

Link and Motivation Inc.

Securities Code: 2170

Consolidated Financial Information for the Six Months Ended June 30, 2022 (First Half of 2022)



Link and Motivation Group

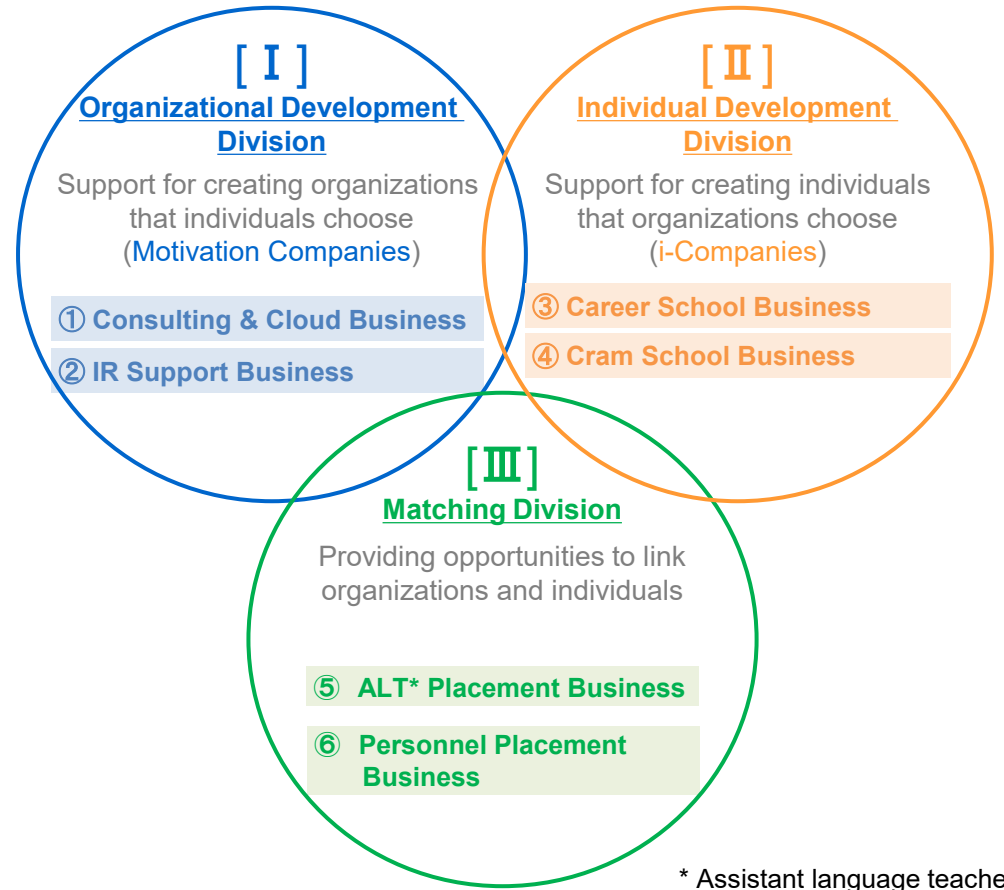
1. Company Overview
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 - (1) Report on Consolidated Financial Results
 - (2) Report on Organizational Status
 3. Progress of Growth Strategies Centered on the Organizational Development Division
- Reference Materials: KPIs by Business and Progress Report on Core Businesses

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Company Overview

Mission

*Through Motivation Engineering, we provide opportunities to transform **organizations** and **individuals** and create a more meaningful society.*



[IV] Venture Incubation

Capital and organizational support for venture companies

Change in Business Classifications

As of 2022, we have changed to new business classifications in line with our medium-to-long-term strategy.

Before Change

Organizational Development Division	Consulting & Cloud Business
	Event & Media Business
Individual Development Division	Career School Business
	Cram School Business
Matching Division	Global Personnel Placement & Temp Staff Business
	Domestic Personnel Placement & Temp Staff Business

Transferred Event Business to Consulting & Cloud Business

No change

Transferred domestic temp staff business

After Change

Organizational Development Division	Consulting & Cloud Business
	IR Support Business
Individual Development Division	Career School Business
	Cram School Business
Matching Division	ALT Placement Business
	Personnel Placement Business

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Group Summary for the First Half of 2022 (1) Report on Consolidated Financial Results

Consolidated Statements of Operations

Revenues **increased slightly** and gross profit **increased** compared with the same period of the previous year (YoY).
Adjusted operating income and operating income **increased substantially** YoY.
Net income **increased substantially** YoY.

The growth of the Consulting & Cloud business, which has a high profit margin, and the Personnel Placement business, in addition to the impact of structural reforms including the transfer of the domestic temp staff business and office relocations, resulted in substantial increases in adjusted operating income and the line items below it.

(¥ million)	2021 ² 2Q Results	2022 2Q Results	YoY Change
Revenues	16,399	16,766	+2.2%
Gross Profit	7,977	8,472	+6.2%
Adjusted Operating Income ¹	1,619	2,225	+37.5%
Operating Income	1,503	1,969	+31.0%
Net Income	905	1,000	+10.5%

1. Adjusted operating income is a profit indicator that measures operating results by excluding temporary factors such as impairment of goodwill, right-of-use assets and fixed assets from operating income.

2. For purposes of comparison, figures for 2021 are restated to reflect the transfer of the domestic temp staff business.

Revenues and Gross Profit by Segment (Results/YoY Change)

Despite a decrease in revenues from some businesses, our shift to businesses with high profit margins, mainly growth businesses, led to steady increases in gross profit.

(¥ million)		2021 ² 2Q Results	2022 2Q Results	YoY Change
All Divisions ¹	Revenues	16,399	16,766	+2.2%
	Gross Profit	7,977	8,472	+6.2%
Organizational Development Division	Revenues	5,324	6,160	+15.7%
	Gross Profit	3,748	4,223	+12.7%
Individual Development Division	Revenues	3,760	3,666	-2.5%
	Gross Profit	1,418	1,504	+6.1%
Matching Division	Revenues	7,756	7,487	-3.5%
	Gross Profit	3,201	3,224	+0.7%

1. Excludes intersegment revenues.

2. For purposes of comparison, figures for 2021 are restated to reflect the transfer of the domestic temp staff business.

Organizational Development Division First-Half Summary

Consulting & Cloud Business: Revenues and gross profit both **increased substantially** YoY.

IR Support Business: Revenues **increased** and gross profit **increased substantially** YoY.

① Consulting & Cloud Business: Significant increase from capturing the needs of major companies for improving employee engagement.

② IR Support Business: Gross profit increased substantially due to increased production of integrated reports, which have a high profit margin.

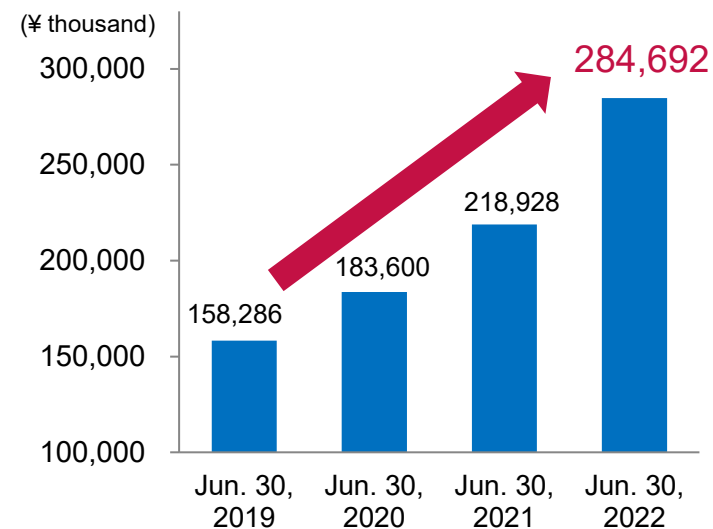
Revenues and Gross Profit by Product

Product	2021 2Q Results*	2022 2Q Results	YoY Change
① Consulting & Cloud Business	4,576 [3,450]	5,376 [3,839]	+17.5% +11.3%
Consulting	3,219	3,708	+15.2%
Cloud	1,356	1,667	+22.9%
② IR Support Business	884 [382]	916 [444]	+3.5% +16.3%

(¥ million) [Gross profit in brackets]

Motivation Cloud Series
Monthly Fee Revenue

30% growth compared with same period of previous year



* For purposes of comparison, figures for 2021 have been restated to reflect the new business categories.

Individual Development Division First-Half Summary

Career School Business: Revenues decreased and gross profit **increased** YoY.

Cram School Business: Revenues and gross profit both **increased** YoY.

③ Career School Business: Although B2C services were significantly impacted by the COVID-19 pandemic, gross profit increased due to growth in DX support for individuals at companies (B2B), which has a high profit margin.

