

Individual Passion Inspires the World

Link and Motivation Inc.

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

Integrated Report

IR BOOK
2020



Link and Motivation Group

Continued Growth through Engagement Management

The COVID-19 pandemic has changed the world dramatically and the world will continue to change. One thing, however, that will not change is the fact that society is the product of organizations and individuals.

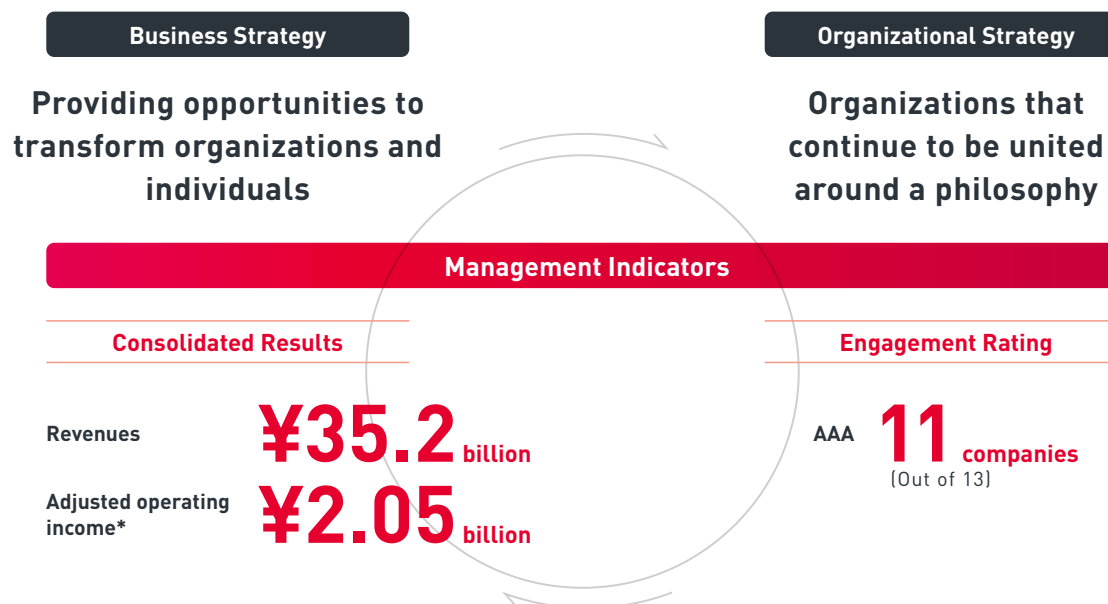
The Link and Motivation Group (LMG) promotes Engagement Management that increases the engagement (mutual understanding and affinity) between the Group and its stakeholders using Motivation Engineering, its core technology, in order to carry out its mission to create a more meaningful society.

Structure of This Report



At a Glance

LMG in Numbers (As of December 31, 2020)



Stable Business Portfolio

(Share of total gross profit)

Organizational Development Division	Approx. 45%
Individual Development Division	Approx. 14%
Matching Division	Approx. 41%

Extensive Value Provided

Organizational Development Division Number of customers	2,165 companies
Individual Development Division Number of enrollees	16,245 people (Average number of enrollees per year)
Matching Division Number of matches	4,797 people (Average number of workers dispatched per year)

Market Evaluation

Moved to First Section of Tokyo Stock Exchange	8 years after founding
5-year stock growth rate	468% (December 31, 2020 vs. December 31, 2015)

Unique Databases

Organizational diagnostic data	1.83 million employees at 7,350 companies
Individual diagnostic data	Approx. 400 thousand people
Number of online reviews	Approx. 10.5 million reviews

Improving Employee Engagement

Employee reviews/ Group general meetings	4 times yearly
Internal media access rate (January 2021)	84.5%

* Adjusted operating income is a profit indicator that measures operating results by excluding temporary factors such as impairment of goodwill, right-of-use assets and fixed assets from operating income.



IR BOOK 2020
<https://www.lmi.ne.jp/english/>

Introduction

LM Mission

Business Strategy

Organizational Strategy

Corporate Governance

Corporate Data

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Growing as a new prototype for corporate management that links businesses and organizations with the aim of becoming a true one-of-a-kind presence

Looking Back over the 20 Years since the Company's Founding

About 20 years ago, before the English word “motivation” was generally known in Japan, I was certain about one thing: As Japan’s working population decreases and the source of companies’ competitive advantages shifts from tangible goods to intangibles, human resources and organizations will become crucial assets for corporate management. To convey this message to society, I established the world’s first management consulting company focused on motivation.

Over the past two decades, we have grown substantially, based on “Motivation Engineering,” our core technology. In addition to the Organizational Development Division, where we make work more meaningful for employees and provide organizations with opportunities for growth, we created the Individual Development Division to make life more meaningful for individuals, as well as the Matching Division, where we connect organizations and individuals. We take pride in the new values we have provided to Japanese society, including the importance of employee engagement and independent career development.

Message from Management



Ozasa Yoshihisa
Chairman and
Representative Director
Link and Motivation Inc.

Message from Management

Social Change and Our Mission

We are still in the first phase of our growth. The COVID-19 pandemic has changed the world dramatically. Change, which continues at an unprecedented pace, includes advances in the digital transformation of society and major changes in work styles. But without a doubt, one thing that will not change is the fact that society is a product of organizations and individuals. The only way to deal with the risks companies and individuals face is to improve the capabilities of organizations and human resources. We will grow further as we position LMG as the organizational development department and the human resource development department of Japan Inc. (a way of viewing Japan as one company).

Building an Engagement Chain between Organizations and Individuals

In the process of improving their competitive advantage in their respective fields, the Organizational Development Division, Individual Development Division and Matching Division have acquired various data on organizations and individuals. This includes extensive personnel-related data, some of which correlates with corporate performance. Naturally, utilization of this data will be a key strategic

issue in our medium-to-long-term growth. To achieve discontinuous growth going forward, we will link the unique databases on “employee engagement,” “individual career development,” “learning” and “matching” of each division to rapidly improve engagement between organizations and individuals—in other words, we will build an “engagement chain.” In so doing, we will support the sustainable growth of Japanese society.

For Medium-to-Long-Term Growth

To build an engagement chain, the Link and Motivation Group must make itself a “Motivation Company” with high employee engagement where each employee embodies the “i-Company” (an individual who independently and autonomously develops his or her own career) concept. In addition to our business strategy, we will promote organizational and human resource strategies that are a step ahead of the times as we continue to offer products and services that we truly believe are valuable. You can look forward to our progress in the years to come.

March 2021



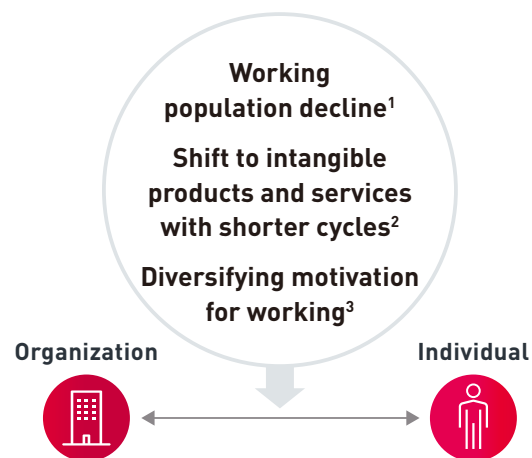
Ozasa Yoshihisa

LM Mission

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

A Changing Environment for Organizations and Individuals

Increasing polarization of organizations and individuals, into ones that are chosen and ones that are not chosen



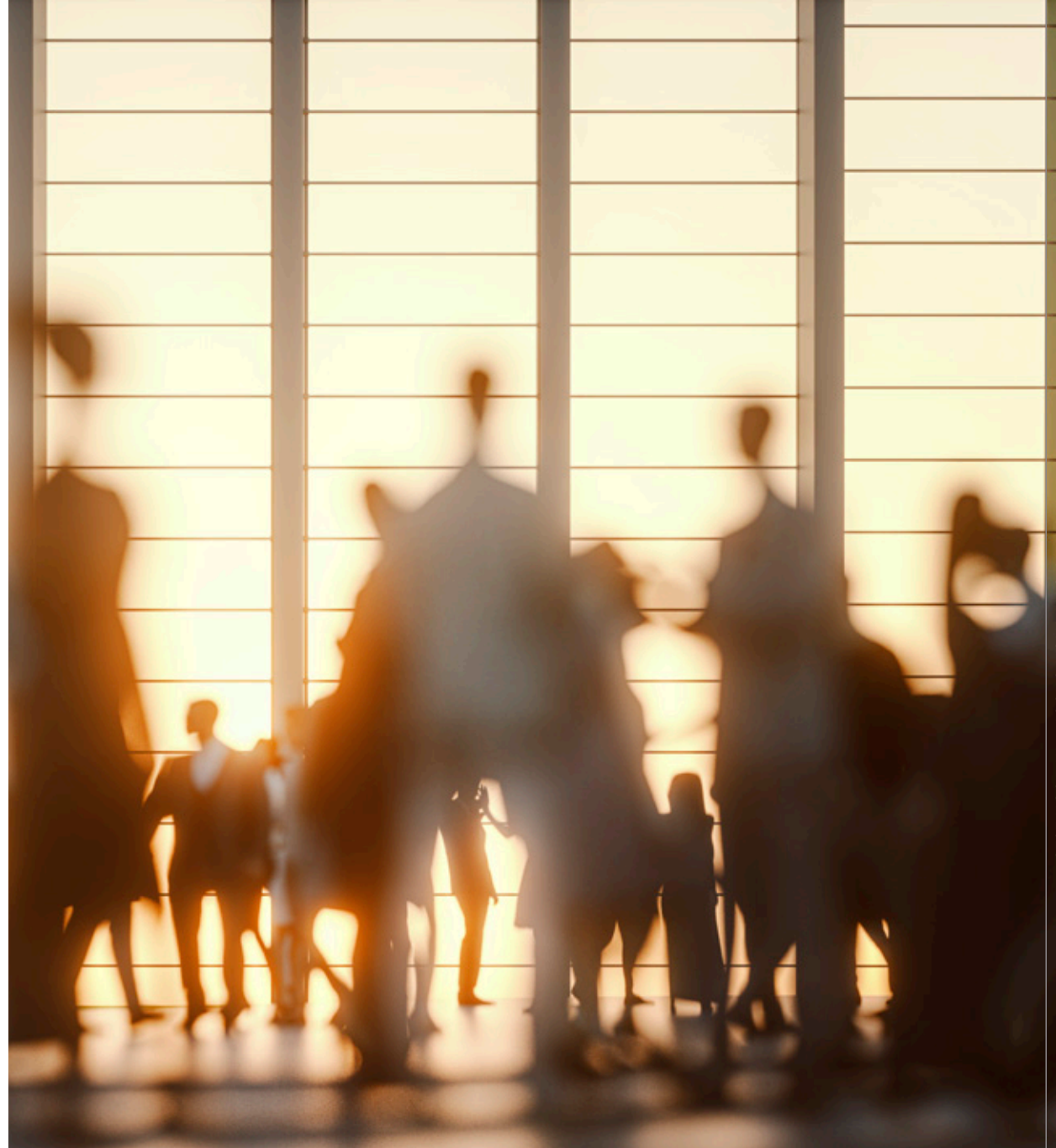
1. Due to a declining birthrate and aging population, Japan's working-age population is decreasing. The ratio to the total population was 67.4% in 1980, but decreased to 59.5% in 2019 and is expected to decrease further to 51.8% by 2050.
2. The proportion of tertiary industries is rising. The value of intangible products and services in business increased from 54.8% in 1980 to 73.4% in 2019.
3. Engel's coefficient has decreased year by year, from 41.6% in 1960 to 25.7% in 2018. With the decrease in the Engel's coefficient, the motivation for working is shifting to satisfying higher-level desires for self-actualization.

Sources: In-house calculation based on materials from the Statistics Bureau, Ministry of Internal Affairs and Communications and the National Institute of Population and Social Security Research



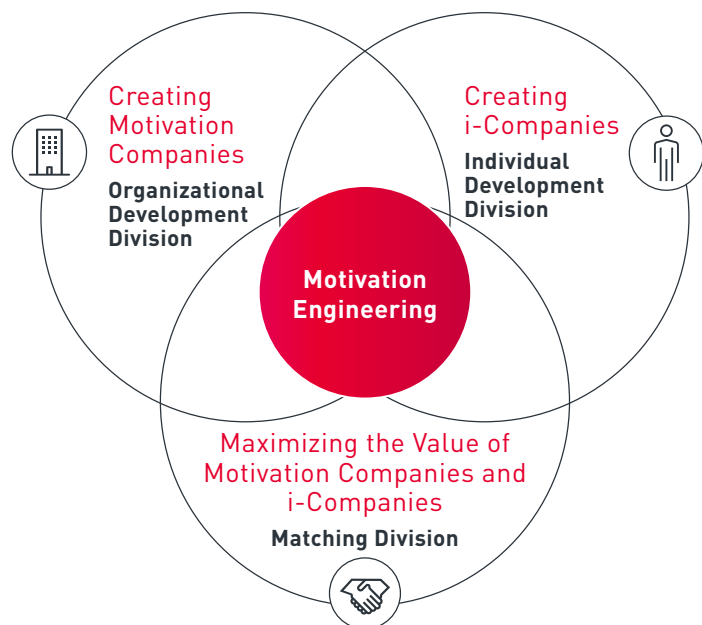
We Will Create a More Meaningful Society

The affluence of society is determined by the amount of “meaning” that arises from the connection between diverse organizations and individuals and stakeholders.



