

# The 58th Business Year Business Performance Data Analysis

## Fiscal Year Ending December 2020 First Quarter

The 57<sup>th</sup> Annual Shareholders' Meeting  
held on March 13, 2020



### Trusco Nakayama Corporation

Announced May 11, 2020

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## **Impact of the COVID-19 Coronavirus**

The consolidated business performance forecast for the fiscal year ending December 2020 announced on February 10, 2020 was based on data that do not include the impact of the COVID-19 coronavirus.

The Company and its consolidated subsidiaries pay close attention amid the spread of coronavirus infections to continue receiving and placing orders and delivery operations as usual.

Business performance for the first three-month period of the consolidated fiscal year is almost as planned. If it is necessary to revise the consolidated business performance forecast in the future, the Company will swiftly disclose it.

## **Operations under the State of Emergency Declaration**

### **Sales Operations**

The Company receives orders as usual while its sales staff do not visit customers as a rule.

### **Delivery Operations**

The Company delivers orders as usual. If any staff member in a distribution center becomes infected, the Company will swiftly disinfect the center and resume delivery operations.

If any distribution center is closed, the Company will mobilize its network of 26 distribution centers across the country to deliver orders from different centers.

### **Staff's Work Styles**

In order to reduce the risk of staff infection, the Company has its staff members work from home, commute with other staff using company vehicles and private cars, work at its offices that are the nearest to their homes and commute outside rush hour as appropriate.

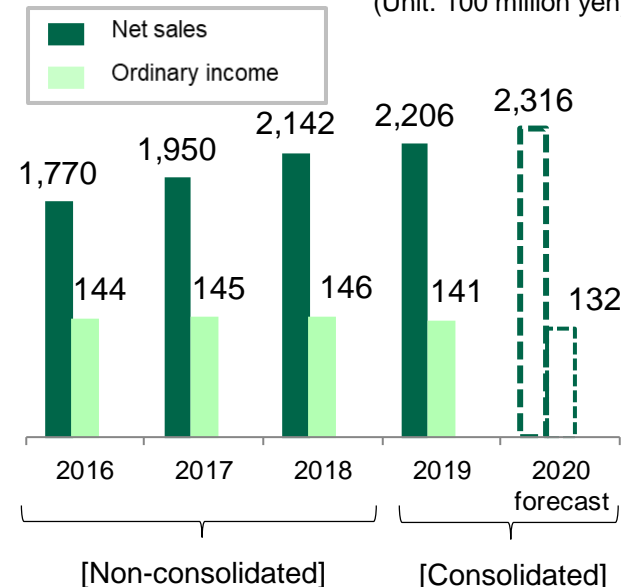
# [Consolidated] Company overview

As of the end of March 2020

|                       |  |
|-----------------------|--|
| Founding              | May 15, 1959   |
| Representative        | Tetsuya Nakayama, President<br>Vice president, Japan Federation of Machine Tool Distributors Associations<br>President, Osaka Machine Appliance Wholesaler Cooperative   |
| Head offices          | Tokyo Head Office (Minato-ku, Tokyo, registered as official headquarters)<br>Osaka Head Office (Nishi-ku, Osaka City)  |
| Number of offices     | 99 in total:<br>96 domestic bases: 2 head offices, 68 sales branches, 26 distribution centers<br>3 overseas bases: Local subsidiaries: Thailand and Indonesia<br>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   | 2,787 (12 executives, 1,642 full-time employees, 1,133 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)



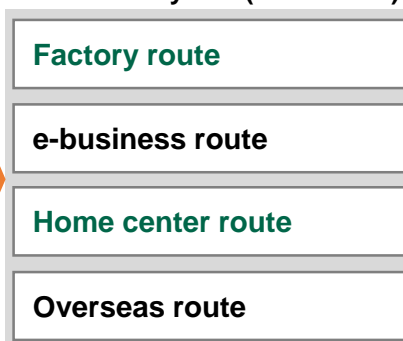
## Business flow ( ) Year-on-year change

\* The number of suppliers alone is correct as of December 31, 2019.

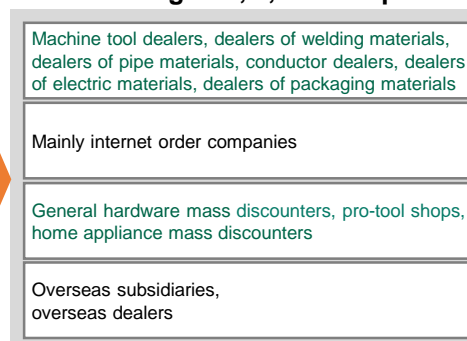
### Suppliers

**Manufacturers**  
**2,537**  
(up 60 companies)  
Of these, 205 are overseas manufacturers  
(up 8 companies)

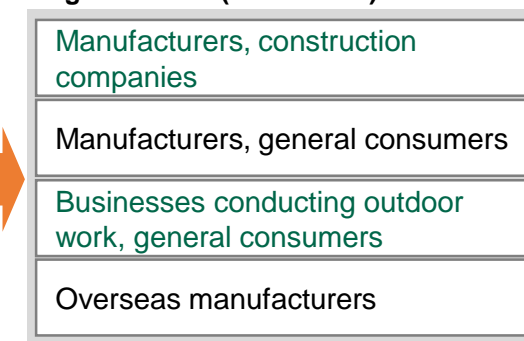
### Trusco Nakayama (wholesaler)



### Main sales agents, 5,555 companies



### Target markets (main users)



## A-(1) [Consolidated] Business performance

- Consolidated net sales: Up 3.1% year on year, up 0.9% from the budget. The number of business days was larger by one than in the same period a year earlier.
- \* The number of business days reflects that of Trusco Nakayama Corporation (on a non-consolidated basis).
- Consolidated gross profit margin: 21.8%, up 0.3 percentage points year on year, for reasons of factors (1) and (2) mentioned below.
  - => (1) Amid the COVID-19 coronavirus outbreak, sales of face masks with a high private brand rate and other environmental safety equipment increased.
  - (2) Total gross profit margin rose by 0.3% after growth in sales on the e-business route.
- SGA: Changes due mainly to a rise in depreciation following active capital investment in strengthening of distribution functions and a rise in freight and packing expenses following increases in number of shipments and in freight fares.

|   | 1Q of FY ended Dec. 2019 |           | 1Q of FY ending Dec. 2020 |           |                |                 |           |                    |                        |
|---|--------------------------|-----------|---------------------------|-----------|----------------|-----------------|-----------|--------------------|------------------------|
|   | Actual results           | Share (%) | Actual results            | Share (%) | YoY change (%) | Budget          | Share (%) | Change from budget | Change from budget (%) |
| <b>Net sales</b>  | ¥55,781 million          | —         | ¥57,493 million           | —         | +3.1           | ¥56,960 million | —         | +¥533 million      | +0.9                   |
| <b>Gross profit</b>                                       | ¥11,996 million          | 21.5      | ¥12,556 million           | 21.8      | +4.7           | ¥12,258 million | 21.5      | +¥298 million      | +2.4                   |
| <b>Selling, general and administrative expenses (SGA)</b> | ¥8,381 million           | 15.0      | ¥9,218 million            | 16.0      | +10.0          | ¥9,209 million  | 16.2      | +¥9 million        | +0.1                   |
| <b>Operating income</b>                                   | ¥3,614 million           | 6.5       | ¥3,337 million            | 5.8       | -7.7           | ¥3,048 million  | 5.4       | +¥289 million      | +9.5                   |
| <b>Ordinary income</b>                                    | ¥3,672 million           | 6.6       | ¥3,384 million            | 5.9       | -7.8           | ¥3,110 million  | 5.5       | +¥274 million      | +8.8                   |
| <b>Profit attributable to owners of parent</b>            | ¥2,505 million           | 4.5       | ¥2,321 million            | 4.0       | -7.4           | ¥2,117 million  | 3.7       | +¥204 million      | +9.7                   |
| <b>Net income per share</b>                               | ¥38.00                   | —         | ¥35.20                    | —         | -¥2.80         | ¥32.10          | —         | +¥3.10             | —                      |

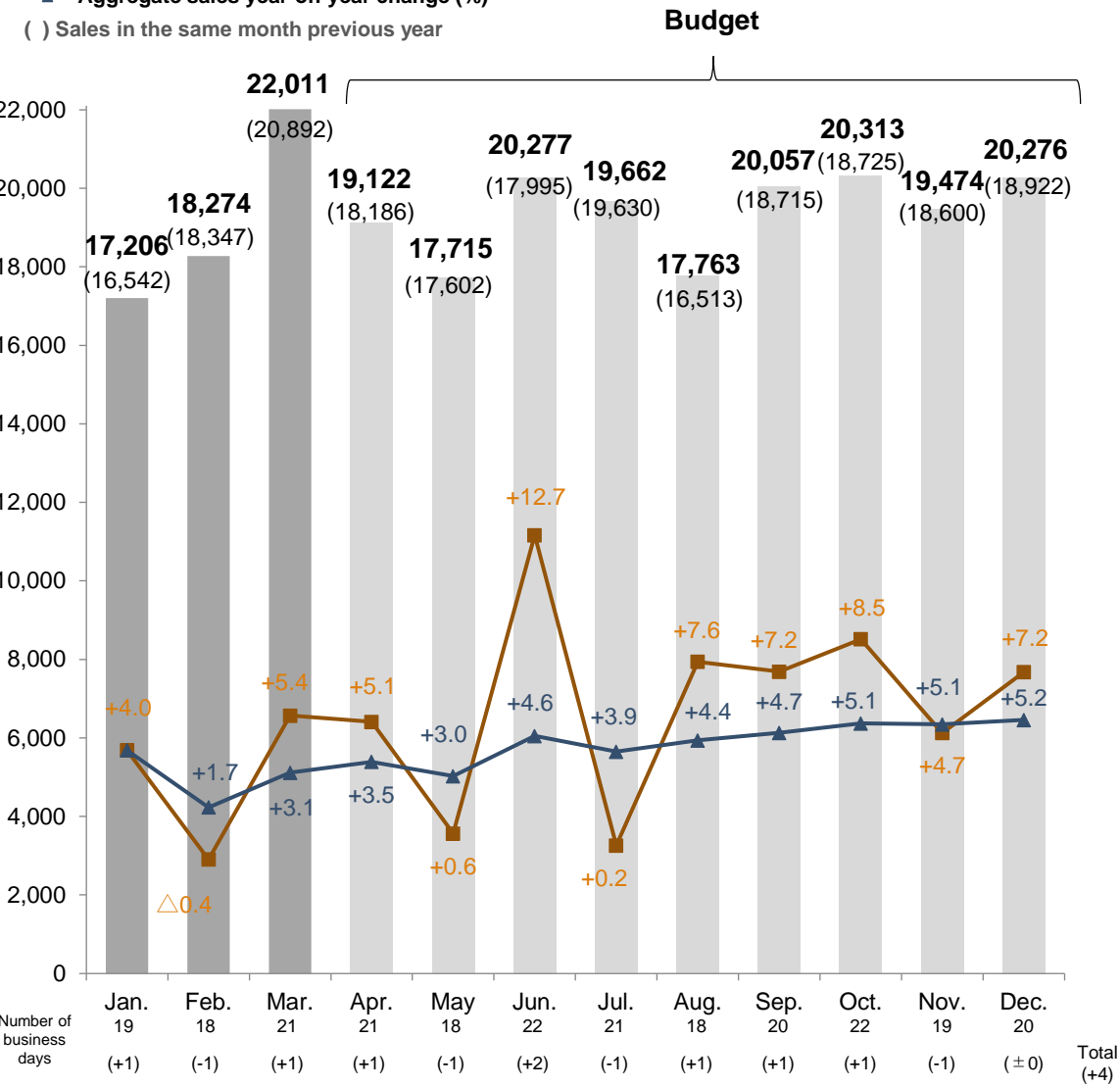
## A-(2) [Non-consolidated] Business performance

