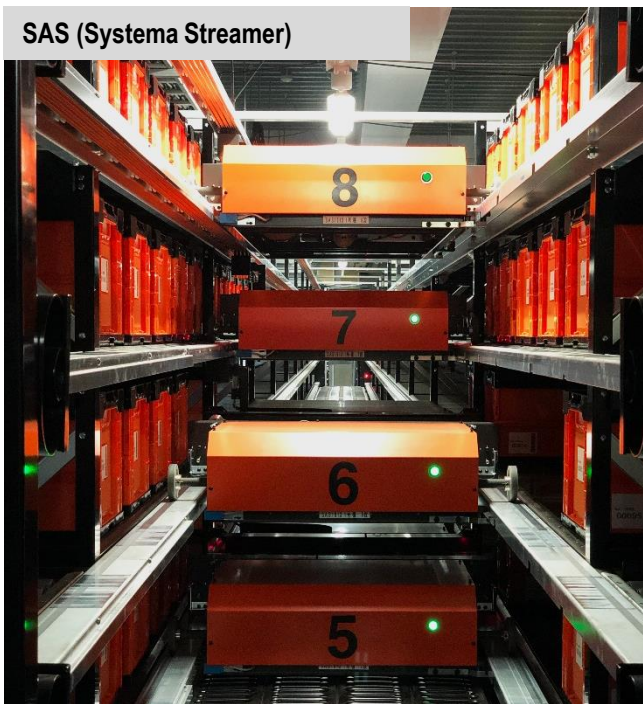


The 57th Business Year Business Performance Data Analysis

Fiscal Year Ending December 2019 Second Quarter

May 2019

Planet East Kanto material handling system operation started



SAS (Systema Streamer)



GAS (Gate Assort System)



GAS: An assorting system that opens the lids of appropriate containers and puts products in



SAS: Automated warehouse-type high-speed product picking and sorting equipment

Trusco Nakayama Corporation

Announced Aug. 5, 2019

Executive Officers

Hiroyuki Imagawa General Manager, Corporate Planning Div. and Accounting Div.

Takeshi Katagiri Manager, Corporate Planning & IR Dept.

Kyoko Yoshimi Corporate Planning & IR Dept.

Anna Saito Corporate Planning & IR Dept.

Trusco Fiorito Bldg. 10th floor,
4-28-1 Shinbashi, Minato-ku, Tokyo
105-0004, Japan

Phone: +81-3-3433-9840 Fax: +81-3-3433-9881

E-mail: info@trusco.co.jp

[Notice on commencement of consolidated accounting]

From the 1st Quarter of the 57th Business Year (year ending December 2019), we commenced consolidated accounting with Trusco Nakayama Corporation (Thailand) Limited established in September 2010 and PT. Trusco Nakayama Indonesia established in January 2015, because of the growing importance of their assets.

We started preparing quarterly consolidated financial statements from the 1st Quarter of this consolidated business year and therefore the year-on-year figures in comparison with the same quarter of the previous year are not included in this report.

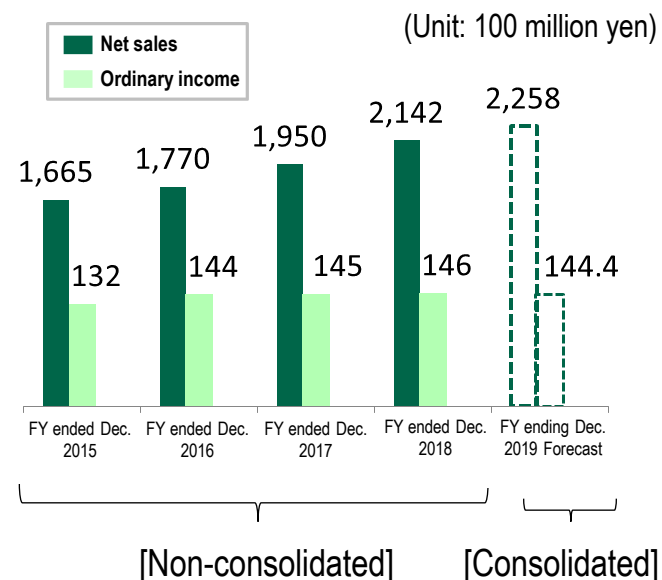
Along with the commencement of consolidated accounting, “overseas route” has been added as a new segment (sales route). The business performance of consolidated subsidiaries and sales for overseas markets by the overseas division will be included in the “overseas route” segment.

[Consolidated] Company overview

As of the end of June 2019

Founding	May 15, 1959
Representative	President Tetsuya Nakayama
Head offices	Tokyo Head Office (Minato-ku, Tokyo, registered as the company's head store) Osaka Head Office (Nishi-ku, Osaka City)
Number of business sites	100 in total 97 in Japan: 2 head offices, 73 branches, 22 distribution centers 3 overseas: Overseas subsidiaries: Thailand, Indonesia / Representative office: Germany
Capital stock	5,022,370,000 yen
Listed stock exchange	First section of the Tokyo Stock Exchange (Code number: 9830)
Number of employees	2,825 (12 officers, 1,694 full-time employees, 1,119 part-time employees)
Credit rating	A (Rating and Investment Information, Inc.)
Line of business	Wholesaler of pro tools (auxiliary materials used at factories), including machinery tools, distribution equipment and environmental safety equipment, and development of Trusco brand products

➤ Advancement of net sales and ordinary income



➤ Business flow

(): Year-on-year

Suppliers

Manufacturers

2,517
(+141)
including 194
overseas
manufacturers (+23)

Trusco Nakayama (Wholesalers)

Factory route

e-business route

Home center route

Overseas route

Main sales agents 5,317 companies (-14 companies)

Machine tool dealers, dealers of welding materials, dealers of pipe materials, conductor dealers, dealers of electric materials, dealers of packaging materials

Mainly internet order companies

General hardware mass discounters, pro shops, home appliance mass discounters

Overseas dealers, overseas subsidiaries

Target markets (main users)

Manufacturers, construction companies

Manufacturers, general consumers

Businesses conducting outdoor work, general consumers

Overseas manufacturers

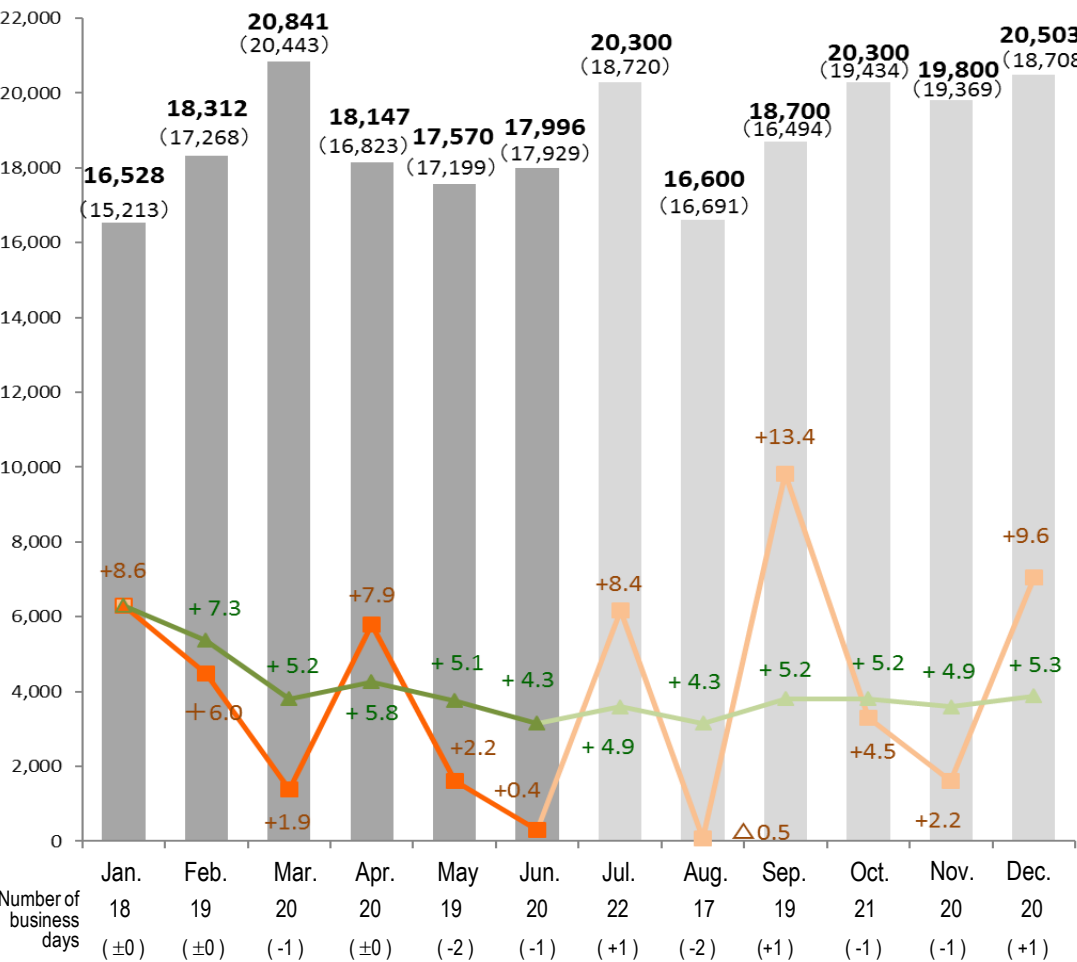
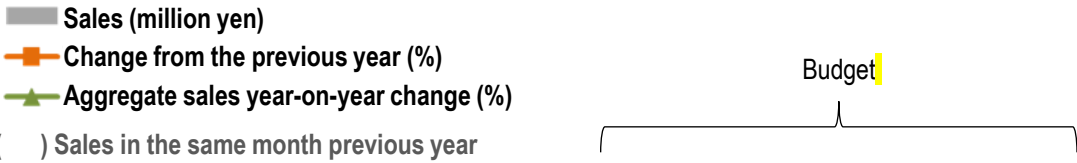
A-① Business performance