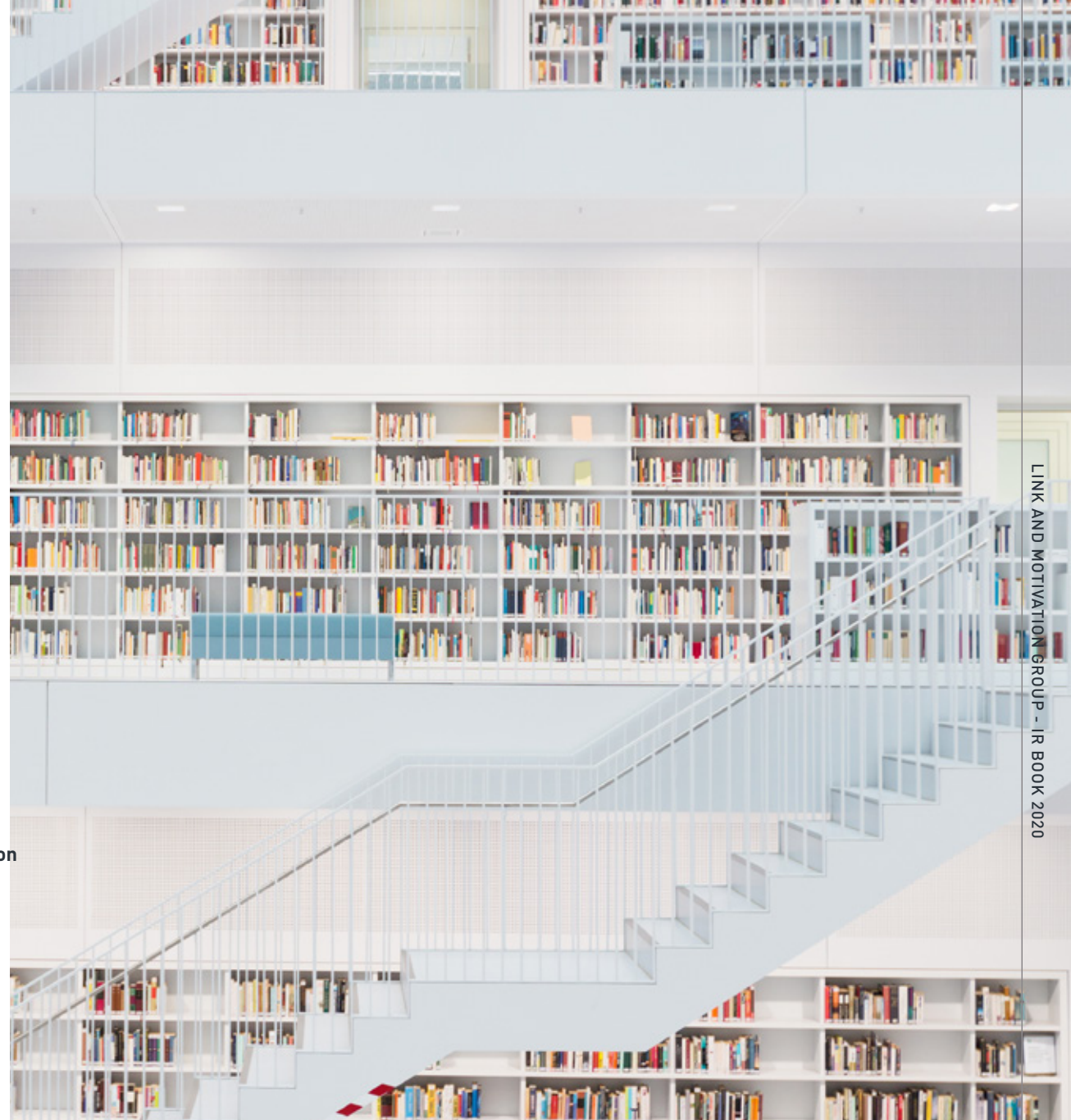
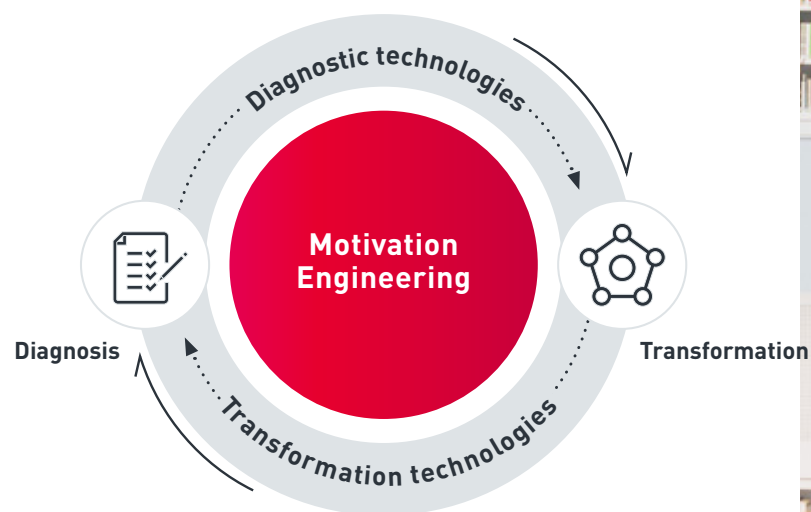
Providing Opportunities to Transform Organizations and Individuals

A three-division system based on Motivation Engineering



Motivation Engineering, Our Core Technology

The foundation for building business models, it is a unique technology based on academic findings



Business Strategy

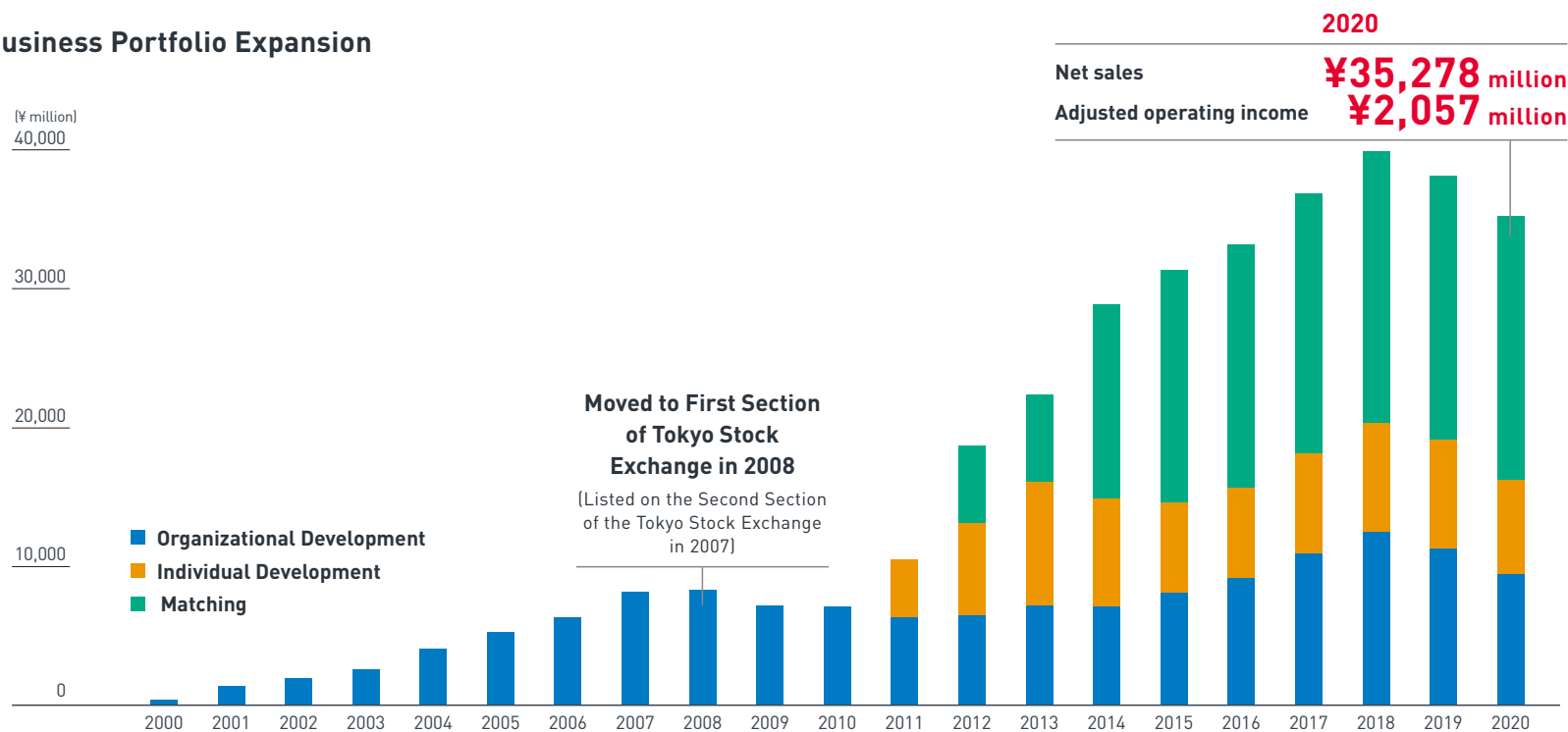


Evolution of Our Business Strategy

Growth from Rolling Out Motivation Engineering, Our Core Technology, in Multiple Fields

Since our founding, we have made advances in Motivation Engineering, our core technology, while helping to transform a wide range of customers and expanding our business portfolio. In addition to the growth of our organizational and personnel consulting business in the B-to-B field, which we have been conducting since our founding in 2000, we have diversified our operations through aggressive M&A to expand into the B-to-C field in 2011 and the matching field in 2012.

Business Portfolio Expansion



- From 2017, the Company has adopted International Financial Reporting Standards (IFRS) in place of the previously used generally accepted accounting principles in Japan (J-GAAP). Figures for 2016 have been restated to reflect the change.
- The figures for 2011 to 2014 have been retroactively revised to reflect current internal business classifications.

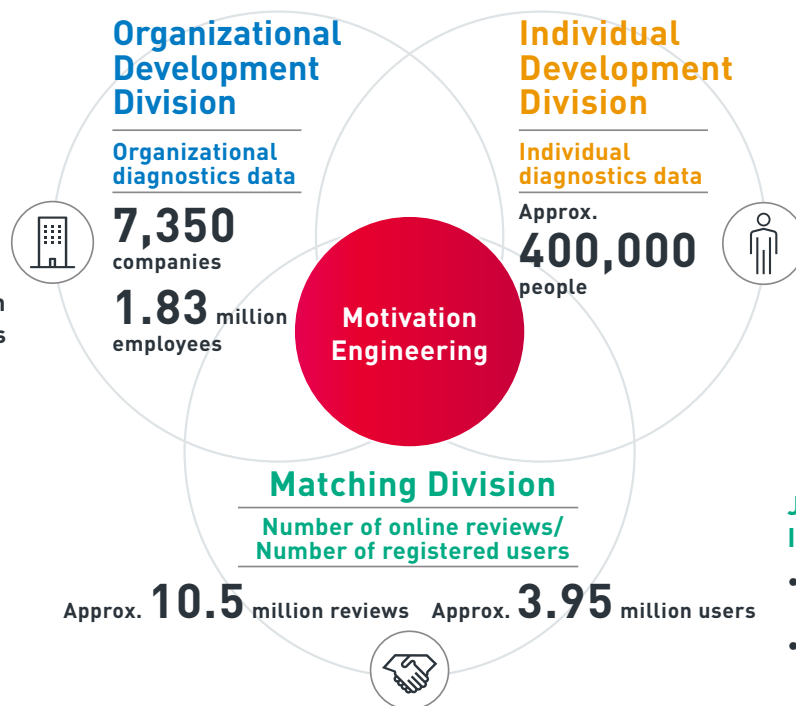
Motivation Engineering and a Unique Database

From our foundation in Motivation Engineering, which is our core technology, we have amassed a variety of data in the process of providing a cycle of diagnosis and transformation to organizations and individuals. In the Organizational Development Division, we have been accumulating diagnostic data on organizations of various sizes in a wide range of industries and business fields for more than 20 years. In the Individual Development Division, we have been accumulating data on the motivation types and skills of individuals for about a decade. In the Matching Division, we acquired organizational and personal data that is outstanding in terms of both quality and quantity through the acquisition of OpenWork Inc. in 2019. These measures have laid the foundation for accelerating the creation of Motivation Companies and i-Companies.

Our Unique Database

Useful for Verifying the Effectiveness of Business Strategies

- Quantitative data that correlate with business performance
- 20 years of diagnostic data on organizations of various sizes in a wide range of industries and business fields



Enable Comparison of Work Performance and Career Achievement

- Diverse, wide-ranging data on human resources and skills
- Individual learning data

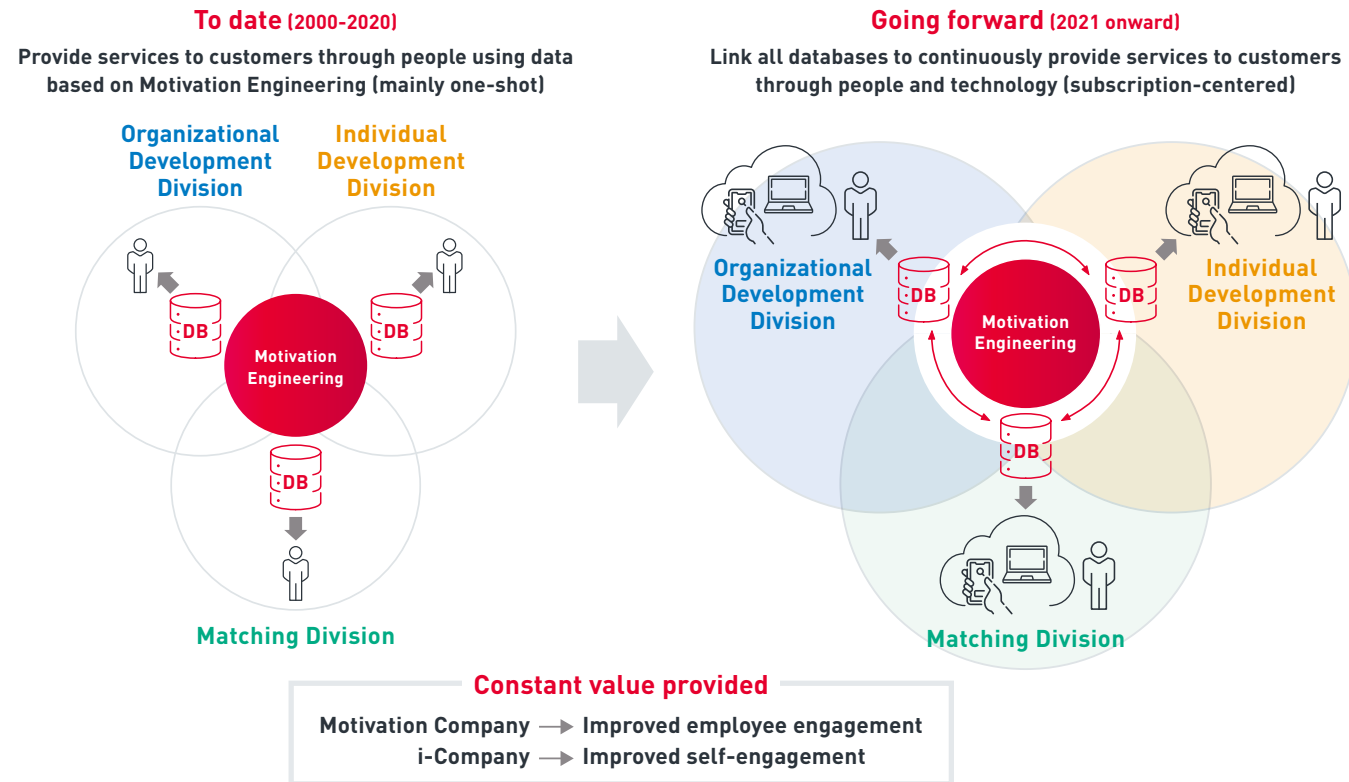
Job Search Database That Leads to Improved Employee Engagement

- Creation of data from frank opinions on working conditions/working environment
- First engagement database of its kind in Japan

Medium-to-Long-Term Growth Strategy

Creating an Engagement Chain between Organizations and Individuals

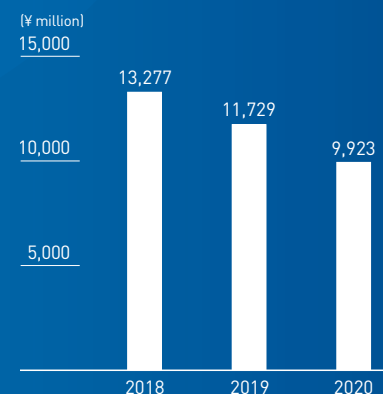
Until now, each division has been using people to maximize value. However, to achieve further growth, in addition to stepping up cooperation between divisions, we must evolve our business into a subscription model that can continue to provide services. Going forward, we will link the unique databases of each division to multiply the strengths of both people and technology, and to optimize those advantages. By doing so, we will create an “engagement chain” that provides a customer experience that dramatically improves engagement between organizations and individuals, making us an unrivaled value provider.