|  | 1Q of FY ended Dec. 2019 |           | 1Q of FY ending Dec. 2020 |           |                |                 |           |                    |                        |
|--|--------------------------|-----------|---------------------------|-----------|----------------|-----------------|-----------|--------------------|------------------------|
|  | Actual results           | Share (%) | Actual results            | Share (%) | YoY change (%) | Budget          | Share (%) | Change from budget | Change from budget (%) |
| Net sales  | ¥55,682 million          | —         | ¥57,533 million           | —         | +3.3           | ¥56,864 million | —         | +¥668 million      | +1.2                   |
| Gross profit                                       | ¥11,931 million          | 21.4      | ¥12,511 million           | 21.7      | +4.9           | ¥12,199 million | 21.5      | +¥311 million      | +2.6                   |
| Selling, general and administrative expenses (SGA) | ¥8,308 million           | 14.9      | ¥9,153 million            | 15.9      | +10.2          | ¥9,137 million  | 16.1      | +¥15 million       | +0.2                   |
| Operating income                                   | ¥3,622 million           | 6.5       | ¥3,358 million            | 5.8       | -7.3           | ¥3,062 million  | 5.4       | +¥295 million      | +9.7                   |
| Ordinary income                                    | ¥3,677 million           | 6.6       | ¥3,363 million            | 5.8       | -8.5           | ¥3,123 million  | 5.5       | +¥239 million      | +7.7                   |
| Net income   | ¥2,515 million           | 4.5       | ¥2,303 million            | 4.0       | -8.4           | ¥2,123 million  | 3.7       | +¥180 million      | +8.5                   |
| Sales of PB goods                                  | ¥11,202 million          | 20.1      | ¥11,472 million           | 19.9      | +2.4           | ¥11,489 million | 20.2      | -¥16 million       | -0.0                   |
| Net income per share                               | ¥38.14                   | —         | ¥34.94                    | —         | —              | ¥32.19          | —         | +¥2.75             | —                      |

# A-(3) [Consolidated] Company-wide monthly sales and sales per day in FY ending December 2020

## Total

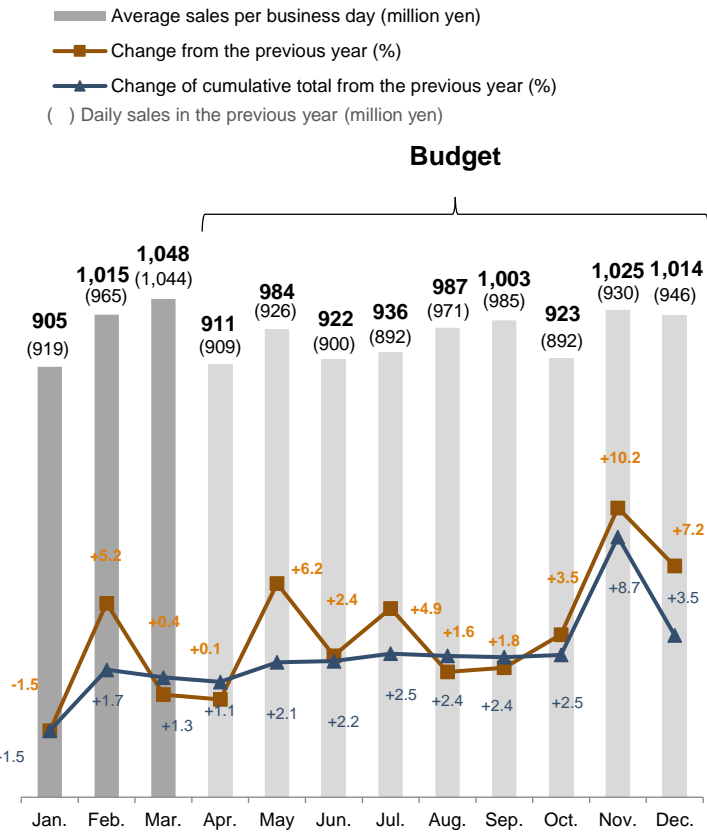
- Monthly sales (million yen)
- Monthly sales year-on-year change (%)
- Aggregate sales year-on-year change (%)
- ( ) Sales in the same month previous year



## 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. Actual figures are calculated based on the number of business days of Trusco Nakayama Corporation.



## B-(1) [Consolidated] Net sales, gross profit margin and ordinary income by sales route

### Net sales by sales route

|                   | 1Q of FY ended Dec. 2019 |        |                     |                 | 1Q of FY ending Dec. 2020 |        |                |            |                 |                    |                            |                     |            |                 |            |
|-------------------|--------------------------|--------|---------------------|-----------------|---------------------------|--------|----------------|------------|-----------------|--------------------|----------------------------|---------------------|------------|-----------------|------------|
|                   | Net sales                |        | Gross profit margin | Ordinary income | Net sales                 |        |                |            |                 |                    |                            | Gross profit margin |            | Ordinary income |            |
| Sales route       | Actual results           | Share  | Actual results      | Actual results  | Actual results            | Share  | YoY change     | YoY change | Budget          | Change from budget | Comparison with the budget | Actual results      | YoY change | Actual results  | YoY change |
| Factory route     | ¥43,655 million          | 78.3%  | 21.1%               | ¥2,906 million  | ¥43,350 million           | 75.4%  | -¥304 million  | -0.7%      | ¥44,087 million | -¥736 million      | -1.7%                      | 21.3%               | +0.2pt     | ¥2,498 million  | -14.0%     |
| e-business route  | ¥8,484 million           | 15.2%  | 24.8%               | ¥777 million    | ¥10,116 million           | 17.6%  | ¥1,632 million | +19.2%     | ¥8,971 million  | ¥1,145 million     | +12.8%                     | 25.2%               | +0.4pt     | ¥908 million    | +16.9%     |
| Home center route | ¥3,281 million           | 5.9%   | 17.6%               | -¥29 million    | ¥3,682 million            | 6.4%   | ¥400 million   | +12.2%     | ¥3,513 million  | ¥169 million       | +4.8%                      | 17.9%               | +0.3pt     | -¥33 million    | —          |
| Overseas route    | ¥360 million             | 0.6%   | 32.0%               | -¥44 million    | ¥344 million              | 0.6%   | -¥16 million   | -4.5%      | ¥388 million    | -¥44 million       | -11.4%                     | 34.4%               | +2.5pt     | -¥24 million    | —          |
| Total             | ¥55,781 million          | 100.0% | 21.5%               | ¥3,672 million  | ¥57,493 million           | 100.0% | ¥1,711 million | +3.1%      | ¥56,960 million | ¥532 million       | +0.9%                      | 21.8%               | +0.3pt     | ¥3,384 million  | -7.8%      |

### Factory route: Down 0.7% year on year

Overall business confidence and capital investment remained as weak as in the previous year due to the trade dispute between the United States and China and the COVID-19 coronavirus. Products related to prevention of COVID-19 infections and civil engineering and building goods resulted in good sales.

### e-business route: Up 19.2% year on year

Sales to mail order companies surged by 21.0% year on year, and those to companies participating in Orange Commerce increased by 13.9%. While sales to some mail order companies slowed due to poor business confidence, orders placed with mail order companies rose amid the growth of products handled and the effect of stay-home practices in the wake of the spread of the COVID-19 coronavirus infections. Net sales remained on the increase.

### Home center route: Up 12.2% year on year

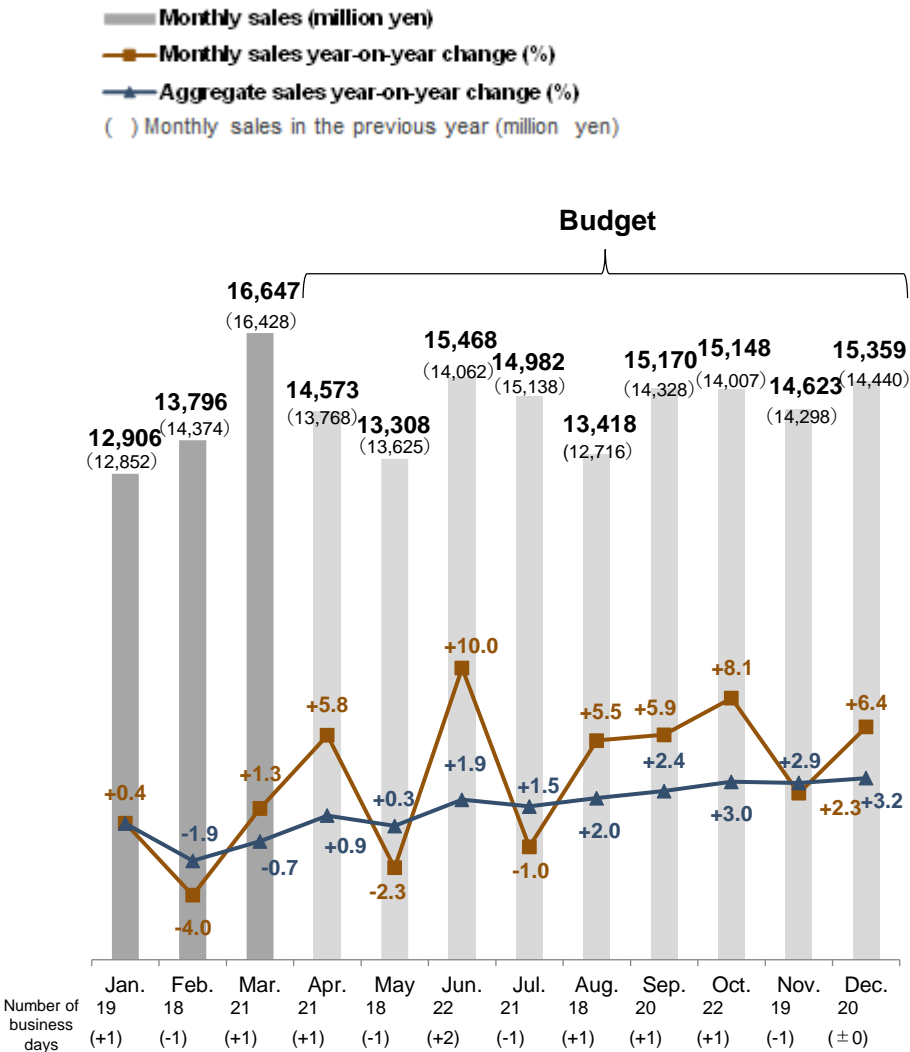
Sales to pro-tool shops continued to grow. We are making joint efforts with leading hardware mass discounters.

