

Link and Motivation Inc.

Securities Code: 2170

Consolidated Financial Information for the
Nine Months Ended September 30, 2022



Link and Motivation Group

1. Company Overview

2. Business Report

(Announcement of Consolidated Results for the Nine Months Ended September 30, 2022)

3. Progress of Growth Strategies Centered on the Organizational Development Division

4. Announcement of Dividend Increase

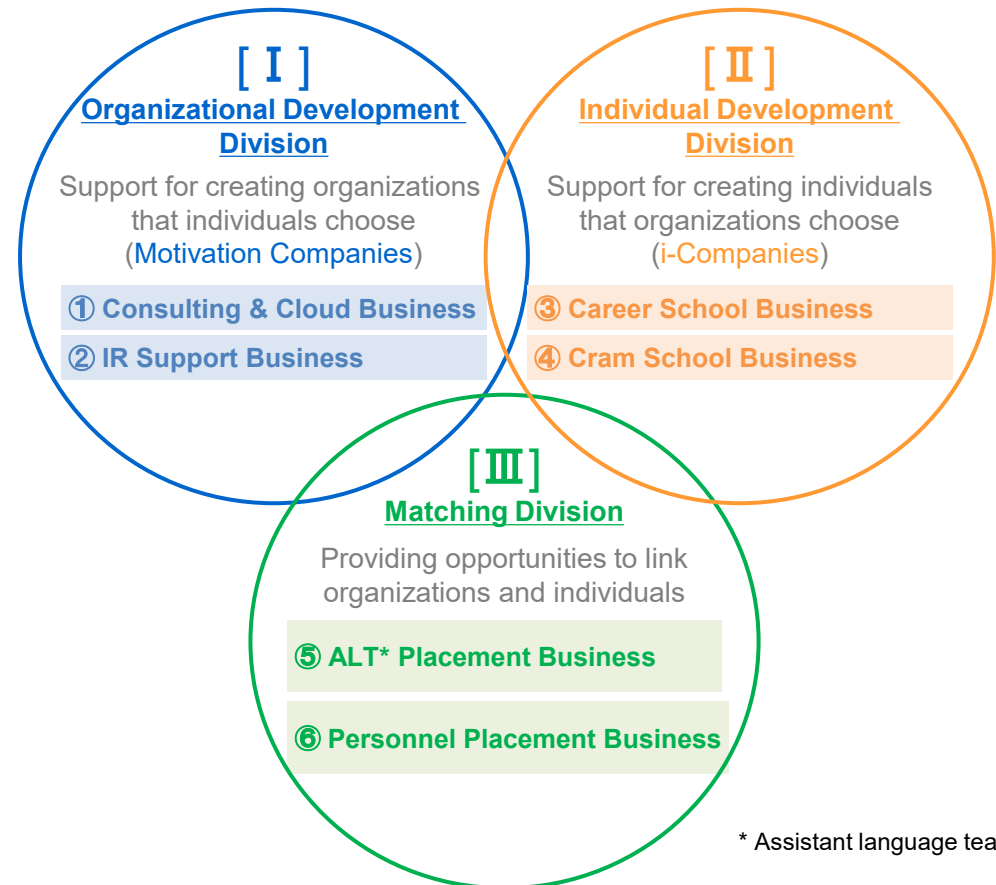
Reference Materials: KPIs by Business and Progress Report on Core Businesses

1

Company Overview

Mission

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



* Assistant language teacher

[IV] Venture Incubation

Capital and Organizational support for venture companies

2

Business Report

(Announcement of Consolidated Results for the
Nine Months Ended September 30, 2022)

Consolidated Statements of Operations

Revenues were basically unchanged 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.

In addition to the transfer of the domestic temp staff business, rationalization (relocation/closure) of schools in the Career School business associated with a shift to providing services online resulted in substantial increases in adjusted operating income and the line items below it.

(¥ million)	2021 3Q Results ²	2022 3Q Results	YoY Change
Revenues	24,338	24,399	+0.3%
Gross Profit	11,557	12,070	+4.4%
Adjusted Operating Income ¹	2,247	3,422	+52.2%
Operating Income	2,115	3,143	+48.6%
Net Income	1,283	1,877	+46.3%

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)

Organizational Development Division: The Consulting & Cloud business drove growth by capturing needs to improve employee engagement.

Individual Development Division: Conducted structural reforms in the Career School business, which is still impacted by the COVID-19 pandemic.

Matching Division: Significant growth in the highly profitable Personnel Placement business, centered on OpenWork.

(¥ million)		2021 3Q Results ²	2022 3Q Results	YoY Change
All Divisions ¹	Revenues	24,338	24,399	+0.3%
	Gross Profit	11,557	12,070	+4.4%
Organizational Development Division	Revenues	8,086	8,917	+10.3%
	Gross Profit	5,718	6,128	+7.2%
Individual Development Division	Revenues	5,662	5,360	-5.3%
	Gross Profit	2,186	2,180	-0.3%
Matching Division	Revenues	11,149	10,783	-3.3%
	Gross Profit	4,178	4,341	+3.9%

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 Summary

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

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

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

② IR Support Business: Although the greater difficulty of disclosing non-financial information led to delays in publication of integrated reports, efforts to improve the profit margin for video production resulted in a slight increase in gross profit.

Revenues and Gross Profit by Product

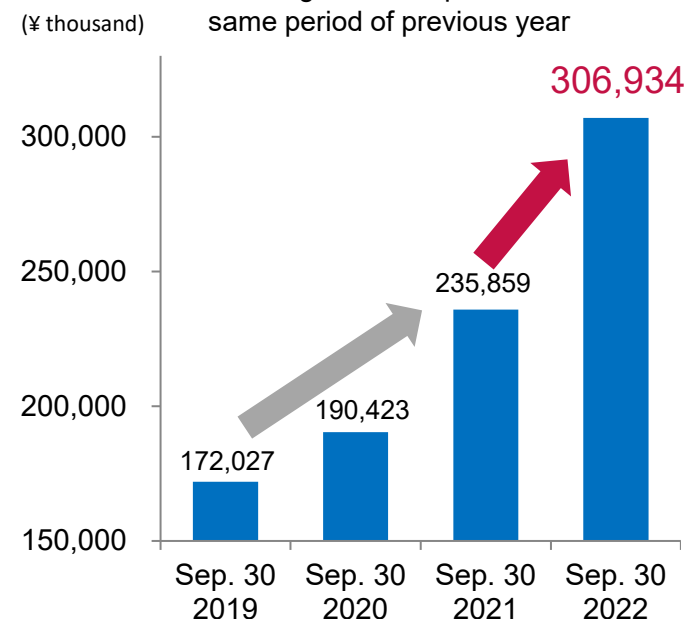
Product	2021 3Q Results*	2022 3Q Results	YoY Change
① Consulting & Cloud Business	6,866 [5,185]	7,729 [5,553]	+12.6% +7.1%
Consulting	4,746	5,125	+8.0%
Cloud	2,120	2,603	+22.8%
② IR Support Business	1,418 [649]	1,357 [656]	-4.3% +1.0%

(¥ million) [Gross profit in brackets]

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

Motivation Cloud Series
Monthly Fee Revenue

30.1% growth compared with same period of previous year



Individual Development Division Summary

Career School Business: Revenues decreased and gross profit decreased slightly 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, the decrease in gross profit was only slight due to firm sales of DX support for individuals at companies (B2B), which has a high profit margin.

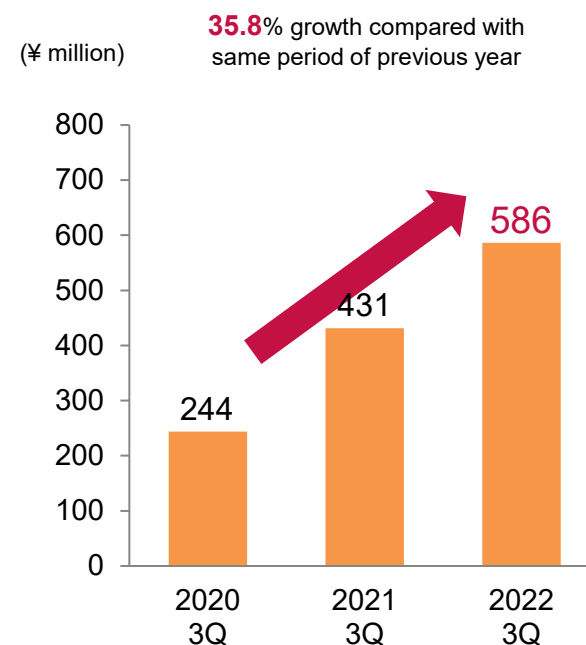
④ Cram School Business: Results increased due to an increase in the number of enrollees.

Revenues and Gross Profit by Product

Product	2021 3Q Results	2022 3Q Results	YoY Change
③ Career School Business	5,206 [1,978]	4,857 [1,961]	-6.7% -0.9%
④ Cram School Business	459 [209]	502 [218]	+9.4% +4.4%

(¥ million) [Gross profit in brackets]

Revenue from DX Support
for Individuals at Companies



Structural Reforms of the Individual Development Division: Progress in Providing Services Online

During the COVID-19 pandemic, learning needs have shifted from in-person to online.
To meet these changing needs, we will **promote more online services** to
simultaneously improve value for customers and business efficiency.

Value for Customers

Previously



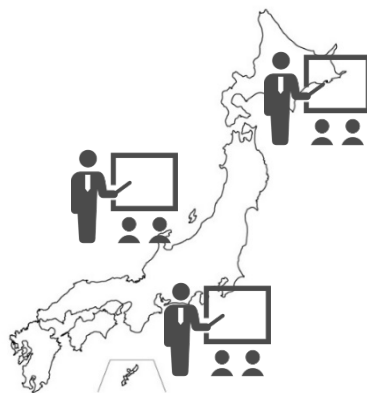
Only those able to commute to a nearby school could take our IT, qualification and English conversation courses with our support that prevents discouragement.

Going Forward



Even those unable to commute to a school can take our IT, qualification and English conversation courses with our support that prevents discouragement, **whenever and wherever they like.**

Business Efficiency



Services provided by instructors who directly teach classes of one or two students each at about 90 schools nationwide.



Connecting an instructor with multiple students online **improves efficiency in providing services.**

Rationalization of schools (relocation/closure) as part of structural reforms **reduces fixed costs.**

Matching Division Summary

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

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

⑤ 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: Substantial increase due to the continued growth of OpenWork Recruiting.

