

Translation

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Summary of Consolidated Financial Results for the Year Ended July 31, 2024 (Based on Japanese GAAP)

September 13, 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 of ordinary general meeting of shareholders: October 30, 2024
 Scheduled date to file Securities Report: October 30, 2024
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended July 31, 2024 (from August 1, 2023 to July 31, 2024)

(1) Consolidated operating results

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	%
Year ended July 31, 2024	3,662	17.0	353	(18.5)	375	(5.5)	229	12.5
Year ended July 31, 2023	3,129	37.5	434	268.7	397	359.1	204	503.5

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended July 31, 2024	16.21	16.15	9.7	8.6	9.7
Year ended July 31, 2023	14.44	14.35	9.4	11.4	13.9

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of July 31, 2024	4,638	2,775	53.6	175.37
As of July 31, 2023	4,098	2,313	55.4	160.13

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended July 31, 2024	115	(29)	56	1,900
Year ended July 31, 2023	401	(193)	557	1,756

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended July 31, 2023	–	0.00	–	0.00	0.00	–	–	–
Year ended July 31, 2024	–	0.00	–	0.00	0.00	–	–	–
Year ending July 31, 2025 (Forecast)	–	0.00	–	0.00	0.00	–	–	–

3. Forecast of consolidated financial results for the year ending July 31, 2025 (from August 1, 2024 to July 31, 2025)

Percentages indicate year-on-year changes

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	5,272	–	717	–	708	–	352	–	24.89

4. Notes

- (1) Significant changes in the scope of consolidation during the year ended July 31, 2024: Yes
- (2) 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

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of July 31, 2024	14,172,900 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 July 31, 2024	68 shares	As of July 31, 2023	68 shares
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Average number of shares during the period

Year ended July 31, 2024	14,171,911 shares	Year ended July 31, 2023	14,143,637 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of July 31, 2023	As of July 31, 2024
Assets		
Current assets		
Cash and deposits	1,756,004	1,900,086
Accounts receivable - trade	599,206	840,520
Contract assets	200,190	1,338
Accounts receivable - other	272,754	220,331
Supplies	622	5
Prepaid expenses	45,431	41,148
Advance payments to suppliers	84,768	288,608
Other	41,857	128,103
Allowance for doubtful accounts	(1,686)	(2,123)
Total current assets	2,999,149	3,418,018
Non-current assets		
Property, plant and equipment		
Buildings	65,595	70,210
Accumulated depreciation	(19,258)	(27,977)
Buildings, net	46,336	42,232
Facilities attached to buildings	59,125	67,477
Accumulated depreciation	(17,423)	(25,565)
Facilities attached to buildings, net	41,702	41,912
Tools, furniture and fixtures	226,482	262,066
Accumulated depreciation	(177,903)	(209,330)
Tools, furniture and fixtures, net	48,578	52,735
Total property, plant and equipment	136,617	136,880
Intangible assets		
Goodwill	240,731	564,253
Other	39,335	92,268
Total intangible assets	280,067	656,522
Investments and other assets		
Investment securities	524,077	176,457
Leasehold and guarantee deposits	107,387	138,823
Deferred tax assets	46,254	104,544
Other	4,806	6,178
Total investments and other assets	682,525	426,004
Total non-current assets	1,099,210	1,219,407
Deferred assets		
Organization expenses	380	609
Business commencement expenses	158	99
Total deferred assets	538	708
Total assets	4,098,898	4,638,134

(Thousands of yen)

