



# Q1 FY2026 Investor Presentation

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Leifras Co., Ltd. (Nasdaq: LFS) | June 2026

This presentation contains forward-looking statements that reflect our current expectations and views of future events, all of which are subject to risks and uncertainties. Forward-looking statements give our current expectations or forecasts of future events. You can identify these statements by the fact that they do not relate strictly to historical or current facts. You can find many (but not all) of these statements by the use of words such as “approximates,” “believes,” “hopes,” “expects,” “anticipates,” “estimates,” “projects,” “intends,” “plans,” “will,” “would,” “should,” “could,” “may” or other similar expressions in this presentation. These statements are likely to address our growth strategy, financial results and product and development programs. You must carefully consider any such statements and should understand that many factors could cause actual results to differ from our forward-looking statements. These factors may include inaccurate assumptions and a broad variety of other risks and uncertainties, including some that are known and some that are not. No forward-looking statement can be guaranteed and actual future results may vary materially. Factors that could cause actual results to differ from those discussed in the forward-looking statements include, but are not limited to: assumptions about our future financial and operating results, including revenue, income, expenditures, cash balances, and other financial items; our ability to execute our growth, and expansion, including our ability to meet our goals; current and future economic and political conditions; our capital requirements and our ability to raise any additional financing which we may require; our ability to attract customers and further enhance our brand recognition; our ability to hire and retain qualified management personnel and key employees in order to enable us to develop our business; trends and competition in the sports instruction services industry and the social support services industry; and other assumptions described in this presentation underlying or relating to any forward-looking statements.

We describe certain material risks, uncertainties and assumptions that could affect our business, including our financial condition and results of operations, under “Risk Factors” in our annual report on Form 20-F (the “Annual Report”) filed with the U.S. Securities and Exchange Commission (the “SEC”). We base our forward-looking statements on our management’s beliefs and assumptions based on information available to our management at the time the statements are made. We caution you that actual outcomes and results may, and are likely to, differ materially from what is expressed, implied or forecast by our forward-looking statements. Accordingly, you should be careful about relying on any forward-looking statements. Except as required under the federal securities laws, we do not have any intention or obligation to update publicly any forward-looking statements after the distribution of this presentation, whether as a result of new information, future events, changes in assumptions, or otherwise.

The forward-looking statements made in this presentation relate only to events or information as of the date on which the statements are made in this presentation. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events, or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

You should read this presentation, along with the Annual Report and the documents that are filed as exhibits to the Registration Statement, carefully and with the understanding that our actual future results may differ materially from what we currently expect.

- 1. Company Profile**
- 2. Executive Summary**
- 3. Q1 FY2026 Consolidated Financial Results**
- 4. Progress of the Growth Strategy**
- 5. Consolidated Financial Position**
- 6. Capital Allocation**
- 7. 2026 Full-Year Consolidated Financial Forecast**
- 8. Appendix**
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With the corporate philosophy of "To change and design sports," we practice "sports and social business" to address various social issues through sports.

Ranked No.1 in Japan across 4 major categories

According to Tokyo Shoko Research, Ltd. As of December 2025

Comparison of the number of members among the top three sales-generating companies offering children's sports schools without owned facilities. Members attending multiple schools are counted once per schools regardless of activity type.

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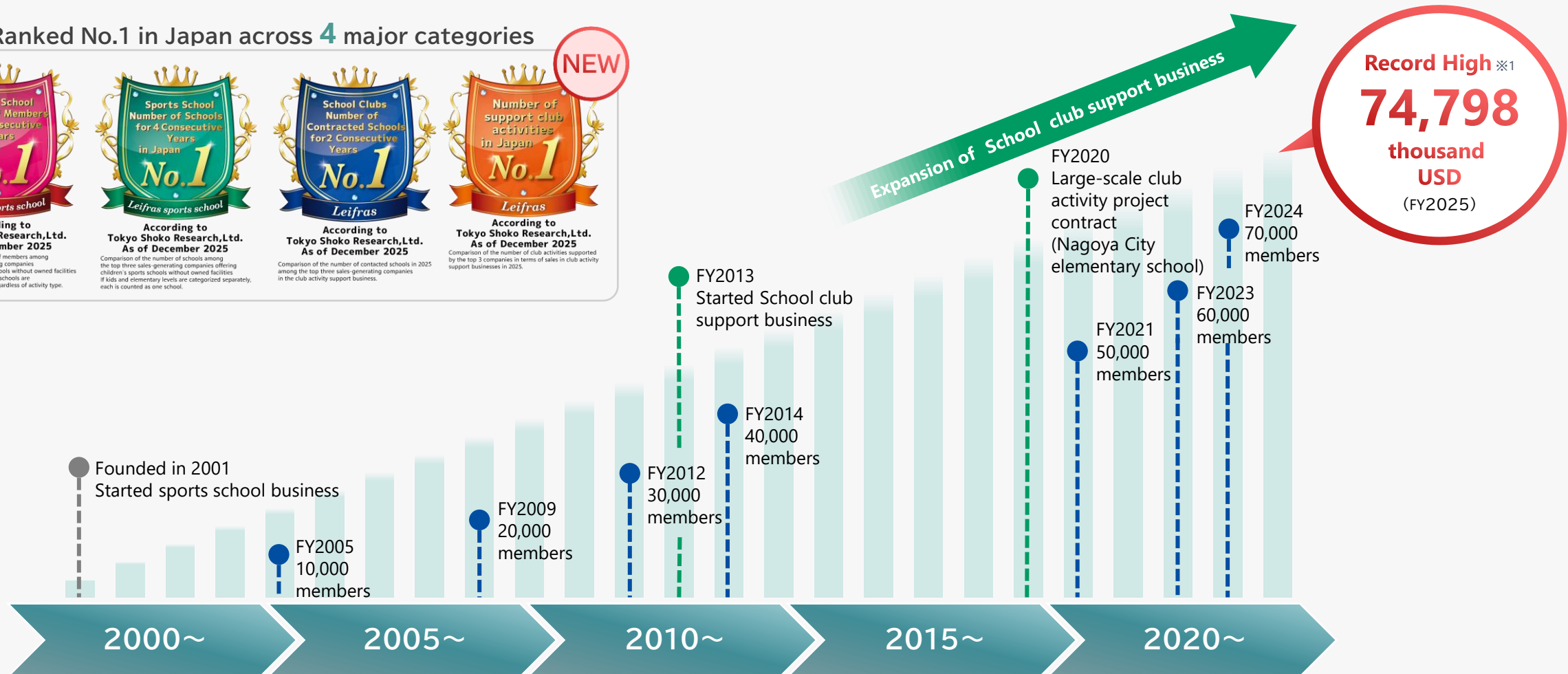
According to Tokyo Shoko Research, Ltd. As of December 2025

Comparison of the number of contracted schools in 2025 among the top three sales-generating companies in the club activity support business.

According to Tokyo Shoko Research, Ltd. As of December 2025

Comparison of the number of club activities supported by the top 3 companies in terms of sales in club activity support businesses in 2025.

NEW



※1: Performance comparison for the same period from FY23 onwards (US GAAP)

The USD amount is based on 25Q4 FX rate ¥156.80=\$1.00.

We operate our business in two segments: "Sports School Business" and "Social Business."

## Sports School Business

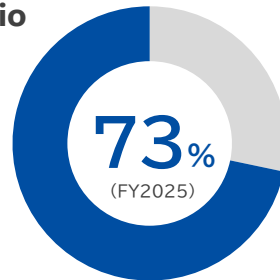
### ● Service details

We provide a unique sports service that cultivates the "non-cognitive skills" that are emphasized in modern education. Based on our teaching philosophy of "acknowledge, praise, encourage, and motivate," we offer a training program that integrates physical and mental growth, focusing not only on developing sports skills, but also on greetings, etiquette, leadership, cooperation, self-management, and problem-solving skills.

### ● Revenue sources

- School fees (monthly fee, enrollment fee, annual fee)
- Event participation fee

### ● Sales ratio



According to Tokyo Shoko Research, Ltd. As of December 2025  
Comparison of the number of members among the top three sales-generating companies offering children's sports schools without owned facilities. Members attending multiple schools are counted once per school regardless of activity type.



According to Tokyo Shoko Research, Ltd. As of December 2025  
Comparison of the number of schools among the top three sales-generating companies offering children's sports schools without owned facilities. If kids and elementary levels are categorized separately, each is counted as one school.

## Social Business

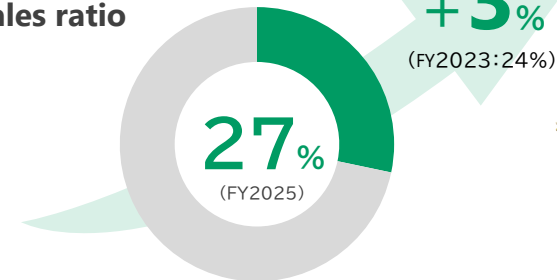
### ● Service details

Our social business consists of two main types of projects: the "School Club Support" and "After-School Daycare Services." Our club activities project works in collaboration with local governments and schools and involves coaching and running club activities primarily at elementary and junior high schools. Our after-school day care services project supports the independence of children with developmental disabilities through sports.

### ● Revenue sources

Mainly business outsourcing contract fees

### ● Sales ratio



According to Tokyo Shoko Research, Ltd. As of December 2025  
Comparison of the number of contracted schools in 2025 among the top three sales-generating companies in the club activity support business.

