

# Consolidated Financial Statements for the Six Months Ended June 30, 2024 (IFRS)

These financial statements have been prepared for reference only.

August 9, 2024

Link and Motivation Inc.

Stock exchange listing: Tokyo, Prime Market  
Code number: 2170

<http://www.lmi.ne.jp/english>

Representative: Ozasa Yoshihisa, Chairman and Representative Director

Contact: Yokoyama Hiroaki, Corporate Officer and

Manager of Group Design Office

Filing of Semiannual Securities Report (*Hanki Hokokusho*) (scheduled):

Start of distribution of dividends (scheduled):

Financial results briefing presentation materials:

Financial results briefing:

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August 9, 2024

September 25, 2024

Yes

Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million.)

## 1. Consolidated Results for the Six Months Ended June 30, 2024

(January 1, 2024 - June 30, 2024)

(1) Revenues and Income (Percentages represent change compared with the same period of the previous year.)

	Revenues (¥ million)	Change (%)	Operating income (¥ million)	Change (%)	Income before income taxes (¥ million)	Change (%)	Net income (¥ million)	Change (%)
Six months ended June 30, 2024	18,003	7.7	2,668	20.5	2,634	20.3	1,831	28.7
Six months ended June 30, 2023	16,715	(0.3)	2,215	12.5	2,190	16.5	1,423	27.2

	Net income attributable to owners of the parent (¥ million)	Change (%)	Comprehen- sive income (¥ million)	Change (%)	Basic earnings per share (¥)	Diluted earnings per share (¥)
Six months ended June 30, 2024	1,677	33.6	2,049	(12.1)	15.50	15.50
Six months ended June 30, 2023	1,255	22.3	2,331	112.8	11.25	11.23

(2) Financial Position

	Total assets (¥ million)	Total equity (¥ million)	Equity attributable to owners of the parent (¥ million)	Ratio of equity attributable to owners of the parent to total assets (%)
As of June 30, 2024	31,284	13,164	10,213	32.6
As of December 31, 2023	30,843	12,940	10,165	33.0

## 2. Dividends

	Dividends per share				
	1st Qtr.	2nd Qtr.	3rd Qtr.	Year-end	Total
2023	2.80	2.80	2.80	2.90	11.30
2024	2.90	3.00			
2024 (est.)			3.00	3.00	11.90

Note: Revisions since the most recently announced dividend forecast: No

## 3. Forecast of Consolidated Results for 2024 (January 1, 2024 - December 31, 2024)

(Percentages represent change compared with the previous fiscal year.)

	Revenues		Operating income		Net income		Net income attributable to owners of the parent		Basic earnings per share (¥)
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	
Full-year	36,900	8.6	5,330	15.3	3,600	14.7	3,248	14.3	32.31

Note: Revisions since the most recently announced forecast of results: No

## Notes

- (1) Significant Changes in Scope of Consolidation during the Period: Yes

Added: – company (Name: –)

Removed: 1 company (Name: Link Interac Inc.)

We conducted an absorption-type merge in which Link Japan Careers Inc. is the surviving company and Link Interac Inc. is dissolved as the absorbed company. Following the merger, Link Japan Careers Inc. changed its name to Link Interac Inc.

- (2) Changes in Accounting Policies and Changes in Accounting Estimates

(a) Changes in accounting policies required by IFRS: No

(b) Changes in accounting policies other than (a) above: No

(c) Changes in accounting estimates: No

- (3) Number of Shares Issued and Outstanding (Common Stock)

(a) Number of shares at the end of the period (including treasury stock)

Six months ended June 30, 2024: 113,068,000; Year ended December 31, 2023: 113,068,000

(b) Number of treasury shares at the end of the period:

Six months ended June 30, 2024: 5,843,568; Year ended December 31, 2023: 3,617,168

(c) Average number of shares outstanding (cumulative with earlier quarters):

Six months ended June 30, 2024: 108,224,825; Six months ended June 30, 2023: 111,588,051

**\* These Financial Statements Are Not Subject to Review by a Certified Public Accountant or Auditing Firm**

**\* Explanation of the Proper Use of Performance Forecasts and Other Special Instructions**

Note regarding forward-looking statements:

Consolidated forecasts and other statements regarding the future contained in this document are based on information currently available to the Company and certain reasonable assumptions. Actual performance may differ substantially due to numerous factors.

How to obtain supplementary financial information:

Supplementary financial information is disclosed on the same day in Japanese on TDnet and the Company website. For information in English, please see the Company website.

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## 1. Overview of Results of Operations and Other Information

Forward-looking statements in the following text are based on judgments as of June 30, 2024, the last day of the consolidated accounting period under review.

