

The 60th Business Year Business Performance Data Analysis

FYE December 31, 2022

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Business Administration Headquarters, Corporate Planning Division,
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Post code: 105-0004

Trusco Fiorito Bldg. 10th floor, 4-28-1, Shinbashi, Minato-ku, Tokyo 105-0004, Japan

TEL:03-3433-9840 FAX:03-3433-9881

E-mail: info@trusco.co.jp

Table of Contents

60th Business Year, FYE December 31, 2022

P3	Company overview
P4	Business flow
P5-9	A: Company-wide Business Performance
P10-19	B: Sales Performance
P20-26	C: Financial and Other Performances
P28-35	D: Key Indicators
P36-41	E: 61st Management Plan
P42-45	F: ESG Information
P47-50	G: References

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

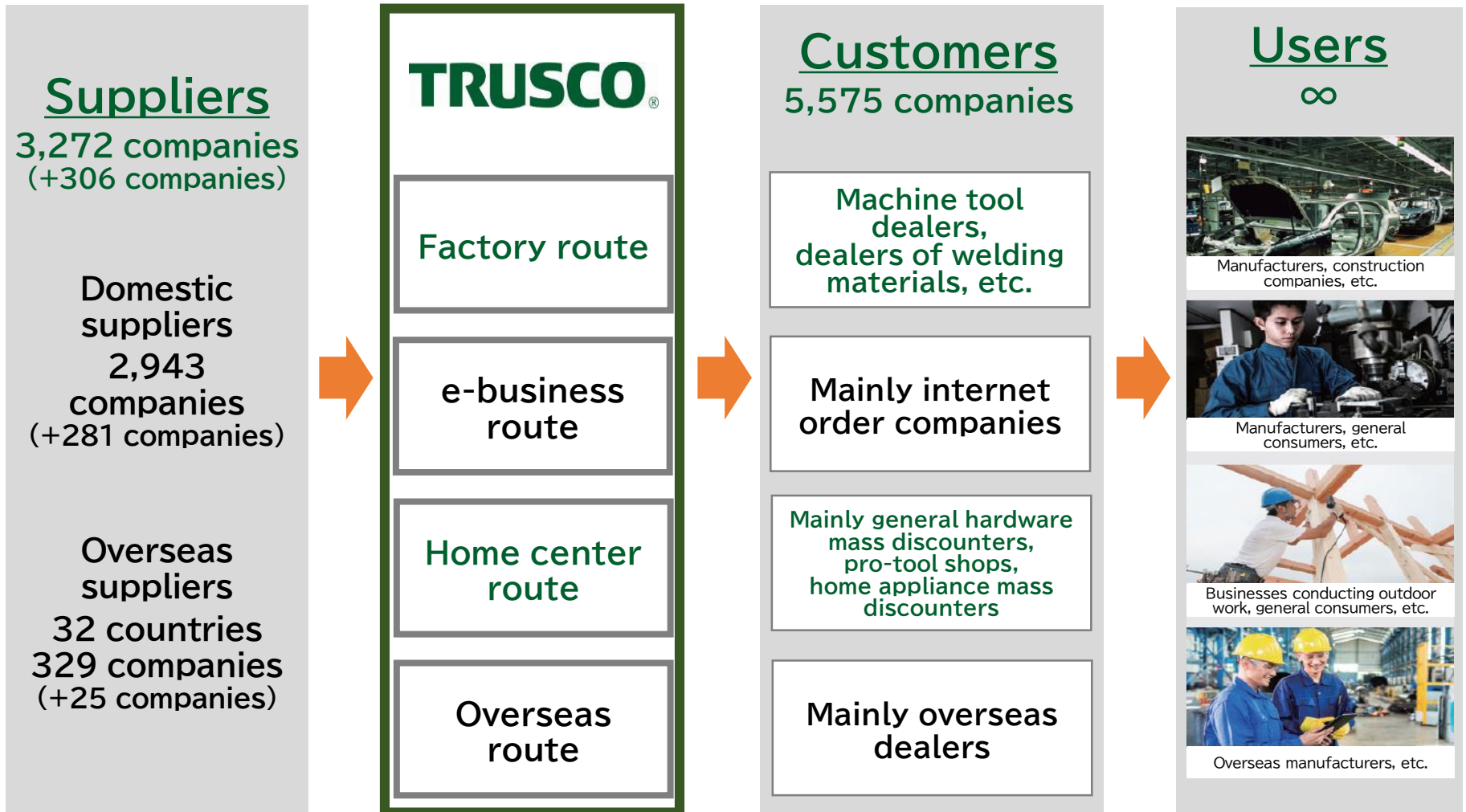
Founding	May 15, 1959
Representative	Tetsuya Nakayama, President Chairman, Nakayama Visually Impaired Welfare Foundation Vice president, Japan Federation of Machine Tool Distributors Associations President, Osaka Machine Appliance Wholesaler Cooperative
Head offices	Tokyo Head Office (Minato-ku, Tokyo, 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	2,954 [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

P6 A-1. Accounting highlights

P7 A-2. [Consolidated] Business performance

P8 A-3. [Consolidated] Monthly sales

P8 A-4. [Consolidated] Monthly sales by sales route



A-1. Accounting highlights

■ Performance in the 60th business year

<Performance>

Net sales: 246,453 million yen (up 8.6% year-on-year) SGA: 37,493 million yen (up 8.1%)

Operating income: 14,667 million yen (up 12.8% year-on-year)

- By strengthening efforts in our User Direct Shipment Service and MRO Stocker, we were able to consolidate the e-business route and our major customers' other routes to our company, which in turn boosted our sales.
- While suppliers continued to reduce production and raise prices due to raw material shortages and other factors, we continued to expand our inventory and prevent loss of sales opportunities, which resulted in an increase in sales volume.
- SGA rose due to increasing utility costs and the temporary bonus paid to employees to support their living expenses due to the high costs of goods. However, at the corporate level, we implemented initiatives to reduce expenses, such as overtime work expenses and expenses for purchasing equipment (reduction of about 500 million yen).
- As a result, we achieved our targets for sales and various profit items in our plan at the start of the business year.

■ Outlook for the 61st business year

Full-year outlook: 265,090 million yen (up 7.6% year-on-year)

- We aim to further expand sales by strengthening our unique initiatives such as our “Assortment and User Direct Shipment Service,” “MRO Stocker,” and “Naojiro” repair workshop.

A-2. [Consolidated] Business performance

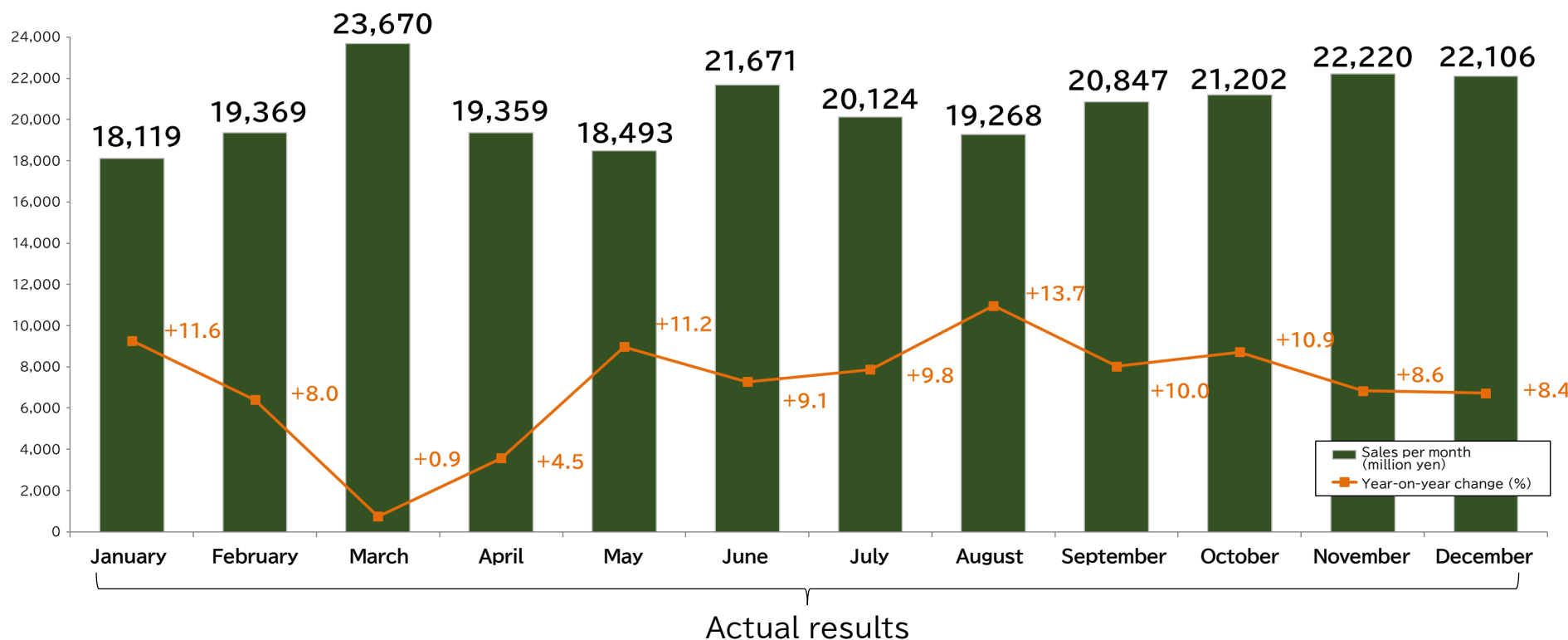
	FYE December 31, 2021 Full Year		FYE December 31, 2022 Full Year			
	Actual results	Share	Actual results	Share	Year-on-year change	Change from budget (%)
Net sales	226,833 million yen	-	246,453 million yen	-	+8.6%	+1.2%
Gross profit	47,670 million yen	21.0%	52,160 million yen	21.2%	+9.4%	+0.9%
Selling, general and administrative expenses (SGA)	34,673 million yen	15.3%	37,493 million yen	15.2%	+8.1%	+0.1%
(depreciation included in SGA)	6,929 million yen	3.1%	6,667 million yen	2.7%	Δ3.8%	Δ2.7%
Operating income	12,997 million yen	5.7%	14,667 million yen	6.0%	+12.8%	+2.9%
Ordinary income	13,555 million yen	6.0%	15,065 million yen	6.1%	+11.1%	+3.2%
Profit attributable to owners of parent	11,596 million yen <small>Approximately 3,400 million yen is recorded as extraordinary income from the sale of real estate</small>	5.1%	10,626 million yen	4.3%	Δ8.4%	+6.7%
Net income per share	175.86 yen	-	161.15 yen	-	Δ14.71 yen	+10.11 yen
Dividend per share	35.50 yen	-	40.00 yen	-	+4.50 yen	+2.00 yen
PB sales	43,445 million yen	19.2%	45,876 million yen	18.6%	+5.6%	Δ1.6%
Capital expenditures	8,799 million yen	-	4,799 million yen	-	-	-

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

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.



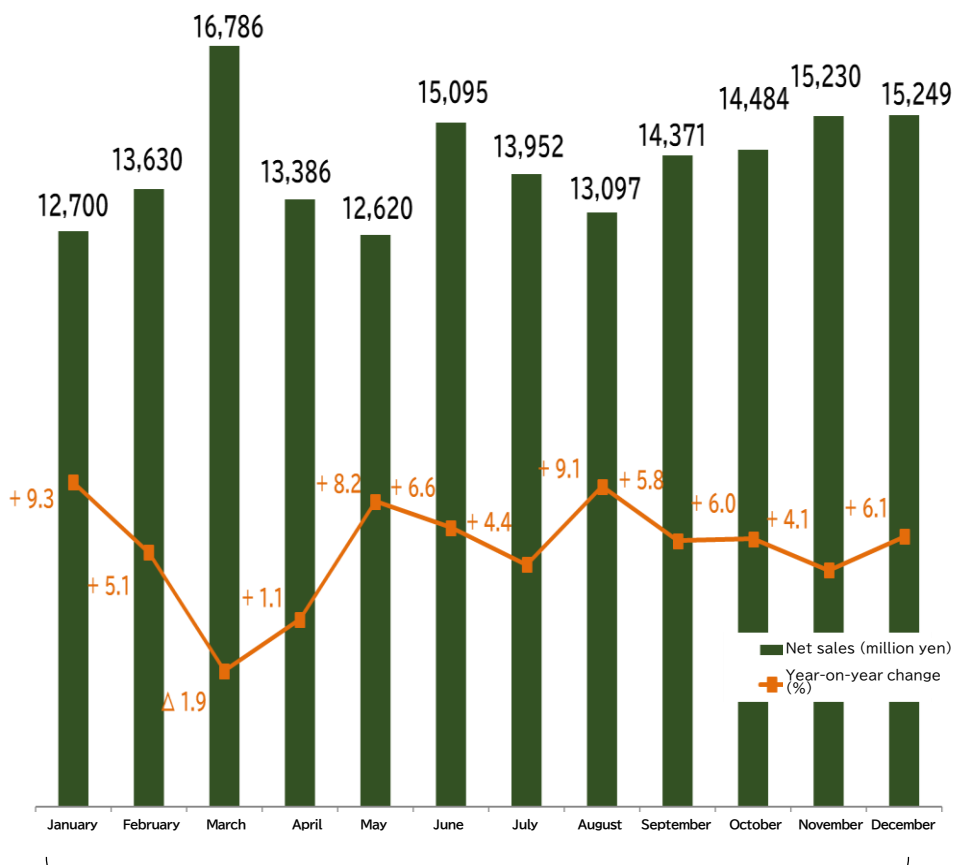
Sales per day (million yen)	1,006	1,076	1,075	967	973	985	1,006	875	1,042	1,060	1,111	1,004	1,014
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	January	February	March	April	May	June	July	August	September	October	November	December	Total
Number of business days (days)	18	18	22	20	19	22	20	22	20	20	20	22	243
Year-on-year change (days)	±0	±0	Δ1	Δ1	+1	±0	±0	+3	±0	Δ1	±0	+2	+3

