

GAMBARE!! JAPANESE MONODZUKURI



TM

TRUSCOTM

「解体新書」2021

Integrated Report

Integrated Report (this document)

This report describes the process behind providing value (value creation) to society through our business.



Annual Securities Report

This report is prepared in accordance with Article 24 of the Financial Instruments and Exchange Act and is required to be submitted to the Kanto Local Finance Bureau.



Corporate Governance Report

This report provides information about TRUSCO's approaches and systems related to corporate governance.



TRUSCO NAKAYAMA Corporation



Tokyo Head Office
TRUSCO Fiorito Bldg., 4-28-1, Shimbashi, Minato-ku, Tokyo 105-0004
Osaka Head Office
TRUSCO Glen Check Bldg., 1-34-15, Shinmachi, Nishi-ku, Osaka-shi, Osaka
550-0013

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Editor and Chief: Atsushi Shimozu

General Manager of

Corporate Planning Division

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1,749 2,550 issues



Our Policy

Business must serve people and society

Corporate Message

GAMBARE!! JAPANESE MONODZUKURI

Common Sense Might Change Our Principle Remain Unchanged

- To become a company needed by both our customers and society -

We have built a unique system for the supply of professional tools since our founding with the aim of supporting Japanese manufacturing, “Monodzukuri,” through a business supplying PRO TOOL. As one of the last wholesalers in the industry, we believe that the principle of business is to “deliver the products that our customers need faster and more reliably than anywhere else,” and we have focused on improving the convenience of our customers.

In 2020, common sense has been turned upside down by the Covid-19 pandemic, and we learned it became absurdity. However, our business principles have not changed due to the pandemic. We believe that “unchanging principles” are “high convenience,” “prompt and reliable delivery,” “abundant selection and inventory,” “reasonable prices,” “kindness, politeness, security,” and “digital power.” We believe that these are the demands of the market that will never change, even if the times change.

We are at a time when our digital and mechanical technologies are being transformed as a result of Covid-19. This will lead to another industrial revolution. We will continue to aim to be a company that is needed by our customers and society, keeping in mind that “common sense sometimes completely change, but the principles remain unchanged”.



President

中山 哲也

Tetsuya Nakayama



Logistic Centers Planet Saitama (Satte City, Saitama)

Locations where stock
center construction
is planned

TRUSCO Integrated Report

Integrated Report 2021

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Editorial Policy

We have published our first Integrated Report in the hope that our investors, shareholders, and other stakeholders will better understand our business and the process of value creation. “**GAMBARE!! JAPANESE MONOD-ZUKURI**” is our corporate message. In the Integrated Report, we emphasize and express the story behind our vision, which is to be a company that will continue to be of service to the manufacturing industry in Japan that always provides the highest level of convenience. The source of competitiveness for an organization is its **originality**. Therefore, we are building an original business model that makes full use of products, logistics, and digital technologies. We hope that this report will give you some insight into our business and our approach to gaining a competitive advantage.

Period Covered by the Report

This Integrated Report cover TRUSCO's business operations from January 1, 2020 to December 31, 2020.

Cautionary Information Regarding Forward-Looking Statements

This Integrated Report contains forward-looking statements regarding our future plans, strategies, and performance. These statements are based on our assumptions and plans based on current information. It contains risks and uncertainties related to economic trends and market demand. Therefore, please be aware that planned and actual results may differ, and that strategies may change.

Reference Guidelines

- “Guidance on Integrated Disclosure and Dialog for Co-Creation” (Ministry of Economy, Trade and Industry)
- “International Integrated Reporting Framework” (International Integrated Reporting Council (IIRC))

Origin of the Corporate Name TRUSCO

Our company was founded as Nakayama Kiko Shokai in 1959 before it was incorporated as Nakayama Kiko Co., Ltd. in 1964.

The company then changed its name to TRUSCO NAKAYAMA Corporation in 1994.

TRUSCO was coined from the words “Trust” and “Company” to convey our commitment to building a company that earns trust.

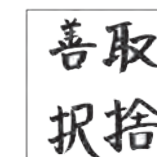
This name demonstrates our corporate approach to earn the trust of everyone we associate with in order to become a company that continues to grow in the future.

TRUST + COMPANY
= **TRUSCO**TM
Company Earning Your Trust

Spirit of Management

Shushazentaku

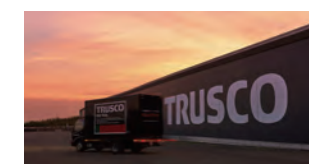
When you make a decision, you should ask yourself whether it is right or wrong, good or bad, and always choose what is right rather than focusing on whether it is profitable. Making a decision based on whether it will be profitable often results in a bad decision.



From the Top Message in FY2003

Creativity in Management

Choosing majority solutions result in ordinary results. This is because the will of the majority is not always right.



Building a distribution system by strengthening our wholesale operations

Emphasis on Regular Employment

We have a responsibility to provide workplaces where staff members can work with stability and peace of mind. We should not take away the goodness from people's lives even if doing so increases profits. TRUSCO has no temporary employees. Part-time employees are limited to housewives, students, and the elderly, while heads of households are hired as full-time employees.



Even the chefs at our recreational facilities are regular employees at our company TRUSCO Resort and Spa Hakone/Karuizawa (From left to right: Sous-chef Toshiro Sato, Head Chef Taro Kinoshita, and Sous-chef Kan Iizuka)

A Company With Assets

We must be able to secure company buildings, information systems, vehicles, and other important assets without relying on others. Owning assets means that they remain after depreciation, so money is not wasted. Instead of aiming for short-term profits, we stick to being “a company with assets” in order to have a long-term perspective of improving corporate value and to improve convenience for our customers. (See p.59)



Owning our own buildings allows us to strengthen functionality (Planet Saitama Distribution Center)

Decisive Management

It is also important to make a “quit” decision with pursuing our mission and value to society even in the growth of sales increase. Making a “quit” decision such as the abolition of delivery receipts and draft has charged things drastic. We will continue pursuing the core value by always deeply looking at the essence of things.



Top photo: Final note payable (August 2003)
Bottom photo: Final note receivable (December 2005)

Organizational Chart

As of July 1, 2021

Advisor



Takashi Nakai

Advisors

We have established the position of Advisor. Advisors serve the purpose of advising executive level managers based on their knowledge and experience. Although the mandatory retirement age for our executives is 65, they can remain employed until the age of 70 if they so desire.

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

Outside Director



Kenichi Saito

Outside Director
Board Brain(BB)*1
ForeSight & Company, Ltd.
President



Kuniaki Hagihara

Outside Director
Board Brain(BB)*1
Hagihara Industries Inc.
Chairman



Takako Suzuki

Outside Director
Board Brain(BB)*1
Director, Representative Executive Officer and President, S.T.CORPORATION

President



President
Tetsuya Nakayama

Born December 24, 1958
62 years old; 40 years and 3 months at Trusco

Career Summary
1981: Joined the Company
1984: Director
1987: Executive Director
1991: Representative Director
1994: President (present)


General Meeting of Shareholders

Board of Auditors Meeting

Board of Directors Meeting

President


Internal Auditing Office (3 staffs)



Full-time Auditor
Masaki Matsuda

Born March 30, 1956
65 years old

Career Summary
1978: Joined Kyowa Bank, Ltd. (currently Resona Holdings, Inc.)
2003: Chief Credit Officer of the Osaka No. 3 Loan Department, Resona Bank, Ltd.
2007: Full-time Auditor of the Company (present)



Full-time Auditor
Akira Takada

Born January 3, 1958
63 years old

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



Full-time Auditor
Tadahisa Yabuno

Born March 13, 1962
59 years old; 37 years and 3 months at Trusco

Career Summary
1984: Joined the Company
1998: Branch Office Manager, Fujisawa Sales Office
2000: Branch Office Manager, Kanagawa Branch
2003: Executive Officer & Japan Branch Office Manager
2004: Executive Officer & General Manager, Corporate Planning Division
2007: Director & General Manager, Business Management Department
2014: Executive Director & General Manager, Business Management Department
2016: Executive in charge of PT. TRUSCO NAKAYAMA INDONESIA
2020: Executive Director & General Business Director
2021: Full-time Auditor of the Company (present)




Part-time Auditor
Hiroho Kamakura

Born January 27, 1947
74 years old

Career Summary
1971: Joined Tohmatsu Aoki & Co. (currently Deloitte Touche Tohmatsu LLC)
1973: Registered as Certified Public Accountant
2012: Part-time Auditor, Trusco Nakayama Corporation (present)
Part-time Auditor, Trusco Nakayama Corporation (present)
2013: Part-time Auditor, Fujio Food System Co., Ltd.
Part-time auditor, Yushin Precision Equipment Co., Ltd. (present)
2016: Part-time Auditor, SymEnergy Inc.

Department General Manager



Director
General Manager of the Business Management Department and General Manager of the Digital Service Strategy Department

Atsushi Kazumi

Born September 10, 1970
50 years old; 28 years and 3 months at Trusco

Career Summary
1993: Joined the Company
2001: Branch Office Manager, Tsuchiura Sales Office
2002: Branch Office Manager, Kanazawa Sales Office
2006: Branch Office Manager, Osaka Branch
2010: Section Manager of Catalog Media Section and DOTKUL Section
2013: General Manager, e-commerce Sales Division
2014: General Manager, e-Business Sales Division
2017: Executive Officer and Head e-commerce manager, e-Business Sales Division
2017: Executive Officer & General Manager, Information Systems Division
2019: Executive Officer & General Manager, Information Systems Department
2020: Director, General Manager of the Business Management Department and General Manager of the Digital Service Strategy Department & General Manager of the Digital Promotion Division
2021: Director, General Manager of the Business Management Department and General Manager of the Digital Service Strategy Department (present)




Senior Executive Officer
General Manager of the Product Department

Tatsuya Nakayama

Born August 4, 1985
35 years old; 8 years and 3 months at Trusco

Career Summary
2013: Joined the Company
2018: Branch Office Manager, Internet Sales Tokyo Branch Division 1
2019: General Manager of Corporate Planning Division and Accounting Division
2021: Senior Executive Officer & General Manager of the Product Department (present)



Director
General Manager of the Distribution Department

Hideki Naoyoshi

Born December 7, 1971
49 years old; 27 years and 3 months at Trusco

Career Summary
1994: Joined the Company
2003: Branch Office Manager, Amagasaki Sales Office
2007: Branch Office Manager, Kokura Sales Office
2010: Head, Corporate Auditor's Office
2011: Section Manager, Management Planning Section
2013: General Manager, Information Systems Dept.
2017: Executive Officer & General Manager, Information Systems Dept.
2017: Executive Officer & General Manager, Distribution Department
2019: Director & General Manager, Distribution Department
2021: Director, General Manager of the Product Department and General Manager of Distribution Department
2021: General Manager, Distribution Department (present)



Director
General Manager of the Sales Department, General Manager of the Home Center Sales Dept., and General Manager of the Distribution Division


Kazuo Nakai

Born July 7, 1969
51 years old; 28 years and 3 months at Trusco

Career Summary
1993: Joined the Company
2002: Branch Office Manager, HC Nigata Sales Office
2004: Branch Office Manager, Osaka Branch
2008: Section Manager, Personnel Section
2008: Section Manager for the Personnel Section and Healthcare Section
2013: General Manager, Corporate Planning Division
2017: Executive Officer & General Manager, Corporate Planning Division
2019: Executive Officer & General Manager, Business Management Department
2019: Director & General Manager, Business Management Department
2020: Director & General Manager, Sales Department
Executive in charge of TRUSCO NAKAYAMA CORPORATION (THAILAND) LIMITED. (present)
Executive in charge of PT. TRUSCO NAKAYAMA INDONESIA (present)
2021: Director, General Manager of the Sales Department General Manager of the Home Center Sales Division, and General Manager of the Distribution Division (present)

Business Management Dept. (88 employees in total)*2

Corporate Planning Division




General Manager of the Corporate Planning Division

Atsushi Shimozu

Born December 25, 1978
42 years old; 19 years and 3 months at Trusco

Career Summary
2002: Joined the Company
2002: Branch Office Manager, Edogawa Branch
2013: Deputy Manager, Management Planning Section
2014: Section Manager, Osaka management Section
2021: Manager of the Corporate Planning Dept.
2021: General Manager of the Corporate Planning Division and Manager of the Corporate Planning/IR Dept.
2021: General Manager of the Corporate Planning Division (present)

Administration Division




General Manager of the Administration Division and Manager of the Property Section

Mikio Adachi

Born September 20, 1969
51 years old; 27 years and 3 months at Trusco

Career Summary
1994: Joined the Company
2002: Branch Office Manager, HC Nagaoya Sales Office
2011: Branch Office Manager, HC Nigata Sales Office
2013: Deputy Manager, Management Planning Section
2014: Section Manager, Osaka management Section
2021: Manager of the Corporate Planning Dept.
2021: General Manager of the Corporate Planning Division and Manager of the Corporate Planning/IR Dept.
2021: General Manager of the Corporate Planning Division (present)

Accounting Division



General Manager of the Accounting Division

Tetsuhiro Mori

Born March 27, 1966
55 years old; 2 years and 6 months at TRUSCO

Career Summary
1994: Joined the Company
2002: Branch Office Manager, HC Nagaoya Sales Office
2011: Branch Office Manager, HC Nigata Sales Office
2013: Deputy Manager, Management Planning Section
2014: Section Manager, Osaka management Section
2021: Manager of the Corporate Planning Dept.
2021: General Manager of the Corporate Planning Division and Manager of the Corporate Planning/IR Dept.
2021: General Manager of the Corporate Planning Division (present)

Digital Service Strategy Department (46 employees in total)

Information Systems Division




General Manager of the Information Systems Division

Takayuki Kimura

Born June 26, 1973
47 years old; 23 years and 3 months at Trusco

Career Summary
1998: Joined the Company
2011: Branch Office Manager, Yamaguchi Branch
2012: Branch Office Manager, Yamaguchi Branch
2013: Section Manager, Human Resources Development Section, Section Manager, Secretary Section, and Section Manager, Environmental Management Section
2019: General Manager, Information Systems Division (present)

Digital Promotion Division



General Manager, Digital Promotion Division

Atsuhiko Yamanaka

Born September 21, 1974
46 years old; 23 years and 3 months at Trusco

Career Summary
1998: Joined the Company
2008: Branch Office Manager, Kumagaya Branch
2012: Branch Office Manager, Yomama Branch
2016: Manager of the Tokyo PB Product Dept. and Manager of the PB Product Design Section
2021: Deputy General Manager of the Osaka Product Division
2021: General Manager of the Osaka Product Division and Manager of the Orange Book Section (present)

Product Dept. (169 employees in total)

Tokyo Product Division



General Manager, Tokyo Product Division

Yutaka Yoneda

Born November 6, 1975
45 years old; 21 years and 3 months at Trusco

Career Summary
1999: Joined the Company
2005: Branch Office Manager, Shiga Sales Office
2010: Section Manager, Recruitment Section
2013: Section Manager, Management Planning Section
2017: General Manager, Tokyo Product Division (present)

Osaka Product Division



General Manager of the Osaka Product Division and Manager of the Orange Book Section


Koshiro Aoyama

Born February 23, 1976
45 years old; 23 years and 3 months at Trusco

Career Summary
1998: Joined the Company
2008: Branch Office Manager, Kumagaya Branch
2012: Branch Office Manager, Yomama Branch
2016: Manager of the Tokyo PB Product Dept. and Manager of the PB Product Design Section
2021: Deputy General Manager of the Osaka Product Division
2021: General Manager of the Osaka Product Division and Manager of the Orange Book Section (present)

Distribution Department/Sales Department (2,513 employees in total)

Distribution Reorganization Division



General Manager, Distribution Reorganization Division

Masaya Okada

Born August 17, 1976
44 years old; 21 years and 3 months at Trusco

Career Summary
2000: Joined the Company
1998: Branch Office Manager, Fukui Sales Office
2004: Branch Office Manager, Chiba Sales Office
2015: Branch Office Manager, Chiba Branch
2016: Planet Tohoku Logistic Center Manager
2017: Director & General Manager of Sales Department
2018: Planet Saitama Logistic Center Manager
2021: General Manager, Distribution Reorganization Division (present)

Factory Sales Division and Distribution Division



General Manager of Factory Sales Division and Distribution Division

Kiyonori Unto

Born February 9, 1962
59 years old; 34 years and 7 months at TRUSCO

Career Summary
1996: Joined the Company
1998: Branch Office Manager, Maebashi Sales Office
2004: Branch Office Manager, Kagoshima Sales Office
2015: Branch Office Manager, Fukuoka Branch
2018: Branch Office Manager, Chiba Branch
2004: Executive Officer & General Manager, NB Product Division
2007: Director & General Manager of Sales Department
2013: Executive Officer & General Manager, Factory Sales Division (East Japan)
2013: General Manager, Overseas Division
2019: General Manager of Factory Sales Division and East Japan Distribution Division (present)

Executive Officer and General Manager, Factory Sales Division and the Tokyo Metropolitan Area Distribution Division




Executive Officer and General Manager, Factory Sales Division and the Tokyo Metropolitan Area Distribution Division

Hiroaki Imagawa

Born January 22, 1963
58 years old; 35 years and 3 months at Trusco

Career Summary
1996: Joined the Company
1998: Branch Office Manager, Maebashi Sales Office
2004: Branch Office Manager, Kagoshima Sales Office
2015: Branch Office Manager, Fukuoka Branch
2018: Branch Office Manager, Chiba Branch
2004: Executive Officer & General Manager, NB Product Division
2007: Director & General Manager of Sales Department
2013: Executive Officer & General Manager, Factory Sales Division (East Japan)
2016: Executive Officer & General Manager, Accounting Division
2019: Executive Officer & General Manager of both the Factory Sales Division and Tokyo Metropolitan Area Distribution Division (present)

General Manager of Factory Sales Division and Distribution Division (Chubu, Kinki)




General Manager of Factory Sales Division and Distribution Division (Chubu, Kinki)

Masato Otani

Born October 24, 1967
53 years old; 30 years and 3 months at Trusco

Career Summary
1991: Joined the Company
1998: Branch Office Manager, Kagoshima Branch
2015: Branch Office Manager, Fukuoka Branch
2018: General Manager, Factory Sales Division (Chugoku/Shikoku/Kyushu)
2019: General Manager of Factory Sales Division and West Japan Distribution Division (present)

General Manager of Factory Sales Division and West Japan Distribution Division




General Manager of Factory Sales Division and West Japan Distribution Division

Yoshihiro Fujimoto

Born September 10, 1971
49 years old; 26 years and 3 months at Trusco

Career Summary
1995: Joined the Company
2012: Branch Office Manager, Kagoshima Branch
2015: Branch Office Manager, Fukuoka Branch
2018: General Manager, Factory Sales Division (Chugoku/Shikoku/Kyushu)
2019: General Manager of Factory Sales Division and West Japan Distribution Division (present)

Director, General Manager of the Sales Department, General Manager of the Home Center Sales Division, and General Manager of the Distribution Division



Director, General Manager of the Sales Department, General Manager of the Home Center Sales Division, and General Manager of the Distribution Division

Kazuo Nakai

Born July 7, 1969
51 years old; 28 years and 3 months at Trusco

Career Summary
1993: Joined the Company
2004: Branch Office Manager, HC Nigata Sales Office
2010: Head, Corporate Auditor's Office
2010: Section Manager, Personnel Section
2014: Planet Tohoku Logistic Center Manager
2018: General Manager, Tokyo Metropolitan Area Distribution Division
2019: General Manager of Overseas Division and Marketing Division
2020: General Manager, e-Business Sales Division (present)

General Manager of the e-Business Sales Division



General Manager of the e-Business Sales Division

Masashi Yamamoto

Born May 27, 1973
48 years old; 25 years and 3 months at Trusco

Career Summary
1996: Joined the Company
2004: Branch Office Manager, Nomaizumi Sales Office
2010: Section Manager, General Affairs Section
2014: Planet Tohoku Logistic Center Manager
2018: General Manager, Tokyo Metropolitan Area Distribution Division
2019: General Manager of Overseas Division and Marketing Division
2020: General Manager, e-Business Sales Division (present)

Overseas Division



General Manager of the Overseas Division and Section Manager of the Overseas Sales Section


Naotsugu Kamijo

Born November 29, 1977
43 years old; 18 years and 3 months at Trusco

Career Summary
2003: Joined the Company
2014: Branch Office Manager, Kagoshima Branch
2017: Section Manager, Overseas Sales Section
2020: General Manager of the Overseas Division and Section Manager of the Overseas Sales Section (present)

Overseas Sales Section (overseas subsidiary service center) (6 employees)

Overseas Subsidiaries

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


President
Kazuaki Harada

Born November 8, 1980
40 years old; 18 years and 3 months at Trusco
Employees: 24
① employees on loan and 21 local staff
Naotsugu Kamijo, Director



President
Yohei Takuno

Born May 16, 1986
35 years old; 11 years and 3 months at Trusco
Employees: 20
① employees on loan and 17 local staff
Naotsugu Kamijo, Auditor

The number of employees in parentheses is current as of January 1, 2021.

5 **TRUSCO** Integrated Report 2021 *2 includes staff on loan in each figure provided.

6

7

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Company Overview Information current as of December 31, 2020

Company Name	TRUSCO NAKAYAMA Corporation		
Head Store	4-28-1, Shimbashi, Minato-ku, Tokyo		
Head Offices	Tokyo Head Office: Trusco Fiorito Bldg., 4-28-1, Shimbashi, Minato-ku, Tokyo 105-0004 (registered as compoany head office) Osaka Head Office: Trusco Glen Check Bldg., 1-34-15, Shinmachi, Nishi-ku, Osaka-shi, Osaka 550-0013		
Branches	Japan: 89 (2 head offices, 61 sales branches, and 26 distribution centers) Overseas: 3: (TRUSCO NAKAYAMA CORPORATION (THAILAND) LIMITED, PT.TRUSCO NAKAYAMA INDONESIA, and Germany Representative Office (Düsseldorf)) (as of January 1, 2021)		
Capital	\$46 million; Listed on the First Section of the Tokyo Stock Exchange (Securities code: 9830)		
Shareholders' equity ratio	63.7% (as of December 31, 2020)		
Employees	Consolidated: 2,786 (12 officers, 1,674 full-time employees; 1,100 part-time staff)		
Founded	May 15, 1959		
Established	March 2, 1964		
Closing date for fiscal year	December 31		
Sales	Consolidated: \$1,994 million (for Fiscal Year Ending December 31, 2020)/ Ordinary Income of \$2,126 million planned for Fiscal Year Ending December 31, 2021		
Ordinary Income	Consolidated: \$108 million (for Fiscal Year Ending December 31, 2020)/ Ordinary Income of \$129 million planned for Fiscal Year Ending December 31, 2021		
Bank	Mizuho Bank, Resona Bank, Bank of Tokyo-Mitsubishi UFJ, Sumitomo Mitsui Banking, Sumitomo Trust & Banking		
Accounting Auditor	Deloitte Touche Tohmatsu LLC		
Rating	A (Rating and Investment Information, Inc.)		
Suppliers	2,652 (2,440 in Japan, 212 overseas)		
Customers	Dealers of machine tools, construction materials, electrical materials, tubing materials, online shops, and home centers etc.; about 5,515 customers		
Business Details	Wholesale of machine tools, distribution equipment, environmental safety equipment, and other equip- ment, along with the planning and development of the products of company's own brand TRUSCO		
Officers	As of July 1, 2021		
	President Tetsuya Nakayama	Full-time Auditor Masaki Matsuda	
	Director Kazuo Nakai (General Manager of the Sales Department)	Full-time Auditor Akira Takada	
	Director Atsushi Kazumi (General Manager of the Business Management Department and General Manager of the Digital Service Strategy Department)	Full-time Auditor Tadahisa Yabuno	
	Director Hideki Naoyoshi (General Manager of the Distribution Department)	Outside Director Kenichi Saito (ForeSight & Company, Ltd. President)	
		Outside Director Kuniaki Hagihara (Chairman, Hagihara Industries Inc.)	
		Outside Director Takako Suzuki (President, S.T.CORPORATION)	
Senior Executive Officer	Tatsuya Nakayama (General Manager of the Product Department)	Part-time Auditor Hiroho Kamakura	
Executive Officer	Hiroaki Imagawa (General Manager of both the Factory Sales Division and Tokyo Metropolitan Area Distribution Division)		

Our Policy

“Business must serve people and society”

To Achieve “Our Ambitions”
(Value Creation)

Founded as a latecomer to the industry, thinking outside the box has been our core approach from the start. We have provided a variety of unique services to meet the needs of our customers and the manufacturing industry of the times. In the future, we will continue to aim to be a company that always provides the highest level of convenience in order to continue to be of service to the manufacturing industry in Japan, based on our belief that business must serve people and society.

Business Flow	12
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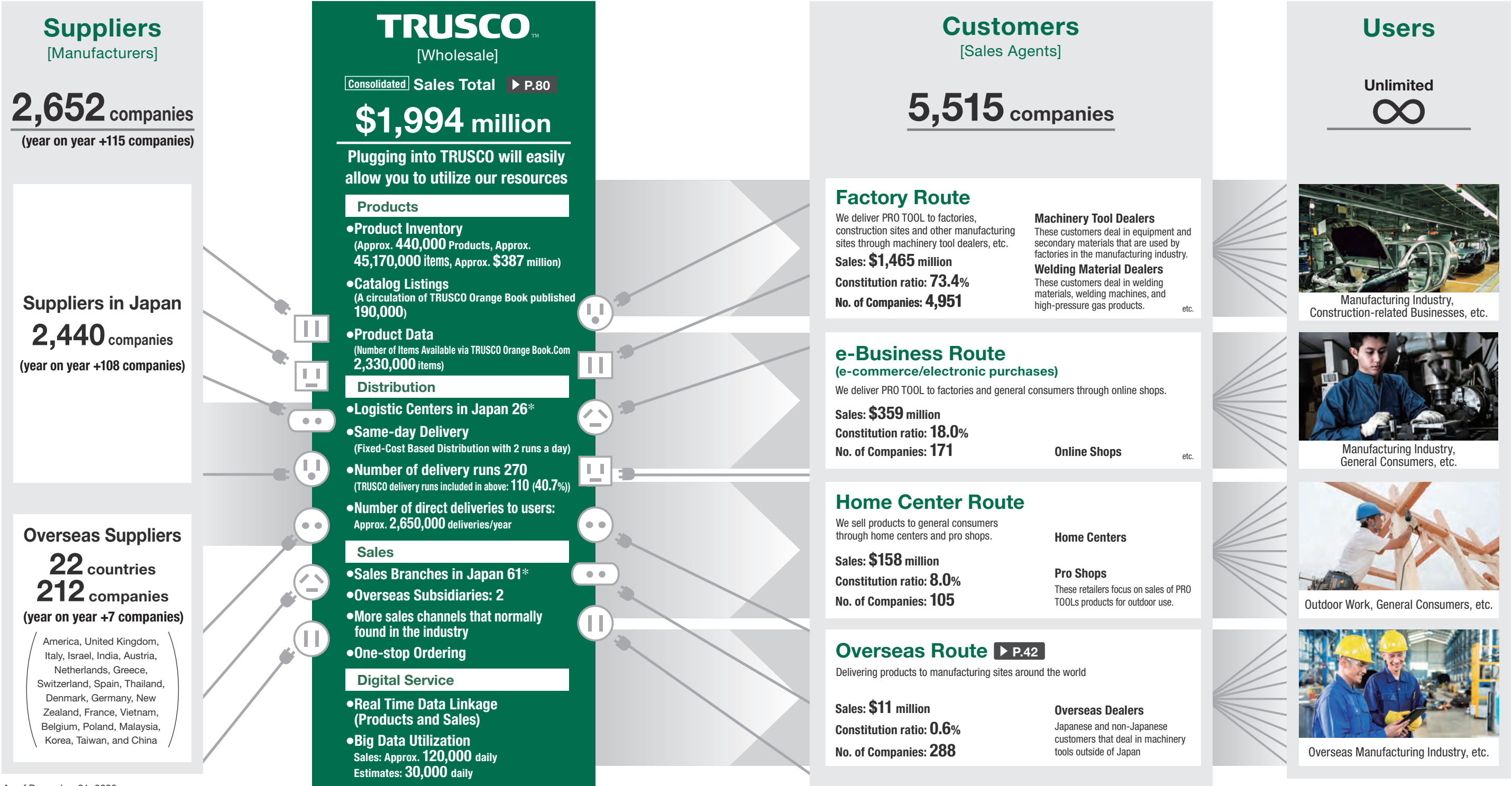
Business Flow

TRUSCO NAKAYAMA is a specialized trading company that procures PRO TOOL from suppliers and sells them to machinery tool dealers, online shops, home centers, and other customers. We ensure prompt, smooth and reliable delivery to manufacturing sites all over Japan. As a wholesaler, we have developed a unique business model to improve the convenience of our customers, suppliers, and users.

Plugging into TRUSCO to start doing business with us

When customers and suppliers start doing business with us, they can easily access our management resources and use them for their businesses in a way that suits their characteristics and business type. In addition suppliers can sell their products to approximately 5,500 customers, and they can also receive a wide range of sales support services such as product data linkage, inventory holding, and catalog listing

services. Not only centrally procuring products from approximately 2,700 suppliers, but also customers utilize our services such as same-day delivery and user-direct delivery to expand their own businesses. We will continue to pursue further convenience for our customers and suppliers by optimizing the distribution of PRO TOOL.



As of December 31, 2020

As of December 31, 2020
*As of January, 2021

As of December 31, 2020

Helping People and Society
- Value Creation Model -

As a Pro Tools supplier, we aim to be an indispensable company for Japanese “monodzukuri” sites by heightening our ability to supply PRO TOOLS and providing convenience for our customers.



TRUSCO strives to be a company that always plays a role in supporting Japanese monodzukuri. To this end, we aim to be a company that always provides the highest level of convenience.

TRUSCO™

Becoming the Company We Want to Be

Ability to store 500,000 items in inventory

Completion of user direct delivery system

“Anything”

“Anywhere”

Capability Targets to be Achieved by 2023

Ability to receive and ship orders 365 days a years

P.16

“Anytime”

Management resources

Stock (Product capital/Social capital)

- Number of items in inventory: **440,000** products
- Inventory Value: **\$387 million** •Total number of items in inventory: **45.17** million items
- Total Number of Suppliers: **2,652** companies (Overseas: **212** companies)

Deliver (Distribution capital)

- Logistic Centers in Japan: **26** •Branches with inventory: **30**
- Number of total delivery runs: **270** (TRUSCO delivery runs included in above: **110, 40.7%**)

Connect (Digital capital)

- Digital Expenditures (most recent three periods): **\$73 million**
- Number of systems: **60** •Product Data Number: **2.5** million items
- Number of system connected companies: **8,604** companies

Communicate (Intellectual capital)

- TRUSCO Orange Book: **190,000** (2021 edition, total number published)
- Available TRUSCO Orange Book Items: **2,330** thousand items

Respond (Human capital/Social capital)

- Employees: Consolidated **2,786**
(Officers: **12** / Full-time staff: **1,674** / Part-time Staff: **1,100**)
- Number of Customer Companies: **5,515** companies

Support (Product capital/Nature capital/Social capital)

- Shareholders' equity ratio: **63.7%** •Rating: **A** (R&I)
- Trusco Power Generation Installations: **19** •Number of shareholders: **16,336**
As of December 31, 2020

Aim for sustainable growth

Financial Results (Financial capital)

- Sales (consolidated): **\$1,994 million**
- Ordinary Income (consolidated): **\$108 million** •Dividends: **\$0.28**

Improving Convenience

(Distribution capital, Intellectual capital, and Digital capital)

- Inventory Hit Rate: **91.0%** (year on year +0.5%)
- System order intake ratio: **83.9%** (year on year +0.8%)
- Automated Estimate Ratio: **8.1%**
- Number of orders processed by system: **150,000**

A workplace where various human resources can flourish (Human capital)

- Health management superior corporation (White 2020) certified •Turnover rate: **4.0%**
- Percentage of female employees among full-time employees: **35.2%**
- Managerial Retirement Age: **62** Full-time Staff Retirement Age: **65**
- Employment Extension: **70** Part-time Staff: **75**

Social and Environmental Value Creation

(Social capital/Nature capital)

- Renewable Energy Power Self-sufficiency Rate: **18.9%**
- “Naojiro” Repair Service Sales: **\$14 million**
- Number of Companies Appearing on “TRUSCO unknown gulliver” (TV program): **165** companies (As of February 28, 2021)

As of December 31, 2020

through a cycle

Common sense might change but
our principles remain unchanged.

Although common sense sometimes changes, our principles remain unchanged.

Never Changing Our Principles (Unchanging demands of the market)

- High-level of convenience
- Rapid, reliable delivery
- Abundant line-up and inventory
- Convincing prices
- Courteous, Polite, and Reliable
- Digital capabilities

Society/Local Environment

Business must serve
people and society

Contributing to solving social problems through business

Promoting the optimal digital transformation of the entire supply chain

- Improving efficiency of PRO TOOLS procurement through procurement incentives and reduction of distribution costs
- Minimizing lead time through our immediate delivery system (Distribution system/MRO Stocker vision)
- Conserving resources through centralized procurement and IT utilization (In-house distribution/Shift to paperless system)

Business support for our partners

- Improving business efficiency with partners in order to increase convenience
- Develop business with customers by expanding the number of products and services that we offer
- Stable supply of products and services without the risk of stoppage due to emergencies (Seismic isolation of distribution centers, nationwide distribution network, and disaster-protected warehouses)

Contributions to Local Communities and Society

- Providing high-quality employment opportunities (Positioning of distribution centers in Japan)
- Work style reform initiatives (Popularization of various digital tools)
- Promoting the participation of people with disabilities in society (Nakayama visually impaired welfare foundation project promotion)

Contribution

Results

Business Activities

Product Strategy P.22

Improve inventory management efficiency by strengthening the integrated system from purchasing to sales planning

Distribution Strategy P.32

Pursuing the highest standard in distribution through general mobilization of our distribution network, inventory, and IT

Sales Strategy P.38

Optimal response to the diversified needs of customers

Digital Service Strategy P.44

Moving faster toward the company that we want to be through the utilization of cutting-edge digital technology

Human Resources/Financial Strategy P.50

Creating an improvement in business value continuously by taking on challenges and implementing reforms in a flexible, speedy manner

Corporate Governance and Social Contributions P.61

Being a trusted company through our unique governance system, environmental initiatives, and highly transparent information dissemination

Corporate Message

GAMBARE!! JAPANESE MONODZUKURI

We want to be of service to the manufacturing industry in Japan that always provides the highest level of convenience regardless of the times.



01
Ability to store
500,000 items in inventory

02
Completion of user
direct delivery system

03
Ability to receive and ship
orders 365 days a years

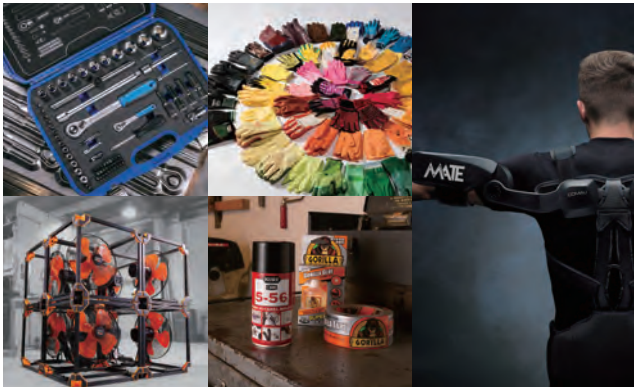
Product Strategy	Distribution Strategy	Sales Strategy	Digital Service Strategy	Human Resources/ Financial Strategy
<div>PB Products expansion</div> <div>Advanced product data promotion</div> <div>P.22</div>	<div>Strengthening immediate delivery capabilities</div> <div>Optimal strengthening of our delivery capabilities</div> <div>P.32</div>	<div>Strengthening connections with customers</div> <div>Support of diversifying sales channels</div> <div>P.38</div>	<div>Strengthening of our digital and mechanical technologies</div> <div>Promoting the digital transformation of the entire supply chain</div> <div>P.44</div>	<div>Business style reform</div> <div>Promotion of various work styles</div> <div>P.50</div>

Target management indicators

We believe that in order to constantly provide the highest level of convenience as a unique company, our priority should not be numerical targets but rather capability targets. Rather than always giving priority to numbers, we also place importance on the types of capabilities that we want to possess as a company. In order to become a company that is needed by our customers and society, we have set the following three capability targets to be achieved by 2023 and will continue to work on achieving them.

