Consolidated Financial Statements for the Three Months Ended March 31, 2026 (IFRS)

These financial statements have been prepared for reference only.

May 14, 2026

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
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Start of distribution of dividends (scheduled): June 25, 2026
Supplementary documents for quarterly results: Yes
Quarterly results briefing: No

(Amounts are rounded down to the nearest million.)

1. Consolidated Results for the Three Months Ended March 31, 2026 (January 1, 2026 - March 31, 2026)

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

	Revenues (¥ million)	Change (%)	Operating income (¥ million)	Change (%)	Income before income taxes (¥ million)	Change (%)	Net income (¥ million)	Change (%)
Three months ended March 31, 2026	10,688	14.1	1,489	21.9	1,512	20.1	1,033	20.9
Three months ended March 31, 2025	9,370	12.8	1,221	52.7	1,259	60.5	855	56.3

	Net income attributable to owners of the parent (¥ million)	Change (%)	Comprehen-sive income (¥ million)	Change (%)	Basic earnings per share (¥)	Diluted earnings per share (¥)
Three months ended March 31, 2026	867	16.2	1,125	20.8	7.87	7.86
Three months ended March 31, 2025	746	42.1	931	3.9	7.01	7.01

(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 March 31, 2026	40,061	15,920	12,513	31.2
As of December 31, 2025	40,999	16,817	13,590	33.1

2. Dividends

	Dividends per share				
	1st Qtr.	2nd Qtr.	3rd Qtr.	Year-end	Total
2025	3.90	3.90	4.10	4.10	16.00
2026	4.10				
2026 (est.)		4.10	4.10	4.10	16.40

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

3. Forecast of Consolidated Results for 2026 (January 1, 2026 - December 31, 2026)

(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	46,700	12.5	6,310	50.1	3,930	94.5	3,470	114.0	32.03

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

Notes

(1) Changes in Significant Subsidiaries during the Period (Changes in Specified Subsidiaries Due to Change in Scope of Consolidation): No

(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)
Three months ended March 31, 2026: 110,937,011; Year ended December 31, 2025: 110,937,011
(b) Number of treasury shares at the end of the period:
Three months ended March 31, 2026: 2,912,909; Year ended December 31, 2025: 259
(c) Average number of shares outstanding (cumulative with earlier quarters):
Three months ended March 31, 2026: 110,134,230; Three months ended March 31, 2025: 106,453,983

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

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1. Overview of Results of Operations and Other Information

