

TRUSCO®

Convocation Notice

59th Annual Shareholders' Meeting

From January 1, 2021 to December 31, 2021

■ Date and time

March 18 (Friday), 2022
at 10:00 a.m. (Doors open at 9:00 a.m.)

■ Venue

Tsuru Room, Banquet Floor, the Main Building,
Hotel New Otani Tokyo Details on the back cover

- The Tokyo venue above is the only venue this year.
Pre-registration is required to attend and is available for only up to **300** shareholders based on raffle drawing.
- The proceedings of this Shareholders' Meeting will be broadcasted in real time on the Internet.



TRUSCO NAKAYAMA Corporation

Environmental conservation through direct shipments from the wholesaler to users

Clients

Internet order companies
Home centers
Tool and hardware dealers

Users

Production factories
Construction sites
General consumers



TRUSCO

Through direct shipments to users

- Halving delivery lead times
- Halving packing materials
- Halving freight fees
- Halving environmental load
- Halving work load



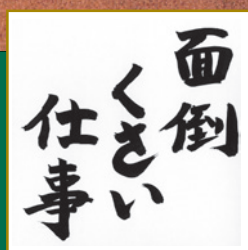
Convocation Notice of
the 59th Annual
Shareholders' Meeting

Convocation Notice of the 59th Annual Shareholders' Meeting



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President Nakayama's key phrase for 2022

"Tiresome work will make people grow"

One would naturally loathe tiresome work and, if possible, would like to avoid it. But looking back, one would realize that accomplishing such a work fostered one's own growth. I recommend that you get along with tiresome work to enhance your resourcefulness and lead your life with confidence and vigor.



At the 55th
Anniversary Hall,
3rd floor, Tokyo
Head Office

To our shareholders

(Securities code: 9830)

March 2, 2022

TRUSCO NAKAYAMA Corporation

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

Tesuya Nakayama, President

中山哲也

GAMBARE!! JAPANESE MONODZUKURI

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 in digitalization and by 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.

The key phrase for this year is "Tiresome work will make people grow." One would naturally loathe tiresome work. With the advances of digital technologies, much of tiresome work has been eliminated, but some tiresome work remains unsolvable even with digital technologies.

At the present time in which "smart work" is a buzzword, I do not intend to acclaim tiresome work, but one should think about what one might gain by accomplishing a tiresome work. More dependable a person is, more tiresome work seems to be drawn to that person. Half of your worries would be gone if you realize that the extent of tiresome work surrounding you is the evidence that you are seen to be dependable by others.

Resourcefulness means the ability to solve difficult problems, and solving difficult problems is the foremost type of tiresome work. We would like to get along with tiresome work to enhance our resourcefulness and walk forward with confidence and vigor.

Keeping in mind our policy that "Business must serve people and society," we will continue to work to be a company needed by our customers and markets in 2022.

Decided Matters upon the Convocation

Notice is hereby given that the 59th 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 cannot 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 17, 2022.

- 1** Date and Time March 18 (Friday), 2022, at 10:00 a.m. (Doors open at 9:00 a.m.)
 *Pre-registration is required to attend and is available for only up to 300 shareholders based on raffle drawing. For details, please see the attached leaflet.
- 2** Place Venue: Tsuru Room, Banquet Floor, the Main Building,
 Hotel New Otani Tokyo, 4-1 Kioi-cho, Chiyoda-ku, Tokyo
 *The Tokyo venue above is the only venue this year.
 Reason: To consolidate venues into Tokyo and also to strengthen the system to allow more shareholders to participate in the Meeting from anywhere by using an online shareholders' meeting format (live streaming).
 *If the venue becomes unavailable because of the spread of the COVID-19 infection, we will announce it on the Company's website.
 Shareholders attending the meeting on the day of the Annual Shareholders' Meeting are kindly requested to confirm any change in advance before the meeting.
- 3** Matters Constituting the Purpose of the Meeting

Matters 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 59th Period (from January 1, 2021 to December 31, 2021)
Matters to Be Resolved	Proposal No. 1: Election of Seven (7) Directors Proposal No. 2: Election of Two (2) Corporate Auditors Proposal No. 3: Partial Amendment to the Article of Incorporation
- 4** Guide to the Exercise of Voting Rights
 Please refer to "Guide to the Exercise of Voting Rights" on ► P7-8.

Notes: 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 of Outside Officers for the Current Fiscal Year, Matters concerning the Independence of Outside Officers, and Special information about Outside Officers)], the [Situation of Accounting Auditors], the [Systems and Policies of the Company (Matters concerning the Implementation of the System to Ensure the Propriety of the Company's Operations, 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, Consolidated Financial Statements, 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").
 4. In the event that the chairperson is unable to attend the meeting, the acting chair shall act as the chairperson in accordance with the predetermined order.

Organizational Chart

As of January 1, 2022

*1 Board Brain

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.

Advisor



Takashi Nakai

Advisor

What is an advisor?

The Company offers a post of advisor to a person who is qualified to provide advice to responsible persons drawing from his or her past knowledge and experience. While the mandatory retirement age for the officers of the Company is 65, advisors may at their choice continue to work until the age of 70.

Born January 16, 1955
66 years old (43 years and 9 months with the Company)
Number of shares held: 32,200 shares
Career Summary
1978: Joined the Company
1996: Tokyo Branch Office Manager
1998: General Manager, Corporate Planning Department
1999: Executive Officer & Head of the Corporate Planning Division
2003: Executive Officer & Head of the Corporate Planning Division
2004: Director & Division Head, Distribution Dept.
2007: Executive Director & Division Head, Product Division
2017: Senior Executive Director & Head of Corporate Management Division
2019: Senior Executive Director & Assistant to the President
2020: Advisor (present)



Kenichi Saito

*1 Board Brain

ForeSight & Company
Representative Director

Born November 15, 1949
72 years old
Number of shares held: 3,200 shares
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 for Problem-Solving Proficiency (present)



Kuniaki Hagihara

Outside Director

*1 Board Brain
Chairman, Hagihara Industries Inc.

Outside

Atsushi Kazumi



Concurrent post

Director
Head of Corporate Management Division,
Head of Digital Strategy Department

Born September 10, 1970
51 years old (28 years and 9 months with the Company)
Number of shares held: 4,000 shares
Career Summary
1993: Joined the Company
2001: Head of Tsuchiura Sales Office
2002: Head of Kanazawa Sales Office
2006: Osaka Branch Manager
2010: Head of Catalog/Media Section & Head of Dottokuru Section
2013: Head of e-Commerce Sales Department
2014: Head of e-Business Sales Department
2017: Executive Officer & Head of e-Business Sales Department in charge of Mail Order
2017: Executive Officer & Head of Information Systems Department
2019: Executive Officer & Head of Information Systems Division
2019: Director & Head of Information Systems Division
2020: Director & Head of Corporate Management Division, Head of Digital Strategy Division, Head of Digital Promotion Department
2021: Director & Head of Corporate Management Division, Head of Digital Strategy Division (present)

Corporate Management Division

(93 employees in total)^{*2}

Corporate Planning Department

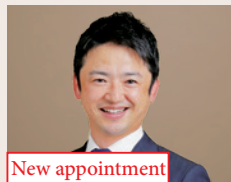


Atsushi Shimozu

General Manager,
Corporate Planning
Department

Born December 25, 1978
43 years old (19 years and 9 months with the Company)
Number of shares held: 1,300 shares
Career Summary
2002: Joined the Company
2011: Branch Office Manager, Edogawa Branch
2013: Deputy Section Manager, Management Planning Section
2014: Section Manager, Administration Section, Legal Affairs Section, and Vehicle Operation Management Section, Osaka Head Office
2021: Section Manager, Corporate Planning and PR/IR Section
2021: General Manager, Corporate Planning Department and Section Manager, Corporate Planning and PR/IR Section
2021: General Manager, Corporate Planning Department (present)
Corporate Planning Section
Secretarial Section
PR/IR Section
Sustainability Promotion Section (12 employees)

Newly established Personnel Department



New appointment

Tomoya Kita

General Manager,
Personnel Department

Born December 24, 1978
43 years old (20 years and 9 months with the Company)
Number of shares held: 900 shares
Career Summary
2001: Joined the Company
2010: Branch Office Manager, Kofu Branch
2016: Planet Tokai Logistic Center Manager
2019: Section Manager, Human Resource Development Section, Secretarial Section, and CSR Section
2021: Section Manager, Human Resource Development Section, Secretarial Section, CSR Section, and Recruitment Section
2022: General Manager, Personnel Department (present)
Personnel Section
HR Support Section
Recruitment Section
Human Resource Development Section
Healthcare Section (19 employees)

Administration Department



Mikio Adachi

General Manager, Administration
Department and Section
Manager, Property Section

Born September 20, 1969
52 years old (27 years and 9 months with the Company)
Number of shares held: 2,600 shares
Career Summary
1994: Joined the Company
2002: Branch Office Manager, HC Nagoya Sales Office
2004: Branch Office Manager, HC Niigata Sales Office
2007: Branch Office Manager, HC Tokyo Branch
2008: Office Manager, Matsudo Sales Office
2011: Planet South Kanto Logistic Center Manager
2013: Planet North Kanto Logistic Center Manager
2016: General Manager, Factory Sales Department (Chubu)
2018: General Manager, Factory Sales Department (Shinshu, Hokuriku, and Tokai)
2019: General Manager, Administration Department
2021: General Manager, Administration Department and Section Manager, Property Section (present)

Tokyo Management Section
Osaka Management Section
Property Section
TRUSCO Resort and Spa Hakone
Kyoto Kaguraoka Rengetsuso
TRUSCO Resort and Spa Karuizawa (27 full-time and 11 part-time employees)

Trusco Nakayama Health Insurance Association



Akiko Tani
Manager

Born May 6, 1981
40 years old (8 years and 8 months with the Company)
(2 temporarily transferred employees)

Accounting Department



Tetsuhiro Mori

General Manager,
Accounting Department

Born March 27, 1966
55 years old (3 years and 1 months with the Company)
Number of shares held: 400 shares
Career Summary
2019: Joined the Company
2019: Manager of the Financial Management Section
2021: General Manager of the Accounting Department (present)
Accounting Section
Finance Section
(18 employees)

Digital Strategy Division

Information Systems Department



Takayuki Kimura

General Manager,
Information Systems
Department

Born June 26, 1973
48 years old (23 years and 9 months with the Company)
Number of shares held: 4,300 shares
Career Summary
1998: Joined the Company
2011: Branch Office Manager, Yamaguchi Branch
2012: Branch Office Manager, Ube Branch
2013: Section Manager, Human Resources Development Section, Section Manager, Secretary Section, and Section Manager, Environmental Management Section
2019: General Manager, Information Systems Department (present)

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

Directors

Born August 19, 1953
68 years old
Number of shares held: 3,200 shares
Career Summary
1976: Joined Hagihara Industries Inc.
1984: President of Hagihara Industries Inc.
2010: President & CEO of Hagihara Industries Inc.
2016: Chairman of Hagihara Industries Inc.
2016: Outside Director of the Company (present)
2018: President of Toyo Heisei Polymer Co., Ltd. (present)
2020: Outside Director, Wavelock Holdings Co., Ltd. (present)
2021: Chairman, Toyo Heisei Polymer Co., Ltd. (present)
2022: Chairman, Hagihara Industries Inc. (present)



Takako Suzuki

Outside Director
*1 Board Brain
Chairperson of the Board and President & Chief Operating Officer of S.T. Corporation

Born March 5, 1962
59 years old
Number of shares held: 2,500 shares
Career Summary
1984: Joined Nissan Motor Co., Ltd.
2001: Joined LVJ Group Co., Ltd. (currently Louis Vuitton Japan Co., Ltd.)
2009: Representative Director, Chardin Co., Ltd.
2010: Joined S.T. Corporation
2013: President and Chief Operating Officer of S.T. Corporation
Director, Chardin Co., Ltd. (present)
2020: Outside Director of the Company (present)
2021: Chairperson of the Board and President & Chief Operating Officer of S.T. Corporation (present)



Tetsuya Nakayama

Representative Director and President

Born December 24, 1958
63 years old (40 years and 9 months with the Company)
Number of shares held: 1,260,600 shares
Career Summary
1981: Joined the Company
1984: Director
1987: Managing Director
1991: Representative Director and Senior Managing Director
1994: Representative Director and President (present)

Heads



Tatsuya Nakayama

Senior Executive Officer
Head of Product Division

Born August 4, 1985
36 years old (8 years and 9 months with the Company)
Number of shares held: 2,200 shares
Career Summary
2013: Joined the Company
2018: Branch Office Manager, Internet Sales Tokyo Branch Division 1
2019: General Manager of Corporate Planning Department and Accounting Department
2021: Senior Executive Officer & General Manager of the Product Division (present)

(52 employees in total)

Digital Promotion Department



Atsuhiko Yamanaka

General Manager,
Digital Promotion Department

Born September 21, 1974
47 years old (23 years and 9 months with the Company)
Number of shares held: 1,600 shares
Career Summary
1998: Joined the Company
2008: Branch Office Manager, Tsuchiura Branch
2012: Branch Office Manager, Minamiosaka Branch
2018: Section Manager, Sales Planning Section
2021: General Manager, Digital Promotion Department (present)

Digital Promotion Section
UX Platform Development Office
(12 employees)

Product Division (150 employees in total)

Tokyo Product Department



New appointment

Fumiaki Matsubara

General Manager,
Tokyo Product Department

Born July 21, 1980
41 years old (17 years and 9 months with the Company)
Number of shares held: 1,000 shares
Career Summary
2004: Joined the Company
2018: Branch Office Manager, Fukui Branch
2021: Osaka Branch Manager, South Osaka Branch
2022: General Manager, Tokyo Product Department (present)

Tokyo NB Product Section
Tokyo PB Product Section
PB Product Design Section
Tokyo Supplier Development Section
(47 employees)

Osaka Product Department



Koshiro Aoyama

General Manager,
Osaka Product Department

Born February 23, 1976
45 years old (23 years and 9 months with the Company)
Number of shares held: 2,800 shares
Career Summary
1998: Joined the Company
2008: Branch Office Manager, Kumagaya Branch
2012: Branch Office Manager, Toyama Branch
2016: Section Manager, Tokyo PB Product Section and PB Product Design Section
2021: Deputy General Manager, Osaka Product Department
2021: General Manager, Osaka Product Department and Section Manager, Orange Book Section
2022: General Manager, Osaka Product Department (present)

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

Newly established Overseas Product Department



New appointment

Norihiro Higashi

General Manager,
Overseas Product Department

Born October 16, 1978
43 years old (17 years and 9 months with the Company)
Number of shares held: 1,700 shares
Career Summary
2004: Joined the Company
2013: Branch Office Manager, Oyama Branch
2015: Representative Office Manager, Representative Office Germany
2022: General Manager, Overseas Product Department (present)

Overseas Purchase Section
Germany Office
Taiwan Office (to be established)
Thailand Office (to be established)
(14 employees)

Newly established Sales Planning Department / e-Business Sales Department



Concurrent post

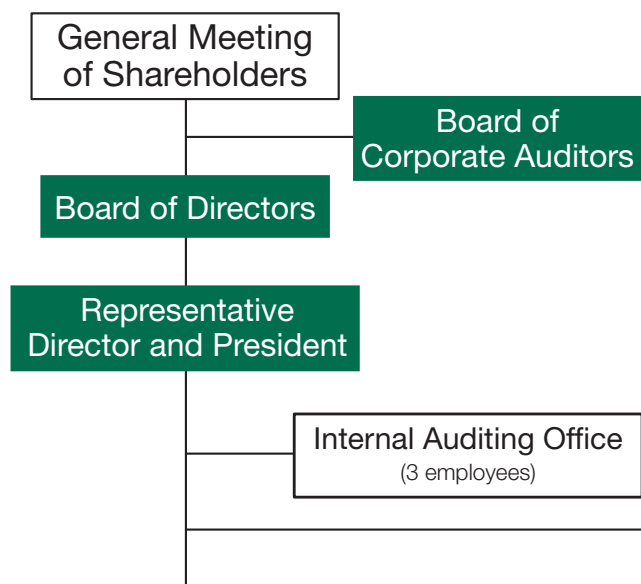
Masashi Yamamoto

General Manager,
Sales Planning Department and
e-Business Sales Department

Born May 27, 1973
48 years old (25 years and 9 months with the Company)
Number of shares held: 2,800 shares
Career Summary
1996: Joined the Company
2004: Office Manager, Hamamatsu Sales Office
2010: Head of Corporate Auditor's Office
2010: Section Manager, Administration Section
2014: Planet Tohoku Logistic Center Manager
2018: General Manager, Tokyo Metropolitan Area Distribution Department
2019: General Manager, Overseas Department and Marketing Department
2020: General Manager, e-Business Sales Department
2022: General Manager, Sales Planning Department and e-Business Sales Department (present)

Sales Planning Section
Naojiro Section
MRO Stocker Promotion Section
(8 employees)

Internet Sales Tokyo
Internet Sales Osaka
MRO Supply Tokyo
(57 full-time and 3 part-time employees)



Masaki Matsuda

Full-time Corporate Auditor

Born March 30, 1956
65 years old
Number of shares held: 18,600 shares
Career Summary
1978: Joined the Kyowa Bank, Ltd. (currently Resona Bank, Ltd.)
2003: Chief Credit Officer of the Osaka No. 3 Loan Department, Resona Bank, Ltd.
2007: Full-time Corporate Auditor of the Company (present)



Akira Takada

Full-time Corporate Auditor



Kazuo Nakai

Director
Head of Sales Division

Born July 7, 1969
52 years old (28 years and 9 months with the Company)
Number of shares held: 4,000 shares
Career Summary
1993: Joined the Company
2002: Office Manager, HC Niigata Sales Office
2004: Branch Office Manager, HC Osaka Branch
2008: Section Manager, Personnel Section
2008: Section Manager, Personnel Section & Healthcare Section
2013: General Manager, Corporate Planning Department
2017: Executive Officer & General Manager, Corporate Planning Department
2019: Executive Officer & Head of Corporate Management Division
2019: Director & Head of Corporate Management Division
2020: Director & Head of Sales Division
Executive in charge of TRUSCO NAKAYAMA CORPORATION (THAILAND) LIMITED (present)
Executive in charge of PT. TRUSCO NAKAYAMA INDONESIA (present)
2021: Director & Head of Sales Division, General Manager of Home Center Sales Department & Distribution Department
2022: Director & Head of Sales Division (present)

Division

Sales Division

Factory Sales Department



Kiyonori Unto

General Manager,
Factory Sales Department
East Japan

Born February 9, 1962
59 years old (35 years and 1 months with the Company)
Number of shares held: 5,300 shares
Career Summary
1986: Joined the Company
1996: Office Manager, Fukui Sales Office
2004: Office Manager, Chiba Sales Office
2008: Branch Office Manager, Okayama Branch
2011: General Manager, Factory Sales Department (East Japan)
2013: General Manager, Overseas Department
2019: General Manager, Factory Sales Department and Distribution Department East Japan
2022: General Manager, Factory Sales Department East Japan (present)

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



New appointment

Yoshiaki Kimura

General Manager,
Factory Sales Department
Tokyo Metropolitan Area

Born September 2, 1980
41 years old (18 years and 9 months with the Company)
Number of shares held: 1,100 shares
Career Summary
2003: Joined the Company
2012: Branch Office Manager, Kurume Branch
2015: Branch Office Manager, Tosu Branch
2016: Section Manager, Public Relations Section, IR Section, and Corporate Design Section
2017: Section Manager, PR/IR Section
2019: Branch Office Manager, Osaka Branch
2022: General Manager, Factory Sales Department Tokyo Metropolitan Area (present)

Kashima, Omiya, Satte
Chiba, Matsudo, Tokyo
Keihin, Atsugi, Shizuoka
Fuji
(154 full-time and 31 part-time employees)



Yutaka Yoneda

General Manager,
Factory Sales Department
Chubu Japan

Born November 6, 1975
46 years old (22 years and 9 months with the Company)
Number of shares held: 2,600 shares
Career Summary
1999: Joined the Company
2005: Office Manager, Shiga Sales Office
2010: Section Manager, Recruitment Section
2013: Section Manager, Corporate Planning Section
2017: General Manager, Tokyo Product Department
2022: General Manager, Factory Sales Department Chubu (present)

Toyama, Kanazawa, Fukui
Hamamatsu, Nagoya, Okazaki
Komaki, Yokkaichi
(120 full-time and 28 part-time employees)



New appointment

Toshiharu Sakai

General Manager,
Factory Sales Department
Kinki

Born August 17, 1976
45 years old (22 years and 9 months with the Company)
Number of shares held: 1,700 shares
Career Summary
1999: Joined the Company
2008: Office Manager, HC Tottori Office
2010: Office Manager, Yonago Sales Office
2011: Head of Corporate Auditor's Office
2012: Section Manager, Public Relations Section, IR Section, and Corporate Design Section
2016: Branch Office Manager, Tosu Branch
2020: Branch Office Manager, Nagoya Branch
2022: General Manager, Factory Sales Department Kinki (present)

Ryuo, Kyoto, Osaka
Higashi-Osaka, Minami-Osaka, Kobe
Himeji
(115 full-time and 9 part-time employees)



New appointment

Masatoshi Fujita

General Manager,
Factory Sales Department
West Japan

Born March 10, 1981
40 years old (18 years and 9 months with the Company)
Number of shares held: 300 shares
Career Summary
2003: Joined the Company
2016: Branch Office Manager, Miyazaki Branch
2016: Branch Office Manager, Utsunomiya Branch
2021: Branch Office Manager, Komaki Branch
2022: General Manager, Factory Sales Department West Japan (present)

Yonago, Okayama, Hiroshima
Fukuyama, Ube, Shunan
Tokushima, Takamatsu, Matsuyama
Fukuoka, Kokura, Tosu
Nagasaki, Kumamoto, Oita
Kagoshima, Okinawa
(142 full-time and 31 part-time employees)

Company Auditor

Born January 3, 1958
63 years old
Number of shares held: 1,400 shares
Career Summary
1981: Joined Nomura Securities Co., Ltd.
2001: Head of IB Consulting Office of Nomura Securities Co., Ltd.
2009: Managing Director of IB Business Development Department of Nomura Securities Co., Ltd.
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)



Hiroho Kamakura
Part-time Corporate Auditor

Born January 27, 1947
74 years old
Number of shares held: 4,200 shares
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, SymEnergy Inc. (present)

Executive Officer



Hiroaki Imagawa
Executive Officer

Born January 22, 1963
58 years old (35 years and 9 months with the Company)
Number of shares held: 20,000 shares
Career Summary
1986: Joined the Company
1996: Head of Maebashi Sales Office
1997: Head of Ota Sales Office
1998: Tokyo Branch Manager
2004: Executive Officer & Head of NB Product Division
2007: Director & Head of Sales Division
2013: Executive Officer & Head of Factory Sales Department (East)
2016: Executive Officer & Head of Accounting Department
2019: Executive Officer & Head of Corporate Planning Department, Head of Accounting Department
2019: Executive Officer, Head of Factory Sales Department, Head of Distribution Department, Tokyo Metropolitan Area
2022: Executive Officer (present)

Mr. Imagawa will assume office as Full-time Corporate Auditor subject to the approval of shareholders at the 59th Annual Shareholders' Meeting of the Company scheduled for March 18, 2022.

