

Link and Motivation Inc.

Securities Code: 2170

Consolidated Financial Information for the
Fiscal Year Ended December 31, 2022



Link and Motivation Group

1. Company Overview
2. Group Summary for 2022
 - (1) Report on Consolidated Financial Results
 - (2) Report on Organizational Status
3. Forecast of Results for 2023
4. Growth Strategies Centered on the Organizational Development Division
5. Shareholder Returns Policy

Reference Materials: KPIs by Business and Progress Report

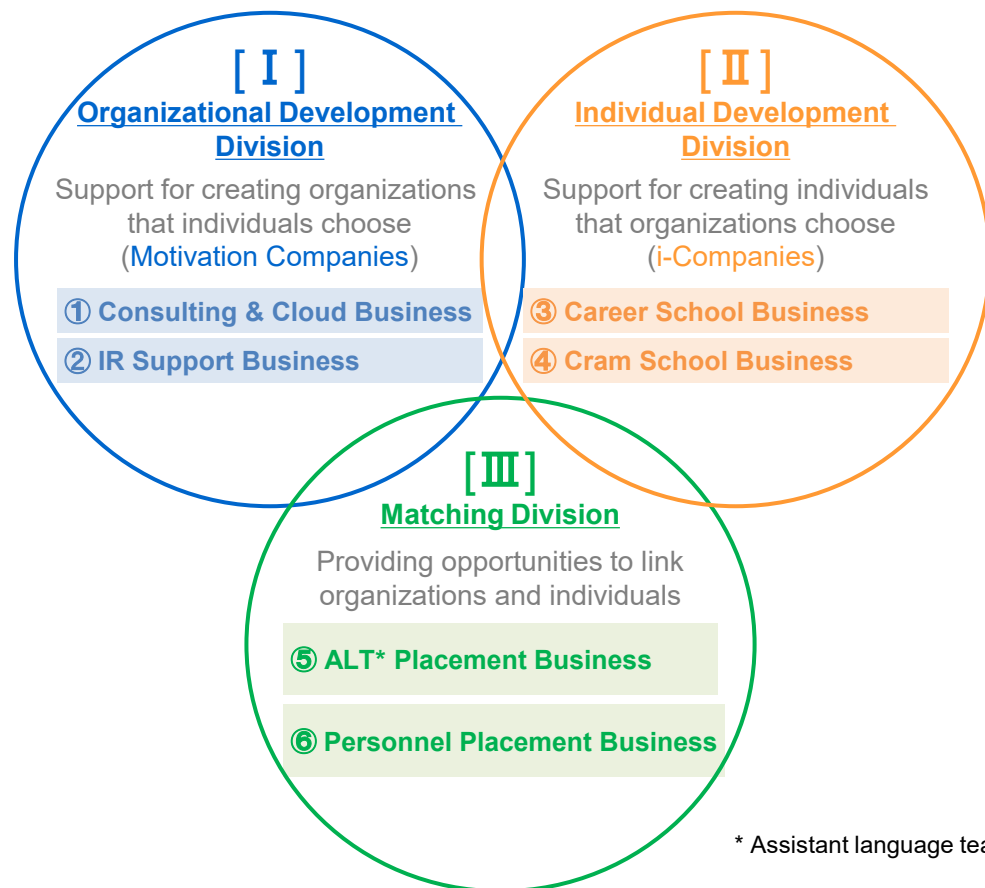
1

Company Overview

Operating Structure of the Link and Motivation Group

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

2

Group Summary for 2022 (1) Report on Consolidated Financial Results

Consolidated Statements of Operations

Revenues were basically unchanged and gross profit **increased** year on year (YoY). All profit levels from adjusted operating income to net income **increased substantially** YoY.

Although results fell short of forecasts due to greater-than-expected declines in the Career School business and ALT Placement business, the highly profitable Consulting & Cloud business and Personnel Placement business grew substantially. Successful structural reform of business costs led to substantial increases in all income levels from adjusted operating income down.

(¥ million)	2021 Results	2022 Forecast	2022 Results	YoY Change
Revenues	32,644	35,000	32,776	+0.4%
Gross Profit	15,340	17,100	16,068	+4.7%
Adjusted Operating Income*	3,144	4,500	4,113	+30.8%
Operating Income	2,066	4,000	3,627	+75.6%
Net Income	1,020	2,200	2,106	+106.4%
Net Income Attributable to Owners of the Parent	918	-	1,941	+111.3%

* 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.

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

Organizational Development Division: The Consulting & Cloud business drove growth by taking advantage of the growing momentum of human capital management.

Individual Development Division: Continued to conduct 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 Results	2022 Results	YoY Change
All Divisions*	Revenues	32,644	32,776	+0.4%
	Gross Profit	15,340	16,068	+4.7%
Organizational Development Division	Revenues	10,819	12,092	+11.8%
	Gross Profit	7,534	8,248	+9.5%
Individual Development Division	Revenues	7,471	6,960	-6.8%
	Gross Profit	2,904	2,755	-5.2%
Matching Division	Revenues	15,043	14,564	-3.2%
	Gross Profit	5,534	5,778	+4.4%

* Excludes intersegment revenues.

Organizational Development Division Summary

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

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

- ① Consulting & Cloud Business: Substantial increase over the previous year from capturing the needs of major companies for improving employee engagement, especially in cloud businesses.
- ② IR Support Business: Production of integrated reports increased, and gross profit increased substantially year on year as efforts to improve the gross margin were successful.

Revenues and Gross Profit by Product

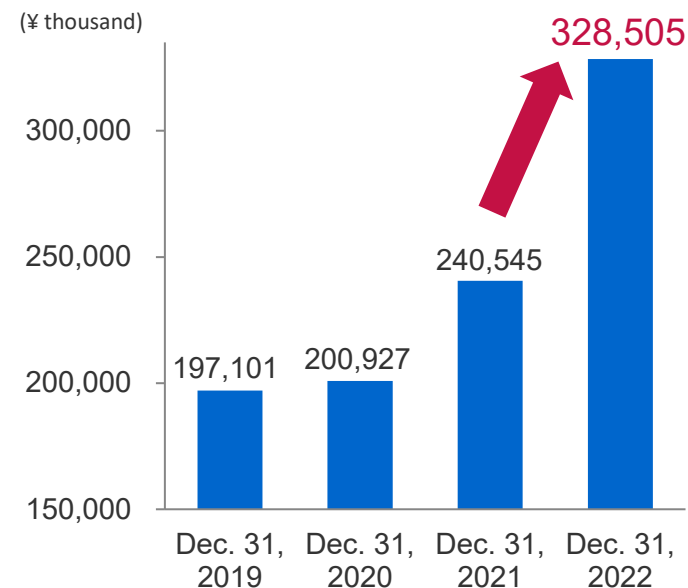
Product	2021 Results*	2022 Results	YoY Change
① Consulting & Cloud Business	9,156 [6,817]	10,236 [7,320]	+11.8% +7.4%
Consulting	6,259	6,641	+6.1%
Cloud	2,897	3,594	+24.1%
② IR Support Business	1,919 [878]	2,066 [1,026]	+7.6% +16.9%

(¥ 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

36.6% growth compared with previous year



Individual Development Division Summary

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

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

③ Career School Business: Revenues decreased as the number of enrollees failed to recover due to the continued impact of COVID-19. However, revenues from highly profitable employee reskilling support (B2B) grew steadily.

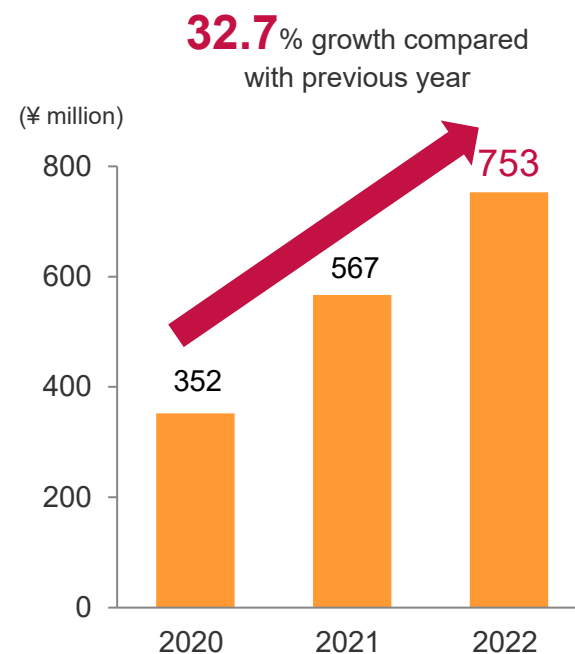
④ Cram School Business: Revenues increased due to an increase in the number of enrollees.

Revenues and Gross Profit by Product

Product	2021 Results	2022 Results	YoY Change
③ Career School Business	6,824 [2,596]	6,240 [2,427]	-8.6% -6.5%
④ Cram School Business	651 [310]	720 [327]	+10.5% +5.6%

(¥ million) [Gross profit in brackets]

Sales of Reskilling Support for Employees



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.