### Overseas route: Down 4.5% year on year

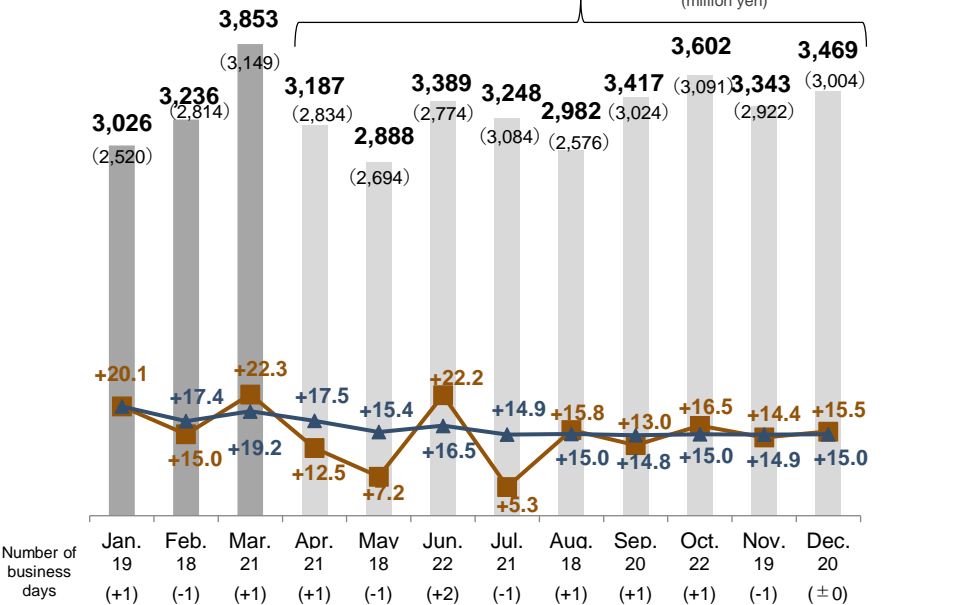
Despite minor impacts on business performance, we will continue to enhance efforts with existing customers and to positively cultivate new customers.

B-(2) [Consolidated] Change in monthly sales by sales route

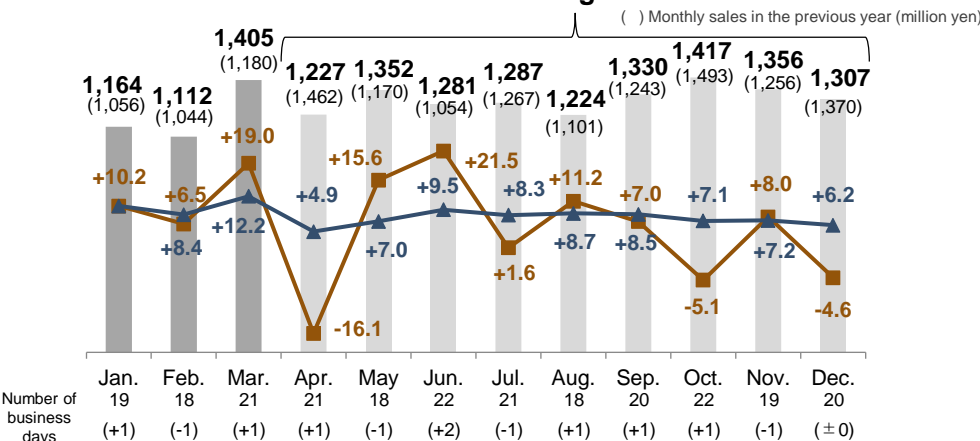
Change in monthly sales earned via factory route



Change in monthly sales earned via e-business route

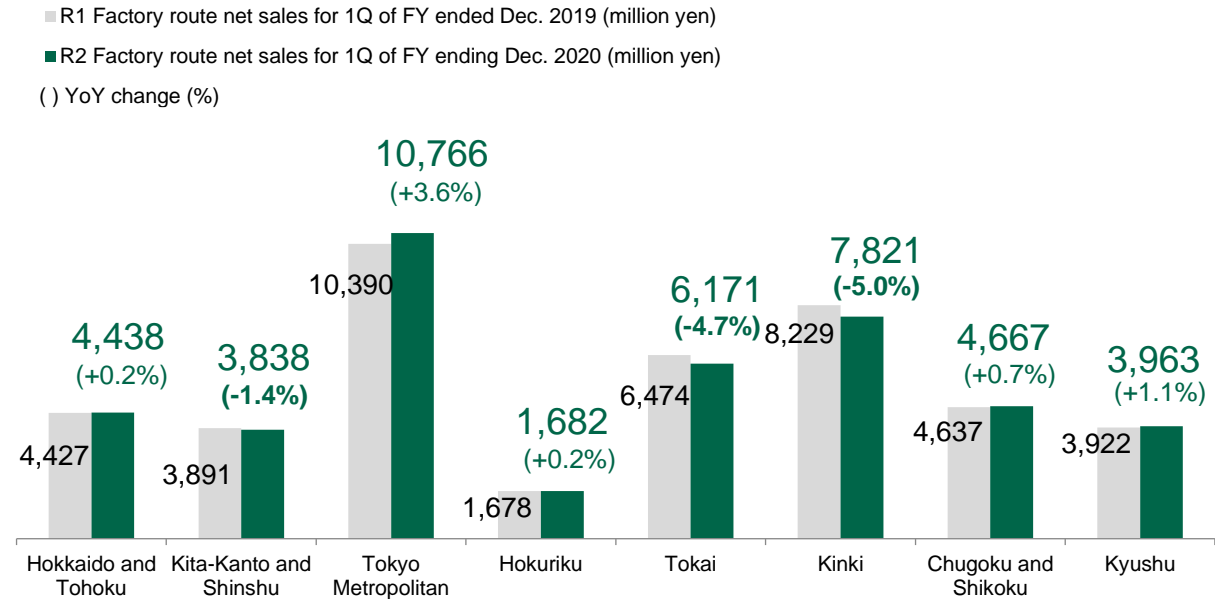


Change in monthly sales earned via home centers

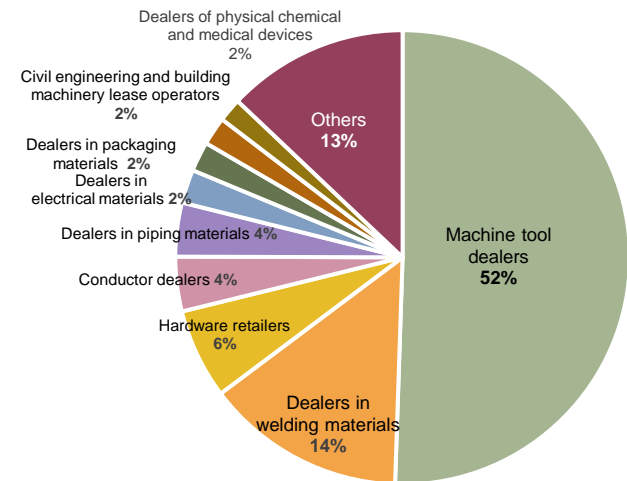


# B-(3) [Consolidated] Factory route: Business performance by region, industry and sales route

## Factory route: Sales by region



## Factory route: Sales constituent ratio by industry



## Factory route sales by industry

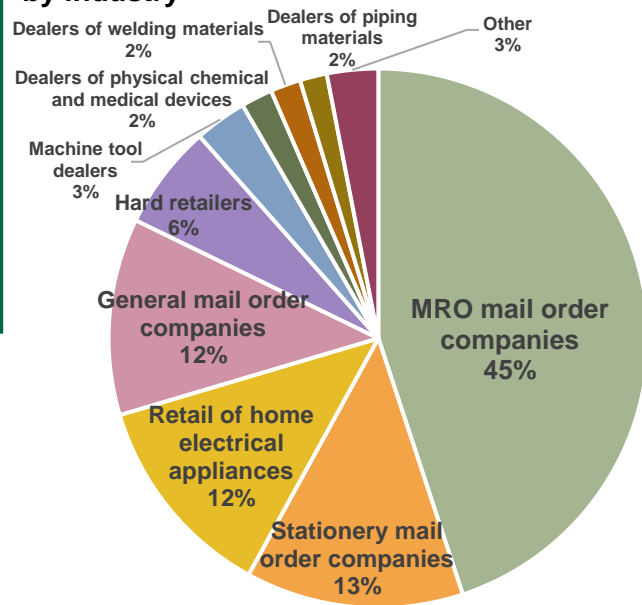
| Sales route   | 1Q of FY ended Dec. 2019 |        |                     | 1Q of FY ending Dec. 2020 |        |            |                 |                            |                     |            |
|---|--------------------------|--------|---------------------|---------------------------|--------|------------|-----------------|----------------------------|---------------------|------------|
|   | Net sales                |        | Gross profit margin | Net sales                 |        |            |                 |                            | Gross profit margin |            |
|   | Actual results           | Share  | Actual results      | Actual results            | Share  | YoY change | Budget          | Comparison with the budget | Actual results      | YoY change |
| Machine tool dealers  | ¥22,770 million          | 52.2%  | 20.8%               | ¥21,917 million           | 50.6%  | -3.7%      | ¥22,831 million | -4.0%                      | 21.1%               | +0.3pt     |
| Welding material dealers  | ¥6,128 million           | 14.0%  | 21.7%               | ¥6,173 million            | 14.2%  | +0.7%      | ¥6,364 million  | -3.0%                      | 21.7%               | +0.0pt     |
| Other manufacturing related<br>(incl. physical and chemical material, conductors, packaging material dealers) | ¥6,987 million           | 16.0%  | 20.9%               | ¥7,156 million            | 16.5%  | +2.4%      | ¥7,118 million  | +0.5%                      | 20.9%               | +0.0pt     |
| Construction related  | ¥7,768 million           | 17.8%  | 21.4%               | ¥8,103 million            | 18.7%  | +4.3%      | ¥7,773 million  | +4.3%                      | 21.7%               | +0.3pt     |
| Total net sales via factory route   | ¥43,655 million          | 100.0% | 21.1%               | ¥43,350 million           | 100.0% | -0.7%      | ¥44,087 million | -1.7%                      | 21.3%               | +0.2pt     |

# B-(4) [Consolidated] Sales via the e-business route and the number of companies participating in Orange Commerce

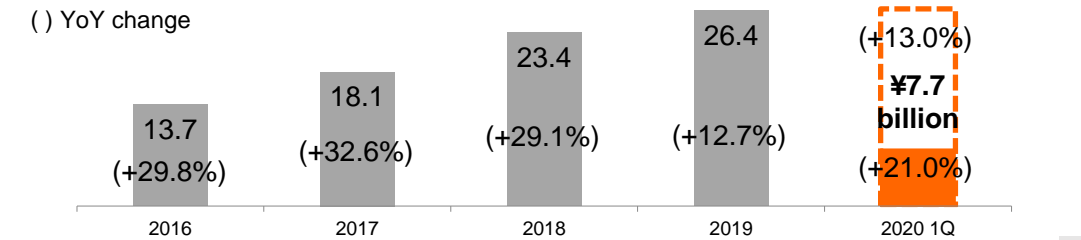
## ■ Sales via e-business route

| Sales route  | 1Q of FY ended Dec. 2019 |        | 1Q of FY ending Dec. 2020 |        |            |                     |            |
|--|--------------------------|--------|---------------------------|--------|------------|---------------------|------------|
|  | Net sales                |        | Net sales                 |        |            | Gross profit margin |            |
|  | Actual results           | Share  | Actual results            | Share  | YoY change | Actual results      | YoY change |
| Mail order companies   | ¥6,377 million           | 75.2%  | ¥7,717 million            | 76.3%  | +21.0%     | 24.5%               | +0.3       |
| Companies participating in Orange Commerce (Trusco's electronic central purchasing system) | ¥2,106 million           | 24.8%  | ¥2,398 million            | 23.7%  | +13.9%     | 27.5%               | +1.0       |
| Total net sales via e-business route   | ¥8,484 million           | 100.0% | ¥10,116 million           | 100.0% | +19.2%     | 25.2%               | +0.4       |