Capability Target 1: Ability to store 500,000 items in inventory

We believe that “immediate delivery is the greatest service” and have been working to expand the number of items in our inventory and strengthen our logistics system. We have been expanding our inventory of various domestic and international professional tools. As of the end of December 2020, we held 440,000 items in inventory. Our inventory hit rate (ratio of products delivered from our company stock divided by our total number of orders) rose to 91.0%. Expanding the number of items in our inventory will lead to greater convenience for our customers and the development of new markets for our company. We aim to have 500,000 items in stock by 2023 and are actively promoting the stocking of professional tools required by “monodzukuri” sites.



Ability to offer a variety of PRO TOOLS both in Japan and overseas

Capability Target 2: Completion of user direct delivery system

Requests for direct deliveries to users are increasing due to the sales expansion of online shopping companies and the chronic shortage of delivery personnel in the industry. In addition, requests for this service have increased rapidly as a measure to reduce exposure to Covid-19 since 2020, and our I-Pack® (high-speed automated packaging and shipping line) has become a key solution to this issue. In the future, we intend to strengthen our user-direct shipping function using I-Pack® to establish a business that can solve various problems for our customers. (See p.36)



I-Pack® (high-speed automated packaging and shipping line) required for direct deliveries to users

I-Pack® (high-speed automated packaging and shipping line)
Performance: 720 packages per hour per line
Number of direct deliveries to users: 2,658,000 deliveries/year (in 2020)

Capability Target 3: Ability to receive and ship orders 365 days a years

With an eye on improving convenience for our customers and increasing the number of product shipments in the future, we will establish a system that enables us to receive and ship orders 365 days a year. Planet South Kanto, which was rebuilt and put into operation in August 2020, is equipped with an underground parking lot with a high ceiling that allows delivery trucks to enter. The facility is designed to operate 24 hours a day, with facilities that allow loading and unloading even at night. We are also working to enhance digital tools and improve the efficiency of warehouse operations. We are aiming to realize a new logistics system to improve convenience at “monodzukuri” sites.



Planet South Kanto (Isehara City, Kanagawa Prefecture) is designed to operate 24 hours a day

Thinking Outside the Box - A History of Value Creation -

Needs of the times and proving value

1959

Founded as a latecomer to the industry

Tetsuya Nakayama was born with a damaged optic nerve and loss of vision as a result of forceps delivery. Chuji Nakayama (founder) decided to start the company with complete resolve for the future of his child. As a latecomer to the industry, Nakayama earned the trust of his customers by aiming for a product lineup that was not bound by the industry limitations.

1959, the year of the company's founding President Tetsuya Nakayama appears in the center of the photo

1960 - 1969

Catalog Strategy and Development of PB Products

We aimed to streamline the distribution of pro-tools by publishing Nakayama Shohou, which listed multiple manufacturers, something that did not exist in the industry at that time. In addition, we began to develop our own products (private brands), which no other company could offer, to resolving customers' issues.

Launched a comprehensive catalog titled Nakayama Shohou (1964)

1970 - 1989

Expansion of our business and the areas we serve

In order to contribute to manufacturing sites across the country, we expanded our offices to all prefectures. We also entered the home improvement industry and expanded our sales network. Later, we also went public, aiming to become a company that contributes to society.

Store registration/Public offering of stocks (Tokyo and Osaka exchanges) (1989)

1990 - 1999

Strengthening distribution capabilities and going public

Tetsuya Nakayama was appointed as President. In the same year, the company's first distribution center, Planet Kyushu, was launched into operation to strengthen distribution capabilities in earnest. We also changed our company name, established a corporate philosophy, and created a better working environment which led to our listing on the first sections of the Tokyo Stock Exchange and Osaka Securities Exchange.

Tetsuya Nakayama assumes position of President (1994)

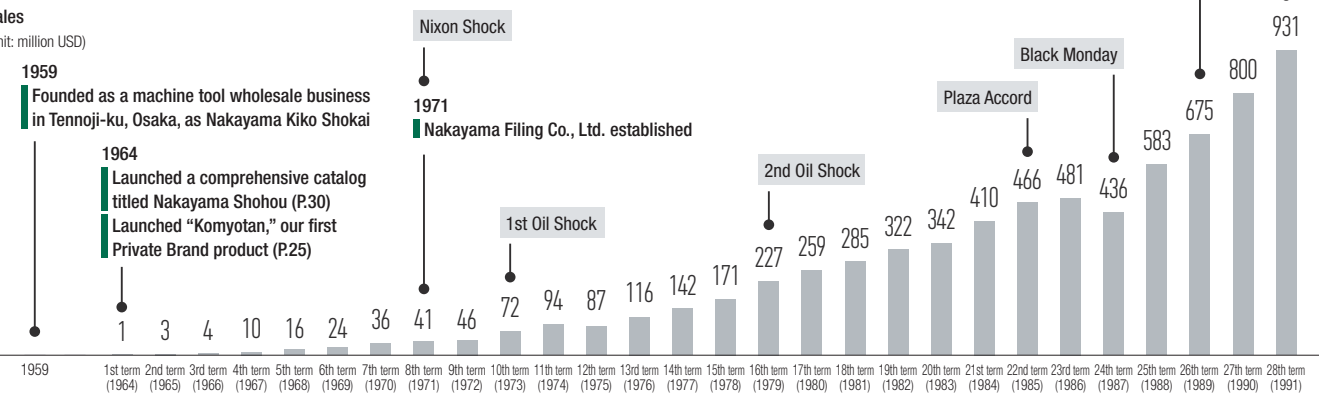
Origin of TRUSCO NAKAYAMA

Chuji Nakayama, the founder of our company, created the "Five Articles", which can be called the company credo (image right). Since its inception, the company has had a culture of taking on various challenges without being bound by limitations. One of these was the first private brand (PB) product "Komyotan (red lead)", which was purchased in drums and then divided into small cans for sale in response to user requests. Although it took much time and effort, this was the starting point for wholesalers to purchase in large quantities and sell in small lots. This philosophy of "doing what others won't do," "selling what others won't sell," and "doing things before others do them" has been handed down as the DNA of our company to this day.

Chuji Nakayama at time of establishment (1959)

Komyotan, the company's first private brand product (1964)

Chuji Nakayama writes the Five Articles (1959)



2000 - 2009

Brand renewal and strengthening of governance

We unified 16 brands of private brand (PB) products under the TRUSCO brand and promoted branding and product development as a "PRO TOOLS Company." The theme of the top message was "Shushazentaku."* This laid the foundation for the governance that continues to this day, including the abolition of bill transactions and the introduction of the OJS (Open Judging System) for personnel evaluations.

Private Brand (PB) names unified under the name of TRUSCO (2003)

The theme Shushazentaku is presented as part of a top message (2003)

2010 - 2020

Strengthening of inventory expansion and accelerating investment in distribution and systems

Based on the belief that a solid inventory is necessary to improve the convenience of our customers, we devised an inventory philosophy called the NAKAYAMA Original Inventory System (see p.24). In 2018, we accelerated our investments in distribution and systems to strengthen our inventory expansion. Planet Saitama, our largest distribution center, also became operational, and we introduced the world's most advanced logistics equipment and systems to achieve high-density storage and high-speed receiving and shipping. We also redesigned our core system: "Paradise" In 2020, to digitize our operations. This allowed us to improve the productivity of our business partners as well.

Planet Saitama Distribution Center starts operations (2018)

Construction of Tokyo Head Office (2014)

Number of items in inventory (Unit: ten thousand)

Year	Number of items in inventory (Unit: ten thousand)
2003	6.6
2004	6.9
2005	7.4
2006	8.4
2007	9.0
2008	11.7
2009	12.4
2010	14.1
2011	16.4
2012	19.2
2013	21.2
2014	23.1
2015	26.4
2016	29.8
2017	33.6
2018	37.4
2019	39.2
2020	44.2
2021	47.8

Key Events:

- 2003: The company changes its name to TRUSCO NAKAYAMA Corporation
- 2003: Tetsuya Nakayama assumed position of President
- 2003: Planet Kyushu operations begin (company's first distribution center)
- 2003: The theme "Shushazentaku" is presented as part of a top message
- 2003: Private Brand (PB) names unified under the name of TRUSCO PRO TOOLS specialization
- 2005: Total abolition of all draft exchanges
- 2006: TRUSCO Orange Book.Com is launched
- 2006: New core system "Paradise" operation
- 2006: Started efforts to expand the number of items in inventory
- 2006: World experiences the Covid-19 pandemic
- 2014: Construction of Tokyo Head Office (Minato-ku, Tokyo)
- 2014: Planet Saitama starts operations
- 2017: "TRUSCO Shirarezaru Gulliver" broadcast started (P.70)
- 2018: Core system: "Paradise 3" Launched into Operation (P.45)
- 2018: PRO TOOLS Restrictions Removed
- 2020: Core system: "Paradise 3" Launched into Operation (P.45)
- 2020: PRO TOOLS Restrictions Removed

Distribution Number of Logistic Centers

Year	Distribution Number of Logistic Centers
2003	2
2004	4
2005	5
2006	6
2007	7
2008	8
2009	10
2010	11
2011	12
2012	13
2013	16
2014	19
2015	21
2016	22
2017	26

Major Award History

TRUSCO has received various awards for efforts behind its unique business model.
(some award winners as well as honorifics have been omitted)

2017 “Best IR Award for Encouragement” recipient (Sponsor: Japan Investor Relations Association)

The openness of TRUSCO's top management was reflected in the company's level of disclosure, and TRUSCO was recognized for its efforts to disclose information in an early and fair manner, including proactive dissemination of useful information to investors, as well as for its enhancement of ESG information and activities for individual investors.

Companies receiving the award in 2017

“Best IR Award for Encouragement” recipients

TRUSCO NAKAYAMA Corporation
Recruit Holdings Co., Ltd.

“IR Special Award” recipients

Kirin Holdings Company, Limited
Sony Corporation
Fuji Oil Co., Ltd.

“IR Grand Prix” recipients

Komatsu Ltd.
Shionogi & Co., Ltd.
“Best IR Award” recipients
DAIKIN INDUSTRIES, LTD.
Daiwa House Industry Co., Ltd.
Nabtesco Corporation, etc. (total of seven “Best IR Award” recipients)



Details can be found by scanning the QR code above.



About the “IR Award”

The objective behind this award is to select and award companies that have a deep understanding of the purpose of IR, have been proactive in IR related efforts, and have achieved outstanding results such as gaining strong support of market participants.

2018 “Porter Prize” recipient (Sponsor: Hitotsubashi University Graduate School of International Corporate Strategy (ICS))

The company's unique inventory expansion strategy and logistics system have earned the trust of customers, who say “TRUSCO has it in stock.” The company's unique efforts to improve convenience without appealing to sales price were highly evaluated.

Companies receiving the award in 2018

TRUSCO NAKAYAMA Corporation,
Hoken No Madoguchi Group Inc.,
MonotaRO Co., Ltd., and RIZAP, Inc.



Details can be found by scanning the QR code above.



About the “Porter Prize”

The Porter Prize was established to enhance the competitiveness of Japanese companies. The name of the award is derived from Harvard University professor Michael E. Porter. The prize is awarded to companies that achieve high profitability using unique, outstanding strategies.

2020 Selected as a “DX Stocks 2020” company “DX Grand Prix 2020” recipient (Sponsors: Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange)

“Intuition and assumptions can sometimes lead to fatal mistakes. We want to use the data analysis and utilization as a foundation for moving forward to the next stage.” In addition to this awareness by top management, the company was highly evaluated for converting data analysis into creative services by utilizing AI and other technologies.

“DX Grand Prix 2020” recipients

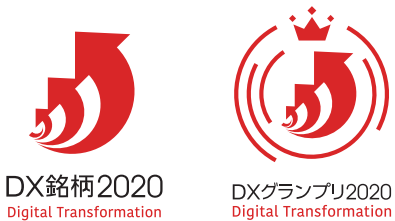
TRUSCO NAKAYAMA Corporation and Komatsu Ltd.

Companies selected as a “DX Stocks 2020” companies

35 companies in total, including Kajima Corporation and Fujitsu Limited



Details can be found by scanning the QR code above.



About “DX Stocks” and the “DX Grand Prix”

Listed companies that have established internal systems to promote digital transformation (DX), which will lead to increased corporate value, and that have demonstrated outstanding achievements in the use of digital technology are selected as “DX Stocks” companies. Among those selected, companies that are leading the way in the digital age are awarded the “DX Grand Prix”.

2020 Information Technology Award “IT Grand Prize” Recipient (Digital Transformation category) (Sponsor: Japan Institute of Information Technology)

TRUSCO was recognized for the high level of results it has achieved by improving the efficiency of the entire industry through the development of IT systems and for improving operational efficiency and business innovation throughout the supply chain through the establishment of various mechanisms, including the automation of quotations using AI.

2020 “IT Grand Prize” Recipients

(Digital Transformation category): Trusco Nakayama Corporation
Customer/Business Functions category: All Nippon Airways Co., Ltd.
Social Problem Solving category: Kochi Prefecture (prefectural government)



Details can be found by scanning the QR code above.



About the “Information Technology Award”

This award is given to companies and organizations that are recognized as having made outstanding efforts and achieved outstanding results in “management innovation using IT.” The awards have been held for 38 years since 1983.

Be an Ultimate Master Wholesale (Management Policy)

We believe that the source of competitiveness for an organization is its originality and we are placing it at the root of our management strategy.

TRUSCO continues to promote the improvement of convenience for our customers and enhancement of the environment and systems that allow our employees to work with peace of mind over the long term. Setting our own management indicators for each strategy, we will continue to aim to be a company that always meets the demands of the manufacturing sites.

Product Strategy	22
Distribution Strategy	32
Sales Strategy	38
Digital Service Strategy	44
Human Resources/Financial Strategy	50

Product Strategy

Product Inventory

Number of items in inventory

442,436 items

Total number of items in inventory

45.17 million

Inventory Value

\$387 million

Total Number of Suppliers

2,652

(2,440 suppliers in Japan, 212 overseas)

Number of items listed in TRUSCO Orange Book.com

2.33 million items

(Information current as of December 31, 2020)



Improve inventory management efficiency by strengthening the integrated system from purchasing to sales planning

Senior Executive Officer
General Manager of the Product Division

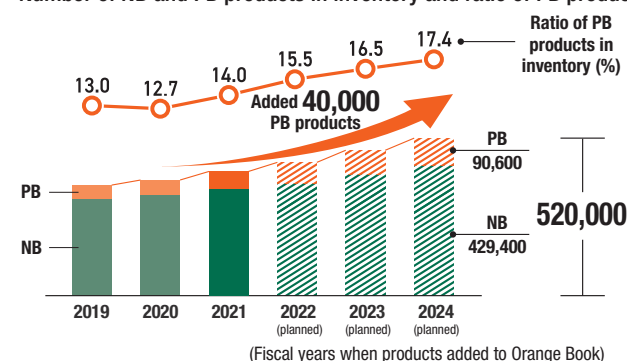
Tatsuya Nakayama

The wide range of products we have accumulated is the “dam” of an industry that can keep up with changes in social conditions. We will focus on strengthening the task of creating a series of flow from purchasing to sales planning.

Promoting expansion plan PB Products

By steadily implementing our five-year PB products expansion plan, we will strengthen our lineup of private brand (PB) products, which are the mainstay of our earnings. At the same time, we will proactively promote the shift to environmentally-friendly packaging and packing materials with a focus on non-plastic materials. We will also begin in-house manufacturing of items that should be produced in-house in view of the current social situation.

Number of NB and PB products in inventory and ratio of PB products



Advanced product data promotion

Our company has 2,652 sales agents, the largest number in the industry, giving us the ability to supply millions of items. The number of requests of data from EC customers, whose demand is growing remarkably, continues to increase, and the contents of such requests are becoming more sophisticated with each passing day. In cooperation with our suppliers, we will focus on data maintenance maximally, as the quality of the data will determine the future of our performance.



TRUSCO product database “Sterra” user interface

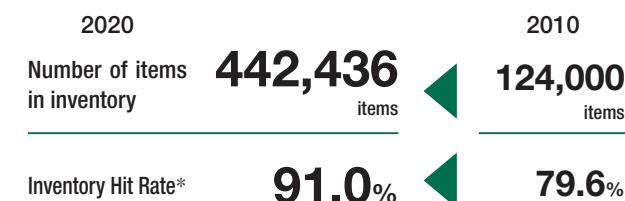
Inventory Strategy

Full Line-up of PRO TOOL

PRO TOOL in general refer to tools, operational supplies, consumables, and machinery required by professionals (workers/crafts-persons) in manufacturing sites such as factories and construction sites. We carry a wide array of PRO TOOL products and as many as possible. By stocking not only the best-selling products but also all products with the same or similar functions, we are able to respond accurately to our customers' needs. We will continue to offer an abundant product lineup and inventory to help customers expand their businesses.

Increasing the number of items in inventory contributes to improving customer convenience

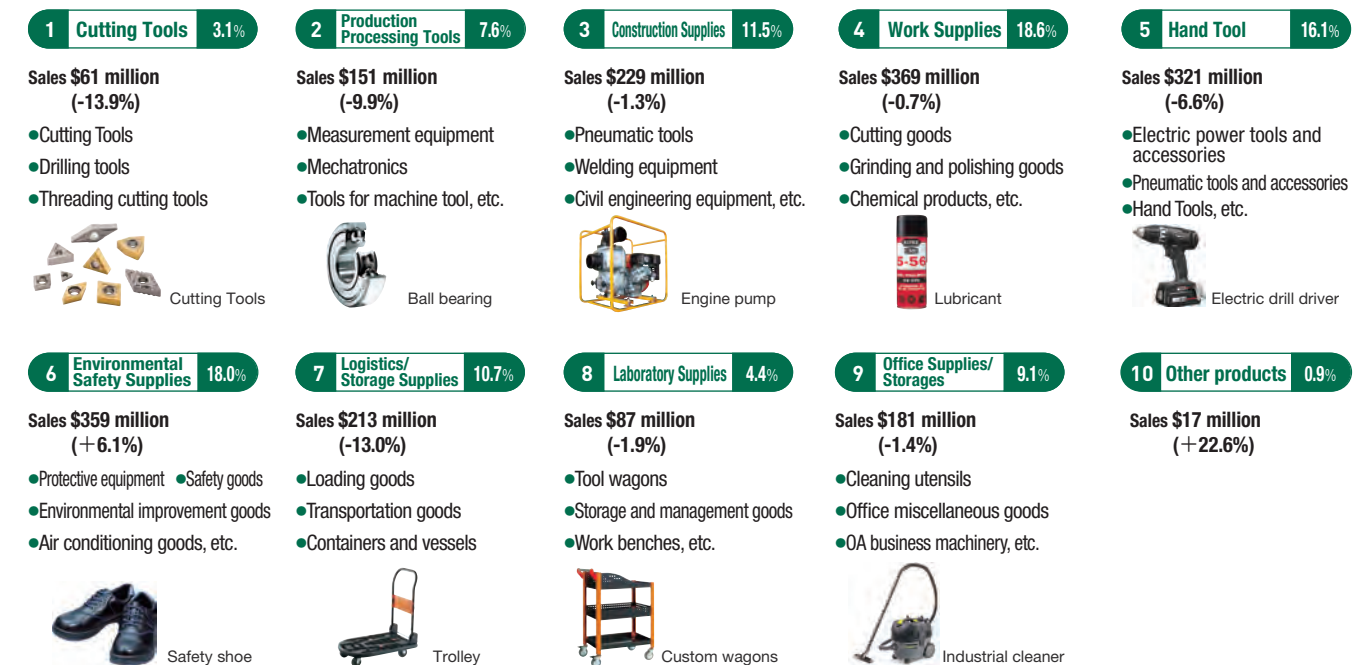
We are continually expanding our inventory items with focus on long tail products and strengthening prompt delivery systems to customers. Expansion of the number of items in inventory has resulted in a product inventory offering that is 3.6 times the size it was 10 years ago an inventory hit rate that has risen by approximately 11.4 points over the last 10 years. This contributes to customer convenience.



*Ratio of products delivered from our company stock divided by our total number of orders.

Sales Constitution Ratio of Available Products

shows the distribution ratio of Sales by category. Sales data current as of December 31, 2020. Figures in brackets are from the previous year provided for comparison.



Listed in TRUSCO Orange Book.Com:

2,337,220

Listed in TRUSCO Orange Book:

471,000

In inventory:

442,436

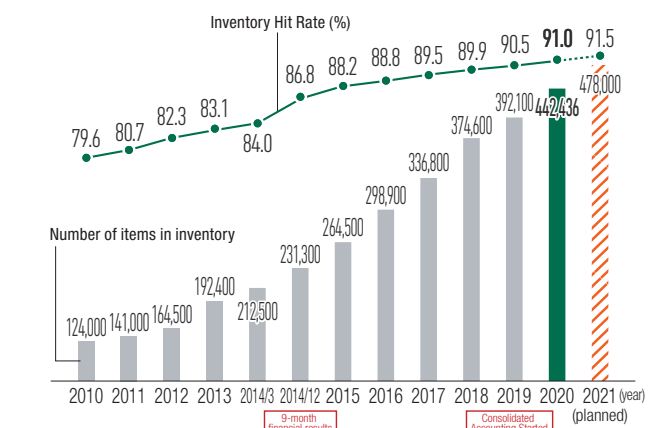
Private Brand Products:

67,700

Information current as of December 31, 2020

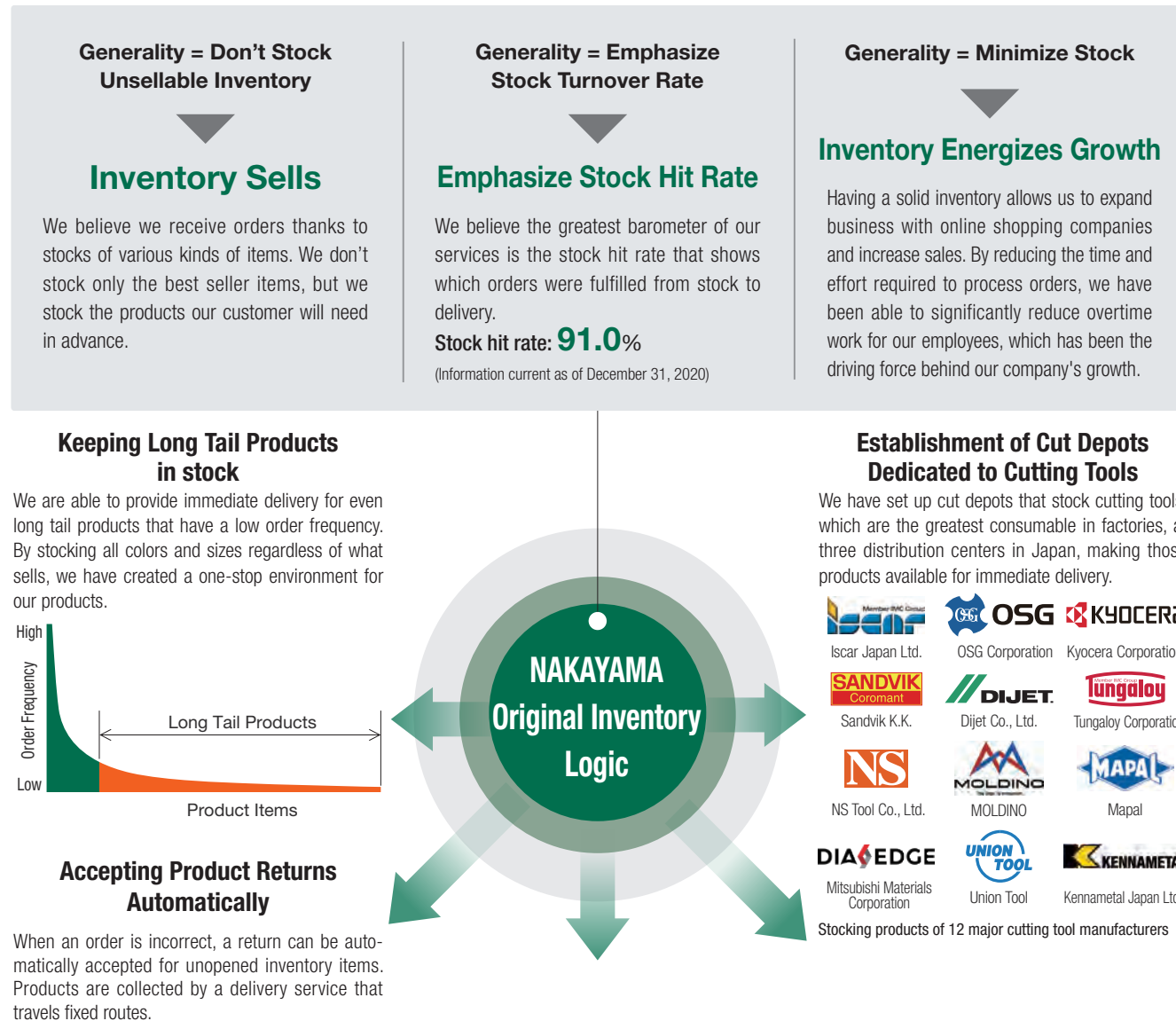
Expansion of the number of items in inventory has resulted in an inventory hit rate that has risen by approximately 10 points over the last 10 years.

Number of Inventory Items/Inventory Hit Rate



Enhancing inventory by the NAKAYAMA Original Inventory Logic

Based on the belief that inventory is necessary for the convenience of our customers and for improving sales, we have developed our own approach to inventory - the **NAKAYAMA Original Inventory Logic**. With this thought, we are expanding our inventory using creative methods to ensure that our customers know that TRUSCO has what they need.



Private Brand Products

Developing our own brand with creative approach

The TRUSCO brand was born out of the desire to respond to professional skills with professional quality. It covers the widest range of auxiliary materials for factory use among all brands. At present, we are developing at a speed of about 10,000 additional items every year and are working to further strengthen the brand.



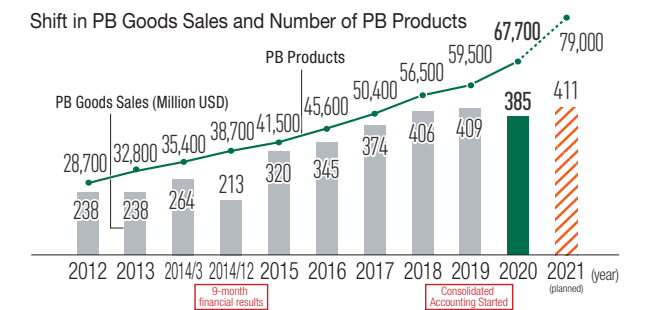
Start of Development Private Brand Products in 1964

We launched "Komyotan", our first private brand product, in 1964. This began by bulk breaking products that were only sold as eighteen liter drums at the time, which was the first step in the history of our private brand products.



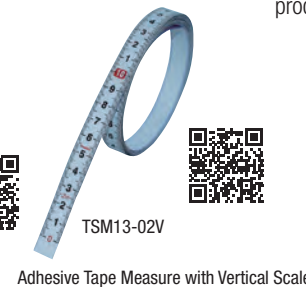
Komyotan powder for rust, corrosion and seizure prevention

PB Product - Approaching 70,000 items



Received Multiple Good Design Awards

The Japan Institute of Design Promotion presents awards to products and services with superior design every year. TRUSCO has received Good Design Awards 13 times for many of its products including carts, air dusters, and hip roof tool boxes.



Products Based on Ideas from Employees

The PB Idea Box is a system for employees to propose ideas for new products. Approximately 100 new ideas are presented each month, some which lead to the creation of various unique PB Products.

Deeply focus on quality control

We established the PB (Private Brand) Quality Control Section to manage the quality of PB products. We are striving to enhance quality through measures that include the plans to prevent recurrence when a deficiency occurs as well as product improvements.

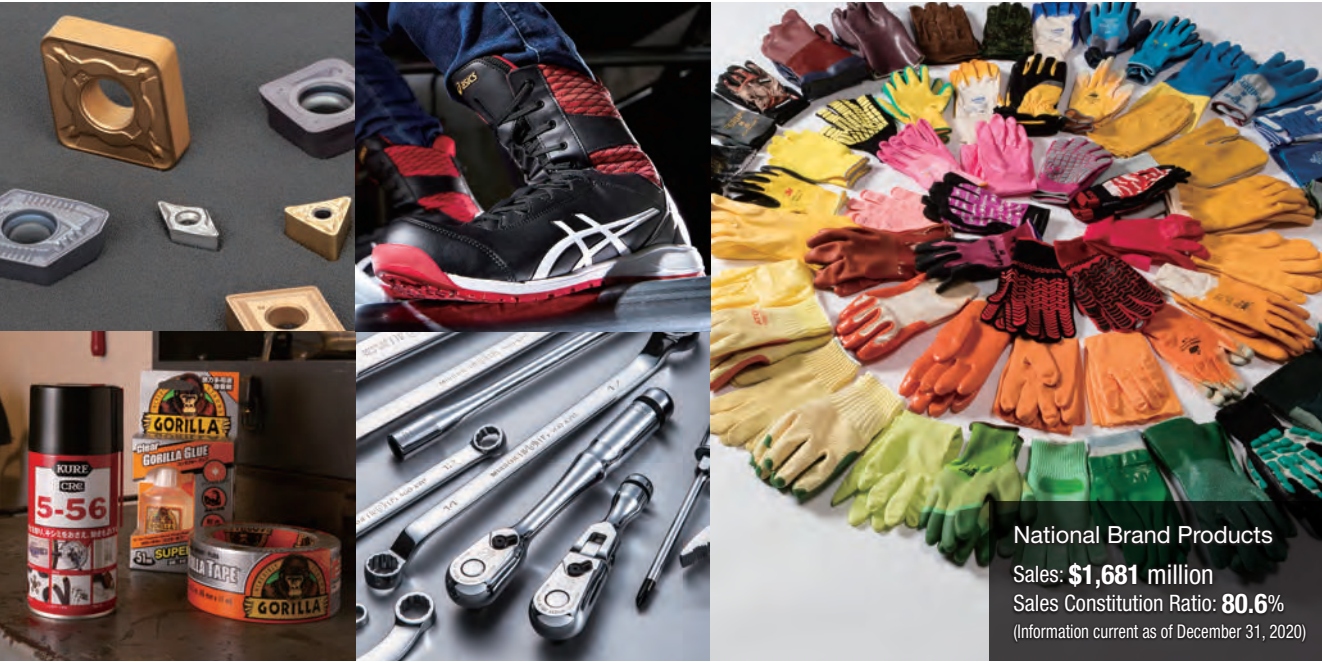


Employees work remotely to check product quality

National Brand (NB) Products

Providing a Broad Selection of PRO TOOL in Japan

We are able to provide items (National Brand Products) from around 2,440 companies procured from suppliers in Japan. The number of suppliers we work with grows by 100 or so annually so that we can provide a broad selection of products to everyone involved with manufacturing.



National Brand Products
Sales: \$1,681 million
Sales Constitution Ratio: 80.6%
(Information current as of December 31, 2020)

We are always looking for products with professional specifications to provide total support to manufacturing sites nationwide.

Yattemasen List

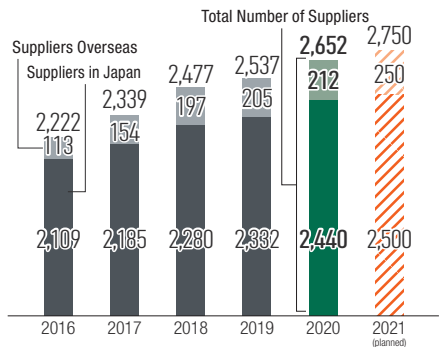
We have a list of suppliers that we have rejected because they do not do what we are looking for. Product request advertisements are managed through the Sagashi-temasu BOX made available on our intranet and employees in the sales field write in the box daily to cultivate suppliers.

Product Request Advertisements

We publish advertisements to recruit new suppliers in newspapers and on our website. We are opening avenues to products by placing product request advertisements.



Increasing our suppliers by around 100 more annually
Change in Number of Suppliers



Sales and composition ratio by product category in the Trusco Orange Book (fiscal year ended December 31, 2020)

Category	Sales	Number of Items	Sales Constitution Ratio	Category	Sales	Number of Items	Sales Constitution Ratio	Category	Sales	Number of Items	Sales Constitution Ratio
01 Cutting Tools	\$65 million (-13.0%)	342,417	3.3%	08 Chemical Products	\$122 million (+1.8%)	10,872	6.1%	15 Loading goods	\$71 million (-8.2%)	21,312	3.6%
02 Tools for machine tool	\$21 million (-22.1%)	38,527	1.1%	09 Hand Tools	\$150 million (-7.4%)	101,003	7.5%	16 Logistics/Storage Supplies	\$110 million (-11.7%)	69,839	5.5%
03 Measurement equipment	\$83 million (-7.2%)	85,409	4.2%	10 Electric, hydraulic, and pneumatic tools	\$190 million (-6.1%)	104,681	9.5%	17 Conveyance equipment	\$77 million (-18.1%)	99,357	3.9%
04 Mechatronics parts	\$26 million (-2.7%)	226,031	1.3%	11 Protective equipment	\$205 million (+15.8%)	180,420	10.3%	18 Cleaning and sanitation goods	\$112 million (+6.8%)	32,592	5.6%
05 Hardware and building materials	\$71 million (-0.3%)	121,551	3.6%	12 Safety goods	\$45 million (-4.1%)	53,382	2.3%	19 Environmental improvement goods	\$82 million (-1.3%)	19,661	4.1%
06 Pneumatic accessories	\$40 million (-9.3%)	347,870	2.0%	13 Packaging goods	\$137 million (+0.9%)	35,902	6.9%	20 Gardening equipment	\$18 million (+17.9%)	20,713	0.9%
07 Electronic Devices	\$34 million (-1.8%)	183,340	1.7%	14 Construction and Lighting Equipment	\$188 million (-4.4%)	127,569	9.5%	21 Office Supplies/Storage	\$88 million (-6.2%)	160,547	4.4%
								22 Research equipment	\$47 million (-1.0%)	118,384	2.4%

*Sales by category in TRUSCO Orange Book

Overseas National Brand Products

Launching the World's PRO TOOL into Japan

In October 2015, we established our Representative Office Germany in Düsseldorf to serve as a site for procuring professional tools from around the world, mainly from Europe, where there are many high-quality tool manufacturers with long histories. We import quality PRO TOOL from various countries to invigorate the “monodzukuri” industry in Japan.



Overseas Procurement
Sales: \$48 million
Suppliers: 212
(Information current as of December 31, 2020)

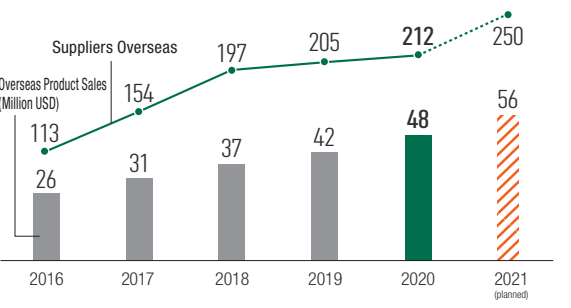
TRUSCO also carries products that are difficult to obtain in Japan

At present, TRUSCO handles the products of approximately 212 overseas suppliers from 22 countries and stock them as Japanese products in distribution centers across Japan. With a wide-ranging lineup of overseas pro tool not readily available in Japan, we offer users increased convenience and options. We also have a website “Sekai no PRO TOOL” where we provide promotional information based on a wealth of information.



Scan the QR code to see the “Sekai no PRO TOOL” website.

Sales are growing in proportion to the increase in overseas suppliers.
Overseas Suppliers and Overseas Product Sales



Major Overseas Suppliers (honorifics omitted)



Representative Office Germany (Düsseldorf)

We are speeding up our efforts to find new suppliers and strengthen partnerships in Europe.



US Office
We continue to look for and obtain products from US manufacturers.



2,652 manufacturers

Only some manufacturers are listed (295 companies).