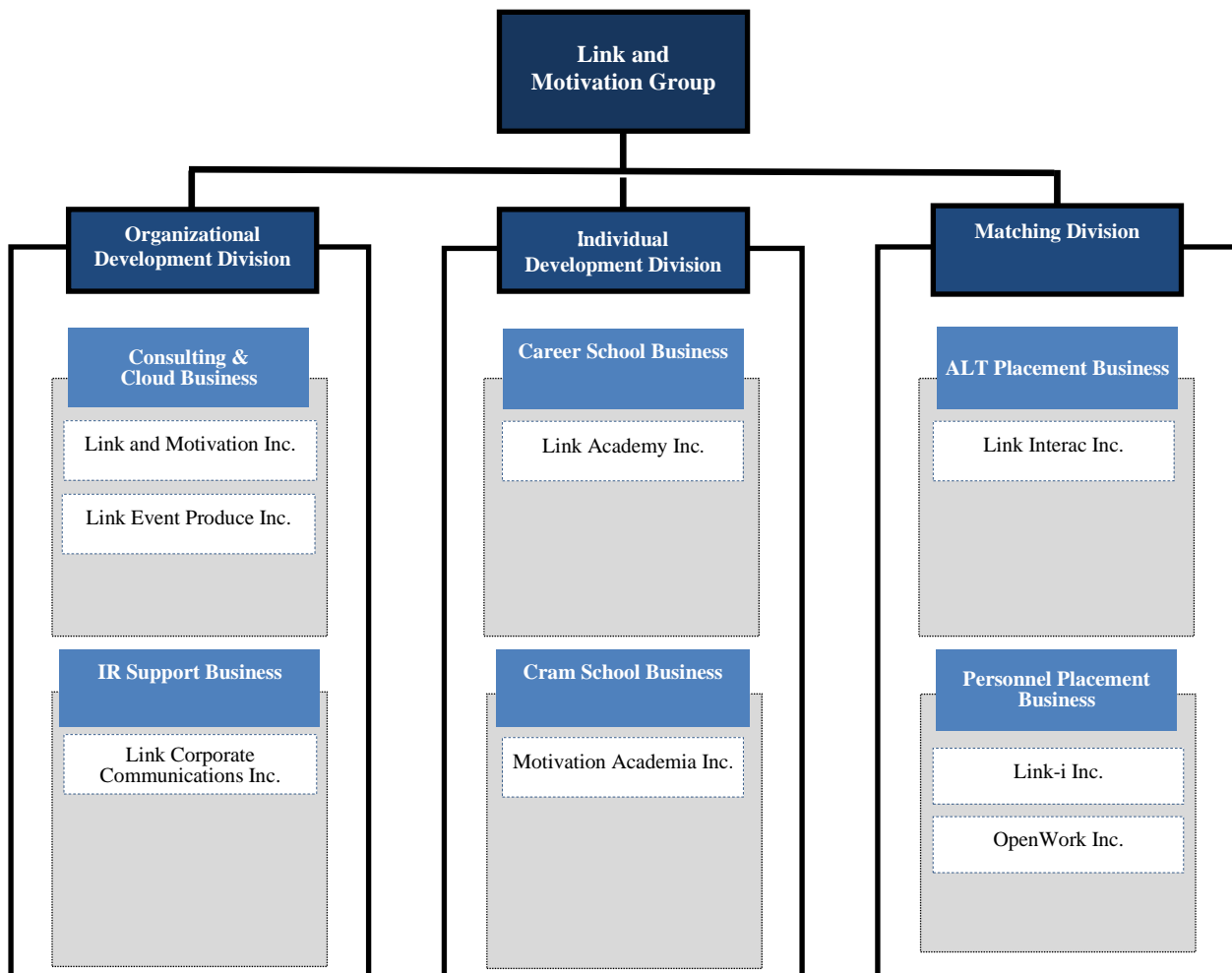
### (1) Overview of Results of Operations for the Six Months Ended June 30, 2024

The Group supports the transformation of numerous organizations and individuals using “Motivation Engineering” (the Group’s core technology), incorporating academic results in business administration, social systems theory, behavioral economics, psychology and other disciplines, under its mission: “Through Motivation Engineering, we provide opportunities to transform organizations and individuals and create a more meaningful society.” During the six months ended June 30, 2024 (the “first half of 2024”), the Japanese economy continued its gradual recovery with the improvement of the employment and income environment. However, the economic outlook remains unclear because of the continuing trend toward depreciation of the yen even after the end of negative interest rates, and geopolitical risks due to the unstable international situation. Under these economic conditions, the Group perceives a growing need for companies to promote human capital management in order to deal with change, and more specifically, a need to improve employee engagement (the degree of mutual understanding and affinity between a company and its employees), and to secure and develop human resources.

In this economic environment, the Group’s revenues for the first half of 2024 were ¥18,003 million (a 7.7% increase compared with the same period of the previous year), gross profit was ¥9,889 million (an 11.9% increase), operating income was ¥2,668 million (a 20.5% increase) and net income attributable to owners of the parent was ¥1,677 million (a 33.6% increase).

