

# TRUSCO®

The 57th Annual Shareholders' Meeting  
For January 1, 2019 to December 31, 2019

## Convocation Notice

■ Date and time

Friday, March 13, 2020 10 a.m. (Doors open at 9 a.m.)

■ Venue (For details, please refer to the back cover.)

attended by the chairman

Tokyo: Hotel New Otani

Osaka: Swissotel Nankai Osaka



1st Section, TSE

Code

9830

トラスコ中山株式会社



Planet South Kanto, a distribution center in Isehara City, Kanagawa,  
scheduled to be launched in August 2020

Convocation Notice  
in PDF format  
available here.



# Notice of Convocation of the 57th Annual Shareholders' Meeting



# 天奇 外創

## “Chimeric”

“Chimeric” ideas evolve the world and companies.

Ideas that cannot be generated by artificial intelligence comprise the greatest intelligence given only to mankind.

Small ideas in everyday life lead to “chimeric” ideas.

This year's key word



At Planet Saitama's employee cafeteria "Cherry Blossom"

## To our shareholders

(Securities code: 9830)

February 25, 2020

**Trusco Nakayama Corporation**

4-28-1 Shimbashi, Minato-ku, Tokyo

Tetsuya Nakayama, President

## Keep It Up, Japanese “Monozukuri”®!!

中山 哲也

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

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

This year's key word is “chimeric.” All through the ages, “chimeric” ideas have evolved the world as well as companies. I believe “chimeric” ideas demonstrate the high point of mankind's abilities. If you aim to achieve “work that can only be done by man,” then you should conceive ideas that cannot be generated by artificial intelligence. Ideas are the greatest intelligence given only to mankind. Some say, “Man's abilities are more important than the system,” but I think, “No man grows where there is no system.” No matter how hard you try, if there were no system, you would be like a bicycle that fell unless you constantly pushed the pedals.

A small idea in everyday life may lead to a “chimeric” idea. I hope that every one of you will become a generator of ideas.

“Businesses and companies are only worthwhile if they are of use to people and society.” With this thought always in mind, we will continue to strive to become a company that meets the needs of our customers and markets into the future.

## Decided Matters upon the Convocation

Notice is hereby given that the 57th Annual Shareholders' Meeting of Trusco Nakayama (the “Company”) will be held as described below, and that you are invited to attend the Meeting. If you do not expect to attend the Meeting, please review the following “Reference Materials for Shareholders' Meeting” and return the enclosed voting form indicating your vote “for” or “against” each of the proposals, or access the Company's website for voting, which is indicated on the voting form, and exercise your voting rights via the Internet by 5:30 p.m., Thursday, March 12, 2020.

- 1** Date and Time March 13 (Friday), 2020 at 10:00 a.m. (Doors open at 9:00 a.m.)
- 2** Place:
  - Tokyo (venue where the chairperson will attend) Fuyo Room, Banquet Floor, the Main Building, Hotel New Otani, 4-1 Kioi-cho, Chiyoda-ku, Tokyo
  - Osaka Naniwa Room, 8th Floor, Swissotel Nankai Osaka, 5-1-60 Namba, Chuo-ku, Osaka

\*You may ask questions or exercise your voting rights at either venue.
- 3** Matters Constituting the Purpose of the Meeting
 

Matter to Be Reported	Reports on the Business Report, Consolidated Financial Statements, Financial Statements, and the results of the audit of the Consolidated Financial Statements by the accounting auditor and the Board of Auditors for the 57th Period (from January 1, 2019 to December 31, 2019)
Matters to Be Resolved	Proposal No. 1: Election of Nine (9) Directors Proposal No. 2: Election of One (1) Corporate Auditor
- 4** Guide to the Exercising of Voting Rights  
Please refer to “Guide to the Exercise of Voting Rights” on ► P8–9.

(Note) 1. Please bring this Notice of Convocation as a material for proceedings and present the enclosed Voting Form to the receptionist at the venue of the Meeting.  
 2. Of the documents to be provided, the Company has posted the [Matters concerning the Current Situation of the Corporate Group (Major Lenders)], the [Matters concerning Company Executives (Major Activities and Matters concerning the Independence of Outside Officers)], the [Situation of Accounting Auditors], the [Systems and Policies of the Company (System to Ensure the Propriety of the Company's Operations and the Operation Thereof, Basic Policy concerning the Control of the Company, and Policy concerning the Decision of Dividends from Surplus)] of the Business Report, the [Consolidated Statements of Changes in Shareholders' Equity] and [Notes to Consolidated Financial Statements] of the Consolidated Financial Statements, and the [Statements of Changes in Shareholders' Equity] and [Notes to Non-consolidated Financial Statements] of the Financial Statements on the Company's website (<http://www.trusco.co.jp/> “Finance” → “IR Library” → “Shareholders Communication”), pursuant to the provisions of the law and Article 15 of the Articles of Incorporation. Therefore, they are not stated in this Notice of Convocation. For reference, the Business Report, Consolidated Financial Statements, and Financial Statements attached to this Notice of Convocation are part of the documents that were audited by the corporate auditor and the accounting auditor upon preparing the audit report.  
 3. In the event that an item in the reference materials for the Meeting, the Business Report or Financial Statements must be corrected by the day before the Meeting, the correction will be notified by posting the corrected item on the Company's website (<http://www.trusco.co.jp/> “Finance” → “IR Library” → “Shareholders Communication”).

# Organizational Chart

As of January 1, 2020



Tokyo venue

Outside director  
Board Brain (BB)

## Kenichi Saito

President of  
ForeSight & Company

Born November 15, 1949  
70 years old  
[No. of shares held] 2,500  
Career summary  
1975: Joined McKinsey & Company  
1996: Founded ForeSight & Company  
President (present)  
2016: Outside Director of the Company (present)  
2017: Founded the Society for Problem Solving Proficiency  
Representative Director of the Society (present)



Osaka venue

Outside director  
Board Brain (BB)

## Kuniaki Hagihara

Chairman of  
Hagihara Industries Inc.

Born August 19, 1953  
66 years old  
[No. of shares held] 2,800  
Career summary  
1976: Joined Hagihara Industries Inc.  
1984: President of Hagihara Industries Inc.  
2010: President & CEO  
2016: Chairman (present)  
2016: Outside Director of the Company (present)  
2018: President of Toyo Heisei Polymer Co., Ltd. (present)

### What is Board Brain (BB)?

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



Tokyo venue

Director  
Head of Corporate  
Management Division

## Kazuo Nakai

Born July 7, 1969  
50 years old; 26 years 9 months at Trusco  
[No. of shares held] 3,000  
Career summary  
1993: Joined the Company  
2002: Head of HC Niigata Sales Office  
2004: HC Osaka Branch Manager  
2008: Head of Human Resources Section & Head of Healthcare Section  
2013: Head of Corporate Planning Dept.  
2017: Executive Officer & Head of Corporate Planning Dept.  
2019: Executive Officer & Head of Corporate Management Division  
2019: Director & Head of Corporate Management Division (present)



Osaka venue

Director  
Head of Information Systems  
Division

## Atsushi Kazumi

### Corporate Management Division (89 employees in total) ※ 1

Corporate Planning Dept. Accounting Dept.



Head of Corporate Planning Dept. & Head of Accounting Dept.

## Tatsuya Nakayama

Born August 4, 1985  
34 years old; 6 years 9 months at Trusco  
[No. of shares held] 200  
Career summary  
2013: Joined the Company  
2018: Branch Manager of Mail Order Tokyo No. 1  
2019: Head of Corporate Planning Dept. & Head of Accounting Dept. (present)

Corporate Planning, IR Section  
Secretariat Section  
Human Resources Development  
Section  
Recruitment Section  
CSR Section  
(18 employees)

Accounting Section  
Finance Section  
(19 employees)

Administration Dept.



Head of Administration Dept.

## Mikio Adachi

Born September 20, 1969  
50 years old; 25 years and 9 months at Trusco  
[No. of shares held] 2,600  
Career summary  
1994: Joined the Company  
2002: Head of HC Nagoya Sales Office  
2011: Center Manager, Planet South Kanto  
2016: Head of Factory Sales Dept. (Chubu)  
2018: Head of Shinshu/Hokuriku/Tokai Factory Sales Dept.  
2019: Head of Administration Dept. (present)

Tokyo Administration Section  
Osaka Administration Section  
Personnel Section  
Healthcare Section  
Property Section  
Trusco Resort & Spa Hakone  
Kyoto Kaguraoka Rengetsu-so  
Trusco Resort & Spa Karuizawa

Scheduled to be completed in January 2021  
(37 employees and 13 part-time staff)



Secretariat, Trusco  
Nakayama Health Insurance  
Association Establishment  
Preparation Office

Tomoya Tamai  
(2 staff on loan)

### Information Systems Division (37 employees in total)

Information Systems Dept.



Head of Information Systems Dept.

## Takayuki Kimura

Born June 26, 1973  
46 years old; 21 years 9 months at Trusco  
[No. of shares held] 4,100  
Career summary  
1998: Joined the Company  
2011: Yamaguchi Branch Manager  
2013: Head of Human Resources Development Section  
2019: Head of Information Systems Dept. (present)

IT Planning Section  
System Management Section  
Data Management Section  
(36 employees)

※ The numbers of shares held by each director and managerial persons shown in the organizational chart are figures as of the date when this convocation notice was sent to shareholders. ※ 1 ※ 2 The number of staff in each division includes employees on loan.



Tokyo venue

Senior Managing Director  
Assistant to President

Takashi Nakai

Born January 16, 1955  
64 years old; 41 years 9 months at Trusco  
[No. of shares held] 32,000  
Career summary  
1978: Joined the Company  
1996: Tokyo Branch Manager  
1998: Head of Corporate Planning Division  
1999: Executive Officer & Head of Corporate Planning Division  
2004: Director & Head of Distribution Division  
2007: Managing Director & Head of Product Division  
2017: Senior Managing Director & Head of Corporate Management Division  
2019: Senior Managing Director & Assistant to President (present)



Tokyo venue

President

Tetsuya Nakayama

Born December 24, 1958  
61 years old; 38 years 9 months at Trusco  
[No. of shares held] 1,875,100  
Career summary  
1981: Joined the Company  
1984: Director  
1987: Managing Director  
1991: Representative Director & Senior Managing Director  
1994: President (present)

Born September 10, 1970  
49 years old; 26 years 9 months at Trusco  
[No. of shares held] 3,000  
Career summary  
1993: Joined the Company  
2001: Head of Tsuchiura Sales Office  
2006: Osaka Branch Manager  
2010: Head of Catalog Media Section & Head of Dotto Kuru Section  
2013: Head of e-Commerce Sales Dept.  
2014: Head of e-Business Sales Dept.  
2017: Executive Officer & Head of Mail Order, e-Business Sales Dept.  
2017: Executive Officer & Head of Information Systems Dept.  
2019: Executive Officer & Head of Information Systems Division  
2019: Director & Head of Information Systems Division (present)



Tokyo venue

Director  
Head of Product Division

Shinsaku Miyata

Born June 9, 1964  
55 years old; 30 years 9 months  
[No. of shares held] 5,000  
Career summary  
1989: Joined the Company  
1997: Head of Overseas Sales Office  
1999: Nagoya Branch Manager  
2001: Head of Kobe Sales Office  
2008: Center Manager, Planet South Kanto  
2011: Head of Product Dept.  
2015: Executive Officer & Head of Product Dept.  
2016: Executive Officer & Head of Tokyo Head Office Product Dept.  
2017: Executive Officer & Head of Product Division  
2019: Director & Head of Product Division (present)

**Product Division** (98 employees in total)



Tokyo venue

Head of Tokyo Product Dept.  
Tokyo Product Dept.

Yutaka Yoneda

Born November 6, 1975  
44 years old; 20 years 9 months at Trusco  
[No. of shares held] 2,500  
Career summary  
1999: Joined the Company  
2005: Head of Shiga Sales Office  
2009: Head of Recruitment Section  
2013: Head of Corporate Planning Section  
2017: Head of Tokyo Product Dept. (present)



Osaka venue

Head of Osaka Product Dept.

Kenichi Ogasawara

Born January 13, 1970  
49 years old; 25 years 9 months at Trusco  
[No. of shares held] 1,200  
Career summary  
1994: Joined the Company  
2003: Head of HC Maebashi Sales Office  
2014: Osaka Branch Manager  
2019: Head of Osaka Product Dept. (present)



Osaka venue

Executive Officer  
Head of Catalog Media Dept.

Kiyoharu Kawai

Born January 27, 1958  
61 years old; 43 years 9 months at Trusco  
[No. of shares held] 6,900  
Career summary  
1976: Joined the Company  
1995: Head of Kanazawa Sales Office  
2007: Head of NB Product Dept.  
2013: Executive Officer & Head of Factory Sales Dept. (West)  
2016: Executive Officer & Head of Catalog Media Dept. (present)

Tokyo NB Product Section  
Tokyo PB Product Section  
Supplier Development Section  
PB Product Design Section  
PB Quality Assurance Section  
Overseas Purchase Section  
Germany Representative Office  
(35 employees)



Manager, Germany  
(Düsseldorf)  
Representative Office

Norihiro Higashi

Osaka NB Product Section  
Osaka PB Product Section  
Supplier Management Section  
Customer Service Office  
(22 employees)

Trusco Orange Book Section  
Trusco Orange Book.Com Section  
(38 employees)



Tokyo venue

Head of Factory Sales Dept.  
& Distribution Dept. (East)

Kiyonori Unto

Born February 9, 1962  
57 years old; 33 years 1 month at Trusco  
[No. of shares held] 5,100  
Career summary  
1986: Joined the Company  
1996: Head of Fukui Sales Office  
2011: Head of Factory Sales Dept. (East)  
2013: Head of Overseas Dept.  
2019: Head of Factory Sales Dept. & Distribution Dept. (East) (present)

12 branches & 3 distribution centers

East block

Sapporo  
Hachinohe  
Sendai  
Akita  
Koriyama  
Mito  
(149 employees and 25 part-time staff)  
P Hokkaido  
P Tohoku  
P North Kanto  
(74 employees and 125 part-time staff)

Utsunomiya  
Isezaki  
Niigata  
Niigata-North  
Okaya  
Ueda

Shareholders' Meeting

Board of Directors

Board of Auditors

President

Audit Supervision Office



Osaka venue

Born March 30, 1956  
63 years old  
[No. of shares held] 15,900  
Career summary  
1978: Joined the Kyowa Bank, Ltd. (currently Resona Bank, Ltd.)  
2003: Chief Credit Officer of the Osaka No. 3 Loan Dept., Resona Bank, Ltd.  
2007: Full-time Corporate Auditor of the Company (present)

Full-time Corporate Auditor

Masaki Matsuda



Tokyo venue

Born January 3, 1958  
61 years old  
[No. of shares held] 500  
Career summary  
1981: Joined Nomura Securities Co., Ltd.  
2001: Head of IB Consulting Office  
2009: Managing Director of IB Business Development Dept.  
2012: Director of Nomura Investor Relations Co., Ltd.  
2015: Advisor of Nomura Investor Relations Co., Ltd.  
2018: Full-time Corporate Auditor of the Company (present)

Full-time Corporate Auditor

Akira Takada



Tokyo venue

Born December 7, 1971  
48 years old; 25 years 9 months at Trusco  
[No. of shares held] 3,600  
Career summary  
1994: Joined the Company  
2003: Head of Amagasaki Sales Office  
2007: Head of Kokura Sales Office  
2010: Head of Corporate Auditor's Office  
2011: Head of Corporate Planning Section  
2013: Head of Information Systems Dept.  
2017: Executive Officer & Head of Information Systems Dept.  
2017: Executive Officer & Head of Distribution Division  
2019: Director & Head of Distribution Division (present)

Director  
Head of Distribution Division

Hideki Naoyoshi



Osaka venue

Born March 13, 1962  
57 years old; 35 years 9 months at Trusco  
[No. of shares held] 31,100  
Career summary  
1984: Joined the Company  
1998: Head of Fujisawa Sales Office  
2000: Kanagawa Branch Manager  
2003: Executive Officer & Jonan Branch Manager  
2007: Director & Head of Corporate Management Division  
2014: Managing Director & Head of Corporate Management Division  
2016: Officer in charge of Trusco Nakayama Indonesia (present)  
2017: Managing Director & Head of Sales Division (present)  
Officer in charge of Trusco Nakayama Thailand (present)

Managing Director  
Head of Sales Division

Tadahisa Yabuno

Sales Division / Distribution Division

Factory Sales Dept. & Distribution Dept.

Home Center Sales Dept. & Distribution Dept.



Tokyo venue

Executive Officer  
Head of Factory Sales Dept. & Tokyo Metropolitan Area Distribution Dept.

Hiroaki Imagawa

Born January 22, 1963  
56 years old; 33 years 9 months at Trusco  
[No. of shares held] 20,000  
Career summary  
1986: Joined the Company  
2007: Director & Head of Sales Division  
2013: Executive Officer & Head of Factory Sales Dept. (East)  
2016: Executive Officer & Head of Accounting Dept.  
2019: Executive Officer & Head of Corporate Planning Dept. & Head of Accounting Dept. Executive Officer, Head of Factory Sales Dept. & Tokyo Metropolitan Area Distribution Dept. (present)

2 sections, 12 branches, and 6 distribution centers

Distribution Planning Section  
Delivery Management Section (7 employees)

Tokyo metropolitan area block

Kashima	Hachioji
Satte	Jyonan
Omiya	Atsugi
Chiba	Kawasaki
Matsudo	Fuji
Tokyo	Shizuoka
(177 employees and 33 part-time staff)	
P Saitama	P South Kanto
P East Kanto	Utsunomiya SC
P Tokyo	Koyama SC
(166 employees and 239 part-time staff)	



Osaka venue

Head of Factory Sales Dept. & Chubu Area Distribution Dept.

Toshihiko Maeda

Born August 3, 1968  
51 years old; 28 years 9 months at Trusco  
[No. of shares held] 2,900  
Career summary  
1991: Joined the Company  
2006: Head of Numazu Sales Office  
2010: Osaka Branch Manager  
2014: Head of Administration Dept.  
2019: Head of Factory Sales Dept. & Chubu Area Distribution Dept. (present)

10 branches and 3 distribution centers

Chubu block

Toyama	Yokkaichi
Fukui	Hamamatsu
Kanazawa	Nagoya
Okazaki	Komaki
Kariya	Meijo
(130 employees and 35 part-time staff)	
P Tokai	Toyohashi SC
P Nagoya	
(57 employees and 137 part-time staff)	



Osaka venue

Head of Factory Sales Dept. & Kinki Area Distribution Dept.

Masato Otani

Born October 24, 1967  
52 years old; 28 years 9 months at Trusco  
[No. of shares held] 1,400  
Career summary  
1991: Joined the Company  
2008: Head of Kagoshima Sales Office  
2014: Head of Human Resources Section  
2018: Head of Kinki Area Factory Sales Dept.  
2019: Head of Factory Sales Dept. & Kinki Area Distribution Dept. (present)

9 branches and 5 distribution centers

Kinki block

Ryuo	Kita-Osaka
Kyoto	Himeji
Osaka	Kobe
Minami-Osaka	Akashi
Higashi-Osaka	
(140 employees and 10 part-time staff)	
P Shiga	Higashi Osaka SC
P Osaka	Nara SC
P Kobe	
(138 employees and 220 part-time staff)	



Osaka venue

Head of Factory Sales Dept. & West Area Distribution Dept.

Yoshihiro Fujimoto

Born September 10, 1971  
48 years old; 24 years 9 months at Trusco  
[No. of shares held] 1,000  
Career summary  
1995: Joined the Company  
2012: Kagoshima Branch Manager  
2015: Fukuoka Branch Manager  
2018: Head of Chugoku/Shikoku/Kyushu Factory Sales Dept.  
2019: Head of Factory Sales Dept. & West Area Distribution Dept. (present)

17 branches and 6 distribution centers

West block

Yonago	Fukuoka
Okayama	Kokura
Hiroshima	Tosu
Fukuyama	Nagasaki
Ube	Kumamoto
Shunan	Oita
Takamatsu	Kagoshima
Tokushima	Okinawa
Matsuyama	
(161 employees and 33 part-time staff)	
P Sanyo	Takamatsu SC
P Kyushu	Hakata SC
Okayama SC	Kurume SC
(42 employees and 78 part-time staff)	



Tokyo venue

Head of Home Center Sales Dept. & Distribution Dept.

