

[REFERENCE TRANSLATION]

Please note that this translation is to be used solely as reference and the financial statements in this material are unaudited.

In case of any discrepancy between this translation and the Japanese original, the latter shall prevail.

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Consolidated Financial Results for the Year Ended March 31, 2023 (Japanese GAAP)

May 15, 2023

Company name : Linical Co., Ltd.
 Stock Listing : Tokyo Stock Exchange
 Code No. : 2183
 URL : <https://www.linical.co.jp/>
 Representative : Kazuhiro Hatano, President & Chief Executive Officer
 Contact : Akihiro Takahashi, Executive Vice President, Chief Financial Officer

Scheduled date of Ordinary General Meeting of Shareholders : June 22, 2023
 Scheduled date of start of dividend payment : June 8, 2023
 Scheduled date of filing Financial Report of fiscal Year ended Mar 2023 : June 23, 2023
 Preparation of supplementary materials for the financial statements : Yes
 Holding of presentation for the financial results : Yes
 (for institutional investors and analysts)

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(1) Consolidated Financial Results (cumulative)

(% figures show year-on-year change)

Year Ended	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	(¥ million)	change(%)	(¥ million)	change(%)	(¥ million)	change(%)	(¥ million)	change(%)
March 31, 2023	12,516	8.3	1,256	15.7	1,283	8.4	1,004	27.1
March 31, 2022	11,555	12.4	1,085	139.5	1,183	101.1	790	46.4

(Note) Comprehensive income Year Ended March 31, 2023: ¥1,354 million (16.8%)
 Year Ended March 31, 2022: ¥1,159 million (54.9%)

Year Ended	Net income per share (¥)	Diluted net income per share	Return on Equity (%)	Ratio of Ordinary profit to Total assets (%)	Ratio of Operating income to Net sales (%)
March 31, 2023	44.47	—	14.2	7.7	10.0
March 31, 2022	35.00	—	12.9	7.6	9.4

(Reference) Equity method investment gain or loss: Year Ended March 31, 2023: — million
 Year Ended March 31, 2022: — million

(2) Consolidated Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Shareholders' equity ratio (%)	Net asset per share (¥)
As of March 31, 2023	17,464	7,581	43.4	335.65
As of March 31, 2022	15,716	6,543	41.6	289.69

(Reference) Shareholder's equity: As of March 31, 2023: ¥ 7,581million
 As of March 31, 2022: ¥ 6,543million

(3) Consolidated Cash flow statement

Year Ended	Cash flow from operating activities (¥ million)	Cash flow from investing activities (¥ million)	Cash flow from financing activities (¥ million)	Cash and Cash equivalents at end of year (¥ million)
March 31, 2023	1,839	△14	△957	7,042
March 31, 2022	1,631	20	△951	5,985

2. Dividends

	Dividends per share (¥)					Total Amount of Cash Dividends (annual) (¥ million)	Dividend Payout Ratio (consolidated) (%)	Ratio of Total Amount of Dividends to Shareholders' Equity (consolidated) (%)
	1st Quarter End	2nd Quarter End	3rd Quarter End	Fiscal Year End	Total			
Year Ended March 31, 2022	—	0.00	—	14.00	14.00	316	40.0	5.2
Year Ended March 31, 2023	—	0.00	—	14.00	14.00	316	31.5	4.5
Year Ending March 31, 2024(Forecast)	—	0.00	—	15.00	15.00		33.6	

3. Forecast of Consolidated Financial Result for the Year Ending March 31, 2024
(April 1, 2022 to March 31, 2024)

(% figures show year-on-year change)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share (¥)
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	
Full year	13,300	6.3	1,400	11.4	1,400	9.1	1,008	0.4	44.63

※ Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries that caused changes in scope of consolidation) : No

New: - (Company Name) -

Exclusion: - (Company Name) -

(2) Changes in accounting policies, accounting estimates and restatements

1) Changes in accounting policies resulting from the revision of the accounting standards and other regulations : Yes