- Non-consolidated net sales increased by 4.3% and quarterly net income increased by 1.1%. Although both sales and income increased, they did not reach the planned figures.
- Selling, general and administrative expenses (SGA) increased by 5.6% year-on-year mainly due to higher freight and shipping charges reflecting stronger sales and an increase in depreciation costs as a result of aggressive capital investments to enhance distribution functions. Ordinary income rose by 0.4% year-on-year.

	[Consolidated]		[Non-consolidated parent]							
	2Q of FY ending Dec. 2019	Percentage share against net sales (%)	2Q of FY ended Dec. 2018	Percentage share against net sales (%)	2Q of FY ending Dec. 2019	Percentage share against net sales (%)	Year-on- year (%)	Budget (million yen) Percentage to net sales (%)	Comparison with the budget	
									Change (million yen)	Comparison with the budget (%)
Net sales	109,566 million yen	—	104,877 million yen	—	109,396 million yen	—	+4.3	112,700	-3,303	-2.9
Gross profit	23,737 million yen	21.7	22,721 million yen	21.7	23,622 million yen	21.6	+4.0	24,339 [21.6]	-716	-2.9
Selling, general and administrative expenses (SGA)	16,776 million yen	15.3	15,753 million yen	15.0	16,637 million yen	15.2	+5.6	16,890 [15.0]	-252 For details of SGA, please refer to Page 18.	-1.5
Operating income	6,960 million yen	6.4	6,968 million yen	6.6	6,984 million yen	6.4	+0.2	7,448 [6.6]	-464	-6.2
Ordinary income	7,102 million yen	6.5	7,089 million yen	6.8	7,121 million yen	6.5	+0.4	7,583 [6.7]	-462	-6.1
Quarterly net income	4,807 million yen	4.4	4,778 million yen	4.6	4,831 million yen	4.4	+1.1	5,157 [4.6]	-325	-6.3
Sales of PB goods	—	—	21,583 million yen	20.6	22,231 million yen	20.3	+3.0	23,000 [20.4]	-768 For details of sales of PB goods, please refer to Page 14.	-3.3
Quarterly net income per share	72.90 yen	—	72.46 yen	—	73.27 yen	—	+0.81 yen	78.20 yen	-4.93 yen	—
Interim dividend per share	18.50 yen	—	—	—	—	—	—	—	—	—

A-② [Non-consolidated parent] Company-wide monthly sales and sales per day for FY ending December 2019

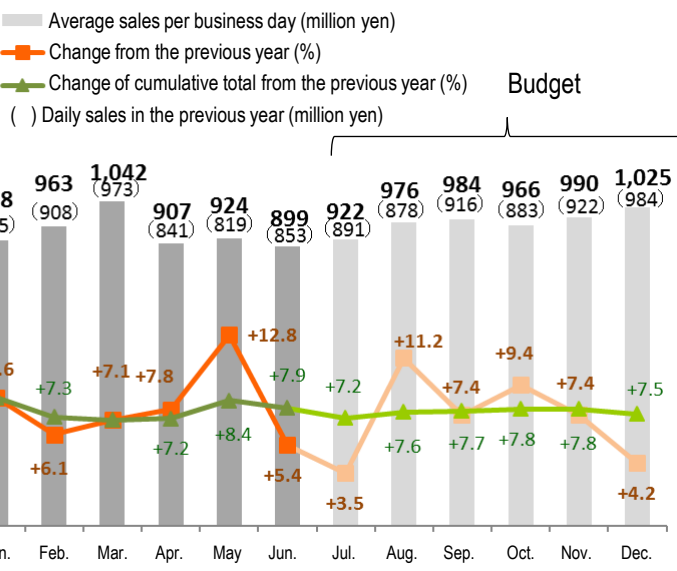
■ Total



■ Change in average daily sales (all business offices)

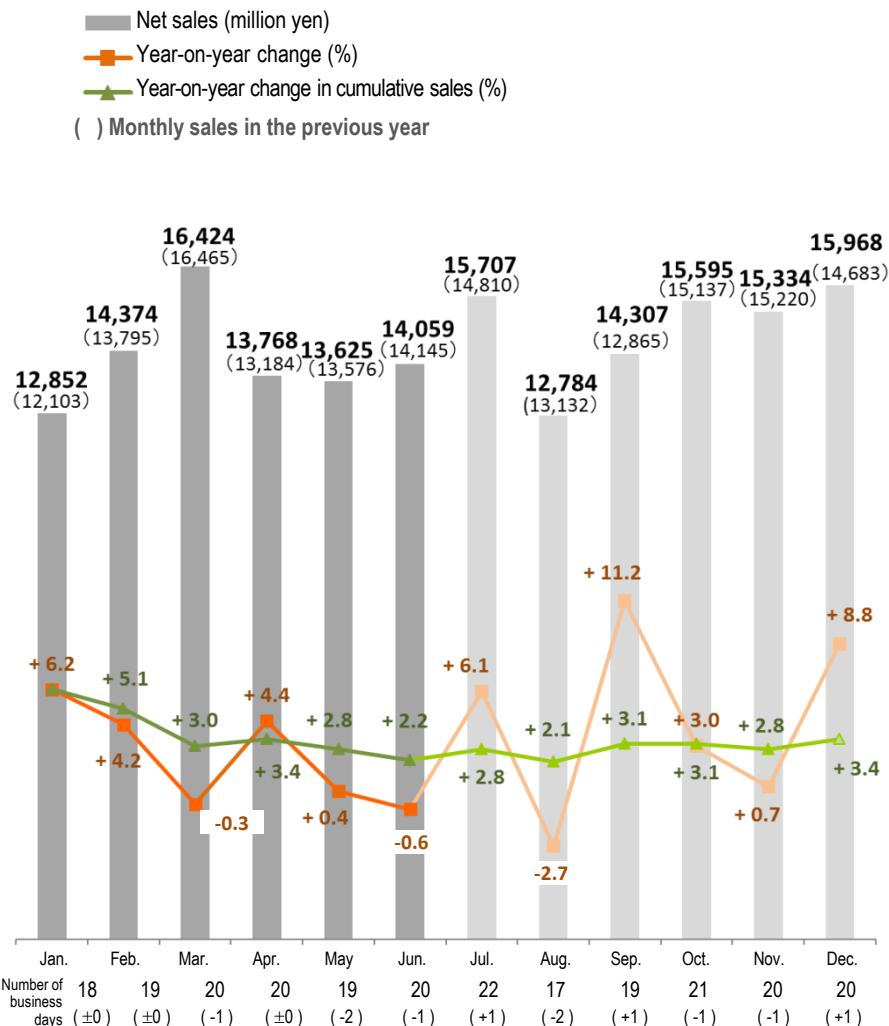
The Company's sales are affected by the number of business days in a given month because orders are placed constantly with consumption items used at factories.

Sales were higher in March and December, both of which are busy months, because most Japanese companies have one of these months as the final month of their fiscal year.

