

**Trusco Nakayama Corporation**  
**Financial Statements**

**Consolidated Balance Sheet**  
**December 31, 2019**

<u>ASSETS</u>	<u>Millions of Yen</u>	<u>Thousands of U.S. Dollars*</u>	<u>LIABILITIES AND EQUITY</u>	<u>Millions of Yen</u>	<u>Thousands of U.S. Dollars*</u>
	2019	2019		2019	2019
<b>CURRENT ASSETS:</b>			<b>CURRENT LIABILITIES:</b>		
Cash and cash equivalents	¥ 18,373	\$ 167,712	Accounts payable - trade	¥ 15,707	\$ 143,380
Accounts receivable - trade	26,341	240,446	Short-term loans borrowings	17,000	155,180
Electronically-recorded monetary claims	1,706	15,579	Other payables	4,232	38,629
Merchandise	43,653	398,477	Income taxes payable	2,451	22,370
Other current assets	1,034	9,439	Provision for bonuses	23	205
Allowance for doubtful accounts	<u>          </u>	<u>(2)</u>	Other current liabilities	<u>1,964</u>	<u>17,936</u>
Total current assets	<u>91,107</u>	<u>831,651</u>	Total current liabilities	<u>41,377</u>	<u>377,700</u>
<b>PROPERTY, PLANT AND EQUIPMENT:</b>			<b>LONG-TERM LIABILITIES:</b>		
Land	31,744	289,768	Long-term loans borrowings	25,000	228,206
Buildings and structures	59,159	540,017	Deposits received for guarantees	2,087	19,051
Machinery, equipment and vehicles	8,853	80,811	Retirement allowances for directors and the Audit and Supervisory board members	152	1,383
Furniture and fixtures	4,837	44,157	Other long-term liabilities	<u>1</u>	<u>9</u>
Construction in progress	15,450	141,032	Total long-term liabilities	<u>27,240</u>	<u>248,649</u>
Total	120,043	1,095,785			
Accumulated depreciation	<u>(26,938)</u>	<u>(245,901)</u>	<b>EQUITY :</b>		
Net property, plant and equipment	<u>93,105</u>	<u>849,884</u>	Common stock	5,022	45,845
<b>INVESTMENTS AND OTHER ASSETS:</b>			Capital surplus	4,711	43,004
Investment securities	1,809	16,518	Retained earnings	117,733	1,074,694
Software and software in progress	8,538	77,935	Unrealized gain on available-for-sale securities	569	5,197
Deferred tax assets	889	8,116	Land revaluation difference	(358)	(3,263)
Deferred tax assets on land revaluation	158	1,439	Foreign currency translation adjustment	(124)	(1,136)
Other assets	496	4,529	Treasury stock	<u>(75)</u>	<u>(686)</u>
Allowance for doubtful accounts	<u>(7)</u>	<u>(68)</u>	Total equity	<u>127,478</u>	<u>1,163,655</u>
Total investments and other assets	<u>11,883</u>	<u>108,469</u>	<b>TOTAL</b>	<u>¥ 196,095</u>	<u>\$ 1,790,004</u>
<b>TOTAL</b>	<u>¥ 196,095</u>	<u>\$ 1,790,004</u>			

\* The translations of Japanese yen amounts into U.S. dollar amounts have been made at the rate of ¥109.55 to \$1, the approximate rate of exchange at December 31, 2019.

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**Consolidated Statement of Income**  
**Year Ended December 31, 2019**

	<u>Millions of Yen</u>	<u>Thousands of U.S. Dollars*</u>
	<u>2019</u>	<u>2019</u>
NET SALES	¥ 220,675	\$ 2,014,375
COST OF GOODS SOLD	<u>173,640</u>	<u>1,585,030</u>
Gross profit	47,035	429,345
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	<u>33,237</u>	<u>303,397</u>
Operating income	<u>13,798</u>	<u>125,948</u>
OTHER INCOME (EXPENSES) :		
Interest and dividend income	34	311
Interest expenses	(68)	(622)
Purchase discounts	1,895	17,297
Sales discounts	(1,841)	(16,808)
Gain on sales of investment securities	15	135
Loss on sales and disposals of property, plant and equipment	(27)	(244)
Other - net	<u>380</u>	<u>3,476</u>
Other income - net	<u>388</u>	<u>3,545</u>
INCOME BEFORE INCOME TAXES	<u>14,186</u>	<u>129,493</u>
INCOME TAXES :		
Current	4,571	41,724
Deferred	<u>1</u>	<u>14</u>
Total income taxes	<u>4,572</u>	<u>41,738</u>
NET INCOME	<u>¥ 9,614</u>	<u>\$ 87,755</u>
NET INCOME ATTRIBUTABLE TO OWNERS OF PARENT	<u>¥ 9,614</u>	<u>\$ 87,755</u>
	<u>Yen</u>	<u>U.S. Dollars*</u>
PER SHARE OF COMMON STOCK :		
Basic net income	¥ 145.78	\$ 1.33
Cash dividends applicable to the year	36.50	0.33