2) Changes in accounting policies other than 1) : No

3) Changes in accounting estimates : No

4) Restatements : No

(3) Number of issued shares (Common share)

(a) Number of issued shares at the end of the period (including treasury shares)

As of : 24,740,000 shares

March 31, 2023 : 24,740,000 shares

As of March 31, 2022

(b) Number of treasury shares at the end of the period

As of March 31, 2023 : 2,153,564 shares

As of March 31, 2022 : 2,153,564 shares

(c) Average number of shares during the period

Year Ended March 31, 2023 : 22,586,436 shares

Year Ended March 31, 2022 : 22,586,436 shares

(Reference)

Non-Consolidated Financial Results for the Year Ended March 31, 2023

(April 1, 2022 to March 31, 2023)

(1) Non-Consolidated Financial Results

(% figures show year-on-year change)

Year Ended	Net sales		Operating income		Ordinary income		Net income	
	(¥ million)	change(%)	(¥ million)	change(%)	(¥ million)	change(%)	(¥ million)	change(%)
March 31, 2023	5,981	△5.0	737	45.7	1,058	54.7	839	132.9
March 31, 2022	6,294	△2.9	506	80.1	684	69.3	360	36.7

Year Ended	Net income per share (¥)	Diluted net income per share
March 31, 2023	37.17	—
March 31, 2022	15.96	—

(2) Non-Consolidated Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Equity ratio (%)	Net asset per share (¥)
As of March 31, 2023	11,861	6,835	57.6	302.63
As of March 31, 2022	11,577	6,276	54.2	277.88

(Reference) Shareholder's equity: As of March 31, 2023: ¥6,835million
As of March 31, 2022: ¥6,276million

* This release is outside the scope of the audit procedure by certified public accountants or audit firms.

* Explanation on appropriate use of forecast and other special items

This material contains business forecast and other forward-looking statements which are based on available information and certain assumptions that are considered reasonable at the time of preparation. Various factors may cause actual results to be materially different from those expressed in these forward-looking statements.

Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	5,985,618	7,042,100
Accounts receivable - trade and contrac	2,917,990	3,427,995
Prepaid expenses	197,784	243,216
Advances paid	987,891	1,037,607
Other	266,645	270,534
Allowance for doubtful accounts	△34,842	△12,786
Total current assets	10,321,087	12,008,667
Non-current assets		
Property, plant and equipment		
Facilities attached to buildings	95,045	95,439
Accumulated depreciation	△39,854	△48,388
Facilities attached to buildings, net	55,190	47,051
Tools, furniture and fixtures	319,493	343,673
Accumulated depreciation	△209,128	△247,379
Tools, furniture and fixtures, net	110,365	96,294
Leased assets	738,008	830,049
Accumulated depreciation	△239,453	△348,387
Leased assets, net	498,554	481,662
Total property, plant and equipment	664,111	625,008
Intangible assets		
Goodwill	3,406,633	3,384,139
Other	159,249	127,054
Total intangible assets	3,565,883	3,511,194
Investments and other assets		
Investment securities	347,652	372,806
Long-term prepaid expenses	5,461	999
Guarantee deposits	366,280	374,096
Deferred tax assets	445,992	571,835
Total investments and other assets	1,165,387	1,319,737
Total non-current assets	5,395,381	5,455,940
Total assets	15,716,469	17,464,607

Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Short-term borrowings	600,000	600,000
Current portion of long-term borrowings	539,976	539,976
Accounts payable - other	533,842	579,604
Accrued expenses	402,485	375,821
Income taxes payable	193,650	311,502
Accrued consumption taxes	38,747	86,222
Advances received	2,147,272	2,207,195
Deposits received	688,038	1,700,434
Provision for bonuses	171,809	159,922
Other	162,279	174,834
Total current liabilities	5,478,102	6,735,513
Non-current liabilities		
Long-term borrowings	2,533,566	1,993,590
Lease liabilities	430,959	408,621
Retirement benefit liability	689,644	718,354
Other	41,028	27,313
Total non-current liabilities	3,695,198	3,147,878
Total liabilities	9,173,300	9,883,392
Net assets		
Shareholders' equity		
Share capital	214,043	214,043
Retained earnings	6,604,985	7,293,144
Treasury shares	△657,461	△657,461
Total shareholders' equity	6,161,567	6,849,726
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	42,339	78,152
Foreign currency translation adjustment	322,124	616,973
Remeasurements of defined benefit plans	17,138	36,362
Total accumulated other comprehensive income	381,601	731,489
Total net assets	6,543,169	7,581,215
Total liabilities and net assets	15,716,469	17,464,607

Consolidated statements of income (cumulative)

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	11,555,088	12,516,998
Cost of sales	7,943,518	8,355,258
Gross profit	3,611,570	4,161,740
Selling, general and administrative expenses	※ ¹ 2,525,666	※ ¹ 2,905,037
Operating profit	1,085,903	1,256,702
Non-operating income		
Interest income	598	1,807
Foreign exchange gains	100,596	55,723
Gain on valuation of investment securities	11,781	—
Total non-operating income	112,977	57,531
Non-operating expenses		
Interest expenses	14,180	12,826
Loss on valuation of investment securities	—	18,081
Other	1,106	—
Total non-operating expenses	15,286	30,908
Ordinary profit	1,183,594	1,283,325
Extraordinary income		
Insurance claim income	—	115,948
Gain on liquidation of subsidiaries	—	※ ² 35,378
Settlement received	※ ³ 162,329	—
Total extraordinary income	162,329	151,326
Extraordinary losses		
Arbitration related expenses	※ ⁴ 145,912	—
Information security expenses	※ ⁵ 168,069	—
Business restructuring expenses	—	※ ⁶ 26,651
Loss on cancellation of leases	—	29,382
Total extraordinary losses	313,981	56,034
Profit before income taxes	1,031,942	1,378,618
Income taxes - current	249,821	505,460
Income taxes - deferred	△8,367	△131,211
Total income taxes	241,454	374,249
Profit	790,487	1,004,368
Profit attributable to owners of parent	790,487	1,004,368

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	790,487	1,004,368
Other comprehensive income		
Valuation difference on available-for-sale securities	31,254	35,813
Foreign currency translation adjustment	323,575	294,849
Remeasurements of defined benefit plans, net of tax	13,719	19,224
Total other comprehensive income	368,549	349,887
Comprehensive income	1,159,037	1,354,256
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,159,037	1,354,256
Comprehensive income attributable to non-controlling interests	—	—

Consolidated Statements of Shareholders' Equity

(Thousands of yen)

	Shareholders' equity			
	Share capital	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	214,043	6,142,987	△657,461	5,699,568
Cumulative effects of changes in accounting policies		△12,279		△12,279
Restated balance	214,043	6,130,708	△657,461	5,687,289
Changes during period				
Dividends of surplus		△316,210		△316,210
Profit attributable to owners of parent		790,487		790,487
Net changes in items other than shareholders' equity				
Total changes during period	—	474,277	—	474,277
Balance at end of period	214,043	6,604,985	△657,461	6,161,567

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	11,084	△1,451	3,418	13,052	5,712,620
Cumulative effects of changes in accounting policies					△12,279
Restated balance	11,084	△1,451	3,418	13,052	5,700,341
Changes during period					
Dividends of surplus					△316,210
Profit attributable to owners of parent					790,487
Net changes in items other than shareholders' equity	31,254	323,575	13,719	368,549	368,549
Total changes during period	31,254	323,575	13,719	368,549	842,827
Balance at end of period	42,339	322,124	17,138	381,601	6,543,169