Revenues and Gross Profit by Product

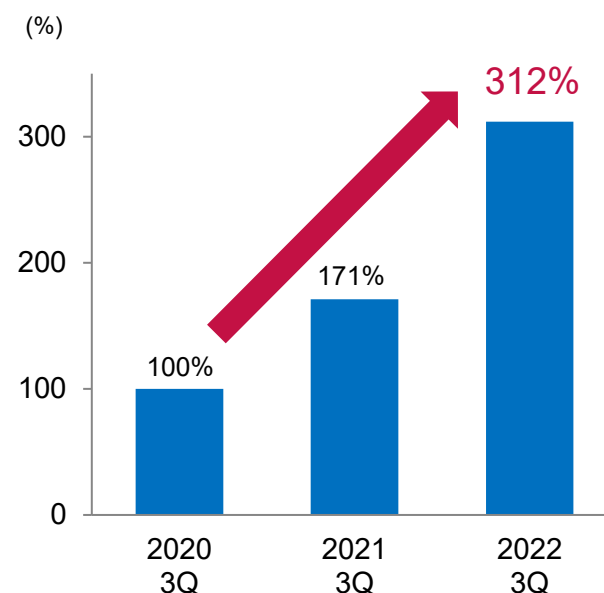
Product	2021 3Q Results*	2022 3Q Results	YoY Change
⑤ ALT Placement Business	9,643 [2,704]	8,901 [2,494]	-7.7% -7.8%
⑥ Personnel Placement Business	1,527 [1,496]	1,894 [1,859]	+24.0% +24.2%

(¥ 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 3Q 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 3Q Results*	2022 3Q Results	YoY Change
Total SG&A Expenses	9,323	9,464	+1.5%
Personnel Expenses	4,437	4,831	+8.9%
Recruiting, Training and Welfare Expenses	372	497	+33.7%
Office and System Expenses	2,532	1,771	-30.1%
Sales-related Expenses	1,346	1,625	+20.7%
Other Expenses	635	738	+16.2%

* 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)

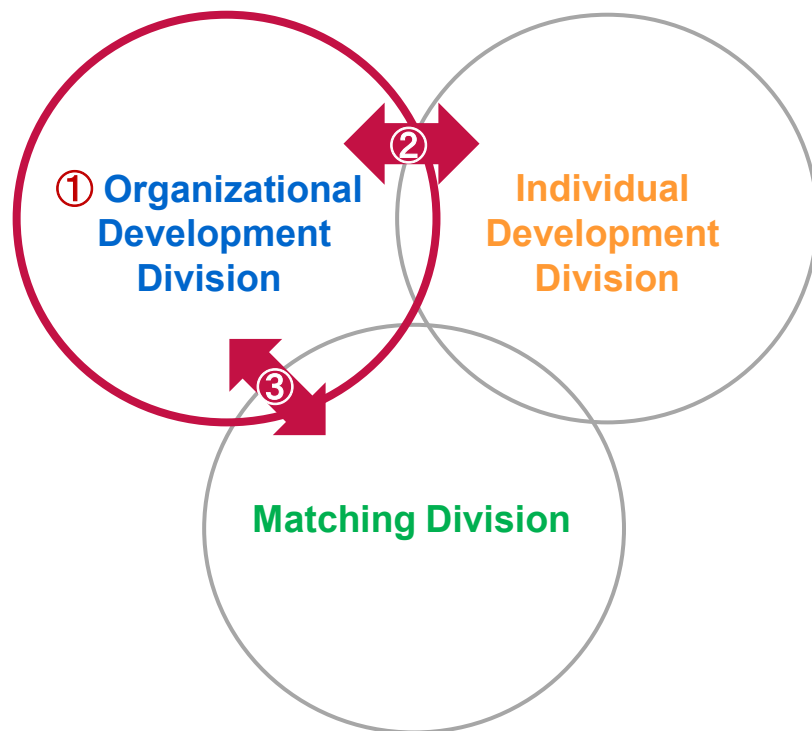
Assets decreased due to the transfer of the domestic temp staff business and office relocations.
 Liabilities decreased due to lease liabilities associated with
 rationalization (relocation/closure) of schools in the Career School business.
 Equity increased due to posting net income.

(¥ million)	December 31, 2021	September 30, 2022	Increase (Decrease)
Current Assets	9,732	8,972	(760)
Non-current Assets	20,329	18,521	(1,807)
Total Assets	30,062	27,494	(2,568)
Current Liabilities	15,018	12,186	(2,831)
Non-current Liabilities	6,395	5,324	(1,071)
Total Liabilities	21,413	17,510	(3,903)
Total Equity	8,648	9,983	1,335

3

Progress of Growth Strategies Centered on the Organizational Development Division

Over the medium term, we will grow the Consulting & Cloud business, which has a high profit margin and is backed by advantageous market conditions, as we promote growth of other businesses that have synergy with this business.



1. Achieve substantial growth of the Organizational Development Division

Support companies in improving employee engagement

2. Enhance synergies between the Organizational Development Division and the Individual Development Division

Share customer base to simultaneously support improvement in employee engagement in the Consulting & Cloud business and DX promotion and reskilling in the Career School business

3. Enhance synergies between the Organizational Development Division and the Matching Division

Share customer base to simultaneously support improvement in employee engagement in the Consulting & Cloud business and recruiting in the Personnel Placement business

Rising Attention to Human Capital Management and Disclosure

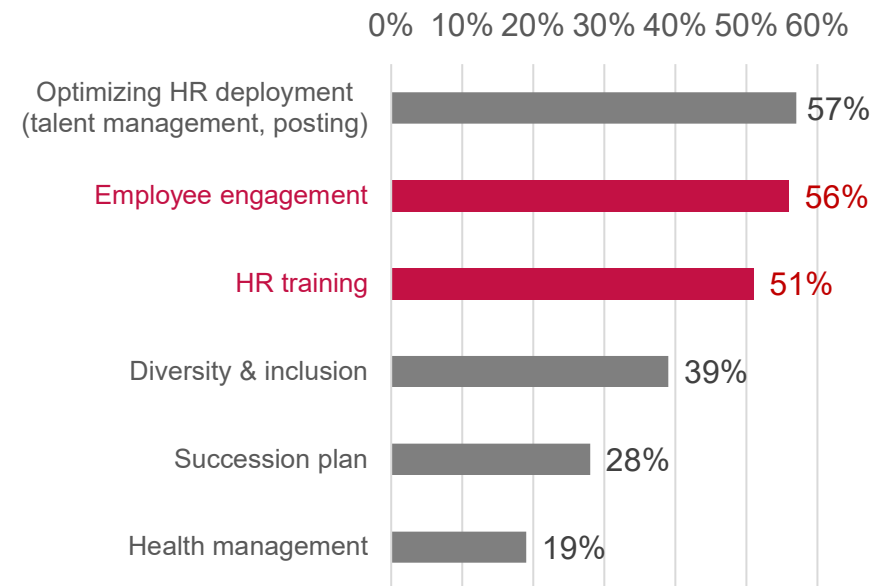
Rising attention to human capital management and disclosure of human capital information is expected to be an advantageous trend for the Consulting & Cloud business.

The number of inquiries has been increasing, and we aim for further growth in 2023 and beyond.

Rising Attention to Human Capital Management/ Demands for Disclosure

Corporate Governance Code Revision	Publication of Ito Review 2.0 on Human Capital
Clear policy to strengthen disclosure of information on human capital	Reference for practicing human capital management
Prime Minister's Policy Speech: "The source of added value is people."	Publication of Guidelines for Visualizing Human Capital
Stated that "the source of added value is 'human capital' – people – who give rise to originality, ingenuity, and new ideas."	Proposes items for disclosure in corporate information disclosure guidelines for human capital

Human Capital-Related Items Requiring Further Effort*

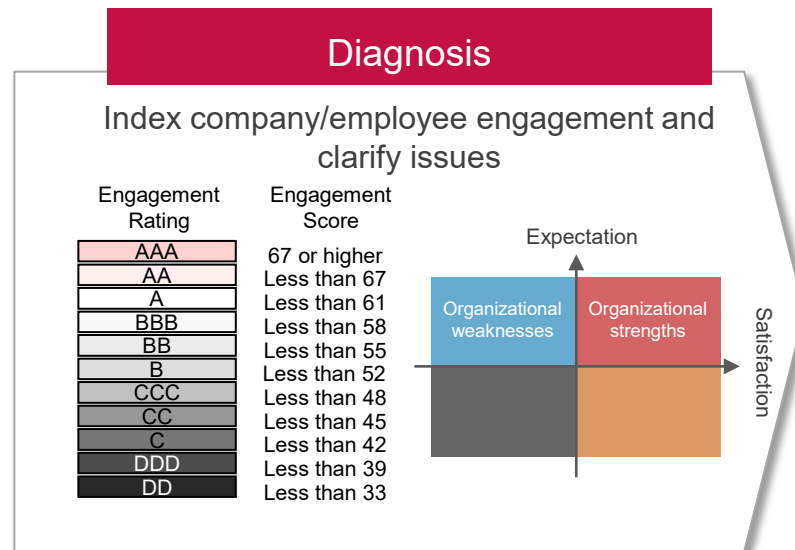


* Survey of Managers at Major Companies on Human Capital, conducted by Link and Motivation in October 2022

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 (visualization) but **transformation (improvement) of employee engagement**.

Core Technology: Motivation Engineering

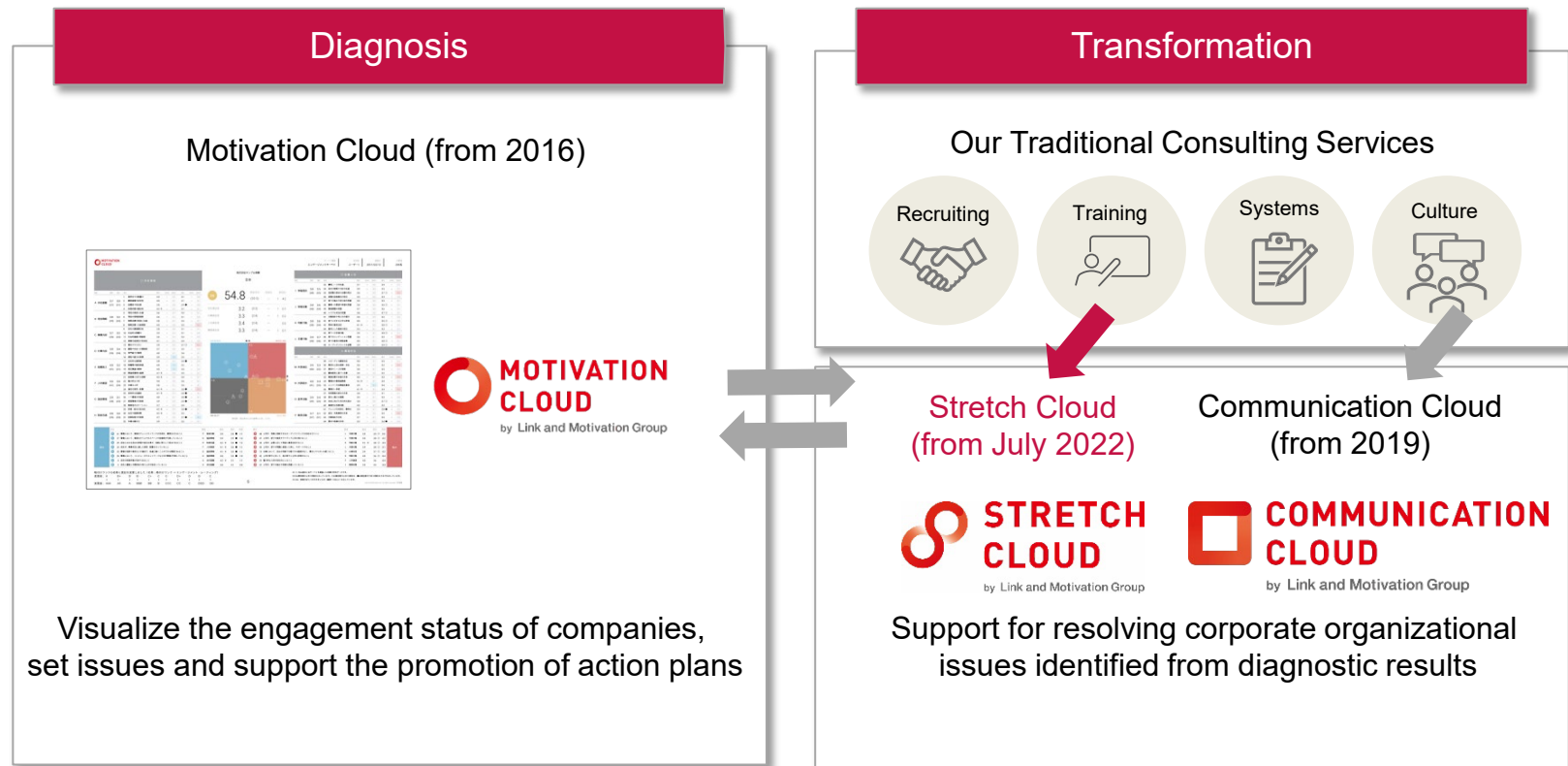


Extensive accumulated data
Database of **approx. 2.89 million employees**
at approx. 9,660 companies



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

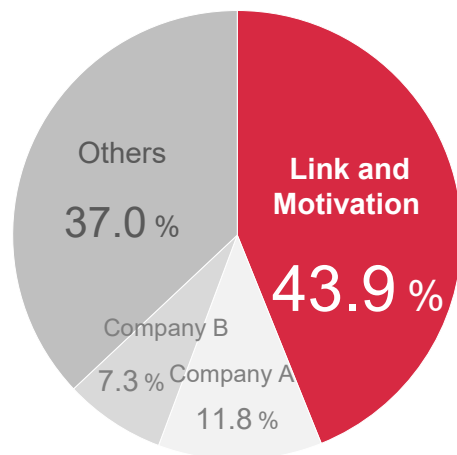
To **stabilize business and improve consulting productivity**, we have been shifting to the cloud since 2016 in order to more broadly and deeply provide the organizational and personnel consulting services we have been offering since our founding.



