

Consolidated Balance Sheets

C&G SYSTEMS INC. and consolidated subsidiaries

As of March 31, 2023 and December 31, 2022

(in thousand Yen)

	December 31, 2022	March, 31 2023
(Assets)		
Current assets		
Cash and bank deposits	2,999,836	2,816,147
Notes and accounts receivable - trade, and contract assets	324,003	344,450
Electronically recorded monetary claims-operating	264,478	247,334
Inventories	34,224	105,362
Other current assets	216,417	234,879
Allowance for doubtful accounts	(106)	(8,873)
Total current assets	3,838,853	3,739,301
Non current assets		
Tangible fixed assets	344,290	381,724
Intangible fixed assets	35,210	20,493
Investments		
Investments securities	170,021	177,296
Net investments in real estates	364,833	363,261
Insurance funds	472,514	510,789
Other investments	513,056	539,117
Allowance for doubtful accounts	(4,122)	(3,881)
Total investments	1,516,303	1,586,582
Total non current assets	1,895,804	1,988,801
Total assets	5,734,657	5,728,103

	December 31, 2022	March, 31 2023
(Liabilities)		
Current liabilities		
Accounts payable	56,084	102,348
Income taxes payable	79,035	85,683
Provision for bonuses	-	49,819
Contract liabilities	822,790	881,106
Other current liabilities	290,217	213,502
Total current liabilities	1,248,128	1,332,458
Non current liabilities		
Provision for share-based remuneration for directors	19,513	20,829
Net defined benefit liability	1,098,548	1,106,125
Other non current liabilities	227,639	247,069
Total non current liabilities	1,345,701	1,374,024
Total liabilities	2,593,830	2,706,483
(Net assets)		
Shareholders' equity		
Capital stock	500,000	500,000
Additional paid-in capital	125,000	125,000
Retained earnings	2,413,774	2,347,059
Treasury stock	(117,889)	(117,889)
Total shareholders' equity	2,920,884	2,854,169
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	65,310	69,363
Foreign currency translation adjustments	58,898	65,875
Total accumulated other comprehensive income	124,208	135,239
Non-controlling interests	95,733	32,211
Total net assets	3,140,827	3,021,619
Total liabilities and net assets	5,734,659	5,728,103

Consolidated Statements of Income

C&G SYSTEMS INC. and consolidated subsidiaries

For the three months ended March 31, 2023

(in thousand Yen)

	For the three months ended March 31, 2022	For the three months ended March 31, 2023
Sales	1,015,857	937,846
Costs of goods sold	345,539	290,801
Gross profit	670,317	647,045
Selling, general and administrative expenses	530,489	589,266
Operating income	139,828	57,778
Other income		
Interest received and dividends income	39	233
Rent income	23,374	23,382
Insurance premiums refunded cancellation	—	25,962
Other	7,367	3,603
Total other income	30,782	53,182
Other expenses		
Interest expense	101	394
Maintenance of investment properties	17,862	17,647
Other	2,260	5,484
Total other expenses	20,225	23,526
Ordinary income	150,384	87,434
Net income before income taxes and minority interests	150,384	87,434
Income tax expense - current	75,430	68,470
Income tax expense - deferred	(15,022)	(29,607)
Total income tax expense	60,408	38,863
Net income	89,976	48,571
Profit attributable to non-controlling interests	865	(9,530)
Profit attributable to owners of parent	89,110	58,102

	For the three months ended March 31, 2022	For the three months ended March 31, 2023
Net income	89,976	48,571
Other comprehensive income		
Valuation difference on available-for-sale securities	6,199	4,052
Foreign currency translation adjustment	28,583	7,768
Total other comprehensive income	34,782	11,821
Total comprehensive income	124,759	60,393
Total comprehensive income attributable to:		
Owners of the parent	118,679	69,132
Non-controlling interests	6,079	(8,739)