

The 60th Business Year Business Performance Data Analysis

FYE December 31, 2022
Third Quarter

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60th Business Year, Fiscal Year Ending December 2022 Third Quarter

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This document contains statements regarding future forecasts of business performance and business plans. Such statements are not guarantees of future performance and involve risks and uncertainties. Please note that future performance may differ from the planned figures due to changes in the management environment and other factors. This document is for informational purposes only and the Company is under no obligation to update it with the latest information available at this time.

Company overview

| | |
|-----------------------|---|
| Founding | May 15, 1959 |
| Representative | Tetsuya Nakayama, President Chairman, Nakayama Visually Impaired Welfare Foundation Vice president, Japan Federation of Machine Tool Distributors Associations President, Osaka Machine Appliance Wholesaler Cooperative |
| Head offices | Tokyo Head Office (Minato-ku, Tokyo, registered as official headquarters) Osaka Head Office (Nishi-ku, Osaka City) |
| Number of offices | 94 in total: 89 domestic bases: (2 head offices, 59 domestic sales branches, 28 domestic distribution centers) 5 overseas bases: (Local subsidiaries: TRUSCO NAKAYAMA CORPORATION (THAILAND) LIMITED, TRUSCO NAKAYAMA CORPORATION (INDONESIA) LIMITED, Supplier development office: Germany, Taiwan, Thailand) |
| Capital stock | 5,022,370,000 yen |
| Listed stock exchange | First section of the Tokyo Stock Exchange (Code number: 9830) |
| Number of employees | 2,987 [Consolidated] |
| Credit rating | A (Rating and Investment Information, Inc.) |
| Line of business | Wholesaler of industrial equipment such as machine tools, distribution equipment and environmental safety equipment (and consumables used in factories) and planning and development of products under the company's own brand, TRUSCO |

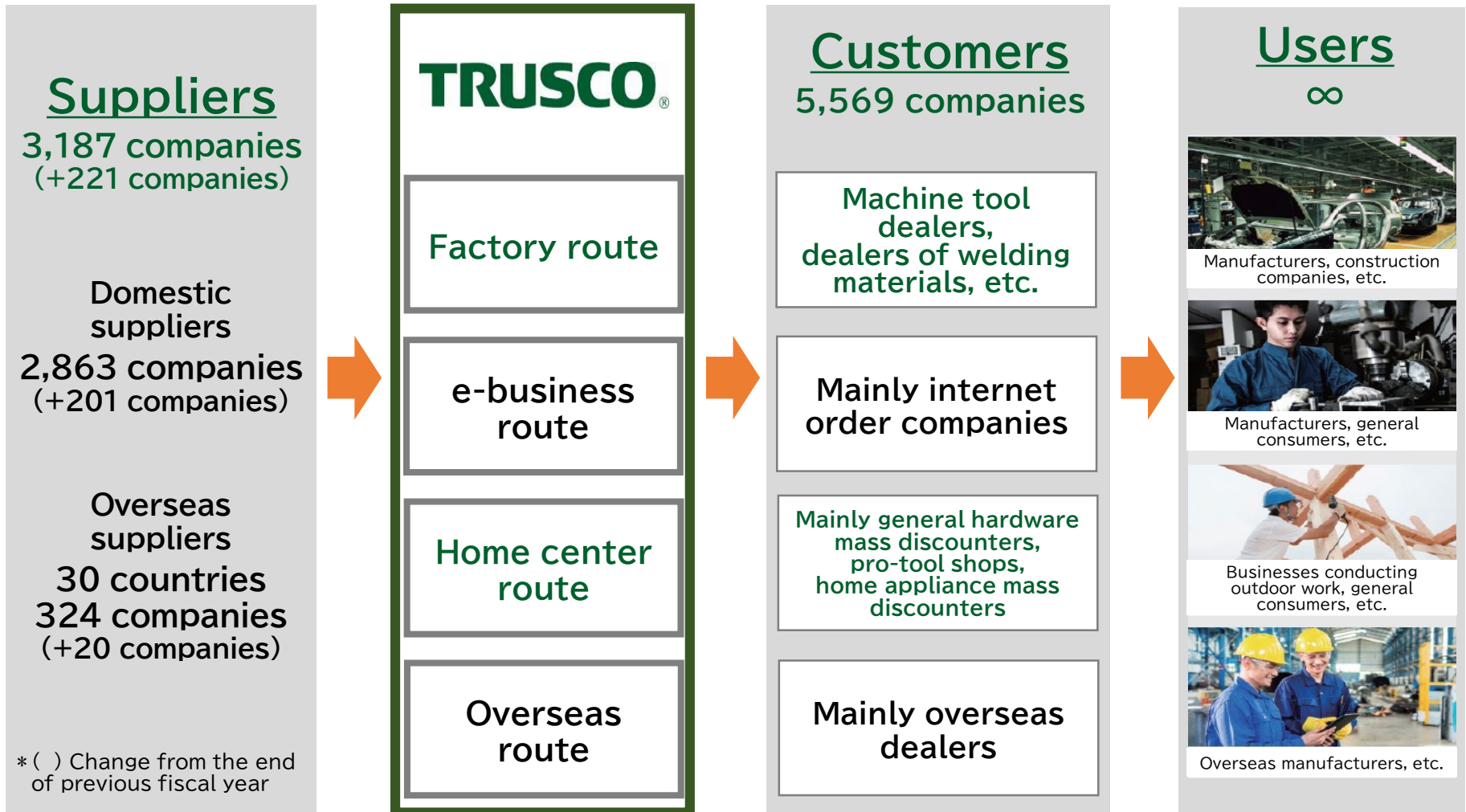
■ Corporate message

GAMBARE!!

JAPANESE MONODZUKURI

Business flow

We are a specialized trading company that purchases professional tools from our suppliers and sells them to machine tool dealers, internet order companies, general hardware mass discounters, and other customers. Through us, professional tools can be delivered quickly, smoothly, and reliably to manufacturing sites throughout Japan. We are committed to wholesale and have established a unique business model that improves convenience for our customers, suppliers, and users.





A. Company-wide Business Performance

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A-1. Accounting highlights

■ Performance from the first quarter to third quarter

- Opportunity loss was minimized by continuously expanding inventories amid rising resource prices and increasing shortages of products.
- The user direct delivery service was enhanced, and orders were consolidated.
- Selling, general and administrative expenses increased due to the payment of approximately 500 million yen in temporary bonuses to support the livelihoods of employees

■ Main items that increased in selling, general and administrative expenses (SGA)

| | |
|--|---|
| ① Employee salaries and bonuses | Year-on-year increase of 803 million yen (+9.9%) Payment of livelihood support bonuses + 512 million yen, part-time salaries and bonuses + 222 million yen (excluding livelihood support bonuses) Reduction of overtime pay for employees by improving work efficiency, etc. Δ36 million yen |
| ② Commission fee | Year-on-year increase of 440 million yen (+27.2%) HACOBUna scheme + 141 million yen, maintenance and inspection fee + 82 million yen, etc. |
| ③ Freight and packing expenses | Year-on-year increase of 631 million yen (+12.7%) Increase in number of shipments + 484 million yen Of which, increase in direct shipments to users + 262 million yen |
| ④ Other increases | Utilities expenses: Soaring electricity expenses +94 million yen, Transportation expenses: Business trip expenses +60 million yen |

■ Outlook for the fourth quarter

- Costs will continue to be reduced throughout the company
- Efforts will be made to achieve budget goals, including increasing sales, without revising the full-year budget

A-2. [Consolidated] Business performance

| | FYE December 31, 2021 Full Year | | FYE December 31, 2022 Third Quarter | | | | FYE December 31, 2022 Full Year | |
|---|------------------------------------|-------|--|-------|------------|------------------------|------------------------------------|---------------------|
| | Actual results | Rate | Actual results | Rate | YoY change | Change from budget (%) | Budget | Year-on-year change |
| Net sales | 226,833 million yen | – | 180,924 million yen | – | +8.4% | +0.4% | 243,500 million yen | +7.3% |
| Gross profit | 47,670 million yen | 21.0% | 37,755 million yen | 20.9% | +6.9% | Δ0.1% | 51,720 million yen | +8.5% |
| Selling, general and administrative expenses (SGA) | 34,673 million yen | 15.3% | 28,621 million yen | 15.8% | +11.1% | +2.9% | 37,470 million yen | +8.1% |
| (depreciation included in SGA) | 6,929 million yen | 3.1% | 5,019 million yen | 2.8% | Δ2.4% | Δ0.5% | 6,853 million yen | Δ1.1% |
| Operating income | 12,997 million yen | 5.7% | 9,134 million yen | 5.0% | Δ4.5% | Δ8.4% | 14,250 million yen | +9.6% |
| Ordinary income | 13,555 million yen | 6.0% | 9,400 million yen | 5.2% | Δ6.3% | Δ8.0% | 14,600 million yen | +7.7% |
| Current (quarterly) profit attributable to owners of parent | 11,596 million yen | 5.1% | 6,470 million yen | 3.6% | Δ13.7% | Δ7.1% | 9,960 million yen | Δ14.1% |
| Current (quarterly) net income per share | (175.86 yen) | – | 98.12 yen | – | – | – | 151.04 yen | – |
| PB sales | 43,445 million yen | 19.2% | 34,114 million yen | 18.9% | +5.0% | Δ2.2% | 46,626 million yen | +7.3% |
| Capital expenditures | 8,799 million yen | – | 3,649 million yen | – | – | – | 4,338 million yen | – |

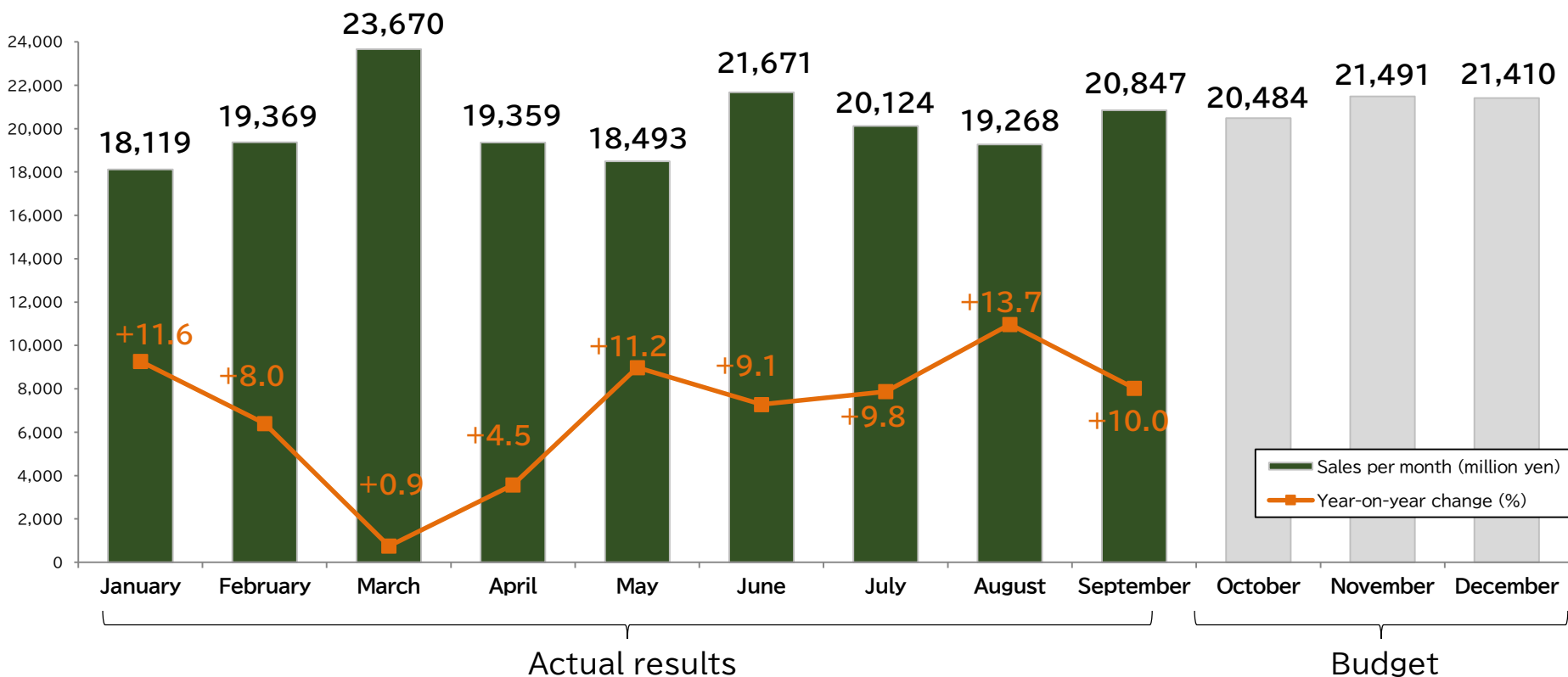
Figures for the fiscal year ended December 31, 2021 are retroactively applied due to a change in accounting policy.

In the fiscal year ended December 31, 2021, approximately 3,400 million yen was recorded as extraordinary income due to the sale of real estate.

A-3. [Consolidated] Monthly sales

* Since April 1, 2022, we have changed our holidays according to the calendar, so the number of business days in August and December has increased compared to the previous year.

Orders are constantly placed for consumables used in factories. As such, we place focus on the sales per day. Our sales increase during the peak periods of March when many companies close their accounts.