Heads

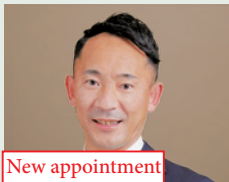


Hideki Naoyoshi
Director
Head of Distribution Division

Born December 7, 1971
50 years old (27 years and 9 months with the Company)
Number of shares held: 4,000 shares
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 Department
2017: Executive Officer & Head of Information Systems Department
2017: Executive Officer & Head of Distribution Division
2019: Director & Head of Distribution Division
2021: Director & Head of Product Divisions, Head of Distribution Division
2021: Director & Head of Distribution Division (present)

(917 employees in total)₂

Home Center Sales Department



New appointment

Shu Matsui

General Manager, Home Center Sales Department and Branch Office Manager, HC Tokyo Branch

Born August 17, 1979
42 years old (18 years and 9 months with the Company)
Number of shares held: 600 shares
Career Summary
2003: Joined the Company
2012: Branch Office Manager, Fukui Branch
2015: Branch Office Manager, HC Tokyo Branch
2022: General Manager, Home Center Sales Department and Branch Office Manager, HC Tokyo Branch (present)

HC Tokyo, Okazaki, Fukuoka
HC Osaka, and Okinawa

* Including three branches under concurrent post at branches of the Factory Sales Department (33 full-time and 1 part-time employees)

Overseas Department



Naotsugu Kamijo

General Manager, Overseas Department

Born November 29, 1977
44 years old (18 years and 9 months with the Company)
Number of shares held: 1,900 shares
Career Summary
2003: Joined the Company
2014: Branch Office Manager, Kashima Branch
2017: Section Manager, Overseas Sales Section
2020: General Manager, Overseas Department and Section Manager, Overseas Sales Section
2022: General Manager, Overseas Department (present)

Overseas Sales Section
* Liaison function with overseas subsidiaries (6 employees)

Overseas subsidiaries Officer in charge at TRUSCO NAKAYAMA Corporation: Kazuo Nakai
TRUSCO NAKAYAMA CORPORATION (THAILAND) LIMITED PT. TRUSCO NAKAYAMA INDONESIA



Kazuaki Harada
Representative Director and President

Born November 8, 1980
41 years old (18 years and 9 months with the Company)
24 employees
(3 temporarily transferred employees and 21 local employees)
Director: Naotsugu Kamijo



Yohei Takuno

Representative Director and President
Born May 16, 1986
35 years old (11 years and 9 months with the Company)
20 employees
(3 temporarily transferred employees and 17 local employees)
Corporate Auditor: Naotsugu Kamijo

Distribution Division

(1,634 employees in total)

Distribution Reorganization Department



Masaya Okada
General Manager, Distribution Reorganization Department

Born August 17, 1976
45 years old (21 years and 9 months with the Company)
Number of shares held: 700 shares
Career Summary
2000: Joined the Company
2008: Section Manager, Recruitment Section
2010: Branch Office Manager, Itabashi Branch
2015: Planet Tokai Logistic Center Manager
2016: Planet Saitama Preparation Room Manager
2018: Planet Saitama Logistic Center Manager
2021: General Manager, Distribution Reorganization Department (present)

Logistics Planning Section
Delivery Management Section
Logistics Platform Development Section and P Aichi Preparation Section (13 employees)

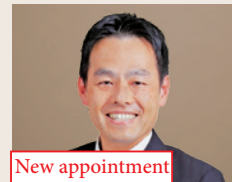
Distribution Department



Masato Otani
General Manager, Distribution Department East Japan

Born October 24, 1967
54 years old (30 years and 9 months with the Company)
Number of shares held: 1,800 shares
Career Summary
1991: Joined the Company
2008: Office Manager, Kagoshima Sales Office
2012: Branch Office Manager, Chiba Branch
2014: Section Manager, Personnel Section & Healthcare Section
2018: General Manager, Factory Sales Department Kinki
2019: General Manager, Factory Sales Department and Distribution Department Kinki
2021: General Manager, Factory Sales Department and Distribution Department Chubu and Kinki
2022: General Manager, Distribution Department East Japan (present)

P Hokkaido, P Tohoku, P North Kanto
P Saitama, P East Kanto, P South Kanto
TOKYO BUC
HC East Japan Distribution Center
Utsunomiya STC
Oyama STC
Omiya STC
(240 full-time and 550 part-time employees)



New appointment

Takanori Hirayama

General Manager, Distribution Department West Japan

Born April 20, 1975
46 years old (22 years and 9 months with the Company)
Number of shares held: 2,800 shares
Career Summary
1999: Joined the Company
2005: Office Manager, Akashi Sales Office
2010: Section Manager, IT Planning Section
2015: Branch Office Manager, e-Business Tokyo Branch Division 1
2016: Branch Office Manager, Internet Sales Tokyo Branch Division 1
2018: Section Manager, Personnel Section & Healthcare Section
2022: General Manager, Distribution Department West Japan (present)

P Tokai, P Nagoya, P Shiga
P Osaka, P Kobe, P Sanyo
P Kyushu
HC West Japan Distribution Center
HC Kyushu Distribution Center
Toyohashi STC, East Osaka STC
Nara STC, Okayama STC
Takamatsu STC, Hakata STC
Kurume STC
(257 full-time and 572 part-time employees)

Voting Right Exercise Methods

Please exercise your voting rights by referring to ► P33–40 of the Shareholders' Meeting Reference Documents. There are the following methods to exercise your voting rights.



Exercise of voting rights by attending the Meeting*

Pre-registration is required to attend and is available for only up to 300 shareholders based on raffle drawing.

URL: <https://form.run/@trusco59>

For details, please see the attached leaflet.



Website for pre-registration



Exercise of voting rights via the Internet

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



Exercise of voting rights by post (in writing)

Please indicate your vote "For" or "Against" each proposal on the Voting Form, cut off the right section along the indicated line, hide your personal information using the sticker, and post the form.

Date and time of the meeting

March 18, 2022 (Friday)
10:00 a.m.
(reception will start at 9:00 a.m.)

Time limit for the exercise of voting rights

March 17, 2022 (Thursday)
(5:30 p.m.)

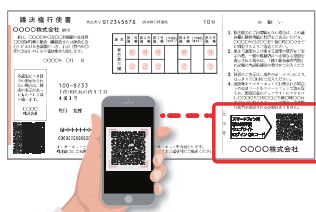
Time limit for the exercise of voting rights

March 17, 2022 (Thursday)
5:30 p.m. (latest arrival time)

Guide to Exercising Voting Rights via a Smartphone

1. Scan the QR code

Scan the "Log-in QR Code" to the Website for Exercising Voting Rights for Smartphones* at the lower right of the enclosed Voting Form with your smartphone or tablet device.

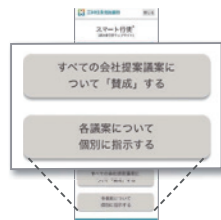


*QR Code is a registered trademark of Denso Wave Incorporated.

2. Select the Voting Right Exercise Methods

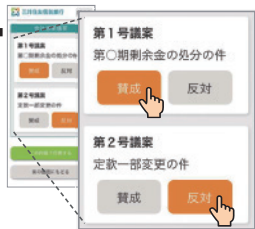
Access the URL displayed to open the website screen for exercising voting rights. There are two methods of exercising voting rights.

- I will vote "for" all company proposals.
- I will instruct each agenda item separately.



3. Enter "For" or "Against."

Enter "For" or "Against" according to the instructions on the screen. If there is no problem on the confirmation screen, click the "Exercise with this item" to complete your exercise.

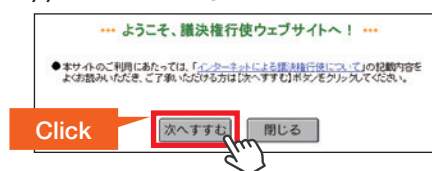


Please call the number below for inquiries on how to operate a PC, smartphone, or mobile phone when exercising voting rights via the Internet. Dedicated phone number for stock transfer agency web support of Sumitomo Mitsui Trust Bank:

0120-652-031 (9:00 a.m. to 9:00 p.m., excluding year-end and New Year's holidays)

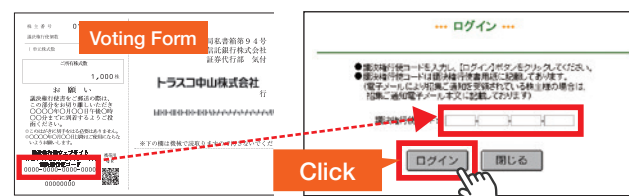
Guide to Exercising Voting Rights via the Internet

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



2. Log-in.

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



3. Enter "For" or "Against."

Enter the initial password on the next screen, and then, set the password that you will actually use.

Enter "For" or "Against" according to the instructions on the screen thereafter.

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 using a PC, smartphone, etc., may not be possible depending on your Internet environment. In addition, exercising voting rights may not be possible with some models of mobile phones.

*Those attending the Meeting as a proxy shareholder (only one other shareholder holding voting rights of the Company) are requested to submit a written proof of their right of proxy at the Meeting reception desk.

How to Fill in the Voting Form

Please enter your vote for each proposal by referring to ► P33–40 of the Shareholders' Meeting Reference Documents.

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4年3月18日開催の貴社第59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4年 3月 日

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。

トラスコ中山株式会社

お願い

1. 株主総会にご出席されない場合は、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)

第1号議案 第1号議案

○ 賛 〇 賛

○ 否 〇 否

トラスコ中山株式会社

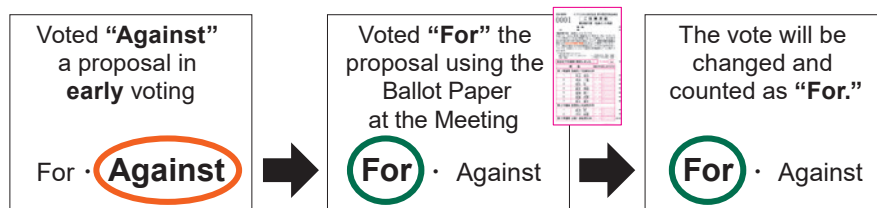
インターネットと書面両方で議決権行使された場合は、インターネットを有効とします。株主総会にご出席の際は、この用紙の右片を切離さずそのまま会場受付にご提出ください。

Relationship between Prior Voting and Voting on the Day

Pre-registration is required to attend and is available for only up to 300 shareholders based on raffle drawing. For details, please see the attached leaflet.

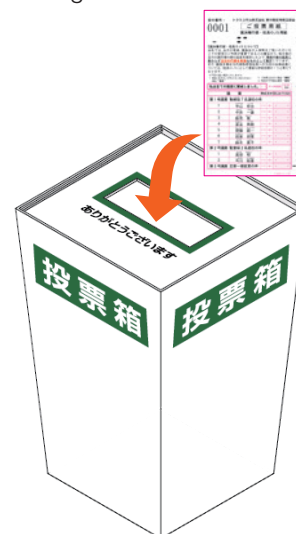
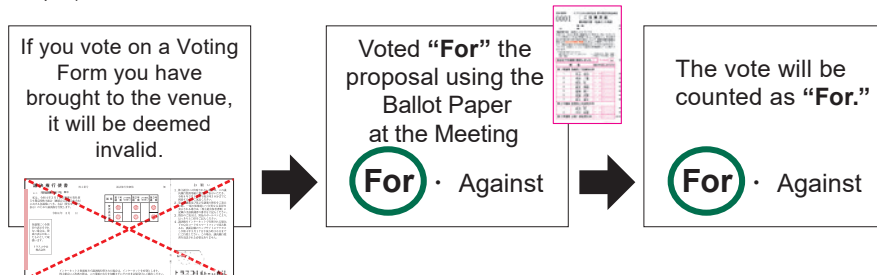
1. If voting early via the Internet (PC) or smartphone (refer to ► P7) and attending the Meeting

(Example)



2. If attending the Meeting without voting early

(Example)



At the Meeting, you will be asked to place your Ballot Paper in the ballot box.

Voting on the Day

On the basis of 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 Ballot Papers to the shareholders who attend the meeting. 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.

Please note that shareholders who view the meeting online will not be able to vote on the day of the meeting.

Ballot Paper 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 22 (Tuesday), 2022, after the closing of the Meeting. The results of the “OJS on the President” for the previous period (58th Period) are presented on P35.

Business Report

59th Period

From January 1, 2021 to December 31, 2021
(Attached Documents)

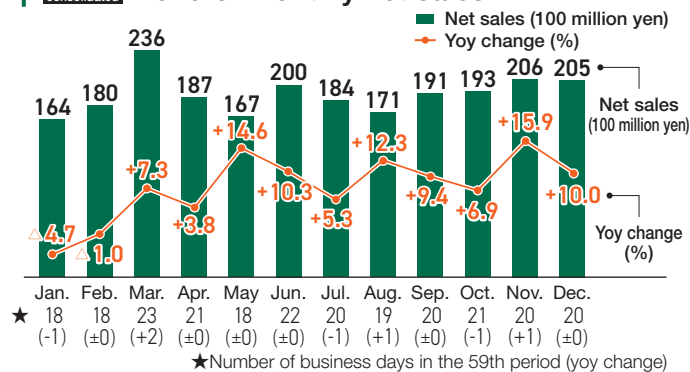
Continue to satisfy the needs of customers for convenience improvement

We have continued aggressive capital investments in distribution facilities, distribution equipment, and digital technologies in order to accurately satisfy the needs for goods in small quantity and large variety, which are required by manufacturing customers. In response to the increasing number of items that we supply, we strategically strengthened our immediate delivery system by enhancing inventories and revamping the distribution network.

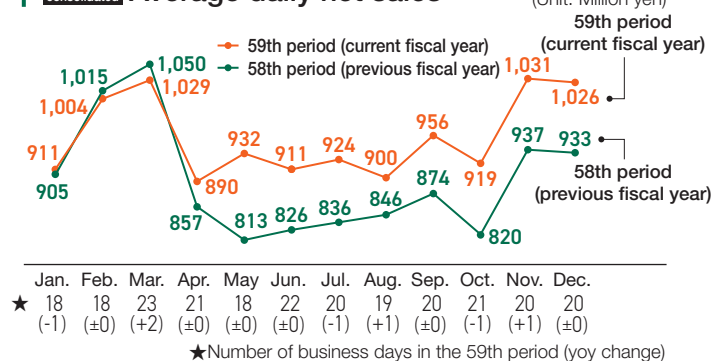
Operating results for the 59th period ended December 2021

Net sales	Consolidated	229,342	million yen	(+7.5% yoy)
	Non-consolidated	228,906	million yen	(+7.4% yoy)
Gross margin	Consolidated	21.0%		(-0.5pt yoy)
	Non-consolidated	21.0%		(-0.5pt yoy)
Selling, general and administrative expenses	Consolidated	35,383	million yen	(+1.4% yoy)
	Non-consolidated	35,104	million yen	(+1.4% yoy)
Incl.) Depreciation	Consolidated	6,929	million yen	(+5.6% yoy)
	Non-consolidated			
Operating income	Consolidated	12,891	million yen	(+17.0% yoy)
	Non-consolidated	12,903	million yen	(+16.2% yoy)
Ordinary income	Consolidated	13,572	million yen	(+17.4% yoy)
	Non-consolidated	13,596	million yen	(+16.9% yoy)
Net income attributable to owners of parent	Consolidated	11,603	million yen	(+44.9% yoy)
	Non-consolidated			
Net income	Consolidated	11,635	million yen	(+43.9% yoy)
	Non-consolidated			

Trend of monthly net sales



Average daily net sales



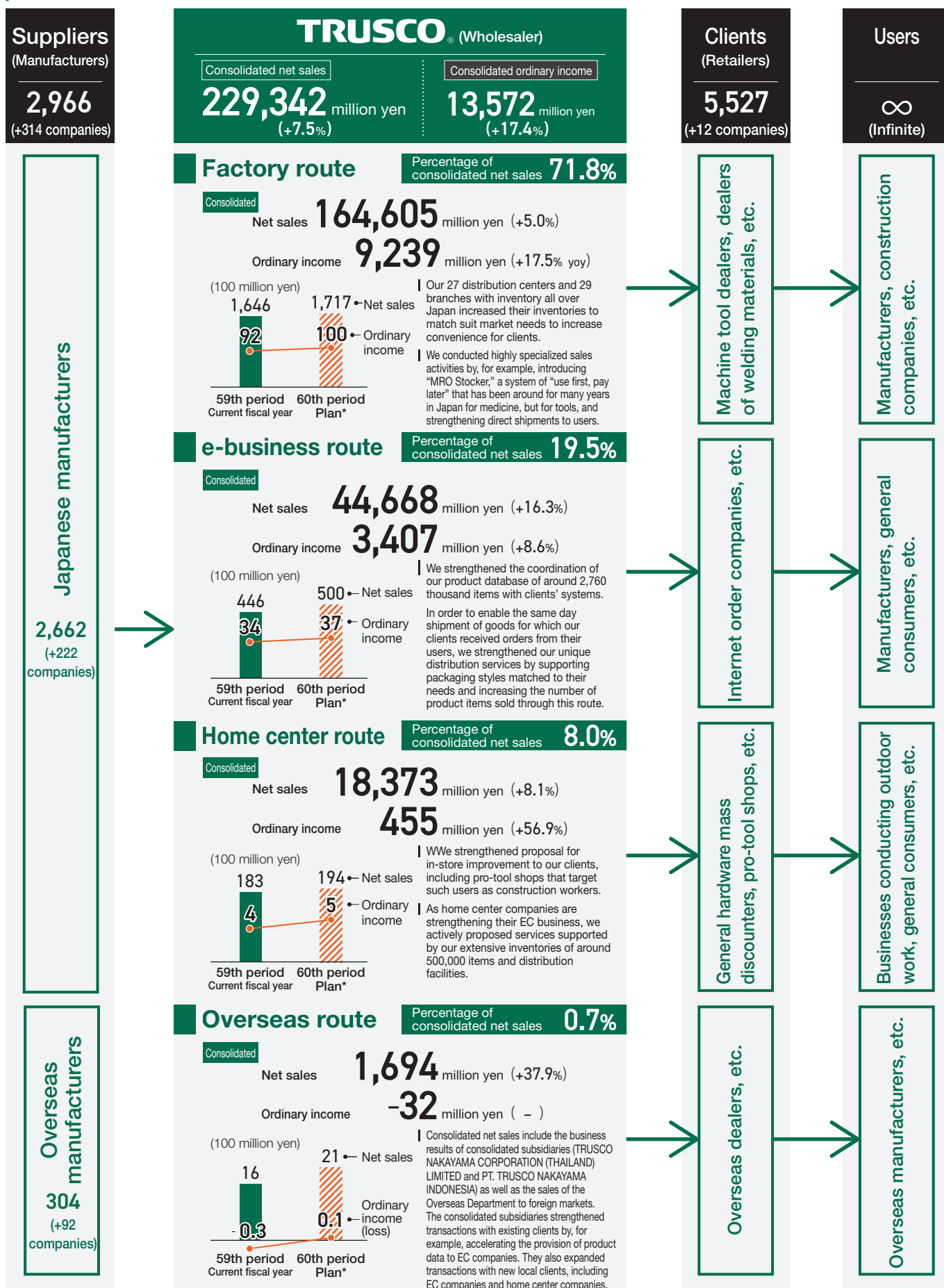
Net income per share	Consolidated	175.97	yen	(+54.54% yoy)
	Non-consolidated	176.45	yen	(+53.83% yoy)
Annual dividend per share		35.50	yen	(+5.00% yoy)

Sales by category of goods and percentage of total sales (Figures in parentheses () indicate yoy change () Percentage of total)

Cutting tools 3.1% 7,221 million yen (+10.6%)	Production processing goods 7.6% 17,362 million yen (+7.4%)	Construction goods 11.5% 26,291 million yen (+6.9%)	Work supply 18.6% 42,595 million yen (+7.6%)	Hand tool 16.5% 37,684 million yen (+9.5%)
Environmental safety equipment 17.6% 40,415 million yen (+5.0%)	Distribution and storage equipment 11.0% 25,150 million yen (+10.3%)	Research management equipment 4.3% 9,866 million yen (+5.7%)	Office and housing facility equipment 9.1% 20,765 million yen (+6.9%)	Other 0.7% 1,552 million yen (-18.4%)

Note: All figures stated in the business report from P14 onwards are rounded down to the nearest one million yen.

Business flow (figures in parentheses () indicate yoy changes)



* As the Company plans to apply the "Accounting Standard for Revenue Recognition" (ASBJ Standard No. 29) and other related guidance from the beginning of the 60th period onwards, the plan figures for the 60th period shown above were prepared by applying the Standard, etc. For this reason, percentage changes from the previous fiscal year are not presented.