A~E
A&D Co., Ltd.
ABC TRADING Co., Ltd.
ACHILLES CORPORATION
ALINCO INCORPORATED
AM PRODUCTS, Inc.
AMANO CORPORATION
ANEST IWATA Corporation
AQUASYSTEM Co., Ltd.
AS ONE CORPORATION
ASADA CORPORATION
ASAHI KASEI ADVANCE CORPORATION
ASAHI METAL INDUSTRY Co., Ltd.
ASAHI SANGYO
Asahipen Corp.
ASICS Corporation
ASOH Co., Ltd.
ATOM CORPORATION
BELLSTAR ABRASIVE MFG. Co., Ltd.
BIG DAISHOWA Co., Ltd.
BLASTON
Bosch
BURRTEC Co., Ltd.
CAR-BOY CORPORATION
CEMEDINE Co., Ltd.
CHIYODA TSUSHO Co., Ltd.
CHUHATSU HANBAI Co., Ltd.
CHUKOH CHEMICAL INDUSTRIES, LTD.
CKD CORPORATION
COSMO BEAUTY Co., Ltd.
CUSTOM
DAIDOHANT Co., Ltd.
DAIHEN Techno Support Corporation
DAIKEN Co., Ltd.
DAILITE Co., Ltd.
DAINICHI Co., Ltd.
DIATEX Co., Ltd.
DIC PLASTICS INC.
DJI
DUNLOP HOME PRODUCTS, LTD.
DuPont Toray Specialty Materials K.K.
Earth Chemical Co., Ltd.
ELECOM Co., Ltd.
ELEPHANT CHAIN BLOCK Co., Ltd.
Elleair Business Support Corporation
ENDO KOGYO CO., LTD.
ENGINEER INC.
ERECTA INTERNATIONAL CORPORATION
EXEN CORP.
F~J
FUJI GLOVE Co., Ltd.
FUJI TOOLS
FUJII DENKO Co., Ltd.
FUJIIMPULSE Co., Ltd.
FUJISAWA INDUSTRY Co., Ltd.
FUJIYA Co., Ltd.
FUSO SEIKI Co., Ltd.
Gentos Co., Ltd.
Gifu Plastic Industry Co., Ltd.
H.H.H.MANUFACTURING CO.
HAGIHARA INDUSTRIES INC.
HAKKO CORPORATION
HAKKO ELECTRIC CO., LTD.
HAKKO HANBAI Co., Ltd.
HAMMER CASTER Co., Ltd.
HASEGAWA KOGYO Co., Ltd.
HASHIMOTO CLOTH
HATAYALIMITED
HENKEL JAPAN LTD.
HIKARI Co., Ltd.
HIOKI E.E. CORPORATION
Hitachi Global Life Solutions, Inc.
HONDA MOTOR Co., Ltd.

HOUSE BM
HOZAN TOOL INDUSTRIAL Co., Ltd.
ICHINEN MTM CO., LTD.
ICHINEN TASCO CO., LTD.
Icom Inc.
IKURA SEIKI Co., Ltd.
IMAO CORPORATION
Inaba Corporation
Industry Kowa Co., Ltd.
Innovex Co., Ltd.
INOAC CORPORATION
IRIS OHYAMA Inc.
ISCAR JAPAN LTD.
ISHIHASHI SEIKO
Ishikawa Seisakusho Corporation
ISHIZAKI ELECTRIC MFG. Co., Ltd.
ITW PP&F Japan
JAPAN GREEN CROSS, INC.
JAPAN Vilene COMPANY, LTD.
JEFCOM
JOHNAN CORPORATION
JVC KENWOOD Corporation
K~O
KAJIMEIKU Co., Ltd.
Kaneko Mfg Corporation
KANETEC Co., Ltd.
KANTOH Co., Ltd.
KARCHER JAPAN
KATSUYAMA KIKAI, LTD.
KAWANISHI INDUSTRY Co., Ltd.
Kikuchi Sheet Co., Ltd.
KING JIM Co., Ltd.
KINKI SEISAKUSYO
KITO CORPORATION
Ko-Ken Tool Co., Ltd.
Koki Holdings Co., Ltd.
KOKUYO Co., Ltd.
KOMY Co., Ltd.
KONISHI Co., Ltd.
KONNO CORPORATION
KONOE
KOSHIN LTD.
KOTOHIRA
Kowa Company, Ltd.
KUCHOFUKU CO., LTD.
kuraray trading Co., Ltd.
KURE ENGINEERING Ltd.
KURODA BRUSH
KYOCERA CORPORATION
KYOMACHI Co., Ltd.
KYOTO TOOL Co., Ltd.
LED LENSER JAPAN Inc.
LOBTEX Co., Ltd.
MAEDA SHELL SERVICE Co., Ltd.
Makita Corporation
MARUWA CHEMICAL Co., Ltd.
MARUYASU KIKAI
MARUZEN FABRIC & Co., Ltd.
MASADA SEISAKUSHO Co., Ltd.
Matsuura Industry Co., Ltd.
MAX Co., Ltd.
MAX Corporation
Maxell Holdings, Ltd.
Maxell Izumi Co., Ltd.
MCC CORPORATION
MIDORI ANZEN Co., Ltd.
MINITOR Co., Ltd.
Mitsubishi Chemical Infratec Co., Ltd.
mitsubishi materials corporation
MITSUGIRON Co., Ltd.
mitsui chemical, inc.
MITUTOYO CORPORATION
MIYANAGA Co., Ltd.
MIZUHO KASEI KOGYO
MIZUMOTO MACHINE MFG. Co., Ltd.
MIZUSHIMA KOGYO
MOMENTIVE PERFORMANCE MATERIALS INC.

MOTOYUKI Co., Ltd.
MURAKI CO., LTD.
MURAKO Co., Ltd.
MURATEC-KDS CORP.
MUROMOTO TEKKO Co., Ltd.
MYZOX Co., Ltd.
NAIKI Co., Ltd.
NAKAMURA Mfg Co., Ltd.
Nakanishi Metal Works Co., Ltd.
NAKANISHI, INC.
NAKAO Co., Ltd.
NAKATOMI CORPORATION
NEWREGISTON Co., Ltd.
NICHIBAN Co., Ltd.
NICHIDO IND. Co., Ltd.
NICHIFU Co., Ltd.
NICHILAY MAGNET CO., LTD.
NIHON PISCO Co., Ltd.
NIHONSEIKI Co., Ltd.
NIIGATASEIKI Co., Ltd.
NIKKO Co., Ltd.
NIKKO STEEL WIRE RORE M.F.G. Co., Ltd.
NIPPECO LTD.
NIPPON FILING Co., Ltd.
NIPPON PAPER CRECIA Co., Ltd.
NIPPON PLASTER Co., Ltd.
NIPPON PNEUMATIC MFG. Co., Ltd.
NIPPON POP RIVETS AND FASTENERS LTD.
NIPPON RESIBON CORPORATION
NISSA CHAIN Co., Ltd.
NITOMS INC.
NITTO DENKO CORPORATION
NITTO KINZOKU KOGYO Co., Ltd.
NITTO KOHKI Co., Ltd.
NOGAWATERS Ltd.
NORITAKE COATED ABRASIVE Co., Ltd.
NORITSUISU
NS TOOL CO., LTD.
O.H.INDUSTRIAL Co., Ltd.
Office Mine, Inc.
Okamoto Industries, Inc.
OLFA CORPORATION
Omikogyo Co., Ltd.
ORION MACHINERY Co., Ltd.
OSAKA JACK Co., Ltd.
OSAKA KAKUTA KOGYO CO., LTD.
OSAKA SEIKAN Co., Ltd.
OSAKA TAIYU Co., Ltd.
OSG CORPORATION
P~T
PANASONIC CORPORATION
Panduit Corp. Japan Branch
Pelican Products, Inc.
Pica Corp.
REX INDUSTRIES Co., Ltd.
Ridge Tool Company
RIKENOPTech
Saint-Gobain K.K.
SAKAI CHEMICAL
Sandvik
SANKIN CORPORATION
SANKO Co., Ltd.
SANKO INDUSTRIES Co., Ltd.
SANKO TECHNO Co., Ltd.
Sanritsu-kiki Co., Ltd.
SANSHIN METAL WORKING Co., Ltd.
SANWA SUPPLY INC.
SARAYA Co., Ltd.
SEISANNIPPONSHA LTD.
SEIWA ELECTRIC MAKER Co., Ltd.
SEKISUI CHEMICAL Co., Ltd.
SHIGEMATSU WORKS Co., Ltd.
SHIN-ETSU CHEMICAL Co., Ltd.
SHINFUJI BURNER Co., Ltd.
SHINKIGOSEI Co., Ltd.
SHINWA RULES Co., Ltd.
SHIZUOKA SEIKI Co., Ltd.

SHOWA DENKI Co., Ltd.
SHOWA GLOVE
SIMON CORPORATION
SINKO Co., LTD.
SISIKU ADDKREIS CORPORATION
SMC CORPORATION
Snap-On Tools JAPAN K.K.
ST PRO CORPORATION
SUGATSUNE KOGYO Co., Ltd.
SUGICO
SUGIYASU Co., Ltd.
SUIDEN Co., Ltd.
SUIKO Co., Ltd.
Sumico Lubricant Co., Ltd.
SUPER TOOL Co., Ltd.
SUS Corporation
SUZUKI KIKOH CO., LTD.
TAIYO KOGYO
TAIYO SEIKI IRON WORKS Co., Ltd.
TAIYO, LTD.
TAKAGI Co., Ltd.
TAKAGI KOGYO Co., Ltd.
TANIZAWA SEISAKUSHO, LTD.
TEIJIN FRONTIER Co., Ltd.
TENMA CORPORATION
TERADA PUMP Co., Ltd.
TERAMOTO CORPORATION
Teraoka Seisakusho Co., Ltd.
THE YAMAZAKI CORPORATION
ThreeBond Co., Ltd.
TJM DESIGN CORP.
TOA TSUSHO Co., Ltd
TOGAWA INDUSTRY CORPORATION
TOHNICHI Mfg Co., Ltd.
TOKYO MEDICAL Co., Ltd.
TONE CO., LTD.
TOP KOGYO Co., Ltd.
TOWA CORPORATION LTD.
TOYO KOKEN K.K.
TOYO MATELAN Co., Ltd.
TOYOTOMI Co., Ltd.
TSUBOSAN FILE Co., Ltd
TSUKASA CHEMICAL INDUSTRY Co., Ltd.
TSURUMI MANUFACTURING Co., Ltd.
TUNGALOY CORPORATION
U~Y
UHT CORP.
ULVAC KIKO Inc.
UNIKA Co., Ltd.
UNION TOOL
UNIT
VESSEL CO., INC.
Vilene Create Company, Ltd.
WAKITA Corporation
WAKOPALLET Co., Ltd.
Wera
YAESU MUSEN Co., Ltd.
YAMABIKO CORPORATION
YAMADA CORPORATION
YAMAHA MOTOR POWERED PRODUCTS Co., Ltd.
YAMAMOTO KOGAKU Co., Ltd.
YAMATO SCIENTIFICS Co., Ltd.
YAMATOSANGYO
YAMATO-SCALE Co., Ltd.
YAMATOSEITOSYO JAPAN CORPORATION
YAMAWA MFG. Co., Ltd.
YODOGAWA ELECTRIC TOOL MFG. Co., Ltd.
YODOGAWA STEEL WORKS, LTD.
YOKOHAMA OIL & FATS INDUSTRY Co., Ltd.
YOSHINO LIMITED
YUEI Co., Ltd.
YUTAKA MAKE Co., Ltd.
Other
3M JAPAN LIMITED

Customer Support Tool

Aiming to provide customers the most convenient tool in procurement Pro Tool

The tools needed for use at manufacturing sites vary greatly according to the times. There are also different situations that make procurement challenging, such as work sites that are offline and performing product searches without knowing product serial numbers. TRUSCO aims to provide the highest level of convenience in tool procurement in order to respond to any situation.



TRUSCO Orange Book 2021


Listed items: approx. **471,000**, Inventory items: approx. **404,000**

Off-the-shelf rate: **85%**, Manufacturers listed: **1,851**, Page count: **17,136**, Weight: **24 kg**

Providing tools suitable for “Monodzukuri” sites

We launched our first product catalog “Nakayama Shoho” (“Nakayama Business Bulletin”) in 1964. At that time, there were no catalogs that combined products from multiple manufacturers, and it was the first product catalog in the industry that provided users with real convenience. Currently,

we are developing not only catalog functions and web product search functions but also AI-based product search services. We provide tools suitable for a variety of manufacturing sites, most of which are linked to our inventory, to improve the convenience of PRO TOOL searches and procurement.




Name of catalog is changed “Nakayama Shoho” to “Orange Book” in 2000.


Note: Photo above shows the hand-book version (small size version) of the Orange Book.

Providing products monodzukuri sites need


Perspicuity



Online



Offline



Searchability



TRUSCO Orange Book

TRUSCO Orange Book - “Great Dictionary of Monodzukuri” used at various manufacturing sites

Our catalog lists every sort of PRO TOOL that is required on the “monodzukuri” production floor. This is a professional tool catalog that supports efficient product search and procurement with a magazine-like composition that allows you to obtain delivery date information and find out about popular products at a glance. From 2020, the catalog page size was changed to A4, allowing more information to be provided on a single page so that you can see more at a glance. We also offer the “TRUSCO Digital Orange Book*,” which combines the reading ease of a printed catalog with the portability and searchability of the web.

*English version available



The Orange Book Rack (single-piece book holder) has been registered as a design

TRUSCO Orange Book.Com

Product search site listed all the information users need to acquire Pro Tool

This comprehensive site supports product searches and the purchase of PRO TOOL. Information on the products we handle is available, as are SDS forms (Safety Data Sheets), schematics, and more. In addition, site members can request product estimates, place orders, and even check inventory in real time. It is a system that we are continuing to build in order to support smooth business transactions and assist our customers in their sales activities.



Also accessible via tablet or smartphone

TRUSCO AI Orange Rescue

AI Chatbot (automatic chat program) responds instantly even voice searches

AI Chatbot is a product search service that uses artificial intelligence (AI). It is capable of instantly finding the most suitable product from over 2.3 million items. Even if you do not know the specific industry name for the tool, manufacturer name, product name, or model number, you can easily narrow down the products you want using the voice search function and guided chat function. The AI “learns” the search results to improve accuracy day by day, helping to improve the efficiency of operations.



Desired products are easily found also by fuzzy search

Catalogs that fit diversifying sales channels

TRUSCO Orange Book Jr.

This catalog gathers representative excerpts from every product category into one book.

Pages: 1,488 (A4 size)

Number of items listed: About 42,000

Number of manufacturers listed: 1,140

Price: \$20 (price includes tax)

Note: A Thai version as well as a version for the Indonesia market (2020-2021 version) have also been published.



TRUSCO Construction Tool Book (Registered Trademark)

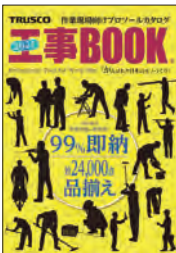
This catalog features a lineup of PRO TOOL required for construction and other work sites. The cover is UV laminated for improved water and weather resistance. This means that you can even use it at work sites without worrying about it getting damaged.

Pages: 708 (A4 size)

Number of items listed: About 24,000

Number of manufacturers listed: 695

Price: \$10 (price includes tax)



TRUSCO PRO TOOL MAGAZINE ICHIOSHI

This catalog magazine features up-to-date information on items recommended by manufacturers.

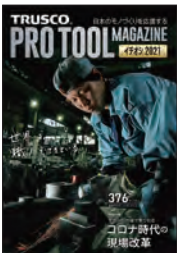
Pages: 290 (A4 size)

Number of items listed: 376

Number of manufacturers listed: 328

Price: \$5 (price includes tax)

Front Cover: 2018: Mansai Nomura
2019: Mari Watanabe
2020: Rie Tanaka
2021: An artisan working at manufacturing site



COCOMITE

A guidebook for PRO TOOLS, COCOMITE features basic product knowledge, simple explanations of points for selecting products, and more. This publication makes selecting products more efficient.

Pages: About 860 (B5 size)

Price: \$30 (price includes tax)

Note: An English version of this publication titled COCOMITE UNIVERSAL is also available.



Logistics Wonderland

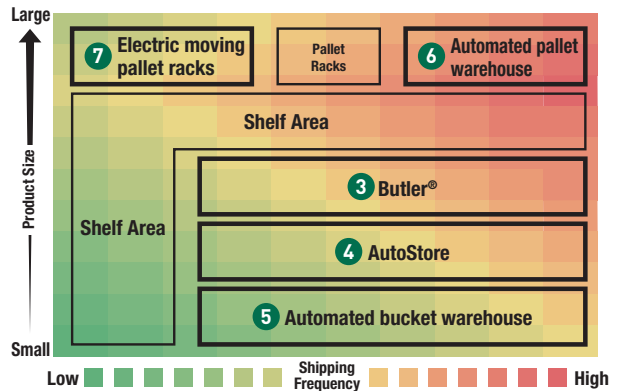
Introduction of a cutting-edge distribution system

Our distribution centers, which house the world's most advanced logistics equipment, are exactly a "logistics wonderland." We have introduced a variety of logistics equipment and facilities to promote labor saving and automation. We continue to expand the number of items in stock and strengthen our immediate delivery system by realizing high-density storage in logistics equipment according to the size of the product and frequency of shipment, as well as high-speed receiving/shipping through automated sorting and packaging.

Logistics Wonderland Planet Saitama

Scan the QR code to watch video.

Utilizing a variety of logistics equipment according to product size and shipping frequency



Labor saving capability Distribution Center where the technology was introduced

1 AGV (Automatic Guided Vehicles)

Automatic Guided Vehicles automatically transport products along magnetic tape laid out on the floor of the Distribution Center. It improves transport efficiency through labor saving.

Reaches speed of 3.6 km/h when moving straight forward

Saitama

3 Butler® (Automated conveyance robots)

Automated conveyance robots lift shelves and transport them to workers in the warehouse. This reduces workers' time walking and raises the efficiency of picking work.

Shipping Capacity 70 shipments/h (1 station)*

Work Performed by approx. 2.5 Workers/h* (1 station)

2x more storage capacity* Tohoku Saitama

*Independent estimate based on TRUSCO inventory items.

5 Automated bucket warehouse

We offer high-density storage of buckets (containers) of small- and medium-sized products that are characterized by many varieties and relatively low inventory volume for each product. Cranes are used to transport the buckets. This allows for many products to be efficiently managed by a small number of workers.

Shipping Capacity 110 shipments/h (1 station)

Work Performed by approx. 3 Workers/h

2.5x more storage capacity Tohoku Saitama

East Kanto South Kanto Tokai Shiga Osaka Kobe

8 SAS (Systema Streamer)/Shuttle Rack (high-speed picking and sorting equipment)

This high-speed load assorting equipment for automated warehouses can simultaneously perform load assorting and sorting of products. This reduces effort and time for sorting and transport.

Sorting capacity of 1,800 containers/h

Tohoku Saitama East Kanto South Kanto Tokai

Osaka Kobe

6 Automated pallet warehouse

This space can store large and heavy goods efficiently. Large-size cranes are used to automatically transport products to increase work efficiency.

Shipping Capacity 35 shipments/h (1 station)

Work Performed by approx. 1.5 Workers/h (1 station)

3x more storage capacity

Saitama North Kanto East Kanto

9 Just fit BOX® (Automated Packaging Machine)

This machine reads the three side dimensions of large and irregular-shaped items, which are difficult to pack, and creates a box to fit its size. This improves efficiency and offers same packing quality for customers.

Packaging Capacity 10 Workers/h 120 packages/h

Tohoku North Kanto Saitama East Kanto

Tokai Osaka Kobe



2 GAS (Gate Assorting System)/ DAS (Digital Assorting System)

This equipment for sorting products eliminates sorting mistakes by people, improving precision and speed. This is because the lid of the container where a product is to be placed will open (or a light will shine to indicate which container), prompting the worker to simply place products inside.

Sorting Capacity 200 product types/h

Work Performed by approx. 3 Workers/h (1 station)

Tohoku Saitama East Kanto South Kanto

Tokai Osaka Kobe

4 AutoStore (high-precision robot-based storage system)

AutoStore maximizes space efficiency by stacking bins (plastic containers) from the floor to near the ceiling. The use of robots to transport containers to improve efficiency and reduce the amount of labor for loading/unloading work.

Shipping Capacity 120 shipments/h (1 station)

Work Performed by approx. 3 Workers/h (1 station)

2x to 3x more storage capacity Tohoku North Kanto

Saitama South Kanto

7 Electric moving pallet racks

Movable pallet trucks reduce the area of passageways and expand storage space within warehouses. It increases the storage efficiency of large and heavy goods.

2x more storage capacity Saitama East Kanto

South Kanto Tokai Shiga Kobe Sanyo

10 I-Pack® (high-speed automated packaging and shipping line)

I-Pack places delivery slips inside packages and handles packaging as well as labeling all at high speeds. Automation leads to shorter packing time and better quality and is the key to improve direct deliveries (see p.36).

Packaging Capacity 24 Workers/h

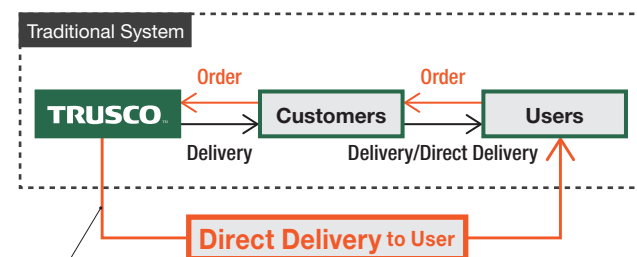
720 packages/h per line

Tohoku Saitama Tokai Osaka

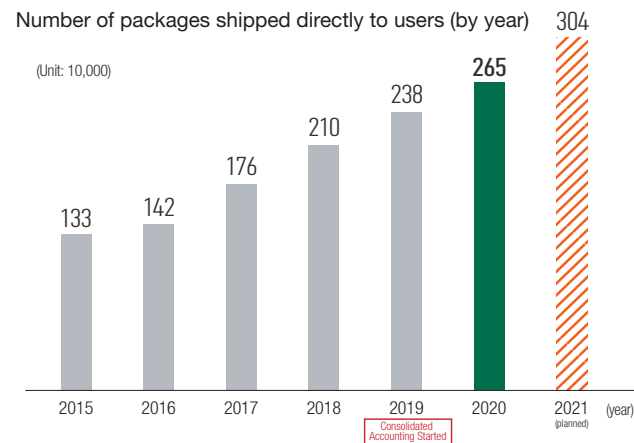
Strengthening of the direct delivery system (2.65 million deliveries per year)

By improving direct delivery performance, we realize not only shorten delivery time but also reducing the cost of the entire supply chain by eliminating the process of delivering products to client warehouses. In addition, due to chronic manpower shortages, the burden delivering products from customers to users becomes heavy. Therefore, by increasing the ratio of direct deliveries from our company, customers can focus more on their sales activities. We believe that solving logistics issues in the industry is also our mission, so we have installed systems such as I-Pack®, a fully automated packaging system, in our major distribution centers and are continuing to strengthen direct delivery performance. (Freight costs are paid for by the customer.)

Order Flow

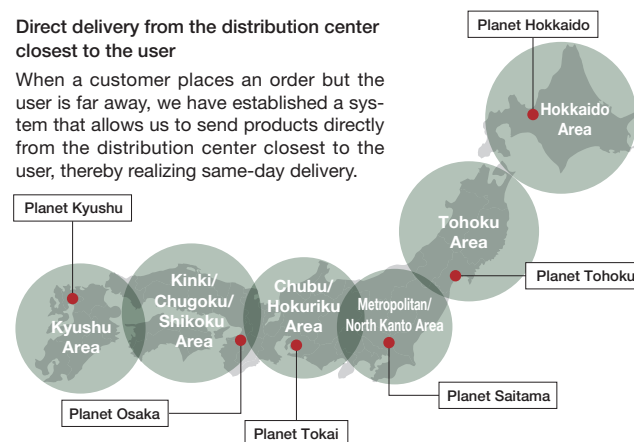


Direct delivery requests are increasing year by year



Direct delivery from the distribution center closest to the user

When a customer places an order but the user is far away, we have established a system that allows us to send products directly from the distribution center closest to the user, thereby realizing same-day delivery.



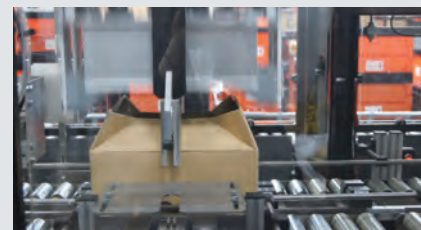
I-Pack® has not been installed at Planet Hokkaido or Planet Kyushu.

I-Pack® (high-speed automated packaging and shipping line)

We are introducing this system in our major distribution centers to strengthen direct shipments to users.



Performance: High-speed shipping preparation performance of 720 packages per hour per line



After the delivery slip is sealed, the box size is adjusted to fit the product which is then packed inside.



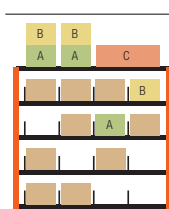
After packing, the two-dimensional code on the box is read and the corresponding invoice is affixed.

Introduction of Non-Fixed Location (Free Address) Inventory Management Systems

TRUSCO is introducing inventory management systems that replace the fixed location method that assigns one location to one product, with a free location method that fills the space opened by inventory depletion with a separate in-shipped product. This is a system where product size, shipping frequency, and storage equipment capacity data are registered in advance. When products arrive, they are guided to the best available location in the warehouse. There is no need to set up storage locations as found in a fixed location based system. With capacity control, the system does not leave wasted space as it is, realize high-density storage. (Centers with system installed: Planet Saitama, Planet Tohoku, and Planet South Kanto)

Fixed Location

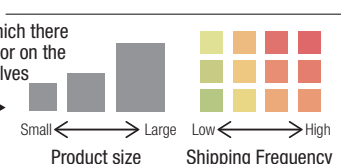
Product size



Since locations are fixed, there is ample space. Also, if a product cannot be stored, it can be placed on top of the shelf.

Non-Fixed Location

Product size × Shipping Frequency × Storage equipment capacity



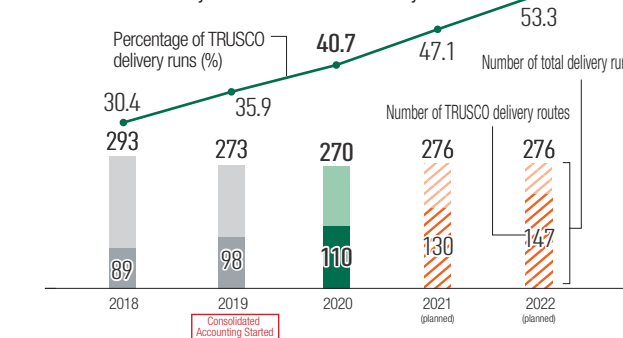
Can be stored in multiple locations as appropriate to the storage equipment capacity.

Our delivery drivers (full-time employees) quickly respond to customer requests (110 delivery vehicles (40.7%))

Delivery drivers are responsible for delivering products to customers. As they visit the customers on time every day, they are able to listen to the problems of the customers on the spot and respond to them quickly.

Increasing our number of delivery vehicles annually

Changes in percentage of TRUSCO delivery vehicles and changes in number of overall delivery vehicles and TRUSCO delivery vehicles



System-based product expiration date management

We put quality control labels to products with quality assurance expiration dates, and manage these to avoid shipping expired products. We have established an expiration date management system that enables accurate and efficient confirmation even when the number of product items increases.



Quality control labels affixed to products with expiration dates

Distribution centers with seismic isolation equipment (3 distribution centers)

When the Great East Japan Earthquake occurred in March 2011, Planet Tohoku was unable to ship products due to them falling from the shelves, even though many PRO TOOL were needed for disaster recovery. Based on this experience, the distribution centers built since then are equipped with seismic isolation equipment as standard equipment so that we can fulfill our responsibility to supply customers even in times of disaster. (Centers with seismic isolation equipment installed: Planet Osaka, Planet Saitama, and Planet South Kanto)



Seismic isolation equipment in Planet Saitama

Specialized app “T-Rate” allows to check shipping status



Through T-Rate, GPS is used to acquire the location information of delivery trucks and provide real-time delivery status information to our customers. This makes it possible to check the location of the delivery trucks, the estimated time of arrival, and the list of products to be delivered, leading to greater convenience and operational efficiency for our customers.



This function reduces the delivery status inquiries

Hazardous material warehouses set up to enhance safety

Due to stocking a large number of chemical products that pose a risk of ignition or explosion, we have added hazardous material warehouses at our distribution centers. These warehouses are equipped with carbon dioxide gas jets to extinguish fires for increased safety.



Hazardous material warehouse at Planet Saitama (approx. 284 m²)

A distribution system where products are continuously delivered even during disasters

Distribution sites are located throughout Japan to reduce risk. We have built a system that automatically supports other distribution sites even when a distribution line is cut, such as when disaster strikes a supply route. We also stockpile at least a six-month supply of products such as generators, which are needed even in times of disaster, so that we can be of use to the community in times of emergency. (130 items stored for use in emergencies)



We have stock such as generators and blue tarp sheets required for use during disasters which should serve as a six-month supply at a minimum.

Sales
Factory Route
\$1,465 million

e-Business Route
\$359 million

Home center route
\$158 million

Overseas Route
\$11 million

As of December 31, 2020



Face Phone in use
(Kana Sato, Tokyo Branch)



PT. TRUSCO NAKAYAMA INDONESIA



"MRO Stocker," is a business model that has been around for many years in Japan, but for tools.



Optimal response to the diversified needs of customers

Director, General Manager of the Sales Department

Kazuo Nakai

By utilizing our management resources, including the products we handle and our logistics and IT systems, we are able to add value to your business.

Increasing convenience through the merging of human resources and digital technology Strengthening connections with customers

We will enhance customer convenience and strengthen our connections with them by promoting the use of the AI-based quotation system to improve the operational efficiency of our customers, Face Phone to enable face-to-face online conversations with our customers anytime, anywhere, and T-Rate to enable easier and more casual communication than conventional communication methods (e-mail, telephone, or fax).

Support of diversifying sales channels

With the changing times, our sales channels continue to diversify. We will continue to establish sales methods that suited for each market.

Implementing market-responsive measures for each business route

Factory Route: Introduction of new products and new manufacturers that meet market needs
Cultivate new sales destinations that are not confined to a specific industry

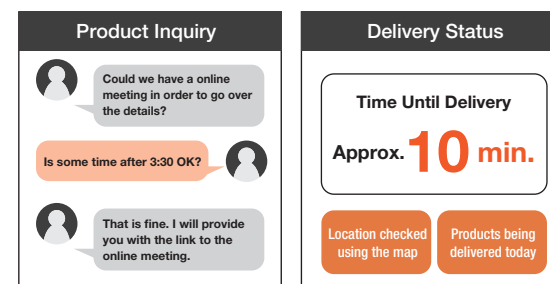
e-business Route: Recommend electronic purchasing systems to users (manufacturers)
Propose a variety of products to online shopping companies to create sales opportunities.

Home Center Route: Provide services that integrate real stores and the Internet.

Overseas Route: Realize a competitive product lineup through direct purchasing by local subsidiaries



Business will be smoother if we wanted to know more, listen, and communicate



T-Rate screen images

T-Rate allows users to chat with distributors and check delivery status.



Briefing session for users (manufacturers) on our electronic purchasing system
Note: In 2020, we mainly conducted web-based seminars to prevent the spread of Covid-19.

Route specific strategies

One-stop purchasing that integrates products, logistics, and digital services

We are grasping the latent needs of our customers that are not quantified and are working to solve their problems by utilizing our product, logistics, and digital services. By providing services suited to the characteristics of each route and realizing one-stop purchasing from customers to users, we will continue to contribute to improving productivity and sales in the entire industry.

Factory Route

Machinery Tool Dealers, Welding Material Dealers, etc. **4,951** Manufacturing Industry, Construction-related Businesses, etc.

Toward a sales style that further utilizes digital technology

Our route is to do business with customers in a wide range of industries, such as with machine tool dealers who mainly handle equipment and factory auxiliary materials, and welding material dealers who mainly handle high-pressure gas. By having sales offices throughout Japan, we are able to respond quickly to any problems and strengthen the cooperative system of each region. In recent years, we have introduced "MRO Stocker" (see p.41), which is a system of "Use First, Pay Later" that has been around for many years in Japan for medicine, but for tools. It allows us to provide high-quality product, logistics, and digital services.

e-Business Route

Online shops, etc. **171** Manufacturing Industry, General Consumers, etc.

Providing high quality services required for e-business

We are developing business for mail-order companies that sell products via the Internet and business that links the purchasing systems utilized by users (manufacturers) with our electronic purchasing system (Orange Commerce (see p.40)). By linking data in real time and visualization of the procurement process, we are helping our customers to improve their procurement and sales efficiency.

Home Center Route

Home centers, pro shops, etc. **105** Outdoor Work, General Consumers, etc.

Supporting businesses that integrate physical and online businesses

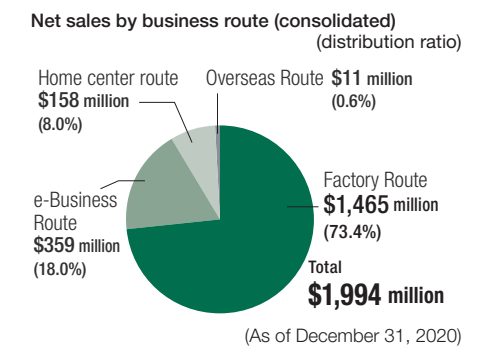
The home center route involves doing business with home centers that have large stores nationwide and professional stores that serve craftsmen as customers. In recent years, we have been working to integrate physical and online businesses by promoting services that allow users to pick up products in stores in response to the growing demand for omni-channel services that link stores and mail-order sites.

Overseas Route

Overseas Dealers, etc. **288** Overseas Manufacturing Industry, etc.

Overseas business based on our unique strengths

This is the route we take to do business with overseas subsidiaries of domestic customers and customers who handle local machinery tools. We have local subsidiaries in Thailand and Indonesia, where we provide the same quality of service as in Japan. We are contributing to the development of manufacturing in those regions by utilizing our unique strengths such as providing catalogs and inventory for those local markets.



Promoting "MRO Stocker," which is like "Okigusuri," a business model that has been around for many years in Japan, but for tools.



We provide support for user procurement efficiency



Private Brand (PB) section at a home center



Members of TRUSCO NAKAYAMA CORPORATION (THAILAND) LIMITED



Members of PT. TRUSCO NAKAYAMA INDONESIA

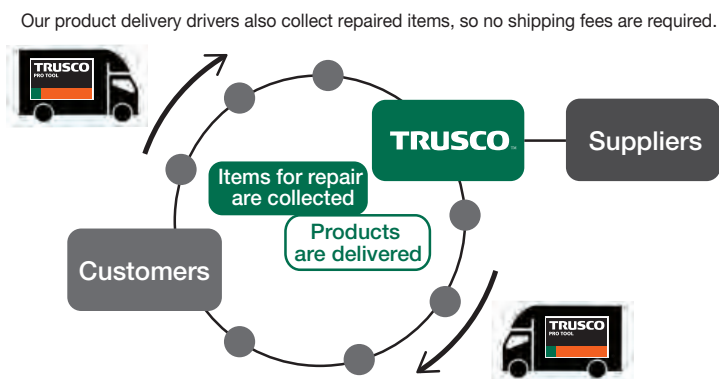
Repair Workshops “Naojiro”



A service that combines the reuse of PRO TOOLS and efficiency for our clients

Naojiro are a unique TRUSCO service that conducts repairs and maintenance that includes the repair and regrinding of PRO TOOL as well as calibration of measurement instruments. In general, each category of products to be repaired has a different contact person. However, by using the Naojiro, customers can make a batch repair request. A “repair box” is set up at the customer’s location, and the delivery

driver or sales representative collects the repaired items at any time, basically eliminating the need for the customer to pack items and pay for shipping. This is a service that can be realized only through fixed-cost based distribution (see p.33), which not only allows for the reuse of PRO TOOLS but also contributes to the improvement of the operational efficiency of customers.



