

Consolidated Balance Sheets

C&G SYSTEMS INC. and consolidated subsidiaries
As of December 31, 2025, and December 31, 2024

(in thousand Yen)

	December 31, 2024	December 31, 2025
(Assets)		
Current assets		
Cash and bank deposits	2,866,225	2,780,424
Notes and accounts receivable - trade, and contract assets	312,662	486,349
Electronically recorded monetary claims-operating	339,146	212,704
Inventories	63,204	41,073
Prepaid expenses	186,044	453,586
Other current assets	166,740	249,704
Allowance for doubtful accounts	(446)	(477)
Total current assets	3,933,577	4,223,365
Non current assets		
Tangible fixed assets		
Buildings and equipments	364,148	350,989
Accumulated depreciation	(192,565)	(161,546)
Net buildings and equipment	171,583	189,442
Machinery and delivery equipments	137,640	146,668
Accumulated depreciation	(112,112)	(116,283)
Net machinery and delivery equipments	25,528	30,384
Lands	71,100	71,100
Other tangible fixed assets	318,796	412,041
Accumulated depreciation	(256,937)	(284,852)
Net other tangible fixed assets	61,858	127,188
Total tangible fixed assets	330,070	418,115
Intangible fixed assets		
Goodwill	—	298,113
Softwares	8,724	13,637
Other intangible fixed assets	7,508	7,508
Total intangible fixed assets	16,232	319,259
Investments		
Investments securities	320,212	411,936
Deferred tax assets	328,160	518,978
Retirement benefit asset	—	17,470
Net investments in real estates	352,585	346,941
Insurance funds	618,987	680,815
Other investments	150,803	181,660
Allowance for doubtful accounts	(2,944)	(3,063)
Total investments	1,767,804	2,154,739
Total non current assets	2,114,107	2,892,114
Total assets	6,047,684	7,115,480

	December 31, 2024	December 31, 2025
(Liabilities)		
Current liabilities		
Accounts payable	73,719	108,121
Income taxes payable	66,496	108,248
Provision for bonuses	—	15,469
Contract liabilities	1,054,042	1,205,820
Other current liabilities	226,734	460,595
Total current liabilities	1,420,992	1,898,255
Non current liabilities		
Provision for share-based remuneration for directors	30,146	35,877
Net defined benefit liability	1,136,082	1,393,924
Other non current liabilities	228,803	276,761
Total non current liabilities	1,395,031	1,706,563
Total liabilities	2,816,024	3,604,819
(Net assets)		
Shareholders' equity		
Capital stock	500,000	500,000
Additional paid-in capital	125,518	114,318
Retained earnings	2,383,183	2,551,124
Treasury stock	(117,889)	(106,689)
Total shareholders' equity	2,890,811	3,058,752
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	174,777	168,647
Foreign currency translation adjustments	124,647	134,516
Total accumulated other comprehensive income	299,424	303,163
Non-controlling interests	41,423	148,744
Total net assets	3,231,659	3,510,660
Total liabilities and net assets	6,047,684	7,115,480

Consolidated Statements of Income

C&G SYSTEMS INC. and consolidated subsidiaries

For the year ended December 31, 2025

(in thousand Yen)

	For the year ended December 31, 2024	For the year ended December 31, 2025
Sales	3,927,559	4,982,129
Costs of goods sold	1,333,525	1,909,876
Gross profit	2,594,033	3,072,253
Selling, general and administrative expenses	2,435,536	2,729,352
Operating income	158,497	342,900
Other income		
Interest received and dividends income	13,466	15,538
Rent income	97,874	96,194
Other	17,158	6,498
Total other income	128,500	118,231
Other expenses		
Interest expense	183	824
Maintenance of investment properties	64,932	68,597
Other	1,182	3,652
Total other expenses	66,298	73,075
Ordinary income	220,698	388,056
Income before income taxes	220,698	388,056
Income tax expense - current	100,256	120,406
Income tax expense - deferred	(4,540)	(48,326)
Total income tax expense	95,716	72,079
Net income	124,981	315,977
Profit attributable to non-controlling interests	3,114	52,022
Profit attributable to owners of parent	121,866	263,954

	For the year ended December 31, 2024	For the year ended December 31, 2025
Net income	124,981	315,977
Other comprehensive Income		
Valuation difference on available-for-sale securities	53,418	(6,129)
Foreign currency translation adjustment	43,192	6,143
Total other comprehensive income	96,610	13
Total comprehensive income	221,592	315,990
Total Comprehensive Income attributable to:		
Owners of the parent	211,679	267,693
Non-controlling interests	9,913	48,296

Consolidated Statements of Cash Flows

C&G SYSTEMS INC. and consolidated subsidiaries
For the year ended December 31, 2025

(in thousand Yen)

	For the year ended December 31, 2024	For the year ended December 31, 2025
Cash flows from operating activities		
Income before income taxes and minority interests	220,698	388,056
Depreciation	67,408	77,140
Amortization of goodwill	—	15,690
Increase and decrease in allowance for doubtful account	(1,330)	149
Increase in provision for bonuses	—	15,469
Increase in provision for share-based remuneration for directors	5,346	5,731
Increase and decrease in net defined benefit liability	15,838	(55,324)
Interests and dividend income	(13,466)	(15,538)
Interest expense	183	824
Rent income	(97,874)	(96,194)
Other income and expences	58,974	62,953
Increase and decrease in notes and accounts receivable, and contract assets	(163,941)	(46,315)
Increase and decrease in inventories	(25,329)	22,532
Increase and decrease in accounts payable	21,991	34,883
Increase and decrease in contract liabilities	248,000	(195,211)
Increase and decrease in accrued liabilities	(13,980)	61,697
Others	(129,889)	(7,880)
Subtotal	192,628	268,666
Interest and dividends received	12,901	16,062
Interest paid	(183)	(824)
Proceeds from rent income	97,874	96,194
Income taxes paid	(34,953)	(63,353)
Others	(58,915)	(62,953)
Net cash provided by (used in) operating activities	209,352	253,790

	For the year ended December 31, 2024	For the year ended December 31, 2025
Cash flows from investing activities		
Payment into time deposits	(100,430)	(8,000)
Repayment of the time deposit	58,410	75,020
Investments in tangible fixed assets	(20,392)	(77,265)
Investments in intangible fixed assets	(452)	(229)
Purchase of investment securities	—	(99,965)
Proceeds from sales of investment securities	5,400	—
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	37,011
Collection of long-term loans receivable	—	5,000
Payments for lease and guarantee deposits	(6,121)	(41,165)
Proceeds from collection of lease and guarantee deposits	5,169	5,692
Purchase of insurance funds	(61,827)	(61,827)
Others	—	1
Net cash provided by (used in) investing activities	(120,244)	(165,728)

	For the year ended December 31, 2024	For the year ended December 31, 2025
Cash flows from financing activities		
Repayment of finance lease debt	(923)	(3,083)
Dividends paid	(95,832)	(95,723)
Dividends paid for non-controlling interests	(11,480)	(15,367)
Purchase of investments in subsidiaries not resulting in change in scope of consolidation	(9,556)	—
Net cash provided by (used in) financing activities	(117,793)	(114,174)
Effect of exchange rate changes on cash and cash equivalents	45,360	7,330
Net increase in cash and cash equivalents	16,675	(18,781)
Cash and cash equivalents at beginning of period	2,772,529	2,789,205
Cash and cash equivalents at end of period	2,789,205	2,770,424