Changes in assets and profit or loss in the last 10 years

Performance indicators

(Unit: Million yen)

Fiscal year	50th period	51st period	52nd period	53rd period	54th period	55th period	56th period	57th period	58th period	59th period
Category	FYE March 2013	FYE March 2014	FYE December 2014 (9 months ended December)	FYE December 2015	FYE December 2016	FYE December 2017	FYE December 2018	FYE December 2019 [Consolidated]	FYE December 2020 [Consolidated]	FYE December 2021 Current fiscal year [Consolidated]
Net sales	132,295	145,882	114,473	166,565	177,053	195,096	214,297	220,674	213,404	229,342
Gross margin	20.3%	20.4%	20.9%	21.5%	21.7%	21.2%	21.2%	21.3%	21.5%	21.0%
Selling, general and administrative expenses	18,451	19,588	15,504	22,788	24,198	27,114	31,127	33,237	34,891	35,383
Operating income	8,356	10,133	8,477	12,976	14,163	14,276	14,364	13,797	11,017	12,891
Ordinary income	8,311	10,078	8,494	13,211	14,433	14,581	14,642	14,197	11,559	13,572
Net income	4,818	5,954	5,474	8,242	9,963	10,173	9,722	9,613	8,007	11,603
Net income per share	73.05 yen	90.28 yen	83.01 yen	124.98 yen	151.08 yen	154.28 yen	147.44 yen	145.78 yen	121.43 yen	175.97 yen
Total assets	82,283	87,039	90,917	97,777	105,836	113,680	120,648	127,478	132,960	142,669
Return on equity (ROE)	6.0%	7.0%	6.2%	8.7%	9.8%	9.3%	8.3%	7.5%	6.1%	8.4%
Net assets	100,032	109,738	109,917	120,141	128,044	147,363	170,216	196,094	208,854	223,072
Net assets per share	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	2,016.28 yen	2,163.55 yen
Return on assets (ROA)	8.4%	9.6%	7.7%	11.5%	11.6%	10.6%	9.2%	7.2%	5.7%	6.3%
Equity ratio	82.3%	79.3%	82.7%	81.4%	82.7%	77.1%	70.9%	65.0%	63.7%	64.0%

Notes: 1. Net income per share is calculated based on the average number of issued shares outstanding during the period after subtracting the average number of treasury shares outstanding during the period.

2. Net assets per share is calculated based on the number of issued shares outstanding at the end of the period after subtracting the number of treasury shares outstanding at the end of the period.

3. The Company carried out a 1 to 2 stock split for its common stock on January 1, 2017. Therefore, the amounts of net income per share and net assets per share were calculated as if the stock split had been carried out at the beginning of the 50th period.

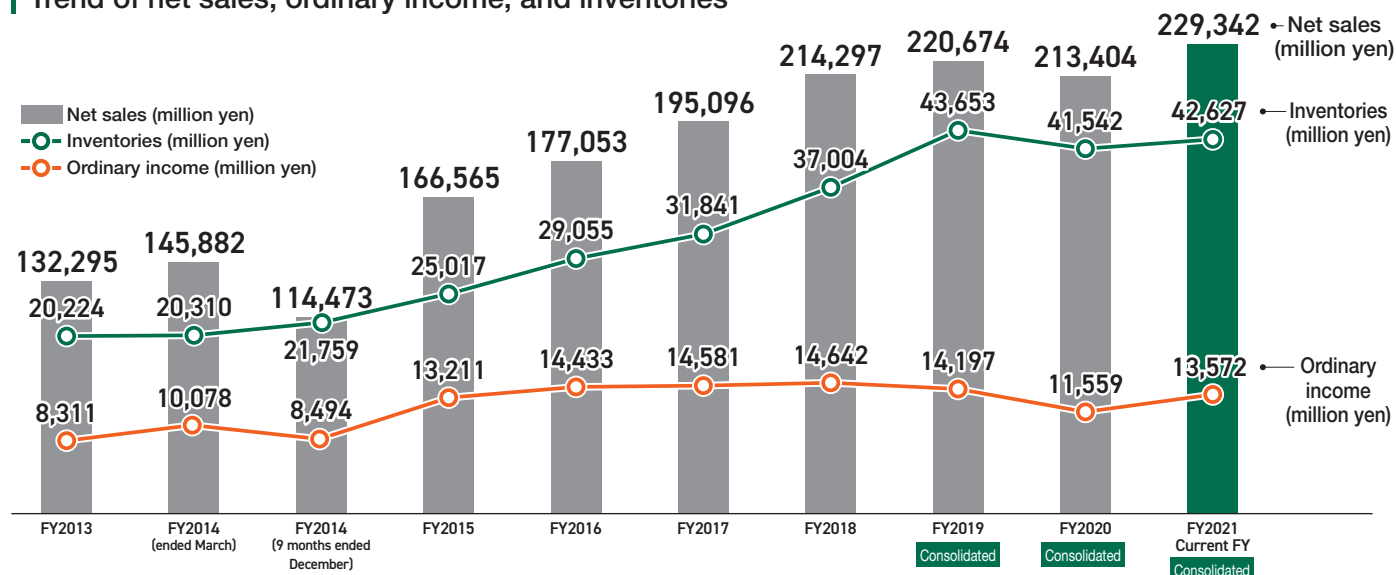
4. The Company started to prepare consolidated financial statements from the fiscal year ended December 2019 onwards. Accordingly, net income attributable to owners of parent is presented from the fiscal year ended December 2019 onwards.

Trend of cash flows

(Unit: Million yen)

Fiscal year	50th period	51st period	52nd period	53rd period	54th period	55th period	56th period	57th period	58th period	59th period
Category	FYE March 2013	FYE March 2014	FYE December 2014 (9 months ended December)	FYE December 2015	FYE December 2016	FYE December 2017	FYE December 2018	FYE December 2019 [Consolidated]	FYE December 2020 [Consolidated]	FYE December 2021 Current fiscal year [Consolidated]
Cash flow from operating activities	4,486	9,368	3,263	9,336	6,459	8,932	6,928	10,998	15,068	15,926
Cash flow from investing activities	-5,293	-5,502	-4,385	-5,083	-7,806	-16,628	-18,144	-19,707	-8,743	-4,596
Cash flow from financing activities	-1,187	-1,288	-1,735	-1,575	-2,262	7,424	12,492	14,558	7,722	-2,243
Cash and cash equivalents at the end of the period	11,899	14,476	11,618	14,296	10,682	10,412	11,685	18,330	32,344	41,449

Trend of net sales, ordinary income, and inventories



Major capital investments in the current fiscal year

Planet Saitama Increase the shipping capacity of I-Pack® [high-speed automated packaging and shipping lines]

We have introduced distribution equipment such as I-Pack®. As the procurement of goods via Internet shopping is more widely used in manufacturing, the needs for direct shipments to users are rapidly increasing. As direct shipments from the wholesaler to users can cut packing materials and environmental load by half, we can contribute not only to higher convenience for clients by shortening delivery lead times, but also to environmental preservation.



I-Pack® [high-speed automated packaging and shipping lines]

- Location: Satte, Saitama
- Site area: 14,297 tsubo
- Total floor area: 12,915 tsubo
- Total investment in the 59th period: Approx. 270 million yen

<Capacity>

Shipping capacity: 720cs/h (1 line), for about 24 persons

Centers that have introduced : Planet Tohoku, Saitama, Tokai, and Osaka (3 lines at Planet Saitama and 1 line at each of other centers)

● Facilities introduced in the current fiscal year

Facility	Before increase		After increase	
	Quantity	Capacity	Quantity	Capacity
① I-Pack® lines	2	Injection of 8,000 parcels per day	3	Injection of 15,200 parcels per day
② GAS units for I-Pack® (Sorting system)	2		6	
③ I-Pack® worksites	10		19	
④ Destination sorting robot	—	—	1	300 sorting sessions per hour

Planet Aichi New construction plan

We acquired land in Kita-Nagoya, Aichi for the construction of a new distribution center. The center will be called Planet Aichi and can stock 1 million items of inventory to contribute to our efforts to increase convenience for clients.

By making the full use of digital and mechanical technologies, we will acquire the highest level of competitiveness that is unparalleled by other companies and use the high logistics capability to achieve higher business results.



- Location: Kita-Nagoya, Aichi (Land readjustment project site in the West of Okimura in Kita-Nagoya)
- Site area: 12,595 tsubo
- Total investment amount: Approx. 20 billion yen (under planning)



To reduce environmental load, we provided cooperation for verification tests of weeding by goats.

Osaka Head Office Building Relocation plan

We have acquired land and a building in Osaka City, Osaka for the relocation of our Osaka Head Office. By relocating to Honmachi, the central office area of Osaka, we will aim to improve convenience for commuting and the awareness of the Company. The land and building of the current Osaka Head Office will be transferred to a third party for the effective use of management resources.

The relocation of Osaka Head Office is schedule for the fiscal year ending December 2024.



Honmachi Central Building

- Name of the asset: Honmachi Central Building
- 4-2-5 Honmachi, Chuo-ku, Osaka City, Osaka
- Site area: 313 tsubo
- Total floor area: 3,150 tsubo
- Acquisition price: Approx. 4.6 billion yen

Financing

The Company raises funds by way of long-term and short-term borrowings from financial institutions to continue to invest in distribution facilities and digital technologies for the purpose of increasing convenience for clients.

As of the end of the 59th period (December 31, 2021), the balance of cash and deposits amounted to 41.4 billion yen (an increase of 9 billion yen from the previous fiscal year). The Company has not raised new funds during the current fiscal year. (The short-term borrowings of 17 billion yen remain outstanding over periods as the same amount is refinanced continuously.)

Major lenders



Internet disclosure

Financing table

Fiscal year	55th period FYE December 2017	56th period FYE December 2018	57th period FYE December 2019	58th period FYE December 2020	59th period FYE December 2021	Balance of borrowings at the end of the 59th period
Category						
Long-term borrowings	10 billion yen	15 billion yen	—	*10 billion yen	—	35 billion yen
Short-term borrowings	—	—	17 billion yen	—	—	17 billion yen
Total	10 billion yen	15 billion yen	17 billion yen	10 billion yen	—	52 billion yen

*The financing by way of long-term borrowings during the 58th period ended December 2020 was conducted in view of the possibility of an economic crisis under the COVID-19 pandemic.

Developments and results of business activities

Progress and plan on key performance indicators of the Company

Key performance indicators		58th period FYE December 2020 Previous fiscal year		59th period FYE December 2021 Current fiscal year		60th period FYE December 2022 Plan		
Digital	Automated estimate ratio		8.1 %	—	18.2 %	(+10.1)	24.0 %	(+5.8)
	Web estimate request ratio		36.7 %	—	42.7 %	(+6.0)	47.0 %	(+4.3)
	System order intake ratio		83.9 %	(+0.8)	85.3 %	(+1.4)	87.0 %	(+1.7)
Products	Number of PB product items (total number of items)		67,700	(+8,200)	79,500	(+11,800)	90,000	(+10,500)
	Available TRUSCO Orange Book Com items		2,337,220	(+316,179)	2,760,887	(+423,667)	5,050,000	(+2,289,113)
	Total number of suppliers		2,652	(+115)	2,966	(+314)	3,220	(+254)
	Number of domestic suppliers		2,440	(+108)	2,662	(+222)	2,860	(+198)
	Number of overseas suppliers		212	(+7)	304	(+92)	360	(+56)
	TRUSCO Orange Book	Number of listed manufacturers	1,851	(+75)	1,948	(+97)	2,110	(+162)
		Number of listed items	471,000	(+31,000)	508,000	(+37,000)	500,000	(-8,000)
	Number of inventory items		442,436	(+50,237)	499,964	(+57,528)	550,000	(+50,036)
	Incl.) Number of items stocked automatically		2,965	—	7,494	(+4,529)	13,800	(+6,306)
	Total number of items in inventory		45,955,506	—	48,787,614	(+2,832,108)	53,600,000	(+4,812,386)
	Inventory value		41,542 million yen	(-2,111)	42,627 million yen	(+1,085)	43,760 million yen	(+1,133)
Sales	Number of corporate customers		5,515	(-77)	5,527	(+12)	5,580	(+53)
	Number of customer accounts		27,550	(+669)	29,561	(+2,011)	31,000	(+1,439)
	Number of companies connected to Orange Commerce		1,367	(+104)	2,042	(+675)	2,400	(+358)
	Number of companies that have introduced MRO Stocker		47	(+47)	329	(+282)	1,409	(+1,080)
Logistics	Number of items delivered directly to users		1,663,153	(+197,017)	2,836,392	(+1,173,239)	3,800,000	(+963,608)
	Number of direct deliveries to users		2,719,214	(+282,910)	3,396,286	(+677,072)	4,000,000	(+603,714)
	Personnel expenses per receiving/shipping		124	—	117	(-7)	111	(-6)
	Inventory shipment ratio		91.0 %	(+0.5)	91.3 %	(+0.3)	91.5 %	(+0.2)
	Number of hired vehicle delivery runs		160	(-15)	161	(+1)	154	(-7)
	Number of TRUSCO delivery runs		110	(+12)	117	(+7)	127	(+10)
	Percentage of TRUSCO delivery runs		40.7 %	(+4.8)	42.1 %	(+1.4)	45.2 %	(+3.1)
	Delivery lead time		—	—	20h 06min 53sec	—	—	—
HR	Average overtime hours per month		14.9	(-11.2)	14.4	(-0.5)	14.4	(±0)
	Average age (full-time employees)		38.4	(+0.2)	39.6	(+1.2)	—	—
	Average salary (full-time employees)		6.19<6.56> million yen	(-36)	6.15<6.53> million yen	(-4)	—	—
	Career		7.21<7.68> million yen	(-37)	7.24<7.72> million yen	(+3)	—	—
	Area		6.01<6.38> million yen	(-41)	5.96<6.33> million yen	(-5)	—	—
	Logistics		4.61<4.81> million yen	(-31)	4.56<4.76> million yen	(-5)	—	—
	Salary of persons in managerial posts	Branch office managers, center managers, head office section managers, etc.	11.28<12.11> million yen	(-8)	11.17 <12.00> million yen	(-11)	—	—
		Division heads, general managers, deputy general managers (excluding officers)	14.46<15.72> million yen	(-52)	14.58 <15.87> million yen	(+12)	—	—
	Total number of employees (including officers and part-time employees)		2,786	(-10)	2,906	(+120)	—	—
	Number of part-time employees		1,100	(-28)	1,264	(+164)	—	—

Notes: 1. Figures in parentheses () indicate changes from the previous fiscal year.

2. Average salary (full time employees) includes the salary of executive officers.

3. Figures in parentheses < > indicate the amount of salary including financial bonds. The Company pays retirement allowance annually as "financial bonds" rather than paying it as a lump sum retirement payment at the time of retirement.

4. The total number of employees includes officers, part-time employees, temporarily transferred employees and local employees of subsidiaries.

Management challenges to be addressed

Outlook for the 60th period ending December 2022 and beyond

In the next fiscal year, the Company and its consolidated subsidiaries are expected to face a business environment in which demand for capital investments will rise in anticipation of the post-COVID-19 era, automotive production will recover, and demand for production and business machinery, whose export has been strong, will be maintained at high levels, leading to a recovery of business confidence. However, due to the uncertainties in the pandemic situation given the repeated resurgence of infection cases in the past as well as in resource prices, we are forced to be cautious in predicting future developments as the future economic climate will depend on these factors. We expect growth in net sales as we will continue aggressive capital investments in distribution facilities, distribution equipment, and digital technologies in order to accurately satisfy the needs for goods in small quantity

and large variety, which are required by manufacturing customers. We forecast that selling, general and administrative expenses will amount to approximately 37.4 billion yen in total as we expect increases in freight and packing expenses due to an increase in the number of shipments corresponding to the increase in net sales, as well as in expenses for the resumption of various events that had been suspended due to the effect of the COVID-19 pandemic. As for the consolidated financial results for the next fiscal year, we forecast net sales of 243.5 billion yen, an ordinary income of 14.6 billion yen, a net income attributable to owners of parent of 9,960 million yen, a net income per share of 151.04 yen, and an annual dividend per share of 38.00 yen. Our sales budget is formulated by collecting projections from branch office managers and taking into consideration the effect of various sales activities.

Consolidated operating results	59th period FYE December 2021 Current fiscal year Consolidated	60th period FYE December 2022 Plan Consolidated
Net sales	229,342 million yen (+7.5%)	243.5 billion yen (-)Note 2 [246,169 million yen] Note 3
Gross margin	21.0% (- 0.5pt)	21.2% (-)Note 2
Selling, general and administrative expenses	35,383 million yen (+1.4%)	37,470 million yen (-)Note 2
Incl.) Depreciation	6,929 million yen (+5.6%)	6,853 million yen (-)Note 2
Operating income	12,891 million yen (+17.0%)	14,250 million yen (-)Note 2
Ordinary income	13,572 million yen (+17.4%)	14,600 million yen (-)Note 2
Net income attributable to owners of parent	11,603 million yen (+44.9%)	9,960 million yen (-)Note 2
Net income per share	175.97 yen (+54.54 yen)	151.04 yen (- 24.93 yen)
Annual dividend per share	35.50 yen (+5.00 yen)	38.00 yen (+2.50 yen)

Notes: 1. Figures in parentheses () indicate changes from the previous fiscal year.

2. As the Company plans to apply the "Accounting Standard for Revenue Recognition" (ASBJ Standard No. 29) and other related guidance from the beginning of the 60th period onwards, the plan figures for the 60th period shown above were prepared by applying the Standard, etc. For this reason, percentage changes from the previous fiscal year are not presented.

3. If the Company were not to apply the accounting standard, etc. mentioned in the preceding note, our planned net sales for the 60th period ending December 2022 would be 246,169 million yen (+7.3% yoy).

To become what we want to be: Capability targets

To be able to always provide the highest level of convenience as a creative company, we believe that we should prioritize "capability targets," which clarify what abilities the Company should develop, rather than "quantitative targets," such as sales and profit. To aim to become a company that is always needed by clients and the society, we will engage in our business while seeking to become what we want to be as depicted by the following statements:

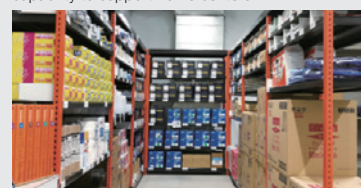
- 1 We want to be a company with the ability to store 1 million items in inventory by 2030.
- 2 We want to become a company with the ability to receive orders 24 hours a day and ship orders 365 days a year.
- 3 We want to become a company free from out-of-stock items, wrong orders received, and wrong shipments.
- 4 We want to become a company without the need for inventory taking.
- 5 We want to become a wholesaler company with the ability to ship orders directly to users without stress.
- 6 We want to become a company with the ability to provide an estimate instantaneously.
- 7 We want to become a company with the ability to realize the fastest, shortest, and best delivery in the industry.
- 8 We want to become a company with as small environmental load as possible.
- 9 We want to become a company that actively promotes recycling, reuse, and returnable initiatives.
- 10 We want to become a platformer that supports the Japanese manufacturing sector.
- 11 We want to become a company with the ability to overturn the common sense, customs, established theories, and standard moves in the industry.



Planet Aichi (Kita-Nagoya, Aichi) with the capacity to store 1 million items in inventory is under development (12,595 tsubo).



The relocation of HC East Japan Distribution Center (Fukujimashinden, Sanjo City, Niigata) is being planned (7,958 tsubo) to strengthen the distribution capability to support home centers.



The introduction of MRO Stocker by manufacturers all over Japan is in progress.

To become what we want to be: Material issues

To achieve sustainable growth, which enables us to become what we want to be, the Company has identified the following material issues. We will work on these material issues through our business activities toward the establishment of a sustainable society. Basic Policy and Material Issues on Sustainability ▶ P25

① Total optimization of the supply chain



Contribute to the reduction of environmental load with one-stop logistics

Digital Strategy Division's initiatives ▶ P17
Sales Division's initiatives ▶ P19
Distribution Division's initiatives ▶ P20

④ Environment actions through business activities



Assembly services for chain sling available at "Naojiro" repair workshops

ESG activity report
Environment ▶ P25

② Planning and development of products that respond to diversifying needs



Strengthen competitiveness through creative product development

Product Division's initiatives ▶ P18

⑤ Contribution to stakeholders and local communities



The Nakayama Visual Welfare Foundation's new Nakayama Memorial Hall

ESG activity report
Social ▶ P27

③ Development of environments and personnel to enable them to fully display their personal abilities



Provide employee training sessions and programs to give awareness in various areas

Corporate Management Division's initiatives ▶ P16

⑥ Governance based on a stance of choosing the proper actions



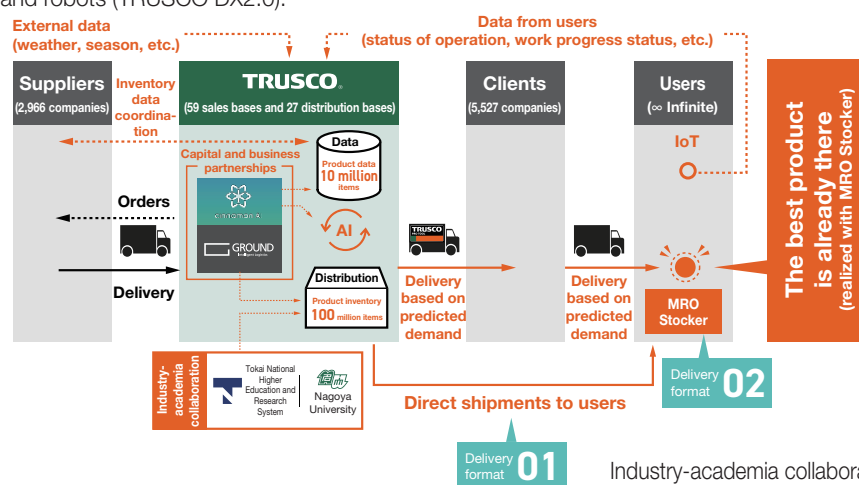
Management Conference attended also by department heads

ESG activity report
Governance ▶ P31

Total optimization of the supply chain: Realizing the fastest, shortest, and best delivery in the industry.

Distribution platform development project TRUSCO HACOBune

Based on industry-academia collaboration with Tokai National Higher Education and Research System Nagoya University and capital and business partnerships with GROUND Inc. and Cinnamon Inc., the Company has started an initiative toward the creation of a new distribution platform to realize the fastest, shortest, and best delivery in the industry by making the full use of AI and latest robots. By creating a new distribution platform TRUSCO HACOBune, the Company will aim to further accelerate its digital transformation (DX) including the use of AI and robots (TRUSCO DX2.0).



Seiichi Matsuo
Tokai National Higher Education and Research System Nagoya University
President



Hiratomo Miyata
GROUND Inc.
Representative Director & CEO



Miku Hirano
Cinnamon Inc.
Representative Director & CEO

Industry-academia collaboration and capital and business partnership ▶ P43

Delivery format 01: User-direct shipment service

Environmental conservation through direct shipments from the wholesaler to users

The "user-direct shipment service" is a service to ship orders from clients directly to users from our distribution centers. Direct shipments from the Company to users will reduce packing materials, fuels, and CO₂ and thereby reduce environmental load.