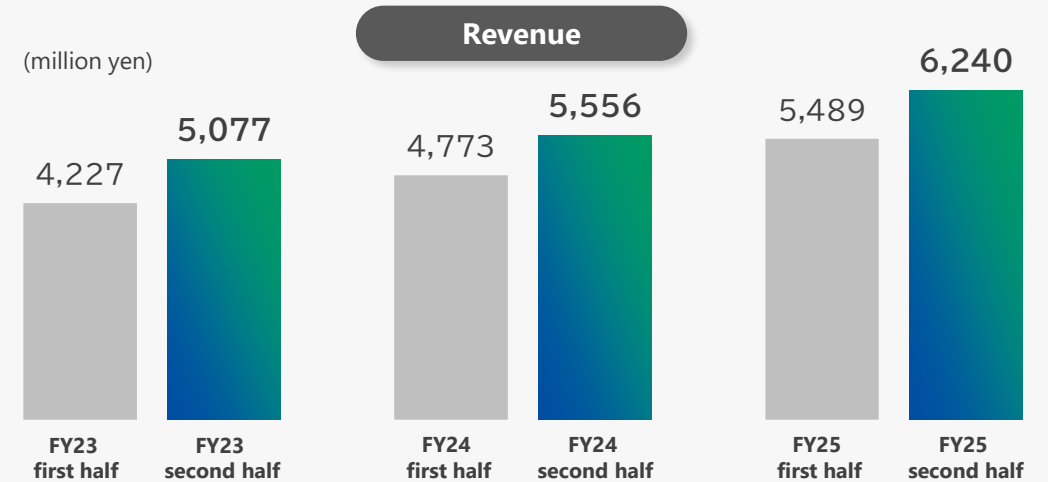


According to Tokyo Shoko Research, Ltd. As of December 2025  
Comparison of the number of club activities supported by the top 3 companies in terms of sales in club activity support businesses in 2025.

Our business's profit structure is **heavily weighted** towards the second half of the year, with the majority of profits being recorded in the second half.

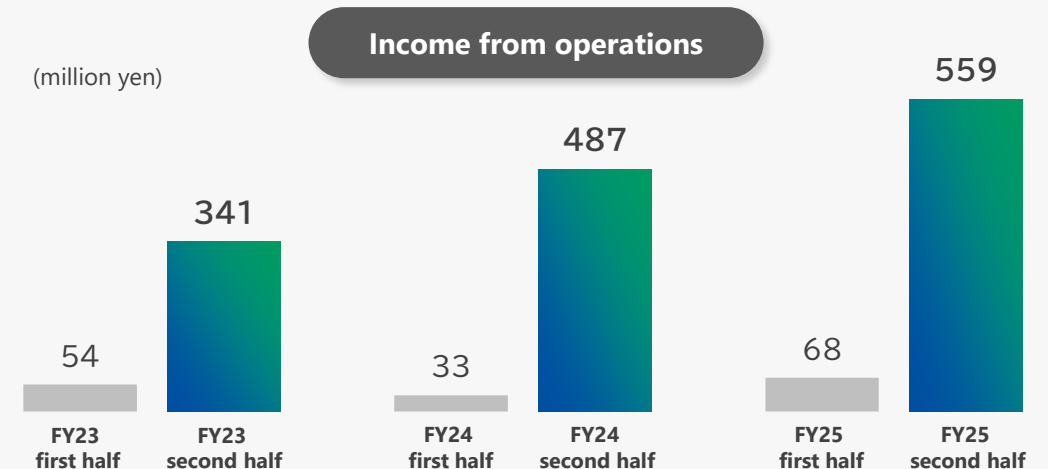
## Seasonality of sports school business

- Membership numbers temporarily decrease around March, coinciding with school graduation season.
- Then, they increase again from April to June, coinciding with the start of the new school year.
- Event revenue peaks in March and August, and during school holidays from December to January.



## Seasonality of social business

- Some contracts with government agencies involve payments being made in March, which introduces seasonality into the cash flow.

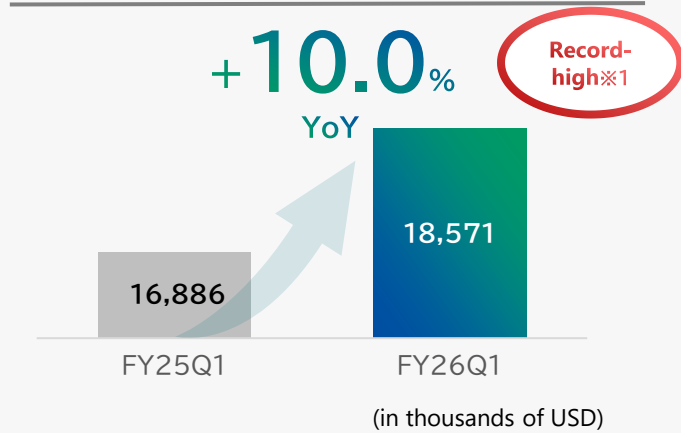


\* For your reference: For more detailed information, please refer to the "Trend Information" section within the "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Report of Foreign Private Issuer on Form 6-K.

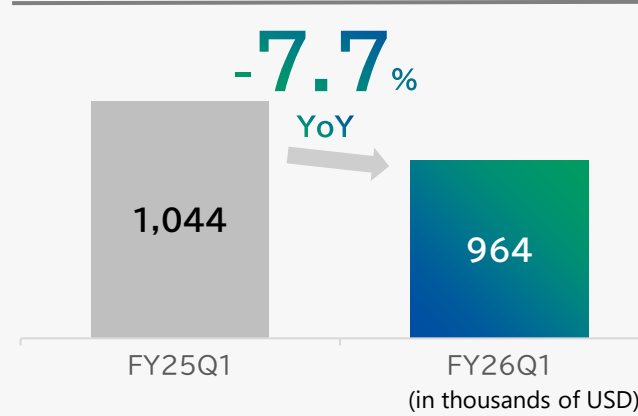
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**Record-high net revenue and net income driven by the growth of our club activities and sports school businesses.**

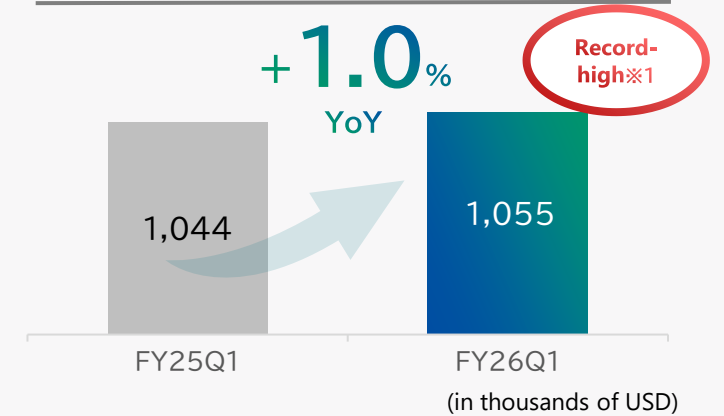
## Net revenue



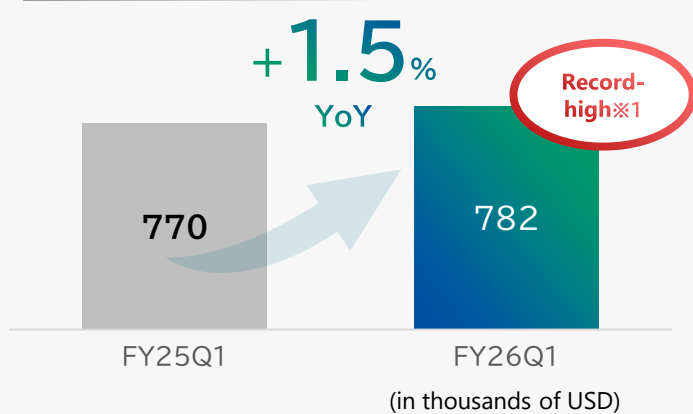
## Income from operations



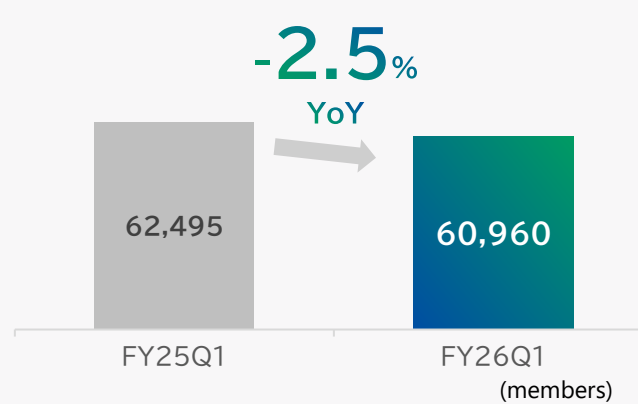
## Adjusted income from operations <sup>※2</sup>



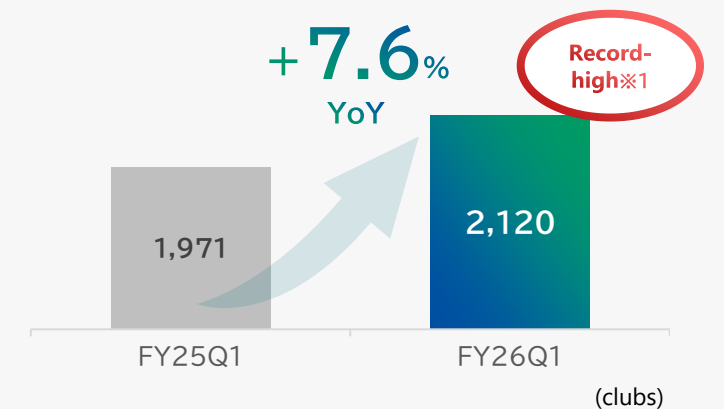
## Net income



## Sports school members



## Contracted club activities



USD figures are based on JPY to USD ¥159.08=\$1.00

\*1: Comparison of performance over the same period from Q1 FY25 onwards ( US GAAP )

\*2 : Adjusted operating profit: Introduced as a performance management indicator representing the profitability of the core business. Adjusted operating profit = Income from operations + Acquisition-related cost

Impacted by school graduations and a strategic shift in customer acquisition timing to enhance service quality. Nevertheless, the underlying business foundation is steadily strengthening.

