

## FS CashFlows

	Years Ended December 31,		
	2023	2022	2021
Cash flows from operating activities:			
Net income (loss)	¥ 115,049	¥ 148,965	¥ -990,731
Adjustments to reconcile net income (loss) to net cash used in operating activities:			
Depreciation and amortization	252,595	184,056	126,243
Losses on sales of directly-owned salons to franchisees	—	—	2,692
Gain from sales of directly-owned salons	-1,244,240	-858,548	-541,472
Bad debt	1,958	-36,355	28,808
Stock-based compensation	—	—	196,853
Foreign currency exchange (gain) loss	-17,402	—	—
(Gains) losses on disposal of property and equipment, net, other intangible assets, net and goodwill	-2,648	12,908	3,614
Impairment loss on long-lived assets	—	—	63,211
Deferred income taxes, net	-101,636	—	551,483
Other non-cash losses – net	45,718	—	819
Changes in operating assets and liabilities:			
Accounts receivable-trade, net	580,681	-222,384	-37,024
Accounts receivable-other, net	43,382	-210,476	-87,148
Inventories	-25,873	-95,406	-2,441
Prepaid expenses and other current assets	-530	-181,477	-74,799
Lease and guarantee deposits	46,652	-27,185	-70,662
Accounts payable	-69,884	-23,318	58,437
Accrued expenses	97,045	517,714	195,541
Accrued income taxes	-45,006	19,173	-2,897
Contract liability	-64,999	-82,636	-162,793
Advances received	-104,663	-111,109	96,198
Other current liabilities	-77,447	254,742	130,110
Deposit received	-42,656	-24,411	-46,501
Other assets and other liabilities – net	-17,833	50,050	5,228
Net cash used in operating activities	<u>-631,737</u>	<u>-685,697</u>	<u>-557,231</u>
Cash flows from investing activities:			
Purchases of time deposits	—	—	-26,402
Proceeds from maturities of time deposits	—	—	6,000
Acquisition of investments	-3,094	—	-52,520
Acquisition of property and equipment	-135,840	-120,740	-95,651
Proceeds from sale of property and equipment	—	40,620	—
Acquisition of intangible assets	-786,178	-45,761	-18,127
Proceeds from sale of salons	584,768	851,719	430,000
Acquisition of businesses – net of cash acquired	—	-148,000	-375,757
Payment received on short-term loans receivable	113	—	450
Payment received on long-term accounts receivable-other, net	11,655	2,599	9,488
Proceeds from insurance cancellations	—	—	38,583
Net cash (used in) provided by investing activities	<u>¥ -328,576</u>	<u>¥ 580,437</u>	<u>¥ -83,936</u>