



**TRUSCO**®

# The 59th Business Year Business Performance Data Analysis

Fiscal Year Ended December 2021

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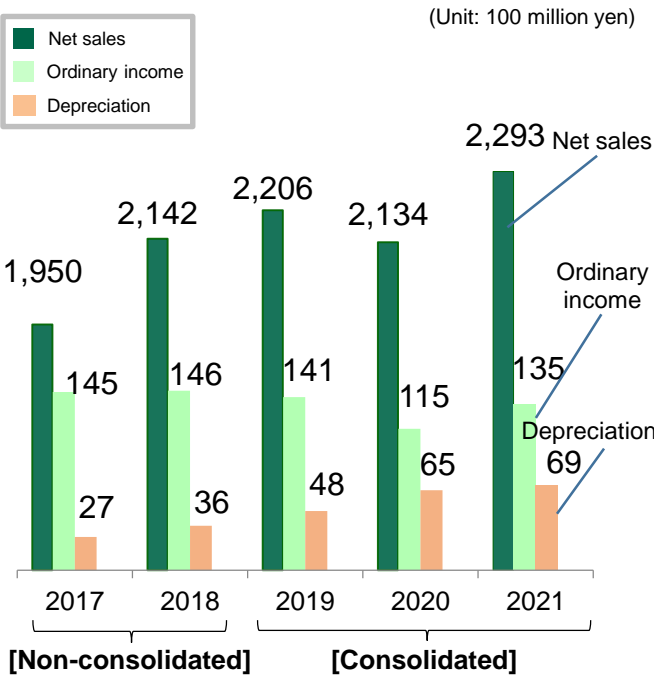
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# Company overview

As of the end of December 2021

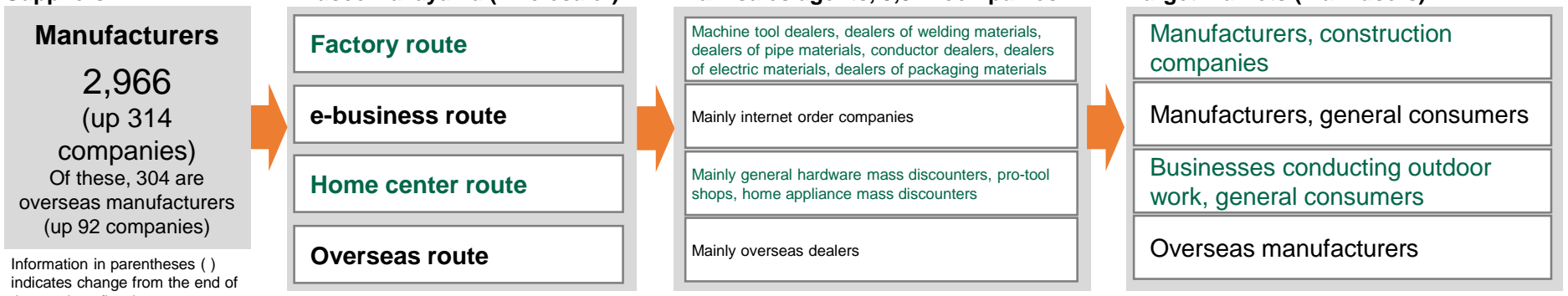
|                       |   |
|-----------------------|---|
| Founding              | May 15, 1959  |
| Representative        | Tetsuya Nakayama, President<br>Chairman, The Nakayama Visually Welfare Foundation<br>Vice president, Japan Federation of Machine Tool Distributors Associations<br>President, Osaka Machine Appliance Wholesaler Cooperative                  |
| Head offices          | Tokyo Head Office (Minato-ku, Tokyo, registered as official headquarters)<br>Osaka Head Office (Nishi-ku, Osaka City)   |
| Number of offices     | 93 in total (as of January 1, 2022)<br>88 domestic bases: 2 head offices, 59 sales branches, 27 distribution centers<br>5 overseas bases: Local subsidiaries: Thailand and Indonesia<br>Representative office: Germany, Taiwan, and Indonesia |
| Capital stock         | 5,022,370,000 yen   |
| Listed stock exchange | First section of the Tokyo Stock Exchange (Code number: 9830)   |
| Number of employees   | 2,906 [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        |

## Change in Net Sales, Ordinary Income and Depreciation



\* Depreciation increased with aggressive investment in logistics and digital technologies.

## Business flow



Information in parentheses ( ) indicates change from the end of the previous fiscal year.

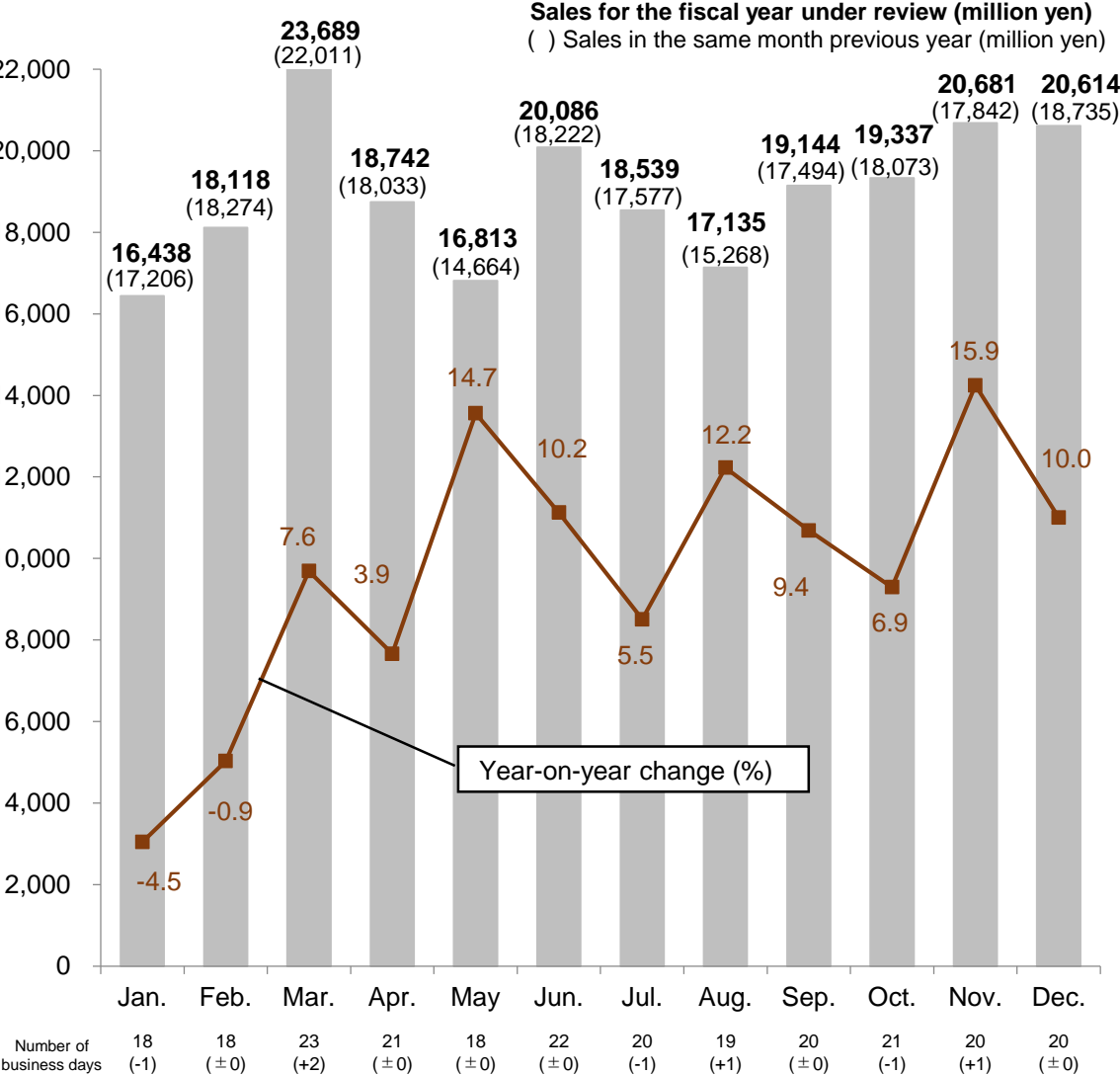
# A-(1) [Consolidated] Business performance for the FY ended December 2021

- Net sales: Up 7.5% YoY, down 0.8% from budget. Number of business days: 240 (Up 1 YoY) \* The number of business days is the non-consolidated number.
- Gross profit margin: 21.0%, down 0.5 percentage points YoY  
=> The gross margin ratio dropped following the end of special demand for products with high gross margin ratios related to the prevention of COVID-19.
- SGA: Up 1.4% year on year following a rise in freight and packing expenses in line with a sales hike and growth in depreciation after the rebuilding and extension of distribution centers, offsetting a fall in advertising expenses after the discontinuation of the shareholder benefit program and a decline in leasehold and office rents following cancellation of an external warehouse (for details about SGA, see pp. 21-22.)
- The Company revised its forecast of profit attributable to owners of parent upwards on November 1, 2021 after the recording of extraordinary income in association with its transfer of non-current assets.  
It is excluded from the calculation of dividends in accordance with the dividend policy announced in February 2021 given that it is extraordinary income not directly related to business activities.

|   | FY ended December 2020 |       | FY Ended December 2021  |              |                |                  |              |                    |                        |
|---|------------------------|-------|-------------------------|--------------|----------------|------------------|--------------|--------------------|------------------------|
|   | Actual results         | Share | Actual results          | Share        | YoY Change (%) | Budget           | Budget Share | Change from budget | Change from budget (%) |
| <b>Net sales</b>  | ¥213,404 million       | -     | <b>¥229,342 million</b> | -            | <b>+7.5</b>    | ¥227,520 million | -            | +¥1,822 million    | +0.8                   |
| <b>Gross profit</b>                                       | ¥45,909 million        | 21.5% | <b>¥48,275 million</b>  | <b>21.0%</b> | <b>+5.2</b>    | ¥48,310 million  | 21.2%        | -¥34 million       | -0.1                   |
| <b>Selling, general and administrative expenses (SGA)</b> | ¥34,891 million        | 16.4% | <b>¥35,383 million</b>  | <b>15.4%</b> | <b>+1.4</b>    | ¥35,140 million  | 15.4%        | +¥243 million      | +0.7                   |
| (depreciation included in SGA)                            | ¥6,565 million         | 3.1%  | <b>¥6,929 million</b>   | <b>3.0%</b>  | <b>+5.6</b>    | ¥6,828 million   | 3.0%         | +¥101 million      | +1.5                   |
| <b>Operating income</b>                                   | ¥11,017 million        | 5.2%  | <b>¥12,891 million</b>  | <b>5.6%</b>  | <b>+17.0</b>   | ¥13,170 million  | 5.8%         | -¥278 million      | -2.1                   |
| <b>Ordinary income</b>                                    | ¥11,559 million        | 5.4%  | <b>¥13,572 million</b>  | <b>5.9%</b>  | <b>+17.4</b>   | ¥13,820 million  | 6.1%         | -¥247 million      | -1.8                   |
| <b>Profit attributable to owners of parent</b>            | ¥8,007 million         | 3.8%  | <b>¥11,680 million</b>  | <b>5.1%</b>  | <b>+45.9</b>   | ¥11,970 million  | 5.3%         | -¥289 million      | -2.4                   |
| <b>Net income per share</b>                               | ¥121.43                | -     | <b>¥177.13</b>          | -            | -              | ¥181.52          | -            | -¥4.39             | -                      |
| <b>Dividend per share</b>                                 | ¥30.50                 | -     | <b>¥35.50</b>           | -            | -              | ¥36.50           | -            | -¥1.00             | -                      |

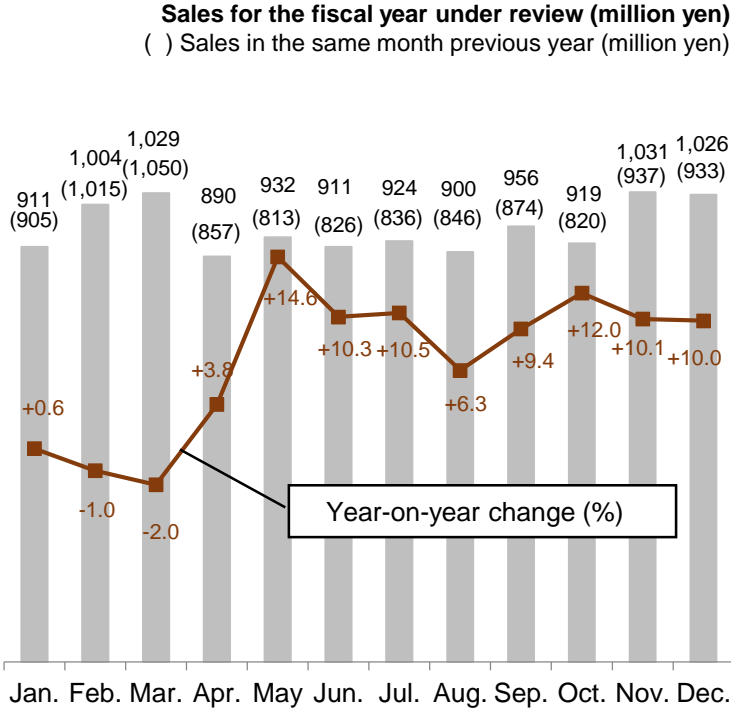
# A-(2) [Consolidated] Company-wide monthly sales and [Non-consolidated] sales per day for the FY ended December 2021

## [Consolidated] Company-wide monthly sales



## [Non-consolidated] Change in average daily sales (all business offices)

Orders are constantly placed for consumables used in factories. We carry out a year-on-year comparison of sales per day.  
Our sales increase during the peak periods of March when many companies close their accounts.



