

[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, 2021 (Japanese GAAP)

November 12, 2021

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 15, 2021
 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, 2021 (April 1, 2021 to September 30, 2021)

(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, 2021	5,522	10.9	507	173.0	496	259.3	252	—
September 30, 2020	4,981	△7.6	185	△67.4	138	△71.5	△13	—

(Note) Comprehensive income Six Months Ended September 30, 2021: ¥273 million (- %)
 Six Months Ended September 30, 2020: ¥△8 million (- %)

Six Months Ended	Net income per share	Diluted net income per share
	(¥)	(¥)
September 30, 2021	11.18	—
September 30, 2020	△0.61	—

(2) Consolidated Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Shareholders' equity ratio (%)	Net asset per share (¥)
As of September 30, 2021	14,387	5,657	39.3	250.49
As of March 31, 2021	15,280	5,712	37.4	252.92

(Reference) Shareholder's equity: As of September 30, 2021: ¥ 5,657million
 As of March 31, 2021: ¥ 5,712million

2. Dividends

	Annual dividends per share (¥)				
	1st Quarter End	2nd Quarter End	3rd Quarter End	Fiscal Year End	Total
Year Ended March 31, 2021	—	0.00	—	14.00	14.00
Year Ending March 31, 2022	—	0.00			
Year Ending March 31, 2022(Forecast)			—	14.00	14.00

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

3. Forecast of Consolidated Financial Result for the Year Ending March 31, 2022

(April 1, 2021 to March 31, 2022)

(% figures show year-on-year change)

	Net sales		Operating income	
	(¥ million)	%	(¥ million)	%
Full year	10,700	4.1	683	50.6

The forecast of Ordinary income and Profit attributable to owners of parent are undetermined since there are many uncertain factors such as exchange rate fluctuations.

(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 : Yes

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, 2021 : 24,740,000 shares

As of March 31, 2021 : 24,740,000 shares

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

As of September 30, 2021 : 2,153,564 shares

As of March 31, 2021 : 2,153,564 shares

(c) Average number of shares during the period

Six Months Ended September 30, 2021 : 22,586,436 shares

Six Months Ended September 30, 2020 : 22,586,526 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

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.

*How to obtain supplementary results briefing material on quarterly financial results

The Company plans to hold a quarterly financial results presentation meeting on December 15, 2021.

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, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	5,084,201	5,062,133
Accounts receivable - trade	2,982,090	—
Accounts receivable - trade and contrac	—	2,724,783
Prepaid expenses	153,407	153,950
Advances paid	1,183,907	937,598
Other	355,957	206,868
Allowance for doubtful accounts	△36,850	△45,875
Total current assets	9,722,712	9,039,458
Non-current assets		
Property, plant and equipment	701,164	650,617
Intangible assets		
Goodwill	3,463,418	3,289,382
Other	188,469	166,442
Total intangible assets	3,651,888	3,455,825
Investments and other assets		
Investment securities	294,423	327,638
Long-term prepaid expenses	4,368	6,387
Guarantee deposits	449,803	444,914
Deferred tax assets	456,286	462,887
Total investments and other assets	1,204,882	1,241,827
Total non-current assets	5,557,935	5,348,269
Total assets	15,280,647	14,387,727

Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2021	As of September 30, 2021
Liabilities		
Current liabilities		
Short-term borrowings	610,799	510,000
Current portion of long-term borrowings	539,976	539,976
Accounts payable - other	665,588	555,551
Accrued expenses	455,003	334,478
Income taxes payable	203,409	139,588
Accrued consumption taxes	38,793	49,910
Advances received	1,909,343	1,829,403
Deposits received	635,639	595,912
Provision for bonuses	177,114	174,234
Other	98,155	155,288
Total current liabilities	5,333,824	4,884,344
Non-current liabilities		
Long-term borrowings	3,073,542	2,713,554
Lease obligations	468,192	432,081
Retirement benefit liability	645,066	662,467
Other	47,400	37,515
Total non-current liabilities	4,234,202	3,845,617
Total liabilities	9,568,027	8,729,961
Net assets		
Shareholders' equity		
Share capital	214,043	214,043
Retained earnings	6,142,987	6,067,256
Treasury shares	△657,461	△657,461
Total shareholders' equity	5,699,568	5,623,838
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,084	27,113
Foreign currency translation adjustment	△1,451	2,304
Remeasurements of defined benefit plans	3,418	4,509
Total accumulated other comprehensive income	13,052	33,927
Total net assets	5,712,620	5,657,765
Total liabilities and net assets	15,280,647	14,387,727

