

Trusco Nakayama Corporation

**Nonconsolidated Balance Sheet
December 31, 2018**

ASSETS	Millions of Yen		Thousands of U.S. Dollars*	LIABILITIES AND EQUITY	Millions of Yen		Thousands of U.S. Dollars*
	2018	2017	2018		2018	2017	2018
CURRENT ASSETS:				CURRENT LIABILITIES:			
Cash and cash equivalents	¥ 11,686	¥ 10,413	\$ 105,362	Accounts payable—trade	¥ 15,158	¥ 14,596	\$ 136,672
Accounts receivable—trade	25,845	24,674	233,024	Other payables	3,944	3,764	35,563
Electronically-recorded monetary claims	1,674	1,341	15,090	Income taxes payable	2,734	2,234	24,648
Merchandise	37,004	31,842	333,640	Accrued expenses	166	546	1,493
Deferred tax assets	617	661	5,567	Deposits received	286	275	2,579
Other current assets	2,008	855	18,112	Other current liabilities	23	16	212
Allowance for doubtful accounts			(2)				
Total current assets	78,834	69,786	710,793	Total current liabilities	22,311	21,431	201,167
PROPERTY, PLANT AND EQUIPMENT:				LONG-TERM LIABILITIES:			
Land	29,697	28,413	267,755	Long-term loans payable	25,000	10,000	225,408
Buildings and structures	56,740	41,142	511,585	Retirement allowances for directors and the Audit and Supervisory Board members	152	153	1,365
Machinery, equipment and vehicles	5,981	3,153	53,924	Deposits received for guarantees	2,106	2,099	18,987
Furniture and fixtures	4,143	3,245	37,353				
Construction in progress	5,593	12,912	50,433	Total long-term liabilities	27,258	12,252	245,760
Total	102,154	88,865	921,050	EQUITY :			
Accumulated depreciation	(23,438)	(21,022)	(211,326)	Common stock	5,022	5,022	45,283
Net property, plant and equipment	78,716	67,843	709,724	Capital surplus:			
INVESTMENTS AND OTHER ASSETS:				Additional paid-in capital	4,710	4,710	42,466
Investments in subsidiaries and affiliated companies	4,616	4,129	41,622	Other capital surplus	1	1	10
Investment securities	1,215	1,571	10,951	Retained earnings:			
Software and software in progress	5,894	3,336	53,138	Legal reserve	1,256	1,256	11,321
Security deposits	313	291	2,818	Unappropriated	109,648	102,431	988,623
Deferred tax assets	293	146	2,641	Unrealized gain on available-for-sale securities	442	690	3,981
Deferred tax assets on land revaluation	158	158	1,421	Land revaluation difference	(358)	(358)	(3,223)
Other assets	185	111	1,686	Treasury stock	(73)	(71)	(659)
Allowance for doubtful accounts	(7)	(7)	(65)				
Total investments and other assets	12,667	9,735	114,212	Total equity	120,648	113,681	1,087,802
TOTAL	¥ 170,217	¥ 147,364	\$ 1,534,729	TOTAL	¥ 170,217	¥ 147,364	\$ 1,534,729

* The translations of Japanese yen amounts into U.S. dollar amounts have been made at the rate of ¥110.91 to \$1, the approximate rate of exchange at December 31, 2018.

Trusco Nakayama Corporation

Nonconsolidated Statement of Income Year Ended December 31, 2018

	Millions of Yen		Thousands of U.S. Dollars*
	<u>2018</u>	<u>2017</u>	<u>2018</u>
NET SALES	¥ 214,297	¥ 195,097	\$ 1,932,171
COST OF GOODS SOLD	<u>168,805</u>	<u>153,706</u>	<u>1,522,001</u>
Gross profit	45,492	41,391	410,170
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	<u>31,128</u>	<u>27,115</u>	<u>280,658</u>
Operating income	<u>14,364</u>	<u>14,276</u>	<u>129,512</u>
OTHER INCOME (EXPENSES) :			
Interest and dividend income	31	27	280
Interest expenses	(45)	(12)	(410)
Purchase discounts	1,856	1,642	16,735
Sales discounts	(1,824)	(1,679)	(16,449)
Loss on sales and disposals of property, plant and equipment	(208)	(112)	(1,874)
Impairment loss on property, plant and equipment	(87)		(783)
Other—net	<u>260</u>	<u>328</u>	<u>2,350</u>
Other income—net	<u>(17)</u>	<u>194</u>	<u>(151)</u>
INCOME BEFORE INCOME TAXES	<u>14,347</u>	<u>14,470</u>	<u>129,361</u>
INCOME TAXES :			
Current	4,618	4,244	41,643
Deferred	<u>6</u>	<u>52</u>	<u>54</u>
Total income taxes	<u>4,624</u>	<u>4,296</u>	<u>41,697</u>
NET INCOME	<u>¥ 9,723</u>	<u>¥ 10,174</u>	<u>\$ 87,664</u>
	<u>Yen</u>		<u>U.S. Dollars*</u>
PER SHARE OF COMMON STOCK :			
Basic net income	¥ 147.44	¥ 154.28	\$ 1.33
Cash dividends applicable to the year	37.00	39.00	0.33