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

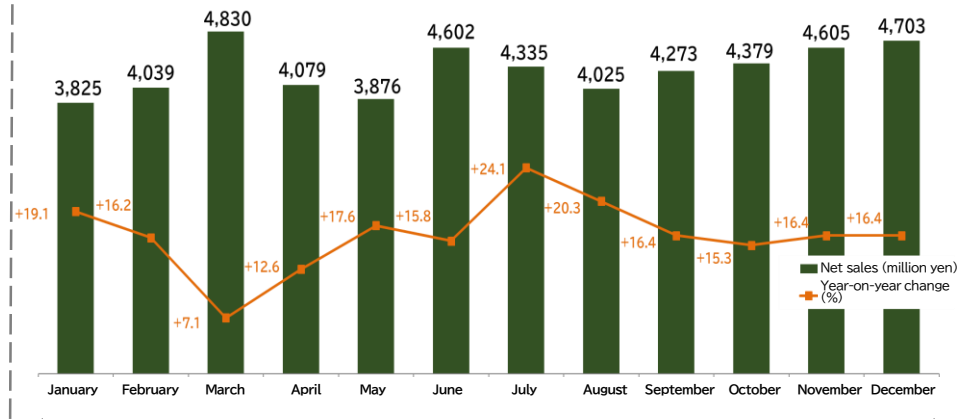
* Since April 1, 2022, we have changed our holidays according to the calendar, so the number of business days in August and December has increased compared to the previous year.

Factory route



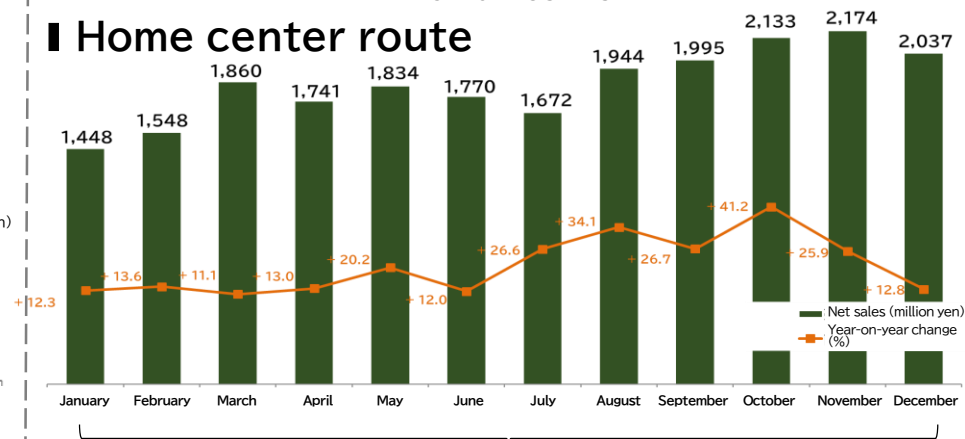
Actual results

e-business route



Actual results

Home center route



Actual results

	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

- P11 B-1. [Consolidated] Business performance by sales route
 - P12 •Factory route
 - P13 •e-business route
 - P14 •Home center route
 - P15 •Business performance of subsidiaries
- P16 B-2. [Non-consolidated] Analysis of sales
- P17 B-3. [Non-consolidated] Changes in sales by category of goods
- P18 B-4. [Non-consolidated] Sales by category of goods
- P19 B-5. [Non-consolidated] Sales of private brand (PB) goods

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

Sales route	FYE December 31, 2021			FYE December 31, 2022							
	Net sales		Gross profit margin	Net sales						Gross profit margin	
	Actual results	Share	Actual results	Actual results	Share	Year-on-year change	Budget	Budget change from budget	Change from budget (%)	Actual results	Year-on-year change
Factory route	162,379 million yen	71.6%	20.5%	170,606 million yen	69.2%	+5.1%	171,782 million yen	Δ1,175 million yen	Δ0.7%	21.2%	+0.7pt
e-business route	44,393 million yen	19.6%	23.5%	51,576 million yen	20.9%	+16.2%	50,097 million yen	+1,479 million yen	+3.0%	22.1%	Δ1.4pt
Home center route	18,366 million yen	8.1%	18.6%	22,162 million yen	9.0%	+20.7%	19,455 million yen	+2,706 million yen	+13.9%	17.4%	Δ1.2pt
Overseas route	1,694 million yen	0.7%	33.0%	2,108 million yen	0.9%	+24.4%	2,164 million yen	Δ56 million yen	Δ2.6%	35.8%	+2.8pt
Total	226,833 million yen	100%	21.0%	246,453 million yen	100%	+8.6%	243,500 million yen	+2,953 million yen	+1.2%	21.2%	+0.2pt

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

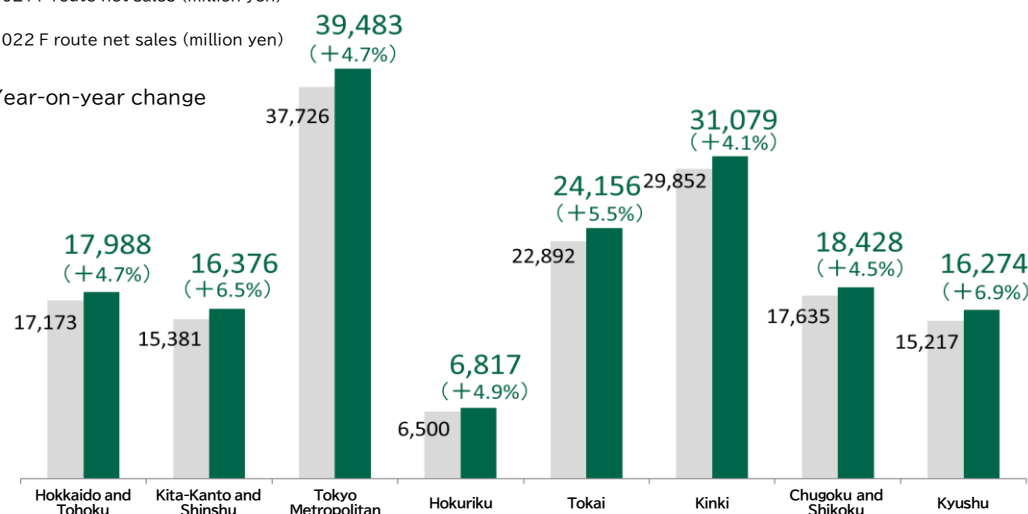
Sales route	FYE December 31, 2021			FYE December 31, 2022				
	Net sales		Gross profit margin	Net sales			Gross profit margin	
	Actual results	Share	Actual results	Actual results	Share	Year-on-year change	Actual results	YoY change
Machine tool dealers	82,251 million yen	50.7%	20.2%	86,908 million yen	50.9%	+5.7%	21.9%	+1.7pt
Dealers in welding materials	23,067 million yen	14.2%	20.8%	24,206 million yen	14.2%	+4.9%	20.2%	Δ0.6pt
Other manufacturing related (Physical chemical, conductor, packaging material dealers, etc.)	27,101 million yen	16.7%	20.1%	27,942 million yen	16.4%	+3.1%	19.9%	Δ0.2pt
Construction related	29,959 million yen	18.5%	21.3%	31,548 million yen	18.5%	+5.3%	21.1%	Δ0.2pt
Factory route total	162,379 million yen	100.0%	20.5%	170,606 million yen	100.0%	+5.1%	21.2%	+0.7pt

Sales by region

■ 2021 F route net sales (million yen)

■ 2022 F route net sales (million yen)

() Year-on-year change



Factory route: Up 5.1% year-on-year

By allowing access to our products, logistics and systems, we were able to fulfill the demands of our customers, which led to an increase in our sales base.

We carried out business activities that also help to reduce our environmental burden, such as strengthening efforts in “MRO Stocker,” which enables product procurement at the factory at any time, and strengthening efforts in our “User Direct Shipment Service” and “Naojiro” repair workshop.

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

■ Sales by industry

Sales route	FYE December 31, 2021			FYE December 31, 2022				
	Net sales		Gross profit margin	Net sales			Gross profit margin	
	Actual results	Share	Actual results	Actual results	Share	Year-on-year change	Actual results	Year-on-year change
Mail order companies	34,790 million yen	78.4%	22.5%	40,148 million yen	77.8%	+15.4%	20.9%	Δ1.6pt
Companies participating in Orange Commerce (Trusco's electronic central purchasing system), MRO Stocker	9,603 million yen	21.6%	27.2%	11,428 million yen	22.2%	+19.0%	26.3%	Δ0.9pt
e-business route total	44,393 million yen	100.0%	23.5%	51,576 million yen	100.0%	+16.2%	22.1%	Δ1.4pt

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

By developing a product database with approximately 3.16 million items, strengthening system integration, and offering logistics services that fulfill the demands of mail order companies and companies participating in Orange Commerce, we have improved convenience and significantly increased the number of orders made to our company.

■ Sales to mail order companies: Sales ratio by industry



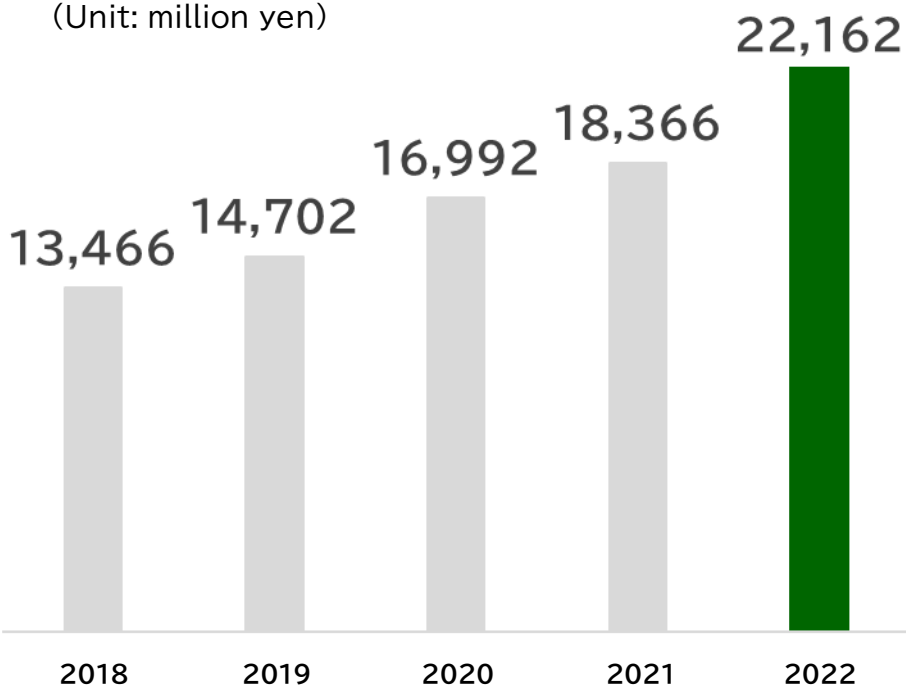
B-1. [Consolidated] Business performance by sales route: Home center route

Sales by industry

	FYE December 31, 2021		FYE December 31, 2022			
	Net sales	Gross profit margin	Net sales		Gross profit margin	
	Actual results	Actual results	Actual results	Year-on-year change	Actual results	Year-on-year change
Home center route	18,366 million yen	18.6%	22,162 million yen	+20.7%	17.4%	Δ1.2pt

Change in sales earned via home center route

(Unit: million yen)



Home center route: Up 20.7% 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 3.16 million items we have for sale and approximately 560,000 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.

* Figures before the fiscal year ended December 31, 2020 are retroactively applied due to a change in accounting policy.