Organizational Development Division Growth Strategy: Diagnosis

We have had the number one share of sales for five consecutive years in the rapidly expanding employee engagement market. As we ramp up introductions at major companies, where there is still substantial room for growth, we are also developing Japanese subsidiaries of global corporations and local governments as customers.

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)

Ramping Up Customer Development



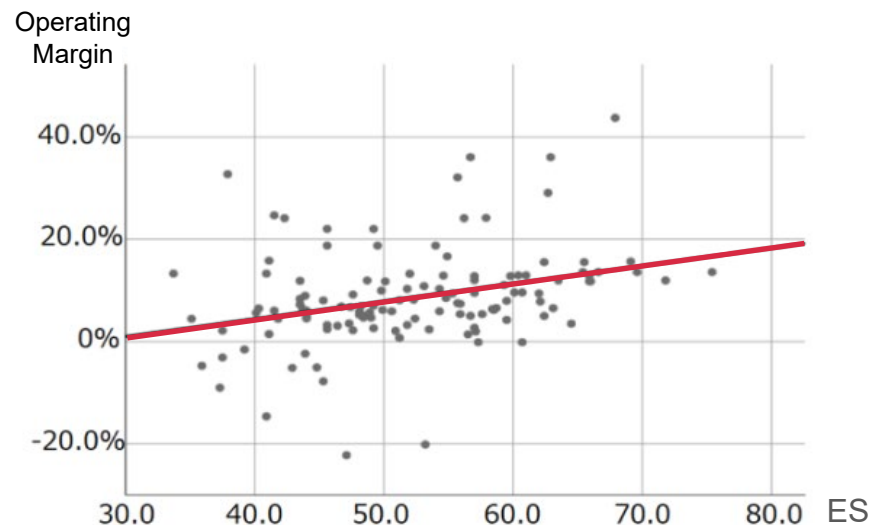
Invest in marketing, strengthen sales staff

Develop more new customers

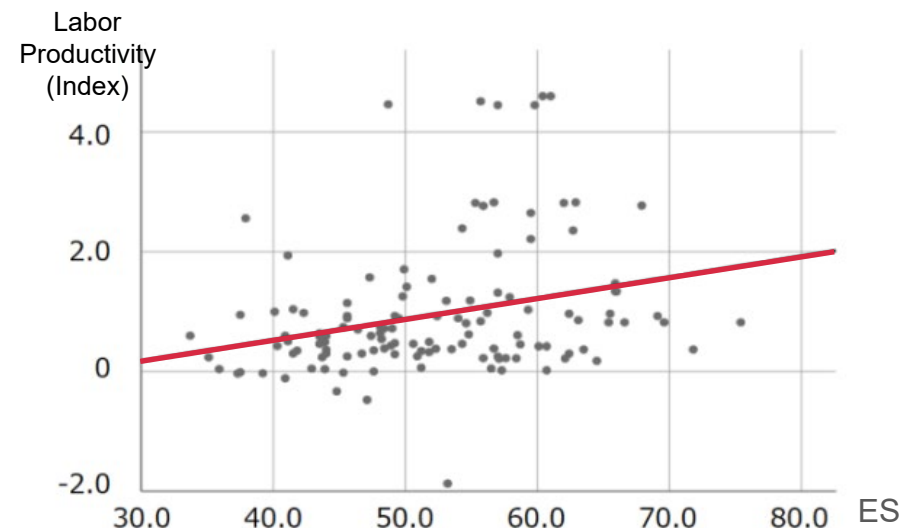
Reference: Correlation between Employee Engagement and Operating Results

The positive impact of improving employee engagement on operating margin and labor productivity has been demonstrated in joint research with Keio University.

For every one-point increase in the Engagement Score (ES), the operating margin for the period increased by 0.38%



For every one-point increase in the Engagement Score (ES), the labor productivity index for the period increased by 0.035 points



Notes:

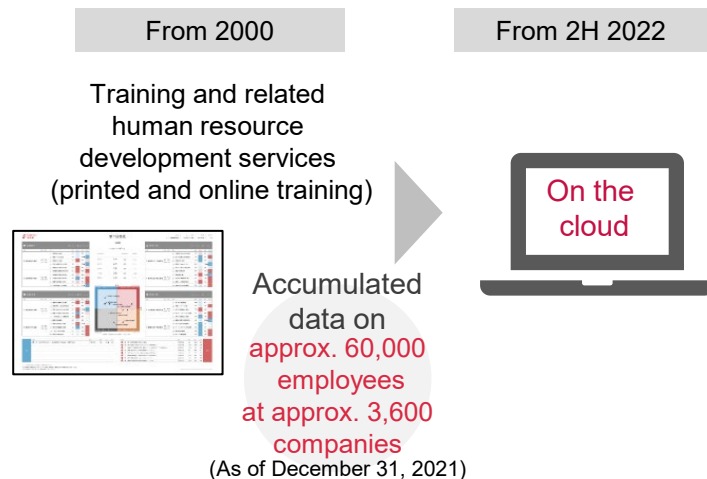
1. Research results on "Engagement and Corporate Performance" announced in September 2018
2. Analysis of 66 listed companies with publicly disclosed securities reports that conducted our Employee Engagement Survey. Research period from May to July 2018.

Organizational Development Division Growth Strategy: Transformation

In July 2022, the cloud-based human resource development service **Stretch Cloud** was **launched**. By utilizing knowhow from Motivation Cloud to support human resource development that contributes to business growth, we aim to expand in a human resource development market that exceeds ¥500 billion.*

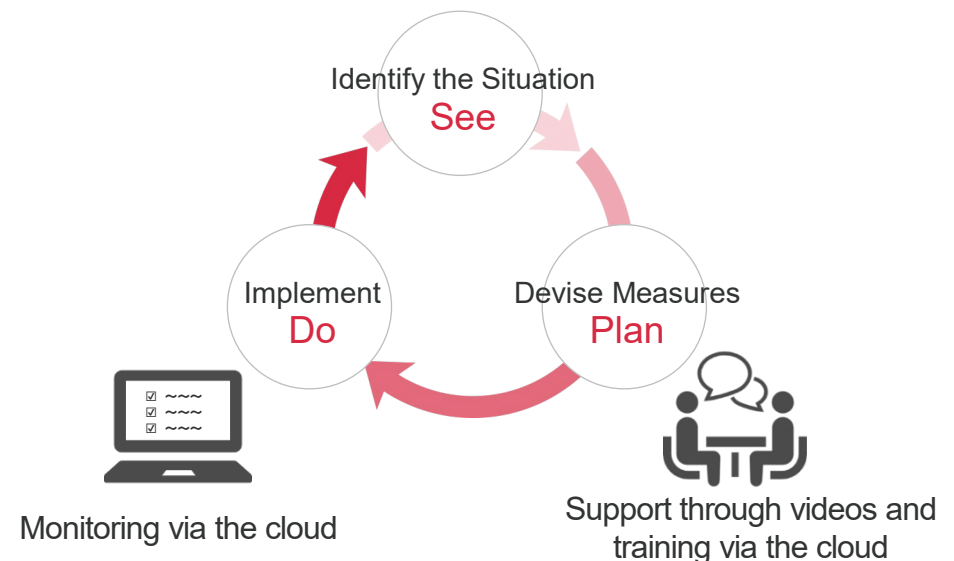
Service with a Track Record Ported to the Cloud

As with Motivation Cloud, we expect **steady growth** from **porting a service with an existing track record to the cloud**



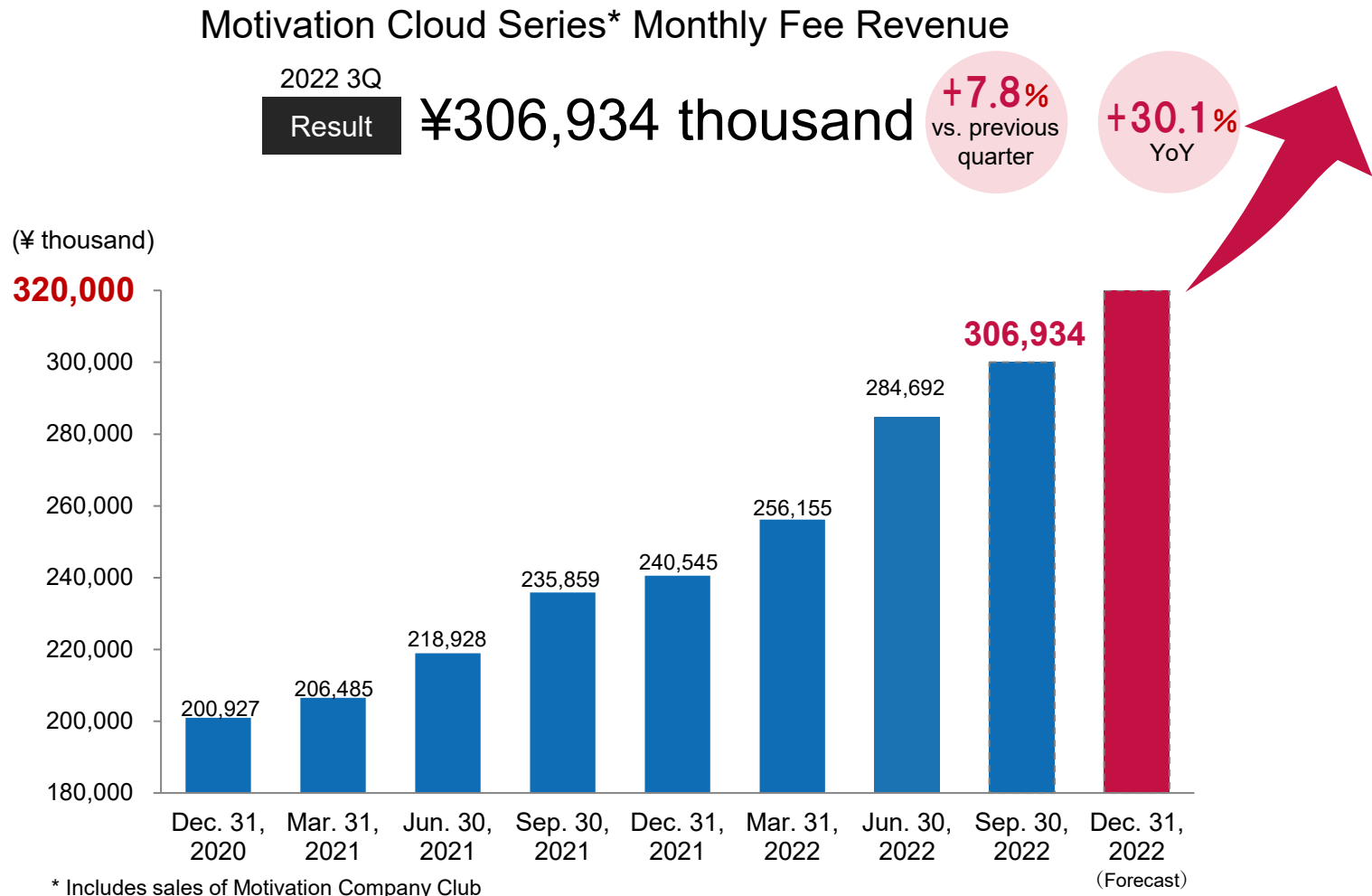
Utilizing Knowhow from Motivation Cloud

We utilized our knowhow from conducting diagnosis and workplace transformation for organizations in **Stretch Cloud**, which supports diagnosis and workplace transformation for individuals, and offer **high-quality services**