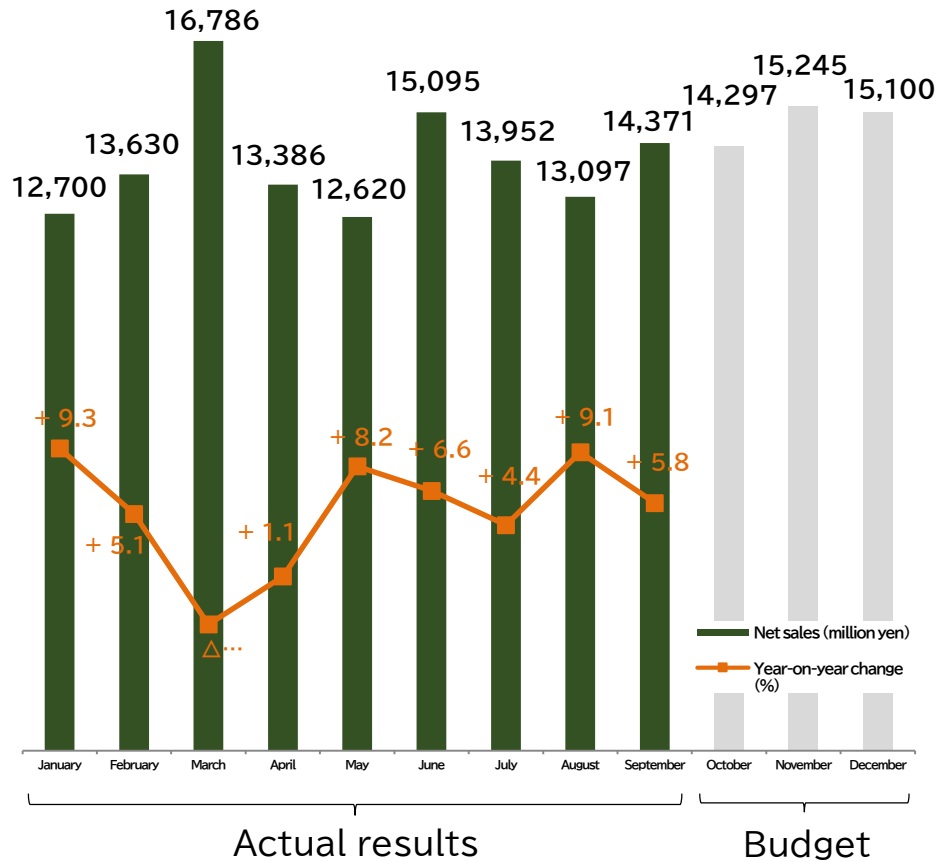


| | January | February | March | April | May | June | July | August | September | October | November | December | Total |
|--------------------------------|---------|----------|-------|-------|-----|------|-------|--------|-----------|---------|----------|----------|-------|
| Number of business days (days) | 18 | 18 | 22 | 20 | 19 | 22 | 20 | 22 | 20 | 20 | 20 | 22 | 243 |
| Year-on-year change (days) | ±0 | ±0 | Δ1 | Δ1 | +1 | ±0 | ±0 | +3 | ±0 | Δ1 | ±0 | +2 | +3 |
| Sales per day (million yen) | 1,006 | 1,076 | 1,075 | 967 | 973 | 985 | 1,006 | 875 | 1,042 | | | | |

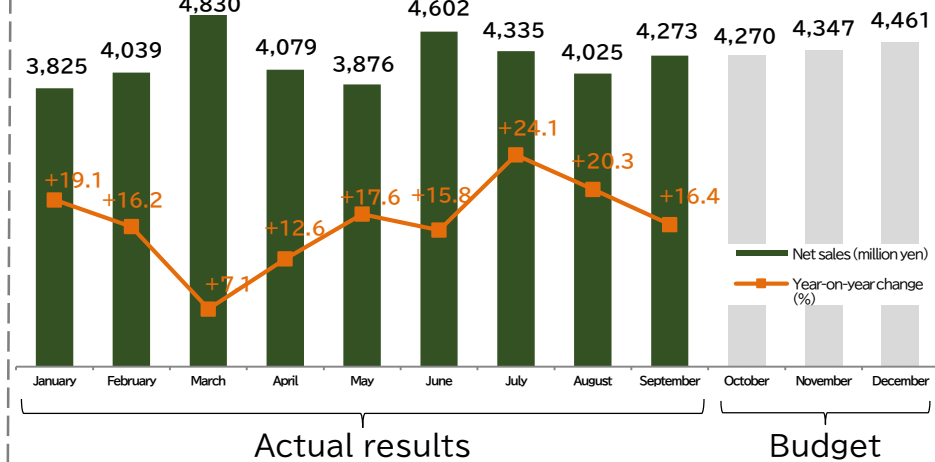
A-4. [Consolidated] Monthly sales by sales route

* Since April 1, 2022, we have changed our holidays according to the calendar, so the number of business days in August and December has increased compared to the previous year.

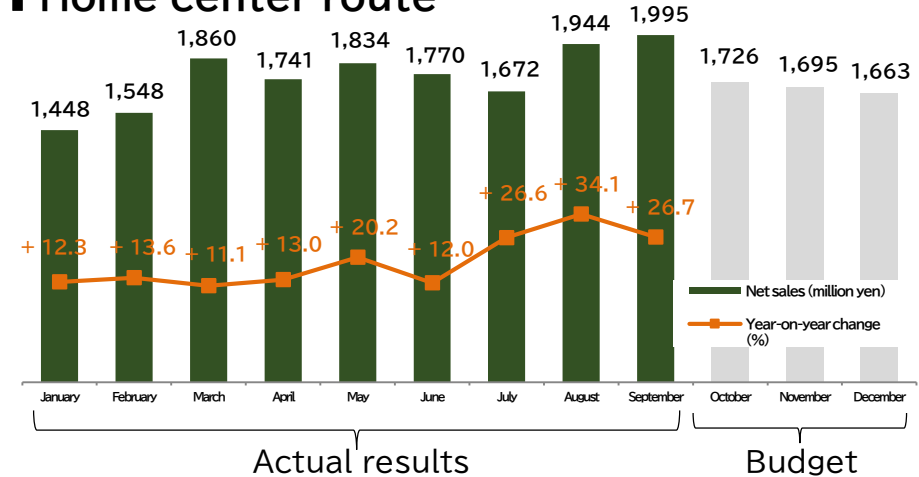
Factory route



e-business route



Home center route



| | January | February | March | April | May | June | July | August | September | October | November | December | Total |
|--------------------------------|---------|----------|-------|-------|-----|------|------|--------|-----------|---------|----------|----------|-------|
| Number of business days (days) | 18 | 18 | 22 | 20 | 19 | 22 | 20 | 22 | 20 | 20 | 20 | 22 | 243 |
| Year-on-year change (days) | ±0 | ±0 | Δ1 | Δ1 | +1 | ±0 | ±0 | +3 | ±0 | Δ1 | ±0 | +2 | +3 |

B. Sales Performance

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B-1. [Consolidated] Business performance by sales route

| | FYE December 31, 2021 | | | FYE December 31, 2022 Third Quarter | | | | | | | | | FYE December 31, 2022 Full Year Budget | |
|-------------------|-----------------------|-------|---------------------|-------------------------------------|-------|------------|---------------------|---------------------------|------------------------|---------------------|------------|---------------------|--|--|
| | Net sales | | Gross profit margin | Net sales | | | | | | Gross profit margin | | Net sales | | |
| Sales route | Actual results | Share | Actual results | Actual results | Share | YoY change | Budget | Budget change from budget | Change from budget (%) | Actual results | YoY change | Budget | YoY change | |
| Factory route | 162,379 million yen | 71.6% | 20.5% | 125,641 million yen | 69.5% | +5.0% | 127,138 million yen | Δ1,496 million yen | Δ1.2% | 20.7% | +0.1pt | 171,782 million yen | +5.8% | |
| e-business route | 44,393 million yen | 19.6% | 23.5% | 37,888 million yen | 20.9% | +16.2% | 37,018 million yen | +869 million yen | +2.3% | 22.1% | Δ1.7pt | 50,097 million yen | +12.8% | |
| Home center route | 18,366 million yen | 8.1% | 18.6% | 15,816 million yen | 8.7% | +18.7% | 14,371 million yen | +1,445 million yen | +10.1% | 17.3% | Δ1.5pt | 19,455 million yen | +5.9% | |
| Overseas route | 1,694 million yen | 0.7% | 33.0% | 1,577 million yen | 0.9% | +28.4% | 1,586 million yen | Δ8 million yen | Δ0.6% | 37.0% | +5.1pt | 2,164 million yen | +27.7% | |
| Total | 226,833 million yen | 100% | 21.0% | 180,924 million yen | 100% | +8.4% | 180,115 million yen | +809 million yen | +0.4% | 20.9% | Δ0.3pt | 243,500 million yen | +7.3% | |

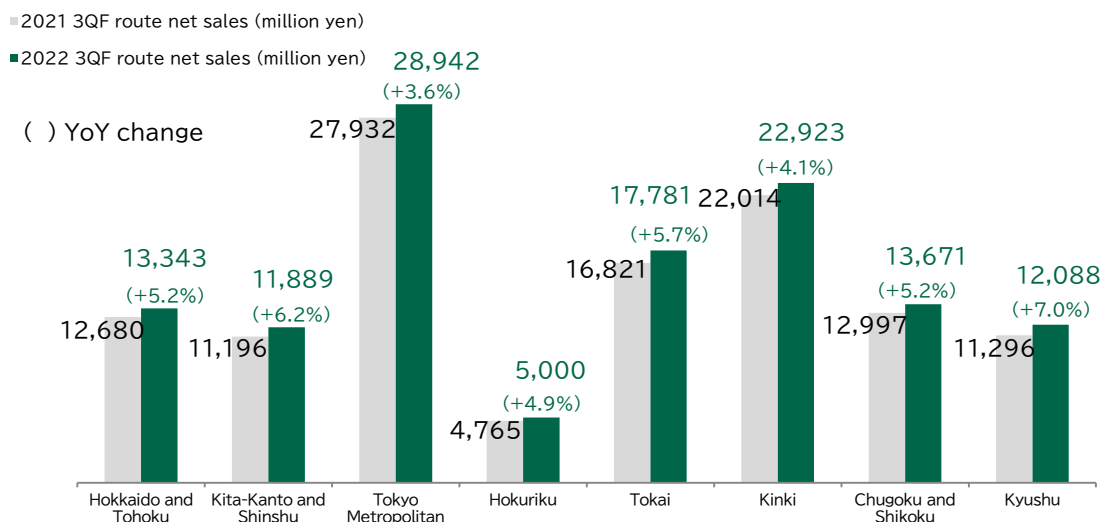
Figures for the fiscal year ended December 31, 2021 are retroactively applied due to a change in accounting policy.

B-1. [Consolidated] Business performance by sales route: Factory route

Sales by industry

| Sales route | FYE December 31, 2021 Third Quarter | | | FYE December 31, 2022 Third Quarter | | | | |
|---|--|--------|---------------------|--|--------|------------|---------------------|------------|
| | Net sales | | Gross profit margin | Net sales | | | Gross profit margin | |
| | Actual results | Share | Actual results | Actual results | Share | YoY change | Actual results | YoY change |
| Machine tool dealers | 60,667 million yen | 50.7% | 20.0% | 64,158 million yen | 51.1% | +5.8% | 20.9% | +0.9pt |
| Dealers in welding materials | 16,877 million yen | 14.1% | 21.5% | 17,731 million yen | 14.1% | +5.1% | 20.4% | Δ1.1pt |
| Other manufacturing related (Physical chemical, conductor, packaging material dealers, etc.) | 19,960 million yen | 16.7% | 20.5% | 20,658 million yen | 16.4% | +3.5% | 20.0% | Δ0.5pt |
| Construction related | 22,199 million yen | 18.5% | 21.6% | 23,092 million yen | 18.4% | +4.0% | 21.2% | Δ0.4pt |
| Factory route total | 119,704 million yen | 100.0% | 20.6% | 125,641 million yen | 100.0% | +5.0% | 20.7% | +0.1pt |

Sales by region



Factory route: Up 5.0% year on year

Our customers felt the convenience of our products, logistics, and systems, and by fulfilling their request for the consolidation of commercial distribution channels, we were able to increase our sales base.

We implemented business activities that also help to reduce the environmental burden, such as strengthening the "MRO stocker," which enables product procurement at the factory at any time, and enhancing the "user direct delivery service."

B-1. [Consolidated] Business performance by sales route: e-business route

■ Sales by industry

| Sales route | FYE December 31, 2021 Third Quarter | | | FYE December 31, 2022 Third Quarter | | | | |
|---|--|--------|---------------------|--|--------|------------|---------------------|------------|
| | Net sales | | Gross profit margin | Net sales | | | Gross profit margin | |
| | Actual results | Share | Actual results | Actual results | Share | YoY change | Actual results | YoY change |
| Mail order companies | 25,450 million yen | 78.1% | 22.8% | 29,465 million yen | 77.8% | +15.8% | 21.0% | Δ1.8pt |
| Companies participating in Orange Commerce (Trusco's electronic central purchasing system), MRO Stocker | 7,150 million yen | 21.9% | 27.4% | 8,423 million yen | 22.2% | +17.8% | 26.2% | Δ1.2pt |
| e-business route total | 32,600 million yen | 100.0% | 23.8% | 37,888 million yen | 100.0% | +16.2% | 22.1% | Δ1.7pt |

■ e-business route: Up 16.2% year on year

By leveraging our product database of approximately 2.98 million items and our logistics system, we have strengthened our customers' system coordination, and have promoted the consolidation of commercial distribution channels with our company at each company. In addition, the number of orders received by our company has increased significantly due to the "user direct delivery service" that simplifies the logistics processes to meet the needs of each Internet/mail order company, and improves convenience by shortening delivery times.

■ Sales to mail order companies: Sales ratio by industry



MonotaRO, Misumi, etc.

Amazon, etc.

Askul, etc.