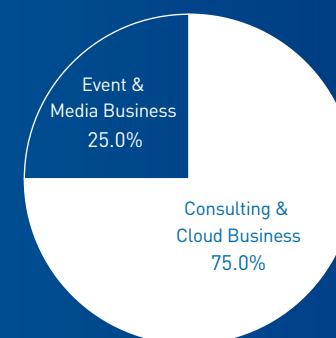
Organizational Development Division

Creating Motivation Companies

Revenues



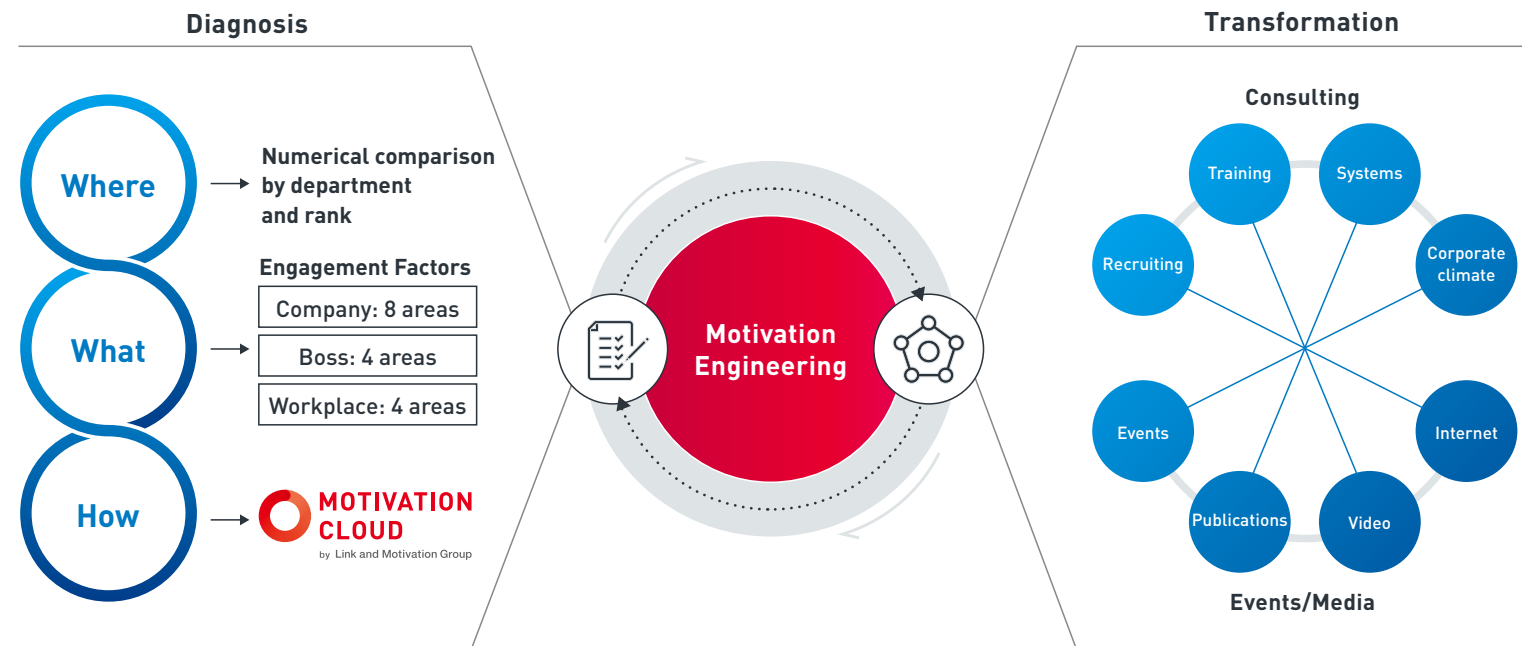
Revenues by Business (2020)



Using Diagnosis and Transformation to Create Motivation Companies

A Motivation Company is defined as an organization that realizes a philosophy of "One for All, All for One." Realizing that philosophy requires creating a situation in which the company improves the various elements that motivate its employees to work and in which the employees make the maximum contribution to business results. We aim to create numerous Motivation Companies by identifying issues related to "where," "what" and "how" in an organization to provide the appropriate solution according to the results of our diagnosis.

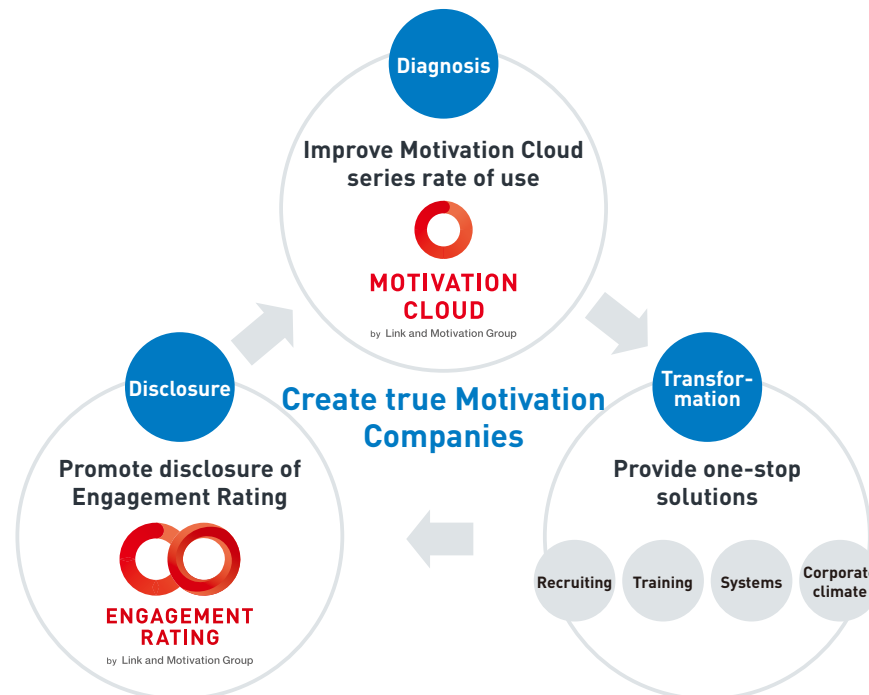
Diagnosis and Transformation Cycle



Providing a New Value Chain for Corporate Management over the Medium to Long Term

Over the last 20 years, interest in employee engagement has increased rapidly around the world, and expectations are growing for its use as a yardstick for measuring corporate management from a non-financial perspective. We will work to expand the engagement market by further increasing the number of Motivation Companies. Specifically, in addition to increasing the rate of use of the Motivation Cloud series and revenue per customer through one-stop consulting, we will increase the value we provide by broadening the scope of our solutions to include support for disclosure of human capital indicators in the capital market.

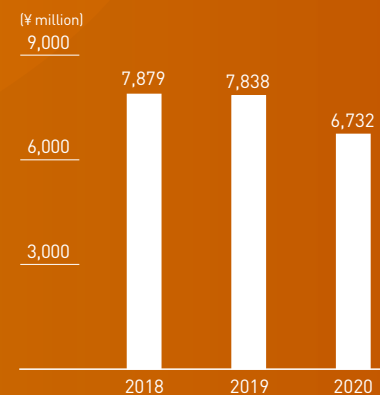
A Cycle of Diagnosis, Transformation and Disclosure That Changes the Conventional Definition of a Good Company



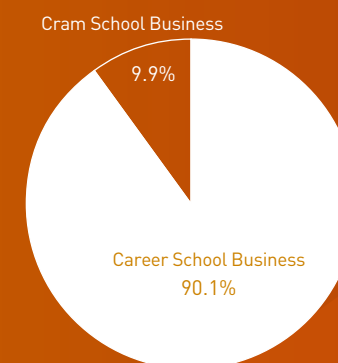
Individual Development Division

Creating i-Companies

Revenues



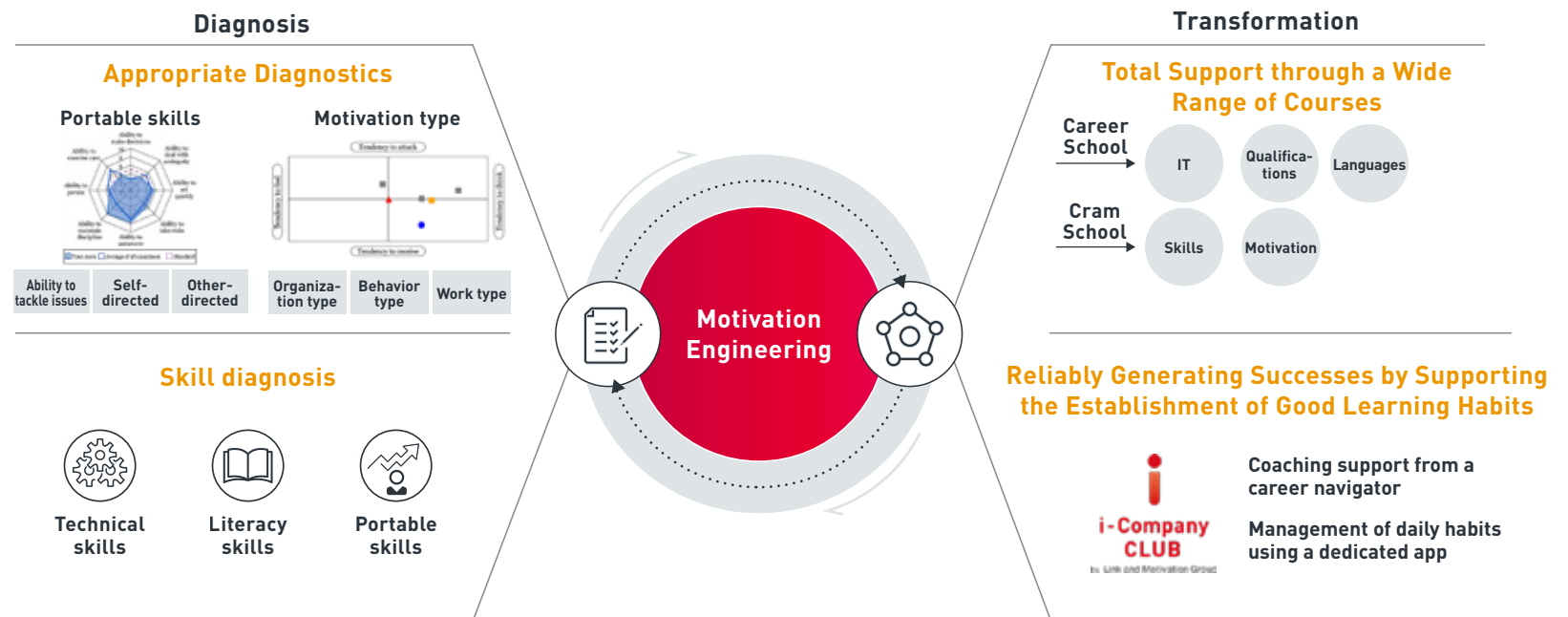
Revenues by Business (2020)



Using Diagnosis and Transformation to Create i-Companies

An “i-Company” is defined as an individual who continues to be selected in the market, or in other words, an individual who independently and autonomously develops his or her own career and life. To become an i-Company, an individual must not only learn efficiently, but must also have the high level of motivation required to continue learning without becoming discouraged. For all types of individuals, from elementary school students looking to independently take a school entrance exam to working adults trying to obtain qualifications or just improve their skills, we will continue to offer one-stop support that ranges from setting goals (i-Company vision) to understanding one’s own issues, providing opportunities for learning online and in classrooms, and formulating and modifying plans.

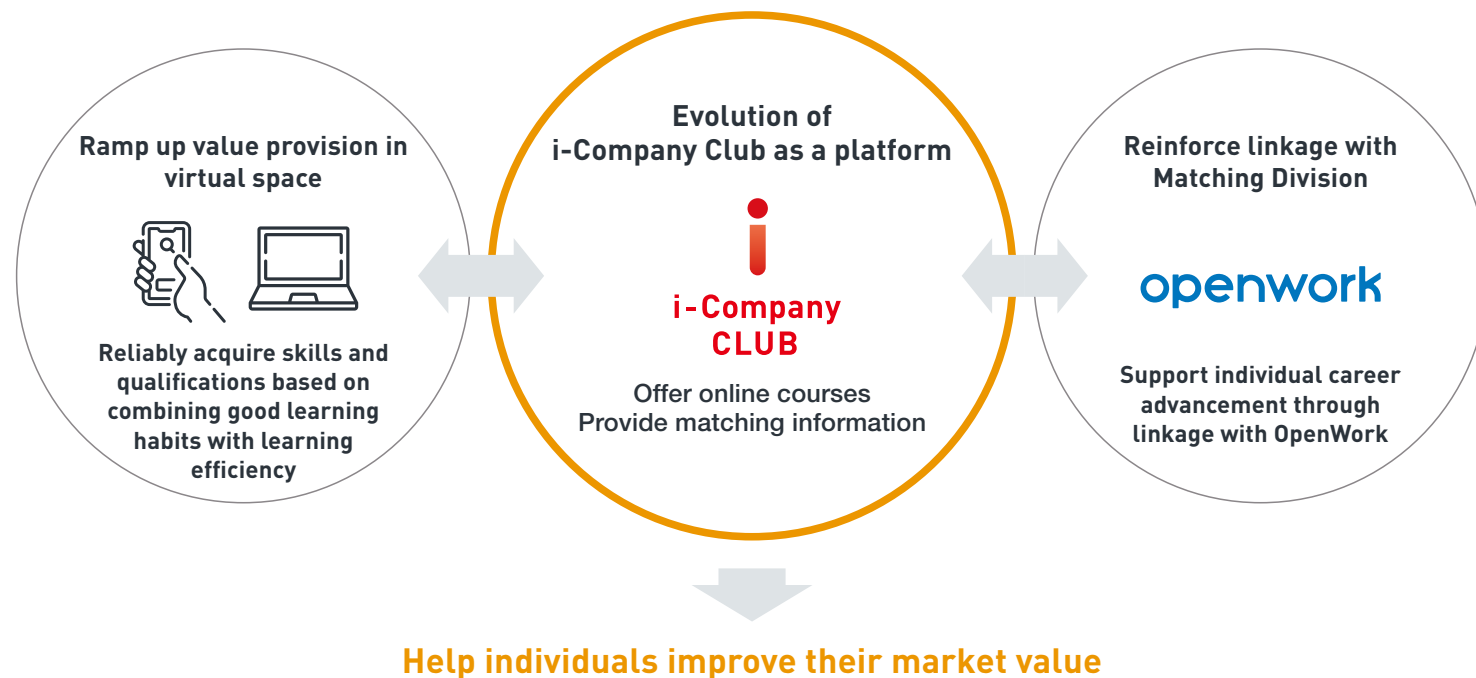
Diagnosis and Transformation Cycle



Accelerating the Creation of a Model for Providing Value in Virtual Space over the Medium to Long Term

The key to self-fulfillment is reliably achieving results in passing exams, acquiring qualifications and improving skills. We will use the strengths we have cultivated in offering real-world services in classrooms to provide value even faster in virtual space. Specifically, we will use i-Company Club as a platform to provide online courses for improving good learning habits and learning efficiency, and help individuals improve their market value through support for career advancement in collaboration with OpenWork.

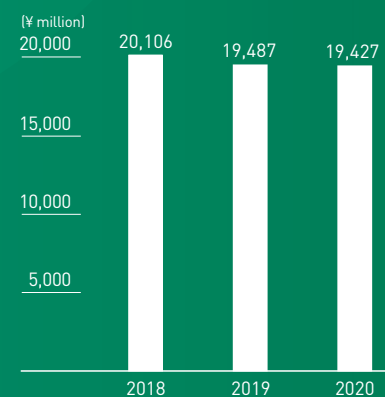
Model for Providing Value in Virtual Space Using i-Company Club as a Platform



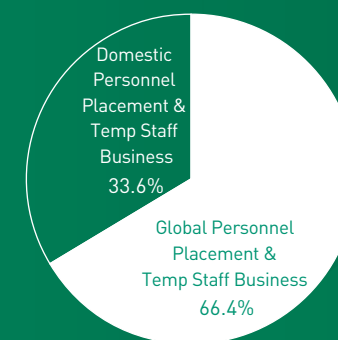
Matching Division

Maximizing the Value of Motivation Companies and i-Companies

Revenues



Revenues by Business (2020)

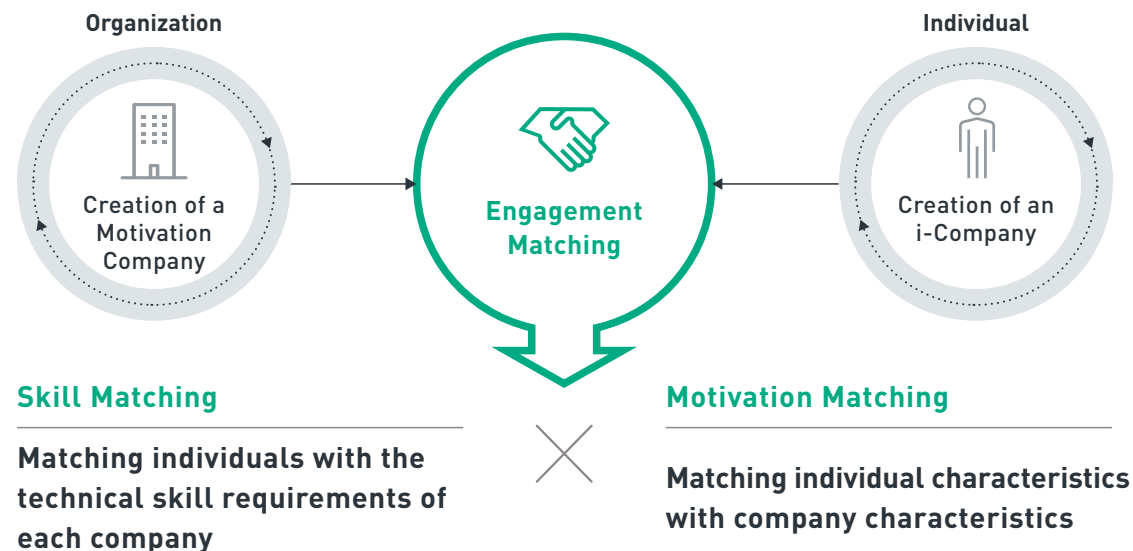


Maximize the Value of Motivation Companies and i-Companies through Engagement Matching

We match Motivation Companies, which have a high level of employee engagement, with i-Companies, which are capable individuals who independently and autonomously develop their own careers. To maximize the value of both the organization and the individual, we conduct matching based not only on the conventional criterion of skills but also motivation type.