In the first half, revenues increased year on year due to growth in the Consulting & Cloud business and the ALT Placement business. Gross profit increased substantially year on year due to the growth of the high-margin Consulting & Cloud business and the Personnel Placement business, which includes OpenWork Inc. (“OpenWork”). Operating income also increased substantially year on year, driven by the Consulting & Cloud business, which is a focal point for the Group. Net income attributable to owners of the parent increased significantly due to the increase in operating income. All items progressed as expected.

The segment and business classifications of the Group are as shown below, and an overview of the first half of 2024 by segment and business follows.



### **Organizational Development Division**

The Organizational Development Division provides support for the creation of companies that are chosen by individuals (“Motivation Companies”). In concrete terms, it offers services that provide support for increasing engagement with a company’s stakeholders (employees, job applicants, customers, shareholders) by applying “Motivation Engineering,” which is the core technology of the Group.

In this segment, segment revenues for the first half of 2024 were ¥6,810 million (a 9.7% increase), and segment income was ¥4,911 million (a 12.1% increase). An overview of operating results by business for the first half of 2024 is as follows.

#### **Consulting & Cloud Business**

To increase employee engagement, the Consulting & Cloud business diagnoses engagement based on its original diagnostic framework and offers one-stop solutions for innovations in recruiting, training, systems and corporate culture related to organizations and personnel. The business also provides the Motivation Cloud series of cloud-based services that allow customer companies to manage employee engagement themselves.

In this business, revenues for the first half of 2024 were ¥5,945 million (a 10.0% increase) and gross profit was ¥4,516 million (a 10.4% increase). Results by product in the Consulting & Cloud business were as follows.

**Table 1. Revenues by Product**

Product (¥ million) (Figures in brackets are gross profit)	Six months ended June 30, 2023	Six months ended June 30, 2024	YoY change (%)
Consulting & Cloud Business	5,403 [4,092]	5,945 [4,516]	10.0% 10.4%
Consulting	3,285	3,194	-2.8%
Cloud	2,117	2,750	29.9%

In the first half, revenues and gross profit increased substantially compared with the same period of the previous year as a result of significant growth from an increase in new contracts for the Motivation Cloud series from April to June.

In the Consulting category, in order to increase profitability, the business is transitioning from consulting to the cloud and revising its product portfolio by focusing on high-margin areas such as human capital consulting. Revenues in the first half decreased compared with the previous year due in part to the impact of first-quarter results, but revenues per customer have bottomed out and are recovering. By continuing to focus on providing comprehensive support for human capital management to major companies, the business expects further recovery in the second half of the year.

Monthly fee revenue increased substantially compared with the previous year for the Motivation Cloud series of products, which are part of the Cloud category and are priority services. The number of deliveries and monthly fee revenue were as follows.

**Table 2. Number of Deliveries and Monthly Fee Revenue for the Motivation Cloud Series at Quarter-End**

	2023				2024	
	March	June	September	December	March	June
Number of deliveries	846	851	883	915	883	915
Monthly fee revenue (¥ thousand)	339,179	358,792	395,398	427,345	424,550	458,130

Since its founding in 2000, the Group has not only diagnosed the engagement status of companies and employees but has also supported their transformation. The Motivation Cloud series is a group of cloud-based services in the field of HR Tech (human resources combined with technology) for improving employee engagement. The Group migrated the organization diagnosis service it has offered since its founding to the cloud and started providing the Motivation Cloud service in July 2016. Motivation Cloud is currently ranked number one in share of sales by vendor in the employee engagement market (the seventh consecutive year: fiscal 2017 to fiscal 2023 forecast) in *ITR Market View: Human Resources Management Market 2024*, a market research report published by ITR Corporation.

Monthly fee revenue from the Motivation Cloud series at the end of June 2024 was ¥458,130 thousand (a 27.7% increase), exceeding the target for the end of June 2024 of ¥450,000 thousand in monthly fee revenue. Monthly fee

revenue is progressing as expected toward the target of ¥530,000 thousand at the end of December 2024. The business will continue to focus on introductions at major companies to achieve further expansion.

For Stretch Cloud, a human resource development cloud service, business is expanding steadily in the human resource development market, which exceeds ¥500 billion. The Group will continue to focus on introducing Stretch Cloud at major companies, where there is substantial room for development, and will accelerate growth by improving customer satisfaction, thereby further extending the length of contracts.

### **IR Support Business**

The IR Support business provides one-stop support for corporate branding through various media and events centered on the field of investor relations for the “creation of Motivation Companies” at corporations. In addition to printed media such as integrated reports for shareholders and investors, web-based media such as investor relations (IR) sites, and visual media such as videos that explain products and webcasts of shareholders’ meetings, the business creates physical and virtual forums for shareholders’ meetings and other events.

In this business, revenues for the first half of 2024 were ¥970 million (a 5.7% increase) and gross profit was ¥468 million (a 32.6% increase).

In the first half, revenues increased compared with the previous year as production of integrated reports, the core service, expanded in line with expectations. Gross profit increased significantly compared with the previous year as productivity rose.

