

[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.

This translation is subject to change without notice. Linical Co., Ltd. shall accept no responsibility or liability for damage or loss caused by any error, inaccuracy, misunderstanding, or changes with regard to this translation.

Consolidated Financial Results for the Year Ended March 31, 2024 (Japanese GAAP)

May 15, 2024

Company name : Linical Co., Ltd.
 Stock Listing : Tokyo Stock Exchange
 Code No. : 2183
 URL : <https://www.linical.com/ja/>
 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 26, 2024
 Scheduled date of start of dividend payment : June 12, 2024
 Scheduled date of filing Financial Report of fiscal Year ended Mar 2024 : June 27, 2024
 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, 2024 (April 1, 2023 to March 31, 2024)

(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, 2024	12,307	△1.7	725	△42.3	790	△38.4	338	△66.3
March 31, 2023	12,516	8.3	1,256	15.7	1,283	8.4	1,004	27.1

(Note) Comprehensive income Year Ended March 31, 2024: ¥970 million (△28.4%)
 Year Ended March 31, 2023: ¥1,354 million (16.8%)

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, 2024	14.98	—	4.3	4.4	5.9
March 31, 2023	44.47	—	14.2	7.7	10.0

(Reference) Equity method investment gain or loss: Year Ended March 31, 2024: — million
 Year Ended March 31, 2023: — million

(2) Consolidated Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Shareholders' equity ratio (%)	Net asset per share (¥)
As of March 31, 2024	18,539	8,235	44.4	364.60
As of March 31, 2023	17,464	7,581	43.4	335.65

(Reference) Shareholder's equity: As of March 31, 2024: ¥ 8,235million
 As of March 31, 2023: ¥ 7,581million

(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, 2024	1,065	△28	△960	7,465
March 31, 2023	1,839	△14	△957	7,042

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, 2023	—	0.00	—	14.00	14.00	316	31.5	4.5
Year Ended March 31, 2024	—	0.00	—	15.00	15.00	338	100.2	4.3
Year Ending March 31, 2025(Forecast)	—	0.00	—	16.00	16.00		51.8	

3. Forecast of Consolidated Financial Result for the Year Ending March 31, 2025
(April 1, 2024 to March 31, 2025)

(% 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	12,669	2.9	1,009	39.0	1,047	32.5	697	106.1	30.86

※ 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 : No
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 March 31, 2024 : 24,740,000 shares
As of March 31, 2023 : 24,740,000 shares

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

As of March 31, 2024 : 2,153,564 shares
As of March 31, 2023 : 2,153,564 shares

(c) Average number of shares during the period

Year Ended March 31, 2024 : 22,586,436 shares
Year Ended March 31, 2023 : 22,586,436 shares

(Reference)

Non-Consolidated Financial Results for the Year Ended March 31, 2024

(April 1, 2023 to March 31,2024)

(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(%)
March31, 2024	5,101	△14.7	363	△50.7	496	△53.1	343	△59.1
March31, 2023	5,981	△5.0	737	45.7	1,058	54.7	839	132.9

Year Ended	Net income per share (¥)	Diluted net income per share
March31, 2024	15.19	—
March31, 2023	37.17	—

(2)Non-Consolidated Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Equity ratio (%)	Net asset per share (¥)
As of March 31,2024	11,675	6,809	58.3	301.50
As of March 31,2023	11,861	6,835	57.6	302.63

(Reference) Shareholder's equity: As of March 31,2024: ¥6,809million
As of March 31,2023: ¥6,835million

* 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

The forward-looking statements herein are based on information currently available to the Company and certain assumptions determined to be reasonable. Actual results may differ significantly from these forecasts due to various factors.

*How to obtain supplementary results briefing material on financial results

The Company plans to hold a financial results presentation meeting on May 29 , 2024.

The Company also plans to post to its website the materials that are used at the meeting immediately after the event.

Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	7,042,100	7,465,192
Accounts receivable - trade and contract assets	3,427,995	3,463,780
Prepaid expenses	243,216	255,432
Advances paid	1,037,607	1,265,542
Other	270,534	320,723
Allowance for doubtful accounts	△12,786	△21,895
Total current assets	12,008,667	12,748,776
Non-current assets		
Property, plant and equipment		
Facilities attached to buildings	95,439	97,663
Accumulated depreciation	△48,388	△57,570
Facilities attached to buildings, net	47,051	40,093
Tools, furniture and fixtures	343,673	359,402
Accumulated depreciation	△247,379	△280,516
Tools, furniture and fixtures, net	96,294	78,885
Leased assets	830,049	694,798
Accumulated depreciation	△348,387	△295,007
Leased assets, net	481,662	399,791
Total property, plant and equipment	625,008	518,770
Intangible assets		
Goodwill	3,384,139	3,547,866
Other	127,054	117,467
Total intangible assets	3,511,194	3,665,333
Investments and other assets		
Investment securities	372,806	272,198
Long-term prepaid expenses	999	1,382
Guarantee deposits	374,096	384,805
Deferred tax assets	571,835	948,648
Total investments and other assets	1,319,737	1,607,034
Total non-current assets	5,455,940	5,791,138
Total assets	17,464,607	18,539,915

Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Short-term borrowings	600,000	600,000
Current portion of long-term borrowings	539,976	493,640
Accounts payable - other	579,604	847,585
Accrued expenses	375,821	349,336
Income taxes payable	311,502	264,241
Accrued consumption taxes	86,222	22,481
Advances received	2,207,195	2,521,964
Deposits received	1,700,434	2,271,085
Provision for bonuses	159,922	199,310
Other	174,834	199,240
Total current liabilities	6,735,513	7,768,885
Non-current liabilities		
Long-term borrowings	1,993,590	1,499,950
Lease liabilities	408,621	304,677
Retirement benefit liability	718,354	704,710
Other	27,313	26,671
Total non-current liabilities	3,147,878	2,536,008
Total liabilities	9,883,392	10,304,894
Net assets		
Shareholders' equity		
Share capital	214,043	214,043
Retained earnings	7,293,144	7,315,200
Treasury shares	△657,461	△657,461
Total shareholders' equity	6,849,726	6,871,781
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	78,152	25,631
Foreign currency translation adjustment	616,973	1,287,406
Remeasurements of defined benefit plans	36,362	50,201
Total accumulated other comprehensive income	731,489	1,363,239
Total net assets	7,581,215	8,235,021
Total liabilities and net assets	17,464,607	18,539,915

Consolidated statements of income (cumulative)

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	12,516,998	12,307,870
Cost of sales	8,355,258	8,529,583
Gross profit	4,161,740	3,778,286
Selling, general and administrative expenses	※ ¹ 2,905,037	※ ¹ 3,052,563
Operating profit	1,256,702	725,723
Non-operating income		
Interest income	1,807	52,272
Foreign exchange gains	55,723	42,095
Total non-operating income	57,531	94,367
Non-operating expenses		
Interest expenses	12,826	17,636
Loss on valuation of investment securities	18,081	12,417
Total non-operating expenses	30,908	30,053
Ordinary profit	1,283,325	790,037
Extraordinary income		
Insurance claim income	115,948	—
Gain on liquidation of subsidiaries	※ ² 35,378	※ ² 37,133
Total extraordinary income	151,326	37,133
Extraordinary losses		
Loss on cancellation of leases	29,382	—
Business restructuring expenses	※ ³ 26,651	※ ³ 166,940
Total extraordinary losses	56,034	166,940
Profit before income taxes	1,378,618	660,230
Income taxes - current	505,460	619,979
Income taxes - deferred	△131,211	△298,015
Total income taxes	374,249	321,964
Profit	1,004,368	338,266
Profit attributable to owners of parent	1,004,368	338,266