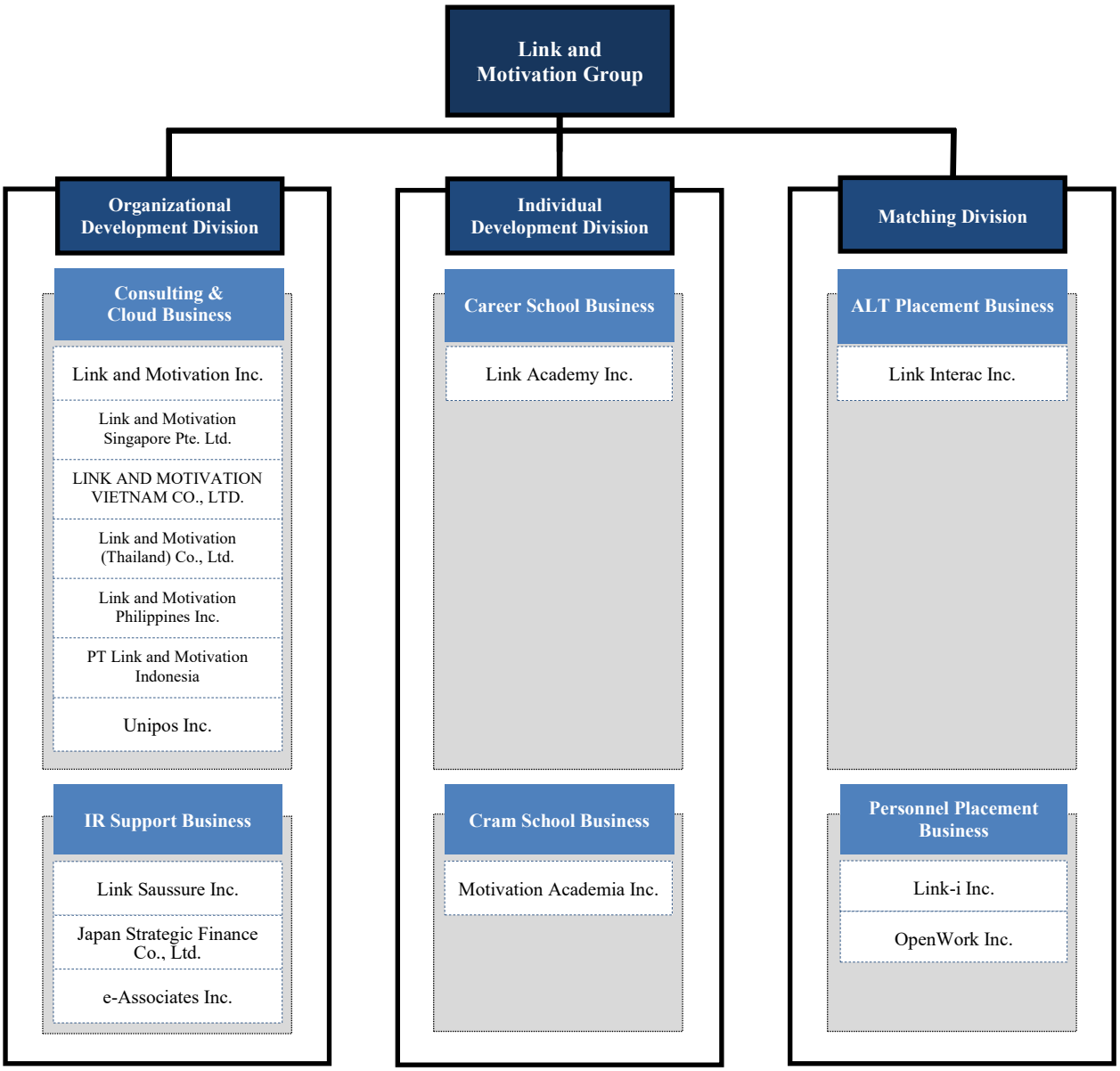
Forward-looking statements in the following text are based on judgments as of March 31, 2026, the last day of the consolidated accounting period under review.

(1) Overview of Results of Operations for the Three Months Ended March 31, 2026

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 three months ended March 31, 2026, the Japanese economy gradually recovered with the improvement of the employment and income environment. However, the economic outlook remains unclear due to the inflation accompanying the weakening of the yen, the situation in the Middle East and other geopolitical risks, and the impact of U.S. political trends on the global economy. In 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 quarter of 2026 were ¥10,688 million, (a 14.1% increase compared with the same period of the previous year), gross profit was ¥6,014 million (an 18.9% increase), operating income was ¥1,489 million (a 21.9% increase) and net income attributable to owners of the parent was ¥867 million (a 16.2% increase). Centering on the core Consulting & Cloud business, growth was in line with expectations, resulting in substantial increases in revenues and profit compared with the same period of the previous year, with both progressing as expected.

The segment and business classifications of the Group are as shown below, and an overview of the first three months of 2026 by segment and business follows.


Link and Motivation Group
Organizational Development Division
Consulting & Cloud Business
Link and Motivation Inc.
Link and Motivation Singapore Pte. Ltd.
LINK AND MOTIVATION VIETNAM CO., LTD.
Link and Motivation (Thailand) Co., Ltd.
Link and Motivation Philippines Inc.
PT Link and Motivation Indonesia
Unipos Inc.
IR Support Business
Link Saussure Inc.
Japan Strategic Finance Co., Ltd.
e-Associates Inc.
Individual Development Division
Career School Business
Link Academy Inc.
Cram School Business
Motivation Academia Inc.
Matching Division
ALT Placement Business
Link Interac Inc.
Personnel Placement Business
Link-i Inc.
OpenWork Inc.

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.

Segment revenues for the first three months of 2026 were ¥4,287 million (an 18.7% increase), and segment income was ¥2,954 million (a 20.2% increase). An overview of operating results by business for the first three months of 2026 is as follows.