Delivery format 02: MRO Stocker

MRO Stocker

MRO Stocker is a system of "use first, pay later" that has been around for many years in Japan for medicine, but for tools. This service offers an ultimate quick delivery environment that allows for rapid delivery of needed items to manufacturing sites so that they are instantly available for use.

Corporate Management Division

Becoming a company that is always be of service to clients and society by leveraging people (originality) as a starting point



Atsushi Kazumi

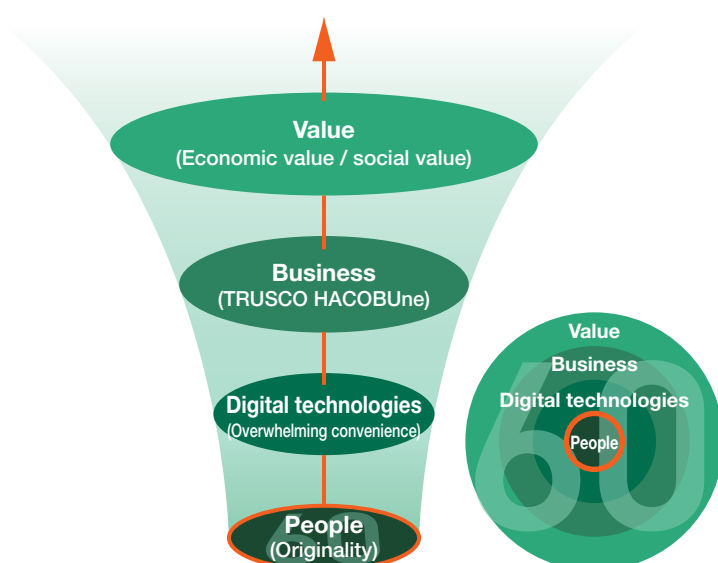
Director
Head of Corporate Management Division,
Head of Digital Strategy Division

Toward the realization of our ambitions with our people and digital technologies

We believe that the source of competitiveness of TRUSCO is its originality. To realize our ambitions that “business must serve people and society,” we will renew our efforts to develop people (originality), which is the starting point of the realization of ambitions, in the 60th period. In the first year of such initiatives, we will establish a new department in charge of personnel affairs, the Personnel Department. We will also carry out a personnel system reform that will change the awareness and behavior of employees and thereby develop human resources with the ability to generate original ideas, aiming to increase competitive advantages of the Company. Leveraging such originality as a starting point and through digital technologies that offer overwhelming convenience, we will accelerate our business reform project to realize the fastest, shortest, and best delivery and “the best product is already there” (TRUSCO HACOBUne). By combing people (originality) and digital technologies to further increase convenience for clients, we aim to become a company that is always be of service to them.

TRUSCO's ambitions

Business must serve people and society



Renew our efforts to strengthen people (originality) and thereby aim to realize our “ambitions”

A personnel system reform to develop human resources with independent thinning and strong originality

We believe that originality is cultivated by each individual's ability and aptitude as well as the work environment. The newly established Personnel Department will introduce a system (talent management system) and programs (expansion of course areas and the job challenge program) to enable employees to fully demonstrate their personal abilities and thereby increase employees' engagement and the power of human resources of the Company as a while. In order to provide a work environment in which everybody can work with peace of mind, we will further enhance our employee benefit programs, including the paid leave accumulation bank program (▶ P40) and the infertility treatment leave program (▶ P41) to put in place an environment that allows each employee to work with peace of mind.



A personnel system reform to introduce a system to enable employees to fully demonstrate their personal abilities

Strengthen sustainability promotion initiatives

Countries and companies are being subject to increasingly restrictive requirements to reduce environmental load to the global environment. We believe that we need to remind ourselves of the fact that each of us is responsible for creating part of factors to contribute to such load. Based on this recognition, the Company has established the basic policy on sustainability (TSV*) as well as the Sustainability Committee and the Sustainability Promotion Section to promote initiatives concerning corporate growth and environmental load both internally and externally (▶ P38).

* TSV (TRUSCO Shared Value) is named after TRUSCO+CSV (Creating Shared Value).



A cross-functional research team is formed to strengthen sustainability promotion initiatives

Digital Strategy Division

Realize unchanging requirements of clients with digital capability

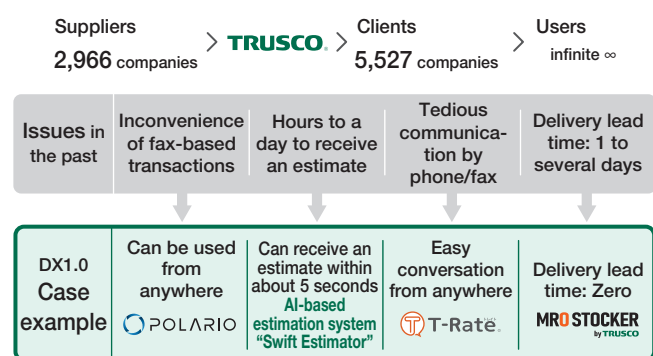


Atsushi Kazumi

Director
Head of Corporate Management Division,
Head of Digital Strategy Division

Help improve the productivity of supply chain

To become the Company we want to be, digital capability and its continuous improvement is essential. The digitalization of the society as a whole is very important for the supply chain that supports the Japanese manufacturing sector and for the realization of productivity improvement, quality improvement, and a sustainable society. By making TRUSCO's digital infrastructure available for use by the entire supply chain, we believe that we can satisfy unchanging requirements of clients, such as "the selection of necessary items," "speedy and reliable delivery," "reasonable price," "high convenience," and "kindness, courtesy, security."



DX to realize overwhelming speed and convenience

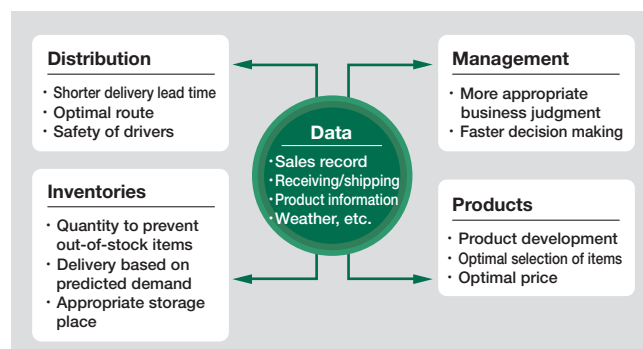
Creating new client experience

As a company exclusively acting as a wholesaler, TRUSCO is working to provide not only clients with higher convenience, but also users with valuable client experience. MRO Stocker is an innovative service to realize delivery in zero lead time by combining digital technology with the "use first, pay later" business model that has been around for many years in Japan for medicine. In addition, by shipping orders directly to users based on the combination of inventories, material handling equipment, and digital technologies, we can shorten delivery lead time for users and improve business efficiency of clients at the same time.

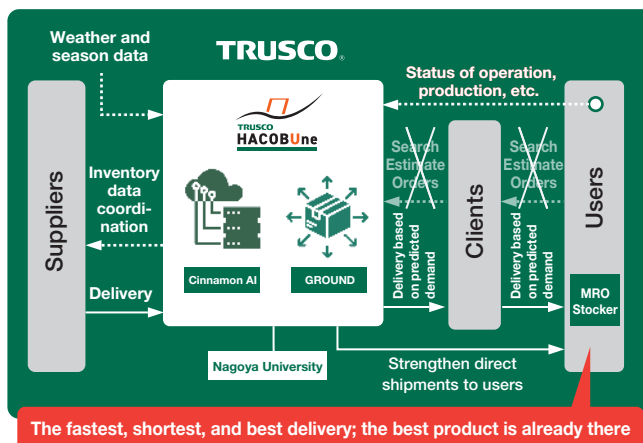
In 2021, we started the "TRUSCO HACOBUNE" project, which is a platform concept. By using latest digital technologies, such as AI, IoT, and robots, we aim to provide clients with unique experience that "the best product is already there."

Strengthen accurate and flexible decision making based on data

To respond immediately to client's request for an estimate, we have realized the evolution of our AI-based estimation system "Swift Estimator." It took several hours for a client to receive an estimate in the past, but the system can now provide an estimate within about five seconds. This has improved both business efficiency and the ratio of orders to estimates. To achieve the optimization of inventories for "an extensive selection of items" and "accurate stocking of products desired by clients," we conduct item-by-item analysis of sales data to create and implement a business process to realize a more accurate selection of items and inventory control. We endeavor to become a company that can respond flexibly to changes by predicting future business growth, analyzing data more appropriately in no time, and making timely and accurate business and management decisions.



Improve business and services based on various data



Future vision: Business process powered by digital technologies

Product Division

Solving issues in the entire supply chain with unique selection of items and product data

Tatsuya Nakayama Senior Executive Officer
Head of Product Division



Enhancing the selection of items, product data, and coordination with suppliers

We will enhance our unique selection of items to contribute to the resolution of issues faced by the manufacturing sector today and in the future. For example, TRUSCO will offer a product lineup that anticipates future trends, such as a wider use of electric vehicles and efforts to become carbon neutral, expand its private brand products that epitomize TRUSCO, and source unique and high-quality foreign products.

A selection of items can lead to convenience only if it is converted to product data. While increasing the number of product data items from about 4.6 million in January 2022 to about 10 million by January 2025, we will enhance informational content in an easy-to-understand format to meet the requests of Internet order companies and others.

We will also work with suppliers in initiatives that lead to the resolution of issues about the entire supply chain by using logistics and IT, such as individual initiatives that take advantage of TRUSCO's distribution network and mutual data coordination, in addition to existing collaboration with them in terms of catalogues and inventories.

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Enhancing a unique selection of items for the resolution of manufacturing issues

Realizing “whatever necessary is always available and can be chosen easily”

To realize a state of affairs that whatever necessary for manufacturing is “always available,” we aim to increase the number of domestic and overseas manufacturers who supply product to us and increase the number of items in inventory to 1 million by 2030.

On the other hand, in the glut of various tools in the world, it takes time and effort for users to choose what is most suitable. We will work to offer an environment in which users can select their most suitable professional tools by using digital technologies to enhance new functions and informational content, including user-specific mini-catalogues, a search function for comparable and equivalent products in Orange Book.Com, and CO₂ emission information related to products and distribution, and delivery lead time information on backordered items.

Orange Book will be slimmed down to cut its pages by half starting from its

2023 version to reduce its environmental load, such as the use of paper resources and CO₂ emissions. It will also be transformed to adopt a digital hybrid format linked in real time to ample information on the Internet using the QR Code printed on its page.



Creating a convenient, safe, and secure platform that will become an industry standard

It is TRUSCO's timeless mission to be of service to users and suppliers by providing them with convenient mechanisms so that they can focus on their own manufacturing activities. In addition to providing information to users, we will provide suppliers with various data arising in the platform to help them improve their manufacturing activities.

Product information generally available now is prepared by various market players in a variety of formats and expressions based on their own standards, which is causing inefficiency in the business operations of user, clients, and suppliers. We aim to improve the efficiency of the entire supply chain by creating a user-friendly product database that will be available for industry-wide use. In addition, users need to be able to use professional tools suited to the nature of work in a proper manner in order to safely focus on their manufacturing activities. Aiming to create a safe and secure platform, we will strive to provide information in an easy-to-understand format to support appropriate selection and use of items as well to improve their quality.



Aim to create an environment in which both users and suppliers can focus on their own manufacturing activities

Sales Division

Aiming to become a supplier needed by clients by accurately understanding changes in their needs



Kazuo Nakai Director
Head of Sales Division

Propose an optimal solution to clients' problems

As the business environment changes rapidly, issues faced by clients are increasingly diverse. To such diverse issues, we propose an optimal solution out of our management resources, including products, logistics, and digital technologies, as part of our sales activities toward their resolution.

Strengthen our immediate delivery system that can be counted on by clients and users

The COVID-19 pandemic has brought about various problems, such as a shortage of goods due to a stagnation in imports, a shortage of materials due to the reopening of the economy, and price hikes. By making the use of our overwhelming inventories, we will fulfill our responsibility to supply goods under any environment.

Products necessary for manufacturing are immediately available

Our MRO Stocker service can realize a delivery lead time of zero for users. Clients can focus on sales activities to users as they can reduce the daily workload of receiving and shipping orders and the number of deliveries.



A regular post-installation business meeting among the user, the client, and a TRUSCO employee
(To the right: Eri Tomokane, Osaka Branch and MRO Stocker Promotion Section)

Working on environmental problems are an important mission of our corporate activities

As awareness of environmental issues rises, a supplier to the manufacturing sector is expected to be active in environmental preservation activities.

Proposing environmentally-friendly products

Demand for products related to electric vehicles and carbon neutrality is expected to increase going forward. Leveraging our transactions with over 2,900 suppliers, we will accelerate the supply of products to markets related to the environmental industry.

Strengthen the user-direct shipment function

Direct shipments from the Company to users will reduce packing materials, fuels, and CO₂ and thereby reduce environmental load. They will also contribute to the reduction of delivery work by clients and the expansion of their sales network to a remote location to which they cannot deliver products.

* It should be noted that TRUSCO never sell products directly to users.

Strengthen the repair service to promote reuse

We have established the Naojiro Section, a section specialized in repair services, to strengthen our reuse promotion activities, including the repair of electric tools and engine equipment, re-sharpening of blades, and calibration of measuring instruments. By using the delivery runs of TRUSCO, items needing repair can be collected without packing and shipping work and freight fees.

Introducing a new sales style

Unless interactions in daily sales activities and proposal materials are appropriately stocked and shared internally, clients will likely be inconvenienced by the absence or change of the sales representative in charge.

Introduction of a centralized client information system "CRM"

CRM enables anyone in the TRUSCO sales team to respond to inquiries from clients in real time, leading to service quality improvement.



A business meeting with a client to solve issues
(Nozomi Fukuhara: Osaka Branch and HR Support Section)

Distribution Division

Accelerating the transformation of distribution to pursue ultimate immediate delivery that no one has experienced yet

Hideki Naoyoshi Director
Head of Distribution Division



Provision of the highest level of distribution services

“Highest level” means the highest convenience in the business area of professional tools.

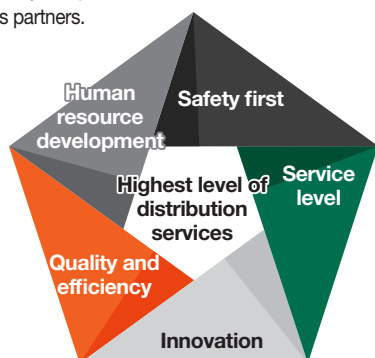
We will further sharpen the uniqueness of our distribution services, including one-stop procurement enabled by the stocking of a complete selection of goods and products necessary for manufacturing and the operation of a nationwide distribution network. By striving to achieve the sophistication and leveling of the distribution function and actively trying to expand our services into new distribution DX areas, we aim to provide the highest level distribution services.

Fundamental improvement of the overall distribution function

We believe that the source of business development is inventory. By thoroughly developing the inventory capability and maximizing the potential of inventories, we work to raise the level of immediate delivery. We will also raise the accuracy and speed of solving issues that impede convenience through, for example, improvements in business operations and capacity utilization, to continuously improve the overall distribution function.

Active promotion of the transformation of distribution

We aim to materialize distribution DX enabled by digital technologies, including the introduction of AI-based sophisticated demand forecast and state-of-the-art distribution equipment and the visualization of the entire distribution process. We will promote the transformation of distribution to provide truly unique services to our clients in close collaboration with our business partners.



Strengthening factors to realize the highest level of distribution services

Optimization of the entire distribution

The optimization of the entire process from procurement to supply leads to the overall optimization of supply chain. We will aim to provide distribution services as a platformer to support manufacturing.

Speedy resolution of issues

We can strengthen the distribution function by surely resolving, rather than overlooking or neglecting, actual issues, such as stockout, lack in quantity, wrong delivery, and improvement in the internal

environment of warehouses. What is important is the speed of resolving such issues. We will establish an organizational structure to enable faster resolution of issues.

Development of human resources who can play a role in the advancement of distribution

The distribution process continues to advance by incorporating, for example, state-of-the-art digital technologies and control of distribution equipment. Human resources are the key to the full use of distribution assets that leads to higher convenience to clients and stronger distribution function. For this reason, we will strengthen the development of human resources to support the Company's distribution function.



Improving service level by increasing the percentage of full-time employees among drivers

Always supporting the Japanese manufacturing sector

“TRUSCO’s service is really great. Thank you!” We can surely expect the client’s excitement and joy once we realize ultimate immediate delivery. It is our aspiration that all employees will always work together to realize our dream, endeavoring to increase convenience and achieve the fastest, shortest, and best delivery. We intend to contribute to the manufacturing industry in Japan through the provision of the best services that no one has experienced yet by sharpen the uniqueness of our distribution services with originality and ingenuity.

Distribution where people and mechanisms continue to grow forever

The distribution function should ideally provide a workplace where there are abundant tasks on which motivated employees can do their best and take as challenges and both people and mechanisms continue to grow forever through such challenges. Needless to say, any situation that threatens employees’ safety is utterly intolerable. We will continue to improve the work environment from the perspective of safety first and aim to create a distribution workplace to attract aspiring employees who look ahead to the future.



Interview video

Kenichi Saito

Outside Director Board Brain (BB)
Representative Director,
ForeSight & Company

Takako Suzuki

Outside Director Board Brain (BB)
Chairperson of the Board and
President & Chief Operating Officer,
S.T. Corporation

Kuniaki Hagihara

Outside Director Board Brain (BB)
Director and Chairman, Hagihara
Industries Inc.

At TRUSCO Nakayama, we call outside directors “Board Brains” or “BB” for short. 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. Generally speaking, outside directors’ main role is to prevent scandals from an external viewpoint. However, as the Company has formulated a highly transparent, unique governance system, we prioritize their contribution to the Company’s sustainable growth and corporate value enhancement. We had an interview with our outside directors on, among others, their roles and challenges faced by the Company.

Q1

Please tell us about your activities in the 59th period.

Suzuki

As I am the President of a manufacturer of consumer goods, I have provided recommendations based on a manufacturer’s perspective that all decisions should be made from the client’s perspective. For example, regarding the improvement of TRUSCO Orange Book, I recommended that TRUSCO Orange Book be prepared based on the true understanding of how end-users use it and what they expect from it. It is only natural that over the years of production, an internal perspective tends to take precedent. Therefore, I asked questions that remind the Company of its origin, such as how it should be in the next year and 10 years from now.

Q2

What challenges should the Company address to achieve sustainable growth?

Saito

I have an impression that the general perception is that the post-COVID era will be characterized by the reversal of deterioration, rather than economic recovery. Statistically speaking, the older a listed company is, the lower the growth rate. As companies with significant history tends to be constrained by their past successful experience, TRUSCO should always consider how to secure new growth. Moreover, how to achieve new growth should be learned from its clients and should not be determined by the Company solely based on its own idea. It is necessary for each employee to have a sense of ownership and act from the client’s viewpoint. As many of TRUSCO employees are growth-oriented persons, I expect them to connect their own growth with the growth of Japan. TRUSCO regards itself as a wholesaler. However, it may wish to start to think about what the value to end-users is without being constrained by the identity as a wholesaler by changing its perception from a mere seller of products to a seller of values.

Q3

Tell us about your thoughts on the Company’s business strategies and its unique growth strategy designed to realize “what we want to become” in 10 years (five years).

Hagihara

From the perspective of business model evolution, I think that it is important for TRUSCO to deepen its core technologies, such as creating overwhelming confidence and brand strength, distribution capability, and selection of products. By collaborating with its suppliers and clients, TRUSCO can strengthen its core technologies and create an organization where the Company and its suppliers and clients can learn from each other and growth together. It is important for TRUSCO to consider how to create new businesses based on its existing business model.

Matters concerning the Company's officers

Directors and corporate auditors (as of December 31, 2021)

Position	Name	Responsibilities and important concurrent posts	Term of office
Representative Director and President	Tetsuya Nakayama	Overall business of the Company	At the close of the 59th Annual Shareholders' Meeting
Director	Kazuo Nakai	Head of Sales Division Executive in charge of TRUSCO NAKAYAMA CORPORATION (THAILAND) LIMITED Executive in charge of PT. TRUSCO NAKAYAMA INDONESIA	At the close of the 59th Annual Shareholders' Meeting
Director	Atsushi Kazumi	Head of Corporate Management Division, Head of Digital Strategy Division	At the close of the 59th Annual Shareholders' Meeting
Director	Hideki Naoyoshi	Head of Distribution Division	At the close of the 59th Annual Shareholders' Meeting
Outside Director	Kenichi Saito	Representative Director, ForeSight & Company Representative Director, the Society for Problem-Solving Proficiency	At the close of the 59th Annual Shareholders' Meeting
Outside Director	Kuniaki Hagihara	Representative Director and Chairman, Hagihara Industries Inc. Chairman, Toyo Heisei Polymer Co., Ltd. Outside Director, Wavelock Holdings Co., Ltd.	At the close of the 59th Annual Shareholders' Meeting
Outside Director	Takako Suzuki	Chairperson of the Board and President & Chief Operating Officer, S.T. Corporation Director, Chardin Co., Ltd.	At the close of the 59th Annual Shareholders' Meeting
Full-time Corporate Auditor	Masaki Matsuda		At the close of the 60th Annual Shareholders' Meeting
Full-time Corporate Auditor	Akira Takada		At the close of the 59th Annual Shareholders' Meeting
Part-time Corporate Auditor	Hiroho Kamakura	Part-time Corporate Auditor, Yushin Precision Equipment Co., Ltd. Part-time Corporate Auditor, Fujio Food System Co., Ltd. Part-time Corporate Auditor, SymEnergy Inc.	At the close of the 61st Annual Shareholders' Meeting

Notes:

- Pursuant to Article 19 of the Articles of Incorporation of the Company, the term of office of a director is one year.
- Outside Director Kuniaki Hagihara has taken office as the Director and Chairman of Hagihara Industries Inc. in January 2022.
- Director Shinsaku Miyata resigned on March 4, 2021.
- Full-time Corporate Auditor Tadahisa Yabuno resigned on September 30, 2021.

The following items of business report are not included herein, but are posted on the Company's Internet website (<http://www.trusco.co.jp/>) (IR Information → IR Library → Shareholder Communication) pursuant to the provisions of applicable laws and regulations and Article 15 of the Articles of Incorporation of the Company.