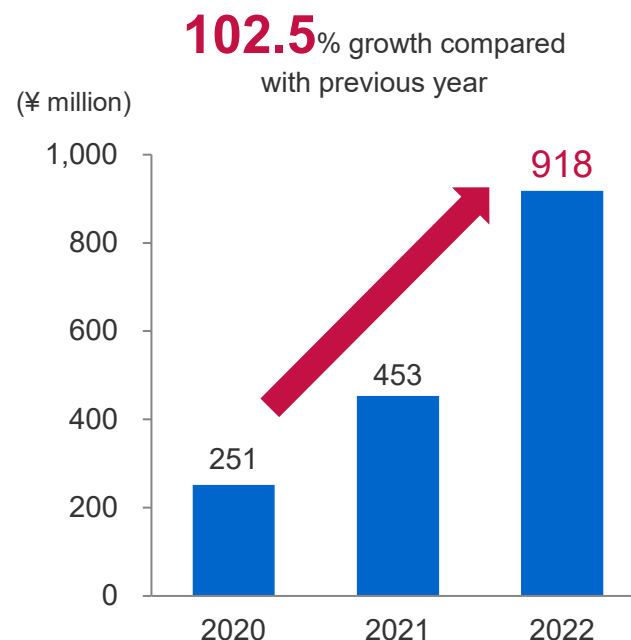
Revenues and Gross Profit by Product

Product	2021 Results*	2022 Results	YoY Change
⑤ ALT Placement Business	13,123 [3,650]	12,006 [3,291]	-8.5% -9.8%
⑥ Personnel Placement Business	1,943 [1,907]	2,570 [2,500]	+32.2% +31.0%

(¥ million) [Gross profit in brackets]

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

OpenWork Recruiting Revenue Growth Rate



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 Results	2022 Results	YoY Change
Total SG&A Expenses	12,625	12,780	+1.2%
Personnel Expenses	5,866	6,442	+9.8%
Recruiting, Training and Welfare Expenses	557	678	+21.7%
Office and System Expenses	3,331	2,349	-29.5%
Sales-related Expenses	1,826	2,187	+19.8%
Other Expenses	1,043	1,122	+7.6%

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.

ROE improved due to increase in net income.

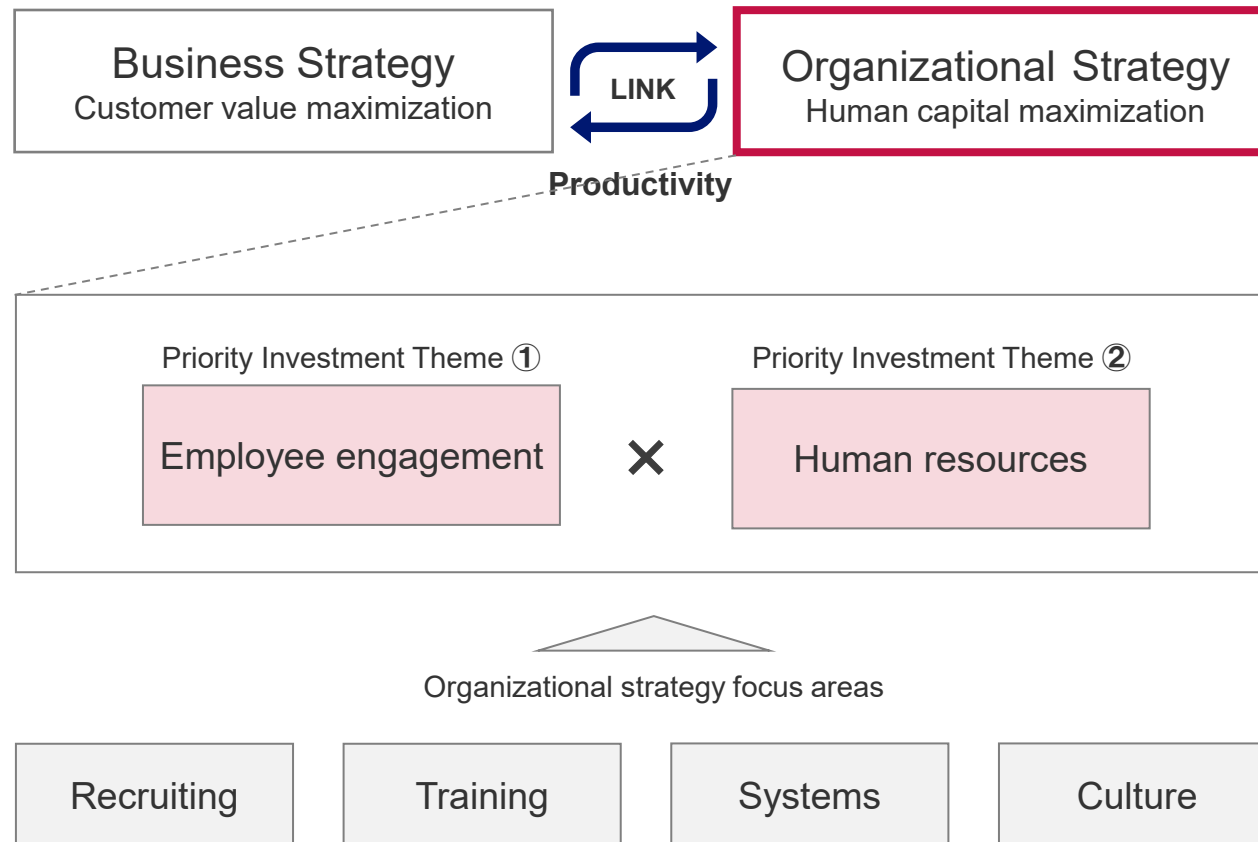
(¥ million)	December 31, 2021	December 31, 2022	Increase (Decrease)
Current Assets	9,732	10,633	900
Non-current Assets	20,329	18,319	(2,010)
Total Assets	30,062	28,952	(1,110)
Current Liabilities	15,018	11,737	(3,281)
Non-current Liabilities	6,395	5,869	(526)
Total Liabilities	21,413	17,606	(3,807)
Total Equity	8,648	11,345	2,697
(%)			
ROE	16.3	23.3	7.0

2

Group Summary for 2022 (2) Report on Organizational Status

Approach to Human Capital Management

Make appropriate investments to continue to create conditions for capable employees to work with high engagement, which enhances human capital and leads to business growth.

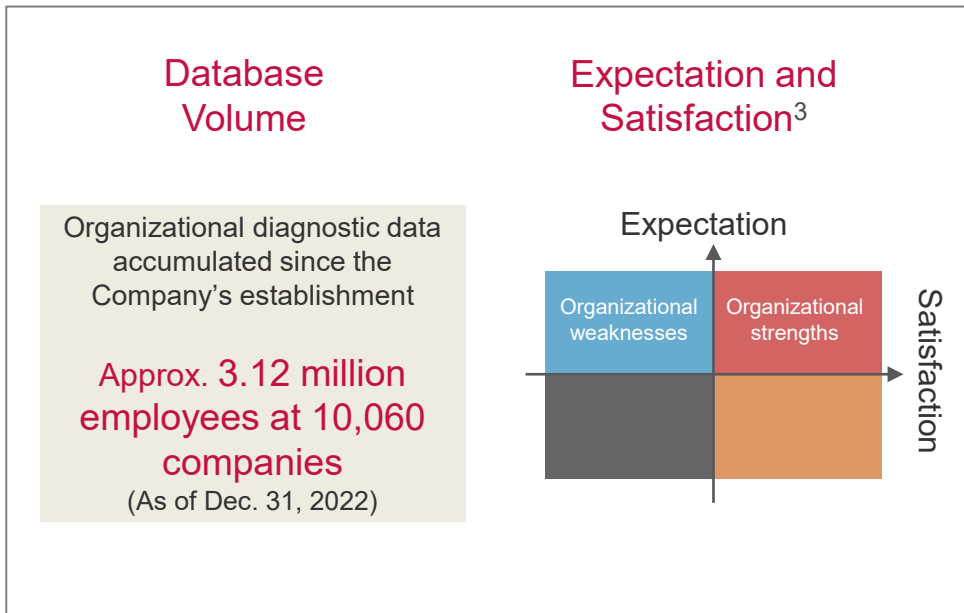


Employee Engagement

Link and Motivation discloses its **Engagement Rating¹ (ER)** as an indicator showing employee engagement (mutual understanding, empathy and commitment between a company and its employees).

Engagement Score²

Calculated based on Link and Motivation's data on employee expectations and satisfaction and the degree of agreement between the two, one of the largest such databases in Japan



Engagement Rating

Ranked in 11 stages according to Engagement Score

Engagement Rating	Engagement Score
AAA	67 or higher
AA	Less than 67
A	Less than 61
BBB	Less than 58
BB	Less than 55
B	Less than 52
CCC	Less than 48
CC	Less than 45
C	Less than 42
DDD	Less than 39
DD	Less than 33

Notes:

1. "Engagement Rating" is a registered trademark of Link and Motivation Inc.

2. "Engagement Score" is a registered trademark of Link and Motivation Inc.

3. Link and Motivation has obtained a patent for the Organizational Development Support System, Organizational Development Support Method and related programs. (Patent no. 6298855)

Employee Engagement –Engagement Rating Results–

Among the 11* companies in the Link and Motivation Group, **10 have a AAA rating.**
We continue to maintain a high level of engagement.

Division	Business	Company Name	Subjects	August 2022	February 2023
Organizational Development Division	Consulting & Cloud Business	Link and Motivation Inc.	437	AAA	→ AAA
		Link Global Solution Inc.	22	AAA	→ AAA
		Link Event Produce Inc.	27	AAA	→ AAA
	IR Support Business	Link Corporate Communications Inc.	78	AAA	→ AAA
Individual Development Division	Career School Business	Link Academy Inc.	456	AAA	→ AAA
	Cram School Business	Motivation Academia Inc.	50	AAA	→ AAA
Matching Division	ALT Placement Business	Link Interac Inc.	159	AA	→ AAA
		Link Japan Careers Inc.	12	AAA	→ AAA
	Personnel Placement Business	OpenWork Inc.	71	AA	→ AA
		Link Agent Inc.	19	AAA	→ AAA
		Link-i Inc.	20	AAA	→ AAA

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

3

Forecast of Results for 2023

Summary of Forecast of Consolidated Results for 2023

The momentum of human capital management is producing the best market environment for the Company since its establishment. We will aim for substantial growth centered on businesses that can take advantage of this opportunity.

(¥ million)	2022 Results	2023 Forecast	YoY Change
Revenues	32,776	35,300	+7.7%
Gross Profit	16,068	17,700	+10.2%
Adjusted Operating Income*	4,113	5,070	+23.3%
Operating Income	3,627	4,670	+28.7%
Net Income	2,106	2,900	+37.7%
Net Income Attributable to Owners of the Parent	1,941	2,630	+35.4%

* 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.

Summary of Forecast of Consolidated Results for 2023 by Segment

Organizational Development Division: Targeting substantial growth, centered on growth of cloud businesses exceeding 120%.

Individual Development Division: Will maintain sales by expanding B2B services while continuing the rationalization (relocation/closure) of schools.

