



Consolidated Financial Information for the Six Months Ended June 30, 2023

Link and Motivation Inc.

Securities Code: 2170

AGENDA

01. Company Overview

02. Business Report

- ① Announcement of Business Results for the Six Months Ended June 30, 2023
- ② Report on Organizational Condition for the Six Months Ended June 30, 2023

03. Forecast

Reference Materials: KPIs by Business

01 | Company Overview

MISSION

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

We have set forth a mission of supporting transformation to help our customers realize their wishes and resolve their problems, and of providing opportunities to do so. We will achieve this by steadily evolving Motivation Engineering, our core technology.

By working to accomplish our mission, we want to create a world in which organizations and individuals use their dreams and sense of purpose to draw forth deeper meaning from society.

BUSINESS



| | | |
|-------------------------------------|------------------------------|--|
| Organizational Development Division | Consulting & Cloud Business | Support for improving employee engagement |
| | IR Support Business | Support for improving investor engagement |
| Individual Development Division | Career School Business | Career development support for working adults |
| | Cram School Business | Support for improving the academic ability of elementary, junior high and high school students |
| Matching Division | ALT Placement Business | Support for matching local governments with foreigners who want to work in Japan* |
| | Personnel Placement Business | Support for matching job seekers and companies |

► For more details, see the integrated report, [IR BOOK 2022 \(page 19\)](#).

* 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.

02

Business Report

① Announcement of Business Results for the Six Months Ended June 30, 2023

01 Consolidated Statements of Operations

Operating income **increased substantially** year on year despite flat revenues, as the high-margin Personnel Placement business compensated for a temporary decline in the Career School business.

| (¥ million) | 2022 2Q Results | 2023 2Q Results | YoY Change |
|---|-----------------|-----------------|------------|
| Revenues | 16,766 | 16,715 | -0.3% |
| Gross Profit | 8,472 | 8,838 | 4.3% |
| Operating Income | 1,969 | 2,215 | 12.5% |
| Net Income | - | - | - |
| Before Application of IAS 12 | 1,000 | 1,457 | 45.7% |
| After Application of IAS 12* | 1,118 | 1,423 | 27.2% |
| Net Income Attributable to Owners of the Parent | - | - | - |
| Before Application of IAS 12 | 907 | 1,290 | 42.1% |
| After Application of IAS 12* | 1,026 | 1,255 | 22.3% |

* Figures for the year ended December 31, 2022 have been revised in accordance with a change in accounting policy (IAS 12).
Gain on the transfer of the domestic temp staff business in January 2022 has also been reflected in the figures.

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

| | |
|--|---|
| Organizational Development Division | Small increase YoY as growth in Cloud subscriptions offset the temporary stagnation of Consulting. |
| Individual Development Division | Substantial decrease YoY due to the temporary impact of structural reforms including relocation and closure of schools in the Career School business. |
| Matching Division | Increase YoY associated with growth of Personnel Placement business including OpenWork. |

| (¥ million) | | 2022 2Q Results | 2023 2Q Results | YoY Change |
|-------------------------------------|--------------|-----------------|-----------------|------------|
| All Divisions* | Revenues | 16,766 | 16,715 | -0.3% |
| | Gross Profit | 8,472 | 8,838 | 4.3% |
| Organizational Development Division | Revenues | 6,160 | 6,209 | 0.8% |
| | Gross Profit | 4,223 | 4,379 | 3.7% |
| Individual Development Division | Revenues | 3,666 | 3,158 | -13.8% |
| | Gross Profit | 1,504 | 1,391 | -7.5% |
| Matching Division | Revenues | 7,487 | 7,831 | 4.6% |
| | Gross Profit | 3,224 | 3,490 | 8.2% |

* Excludes intersegment revenues.

03 Organizational Development Division Summary

Consulting & Cloud Business

Revenues basically unchanged YoY due to temporary stagnation in Consulting. **Increase** in gross profit on growth of the Motivation Cloud series.

IR Support Business

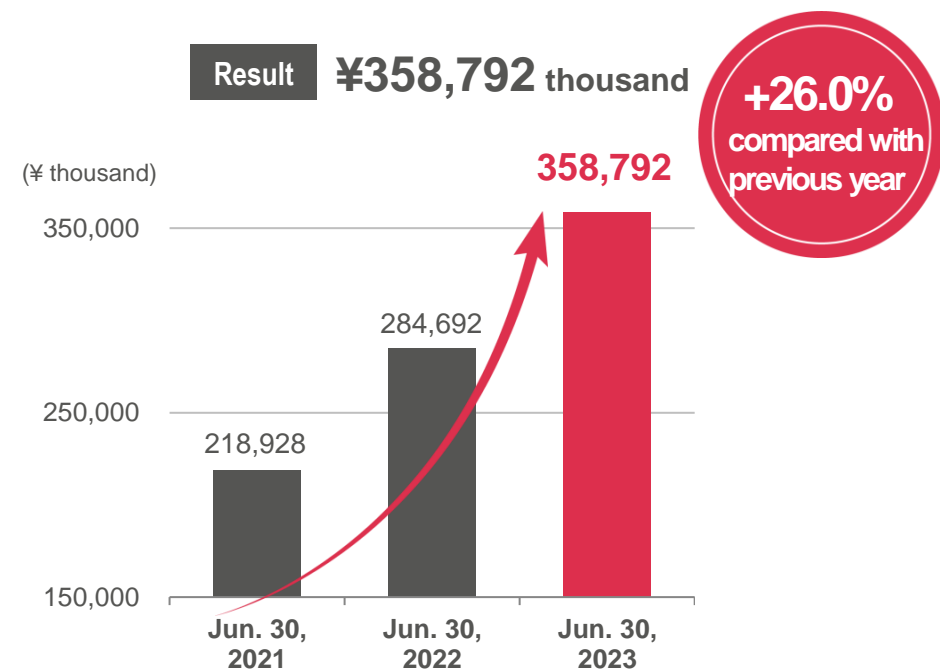
Despite growth in integrated reports, the core service, revenues were flat and gross profit increased only slightly due to a decrease in website production.

Revenue and Gross Profit by Product

| (¥ million) | | 2022 2Q Results | 2023 2Q Results | YoY Change |
|-----------------------------|---|-----------------|-----------------|------------|
| Consulting & Cloud Business | Revenues | 5,376 | 5,403 | 0.5% |
| | Gross Profit | 3,839 | 4,092 | 6.6% |
| IR Support Business | Revenues | 916 | 918 | 0.2% |
| | Gross Profit after Retrospective Application* | 348 | 353 | 1.4% |
| | Gross Profit* | 444 | 353 | -20.6% |

* Gross profit decreased due to a change in accounting policy as of the fiscal year ending December 31, 2023. Results for the year ended December 31, 2022 would have been ¥348 million if calculated based on the new accounting policy.