Consulting & Cloud Business

The Consulting & Cloud business supports the practice of human capital management through diagnosis and transformation based on the provision of consulting and cloud services to corporate clients. Specifically, it provides one-stop services that include diagnosing organizations using cloud services, as well as transformation solutions for organizational and personnel issues through consulting and cloud services in the areas of recruiting, training, systems and corporate culture. In cloud-based services, it provides Motivation Cloud.

In this business, revenues for the first three months of 2026 were ¥3,411 million (an 11.2% increase) and gross profit was ¥2,491 million (an 11.5% 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)	Three months ended March 31, 2025	Three months ended March 31, 2026	YoY change (%)
Consulting & Cloud Business	3,068 [2,235]	3,411 [2,491]	11.2% 11.5%
Consulting	1,444	1,475	2.2%
Cloud	1,624	1,935	19.1%

In the first three months of 2026, both revenues and gross profit increased substantially compared with the same period of the previous year as a result of growth driven by Motivation Cloud.

Monthly fee revenue increased substantially compared with the same period of the previous year for Motivation Cloud, which is a cloud product and priority service. The number of deliveries and monthly fee revenue were as follows.

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

	2025				2026
	March	June	September	December	March
Number of deliveries	1,012	1,057	1,366	1,370	1,393
Monthly fee revenue (¥ thousand)	520,827	536,566	625,338	627,382	625,130

Since its founding in 2000, the Group has not only diagnosed the engagement status of companies and employees but has also supported their transformation. Motivation Cloud is a cloud-based service in the field of HR Tech (human resources combined with technology) that supports solving organizational and personnel issues such as improving human resource capabilities and engagement through diagnosis and transformation of organizations. In March 2025, the Group integrated all of its cloud services into Motivation Cloud. Currently, in addition to providing Motivation Cloud Engagement, which enables improvement of employee engagement, the Group offers Motivation Cloud Basic for domestic small and medium-sized enterprises, Motivation Cloud Sharing for revitalizing corporate culture, and Motivation Cloud Role Development for improving human resource capabilities. In August 2024, the Group added

services for supporting digital transformation (DX), including Robo-Pat AI* and FCE Prompt Gate, which are provided by equity-method affiliate FCE. In addition, Peer Bonus® Unipos, which is provided by wholly owned subsidiary Unipos Inc., was added in August 2025.

Among these services, Motivation Cloud Engagement is currently ranked No. 1 in vendor sales and market share in the employee engagement market (the ninth consecutive year: fiscal 2017 to fiscal 2025 forecast) in *ITR Market View: Workplace Optimization Market 2025*, a market research report published by ITR Corporation.

Monthly fee revenue for Motivation Cloud at the end of March 2026 was ¥625,130 thousand (a 20.0% increase). In the first quarter, monthly fee revenue decreased in comparison with the end of December 2025 due to the seasonal effect of contract renewal timing, but new orders from medium-sized companies in addition to large companies are progressing steadily. As a result, our understanding is that progress is as planned toward monthly fee revenue of ¥700,000 thousand projected at the end of December 2026. We will accelerate growth by continuing to promote introduction of the service at medium-sized companies in addition to major corporations.

* As of March 2, 2026, RPA Robo-Pat DX was renamed Robo-Pat AI.

IR Support Business

The IR Support business mainly supports disclosure of human capital management initiatives by providing planning and production services for printed, web-based and visual media and events to corporate clients. Specifically, this business produces voluntary disclosure materials such as integrated reports and shareholder reports for shareholders and investors, creates video content for financial results briefings and other events, which includes soliciting attendees and live streaming, and supports internal branding through events and media.

In this business, revenues for the first three months of 2026 were ¥957 million (a 48.2% increase) and gross profit was ¥509 million (an 80.7% increase).

In the first quarter, revenues and gross profit increased substantially compared with the same period of the previous year, reflecting the acquisition of two IR support companies during and after the second quarter of 2025 and the contribution from the high-margin video streaming services operated by those companies.

This business is currently expanding its customer base and its streaming video service and other recurring revenue services. In 2025, it acquired Japan Strategic Finance Co., Ltd. in April, and e-Associates Inc. in August, making them wholly owned subsidiaries. While Japan Strategic Finance has established a solid market share among small and medium-sized listed companies in Japan, e-Associates has a high market share among large, listed companies in Japan that are included in the JPX400. Both of these companies have recurring revenue services such as video streaming of financial results briefings, and will share their respective customer bases to create new cross-selling opportunities and synergy, expediting the shift to a recurring revenue model.

