

Translation

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Summary of Consolidated Financial Results for the Three Months Ended October 31, 2023 (Based on Japanese GAAP)

December 15, 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: December 15, 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 three months ended October 31, 2023 (from August 1, 2023 to October 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	%
Three months ended October 31, 2023	872	7.4	128	30.4	118	39.7	71	196.1
Three months ended October 31, 2022	811	51.4	98	(14.5)	84	(22.0)	24	(66.8)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended October 31, 2023	5.03		5.01	
Three months ended October 31, 2022	1.70		1.69	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of October 31, 2023	4,059	2,385	57.7
As of July 31, 2023	4,098	2,313	55.4

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, 2023	–	0.00	–	0.00	0.00
Year ending July 31, 2024	–				
Year ending July 31, 2024 (Forecast)		0.00	–	0.00	0.00

3. Forecast of consolidated financial results for the year ending July 31, 2024 (from August 1, 2023 to July 31, 2024)

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	3,289	5.1	342	(21.1)	333	(16.0)	186	(8.7)	13.16

4. Notes

- (1) Changes in significant subsidiaries during the three months ended October 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 October 31, 2023	14,171,700 shares	As of July 31, 2023	14,171,700 shares
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Number of treasury shares at the end of the period

As of October 31, 2023	68 shares	As of July 31, 2023	68 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended October 31, 2023	14,171,632 shares	Three months ended October 31, 2022	14,132,632 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of July 31, 2023	As of October 31, 2023
Assets		
Current assets		
Cash and deposits	1,756,004	1,394,850
Trade receivables and contract asset	799,396	728,550
Supplies	622	–
Other	444,812	479,038
Allowance for doubtful accounts	(1,686)	(1,478)
Total current assets	2,999,149	2,600,961
Non-current assets		
Property, plant and equipment	136,617	133,228
Intangible assets		
Goodwill	240,731	232,634
Other	39,335	38,411
Total intangible assets	280,067	271,046
Investments and other assets		
Investment securities	524,077	900,042
Other	158,447	154,002
Total investments and other assets	682,525	1,054,044
Total non-current assets	1,099,210	1,458,319
Deferred assets	538	448
Total assets	4,098,898	4,059,730
Liabilities		
Current liabilities		
Accrued expenses	561,625	488,606
Current portion of long-term borrowings	44,040	44,040
Income taxes payable	117,282	49,462
Provision for bonuses	–	42,848
Provision for loss on orders received	4,666	5,632
Other	416,863	414,347
Total current liabilities	1,144,478	1,044,937
Non-current liabilities		
Long-term borrowings	640,660	629,650
Total non-current liabilities	640,660	629,650
Total liabilities	1,785,138	1,674,587
Net assets		
Shareholders' equity		
Share capital	477,054	477,054
Capital surplus	368,957	368,957
Retained earnings	1,400,779	1,472,112
Treasury shares	(135)	(135)
Total shareholders' equity	2,246,655	2,317,988
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(22)	62
Foreign currency translation adjustment	22,660	23,950
Total accumulated other comprehensive income	22,638	24,012
Share acquisition rights	420	420
Non-controlling interests	44,045	42,720
Total net assets	2,313,759	2,385,142
Total liabilities and net assets	4,098,898	4,059,730

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Three months ended October 31, 2022	Three months ended October 31, 2023
Net sales	811,952	872,067
Cost of sales	414,312	345,107
Gross profit	397,640	526,960
Selling, general and administrative expenses	299,447	398,880
Operating profit	98,193	128,080
Non-operating income		
Interest income	4	47
Subsidy income	9,799	13,895
Other	998	2,425
Total non-operating income	10,802	16,368
Non-operating expenses		
Interest expenses	1,077	1,102
Share of loss of entities accounted for using equity method	13,126	21,654
Other	10,266	3,652
Total non-operating expenses	24,470	26,409
Ordinary profit	84,524	118,038
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	56,706	118,038
Income taxes	31,379	48,030
Profit	25,327	70,008
Profit (loss) attributable to non-controlling interests	1,234	(1,324)
Profit attributable to owners of parent	24,093	71,333

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended October 31, 2022	Three months ended October 31, 2023
Profit	25,327	70,008
Other comprehensive income		
Valuation difference on available-for-sale securities	–	84
Foreign currency translation adjustment	6,377	1,289
Total other comprehensive income	6,377	1,374
Comprehensive income	31,705	71,383
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	30,470	72,707
Comprehensive income attributable to non-controlling interests	1,234	(1,324)