* Yano Research Institute Ltd. press release, "Corporate Training Service Market in Japan: Key Research Findings 2021"
https://www.yanoresearch.com/en/press-release/show/press_id/2765

We are making steady progress toward our target of ¥320 million by December 31, 2022.
With the addition of Stretch Cloud, we plan on growth in 2023 that exceeds 2022.



As corporate **needs for DX and reskilling rapidly grow**, we expect an increase in revenues from utilizing **Aviva's track record and brand power in support for IT skills** and the customer base of the Organizational Development Division.

Rising Attention to DX and Reskilling

Top Issues for Companies Dealing with DX¹

1. **Lack of capable human resources**
2. **Lack of skills and knowhow**
3. Lack of time to respond

Government Policy

Prime Minister Kishida announced² investment of **¥1 trillion over 5 years to support reskilling**

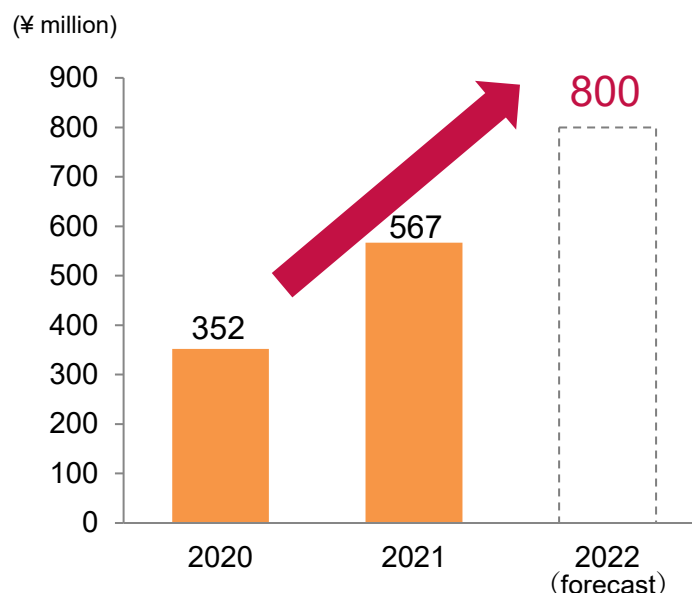
Provide **the IT Skill Support Developed under the Aviva Brand**



Established in 1995.
Predominant track
record in instruction.

Extensive lineup of
classes

Revenues from DX Support for Individuals at Corporations*



* Figures for 2020 and 2021 have been revised due to a change in calculation method.

1. TEIKOKU DATABANK, LTD. press release, "Survey of Corporate Attitudes towards Promoting DX (September 2022)"

https://www.tdb-en.jp/news_reports/w2209.html

2. Announced at extraordinary Diet session held on October 3, 2022

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

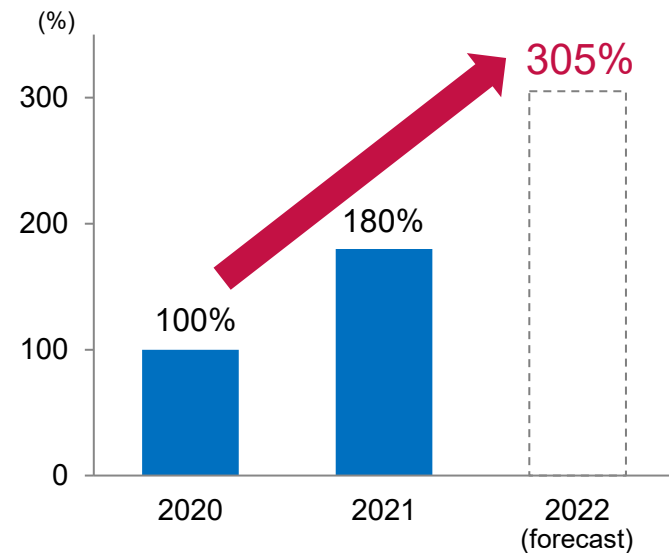
Approx. 13.6 million

Number of registered users

Approx. 5.1 million

OpenWork Recruiting Revenue Growth Rate

Shown as an index with 2020 revenues = 100%



4

Announcement of Dividend Increase

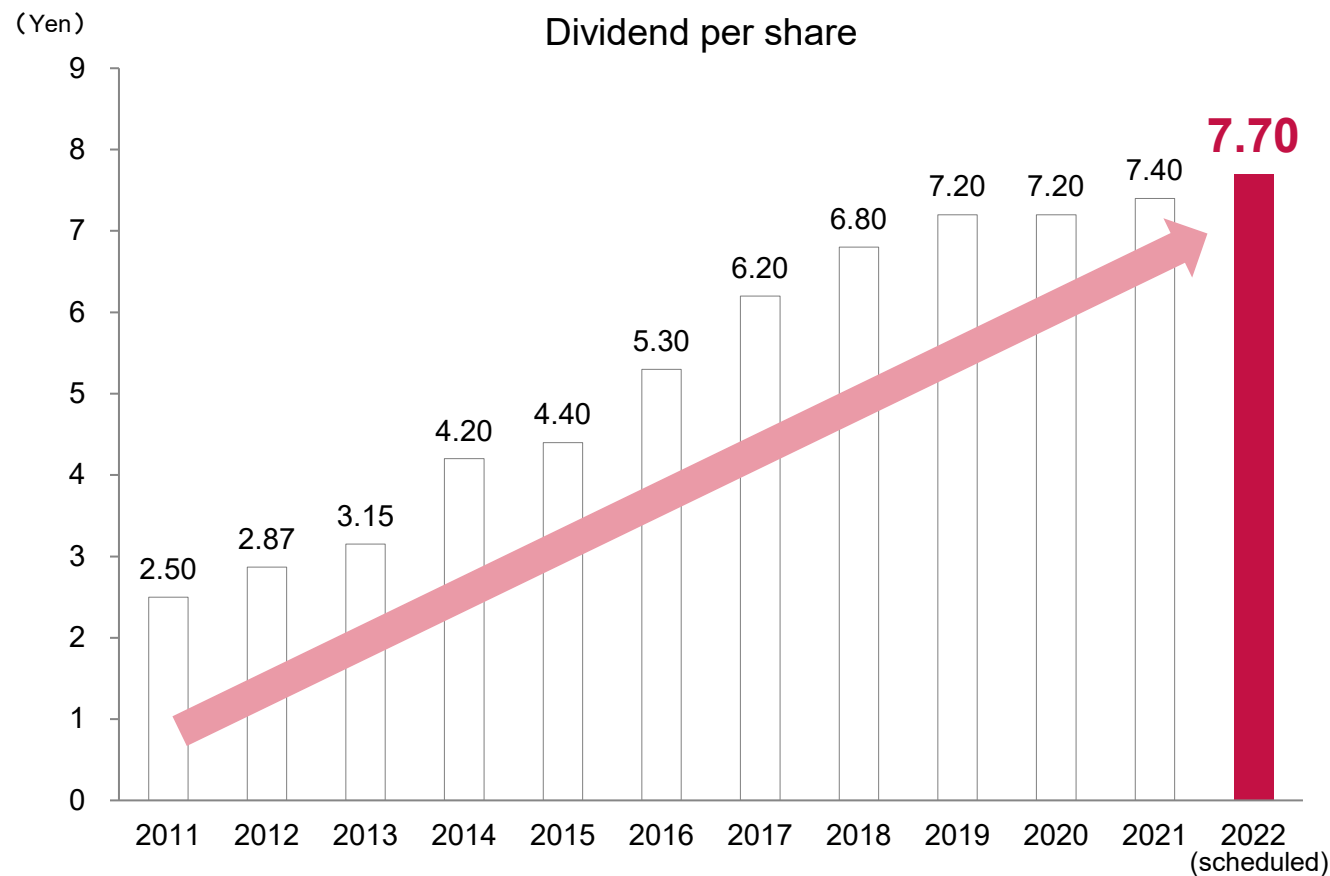
Dividends will increase by 0.1 yen from the fourth quarter of 2022.

A third-quarter dividend of 1.9 yen per share
is scheduled to be paid on Friday, December 23.

	Dividend per Share				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter (scheduled)	Annual Dividend (scheduled)
2022	1.9 yen	1.9 yen	1.9 yen	2.0 yen	7.7 yen

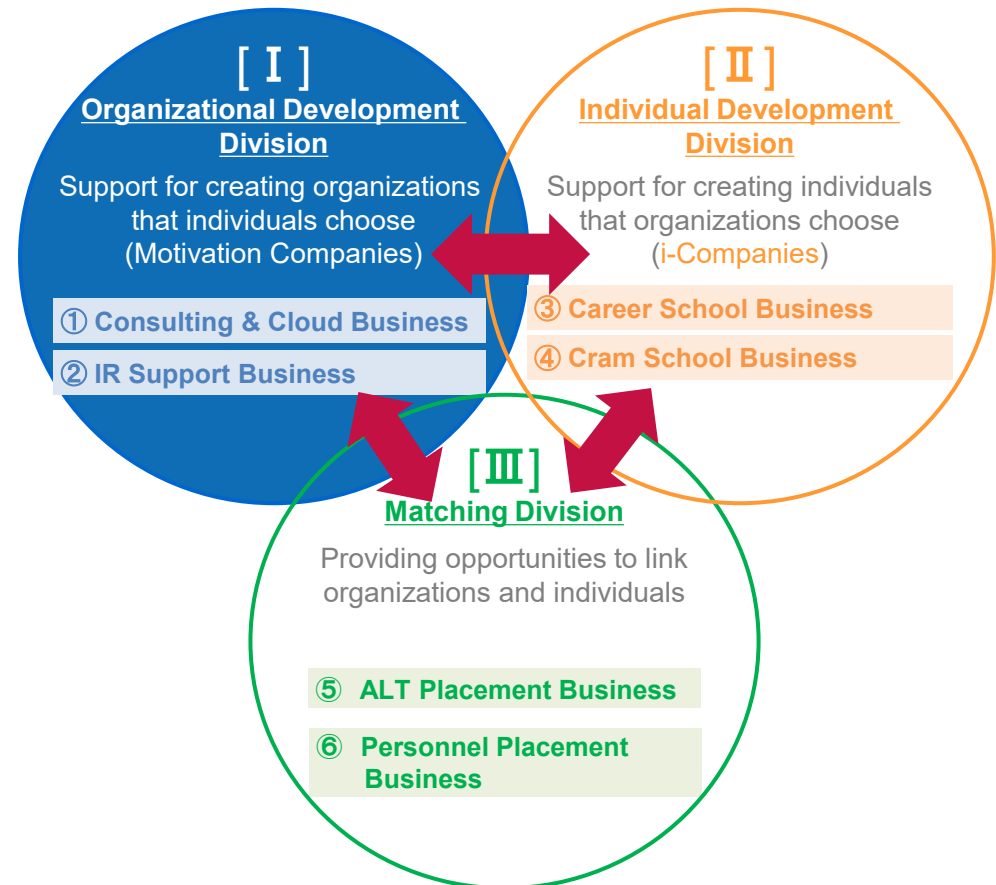
Note: 100 shares per unit of the Company's stock.