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.

Segment revenues for the first quarter of 2026 were ¥1,347 million (a 6.8% decrease) and segment income was ¥589 million (a 7.0% decrease). An overview of operating results by business for the first quarter of 2026 is as follows.

Career School Business

The Career School business supports career advancement by providing development courses for IT and language skills as well as qualifications programs for university students and working adults. It provides five services: "Aviva" IT

schools, “Daiei” qualification schools, “Rosetta Stone Learning Center,” “Rosetta Stone Premium Club” and “Hummingbird” foreign language schools.

In this business, revenues for the first quarter of 2026 were ¥1,119 million (a 10.0% decrease) and gross profit was ¥485 million (an 11.4% decrease).

In the first quarter of 2026, revenues and gross profit both decreased compared with the same period of the previous year as a result of decreased enrollment in existing classes, and revenues from online courses, a priority service, were ¥153 million (a 5.0% decrease), reflecting factors including a temporary decline in the number of inquiries.

This business will continue to focus on expanding its online services based on its strength in providing support that helps people stay engaged. In addition, it will promote franchise agreements with co-working space operators and others, enabling learning in various locations. By doing so, it will conduct efficient class operation and expand services with high recurrence rates, such as support for ongoing learning.

Cram School Business

The Cram School business provides educational opportunities in the form of cram schools for elementary, junior high and high school students to support them in acquiring skills to improve their academic performance and play an active role in society. The business operates two types of 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.

In this business, revenues for the first quarter of 2026 were ¥228 million (a 12.5% increase) and gross profit was ¥104 million (a 20.5% increase).

In the first quarter of 2026, revenues and gross profit increased substantially compared with the same period of the previous year as enrollment and revenues per enrollee each continued to increase in line with expectations.

Currently, the business is promoting the use of the “MotiAca Method,” an original instructional method based on Motivation Engineering. Specifically, it enhances learning motivation and helps establish continuous learning habits by diagnosing the personality traits of enrollees and classifying them into 16 types. Instruction is then tailored to their characteristics. In addition to promoting the “MotiAca Method,” the business will continue to grow 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.

Segment revenues for the first quarter of 2026 were ¥5,210 million (a 14.4% increase) and segment income was ¥2,589 million (an 18.0% increase). An overview of operating results by business for the first quarter of 2026 is as follows.

ALT Placement Business

The ALT Placement business supports high-quality English language education by providing high-engagement matching opportunities between local governments and talented individuals from overseas seeking to work in Japan. Specifically, it 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 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 No. 1 share among private companies.

In this business, revenues for the first quarter of 2026 were ¥3,676 million (an 11.3% increase) and gross profit was ¥1,071 million (an 8.8% increase).

In the first quarter of 2026, the number of ALTs dispatched increased as expected, resulting in a significant increase in revenues and an increase in gross profit compared with the same period of the previous year.

The Group will continue working to further expand market share by shifting some services online and utilizing ICT, while leveraging its strength in dispatching high-quality ALTs.

Personnel Placement Business

The Personnel Placement business helps to find the right fit between job applicants and companies by providing an information platform and matching opportunities with high engagement for people looking to find or change jobs. Specifically, it provides a wide range of matching opportunities, including OpenWork, one of Japan's largest employee review platforms, as well as employment referrals for university students.

In this business, revenues for the first quarter of 2026 were ¥1,551 million (a 21.5% increase) and gross profit was ¥1,535 million (a 24.7% increase).

In the first quarter of 2026, OpenWork Inc. ("OpenWork"), which has a particularly high growth rate, continued to steadily accumulate registered users as well as employee online reviews and evaluation scores. In the direct recruiting service (OpenWork Recruiting), the cumulative number of online resume registrations (working adults and students) continued to grow steadily, reaching approximately 1,750,000. As a result of efforts to stimulate recruiting activity among existing customers and job change support activity by agents, and to increase employment opportunities, recruiting by employers and applications from job seekers expanded, and revenues from this service were ¥995 million (a 43.5% increase).

This business will continue to expand synergy with the Organizational Development Division, and will ramp up its matching services.