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

## Net sales by sales route

|                   | FY ended December 2020  |             |                     |                        | FY Ended December 2021  |             |                         |              |                         |                           |                    |                     |               |                        |               |
|-------------------|-------------------------|-------------|---------------------|------------------------|-------------------------|-------------|-------------------------|--------------|-------------------------|---------------------------|--------------------|---------------------|---------------|------------------------|---------------|
|                   | Net sales               |             | Gross profit margin | Ordinary income        | Net sales               |             |                         |              |                         |                           |                    | Gross profit margin |               | Ordinary income        |               |
| Sales route       | Actual results          | Share       | Actual results      | Actual results         | Actual results          | Share       | YoY change              | YoY Change   | Budget                  | Budget Change from budget | Change from budget | Actual results      | YoY Change    | Actual results         | YoY Change    |
| Factory route     | ¥156,765 million        | 73.4%       | 20.9%               | ¥7,863 million         | ¥164,605 million        | 71.8%       | +¥7,839 million         | +5.0%        | ¥164,355 million        | +¥250 million             | +0.2%              | 20.6%               | -0.3pt        | ¥9,239 million         | +17.5%        |
| e-business route  | ¥38,417 million         | 18.0%       | 25.3%               | ¥3,137 million         | ¥44,668 million         | 19.5%       | +¥6,251 million         | +16.3%       | ¥43,744 million         | +¥923 million             | +2.1%              | 23.6%               | -1.7pt        | ¥3,407 million         | +8.6%         |
| Home center route | ¥16,992 million         | 8.0%        | 17.6%               | ¥290 million           | ¥18,373 million         | 8.0%        | +¥1,380 million         | +8.1%        | ¥17,700 million         | +¥673 million             | +3.8%              | 17.6%               | ±0.0pt        | ¥455 million           | +56.9%        |
| Overseas route    | ¥1,228 million          | 0.6%        | 32.0%               | -¥210 million          | ¥1,694 million          | 0.7%        | +¥465 million           | +37.9%       | ¥1,720 million          | -¥25 million              | -1.5%              | 32.8%               | +0.8pt        | -¥32 million           | -             |
| <b>Total</b>      | <b>¥213,404 million</b> | <b>100%</b> | <b>21.5%</b>        | <b>¥11,559 million</b> | <b>¥229,342 million</b> | <b>100%</b> | <b>+¥15,937 million</b> | <b>+7.5%</b> | <b>¥227,520 million</b> | <b>+¥1,822 million</b>    | <b>+0.8%</b>       | <b>21.0%</b>        | <b>-0.5pt</b> | <b>¥13,572 million</b> | <b>+17.4%</b> |

### Factory route: Down 5.0% year on year

The Company increased inventories to suit market needs and streamlined order placing and receiving processes with the use of digital technologies. The Company carried out highly professional sales activities including positive proposals of the MRO Stocker and strengthening of direct shipments to users to increase convenience for clients. (See p. 9)

### e-business route: Up 16.3% year on year

Sales to mail order companies surged by 17.2% year on year, and those to companies participating in Orange Commerce increased by 13.2%. Continued efforts to link the product database covering around 2.76 million items with clients' systems and direct shipments to users based on the six I-Pack<sup>®</sup> lines introduced to four distribution centers helped increase sales. (See pp. 10-11)

### Home center route: Up 8.1% year on year

The active proposal of improving in-store displays to general hardware mass discounters and pro-tool shops continued. Linking e-commerce using the Company's inventories of 500,000 items and logistics facilities was helpful to boosting sales and achieving a brisk performance. (See p. 12)

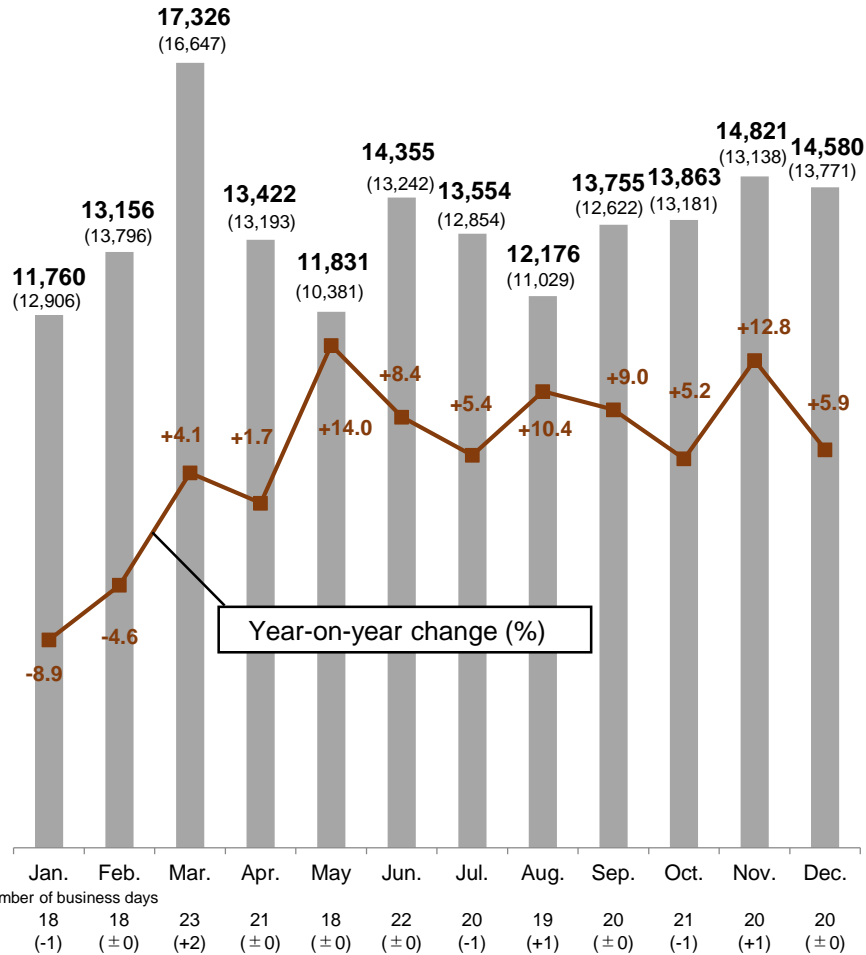
### Overseas route: Up 37.9% year on year

Amid restrictions on social activities under the pandemic, the Company accelerated the offering of product data to e-commerce operators and otherwise increased transactions with existing clients. Transactions increased with new local clients including e-commerce operators and general hardware mass discounters. (See p. 13)

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

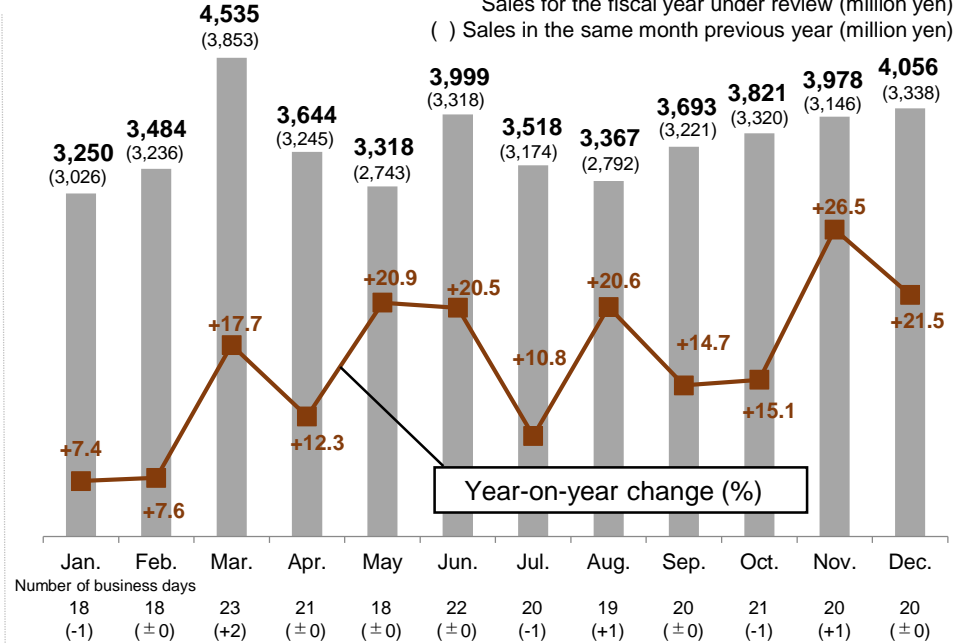
## Change in monthly sales earned via factory route

Sales for the fiscal year under review (million yen)  
( ) Sales in the same month previous year (million yen)



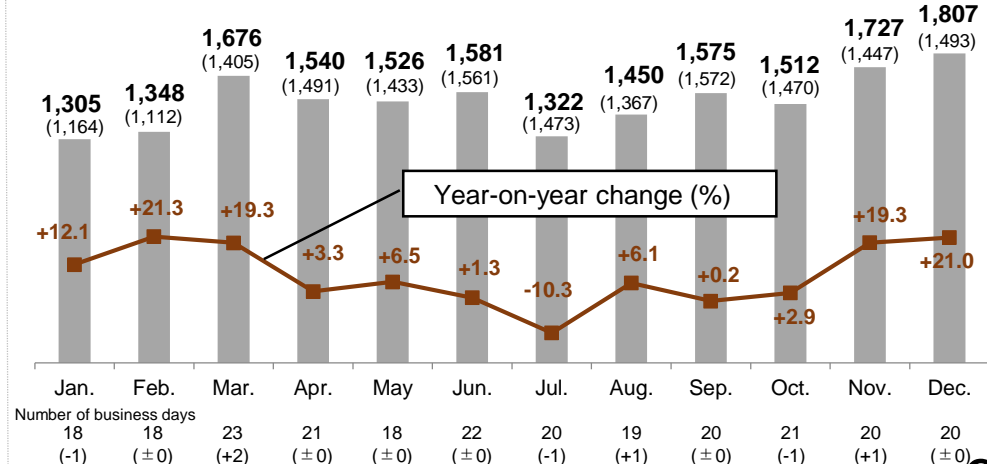
## Change in monthly sales earned via e-business route

Sales for the fiscal year under review (million yen)  
( ) Sales in the same month previous year (million yen)



## Change in monthly sales earned via home center route

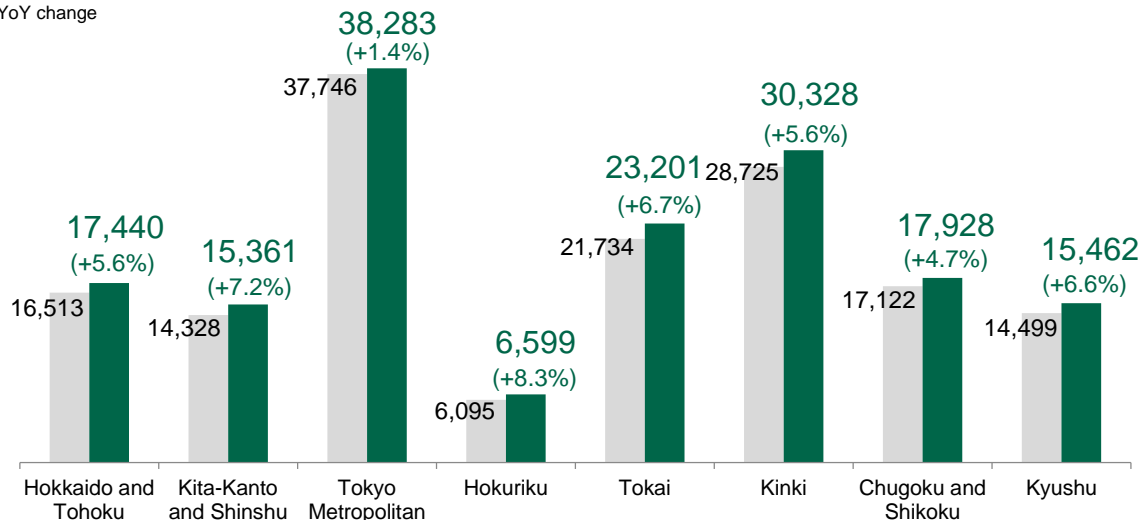
Sales for the fiscal year under review (million yen)  
( ) Sales in the same month previous year (million yen)



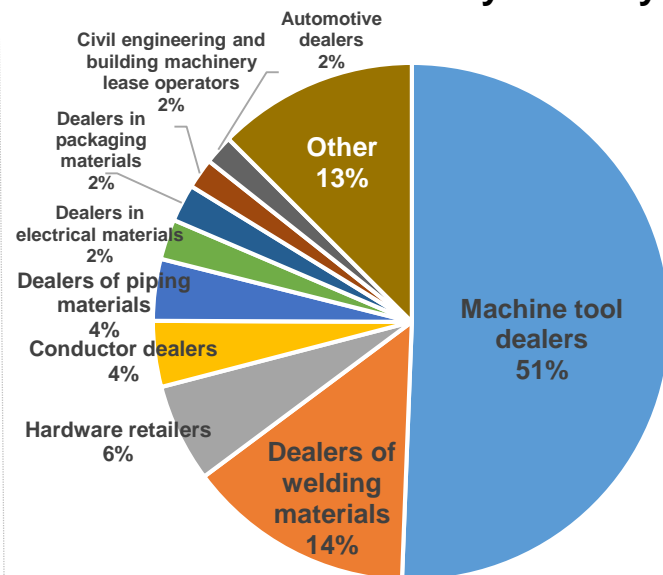
# B-(3) [Consolidated] Factory route: Business performance by region, industry and sales route

## Factory route: Sales by region

■ Factory route net sales for the FY ended Dec. 2020 (million yen)  
 ■ Factory route net sales for the FY ended Dec. 2021 (million yen)  
 ( ) YoY change



## Factory route: Sales constituent ratio by industry



## Factory route sales by industry

| Sales route  | FY ended December 2020  |               |                     | FY ended December 2021  |             |              |                         |                     |                |               |
|--|-------------------------|---------------|---------------------|-------------------------|-------------|--------------|-------------------------|---------------------|----------------|---------------|
|  | Net sales               |               | Gross profit margin | Net sales               |             |              |                         | Gross profit margin |                |               |
|  | Actual results          | Share         |                     | Actual results          | Share       | YoY Change   | Budget                  | Change from budget  | Actual results | YoY Change    |
| Machine tool dealers   | ¥78,358 million         | 50.0%         | 20.7%               | ¥83,378 million         | 50.7%       | +6.4%        | ¥81,870 million         | +1.8%               | 20.4%          | -0.3pt        |
| Dealers of welding materials   | ¥22,988 million         | 14.7%         | 21.2%               | ¥23,384 million         | 14.2%       | +1.7%        | ¥24,075 million         | -2.9%               | 20.9%          | -0.3pt        |
| Other manufacturing related<br>(incl. physical and chemical material,<br>conductors, packaging material dealers) | ¥25,703 million         | 16.4%         | 20.7%               | ¥27,472 million         | 16.7%       | +6.9%        | ¥27,061 million         | +1.5%               | 20.2%          | -0.5pt        |
| Construction related   | ¥29,716 million         | 18.9%         | 21.5%               | ¥30,370 million         | 18.4%       | +2.2%        | ¥31,347 million         | -3.1%               | 21.4%          | -0.1pt        |
| <b>Total net sales via factory route</b>   | <b>¥156,765 million</b> | <b>100.0%</b> | <b>20.9%</b>        | <b>¥164,605 million</b> | <b>100%</b> | <b>+5.0%</b> | <b>¥164,355 million</b> | <b>+0.2%</b>        | <b>20.6%</b>   | <b>-0.3pt</b> |

