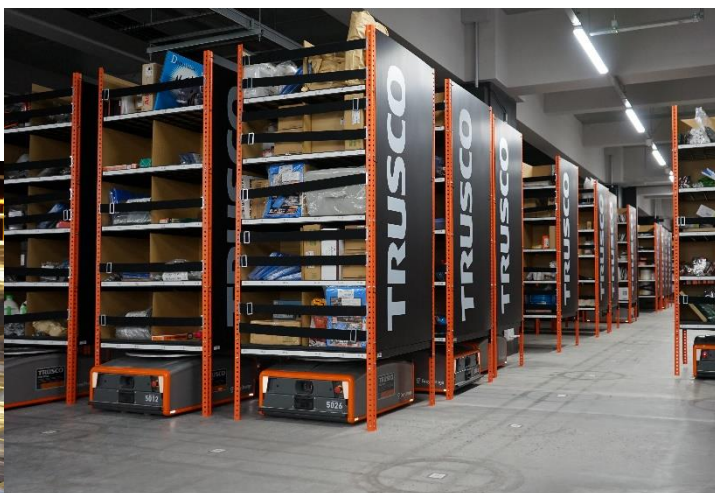
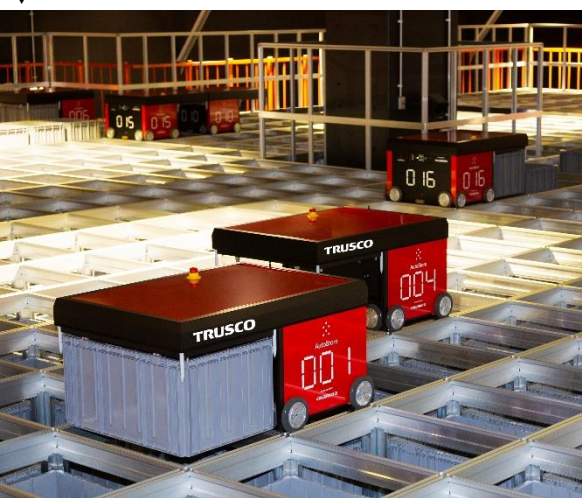


# The 57th Business Year Business Performance Data Analysis

## Fiscal Year Ended December 2019

**In October, Butler and AutoStore commenced operation at Planet Saitama.**

▼  
Robots: 16  
Storage bins (containers): 7,930  
Picking capacity: 600 items/h  
(at five input/output points)



▲  
Robots: 73  
Dedicated shelves: 1,380  
Picking capacity: 420 items/h  
(at six input/output points)

### Trusco Nakayama Corporation

Announced Feb. 10, 2020

Tatsuya Nakayama, General Manager of the  
Corporate Planning Div. and Accounting Div.  
Takeshi Katagiri, Manager, Corporate  
Planning & IR Section  
Kyoko Yoshimi, Corporate Planning & IR  
Section  
Minori Hirano, Corporate Planning & IR  
Section

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](mailto:info@trusco.co.jp)

## [Notice of Commencement of Consolidated Accounting]

From the first quarter of the 57th business year (the fiscal year ended December 2019) onwards, Trusco Nakayama Corporation (Thailand) Ltd. (“Trusco Nakayama Thailand”), established in February 2010, and PT. Trusco Nakayama Indonesia (“Trusco Nakayama Indonesia”), established in December 2014, are subject to consolidated accounting in view of their increasing significance.

From the first quarter of this business year, we are preparing quarterly consolidated financial statements. For this reason, this material does not include a comparative analysis with the figures for the same quarter a year earlier.

Along with the commencement of consolidated accounting, the overseas route has been added as a new sales route. The performance of consolidated subsidiaries and sales of the Overseas Division to foreign countries will be included in the figures of the overseas route.

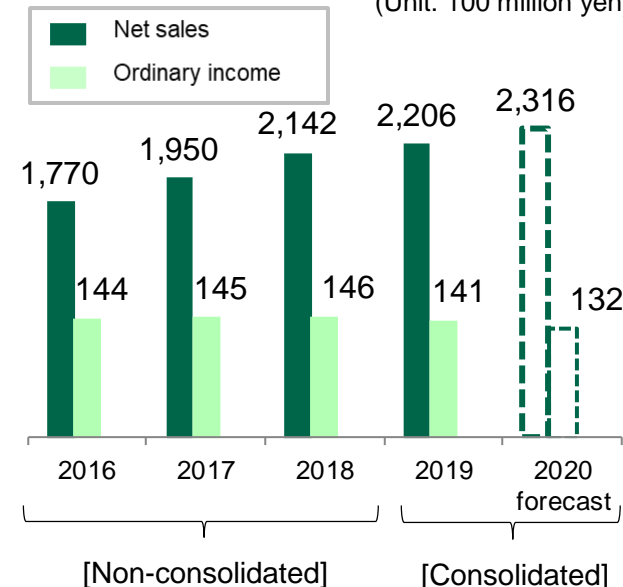
# [Consolidated] Company overview

As of the end of December 2019

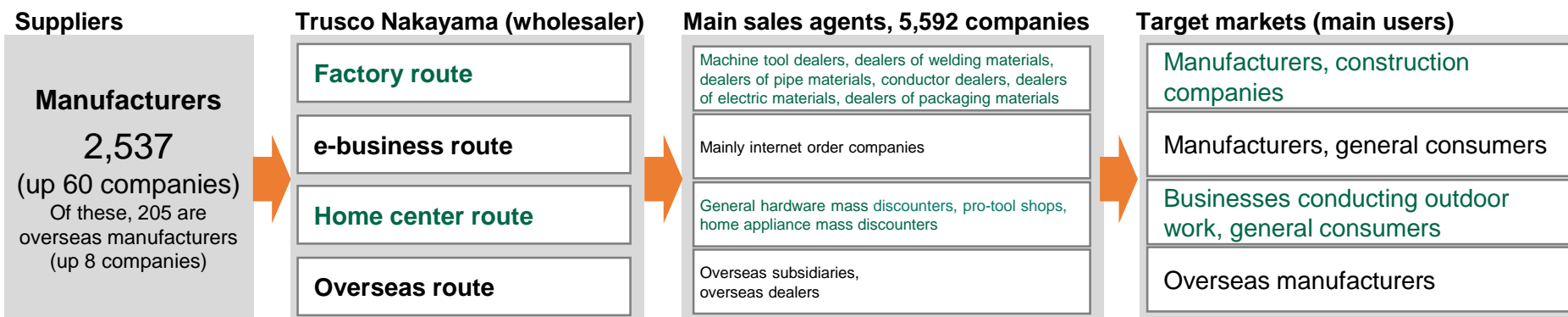
Founding	May 15, 1959
Representative	Tetsuya Nakayama, President Vice president, Japan Federation of Machine Tool Distributors Associations President, Osaka Machine Appliance Wholesaler Cooperative
Head offices	Tokyo Head Office (Minato-ku, Tokyo, registered as official headquarters) Osaka Head Office (Nishi-ku, Osaka City)
Number of offices	100 in total: 97 domestic bases: 2 head offices, 69 sales branches, 26 distribution centers 3 overseas bases: Local subsidiaries: Thailand and Indonesia Representative office: Germany (Dusseldorf)
Capital stock	5,022,370,000 yen
Listed stock exchange	First section of the Tokyo Stock Exchange (Code number: 9830)
Number of employees	2,796 (12 executives, 1,656 full-time employees, 1,128 part-time employees)
Credit rating	A (Rating and Investment Information, Inc.)
Line of business	Wholesaler of industrial equipment such as machine tools, distribution equipment and environmental safety equipment (and consumables used in factories) and planning and development of products under the company's own brand, TRUSCO

## ➤ Net sales and ordinary income

(Unit: 100 million yen)



