

Translation

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Summary of Consolidated Financial Results for the Six Months Ended January 31, 2024 (Based on Japanese GAAP)

March 15, 2024

Company name: Link-U Group Inc.
 Stock exchange listing: Tokyo
 Stock code: 4446 URL <https://link-u.group/>
 Representative: Representative Director Group CEO Yuuki Matsubara
 Inquiries: Director Group CAO Fujita Takahiro TEL 03(6260)9279
 Scheduled date to file Quarterly Securities Report: March 15, 2024
 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, 2024 (from August 1, 2023 to January 31, 2024)

(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, 2024	1,644	4.7	241	6.1	233	16.5	179	88.0
Six months ended January 31, 2023	1,571	55.6	227	115.6	200	108.5	95	59.0

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended January 31, 2024	12.70		12.64	
Six months ended January 31, 2023	6.77		6.72	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of January 31, 2024	4,261	2,501	57.6
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	–	0.00			
Year ending July 31, 2024 (Forecast)			–	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 six months ended January 31, 2024
 (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, 2024	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 January 31, 2024	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)

Six months ended January 31, 2024	14,171,632 shares	Six months ended January 31, 2023	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 January 31, 2024
Assets		
Current assets		
Cash and deposits	1,756,004	1,785,668
Trade receivables and contract asset	799,396	643,601
Supplies	622	–
Other	444,812	585,818
Allowance for doubtful accounts	(1,686)	(1,127)
Total current assets	2,999,149	3,013,960
Non-current assets		
Property, plant and equipment	136,617	139,798
Intangible assets		
Goodwill	240,731	224,538
Other	39,335	37,069
Total intangible assets	280,067	261,607
Investments and other assets		
Investment securities	524,077	666,723
Other	158,447	178,749
Total investments and other assets	682,525	845,472
Total non-current assets	1,099,210	1,246,878
Deferred assets	538	640
Total assets	4,098,898	4,261,479
Liabilities		
Current liabilities		
Accrued expenses	561,625	547,098
Current portion of long-term borrowings	44,040	44,040
Income taxes payable	117,282	116,029
Provision for bonuses	–	21,505
Provision for loss on orders received	4,666	5,444
Other	416,863	292,541
Total current liabilities	1,144,478	1,026,659
Non-current liabilities		
Long-term borrowings	640,660	718,640
Other	–	15,019
Total non-current liabilities	640,660	733,659
Total liabilities	1,785,138	1,760,318

(Thousands of yen)

	As of July 31, 2023	As of January 31, 2024
Net assets		
Shareholders' equity		
Share capital	477,054	477,054
Capital surplus	368,957	368,957
Retained earnings	1,400,779	1,580,705
Treasury shares	(135)	(135)
Total shareholders' equity	2,246,655	2,426,582
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(22)	19
Foreign currency translation adjustment	22,660	26,284
Total accumulated other comprehensive income	22,638	26,304
Share acquisition rights	420	420
Non-controlling interests	44,045	47,853
Total net assets	2,313,759	2,501,160
Total liabilities and net assets	4,098,898	4,261,479

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, 2023	Six months ended January 31, 2024
Net sales	1,571,270	1,644,405
Cost of sales	754,608	607,940
Gross profit	816,661	1,036,465
Selling, general and administrative expenses	588,901	794,698
Operating profit	227,759	241,766
Non-operating income		
Interest income	78	80
Subsidy income	9,799	13,895
Other	1,786	2,603
Total non-operating income	11,664	16,578
Non-operating expenses		
Interest expenses	1,900	2,184
Share of loss of entities accounted for using equity method	27,533	18,028
Other	9,273	4,231
Total non-operating expenses	38,708	24,444
Ordinary profit	200,716	233,900
Extraordinary income		
Gain on sale of investment securities	–	75,675
Subsidy income	5,960	–
Total extraordinary income	5,960	75,675
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	172,898	309,575
Income taxes	78,024	125,883
Profit	94,874	183,691
Profit (loss) attributable to non-controlling interests	(820)	3,765
Profit attributable to owners of parent	95,695	179,926

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended January 31, 2023	Six months ended January 31, 2024
Profit	94,874	183,691
Other comprehensive income		
Valuation difference on available-for-sale securities	–	84
Foreign currency translation adjustment	(2,592)	3,623
Total other comprehensive income	(2,592)	3,708
Comprehensive income	92,282	187,400
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	93,102	183,593
Comprehensive income attributable to non-controlling interests	(820)	3,807

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended January 31, 2023	Six months ended January 31, 2024
Cash flows from operating activities		
Profit before income taxes	172,898	309,575
Depreciation	39,296	34,580
Loss (gain) on sale of investment securities	–	(75,675)
Amortization of goodwill	16,192	16,192
Increase (decrease) in allowance for doubtful accounts	(3,211)	(558)
Increase (decrease) in provision for bonuses	16,124	21,505
Interest income	(78)	(80)
Interest expenses	1,900	2,184
Share of loss (profit) of entities accounted for using equity method	27,533	18,028
Loss (gain) on step acquisitions	29,501	–
Loss(Gain) on valuation of crypto assets	6,244	3,897
Subsidy income	(5,960)	–
Loss on tax purpose reduction entry of non-current assets	4,276	–
Decrease (increase) in trade receivables	(193,152)	155,795
Decrease (increase) in inventories	69	622
Decrease (increase) in long-term prepaid expenses	(34,938)	(630)
Decrease (increase) in prepaid expenses	43,511	(165,328)
Increase (decrease) in accounts payable - other	(9,610)	(109,500)
Increase (decrease) in accrued expenses	69,605	(14,770)
Increase (decrease) in accrued consumption taxes	25,938	(61,786)
Other, net	(135,231)	55,346
Subtotal	70,911	189,399
Interest and dividends received	4	40,007
Interest paid	(1,989)	(2,322)
Subsidies received	5,960	–
Income taxes paid	(44,647)	(105,044)
Income taxes refund	632	0
Net cash provided by (used in) operating activities	30,872	122,040
Cash flows from investing activities		
Purchase of investment securities	(72,450)	(391,995)
Proceeds from sale of investment securities	–	274,955
Purchase of property, plant and equipment	(8,209)	(18,148)
Proceeds from sale of property, plant and equipment	96	–
Purchase of intangible assets	(8,834)	(9,197)
Proceeds from collection of loans receivable	660	–
Payments of leasehold and guarantee deposits	(2,020)	(27,443)
Net cash provided by (used in) investing activities	(90,757)	(171,829)
Cash flows from financing activities		
Proceeds from share issuance to non-controlling shareholders	9,800	–
Proceeds from long-term borrowings	500,000	100,000
Repayments of long-term borrowings	(16,310)	(22,020)
Net cash provided by (used in) financing activities	493,490	77,980
Effect of exchange rate change on cash and cash equivalents	(255)	1,472
Net increase (decrease) in cash and cash equivalents	433,348	29,663
Cash and cash equivalents at beginning of period	923,961	1,756,004
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	65,357	–
Cash and cash equivalents at end of period	1,422,668	1,785,668