	As of July 31, 2023	As of July 31, 2024
Liabilities		
Current liabilities		
Accounts payable - other	245,117	266,881
Accrued expenses	561,625	534,065
Current portion of long-term borrowings	44,040	44,040
Income taxes payable	117,282	116,907
Provision for bonuses	–	2,294
Provision for loss on orders received	4,666	–
Other	171,745	141,735
Total current liabilities	1,144,478	1,105,923
Non-current liabilities		
Long-term borrowings	640,660	756,620
Total non-current liabilities	640,660	756,620
Total liabilities	1,785,138	1,862,543
Net assets		
Shareholders' equity		
Share capital	477,054	477,140
Capital surplus	368,957	369,042
Retained earnings	1,400,779	1,630,526
Treasury shares	(135)	(135)
Total shareholders' equity	2,246,655	2,476,573
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(22)	44
Foreign currency translation adjustment	22,660	8,934
Total accumulated other comprehensive income	22,638	8,978
Share acquisition rights	420	420
Non-controlling interests	44,045	289,618
Total net assets	2,313,759	2,775,590
Total liabilities and net assets	4,098,898	4,638,134

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended July 31, 2023	Fiscal year ended July 31, 2024
Net sales	3,129,985	3,662,056
Cost of sales	1,392,930	1,552,657
Gross profit	1,737,054	2,109,398
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	63,049	88,014
Salaries	224,839	365,581
Advertising expenses	421,598	382,213
Sales commission	81,353	230,108
Depreciation	12,097	20,876
Provision of allowance for doubtful accounts	(1,805)	(360)
Amortization of goodwill	32,385	44,690
Bad debt expenses	1,514	1,236
Provision for bonuses	48,922	42,356
Other	419,058	581,003
Total selling, general and administrative expenses	1,303,014	1,755,721
Operating profit	434,040	353,677
Non-operating income		
Interest income	137	149
Foreign exchange gains	–	3,956
Outsourcing service income	600	1,050
Refund	565	–
Subsidy income	19,173	30,128
Other	3,775	2,552
Total non-operating income	24,251	37,835
Non-operating expenses		
Interest expenses	4,060	4,764
Foreign exchange losses	1,069	–
Share of loss of entities accounted for using equity method	41,826	2,255
Loss on valuation of cryptocurrencies	13,788	8,430
Other	272	582
Total non-operating expenses	61,017	16,033
Ordinary profit	397,273	375,480
Extraordinary income		
Subsidy income	5,960	–
Gain on sale of securities	–	75,675
Gain on step acquisitions	–	57,341
Total extraordinary income	5,960	133,016
Extraordinary losses		
Loss on retirement of non-current assets	2,236	0
Loss on tax purpose reduction entry of non-current assets	4,276	–
Loss on valuation of investment securities	41,645	–
Loss on step acquisitions	29,501	–
Impairment losses	–	126,775
Total extraordinary losses	77,659	126,775

(Thousands of yen)

	Fiscal year ended July 31, 2023	Fiscal year ended July 31, 2024
Profit before income taxes	325,574	381,721
Income taxes - current	130,737	143,970
Income taxes - deferred	(10,046)	(51,058)
Total income taxes	120,691	92,912
Profit	204,883	288,808
Profit attributable to non-controlling interests	619	59,061
Profit attributable to owners of parent	204,263	229,747

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended July 31, 2023	Fiscal year ended July 31, 2024
Profit	204,883	288,808
Other comprehensive income		
Valuation difference on available-for-sale securities	(22)	133
Foreign currency translation adjustment	800	(13,726)
Total other comprehensive income	777	(13,592)
Comprehensive income	205,661	275,216
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	205,041	216,087
Comprehensive income attributable to non-controlling interests	619	59,128

Consolidated statements of changes in equity

Fiscal year ended July 31, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	476,567	362,660	1,196,515	(135)	2,035,607
Changes during period					
Issuance of new shares	487	487			975
Profit attributable to owners of parent			204,263		204,263
Change in ownership interest of parent due to transactions with non-controlling interests		5,809			5,809
Net changes in items other than shareholders' equity					
Total changes during period	487	6,296	204,263	–	211,048
Balance at end of period	477,054	368,957	1,400,779	(135)	2,246,655