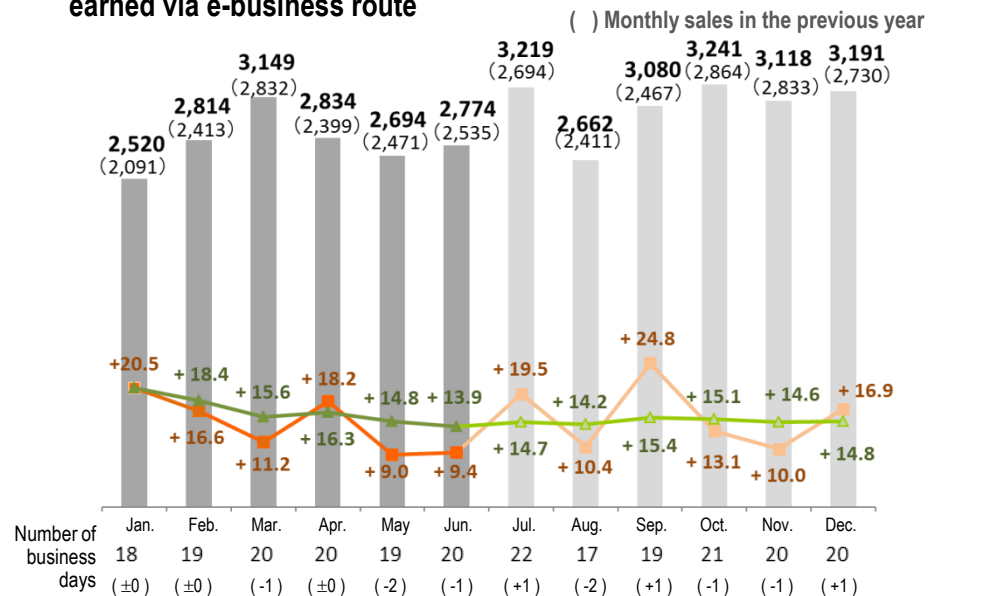


B-① [Non-consolidated parent] Monthly sales by sales segment

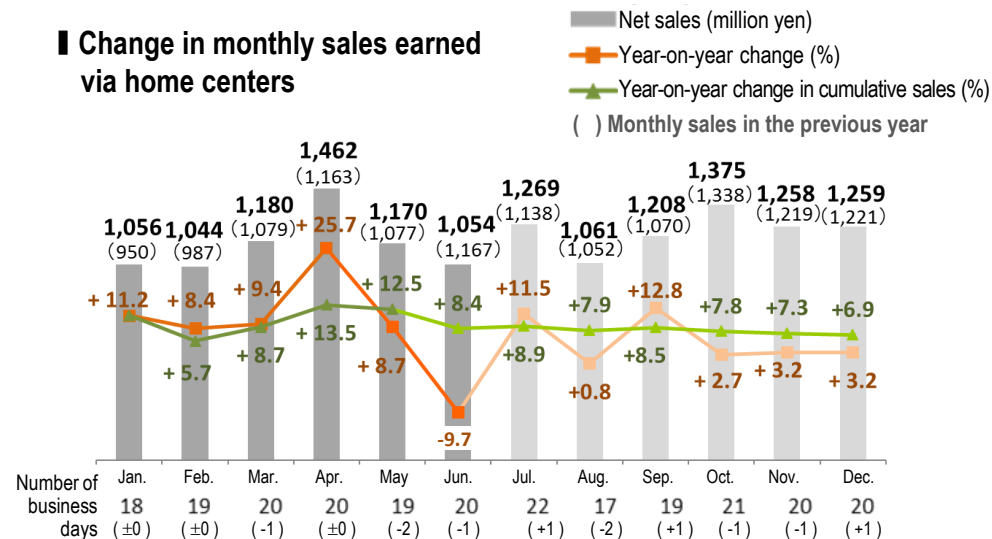
Change in monthly sales earned via factory route



Change in monthly sales earned via e-business route



Change in monthly sales earned via home centers



B-② [Non-consolidated parent] Sales and gross profit by sales segment

Sales by sales segment

	Second quarter of FY ended Dec. 2018		Second quarter of FY ending Dec. 2019					
Sales route	Net sales	Gross profit margin	Net sales		Gross profit margin		Sales (million yen)	
	Results	Results	Actual results	vs. 2Q of previous year	Actual results	vs. 2Q of previous year	Budget	Comparison with the budget
Factory route	83,271 million yen	21.3%	85,104 million yen	+2.2%	21.3%	- 0.1	87,926	- 3.2%
e-business route	14,742 million yen	25.3%	16,788 million yen	+13.9%	25.1%	- 0.2	17,093	- 1.8%
Home center route	6,426 million yen	17.9%	6,969 million yen	+8.4%	17.5%	- 0.4	7,090	- 1.7%
Other (Overseas, etc.)	437 million yen	20.1%	534 million yen	+22.1%	19.6%	- 0.5	591	- 9.5%
Total	104,877 million yen	21.7%	109,396 million yen	+4.3%	21.6%	- 0.1	112,700	- 2.9%

B-③ [Non-consolidated parent] Factory route: Sales by region, sales constituent ratio by region, and sales by industry

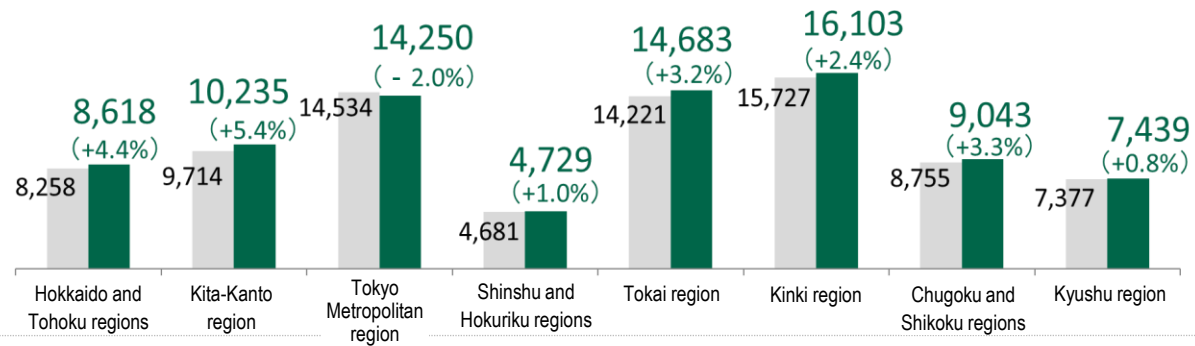
Factory route: Sales by region

■ 2Q of FY ended Dec. 2018: Sales (million yen)
■ 2Q of FY ending Dec. 2019: Sales (million yen)
() Year-on-year change (%)

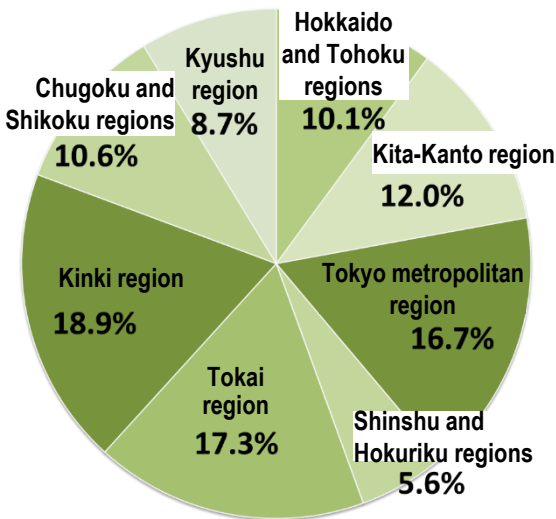
[Kumamoto Branch: Down 7.0% year-on-year]
Due to a decrease in capital investment, impact of semiconductor-related business, etc.

[Kagoshima Branch: Up 19.2% year-on-year]
Due to large security-related orders received, etc.

[Fukui Branch: Up 15.8% year-on-year]
Due to resumption of operation of the nuclear power station, which helped increase orders and capital spending.