The Eight Services Available Through Naojiro

Repair
Re-grinding
Calibration
Reuse
Machining
Maintenance
Assembly
Construction and Installation

Re-grinding of band saw

Torque wrench click calibration

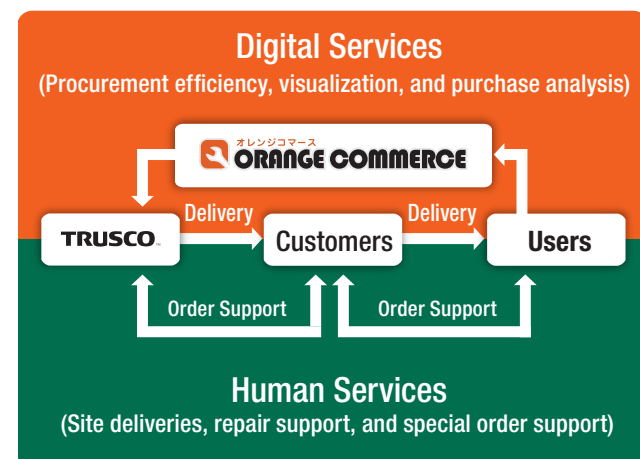
Orange Commerce



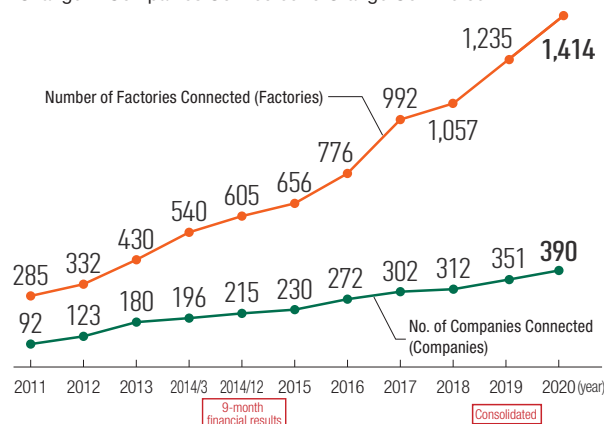
A purchasing support system for users that streamlines the procurement process

Orange Commerce is a purchasing support system that links with users' purchasing systems to provide web-based catalogs and product data for transactions among three parties: our company, the customer, and the user. By introducing this system, we are able to solve the problems of the work normally involved with large orders, organizing product information, and building a database all at once,

thereby visualizing the procurement process and reducing costs. We support users in optimizing their professional tool procurement by enhancing reciprocal digital and analog functions and combining the strengths of systems, logistics, and products. This service has a proven track record of being integrated with many purchasing systems and can meet the demands of a wide range of users.



Change in Companies Connected to Orange Commerce



MRO Stocker



MRO Stocker

MRO Stocker is a system of “Use First, Pay Later” that has been around for many years in Japan for medicine, but for tools. This services allows for rapid delivery of needed items to manufacturing sites so that they are instantly available for use. MRO Stocker is stocked with consumables that users utilize on a daily basis in the manufacturing process, and in addition to responding to requests for the immediate delivery of goods, users are billed only for what they use. Users can use MRO Stocker without any inventory risk by simply providing the location, and they can purchase the products through the dedicated application, which allows for stress-free use.

MRO Stocker realizes zero cost in three areas

① Inventory management and stocktaking of regular stock	→	Needed products are held on consignment Management cost \$0
② Product orders	→	Standard products are always in stock Delivery time 0 min.
③ Unnecessary orders, including duplicate orders between departments	→	Possible to also check inventory and purchase status Number of unnecessary orders place 0



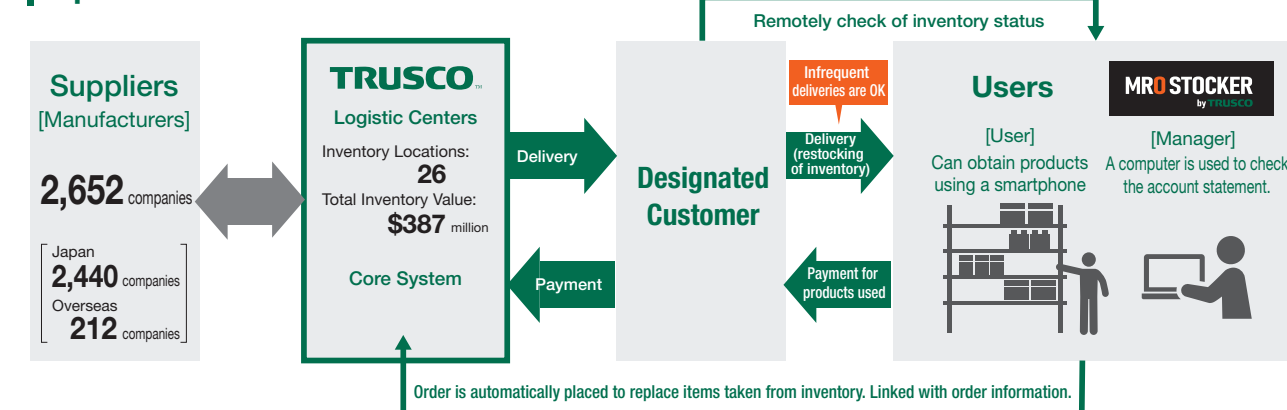
An MRO Stocker installation



Product purchase completed using a specialized smartphone app

Purchase screen

Operational Flow Chart



TOPICS Example of MRO Stocker Adoption

Food product manufacturer

Number of items in inventory: **137**
Number of shelves: **7** light-weight shelves
Location: Inside equipment warehouse at plant
Main inventory items
Consumable supplies (gloves, work shoes, water sampling bottles for testing purposes)

“Enriching people's lives”

Mr. H, Head Manager of the plant
The system eliminates the need for people to worry about overstocking or running out of supplies, reduces overtime hours, and gives users the peace of mind that they will always have an item ready in stock. MRO Stocker is truly a system that enriches people's lives. We hope to add more items to inventory in the future as space permits.



MRO Stocker receives attention from several media organizations and programs

Nihon Keizai Shimbun (October 29, 2020)
Nikkei Sangyo Shimbun (September 17, 2020)
NHK NEWS Ohayo Nippon
BS TV Tokyo
Atsushi Tamura no BUSINESSBASIC
Nihon wa ko naru?!
etc.

Overseas Business

Responding to MRO demand in countries around the world

In order to contribute to manufacturing around the world, we are accelerating our exports to various countries as well as business with local subsidiaries. In terms of domestic exports, we are currently doing business with 96 companies in 19 countries around the world (two of which are TRUSCO local subsidiaries), and we are developing unique businesses that can be realized by combining our management resources. Our local subsidiaries are located in Thailand and Indonesia, where we are contributing to local manufacturing by utilizing our strengths, such as providing local catalogs, our abundant inventory, and immediate delivery system. We will continue to expand our trading area and aim to become a company that can meet the demand for MRO from all over the world.

Overseas Sales Dept.

Unique business created by combining management resources

In overseas sales, we are mainly exporting our Private Brand (PB) products to countries around the world. In general, importing and exporting takes time and effort, but thanks to our inventory strategy and strong logistics capabilities, we have been able to build an immediate delivery system for exports, enabling us to meet the demands of each country.

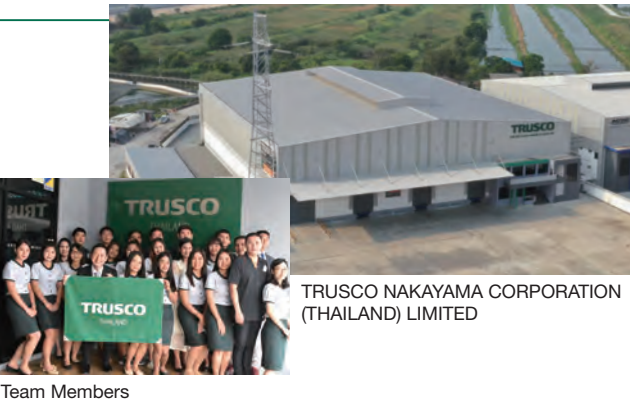
Overseas Subsidiary

TRUSCO THAILAND
TRUSCO NAKAYAMA CORPORATION (THAILAND) LIMITED

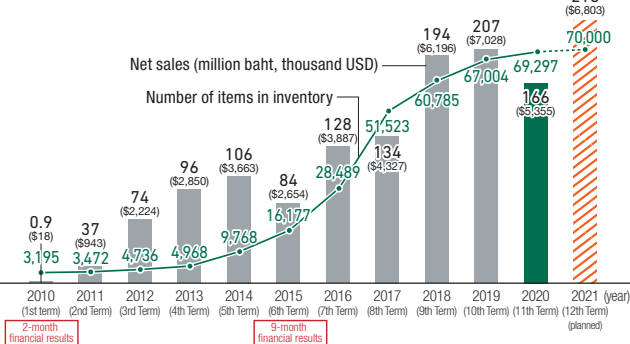
This subsidiary has continued to expand its sales to Japanese dealers and to major local dealers. By holding inventory and strengthening our immediate delivery system, we are contributing to the efficiency of the PRO TOOLS supply chain in Thailand by collaborating with local customers. In recent years, we have also been promoting our own initiatives, such as direct trade with Japanese manufacturers, to reduce purchasing costs and increase our share of local sales.

Company Overview As of December 31, 2020

- Trade name: TRUSCO NAKAYAMA CORPORATION (THAILAND) LIMITED
- President: Kazuaki Harada ● Director: Naotsugu Kamijyou
- Officer in charge at TRUSCO NAKAYAMA Corporation: Kazuo Nakai
- Business areas: Wholesale of PRO TOOLS (secondary materials used in factories)
- Capital: 390 million baht (about \$12.1 million)
- Employees: 24 (3 employees on loan and 21 local staff)
- Established: September 2010 ● Equity: 99.9%
- Area of grounds: approx. 10,942 m² ● Floor area: approx. 4,730 m²
- Number of items in inventory: 69,000
- Inventory value: \$6.4 million
- Total number of items in inventory: 491,000
- Value of investment - Land: \$2.3 million, Buildings: \$1.9 million
- Location: Bangplee, Samutprakarn (13km south of Suvarnabhumi International Airport)
- Address: TIP7 789/8 Moo9, Bangpla Bangplee Samutprakarn 10540 THAILAND



Changes in sales and number of items in inventory at TRUSCO NAKAYAMA CORPORATION (THAILAND) LIMITED



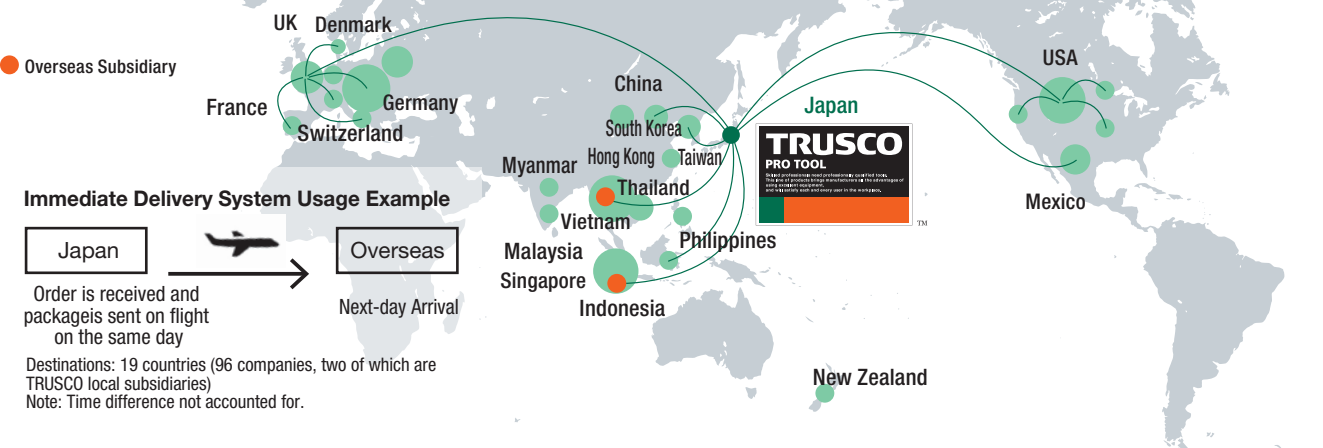
Note: Sales in USD for each term are calculated using the exchange rate at the end of the period.

Achieving smooth commercial transactions through system adoption

In Thailand, we adopted an order system for local customers. The system facilitates order placement, inventory checks, price checks, delivery date responses, and more. It reduces labor and boosts speed in customers' ordering work, supporting smooth commercial transactions.



Our Overseas Sales Section delivers PRO TOOLS around the world leveraging the strength of our immediate delivery system



Overseas Subsidiary

TRUSCO INDONESIA
PT. TRUSCO NAKAYAMA INDONESIA

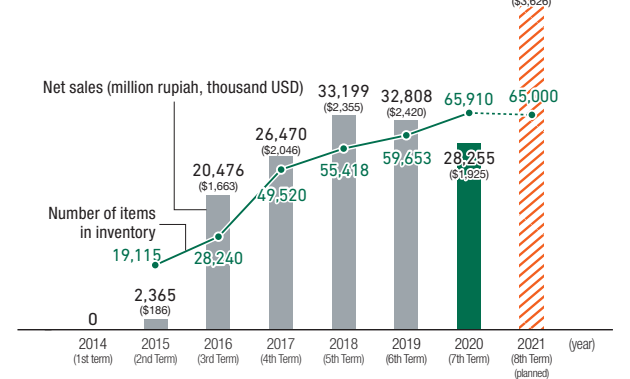
There were many factors that hindered PRO TOOLS distribution in Indonesia, such as heavy traffic congestion and strict import regulations. For this reason, we have set up a distribution center in an area where many factories belonging to Japanese companies are accumulated. With the largest inventory in the region, we are taking on the challenge of optimizing PRO TOOLS distribution. Against the backdrop of domestic demand in a company with a population of 270 million people, we will continue to contribute to Indonesia's advancing manufacturing industry.

Company Overview As of December 31, 2020

- Trade name: PT. TRUSCO NAKAYAMA INDONESIA
- President: Yohei Takuno ● Auditor: Naotsugu Kamijyou
- Officer in charge at TRUSCO NAKAYAMA Corporation: Kazuo Nakai
- Business areas: Wholesale of PRO TOOLS (secondary materials used in factories)
- Capital: About 378.8 billion rupiah (about \$29.9 million)
- Employees: 20 (3 employees on loan and 17 local staff)
- Established: December 2014 ● Equity: 99.9%
- Area of grounds: approx. 16,178 m² ● Floor area: approx. 10,429 m²
- Number of items in inventory: 65,000
- Inventory value: \$4.2 million
- Total number of items in inventory: 290,000
- Value of investment: Land, \$10.5 million; Buildings, \$5.9 million
- Address: Lippo Cikarang District, Bekasi, Jawa Barat (about 40km east of the capital city, Jakarta)
- Address: Jl. Kenari Raya No. 36 Delta Silicon VI, Jayamukti, Cikarang Pusat, Kab. Bekasi 17815.



Changes in sales and number of items in inventory at PT. TRUSCO NAKAYAMA INDONESIA



Note: Sales in USD for each term are calculated using the exchange rate at the end of the period.

Convenience of company-based lock boxes

To address the problem of package pickups due to chronic traffic congestion in Indonesia, we have installed lock boxes at our company that can be accessed at any time regardless of business hours. In addition to customers, end users can also pick up packages using these lock boxes.



Lock boxes allow customers, etc. to pick up packages at any time (Adi Nurul Hikmah, PT. TRUSCO NAKAYAMA INDONESIA)

Digital Expenditures (most recent three periods)

\$73 million

Number of Orders and Estimates

150,000 /day

Number of Product Data

2.5 million items

System order intake ratio*

83.9%

*Percentage of order receipts processed through our digital system among total order receipts

(As of December 31, 2020)



Face Phone in use
(Mika Moribe, Internet Sales Tokyo Branch)

AutoStore
(high-precision storage system)

TRUSCO Data Center Solemare

Moving faster toward the company that we want to be through the utilization of cutting-edge digital technology

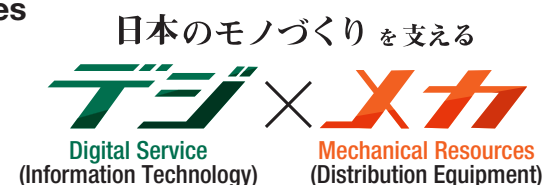
Director, General Manager of the Business Management Department and
General Manager of the Digital Service Strategy Department

Atsushi Kazumi

By successfully combining our management resources with digital technology, we hope to provide the industry's highest level of convenience and become a company that is useful to Japan's manufacturing sites in any era.

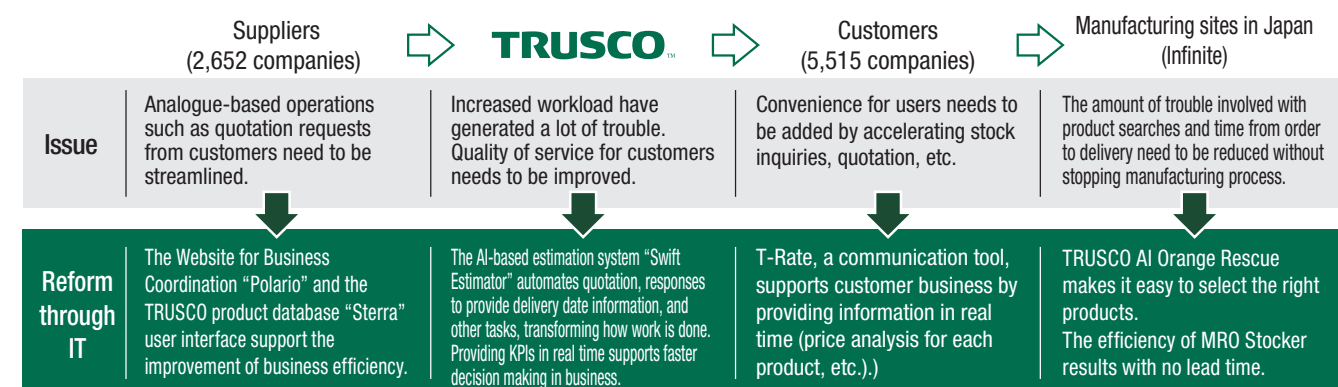
Improving the convenience of manufacturing sites by fully utilizing digital and mechanical resources

Automation and manpower saving through the integration of digital and mechanical technologies that will enable continued operations 24 hours a day, 365 days a year. Employees will focus on high level automation and sophistication of customer contact that only humans can provide.



Efforts toward the digital transformation of the entire supply chain

We will continue to use digital technology to create a system that will help our business partners solve their problems.



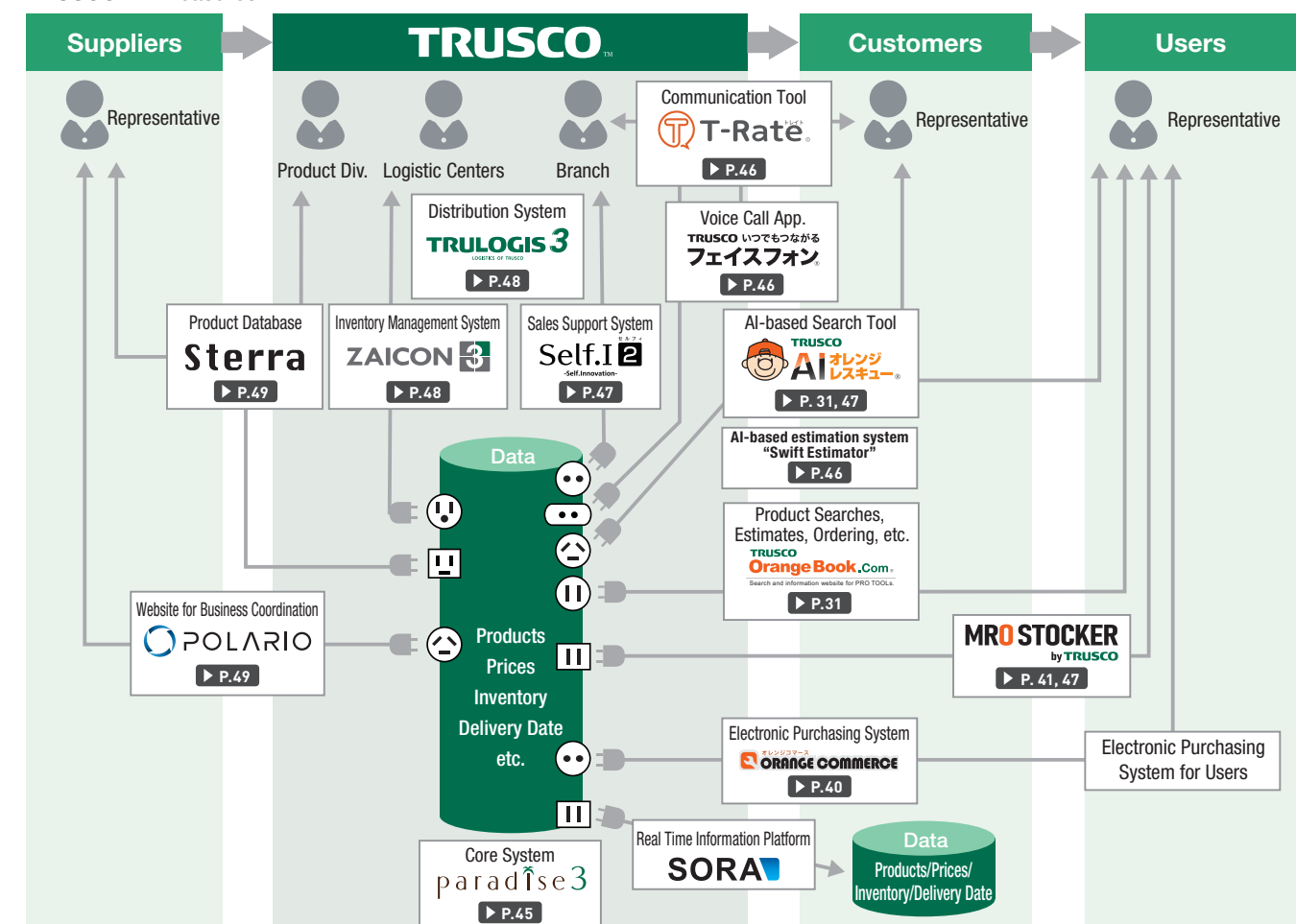
TRUSCO's Digital Transformation (DX)

Digital solutions improve convenience throughout the entire supply chain

In addition to internal business reforms, our company, which is in the middle of the distribution chain as a wholesaler, is promoting the reform of business practices throughout the supply chain by utilizing digital technology aiming at digital transformation. For our customers, we use a variety of digital tools to help streamline operations from search to quotation and order placement,

and for our suppliers, we provide smooth business collaboration tools such as product databases. We also provide our users with services that help improve productivity, such as electronic purchasing and MRO Stocker, and we are creating an environment where our functions (inventory, logistics, systems, and data) can be used as a platform throughout the supply chain.

TRUSCO DX Measures



Strategic partners supporting our digital transformation (in alphabetical order)

Framework, Inc., IBM Japan Co., Ltd., Nomura Research Institute, Ltd., SAP Japan Co., Ltd., SCSK Corporation

TOPICS January 2020 Launched core system "Paradise 3"

Paradise is our core system that stores data associated with processes from receipt of orders to accounting management. Our total investment related to automation, mainly in core systems, amounts to approximately \$40 million, and we will implement smooth business transactions by strengthening digital collaboration with our customers and suppliers and pursuing usability for both parties. We will continue to enhance our superiority by promoting management focusing on digital solutions.

Automating everything that can be automated!

Sales Operations	Automated estimates, special price optimization, POLARIO, etc.
Communication	MRO Stocker, T-Rate, etc.
Distribution Capabilities	Optimal provisioning for direct deliveries, automatic stocking of hot-selling products, automated inventory management, etc.
Management Tasks	Forecast management of selling, general, and administrative expenses, improvement of analysis report function, etc.

Digital × Sales

Promoting a changeover to a sales style that utilizes digital technology

The most time-consuming (costly) part of our sales activities is visiting our clients, so we are determined to break away from this style. To solve this problem, we are changing our sales style to one that utilizes various digital tools. We will contribute to the improvement of our customers' business performance while promoting productivity improvement for both our company and our customers.

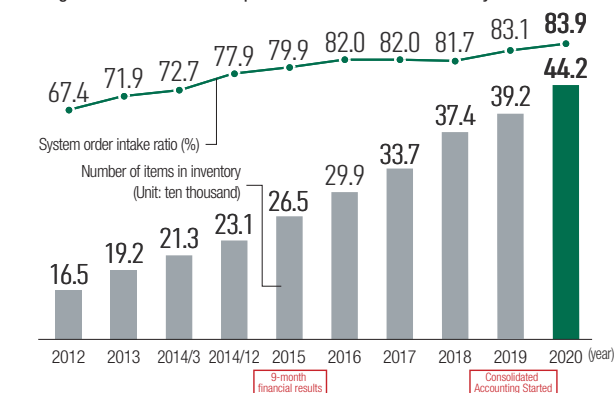
Online Order Intake Ratio (83.9%)

Improvement of work efficiency through improvement of system order receipt ratio

We have been developing highly convenient digital tools and expanding our inventory. As a result, our online order receipt rate (percentage of order receipts processed through our digital system among total order receipts) has improved. This has improved our work efficiency, allowing us to achieve greater sales per person without increasing overtime work.

Use of digital tools and expansion of inventory contributes to a higher online order intake ratio

Changes in online order receipt ratio and number of inventory items

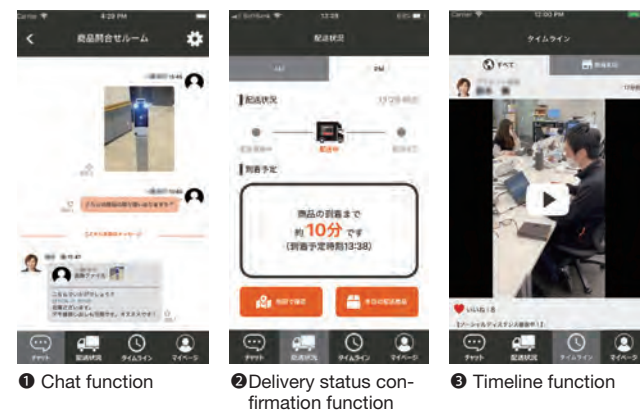


Communication Tool T-Rate



Realizing real-time communication with customers

T-Rate is a new tool for communicating with customers. This tool provides real-time communications through the following functions: ① Chat function which allows the customer to chat with a TRUSCO representative, ② A delivery status confirmation function that shows the scheduled arrival time of the delivery service, products being delivered, etc., and ③ A timeline function that delivers messages about our activities and PR products.

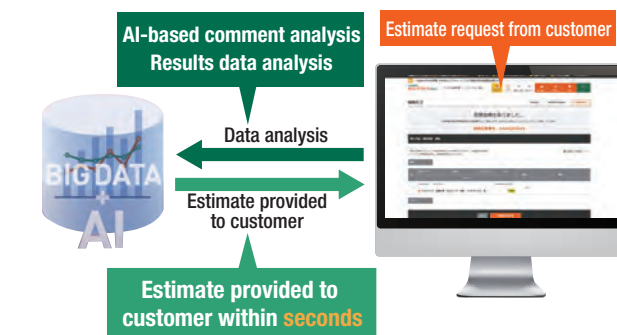


AI-based quotation system

Estimations are submitted automatically by utilizing AI.

One of the challenges we face is how to respond quickly to an average of 30,000 quotation requests received from our customers each day. To address this issue, we have introduced the AI-based quotation system and have been promoting the automation of estimates through special price optimization where appropriate prices are automatically calculated for products on a regular basis based on actual orders and estimates. This has led to an improvement in the time it takes to reply to customers (minimum reply time: 5 seconds).

(17.5% of quotation are provided automatically (information current as of the end of January 2021))



Videotelephone app Face Phone

TRUSCO いつでもつながるフェイスフォン

Promoting a new sales style

Allowing for communication with TRUSCO at any time, Face Phone is an online-based video telephone app using in conjunction with T-Rate using a PC or smartphone which allows face-to-face communications between customers and TRUSCO representatives, as if they were meeting in person. Most of the time used during sales activities is spent traveling to customer locations. However, we are now promoting a new sales style which utilizes that time to solve problems for our clients instead.



Sales Support System "Self.I 2"



Visualization of sales data to support accurate proposals

"Self.I 2" is a tool for visualizing sales data, such as customer estimate history, sales history, etc. This tool helps us to identify latent demand and make appropriate proposals, thereby contributing to the improvement of customers' sales.

Main functions

- 1) Planning Function: Used before visiting customers
- 2) Performance Function: Used to check sales performance in real time.
- 3) Business Efficiency Function: Used to respond quickly to inquiries from customers.
- 4) Analysis Function: Used to analyze transaction status from various perspectives.



"MRO Stocker," is a business model that has been around for many years in Japan, but for tools



Provides a digital experience with no lead time

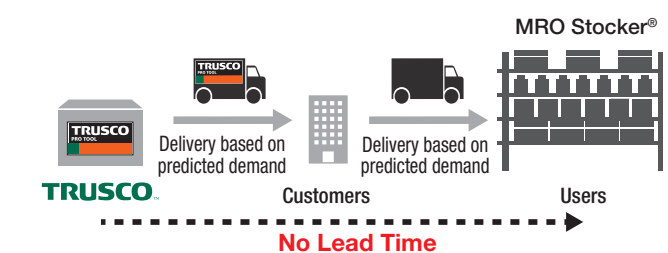
"MRO Stocker" (see p.41), which we are currently promoting a business model that has been around for many years in Japan, but for tools, uses the latest digital technology and advanced data analysis. By analyzing data such as the user's purchase history to stocking PRO TOOLS that will be needed by users before they need them, it is possible for users to use products only when needed and in the amounts required. The app-based payment system also streamlines the payment process. This provides users a digital experience with no lead time.

TRUSCO AI Orange Rescue



Using AI for product searches to instantly suggest the optimal products to customers

"TRUSCO AI Orange Rescue" (see p.31) uses artificial intelligence (AI) to search for products using fuzzy searches to instantly suggest the most suitable products for customers. Continuing to actively promote AI utilization will improve customer convenience.

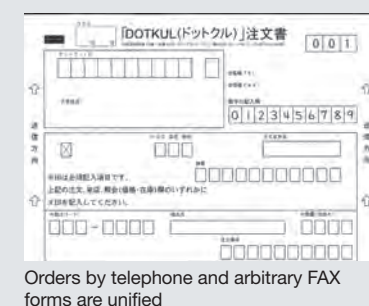


Digital technology is used to anticipate demand and deliver products before they are needed by users

TOPICS First generation Fax machine-assisted automatic order system "DOTKUL"

In 2000, we launched DOTKUL, Fax machine-assisted automatic order entry system using FAX-OCR (Optical Character Recognition). The system automatically receives fax orders from customers from 6:00 a.m. to 10:00 p.m. and automatically responds with shipping information within 30 minutes. This has led to improved customer service and operational efficiency. In this way, we have been working to improve our business operations through digitalization for about 20 years and have evolved as a company through such digitalization to the present.

(We plan to completely shift to the TRUSCO Orange Book.Com by the end of May 2021)



Combination of Digital Technologies and Distribution Capabilities

Accelerating automation through the use of digital resources as logistics equipment

We aim to significantly reduce the amount of labor and manpower required for human work at distribution centers by using robots and systems. By using digital technology, we are working to improve the efficiency of all processes, from automatic product stocking to warehouse management and receiving/shipping goods using logistics equipment. We will continue to further automate and optimize our distribution centers to strengthen our ability to deliver products immediately to our customers.



Automatic Product Stocking System

Automatic stocking of popular products

Products to be stocked based on sales results are automatically ordered to suppliers and stocked. By automatically stocking popular products, we improve the efficiency of our operations in addition to improving the level of service for our customers.

ZAICON 3 Inventory Management System

Drastically decreasing time spent on inventory management
ZAICON 3 is a inventory management system that provides forecast calculations of required stock quantities based on sales performance records. The system reduces the time and effort required for registering products by automatically calculating the optimal and maximum ordering points for products, leading to increased efficiency.

TRULOGIS 3 Distribution system

Improving the efficiency of all warehouse operations
This distribution system manages the inventory work performed at distribution centers and at branches with inventory. It is responsible for improving the overall efficiency of warehouse operations, including automation of warehouse operations with labor saving equipment and free-location inventory systems.

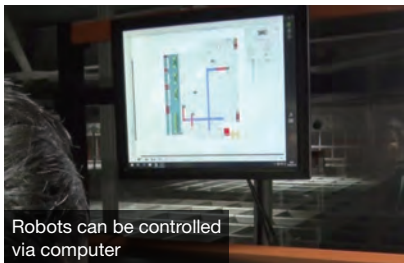
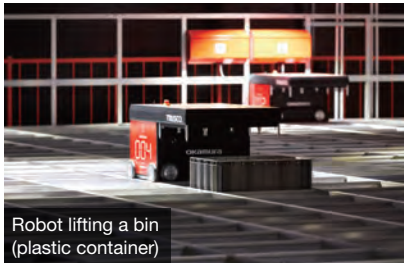
Main Distribution Systems Utilized at TRUSCO Driven by Digital Technology

Butler® (Automated conveyance robots)



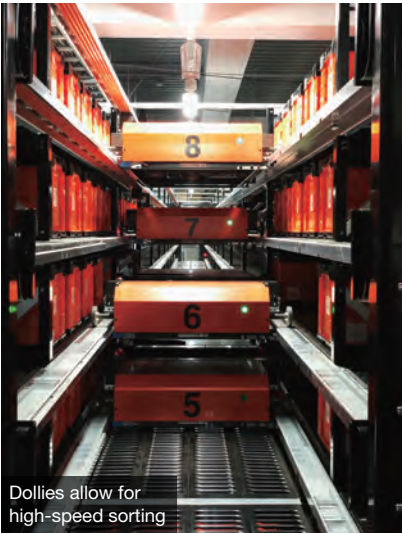
The latest Butler model introduced at Planet Saitama utilizes n-deep, a system that arranges multiple dedicated storage shelves. This system has realized the world's first utilization of triple storage arrays to greatly improve storage efficiency (see p.34).

AutoStore (high-precision storage system)



The system is automatically linked to order data and the robots constantly move the containers so that high frequency products are concentrated in the upper layers. Multiple robots work together performing bin work to achieve the most efficient picking (see p.34).

SAS (Systema Streamer)/ Shuttle Rack (high-speed picking and sorting equipment)

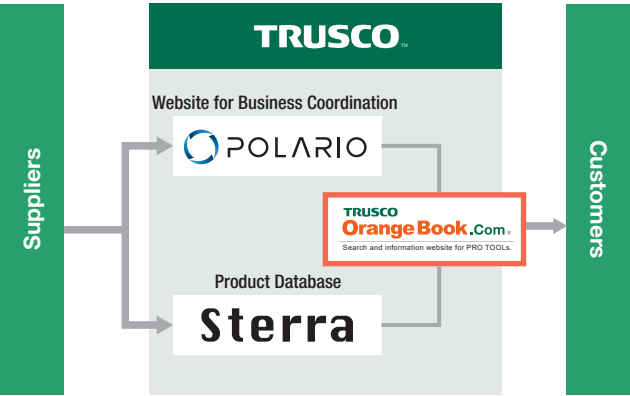


Containers picked on each floor are automatically and rapidly sorted by delivery destination by a dolly and stored closely together before shipment (see p.35).

Digital Technologies and Products

Quick and Accurate Provision of Product Data

By utilizing digital technology, we are able to quickly and accurately provide product data for suppliers. By centrally managing and utilizing data from product adoption to product registration, we are able to improve operational efficiency not only for our company but also for our suppliers. We will continue to enhance the sophistication of our data and make it available in real time.

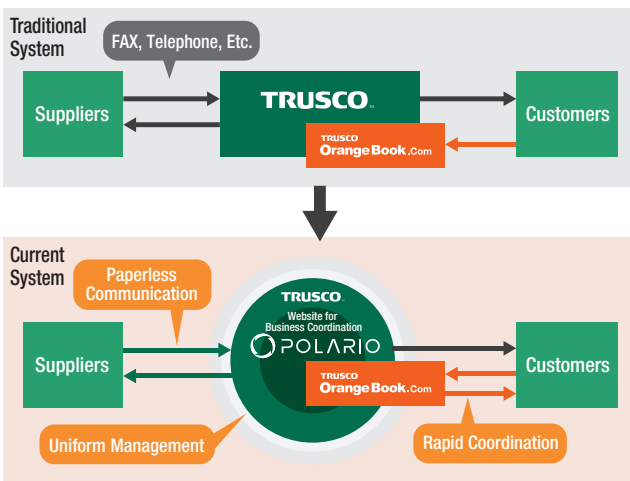


Website for Business Coordination: "Polario"

Polario centralizes business coordination with suppliers
Polario centralizes data such as existing supplier estimate correspondence data, order processing data, and Available-To-Promise (ATP) data. In addition to improving the chances of receiving orders, the amount of supplier-directed inquiries are reduced, lessening the burden on them.