Based on the data we have obtained from our diagnostic technology of Motivation Engineering, we will continue to provide true “engagement matching” by efficiently and effectively achieving real mutual understanding and affinity between organizations and individuals.

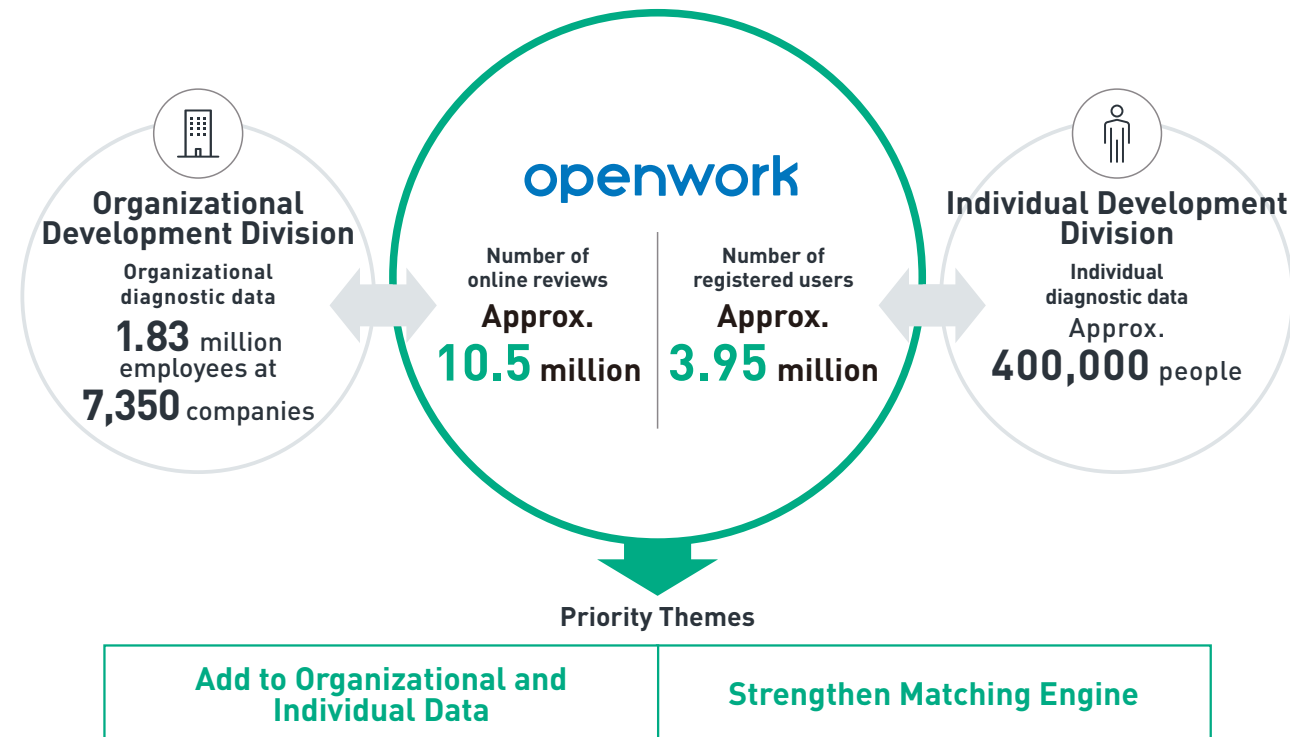
Engagement Matching between Organizations and Individuals



Using OpenWork and LMG's Assets to Create New Value over the Medium to Long Term

We will further enhance synergies with OpenWork Inc., which joined the Link and Motivation Group as a consolidated subsidiary in 2020. By combining OpenWork's assets, consisting of its numerous online company reviews and registered users, with Link and Motivation's data on organizations and individuals, we will achieve even better engagement matching. Specifically, by strengthening our unique matching engine utilizing these assets to increase the number of job offers through OpenWork, we will achieve matching with a high level of engagement between companies and individuals.

Engagement Matching Model Using OpenWork as a Platform



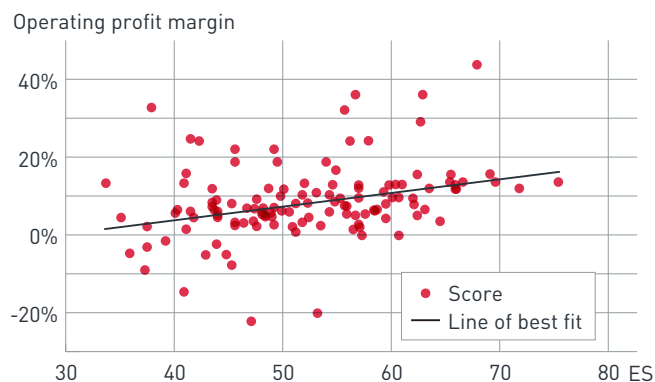
Organizational Strategy



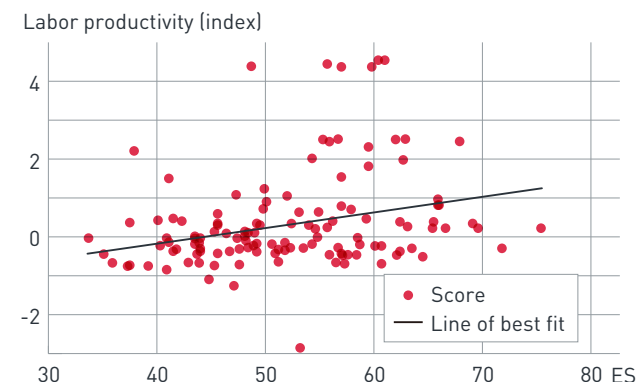
Improving Employee Engagement Is Key to Achieving Sustainable Growth

Since our founding, we have helped to resolve the organizational issues of about 10,000 companies, but organizational issues in corporate management are endless. We see the creation of organizations the same way an artist sees creating art, and, above all, we will continue to deal with organizational issues to make us the best example of creating that art. We have come to the conclusion that, above all, the most important factor in creating a strong organization is employee engagement (the degree of mutual understanding and affinity between a company and its employees). Proof is in the correlation between our unique indicator, Engagement Score (ES), which quantifies employee engagement, and the growth rate of a company's operating profit margin.

Correlation between ES and Operating Profit Margin



Correlation between ES and Labor Productivity



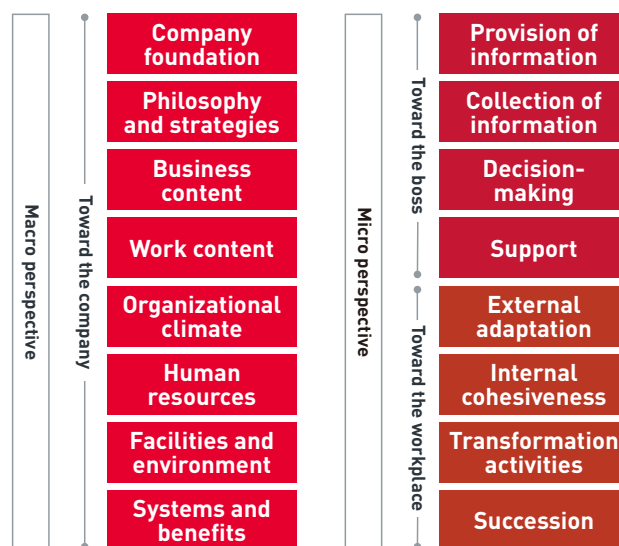
The Link and Motivation Group conducted joint research with the Iwamoto Laboratory at Keio University's Graduate School of Business Administration on the relationship between ES on the one hand and operating profit margin and labor productivity on the other. Based on the finding of a 0.35% increase in the current-year operating profit margin and a 0.035-point increase in the labor productivity index for each one-point increase in ES, the study concluded that improvement in ES contributes to improvements in operating profit margin and labor productivity.

Note: In this analysis, labor productivity is defined as EBITDA per yen of salary paid to employees.

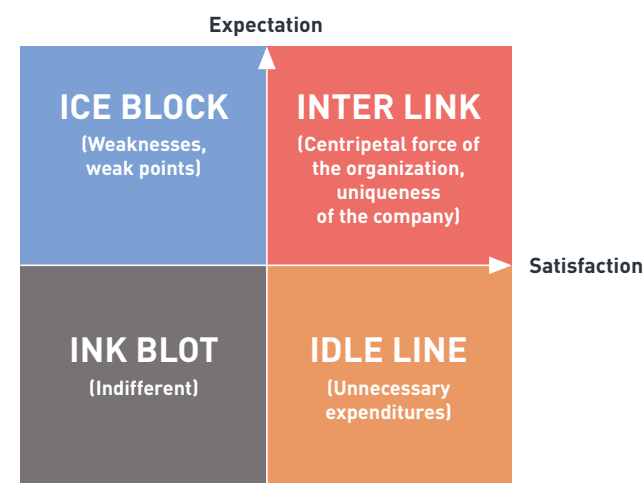
Diagnosis of Employee Engagement from Multiple Perspectives

Numerous factors influence employee engagement, so it must be viewed from multiple perspectives. We have identified engagement factors in 16 areas – eight areas related to the company overall, four areas related to the employee's boss, and four areas related to the workplace. We further subdivide these areas into 64 items for detailed analysis. We then calculate our unique indicator, Engagement Score, by totaling the levels of expectation and satisfaction for each item for comparison with the data on 1.83 million employees at 7,350 companies that we have accumulated since our founding.

Engagement Factors in 16 Areas



4eyes® Windows



Ideally, expectation and satisfaction levels are high and engagement factors align in an ascending curve.

Maintaining High Employee Engagement since Our Founding

Engagement Scores are rated and ranked using the Engagement Rating (ER). The 11 ER levels from DD to AAA allow comparisons among organizations. Since 2018, we have disclosed the ER of each of our Group companies to the capital market to demonstrate the importance of employee engagement to business growth. A high level of employee engagement is one of the strengths of our organization, with nearly every Group company receiving the highest rating of AAA.

Engagement Ratings of Group Companies (Conducted in February 2021)

Company	No. of Employees	Rank
Link and Motivation Inc.	371	AAA
Link Global Solution Inc.	18	AAA
Link Event Produce Inc.	22	AAA
Link Corporate Communications Inc.	47	AAA
a2media Corporation	20	AA
Link Academy Inc.	507	AAA
Dean Morgan K.K.	30	AAA
Motivation Academia Inc.	26	AAA
Link Interac Inc.	167	AAA
Link Japan Careers Inc.	27	AAA
Link Staffing Inc.	65	AAA
Link-i Inc.	28	AAA
OpenWork Inc.	69	BBB ¹

Number of AAA-Rated Companies²

2018³ **10** companies (out of 12)

2019 **11** companies (out of 12)

2020 **10** companies (out of 13)²

2021 **11** companies (out of 13)

1. November 2020 results for OpenWork Inc. only.

2. Results from February for each year. OpenWork Inc. was added as of 2020. Excluding Link Dining Inc., which is in the Other segment.

3. Results from August for 2018 only.

Score	33	39	42	45	48	52	55	58	61	67	
Ratings	DD	DDD	C	CC	CCC	B	BB	BBB	A	AA	AAA

A Core Philosophy-Based Strategy That Unites the Link and Motivation Group

To create an organization that achieves sustainable growth, we emphasize our core philosophy. Sympathy with this philosophy is essential for our Company, with its short 20-year history, to enable it to continue providing value many years into the future. Going beyond simply sharing and inculcating the Company's raison d'être and vision, we have compiled a *DNA Book* to promote the understanding and practical utilization of our management concepts and philosophies among employees. We use it in tandem with our *History Book*, which provides a narrative for how management decisions have been made based on those management philosophies.

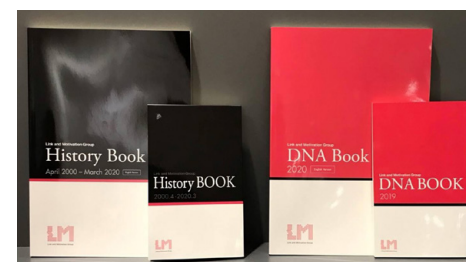
Sympathy with the Corporate Philosophy in Each Group Company
(Conducted in February 2021)

Company	Level of Expectation	Level of Satisfaction
Link and Motivation Inc.	4.5	4.5
Link Global Solution Inc.	4.0	3.9
Link Event Produce Inc.	4.7	4.3
Link Corporate Communications Inc.	4.4	4.4
a2media Corporation	4.1	3.5
Link Academy Inc.	4.3	4.4
Dean Morgan K.K.	4.3	4.2
Motivation Academia Inc.	4.3	4.1
Link Interac Inc.	4.2	4.1
Link Japan Careers Inc.	4.4	4.3
Link Staffing Inc.	4.4	4.2
Link-i Inc.	4.6	4.6
OpenWork Inc.	4.0	3.8

Note: 5-level evaluation

Media Used to Increase Unity under Our Philosophy

We regularly update our *DNA Book* and *History Book* to reflect changes in our perception of the business environment so that management and employees can share current views and ideas.



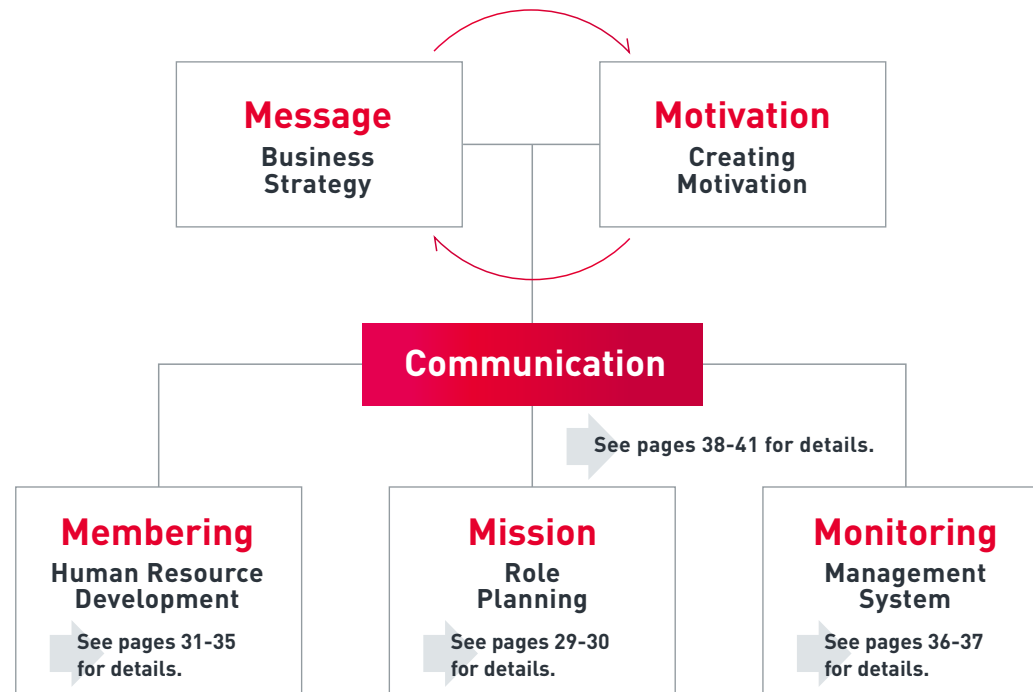
DNA Report

In 2020, employees reported on examples of their own practical application of the *DNA Book* and their ideas for business creation, which were published and shared within the Group.