Needs for disclosure of non-financial capital, particularly human capital information, are continuing to increase with the requirement to disclose human capital information in securities reports. The number of companies disclosing the diagnosis results of Motivation Cloud, which we provide, was 149 at the end of June 2024. Disclosure of employee engagement is also steadily increasing. The business will generate synergies with the Consulting & Cloud business by continuing to enhance disclosure of human capital information based on diagnosis and transformation.

### **Individual Development Division**

The Individual Development Division supports the creation of individuals who are chosen by organizations (“i-Companies”). Specifically, it applies “Motivation Engineering,” which is the core technology of the Group, to businesses in areas including career schools and cram schools, to provide one-stop services to customers from elementary school students to working adults. These services range from helping to set goals to understanding individual issues and formulating and implementing study plans.

In this segment, segment revenues for the first half of 2024 were ¥3,215 million (a 1.8% increase) and segment income was ¥1,470 million (a 5.7% increase). An overview of operating results by business for the first half of 2024 is as follows.

#### **Career School Business**

The Career School business provides five services aimed at the career advancement of university students and working adults: “Aviva” personal computer schools, “Daiei” qualification schools, “Rosetta Stone Learning Center,” “Rosetta Stone Premium Club” and “Hummingbird” foreign language schools.

In this business, revenues for the first half of 2024 were ¥2,838 million (a 0.8% increase) and gross profit was ¥1,319 million (a 4.7% increase).

In the first half of 2024, revenues increased compared with the same period of the previous year as a result of an increase in revenues per enrollee due to the expansion of new courses and other factors. Furthermore, as a result of restructuring that has been taking place since October 2022, the gross profit margin for the first half was 46.5%, an improvement in line with expectations, compared with 44.8% in the first half of the previous year. The business will work to improve efficiency and customer satisfaction by continuing to expand online services.

#### **Cram School Business**

The Cram School business operates two cram schools in both in-person and online formats—“SS-1,” an individualized instruction school for students preparing for junior high school entrance exams, and “Motivation Academia” cram schools for junior high and high school students—to improve the academic ability of elementary, junior high and high school students. For Motivation Academia in particular, unlike typical cram schools, students can not only improve their academic ability but also acquire skills to play an active role in society.

In this business, revenues for the first half of 2024 were ¥377 million (a 10.3% increase) and gross profit was ¥151 million (a 16.0% increase).

In the first half, revenues and gross profit both increased substantially year on year as a result of increased enrollment and revenues per enrollee. This business will continue to increase the number of new enrollees by providing learning

opportunities through online courses to a wide range of students, not just those in areas where they can attend physical schools.

### **Matching Division**

The Matching Division operates the ALT (assistant language teacher) Placement business and the Personnel Placement business in order to provide opportunities to connect organizations and individuals. It creates matches with a high retention rate by applying “Motivation Engineering,” the core technology of the Group, to go beyond the skill requirements of companies and local governments and provide support for matching organizations and individuals based on the characteristics of each individual and other relevant data.

In this segment, segment revenues for the first half of 2024 were ¥8,356 million (a 6.7% increase) and segment income was ¥3,856 million (a 10.5% increase). An overview of operating results by business for the first half of 2024 is as follows.

#### **ALT Placement Business**

The ALT Placement business dispatches non-Japanese assistant language teachers (ALTs) to elementary, junior high and high schools throughout Japan and provides English-language instruction services on contract, in order to match non-Japanese people who want to work in Japan with local governments. In this business, barriers to entry are extremely high due to the importance placed on relationships of trust with customers and a company’s track record, and the Group has established the predominant number-one share among private companies.

In this business, revenues for the first half of 2024 were ¥6,369 million (a 5.5% increase) and gross profit was ¥1,900 million (a 9.9% increase).

In the first half of 2024, the number of ALTs dispatched increased in line with expectations, resulting in increases in both revenues and gross profit compared with the same period of the previous year. This business faced an intensely competitive environment until 2023 due to the impact of the requirement to enroll ALTs in social insurance. In 2024, the competitive environment has flattened, and the business has strengthened communication activities to target customers. As a result, contracts for the new fiscal year that began in April recovered as expected, and the average number of ALTs dispatched from April to June exceeded 3,100. The Group will continue aiming to expand market share by shifting some services online and utilizing ICT, in addition to dispatching high-quality ALTs, one of its strengths.

#### **Personnel Placement Business**

The Personnel Placement business operates a referral service for human resources that introduces the human resources necessary for business growth in order to find the right fit between job applicants and companies. It provides a wide range of matching opportunities, including an information platform for people looking to find or change jobs, and employment referrals for university students.

In this business, revenues for the first half of 2024 were ¥2,006 million (a 10.4% increase) and gross profit was ¥1,975 million (a 10.8 % increase).

In the first half, OpenWork, which has a particularly high growth rate, continued to steadily accumulate registered users as well as employee online reviews and evaluation scores. The direct recruiting service (OpenWork Recruiting) continued to make an active investment in marketing, which led to an increase in the number of online resume registrations. The cumulative number of online resume registrations (working adults and students) has grown to approximately 1,190,000. In addition, as a result of efforts to stimulate recruiting activity among existing customers and increase employment opportunities, recruiting by employers and applications from job seekers expanded, and revenues from this service were ¥1,140 million (a 28.5% increase).