Consolidated Statements of Shareholders' Equity

(Thousands of yen)

	Shareholders' equity			
	Share capital	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	214,043	6,604,985	△657,461	6,161,567
Changes during period				
Dividends of surplus		△316,210		△316,210
Profit attributable to owners of parent		1,004,368		1,004,368
Net changes in items other than shareholders' equity				
Total changes during period	—	688,158	—	688,158
Balance at end of period	214,043	7,293,144	△657,461	6,849,726

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	42,339	322,124	17,138	381,601	6,543,169
Changes during period					
Dividends of surplus					△316,210
Profit attributable to owners of parent					1,004,368
Net changes in items other than shareholders' equity	35,813	294,849	19,224	349,887	349,887
Total changes during period	35,813	294,849	19,224	349,887	1,038,046
Balance at end of period	78,152	616,973	36,362	731,489	7,581,215

Consolidated statements of cash flows (cumulative)

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	1,031,942	1,378,618
Depreciation	168,770	181,321
Amortization of goodwill	271,810	318,701
Amortization of long-term prepaid expenses	18,198	3,329
Business restructuring expenses	—	26,651
Arbitration related expenses	145,912	—
Information security expenses	168,069	—
Settlement payments	△162,329	—
Loss on cancellation of leases	—	29,382
Loss (gain) on liquidation of subsidiaries	—	△35,378
Insurance claim income	—	△115,948
Increase (decrease) in provision for bonuses	△6,634	△13,910
Increase (decrease) in allowance for doubtful accounts	△5,210	△25,645
Increase (decrease) in retirement benefit liability	49,841	38,082
Interest and dividend income	△598	△1,807
Interest expenses	14,180	12,826
Loss (gain) on valuation of investment securities	△11,781	18,081
Foreign exchange losses (gains)	△89,297	△102,112
Decrease (increase) in trade receivables and contract assets	126,088	△413,216
Decrease (increase) in advances paid	225,117	△29,526
Decrease (increase) in prepaid expenses	△36,874	△37,390
Increase (decrease) in accounts payable - other	△133,471	21,008
Increase (decrease) in accrued expenses	△76,180	△52,086
Increase (decrease) in advances received	96,016	△100,767
Increase (decrease) in deposits received	33,508	999,107
Other, net	398,654	△28,367
Subtotal	2,225,730	2,070,952
Interest and dividends received	598	1,807
Interest paid	△14,082	△12,773
Income taxes paid	△399,361	△280,272
Business restructuring expenses paid	—	△26,651
Loss on cancellation of leases paid	—	△29,382
Proceeds from insurance income	—	115,948
Settlement received	162,329	—
Information security expenses paid	△154,144	—
Arbitration related expenses paid	△189,275	—
Net cash provided by (used in) operating activities	1,631,794	1,839,628
Cash flows from investing activities		
Purchase of investment securities	△50,000	△10,000
Purchase of property, plant and equipment	△45,137	△11,838
Purchase of intangible assets	△1,336	△1,396
Purchase of long-term prepaid expenses	△4,011	△80
Proceeds from distributions from investment partnerships	52,898	17,604
Payments of guarantee deposits	△32,478	△10,740
Proceeds from refund of guarantee deposits	100,822	2,263
Net cash provided by (used in) investing activities	20,756	△14,188

Consolidated statements of cash flows (cumulative)

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	△10,799	—
Repayments of long-term borrowings	△539,976	△539,976
Dividends paid	△316,042	△316,038
Repayments of lease liabilities	△84,729	△101,317
Net cash provided by (used in) financing activities	△951,548	△957,331
Effect of exchange rate change on cash and cash equivalents	200,414	188,373
Net increase (decrease) in cash and cash equivalents	901,417	1,056,481
Cash and cash equivalents at beginning of period	5,084,201	5,985,618
Cash and cash equivalents at end of period	5,985,618	7,042,100