

## Consolidated Balance Sheets

**C&G SYSTEMS INC. and consolidated subsidiaries**

**As of September 30, 2019, and December 31, 2018**

(in thousand Yen)

	<b>December 31, 2018</b>	<b>September 30, 2019</b>
<b>(Assets)</b>		
<b>Current assets</b>		
Cash and bank deposits	2,286,455	2,398,503
Notes and accounts receivable	424,241	477,730
Electronically recorded monetary claims-operating	269,679	244,057
Inventories	121,928	107,165
Other current assets	165,219	175,708
Allowance for doubtful accounts	(1,006)	(1,097)
<b>Total current assets</b>	<b>3,266,517</b>	<b>3,402,068</b>
<b>Non current assets</b>		
<b>Tangible fixed assets</b>	257,624	293,561
<b>Intangible fixed assets</b>	19,538	12,659
<b>Investments</b>		
Investments securities	135,788	111,614
Net investments in real estates	393,978	387,900
Insurance funds	435,206	440,241
Other investments	434,903	473,956
Allowance for doubtful accounts	(3,967)	(3,979)
<b>Total investments</b>	<b>1,395,909</b>	<b>1,409,733</b>
<b>Total non current assets</b>	<b>1,673,072</b>	<b>1,715,955</b>
<b>Total assets</b>	<b>4,939,589</b>	<b>5,118,023</b>

## Consolidated Balance Sheets

**C&G SYSTEMS INC. and consolidated subsidiaries**  
As of September 30, 2019, and December 31, 2018

(in thousand Yen)

	December 31, 2018	September 30, 2019
<b>(Liabilities)</b>		
<b>Current liabilities</b>		
Accounts payable	74,832	104,493
Income taxes payable	10,038	90,134
Provision for bonuses	-	47,626
Advances from customers	734,110	785,421
Other current liabilities	178,938	116,815
<b>Total current liabilities</b>	<b>997,920</b>	<b>1,144,492</b>
<b>Non current liabilities</b>		
Bonds payable	<b>100,000</b>	<b>100,000</b>
Accrued pension and severance costs for officers	149,398	-
Provision for share-based remuneration for officers	-	2,583
Net defined benefit liability	885,053	941,685
Other non current liabilities	106,706	256,418
<b>Total non current liabilities</b>	<b>1,241,157</b>	<b>1,300,686</b>
<b>Total liabilities</b>	<b>2,239,077</b>	<b>2,445,179</b>
<b>(Net assets)</b>		
<b>Shareholders' equity</b>		
Capital stock	500,000	500,000
Additional paid-in capital	125,000	125,000
Retained earnings	2,016,436	2,072,819
Treasury stock	(86)	(32,859)
<b>Total shareholders' equity</b>	<b>2,641,349</b>	<b>2,664,959</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	9,679	(40,006)
Foreign currency translation adjustments	9,280	8,499
<b>Total accumulated other comprehensive income</b>	<b>18,959</b>	<b>(31,507)</b>
<b>Non-controlling interests</b>	40,202	39,392
<b>Total net assets</b>	<b>2,700,511</b>	<b>2,672,844</b>
<b>Total liabilities and net assets</b>	<b>4,939,589</b>	<b>5,118,023</b>

## Consolidated Statements of Income

**C&G SYSTEMS INC. and consolidated subsidiaries**  
**For the nine months ended September 30, 2019**

(in thousand Yen)

	For the nine months ended September 30, 2018	For the nine months ended September 30, 2019
<b>Sales</b>	2,998,565	3,187,106
Costs of goods sold	1,159,188	1,176,783
<b>Gross profit</b>	1,839,377	2,010,322
<b>Selling, general and administrative expenses</b>	1,684,776	1,749,514
<b>Operating income</b>	<b>154,600</b>	<b>260,808</b>
<b>Other income</b>		
Interest received and dividends income	2,880	3,662
Rent income	66,063	66,719
Other	8,190	1,197
<b>Total other income</b>	<b>77,134</b>	<b>71,579</b>
<b>Other expenses</b>		
Interest expense	183	397
Maintenance of investment properties	48,995	49,850
Other	4,217	5,562
<b>Total other expenses</b>	<b>53,397</b>	<b>55,810</b>
<b>Ordinary income</b>	<b>178,337</b>	<b>276,577</b>
<b>Extraordinary losses</b>		
Directors' retirement benefits	15,600	-
<b>Total extraordinary losses</b>	<b>15,600</b>	<b>-</b>
<b>Net income before income taxes and minority interests</b>	<b>162,738</b>	<b>276,577</b>
Income tax expense - current	104,701	129,901
Income tax expense - deferred	(28,245)	(32,493)
<b>Total income tax expense</b>	<b>76,456</b>	<b>97,407</b>
<b>Net income</b>	<b>86,282</b>	<b>179,169</b>
<b>Profit and losses attributable to non-controlling interests</b>	<b>9,638</b>	<b>24,772</b>
<b>Profit attributable to owners of parent</b>	<b>76,643</b>	<b>154,396</b>

	For the nine months ended September 30, 2018	For the nine months ended September 30, 2019
<b>Net income</b>	86,282	179,169
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	(5,265)	(49,686)
Foreign currency translation adjustment	817	(1,377)
<b>Total other comprehensive income</b>	<b>(4,448)</b>	<b>(51,063)</b>
<b>Total comprehensive income</b>	<b>81,834</b>	<b>128,105</b>
Total comprehensive income attributable to:		
Owners of the parent	72,952	103,929
Non-controlling interests	8,882	24,176