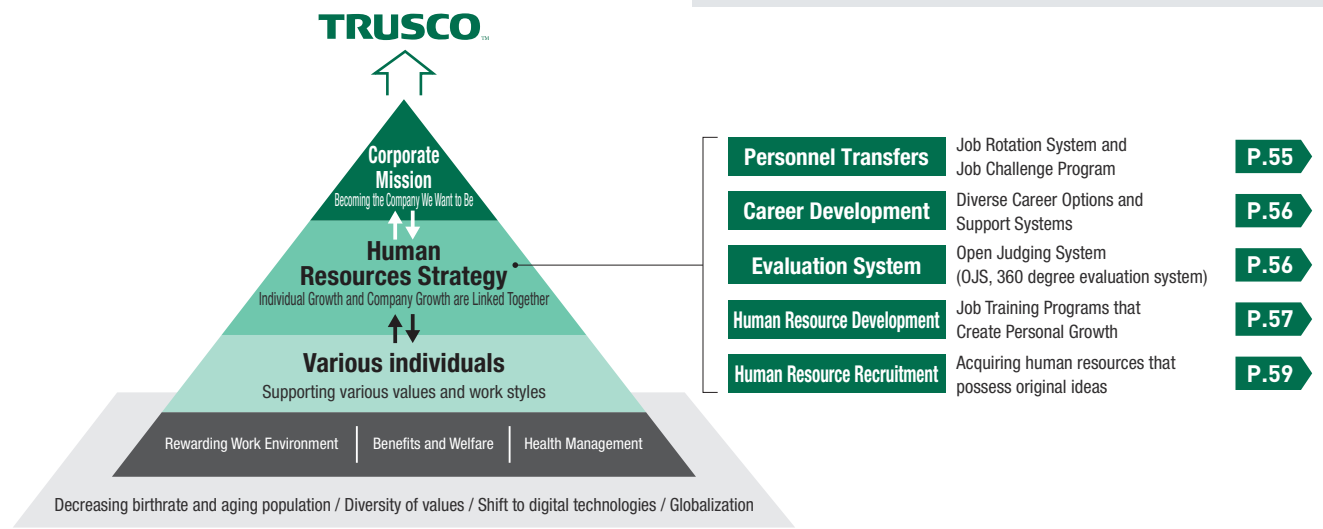
We will work together to create future value and solve current issues

Human Resources Strategy

Linking employee growth with our corporate growth

From distribution to sales, we aim to create an environment that does not depend on other people's capital. In order to do so, the power of "people" is absolutely necessary. In an age when the environment is changing and unpredictable, we aim to cultivate "people" who can think and act autonomously. By enhancing our personnel system in response to the diversification of job types and work styles, we aim to provide a stage where each employee can play an active role with making their jobs more satisfying and easier, linking individual growth with corporate growth.

Overview of Our Human Resources Strategy

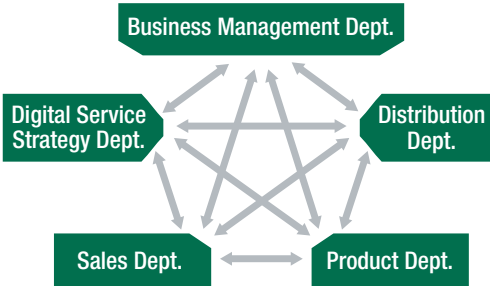


Personnel Transfers Job Rotation System and Job Challenge Program

Personnel transfers help hone work and human skills

Around five years after joining the company, employees are transferred across departments, such as sales, distribution, Head Office, etc., and job rotations are conducted within departments. This is a measure to avoid personalization of work and to improve work and human skills by experiencing a variety of jobs, as well as to raise awareness of work reform through organizational "metabolism," thereby raising the level of corporate growth.

Employees are transferred across departments to hone work and human skills



Programs that encourage employees to take on challenges

Boss Challenge Program Started in 2001

This is a program that allows employees to pursue their career goals by becoming a candidate for a position or nomination in order to become an officer with the most authority in a given area. Participants are actually assigned as assistants to managers in charge and learn management skills as they work toward becoming bosses.

Open Position Challenge Program Started in 2020

This is a program that allows an employees to apply for a position of his or her choice when there is a request for an increase in personnel.

Dual Position Job Challenge Program Started in 2020

This is a program that allows an employees to work in a desired position while maintaining their current position.

Desired Position Notification Program Started in 2022

This is a program that allows employees to think about which position they want to serve in and notify the Personnel Department of their wish. The information described is used as a reference when personnel changes are made.

Career Development Diverse Career Options and Support Systems

Aiming to become a company where each and every employee can play an active role

Aiming to become a company where each and every employee can play an active role, TRUSCO has established various career courses. These systems allow employees to make their own choices according to their diverse life and career plans.

Making their own choices improves their lives and motivates them to work and grow both themselves as individuals and the company.

In January 2022, we established the HR Support Section to support the independent career development of each and every employee.



New employee training session

Course List ● = Newly established course (2022)

Course Name	Course Details
Career course	For employees who are self-aware and are allowed to hone their abilities for growth, aiming to become managers or supervisors capable of working in a variety of positions, can be transferred with a change of residence, and fulfill ability and evaluation criteria. One of the following classifications shall be made according to the transfer destination of the candidate 1. Overseas Career Course: When the transfer destination is outside Japan 2. Domestic Career Course: When the transfer destination is within Japan
Digital Career Course ●	For employees who are self-aware and are allowed to hone their abilities for growth, aiming to become managers or supervisors to work specifically in IT related positions, can be transferred with a change of residence, and fulfill ability and evaluation criteria.
Distribution Career Course ●	For employees who are self-aware and are allowed to hone their abilities for growth, aiming to become managers or supervisors to work specifically in distribution related positions, can be transferred with a change of residence, and fulfill ability and evaluation criteria.
Local Career Course ●	For employees who are self-aware and are allowed to hone their abilities for growth, aiming to become managers or supervisors capable of working in a variety of positions in limited areas without a change of residence, and fulfill ability and evaluation criteria.
Specialist course	For employees who acquire a high level of job performance through self-development and, if necessary, transfer with a change of residence and use their high level of expertise to serve up to the position of business manager in a specific department.
Expert Course ●	For employees who are expected to play a role in accordance with their level and contribute to business performance by honing their skills in a specific field and specializing in that field only in their local area.
Area course	For employees who acquire sufficient working knowledge of the overall business that the employee is involved with and take on the role of business manager only in their local area.
Local Area Distribution Course ●	For employees who will be engaged in distribution operations such as delivery and product management only in their local area, responsible for serving in an advisory role for the total optimization of their distribution center and may take on the role of Distribution Center Manager.
Logistics course	For employees who will be engaged in distribution operations such as delivery and product management only in their local area, and are expected to have the working abilities and skills to perform their various professional duties.

Evaluation System Open Judging System (OJS, 360 degree evaluation system) Started in 2001

Aiming to create a workplace free of ill feelings

The Open Judging System (OJS, 360 degree evaluation), an electronic-based voting system, is a personnel evaluation system for all employees where employees are evaluated by each other that was introduced for the purpose of conducting fair and highly objective evaluations. Evaluating one another helps build an environment of fair assessment with good energy in the air. (evaluations are anonymous)

OJS Category	Started in	Staff Level	Overview	Procedure	Result
Promotion OJS	2001	Candidates for supervisor or higher	This program enables more multifaceted evaluations of candidates for a promotion of supervisor or higher by reflecting assessments from other employees.	Determine if the candidate should/should not be promoted.	Candidates who have an 80% or higher approval rating and satisfy the minimum number of votes are promoted.
Personnel evaluation OJS system started OJS	2003	All staffs	This program reflects the evaluations between staffs who work in the same office in personnel ratings. Comments are included to provide feedback to the individual.	Performance, attitude, and ability are each are graded on a 5-point scale (Boss ^(※1) and Boss challenge program students ^(※2) are evaluated on a 5-point scale for their abilities to train, invigorate, and manage others).	30% of this assessment is reflected in the personnel records related to achievement allowances, bonuses, financial bonds, and promotions/demotions.
Director, Auditor, Executive Officer, Division General Manager OJS	2012	Director, Auditor, Executive Committee, and Division General Manager	Evaluators who are the bosses ^(※1) or higher in charge of the company, evaluate the executive's performance at daily work and what they say at management meetings.	The evaluation is conducted once a year by about 140 people, including the bosses and members ^(※3) of the Management Conference. Each of 6 evaluation items is rated on a 24-point scale.	Management who add/drop below a certain standard of points two years consecutively become a candidate for promotion/demotion.
President OJS	2014	President	An OJS system implemented directly by shareholders during the General Meeting of Shareholders. We consider this as one of the important evaluation indicators for the President.	Votes are received from shareholders who have directly heard our business reports and Q&A at the General Meeting of Shareholders.	The results are posted on the Company website after the General Meeting of Shareholders.
Part-time Staff OJS	2015	All part-time staff	The OJS program also applies to part-time staff and is highly evaluated for fairness and objectivity.	Procedure: Determine the performance, approach, and skill of the staff in five levels.	30% of this assessment is reflected in the personnel ratings related to hourly wage as well as bonuses and promotions. (also utilized in employee promotion criteria)

*1 Bosses: Included branch office managers, section managers, and distribution center managers *2 Boss challenge program students: Employees registered in the Boss challenge program designed for those who want to become bosses *3 Members of the Management Conference: Directors, Auditors, Executive Officers, and Division General Managers

Human Resource Development Job Training Programs that Create Personal Growth

No Education Beats Self Awareness

Although the training implemented by TRUSCO is based on on-the-job training, we aim to create an environment in which trainees can receive knowledge that they cannot learn through on-the-job training to gain awareness.

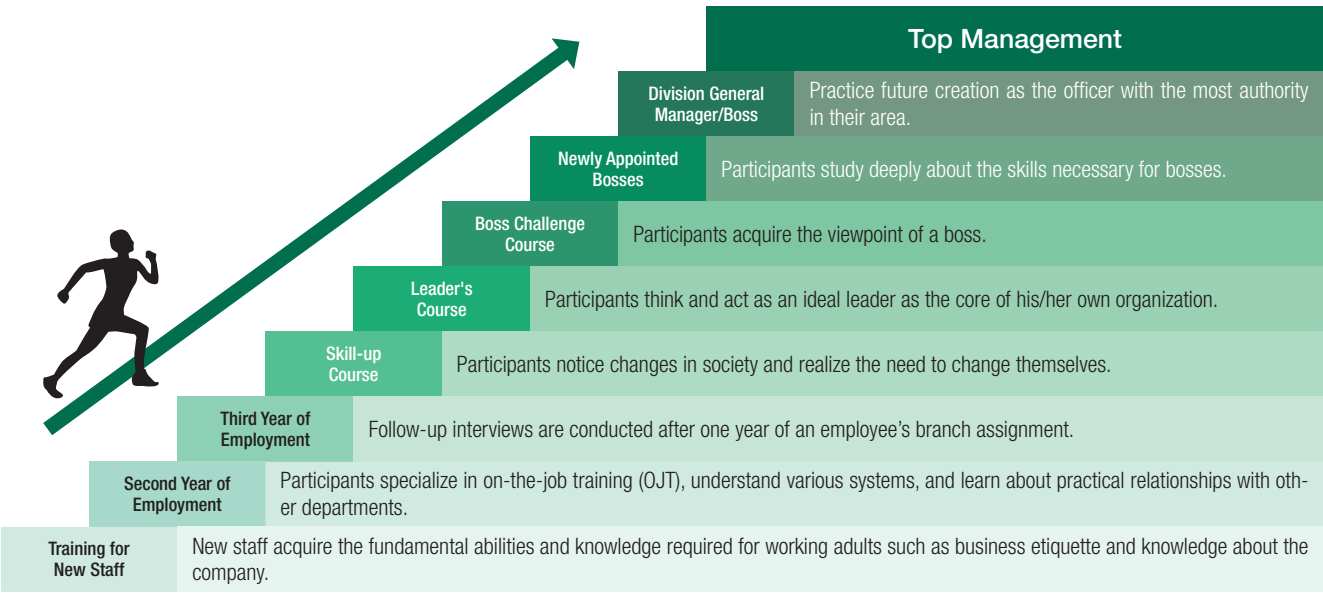
We provide the experience gained from being at TRUSCO NAKAYAMA and a variety of learning environments, including training, e learning, and distance learning.



Skill-up Course training

TRUSCO Stage Trial

We have established our own training system to help our employees become useful to people and society. By knowing exactly the types of human resources we are looking for at each stage, we give our employees the opportunity to become aware of what we are doing and to grow as individuals. Employees reflect on their mindset and actions to determine what they need to do and what skills they need to develop. From that point on, we create opportunities to make employees think about how things should be and what action to take.



Other Job Training Programs

In addition to Trusco Stage Trial (our original education curriculum), we conduct a variety of other training courses as well. It is necessary for our employees to continue to learn in order to perform their work at a higher level. These training courses provide various types of support in accordance with each person's career and desire, including a level of on the job training (OJT) that goes beyond the boundaries of acquired qualifications and one's immediate organization.