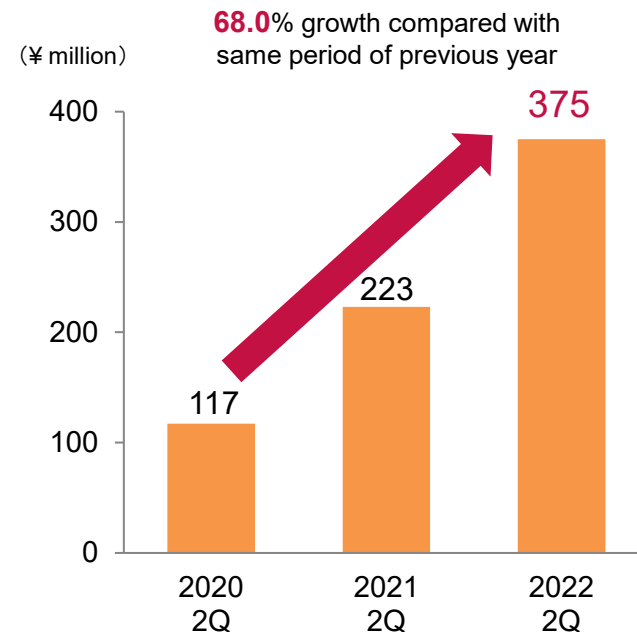
④ Cram School Business: Results increased due to an increase in the number of enrollees.

Revenues and Gross Profit by Product

Product	2021 2Q Results	2022 2Q Results	YoY Change
③ Career School Business	3,481 [1,297]	3,359 [1,376]	-3.5% +6.1%
④ Cram School Business	281 [121]	307 [128]	+9.2% +5.6%

(¥ million) [Gross profit in brackets]

Revenue from DX Support for Individuals at Companies



Matching Division First-Half Summary

ALT Placement Business: Revenues and gross profit both decreased YoY.

Personnel Placement Business: Revenues and gross profit both **increased substantially** YoY.

⑤ ALT Placement Business: Due to price adjustments by the business as a result of the expansion of social insurance coverage in October 2022, some local governments withdrew their bids because the price exceeded their budgets, and results decreased.

⑥ Personnel Placement Business: Results increased due to the growth of OpenWork Recruiting.

Revenues and Gross Profit by Product

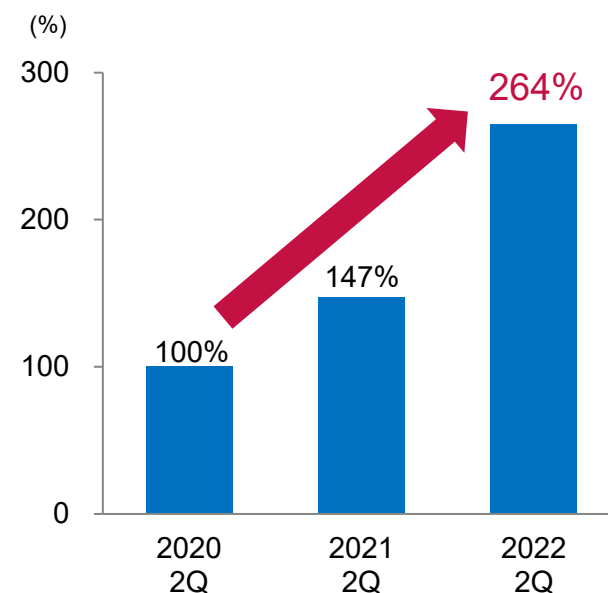
Product	2021 2Q Results*	2022 2Q Results	YoY Change
⑤ ALT Placement Business	6,673 [2,143]	6,192 [1,951]	-7.2% -9.0%
⑥ Personnel Placement Business	1,106 [1,080]	1,306 [1,285]	+18.1% +19.0%

(¥ million) [Gross profit in brackets]

* For purposes of comparison, figures for 2021 have been restated to reflect the transfer of the domestic temp staff business.

OpenWork Recruiting Revenue Growth Rate

Shown as an index with 2020 2Q revenues = 100%



Consolidated Statements of Operations: SG&A Expenses (Results/YoY Change)

Total SG&A expenses increased slightly YoY.

The amount of the decrease in expenses for office relocation was reallocated to investments for growth.

(¥ million)	2021 2Q Results*	2022 2Q Results	YoY Change
Total SG&A Expenses	6,367	6,427	+0.9%
Personnel Expenses	2,971	3,231	+8.7%
Recruiting, Training and Welfare Expenses	273	343	+25.4%
Office and System Expenses	1,742	1,212	-30.4%
Sales-related Expenses	927	1,122	+20.9%
Other Expenses	452	517	+14.4%

* For purposes of comparison, figures for 2021 are restated to reflect the transfer of the domestic temp staff business.

Consolidated Statements of Financial Position (Results/Change)

Assets decreased due to the transfer of the domestic temp staff business and office relocations.
 Liabilities decreased due to a decrease in interest-bearing and other financial liabilities.
 Equity increased due to posting net income.

(¥ million)	December 31, 2021	June 30, 2022	Increase (Decrease)
Current Assets	9,732	9,989	256
Non-current Assets	20,329	18,720	(1,609)
Total Assets	30,062	28,710	(1,352)
Current Liabilities	15,018	13,211	(1,806)
Non-current Liabilities	6,395	6,268	(127)
Total Liabilities	21,413	19,480	(1,933)
Total Equity	8,648	9,229	581

We continue to **pay quarterly dividends**

A dividend of **1.9 yen** per share is scheduled to be paid on Thursday, September 22.

	Dividend per Share				
	First Quarter	Second Quarter	Third Quarter (scheduled)	Fourth Quarter (scheduled)	Annual Dividend (scheduled)
2022	1.9 yen	1.9 yen	1.9 yen	1.9 yen	7.6 yen

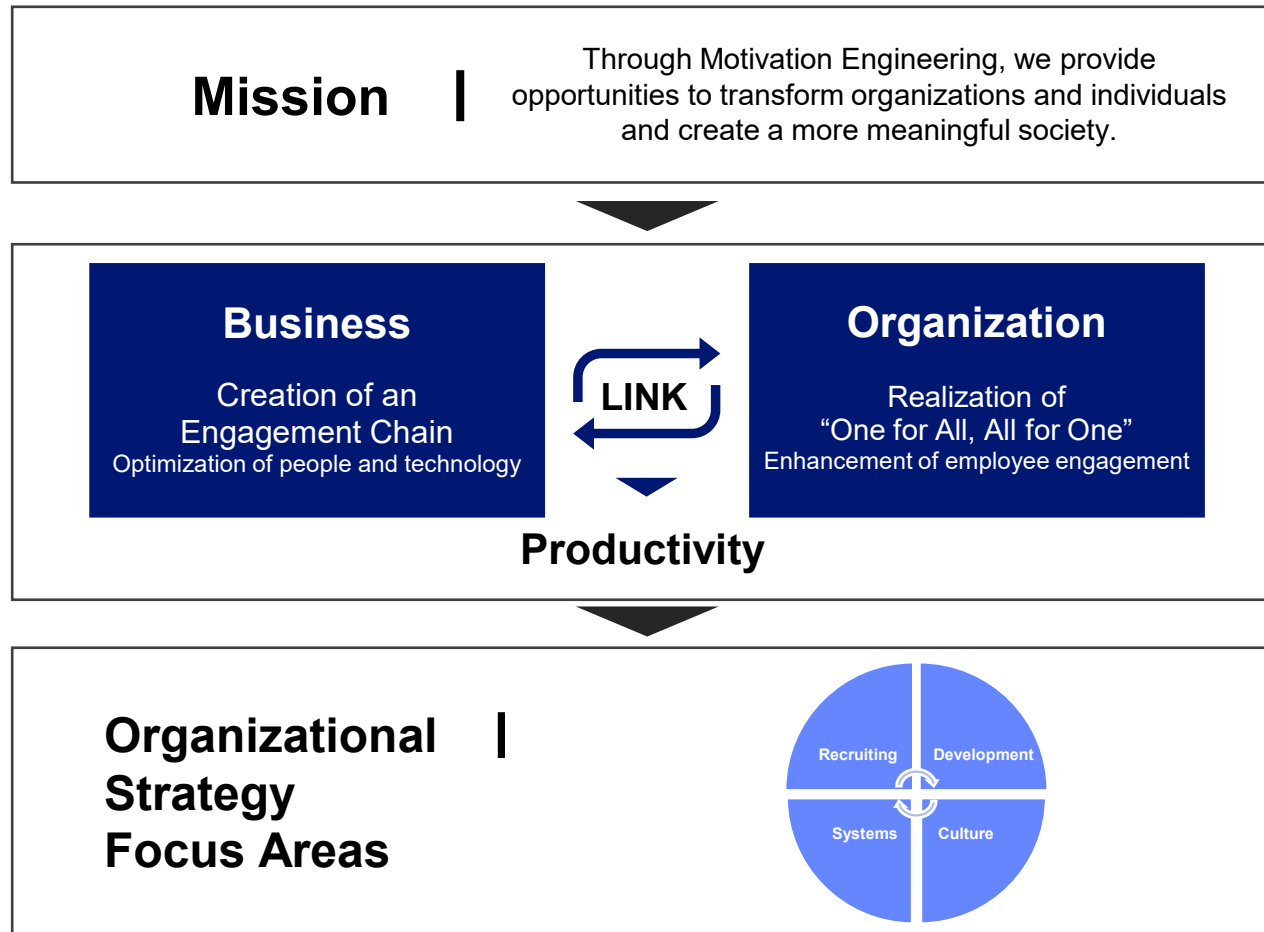
Note: 100 shares per unit of the Company's stock.