Matching Division: Targeting growth of the Personnel Placement business, centered on growth of OpenWork exceeding 120%.

(¥ million)		2022 Results	2023 Forecast	YoY Change
All Divisions*	Revenues	32,776	35,300	+7.7%
	Gross Profit	16,068	17,700	+10.2%
Organizational Development Division	Revenues	12,092	14,200	+17.4%
	Gross Profit	8,248	9,700	+17.6%
Individual Development Division	Revenues	6,960	7,000	+0.6%
	Gross Profit	2,755	2,770	+0.5%
Matching Division	Revenues	14,564	15,000	+3.0%
	Gross Profit	5,778	6,200	+7.3%

* Excludes intersegment revenues.

4

Growth Strategies Centered on the Organizational Development Division

The momentum of human capital (HC) management is producing the best market environment for the Company since its establishment.

Momentum of Human Capital Management

Acceleration of HC disclosure

Publication of Guidelines for Human Capital Visualization¹

METI released disclosure guidelines and recommended disclosure items for corporate human capital information

Mandatory human capital disclosure in securities reports²

Ministry of Finance requires disclosure starting in FY ending in March 2023

Organizational **needs for diagnosis, transformation and disclosure are expanding**

Increase in reskilling activity

Changes in human resource demand with digitalization will cause employment mismatches³

4.5 million people in 2030

(Estimate by Mitsubishi Research Institute, Inc.)

Challenges in implementing DX⁴

1. Lack of human resources to handle DX
2. Lack of requisite skills and know-how
3. Inability to secure the time to deal with it

Reskilling needs are expanding, particularly for IT skills

Intensifying competition for talent

Dec. 2022 jobs-to-applicants ratio⁵

2.54 times

IT talent jobs-to-applicants ratio⁵

Approx. 12 times

Needs are expanding for recruitment and retention of exceptional talent

1. Ministry of Economy, Trade and Industry (METI)
<https://www.cas.go.jp/jp/houdou/pdf/20220830shiryoku1.pdf>
2. Financial Services Agency (FSA)
<https://www.fsa.go.jp/news/r4/sonota/20221107/20221107.html>

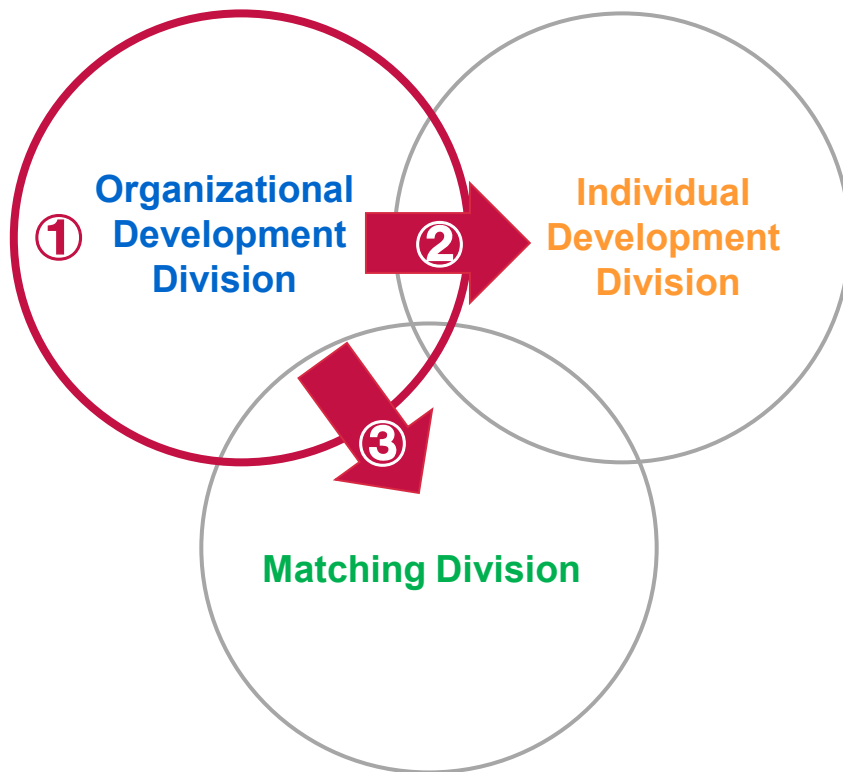
3. Mitsubishi Research Institute (MRI)
<https://www.mri.co.jp/knowledge/insight/20220706.html>
4. Teikoku Databank
<https://www.tdb.co.jp/report/watching/press/p221010.html>

5. doda (a job-change service)
https://www.persol-career.co.jp/pressroom/news/research/2023/20230119_01/

Overview of Growth Strategies for 2023

We will aim for substantial growth centered on businesses that can take advantage of the changing business environment.

Specifically, we will significantly grow the Organizational Development Division while also expanding synergy between other divisions and the Organizational Development Division.



1. Achieve substantial growth of the Organizational Development Division

Provide the Motivation Cloud series of the Consulting & Cloud business mainly to major companies where human capital management and disclosure have made particular progress

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

Provide the employee reskilling support of the Career School business to customers of the Organizational Development Division

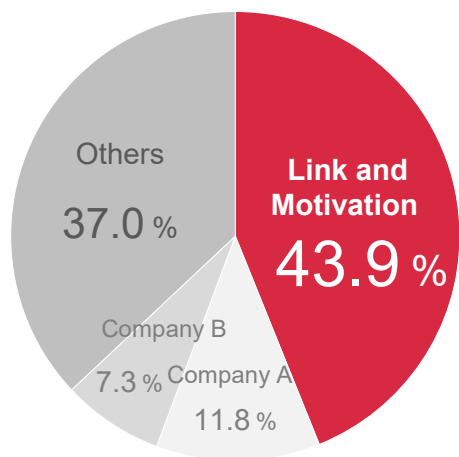
3. Enhance synergies between the Organizational Development Division and the Matching Division

Provide the OpenWork recruiting service of the Personnel Placement business to customers of the Organizational Development Division