Job Training Program	Staff Level	Overview
Area (Distribution) Training Course	Area/Logistics Employees	This training deploys staffs to another business location or distribution center for roughly one week. Establishing opportunities where the employee can compare job sites helps them grow and enhances our operations.
Mid-career Employee Training	Mid-career employees	Through on-the-job training in each department, mid-career employees will learn about TRUSCO Nakayama, learn about the culture and climate of the company, and deepen their understanding of the company.
Orange Doctor Examination	All employees	Orange Doctor Examination was established for the purpose of enhancing staff knowledge about our products. This examination is held twice a year. Staffs who pass the examination receive an allowance of \$71 per month for one year.
University Subsidy System		This system subsidizes \$2,142 from the cost of acquiring a degree as educational support for gaining a bachelor's degree from a University. The company also provides a \$1,071 subsidy for staffs to acquire a bachelor's degree in another field.
TRUSCO Distance Learning Courses		"Becoming a human resource who has a track record founded in the skills necessary to grow a company all starts with the will of the individual." This is why the company provides 50% assistance for the course fees to staffs who complete a course.

We also offer a variety of other learning environments to enable employees to meet their objectives.

Main programs for employees to work for many years with peace of mind

What you are doing is important, but when you are doing it is even more important

The time when the policies of a company begin is important and the “will” varies according to when a policy is put in place. We have a number of unique human resource programs that were inspired not by the trends of the world but by our concern for our employees. By respecting the opinions of our employees and supporting their work styles through various approaches, we improve their motivation to work which leads to the growth of the company.



Scan for list of programs

Childcare Leave Program (three years)

Started in 1992 (Program participants: 52)

TRUSCO employees can take childcare leave until the end of the month during which the child becomes three years old, if desired (Japanese law allows employees of any company to take childcare leave until the day before the child becomes one year old).



Kohei and Yuo Yasuzumi use childcare leave as a couple (Recruitment Section employee Kohei Yasuzumi and Satte Branch employee Yuo Yasuzumi)

Vacation Bank Program

Started in 2007 **Revised in 2022**

In the past, this program allowed employees to accumulate up to 60 days of unused paid vacation time within the time limit in case of illness, nursing care, or other events requiring extended leaves of absence. The following revisions were made in 2022.

Main Vacation Bank Program Revisions

- **No limit** on the number of days of paid leave that can be accumulated (previous limit was eliminated).
- Accumulated days of paid leave **can be used for more reasons** than previously allowed (also for studies, volunteering, etc.)
- At the time of retirement, the company will **pay employees for any unused days**.

Since there is no limit on the number of days of paid leave that can be accumulated, employees will not have to worry about not having enough days available during unexpected circumstances

Trusco New Social Work Grant System

Started in 2016 (Program participants: 83)

This program provides the money necessary for new employees to smoothly start a career as a professional in society. TRUSCO provides this entrance allowance to new employees about one month before the date of entering the company (\$1,428 for persons who live alone and \$714 to persons who still live at home after joining the company)



Planet Tokai employee Daisuke Ito bought furniture and suits using his entrance allowance

Happy Sunday Policy

Started in 2002 (Program participants: 11)

This is a system that allows employees who have been transferred not accompanied by family to delay coming to work on Mondays so that they can spend time with their families at dinner on Sundays when they return home on weekends (travel expenses for returning home twice a month and company housing rent are paid separately).



Internet Sales Osaka Branch Manager Ryohei Hotta with his family

Welcome Back Policy

Started in 2014 (Program participants: 33)
Re-employed: 4

This program is for the re-employment of staff who had to resign to raise a child, take care of a sick family member, undergo infertility treatments, or to accompany their spouse goes to due to a work appointment within ten years of their resignation.



Planet Tohoku employee Michiko Suzuki returned to work using this program

In-company Sidework Program (Hybrid Work Program)

Started in 2019 (Number of times the program was utilized: 137 total)

This program allows employees to work in a different department on their days off and earn income on the side. Since the program focuses on work that any employee can do, it is a great way for them to gain new insights.



MRO Supply Tokyo Branch employee Eiki Fukumoto works in different positions on weekdays and holidays

Lovebird Transfer Policy

Started in 2005 (Program participants: 18)

This policy allows a staff to continue to work by accompanying a spouse when transferred to the area of that transfer regardless of whether their spouse is a company staff or not.



The Hirayasuyama family moved together to Gunma Prefecture (Isesaki Branch employee Kengo Hirayasuyama and Planet North Kanto employee Yui Hirayasuyama)

TRUSCO Part-time System for Retirement-aged Employees

Started in 2015 (Program participants: 18)

This system allows employees who have reached the age of 70 to continue employment at the company as part-time workers until the age of 75 if they wish to do so and meet certain criteria. (Designation: Senior)



Tatsuo Okami working at Planet Tokai

Additional Off Time System

Started in 2020 (Number of times the program was utilized: 46)

This system allows employees to adjust their start or finish time in exchange for up to one additional hour of rest time (or less than one hour) for very important reasons, such as visiting government offices, making hospital visits, etc.



Digital Promotion Division employee Minami Watanabe took a one-hour break during work using the system

Personnel Systems (other than those listed on p.58)

Program	Started in	Overview
Birthday Off Time System	1996	In order to promote the use of paid vacations, we encourage employees to take annual paid vacations on their birthdays (or one month before or after) as “birthday off time.” (Program participants: 118)
Half-day full-time employee system	1996	This system allows staff to reduce their working hours down to as few as three hours per day for reasons of child raising up until their child finished sixth grade (Legally, employees can reduce their working hours down to as few as two hours per day until a child reaches three years of age). Employees can also use this system to shorten their working hours when they are pregnant, taking care of a family member, or injured/sick. (Program participants: 110 for childcare, 0 for taking care of a family member, and 11 due to injury/sickness)
Financial Bonds (annual payment for severance)	2003	Trusco Nakayama does not pay severance as a lump sum upon retirement, but as an annual payment known as a “financial bond,” a performance-based payment to reward annual contributions.
Transfer Request Policy	2005	This program allows staffs to request a transfer to a desired place of business due to life events such as marriage or taking care of a sick family member. (Program participants: 66 *previous three years)
Maternity Bonus Program	2005	This program pays a bonus for special leave for childbirth (14 weeks) during the bonus calculation period.
Child Support Allowance	2007	We provide \$71 per month allowance for each child to staffs who have children under ten years old. TRUSCO started payments even to staffs who are on leave to raise children in 2014.
Return-to-Work Support for Staffs on Maternity or Childcare Leave	2015	One tablet terminal is lent to each employee for information sharing, and information can be exchanged on “Tramama Port,” a space on the company intranet dedicated to employees on maternity or childcare leave. We also provide support to make it easier for employees to return to work, such as by setting up Office Visit Days every four months.
My Home Concierge (housing consultation service)	2016	Two first-class licensed architects, who are employees of the company, have set up a desk where employees consult about any problems they may have regarding housing. (15 consultations* held in 2022)
Work from home system	1) 2017 2) 2020	1. Open: Employees can telecommute at any time when it becomes difficult to come to the office due to relocation or integration of offices, transfer of a spouse, injury, illness, taking care of a family member, etc. 2. Discretionary: With the permission of the head of the office, employees can telecommute up to twice a week.
Return-to-Work Program for Staffs on Childcare Leave	2019	This program allows employees that finished their childcare leave to choose the number of working days, working hours, office work, or work from home until the child is three years old so that they can return to work with peace of mind.
Go Home Early System	2020	This is a system that allows employees to go home early even during scheduled working hours in order to instill in them the awareness and habit of finishing work early. Under the system, employees can leave up to 30 minutes earlier once a week. (Number of times the program was utilized: 97)
Infertility Treatment Leave Program	2021	This program allows employees to take up to a year leave only for specialized infertility treatment (in-vitro fertilization/microfertilization). Once the first child is born, the days of leave taken are reset, and the employee can use the program again for all subsequent children when infertility treatment is performed. Within one year from the initial leave start date, the leave can be taken divided into up to three times, and the Company will pay all social insurance premiums during the leave, including the employee's portion. (Eligible employees: Employees who have been with the company for at least one year.) (Program participants: 1)
Right to Remain in Same Area for Work Exception for Course Changes	2021	If an employee undergoing infertility treatment requests it, the employee will not be transferred to a different location with a change of residence for up to one year (right to remain in same area for work). In addition, if an employee changes to an area course for infertility treatment, the employee may return to the original course with the evaluation requirement for returning to the original course waived. (Program participants: 2)

Note: In addition to the programs listed above, we offer a staggered workday system, free biz system, and a non-necktie system (a system that allows employees not to wear neckties even outside the cool biz period).

Human Resource Recruitment We acquire human resources that possess creative ideas

Providing Unique Job Experience Events

The source of competitiveness for an organization is its “originality”. Because we are one of the last wholesalers in the industry, we have aggressively challenged and achieved things the other companies do not try and can not do. We will continue to acquire human resources that create new value through original ideas to fuel our corporate growth.

Trusco Prospective Candidate Guidance Team

In addition to the Recruitment Section, employees from all over the country who work in various departments, divisions, and sections conduct recruitment activities. In addition to explanatory meetings and interviews, we also provide individual follow-up services to relieve the anxiety of students participating in job hunting activities. We are committed to finding the people who will create the future of our company.



Explanatory meeting held at a university

Direct talks with management

In order to give people a better understanding about our ideas, we provide opportunities for students to have direct conversations with the President, directors, division general managers, and other members of the management team. During a Round Table Discussion with the President, the President answers each and every question that only he can answer.



Direct talks held with the President are conducted at the Tokyo Head Office and Osaka Head Office

Explanatory Meeting for Parents of Students Participating in Job Hunting Activities

We hold these sessions because we believe that by having parents of students participating in job hunting activities see our company from the perspective of a senior member of society, they will be able to understand our company and give appropriate advice to their son or daughter in job hunting activities. Held online in 2021 and 2022. (participation is optional)



More and more parents are participating in these sessions each year

Benefits and Welfare

For spending valuable time with those who are dear to us

We need to build an environment where employees can engage in their work safely with both body and mind. In order to encourage our employees to spend time with their families and loved ones on holidays, we have our own recreational facilities and boats which they can use.

Programs

Nakayama Pension

This contribution-type corporate pension plan provides 10% financial assistance to a reserve fund to pay out to staffs as a 10-year fixed pension from the age of 65.

Congratulatory/Condolence Programs

TRUSCO has put in place five congratulatory and condolence programs for executive officers, staffs and part-time staffs.

1. Congratulatory gift for marriage	The company presents \$214 as congratulatory money when a staff gets married.
2. Congratulatory gift for childbirth	The company presents a catalog gift worth about \$71 for each child when a staff or their spouse gives birth.
3. Condolatory/condolence gift	The company presents \$357 condolatory gift when a staff member passes away (up to \$71,428 depending on how long the employee worked for the company). In addition, the company presents up to \$214 as a condolatory gift when a member of a staff's passes away.
4. Injury or Sickness Compensation	The company presents \$71 to a staff who has to take leave due to injury or sickness.
5. Disaster Compensation	The company presents up to \$714 based on the degree the house and belonging of an employee is damaged due to a disaster such as a fire or earthquake.

Facilities

Resort Condominiums (15)

We have 15 resort condominiums that our officers, staff, and part-time staffs can use freely.

- Chuo-ku, Sapporo City
 - Kusatsu, Agatsuma District, Gunma
 - Minato-ku, Tokyo
- Shima City, Mie
 - Chuo-ku, Kobe City etc.



Kurio Odori La Mode (Chuo-ku, Sapporo City, Hokkaido)

Recreational/Training Facilities (3 locations)

We use these facilities for a wide range of applications such as staff trips, and staff training. The chefs are also full-time employees of our company as we want to be in the hands of people who want us to eat delicious food.



TRUSCO Resort and Spa Karuizawa (Left to right: Sous-chef Kan Iizuka, Assistant Manager Aoi Iki, and Manager Masatoshi Kawashima)



TRUSCO Resort and Spa Hakone (Left to right: Sous-chef Toshiro Sato, Head Chef Taro Kinoshita, Emiko Kinoshita, and Manager Ryo Ishiguro)



Kyoto Kaguraoka Rengetsuso (Left to right: Head Chef Yusaku Karatsu, Manager Kenichi Hitaka, and Assistant Manager Chiharu Kitagawa)



TRUSCO Resort and Spa Karuizawa

Employee Stock Ownership Association

Staffs can purchase company shares by deducting it from their salary each month to receive a 10% bonus to the value of the contribution. It is recommended that employees withdraw shares once they become unit shares and own shares in their own name.

Accumulation Savings

This program allows staff to deduct money from their salary and bonuses to an accumulated savings in which the company will contribute twice each year to the staff.

Wine Seminar

We hold a wine seminar, a party designed exclusively for singles, once every two months at two locations, the Tokyo Head Office and the Osaka Head Office, to give single employees an opportunity to meet other singles.

60th Birthday Gift to Staffs

In celebration of a 60th birthday for officers and staff, the company invites those employees and one member of their family to either Baycourt Club, a membership resort with locations in Tokyo, Aichi, and Hyogo), or one of our company-owned recreation facilities (Kyoto Kaguraoka Rengetsuso, TRUSCO Resort and Spa Karuizawa, or TRUSCO Resort and Spa Hakone). We also arrange and cover travel to and from the location (Green Car tickets will be provided when traveling by Shinkansen and business class tickets will be provided when traveling by air) and also provide a monetary gift.