2

Group Summary for the First Half of 2022 (2) Report on Organizational Status

Our Approach to Human Capital Management

To carry out our mission, we link business and organizational strategies to improve productivity. Making employee engagement the core theme of our organizational strategy, we will manage recruiting, development, systems and culture.



Important Themes of Our Organizational Strategy

To improve productivity, we have made promoting DX throughout the organization an important theme of our organizational strategy along with employee engagement, which is the core theme.

Theme	Employee Engagement	Promoting DX Throughout the Organization
KPI	<p>Engagement Rating (Number of AAA Companies)</p> <p>Based on our database, one of Japan's largest, this index shows employee engagement (mutual understanding, empathy and commitment) on an 11-rank scale from AAA to DD</p>	<p>DX Score</p> <p>Index based on results of the DX Survey, which measures individual IT skills and IT operation proficiency (Total of 200 points)</p>
Results	<p>Feb. 2022</p> <p>9 of 11 companies</p> <p>▶</p> <p>Current</p> <p>9 of 11 companies</p>	<p>2021</p> <p>Average score 98.9</p> <p>▶</p> <p>Current</p> <p>Average score 123.3</p>
Expected Effect	<p>Has already shown a correlation between employee engagement and operating margin/labor productivity.</p>	<p>Approximately 5,000-hour reduction in working time throughout the Group. Productivity will improve further as DX scores increase.</p>

Engagement Ratings

Among the 11* companies in the Link and Motivation Group, 9 have a AAA rating. We continue to maintain a high level of engagement.

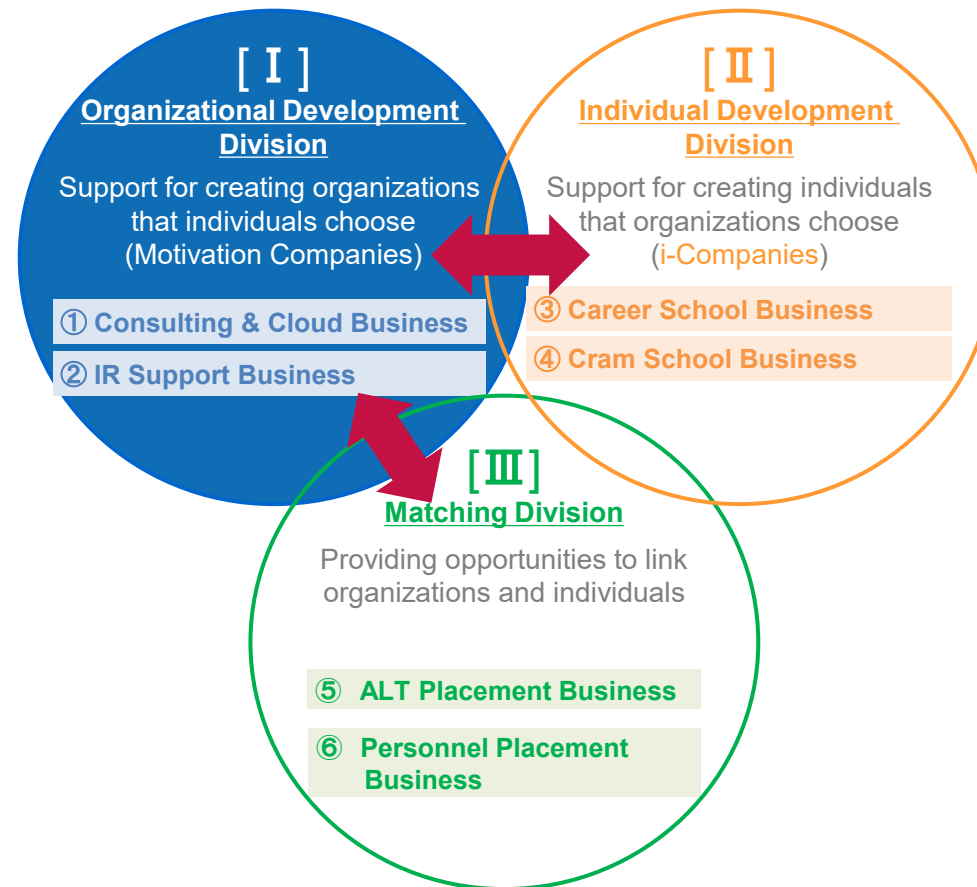
Division	Business	Company Name	Subjects	February 2022	August 2022
Organizational Development Division	Consulting & Cloud Business	Link and Motivation Inc.	449	AAA	→ AAA
		Link Global Solution Inc.	23	AAA	→ AAA
		Link Event Produce Inc.	27	AAA	→ AAA
	IR Support Business	Link Corporate Communications Inc.	81	AAA	→ AAA
Individual Development Division	Career School Business	Link Academy Inc.	516	AAA	→ AAA
	Cram School Business	Motivation Academia Inc.	48	AAA	→ AAA
Matching Division	ALT Placement Business	Link Interac Inc.	173	AA	→ AA
		Link Japan Careers Inc.	14	AAA	→ AAA
	Personnel Placement Business	Link Agent Inc.	17	AAA	→ AAA
		Link-i Inc.	22	AAA	→ AAA
		OpenWork Inc.	74	BBB	→ AA

* Excluding Link Dining Inc., which is classified in the Other business segment.

3

Progress of Growth Strategies Centered on the Organizational Development Division

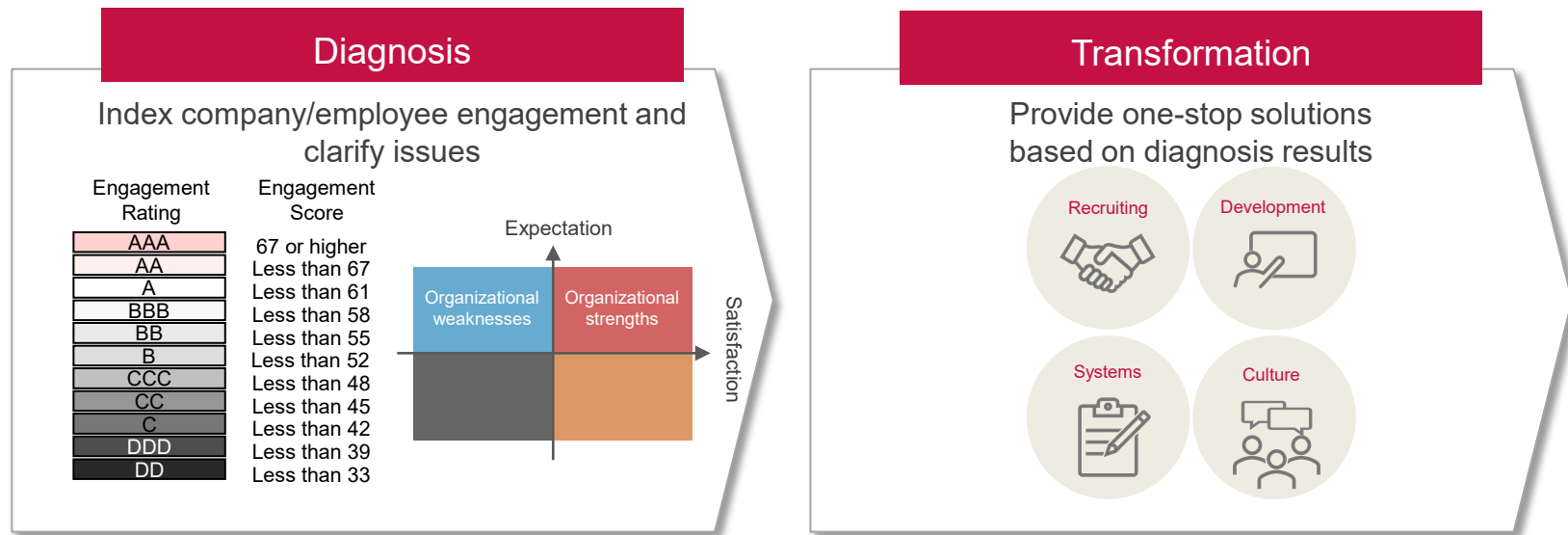
Business growth will center on the Organizational Development Division, together with growth of businesses that generate synergies with it.



Competitive Advantage of the Organizational Development Division

By using our core technology Motivation Engineering to diagnose and transform organizations, we provide **one-stop** support for not just diagnosis **but improvement of employee engagement**.