Motivation Cloud Series Monthly Fee Revenue



04 Individual Development Division Summary

Career School Business

In BtoB services,* the repeat rate in one-off skills training was an issue. BtoC service revenues fell sharply YoY due to fewer schools. However, gross profit decreased at a lesser rate as the increase in online classes improved profitability.

Cram School Business

Revenues **increased substantially** YoY due to an increase in enrollees reflecting improvement in the continuation rate after completion of exams. Gross profit increased slightly due to the impact of increased personnel on cost of sales.

Revenue and Gross Profit by Product

| (¥ million) | | 2022 2Q Results | 2023 2Q Results | YoY Change |
|------------------------|--------------|-----------------|-----------------|------------|
| Career School Business | Revenues | 3,359 | 2,816 | -16.2% |
| | Gross Profit | 1,376 | 1,260 | -8.4% |
| Cram School Business | Revenues | 307 | 342 | 11.5% |
| | Gross Profit | 128 | 130 | 1.6% |

* Detailed data available on page 21.

Progress of Restructuring

We continued to relocate and close schools and provided more opportunities for learning online as we adapt to changes in learning needs accelerated by the COVID-19 pandemic. Progress has been steady, and we are enhancing customer value while also improving business efficiency.

| | At start of restructuring (2022 3Q) | Now (2023 2Q) |
|------------------------|--|------------------|
| Number of schools | 81 | 54 |
| Online course revenues | ¥66 million | ¥127 million |

ALT Placement Business

Slight decrease in revenues due to flat growth in number of ALT placements in 2023*. Gross profit decreased substantially reflecting expansion of social insurance coverage for ALTs effective from October 2022.

Personnel Placement Business

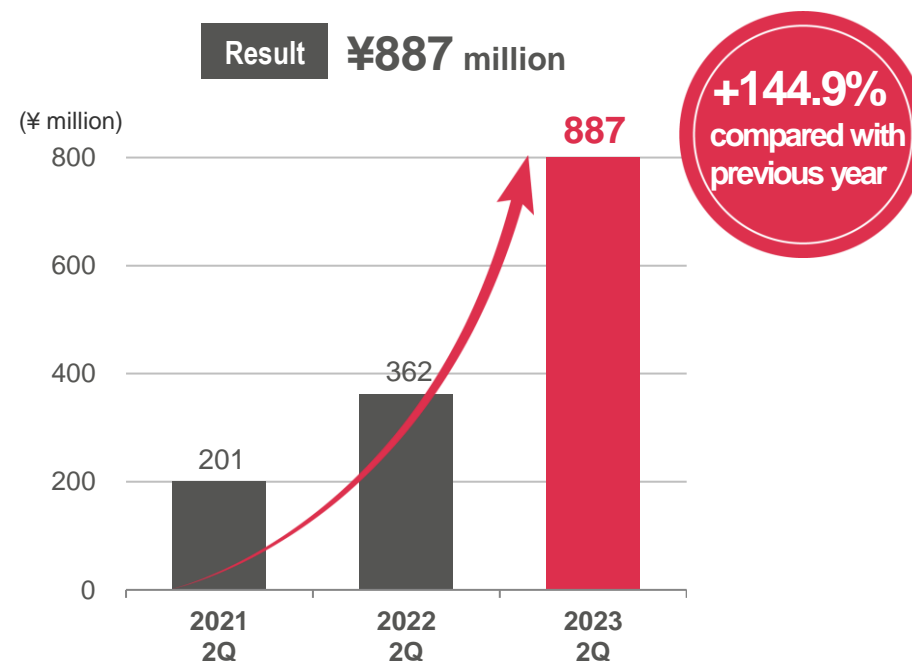
Substantial increase in both revenues and gross profit driven by the continued growth of OpenWork Recruiting.

Revenue and Gross Profit by Product

| (¥ million) | | 2022 2Q Results | 2023 2Q Results | YoY Change |
|------------------------------|--------------|-----------------|-----------------|------------|
| ALT Placement Business | Revenues | 6,192 | 6,037 | -2.5% |
| | Gross Profit | 1,951 | 1,729 | -11.3% |
| Personnel Placement Business | Revenues | 1,306 | 1,816 | 39.1% |
| | Gross Profit | 1,285 | 1,783 | 38.7% |

* 2023 sales review and challenges are explained on page 22.

OpenWork Recruiting Sales



Total SG&A expenses increased slightly YoY.

| (¥ million) | 2022 2Q Results | 2023 2Q Results | YoY Change |
|---|-----------------|-----------------|------------|
| Total SG&A Expenses | 6,427 | 6,613 | +2.9% |
| ① Personnel Expenses | 3,231 | 3,257 | +0.8% |
| ② Recruiting, Training and Welfare Expenses | 343 | 360 | +5.1% |
| ③ Office and System Expenses | 1,212 | 1,210 | -0.2% |
| ④ Sales-related Expenses | 1,122 | 1,326 | +18.2% |
| ⑤ Other Expenses | 517 | 458 | -11.4% |

Consolidated Statements of Financial Position (Results/Change)

Assets increased due to a rise in valuation of incubation stock.

Liabilities decreased due to repayment of borrowings.

Equity increased as a result of net profit and the rise in valuation of incubation stock.

| (¥ million) | December 31, 2022* | June 30, 2023 | Increase (Decrease) |
|--------------------------|--------------------|---------------|---------------------|
| Current Assets | 10,633 | 11,610 | 977 |
| Non-current Assets | 18,275 | 19,260 | 985 |
| Total Assets | 28,908 | 30,871 | 1,963 |
| Current Liabilities | 11,737 | 11,898 | 161 |
| Non-current Liabilities | 5,927 | 5,420 | (507) |
| Total Liabilities | 17,664 | 17,318 | (346) |
| Total Equity | 11,243 | 13,553 | 2,310 |