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

■ Non-consolidated sales

	TRUSCO NAKAYAMA CORPORATION (non-consolidated)				TRUSCO NAKAYAMA CORPORATION (THAILAND) LIMITED				TRUSCO NAKAYAMA CORPORATION (INDONESIA) LIMITED			
	FYE December 31, 2022			Full year budget	FYE December 31, 2022			Full year budget	FYE December 31, 2022			Full year budget
	Amount	Rate	Year-on- year change	Year-on- year change	Amount	Rate	Year-on- year change	Year-on- year change	Amount	Rate	Year-on- year change	Year-on- year change
Net sales	245,899 million yen	–	+8.6%	+7.2%	847 million yen	–	+16.4%	+26.1%	444 million yen	–	+34.2%	+20.8%
Gross profit	51,782 million yen	21.1%	+9.2%	+8.4%	196 million yen	23.1%	+18.5%	+32.1%	131 million yen	29.5%	+54.6%	+29.7%
Selling, general and administrative expenses (SGA)	37,194 million yen	15.1%	+8.1%	+8.1%	159 million yen	18.8%	+12.4%	+16.8%	139 million yen	31.4%	+2.9%	+3.7%
Depreciation included in SGA	6,593 million yen	2.7%	Δ3.9%	Δ1.2%	24 million yen	2.9%	+10.4%	+16.0%	50 million yen	11.3%	+2.6%	+1.6%
Operating income	14,588 million yen	5.9%	+12.1%	+9.4%	36 million yen	4.3%	+55.6%	+124.2%	Δ8 million yen	–	–	–
Ordinary income	15,028 million yen	6.1%	+10.7%	+7.4%	38 million yen	4.5%	+61.0%	+120.6%	3 million yen	0.7%	–	–
Net income	10,595 million yen	4.3%	Δ8.9%	Δ14.4%	38 million yen	4.5%	+61.0%	+120.6%	3 million yen	0.7%	–	–

■ [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	822 million yen	224 million yen
	Rate	–	27.3%
	YoY change	+29.5%	+30.6%

■ Overseas route: Up 24.4% year-on-year

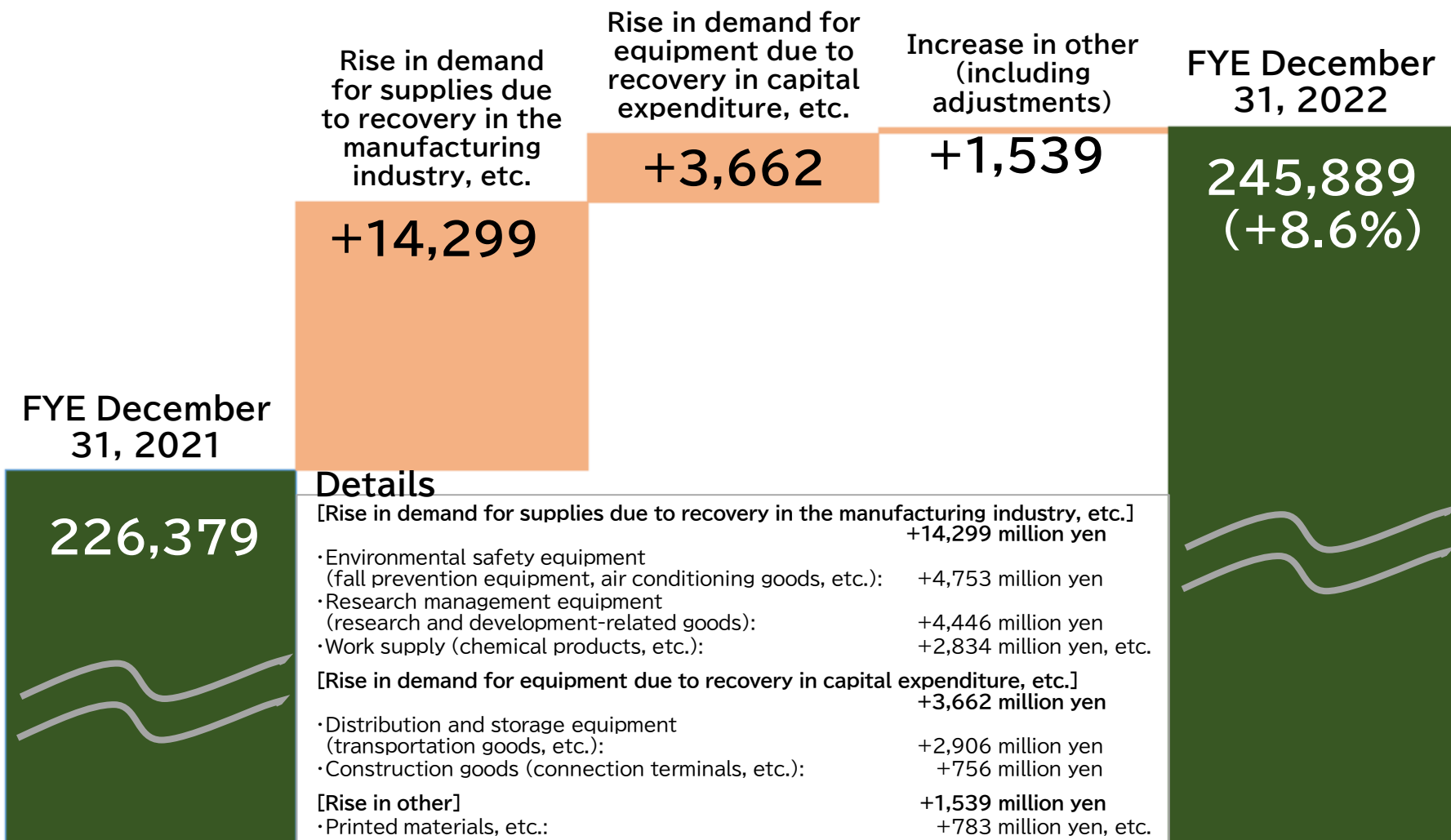
By enhancing the development of personal suppliers for local top brands in Thailand, and by reviewing inventory items in Indonesia, we have shortened the delivery lead time and expanded the sales area through transactions with new customers of local companies.

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)

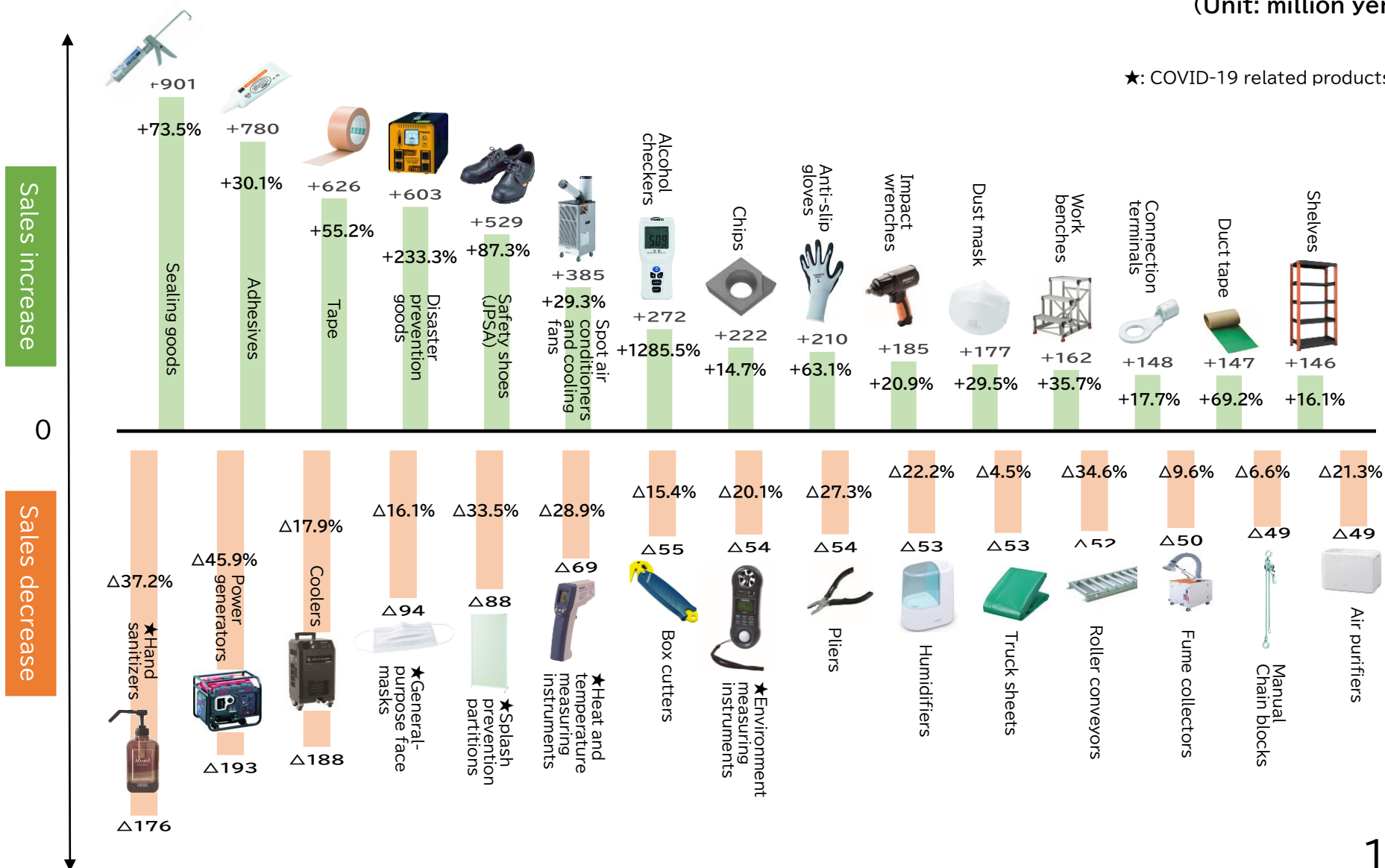
Net sales up 19,501 million yen



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	Year-on-year change	Gross profit margin	Category of goods (large category)	Medium category	Trusco's sales	Share	Year-on-year change	Gross profit margin
1. Cutting tools	Cutting tools total	7,706	3.1	+7.9	16.0	6. Environmental safety equipment	Environmental safety equipment total	44,461	18.1	+11.2	21.9
	① Cutting tools	3,840	1.6	-	10.4		㊦ Protective equipment	23,779	9.7	-	22.6
	② Drilling and thread cutting tools	3,866	1.6	-	21.5		㊦ Safety goods	10,266	4.2	-	25.4
2. Production processing goods	Production processing goods total	17,928	7.3	+4.4	15.6		㊦ Environment improvement goods	2,117	0.9	-	18.7
	③ Measurement equipment	9,386	3.8	-	15.1		㊦ Air conditioning goods	4,522	1.8	-	13.8
	④ Mechatronics	3,771	1.5	-	15.4		㊦ Disaster and crime prevention goods	1,702	0.7	-	19.3
	⑤ Tools for machine tools	2,246	0.9	-	22.7	㊦ Closets and exterior goods	2,076	0.8	-	19.9	
	⑥ Electronic machinery	2,523	1.0	-	11.1	7. Distribution and storage equipment	Distribution and storage equipment total	27,102	11.0	+9.0	22.3
3. Construction goods	Construction goods total	28,340	11.5	+9.0	21.2		㊦ Loading goods	7,341	3.0	-	17.5
	⑦ Hydraulic tools	1,928	0.8	-	10.9		㊦ Conveyors	1,128	0.5	-	15.4
	⑧ Pumps	3,540	1.4	-	16.2		㊦ Transportation goods	10,393	4.2	-	22.3
	⑨ Welding equipment	2,308	0.9	-	17.8		㊦ Containers and vessels	4,130	1.7	-	29.0
	⑩ Painting and interior goods	2,425	1.0	-	25.8	㊦ Steel shelves	4,105	1.7	-	26.2	
	⑪ Civil engineering and building goods	2,415	1.0	-	13.4	8. Research management equipment	Research management equipment total	10,314	4.2	+5.7	23.0
	⑫ Ladders and stepladders	3,376	1.4	-	22.3		㊦ Tool wagons	980	0.4	-	28.1
	⑬ Piping and materials of electronic equipment	4,566	1.9	-	23.2		㊦ Storage and management goods	1,260	0.5	-	30.6
	⑭ Component, hardware, and building materials	7,778	3.2	-	26.3		㊦ Work benches	1,640	0.7	-	33.7
	4. Work supply	Work supply total	46,753	19.0	+11.0		21.8	㊦ Stainless goods	1,966	0.8	-
⑮ Cutting goods		1,497	0.6	-	21.5	㊦ Research and development-related goods	4,466	1.8	-	18.0	
⑯ Grinding and polishing goods		7,341	3.0	-	23.3	9. Office and housing facility equipment	Office and housing facility equipment total	21,321	8.7	+3.8	23.0
⑰ Chemical products		24,689	10.0	-	20.8		㊦ Cleaning utensils	6,318	2.6	-	21.7
⑱ Factory miscellaneous goods		4,226	1.7	-	15.6		㊦ Stationery	2,472	1.0	-	19.4
⑲ Packing and binding goods		5,960	2.4	-	30.8		㊦ Office miscellaneous goods	3,135	1.3	-	27.3
⑳ Casters		3,039	1.2	-	17.8		㊦ Electric appliances	3,464	1.4	-	22.4
5. Hand tool	Hand tool total	40,177	16.4	+7.8	18.8		㊦ OA business machinery	1,916	0.8	-	24.2
	㉑ Electric power tools and accessories	10,980	4.5	-	14.4		㊦ Office furniture	3,744	1.5	-	24.3
	㉒ Pneumatic tools and accessories	6,604	2.7	-	18.0	㊦ Interior goods	267	0.1	-	20.1	
	㉓ Tools for manual work	20,645	8.4	-	20.5	10. Others	㊦ Entire company	1,793	0.7	+16.8	31.9
	㉔ Tool boxes	1,946	0.8	-	29.2		Total	245,899	100.0	+8.6	21.1