We consider returns to shareholders to be a priority management issue, and will continue our policy of providing dividends in line with results.



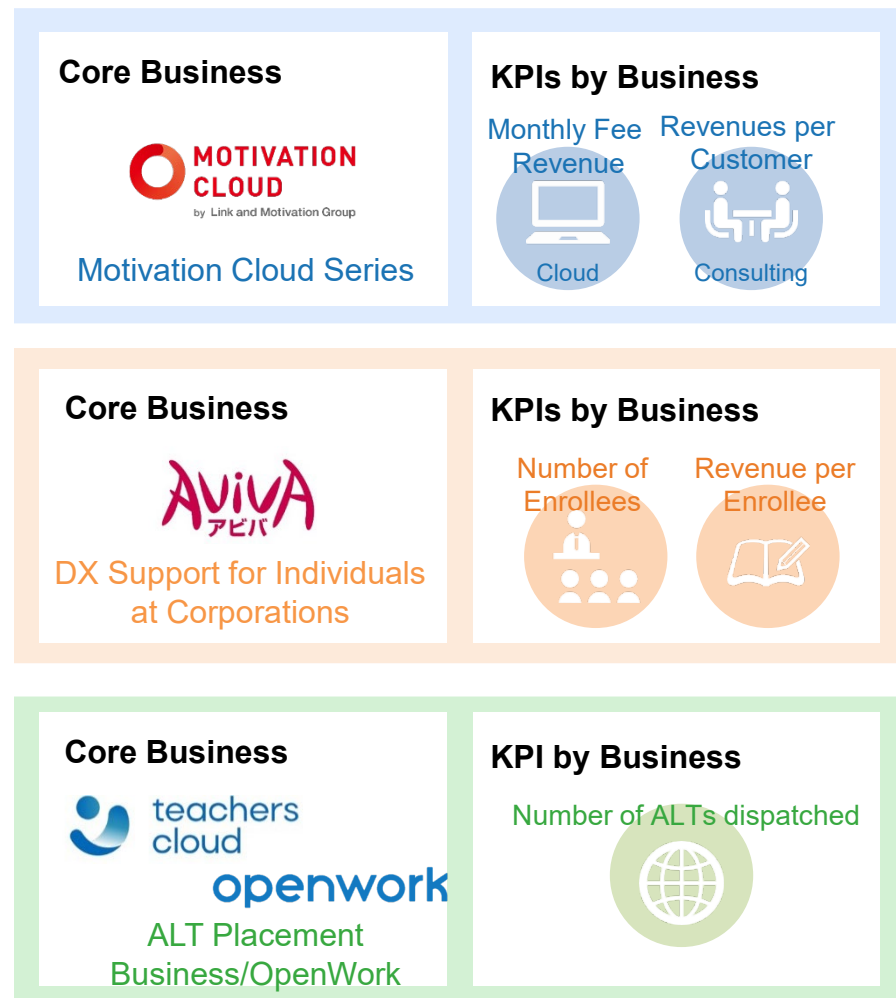
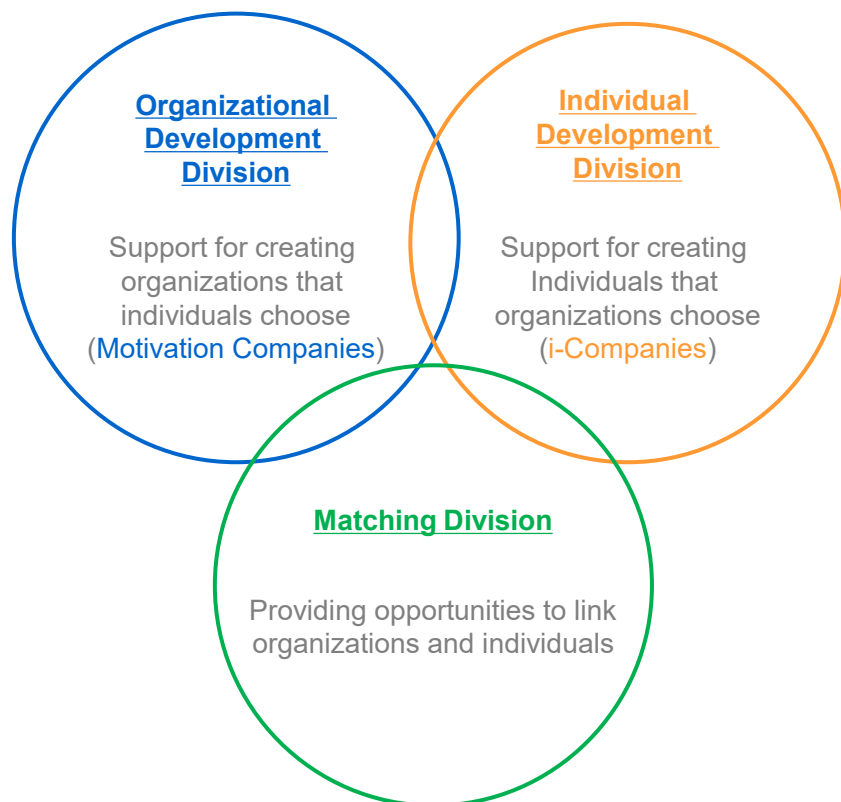
Mission

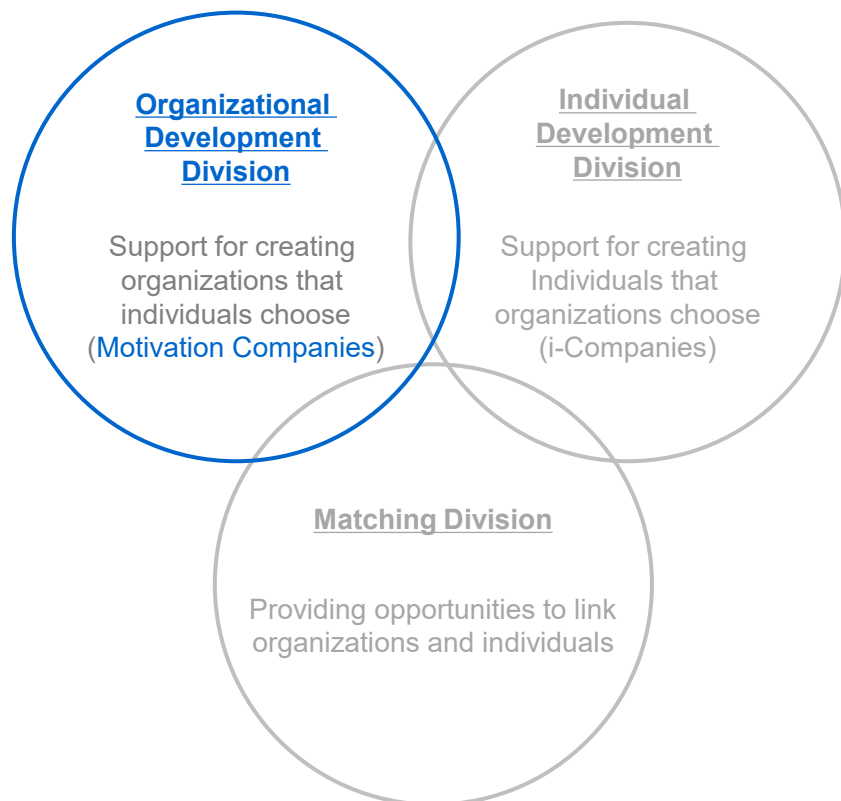
*Through Motivation Engineering, we provide opportunities to transform **organizations** and **individuals** and create a more meaningful society.*



Reference Materials:

KPIs by Business and Progress Report on Core Businesses



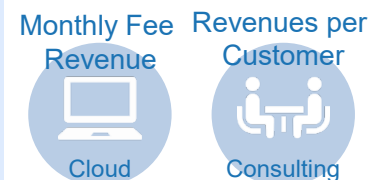


Core Business



Motivation Cloud Series

KPIs by Business

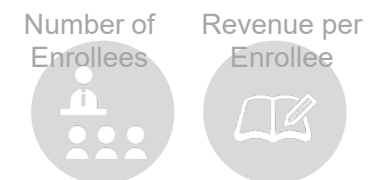


Core Business



DX Support for Individuals at Corporations

KPIs by Business



Core Business



teachers cloud

openwork

ALT Placement
Business/OpenWork

KPI by Business

Number of ALTs dispatched



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

Steadily progressing toward the December 31, 2022 target of ¥320 million.
Promotion of introductions at major companies is **also increasing the average monthly fee, which is the business's KPI.**

Business KPI Motivation Cloud Series Monthly Fee Revenue

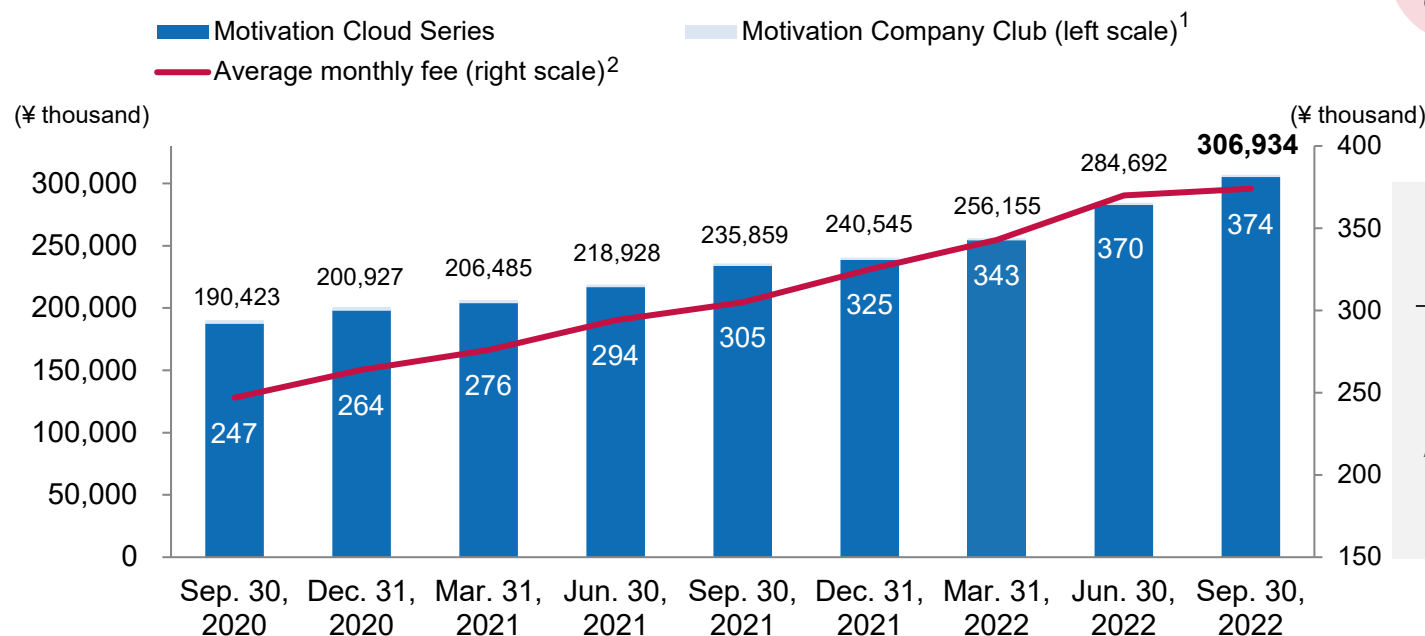
2022 3Q

Result

¥306,934 thousand

+7.8%
vs. previous
quarter

+30.1%
YoY



September 2022

Breakdown of Monthly Fee Revenue

Delivered orders³: 820

Average monthly fee: ¥374,000/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