Hiroyuki Hoshino

Born March 14, 1971  
48 years old; 27 years 5 months at Trusco  
[No. of shares held] 2,800  
Career summary  
1991: Joined the Company  
2007: Center Manager, Planet Nagoya  
2012: Okazaki Branch Manager  
2016: Head of Home Center Sales Dept.  
2019: Head of Home Center Sales Dept. & Distribution Dept. (present)

6 branches and 3 distribution centers

HC Tokyo No.1	Okazaki
HC Tokyo No.2	Fukuoka
HC Osaka	Okinawa
*Includes 1 branches that also serve as branches of the Factory Sales Dept. (39 employees and 4 part-time staff)	
HC East Japan Distribution Center	
HC West Japan Distribution Center	
HC Kyushu Distribution Center	
(35 employees and 161 part-time staff)	

※P (Planet) and SC (Stock Center) are the abbreviated names of the Company's distribution centers.



**Osaka venue**

Part-time Corporate Auditor

**Hiroho Kamakura**

Born January 27, 1947  
 72 years old  
 [No. of shares held] 3,300  
 Career summary  
 1971: Joined Tohmatsu Aoki & Co. (currently Deloitte Touche Tohmatsu LLC)  
 1973: Registered as a certified public accountant  
 2012: Part-time Corporate Auditor of the Company (present)  
 Part-time corporate auditor of Yushin Precision Equipment Co., Ltd. (present)  
 2013: Part-time corporate auditor of Fujio Food System Co., Ltd. (present)  
 2018: Part-time corporate auditor of SymEnergy Inc. (present)



57th October Management Committee (55th Anniversary Hall, 3F, Tokyo Head Office)  
 The meetings are held in a round-table layout so that everyone can see each other's faces. The seating is changed each time so that the members can participate with a fresh feeling each time.

(2,481 employees in total)

e-Business Sales Dept.



**Tokyo venue**

Head of e-Business Sales Dept.

**Tsuyoshi Tsuchiya**

Born February 19, 1978  
 41 years old; 19 years 9 months at Trusco  
 [No. of shares held] 3,300  
 Career summary  
 2000: Joined the Company  
 2010: Head of PR Section & Head of Corporate Design Section & IR Section  
 2012: Yokkaichi Branch Manager  
 2016: Head of MRO Supply, e-Business Sales Dept.  
 2019: Head of Marketing Dept. & Head of MRO Supply, e-Business Sales Dept.  
 2019: Head of e-Business Sales Dept. (present)


5 branches

Mail Order Tokyo No. 1  
 Mail Order Tokyo No. 2  
 Mail Order Osaka  
 (39 employees and 4 part-time staff)  
 MRO Supply Tokyo  
 MRO Supply Kobe  
 (16 employees and 1 part-time staff member)

**Sales Division**

(68 employees in total)※ 2

Overseas Dept.	Marketing Dept.
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**Tokyo venue**

**Concurrent**

Head of Overseas Dept. & Head of Marketing Dept.

Born May 27, 1973  
 46 years old; 23 years 9 months at Trusco  
 [No. of shares held] 2,700  
 Career summary  
 1996: Joined the Company  
 2004: Head of Hamamatsu Sales Office  
 2010: Head of Auditor Office  
 2010: Head of Administration Section  
 2014: Center Manager, Planet Tohoku  
 2018: Head of Tokyo Metropolitan Area Distribution Dept.  
 2019: Head of Overseas Dept. & Head of Marketing Dept. (present)

**Masashi Yamamoto**

Overseas Sales Section ※Overseas subsidiary service center (15 employees)	Sales Planning Section (10 employees)
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**Overseas subsidiaries**

(42 employees in total)

Officer in charge at Trusco Nakayama Corporation: Tadahisa Yabuno

TRUSCO NAKAYAMA CORPORATION(THAILAND)LIMITED.  
 Capital: 390 mn. baht (approx. 1.3 bn. yen)  
 Director: Masashi Yamamoto (3 staff on loan, 20 local staff)

PT.TRUSCO NAKAYAMA INDONESIA  
 Capital: 378.8 bn. rupiah (approx. 3.2 bn. yen)  
 Auditor: Masashi Yamamoto (3 staff on loan, 16 local staff)



**Noboru Yasui**  
 President



**Mitsugu Okumura**  
 Representative Director & President

## Voting Right Exercise Methods

Please exercise your voting rights referring to ▶ P32-38 of the Shareholders' Meeting Reference Documents. There are three methods to exercise your voting rights.



### Attending the Meeting\*

Please present the enclosed Voting Form to the reception. Please bring the Notice of Convocation of the 57th Annual Shareholders' Meeting (this document).

#### Date and time of the Meeting

March 13 (Friday), 2020  
10:00 a.m. (reception starts at 9:00 a.m.)



### Via the Internet

Please access the website specified by the Company and exercise your rights following the instructions on the screen.

#### Time limit for the exercise of voting rights

March 12 (Thursday), 2020  
(5:30 p.m.)



### By post

Please indicate your vote "For" or "Against" for each proposal on the Voting Form, tear off the right section along the perforation, hide your personal information using the sticker, and post the Form.

#### Time limit for the exercise of voting rights

March 12 (Thursday), 2020  
5:30 p.m. (latest arrival time)



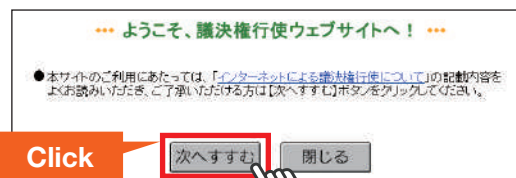
## Guide to Exercising Voting Rights via the Internet

### 1. Access the website for exercising voting rights. <https://www.web54.net>

When using a smartphone, the site can also be accessed from the QR Code on the right.

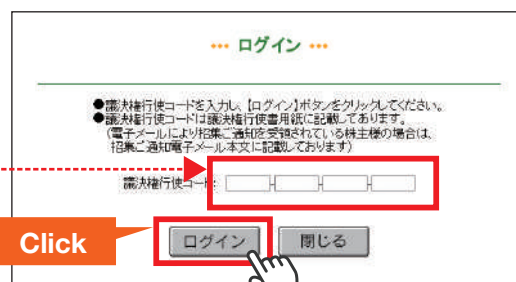
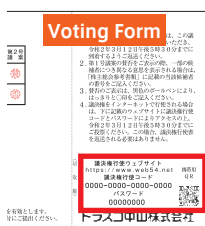
\*QR Code is a registered trademark of Denso Wave Incorporated.

Website for exercising voting rights



### 2. Log in.

Please enter the "Code for the Exercise of Voting Rights" and the "Password" indicated on the enclosed Voting Form.



### 3. Enter "For" or "Against."

Enter a new password on the next screen and enter "For" or "Against" according to the instructions on the screen.

Please contact below for inquiries on how to operate a PC, smartphone, or mobile phone when exercising voting rights via the Internet.

Dedicated phone number for stock transfer agency web support of Sumitomo Mitsui Trust Bank

**0120-652-031**

(9:00 a.m. to 9:00 p.m., excluding year-end and New Year's holidays)

#### Notes ⚠

1. If you exercise your voting rights twice, via the Internet and by post (in writing), we will treat the exercise of your voting rights via the Internet as effective.
2. If you exercise your voting rights more than once via the Internet, we will treat the last exercise of your voting rights as effective.
3. Exercising voting rights with a PC or smartphone, etc., may not be possible depending on your Internet environment. In addition, exercising voting rights may not be possible with some mobile phones.



## How to Fill in the Voting Form

Please enter your vote for each proposal by referring to ▶ P32-38 for the details of the proposals.

**議決権行使書** 株主番号 議決権行使個数 個

トラスコ中山株式会社 御中

私は、令和2年3月13日開催の貴社第57期定時株主総会（継続会又は延会を含む）における各議案につき、右記（賛否を○印で表示）のとおり議決権を行使します。

令和2年 月 日

議案	第1号案 (下の権利者を除く)	第2号案
賛	○	○
否	○	○

Circle “賛(For)” if you agree.  
Circle “否(Against)” if you disagree.

各議案につき賛否の表示をされない場合は、賛成の表示があったものとして取扱います。

インターネットと書面両方で議決権行使された場合は、インターネットを有効とします。株主総会にご出席の際は、この用紙の右片を切離さずにそのまま会場受付にご提出ください。

お願い

1. 株主総会にご出席願えない場合は、この議決権行使書用紙に賛否をご表示いただき

**Attention** ⚠

- If you do not indicate your vote for each proposal, your votes will be treated as **affirmative** votes.
- Your vote will be **invalid** if you circle both “賛(For)” and “否(Against).”

(Correct)

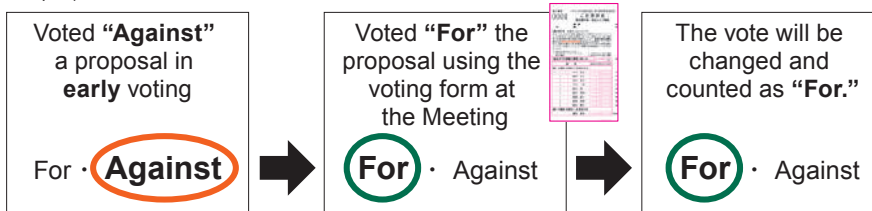
(Incorrect)

トラスコ中山株式会社

## Relationship between Prior Voting and Voting on the Day

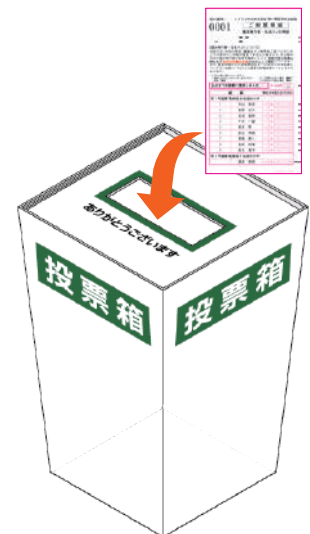
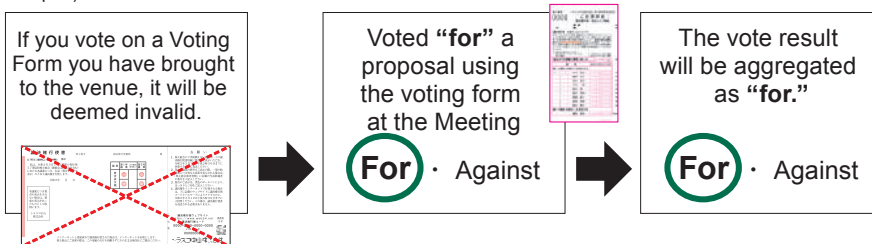
1. If voting early via the Internet (refer to B on ▶ P8) and attending the Meeting

(Example)



2. If attending the Meeting without voting early

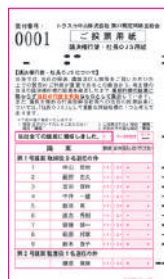
(Example)



At the Meeting, you will be asked to place your voting form in the ballot box.

## Voting on the Day

Based on the idea that it is important to judge “For” or “Against” after seeing the presentations, discussions, persons, etc. on the day of the Meeting, we hand voting forms to the shareholders. We aggregate the results of the votes by our shareholders on the day of the Meeting and disclose them in the notice of resolution or extraordinary reports.



Voting form at the Meeting

## Open Judge System (OJS) on the President

We consider the results of the votes on the day of the Meeting concerning the President by shareholders who have heard the business report and Q&As to be important evaluation indicators of the President as the “OJS on the President.” Concerning the results, a notice of resolution will be posted on the Company’s website on March 16 (Monday), 2020 after the closing of the Meeting. The results of the “OJS on the President” for the previous period (56th Period) are presented on ▶ P33.

# Business Report for the 57th Period

(January 1, 2019 to December 31, 2019)  
(Attachment)

## We will continue to improve clients' convenience.

We increased the number of items handled and continued active capital investment toward the goal of enhancing the number of inventory items to 500,000 by the end of December 2023. Furthermore, we upgraded the immediate delivery system by expanding the inventory of frequently ordered items and reviewing our delivery network with an aim to enhance clients' convenience.

### Business Development and Results

Results for the 57th period (Year ended December 31, 2019)

**Sales** Consolidated **220,674** million yen  
Non-consolidated **220,357** million yen (Year on year +2.8%)

**Gross profit margin** Consolidated **21.3%**  
Non-consolidated **21.3%** (Year on year +0.1pt)

**SG&A expenses ratio** Consolidated **15.1%**  
Non-consolidated **14.9%** (Year on year +0.4pt)

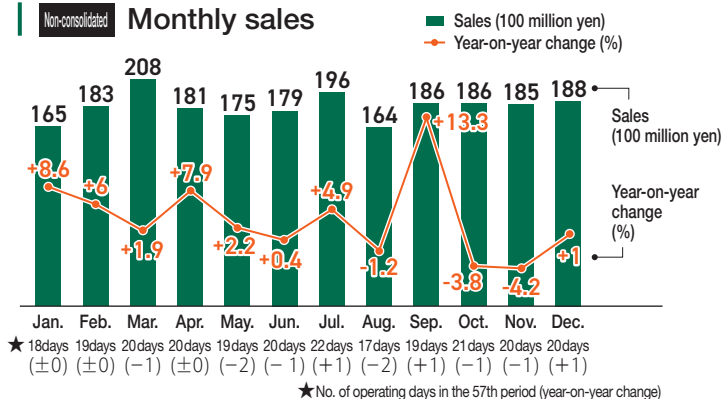
**Operating income** Consolidated **13,797** million yen  
Non-consolidated **13,921** million yen (Year on year -3.1%)

**Ordinary income** Consolidated **14,197** million yen  
Non-consolidated **14,302** million yen (Year on year -2.3%)

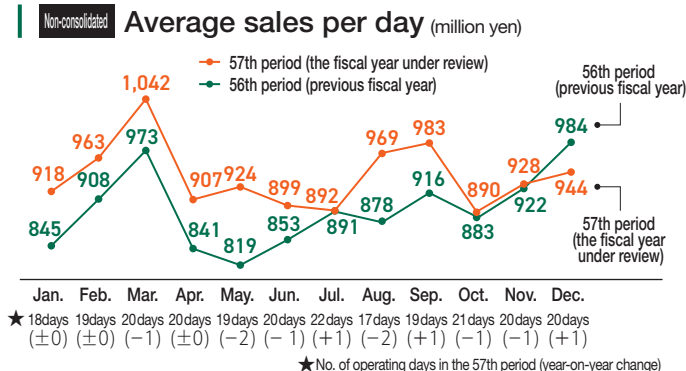
**Profit attributable to owners of parent** Consolidated **9,613** million yen

**Net income** Non-consolidated **9,715** million yen (Year on year -0.1%)

#### Monthly sales



#### Average sales per day (million yen)



**Net income per share** Consolidated **145.78** yen

Non-consolidated **147.32** yen (Year on year -0.12 yen)

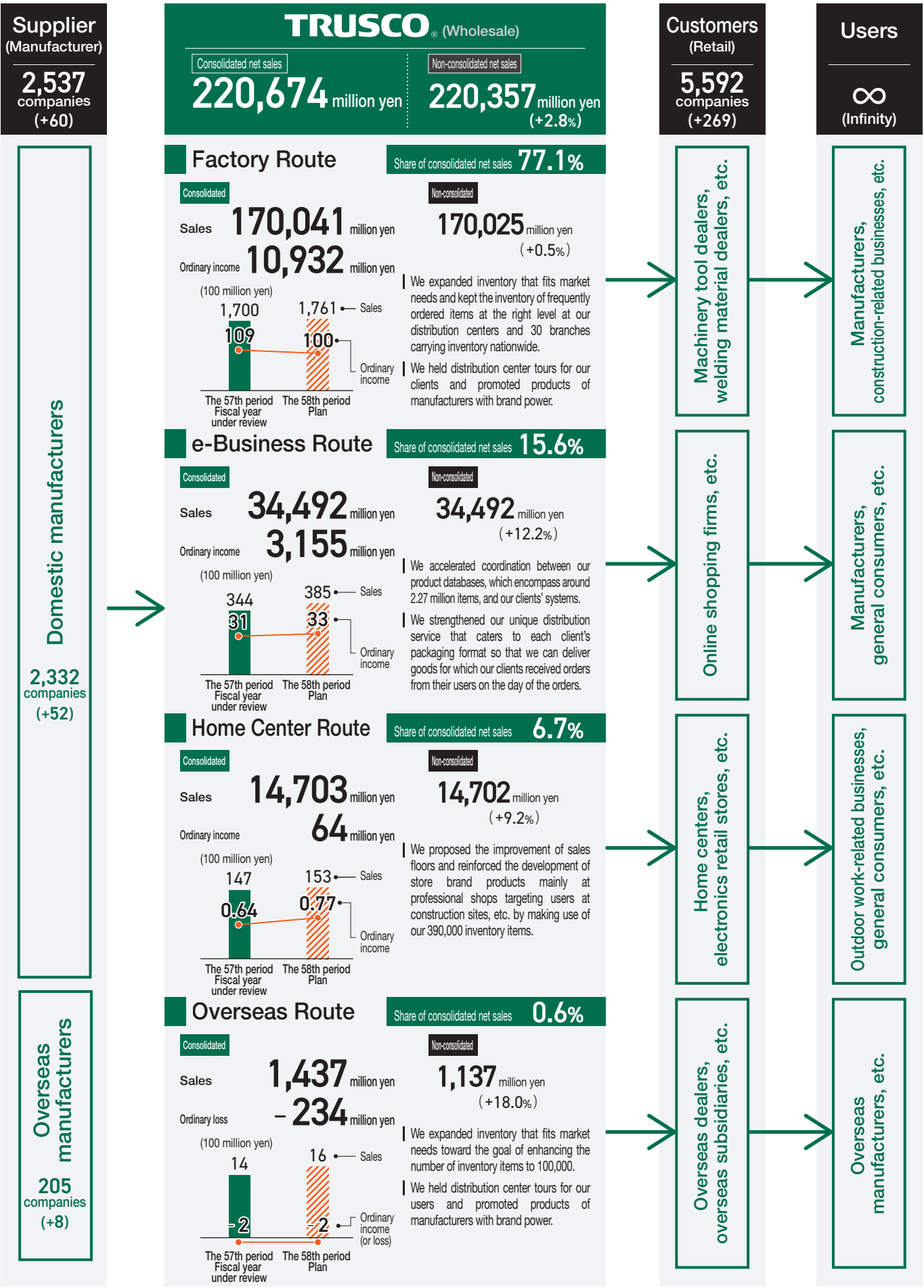
**Annual dividend per share** **36.50** yen (Year on year -0.50 yen)

#### Sales and composition ratio by product category (Figures in brackets indicate year-on-year changes; indicate the percentage of total sales.)

<b>Cutting tools</b> <b>3.4%</b> 7,588 million yen (-3.6%)	<b>Production processing tools</b> <b>8.2%</b> 17,950 million yen (+0.2%)	<b>Construction goods</b> <b>11.3%</b> 24,903 million yen (+4.7%)	<b>Work supply</b> <b>18.1%</b> 39,837 million yen (+3.6%)	<b>Hand tools</b> <b>16.7%</b> 36,853 million yen (+2.4%)
<b>Environmental safety equipment</b> <b>16.5%</b> 36,285 million yen (+7.6%)	<b>Distribution and storage equipment</b> <b>11.9%</b> 26,192 million yen (-1.1%)	<b>Research management equipment</b> <b>4.3%</b> 9,510 million yen (+0.5%)	<b>Office furniture and equipment</b> <b>8.9%</b> 19,684 million yen (+3.0%)	<b>Other</b> <b>0.7%</b> 1,551 million yen (+2.5%)

(Note) 1. Regarding figures in the Business Report for the 57th period, any fraction less than one million yen is rounded down to the nearest million yen.  
 2. The Company has prepared consolidated financial statements from the 57th period. Regarding Results for the 57th period (January 1, 2019 to December 31, 2019), Progress and plan of the Company's important indices, Performance indicators, Trend of cash flows, and Sales, ordinary income and inventory value, comparison between the 57th period on a consolidated basis and the 56th period on a non-consolidated basis is provided as far as it is possible.