# B-(4) [Consolidated] Sales via the e-business route

## E-business route sales by industry

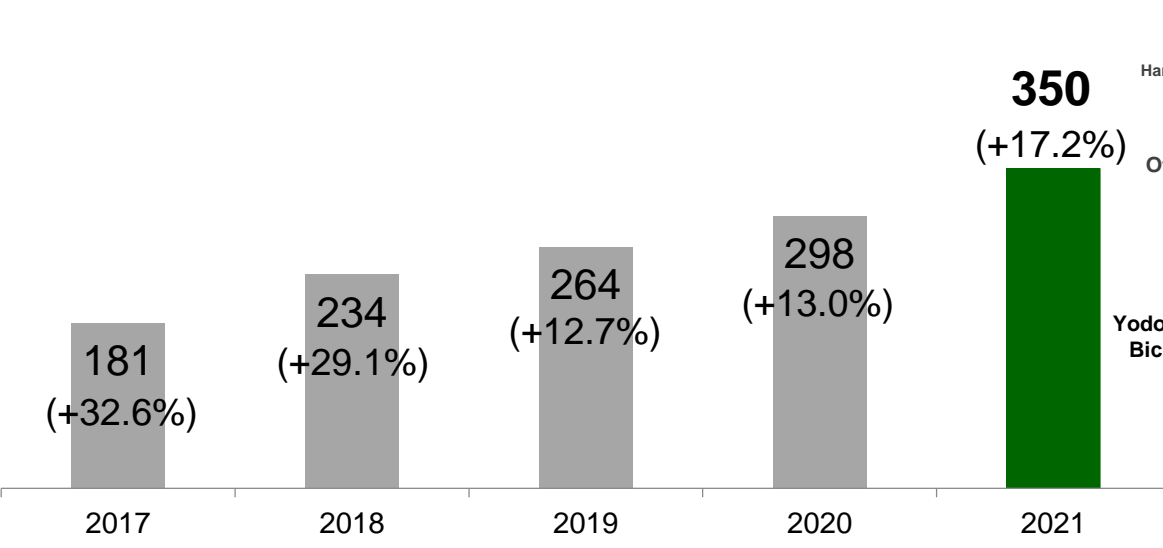
| Sales route  | FY ended December 2020 |        |                     | FY Ended December 2021 |               |               |                     |               |
|--|------------------------|--------|---------------------|------------------------|---------------|---------------|---------------------|---------------|
|  | 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   | ¥29,879 million        | 77.8%  | 24.6%               | ¥35,005 million        | <b>78.4%</b>  | <b>+17.2%</b> | <b>22.6%</b>        | <b>-2.0pt</b> |
| Companies participating in Orange Commerce (Trusco's electronic central purchasing system) | ¥8,538 million         | 22.2%  | 27.8%               | ¥9,662 million         | <b>21.6%</b>  | <b>+13.2%</b> | <b>27.3%</b>        | <b>-0.5pt</b> |
| Total net sales via e-business route   | ¥38,417 million        | 100.0% | 25.3%               | ¥44,668 million        | <b>100.0%</b> | <b>+16.3%</b> | <b>23.6%</b>        | <b>-1.7pt</b> |

### End of specialization in pro tools

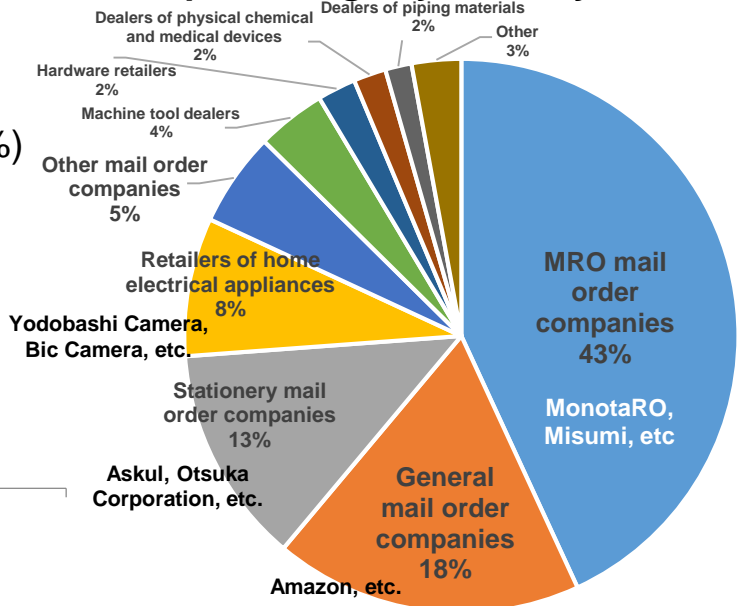
The Company had long specialized in dealing in professional tools as the mainstay of the machinery and tools wholesaler. However, the Company has been increasingly working with online shop operators in recent years. A majority of their end users are general consumers. To increase the convenience of procurement, the Company has decided it needs to supply a broader array of items instead of items in limited areas and ended its specialization in pro tools. The Company has no intention of blindly widening its lineup of products. The move started with products from its existing suppliers that it had previously not dealt in.

## Trend in sales to mail order companies

(Billion yen), ( ) YoY change



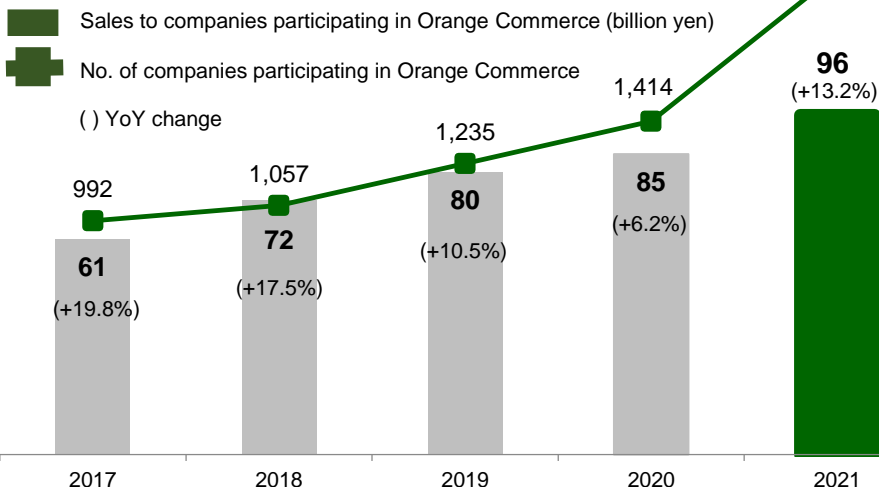
## Sales to mail order companies: Sales percentage by industry





## B-(5) [Consolidated] Scale of participation in Orange Commerce (Trusco's electronic central purchasing system)

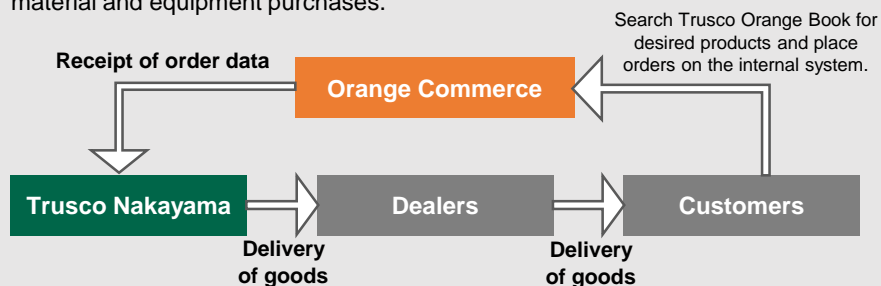
### Sales to companies participating in Orange Commerce (Trusco's electronic central purchasing system) and the number of companies participating in it



\* A new method of counting the companies participating in Orange Commerce is applied from 2021 onwards.

### Orange Commerce (Trusco's electronic central purchasing system)

This purchasing system, mainly adopted by large-lot users (manufacturers), is designed to curtail their material and equipment procurement costs and increase their business operational efficiency through the Internet-based management of material and equipment purchases.



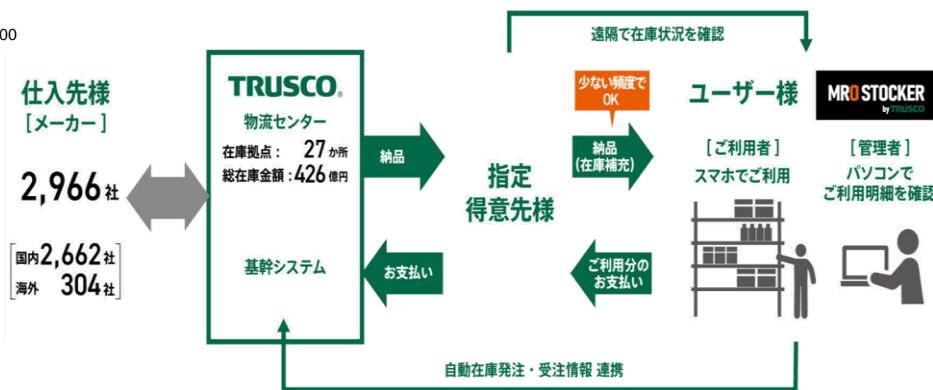
Conducting business among customers, distributors and Trusco Nakayama by connecting customer's purchasing system with Trusco's central purchasing system

### Use-first-pay-later tools

#### MRO Stocker

A wide variety of professional tools (consumables used in factories) are used in the manufacturing industry and on construction sites. The MRO Stocker provides digital value that combines the Use-First-Pay-Later business model with the latest information technologies and advanced data analysis. Supplying professional tools necessary to users in the MRO Stocker in advance, the service achieves an overwhelming speed of zero lead time. With an easy-to-use app, users can use as many tools as they need when they need. This service is thus friendly to the environment as well.

#### MRO Stocker operation process flow



There are various scenarios for the introduction of MRO Stocker. They include a client mentioning it to a prospective user and a direct request from a user on the Company's website. In either case, the Company does not directly sell it to users. MRO Stocker is always introduced via clients.

It takes roughly one to three months from the request to the introduction.

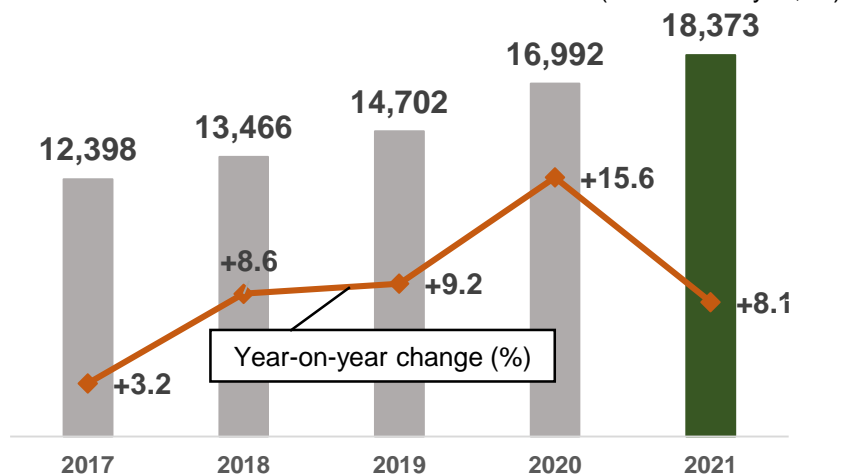
**Number of MRO Stockers introduced:**  
**329 as of the end of December 2021**

## B-(6) [Consolidated] Results of the home center route

The Company is actively making proposals on floor spaces to general hardware mass discounters and to pro-tool shops across the country. For general hardware mass discounters strengthening their online shop operations, the Company is working on omni-channel business operations. With its overall strength, it will help them improve their services for customers visiting their stores.

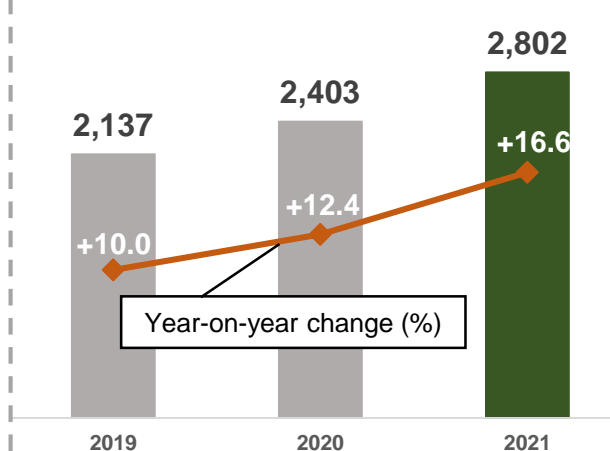
### Change in sales earned via home centers

(Unit: million yen, %)



### Change in sales to pro-shops

(Unit: million yen, %)



#### [What is a pro-tool shop?]

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.

### Main actions

#### Proposals on floor spaces

The Company gave proposals that would lead to expansion of clients' sales with the use of huge data of sales about approximately 2.76 million items handled on individual routes in analyses of floor spaces and in proposals of plans.

#### Proposals on private brand goods

The Company proposed foldable containers, protective equipment, trolleys and other distinctive private brand goods to make good achievements.

#### Linkage between real stores and e-commerce sites

Taking advantage of its extensive inventories and product data, the Company stepped up its efforts for omni-channel operations including offering of product information to e-commerce sites run by clients, pick-up of goods at real stores, collaboration in inventory data and direct shipments to users.



