

Consolidated Balance Sheets

C&G SYSTEMS INC. and consolidated subsidiaries

As of March 31, 2021 and December 31, 2020

(in thousand Yen)

	December 31, 2020	March, 31 2021
(Assets)		
Current assets		
Cash and bank deposits	2,503,310	2,527,445
Notes and accounts receivable	306,936	369,132
Electronically recorded monetary claims-operating	193,745	218,699
Inventories	89,814	90,165
Other current assets	157,743	161,493
Allowance for doubtful accounts	(808)	(984)
Total current assets	3,250,742	3,365,952
Non current assets		
Tangible fixed assets	288,281	282,724
Intangible fixed assets	21,103	8,993
Investments		
Investments securities	118,100	130,354
Net investments in real estates	378,474	376,723
Insurance funds	448,633	450,311
Other investments	470,803	498,159
Allowance for doubtful accounts	(4,362)	(4,362)
Total investments	1,411,650	1,451,186
Total non current assets	1,721,034	1,742,904
Total assets	4,971,777	5,108,856

	December 31, 2020	March, 31 2021
(Liabilities)		
Current liabilities		
Accounts payable	56,724	83,068
Short-term loans payable	12,181	18,296
Income taxes payable	44,325	83,861
Provision for bonuses	—	46,582
Advances from customers	751,045	724,774
Other current liabilities	192,818	154,212
Total current liabilities	1,057,095	1,110,794
Non current liabilities		
Provision for share-based remuneration for directors	9,066	10,365
Net defined benefit liability	1,017,536	1,035,307
Other non current liabilities	268,243	265,065
Total non current liabilities	1,294,846	1,310,738
Total liabilities	2,351,941	2,421,533
(Net assets)		
Shareholders' equity		
Capital stock	500,000	500,000
Additional paid-in capital	125,000	125,000
Retained earnings	2,064,352	2,105,158
Treasury stock	(117,889)	(117,889)
Total shareholders' equity	2,571,462	2,612,268
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,043	23,712
Foreign currency translation adjustments	(2,029)	15,406
Total accumulated other comprehensive income	8,014	39,118
Non-controlling interests	40,359	35,936
Total net assets	2,619,836	2,687,323
Total liabilities and net assets	4,971,777	5,108,856

Consolidated Statements of Income

C&G SYSTEMS INC. and consolidated subsidiaries

For the three months ended March 31, 2021

(in thousand Yen)

	For the three months ended March 31, 2020	For the three months ended March 31, 2021
Sales	1,122,961	1,000,084
Costs of goods sold	450,310	363,153
Gross profit	672,651	636,931
Selling, general and administrative expenses	551,404	505,238
Operating income	121,247	131,692
Other income		
Interest received and dividends income	312	31
Rent income	23,165	23,393
Gain on forgiveness of debts	—	13,030
Other	2,987	10,478
Total other income	26,466	46,932
Other expenses		
Interest expense	70	204
Loss on valuation of investment securities	65,374	—
Maintenance of investment properties	17,850	17,972
Other	676	0
Total other expenses	83,972	18,177
Ordinary income	63,741	160,448
Net income before income taxes and minority interests	63,741	160,448
Income tax expense - current	53,389	73,895
Income tax expense - deferred	(24,330)	(27,831)
Total income tax expense	29,058	46,064
Net income	34,682	114,383
Profit attributable to non-controlling interests	15,610	6,367
Profit attributable to owners of parent	19,071	108,015

	For the three months ended March 31, 2020	For the three months ended March 31, 2021
Net income	34,682	114,383
Other comprehensive income		
Valuation difference on available-for-sale securities	39,739	13,668
Foreign currency translation adjustment	(14,212)	20,073
Total other comprehensive income	25,526	33,741
Total comprehensive income	60,209	148,125
Total comprehensive income attributable to:		
Owners of the parent	46,018	139,119
Non-controlling interests	14,190	9,005