

[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, 2022 (Japanese GAAP)

November 14, 2022

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, 2022
 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, 2022 (April 1, 2022 to September 30, 2022)

(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, 2022	5,920	7.2	373	△26.4	614	23.9	468	85.6
September 30, 2021	5,522	10.9	507	173.0	496	259.3	252	—

(Note) Comprehensive income Six Months Ended September 30, 2022: ¥943 million (244.9 %)
 Six Months Ended September 30, 2021: ¥273 million (- %)

Six Months Ended	Net income per share	Diluted net income per share
	(¥)	(¥)
September 30, 2022	20.76	—
September 30, 2021	11.18	—

(2) Consolidated Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Shareholders' equity ratio (%)	Net asset per share (¥)
As of September 30, 2022	17,265	7,170	41.5	317.46
As of March 31, 2022	15,716	6,543	41.6	289.69

(Reference) Shareholder's equity: As of September 30, 2022: ¥7,170 million
 As of March 31, 2022: ¥6,543million

2. Dividends

	Annual dividends per share (¥)				
	1st Quarter End	2nd Quarter End	3rd Quarter End	Fiscal Year End	Total
Year Ended March 31, 2022	—	0.00	—	14.00	14.00
Year Ending March 31, 2023	—	0.00			
Year Ending March 31, 2023(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, 2023

(April 1, 2022 to March 31, 2023)

(% 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	12,440	7.7	1,224	12.7	1,204	1.7	871	10.2	38.56

(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, 2022 : 24,740,000 shares

As of March 31, 2022 : 24,740,000 shares

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

As of September 30, 2022 : 2,153,564 shares

As of March 31, 2022 : 2,153,564 shares

(c) Average number of shares during the period

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

Six Months Ended September 30, 2021 : 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

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 November 25, 2022.

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, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	5,985,618	6,303,008
Accounts receivable - trade and contrac	2,917,990	3,113,677
Prepaid expenses	197,784	284,425
Advances paid	987,891	1,438,365
Other	266,645	359,309
Allowance for doubtful accounts	△34,842	△13,181
Total current assets	10,321,087	11,485,605
Non-current assets		
Property, plant and equipment	664,111	664,019
Intangible assets		
Goodwill	3,406,633	3,765,610
Other	159,249	150,876
Total intangible assets	3,565,883	3,916,487
Investments and other assets		
Investment securities	347,652	328,045
Long-term prepaid expenses	5,461	2,146
Guarantee deposits	366,280	375,171
Deferred tax assets	445,992	494,374
Total investments and other assets	1,165,387	1,199,737
Total non-current assets	5,395,381	5,780,243
Total assets	15,716,469	17,265,848

Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Short-term borrowings	600,000	600,000
Current portion of long-term borrowings	539,976	539,976
Accounts payable - other	533,842	812,141
Accrued expenses	402,485	321,055
Income taxes payable	193,650	265,210
Accrued consumption taxes	38,747	94,539
Advances received	2,147,272	2,411,239
Deposits received	688,038	1,305,346
Provision for bonuses	171,809	166,418
Other	162,279	140,984
Total current liabilities	5,478,102	6,656,911
Non-current liabilities		
Long-term borrowings	2,533,566	2,263,578
Lease liabilities	430,959	431,181
Retirement benefit liability	689,644	712,145
Other	41,028	31,803
Total non-current liabilities	3,695,198	3,438,707
Total liabilities	9,173,300	10,095,618
Net assets		
Shareholders' equity		
Share capital	214,043	214,043
Retained earnings	6,604,985	6,757,589
Treasury shares	△657,461	△657,461
Total shareholders' equity	6,161,567	6,314,170
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	42,339	32,821
Foreign currency translation adjustment	322,124	806,757
Remeasurements of defined benefit plans	17,138	16,480
Total accumulated other comprehensive income	381,601	856,058
Total net assets	6,543,169	7,170,229
Total liabilities and net assets	15,716,469	17,265,848