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 condensed consolidated statements of operations.

To date, the Group has helped 12 companies successfully list their stock. We will continue to support investees to create "Motivation Companies" and accelerate the promotion of human capital management.

(2) Overview of Financial Position for the Three Months Ended March 31, 2026

Total assets as of March 31, 2026 were ¥40,061 million, a decrease of ¥938 million from the end of the previous year. This was mainly due to factors including a ¥3,870 million decrease in cash and cash equivalents, which was offset by a ¥2,986 million increase in other current financial assets.

Total liabilities as of March 31, 2026 were ¥24,140 million, a decrease of ¥41 million from the end of the previous year. This was mainly due to factors including a ¥1,614 million increase in interest-bearing and other financial liabilities, which was offset by an ¥881 million decrease in trade and other payables, a ¥248 million decrease in lease liabilities, and a ¥597 million decrease in income tax payable.

Total equity as of March 31, 2026 was ¥15,920 million, a decrease of ¥896 million from the end of the previous year. While the Group posted net income attributable to owners of the parent, the decrease in equity was mainly due to the acquisition of treasury shares and the distribution of dividends from surplus.

(3) Overview of Cash Flow for the Three Months Ended March 31, 2026

Cash and cash equivalents ("cash") as of March 31, 2026 were ¥7,503 million, a decrease of ¥870 million during the period.

Cash flow during the three months ended March 31, 2026 was as follows.

Cash Flow from Operating Activities

Net cash provided by operating activities was ¥274 million, compared with net cash used of ¥155 million in the same period of the previous year. The principal factors increasing cash included a ¥253 million increase in income before income taxes and a ¥136 million decrease in income taxes paid.

Cash Flow from Investing Activities

Net cash used in investing activities was ¥332 million, an increase of ¥213 million compared with the same period of the previous year. The principal factors decreasing cash included payments for acquisition of intangible assets of ¥79 million and payment for purchase of affiliated company shares of ¥96 million.

Cash Flow from Financing Activities

Net cash used in financing activities was ¥815 million, compared with net cash provided of ¥363 million in the same period of the previous year. The principal factors increasing cash included a ¥500 million net increase in short-term financial liabilities, while the principal factors decreasing cash included a ¥1,586 million payment for acquisition of treasury shares.

(4) Forecast

In the first quarter of 2026, revenues and operating income both increased substantially compared with the same period of the previous year, with growth driven by the core Consulting & Cloud business. The Company is making steady progress toward its performance forecasts for the fiscal year ending December 31, 2026 with revenues of ¥46,700 million (a 12.5% increase) and operating income of ¥6,310 million (a 50.1% increase).

For companies, the importance and difficulty of continuing to be chosen by employees and applicants has been rapidly increasing amid the declining working-age population, the shift toward knowledge- and service-based businesses, and the diversification of work motivation in recent years. In addition, it is expected that competition to acquire top talent will intensify further due to the advancement of AI technology. In these conditions, companies need to improve employee engagement in order to retain and attract talent, and enhance their human resource capabilities so that current employees can perform at their full potential. These changes in the business environment represent a major opportunity for the Group. At the same time, interest continues to increase in human capital management, which views human resources as a form of capital and aims to enhance medium- to long-term corporate value by bringing out the full value of that capital. In light of these trends, the Group will focus in the near term on the Consulting & Cloud business of the Organizational Development Division, which has high growth potential, and is promoting a shift to a recurring revenue business model.

In February 2026, as a medium-term growth strategy, the Group has set the goal of achieving operating income of ¥10.0 billion in 2028 and ¥15.0 billion in 2030. As the key indicator for that, we aim to achieve annual recurring revenue (ARR) of ¥15.0 billion in 2028 and ¥24.0 billion in 2030, centered on Motivation Cloud. Going forward, we will accelerate business growth through both expansion of new services and expansion of existing services in Motivation Cloud.

Table 3. ARR Growth Policy for Achievement of 2030 Plan

Expansion of New Services	Expansion of Existing Services
Promote shift to the cloud in new areas of our transformation services and develop business primarily with existing major customers	In addition to domestic major companies, expand target to domestic medium-sized enterprises

An overview of specific initiatives is described below.