Core Technology: Motivation Engineering



Extensive accumulated data
Database of **approx. 2.69 million employees**
at 9,360 companies

Customer assets/accumulated know-how
Number of customers:
Approx. 1,800 companies

Organizational Development Division Growth Strategy

Provide one-stop solutions for diagnosis and transformation, centered on major companies with strong needs for human capital management, while rolling out cloud-based services using the data and know-how the division has accumulated through consulting.

Diagnosis

Develop new customers for Motivation Cloud

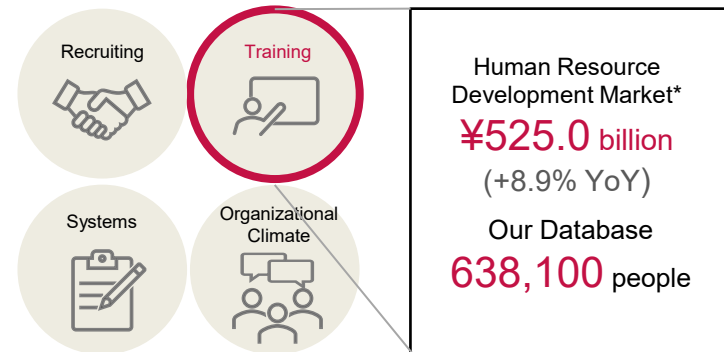
Ramp up introductions at major companies, and conduct localization and accumulate data for each region for rollout to global companies



Transformation

Launch new cloud-based services

We expect steady growth from migrating proven services to the cloud, as we did with Motivation Cloud

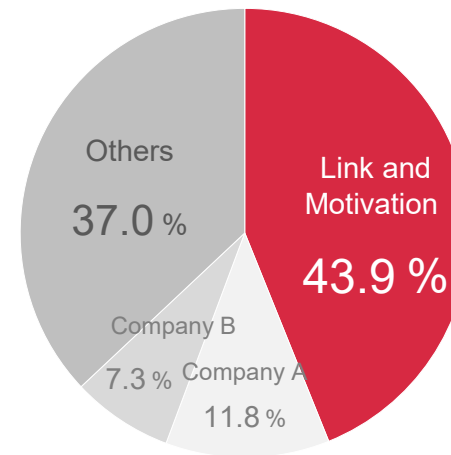


* Yano Research Institute Ltd. press release "Corporate Training Services Market Survey (2021)" https://www.yano.co.jp/press-release/show/press_id/2765 (Japanese only)

By **improving employee engagement** at companies,
we have held **the No. 1 share of sales for five consecutive years**
in the rapidly expanding employee engagement market.



Share of Sales
No. 1* share in Japan for
five consecutive years



* ITR, "ITR Market View: Human Resources Management Market 2022"
Employee engagement market: Consecutive no. 1 in sales by vendor and market share
(FY2017-FY2021 forecast)

Growth has been steady toward the forecast of ¥320 million by the end of 2022.
The contribution from a new cloud-based service will accelerate growth in the second half and beyond.

Motivation Cloud Series* Monthly Fee Revenue

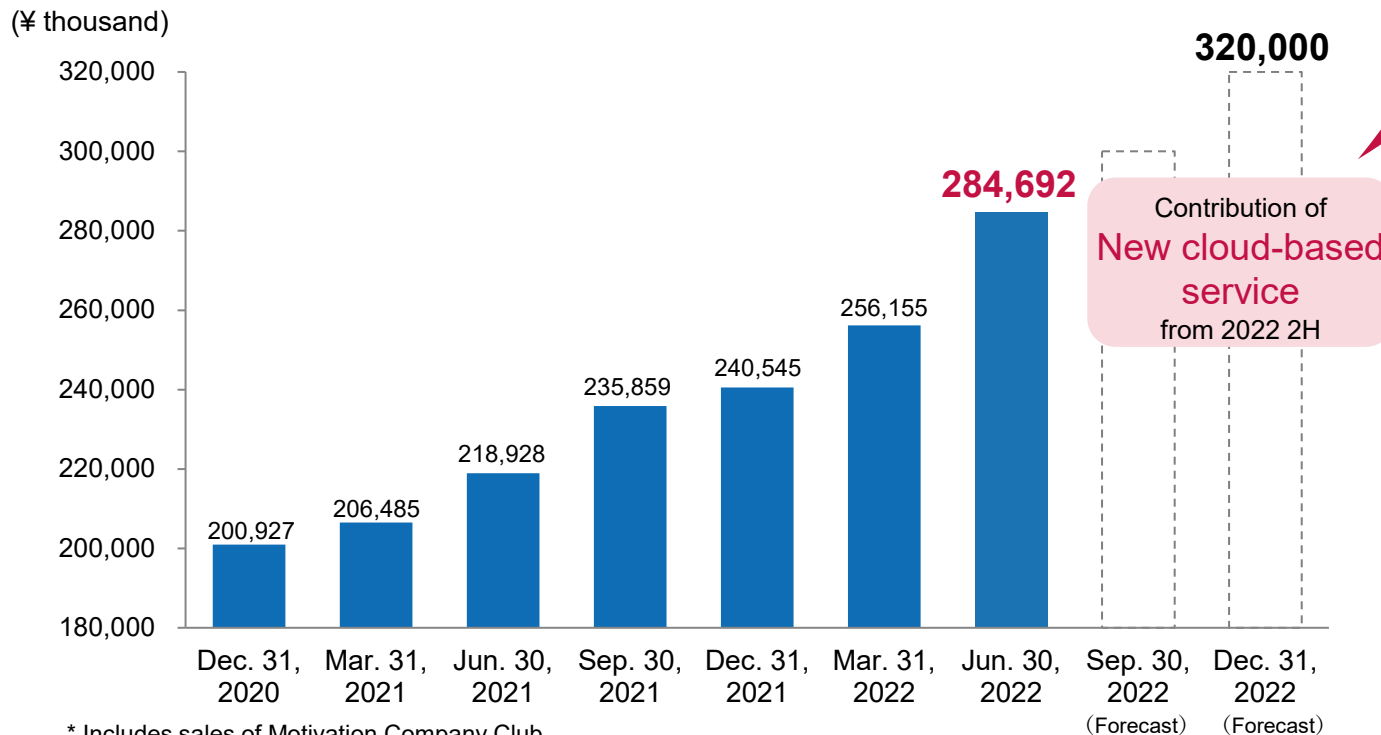
2022 2Q

Result

¥284,692 thousand

+11.1%
vs. previous
quarter

+30.0%
YoY



Rising attention to human capital management and disclosure of human capital information is expected to be an advantageous trend for the Consulting & Cloud business.

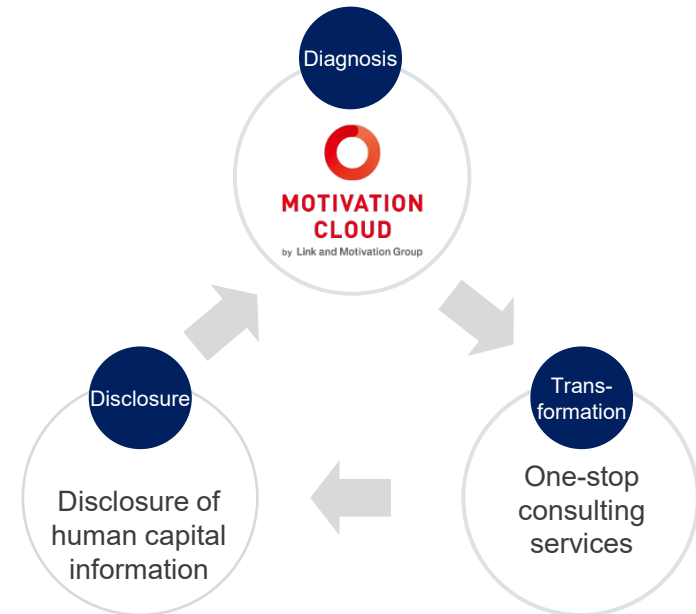
We will also start ISO 30414 consulting and ramp up support for human capital management.

Increasing Importance of and Attention to Human Capital Management

Corporate Governance Code Revision	Publication of Ito Review on Human Resources
Clear policy to strengthen disclosure of information on human capital	Reference for practicing human capital management

New Capitalism
Visualization of non-financial information to become mandatory for listed companies from fiscal 2023

Start of Consulting on ISO 30414 Human Capital Information Disclosure Guidelines



Amid **rapidly growing corporate needs for DX**, the Individual Development Division **provides services to improve employee IT skills** to current customers of the Organizational Development Division. It expects to generate further synergies by stepping up sales, including increasing staff, in the second half and beyond.

IT Skill Support Developed under the Aviva Brand



Established in 1995.
Predominant track record
in instruction.

