

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended January 31, 2022 (Based on Japanese GAAP)

March 15, 2022

Company name: Link-U Inc.  
 Stock exchange listing: Tokyo  
 Stock code: 4446 URL <https://www.link-u.co.jp/>  
 Representative: Representative Director and President Yuuki Matsubara  
 Inquiries: Director and CFO Yuuta Shimura TEL 03(6260)9279  
 Scheduled date to file Quarterly Securities Report: March 15, 2022  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended January 31, 2022 (from August 1, 2021 to January 31, 2022)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended January 31, 2022	1,009	47.8	105	(15.2)	96	(18.3)	60	(24.3)
Six months ended January 31, 2021	682	–	124	–	117	–	79	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended January 31, 2022	4.26		4.23	
Six months ended January 31, 2021	5.69		5.58	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of January 31, 2022	2,544	2,100	81.3
As of July 31, 2021	2,622	2,184	80.6

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended July 31, 2021	–	0.00	–	0.00	0.00
Year ending July 31, 2022	–	0.00			
Year ending July 31, 2022 (Forecast)			–	0.00	0.00

3. Forecast of consolidated financial results for the year ending July 31, 2022 (from August 1, 2021 to July 31, 2022)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	2,165	32.5	243	7.8	221	0.9	143	8.6	10.16

4. Notes

- (1) Changes in significant subsidiaries during the six months ended January 31, 2022  
 (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of January 31, 2022	14,132,700 shares	As of July 31, 2021	14,130,300 shares
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Number of treasury shares at the end of the period

As of January 31, 2022	68 shares	As of July 31, 2021	68 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended January 31, 2022	14,131,315 shares	Six months ended January 31, 2021	13,964,472 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of July 31, 2021	As of January 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	1,041,742	961,946
Accounts receivable - trade	312,219	–
Trade receivables and contract asset	–	387,186
Work in process	18,911	–
Supplies	691	691
Other	178,445	167,152
Allowance for doubtful accounts	(2,347)	(2,557)
Total current assets	1,549,663	1,514,420
Non-current assets		
Property, plant and equipment	194,439	174,977
Intangible assets		
Goodwill	268,165	253,670
Other	3,289	11,666
Total intangible assets	271,455	265,336
Investments and other assets		
Investment securities	455,915	474,643
Other	150,904	114,829
Total investments and other assets	606,820	589,472
Total non-current assets	1,072,715	1,029,786
Total assets	2,622,378	2,544,207
<b>Liabilities</b>		
Current liabilities		
Income taxes payable	14,347	53,461
Provision for bonuses	–	20,351
Other	423,874	369,901
Total current liabilities	438,222	443,714
Total liabilities	438,222	443,714
<b>Net assets</b>		
Shareholders' equity		
Share capital	476,396	476,482
Capital surplus	475,396	362,575
Retained earnings	1,162,721	1,222,901
Treasury shares	(135)	(135)
Total shareholders' equity	2,114,379	2,061,823
Accumulated other comprehensive income		
Foreign currency translation adjustment	–	5,499
Total accumulated other comprehensive income	–	5,499
Share acquisition rights	420	420
Non-controlling interests	69,356	32,749
Total net assets	2,184,156	2,100,492
Total liabilities and net assets	2,622,378	2,544,207

**Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)**

**Consolidated statements of income (cumulative)**

(Thousands of yen)

	Six months ended January 31, 2021	Six months ended January 31, 2022
Net sales	682,920	1,009,533
Cost of sales	257,788	333,805
Gross profit	425,131	675,727
Selling, general and administrative expenses	300,521	570,075
Operating profit	124,609	105,652
Non-operating income		
Interest income	7	5
Outsourcing service income	839	518
Other	205	460
Total non-operating income	1,052	984
Non-operating expenses		
Foreign exchange losses	317	304
Share of loss of entities accounted for using equity method	7,509	10,072
Other	0	–
Total non-operating expenses	7,828	10,376
Ordinary profit	117,834	96,259
Extraordinary income		
Gain on change in equity	8,159	–
Total extraordinary income	8,159	–
Extraordinary losses		
Provision for extraordinary loss on office transfer	3,923	–
Total extraordinary losses	3,923	–
Profit before income taxes	122,070	96,259
Income taxes	39,187	45,593
Profit	82,882	50,666
Profit (loss) attributable to non-controlling interests	3,402	(9,513)
Profit attributable to owners of parent	79,480	60,179

**Consolidated statements of comprehensive income (cumulative)**

(Thousands of yen)

	Six months ended January 31, 2021	Six months ended January 31, 2022
Profit	82,882	50,666
Other comprehensive income		
Foreign currency translation adjustment	–	5,499
Total other comprehensive income	–	5,499
Comprehensive income	82,882	56,165
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	79,480	65,679
Comprehensive income attributable to non-controlling interests	3,402	(9,513)

## Consolidated statements of cash flows

(Thousands of yen)

	Six months ended January 31, 2021	Six months ended January 31, 2022
Cash flows from operating activities		
Profit before income taxes	122,070	96,259
Depreciation	24,808	26,082
Amortization of goodwill	7,247	14,495
Increase (decrease) in allowance for doubtful accounts	(443)	209
Increase (decrease) in provision for bonuses	14,295	20,351
Increase (decrease) in Provision for loss on relocation	3,923	–
Loss (gain) on change in equity	(8,159)	–
Interest income	(7)	(5)
Share of loss (profit) of entities accounted for using equity method	7,509	10,072
Decrease (increase) in trade receivables	103,073	(74,859)
Decrease (increase) in inventories	10,457	18,911
Decrease (increase) in prepaid expenses	(47,724)	(14,280)
Increase (decrease) in accounts payable - other	6,418	(26,855)
Increase (decrease) in accrued expenses	4,458	7,333
Increase (decrease) in accrued consumption taxes	(39,694)	28,298
Other, net	(30,894)	(19,303)
Subtotal	177,338	86,711
Interest received	6	4
Income taxes paid	(54,861)	(8,525)
Net cash provided by (used in) operating activities	122,483	78,190
Cash flows from investing activities		
Purchase of investment securities	(99,180)	(5,506)
Purchase of property, plant and equipment	(29,932)	(4,255)
Purchase of intangible assets	–	(8,397)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(220,135)	–
Proceeds from collection of loans receivable	7,600	–
Proceeds from refund of leasehold and guarantee deposits	–	2
Payments of leasehold and guarantee deposits	(13,236)	–
Payments for sale of businesses	(12,609)	–
Net cash provided by (used in) investing activities	(367,493)	(18,157)
Cash flows from financing activities		
Proceeds from issuance of shares	570	170
Purchase of treasury shares	(75)	–
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	–	(140,000)
Payment of listing expenses	(13,267)	–
Net cash provided by (used in) financing activities	(12,771)	(139,829)
Net increase (decrease) in cash and cash equivalents	(257,782)	(79,796)
Cash and cash equivalents at beginning of period	1,433,859	1,041,742
Cash and cash equivalents at end of period	1,176,077	961,946