

Consolidated Balance Sheets

CGS HOLDINGS INC. and consolidated subsidiaries

As of June 30, 2025, and December 31, 2024

(in thousand Yen)

	December 31, 2024	June 30, 2025
(Assets)		
Current assets		
Cash and bank deposits	2,866,225	2,644,585
Notes and accounts receivable - trade, and contract assets	312,662	371,613
Electronically recorded monetary claims-operating	339,146	387,419
Inventories	63,204	110,131
Other current assets	352,784	255,821
Allowance for doubtful accounts	(446)	(335)
Total current assets	3,933,577	3,769,235
Non current assets		
Tangible fixed assets	330,070	329,100
Intangible fixed assets	16,232	14,917
Investments		
Investments securities	320,212	332,315
Deferred tax assets	328,160	393,322
Net investments in real estates	352,585	349,763
Insurance funds	618,987	649,901
Other investments	150,803	143,292
Allowance for doubtful accounts	(2,944)	(3,060)
Total investments	1,767,804	1,865,534
Total non current assets	2,114,107	2,209,552
Total assets	6,047,684	5,978,788

	December 31, 2024	June 30, 2025
(Liabilities)		
Current liabilities		
Accounts payable	73,719	57,519
Income taxes payable	66,496	46,964
Contract liabilities	1,054,042	1,030,167
Other current liabilities	226,734	223,765
Total current liabilities	1,420,992	1,358,415
Non current liabilities		
Provision for share-based remuneration for officers	30,146	32,773
Net defined benefit liability	1,136,082	1,101,011
Other non current liabilities	228,803	220,967
Total non current liabilities	1,395,031	1,354,752
Total liabilities	2,816,024	2,713,168
(Net assets)		
Shareholders' equity		
Capital stock	500,000	500,000
Additional paid-in capital	125,518	114,318
Retained earnings	2,383,183	2,478,921
Treasury stock	(117,889)	(106,689)
Total shareholders' equity	2,890,811	2,986,549
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	174,777	111,175
Foreign currency translation adjustments	124,647	105,486
Total accumulated other comprehensive income	299,424	216,662
Non-controlling interests	41,423	62,407
Total net assets	3,231,659	3,265,619
Total liabilities and net assets	6,047,684	5,978,788

Consolidated Statements of Income

CGS HOLDINGS INC. and consolidated subsidiaries

For the six months ended June 30, 2025

(in thousand Yen)

	For the six months ended June 30, 2024	For the six months ended June 30, 2025
Sales	1,830,818	2,250,495
Costs of goods sold	581,136	804,331
Gross profit	1,249,681	1,446,164
Selling, general and administrative expenses	1,194,874	1,251,103
Operating income	54,807	195,060
Other income		
Interest received and dividends income	4,248	10,378
Rent income	49,601	47,958
Other	15,698	12,251
Total other income	69,548	70,588
Other expenses		
Maintenance of investment properties	38,009	35,832
Other	327	3,747
Total other expenses	38,337	39,579
Ordinary income	86,018	226,069
Net income before income taxes and minority interests	86,018	226,069
Income tax expense - current	71,635	46,106
Income tax expense - deferred	(10,956)	(41,249)
Total income tax expense	60,678	4,857
Net income	25,339	221,212
Profit and losses attributable to non-controlling interests	(14,050)	29,460
Profit attributable to owners of parent	39,390	191,751

	For the six months ended June 30, 2024	For the six months ended June 30, 2025
Net income	25,339	221,212
Other comprehensive income		
Valuation difference on available-for-sale securities	43,538	(63,601)
Foreign currency translation adjustment	39,210	(26,010)
Total other comprehensive income	82,749	(89,611)
Total comprehensive income	108,089	131,600
Total comprehensive income attributable to:		
Owners of the parent	115,311	108,989
Non-controlling interests	(7,222)	22,610

Consolidated Statements of Cash Flows

CGS HOLDINGS INC. and consolidated subsidiaries

For the six months ended June 30, 2024

(in thousand Yen)

	For the six months ended June 30, 2024	For the six months ended June 30, 2025
Cash flows from operating activities		
Income before income taxes and minority interests	86,018	226,069
Depreciation	32,736	32,960
Increase and decrease in allowance for doubtful account	59	4
Increase and decrease in share-based remuneration for officers	2,681	2,627
Increase and decrease in net defined benefit liability	17,001	(34,079)
Interests and dividend income	(4,248)	(10,378)
Rent income	(49,601)	(47,958)
Other income and expenses	35,030	33,010
Increase and decrease in notes and accounts receivable, and contract assets	(142,083)	(112,597)
Increase and decrease in inventories	(9,635)	(50,510)
Increase and decrease in accounts payable	28,428	(11,273)
Increase and decrease in contract liabilities	159,411	1,581
Increase and decrease in accrued liabilities	(10,282)	18,334
Others	(17,129)	47,943
Subtotal	128,387	95,734
Interest and dividends received	3,252	10,926
Proceeds from rent income	49,601	47,958
Income taxes paid	(10,354)	(51,614)
Others	(34,971)	(33,010)
Net cash provided by (used in) operating activities	135,916	69,994

	For the six months ended June 30, 2024	For the six months ended June 30, 2025
Cash flows from investing activities		
Payment into time deposits	(65,070)	(8,000)
Repayment of the time deposit	9,000	41,020
Investments in tangible fixed assets	(15,185)	(38,361)
Purchase of intangible assets	(280)	(229)
Purchase of investment securities	-	(99,965)
Collection of long-term loans receivable	-	5,000
Payments for lease and guarantee deposits	(1,352)	(68)
Proceeds from collection of lease and guarantee deposits	2,285	1,802
Purchase of insurance funds	(30,913)	(30,913)
Others	-	1
Net cash provided by (used in) investing activities	(101,515)	(129,714)

	For the six months ended June 30, 2024	For the six months ended June 30, 2025
Cash flows from financing activities		
Repayment of finance lease debt	(411)	(580)
Purchase of treasury stock	-	(31,300)
Proceeds from sales of treasury stock	-	31,300
Dividends paid	(95,712)	(95,613)
Dividends paid to non-controlling interests	(11,480)	(869)
Net cash provided by (used in) financing activities	(107,604)	(97,063)
Effect of exchange rate changes on cash and cash equivalents	39,395	(31,835)
Net increase (decrease) in cash and cash equivalents	(33,809)	(188,619)
Cash and cash equivalents at beginning of period	2,772,529	2,789,205
Cash and cash equivalents at end of period	2,738,720	2,600,585