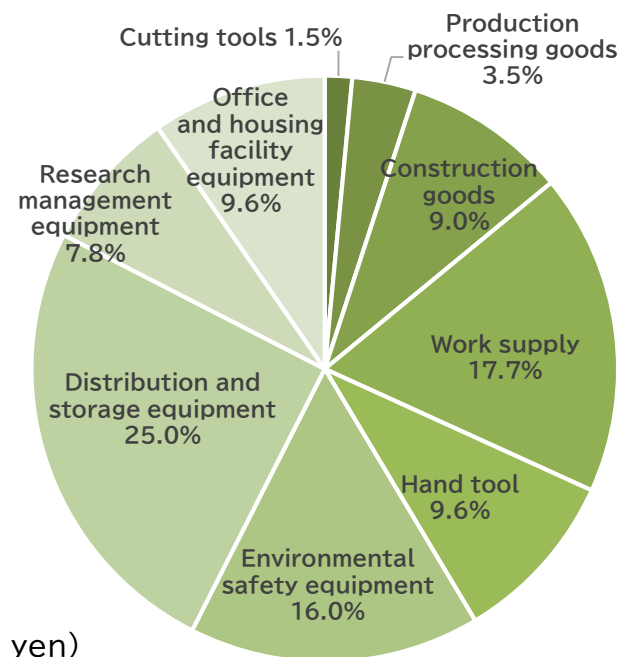
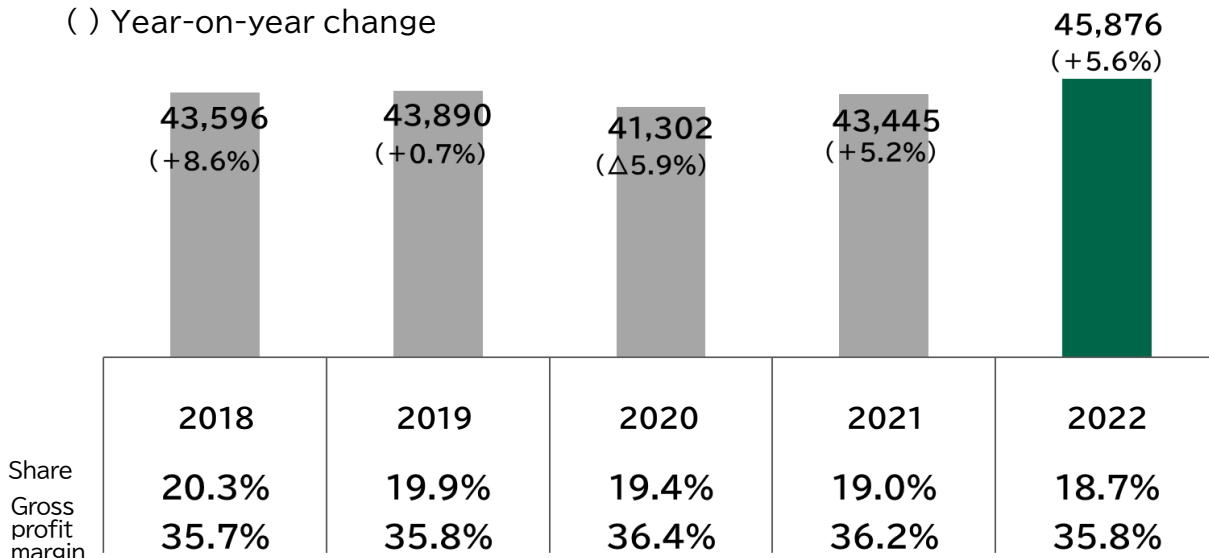
* Because the Accounting Standard for Revenue Recognition was applied in the 60th business year, year-on-year comparisons for the medium category are indicated with "-".

Excluding the subtotals and total, each gross profit margin is presented as a figure 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



Sales by sales route and category of goods

(Unit: million yen)

Sales route \ Category of goods	Entire company		Factory		e-business		Home center	
	Share	18.7%	Share	19.4%	Share	22.2%	Share	4.8%
	Gross profit margin	35.8%	Gross profit margin	36.1%	Gross profit margin	35.8%	Gross profit margin	30.5%
	Net sales	Year-on-year change	Net sales	Year-on-year change	Net sales	Year-on-year change	Net sales	Year-on-year change
Total	45,876	+5.6%	33,028	+4.0%	11,444	+9.5%	1,065	+11.6%
Cutting tools	700	+0.3%	514	+2.2%	107	Δ8.4%	67	Δ0.2%
Production processing goods	1,621	+3.8%	1,175	+3.6%	398	+4.1%	18	Δ1.3%
Construction goods	4,144	+10.5%	2,943	+10.0%	1,110	+12.0%	63	+5.1%
Work supply	8,125	+4.0%	6,348	+2.9%	1,626	+7.8%	82	+4.1%
Hand tool	4,421	Δ1.1%	3,123	Δ0.8%	1,100	Δ2.3%	123	+3.0%
Environmental safety equipment	7,360	+3.1%	5,414	+0.1%	1,767	+10.7%	158	+34.0%
Distribution and storage equipment	11,485	+9.6%	7,993	+8.1%	2,925	+12.7%	508	+13.3%
Research management equipment	3,587	+6.1%	2,545	+1.5%	1,012	+19.1%	5	+99.3%
Office and housing facility equipment	4,426	+6.8%	2,969	+5.8%	1,395	+8.9%	34	Δ2.1%
Other	2	Δ35.9%	-	-	-	-	2	Δ35.9%

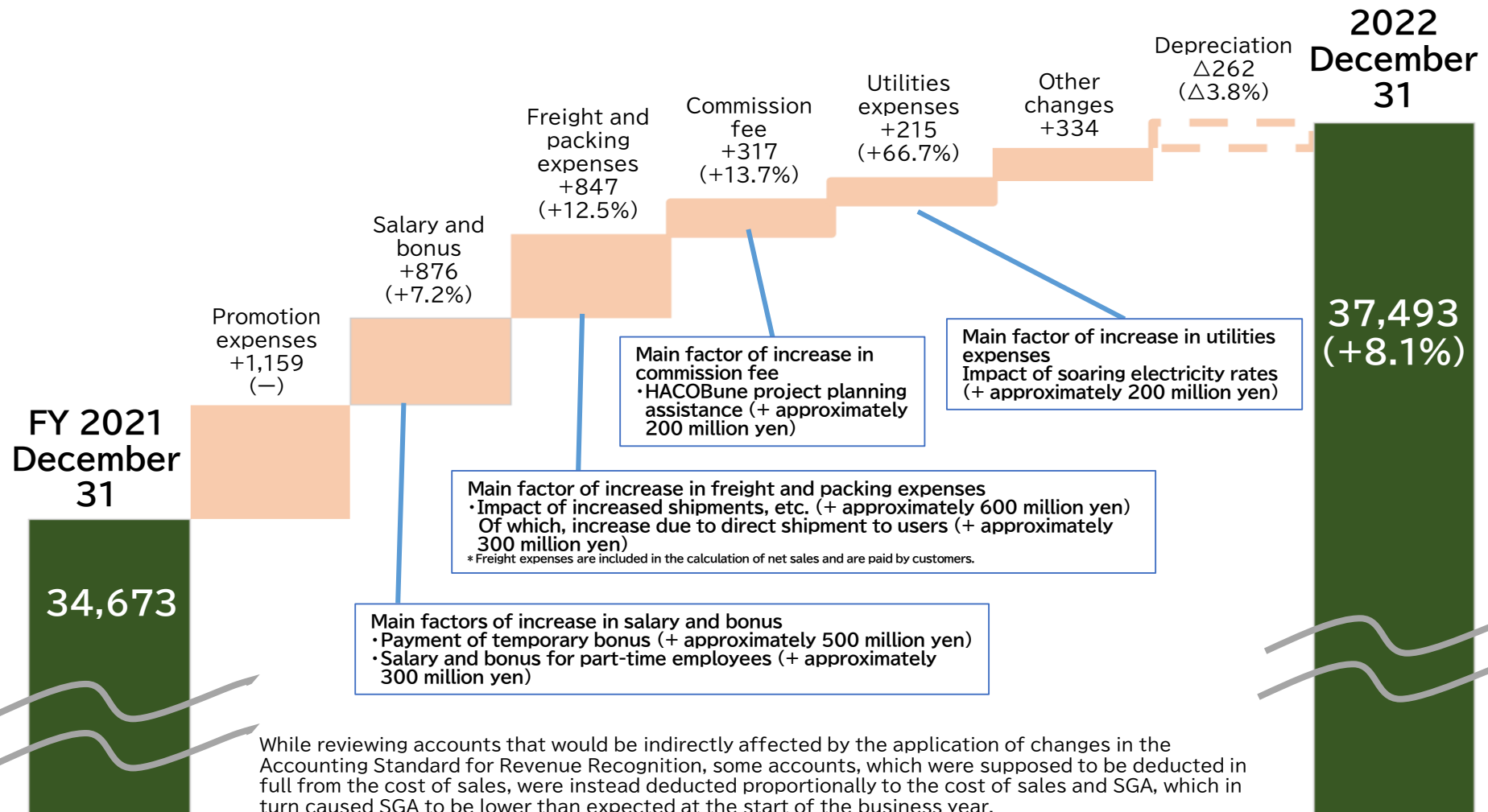
It was created out of our desire to “respond to professional skills with professional quality.” Created in 1964 as the industry’s first private brand (PB) product, it encompasses the widest range of consumables used in factories among other brands. Furthermore, products are being developed and leading products are being fine tuned with the aim of creating “TRUSCO” products that are useful on site.

C. Financial and Other Performances

- P21 C-1. [Consolidated] Selling, general and administrative expenses (SGA)
- P22 C-1. [Consolidated] Details of selling, general and administrative expenses (SGA)
- P22 C-2. [Consolidated] Financial statements and financial indicators
- P23 C-3. [Consolidated] Capital expenditures
- P24 C-4. Current ongoing major capital expenditures
- P25 C-5. [Consolidated] Quarterly business performance and budget (quarterly)
- P26 C-6. [Consolidated] Quarterly business performance and budget (cumulative)

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

Unit: million yen



While reviewing accounts that would be indirectly affected by the application of changes in the Accounting Standard for Revenue Recognition, some accounts, which were supposed to be deducted in full from the cost of sales, were instead deducted proportionally to the cost of sales and SGA, which in turn caused SGA to be lower than expected at the start of the business year.