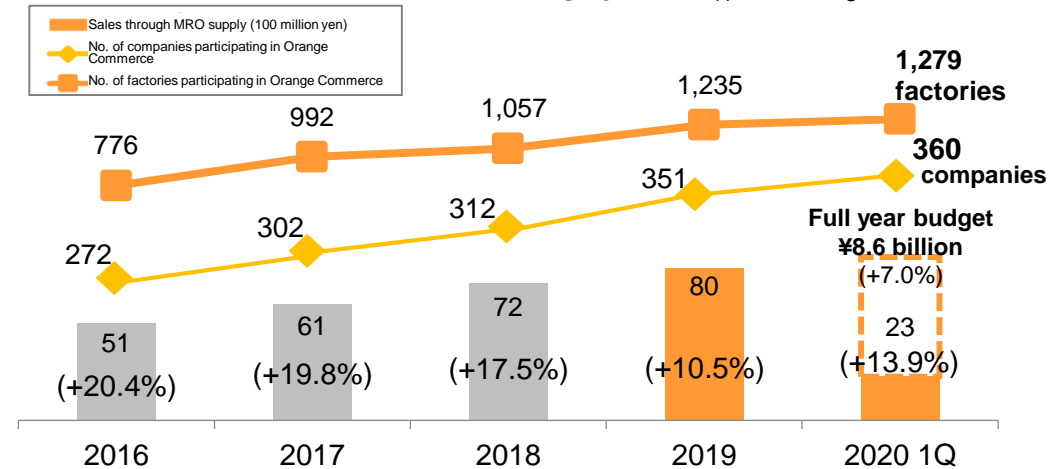
## ■ Sales to mail order companies: Sales ratio by industry



## ■ Sales to mail order companies (billion yen)

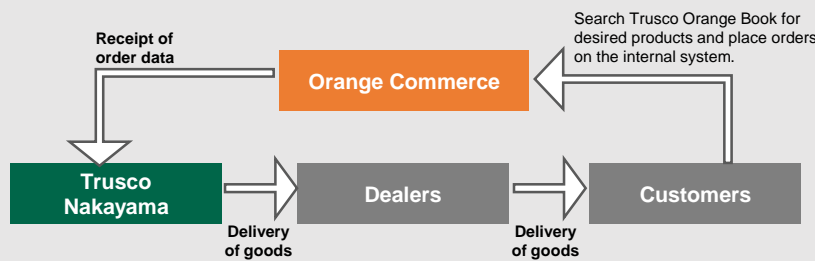


## ■ Change in the number of companies participating in Orange Commerce (Trusco's electronic central purchasing system) ( ) YoY change



## ■ 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)[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             | 1Q of FY ended<br>Dec. 2019 | 1Q of FY ending<br>Dec. 2020 | YoY change |
|--|----------------------------|-----------------------------|------------------------------|------------|
| 1  | DCM Hodaka (Pro-tool Shop) | 485                         | 503                          | +3.7       |
| 2  | Nufco                      | 349                         | 384                          | +9.9       |
| 3  | Kohnan Shoji               | 285                         | 349                          | +22.8      |
| 4  | Royal Home Center          | 308                         | 335                          | +8.9       |
| 5  | Cainz                      | 216                         | 319                          | +47.5      |
| 6  | DCM Kahma                  | 273                         | 282                          | +3.3       |
| 7  | DCM Homac                  | 224                         | 237                          | +5.8       |
| 8  | Shimachu                   | 188                         | 233                          | +24.1      |
| 9  | Komeri                     | 133                         | 147                          | +10.2      |
| 10   | DCM Daiki                  | 110                         | 135                          | +22.9      |
| Combined sales to top 10 companies               |                            | 2,783                       | 3,141                        | +12.9      |
| Combined sales via home center route             |                            | 3,281                       | 3,682                        | +12.2      |
| Percentage share of sales to<br>top 10 companies |                            | 84.8                        | 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: ¥1,274 million (up 4.7% year on year)

( DCM Hodaka, DCM Kahma, DCM Homac, DCM Daiki,  
DCM Sanwa, DCM Kuroganeya, Keiyo, )

#### ■ Sales to pro-tool shops

Total: ¥562 million (up 7.9% 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

### ■ Total performance of overseas subsidiaries

1Q of FY ending Dec. 2020

Million yen

|   |                            | Net sales | Gross profit | Selling,<br>general and<br>administrative<br>expenses (SGA) | Operating<br>income | Ordinary<br>income | Net income |
|---|----------------------------|-----------|--------------|---|---------------------|--------------------|------------|
| TRUSCO NAKAYAMA<br>CORPORATION(THAILAND)LIMITED<br>1 baht = 3.34 yen<br>(3.49 yen a year earlier) | Actual results             | 162       | 41           | 36  | 5                   | 5                  | 5          |
|   | Share against<br>net sales | —         | 25.6%        | 22.2%   | 3.4%                | 3.5%               | 3.5%       |
|   | YoY change                 | -16.5%    | -14.6%       | +4.0%   | -60.3%              | -60.1%             | -60.1%     |
| PT.TRUSCO NAKAYAMA INDONESIA<br>1 rupiah = 0.0067 yen<br>(0.0078 yen a year earlier)              | Actual results             | 54        | 11           | 28  | -16                 | 3                  | 3          |
|   | Share against<br>net sales | —         | 21.8%        | 52.0%   | —                   | 6.8%               | 6.8%       |
|   | YoY change                 | -10.0%    | -29.6%       | -25.0%  | —                   | —                  | —          |

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

### [Reference] Non-consolidated business performance in other overseas regions

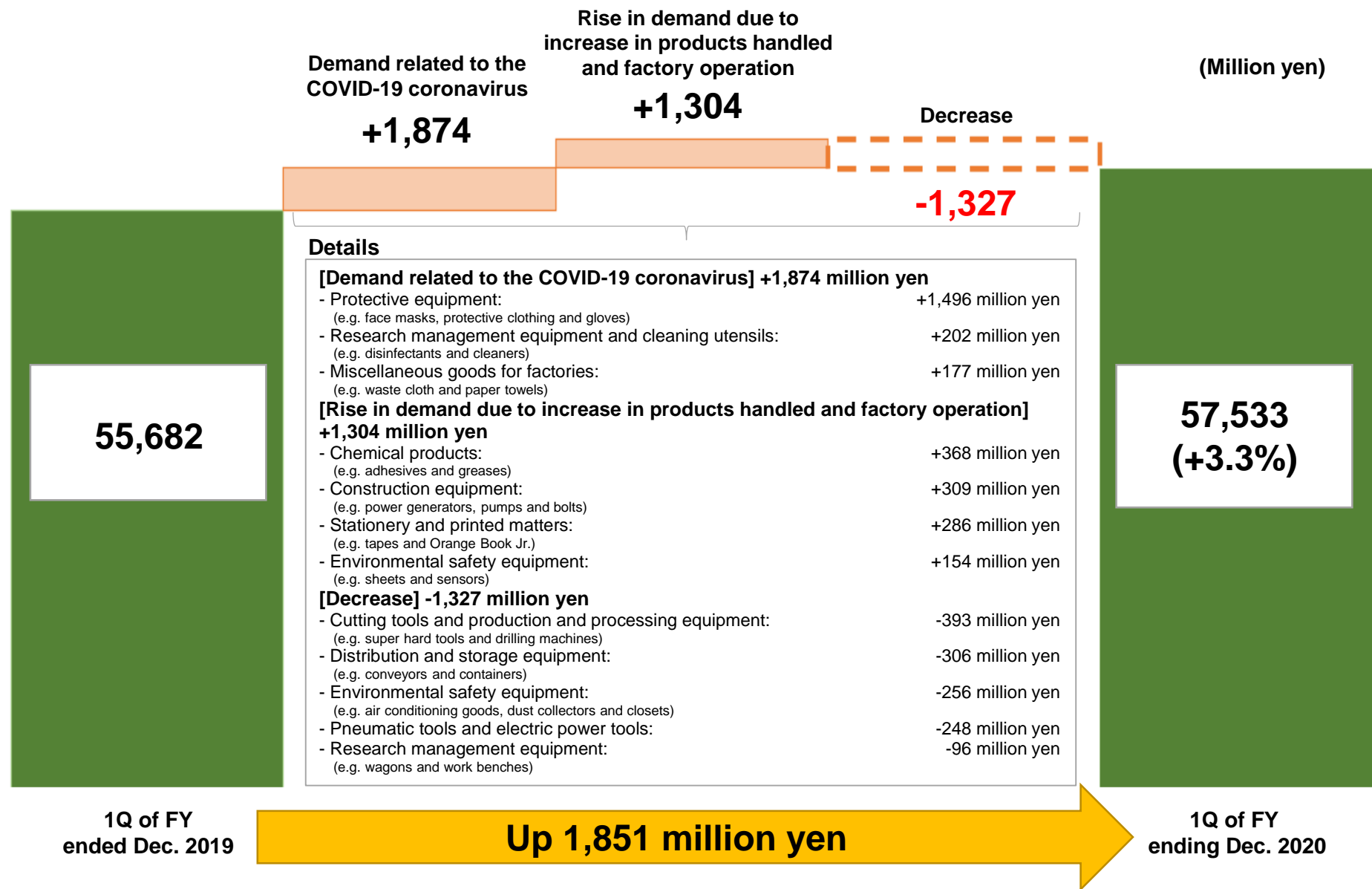
1Q of FY ending Dec. 2020

Million yen

|  |                            | Net sales | Gross profit |
|--|----------------------------|-----------|--------------|
| Business performance in other<br>overseas regions<br>(including the Philippines,<br>China and South Korea) | Actual results             | 127       | 34           |
|  | Share against<br>net sales | —         | 27.0%        |
|  | YoY change                 | +22.4%    | +42.7%       |

# B-(7) [Non-consolidated] Analysis of sales for 1Q of FY ending December 2020

## Major changes in net sales for 1Q of FY ending December 2020



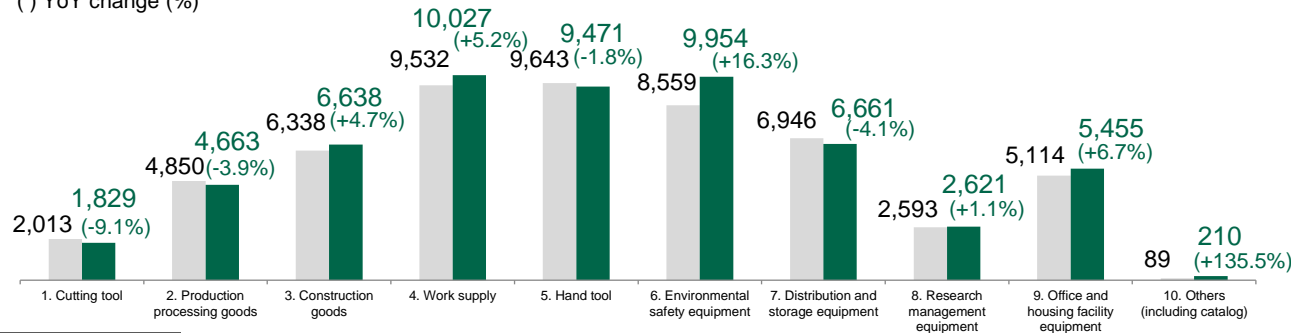
# B-(8) [Non-consolidated] Sales by product category