**Business Model** (Figures in parentheses indicate a year-on-year change)



## Business Development and Results

### Progress and plan of the Company's important indices

Important indices		56th Period Year ended December 2018 Previous fiscal year	57th Period Year ended December 2019 Fiscal year under review	58th Period Year ending December 2020 Plan
Product	No. of items handled	1,863,100 items (+200,700)	2,270,300 items (+407,200)	2,400,000 items (+129,700)
	No. of private brand (PB) product items	56,500 items (+6,300)	59,500 items (+3,000)	67,000 items (+7,500)
	Total number of suppliers	2,477 companies (+138)	2,537 companies (+60)	2,637 companies (+100)
	Of which, No. of domestic suppliers	2,280 companies (+95)	2,332 companies (+52)	2,392 companies (+60)
	Of which, No. of overseas suppliers	197 companies (+43)	205 companies (+8)	245 companies (+40)
Distribution	No. of inventory items	374,600 items (+37,800)	392,100 items (+17,500)	410,000 items (+17,900)
	Inventory hit rate (Percentage of deliveries shipped from inventory out of total order intake)	89.9% (+0.4)	90.5% (+0.6)	91.0% (+0.5)
	No. of chartered trucks (delivery outsourced)	204 (-10)	175 (-29)	153 (-22)
	No. of own delivery trucks	89 (+15)	98 (+9)	119 (+21)
	Percentage of use of own delivery trucks	30.4% (+6.1)	35.9% (+5.5)	43.8% (+7.9)
Sales	No. of customer firms	5,323 companies (-10)	5,592 companies (+269)	5,700 companies (+108)
	No. of customer accounts	26,168 (-972)	26,881 (+713)	27,800 (+919)
IT	No. of companies connected to Orange Commerce	312 companies (+10)	351 companies (+39)	390 companies (+39)
	No. of factories connected to Orange Commerce	1,057 (+65)	1,235 (+178)	1,400 (+165)
	Online order intake ratio (Percentage of orders processed in the system out of total order intake)	81.7% (-0.3)	83.1% (+1.4)	85.0% (+1.9)
Personnel	Average age (Regular employees)	38.2	38.2	37.5
	Average annual income (Regular employees)	7.01<7.39> million yen (-0.14)	6.55<6.92> million yen (-0.46)	6.55<6.92> million yen (±0)
	Career jobs (fast-track careers)	8.04<8.50> million yen (-0.02)	7.58<8.04> million yen (-0.46)	7.58<8.04> million yen (±0)
	Area jobs (non-career staff)	6.80<7.17> million yen (-0.16)	6.42<6.80> million yen (-0.38)	6.42<6.80> million yen (±0)
	Logistics (distribution specialist staff)	5.20<5.39> million yen (-0.21)	4.92<5.12> million yen (-0.28)	4.92<5.12> million yen (±0)
	Annual income of managers <small>Responsible persons, such as heads of branches, centers, and Head Office Division heads, department heads (including executive officers)</small>	11.50<12.27> million yen (-0.03)	11.36<12.20> million yen (-0.14)	11.36<12.20> million yen (±0)
		17.33<18.76> million yen (-0.01)	14.98<16.21> million yen (-2.35)	14.98<16.21> million yen (±0)
Total no. of employees (incl. part-time staff)	2,751 (+155)	2,784 (+33)	2,843 (+59)	
Trusco Orange Book	No. of manufacturers listed	1,719 companies (+147)	1,776 companies (+57)	1,840 companies (+64)
	No. of items listed	401,000 items (+42,000)	440,000 items (+39,000)	480,000 items (+40,000)

(Note) 1. Figures in brackets indicate year-on-year changes.  
 2. Average annual income (full-time employees) includes executive officers.  
 3. Figures in parentheses indicate annual income, including financial bonds.  
 4. Average annual income for the 56th period includes average performance-linked bonus payment (230,000 yen).

## Assets and Profits of the Past 10 Years

### Performance indicators

(million yen)

Category \ Period	48th Period Year ended Mar. 2011	49th Period Year ended Mar. 2012	50th Period Year ended Mar. 2013	51th Period Year ended Mar. 2014	52th Period Year ended Dec. 2014 (nine-month results)	53th Period Year ended Dec. 2015	54th Period Year ended Dec. 2016	55th Period Year ended Dec. 2017	56th Period Year ended Dec. 2018	57th Period Year ended Dec. 2019 Fiscal year under review (consolidated)
Sales	115,477	129,912	132,295	145,882	114,473	166,565	177,053	195,096	214,297	220,674
Gross profit margin	20.4%	20.4%	20.3%	20.4%	20.9%	21.5%	21.7%	21.2%	21.2%	21.3%
SG&A	18,075	18,134	18,451	19,588	15,504	22,788	24,198	27,114	31,127	33,237
Operating income	5,479	8,369	8,356	10,133	8,477	12,976	14,163	14,276	14,364	13,797
Ordinary income	5,378	8,315	8,311	10,078	8,494	13,211	14,433	14,581	14,642	14,197
(Note) 4 Net income	2,874	3,933	4,818	5,954	5,474	8,242	9,963	10,173	9,722	9,613
(Note) 1, 3 Net income per share	43.57 yen	59.64 yen	73.05 yen	90.28 yen	83.01 yen	124.98 yen	151.08 yen	154.28 yen	147.44 yen	145.78 yen
Net assets	75,723	78,541	82,283	87,039	90,917	97,777	105,836	113,680	120,648	127,478
Return on equity (ROE)	3.9%	5.1%	6.0%	7.0%	6.2%	8.7%	9.8%	9.3%	8.3%	7.5%
Total assets	92,857	97,459	100,032	109,738	109,917	120,141	128,044	147,363	170,216	196,094
(Note) 2, 3 Net assets per share	1,147.99 yen	1,190.73 yen	1,247.49 yen	1,319.67 yen	1,378.52 yen	1,482.65 yen	1,604.89 yen	1,723.87 yen	1,829.54 yen	1,933.13 yen
Return on assets (ROA)	5.9%	8.7%	8.4%	9.6%	7.7%	11.5%	11.6%	10.6%	9.2%	7.2%
Capital adequacy ratio	81.5%	80.6%	82.3%	79.3%	82.7%	81.4%	82.7%	77.1%	70.9%	65.0%

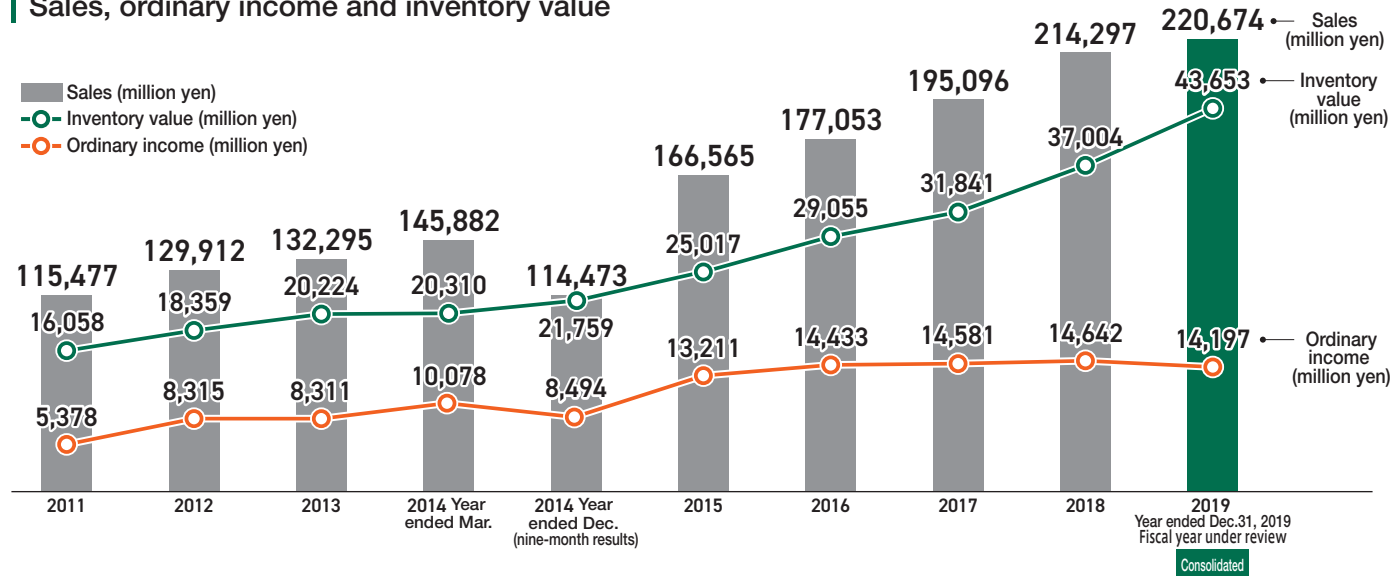
(Note) 1. Net income per share is based on the total number of shares outstanding during the period minus the average number of treasury shares during the period.  
 2. Net assets per share are based on the number of outstanding shares at the end of period minus the number of treasury shares.  
 3. The Company carried out a stock split of two common shares to one as of January 1, 2017. Therefore, the "Net income per share" and "Net assets per share" are computed based on the assumption that the stock split took place at the beginning of the 48th period.  
 4. The Company has prepared consolidated financial statements from the year ended December 31, 2019. Therefore, net income for the year ended December 2019 is indicated as profit attributable to owners of parent.

### Trend of cash flows

(million yen)

Category \ Period	48th Period Year ended Mar. 2011	49th Period Year ended Mar. 2012	50th Period Year ended Mar. 2013	51th Period Year ended Mar. 2014	52th Period Year ended Dec. 2014 (nine-month results)	53th Period Year ended Dec. 2015	54th Period Year ended Dec. 2016	55th Period Year ended Dec. 2017	56th Period Year ended Dec. 2018	57th Period Year ended Dec. 2019 Fiscal year under review (consolidated)
Cash flows from operating activities	5,937	3,567	4,486	9,368	3,263	9,336	6,459	8,932	6,928	10,998
Cash flows from investing activities	- 8,674	- 3,195	- 5,293	- 5,502	- 4,385	- 5,083	- 7,806	- 16,628	- 18,144	- 19,707
Cash flows from financing activities	- 662	- 892	- 1,187	- 1,288	- 1,735	- 1,575	- 2,262	7,424	12,492	14,558
Balance of cash and cash equivalents at end of period	14,413	13,893	11,899	14,476	11,618	14,296	10,682	10,412	11,685	18,330

### Sales, ordinary income and inventory value



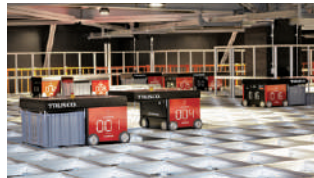
## Major Capital Investments during the Fiscal Year under Review

### Launch of Butler® and Auto Store at Planet Saitama

On October 1, 2019, we embarked on full-fledged operations. We aim to possess an inventory of 500,000 items by the end of December 2023 to achieve high density storage and high efficiency shipments.



**Butler®**  
 <Capacity>  
 No. of robots: 73 units  
 Dedicated shelves: 1,380 units  
 Warehousing capacity: 70 cases/hour (1 station), roughly 2.5 people's worth



**Auto Store**  
 <Capacity>  
 No. of robots: 16 units  
 Dedicated shelves: 7,930 units  
 Warehousing capacity: 120 cases/hour (1 station), roughly 3 people's worth

### Planet North Kanto Expansion

In July 2019, we completed construction of an automated warehouse building, with automated pallet automated warehouse, and hazardous substances warehouse

- Isezaki, Gunma Prefecture
- Site area: 10,000 tsubo
- Floor area: 7,695 tsubo after expansion
- Introduce facilities:  
 Palette automated warehouse  
 Hazardous substance warehouse
- Total investment: about ¥1.31 billion
- Completed in July 2019



### Planet Tohoku Expansion

We plan to introduction cutting-edge distribution equipment in the new building, including a bucket automated warehouse, Butler® and Auto Store.

- Sendai, Miyagi Prefecture
- Site area: 3,905 tsubo
- Floor area: 8,586 tsubo after expansion
- Introduce facilities:  
 Bucket automated warehouse  
 Auto Store  
 Butler  
 SAS  
 GAS, etc.
- Total investment: about ¥7.2 billion
- Completion set for January 2020



### Renewal of core system Paradise

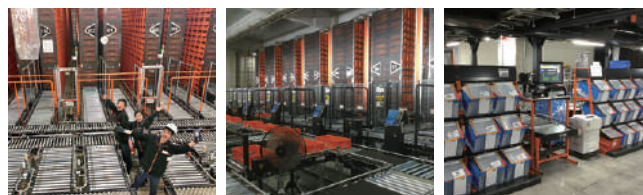
Paradise is the core system that accumulates a wide range of data from order placement and receipt operations to accounting management. We plan to implement a total investment of roughly ¥4.31 billion related to automation, chiefly for the core system. We aim to fortify IT collaborations with customers and suppliers, and pursue usability with both to implement smoother transactions. We aim to continue to enhance our competitiveness by radically improving our operation efficiency, mainly the automation of estimates and inventory control, focusing on our goal of sales of ¥300 billion and inventory items of 500,000.

#### Automate anything that can be automated!

<b>Sales operations</b>	<ul style="list-style-type: none"> <li>·Automate creation of estimates</li> <li>·Special price optimization</li> <li>·Operations collaboration site <b>POLARIO</b></li> </ul>
<b>Communications</b>	<ul style="list-style-type: none"> <li>·MRO stocker</li> <li>·Communication app <b>T-Rate</b></li> </ul>
<b>Distribution functions</b>	<ul style="list-style-type: none"> <li>·Optimal allocation for direct shipment to users</li> <li>·Automated inventory for popular products</li> <li>·Automated inventory control, etc.</li> </ul>
<b>Management operations</b>	<ul style="list-style-type: none"> <li>·Management of budget versus actual sales management cost</li> <li>·Improve analysis report functions</li> <li>·Digitalization of audit reports, etc.</li> </ul>

### Introduction of distribution equipment at Planet East Kanto, Tokai, Shiga and Kobe

We are fortifying the distribution and center storage capabilities and shipment capabilities by successively introducing cutting-edge distribution equipment at distribution centers nationwide.



Planet Tokai Bucket automated warehouse (200,000 item storage capacity)  
 Planet Shiga Bucket automated warehouse (100,000 item storage capacity)  
 Planet Kobe GAS (Gate Assort System)

## Financing

We are procuring capital through long-term loans from financial institutions to continue investing in distribution facilities and information systems with the goal of fortifying functions that will enhance convenience for our customers. In the consolidated fiscal year under review, we also procured capital through short-term borrowings with the goal of securing working capital for related to sales transactions.



※Major lenders ▶ Disclosed on our Internet website

Internet disclosures

### Financing trends

Category	Period			Cumulative total
	55th period December 2017	56th period December 2018	57th period December 2019	
Long-term borrowings	¥10.0 billion	¥15.0 billion	—	¥25.0 billion
Short-term borrowings	—	—	¥17.0 billion	¥17.0 billion
<b>Total</b>	<b>¥10.0 billion</b>	<b>¥15.0 billion</b>	<b>¥17.0 billion</b>	<b>¥42.0 billion</b>

## Issues Facing the Company

### Forecast for the 58th period (year ending December 2020) and subsequent years

Overall corporate manufacturing activities are expected to be weak due to impact mainly from sluggish export-related and automotive-related demand in tandem with the ongoing slowdown in overseas economies, chiefly the economy in China.

Regardless of deteriorating business sentiment, we anticipate further sales growth owing to continuing active investments, including for the introduction of distribution facilities, system development and inventory expansion. In addition, regarding SG&A costs, we forecast

an increase in wage and packaging costs owing to an increase in depreciation due to capital investments and an expansion in sales.

In the next consolidated fiscal year, we estimate sales of ¥231,619 million, ordinary income of ¥13,257 million, net profit attributable to owners of the parent of ¥9,012 million and net income per share of ¥136.66. We plan to pay an annual dividend of ¥34.50. That said, our sales forecast was created based on declarations from branch managers.

Consolidated business performance	57th Period December 2019 Fiscal year under review <small>Consolidated</small>	58th Period December 2020 Plan <small>Consolidated</small>
Sales	220,674 million yen	231,619 million yen (+5.0%)
Gross profit margin	21.3 %	21.3 % (±0pt)
SG&A	33,237 million yen	36,345 million yen (+9.4%)
Operating income	13,797 million yen	13,007 million yen (-5.7%)
Ordinary income	14,197 million yen	13,257 million yen (-6.6%)
Net profit attributable to owners of the parent	9,613 million yen	9,012 million yen (-6.3%)
Net income per share	145.78 yen	13,666 yen (-9.12 yen)
Annual dividend per share	36.50 yen	3,450 yen (-2.00 yen)

\*Figures in brackets indicate year-on-year change.

### Strategies for sustainable development

In this era of intense change, including the emergence of e-commerce companies, AI, IoT and other IT-related developments, to accurately address the need for a wide variety of items in small lots with a high level of order frequency, a necessity for monozukuri sites, it is essential that we continue to fortify investments in branches, distribution centers and the field of IT. Going forward, we aim to steadily implement our five corporate strategies, which are our core pillar, as we believe this is the most important element to the expansion of our corporate value.



#### Product Strategy

We look to enhance our product supply capabilities by further expanding our inventory (about 390,000 items) to the highest level in the industry and also by increasing our overseas brand products.



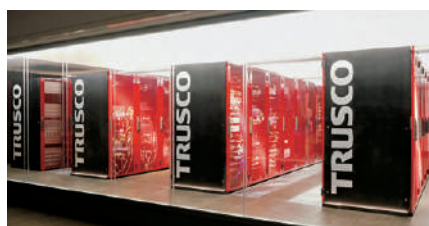
#### Logistics Strategy

Based on the belief that those who control distribution, control sales channels, we aim to increase the number of items we have in inventory to 500,000 items by the end of December 2023 and further enhance our delivery speed.



#### Sales Strategy

We plan to contribute to an expansion of business opportunities for our customers by using the Trusco Orange Book, a paper catalog, and Trusco Orange Book.Com, a digital catalog.



#### IT Strategy

We will continue to make aggressive investments to reinforce our IT capability, including introducing AI, to offer the greatest convenience in the industry.



#### Human Resources Strategy

We will carry out thorough job rotation to nurture versatile employees can adapt to any kind of job, and improve the quality of individual work as well as create an environment where employees can work for many years.



Managing Director  
Head of Sales Division **Tadahisa Yabuno**

## Enhance customer convenience by realizing one-stop purchasing

We plan to achieve one-stop purchasing for sales stores to users by increasing the number of manufacturer brands we handle and the number of items in inventory, and also by improving the functions of our distribution services and information system.

This year's resolution:

「楽苦美」

Rugby

This is a play on words using Chinese characters to mean enjoyable, difficult and beautiful. People suffer but the serious efforts they make are precious and beautiful.

## Exert a strong will to develop the market

### (1) Factory Sales Dept.

- i. Aim to expand share by building a system that supplies a diverse lineup of product to a wide range of industries in one stop
- ii. Simplify the operations of sales stores, including automating estimates using Trusco Orange Book.Com and a product search function that uses AI
- iii. Fortify cooperation system between each supplier and region

### (2) e-Business sales Dept.

#### Mail order

Make system proposals that suit the customer and aim to build a supply chain that provides high precision distribution services. Expand sales by undertaking measures between companies that are not influenced by price.

#### MRO Supply

Shore up sales to existing customers and increase new partnerships by renewing Orange Commerce, an electronic procurement system.