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

(Unit: million yen, %)

No.	FYE December 31, 2021		FYE December 31, 2022		YoY Change (amount)	Year-on- year 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	13,036	5.3	+876	+7.2	12,375	+1.8
2	Freight and packing expenses	6,782	3.0	7,630	3.1	+847	+12.5	7,231	+6.6
3	Depreciation	6,929	3.1	6,667	2.7	△262	△ 3.8	6,853	△ 1.1
4	Commission fee	2,321	1.0	2,638	1.1	+317	+13.7	2,593	+11.7
5	Welfare expense	2,197	1.0	2,343	1.0	+145	+6.6	2,286	+4.1
6	Taxes and dues	1,379	0.6	1,416	0.6	+37	+2.7	1,343	△ 2.6
7	Traveling expenses and transportation expenses	472	0.2	543	0.2	+71	+15.1	495	+5.0
8	Utilities expenses	322	0.1	537	0.2	+215	+66.7	320	△ 0.8
9	Advertising expenses	509	0.2	505	0.2	△4	△ 0.9	546	+7.1
10	Communication expenses	400	0.2	434	0.2	+33	+8.5	430	+7.3
11	Supplies expenses	472	0.2	434	0.2	△38	△ 8.1	465	△ 1.6
12	Remuneration paid to directors	404	0.2	401	0.2	△2	△ 0.7	414	+2.4
13	Leasehold and office rents	337	0.1	357	0.1	+19	+5.9	337	△ 0.1
14	Promotion expenses	△ 843	△ 0.4	316	0.1	+1,159	—	337	—
15	Vehicle expenses	269	0.1	283	0.1	+13	+5.2	260	△ 3.6
16	Entertainment expenses	25	0.0	42	0.0	+16	+66.2	99	+289.3
17	Provision for bonuses	17	0.0	8	0.0	△9	△ 52.4	504	+2,807.4
18	Other	513	0.2	△104	△ 0.0	△617	—	578	+12.7
Total		34,673	15.3	37,493	15.2	+2,820	+8.1	37,470	+8.1

* 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 December 31, 2022)

Unit (million yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets	119,667	Current liabilities	46,178
Cash and deposits	39,400	Accounts payable - trade	18,866
Accounts receivable	31,557	Short-term borrowings	10,000
Electronically recorded monetary claims - operating	2,758	Long-term borrowings scheduled to be repaid within one year	10,000
Merchandise	45,292	Accounts payable - other	3,090
Other	658	Income taxes payable	2,515
Allowance for doubtful accounts	△1	Provision for bonuses	12
Non-current assets	105,540	Other	1,694
Property, plant and equipment	97,464	Non-current liabilities	28,026
Buildings and structures	50,025	Long-term borrowings	25,000
Machinery and equipment	7,008	Long-term guarantee deposits	2,780
Tools, furniture and fixtures	1,474	Provision for retirement benefits for directors (and other officers)	151
Land	38,546	Other	94
Construction in progress	412	Total liabilities	74,205
Intangible assets	4,381	(Net assets)	
Software	3,878	Shareholders' equity	150,750
Software suspense account	494	Capital stock	5,022
Other	7	Capital surplus	4,711
Investments and other assets	3,694	Retained earnings	141,096
Investment securities	3,118	Treasury shares	△79
Deferred tax assets	120	Accumulated other comprehensive income	252
Deferred tax assets for land revaluation	155	Valuation difference on available-for-sale securities	466
Other	310	Revaluation reserve for land	△353
Allowance for doubtful accounts	△10	Foreign currency translation adjustment	139
		Total net assets	151,002
Total assets	225,207	Liabilities / Total net assets	225,207

Statement of cash flows

Unit: million yen

	FYE December 31, 2021	FYE December 31, 2022	Change
Cash flows from operating activities	15,926	12,178	△3,747
Cash flows from investing activities	△4,596	△5,165	△568
Cash flows from financing activities	△2,243	△9,110	△6,867
Effect of exchange rate change on cash and cash equivalents	18	48	+29
Net increase (decrease) in cash and cash equivalents	9,105	△2,049	△11,154
Cash and cash equivalents at beginning of period	32,344	41,449	+9,105
Cash and cash equivalents at end of period	41,449	39,400	△2,049

Equity ratio

	End of FY 2021	End of FY 2022	Change
Equity ratio	64.0%	67.1%	+3.1pt

Other financial indicators

	End of FY 2021	End of FY 2022	Change (pt)
ROA (Return on Assets)	6.3%	6.7%	+0.4pt
ROE (Return on Equity)	8.4%	7.2%	+1.2pt

<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

Actual and planned major capital expenditures

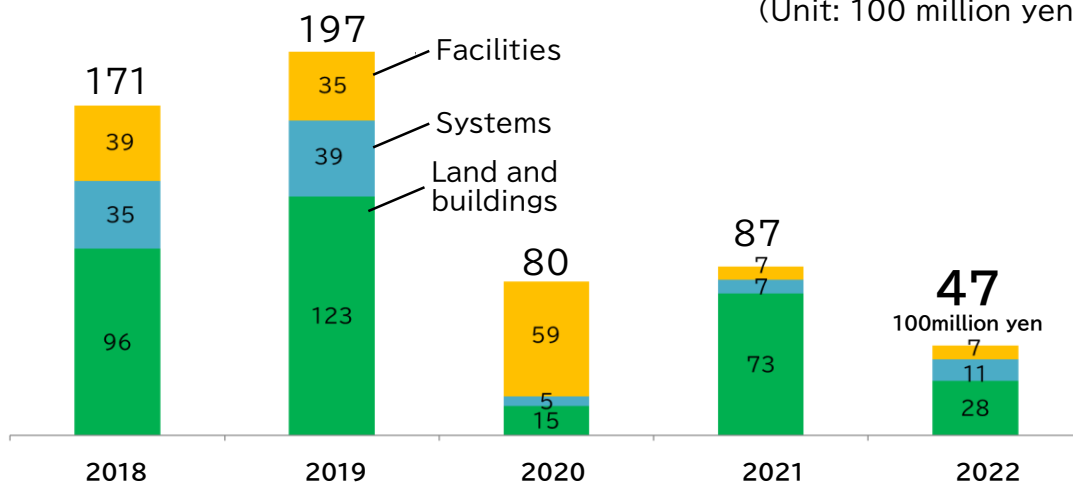
**Actual capital expenditures in FYE December 31, 2022:
4,799 million yen**

(Unit: million yen)

Details of major capital expenditures in 2022		Actual investment in FY 2022	Planned investment in FY 2023
Systems	Renewal of product database “Sterra” (actual expenditure in this fiscal year: 320 million yen)	1,180	2,864
	Strengthening of network of distribution centers [7 sites] (actual expenditure in this fiscal year: 160 million yen)		
Buildings	Planet Higashi Kanto new construction of an automated pallet warehouse (actual expenditure in this fiscal year: 1,230 million yen)	2,494	6,908
	Sakai Stock Center (Osaka) new construction (actual expenditure in this fiscal year: 720 million yen)		
Land	Planet Niigata construction site (actual expenditure in this fiscal year: 390 million yen)	400	—
Facilities	Installation of Planet Saitama palletizing robot (actual expenditure in this fiscal year: 140 million yen)	724	3,983
	Other replacement of handy terminals (portable terminals for logistics), changing Planet Tohoku I-Pack specifications, etc.		
Annual capital expenditures		4,799	13,755

Change in capital expenditures

(Unit: 100 million yen)



Capital expenditures

- The investment amount may fluctuate as the planned amount of capital expenditures includes expenses for projects at the planning stage.
- The figures for the 61st business year represent values on a cash-out basis.

For FYE December 31, 2023, depreciation of 6,397 million yen (down 270 million yen year-on-year) is planned.

C-4. Current ongoing major capital expenditures

Planet Higashi Kanto automated pallet warehouse



Location: Matsudo, Chiba Prefecture

Site area: 14,680.99 sqm (after expansion)
Total floor area of building: 29,705.78 sqm (after expansion)
Total investment (land, building, equipment)
: Approximately 2,680 million yen (expanded area)
Investment in the 60th business year: 1,410 million yen (building, equipment)

By setting up an automated pallet warehouse in the expanded area, we will be able to store an additional 4,556 pallets, and strengthen our instant delivery system through enlarging our product range.

Sakai Stock Center



Location: Sakai, Osaka Prefecture

Site area: 3,302.48 sqm
Total floor area of building: 4,641.32 sqm
Total investment (land, building, equipment)
: Approximately 1,830 million yen
Investment in the 60th business year: 720 million yen (building)

By setting up an automated pallet warehouse, we will be able to store 3,304 pallets and strengthen our instant delivery system through improving our inventory storage capacity.

Planet Aichi



Location: Kitanagoya, Aichi Prefecture

Site area: 41,636.36 sqm
Total floor area of building: 89,864.46 sqm
Land price: Approximately 1,400 million yen (purchased land only)
Total investment: Approximately 28,800 million yen (planned)
Target number of items in inventory: 1 million
We aim to create a highly efficient distribution center by strengthening our product lineup (1 million SKUs) and providing the “fastest,” “earliest,” and “best” service.

C-5. [Consolidated] Quarterly budget and business performance (quarterly)

■ FYE December 31, 2022 (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	YoY 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	+ 5.7
	Actual results	61,159	100.0	+6.1	59,524	100.0	+ 8.2	60,241	100.0	+ 11.1	65,529	100.0	+ 9.3
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	+ 12.8
	Actual results	12,883	21.1	+3.9	12,495	21.0	+ 4.5	12,376	20.5	+ 12.9	14,404	22.0	+ 16.6
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	+ 8.3
	Actual results	9,395	15.4	+9.5	10,050	16.9	+ 18.6	9,175	15.2	+ 5.5	8,872	13.5	△ 0.5
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	+ 24.7
	Actual results	3,488	5.7	△8.6	2,445	4.1	△ 29.9	3,200	5.3	+ 41.4	5,532	8.4	+ 61.3
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	+ 24.5
	Actual results	3,671	6.0	△8.6	2,475	4.2	△33.0	3,253	5.4	+ 40.1	5,665	8.6	+ 60.9
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	△ 26.9
	Actual results	2,534	4.1	△7.1	1,715	2.9	△ 32.0	2,220	3.7	△ 1.0	4,156	6.3	+ 1.3

Year-on-year figures are retroactively applied due to a change in accounting policy.

C-6. [Consolidated] Quarterly budget and business performance (cumulative)

■ FYE December 31, 2022 [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	+ 7.3
	Actual results	61,159	100.0	+6.1	120,683	100.0	+7.1	180,924	100.0	+ 8.4	246,453	100.0	+ 8.6
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	+ 8.5
	Actual results	12,883	21.1	+3.9	25,379	21.0	+4.2	37,755	20.9	+ 6.9	52,160	21.2	+ 9.4
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	+ 8.1
	Actual results	9,395	15.4	+9.5	19,445	16.1	+14.0	28,621	15.8	+ 11.1	37,493	15.2	+ 8.1
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	+ 9.6
	Actual results	3,488	5.7	△8.6	5,933	4.9	△18.8	9,134	5.0	△ 4.5	14,667	6.0	+ 12.8
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	+ 7.7
	Actual results	3,671	6.0	△8.6	6,147	5.1	△20.3	9,400	5.2	△ 6.3	15,065	6.1	+ 11.1
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	△ 14.1
	Actual results	2,534	4.1	△7.1	4,250	3.5	△19.1	6,470	3.6	△ 13.7	10,626	4.3	△ 8.4

Year-on-year figures are retroactively applied due to a change in accounting policy.

TRUSCO®

D. Key Indicators

- P29 D-1. Goods
- P30-31 D-2. Sales
- P32-33 D-3. Logistics
- P34 D-4. Digital
- P35 D-5. Human resources



D-1. Key indicators (goods)

■ TRUSCO Orange Book.Com



Number of items featured: **3,167,188** 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: **2,152**

Number of items listed: **374,000**

“Monozukuri Daijiten” (Dictionary of Manufacturing) (2023 edition) used at various manufacturing sites

The 2023 edition has reduced the thickness of the catalog by half! CO₂ emissions in the manufacturing process dropped by approximately 23kg per set!!



5 volumes in total

Number of items in inventory: **562,026** items

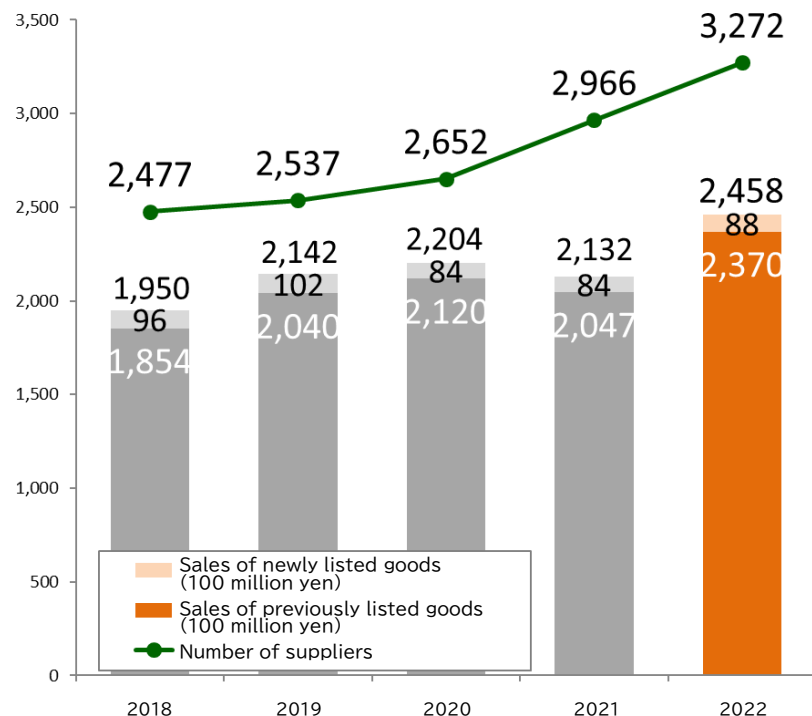
Of these, number of goods automatically adopted: **26,109** items

