

LEIFRAS CO., LTD. AND SUBSIDIARIES
 UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 For the six months ended

	June 30,		
	2025	2026	2026
	JPY	JPY	US\$
Cash flows from operating activities			
Net income	53,706,198	77,076,840	473,998
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization expense	66,679,088	64,001,684	393,590
Provision for expected credit loss	5,788,690	2,676,936	16,462
Loss (Gain) on disposal of property and equipment	168,973	-292,080	-1,796
Loss on disposal of ROU asset	-	2,401	15
Provision for inventory impairment	719,481	571,851	3,517
Unrealized loss on short-term investment	224,000	-	-
Unrealized gain on long-term investment	-	-4,665,574	-28,692
Other non-cash expenses	215,875	5,249,247	32,281
Deferred tax expense	-7,941,095	19,645,365	120,813
Changes in operating assets and liabilities			
Accounts receivable, net	24,970,807	73,377,882	451,251
Inventories	450,516	-2,876,133	-17,687
Prepaid expenses	65,923,967	-1,037,620	-6,381
Long-term deposits	-119,850	-18,134,685	-111,523
Other current assets	-8,421,744	12,062,482	74,180
Other non-current assets	-7,728,297	-12,977,588	-79,808
Accounts payable	-20,679,625	-114,318,251	-703,021
Accrued liabilities	47,765,059	24,712,089	151,972
Contract liabilities	217,944,834	211,960,952	1,303,493
Operating lease liabilities	3,212,036	-5,942,925	-36,547
Income tax payable	-72,782,600	-27,702,400	-170,361
Amount due to a director	-1,000,000	-	-
Other current liabilities	-56,292,856	-50,683,167	-311,685
Net cash provided by operating activities	312,803,457	252,707,306	1,554,070
Cash flows from investing activities			
Purchase of investment securities	-	-16,584,426	-101,989
Purchase of property and equipment	-42,125,175	-5,821,892	-35,803
Purchase of intangible assets	-5,045,000	-8,548,150	-52,568
Acquisition, net of cash acquired	-	-182,039,420	-1,119,485
Net cash used in investing activities	-47,170,175	-212,993,888	-1,309,845

Cash flows from financing activities			
Payment of finance lease liabilities	-43,752,315	-50,246,590	-309,001
Repayment of bank loans	-156,105,000	-94,568,000	-581,563
Proceeds from bond payable	-	192,832,900	1,185,861
Repayment of bond payable	-20,000,000	-20,000,000	-122,994
Payment of deferred IPO costs	-86,232,087	-	-
Net cash (used in) provided by financing activities	-306,089,402	28,018,310	172,304
Net (decrease) increase in cash	-40,456,120	67,731,728	416,528
Cash at the beginning of period	2,538,554,638	2,524,082,266	15,522,307
Cash at the end of the period	2,498,098,518	2,591,813,994	15,938,835

Supplementary cash flow information			
Cash paid for income taxes, net of refunds	75,570,835	-38,402,329	-236,162
Cash paid for interest expenses	8,637,073	-3,800,582	-23,372

Non-cash financing and investing activities			
Operating lease right-of-use assets obtained in exchange for operating lease liabilities	270,231,476	90,595,070	557,131
Finance lease right-of-use assets obtained in exchange for finance lease liabilities	68,425,346	79,603,279	489,535