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	–	21,860	21,860	420	72,870	2,130,758
Changes during period						
Issuance of new shares						975
Profit attributable to owners of parent						204,263
Change in ownership interest of parent due to transactions with non-controlling interests						5,809
Net changes in items other than shareholders' equity	(22)	800	777		(28,825)	(28,047)
Total changes during period	(22)	800	777	–	(28,825)	183,000
Balance at end of period	(22)	22,660	22,638	420	44,045	2,313,759

Fiscal year ended July 31, 2024

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	477,054	368,957	1,400,779	(135)	2,246,655
Changes during period					
Issuance of new shares	85	85			170
Profit attributable to owners of parent			229,747		229,747
Net changes in items other than shareholders' equity					
Total changes during period	85	85	229,747	–	229,917
Balance at end of period	477,140	369,042	1,630,526	(135)	2,476,573

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	(22)	22,660	22,638	420	44,045	2,313,759
Changes during period						
Issuance of new shares						170
Profit attributable to owners of parent						229,747
Net changes in items other than shareholders' equity	66	(13,726)	(13,659)		245,572	231,913
Total changes during period	66	(13,726)	(13,659)	–	245,572	461,831
Balance at end of period	44	8,934	8,978	420	289,618	2,775,590

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended July 31, 2023	Fiscal year ended July 31, 2024
Cash flows from operating activities		
Profit before income taxes	325,574	381,721
Depreciation	79,960	79,073
Impairment losses	–	126,775
Loss (gain) on sale of investment securities	–	(75,675)
Loss (gain) on valuation of investment securities	41,645	–
Amortization of goodwill	32,385	44,690
Increase (decrease) in allowance for doubtful accounts	(2,842)	(360)
Increase (decrease) in provision for bonuses	(7,610)	(2,953)
Interest income	(137)	(149)
Loss (gain) on step acquisitions	29,501	(57,341)
Share of loss (profit) of entities accounted for using equity method	41,826	2,255
Loss(Gain) on valuation of crypto assets	13,788	8,430
Interest expenses	4,060	4,764
Decrease (increase) in trade receivables	(239,705)	133,831
Decrease (increase) in inventories	69	622
Decrease (increase) in advance payments to suppliers	(84,768)	(203,840)
Decrease (increase) in prepaid expenses	43,415	(1,947)
Decrease (increase) in long-term prepaid expenses	6,442	(635)
Increase (decrease) in accounts payable - other	42,642	(113,452)
Increase (decrease) in accrued expenses	177,401	(71,181)
Increase (decrease) in accrued consumption taxes	67,412	(99,211)
Other, net	(90,315)	47,400
Subtotal	480,748	202,817
Interest and dividend income	8	152,691
Interest paid	(4,103)	(4,397)
Income taxes paid	(75,179)	(235,805)
Net cash provided by (used in) operating activities	401,473	115,306
Cash flows from investing activities		
Purchase of investment securities	(154,790)	(2,000)
Proceeds from sale of investment securities	–	274,955
Purchase of property, plant and equipment	(18,058)	(50,648)
Proceeds from sale of property, plant and equipment	96	–
Purchase of intangible assets	(19,428)	(27,081)
Payments of leasehold and guarantee deposits	(2,020)	(32,196)
Proceeds from refund of leasehold and guarantee deposits	196	28
Purchase of long-term prepaid expenses	(6)	–
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(192,912)
Proceeds from collection of loans receivable	660	–
Net cash provided by (used in) investing activities	(193,351)	(29,855)

(Thousands of yen)

	Fiscal year ended July 31, 2023	Fiscal year ended July 31, 2024
Cash flows from financing activities		
Proceeds from long-term borrowings	580,000	100,000
Repayments of long-term borrowings	(32,970)	(44,040)
Proceeds from issuance of shares	10,775	170
Net cash provided by (used in) financing activities	557,805	56,130
Effect of exchange rate change on cash and cash equivalents	757	2,500
Net increase (decrease) in cash and cash equivalents	766,685	144,081
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	1,756,004	1,900,086