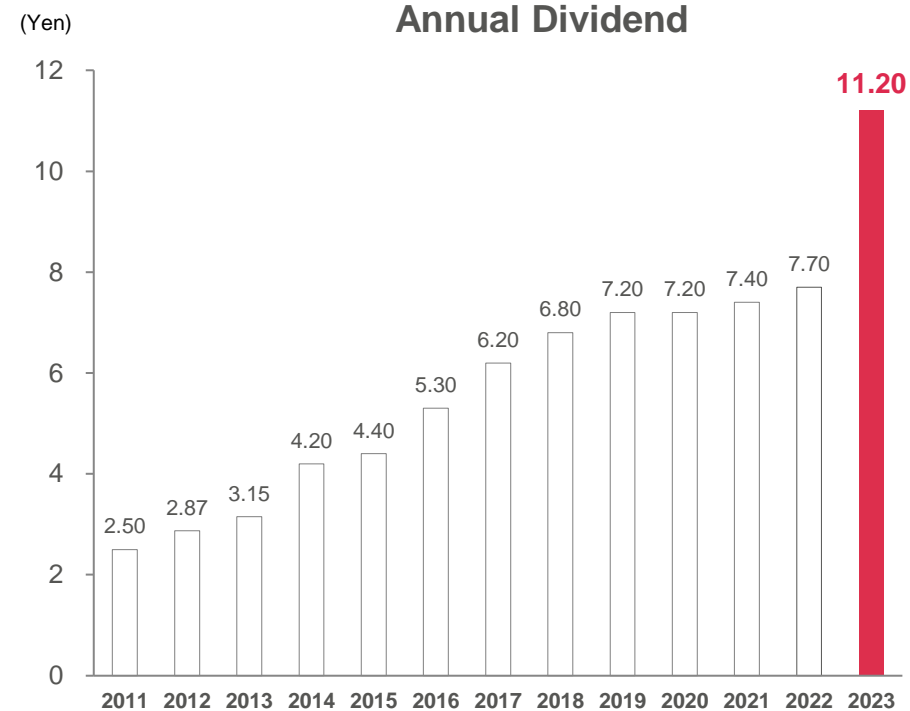
* Figures for the year ended December 31, 2022 have been revised in accordance with a change in accounting policy (IAS 12).

Shareholder returns are a management priority, and our policy is to pay dividends based on performance. For the second quarter, we plan to pay a dividend of 2.8 yen per share on Monday, September 25.

Quarterly Dividends in 2023

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

Annual Dividend

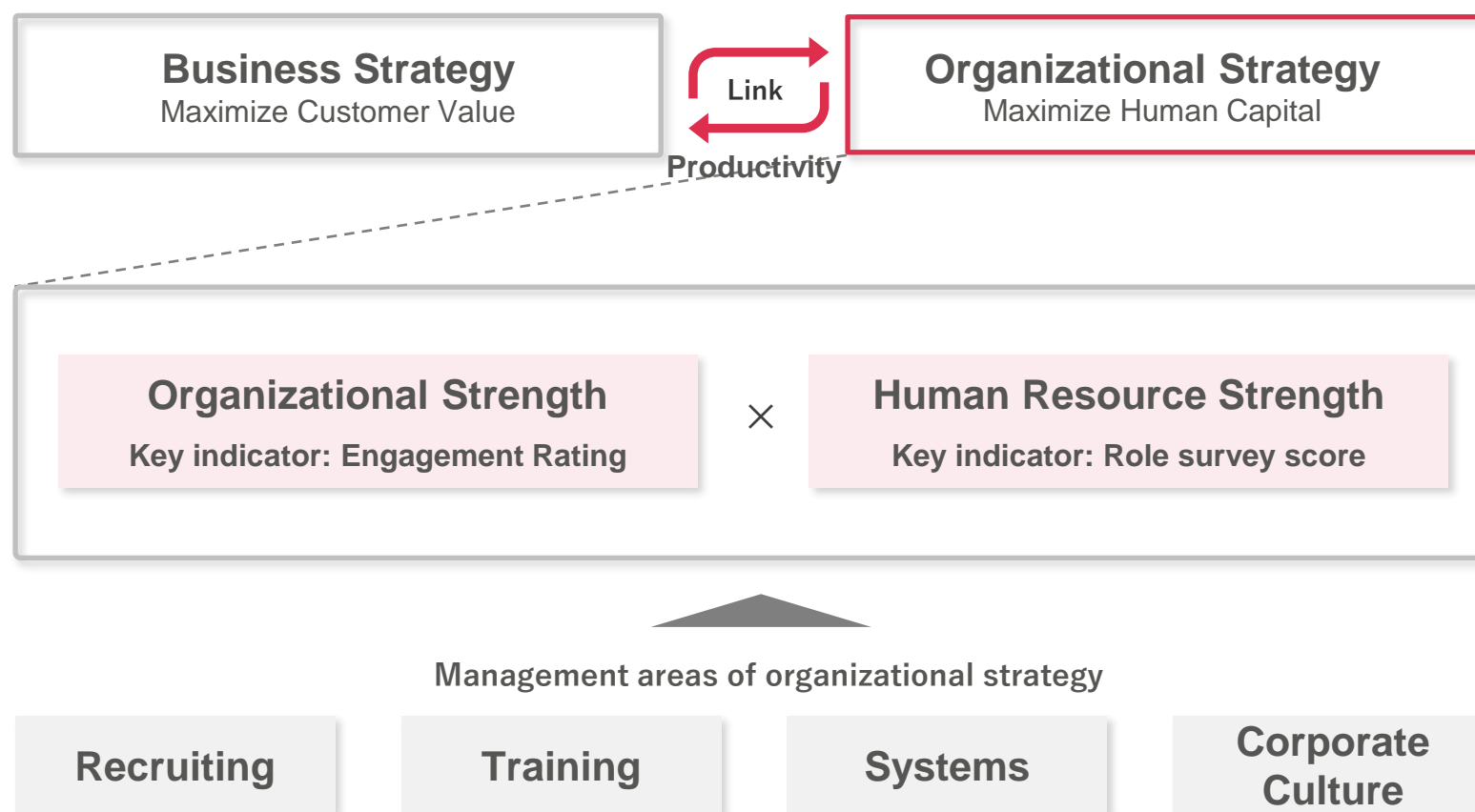


02

Business Report

② Report on Organizational Condition in the Six Months Ended June 30, 2023

To continue to create the conditions for high-quality employees to work with a high level of engagement, we will make appropriate investments to maximize human capital and link it to business growth.



10 Organizational Strength: Engagement Rating Results

Companies are ranked on an 11-point scale according to the Engagement Score,¹ which is calculated based on the levels of employee expectation and satisfaction with their company, and the degree of matching between the two factors. Of the 11 group companies,² nine were rated AAA, as we maintained a high level of engagement.

Engagement Rating³

Ranked on an 11-point scale according to the Engagement Score, which is calculated based on the levels of employee expectation and satisfaction with their company, and the degree of matching between the two factors.

16 Areas for Measuring Employee Engagement

| | | |
|---------|------------|----------------------------|
| Company | Supervisor | Company foundation |
| | | Philosophy and strategies |
| | | Business content |
| | | Work content |
| | Workplace | Organizational climate |
| | | Human resources |
| | | Facilities and environment |
| | | Systems and benefits |

Rating⁴

| Rating | 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 |

Average value among all companies

August 2023 Results

| | Group Company | Rating |
|-------------------------------------|------------------------------------|--------|
| Organizational Development Division | Link and Motivation Inc. | AAA |
| | Link Global Solution Inc. | AAA |
| | Link Event Produce Inc. | AAA |
| | Link Corporate Communications Inc. | AAA |
| Individual Development Division | Link Academy Inc. | AAA |
| | Motivation Academia Inc. | AAA |
| Matching Division | Link Interac Inc. | AA |
| | Link Japan Careers Inc. | AAA |
| | OpenWork Inc. | AA |
| | Link Agent Inc. | AAA |
| | Link-i Inc. | AAA |

1. "Engagement Score" is a registered trademark of Link and Motivation Inc. (Registration No.6115383).
2. Excludes Link Dining Inc., which is engaged in other businesses.
3. "Engagement Rating" is a registered trademark of Link and Motivation Inc. (Registration No.6167649).
4. Calculated based on data of 10,630 companies/3.45 million people.