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

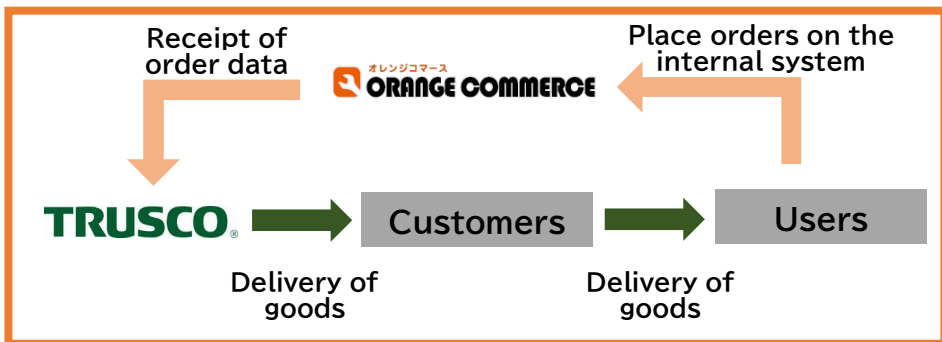


D-2. Key indicators (sales)

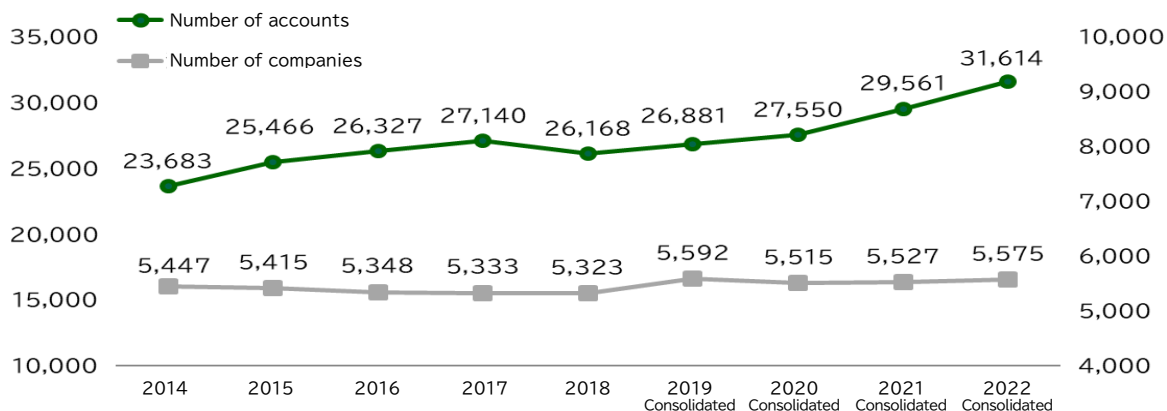
Orange Commerce オレンジコマース **ORANGE COMMERCE**

Purchasing support system for users, which streamlines the procurement process

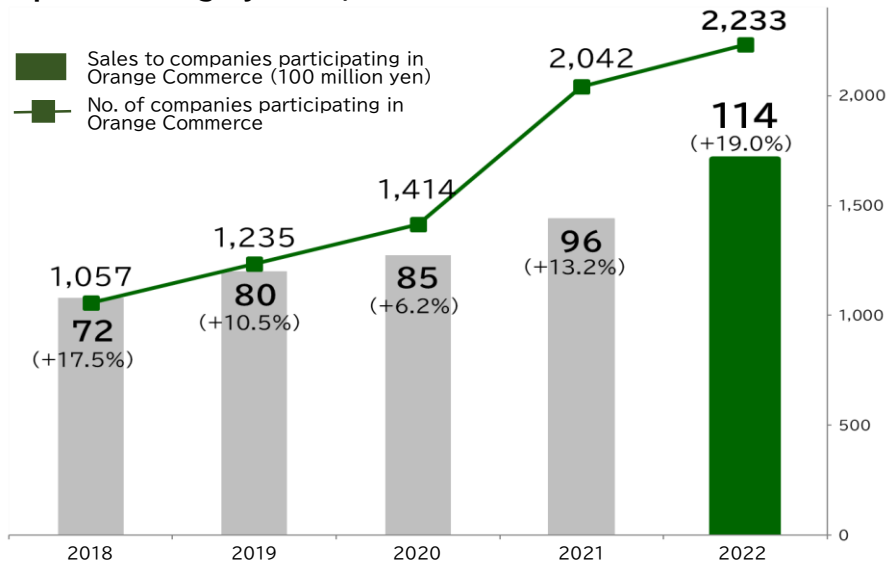
This is a purchasing support system that is linked to the users' purchasing system and handles transactions between users, customers, and the company. The introduction of the system has made the procurement process more visible and reduced costs.



[Consolidated] Change in number of sales accounts and companies



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



Amount irrecoverable due to bankruptcy

Year	Amount irrecoverable (10,000 yen)
2018	4
2019	0
2020	0
2021	275
FYE March 31, 2022	0

D-2. Key indicators (sales)

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

Introduced to 775 companies as of the end of December 2022

Currently under negotiation	395 companies
Cumulative target number of companies for installation as of the end of December 2023	1,000 companies
Monthly sales target per company	300,000 yen

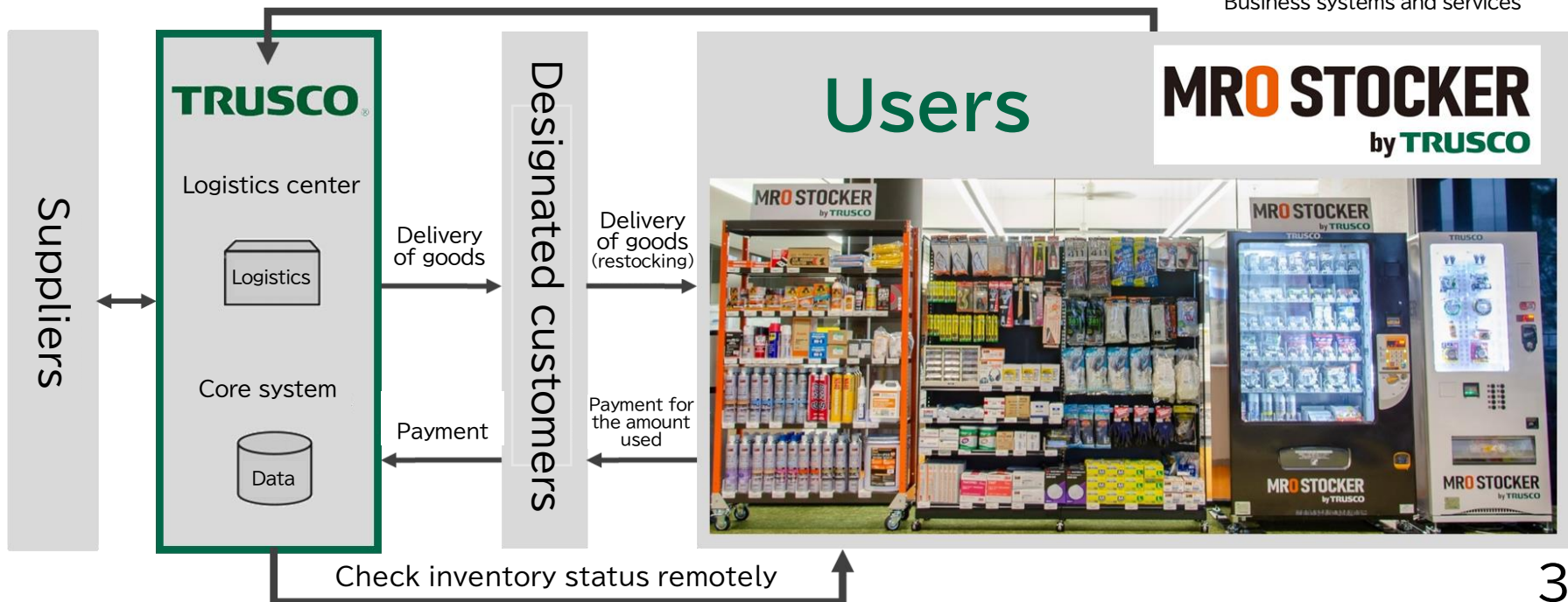
MRO Stocker is a tool version of a business model that has been popular in Japan for many years, “okigusuri” (use-first-pay-later medicine). It achieves the ultimate environment of quick delivery where products needed for manufacturing sites are immediately available. It stocks consumable supplies that 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)

Our User Direct Shipment Service

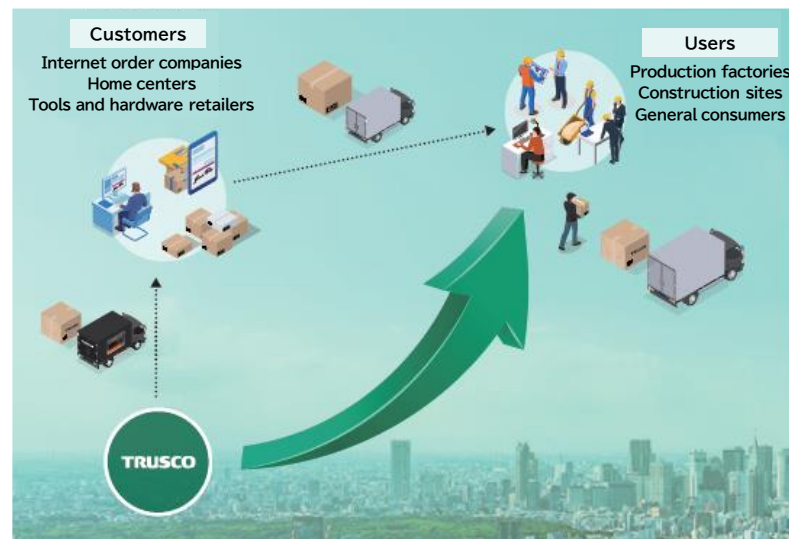
As it is becoming common to procure items from online shopping companies, requests for direct shipments to users are rapidly increasing. In light of expansion of collaboration with online shopping companies, industry-wide labor shortages and users' requests for shorter delivery lead times, it is likely 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

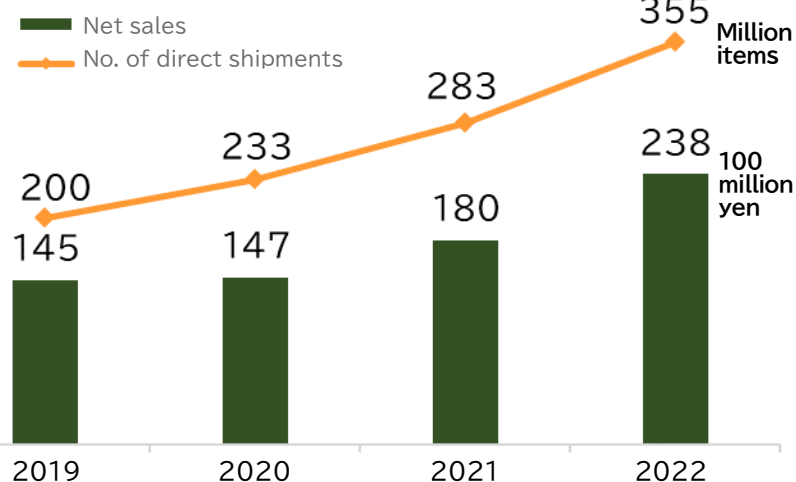
I-Pack introduced to: Planet Tohoku, Planet Saitama (3 lines) Planet Tokai, Planet Osaka Total 6 lines



Share by Delivery Category (by number of shipment lines)

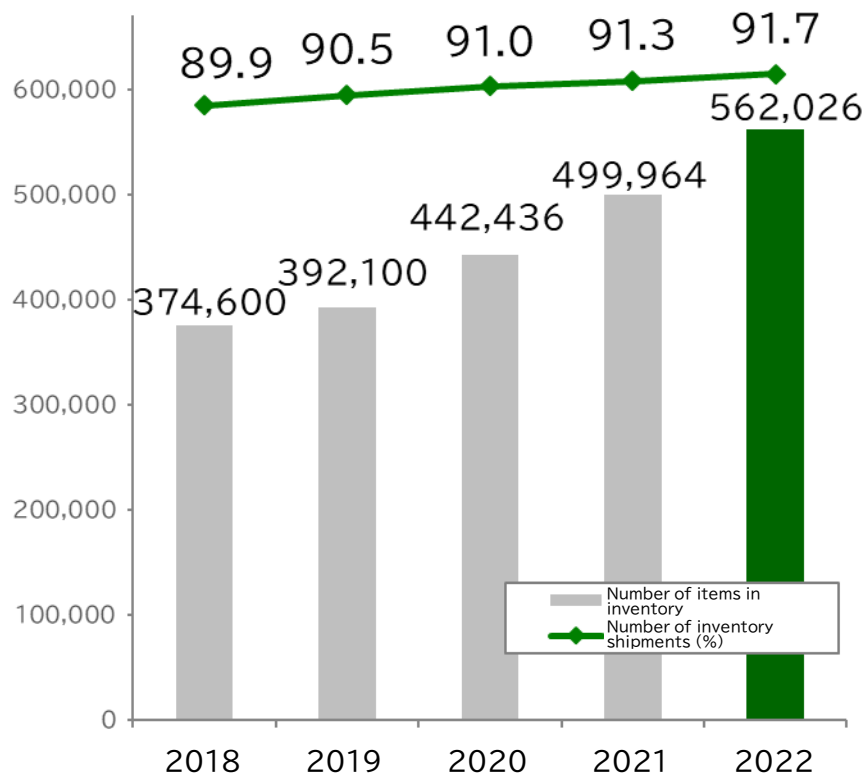


Changes of the User Direct Shipment Service



D-3. Key indicators (logistics)

Number of items in inventory and inventory shipment rate



Delivery lead time

20 hours, 10 minutes, 4 seconds (up 3 minutes, 11 seconds from the end of the previous fiscal year)

Labor cost per line of incoming/outgoing shipments

113 yen (down 4 yen from the end of the previous fiscal year)

[Non-consolidated] Changes in inventory disposal and inventories

	2018	2019	2020	2021	2022
Inventory disposal (million yen)	39	42	50	55	65
Inventories (100 million yen)	370	427	406	416	441
Disposal rate (%)	0.11	0.10	0.12	0.13	0.15

Delivery service and internal transportation service: Number of units

	No. of units	Change from the end of previous fiscal year
Total number of deliveries	278	±0
Chartered vehicle delivery service (contracted delivery service)	162	+1
Own company delivery service	116	△1
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	308	±0

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 41.7%. We plan to increase own company delivery rate to 50% in 2024.