Tokyo Baycourt Club Hotel and Resort (Koto-ku, Tokyo)

Singles' Dormitories (4 locations)

We own four company dormitories (three in Tokyo and one in Osaka) for single staff and staff transferred to a position away from their family. TRUSCO also provides dormitories.



TRUSCO'S Shinbashi (Minato-ku, Tokyo)



TRUSCO'S Osaka (Higashi-Osaka City, Osaka)



TRUSCO'S Ayase (Adachi-ku, Tokyo)

Two Company Owned Yachts

TRUSCO owns two yachts, one in Yokohama (Kanagawa) and Ashiya (Hyogo). These yachts are made available as a chance to enjoy a bit of cruising. In addition, the company will subsidize half the cost of acquiring a license for a small vessel boating license (106 license holders in the company). (as of December 31, 2022)



TRUSCO'S I (Yokohama)
Length: Approx. 41.00 ft. (12.50 m)
Weight: Approx. 18 tons,
Capacity: 12 persons
Horsepower: 370 (5,460 cc) x two engines



TRUSCO'S II (Ashiya)
Length: Approx. 36.00 ft. (10.98 m)
Weight: Approx. 12 tons,
Capacity: 12 persons
Horsepower: 285 (3,600 cc) x two engines

Sustainability

We have been carrying out environmental activities under the environmental philosophy of “Sustainability” for more than 25 years since before the term sustainability became widespread. At present, we are engaged in a variety of initiatives as TRUSCO “Sustainability” projects designed to create a better future, including social activities and governance.

Environmental Efforts

E

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Corporate Governance

G

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E Environment

S Social

G Governance

Continuing to Provide Support Regardless of the Times “Sustainability”

Sustainability

For more than 25 years since before the word sustainability became popular, we have been working on business activities with low environmental impact under the slogan, “Sustainability.”

At present, we are engaged in a variety of initiatives as TRUSCO “Sustainability” projects designed to create a better future, including social activities and governance.

Basic Sustainability Policy

We aspire to be a PRO TOOLS supplier that continually serves Japanese manufacturing in every era. Under the motto, “Business must serve people and society,” we will create both social value and corporate value (TSV*) through our businesses to help resolve social issues and build sustainable local communities.

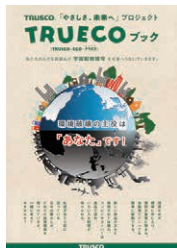
*The term TRUSCO Shared Value (TSV) was created by combining TRUSCO and Creating Shared Value (CSV).

In regard to environmental measures, what you are doing is important, but when you are doing it is even more important

Since before environmental issues became a major social issues, we have been implementing various measures and initiatives for many years in order to conduct our business using as little energy as possible.



Details can be found by scanning the QR code above.



TRUECO Book

Facilities

Installation of solar panels
Started in 1998

When constructing a new building, we install as many solar panels as possible.



Solar panels on the roof of the former Osaka Head Office

Fluorescent lights with human sensors
Started in 1998

Since 2017, a motion sensor has been installed for each lighting unit, which significantly reduces power consumption compared to conventional area lighting.



Fluorescent lights are used in the warehouse at Planet Saitama

Other equipment

- Double-shingled insulated sheet roof (2003)
- Metal insulated sandwich panels (2003)
- Air well voids (2005)
- Use of well water to cool roofs (2007)
- Use of cold underground air (2012)
- Ceiling fans (2017)

Measures

Goods receipt abolition
Started in 2001

By eliminating goods receipts and using single delivery slips instead, the amount of paper used has been reduced by half.



Our current single delivery slip

Manufacturer catalog inventory
Started in 2003

By stocking catalogs and delivering them together with packages, we can reduce energy consumption during transportation.



Catalog inventory is also managed as well as product inventory

Other measures

- Reduction of overtime by maintaining proper inventory levels
- Fax OCR assisted automatic order entry system “DOTKUL” (2000)
- Internet order receiving system (2002)
- Efforts to eliminate packaging Private Brand Products by the dozen (2013)

People

Introduction of clothing to be worn in-house to keep employees warm
Started in 2003

The use of heating equipment is minimized by introducing original jumpers and fleece jackets.



Left: Jumper (Ryosuke Araki, Tokyo Management Section)
Right: Fleece jacket (Kana Niino, HR Support Section)

Turning off air conditioning systems 30 minutes before leaving the office
Started in 1998

We try to save energy on heating and cooling, for example, by ensuring that air conditioners are turned off 30 minutes before leaving the office.



“I always make sure to turn off the air conditioning system 30 minutes before leaving the office.” (Misaki Tanaka, HC Tokyo Branch)


Other efforts

- Garbage recycling campaign (1998)
- Use of back side of Office Automation paper (1998)
- Original scarf, lap blanket, and neck warmer (2012)
- Creation of environmental education booklet (2013)

Products

2-inch cardboard core
Started in 2001


By reducing the size of the cardboard core, we reduce packaging space and waste.



GNT5050E Fabric Adhesive Tape Economy type

Non-Gas Spray
Started in 2002

Compared to aerosol sprays, this product is safer and more environmentally friendly because it does not use any gas (LPG) for spray purposes.



ECO-CL-S Alpha Cleaner Non-Gas Spray

Other products

- Return cushion (see p.67)
- Products made from recycled materials Containers (TRST-10, etc.), gloves (DPM-PET60, etc.), protective clothing (TRV2ECO60-L, etc.), and pallets (SLA-111V, etc.)

Material Issue

We identified the material issues that we face for sustainability based on the “Sustainability” Basic Policy. TRUSCO will address these issues through its business with a view towards the establishment of a sustainable society.



Scan for details on measures

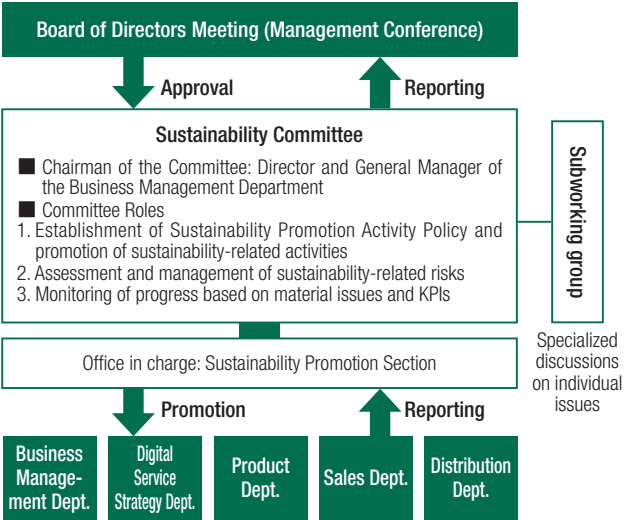
Material Issue	Description	Themes	Related Measures
1 Optimization of the entire supply chain	Become a platform holder supporting manufacturing and optimize the supply chain to establish sustainable PRO TOOLS distribution that is both human-friendly and environmentally friendly.	<ul style="list-style-type: none">One-stop MRO distribution for improving convenience and reducing the environmental burdenDramatic efficiency in product selection and industry standardization of product dataRealization of proposals and deliveries by anticipating customer needsCreating synergy effects through the power of people and digital technology to contribute to the expansion of business performance of partner companiesRealization of the ability to accept orders 24 hours a day and ship products 365 days a year (stable supply of products)	Product Strategy (p.30) Distribution Strategy (p.40) Sales Strategy (p.44) Digital Service Strategy (p.50)
2 Planning and development of products that respond to diversifying needs	Develop and provide PB products with original value to suit diversifying needs and trends at manufacturing sites to help rationalize manufacturing operations, increase productivity, and strengthen competitiveness.	<ul style="list-style-type: none">Improvement of major PB productsImproving the safety and quality of PB ProductsResponsible procurement	Product Strategy (p.30)
3 Development of environments and human resources to enable them to fully display their personal abilities	We will be able to grow as a company by creating an environment where employees are always motivated and each can sufficiently demonstrate their abilities.	<ul style="list-style-type: none">Creation of a work environment where our employees can continue to work with peace of mind for many yearsExpansion of opportunities for career advancement for each employee with a broad selection of choices availableCreation of an environment where the work and results of employees can be fairly assessedPromotion of diversityStrengthening of health management as well as occupational safety and health	Human Resources Strategy (p.54)
4 Environmental actions through business activities	We contribute to reducing the environmental impact of our business activities and PB products, not only for ourselves but also for the users of our products, and contribute to the environmental activities of the Japanese manufacturing industry.	<ul style="list-style-type: none">Realization of a supply chain with a small environmental burdenReduction of the environmental burden reduces the business activitiesPlanning and development of environmentally-friendly PB ProductsRealization of the active recycling, reuse, and return of tools and equipment	“Sustainability” (p.62) Environmental Efforts (p.66)
5 Contribution to stakeholders and local communities	Cherish the relationships with stakeholders through support for people with disabilities and communication with local communities and society through sponsorships and advertising.	<ul style="list-style-type: none">“Giving Back to Society” through the Nakayama visually impaired welfare foundationStrengthening of various sponsorships and advertising activitiesCleanup activities in local communities surrounding TRUSCO locationsImplementation of contingency donation activities	The Nakayama visually impaired welfare foundation (p.70) Relationships with Stakeholders
6 Governance based on a stance of Shushazentaku (always choosing what is right rather than focusing on whether it is profitable)	Improve the fairness and transparency of management and implement swift and appropriate decision-making to conduct business activities that conform to laws and social norms.	<ul style="list-style-type: none">Realization of corporate governance effective for self-cleaningStrengthening of complianceStrengthening of risk managementRealization of highly-transparent information disclosure	Corporate Governance (p.68)

Sustainability Promotion System

We have established specific themes, measures, and KPIs for solving identified material issues.

Each department is responsible for the implementation of these various measures, and the Sustainability Committee oversees progress and promotes sustainability based on KPIs.

The Sustainability Committee also manages and assesses risks related to sustainability, including climate change.



Responding to risks and opportunities attributed with climate change

In order to continue to be of service to people and society in any era, we are resolving social issues and contributing to local communities based on our “Sustainability” Basic Policy. Based on the TCFD recommendations^{(*)1} for climate change, we also disclose the following four items: “Governance,” “Strategy,” “Risk Management,” and “Indicators and Targets.”

Governance

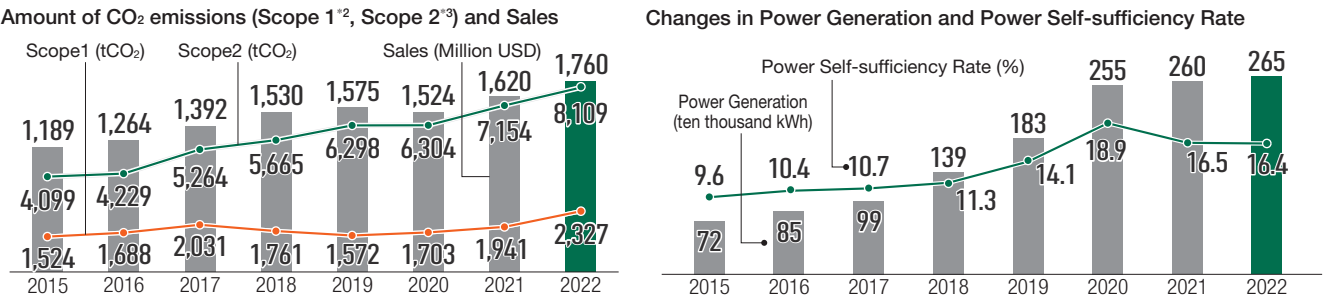
We have established the Sustainability Committee as an organization to supervise our efforts to address our “Sustainability” Basic Policy and material issues. With the Sustainability Promotion Section of the Corporate Planning Division serving as the office in charge of the committee's operations, the Sustainability Committee is responsible for overseeing activities to promote company-wide sustainability initiatives, including climate change-related risk management. Important agenda items approved by the Committee are reported to the Board of Directors on a case-by-case basis. In addition, a subworking group has been established under the umbrella of the Sustainability Committee to consider specific matters related with each risk and initiative. (see p.68 for Governance Structure)

Risk Management

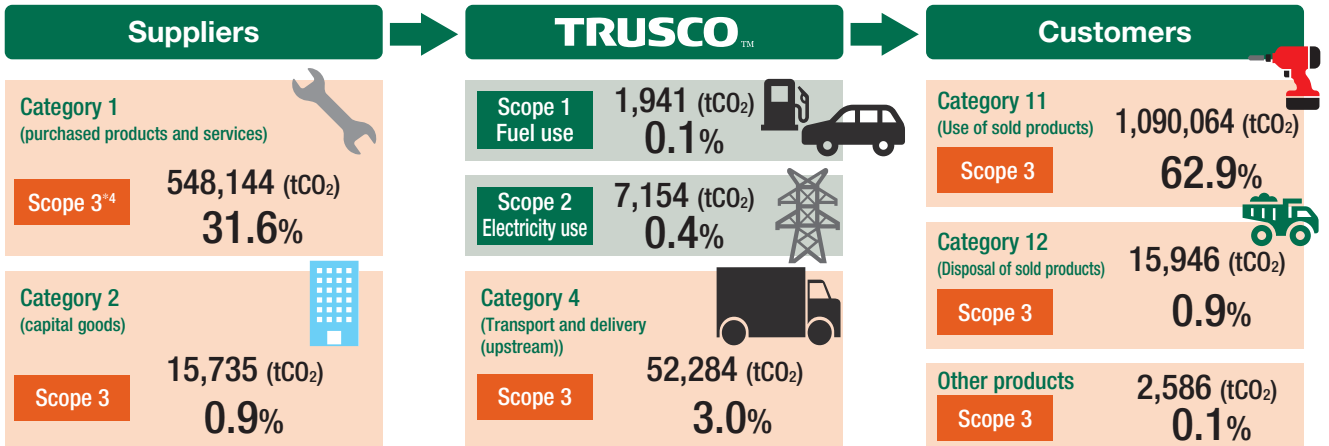
The Sustainability Committee manages all risks across the company. Among these risks, we have positioned risks related to climate change as one of the most important risk categories. A subworking group discusses climate change risks at least four times a year, examining the progress of initiatives for the issues and new risks, identifying risks and opportunities, evaluating them, and organizing countermeasures. The content of the discussions by the subworking group is reported to the Sustainability Committee, which meets twice a year, and particularly important issues are reported to the Board of Directors. In addition, the Sustainability Promotion Section generally reports on environment-related indicators and issues to the Board of Directors every month.