What Polario can achieve

- 1) Increased opportunities to obtain orders through rapid data linkage
- 2) Improve operational efficiency through paperless business processing
- 3) Centralized management reduces the need for telephone and fax inquiry related work



Product database: "Sterra"

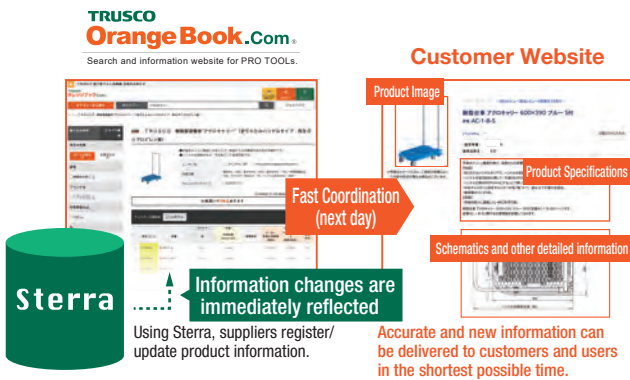
Product data linkage in real time

New product database "Sterra" is a product information management system that serves as the "base" for product data. The introduction of this system has facilitated the input of information that was previously restricted in various ways and allows suppliers to easily register and edit product data. The system enables accurate and timely data linkage linking suppliers to customers and users. We are strengthening business penetration of as use of data becomes more sophisticated, such as linking product information to the e-commerce sites of online shopping businesses.

Analysis by Individual Product

Utilizing big data to display product information so that it has a fresh appearance and is easy to understand

We have built a system that allows customers to utilize the sales results of each product in real time. Using this system, for example, the sales results are disclosed on TRUSCO Orange Book.Com, and the products whose sales results have increased in the last month compared to the past are marked. We will continue to build a system to provide product analysis data that has a fresh appearance and is easy to understand.



Product sales performance screen shown on TRUSCO Orange Book.Com

Employees

2,786

Number of officers 12

Number of full-time staff 1,674

Part-time workers 1,100

Percentage of female employees among full-time employees

35.2%

Retirement Age

Managerial Retirement Age 62

Full-time Staff Retirement Age 65

Retirement Age for Employees with Extended Employment 70

Part-time Worker Retirement Age 75

Capital ratio 63.7%

(As of December 31, 2020)



Creating an improvement in business value continuously by taking on challenges and implementing reforms in a flexible, speedy manner

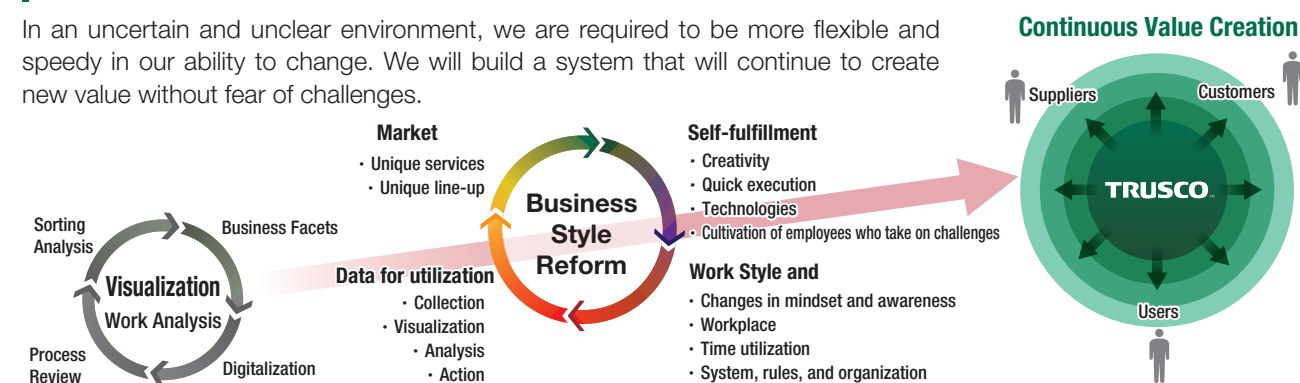
Director, General Manager of the Business Management Department and
General Manager of the Digital Service Strategy Department

Atsushi Kazumi

We aim to create a company where each and every one of our employees can create social value by fostering a cheerful and energetic corporate culture and who are always fully represent the essence of TRUSCO Nakayama.

“Kokorozashi” means an unchanging mindset with the means that can be changed to repeatedly take on challenges.

In an uncertain and unclear environment, we are required to be more flexible and speedy in our ability to change. We will build a system that will continue to create new value without fear of challenges.



Support of the Promotion of Various Work Styles and Health Care

(1) Promotion of various work styles

- Expanding our support system which allows various human resources to flourish, including female employees
- Expanded options such as working at the nearest office, telecommuting, and staggered work hours to achieve flexible work styles and improve productivity

(2) Promotion of Health Management

- Aim to achieve a 100% health check secondary checkup rate and 100% smoking cessation rate.
- Online seminars and other methods are used to provide line care for women's diseases, mental disorders, nutritional education through nutritionists, etc.
- Collaborative Healthcare with Trusco Nakayama Health Insurance Association

Human Resources Strategy

System to encourage employees to demonstrate their abilities as grow

We have established unique systems to promote employee growth, such as the Open Judging System (OJS), job selection system, and job rotation system. We will be able to grow as a company by creating an environment where employees are always motivated where each can sufficiently demonstrate their abilities.



Digital Promotion Section members (Tokyo members with Osaka members shown on the monitor)

Open Judging System (OJS) Started in 2001

Aiming to create a workplace free of ill feelings

The Open Judging System (OJS), an electronic-based voting system, is a personnel evaluation system for all employees where employees are evaluated by each other that was introduced for the purpose of conducting fair and highly objective evaluations. Evaluating one another helps build an environment of fair assessment with good energy in the air.

Name	Position	Performance	Approach	Ability	Evaluation Comment (More than 20 Japanese characters but no more than 100 characters)
Employee A	Division General Manager	3	3	3	He was able to popularize the new system among members of his department in a short period of time, contributing to improving the productivity of the entire department.
Employee B	Branch Office Manager	3	4	3	The new management approach that he has adopted has changed his staff's awareness of the need to improve sales. By focusing on employee development, he has been able to improve the branch's performance.
Employee C	General staff member	5	3	3	He increased his in-store market share among our major customers and made a significant contribution to branch sales. We look forward to his continued efforts for growth in the future.

Examples of OJS Personnel Evaluations (5-point system)

Note: Standards are set according to position and qualifications.

OJS Category	Start	Staff Level	Overview	Procedure	Result
Personnel Evaluation OJS	2003	All staffs	This program reflects the evaluations between staffs who work in the same office in personnel ratings. Comments are included to provide feedback to the individual.	Procedure: Determine the performance, approach, and skill of the staff in five levels (Comments with the reason for the decision are included)	30% of this assessment is reflected in the personnel records related to achievement allowances, bonuses, financial bonds, and promotions/demotions.
Part-time Staff OJS	2015	Part-time Staff	The OJS program also applies to part-time staff.		30% of this assessment is reflected in the personnel ratings related to hourly wage as well as bonuses and promotions. (also utilized in employee promotion criteria)
Promotion OJS	2001	Candidates for manager or higher	This policy reflects assessments of staffs related to the work of an individual in the evaluation of employees who are candidates for a promotion of manager or higher.	Determine if the candidate should/should not be promoted (Comments with the reason for the decision are included)	Candidates who have an 80% or higher approval rating and satisfy the minimum number of votes are promoted
Director, Auditor, Executive Committee, Division General Manager OJS	2012	Director, Auditor, Executive Committee, and Division General Manager	Evaluators (voters), who are the bosses ^(*) or higher in charge of the company, evaluate the executive's performance at work and what they say at management meetings, commenting on the good and bad points.	The evaluation is conducted once a year by about 150 people, including the boss and members ^(*) of the Management Conference. Each of 6 evaluation items is rated on a 24-point scale. (Comments with the reason for the decision are included)	Management who add/drop below a certain standard of points two years consecutively become a candidate for promotion/demotion.
President OJS	2014	President	An OJS system implemented directly by shareholders during the General Meeting of Shareholders. We consider this as one of the important evaluation indicators for the president as a manager.	President is evaluated via voting by shareholders who have directly heard our business reports and Q&A at the General Meeting of Shareholders.	After the General Meeting of Shareholders, the results are posted on the company website.

*1 Bosses: Included branch office managers, section managers, and distribution center managers

*2 Members of the Management Conference: Directors, Auditors, Executive Officers, and Division General Managers

Occupational Selection Program

Guiding each individual to make the right career choice

This program lets our staffs choose from six different occupations; career (overseas), career (domestic), area, specialist, support, and logistics. Staffs may change their course if they earn a certain level of assessment on their personnel ratings. In addition, we regularly conduct personnel transfers and job rotations across departments to provide a variety of experiences that will help employees hone their work and personal skills to raise the level of our corporate growth.

List of Occupations

Occupation	Content	Number of Persons
Overseas career	Experience a variety of job types and relocate with a change of residence to quickly develop skills and assume responsibility for a future role in management. Overseas: Transfer to domestic and overseas locations Domestic: Transfer to domestic locations only	612
Domestic career		
Area	To acquire sufficient working knowledge of the overall business that the employee is involved with and to take on the role of business manager within a certain region only.	573
Specialist	Serves as the core of a specific department by utilizing one's high level of job performance and expertise.	29
Support	Engaged in an occupation other than SSL* within a certain region only.	28
Logistics	Engaged in logistics operations such as delivery and product management.	347

*SSL (Sales & Solutions): Involves visiting customers to solve their problems

As of December 31, 2020



This program lets our staffs choose an occupation (Young employees at the Tokyo Head Office)

Overseas career



Shuhei Iso, Osaka Branch

After working as SSP^{(*)1}, this year I am working as an SSL^{(*)2} to expand the business performance of our clients through both sales visits and remote (web-based) negotiations. In the future, we would like to utilize our strengths in logistics and systems for new customers development.

*1 SSP (Sales & Support): Internal sales activities within the company

Specialist



Manami Endo, IT Planning Section

I am in charge of system planning, development, and operation, and I work in cooperation with various people both inside and outside the company. I would like to understand more about our business and work to develop systems that make users feel very natural using.

*2 SSL (Sales & Solutions): Involves visiting customers to solve their problems

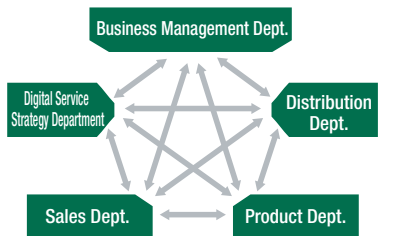
Logistics



Yasuaki Takagi, Planet South Kanto

I am a floor leader and in charge of delivery operations at the distribution center. I find it rewarding to be entrusted with floor management and other tasks while utilizing the latest logistics systems. In the future, I would like to expand my possibilities with an eye on career advancement.

Employees are transferred across departments to help hone their work and personal skills



ヤマダ(ナカヤマ) ハナコ 山田(中山) 花子 ~ hanako.yamada	キャリア(海外) 天然キャラ 等 職 M3 課長 2009年~ 会社携帯TEL 090-3712-0456 勤務先Eメール 00000000@trusco.co.biz ezweb.ne.jp 入社年月日 1999年(H11年)4月1日(19年3カ月) 所属 1999年(H11年)4月 京都支店 コース 2002年(H14年)4月 大船支店 自 宅 所 1999年4月〜2009年4月キャリア(海外) 自 宅 TEL 03-1234-5678 携 帯 TEL 090-1111-2222 勤務アドレス private@ezweb.ne.jp 勤務地 松田公園 勤務先住所 大船市西新町一丁目34番15号 トラスコ グレンデュックビル 勤務先TEL 06-1234-5678 勤務時間 新船北公園 生 年 月 日 1976年(S51年)6月17日(42歳) 身 格 DTPエキスパート 出身地 東京都下町区 最終学歴 東京大学 法学部 【血液型】A型 趣味・特技 何事にも挑戦し続ける姿勢 座右の戒め(座右の法) すぐにできない!と我慢する人 最近の出来事 仕事もプライベートも120%の満足度 今後の目標(夢) いいお客様に出会えた事 心に残る一言 I'm proud 最後に一言 僕の経験が新しいね!
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Various Personnel Programs

Unique programs to support staff

The time when the policies of a company begin is important and the “will” varies according to when a policy is put in place. We have a number of unique human resource programs that were inspired not by the trends of the world but by our concern for our employees. By respecting the opinions of our employees and supporting their work styles through various approaches, we improve their motivation to work which leads to the growth of the company.



Lovebird Transfer Policy
Husband and wife Masataka Ishiga (Internet Sales Tokyo Branch) and Haruka Itoya (MRO Supply Tokyo Branch)

Personnel Policies (some have been omitted)

Program	Start	Overview
Financial Bond (annual payment for severance)	2003	Trusco Nakayama does not pay severance as a lump sum upon retirement, but as an annual payment known as a “financial bond,” a performance-based payment to reward annual contributions.
Birthday Off Time System	1996	In order to promote the use of paid vacations, we encourage employees to take annual paid vacations on their birthdays (or within one month before or after) as “birthday off time.”
Half-day full-time employee system	1996	This system allows staff to reduce their working hours down to as few as three hours per day for reasons of child raising up until their child finished sixth grade (Legally, employees can reduce their working hours down to as few as two hours per day until a child reaches three years of age). Employees can also use this system to shorten their working hours when they are pregnant, taking care of a family member, or injured/sick. (Program participants: 97 for childcare, 1 for taking care of a family member, and 6 due to injury/sickness)
Happy Sunday Policy	2002	This is a system that allows single employees to delay coming to work on Mondays so that they can spend time with their families at dinner on Sundays when they return home on weekends (travel expenses for returning home twice a month and company housing rent are paid separately).
Transfer Request Policy	2005	This program allows staffs to request a transfer to a desired place of business due to life events such as marriage or taking care of a sick family member. (program participants: 57 *previous three years)
Lovebird Transfer Policy	2005	This policy allows staffs transfer to a certain area following their spouse' transfer regardless of whether their spouse is a company staff or not. (program participants: 22 *previous three years)
Welcome Back Policy	2014	This program is for the re-employment of staff who had to resign to raise a child, take care of a sick family member, undergo infertility treatments, or to accompany their spouse overseas due to a work appointment within ten years of their resignation. (program participants: 26, re-employed: 3)
TRUSCO new social work grant system	2016	This program provides the money necessary for new employees to smoothly start a career as a professional in society. TRUSCO provides this entrance allowance to new employees (\$1,869 for persons who live alone and \$934 to persons who still live at home after joining the company) (program participants: 43 *employees who entered the company in 2021)
Maternity Bonus Program	2005	This program pays a bonus for maternity leave (14 weeks) during the bonus calculation period.
Child Support Allowance	2007	We provide \$93 per month allowance for each child to staffs who have children under ten years old. TRUSCO started payments even to staffs who are on leave to raise children from 2014.
Childcare Leave Program (three years)	1992	TRUSCO employees can take childcare leave until the end of the month during which the child becomes three years old, if desired (Japanese law allows employees of any company to take childcare leave until the day before the child becomes one year old). (program participants: 37)
Return-to-Work Program for Staffs on Childcare Leave	2019	This program allows employees that finished their childcare leave to choose the number of working days, working hours, office work, or work from home until the child is three years old so that they can return to work smoothly.
Return-to-Work Support for Staffs on Maternity or Childcare Leave	2015	One tablet terminal is lent to each employee for information sharing, and information can be exchanged on “Tramama Port,” a space on the company internet dedicated to employees on maternity or childcare leave. We also provide support to make it easier for employees to return to work, such as by setting up Office Visit Days every four months.
TRUSCO Part-time System for Retirement-aged Employees	2015	This system allows employees who have reached the age of 70 to continue employment at the company as part-time workers until the age of 75 if they wish to do so, and meet certain criteria. (Alternate name: Senior System) (Program participants: 11)
My Home Concierge (housing consultation service)	2016	Two first-class licensed architects, who are employees of the company, are available for consultations with employees who have concerns regarding housing. (Consultations held in 2020: 10)
Work from home system	1) 2017 2) 2020	1. Open: Employees can telecommute at any time when it becomes difficult to come to the office due to relocation or integration of offices, transfer of a spouse, injury, illness, taking care of a family member, etc. 2. Discretionary: With the permission of the head of the office, employees can telecommute up to twice a week.
In-company Sidework Program (Hybrid Work Program)	2019	This program allows employees to work in a different department on their days off and earn income on the side. Since the program focuses on work that any employee can do, it is a great way for them to gain new insights. (program participants: 79)
Go Home Early System	2020	This is a system that allows employees to go home early even during scheduled working hours in order to instill in them the awareness and habit of finishing work early. Under the system, employees can leave up to 30 minutes earlier once a week. (program participants: 223)
Additional Off Time System	2020	This system allows employees to adjust their start and finish times in exchange for up to one additional hour of rest time (or less than one hour) for very important reasons, such as visiting government offices, making hospital visits, etc. (Started in September 2020)

Note: In addition to the programs listed above, we offer a staggered workday system, free biz system, an accumulated paid leave system, and a necktie system (a system that allows employees not to wear neckties even outside the cool biz period).

Flexible Work Environment

Policies to Give Staffs Long-term Job Security

We have a responsibility to provide workplaces where staff members can work with stability and peace of mind. TRUSCO hires all staff members under full-time employment so that they can work for many years with peace of mind. In addition to creating a workplace where everyone can play an active role, we are also taking various initiatives such as hiring full-time childcare workers and chefs.

Becoming a company where female employees flourish

With regard to the training of our female employees, we respect the female employees within the company who say, "I don't want special treatment" or "I want to compete on the same terms as men." We do not deliberately turn women into executives but rather maintain a meritocracy. In addition, we have established support programs for female employees, including a program that supports a life-long working environment and a program that supports employees who are raising children.

Comfortable Workplace Environment Indicators

	As of December 31, 2020
Percentage of female employees hired annually	56.8%
Percentage of female employees	35.2% (full-time employees) 75.3% (part-time employees)
Percentage of women in management roles	5.0% (7 persons)
Percentage of female senior supervisors	22.7% (58 persons)
Rate of paid days taken off	67.6% (full-time employees)
Percentage of staff that return to work	92.1% (35 persons)
Percentage of eligible males/females that took childcare leave	25.0% of eligible males (full-time employees) 100.0% of eligible females (full-time employees)
Average overtime hours per month	14.9 hours (including fixed overtime)

Note: The above indicators are for the parent company only.

Serves as both a childcare center and employee cafeteria

Planet Saitama and Planet South Kanto each have a childcare center for working full-time employees and part-time employees. The childcare center has full-time workers that are permanently assigned there. In addition, the employee cafeteria at Planet Saitama, where a full-time chef and nutritionist are permanently assigned, offers an original menu that focuses on the health of employees.



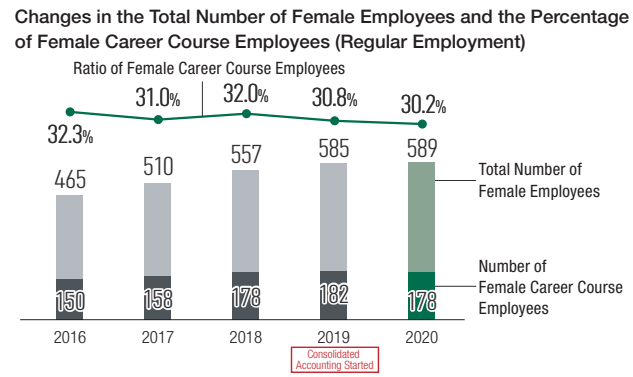
Tora Kids Saitama Childcare Center (Planet Saitama)
Sachi Yamaguchi (childcare worker) and Chiaki Kawashima (childcare worker)



Planet Saitama Cherry Blossom (Employee Cafeteria)
Left: Kazumi Takahashi (chef)
Right: Sayuri Ishikawa (nutritionist)



Miki Fujitani, Female Branch Office Manager of the Akashi Branch, seen in the center of the photo together with young employees



Number of women in charge and number of positions			
As of December 31, 2020			
Supervisors		General Managers	
Section Mangers/Branch Office Managers	5	Senior Supervisors	15
Deputy Logistic Center Managers	2	Acting Senior Supervisors	43
		Supervisors	82

Number and Breakdown of Female Staffs		As of December 31, 2020
Female staff (average age: 32.1)		589 (female staff ratio: 35.2%)
Careers (regular positions)		178
Overseas career		54
Domestic career		124
Specialists (expert positions)		15
Area (regional positions)		273
Support (internal work positions)		25
Logistics (distribution positions)		76
Employees with Extended Employment		1
Overseas staff (including 2 staff on loan)		20
Trusco Nakayama Health Insurance Association staff (including 1 staff on load)		1

An environment where employees can easily take paid vacations

To encourage employees to take paid vacations, we encourage all employees to take at least six planned vacation days a year. Also, there are also many policies established that make it easier to take paid vacations, such as birthday vacations and paid vacations that can be taken in hourly units (Average number of paid vacation day a year: 12).

TRUSCO Smile Supporters

This is a mentor system for staff who have uncertainties and concerns about their job to consult with a senior staff member. There are currently 15 senior staff members throughout Japan that provide such support.

Benefits and Welfare

For spending valuable time with those who are dear to us

We need to build an environment where employees can engage in their work safely with both body and mind. In order to encourage our employees to spend time with their families and loved ones on holidays, we have our own recreational facilities and boats which they can use.

Programs

Nakayama Pension (10% financial assistance)

This contribution-type corporate pension plan provides 10% financial assistance to a reserve fund to pay out to staffs as a 10-year fixed pension from the age of 65.

Congratulatory/Condolence Programs

TRUSCO has put in place five congratulatory and condolence programs for executive officers, staffs and part-time staffs.

1. Congratulatory gift for marriage	The company presents \$280 as congratulatory money to any staff who marries.
2. Congratulatory gift for childbirth	The company presents a catalog gift worth about \$93 for each child when a staff or their spouse gives birth.
3. Condolatory/condolence gift	The company presents up to \$467 as a condolatory gift when a staff or a member of their family passes away. We offer a condolence gift to families when an employee passes away (up to 93 thousand USD depending on how long the employee worked for the company).
4. Injury or Sickness Compensation	The company presents \$93 to a staff who has to take leave due to injury or sickness.
5. Disaster Compensation	The company presents up to \$934 based on the degree the house and belonging of an employee is damaged due to a disaster such as a fire or earthquake.

Facilities

Resort Condominiums (16)

We have 16 resort condominiums that our officers, staff, and part-time staffs can use freely.

- Chuo Ward, Sapporo City
 - Kusatsu, Agatsuma District, Gunma
 - Minato Ward, Tokyo
- Shima City, Mie
 - Chuo Ward, Kobe City
 - etc.



Kurio Odori La Mode (Chuo-ku, Sapporo City, Hokkaido)



TRUSCO Resort and Spa Karuizawa (opened in May 2021)



TRUSCO Resort and Spa Hakone
From left to right: Isao Iba, Manager, Sous-chef Kan Iizuka. Sous-chef Toshiro Sato, and Head Chef Taro Kinoshita
Note: Mr. Iba is scheduled to take his new post at the Fukuyama Branch from April, 2021.



Kyoto Kaguraoka Rengetsuso
Left to Right: Head Chef Yusaku Karatsu, Assistant Manager Tomoko Kubo and Manager Yoichi Yoshigoe



Kyoto Kaguraoka Rengetsuso

Employee Stock Ownership Association (10% financial assistance)

Staffs can purchase company shares by deducting it from their salary each month to receive a 10% bonus to the value of the contribution. It is recommended that employees withdraw shares once they become unit shares and own shares in their own name.

Accumulation Savings

This program allows staff to deduct money from their salary and bonuses to an accumulated savings in which the company will contribute twice each year to the staff.

Wine Seminar

We hold a wine seminar, a party designed exclusively for singles, once every two months at two locations, the Tokyo Head Office and the Osaka Head Office, to give single employees an opportunity to meet other singles. (Currently not held due to the Covid-19 pandemic.)

60th Birthday Gift to Staffs

In celebration of a 60th birthday, the company invites that employee and one member of their family to either "Tokyo Baycourt Club", a membership resort, or our own recreation facility, "Kyoto Kaguraoka Rengestsuso." We also arrange and cover travel to and from the location (Green Car tickets will be provided when traveling by Shinkansen and business class tickets will be provided when traveling by air) and also provide a monetary gift.



Tokyo Baycourt Club Hotel and Resort

Singles' Dormitories (3 locations)

We own three company dormitories (two in Tokyo and one in Osaka) for single staffs and staffs transferred to a position away from their family. TRUSCO also provides dormitories in other areas.



TRUSCO'S Shinbashi (Minato-ku, Tokyo)



TRUSCO'S Osaka (Higashi-Osaka City, Osaka)

TRUSCO Marine Club (2 yachts)

TRUSCO owns two yachts, one in Yokohama (Kanagawa) and one in Ashiya (Hyogo). These yachts are made available as a chance to enjoy a bit of cruising. In addition, the company will subsidize half the cost of acquiring a small vessel boating license (101 license holders in the company). (As of December 31, 2020)



TRUSCO'S I (Yokohama)
Length: Approx. 41.0 ft. (12.50m)
Weight: Approx. 18 tons, Capacity: 12 persons
Output: 370 horsepower (2 engines)



TRUSCO'S II (Ashiya)
Length: Approx. 36.0 ft. (10.98m)
Weight: Approx. 12 tons, Capacity: 12 persons
Output: 285 horsepower (2 engines)

Health Management

Promoting a unique type of health management

Employee health management is essential for the continuous growth of a company. We promote our own type of health management by have established a Health Care Section and an independent health insurance association. Since 2017, the Ministry of Economy, Trade and Industry (METI) has recognized TRUSCO as a White 500 Certified Health and Productivity Management Organization for three consecutive years, and we have continued to be recognized as a Health and Productivity Management Organization ever since. We will continue to promote the health of our employees and link their health with our corporate growth.



2020
健康経営優良法人
Health and productivity



Health Management initiative page

Specific Health Management initiatives

Health Care Section (located at the Tokyo Head Office and Osaka Head Office)

We have established the Health Care Section for the purpose of building an environment where staffs can maintain their physical and mental health and feel secure in their work. The Tokyo Head Office, Osaka Head Office, and distribution centers each have a Nursing Office designed for employees who are not feeling well. Public health nurses working at our Tokyo and Osaka head offices serve as points of contact for employee health-related consultations.

Regular Health Check Ups

We offer full and mini health check-ups. We also subsidize the cost of physicals for dependent spouses. (Staffs over the age of 35 can undergo a full health check-up and staffs under the age of 35 can undergo a mini health check-up)

- Maintaining a 100% checkup rate (checkup performed once a year with company subsidy)
- Improving secondary checkup rate

Mental health

We also focus on mental health initiatives.

- Maintaining a 100% stress check rate
- Using organizational diagnosis results to improve the workplace environment
- Providing mental health education through self-care and line care training
- Free mental health consultations (free consultations are available for individuals and their families with outside specialized organizations)

Trusco Nakayama Health Insurance Association Established in 2019

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

Trusco Nakayama Corporation

Health Declaration

“As a company that supports manufacturing in Japan, Trusco Nakayama Corporation aims to be of service to people and society. Through our business activities, we will continue to help reduce the environmental impact caused by manufacturing sites, workplaces, and suppliers as well as promote the health of our employees so that they can continue to work with peace of mind for many years to come.”



Health Care Section
(Tokyo Head Office)
Akiko Amakawa, public health nurse



Health Care Section
(Osaka Head Office)
Kiyomi Yamada, public health nurse

We are a company that encourages employees to stop smoking

Efforts are being made to keep members of the companies from smoking, including making it mandatory for directors, executive officers, division general managers, managers in charge, future manager candidates, and those who wish to join the company.

- Smoking cessation support
- Non-smoking rate for the entire company: 84.4% (Non-smoking rate for managers: 100%)



Original insurance card (sample)



Members of the Trusco Nakayama Health Insurance Association office
(Left to right: Supervisor Ryoko Nakamura and Manager Akiko Tani)
Note: Ms. Tani is scheduled to take her new post in April 2021.

Recruitment Activities

We acquire human resources that possess creative ideas

The source of competitiveness for an organization is its **originality**. Because we are one of the last wholesalers in the industry, we have aggressively challenged and achieved things that other companies do not and cannot do. We will continue to acquire human resources that create new value through original ideas to fuel our corporate growth.

Based on the belief that “a student's duty is to study,” we set a recruiting period which allows students participating in recruitment activities to concentrate on studying. We hold a variety of unique job experience events so that students participating in job hunting activities can select the companies that they are truly interested in which helps them avoid finding a job that they do not fit. By participating in company events even after an informal job offer has been made, prospects are able to further understand our corporate culture and resolve any concerns they may have before joining the company.

Internship

A five-day program held at the Tokyo Head Office and the Osaka Head Office designed to give participants a chance to see what sales is like. This program is separate from recruitment activities and is positioned as a social contribution activity to help people choose a company for the future.



An intern experiencing what sales is like

Company Information Session for Parents of Individuals Who Have Received an Informal Job Offer

This is a company information session held for parents of individuals who have received an informal job offer. We hold these sessions because we believe that by having parents of prospective employees see our company from the perspective of a senior member of society, they will be able to understand our company and give appropriate advice to their son or daughter who has been offered a job. (participation is optional)



More and more parents are participating in these sessions each year

Recruiter

In addition to the Recruitment Section, Employees from all over the country who work in various departments, divisions, and sections participate in company briefings held at each university. This means that the entire company is focused on finding future employees.



Explanatory meeting held at a university

Family-Friendly Company Entrance Ceremonies

We regard the company entrance ceremony as a ceremony to celebrate with the family in the same way as a school entrance ceremony or coming of age ceremony. As a result, we have been inviting the family members of new employees to these ceremonies each year. (Started in 2005)



Providing an opportunity to celebrate the beginning of a new life with family members



2020 informal job offer ceremony (held online)

Changes in Number of New Graduates Hired and Employees Hired Mid Career

		2016	2017	2018	2019	2020
Number of New Graduates Hired	Total	97	83	118	96	79
	Female	46	28	41	38	31
University Graduates	Male	21	23	42	35	25
	Female	0	0	0	0	0
Vocational School Graduates	Male	0	0	0	1	0
	Female	20	18	17	8	6
High School Graduates	Male	10	14	18	14	17
	Total	13	44	17	5	5
Number of Employees Hired Mid Career	Female	11	14	5	3	4
	Male	2	30	12	2	1

Direct talks with management

We provide opportunities for employees to have direct conversations with the President, directors, division general managers, and other members of the management team. During a Round Table Discussion with the President, the President answers each and every question that only he can answer.



Direct talks held with the President are conducted at the Tokyo Head Office and Osaka Head Office

Participation in company events by candidates who have received informal job offers

People who have received informal job offers participate in company events such as the General Meeting of Shareholders and the Nakayama Wonderful Festa (see p.73), which is co-hosted by the Nakayama visually impaired welfare foundation and our company. We provide opportunities for them to understand more about the company and learn about social contribution.



Candidates who have received informal job offers sitting in on the company's General Meeting of Shareholders

Human Resource Development

No Self-Awareness No Growth

Training provides people with the “opportunity to notice things.” No matter how much education someone has had, the problem is awareness. Corporate activities are built on the results employees achieve. We support the development of enthusiastic employees who understand the results they are expected to achieve and who are able to obtain the knowledge and skills necessary to achieve them and take action. We provide various opportunities at the company so that employees can continue to grow.



2020 Leader's Course

TRUSCO Stage Trial

We have established our own training system to help our employees become useful to people and society. By knowing exactly the types of human resources we are looking for at each stage, we give our employees the opportunity to become aware of what we are doing and to grow as individuals. It is an opportunity for employees to understand what they need to do, the skills they need, and the purpose.

Name of Training	Staff Level	Content	Desired Abilities
New Staff Training	All new staff	Fundamental training for becoming a full-fledged member of society	Fundamental abilities required required for working adults: Business etiquette, interpersonal and practical communication skills essential for advancing in the workplace
Skill-up Course	4th Year (Employees hired as new graduates/high school graduates) Distribution Course (Recommended Candidates)	Training to encourage participants to think and act independently	Ability to look at and understand the company from multiple perspectives and to take the initiative in solving organizational issues
Leader's Course	7th Year and onwards (earliest) (with entry requirements)	Business environment analysis	Ability to analyze and make proposals to improve the performance of customers and supervise the development of human resources in their own organizations
Manager Challenge Course	All Career, Specialist, and Area path employees (with entry requirements, earliest 2nd year)	Problem solving	As a manager of an organization, have the ability to plan solutions for customer problems and to solve problems involving other departments. (Only an employee who is judged to have the above abilities will become a "Boss Challenge Student*")
Boss Management Course	Bosses (Supervisors) (once every two years, with participation requirements)	Business domain expansion	Trainees will understand the essence of management strategy through management level communications with customers implement management that demonstrates influence through the organization by understanding the external environment.

*Boss Challenge Student: Candidate for managerial level position

Other Job Training Programs

In addition to Trusco Stage Trial (our original education curriculum), we conduct a variety of other training courses as well. It is necessary for our employees to continue to learn in order to perform their work at a higher level. These training courses provide various types of support in accordance with each person's career and desire, including a level of on the job training (OJT) that goes beyond the boundaries of acquired qualifications and one's immediate organization.

Job Training Program	Staff Level	Overview
Rookie Manager Course	New Bosses (Supervisors)	Participants will learn how to use the management resources necessary to conduct management as a manager. The course aims to create a common purpose for all tasks that must be performed as a boss through embodying the direction of their immediate organization.
BM Training Course	Course candidates (female employees)	The BM Training Course allows one female course candidate to participate in board meetings, which are normally limited to officers, each month. The purpose of this program is to create opportunities for women to freely communicate their opinions with their own unique perspectives, sensibility, and ideas in order to grow.
Area (Logistics) Training Course	Area/Support/Logistics Employees	This training deploys staffs to another business location or distribution center for roughly one week. Establishing opportunities where the employee can compare job sites helps them grow and enhances our operations.
Job Challenge Course	Course candidates (with participation requirements)	By allowing employees to transfer to the department of their choice, they can increase their sense of ownership and give shape to their thoughts, leading to personal growth and increased corporate value.
Overseas Business Course	Candidates	Participants learn about overseas business while working at one of our overseas subsidiaries (Thailand or Indonesia).
Global Challenge		Participants will learn about exporting while working at the Overseas Sales Section of the Tokyo Head Office.
Orange Doctor Examination	All employees	Orange Doctor Examination was established for the purpose of enhancing staff knowledge about our products. This examination is held twice a year. Staffs who pass the examination receive an allowance of \$93 per month for one year.
University Subsidy System		This system subsidizes \$2,803 from the cost of acquiring a degree as educational support for gaining a bachelor's degree from a University. The company also provides a \$1,401 subsidy for staffs to acquire a bachelor's degree in another field.
TRUSCO Distance Learning Courses		"Becoming a human resource who has a track record founded in the skills necessary to grow a company all starts with the will of the individual." This is why the company provides 50% assistance for the course fees to staffs who complete a course.

Financial Strategy

Achieving stable improvement in corporate value by being “Having assets on our own”

We believe that owning our own distribution centers, branch offices, data centers, and vehicles, which serve as the main arteries of corporate management, will bring the greatest benefits. This is why we are placing importance on the idea of TRUSCO being “Having assets on our own”. Instead of aiming for short-term profits, we take the perspective of long-term corporate value enhancement and promote the strategic strengthening of our balance sheet (B/S), which leads to greater convenience for our customers. Since 2016, we have maintained a rating of “A” by Rating and Investment Information, Inc., and by raising funds with an eye to the future and continuing to proactively make capital investments, we are providing our customers with higher value-added services.