## B-(7) Business performance (Non-consolidated)

### ■ Non-consolidated business performance

Fiscal Year Ended December 2021

|  | TRUSCO NAKAYAMA CORPORATION<br>(non-consolidated) |       |            | TRUSCO NAKAYAMA CORPORATION<br>(THAILAND) LIMITED |       |            | PT. TRUSCO NAKAYAMA INDONESIA |       |            |
|--|---|-------|------------|---|-------|------------|-------------------------------|-------|------------|
|  | Net sales   | Share | YoY Change | Net sales   | Share | YoY Change | Net sales                     | Share | YoY Change |
| Net sales  | ¥228,906 million                                  | -     | +7.4%      | ¥728 million                                      | -     | +27.0%     | ¥331 million                  | -     | +60.6%     |
| Gross profit                                       | ¥48,008 million                                   | 21.0% | +5.0%      | ¥165 million                                      | 22.7% | +29.5%     | ¥84 million                   | 25.6% | +91.0%     |
| Selling, general and administrative expenses (SGA) | ¥35,104 million                                   | 15.3% | +1.4%      | ¥141 million                                      | 19.5% | -3.7%      | ¥135 million                  | 40.9% | +15.0%     |
| Depreciation included in SGA                       | ¥6,859 million                                    | 3.0%  | +5.6%      | ¥21 million                                       | 3.0%  | -22.5%     | ¥48 million                   | 14.7% | +18.7%     |
| Operating income                                   | ¥12,903 million                                   | 5.6%  | +16.2%     | ¥23 million                                       | 3.2%  | -          | ¥50 million                   | -     | -          |
| Ordinary income                                    | ¥13,596 million                                   | 5.9%  | +16.9%     | ¥23 million                                       | 3.3%  | -          | ¥47 million                   | -     | -          |
| Net income   | ¥11,635 million                                   | 5.1%  | +43.9%     | ¥23 million                                       | 3.3%  | -          | ¥47 million                   | -     | -          |

\*1 baht = 3.43 yen

\*1 rupiah = 0.0081 yen

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

Fiscal Year Ended December 2021

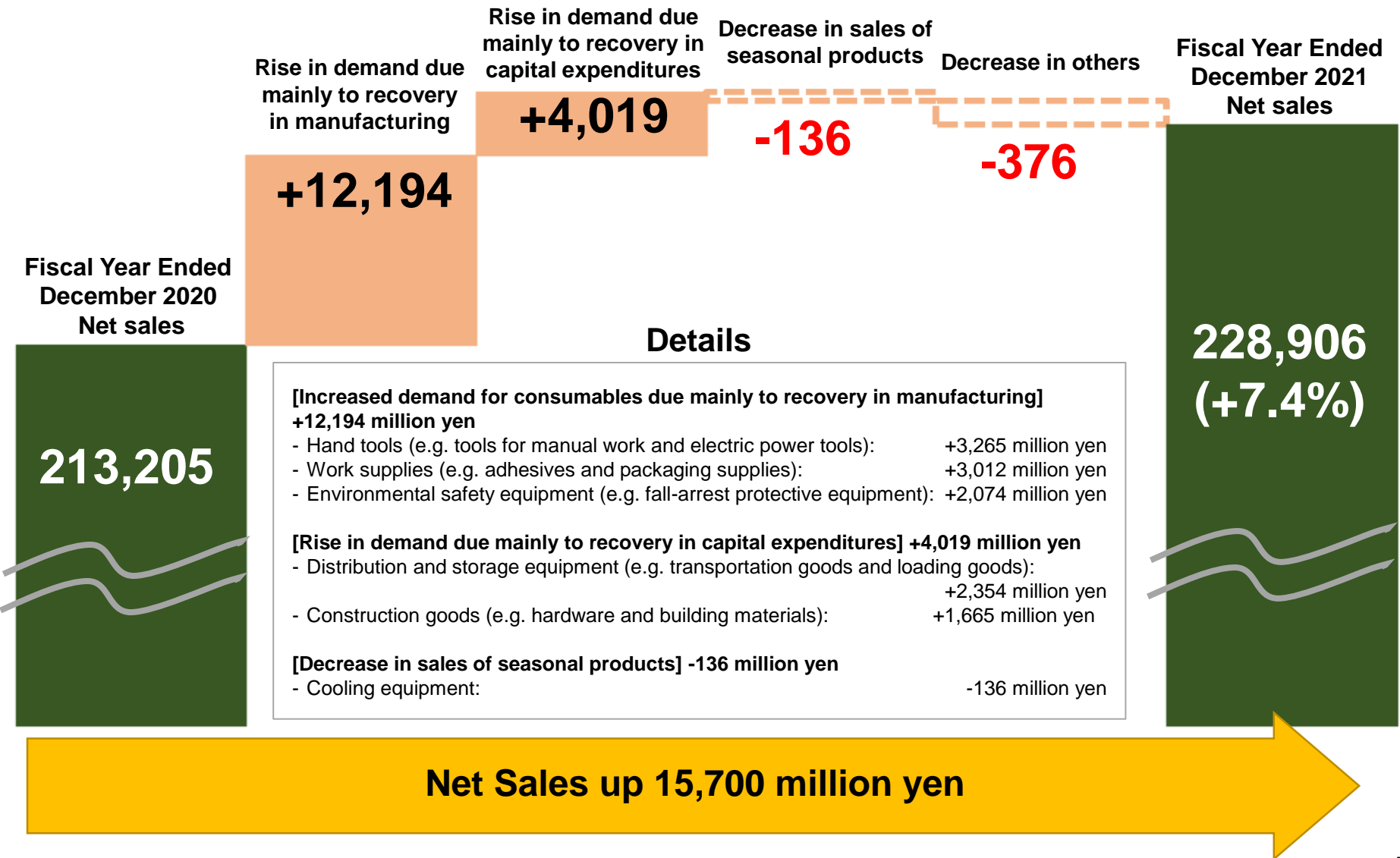
|   |                         | Net sales    | Gross profit |
|---|-------------------------|--------------|--------------|
| Business performance in other overseas regions (including the Philippines, China and South Korea) | Actual results          | ¥635 million | ¥172 million |
|   | Share against net sales | -            | 27.1%        |
|   | YoY Change              | +41.3%       | +54.3%       |

\* The consolidated gross profit margin via overseas routes is higher than the non-consolidated gross profit margin because of consolidated accounting, which includes measures such as the offsetting of internal transactions.

# B-(8) [Non-consolidated] Analysis of sales for FY ended December 2021

## I Analysis of sales for FY ended December 2021

(Million yen)



# B-(9) [Non-consolidated] Analysis of sales by category (large and medium) for the FY ended December 2021

A recovery of production operations led to a rise in sales of products related to factory production and to capital expenditures. A revision to the law that introduces an obligation to wear full harness-type fall arrest systems increased demand for harness-type systems. Meanwhile, demand for face masks and protective clothing for the prevention of COVID-19 infections began to subside.

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

Share(%)

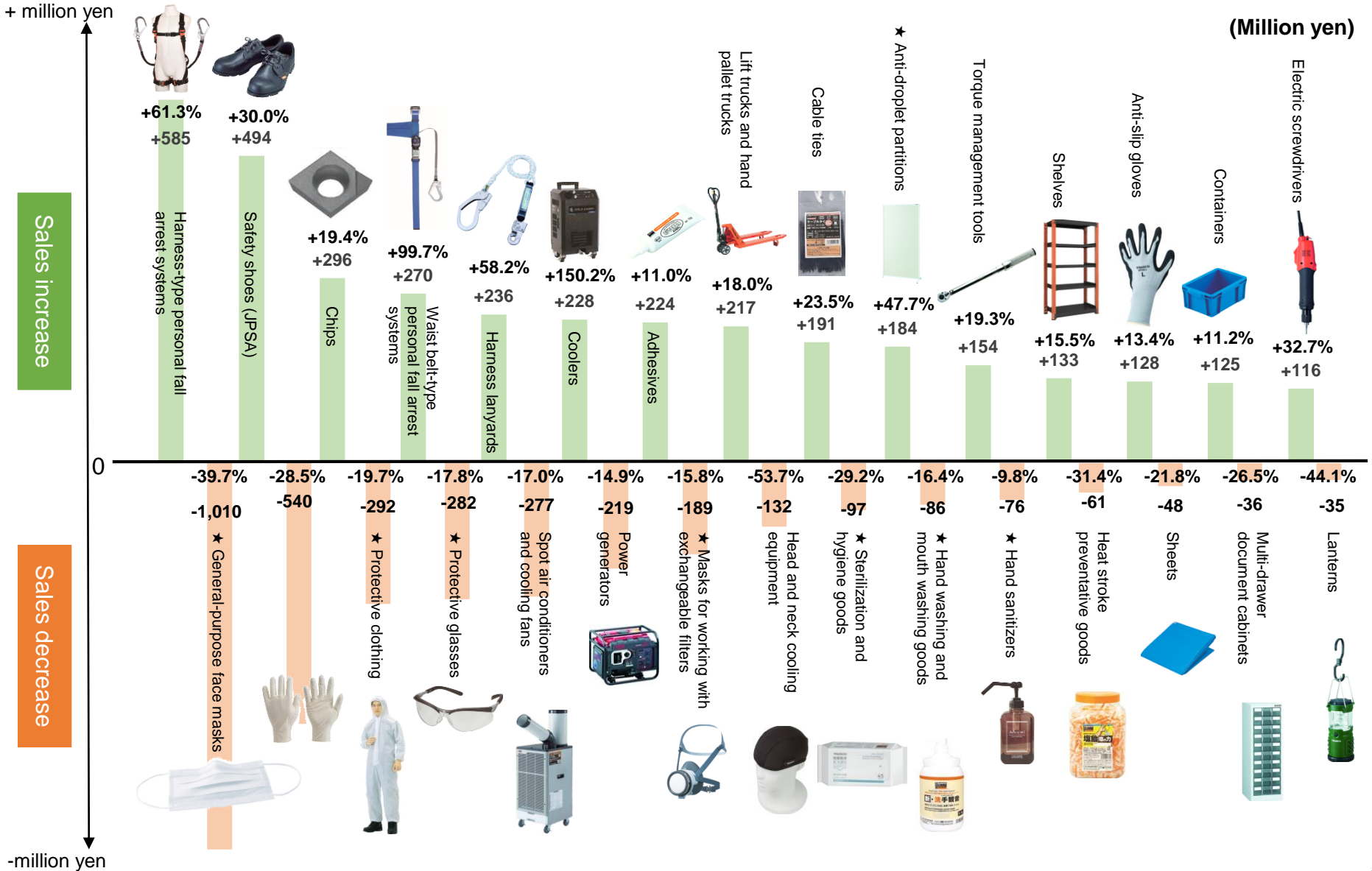
| Category of goods (large category)    | Medium category                                   | Trusco's sales | Share | YoY Change | Gross profit margin | Category of goods (large category)              | Medium category                               | Trusco's sales              | Share | YoY Change | Gross profit margin |      |
|---------------------------------------|---|----------------|-------|------------|---------------------|---|---|-----------------------------|-------|------------|---------------------|------|
| 1. Cutting tools<br>3.1               | (1) Cutting tools                                 | 3,470          | 1.5   | +17.3      | 11.3                | 6. Environmental safety equipment<br>17.6       | (25) Protective equipment                     | 21,598                      | 9.4   | +3.0       | 23.2                |      |
|                                       | (2) Drilling and thread cutting tools             | 3,751          | 1.6   | +5.0       | 22.2                |   | (26) Safety goods                             | 9,862                       | 4.3   | +9.4       | 25.6                |      |
| 2. Production processing goods<br>7.6 | (3) Measurement equipment                         | 9,018          | 3.9   | +7.8       | 15.8                |   | (27) Environment improvement goods            | 2,022                       | 0.9   | +11.4      | 19.6                |      |
|                                       | (4) Mechatronics                                  | 3,603          | 1.6   | +6.9       | 15.6                |   | (28) Air conditioning goods                   | 3,846                       | 1.7   | -3.4       | 15.3                |      |
|                                       | (5) Tools for machine tools                       | 2,136          | 0.9   | +6.3       | 23.6                |   | (29) Disaster and crime prevention goods      | 1,153                       | 0.5   | +28.8      | 21.0                |      |
|                                       | (6) Electronic machinery                          | 2,604          | 1.1   | +7.8       | 11.1                |   | (30) Closets and exterior goods               | 1,932                       | 0.8   | +7.5       | 19.9                |      |
| 3. Construction goods<br>11.5         | (7) Hydraulic tools                               | 1,861          | 0.8   | +2.4       | 11.5                |   | 7. Distribution and storage equipment<br>11.0 | (31) Loading goods          | 7,158 | 3.1        | +6.3                | 17.5 |
|                                       | (8) Pumps   | 3,325          | 1.5   | +5.7       | 16.4                |   |   | (32) Conveyors              | 1,128 | 0.5        | +2.6                | 15.8 |
|                                       | (9) Welding equipment                             | 2,122          | 0.9   | +5.4       | 17.9                |   |   | (33) Transportation goods   | 9,506 | 4.2        | +14.6               | 22.8 |
|                                       | (10) Painting and interior goods                  | 2,352          | 1.0   | +4.7       | 25.8                |   |   | (34) Containers and vessels | 3,747 | 1.6        | +10.1               | 30.6 |
|                                       | (11) Civil engineering and building goods         | 2,467          | 1.1   | -0.3       | 12.8                | (35) Steel shelves                              |   | 3,609                       | 1.6   | +10.8      | 26.9                |      |
|                                       | (12) Ladders and stepladders                      | 3,063          | 1.3   | +6.6       | 22.0                | 8. Research management equipment<br>4.3         | (36) Tool wagons                              | 944                         | 0.4   | +5.1       | 28.7                |      |
|                                       | (13) Piping and materials of electronic equipment | 3,876          | 1.7   | +13.6      | 23.2                |   | (37) Storage and management goods             | 1,239                       | 0.5   | +12.5      | 31.4                |      |
|                                       | (14) Component, hardware, and building materials  | 7,222          | 3.2   | +9.4       | 27.1                |   | (38) Work benches                             | 1,548                       | 0.7   | +17.2      | 30.3                |      |
| 4. Work supply<br>18.6                | (15) Cutting goods                                | 1,447          | 0.6   | +8.8       | 21.8                |   | (39) Stainless goods                          | 1,893                       | 0.8   | +6.4       | 18.3                |      |
|                                       | (16) Grinding and polishing goods                 | 7,125          | 3.1   | +5.2       | 23.1                | (40) Research and development-related goods     | 4,241   | 1.9                         | +0.3  | 18.7       |                     |      |
|                                       | (17) Chemical products                            | 21,656         | 9.5   | +7.6       | 21.7                | 9. Office and housing facility equipment<br>9.1 | (41) Cleaning utensils                        | 6,144                       | 2.7   | +7.7       | 21.8                |      |
|                                       | (18) Miscellaneous goods for factories            | 3,887          | 1.7   | +4.7       | 16.2                |   | (42) Stationery                               | 2,297                       | 1.0   | +15.9      | 19.3                |      |
|                                       | (19) Packing and binding goods                    | 5,574          | 2.4   | +12.4      | 31.3                |   | (43) Office miscellaneous goods               | 3,093                       | 1.4   | +2.1       | 27.0                |      |
|                                       | (20) Casters                                      | 2,903          | 1.3   | +8.2       | 18.3                |   | (44) Electric appliances                      | 3,282                       | 1.4   | +0.7       | 22.3                |      |
| 5. Hand tool<br>16.5                  | (21) Electric power tools and accessories         | 10,014         | 4.4   | +7.3       | 14.6                |   | (45) OA business machinery                    | 2,013                       | 0.9   | +21.6      | 25.8                |      |
|                                       | (22) Pneumatic tools and accessories              | 6,232          | 2.7   | +8.3       | 18.1                |   | (46) Office furniture                         | 3,616                       | 1.6   | +2.8       | 24.7                |      |
|                                       | (23) Tools for manual work                        | 19,530         | 8.5   | +11.1      | 21.3                |   | (47) Interior goods                           | 319                         | 0.1   | +20.7      | 17.8                |      |
|                                       | (24) Tool boxes                                   | 1,906          | 0.8   | +8.7       | 29.9                |   | (48) Entire company                           | 1,552                       | 0.7   | -18.4      | -28.4               |      |
|                                       |   |                |       |            |                     | 10. Others<br>0.7                               |   |                             |       |            |                     |      |
| <b>Total</b>                          |   |                |       |            |                     |   |   | 228,906                     | 100.0 | +7.4       | 21.0                |      |