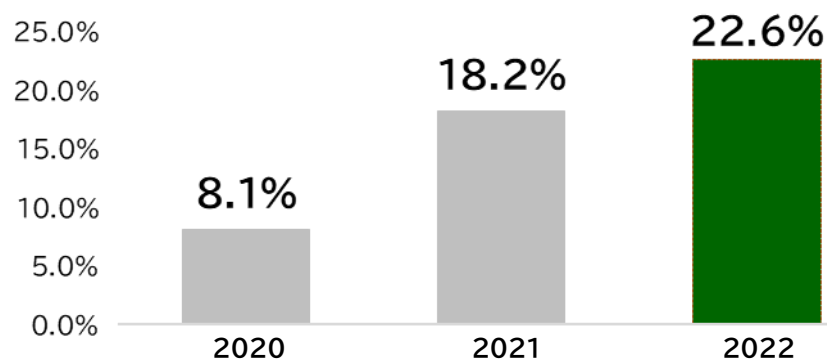
D-4. Key indicators (digital)

I AI-based estimation system “Swift Estimator”

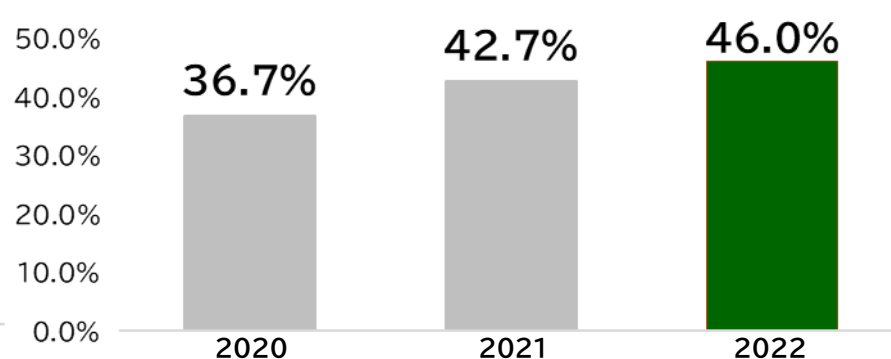
Automate quotations with AI

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



I 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)	15,231	38.6%	△1.2	102,902	41.8%	△0.3
TRUSCO EDI Data linkage with distributor ordering system	8,616	21.8%	+0.2	33,206	13.5%	+0.5
Orange Commerce Linkage with users' purchasing system	942	2.4%	+0.3	6,496	2.6%	+0.3
EOS Home center electronic ordering system	8,825	22.4%	+0.8	20,066	8.2%	+0.7
Total	33,615	85.2%	△0.1	162,672	66.2%	+1.2

D-5. Key indicators (human resources)

I Number of Employees [Consolidated]

As of FYE December 31, 2022

(Unit: persons)

	Female	Male	Total	YoY change
Executives	1	9	10	±0
Executive officers	0	1	1	△1
Career (overseas and domestic)	152	412	564	△9
Carrier (regional)	1	8	9	+9
Digital career	0	0	0	±0
Logistics career	0	0	0	±0
Area	302	299	601	+20
Logistics area	3	23	26	+26
Specialist	13	14	27	△1
Expert	0	0	0	±0
Logistics	84	243	327	△16
Support	0	0	0	△25
Contract employees	1	37	38	+4
Overseas subsidiaries	19	24	43	△1
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)	577	1,062	1,639	+7
Part-time employees	964	341	1,305	+41
Total	1,542	1,412	2,954	+48

Share of female employees: 35.2%, Number of female sales staff members: 47, Female employees in career-track positions: 26.7%

* 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
2022	33.0	43.4	39.8	771	633	494	661
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

* 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.

* The average annual income for 2022 includes the temporary bonus paid to support living expenses due to the soaring costs of goods.

I Numbers of incoming and outgoing employees

	2018 [Non-consolidated]		2019 [Consolidated]		2020 [Consolidated]		2021 [Consolidated]		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	577	1,062
	1,608		1,656		1,674		1,632		1,639	
No. of incoming employees	63	72	52	57	41	46	26	25	47	51
	135		109		87		51		98	
No. of outgoing employees	20	26	42	44	37	33	45	45	39	44
	46		86		70		90		83	
Turnover ratio (%)	3.5	2.4	6.7	3.9	5.9	3.0	7.3	4.1	6.3	4.0
	2.8		4.9		4.0		5.2		4.8	

E. Management Plan

- P37-39 E-1. [Consolidated] Management plan
[Consolidated] Management plan by sales route
[Consolidated] Selling, general and administrative expenses (SGA) for the 61st business year
- P40 E-2. [Consolidated] Quarterly budget (quarterly) (cumulative)
- P41 F-1. [Consolidated] Three-year management plan

E-1. [Consolidated] Management plan for the 61st business year

◆ 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, 2022	Share (%)	Plan for FYE December 31, 2023	Share (%)	Year-on-year change (%)
Net sales	246,453	—	265,090	—	+7.6
Gross profit	52,160	21.2	55,350	20.9	+6.1
Selling, general and administrative expenses (SGA)	37,493	15.2	39,650	15.0	+5.8
(depreciation included in SGA)	6,667	2.7	6,397	2.4	△4.1
Operating income	14,667	6.0	15,700	5.9	+7.0
Ordinary income	15,065	6.1	15,970	6.0	+6.0
Profit attributable to parent	10,626	4.3	10,920	4.1	+2.8
Dividend per share	40.00 yen	—	41.50 yen	—	+1.50 yen

E-1. [Consolidated] Management plan by sales route for the 61st business year

◆ 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, 2022	Plan for FYE December 31, 2023	Year-on- year change (%)
Factory route	170,606	182,555	+7.0
e-business route	51,576	56,967	+10.5
Home center route	22,162	23,014	+3.8
Overseas route	2,108	2,551	+21.0
Total	246,253	265,090	+7.6

E-1. [Consolidated] Selling, general and administrative expenses (SGA) for the 61st business year

Forecast for the 61st business year: 39,650 million yen

Factors of increase

(1) Freight and packing expenses: 8,579 million yen (up 12.4%)

1. Expected increase in number of shipments due to increased sales
2. Expected increase in transportation costs

* Freight expenses associated with the User Direct Shipment Service are paid by customers.

(2) Salaries and bonuses for employees: 13,355 million yen (up 2.5%)

1. Increase in distribution course bonuses
2. New employees in 2023: 82 people

Factor of decrease

Depreciation: 6,397 million yen (down 4.1%)

Slight decrease due to few large investments in the previous fiscal year

E-2. [Consolidated] Quarterly budget (quarterly & cumulative)

■ FYE December 31, 2023 [Quarterly]

(Unit: million yen, %)

	1st Quarter (±0 day)			2nd Quarter (+1 day)			3rd Quarter (±0 day)			4th Quarter (±0 day)		
	Budget	Share	YoY change	Budget	Share	YoY change	Budget	Share	YoY change	Budget	Share	YoY change
Net sales	65,925	100.0	+7.8	64,535	100.0	+ 8.4	64,898	100.0	+ 7.7	69,732	100.0	+ 6.4
Gross profit	13,653	20.7	+6.0	13,378	20.7	+ 7.1	13,480	20.8	+ 8.9	14,839	21.3	+ 3.0
Selling, general and administrative expenses (SGA)	9,714	14.7	+3.4	10,209	15.8	+ 1.6	9,717	15.0	+ 5.9	10,010	14.4	+ 12.8
Operating income	3,939	6.0	+12.9	3,169	4.9	+ 29.6	3,763	5.8	+ 17.6	4,829	6.9	△ 12.7
Ordinary income	3,981	6.0	+8.4	3,239	5.0	+ 30.8	3,818	5.9	+ 17.4	4,932	7.1	△ 12.9
Quarterly profit attributable to owners of parent	2,719	4.1	+7.3	2,213	3.4	+ 29.0	2,611	4.0	+ 17.6	3,377	4.8	△ 18.7

■ FYE December 31, 2023 [Cumulative]

	1st Quarter (±0 day)			2nd Quarter (+1 day)			3rd Quarter (+1 day)			4th Quarter (+1 day)		
	Budget	Share	YoY change	Budget	Share	YoY change	Budget	Share	YoY change	Budget	Share	Year-on-year change
Net sales	65,925	100.0	+7.8	130,460	100.0	+8.1	195,358	100.0	+ 8.0	265,090	100.0	+ 7.6
Gross profit	13,653	20.7	+6.0	27,031	20.7	+6.5	40,511	20.7	+ 7.3	55,350	20.9	+ 6.1
Selling, general and administrative expenses (SGA)	9,714	14.7	+3.4	19,923	15.3	+2.5	29,640	15.2	+ 3.6	39,650	15.0	+ 5.8
Operating income	3,939	6.0	+12.9	7,108	5.4	+19.8	10,871	5.6	+ 19.0	15,700	5.9	+ 7.0
Ordinary income	3,981	6.0	+8.4	7,220	5.5	+17.4	11,038	5.7	+ 17.4	15,970	6.0	+ 6.0
Quarterly profit attributable to owners of parent	2,719	4.1	+7.3	4,932	3.8	+16.0	7,543	3.9	+ 16.6	10,920	4.1	+ 2.8

E-3. [Consolidated] Three-year management plan

We have formulated a three-year plan to visualize and better secure the results of the planned investments. In anticipation of the operation of Planet Aichi in 2026, we aim to achieve the goals in this plan by implementing measures that will lead to improved customer convenience, such as the platform strategy “TRUSCO HACOBUne.”

(Unit: million yen, %)

	Actual results for the 60th business year (FYE December 31, 2022)	Year on year (%)	Plan for the 61st business year (FYE December 31, 2023)	Year on year (%)	Plan for the 62nd business year (FYE December 31, 2024)	Year on year (%)	Plan for the 63rd business year (FYE December 31, 2025)	Year on year (%)
Net sales	246,453	+8.6	265,090	+7.6	284,000	+7.1	304,200	+7.1
Gross profit margin (%)	21.2	+0.2	20.9	△0.3	20.9	±0.0	20.9	±0.0
Selling, general and administrative expenses (SGA)	37,493	+8.1	39,650	+5.8	41,500	+4.7	43,500	+4.8
(Depreciation included in SGA)	6,667	▲3.8	6,397	▲4.1	6,115	▲4.4	5,239	▲14.3
Operating income	14,667	+12.8	15,700	+7.0	17,800	+13.4	20,100	+12.9
Ordinary income	15,065	+11.1	15,970	+6.0	18,200	+14.0	20,500	+12.6
Net income	10,626	▲8.4	10,920	+2.8	12,417	+13.7	13,987	+12.6
Dividend per share	40.00 yen	+4.50 yen	41.50 yen	+1.50 yen	47.50 yen	+6.00 yen	53.00 yen	+5.50 yen
No. of direct shipments to users	3,556,388	+25.4	4,400,000	+23.7	5,300,000	+20.5	6,300,000	+18.9
No. of companies adopting MRO Stocker	775	+446	1,000	+225	1,500	+500	2,000	+500
No. of items in inventory (SKU)	562,026	+62,062	595,000	+32,974	645,000	+50,000	695,000	+50,000
No. of items featured on TRUSCO Orange Book.Com (SKU)	3,167,188	+406,301	4,200,000	+1,032,812	5,400,000	+1,200,000	6,600,000	+1,200,000
Major investments and initiatives	• Strengthening efforts in “Assortment” and “User Direct Shipment Service”		• Linkage with users’ purchasing system (MRO Stocker 2.0)		• Greatly enhancing product database (Sterra 2.0)		• Providing a series of experience-based values from product selection to arrival (EC Cross)	
	• Strengthening PR for “MRO Stocker” and “Naojiro”		• Similar product search function		• Improving business efficiency/convenience for customers (Orange Book.Com 2.0)		• Advancing warehouse management (GWES)	

* This plan has been formulated based on the information currently available, and is subject to change as the business environment changes.