## Main factors

### ① Increase in "graduating members" due to members reaching higher grades.

- As the number of members increases in the upper grades of elementary school, **the number of graduated members (members who remained enrolled until the 6th grade of elementary school and graduate in March) has increased compared to the previous year.**

\* Many of our 6th-grade elementary school members graduate from (withdraw from) the school in March, which is the elementary school graduation season.

### ② A strategic shift in the "new customer acquisition timing" aimed at improving service quality.

- In line with strengthening new employee training, **we are strategically shifting customer acquisition timing.**
- As a result, the number of new classes opening in **March decreased, leading to a year-on-year decrease in enrollment.**
- This is not a response to declining demand, but rather **a strategic measure to ensure service quality.**

\*In Japan, most new employees join their companies in April.

### ③ One franchise agreement was terminated.

- The termination of one franchise location resulted in a decrease in the number of members.

**Revenue increased due to higher monthly fees, despite a slight decrease in membership.**  
**Intensifying M&A activities to ensure sustainable growth.**

## Steady progress achieved across key growth pillars: Social Business, Sports School Business, and M&A.

01

### Social business

- **[School Club Activities Business]**  
We executed contracts with **24 municipalities and 7 private schools nationwide, providing a strong foundation for revenue generation in Q2 and beyond.**  
New: **5** (including 3 in special wards and ordinance-designated cities) Existing ongoing: **19**
- **[After-school Daycare Service]**  
We opened **nine new business locations, representing a 45 % increase compared to the previous year.**  
Number of establishments in FY2026: **29** establishments (compared to the same period last year: +**9** establishments +**45.0%**)
- **FY26Q1 sales increased steadily YoY, driven by new club activity contracts acquired in FY2025.**  
Sales: **\$5.0 million** (YoY: +**24.1%**)

02

### Sports School business

- **Through M&A (Tokai Sports Co., Ltd.), approximately 1,200 members of the sports school were acquired.**  
Transfer of approximately **1,200** sports school members and gymnastics classes at approximately 20 affiliated kindergartens and daycare centers (reflected from Q2)
- **Increased unit prices led to improved Lifetime Value ("LTV") and FY26Q1 revenue progressed smoothly.**  
Sales: **\$13.6 million** (YoY: +**5.6%**)

03

### M&A

- **Strategic M&A of three companies to create synergies with our core business.**
  1. Well Resource Co., Ltd. : After-school day care service businesses (**4** locations) (dominant expansion in the Tohoku area)
  2. Tokai Sports Co., Ltd. : Approximately **1,200** members and prevent the loss of older students

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## Net revenue, Adjusted income from operations\* 2 , and Net income reached record highs\*1.

(in thousands of USD)	FY25 Q1	FY26 Q1	YoY change	YoY change %
Net revenue	16,886	<b>Record -High *1</b> 18,571	1,685	10.0%
Gross profit	4,969	<b>Record -High *1</b> 5,986	1,017	20.5%
Income from operations	1,044	964	-80	-7.7%
Operating profit margin	6.2%	5.2%	-	-1.0%
Net income	770	<b>Record -High *1</b> 782	12	1.5%
Adjusted income from operations *2	1,044	<b>Record -High *1</b> 1,055	11	1.0%

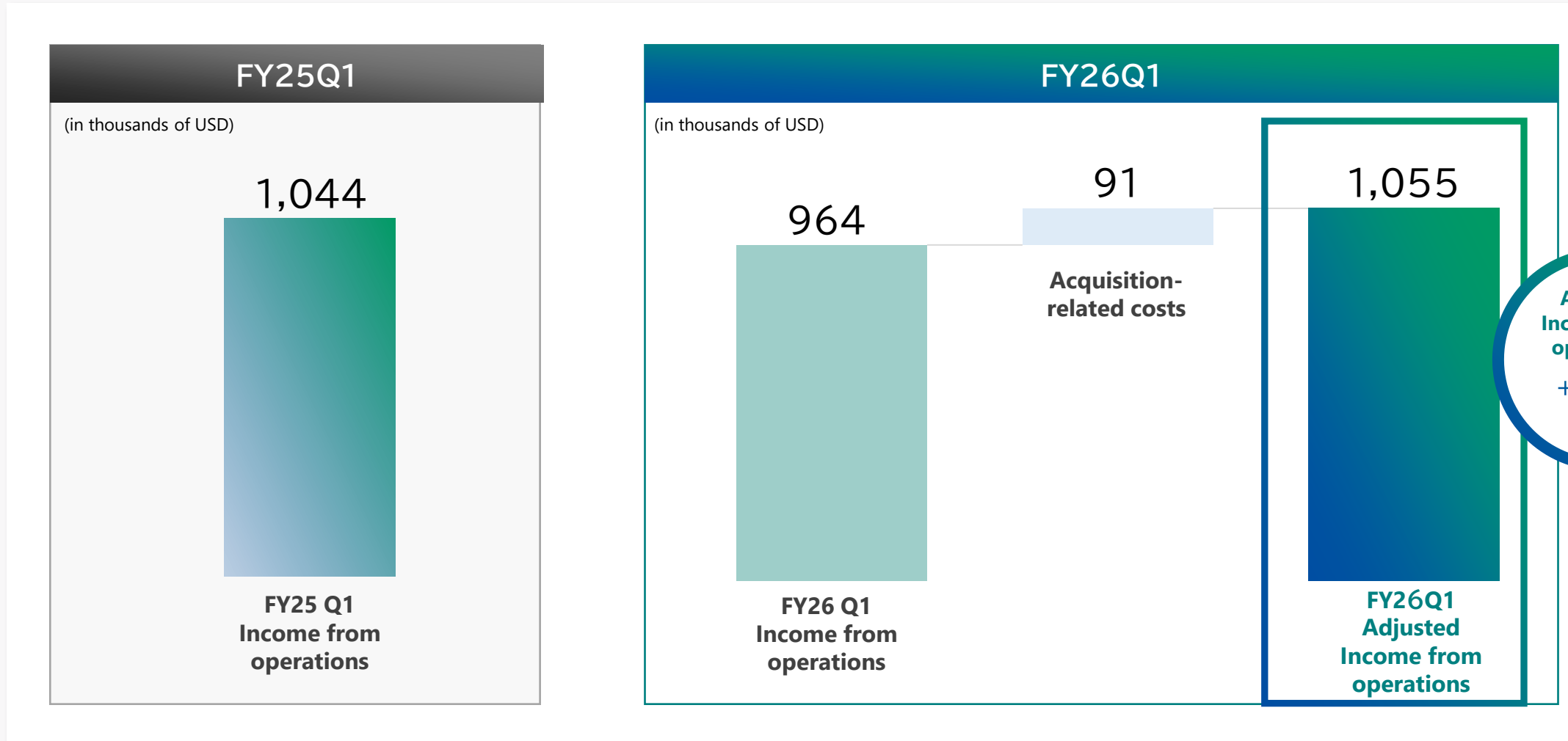
USD figures are based on JPY to USD ¥159.08=\$1.00

\* 1: Performance comparison for the same period from Q1 FY25 onwards (US GAAP)

\*2: Adjusted Income from Operations : Introduced as a performance management indicator representing the profitability of the core business. Adjusted income from operations = Income from operations + Acquisition-related cost

# Adjusted income from operations

Adjusted income from operations\* was 1,055 thousand USD, up 1.0% YoY.  
Building a strong foundation for the next quarter and beyond.



USD figures are based on JPY to USD ¥159.08=\$1.00

\*: Adjusted Income from Operations : Introduced as a performance management indicator representing the profitability of the core business. Adjusted income from operations = Income from operations + Acquisition-related costs

There is no guarantee that any specific outcome will be achieved. Investments may be speculative, illiquid and there is a risk of loss. Past performance is not indicative of future results.

Both the "Sports School Business" and the "Social Business" are growing steadily, reaching record highs.

## Sports school business

## Social business

Stable growth through increased LTV due to higher unit prices.

High growth continues due to a significant increase in the number of club activity contracts.

### Net revenue

### Net revenue

(in thousands of USD)

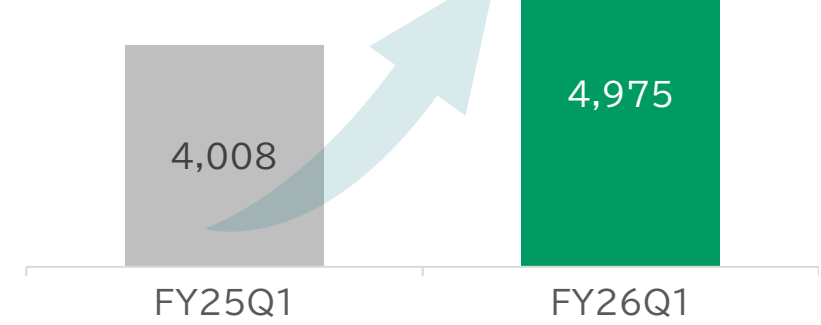
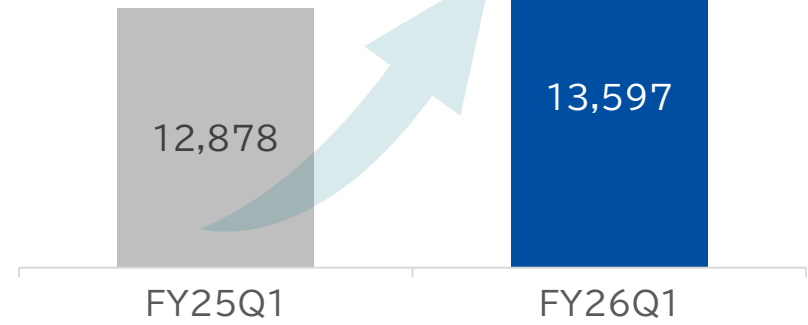
(in thousands of USD)