► For details, see [Human Capital Report 2022 \(pages 7-8\)](#).

The percentage with an “A” rank or higher was more than 50% overall and more than 70% at the management level, indicating that human resource strength was maintained. We intend to advance business strategies and increase productivity by further improving our human resource strength.

Role Survey Score

Measures the degree of matching between expectation and satisfaction from others regarding the fulfillment of roles required at each level.

| Role | Rating* |
|---------------------|----------------------------------|
| Upper management | Rating Score AAA 67 or higher |
| Management | AA Less than 67 |
| Leaders | A Less than 61 |
| Mid-level employees | BBB Less than 58 |
| Junior employees | 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 |

Average value
among all
companies

April 2023 Results

| | | 2021 | 2022 | 2023 |
|-------------------|-----------------------------|-------|-------|-------|
| Overall | Number of people surveyed | 1,386 | 1,137 | 1,274 |
| | “A” rank or higher (people) | 713 | 646 | 691 |
| | Percentage | 51.4% | 56.8% | 54.2% |
| Manager and above | Number of people surveyed | 159 | 146 | 156 |
| | “A” rank or higher (people) | 111 | 110 | 114 |
| | Percentage | 69.8% | 75.3% | 73.1% |

* Calculated based on data of 7,030 companies/720,000 people.

► For details, see [Human Capital Report 2022 \(page 9\)](#).

03

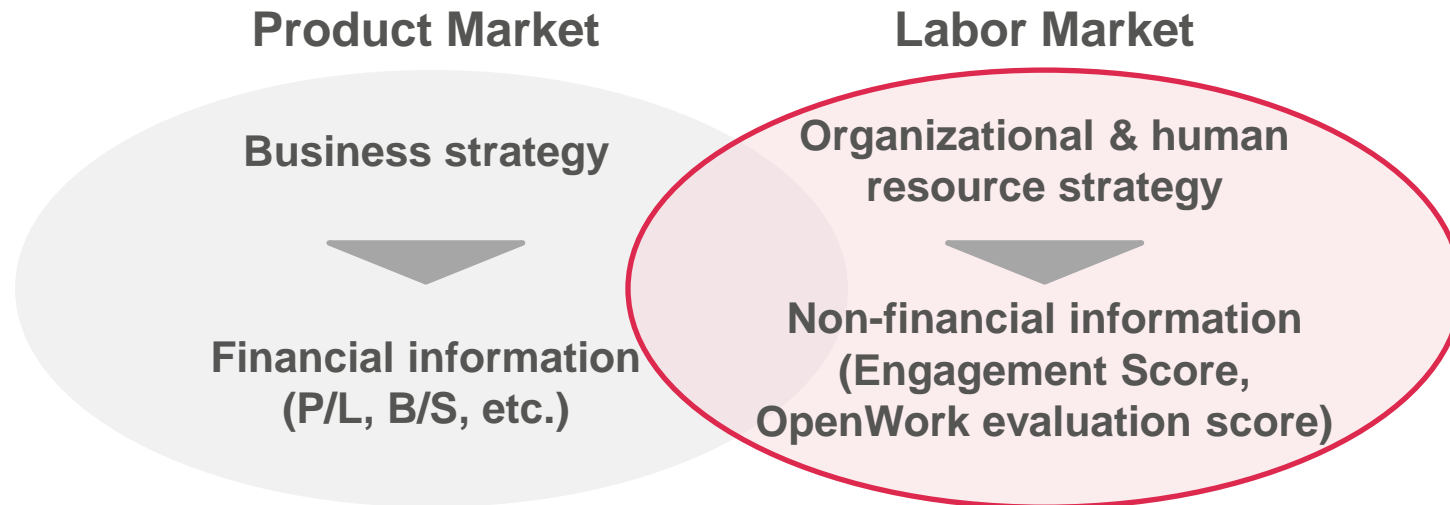
Forecast

What We Are Aiming For

To achieve our mission, we will **focus on providing opportunities to transform organizations and individuals in the medium term**. Given the rising importance and difficulty of not only being chosen by customers in the product market, but also being chosen by employees and job applicants in the labor market, we will **increase the number of companies that are capable of adapting to the labor market as well as the product market**.

Mission

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



As changes in the external business environment accelerate further, we will leverage the organizational and human resource consulting expertise and knowledge cultivated since the Group's establishment to **thoroughly expand the Consulting & Cloud business**, with a focus on domestic companies that still have room for expansion.

Changes in Business Environment

Short term

Human capital disclosure has become mandatory for listed companies, and human capital management will be necessary.

Short to mid term

With the increasing mobility of workers, securing human resources will become more difficult.

Long term

As the labor force continues to shrink, further improvement of labor productivity will be needed.

Number of Domestic Companies (with 50 or more employees)*

Approx. **100,000**

2022

Companies supported by our
Consulting & Cloud business

Approx. **1,300**

* Prepared based on the ["2021 Economic Census for Business Activity" Ministry of Internal Affairs and Communications and Ministry of Economy, Trade and Industry](#)

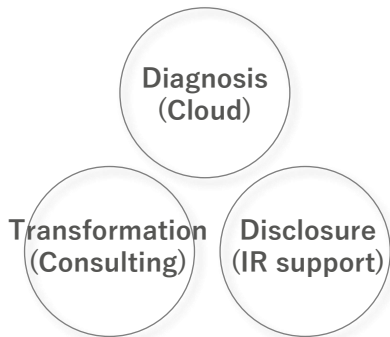
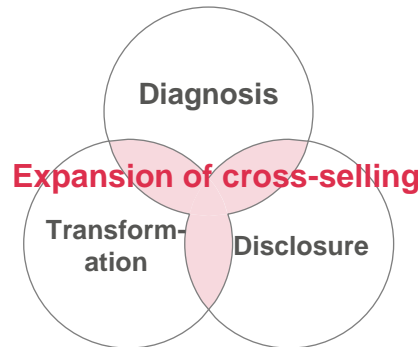
Leveraging Our Competitive Advantages to Drive Growth

In adapting to the labor market, it will be important for companies to implement the cycle of identifying issues through diagnosis, transforming those issues, and disclosing the transformation results. We will leverage our competitive advantages by **comprehensively supporting human capital management through the cycle of diagnosis, transformation and disclosure.**



* Link and Motivation Inc. has acquired patents for its organizational development support system and its organizational development support methodology and programs. (Registration No.6298855).