(Unit: million yen, %)

# B-(10) [Non-consolidated] Analysis of sales by category (small) for the FY ended December 2021

## Changes in sales for the FY ended December 2021

★: Coronavirus outbreak-related demand





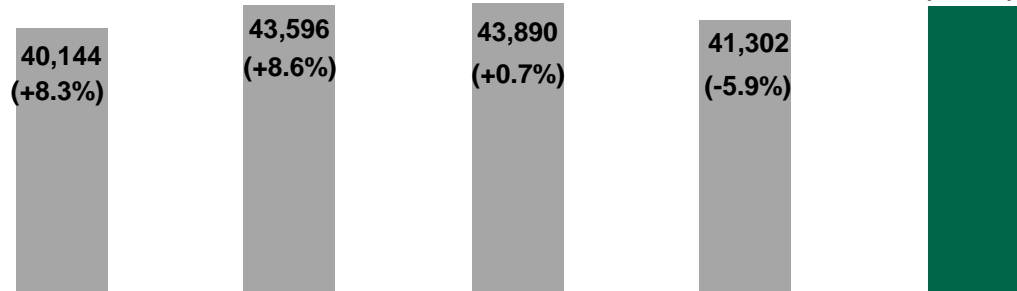
# B-(12) [Non-consolidated] Sales of private brand (PB) goods for the FY ended December 2021

For PB goods, demand for environmental safety equipment related to the prevention of COVID-19 infections paused. Other products achieved higher sales than in the previous year on the strength of a recovery in production activities.

## Change in sales of PB goods

Unit: million yen, ( ) YoY change

**43,445**  
(+5.2%)



## Private Brand (PB) goods

The Company's own brand, TRUSCO, is born out of an aspiration to provide professional quality to professional technologies. Introducing ideas where possible, the brand covers the widest variety of items among brands of consumables for factories. Approximately 10,000 new items have been developed annually.



Share

Gross profit margin

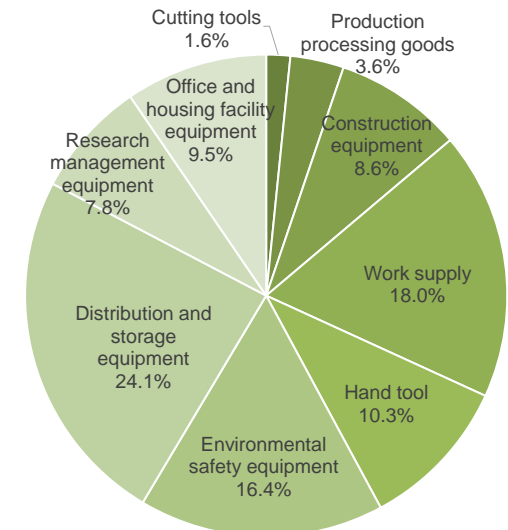
|                     | 2017  | 2018  | 2019  | 2020  | 2021  |
|---------------------|-------|-------|-------|-------|-------|
| Share               | 20.6% | 20.3% | 19.9% | 19.4% | 19.0% |
| Gross profit margin | 35.9% | 35.7% | 35.8% | 36.4% | 36.2% |

## Sales of PB goods by segment and by category of goods (Million yen)

\* Excluding the overseas route

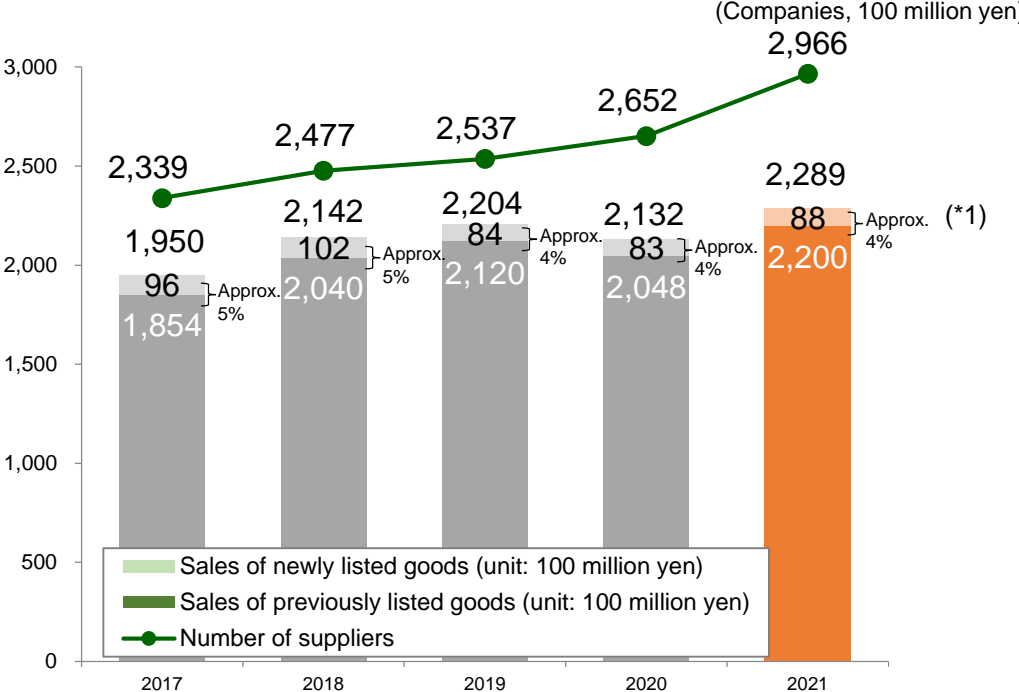
| Category of goods                     | Entire company      |              | Factory route       |              | e-business route    |               | Home center route   |              |
|---------------------------------------|---------------------|--------------|---------------------|--------------|---------------------|---------------|---------------------|--------------|
|                                       | Share               | 19.0%        | Share               | 19.3%        | Share               | 23.4%         | Share               | 5.2%         |
|                                       | Gross profit margin | 36.2%        | Gross profit margin | 36.2%        | Gross profit margin | 36.6%         | Gross profit margin | 31.3%        |
|                                       | Net sales           | YoY Change   | Net sales           | YoY Change   | Net sales           | YoY Change    | Net sales           | YoY Change   |
| <b>Total</b>                          | <b>43,445</b>       | <b>+5.2%</b> | <b>31,753</b>       | <b>+4.0%</b> | <b>10,452</b>       | <b>+10.4%</b> | <b>954</b>          | <b>-9.4%</b> |
| Cutting tools                         | 698                 | +3.0%        | 503                 | +3.2%        | 117                 | +1.4%         | 68                  | +1.8%        |
| Production processing goods           | 1,562               | +8.2%        | 1,134               | +6.5%        | 383                 | +13.7%        | 18                  | -13.1%       |
| Construction equipment                | 3,749               | +8.1%        | 2,676               | +5.5%        | 991                 | +15.9%        | 60                  | -0.5%        |
| Work supply                           | 7,816               | +6.1%        | 6,171               | +5.0%        | 1,508               | +10.8%        | 79                  | +0.0%        |
| Hand tool                             | 4,470               | +5.1%        | 3,148               | +4.2%        | 1,126               | +8.2%         | 120                 | -13.5%       |
| Environmental safety equipment        | 7,142               | -9.2%        | 5,408               | -9.2%        | 1,595               | -5.2%         | 118                 | -41.9%       |
| Distribution and storage equipment    | 10,478              | +12.2%       | 7,393               | +11.7%       | 2,596               | +16.2%        | 448                 | +0.2%        |
| Research management equipment         | 3,380               | +12.2%       | 2,508               | +9.1%        | 850                 | +22.6%        | 2                   | -15.1%       |
| Office and housing facility equipment | 4,142               | +7.1%        | 2,807               | +5.1%        | 1,281               | +11.9%        | 35                  | +29.3%       |
| Other                                 | 3                   | -24.7%       | 0                   | +1.0%        | 0                   | +0.0%         | 3                   | -24.7%       |

## PB sales ratio by category of goods

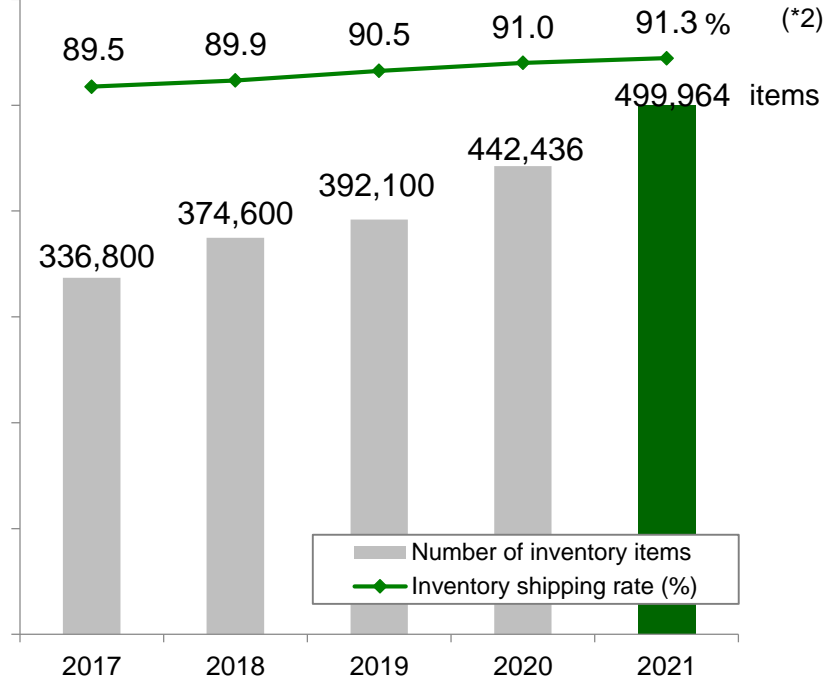


# C-(1) Number of suppliers, sales of newly listed goods, number of items in inventory, inventory shipping rate, number of sales accounts and number of companies

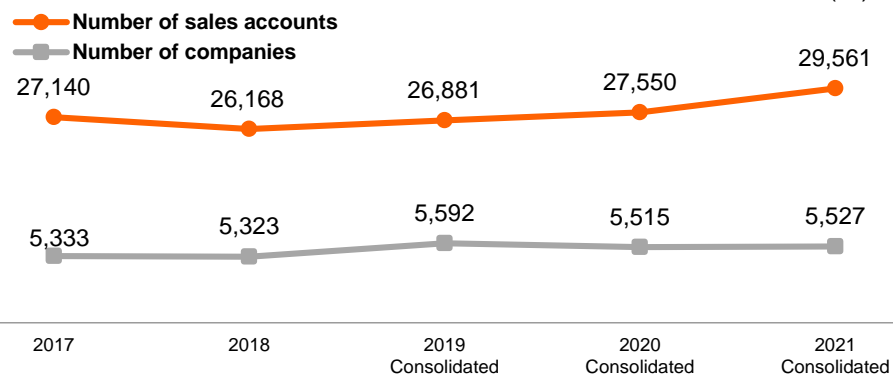
■ [Non-consolidated] Changes in the number of suppliers and sales of goods newly featured in the TRUSCO Orange Book



■ [Non-consolidated] Change in the number of inventory items and the inventory shipping rate



■ [Consolidated] Change in number of sales accounts and companies



\*1. Products newly listed in our product catalogue, TRUSCO Orange Book, for the relevant year account for approximately 4% of total sales.

\*2. Inventory shipping rate: Number of rows used for products shipped from inventory divided by the total number of rows used for orders.