## Business flow ( ) Year-on-year change



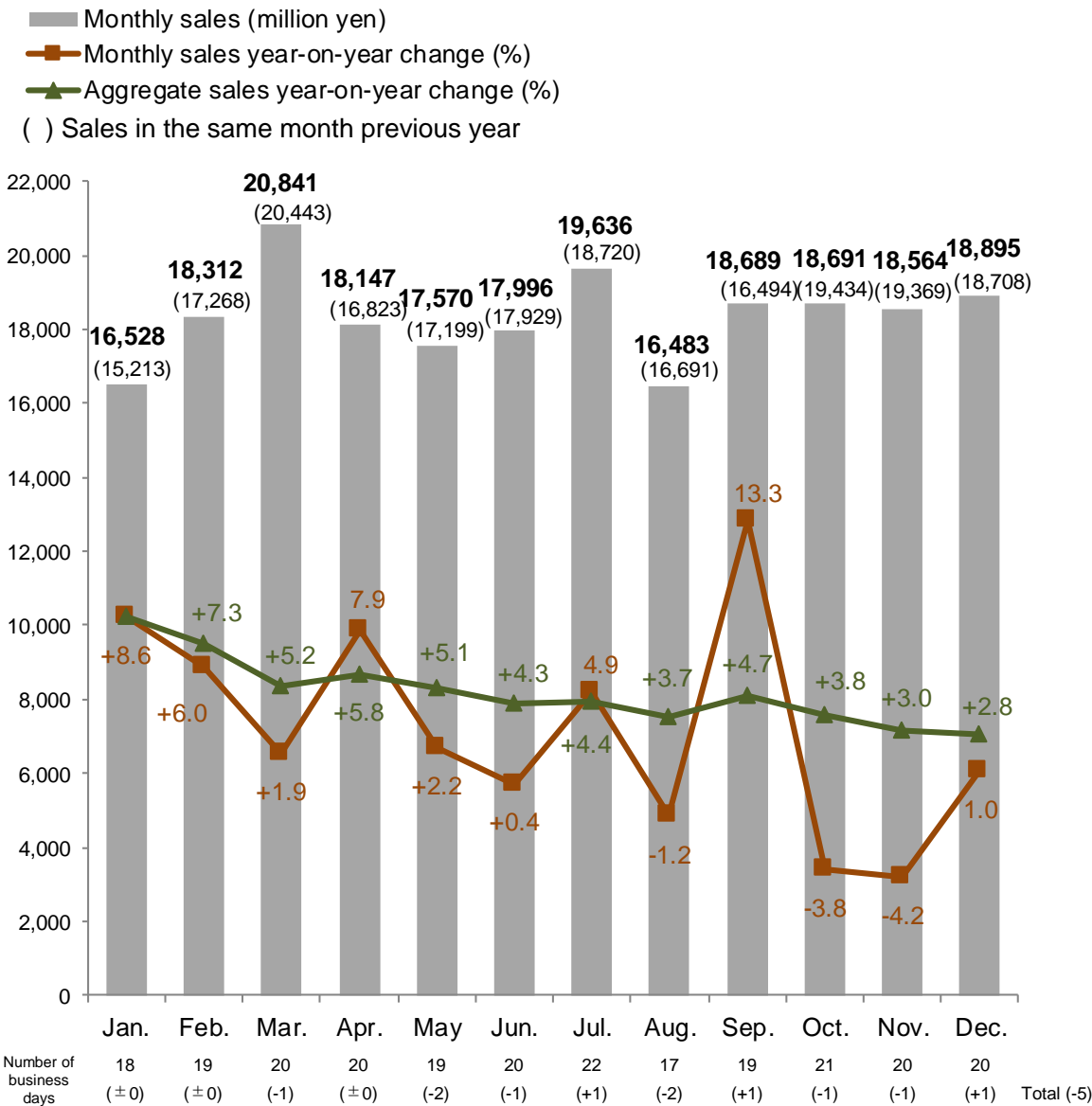
# A-(1) Business performance

- Non-consolidated net sales: Up 2.8% year on year, down 2.3% from the budget. There were five fewer business days than in the previous year.
- Non-consolidated gross profit: 21.3%, up 0.1 percentage points year on year, for reasons (1) and (2) below:
  - (1) An increase in selling prices of Trusco Orange Books resulted in a decline of the provision for supporting catalog purchases of ¥200 million.
  - (2) The share of sales of private brand products with high gross margin ratios fell by 0.4 percentage points after shrinkage in demand for facility-related products, while the gross margin rate of national brand products with a high sales share rose by 0.2 percentage points.
- Non-consolidated SGA: The main factors include the rise in depreciation expenses following positive capital investments for boosting logistics functions and soaring freight fares and packing expenses due to increases in freight volume and fares. (For details about SGA, see pp. 20-21.)

	[Non-consolidated]							[Consolidated]		
	Jan. to Dec. 2019						Jan. to Dec. 2018		Jan. to Dec. 2019	
	Actual results	Share against net sales (%)	YoY change (%)	Budget [% to net sales]	Change from budget (¥ million)	Change from budget (%)	Actual results	Share against net sales (%)	Actual results	Share against net sales (%)
Net sales	¥220,357 million	—	+2.8	¥225,600 million	-5,242	-2.3	¥214,297 million	—	¥220,674 million	—
Gross profit	¥46,856 million	21.3	+3.0	¥47,950 million [21.3]	-1,093	-2.3	¥45,491 million	21.2	¥47,034 million	21.3
Selling, general and administrative expenses (SGA)	¥32,934 million	14.9	+5.8	¥33,700 million [14.9] For details about SGA, see pp. 20-21.	-765	-2.3	¥31,127 million	14.5	¥33,237 million	15.1
Operating income	¥13,921 million	6.3	-3.1	¥14,250 million [6.3]	-328	-2.3	¥14,364 million	6.7	¥13,797 million	6.3
Ordinary income	¥14,302 million	6.5	-2.3	¥14,500 million [6.4]	-197	-1.4	¥14,642 million	6.8	¥14,197 million	6.4
Net income	¥9,715 million	4.4	-0.1	¥9,750 million [4.3]	-34	-0.4	¥9,722 million	4.5	¥9,613 million	4.4
Sales of PB goods	¥43,890 million	19.9	+0.7	¥45,400 million [20.1] For details about private brand products, see p. 15.	-1,509	-3.3	¥43,596 million	20.3	—	—
Net income per share	¥147.32	—	-¥0.12	¥147.85	-¥0.53	—	¥147.44	—	¥145.78	—
Annual dividend per share	—	—	—	—	—	—	¥37.00	—	¥36.50	—

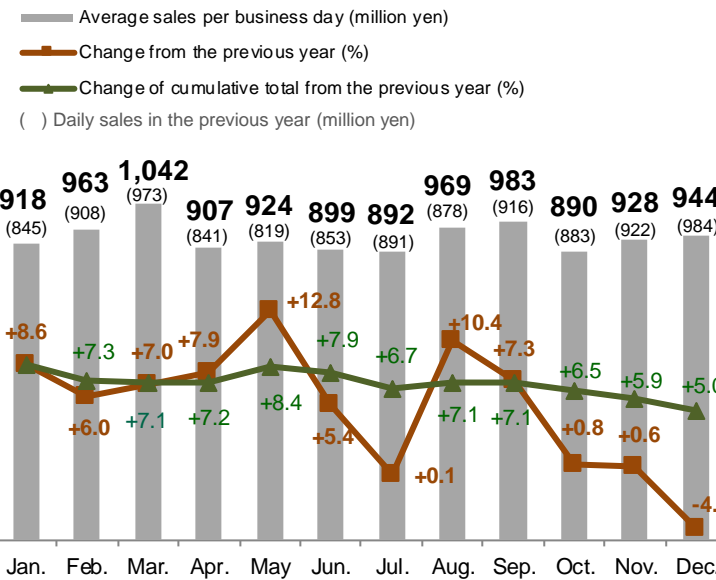
# A-(2) [Non-consolidated] Company-wide monthly sales and sales per day in FY ended December 2019

## Total



## Change in average daily sales (all business offices)

Orders are constantly placed for consumables used in factories. We carry out a year-on-year comparison of sales per day.  
Our sales increase during the peak periods of March and December when many companies close their accounts.



## B-(1) [Non-consolidated] Net sales and gross profit margin by sales route

### Net sales by sales route

Sales route	FYE December 31, 2018			FYE December 31, 2019						
	Net sales		Gross profit margin	Net sales			Gross profit margin		Net sales	
	Actual results	Share	Actual results	Actual results	Share	YoY change	Actual results	YoY change	Budget	Comparison with the budget
Factory route	¥169,122 million	78.9%	20.8%	<b>¥170,025 million</b>	<b>77.2%</b>	<b>+0.5%</b>	<b>20.8%</b>	<b>±0</b>	<b>¥174,800 million</b>	<b>-2.7%</b>
e-business route	¥30,745 million	14.3%	25.2%	<b>¥34,492 million</b>	<b>15.7%</b>	<b>+12.2%</b>	<b>25.1%</b>	<b>-0.1</b>	<b>¥35,300 million</b>	<b>-2.3%</b>
Home center route	¥13,466 million	6.3%	17.9%	<b>¥14,702 million</b>	<b>6.7%</b>	<b>+9.2%</b>	<b>17.5%</b>	<b>-0.4</b>	<b>¥14,400 million</b>	<b>+2.1%</b>
Overseas route	¥963 million	0.5%	20.2%	<b>¥1,137 million</b>	<b>0.4%</b>	<b>+18.0%</b>	<b>20.3%</b>	<b>+0.1</b>	<b>¥1,100 million</b>	<b>+3.4%</b>
Total	¥214,297 million	100%	21.2%	<b>¥220,357 million</b>	<b>100%</b>	<b>+2.8%</b>	<b>21.3%</b>	<b>+0.1</b>	<b>¥225,600 million</b>	<b>-2.3%</b>

### Factory route: Up 0.5% year on year

Sales growth is slowing under the influence of business confidence, which is reflected in slowing capital investment, for example.

The slowdown in sales growth is particularly evident on the route of machine tool dealers selling mainly to major manufacturers. (See p. 9)

### e-business route: Up 12.2% year on year

Sales to mail order companies surged by 12.7% year on year, and those to companies participating in Orange Commerce increased by 10.5%.

(See p. 10) While sales to some mail order companies slumped due to shrinking business confidence, sales to other mail order firms continued to rise because actions for logistics and system connections with us remained brisk.

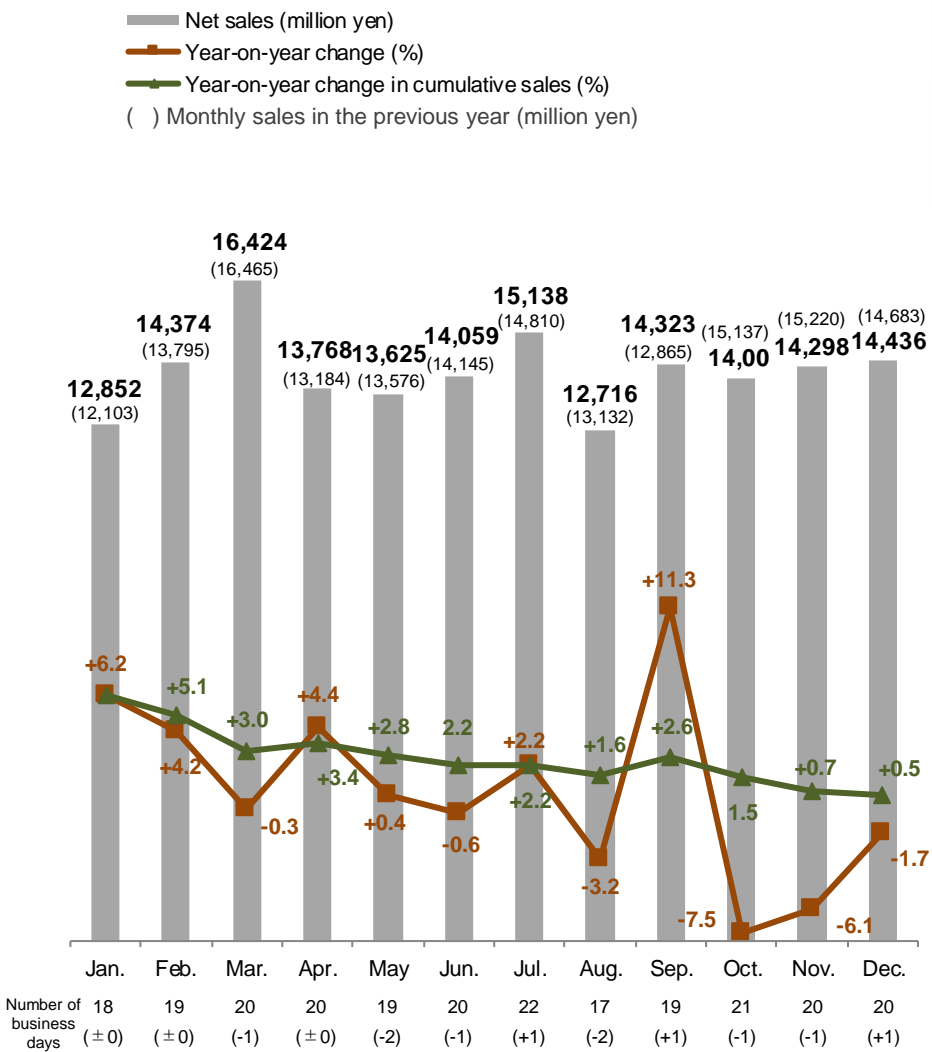
### Home center route: Up 9.2% year on year