Indicators and Targets

As our own efforts to reduce the environmental impact of the entire supply chain, we have set targets for the number of direct shipments to users, which are highly efficient and reduce packaging material amounts and the number of introductions of MRO stockers as indicators for reducing environmental impact.



CO₂ emissions from our business activities: 1,735,195 (tCO₂) (Scope 3 accounting for 1,724,759 (tCO₂) (2021 results)



* Percentages shown are the composition ratios
* Please refer to the Ministry of the Environment website (https://www.env.go.jp/earth/ondanka/supply_chain/gvc/supply_chain.html) for information on Scope 3 categories.

Strategy

As for the impact of climate change on our operations, we analyzed the impact of rising temperatures on our company based on a framework proposed by the TCFD. Below are the major risks and opportunities associated with our business activities that we are responding to.

Scenario Analysis

Risks		Business Impact	Duration	1.5 to 2 degree scenario / 4 degree scenario	Our response
Transition Risks	Policy and Legal Risk	Increased costs due to the introduction of a carbon tax and an increase in the carbon tax rate	Short- to Medium-term	Up to \$1 million cost increase ⇒Calculated based on the CO ₂ emissions of Scope 1+2 in FY2021, assuming carbon pricing in FY2050	Survey of legal trends / Creation of business portfolios taking into account carbon taxes / Proactive introduction of energy-saving equipment such as EVs and in-house power generation / in-house power generation using solar panels / Energy-saving promotion activities based on TRUECO book (power saving)
		Increase in electricity prices due to introduction of carbon tax	Short- to Medium-term	Up to \$0.7 million cost increase ⇒Calculated based on the CO ₂ emissions of Scope 1+2 in FY2021, assuming energy mixing and carbon pricing in FY2050	
		Increased costs related to the requirement of measurement and display of environmental-related information to be displayed	Short-term	Up to \$0.7 million cost increase ⇒Expenses related to TCFD, CDP, CO ₂ emissions, and other sustainability measures that are currently being implemented	Improve work efficiency by improving employee knowledge / shorten the time it takes to acquire data by developing and improving core systems / continuously reduce costs by performing calculations in-house
		Increased costs due to higher prices of packaging materials stemming from regulations on plastic products	Medium-term	(1.5 to 2 degree scenario) cost reduction of \$478 thousand ⇒The estimated cost is calculated from the current amount of packaging material used and the oil cost in the scenario (4 degree scenario) Cost increase of \$1 million ⇒The estimated cost is calculated from the current amount of packaging material used and the oil cost in the scenario	Adoption of products using paper packaging material rising prices / passing on of product prices / developing recycling-type materials and products and establishing recycling schemes
	Technology Risk	Increased delivery costs due to vehicle upgrades when delivery vehicles are converted to EVs	Medium-term	Possible that additional costs will be as much as \$1 million ⇒Calculated from the cost of converting delivery trucks to EVs	Plan for phased vehicle upgrades to hybrid vehicles / purchase and research of EVs / reduce sales vehicles through online sales / reduce mileage by optimizing delivery routes
Physical Risks	Chronic Risk	Increased distribution costs	Medium-term	Cost increase of \$5 million annually	Respond to changes in the market product mix through carbon neutral navigation, etc. / increase in-house delivery rate
		Delay or suspension of transportation due to damage to facilities and equipment in coastal areas	Medium- to Long-term	These are risks that apply to Planet Kobe ⇒Risk of annual sales reduced by \$57 million	Strengthen the distribution network in the Kinki region for which Planet Osaka serves as the core / Maintain inventories at sales bases (branches)
	Acute Risk	Damage to owned real estate and facilities due to flood damage, and impact on business continuity due to damage to facilities	Medium- to Long-term	Estimated by Planet Saitama ⇒Damage equivalent to \$35 million due to a once-in-50-year flood	Diversify risks by diversifying distribution bases / stabilize procurement by diversifying transportation means / ensure business continuity by formulating BCP
Opportunities		Business Impact	Duration	1.5 to 2 degree scenario / 4 degree scenario	Our response
Opportunities	Resource Efficiency	Opportunity to grow the business of Naojiro Repair Workshops since the services reduce waste disposal costs	Short- to Medium-term	As demand for repairs increases due to the expansion of effective utilization of resources, a \$7 million increase in sales is expected	Expand content of services / popularize Naojiro services / create dedicated catalogs / Make proposals to customers
		Reduced transportation costs as a result of increased sales due to increased demand for MRO Stocker	Short-term	An \$5 million increase is expected as MRO Stocker locations are utilized due to the expansion of effective utilization of resources	Establish department to promote MRO Stocker / Enhance content of services
	Energy Source	Reduction of energy costs through the introduction of renewable energy sources	Medium-term	Possible to avoid the risk of rising electricity costs due to the introduction of carbon taxes by introducing solar power plants in our facilities	Increase the amount of power generated by in-house facilities by installing solar panels
	Product and Service	Increase in service demand, revenue, and reputation due to the spread of decarbonization (NIAWASE (Order Consolidation), Direct Delivery Service, etc.) Increase profits from products with low environmental impact through carbon neutral navigation	Short- to Medium-term	A \$2 million increase is expected if the expansion of carbon neutral navigation makes it possible to develop products with new value for decarbonization possible	Strengthen proposal activities for NIAWASE (Order Consolidation) and Direct Delivery Service / Continue publication of carbon neutral navigation
	Resilience	Improved convenience by diversifying distribution bases and optimizing distribution routes	Medium- to Long-term	A strong distribution network enables us to supply products from our inventory bases across Japan even if some areas are affected by a disaster	Review delivery routes by maintaining inventory items and managing delivery lead times for each distribution center

Duration	References	
	1.5 to 2 degree scenario	4 degree scenario
Short-term: 1 to 3 years, Medium-term: 3 to 10 years, Long-term: 10 to 30 years	· RCP2.6, SSP1.9, 2.6 · IEA Net Zero Emission	· SSP8.5, RCP8.5 · NGFS Current Policies

(*)1 TCFD (Task Force on Climate-related Financial Disclosures): An international framework that promotes disclosure of risks and opportunities attributed with climate change as well as financial information, etc. (*)2 Scope 1: Direct emissions from fuel used by our (*)3 Scope 2: Indirect emissions resulting from energy supplied by another company. (*)4 Scope 3: Indirect emissions related to the supply chain which are not categorized as Scope 1 or 2 emissions.

Environmental Efforts

E

Actions to reduce the environmental burden through business activities

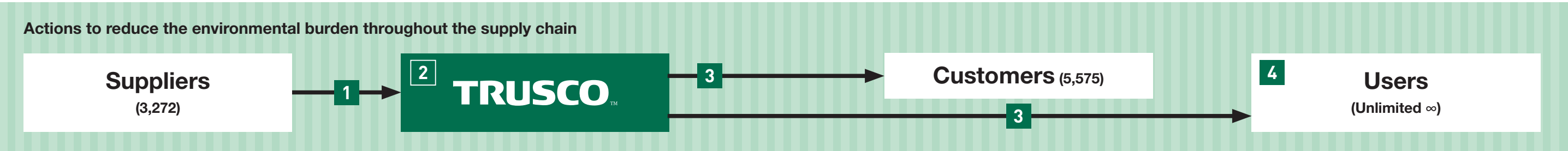
TRUSCO is committed to reducing the environmental burden of our business activities, planning and developing environmentally friendly PB Products, and proactively recycling, reusing, and returning products to their original state. The Company is working to reduce the environmental impact of the entire supply chain, from our company to even the users of our products, aiming to achieve sustainable distribution. We call these TSV (TRUSCO Shared Value) activities in the company, and we are working to raise awareness of reduction of the environmental burden among each and every employee. (see p.62)

CO₂ reduction effect of each measure and service

After calculating the amount of CO₂ emissions that we were able to avoid through our measures and services, the reduction contribution was 11,365 t-CO₂ in 2022. Our total Scope 1*1 and Scope 2*2 emissions are 10,436 t-CO₂ (p.64), contributing to the equivalent reduction of emissions throughout the supply chain.

*1 Direct emissions from fuel used by the Company
*2 Indirect emissions resulting from energy supplied by another company

	Items to be reduced				Reduced emissions amount (t-CO ₂)
	Vehicle transportation	Use of packaging	Packaging waste	Purchase of new products	
Proper inventory	●				1,300
Fixed-Cost Based Distribution	●	●	●		3,098
Direct Delivery Service	●	●	●		1,167
MRO Stocker	●				3,100
Naojiro Repair Workshops				●	2,700
Total					11,365 t-CO ₂



1 Offering products that are environmental-ly-friendly

Reducing environmental impact by holding inventory
By holding a wide range of inventories, we reduce the number of shipments of products from suppliers to us, leading to a reduction in CO₂ emissions associated with purchasing and transporting products.

1,300 t reduced

*The amount of contribution to CO₂ emissions reduction in one year in 2022 calculated from the results of each measure

Efforts to make TRUSCO products environmentally-friendly
In the planning and development of our own TRUSCO brand products, we have set environmental standards for resource conservation, waste reduction, long-lasting use, etc., and are promoting environmentally friendly product development from every aspect, from product design to product use and disposal.

TRUSCO Air Forest for Factory
Stock Number: AFF250, etc.

This deodorizer is specially designed for factories to eliminate odor components specific to factories, such as the odor of degraded cutting oil. This product contains "functional tree-extracted ingredients" that make effective use of thinned wood from Sakhalin fir forests in Hokkaido, and contributes to the creation of a "re-cycling-oriented society" by utilizing thinned wood left unused in the forests.

"CHAlliance", a product jointly developed by Ito En and TRUSCO (Cha meaning "tea" + Alliance)
Stock Number: TIC-37, etc.

Jointly developed with Ito En, Ltd., this product utilizes the deodorizing and antibacterial effects of catechin by reusing tea leaves that are generally discarded*¹.
*Tea leaves after tea is extracted to produce tea-based beverages. It contains many active ingredients.

Providing environmental information in catalogs
Environmentally-friendly PRO TOOLS are indicated by various marks in the TRUSCO Orange Book, including the Eco Mark as well as marks for products subject to green purchasing, products that are RoHS compliant, and carbon neutral product recommended by manufacturers, to allow customers to select those tools.

2 Reducing the environmental burden by using our equipment

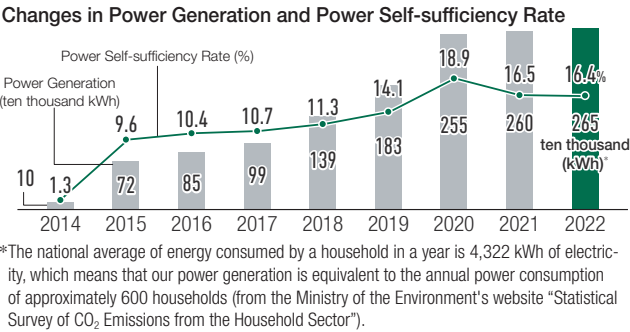
We are actively introducing environmental equipment to reduce the environmental burden generated by our own business activities.

Trusco Power Generation Installations (19 locations)
We have installed solar panels to the maximum extent possible when distribution centers and new company buildings were constructed, aiming to increase our own power generation capacity of renewable electricity to 3,500 kW by 2025.

Power Generation Capacity
2,793 kW

Power Self-sufficiency Rate
16.4%

Solar power panels on the roof of Planet Saitama



Introduction of Environmentally Friendly Vehicles
We are actively introducing hybrid vehicles as company-owned trucks used for deliveries and plan to introduce 40 hybrid vehicles (about 25% of our delivery trucks) by 2025. We will also gradually switch our sales vehicles to environmentally friendly vehicles, starting with those that need to be replaced without doing so unnecessarily.