1. Organizational Development Division Growth Strategy: Motivation Cloud Series

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

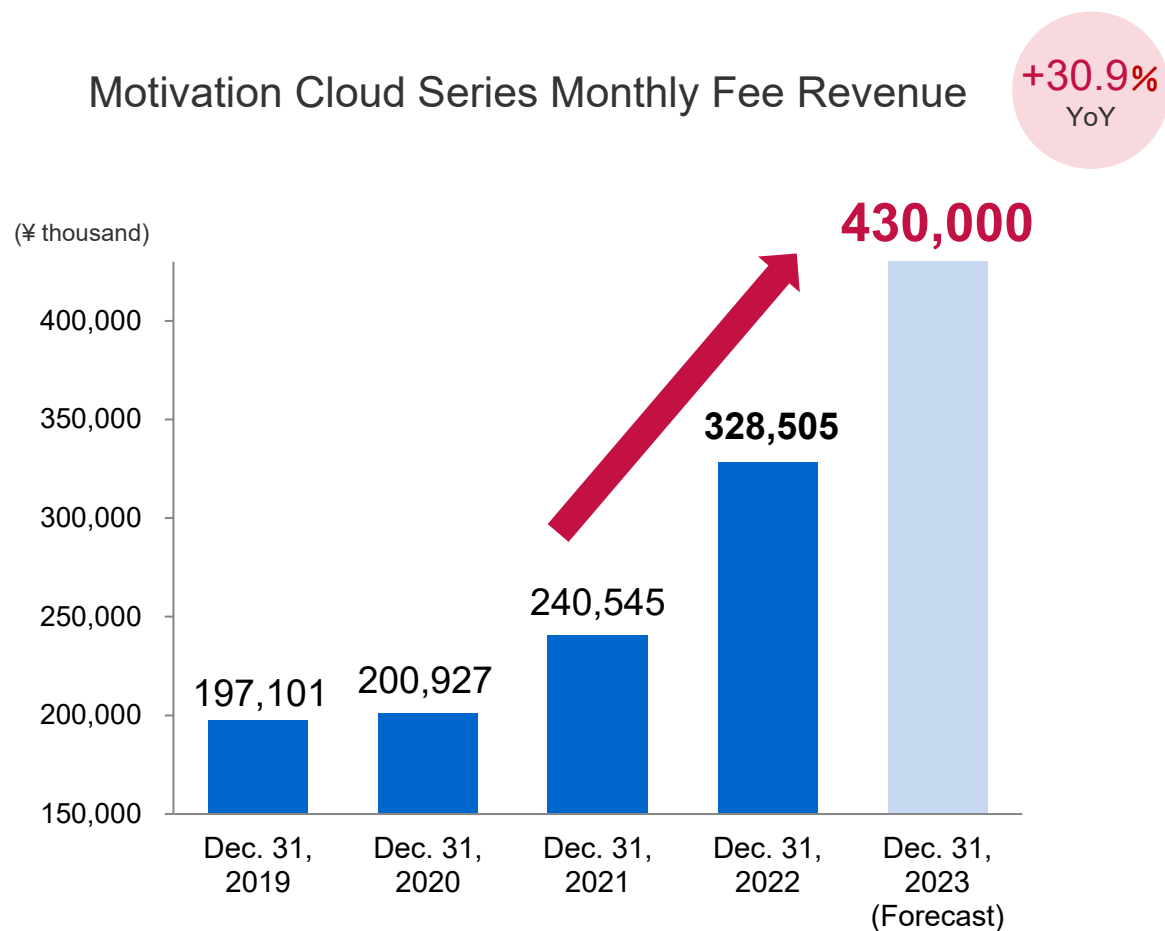


Invest in marketing, strengthen sales staff

Develop more new customers

1. Organizational Development Division Growth Strategy: Motivation Cloud Series Monthly Fee Revenue

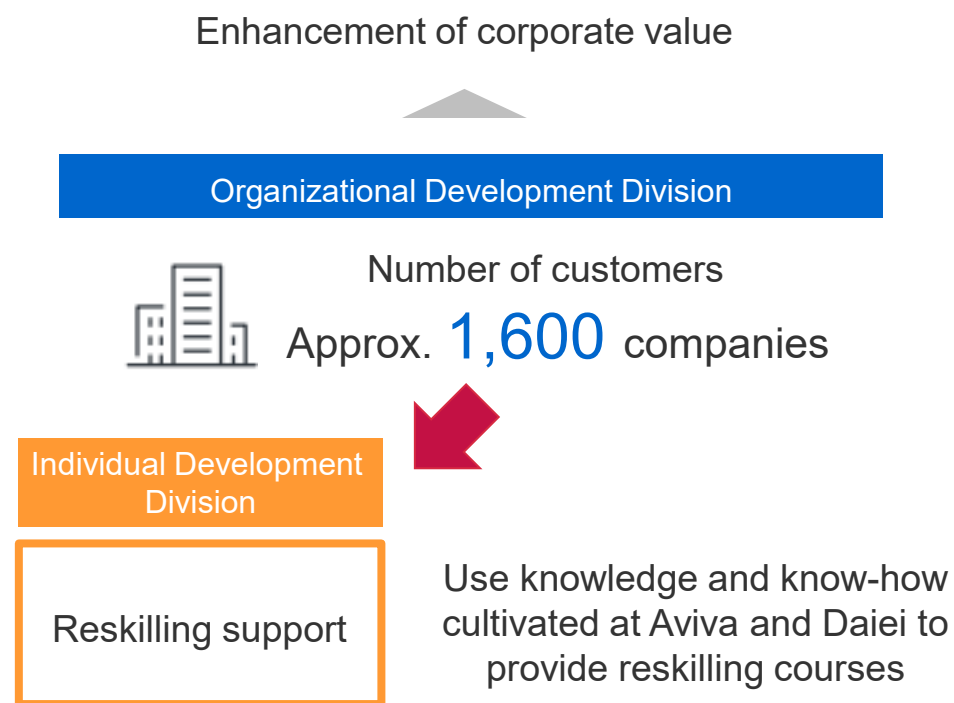
We expect **monthly fee revenue to grow to ¥430 million at the end of December 2023**, benefiting from the increasing need for organizational diagnosis in implementing human capital management and information disclosure.



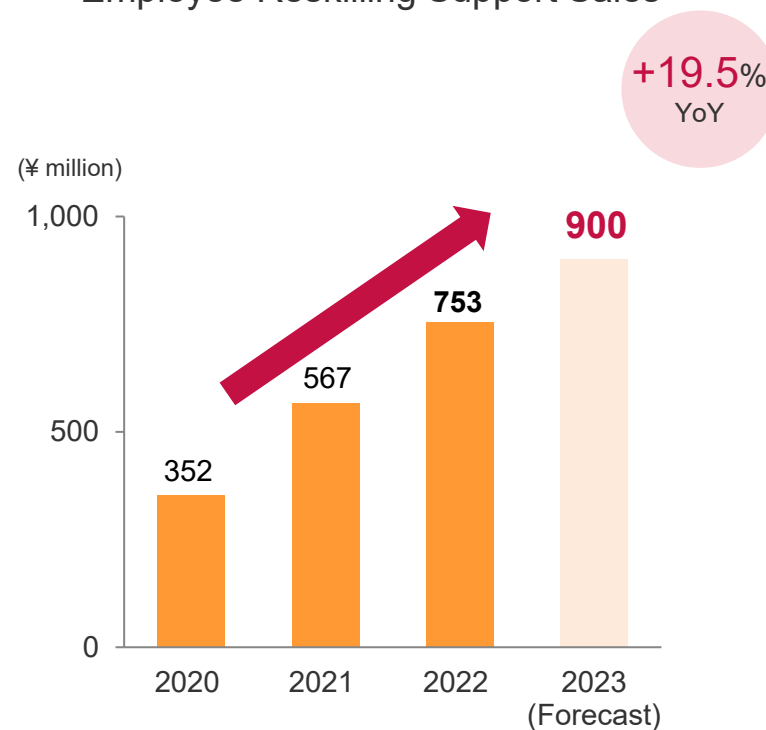
2. Enhance Synergies between Organizational Development Division and Individual Development Division

Offer reskilling courses to customer companies of the Organizational Development Division, which promotes human capital management.
Aiming for **substantial growth of 19.5% YoY**.

Synergy with Organizational Development Division



Employee Reskilling Support Sales



3. Enhance Synergies between Organizational Development Division and Matching Division

Provide direct recruiting service using one of Japan's largest word-of-mouth platforms to customers of the Organizational Development Division, which promotes human capital management.

Aiming for **substantial growth of 57.8% YoY.**

Synergy with Organizational Development Division

Enhancement of corporate value

Organizational Development Division



Number of customers

Approx. **1,600** companies

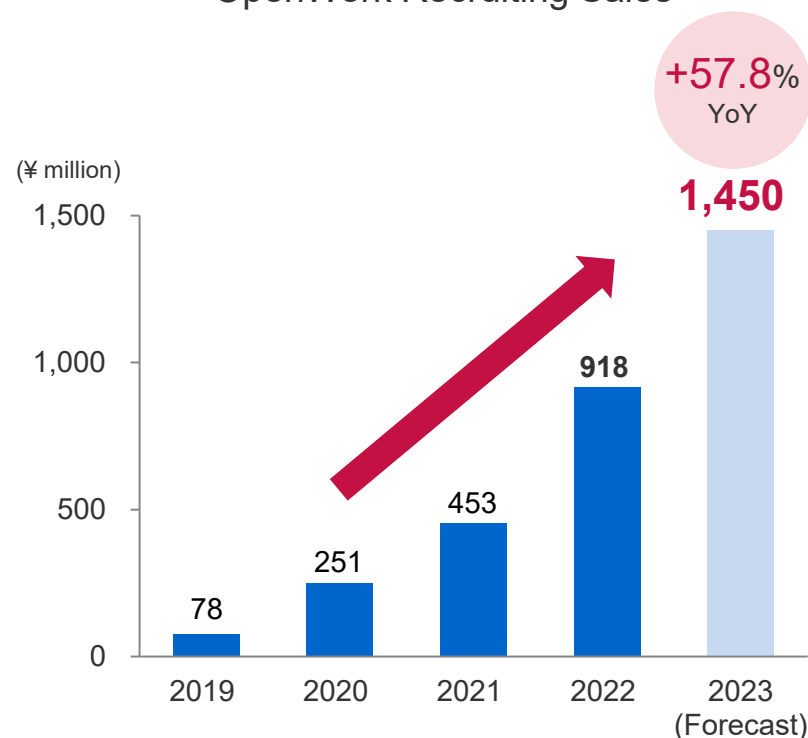


Matching Division

Direct recruiting service

Provide "fitting"* recruitment with high retention rates utilizing OpenWork, one of Japan's largest online review platforms

OpenWork Recruiting Sales



* Fitting is matching that achieves a high retention rate by taking the applicant's personality and other factors into account, rather than conventional matching based solely on skills.

5

Shareholder Returns Policy

Change in Shareholder Returns Policy

After careful deliberation from the viewpoint of how to fairly return profits to shareholders, we will discontinue the shareholder special benefit plan on the record date in June 2023. We have judged that it is best to only return profits directly through dividends in line with business results. As before, shareholder returns will continue to be a management priority, and we will **increase quarterly dividends by ¥0.8**.

【Before】

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

【From now】

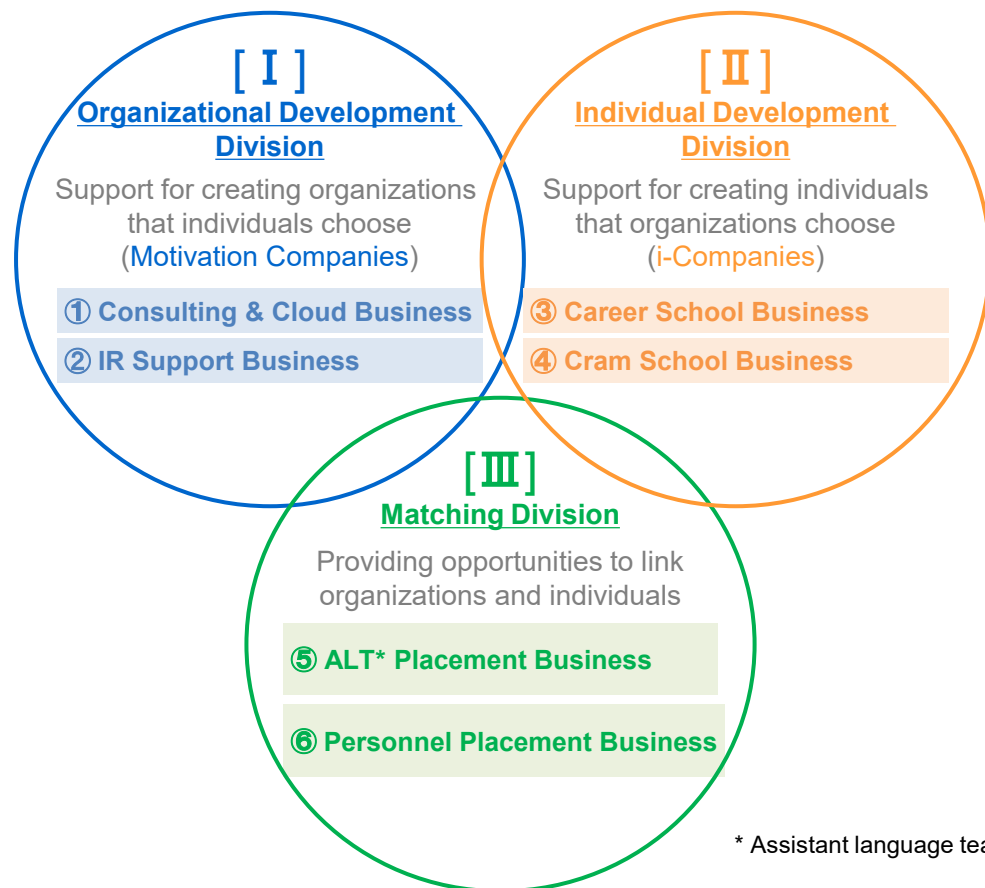
	Dividend per Share				
	First Quarter (scheduled)	Second Quarter (scheduled)	Third Quarter (scheduled)	Fourth Quarter (scheduled)	Annual Dividend (scheduled)
2023	2.8 yen	2.8 yen	2.8 yen	2.8 yen	11.2 yen