Factory route: Sales constituent ratio by region



Factory route sales by industry

Sales route	Second quarter of FY ended Dec. 2018		Second quarter of FY ending Dec. 2019					
	Net sales	Gross profit margin	Net sales		Gross profit margin		Sales (million yen)	
	Results	Results	Actual results	vs. 2Q of previous year	Actual results	vs. 2Q of previous year	Budget	Comparison with the budget
Machine tool dealers	44,303 million yen	21.2%	44,320 million yen	+0.0%	21.1%	-0.1	46,623	-4.9
Welding material dealers	11,875 million yen	21.9%	12,138 million yen	+2.2%	21.8%	-0.1	12,656	-4.1
Other manufacturing related (incl. physical and chemical material, transmission machinery, packing material dealers)	13,277 million yen	20.9%	13,546 million yen	+2.0%	21.0%	+0.1	14,043	-3.5%
Construction related	13,815 million yen	21.8%	15,098 million yen	+9.3%	21.6%	-0.2	14,603	+3.4%
Total net sales via factory route	83,271 million yen	21.3%	85,104 million yen	+2.2%	21.3%	-0.1	87,926	-3.2%

B-④ [Non-consolidated parent] Change in net sales through the e-business route and the number of companies participating in Orange Commerce

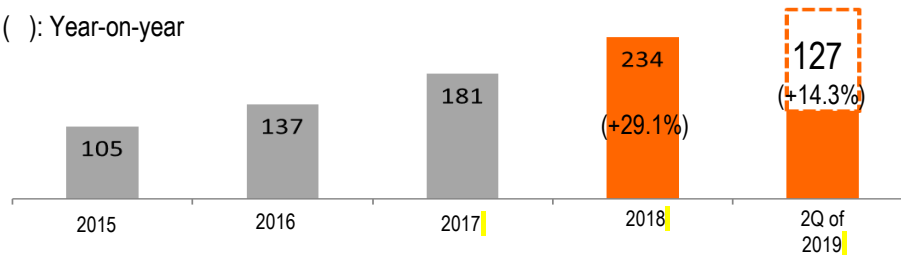
■ Net sales through e-business route

Sales route	Second quarter of FY ending Dec. 2019			
	Net sales		Gross profit margin	
	Actual results	vs. 2Q of previous year	Actual results	vs. 2Q of previous year
Mail order companies	12,786 million yen	+14.3%	24.4%	+0.0
Companies with which Nakayama Trusco formed a partnership in Orange Commerce (electronic purchase)	4,002 million yen	+12.5%	27.1%	-0.7
Total net sales via e-business route	16,788 million yen	+13.9%	25.1%	-0.2

FY2019 budget 269
(+13.0%)

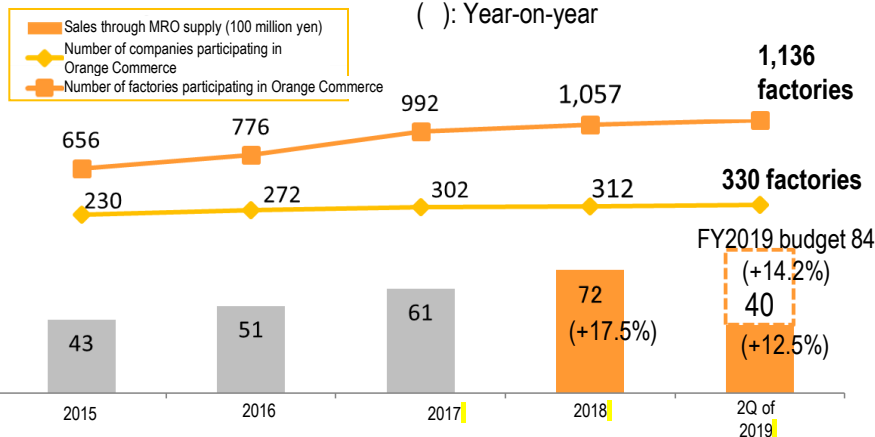
■ Sales to mail order companies (100 million yen)

(): Year-on-year

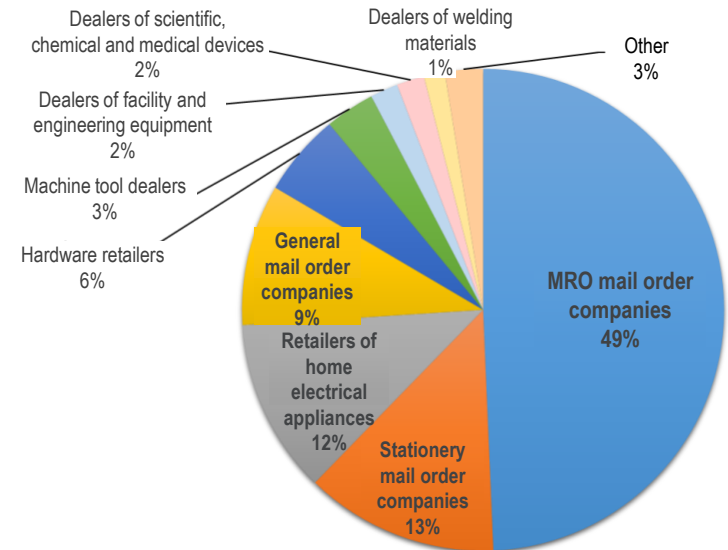


■ Change in the number of companies participating in Orange Commerce (Trusco's electronic central purchasing system)

(): Year-on-year



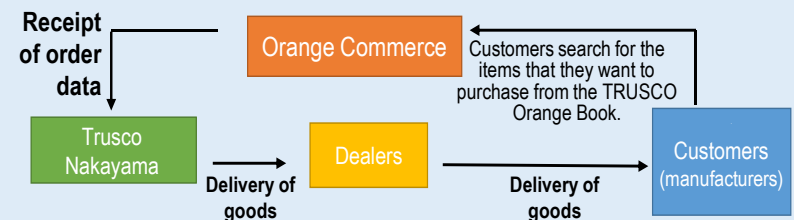
■ Sales by industry through mail order companies



Figures may not be consistent with the results of the previous fiscal year because we reviewed the classification of industry categories.

* Trusco's electronic central purchase system:

This purchasing system, mainly adopted by large-lot users (manufacturers), is designed to curtail their material and equipment procurement costs and increase their business operational efficiency through the Internet-based management of material and equipment purchases.



Customers' purchasing systems and Trusco Nakayama's central purchasing system are connected, with the distribution of goods bound for customers conducted by Trusco Nakayama, customers and dealers.

B-⑤ [Non-consolidated parent] Sales to top 10 clients developed via home center route

As a professional-tool wholesaler, Trusco Nakayama has focused on dealing in pro tools and actively proposed to general hardware mass discounters that allot part of their floor spaces to pro-tool shops. Trusco Nakayama will work on enhancing its comprehensive marketing power by stepping up sales of its products at home centers, where pro-tool shops and material shops are housed.

■ Ranking of sales to general hardware mass discounters

Units: million yen; %; without honorific titles

Ranking	Name of client	2Q of FY ended Dec. 2018	2Q of FY ending Dec. 2019	vs. 2Q of previous year
1	DCM Hodaka (Pro Shop)	821	954	+ 16.2
2	Nafco	753	718	- 4.6
3	Royal Home Center	638	622	- 2.5
4	DCM Kahma	593	608	+ 2.6
5	Kohnan Shoji	508	582	+ 14.6
6	DCM Homac	590	565	- 4.1
7	CAINZ	103	488	+ 371.3
8	Shimachu	340	400	+ 17.6
9	DCM Daiki	297	285	- 4.2
10	Keyo	319	276	- 13.5
Combined sales to top 10 companies		4,967	5,504	+ 10.8
Combined sales via general hardware mass discounter route		6,373	6,926	+ 8.6
Percentage share of sales to top 10 companies		77.9	79.5	

Efforts being made by our company since 2007 to normalize sales practices

- 1) Refrain from making unprofitable business transactions
- 2) Refrain from staging excessive sales campaigns on such occasions as new store openings and anniversary days
- 3) Refrain from dispatching sales clerks to shops for products not handled by our company

Our efforts to normalize sales practices as explained above resulted in a plunge from 21.9 billion yen in 2006, the 43rd business year, to about 10 billion yen in recent years in sales to general hardware mass discounters.

The result reflected our policy of giving higher priority to making business transactions in line with appropriate business rules than seeking profits.

■ Net sales to DCM Japan Holdings

Total: 2,691 million yen (up 2.6% year-on-year)

[DCM Kahma, DCM Daiki, DCM Homac, DCM Sanwa, DCM Kuroganeya, Keyo, DCM Hodaka, and Homac Nicot]

The figures above were compiled by the
Corporate Planning & IR Dept. as reference.