+ 5.6 %  
YoY

+ 24.1 %  
YoY

Record-high※1

Record-high※1



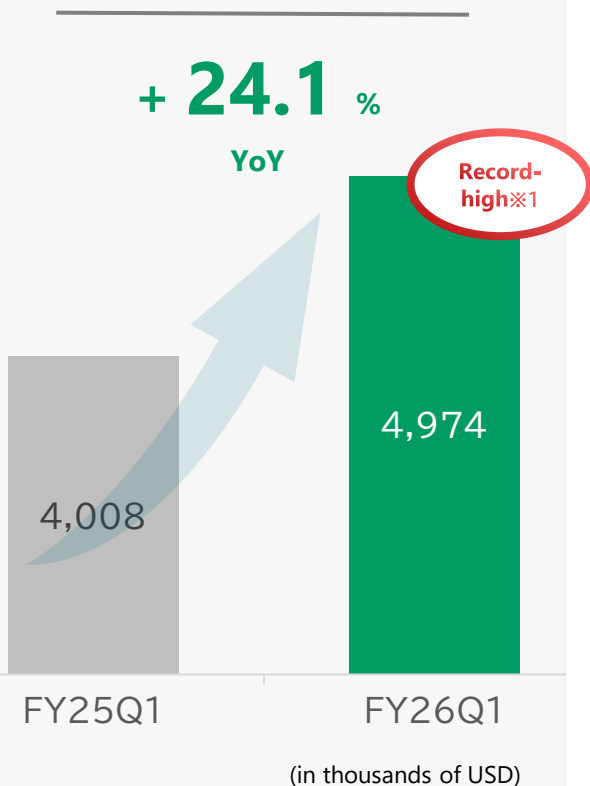
\*1: Comparison of performance over the same period from Q1 FY25 onwards ( US GAAP )

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Both the “school club support service” and “after-school daycare service” are scaling as planned. **Sales have increased significantly.**

## Topics

### Net revenue



#### School club support service

- Secured Q2+ revenue streams via contracts with 24 local governments and 7 private schools.**

**New Business Development (5 cases): Secured "large-scale projects" in special wards and designated cities.**  
 3 of 5 new contracts awarded in special wards/designated cities.  
 Phase 2 Growth Strategy (scaling to major municipalities) is progressing smoothly.

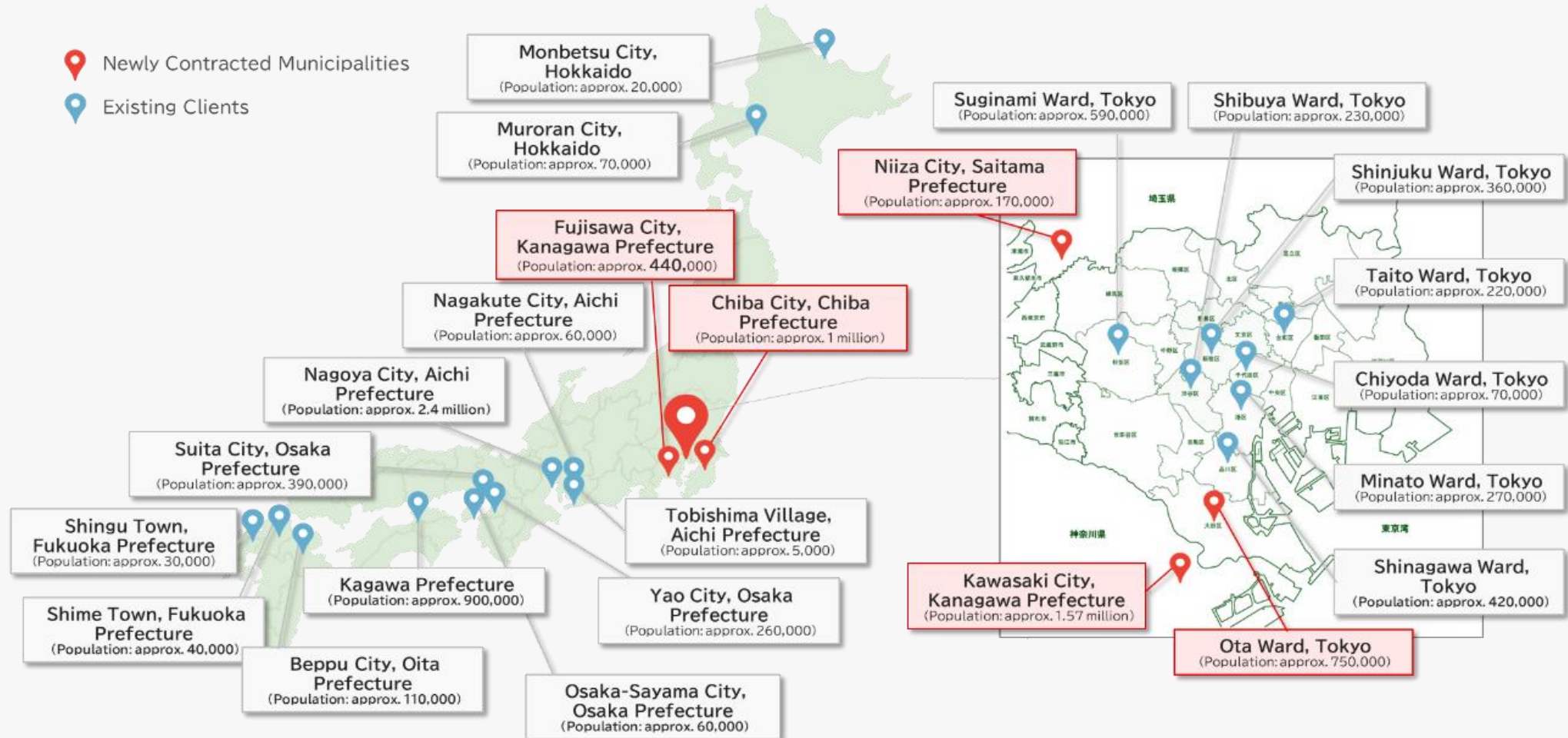
**Existing Customers (19 cases): Achieved an extremely high repeat rate and "increased unit price".**  
 Maintained a strong customer base with a **100% retention rate.**

#### After-school day care service

- Through M&A (Well Resource Co., Ltd.), we acquired " 4 business locations".**  
 Two new services, "FLEI" for motor learning support and "ILFE" for independent learning support, have been added.
- M&A, we opened nine new business locations, resulting in a 45% increase YoY.**  
 Number of businesses rapidly expanded from 20 to **29**, a **45%** increase compared to the previous year.

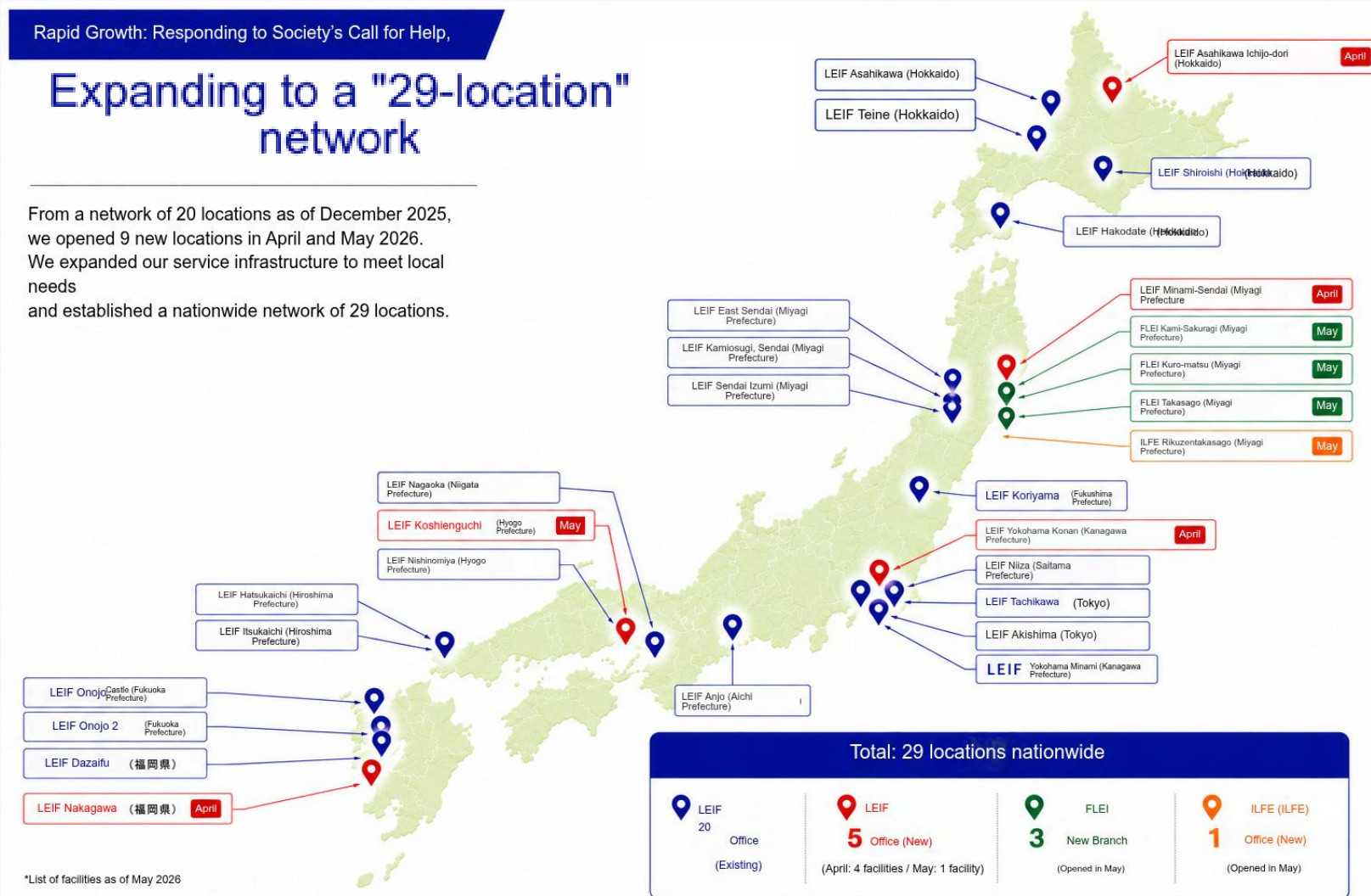
We have signed contracts with **24 municipalities and 7 private junior high schools** nationwide, securing revenue streams for Q2 and beyond.

