

Translation

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

December 14, 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: December 14, 2022  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended October 31, 2022 (from August 1, 2022 to October 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                         | %      |
| Three months ended October 31, 2022 | 811             | 51.4 | 98               | (14.5) | 84              | (22.0) | 24                                      | (66.8) |
| Three months ended October 31, 2021 | 536             | 45.6 | 114              | 6.0    | 108             | (0.5)  | 72                                      | (0.5)  |

|                                     | Earnings per share |  | Diluted earnings per share |  |
|-------------------------------------|--------------------|--|----------------------------|--|
|                                     | Yen                |  | Yen                        |  |
| Three months ended October 31, 2022 | 1.70               |  | 1.69                       |  |
| Three months ended October 31, 2021 | 5.13               |  | 5.09                       |  |

(2) Consolidated financial position

|                        | Total assets    | Net assets      | Equity ratio |
|------------------------|-----------------|-----------------|--------------|
|                        | Millions of yen | Millions of yen | %            |
| As of October 31, 2022 | 3,499           | 2,138           | 59.8         |
| As of July 31, 2022    | 2,860           | 2,130           | 71.9         |

2. Cash dividends

|                                      | Annual dividends per share |                 |                 |                 |       |
|--------------------------------------|----------------------------|-----------------|-----------------|-----------------|-------|
|                                      | 1st quarter-end            | 2nd quarter-end | 3rd quarter-end | Fiscal year-end | Total |
|                                      | Yen                        | Yen             | Yen             | Yen             | Yen   |
| Year ended July 31, 2022             | –                          | 0.00            | –               | 0.00            | 0.00  |
| Year ending July 31, 2023            | –                          |                 |                 |                 |       |
| Year ending July 31, 2023 (Forecast) |                            | 0.00            | –               | 0.00            | 0.00  |

3. Forecast of consolidated financial results for the year ending July 31, 2023 (from August 1, 2022 to July 31, 2023)

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 | 2,890           | 27.0 | 251              | 113.9 | 186             | 116.1 | 84                                      | 150.0 | 5.99               |

4. Notes

- (1) Changes in significant subsidiaries during the three months ended October 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: No
- 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 October 31, 2022 | 14,132,700 shares | As of July 31, 2022 | 14,132,700 shares |
|------------------------|-------------------|---------------------|-------------------|

Number of treasury shares at the end of the period

|                        |           |                     |           |
|------------------------|-----------|---------------------|-----------|
| As of October 31, 2022 | 68 shares | As of July 31, 2022 | 68 shares |
|------------------------|-----------|---------------------|-----------|

Average number of shares during the period (cumulative from the beginning of the fiscal year)

|                                     |                   |                                     |                   |
|-------------------------------------|-------------------|-------------------------------------|-------------------|
| Three months ended October 31, 2022 | 14,132,632 shares | Three months ended October 31, 2021 | 14,131,197 shares |
|-------------------------------------|-------------------|-------------------------------------|-------------------|