Personnel Management to Increase Employee Engagement

Employee engagement must be viewed from multiple perspectives, and to increase employee engagement, we consider it essential to manage role planning, human resource development, the management system and communication. Through ongoing management of these variables, we create organizations with a high level of employee engagement that are in tune with our business strategies and based on our core philosophy. An explanation of the intent and content of each of our initiatives begins on the next page.

Framework for Improving Employee Engagement



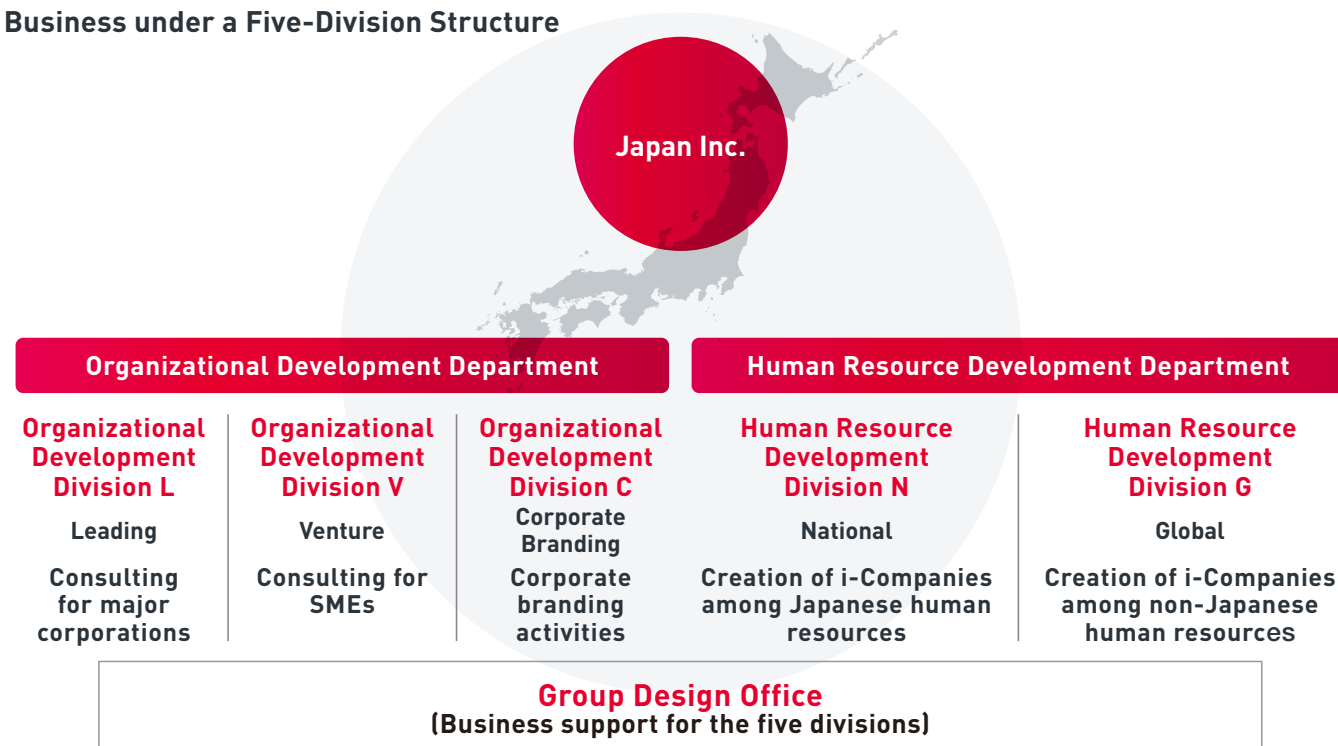
Mission

— Role Planning —

Specialized by Business Strategy. Integrated through Significance.

Maximizing business results requires both functional and hierarchical differentiation based on the characteristics of each business. Link and Motivation, which has been diversifying its business portfolio since 2010, introduced a headquarters system in 2017. Currently, the Group is divided into five divisions, but at the same time it is integrated through the significance of conducting each business. To help resolve the issues facing Japanese society, we look at Japan as a single corporation, positioning ourselves as the organizational development department and the human resource development department of Japan Inc. Our own organization utilizes the same framework. As such, we have built a structure in which our employees can conduct business with a sense of social mission.

Conducting Business under a Five-Division Structure



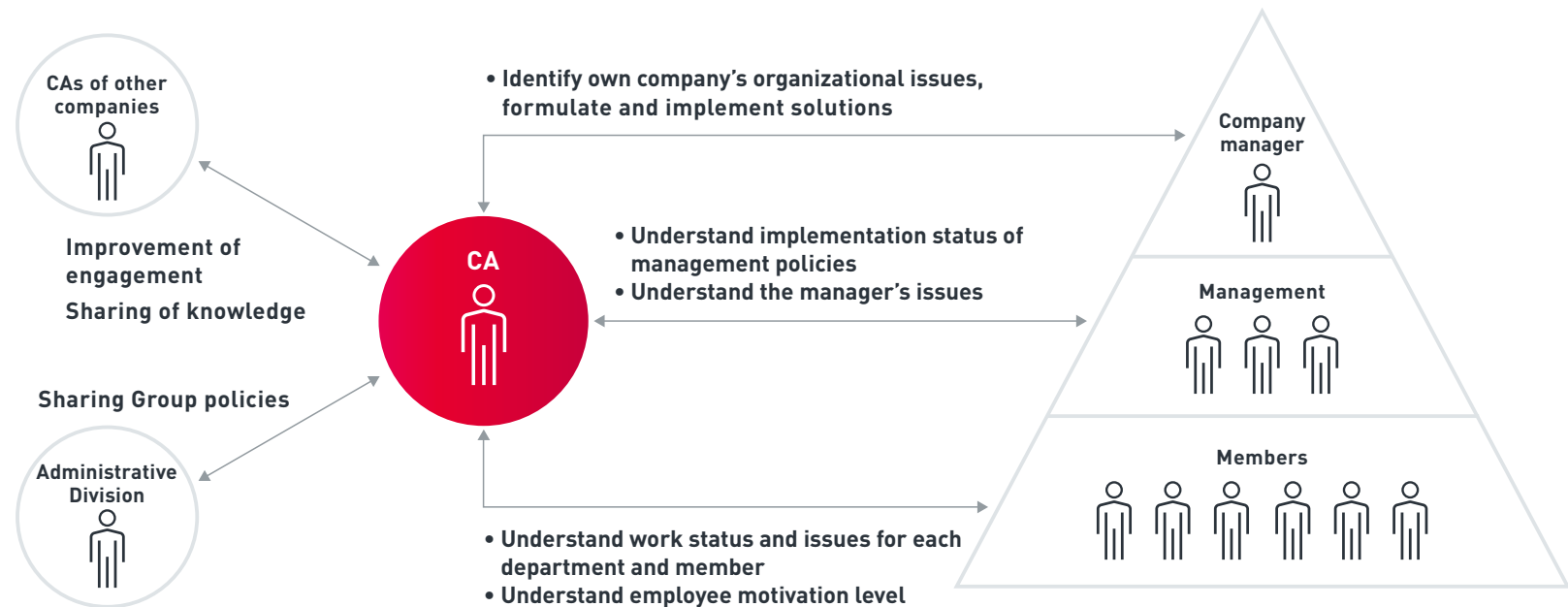
Mission

— Role Planning —

Company Administrators: Professionals Responsible for Improving Employee Engagement

Link and Motivation has a position called Company Administrator (CA), a person who is a professional responsible for improving employee engagement within each company. Working in close cooperation with their company managers, CAs are responsible for sharing Group policies and communicating with their respective divisions. Based on employee engagement evaluations, they are also responsible for everything from identifying organizational issues in their own companies to formulating and implementing solutions. Once a year, we choose outstanding Company Administrators (CAs) and present them with the Administrator of the Year (AOY) award, and share the winners' initiatives throughout the Group.

Role of the CA in Increasing Employee Engagement



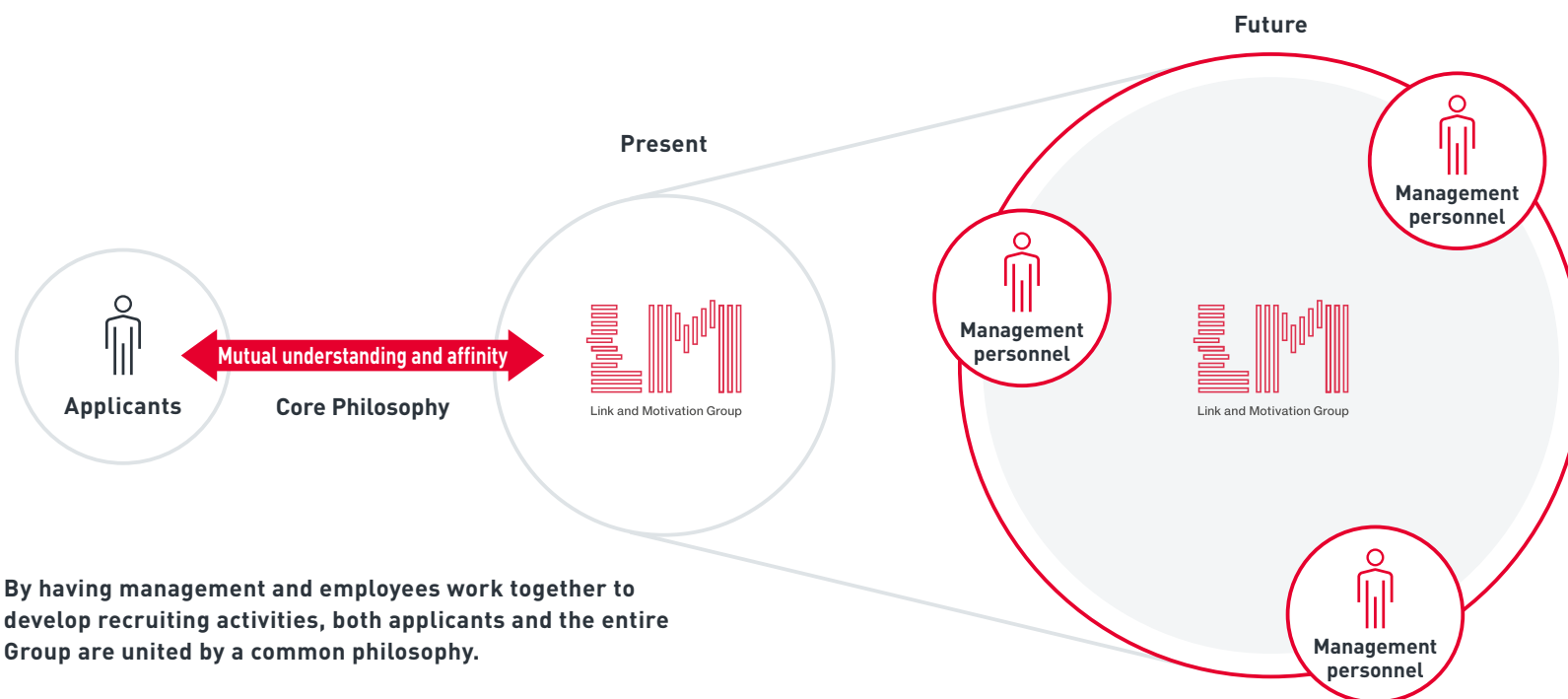
Membering

— Human Resource Development—
Recruiting

Attracting the Desired Talent Rather Than Just Choosing the Most Acceptable Applicants

We consider recruiting activities to be so important that we started hiring new university graduates at the unusually early stage of just one year after the Company's founding. Even today, LMG Chairman Ozasa conducts every final interview. Through measures such as these, we achieve a high level of engagement centered on our core philosophy. Moreover, in hiring future management personnel, we approach new graduate recruiting with a stance of attracting the desired talent. This has already resulted in many new managers and officers. Hiring talented, high-potential human resources also helps to reduce training costs after those people join the Company.

Recruiting Activities to Attract Future Management Personnel



Membering

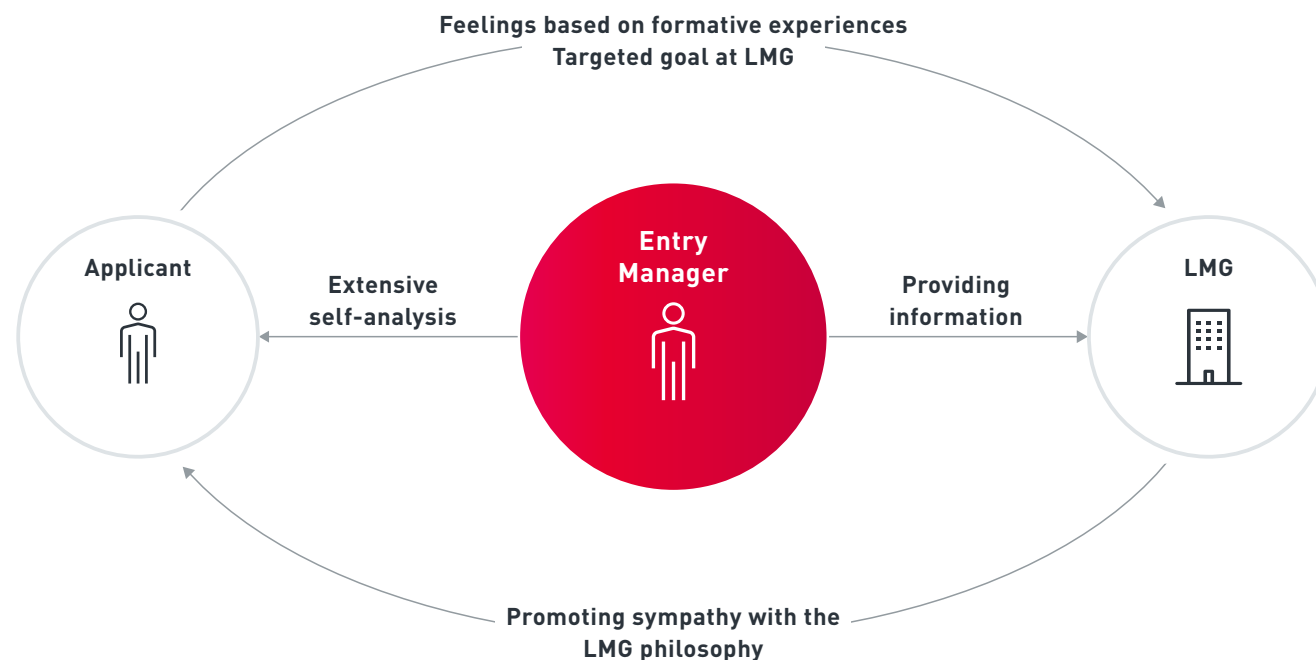
— Human Resource Development —

Recruiting

Entry Management for People Entering the Company

Because we regard recruiting activities as managing the entrance to our organization or, as we call it, “entry management,” we call our recruiters “entry managers” (EMs). EMs are mainly responsible for providing information about the Company and supporting the selection process. Because EMs support applicants in extensive self-analysis as well as discuss the Company’s future with applicants in their own words, the position is a valuable opportunity that leads to a change in awareness of their own daily work. In addition, once a year, we choose outstanding entry managers and present them with the Entry Manager of the Year (EOY) award.