## Map of Municipalities Under Contract



# Social Business Progress III | After-School Daycare Services: Facility Map

Including M&A, we opened **nine new offices**, expanding our business to a total of **29 offices nationwide**.

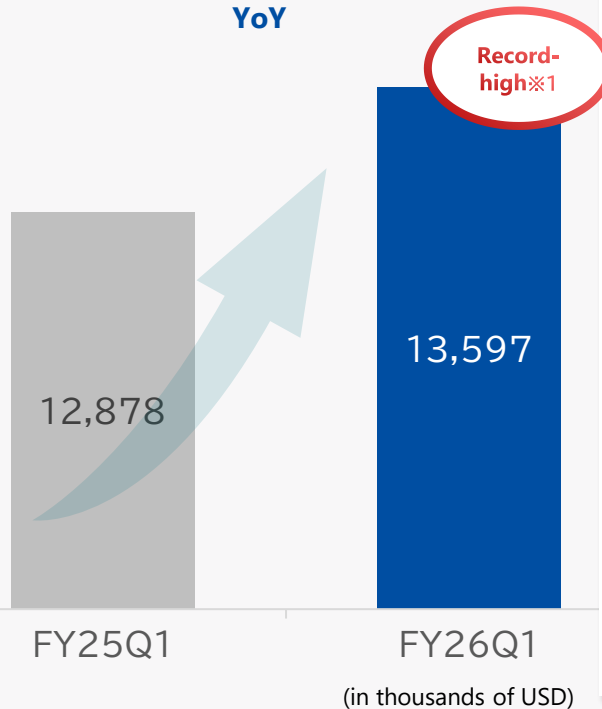


**Net revenue increased** resulting from higher unit prices.  
The growth strategy aimed at expanding market share is **progressing smoothly**.

## Topics

### Net revenue

+ **5.6** %  
YoY



- 1 Acquired approx. 1,200 sports school members through the M&A of Tokai Sports Co., Ltd.**  
We acquired the gymnastics classes business at approximately 20 affiliated kindergartens and daycare centers, which currently have approximately 1,200 school members.
- 2 Higher unit prices improved LTV, driving steady FY26Q1 sales growth YoY.**  
Sales: **\$13.6 million** (YoY: +5.6%)
- 3 We have signed an alliance agreement with Blaublitz Akita and opened a collaborative school.**  
We opened a collaborative school in Odate City, Akita Prefecture. This completes our expansion to 46 prefectures nationwide.
- 4 We have launched a new brand, "L-Spo".**  
We are opening a new brand (multi-sports school) aimed at attracting younger children and those with light needs.

The M&A of two companies has been completed. We will prioritize growth investments and aim to increase corporate value through **inorganic growth**.

## 01 Well Resource Co., Ltd.

### Overview

**Four after-school daycare service facilities** (exercise and learning support classrooms) in Miyagi Prefecture.

### Expanding in the Tohoku region and strengthening the revenue base.

Leveraging existing social business locations for rapid market share expansion in Tohoku. Anticipate higher instructional quality via know-how sharing and improved profit margins through back-office integration.

## 02 Tokai Sports Co., Ltd.

### Overview

Approximately **1,200 sports school members** and the gymnastics classes at approximately **20** affiliated kindergartens and daycare centers.

### Significant expansion of school membership × maximization of LTV

Expanding Chubu market share rapidly with ~1,200 members. Aiming to significantly boost average LTV and membership by leveraging older-student coaching expertise group-wide.

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Maintaining a sound financial foundation.

Net assets are steadily increasing due to the recording of net income for the current period.

(in thousands of USD)	2025/12/31	2026/3/31	YoY Change	YoY Change %
Current assets	21,832	<b>22,483</b>	651	3.0%
Fixed assets	7,557	<b>7,525</b>	-32	-0.4%
Total Assets	29,389	<b>30,008</b>	619	2.1%
Current liabilities	14,143	<b>13,292</b>	-851	-6.0%
Fixed debt	3,637	<b>4,325</b>	688	18.9%
Total liabilities	17,780	<b>17,617</b>	-163	-0.9%
Total Net Assets	11,609	<b>12,391</b>	782	6.7%
Total liabilities and equity	29,389	<b>30,008</b>	619	2.1%

USD figures are based on JPY to USD ¥159.08=\$1.00

## Cash flow remains abundant.

(in thousands of USD)	FY25 Q1	FY26 Q1
Cash flow from operating activities	-1,505	<b>-885</b>
Cash flow from investing activities	-31	<b>-142</b>
Cash flow from financing activities	-1,142	<b>735</b>
Effect of exchange rate	-8	-
Changes in cash and cash equivalents	-2,686	<b>-292</b>
Ending balance of cash and cash equivalents	13,271	<b>15,574</b>

USD figures are based on JPY to USD ¥159.08=\$1.00

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# Consolidated Earnings Forecast for the Fiscal Year Ending December 2026

- We predict continued growth with no changes to our Earnings Forecast.
- This earnings forecast assumes that no business acquisitions, restructurings or legal settlements will be concluded.

(in thousand USD)	FY24	FY25	FY26	YoY Change	YoY Change %
Net revenue	65,878	74,798	(High) <b>95,663</b>	<b>20,865</b>	<b>27.9%</b>
			(Low) <b>82,908</b>	-	-
Income from operations	3,315	4,001	(High) <b>5,357</b>	<b>1,356</b>	<b>33.9%</b>
			(Low) <b>4,528</b>	-	-
Operating profit margin	5.0%	5.3%	(High) <b>5.6%</b>	<b>0.3%</b>	-
			(Low) <b>5.5%</b>	-	-

The USD amount is based on 25Q4 FX rate ¥156.80=\$1.00.

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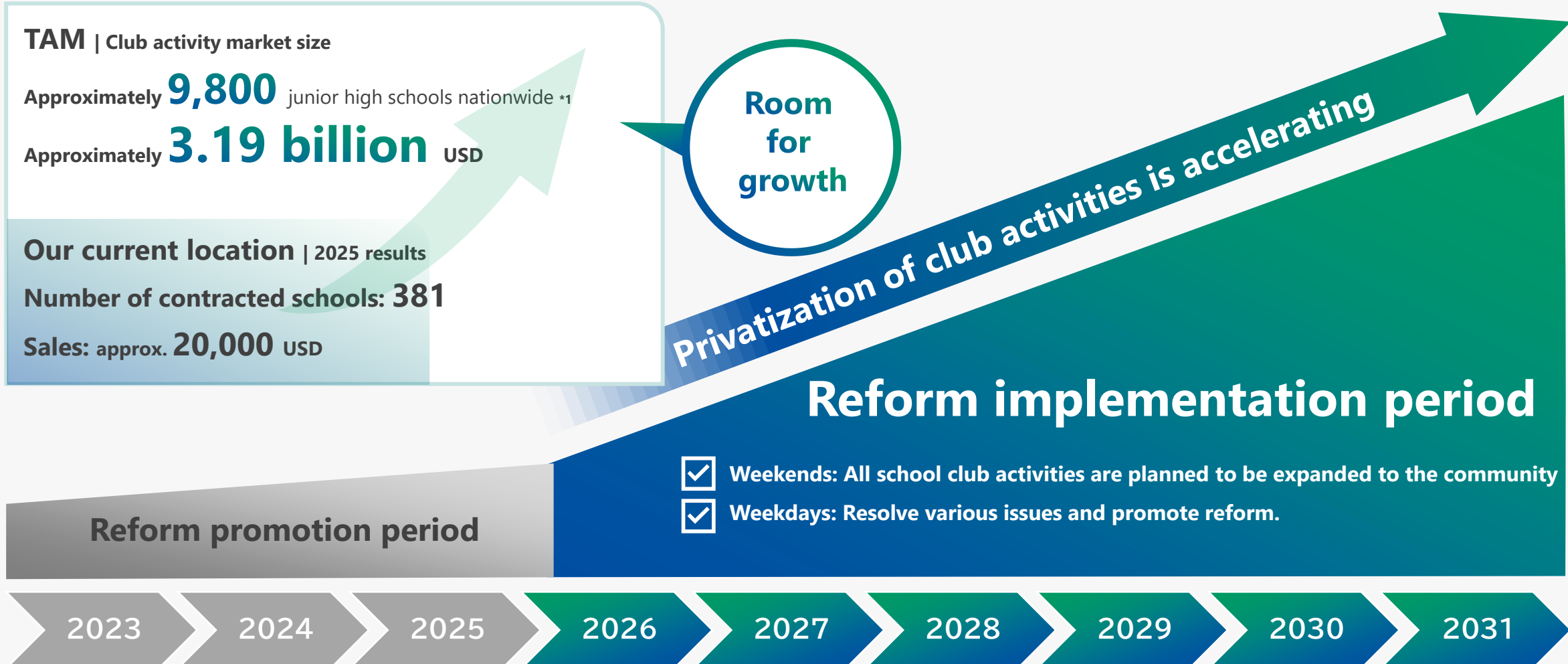
## Expansion of sports school business

We are focusing on enhancing the quality of our class offerings and customer services, to continue being chosen by our customers and expanding market share and strengthening customer attraction, for sustainable growth.