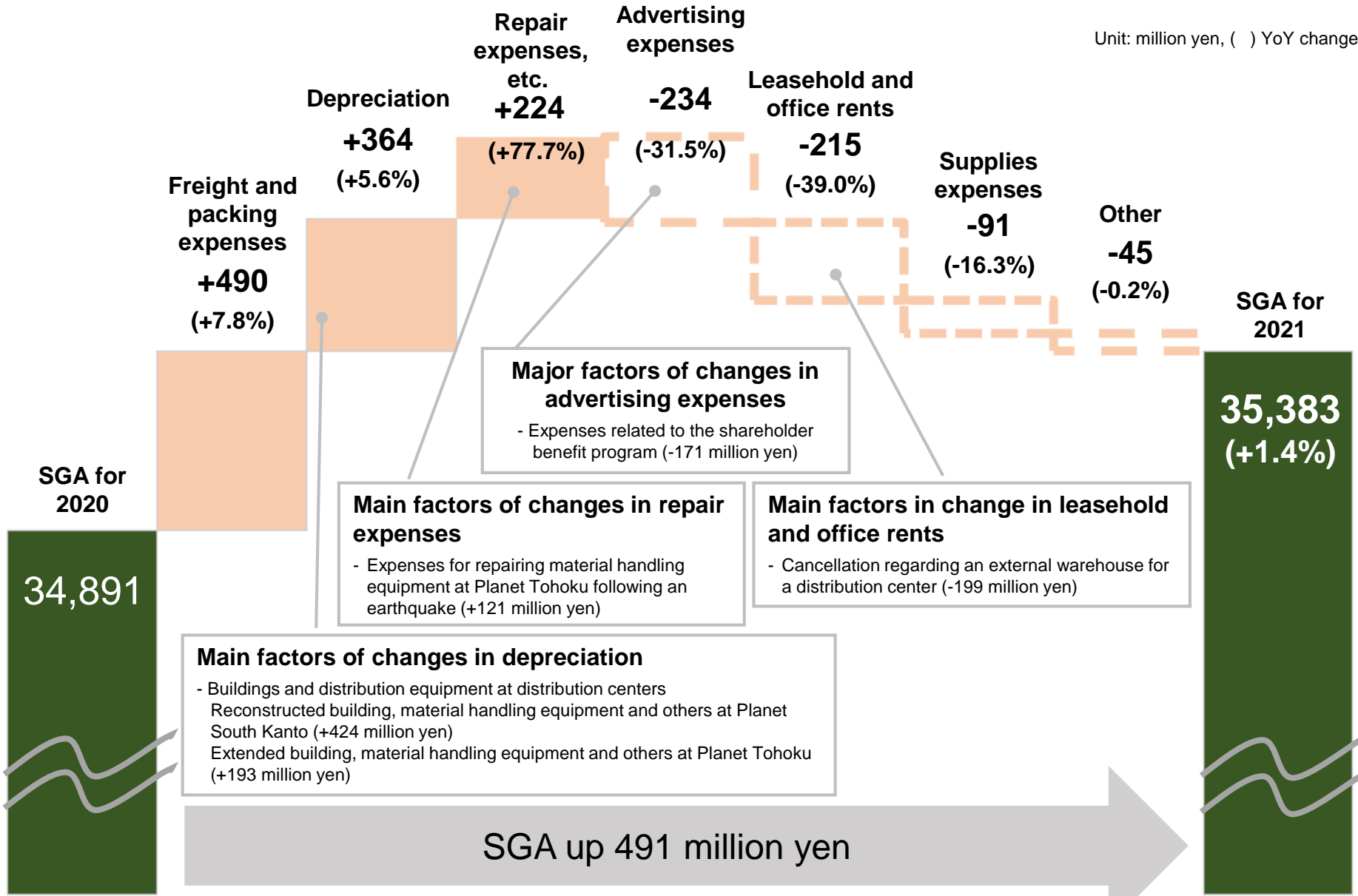
\*3. The number of accounts is experiencing an upward trend amid growth of transactions with corporate customers with multiple stores.

\* The numbers of companies and accounts including overseas subsidiaries are presented from 2019 onwards.



# D-(1) [Consolidated] Major changes in selling, general and administrative expenses (SGA) for the FY ended December 2021

Unit: million yen, ( ) YoY change



\* For details, see the next page.

# D-(2) [Consolidated] Details of selling, general and administrative expenses (SGA) for the FY ended December 2021

## I Details of selling, general and administrative expenses (SGA) (Unit: million yen, %)

## [Non-consolidated] Key Items

| No.   | FY ended December 2020 |                    | FY Ended December 2021 |                    | YoY Change (amount) | YoY Change |
|-------|------------------------|--------------------|------------------------|--------------------|---------------------|------------|
|       | Actual results         | Share in net sales | Actual results         | Share in net sales |                     |            |
| 1     | 12,107                 | 5.7                | <b>12,159</b>          | <b>5.3</b>         | +52                 | +0.4       |
| 2     | 6,565                  | 3.1                | <b>6,929</b>           | <b>3.0</b>         | +364                | +5.6       |
| 3     | 6,292                  | 2.9                | <b>6,782</b>           | <b>3.0</b>         | +490                | +7.8       |
| 4     | 2,378                  | 1.1                | <b>2,321</b>           | <b>1.0</b>         | -57                 | -2.4       |
| 5     | 2,140                  | 1.0                | <b>2,197</b>           | <b>1.0</b>         | +56                 | +2.7       |
| 6     | 1,349                  | 0.6                | <b>1,379</b>           | <b>0.6</b>         | +30                 | +2.2       |
| 7     | 744                    | 0.3                | <b>509</b>             | <b>0.2</b>         | -234                | -31.5      |
| 8     | 564                    | 0.3                | <b>472</b>             | <b>0.2</b>         | -91                 | -16.3      |
| 9     | 485                    | 0.2                | <b>472</b>             | <b>0.2</b>         | -13                 | -2.8       |
| 10    | 418                    | 0.2                | <b>404</b>             | <b>0.2</b>         | -13                 | -3.2       |
| 11    | 391                    | 0.2                | <b>400</b>             | <b>0.2</b>         | +9                  | +2.4       |
| 12    | 553                    | 0.3                | <b>337</b>             | <b>0.1</b>         | -215                | -39.0      |
| 13    | 347                    | 0.2                | <b>322</b>             | <b>0.1</b>         | -24                 | -7.1       |
| 14    | 237                    | 0.1                | <b>269</b>             | <b>0.1</b>         | +32                 | +13.8      |
| 15    | 20                     | 0.0                | <b>25</b>              | <b>0.0</b>         | +5                  | +25.0      |
| 16    | 15                     | 0.0                | <b>17</b>              | <b>0.0</b>         | +1                  | +9.8       |
| 17    | -8                     | -0.0               | <b>-132</b>            | <b>-0.1</b>        | -124                | —          |
| 18    | 288                    | 0.1                | <b>513</b>             | <b>0.2</b>         | +224                | +77.7      |
| Total | 34,891                 | 16.4               | <b>35,383</b>          | <b>15.4</b>        | +491                | +1.4       |

( ) YoY change (%)

- Buildings and distribution equipment at distribution centers  
Reconstructed building, material handling equipment and others at Planet South Kanto (+424 million yen)  
Extended building, material handling equipment and others at Planet Tohoku (+193 million yen)

- Impact of growth in shipping volume (+477 million yen)  
Increase in direct shipments to users (+259 million yen)  
Note: Fees for direct shipment to users are paid by the requesting client.  
=> 2,830,000 shipments (+600,000)  
[Reference]  
Number of chartered vehicles: 188 (unchanged from the end of previous fiscal year)  
117 vehicles (+7 from the end of previous fiscal year) for delivery by the Company's employees

· Expenses for initial actions related to the core system revamp in the previous year (-289 million yen)  
· Expenses related to new projects (+201 million yen)

- Expenses related to the shareholder benefit program (-171 million yen)  
· Expenses for issuance of the 60th anniversary publication (-28 million yen)

- Cancellation regarding an external warehouse for a distribution center (-199 million yen)

- Expenses for repairing material handling equipment at Planet Tohoku following an earthquake (+121 million yen)

# D-(3) [Consolidated] Balance Sheet for the FY ended December 2021

## Balance sheet

(As of December 31, 2021)

Million yen

| Item  | Amount         | Item   | Amount         |
|---|----------------|--|----------------|
| <b>(Assets)</b>                                     |                | <b>(Liabilities)</b>   |                |
| <b>Current assets</b>                               | <b>116,006</b> | <b>Current liabilities</b>   | <b>42,430</b>  |
| Cash and deposits                                   | 41,469         | Accounts payable - trade   | 16,526         |
| Accounts receivable                                 | 28,962         | Short-term borrowings  | 17,000         |
| Electronically recorded monetary claims - operating | 2,132          | Accounts payable - other   | 3,827          |
| Merchandise   | 42,627         | Income taxes payable   | 2,898          |
| Other   | 814            | Provision for bonuses  | 17             |
| Allowance for doubtful accounts                     | -1             | Other  | 2,160          |
| <b>Non-current assets</b>                           | <b>107,066</b> | <b>Non-current liabilities</b>                                       | <b>37,971</b>  |
| <b>Property, plant and equipment</b>                | <b>98,194</b>  | Long-term borrowings   | 35,000         |
| Buildings and structures                            | 50,340         | Long-term guarantee deposits   | 2,726          |
| Machinery, equipment and vehicles                   | 7,988          | Provision for retirement benefits for directors (and other officers) | 151            |
| Tools, furniture and fixtures                       | 1,743          | Other  | 94             |
| Land  | 37,895         | <b>Total liabilities</b>   | <b>80,402</b>  |
| Construction in progress                            | 226            | <b>(Net assets)</b>  |                |
| <b>Intangible assets</b>                            | <b>5,403</b>   | <b>Shareholders' equity</b>  | <b>142,477</b> |
| Software  | 5,150          | Capital stock  | 5,022          |
| Software in progress                                | 244            | Capital surplus  | 4,711          |
| Other   | 8              | Retained earnings  | 132,822        |
| <b>Investments and other assets</b>                 | <b>3,468</b>   | Treasury shares  | -78            |
| Investment securities                               | 2,967          | <b>Accumulated other comprehensive income</b>                        | <b>192</b>     |
| Deferred tax assets                                 | 34             | Valuation difference on available-for-sale securities                | 678            |
| Deferred tax assets for land revaluation            | 155            | Revaluation reserve for land   | -353           |
| Other   | 321            | Foreign currency translation adjustment                              | -133           |
| Allowance for doubtful accounts                     | -10            |  |                |
| <b>Total assets</b>                                 | <b>223,072</b> | <b>Total net assets</b>  | <b>142,669</b> |
|   |                | <b>Liabilities / Total net assets</b>                                | <b>223,072</b> |

## Statement of cash flows

(Million yen)

|   | 2020   | 2021   | Change  |
|---|--------|--------|---------|
| Cash flows from operating activities                        | 15,068 | 15,926 | +858    |
| Cash flows from investing activities                        | -8,743 | -4,596 | +4,146  |
| Cash flows from financing activities                        | 7,722  | -2,243 | -9,965  |
| Effect of exchange rate change on cash and cash equivalents | -33    | 18     | +52     |
| Net increase (decrease) in cash and cash equivalents        | 14,014 | 9,105  | -4,908  |
| Cash and cash equivalents at beginning of period            | 18,330 | 32,344 | +14,014 |
| Cash and cash equivalents at end of period                  | 32,344 | 41,449 | +9,105  |

**Equity ratio: 64.0%**

### Balance Sheet

(i) Inventory value

While increasing the number of items we handle, we adjust the volume of stock at our distribution centers across the country for individual items in consideration of regional peculiarities and sales frequency regarding these items.

(ii) Non-current assets

We practice management with assets. We own distribution centers, the foundation of our business, a head office building, branches and data centers as well as trucks for delivery and other vehicles for business operations.

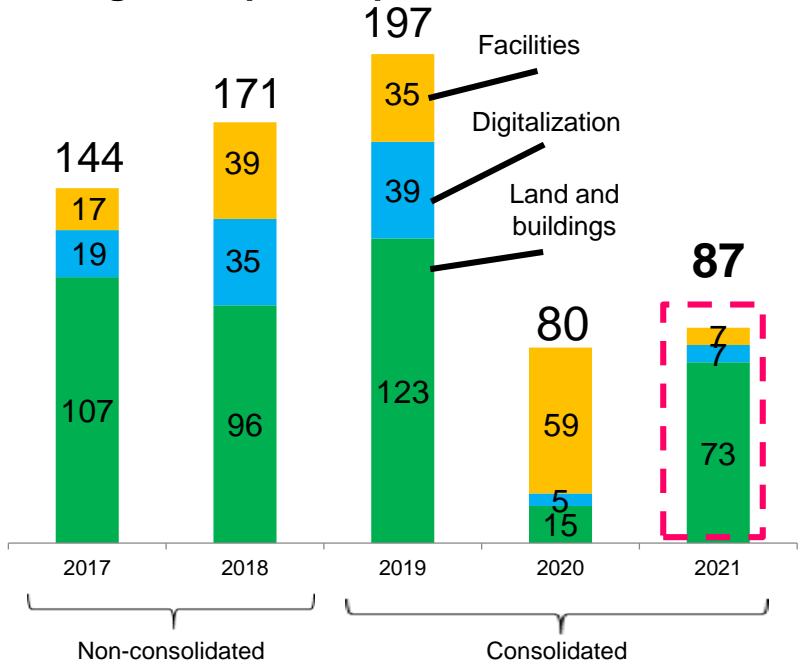
# D-(4) [Consolidated] Capital expenditures for the FY ended December 2021

## Major past and future capital expenditures

Actual capital expenditures for FYE December 31, 2021: **8,799 million yen**

| Details of major capital expenditures (Unit: million yen) |   |  | 2021 Actual expenditures | 2022 Expected expenditures |
|---|---|--|--------------------------|----------------------------|
| Land and buildings  | Distribution centers  | Planet Aichi construction, HC East Japan Distribution Center relocation, Planet East Japan extension, Planet Osaka Second Warehouse extension and others | 1,584                    | 3,630                      |
|   | Other   | Purchases for the Osaka Head Office, purchases for the company dormitory, and others   | 5,721                    | -                          |
| Facilities  | Planet Saitama  | Addition of I-Pack® systems, introduction of picking robots to AutoStore, introduction of autonomous mobile robots (AMRs) and others                     | 588                      | 333                        |
|   | Other   | Introduction and addition of different equipment to distribution centers, stock centers and others   | 148                      | 296                        |
| IT systems  | Renovation of internal and external websites, including Sterra, Orange Commerce and attendance management systems and renovation of other systems |  | 758                      | 3,950                      |
|   | Development of Cross as a new e-commerce site, strengthening of distribution network, AI development for demand forecast and others               |  |                          |                            |
| Annual capital expenditures                               |   |  | 8,799                    | 8,209                      |

## 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 59th business year represent values on a cash-out basis.

For FYE December 31, 2022, depreciation of approx. 6,800 million yen (down 70 million yen year on year) is planned.

## D-(5) Major ongoing capital expenditures (1)

### ■ Increase in distribution capacity of Planet Saitama

#### 1. Adding one line with the I-Pack® automated high-speed packaging system

=> A line has been added with the system that can pack small items that are in high demand.

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

**Actual expenditures for the 59th business year: Approx. 270 million yen**

I-Pack introduced to: a total of six lines, namely three at Planet Saitama and one at Planet Tohoku, Planet Tokai and Planet Osaka each



#### 2. Introducing a palletizing robot

=> It is a robot that performs loading and unloading processes. It is used mainly for sorting items packed by the I-Pack® system to improve accuracy and work quality.

Sorting capacity: 300 items per hour Number of unit introduced: 1

**Expected expenditures for the 60th business year: Approx. 100 million yen**



#### 3. Introducing automated mobile robots (AMRs)

=> They are used at the time of conveying pallets after a particularly burdensome work of shipping large items or a large number of items to help reduce labor and work man-hours.