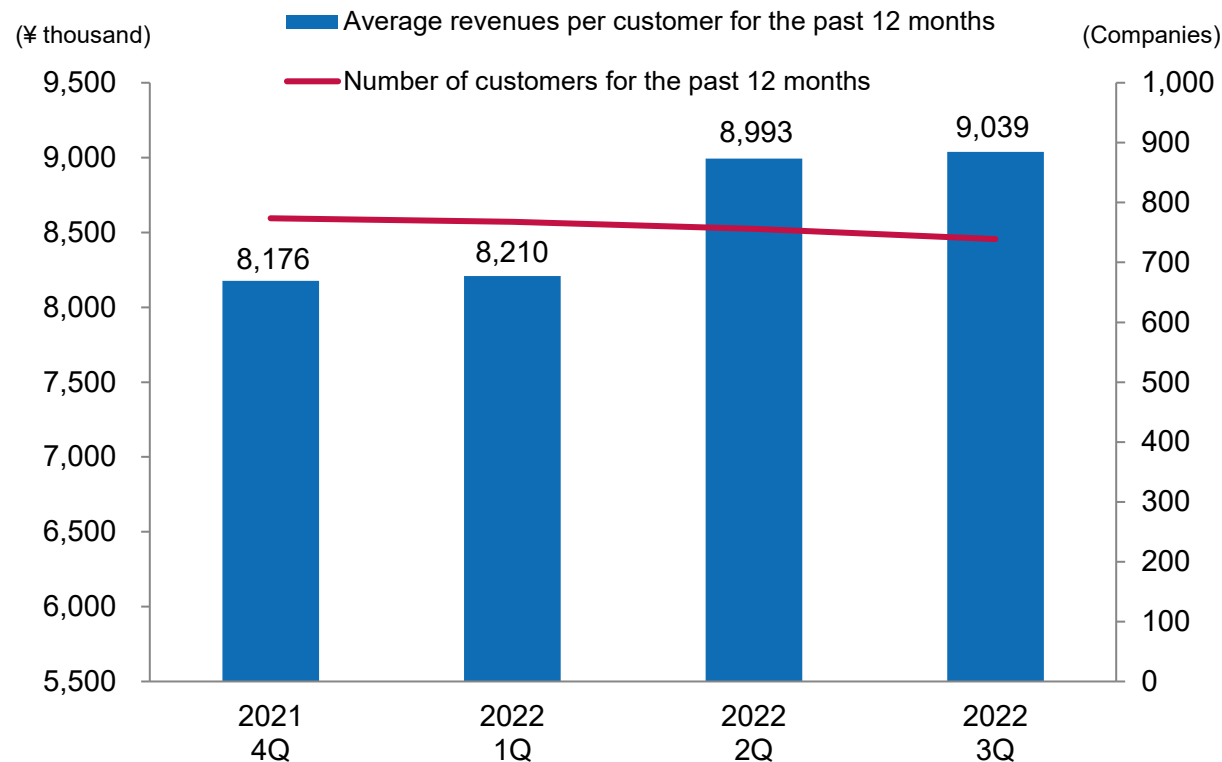
Average Revenues per Customer
for the Past 12 Months

2022 3Q

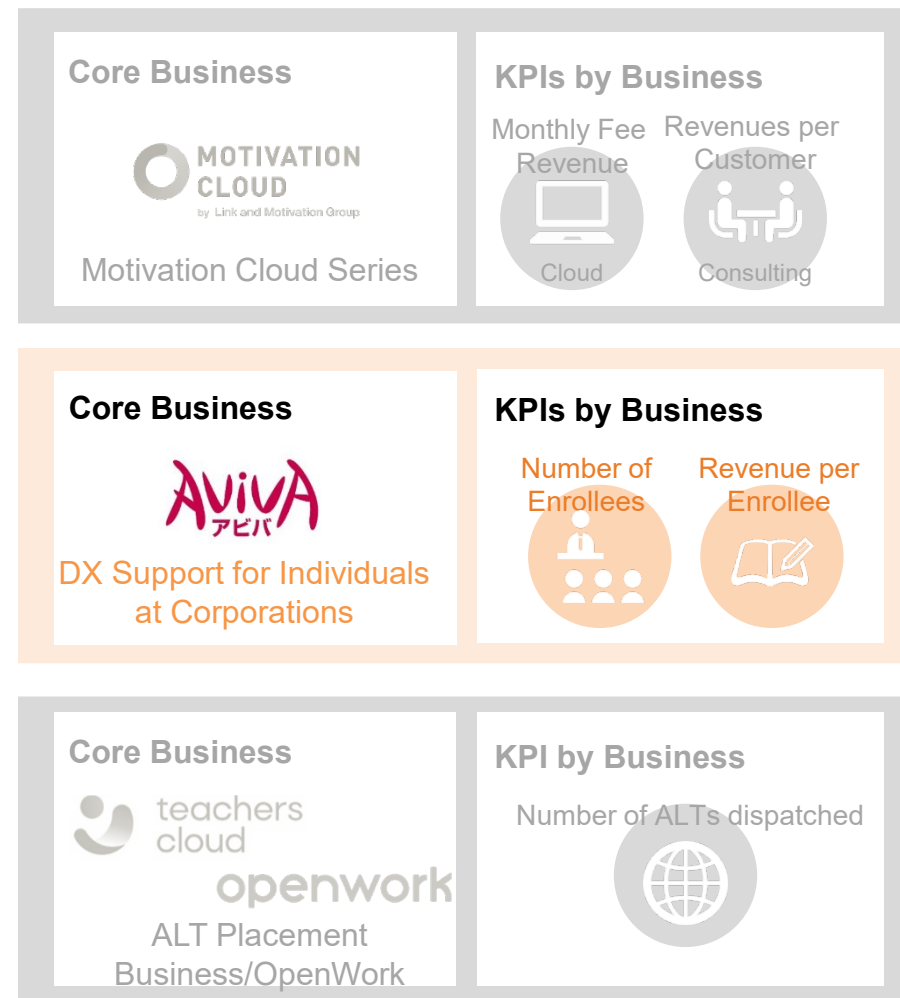
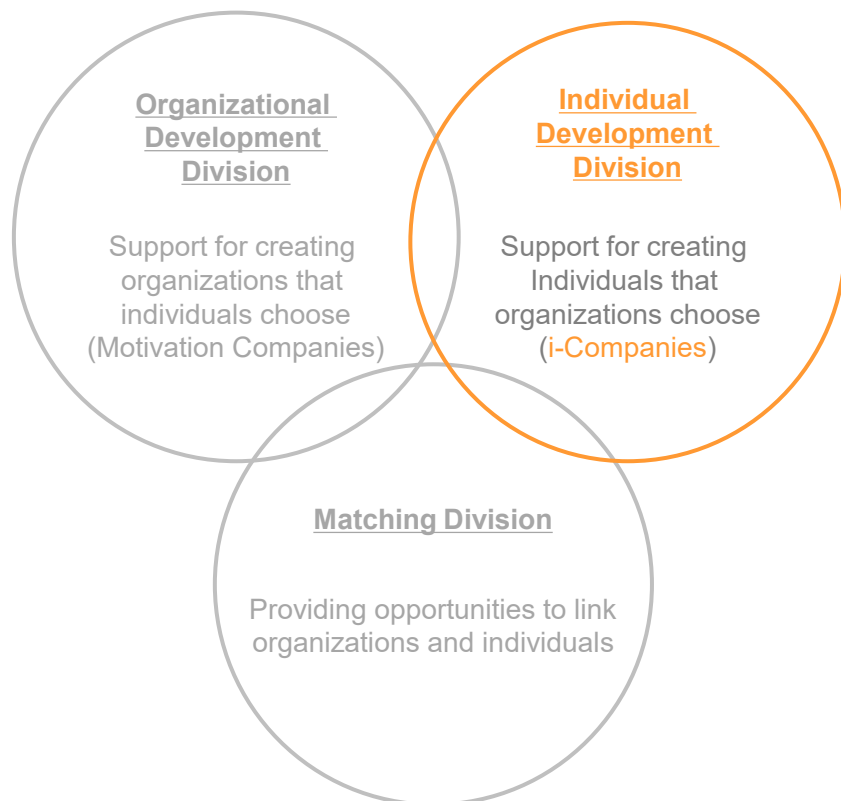
Result

¥9,039 thousand

+0.5%
vs. previous
quarter



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



Career School Business: Revenues decreased and gross profit decreased slightly YoY.

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

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

Product		2021 3Q		2022 3Q		YoY Change
		Results	% of total	Results	% of total	
③ Career School Business		5,206 [1,978]	-	4,857 [1,961]	-	-6.7% -0.9%
	IT	2,887	55.5%	2,699	55.6%	-6.5%
	Qualifications	1,856	35.7%	1,765	36.4%	-4.9%
	English conversation	462	8.9%	392	8.1%	-15.1%
④ Cram School Business		459 [209]	-	502 [218]	-	+9.4% +4.4%

(¥ million) [Gross profit in brackets]

In B2C services, both the number of enrollees and revenues per enrollee have decreased due to the COVID-19 pandemic.