Expansion of New Services

To present, the Group has worked to expand its diagnostic services with a focus on major companies, against a backdrop of disclosure of human capital information becoming mandatory. Currently, interest among major companies is expanding from "disclosure" to actual "transformation." In response to this change, the Group is working to expand its transformation services by promoting the shift of consulting services to the cloud. As a first step, we will shift to the cloud in the areas of recruiting support and management support.

In recruiting support, we released Motivation Cloud Entry Management in April 2026. Currently, while the cost of recruiting is rising at many companies, their fill rates are declining, and inadequate satisfaction with the quality of hires is an issue. Therefore, it is expected that greater emphasis will be placed on outcome-oriented recruiting support that simultaneously achieves recruiting quantity and quality. Since its founding, the Group has contributed to the recruiting success of corporate clients through side-by-side support as part of its consulting services, but that conventional model was a structure in which the number of companies that could be supported depended on the number of available consultants. By shifting some consulting to the cloud, we will expand the number of companies we support and achieve a high level of side-by-side support through data utilization. Specifically, in addition to analyzing the attributes of target candidates using our BRIDGE aptitude survey, we will raise business efficiency by integrating Web interviews and other functions in the recruiting DX service "harutaka" of ZENKIGEN Inc., and utilizing the data accumulated in the recruiting process to deliver more accurate consulting support. Monthly fee revenue for April 2026 has steadily progressed since the release of this service. Even compared with our diagnostic service Motivation Cloud Engagement, it has taken off quickly, and we are expecting it to grow further.

In management support, we are conducting in-house development of cloud services that free up time for managers to devote to the work they should focus on. Task efficiency has increased with the rise of AI, but the burden on managers remains heavy. We have been providing management-related expertise centered on training, but through new in-house development of cloud services that use AI agents, we will create an environment that allows managers to devote their time to the work they should focus on. Development is steadily progressing toward a release during 2026.

Expansion of Existing Services

In expansion of existing services, we will expand the target customers of our diagnostic service Motivation Cloud Engagement to domestic medium-sized enterprises. Until now, we have introduced this service mainly at large enterprises, and have built up support experience and expertise in the process. Introduction of the service in the manufacturing industry and construction industry is already accelerating, and we will further deepen our efforts in industries where adoption by large enterprises is significant.

In addition to the consulting activities discussed above, and alongside significant growth in revenues in the Personnel Placement business, including OpenWork, we will accelerate growth throughout the Group by expanding the IR Support business and increasing market share in the ALT Placement business.

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, 2025	As of March 31, 2026
ASSETS		
Current assets		
Cash and cash equivalents	11,374	7,503
Trade and other receivables	4,801	4,603
Inventories	238	251
Other current financial assets	15	3,001
Other current assets	1,123	1,241
Total current assets	17,553	16,601
Non-current assets		
Property, plant and equipment	667	660
Right-of-use assets	3,243	3,026
Goodwill	11,983	12,010
Intangible assets	2,667	2,680
Investments accounted for using the equity method	2,095	2,158
Other non-current financial assets	2,258	2,428
Deferred tax assets	468	433
Other non-current assets	62	60
Total non-current assets	23,445	23,459
Total assets	40,999	40,061

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

	As of December 31, 2025	As of March 31, 2026
LIABILITIES AND EQUITY		
LIABILITIES		
Current liabilities		
Trade and other payables	2,560	1,679
Contract liabilities	1,770	1,915
Interest-bearing and other financial liabilities	5,286	7,157
Lease liabilities	1,028	969
Income tax payable	1,097	500
Provisions	23	1
Other current liabilities	2,293	2,255
Total current liabilities	14,061	14,480
Non-current liabilities		
Interest-bearing and other financial liabilities	7,005	6,748
Lease liabilities	2,221	2,032
Provisions	388	386
Deferred tax liabilities	398	387
Other non-current liabilities	106	104
Total non-current liabilities	10,120	9,659
Total liabilities	24,181	24,140
EQUITY		
Equity attributable to owners of the parent		
Share capital	1,380	1,380
Capital surplus	3,658	3,642
Treasury shares	(0)	(1,587)
Retained earnings	9,424	9,863
Other components of equity	(872)	(786)
Total equity attributable to owners of the parent	13,590	12,513
Non-controlling interests	3,226	3,407
Total equity	16,817	15,920
Total liabilities and equity	40,999	40,061