Issues and factors	Internal environment	<ul style="list-style-type: none"> <li>● Allocation of human resources in connection with the re-contracting of Nagoya City club activity projects and the new consignment of other large club activity projects</li> <li>● A temporary decrease in school members due to the termination of one franchise contract</li> <li>● Increase in graduates (withdrawals) due to current members reaching higher grades</li> </ul>
	External environment	<ul style="list-style-type: none"> <li>● Growing awareness of the need to protect one's livelihood due to the effects of prolonged price hikes</li> <li>● The special demand (rebound demand) after the COVID-19 pandemic has run its course</li> </ul>
Strategies and measures	Quality enhancement	<ul style="list-style-type: none"> <li>● Strengthening school visits (on-site training and employee development) aimed at quality improvement</li> <li>● Differentiation through enhanced branding of the non-cognitive ability measurement system "Milabo"</li> <li>● Strengthening the instruction and management system through the proactive deployment of assistant instructors</li> </ul>
	Market Share expansion and branding strengthening customer attraction	<ul style="list-style-type: none"> <li>● Strengthening social media advertising through web marketing</li> <li>● Acquiring light needs customers through the introduction of inside sales</li> <li>● 47 prefectures and expanding into unexplored areas</li> <li>● Establishment and expansion of classes exclusively for kids (preschool children)</li> <li>● Opening new student-led schools utilizing school facilities through comprehensive partnership agreements with universities and vocational schools</li> <li>● M&amp;A and alliances with other companies in the same industry that share our philosophy</li> </ul>

# Expanding the share of club activities | Market size and national policy roadmap I

2026 school year will see the start of a "reform implementation period" for club activities. In principle, all club activities held on holidays will be transferred to the local community.



\*1: <Source> e-Stat Government Statistics Portal Site/Number of Schools in 2025

\*2: Market Size: Our own calculation method based on past contract performance

\*3: <Source> Club Activity Reform Portal Site/New Guidelines Regarding Club Activity Reform (This is merely a national plan and is not necessarily guaranteed to be implemented.)

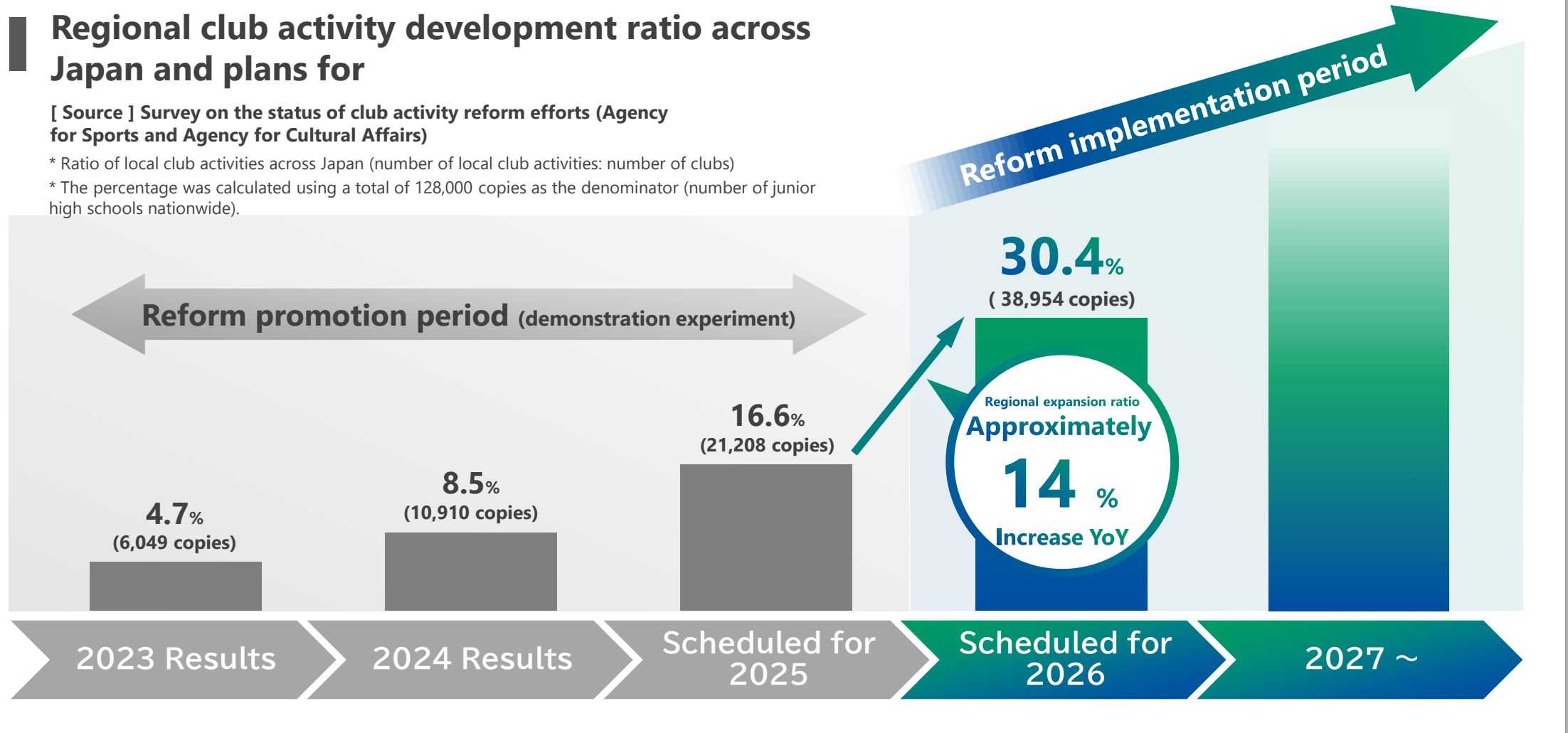
# Expanding the share of club activities | Market size and national policy roadmap II

The Japanese government has announced that it plans to transfer "more than 30%" of holiday club activities to local communities and the private sector in fiscal 2026.\*1

## Regional club activity development ratio across Japan and plans for

[ Source ] Survey on the status of club activity reform efforts (Agency for Sports and Agency for Cultural Affairs)

\* Ratio of local club activities across Japan (number of local club activities: number of clubs)  
 \* The percentage was calculated using a total of 128,000 copies as the denominator (number of junior high schools nationwide).



\*1: <Source> Club Activity Reform Portal Site/New Guidelines Regarding Club Activity Reform (This is merely a national plan and is not necessarily guaranteed to be implemented.)

# Expanding share of club activities business | Competitive advantage I (barriers to entry)

We have built up a barrier to entry through our established "trust, track record, and know-how" and our overwhelming "instructor platform" that is unique to our company.

## Competitive Advantage (Barriers to entry)

1	" No.1 in Japan " contract record	<ul style="list-style-type: none"> <li>● Number of school clubs managed: <b>381 schools, 2120 clubs.</b></li> <li>● Repeat rate (continuation rate) from local governments: 89%</li> </ul>
2	Network with the "country"	<ul style="list-style-type: none"> <li>● Commissioned by the Japan Sports Agency</li> <li>● Nippon Sport Policy Commission</li> <li>● Japan Sport Association</li> <li>● Japan Private Education Council</li> </ul>
3	Network with local governments nationwide	<ul style="list-style-type: none"> <li>● Collaboration with local governments (cumulative total from 2013 to 2025)             <ul style="list-style-type: none"> <li>• Prefectures : <b>33 Prefectures</b> (47 prefectures nationwide)</li> <li>• Special ward : <b>13 Wards</b> (all 23 wards in Tokyo)</li> </ul> </li> </ul>
4	Large-scale "instructor platform"	<ul style="list-style-type: none"> <li>● Business areas: <b>47 Prefectures (Number of locations: 47)</b></li> <li>● <b>Number</b> of sports instructors (full-time employees): <b>1,055</b></li> <li>● <b>Number</b> of club activity instructors (part-time employees): <b>3,544</b></li> </ul>
5	A "safety management system" to prevents accidents and injuries	<ul style="list-style-type: none"> <li>● Training through unique programs and thorough supervision by the general manager</li> <li>● Achievements in safety management             <ul style="list-style-type: none"> <li>• Since accepting club activities in 2013, there <b>have been 0 serious accidents or injuries.</b></li> </ul> </li> </ul>

We have established a strong market position by collaborating with leading institutions in Japan's sports industry and private education sector.

**Nippon Sport Policy Commission**



A strategic think tank and lobbying organization that proposes national sports policies and promotes industrialization

**Member**

**Japan Sport Association ( JSPO )**



A unified organization of the Japanese sports world that works to create an environment for "watching," "playing," and "supporting" sports.

**Official partner**

**Japan Private Education Council**



**Japan Private Education Council**

An organization that brings together organizations representing various fields of private education to promote social contribution for children and contribute to the development of private education.

**Member**



**Member**



Representative: Kiyotaka Ito

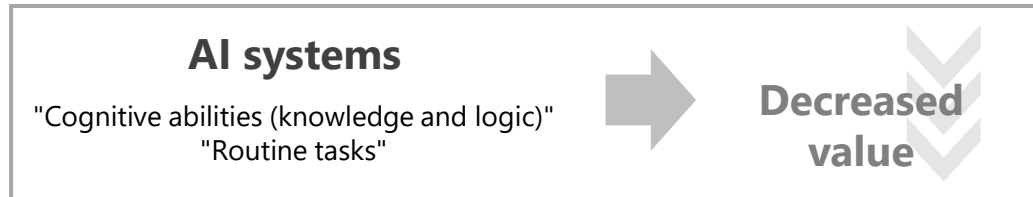
\*1: <Source> Club Activity Reform Portal Site/New Guidelines Regarding Club Activity Reform (This is merely a national plan and is not necessarily guaranteed to be implemented.)