Straight running speed: 5.8 km/h Number of units introduced: 11

**Expected expenditures for the 60th business year: Approx. 150 million yen**





## D-(6) Major ongoing capital expenditures (2)

### Plans for construction, extension and relocation of distribution centers and company buildings



#### 1. Construction of Planet Aichi

- Location: Kita-Nagoya-shi, Aichi Prefecture (Land readjustment project site in the West of Okimura in Kita-Nagoya)
- Site area: 12,595 tsubo
- Expenditures until the 60th business year: Approx. 3,410 million yen
- Monthly land rent: Approx. 5.7 million yen
- Total expenditure: Approx. 20,000 million yen (being planned)

Simulations are currently underway to determine the layout of logistics equipment on the acquired land for maximizing efficiency in an effort to optimize the inside of the warehouse.



#### 2. Relocation of HC East Japan Distribution Center

- Location: Fukujimashinden, Sanjo-shi, Niigata Prefecture
- Site area: 7,958 tsubo
- Expenditures until the 60th business year: Approx. 380 million yen
- Total expenditure: Approx. 5,000 million yen (being planned)

After increasing inventories, the existing facility of the HC East Japan Distribution Center became insufficient in size. It is therefore relocated to the neighboring site. The new HC East Japan Distribution Center will hold inventories of not only goods for general hardware mass discounters but also items supplied from overseas by taking advantage of its location alongside the sea.



#### 3. Extension at Planet East Kanto

- Location: Matsudo-shi, Chiba Prefecture (At the location of the existing Planet South Kanto)
- Extension area: 1,821 tsubo
- Expenditures until the 60th business year: Approx. 1,300 million yen

At the site adjacent to the existing Planet East Kanto, a new facility for storing inventories is added. In the extended part, an automated pallet warehouse will be introduced to house approximately 4,600 pallets.

## E-(1) Management plan for the 60th business year

(Unit: million yen, %)

|   | Actual results for FYE<br>December 31, 2021 | Plan for FYE<br>December 31, 2022* | Share (%) | Year-on-year<br>change (%) |
|---|---|------------------------------------|-----------|----------------------------|
| <b>Net sales</b><br>(before application of the Revenue<br>Recognition Standard) | 229,342                                     | <b>243,500</b><br>(246,169)        | —         | —<br>(+7.3)                |
| <b>Gross profit</b>   | 48,275                                      | <b>51,720</b>                      | 21.2      | —                          |
| <b>Selling, general and<br/>administrative expenses (SGA)</b>                   | 35,383                                      | <b>37,470</b>                      | 15.4      | —                          |
| <b>(depreciation included in SGA)</b>   | 6,929                                       | <b>6,853</b>                       | 2.8       | —                          |
| <b>Operating income</b>   | 12,891                                      | <b>14,250</b>                      | 5.9       | —                          |
| <b>Ordinary income</b>  | 13,572                                      | <b>14,600</b>                      | 6.0       | —                          |
| <b>Profit attributable to owners of<br/>parent</b>                              | 11,603                                      | <b>9,960</b>                       | 4.1       | —                          |
| <b>Dividend per share</b>   | 35円50銭                                      | <b>38円00銭</b>                      | —         | —                          |

- Because the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29), etc. will be applied from the beginning of fiscal year ending December 31, 2022, the above consolidated financial forecasts represent figures after applying the Accounting Standard for Revenue Recognition. For this reason, percentage changes from the previous fiscal year and from the same quarter in the previous fiscal year are not stated.
- Without the application of the accounting standard in question, the planned consolidated net sales figure for the 60th business year (FYE December 31, 2022) is 246,169 million yen (higher by 7.3% than for the previous fiscal year).

This management plan represents the estimation the Company made when this material was prepared. The Company does not guarantee the accuracy of information contained herein. Actual business performance and results may differ from the forecast due to various factors.

## E-(2) [Consolidated] Management plan by segment for the 60th business year

### Management plan by segment

(Unit: million yen, %)

|                   | Actual results for FYE<br>December 31, 2021 | Plan for FYE<br>December 31, 2022* | Year-on-year<br>change (%) |
|-------------------|---|------------------------------------|----------------------------|
| Factory route     | 164,605                                     | 171,782                            | —                          |
| e-business route  | 44,668                                      | 50,097                             | —                          |
| Home center route | 18,373                                      | 19,455                             | —                          |
| Overseas route    | 1,694                                       | 2,164                              | —                          |
| <b>Total</b>      | <b>229,342</b>                              | <b>243,500</b>                     | <b>—</b>                   |

Because the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29), etc. will be applied from the beginning of fiscal year ending December 31, 2022, the above consolidated financial forecasts represent figures after applying the Accounting Standard for Revenue Recognition. For this reason, percentage changes from the previous fiscal year and from the same quarter in the previous fiscal year are not stated.

This management plan represents the estimation the Company made when this material was prepared. The Company does not guarantee the accuracy of information contained herein. Actual business performance and results may differ from the forecast due to various factors.



## E-(3) [Consolidated] Selling, general and administrative expenses (SGA) for 2022

**Forecast for the 60th business year: 37,470 million yen\***

**Principal details are as follows.**

( ) YoY change

### Factors for increase

**(1) Freight and packing expenses: 7,231 million yen (Up 6.6% or 449 million yen)**

- (i) Shipment volume is forecasted to rise following a sales increase.
- (ii) Shipment volume is expected to increase after stepping up efforts for direct shipments to users in separate segments.

\* The fares for direct shipment to users are at the expense of customers.

**(2) Commission fee: 2,593 million yen (Up 11.7% or 271 million yen)**

- (i) Construction of intranet (introduction of Office 365)
- (ii) Strengthening of core systems

**(3) Salary and bonus: 12,375 million yen (Up 1.8% or 215 million yen)**

- (i) Eighty-three new employees have joined the Company for FYE December 31, 2022, up 40 from the previous year.
- (ii) Salary will rise due to employment of part-time workers in the previous fiscal year although the number of employees is expected to remain flat.

### Factors for decrease

**Depreciation: 6,853 million yen (Down 1.1% or 76 million yen)**

A slight decrease is expected due to limited large investments in the previous fiscal year.

Because the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29), etc. will be applied from the beginning of fiscal year ending December 31, 2022, the above consolidated financial forecasts represent figures after applying the Accounting Standard for Revenue Recognition. For this reason, percentage changes from the previous fiscal year and from the same quarter in the previous fiscal year are not stated.

## F-(1) TRUSCO's sustainability (1)

### I Basic policy

#### ~ TSV (TRUSCO Shared Value) ~

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

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

### I Material issues

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 reduce 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-(2) TRUSCO's sustainability (2)

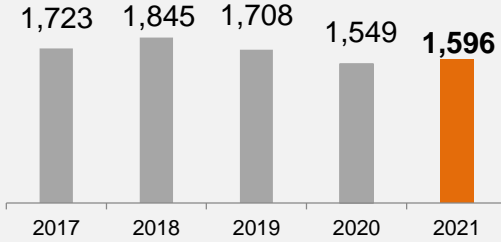
## Environmental actions through business activities

The Company works to reduce the environmental impact of its business activities, plans and develops environmentally friendly private brand goods and actively implements recycle-reuse-returnable practices. It strives to reduce the environmental impact of the overall supply chain, involving not only itself but also users of its products, with the aim of establishing sustainable distribution. This initiative is called TRUSCO Shared Value (TSV) inside the Company with a view to raising awareness and recognition among individual employees.

### Repair workshop "Naojiro"

Generally, it is common that who you should ask to repair a product varies depending on the category of the product. Naojiro is a one-stop gateway to repair services. 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. This service is based on fixed-cost distribution that 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.

Sales of repair services (million yen)



### TRUSCO power generation installations (at 19 locations in Japan)

The installation of private power generation systems is in progress on the roofs and walls of distribution center, branch office and head office buildings. The Company will continue installing solar panels on newly constructed company buildings to increase its renewable energy power capacity to 3,500 kW by 2025.

- Annual total power generation: 2,604,757 kWh
- Renewable energy power self-sufficiency rate: 16.5%

### Distribution with no waste emissions

The Company puts ordered goods in foldable containers and fills space with its independently developed shock-absorbing material commercialized under its TRUSCO brand as Return Cushion when shipping goods to clients in distance locations. These containers and materials can be used repeatedly. The Company use them to reduce waste.



▲ TRUSCO Return Cushion for 20 liters (yellow) (TRC-20L-Y)

### Environmental features of TRUSCO products

In product planning and development under its TRUSCO brand, the Company determines environmental standards such as energy efficiency, waste reduction and long useful product lifespans. Its product development considers the environment in all phases, including product design, use and disposal. For existing goods, the Company revises containers and packages. Reducing the volumes of packages and discontinuing sets of a dozen items to increase carrying efficiency and to cut resources for containers and packages.

TRUSCO Keyless Drill Chuck  
Models: TDC-250 and others

The package has been changed from a blister pack to a plastic-free paper box. That has reduced CO2 emissions associated with the manufacturing of packages by around 5% and those associated with package disposals by around 50%.



Example of revision to the package of TRUSCO goods

# F-(3) TRUSCO Skill Matrix (announced on December 17, 2021)

Integrated with the conventional evaluation system, the Open Judge System, to create an original evaluation system

## About TRUSCO Skill Matrix

The Company understands that the President's most important skill is to devise strategies, measures and systems. The Company discloses the strategies, measures and systems devised by its President as a business manager aiming for original management. Firmly established in the Company through years of implementation, the Open Judge System is used in addition to evaluations of whether or not individual Directors, including Senior Executive Officers and Auditors, have 11 different skills on the basis of their experience and achievements. That increases the fairness and objectiveness of evaluations. With respect to the evaluation of the President under the OJS, the results of voting by shareholders attending at the Shareholders' Meeting is disclosed as a key evaluation indicator (President OJS).

## Open Judge System (OJS)

It is a mutual personnel evaluation system for all employees. It has been introduced for the purpose of conducting evaluations with a high level of fairness and objectiveness.

### オープンジャッジシステム (OJS=360度評価)

多角的な視点からの  
客観的な評価

### 一般的な スキルマトリックス

経験・実績があり、  
貢献を期待する主な分野

#### TRUSCO スキルマトリックス

当社は経営上で必要なスキルと従来から実施しているオープンジャッジシステム(OJS=360度評価)を組み合わせ、取締役のスキルマトリックスを「T字型」で表現しました。当社では代表取締役社長の最も重要なスキルは戦略や施策、制度の発案であると考えています。代表取締役社長については独断経営を目指す経営者として発案した戦略、施策、制度を開示しています。取締役・監査役については経験や実績から判断した11項目のスキルの有無に加え、長年の長期運用の中でしっかりと当社に貢献したオープンジャッジシステム(OJS=360度評価)を活用することで、評価の公平性と客観性を高めています。代表取締役社長のOJSについては、株主総会にご出席された株主様からの投票結果を重要な評価指標(社長OJS)として開示しています。

一般的な  
スキルマトリックス

経験・実績があり、  
貢献を期待する主な分野

オープンジャッジシステム  
(OJS=360度評価)

多角的な視点からの  
客観的な評価

【オープンジャッジシステム(OJS=360度評価)による役員評価制度について】

部長以上の役員は多角的に評価を受ける人事評価制度を導入しています。役員は自身の仕事への姿勢をみて、各評定(1点満点(合計24点満点))で対象者に投票します。投票結果に加え、日頃の行動、判断力、問題解決力なども考慮して評価や格別の判断基準としています。

投資の構成について

1. 1期発行比率

43%

2. 2期発行比率

100%

3. 3年発行比率

10%

| 代表取締役社長 |         | 社長OJS |       |      |  |
|---------|---------|-------|-------|------|--|
| 氏名      | 株主総会出席率 | 支持率   | 有効投票数 | 賛成   |  |
| 中山 哲也   | 324名    | 98.4% | 308票  | 303票 |  |

※有効投票率、支持率、賛成は代表取締役社長の投票結果のみを算出の上、100%計算しております。有効投票数と賛成は有効投票者によるものです。

| オープンジャッジシステム (OJS=360度評価) (4点×6項目合計24点満点) |         |     |       |            |                    | 経験・実績が求められる分野   |               |      |     |          |       |                |            |    |     |               |   |   |   |   |   |   |   |   |
|---|---------|-----|-------|------------|--------------------|-----------------|---------------|------|-----|----------|-------|----------------|------------|----|-----|---------------|---|---|---|---|---|---|---|---|
| 事業を拡大した<br>経験力                            | マネジメント力 | 協働力 | 問題解決力 | コミュニケーション力 | 取組姿勢<br>(努力・成果・貢献) | 取締役<br>(上席執行役員) |               |      |     |          |       |                |            |    |     |               |   |   |   |   |   |   |   |   |
|   |         |     |       |            |                    | 企業経営            | 営業<br>マーケティング | 商品開発 | 顧客  | IT/ITAFF | 財務・会計 | 人事<br>人材開発     | IT<br>デジタル | 環境 | CSR | グローバル<br>ビジネス |   |   |   |   |   |   |   |   |
| 3.3                                       | 3.2     | 2.5 | 3.3   | 3.4        | 3.2                | 19.0<br>(+0.1)  | ●             | ●    | ●   | ●        | ●     | ●              | ●          | ●  | ●   | ●             | ● | ● | ● | ● | ● | ● |   |   |
| 3.5                                       | 3.1     | 3.3 | 3.3   | 3.1        | 3.0                | 19.4<br>(+0.2)  | ●             | ●    | ●   | ●        | ●     | ●              | ●          | ●  | ●   | ●             | ● | ● | ● | ● | ● | ● |   |   |
| 3.1                                       | 2.9     | 2.8 | 3.2   | 3.1        | 3.1                | 18.2<br>(+0.3)  | ●             | ●    | ●   | ●        | ●     | ●              | ●          | ●  | ●   | ●             | ● | ● | ● | ● | ● | ● |   |   |
| 3.4                                       | 3.0     | 3.2 | 3.2   | 3.3        | 3.2                | 19.4<br>(+0.3)  | ●             | ●    | ●   | ●        | ●     | ●              | ●          | ●  | ●   | ●             | ● | ● | ● | ● | ● | ● |   |   |
| 社外取締役にはOJSを実施していません。                      |         |     |       |            |                    | ●               | ●             | ●    | ●   | ●        | ●     | ●              | ●          | ●  | ●   | ●             | ● | ● | ● | ● | ● | ● |   |   |
| コンプライアンス                                  |         |     |       |            |                    | 3.1             | 2.9           | 2.9  | 2.7 | 2.9      | 3.1   | 17.5<br>(+0.3) | ●          | ●  | ●   | ●             | ● | ● | ● | ● | ● | ● | ● | ● |
| 非執行役員にはOJSを実施していません。                      |         |     |       |            |                    | 3.1             | 2.9           | 3.1  | 2.9 | 3.1      | 3.0   | 18.1<br>(+0.3) | ●          | ●  | ●   | ●             | ● | ● | ● | ● | ● | ● | ● | ● |

