

## Consolidated Balance Sheets

**C&G SYSTEMS INC. and consolidated subsidiaries**  
As of December 31, 2020, and December 31, 2019

(in thousand Yen)

	December 31, 2019	December 31, 2020
<b>(Assets)</b>		
<b>Current assets</b>		
Cash and bank deposits	2,335,443	2,503,310
Notes and accounts receivable	445,814	306,936
Electronically recorded monetary claims-operating	288,662	193,745
Inventories	119,239	89,814
Other current assets	178,877	157,743
Allowance for doubtful accounts	(1,120)	(808)
<b>Total current assets</b>	<b>3,366,918</b>	<b>3,250,742</b>
<b>Non current assets</b>		
<b>Tangible fixed assets</b>		
Buildings and equipments	276,170	281,306
Accumulated depreciation	(142,854)	(153,267)
<b>Net buildings and equipment</b>	<b>133,315</b>	<b>128,038</b>
Machinery and delivery equipments	92,064	87,318
Accumulated depreciation	(65,732)	(60,698)
<b>Net machinery and delivery equipments</b>	<b>26,331</b>	<b>26,619</b>
<b>Lands</b>	<b>71,100</b>	<b>71,100</b>
Other tangible fixed assets	205,896	208,830
Accumulated depreciation	(147,381)	(146,306)
<b>Net other tangible fixed assets</b>	<b>58,514</b>	<b>62,523</b>
<b>Total tangible fixed assets</b>	<b>289,262</b>	<b>288,281</b>
<b>Intangible fixed assets</b>		
Softwares	11,619	13,594
Other intangible fixed assets	7,508	7,508
<b>Total intangible fixed assets</b>	<b>19,127</b>	<b>21,103</b>
<b>Investments</b>		
Investments securities	77,461	118,100
Deferred tax assets	325,574	337,529
Net investments in real estates	385,873	378,474
Insurance funds	441,919	448,633
Other investments	131,591	133,273
Allowance for doubtful accounts	(3,980)	(4,362)
<b>Total investments</b>	<b>1,358,441</b>	<b>1,411,650</b>
<b>Total non current assets</b>	<b>1,666,832</b>	<b>1,721,034</b>
<b>Total assets</b>	<b>5,033,750</b>	<b>4,971,777</b>

	December 31, 2019	December 31, 2020
<b>(Liabilities)</b>		
<b>Current liabilities</b>		
Accounts payable	65,701	56,724
Short-term loans payable	—	12,181
Current portion of bonds	100,000	—
Income taxes payable	88,043	44,325
Advances from customers	774,556	751,045
Other current liabilities	181,618	192,818
<b>Total current liabilities</b>	<b>1,209,920</b>	<b>1,057,095</b>
<b>Non current liabilities</b>		
Provision for share-based remuneration for directors	3,874	9,066
Net defined benefit liability	944,272	1,017,536
Other non current liabilities	252,804	268,243
<b>Total non current liabilities</b>	<b>1,200,952</b>	<b>1,294,846</b>
<b>Total liabilities</b>	<b>2,410,872</b>	<b>2,351,941</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	2,099,914	2,064,352
Treasury stock	(117,889)	(117,889)
<b>Total shareholders' equity</b>	<b>2,607,024</b>	<b>2,571,462</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	(43,559)	10,043
Foreign currency translation adjustments	14,395	(2,029)
<b>Total accumulated other comprehensive income</b>	<b>(29,164)</b>	<b>8,014</b>
<b>Non-controlling interests</b>	45,017	40,359
<b>Total net assets</b>	<b>2,622,877</b>	<b>2,619,836</b>
<b>Total liabilities and net assets</b>	<b>5,033,750</b>	<b>4,971,777</b>

## Consolidated Statements of Income

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

**For the year ended December 31, 2020**

(in thousand Yen)

