

[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 Six Months Ended September 30, 2023 (Japanese GAAP)

November 14, 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 filing of quarterly report : November 14, 2023
 Scheduled date of start of dividend payment : —
 Preparation of supplementary materials for the quarterly financial statements : Yes
 Holding of presentation for the quarterly financial results : Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2023 (April 1, 2023 to September 30, 2023)

(1) Consolidated Financial Results (cumulative)

(% figures show year-on-year change)

Six Months Ended	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	(¥ million)	change(%)	(¥ million)	change(%)	(¥ million)	change(%)	(¥ million)	change(%)
September 30, 2023	6,064	2.4	421	12.8	483	△21.3	178	△61.8
September 30, 2022	5,920	7.2	373	△26.4	614	23.9	468	85.6

(Note) Comprehensive income Six Months Ended September 30, 2023: ¥708 million (△24.9 %)
 Six Months Ended September 30, 2022: ¥943 million (244.9 %)

Six Months Ended	Net income per share (¥)	Diluted net income per share (¥)
September 30, 2023	7.92	—
September 30, 2022	20.76	—

(2) Consolidated Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Shareholders' equity ratio (%)	Net asset per share (¥)
As of September 30, 2023	18,211	7,973	43.8	353.02
As of March 31, 2023	17,464	7,581	43.4	335.65

(Reference) Shareholder's equity: As of September 30, 2023: ¥7,973 million
 As of March 31, 2023: ¥7,581 million

2. Dividends

	Annual dividends per share (¥)				
	1st Quarter End	2nd Quarter End	3rd Quarter End	Fiscal Year End	Total
Year Ended March 31, 2023	—	0.00	—	14.00	14.00
Year Ending March 31, 2024	—	0.00			
Year Ending March 31, 2024(Forecast)			—	15.00	15.00

(Note) Change in the dividend forecast from the most recent announcement: No

3. Forecast of Consolidated Financial Result for the Year Ending March 31, 2024

(April 1, 2023 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

(Note) Change in forecasts of consolidated financial results from the most recent announcement: No

※ 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) Adoption of accounting methods specific to the preparation of quarterly consolidated financial statements : No

(3) 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

(4) Number of issued shares (Common share)

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

As of September 30, 2023 : 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 September 30, 2023 : 2,153,564 shares
As of March 31, 2023 : 2,153,564 shares

(c) Average number of shares during the period

Six Months Ended September 30, 2023 : 22,586,436 shares
Six Months Ended September 30, 2022 : 22,586,436 shares

* This release is outside the scope of the external auditor's quarterly review procedure.

* 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 quarterly financial results

The Company plans to hold a quarterly financial results presentation meeting on December 1, 2023.

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 September 30, 2023
Assets		
Current assets		
Cash and deposits	7,042,100	7,316,765
Accounts receivable - trade and contrac	3,427,995	3,395,386
Prepaid expenses	243,216	281,404
Advances paid	1,037,607	1,080,191
Other	270,534	457,445
Allowance for doubtful accounts	△12,786	△13,799
Total current assets	12,008,667	12,517,394
Non-current assets		
Property, plant and equipment	625,008	545,853
Intangible assets		
Goodwill	3,384,139	3,666,042
Other	127,054	127,747
Total intangible assets	3,511,194	3,793,790
Investments and other assets		
Investment securities	372,806	308,156
Long-term prepaid expenses	999	138
Guarantee deposits	374,096	390,388
Deferred tax assets	571,835	656,275
Total investments and other assets	1,319,737	1,354,959
Total non-current assets	5,455,940	5,694,603
Total assets	17,464,607	18,211,998

Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Short-term borrowings	600,000	600,000
Current portion of long-term borrowings	539,976	539,976
Accounts payable - other	579,604	592,793
Accrued expenses	375,821	324,427
Income taxes payable	311,502	308,399
Accrued consumption taxes	86,222	36,547
Advances received	2,207,195	2,447,966
Deposits received	1,700,434	2,249,948
Provision for bonuses	159,922	180,993
Other	174,834	144,783
Total current liabilities	6,735,513	7,425,836
Non-current liabilities		
Long-term borrowings	1,993,590	1,723,602
Lease liabilities	408,621	345,881
Retirement benefit liability	718,354	715,436
Other	27,313	27,745
Total non-current liabilities	3,147,878	2,812,666
Total liabilities	9,883,392	10,238,502
Net assets		
Shareholders' equity		
Share capital	214,043	214,043
Retained earnings	7,293,144	7,155,840
Treasury shares	△657,461	△657,461
Total shareholders' equity	6,849,726	6,712,421
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	78,152	62,905
Foreign currency translation adjustment	616,973	1,166,210
Remeasurements of defined benefit plans	36,362	31,958
Total accumulated other comprehensive income	731,489	1,261,074
Total net assets	7,581,215	7,973,496
Total liabilities and net assets	17,464,607	18,211,998