Sales to pro-tool shops continued to grow. We are stepping up actions with home centers. (See p. 11)

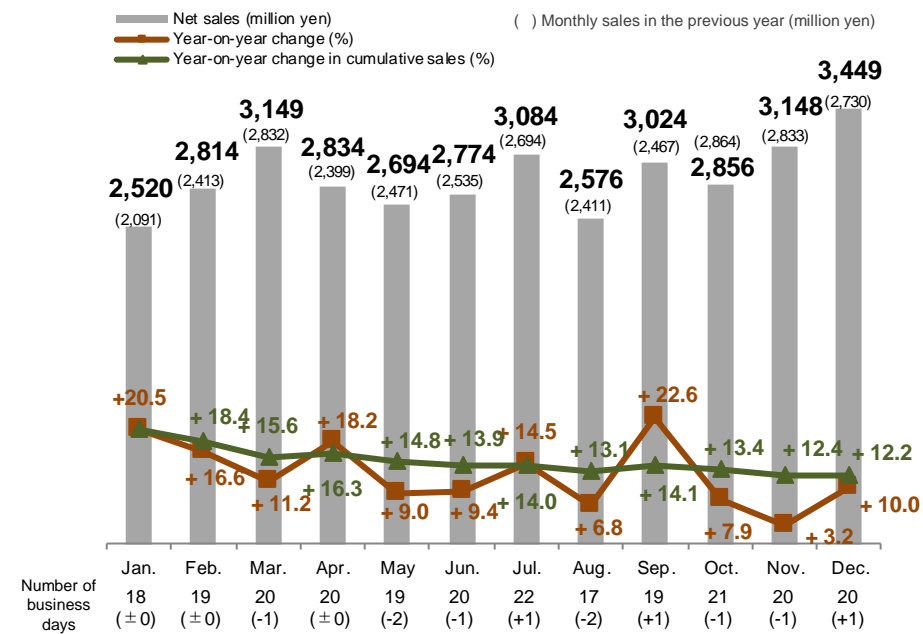


# B-(2) [Non-consolidated] Change in monthly sales by sales route

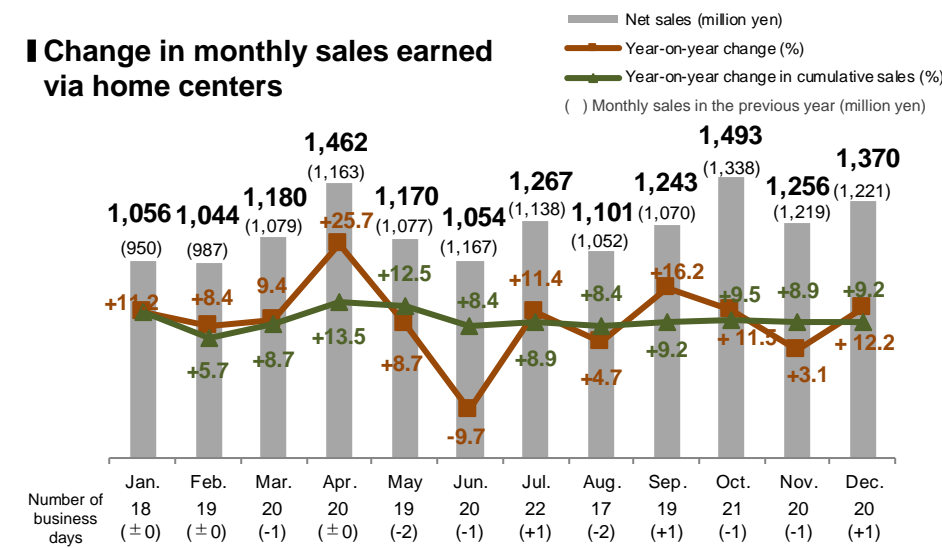
## Change in monthly sales earned via factory route



## Change in monthly sales earned via e-business route

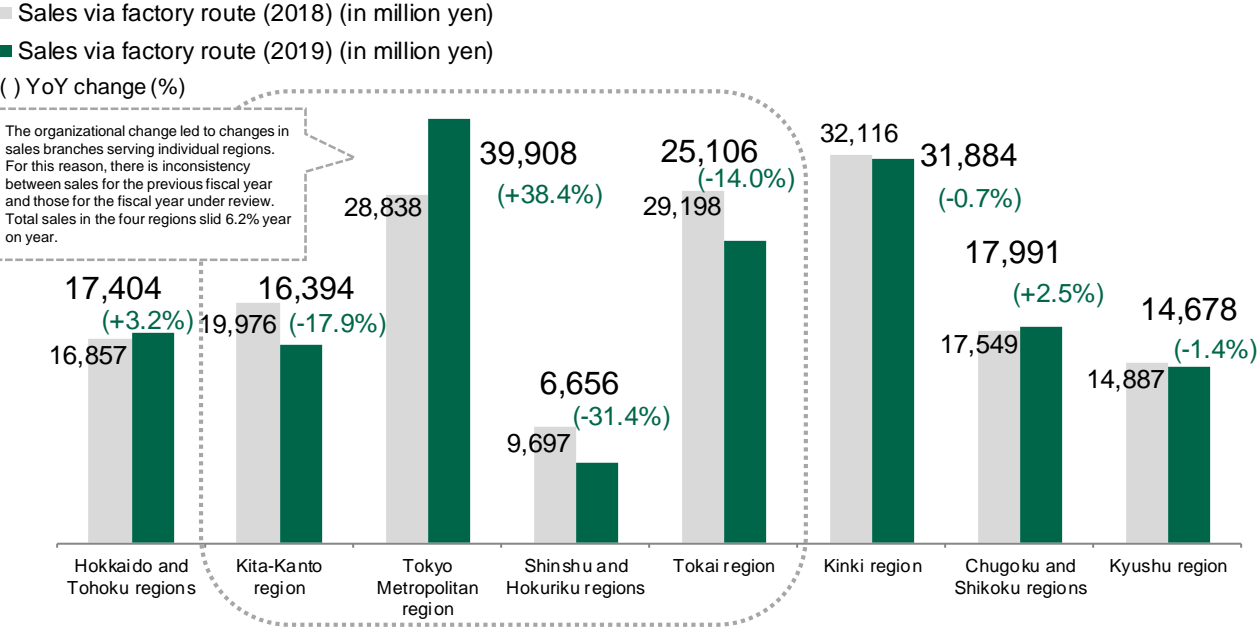


## Change in monthly sales earned via home centers

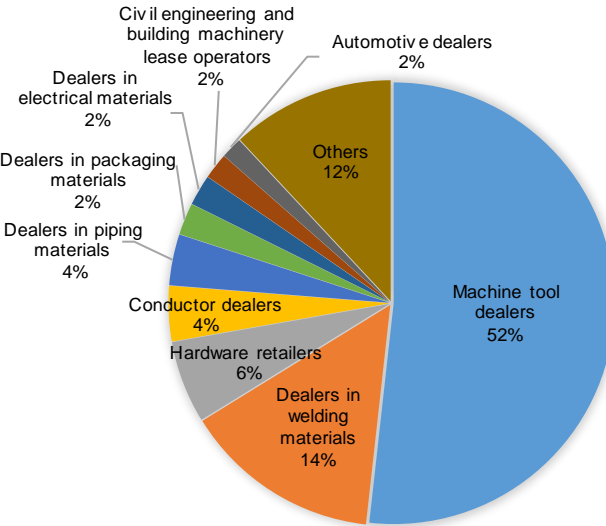


# B-(3) [Non-consolidated] Factory route: Sales by region, sales constituent ratio by region, and sales by industry

## Factory route: Sales by region



## Factory route: Sales constituent ratio by industry



## Factory route sales by industry

Sales route	FYE December 31, 2018			FYE December 31, 2019						
	Net sales		Gross profit margin	Net sales			Gross profit margin		Net sales	
	Actual results	Share	Actual results	Actual results	Share	YoY change	Actual results	YoY change	Budget	Comparison with the budget
Machine tool dealers	¥89,678 million	53.0%	20.6%	¥88,051 million	51.8%	-1.8%	20.6%	±0	¥91,882 million	-4.2%
Welding material dealers	¥24,343 million	14.4%	21.2%	¥24,543 million	14.4%	+0.8%	21.2%	±0	¥25,049 million	-2.0%
Other manufacturing related (incl. physical and chemical material, conductors, packaging material dealers)	¥27,011 million	16.0%	20.4%	¥27,452 million	16.1%	+1.6%	20.5%	+0.1	¥27,872 million	-1.5%
Construction related	¥28,088 million	16.6%	21.4%	¥29,977 million	17.6%	+6.7%	21.4%	±0	¥29,996 million	-0.1%
Total net sales via factory route	¥169,122 million	100.0%	20.8%	¥170,025 million	100.0%	+0.5%	20.8%	±0	¥174,800 million	-2.7%

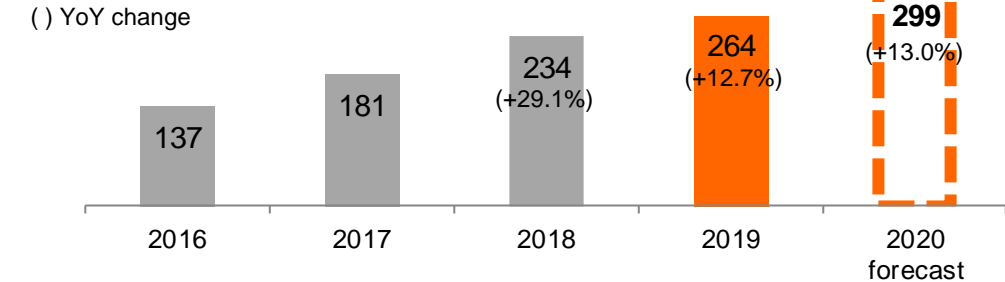


# B-(4) [Non-consolidated] Change in sales via the e-business route and the number of companies participating in Orange Commerce