Hardware retailers

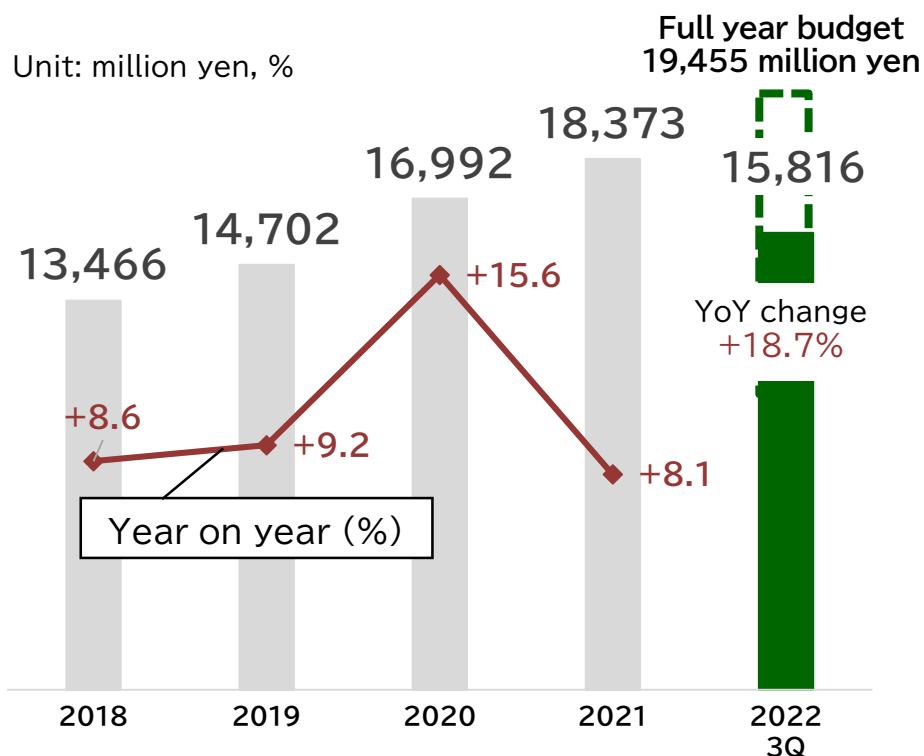
Tubing dealers

B-1. [Consolidated] Business performance by sales route: Home center route

Sales by industry

| | FYE December 31, 2021 Third Quarter | | FYE December 31, 2022 Third Quarter | | | |
|-------------------|--|---------------------|--|------------|---------------------|------------|
| | Net sales | Gross profit margin | Net sales | | Gross profit margin | |
| | Actual results | Actual results | Actual results | YoY change | Actual results | YoY change |
| Home center route | 13,321 million yen | 18.8% | 15,816 million yen | +18.7% | 17.3% | Δ1.5pt |

Change in sales earned via home center route



Home center route: Up 18.7% year on year

We consolidated commercial distribution channels and acquired a new right to supply products through collaborative efforts between our stores and EC site. In addition, we also saw an increase in sales at pro-tool shops, which are dealers that target professional craftspeople and factory workers who have a high affinity with our company.

Utilizing the approximately 2.98 million items we have for sale and approximately 540,000 items we have in stock for instant delivery, we expect to continue expanding sales by enhancing the product lineup in our stores and EC site.

What are pro-tool shops?

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

B-1. [Consolidated] Business performance by sales route:

Business performance of subsidiaries

I Non-consolidated sales

| | TRUSCO NAKAYAMA CORPORATION (non-consolidated) | | | | TRUSCO NAKAYAMA CORPORATION (THAILAND) LIMITED | | | | TRUSCO NAKAYAMA CORPORATION (INDONESIA) LIMITED | | | |
|--|---|-------|------------|------------------|---|-------|------------|------------------|--|-------|------------|------------------|
| | Third quarter performance | | | Full year budget | Third quarter performance | | | Full year budget | Third quarter performance | | | Full year budget |
| | Amount | Rate | YoY change | YoY change | Amount | Rate | YoY change | YoY change | Amount | Rate | YoY change | YoY change |
| Net sales | 180,465 million yen | – | +8.3% | +7.2% | 628 million yen | – | +18.9% | +26.1% | 358 million yen | – | +59.7% | +20.8% |
| Gross profit | 37,445 million yen | 20.7% | +6.5% | +8.4% | 153 million yen | 24.4% | +23.2% | +32.1% | 104 million yen | 29.2% | +86.2% | +29.7% |
| Selling, general and administrative expenses (SGA) | 28,384 million yen | 15.7% | +11.1% | +8.1% | 121 million yen | 19.4% | +21.1% | +16.8% | 114 million yen | 32.0% | +17.3% | +3.7% |
| Depreciation included in SGA | 4,959 million yen | 2.7% | Δ2.6% | Δ1.2% | 18 million yen | 2.9% | +15.4% | +16.0% | 41 million yen | 11.6% | +17.4% | +1.6% |
| Operating income | 9,061 million yen | 5.0% | Δ5.6% | +9.4% | 31 million yen | 5.0% | +32.1% | +124.2% | Δ10 million yen | – | – | – |
| Ordinary income | 9,388 million yen | 5.2% | Δ6.6% | +7.4% | 32 million yen | 5.2% | +36.8% | +120.6% | -0 million yen | – | – | – |
| Net income | 6,455 million yen | 3.6% | Δ14.1% | Δ14.4% | 32 million yen | 5.2% | +36.8% | +120.6% | -0 million yen | – | – | – |

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

| | | Net sales | Gross profit |
|--|----------------|-----------------|-----------------|
| Business performance in other overseas regions (Philippines, China, South Korea, etc.) | Actual results | 590 million yen | 161 million yen |
| | Rate | – | 27.3% |
| | YoY change | +24.1% | +22.4% |

I Overseas route: Up 28.4% year on year

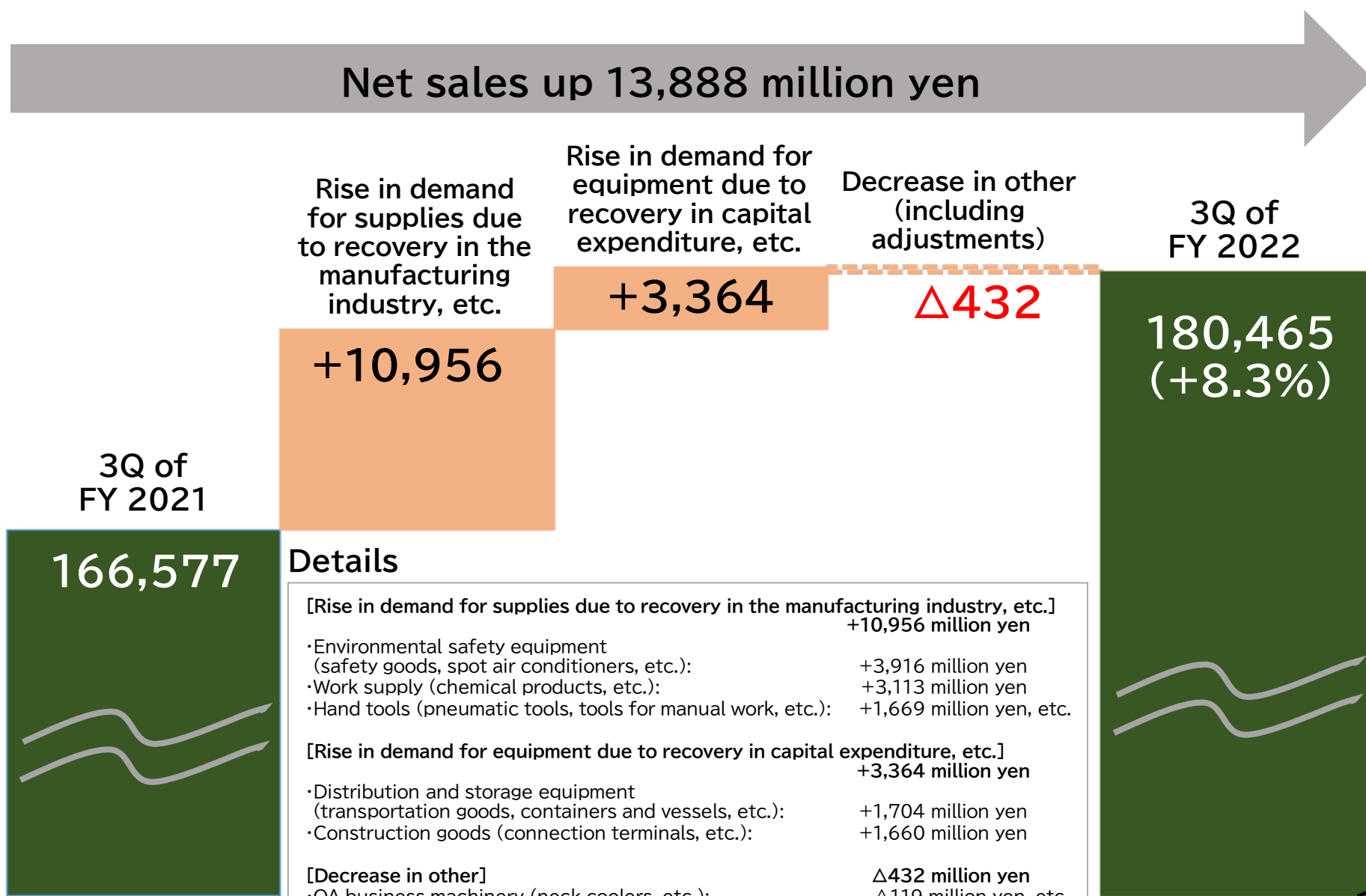
In Thailand and Indonesia, we have shortened the delivery lead time by reviewing inventory items, and expanded the sales area through transactions with new customers of local companies.

With regards to sales to other overseas regions, we worked to expand transactions by opening new accounts with EC companies mainly in the Asia-Pacific region.

B-2. [Non-consolidated] Analysis of sales

(Unit: million yen)

Net sales up 13,888 million yen



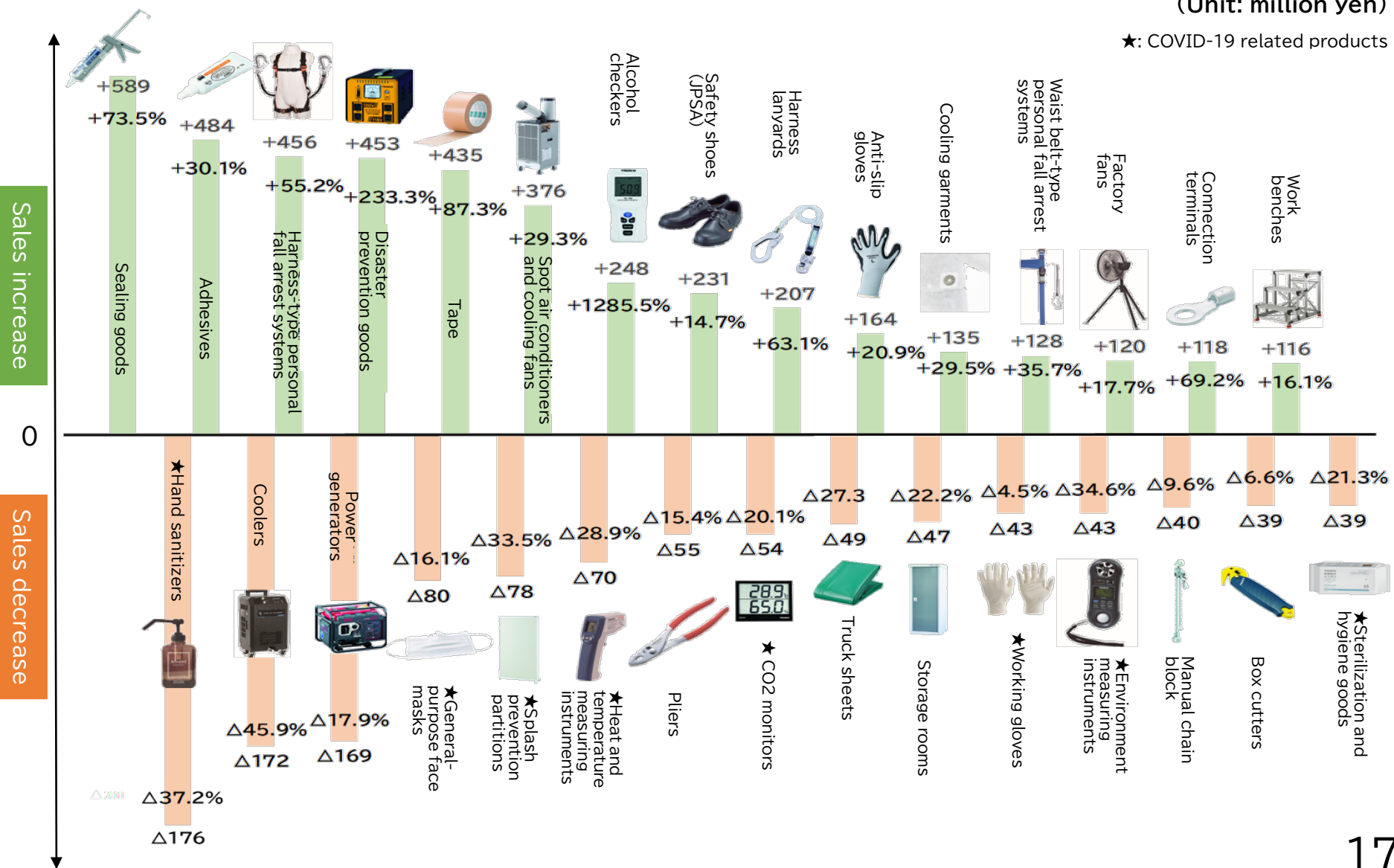
Details

- [Rise in demand for supplies due to recovery in the manufacturing industry, etc.] +10,956 million yen
 - Environmental safety equipment (safety goods, spot air conditioners, etc.): +3,916 million yen
 - Work supply (chemical products, etc.): +3,113 million yen
 - Hand tools (pneumatic tools, tools for manual work, etc.): +1,669 million yen, etc.
- [Rise in demand for equipment due to recovery in capital expenditure, etc.] +3,364 million yen
 - Distribution and storage equipment (transportation goods, containers and vessels, etc.): +1,704 million yen
 - Construction goods (connection terminals, etc.): +1,660 million yen
- [Decrease in other] Δ432 million yen
 - OA business machinery (neck coolers, etc.): Δ119 million yen, etc.

B-3. [Non-consolidated] Changes in sales by category of goods

(Unit: million yen)

★: COVID-19 related products



B-4. [Non-consolidated] Sales by category of goods

While there was increased demand for cooling products such as spot air conditioners (large category 6) due to the effects of the record-breaking heat, as well as increased demand for harness-type systems (large category 6) due to a revision to the law that introduces an obligation to wear fall arrest systems, demand for hand sanitizers (large categories 6 and 8) for the prevention of COVID-19 infections began to subside.