This business will continue to expand synergy with the Organizational Development Division, and will ramp up its matching services by considering not only the skills of individuals but also the type of job seekers.

### **Venture Incubation**

In addition to its divisions, the Group conducts venture incubation. In venture incubation, the Group provides its know-how in organizational and personnel consulting in addition to funding, as well as support on an organizational level for growing venture companies that aim to list their stock. The two main criteria for selection of investees are sympathy with the idea of “creation of Motivation Companies” and aim to list stock. Gains on sales and other results generated from venture incubation are recorded in retained earnings on the condensed consolidated statements of financial position, or under other income or other expenses on the consolidated statements of operations.

## **(2) Overview of Financial Position for the Six Months Ended June 30, 2024**

Total assets as of June 30, 2024 were ¥31,284 million, an increase of ¥441 million from the end of the previous year. This was mainly due to factors including an ¥826 million increase in trade and other receivables, offset by a ¥302 million decrease in other non-current financial assets.

Total liabilities as of June 30, 2024 were ¥18,119 million, an increase of ¥216 million from the end of the previous year. This was mainly due to factors including a ¥415 million increase in interest-bearing and other financial liabilities, offset by a ¥386 million decrease in lease liabilities.

Total equity as of June 30, 2024 was ¥13,164 million, an increase of ¥224 million from the end of the previous year. This was mainly because the Group posted net income attributable to owners of the parent and other comprehensive income, among other factors, offset by decreases due to acquisition of treasury shares and payments of cash dividends.

## **(3) Overview of Cash Flow for the Six Months Ended June 30, 2024**

Cash and cash equivalents (“cash”) as of June 30, 2024 were ¥7,529 million, an increase of ¥139 million during the period.

Cash flow during the six months ended June 30, 2024 was as follows.

### *Cash Flow from Operating Activities*

Net cash provided by operating activities was ¥2,267 million, an increase of ¥125 million compared with the same period of the previous year. The principal factors decreasing cash compared with the same period of the previous year included a ¥427 million increase in trade and other receivables, a ¥133 million increase in inventories, a ¥208 million decrease in other, and a ¥364 million increase in income taxes paid, while the principal factors increasing cash compared with the same period of the previous year included a ¥444 million increase in income before income taxes, a ¥432 million increase in trade and other payables, and a ¥440 million increase in income tax refund.

### *Cash Flow from Investing Activities*

Net cash provided by investing activities was ¥10 million (compared with net cash used totaling ¥257 million in the same period of the previous year). Principal factors decreasing cash compared with the same period of the previous year included an ¥89 million increase in payments for acquisition of property, plant and equipment, a ¥74 million increase in payments for acquisition of intangible assets, and a ¥220 million increase in payments for acquisition of investment securities, while the principal factors increasing cash compared with the same period of the previous year included a ¥758 million increase in proceeds from sale of investment securities.

### *Cash Flow from Financing Activities*

Net cash used in financing activities was ¥2,141 million, an increase of ¥1,270 million compared with the same period of the previous year. The principal factor increasing cash was a ¥4,100 million increase in proceeds from long-term financial liabilities compared with the same period of the previous year, while the principal factors decreasing cash compared with the same period of the previous year included a net decrease of ¥3,200 million in short-term financial liabilities, the non-recurrence of proceeds from payments from non-controlling interests that occurred in the same period of the previous year, an increase of ¥1,193 million in payments for acquisition of treasury shares, and a net increase in deposits of ¥216 million.

## **(4) Forecast**

In the first half of 2024, revenues increased compared with the same period of the previous year due to growth in the Consulting & Cloud business and the ALT Placement business. In addition, operating income increased substantially compared with the same period of the previous year, driven by the Consulting & Cloud business, which is a focal point for the Group. Progress toward the performance forecasts for the year ending December 31, 2024 of revenues of ¥36,900 million (an 8.6% increase) and operating income of ¥5,330 million (a 15.3% increase) is proceeding as expected. In particular, by focusing on expanding sales of the Motivation Cloud series in the Consulting & Cloud business, where substantial growth is expected, the backlog of orders (total orders for future projects obtained at a given point in time) has increased significantly. As of June 30, 2024, the backlog of orders was approximately ¥14.0 billion, an increase of around 20% from a year earlier, and approximately ¥5.0 billion of this amount is the backlog of orders scheduled for delivery during the current year, an increase of around 25% from a year earlier, indicating steady progress.

For the time being, given the rising importance of and difficulty for companies in adapting to the labor market, we will focus on the Consulting & Cloud business of the Organizational Development Division, which has high growth potential. Considering that this business supports approximately 1,500 companies in Japan, and that there are



approximately 100,000 companies in Japan with 50 or more employees, we believe there is still ample room for expansion. First, we will expand sales by focusing on major domestic companies, where there is substantial room for development. At the same time, we will also roll out the Motivation Cloud series to domestic small and medium-sized companies and overseas subsidiaries of Japanese companies to accelerate medium- to long-term growth.