	<b>For the year ended December 31, 2019</b>	<b>For the year ended December 31, 2020</b>
<b>Sales</b>	4,197,306	3,684,797
Costs of goods sold	1,553,280	1,348,573
<b>Gross profit</b>	<b>2,644,025</b>	<b>2,336,224</b>
<b>Selling, general and administrative expenses</b>	<b>2,334,557</b>	<b>2,143,987</b>
<b>Operating income</b>	<b>309,467</b>	<b>192,236</b>
<b>Other income</b>		
Interest received and dividends income	5,897	3,341
Rent income	89,678	93,746
Other	2,481	15,336
<b>Total other income</b>	<b>98,057</b>	<b>112,425</b>
<b>Other expenses</b>		
Interest expense	469	392
Maintenance of investment properties	67,695	69,357
Loss on valuation of investment securities	—	65,739
Other	9,590	13,480
<b>Total other expenses</b>	<b>77,755</b>	<b>148,969</b>
<b>Ordinary income</b>	<b>329,769</b>	<b>155,692</b>
<b>Income before income taxes</b>	<b>329,769</b>	<b>155,692</b>
Income tax expense - current	132,100	88,650
Income tax expense - deferred	(13,578)	(16,457)
<b>Total income tax expense</b>	<b>118,521</b>	<b>72,193</b>
<b>Net income</b>	<b>211,248</b>	<b>83,499</b>
<b>Profit attributable to non-controlling interests</b>	<b>29,756</b>	<b>23,047</b>
<b>Profit attributable to owners of parent</b>	<b>181,491</b>	<b>60,451</b>

	<b>For the year ended December 31, 2019</b>	<b>For the year ended December 31, 2020</b>
<b>Net income</b>	211,248	83,499
Other comprehensive Income		
Valuation difference on available-for-sale securities	(53,239)	53,603
Foreign currency translation adjustment	5,160	(18,934)
<b>Total other comprehensive income</b>	<b>(48,079)</b>	<b>34,669</b>
<b>Total comprehensive income</b>	<b>163,169</b>	<b>118,168</b>
Total Comprehensive Income attributable to:		
Owners of the parent	133,368	97,630
Non-controlling interests	29,801	20,537

## Consolidated Statements of Cash Flows

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

**For the year ended December 31, 2020**

(in thousand Yen)

	<b>For the year ended December 31, 2019</b>	<b>For the year ended December 31, 2020</b>
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	329,769	155,692
Depreciation	51,685	51,961
Increase and decrease in allowance for doubtful account	126	69
Increase and decrease in accrued pension and severance costs for officers	(149,398)	—
Increase in provision for share-based remuneration for directors	3,874	5,191
Increase in net defined benefit liability	58,924	73,710
Interests and dividend income	(5,897)	(3,341)
Interest expense	469	392
Rent income	(89,678)	(93,746)
Loss on valuation of investment securities	—	65,739
Other income and expences	59,590	61,958
Increase and decrease in notes and accounts receivable	(38,599)	229,478
Decrease in inventories	1,403	24,074
Decrease in accounts payable	(9,837)	(6,815)
Increase in advances from customers	35,962	711
Decrease in accrued liabilities	(19,545)	(3,033)
Increase in long-term accounts payable-other	149,398	—
Others	11,820	27,065
<b>Subtotal</b>	<b>390,069</b>	<b>589,107</b>
Interest and dividends received	5,114	3,342
Interest paid	(469)	(415)
Proceeds from rent income	90,106	93,746
Income taxes paid	(61,384)	(131,188)
Others	(59,745)	(61,958)
<b>Net cash provided by (used in) operating activities</b>	<b>363,691</b>	<b>492,633</b>

	For the year ended December 31, 2019	For the year ended December 31, 2020
<b>Cash flows from investing activities</b>		
Payment into time deposits	(253,952)	(269,122)
Repayment of the time deposit	243,060	355,120
Investments in tangible fixed assets	(68,914)	(42,300)
Proceeds from sales of tangible fixed assets	19	1,050
Investments in intangible fixed assets	(399)	(620)
Purchase of investment securities	(29,953)	(49,848)
Proceeds from sales of investment securities	31,345	2,426
Payments for lease and guarantee deposits	(7,937)	(5,596)
Proceeds from collection of lease and guarantee deposits	4,534	4,234
Purchase of insurance funds	(6,713)	(6,713)
<b>Net cash provided by (used in) investing activities</b>	<b>(88,911)</b>	<b>(11,368)</b>

	For the year ended December 31, 2019	For the year ended December 31, 2020
<b>Cash flows from financing activities</b>		
Increase in short-term loans payable	—	12,181
Redemption of bonds	—	(100,000)
Repayment of finance lease debt	(638)	(644)
Purchase of treasury stock	(117,803)	—
Dividends paid	(97,999)	(96,021)
Dividends paid for non-controlling interests	(24,986)	(25,196)
<b>Net cash provided by (used in) financing activities</b>	<b>(241,427)</b>	<b>(209,681)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(110)</b>	<b>(12,957)</b>
<b>Net increase and decrease in cash and cash equivalents</b>	<b>33,242</b>	<b>258,626</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>2,176,212</b>	<b>2,209,454</b>
<b>Cash and cash equivalents at end of period</b>	<b>2,209,454</b>	<b>2,468,081</b>