(Unit: million yen, %)

| Category of goods (large category) | Medium category | Trusco's sales | Share | YoY change | Gross profit margin | Category of goods (large category) | Medium category | Trusco's sales | Share | YoY change | Gross profit margin | |
|------------------------------------|--|--|--------|------------|---------------------------------------|--|--|---|--------------|-------------|---------------------|------|
| 1. Cutting tools | Cutting tools total | 5,613 | 3.1 | +6.0 | 15.8 | 6. Environmental safety equipment | Environmental safety equipment total | 33,280 | 18.4 | +13.2 | 21.8 | |
| | ① Cutting tools | 2,767 | 1.5 | - | 10.5 | | ㊸ Protective equipment | 17,743 | 9.8 | - | 22.5 | |
| | ② Drilling and thread cutting tools | 2,846 | 1.6 | - | 20.9 | | ㊸ Safety goods | 7,617 | 4.2 | - | 25.3 | |
| 2. Production processing goods | Production processing goods total | 13,318 | 7.4 | +4.1 | 15.4 | | ㊸ Environment improvement goods | 1,663 | 0.9 | - | 18.2 | |
| | ③ Measurement equipment | 6,983 | 3.9 | - | 15.0 | | ㊸ Air conditioning goods | 3,491 | 1.9 | - | 13.5 | |
| | ④ Mechatronics | 2,814 | 1.6 | - | 15.1 | | ㊸ Disaster and crime prevention goods | 1,218 | 0.7 | - | 19.0 | |
| | ⑤ Tools for machine tools | 1,658 | 0.9 | - | 22.7 | ㊸ Closets and exterior goods | 1,550 | 0.9 | - | 21.4 | | |
| ⑥ Electronic machinery | 1,861 | 1.0 | - | 10.7 | 7. Distribution and storage equipment | Distribution and storage equipment total | 19,981 | 11.1 | +9.1 | 22.2 | | |
| 3. Construction goods | Construction goods total | 20,777 | 11.5 | +8.6 | | 21.0 | ㊸ Loading goods | 5,367 | 3.0 | - | 17.3 | |
| | ⑦ Hydraulic tools | 1,409 | 0.8 | - | | 10.6 | ㊸ Conveyors | 864 | 0.5 | - | 15.2 | |
| | ⑧ Pumps | 2,621 | 1.5 | - | | 16.1 | ㊸ Transportation goods | 7,727 | 4.3 | - | 22.2 | |
| | ⑨ Welding equipment | 1,665 | 0.9 | - | | 17.7 | ㊸ Containers and vessels | 3,029 | 1.7 | - | 29.0 | |
| | ⑩ Painting and interior goods | 1,840 | 1.0 | - | 25.3 | ㊸ Steel shelves | 2,991 | 1.7 | - | 26.0 | | |
| | ⑪ Civil engineering and building goods | 1,781 | 1.0 | - | 13.0 | 8. Research management equipment | Research management equipment total | 7,558 | 4.2 | +3.2 | 23.0 | |
| | ⑫ Ladders and stepladders | 2,470 | 1.4 | - | 22.2 | | ㊸ Tool wagons | 706 | 0.4 | - | 28.6 | |
| | ⑬ Piping and materials of electronic equipment | 3,346 | 1.9 | - | 22.9 | | ㊸ Storage and management goods | 936 | 0.5 | - | 31.0 | |
| | ⑭ Component, hardware, and building materials | 5,640 | 3.1 | - | 26.2 | | ㊸ Work benches | 1,202 | 0.7 | - | 33.5 | |
| | 4. Work supply | Work supply total | 34,153 | 18.9 | +10.4 | | 21.5 | ㊸ Stainless goods | 1,453 | 0.8 | - | 17.8 |
| | | ⑮ Cutting goods | 1,084 | 0.6 | - | 21.4 | ㊸ Research and development-related goods | 3,258 | 1.8 | - | 18.0 | |
| | | ⑯ Grinding and polishing goods | 5,425 | 3.0 | - | 23.2 | 9. Office and housing facility equipment | Office and housing facility equipment total | 15,843 | 8.8 | +2.7 | 22.8 |
| | | ⑰ Chemical products | 17,910 | 9.9 | - | 20.5 | | ㊸ Cleaning utensils | 4,679 | 2.6 | - | 21.4 |
| | | ⑱ Factory miscellaneous goods | 3,147 | 1.7 | - | 15.3 | | ㊸ Stationery | 1,827 | 1.0 | - | 18.9 |
| ⑲ Packing and binding goods | | 4,371 | 2.4 | - | 29.9 | ㊸ Office miscellaneous goods | | 2,351 | 1.3 | - | 27.0 | |
| ⑳ Casters | | 2,216 | 1.2 | - | 17.7 | ㊸ Electric appliances | | 2,553 | 1.4 | - | 21.8 | |
| 5. Hand tool | | Hand tool total | 29,275 | 16.2 | +6.0 | 18.8 | | ㊸ OA business machinery | 1,408 | 0.8 | - | 24.5 |
| | | ㉑ Electric power tools and accessories | 7,814 | 4.3 | - | 14.1 | | ㊸ Office furniture | 2,818 | 1.6 | - | 24.3 |
| | | ㉒ Pneumatic tools and accessories | 4,880 | 2.7 | - | 17.9 | | ㊸ Interior goods | 202 | 0.1 | - | 19.9 |
| | ㉓ Tools for manual work | 15,130 | 8.4 | - | 20.5 | 10. Others | ㊸ Entire company | 662 | 0.4 | +92.2 | 3.4 | |
| | ㉔ Tool boxes | 1,449 | 0.8 | - | 28.5 | | Total | 180,465 | 100.0 | +8.3 | 20.7 | |

* Because the Accounting Standard for Revenue Recognition was applied in the 60th business year, year-on-year comparisons for the medium category are indicated with "-".

Each gross profit margin is presented in figures before the application of the Accounting Standard for Revenue Recognition.

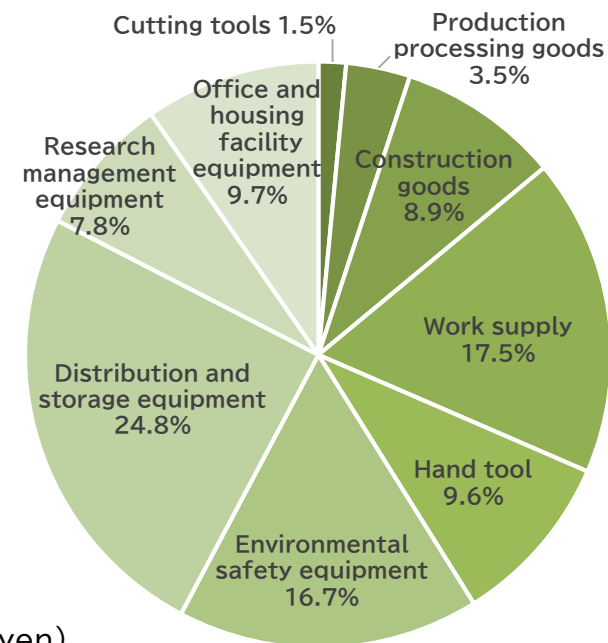
B-5. [Non-consolidated] Sales of private brand (PB) goods

Change in sales of PB goods (Unit: million yen)

() Year-on-year change

Full year budget:
46.6 billion yen

| | 2018 | 2019 | 2020 | 2021 | 2022 3Q |
|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 43,596 (+8.6%) | 43,890 (+0.7%) | 41,302 (Δ5.9%) | 43,445 (+5.2%) | 34,114 (+5.0%) |
| Share | 20.3% | 19.9% | 19.4% | 19.0% | 18.9% |
| Gross profit margin | 35.7% | 35.8% | 36.4% | 36.2% | 35.6% |



Sales by sales route and category of goods

(Unit: million yen)

| Category of goods | Entire company | | Factory | | e-business | | Home center | |
|---------------------------------------|---------------------|--------------|---------------------|--------------|---------------------|--------------|---------------------|---------------|
| | Share | 18.9% | Share | 19.6% | Share | 22.2% | Share | 5.0% |
| | Gross profit margin | 35.6% | Gross profit margin | 35.7% | Gross profit margin | 35.7% | Gross profit margin | 30.5% |
| | Net sales | YoY change | Net sales | YoY change | Net sales | YoY change | Net sales | YoY change |
| Total | 34,114 | +5.0% | 24,664 | +3.8% | 8,405 | +7.8% | 794 | +10.9% |
| Cutting tools | 518 | Δ0.1% | 381 | +2.5% | 78 | Δ9.9% | 49 | Δ4.3% |
| Production processing goods | 1,206 | +3.9% | 880 | +4.2% | 291 | +3.2% | 13 | Δ1.2% |
| Construction goods | 3,044 | +10.3% | 2,175 | +9.9% | 804 | +11.7% | 46 | +2.6% |
| Work supply | 5,979 | +3.1% | 4,680 | +2.2% | 1,189 | +6.2% | 59 | +0.9% |
| Hand tool | 3,274 | Δ2.5% | 2,330 | Δ1.1% | 798 | Δ6.2% | 91 | Δ0.2% |
| Environmental safety equipment | 5,681 | +2.8% | 4,193 | Δ0.3% | 1,347 | +10.6% | 127 | +42.1% |
| Distribution and storage equipment | 8,459 | +9.6% | 5,907 | +8.5% | 2,126 | +11.4% | 379 | +14.4% |
| Research management equipment | 2,650 | +5.0% | 1,897 | +1.5% | 732 | +14.8% | 4 | +112.6% |
| Office and housing facility equipment | 3,298 | +5.3% | 2,218 | +4.6% | 1,036 | +6.8% | 20 | Δ29.1% |
| Other | 1 | Δ22.4% | - | - | - | - | 1 | Δ22.4% |

It was created out of our desire to "respond to professional skills with professional quality." Created in 1964 as the industry's first private brand (PB) product, it encompasses the widest range of consumables used in factories among other brands. We are currently developing approximately 10,000 items each year, and are working to further strengthen our brand.

C. Financial and Other Performances

- P21 C-1. [Consolidated] Selling, general and administrative expenses (SGA)
- P22 [Consolidated] Details of selling, general and administrative expenses (SGA)
- P23 C-2. [Consolidated] Financial statements and financial indicators
- P24 C-3. [Consolidated] Capital expenditures
- P25 C-4. Planning progress for Planet Aichi

C-1. [Consolidated] Selling, general and administrative expenses (SGA)

* For details on the factors of the changes, please see page 22.

* Regarding the full-year forecast for 2022, items other than salaries and bonuses, and freight and packing expenses are indicated in the figures for [non-consolidated].

■ Main items that increased in selling, general and administrative expenses (SGA)

| Account title | FYE December 31, 2021 | FYE December 31, 2022 Third Quarter | | FYE December 31, 2022 Full Year | |
|---|---------------------------|--|---------------|------------------------------------|---------------------|
| | Actual results | Actual results | YoY change | Forecast | Year-on-year change |
| Salary and bonus | 12,159 million yen | 8,940 million yen | +9.9% | 12,375 million yen | +1.8% |
| Commission fee | 2,321 million yen | 2,060 million yen | +27.2% | 2,593 million yen | +11.7% |
| Freight and packing expenses | 6,782 million yen | 5,621 million yen | +12.7% | 7,231 million yen | +6.6% |
| Utilities expenses | 322 million yen | 326 million yen | +40.8% | 320 million yen | △0.8% |
| Traveling expenses and transportation expenses | 472 million yen | 410 million yen | +17.3% | 495 million yen | +5.0% |
| Total selling, general and administrative expenses (SGA) | 34,673 million yen | 28,621 million yen | +11.1% | 37,470 million yen | +8.1% |

■ Main reductions in selling, general and administrative expenses from the initial budget (July-September)

| | Account title | Item |
|------------|---|---|
| Initiative | Commission fee | Review of various maintenance and inspection fees, etc. (△92 million yen) |
| | Advertising expenses | Review of advertising expenses, etc. (△26 million yen) |
| | Promotion expenses | Reduction of publication of various catalogs (△10 million yen) |
| | Salary and bonus | Compared to the same quarter of the previous year, sales per person increased from 18 million yen to 20 million yen (+7.6%) due to improvements in operational efficiency |
| Future | Commission fee | Review of various maintenance and inspection fees, etc. (△164 million yen) |
| | Conference expenses, entertainment expenses | Expenses for holding internal and external events (△60 million yen) |

- We are expecting a reduction of about 100 million yen from the budget in the third quarter (July-September) and a reduction of about 300 million yen from the budget in the fourth quarter (October-December)
[Reference] 1-2Q SG&A ratio: 16.1% 3Q SG&A ratio: 15.2%
- We aim to achieve the full-year budget goals by reducing other items, increasing sales, and negotiating purchase costs, etc.