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

Operating Structure of the Link and Motivation Group

Mission

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

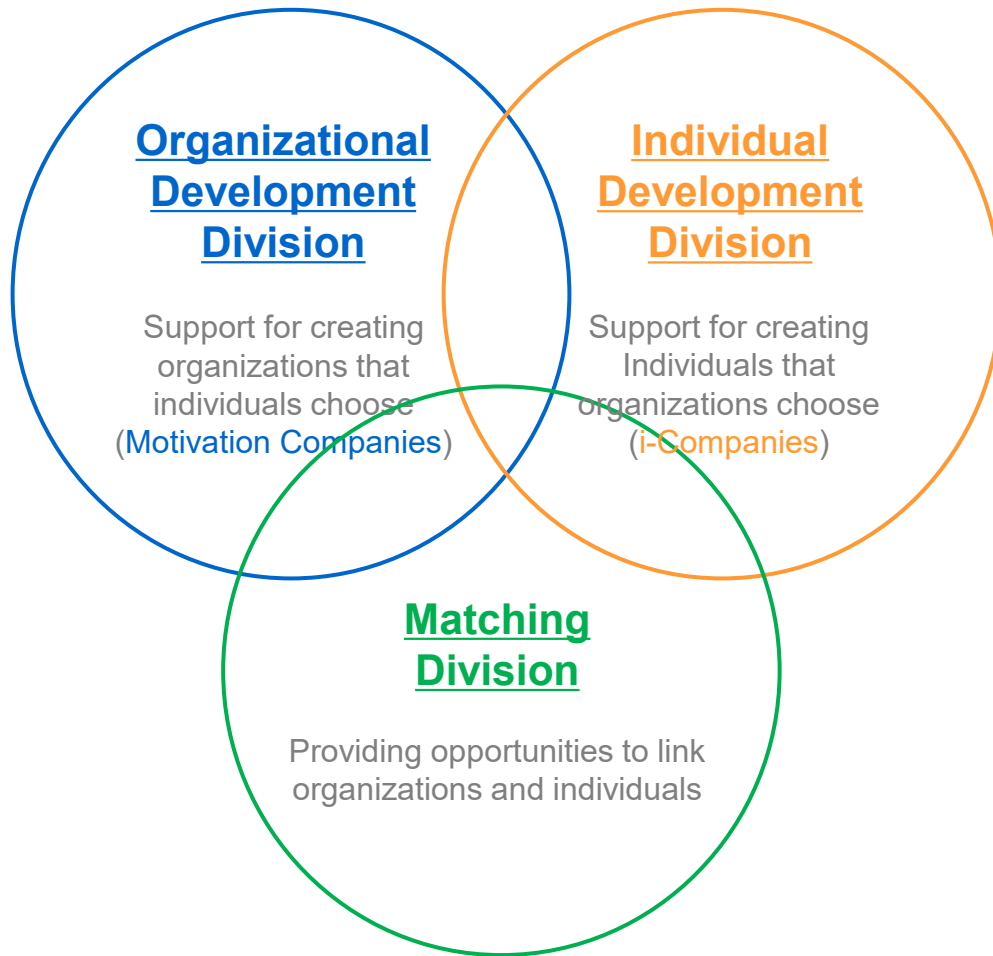


[IV] Venture Incubation



Capital and Organizational support for venture companies

Reference Materials:



KPIs by Business and Progress Report



KPIs by Business


Monthly Fee Revenue	Revenues per Customer
	
Cloud	Consulting

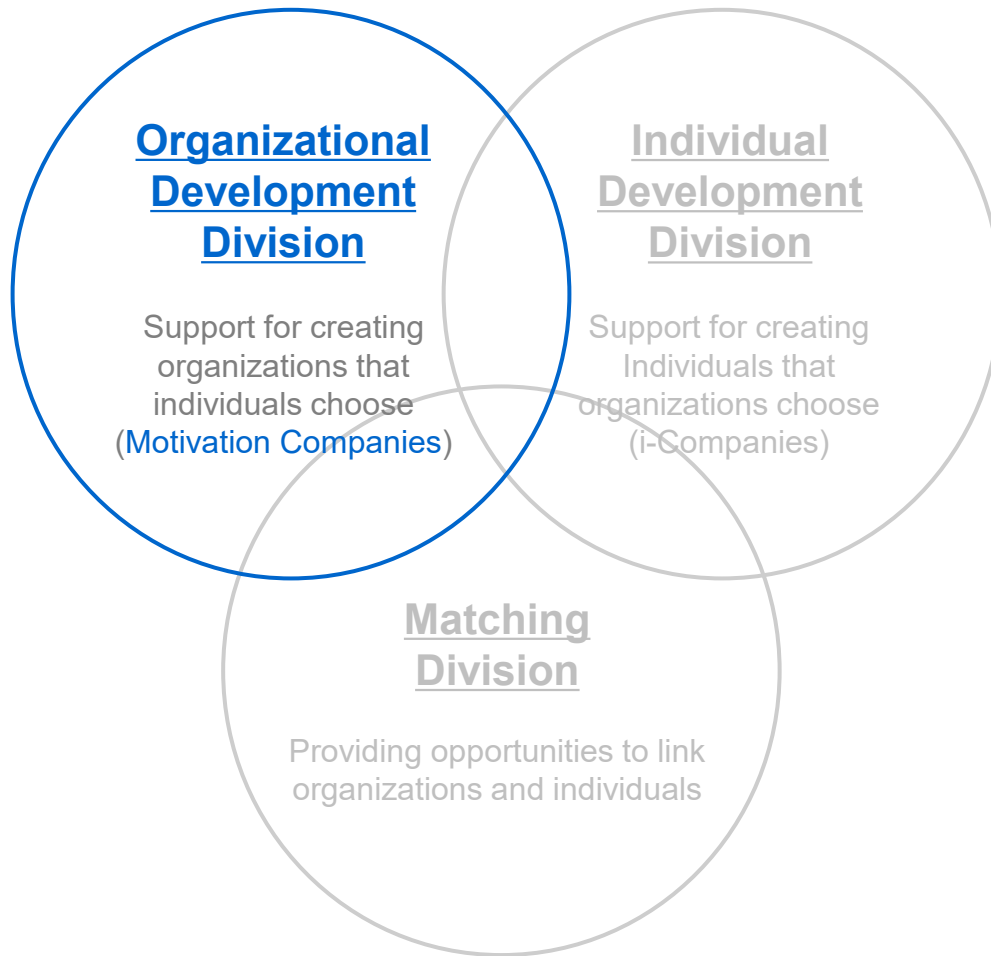
KPIs by Business

Number of Enrollees	Revenue per Enrollee
	



KPIs by Business

Number of ALTs dispatched






KPIs by Business


Monthly Fee Revenue	Revenues per Customer
	
Cloud	Consulting

KPIs by Business

Number of Enrollees	Revenue per Enrollee
	

KPIs by Business

Number of ALTs dispatched



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

- ① Consulting & Cloud Business: Substantial increase over the previous year from capturing the needs of major companies for improving employee engagement, especially in cloud businesses.
 ② IR Support Business: Production of integrated reports increased, and gross profit increased substantially year on year as efforts to improve the gross margin were successful.

Product	2021		2022		YoY Change
	Results*	% of total	Results	% of total	
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② IR Support Business	1,919 [878]	-	2,066 [1,026]	-	+7.6% +16.9%

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

(¥ million) [Gross profit in brackets]

Substantially exceeded the December 31, 2022 target of ¥320 million, driven by promotion of introductions at major companies. The average monthly fee, the business's KPI, is trending up, and we will work to expand it further in the coming years.

Business KPI Motivation Cloud Series Monthly Fee Revenue

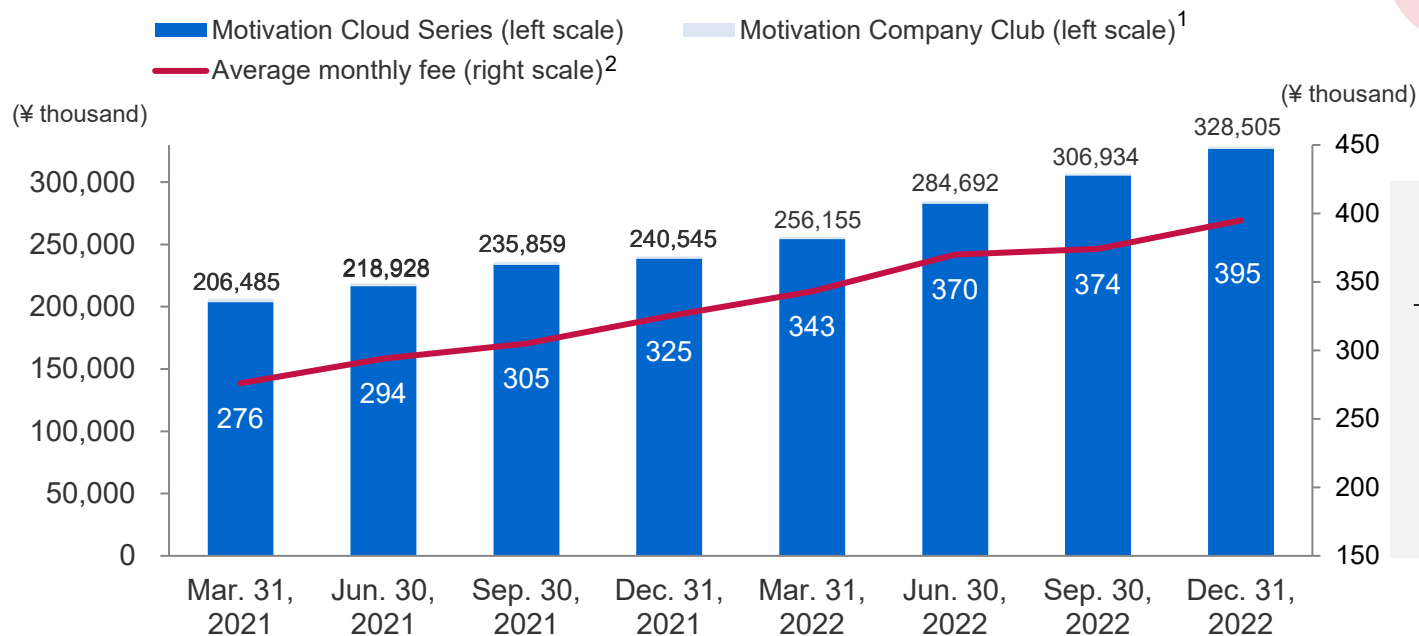
2022 4Q

Result

¥328,505 thousand

+7.0%
vs. previous
quarter

+36.6%
YoY



December 2022 Breakdown of Monthly Fee Revenue	
Delivered orders ³ :	831
Average monthly fee:	¥395,000/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.