Extensive lineup
of classes

Utilizing the Customer Assets of the Organizational Development and Matching Divisions



Number of
Corporate Customers

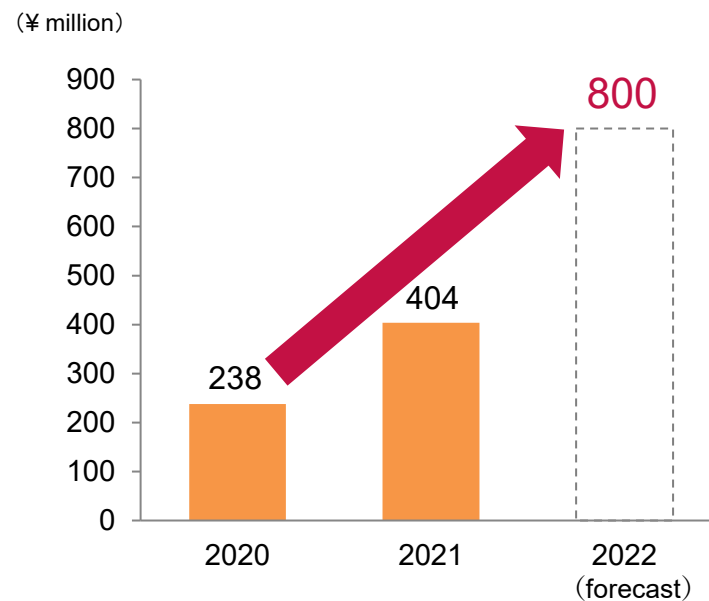
Approx. **1,800**



Number of Local
Government Customers

Approx. **450**

Revenues from DX Support for Individuals at Corporations



Progress of Growth Strategies: Matching Division Growth from Synergies with the Organizational Development Division

The number of employee reviews and page views has grown steadily. OpenWork Recruiting will aim for continuing high growth by **significantly increasing the number of job openings** through stronger cooperation with the Organizational Development Division.

Features of OpenWork Recruiting

Reduces the nonacceptance rate and the turnover rate through **recruiting that creates a high level of engagement** using one of Japan's largest online review platforms.



openwork

Employee reviews/
evaluation scores

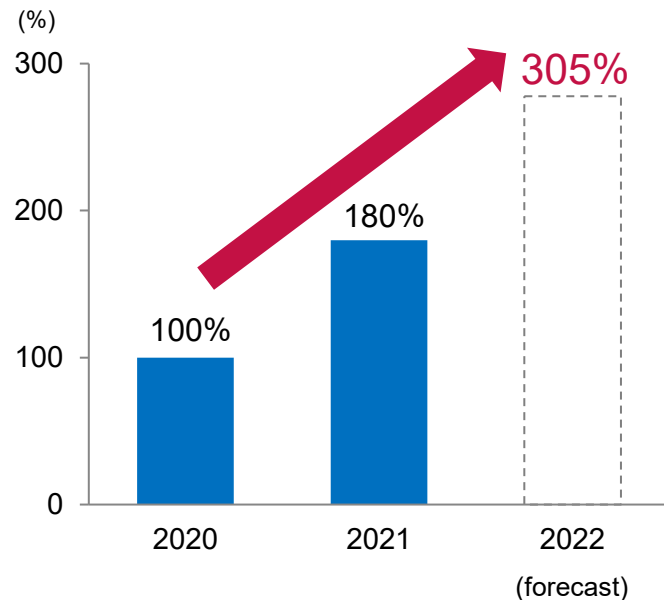
Approx. 13.2 million

Number of registered users

Approx. 4.9 million

OpenWork Recruiting Revenue Growth Rate

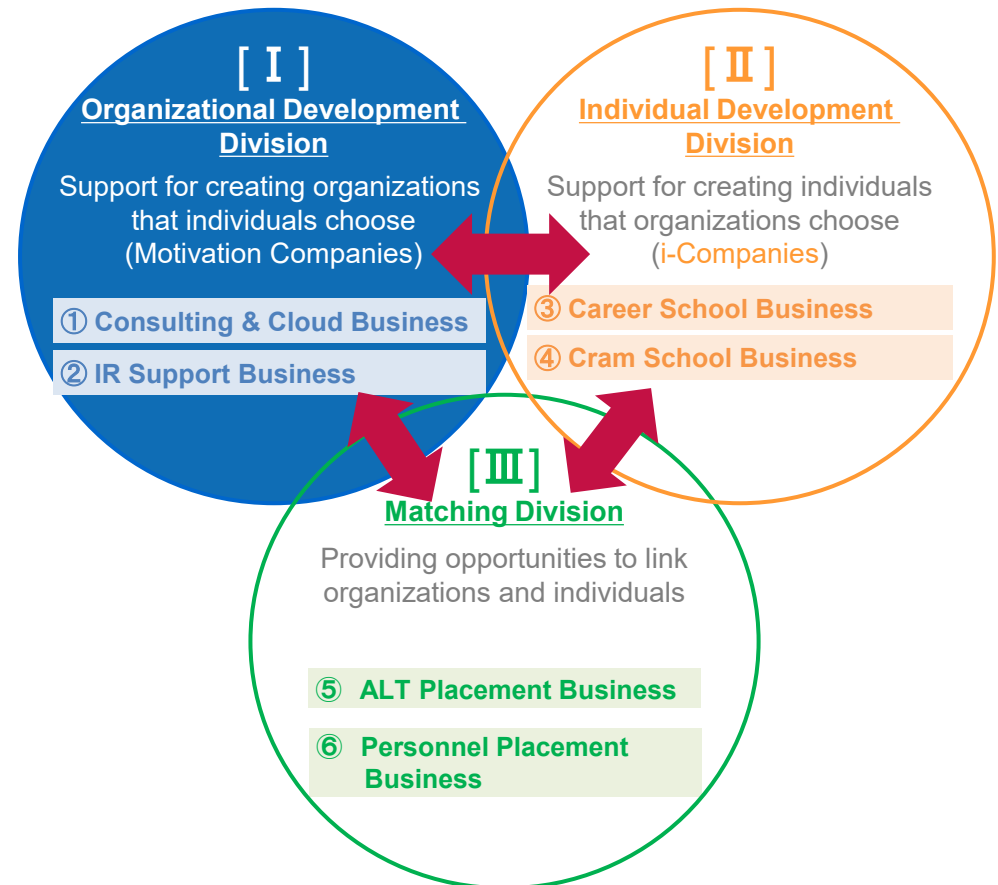
Shown as an index with 2020 revenues = 100%



Operating Structure of the Link and Motivation Group

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Reference Materials:





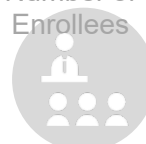



KPIs by Business and Progress Report on Core Businesses

KPIs by Business and Progress Report on Core Businesses



<p>Core Business</p>  <p>Motivation Cloud Series</p>	<p>KPIs by Business</p> <p>Monthly Fee Revenue  Cloud</p> <p>Revenues per Customer  Consulting</p>
<p>Core Business</p>  <p>DX Support for Individuals at Corporations</p>	<p>KPIs by Business</p> <p>Number of Enrollees </p> <p>Revenue per Enrollee </p>
<p>Core Business</p>  <p>openwork</p> <p>ALT Placement Business/OpenWork</p>	<p>KPIs by Business</p> <p>Number of ALTs dispatched </p>



<p>Core Business</p>  <p>Motivation Cloud Series</p>	<p>KPIs by Business</p> <p>Monthly Fee Revenue  Cloud</p> <p>Revenues per Customer  Consulting</p>
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	Results*	% of total	Results	% of total	
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(¥ million) [Gross profit in brackets]

Note: For purposes of comparison, figures for 2021 have been restated to reflect the new business categories.

Monthly fee revenue is steadily progressing toward the December 31, 2022 target of ¥320 million. **The average monthly fee, which is the business's KPI, has also increased due to introductions at major companies.**