C-1. [Consolidated] Details of selling, general and administrative expenses (SGA)

(Unit: million yen, %)

| No. | FY 2021 | | FYE December 31, 2022 Third Quarter | | YoY Change (amount) | YoY change | FY 2022 full year budget | Full year budget and YoY change in performance | |
|-----|---|-----------------------|--|-----------------------|------------------------|------------|-----------------------------|--|----------|
| | Actual results | Share in net sales | Actual results | Share in net sales | | | | | |
| 1 | Salary and bonus | 12,159 | 5.4 | 8,940 | 4.9 | +803 | +9.9 | 12,375 | +1.8 |
| 2 | Freight and packing expenses | 6,782 | 3.0 | 5,621 | 3.1 | +631 | +12.7 | 7,231 | +6.6 |
| 3 | Depreciation | 6,929 | 3.1 | 5,019 | 2.8 | △124 | △ 2.4 | 6,853 | △ 1.1 |
| 4 | Commission fee | 2,321 | 1.0 | 2,060 | 1.1 | +440 | +27.2 | 2,593 | +11.7 |
| 5 | Welfare expense | 2,197 | 1.0 | 1,769 | 1.0 | +117 | +7.1 | 2,286 | +4.1 |
| 6 | Taxes and dues | 1,379 | 0.6 | 1,038 | 0.6 | +32 | +3.3 | 1,343 | △ 2.6 |
| 7 | Provision for bonuses | 17 | 0.0 | 942 | 0.5 | △0 | △ 0.0 | 504 | +2,807.4 |
| 8 | Traveling expenses and transportation expenses | 472 | 0.2 | 410 | 0.2 | +60 | +17.3 | 495 | +5.0 |
| 9 | Advertising expenses | 509 | 0.2 | 391 | 0.2 | △10 | △ 2.5 | 546 | +7.1 |
| 10 | Communication expenses | 400 | 0.2 | 327 | 0.2 | +28 | +9.6 | 430 | +7.3 |
| 11 | Utilities expenses | 322 | 0.1 | 326 | 0.2 | +94 | +40.8 | 320 | △ 0.8 |
| 12 | Supplies expenses | 472 | 0.2 | 323 | 0.2 | △28 | △ 8.1 | 465 | △ 1.6 |
| 13 | Promotion expenses | △ 843 | △ 0.4 | 281 | 0.2 | +856 | - | 337 | - |
| 14 | Leasehold and office rents | 337 | 0.1 | 270 | 0.1 | +19 | +7.8 | 337 | △ 0.1 |
| 15 | Vehicle expenses | 269 | 0.1 | 218 | 0.1 | +15 | +7.7 | 260 | △ 3.6 |
| 16 | Remuneration paid to directors | 404 | 0.2 | 213 | 0.2 | △4 | △ 1.9 | 414 | +2.4 |
| 17 | Entertainment expenses | 25 | 0.0 | 29 | 0.0 | +13 | +79.1 | 99 | +289.3 |
| 18 | Other | 513 | 0.2 | 435 | 0.2 | △78 | △ 15.2 | 578 | +12.7 |

* Regarding the full-year budget for 2022, items other than salaries and bonuses, and freight and packing expenses are indicated in the figures for [non-consolidated].

C-2. [Consolidated] Financial statements and financial indicators

Balance Sheet

(As of September 30, 2022)

Unit (million yen)

| Item | Amount | Item | Amount |
|---|----------------|--|----------------|
| (Assets) | | (Liabilities) | |
| Current assets | 120,361 | Current liabilities | 51,624 |
| Cash and deposits | 44,291 | Accounts payable - trade | 18,489 |
| Accounts receivable | 29,082 | Short-term borrowings | 17,000 |
| Electronically recorded monetary claims - operating | 1,715 | Long-term borrowings scheduled to be repaid within one year | 10,000 |
| Merchandise | 44,269 | Accounts payable - other | 1,772 |
| Other | 1,002 | Income taxes payable | 893 |
| Allowance for doubtful accounts | △0 | Provision for bonuses | 951 |
| Non-current assets | 106,583 | Provision for bonuses for directors (and other officers) | 99 |
| Property, plant and equipment | 97,894 | Other | 2,418 |
| Buildings | 46,816 | Non-current liabilities | 28,016 |
| Machinery and equipment | 7,141 | Long-term borrowings | 25,000 |
| Tools, furniture and fixtures | 1,567 | Provision for retirement benefits for directors (and other officers) | 151 |
| Land | 38,589 | Long-term guarantee deposits | 2,770 |
| Construction in progress | 1,837 | Other | 94 |
| Other | 1,941 | Total liabilities | 79,641 |
| Intangible assets | 4,678 | (Net assets) | |
| Software | 4,248 | Shareholders' equity | 146,594 |
| Other | 430 | Capital stock | 5,022 |
| Investments and other assets | 4,011 | Capital surplus | 4,711 |
| Investment securities | 3,305 | Retained earnings | 136,940 |
| Deferred tax assets | 246 | Treasury shares | △79 |
| Deferred tax assets for land revaluation | 155 | Accumulated other comprehensive income | 708 |
| Other | 313 | Valuation difference on available-for-sale securities | 571 |
| Allowance for doubtful accounts | △10 | Revaluation reserve for land | △353 |
| | | Foreign currency translation adjustment | 491 |
| Total assets | 226,944 | Total net assets | 147,303 |
| | | Liabilities / Total net assets | 226,944 |

Statement of cash flows

Unit: million yen

| | 3Q of FY 2021 | 3Q of FY 2022 | Change |
|---|---------------|---------------|--------|
| Cash flows from operating activities | 11,734 | 9,078 | △2,655 |
| Cash flows from investing activities | △3,496 | △4,430 | △933 |
| Cash flows from financing activities | △2,242 | △2,109 | +132 |
| Effect of exchange rate change on cash and cash equivalents | 8 | 104 | +96 |
| Net increase (decrease) in cash and cash equivalents | 6,003 | 2,643 | △3,360 |
| Cash and cash equivalents at beginning of period | 32,344 | 41,449 | +9,105 |
| Cash and cash equivalents at end of period | 38,348 | 44,093 | +5,745 |

Equity ratio

| | End of FY 2021 | 3Q of FY 2022 | Change |
|--------------|----------------|---------------|--------|
| Equity ratio | 64.0% | 64.9% | +0.9pt |

Other financial indicators

| | End of FY 2020 | End of FY 2021 | Change (pt) |
|------------------------|----------------|----------------|-------------|
| ROA (Return on Assets) | 5.7% | 6.3% | +0.6pt |
| ROE (Return on Equity) | 6.1% | 8.4% | +2.3pt |

<Our Approach to ROE>

We believe it is important to expand profits and ensure long-term, stable increase by making continuous investments to enhance corporate value. We believe that ROE should increase as a result of our business where we place importance on improving the convenience of our customers.

C-3. [Consolidated] Capital expenditures

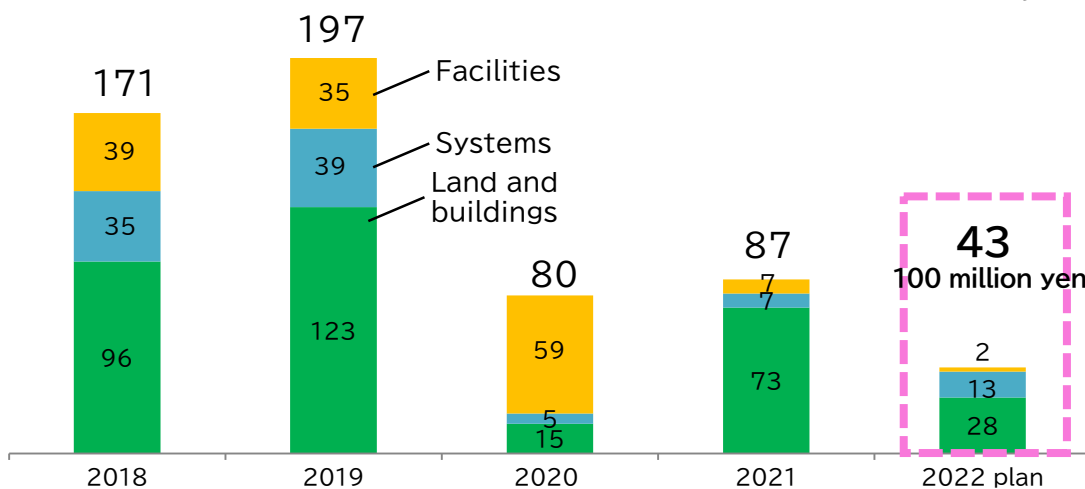
60th planned expenditure: approx. 4,329 million yen

(Unit: million yen)

| Details of major capital expenditures in 2022 | | Actual expenditures for 1Q-3Q | Expected expenditures for 4Q |
|---|---|-------------------------------|------------------------------|
| Systems | Renewal of product database "Sterra" (planned total investment: 1,330 million yen) | 780 | 533 |
| | Repair of "Polario," a site for business collaboration with suppliers (planned total investment: 140 million yen) | | |
| | Introduction of employee HR system (planned total investment: 80 million yen), etc. | | |
| Buildings | Planet Higashi Kanto 2nd automated pallet warehouse (provisional name) expansion work (planned total investment: 2,550 million yen) | 1,651 | 731 |
| | Sakai Stock Center (Osaka) new construction (planned total investment: 1,870 million yen), etc. | | |
| Land | HC East Japan Distribution Center relocation plan (planned total investment: 8,500 million yen) | 400 | - |
| Facilities | Planet Tohoku I-Pack® specification change (planned total investment: 20 million yen) | 197 | 37 |
| | Installation of Planet Saitama palletizing robot (planned total investment: 100 million yen) | | |
| Subtotal | | 3,028 | 1,301 |
| Annual capital expenditures | | 4,329 | |

Change in capital expenditures

(Unit: 100 million yen)



Capital expenditures

- The investment amount may fluctuate because the scheduled amount of capital expenditures includes expenses for projects at the planning stage.
- The figures for the 60th business year represent values on a cash-out basis.

For FYE December 31, 2022, depreciation of 6,853 million yen (down 76 million yen year on year) is planned.

C-4. Planning progress for Planet Aichi

Planet Aichi Overview

Location: Kitanaogoya, Aichi Prefecture
 (Site of Readjustment Project for the Land West of Okimura, Kitanaogoya)

Site area: 41,633.06 sqm (purchased: 20,271.07 sqm, leased land: 21,361.98 sqm)

Land rent: Approximately 5.7 million yen per month

Land price: Approximately 1,400 million yen (purchased land only)

Planned investment for this fiscal year: Approximately 150 million yen (buildings)

Total investment: Approximately 25,000 million yen (planned)



Image of a completed Planet Aichi ⇒

[Reference] Capability comparison with Planet Saitama

(Figures for P Saitama are as of the end of September 2022)

| | Planet Aichi | Planet Saitama |
|------------------------------|----------------------------------|------------------------|
| Site area | 41,634 sqm | 47,262.81 sqm |
| Total floor area of building | 83,706 sqm | 42,694.21 sqm |
| Number of items in inventory | 1 million items | About 469,000 items |
| Number of arrivals | — | About 6,600 lines/day |
| Number of shipments | (Target value) 100,000 lines/day | About 17,100 lines/day |
| Number of employees | — | Around 200 |

TRUSCO®

D. Key Indicators

- P27 D-1. Goods
- P28-29 D-2. Sales
- P30-31 D-3. Logistics
- P32 D-4. Digital
- P33 D-5. Human resources



D-1. Key indicators (goods)

■ TRUSCO Orange Book.Com



Number of items featured: **2,985,038** items

Product search site with all the information you need to procure professional tools.

- SDS (Safety Data Sheet)
- Drawing
- Product quotes and orders (Available 24/7)
- Return requests (Available 24/7)
- Real-time stock check



■ TRUSCO Orange Book



Number of manufacturers listed: **1,948**

Number of items listed: **508,000**

"Monozukuri Daijiten" (Dictionary of Manufacturing) (2022 edition) used at various manufacturing sites

Number of products in stock : 429,000
 Total number of pages : 16,824
 Annual circulation: 190,000 copies
 Size: A4

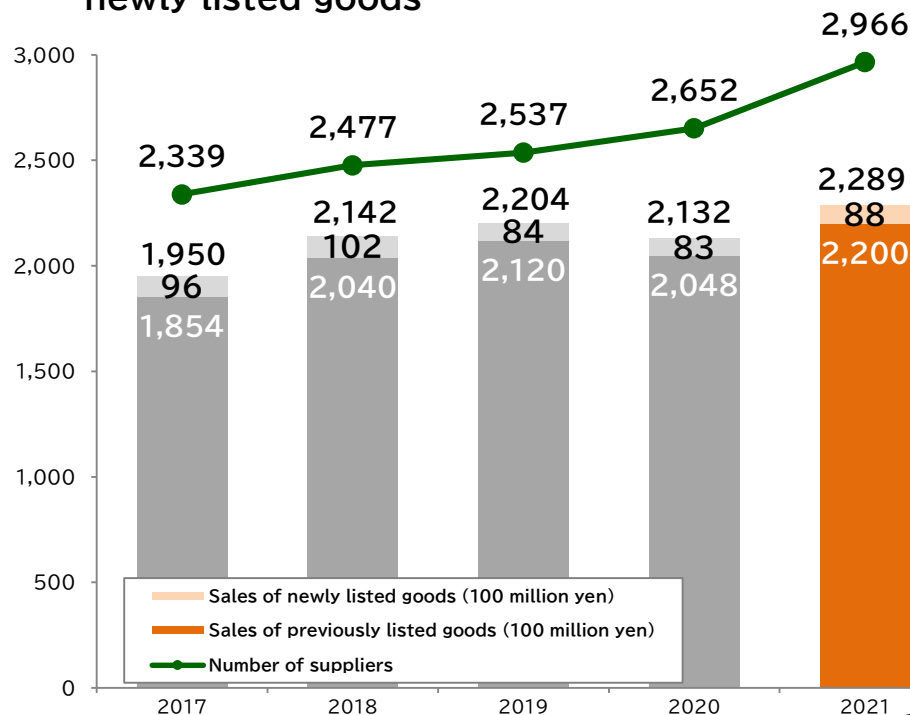


Number of items in inventory: **545,547** items
 Of these, number of goods automatically adopted: **23,723** items

Automatic stocking of hot-selling products

Goods to be stocked based on sales performance are automatically ordered from suppliers and stocked. The automatic stocking of hot-selling items improves the level of service to customers and increases operational efficiency.