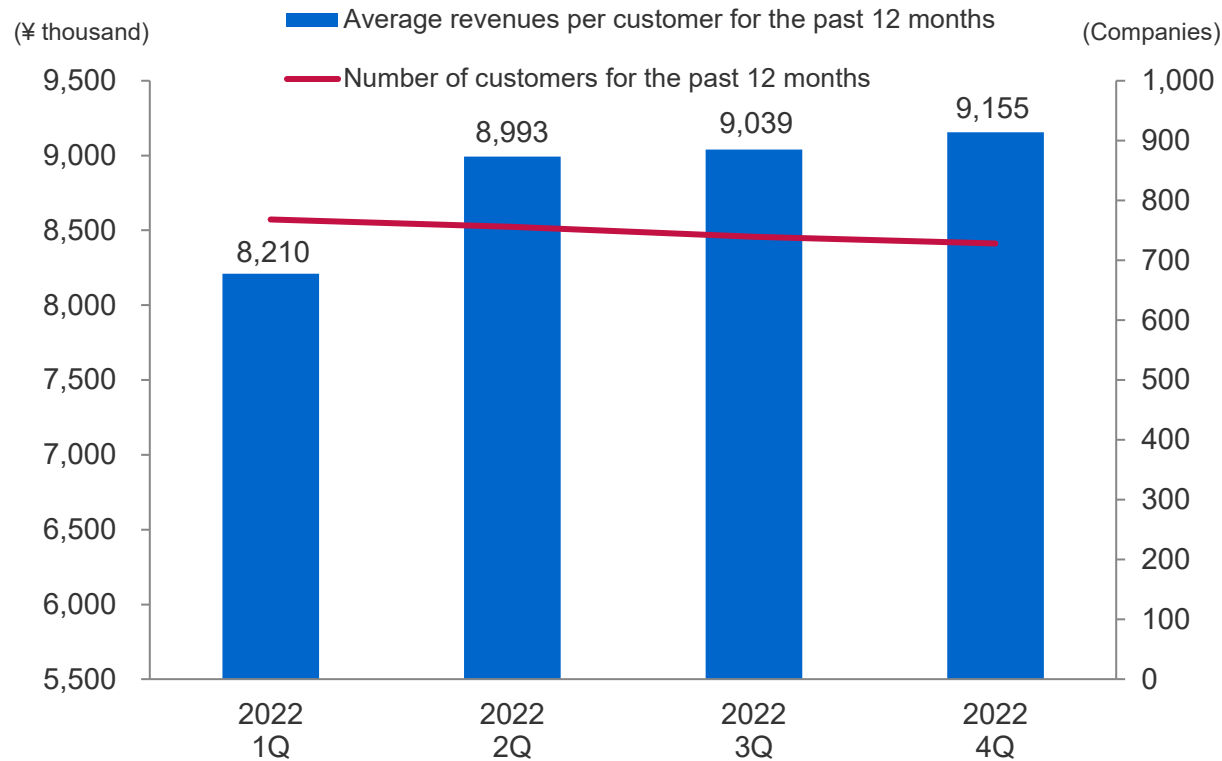
Business KPI Average Revenues per Customer for the Past 12 Months

2022 4Q

Result

¥9,155 thousand

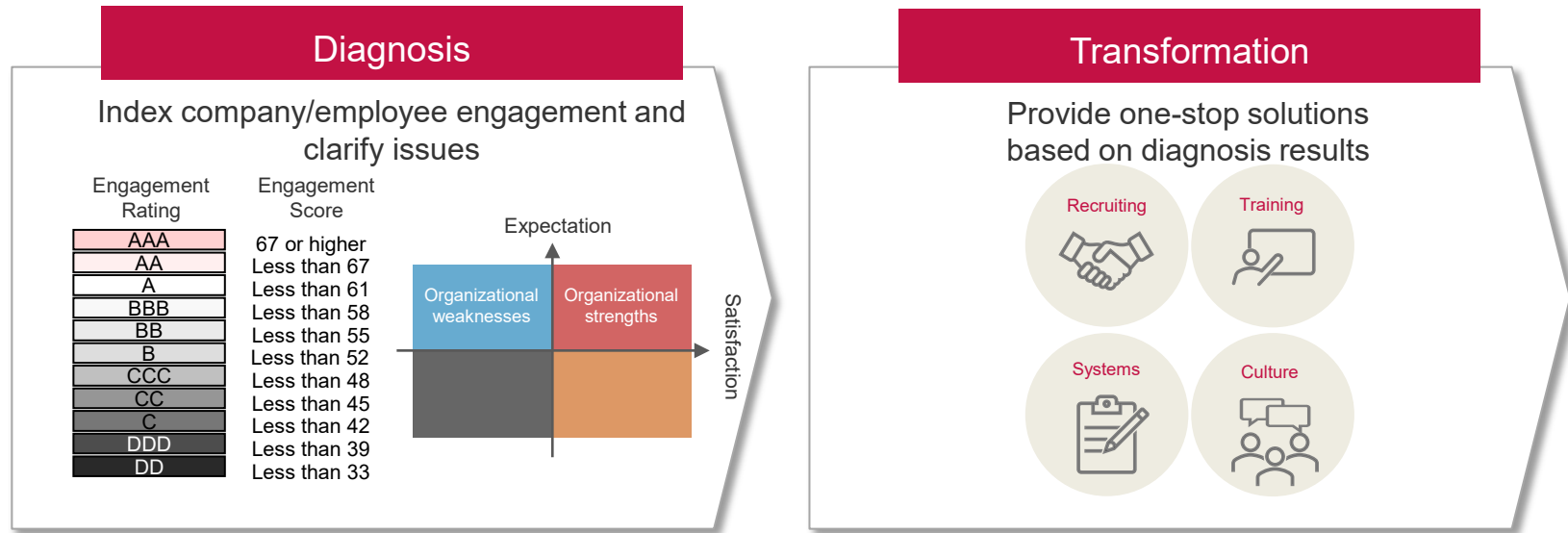
+1.3%
vs. previous
quarter



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

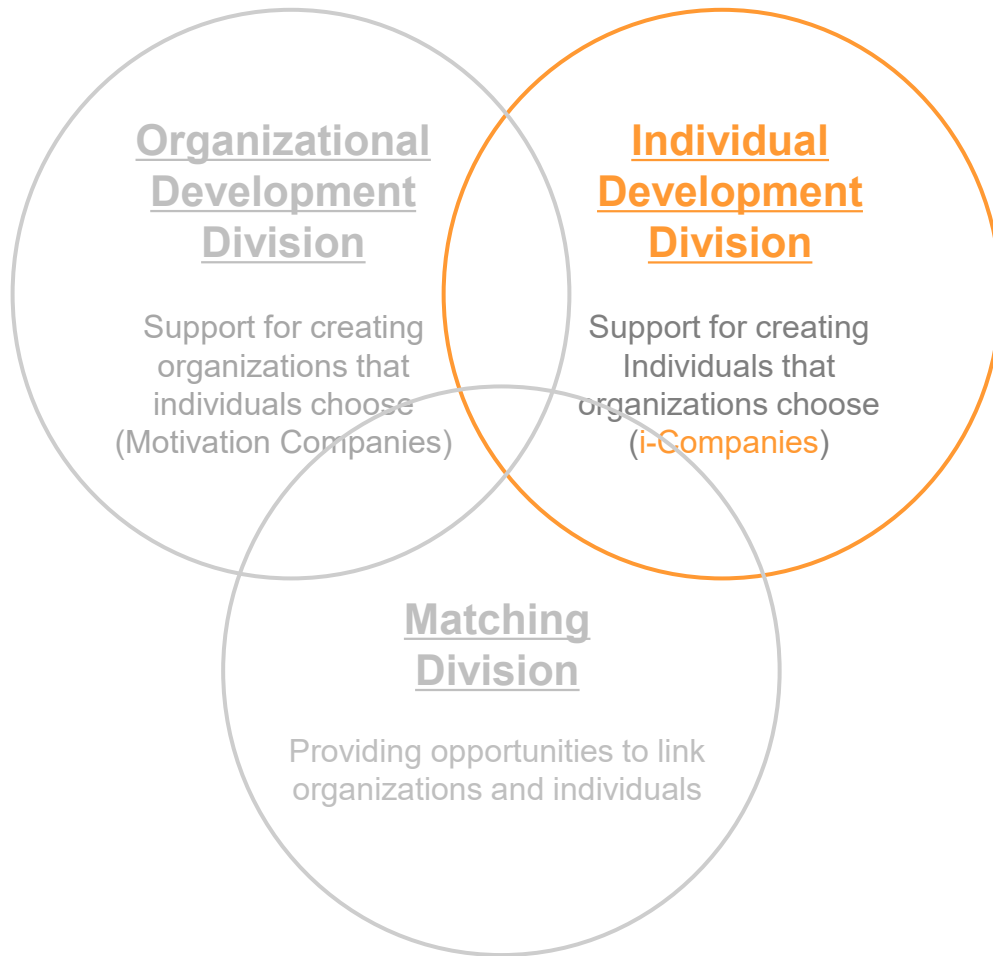
By using our core technology Motivation Engineering to diagnose and transform organizations, we provide **one-stop support** for not just diagnosis (visualization) but **transformation (improvement) of employee engagement**.