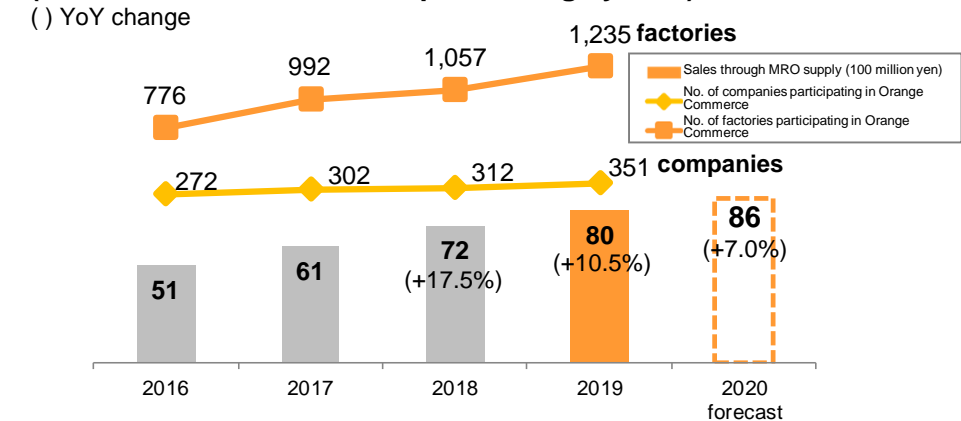
## ■ Sales via e-business route

Sales route	FYE December 31, 2018		FYE December 31, 2019					
	Net sales		Net sales			Gross profit margin		
	Actual results	Share	Actual results	Share	YoY change	Actual results	YoY change	
Mail order companies	¥23,469 million	76.3%	¥26,452 million	76.7%	+12.7%	24.5%	+ 0.1	
Companies participating in Orange Commerce (Trusco's electronic central purchasing system)	¥7,275 million	23.7%	¥8,040 million	23.3%	+10.5%	27.2%	-0.4	
Total net sales via e-business route	¥30,745 million	100.0%	¥34,492 million	100.0%	+12.2%	25.1%	-0.1	

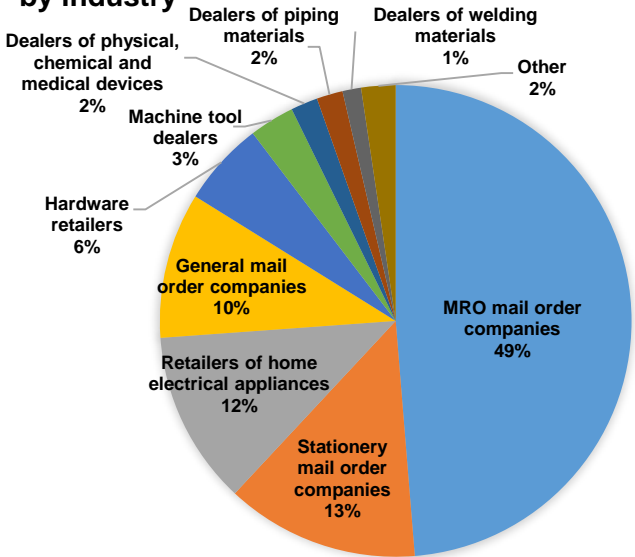
## ■ Sales to mail order companies (100 million yen)



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



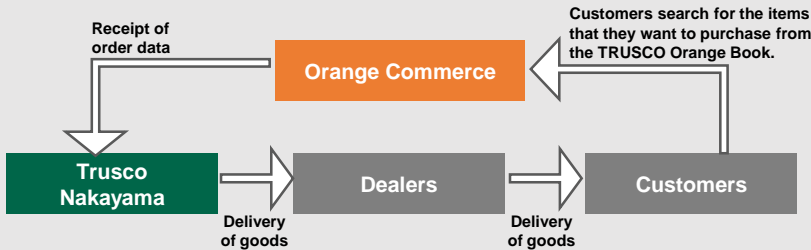
## ■ Sales to mail order companies: Sales ratio by industry



There is inconsistency with data for the previous fiscal year due to revisions to industries.

## ■ Trusco's electronic central purchasing 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.



Conducting business among customers, distributors and Trusco Nakayama by connecting customer's purchasing system with Trusco's central purchasing system

## B-(5)[Non-consolidated] Sales to top 10 clients in the 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 via the home center route where pro-tool shops and material shops are housed.

### ■ Ranking of sales to general hardware mass discounters

(Units: million yen; %)

Ranking	Name of client	FYE December 31, 2018	FYE December 31, 2019	YoY change
1	DCM Hodaka (Pro-tool Shop)	1,750	1,956	+11.8
2	Nufco	1,595	1,569	-1.6
3	Royal Home Center	1,294	1,322	+2.1
4	Kohnan Shoji	1,144	1,270	+11.0
5	DCM Kahma	1,156	1,181	+2.2
6	DCM Homac	1,163	1,149	-1.2
7	Cainz	305	1,146	+275.5
8	Shimachu	736	897	+21.8
9	Komeri	560	583	+4.2
10	DCM Daiki	590	553	-6.3
Combined sales to top 10 companies		11,288	12,541	+11.1
Combined sales via home center route		13,466	14,702	+9.2
Percentage share of sales to top 10 companies		83.8	85.3	

Company names are presented in abbreviated forms.

General hardware mass discounters are working to integrate online stores with physical stores to improve services for visiting customers. The items we deal with and our stock supported their efforts and helped increase their sales.

#### ■ Sales to DCM Holdings

Total: ¥5,391 million (up 1.2% year on year)

[DCM Kahma, DCM Daiki, DCM Homac, DCM Sanwa, DCM Kuroganeya, Keiyo, HODAKA, Homac Nicot]

#### ■ Sales to pro-tool shops

Total: ¥2,137 million (up 10.0% year on year)

Pro-tool shops refer to dealers specializing in tools for professional craftspeople and factory workers. They are so compatible with our products that sales to them are rising.

\* The figure above was compiled by the Corporate Planning & IR Section as a reference.

B-(6) Business performance of overseas subsidiaries

Trusco Nakayama Thailand: Established in September 2010  
Trusco Nakayama Indonesia: Established in December 2014

I Total performance of overseas subsidiaries

Million yen, %

		Net sales	Gross profit	Selling, general and administrative expenses (SGA)	Operating income	Ordinary income	Net income
Trusco Nakayama Thailand 1 baht = 3.63 yen (3.41 yen a year earlier)	Actual results	752	180	157	22	23	23
	Share against net sales	-	24.0	21.0	3.0	3.2	3.2
	YoY change	+13.3	+25.6	+19.8	+89.0	+84.0	+84.0
Trusco Nakayama Indonesia 1 rupiah = 0.0079 yen (0.0076 yen a year earlier)	Actual results	259	64	144	-80	-83	-83
	Share against net sales	-	24.7	55.7	-	-	-
	YoY change	+2.7	+10.6	+45.8	-	-	-

[Topic] Trusco Nakayama Indonesia’s new facilities were completed on March 9, 2019.



Location: Jalan Kenari Raya Nomor 36, Desa Jayamukti, Kecamatan Cikarang pusat Kabupaten Bekasi 17815 INDONESIA

Site area: 16,178 m<sup>2</sup> (4,894 tsubo)

Total floor area: 10,429 m<sup>2</sup> (3,155 tsubo)

Capital investment: 1,130 million yen in land, 640 million yen in building

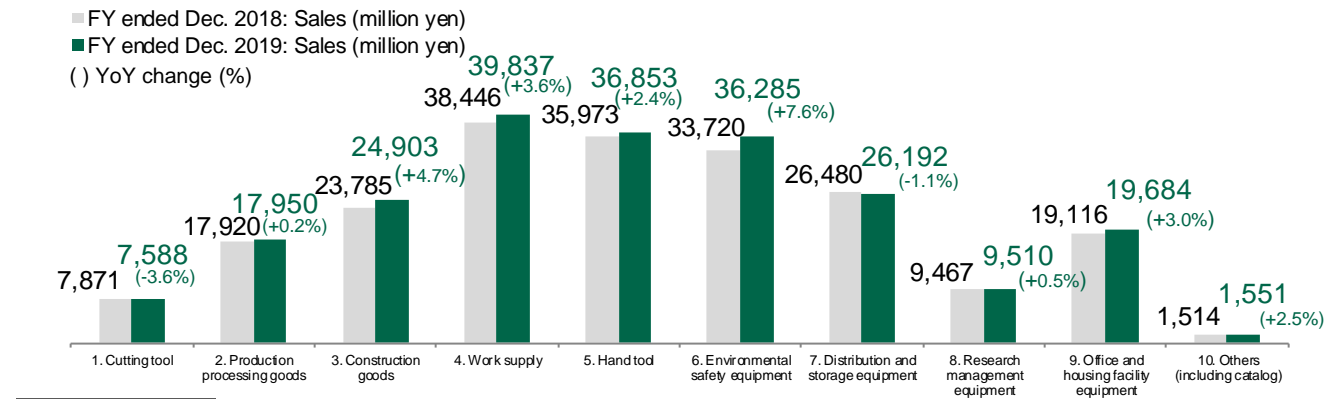
Designed and constructed by: Takenaka Corporation

Number of employees: 19 (incl. 3 seconded from Trusco Nakayama Corporation)

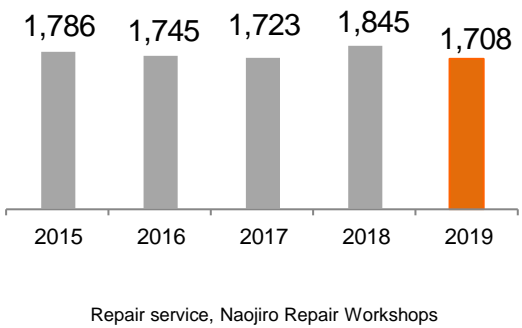
Number of items in stock: 59,653 (as of the end of December 2019)

B-(7) [Non-consolidated] Sales by product category

■ Sales graph by large category and details of medium category



■ Sales of goods used for repair (million yen)