Electric vehicle (Porsche Taycan)*

Hybrid Truck (Hino Dutro)

*TRUSCO purchased a Porsche Taycan to confirm and study Porsche's level of commitment to electric vehicles

3 Delivering products to our customers

Our goal is to achieve the "best" environmentally-friendly and sustainable distribution of PRO TOOLS by delivering products in the most efficient and least environmentally burdensome manner possible for our customers.

Reducing the environmental burden through fixed-cost based distribution
We deliver our products to retailers via fixed routes from distribution centers located near our customers (28 locations throughout Japan), which reduces packaging materials and CO₂ emissions associated with delivery compared to shipping by courier service.

3,098 t reduced

Since TRUSCO uses foldable containers and return cushions for delivery to customers, no packing materials are used.
*TRUSCO Return Cushion
TRC-20 L/50 L (available in three colors)

Reducing the environmental burden through our Direct Delivery Service (3.55 million packages a year)
TRUSCO's Direct Delivery Service realized through our abundant inventory and digital transformation (DX) of our distribution system makes it possible to make direct deliveries to users (3.55 million packages a year) instead of two-step deliveries that involve customers. Not only does this shorten delivery times but also helps reduce the amount of packaging materials used and CO₂ emissions.

Video on I-Pack®

1,167 t reduced

We have six I-Pack® high-speed automated packaging and shipping lines throughout Japan that are capable of packaging and preparing a maximum of 720 packages per line for shipping in just an hour.

4 Use of our products

MRO Stocker reduces the environmental burden by providing a one-stop service for users to purchase products. TRUSCO also provides services that support the 3R* of PRO TOOLS that are used and can be reused for a long time after purchase.
*3R: Reduce, Reuse, and Recycle

MRO Stocker (775 locations)
MRO Stocker is like "Okigusuri," a system of "Use First, Pay Later" that has been around for many years in Japan for medicine, but for tools. Always having PRO TOOLS in stock that are used daily eliminates management costs, delivery time, and wasteful purchases. In addition, delivery costs associated with each order are also reduced, which helps to reduce the environmental burden. (see p.46)

MRO Stocker Website

We borrow a space at the user's location and install MRO Stocker that provides just the right PRO TOOLS for that user. This makes it a highly productive, environmentally-friendly service.

Naojiro Repair Workshops (\$12 million/year)
Naojiro Repair Workshops offer eight services, including repair and re-sharpening. This service allows for the hassle-free repair, reuse, and maintenance of PRO TOOLS, making manufacturing sites that use the service more environmentally-friendly. (see p.47)

Naojiro Repair Workshops Website

2,700 t reduced

Receiving a repair request from a customer
Atsugi Branch employee Kokoro Shimizu (left)

Corporate Governance

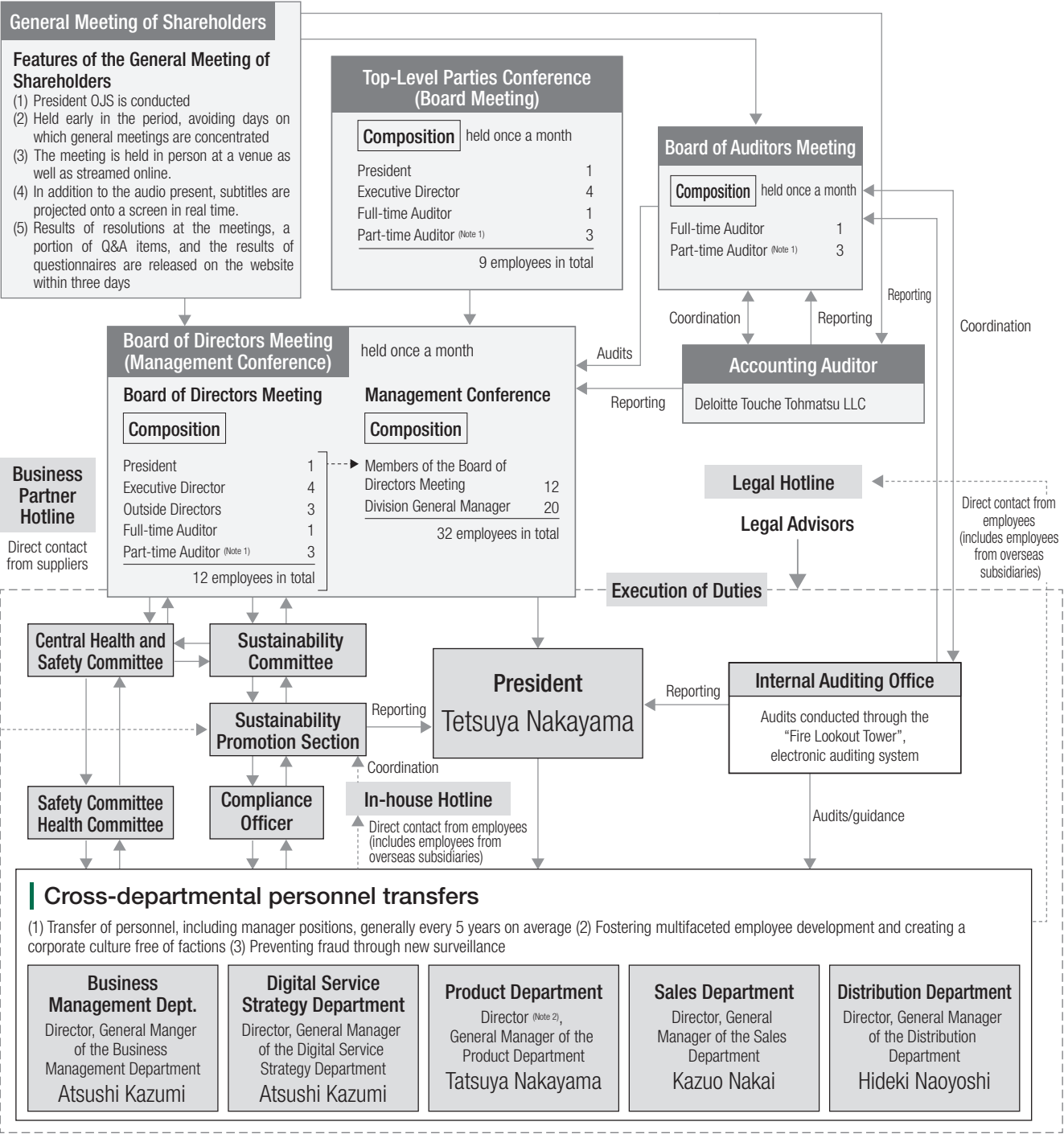
G

For the Embodiment of “TRUST COMPANY”

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



Governance Structure (as of April 1, 2023)



Note 1: Part-time auditors are outside corporate auditors.

Top-Level Parties Conference (Board Meeting)

Consisting of only executives (excluding Outside Directors), our Board of Directors Meetings deliberate and share the directions of the company, ensuring objective and rational decision-making.

Establishment of Outside Directors (Board Brain)

TRUSCO selects Outside Directors not only for the prevention of improprieties, but for their broad knowledge and abundant experience concerning company management and for their ability to make contributions to sustainable growth and the improvement of company value.

Interview with Outside Directors



Interview video

Hotline

TRUSCO has established a hotline for reporting from both inside and outside of the company to quickly discover, handle and prevent recurrence of compliance-related issues.

Hotline

In-house Hotline: An internal hotline for employees has been established in the Sustainability Promotion Section

Legal Hotline: An external hotline for employees has been established, and managed by an outside party

Business Partner Hotline: A hotline for our suppliers has been established in the Sustainability Promotion Section

Sustainability Committee

The Sustainability Committee, which is chaired by the person who holds the position of Director & General Manager of the Business Management Department, normally meets twice a year. 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.

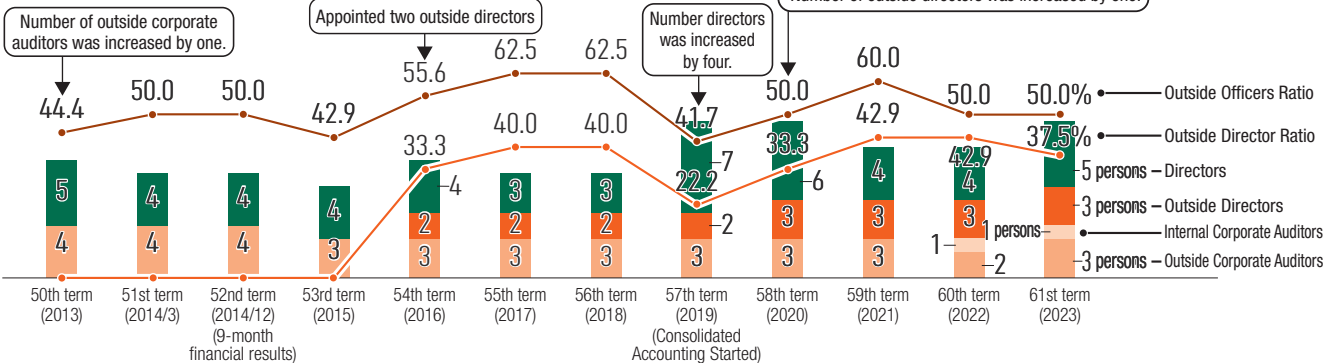
Board of Directors Meeting (Management Conference)

We conduct decision-making at Board of Directors Meetings, generally held 1 time per month. Board of Directors meetings are conducted in order to seek a wide range of opinions from participants that include Executive Officers and Division General Managers to ensure a broad perspective and transparency.

Features of the Conference

- (1) Round-table layout allowing face-to-face communication
- (2) Changes are made to seating every time with no priority given to facilitate participation from a fresh perspective
- (3) Minutes of the Management Conference, containing not only resolution items but also the comments of every individual, are released to all employees within one week

Changes in the Composition of the Board of Directors



Open Judging System (OJS, 360 degree evaluation)

Objectives

- (1) Enhance the objectivity of the evaluation based on the fact that 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 the participants to help them reaffirm their “strengths,” “weaknesses,” and “what is expected of them,” leading to behavioral reforms.
- (3) To create a good sense of tension in the workplace since it is a system in which co-workers mutually evaluate each other. Knowing that they are being monitored will encourage all employees to work harder and improve their abilities.

Type	Number of Times	Description
Personnel Record 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 employee will evaluate the employee and the results will be reflected in promotions, etc.

*For all staff and part-time employees, excluding officers.

Evaluation System Method

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

“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 compliance training

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

“Giving Back to Society” through the Nakayama visually impaired welfare foundation

The Nakayama visually impaired 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 shall be shares of Trusco Nakayama Corporation, and the foundation does not receive donations or support from outside and does its own management. We continue “Giving Back to Society” through the Nakayama visually impaired welfare foundation.

Managing the foundation using stock dividends

The foundation was established by the Nakayama Family with four million shares of Trusco Nakayama Corporation stock and \$3 million in cash. In addition, the Nakayama Family donated an additional one million shares of Trusco Nakayama Corporation stock in 2021. The foundation operates its business with the dividends from the shares.

Number of Shares of Trusco Nakayama Corporation Stock Held by the Foundation
4.35 million shares (as of December 31, 2022)

Overview

Established	October 1, 1997 Transition to a public interest incorporated foundation was made on November 1, 2010. October 1, 2021 Japanese name of the Nakayama visually impaired welfare foundation was changed. (English translation remains the same)
President	Tetsuya Nakayama
Address	2-1-9 Mizuki-dori, Hyogo-ku, Kobe, Hyogo Prefecture 652-0802 (3 min. walk from Shinkaichi Station) TEL: 078-599-6140 / FAX: 078-599-6141
Support project results	\$6 million (cumulative total over 25 years until FY2021)



Guide dogs “Gaia” and “Emily” (2022)



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

Area of grounds: approx. 1,401 m²
Floor area: approx. 5,712 m²
Structure: 1 underground level, 5 floors above ground, equipped with isolation system

List of Officers and Board of Directors for the Nakayama visually impaired welfare foundation (listed in alphabetical order)

President		Councillor	
Tetsuya Nakayama	President of TRUSCO NAKAYAMA Corporation	Yusuke Saraya	President and Representative Director of Saraya Co., Ltd.
Senior Director		Tomihiko Takamatsu	Former Chairman of DyDo GROUP HOLDINGS INC.
Saori Nakayama	Representative Director of NR Holdings Co., Ltd. Registered as Certified Public Accountant	Yuko Nakayama	Representative Director of NS Holdings Co., Ltd.
Managing Director		Rie Nakayama	Physician and Assistant Head of Ear, Nose, and Throat Department, Head and Neck Surgery, Kawasaki Municipal Hospital
Atsushi Matsumae	Managing Director (Former TRUSCO NAKAYAMA Corporation employee)	Motonobu Nishimura	Chairman of Mandom Corporation
Director		Yuki Nomura	President and Representative Director of Taiyo Kogyo Inc.
Takuji Iuchi	President of AS ONE Corporation	Junji Hada	Chairman of ELECOM Co., Ltd.
Tatsuya Otsuka	President & Chief Executive Officer of Earth Corporation	Naotaro Hikida	President and Representative Director of Kohnan Shoji Co.,Ltd.
Kohei Goto	Chairman of SANKO Co., Ltd.	Kunio Yamada	Chairman of Rohto Pharmaceutical Co., Ltd.
Teruo Hashimoto	Chairman of Nippon Lighthouse Welfare Center for The Blind	Yoshiaki Yamamoto	President of Social welfare corporation Rokko kakujuen
Kenji Furuhashi	President and CEO of Hosiden Corporation	Teiji Wakita	President and Representative Director of Wakita & Co., LTD.
Masahiko Mori	President of DMG MORI CO., Ltd.		
Naoyuki Yamamoto	CEO and Chairman of Yamamoto Kogaku Co., Ltd.		
Osamu Tsujimoto	President of TSURUMI MANUFACTURING Co. Ltd.		
Auditor			
Kohei Nomura	Attorney at Nomura & Partners		Senichi Hoshino (former Nippon Professional Baseball manager), who passed away on January 4, 2018, served as director from June 2017 to January 2018, and contributed to the development of the foundation.
Yoritomo Wada	Certified Public Accountant at Wada & Co.		
Kazumasa Murai	Certified Public Accountant and Tax Accountant at Murai Certified Public Accountant Office		

Utility project 1

Nakayama Memorial Hall facilities leasing business

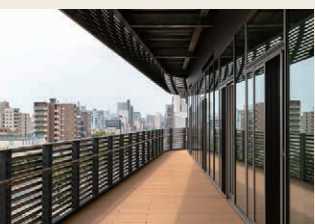
At Nakayama Memorial Hall, 12 non-profit organizations cooperate with each other to provide total support to a large number of visually impaired persons.