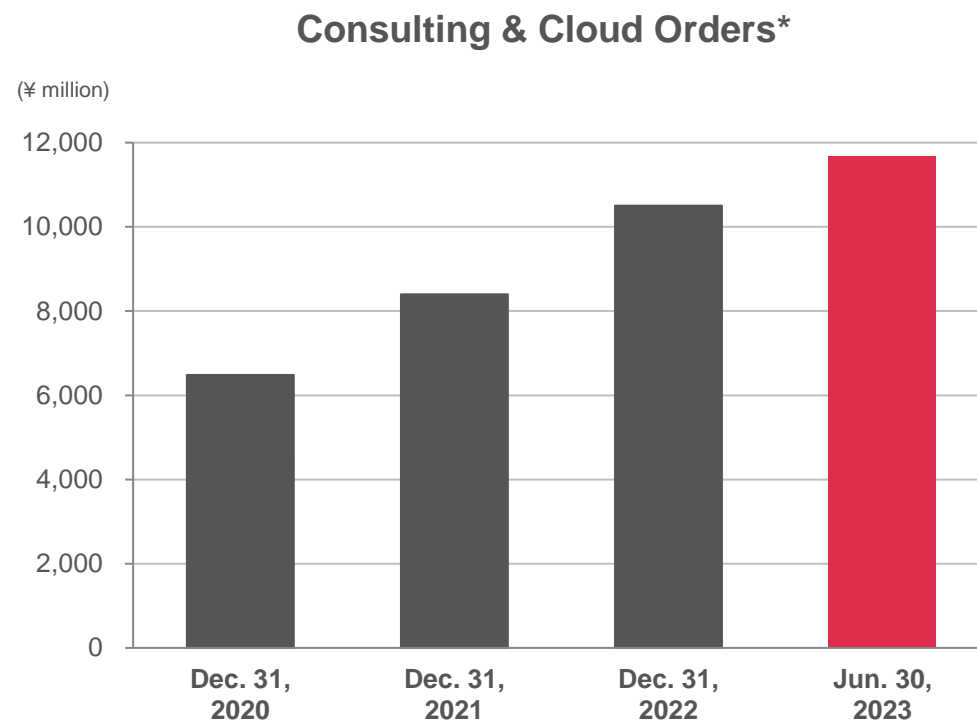
We will **expand cross-selling** between businesses to expand sales by meeting wide-ranging needs for human capital management.

| | 2023 1H | 2023 2H |
|----------------------|---|--|
| External environment | Priority of “transformation” such as human resource development measures was relatively low as companies were pressed to respond to mandatory human capital disclosure.* | From July onward, efforts by companies to respond to disclosure requirements will settle down, and needs for improvement of disclosure contents will increase. |
| Internal environment | Organizations were realigned by product from the beginning of 2023. Each worked to expand sales independently, and as a result, their ability to respond to human capital management needs of diverse customers declined. | We will change the management accounting system and expand cross-selling to promote inter-organizational cooperation. |
| Visual image |  |  |

* For more information, see the “Special Report on the Disclosure of Sustainability Information” issued by the Financial Services Agency (in Japanese only).

[サステナビリティ情報の記載欄の新設等の改正について（解説資料）](#)

Because organizational and human resource issues are difficult to solve in the short term, we are changing our model in order to medium- and long-term support. **The number of orders is increasing, and we anticipate stable growth in the second half and beyond.**



* Total amount of future project contracts received at a given point in time.

Reference Materials: KPIs by Business



Organizational Development Division

(Consulting & Cloud Business)

- **Motivation Cloud series**
Monthly fee revenue / Delivered orders / Average monthly fee
- **Consulting**
Average revenues per customer for the past 12 months

Individual Development Division

(Career School Business/Cram School Business)

- **Average number of enrollees for the past 12 months**

(Career School Business)

- **Average revenues per enrollee for the past 12 months**
- **Online course revenues**
- **BtoB service (reskilling support for employees) revenues**

Matching Division

(ALT Placement Business)

- **Market share**
- **Average number of ALTs dispatched over the past 12 months**

(Personnel Placement Business)

- **Number of registered OpenWork users / Number of employee online reviews/evaluation scores**
- **Number of OpenWork Recruiting contracts**

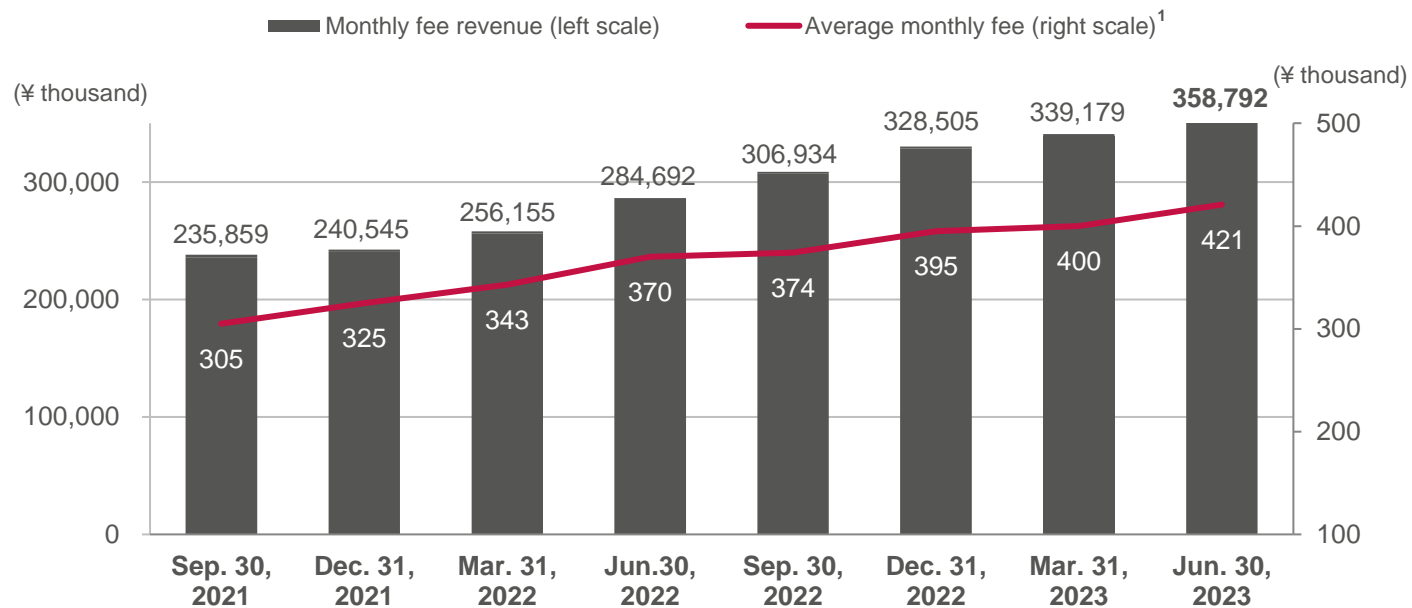
Organizational Development Division: Consulting & Cloud Business Monthly Fee Revenue / Delivered Orders / Average Monthly Fee