\*2: All marks are trademarks or registered trademarks of their respective owners. The display of trademarks herein does not imply that a license of any kind has been granted.

**Enhance human resources through technology utilizing the increasing value of services due to the spread and evolution of AI.**

## The competitive advantage of the business

### ● Value reversal due to the spread of AI



### ● An absolute reason that only "people" can do.

- **Empathy** : "Warm and compassionate care" that supports both setbacks and joys.
- **Energy** : The passion and aspirations of instructors that drive children's growth.
- **On-the-ground skills** : "Human skills" to resolve unpredictable conflicts between children.

## Human resources strategies utilizing technology

### Maximizing human value

- ✓ Focusing on "time and energy spent with children."
- ✓ Maximizing customer satisfaction and lifetime value ("LTV") through outstanding service quality.

All resources generated through AI and systemization will be invested back into "people".

### Thorough use of technology

[ Recruitment ] High-precision screening of "level of alignment with company philosophy" through data analysis

[ Management ] Accumulation of training know-how data and automation of administrative tasks

By utilizing Japan's only "instructor platform," we are building a scalable human resource base to support the rapid expansion of our business.

## Human Capital Strategy

**1 Recruitment through direct employment and scalable labor base**

- By offering direct employment and clear career paths, we can continuously attract talented young people.
- **A sophisticated management system that supports business expansion** by processing approximately 1,000 hiring and terminating transactions per month without delay.

**2 Club activities support high retention rates.**

- **Immediate backup system** utilizing a nationwide network of experienced instructors
- The high level of reliability that allows for immediate coverage in case of staff shortages **is the source of a strong revenue base.**

**3 Achieves high operating capacity and high efficiency organizational structure**

- With a seamless system that integrates on-site operations and HR, we can quickly respond to the urgent needs of local governments.
- Allows for both **reduced travel costs and maximized utilization** by sharing talent within a given area.

**4 Utilizing diverse human resources and evolution into a "talent supply infrastructure"**

- The system of allowing side jobs and concurrent employment ensures the availability of diverse professional talent, including current teachers.
- We are expanding **our unique "talent bank system" nationwide, becoming an infrastructure company that supports local school club activities.**

**5 Strong relationship with private school corporations recruitment pipeline**

- Through comprehensive partnerships with educational institutions (such as Sanko Gakuen), **we can secure a stable and large number of highly motivated and talented students as full-time employees (supervisors) and crew members (instructors).**

# Expanding market share in club activity programs | Strategies by phase

Phase 2 will focus on "designated cities" where the balance between population density and market size is optimal.

Phase 3 will expand to "nationwide and regional cities."

## PHASE 1

## PHASE 2

## PHASE 3

Demonstration experiments and track record building

Development into "Government-Designated Cities"

Expansion to the whole country and regional cities

### Completion

● Achievements

**381 schools**

**2,120 clubs**

● Strategy

**Business model validation**

**Establishing a revenue base**



### Current location

● Target

**Designated cities**

**Approximately 1,600 schools**

**Tokyo 23 wards:**

**Approximately 430 schools** (number of schools not currently under contract)

● Strategy

**Scaling to a "City Designated by Government Ordinance"**

- The know-how gained will be expanded to urban areas.
- Maximize recruitment and operational efficiency
- A shift from "testing" to "commercialization."



### Medium to long term

● Target

**9,800 schools nationwide**

● Strategy

**Infrastructure development throughout the entire country**

- Utilizing the enhanced operating system from Phase 2
- Introduction of a highly efficient remote and supervisory management model that works even in areas with low population density.

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There is no guarantee that any specific outcome will be achieved. Investments may be speculative, illiquid and there is a risk of loss. Past performance is not indicative of future results.

# Improving operating profit margin | Factors, measures, and future outlook

From the "growth investment phase" to the "margin expansion phase".

## School Business

From expansion to increased profit density

- Improving LTV (monthly membership fees, events, merchandise sales, etc.)
- Cost reduction by opening a school in kindergarten or school facilities
- Increase number of members per employee (increase in classes for younger employees)

## Social Business

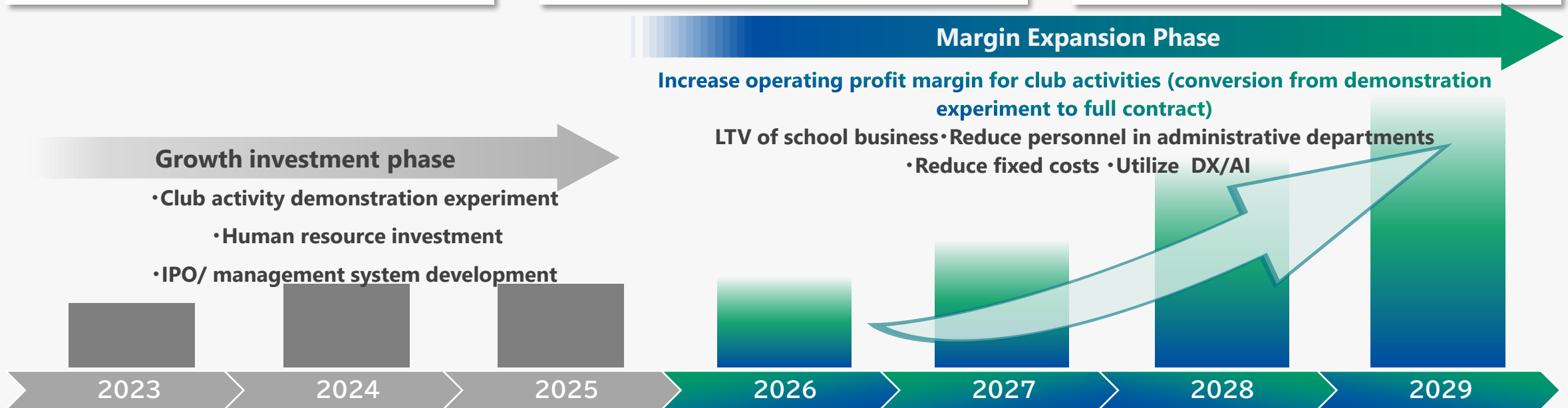
Increase in projects = conversion to profit margin

- Proof of concept → Convert to full contract to increase
- Expand peripheral revenues (insurance, systems, etc.)
- Reduce costs per project through economies of scale

## Management Department

Sales growth = profits source of leverage

- Utilize Digital Transformation (DX)/ Artificial Intelligence (AI)
- Fixed management costs
- Improving business efficiency



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1. Company Profile
2. Executive Summary
3. Q1 FY2026 Consolidated Financial Results
4. Progress of the Growth Strategy
5. Consolidated Financial Position
6. Capital Allocation
7. 2026 Full-Year Consolidated Financial Forecast
8. **Appendix**
  - Growth Strategy
  - **Capital Allocation**
  - Reference Materials

We will prioritize promoting M&A (growth investment) and aim to improve corporate value through inorganic growth.



<b>M &amp; A track record</b>	<b>Previously acquired achievements</b>	<ul style="list-style-type: none"> <li>● M&amp;A with the aim of sustainable business expansion and synergy creation.</li> <li>● All companies acquired in the past have completed PMI as planned.</li> <li>● Acquired companies have achieved significant growth in collaboration with Leifras.</li> </ul>
<b>M &amp; A policy</b>	<b>Purpose</b>	<ul style="list-style-type: none"> <li>● Improving corporate value to achieve our mission and social mission of "Changing and Designing Sports"</li> </ul>
	<b>Basic Policy</b>	<p>Rigorous investigation and deliberation of consistency with overall strategy, synergy effects, investment rationality, risks and integration issues, etc.</p>
	<b>Aims of target</b>	<p><b>Companies with high potential for synergy from a global perspective, including overseas companies.</b></p> <ul style="list-style-type: none"> <li>● Expansion of business areas and improvement of customer lifetime value (LTV)</li> <li>● Strengthening of talent acquisition pipelines and efficient improvement of organizational infrastructure</li> <li>● High value-added and efficient services through the use of technology</li> </ul>

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# Adjusted Income from Operations

Adjusted income from operations is a financial measure that is not calculated in accordance with U.S. Generally Accepted Accounting Principles (“GAAP”) (collectively referred to as the “non-GAAP financial measures”), and the use of the terms adjusted income from operations may differ from similar measures reported by other companies and may not be comparable to other similarly titled measures..

We believe the non-GAAP financial measure provides investors with useful information with respect to our historical operations. We present the non-GAAP financial measure as supplemental performance measures because we believe it facilitates a comparative assessment of our operating performance relative to our performance based on our results under GAAP, while isolating the effects of some items that vary from period to period.

Specifically, adjusted income from operations allows us to assess our performance without the impact of the specifically identified items that we believe do not directly reflect our core operations, including non-recurring costs, such as listing-related and transformational expenses, other non-recurring income, such as litigation-related reimbursement. The non-GAAP financial measure also functions as key performance indicator used to evaluate our operating performance internally, and it is used in connection with the determination of incentive compensation for management, including executive officers.

(in thousands of USD)	FY25 Q1	FY26 Q1
Income from operations	1,044	964
Plus: acquisition-related costs <sup>(a)</sup>	-	91
Adjusted income from operations	1,044	1,055

(a) Represents acquisition-related costs incurred in connection with our acquisition activities, including transaction-related costs, legal, financial and tax due diligence expenses, integration costs and other acquisition-related costs. These costs have been added back for normalization purposes as they are not considered reflective of our core operating performance.