### (3) Home Center Sales Dept.

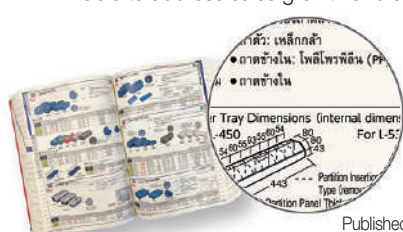
- i. Address demand from professional by creating a sales floor that specializes in pro tools and by offering abundant product proposals.
- ii. Expand support to omni-channels that are linked to stores and home center original mail order sites.

### (4) Overseas Dept.

Trusco Nakayama Thailand, Trusco Nakayama Indonesia Published a Thai and Indonesian language version of the catalog. Both companies are expanding inventory at their respective companies to 100,000 items to further improve convenience for local companies.

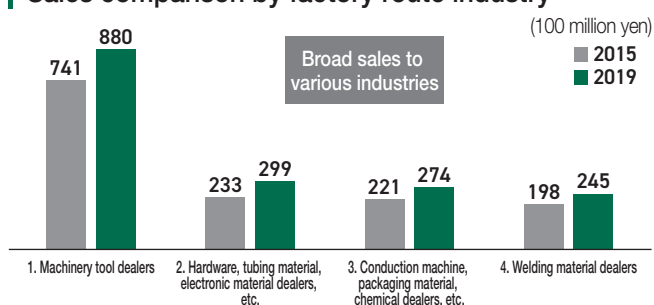
#### Overseas Sales Section

We will create one-stop purchasing for users though direct transactions with local sales agents in those countries where we do not have a local subsidiary. By conducting transactions with Japanese sales agents that have overseas sites, we will be able to address sales growth and alleviate exports from Japan.

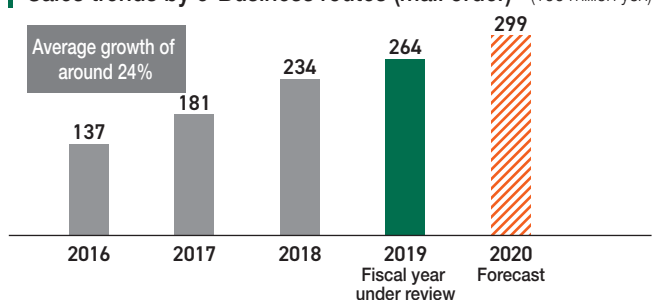


Published a Thai and Indonesian language version of Trusco Orange Book Junior to service users at our local units

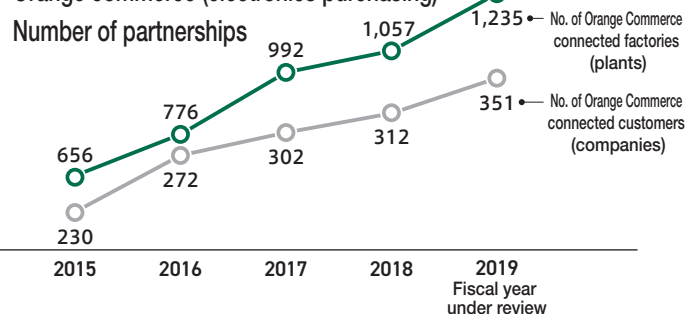
### Sales comparison by factory route industry



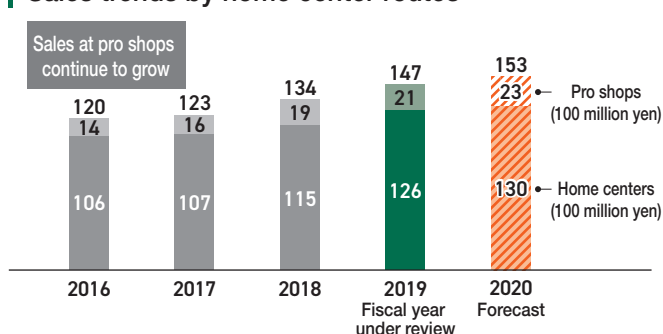
### Sales trends by e-Business routes (mail order)



### Orange commerce (electronics purchasing)



### Sales trends by home center routes







Director  
Head of Product Division **Shinsaku Miyata**

## Year to create all-weather product lineup and fortify supplier cooperation

Our wide and diverse product lineup, a strength of Trusco, can address a wide range of demand regardless of whether economic sentiment is positive or negative. In the current fiscal year, we aim to firmly secure demand by increasing the depth of our product lineup, mainly in overseas brands.

This year's resolution:

「禍福無門」

There is no high road to happiness or misfortune

Whether you decide to do or not to do something depends on you. My goal is to contribute as best as possible to the development of the company and the happiness of all employees by never cutting corners, carrying out optimal decision-making and execution, and above all, immersing myself in problem-solving.

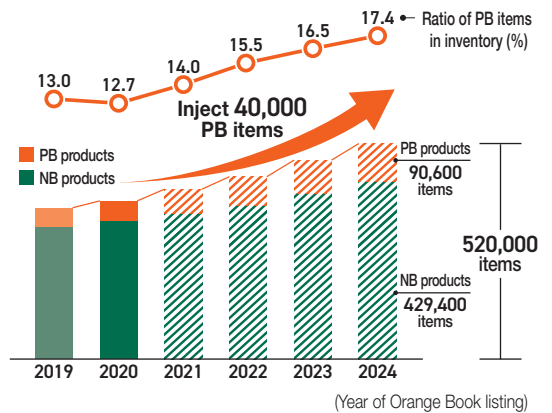
### 1. Aim to expand inventory of private brand (PB) products

We plan to steadily carry out our five-year expansion plan to fortify our lineup of private brand products, which is an earnings pillar. Through this plan we also aim to contribute to society by cooperating with our suppliers and having facilities for the disabled nationwide partake in our manufacturing processes, including finishing and packaging.

- (1) Improve functions and carry out eco-friendly operations, including using the newest materials and using biodegradable materials
- (2) Develop highly innovative functional products, mainly seasonal products

Year of Orange Book listing	2019	2020	2021	2022	2023	2024
No. of listed inventory items	365,000	383,000	410,000	440,000	480,000	520,000
No. of PB inventory items (YoY)	47,600 (+5,600)	49,600 (+2,000)	57,600 (+8,000)	68,600 (+11,000)	79,600 (+11,000)	90,600 (+11,000)

#### Comparison of NB and PB products in inventory



(Year of Orange Book listing)

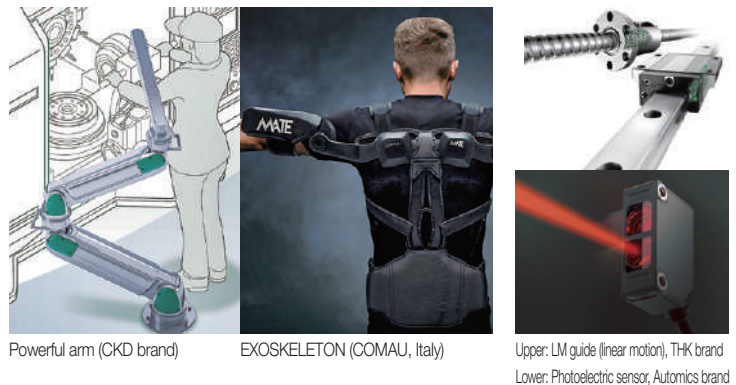
### 2. Capture a wide range of demand by strengthening lineup in product portfolio

We aim to provide new value to users by injecting top Japanese and foreign brands into fields where our product lineup has been weak, including conduction machines and control machinery.

In addition, we aim to promote the full-fledged use of products with auxiliary functions for demand we expect to see further out. We also plan to play a role in the improvement of the labor environment.

- (1) Expand inventory and handling of linear-related devices\*
- (2) Strengthen procurement of control machinery, including sensors and switches
- (3) Fortify procurement of excellent products with an assist-function from Japan and abroad

\*Machinery element parts that realize linear motion



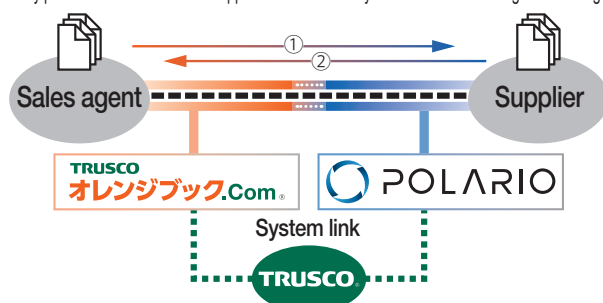
### 3. Strengthen business alliances with suppliers via introduction of POLARIO

We aim to simply our flow of operations by developing a network for the complex operations carried out between us and our suppliers. To accomplish this, we are pouring energies into the early deployment of POLARIO, a proprietary operations support system which we developed.

- (1) Achieve centralized management using a dedicated monitor to reference orders and estimates
- (2) Make operations possible with a mobile environment
- (3) Improve overall market response capabilities by speeding up our response to our customers

#### Automate and speed up responses on orders, estimates and delivery dates

- ① POLARIO will automatically convert estimate a request received via Orange Book.Com and send it to a supplier
- ② Automatically process an estimate from a supplier and automatically send them to a sales agent via Orange Book.Com





Director  
Head of Corporate Management Division **Kazuo Nakai**

## Aim to become a company that continues to win trust by enhancing safety

Our goal is to further enhance corporate value by strategically developing workstyles and HR policies, including the fortification of governance, so that employees can continue to work feeling safe and secure.

This year's resolution:

「支」  
Support

We aim to provide accurate logistical support as a management department by extract issues based on fact. This will facilitate the ability to carry out efficient measures so that each department can achieve their management goals.

## 1. Enhance ESG management based on our corporation philosophy

Our mission is to contribute to society through our corporate activities. Based on our philosophy for existence—realizing happiness for related people—we look to continue to support people and society, which are the source of corporate value.

- (1) **Eco-conscious measures** (▶ refer to P27)  
Activities that focus on achieving a sustainable society, including energy-saving.
- (2) **Social contribution activities** (▶ refer to P29)  
Measures being carried out by the Nakayama Foundation for the Visually Disabled  
Co-sponsor the Skill Olympics, a competition for technicians 23 and under, who will be responsible for the future
- (3) **Enhance risk management system** (▶ Governance system: refer to P30)  
Establish whistle-blowing system  
Employee-use: Internal hotline, lawyer hotline and other consultation windows  
Supplier-use: Partner optimal choice hotline



Supporting activities that promote participation in society by lending out seeing-eye dogs to individuals that are visually disabled

## 2. Fortify ability to respond to changes in society

We aim to contribute to corporate growth by carrying out necessary actions, without fail, including gender equivalence, and not just creative HR policies.

- (1) **Workstyle reform**  
HR system, including Lovebird Transfer Program and Happy Sunday Program  
Measures that take into account the health of employees  
Recognized as a Health and Production Management Organization in 2019 (White 500). This was the third straight year we were certified.  
Establish an equal training system that is not age or gender biased  
Eliminate work history qualification restrictions for management position candidates of 9 or more years  
In the medium/long term HR training plan, incorporate hierarchical and selection-based training
- (2) **Position personnel based on selection of the right person for the right position**  
Environment conducive for working up to retirement age and for utilizing skills (job rotations)  
Launch job challenge program where employees can opt to be transferred to the department of their choice

### Example of a creative HR system: Internal side-job system (hybrid work)

<b>Location</b>	Workplace other than the department assigned to
<b>Potential workdays</b>	Saturday, Sunday and holidays only (two times a month or less)
<b>Eligible employees</b>	Full-time employees that have worked for the company for 2 or more years Overtime is less than 30 hours for the said month, or less than 45 hours per month in the past six months



Promoting the hiring of female sales staff



New employees all experience working in distribution for 14 months

## 3. Measures to further enhance corporate value

- (1) **Broadcast TV program: TRUSCO Shirarezaru Gulliver**  
(Airs Saturdays from 18:00 on TV Tokyo affiliate stations)  
Expand business circle by introducing world-renown companies
- (2) **Hold distribution center tours six times a year at each location**  
Continuing to carry out in-depth exchanges with shareholders since 2011





Director  
Head of Information Systems Division **Atsushi Kazumi**

## Drive corporate strategies using cutting-edge IT

We aim to boost the efficiency of our business partners overall via the companywide utilization of our new core system, which was launched in January 2020.

This year's resolution:

「IT×アイデア  
||  
飛躍的な  
利便性づくり」

IT x Ideas  
||  
Rapid development of convenience

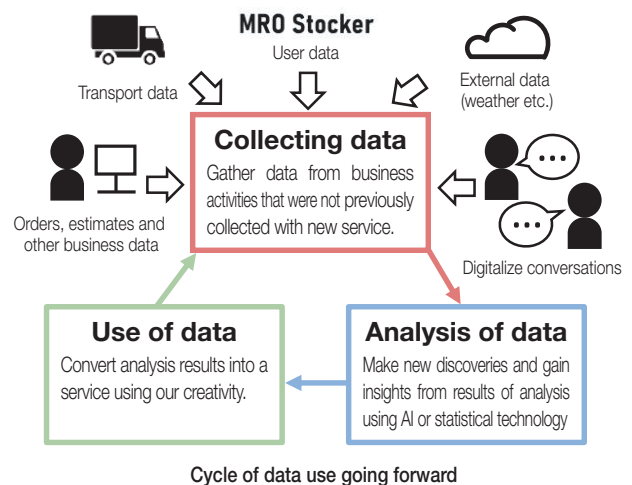
2020 is the year we plan to execute operational reforms. The combining of IT with ideas will bring about growth opportunities through the pursuit of convenience.

### 1. New system launched in January 2020

We updated our core system, PARADISE, for the first time in around 7 years. In addition to improving the efficiency of internal operations and automation, we released several services that will improve convenience for suppliers, sales agents and users. We plan to speed up management and fortify services by using data that has been digitalized and accumulated.

#### Example of new functions using data

- (1) Automated estimates
- (2) Automated optimization of inventories
- (3) Automated use of products
- (4) POLARIO (linked to supplier online operations)



### 2. Accelerate speed of business with IT

In the rapidly changing business environment, services that use IT need to be flexibly and speedily developed. We aim to quickly respond to the expectations of our customers by learning agile system development methods.

- (1) MRO Stocker  
Achieve extremely short-term deliver with required tools  
Develop smartphone app to simply ordering
- (2) T-Rate  
Use smartphone app to talk with people in charge of operations at Trusco  
Easily make inquiries at anytime and from anywhere

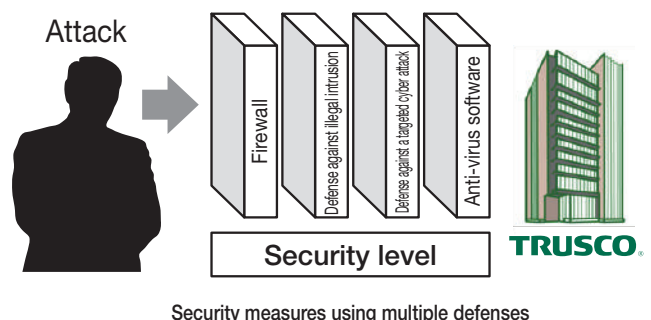


### 3. Undertaking a safe and secure system

We want our suppliers to feel safe using our system. To this end, we are operating a system that places emphasis on disaster-prevention measures and security.

#### System measures using multiple safeguards

Our system is constantly monitored by security experts in case an unexpected event should occur.





Director  
Head of Distribution Division **Hideki Naoyoshi**

## Aim for distribution services that are highly convenient and creative

We believe our mission is to respond with immediate delivery for all orders from our customers. We are embarking on the fortification of distribution functions so our customers can experience a level of convenience that they cannot receive anywhere else.

This year's resolution:

「回天自在」

Universal

To survive this current turbulent era, we need to evolve so that we are always a half-step ahead of our customers' desires. We aim to change as we wish by changing the situation. We look to make this a year marked by a churning of logic and passion.

### 1. Full-fledged fortification of operations to the instant delivery level

We plan to optimize our inventory volume to around 390,000 items depending on market needs and sales trends.

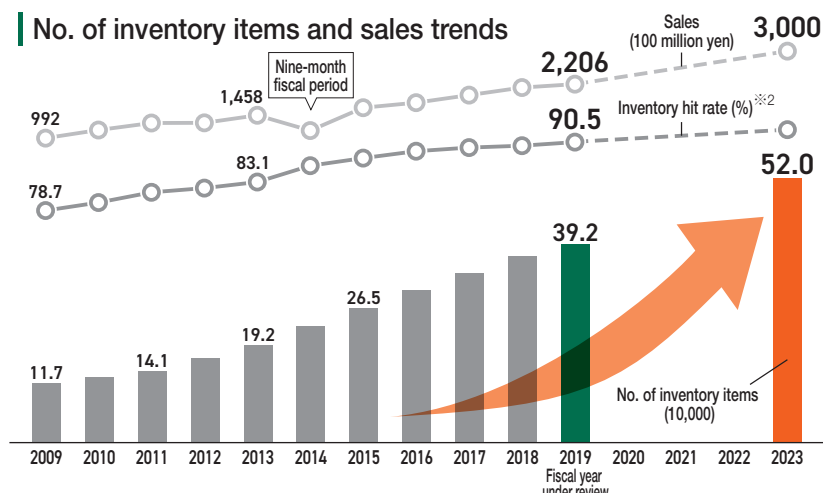
We will use our proprietary system to support the idea that "Whatever it is, Trusco will have it."

- (1) Optimize inventory with ZAICON 3<sup>※1</sup>
- (2) Expand inventory storage capacity with high density storage
- (3) Establish stocking functions

※1: ZAICON 3:

An inventory management system that makes proposals of necessary product inventory by making estimates based on actual sales.

#### No. of inventory items and sales trends



※2: Inventory hit rate: Percentage of product shipped from inventory versus total orders

### 2. Enhance functions for direct shipment to users

We aim to improve convenience by reduce shipment lead time up to the product delivery using a system that automatically selects and ships product from the distribution center nearest the user's location.

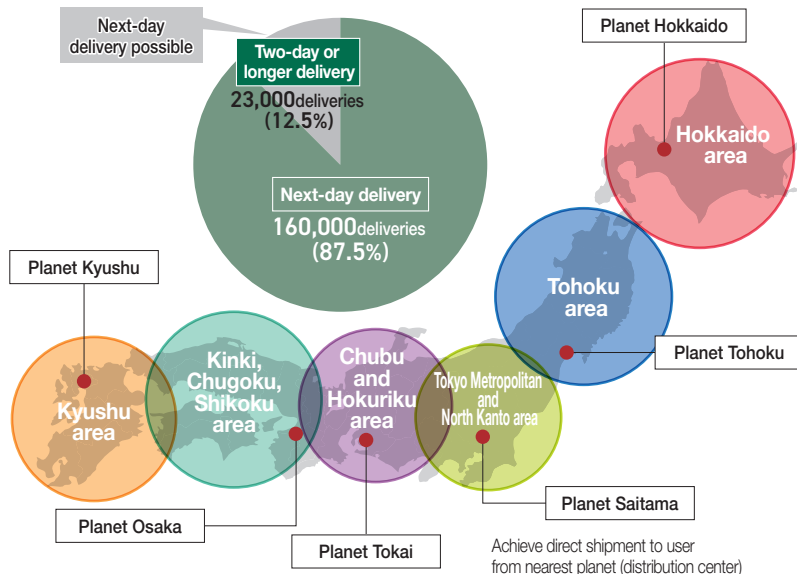
- (1) Shipment system that places top priority on delivery time taking into account the user's location
- (2) Fortify high-quality shipping capacity

### 3. Pursuing automation and labor-savings

We plan to pursue automation and the reduction of labor for warehouse operations by making maximum use of cutting-edge technologies.

- (1) PoC for introducing picking robot
- (2) Maximize use of distribution devices, including Butler<sup>®</sup>

#### Delivery for direct shipment to user ※Number of deliveries for one month



Picking robot



Butler<sup>®</sup>



What does the Management Committee look like?