B-⑥ Business performance of overseas subsidiaries

■ Results of overseas subsidiaries for the 2nd Quarter

Units: million yen, %

		Net sales	Gross profit	Selling, general and administrative expenses (SGA)	Operating income	Ordinary income	Quarterly net income
Trusco Nakayama Thailand 1 baht = 3.51 yen (3.33 yen previous year)	Results	376	92	67	25	25	25
	Year-on-year	+19.5	+32.5	+12.7	+151.6	+145.5	+145.5
Trusco Nakayama Indonesia 1 rupiah = 0.0076 yen (0.0077 yen previous year)	Results	109	29	70	-41	-43	-43
	Year-on-year	-10.5	-3.2	+40.2	-	-	-

[Topics] March 9, 2019

Trusco Nakayama Indonesia site completed



Address : Jl Kenari Raya No.36 Kel. Jayamukti, Kec. Cikarang pusat, Bekasi Jawa Barat 17815

Site area : 16,177 m² (4,894 *tsubo*)

Total floor area : 11,230 m² (3,155 *tsubo*)

Capital investment : 1 billion yen for land / 620 million yen for buildings

Design/construction: Takenaka Corporation

Employees : 17 (including 3 seconded from Trusco Nakayama Corporation)

Inventory items : 54,888 items (as of June 30, 2019)

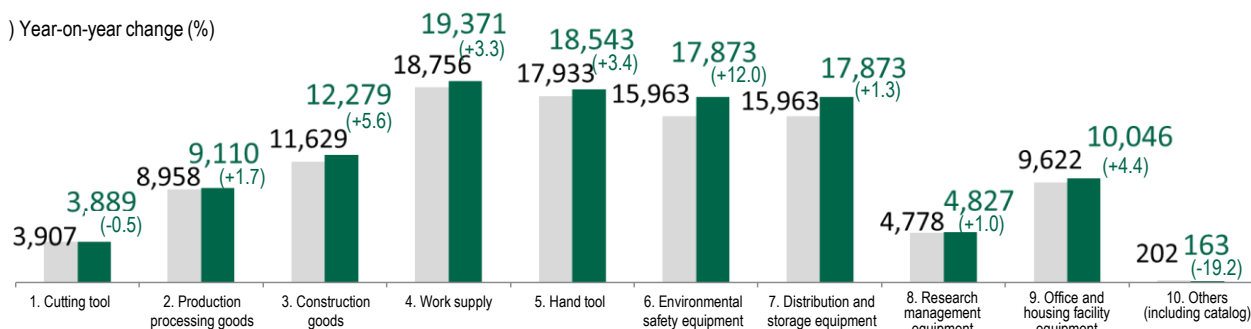
B-⑦ [Non-consolidated parent] Sales by category of goods

■ Sales graph by large category and details of medium category

■ FY ended Dec. 2018 Sales (million yen)

■ FY ending Dec. 2019 Sales (million yen)

() Year-on-year change (%)



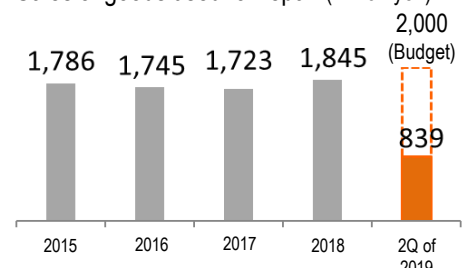
Constituent ratio

Category of goods (large category)	Medium category	Trusco's sales	Constituent ratio	vs. 2Q of previous year	Gross profit margin	Category of goods (large category)	Medium category	Trusco's sales	Constituent ratio	vs. 2Q of previous year	Gross profit margin
1. Cutting tool	Cutting tools	1,861	1.7	-2.8	10.4	6. Environmental safety equipment	Protective equipment	8,926	8.2	+10.9	25.3
	Drilling and thread cutting tools	2,027	1.9	+1.8	22.9		Safety goods	4,496	4.1	+6.1	26.4
2. Production processing goods	Measurement equipment	4,580	4.2	+3.0	16.6		Environment improvement goods	968	0.9	+5.0	20.0
	Mechatronics	1,833	1.7	+3.6	15.7		Air conditioning goods	2,055	1.9	+43.9	16.5
	Tools for machine tools	1,303	1.2	+3.6	21.7		Disaster and crime prevention goods	463	0.4	+8.1	21.3
	Electric machinery	1,392	1.3	-6.2	10.5		Closets and exterior goods	962	0.9	+7.2	15.8
						7. Distribution and storage equipment	Loading goods	3,665	3.4	+8.3	17.7
3. Construction goods	Hydraulic tools	1,008	0.9	+4.9	11.8		Conveyors	641	0.6	-4.5	16.4
	Pumps	1,649	1.5	-1.9	15.9		Transportation goods	5,199	4.8	+0.1	22.1
	Welding equipment	991	0.9	-1.5	19.0		Containers and vessels	1,883	1.7	-0.6	30.8
	Painting and interior goods	1,082	1.0	+3.0	25.2		Steel shelves	1,900	1.7	-3.9	27.4
	Civil engineering and building goods	986	0.9	+20.5	13.4	8. Research management equipment	Tool wagons	558	0.5	-4.4	29.8
	Ladders and stepladders	1,630	1.5	+7.3	22.7		Storage and management goods	715	0.7	+0.9	32.1
	Piping and materials of electric equipment	1,691	1.5	+6.9	23.5		Work benches	769	0.7	-2.5	27.9
	Component, hardware, and building materials	3,238	3.0	+7.6	28.3		Stainless goods	970	0.9	+1.2	18.7
							Research and development-related goods	1,813	1.7	+4.4	17.9
4. Work supply	Cutting goods	679	0.6	+7.2	22.8	9. Office and housing facility equipment	Cleaning utensils	2,916	2.7	+3.2	21.8
	Grinding and polishing goods	3,601	3.3	+3.1	23.7		Stationery	942	0.9	+13.4	19.1
	Chemical products	9,383	8.6	+4.6	22.6		Office miscellaneous goods	1,268	1.2	+11.8	28.3
	Factory miscellaneous goods	1,710	1.6	-0.8	15.9		Electric appliances	1,768	1.6	+0.4	23.8
	Packing and binding goods	2,563	2.3	+3.6	31.0		OA business machinery	843	0.8	+7.3	27.3
5. Hand tool	Casters	1,432	1.3	-2.1	18.4	10. Other	Office furniture	2,164	2.0	+1.1	24.6
	Electric power tools and accessories	4,941	4.5	+2.1	14.6		Interior goods	141	0.1	+1.3	20.7
	Pneumatic tools and accessories	3,353	3.1	+2.7	18.1		Other total	163	0.1	-19.2	-
	Tools for manual work	9,315	8.5	+4.0	21.4	Total		109,396	100.0	+4.3	21.6
	Tool boxes	933	0.9	+7.0	30.1						

(Million yen, %)

• For air conditioning goods in the category of 6. Environmental safety equipment, in view of the high growth in sales of summer goods in the previous year, we strategically held a stock of over double that of the previous year in inventory for this period. Thanks to continuing high demand for summer items, sales increased by 43.9% from the previous year.

■ Sales of goods used for repair (million yen)



Repair service offered under contract with repair workshop Naojiro

B-⑧ [Non-consolidated parent] Sales of private brand (PB) goods

■ Sales of PB goods by category of goods * Excluding sales through other routes

Unit: million yen

	Entire company		Factory route		e-business route		Home center route	
	Constituent ratio	20.3%	Constituent ratio	20.3%	Constituent ratio	26.0%	Constituent ratio	6.6%
	Gross profit margin	35.6%	Gross profit margin	35.7%	Gross profit margin	36.4%	Gross profit margin	29.9%
	Net sales	Year-on-year change	Net sales	Year-on-year change	Net sales	Year-on-year change	Net sales	Year-on-year change
Total	22,231	+3.0%	17,242	+0.9%	4,369	+12.2%	462	+4.9%
Cutting tool	355	+3.5%	265	+3.6%	52	+2.1%	33	+8.8%
Production processing goods	804	+5.5%	614	+2.8%	168	+18.1%	9	-7.4%
Construction goods	1,787	+2.3%	1,367	+0.7%	382	+11.9%	28	-6.4%
Work supply	3,774	+1.4%	3,095	+0.1%	619	+8.6%	36	+2.0%
Hand tool	2,312	+0.6%	1,738	-1.5%	480	+10.9%	65	-5.3%
Environmental safety equipment	3,677	+12.2%	2,926	+10.4%	686	+19.8%	52	+19.4%
Distribution and storage equipment	5,500	+0.7%	4,154	-1.8%	1,091	+10.0%	215	+1.9%
Research management equipment	1,876	-0.2%	1,504	-2.2%	350	+8.1%	1	-
Office and housing facility equipment	2,140	+2.7%	1,575	-1.5%	538	+15.7%	16	+261.4%
Other	1	-7.0%	0	-	0	-	1	-