Constituent ratio										
Category of goods (large category)	Medium category	Trusco's sales	Constituent ratio	YoY change	Gross profit margin	Category of goods (large category)	Medium category	Trusco's sales	Constituent ratio	Gross profit margin
1. Cutting tool	1 Cutting tools	3,553	1.6	-7.5	10.3	6. Environmental safety equipment	25 Protective equipment	18,146	8.2	+10.9
	2 Drilling and thread cutting tools	4,034	1.8	+0.1	22.4		26 Safety goods	9,202	4.2	+3.4
2. Production processing goods	3 Measurement equipment	8,947	4.1	+2.0	16.5		27 Environment improvement goods	1,985	0.9	-2.7
	4 Mechatronics	3,692	1.7	+2.2	15.6		28 Air conditioning goods	4,211	1.9	+12.0
	5 Tools for machine tools	2,502	1.1	-3.6	21.7		29 Disaster and crime prevention goods	904	0.4	+3.2
	6 Electronic machinery	2,806	1.3	-4.4	10.3		30 Closets and exterior goods	1,834	0.8	+2.7
3. Construction goods	7 Hydraulic tools	1,961	0.9	+2.9	11.8	7. Distribution and storage equipment	31 Loading goods	3,665	3.3	+4.6
	8 Pumps	3,335	1.5	-4.8	16.0		32 Conveyors	1,282	0.6	-6.2
	9 Welding equipment	1,997	0.9	+0.6	18.8		33 Transportation goods	10,066	4.6	-3.0
	10 Painting and interior goods	2,277	1.0	+5.7	24.9		34 Containers and vessels	3,694	1.7	-2.1
	11 Civil engineering and building goods	2,157	1.0	+19.7	13.0	8. Research management equipment	35 Steel shelves	3,800	1.7	-3.5
	12 Ladders and stepladders	3,222	1.5	+4.5	22.8		36 Tool wagons	1,052	0.5	-7.8
	13 Piping and materials of electronic equipment	3,449	1.6	+7.8	23.4		37 Storage and management goods	1,357	0.6	+0.4
	14 Component, hardware, and building materials	6,501	3.0	+5.8	28.3		38 Work benches	1,469	0.7	-4.6
4. Work supply	15 Cutting goods	1,370	0.6	+7.0	23.0		39 Stainless goods	1,953	0.9	+0.8
	16 Grinding and polishing goods	7,289	3.3	+1.6	23.5		40 Research and development-related goods	3,678	1.7	+5.2
	17 Chemical products	9,383	8.9	+6.4	22.6	9. Office and housing facility Equipment	41 Cleaning utensils	5,852	2.7	+1.5
	18 Factory miscellaneous goods	3,525	1.6	-0.3	15.8		42 Stationery	1,874	0.9	+13.5
	19 Packing and binding goods	5,217	2.4	+2.5	31.2		43 Office miscellaneous goods	2,547	1.2	+9.9
	20 Casters	2,863	1.3	-3.3	18.4		44 Electric appliances	3,559	1.6	+0.0
5. Hand tool	21 Electric power tools and accessories	10,042	4.6	+1.2	14.7		45 OA business machinery	1,619	0.7	+6.1
	22 Pneumatic tools and accessories	3,353	3.0	+0.7	18.2		46 Office furniture	3,949	1.8	-1.8
	23 Tools for manual work	9,315	8.3	+3.5	21.5	10. Others	47 Interior goods	281	0.1	+2.8
	24 Tool boxes	1,811	0.8	+5.3	30.5		48 Total	1,551	0.7	+2.5
Total		220,357	100.0	+2.8	21.3	Total		220,357	100.0	+2.8

# B-(8) [Non-consolidated] Sales by category of goods featured in the TRUSCO Orange Book

## ■ Sales by category of goods listed in the TRUSCO Orange Book and constituent ratios

(Million yen)

Category	Net sales	YoY change	Constituent ratio	Category	Net sales	YoY change	Constituent ratio	Category	Net sales	YoY change	Constituent ratio
1. Cutting tools	8,052	(-2.7%)	3.7%	9. Hand tools	17,359	(+3.0%)	7.9%	17. Loading equipment	10,136	(-2.4%)	4.6%
2. Machine tools	3,009	(-6.5%)	1.4%	10. Electric, hydraulic & pneumatic tools	21,680	(+1.0%)	9.8%	18. Cleaning & janitorial supplies	11,268	(+4.3%)	5.1%
3. Measuring & testing instruments	9,660	(+2.5%)	4.4%	11. Protective equipment	19,031	(+10.8%)	8.6%	19. Environmental supplies	8,935	(+4.6%)	4.1%
4. Mechatronics parts	2,929	(+3.3%)	1.3%	12. Safety supplies	5,028	(+4.4%)	2.3%	20. Garden supplies	1,663	(+8.6%)	0.8%
5. Hardware & building materials	7,633	(+2.3%)	3.5%	13. Packaging supplies	14,545	(+13.8%)	6.6%	21. Office supplies & storage	10,097	(-9.0%)	4.6%
6. Pneumatic supplies	4,809	(+1.2%)	2.2%	14. Construction & lighting supplies	21,102	(+2.7%)	9.6%	22. Laboratory supplies	5,185	(+2.3%)	2.4%
7. Electronics	3,761	(+7.7%)	1.7%	15. Handling equipment	8,376	(+4.6%)	3.8%				
8. Chemicals	12,864	(+5.9%)	5.8%	16. Logistics & storage supplies	13,344	(-2.9%)	6.1%				

## ■ Tools that increase customers' convenience



This is a set of catalogs featuring a wide range of professional tools required in manufacturing. The TRUSCO Digital Orange Book is also available, integrating the user-friendliness of hard-copy catalogs with the portability and search features of online content.

Number of items listed: Approx. 440,000  
Number of manufacturers: 1,776  
Total number of pages: 16,728  
Annual circulation: 210,000 copies  
Size: A4 (changed from B5)



This is a one-stop website on which it is possible to search for and purchase professional tools. It also supports quotation, order, return and real-time stock status view functions. Revamped last year, its search features and user-friendliness have improved.

Number of items featured: Approx. 2.06 million  
Share of orders received via computer systems: 83.1%  
Safety data sheets, drawings and contained chemical substances investigation sheets are downloadable.  
Available 24 hours per day



This is an interactive goods search service based on AI learning functions. It performs rapid data retrievals in response to queries. It supports natural language, synonyms and technical terms in specific industries.

AI Kokomite-kun (chatbot) responds in natural language. Voice input supported Available on smartphones





# B-(9) [Non-consolidated] Sales of private brand (PB) goods

## I 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	19.9%	Constituent ratio	19.8%	Constituent ratio	25.7%	Constituent ratio	6.4%
	Gross profit margin	35.8%	Gross profit margin	35.8%	Gross profit margin	36.6%	Gross profit margin	29.9%
	Net sales	YoY change	Net sales	YoY change	Net sales	YoY change	Net sales	YoY change
Total	43,890	+0.7%	33,739	-1.3%	8,875	+8.9%	944	+1.7%
Cutting tool	712	+3.4%	522	+1.5%	110	+8.2%	66	+7.4%
Production processing goods	1,567	+3.4%	1,185	+1.4%	336	+12.3%	19	-10.4%
Construction goods	3,607	+2.1%	2,731	+0.2%	796	+11.5%	57	-8.2%
Work supply	7,706	+0.6%	6,271	-0.9%	1,304	+8.3%	75	-2.6%
Hand tool	4,549	-0.6%	3,397	-2.2%	954	+6.4%	131	-5.0%
Environmental safety equipment	7,338	+3.8%	5,820	+2.1%	1,382	+10.6%	108	+5.3%
Distribution and storage equipment	10,699	-1.5%	7,976	-3.8%	2,222	+7.3%	437	-0.9%
Research management equipment	3,550	-2.8%	2,828	-4.3%	682	+2.5%	2	-
Office and housing facility equipment	4,156	+3.0%	3,006	-1.0%	1,085	+15.1%	42	+173.0%
Other	3	-13.4%	0	-	0	-	3	-

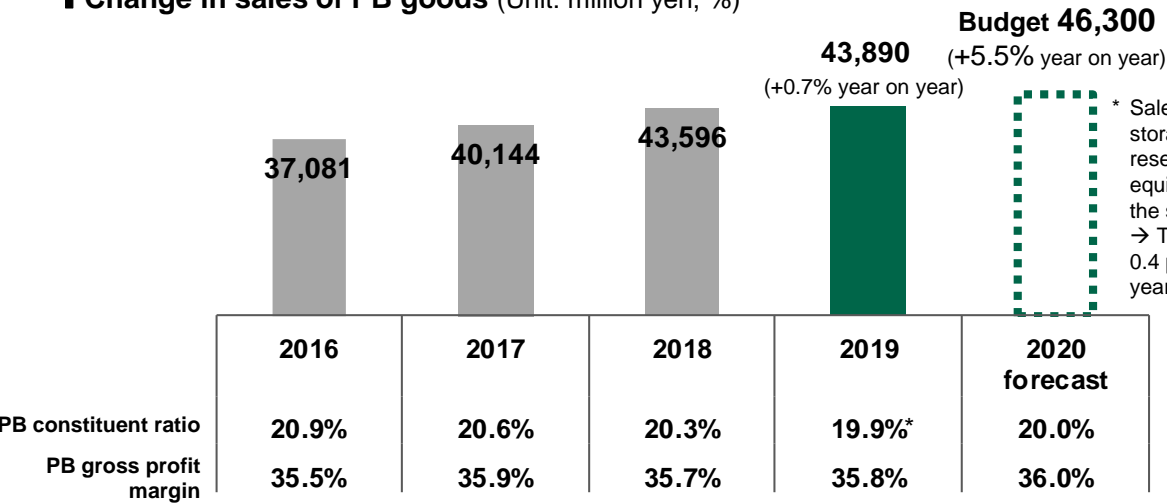
## I Private Brand (PB) goods



Products designed and developed by Trusco.  
Approximately 5,000 new products are launched a year.  
Their profit margin is greater than that of national brand goods. PB goods account for 19.9% of Trusco's sales.



## I Change in sales of PB goods (Unit: million yen, %)



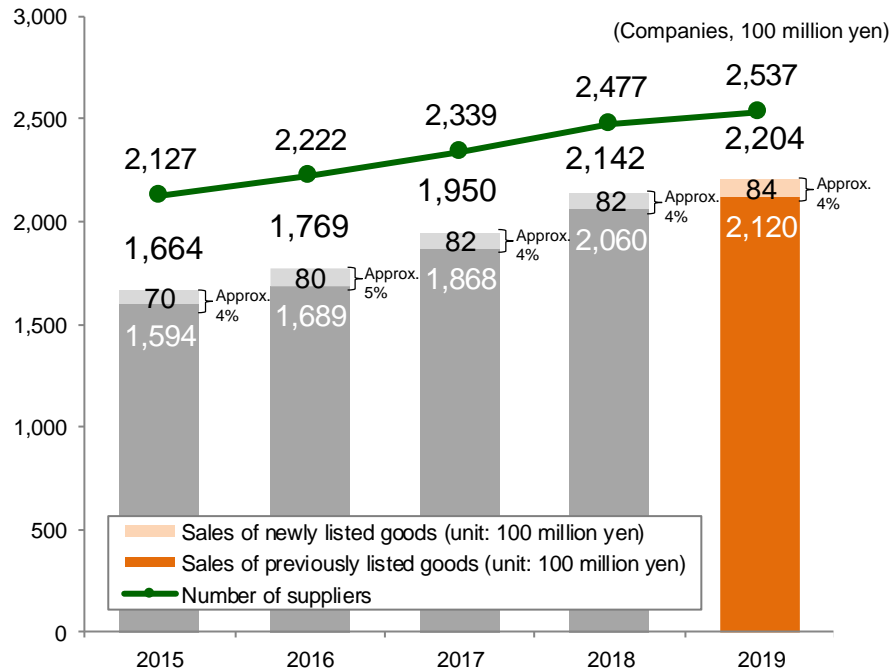
## I PB sales ratio by category of goods