## 57th Period Activities Report from Outside Officers



### Outside Director **Kenichi Saito**

Attendance at Board of Directors' meetings  
**100%** (11/11 meetings)

Shareholdings  
**2,500** shares

#### Summary of career, positions, responsibilities and key dual-hat positions

1975: Joined McKinsey & Company

1996: Founded ForeSight & Company  
President (present)

2016: Outside Director of the Company (present)

2017: Founded the Society for Problem Solving Proficiency  
Representative Director of the Society (present)

#### Introduction of comments made at Management Committee (excerpt)

##### Measures to motivate employees (February 2019)

Executives and employees alike should propose solutions when problems arise. The higher the precision of the proposal, the better the results. With results comes confidence. This confidence will produce motivation. We need to think about the fundamental reason why we are unable to grow just by learning from each work site or from customers and propose solutions.

##### Business performance report (September 2019)

We should refrain from investing in areas with low future growth potential. Investments prompt growth but at the same time, it is a reality that they can be the trigger for bankruptcy. In addition, it is important to have doubts about whether the current business model can support continued growth. We need to grasp trends in the overseas market, and research and analyze markets with a high success rate.

#### Please tell us where energies were focused in the 57th period.

We conveyed a necessary and important idea for enhancing corporate performance to Management Committee participants and to all our employees. In specific, every month a summary was compiled on one sheet of paper describing the basic ideas necessary for problem-solving, and this was announced at the Management Committee meeting. After the meeting was over, this was distributed to all employees.



### Outside Director **Kuniaki Hagihara**

Attendance at Board of Directors' meetings  
**90.9%** (10/11 meetings)

Shareholdings  
**2,800** shares

#### Summary of career, positions, responsibilities and key dual-hat positions

1976: Joined Hagihara Industries Inc.

1984: President of Hagihara Industries Inc.

2010: President & CEO

2016: Chairman (present)

2016: Outside Director of the Company (present)

2018: President of Toyo Heisei Polymer Co., Ltd. (present)

#### Introduction of comments made at Management Committee (excerpt)

**Shifting from debt-free management to aggressive management (February 2019)**  
In 2017, we began making investments for the future, including an investment of around ¥20 billion in Planet Saitama, moving away from debt-free management. Going forward, we plan to implement management while shouldering debt, as we need to further boost our management efficiency.

##### Tool market going forward (August 2019)

As suppliers look to improve the functions of products and differentiate them from those of rivals, we considered methods to create a market with no competition, from the current market that is plagued with intense competition. We believe we need to increase the number of products we carry that offer a high added value. Selling price is important but by improving convenience and making customers happy by handling impressive products, we believe we can continue to achieve growth in the tool market moving forward.

#### Please tell us where energies were focused in the 57th period.

Given my perspective on management in the manufacturing industry, which I have fostered over many years, I am able to objectively assess the value provided by the new products and services supplied by Trusco Nakayama, the support received from customers, and the help provided. Although minimal, I also assisted in management unexpected business risk brought about by the supply of new products.

## Report on Corporate Auditor Activities in the 57th Period

### System for executing auditing duties

- There are three outside auditors, including two full-time auditors
- One full-time corporate auditor is positioned at the Osaka head office and the other at the Tokyo head office
- The head of the corporate auditor guidance office was assigned to assist the corporate auditors

### Summary of auditing activities | Key implementation items

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>• Hold audits</li> <li>• Attend key meetings</li> <li>• Confirm important documents</li> <li>• Visits sites nationwide</li> <li>• Further strengthen ties with accounting auditor and auditor guidance office</li> </ul> | <ul style="list-style-type: none"> <li>• Strengthen information sharing with outside officers</li> <li>• Visit departments at head office and overseas subsidiaries</li> <li>• Visit affiliates and suppliers</li> </ul> |
|---|--|



Corporate auditors (from left: full-time corporate auditor Takada, part-time corporate auditor Kamakura, and full-time corporate auditor Matsuda)

## Directors

## Matters related to Directors

### Director/Councilors Roster (current as of December 31, 2019)

Post	Name	Responsibilities and key dual-hat positions	Term
President	Tetsuya Nakayama	Company operations overall	Ends at close of 57th shareholders' meeting
Senior Managing Director	Takashi Nakai	Assistant to President * Scheduled to resign at the end of the 57th shareholders' meeting to be held March 13, 2020	Ends at close of 57th shareholders' meeting
Managing Director	Tadahisa Yabuno	Head of Sales Division Director of Trusco Nakayama Thailand Director of Trusco Nakayama Indonesia	Ends at close of 57th shareholders' meeting
Director	Shinsaku Miyata	Head of Products Division	Ends at close of 57th shareholders' meeting
Director	Kazuo Nakai	Head of Corporate Management	Ends at close of 57th shareholders' meeting
Director	Atsushi Kazumi	Head of Information Systems Division	Ends at close of 57th shareholders' meeting
Director	Hideki Naoyoshi	Head of Distribution Division	Ends at close of 57th shareholders' meeting
Outside officer	Kenichi Saito	ForeSight & Company, President Society for Problem Solving Proficiency, Representative Director	Ends at close of 57th shareholders' meeting
Outside officer	Kuniaki Hagihara	Hagihara Industries Inc., Chairman Toyo Heisei Polymer Co., Ltd., President	Ends at close of 57th shareholders' meeting
Full-time corporate auditor	Masaki Matsuda		Ends at close of 60th shareholders' meeting
Full-time corporate auditor	Akira Takada		Ends at close of 59th shareholders' meeting
Part-time corporate auditor	Hiroho Kamakura	Part-time auditor, Yushin Precision Equipment Co., Ltd. Part-time auditor, Fujio Food System Co., Ltd. Part-time auditor, SymEnergy Inc.	Ends at close of 57th shareholders' meeting

- (Note) 1. In accordance with Article 19 of the Articles of Incorporation, the term of a director is set at one (1) year.  
 2. Kenichi Saito and Kuniaki Hagihara are outside directors as stipulated by the provisions in Article 2-15 of the Companies Act.  
 3. Masaki Matsuda, Akira Takada and Hiroho Kamakura are outside auditors as stipulated by the provisions in Article 2-16 and Article 335-3 of the Companies Act.  
 4. The considerable knowledge related to finance and accounting possessed by the corporate auditors is as follows:  
 (1) Masaki Matsuda possesses knowledge related to finance owing to his many years of experience working at financial institutions.  
 (2) Akira Takada possesses knowledge related to corporate management and accounting owing to his experience working at a securities company and an IR consulting company.  
 (3) Hiroho Kamakura possesses a wide range of knowledge related to corporate management and specialized knowledge in accounting owing to his many years of experience as a certified public accountant. ▶ [ ] Internet disclosures  
 5. See Internet disclosures for matters related to the main activities and independence of outside officers in [Matters related to company directors]  
 6. Summary of details on limited liability agreement  
 Trusco Nakayama has entered a limited liability agreement with outside officers and part-time auditors. This is in accordance with Articles 22 and 31 of the Articles of Incorporation and as stipulated in provision in Article 427-1 of the Companies Act. The amount of limited liability damage due to the failure of an outside officer or part-time auditor to perform their duties is set forth in Article 425-1 of the Companies Act.  
 7. Outside officers Kenichi Saito and Kuniaki Hagihara and outside auditors Masaki Matsuda, Akira Takada and Hiroho Kamakura are set to be appointed as independent officers in accordance with the provision set by the Tokyo Stock Exchange and as such the company will give notice to said exchange.



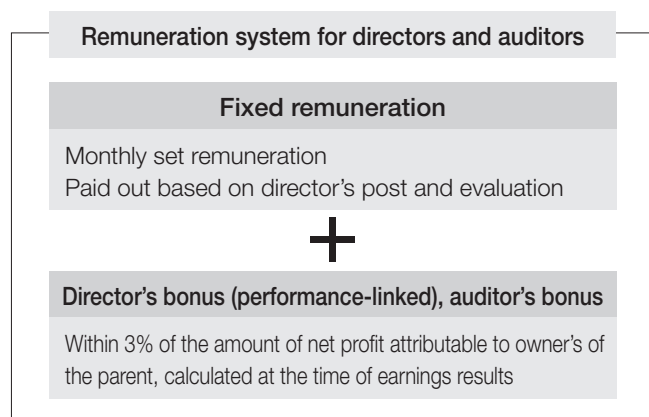
internet disclosures

## Remuneration for Directors and Auditors

### Basic policy for determining remuneration, etc. for directors and auditors

The director remuneration paid to directors and auditors is determined based on the following policy.

- (1) Maintains motivation to improve earnings and also able to secure highly-skilled talent from inside and outside the company.
- (2) Takes into account changes in the business environment and external, objective data, and maintains balance between global levels, business operations and employee salaries.
- (3) Remuneration is paid within the scope of the annual remuneration limit, which includes director bonuses.



### Maximum director's remuneration

Category	Maximum remuneration
Director	Within ¥600 million annually <sup>1</sup>
Auditor	Within ¥80 million annually <sup>2</sup>

(Note) 1. Decided at the 56th shareholders meeting held on March 8, 2019.  
2. Decided at the 50th shareholders meeting held on June 7, 2013.  
3. The director's retirement benefits system was transferred to a financial bond in 2004, and is paid out by dividing 10% of the director's remuneration into monthly installments.

### Total director and auditor remunerations in the fiscal year under review

	Number of persons paid	Total remuneration
Directors (Outside officer portion)	9 people (2 people)	¥367 million (¥13 million)
Auditors (Outside auditor portion)	3 people (3 people)	¥60 million (¥60 million)
Total (Outside officer portion)	12 people (5 people)	¥427 million (¥73 million)

(Note) 1. Director bonuses paid in the fiscal year under review were based on 1.3% of net profit attributable to owners of the parent.  
2. The figures shown are rounded off.

### Method for determining director and auditor remuneration from the 58th period

The following method will be employed from the 58th period to determine remuneration for directors and auditors. The goal is to secure a simple and highly transparent decision process. That said, no changes have been made to the basic policy for determining director and auditor remuneration.

#### Method for determining director remuneration and payment ratio

Director remuneration consists of a fixed monthly remuneration and the director bonus. This method for determining remuneration takes into account the responsibilities and impact on management of each individual director. The scope of remuneration is set forth below. Factors, including market environment, performance, achievements, management capabilities and degree of contribution are factored in and remuneration is determined for each director.

Note that the determination of specific amounts for director remuneration are delegated to the president by resolution by the Board of Directors.

#### Scope of remuneration (excerpt)

	①Fixed remuneration	②Director's bonus	Scope of remuneration (①+②)
President	60 ~ 120	0 ~ 80	60 ~ 200
Senior Managing Director	27 ~ 36	0 ~ 24	27 ~ 60
Management Director	21 ~ 30	0 ~ 20	21 ~ 50
Director (division head)	18 ~ 21	0 ~ 14	18 ~ 35
Outside director	4 ~ 6	0 ~ 1	4 ~ 7
Full-time corporate auditor	15 ~ 21	0 ~ 9	15 ~ 30
Part-time corporate auditor	2 ~ 4	0 ~ 3	2 ~ 7

#### ①Fixed remuneration

This amount is determined at the start of the fiscal year. The director's responsibilities, including representation rights and title and degree of impact to management are taken into account. Then earnings performance, management skills, achievements, and degree of contribution are factored into the scope of remuneration.

#### ②Director's bonus

As an incentive linked to the basic policy for shareholder returns and profit indicators, when the net profit attributable to owners of the parent is calculated at book-closing, 3% of this amount is set as the maximum limit and paid out in the form of bonuses to directors. Decisions on the total amount are stipulated in internal regulations and based on title. The net profit attributable to owners of the parent is multiplied by the bonus rate to attain a reference amount for bonus payments.

For individual director bonuses, bonuses are decided for each director within the scope of remuneration taking into account factors including the degree of contribution to earnings during the respective fiscal year.

\* Based on the perspective that corporate auditors and outside officers are responsible for improving the corporate value of the company and its consolidated subsidiaries, the remuneration system for both corporate auditors and outside officers are the same as for directors. The final decision for individual payments for the fixed remuneration for corporate auditors and bonuses for directors is determined based on discussions by the Board of Auditors.

Map of domestic sales and distribution locations

(current as of January 1, 2020)

Number of domestic sites

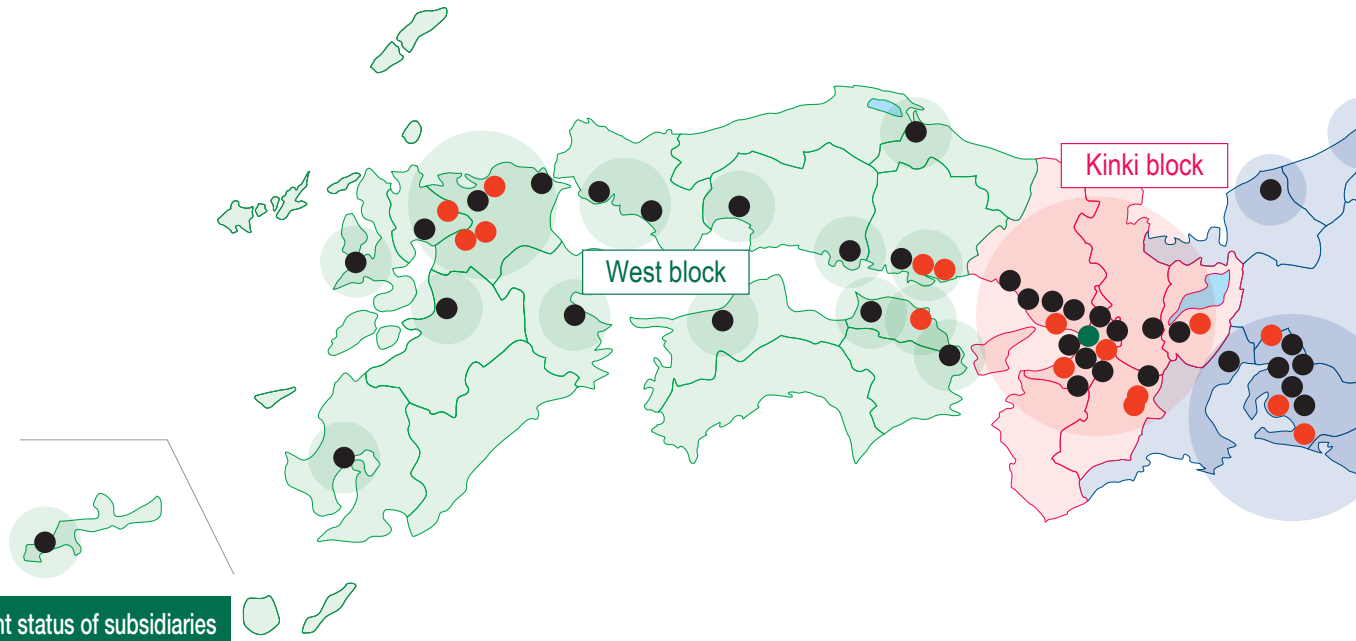


No. of inventory items

390,000

Total inventory value

42.7 billion yen



**TRUSCO THAILAND** Trusco Nakayama Thailand

Since its founding in 2010, this subsidiary has continued to expand its sales to Japanese dealers and to major local dealers. We aim to make this subsidiary a company that is an essential monozukuri site in Thailand by instilling the Thai and English versions of the Trusco Orange Book Junior and expanding the number of inventory items.

**Company overview**

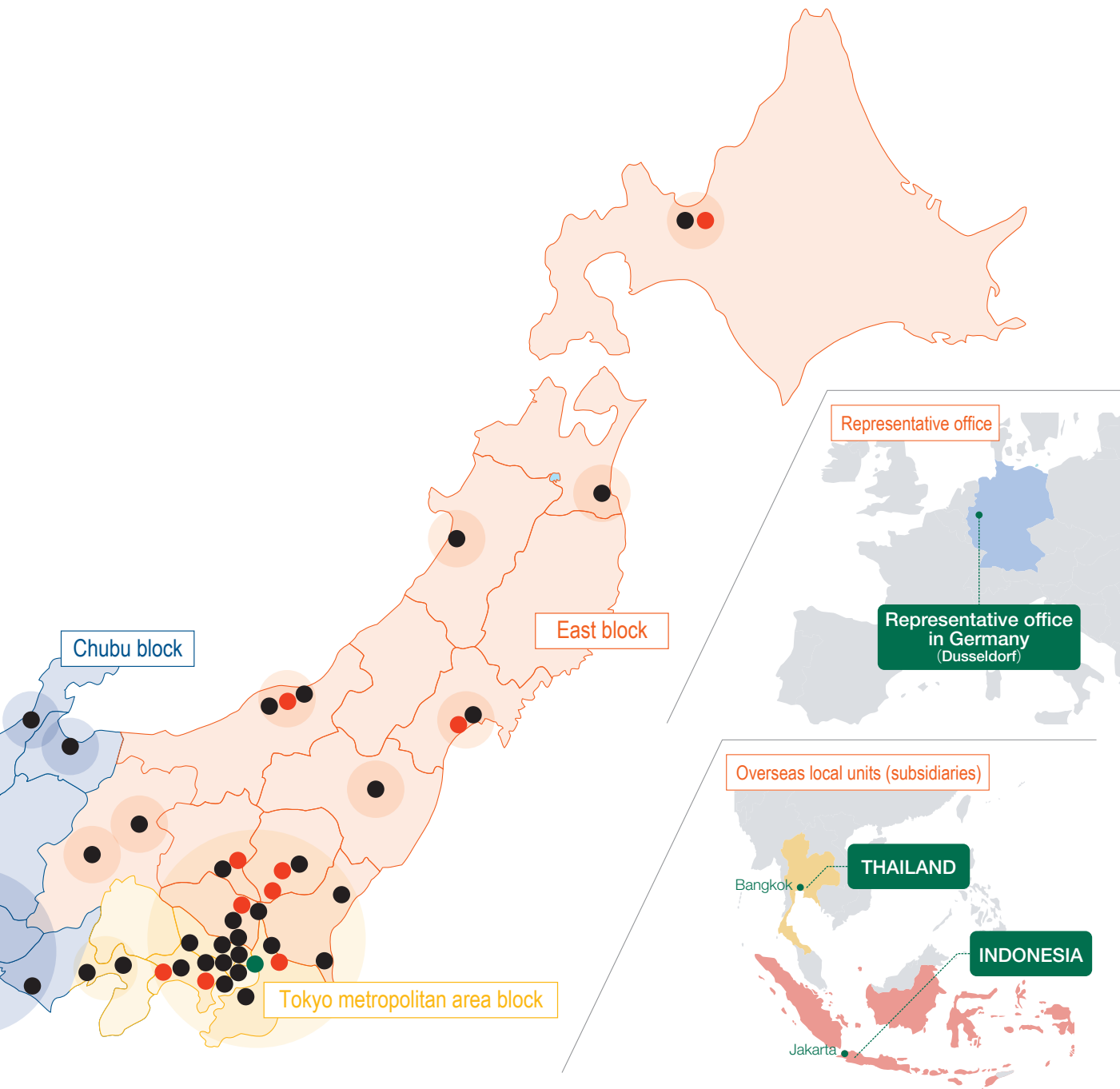
Trade name: TRUSCO NAKAYAMA CORPORATION (THAILAND) LIMITED  
 President: Noboru Yasui  
 Executive in charge at Trusco Nakayama Corporation: Tadahisa Yabuno  
 Business description: Wholesale of pro tools (industrial auxiliary materials)  
 Director: Masashi Yamamoto  
 Capital: 390 mn. baht (approx. 1.3 bn. yen)  
 Established: February 2010  
 Ownership ratio: 99.9%  
 Capital investment amount:  
 Land 250 mn. yen / building 210 mn. yen, etc.  
 Location:  
 Bangplee, Samutprakam(13km from Suvarnabhumi Airport)  
 TIP7 789/8 Moo9, Bangpla Bangplee Samutprakarn 10540 THAILAND



- ① Site area: 3,310 tsubo
- ② Floor area: 1,431 tsubo
- ③ Number of employees: 23\*
- ④ Number of inventory items: 67,004
- ⑤ Inventory value: ¥595 million

\*3 employees on loan, 20 local staff





## TRUSCO INDONESIA Trusco Nakayama Indonesia

Our inventory, which can be delivered accurately, and distribution infrastructure are a major benefit to Japanese companies that have set up shop locally given that importing goods to Indonesia takes time and effort. Owing to the domestic demand backed by a population of 270 million people, we aim to contribute to monozukuri in Indonesia, which is expected to grow further out.

