

Consolidated Balance Sheets

C&G SYSTEMS INC. and consolidated subsidiaries

As of March 31, 2022 and December 31, 2021

(in thousand Yen)

	December 31, 2021	March, 31 2022
(Assets)		
Current assets		
Cash and bank deposits	2,755,201	2,743,508
Notes and accounts receivable	273,981	—
Notes and accounts receivable - trade, and contract assets	—	344,777
Electronically recorded monetary claims-operating	251,332	304,108
Inventories	89,356	88,631
Other current assets	213,189	261,717
Allowance for doubtful accounts	(4,415)	(3,179)
Total current assets	3,578,646	3,739,563
Non current assets		
Tangible fixed assets	274,464	271,267
Intangible fixed assets	24,196	24,487
Investments		
Investments securities	170,007	173,456
Net investments in real estates	371,470	369,810
Insurance funds	455,346	457,024
Other investments	495,261	508,681
Allowance for doubtful accounts	(4,349)	(4,121)
Total investments	1,487,735	1,504,851
Total non current assets	1,786,396	1,800,606
Total assets	5,365,043	5,540,169

	December 31, 2021	March, 31 2022
(Liabilities)		
Current liabilities		
Accounts payable	95,207	100,417
Income taxes payable	104,264	73,935
Provision for bonuses	—	49,821
Advances from customers	766,405	—
Contract liabilities	—	932,289
Other current liabilities	198,354	184,630
Total current liabilities	1,164,231	1,341,093
Non current liabilities		
Provision for share-based remuneration for directors	14,265	15,565
Net defined benefit liability	1,066,564	1,076,532
Other non current liabilities	258,718	216,970
Total non current liabilities	1,339,548	1,309,068
Total liabilities	2,503,780	2,650,161
(Net assets)		
Shareholders' equity		
Capital stock	500,000	500,000
Additional paid-in capital	125,000	125,000
Retained earnings	2,216,031	2,209,128
Treasury stock	(117,889)	(117,889)
Total shareholders' equity	2,723,141	2,716,238
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	58,524	64,723
Foreign currency translation adjustments	17,586	40,955
Total accumulated other comprehensive income	76,110	105,679
Non-controlling interests	62,010	68,090
Total net assets	2,861,262	2,890,008
Total liabilities and net assets	5,365,043	5,540,169

Consolidated Statements of Income

C&G SYSTEMS INC. and consolidated subsidiaries

For the three months ended March 31, 2022

(in thousand Yen)

	For the three months ended March 31, 2021	For the three months ended March 31, 2022
Sales	1,000,084	1,015,857
Costs of goods sold	363,153	345,539
Gross profit	636,931	670,317
Selling, general and administrative expenses	505,238	530,489
Operating income	131,692	139,828
Other income		
Interest received and dividends income	31	39
Rent income	23,393	23,374
Gain on forgiveness of debts	13,030	—
Other	10,478	7,367
Total other income	46,932	30,782
Other expenses		
Interest expense	204	101
Maintenance of investment properties	17,972	17,862
Other	0	2,260
Total other expenses	18,177	20,225
Ordinary income	160,448	150,384
Net income before income taxes and minority interests	160,448	150,384
Income tax expense - current	73,895	75,430
Income tax expense - deferred	(27,831)	(15,022)
Total income tax expense	46,064	60,408
Net income	114,383	89,976
Profit attributable to non-controlling interests	6,367	865
Profit attributable to owners of parent	108,015	89,110

	For the three months ended March 31, 2021	For the three months ended March 31, 2022
Net income	114,383	89,976
Other comprehensive income		
Valuation difference on available-for-sale securities	13,668	6,199
Foreign currency translation adjustment	20,073	28,583
Total other comprehensive income	33,741	34,782
Total comprehensive income	148,125	124,759
Total comprehensive income attributable to:		
Owners of the parent	139,119	118,679
Non-controlling interests	9,005	6,079