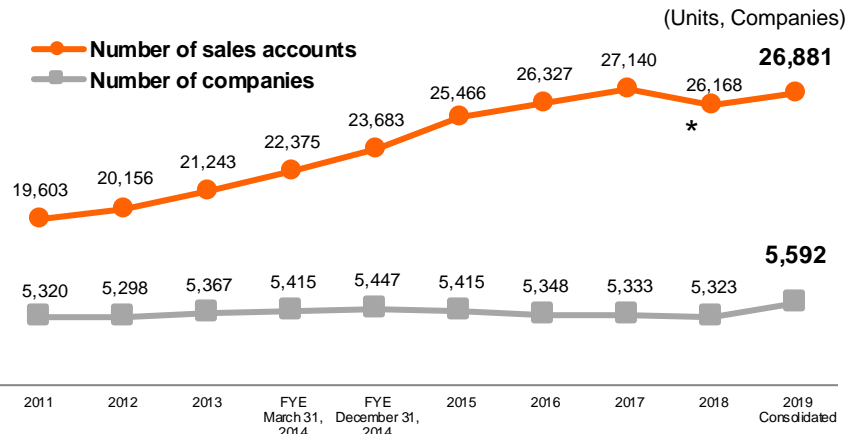


# C-(1) Change in number of suppliers & sales of newly listed goods, number of items in inventory and inventory hit rate, and change in number of sales accounts

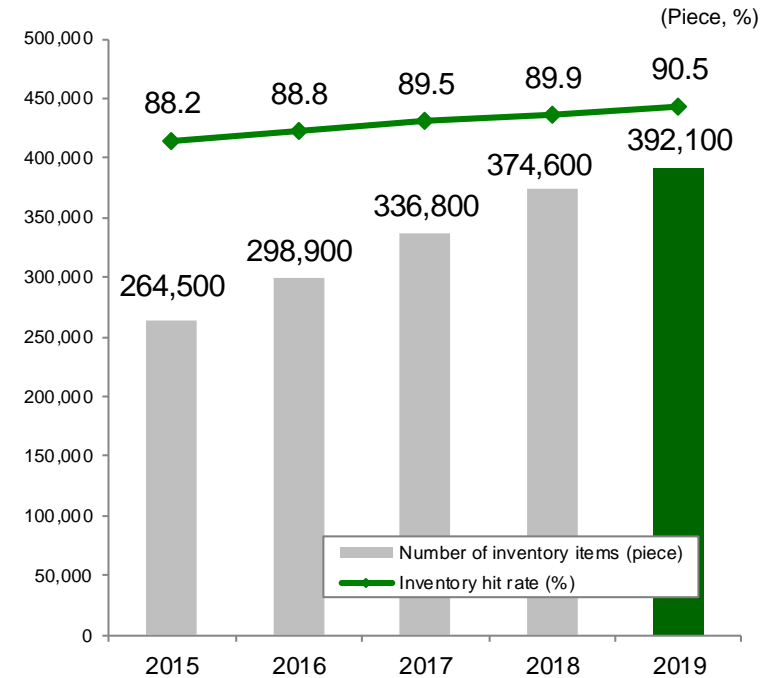
1. [Consolidated] Changes in the number of suppliers and sales of goods newly listed in the TRUSCO Orange Book



3. [Consolidated] Changes in the number of sales accounts



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

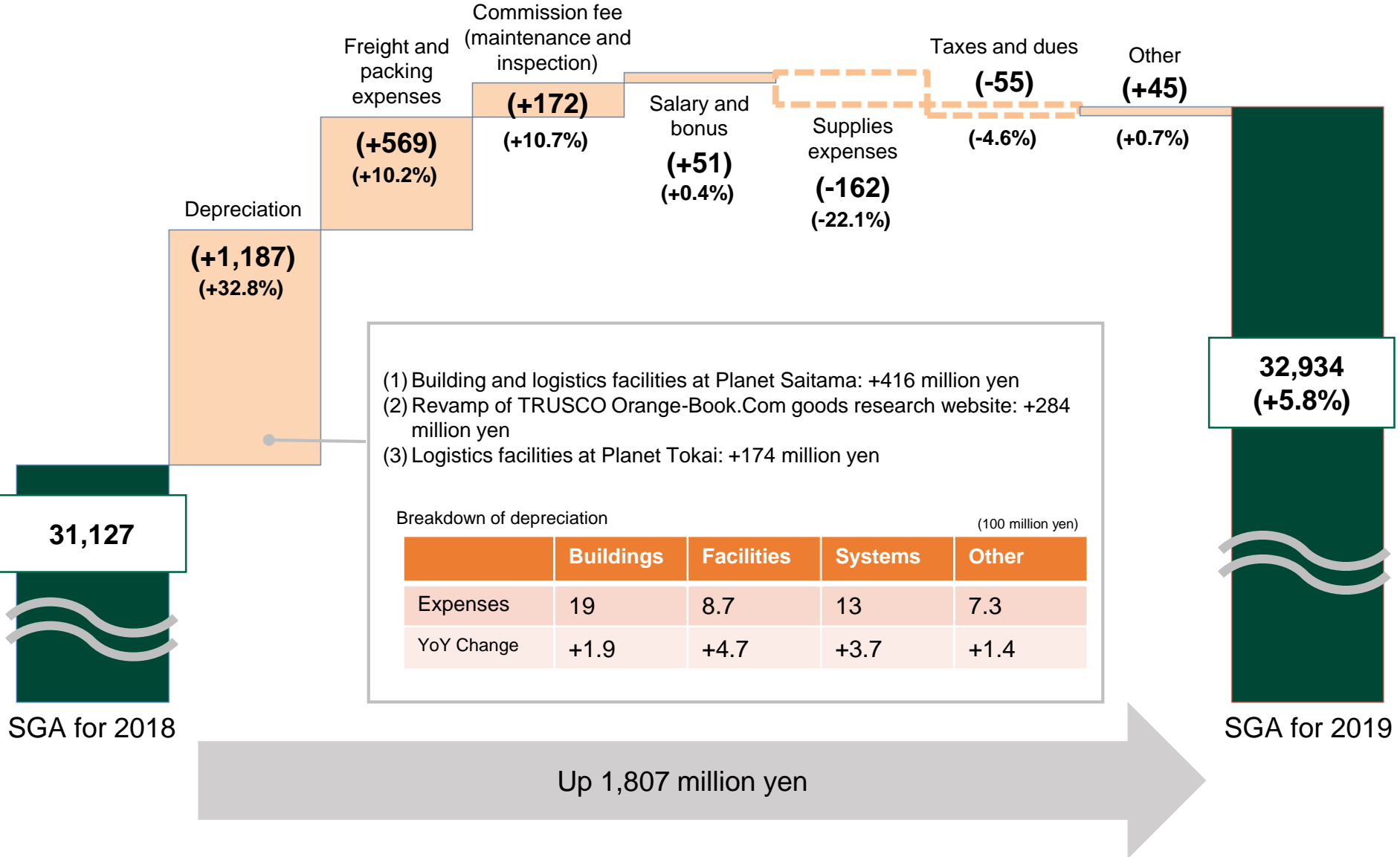


1. Products newly listed in our product catalogue, TRUSCO Orange Book, for the relevant year account for approximately 4% of total sales.
2. Inventory hit rate: Number of rows used for products shipped from inventory divided by the total number of rows used for orders. We nearly achieved the initial target of 90%.
3. From 2019 onwards, the number of corporate customers and the number of accounts including overseas subsidiaries are stated. The number of accounts is experiencing an upward trend amid growth of transactions with corporate customers with multiple stores.

\* The reduction in the number of accounts in 2018 is mainly attributable to deregistration of accounts due to the termination of transactions with customers using the home center route.

D-(2) [Non-consolidated] Major changes in selling, general and administrative expenses (SGA)

Unit: 100 million yen, ( ) YoY change



For details on the factors of the changes, please see the next page.

## D-(3) Selling, general and administrative expenses (SGA)

– [Non-consolidated] Key Items –

( ) YoY change

### Details of selling, general and administrative expenses (SGA)

Unit: million yen, %

		[Consolidated]		[Non-consolidated]					
		Jan. to Dec. 2019		Jan. to Dec. 2018	Jan. to Dec. 2019		YoY Change (amount)	YoY Change (percent)	
		Amount	Share	Amount	Amount	Share			
1	Salary and bonus	12,434	5.6	12,284	12,335	5.6	51	+0.4	
2	Freight and packing expenses	6,162	2.8	5,584	6,153	2.8	569	+10.2	
3	Depreciation	4,876	2.2	3,614	4,801	2.2	1,187	+32.8	
4	Welfare expenses	2,324	1.1	2,222	2,298	1.0	76	+3.5	
5	Commission fee	1,811	0.8	1,607	1,779	0.8	172	+10.7	
6	Taxes and dues	1,153	0.5	1,206	1,151	0.5	-55	-4.6	
7	Advertising expenses	655	0.3	646	655	0.3	8	+1.3	
8	Leasehold and office rents	651	0.3	644	639	0.3	-5	-0.9	
9	Traveling expenses and transportation expenses	593	0.3	574	587	0.3	13	+2.4	
10	Supplies expenses	582	0.3	738	575	0.3	-162	-22.1	
11	Remuneration paid to directors	427	0.2	367	427	0.2	60	+16.5	
12	Utilities expenses	375	0.2	321	371	0.2	50	+15.6	
13	Communication expenses	365	0.2	341	361	0.2	20	+6.0	
14	Other	341	0.2	422	329	0.1	-92	-22.0	
15	Vehicle expenses	234	0.1	233	225	0.1	-7	-3.3	
16	Promotion expenses	122	0.1	121	116	0.1	-5	-4.4	
17	Entertainment expenses	102	0.0	133	101	0.0	-31	-23.8	
18	Provision for bonuses	21	0.0	62	21	0.0	-40	-66.1	
Total		33,237	15.1	31,127	32,934	14.9	1,807	+5.8	

- Full-time employees increased by 11, part-time employees increased by 16  
- Impact of no payment of incentives for the fiscal year (-226 million yen)

- Impact of growth in shipping volume (approx. +350 million yen)  
The volume of regular route shipments rose by 10.7%, of which 33% was addressed to users. Users' demand for direct delivery rose 13.8% year on year.  
- Impact of increase in regular route fares (approx. +248 million yen)  
- Decrease in contracted delivery services with chartered vehicles (-114 million yen)  
Number of chartered vehicles: 210 (-34), including 35 for internal transport