For details, go to: <http://www.trusco.co.jp/csr/skillmatrix.html>

Reference 3: [Consolidated] Quarterly business performance for the FY ended December 2021 (Quarterly)

■ Fiscal year ended December 31, 2021 [Quarterly]

(Unit: million yen, %)

|  |                | 1st Quarter (+1 day)    |       |            | 2nd Quarter (±0 day)    |       |            | 3rd Quarter (±0 day)    |       |            | 4th Quarter (±0 day)    |       |            |
|--|----------------|-------------------------|-------|------------|-------------------------|-------|------------|-------------------------|-------|------------|-------------------------|-------|------------|
|  |                | Budget / Actual results | Share | YoY Change | Budget / Actual results | Share | YoY Change | Budget / Actual results | Share | YoY Change | Budget / Actual results | Share | YoY Change |
| Net sales  | Budget         | 58,121                  | 100.0 | +1.1       | 55,949                  | 100.0 | +9.9       | 54,981                  | 100.0 | +9.2       | 58,811                  | 100.0 | +7.6       |
|  | Actual results | 58,246                  | 100.0 | +1.3       | 55,642                  | 100.0 | +9.3       | 54,819                  | 100.0 | +8.9       | 60,634                  | 100.0 | +10.9      |
| Gross profit                                       | Budget         | 12,516                  | 21.5  | -0.3       | 12,474                  | 22.3  | +10.0      | 11,664                  | 21.2  | +10.1      | 12,555                  | 21.3  | +10.0      |
|  | Actual results | 12,543                  | 21.5  | -0.1       | 12,099                  | 21.7  | +6.7       | 11,111                  | 20.3  | +4.9       | 12,520                  | 20.6  | +9.7       |
| Selling, general and administrative expenses (SGA) | Budget         | 8,811                   | 15.2  | -4.4       | 8,899                   | 15.9  | +4.5       | 8,790                   | 16.0  | +2.0       | 8,845                   | 15.0  | +3.6       |
|  | Actual results | 8,752                   | 15.0  | -5.1       | 8,664                   | 15.6  | +1.8       | 8,877                   | 16.2  | +3.0       | 9,088                   | 15.0  | +6.5       |
| Operating income                                   | Budget         | 3,705                   | 6.4   | +11.0      | 3,575                   | 6.4   | +26.6      | 2,874                   | 5.2   | +45.4      | 3,710                   | 6.3   | +28.8      |
|  | Actual results | 3,790                   | 6.5   | +13.6      | 3,434                   | 6.2   | +21.6      | 2,234                   | 4.1   | +13.0      | 3,431                   | 5.7   | +19.2      |
| Ordinary income                                    | Budget         | 3,943                   | 6.8   | +16.5      | 3,807                   | 6.8   | +26.3      | 2,958                   | 5.4   | +43.7      | 3,805                   | 6.5   | +22.8      |
|  | Actual results | 3,995                   | 6.9   | +18.0      | 3,695                   | 6.6   | +22.6      | 2,322                   | 4.2   | +12.8      | 3,558                   | 5.9   | +14.8      |
| Quarterly profit attributable to owners of parent  | Budget         | 2,725                   | 4.7   | +17.4      | 2,615                   | 4.7   | +29.9      | 2,034                   | 3.7   | +47.3      | 4,489                   | 7.6   | +95.8      |
|  | Actual results | 2,712                   | 4.7   | +16.9      | 2,524                   | 4.5   | +25.4      | 2,242                   | 4.1   | +62.5      | 4,123                   | 6.8   | +79.8      |

\* The budget figures for the first and second quarters represent the budget after the revision announced on March 15, 2021 and the figures for the fourth quarter are the budget after the revision announced on November 1, 2021.

Reference 4: [Consolidated] Quarterly business performance for the FY ended December 2021 (Cumulative)

■ Fiscal year ended December 31, 2021 [Cumulative]

(Unit: million yen, %)

|  |                | 1st Quarter (+1 day)    |       |            | 2nd Quarter (+1 day)    |       |            | 3rd Quarter (+1 day)    |       |            | Full year (+1 day)      |       |            |
|--|----------------|-------------------------|-------|------------|-------------------------|-------|------------|-------------------------|-------|------------|-------------------------|-------|------------|
|  |                | Budget / Actual results | Share | YoY Change | Budget / Actual results | Share | YoY Change | Budget / Actual results | Share | YoY Change | Budget / Actual results | Share | YoY Change |
| Net sales  | Budget         | 58,121                  | 100.0 | +1.1       | 114,070                 | 100.0 | +5.2       | 169,051                 | 100.0 | +6.5       | 227,520                 | 100.0 | +6.6       |
|  | Actual results | 58,246                  | 100.0 | +1.3       | 113,888                 | 100.0 | +5.1       | 168,708                 | 100.0 | +6.3       | 229,342                 | 100.0 | +7.5       |
| Gross profit                                       | Budget         | 12,516                  | 21.5  | -0.3       | 24,990                  | 21.9  | +4.6       | 36,654                  | 21.7  | +6.3       | 48,310                  | 21.2  | +5.2       |
|  | Actual results | 12,543                  | 21.5  | -0.1       | 24,643                  | 21.6  | +3.1       | 35,754                  | 21.2  | +3.7       | 48,275                  | 21.0  | +5.2       |
| Selling, general and administrative expenses (SGA) | Budget         | 8,811                   | 15.2  | -4.4       | 17,710                  | 15.5  | -0.1       | 26,500                  | 15.7  | +0.6       | 35,140                  | 15.4  | +0.7       |
|  | Actual results | 8,752                   | 15.0  | -5.1       | 17,417                  | 15.3  | -1.8       | 26,294                  | 15.6  | -0.2       | 35,383                  | 15.4  | +1.4       |
| Operating income                                   | Budget         | 3,705                   | 6.4   | +11.0      | 7,280                   | 6.4   | +18.2      | 10,154                  | 6.0   | +24.8      | 13,170                  | 5.8   | +19.5      |
|  | Actual results | 3,790                   | 6.5   | +13.6      | 7,225                   | 6.3   | +17.3      | 9,459                   | 5.6   | +16.2      | 12,891                  | 5.6   | +17.0      |
| Ordinary income                                    | Budget         | 3,943                   | 6.8   | +16.5      | 7,750                   | 6.8   | +21.1      | 10,708                  | 6.3   | +26.6      | 13,820                  | 6.1   | +19.6      |
|  | Actual results | 3,995                   | 6.9   | +18.0      | 7,691                   | 6.8   | +20.2      | 10,014                  | 5.9   | +18.4      | 13,572                  | 5.9   | +17.4      |
| Quarterly profit attributable to owners of parent  | Budget         | 2,725                   | 4.7   | +17.4      | 5,340                   | 4.7   | +23.2      | 7,374                   | 4.4   | +29.0      | 11,970                  | 5.3   | +49.5      |
|  | Actual results | 2,712                   | 4.7   | +16.9      | 5,237                   | 4.6   | +20.8      | 7,480                   | 4.4   | +30.9      | 11,603                  | 5.1   | +44.9      |

\* The budget figures for the first and second quarters represent the budget after the revision announced on March 15, 2021 and the figures for the fourth quarter are the budget after the revision announced on November 1, 2021.



## Reference 5: [Consolidated] Quarterly budgets for FYE December 31, 2022 (Quarterly / Cumulative)

### I Fiscal year ending December 31, 2022 [Quarterly]

(Unit: million yen, %)

|  | 1st Quarter (-1 day) |       |            | 2nd Quarter (±0 day) |       |            | 3rd Quarter (+1 day) |       |            | 4th Quarter (-1 day) |       |            |
|--|----------------------|-------|------------|----------------------|-------|------------|----------------------|-------|------------|----------------------|-------|------------|
|  | Budget               | Share | YoY Change | Budget               | Share | YoY Change | Budget               | Share | YoY Change | Budget               | Share | YoY Change |
| Net sales  | 61,130               | 100.0 | -          | 59,543               | 100.0 | -          | 59,442               | 100.0 | -          | 63,385               | 100.0 | -          |
| Gross profit                                       | 12,652               | 20.7  | -          | 12,602               | 21.2  | -          | 12,532               | 21.1  | -          | 13,934               | 22.0  | -          |
| Selling, general and administrative expenses (SGA) | 9,257                | 15.1  | -          | 9,281                | 15.6  | -          | 9,273                | 15.6  | -          | 9,659                | 15.2  | -          |
| Operating income                                   | 3,395                | 5.6   | -          | 3,321                | 5.6   | -          | 3,259                | 5.5   | -          | 4,275                | 6.7   | -          |
| Ordinary income                                    | 3,429                | 5.6   | -          | 3,502                | 5.9   | -          | 3,287                | 5.5   | -          | 4,382                | 6.9   | -          |
| Quarterly profit attributable to owners of parent  | 2,334                | 3.8   | -          | 2,387                | 4.0   | -          | 2,242                | 3.8   | -          | 2,987                | 4.7   | -          |

### I Fiscal year ending December 31, 2022 [Cumulative]

(Unit: million yen, %)

|  | 1st Quarter (-1 day) |       |            | 2nd Quarter (-1 day) |       |            | 3rd Quarter (±0 day) |       |            | 4th Quarter (-1 day) |       |            |
|--|----------------------|-------|------------|----------------------|-------|------------|----------------------|-------|------------|----------------------|-------|------------|
|  | Budget               | Share | YoY Change | Budget               | Share | YoY Change | Budget               | Share | YoY Change | Budget               | Share | YoY Change |
| Net sales  | 61,130               | 100.0 | -          | 120,673              | 100.0 | -          | 180,115              | 100.0 | -          | 243,500              | 100.0 | -          |
| Gross profit                                       | 12,652               | 20.7  | -          | 25,254               | 20.9  | -          | 37,786               | 21.0  | -          | 51,720               | 21.2  | -          |
| Selling, general and administrative expenses (SGA) | 9,257                | 15.1  | -          | 18,538               | 15.4  | -          | 27,811               | 15.4  | -          | 37,470               | 15.4  | -          |
| Operating income                                   | 3,395                | 5.6   | -          | 6,716                | 5.6   | -          | 9,975                | 5.5   | -          | 14,250               | 5.9   | -          |
| Ordinary income                                    | 3,429                | 5.6   | -          | 6,931                | 5.7   | -          | 10,218               | 5.7   | -          | 14,600               | 6.0   | -          |
| Quarterly profit attributable to owners of parent  | 2,334                | 3.8   | -          | 4,721                | 3.9   | -          | 6,963                | 3.9   | -          | 9,950                | 4.1   | -          |

The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) will apply from the beginning of FYE December 31, 2022. The consolidated business performance forecast stated above represents figures after application of the aforesaid accounting standard. For this reason, changes in percent from the previous fiscal year and from the same quarter in the previous fiscal year are not stated.

## Reference 6: Company data

### Number of employees [Consolidated] as of the end of December 2021

|   | Females | Males | Total | YoY Change |
|---|---------|-------|-------|------------|
| Executives  | 1       | 9     | 10    | -2         |
| Executive officers  | 0       | 2     | 2     | ±0         |
| Career  | 152     | 421   | 573   | -39        |
| Area  | 279     | 302   | 581   | +8         |
| Support   | 23      | 2     | 25    | -3         |
| Specialist  | 15      | 13    | 28    | -1         |
| Logistics   | 79      | 264   | 343   | -4         |
| Contract employees  | 1       | 33    | 34    | -3         |
| Overseas subsidiaries                                     | 20      | 24    | 44    | ±0         |
| Seconded to health insurance association                  | 2       | 0     | 2     | ±0         |
| Seconded to Nakayama Visually Impaired Welfare Foundation | 0       | 0     | 0     | ±0         |
| Full-time employees subtotal (including executives)       | 571     | 1,061 | 1,632 | -42        |
| Part-time employees                                       | 929     | 335   | 1,264 | +164       |
| Total   | 1,501   | 1,405 | 2,906 | +120       |

Share of female employees: 35.0%, Number of female sales staff members: 59, Females in career-track positions account for 26.5% of all female employees.

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

### Average age and annual income

|      | Average age (years) |       |                | Average annual income (million yen) |      |           |                |
|------|---------------------|-------|----------------|-------------------------------------|------|-----------|----------------|
|      | Females             | Males | 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    | 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, which resulted in a decline in average annual income in the same year.

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

### Numbers of incoming and outgoing employees

\* Excluding part-time employees

|                           | 2017<br>[Non-consolidated] |       | 2018<br>[Non-consolidated] |       | 2019<br>[Consolidated] |       | 2020<br>[Consolidated] |      | 2021<br>[Consolidated] |      |
|---------------------------|----------------------------|-------|----------------------------|-------|------------------------|-------|------------------------|------|------------------------|------|
|                           | Females                    | Males |                            |       |                        |       |                        |      |                        |      |
| No. of employees          | 510                        | 1004  | 557                        | 1,051 | 585                    | 1,071 | 589                    | 1085 | 571                    | 1061 |
|                           | 1,514                      |       | 1,608                      |       | 1,656                  |       | 1,674                  |      | 1,632                  |      |
| No. of incoming employees | 59                         | 67    | 63                         | 72    | 52                     | 57    | 41                     | 46   | 26                     | 25   |
|                           | 126                        |       | 135                        |       | 109                    |       | 87                     |      | 46                     |      |
| No. of outgoing employees | 18                         | 18    | 20                         | 26    | 42                     | 44    | 37                     | 33   | 45                     | 45   |
|                           | 36                         |       | 46                         |       | 86                     |       | 70                     |      | 90                     |      |
| Turnover ratio            | 3.4                        | 1.8   | 3.5                        | 2.4   | 6.7                    | 3.9   | 5.9                    | 3.0  | 7.3                    | 4.1  |
|                           | 2.3                        |       | 2.8                        |       | 4.9                    |       | 4.0                    |      | 5.2                    |      |

### Number of bases [Consolidated]

As of the end of December 2021

|                      |    |
|----------------------|----|
| Head offices         | 2  |
| Branches             | 61 |
| Distribution centers | 17 |
| Overseas bases       | 3  |
| Stock centers        | 10 |
| Total                | 93 |

### Amount irrecoverable due to bankruptcy

|   | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|------|------|------|------|------|
| Amount irrecoverable<br>Unit: 10 thousand yen | 0    | 4    | 0    | 0    | 275  |

### [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  | 426  |
| Disposal rate (%)                | 0.13 | 0.11 | 0.10 | 0.12 | 0.13 |