Business KPI Motivation Cloud Series Monthly Fee Revenue

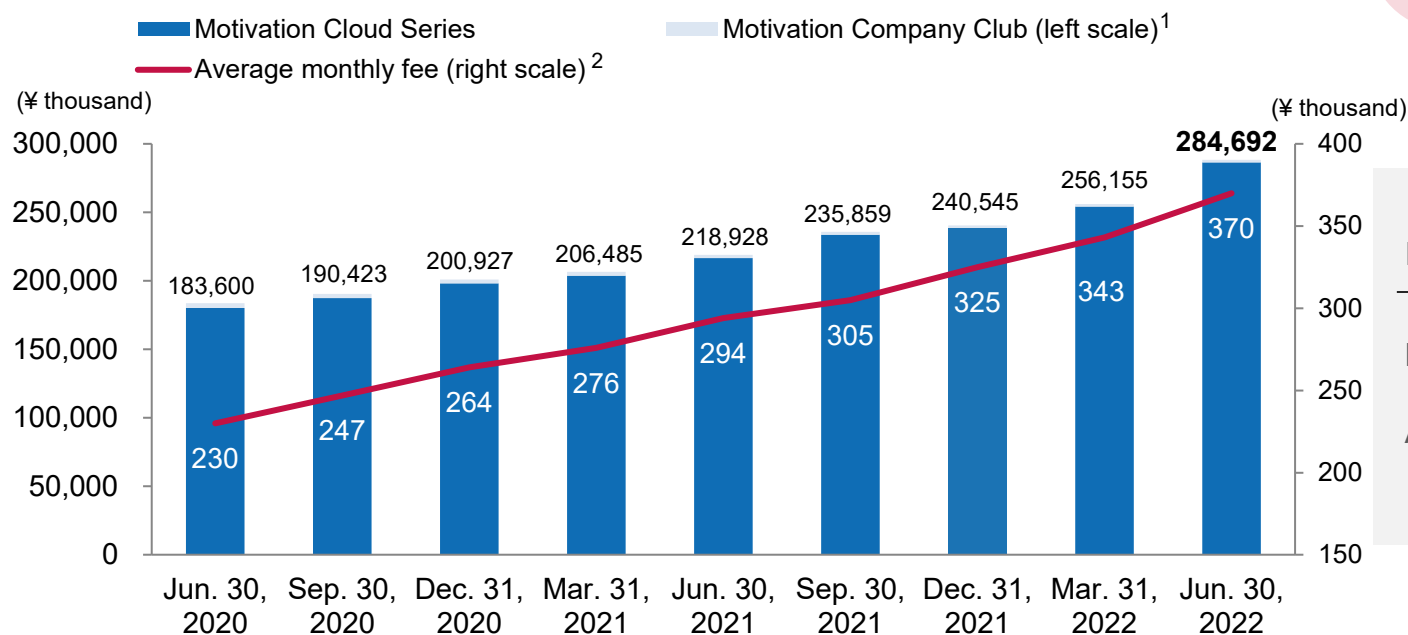
2022 2Q

Result

¥284,692 thousand

+11.1%
vs. previous
quarter

+30.0%
YoY



June 2022

Breakdown of Monthly Fee Revenue

Delivered orders³: 768

Average monthly fee: ¥370,000/month

1. A membership service for managers to provide ongoing knowledge and expertise for the creation of Motivation Companies. Monthly fee is a flat rate of ¥30,000.

2. Monthly fee revenue ÷ Number of delivered orders

3. Number of delivery starts for each service

Average revenues per customer increased for the past 12 months as a result of steadily capturing major companies' needs for improving employee engagement.

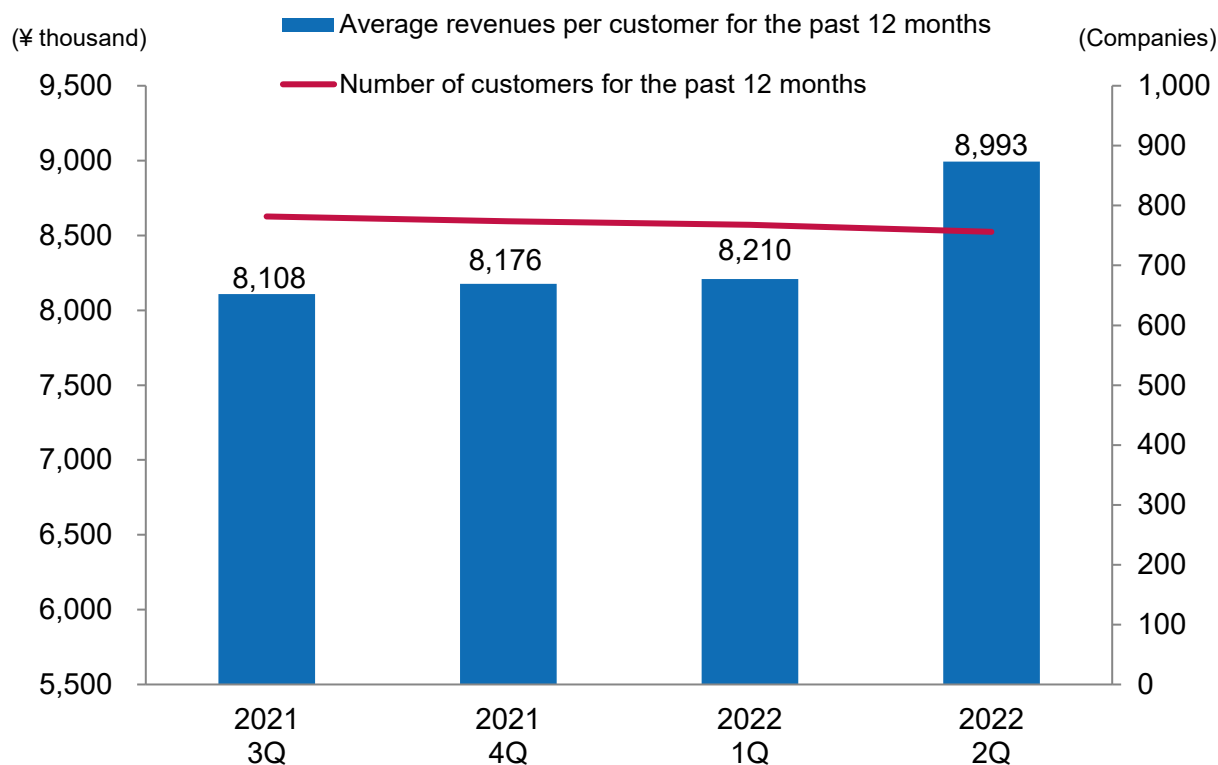
Business KPI Average Revenues per Customer for the Past 12 Months

2022 2Q

Result









¥8,993 thousand

+9.5%
vs. previous
quarter



Note: For purposes of comparison, figures for 2021 have been restated to reflect the new business categories.



<p>Core Business</p>  <p>Motivation Cloud Series</p>	<p>KPIs by Business</p> <p>Monthly Fee Revenue  Cloud</p> <p>Revenues per Customer  Consulting</p>
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IT	1,938	55.7%	1,921	57.2%	-0.9%
Qualifications	1,231	35.4%	1,179	35.1%	-4.3%
English conversation	311	8.9%	258	7.7%	-17.0%
④ Cram School Business	281 [121]	-	307 [128]	-	+9.2% +5.6%

(¥ million) [Gross profit in brackets]

Individual Development Division: Business KPI Results over Time

Although the number of enrollees decreased slightly due to the continuing impact of the COVID-19 pandemic, **revenues per enrollee have grown steadily** as a result of providing all courses **online**.

Business KPI ①

Average Number of Enrollees for the Past 12 Months

2022 2Q

Result

16,112

-1.5%
vs. previous quarter

Business KPI ②

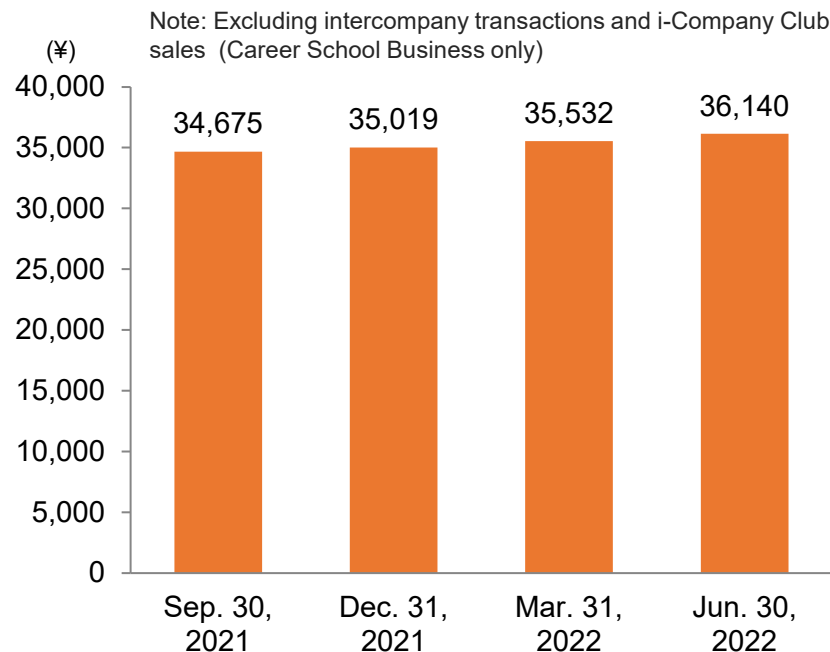
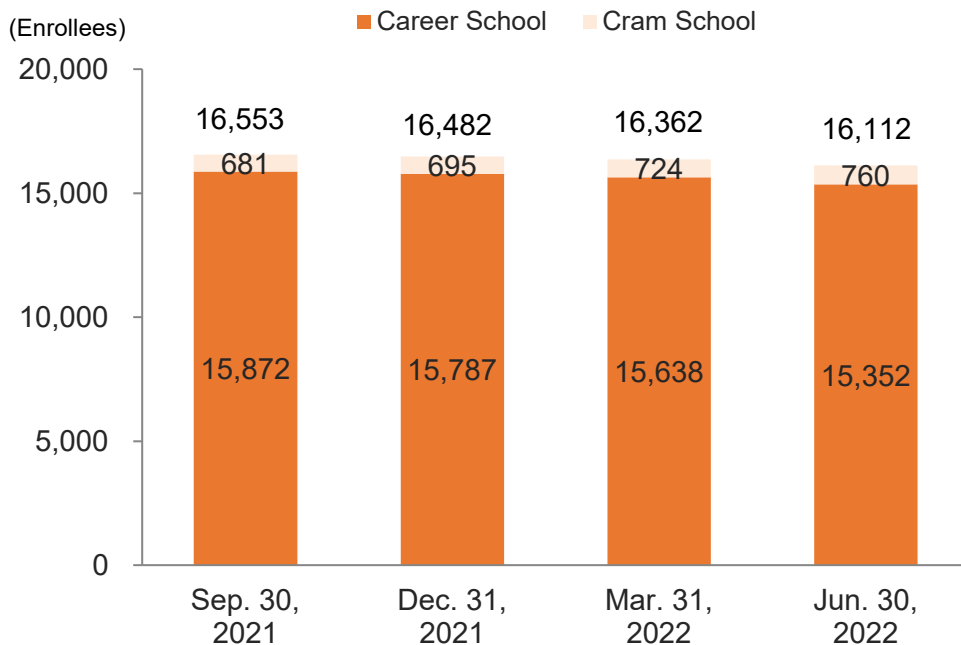
Average Revenues per Enrollee for the Past 12 Months