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**Consolidated Statement of Changes in Equity**  
**Year Ended December 31, 2019**

	Thousands of Shares	Millions of Yen							
		Shareholders' Equity				Accumulated Other Comprehensive Income			Total Equity
		Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Land Revaluation Difference	Foreign Currency Translation Adjustment	
BALANCE, JANUARY 1, 2019	65,945	¥ 5,022	¥ 4,711	¥ 110,559	¥ (73)	¥ 442	¥ (358)	¥ (310)	¥ 119,993
Net income				9,614					9,614
Cash dividends, ¥37.0 per share				(2,440)					(2,440)
Purchase of treasury stock	(1)				(2)				(2)
Disposal of treasury stock									
Other									
Net change in the year						127		186	313
BALANCE, DECEMBER 31, 2019	<u>65,944</u>	<u>¥ 5,022</u>	<u>¥ 4,711</u>	<u>¥ 117,733</u>	<u>¥ (75)</u>	<u>¥ 569</u>	<u>¥ (358)</u>	<u>¥ (124)</u>	<u>¥ 127,478</u>
		Thousands of U.S. Dollars*							
		Shareholders' Equity				Accumulated Other Comprehensive Income			Total Equity
		Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Land Revaluation Difference	Foreign Currency Translation Adjustment	
BALANCE, JANUARY 1, 2019		\$ 45,845	\$ 43,003	\$ 1,009,210	\$ (667)	\$ 4,030	\$ (3,263)	\$ (2,832)	\$ 1,095,326
Net income				87,755					87,755
Cash dividends, \$0.34 per share				(22,272)					(22,272)
Purchase of treasury stock					(19)				(19)
Disposal of treasury stock			1						1
Other				1					1
Net change in the year						1,167		1,696	2,863
BALANCE, DECEMBER 31, 2019		<u>\$ 45,845</u>	<u>\$ 43,004</u>	<u>\$ 1,074,694</u>	<u>\$ (686)</u>	<u>\$ 5,197</u>	<u>\$ (3,263)</u>	<u>\$ (1,136)</u>	<u>\$ 1,163,655</u>

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**Consolidated Statement of Cash Flows**  
**Year Ended December 31, 2019**

	Millions of Yen	Thousands of U.S. Dollars*
	<u>2019</u>	<u>2019</u>
<b>OPERATING ACTIVITIES:</b>		
Income before income taxes	¥ 14,186	\$ 129,493
Adjustments for:		
Depreciation and amortization	4,902	44,747
Increase in allowance for doubtful accounts		2
Changes in assets and liabilities:		
Increase in accounts receivable	(506)	(4,620)
Increase in merchandise	(5,872)	(53,600)
Increase in accounts payable	531	4,849
Increase in accrued consumption taxes	2,639	24,086
Other - net	(55)	(497)
Income taxes paid	<u>(4,827)</u>	<u>(44,063)</u>
Net cash provided by operating activities	<u>10,998</u>	<u>100,397</u>
<b>INVESTING ACTIVITIES:</b>		
Proceeds from redemption of securities	100	913
Purchase of property, plant and equipment	(15,401)	(140,580)
Purchase of intangible assets	(3,922)	(35,798)
Purchase of investment securities	(440)	(4,018)
Other—net	<u>(44)</u>	<u>(409)</u>
Net cash used in investing activities	<u>(19,707)</u>	<u>(179,892)</u>
<b>FINANCING ACTIVITIES:</b>		
Net increase (decrease) in short-term borrowings	17,000	155,180
Dividends paid	(2,439)	(22,268)
Other - net	<u>(2)</u>	<u>(18)</u>
Net cash used in financing activities	<u>14,559</u>	<u>132,894</u>
<b>FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS</b>		
	<u>31</u>	<u>288</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	5,881	53,687
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>12,449</u>	<u>113,635</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>¥ 18,330</u>	<u>\$ 167,322</u>

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