■ [Non-consolidated] TRUSCO Orange Book.Com in company-wide sales Change in sales of newly listed goods

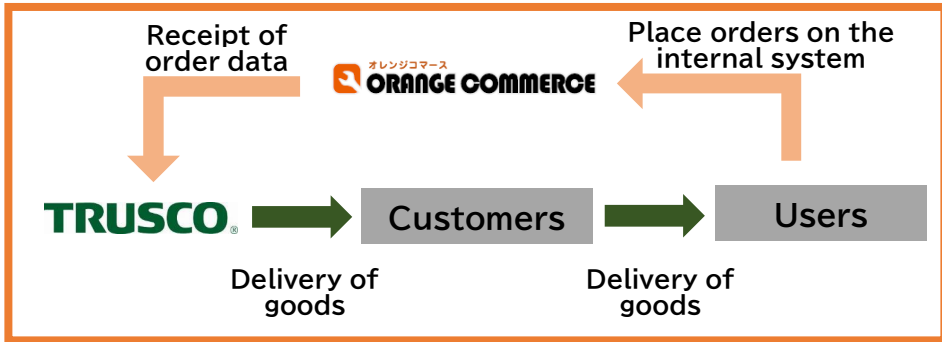


D-2. Key indicators (sales)

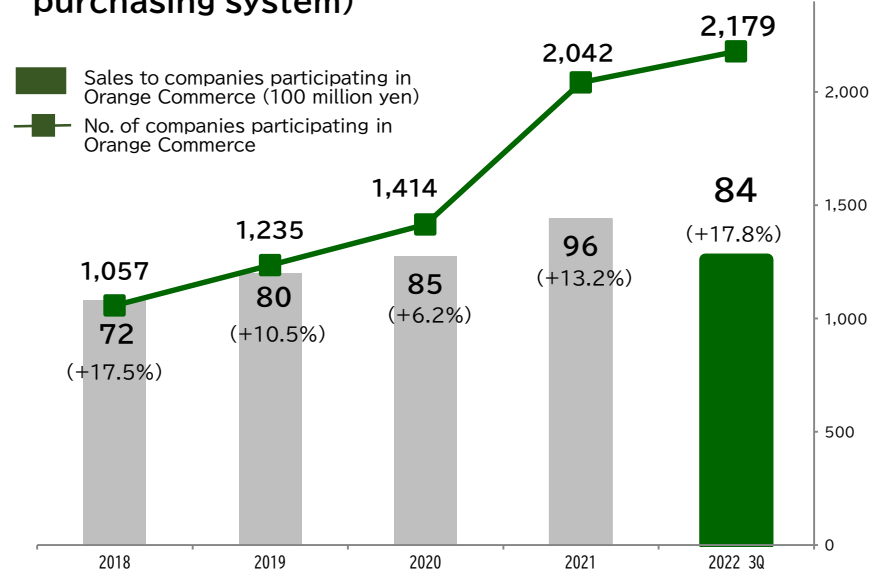
Orange Commerce ORANGE COMMERCE

Purchasing support system for users, which streamlines the procurement process

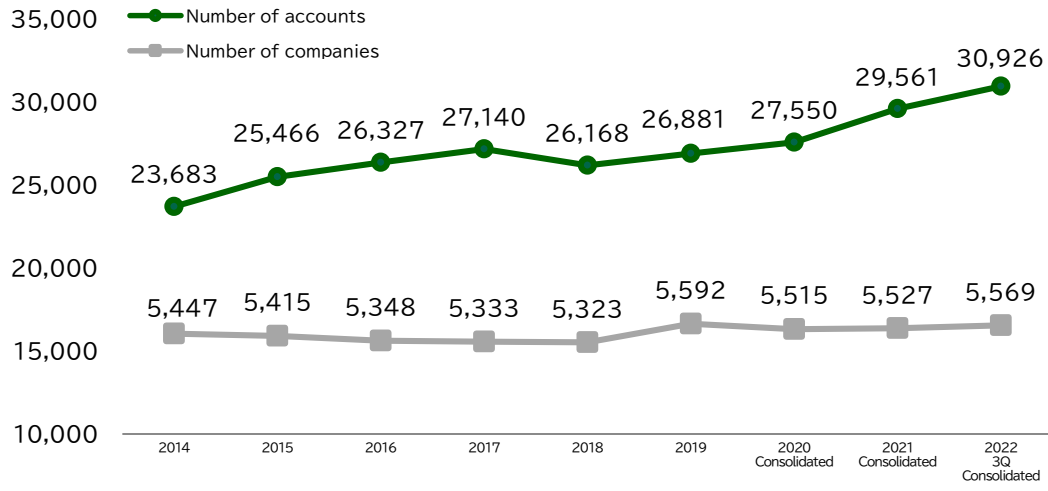
This is a purchasing support system that is linked to the user's purchasing system and handles transactions between the user, the customer, and the Company. The introduction of the system has made the procurement process more visible and reduced costs.



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



[Consolidated] Change in number of sales accounts and companies



Amount irrecoverable due to bankruptcy

| Year | Amount irrecoverable (10,000 yen) |
|---------------|-----------------------------------|
| 2018 | 4 |
| 2019 | 0 |
| 2020 | 0 |
| 2021 | 275 |
| 3Q of FY 2022 | 0 |

D-2. Key indicators (sales)

■ MRO Stocker (use-first-pay-later tools)

Introduced to 584 companies as of the end of September 2022

| | |
|---|-----------------|
| Currently under negotiation | 286 companies |
| Cumulative target number of companies for installation as of the end of December 2022 | 1,409 companies |
| Monthly sales target per company | 300,000 yen |

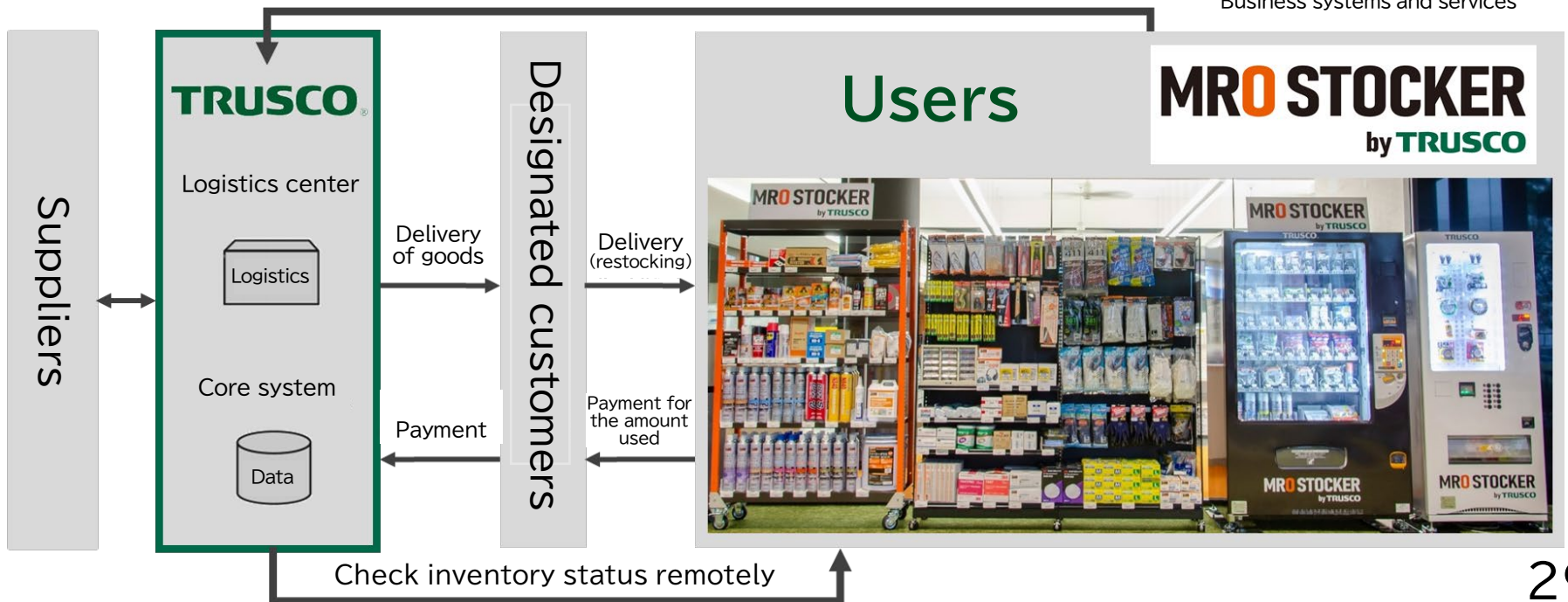
MRO Stocker is a tool version of a business model that has been popular in Japan for many years, "okigusuri" (use-first-pay-later medicine). It achieves the ultimate environment of quick delivery where products needed for manufacturing sites are immediately available. It stocks consumable supplies that users use daily in manufacturing, responding to the urgent needs of such supplies in manufacturing sites. In addition, users are billed only for the amount used, so they can use it without incurring inventory risk by simply providing the space.

● Operation flow

Linking automatic inventory ordering and order information



Business systems and services



D-3. Key indicators (logistics)

Share by Delivery Category (by number of shipment lines)



Our User Direct Shipment Service

As it is becoming common to procure items from online shopping companies, requests for direct shipments to users are rapidly increasing. In light of expansion of collaboration with online shopping companies, industry-wide labor shortages and users' requests for shorter delivery lead times, it is likely that direct shipments to users and the number of units will continue to increase, and so it is essential to strengthen the direct shipment system.

I-Pack®

[High-speed automated packaging and shipping line]

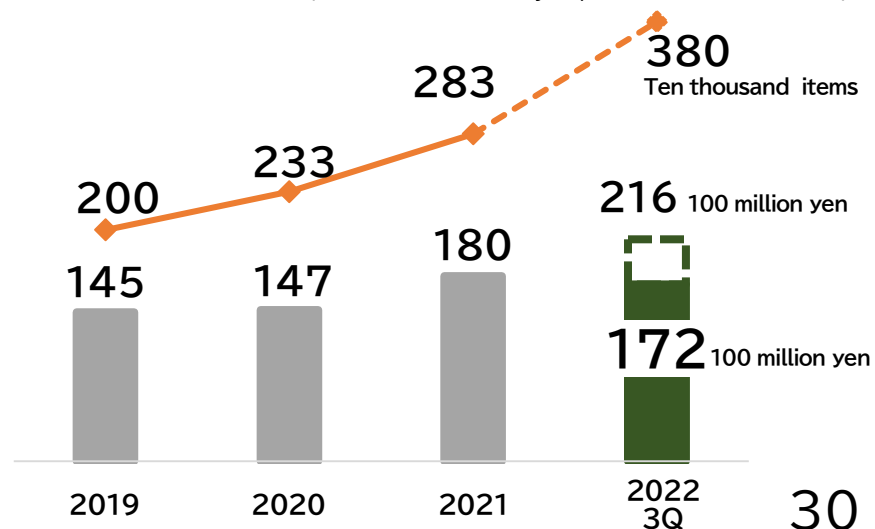
Shipping capacity: 720 cs/h per line, equivalent to approx. 24 workers

I-Pack introduced to:

Planet Tohoku,
Planet Saitama (3 lines)
Planet Tokai, Planet Osaka Total 6 lines

Changes of the User Direct Shipment Service

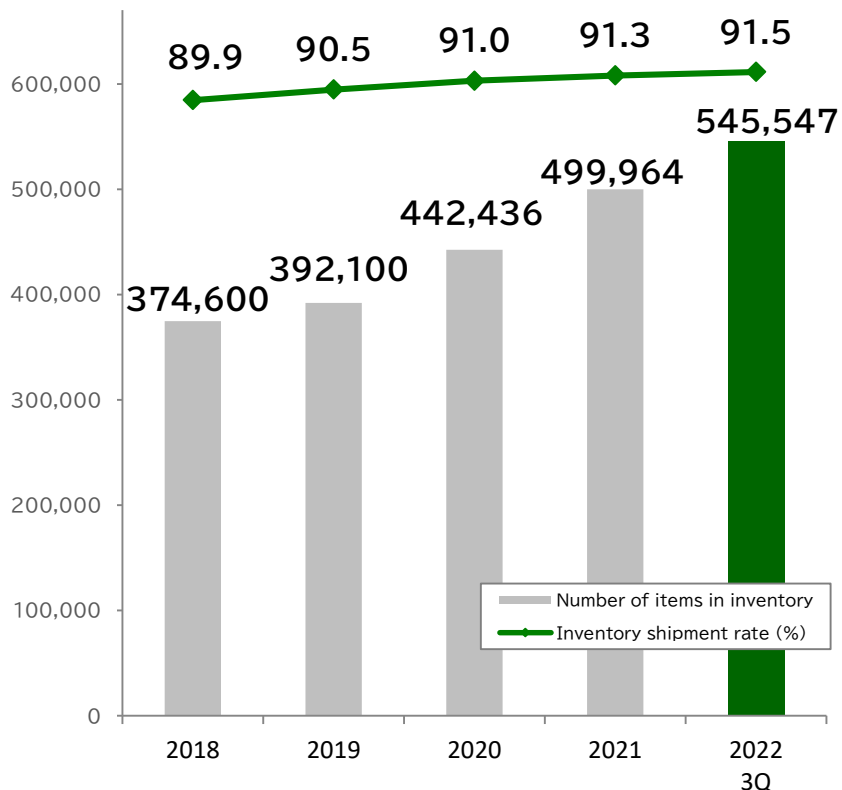
(Unit: 100 million yen, Ten thousand items)



30

D-3. Key indicators (logistics)

Number of items in inventory and inventory shipment rate



Delivery lead time

As of the end of August 2022:
19 hours, 49 minutes and 43 seconds
(down 55 minutes and 10 seconds from the end of the previous fiscal year)

Labor cost per line of incoming/outgoing shipments

As of the end of August 2022: 119 yen (+ 2 yen from the end of the previous fiscal year)

[Non-consolidated] Changes in inventory disposal and inventories

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|----------------------------------|------|------|------|------|------|
| Inventory disposal (million yen) | 41 | 39 | 42 | 50 | 55 |
| Inventories (100 million yen) | 318 | 370 | 427 | 406 | 416 |
| Disposal rate (%) | 0.13 | 0.11 | 0.10 | 0.12 | 0.13 |

Delivery service and internal transportation service: Number of units

| | No. of units | Change from the end of previous fiscal year |
|--|--------------|---|
| Total number of deliveries | 280 | +2 |
| Chartered vehicle delivery service (contracted delivery service) | 161 | ±0 |
| Own company delivery service | 119 | +2 |
| Internal transportation service | 30 | ±0 |
| Chartered vehicle delivery service (contracted delivery service) | 26 | △1 |
| Own company delivery service | 4 | +1 |
| Delivery service and internal delivery service Total | 310 | +2 |

Delivery service

We are reviewing delivery and internal transportation services to optimize the number of units by streamlining delivery routes and internal movement of inventory.