[Current Status of the Company (major lenders)]; [Officers of the Company (main activities of outside officers during the current fiscal year, matters concerning independence, and special notes concerning outside officers)]; [Accounting Auditor]; and [Systems and Policies of the Company (systems to ensure the appropriateness of business operations and their operation status, basic policy on the control of the Company, and dividend policy)]



Internet disclosure

Dividend of surplus and dividend calculation standard

Dividend policy

The Company carries out business activities and capital investment for the purpose of being of service to the manufacturing industry in Japan to achieve sustainable growth and thereby intends to maximize the return to its shareholders. As for the distribution of profit, the Company's basic dividend policy is to pay performance-linked dividend at a consolidated payout ratio of 25% based on net income attributable to owners of parent, provided that the Company's profit has exceeded a certain threshold subject to a lower limit to secure stable dividend.

Dividend calculation standard

Net income per share	Annual (interim) dividend per share
Above 40 (20) yen	Net income per share × 25%
Below 40 (20) yen	10 (5) yen

Notes: 1. The figures in parentheses () indicate the calculation standard for the first two quarters of the year.
2. For the purpose of this calculation, any fraction less than 1 yen will be rounded up in increments of 0.50 yen (0.01 - 0.49 yen will be rounded up to 0.50 yen and 0.51 - 0.99 yen to 1.00 yen).

Treatment of the impact of special factors, such as the sale of real estate or shares

In a fiscal year in which net income attributable to owners of parent has fluctuated significantly due to the sale of real estate or shares not directly related to business activities or other special factors, their impact is excluded in the determination of dividend amount.

Employees

Number of employees

(Unit: Number of employees/age/number of years)

Category	2020 Number of employees ^{(Note) 1}	2021 Number of employees ^{(Note) 1}	Yoy change	Average age (Note) 2	Average years of service (Note) 2
Female employees	589	571	-18	32.8	9.1
Male employees	1,085	1,061	-24	43.2	18.2
Part-time employees	1,100	1,264	+164	52.2	6.0
Officers	12	10	-2	61.7	16.0
Total and average	2,786	2,906	+120	45.2	11.1

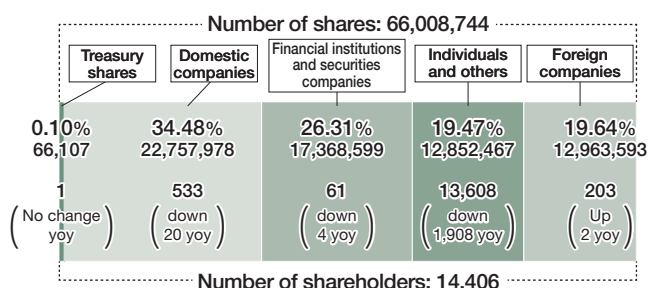
Notes: 1. The number of employees in the table above includes seconded employees and local employees of subsidiaries.
2. Average age and average years of service represent the average of full-time employees.

Shares of the Company

Status of shares

- (1) Total number of authorized shares 110,000,000
(2) Total number of issued shares 66,008,744 (including 66,107 treasury shares)
65,942,637 (excluding 66,107 treasury shares)
(3) Number of shares per unit of the Company's stock 100
(4) Number of shareholders 14,406 (down 1,930 from the end of the previous fiscal year)
Number of shareholders holding voting rights 13,527 (down 1,987 from the end of the previous fiscal year)

Share composition by shareholder and shareholder distribution



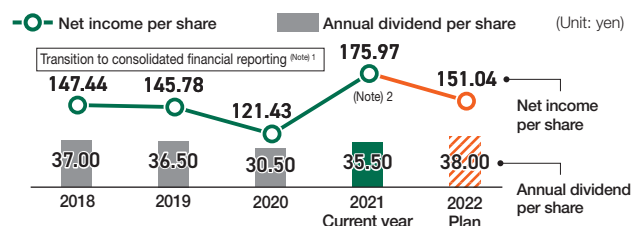
Extraordinary income or loss excluded in the fiscal year ended December 31, 2021

Extraordinary income or loss arising from the following transfers of non-current assets is excluded from the net income attributable to owners of parent used to determine the distribution of profit for the fiscal year ended December 2021.

Assets and their location	Gain on transfer
Land: 4,682.32 sm (1,417 tsubo) Location: 4-59-1 and 4-59-2 Shiginonishi, Joto-ku, Osaka City, Osaka	Approximately 2.4 billion yen
Land: 570.18 sm (172.47 tsubo) Location: 1-20-1 Shinmachi, Nishi-ku, Osaka City, Osaka	Approximately 0.9 billion yen

(In the fiscal year ended March 31, 2012, the Company recognized a loss on retirement of non-current assets of 590 million yen in relation to the existing buildings on the site for the construction of a new Nagoya Branch, but paid a special dividend of 4.50 yen per share on top of regular dividend.)

Annual dividend per share and net income per share



Notes: 1. The Company started to prepare consolidated financial statements from the fiscal year ended December 2019 onwards. Therefore, from the fiscal year ended December 2019 onwards, annual dividend per share and net income per share are calculated based on net income attributable to owners of parent.
2. Although net income per share is 175.97 yen, annual dividend per share is calculated based on a deemed net income per share of 140.02 yen, which is calculated after excluding extraordinary income or loss.

Number of employees with disability

	2017	2018	2019	2020	2021
Number of employees with disability	67	67	66	66	67
Required number of employees with disability based on mandatory proportion of disabled workers ^{(Note) 2}	43	48	51	50	55
Proportion of employees with disability ^{(Note) 1}	3.1	2.9	2.9	2.9	2.8
Mandatory proportion of disabled workers	2.0	2.2	2.2	2.2	2.3

Notes: 1. Proportion of employees with disability is calculated as a percentage of total number of full-time employees.
2. The number of employees with disability necessary for the compliance with the mandatory proportion of disabled workers is calculated on a trial basis.

Top 10 largest shareholders

Name	Number of shares held (thousand shares)	Shareholding ratio (%)
1 NS Holdings Corporation	7,918	12.01
2 The Master Trust Bank of Japan, Ltd. (Trust Account)	7,480	11.34
3 Custody Bank of Japan, Ltd. (Trust Account)	5,448	8.26
4 The Nakayama Visual Welfare Foundation	4,350	6.60
5 Daido Shoji Co., Ltd.	3,450	5.23
6 NR Holdings Corporation	2,358	3.58
7 Government of Norway	1,854	2.81
8 Custody Bank of Japan, Ltd. (Trust Account)	1,571	2.38
9 Tsutomu Otsu	1,547	2.35
10 Hiroyuki Otsu	1,346	2.04

Note: Shareholding ratio is the ratio of shares held to the total number of issued shares (excluding 66,107 treasury shares) outstanding as of the last day of the current fiscal year.

Amount of remuneration of directors and corporate auditors

Policy for determining the remuneration of directors and corporate auditors

At its meeting held on October 14, 2021, the Board of Directors of the Company passed a resolution to establish a policy for determining the remuneration of individual officers. As the Board of Directors also confirmed that the method of determining remuneration and the remuneration determined for each individual officer for the current fiscal year are consistent with the determination policy, the Company has determined that they comply with the determination policy.

The Company determines the officers' remuneration paid to directors and corporate auditors based on the following policy:

- (1) The level of remuneration should be such that the Company is able to retain the motivation to improve business performance and to secure excellent human resources from within and outside the Company.
- (2) The level should be based on changes in the business environment, objective external data, etc., and should take into account the balance between public standards, management content, and employee salaries.
- (3) Officers' remuneration should be paid within the annual remuneration limit, including their bonuses.

Remuneration System for Directors and Corporate Auditors

Fixed remuneration

Monthly fixed remuneration
Paid in accordance with each officer's position, individual performance evaluation, etc.



Bonuses of directors and corporate auditors

Paid in accordance with performance up to 3% of net income attributable to owners of parent provided that it is positive for the fiscal year.

Method of determining officers' remuneration and its composition

Officers' remuneration consists of fixed remuneration (monthly fixed remuneration) and officers' bonuses. The following remuneration ranges, designed to take into account the responsibilities of each position and the degree of influence on management, have been established, and each component of remuneration will be determined by the Board of Directors after taking into account the management environment, business performance, achievements, management capabilities, the degree of contribution, etc.

The determination of the specific amount of remuneration for each officer may be left to the discretion of the President by resolution of the Board of Directors. The authority delegated to him is to determine the specific amount of remuneration for each officer after taking into account the business performance, achievements, management capabilities, the degree of contribution, etc., within the range designed for each position to take into consideration the right of representation, the responsibilities of each position, and the degree of influence on management. The reason for delegating these authorities is that he is the Representative Director and President of the Company who oversees the overall business execution of the Company and therefore is the most suitable person to evaluate each director, while taking into consideration the financial performance of the whole Company from a high level perspective.

(1) Fixed remuneration

The amount of remuneration is determined at the beginning of each fiscal year after taking into account the business performance, achievements, management capabilities, the degree of contribution, etc., within the range designed for each position to take into consideration the right of representation, the responsibilities of each position, and the degree of influence on management.

(2) Officers' bonuses

Officers' bonuses are determined as an incentive linked to profit indicators similar to the basic policy for shareholder returns. More specifically, the total amount is determined at the end of each fiscal year by the Board of Directors subject the upper limit of 3% of net income attributable to owners of parent after calculating reference amounts by multiplying net income attributable to owners of parent by bonus multipliers (cumulative) for each position as specified in bylaws. Officers' bonuses are paid annually within six months from the end of the relevant fiscal year.

The amount to be paid to individual officers is determined for each officer within the remuneration range, taking into consideration, among others, the degree of contribution to the business results for the relevant fiscal year.

* The same remuneration system as for directors is adopted also for corporate auditors and outside directors based on the recognition that they are also responsible for the enhancement of the corporate value of the Company and its consolidated subsidiary. Individual amounts of fixed remuneration and officers' bonuses to be paid to corporate auditors are proposed by directors to them and finalized through discussions among corporate auditors.

Upper limits, ranges, and total amounts for the current fiscal year of officers' remuneration

	Position	Upper limits on officers' remuneration	Ranges of remuneration			Total amounts of remuneration of directors and corporate auditors for the current fiscal year		
			1. Fixed remuneration	2. Officers' bonuses	(1+2)			
Directors	President	Within 600 million yen per year (Note) 1	60 million yen to 144 million yen	0 yen to 80 million yen	60 million yen to 224 million yen	Directors: 9 328 million yen in total	Outside directors: 6 309 million yen in total	Officers: 13 404 million yen in total including 6 outside officers: 81 million yen in total
	Senior managing director		27 million yen to 39 million yen	0 yen to 24 million yen	27 million yen to 63 million yen			
	Managing director		21 million yen to 33 million yen	0 yen to 20 million yen	21 million yen to 53 million yen			
	Director		18 million yen to 27 million yen	0 yen to 14 million yen	18 million yen to 41 million yen			
	Outside director		4 million yen to 9 million yen	0 yen to 1 million yen	4 million yen to 10 million yen		Outside directors: 3 19 million yen in total	
Corporate auditors	Full-time corporate auditor	Within 100 million yen per year (Note) 2	15 million yen to 27 million yen	0 yen to 9 million yen	15 million yen to 36 million yen	Corporate auditors: 4 (including 3 outside corporate auditors) 76 million yen in total		
	Part-time corporate auditor		4 million yen to 9 million yen	0 yen to 1 million yen	4 million yen to 10 million yen			

Notes: 1. As per the resolution passed at the 56th Annual Shareholders' Meeting held on March 8, 2019. The number of directors at the close of the meeting was 9 (including 2 outside directors).

2. As per the resolution passed at the 58th Annual Shareholders' Meeting held on March 18, 2021. The number of corporate auditors at the close of the meeting was 4 (including 3 outside corporate auditors).

3. The officers' retirement benefit program was transitioned to financial bonds in 2004. An amount equivalent to 10% of officers' bonuses is paid in monthly installments.

4. The total amount of officers' remuneration for the current fiscal year is equivalent to 1% of net income attributable to owners of parent.

5. The table above includes a director who resigned on March 4, 2021, a managing director who resigned at the close of the 58th Annual Shareholders' Meeting held on March 18, 2021, and a corporate auditor who resigned on September 30, 2021.

Matters concerning directors' and officers' liability insurance agreement

The Company has concluded with an insurance company, and bears the full premiums of, a Directors' and Officers' Liability Insurance Agreement covering as insured persons the directors, corporate auditors, and executive officers of the Company and its consolidated subsidiaries. This insurance compensates for any litigation costs and damages arising from non-derivative actions, shareholder derivative actions, and corporate actions that are borne by the insured persons in executing their duties, provided that they have executed their duties in good faith or without violating laws and regulations. (However, measures are taken to ensure that the appropriateness of the execution of duties by the insured persons will not be undermined by excluding from the coverage any damage, etc. to those insured persons who have engaged in any criminal offence or intentional act of violating laws and regulations.)

ESG Activity Report

To continually serve Japanese manufacturing in every era

Basic Policy on Sustainability ~TSV (TRUSCO Shared Value)~

The Company aspires to be a pro tool supplier continually serving Japanese manufacturing in every era. Under the motto, “Business must serve people and society,” the Company will create both social value and corporate value through its businesses to help resolve social issues and build sustainable local communities.

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

Material issues

To be a sustainable company with a lower environmental load

On the basis of its basic TSV policy, the Company identified the material issues it faces for sustainability. We will work on these material issues through our business activities toward the establishment of a sustainable society.

1 Total optimization of the supply chain

Become a platform operator supporting manufacturing and optimize the supply chain to establish sustainable pro tool distribution that is both human-friendly and environmentally friendly.

2 Planning and development of products that respond to diversifying needs

Develop and provide private brand (PB) products with original value to suit diversifying needs and trends in the manufacturing sector to help rationalize manufacturing operations and increase productivity and competitiveness.

3 Development of environments and personnel to enable them to fully display their personal abilities

Provide an environment that ensures that personnel are highly motivated and that enables them to display their abilities to the fullest degree to consequently ensure corporate growth.

4 Environment actions through business activities

Work to reduce the environmental load of the Company's business activities and PB products as well as that of the users of the Company's products to help the Japanese manufacturing industry with its environmental activities.

5 Contribution to stakeholders and local communities

Cherish the relationships with stakeholders through support for people with disabilities and communication with local communities and society through sponsorships and advertising.

6 Governance based on a stance of choosing the proper actions

Improve the fairness and transparency of management and implement swift and appropriate decision-making to conduct business activities that conform to laws and social norms.

Environment

Environmental activities through business

Environment

The Company is working to reduce environmental load in business activities, planning and developing environmentally friendly PB, and actively conducting recycling, reuse, and the use of returnable containers. TRUSCO aims to provide sustainable distribution by working to reduce the environmental load of the entire supply chain through the efforts to reduce not only its environmental load, but also that of the users of its products. These efforts are internally referred to as TRUSCO Shared Value (TSV) activities, and the Company strives to raise the awareness of and instill TSV into each employee.

Efforts to reduce environmental load throughout the supply chain

1 Purchase products

- Environmentally friendly TRUSCO products
- Reduction and standardization of containers and packing
- Inclusion of environmental information in catalogues

TRUSCO keyless drill chuck
Product number: TKC-170 and others

We changed the packing material from blister pack to paper case, which does not use plastics. As a result, we were able to cut CO₂ emissions related to the manufacture of packages and these related to package disposal by 5% and 50%, respectively.



3 Deliver products

- Reducing environmental load by fixed-cost based distribution
- Reducing environmental load by direct shipments to users



Folding containers and return cushions* are used for the delivery to customers. It is only routing delivery that can deliver products without using packing materials.

* TRUSCO return cushions
TRC-20L/50L (available in three colors)



2 Reducing environmental load with the Company's own facilities

- TRUSCO Power Generation Installations [19 locations]
- Introduction of environmentally friendly vehicles [46 vehicles]
BEVs: 7
PHEVs: 2
HVs: 37 (including 9 trucks)
(As of December 31, 2021)



Solar power generation panels on the rooftop of Planet Saitama

4 Use products

- “MRO Stocker,” a system of “use first, pay later” that has been around for many years in Japan for medicine, but for tools [329 locations nationwide] (As of December 31, 2021)
- “Naojiro” repair workshop service



We collect and recycle used PB pallets in collaboration with Gifu Plastic Industry Co., Ltd. Unnecessary pallets are collected, crushed, and used as materials for recycled pallets. The collection is free of charge.

To continue to be of service to people and society in any era, the Company works to resolve social issues and conducts activities to contribute to local communities in accordance with its basic policy on sustainability. Based on the TCFD recommendations*, we disclose our responses to climate change in accordance with the four categories of “governance,” “strategy,” “risk management,” and “metrics and targets” as follows:

* The Task Force on Climate-related Financial Disclosures (TCFD) is an international framework for encouraging disclosures of climate-related risks and opportunities and the impact of climate change on financial performance. It published recommendations to companies for the disclosure of climate-related information in 2017.

Governance

The Company has established a Sustainability Committee as a body to oversee the Company's basic policy on sustainability and efforts to address material issues. The Committee, assisted by the Corporate Planning Department and the Sustainability Promotion Section acting as its secretariat, supervises the activities to promote sustainability initiatives of the whole Company including the management of climate-related risks. Any agenda resolved by the Committee is reported each time to the Board of Directors (Management Conference). In addition, subcommittees will be established under the Sustainability Committee to deliberate on individual specific matters concerning each risk and initiative.

Strategy

We analyzed the impact of climate change on the Company's business by examining future changes in the external environment based on the framework proposed by the TCFD. We are addressing the following main risks and opportunities as part of business activities.

Risks		Description	Impact on the Company
Transition risks	Policy and regulatory risk	· Purchase and maintenance of electric vehicles as a result of the shift from gasoline-fueled vehicles to electric vehicles in response to greenhouse gas emission regulations · Rise in raw material purchase prices for PB products manufactured by the Company as a result of the introduction of plastic regulations and carbon taxes	Increase in expenses
	Technology risk	· Increase in capital expenditure for new product development and further energy saving and efficiency improvement at distribution centers to achieve carbon-free operations	Increase in expenses
	Market risk	· Decline in market reputation due to the perceived lack of environmental initiatives	Decrease in sales
	Reputational risk	· Decrease in the amount of orders received due to an insufficient selection of products to address sustainability issues · Decrease in the number of orders received for paper-based catalogues and resulting decreases in the amount of orders received for products in reference to paper-based catalogues	Decrease in sales
Physical risks	Acute risk	· Direct damage of a disaster to the Company, domestic and overseas supply chains, and inventories	Decrease in sales and increase in expenses
	Chronic risk	· Deterioration of the working conditions in distribution centers and health damage to employees caused by rising temperature	Increase in expenses
Opportunities		Description	Impact on the Company
Opportunities	Efficiency of resources	· Decrease in expenditure with efficient delivery by strengthening direct shipments to users and reducing packing materials by half	Increase in sales and decrease in expenses
	Source of energy	· Reduction in financial cost by increasing the in-house solar power generation and consumption	Decrease in expenses
	Products and services	· Increase in the use of MRO Stocker and direct shipments to users, which contribute to the efficiency improvement of the entire supply chain · Increase in the use of repair business, “Naojiro” repair workshop service, and in the demand for environmentally friendly products.	Increase in sales
	Market	· Increase in sales due to an increase in product demand in the industrial robot market and EV-related markets	Increase in sales
	Resilience	· Increase in demand as a result of risk diversification through the existence of many distribution centers and the establishment of fastest, shortest, and best delivery routes	Increase in sales

Risk management

The Sustainability Committee is responsible for the management of all risks across the Company. Among these risks, the Committee recognizes climate change risk as one of the key risks. Climate change risk is deliberated by subcommittees at least four times a year to identify and evaluate risks and opportunities and develop response measures by discussing the progress status of measures to address issues and any new risks. Deliberation results of subcommittees are reported to the meeting of the Sustainability Committee, which is held twice a year, and particularly important matters are reported to the Board of Directors (Management Conference). Separately from this, environmental metrics and issues are reported by the Sustainability Promotion Section to the Board of Directors (Management Conference) on a monthly basis as a general rule.

Metrics and targets

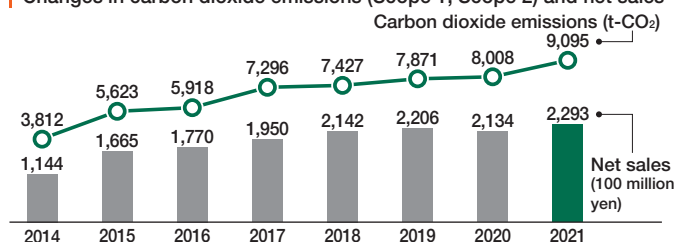
The Company has been disclosing carbon dioxide emissions (Scope 1* and Scope 2*) and solar power generation capacity as environmental metrics since January 2022. In addition, as its unique efforts to reduce the environmental load of the entire supply chain, the Company uses the number of delivery runs of direct shipments to users and the number of companies that have introduced MRO Stocker as metrics of the reduction of environmental load and has set specific targets for them based on the recognition that they are highly efficient delivery services and use less packing materials.

Progress and plan on key performance indicators of the Company ► P13

Disclosure of Scope 3*

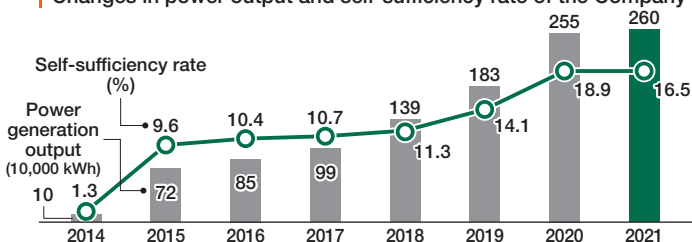
The Company has worked on the overall optimization of supply chain by strengthening user-direct shipment service and promoting MRO Stocker and thereby has promoted the reduction of greenhouse gas emissions from the supply chain. The Company is currently analyzing its Scope 3 emissions including the effect of such efforts and will prepare for their disclosure in a phased manner.

Changes in carbon dioxide emissions (Scope 1, Scope 2) and net sales



* Scope 1: Direct emissions due to the use of fuels; Scope 2: Indirect emissions due to the energy supply from other companies; Scope 3: Indirect emissions due to the portion of supply chain other than Scope 1 and Scope 2

Changes in power output and self-sufficiency rate of the Company



Based on the idea that “an employer has the obligation to provide a work environment where employees can continue to work for a long time with a peace of mind,” the Company provides an environment that supports female employees and encourages all employees to use various workplace-related programs of the Company.