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Trusco Nakayama Corporation

**Nonconsolidated Statement of Changes in Equity
Year Ended December 31, 2018**

	Thousands Outstanding Number of Shares of Common Stock	Millions of Yen								
		Common Stock	Capital Surplus		Retained Earnings		Unrealized Gain on Available-for-Sale Securities	Land Revaluation Difference	Treasury Stock	Total Equity
			Additional Paid-in Capital	Other Capital Surplus	Legal Reserve	Unappropriated				
BALANCE, JANUARY 1, 2017	65,947	¥ 5,022	¥ 4,710	¥1	¥ 1,256	¥ 94,829	¥ 444	¥ (358)	¥ (67)	¥ 105,837
Net income						10,174				10,174
Cash dividends, ¥58.5 per share						(2,572)				(2,572)
Purchase of treasury stock	(2)								(4)	(4)
Disposal of treasury stock										
Reversal of land revaluation difference										
Net change in the year							246			246
BALANCE, DECEMBER 31, 2017	65,945	5,022	4,710	1	1,256	102,431	690	(358)	(71)	113,681
Net income						9,723				9,723
Cash dividends, ¥38.0 per share						(2,506)				(2,506)
Purchase of treasury stock									(2)	(2)
Disposal of treasury stock										
Reversal of land revaluation difference										
Net change in the year							(248)			(248)
BALANCE, DECEMBER 31, 2018	<u>65,945</u>	<u>¥ 5,022</u>	<u>¥ 4,710</u>	<u>¥1</u>	<u>¥ 1,256</u>	<u>¥ 109,648</u>	<u>¥ 442</u>	<u>¥ (358)</u>	<u>¥ (73)</u>	<u>¥ 120,648</u>

	Thousands of U.S. Dollars*								
	Common Stock	Capital Surplus		Retained Earnings		Unrealized Gain on Available-for-Sale Securities	Land Revaluation Difference	Treasury Stock	Total Equity
		Additional Paid-in Capital	Other Capital Surplus	Legal Reserve	Unappropriated				
BALANCE, DECEMBER 31, 2017	\$ 45,283	\$ 42,466	\$ 7	\$ 11,321	\$ 923,553	\$ 6,217	\$ (3,223)	\$ (641)	\$ 1,024,983
Net income					87,664				87,664
Cash dividends, \$0.34 per share					(22,594)				(22,594)
Purchase of treasury stock								(20)	(20)
Disposal of treasury stock				3				2	5
Reversal of land revaluation difference									
Net change in the year						(2,236)			(2,236)
BALANCE, DECEMBER 31, 2018	<u>\$ 45,283</u>	<u>\$ 42,466</u>	<u>\$ 10</u>	<u>\$ 11,321</u>	<u>\$ 988,623</u>	<u>\$ 3,981</u>	<u>\$ (3,223)</u>	<u>\$ (659)</u>	<u>\$1,087,802</u>

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Trusco Nakayama Corporation

Nonconsolidated Statement of Cash Flows Year Ended December 31, 2018

	Millions of Yen		Thousands of U.S. Dollars*
	2018	2017	2018
OPERATING ACTIVITIES:			
Income before income taxes	¥ 14,347	¥ 14,470	\$ 129,361
Adjustments for:			
Depreciation and amortization	3,643	2,785	32,850
Increase in allowance for doubtful accounts			
Loss on sales and disposals of property, plant and equipment	208	112	1,874
Impairment loss on property, plant and equipment	87		783
Changes in assets and liabilities:			
Increase in accounts receivable	(1,504)	(2,489)	(13,558)
Increase in merchandise	(5,162)	(2,786)	(46,544)
Increase in accounts payable	562	1,633	5,067
Other—net	(1,148)	(544)	(10,356)
Income taxes paid	(4,104)	(4,248)	(37,003)
Net cash provided by operating activities	<u>6,929</u>	<u>8,933</u>	<u>62,474</u>
INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	(13,995)	(12,461)	(126,183)
Purchase of intangible assets	(3,371)	(1,805)	(30,391)
Increase in investment in affiliated company	(487)	(2,214)	(4,390)
Other—net	(291)	(148)	(2,630)
Net cash used in investing activities	<u>(18,144)</u>	<u>(16,628)</u>	<u>(163,594)</u>
FINANCING ACTIVITIES:			
Proceeds from long-term loans payable	15,000	10,000	135,245
Proceeds from sales of treasury stock			5
Repurchase of treasury stock	(2)	(4)	(20)
Dividends paid	(2,506)	(2,571)	(22,595)
Net cash used in financing activities	<u>12,492</u>	<u>7,425</u>	<u>112,635</u>
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS			
	<u>(4)</u>	<u>1</u>	<u>(36)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,273	(269)	11,479
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>10,413</u>	<u>10,682</u>	<u>93,883</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>¥ 11,686</u>	<u>¥ 10,413</u>	<u>\$ 105,362</u>

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