Low Vision Floor
Useful aids are provided for people who are blind or visually-impaired.



Spacious entrance



Sunny balcony



19 kW of solar power generation

Utility 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, and provides scholarships free of charge to university students and others. Since FY2022, graduate students (master's degree students) have also been eligible for the scholarship.

Utility project 3

Support activities for social participation activities for visually impaired people

People with disabilities spend every day like people without disabilities, and the foundation supports the participation of visually impaired people in society.

1 Hyogo Prefecture Visually Impaired People Music Festival Project

“Nakayama/KLC Concert”
A classical concert started for the purpose of providing many visually impaired people with opportunities to perform. (Kobe Light Center (KLC))



Former scholarship student Kaori Tsutsui performing in a concert

2 Lending business for guide dogs

We commission the training of two guide dogs per year and lend them to the visually impaired as “Nakayama Go” guide dogs. As of 2022, we have loaned 45 dogs.



Guide dog lending ceremony held during the 22nd Nakayama Wonderful Festa

3 Personal computer course project

Courses are divided into beginner, Internet, Microsoft Office, iPad experience, and voice PC experience courses to teach basic computer usage and Internet operation.



Computer course

4 Music performance project“ Nakayama Wonderful Festa”

This is a concert that visually impaired people can attend with wheel-chairs and guide dogs which allows them to enjoy the concert free from worry. Some of our employees have participated in this event. Through the actual event, we have an opportunity to learn that our company not only pursues the profit of the company but also a part of the profit is useful for social contribution.

Past performers (honorifics omitted)

#16 2013 Mariko Takahashi	#21 2018 Aki Yashiro
#17 2014 Sayuri Ishikawa	#22 2019 Tomomi Nishimoto & IlluminArt Philharmonic Orchestra
#18 2015 Yoshimi Tendo	Narrated by Yoshiko Sakuma
#19 2016 Masahiko Takeuchi and Kaientai	Note: Concerts were not held from 2020 to 2022 due to the Covid-19 pandemic.
#20 2017 Masashi Sada	



Nakayama Wonderful Festa #20 (Masashi Sada, performer)



A prospective TRUSCO employee attends to visitors

5 Accompanying aid workers (guide helpers) education training project

Training sessions are held six times a year with the aim of increasing the number and improving the quality of companionship support employees (guide helpers).

6 Barrier-free movie screening project “Nakayama UD Film Festival”

Sponsored by the Nakayama visually impaired welfare foundation, the Nakayama UD Film Festival features audio commentary and Japanese subtitles for films screened. (UD...Universal Design)

Profit-making business

Real estate leasing business

A section of the Nakayama Memorial Hall has been used to provide real estate leases (office leasing, etc.) since November 2021.

A Glance at TRUSCO Through Numbers

We express our company's performance through various figures, including business performance during the 60th term and key indicators. (See p.74 for details on business performance)

60th Term (2022 12th term) Business Performance

Sales	\$1,760 million	(+8.6%)
Gross profit margin	21.2%	(+0.2 pt)
Selling, general and administrative expenses	\$267 million	(+8.1%)
Depreciation	\$47 million	(-3.8%)
Operating income	\$104 million	(+12.8%)
Ordinary Income	\$107 million	(+11.1%)
Attributable to shareholders	\$75 million	(-8.4%)*
Net Income	\$75 million	(-8.4%)*
per share	\$0.28	(+\$0.03)
Annual dividend	\$0.28	(+\$0.03)
Market capitalization	\$959 million	
Shareholders' equity ratio	67.1%	Single A

* Extraordinary income of \$24 million from the sale of land was recorded for the 59th fiscal year ended December 31, 2021.



Human Resources

Employees	2,954	Officers 10
		Full-time staff 1,639
		Part-time staff 1,305
Female staff ratio	Ratio	Number of full-time staff 577
		Ratio 35.2 %
		Number of officers* 155
		Number of supervisors 10
		* Personnel with supervisory qualifications or higher
Average age	39.8	Male 43.4
		Female 33.0
Retirement age	Managerial retirement age 62	Full-time Staff Retirement Age 65
	Employment extension 70	Part-time staff 75
Average salary	\$47.2 thousand (\$49.9)	Managers \$104.8 (\$112.8) thousand
		Department general managers and division general managers (does not include officers) \$81.3 (\$86.8) thousand
		Managers including branch managers, center managers, and Head Office section managers \$55.0 (\$58.5) thousand
		Careers (regular positions) \$45.2 (\$47.8) thousand
		Area (regional positions) \$35.2 (\$36.7) thousand
		Logistics (distribution positions)
		The annual salary including financial bonds (annual payment severance) is shown in the parentheses.
Number of employees with disabilities and employment rate of persons with disabilities (Statutory employment rate based hires: 62, employment rate of persons with disabilities: 2.3%)	67 persons 2.7 %	Non-smoking rate for managers (included managerial candidates) 100.0 %
		Non-smoking rate for the entire company 86.3 %



Sales

Number of sales branches	Japan 59	Overseas subsidiary: TRUSCO NAKAYAMA CORPORATION (THAILAND) LIMITED PT. TRUSCO NAKAYAMA INDONESIA Offices: Germany, Taiwan, and Thailand
	Branches with inventory 29	Overseas 5
Number of customers	Number of Companies 5,575 (+48)	
	Number of Sales accounts 31,614 (+2,053)	
MRO Stocker	Number introduced 775 (+446)	
Number of companies connected to orange commerce	2,233 (+191)	

(as of December 31, 2022)
The year-on-year comparison is shown in the parentheses.



Tokyo Head Office (TRUSCO Fiorito Bldg.)



Rina Maki, Overseas Procurement Section



Keihin Branch employee Kohei Ishikawa



MRO Stocker, which is like "Okigusuri," a business model that has been around for many years in Japan, but for tools.



Products

Total Number of suppliers	3,272 companies (+306 companies)	Japan 2,943 companies
		Overseas 329 companies
Inventory items	Number of items in inventory 562,026 items (+62,062 items)	
	Total number of items in inventory 53,197,583 units (+4,409,969 units)	
	Inventory Value (consolidated) \$323 million (+\$21 million)	
TRUSCO Orange Book.Com	Number of items listed 3,167,188 items (+406,301 items)	
TRUSCO Private Brand Products	Number of Items 90,277 items (+10,777 items)	
	Sales \$327 million (+5.6%)	
TRUSCO Orange Book	Number of listed manufacturers 2,152 companies (+204 companies)	
	Number of items 374,000 items (-134,000 items)	



Distribution

Number of distribution bases	28 locations	Logistic centers 17 locations
		Stock centers 11 locations
Floor areas of distribution centers in Japan	approx. 409,431 m ²	Logistic centers approx. 356,595 m ²
		Branches with inventory approx. 52,836 m ²
Inventory hit rate	(Ratio of products delivered from our company stock among our total number of orders.) 91.7 % (+0.4 pt)	
TRUSCO delivery routes	Number of total delivery runs 278 vehicles (±0 vehicle)	Percentage of TRUSCO delivery runs 41.7 % (-0.4 pt)
	Number of TRUSCO delivery routes 116 vehicles (-1 vehicle)	
Delivery lead time	20 hrs. 10 min. 4 sec.	
Number of packages delivered via direct delivery service	3,556,388 units (+719,996 units)	
Number of orders of direct delivery service	4,374,725 (+978,439)	
Inventory of materials to support recovery during a disaster	More than for 6 months (normally 3 months)	



Digital Service

System order intake ratio	85.2 % (-0.1 pt)	
Automated estimate ratio	22.6 % (+4.4 pt)	
Number of order receipts	130,000 daily	33.6 million per year
Number of estimates provided to customers	30,000 daily	8.57 million per year
Digital Expenditures (most recent three periods)	\$17 million	

ESG

Number of shareholders	15,466 persons	
(As of the end of the 60th term)		
Trusco Power Generation Installations	19 locations	Power generation for 2022 2,653,344 kWh
(Solar and wind power generation)		
Renewable energy power self-sufficiency rate	16.4%	
Amount of CO ₂ emissions	Scope1 ^{*1} 2,327 t-CO ₂	Scope2 ^{*2} 8,109 t-CO ₂
	Scope3 ^{*3} 1,724,759 t-CO ₂	
Amount of waste	2,022 t	Fuel use 784 KL
	Tap water usage 42,493 m ³	Corporate tax \$35 million

*1 Direct emissions from fuel used by the Company *2 Indirect emissions resulting from energy supplied by another company
*3 Indirect emissions from the supply chain other than Scope 1 and 2



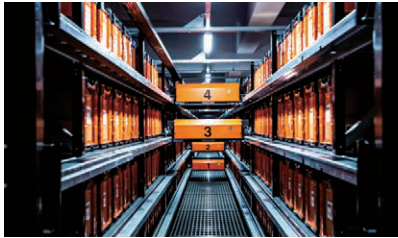
TRUSCO Private Brand Products



TRUSCO Orange Book and TRUSCO Orange Book.Com



Planet Saitama Distribution Center



High-speed picking and sorting equipment (SAS (Systema Streamer)/ Shuttle Rack)