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	5,920,703	6,064,464
Cost of sales	4,080,222	4,079,827
Gross profit	1,840,481	1,984,637
Selling, general and administrative expenses	1,467,050	1,563,405
Operating profit	373,430	421,231
Non-operating income		
Interest income	270	12,703
Foreign exchange gains	265,598	69,470
Total non-operating income	265,868	82,174
Non-operating expenses		
Interest expenses	6,694	9,188
Loss on valuation of investment securities	15,523	10,359
Other	2,395	—
Total non-operating expenses	24,613	19,547
Ordinary profit	614,686	483,858
Extraordinary income		
Insurance claim income	50,000	—
Gain on liquidation of subsidiaries	34,721	37,776
Total extraordinary income	84,721	37,776
Extraordinary losses		
Loss on cancellation of leases	20,478	—
Business restructuring expenses	—	147,402
Total extraordinary losses	20,478	147,402
Profit before income taxes	678,929	374,232
Income taxes - current	211,376	226,730
Income taxes - deferred	△1,260	△31,404
Total income taxes	210,116	195,326
Profit	468,813	178,905
Profit attributable to owners of parent	468,813	178,905

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	468,813	178,905
Other comprehensive income		
Valuation difference on available-for-sale securities	△9,518	△15,247
Foreign currency translation adjustment	484,632	549,236
Remeasurements of defined benefit plans, net of tax	△657	△4,404
Total other comprehensive income	474,456	529,585
Comprehensive income	943,270	708,491
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	943,270	708,491

Consolidated statements of cash flows (cumulative)

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	678,929	374,232
Depreciation	93,353	86,465
Amortization of goodwill	157,472	168,405
Amortization of long-term prepaid expenses	1,696	1,559
Business restructuring expenses	—	147,402
Loss on cancellation of leases	20,478	—
Insurance claim income	△50,000	—
Loss (gain) on liquidation of subsidiaries	△34,721	△37,776
Increase (decrease) in provision for bonuses	△6,775	15,917
Increase (decrease) in allowance for doubtful accounts	△25,895	△495
Increase (decrease) in retirement benefit liability	22,101	△23,770
Interest and dividend income	△270	△12,703
Interest expenses	6,694	9,188
Loss (gain) on valuation of investment securities	15,523	10,359
Foreign exchange losses (gains)	△180,207	△69,775
Decrease (increase) in trade receivables and contract assets	△55,344	219,815
Decrease (increase) in advances paid	△396,553	41,666
Decrease (increase) in prepaid expenses	△72,863	△25,135
Increase (decrease) in accounts payable - other	224,151	△21,673
Increase (decrease) in accrued expenses	△110,585	△86,759
Increase (decrease) in advances received	1,267	△2,977
Increase (decrease) in deposits received	550,157	382,506
Other, net	△191,111	△38,352
Subtotal	647,496	1,138,100
Interest and dividends received	270	12,703
Interest paid	△6,734	△9,194
Income taxes paid	△11,394	△373,424
Business restructuring expenses paid	—	△137,008
Loss on cancellation of leases paid	△20,478	—
Insurance claim income received	50,000	—
Net cash provided by (used in) operating activities	659,160	631,176
Cash flows from investing activities		
Purchase of property, plant and equipment	△7,031	△1,716
Purchase of intangible assets	△1,379	—
Purchase of investment securities	△10,000	△10,000
Proceeds from distributions from investment partnerships	—	41,968
Purchase of long-term prepaid expenses	△39	△19
Payments of guarantee deposits	△8,799	△14,570
Proceeds from refund of guarantee deposits	77	2,831
Net cash provided by (used in) investing activities	△27,172	18,493

Consolidated statements of cash flows (cumulative)

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from financing activities		
Repayments of long-term borrowings	△269,988	△269,988
Dividends paid	△315,618	△315,483
Repayments of lease liabilities	△51,086	△120,046
Net cash provided by (used in) financing activities	△636,692	△705,518
Effect of exchange rate change on cash and cash equivalents	322,095	330,513
Net increase (decrease) in cash and cash equivalents	317,389	274,665
Cash and cash equivalents at beginning of period	5,985,618	7,042,100
Cash and cash equivalents at end of period	6,303,008	7,316,765