Increasing Applicant Engagement during the Selection Process



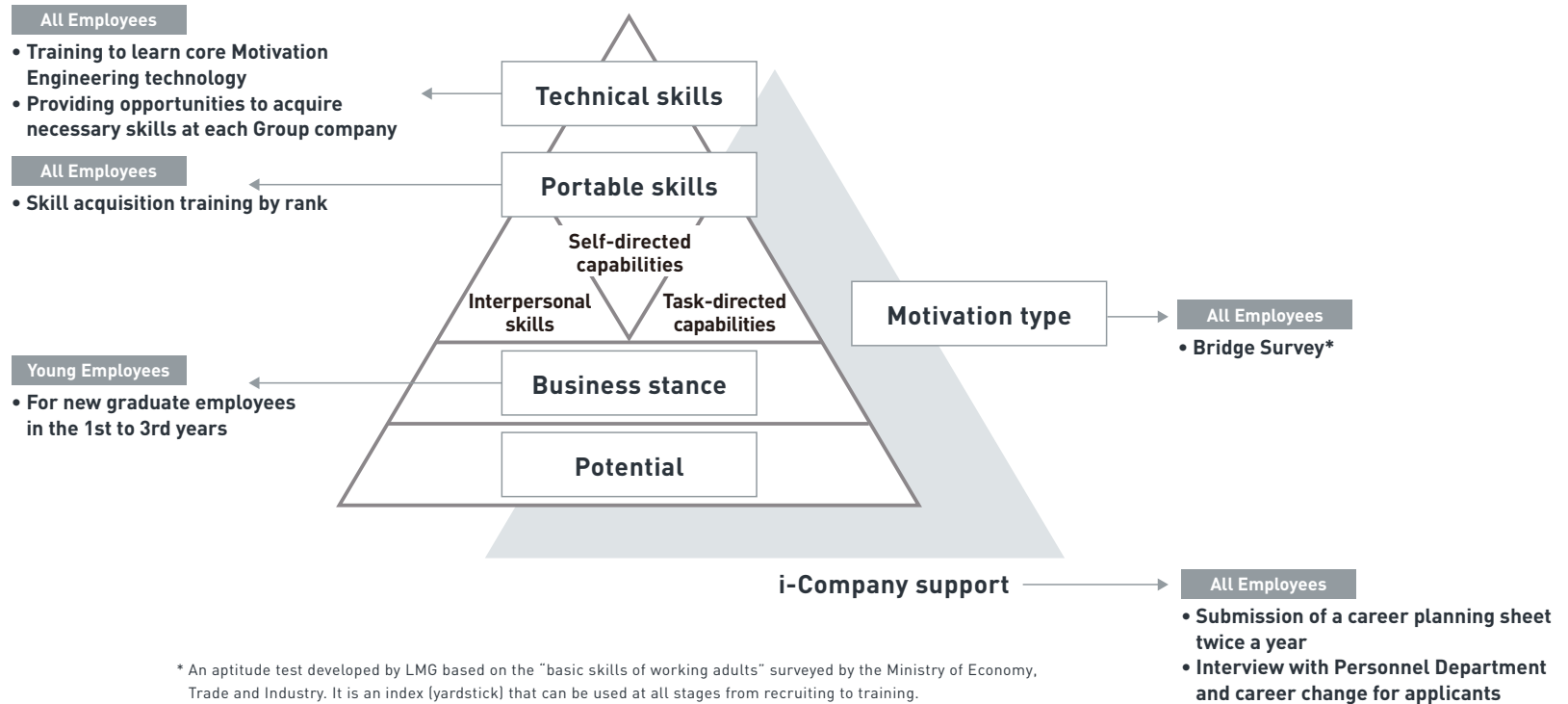
Membering

– Human Resource Development –
Cultivation

Developing Not Only Surface Level Skills, but Also a “Deep Level Stance”

Creating opportunities for employees to grow is indispensable for becoming an organization with a high level of employee engagement. We systematize the skills necessary for individuals to generate results as our personnel requirement framework and emphasize developing not only surface level skills but also a deep level stance. To achieve this, we conduct Group-wide training, which is one of Link and Motivation’s services. We also offer abundant opportunities to cultivate an “i-Company,” in other words, individuals who independently and autonomously develop their own careers.

Personnel Requirement Framework for the Skills Necessary for Individuals to Generate Results



Membering

— Human Resource Development—

Cultivation

Mastering Motivation Engineering, the Foundation of All Our Businesses

Motivation Engineering is our core technology and the foundation of all our businesses. As businesses and human resource needs rapidly diversify, our management team conducts joint research with the Motivation Engineering Institute, our in-house research organization, to promote employee understanding and utilization of Motivation Engineering as a shared template for the Group that transcends business areas. The chairman and other management team members serve as lecturers at training covering topics from concepts premised on Motivation Engineering to methods for its practical application in each business.

Training to Promote Employee Understanding and Practice



The chairman and management team act as lecturers during training sessions (conducted in February 2019).

Previous Training Themes

For Division Managers

- The ideas and premise behind core Motivation Engineering technology
- Organizational management methods based on Motivation Engineering

Consulting Business

- LMG's unique framework for company diagnostics
- Engagement management system

Event & Media Business

- Discovery and communication of a company's uniqueness for corporate branding

Membering

— Human Resource Development —

Cultivation

Developing Required Skills Based on Surveys by Rank, Including Officers

We carry out a 360-degree evaluation survey (an LMG service) by employee rank twice a year. Survey items are different for each rank so employees can accurately identify their own issues and make improvements. Based on the survey results, we hold multilateral discussions to provide advice on issues and conduct training to establish future action plans, and rapidly go through the plan-do-check-act (PDCA) cycle for growth. All employees, including officers, take the survey to encourage the creation of an environment in which they can continue to grow, regardless of years of service or position.

Rank-Based 360-Degree Evaluation Surveys

Rank	Survey	Training	Number of Trainees
Company Presidents Company General Managers	Plato Survey	<ul style="list-style-type: none"> • Survey feedback training • New president training 	53
Managers	Lincoln Survey	<ul style="list-style-type: none"> • Survey feedback training • New manager training 	104
Employees (including senior employees)	KOSI Survey Einstein Survey Columbus Survey	<ul style="list-style-type: none"> • Survey feedback training 	868
New Employees	Darwin Survey	<ul style="list-style-type: none"> • Survey feedback training • “Start-Up Program” training 	245

(Second half of 2020)



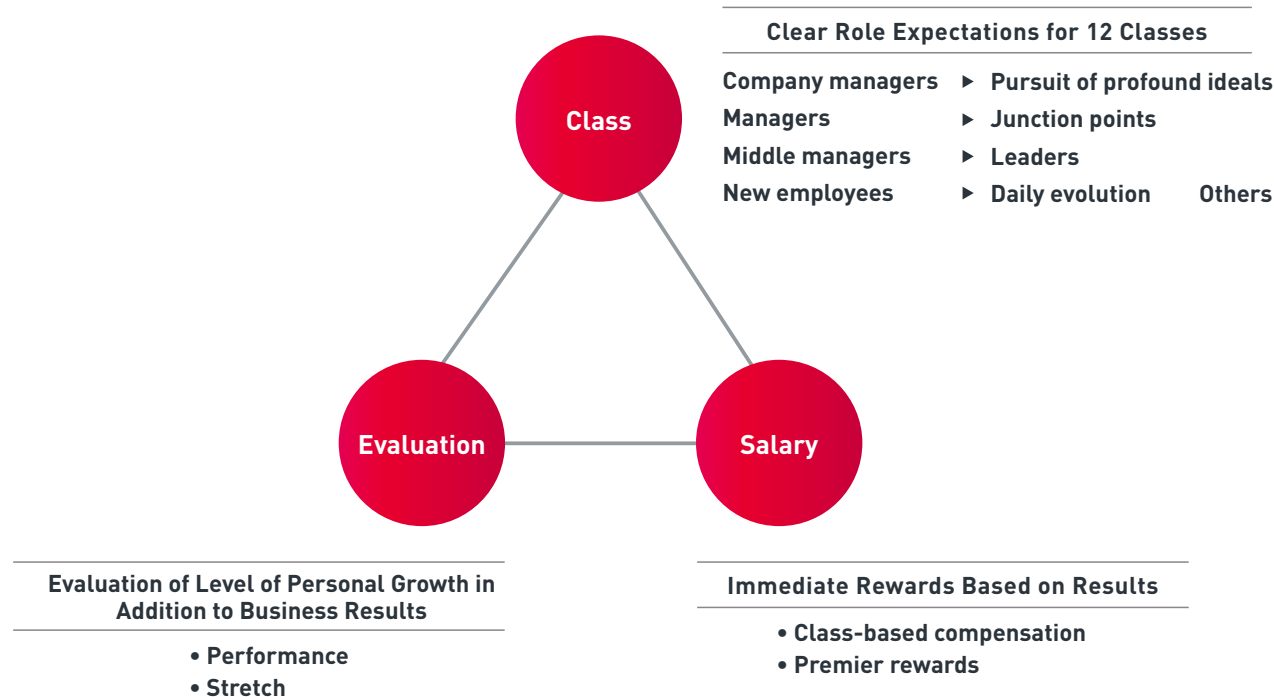
Survey feedback and training that transcends the boundaries between Group companies and departments (October 2019)

Note: All training in 2020 was conducted online.

Evaluations That Are Not Just Accurate but Convincing

Improving employee engagement requires an evaluation system that enhances employee satisfaction. Our system combines the three aspects of class, evaluation and salary. Classes are revised every three months, with 12 stages based on clear expectations. The two axes of “performance” and “stretch” are used as indicators in evaluations, and the degree of individual growth is evaluated along with business results. In addition, to ensure that evaluations and their results are quickly reflected in actual pay, salaries are adjusted every three months according to company performance and individual evaluations.

A System for Highly Convincing Evaluations

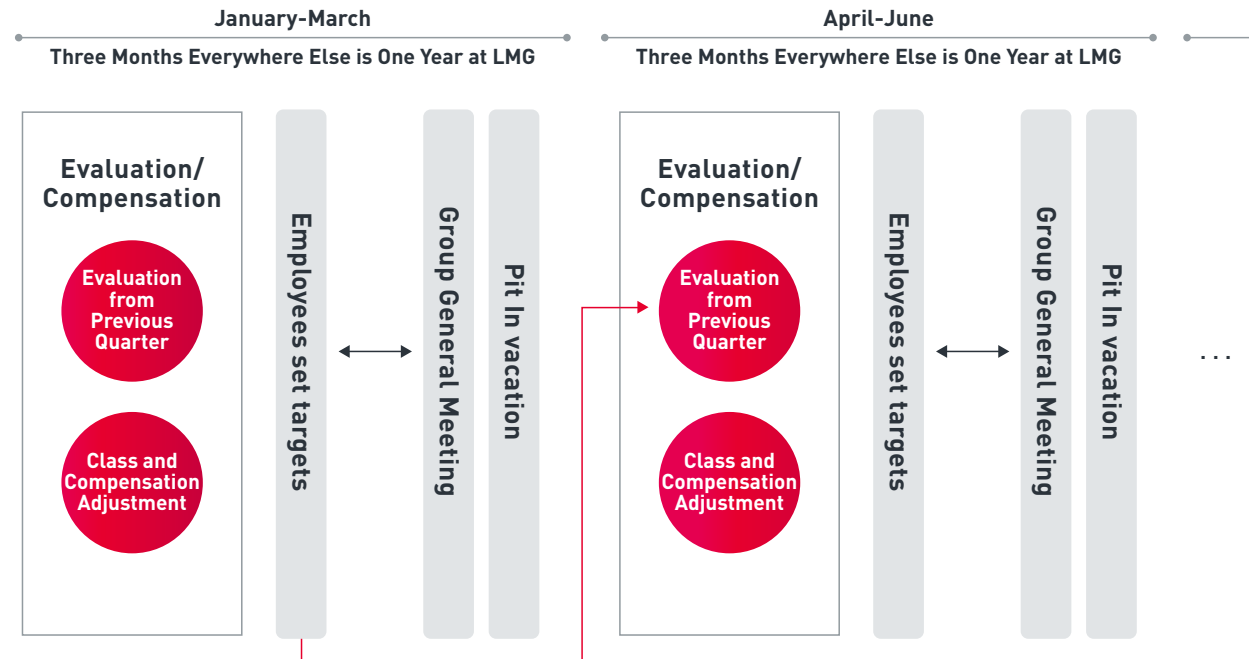


Monitoring – Management System – Time

A Unique Calendar That Runs at a Speed Four Times That of the Rest of the World

To improve employee engagement, we are committed to sharing our view of time and our view of the world. We operate under a unique LM calendar, in which three months everywhere else is one year at LMG. Rather than the general concept of quarters of a fiscal year, our divisions for managing our organization are all set in units of three months. This system includes management of business results, setting goals, personnel evaluations, adjustments to compensation, bonus payments, Group-wide general meetings and Pit In vacations. We aim for rapid business development by having everyone experience time in a more concentrated fashion.

LM Calendar Facilitates Rapid Business Development



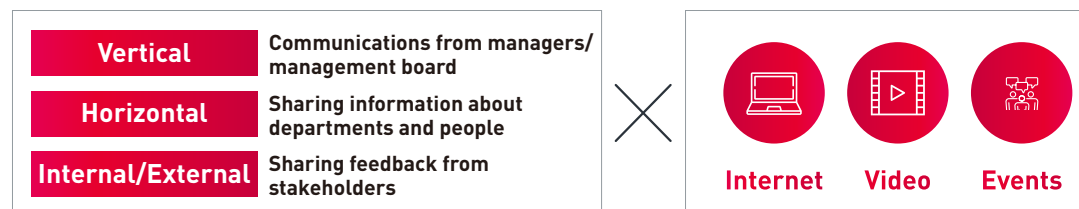
Communication

– In-house Communication –

In-House Media That Stimulate Communication, the Bloodstream of an Organization

We consider internal communication to be the “bloodstream” of an organization. Just as humans develop illnesses when blood flow is poor, active communication is essential for ongoing improvement in employee engagement. Therefore, we do not scrimp on costs for communication. We provide opportunities at various times for communication that connects top management, workplaces, departments and all employees. Moreover, we enhance its effectiveness by using different media such as the Internet, video and events.

Initiatives to Stimulate Communication



Daily	LMG News	Presents LMG business results data, etc., with an emphasis on timeliness
Monthly	Top Comment	Message from Chairman Ozasa sharing management's view via the LMG intranet
	LM Times LM Job Story	Presentation on the LMG intranet of information useful for creating Motivation Companies and i-Companies, and information that conveys the appeal of various jobs
Quarterly	Group General Meeting	A forum for sharing current status and future aims to instill a common Group viewpoint
Yearly	History Book	An annually updated book summarizing the Group's history since its founding.
Irregularly scheduled	DNA Book	A book for sharing LMG's valued heritage

Communication

— In-house Communication —

Top Comment: Sharing Sophisticated Viewpoints Rather Than Copious Information

We emphasize sharing viewpoints as a prerequisite for communication. There is individuality in each employee's viewpoint, which can lead to particularly large gaps between their viewpoint and that of top management. With this in mind, LMG's *Top Comment* is focused on sharing sophisticated viewpoints covering areas such as the context for management decision-making, rather than merely disseminating copious information. Employees can also reply to the *Top Comment*, and top management uses the column as a way to share viewpoints, and to see how well the viewpoints are aligned in the comments.

Sharing Viewpoints through the *Top Comment* Column

Track Record in 2020

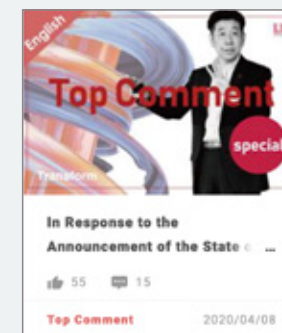
Number of
Columns
25 times

Access
Rate
99.9%
(January 2020)

Total Number of
Responses during the Year
4,744

Increase in *Top Comment* Columns during the COVID-19 Pandemic

In emergency situations, we consider it crucial to consciously strengthen cohesion. Even before a state of emergency was declared in Japan, Chairman Ozasa had been regularly reminding members of the Group's policies. He has continued to send messages to all employees in a timely manner, in concert with the announcement of government policies. In addition, by verbalizing the idea that the pandemic could be used as an opportunity and sharing that idea throughout the Group, he not only dispelled employee anxieties but also contributed to improving employee engagement, thus helping to maximize results.