## ■ Sales graph by large category and details of medium category

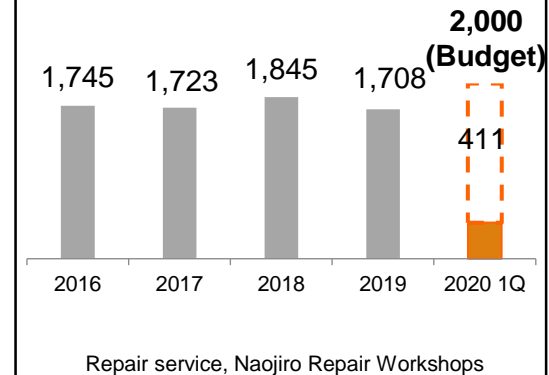
■ R1 Factory route net sales for 1Q of FY ended Dec. 2019 (million yen)

■ R2 Factory route net sales for 1Q of FY ending Dec. 2020 (million yen)

( ) YoY change (%)



## ■ 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 | YoY change | Gross profit margin |
|------------------------------------|---|----------------|-------------------|------------|---------------------|--|---|----------------|-------------------|------------|---------------------|
| 1. Cutting tool                    | 1 Cutting tools                                 | 841            | 1.5               | -12.5      | 11.6                | 6. Environmental safety equipment        | 25 Protective equipment                   | 5,879          | 10.2              | +34.1      | 25.9                |
|                                    | 2 Drilling and thread cutting tools             | 988            | 1.7               | -6.0       | 22.1                |  | 26 Safety goods                           | 2,383          | 4.1               | +6.4       | 25.3                |
| 2. Production processing goods     | 3 Measurement equipment                         | 2,407          | 4.2               | +0.4       | 16.4                |  | 27 Environment improvement goods          | 409            | 0.7               | -9.9       | 20.9                |
|                                    | 4 Mechatronics                                  | 966            | 1.7               | +1.4       | 15.0                |  | 28 Air conditioning goods                 | 521            | 0.9               | -27.4      | 16.5                |
|                                    | 5 Tools for machine tools                       | 597            | 1.0               | -16.9      | 22.2                |  | 29 Disaster and crime prevention goods    | 267            | 0.5               | +4.0       | 20.8                |
|                                    | 6 Electronic machinery                          | 691            | 1.2               | -11.2      | 11.3                |  | 30 Closets and exterior goods             | 492            | 0.9               | -2.9       | 15.3                |
| 3. Construction goods              | 7 Hydraulic tools                               | 542            | 0.9               | -2.4       | 11.5                | 7. Distribution and storage equipment    | 31 Loading goods                          | 1,937          | 3.4               | +1.1       | 17.0                |
|                                    | 8 Pumps   | 912            | 1.6               | +7.0       | 15.5                |  | 32 Conveyors                              | 298            | 0.5               | -12.0      | 17.6                |
|                                    | 9 Welding equipment                             | 518            | 0.9               | +1.1       | 18.7                |  | 33 Transportation goods                   | 2,476          | 4.3               | -8.7       | 22.6                |
|                                    | 10 Painting and interior goods                  | 543            | 0.9               | +4.4       | 25.3                |  | 34 Containers and vessels                 | 949            | 1.6               | -1.8       | 30.1                |
|                                    | 11 Civil engineering and building goods         | 655            | 1.1               | +26.6      | 12.4                | 8. Research management equipment         | 35 Steel shelves                          | 998            | 1.7               | -1.2       | 27.0                |
|                                    | 12 Ladders and stepladders                      | 855            | 1.5               | -2.8       | 22.8                |  | 36 Tool wagons                            | 274            | 0.5               | -9.4       | 29.0                |
|                                    | 13 Piping and materials of electronic equipment | 907            | 1.6               | +4.1       | 23.8                |  | 37 Storage and management goods           | 366            | 0.6               | -5.5       | 31.7                |
|                                    | 14 Component, hardware, and building materials  | 1,704          | 3.0               | +4.7       | 28.9                |  | 38 Work benches                           | 405            | 0.7               | -4.5       | 27.9                |
| 4. Work supply                     | 15 Cutting goods                                | 342            | 0.6               | +1.4       | 23.2                | 9. Office and housing facility equipment | 39 Stainless goods                        | 496            | 0.9               | -5.2       | 18.0                |
|                                    | 16 Grinding and polishing goods                 | 1,778          | 3.1               | -1.5       | 23.7                |  | 40 Research and development-related goods | 1,077          | 1.9               | +12.9      | 19.4                |
|                                    | 17 Chemical products                            | 4,875          | 8.5               | +8.2       | 22.5                |  | 41 Cleaning utensils                      | 1,539          | 2.7               | +5.4       | 22.1                |
|                                    | 18 Factory miscellaneous goods                  | 1,033          | 1.8               | +20.6      | 16.1                |  | 42 Stationery                             | 556            | 1.0               | +18.6      | 18.9                |
|                                    | 19 Packing and binding goods                    | 1,285          | 2.2               | -0.9       | 31.4                | 10. Others                               | 43 Office miscellaneous goods             | 717            | 1.2               | +18.2      | 27.7                |
|                                    | 20 Casters                                      | 712            | 1.2               | -2.1       | 15.6                |  | 44 Electric appliances                    | 911            | 1.6               | -1.8       | 23.2                |
| 5. Hand tool                       | 21 Electric power tools and accessories         | 2,536          | 4.4               | -3.2       | 14.9                |  | 45 OA business machinery                  | 469            | 0.8               | +9.0       | 26.9                |
|                                    | 22 Pneumatic tools and accessories              | 1,583          | 2.8               | -9.4       | 18.3                |  | 46 Office furniture                       | 1,190          | 2.1               | +4.4       | 23.7                |
|                                    | 23 Tools for manual work                        | 4,841          | 8.4               | +1.0       | 22.5                |  | 47 Interior goods                         | 70             | 0.1               | -8.0       | 19.9                |
|                                    | 24 Tool boxes                                   | 509            | 0.9               | +6.2       | 30.2                |  | 48 Total                                  | 210            | 0.4               | +135.5     | —                   |
| Total                              |   | 57,533         | 100.0             | +3.3       | 21.7                |  |   |                |                   |            |                     |

(Million yen, %)

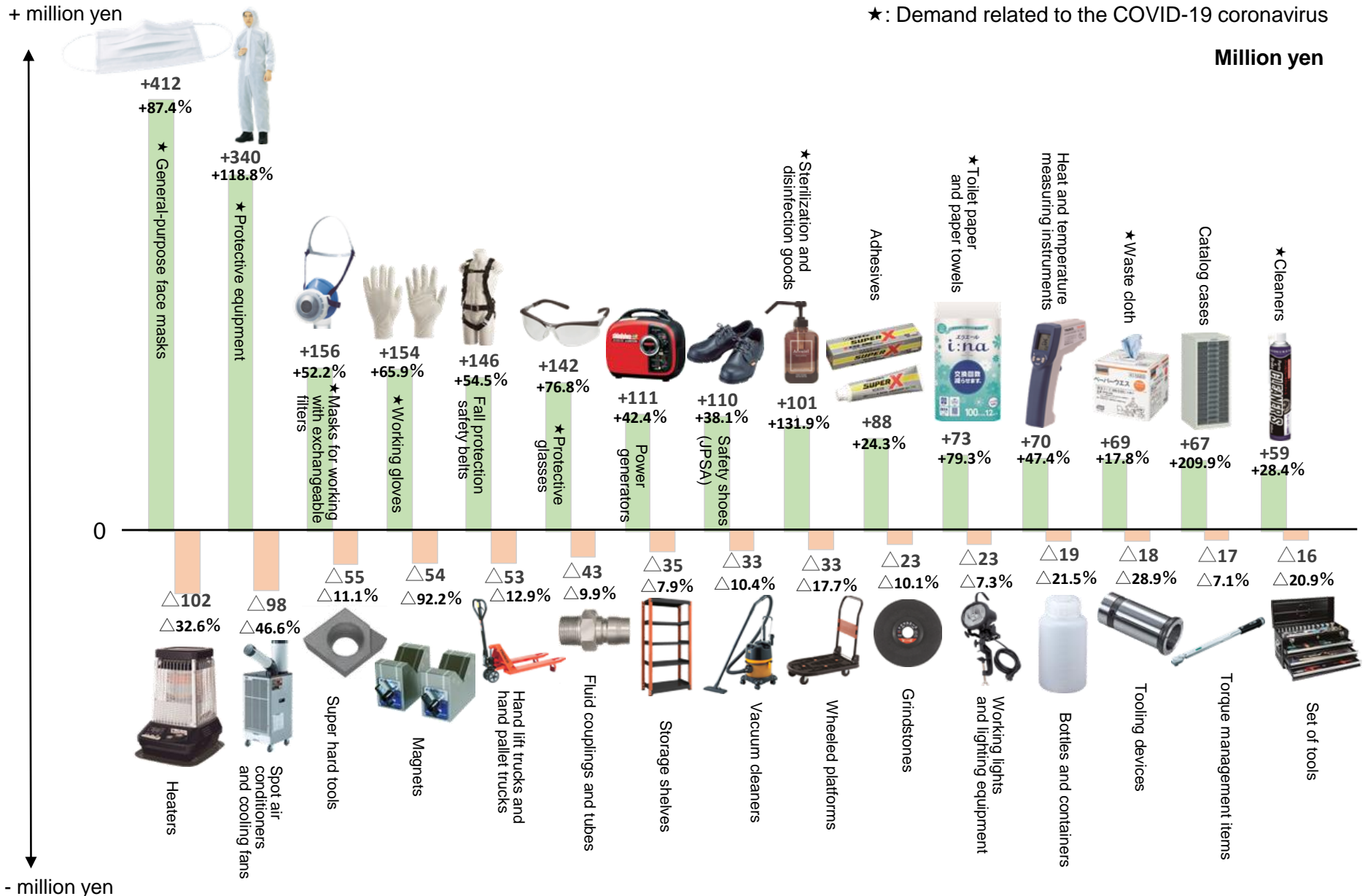
**B-(9) [Non-consolidated] Analysis of sales for 1Q of FY ending December 2020 (by product category)**

### ■ Demand changes by product for 1Q of FY ending December 2020

+ million yen

★: Demand related to the COVID-19 coronavirus

**Million yen**



# B-(10) [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 | Category                                  | Net sales | YoY change | Category                           | Net sales | YoY change |
|------------------------------------|-----------|------------|---|-----------|------------|------------------------------------|-----------|------------|
| 1. Cutting tools                   | 1,956     | -7.9       | 9. Hand tools                             | 4,420     | +0.7       | 17. Loading equipment              | 2,467     | -10.1      |
| 2. Machine tools                   | 703       | -18.1      | 10. Electric, hydraulic & pneumatic tools | 5,535     | -4.3       | 18. Cleaning & janitorial supplies | 3,167     | +11.8      |
| 3. Measuring & testing instruments | 2,600     | -0.1       | 11. Protective equipment                  | 6,393     | +36.2      | 19. Environmental supplies         | 1,401     | -14.6      |
| 4. Mechatronics parts              | 804       | +5.7       | 12. Safety supplies                       | 1,327     | +3.3       | 20. Garden supplies                | 391       | +3.8       |
| 5. Hardware & building materials   | 1,965     | +2.3       | 13. Packaging supplies                    | 3,340     | +5.1       | 21. Office supplies & storage      | 2,966     | +7.0       |
| 6. Pneumatic supplies              | 1,166     | -3.2       | 14. Construction & lighting supplies      | 5,631     | +3.6       | 22. Laboratory supplies            | 1,362     | -0.3       |
| 7. Electronics                     | 1,018     | +7.0       | 15. Handling equipment                    | 2,200     | -0.5       |                                    |           |            |
| 8. Chemicals                       | 3,203     | +7.8       | 16. Logistics & storage supplies          | 3,525     | -2.2       |                                    |           |            |

## 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. 2.09 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  
Site for smartphones