[Reference] 98 vehicles (+9) for delivery by the Company's employees

- Maintenance and inspection expenses for systems (+98 million yen)  
- Maintenance and inspection expenses for logistics facilities (+50 million yen)  
- Expenses for internal computers (+49 million yen)

- Fixed property tax  
Planet Saitama (+139 million yen)  
- Real estate acquisition tax  
Estimated tax for acquisition of building of Planet Saitama (-186 million yen), estimated tax for acquisition of land for Planet Hokkaido (-17 million yen)

- Impact of expenses for fixtures for Planet Saitama in the previous fiscal year (-180 million yen)

- Expenses associated with the size change (from B5 to A4) of the TRUSCO Orange Book catalogs for 2020  
Expenses for the layout change (+70 million yen)  
Expenses for data preparation (+77 million yen)  
- Rise in expenses for the promotion of the TRUSCO Orange Book (+24 million yen)  
- Expenses for the production of the English edition of the TRUSCO Digital Orange Book in the previous fiscal year (-112 million yen)

## D-(4) [Consolidated] Capital expenditures

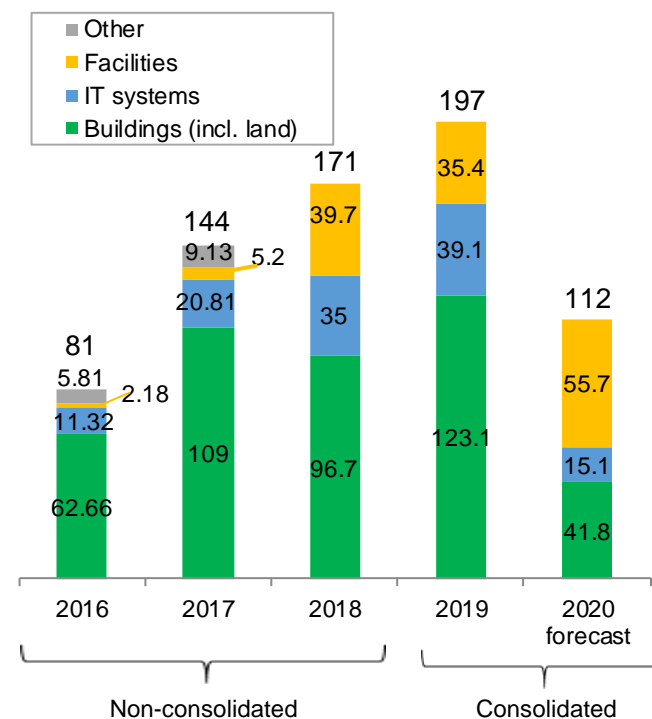
### Major past and future capital expenditures

Unit: 100 million yen

Details of major capital expenditures		Total (expected) expenditures	FY2019	FY2019
			Actual	Plan
Buildings	Planet South Kanto rebuilding	87.4	48.8	12.4
	Planet Tohoku extension	40.8	23.3	8.7
	Planet North Kanto extension	13.1	7.9	-
	Trusco Nakayama Indonesia: New building	6.4	2.3	-
	Toyohashi Stock Center: Tent warehouse	3.9	-	3.9
	New construction of Osaka Stock Center (tentative name)	10.0	-	3.0
	Others		28.4	8.8
	<b>Buildings subtotal</b>		<b>110.8</b>	<b>36.9</b>
Facilities	Planet Saitama (Butler / Auto Store)	10.7	7.0	-
	Planet Tohoku (Automated bucket warehouse / SAS / GAS / Auto Store / I-Pack / JFB / Butler, etc.)	30.8	-	30.7
	Planet South Kanto (Automated bucket warehouse / Shuttle Rack / Auto Store / DAS / electric moving pallet racks, etc.)	21.0	-	21.0
	Planet Tokai (Automated bucket warehouse / SAS / GAS)	12.6	6.8	-
	Planet East Kanto (SAS /GAS / Conveyor)	8.9	3.9	-
	Planet Kobe (Automated bucket warehouse / SAS / GAS / electric moving pallet racks, etc.)	8.6	8.1	-
	Planet North Kanto (Automated pallet warehouse)	1.9	1.3	-
	Planet Shiga (Automated bucket warehouse/electric moving pallet racks, etc.)	2.6	2.4	-
	Planet North Kanto (Solar panels installation)	1.2	-	1.2
	Toyohashi Stock Center (fixed shelves)	0.8	-	0.8
	Others		5.9	2.0
	<b>Facilities subtotal</b>		<b>35.4</b>	<b>55.7</b>
IT systems	Renewal of Paradise (order receipt/placement system)	33.7	19.2	2.9
	Renewal of SORA, Self, and Zaicon2	9.4	7.5	1.9
	Replacement of TRULOGIS and Phoenix (logistics management systems)	2.5	1.2	-
	Development and public release of TRUSCO AI Orange Rescue (goods search system)	2.5	0.9	-
	Environmental enhancement of Planet Network	3.0	-	3.0
	Others		10.3	7.3
	<b>IT systems subtotal</b>		<b>39.1</b>	<b>15.1</b>
Land	Land of Planet Aichi (Kitanagoya City)	18.2	2.3	-
	Land adjacent to Planet East Kanto	6.5	6.5	-
	Land adjacent to Planet Osaka	5.5	0.5	4.9
	Others		3.0	-
	<b>Land subtotal</b>		<b>12.4</b>	<b>4.9</b>
<b>Annual capital expenditures</b>			<b>197.7</b>	<b>112.6</b>

### Change in capital expenditures

Unit: 100 million yen



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

#### Capital expenditures

- The investment amount may fluctuate during the business year because the scheduled amount of capital expenditures includes expenses for projects at the planning stage.
- The IDR/JPY exchange ratio as of the end of 2019, which was 0.0079 yen against the IDR, applies.

For FYE December 31, 2020, depreciation of 6,500 million yen (up 1,700 million yen year on year) is planned.

D-(5) Major ongoing capital expenditures

FY2019

### Completion at Planet North Kanto

In operation since July 2019



Automated warehouse

Hazardous materials depository

**Outline**

- Location: Isesaki City, Gunma Prefecture
- Site area: 10,000 tsubo
- Total floor area:
  - 4,702 tsubo before extension
  - 7,695 tsubo after extension
  - 2,993 tsubo extended
- Extended building: Six stories
- Planned expenditures:
  - 1,310 million yen for building and facilities
- No. of items in stock: Approx. 142,000 (Target: 230,000)
- Newly introduced facilities:
  - Automated pallet warehouse (Capacity: 1,880 pallets)
  - Hazardous materials storage depository

FY2020

### Extension at Planet Tohoku

Scheduled to commence operation in May 2020

Completed in January 2020



Extension parts

**Outline**

- Location: Sendai City, Miyagi Prefecture
- Site area: 3,905 tsubo
- Total floor area:
  - 3,231 tsubo before extension
  - 8,587 tsubo after extension
- Extended building: Six stories
- Planned expenditures:
  - 720 million yen for building and facilities
- No. of items in stock: Approx. 107,000 (Target: 500,000)
- Facilities to be introduced:
  - Automated bucket warehouse, AutoStore, Butler, SAS, GAS and I-Pack

### Rebuilding at Planet South Kanto

Scheduled to commence operation in August 2020

Completed in January 2020



**Outline**

- Location: Sendai City, Miyagi Prefecture
- Site area: 3,662 tsubo
- Total floor area: 7,885.3 tsubo
- Structure: Four aboveground stories and one basement (for parking spaces) with base isolation
- Planned expenditures:
  - 11,125 million yen for building and facilities
- No. of items in stock: Approx. 110,000 (Target: 500,000)
- Facilities to be introduced:
  - Automated bucket warehouse, AutoStore, SAS, Case conveyor and electric pallet rack

# E-(1) Management plan

## ◆ Budgeting policy

We use as the entire company's budget the total of the "annual budget of each branch prepared by the branch manager throughout Japan."

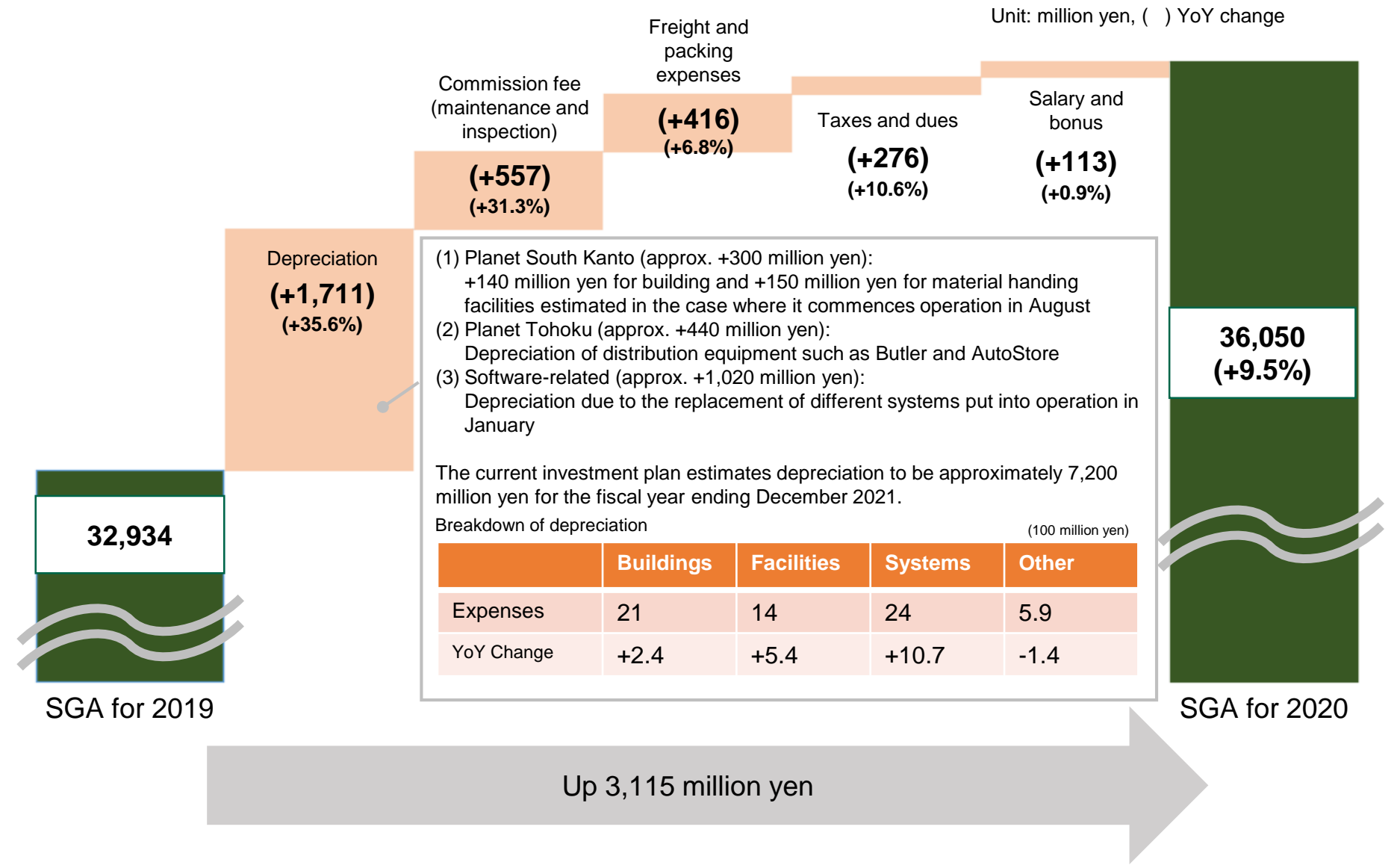
The branch managers, who are familiar with their market, formulate their respective branch's budget as they are in charge of developing their branch strategy including staffing and are ultimately accountable for their branch. Because we will keep using the total of the budget prepared by branch managers as the entire company's budget, their plans are subject to a review every business year.