Communication

— In-house Communication —

Encouraging New Value Creation with Inspirational Messages at Group-Wide General Meetings

All our employees gather at a Group-wide general meeting that is held once every three months. Meetings have continued online during the COVID-19 pandemic as a forum for sharing our viewpoints. At the general meeting, there are reports on business performance, awards are given to projects and individuals, and top management shares policies. At LMG, where three months everywhere else is one year, the general meeting is an important milestone to conclude the year. By broadening employees' viewpoints in terms of both time and space, and by showing high standards through the awards, the general meetings are an opportunity to encourage the creation of new value.

The Group-Wide General Meeting Shows the Group's High Standards

Presentation from Top Management

Sharing the viewpoint of top management to create a multifaceted understanding of the Group's future



Awards Ceremony

Providing meaningful rewards beyond just financial ones



Speeches at the awards ceremony at the Group-wide general meeting (held in 2019)

Comments from Meeting Attendees (Excerpt)

I think it was very good to be able to share a message related to future directions at the general meeting again this year. We carry out meaningful work with an eye to the future. For that purpose, we must have the courage to change and the ability to talk to each other while remaining compassionate. I think this intention and our corporate culture came through at the online general meeting.

Eleventh-year employee

Each LMG general meeting is a turning point, so I can really feel how it makes time seem more concentrated. This meeting was also a good place to find role models. They have given me a healthy sense of urgency about further raising my standards.

Second-year employee

Communication

– Work Style –

A Work Style That Simultaneously Improves Labor Productivity and Employee Engagement

We have used the COVID-19 pandemic as an opportunity to build a new work style model called Compatible Work. Compatible Work utilizes the features of real-world and virtual approaches to simultaneously improve both labor productivity and employee engagement. Specifically, we will schedule office work days and telework days for each team, and design and carry out work suitable for each format. Because we value employee engagement, we are flexibly changing the way we communicate depending on the situation.

A Work Style That Makes the Most of the Features of Real-World and Virtual Approaches



COMPATIBLE WORK



Set up a schedule of days for working in the office

Increase productivity by optimally planning each day's work and raise motivation by providing opportunities for real-world communication as appropriate

Corporate Governance



A Management Structure for Realizing Our Mission

To achieve the LM Mission, we realize we must continue to be an organization that realizes Management with Integrity and “One for All, All for One.” As a guideline, employees share the three goals of LMG’s management policy. This results in management without any wrongdoing or dishonesty with regard to any of our stakeholders; diverse human resources who embrace the spirit of “One for All, All for One;” and the ability to make our own changes based on an awareness of changes in markets and laws. Through these measures, we have selected the governance format of a company with an audit and supervisory board in order to continue our sustainable growth.

A Governance Format Chosen for Sustainable Growth



Governance Format

Governance System to Ensure Management Soundness, Transparency and Efficiency

Board of Directors

The Board of Directors is composed of eight directors (including two outside directors) and has ultimate authority for determining fundamental management policies and high-priority tasks as well as decisions regarding key legally mandated issues. In principle, it meets once a month, with other meetings held as appropriate when important agenda items arise. The three Audit & Supervisory Board Members also attend meetings of the Board of Directors to monitor its decision-making.

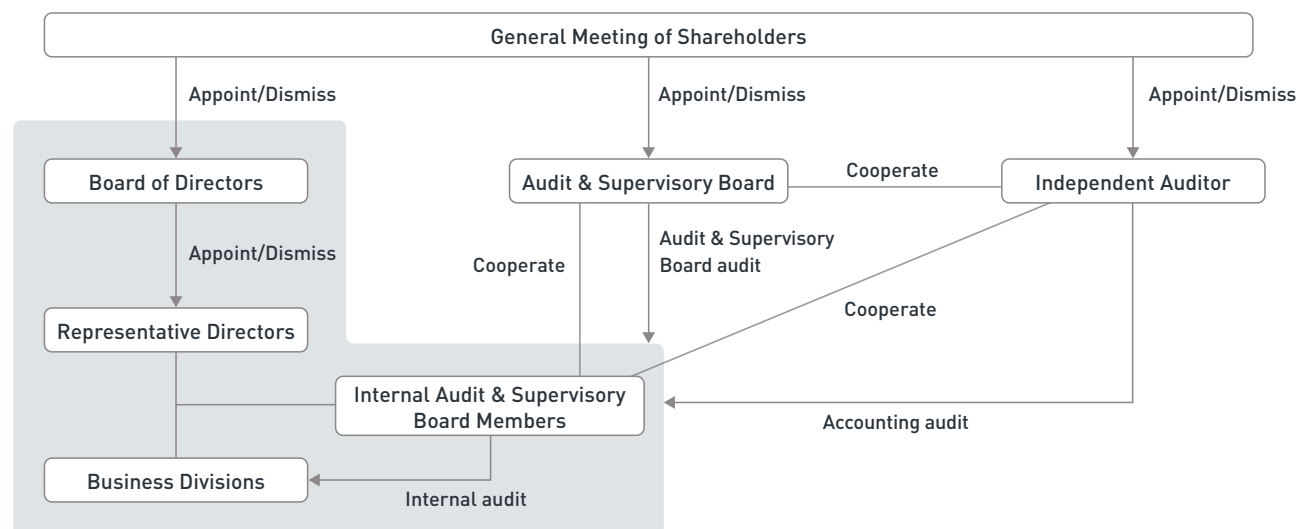
Audit & Supervisory Board

The Audit & Supervisory Board is composed of three members (including two outside members). In principle, it meets once a month to monitor the business execution of directors, including confirming the proper operation of the Board of Directors, and to exchange opinions on issues related to compliance and other matters.

Business Divisions

The Group Management Committee meets twice each month, attended by presidents of subsidiaries and other related parties other than directors and Audit & Supervisory Board members, as necessary, to report on matters related to the execution of their duties. In doing so, they communicate instructions and exchange opinions on business execution.

Governance Organization



Management Team

As of December 31, 2020

Appointing Human Resources Capable of Making Management Decisions That Link Businesses and Organizations

Currently, the Board of Directors of Link and Motivation Inc. is composed of eight directors (including two outside directors). All six directors of the Board, which includes founding members of the Company and members who entered the Company as new university graduates, are human resources capable of making decisions that link business strategy and organizational strategy as professionals in organizational transformation, with extensive experience as organizational and personnel consultants. The two outside directors leverage a high level of insight gained from management at multiple companies and expert knowledge of industrial and organizational psychology, which has a high degree of affinity with the business fields of the Link and Motivation Group, among their other attributes.

Directors



Chairman and Representative Director
Ozasa Yoshihisa

1986 Joined Recruit Co., Ltd.
2000 Established the Company, and assumed the position of President and Representative Director
2013 Chairman and Representative Director (to present)



President and Representative Director
Sakashita Hideki

1991 Joined Recruit Co., Ltd.
2000 Established the Company, and assumed the position of Director
2013 President and Representative Director (to present)
2017 Director, Link Global Solution Inc. (to present), Director, Link Corporate Communications Inc. (to present), Director, Link Event Produce Inc. (to present)



Director
Ohno Shunichi

1992 Joined Aoyama Audit Company (PriceWaterhouse)
1998 Joined PwC Consulting Co., Ltd. (currently IBM Japan, Ltd.)
2002 Joined the Company
2008 Director (in charge of Group Design Office, to present)

Note: Also serves as director at each consolidated subsidiary



Director
Kitsu Hiroyuki

1988 Joined Recruit Co., Ltd.
2006 Operating Officer, Recruit Agent Co., Ltd. (currently Recruit Career Co., Ltd.)
2013 Joined Square Enix Co., Ltd. and assumed the position of Corporate Executive
2015 Joined the Company and assumed the position of Operating Officer, Director, Interac Co., Ltd. (currently, Link Interac Inc.) (to present)
2016 Director (to present)
2020 Director, Link Japan Careers Inc. (to present)

Management Team

As of December 31, 2020

Directors



Director

Oguri Takashi

2002 Joined the Company
2010 Operating Officer
2014 President and Representative Director, Link Academy Inc. (to present)
2017 Director, Link Marketing Inc. (currently, Link Staffing Inc.) (to present), Director, the Company (to present), Director, Dean Morgan K.K. (to present)
2018 Director, Motivation Academia Inc. (to present)



Director

Kawauchi Masanao

2003 Joined the Company
2010 Executive Officer, Company
2014 President, Motivation Management Company
2018 Operating Officer, General Manager, Organizational Development Division L (to present), Director (to present)
2019 President and Representative Director, Link Global Solution Inc. (to present)
2020 Operating Officer, General Manager, Organizational Development Division V (to present)



Outside Director

Yuasa Tomoyuki

2000 Joined Andersen Consulting, Ltd. (currently, Accenture Japan Ltd.)
2005 Joined Revamp Corporation
2010 Director, Revamp Corporation
2011 Director and Vice President, Revamp Corporation
2016 Outside Director, the Company (to present), President, Representative Director and CEO, Revamp Corporation (to present), Outside Director, K's Holdings Corporation (to present)



Outside Director

Kakuyama Takashi

1991 Professor, Tokyo International University
1992 Visiting Researcher, Michael G. Foster School of Business, University of Washington
2003 Dean of Faculty of Human and Social Studies, Tokyo International University
2009 Dean of Graduate School of Sociology, Tokyo International University
2011 Professor and Director of Motivation Laboratory, Tokyo Future University
2012 Dean of School of Motivation and Behavioral Sciences, Tokyo Future University
2018 President, Tokyo Future University (to present)
2020 Outside Director, the Company (to present)

Audit & Supervisory Board

Audit & Supervisory Board Member (Full-Time)

Honda Yutaka

1986 Joined Recruit Co., Ltd.
2000 Director, the Company
2002 Audit & Supervisory Board Member (to present)

Audit & Supervisory Board Member (Part-Time)

Kimura Hidekazu

1983 Joined Japan Recruit Center Co., Ltd. (currently Recruit Co., Ltd.)
2003 Established HRT, Inc., President and Representative Director (to present)
2006 Audit & Supervisory Board Member, the Company (to present)

Audit & Supervisory Board Member (Part-Time)

Tominaga Kenji

1979 Joined Japan Recruit Center Co., Ltd. (currently Recruit Co., Ltd.)
1999 Established Career Plan Co., Ltd., President and Representative Director (to present)
2000 Audit & Supervisory Board Member, the Company (to present)
2001 Established Career Design Co., Ltd., President and Director (to present)

Strengthening Compliance

Management Utilizing Motivation Engineering

In recent years, compliance violations have become a social problem, occurring one after another. We believe that low employee engagement creates a breeding ground for organizational fraud. We are proactively working to strengthen compliance so that we can become a role model for society by continuing to be an organization that realizes Management with Integrity and "One for All, All for One." We conduct compliance training in which members of top management explain how to apply Motivation Engineering and publish the Six Codes of LM, which summarize the Group's various rules. We also focus on raising employee awareness, including regularly disseminating information on topics from legal affairs to compliance.

Strengthening Compliance based on the Idea of Improving Engagement

Membering

Human Resource Strategy

Training conducted with top management as lecturers

- Improve awareness of compliance
- Link with the consulting business

Monitoring

Management System

Six Codes of LM (a collection of rules)

Accounting Management Code
Communication Management Code
Entry Management Code
Human Resource Management Code
Risk Management Code
Workstyle Management Code

Communication

Communication

Six Codes video at Group-wide meeting
Six Codes promotional poster



Corporate Data



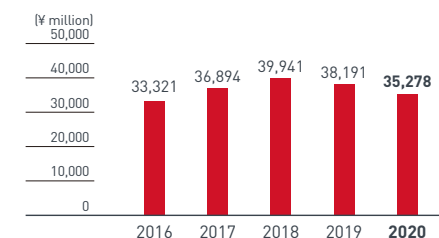
Performance, Financial Position and Dividends

	2016	2017	2018	2019	2020
Performance					
Revenues	33,321	36,894	39,941	38,191	35,278
Gross profit	12,177	13,362	15,651	14,602	14,653
Selling, general and administrative expenses	9,577	10,041	11,592	11,773	12,852
Other income	113	131	24	171	853
Other expenses	244	87	258	992	2,413
Operating income	2,468	3,365	3,825	2,007	241
Financial revenues	13	38	29	24	18
Financial expenses	136	141	132	170	242
Net income (loss)	1,804	2,096	1,918	1,090	(929)
Financial Position					
Total assets	18,532	25,770	27,664	44,787	41,083
Total equity	4,780	6,697	7,681	7,033	4,917
Interest-bearing debt	6,775	10,425	11,208	30,036	28,379
Dividends (Yen)					
Dividends per share	5.30	6.20	6.80	7.20	7.20

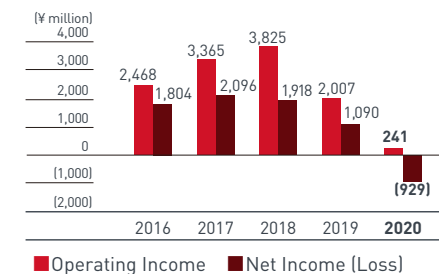
1. From 2017, the Company has adopted International Financial Reporting Standards (IFRS) in place of the previously used generally accepted accounting principles in Japan (J-GAAP). Figures for 2016 have been restated to reflect the change.
2. Dividends per share of ¥5.30 for 2016 consisted of ¥1.25 in each of the first and second quarters and ¥1.40 in each of the third and fourth quarters.
3. Dividends per share of ¥6.20 for 2017 consisted of ¥1.50 in each of the first and second quarters and ¥1.60 in each of the third and fourth quarters.
4. Dividends per share of ¥6.80 for 2018 consisted of ¥1.70 in each of the four quarters.
5. Dividends per share of ¥7.20 for 2019 and 2020 consisted of ¥1.80 in each of the four quarters.

(¥ million)

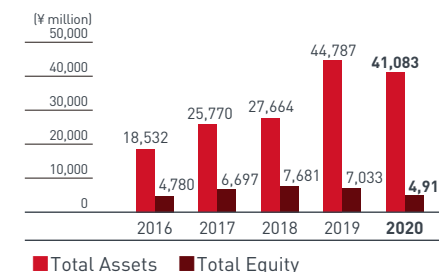
Revenues



Operating Income/Net Income (Loss)



Total Assets/Total Equity



Key Financial Indicators

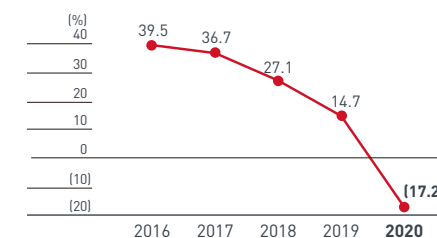
	2016	2017	2018	2019	2020
Operating margin (%)	7.4	9.1	9.6	5.3	0.7
Return on equity (ROE) (%)	39.5	36.7	27.1	14.7	(17.2)
Basic earnings per share (EPS) (Yen)	16.58	19.95	18.42	10.30	(9.50)
Diluted earnings per share (Yen)	—	—	18.36	10.28	(9.50)
Book value per share (BPS) (Yen)	45.26	63.37	72.87	67.13	35.84
Ratio of equity attributable to owners of the parent to total assets (%)	25.8	26.0	27.8	15.7	9.2

Note: From 2017, the Company has adopted International Financial Reporting Standards (IFRS) in place of the previously used generally accepted accounting principles in Japan (J-GAAP). Figures for 2016 have been restated to reflect the change.