Comfortable work environment indicators

	Fiscal year ended December 2020	Fiscal year ended December 2021
Percentage of female employees to all employees hired during the year	56.8% (Employees)	51.0% (Employees)
Percentage of female employees to all employees	35.2% (Employees) 75.3% (Part-time employees)	35.0% (Employees) 73.5% (Part-time employees)
Percentage of female senior supervisors to all employees holding the senior supervisor position	22.7% (58)	18.5% (62)
Percentage of female managers to all employees in management roles	5.0% (7)	6.9% (9)
Percentage of annual paid leave taken	67.6% (Employees)	65.4% (Employees)
Percentage of employees returning to work after taking childcare leave	92.1% (35)	96.0% (43)
Number of male employees who have taken childcare leave	8	11
Percentage of employees who have taken childcare leave by gender	Male 25% (Employees) Female 100% (Employees)	Male 26% (Employees) Female 100% (Employees)
Average overtime hours per month	14.9 hours (including predetermined overtime hours)	14.4 hours (including predetermined overtime hours)

* The numbers shown above each indicator are those of the parent company only. The numbers in parentheses () above indicate the number of relevant employees.

Enhancement of challenge programs

To increase career options and opportunities for employees and support their career development on their own initiative, we enhanced our job challenge programs as part of personnel system reform.

Boss Challenge Program

This program provides employees an opportunity to be promoted to the boss position, which is the head of the respective area, through their own initiative to stand as a candidate or the supervisor's recommendation. Under this program, employees are actually assigned to be assistants to an incumbent supervisor to aim to become a boss while learning management skills.

Job Challenge Program

This program allows employees to be transferred to a department of their own choice to develop employees who can help TRUSCO grow further through their own definite motivation and contribution.

Concurrent Job Challenge Program New program

This program allows employees to experience other departments while continuing to belong to the current department. This program is open to employees who wish to challenge themselves to experience the work of other departments even just a little bit, while raising their efficiency and continuing to do 100% of the current work.

Open Position Challenge Program New program

This program allows employees to apply for any position of their choice on their own initiative (without needing the approval of their supervisors) when such a position is available at a department that intends to increase its workforce.



Standing as a candidate for supervisor under the Open Position Challenge Program

Momoka Miwa, Section Manager, Overseas Sales Section

Comment

To establish overseas business as one of the pillars of the Company's business, I will challenge myself to try new things without being afraid of failure.

Trusco Nakayama Health Insurance Association

As a company that looks after the lives of our employees, we want to take responsibility for the health of our employees and their families. Based on that desire, in April 2019, we established the Trusco Nakayama Health Insurance Association, our sole health insurance association, at the Tokyo Head Office. Its establishment allows us to further enhance our own health services. We will promote initiatives that are suitable for the Company so that employees can continue working with a peace of mind for many years.

Advantages of the Company's own health insurance association

Smooth decision making

<New coverage>

- Specified fertility treatment cost assistance (up to six times per child subject to the upper limit of 50,000 yen)
- Non-smoking outpatient assistance (subject to the upper limit of 20,000 yen)

In addition, HPV and PSA test assistance will be added in April 2022. The coverage will be expanded or modified as necessary to, for example, modify the items of health checkup.



Health insurance card (sample)



Staff at the Trusco Nakayama Health Insurance Association: Tani, Head of Administration (to the left) and Nakamura, Chief

Paid Leave Accumulation Bank Program

The old Paid Leave Accumulation Program (started in January 2007) was modified and renamed to Paid Leave Accumulation Bank Program. This program is open to all employees including part-time employees and allows them to prepare for a situation in which they must take a leave for a long period due to illness, nursing, studying abroad, etc. The new program has eliminated the previous upper limit of 60 days on the number of accumulated paid leave days. In other words, unused days of paid leave can be accumulated without limit. In addition, the program was modified to expand the scope of eligible use to suit the life plan of each individual. Employees can also sell any unused days of paid leave to the Company when they leave the Company.

[Cases in which accumulated paid leave can be used]

(1) Study leave:

To study at a university, technical school, etc., in Japan or abroad

(2) Volunteer leave

To support a region affected by a disaster, local community activities, and so on

(3) Support leave:

To support one's spouse before and after childbirth, to support a sick family member, to accompany a sick family member when he or she is hospitalized, and so on

(4) Travel leave:

To go on a long trip before retirement, and so on

Company holidays changed to be the same as calendar holidays

As company holidays have been changed to be the same as calendar holidays, employees can take holidays in a manner to suit their individual needs. For example, employees can take a summer vacation on a schedule to avoid peak season by combining company holidays with paid leave under the Paid Leave Accumulation Bank Program. The Company will realize a flexible workstyle for employees as well as higher convenience for clients.

Major programs to help employees to continue to work for many years with a peace of mind

For such a program, when it started is an important factor as it reflects differences in ambitions of each company even if they offer the same program. TRUSCO has a number of unique personnel programs developed out of caring for employees, rather than the current trend in the world. The Company raises the motivation of employees by respecting their opinions and supporting their workstyle through various approaches to help the Company achieve growth.



Employee Tabuchi of Akita Branch on a leave under the Childcare Leave Program

Personnel programs (partial list)

Program	Start	Overview
Childcare Leave Program (3 years)	1992	TRUSCO employees can take childcare leave until the end of the month during which the child becomes three years old, if desired. (Japanese law allows employees of any company to take childcare leave until the day before the child becomes one year old.) (Program users: 45)
Birthday Time Off Program	1996	In order to promote the use of paid vacations, we encourage employees to take annual paid vacations on their birthdays (or within one month before or after) as "birthday time off." (Program users: 291)
Half-day Full-time Employee Program	1996	This system allows employees to reduce their working hours by up to three hours per day for reasons of child raising until their child finishes sixth grade (legally, by up to two hours per day until a child reaches three years of age). Employees can also use this system to shorten their working hours when they are pregnant, taking care of a family member, or injured/sick. (Program users: 97 for childcare, 0 for taking care of a family member, and 9 due to injury/sickness)
Happy Sunday Program	2002	This is a program that allows employees on an unaccompanied assignment to delay coming to work on Mondays so that they can spend time with their families at dinner on Sundays when they return home on weekends. (Travel expenses for returning home twice a month and company housing rent are paid separately from this program).
Financial Bonds (annual payment of retirement allowance)	2003	TRUSCO pays retirement allowance annually as "financial bonds," which are performance-based payments to reward annual contributions, rather than paying it as a lump sum retirement payment at the time of retirement.
Transfer Request Program	2005	This program allows employees to request a transfer to a desired place of business due to unavoidable circumstances of them or their family, such as marriage or taking care of a sick family member. (Program users: 68 *during the last three years)
Lovebird Transfer Program	2005	This program allows employees to transfer, following their spouse' transfer, to the same area as their spouse and to continue to work for the Company regardless of whether their spouse is an employee of the Company. (Program users: 23 *during the last three years)
Maternity Bonus Program	2005	This program allows the period of maternity leave (14 weeks) to be included in the bonus calculation period and bonuses to be paid accordingly.
Child Support Allowance	2007	The Company provides an allowance of 10,000 yen per month for each child to employees who have children under ten years old. From 2014 onwards, this allowance is paid also to employees who are on childcare leave.
Paid Leave Accumulation Bank Program	(1) 2007 (2) 2022	(1) This program allows employees to accumulate unused days of paid leave to prepare for a situation in which they must take a leave for a long period due to illness, nursing, studying abroad, etc. (2) The old Paid Leave Accumulation Program was renamed to Paid Leave Accumulation Bank Program in 2022, and the previous limit of 60 days on the number of accumulated paid leave days was eliminated. Under the new program, unused days of paid leave can be accumulated without limit. In addition, the program was modified to expand the scope of eligible use. Employees can also sell any unused days of paid leave to the Company when they leave the Company.
Welcome Back Program	2014	This program is for the re-employment of employees who had to leave the Company to raise a child, take care of a sick family member, undergo infertility treatments, or to accompany their spouse overseas due to his or her overseas assignment, provided that ten years have not passed since their leaving the Company. (Program registrants: 28; re-employed employees: 4)
Return-to-Work Support for Employees on Maternity or Childcare Leave	2015	One tablet terminal is lent to each employee for information sharing, and information can be exchanged on "Tramama Port," a space on the Company's internet dedicated to employees on maternity or childcare leave. We also provide support to make it easier for such employees to return to work. For example, an Office Visit Day is arranged for them every four months.
TRUSCO Part-time Program for Retirement-aged Employees	2015	This program allows employees who have reached the age of 70 to continue employment at the Company as part-time employees until the age of 75 if they wish to do so, provided that they meet certain criteria. (Such employees are called "seniors." (Program users: 15)
TRUSCO New Employees Preparation Allowance	2016	This program provides the money necessary for new employees to smoothly start a career as a working adult. This allowance is provided to new employees about one month before they start working for the Company (200,000 yen to employees who live alone and 100,000 yen to employees who still live in their parents' house after joining the Company). (Program users: 43 * new employees who joined the Company in 2021)
My Home Concierge (housing consultation service)	2016	Two first-class licensed architects, who are employees of the Company, are available for consultations with employees who have concerns regarding their housing. (Consultations held: 6)
Work from Home Program	(1) 2017 (2) 2020	(1) Permanent: Employees can telecommute on a permanent basis when it becomes difficult for them to come to the office due to relocation or integration of offices, transfer of a spouse, injury, illness, taking care of a family member, etc. (2) Discretionary: With the permission of the head of the office, employees can choose to telecommute up to twice a week.
Return-to-Work Program for Employees on Childcare Leave	2019	This program allows employees who have finished their childcare leave to choose the number of working days, working hours, and whether to work at office or work from home until the child is three years old so that they can return to work smoothly.
In-house Side Job Program (Hybrid Work Program)	2019	This program allows employees to work in a department that is different from one's own department on their days off and earn extra income on the side. This program permits only the kind of work that any employee can do. This is a great way for employees to gain new insights. (Program users: 127)
Go Home Early Program	2020	This program allows employees to go home early even during scheduled working hours in order to instill in them the awareness and habit of finishing work early, subject to the upper limit of leaving up to 30 minutes earlier once a week. (Use of the program: 158 times)
Short Permitted Absence Program	2020	This program allows employees to adjust their start and finish times in exchange for up to one additional hour of rest time (or less than one hour) for very important reasons, such as visiting government offices, making hospital visits, etc. (Use of the program: 52 times)
Fertility Treatment Leave	2021	Employees can take a leave for up to one year for infertility treatment, but only for specified infertility treatment (in vitro fertilization and intra-cytoplasmic sperm injection). The limit is reset at each childbirth, and the program can also be used again for the second and any subsequent child. Employees can also take such a leave in up to three separate periods provided that they are within one year from the start date of the first leave period. Social insurance premium during the leave will be fully borne by the Company including the portion otherwise to be borne by the employee. (Eligibility: Employees who have been with the Company for at least one year)
Special Rules on Work Area Change / Course Change	2021	If requested by an employee on fertility treatment, there will be no personnel change involving relocation for up to one year for him or her (he or she will remain within the same work area). Any employee who has changed his or her career course to area course for the reasons of infertility treatment will be exempted from personnel evaluation requirements when he or she wishes to return to the previous course.

Notes: 1. In addition to the programs listed above, the Company offers a staggered workday system, a free biz system, and a no-necktie system (a program that allows employees not to wear neckties outside the cool biz period).

2. The number of program users for each program represents the number of employees who used the program in 2021 (excluding part-time employees).

“Giving Back to Society” through the Nakayama Visual Welfare Foundation

The Nakayama Visual Welfare Foundation was established in 1997 in response to the will of “wanting to serve visually impaired people” by Kiyoko Nakayama, the mother of Tetsuya Nakayama (President of the foundation), who was born with optic nerves damaged by a forceps delivery. It later became a public interest incorporated foundation in 2010. The basic property of the Foundation consists of shares of TRUSCO NAKAYAMA Corporation, and the Foundation does not receive donations or support from outside and is operated independently. We continue “Giving Back to Society” through the Nakayama Visual Welfare Foundation.



“Tenero” and “Sumo,” guide dogs available for loan (FY2021)

The operation of the Foundation is funded by stock dividends

The Foundation was established by the Chief Director's Nakayama Family with a contribution of four million shares of TRUSCO NAKAYAMA Corporation stock and 500 million yen in cash. In 2021, the Nakayama Family made an additional contribution of 1 million shares. The Foundation's business operations are funded by stock dividends.

Number of the Company's shares held: 4.35 million shares
(As of December 31, 2021)

Overview

Established	October 1, 1997
	November 1, 2010
	Transformed into a public interest incorporated foundation
	October 1, 2021
	Renamed from “The Nakayama Visually Impaired Welfare Foundation” to “The Nakayama Visual Welfare Foundation”
Chief Director	Tetsuya Nakayama
Address	2-1-9 Mizuki-dori, Hyogo-ku, Kobe, Hyogo Prefecture
	(3 minute walk from Shinkaichi Station)
	TEL: 078-599-6140 / FAX: 078-599-6141
Support project results	
	816.29 million yen (cumulative total through FY2020)



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

Site area: 424 tsubo
Total floor area: 1,728 tsubo
Building structure: 1 underground level, 5 floors above ground, equipped with a seismic isolation system

List of Officers and Councilors (listed in the order of the Japanese syllabary without honorifics)

Chief Director

Tetsuya Nakayama Representative Director and President, TRUSCO NAKAYAMA Corporation

Senior Director

Saori Nakayama Representative Director, NR Holdings Corporation
Certified Public Accountant

Managing Director

Atsushi Matsumae Executive Director

Directors

Takuji Iuchi President, AS ONE Corporation
Tatsuya Otsuka Chairman, Earth Corporation
Kohei Goto Chairman, SANKO Co., Ltd.
Teruo Hashimoto Chairman, Nippon Lighthouse Welfare Center for The Blind
Kenji Furuhashi President and CEO, Hosiden Corporation
Masahiko Mori President, DMG MORI Co., Ltd.
Naoyuki Yamamoto CEO & President, Yamamoto Kogaku Co., Ltd.

Auditors

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

Councillors

Yusuke Saraya President and Representative Director, Saraya Co., Ltd.
Tomihiko Takamatsu Ex-chairman, DyDo Group Holdings Inc.
Yuko Nakayama Representative Director, NS Holdings Corporation
Rie Nakayama Chief Physician, Ear, Nose, and Throat Department, Kawasaki Municipal Hospital
Motonobu Nishimura Representative Director and Chairman, Mandom Corporation
Yuki Nomura President and Representative Director, TSP TAIYO Inc.
Junji Hada Representative Director and Chairman, ELECOM Co., Ltd.
Naotaro Hikita President and Representative Director, Kohnan Shoji Co., Ltd.
Kunio Yamada Chairman, Rohto Pharmaceutical Co., Ltd.
Yoshiaki Yamamoto Corporate Auditor, OM Kobe Co., Ltd.
Teiji Wakita President and Representative Director, WAKITA Corporation

Mr. Senichi Hoshino, who passed away on January 4, 2018, also served as director from June 2017 to January 2018, and contributed to the development of the Foundation.

Public interest project 1

Nakayama Memorial Hall facilities leasing business

The Nakayama Memorial Hall facilities have been leased to six nonprofit organizations, which work in coordination with each other in conducting various activities, including consultations, walking training, creating Braille translations, and holding events. For example, they provide 4,040 consultations per year. We have completed the construction of the New Nakayama Memorial Hall in September 2021 to bolster our activities to help the visually impaired and the deafblind participate in social activities more actively. The New Nakayama Memorial Hall facilities are currently leased to 11 nonprofit organizations for their activities.



Open entrance



Solar power generation with a capacity of 19kW



Sunny balcony



Low vision floor
Convenient aids are available here for persons with blindness or low vision

Public interest project 2

Grant project for support groups for visually impaired people and individuals

The Foundation provides grants to groups for visually impaired people and support groups in financial difficulty, to enable them to enhance their activities and provides scholarships free of charge to university students and others. From FY2022 onwards, such scholarships are granted also to graduate students (in the master's course).

Public interest project 3

Activities to support visually impaired people for their social participation activities

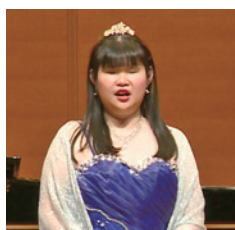
Aiming to popularize the philosophy of "normalization" that aims to realize a society in which people with disabilities spend every day like, and participate in activities energetically together with, people without disabilities, the Foundation supports the participation of visually impaired people in society.

1 Hyogo Prefecture Visually Impaired People Music Festival Project

"Nakayama/KLC Concert"

A classical concert started for the purpose of providing many visually impaired people with opportunities to perform.

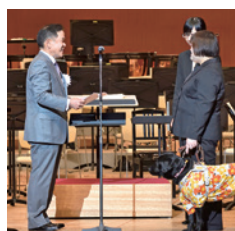
(Kobe Light Center (KLC))



Former scholarship student Kaori Tsutsui performing in a concert

2 Guide dog lending project

We commission the training of two guide dogs per year and lend them to the visually impaired as "Nakayama Go" guide dogs. We have loaned 43 dogs in total through FY2021.



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

3 Personal computer course project

We offer beginner, Internet, office, iPad experience, and voice PC experience courses to teach basic computer usage and Internet operation.



Personal computer course

4 Music performance project "Nakayama Wonderful Festa"

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

Past performers (names listed without honorifics)

16th 2013 Mariko Takahashi	21st 2018 Aki Yashiro
17th 2014 Sayuri Ishikawa	22nd 2019 Tomomi Nishimoto & IlluminArt Philharmonic Orchestra, Yoshiko Sakuma (narration)
18th 2015 Yoshimi Tendo	
19th 2016 Masahiko Takeuchi, Kaientai	
20th 2017 Masashi Sada	

* Note: The concert was not held in 2020 and 2021 due to the Covid-19 pandemic.



20th Nakayama Wonderful Festa (Masashi Sada, performer)



Prospective TRUSCO employees attending to visitors

5 Caregiver development training project

The Foundation holds six training workshops per year for the purpose of increasing the number caregivers and improving their quality.

6 Barrier-free film screening project: "Nakayama UD Film Festival"

A film festival sponsored by The Nakayama Visual Welfare Foundation for film screening with audio explanations of the scenes on the screen and Japanese subtitles (UD: universal design).

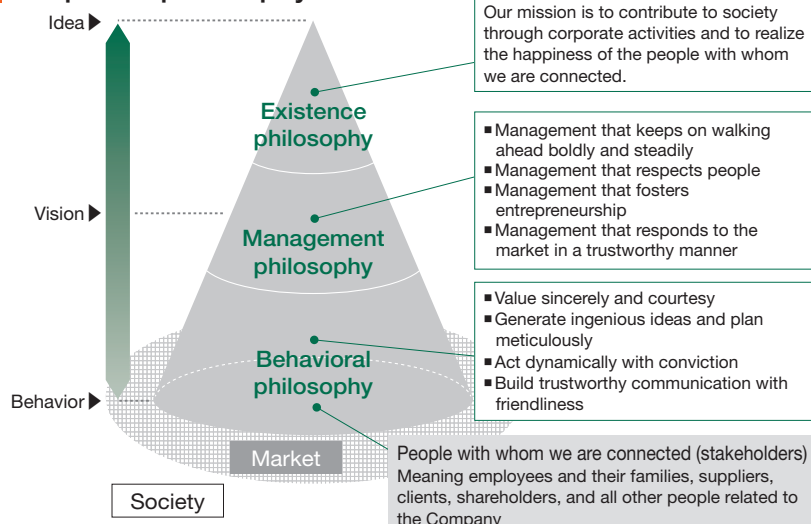
For the embodiment of “TRUST COMPANY”

The Company's name and corporate logo directly express the concept of “TRUST COMPANY,” a company trusted by all stakeholders. We have made this concept the starting point of our daily corporate activities and aspire to fulfill our social mission by embodying the concept.

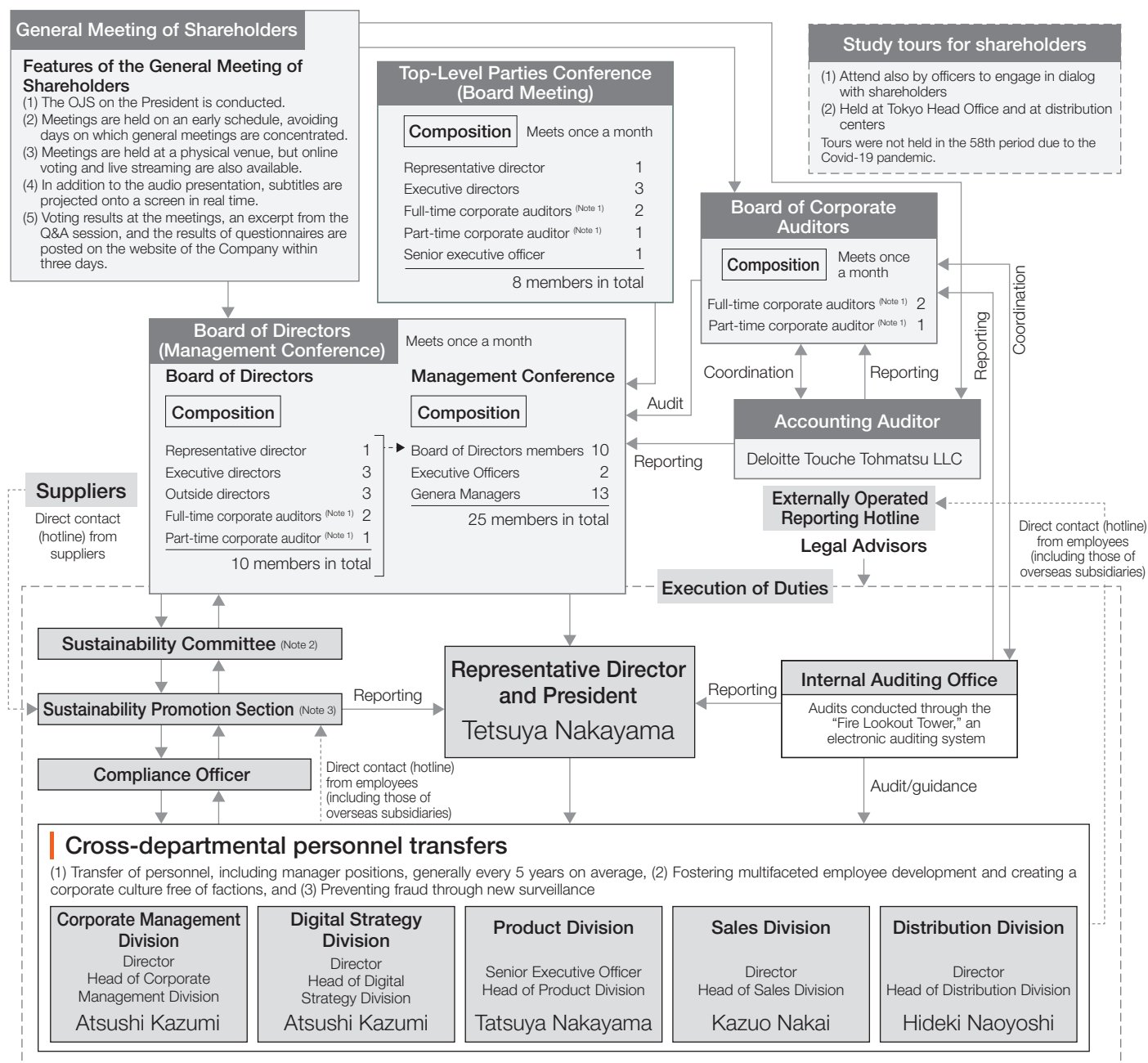
TRUST + COMPANY

TRUSCO
A company that earns trust

Corporate philosophy



Governance System Chart (As of December 31, 2021)



Notes: 1. Full-time corporate auditors and part-time corporate auditors are outside corporate auditors.
2. Renamed from Compliance Committee on January 1, 2022.
3. Renamed from CSR Section on January 1, 2022.

