

Consolidated Balance Sheets

C&G SYSTEMS INC. and consolidated subsidiaries

As of December 31, 2024, and December 31, 2024

(in thousand Yen)

	December 31, 2023	December 31, 2024
(Assets)		
Current assets		
Cash and bank deposits	2,807,529	2,866,225
Notes and accounts receivable - trade, and contract assets	266,556	312,662
Electronically recorded monetary claims-operating	216,816	339,146
Inventories	36,272	63,204
Other current assets	218,799	352,784
Allowance for doubtful accounts	(184)	(446)
Total current assets	3,545,789	3,933,577
Non current assets		
Tangible fixed assets		
Buildings and equipments	352,813	364,148
Accumulated depreciation	(179,339)	(192,565)
Net buildings and equipment	173,474	171,583
Machinery and delivery equipments	126,386	137,640
Accumulated depreciation	(95,684)	(112,112)
Net machinery and delivery equipments	30,701	25,528
Lands	71,100	71,100
Other tangible fixed assets	302,557	318,796
Accumulated depreciation	(222,415)	(256,937)
Net other tangible fixed assets	80,141	61,858
Total tangible fixed assets	355,417	330,070
Intangible fixed assets		
Softwares	18,228	8,724
Other intangible fixed assets	7,508	7,508
Total intangible fixed assets	25,736	16,232
Investments		
Investments securities	249,747	320,212
Deferred tax assets	344,727	328,160
Net investments in real estates	358,543	352,585
Insurance funds	557,159	618,987
Other investments	151,646	150,803
Allowance for doubtful accounts	(4,537)	(2,944)
Total investments	1,657,287	1,767,804
Total non current assets	2,038,442	2,114,107
Total assets	5,584,231	6,047,684

	December 31, 2023	December 31, 2024
(Liabilities)		
Current liabilities		
Accounts payable	49,153	73,719
Income taxes payable	13,660	66,496
Contract liabilities	794,533	1,054,042
Other current liabilities	219,133	226,734
Total current liabilities	1,076,481	1,420,992
Non current liabilities		
Provision for share-based remuneration for directors	24,800	30,146
Net defined benefit liability	1,117,934	1,136,082
Other non current liabilities	238,735	228,803
Total non current liabilities	1,381,470	1,395,031
Total liabilities	2,457,952	2,816,024
(Net assets)		
Shareholders' equity		
Capital stock	500,000	500,000
Additional paid-in capital	125,000	125,518
Retained earnings	2,357,329	2,383,183
Treasury stock	(117,889)	(117,889)
Total shareholders' equity	2,864,440	2,890,811
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	121,358	174,777
Foreign currency translation adjustments	88,253	124,647
Total accumulated other comprehensive income	209,612	299,424
Non-controlling interests	52,227	41,423
Total net assets	3,126,279	3,231,659
Total liabilities and net assets	5,584,231	6,047,684

Consolidated Statements of Income

C&G SYSTEMS INC. and consolidated subsidiaries

For the year ended December 31, 2024

(in thousand Yen)

	For the year ended December 31, 2023	For the year ended December 31, 2024
Sales	3,826,057	3,927,559
Costs of goods sold	1,320,150	1,333,525
Gross profit	2,505,906	2,594,033
Selling, general and administrative expenses	2,415,112	2,435,536
Operating income	90,793	158,497
Other income		
Interest received and dividends income	8,244	13,466
Rent income	99,347	97,874
Insurance premiums refunded cancellation	25,962	—
Other	9,341	17,158
Total other income	142,895	128,500
Other expenses		
Interest expense	978	183
Maintenance of investment properties	75,203	64,932
Other	6,707	1,182
Total other expenses	82,889	66,298
Ordinary income	150,800	220,698
Income before income taxes	150,800	220,698
Income tax expense - current	78,913	100,256
Income tax expense - deferred	(5,594)	(4,540)
Total income tax expense	73,319	95,716
Net income	77,481	124,981
Profit attributable to non-controlling interests	9,108	3,114
Profit attributable to owners of parent	68,372	121,866

	For the year ended December 31, 2023	For the year ended December 31, 2024
Net income	77,481	124,981
Other comprehensive Income		
Valuation difference on available-for-sale securities	56,048	53,418
Foreign currency translation adjustment	33,601	43,192
Total other comprehensive income	89,649	96,610
Total comprehensive income	167,130	221,592
Total Comprehensive Income attributable to:		
Owners of the parent	153,776	211,679
Non-controlling interests	13,354	9,913

Consolidated Statements of Cash Flows

C&G SYSTEMS INC. and consolidated subsidiaries
For the year ended December 31, 2024

(in thousand Yen)

	For the year ended December 31, 2023	For the year ended December 31, 2024
Cash flows from operating activities		
Income before income taxes and minority interests	150,800	220,698
Depreciation	70,008	67,408
Increase and decrease in allowance for doubtful account	492	(1,330)
Increase in provision for share-based remuneration for directors	5,286	5,346
Increase in net defined benefit liability	18,031	15,838
Interests and dividend income	(8,244)	(13,466)
Interest expense	978	183
Rent income	(99,347)	(97,874)
Surrender value of insurance	(25,962)	—
Other income and expences	68,913	58,974
Increase and decrease in notes and accounts receivable, and contract assets	109,834	(163,941)
Increase and decrease in inventories	(1,451)	(25,329)
Decrease in accounts payable	(8,359)	21,991
Decrease in contract liabilities	(40,365)	248,000
Increase and decrease in accrued liabilities	(27,038)	(13,980)
Others	(5,872)	(129,889)
Subtotal	207,703	192,628
Interest and dividends received	8,244	12,901
Interest paid	(978)	(183)
Proceeds from rent income	99,347	97,874
Income taxes paid	(155,959)	(34,953)
Others	(68,972)	(58,915)
Net cash provided by (used in) operating activities	89,384	209,352

	For the year ended December 31, 2023	For the year ended December 31, 2024
Cash flows from investing activities		
Payment into time deposits	(418,610)	(100,430)
Repayment of the time deposit	418,610	58,410
Investments in tangible fixed assets	(75,325)	(20,392)
Investments in intangible fixed assets	—	(452)
Proceeds from sales of investment securities	—	5,400
Payments for lease and guarantee deposits	(5,403)	(6,121)
Proceeds from collection of lease and guarantee deposits	4,860	5,169
Purchase of insurance funds	(122,172)	(61,827)
Proceeds from maturity of insurance funds	63,489	—
Net cash provided by (used in) investing activities	(134,550)	(120,244)

	For the year ended December 31, 2023	For the year ended December 31, 2024
Cash flows from financing activities		
Repayment of finance lease debt	(331)	(923)
Dividends paid	(124,750)	(95,832)
Dividends paid for non-controlling interests	(54,783)	(11,480)
Purchase of investments in subsidiaries not resulting in change in scope of consolidation	—	(9,556)
Net cash provided by (used in) financing activities	(179,864)	(117,793)
Effect of exchange rate changes on cash and cash equivalents	32,723	45,360
Net increase in cash and cash equivalents	(192,307)	16,675
Cash and cash equivalents at beginning of period	2,964,836	2,772,529
Cash and cash equivalents at end of period	2,772,529	2,789,205