### Company overview

Trade name: PT.TRUSCO NAKAYAMA INDONESIA

President: Mitsugu Okumura

Executive in charge at Trusco Nakayama Corporation: Tadahisa Yabuno

Business description: Wholesale of pro tools (industrial auxiliary materials)

Director: Masashi Yamamoto

Capital and capital surplus: 378.8 bn. rupiah (approx. 3.2 bn. yen)

Established: December 2014

Ownership ratio: 99.9%

Capital investment amount:

Land 1130 mn. yen / building 640 mn. yen, etc.

Location:

Lippo-Cikarang, Bekasi, West Java(around 40km from the capital Jakarta)

Jalan Kenari Raya Nomor 36, Desa Jayamukti, Kecamatan Cikarang Pusat

Kabupaten Bekasi 17530 INDONESIA



- ① Site area: 4,894 tsubo
- ② Floor area: 3,155 tsubo
- ③ Number of employees: 19\*
- ④ Number of inventory items: 59,653
- ⑤ Inventory value: ¥401 million

\*3 employees on loan, 16 local staff

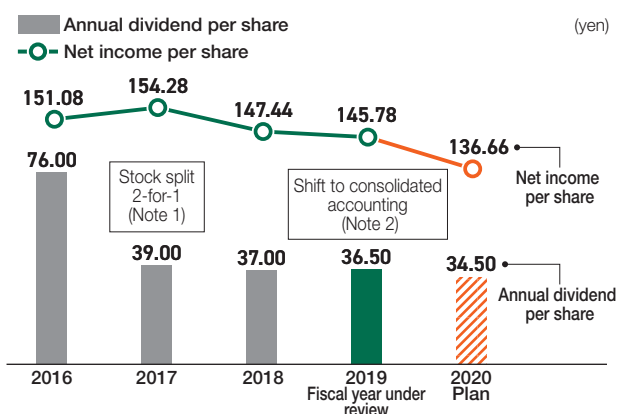
## Distribution of surplus capital and calculation standards

### Dividend calculation standards

Net income per share in fiscal year under review (quarterly)	Annual (interim) dividend per share
Above 40 (20) yen	Net income per share in fiscal year under review (quarterly) × 25%
Under 40 (20) yen	10 (5) yen

(Notes) 1. Figures in parentheses are the calculation for the first half.  
2. Figures are in increments of 50 sen for calculation purposes (1 sen to 49 sen→50 sen; 51 sen to 99 sen→1 yen)

### Annual dividend per share and Net income per share



(Notes) 1. On January 1, 2017, we implemented a two-for-one stock split of common shares. In light of this, the net income per share for the fiscal year ended December 2016 was calculated based on the assumption that the stock split was conducted at the start of the fiscal year ended December 2016.  
2. In the fiscal year ended December 2019, we switched to the consolidated accounting method. Reflecting this, annual dividend per share and net income per share was calculated based on the net profit attributable to owners of the parent.

## Employee trends

### No. of employees

(people, age and year)

Category	2018		2019	
	No. of employees (Note 1) Non-consolidated	No. of employees (Note 1) Consolidated	Average age (Note 2)	Average years of service (Note 2)
Female employees	557	585	31.3	7.7
Male employees	1,051	1,071	42.0	16.8
Part-time employees	1,111	1,128	51.7	5.6
Total and average	2,719	2,784	38.2	13.6

(Note) 1. No. of employees includes employees on loan.  
2. The average age and average years of service is the average for employees.  
3. The fiscal year under review is the first year of consolidated accounts therefore there is not comparison with the number of employees in the previous fiscal year.

### No. of disabled employees

(people/%)

	2015	2016	2017	2018	2019
No. of disabled employees	54	61	67	67	66
Employee ratio (Statutory employment quota: 2.2%)	3.2	3.2	3.1	2.9	2.9

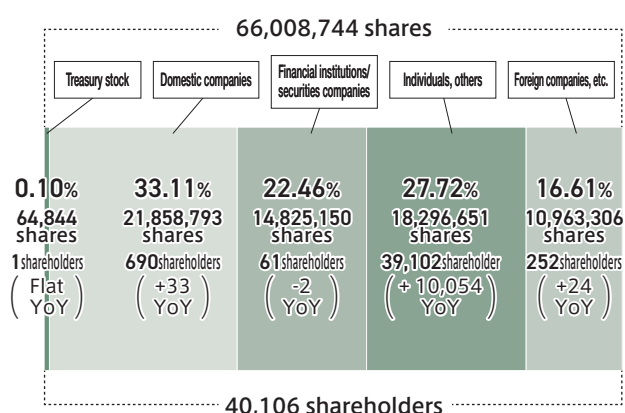
(Note) The employment rate is calculated as the total for regular employees.

## Matters related to company's shares

### Current status of shares

- Total number of authorized shares: 110,000,000 shares
- Total number of shares outstanding:
  - 66,008,744 shares (including 64,844 shares of treasury stock)
  - 65,943,900 shares (excluding 64,844 shares of treasury stock)
- Trading lot: 100 shares
- Number of shareholders: 40,106 shareholders (up 10,109 shareholders YoY)
  - Number of shareholders with voting rights: 39,494 shareholders (up 10,086 shareholders YoY)
  - The number of total shareholders rose **10,109** shareholders year-on-year.

### Breakdown of shareholdings by shareholder and shareholder distribution



### Top 10 major shareholders

Shareholders	No. of shares held (1,000 shares)	Ownership ratio (%)
1 NS Holdings Co., Ltd.	7,303	11.08
2 Master Trust Bank of Japan, Ltd. (Trust account)	4,206	6.38
3 Nakayama Visually Impaired Welfare Foundation	4,000	6.07
4 Japan Trustee Services Bank, Ltd. (Trust account)	3,623	5.49
5 Daido Shoji Co., Ltd.	3,450	5.23
6 NR Holdings Co., Ltd.	2,358	3.58
7 Tetsuya Nakayama	1,875	2.84
8 Tsutomu Otsu	1,765	2.68
9 Misaki Engagement Master Fund	1,727	2.62
10 Japan Trustee Services Bank, Ltd. (Trust account 9)	1,655	2.51

(Note) Shareholding ratio is the percentage of total shares outstanding on the final business day of the fiscal year (excluding 64,844 shares of treasury stock).

(Note) The business report items below, in accordance with laws and ordinances, and the provisions stipulated in Article 15 of the Articles of Incorporation, are disclosed on our corporate website (<http://www.trusco.co.jp/>) (Japanese only)

Matters related to the Current Status of the Company (Major lenders), Matters related to the Current Status of the Company (Matters related to the Major Activities of Outside Officers and their Independence), Current Status of Accounting Auditors, Company Systems & Policies (System to Rectify Operations and its Operations, Basic Policy on Company Control, and Policies for Determining Distribution of Surplus Reserves, etc.)



Internet disclosures

# ESG Activity Report

“Businesses and companies are only worthwhile if they are of use to people and society.”

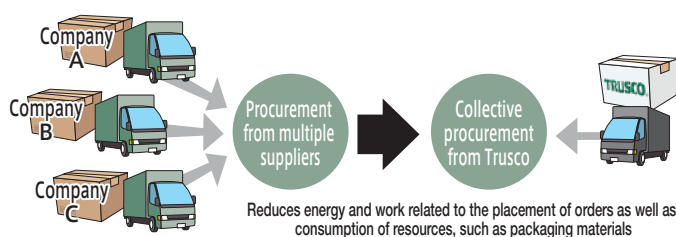
The basis of Trusco Nakayama’s philosophy is that helping people and society is the starting point of a company’s raison d’etre. Based on this belief, we not only pursue profits but also strive to realize the happiness of local communities, business partners, shareholders, and other people with close ties to us.

## Environment Environmental activities through businesses Environment

As a pro tool supplier, we strive to accurately identify and reduce the environmental impact of our business activities. The Company is reducing its environmental impact through the installation of solar panels and other environmental equipment and through its business activities. Some of these activities are introduced below.

### Our one-stop service, which provides all of the necessary goods in one bulk amount, helps to alleviate environmental load

By providing a wide variety of professional tools, customers will be able to procure all the pro tools they need at their monozukuri sites. As a result, they can reduce the consumption of energy and resources required for procurement rather than purchasing from multiple suppliers.

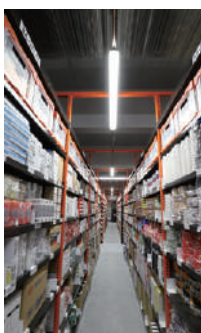


### Environmentally conscious initiatives

We are actively introducing solar panels and LED lighting that consumes less power and lasts longer. At the distribution centers, we have installed "LED rack lighting" equipped with a human presence sensor for each lighting unit. The lighting is turned on not for the entire line but for each place where a person enters, thereby saving energy.



Solar panels installed on the roof of Planet Saitama



LED rack lighting with human presence sensor

We continue to develop environmentally friendly products, such as 100% natural oil cleaners, tapes made from recycled materials, and non-gas sprays. Non-gas sprays do not use aerosol propellant (LPG) because it sprays liquid by using an accumulator sprayer.



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



Product details

### SDGs initiatives



Trusco Nakayama fulfills its corporate social responsibility by making such various efforts as the development of private brand products and the implementation of environmental activities from the viewpoint of the SDGs and making further contributions to society in order to realize a sustainable society.

#### Examples of systems and initiatives related to SDGs

- 
**Goal 3 Good health and well-being**
  - Nakayama Visually Impaired Welfare Foundation (support of visually impaired persons)
  - Establishment of Trusco Nakayama Health Insurance Association
- 
**Goal 5 Gender equality**
  - All employees are hired as regular employees
  - Introduction of programs, including the Employment Extension Program and the Lovebird Transfer Program
- 
**Goal 7 Affordable and clean energy**
  - In-house power generation systems using solar and wind power (Annual power generation: 1,397,000 kWh, self-sufficiency rate: 11.3%)
- 
**Goal 11 Sustainable cities and communities**
  - Resilient office building (vibration isolation structure, flood prevention measures, etc.)
  - Stocks of disaster relief supplies
- 
**Goal 12 Responsible consumption and production**
  - Expansion of products using recycled materials
  - Development of new environmentally friendly products

## Social

# Creating an employee-friendly environment

## Social

Based on the idea that companies have a responsibility to provide an environment where employees can work with peace of mind and a sense of stability, Trusco Nakayama believes that the Company is responsible for supporting diverse working styles, and it has endeavored to create an environment where female employees can play an active role and where all employees can easily use various systems.

### Indicators related to ease of work

	2018	2019
<b>Ratio of female employees to total employees</b>	34.6% (employees) 75.1% (part-timers)	34.9% (employees) 74.9% (part-timers)
<b>Ratio of female managers with the position of senior supervisor or above</b> <small>*Excluding employees in managerial posts</small>	17.1% (39 people)	18.6% (45 people)
<b>Ratio of female employees in managerial posts</b>	5.1% (8 people)	4.4% (6 people)
<b>Percentage of paid annual leave taken</b>	67.0% (employees)	69.2% (employees)
<b>Percentage of childcare leave taken</b>	Male 5.0%(employees) Female 100%(employees)	Male 10.0%(employees) Female 100%(employees)
<b>Average overtime hours per month for employees</b>	25.4hours (including scheduled overtime)	26.1hours (including scheduled overtime)

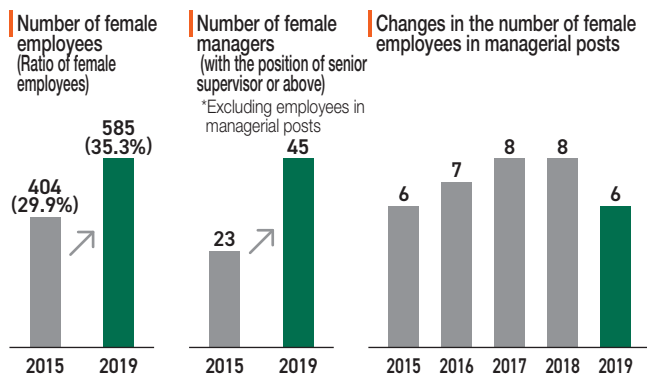
\*The above figures are for the parent company only.

### Environment where it is easy to take paid holidays

Trusco Nakayama encourages all employees to take at least six days of paid holidays per year in advance so that they can take planned paid holidays. There are also many programs that make it easier for employees to take paid holidays, such as birthday holidays and hourly paid holidays.

### Toward a company where women can play an active role

#### Changes in the number of female employees<sup>(employees)</sup>



\*Excluding employees on overseas assignment and local employees

### Our idea of developing female employees

We adhere to the principle of ability, without making decisions on employees' work and allocation across divisions on the basis of gender. We also create an environment where female employees can raise their hands and their wishes are respected even after childbirth.



Female employee with a managerial post and new employees working at a distribution center  
(From left: Yamada, Yoshino, Deputy Center Manager Takada and Takeshita at Planet Higashi-Kanto)

### Principal programs to ensure that employees can work with peace of mind

#### Childcare Leave Program

Commenced in 1992



Manami Komatsubara, Supervisor, Corp. Planning, PPR/IR Section

Legally, employees are allowed to take childcare leave until the day before their child turns one, but at Trusco Nakayama, employees can take childcare leave until the end of the month in which their child reaches the age of three. (88 employees, including 3 male employees)\*

#### Relaxed Work Hour Reduction Program

Commenced in 1996

In the case of pregnancy or childcare, the program allows work hours of employees to be reduced up to three hours per day until March 31 of their child's sixth year of elementary school. The program can also be used for nursing care of family members. (88 employees)\*

#### Happy Sunday Program

Commenced in 2002



Masatoshi Kawashima  
Manager, Trusco Resort & Spa Karuizawa

The program allows employees posted away from their families to delay coming to work on Mondays so that they can stay with their families during dinner on Sundays. Employees posted away from their families are also provided with expenses for travel to their family's home twice a month, as well as corporate housing and allowances for single employees.

#### Lovebird Transfer Program

Commenced in 2005

The programs allows employees to apply for a job relocation to their preferred area when a spouse (even when he/she works for a different company) is relocated. (Twenty-one employees used the program during the period between 2017 and December 31, 2019.)

#### Maternity Bonus Program

Commenced in 2005

While no salary is paid during special maternity leave (14 weeks), the period is counted as part of the calculation period subject to a bonus, and a bonus is paid accordingly.

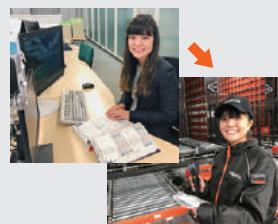
#### Childcare Support Allowance

Commenced in 2014

Under this program, employees with children aged less than 10 years old are paid 10,000 yen per child per month. (370 employees)\*

#### Internal Sideline (Hybrid Work) Program

Commenced in September 2019



Megumi Ando, Kita Osaka Branch

The program allows full-time employees who have been with the Company for at least two years to work on the sidelines only on Saturdays, Sundays and public holidays. The program allows employees to gain additional income by performing a side job at a different workplace within the Company that can be performed easily by anyone, while experiencing work at a different workplace and gaining awareness. (Twenty-eight employees have used the program since September 2019.)

\*The number of persons who have used each program is the number of users (excluding part-timers) in 2019.

## Outline of the foundation

The Nakayama Visually Impaired Welfare Foundation was established in 1997 in response to the will of “wanting to serve visually impaired people” by Seiko, the mother of Tetsuya Nakayama (chairman of the foundation), who was born with damaged optic nerves due to a forceps delivery.

The purpose of the Foundation is to contribute to the welfare of the visually impaired in Hyogo Prefecture through activities to support the visually impaired and groups for the visually impaired.

Over the 22 years from its establishment to FY2018, the Foundation provided a total of 742.6 million yen in grants and other assistance.



Guide dog, Jelda



Guide dog, Utena

## Director/Councilors Roster

### Chairman

Tetsuya Nakayama Trusco Nakayama Corporation, President

### Senior Managing Director

Saori Nakayama NR Holdings Co., Ltd., Representative Director,  
Certified Public Accountant

### Managing Director

Atsushi Matsumae Executive Director

### Director

Takuji Iuchi	AS ONE Corporation, President
Tatsuya Otsuka	Earth Corporation, Chairman
Teruo Hashimoto	Nippon Lighthouse Welfare Center for the Blind, Chairman
Kenji Furuhashi	Hosiden Corporation, President & CEO
Masahiko Mori	DMG MORI Co., Ltd., President
Naoyuki Yamamoto	Yamamoto Kogaku Co., Ltd., COO & Chairman
Makoto Yukawa	Full-time Director

### Auditor

Kohei Nomura	Nomura & Partners, Attorney
Yoritomo Wada	Wada & Co. Certified Public Accountant, Certified Public Accountant

### Councilor

Yusuke Saraya	Saraya Co., Ltd., President & Representative Director
Shoichi Suganumata	Trusco Nakayama Corporation, Osaka Administration Section
Tomihiko Takamatsu	DyDo Group Holdings, Inc., Chairman & Director
Yuko Nakayama	NS Holdings Co., Ltd., Representative Director
Rie Nakayama	Ear, nose and throat (ENT) doctor, Keiyu Hospital, Kanagawa Prefecture Keiyu-kai
Motonobu Nishimura	Mandom Corporation, President, Executive Officer & Director
Junji Hada	ELECOM Co., Ltd., President
Kunio Yamada	Rohto Pharmaceutical Co., Ltd., Chairman & CEO
Yoshiaki Yamamoto	Kobe Senior Manpower Center, Director of Western Center
Teiji Wakita	Wakita & Co., Ltd., President & Representative Director As of December 31, 2019 (In Japanese alphabetical order)

### Address

Nakayama Memorial Hall 4F 3-26, 5-chome, Kamiwaka-dori,  
Chuo-ku, Kobe, Hyogo 651-0067

### Working capital

The Foundation was established with the Nakayama family, including the chairman, contributing 4 million Trusco Nakayama Corporation shares and 500 million yen in cash. The Foundation operates its projects with dividends from the shares.



Nakayama Memorial Hall



New Nakayama Memorial Hall to be completed in 2021

## Public interest project 1

Nakayama Memorial Hall facilities lending business

## Public interest project 2

Grant project for support groups of visually impaired persons and individual visually impaired persons

## Public interest project 3

Support for social participation activities of visually impaired persons

- Hyogo Prefecture Visually Impaired People Music Festival Project  
“Nakayama/KLC concert”
- Guide dog lending business
- Personal computer course project
- Music performance project  
“Nakayama Wonderful Festa”
- Accompanying aid workers training project
- Barrier-free movie screening project  
“Nakayama UD Film Festival” (UD: universal design)



Nakayama Wonderful Festa vol. 22  
Tomomi Nishimoto & IlluminArt Philharmonic Orchestra  
Narrator: Yoshiko Sakuma

Conductor: Tomomi Nishimoto

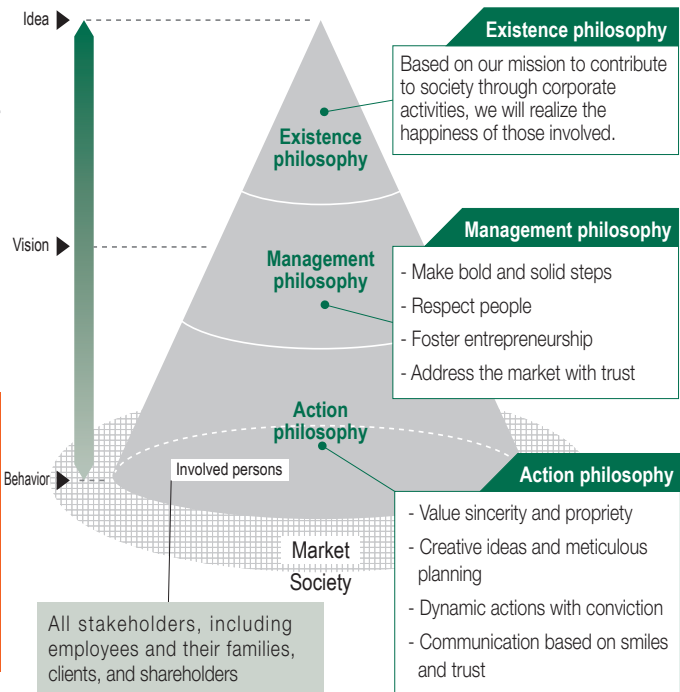
# Governance

## Toward embodying the “TRUST COMPANY”

Our company name and corporate logo are a direct expression of a “trust company,” which is trusted by all stakeholders. We intend to fulfil our social mission by basing our everyday corporate activities on and embodying the practice of **TRUSCO**.

$$\text{TRUST} + \text{COMPANY} = \text{TRUSCO}^{\text{®}}$$

### Trusco Nakayama’s corporate philosophy



### Education on “Shushazentaku”

To ensure that each and every employee has a high standard of ethics, Trusco Nakayama upholds the guiding principle of “Shushazentaku” and has maintained its corporate attitude that “The criterion to make decisions is not profit and loss but good and bad.” By distributing the compliance manual “TRUSCO Zentaku Book” to all employees, including part-timers, it strives to enhance its compliance system.