Motivation Cloud Series Monthly Fee Revenue

2023 2Q

Result

¥358,792 thousand



1. Monthly fee revenue ÷ Number of delivered orders

2. Number of delivery starts for each service

June 2023

Breakdown of Monthly Fee Revenue

Delivered orders²: 851

Average monthly fee: ¥421,000/month

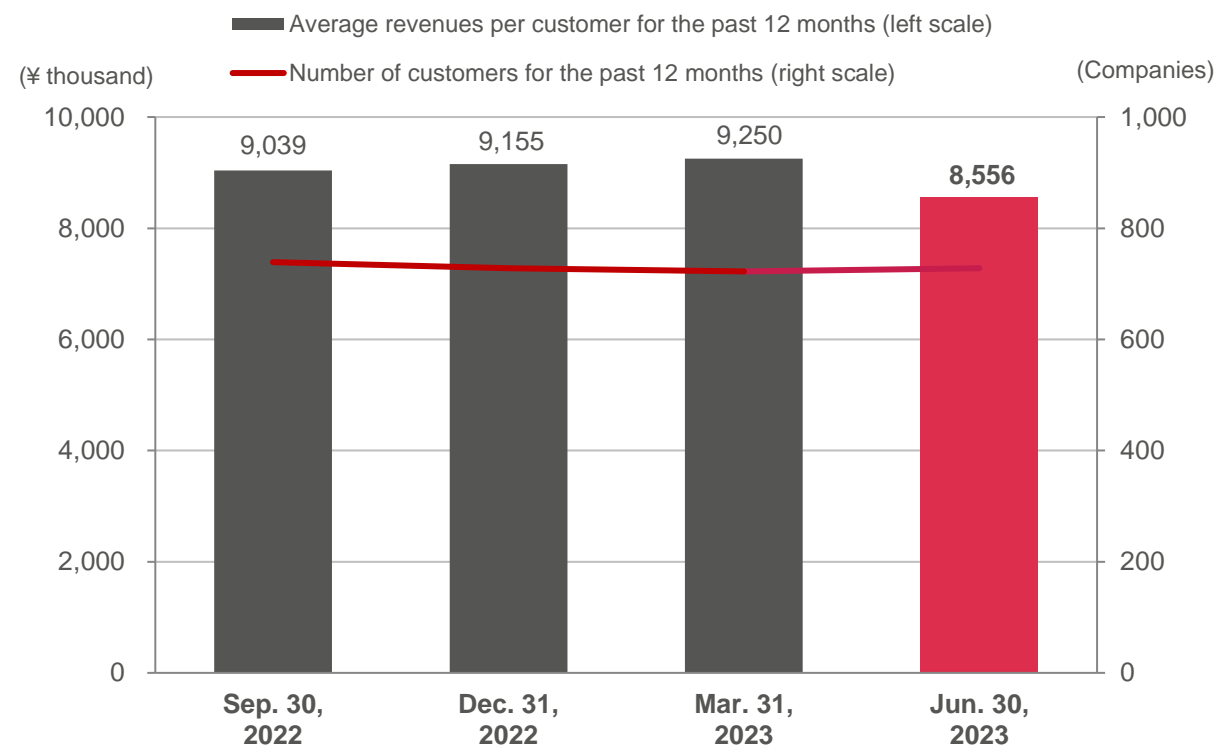
Organizational Development Division: Consulting & Cloud Business Average Revenues per Customer for the Past 12 Months

Average Revenues per Customer for the Past 12 Months

2023 2Q

Result

¥8,556 thousand



Individual Development Division

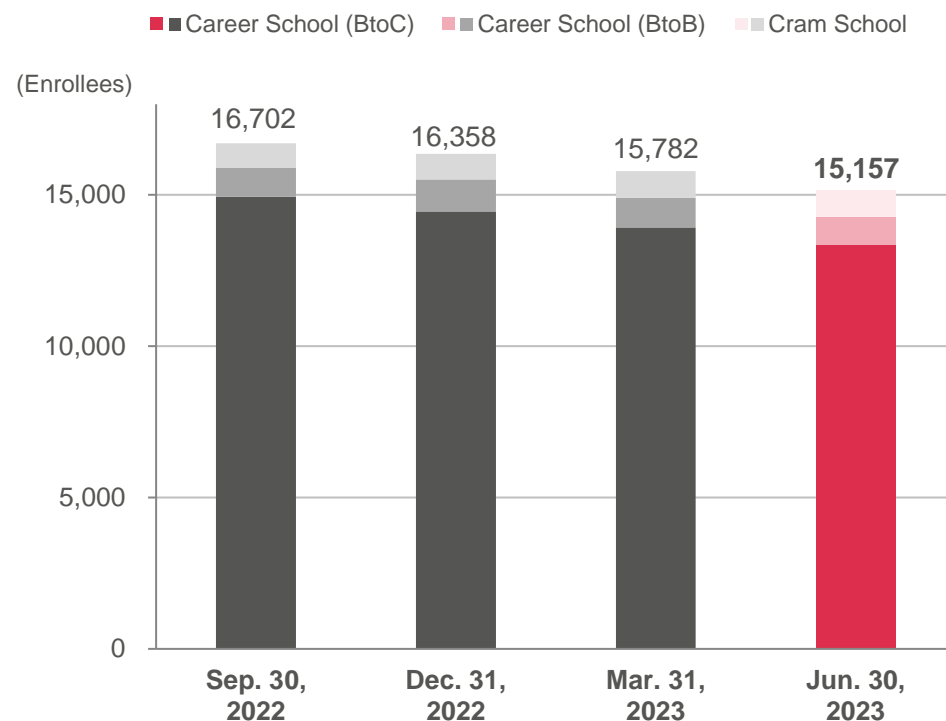
Average Number of Enrollees for the Past 12 Months and Average Revenues per Enrollees for the Past 12 Months