**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

|  | As of July 31, 2022 | As of October 31, 2022 |
|--|---------------------|------------------------|
| <b>Assets</b>                                |                     |                        |
| Current assets                               |                     |                        |
| Cash and deposits                            | 923,961             | 1,338,803              |
| Trade receivables and contract asset         | 538,186             | 725,068                |
| Supplies                                     | 691                 | 622                    |
| Other  | 324,669             | 292,724                |
| Allowance for doubtful accounts              | (4,529)             | (5,679)                |
| Total current assets                         | 1,782,981           | 2,351,538              |
| Non-current assets                           |                     |                        |
| Property, plant and equipment                | 174,796             | 162,849                |
| Intangible assets                            |                     |                        |
| Goodwill                                     | 239,174             | 265,019                |
| Other  | 51,885              | 49,586                 |
| Total intangible assets                      | 291,059             | 314,606                |
| Investments and other assets                 |                     |                        |
| Investment securities                        | 452,004             | 515,255                |
| Other  | 159,085             | 154,506                |
| Total investments and other assets           | 611,089             | 669,761                |
| Total non-current assets                     | 1,076,945           | 1,147,218              |
| Deferred assets                              | 496                 | 869                    |
| <b>Total assets</b>                          | <b>2,860,423</b>    | <b>3,499,626</b>       |
| <b>Liabilities</b>                           |                     |                        |
| Current liabilities                          |                     |                        |
| Accrued expenses                             | 371,257             | 361,741                |
| Current portion of long-term borrowings      | –                   | 27,960                 |
| Income taxes payable                         | 30,568              | 43,624                 |
| Provision for bonuses                        | 7,610               | 31,518                 |
| Other  | 320,229             | 295,723                |
| Total current liabilities                    | 729,665             | 760,566                |
| Non-current liabilities                      |                     |                        |
| Long-term borrowings                         | –                   | 600,390                |
| Total non-current liabilities                | –                   | 600,390                |
| <b>Total liabilities</b>                     | <b>729,665</b>      | <b>1,360,956</b>       |
| <b>Net assets</b>                            |                     |                        |
| Shareholders' equity                         |                     |                        |
| Share capital                                | 476,567             | 476,567                |
| Capital surplus                              | 362,660             | 368,469                |
| Retained earnings                            | 1,196,515           | 1,220,426              |
| Treasury shares                              | (135)               | (135)                  |
| Total shareholders' equity                   | 2,035,607           | 2,065,328              |
| Accumulated other comprehensive income       |                     |                        |
| Foreign currency translation adjustment      | 21,860              | 28,238                 |
| Total accumulated other comprehensive income | 21,860              | 28,238                 |
| Share acquisition rights                     | 420                 | 420                    |
| Non-controlling interests                    | 72,870              | 44,682                 |
| <b>Total net assets</b>                      | <b>2,130,758</b>    | <b>2,138,669</b>       |
| <b>Total liabilities and net assets</b>      | <b>2,860,423</b>    | <b>3,499,626</b>       |

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

**Consolidated statements of income (cumulative)**

(Thousands of yen)

|   | Three months ended<br>October 31, 2021 | Three months ended<br>October 31, 2022 |
|---|--|--|
| Net sales   | 536,152                                | 811,952                                |
| Cost of sales   | 147,980                                | 414,312                                |
| Gross profit  | 388,172                                | 397,640                                |
| Selling, general and administrative expenses                | 273,383                                | 299,447                                |
| Operating profit  | 114,788                                | 98,193                                 |
| Non-operating income  |  |  |
| Interest income   | 4                                      | 4                                      |
| Outsourcing service income                                  | 40                                     | –                                      |
| Subsidy income  | –                                      | 9,799                                  |
| Other   | 210                                    | 998                                    |
| Total non-operating income                                  | 255                                    | 10,802                                 |
| Non-operating expenses                                      |  |  |
| Interest expenses   | –                                      | 1,077                                  |
| Foreign exchange losses                                     | 224                                    | 1,511                                  |
| Share of loss of entities accounted for using equity method | 6,474                                  | 13,126                                 |
| Loss on valuation of cryptocurrencies                       | –                                      | 8,755                                  |
| Total non-operating expenses                                | 6,698                                  | 24,470                                 |
| Ordinary profit   | 108,344                                | 84,524                                 |
| Extraordinary income  |  |  |
| Subsidy income  | –                                      | 5,960                                  |
| Total extraordinary income                                  | –                                      | 5,960                                  |
| Extraordinary losses  |  |  |
| Loss on tax purpose reduction entry of non-current assets   | –                                      | 4,276                                  |
| Loss on step acquisitions                                   | –                                      | 29,501                                 |
| Total extraordinary losses                                  | –                                      | 33,777                                 |
| Profit before income taxes                                  | 108,344                                | 56,706                                 |
| Income taxes  | 40,183                                 | 31,379                                 |
| Profit  | 68,161                                 | 25,327                                 |
| Profit (loss) attributable to non-controlling interests     | (4,332)                                | 1,234                                  |
| Profit attributable to owners of parent                     | 72,494                                 | 24,093                                 |

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

(Thousands of yen)

|  | Three months ended<br>October 31, 2021 | Three months ended<br>October 31, 2022 |
|--|--|--|
| Profit   | 68,161                                 | 25,327                                 |
| Other comprehensive income                                     |  |  |
| Foreign currency translation adjustment                        | 3,904                                  | 6,377                                  |
| Total other comprehensive income                               | 3,904                                  | 6,377                                  |
| Comprehensive income   | 72,065                                 | 31,705                                 |
| Comprehensive income attributable to                           |  |  |
| Comprehensive income attributable to owners of parent          | 76,398                                 | 30,470                                 |
| Comprehensive income attributable to non-controlling interests | (4,332)                                | 1,234                                  |