(2) Condensed Consolidated Statements of Operations and Comprehensive Income

Condensed Consolidated Statements of Operations

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

	Three months ended March 31, 2025	Three months ended March 31, 2026
Revenues	9,370	10,688
Cost of sales	4,311	4,673
Gross profit	5,058	6,014
Selling, general and administrative expenses	3,794	4,523
Other income	8	6
Other expenses	51	7
Operating income	1,221	1,489
Financial revenues	5	15
Financial expenses	25	55
Equity in earnings of affiliates	57	63
Income before income taxes	1,259	1,512
Income taxes	404	479
Net income	855	1,033
(Attributable to)		
Owners of the parent	746	867
Non-controlling interests	109	166
Total	855	1,033

(Yen)

Earnings per share attributable to owners of the parent		
Basic earnings per share	7.01	7.87
Diluted earnings per share	7.01	7.86

Condensed Consolidated Statements of Comprehensive Income

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

	Three months ended March 31, 2025	Three months ended March 31, 2026
Net income	855	1,033
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	84	91
Total of items that will not be reclassified to profit or loss	84	91
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	(8)	0
Total of items that may be reclassified to profit or loss	(8)	0
Total other comprehensive income	76	91
Total comprehensive income	931	1,125
(Attributable to)		
Owners of the parent	822	958
Non-controlling interests	109	166
Comprehensive income	931	1,125

(3) Condensed Consolidated Statements of Changes in Equity

Three months ended March 31, 2025

(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, 2025	1,380	2,680	(1,182)	9,447	(1,040)	11,285	3,099	14,384
Net income	—	—	—	746	—	746	109	855
Other comprehensive income	—	—	—	—	76	76	—	76
Total comprehensive income	—	—	—	746	76	822	109	931
Change in ownership interest in subsidiaries	—	(100)	—	14	—	(86)	(165)	(251)
Dividends from surplus	—	—	—	(351)	—	(351)	—	(351)
Exercise of stock acquisition rights	—	8	—	—	(8)	—	—	—
Share-based payment transactions	—	9	—	—	(8)	1	—	1
Transfer from other components of equity to retained earnings	—	—	—	3	(3)	—	—	—
Total transactions with the owners	—	(82)	—	(333)	(19)	(436)	(165)	(601)
March 31, 2025	1,380	2,598	(1,182)	9,860	(984)	11,672	3,042	14,714

Three months ended March 31, 2026

(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, 2026	1,380	3,658	(0)	9,424	(872)	13,590	3,226	16,817
Net income	—	—	—	867	—	867	166	1,033
Other comprehensive income	—	—	—	—	91	91	—	91
Total comprehensive income	—	—	—	867	91	958	166	1,125
Acquisition of treasury shares	—	(29)	(1,586)	—	—	(1,616)	—	(1,616)
Change in ownership interest in subsidiaries	—	27	—	—	—	27	13	40
Dividends from surplus	—	—	—	(454)	—	(454)	—	(454)
Exercise of stock acquisition rights	—	5	—	—	(5)	—	—	—
Share-based payment transactions	—	(19)	—	—	—	(19)	—	(19)
Other	—	—	—	27	—	27	—	27
Total transactions with the owners	—	(16)	(1,586)	(427)	(5)	(2,035)	13	(2,022)
March 31, 2026	1,380	3,642	(1,587)	9,863	(786)	12,513	3,407	15,920