The TRUSCO logo is displayed in a bold, green, sans-serif font. A registered trademark symbol (®) is located to the right of the word "TRUSCO".

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F. ESG Information

- P43 F-1. TRUSCO's "Gentleness for the Future" Project
- P44-47 F-2. Sustainability indicators
Sustainability indicators (2)
- F-3. Other environmental initiatives and measures
- F-4. Relationship with society & corporate governance



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 (TSV*) 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.



Scan here for details

F-2. Sustainability indicators

■ CO₂ emissions (as of the end of 2022)

Scope1 2,327t-co₂/Scope2 8,109t-co₂

■ Reduction in CO₂ emissions through various services

Annual reduction in CO₂ emissions:

11,365 t-CO₂ (+1,806 t-CO₂ year-on-year)



Service	Annual reduction in CO ₂ emissions	Reduction in CO ₂ emissions per shipment/unit/item	Actual result (2022)
User Direct Shipment Service	1,002t-CO ₂	0.28kg-CO ₂	3.55 million shipments
Assortment	165t-CO ₂	0.22t-CO ₂	750,000 shipments
MRO Stocker	3,100t-CO ₂	4t-CO ₂	775 companies
Fixed cost logistics	3,098t-CO ₂	—	—
Inventory storage	1,300t-CO ₂	2.6kg-CO ₂	About 500,000 items
Repair workshop "Naojiro"	2,700t-CO ₂	—	—

F-2. Sustainability indicators (2)

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

Annual power generation in 2022

2,653,344kWh

Renewable energy power self-sufficiency

16.4%

Environmental measures for TRUSCO's products

We have established environmental standards in product planning and development, and are promoting environmentally friendly product development from all aspects, from product design to product use and disposal. For existing products, we are also working to improve loading efficiency and reduce the resources used for containers and packaging.



TRUSCO Air Forest For Factory
Product number: AFF250 etc.

This is an air freshener for factories. It eliminates odor components found only in factories, such as the odor of deteriorated cutting oil. Formulated with “functional tree extracts” that are effectively taken from thinned wood found in the Sakhalin fir forests of Hokkaido, this product helps to create a “recycling-oriented society” by making use of unused thinned wood that is left behind in the forests.



Sales of repair workshop “Naojiro”

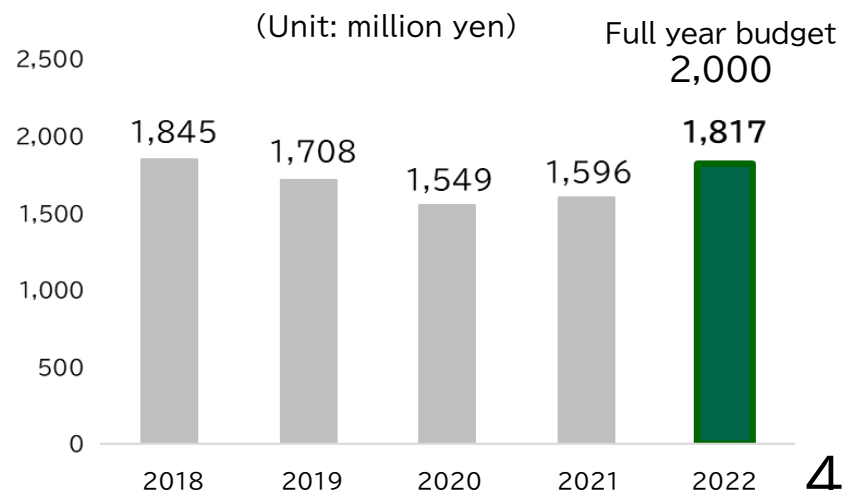


Role of “Naojiro”

It is a service that maintains the safety and precision 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 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



F-3. Other environmental measures and initiatives



When it comes to environmental initiatives, it is important to consider “when they started being implemented.”

Over 20 years ago, the Company began carrying out environmental initiatives based on the idea of “Gentleness for the Future.” The initiatives covered a wide range of areas, from the office building to individual employees, business measures, and product development.

Facilities		People
Installation of ceiling fans	Air well voids	Fleece jumpers (2002)
Fluorescent lights with motion sensors	Sandwich panels	GORE-TEX jumpers (2002)
W-folded plate roof	Sprinkling well water on the roof (2007)	Neck warmers, lap blankets (2012)
Use of underground cool air	Installation of solar panels (1998)	Turning air conditioning off 30 minutes before leaving work
Measures		Merchandise
Reducing overtime by inventorying items	FAX OCR “DOTKUL” (2000)	2 inch paper tube tape
Abolishing receipts for goods (2001)	System orders (2002)	No-gas sprays
Inventory for manufacturers’ catalogs	Abolishing printing of picking lists (2012)	Return cushions

F-4. Relationship with society & corporate governance

■ “TRUSCO Shirarezaru Guliver”, TV program provided by a single company

This is a program provided by a single company that conveys our company’s desire to “give pride and vitality to Japan by presenting world-class Japanese companies.” In each episode, the ways and ideas of a Japanese company are presented.



■ Donations to the NGO Peshawar-kai

In Afghanistan, where there is an ongoing drought, we are donating to support the Peshawar-kai, which engages in comprehensive rural reconstruction projects with the idea that “one irrigation canal will do more good than 100 doctors”.

Started in 2020



The late Dr. Tetsu Nakamura with Afghan workers

■ Open judge system (OJS = 360 degree evaluation)

This is our company’s unique evaluation system, in which employees are evaluated not only by their superiors, but also by colleagues and subordinates. The purpose is to give feedback in evaluation comments that will lead to behavioral changes in each employee.

Type	Frequency	Operation details
Employee evaluation OJS	Twice a year	An OJS evaluation will be conducted on an employee among other employees who work in the same workplace (superiors, colleagues, subordinates), then the results will be reflected in that employee’s evaluation
Promotion OJS	Once a year	All employees who know that employee will evaluate him/her, then the results will be reflected in how he/she is handled going forward (receiving a promotion, etc.)

* All full-time and part-time employees, excluding executives, are subject to evaluation.

■ Board of directors meeting (management meeting)

Decisions are made at the board of directors meeting, which is generally held once a month. In order to ensure a broader perspective and transparency, we seek the opinions of a wide range of participants, including executive officers and general managers.



Board of directors meeting (management meeting) in November 2022

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G. References

P48 G-1. Stock information

P49 G-2. Index comparison in the industry

P50 G-3. The Company's sales index and industrial production index



G-1. Stock information

Shareholder information

(Unit: persons)

	FYE June 30, 2020	FYE December 31, 2020	FYE June 30, 2021	FYE December 31, 2021	FYE June 30, 2022	FYE December 31, 2022
Shareholders total	23,697	16,336	14,903	14,406	16,212	15,466
Holder of share	22,887	15,514	14,030	13,527	15,190	14,436
Holder of shares less than one unit	809	821	872	878	1,021	1,029
Treasury shares	1	1	1	1	1	1
Financial institutions and securities companies	64	65	69	61	59	55
Domestic corporations	574	553	544	533	546	540
Overseas corporations, etc.	210	201	203	203	212	222
Individuals and others	22,848	15,516	14,086	13,608	15,394	14,648
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
(2,035 yen)

322.0

Nikkei Stock Average
(26,094.50 yen)

255.9

209.9 TOPIX
(1,891.71pt)

Friday, February 3,
2023

The Company's Stock
Closing price
2,031 yen

Nikkei Stock Average
Closing Price
27,509.46 yen

TOPIX
1,960.26pt

January 2010

December 2022

49

G-2. Index comparison in the industry

I 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		Net sales (million yen)	Year-on-year change	Market capitalization (100 million yen)
YAMAZEN CORPORATION	2023	March	Forecast	530,000	+ 5.6	997
YUASA TRADING CO.,LTD.	2023	March	Forecast	490,000	+ 5.9	808
TRUSCO Nakayama Corporation	2022	December	Actual results	246,453	+ 8.6	1,340
NICHIDEN Corporation	2023	March	Forecast	130,000	+ 4.9	572
MARUKA FURUSATO CORPORATION	2022	December	Forecast	158,000	-	867
Naito & Co., Ltd.	2023	February	Forecast	48,500	+ 11.2	87
SUGIMOTO & CO., LTD	2023	March	Forecast	45,150	+ 4.7	219
Total of 7 companies		—		1,648,103	+ 5.7	4,890

[Retail]

		Closing month		Net sales (million yen)	Year-on-year change	Market capitalization (100 million yen)
MISUMI Group Inc.	2023	March	Forecast	377,000	+ 3.0	9,363
MonotaRO Co.,Ltd.	2022	December	Actual results	225,970	+ 19.1	10,097
Total of 2 companies		—		602,970	+ 22.1	19,460

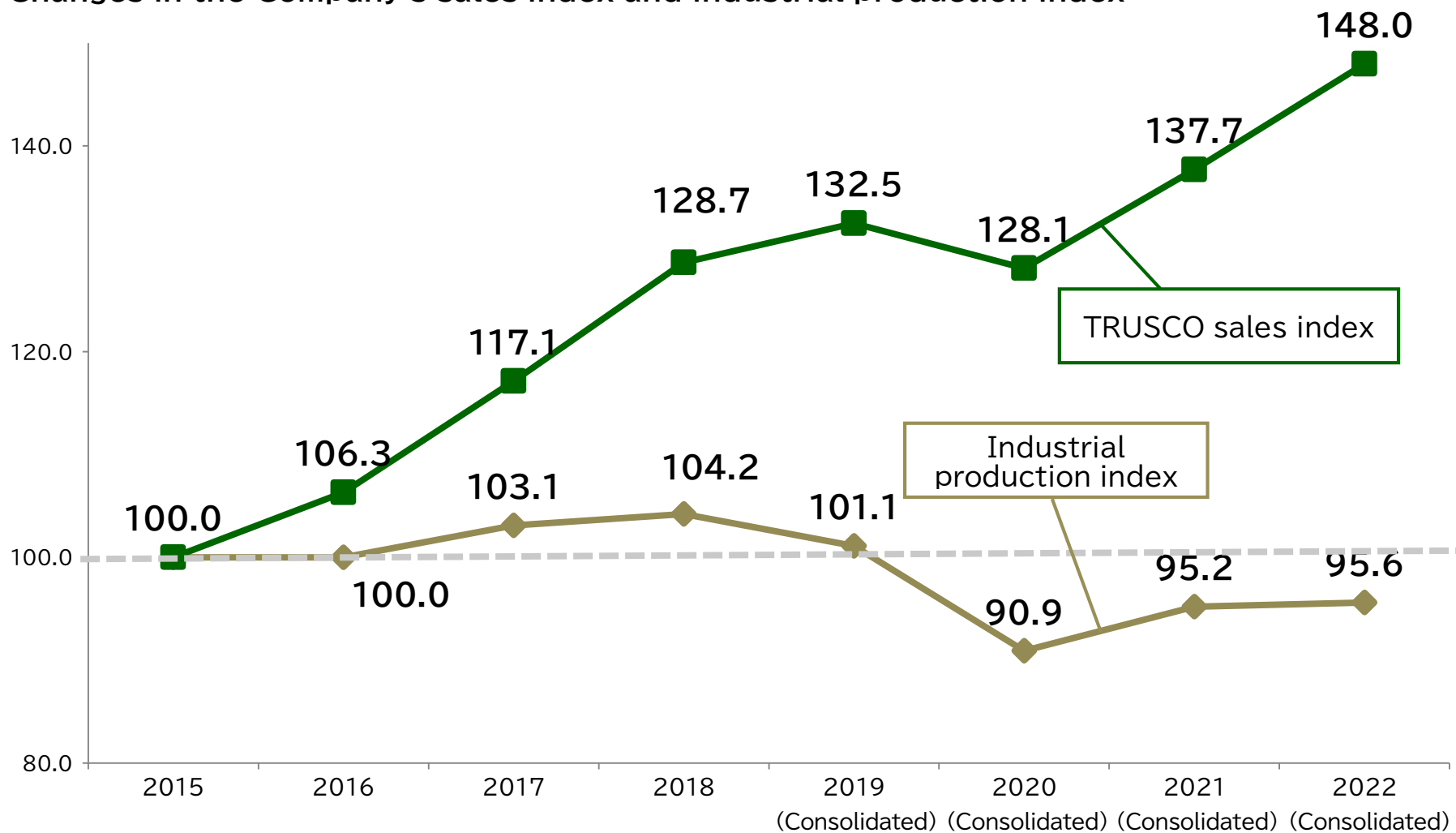
*For companies that announce consolidated accounting, figures for consolidated accounting are shown.

*All figures represent actual results and forecasts announced as of February 3, 2023.

*Market capitalization is based on the closing price on February 3, 2023.

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, 2023.