

Consolidated Balance Sheets

C&G SYSTEMS INC. and consolidated subsidiaries

As of September 30, 2023, and December 31, 2022

(in thousand Yen)

	December 31, 2022	September 30, 2023
(Assets)		
Current assets		
Cash and bank deposits	2,999,836	2,925,484
Notes and accounts receivable - trade, and contract assets	324,003	275,835
Electronically recorded monetary claims-operating	264,478	254,678
Inventories	34,224	35,276
Other current assets	216,417	216,779
Allowance for doubtful accounts	(106)	(102)
Total current assets	3,838,853	3,707,952
Non current assets		
Tangible fixed assets	344,290	361,812
Intangible fixed assets	35,210	17,935
Investments		
Investments securities	170,021	180,357
Net investments in real estates	364,833	360,115
Insurance funds	472,514	541,703
Other investments	513,056	533,944
Allowance for doubtful accounts	(4,122)	(3,881)
Total investments	1,516,303	1,612,239
Total non current assets	1,895,804	1,991,988
Total assets	5,734,657	5,699,941

Consolidated Balance Sheets

C&G SYSTEMS INC. and consolidated subsidiaries

As of September 30, 2023, and December 31, 2022

(in thousand Yen)

	December 31, 2022	September 30, 2023
(Liabilities)		
Current liabilities		
Accounts payable	56,084	52,318
Income taxes payable	79,035	26,915
Provision for bonuses	—	54,488
Contract liabilities	822,790	869,117
Other current liabilities	290,217	194,287
Total current liabilities	1,248,128	1,197,126
Non current liabilities		
Provision for share-based remuneration for officers	19,513	23,462
Net defined benefit liability	1,098,548	1,106,539
Other non current liabilities	227,639	242,781
Total non current liabilities	1,345,701	1,372,782
Total liabilities	2,593,830	2,569,909
(Net assets)		
Shareholders' equity		
Capital stock	500,000	500,000
Additional paid-in capital	125,000	125,000
Retained earnings	2,413,774	2,392,537
Treasury stock	(117,889)	(117,889)
Total shareholders' equity	2,920,884	2,899,647
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	65,310	73,025
Foreign currency translation adjustments	58,898	99,449
Total accumulated other comprehensive income	124,208	172,475
Non-controlling interests	95,733	57,909
Total net assets	3,140,827	3,130,031
Total liabilities and net assets	5,734,657	5,699,941

Consolidated Statements of Income

C&G SYSTEMS INC. and consolidated subsidiaries
For the nine months ended September 30, 2023

(in thousand Yen)

	For the nine months ended September 30, 2022	For the nine months ended September 30, 2023
Sales	3,331,230	2,968,389
Costs of goods sold	1,255,745	1,028,007
Gross profit	2,075,484	1,940,381
Selling, general and administrative expenses	1,669,342	1,799,974
Operating income	406,142	140,407
Other income		
Interest received and dividends income	4,292	5,996
Rent income	70,530	73,736
Insurance premiums refunded cancellation	—	25,962
Other	25,104	11,550
Total other income	99,927	117,246
Other expenses		
Interest expense	266	815
Maintenance of investment properties	49,374	55,096
Other	115	1,410
Total other expenses	49,755	57,322
Ordinary income	456,313	200,331
Net income before income taxes and minority interests	456,313	200,331
Income tax expense - current	160,736	106,295
Income tax expense - deferred	(14,644)	(21,985)
Total income tax expense	146,092	84,310
Net income	310,221	116,021
Profit and losses attributable to non-controlling interests	44,522	12,441
Profit attributable to owners of parent	265,699	103,580

	For the nine months ended September 30, 2022	For the nine months ended September 30, 2023
Net income	310,221	116,021
Other comprehensive income		
Valuation difference on available-for-sale securities	(5,425)	7,715
Foreign currency translation adjustment	70,524	47,146
Total other comprehensive income	65,099	54,861
Total comprehensive income	375,320	170,882
Total comprehensive income attributable to:		
Owners of the parent	318,849	151,846
Non-controlling interests	56,471	19,036