Top-Level Parties Conference (Board Meeting)

This Conference consists of officers (excluding outside directors). It discusses and shares the directions of the Company, while ensuring objective and rational judgment, following which a meeting of the Board of Directors (Management Conference) is held.

Establishment of outside directors (Board Brain)

Outside directors are elected based on the criteria that they should have broad knowledge and sufficient experience and should be able to contribute not only to fraud prevention, but also to sustainable growth and enhancement of the corporate value of the Company.

Interview with Outside Directors ▶ P21



Interview video

Zentaku Hotlines

"Zentaku Hotlines" are reporting hotlines established inside and outside the Company to early detect, address, and prevent any compliance issues.

Zentaku Hotlines

Internal Hotline: An internal reporting hotline for employees established within the Sustainability Promotion Section

Lawyer Hotline: An internal reporting hotline for employees established at an external contractor

Partner Zentaku Hotline: A reporting hotline for suppliers established within the Sustainability Promotion Section

* Renamed from CSR Section on January 1, 2022.

Sustainability Committee

The old Compliance Committee was renamed to Sustainability Committee on January 1, 2022. The Sustainability Committee is chaired by the director serving as the Head of the Corporate Management Division and meets twice a year in principle. The Committee formulates activity policies and promotes and supervises activities for the purpose of resolving social issues and contributing to sustainable local communities by creating both social values and corporate values through business. The Committee also regularly reports to the Board of Directors on relevant matters.

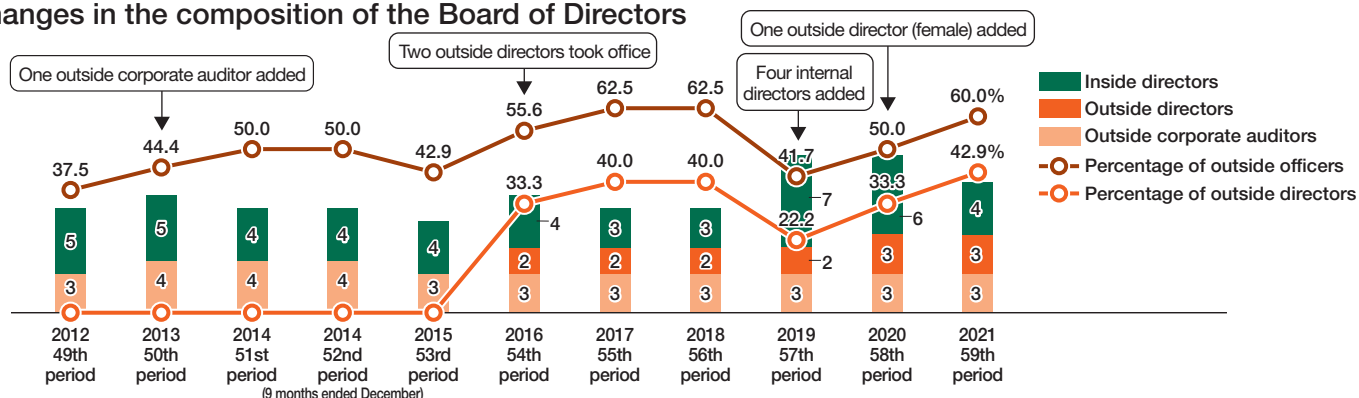
Board of Directors (Management Conference)

The Board of Directors meets once a month in principle to make decisions. The Management Conference seeks a wide range of opinions from attendees that include executive officers and general managers of departments to ensure a broad perspective and transparency.

Features of the Conference

- (1) Round-table layout allowing face-to-face communication
- (2) The seating is changed every time with no regard to seniority to facilitate participation from new perspectives
- (3) Management Conference minutes documenting not only the resolved matters, but also comments of each attendee are disclosed to all attendees within one week from the date of each meeting.

Changes in the composition of the Board of Directors



Open Judge System (OJS; 360 degrees evaluation)

Purpose

- (1) Evaluation is more objective because it is done from various perspectives not only by one's supervisor, but also by one's colleagues and subordinates.
 - (2) Through the feedback of evaluation comments, each employee can increase awareness of his or her own strong and weak points as well as what is expected of him or her in order to modify his or her behavior appropriately.
 - (3) This is a system of mutual evaluation by people around you, which will create an appropriate amount of tension in the workplace.
- The awareness of being seen and watched by others can lead to hard work and skill improvement by all employees.

Category	Frequency	Operation
Personnel Evaluation OJS	Twice a year	OJS is conducted among all employees working in the same workplace (supervisors, colleagues, subordinates) with each other, and the results are reflected in performance evaluation.
Promotion OJS	Once a year	The candidate is evaluated by all other employees who know him or her, and the results are reflected in personnel treatment, such as promotion.

* All full-time and part-time employees other than officers are subject to evaluation.

Evaluation system operation method

- (1) No specific information of voters is disclosed.
- (2) Evaluation is given for three evaluation items on the scale of 1 to 5.
- (3) Voting results are reflected in personnel treatment, such as performance evaluation and promotion.

Electronic auditing system: "Fire Lookout Tower"

This is the industry's first electronic auditing system, which was launched in June 2001. The system is operated for the purpose of immediately detecting abnormal events using electronic data of internal transactions and taking measures to prevent recurrence.

"Shushazentaku" education

"Shushazentaku" is our compliance guidelines to encourage each employee to have high ethical standards and to instill a corporate value that judgment should be made based on justice rather than profit. The Company distributes its compliance manual "TRUSCO Zentaku Book" to all its employees including part-time employees to implement "Shushazentaku" thoroughly throughout the organization.



Compliance manual: TRUSCO Zentaku Book

The Company has expressed the skills matrix of directors in a T form as shown below by combining the necessary management skills and the Open Judge System (OJS; 360 degrees evaluation), which we have used for some time. The Company believes that the most important skill expected of Representative Director and President is the ability to propose management strategies, measures, and systems. For this reason, the Company discloses management strategies, measures, and systems proposed by the Representative Director and President as a senior management executive who aims to manage the Company in an ingenious and original manner. For directors and corporate auditors, in addition to the evaluation of their skills for 11 skill items based on their experience and track record, the Open Judge System (OJS; 360 degrees evaluation), which has been firmly embedded in the Company through many years of operation of the system, is utilized to increase the fairness and objectivity of the evaluation. As for the OJS on the Representative Director and President, voting results of shareholders who attended the annual shareholders' meeting each year are disclosed as important evaluation indicators (OJS on the President).

Open Judge System (OJS; 360 degrees evaluation)

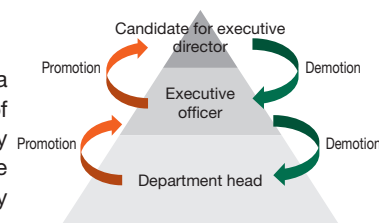
Objective evaluation from
multiple perspectives

Commonly used skills matrix












Main areas in which each
person has experience/track
record and is expected to
contribute

Executive Evaluation System Based on Open Judge System (OJS; 360 Degrees Evaluation)

The Company has introduced an evaluation system that evaluates staff with executive posts of a department head or higher from multiple aspects. Voters (around 140 persons in the post of responsible person or higher) vote for each executive member based on the member's daily attitude toward work (4 points × 6 items: full score of 24 points). 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.



Open Judge System (OJS; 360 degrees evaluation) (4 points × 6 items: full score of 24 points).

						Directors (Senior Executive Officers)	
Judgment grasping the essence	Management skills	Originality and creativity	Problem-solving ability	Communication ability	Shushazentaku (fairness, equitability, and honesty)	Total	
3.3	3.2	2.5	3.3	3.4	3.2	19.0 (+ 0.1)	 Kazuo Nakai Director & Head of Sales Division
3.5	3.1	3.3	3.3	3.1	3.0	19.4 (+ 0.2)	 Atsushi Kazumi Director & Head of Corporate Management Division, Head of Digital Strategy Department
3.1	2.9	2.8	3.2	3.1	3.1	18.2 (- 0.3)	 Hideki Naoyoshi Director & Head of Distribution Division
3.4	3.0	3.2	3.2	3.3	3.2	19.4 (+ 0.3)	 Tatsuya Nakayama Senior Executive Officer & Head of Product Division
							 Kenichi Saito Outside Director
							 Kuniaki Hagihara Outside Director
							 Takako Suzuki Outside Director
							Corporate Auditors
Compliance	Sense of management and foresight	Objectivity, neutrality, common sense, and knowledge	Pointing out problems and proposing improvements	Communication ability	Shushazentaku (fairness, equitability, and honesty)	Total	
3.1	2.9	2.9	2.7	2.9	3.1	17.5 (- 0.3)	 Masaki Matsuda Full-time Corporate Auditor
3.1	2.9	3.1	2.9	3.1	3.0	18.1 (+ 0.1)	 Akira Takada Full-time Corporate Auditor
							 Hiroho Kamakura Part-time Corporate Auditor
							 Hiroaki Imagawa Executive officer
							New appointment

Outside directors are not subject to OJS.

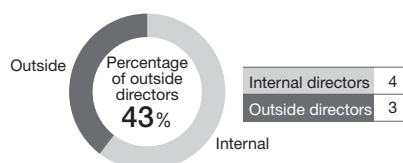
Part-time corporate auditors are not subject to OJS.

The OJS on corporate auditors has not been conducted.

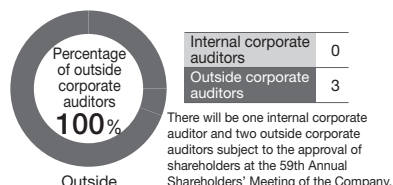
*Mr. Imagawa will assume office as Full-time Corporate Auditor subject to the approval of shareholders at the 59th Annual Shareholders' Meeting of the Company scheduled for March 18, 2022.

Composition of officers

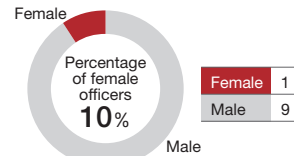
1. Composition of directors




2. Composition of corporate auditors



3. Percentage of female officers



Representative Director and President		OJS on the President			
	Tetsuya Nakayama	Attendees of the Meeting	Approval rate	of valid votes	Affirmative votes
	Representative Director and President	324	98.4%	308	303
Management strategies, measures, and systems		* The Company discloses management strategies, measures, and systems proposed by the Representative Director and President as it believes that the most important skill expected of Representative Director and President is the ability to propose management strategies, measures, and systems.			

Totally eliminating negotiable instruments, having assets on our own (inventories, real estate, vehicles), decisive management, logistics enhancement strategy, inventory building measures, Measures to expand direct delivery to users, AI-based quotation system, unifying PBs as TRUSCO, name change to Orange Book, adopting the number of inventory items and inventory shipping rate as KPIs, MRO Stocker, performance-based dividend policy, free-choice type shareholder incentive program, proposing TRUSCO Unknown Gulliver, year-round stocking of seasonal products, closing Nara Factory, DOTKUL, Face Phone that allows for communication with TRUSCO at any time, ICHIOSHI Catalogue, COCOMITE, Orange Book, Jr., product request advertisement, Yattenmasen List, stocking "difficult-to-deliver products," OJS (Open Judge System), staff registry that includes face photos, Orange Doctor Examination, wine seminars, childcare leave program (3 years), vacation condominiums and sanatoriums for employees, prohibiting non-regular employment of heads of household, as a general rule, establishing Healthcare Section, annual payment of retirement allowance, establishing Trusco Nakayama Health Insurance Association, establishing Marine Club, donation to Peshawar-kai, supporting Osaka Lovvits (women's handball team), and establishing The Nakayama Visual Welfare Foundation.

(In 2021) Paid leave accumulation bank program, partial lifting of restrictions on PRO TOOL, enhancement of the childcare leave program for men, infertility treatment leave program, and visualization of delivery lead times

Areas in which each person has experience/track record

Corporate management	Sales/marketing	Product development	Logistics	Catalogue media	Finance/accounting	Personnel affairs Human resource development	IT / digital	Legal affairs/risk management	ESG/sustainability	Global business
●	●		●		●	●		●	●	●
●	●			●	●	●	●	●	●	
●	●		●				●	●		
●	●	●		●	●	●		●	●	●
●	●	●				●			●	●
●	●	●				●				●
●	●	●				●			●	●
					●			●	●	
					●			●	●	
●					●			●		
	●	●	●	●	●	●		●	●	

Election of seven (7) directors

The terms of office of all seven (7) directors will expire at the closing of the Meeting. Therefore, we would like to ask our shareholders to appoint seven (7) directors. The director candidates are as below.

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 (63 years old)
With the Company	40 years and 11 months
No. of Company shares held	1,260,600
Attendance at Board of Directors' meeting	100% (12/12 meetings)

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 (58th) Annual Shareholders' Meeting, as well as management strategies, measures, and systems invented by him as Representative Director and President, as important benchmarks.

No. of Attendees	Approval rate	No. of valid votes ¹⁾	Affirmative votes
324	98.4%	308	303

Notes: 1. The number of valid votes does not include shareholders who did not vote on the day of the Meeting (abstention) or those whose vote contents could not be determined (invalid).

2. The OJS on the President is presented on P8.

Taking common sense by surprise with logistics DX

1. Upgrading our strengths with extraordinary inventory policies
 2. Protecting the environment with direct delivery service to users by wholesalers
 3. Enhancing usability with "MRO Stocker," a system of "use first, pay later" that has been around for many years in Japan for medicine, but for tools
 4. Significantly shortening the time to respond to quotation requests with an AI-based quotation system
 5. Realizing high-density storage by introducing a capacity control system at distribution centers
- We will continue to work on functionality enhancement.

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

なか い かず お
中井一雄
Kazuo Nakai

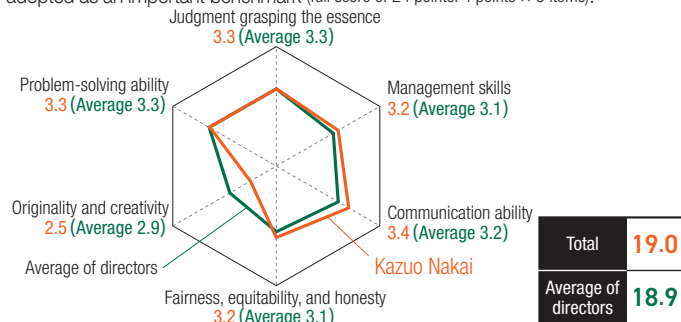


Candidate's profile

Date of birth	July 7, 1969 (52 years old)
With the Company	28 years and 11 months
No. of Company shares held	4,000
Attendance at Board of Directors' meeting	100% (12/12 meetings)

Reason for nomination as a director candidate

The candidate has extensive business experience in sales, distribution, corporate management, etc., as well as thorough knowledge of the Company's business in general. The following results of the FY2021 OJS on Directors have also been adopted as an important benchmark (full score of 24 points: 4 points × 6 items).



Meeting diverse needs of customers

On the back of the COVID-19 pandemic and other major changes in the business environment, customers' wishes are increasingly diverse. We will endeavor to enhance the convenience for customers by accurately grasping their issues and proposing solutions to them.

By utilizing our overwhelming inventory items and range of products, state-of-the-art logistics system, and IT, we will strive to become a needed supplier at manufacturing sites.

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 & 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
October 2020	Director & Head of Sales Division Executive in charge of TRUSCO NAKAYAMA CORPORATION (THAILAND) LIMITED (present) Executive in charge of PT. TRUSCO NAKAYAMA INDONESIA (present)
January 2021	Director & Head of Sales Division, Head of Home Center Sales Department & Distribution Department
January 2022	Director & Head of Sales Division (present)

Candidate no.
3

Re-appointment
Internal

かず み あつし
数見 篤
Atsushi Kazumi

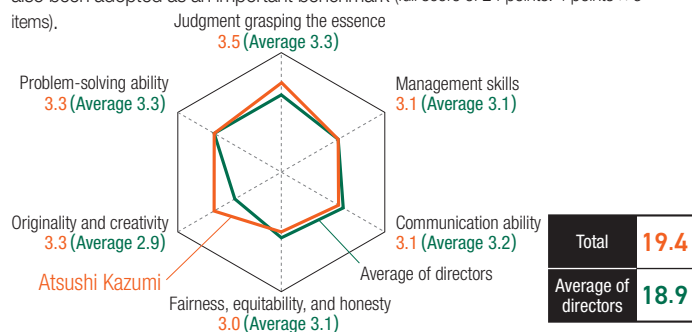


Candidate's profile

Date of birth	September 10, 1970 (51 years old)
With the Company	28 years and 11 months
No. of Company shares held	4,000 shares
Attendance at Board of Directors' meeting	100% (12/12 meetings)

Reason for nomination as a director candidate

The candidate has extensive business experience in sales, digital strategy, corporate management, etc., as well as thorough knowledge of the Company's business in general. The following results of the FY2021 OJS on Directors have also been adopted as an important benchmark (full score of 24 points: 4 points × 6 items).



Accomplishing one by one something that makes someone happy

In an era in which "reform and transformation" is a necessity, I believe that it is important for each employee to work on transformation with good knowledge of the strengths of their own company. While the Company has ample room for transformation, it has practiced and cultivated what is necessary for customers, employees, and the society without being influenced by trends of the times. Cherishing the spirit of altruism, I would like to work cheerfully and with passion together with all our employees to accomplish something that makes someone happy.

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
October 2020	Director & Head of Corporate Management Division, Head of Digital Strategy Department, Head of Digital Promotion Department
January 2021	Director & Head of Corporate Management Division, Head of Digital Strategy Department (present)

Candidate no.
4

Re-appointment
Internal

なお よし ひで き
直吉 秀樹
Hideki Naoyoshi

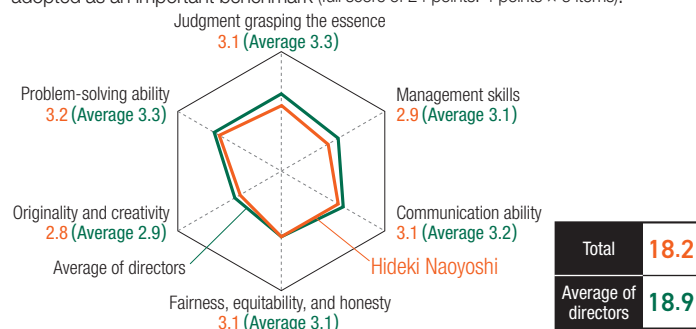


Candidate's profile

Date of birth	December 7, 1971 (50 years old)
With the Company	27 years and 11 months
No. of Company shares held	4,000 shares
Attendance at Board of Directors' meeting	100% (12/12 meetings)

Reason for nomination as a director candidate

The candidate has extensive business experience in sales, digital strategy, distribution, etc., as well as thorough knowledge of the Company's business in general. The following results of the FY2021 OJS on Directors have also been adopted as an important benchmark (full score of 24 points: 4 points × 6 items).



Successive challenges will drive the realization of a dream

The biggest attraction of the Company is that it can think hard how it can grab the future and help customers and act accordingly without being afraid of drastic changes in the world. A company can achieve sustainable growth only after upholding a high ideal, keep making efforts without giving up, and getting over a high hurdle together with its employees. With a commitment in mind to support Japanese manufacturing all the way through, I would like to do my best, keeping the gratitude for being allowed to challenge myself to realize a dream and self-reflection in my heart.

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
March 2021	Director & Head of Product Divisions, Head of Distribution Division
April 2021	Director & Head of Distribution Division (present)

Candidate no.

5

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 (72 years old)
No. of Company shares held	3,200 shares
Attendance at Board of Directors' meeting	100% (12/12 meetings)
Years of service (at the closing of the Meeting)	6 years

Reason for nomination as an outside director candidate and outline of expected roles

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 sustainable growth of the Company and continuous improvement of its corporate value, as expected of him, based on his experience, and knowledge as a management professional.

Creating new experience, rather than relying on past experience

The annual growth rate for the last seven years of sales of listed companies that were founded before the war was only 2%. Listed companies that were founded during the period from the end of the war through 1990, the year of the collapse of the bubble economy, achieved 4% for the same period. Listed companies founded after 1990, the period of stagnation, achieved an astonishing 10% for the same period. Although history is important, companies that are dependent on experience have not been able to achieve growth. Likewise, individuals are likely to fall behind if they rely only on their experience.

Brief biography, status, 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 and criteria for independence of outside officers ▶ P40

Candidate no.

6

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 (68 years old)
No. of Company shares held	3,200 shares
Attendance at Board of Directors' meeting	100% (12/12 meetings)
Years of service (at the closing of the Meeting)	6 years

Reason for nomination as an outside director candidate and outline of expected roles

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 sustainable growth of the Company and continuous improvement of its corporate value.

Providing information comprising clues and stimulation to evolution

The reason for existence of Trusco Nakayama lies in strengthening international competitiveness of the Japanese manufacturing sector. How to predict and grasp the opportunities for growth and evolution in anticipation of the situation in the post-COVID era will be vital. I will strive to provide up-to-date information and cases comprising hints and stimulation that will contribute to the growth and evolution of the Company, leveraging the experience and sensitivity that I have developed through the management of manufacturing companies.