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Net sales	4,981,836	5,522,427
Cost of sales	3,620,353	3,845,702
Gross profit	1,361,482	1,676,725
Selling, general and administrative expenses	1,175,490	1,169,050
Operating profit	185,992	507,674
Non-operating income		
Interest income	3,424	279
Gain on valuation of investment securities	12,115	—
Total non-operating income	15,539	279
Non-operating expenses		
Interest expenses	7,772	7,594
Foreign exchange losses	53,706	1,789
Loss on valuation of investment securities	—	822
Other	1,979	1,683
Total non-operating expenses	63,459	11,890
Ordinary profit	138,073	496,063
Extraordinary losses		
Arbitration related expenses	60,171	108,045
Total extraordinary losses	60,171	108,045
Profit before income taxes	77,901	388,017
Income taxes - current	111,911	164,422
Income taxes - deferred	△20,228	△29,011
Total income taxes	91,683	135,410
Profit (loss)	△13,782	252,607
Profit (loss) attributable to owners of parent	△13,782	252,607

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit (loss)	△13,782	252,607
Other comprehensive income		
Valuation difference on available-for-sale securities	△18,562	16,028
Foreign currency translation adjustment	21,863	3,756
Remeasurements of defined benefit plans, net of tax	1,561	1,090
Total other comprehensive income	4,862	20,875
Comprehensive income	△8,919	273,482
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	△8,919	273,482

Consolidated statements of cash flows (cumulative)

(Thousands of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from operating activities		
Profit before income taxes	77,901	388,017
Depreciation	106,221	86,639
Amortization of goodwill	139,098	133,694
Amortization of long-term prepaid expenses	2,199	14,138
Arbitration related expenses	60,171	108,045
Increase (decrease) in provision for bonuses	7,629	△3,137
Increase (decrease) in allowance for doubtful accounts	284	8,601
Increase (decrease) in retirement benefit liability	41,979	21,603
Interest and dividend income	△3,424	△279
Interest expenses	7,772	7,594
Loss (gain) on valuation of investment securities	△12,115	822
Foreign exchange losses (gains)	△67,497	△12,063
Decrease (increase) in trade receivables	△184,264	—
Decrease (increase) in trade receivables and contract assets	—	225,284
Increase (decrease) in accrued consumption taxes	6,899	11,386
Decrease (increase) in advances paid	34,480	247,307
Decrease (increase) in prepaid expenses	△35,885	364
Increase (decrease) in accounts payable - other	△200,458	△119,041
Increase (decrease) in accrued expenses	△76,039	△120,017
Increase (decrease) in advances received	△50,970	△68,508
Increase (decrease) in deposits received	△74,891	△37,342
Other, net	△54,573	338,716
Subtotal	△275,479	1,231,828
Interest and dividends received	3,422	279
Interest paid	△7,771	△7,480
Income taxes paid	△126,635	△314,703
Arbitration related expenses paid	△77,583	△73,833
Net cash provided by (used in) operating activities	△484,047	836,091
Cash flows from investing activities		
Purchase of property, plant and equipment	△10,698	△12,394
Purchase of intangible assets	△16,153	△535
Purchase of investment securities	△40,000	△40,000
Proceeds from distributions from investment partnerships	28,784	28,640
Purchase of long-term prepaid expenses	△3,638	△3,530
Payments of guarantee deposits	△1,666	△11,202
Proceeds from refund of guarantee deposits	362	7,058
Net cash provided by (used in) investing activities	△43,009	△31,964
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	478,675	△100,799
Repayments of long-term borrowings	△209,988	△359,988
Purchase of treasury shares	△23	—
Dividends paid	△315,872	△315,799
Repayments of lease obligations	△41,461	△45,169
Net cash provided by (used in) financing	△88,670	△821,756

activities		
Effect of exchange rate change on cash and cash equivalents	111,799	△4,437
Net increase (decrease) in cash and cash equivalents	△503,928	△22,067
Cash and cash equivalents at beginning of period	5,210,902	5,084,201
Cash and cash equivalents at end of period	4,706,974	5,062,133