Capability Targets to be Achieved by 2023

In order to enhance our corporate capabilities and improve the speed of our growth, we have set the following capability targets to be realized by 2023. We will continue to make effective use of key assets that serve as the company's main arteries from a long-term perspective and continue to make effective capital investments to enhance our corporate value. (see p.17)

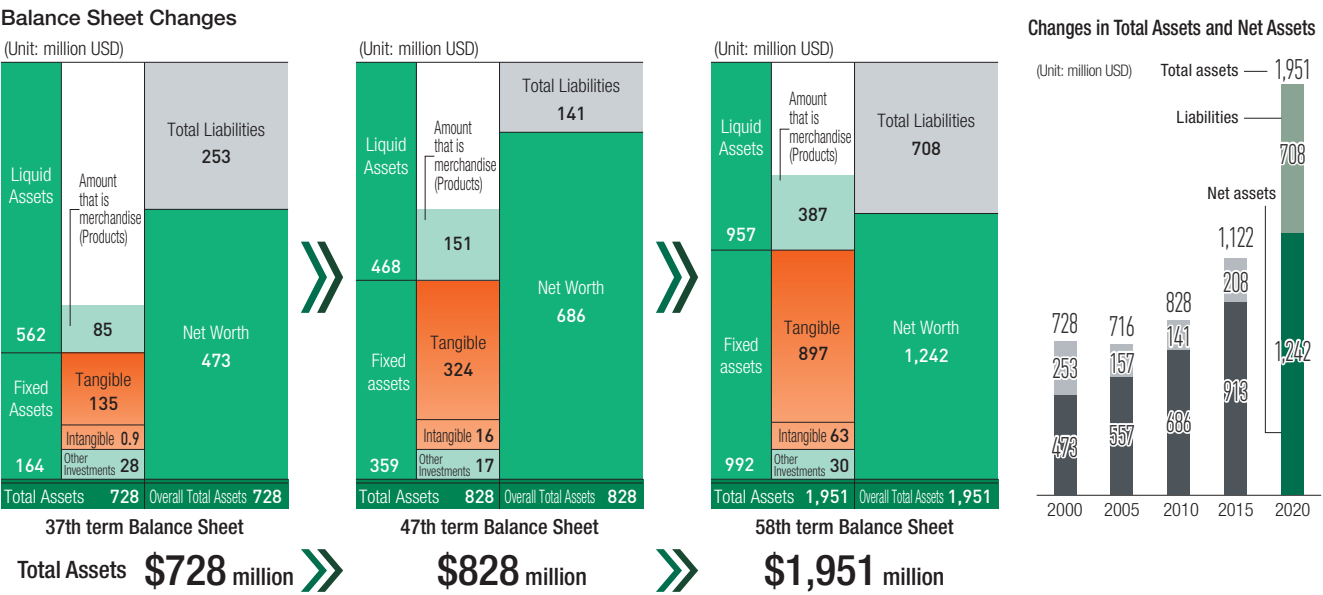
Capability Target 1: Ability to store 500,000 items in inventory

Capability Target 2: Completion of user direct delivery system

Capability Target 3: Ability to receive and ship orders 365 days a years

Enhancing corporate value through both tangible and intangible fixed assets

Since the opening of our first distribution center, Planet Kyushu, in 1994, we were actively building 26 new distribution centers across the country until the rebuilding of Planet South Kanto in 2020. We have also accelerated our investments in logistics and systems, including upgrading our core system, Paradise, in 2020. As a result of our aggressive capital investment, our total assets have tripled in 20 years, from \$728 million in 2000 to \$1,951 million in 2020. Among those investments, property, plant and equipment, which mainly



Utilization of Liquid Assets – Expanding the number of inventory items –

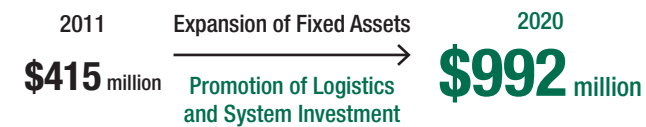
We consider **the inventory hit rate** (91.0% as of December 2020), which is the ratio of how much of an order we are able to ship from our inventory, to be an important management indicator rather than the stock turnover ratio. We position inventory as the energy for growth, and by thoroughly strengthening our immediate delivery system, we are able to improve customer convenience. Since 2006, we have stepped up our efforts to achieve our goals of 200,000 inventory items and \$186 million in inventory value. As a result, we achieved our initial targets from 2013 to 2014, which we evaluate as the basis for sales expansion. As for inventory, we have been steadily expanding our inventory since then, and by the fiscal year ending December 31, 2020, we had 442,000 items in inventory with a value of \$387 million. We plan to expand our inventory to 500,000 items by 2023.



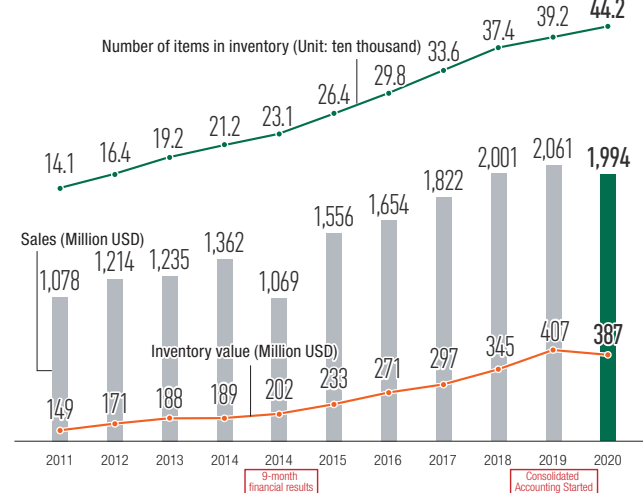
Utilization of Fixed Assets – Acceleration of Logistics and System Investment –

We have made proactive capital investments, including the opening of Planet Saitama in 2018 and the introduction of world-leading logistics equipment such as Butler® and AutoStore. Fixed assets* have more than doubled from \$415 million in 2011 to \$992 million in 2020, and tangible fixed assets (hardware) from \$387 million in 2011 to \$897 million in 2020. In addition, we will accelerate investment in software systems and make effective use of intangible fixed assets to improve customer convenience over the long term.

*Fixed assets include buildings, land, machines, equipment, and software.

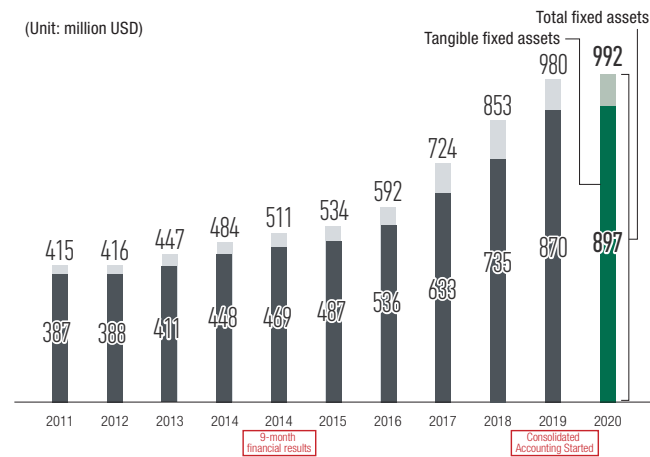


Sales increase in proportion to inventory expansion



Changes in Sales, Inventory Value, and Number of Items in Inventory

Continuing to invest in fixed assets over the long term to improve convenience for customers

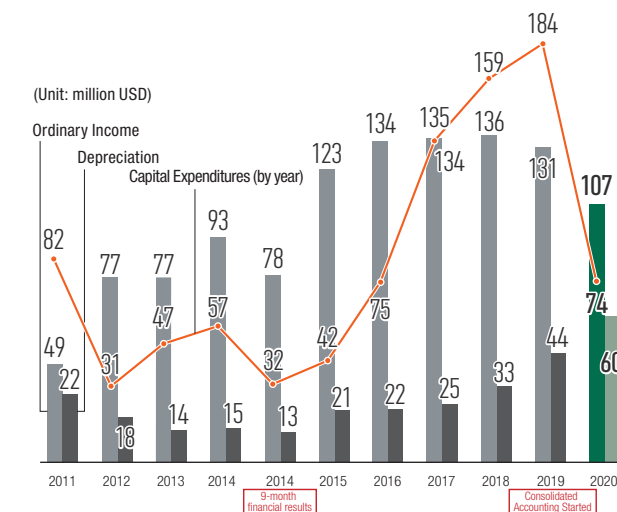


Changes in Fixed Assets

“Active Management” to Creates Continued Profits

Draft transactions for suppliers and retailers, which were a common business practice in the machinery tool industry in 2005, have been completely abolished. These and other moves reflect that we are a company that always implements active management fueled by creative ideas. In particular, the period from 2016 to 2020 was regarded as a period of anticipatory investment for us when we actively made capital investments (in logistics and systems) to strengthen our capabilities. Active management is essential to continue generating a healthy cash flow. While maintaining an appropriate capital adequacy ratio (63.7% in the fiscal year ending December 31, 2020), we will promote proactive capital investment, strategically enhance assets, and effectively utilize them to increase corporate value by generating continuous profits.

Cumulative depreciation of fixed assets currently held by the company **\$399** million



Changes in Capital Expenditures (by year), Ordinary Income, and Depreciation

For the Embodiment of “TRUST COMPANY” (Corporate Governance and Social Contributions)

In order to continue to be a “TRUST COMPANY (=TRUSCO)”, a company that is trusted by all of our stakeholders, we have made this concept the starting point of our daily corporate activities. We will build our own governance system, strive to provide highly transparent information, and communicate with our shareholders, the local community, and society.

Corporate Governance	G	62
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- E Environment
- S Social
- G Governance

For the Embodiment of “TRUST COMPANY”

As a “Company Gaining Your Trust,” we seek to be a company where officers and staff members can engage in self-cleaning actions under a unique governance structure.

Fundamental Approach

We have made this concept of being a trusted company (TRUSTCO = TRUST + COMPANY) the starting point of our daily corporate activities, and will fulfill its social mission by embodying this principle. TRUSCO's basic policy is to establish a “system to ensure the appropriateness of corporate business operations,” and to maintain and improve the corporate governance system by promoting constant reforms regarding various management issues.



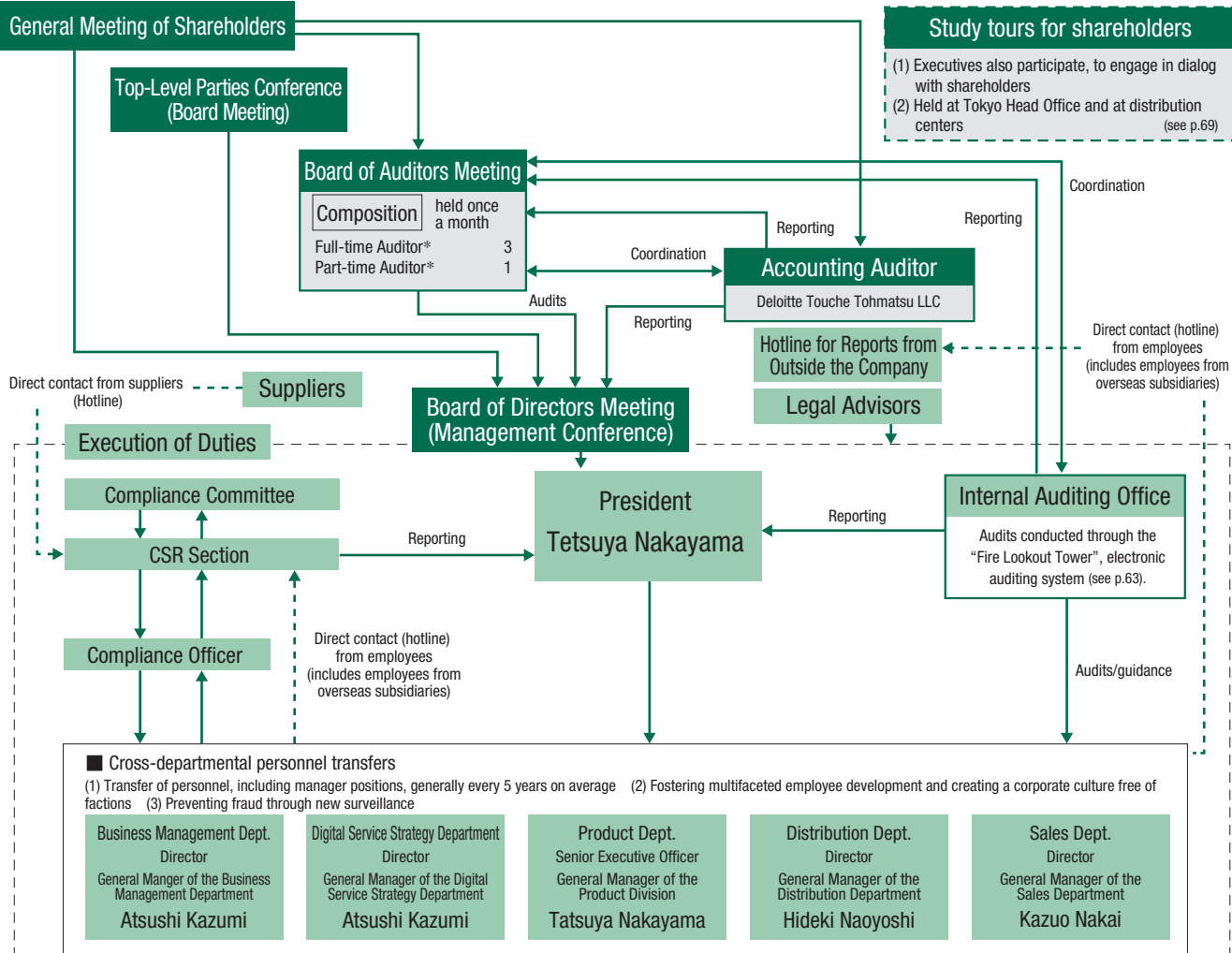
Corporate Governance Report

Basic Compliance Policy

TRUSCO executive officers and employees make the four following declarations which together comprise the Basic Compliance Policy

- 1. As a company that supports the Japanese manufacturing industry, we will meet the trust and expectations of the manufacturing site.
- 2. We will comply with laws and regulations, and will challenge new development based on morals and ethics.
- 3. Whenever we encounter a situation in which we must take justice or profit, we will not hesitate to take justice.
- 4. We aim to be a “better working person / better corporate person” in accordance with corporate ethics.

Governance Structure (As of April 1, 2021)



Note: The two full-time auditors and one part-time auditor are outside corporate auditors.

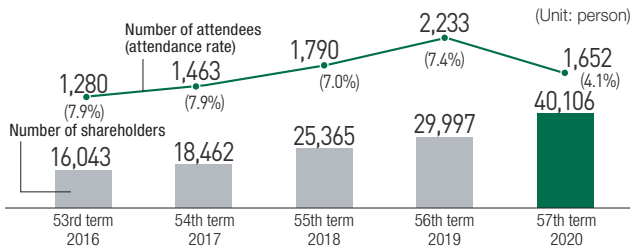
General Meeting of Shareholders

We value the General Meeting of Shareholders as a venue for reporting on our performance and activities to shareholders, and try to make it an opportunity where they can gain a deeper understanding about our company.

Features of the General Meeting of Shareholders

- 1. Implementation of the President OJS (Open Judging System)
- 2. Held on an early schedule, avoiding days on which general meetings are concentrated
- 3. Held concurrently in two locations, Tokyo and Osaka (execution of voting rights, Q&A are possible; Chairperson rotates yearly between the venues)
- 4. In addition to the audio present, subtitles are projected onto a screen in real time
- 5. Results of resolutions at the meetings, a portion of Q&A items, and the results of questionnaires are released on the website three days later

Changes in Number of shareholders and attendance rate for the Ordinary General Meeting of Shareholders



The number of shareholders exceeded 40,000 for the first time in the 57th term (as of the end of 2019). The number of attendees at the Ordinary General Meeting of Shareholders for the 57th term decreased due to the Covid-19 pandemic.



57th Ordinary General Meeting of Shareholders (Tokyo venue)

President OJS (Open Judging System)

We have adopted a “president open judging system,” which we view as one of the indicators for evaluation of our top managers, for voting on the selection of the President by shareholders who have heard our business reports and Q&A at the General Meeting of Shareholders.

Reference: 57th Term President OJS

Approval rating	Number of attendees	Valid ballots	Approvals
99.7%	1,652	1,448	1,443

Top-Level Parties Conference (Board Meeting)

Consisting of only executives (excluding Outside Directors), our Board of Directors Meetings deliberate the directions of the company, ensuring objective and rational decision-making.

Composition

- Company President 1
 - Executive Directors 3
 - Full-time Auditors 3
 - Part-time Auditors 1
- (As of April 1, 2021)

Board of Directors Meeting (Management Committee)

We conduct decision-making at Board of Directors Meetings, generally held 1 time per month. The Management Conference seeks a wide range of opinions from participants that include Executive Officers and Division General Managers, to ensure a broad perspective and transparency.

Features of the Conference

- 1. Round-table layout allowing face-to-face communication
- 2. Changes are made to seating every time with no priority given to facilitate participation from new perspectives
- 3. Persons responsible for work sites and general staff members are selected to participate each time and are called upon to comment as required

Composition of the Board of Directors

- Company President 1
- Executive Directors 3
- Outside Directors 3
- Full-time Auditors 3
- Part-time Auditors 1

Composition of Management Conference

- Board of Directors Members 11
 - Senior Executive Officers 1
 - Executive Officers 1
 - Division General Managers 13
- (As of April 1, 2021)



Management Conference features round-table layout (September 2020)

Initiatives for Preventing Fraud and Bribery

We are working on various systems and initiatives to prevent employee fraud (some have been omitted).

Electronic Auditing System

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

Internal/External Consultation Hot Line

We have established the Consultation Hot Line in our CSR Section as a consultation desk also for existing suppliers. It is a system for reporting from both inside and outside of the company to allow us to quickly discover, handle, and prevent compliance related issues.

Compliance Manual Trusco Zentaku Book

In order to practice the code of conduct as a TRUSCO business person on a daily basis, from the discipline of a member of society to prohibitions on bribery and other business matters, the code is distributed to all employees to ensure its popularization.



Trusco Zentaku Book

Director, Auditor, Executive Committee, Division General Manager OJS

We have adopted an original system for the evaluation of executives and general managers. Every year, executives and division general managers are evaluated by about 150 managers, with the results used as criteria in promotion/demotion. The results and comments are also fed back to executives, with the aim of preventing improprieties and raising our company value. (see p.51)

Officers' Compensation

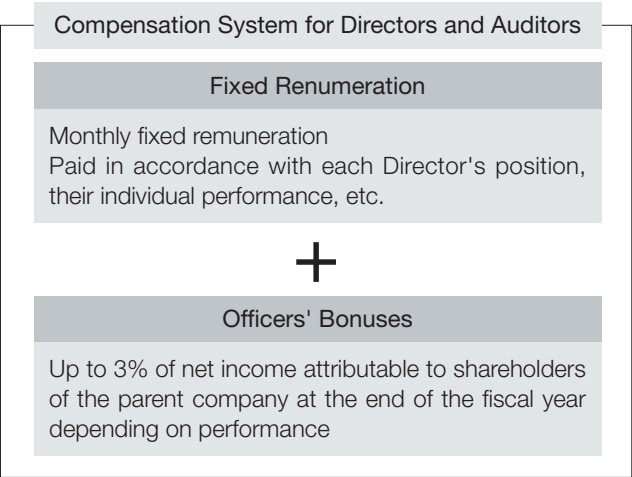
Basic Policy on Determination of Compensation, Etc. for Directors and Auditors

The Company determines the officers' compensation paid to Directors and Auditors based on the following.

(1) The level of remuneration should be such that the Company is able to retain the motivation to improve business performance and to secure excellent human resources from within and outside the Company.

(2) The level should be based on changes in the business environment, objective external data, etc., and should take into account the balance between public standards, management content, and employee salaries.

(3) Officer compensation should be paid within the annual remuneration limit, including bonuses.



Method of Determining Officers' Compensation and Rate of Payment

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

The determination of the specific amount of remuneration for each officer may be left to the discretion of the President by resolution of the Board of Directors.

1. Fixed Remuneration

The amount of compensation is determined at the beginning of each fiscal year within a range designed for each position, taking into account the responsibility of the representative authority, position, etc., and the degree of influence on management, and taking into account performance, achievements, management ability, level of contribution, and other factors.

2. Officers' Bonuses

As an incentive linked to profit indicators similar to the basic policy for shareholder returns, when net income attributable to shareholders of the parent company is recorded at the end of the fiscal year, up to 3% of that amount will be paid as officers' bonuses depending on business performance.

In determining the total amount, the Company shall use as a reference the amount calculated by accumulating the bonus multiplier for each position as specified in the bylaws and multiplying it by the net income attributable to shareholders of the parent company. The amount to be paid individually shall be determined for each Director within the remuneration range, taking into consideration the degree of contribution to the business results for the relevant fiscal year. Individual amounts for fixed remuneration and officers' bonuses to be paid to Auditors shall be presented by Directors and finalized through discussions among Auditors.

(Unit: thousand USD)

	Position	Range of Officers' Compensation	Range of Compensation by Type*3		
			1. Fixed Remuneration	2. Officers' Bonuses	(1 + 2)
Director	President	Up to \$5,607 per year*1	\$560 to \$1,345	0 to \$747	\$560 to \$2,093
	Senior Executive Director		\$252 to \$364	0 to \$224	\$252 to \$588
	Executive Director		\$196 to \$308	0 to \$186	\$196 to \$495
	Director		\$168 to \$252	0 to \$130	\$168 to \$383
	Outside Director		\$37 to \$84	0 to \$9	\$37 to \$93
Auditor	Full-time Auditor	Up to \$934 per year*2	\$140 to \$252	0 to \$84	\$140 to \$336
	Part-time Auditor		\$37 to \$84	0 to \$9	\$37 to \$93

*1 Decided at the 56th Ordinary General Meeting of Shareholders held on March 8, 2019.
*2 Decided at the 58th Ordinary General Meeting of Shareholders held on March 18, 2021.
*3 Decided at a meeting of the Board of Directors held on March 24, 2021.

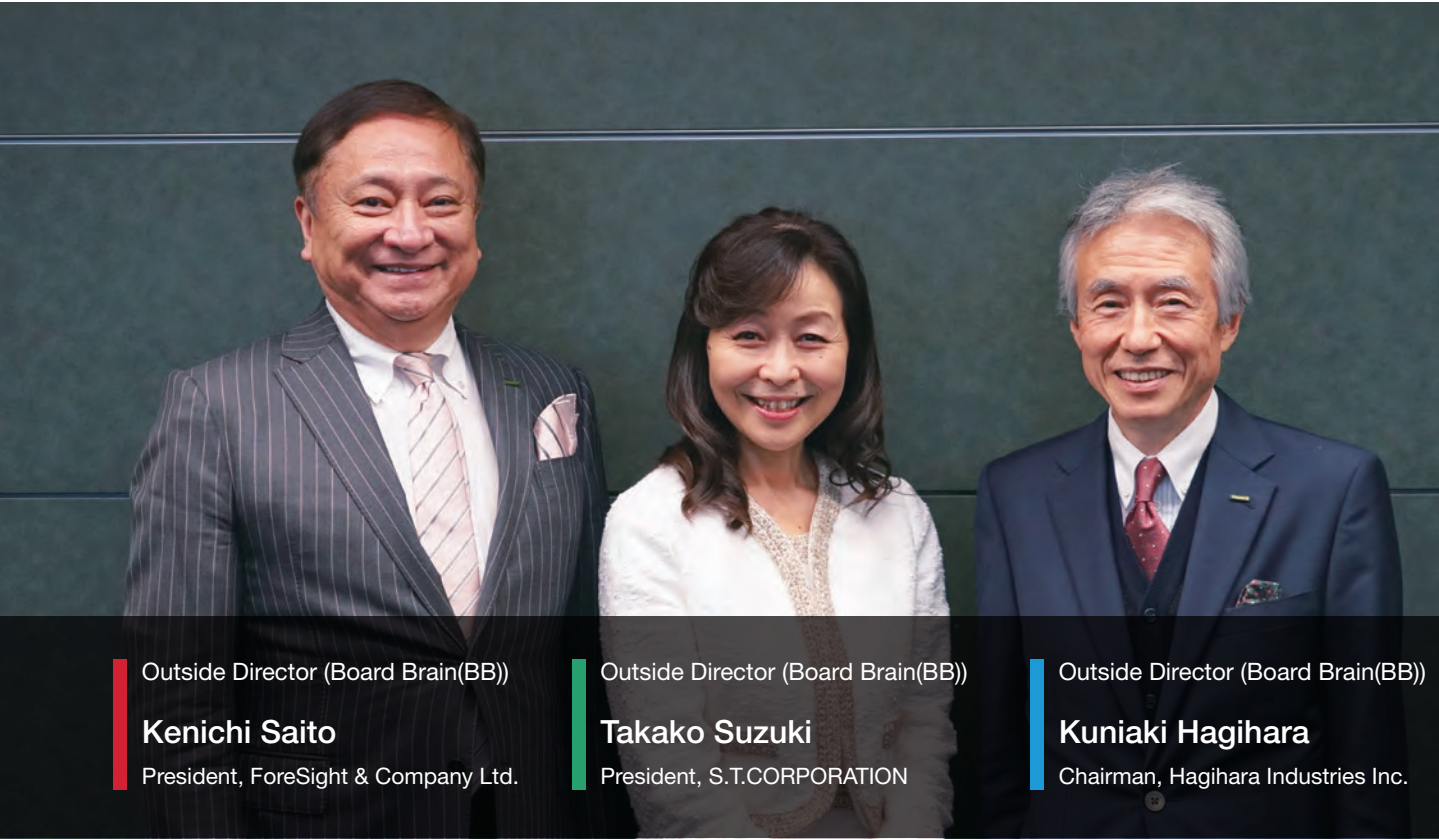
Prerequisites for Ensuring the Effectiveness of the Board of Directors and Board of Auditors

In order to ensure diversity, the Board of Directors consists of four Directors from within the company who are familiar with the business and three independent Outside Directors. The appointment of Directors is informally decided (resolved) at a meeting of the Board of Directors with the participation of Outside Directors. After assuming office during the General Meeting of Shareholders, they will undergo a multifaceted evaluation based on the Open Judging System ((OJS), a 360-degree evaluation system), which is the Company's unique evaluation system for Officers

(excluding Outside Directors and Part-time Auditors).

In the future, the Board of Directors will continue to recommend suitable candidates, regardless of gender or age, who meet the statutory requirements and have excellent character and insight. As for appointing foreigners, we believe it is not necessary as the scale of our overseas business is limited at present. However, we will consider it as our business expands. As for Auditors, we appoint those who have extensive knowledge of laws and regulations, finance, accounting, and corporate governance.

Interview with Outside Directors



Since they utilize their abundant experience and knowledge so as to contribute to the development of the company, TRUSCO calls Outside Directors “Board Brains.” In general, the role of an Outside Director is to prevent scandals as an outside observer. However, at our company, we have formed our own highly transparent governance system, so we place emphasis on contributing to “sustainable growth and the improvement of company value.” We interviewed each of these Outside Directors about the roles of Outside Directors and issues facing the company.



Interviewer: Takashi Nakai, Advisor

Q1

What you think are the attractive characteristics of the company? What are some of its issues?

Saito

I think the company's best facet is that all the employees are cheerful and there is no sense of hierarchy. I think this is because there has always been a culture of valuing employees at TRUSCO. Also, for decades, there has been an argument that wholesaling is unnecessary, and in general, wholesaling is not profitable. In our case, however, we have a very high operating profit ratio. I think the fact that we have strong corporate strengths is also an attractive feature of the company.

In the future, I think that we must develop human resources

who are capable of quality thought as a needed improvement. It is important to understand what is out there, however, in the future, we will not be able to read the market based on our past experience. We can only make a decision with confidence when we consider it based on fact-based figures and when market potential is proven. I think it is necessary to consider such points regarding future capital investment.

Hagihara

TRUSCO's management philosophy and code of conduct are oriented toward customers, and its approach to business has been thoroughly adopted by its employees. At the beginning of the monthly management meeting, President Nakayama describes the company's philosophy and norms as well as the right and wrong of things, citing various

examples, and I feel that the company's focus on vector alignment through constant education is a feature that no other company has.

On the other hand, it is rare to find a company with such well-equipped welfare and other facilities. If we become complacent and conservative, we will not be able to achieve significant development. I think the challenge for the future will be how to foster a mindset of always taking on new challenges, especially in consideration of the Covid-19 pandemic.

Suzuki

I feel that we are in a very unique position in this industry. This is because the core of the company's management philosophy is based on top management's unwavering belief in pursuing unique strategies. In addition, the company is constantly introducing new systems and frameworks that other companies are not and that are designed with the employees in mind. It is also flexible enough to change course when necessary. I find this facet of the company attractive. In terms of issues, I think there is future room for growth in the products we handle. We currently specialize in selling professional tools, but it may not be necessary in the future to distinguish them from general consumer products. The boundaries between products are only thought of by manufacturers and wholesalers. For users, however, those boundaries are shifting. I believe that TRUSCO's future business opportunities lie in how we can correspond to that shift.

Q2

What do you consider to be your role as an Outside Director of TRUSCO?



"What I value is not the function of the product itself, but the benefit, the convenience that appeals to the heart in the true sense of the word."



"I consider stakeholders to be not only employees, shareholders, and investors, but also the Earth itself to be a stakeholder. For this reason, I believe that my role as an Outside Director is to take responsibility for whether decisions are being made that will lead to an increase in corporate value for the people and things that are necessary for the survival of the company."

Hagihara

Coming from the manufacturing business, what I value is not the function of the product itself, but the benefit, the convenience that appeals to the heart in the true sense of the word. For example, the blue sheets manufactured by HAGIHARA INDUSTRIES, INC. can be used to provide fun places to play and can be used for preventive maintenance purposes. How do we deliver the sensitivity, ideas, and thoughts that we put into manufacturing to our customers from the function of a wholesaler? I believe that I have a role to play in providing advice from the perspective of a manufacturer.

Saito

I have been doing mainly consulting for many years, and my job is to improve the performance of my clients. Therefore, although I am an Outside Director, I also view TRUSCO as a client. I am conscious of trying to do as much as I can within the limited time available to me so that we can improve TRUSCO's business performance. Specifically, I distribute a document titled "For Tomorrow" at the monthly management meeting and convey important ideas that business people should understand, using examples from my own experiences.

Suzuki

First of all, I consider stakeholders to be not only employees, shareholders, and investors, but also the Earth itself to be a stakeholder. For this reason, I believe that my role as an Outside Director is to take responsibility for whether decisions are being made that will lead to an increase in cor-

porate value for the people and things that are necessary for the survival of the company.

Since we conduct business on this planet, I believe that we cannot do so unless we contribute to the global environment. For this reason, we must consider whether our business itself is truly connected to the resolution of global environmental and social issues. This is not just limited to the wholesale business, so I hope to gradually convey my thoughts and beliefs about the matter.

Q3

TRUSCO focuses on the "advisory" role rather than the "supervisory" role, which is the role of Outside Directors in general. What do you think TRUSCO should be doing in general?

Hagihara

Currently, there are companies where even the chairman of the board of directors is an outside director, but I do not think that strong governance is necessary as long as President Nakayama is at the top. In addition, in terms of compliance, it is ultimately important to never lie and be open about failures. We have such a culture in our company, and I hope that our successors and the organization will also place importance on these aspects.

Saito

Generally, I am not a big fan of setting up nomination committees or compensation committees. In Japan, once the idea of setting up committees becomes popular, it tends to move quickly. In TRUSCO, however, people in important positions come together at the management meeting and not only top executives but also many senior management level people express their opinions which are very precise. I feel that governance is effective in this respect.

Q4

What are your expectations for the future of the company and what is your message to stakeholders?

Suzuki

The fact that we have been able to achieve this level of performance in our fields may indicate that we are in a kind of "success trap." It is exactly the same for S.T. CORPORATION, which I represent. However, in our case, we are

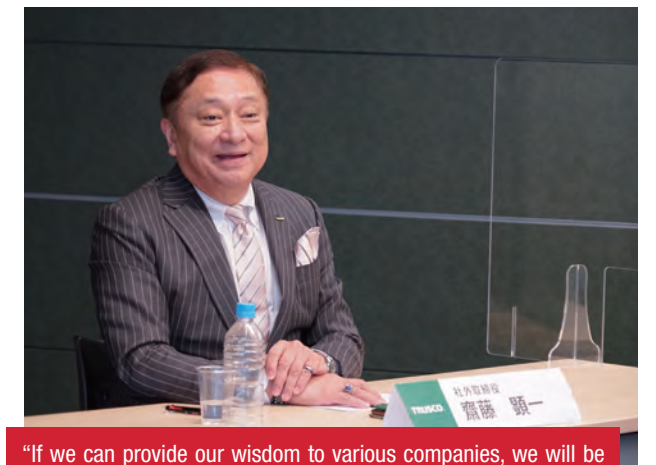
promoting strong advancements in logistics performance and digital transformation. I believe that we still have the potential to develop a new business model that has never existed before in Japan, which would include among other things a major reform of the supply chain in this industry.

Hagihara

I believe that the function of a wholesaler supporting the manufacturing industry will continue to be indispensable. It is my hope that stakeholders will look forward to seeing TRUSCO evolve and each of its employees take on the challenge of leading Japan's manufacturing industry.

Saito

I believe that the source of our strength, the thing that brings together our product development, inventory, logistics, and customer management, is sellability. Since not many companies have this strength, it gives TRUSCO a competitive edge. On the other hand, many companies (especially in developing countries) face issues, so if we can provide them with our accumulated wisdom, the world will become our partner. If our company can contribute to raising the level of companies in the world even higher, this will be interesting. I would like to continue to fulfill my role while dreaming that in the near future, TRUSCO will appear in the world in such a place.



"If we can provide our wisdom to various companies, we will be dealing with the world, and we can contribute to increasing the value provided by more companies."

Interviewer: Takashi Nakai, Advisor

About Advisors

After retirement age, Officers can assume leadership roles for the purpose of providing guidance and support to those responsible for the company, utilizing their previously accumulated knowledge and experience. Although the mandatory retirement age for our executives is 65, Advisors they can remain employed until the age of 70 if they so desire.

Environmental Efforts

Environmental Activities through Our Businesses

Based on our environmental philosophy “Gentleness, to the future...”, we hope to contribute to reducing the environmental impact of our business activities and PB products, not only for ourselves but also for the users of our products, and to contribute to the environmental activities of the Japanese manufacturing industry.

Fundamental Approach

As a PRO TOOLS supplier, we accurately assess the environmental impact of our purchasing, inventory, sales, and transportation activities, and based on the recognition that global environmental conservation, including consideration for biodiversity. These are one of the most important issues in our corporate activities. We are making company-wide efforts to continuously improve and prevent pollution.

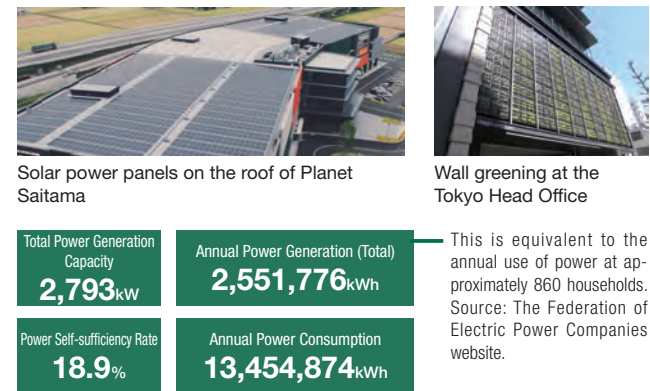
One-stop service reduces the environmental burden

By offering a wide variety of PRO TOOLS, our customers are able to centrally procure the tools that they need at their manufacturing sites. As a result, the consumption of energy and resources for procurement can be reduced compared to purchasing from multiple suppliers.