To expand sales channels, the Group plans to proactively invest in M&As and business alliances. Most recently, on August 9, 2024, the Group concluded a business alliance agreement with FCE Inc. (“FCE”) in accordance with the basic agreement on a capital and business alliance it entered into in May 2024. FCE has strengths in enhancing human resource capabilities, including in areas such as education and training, and Smart Boarding, its platform for creating employee education systems, has been introduced at 900 companies, mainly small and medium-sized companies in Japan. To begin with, FCE will sell the Motivation Cloud series to small and medium-sized companies, and the Group will sell FCE’s robotic process automation tool RPA Robo-Pat DX and generative AI prompt platform FCE Prompt Gate to approximately 1,500 customers, mainly major companies, as part of the Motivation Cloud series. By recording both as monthly fee revenue for the Motivation Cloud series, the Group will accelerate the growth of the Motivation Cloud series in 2025 and thereafter.

## 2. Condensed Consolidated Financial Statements and Main Notes

### (1) Condensed Consolidated Statements of Financial Position

(Millions of yen, rounded down to the nearest million)

	As of December 31, 2023	As of June 30, 2024
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	7,389	7,529
Trade and other receivables	3,627	4,453
Inventories	225	374
Other current financial assets	12	46
Other current assets	1,446	1,164
Total current assets	12,701	13,568
Non-current assets		
Property, plant and equipment	604	728
Right-of-use assets	3,586	3,300
Goodwill	9,347	9,347
Intangible assets	2,194	2,214
Other non-current financial assets	1,753	1,451
Deferred tax assets	584	606
Other non-current assets	70	66
Total non-current assets	18,141	17,715
Total assets	30,843	31,284

(Millions of yen, rounded down to the nearest million)

	As of December 31, 2023	As of June 30, 2024
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
Current liabilities		
Trade and other payables	1,821	1,934
Contract liabilities	1,244	1,359
Interest-bearing and other financial liabilities	6,158	3,819
Lease liabilities	1,005	910
Income tax payable	1,036	1,138
Provisions	43	16
Other current liabilities	1,816	1,794
Total current liabilities	13,127	10,972
Non-current liabilities		
Interest-bearing and other financial liabilities	1,264	4,019
Lease liabilities	2,669	2,378
Provisions	335	370
Deferred tax liabilities	386	260
Other non-current liabilities	119	117
Total non-current liabilities	4,774	7,147
Total liabilities	17,902	18,119
<b>EQUITY</b>		
Equity attributable to owners of the parent		
Share capital	1,380	1,380
Capital surplus	4,619	4,591
Treasury shares	(1,539)	(2,722)
Retained earnings	7,396	8,042
Other components of equity	(1,690)	(1,078)
Total equity attributable to owners of the parent	10,165	10,213
Non-controlling interests	2,774	2,951
Total equity	12,940	13,164
Total liabilities and equity	30,843	31,284

**(2) Condensed Consolidated Statements of Operations and Comprehensive Income**  
**Condensed Consolidated Statements of Operations**  
**Six Months Ended June 30**

(Millions of yen, rounded down to the nearest million)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Revenues	16,715	18,003
Cost of sales	7,877	8,114
Gross profit	8,838	9,889
Selling, general and administrative expenses	6,613	7,123
Other income	138	20
Other expenses	147	117
Operating income	2,215	2,668
Financial revenues	10	7
Financial expenses	35	41
Income before income taxes	2,190	2,634
Income taxes	766	803
Net income	1,423	1,831
(Attributable to)		
Owners of the parent	1,255	1,677
Non-controlling interests	167	153
Total	1,423	1,831

(Yen)

Earnings per share attributable to owners of the parent		
Basic earnings per share	11.25	15.50
Diluted earnings per share	11.23	15.50

**Three Months Ended June 30**

(Millions of yen, rounded down to the nearest million)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Revenues	8,707	9,696
Cost of sales	4,023	4,263
Gross profit	4,684	5,432
Selling, general and administrative expenses	3,376	3,559
Other income	49	8
Other expenses	7	12
Operating income	1,349	1,868
Financial revenues	9	1
Financial expenses	17	19
Income before income taxes	1,341	1,849
Income taxes	425	565
Net income	915	1,284
(Attributable to)		
Owners of the parent	833	1,152
Non-controlling interests	82	131
Total	915	1,284
		(Yen)
Earnings per share attributable to owners of the parent		
Basic earnings per share	7.47	10.68
Diluted earnings per share	7.45	10.68