We are also increasing the number of own company delivery services (delivery by the Company's employees) to improve customer service. The current own company delivery rate is 42.5%. We plan to increase own company delivery rate to 50% in 2024.

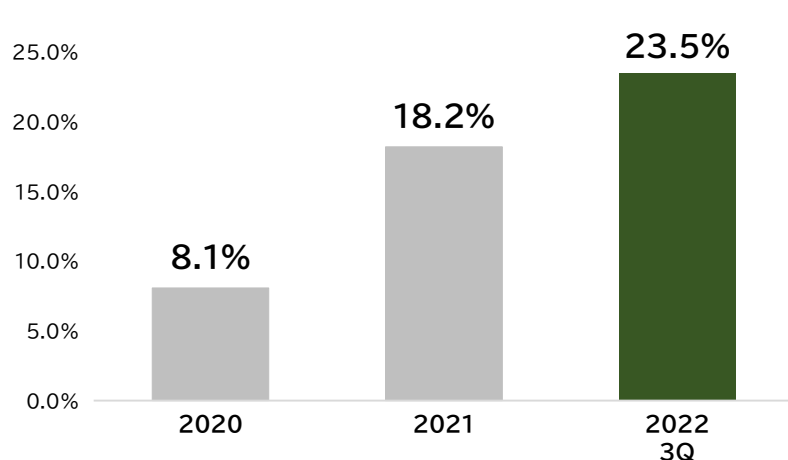
D-4. Key indicators (digital)

AI-based estimation system "Swift Estimator"

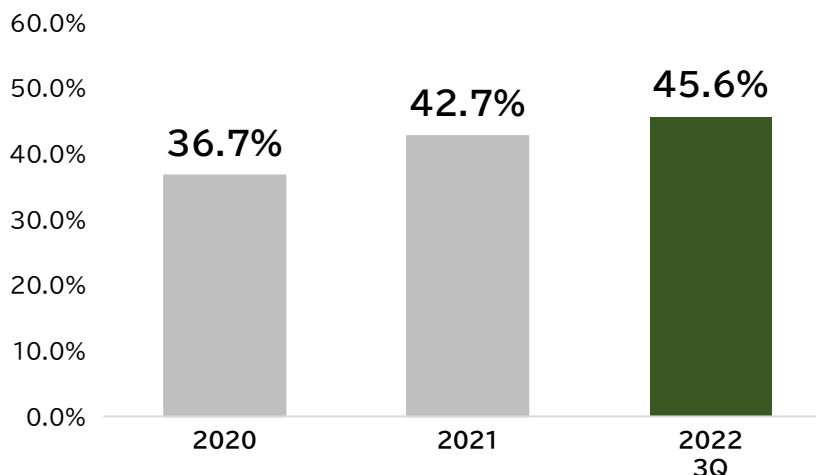
Automate quotations with AI

Promotes automation of quotations through special price optimization that automatically calculates fair prices for products on a regular basis based on the performance of orders and quotations. This has led to an improvement in the speed of response to customers (minimum 5 seconds).

● Rate of automated quotations



● Rate of online quotation requests



System order rate

| Orders received | Number of orders (thousand lines) | Line share | Change in line share from the end of previous fiscal year (pt) | Order value (million yen) | Price share | Change in price share from the end of previous fiscal year (pt) |
|--|-----------------------------------|------------|--|---------------------------|-------------|---|
| TRUSCO Orange Book.Com Internet ordering (for distributors and users) | 11,331 | 38.8% | Δ1.0 | 75,931 | 42.1% | ±0.0 |
| TRUSCO EDI Data linkage with distributor ordering system | 6,345 | 21.7% | +0.1 | 24,506 | 13.6% | +0.6 |
| Orange Commerce Linkage with users' purchasing system | 689 | 2.4% | +0.3 | 4,752 | 2.6% | +0.3 |
| EOS Home center electronic ordering system | 6,483 | 22.2% | +0.6 | 14,346 | 7.9% | +0.4 |
| Total | 24,849 | 85.1% | Δ0.2 | 119,535 | 66.2% | +1.2 |

D-5. Key indicators (human resources)

I Number of Employees [Consolidated]

As of September 30, 2022

(Unit: persons)

| | Female | Male | Total | YoY change |
|---|--------|-------|-------|------------|
| Executives | 1 | 9 | 10 | △1 |
| Executive officers | 0 | 1 | 1 | △1 |
| Career (overseas and domestic) | 157 | 421 | 578 | △8 |
| Carrier (regional) | 1 | 7 | 8 | +8 |
| Digital career | 0 | 0 | 0 | ±0 |
| Logistics career | 0 | 0 | 0 | ±0 |
| Area | 300 | 298 | 598 | +15 |
| Logistics area | 3 | 19 | 22 | +22 |
| Specialist | 13 | 13 | 26 | △2 |
| Expert | 0 | 0 | 0 | ±0 |
| Logistics | 85 | 250 | 335 | △9 |
| Support | 0 | 0 | 0 | △25 |
| Contract employees | 1 | 37 | 38 | +5 |
| Overseas subsidiaries | 19 | 25 | 44 | +2 |
| Seconded to health insurance association | 2 | 0 | 2 | ±0 |
| Seconded to Nakayama Visually Impaired Welfare Foundation | 0 | 1 | 1 | +1 |
| Total number of employees (excluding executives) | 581 | 1,072 | 1,653 | +8 |
| Part-time employees | 975 | 349 | 1,324 | +87 |
| Total | 1,557 | 1,430 | 2,987 | +94 |

Share of female employees: 35.1%, Number of female sales staff members: 48, Female employees in career-track positions: 27.0%

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

I Average age and annual income

| | Average age (years) | | | Average annual income (10,000 yen) | | | |
|------|---------------------|------|----------------|------------------------------------|------|-----------|----------------|
| | Female | Male | Entire company | Career | Area | Logistics | Entire company |
| 2021 | 32.8 | 43.2 | 39.6 | 724 | 596 | 456 | 615 |
| 2020 | 32.1 | 41.9 | 38.4 | 721 | 601 | 461 | 619 |
| 2019 | 31.3 | 42.0 | 38.2 | 758 | 642 | 492 | 655 |
| 2018 | 30.9 | 42.1 | 38.2 | 804 | 680 | 520 | 701 |
| 2017 | 30.7 | 42.7 | 38.6 | 805 | 696 | 541 | 715 |

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

* The payment of performance-based bonuses commenced in FY2014. In 2019, they were discontinued, and bonuses decreased.

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

I Numbers of incoming and outgoing employees

| | 2018 [Non-consolidated] | | 2019 [Consolidated] | | 2020 [Consolidated] | | 2021 [Consolidated] | | 3Q of 2022 [Consolidated] | |
|---------------------------|----------------------------|-------|------------------------|-------|------------------------|-------|------------------------|-------|------------------------------|-------|
| | Female | Male | Female | Male | Female | Male | Female | Male | Female | Male |
| No. of employees | 557 | 1,051 | 585 | 1,071 | 589 | 1,085 | 571 | 1,061 | 581 | 1,072 |
| | 1,608 | | 1,656 | | 1,674 | | 1,632 | | 1,653 | |
| No. of incoming employees | 63 | 72 | 52 | 57 | 41 | 46 | 26 | 25 | 44 | 48 |
| | 135 | | 109 | | 87 | | 51 | | 92 | |
| No. of outgoing employees | 20 | 26 | 42 | 44 | 37 | 33 | 45 | 45 | 34 | 32 |
| | 46 | | 86 | | 70 | | 90 | | 66 | |
| Turnover ratio (%) | 3.5 | 2.4 | 6.7 | 3.9 | 5.9 | 3.0 | 7.3 | 4.1 | 5.5 | 2.9 |
| | 2.8 | | 4.9 | | 4.0 | | 5.2 | | 3.8 | |

E. 60th Management Plan

- P35 E-1. [Consolidated] Management plan
- P36 E-2. [Consolidated] Quarterly business performance and budget (quarterly)
- P37 E-3. [Consolidated] Quarterly business performance and budget (cumulative)



E-1. [Consolidated] Management plan

◆ Budgeting policy

The forecast is used as the entire company's budget, which is the total of the "annual budget of each branch prepared by the branch manager throughout Japan." The branch managers, who are familiar with their market, formulate their respective branch's budget as they are in charge of developing their branch strategy including staffing and are ultimately accountable for their branch.

(Unit: million yen)

| | Actual results for FYE December 31, 2021 | Budget for FYE December 31, 2022 | Share | Year-on-year change |
|---|---|-------------------------------------|--------|------------------------|
| Net sales | 226,833 | 243,500 | 100.0% | +7.3% |
| Gross profit | 47,670 | 51,720 | 21.2% | +8.5% |
| Selling, general and administrative expenses (SGA) | 34,673 | 37,470 | 15.4% | +8.1% |
| (depreciation included in SGA) | 6,929 | 6,853 | 2.8% | Δ1.1% |
| Operating income | 12,997 | 14,250 | 5.9% | +9.6% |
| Ordinary income | 13,555 | 14,600 | 6.0% | +7.7% |
| Profit attributable to owners of parent | 11,596 | 9,960 | 4.1% | Δ14.1% |
| Dividend per share | 35.50 yen | 38.00 yen | — | — |

Figures for fiscal year 2021 are retroactively applied due to a change in accounting policy. In the fiscal year ended December 31, 2021, approximately 3,400 million yen was recorded as extraordinary income due to the sale of real estate.

E-2. [Consolidated] Quarterly budget and business performance (quarterly)

■ FYE December 31, 2022 Third Quarter (Quarterly)

(Unit: million yen, %)

| | | 1st Quarter (-1 day) | | | 2nd Quarter (±0 day) | | | 3rd Quarter (+3 days) | | | 4th Quarter (+1 day) | | |
|--|----------------|----------------------|-------|------------|----------------------|-------|------------|-----------------------|-------|------------|----------------------|-------|---------------------|
| | | Amount | Share | YoY change | Amount | Share | YoY change | Amount | Share | YoY change | Amount | Share | Year-on-year change |
| Net sales | Budget | 61,130 | 100.0 | +6.1 | 59,543 | 100.0 | + 8.2 | 59,442 | 100.0 | + 9.6 | 63,385 | 100.0 | |
| | Actual results | 61,159 | 100.0 | +6.1 | 59,524 | 100.0 | + 8.2 | 60,241 | 100.0 | + 11.1 | | | |
| Gross profit | Budget | 12,652 | 20.7 | +2.1 | 12,602 | 21.2 | + 5.4 | 12,532 | 21.1 | + 14.3 | 13,934 | 22.0 | |
| | Actual results | 12,883 | 21.1 | +3.9 | 12,495 | 21.0 | + 4.5 | 12,376 | 20.5 | + 12.9 | | | |
| Selling, general and administrative expenses (SGA) | Budget | 9,257 | 15.1 | +7.9 | 9,281 | 15.6 | + 9.5 | 9,273 | 15.6 | + 6.6 | 9,659 | 15.2 | |
| | Actual results | 9,395 | 15.4 | +9.5 | 10,050 | 16.9 | + 18.6 | 9,175 | 15.2 | + 5.5 | | | |
| Operating income | Budget | 3,395 | 5.6 | △11.0 | 3,321 | 5.6 | △ 4.8 | 3,259 | 5.5 | + 43.9 | 4,275 | 6.7 | |
| | Actual results | 3,488 | 5.7 | △8.6 | 2,445 | 4.1 | △ 29.9 | 3,200 | 5.3 | + 41.4 | | | |
| Ordinary income | Budget | 3,429 | 5.6 | △14.7 | 3,502 | 5.9 | △ 5.2 | 3,287 | 5.5 | + 41.6 | 4,382 | 6.9 | |
| | Actual results | 3,671 | 6.0 | △8.6 | 2,475 | 4.2 | △33.0 | 3,253 | 5.4 | + 40.1 | | | |
| Quarterly profit attributable to owners of parent | Budget | 2,334 | 3.8 | △14.5 | 2,387 | 4.0 | △ 5.4 | 2,242 | 3.8 | △ 0.0 | 2,997 | 4.7 | |
| | Actual results | 2,534 | 4.1 | △7.1 | 1,715 | 2.9 | △ 32.0 | 2,220 | 3.7 | △ 1.0 | | | |

Figures for the first, second and third quarters of the fiscal year ended December 31, 2021 are retroactively applied due to a change in accounting policy.

E-3. [Consolidated] Quarterly budget and business performance (cumulative)

■ FYE December 31, 2022 Third Quarter [Cumulative]

(Unit: million yen, %)

| | | 1st Quarter (-1 day) | | | 2nd Quarter (-1 day) | | | 3rd Quarter (+2 days) | | | Full year (+3 days) | | |
|--|----------------|----------------------|-------|------------|----------------------|-------|------------|-----------------------|-------|------------|---------------------|-------|---------------------|
| | | Amount | Share | YoY change | Amount | Share | YoY change | Amount | Share | YoY change | Amount | Share | Year-on-year change |
| Net sales | Budget | 61,130 | 100.0 | +6.1 | 120,673 | 100.0 | +7.1 | 180,115 | 100.0 | + 7.9 | 243,500 | 100.0 | |
| | Actual results | 61,159 | 100.0 | +6.1 | 120,683 | 100.0 | +7.1 | 180,924 | 100.0 | + 8.4 | | | |
| Gross profit | Budget | 12,652 | 20.7 | +2.1 | 25,254 | 20.9 | +3.7 | 37,786 | 21.0 | + 7.0 | 51,720 | 21.2 | |
| | Actual results | 12,883 | 21.1 | +3.9 | 25,379 | 21.0 | +4.2 | 37,755 | 20.9 | + 6.9 | | | |
| Selling, general and administrative expenses (SGA) | Budget | 9,257 | 15.1 | +7.9 | 18,538 | 15.4 | +8.7 | 27,811 | 15.4 | + 8.0 | 37,470 | 15.4 | |
| | Actual results | 9,395 | 15.4 | +9.5 | 19,445 | 16.1 | +14.0 | 28,621 | 15.8 | + 11.1 | | | |
| Operating income | Budget | 3,395 | 5.6 | △11.0 | 6,716 | 5.6 | △8.1 | 9,975 | 5.5 | + 4.2 | 14,250 | 5.9 | |
| | Actual results | 3,488 | 5.7 | △8.6 | 5,933 | 4.9 | △18.8 | 9,134 | 5.0 | △ 4.5 | | | |
| Ordinary income | Budget | 3,429 | 5.6 | △14.7 | 6,931 | 5.7 | △10.1 | 10,218 | 5.7 | + 1.8 | 14,600 | 6.0 | |
| | Actual results | 3,671 | 6.0 | △8.6 | 6,147 | 5.1 | △20.3 | 9,400 | 5.2 | △ 6.3 | | | |
| Quarterly profit attributable to owners of parent | Budget | 2,334 | 3.8 | △14.5 | 4,721 | 3.9 | △10.1 | 6,963 | 3.9 | △ 7.1 | 9,960 | 4.1 | |
| | Actual results | 2,534 | 4.1 | △7.1 | 4,250 | 3.5 | △19.1 | 6,470 | 3.6 | △ 13.7 | | | |

Figures for the first, second and third quarters of the fiscal year ended December 31, 2021 are retroactively applied due to a change in accounting policy.