2022 2Q

Result

¥36,140/month

+1.7%
vs. previous quarter



Amid rapidly increasing corporate needs for DX, the business has **grown substantially** using the employee IT skill improvement services it has cultivated.

Utilizing the customer assets of both the Organizational Development Division and the Matching Division will help to **increase revenues per customer in both divisions**.

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in instruction.

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Utilizing the Customer Assets of the Organizational Development and Matching Divisions



Number of
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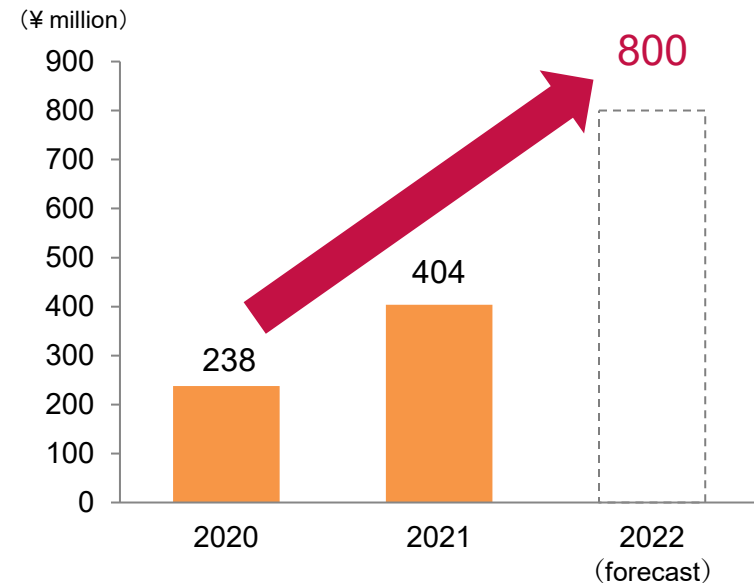
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Revenues from DX Support for Individuals at Corporations





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Matching Division: Product Revenues by Business (Results/YoY Change)

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Personnel Placement Business: Revenues and gross profit both **increased substantially** YoY.

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⑥ Personnel Placement Business	1,106 [1,080]	-	1,306 [1,285]	-	+18.1% +19.0%

* For purposes of comparison, figures for 2021 have been restated to reflect the transfer of the domestic temp staff business.

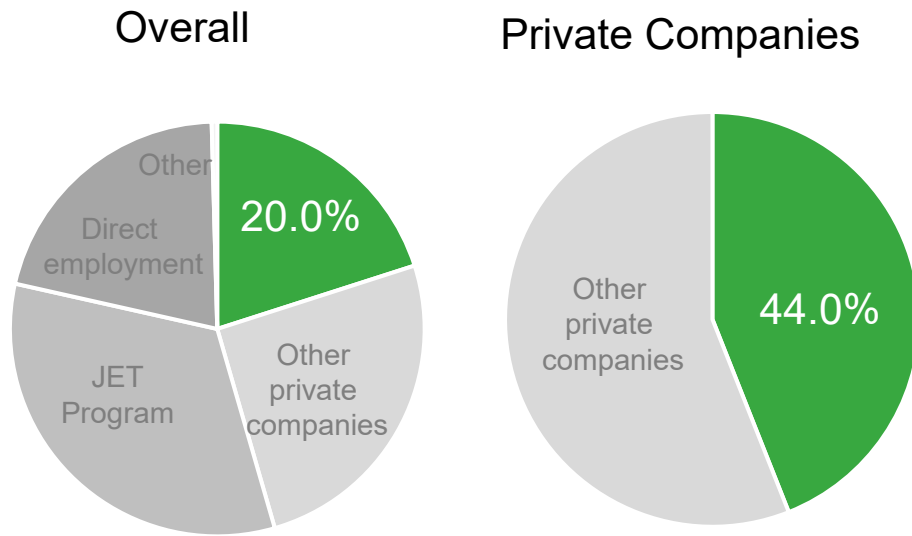
(¥ million) [Gross profit in brackets]

Matching Division: Business KPI Results over Time

This business, which dispatches ALTs to elementary, junior high and high schools nationwide, **boasts the overwhelming top share among private companies.**

Even during the pandemic, the number of ALTs dispatched remained stable throughout the year.

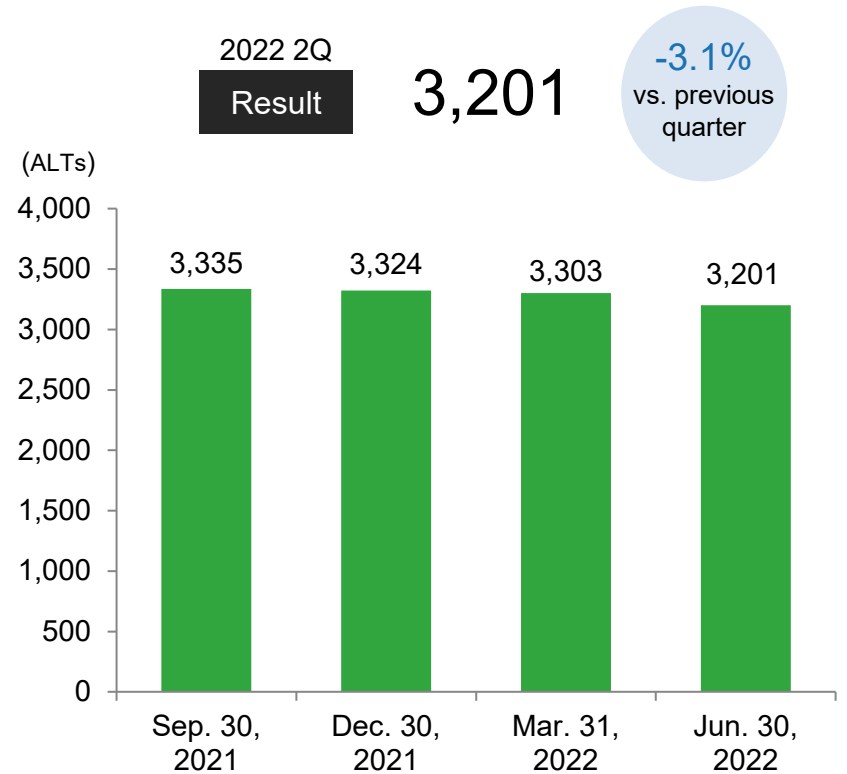
LMG's Share*



Room to expand share by more than four times

* LMG survey

Average Number of Global Human Resources (ALTs) Dispatched over the Past 12 Months



Matching Division Core Business: ALT Placement Business

The number of schools that have introduced “Teachers Cloud,” a cloud-based service for teachers, reached 5,368, **approaching the 5,600 schools targeted for the end of 2022. We aim to expand the market share of the ALT Placement business by using it in its sales activities.**