**Condensed Consolidated Statements of Comprehensive Income**  
**Six Months Ended June 30**

(Millions of yen, rounded down to the nearest million)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Net income	1,423	1,831
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	910	219
Total of items that will not be reclassified to profit or loss	910	219
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	(1)	(1)
Total of items that may be reclassified to profit or loss	(1)	(1)
Total other comprehensive income	908	218
Total comprehensive income	2,331	2,049
(Attributable to)		
Owners of the parent	2,164	1,895
Non-controlling interests	167	153
Comprehensive income	2,331	2,049

**Three Months Ended June 30**

(Millions of yen, rounded down to the nearest million)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net income	915	1,284
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	767	(130)
Total of items that will not be reclassified to profit or loss	767	(130)
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	(1)	(0)
Total of items that may be reclassified to profit or loss	(1)	(0)
Total other comprehensive income	765	(131)
Total comprehensive income	1,681	1,153
(Attributable to)		
Owners of the parent	1,599	1,021
Non-controlling interests	82	131
Comprehensive income	1,681	1,153

**(3) Condensed Consolidated Statements of Changes in Equity**  
**Six Months Ended June 30, 2023**

(Millions of yen, rounded down to the nearest million)

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	Total equity attributable to owners of the parent		
January 1, 2023	1,380	4,464	(320)	5,385	(1,851)	9,057	2,185	11,243
Net income	—	—	—	1,255	—	1,255	167	1,423
Other comprehensive income	—	—	—	—	908	908	—	908
Total comprehensive income	—	—	—	1,255	908	2,164	167	2,331
Change in ownership interest in subsidiaries	—	175	—	—	—	175	337	512
Dividends from surplus	—	—	—	(535)	—	(535)	—	(535)
Exercise of stock options	—	30	—	—	(30)	—	—	—
Share-based payment transactions	—	(30)	31	—	0	1	—	1
Transfer from other components of equity to retained earnings	—	—	—	(200)	200	—	—	—
Total transactions with the owners	—	174	31	(735)	170	(358)	337	(21)
June 30, 2023	1,380	4,639	(288)	5,905	(773)	10,862	2,690	13,553

**Six Months Ended June 30, 2024**

(Millions of yen, rounded down to the nearest million)

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	Total equity attributable to owners of the parent		
January 1, 2024	1,380	4,619	(1,539)	7,396	(1,690)	10,165	2,774	12,940
Net income	—	—	—	1,677	—	1,677	153	1,831
Other comprehensive income	—	—	—	—	218	218	—	218
Total comprehensive income	—	—	—	1,677	218	1,895	153	2,049
Acquisition of treasury shares	—	—	(1,193)	—	—	(1,193)	—	(1,193)
Change in ownership interest in subsidiaries	—	(38)	—	—	—	(38)	22	(16)
Dividends from surplus	—	—	—	(631)	—	(631)	—	(631)
Exercise of stock options	—	5	—	—	(5)	—	—	—
Share-based payment transactions	—	6	10	—	(1)	15	—	15
Transfer from other components of equity to retained earnings	—	—	—	(400)	400	—	—	—
Total transactions with the owners	—	(27)	(1,182)	(1,031)	394	(1,848)	22	(1,825)
June 30, 2024	1,380	4,591	(2,722)	8,042	(1,078)	10,213	2,951	13,164



**(4) Condensed Consolidated Statements of Cash Flow**

(Millions of yen, rounded down to the nearest million)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Cash flow from operating activities		
Income before income taxes	2,190	2,634
Depreciation and amortization	810	851
Loss on impairment	137	40
Loss (gain) on sales of fixed assets	—	(0)
Financial revenues and financial expenses	24	34
Decrease (increase) in trade and other receivables	(398)	(826)
Decrease (increase) in inventories	(16)	(149)
Increase (decrease) in trade and other payables	(340)	91
Other	395	186
Subtotal	2,801	2,861
Interest and dividends received	8	4
Interest paid	(33)	(39)
Income tax refund	45	485
Income taxes paid	(680)	(1,044)
Net cash provided by (used in) operating activities	2,141	2,267
Cash flow from investing activities		
Payments for acquisition of property, plant and equipment	(66)	(156)
Proceeds from sale of property, plant and equipment	—	0
Payments for acquisition of intangible assets	(261)	(336)
Payments for acquisition of investment securities	(79)	(300)
Proceeds from sale of investment securities	120	879
Payments for security deposits and guarantees	(35)	(22)
Proceeds from recovery of security deposits and guarantees	131	70
Payments for fulfillment of asset retirement obligations	(39)	(90)
Other	(28)	(33)
Net cash provided by (used in) investing activities	(257)	10
Cash flow from financing activities		
Net increase (decrease) in short-term financial liabilities	300	(2,900)
Proceeds from long-term financial liabilities	100	4,200
Repayment of long-term financial liabilities	(708)	(884)
Proceeds from exercise of stock options	61	10
Payments of cash dividends	(533)	(631)
Repayment of lease liabilities	(542)	(525)
Proceeds from payments from non-controlling interests	452	—
Payments for acquisition of treasury shares	(0)	(1,193)
Net (increase) decrease in deposits	—	(216)
Net cash provided by (used in) financing activities	(871)	(2,141)
Cash and cash equivalents translation adjustment	1	3
Net increase (decrease) in cash and cash equivalents	1,013	139
Cash and cash equivalents at beginning of period	6,112	7,389
Cash and cash equivalents at end of period	7,126	7,529

**(5) Notes to Condensed Consolidated Financial Statements  
(Change in Accounting Policies)**

None applicable

**(Significant Accounting Policies)**

The significant accounting policies applied in these condensed consolidated financial statements are the same as those applied in the consolidated financial statements for the previous fiscal year.