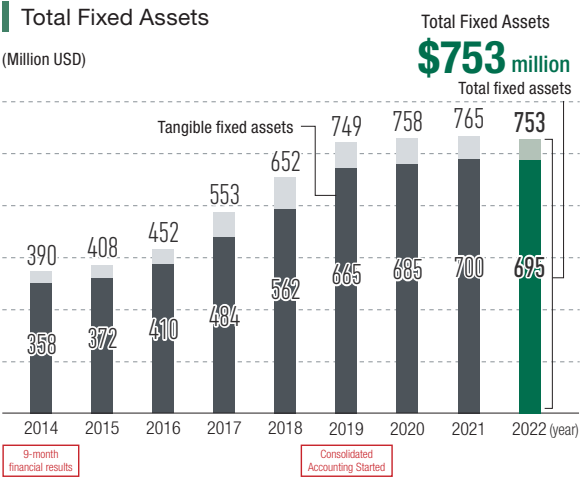
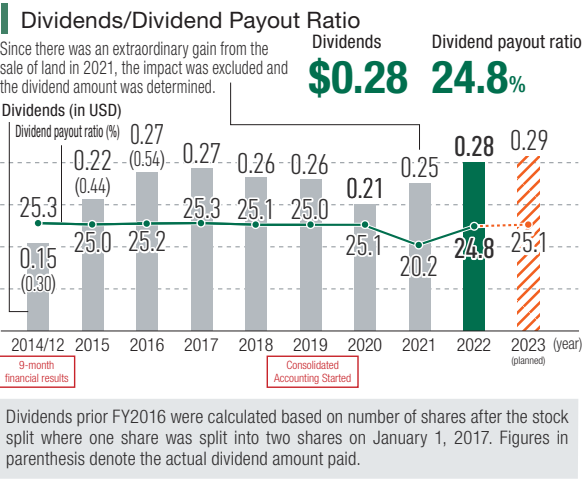
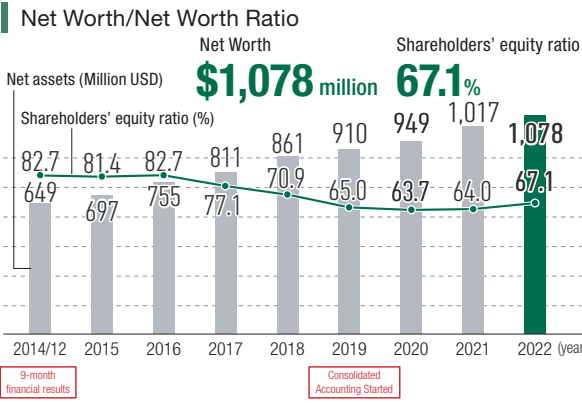
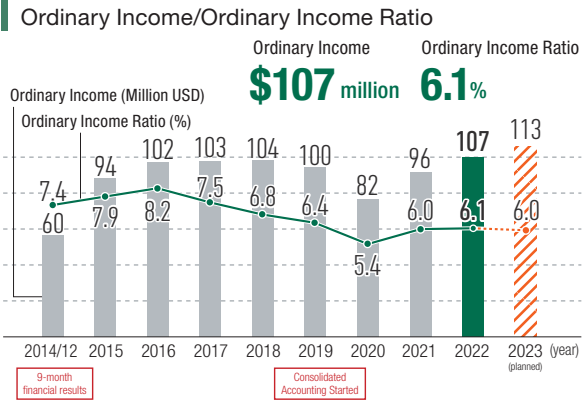
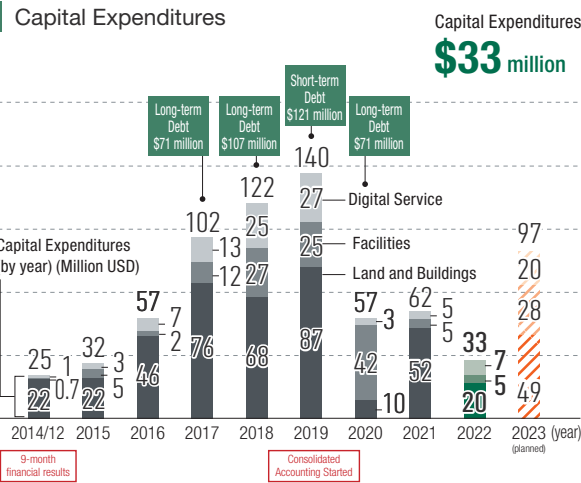
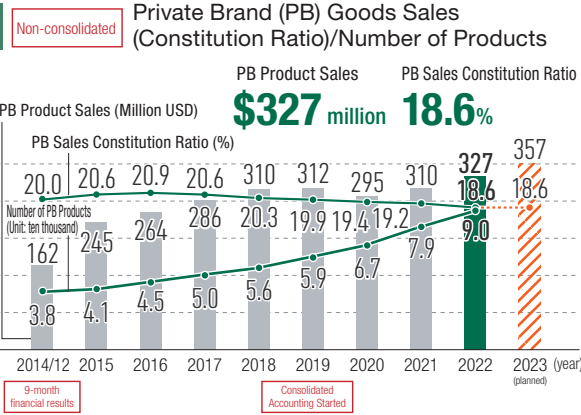
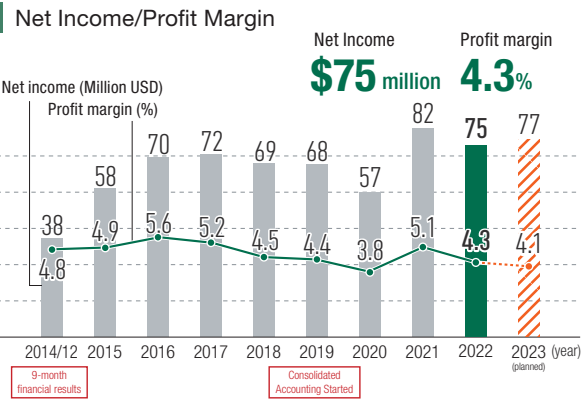
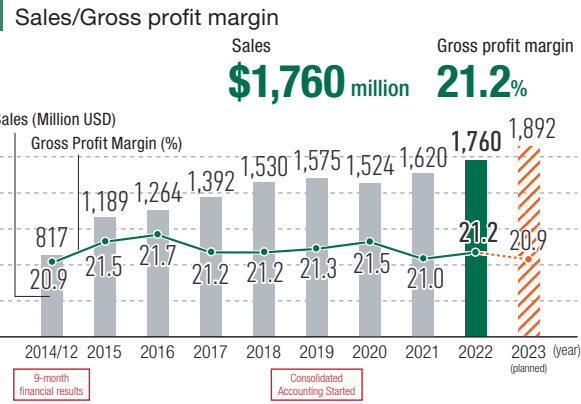
TRUSCO Data Center "Solemale"



Solar power generation equipment at Planet South Kanto
(Power Generation Capacity: 300 kW)
(Number of Solar Panels: 1,190)

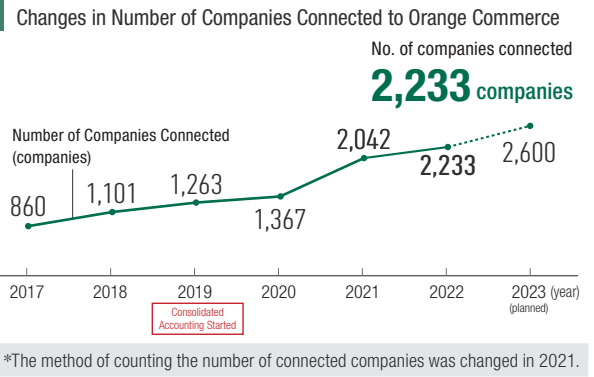
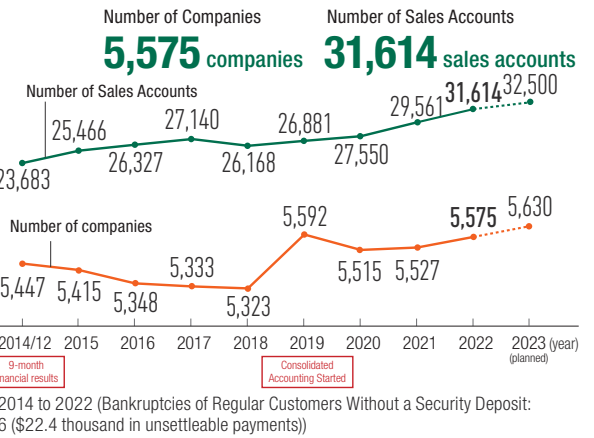
Results Data (Operating Results Indicators) (as of December 31, 2022)

Consolidated Accounting Started : Figures based on consolidated business results due to the start of consolidated accounting in 2019.

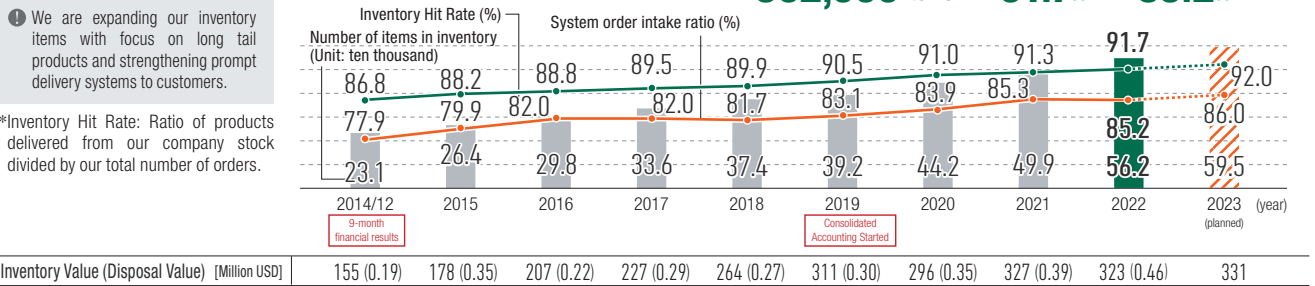


Results Data (Sales Information) (as of December 31, 2022)

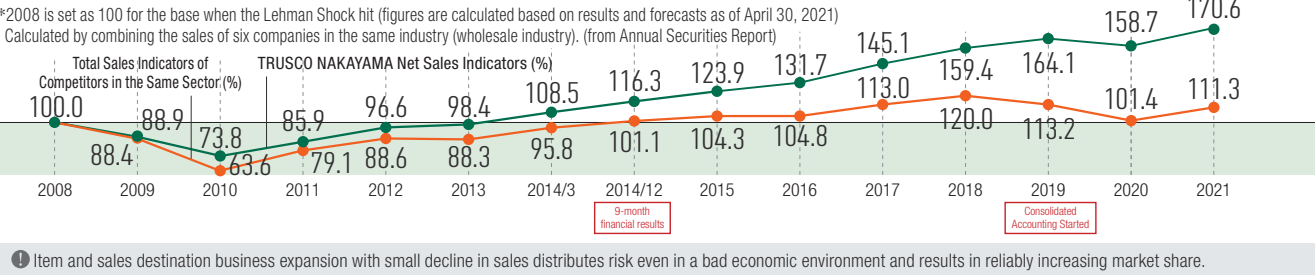
Changes in Number Business Partners and Sales Accounts



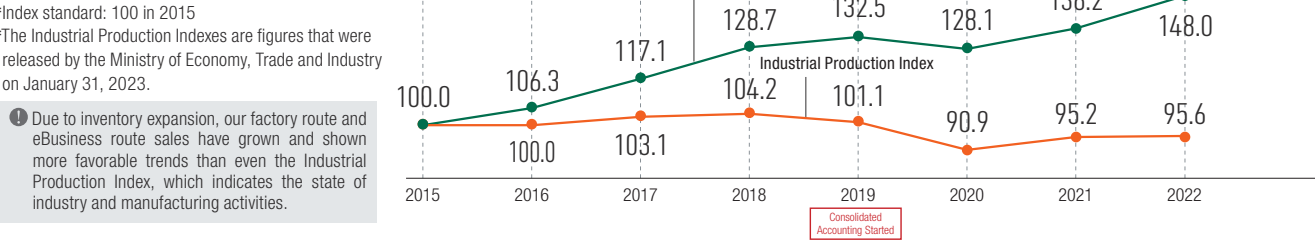
Non-consolidated Changes in Number of Different Inventory Items, Stock Hit Rate, and System Order Intake Ratio



Total Sales Indicators of Competitors in the Same Sector and Trusco Nakayama Net Sales Indicators



Company Net Sales Indicators and Industrial Production Index



Results Data (Operating Results Over the Past 10 Years)

		9-month financial results				Consolidated Accounting Started						
		51 st term	52 nd term*	53 rd term	54 th term	55 th term	56 th term	57 th term	58 th term	59 th term	60 th term	61 st term
		2014/3	2014/12	2015/12	2016/12	2017/12	2018/12	2019/12	2020/12	2021/12	2022/12	2023/12 (planned)
Operating Results												
Sales (Year on Year)	[Million USD] (%)	1,042 (+10.3)	817 (+10.1)	1,189 (+6.5)	1,264 (+6.3)	1,393 (+10.2)	1,530 (+9.8)	1,576	1,524 (−3.3)	1,620	1,760 (+8.6)	1,893
Average Daily Sales (Year on Year) (Non-consolidated parent)	[Million USD] (%)	4 (+10.3)	4 (+10.7)	4 (+6.5)	5 (+6.3)	5 (+8.8)	6 (+10.8)	6 (+5.0)	6 (−4.9)	6	7 (+7.3)	7
Gross Profit Margin (Year on Year)	[Million USD] (%)	212 (+10.9)	171 (+13.3)	255 (+9.9)	274 (+7.3)	295 (+7.9)	324 (+9.9)	335	327 (−2.4)	340	372 (+9.4)	395
Gross profit margin	[%]	20.4	20.9	21.5	21.7	21.2	21.2	21.3	21.5	21.0	21.2	20.9
Selling, general and administrative expenses (Year on Year)	[Million USD] (%)	139 (+6.2)	110 (+7.8)	162 (+10.0)	172 (+6.2)	193 (+12.0)	222 (+14.8)	237	249 (+5.0)	247	267 (+8.1)	283
Shipping expenses and packing costs (including fees for third-party delivery companies)	[Million USD]	22	18	26	28	33	39	44	44	48	54	61
Depreciation	[Million USD]	12	10	16	17	19	25	34	46	49	47	45
Salaries and bonuses (including bonus reserve inward/outward transfers)	[Million USD]	61	48	68	75	84	88	88	86	86	93	99
Selling and administration expense ratio	[%]	13.4	13.5	13.7	13.7	13.9	14.5	15.1	16.4	15.3	15.2	15.0
Operating income (Year on Year)	[Million USD] (%)	72 (+21.3)	60 (+25.0)	92 (+9.7)	101 (+9.1)	101 (+0.8)	102 (+0.6)	98	78 (−20.1)	92	104 (+12.8)	112
Operating profit ratio	[%]	6.9	7.4	7.8	8.0	7.3	6.7	6.3	5.2	5.7	6.0	5.9
Ordinary income (Year on Year)	[Million USD] (%)	71 (+21.3)	60 (+25.3)	94 (+12.0)	103 (+9.2)	104 (+1.0)	104 (+0.4)	101	82 (−18.6)	96	107 (+11.1)	114
Ordinary Income Ratio	[%]	6.9	7.4	7.9	8.2	7.5	6.8	6.4	5.4	6.0	6.1	6.0
Net income (Year on Year)	[Million USD] (%)	42 (+23.6)	39 (+34.7)	58 (+11.9)	71 (+20.9)	72 (+2.1)	69 (−4.4)	68	57 (−16.7)	82	75 (−8.4)	78
Profit margin	[%]	4.1	4.8	4.9	5.6	5.2	4.5	4.4	3.8	5.1	4.3	4.1
Cash and deposits	[Million USD]	103	82	102	76	74	83	131	231	296	281	—
Merchandise	[Million USD]	145	155	178	207	227	264	311	296	302	323	331
Fixed assets	[Million USD]	370	390	408	453	554	652	749	759	765	753	—
└ Tangible fixed assets	[Million USD]	343	359	373	410	484	562	665	686	701	696	—
└ Intangible fixed assets	[Million USD]	14	13	12	15	23	42	61	49	38	31	—
Total assets	[Million USD]	783	785	858	914	1,052	1,215	1,400	1,491	1,590	1,608	—
Net Worth	[Million USD]	621	649	698	755	812	861	910	949	1,017	1,078	—
Shareholders' equity ratio	[%]	79.3	82.7	81.4	82.7	77.1	70.9	65.0	63.7	64.0	67.1	—

Note: The year-on-year change for the 52nd term was calculated by converting the 51st term into a nine-month period, and the year-on-year change for the 53rd term was calculated by converting the 52nd term into a 12-month period.