(4) Condensed Consolidated Statements of Cash Flow

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

	Three months ended March 31, 2025	Three months ended March 31, 2026
Cash flow from operating activities		
Income before income taxes	1,259	1,512
Depreciation and amortization	442	492
Loss on impairment	49	0
Valuation loss (gain) on investment securities	—	(1)
Financial revenues and financial expenses	20	40
Equity in earnings (loss) of affiliates	(57)	(63)
Decrease (increase) in trade and other receivables	118	197
Decrease (increase) in inventories	18	(12)
Increase (decrease) in trade and other payables	(733)	(892)
Other	(41)	108
Subtotal	1,076	1,381
Interest and dividends received	3	10
Interest paid	(28)	(48)
Income taxes paid	(1,206)	(1,069)
Net cash provided by (used in) operating activities	(155)	274
Cash flow from investing activities		
Payments for acquisition of property, plant and equipment	(27)	(15)
Payments for acquisition of intangible assets	(125)	(204)
Proceeds from sale of investment securities	7	—
Payments for acquisition of shares in affiliated companies	—	(96)
Payments for security deposits and guarantees	(14)	(4)
Proceeds from recovery of security deposits and guarantees	40	1
Payments for fulfillment of asset retirement obligations	(17)	(31)
Other	17	18
Net cash provided by (used in) investing activities	(119)	(332)
Cash flow from financing activities		
Net increase (decrease) in short-term financial liabilities	1,400	1,900
Proceeds from long-term financial liabilities	510	297
Repayment of long-term financial liabilities	(512)	(582)
Payments of cash dividends	(352)	(453)
Repayment of lease liabilities	(262)	(299)
Proceeds from payments from non-controlling interests	—	10
Payments for acquisition of interests in subsidiaries from non-controlling interests	(270)	—
Payments for acquisition of treasury shares	—	(1,586)
(Increase) decrease in deposits	(147)	(100)
Net cash provided by (used in) financing activities	363	(815)
Cash and cash equivalents translation adjustment	(8)	3
Net increase (decrease) in cash and cash equivalents	80	(870)
Cash and cash equivalents at beginning of quarter	8,607	8,374
Cash and cash equivalents at end of quarter	8,687	7,503

(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 three months ended March 31, 2026 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 consolidated financial statements for the previous fiscal year.

(Segment Information, Etc.)

(Segment Information)

1. Overview of Reportable Segments

The reportable segments of the Group are based on available financial information divided among the constituent units of the Group and are subject to periodic analysis by the Board of Directors to determine allocation of management resources and to evaluate operating results.

The Group draws up comprehensive strategies and conducts business activities for the services it handles.

The Group is composed of divisional segments based on the form in which services are provided, with three reportable segments: the "Organizational Development Division," the "Individual Development Division," and the "Matching Division."

2. Revenues, Income or Loss, and Other Items in Reportable Segments

The accounting policies for reportable segments are the same as the Group's accounting policies.

Income of reportable segments is based on gross profit on the Consolidated Statement of Operations.

Values of intersegment transactions are decided using the same method as for sales to outside customers.

Revenues, income or loss, and other items for each reportable segment of the Group are as follows.

Three months ended March 31, 2025

(Millions of yen)

	Reportable Segment				Other (Note 1)	Adjustment (Note 2)	Consolidated
	Organizational Development Division	Individual Development Division	Matching Division	Total			
Segment revenues							
Revenue to outside customers	3,529	1,439	4,397	9,366	4	—	9,370
Intersegment revenues and transfers	82	7	158	248	14	(262)	—
Total	3,611	1,446	4,556	9,614	18	(262)	9,370
Segment income	2,457	633	2,193	5,285	(3)	(222)	5,058
Selling, general and administrative expenses							3,794
Other revenue/expenses (net)							(42)
Financial revenue/ expenses (net)							(20)
Equity in earnings of affiliates							57
Income before income taxes							1,259

Notes: 1. The Other segment consists of the restaurant business and other operations not included in the other reportable segments.

2. Adjustment is the elimination of intersegment transactions.

Three months ended March 31, 2026

(Millions of yen)

	Reportable Segment				Other (Note 1)	Adjustment (Note 2)	Consolidated
	Organizational Development Division	Individual Development Division	Matching Division	Total			
Segment revenues							
Revenue to outside customers	4,253	1,333	5,099	10,686	1	—	10,688
Intersegment revenues and transfers	33	14	110	158	14	(173)	—
Total	4,287	1,347	5,210	10,844	16	(173)	10,688
Segment income	2,954	589	2,589	6,133	(1)	(117)	6,014
Selling, general and administrative expenses							4,523
Other revenue/expenses (net)							(1)
Financial revenue/ expenses (net)							(40)
Equity in earnings of affiliates							63
Income before income taxes							1,512

Notes: 1. The Other segment consists of the restaurant business and other operations not included in the other reportable segments.
2. Adjustment is the elimination of intersegment transactions.

(Notes Regarding Assumption of Going Concern)

None applicable

(Significant Subsequent Events)

None applicable