Income taxes expense for the six months ended June 30, 2024 was calculated using the estimated average annual effective tax rate.

**(Notes Regarding Significant Accounting Estimates and Judgements)**

In preparing the consolidated financial statements, management makes judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The results of accounting estimates may differ from actual results.

The estimates and their underlying assumptions are reviewed on an ongoing basis. The effects of a review of accounting estimates are recognized in the accounting period in which the estimates are reviewed as well as in future periods.

Estimates and estimate-related judgments that have a significant impact on these condensed consolidated financial statements are the same as those in the condensed consolidated financial statements for the same period of the previous fiscal year.

**(Notes Regarding Assumption of Going Concern)**

None applicable

**(Significant Subsequent Events)**

**(Conclusion of a Business Alliance Agreement)**

On May 14, 2024, the Group entered into a basic agreement on a capital and business alliance with FCE Inc. (“FCE”) and has held discussions on the details of their respective businesses and the capital alliance. At a Board of Directors meeting held on August 9, 2024, the Group resolved to enter into a business alliance (“the Business Alliance”) with FCE as detailed below, and concluded a business alliance agreement on the same day.

Discussions to finalize the specific details of a capital alliance with FCE are underway. Upon conclusion, it is expected that FCE will become an equity method affiliate.

**(1) Reason for the Business Alliance**

The Group provides support for creating companies that are chosen by individuals (“Motivation Companies”), individuals who are chosen by organizations (“i-Companies”) and matching that connects organizations and individuals based on its mission: “Through Motivation Engineering, we provide opportunities to transform organizations and individuals and create a more meaningful society.” FCE’s purpose is to “create a world in which everyone can approach and solve challenges with all their might” and its mission is to “contribute to maximizing human capital through “People” x “Tech.” It has strengths in enhancing human resource capabilities through education, training, and other programs. The Group concluded this business alliance agreement in order to combine the strengths of the Group and FCE, and to enable both organizations to offer unique value in realizing their respective visions.

**(2) Details of the Business Alliance**

The Group and FCE have agreed to collaborate in respective business areas and will continue to build a cooperative framework going forward.

The main details are as follows. By recording cross-sold products as monthly fee revenue for the Motivation Cloud series, the Group will accelerate the growth of the Motivation Cloud series in 2025 and thereafter.

1) Sales of the Group’s Motivation Cloud Series Cloud-based Services to Small and Medium-sized Companies by FCE  
FCE has developed Smart Boarding, a platform for creating employee education systems for small and medium-sized companies throughout Japan, and has a track record of introducing it at more than 900 companies. With the aim of expanding sales channels for the Motivation Cloud series through the Business Alliance, FCE will use its sales capabilities to roll out the Motivation Cloud series to small and medium-sized companies, in addition to companies that have introduced Smart Boarding.

2) Sales of FCE’s Robotic Process Automation Tool RPA Robo-Pat DX and Generative AI Prompt Platform FCE Prompt Gate to Major Companies by the Group

FCE is rolling out its personal RPA tool RPA Robo-Pat DX, which won first place\* in a ranking of most powerful IT tools, and the generative AI prompt platform FCE Prompt Gate. With the aim of increasing revenue per customer through the Business Alliance, the Group will offer RPA Robo-Pat DX and FCE Prompt Gate to the approximately 1,500 customers of its Consulting & Cloud business. In addition to improving human resource and organizational capabilities, through this alliance the Group will also support enhanced productivity, thereby achieving true improvement in customer engagement.

\* First out of approximately 7,300 products in the “Ranking of 50 Most Powerful IT Tools, Selected by Users” in the ITreview Best Software in Japan 2023 survey

In addition, the two companies will also consider collaboration in areas other than those mentioned above.

(3) Summary of the Other Party in the Business Alliance

1) Name	FCE Inc.
2) Location	Shinjuku NS Building, 10F, 2-4-1 Nishi-Shinjuku, Tokyo
3) Name and Title of Representative	Ishikawa Junetsu, President and Representative Director
4) Business	Provision of information on corporate management, business, products, technologies and real estate, and consulting business.
5) Capital	¥181 million (As of December 31, 2023)
6) Date of Establishment	April 21, 2017

(4) Schedule

1) Date of Signing of Basic Agreement on Capital and Business Alliance	May 14, 2024
2) Date of Board of Directors Resolution on Business Alliance Agreement	August 9, 2024
3) Date of Signing of Business Alliance Agreement	August 9, 2024