■ Private brand (PB) products

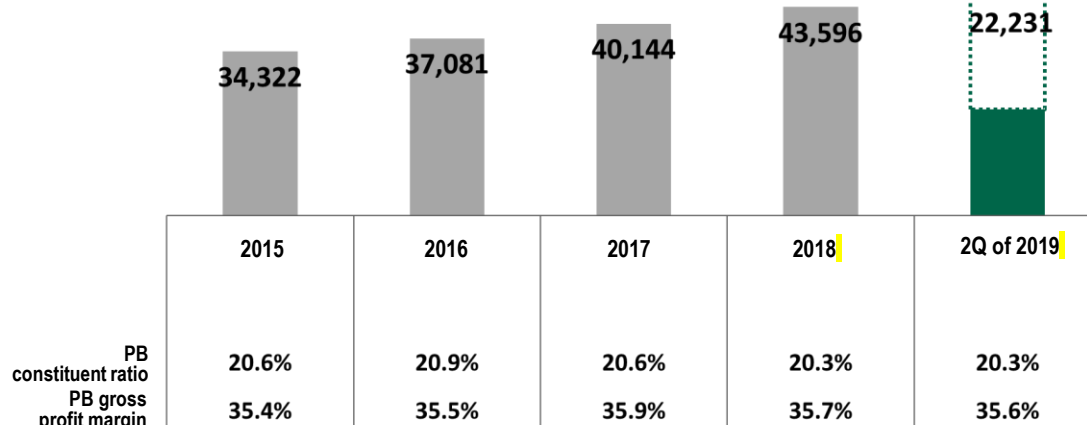


Trusco Nakayama launches approximately 5,000 new PB items developed by the company every year. Compared with national-brand products, PB products see a higher ratio of profit against sales. PB products account for 20.3% of the company's total sales in terms of value.

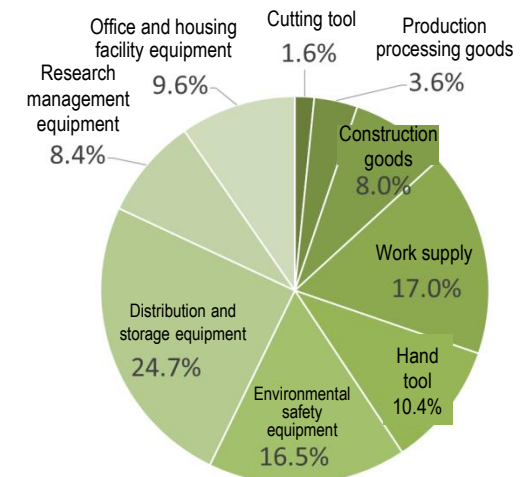


■ Change in sales of PB goods (Units: million yen)

Budget: 47,000
(+3.0% from the previous year)

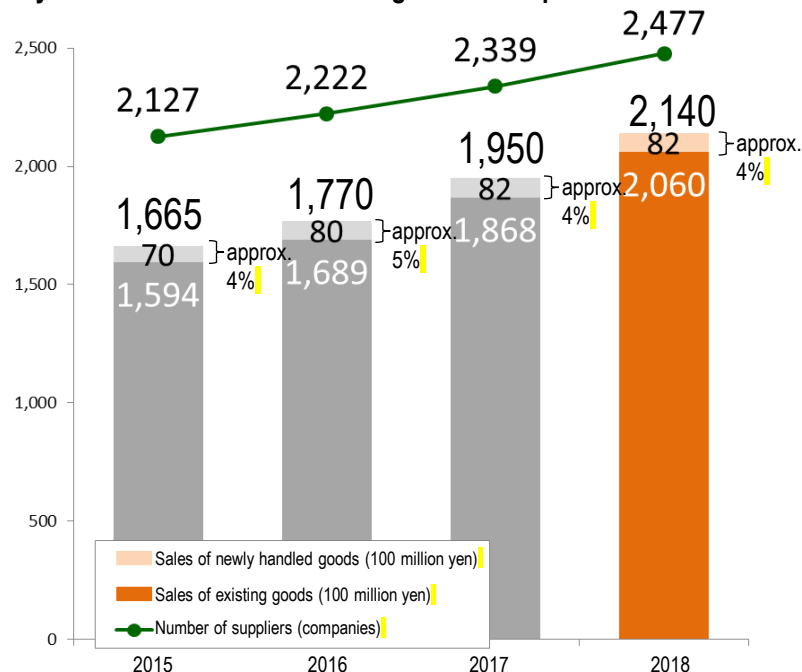


■ PB sales ratio by category of goods

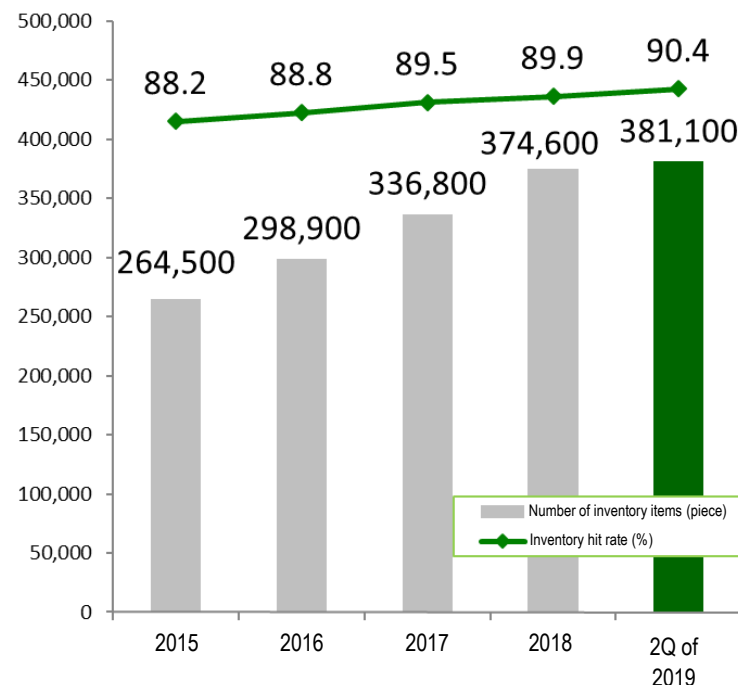


C-① [Non-consolidated parent] Changes in number of suppliers and sales of newly listed items / number of inventory items and inventory hit rate / number of accounts established for sales

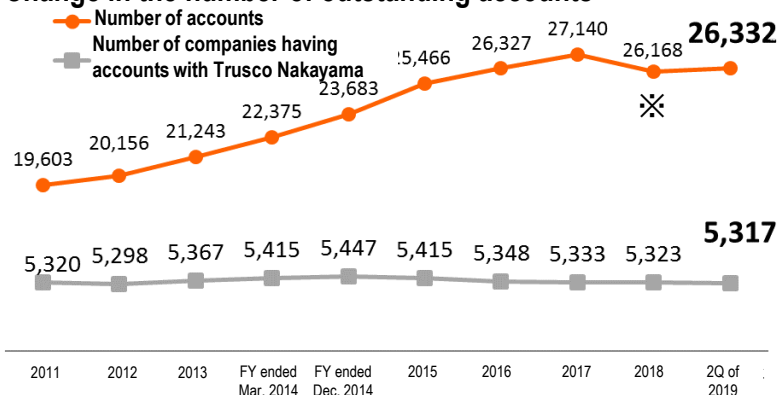
1. Changes in the number of suppliers and changes in sales of goods newly handled under TRUSCO Orange Book compared with total sales



2. Change in the number of inventory items and the inventory hit rate



3. Change in the number of outstanding accounts



1. Goods newly listed in the TRUSCO Orange Book, a merchandise catalog, accounted for approximately 4% of total sales.

2. Inventory hit rate: Number of rows shipped from inventory divided by the number of rows ordered
The initial target of 90% was almost attained.

3. The number of companies with which Trusco Nakayama makes business transactions has been on the decline but the number of accounts established for such transactions, seen as key to boosting sales, has kept growing steadily. About 100 companies terminate transactions with Trusco Nakayama every year.

* The decrease in the number of accounts in FY2018 was mainly due to the deletion of accounts associated with the termination of transactions with the home center route business partners.