*Not included the 59th term's year on year because of the figures calculated after the "Accounting Standard for Revenue Recognition"

Cash Flow												
Cash flows from operating activities	[Million USD]	66	23	66	46	63	49	78	107	113	86	−
Corporate tax amount paid	[Million USD]	−22	−31	−16	−41	−30	−29	−34	−30	−24	−35	−
Cash flows from investing activities	[Million USD]	−39	−31	−36	−55	−118	−129	−140	−62	−32	−36	−
Cash flows from financing activities	[Million USD]	−9	−12	−11	−16	53	89	103	55	−16	−65	−
Dividend amount paid	[Million USD]	−9	−12	−11	−16	−18	−17	−17	−16	−16	−15	−
Net increase (decrease) in cash and cash equivalents	[Million USD]	18	−20	19	−25	−1	9	42	100	65	−14	−

Financial Indicators												
Return on assets (ROA)	[%]	9.6	7.7	11.5	11.6	10.6	9.2	7.2	5.7	6.3	6.7	−
Return on equity (ROE)*	[%]	7.0	6.2	8.7	9.8	9.3	8.3	7.5	6.1	8.4	7.2	−
Capital Expenditures	[Million USD]	43	25	32	58	103	122	141	57	62	34	98

*ROE concept: TRUSCO NAKAYAMA does not employ short-term strategies to increase ROE. We aim to expand profit by providing investments to ongoing growth sectors to facilitate long-term and stable growth.

Information by Share												
Earnings per share (EPS)*	[USD]	0.64	0.59	0.89	1.07	1.10	1.05	1.04	0.86	1.25	1.15	1.18
Book-value per share (BPS)*	[USD]	9.42	9.84	10.59	11.46	12.31	13.06	13.80	14.40	15.42	16.35	−
Annual dividend	[USD]	0.32 (0.16)	0.30 (0.15)	0.44 (0.22)	0.54 (0.27)	0.27	0.26	0.26	0.21	0.25	0.28	0.29
Dividend payout ratio	[%]	25.2	25.3	25.0	25.2	25.3	25.1	25.0	25.1	20.2	24.8	25.1

*The net income per share, net assets per share, and annual dividend amounts in parentheses before the 54th term were calculated based on the number of shares after the stock split for splitting one share into two shares on January 1, 2017.

Sales by Segment												
Factory Route	Sales (Year on Year) [Million USD] (%)	945 (+10.5)	720 (+10.1)	996 (+5.3)	1,042 (+4.5)	1,124 (+8.1)	1,208 (+7.4)	1,214	1,119 (−7.8)	1,159	1,218 (+5.1)	1,303
e-Business Route	Sales (Year on Year) [Million USD] (%)	−	−	106 (+25.9)*1	132 (+24.9)	174 (+29.1)	219 (+26.1)	246	274 (+11.4)	317	368 (+16.2)	406
Home center route	Sales (Year on Year) [Million USD] (%)	82 (+5.1)	62 (+0.2)	81 (−2.2)	85 (+4.8)	88 (+3.2)	96 (+8.6)	105	121 (+15.6)	131	158 (+20.7)	164
Overseas Route	Sales (Year on Year) [Million USD] (%)	13 (+26.6)	34 (+35.2)	4 (+82.5)	4 (−15.2)	6 (+59.5)	6 (+5.3)	10*2	8 (−14.5)	12	15 (+24.4)	18

*1 e-Business Route added as a result of expanding sales since the 53rd period.

*2 Overseas Route established and business results of overseas subsidiaries included in figures due to the start of consolidated accounting in the 57th period.

*Not included the 59th term's year on year because of the figures calculated after the "Accounting Standard for Revenue Recognition"

Results Data (Employee and Stock Information) (as of December 31, 2022)

		9-month financial results				Consolidated Accounting Started					
Average Age/Salary of Staff by Course		2014/3	2014/12	2015/12	2016/12	2017/12	2018/12	2019/12	2020/12	2021/12	2022/12
Employees*1 (persons)	Total	1,905	1,980	2,143	2,293	2,571	2,727	2,796	2,786	2,906	2,954
	Officers	8	8	7	9	8	8	12	12	10	10
	Full-time staff	1,219	1,280	1,349	1,424	1,514	1,608	1,656	1,674	1,632	1,639
	Part-time staff	678	692	787	860	1,049	1,111	1,128	1,100	1,264	1,305
	Female staff ratio	28.6	29.1	29.9	32.7	33.7	34.6	35.3	35.2	35.0	35.2
Average age*1 (Years of Age)	Staff average	39.7	39.4	39.6	39.3	38.6	38.2	38.2	38.4	39.6	39.8
	Career course*4	35.3	34.6	34.1	33.5	33.7	33.3	33.1	33.5	34.2	34.6
	Area course	41.1	41.6	42.3	43.2	43.6	43.7	44.0	44.0	44.4	44.7
	Specialist course	33.5	34.7	36.5	36.1	36.1	36.4	37.0	37.2	37.8	38.4
	Logistics course*4	45.8	44.0	42.7	40.2	37.9	36.8	37.2	37.1	37.8	37.1

Average salary [thousand USD] The average salary including financial bonds*2 is shown in the parentheses.	Staff average*3	43.3 (45.7)	45.7 (48.0)	47.1 (48.8)	48.1 (50.6)	51.0 (53.6)	50.0 (52.7)	46.7 (49.4)	44.2 (46.8)	43.9 (46.6)	47.2 (49.9)
	Managers: Department general managers and division general managers (does not include officers)	100.0 (107.2)	99.0 (107.5)	105.0 (112.0)	117.0 (126.0)	123.8 (133.0)	123.7 (134.0)	107.0 (115.7)	103.2 (112.2)	104.1 (112.4)	104.8 (112.8)
	Managers including branch managers, center managers, and Head Office section managers	62.6 (66.7)	66.7 (71.0)	71.0 (74.2)	76.0 (80.5)	82.3 (87.3)	82.1 (87.6)	81.1 (87.1)	80.5 (86.5)	79.7 (85.6)	81.3 (86.8)
	Career course*4	49.0 (51.8)	51.1 (54.0)	51.9 (54.0)	54.0 (56.9)	57.5 (60.5)	57.4 (60.7)	54.1 (57.4)	51.5 (54.8)	51.7 (55.1)	55.0 (58.5)
	Area course	40.7 (43.5)	43.7 (45.8)	45.0 (46.7)	46.5 (49.0)	49.7 (52.2)	48.5 (51.2)	45.8 (48.5)	42.9 (45.5)	42.5 (45.2)	45.2 (47.8)
	Specialist course	40.8 (42.7)	44.6 (46.6)	49.1 (50.8)	52.5 (55.2)	54.1 (56.9)	54.3 (57.4)	51.0 (54.0)	48.5 (51.6)	49.9 (53.2)	57.0 (60.7)
	Logistics course*4	32.8 (33.7)	34.7 (35.7)	38.2 (38.9)	37.0 (38.4)	38.6 (40.0)	37.1 (38.5)	35.1 (36.5)	32.9 (34.3)	32.5 (34.0)	35.2 (36.7)

*1 Changed to consolidated employee count from 2019

*2 TRUSCO NAKAYAMA has a payment policy that provides severance as annual financial bonds rather than a single payment upon resignation.

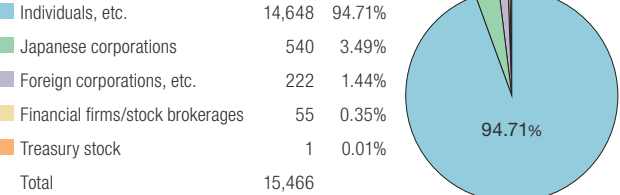
*3 Staff averages include the executive officer.

*4 Those who changed to newly established courses in 2022 are excluded due to the change during the fiscal year.

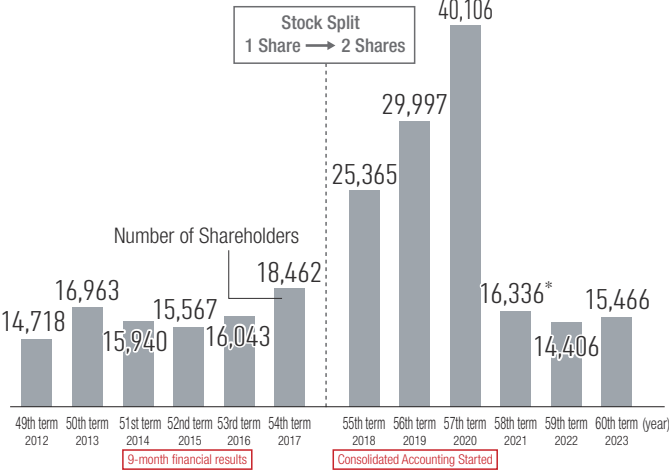
Number of Employees with Disabilities (statutory employment rate based hires)	(persons)	43 (29)	48 (32)	54 (43)	61 (38)	67 (43)	67 (48)	66 (51)	66 (50)	67 (55)	67 (62)
Employee Rate of Persons with Disabilities	[%]	2.3	3.3	3.2	3.2	3.1	2.9	2.9	2.9	2.8	2.7

Status of Stock -As of December 31, 2022-

Shareholder Composition



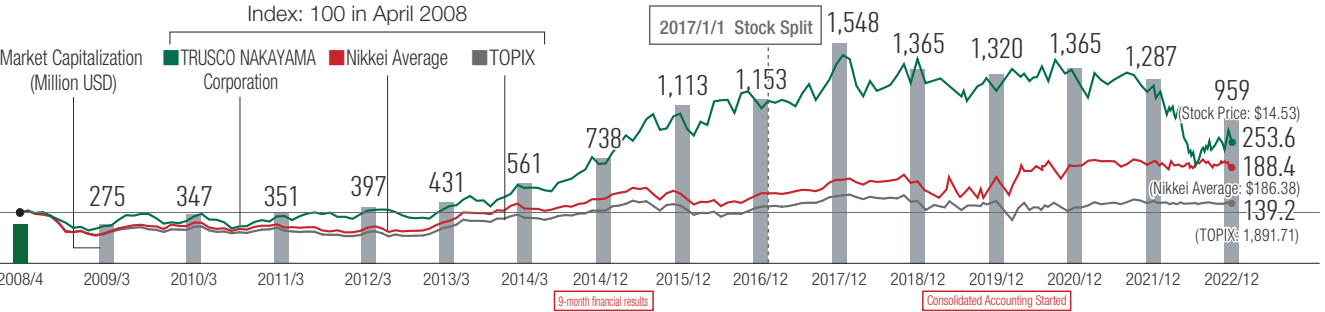
Change in Number of Shareholders



Number of Shares Issued



Comparison of TRUSCO NAKAYAMA Market Capitalization and Principal Indicators



No. of New Employees and Retirees

		As of December 31, 2017	As of December 31, 2018	As of December 31, 2019	As of December 31, 2020	As of December 31, 2021	As of December 31, 2022
Full-time staff	Women	510	557	585	589	571	577
	Men	1,004	1,051	1,071	1,085	1,061	1,062
	Total	1,514	1,608	1,656	1,674	1,632	1,639
New employees	Women	59	63	52	41	26	47
	Men	67	72	57	46	25	51
	Total	126	135	109	87	51	98
Number of New Graduates Hired	Women	46	58	46	37	22	40
	Men	37	60	50	42	21	43
	Total	83	118	96	79	43	83
Retirees	Women	18	20	42	37	45	39
	Men	18	26	44	33	45	44
	Total	36	46	86	70	90	83
Turnover rate (%)	Women	3.4	3.5	6.7	5.9	7.3	6.3
	Men	1.8	2.4	3.9	3.0	4.1	4.0
	Total	2.3	2.8	4.9	4.0	5.2	4.8

Note: Includes overseas employees on loan since 2018.

Some of the Main Reasons for Resignation in 2022

- To start a business

Early retirement

To concentrate on studies

Due to reaching the retirement age

To take over the family business
- To focus on medical treatment

To focus on childcare and taking care of an adult family member

To accompany a spouse that was relocated overseas by their company (Welcome Back Program*)

* This program is for the re-employment of staff who had to resign to raise a child, take care of a sick family member, undergo infertility treatments, or to accompany their spouse goes to due to a work appointment within ten years of their resignation.