Core Technology: Motivation Engineering




Extensive accumulated data
Database of **approx. 3.12 million employees**
at 10,060 companies
(As of Dec. 31, 2022)



Customer assets/accumulated know-how
Number of customers:
Approx. 1,600 companies



KPIs by Business


Monthly Fee Revenue	Revenues per Customer
	
Cloud	Consulting

KPIs by Business

Number of Enrollees	Revenue per Enrollee
	

KPIs by Business

Number of ALTs dispatched



Career School Business: Revenues and gross profit both decreased YoY

Cram School Business: Revenues **increased substantially** and gross profit **increased** YoY

- ③ Career School business: Revenues decreased as the number of enrollees failed to recover due to the continued impact of COVID-19. However, revenues from highly profitable employee reskilling support (B2B) grew steadily.
- ④ Cram School business: Revenues increased due to an increase in the number of enrollees.

Product	2021		2022		YoY Change
	Results	% of total	Results	% of total	
③ Career School Business	6,824 [2,596]	-	6,240 [2,427]	-	-8.6% -6.5%
IT	3,791	55.6%	3,438	55.1%	-9.3%
Qualifications	2,406	35.3%	2,258	36.2%	-6.2%
English conversation	626	9.2%	543	8.7%	-13.3%
④ Cram School Business	651 [310]	-	720 [327]	-	+10.5% +5.6%

(¥ million) [Gross profit in brackets]

Individual Development Division: Business KPI Results over Time

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

Business KPI ①

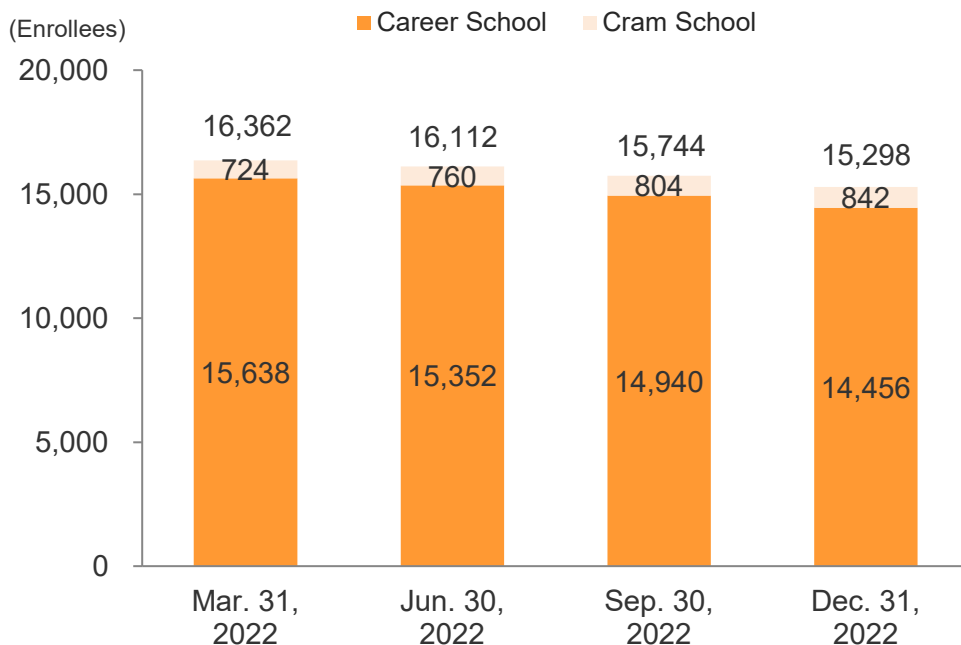
Average Number of Enrollees for the Past 12 Months

2022 4Q

Result

15,298

-2.8%
vs. previous quarter



Business KPI ②

Average Revenues per Enrollee for the Past 12 Months

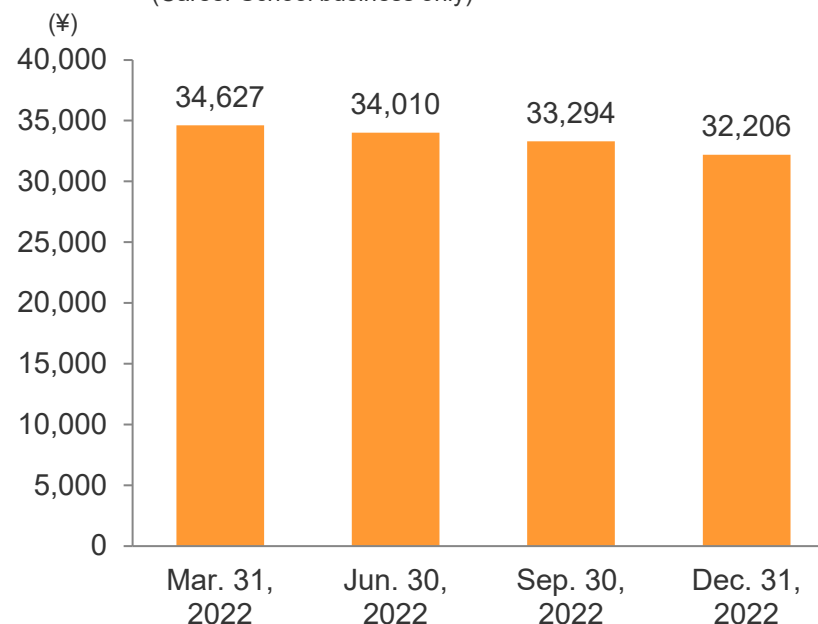
2022 4Q

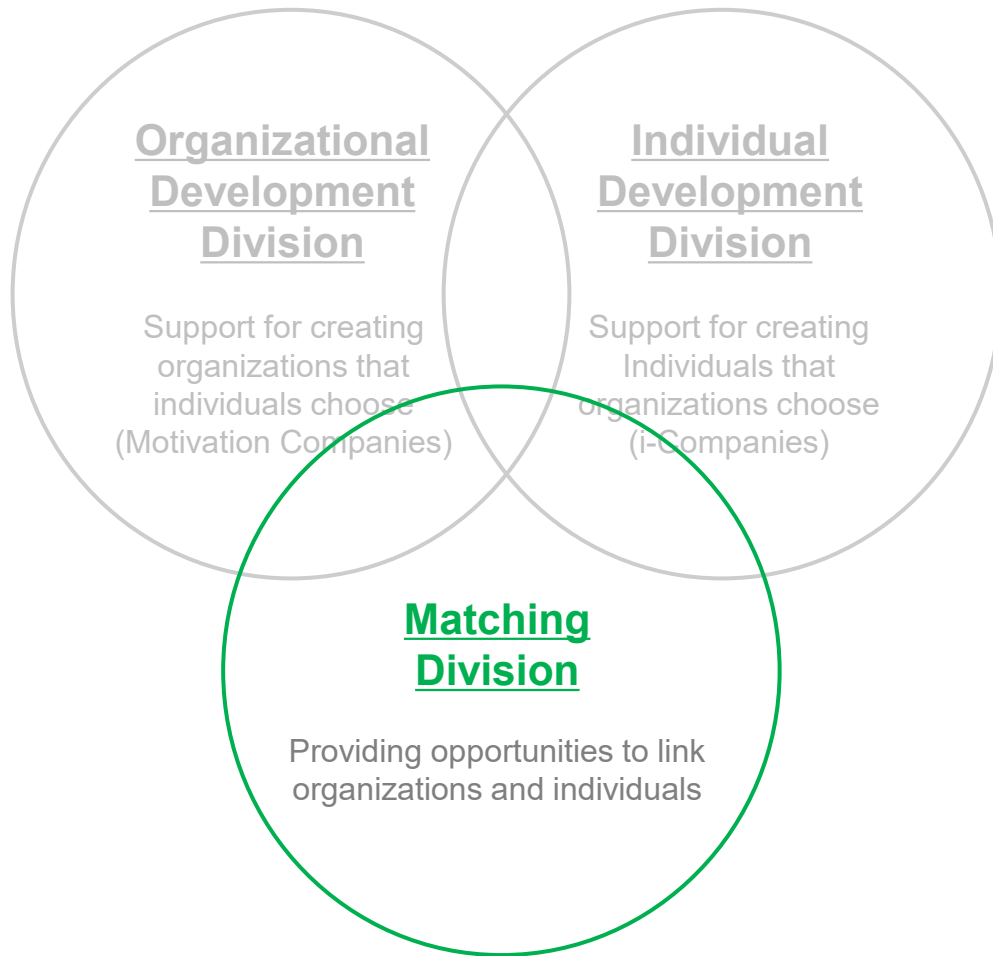
Result

¥32,206/month



-3.3%
vs. previous quarter

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






KPIs by Business


Monthly Fee Revenue	Revenues per Customer
	
Cloud	Consulting

KPIs by Business

Number of Enrollees	Revenue per Enrollee
	

KPIs by Business

Number of ALTs dispatched



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

Product	2021		2022		YoY Change
	Results*	% of total	Results	% of total	
⑤ ALT Placement Business	13,123 [3,650]	-	12,006 [3,291]	-	-8.5% -9.8%
⑥ Personnel Placement Business	1,943 [1,907]	-	2,570 [2,500]	-	+32.2% +31.0%

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

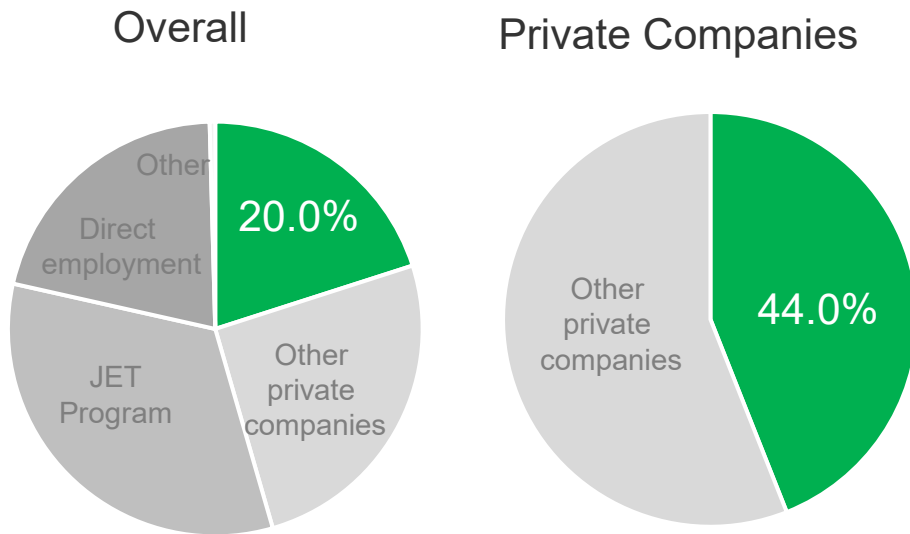
(¥ million) [Gross profit in brackets]

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.