Business KPI ①

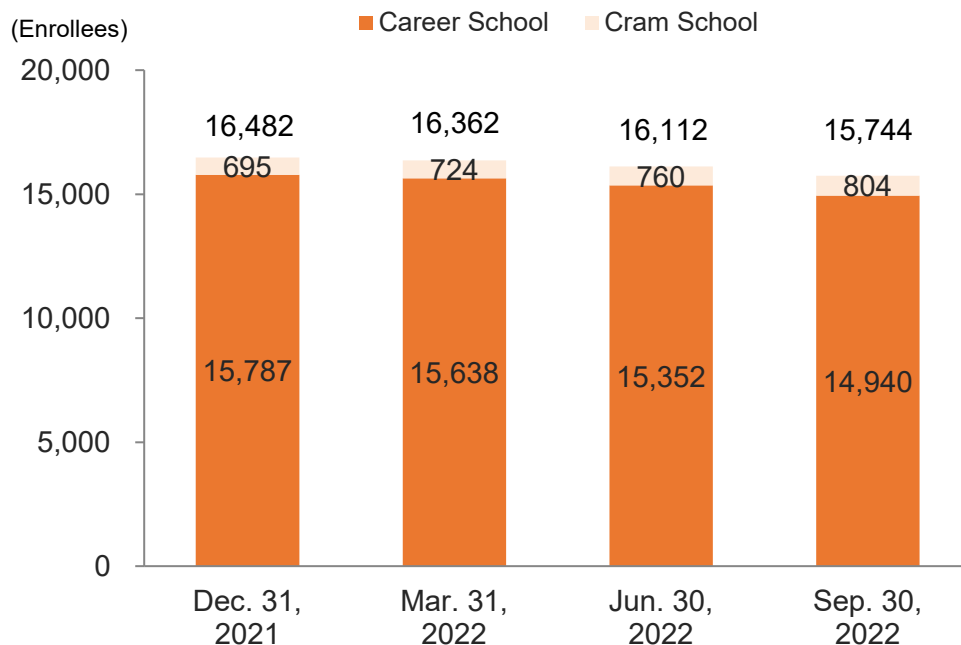
Average Number of Enrollees
for the Past 12 Months

2022 3Q

Result

15,744

-2.3%
vs. previous
quarter



Business KPI ②

Average Revenues per Enrollee
for the Past 12 Months

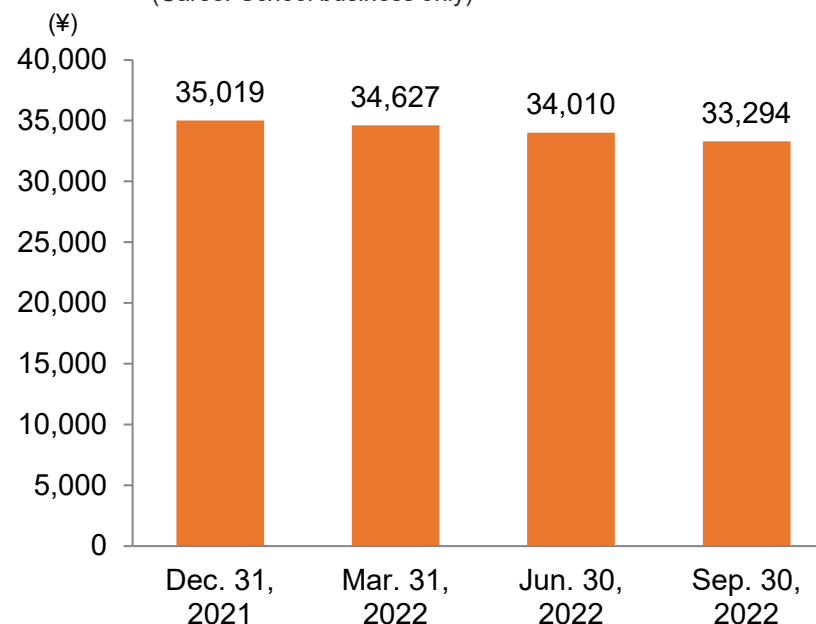
2022 3Q

Result

¥33,294/month

-2.1%
vs. previous
quarter

Note: Excluding intercompany transactions and i-Company Club sales
(Career School business only)



Note: Figures for the first three quarters of 2021 have been revised
due to a change in calculation method.

As corporate needs for DX and reskilling rapidly grow, we expect an increase in revenues from utilizing Aviva's track record and brand power in support for IT skills and the customer base of the Organizational Development Division.

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



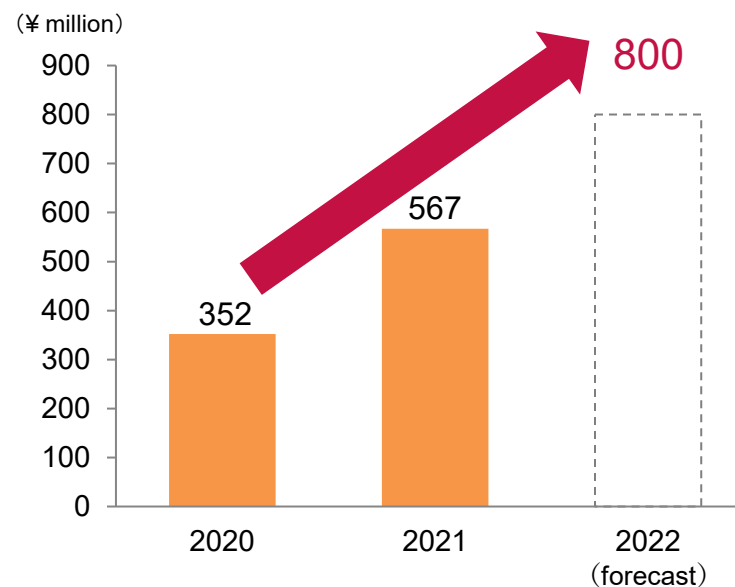
Number of
Corporate Customers
Approx. **1,800**



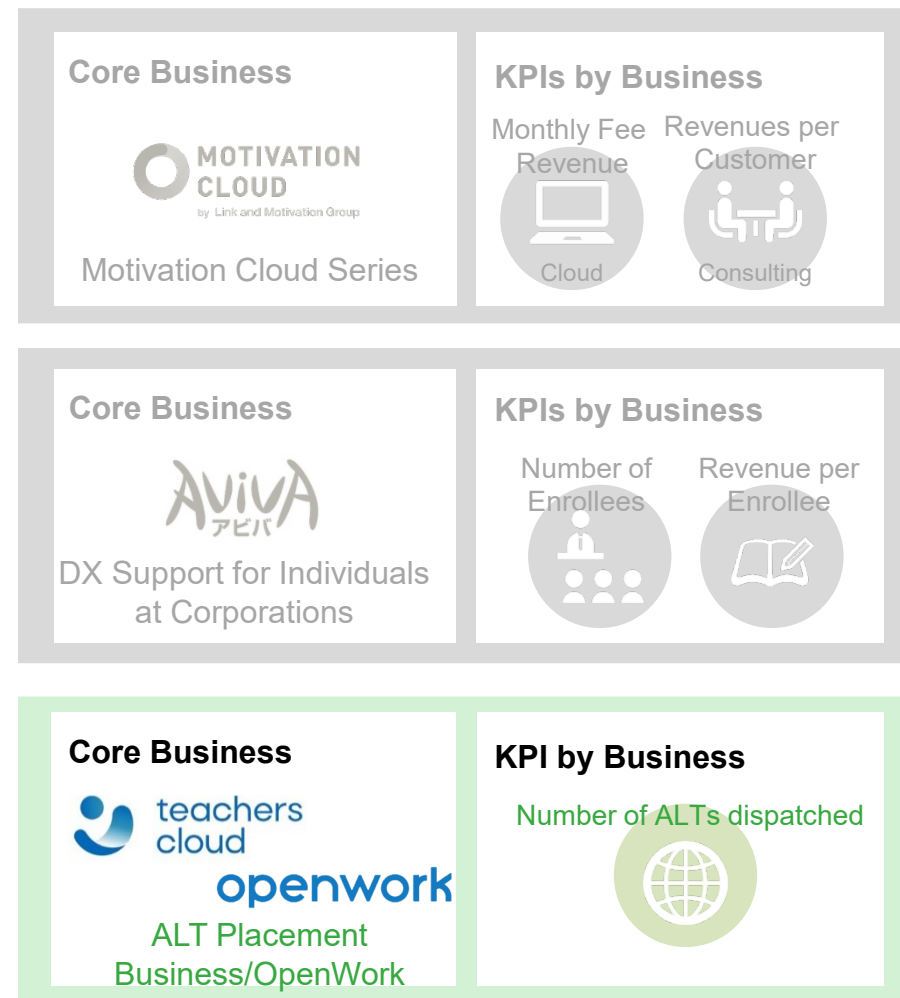
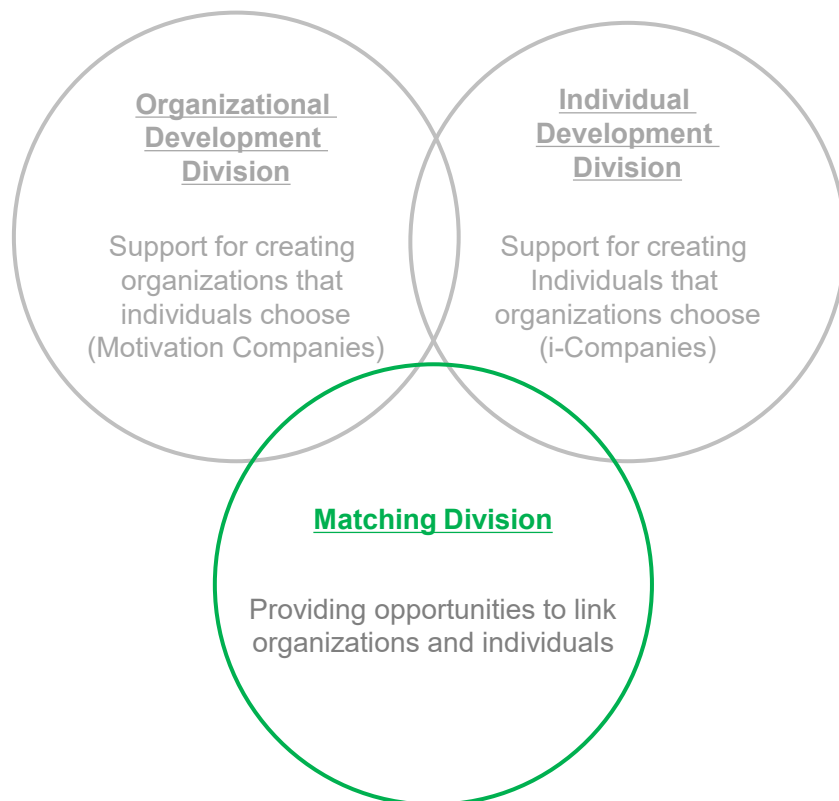
Number of Local
Government Customers
Approx. **450**



Revenues from DX Support for Individuals at Corporations



Note: Figures for 2020 and 2021 have been revised due to a change in calculation method.



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

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

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

⑤ 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.

Product	2021 3Q		2022 3Q		YoY Change
	Results*	% of total	Results	% of total	
⑤ ALT Placement Business	9,643 [2,704]	-	8,901 [2,494]	-	-7.7% -7.8%
⑥ Personnel Placement Business	1,527 [1,496]	-	1,894 [1,859]	-	+24.0% +24.2%

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

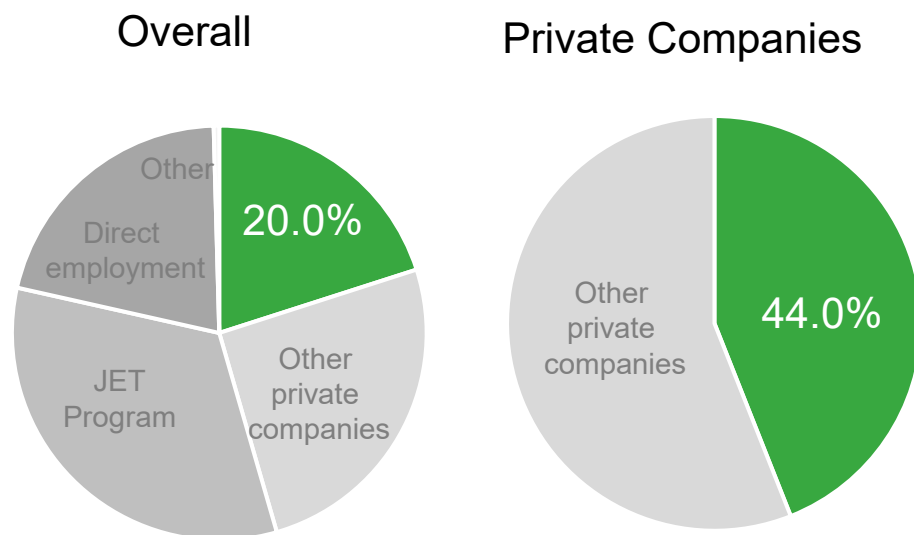
(¥ million) [Gross profit in brackets]

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.**

The average number of ALTs dispatched decreased over the past 12 months due to the impact of a price adjustment.