Operating Margin



Return on Equity (ROE)



Revenues by Business/Other Business-Related Data

	(¥ million)				
Revenues by Business	2016	2017	2018	2019	2020
Organizational Development Division	9,825	11,695	13,277	11,729	9,923
Consulting & Cloud Business	8,034	8,959	10,071	8,883	7,808
Event & Media Business	3,264	4,243	4,163	3,430	2,604
Individual Development Division	6,647	7,220	7,879	7,838	6,732
Career School Business	6,545	6,730	7,122	7,139	6,071
Cram School Business	101	490	758	704	666
Matching Division	17,973	19,379	20,106	19,487	19,427
Global Personnel Placement & Temp Staff Business	—	—	—	12,563	12,931
Domestic Personnel Placement & Temp Staff Business	—	—	—	6,948	6,535
Total	33,321	36,894	39,941	38,191	35,278

1. Revenues by Business include intersegment transactions.
2. From 2017, the Company has adopted International Financial Reporting Standards (IFRS) in place of the previously used generally accepted accounting principles in Japan (J-GAAP). Figures for 2016 have been restated to reflect the change.
3. The name of the Consulting & Outsourcing Business was changed to the Consulting & Cloud Business in 2020.
4. Because the Matching Division changed to its current internal classifications in 2020, only figures for 2019 have been retroactively revised.

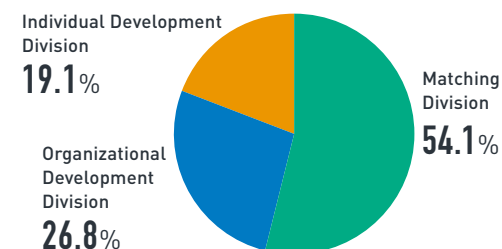
Number of Client Companies by Business (Consolidated)

	2016	2017	2018	2019	2020
Consulting & Cloud Business	1,385	1,474	1,636	1,725	1,488
Event & Media Business	440	434	964	748	824
Global Personnel Placement & Temp Staff Business	557	630	657	655	606
Domestic Personnel Placement & Temp Staff Business	640	666	632	626	693
Total	2,823	3,005	3,713	3,545	3,362

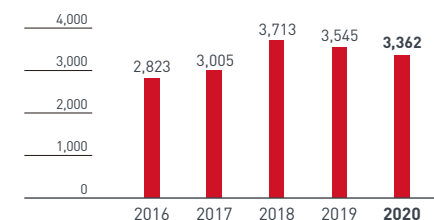
Number and Average Age of Employees

	2013	2014	2015	2016	2017	2018	2019	2020
Number of employees (Consolidated)	1,225	1,369	1,209	1,239	1,397	1,375	1,391	1,498
Number of employees (Non-consolidated)	193	186	190	203	225	249	312	403
Average age of employees (Consolidated)	34.6	35.5	35.9	36.0	36.2	36.0	35.9	35.6
Average age of employees (Non-consolidated)	31.1	31.6	31.0	32.3	33.3	31.4	30.8	31.1

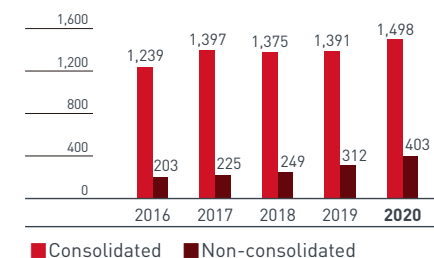
Revenues by Business (2020)



Number of Client Companies



Number of Employees



Consolidated Statements of Financial Position

	2016	2017	2018	2019	2020
[¥ million]					
ASSETS					
Current assets					
Cash and cash equivalents	1,082	1,654	1,979	2,160	6,449
Trade and other receivables	4,001	4,929	4,533	4,114	3,680
Inventories	144	186	278	256	187
Other current financial assets	11	11	9	17	14
Other current assets	1,506	808	1,015	4,905	1,057
Total current assets	6,747	7,589	7,817	11,454	11,389
Non-current assets					
Property, plant and equipment	1,084	1,905	1,851	17,400	13,953
Goodwill	5,202	6,701	6,551	5,927	9,376
Intangible assets	484	1,534	1,841	2,095	2,266
Investments in associates	—	1,164	3,080	2,788	—
Other non-current financial assets	4,279	6,017	5,821	4,033	3,203
Deferred tax assets	349	506	440	839	646
Other non-current assets	384	350	260	248	245
Total non-current assets	11,785	18,180	19,847	33,333	29,694
Total assets	18,532	25,770	27,664	44,787	41,083

Note: The former item "Income taxes receivable" is included in "Other current assets" for presentation from 2016.

	2016	2017	2018	2019	2020
[¥ million]					
LIABILITIES					
Current liabilities					
Trade and other payables	3,566	4,023	2,394	2,397	2,174
Contract liabilities	—	—	1,573	1,760	1,786
Interest-bearing and other financial liabilities	3,337	5,007	4,749	5,943	9,218
Income tax payable	373	883	1,077	865	484
Provisions	35	2	18	21	129
Other current liabilities	2,354	2,212	2,287	1,843	2,149
Total current liabilities	9,668	12,129	12,101	12,831	15,944
Non-current liabilities					
Interest-bearing and other financial liabilities	3,438	5,418	6,458	24,092	19,161
Provisions	278	440	435	462	560
Deferred tax liabilities	199	813	724	218	362
Other non-current liabilities	167	270	261	148	138
Total non-current liabilities	4,084	6,942	7,881	24,922	20,222
Total liabilities	13,752	19,072	19,982	37,754	36,166
EQUITY					
Equity attributable to owners of the parent					
Share capital	1,380	1,380	1,380	1,380	1,380
Capital surplus	2,137	2,137	1,989	1,987	1,855
Treasury shares	(1,373)	(1,373)	(1,373)	(1,733)	(1,733)
Retained earnings	1,952	3,426	4,763	5,440	3,989
Other components of equity	683	1,121	936	(31)	(1,731)
Total equity attributable to owners of the parent	4,780	6,692	7,696	7,043	3,760
Non-controlling interests	—	4	(15)	(10)	1,157
Total equity	4,780	6,697	7,681	7,033	4,917
Total liabilities and equity	18,532	25,770	27,664	44,787	41,083

Consolidated Statements of Operations

	[¥ million]				
	2016	2017	2018	2019	2020
Revenues	33,321	36,894	39,941	38,191	35,278
Cost of sales	21,144	23,531	24,290	23,589	20,624
Gross profit	12,177	13,362	15,651	14,602	14,653
Selling, general and administrative expenses	9,577	10,041	11,592	11,773	12,852
Other income	113	131	24	171	853
Other expenses	244	87	258	992	2,413
Operating income	2,468	3,365	3,825	2,007	241
Financial revenues	13	38	29	24	18
Financial expenses	136	141	132	170	242
Equity in earnings of associates	—	2	(335)	43	41
Income before income taxes	2,345	3,265	3,387	1,904	58
Income taxes	584	1,169	1,468	814	988
Income from continuing operations	1,804 ¹	2,096	1,918	1,090	(929)
(Attributable to)					
Owners of the parent	1,804	2,107	1,945	1,086	(996)
Non-controlling interests	—	(11)	(27)	4	66
Total	1,804	2,096	1,918	1,090	(929)
Earnings per share attributable to owners of the parent					
Basic earnings per share (Yen)	16.58 ²	19.95	18.42	10.30	(9.50)
Diluted earnings per share					
Diluted earnings per share (Yen)	—	—	18.36	10.28	(9.50)

1. Includes ¥43 million in income from discontinued operations.

2. Includes basic earnings per share of ¥0.40 yen from discontinued operations.

Consolidated Statements of Comprehensive Income

	[¥ million]				
	2016	2017	2018	2019	2020
Net income	1,804	2,096	1,918	1,090	(929)
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	553	438	(85)	13	(1,397)
Total of items that will not be reclassified to profit or loss	553	438	(85)	13	(1,397)
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operations	(1)	(0)	(0)	(0)	(2)
Total of items that may be reclassified to profit or loss	(1)	(0)	(0)	(0)	(2)
Total other comprehensive income	551	438	(86)	13	(1,399)
Total comprehensive income	2,355	2,534	1,832	1,103	(2,329)
(Attributable to)					
Owners of the parent	2,355	2,545	1,859	1,099	(2,396)
Non-controlling interests	—	(11)	(27)	4	66
Comprehensive income	2,355	2,534	1,832	1,103	(2,329)

Consolidated Statements of Cash Flow

	(¥ million)				
	2016	2017	2018	2019	2020
Cash Flow from Operating Activities					
Income before income taxes	2,345	3,265	3,387	1,904	58
Income before income taxes from discontinued operations	67	—	—	—	—
Depreciation and amortization	558	626	751	2,480	2,798
Loss on impairment	24	34	207	959	2,386
Gain on valuation of investment securities	—	—	—	—	(563)
Loss (gain) on sales of fixed assets	—	—	—	—	(7)
Financial revenues and financial expenses	—	102	102	146	224
Interest and dividend income	(13)	—	—	—	—
Interest paid	78	—	—	—	—
Equity in (earnings) losses of associates	—	(2)	335	(43)	(41)
Loss (gain) on sales of investments accounted for using the equity method	—	—	—	(160)	—
Loss (gain) on sales of shares of subsidiaries	(51)	—	—	—	—
Loss on disposal of fixed assets	37	—	—	—	—
Decrease (increase) in trade and other receivables	(518)	(949)	395	418	503
Loss (gain) on step acquisition	—	—	—	—	16
Decrease (increase) in inventories	(9)	(26)	(91)	22	68
Increase (decrease) in trade and other payables	187	91	6	8	(263)
Other	392	237	(102)	(43)	657
Subtotal	3,098	3,379	4,992	5,693	5,837
Interest and dividends received	2	3	14	9	5
Interest paid	(53)	(105)	(108)	(155)	(226)
Income tax refund	56	393	17	62	28
Income taxes paid	(1,260)	(726)	(1,304)	(1,783)	(1,675)
Net cash provided by operating activities	1,843	2,944	3,611	3,827	3,970

1. The former items "Interest and dividends income" and "Interest expense" are included in "Financial revenues and financial expenses" for presentation from 2016.
2. The former items "Gain on sale of shares of subsidiaries" and "Loss on retirement of fixed assets" are included in "Loss (gain) on sales of investments accounted for using the equity method" for presentation from 2016.

	(¥ million)				
	2016	2017	2018	2019	2020
Cash Flow from Investing Activities					
Payments for acquisition of property, plant and equipment	(214)	(930)	(275)	(337)	(222)
Proceeds from sale of property, plant and equipment	—	—	—	—	16
Payments for acquisition of intangible assets	(196)	(545)	(731)	(772)	(699)
Proceeds from acquisition of subsidiary stock associated with a change in the scope of consolidation	—	—	—	—	2,290
Payments for acquisition of investment securities	(443)	(861)	(135)	(204)	—
Proceeds from sale of investment securities	780	—	293	1,966	636
Payments for business transfer	—	(1,000)	—	—	—
Payments for acquisition of subsidiary stock	—	(1,626)	—	—	—
Payments for sale of subsidiary stock	(22)	—	—	—	—
Payments for investments in associates	—	—	(2,252)	—	—
Proceeds from sales of investments accounted for using the equity method	—	—	—	498	—
Payments for security deposits and guarantees	(461)	(493)	(163)	(122)	(56)
Proceeds from recovery of security deposits and guarantees	43	334	155	120	56
Advance payments	—	—	—	(4,075)	—
Payments for fulfillment of asset retirement obligations	(6)	(106)	—	—	—
Other	(60)	(2)	(12)	(63)	(53)
Net cash used in investing activities	(581)	(5,232)	(3,121)	(2,990)	1,969
Cash Flow from Financing Activities					
Net increase (decrease) in short-term financial liabilities	(1,216)	578	506	(1,000)	3,640
Proceeds from long-term financial liabilities	2,983	5,213	2,821	5,255	—
Repayment of long-term financial liabilities	(894)	(2,188)	(2,531)	(1,972)	(2,376)
Payments for acquisition of interest in subsidiary from non-controlling interest	(1,373)	—	(140)	—	—
Payments of cash dividends	(550)	(632)	(710)	(747)	(754)
Repayments of lease liabilities	—	—	—	(1,827)	(2,075)
Capital contribution from non-controlling interests	—	—	—	—	8
Payments to minority shareholders	—	—	—	—	(90)
Payments for acquisition of treasury shares	—	—	—	(362)	—
Other	(122)	(112)	(110)	—	—
Net cash provided by (used in) financing activities	(1,174)	2,859	(164)	(655)	(1,647)
Cash and cash equivalents translation adjustment	(1)	(0)	(0)	(0)	(2)
Net increase (decrease) in cash and cash equivalents	85	571	325	180	4,289
Cash and cash equivalents at beginning of year	997	1,082	1,654	1,979	2,160
Cash and cash equivalents at end of year	1,082	1,654	1,979	2,160	6,449

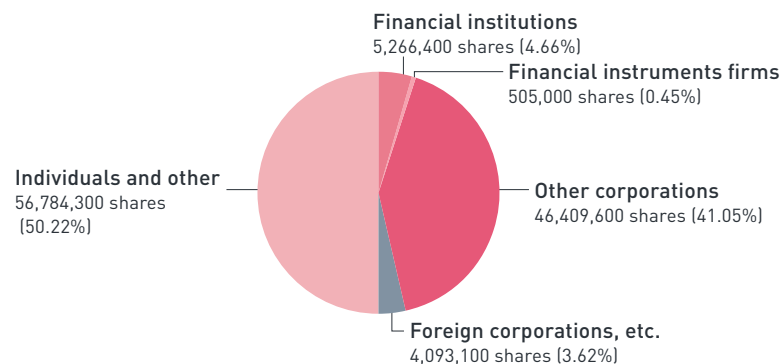
Company Profile

Company Information (As of December 31, 2020)

Name	Link and Motivation Inc.
Head Office*	Ginza Six 12F, 6-10-1 Ginza, Chuo-ku, Tokyo 104-0061, Japan
Established	March 27, 2000
Inaugurated	April 7, 2000
Paid-in Capital	1,380,610,000 yen
Fiscal Year-end	December 31
Group Companies	Click here for a list of Group companies https://www.lmi.ne.jp/english/companydata/group/
Banks	Ginzadori Branch, Mizuho Bank, Ltd. Ginza Branch, Sumitomo Mitsui Banking Corporation Ginzadori Branch, MUFG Bank, Ltd.

* Relocation to Kabukiza Tower scheduled for October 2021

Share Distribution (As of December 31, 2020)



Note: 8,145,796 treasury shares include 81,457 trading units listed under "Individuals and other" and 96 listed under "Status of Odd Stocks."

Share Information (As of December 31, 2020)

Stock Code	2170
Stock Listing	First Section, Tokyo Stock Exchange
Trading Unit	100 shares
Shares Authorized	400,000,000 shares
Shares Issued and Outstanding	113,068,000 shares
Number of Shareholders	12,322

Major Shareholders (10 Largest) (As of December 31, 2020)

Shareholder	Number of shares held	Shareholding ratio (%)
Phoenix Co., Ltd.	44,805,800	42.70
Link and Motivation Employee Shareholding Company	7,104,000	6.77
Suguro Akira	6,874,600	6.55
Sakashita Hideki	3,680,000	3.50
Sakakibara Kiyotaka	3,680,000	3.50
Ozasa Yoshihisa	3,203,200	3.05
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,040,100	1.94
Link and Motivation Officer Shareholding Company	950,400	0.90
Honda Yutaka	790,000	0.75
Youji Corporation	606,400	0.57

1. The above list of major shareholders excludes 8,145,796 treasury shares.
2. Shareholding ratio is calculated excluding treasury shares.



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Scope Link and Motivation Inc. and its consolidated subsidiaries

Reporting Period January 1, 2020 to December 31, 2020

Note: Includes some information that is outside the above reporting period.

Date of Issue March 2021

Note: Forecasts and other forward-looking statements contained in this report are based on information currently available to the Company, and are subject to potential risks, uncertainties and other factors.