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	5,522,427	5,920,703
Cost of sales	3,845,702	4,080,222
Gross profit	1,676,725	1,840,481
Selling, general and administrative expenses	1,169,050	1,467,050
Operating profit	507,674	373,430
Non-operating income		
Interest income	279	270
Foreign exchange gains	—	265,598
Total non-operating income	279	265,868
Non-operating expenses		
Interest expenses	7,594	6,694
Foreign exchange losses	1,789	—
Loss on valuation of investment securities	822	15,523
Other	1,683	2,395
Total non-operating expenses	11,890	24,613
Ordinary profit	496,063	614,686
Extraordinary income		
Insurance claim income	—	50,000
Gain on liquidation of subsidiaries	—	34,721
Total extraordinary income	—	84,721
Extraordinary losses		
Arbitration related expenses	108,045	—
Loss on cancellation of leases	—	20,478
Total extraordinary losses	108,045	20,478
Profit before income taxes	388,017	678,929
Income taxes - current	164,422	211,376
Income taxes - deferred	△29,011	△1,260
Total income taxes	135,410	210,116
Profit	252,607	468,813
Profit attributable to owners of parent	252,607	468,813

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	252,607	468,813
Other comprehensive income		
Valuation difference on available-for-sale securities	16,028	△9,518
Foreign currency translation adjustment	3,756	484,632
Remeasurements of defined benefit plans, net of tax	1,090	△657
Total other comprehensive income	20,875	474,456
Comprehensive income	273,482	943,270
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	273,482	943,270

Consolidated statements of cash flows (cumulative)

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	388,017	678,929
Depreciation	86,639	93,353
Amortization of goodwill	133,694	157,472
Amortization of long-term prepaid expenses	14,138	1,696
Arbitration related expenses	108,045	—
Loss on cancellation of leases	—	20,478
Insurance claim income	—	△50,000
Loss (gain) on liquidation of subsidiaries	—	△34,721
Increase (decrease) in provision for bonuses	△3,137	△6,775
Increase (decrease) in allowance for doubtful accounts	8,601	△25,895
Increase (decrease) in retirement benefit liability	21,603	22,101
Interest and dividend income	△279	△270
Interest expenses	7,594	6,694
Loss (gain) on valuation of investment securities	822	15,523
Foreign exchange losses (gains)	△12,063	△180,207
Decrease (increase) in trade receivables and contract assets	225,284	△55,344
Increase (decrease) in accrued consumption taxes	11,386	—
Decrease (increase) in advances paid	247,307	△396,553
Decrease (increase) in prepaid expenses	364	△72,863
Increase (decrease) in accounts payable - other	△119,041	224,151
Increase (decrease) in accrued expenses	△120,017	△110,585
Increase (decrease) in advances received	△68,508	1,267
Increase (decrease) in deposits received	△37,342	550,157
Other, net	338,716	△191,111
Subtotal	1,231,828	647,496
Interest and dividends received	279	270
Interest paid	△7,480	△6,734
Income taxes paid	△314,703	△11,394
Arbitration related expenses paid	△73,833	—
Loss on cancellation of leases paid	—	△20,478
Insurance claim income received	—	50,000
Net cash provided by (used in) operating activities	836,091	659,160
Cash flows from investing activities		
Purchase of property, plant and equipment	△12,394	△7,031
Purchase of intangible assets	△535	△1,379
Purchase of investment securities	△40,000	△10,000
Proceeds from distributions from investment partnerships	28,640	—
Purchase of long-term prepaid expenses	△3,530	△39
Payments of guarantee deposits	△11,202	△8,799
Proceeds from refund of guarantee deposits	7,058	77
Net cash provided by (used in) investing activities	△31,964	△27,172

Consolidated statements of cash flows (cumulative)

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	△100,799	—
Repayments of long-term borrowings	△359,988	△269,988
Dividends paid	△315,799	△315,618
Repayments of lease liabilities	△45,169	△51,086
Net cash provided by (used in) financing activities	△821,756	△636,692
Effect of exchange rate change on cash and cash equivalents	△4,437	322,095
Net increase (decrease) in cash and cash equivalents	△22,067	317,389
Cash and cash equivalents at beginning of period	5,084,201	5,985,618
Cash and cash equivalents at end of period	5,062,133	6,303,008