

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended January 31, 2023 (Based on Japanese GAAP)

March 17, 2023

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 17, 2023  
 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 six months ended January 31, 2023 (from August 1, 2022 to January 31, 2023)

(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, 2023	1,571	55.6	227	115.6	200	108.5	95	59.0
Six months ended January 31, 2022	1,009	47.8	105	(15.2)	96	(18.3)	60	(24.3)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended January 31, 2023	6.77		6.72	
Six months ended January 31, 2022	4.26		4.23	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of January 31, 2023	3,697	2,199	58.3
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				
Year ended July 31, 2022	–	0.00	–	0.00	0.00
Year ending July 31, 2023	–	0.00			
Year ending July 31, 2023 (Forecast)			–	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 six months ended January 31, 2023  
 (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 January 31, 2023	14,132,700 shares	As of July 31, 2022	14,132,700 shares
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Number of treasury shares at the end of the period

As of January 31, 2023	68 shares	As of July 31, 2022	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, 2023	14,132,632 shares	Six months ended January 31, 2022	14,131,315 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of July 31, 2022	As of January 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	923,961	1,422,668
Trade receivables and contract asset	538,186	752,844
Supplies	691	622
Other	324,669	384,311
Allowance for doubtful accounts	(4,529)	(1,317)
Total current assets	1,782,981	2,559,128
Non-current assets		
Property, plant and equipment	174,796	151,794
Intangible assets		
Goodwill	239,174	256,923
Other	51,885	45,559
Total intangible assets	291,059	302,482
Investments and other assets		
Investment securities	452,004	494,328
Other	159,085	189,139
Total investments and other assets	611,089	683,467
Total non-current assets	1,076,945	1,137,745
Deferred assets	496	717
<b>Total assets</b>	<b>2,860,423</b>	<b>3,697,591</b>
<b>Liabilities</b>		
Current liabilities		
Accrued expenses	371,257	454,548
Current portion of long-term borrowings	–	27,960
Income taxes payable	30,568	82,507
Provision for bonuses	7,610	23,734
Other	320,229	316,013
Total current liabilities	729,665	904,763
Non-current liabilities		
Long-term borrowings	–	593,400
Total non-current liabilities	–	593,400
<b>Total liabilities</b>	<b>729,665</b>	<b>1,498,163</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	476,567	476,567
Capital surplus	362,660	368,469
Retained earnings	1,196,515	1,292,210
Treasury shares	(135)	(135)
Total shareholders' equity	2,035,607	2,137,111
Accumulated other comprehensive income		
Foreign currency translation adjustment	21,860	19,268
Total accumulated other comprehensive income	21,860	19,268
Share acquisition rights	420	420
Non-controlling interests	72,870	42,627
<b>Total net assets</b>	<b>2,130,758</b>	<b>2,199,427</b>
<b>Total liabilities and net assets</b>	<b>2,860,423</b>	<b>3,697,591</b>

## 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, 2022	Six months ended January 31, 2023
Net sales	1,009,533	1,571,270
Cost of sales	333,805	754,608
Gross profit	675,727	816,661
Selling, general and administrative expenses	570,075	588,901
Operating profit	105,652	227,759
Non-operating income		
Interest income	5	78
Outsourcing service income	518	–
Subsidy income	–	9,799
Other	460	1,786
Total non-operating income	984	11,664
Non-operating expenses		
Interest expenses	–	1,900
Foreign exchange losses	304	2,846
Share of loss of entities accounted for using equity method	10,072	27,533
Loss on valuation of cryptocurrencies	–	6,244
Other	–	182
Total non-operating expenses	10,376	38,708
Ordinary profit	96,259	200,716
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	96,259	172,898
Income taxes	45,593	78,024
Profit	50,666	94,874
Profit (loss) attributable to non-controlling interests	(9,513)	(820)
Profit attributable to owners of parent	60,179	95,695

## Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended January 31, 2022	Six months ended January 31, 2023
Profit	50,666	94,874
Other comprehensive income		
Foreign currency translation adjustment	5,499	(2,592)
Total other comprehensive income	5,499	(2,592)
Comprehensive income	56,165	92,282
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	65,679	93,102
Comprehensive income attributable to non-controlling interests	(9,513)	(820)

## Consolidated statements of cash flows

(Thousands of yen)

	Six months ended January 31, 2022	Six months ended January 31, 2023
Cash flows from operating activities		
Profit before income taxes	96,259	172,898
Depreciation	26,082	39,296
Amortization of goodwill	14,495	16,192
Increase (decrease) in allowance for doubtful accounts	209	(3,211)
Increase (decrease) in provision for bonuses	20,351	16,124
Interest income	(5)	(78)
Interest expenses	–	1,900
Share of loss (profit) of entities accounted for using equity method	10,072	27,533
Loss (gain) on step acquisitions	–	29,501
Loss(Gain) on valuation of crypto assets	–	6,244
Subsidy income	–	(5,960)
Loss on tax purpose reduction entry of non-current assets	–	4,276
Decrease (increase) in trade receivables	(74,859)	(193,152)
Decrease (increase) in inventories	18,911	69
Decrease (increase) in long-term prepaid expenses	–	(34,938)
Decrease (increase) in prepaid expenses	(14,280)	43,511
Increase (decrease) in accounts payable - other	(26,855)	(9,610)
Increase (decrease) in accrued expenses	7,333	69,605
Increase (decrease) in accrued consumption taxes	28,298	25,938
Other, net	(19,303)	(135,231)
Subtotal	86,711	70,911
Interest received	4	4
Interest paid	–	(1,989)
Subsidies received	–	5,960
Income taxes paid	(8,525)	(44,647)
Income taxes refund	–	632
Net cash provided by (used in) operating activities	78,190	30,872
Cash flows from investing activities		
Purchase of investment securities	(5,506)	(72,450)
Purchase of property, plant and equipment	(4,255)	(8,209)
Proceeds from sale of property, plant and equipment	–	96
Purchase of intangible assets	(8,397)	(8,834)
Proceeds from collection of loans receivable	–	660
Proceeds from refund of leasehold and guarantee deposits	2	–
Payments of leasehold and guarantee deposits	–	(2,020)
Net cash provided by (used in) investing activities	(18,157)	(90,757)

(Thousands of yen)

	Six months ended January 31, 2022	Six months ended January 31, 2023
Cash flows from financing activities		
Proceeds from issuance of shares	170	–
Proceeds from share issuance to non-controlling shareholders	–	9,800
Proceeds from long-term borrowings	–	500,000
Repayments of long-term borrowings	–	(16,310)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(140,000)	–
Net cash provided by (used in) financing activities	(139,829)	493,490
Effect of exchange rate change on cash and cash equivalents	–	(255)
Net increase (decrease) in cash and cash equivalents	(79,796)	433,348
Cash and cash equivalents at beginning of period	1,041,742	923,961
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	–	65,357
Cash and cash equivalents at end of period	961,946	1,422,668