		57th business year FYE December 31, 2019					58th business year FYE December 31, 2020					
		(Consolidated) Results (¥ million)	Ratio (%)	(Non-consolidated) Results (¥ million)	Ratio (%)	YoY change (%)	(Consolidated) Plan (¥ million)	Ratio (%)	YoY change (%)	(Non-consolidated) Plan (¥ million)	Ratio (%)	YoY change (%)
Net sales		220,674	100.0	220,357	100.0	102.8	231,619	100.0	105.0	231,100	100.0	104.9
	Factory route	170,041	77.1	170,025	77.2	100.5	176,140	76.1	103.6	176,140	76.2	103.6
	e-business route	34,492	15.6	34,492	15.7	112.2	38,500	16.6	111.6	38,500	16.7	111.6
	Home center route	14,703	6.7	14,702	6.7	109.2	15,300	6.6	104.1	15,300	6.6	104.1
	Overseas route	1,437	0.6	1,137	0.4	118.0	1,679	0.7	116.8	1,160	0.5	102.0
Net sales per day		-	-	937	-	105.0	-	-	-	966	-	103.1
Number of business days		-	-	235	-	-5	-	-	-	239	-	+4
Gross profit		47,034	21.3	46,856	21.3	103.0	49,352	21.3	104.9	49,100	21.2	104.8
	Factory route	35,390	20.8	35,390	20.8	100.7	36,480	20.7	103.1	36,480	20.7	103.1
	e-business route	8,657	25.1	8,657	25.1	111.9	9,700	25.2	112.0	9,700	25.2	112.0
	Home center route	2,577	17.5	2,577	17.5	107.1	2,690	17.6	104.4	2,690	17.6	104.4
	Overseas route	409	28.5	230	20.3	118.7	482	28.7	117.8	230	19.8	100.0
Selling, general and administrative expenses		33,237	15.1	32,934	14.9	105.8	36,345	15.7	109.4	36,050	15.6	109.5
Operating income		13,797	6.3	13,921	6.3	96.9	13,007	5.6	94.3	13,050	5.6	93.7
Ordinary income		14,197	6.4	14,302	6.5	97.7	13,257	5.7	93.4	13,300	5.8	93.0
Net income		9,613	4.4	9,715	4.4	99.9	9,012	3.9	93.7	9,044	3.9	93.1
Net income per share		¥145.78	-	¥147.32	-	¥0.12	¥136.66	-	¥9.12	¥137.15	-	¥10.17
Dividend per share		¥36.50	-	-	-	-	¥34.50	-	¥-2	-	-	-
Sales of PB goods		-	-	43,890	19.9	100.7	-	-	-	46,300	20.0	105.5
	Factory route	-	-	34,012	20.0	99.5	-	-	-	35,340	20.1	103.9
	e-business route	-	-	8,600	24.9	105.6	-	-	-	9,600	24.9	111.6
	Home center route	-	-	945	6.4	101.8	-	-	-	1,000	6.5	105.8
	Other (overseas)	-	-	333	29.3	101.5	-	-	-	360	31.0	108.1
Gross profit margin of PB goods		-	-	35.9	-	-	-	-	-	35.9	-	-
Total number of PB items		59,500	-	-	-	-	67,000	-	112.6	-	-	-
Inventory value		43,653	-	42,781	-	115.6	48,809	-	111.8	-	-	-
Number of employees (incl. executives)		1,656	-	-	-	-	1,695	-	102.4	-	-	-
Number of part-timers		1,128	-	-	-	-	1,148	-	101.8	-	-	-
Depreciation		4,876	-	-	-	-	6,594	-	135.2	-	-	-

This management plan represents the estimation the Company made when this material was prepared. The Company does not guarantee the accuracy of information contained herein. Actual business performance and results may differ from the forecast due to various factors.



Reference 1: [Non-consolidated]  
 Major changes in selling, general and administrative expenses in 2020



## Reference 6: [Consolidated] Quarterly budgets for FYE December 31, 2020

From the fiscal year ending December 31, 2020 onwards, we disclose consolidated figures for quarterly budgets and results.

### ■ Fiscal year ending December 31, 2020 [Quarterly]

Unit: million yen, %

	1 <sup>st</sup> Quarter (+1 day)			2 <sup>nd</sup> Quarter (+2 day)			3 <sup>rd</sup> Quarter (+1 day)			4 <sup>th</sup> Quarter (±0 day)		
	Budget	Share against net sales	YoY Change	Budget	Share against net sales	YoY Change	Budget	Share against net sales	YoY Change	Budget	Share against net sales	YoY Change
Net sales	56,960	100.0	+2.1	57,114	100.0	+6.2	57,482	100.0	+4.8	60,063	100.0	+6.8
Gross profit	12,258	21.5	+2.2	12,485	21.9	+6.3	11,765	20.5	+4.2	12,844	21.4	+7.0
Selling, general and administrative expenses	9,209	16.2	+9.9	8,899	15.6	+6.0	9,061	15.8	+9.3	9,176	15.3	+12.3
Operating income	3,048	5.4	-15.7	3,587	6.3	+7.2	2,703	4.7	-9.9	3,669	6.1	-4.4
Ordinary income	3,110	5.5	-15.3	3,648	6.4	+6.4	2,764	4.8	-10.2	3,735	6.2	-7.1
Net income	2,117	3.7	-15.5	2,478	4.3	+7.7	1,877	3.3	-9.2	2,540	4.2	-7.2

### ■ Fiscal year ending December 31, 2020 [Cumulative]

Unit: million yen, %

	1 <sup>st</sup> Quarter (+1 day)			2 <sup>nd</sup> Quarter (+3 day)			3 <sup>rd</sup> Quarter (+4 day)			Full year (+4 days)		
	Budget	Share against net sales	YoY Change	Budget	Share against net sales	YoY Change	Budget	Share against net sales	YoY Change	Budget	Share against net sales	YoY Change
Net sales	56,960	100.0	+2.1	114,074	100.0	+4.1	171,556	100.0	+4.3	231,619	100.0	+5.0
Gross profit	12,258	21.5	+2.2	24,743	21.7	+4.2	36,508	21.3	+4.2	49,352	21.3	+4.9
Selling, general and administrative expenses	9,209	16.2	+9.9	18,108	15.9	+7.9	27,169	15.8	+8.4	36,345	15.7	+9.4
Operating income	3,048	5.4	-15.7	6,635	5.8	-4.7	9,338	5.4	-6.3	13,007	5.6	-5.7
Ordinary income	3,110	5.5	-15.3	6,758	5.9	-4.8	9,522	5.6	-6.5	13,257	5.7	-6.6
Net income	2,117	3.7	-15.5	4,595	4.0	-4.4	6,472	3.8	-5.9	9,012	3.9	-6.3

## Reference (7): Company data

### Number of employees [Consolidated] as of the end of Dec. 2019

	Females	Males	Total	YoY Change
Executives	0	12	12	+4
Executive officers	0	2	2	-5
Career	180	423	603	+13
Area	265	314	579	-1
Support	26	3	29	-2
Specialist	16	16	32	-3
Logistics	75	262	337	+5
Contract employees	1	29	30	+4
Overseas subsidiaries	21	21	42	+4
Seconded to health insurance association	1	1	2	+2
Seconded to Nakayama Visually Impaired Welfare Foundation	0	0	0	-1
Full-time employees subtotal	585	1,071	1,656	+16
Part-time employees	845	283	1,128	+17
Total	1,430	1,366	2,796	+37

Share of female employees: 35.3%, Number of female sales staff members: 87

Females in career-track positions account for 30.7% of all female employees (whereas such males account for 39.5% of all males).

\* The number of part-time employees represents the actual number of such workers under employment.

### Numbers of incoming and outgoing employees

\* Excluding part-time employees

Unit: % (for turnover ratio)

	2015		2016		2017		2018		2019	
	Females	Males	Females	Males	Females	Males	Females	Males	Females	Males
No. of employees	404	945	512	959	510	1,004	557	1,051	585	1,071
	1,349		1,471		1,514		1,608		1,656	
No. of incoming employees	38	56	70	33	59	67	63	72	52	57
	94		103		126		135		109	
No. of outgoing employees	8	24	20	18	18	18	20	26	42	44
	32		38		36		46		86	
Turnover ratio	1.9	2.5	3.8	1.8	3.4	1.8	3.5	2.4	6.7	3.9
	2.3		2.5		2.3		2.8		4.9	

### Amount irrecoverable due to bankruptcy

Unit: 10 thousand yen

	2014	2015	2016	2017	2018	2019
Amount irrecoverable	0	0	35	0	4	0

### Average age and annual income [Non-consolidated]

Units: years,  
10 thousand yen

	Average age			Average annual income		
	Females	Males	Total	Career	Area	Total
2019	31.3	42	38.2	758	642	655
2018	30.9	42.1	38.2	804	680	701
2017	30.7	42.7	38.6	805	696	715
2016	30.6	43.5	39.3	757	651	674
2015	30.9	43.3	39.6	727	630	660

\* The total average annual income includes executive officers and excludes financial bonds provided as retirement benefits.

\* The payment of performance-based bonuses commenced in FY2014.

### Number of bases [Consolidated]

as of the end of December 2019

Head offices	2
Branches	69
Distribution centers	26
Overseas bases	3
Total	100

### Changes in inventory disposal and inventories

	2015	2016	2017	2018	2019
Inventory disposal (million yen)	50	32	41	39	42
Inventories (100 million yen)	250	290	318	370	427
Disposal rate (%)	0.20	0.11	0.13	0.11	0.10