Compliance manual “TRUSCO Zentaku Book”

### Director / Auditor / Executive Officer / Department Head OJS

We have adopted an original system for the evaluation of executives and department heads. Every year, executives and department heads are evaluated by around 150 managers, with the results used as criteria for promotion/demotion.

#### Method of operating the executive evaluation system

- (1) Individual information of the voters is undisclosed.
- (2) Each of the six evaluation items is rated on a 4-point scale.
- (3) Based on the scores of the ballots, promotion to director candidate or demotion from director or full-time corporate auditor is determined.
- (4) Evaluation is also performed for outside directors and part-time corporate auditors as reference data.

In addition to evaluation by points, evaluation through comments is also conducted, with the results fed back to the evaluation targets for their reference.

### Top-Level Parties Conference (Board Meeting)

Consisting of executives (excluding outside directors), the Board Meeting ensures objectivity and rational judgment and discusses and shares the Company’s direction, upon which the Board of Directors’ meeting (Management Committee) is held.

### Boss Conference (Nationwide Managers’ Conference)

Held once a year in principle

This conference brings together Management Committee members and nationwide managers to discuss management issues. (The conference was not held during the fiscal year under review as in the 56th period for cost reduction in view of our forecast of an increase in sales and a drop in profit.)



Boss Conference (Nationwide Managers’ Conference) held in November 2017

### Board of Directors (Management Committee)

Decisions are made at the Board of Directors’ meetings that are generally held once a month. The Management Committee seeks the opinions of the participants, including executive officers and department heads, in order to ensure a broader perspective and transparency.

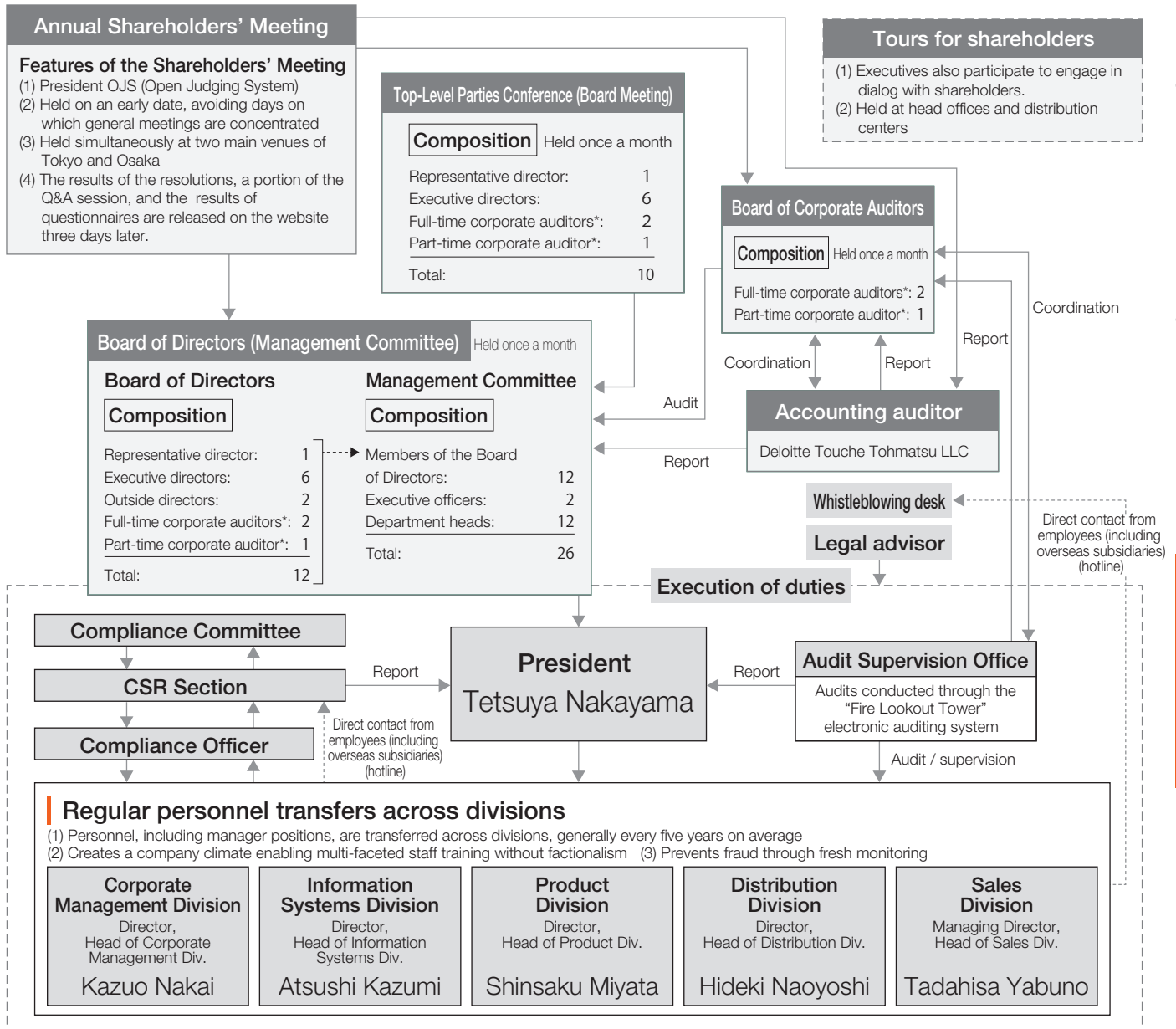
#### Characteristics of the Management Committee

- (1) Seats are laid out in a round table style so that everyone can see each other’s face (refer to the figure below).
- (2) Seating is changed every time, with no top or lower seats.
- (3) The Management Committee minutes, which not only include matters that were resolved but also each individual’s comments, are disclosed to all employees within a week.

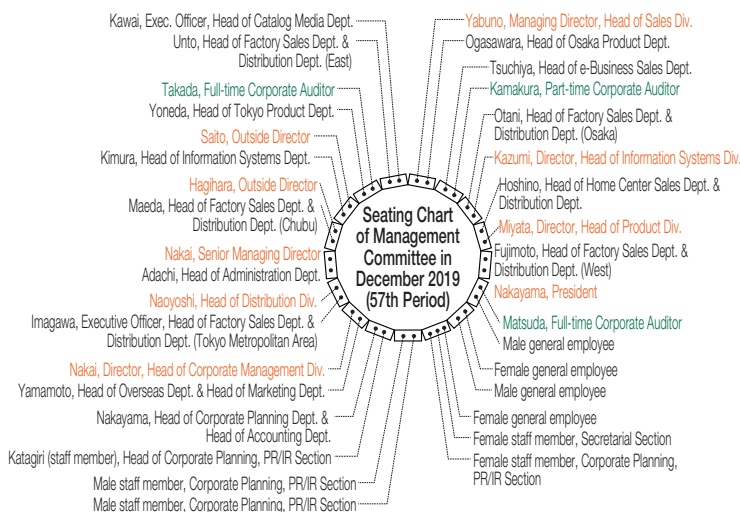
### Appointment of outside directors (Board Brain)

Trusco Nakayama appoints outside directors not only for the prevention of improprieties but for their broad knowledge and abundant experience concerning company management and for their ability to make contributions to sustainable growth and the improvement of company value.

**Governance Structure** (As of December 31, 2019)



\*Full-time corporate auditors and the part-time corporate auditor are outside corporate auditors.



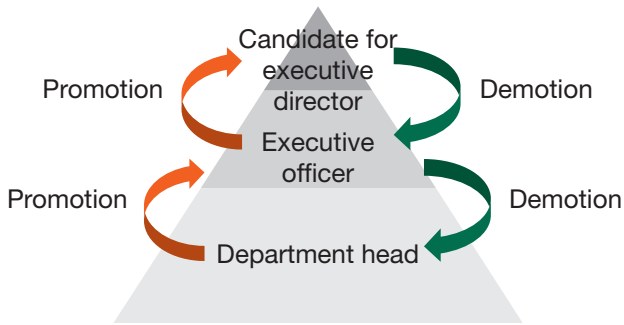
Members of the Board of Directors' Meeting (Reception Room, 10F, Tokyo Head Office)

# Reference Materials for Shareholders' Meeting Proposal Details

## Executive Evaluation System

### Reflecting the voices of employees through the Open Judge System (OJS; 360 degrees evaluation)

The Company has introduced an evaluation system that evaluates staff with executive posts of department head or higher from multiple aspects. Voters vote for each executive member based on the member's daily attitude toward work. Promotion or demotion of the executive staff member is decided based on the results of the votes as well as the member's daily actions and remarks, judgment, responsiveness, problem-solving skills, and ingenuity.



Targets	: Directors, corporate auditors, executive officers, general managers (24 in total)
Voters	: Directors, corporate auditors, executive officers, general managers, managers (148 in total)
Aggregation method	: Evaluation by score (1 to 4) on six items (full score: 24)
Results	: (Promotion criteria) 18 points or more for two consecutive years (Demotion criteria) Less than 16 points for two consecutive years

Notes: 1. The assessment items for the OJS on corporate auditors differ.  
2. The results of the OJS on the President are presented on ▶ □□P33.

### Assessment items for the OJS on Directors, Executive Officers and Department Heads

	Assessment items		Score
1	Sense of management, foresight	Has vision and can talk about the company's future within and outside the company	Full score: 4 points
2	Leadership	Has a belief and a will to carry through even against great opposition and leads the organization with enthusiasm	Full score: 4 points
3	Communication ability	Has the ability to listen to the voices of employees and convey them in an understandable way	Full score: 4 points
4	Fairness	Has high ethical standards, is strict with him/herself, is popular, and dislikes flattery and factions	Full score: 4 points
5	Originality	Constantly has new ideas and sends fresh wind to management	Full score: 4 points
6	Problem solving ability	Is reliable when needed and confronts problems with a sense of ownership	Full score: 4 points

Total full score: 24 points

### List of candidates of election proposals (Proposals 1 and 2)

Proposal no.	Candidate no.	Name (age)			Current position and responsibilities at the Company	Attendance at Board of Directors' meetings	Attendance at Board of Corporate Auditors' meetings	No. of Company shares held
1	1	Tetsuya Nakayama (61)	Re-appointment	Internal	Representative Director & President	100% (11 out of 11)	-	1,875,100 ▶ □□P33
1	2	Tadahisa Yabuno (58)	Re-appointment	Internal	Managing Director & Head of Sales Division	100% (11 out of 11)	-	31,100 ▶ □□P33
1	3	Shinsaku Miyata (55)	Re-appointment	Internal	Director & Head of Product Division	100% (9 out of 9)	-	5,000 ▶ □□P34
1	4	Kazuo Nakai (50)	Re-appointment	Internal	Director & Head of Corporate Management Division	100% (9 out of 9)	-	3,000 ▶ □□P34
1	5	Atsushi Kazumi (49)	Re-appointment	Internal	Director & Head of Information Systems Division	100% (9 out of 9)	-	3,000 ▶ □□P35
1	6	Hideki Naoyoshi (48)	Re-appointment	Internal	Director & Head of Distribution Division	100% (9 out of 9)	-	3,600 ▶ □□P35
1	7	Kenichi Saito (70)	Re-appointment	Outside	Outside Director	100% (11 out of 11)	-	2,500 ▶ □□P36
1	8	Kuniaki Hagihara (66)	Re-appointment	Outside	Outside Director	90.9% (10 out of 11)	-	2,800 ▶ □□P36
1	9	Takako Suzuki (58)	New appointment	Outside	-	-	-	0 ▶ □□P37
2	-	Hiroho Kamakura (73)	Re-appointment	Outside	Part-time Corporate Auditor	81.8% (9 out of 11)	100% (13 out of 13)	3,300 ▶ □□P38

Notes: 1. The age of the candidates is as of the closing of the Meeting.  
2. The number of Company shares held stated in the Shareholders' Meeting Reference Documents starting on ▶ □□P32 is as of the date when this Notice was sent.  
3. The candidates have no special interest in the Company.  
4. The number of Board of Directors' meetings for Directors Shinsaku Miyata, Kazuo Nakai, Atsushi Kazumi, and Hideki Naoyoshi differs from that of other directors since they were elected at the 56th Annual Shareholders' Meeting held on March 8, 2019.



## Election of nine (9) directors

The terms of office of all nine (9) directors will expire at the closing of the Meeting; among these, Takashi Nakai will retire as of the closing of the Meeting (▶ P). Therefore, we would like to ask our shareholders to appoint nine (9) directors, including a new appointment.

Candidate no.

1

Re-appointment

Internal

なか やま てつ や  
**中山哲也**  
*Tetsuya Nakayama*



### Candidate's profile

Date of birth	December 24, 1958 (61 years old)
With the Company	38 years and 11 months
My strength	Always smiling
My weakness	My smile can give way to anger.
No. of Company shares held	1,875,100 shares
Attendance at Board of Directors' meetings	100% (11/11 meetings)

### Aim for evolution with chimeric ideas

Keeping in mind that there is no success in doing what anyone can think of and anyone can do, I hope to contribute more to Japan's manufacturing industry by employing chimeric ideas to improve the efficiency and speed of supplying products to the monozukuri (manufacturing) sites. I will strive hard to achieve our "capacity targets" of carrying 500,000 items in inventory, shortening the delivery time by strengthening direct delivery to users, and developing the ability to receive orders and ship products 365 days a year.

### Reason for nomination as a director candidate

Mr. Nakayama has been nominated as a director candidate, taking into consideration the results of the OJS on the President, which is a vote by shareholders who attended the previous (56th) Annual Shareholders' Meeting, as an important benchmark.

No. of attendees	Approval rate	No. of valid votes <sup>1</sup>	Affirmative votes
2,233	99.9%	2,048	2,045

Notes: 1. The number of valid votes does not include shareholders who did not vote on the day of the Meeting (abstention) or those the content of whose votes could not be determined (invalid).  
2. The OJS on the President is presented on ▶ P9.

### Brief biography, status, business in charge of and important concurrent posts

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

Candidate no.

2

Re-appointment

Internal

やぶ の ただ ひさ  
**藪野忠久**  
*Tadahisa Yabuno*



### Candidate's profile

Date of birth	March 13, 1962 (58 years old)
With the Company	35 years and 11 months
My strength	Have a strong sense of justice. Sometimes it backfires.
My weakness	Tend to be misunderstood due to lack of words
No. of Company shares held	31,100 shares
Attendance at Board of Directors' meetings	100% (11/11 meetings)

### Insist on contact

My initiative as the head of the Sales Division has been to create a strong "front line." I have built strong connections by visiting customers and increasing contact with manufacturers. This period I intend to cross boundaries further between each sales department including those abroad, and establish a system that can exercise Trusco's comprehensive strengths catering to each customer, thereby earning greater trust in the Company.

### Reason for nomination as a director candidate

Mr. Yabuno has abundant business experience through his involvement in the Sales Division and the Corporate Management Division, and has long been active as a director. He has been nominated as a director candidate for his expected continued contribution to swift and bold decision-making toward continuous improvement of the Company's corporate value, based on his initiatives in the Sales Division in the 58th period as well as the OJS results.

Initiatives in the 58th Period ▶ P16.

### Brief biography, status, business in charge of and important concurrent posts

March 1984	Joined the Company
April 1998	Head of Fujisawa Sales Office
October 2003	Executive Officer & Jonan Branch Manager
April 2004	Executive Officer & Head of Corporate Planning Division
June 2007	Director & Head of Corporate Management Division
April 2014	Managing Director & Head of Corporate Management Division
January 2016	Officer in charge of Trusco Nakayama Indonesia (present)
January 2017	Managing Director & Head of Sales Division (present) Officer in charge of Trusco Nakayama Thailand (present)

Candidate no. **3** Re-appointment Internal

みや た しん さく  
**宮田 晋作**  
*Shinsabu Miyata*



**Candidate's profile**

Date of birth	June 9, 1964 (55 years old)
With the Company	30 years and 11 months
My strength	Not turning a blind eye to anything, regardless of importance
My weakness	Somewhat lacking in good deeds, virtuous acts, and charity to others
No. of Company shares held	5,000 shares
Attendance at Board of Directors' meetings	100% (9/9 meetings)

**Continuously develop by providing new value**

“Those who support monozukuri are the people involved in it.” The various tools and consumables essential to manufacturing sites may have been made far away, such as in Europe. I hope to deliver the best tools gathered from across the world to every corner of the manufacturing industry that supports Japan. I will aim to achieve a product line-up that will help customers do a good job.

**Reason for nomination as a director candidate**

Mr. Miyata has abundant business experience through his involvement in the Distribution Division and the Product Division. He has been nominated as a director candidate for his expected continued contribution to swift and bold decision-making toward continuous improvement of the Company's corporate value, based on his initiatives in the Product Division in the 58th period as well as the OJS results.

Initiatives in the 58th Period ▶ P17.

**Brief biography, status, business in charge of and important concurrent posts**

March 1989	Joined the Company
April 1997	Head of Overseas Sales Office
April 1999	Nagoya Branch Manager
October 2001	Head of Kobe Sales Office
October 2008	Head of Planet South Kanto Center
April 2011	Head of Product Department
January 2015	Executive Officer & Head of Product Department
January 2016	Executive Officer & Head of Tokyo Head Office Product Department
January 2017	Executive Officer & Head of Product Division
March 2019	Director & Head of Product Division (present)

Candidate no. **4** Re-appointment Internal

なか い かず お  
**中井 一雄**  
*Kazuo Nakai*



**Candidate's profile**

Date of birth	July 7, 1969 (50 years old)
With the Company	26 years and 11 months
My strength	Always cheerful and do not look down
My weakness	Over-superstitious
No. of Company shares held	3,000 shares
Attendance at Board of Directors' meetings	100% (9/9 meetings)

**Aim to improve corporate value through greater competitiveness**

We have continuously been taking on the challenge of achieving our management targets by improving our competitiveness with investments that capture environmental changes in the online market and the IT and distribution fields. In addition to establishing an appropriate structure, we will focus on creating a system whereby employees can work with peace of mind and concentration. We will also aim to become a company trusted by all stakeholders by solving customers' and internal issues.

**Reason for nomination as a director candidate**

Mr. Nakai has abundant business experience through his involvement in the Sales Division and the Corporate Management Division. He has been nominated as a director candidate for his expected continued contribution to swift and bold decision-making toward continuous improvement of the Company's corporate value, based on his initiatives in the Corporate Management Division in the 58th period as well as the OJS results.

Initiatives in the 58th Period ▶ P18.