# B-(11) [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   | 25.2%      | Constituent ratio   | 6.8%       |
|                                       | Gross profit margin | 36.3%      | Gross profit margin | 36.3%      | Gross profit margin | 36.8%      | Gross profit margin | 31.2%      |
|                                       | Net sales           | YoY change | Net sales           | YoY change | Net sales           | YoY change | Net sales           | YoY change |
| Total                                 | 11,472              | +2.4%      | 8,587               | -1.1%      | 2,551               | +15.4%     | 249                 | +11.8%     |
| Cutting tool                          | 189                 | +2.2%      | 137                 | -0.9%      | 33                  | +20.1%     | 16                  | -2.8%      |
| Production processing goods           | 400                 | -2.6%      | 298                 | -5.2%      | 88                  | +3.7%      | 5                   | +2.2%      |
| Construction goods                    | 940                 | +3.9%      | 703                 | +0.9%      | 218                 | +14.2%     | 14                  | +6.8%      |
| Work supply                           | 1,929               | +4.0%      | 1,553               | +2.0%      | 341                 | +12.7%     | 20                  | +12.9%     |
| Hand tool                             | 1,159               | -2.2%      | 838                 | -6.3%      | 274                 | +11.9%     | 32                  | -0.9%      |
| Environmental safety equipment        | 2,061               | +23.0%     | 1,560               | +17.9%     | 439                 | +35.2%     | 48                  | +127.5%    |
| Distribution and storage equipment    | 2,705               | -5.6%      | 1,965               | -9.1%      | 620                 | +9.3%      | 105                 | -2.6%      |
| Research management equipment         | 944                 | -7.5%      | 725                 | -10.9%     | 210                 | +10.9%     | 1                   | -          |
| Office and housing facility equipment | 1,140               | +3.8%      | 806                 | -1.0%      | 323                 | +18.0%     | 3                   | -23.2%     |

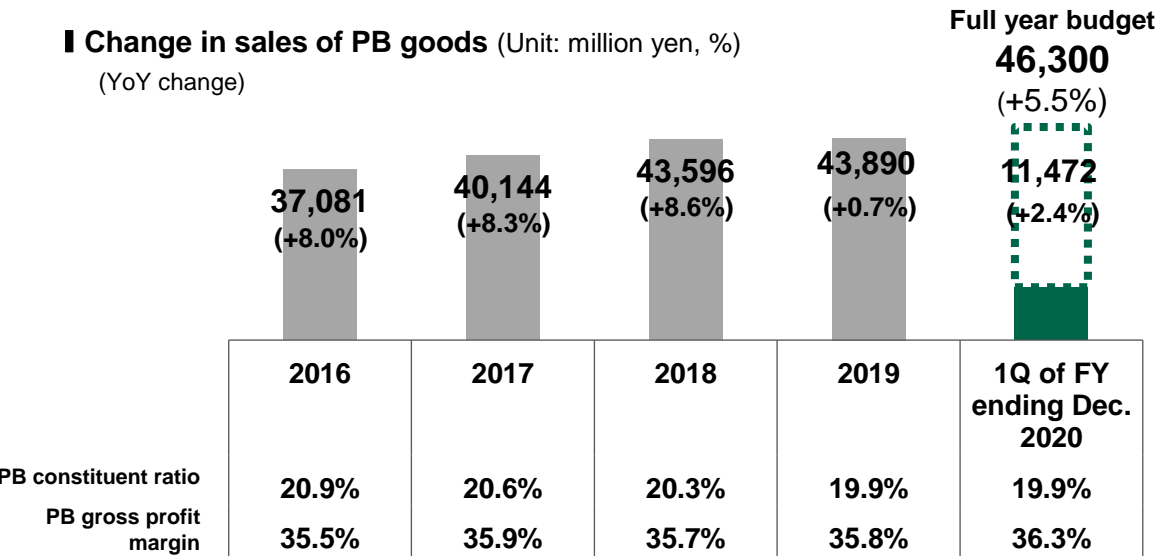
## I Private Brand (PB) goods



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.

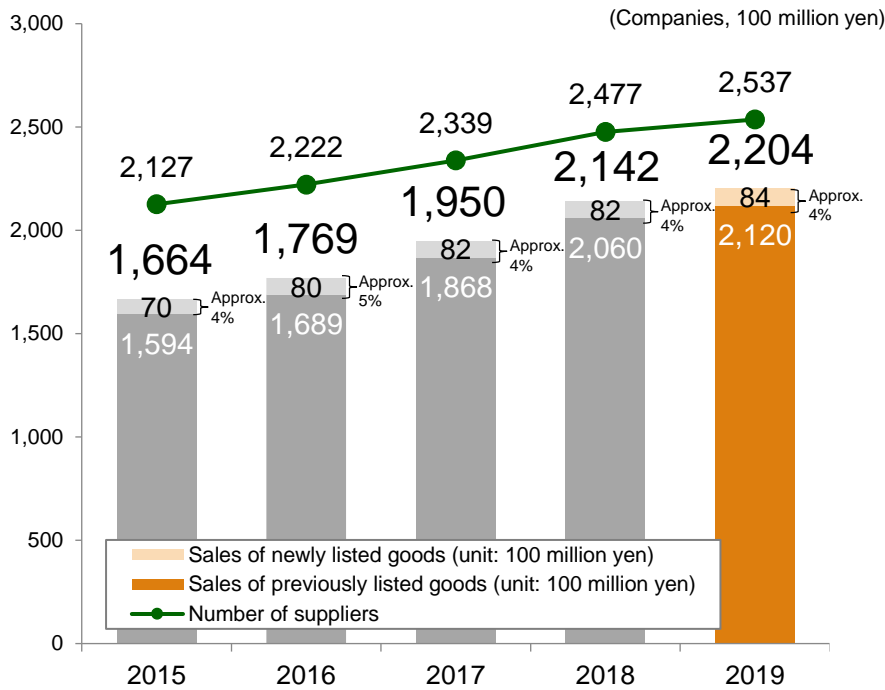


## I Change in sales of PB goods (Unit: million yen, %) (YoY change)

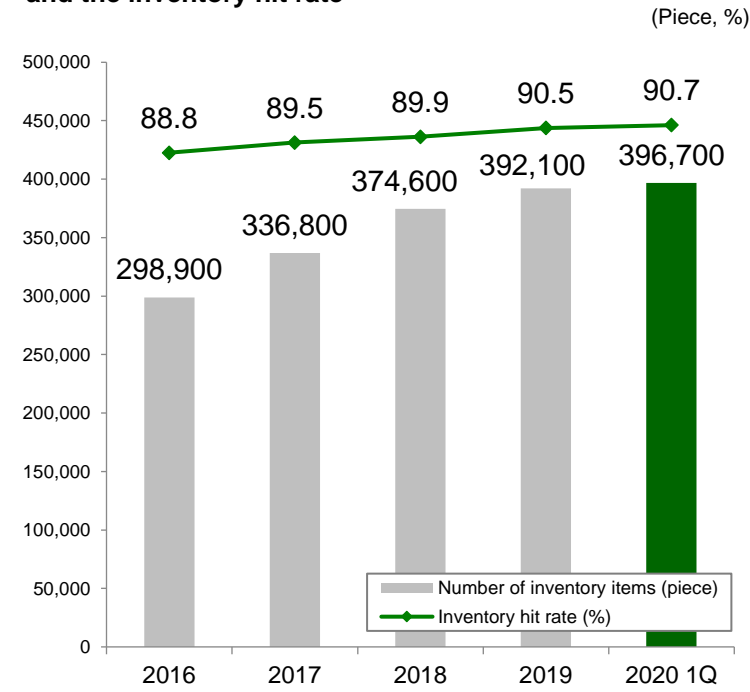


# C-(1) Number of suppliers, sales of newly listed goods, number of items in inventory, hit rate, number of sales accounts and number of companies

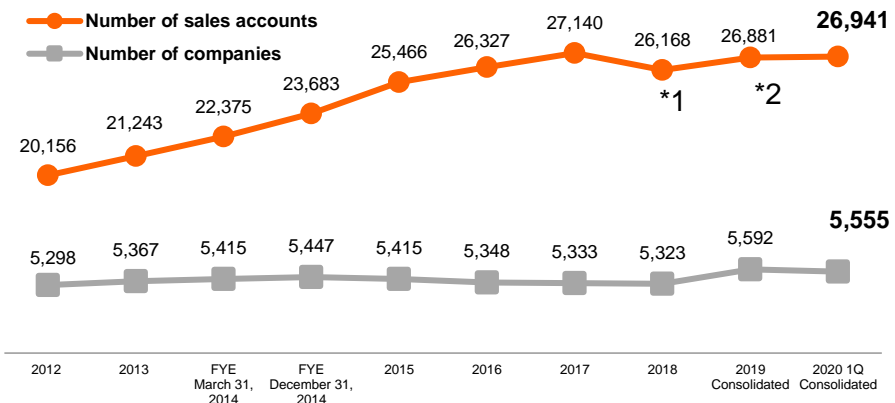
1. [Non-consolidated] Changes in the number of suppliers and sales of goods newly listed in the TRUSCO Orange Book



2. [Non-consolidated] Change in the number of inventory items and the inventory hit rate