Average Number of Enrollees for the Past 12 Months

2023 2Q

Result

15,157



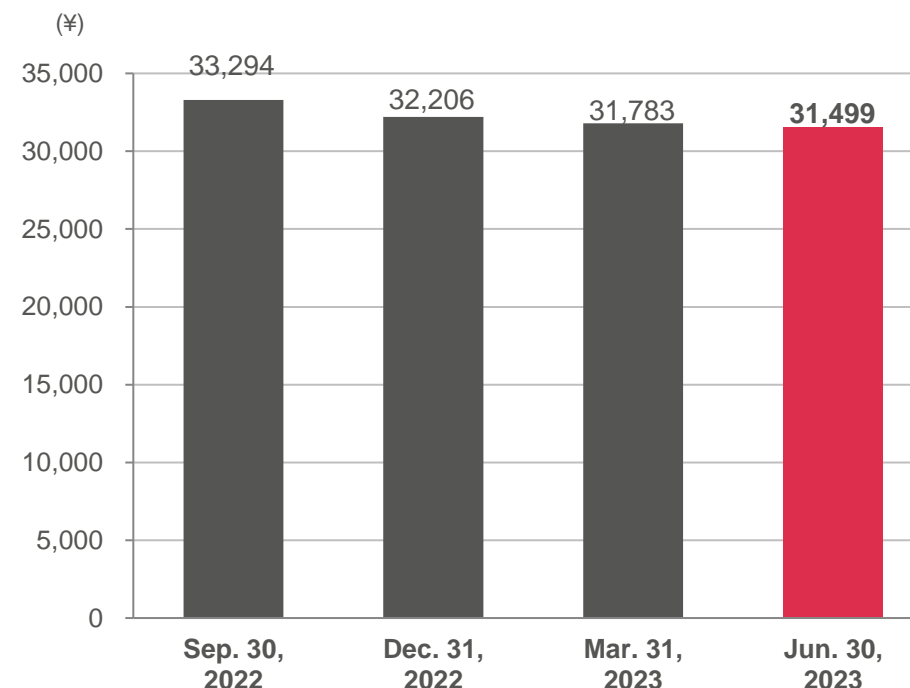
Note: Figures for September 30, 2022 to December 31, 2022 have been revised due to a change in the calculation method.

Average Revenues per Enrollee for the Past 12 Months

2023 2Q

Result

¥31,499/month



Note: The figures above represent unit sales of BtoC services in the Career School business.

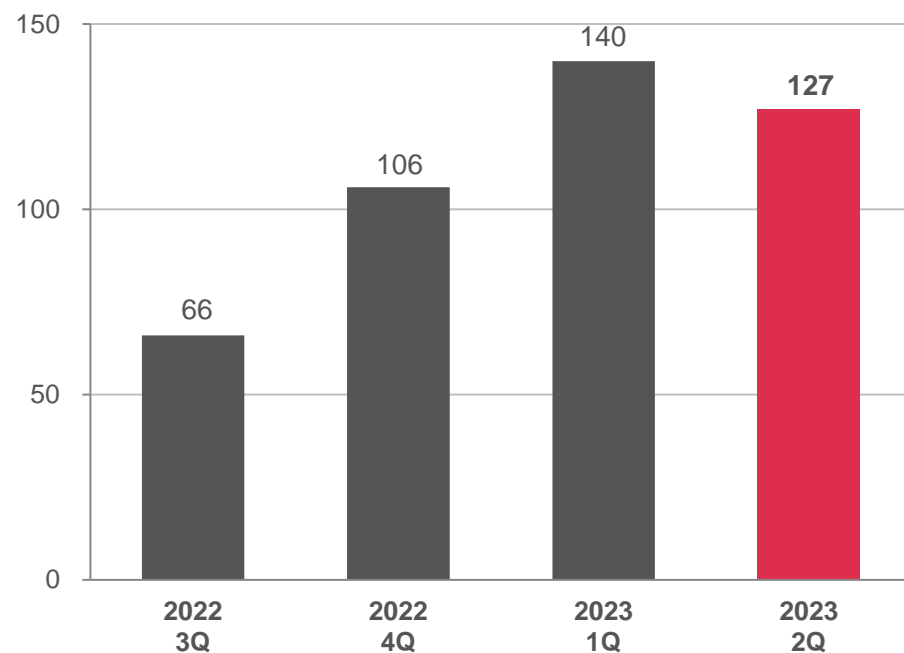
Online Course Revenues¹

2023 2Q

Result

¥127 million

(¥ million)



1. Non-consolidated

BtoB Service Revenues²

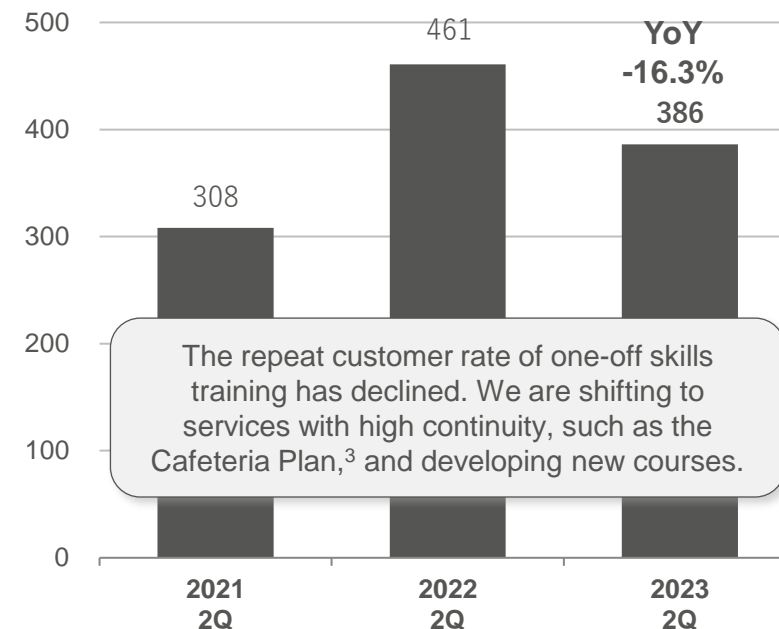
(Reskilling Support for Employees)

2023 2Q

Result

¥386 million

(¥ million)



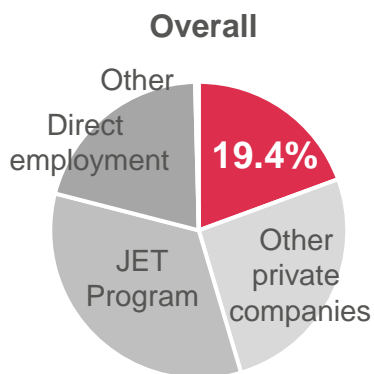
2. Figures have been revised to reflect a change in the calculation method.