USD figures are based on JPY to USD ¥159.08=\$1.00

# Supplementary materials on national policy ①

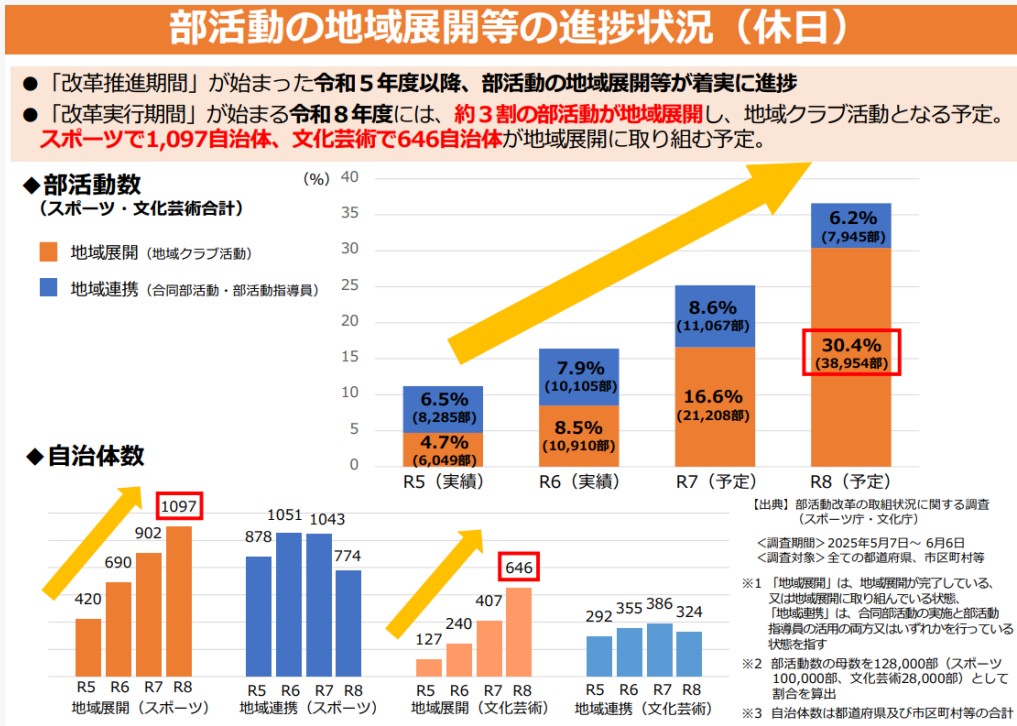
<Source> Japan Sports Agency - Club Activity Reform Portal Site / New Guidelines Regarding Club Activity Reform

「部活動改革及び地域クラブ活動の推進等に関する総合的なガイドライン」の概要（主な内容）	
改革の理念等	<ul style="list-style-type: none"> <li>● 急激な少子化が進む中でも、将来にわたって生徒が継続的にスポーツ・文化芸術活動に親しむ機会を確保・充実</li> <li>● 障害のある生徒や運動・文化芸術活動が苦手な生徒等を含め、全ての生徒が希望に応じて多種多様な活動に参加できる環境を整備</li> <li>● 地域クラブ活動においては、学校部活動が担ってきた教育的意義を継承・発展させつつ、地域全体で支えることによる新たな価値を創出</li> </ul>
[中間評価]	
改革期間	令和5年度～7年度 「改革推進期間」 → 令和8年度～10年度 「改革実行期間」(前期) → 令和11年度～13年度 「改革実行期間」(後期)
取組方針	改革実行期間内に、原則、全ての学校部活動において地域展開の実現を目指す ※現時点で着手していない地方公共団体においても、前期の間に確実に休日の地域展開等に着手(中山間地域や離島等で地域展開が困難な場合には、当面、部活動指導員の配置等を推進) 休日 各種課題を解決しつつ、更なる改革を推進(まずは、国において実現可能な活動の在り方等を検証) 平日 ※学校部活動をベースとした地域との連携など、地域の実情等に応じた多様な改革を進めていくことが重要
認定制度	競技力向上を主目的としたチーム・スクール等との区別や質の担保等のため、国が示す要件等に基づき、市区町村等が地域クラブ活動の認定を行う仕組みを構築 【呼称】「認定地域クラブ活動」 【想定される認定の効果】 公的支援(財政支援、学校施設の優先利用等)、大会・コンクールへの円滑な参加等 【主要要件】 活動時間(平日は1日2h程度以内、休日は1日3h程度以内) / 休養日(週2日以上、休日のみ活動の場合は土日どちらか) / 低廉な参加費 / 指導体制(日本版DBS活用を含めた不適切行為の防止徹底、指導者研修・登録等) / 安全確保 / 学校等との連携
地域展開の円滑な推進に当たっての対応	推進体制 国としての取組方針の提示・地方公共団体への支援・周知広報等 / 都道府県のリーダーシップ / 市区町村等が改革の責任主体 / 専門部署の設置・コーディネーターの配置 / 生徒が所属する中学校等との連携 / 関係団体等・大学・民間企業との連携等 各種課題への対応 ①運営団体・実施主体の体制整備等 ②指導者の確保・育成 ③活動場所の確保(学校施設の有効活用等) ④移動手段の確保 ⑤生徒の安全確保 ⑥障害のある生徒の活動機会の確保 ※6項目について具体的な取組内容等を整理 ニーズ反映・参画促進等 生徒等のニーズの把握・反映 / 地域クラブ活動への参加促進のための情報提供等(体験会の開催、入学説明会等でのオリエンテーション、ポータルサイトなどによる一元的な情報提供等) / 生徒のクラブ運営等への参画(生徒同士の話し合いなど)
部活動の在り方	<ul style="list-style-type: none"> <li>● 適切な運営のための体制整備(部活動に係る方針策定、部活動指導員等の配置や合同部活動の実施、勤務時間管理・業務改善等)</li> <li>● 適切な指導及び安全・安心の確保(暴力・暴言・ハラスメントいじめ等の不適切行為の根絶、事象発生時の迅速な対応・再発防止、過度な練習等の防止等)</li> <li>● 適切な活動時間・休養日等の設定 ● 生徒のニーズを踏まえたスポーツ・文化芸術環境の整備</li> </ul>
大会等の在り方	<ul style="list-style-type: none"> <li>● 生徒の参加機会確保(地域クラブ活動等の参加促進等) ● 大会等への引率や運営に係る体制整備(教師以外の関係者の参画促進等)</li> <li>● 生徒の安全確保(熱中症対策等) ● 大会等の在り方の見直し(多様なニーズを踏まえた大会等の開催等)</li> </ul>
関連制度	従事を希望する教師等の兼職兼業の円滑化(中学校教師だけでなく小学校教師(体育専科等)や高校・特別支援学校の教師等を含む) 教師の人事・採用での部活動指導力の評価における留意、高校入試における取扱いなど

## Summary: Overview of the Guidelines for Reform of School Extracurricular Activities

1. Philosophy of the Reform The primary goal is to ensure that students can continue to enjoy sports and cultural activities in the future, despite the rapidly declining birthrate. By shifting from school-based activities to a community-wide support system, the reform aims to create new value and more diverse opportunities for all students.
2. Reform Timeline  
 FY2023–2025: Reform Promotion Period  
 FY2026–2028: Reform Implementation Period (Phase 1)  
 FY2029–2031: Reform Implementation Period (Phase 2)  
 Key Target: Realizing the transition of weekend/holiday activities to community-based clubs, in principle, across all schools during the implementation period starting in FY2026.
1. Key Policies and Certification System Weekends/Holidays: Prioritize the transition to community-based activities. Certification: Municipalities will establish a system to certify "Certified Community Club Activities." To be certified, clubs must meet specific requirements regarding activity hours (e.g., max 3 hours on holidays), rest days, and instructor qualifications. Benefits of Certification: Certified clubs will receive public support (financial aid, priority use of school facilities) and smoother participation in competitions.
2. Implementation and Addressing Challenges Support System: Municipalities take the lead in providing resources, appointing coordinators, and collaborating with private companies and universities. Safety and Standards: Strict measures will be taken to prevent misconduct, including the use of "Japanese version of DBS" (criminal record checks for instructors) and ensuring student safety (heatstroke prevention, etc.). Operational Challenges: Focus areas include securing instructors, finding activity venues, arranging transportation, and ensuring inclusivity for students with disabilities.

<Source> Japan Sports Agency - Club Activity Reform Portal Site / New Guidelines Regarding Club Activity Reform



## Summary: Progress Status of Regional Transition for Extracurricular Activities (Weekends/Holidays)

1. **Overall Progress** Since the "Reform Promotion Period" began in FY2023, the transition of school club activities to the community has been progressing steadily. By FY2026 (the start of the implementation period), it is projected that **approximately 30% (30.4%) of all club activities will have transitioned into community-based clubs.**

### 2. Trends in the Number of Club Activities (Sports & Arts/Culture Combined)

**FY2023 (Actual):** 11.2% total (4.7% regional transition + 6.5% regional cooperation).  
**FY2026 (Projected):** 36.6% total (30.4% regional transition + 6.2% regional cooperation).  
*Observation:* There is a significant shift towards full "regional transition" (becoming community clubs) rather than just "regional cooperation" (such as joint school teams).

3. **Number of Participating Municipalities** The number of local governments planning to implement regional transitions by FY2026 is increasing sharply:

**Sports:** 1,097 municipalities

**Arts & Culture:** 646 municipalities The data shows a clear upward trend, indicating that the movement to shift school activities to the local community is gaining momentum nationwide.



**For inquiries, please contact** LEIFRAS Co., Ltd. / IR  
Department : Email : [ir@leifras.co.jp](mailto:ir@leifras.co.jp)