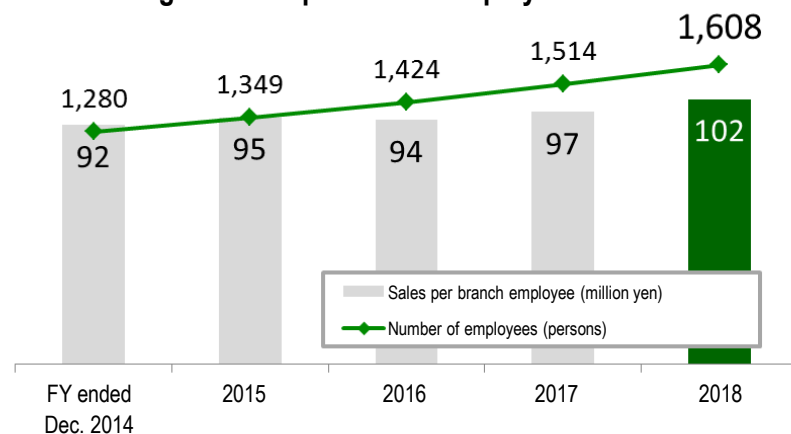
C-② [Non-consolidated parent] System utilization

■ ① System orders received (including FAX-OCR)

[Reference] Cumulative total inquiries filed at the end of June 2019: DOTKUL = about 197/day; Web access = about 61,614/day

Orders obtained	Number of rows for orders (rows)	Share	Change from a year before	Order amount (million yen)	Share in terms of amount	Change from a year before
TRUSCO Orange Book.Com (distributors, customers) order through the Internet	7,163,532	42.6%	+0.5	45,345	41.3%	+1.1
Trusco EDI Connecting with the distributor's ordering system	2,734,088	16.3%	+9.8	11,230	10.3%	+13.0
DOTKUL FAX-OCR	189,362	1.1%	-20.4	900	0.8%	-18.3
Orange Commerce Connecting with the customer's purchasing system	316,715	1.9%	+35.9	1,950	1.8%	+44.9
EOS Home center electronic ordering system	3,420,911	20.4%	+9.7	6,413	5.9%	+13.0
Total	13,824,608	82.2%	+4.7	65,841	60.2%	+4.7

■ ② Change of sales per branch employee



* Figures listed above as sales per branch employee take into account sales management costs (including distribution costs and personnel costs at the head office).

Improvement of business efficiency due to an increase in system orders received

- 1) Ratio of system orders received against total orders received: 82.2%
Sales from system-based automatic orders accounted for more than 80% of total orders received through all routes as of the end of June.
- 2) Sales amounted to approximately 102 million yen per branch employee.

D-① [Consolidated] Financial statements

--- Year-on-year figures in comparison with the previous year are not provided because consolidated accounting was started from this fiscal year.

■ Segment information, etc.

Units: million yen, %

		2Q of FY ending Dec. 2019		
			Net sales	Ordinary income or loss
Reportable segments	Factory route	Results	85,111	5,645
		Year-on-year	—	—
	e-business route	Results	16,788	1,479
		Year-on-year	—	—
	Home center route	Results	6,969	-36
		Year-on-year	—	—
	Overseas route	Results	697	-94
		Year-on-year	—	—
	Total	Results	109,566	6,994
		Year-on-year	—	—
Adjustments			—	107
Amounts on financial statements		Results	109,566	7,102
		Year-on-year	—	—

1. Adjustments of 107 million yen in ordinary income include ordinary income that is not attributable to each reportable segment. Adjustments include revenue from property leasing, etc.

■ Balance sheet

As of June 30, 2019

Unit: million yen, %

Assets	Liabilities and shareholders' equity
Current assets 75,120	Current liabilities 23,632
	Non-current liabilities 27,243
Non-current assets 99,406 Of which property, plant, and equipment 89,063	Net assets 123,650 Net worth 70.8%
Total assets 174,526	

■ Statement of cash flows

Unit: million yen

	2Q of FY ending Dec. 2019
Cash flows from operating activities	6,003
Cash flows from investing activities	-12,181
Cash flows from financing activities	-1,220
Effect of exchange rate change on cash and cash equivalents	2
Net increase (decrease) in cash and cash equivalents	-7,395
Cash and cash equivalents at beginning of period	12,448
Cash and cash equivalents at end of period	5,053

D-② Selling, general and administrative expenses (SGA)

– [Individual] Major factors –
(): Year-on-year

■ Breakdown of selling, general and administrative expenses

Unit: million yen, %

		[Consolidated]	[Non-consolidated parent]			
		2Q of FY ending Dec. 2019	2Q of FY ended Dec. 2018	2Q of FY ending Dec. 2019	Changes	Change from a year before
1	Freight and packing expenses	3,046	2,678	3,042	364	+13.6
2	Advertising expenses	423	408	423	14	+3.6
3	Promotion expenses	266	227	265	37	+16.6
4	Vehicle expenses	121	117	117	0	-0.6
5	Remuneration paid to directors	214	187	214	26	+14.3
6	Salary and bonus	5,931	5,848	5,885	37	+0.6
7	Provision for bonuses	295	502	295	-207	-41.2
8	Welfare expenses	1,163	1,099	1,151	52	+4.8
9	Entertainment expenses	72	67	71	3	+5.9
10	Traveling expenses and transportation expenses	305	297	303	5	+1.9
11	Communication expenses	180	168	179	11	+6.6
12	Commission fee	926	778	913	134	+17.3
13	Supplies expenses	259	464	257	-206	-44.5
14	Utilities expenses	176	139	175	35	+25.4
15	Taxes and dues	568	667	566	-101	-15.1
16	Depreciation	2,300	1,550	2,266	716	+46.2
17	Leasehold and office rents	336	324	327	3	+1.2
18	Other	186	224	180	-44	-19.8
Total		16,776	15,753	16,637	884	+5.6

- The volume of regular-route shipments increased by 12.7% (approx. +198 million yen) mainly due to sales growth.
- Impact of a hike in regular-route shipping fees, etc. (approx. +165 million yen)
- A decrease in the number of charter vehicles (contracted delivery services) (-35 million yen)
Number of vehicles: 236 (-30) *Including 41 vehicles for intra-company transportation
[Reference] Delivery service by Trusco employees: 92 vehicles (+12 vehicles)

- Expenses associated with the change in size of the 2020 Trusco Orange Book catalogue (B5 to A4)
Cost for changing layout (+70 million yen)
Cost for producing data (+73 million yen)
- Increase in expenses for internal use of Trusco Orange Book (+24 million yen)
- Increase in expenses for producing the English version of Trusco Orange Book in the previous period (-112 million yen)
- Full-time employees +30 (Breakdown: +30 in career-track positions, +9 in logistics positions, and -12 in area-specific positions)
- Part-timers +10
- Impact of no incentives paid for this period (-116 million yen)

- Impact of reversal of the fund for performance-based bonuses reserved in December in the previous fiscal year because of non-payment of the bonuses. There is no impact for full-year performance.

- Internal PC-related expenses (49 million yen)
- Maintenance and inspection costs related to systems (+95 million yen)
- Maintenance and inspection costs related to logistics equipment (+14 million yen)

- Impact of expenses for fixtures for Planet Saitama distribution center in the previous period (-169 million yen)

- Estimated real estate acquisition tax for Planet Saitama distribution center building (-186 million yen)

- Building, electricity and lighting equipment, logistics equipment, etc. for Planet Saitama distribution center (298 million yen) / Logistics equipment for Planet Tokai (98 million yen)
- Replacement of Trusco Orange Book.com product search website (212 million yen)