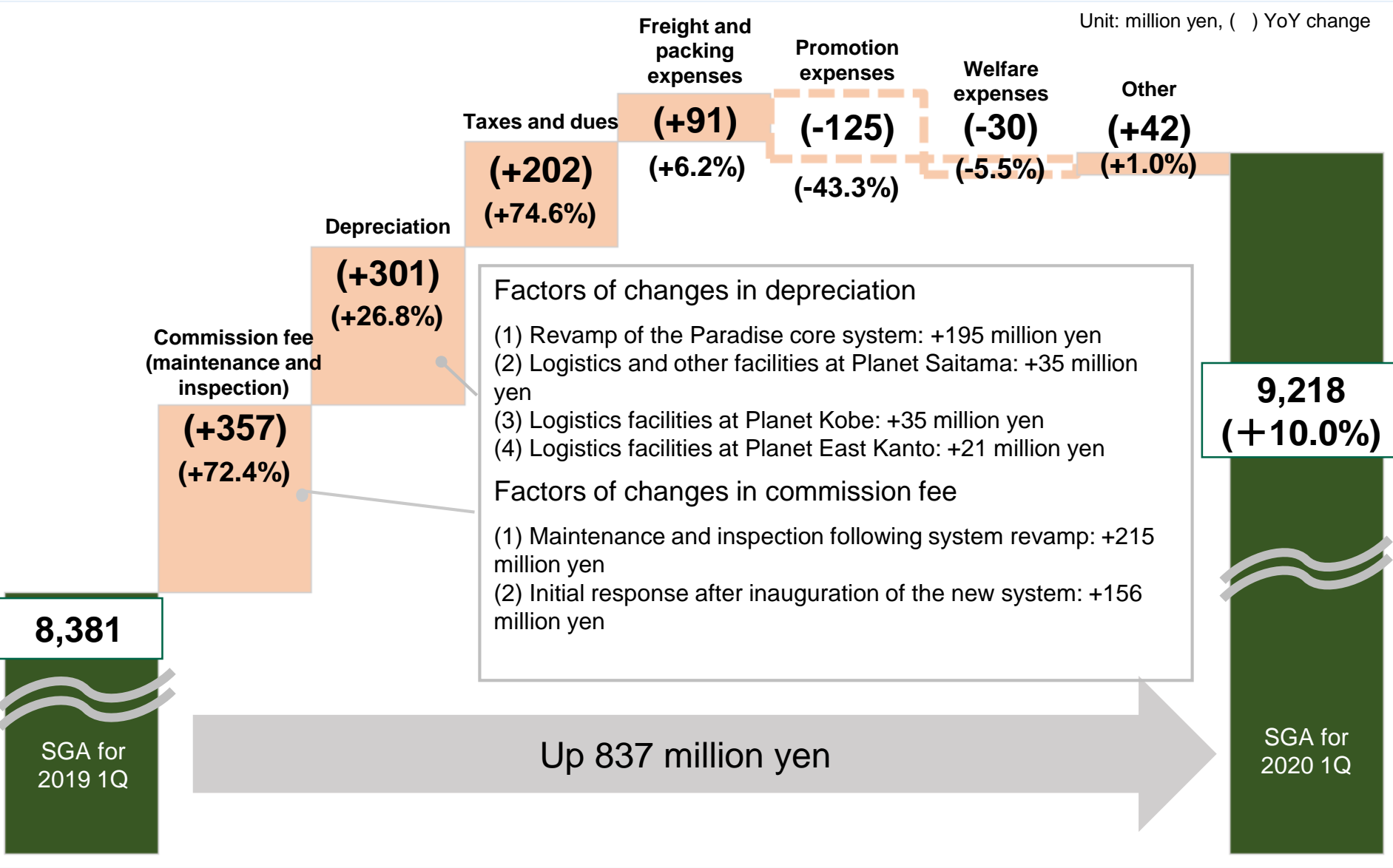


3. [Consolidated] Changes in the number of sales accounts



- 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. The number of items and the inventory hit rate are increasing year after year.
  - 3. The number of accounts is experiencing an upward trend amid growth of transactions with corporate customers with multiple stores.
- \*1 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.  
\*2 The numbers of companies and accounts including overseas subsidiaries are presented from 2019 onwards.

D-(1) [Consolidated] Major changes in selling, general and administrative expenses (SGA)



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

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

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

Unit: million yen, %

|  | Jan. to Mar. 2019 |                       | Jan. to Mar. 2020 |                       | YoY<br>Change<br>(amount) | YoY<br>Change<br>(percent) |
|--|-------------------|-----------------------|-------------------|-----------------------|---------------------------|----------------------------|
|  | Amount            | Share in net<br>sales | Amount            | Share in net<br>sales |                           |                            |
| 1 Salary and bonus                                   | 2,382             | 4.3                   | 2,401             | 4.2                   | 18                        | +0.8                       |
| 2 Freight and packing<br>expenses                    | 1,482             | 2.7                   | 1,573             | 2.7                   | 91                        | +6.2                       |
| 3 Depreciation                                       | 1,124             | 2.0                   | 1,425             | 2.5                   | 301                       | +26.8                      |
| 4 Commission fee                                     | 493               | 0.9                   | 851               | 1.5                   | 357                       | +72.4                      |
| 5 Provision for bonuses                              | 679               | 1.2                   | 661               | 1.2                   | -17                       | -2.6                       |
| 6 Welfare expenses                                   | 555               | 1.0                   | 524               | 0.9                   | -30                       | -5.5                       |
| 7 Taxes and dues                                     | 270               | 0.5                   | 472               | 0.8                   | 202                       | +74.6                      |
| 8 Advertising expenses                               | 224               | 0.4                   | 302               | 0.5                   | 78                        | +35.0                      |
| 9 Promotion expenses                                 | 290               | 0.5                   | 164               | 0.3                   | -125                      | -43.3                      |
| 10 Leasehold and office<br>rents                     | 165               | 0.3                   | 150               | 0.3                   | -15                       | -9.2                       |
| 11 Traveling expenses and<br>transportation expenses | 135               | 0.2                   | 120               | 0.2                   | -15                       | -11.1                      |
| 12 Remuneration paid to<br>directors                 | 100               | 0.2                   | 113               | 0.2                   | 13                        | +13.0                      |
| 13 Supplies expenses                                 | 130               | 0.2                   | 101               | 0.2                   | -28                       | -22.1                      |
| 14 Communication<br>expenses                         | 85                | 0.2                   | 93                | 0.2                   | 8                         | +10.0                      |
| 15 Utilities expenses                                | 98                | 0.2                   | 93                | 0.2                   | -5                        | -5.5                       |
| 16 Vehicle expenses                                  | 54                | 0.1                   | 55                | 0.1                   | 0                         | +0.3                       |
| 17 Entertainment expenses                            | 11                | 0.0                   | 9                 | 0.0                   | -2                        | -24.2                      |
| 18 Other   | 95                | 0.2                   | 102               | 0.2                   | 7                         | +7.4                       |
| Total  | 8,381             | 15.0                  | 9,218             | 16.0                  | 837                       | +10.0                      |

### – [Non-consolidated] Key Items –

( ) YoY change

- Full-time employees 1,597, part-time employees 1,133
- Overtime pay for employees (-10 million yen)
- Increase in wages and bonuses for part-time employees (+32 million yen)

- Impact of growth in shipping volume (approx. +86 million yen)  
The volume of regular route shipments rose by 9.7%
- Impact of increase in regular route fares (+25 million yen)
- Decrease in contracted delivery services with chartered vehicles (-52 million yen)  
Number of chartered vehicles: 207 (-36), including 35 for internal transport

[Reference] 100 vehicles (+9) for delivery by the Company's employees

- Expenses for shareholders' special benefit items (+28 million yen)
- Expenses for production of the 60<sup>th</sup> anniversary publication (+24 million yen)
- Expenses for production of *Corporate Profile* (+13 million yen)

- Expenses for layout change due to resizing of TRUSCO Orange Book catalogs for 2020 (from B5 to A4) (-70 million yen)

Expenses for purchases of computers due to discontinued support for Windows 7 in the fiscal year ended Dec. 2019 (-17 million yen)

## D-(2) [Consolidated] Capital expenditures

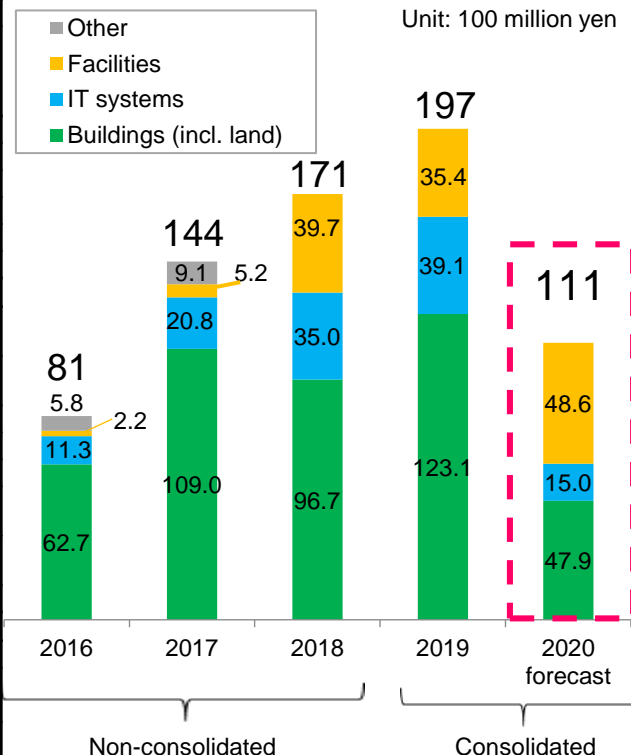
### Major past and future capital expenditures

Unit: 100 million yen

| Details of major capital expenditures |   | Total<br>(expected)<br>expenditures | Expenditures<br>made until the<br>previous fiscal<br>year | FY ending Dec. 2020              |  |
|---------------------------------------|---|-------------------------------------|---|----------------------------------|--|
|                                       |   |                                     |   | Actual<br>expenditures<br>for 1Q | Expected<br>expenditures<br>for 2Q to 4Q |
| Buildings                             | Planet South Kanto rebuilding   | 87.4                                | 74.9  | 8.1                              | 3.9                                      |
|                                       | Planet Tohoku extension   | 40.8                                | 31.7  | 9.0                              | —  |
|                                       | New construction of TRUSCO Resort & Spa Karuizawa   | 29.2                                | 11.9  | —                                | 13.9                                     |
|                                       | New construction of Osaka Stock Center (tentative name)   | 10.0                                | —   | 0.3                              | 0.4                                      |
|                                       | Toyohashi Stock Center: Tent warehouse  | 3.9                                 | —   | —                                | 3.9                                      |
|                                       | Others  | 0.1                                 | —   | 0.1                              | 0.1                                      |
|                                       | <b>Buildings subtotal</b>   | <b>171.4</b>                        | <b>118.5</b>  | <b>17.5</b>                      | <b>22.2</b>                              |
| Facilities                            | Planet Tohoku (Automated bucket warehouse / SAS / GAS / Auto Store / I-Pack / JFB / Butler, etc.)                       | 31.0                                | —   | 8.4                              | 17.1                                     |
|                                       | Planet South Kanto (Automated bucket warehouse / Shuttle Rack / Auto Store / SAS / electric moving pallet racks, etc.)  | 21.0                                | —   | 6.1                              | 12.9                                     |
|                                       | Planet North Kanto (Solar panels installation)  | 1.1                                 | —   | 0.7                              | 0.4                                      |
|                                       | Toyohashi Stock Center (Operation facilities)   | 0.8                                 | —   | 0.1                              | 0.7                                      |
|                                       | Repair work at different locations  | 0.7                                 | —   | —                                | 0.7                                      |
|                                       | Visualization of work inside warehouse in the distribution system (dashboards)  | 0.5                                 | —   | —                                | 0.4                                      |
|                                       | Visualization of work inside warehouse in the distribution system (linkage function: rectification of staff assignment) | 0.5                                 | —   | —                                | 0.5                                      |
|                                       | Others  | —                                   | —   | 0.1                              | 0.5                                      |
|                                       | <b>Facilities subtotal</b>  | <b>55.6</b>                         | <b>0</b>  | <b>15.4</b>                      | <b>33.2</b>                              |
| IT systems                            | Renewal of Paradise (order receipt/placement system)  | 33.7                                | 30.7  | 2.9                              | —  |
|                                       | Renewal of SORA, Self, and Zaicon2  | 9.4                                 | 7.5   | 1.8                              | —  |
|                                       | Improvement in network for distribution centers   | 3.0                                 | —   | —                                | 3.0                                      |
|                                       | Planet South Kanto (introduction of material handling equipment and network construction)                               | 1.3                                 | —   | 0.5                              | 0.8                                      |
|                                       | Action to comply with ASBJ Statement No. 29   | 0.9                                 | —   | —                                | 0.9                                      |
|                                       | Replacement of Paradise (MRO Stocker construction)  | 0.5                                 | —   | 0.5                              | —  |
|                                       | Replacement of MRO Stocker  | 0.5                                 | —   | 0.5                              | —  |
|                                       | Planet Tohoku (network construction)  | 0.1                                 | —   | 0.1                              | —  |
|                                       | Others  | —                                   | —   | 0.5                              | 3.5                                      |
|                                       | <b>IT systems subtotal</b>  | <b>49.4</b>                         | <b>38.2</b>   | <b>6.8</b>                       | <b>8.2</b>                               |
| Land                                  | Land adjacent to Planet Osaka   | 5.4                                 | 0.5   | 4.9                              | —  |
|                                       | Purchase of land adjacent to Planet Tohoku  | 2.0                                 | —   | 0.2                              | 1.8                                      |
|                                       | Purchase of land adjacent to Oyama Branch   | 1.3                                 | —   | 1.3                              | —  |
|                                       | <b>Land subtotal</b>  | <b>8.7</b>                          | <b>0.5</b>  | <b>6.4</b>                       | <b>1.8</b>                               |
| <b>Total</b>                          |   |                                     |   | <b>46.1</b>                      | <b>65.4</b>                              |
| <b>Annual capital expenditures</b>    |   |                                     |   |                                  | <b>111.5</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 amount of capital expenditures presented are on a cash out basis.