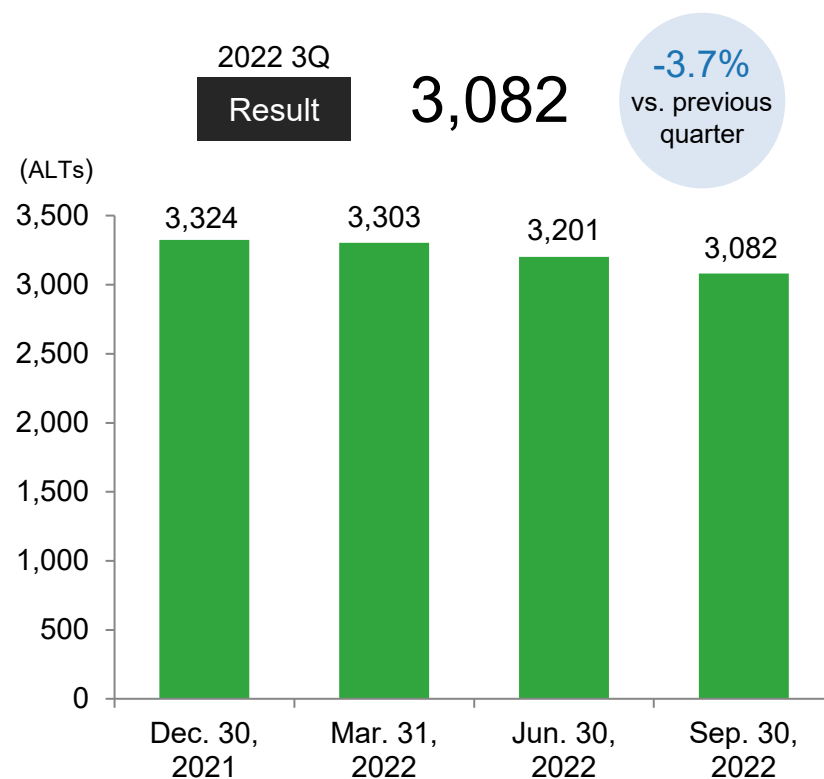
LMG's Share*



Room to expand share by more than four times

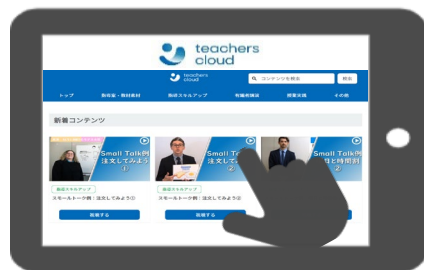
* LMG survey

Average Number of ALTs Dispatched over the Past 12 Months



The number of schools that have introduced “Teachers Cloud,” a cloud-based service for teachers, **exceeded 5,500**. We aim to **expand the market share of the ALT Placement business by using it in 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.

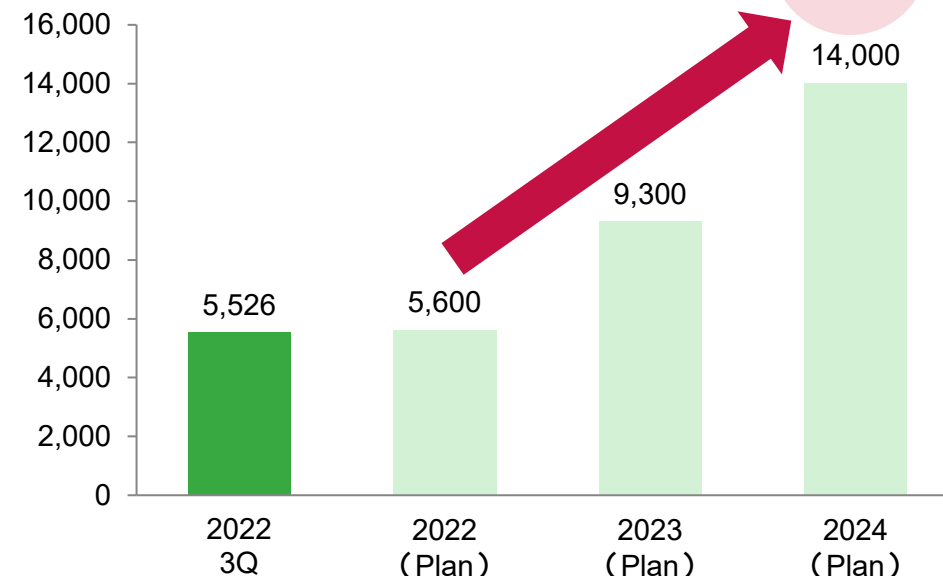
Number of Schools Where Teachers Cloud Has Been Introduced

2022 3Q

Result

5,526

(Schools)



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 exceeds 5 million**.



openwork

Employee reviews/evaluation scores

Approx. **13.6 million**

Number of registered users

Approx. **5.1 million**



Unique, carefully selected
evaluation items

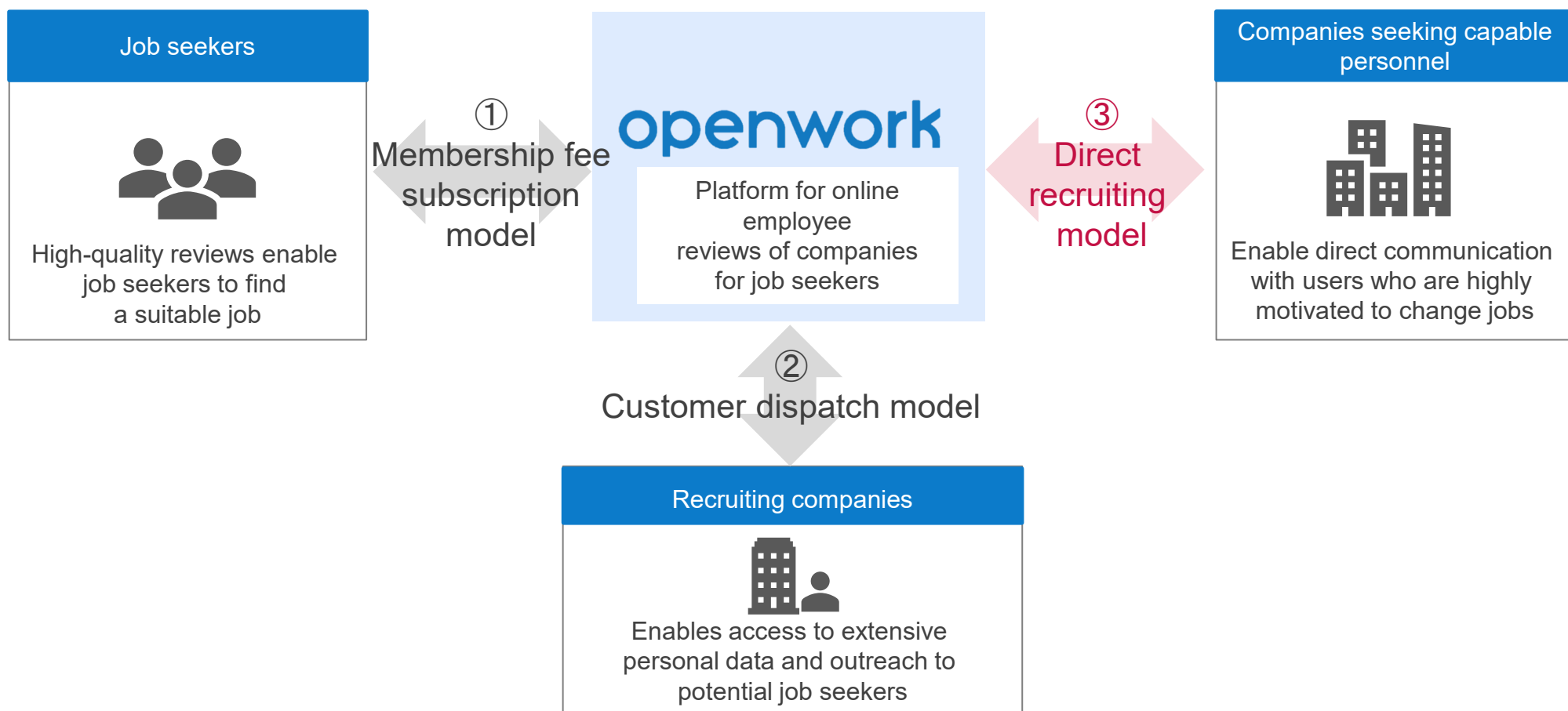


Company rankings
by industry



Company comparisons
using radar charts

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**.

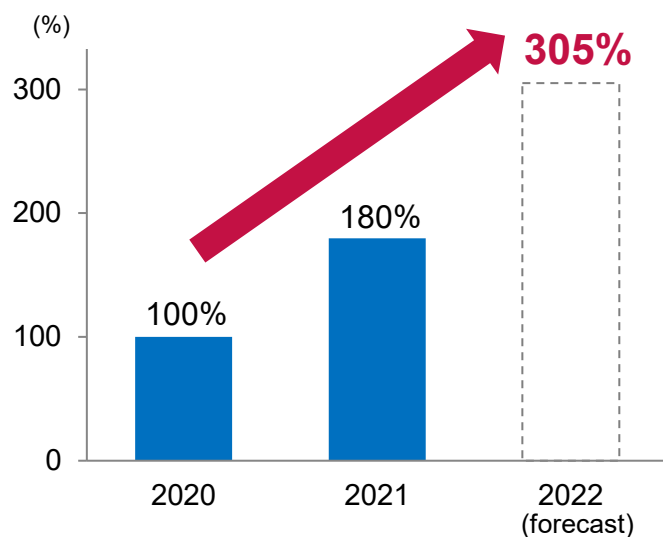


Corporate needs for improving employee engagement and recruiting are rapidly growing.

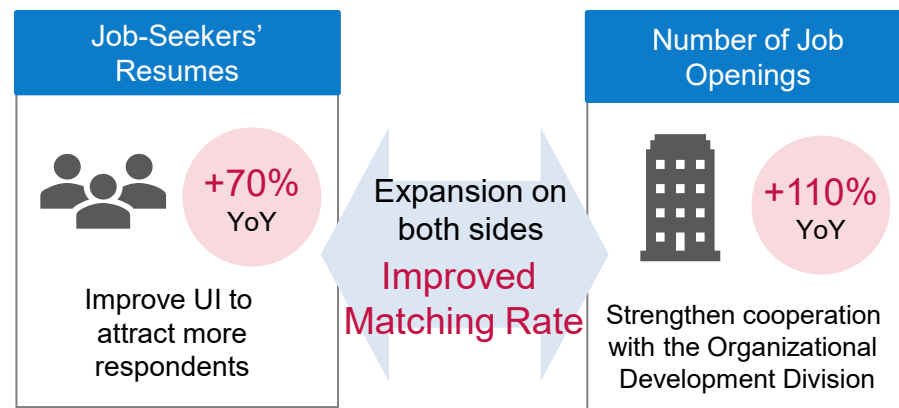
The Matching Division is aiming for high growth at OpenWork Recruiting by significantly increasing the number of job openings through stronger cooperation with the Organizational Development Division.

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
Nine Months Ended September 30, 2022



Link and Motivation Group