Consolidated Balance Sheets

CGS HOLDINGS INC. and consolidated subsidiaries
As of June 30, 2026, and December 31, 2025 (in thousand Yen)

	December 31, 2025	June 30, 2026
(Assets)		
Current assets		
Cash and bank deposits	2,780,424	3,090,572
Notes and accounts receivable - trade, and contract assets	486,349	452,438
Electronically recorded monetary claims-operating	212,704	199,452
Inventories	41,073	41,698
Prepaid expenses	453,586	512,617
Other current assets	249,704	173,852
Allowance for doubtful accounts	(477)	(458)
Total current assets	**4,223,365**	**4,470,173**
Non current assets		
Tangible fixed assets	418,115	**435,080**
Intangible fixed assets		
Goodwill	298,113	**266,733**
Other intangible fixed assets	21,145	**14,578**
Total intangible fixed assets	319,259	281,311
Investments		
Investments securities	411,936	395,243
Deferred tax assets	518,978	516,583
Retirement benefit asset	17,470	30,644
Net investments in real estates	346,941	344,365
Insurance funds	680,815	711,729
Other investments	181,660	179,714
Allowance for doubtful accounts	(3,063)	(3,121)
Total investments	**2,154,739**	**2,175,159**
Total non current assets	**2,892,114**	**2,891,551**
Total assets	**7,115,480**	**7,361,725**

	December 31, 2025	June 30, 2026
(Liabilities)		
Current liabilities		
Accounts payable	108,121	152,770
Income taxes payable	108,248	51,675
Provision for bonuses	15,469	15,933
Contract liabilities	1,205,820	1,709,075
Other current liabilities	460,595	368,249
Total current liabilities	**1,898,255**	**2,297,704**
Non current liabilities		
Provision for share-based remuneration for officers	35,877	38,629
Net defined benefit liability	1,393,924	1,366,036
Other non current liabilities	276,761	268,884
Total non current liabilities	**1,706,563**	**1,673,550**
Total liabilities	**3,604,819**	**3,971,255**
(Net assets)		
Shareholders' equity		
Capital stock	500,000	500,000
Additional paid-in capital	114,318	114,318
Retained earnings	2,551,124	2,485,601
Treasury stock	(106,689)	(106,689)
Total shareholders' equity	**3,058,752**	**2,993,229**
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	168,647	154,176
Foreign currency translation adjustments	134,516	137,053
Total accumulated other comprehensive income	**303,163**	**291,230**
Non-controlling interests	148,744	106,010
Total net assets	**3,510,660**	**3,390,470**
Total liabilities and net assets	**7,115,480**	**7,361,725**

Consolidated Statements of Income

CGS HOLDINGS INC. and consolidated subsidiaries

For the six months ended June 30, 2026 (in thousand Yen)

	For the six months ended June 30, 2025	For the six months ended June 30, 2026
Sales	2,250,495	2,883,902
Costs of goods sold	804,331	1,231,415
Gross profit	1,446,164	1,652,486
Selling, general and administrative expenses	1,251,103	1,571,145
Operating income	**195,060**	**81,340**
Other income		
Interest received and dividends income	10,378	21,061
Rent income	47,958	47,944
Other	12,251	11,680
Total other income	**70,588**	**80,686**
Other expenses		
Maintenance of investment properties	35,832	36,153
Other	3,747	724
Total other expenses	**39,579**	**36,877**
Ordinary income	**226,069**	**125,149**
Net income before income taxes and minority interests	**226,069**	**125,149**
Income tax expense - current	46,106	71,571
Income tax expense - deferred	(41,249)	4,532
Total income tax expense	**4,857**	**76,104**
Net income	**221,212**	**49,045**
Profit and losses attributable to non-controlling interests	29,460	17,554
Profit attributable to owners of parent	**191,751**	**31,490**

	For the six months ended June 30, 2025	For the six months ended June 30, 2026
Net income	221,212	49,045
Other comprehensive income		
Valuation difference on available-for-sale securities	(63,601)	(14,470)
Foreign currency translation adjustment	(26,010)	4,231
Total other comprehensive income	(89,611)	(10,239)
Total comprehensive income	131,600	38,805
Total comprehensive income attributable to:		
Owners of the parent	108,989	19,557
Non-controlling interests	22,610	19,248

Consolidated Statements of Cash Flows

CGS HOLDINGS INC. and consolidated subsidiaries

For the six months ended June 30, 2026 (in thousand Yen)

	For the six months ended June 30, 2025	For the six months ended June 30, 2026
Cash flows from operating activities		
Income before income taxes and minority interests	226,069	125,149
Depreciation	32,960	50,285
Amortization of goodwill	-	31,380
Increase in allowance for doubtful account	4	39
Increase in provision for bonuses	-	464
Increase n share-based remuneration for officers	2,627	2,751
Decrease in retirement benefit liability	(34,079)	(27,439)
Increase in retirement benefit liability	-	(13,173)
Interests and dividend income	(10,378)	(21,061)
Rent income	(47,958)	(47,944)
Other income and expences	33,010	33,576
Decrease in notes and accounts receivable, and contract assets	(112,597)	47,680
Increase in inventories	(50,510)	(625)
Increase in accounts payable	(11,273)	43,751
Increase in contract liabilities	1,581	502,559
Increase in accrued liabilities	18,334	11,077
Others	47,943	(113,476)
Subtotal	**95,734**	**624,995**
Interest and dividends received	10,926	20,979
Proceeds from rent income	47,958	47,953
Income taxes paid	(51,614)	(129,856)
Income taxes refund	-	35,304
Others	(33,010)	(33,739)
Net cash provided by (used in) operating activities	**69,994**	**565,636**

	For the six months ended June 30, 2025	For the six months ended June 30, 2026
Cash flows from investing activities		
Payment into time deposits	(8,000)	(50,000)
Repayment of the time deposit	41,020	-
Investments in tangible fixed assets	(38,361)	(60,960)
Purchase of intangible assets	(229)	(1,902)
Purchase of investment securities	(99,965)	-
Collection of long-term loans receivable	5,000	-
Payments for lease and guarantee deposits	(68)	(1,264)
Proceeds from collection of lease and guarantee deposits	1,802	3,526
Purchase of insurance funds	(30,913)	(30,913)
Others	1	-
Net cash provided by (used in) investing activities	**(129,714)**	**(141,514)**

	For the six months ended June 30, 2025	For the six months ended June 30, 2026
Cash flows from financing activities		
Repayment of finance lease debt	(580)	(8,955)
Purchase of treasury stock	(31,300)	-
Proceeds from sales of treasury stock	31,300	-
Dividends paid	(95,613)	(96,883)
Dividends paid to non-controlling interests	(869)	(61,373)
Net cash provided by (used in) financing activities	**(97,063)**	**(167,212)**
Effect of exchange rate changes on cash and cash equivalents	(31,835)	3,238
Net increase (decrease) in cash and cash equivalents	(188,619)	260,147
Cash and cash equivalents at beginning of period	2,789,205	2,770,424
Cash and cash equivalents at end of period	**2,600,585**	**3,030,572**