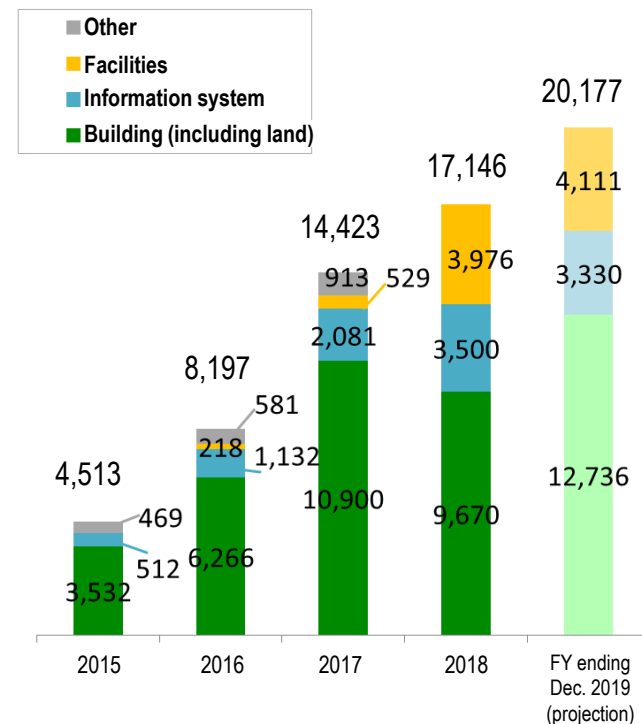
D-③ [Consolidated] Capital expenditures

Major past and future capital expenditures

Unit: million yen

Breakdown of major capital expenditures		Planned total capital expenditures	Expenditures made until the previous period	FY ending Dec. 2019	
				1st half Investments made	2nd half Scheduled investments
Buildings	Planet South Kanto: rebuilding	8,784	2,957	2,442	2,442
	Planet Tohoku: extension	4,000	887	1,554	1,559
	Toyohashi Stock Center: rebuilding	2,990	—	—	600
	Planet North Kanto: extension	1,178	384	322	472
	Major buildings total	16,952		4,318	5,073
Facilities	Planet Saitama: Butler / AutoStore	1,069	369	62	638
	Planet Tohoku: Automated bucket warehouse / SAS / GAS / AutoStore / I-Pack / BOD / Butler / pallet racks, etc.	3,023	—	293	203
	Planet South Kanto: Automated bucket warehouse / SAS / AutoStore / Case CV / electric pallet racks, etc.	2,341	—	499	140
	Planet Tokai: Automated bucket warehouse / SAS / GAS	1,249	562	687	—
	Planet East Kanto: SAS / GAS / conveyers	891	492	399	—
	Planet Kobe: Automated bucket warehouse / SAS / GAS / electric pallet racks, etc.	864	45	337	482
	Planet North Kanto: Automated pallet warehouse	190	60	60	70
	Planet Shiga: Automated bucket warehouse/ electric pallet racks	263	22	17	224
	Major equipment total	9,890		2,354	1,757
Systems	Replacement of Paradise (order receipt/placement system)	3,299	841	848	810
	Replacement of SORA, Self, Zaicn2	962	72	590	—
	Replacement of TRULOGIS, Phoenix (Logistics management system)	375	126	249	—
	Expenses for development and external release of AI Orange Rescue (product search system)	248	157	48	43
	Planet Saitama: Introduction of systems related to AutoStore and Butler	131	—	48	83
	Major systems total	5,015		1,783	936
Land	Land of West Japan Distribution Center (Yamatokoriyama)	3,023	—	302	—
	Land of Planet Aichi (Kita-Nagoya City)	1,818	180	230	—
	Land adjacent to Planet East Kanto	654	—	—	654
	Major land total	5,495		532	654
Overseas	Trusco Nakayama Indonesia new company building	618	—	618	—
Other		—	—	1,803	349
Semi-total				11,408	8,769
Annual capital expenditures				20,177	

Change in capital expenditures Unit: million yen



↑ From 2018, items included in “Other” are allocated to facilities, IT systems, or buildings.

Amount of capital spending: ¥

- The amount of capital spending includes planned spending, possibly leading to fluctuations in actual investment.
- Indonesian rupiah is converted using the exchange rate as of the end of June at 0.0076 yen to 1 IDR.

Depreciation cost for fiscal year ending December 2019 is estimated to be 4,779 million yen (up 1,169 million yen from the previous year).

D-④ Ongoing capital investments in FY2019

Planet North Kanto: Completed

Operation started in July 2019



- Overview
- Location: Isesaki City, Gunma
 - Entire building after addition:
 - Site area: 10,000 *tsubo* (33,058 m²)
 - Total floor area: 7,695.5 *tsubo* (25,440 m²)
 - Added building: 6-story building
 - Total scheduled investment: 1.9 billion yen (building and equipment)
 - Scheduled inventory items: 500,000 items
 - Equipment scheduled to be installed: Automated pallet warehouse

Planet Tohoku: Extension

Scheduled completion: May 2020



- Conceptional drawing
- Overview
- Location: Sendai City, Miyagi
 - Entire building after addition:
 - Site area: 3,905 *tsubo* (12,909 m²)
 - Total floor area: 8,587 *tsubo* (28,387 m²)
 - Added building: 6-story building
 - Total scheduled investment: 7.0 billion yen (building and equipment)
 - Scheduled inventory items: 500,000 items
 - Equipment scheduled to be installed: Automated bucket warehouse / AutoStore / Butler / SAS / GAS / electric pallet racks / I-Pack

Planet South Kanto: Rebuilding

Scheduled completion: August 2020



- Conceptional drawing
- Overview
- Location: Isehara City, Kanagawa
 - Site area: 3,662 *tsubo* (12,106 m²)
 - Total floor area: 7,885.3 *tsubo* (26.067 m²)
 - Structure: One story underground (parking) and four stories above ground, seismic-isolated
 - Total scheduled investment: 11.1 billion yen (building and equipment)
 - Scheduled inventory items: 500,000 items
 - Equipment scheduled to be installed: Automated bucket warehouse / AutoStore / SAS / GAS / electric pallet racks

E-① Management plan

The Company announced a revision of business forecasts on August 1, 2019.

		The 56th business year (FY ended Dec. 2018)			The 57th business year (FY ended Dec. 2019)				
		[Individual]			[Consolidated]		[Non-consolidated parent]		
		Results (million yen)	Constituent ratio (%)	Change from the previous year (%)	Budget (million yen)	Constituent ratio (%)	Budget (million yen)	Constituent ratio (%)	Change from the previous year (%)
Net sales		214,297	100.0	109.8	225,894	100.0	225,600	100.0	105.3
	Factory route	169,122	78.9	107.4	—	—	174,800	77.5	103.4
	e-business route	30,745	14.3	126.1	—	—	35,300	15.6	114.8
	Home center route	13,466	6.3	108.6	—	—	14,400	6.4	106.9
	Other (overseas)	963	0.5	105.3	—	—	1,100	0.5	114.2
Sales per day		892	—	110.8	—	—	960	—	107.5
Number of actual operating days		240 days	—	-2 days	—	—	235 days	—	-5 days
Gross profit		45,491	21.2	109.9	48,172	21.3	47,950	21.3	105.4
	Factory route	35,152	20.8	107.0	—	—	36,360	20.8	103.4
	e-business route	7,738	25.2	125.3	—	—	8,830	25.0	114.1
	Home center route	2,406	17.9	110.6	—	—	2,540	17.6	105.6
	Other (overseas)	194	20.2	109.2	—	—	220	20.0	113.4
Selling, general and administrative expenses		31,127	14.5	114.8	33,993	15.0	33,700	14.9	108.3
Operating income		14,364	6.7	100.6	14,178	6.3	14,250	6.3	99.2
Ordinary income		14,642	6.8	100.4	14,428	6.4	14,500	6.4	99.0
Net income		9,722	4.5	95.6	9,703	4.3	9,750	4.3	100.3
Net income per share		147.44 yen	—	-6.84 yen	147.14 yen	—	147.85 yen	—	+0.41 yen
Dividend per share		37 yen	—	-2 yen	37 yen	—	—	—	—
Sales of private brand goods		43,596	20.3	108.6	—	—	45,400	20.1	104.1
	Factory route	34,191	20.2	104.8	—	—	35,160	20.1	102.8
	e-business route	8,147	26.5	127.7	—	—	8,830	25.0	108.4
	Home center route	928	6.9	105.4	—	—	1,080	7.5	116.4
	Other (overseas)	328	34.1	122.8	—	—	330	30.0	100.6
Gross profit margin of private brand goods		35.7	—	—	—	—	35.9	—	—
Number of PB goods		56,500	—	112.5	—	—	58,700	—	103.9
Inventory value		37,000	—	116.2	—	—	43,100	—	116.5
Number of employees		1,608	—	105.9	—	—	1,720	—	107.0
Number of part-timers		1,111	—	105.9	—	—	1,125	—	101.3
Depreciation		3,610	—	130.2	—	—	4,779	—	132.4

◆ Outlook for performance of the 58th business year (FY2020)

Forecasts for FY2020, which were included in the management plan announced on May 13, 2019, will be revised and released at the end of this fiscal year. This is because of a slowdown in economic trends that makes it difficult to foresee our future performance, while our competitive advantage supported by our enhanced logistics and inventory capacities will remain stable.

◆ Method of budget formulation

The aggregate of the annual budget plans compiled by branch managers across Japan is adopted as the company's annual budget. Knowledgeable about marketing, branch managers compile the budgets as they are tasked with formulating and implementing business strategies, including personnel deployment, and are fully responsible for the consequences of their respective budgets. The aggregate of their annual budget plans will continue to be Trusco Nakayama's annual budget, which means budget plans will be reviewed on an annual basis.

Since the mid-term management plan is based on the Company's judgment when preparing the materials, the Company does not guarantee the accuracy of the information. Please note that actual business performance and results may differ from the forecast due to various factor changes.