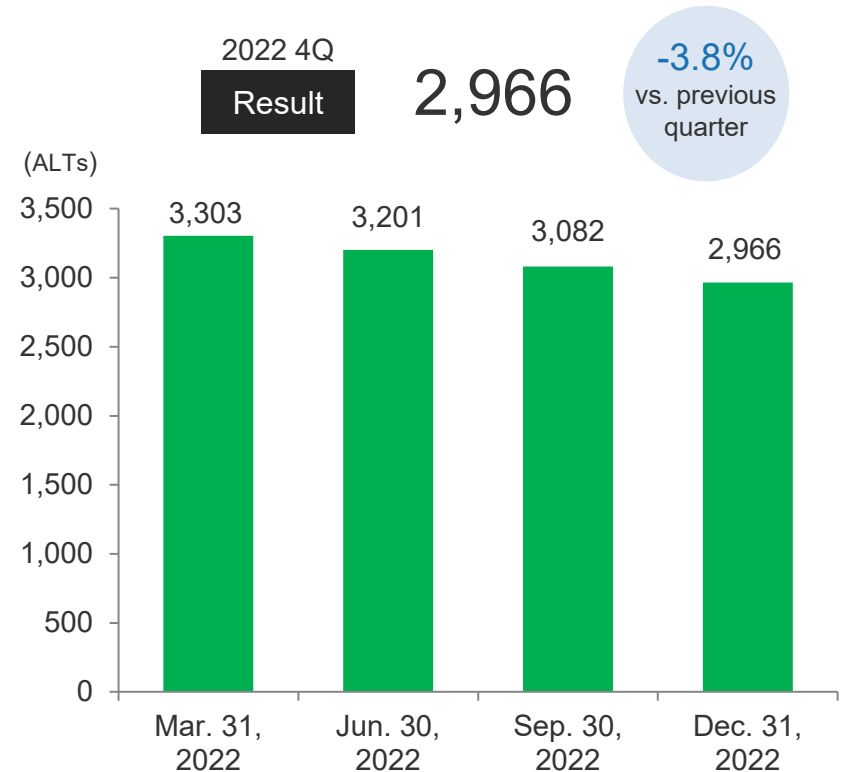
LMG's Share*



Room to expand share by more than four times

* LMG survey

Average Number of ALTs Dispatched over the Past 12 Months



(Reference) Matching Division: ALT Placement Business

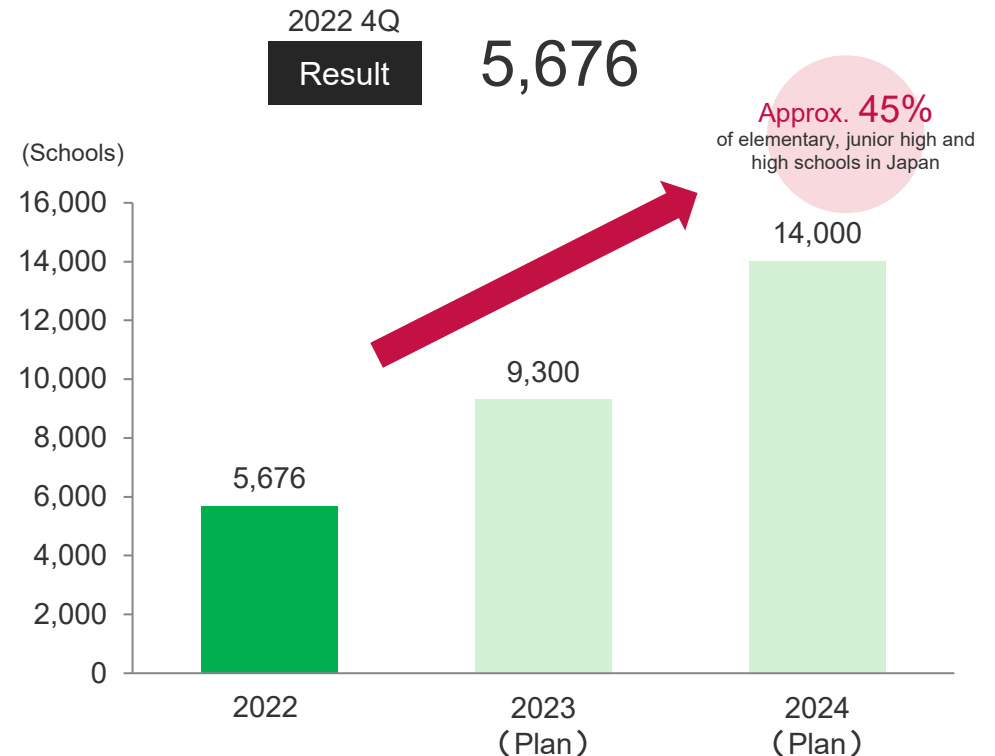
The number of schools that have introduced “Teachers Cloud,” a cloud-based service for teachers, **exceeded 5,600**. We aim to expand the market share of the ALT Placement business by using it in sales activities.

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



(Reference) Matching Division: 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 exceeds 5.2 million.



openwork

Employee reviews/evaluation scores

Approx. **14.1 million**

Number of registered users

Approx. **5.25 million**



Unique, carefully selected
evaluation items



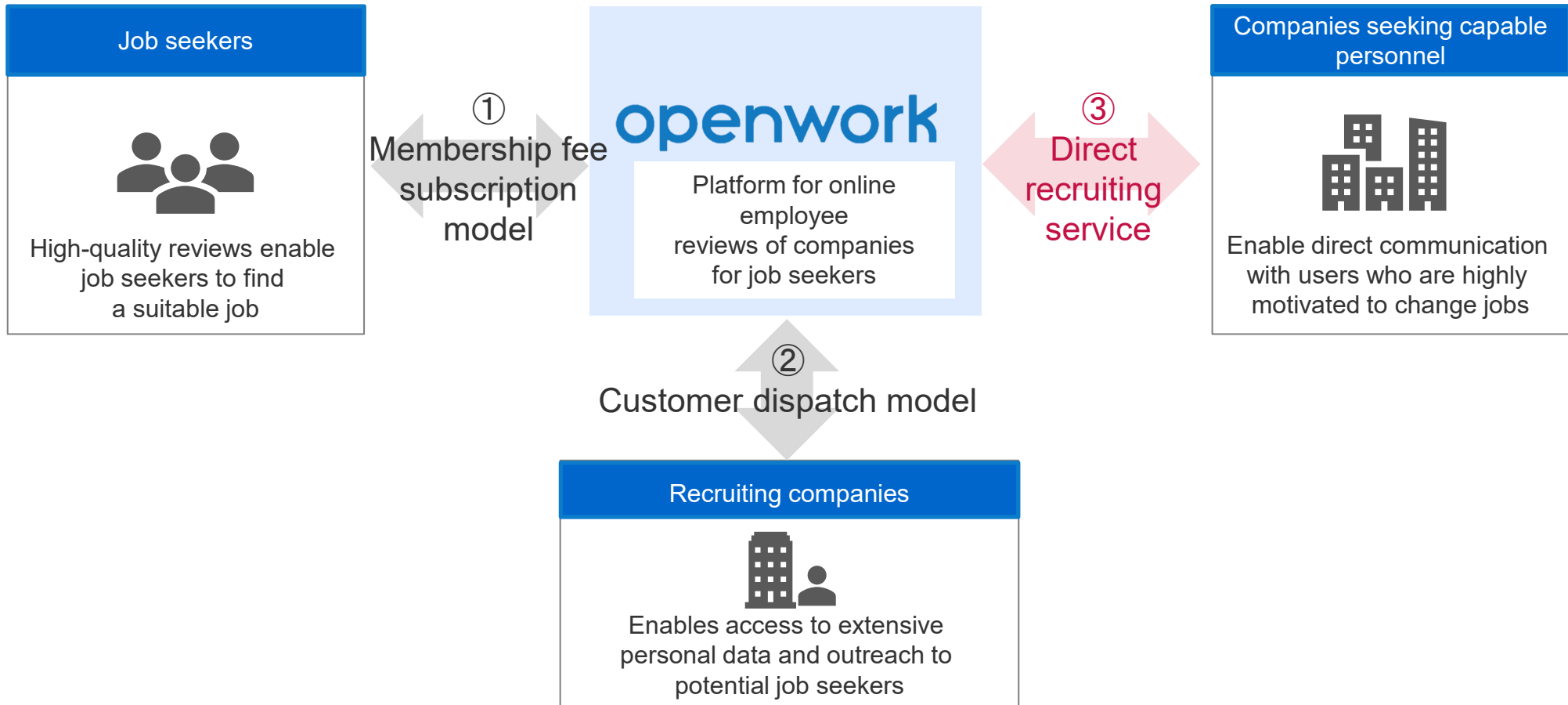
Company rankings
by industry



Company comparisons
using radar charts

(Reference) Matching Division: 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**.



Link and Motivation Inc.

Securities Code: 2170

Consolidated Financial Information for the
Fiscal Year Ended December 31, 2022



Link and Motivation Group