3. A program for companies that allows employees to select their own benefits from a menu of options

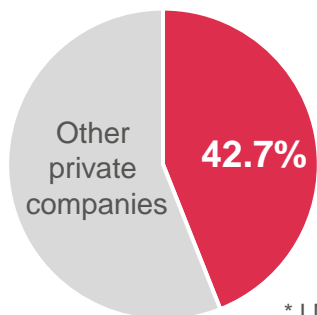
Matching Division: ALT Placement Business

LMG Share and Average Number of ALTs Dispatched over the Past 12 Months

LMG Share*

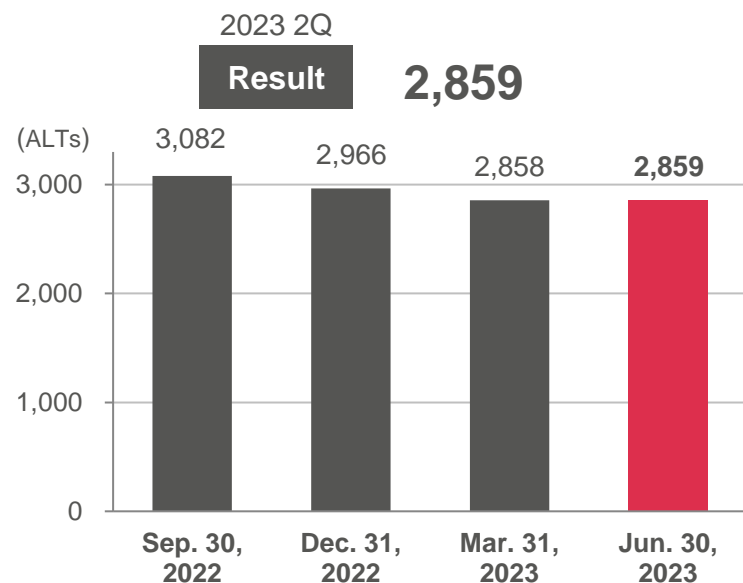


Private Companies



* LMG survey

Average Number of ALTs Dispatched over the Past 12 Months



Highlight

Sales Review and a Look Ahead

- ✓ Expand visits to local governments, and reexamine content of proposals
- ✓ Quadruple the number of new contracts from last year

- ✓ However, winning large customers with many dispatched ALTs is challenging

In addition to enhancing the quality of ALTs, our strength, meet diversifying customer needs by **moving services online, utilizing ICT, etc.**

Refocus investment allocation to **attract large customers and repeat business**

Matching Division: Personnel Placement Business

Number of Registered Users of OpenWork and Employee Reviews / Evaluation Scores & OpenWork Recruiting Companies under Contract

OpenWork

2023 2Q

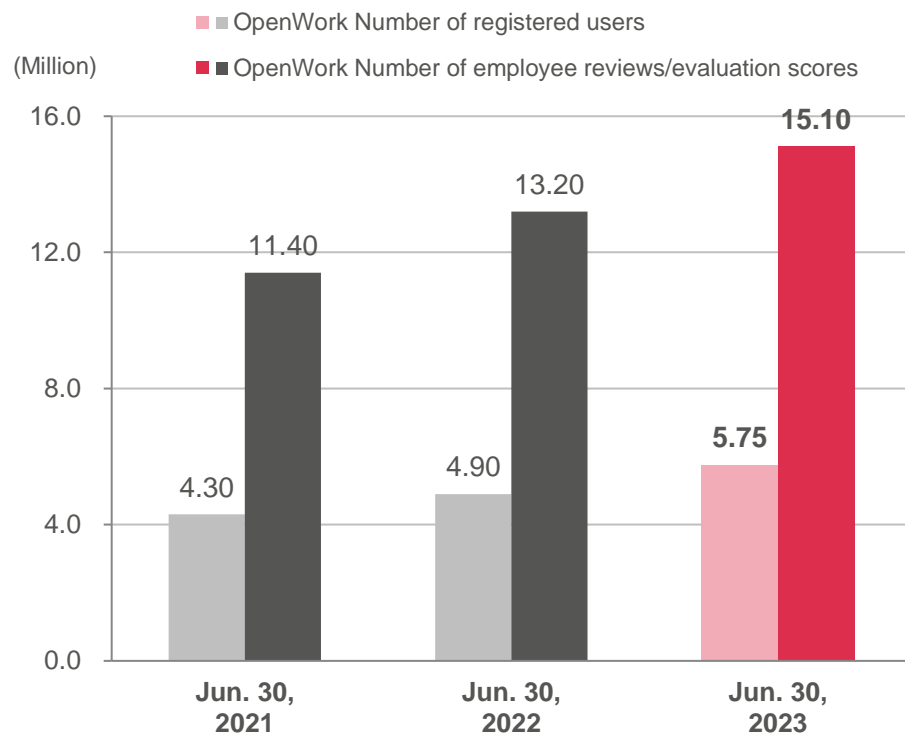
Result

Registered users

5.75 million

Employee online reviews
/ Evaluation scores

15.10 million



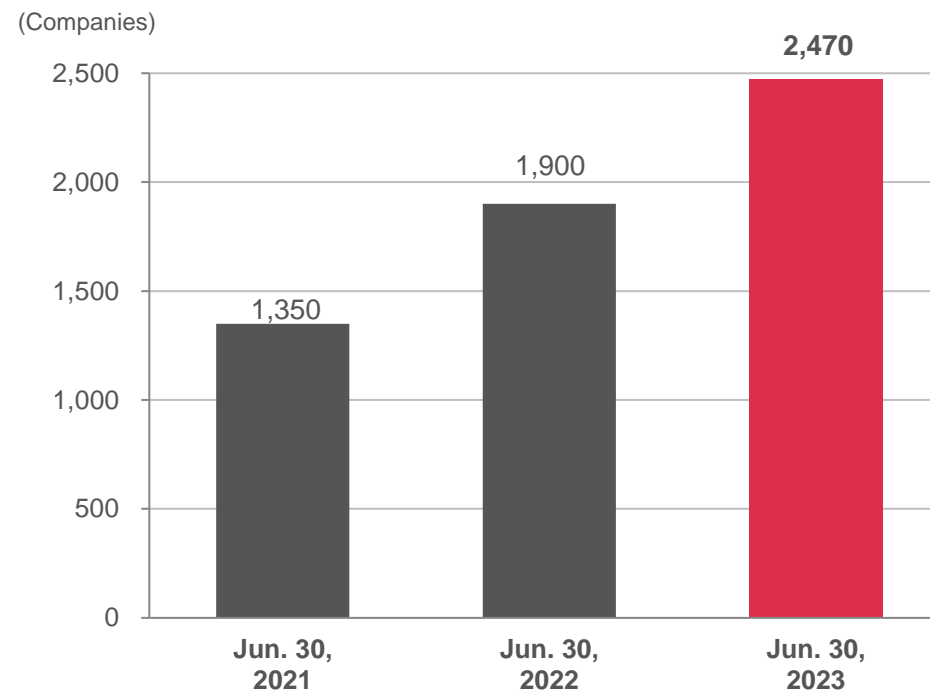
OpenWork Recruiting

2023 2Q

Result

Companies under Contract

2,470 companies



► For details, see "IR information" ([IR情報](#)) on the OpenWork website (in Japanese only)



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