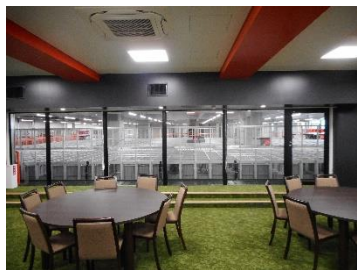
For FYE December 31, 2020, depreciation of 6,500 million yen (up 1,700 million yen year on year) is planned.

D-(3) Major ongoing capital expenditures

FY2020

Extension at Planet Tohoku

In operation since May 7, 2020  
Completed in January 2020



▲ The upper part of the AutoStore system can be viewed from this meeting room

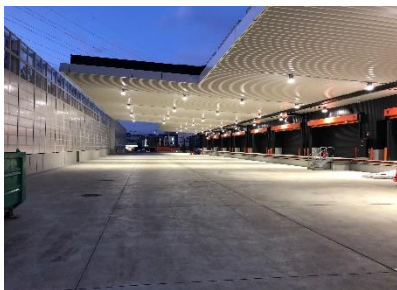
Outline

- 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
- Expenditures:
  - 7,200 million yen for building and facilities
- No. of items in stock:
  - Approx. 107,000 (Target: 500,000)
- Facilities introduced:
  - Automated bucket warehouse, AutoStore, Butler, SAS, GAS and I-Pack

This extension introduced the AutoStore system and ensured a top-down view from the meeting room. It newly established a disaster stockpile storage space for preventing the supply from being interrupted in the event of a disaster.

Rebuilding at Planet South Kanto

Scheduled to commence operation in August 2020  
Completed in January 2020



▲ A truck berth that enables work even in the rain

Outline

- Location: Isehara City, Kanagawa 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:
  - 10,900 million yen for building and facilities
- No. of items in stock:
  - Approx. 111,000 (Target: 500,000)
- Facilities to be introduced:
  - Automated bucket warehouse, AutoStore, SAS, Case conveyor and electric pallet rack

This facility will introduce the Company's first Daifuku Shuttle Rack, one of the Company's largest automated warehouse systems and other distribution equipment to improve shipping efficiency and to achieve high density storage. It is designed in detail. A truck berth with a 22-meter projection and a height of the underground parking spaces that is sufficient for trucks paving the way for acceptance and discharge at night without bothering neighbors.

# 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<br>FYE December 31, 2019 |              |  |              |                   | 58th business year<br>FYE December 31, 2020 |              |                   |   |              |                   |
|--|-------------------|---|--------------|--|--------------|-------------------|---|--------------|-------------------|---|--------------|-------------------|
|  |                   | (Consolidated)<br>Results<br>(¥ million)    | Ratio<br>(%) | (Non-consolidated)<br>Results<br>(¥ million) | Ratio<br>(%) | YoY change<br>(%) | (Consolidated)<br>Plan<br>(¥ million)       | Ratio<br>(%) | YoY change<br>(%) | (Non-consolidated)<br>Plan<br>(¥ million) | Ratio<br>(%) | YoY change<br>(%) |
| 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: [Consolidated] Quarterly budgets for FYE December 31, 2020

## ■ 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                                    | Budget         | 56,960                           | 100.0                   | +2.1       | 57,114                           | 100.0                   | +6.2       | 57,482                           | 100.0                   | +4.8       | 60,063                           | 100.0                   | +6.8       |
|  | Actual results | 57,493                           | 100.0                   | +3.1       |                                  |                         |            |                                  |                         |            |                                  |                         |            |
| Gross profit                                 | Budget         | 12,258                           | 21.5                    | +2.2       | 12,485                           | 21.9                    | +6.3       | 11,765                           | 20.5                    | +4.2       | 12,844                           | 21.4                    | +7.0       |
|  | Actual results | 12,556                           | 21.8                    | +4.7       |                                  |                         |            |                                  |                         |            |                                  |                         |            |
| Selling, general and administrative expenses | Budget         | 9,209                            | 16.2                    | +9.9       | 8,899                            | 15.6                    | +6.0       | 9,061                            | 15.8                    | +9.3       | 9,176                            | 15.3                    | +12.3      |
|  | Actual results | 9,218                            | 16.0                    | +10.0      |                                  |                         |            |                                  |                         |            |                                  |                         |            |
| Operating income                             | Budget         | 3,048                            | 5.4                     | -15.7      | 3,587                            | 6.3                     | +7.2       | 2,703                            | 4.7                     | -9.9       | 3,669                            | 6.1                     | -4.4       |
|  | Actual results | 3,337                            | 5.8                     | -7.7       |                                  |                         |            |                                  |                         |            |                                  |                         |            |
| Ordinary income                              | Budget         | 3,110                            | 5.5                     | -15.3      | 3,648                            | 6.4                     | +6.4       | 2,764                            | 4.8                     | -10.2      | 3,735                            | 6.2                     | -7.1       |
|  | Actual results | 3,384                            | 5.9                     | -7.8       |                                  |                         |            |                                  |                         |            |                                  |                         |            |
| Net income                                   | Budget         | 2,117                            | 3.7                     | -15.5      | 2,478                            | 4.3                     | +7.7       | 1,877                            | 3.3                     | -9.2       | 2,540                            | 4.2                     | -7.2       |
|  | Actual results | 2,321                            | 4.0                     | -7.4       |                                  |                         |            |                                  |                         |            |                                  |                         |            |

## ■ 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) |                         |            | 4 <sup>th</sup> Quarter (±4 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                                    | Budget         | 56,960                           | 100.0                   | +2.1       | 114,074                          | 100.0                   | +4.1       | 171,556                          | 100.0                   | +4.3       | 231,619                          | 100.0                   | +5.0       |
|  | Actual results | 57,493                           | 100.0                   | +3.1       |                                  |                         |            |                                  |                         |            |                                  |                         |            |
| Gross profit                                 | Budget         | 12,258                           | 21.5                    | +2.2       | 24,743                           | 21.7                    | +4.2       | 36,508                           | 21.3                    | +4.2       | 49,352                           | 21.3                    | +4.9       |
|  | Actual results | 12,556                           | 21.8                    | +4.7       |                                  |                         |            |                                  |                         |            |                                  |                         |            |
| Selling, general and administrative expenses | Budget         | 9,209                            | 16.2                    | +9.9       | 18,108                           | 15.9                    | +7.9       | 27,169                           | 15.8                    | +8.4       | 36,345                           | 15.7                    | +9.4       |
|  | Actual results | 9,218                            | 16.0                    | +10.0      |                                  |                         |            |                                  |                         |            |                                  |                         |            |
| Operating income                             | Budget         | 3,048                            | 5.4                     | -15.7      | 6,635                            | 5.8                     | -4.7       | 9,338                            | 5.4                     | -6.3       | 13,007                           | 5.6                     | -5.7       |
|  | Actual results | 3,337                            | 5.8                     | -7.7       |                                  |                         |            |                                  |                         |            |                                  |                         |            |
| Ordinary income                              | Budget         | 3,110                            | 5.5                     | -15.3      | 6,758                            | 5.9                     | -4.8       | 9,522                            | 5.6                     | -6.5       | 13,257                           | 5.7                     | -6.6       |
|  | Actual results | 3,384                            | 5.9                     | -7.8       |                                  |                         |            |                                  |                         |            |                                  |                         |            |
| Net income                                   | Budget         | 2,117                            | 3.7                     | -15.5      | 4,595                            | 4.0                     | -4.4       | 6,472                            | 3.8                     | -5.9       | 9,012                            | 3.9                     | -6.3       |
|  | Actual results | 2,321                            | 4.0                     | -7.4       |                                  |                         |            |                                  |                         |            |                                  |                         |            |

## Reference 2: Company data

### Number of employees [Consolidated] as of the end of Mar. 2020

|   | Females | Males | Total | YoY Change |
|---|---------|-------|-------|------------|
| Executives  | 1       | 11    | 12    | ±0         |
| Executive officers  | 0       | 2     | 2     | -1         |
| Career  | 174     | 419   | 593   | +9         |
| Area  | 270     | 308   | 578   | +6         |
| Support   | 26      | 3     | 29    | -1         |
| Specialist  | 16      | 15    | 31    | -3         |
| Logistics   | 71      | 257   | 328   | -1         |
| Contract employees  | 1       | 35    | 36    | +10        |
| Overseas subsidiaries                                     | 21      | 22    | 43    | +2         |
| Seconded to health insurance association                  | 1       | 1     | 2     | +2         |
| Seconded to Nakayama Visually Impaired Welfare Foundation | 0       | 0     | 0     | -1         |
| Full-time employees subtotal (including executives)       | 581     | 1,073 | 1,654 | +22        |
| Part-time employees                                       | 848     | 285   | 1,133 | +33        |
| Total   | 1,429   | 1,358 | 2,787 | +55        |

Share of female employees: 35.3%, Number of female sales staff members: 82

Females in career-track positions account for 30.0% 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)

|                           | 2016<br>[Non-consolidated] |       | 2017<br>[Non-consolidated] |       | 2018<br>[Non-consolidated] |       | 2019<br>[Consolidated] |       | End of Mar. 2020<br>[Consolidated] |       |
|---------------------------|----------------------------|-------|----------------------------|-------|----------------------------|-------|------------------------|-------|------------------------------------|-------|
|                           | Females                    | Males | Females                    | Males | Females                    | Males | Females                | Males | Females                            | Males |
| No. of employees          | 512                        | 959   | 510                        | 1,004 | 557                        | 1,051 | 585                    | 1,071 | 580                                | 1,062 |
|                           | 1,471                      |       | 1,514                      |       | 1,608                      |       | 1,656                  |       | 1,642                              |       |
| No. of incoming employees | 70                         | 33    | 59                         | 67    | 63                         | 72    | 52                     | 57    | 0                                  | 1     |
|                           | 103                        |       | 126                        |       | 135                        |       | 109                    |       | 1                                  |       |
| No. of outgoing employees | 20                         | 18    | 18                         | 18    | 20                         | 26    | 42                     | 44    | 6                                  | 11    |
|                           | 38                         |       | 36                         |       | 46                         |       | 86                     |       | 17                                 |       |
| Turnover ratio            | 3.8                        | 1.8   | 3.4                        | 1.8   | 3.5                        | 2.4   | 6.7                    | 3.9   | 1.0                                | 1.0   |
|                           | 2.5                        |       | 2.3                        |       | 2.8                        |       | 4.9                    |       | 1.0                                |       |

### Amount irrecoverable due to bankruptcy

Unit: 10 thousand yen

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

\* The accounting period for FY2014 had nine months.

### Average age and annual income

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.

In 2019, they were discontinued, and bonuses decreased.

\* Consolidated accounting has been applied to the fiscal year ended Dec. 2019 and later fiscal years. From the fiscal year ended Dec. 2019 onwards, the average age figure is on a consolidated basis, whereas all the average annual income figures are on a non-consolidated basis.

### Number of bases [Consolidated]

as of the end of March 2020

|                      |    |
|----------------------|----|
| Head offices         | 2  |
| Branches             | 68 |
| Distribution centers | 17 |
| Overseas bases       | 3  |
| Stock centers        | 9  |
| Total                | 99 |

### 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 |