F. ESG Information

- P39 F-1. TRUSCO's "Gentleness for the Future" Project
- P40 F-2. Material issues
- P41 F-3. Sustainability indicators



F-1. TRUSCO's "Gentleness for the Future" Project

■ TRUSCO's "Gentleness for the Future" Project

We have been making various environmental efforts under our environmental philosophy "Gentleness for the Future" since 1998, based on our desire "to be a global environment-friendly company so that our small efforts will lead to great compassion for the future."

The idea of connecting the global community to the future has been ingrained in the company for more than 20 years before the term "sustainability" became popular.

Until now, "Gentleness for the Future" has only referred to the environment. From now on, as part of TRUSCO's "Gentleness for the Future" Project, we will work toward the future of people and society, including the global environment.

■ "Gentleness for the Future" Basic Policy - TSV

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

Based on this basic policy, we will continue our efforts toward the future of people and society.



F-2. Material issues

Material Issues — To be a sustainable company with low environmental impact

On the basis of its basic TSV policy, the Company identified the material issues it faces for sustainability. The Company will address these issues through its business with a view towards 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 and environmentally friendly.

(2) Planning and development of products that respond to diversifying needs

Develop and provide PB products with original value to suit diversifying needs and trends among those on manufacturing shop floors 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) Environmental actions through business activities

Work to alleviate the environmental impact of the Company's business activities, PB products and also 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.

F-3. Sustainability indicators

TRUSCO power generation installations (solar and wind power) at 19 locations

Annual power generation in 2021
2,604,757kWh

Renewable energy power self-sufficiency **16.5%**

CO₂ emissions (as of the end of 2021)

Scope1 **1,941.4t-co₂**

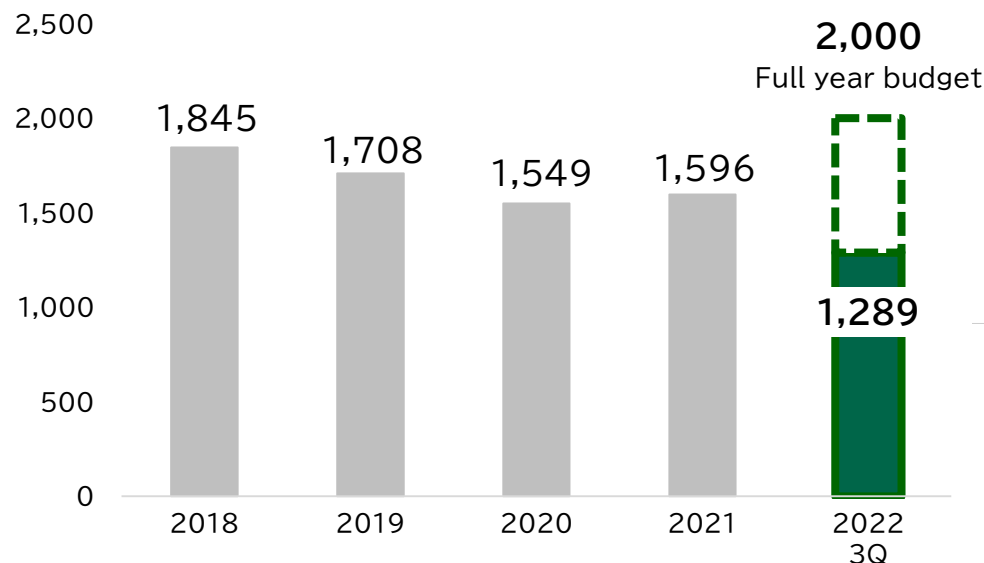
Scope2 **7,154.2t-co₂**

Disclosure of Scope 3

We have been working to optimize the entire supply chain and reduce greenhouse gas emissions in the supply chain by strengthening our User Direct Shipment Service and promoting the use of MRO stockers. Including those efforts, we are currently conducting analyses for the disclosure of Scope 3 and will make efforts to disclose it in stages.

Sales of repair workshop "Naojiro"

(Unit: million yen)



Role of "Naojiro"



"Naojiro" is a service that maintains the safety and precision that are essential for pro tools, and aims to reduce the environmental burden and contribute to cost reduction by allowing familiar tools and equipment to be used for a long time. In this service, delivery drivers and sales personnel collect products to be repaired as needed. This means that clients are not required to pack items or pay freight fees. Therefore, this service ensures both the reuse of pro tools and client efficiency. In January 2022, the Company will relaunch its Naojiro section to popularize and enhance this service.

8 services of repair workshop "Naojiro"

| | | | |
|------------|-------------|-------------|-------------------------------|
| Repair | Regrinding | Calibration | Reuse |
| Processing | Maintenance | Assembly | Construction and installation |



G. References

P43 G-1. Stock information

P44 G-2. Index comparison in the industry

P45 G-3. The Company's sales index and industrial production index



G-1. Stock information

Shareholder information

(Unit: persons)

| | FYE December 31, 2019 | FYE June 30, 2020 | FYE December 31, 2020 | FYE June 30, 2021 | FYE December 31, 2021 | FYE June 30, 2022 |
|---|-----------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|
| Shareholders total | 40,106 | 23,697 | 16,336 | 14,903 | 14,406 | 16,212 |
| Holder of share | 39,494 | 22,887 | 15,514 | 14,030 | 13,527 | 15,190 |
| Holder of shares less than one unit | 611 | 809 | 821 | 872 | 878 | 1,021 |
| Treasury shares | 1 | 1 | 1 | 1 | 1 | 1 |
| Financial institutions and securities companies | 61 | 64 | 65 | 69 | 61 | 59 |
| Domestic corporations | 690 | 574 | 553 | 544 | 533 | 546 |
| Overseas corporations, etc. | 252 | 210 | 201 | 203 | 203 | 212 |
| Individuals and others | 39,102 | 22,848 | 15,516 | 14,086 | 13,608 | 15,394 |
| Treasury shares | 1 | 1 | 1 | 1 | 1 | 1 |

Change in stock price index

Movements of each indicator are quantified with the figures in January 2010 set as 100.

[Revised stock prices]
TRUSCO Nakayama
(632 yen)

Nikkei Stock Average
(10,198.04)

TOPIX(901.12pt)

TRUSCO Nakayama
(1,992 yen)

315.2
Nikkei Stock Average
(25,937.21 yen)

254.3
203.7
TOPIX
(1,835.94pt)

Tuesday, October 25, 2022

The Company's Stock Closing price
2,020 yen

Nikkei Stock Average Closing Price
27,250.28 yen

TOPIX
1,907.14pt

January 2010

September 2022

43

G-2. Index comparison in the industry

Performance of trading companies and direct sales companies (listed companies) in the same industry

Trading companies in the machine tools industry include the following companies, but they operate differently in the wholesale and retail sectors, and each handles different core products. The Company does not handle large machinery such as machine tools, and mainly handles consumable supplies.

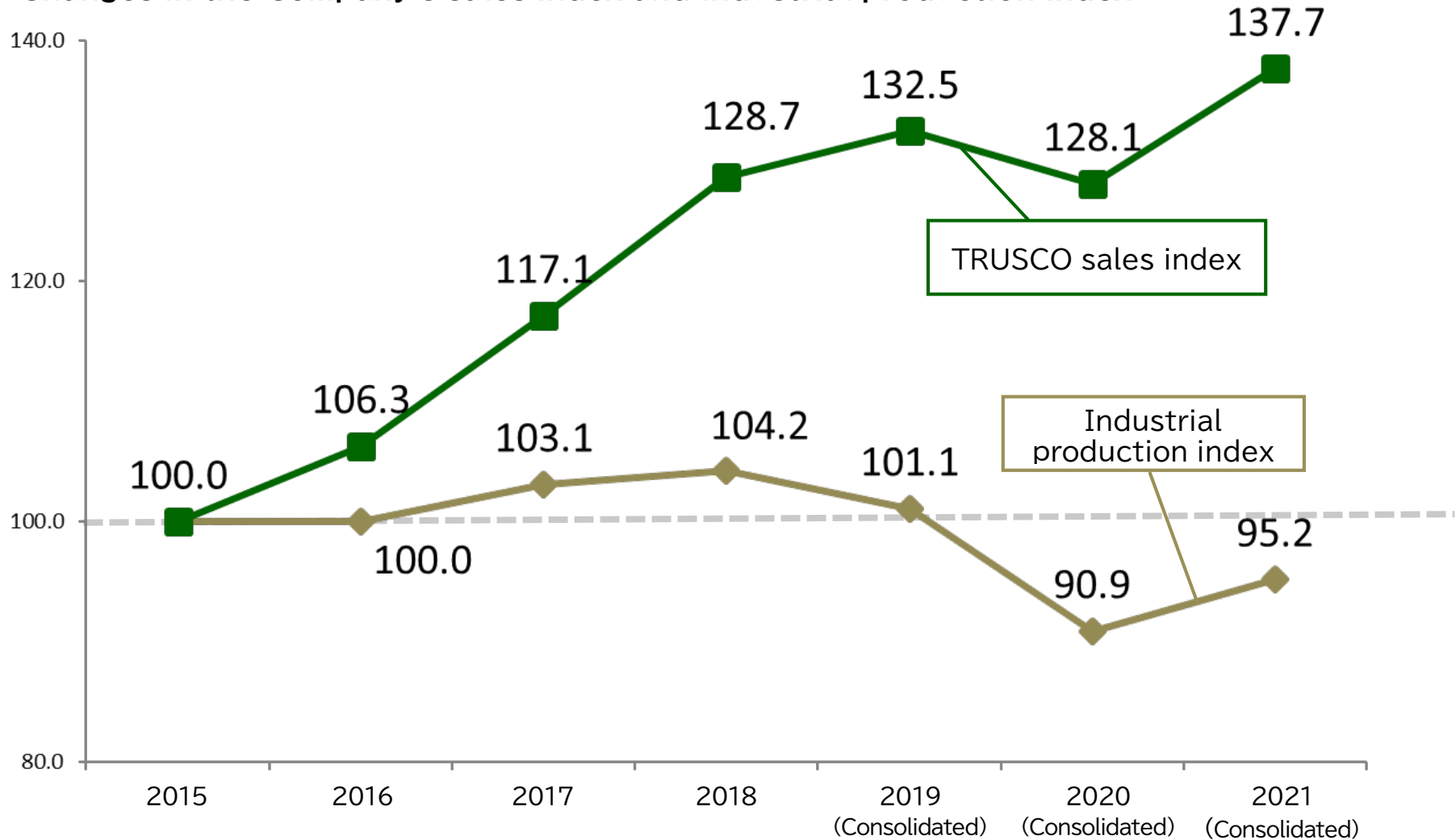
| [Wholesale] | | Closing month | | | | Market capitalization (100 million yen) | |
|-------------|-----------------------------|---------------|----------|-------------------------|---------------------|---|-------|
| | | | | Net sales (million yen) | Year-on-year change | | |
| | YAMAZEN CORPORATION | 2023 | March | Forecast | 530,000 | + 5.6 | 800 |
| | YUASA TRADING CO.,LTD. | 2023 | March | Forecast | 490,000 | + 5.9 | 802 |
| | TRUSCO Nakayama Corporation | 2022 | December | Forecast | 243,500 | + 7.3 | 1,333 |
| | NICHIDEN Corporation | 2023 | March | Forecast | 127,000 | + 2.4 | 538 |
| | MARUKA FURUSATO CORPORATION | 2022 | December | Forecast | 158,000 | - | 920 |
| | Naito & Co., Ltd. | 2023 | February | Forecast | 48,500 | + 11.2 | 85 |
| | SUGIMOTO & CO., LTD | 2023 | March | Forecast | 45,150 | + 4.7 | 191 |
| | Total of 7 companies | | — | | 1,642,150 | + 5.3 | 4,669 |

| [Retail] | | Closing month | | | | Market capitalization (100 million yen) | |
|----------|----------------------|---------------|----------|-------------------------|---------------------|---|--------|
| | | | | Net sales (million yen) | Year-on-year change | | |
| | MISUMI Group Inc. | 2023 | March | Forecast | 403,500 | + 10.2 | 9,015 |
| | MonotaRO Co.,Ltd. | 2022 | December | Forecast | 226,073 | + 19.2 | 11,190 |
| | Total of 2 companies | | — | | 629,573 | + 29.4 | 20,205 |

- * For companies that announce consolidated accounting, figures for consolidated accounting are shown.
- * All figures represent actual results and forecasts announced as of October 25, 2022.
- * Market capitalization is based on the closing price on October 25, 2022.

G-3. The Company's sales index and industrial production index

Changes in the Company's sales index and industrial production index



* Index standard: Year 2015 set as 100

* Industrial production index is the figure published by the Ministry of Economy, Trade and Industry on January 31, 2022.