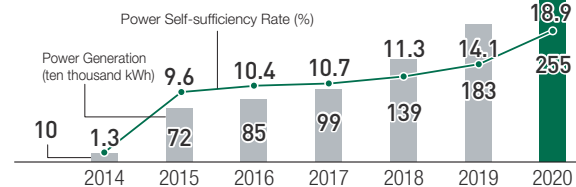
Activities for Reducing the Environmental Burden

Trusco Power Generation Installations (19 locations throughout Japan)

We are in the process of installing our own power generation equipment on the roofs and walls of our distribution centers, branch offices, and head office buildings. We will continue to install solar panels to the maximum extent possibility when new company buildings are constructed, aiming to increase our own power generation capacity of renewable electricity to 3,500kW by 2025.



Changes in Power Generation and Power Self-sufficiency Rate

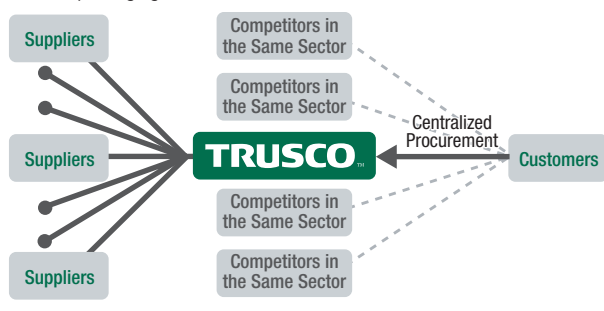


Environmental Policy

1. We will comply with the requirements of other matters we agree to, such as applicable laws, regulations and agreements related to our environmental aspects, and comply with the requirements of interested parties.
2. Identify significant environmental impact items associated with company-wide business activities and strive to continuously improve performance.
3. In order to raise environmental awareness, we will educate and train all people who work at our company on environmental management.
4. We will carry out internal audits and strive to improve self-management.
5. The established environmental policy will be made known to all people who work at or work with us, and the environmental policy will be disclosed to the outside.

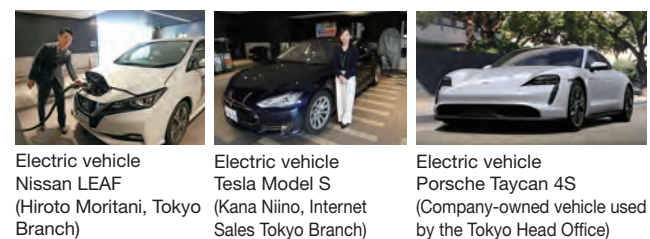
One-stop Service

For reducing labor such as labor for procurement and use of resources such as packaging materials



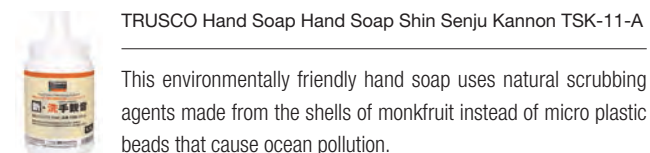
Introduction of Environmentally Friendly Vehicles

We are actively introducing hybrid vehicles as company-owned trucks used for deliveries and plan to introduce 40 hybrid vehicles (about 25% of our delivery trucks) by 2025. We will also gradually switch our sales vehicles to environmentally friendly vehicles, starting with those that need to be replaced.



Environmental Assessments of TRUSCO Products

In the planning and development of our own TRUSCO brand products, we have set our own environmental standards for the resource conservation, waste reduction, long-lasting use, etc., and are promoting environmentally friendly product development from every aspect, product design to product use, and disposal.



Relationships with Stakeholders

Realizing the happiness of people with whom we are connected

Our mission is to contribute to society through our corporate activities and to realize the happiness of the people with whom we are connected (TRUSCO's Statement of Purpose).

We call our employees and their families, business partners, shareholders, people involved in manufacturing in Japan, and all other stakeholders related to our company “people with whom we are connected.” We will continue to value our connections with people who are related to us through a high level of transparency in management, thorough information disclosure, and communication with the community and society through sponsorship and advertising.

IR Activities

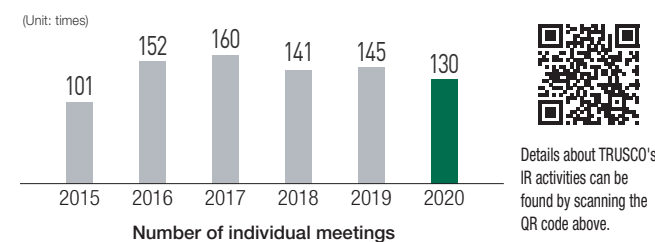
General Meeting of Shareholders

We think that the origin of IR is at the general meeting of shareholders. We are the first listed company to hold the General Meeting of Shareholders simultaneously at two main venues in Tokyo and Osaka, and are also taking unique related measures that we hold, the meeting earlier in the term to avoid holding it during the time many other shareholder's meetings are held. The 57th Ordinary General Meeting of Shareholders was held after taking full measures to prevent Covid-19 infection. Top management directly communicated with shareholders through Q&A sessions (see p.63).

IR for Institutional Investors

We will begin the earning results briefing (large meeting) at the mid-term and final closing which will see the participation of around 100 institutional investors and dealers each session. Although the earning results briefing for the fiscal year ending December 2020 was held online due to the Covid-19 pandemic, we are actively holding individual meetings with institutional investors and analysts, both in Japan and overseas, via telephone and chat applications.

We are increasing opportunities for individual consultations and communication



TRUSCO distribution facility tour (2019)



57th Ordinary General Meeting of Shareholders (Osaka venue shown) held on March 13, 2020

Study tours for shareholders

We hold tours of the Tokyo Head Office and distribution centers throughout Japan for shareholders. The meeting provides an opportunity for shareholders to get to know the executives, deepen their understanding of TRUSCO, and communicate. (In 2020, we mainly conducted web-based seminars due to the Covid-19 pandemic.)

TRUSCO distribution facility tour Started in 2011

Visits of the inventory and logistics system that can deliver a wide variety of products and realize instant delivery. A total of 2,514 applications were received from which 263 people were selected via lottery to participate (2019).



Providing visitors with information about Butler®

TRUSCO Tokyo Head Office Tour Started in 2015

Visits to various departments and disaster countermeasure facilities. A total of 621 applications were received from which 88 people were selected via lottery to participate (2019).



Visitors had the opportunity to various sections and departments of the company to learn more about TRUSCO

Public Relations Activities

TV Program Sponsored by TRUSCO “TRUSCO Shirarezaru Gulliver”

2017-

The program TRUSCO Shirarezaru Gulliver is being aired by TRUSCO to convey our desire to “bring pride and vitality to Japan by introducing world-class Japanese companies.” Each program introduces one Japanese company, including manufacturing companies, and their thoughts and ideas, designed to let people know that there are many attractive companies in Japan.

TV Tokyo affiliates:

TV Tokyo, TV Hokkaido, TV Aichi, TV Osaka, TV Setouchi, and TVQ Kyushu Broadcasting. The program is broadcast every Saturday evening from 6:00 to 6:30 p.m.

Program website



The program has featured 165 companies (as of February 31, 2021)

Internal Company Newsletter “Hand Made”

1969-

Under the editorial policy to create a communication magazine connecting the company and employees as well as the minds between employees, the newsletter has continued to spell the history of employees since 1969. The book is full of information with about 200 employees appearing in each volume.

“Wakatake” Published from 1969 to 1990
“Hand Made” Published from 1990 to the present



“Hand Made” predecessor “Wakatake”



Current edition of “Hand Made”

TRUSCO CSR Poster

1995-

Based on the theme of “GAMBARE!! JAPANESE MONOD-ZUKURI”, which is our corporate message, we produce and distribute posters every year on topics of manufacturing which represent Japan. In 2021, the theme of the poster will be the Linear Chuo Shinkansen, a new high-speed railroad that will connect the three major metropolitan areas of Japan using the country’s unique cutting-edge superconducting maglev technology.



2021 TRUSCO CSR Poster
“The Linear Chuo Shinkansen, a creation born from Japanese technology moving into the future at a speed of 500 km/h”

Poster Gallery



Communication with the Community and Society

Supporting the Women's Handball Team “Osaka Lovvits”

2016-

We are supporting the Osaka-based women's handball team “Osaka Lovvits,” which is active in the Japanese handball league. Since 2017, the team has been a member of the Japan Handball League, the highest level handball league in Japan. Of the 20 athletes on the team, 15 are TRUSCO full-time employees. (as of April 2021)

Osaka Lovvits
Official Website



Donated bus



Osaka Lovvits team members

Donations to NGO Peshawar-kai

2020

A donation was made to support the Peshawar-kai*, an NGO engaged in a comprehensive rural reconstruction project in Afghanistan, which is experiencing a drought, with the idea the “One irrigation channel is better than 100 medical clinics.”



The late Dr. Tetsu Nakamura with staff in Afghanistan
*An NGO (non-governmental organization) formed in 1983 to support the late Dr. Tetsu Nakamura, who was making efforts toward the development of Pakistan and Afghanistan.

“Skill Olympics/Abilympics” Sponsorship

2010-

We support “Skill Olympics” for young technicians ages 23 and under and “Abilympics” for people with disabilities who bear the future on “monodzukuri.” These activities show just how great the participants are.



Aichi Skill Olympics/Abilympics Opening Ceremonies (2019)

TRUSCO Shonan Ohashi Bridge

2010-

TRUSCO acquired the naming rights for Shonan Ohashi Bridge from Kanagawa Prefecture and named the bridge “TRUSCO Shonan Ohashi Bridge”. It is the first time that naming rights have ever been granted for a bridge.



Bridge connecting Chigasaki City and Hiratsuka City in Kanagawa

Provided Infection Prevention Products to Kyoto University Hospital

2020

We provided infection prevention products and PB products to Kyoto University Hospital in order to support medical personnel who are dealing with patients infected with Covid-19.



Presentation ceremony (From left to right: Professor Omori, Hospital Director Mr. Miyamoto, and President Nakayama)

Employment of People with Disabilities

We aim for the independence and self-reliance of people with disabilities through work experiences and employment at our company. As of December 31, 2020, 66 people with disabilities were hired (employment rate of people with disabilities: 2.9% (statutory employment rate: 2.2%)).



Work area for people with disabilities (at a distribution center)

Sponsoring Pro Golfers

We sponsor two professional golfers, Ikue Asama and Hiroshi Ueda. Ikue Asama is employed at TRUSCO as a professional golfer.



Ikue Asama, professional golfer

Hiroshi Ueda, professional golfer

TRUSCO Universal Design Series Development

2012-

This is a series that was uniquely defined and developed on the concept of “pro tools designed with an idea to compensate for a decline in physical function and physical fitness.” We are expanding our lineup every year.



Pedal makes the truck easy to get moving from a static position

Official Sponsor of the Japanese Para-Sports Association

2015-

Serving an official sponsor of the Japan Para-Sports Association, we are striving for the spread of sports for people with disabilities and to support the athletes.



Swimming competition held by the Japanese Para-Sports Association

Sponsorship of Concerts

We have sponsored concerts organized by Narimichi Kawabata, a visually impaired violinist active in Japan and the U.K., and concerts organized by Tomomi Nishimoto, one of Japan's leading conductors.



Narimichi Kawabata

Tomomi Nishimoto

“Giving Back to Society” through the Nakayama visually impaired welfare foundation

The Nakayama visually impaired welfare foundation was established in 1997 in response to the will of “wanting to serve visually impaired people” by Kiyoko Nakayama, the mother of Tetsuya Nakayama (President of the foundation), who was born with optic nerves damaged by a forceps delivery. It later became a public interest incorporated foundation in 2010. The basic property shall be shares of Trusco Nakayama Corporation, and the foundation does not receive donations or support from outside and does its own management. We continue “Giving Back to Society” through the Nakayama visually impaired welfare foundation.

Managing the foundation using stock dividends

The foundation was established by the Nakayama Family with four million shares of Trusco Nakayama Corporation stock and \$4 million in cash. The foundation operates its business with the dividends from the shares.

Overview

Established	October 1, 1997 Transition to a public interest incorporated foundation was made on November 1, 2010.
Chief Director	Tetsuya Nakayama
Address	Nakayama Memorial Hall, 4F 3-26, 5-chome, Kamiwaka-dori, Chuo-ku, Kobe, Hyogo Prefecture 651-0067 TEL: 078-271-6370 / FAX: 078-891-4169
Support project results	\$7 million (cumulative total until FY2019)

Utility project 1

Nakayama Memorial Hall facilities leasing business

In the Nakayama Memorial Hall opened in 2007, 6 nonprofit organizations work together in conjunction with each other. The Nakayama Memorial Hall is used for consultations, walking training, creating Braille translations, events, activities held outside the normal workplace, etc. with 3,145 consultations conducted per year. In order to aim for an even more fulfilling facility, work has started on the construction of a new hall.



Rendering of new Nakayama Memorial Hall in its completed form (scheduled for completion in September 2021)

Address of the new hall: 1-3, 2-chome, Kamiwaka-dori, Chuo-ku, Kobe, Hyogo Prefecture 652-0802 (3 min. walk from Shinkaichi Station)
Area of grounds: approx. 1,401 m²
Floor area: approx. 5,613 m²
Structure: 1 underground level, 5 floors above ground, equipped with isolation system



“Shu,” a guide dog which is available to the visually impaired (2019)



Nakayama Memorial Hall

Utility project 2

Grant project for support groups for visually impaired people and individuals

The foundation provides grants to groups for visually impaired people and support groups in financial difficulty, and provides scholarships free of charge to university students and others.

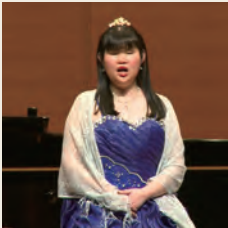
Utility project 3

Support activities for social participation activities for visually impaired people

People with disabilities spend every day like people without disabilities, and the foundation supports the participation of visually impaired people in society.

1Hyogo Prefecture Visually Impaired People Music Festival Project “Nakayama/KLC Concert”

A classical concert started for the purpose of providing many visually impaired people with opportunities to perform.
(Kobe Light Center (KLC))



Former scholarship student Kaori Tsutsui performing in a concert

2Guide dog lending project

We commission the training of two guide dogs per year and lend them to the visually impaired as “Nakayama Go” guide dogs. To date, we have loaned a total of 41 dogs.



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

3Personal computer course project

Courses are divided into beginner, Internet, office, iPad experience, and voice PC experience courses to teach basic computer usage and Internet operation.

5Accompanying aid workers (guide helpers) education training project

Training sessions are held six times a year with the aim of increasing the number and improving the quality of companionship support employees (guide helpers).

6Barrier-free movie screening project - Nakayama UD Film Festival

Sponsored by the Nakayama visually impaired welfare foundation, the Nakayama UD Film Festival features audio commentary and Japanese subtitles for films screened. (UD...Universal Design)

4Music performance project “Nakayama Wonderful Festa”

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

Past performers

#16 2013 Mariko Takahashi	#21 2018 Aki Yashiro
#17 2014 Sayuri Ishikawa	#22 2019 Tomomi Nishimoto & IlluminArt Phil, Yoshiko Sakuma
#18 2015 Yoshimi Tendo	Note: The concert was not held in 2020 due to the Covid-19 pandemic.
#19 2016 Masahiko Takeuchi, Kaientai	
#20 2017 Masashi Sada	



Nakayama Wonderful Festa #20 (Masashi Sada, performer)



A prospective TRUSCO employee attends to visitors

List of Officers and Board of Directors for the Nakayama visually impaired welfare foundation (listed in alphabetical order)

President	Tetsuya Nakayama	President of TRUSCO NAKAYA- MA Corporation	Yusuke Saraya	President and Representative Director of Saraya Co., Ltd.
Senior Director	Saori Nakayama	NR Holdings Co., Ltd. Represen- tative Director Certified Public Accountant	Tomihiro Takamatsu	Representative Director of DyDo GROUP HOLDINGS INC.
Managing Director	Atsushi Matsumae	Director/Executive Director	Yuko Nakayama	Representative Director of NS Holdings Co., Ltd.
Director	Takuji Iuchi	President of AS ONE Corporation	Rie Nakayama	Physician, Ear, Nose, and Throat Department, Keiyu Hospital
	Tatsuya Otsuka	President & Chief Executive Officer of Earth Corporation	Motonobu Nishimura	President Executive Officer & Director of Mandom Corporation
	Kohei Goto	President & Chief Executive Officer of SANKO Co., Ltd.	Yuki Nomura	President and Representative Director of TSP TAIYO Inc.
	Teruo Hashimoto	Chairman of Nippon Lighthouse Welfare Center for The Blind	Junji Hada	President of ELECOM Co., Ltd.
	Kenji Furuhashi	President and CEO of Hosiden Corporation	Naotaro Hikita	President and Representative Director of KOHNAN SHOJI CO., LTD
	Masahiko Mori	President of DMG MORI CO., Ltd.	Kunio Yamada	Chairman of Rohto Pharma- ceutical Co., Ltd.
	Naoyuki Yamamoto	CEO and Chairman of Yamamo- to Kogaku Co., Ltd.	Yoshiaki Yamamoto	Director of Kobe senior man- power center Western Center
	Kohei Nomura	Attorney at Nomura & Partners	Teiji Wakita	President and Representative Director of WAKITA Corporation
	Yoritomo Wada	Certified Public Accountant at Wada & Co.		
Senichi Hoshino, who passed away on January 4, 2018, served as director from June 2017 to January 2018, and contributed to the development of				

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

Map of Bases As of January 1, 2021

50	Shunan Branch	2929-14 Oaza Kume, Shunan-shi, Yamaguchi
51	Ube Branch	5-395-5 Oaza Nakano Gaisaku, Ube-shi, Yamaguchi
52	Takamatsu Branch	4001-77 Yoshida, Utazu-cho, Ayauta-gun, Kagawa★
53	Takamatsu Stock Center	2-3-1 Asahimachi, Takamatsu-shi, Kagawa★
54	Tokushima Branch	23 Nakahara, Ojin-cho Nakahara, Tokushima-shi, Tokushima
55	Matsuyama Branch	1068-4 Kumanodai, Matsuyama-shi, Ehime★
56	Kokura Branch	7-1 Kifunemachi, Kokurakita-ku, Kitakyushu-shi, Fukuoka★
57	Hakata Stock Center Fukuoka Branch	2-4-14 Takeshita, Hakata-ku, Fukuoka-shi, Fukuoka★
58	Plant Kyushu Tosu Branch	1651 Himekata-machi, Tosu-shi, Saga★
59	HC Kyushu Distribution Center Kurume Stock Center	1956-1 Kitanomachinaka, Kurume-shi, Fukuoka★
60	Nagasaki Branch	23-4 Ohashi-machi, Nagasaki-shi, Nagasaki
61	Kumamoto Branch	5F Kumamoto Central Bldg. 66-7 Yamasaki-machi, Chuo-ku, Kumamoto-shi, Kumamoto
62	Oita Branch	1-3-28 Mukaibara-Higashi, Oita-shi, Oita★
63	Kagoshima Branch	3-68 Tokai-cho, Kagoshima-shi, Kagoshima★
64	Okinawa Branch	5F Okinawaken Kensetsu Kaikan 5-6-8 Makiminato, Urasoe-shi, Okinawa

40	Osaka Head Office Osaka Branch HC Osaka Branch Internet Sales Osaka Branch	TRUSCO Glen Check Bldg., 1-34-15, Shinmachi, Nishi-ku, Osaka-shi, Osaka★
41	Planet Osaka/South Osaka Branch	81-1 Ishizu Kitamachi, Sakai-ku, Sakai-shi, Osaka★
42	Planet Kobe/Kobe Branch	1-3-5 Nakamachi, Minatojima, Chuo-ku, Kobe-shi, Hyogo★
43	Akashi Branch	#601 Akashi Ote Bldg. 1-2-29 Honmachi, Akashi-shi, Hyogo
44	Himeji Branch	448-26 Hojo, Himeji-shi, Hyogo★

West Japan

45	Plant Sanyou Okayama Branch	4-15 Amase, Kita-ku, Okayama-shi, Okayama★
46	Okayama Stock Center	2-16-35 Fukunari, Minami-ku, Okayama-shi, Okayama★
47	Yonago Branch	8-15-14 Yonehara, Yonago-shi, Tottori★
48	Fukuyama Branch	2-4-13 Akebono-cho, Fukuyama-shi, Hiroshima★
49	Hiroshima Branch	1-20-1 Naka-Hiromachi, Nishi-ku, Hiroshima-shi, Hiroshima★

Kinki

35	Planet Shiga Ryuo Branch	1140-3 Oguchi, Ryuo-cho, Gamou-gun, Shiga★
36	Kyoto Branch	3F Trusco Crystal Bldg. 593 Higashi-Shio-koji-cho, Shimogyo-ku, Kyoto-shi, Kyoto★
37	HC West Japan Distribution Center	755-6 Kamifukawa-cho, Nara-shi, Nara★
38	Nara Stock Center	758-6 Kamifukawa-cho, Nara-shi, Nara★
39	East Osaka Stock Center/Higashi Osaka Branch	4-12 Shinjo-nishi, Higashi-Osaka-shi, Osaka★

New HC East Japan Distribution Center planned for construction
Location: Sanjo, Niigata Prefecture
Area of grounds: approx. 26,400 m²

Bases

93

2	61	27	3
Head Offices	Japan Sales Branches	Logistic Centers in Japan	Overseas
(Branches with inventory: 30)	(includes 10 Stock Centers)	(Overseas Subsidiaries: Thailand and Indonesia Representative Office Germany (Düsseldorf))	
Number of items in inventory	Total number of items in inventory	Inventory Value	
440,000	45,170,000 items	\$387 million	

Central Japan

26	Toyama Branch	1-1-34 Tanaka-machi, Toyama-shi, Toyama★
27	Kanazawa Branch	6-15-1 Eki Nishi-Honmachi, Kanazawa-shi, Ishikawa★
28	Fukui Branch	1-52 Toiya-cho, Fukui-shi, Fukui★
29	Hamamatsu Branch	209-1 Sode-cho, Naka-ku, Hamamatsu-shi, Shizuoka
30	Planet Tokai Okazaki Branch	18 Minami-Kubo, Oka-cho, Okazaki-shi, Aichi★
31	Nagoya Branch	12-26 Ukishima-cho, Mizuho-ku, Nagoya-shi, Aichi★
32	Planet Nagoya Komaki Branch	10-1 Kawahigashi, Wada-cho, Nonan-shi, Aichi★
33	Toyohashi Stock Center	33-16 Akemicho, Toyohashi-shi, Aichi★
34	Yokkaichi Branch	5-4-13 Shinsho, Yokkaichi-shi, Mie★

Representative Office



Metropolitan

13	Kashima Branch	3-3-24 Horiwari, Kamisu-shi, Ibaraki★
14	Utsunomiya Stock Center	2-40-3 Shirasagi, Kaminokawamachi, Kawachi-gun, Tochigi★
15	Oyama Stock Center	1-6-33 Awanomiya, Oyama-shi, Tochigi★
16	Planet Saitama Satte Branch	988-7 Akagi, Shinmeiuchi, Satte-shi, Saitama★
17	Omiya Branch	2039 Nishi-Asuma, Nishi-ku, Saitama-shi, Saitama★
18	Planet East Kanto/Matsudo Branch	241-1 Kamihongo, Matsudo-shi, Chiba★
19	Chiba Branch	1969-17 Yawatakaigan-dori, Ichihara-shi, Chiba★
20	Tokyo Head Office Tokyo Branch HC Tokyo Branch Internet Sales Tokyo Branch MRO Supply Tokyo Branch	TRUSCO Fiorito Bldg. 4-28-1, Shimbashi, Minato-ku, Tokyo★
21	Jonan Branch	2-14-23 Kugahara, Ota-ku, Tokyo★
22	Planet Tokyo Kawasaki Branch	3-10-6 Tamachi, Kawasaki-ku, Kawasaki-shi, Kanagawa★
23	Planet South Kanto/Atsugi Branch	1567-1 Takamori, Isehara-shi, Kanagawa★
24	Fuji Branch	251-1 Jubee, Fuji-shi, Shizuoka★
25	Shizuoka Branch	1-20 Midorigaoka-cho, Suruga-ku, Shizuoka-shi, Shizuoka★

East Japan

1	Planet Hokkaido Sapporo Branch	3-4-51 Higashi-Naeba 5-jo, Higashi-ku, Sapporo-shi, Hokkaido★
2	Hachinohe Branch	1-2-9 Numadate, Hachinohe-shi, Aomori★
3	Planet Tohoku Sendai Branch	2-1-23 Ogimachi, Miyagino-ku, Sendai-shi, Miyagi★
4	Akita Branch	2-41 Sanno-Rinkaimachi, Akita-shi, Akita★
5	Koriyama Branch	1-23-7 Motomachi, Koriyama-shi, Fukushima★
6	Mito Branch	1567 Sugaya, Naka-shi Ibaraki★
7	Utsunomiya Branch	46-11 Hiraide Kogyo Danchi, Utsunomiya-shi, Tochigi★
8	Planet North Kanto Isesaki Branch	2739-1 Sanwa-cho, Isesaki-shi, Gunma★
9	HC East Japan Distribution Center Niigata Branch	280 Oaza Shinbo, Sanjo-shi, Niigata★
10	Niigata-Kitakita Branch	2-6-50 Yutaka, Higashi-ku, Niigata-shi, Niigata★
11	Okaya Branch	2-1-33 Shinmei-cho, Okaya-shi, Nagano★
12	Ueda Branch	2F Unno-Machi-Kan Ito Bldg. 2-8-11 Chuo, Ueda-shi, Nagano

★ indicates a company-owned property.

Overseas Subsidiaries

Overseas Bases 2 (Thailand / Indonesia)



**TRUSCO Resort and Spa Karuizawa
(Recreation/Training Facility)**



Town of Karuizawa, Kitasaku-gun, Nagano

① approx. 10,621 m² ② approx. 1,983 m² ③ 2021 ④

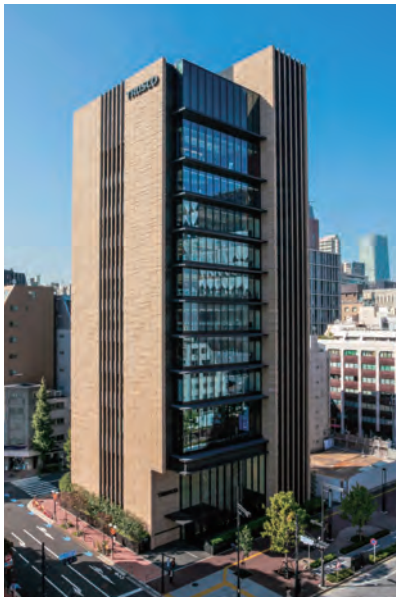
A Glance at TRUSCO Through Numbers

Through our business highlights for the 58th term, we express our company's performance through various figures, including key indicators. (For details on company performance, please see p.82.)

58 Term 2020 December Performance Highlights

Sales	Consolidated	\$1,994 million	(-3.3%)
Gross profit margin	Consolidated	21.5%	(+0.2pt)
Selling, general and administrative expenses	Consolidated	\$326 million	(+5.0%)
Depreciation	Consolidated	\$61 million	(+34.6%)
Ordinary income	Consolidated	\$108 million	(-18.6%)
Net income attributable to shareholders of the parent company	Consolidated	\$74 million	(-16.7%)
per share			
Annual dividend		\$0.28	(-\$0.05)
Market capitalization		\$1,787 million	
(As of December 31, 2020)			
Shareholders' equity ratio		63.7%	
			R&I Rating
			A

(As of December 31, 2020)
The year-on-year comparison is shown in the parentheses.



Tokyo Head Office (TRUSCO Fiorito Bldg.)

Human Resources

Employees	2,786	Officers	12
		Full-time staff	1,674
		Part-time staff	1,100
Female staff ratio		Number of full-time staff	589
		Ratio	35.2%
		Number of officers*	147
		Number of supervisors	7
Note: Personnel with supervisory qualifications or higher			
Average age	38.4	Male	41.9
		Female	32.1
Retirement age		Managerial Retirement Age	62
		Employment Extension	70
		Full-time Staff Retirement Age	65
		Part-time Staff	75
Average salary	\$57.8 (\$61.3)	Managers	\$105.4 (\$113.1)
		Careers (regular positions)	\$135.1 (\$146.9)
		Area (regional positions)	\$67.3 (\$71.7)
		Logistics (distribution positions)	\$56.1 (\$59.6)
			\$43.0 (\$44.9)
(Unit: thousand USD)			
Number of Employees with Disabilities and Employment Rate of Persons with Disabilities (Statutory employment rate based hires: 51, employment rate of people with disabilities: 2.2%)	66 People	Non-smoking rate for managers (included managerial candidates)	100%
	2.9%	Non-smoking rate for the entire company	84%



HC Tokyo Branch supervisors Hiromi Tsukuda and Mai Yanagisawa



Yamato Tanaka, Omiya Branch

Sales

Number of sales branches	Japan 61	Overseas 2	(As of January 1, 2021)
	Branches with inventory 30		TRUSCO NAKAYAMA CORPORATION (THAILAND) LIMITED
			PT. TRUSCO NAKAYAMA INDONESIA
Number of customers	Companies 5,515	(-77)	
	Number of sales accounts 27,550	(+669)	
MRO Stocker	Number introduced 47	companies (-)	(Started in January 2020)



MRO Stocker, which is like "Okigusuri," a business model that has been around for many years in Japan, but for tools.

Products

Total number of suppliers	2,652 companies	(+115 companies)	Japan 2,440 companies	Overseas 212 companies
Inventory items	Number of items in inventory 442,436	(+50,237)		
	Total number of items in inventory 45,174,506	(-4,242,841)		
	Inventory value \$388 million	(-\$19 million)		
TRUSCO Orange Book.Com	Number of items listed 2,337,220	(+316,179)		
Private Brand (PB)	Number of items 67,700	(+82,000)		
	Sales \$386 million	(-5.9%)		
TRUSCO Orange Book	Number of listed manufacturers 1,851	(+75 companies)		
	Number of items 471,000	(+31,000)		



Private Brand Products



Customer Support Tool

Distribution

Number of distribution bases	26	Logistic centers	17
		Stock centers	9
Floor areas of distribution centers in Japan	approx. 408,284 m ²	Logistic centers	approx. 351,798 m ²
		Branches with inventory	approx. 56,485 m ²
Inventory hit rate	(Ratio of products delivered from our company stock among our total number of orders.)	91.0%	(+0.5%)
TRUSCO delivery routes	Number of total delivery runs 270 vehicles	(-3 vehicles)	
	Number of TRUSCO delivery routes 110 vehicles	(+12 vehicles)	
	Percentage of TRUSCO delivery runs 40.7%	(+4.8%)	
Number of direct deliveries to users per year	2,658,514	(+274,376)	
Inventory of materials to support recovery during a disaster	Inventory of 6 months	(normally 3 months)	



Planet Saitama Distribution Center



AutoStore (high-precision robot-based storage system)

Digital Service

Orange Commerce (electronic purchasing system)	Number of companies connected 390 companies	(+39 companies)	
	Number of factories connected 1,414 factories	(+179 companies)	
System order intake ratio	83.9%	(+0.8%)	
Automated estimate ratio	8.1%	(-)	(Started in January 2020)
Number of order receipts	120,000 daily	29.56 million per year	
Number of estimates provided to customers	30,000 daily	8.34 million per year	
Digital Expenditures (most recent three periods)	\$74 million		



TRUSCO Data Center "Solemale"



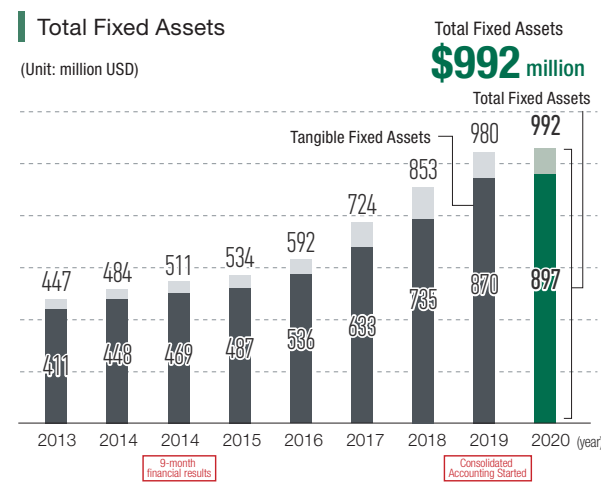
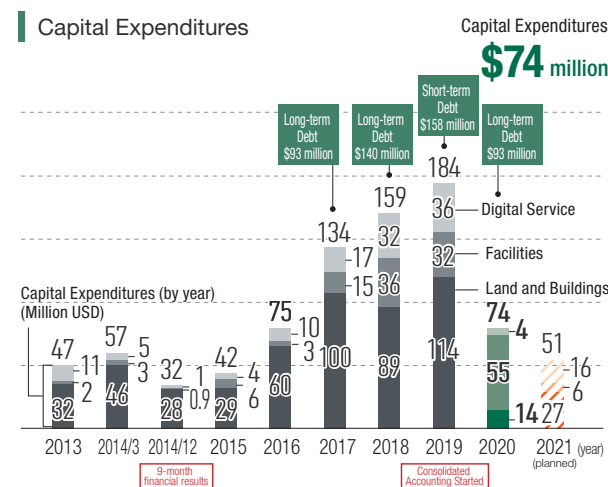
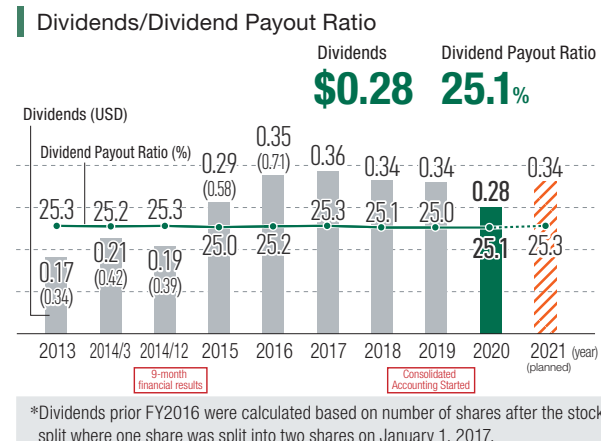
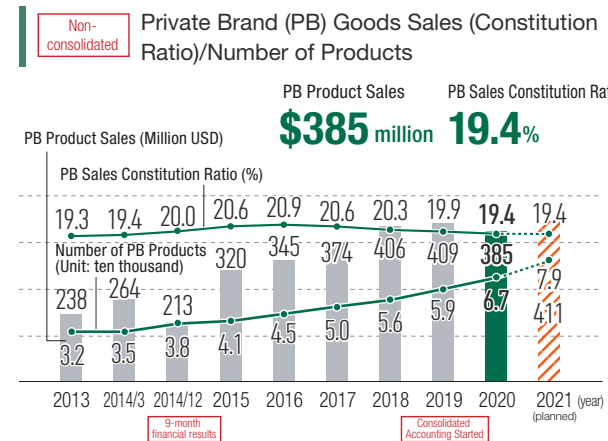
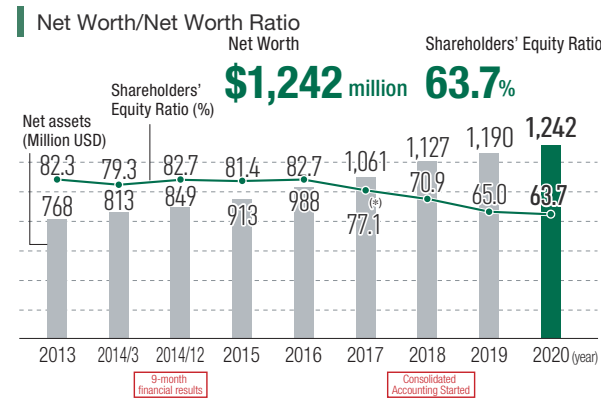
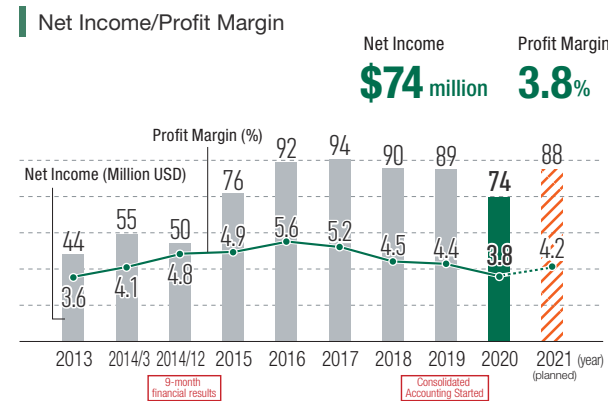
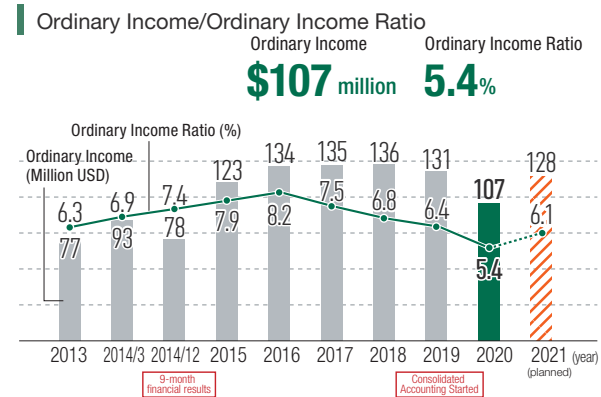
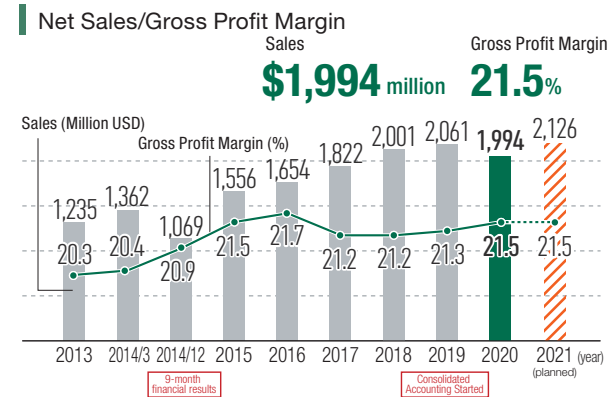
Solar power generation equipment at Planet South Kanto
(Power Generation Capacity: 300kW)
(Number of Solar Panels: 1,190)

ESG

Number of shareholders (As of the end of the 58th term)	16,336	Number of attendees of the 57th Ordinary General Meeting of Shareholders	1,652
		Attendance rate for the 57th Ordinary General Meeting of Shareholders	4.1%
Trusco Power Generation Installations (Solar and wind power generation)	19	Power generation for 2020	2,551,776kWh
Renewable energy power self-sufficiency rate	18.9%		
Corporate tax	\$40 million		

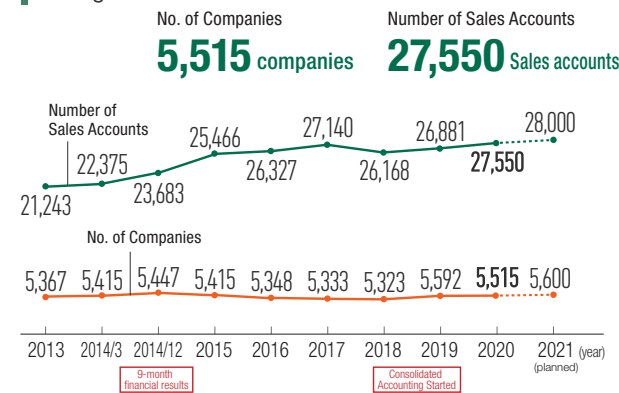
Results Data (Operating Results Indicators) (As of December 31, 2020)

Consolidated Accounting Started : Figures based on consolidated business results due to the start of consolidated accounting in 2019.