Brief biography, status, and important concurrent posts

March 1976	Joined Hagihara Industries Inc.
December 1984	President of Hagihara Industries Inc.
January 2010	President & CEO of Hagihara Industries Inc.
January 2016	Chairman of Hagihara Industries Inc.
March 2016	Outside Director of the Company (present)
June 2018	President of Toyo Heisei Polymer Co., Ltd. (present)
June 2020	Outside Director, Wavelock Holdings Co., Ltd. (present)
October 2021	Chairman, Toyo Heisei Polymer Co., Ltd. (present)
January 2022	Chairman, Hagihara Industries Inc. (present)

Criteria for appointment of outside directors and criteria for independence of outside officers ▶ P40

Candidate no.
7

Re-appointment
Outside

すずき たかこ
鈴木 貴子
Takako Suzuki



Candidate's profile

Date of birth	March 5, 1962 (60 years old)
No. of Company shares held	2,500 shares
Attendance at Board of Directors' meeting	100% (12/12 meetings)
Years of service (at the closing of the Meeting)	2 years

Reason for nomination as an outside director candidate and outline of expected roles

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.

Searching for new domains

The Company continues to evolve at a ultra-high speed to become what it want to be. Its near-term goal is the development of a futuristic distribution platform. I would like to consider, with free thinking not constrained by industry borders and existing frameworks, how to connect the cutting-edge capabilities to be gained in the process with the creation of new business opportunities and thereby contribute to the improvement of corporate value.

Brief biography, status, 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
May 2013	Director, Chardin Co., Ltd. (present)
March 2020	Outside Director of the Company (present)
June 2021	Chairperson of the Board and President & Chief Operating Officer of S.T. Corporation (present)

Criteria for appointment of outside directors and criteria for independence of outside officers ► P40

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. We have filed Mr. Kenichi Saito, Mr. Kuniaki Hagihara, and Ms. Takako Suzuki as independent officers 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. Kenichi Saito, Mr. Kuniaki Hagihara, and Ms. Takako Suzuki 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 are planning to continue the above contract for limitation of liability.

(3) On special interest in the Company

Mr. Kenichi Saito is the Representative Director of Foresight & Company, whose business with the Company for the past two years 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 the Chairman, and the Company have a 27-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). Innovex Co., Ltd., a subsidiary of Wavelock Holdings Co., Ltd., of which Mr. Hagihara is Outside Director, and the Company has an approximately 20-year business relationship. However, 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 Toyo Heisei Polymer Co., Ltd., of which Mr. Hagihara is the 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 the Chairperson of the Board and the President & Chief Operating Officer, has no direct business relationship with the Company, but has an approximately 15-year business relationship with the Company through its subsidiary S.T. PRO 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.

Proposal No. 2

* The average of corporate auditors for QJS shown below represents the average score of the two full-time corporate auditors, rounded to the first decimal place.

Election of Two (2) Corporate Auditors

Corporate Auditor Masaki Matsuda will resign at the closing of the Meeting. In addition, the term of office of Corporate Auditor Akira Takada will expire at the closing of the Meeting. Therefore, we would like to ask our shareholders to appoint two (2) corporate auditors. This proposal has obtained the consent of the Board of Auditors. The corporate auditor candidates are described below:

Candidate no.	Re-appointment
1	Outside
	Full-time

たか だ あきら
高田 明
Akira Takada

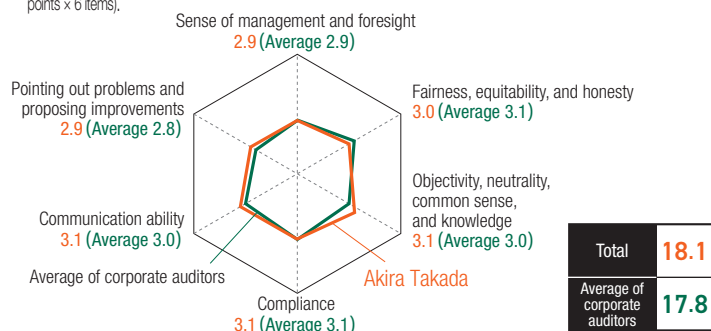


Candidate's profile

Date of birth	January 3, 1958 (64 years old)
No. of Company shares held	1,400 shares
Attendance at Board of Directors' meeting	100% (12/12 meetings)
Attendance at Board of Auditors' meeting	100% (19/19 meetings)
Years of service (at the closing of the Meeting)	4 years

Reason for nomination as an outside corporate auditor candidate

The candidate has extensive experience in working for a securities company and an IR consulting company. In consideration of his knowledge and insight, the Company has determined that the candidate will be able to properly execute his duties as an outside corporate auditor. He is expected to provide opinions from an objective standpoint as an outside corporate auditor and thereby to ensure the validity and appropriateness of decision making by the Board of Directors. The following results of the FY2021 QJS on Corporate Auditors have also been adopted as an important benchmark (full score of 24 points: 4 points × 6 items).



Contributing to continuous improvement of corporate value

The environment surrounding the Company, including regulatory and social environment, is changing significantly on a daily basis. Accordingly, the number of risks that the Company needs to monitor is increasing. I would like to always consider and act on how we can be well prepared to respond to these risks and change them to opportunities so that we can improve the Company further and thereby to contribute to the growth and sustainable evolution of the Company.

Brief biography, status, and important concurrent posts

April 1981	Joined Nomura Securities Co., Ltd.
December 2001	Head of IB Consulting Office of Nomura Securities Co., Ltd.
March 2009	Managing Director of IB Business Development Department of Nomura Securities Co., Ltd.
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)

Candidate no.	New appointment
2	Internal
	Full-time

いま がわ ひろ あき
今川 裕章
Hiroaki Imagawa



Candidate's profile

Date of birth	January 22, 1963 (59 years old)
With the Company	35 years and 11 months
No. of Company shares held	20,000 shares

Reason for nomination as a corporate auditor candidate

The candidate has extensive experience in serving as a senior executive for many years, as well as thorough knowledge of the Company's business in general. He has been nominated as a candidate for full-time corporate auditor as he is expected, based on his experience and track record in corporate management, to replace the roles of the incumbent full-time corporate auditor who will retire at the closing of the Meeting and to strengthen the governance of the Company through his duties as a corporate auditor.

Realizing sustainable growth and creating new corporate value

My name is Hiroaki Imagawa and I have been with the Company for 36 years. As I have been involved in many different departments and divisions as shown in the brief biography, I would like to draw from this experience to fulfill my new role. By collaborating with stakeholders as a corporate auditor, I will perform the duties to maintain a high-quality corporate governance system that answers to social trust by realizing sustainable growth and medium- to long-term creation of corporate value.

Brief biography, status, and important concurrent posts

March 1986	Joined the Company
April 1996	Head of Maebashi Sales Office
April 1997	Head of Ota Sales Office
April 1998	Tokyo Branch Manager
April 2004	Executive Officer & Head of NB Product Division
April 2007	Director & Head of Sales Division
October 2013	Executive Officer & Head of Factory Sales Department (East)
January 2016	Executive Officer & Head of Accounting Department
January 2019	Executive Officer & Head of Corporate Planning Department, Head of Accounting Department
September 2019	Executive Officer, Head of Factory Sales Department, Head of Distribution Department, Tokyo Metropolitan Area
January 2022	Executive Officer (present)

Notes concerning the candidates for Proposal No. 1 and Proposal No. 2

Summary of details on Directors' and Officers' Liability Insurance Agreement

Directors Tetsuya Nakayama, Kazuo Nakai, Atsushi Kazumi, Hideki Naoyoshi, Kenichi Saito, Kuniaki Hagihara, Takako Suzuki, Corporate Auditor Akira Takada, and Corporate Auditor candidate Hiroaki Imagawa are scheduled to renew their Directors' and Officers' Liability Insurance Agreement in June. The Company has concluded with an insurance company, and bears the full premiums of, a Directors' and Officers' Liability Insurance Agreement covering as insured persons the directors, corporate auditors, and executive officers of the Company and its consolidated subsidiaries. This insurance compensates for any litigation costs and damages arising from non-derivative actions, shareholder derivative actions, and corporate actions that are borne by the insured persons in executing their duties, provided that they have executed their duties in good faith or without violating laws and regulations. (However, measures are taken to ensure that the appropriateness of the execution of duties by the insured persons will not be undermined by excluding from the coverage any damage, etc. to those insured persons who have engaged in any criminal offence or intentional act of violating laws and regulations.)

Criteria 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 Paragraph 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.

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 applies 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

Proposal No. 3

Partial Amendment to the Articles of Incorporation

1. Reasons for the proposal

The Companies Act as amended in 2019 permits companies to take measures to provide reference documents for shareholders' meeting, etc. in an electronic format and, at the same time, requires companies issuing book-entry transfer shares (listed companies) to stipulate in their Articles of Incorporation that they take measures to provide in an electronic format such information that falls under reference documents for shareholders' meeting, etc. on or after September 1, 2022, which is the effective date of the amendments to the Companies Act pertaining to such measures. Therefore, we propose necessary amendments to the Articles of Incorporation.

2. Contents of the amendment

Specific changes in the Articles of Incorporation as proposed are as follows:

(The changed parts are underlined.)

Current Articles of Incorporation	Proposed amendments
(Internet Disclosure of Reference Materials, etc.) Article 15 The Company may, in accordance with the applicable provisions of Ministry of Justice Order, disclose via the Internet any information pertaining to the matters that should be included or presented in reference materials for shareholders' meeting, financial statements, and business report. <Newly established> <Newly established>	<Deleted> (Measures to Provide Information in an Electronic Format, etc.) Article 15 In convening a shareholders' meeting, the Company shall take measures to provide in an electronic format such information that falls under reference documents for shareholders' meeting, etc. 2. When a shareholder has requested the delivery of materials in a paper-based format by the record date of voting rights, the Company may choose not to include in the paper document to be delivered to the shareholder the whole or part of matters prescribed in Ministry of Justice Order if they are provided in an electronic format. (Supplementary Provisions) 1. The deletion of Article 15 (Internet Disclosure of Reference Materials, etc.) of the current Articles of Incorporation and the new establishment of Article 15 (Measures to Provide Information in an Electronic Format, etc.) of the proposed amendments shall take effect on the effective date of the amendments prescribed in the proviso clause of Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (hereinafter referred to as "Effective Date"). 2. Notwithstanding the provisions of the preceding paragraph, the provisions of Article 15 (Internet Disclosure of Reference Materials, etc.) of the current Articles of Incorporation shall remain in full force and effect for any shareholders' meetings held within six (6) months from the Effective Date. 3. These Supplementary Provisions shall be deleted on the later of the day on which six (6) months have passed since the Effective Date and the day on which three (3) months have passed since the date of the shareholders' meeting referred to in the preceding paragraph.

Outside

Part-time

かま くら ひろ ほ
鎌倉寛保
Hiroho Kamakura



Profile

Date of birth	January 27, 1947 (75 years old)
No. of Company shares held	4,200 shares
Attendance at Board of Directors' meeting	100% (12/12 meetings)
Attendance at Board of Auditors' meeting	100% (19/19 meetings)
Years of service (at the closing of the Meeting)	9 years and 8 months

Evaluation as Corporate Auditor

Mr. Hiroho Kamakura provides neutral and fair opinions on the Company's management and appropriately executes his duties as an outside corporate auditor based on his knowledge and insight and from an objective standpoint as an outside corporate auditor in addition to 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.

Contributing to sound and continuous growth

Each corporate auditor is an independent organ acting under the entrustment of shareholders. The role of corporate auditors is to conduct both "defensive" and "offensive" audits from an objective perspective to ensure company's healthy and continuous growth. As an outside corporate with long years of experience as a certified public accountant, I would like to actively contribute to the sustainable growth of the Company.

Initiatives in the 59th period

Mr. Hiroho Kamakura provided opinions on the overall management policy, etc., at Board of Directors' and Board of Corporate Auditors' meetings based on his experience as a certified public accountant who has been involved in the management of many companies. He also attended audit report meetings of the accounting auditor, internal committee, etc., and provided various opinions based on his professional knowledge as a certified public accountant.

Brief biography, status, 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)

Message from the Retiring Corporate Auditor

Full-time Corporate Auditor Masaki Matsuda

Date of birth	March 30, 1956 (65 years old)
No. of Company shares held	18,600 shares
Years of service (at the closing of the Meeting)	14 years and 9 months

Full-time Corporate Auditor Masaki Matsuda will retire at the closing of the Meeting as he reaches the mandatory retirement age for corporate officers and will assume the office of advisor.

Message to shareholders

I would like to take this opportunity to inform you that I will retire as corporate auditor at the closing of the 59th Annual Shareholders' Meeting. I would also like to express my deepest gratitude for the guidance and encouragement you have provided to me for many years since my first appointment as corporate auditor at the 44th Annual Shareholders' Meeting. I would appreciate your continued and ever-growing support to Trusco Nakayama Corporation going forward.

What is an advisor?

The Company offers a post of advisor to a person who is qualified to provide advice to responsible persons drawing from his or her past knowledge and experience. While the mandatory retirement age for the officers of the Company is 65, advisors may at their choice continue to work until the age of 70.



Brief biography

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)

Q 1 The reorganization of the TSE markets

1st Section to Prime Market

At its meeting held on September 18, 2021, the Board of Directors of the Company resolved the selection of the Prime Market from among the new market categories of the Tokyo Stock Exchange. By choosing the Prime Market, the Company will aim to achieve a higher level of governance as well as sustainable growth and medium- to long-term enhancement of corporate value. On January 11, 2022, the Tokyo Stock Exchange announced that the stock of the Company will be transitioned to the Prime Market category among its new market categories.



Corporate Governance Report

Q 2 What is your policy on payout ratio?

Consolidated dividend payout ratio to be maintained at 25%

The Company intends to achieve sustainable growth and thereby maximize the return to its shareholders. Based on the policy that ongoing capital investment is indispensable for the enhancement of corporate value, we have prioritized investments in distribution centers, digital technologies, and human resources to support them to realize stable growth. At this point, after considering the balance between shareholder return in the form of the enhancement of corporate value through capital investment and shareholder return in the form of dividend, we intend to maintain a consolidated dividend payout ratio of 25%, which is linked to financial performance, and to reward our shareholders with the overall return.

Treatment of the impact of special factors, such as the sale of real estate or shares

In a fiscal year in which net income attributable to owners of parent has fluctuated significantly due to the sale of real estate or shares not directly related to business activities or other special factors, their impact is excluded in the determination of dividend amount. Dividend of surplus and dividend calculation standard ▶ P23

Q 3 How does TRUSCO plan to develop its overseas business in the future?

Our consolidated subsidiaries to realize stable supply of products to satisfy the needs of foreign companies

Our overseas businesses are operated under the following two strategies: (i) sales activities by TRUSCO NAKAYAMA CORPORATION (THAILAND) LIMITED and PT. TRUSCO NAKAYAMA INDONESIA, which maintain their own inventories locally, and (ii) sales activities by the Overseas Sales Section focusing on the expansion of one-stop sales to local distributors and the development of new local distributors. Although our overseas business accounts for only 0.7% of the total net sales of the Company, we will aim to build further relationships with local clients, while focusing on developing new sales channels.

Overseas Sales Section

We engage in direct international trades with distributors located all over the world, but mainly in the U.S., Europe, and ASEAN, exporting products to 20 countries as of December 31, 2021. We will continue to aim to become a company that is of service to the global manufacturing sector.

Q 4 What are the purposes of your industry-academia collaboration and capital and business partnerships?

To realize the fastest, shortest, and best delivery in the industry.

The Company has started industry-academia collaboration with Tokai National Higher Education and Research System Nagoya University and capital and business partnerships with GROUND Inc. and Cinnamon Inc. to create a new distribution platform "TRUSCO HACOBUne" by making the full use of AI and latest robots.

Industry-academia collaboration

Tokai National Higher Education and Research System Nagoya University
Purpose of the industry-academia collaboration: For the joint creation of P Aichi through the effective use of the Human Machine Harmonization System Consortium and joint research at the JST's COI-NEXT program and for human resource development through broad human exchanges and information exchanges with students, venture company founders, and partner companies with diverse technical background through, for example, the Graduate Program for Lifestyle Revolution based on Transdisciplinary Mobility Innovation (TMI).

Capital and business partnerships

GROUND Inc.

Reason for capital contribution: GROUND Inc. is a leading vendor in Japan, with the ability to achieve overall optimization inside warehouse through the planning and provision of cutting-edge solutions including robots and AI-powered distribution software. It has also developed very deep insight into the business of TRUSCO as well as distribution in general through the past collaboration with TRUSCO. For this reason, GROUND Inc. is considered to be the only partner with whom TRUSCO can work together to resolve issues based on common understanding.

Capital contribution: 500 million yen

Cinnamon Inc.

Reason for capital contribution: Cinnamon Inc. has about 100 AI specialists and a clear track record of introducing AI to financial institutions and others. It has also put into practice a unique theory called harvest loop and has developed an AI model suited to the resolution of issues by TRUSCO.

Capital contribution: 500 million yen

Q 5 What are your responses to business continuity plan and disaster countermeasures?

A system has been put in place to enable the Company to continue its business activities in an emergency situation.

Business continuity system

- (1) Has 27 distribution centers all over Japan
Risk diversification by maintaining product inventories in various locations all over Japan
- (2) Has secured emergency supply routes
When the existing supply route is disrupted due to a disaster, an alternative supply route will be supported automatically by other locations.
- (3) Ownership of facilities
TRUSCO owns a wide range of facilities from buildings to servers. We can avoid risks and respond flexibly because we are less dependent on external parties.

Disaster countermeasures

Seismic isolation equipment has been installed in Tokyo Head Office, Planet Osaka, Planet Saitama, and Planet South Kanto so that the Company can fulfill its supply responsibility to clients even in the case of a disaster. Seismic isolation equipment will be installed as standard equipment in all new distribution centers to be constructed in the future. In addition, Tokyo Head Office is equipped with an emergency power generator, which can supply electricity for its main systems to continue to be operated half a day at the time of power outage, and water gates to prevent flooding. Furthermore, all important machinery and equipment, such as data centers, are located on the second floor or above to prepare for emergency.



Seismic isolation equipment, Planet South Kanto



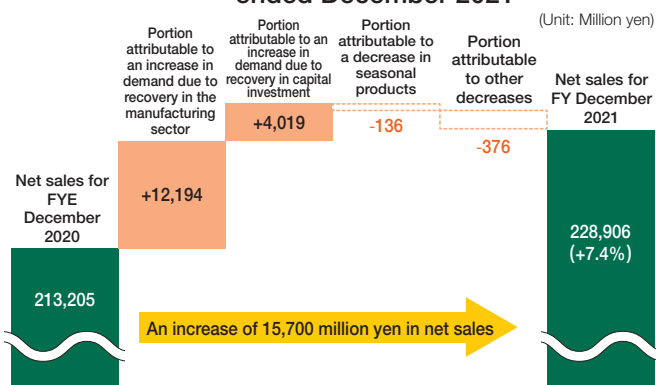
Water gates to prevent flooding, Tokyo Head Office

Under the current COVID-19 pandemic, the Company continues order receiving and delivery operations as before, while paying close attention to the prevention of infection, in order to fulfill its mission to supply products. We have also taken various measures to respond to new demand.

Impact of COVID-19 on net sales

Demand for masks and protective clothing as part of measures to prevent COVID-19 infection has returned to normal for the time being. As production recovers, sales of product groups related to production at plants and those related to capital investment have increased.

Non-consolidated Sales analysis for the fiscal year ended December 2021



[Portion attributable to an increase in demand for consumable supplies due to recovery in the manufacturing sector]

+12,194 million yen

Major product categories

- Hand tool (hand tools, electric power tools, etc.) +3,265 million yen
- Work supplies (adhesive, packing supplies, etc.) +3,012 million yen
- Environmental safety supplies (protective equipment for fall prevention, etc.) +2,074 million yen

[Portion attributable to an increase in demand due to recovery in capital investment]

+4,019 million yen

Major product categories

- Logistics/storage supplies (transportation goods, loading goods, etc.) +2,354 million yen
- Construction supplies (hardware, construction materials, etc.) +1,665 million yen

Infection prevention measures

Conducted antigen tests on all employees

In addition to daily measures to prevent infection, we conducted antigen tests on all employees (including part-time employees) to prevent the occurrence of a cluster of infection cases in the Company.

Number of tested employees: 2,730

Test results: The Company confirmed that all employees tested negative (in June 2021).

Vaccination support for employees

The Company conducted workplace vaccination in Tokyo and Osaka in coordination with other companies to ensure that employees who want to get vaccinated can actually get vaccinated against the new coronavirus.

Internally developed an employee health management application "Health Manage"

Employees have been required to measure their temperature three times a day since March 1, 2020. The internally developed health management application "Health Manage" enables the centralized management of the physical conditions of employees and timely follow-ups on employees who reported that they were not feeling well. We will enhance its health management functions further to strategically support the health of our employees.



Major initiatives

User-direct shipment service

As Internet order needs for non-contact and non-face-to-face transactions rise, we expanded the user-direct shipment service using six I-Pack® [high-speed automated packaging and shipping lines] introduced at four logistics centers.



I-Pack® [high-speed automated packaging and shipping lines]

MRO Stocker

We promoted a new service that enables users to procure products at any time in their own plants by installing at their plants MRO Stocker, a system of "use first, pay later" that has been around for many years in Japan for medicine, but for tools. While users are also promoting digital transformation and redesigning purchase operations, we actively made proposals.

Number of companies that have introduced MRO Stocker: 329

(As of December 31, 2021)



Vending machine type MRO Stocker

Started in-house manufacturing of masks



Shiori Soya, Overseas Procurement Section

We started in-house manufacturing of masks, the stable supply of which is susceptible to social conditions and tends to become difficult during emergency, at our Hakata Stock Center in November 2019 (using raw materials made in Japan).

Product name: TRUSCO White Mask
Product number: DPM-WM

Initiatives for the new normal

The Company has taken various measures, including infection prevention measures and the enhancement of a working from home program. While these new efforts have led in some way to efficiency improvement, we have also recognized once again the importance of face-to-face communication in our business. We will continue to embrace flexible workstyles, while respecting the family background and health conditions of our employees.



Genki Yamaguchi, Corporate Planning Section (to the left), Mai Tsumura, Sustainability Promotion Section (center), Akira Suda, Corporate Planning Department (to the right)