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	1,004,368	338,266
Other comprehensive income		
Valuation difference on available-for-sale securities	35,813	△52,521
Foreign currency translation adjustment	294,849	670,433
Remeasurements of defined benefit plans, net of tax	19,224	13,838
Total other comprehensive income	349,887	631,750
Comprehensive income	1,354,256	970,016
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,354,256	970,016
Comprehensive income attributable to non-controlling interests	—	—

Consolidated Statements of Shareholders' Equity

Fiscal year ended March 31, 2023

(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 Shareholders' Equity

Fiscal year ended March 31, 2024

(Thousands of yen)

	Shareholders' equity			
	Share capital	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	214,043	7,293,144	△657,461	6,849,726
Changes during period				
Dividends of surplus		△316,210		△316,210
Profit attributable to owners of parent		338,266		338,266
Net changes in items other than shareholders' equity				
Total changes during period	—	22,055	—	22,055
Balance at end of period	214,043	7,315,200	△657,461	6,871,781

	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	78,152	616,973	36,362	731,489	7,581,215
Changes during period					
Dividends of surplus					△316,210
Profit attributable to owners of parent					338,266
Net changes in items other than shareholders' equity	△52,521	670,433	13,838	631,750	631,750
Total changes during period	△52,521	670,433	13,838	631,750	653,806
Balance at end of period	25,631	1,287,406	50,201	1,363,239	8,235,021

Consolidated statements of cash flows (cumulative)

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	1,378,618	660,230
Depreciation	181,321	170,905
Amortization of goodwill	318,701	347,371
Amortization of long-term prepaid expenses	3,329	3,233
Business restructuring expenses	26,651	166,940
Loss on cancellation of leases	29,382	—
Insurance claim income	△115,948	—
Loss (gain) on liquidation of subsidiaries	△35,378	△37,133
Increase (decrease) in provision for bonuses	△13,910	32,671
Increase (decrease) in allowance for doubtful accounts	△25,645	7,022
Increase (decrease) in retirement benefit liability	38,082	△17,956
Interest and dividend income	△1,807	△52,272
Interest expenses	12,826	17,636
Loss (gain) on valuation of investment securities	18,081	12,417
Foreign exchange losses (gains)	△102,112	△35,572
Decrease (increase) in accounts receivable - trade, and contract assets	△413,216	195,467
Decrease (increase) in advances paid	△29,526	△123,057
Decrease (increase) in prepaid expenses	△37,390	5,001
Increase (decrease) in accounts payable - other	21,008	220,194
Increase (decrease) in accrued expenses	△52,086	△59,310
Increase (decrease) in advances received	△100,767	23,965
Increase (decrease) in deposits received	999,107	389,548
Other, net	△28,367	△104,751
Subtotal	2,070,952	1,822,551
Interest and dividends received	1,807	52,272
Interest paid	△12,773	△17,620
Income taxes paid	△280,272	△624,793
Business restructuring expenses paid	△26,651	△166,940
Loss on cancellation of leases paid	△29,382	—
Proceeds from insurance income	115,948	—
Net cash provided by (used in) operating activities	1,839,628	1,065,469
Cash flows from investing activities		
Purchase of investment securities	△10,000	△30,000
Purchase of property, plant and equipment	△11,838	△29,706
Purchase of intangible assets	△1,396	△3,253
Purchase of long-term prepaid expenses	△80	△1,539
Proceeds from distributions from investment partnerships	17,604	41,968
Payments of guarantee deposits	△10,740	△11,347
Proceeds from refund of guarantee deposits	2,263	5,377
Net cash provided by (used in) investing activities	△14,188	△28,502

Consolidated statements of cash flows (cumulative)

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from financing activities		
Repayments of long-term borrowings	△539,976	△539,976
Dividends paid	△316,038	△315,765
Repayments of lease liabilities	△101,317	△105,184
Net cash provided by (used in) financing activities	△957,331	△960,925
Effect of exchange rate change on cash and cash equivalents	188,373	347,050
Net increase (decrease) in cash and cash equivalents	1,056,481	423,092
Cash and cash equivalents at beginning of period	5,985,618	7,042,100
Cash and cash equivalents at end of period	7,042,100	7,465,192