**Brief biography, status, business in charge of and important concurrent posts**

April 1993	Joined the Company
April 2002	Head of HC Niigata Sales Office
April 2004	HC Osaka Branch Manager
April 2008	Head of Human Resources Section
October 2008	Head of Human Resources Section & Head of Healthcare Section
April 2013	Head of Corporate Planning Department
January 2017	Executive Officer & Head of Corporate Planning Department
January 2019	Executive Officer & Head of Corporate Management Division
March 2019	Director & Head of Corporate Management Division (present)

Candidate no.	Re-appointment	
5	Internal	
かず み あつし <b>数見 篤</b> <i>Atsushi Kazumi</i>		

### Candidate's profile

Date of birth	September 10, 1970 (49 years old)
With the Company	26 years and 11 months
My strength	Excited at anything new
My weakness	Often fail to stick to things
No. of Company shares held	3,000 shares
Attendance at Board of Directors' meetings	100% (9/9 meetings)

### Achieve growth on the back of digital transformation

There is no stopping the evolution of AI and robotics, which has been changing not only the structure of business but also our workstyles and society. Viewing these changes as an opportunity, I will take on the challenge with passion and persistence to create a company that is continuously in demand from society as a Trust Company by improving customers' convenience and achieving vibrant workstyles for all employees.


### Reason for nomination as a director candidate

Mr. Kazumi has abundant business experience through his involvement in the Sales Division and the Information Systems Division. He has been nominated as a director candidate for his expected continued contribution to swift and bold decision-making toward continuous improvement of the Company's corporate value, based on his initiatives in the Information Systems Division in the 58th period as well as the OJS results.

Initiatives in the 58th Period ▶  P19.

### Brief biography, status, business in charge of and important concurrent posts

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

Candidate no.	Re-appointment	
6	Internal	
なお よし ひで き <b>直吉 秀樹</b> <i>Hirosaki Naoyoshi</i>		

### Candidate's profile

Date of birth	December 7, 1971 (48 years old)
With the Company	25 years and 11 months
My strength	Tenacity and energy to follow things through to the end
My weakness	Lack passion unless interested
No. of Company shares held	3,600 shares
Attendance at Board of Directors' meetings	100% (9/9 meetings)

### Develop a foundation on which companies and people can grow

In order to respond to all professionals involved in monozukuri, it is necessary to study the market, prepare inventory, and thoroughly step up all functions of distribution. "Trusco is sure to have the tool." I believe that the accumulation of creative services that cannot be gained elsewhere will not only satisfy customers but also move them on an emotional level. We will make Company-wide efforts to ensure Trusco Nakayama is a company that offers the best convenience and serves as a place where companies and people can shine.

### Reason for nomination as a director candidate

Mr. Naoyoshi has abundant business experience through his involvement in the Corporate Management Division and the Distribution Division. He has been nominated as a director candidate for his expected continued contribution to swift and bold decision-making toward continuous improvement of the Company's corporate value, based on his initiatives in the Distribution Division in the 58th period as well as the OJS results.

Initiatives in the 58th Period ▶  P20.

### Brief biography, status, business in charge of and important concurrent posts

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

Candidate no.

7

Re-appointment

Outside

さい とう けん いち  
齋藤 顕一  
*Kenichi Saito*



### Candidate's profile

Date of birth	November 15, 1949 (70 years old)
My strength	Can delight others through cooking
My weakness	Eating too much without taking exercise
No. of Company shares held	2,500 shares
Attendance at Board of Directors' meetings	100% (11/11 meetings)
Years of service (at the closing of Meeting)	4 years

### Continue to learn and convey ways of thinking

Problem solving is a way of thinking on how to improve corporate performance and how to use "brain power." Problem solving is not academic knowledge but practical learning, and may seem difficult since it is not something we studied at school. What is important is to continue asking the correct questions to customers and people at the actual sites and to discover important issues logically from factual data. I intend to continue to learn, try, convey, and learn again.

### Reason for nomination as an outside director candidate

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

### Brief biography, status, business in charge of and important concurrent posts

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

Criteria for appointment of outside directors ▶ P37  
Criteria for independence of outside officers ▶ P38

Candidate no.

8

Re-appointment

Outside

はぎ はら くに あき  
萩原 邦章  
*K. Hagihara*



### Candidate's profile

Date of birth	August 19, 1953 (66 years old)
My strength	Always view things positively
My weakness	Careless and hasty
No. of Company shares held	2,800 shares
Attendance at Board of Directors' meetings	90.9% (10/11 meetings)
Years of service (at the closing of Meeting)	4 years

### Continue discontinuous changes

Daily discontinuous changes herald an organization's growth and development. To ensure that Trusco Nakayama continues to be the top runner in the industry, I will continue to strive with courage to change from within the organization by casting away self-conceit and self-protection. To gain overwhelming support from our customers with their nice comments like "How convenient Trusco Nakayama is!", we will strive to change ourselves, aiming at further growth and development.

### Reason for nomination as an outside director candidate

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

### Brief biography, status, business in charge of and important concurrent posts

March 1976	Joined Hagihara Industries Inc.
December 1984	President of Hagihara Industries Inc.
January 2010	President & CEO
January 2016	Chairman (present)
March 2016	Outside director of the Company (present)
June 2018	President of Toyo Heisei Polymer Co., Ltd. (present)

Criteria for appointment of outside directors ▶ P37  
Criteria for independence of outside officers ▶ P38

Candidate no.

9

New appointment

Outside

すず き たか こ  
鈴木 貴子  
Takako Suzuki



### Candidate's profile

Date of birth March 5, 1962 (58 years old)

My strength I can change the atmosphere with a straightball approach.

My weakness I am not good at a breaking-ball approach that senses the atmosphere.

No. of Company shares held 0 shares

### Bringing a different perspective to decision-making

I have always had sympathy for the Company's unique management strategy and sincere attitude toward all of its stakeholders. As a "female manager of a daily commodities manufacturer," I intend to provide candid opinions so that the Company can achieve a higher quality of decision-making by bringing a different background and perspective to management from other officers.

### Reason for nomination as an outside director candidate

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

### Brief biography, status, business in charge of and important concurrent posts

April 1984	Joined Nissan Motor Co., Ltd.
August 2001	Joined LVJ Group Co., Ltd. (currently Louis Vuitton Japan Co., Ltd.)
April 2009	Representative Director, Chardin Co., Ltd.
January 2010	Joined S.T. Corporation
April 2013	President and Chief Operating Officer of S.T. Corporation (present)
May 2013	Director, Chardin Co., Ltd. (present)

Criteria for appointment of outside directors ▶▶ P37  
Criteria for independence of outside officers ▶▶ P38

### Notes concerning outside director candidates

#### (1) On independence

Mr. Kenichi Saito, Mr. Kuniaki Hagihara, and Ms. Takako Suzuki are outside director candidates as set forth in Item 7, Paragraph 3, Article 2 of the Ordinance for Enforcement of the Companies Act, and fulfill the Company's outside director appointment criteria. They also fulfill the requirements for independence stipulated by the Tokyo Stock Exchange as well as the independence criteria for outside officers stipulated by the Company (▶▶ P38). We have filed Mr. Saito and Mr. Hagihara as independent officers with the Tokyo Stock Exchange, and if their reappointment is approved, we plan to maintain their positions as independent officers. If Ms. Suzuki's appointment is approved, we plan to file her as an independent officer with the Tokyo Stock Exchange.

#### (2) On the contract for limitation of liability

In order to acquire personnel who would become outside officers and to secure their effectiveness, we have concluded a contract for limitation of liability with Mr. Saito and Mr. Hagihara, with the amount of limited liability being the minimum total liability amount as prescribed in Paragraph 1, Article 425 of the Companies Act. If their Re-appointments are approved, we plan to continue the above contract for limitation of liability. If Ms. Suzuki's appointment is approved, we plan to conclude a contract for limitation of liability under the same conditions.

#### (3) On special interest in the Company

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

Hagihara Industries Inc., of which Mr. Hagihara is Chairman, and the Company have a 25-year business relationship; however, our procurement from Hagihara Industries accounts for **less than 1%** of our total procurement by amount (**less than 3%** of the consolidated net sales of said company). In addition, there is no business relationship between Toyo Heisei Polymer Co., Ltd., of which Mr. Hagihara is President, and the Company, and no special interest that will hinder or pose a problem in Mr. Hagihara's execution of his duties as an outside director.

S.T. Corporation, of which Ms. Takako Suzuki is President & Chief Operating Officer, has no direct business relationship with the Company but has an approximately 13-year business relationship with the Company through its subsidiary S.T. Trading Co., Ltd. Our procurement from said subsidiary accounts for **less than 1%** of our total procurement by amount (**less than 1%** of the consolidated net sales of said company). In addition, there is no business relationship between Chardin Co., Ltd., of which Ms. Suzuki is Director, and the Company, and no special interest that will hinder or pose a problem in Ms. Suzuki's execution of her duties as an outside director.

### Standards for Appointment of Outside Officers

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

#### 1. Criteria for the Appointment of Outside Directors

The Company appoints outside directors from among those fulfilling the conditions set out below.

- (1) Candidates shall be able to contribute to the continuous growth and improvement of the corporate value of the Company, and shall have extensive knowledge and sufficient experience of business management.
- (2) Candidates shall be subject to none of the grounds for disqualification as a director set out in the items of Paragraph 1, Article 331 of the Companies Act.
- (3) Candidates shall fulfill the requirements for an outside director set out in Item 15, Article 2 of the Companies Act.

#### 2. Criteria for the Appointment of Outside Corporate Auditors

The Company appoints outside corporate auditors from among those fulfilling the conditions set out below.

- (1) Candidates shall have knowledge in fields such as law, finance, accounting, corporate governance and the like, and shall be able to contribute to the improvement of corporate value from a neutral and fair standpoint.
- (2) Candidates shall be subject to none of the grounds for disqualification as a corporate auditor set out in Item 1, Article 335 of the Companies Act.
- (3) Candidates shall fulfill the requirements for an outside corporate auditor set out in Item 16, Article 2 of the Companies Act.

## Election of One (1) Corporate Auditor

The term of office of Corporate Auditor Hiroho Kamakura will expire at the closing of the Meeting. Therefore, we would like to ask our shareholders to appoint one corporate auditor. The consent of the Board of Auditors has been obtained for this Proposal. The corporate auditor candidate is as follows.

Candidate	Re-appointment
	Outside
	Part-time



かま くら ひろ ほ  
鎌倉寛保  
Hiroho Kamakura

### Candidate's profile

Date of birth	January 27, 1947 (73 years old)
My strength	Respond briskly
My weakness	Impatient
No. of Company shares held	3,300 shares
Attendance at Board of Directors' meetings	81.8% (9/11 meetings)
Attendance at Board of Auditors' meetings	100% (13/13 meetings)
Years of service (at the closing of Meeting)	7 years and 8 months

### Contribute to healthy and continuous growth

A corporate auditor is an independent institution entrusted by shareholders. Its role is to conduct audits from a neutral and objective standpoint to ensure the company's healthy and continuous growth. As an outside corporate auditor with many years of experience as a certified public accountant, I intend to actively contribute to the Company's continuous growth.

### Reason for nomination as an outside corporate auditor candidate

Mr. Hiroho Kamakura has been nominated as a candidate for outside corporate auditor, since he is deemed to be able to appropriately execute duties as outside corporate auditor based on his broad knowledge and deep insight in corporate management gained through his long experience as a certified public accountant as well as his professional knowledge of accounting, in addition to his neutral and fair opinions on the Company's corporate management, as are expected of him, from an objective standpoint as an outside corporate auditor.

### Brief biography, status, business in charge of and important concurrent posts

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

Criteria for appointment of outside directors ▶ P37  
Criteria for independence of outside officers ▶ P38

### Notes concerning the outside corporate auditor candidate

#### (1) On his independence

Mr. Hiroho Kamakura is an outside corporate auditor candidate as set forth in Item 8, Paragraph 3, Article 2 of the Ordinance for Enforcement of the Companies Act, and fulfills the Company's outside corporate auditor appointment criteria (▶ P37). We have filed him as an independent officer with the Tokyo Stock Exchange, as he also fulfills the requirements for independence stipulated by the Tokyo Stock Exchange and the independence criteria for outside officers stipulated by the Company (see below). If his reappointment is approved, we plan to maintain his position as an independent officer.

#### (2) On the contract for limitation of liability

In order to acquire personnel who would become outside officers and to secure their effectiveness, we have concluded a contract for limitation of liability with Mr. Kamakura, with the amount of limited liability being the minimum total liability amount as prescribed in Paragraph 1, Article 425 of the Companies Act. If his reappointment is approved, we plan to continue the above contract for limitation of liability.

#### (3) On special interest in the Company

Mr. Hiroho Kamakura has worked at Deloitte Touche Tohmatsu LLC, the Company's accounting auditor, but retired seven years and nine months ago. There are no business or other relationships between the Company and Yushin Precision Equipment Co., Ltd., Fujio Food System Co., Ltd., and SymEnergy Inc., which he serves as a part-time corporate auditor.

### Criteria for the Independence of Outside Officers

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

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

# Introduction of Two (2) Corporate Auditors

## Introduction of Corporate Auditors in Office

Outside

Full-time

まつ だ まさ き  
松田 昌樹  
*M. Matsuda*



### Profile

Date of birth	March 30, 1956 (63 years old)
My strength	Prudent, exercise restraint, patient
My weakness	Tend to create frameworks for all matters
No. of Company shares held	15,900 shares
Attendance at Board of Directors' meetings	100% (11/11 meetings)
Attendance at Board of Auditors' meetings	100% (13/13 meetings)
Years of service (at the closing of Meeting)	12 years and 9 months

### Through audit activities with many involvements

As a corporate auditor who plays a role in corporate governance, I hope to be actively involved in various situations by closely cooperating with the audit firm and the internal audit division, without limiting my activities to compliance auditing, which limits the roles and authorities of the corporate auditor to a narrower range than necessary, and enhance my involvement toward the continuous development of the Trust Company.

### Initiatives in the 57th period

Mr. Matsuda provided opinions on the overall management policy, etc. at Board of Directors' and Board of Corporate Auditors' meetings, as well as advice and recommendations to ensure the adequacy and appropriateness of decision-making of the Board of Directors based on his long experience at a financial institution and knowledge in finance, etc. As a full-time corporate auditor, he also carried out activities such as visiting branches, witnessing inventory clearance, and witnessing site investigation by the audit firm, in accordance with the policy on audit, etc.

### Brief biography, status, business in charge of and important concurrent posts

April 1978	Joined the Kyowa Bank, Ltd. (currently Resona Bank, Ltd.)
March 2003	Chief Credit Officer of the Osaka No. 3 Loan Department, Resona Bank, Ltd.
June 2007	Full-time corporate auditor of the Company (present)

Outside

Full-time

たか だ あきら  
高田 明  
*Akira Takada*



### Profile

Date of birth	January 3, 1958 (62 years old)
My strength	Have strong curiosity and act without hesitation
My weakness	Not good at continuing with things tenaciously
No. of Company shares held	500 shares
Attendance at Board of Directors' meetings	100% (11/11 meetings)
Attendance at Board of Auditors' meetings	100% (13/13 meetings)
Years of service (at the closing of Meeting)	2 years

### Contribute to continuous improvement of corporate value

As a full-time corporate auditor, I will objectively and accurately grasp the Company's decision-making process and exercise of business, and prevent the rise of risk if I recognize signs of risk. In addition, as an independent officer, I will contribute to the continuous improvement of Trusco Nakayama's corporate value by being appropriately involved in the Company from a different perspective from internal members.

### Initiatives in the 57th period

Mr. Takada provided opinions on the overall management policy, etc. at Board of Directors' and Board of Corporate Auditors' meetings, as well as advice and recommendations to ensure the adequacy and appropriateness of decision-making of the Board of Directors based on his experience at a securities firm and an IR consulting firm. As a full-time corporate auditor, he also carried out activities such as visiting branches, witnessing inventory clearance, and witnessing site investigation by the audit firm, in accordance with the policy on audit, etc.

### Brief biography, status, business in charge of and important concurrent posts

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

**Frequently Asked Questions to Trusco** Answers to questions frequently asked by our shareholders

**Q 1** How do you view your **current payout ratio**?

**We maintain a consolidated dividend payout ratio of 25%.**

We believe we can maximize returns to shareholders by achieving continuous growth. Based on the policy that continued capital investment is essential for improving corporate value, we have focused our investments on distribution centers, IT infrastructure, and the personnel that support them, and we achieved solid growth as a result. Currently, we intend to maintain a consolidated dividend payout ratio of 25% based on business performance as a result of considering the balance between returns by corporate value improvement through capital investment and returns by dividends, and we provide returns to shareholders with a comprehensive dividend amount.

Annual dividend and net income per share [P26](#).

**Q 2** Are there any plans for a **share buyback** in the future?

**At the moment, we have no plans for share buybacks.**

Our ROE at the end of the fiscal year ended December 31, 2019 was 7.5% (consolidated basis). We believe it is important to improve sales and profits by effectively using funds to strengthen functions (investing in the reinforcement of distribution and growth areas, such as IT), improving customers' convenience, and contributing to monozukuri, instead of aiming to improve corporate value with short-term methods. We hope to return our profits to our shareholders through corporate value improvement and dividends.

**Q 3** What are the reasons behind and countermeasures against the **increase in sales and a drop in profit**?

**We reduced costs and reviewed areas of capital investment.**

**Reasons**

- Major reasons for increases in SG&A for the 57th period
1. Increase in depreciation due to the operations of distribution centers and aggressive capital investment, including the installment of distribution equipment
  2. Increase in freight and packaging costs owing to an increase in shipments and a rise in delivery prices

**Countermeasures**

We regarded a delay in management reform as one of the reasons behind the downward revision of the earnings forecast and dividend forecast for the 57th period, which was disclosed on August 1, 2019, and reduced officers' remuneration\* for the September-December period.

\*A 10% reduction in fixed remuneration (monthly fixed remuneration) for the President, Senior Managing Directors and Managing Directors

As a countermeasure to the decline in profit, we continued to implement company-wide cost-cutting measures from the previous fiscal year. We continued to allocate appropriate personnel, review delivery routes, reduce overtime and introduce RPA. As for capital expenditures, we prioritized the investments necessary to boost earnings, and the Board of Directors reexamined whether they were necessary investments and decided to temporarily suspend some investments.

**Q 4** What is the future of **overseas business**?

**We respond to the needs of overseas companies through stable supply of products by our consolidated subsidiaries.**

Our overseas business is based on two strategies. The first one is the business development in Trusco Nakayama Thailand and Trusco Nakayama Indonesia, both of which have local inventories. The second one is the expansion of a one-stop service to sales agents in each country by the Overseas Sales Section and sale activities centered on the cultivation of new sales agents.

In March 2019, Trusco Nakayama Indonesia was relocated to a new office building. In both Thailand and Indonesia, we will enhance our prompt delivery system while enhancing our inventory lineup.

The Overseas Sales Section conducts direct trade with our sales agents in various countries around the world, mainly in Europe, the U.S. and ASEAN countries. As of the end of December 31, 2019, our products were exported to 19 countries. We will continue to aim to be a company that is needed by monozukuri sites around the world.

Current situations of subsidiaries [P24-25](#).



## Q 5 What is the **governance structure of overseas consolidated subsidiaries**?

### **The Corporate Auditors and the Audit Supervision Office work together to increase effectiveness.**

The status of the two consolidated subsidiaries (Trusco Nakayama Indonesia and Trusco Nakayama Thailand) is reported by the Head of Overseas Department to the monthly Management Committee, and the Full-time Corporate Auditors of the parent company and the internal audit division (Audit Supervision Office) regularly conduct on-site audits.



Audit of Trusco Nakayama Thailand  
(From left: Yasui, President of Trusco Nakayama Thailand, Takada, Full-time Corporate Auditor)

## Q 6 What are your **ESG and SDG-related initiatives**?

### **Trusco Nakayama's conviction "Businesses and companies are only worthwhile if they are of use to people and society."**

Based on this conviction, we engage in initiatives not only in pursuit of profit but also in order to realize the happiness of those involved, including local communities, business partners and shareholders.

#### **Major ESG initiatives** ▶ P27-P31.

- Contribute to society through business
- Providing a workplace environment where employees can work with peace of mind
- Environmental activities through business activities
- Highly transparent corporate management
- Provision of safe and secure products
- Unique environmental management system

#### **SDG-related initiatives** ▶ P27.

Trusco Nakayama has always implemented various initiatives and systems on a voluntary basis. We will concretize these from the viewpoint of the SDGs and fulfill our corporate social responsibility to realize a sustainable society.

