

## Consolidated Balance Sheets

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

**As of June 30, 2024, and December 31, 2023**

(in thousand Yen)

	<b>December 31, 2023</b>	<b>June 30, 2024</b>
<b>(Assets)</b>		
<b>Current assets</b>		
Cash and bank deposits	2,807,529	2,829,790
Notes and accounts receivable - trade, and contract assets	266,556	311,964
Electronically recorded monetary claims-operating	216,816	316,421
Inventories	36,272	47,793
Other current assets	218,799	231,044
Allowance for doubtful accounts	(184)	(243)
<b>Total current assets</b>	<b>3,545,789</b>	<b>3,736,771</b>
<b>Non current assets</b>		
<b>Tangible fixed assets</b>	<b>355,417</b>	<b>345,953</b>
<b>Intangible fixed assets</b>	<b>25,736</b>	<b>20,325</b>
<b>Investments</b>		
Investments securities	249,747	310,416
Net investments in real estates	358,543	355,564
Insurance funds	557,159	588,073
Other investments	496,373	489,742
Allowance for doubtful accounts	(4,537)	(4,537)
<b>Total investments</b>	<b>1,657,287</b>	<b>1,739,259</b>
<b>Total non current assets</b>	<b>2,038,442</b>	<b>2,105,537</b>
<b>Total assets</b>	<b>5,584,231</b>	<b>5,842,308</b>

	December 31, 2023	June 30, 2024
<b>(Liabilities)</b>		
<b>Current liabilities</b>		
Accounts payable	49,153	80,907
Income taxes payable	13,660	62,662
Contract liabilities	794,533	965,048
Other current liabilities	219,133	212,961
<b>Total current liabilities</b>	<b>1,076,481</b>	<b>1,321,580</b>
<b>Non current liabilities</b>		
Provision for share-based remuneration for officers	24,800	27,481
Net defined benefit liability	1,117,934	1,135,977
Other non current liabilities	238,735	232,539
<b>Total non current liabilities</b>	<b>1,381,470</b>	<b>1,395,998</b>
<b>Total liabilities</b>	<b>2,457,952</b>	<b>2,717,579</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	2,357,329	2,300,706
Treasury stock	(117,889)	(117,889)
<b>Total shareholders' equity</b>	<b>2,864,440</b>	<b>2,807,816</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	121,358	164,897
Foreign currency translation adjustments	88,253	120,635
<b>Total accumulated other comprehensive income</b>	<b>209,612</b>	<b>285,533</b>
<b>Non-controlling interests</b>	52,227	31,379
<b>Total net assets</b>	<b>3,126,279</b>	<b>3,124,729</b>
<b>Total liabilities and net assets</b>	<b>5,584,231</b>	<b>5,842,308</b>

## Consolidated Statements of Income

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

**For the six months ended June 30, 2024**

(in thousand Yen)

	For the six months ended June 30, 2023	For the six months ended June 30, 2024
<b>Sales</b>	2,067,217	1,830,818
Costs of goods sold	690,873	581,136
<b>Gross profit</b>	1,376,344	1,249,681
<b>Selling, general and administrative expenses</b>	1,198,881	1,194,874
<b>Operating income</b>	<b>177,462</b>	<b>54,807</b>
<b>Other income</b>		
Interest received and dividends income	4,844	4,248
Rent income	48,132	49,601
Insurance premiums refunded cancellation	25,962	—
Other	8,676	15,698
<b>Total other income</b>	<b>87,616</b>	<b>69,548</b>
<b>Other expenses</b>		
Interest expense	775	—
Maintenance of investment properties	36,839	38,009
Other	1,391	327
<b>Total other expenses</b>	<b>39,007</b>	<b>38,337</b>
<b>Ordinary income</b>	<b>226,071</b>	<b>86,018</b>
<b>Net income before income taxes and minority interests</b>	<b>226,071</b>	<b>86,018</b>
Income tax expense - current	89,183	71,635
Income tax expense - deferred	(10,022)	(10,956)
<b>Total income tax expense</b>	<b>79,161</b>	<b>60,678</b>
<b>Net income</b>	<b>146,909</b>	<b>25,339</b>
<b>Profit and losses attributable to non-controlling interests</b>	11,530	(14,050)
<b>Profit attributable to owners of parent</b>	<b>135,378</b>	<b>39,390</b>

	For the six months ended June 30, 2023	For the six months ended June 30, 2024
<b>Net income</b>	146,909	25,339
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	(3,560)	43,538
Foreign currency translation adjustment	37,582	39,210
<b>Total other comprehensive income</b>	34,022	82,749
<b>Total comprehensive income</b>	<b>180,931</b>	<b>108,089</b>
Total comprehensive income attributable to:		
Owners of the parent	164,353	115,311
Non-controlling interests	16,578	(7,222)

## Consolidated Statements of Cash Flows

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

**For the six months ended June 30, 2024**

(in thousand Yen)

	For the six months ended June 30, 2023	For the six months ended June 30, 2024
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	226,071	86,018
Depreciation	37,328	32,736
Increase and decrease in allowance for doubtful account	(89)	59
Increase and decrease in share-based remuneration for officers	2,632	2,681
Increase and decrease in net defined benefit liability	8,066	17,001
Interests and dividend income	(4,844)	(4,248)
Interest expense	775	—
Rent income	(48,132)	(49,601)
Insurance premiums refunded cancellation	(25,962)	—
Other income and expences	33,694	35,030
Increase and decrease in notes and accounts receivable, and contract assets	(112,721)	(142,083)
Increase and decrease in inventories	(16,792)	(9,635)
Increase and decrease in accounts payable	(3,922)	28,428
Increase and decrease in contract liabilities	110,007	159,411
Increase and decrease in accrued liabilities	(22,157)	(10,282)
Others	(7,940)	(17,129)
<b>Subtotal</b>	<b>176,014</b>	<b>128,387</b>
Interest and dividends received	4,844	3,252
Interest paid	(775)	—
Proceeds from rent income	48,132	49,601
Income taxes paid	(74,266)	(10,354)
Others	(33,753)	(34,971)
<b>Net cash provided by (used in) operating activities</b>	<b>120,195</b>	<b>135,916</b>

	For the six months ended June 30, 2023	For the six months ended June 30, 2024
<b>Cash flows from investing activities</b>		
Payment into time deposits	(298,970)	(65,070)
Repayment of the time deposit	151,450	9,000
Investments in tangible fixed assets	(65,339)	(15,185)
Proceeds from sales of tangible fixed assets	—	(280)
Payments for lease and guarantee deposits	(2,156)	(1,352)
Proceeds from collection of lease and guarantee deposits	1,953	2,285
Purchase of insurance funds	(91,258)	(30,913)
Proceeds from maturity of insurance funds	63,489	—
<b>Net cash provided by (used in) investing activities</b>	<b>(240,832)</b>	<b>(101,515)</b>

	For the six months ended June 30, 2023	For the six months ended June 30, 2024
<b>Cash flows from financing activities</b>		
Repayment of finance lease debt	(331)	(411)
Dividends paid	(124,329)	(95,712)
Dividends paid to non-controlling interests	(54,783)	(11,480)
<b>Net cash provided by (used in) financing activities</b>	<b>(179,443)</b>	<b>(107,604)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>36,820</b>	<b>39,395</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(263,260)</b>	<b>(33,809)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>2,964,836</b>	<b>2,772,529</b>
<b>Cash and cash equivalents at end of period</b>	<b>2,701,576</b>	<b>2,738,720</b>