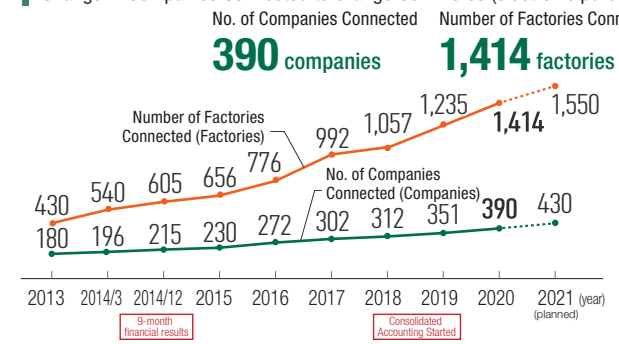
Results Data (Sales Information) (As of December 31, 2020)

Changes in Number Business Partners and Sales Accounts

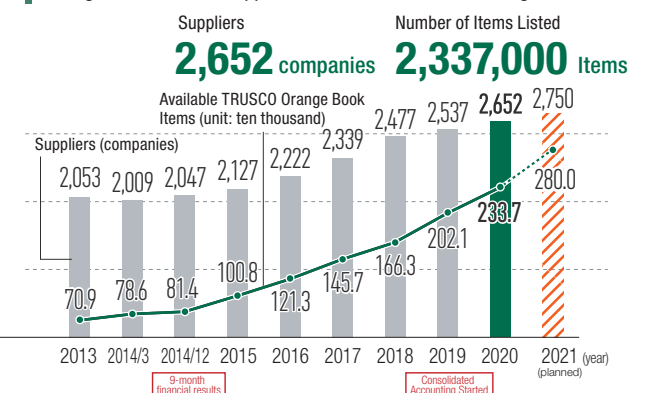


2014 to 2020 (Bankruptcies of Regular Customers Without a Security Deposit: 5 (\$3,644 in uncollectable payments))

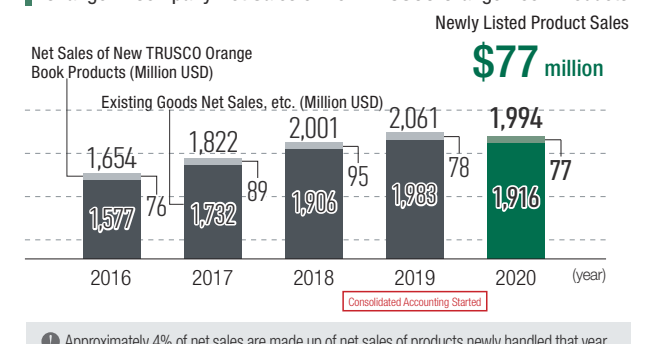
Change in Companies Connected to Orange Commerce (electronic purchases)



Changes in Number of Suppliers and Available TRUSCO Orange Book Items



Change in Company Net Sales of New TRUSCO Orange Book Products

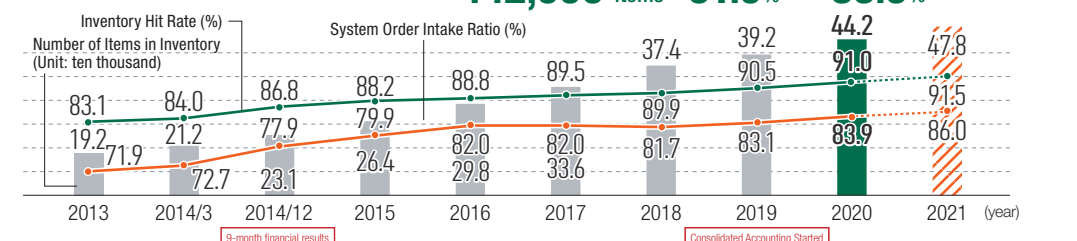


① Approximately 4% of net sales are made up of net sales of products newly handled that year.

Non-consolidated Number of Inventory Items/Inventory Hit Rate/Change in System Order Intake Ratio

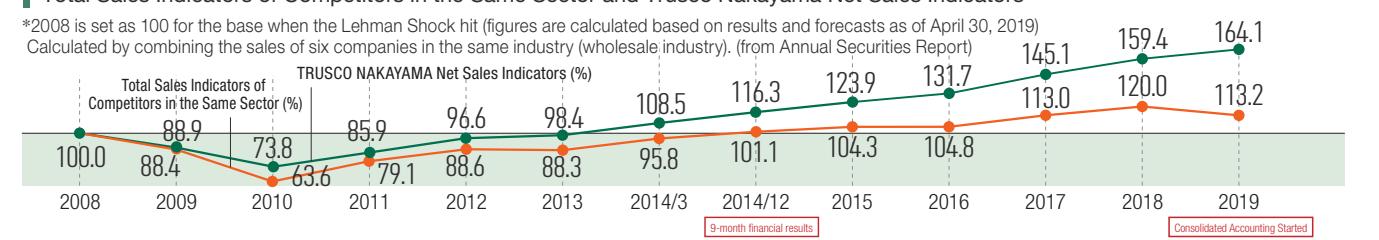
① We are expanding our inventory items with focus on long tail products and strengthening prompt delivery systems to customers.

*Inventory Hit Rate: Ratio of products delivered from our company stock divided by our total number of orders.



Inventory Value (Disposal Value) (Million USD)	189 (0.39)	189 (0.16)	203 (0.25)	233 (0.46)	271 (0.29)	297 (0.38)	345 (0.36)	407 (0.39)	388 (0.46)	428
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Total Sales Indicators of Competitors in the Same Sector and Trusco Nakayama Net Sales Indicators



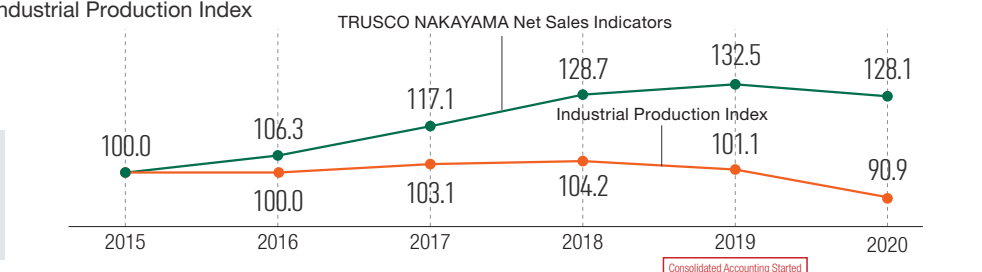
① Item and sales destination business expansion with small decline in sales distributes risk even in a bad economic environment and results in reliably increasing market share.

Company Net Sales Indicators and Industrial Production Index

*Index standard: 100 in 2015

*The Industrial Production Index are figures that were released by the Ministry of Economy, Trade and Industry on January 20, 2020.

① Due to inventory expansion, our factory route and eBusiness route sales have grown and shown more favorable trends than even the Industrial Production Index, which indicates the state of industry and manufacturing activities.



Results Data (Operating Results Over the Past 10 Years)

		9-month financial results				Consolidated Accounting Started						
		49 th term	50 th term	51 st term	52 nd term*	53 rd term	54 th term	55 th term	56 th term	57 th term	58 th term	59 th term
		2012/3	2013/3	2014/3	2014/12	2015/12	2016/12	2017/12	2018/12	2019/12	2020/12	2021/12 (planned)
Operating Results												
Net sales (Year on Year)	[Million USD] [%]	1,214 (+12.5)	1,236 (+1.8)	1,363 (+10.3)	1,069 (+10.1)	1,556 (+6.5)	1,654 (+6.3)	1,823 (+10.2)	2,002 (+9.8)	2,062	1,994 (−3.3)	2,126 (+6.6)
Average daily net sales (Year on Year) (Non-consolidated parent)	[Million USD] [%]	5.0 (+12.0)	5.1 (+1.8)	5.6 (+10.3)	5.9 (+10.7)	6.5 (+6.5)	6.9 (+6.3)	7.5 (+8.8)	8.3 (+10.8)	8.7 (+5.0)	8.3 (−4.9)	8.8 (+6.0)
Gross income (Year on Year)	[Million USD] [%]	247 (+12.5)	250 (+1.1)	277 (+10.9)	224 (+13.3)	334 (+9.9)	358 (+7.3)	386 (+7.9)	425 (+9.9)	439	429 (−2.4)	457 (+6.6)
Gross profit margin	[%]	20.4	20.3	20.4	20.9	21.5	21.7	21.2	21.2	21.3	21.5	21.5
Selling, general and administrative expenses (Year on Year)	[Million USD] [%]	169 (+0.3)	172 (+1.7)	183 (+6.2)	144 (+7.8)	212 (+10.0)	226 (+6.2)	253 (+12.0)	290 (+14.8)	310	326 (+5.0)	334 (+2.6)
Shipping expenses and packing costs (including fees for third-party delivery companies)	[Million USD]	23	26	29	23	34	37	43	52	57	58	64
Depreciation	[Million USD]	19	15	16	13	21	22	25	33	45	61	65
Salaries and bonuses (including bonus reserve inward/outward transfers)	[Million USD]	72	74	80	63	89	99	110	115	116	113	113
Selling and administration expense ratio	[%]	14.0	13.9	13.4	13.5	13.7	13.7	13.9	14.5	15.1	16.4	16.0
Operating income (Year on Year)	[Million USD] [%]	78 (+52.7)	78 (−0.2)	94 (+21.3)	79 (+25.0)	121 (+9.7)	132 (+9.1)	133 (+0.8)	134 (+0.6)	128	102 (−20.1)	123 (+19.5)
Operating profit ratio	[%]	6.4	6.3	6.9	7.4	7.8	8.0	7.3	6.7	6.3	5.2	5.8
Ordinary income (Year on Year)	[Million USD] [%]	77 (+54.6)	77 (−0.0)	94 (+21.3)	79 (+25.3)	123 (+12.0)	134 (+9.2)	136 (+1.0)	136 (+0.4)	132	108 (−18.6)	129 (+19.6)
Ordinary income ratio	[%]	6.4	6.3	6.9	7.4	7.9	8.2	7.5	6.8	6.4	5.4	6.1
Net income (Year on Year)	[Million USD] [%]	36 (+36.9)	45 (+22.5)	55 (+23.6)	51 (+34.7)	77 (+11.9)	93 (+20.9)	95 (+2.1)	90 (−4.4)	89	74 (−16.7)	88 (+18.9)
Profit margin	[%]	3.0	3.6	4.1	4.8	4.9	5.6	5.2	4.5	4.4	3.8	4.2
Cash and deposits	[Million USD]	129	111	135	108	133	99	97	109	171	302	—
Merchandise	[Million USD]	171	189	189	203	233	271	297	345	407	388	428
Fixed assets	[Million USD]	416	448	484	511	534	593	725	854	981	993	—
└ Tangible fixed assets	[Million USD]	388	412	449	469	488	536	634	735	870	897	—
└ Intangible fixed assets	[Million USD]	10	17	19	17	16	20	31	55	79	64	—
Total assets	[Million USD]	910	934	1,025	1,027	1,122	1,196	1,377	1,590	1,832	1,951	—
Net assets	[Million USD]	734	769	813	849	913	989	1,062	1,127	1,191	1,242	—
Shareholders' equity ratio	[%]	80.6	82.3	79.3	82.7	81.4	82.7	77.1	70.9	65.0	63.7	—

Note: The year-on-year change for the 52nd term was calculated by converting the 51st term into a nine-month period, and the year-on-year change for the 53rd term was calculated by converting the 52nd term into a 12-month period.

Cash Flow												
Cash flows from operating activities	[Million USD]	33	41	87	30	87	60	83	64	102	140	−
Corporate tax amount paid	[Million USD]	−24	−36	−29	−40	−22	−54	−39	−38	−45	−40	−
Cash flows from investing activities	[Million USD]	−29	−49	−51	−40	−47	−72	−155	−169	−184	−81	−
Cash flows from financing activities	[Million USD]	−8	−11	−12	−16	−14	−21	69	116	136	72	−
Dividend amount paid	[Million USD]	−8	−11	−12	−16	−14	−21	−24	−23	−22	−21	−
Net increase (decrease) in cash and cash equivalents	[Million USD]	−4	−18	24	−26	25	−33	−2	11	54	130	−

Financial Indicators												
Return on assets (ROA)	[%]	8.7	8.4	9.6	7.7	11.5	11.6	10.6	9.2	7.2	5.7	−
Return on equity (ROE)*	[%]	5.1	6.0	7.0	6.2	8.7	9.8	9.3	8.3	7.5	6.1	−
Capital expenditures	[Million USD]	32	48	57	32	42	76	134	160	184	75	51

*ROE concept: TRUSCO NAKAYAMA does not employ short-term strategies to increase ROE. We aim to expand profit by providing investments to ongoing growth sectors to facilitate long-term and stable growth.

Information by Share												
Net income (EPS)*	[USD]	0.55	0.68	0.84	0.77	1.16	1.41	1.44	1.37	1.36	1.13	−
Net assets (BPS)*	[USD]	11.12	11.65	12.33	12.88	13.85	14.99	16.11	17.09	18.06	18.84	−
Annual dividend	[USD]	0.32 (0.16)	0.34 (0.17)	0.42 (0.21)	0.39 (0.19)	0.58 (0.29)	0.71 (0.35)	0.36	0.34	0.34	0.28	0.34
Dividend payout ratio	[%]	28.9	25.3	25.2	25.3	25.0	25.2	25.3	25.1	25.0	25.1	25.3

*The net income per share, net assets per share, and annual dividend amounts in parentheses before the 54th term were calculated based on the number of shares after the stock split for splitting one share into two shares on January 1, 2017.

Sales by Segment		(The results show sales performance announcing the settlement of accounts for each term by segment. Year-on-year comparisons are made with the figures for the previous year which have been reclassified to correspond to the segment classifications of each period.)											
Factory Route	Sales (Year on Year) [Million USD] [%]	1,107 (+12.9)	1,119 (+1.6)	1,237 (+10.5)	943 (+10.1)	1,304 (+5.3)	1,363 (+4.5)	1,471 (+8.1)	1,580 (+7.4)	1,589	1,465 (−7.8)	1,536 (+4.8)	
e-Business Route	Sales (Year on Year) [Million USD] [%]	–	–	–	–	138 (+25.9)*1	173 (+24.9)	227 (+29.1)	287 (+26.1)	322	359 (+11.4)	408 (+13.9)	
Home center route	Sales (Year on Year) [Million USD] [%]	102 (+6.5)	102 (−1.2)	107 (+5.1)	81 (+0.2)	107 (−2.2)	112 (+4.8)	115 (+3.2)	125 (+8.6)	137	158 (+15.6)	165 (+4.2)	
Overseas Route	Sales (Year on Year) [Million USD] [%]	4 (+148.2)	14 (+70.5)	18 (+26.6)	44 (+35.2)	6 (+82.5)	5 (−15.2)	8 (+59.5)	9 (+5.3)	13*2	11 (−14.5)	16 (+40.0)	

*1 e-Business Route added as a result of expanding sales since the 53rd period.

*2 Overseas Route established and business results of overseas subsidiaries included in figures due to the start of consolidated accounting in the 57th period.

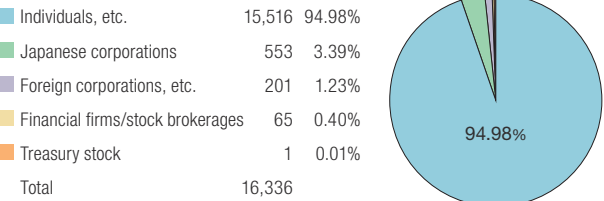
Results Data (Employee and Stock Information) (As of December 31, 2020)

		9-month financial results				Consolidated Accounting Started					
Average Age/Salary of Staff by Course		2012/3	2013/3	2014/3	2014/12	2015/12	2016/12	2017/12	2018/12	2019/12	2020/12
Number of employees*1 [persons]	Total	1,718	1,785	1,905	1,980	2,143	2,293	2,571	2,727	2,796	2,786
	Officers	8	9	8	8	7	9	8	8	12	12
	Full-time Staff	1,178	1,179	1,219	1,280	1,349	1,424	1,514	1,608	1,656	1,674
	Part-time employees	532	597	678	692	787	860	1,049	1,111	1,128	1,100
	Female staff ratio	25.3	26.7	28.6	29.1	29.9	32.7	33.7	34.6	35.3	35.2
Average Age*1 [years]	Staff Average	39.5	39.6	39.7	39.4	39.6	39.3	38.6	38.2	38.2	38.4
	Career course	35.2	35.5	35.3	34.6	34.1	33.5	33.7	33.3	33.1	33.5
	Area course	40.0	40.8	41.1	41.6	42.3	43.2	43.6	43.7	44.0	44.0
	Specialist course	32.8	33.2	33.5	34.7	36.5	36.1	36.1	36.4	37.0	37.2
	Support course	-	-	34.4	34.6	37.3	37.9	38.1	39.5	39.6	40.6
	Logistics course	44.7	45.7	45.8	44.0	42.7	40.2	37.9	36.8	37.2	37.1
Average Salary [thousand USD] The average salary including financial bonds*2 is shown in the parentheses.	Staff Average*3	54.9 (57.9)	56.4 (59.5)	56.7 (59.8)	59.9 (62.8)	61.6 (63.9)	62.9 (66.2)	66.8 (70.1)	65.5 (69.0)	61.2 (64.6)	57.8 (61.3)
	Supervisors Managers including branch managers, center managers, and Head Office section managers	81.5 (86.8)	81.3 (86.5)	81.9 (87.2)	87.3 (92.8)	92.8 (97.1)	99.4 (105.4)	107.7 (114.2)	107.4 (114.6)	106.1 (114.0)	105.4 (113.1)
	Department general managers, division general managers, and deputy general managers (does not include officers)	122.3 (132.9)	117.8 (128.2)	130.8 (140.3)	129.5 (140.6)	137.3 (146.6)	153.0 (164.8)	162.0 (174.0)	161.9 (175.3)	140.0 (151.4)	135.1 (146.9)
	Career course	61.8 (65.4)	64.2 (67.9)	64.1 (67.8)	66.9 (70.6)	67.9 (70.7)	70.7 (74.4)	75.2 (79.2)	75.1 (79.4)	70.8 (75.1)	67.3 (71.7)
	Area course	51.2 (53.9)	52.8 (55.6)	53.2 (56.9)	57.1 (60.0)	58.8 (61.1)	60.8 (64.1)	65.0 (68.3)	63.5 (67.0)	60.0 (63.5)	56.1 (59.6)
	Specialist course	55.7 (58.4)	52.7 (55.1)	53.4 (55.9)	58.4 (61.0)	64.2 (66.5)	68.7 (72.2)	70.8 (74.4)	71.1 (75.1)	66.8 (70.7)	63.5 (67.5)
	Support course	-	-	41.2 (43.3)	44.3 (46.3)	45.5 (47.1)	45.9 (48.4)	46.9 (49.2)	48.2 (50.6)	44.1 (46.8)	42.0 (44.4)
	Logistics course	41.4 (42.6)	43.2 (44.5)	42.9 (44.2)	45.5 (46.8)	50.0 (50.9)	48.5 (50.2)	50.5 (52.3)	48.5 (50.3)	45.9 (47.8)	43.0 (44.9)
Number of Employees with Disabilities (statutory employment rate based hires) [persons]		24 (25)	26 (37)	43 (29)	48 (32)	54 (43)	61 (38)	67 (43)	67 (48)	66 (51)	66 (50)
Employee Rate of Persons with Disabilities [%]		2.1	2.1	2.3	3.3	3.2	3.2	3.1	2.9	2.9	2.9

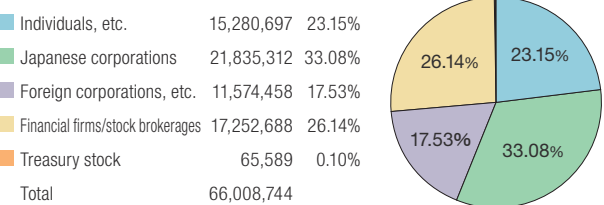
*1 Changed to consolidated employee count from 2019 *2 TRUSCO NAKAYAMA has a payment policy that provides severance as annual financial bonds rather than a single payment upon resignation. *3 Staff averages include the executive officer.

Status of Stock As of December 31, 2020

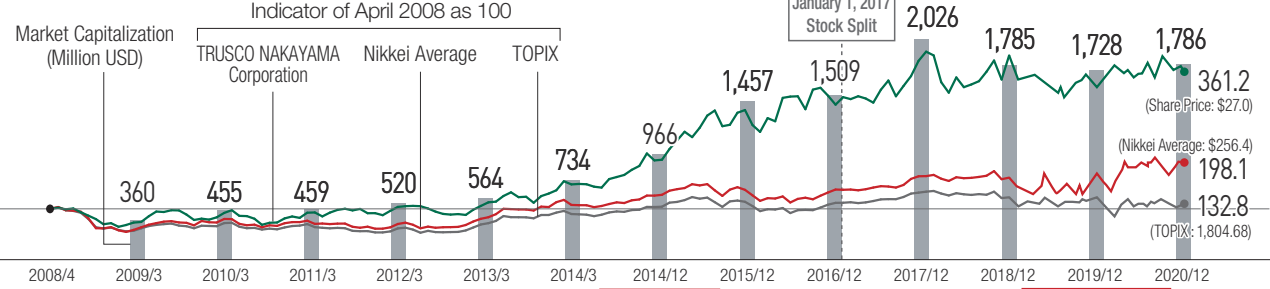
Shareholder Composition



Number of Shares Issued

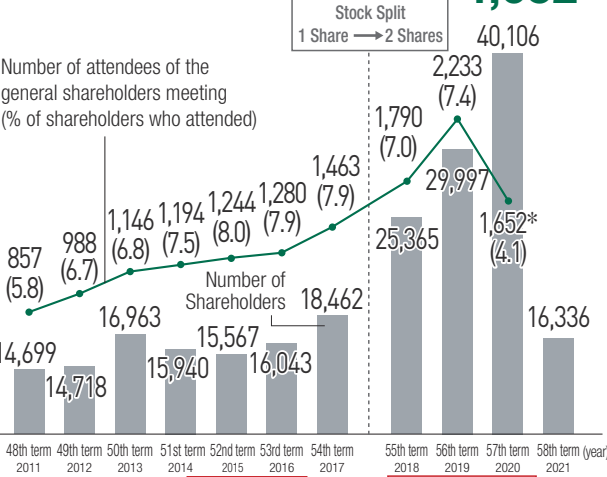


Comparison of TRUSCO NAKAYAMA Market Capitalization and Principal Indicators



Note: The company's share price is based on the assumption that a stock split was conducted before the fiscal year ended December 2016. (Index: 100 in April 2008)

Changes in Number of shareholders and attendance rate for the Ordinary General Meeting of Shareholders



Note: The number of attendees at the Ordinary General Meeting of Shareholders for the 57th term decreased due to the Covid-19 pandemic.

No. of New Employees and Retirees

		As of December 31, 2015	As of December 31, 2016	As of December 31, 2017	As of December 31, 2018	As of December 31, 2019	As of December 31, 2020
Employees	Women	404	465	510	557	585	589
	Men	945	959	1,004	1,051	1,071	1,085
	Total	1,349	1,424	1,514	1,608	1,656	1,674
New employees	Women	38	77	59	63	52	41
	Men	56	33	67	72	57	46
	Total	94	110	126	135	109	87
New graduates	Women	30	66	46	58	46	37
	Men	32	31	37	60	50	42
	Total	62	97	83	118	96	79
Retirees	Women	8	20	18	20	42	37
	Men	24	18	18	26	44	33
	Total	32	38	36	46	86	70
Turnover rate	Women	1.9	4.1	3.4	3.5	6.7	5.9
	Men	2.5	1.8	1.8	2.4	3.9	3.0
	Total	2.3	2.6	2.3	2.8	4.9	4.0

Note: Includes overseas employees on loan since 2018.

Some of the Main Reasons for Resignation in 2020

- To attend school in order to obtain an elementary school teaching license
- To concentrate on acquiring qualifications as an accountant
- To change to a career in the restaurant industry
- To acquire new knowledge and skills in a new environment
- To take care of my family
- To attend a vocational school in the film industry
- To become a care worker (early retirement)
- To get married and move to the U.S. (Welcome Back Program*)

*This program is for the re-employment of staff who had to resign to raise a child, take care of a sick family member, undergo infertility treatments, or to accompany their spouse overseas due to a work appointment within ten years of their resignation.

Average Staff Salary

	2016	2017	2018	2019	2020
Staff Average	\$62.9 (\$66.3)	\$66.8 (\$70.1)	\$65.5 (\$69.0)	\$61.2 (\$64.6)	\$57.8 (\$61.3)
Career Course	\$70.7 (\$74.5)	\$75.3 (\$79.2)	\$75.1 (\$79.4)	\$70.8 (\$75.1)	\$67.3 (\$71.7)

*Figures in parentheses include financial bonds *Staff averages include the executive officer. The base has been increased over a three-year plan from 2015 to revise the base salary and performance bonuses of staff. The hourly wage for part-time employees was also increased \$0.28 across the board in 2017. Reduced due to the stoppage of performance-linked bonuses from 2019.

*1USD=107JPY

History

“GAMBARE!! JAPANESE MONODZUKURI” This slogan has always evolved in response to the trends of the times and social changes. We develop business that plays a role in helping, even slightly, with the development of Japanese manufacturing, “Monodzukuri,” through our business supplying PRO TOOL.

1959	1959	● May 15 Founded as a machine tool wholesale business in Tennoji-ku, Osaka, as Nakayama Kiko Shokai		
1960s	1962	● Nagoya Sales Office (Atsuta-ku, Nagoya) opened		
	1964	● March 2 Established Nakayama Kiko Co., Ltd. (Higashi-ku, Osaka, Current Chuo-ku)		
		● Tokyo office (Minato-ku, Tokyo) opened		
		● Launched first product catalog “Nakayama Business Bulletin”		
		● Sales of our first private brand product “Red Lead” started		
	1967	● Steel center opened		
1970s	1971	● Nakayama Filing Co., Ltd. established	1975	● First online system “FACOM230-15” operation
		● Head office moved to the Higashiosaka Machinery and Wholesale Complex in Osaka Prefecture		
1980s	1981	● Started sales to the home center industry	1987	● Merger with Nakayama Filing Co., Ltd. (Surviving company is Nakayama Kiko Co., Ltd.)
	1982	● Started training for new employees (Shigisan, Nara Prefecture)		
1990s	1991	● New information system “N-STEP” goes into operation	1995	● “GAMBARE!! JAPANESE MONODZUKURI” company message start
	1992	● CI “B-E-Plan 21 Corporate Evolution Activities” start		● Listed on the 2 nd Section of the TSE
	1994	● Shareholder benefit plan introduction	1996	● Listed on the 1 st Section of the TSE and OSE
		● Changed the company name from Nakayama Kiko Co., Ltd. to Trusco Nakayama Corporation		
		● Opened the first Logistics Center Planet Kyushu		
	● Listed on the 2 nd Section of the OSE	1997	● Nakayama Welfare Foundation for the Visually Impaired founded	
	● Tetsuya Nakayama assumed the position of Representative Director and President			
2000s	2000	● Fax machine-assisted automatic order entry system “DOTKUL” begins operations	2002	● Goods receipt abolition
		● Name of the company's comprehensive catalog changed to “Orange Book”		● Two head office system started with the Tokyo Head Office in Minato-ku, Tokyo opened
	2001	● Activities for eliminating draft transactions started	2002	● Internet order receiving system “Web TRUSCO” started operation
		● Relief health care system started		● Started digital relay at the Ordinary General Meeting of Shareholders in Osaka and Tokyo
		● Half-day full-time employee system started		
	● Promotion OJS system started (OJS=Open Judging System)	2003	● Personnel evaluation OJS system started	
			● Financial bond (annual payment for severance) introduction	
			● Private Brand (PB) names unified under the name of TRUSCO	
				● Moved away from home appliances and lifestyle products to specialize in PRO TOOLS

2000s	2004	● Internal company salesman “Orange Doctor” qualification exam started	2007	● General Meeting of Shareholders held at 2 venues in Osaka and Tokyo simultaneously
		● Osaka Head Office moved from Higashiosaka, Osaka to Nishi-ku, Osaka		● Electronic purchasing system “Orange Commerce” operation
	2005	● ISO14001 acquired for all Japanese domestic business sites	2008	● Order substitution system “MR.Orange” operation
		● Started a desired relocation/Lovebirds Transfer Program		● Acquired the “KURUMIN” certification mark for next-generation training
		● Total abolition of all draft exchanges		● Inventory management system “ZAICON” operation
	2006	● Product search site “orange-book.com” operation	2009	● 50th anniversary of company foundation
		● Core system “Paradise” operation		● “TRUSCO RESETPLAN” implementation to deal with the economic downturn precipitated by the Lehman Brothers bankruptcy
		● Boss challenge course (responsible person appointment system) started		
2010s	2010	● TRUSCO Shonan Ohashi Bridge naming rights acquired	2016	● Upgraded to “A” with issue size through the Rating and Investment (R&I) Information Co., Ltd.
		● Grouping of logistic centers and setting up of core centers		● TRUSCO new social work grant system started
		● Subsidiary TRUSCO NAKAYAMA CORPORATION (THAILAND) LIMITED. Established [former company name Protool Nakayama (Thailand)]		
	2012	● New logistics system “TRULOGIS” operation	2017	● “Best IR Award for Encouragement” recipient
		● Officers, executive officers and division general managers OJS system started		● TRUSCO Orange Book AI Section New establishment
	2013	● Sales activity support system “Self.I” operation		● “TRUSCO Shirarezaru Gulliver” broadcast started
		● e-commerce Sales Division, Overseas Division new establishment		● Distribution Department new establishment
				● Product database: “Sterra” is launched into operation
				● Health management superior corporation 2017 (White 500) certified
	2014	● Welcome back system started	2018	● Sales exceeded \$1,869 million
		● e-business Sales Division (former E-commerce Sales Division) new establishment		● Porter Prize 2018 Winner
		● 55th anniversary of company foundation		● TRUSCO Orange Book.Com renewal open
		● President OJS started at the General Meeting of Shareholders		● Planet Saitama starts operations
		● Fiscal year changed from March to December		● Health management superior corporation 2018 (White 500) certified
		● Tokyo Head Office (Shimbashi, Minato-ku, Tokyo) registered as company head office		
		● Subsidiary PT.TRUSCO NAKAYAMA INDONESIA establishment	2019	● Consolidated accounting started
	2015	● Part-time Staff OJS system started		● 60th anniversary of company foundation
		● Asunaro subsidy system started		● Health management superior corporation 2019 (White 500) certified
		● Representative Office Germany (Düsseldorf) is established		● Establishment of Trusco Nakayama Health Insurance Association
				● Information Systems Dept. new establishment
2020s	2020	● Core system: “Paradise 3” starts operations		● Shareholder special benefit plan is abolished
		● Health management superior corporation 2020 certified		● President Tetsuya Nakayama awarded Medal with Blue Ribbon
		● Planet South Kanto is rebuilt and put into operation		● PRO TOOL Restrictions Removed
		● The Digital Service Strategy Department (formerly the Information Systems Dept.) is established		● Received the Information Technology Award “IT Grand Prize”
		● Selected as a DX Stocks 2020 “DX Grand Prix” company		



1959, the year of the company's founding, President Tetsuya Nakayama is in the center of the photo



Head office moved to Higashiosaka City (1971)



Newspaper articles about the company's public offering (1989)



Tetsuya Nakayama assumes position of President (1994)



Name of the company's comprehensive catalog changed from “Nakayama Business Bulletin” to “Orange Book” (2000)



Launched first product catalog “Nakayama Business Bulletin” (1964)



Nakayama Filing Co., Ltd. established (1971)



New computer system, N-STEP, is launched into operation (1991)



Corporate messages are started (1995)



Tokyo Head Office is established (2002)



Sales of our first private brand product “Komyotan” started (1964)



Introduced the small computer FACOM230-15 at the company (1975)



Opened the first Logistics Center Planet Kyushu (1994)



TRUSCO stock listed in First Sections of the Tokyo Stock Exchange (1996)



New Year's Message from President Nakayama (2003)



Final note payable (August 2003)



Final note receivable (December 2005)



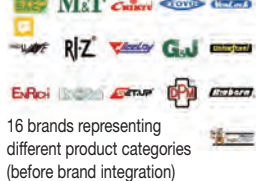
TRUSCO NAKAYAMA CORPORATION (THAILAND) LIMITED building (2016)



Representative Office Germany (Düsseldorf) (2015)



TRUSCO receives Porter Prize (2018)



16 brands representing different product categories (before brand integration)



Screenshot of page on TRUSCO Orange Book.Com (2006)



Relocation of Tokyo Head Office (2014)



TV program broadcasting starts (2017)



Trusco Nakayama Health Insurance Association established (2019)



Brand logo (after brand integration) (2003)



TRUSCO data center (2006)



PT. TRUSCO NAKAYAMA INDONESIA building (2019)



Planet Saitama (2018)



Planet South Kanto (2020)