先生方専用のクラウドサービス



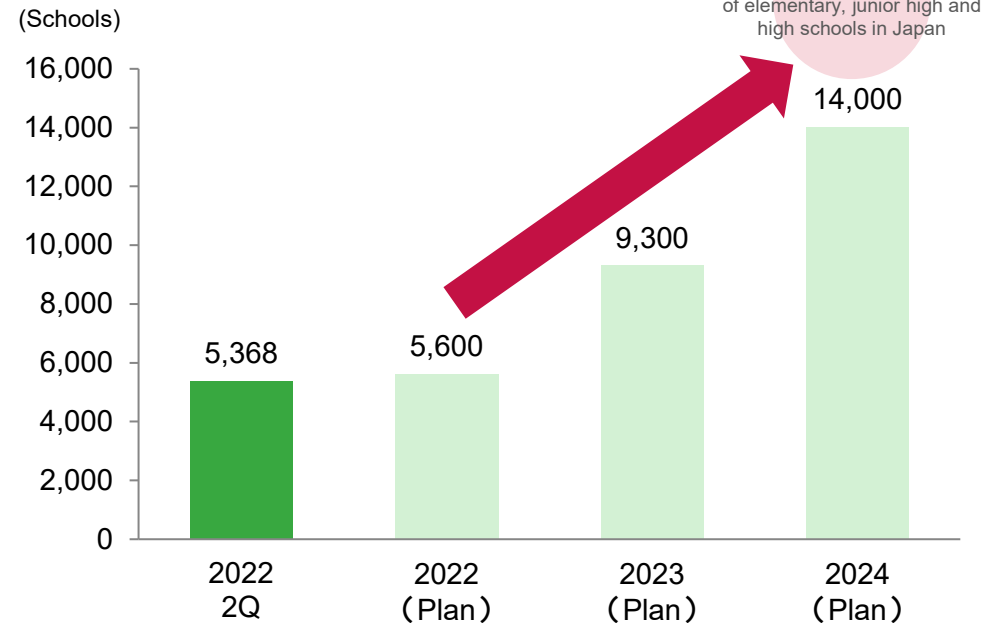
Presents extensive content for elementary, junior high and high school students and examples of practical lessons given by ALTs nationwide to improve the efficiency of lesson preparation and instruction skills.

Number of Schools Where Teachers Cloud Has Been Introduced

2022 2Q

Result

5,368



Matching Division Core Business: OpenWork

We operate OpenWork, an employee online review platform for job-seekers.
The number of employee reviews is among the largest in Japan,
and the number of registered users is nearing 5 million.



openwork

Employee reviews/evaluation scores

Approx. **13.2 million**

Number of registered users

Approx. **4.9 million**



Unique, carefully selected
evaluation items



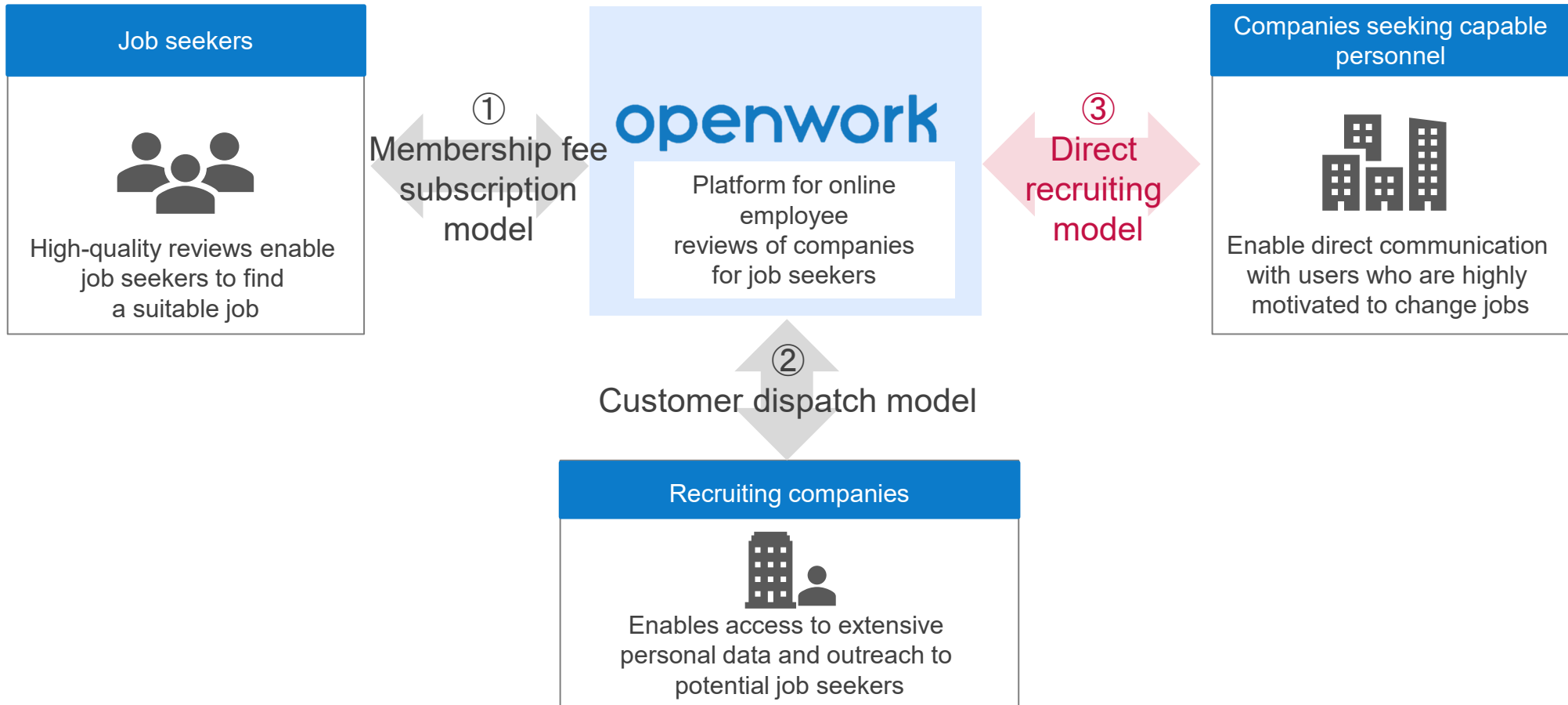
Company rankings
by industry



Company comparisons
using radar charts

Matching Division Core Business: OpenWork

We will take advantage of our position as a **platform offering online employee reviews of companies for job seekers** and utilize the Organizational Development Division's customer base to **strengthen our direct recruiting model**.

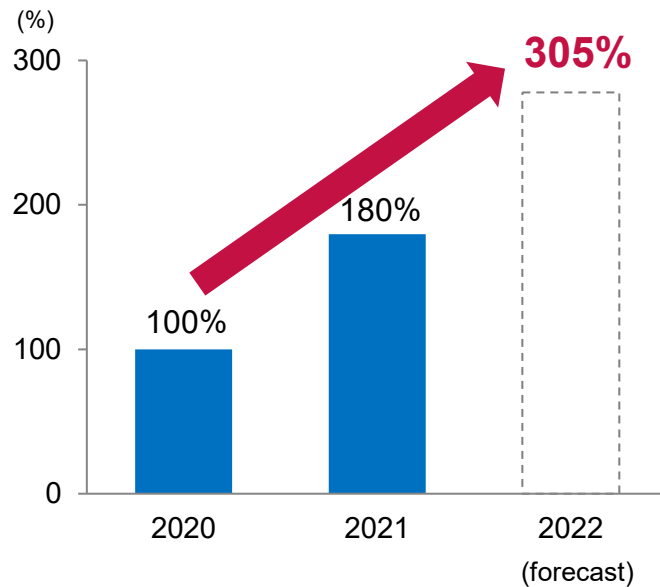


Corporate needs for improving employee engagement and recruiting are rapidly growing.

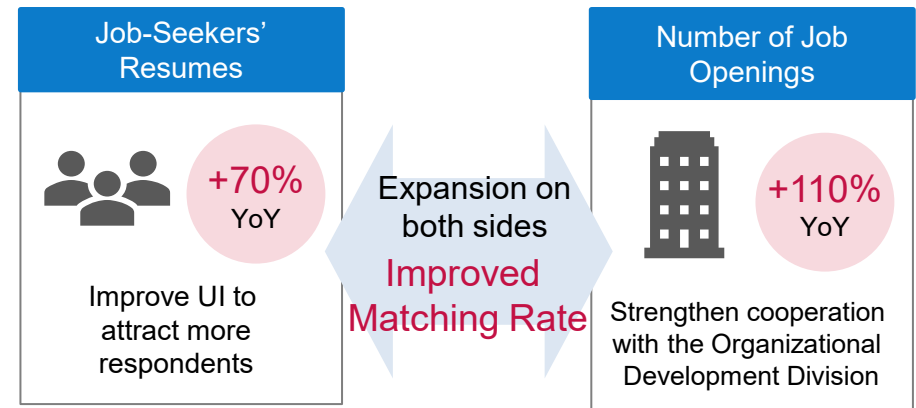
The Matching Division is aiming for high growth at OpenWork Recruiting by significantly increasing the number of job openings through stronger cooperation with the Organizational Development Division.

OpenWork Recruiting Revenue Growth Rate

Shown as an index with 2020 revenues = 100%



Strategy for Further Expansion



Link and Motivation Inc.

Securities Code: 2170

Consolidated Financial Information for the Six Months Ended June 30, 2022 (First Half of 2022)



Link and Motivation Group