



Individual Passion Inspires the World

Integrated Report
IR BOOK 2021

Link and Motivation Inc.
<https://www.lmi.ne.jp/english/>





Creating a More Meaningful Society

The Link and Motivation Group (LMG) grapples head-on with the meaning of fulfillment in life and in work, an issue that can get lost amid busy daily life. As we navigate the vast ocean of society, we aim to help increase the number of people with ambition, thus creating a more meaningful society.

Mission

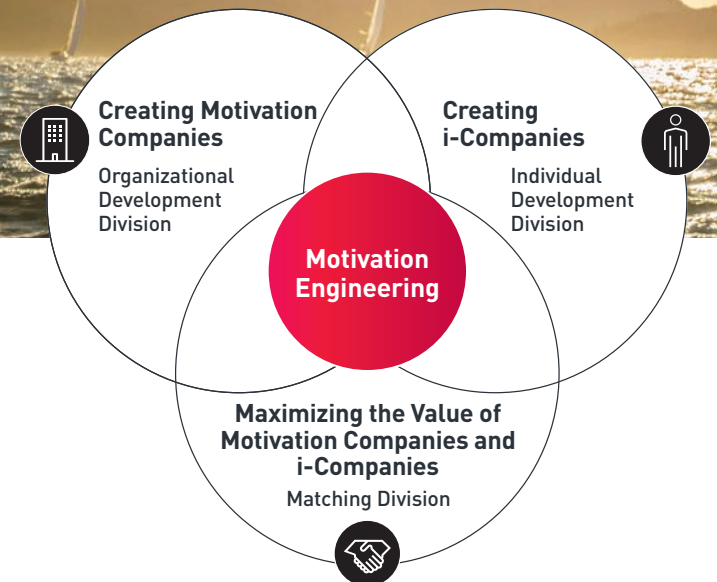
Through Motivation Engineering, we provide opportunities to transform organizations and individuals and create a more meaningful society.



Corporate Slogan

**Individual Passion
Inspires the World**

Operating Structure



Businesses That Communicate a Unique Message

On our grand voyage, each of us at LMG continually faces society with passion. Our journey is empowered by an operating structure that consistently communicates our unique message to organizations and individuals.



Human Resources Are Our Greatest, Most Powerful Asset

Each of the human resources in our Group is responsible for creating various types of fulfillment in life and in work. We integrate the ambitions of each individual into an organization that takes on the ongoing challenge of creating a more meaningful society.

| | | | | |
|-------------------------------------|--------------|--------|------------|-----------------------------------|
| Employees | 1,493 | | | |
| Organizational Development Division | 556 | Male | 807 | Japanese nationality 1,408 |
| Individual Development Division | 581 | Female | 686 | Other nationalities 85 |
| Matching Division | 355 | | | |

(As of December 31, 2021)



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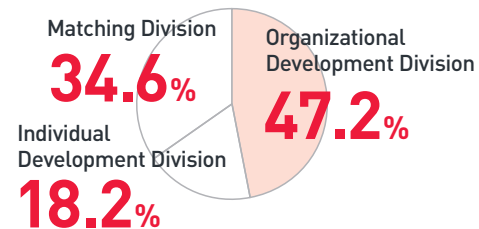
LMG at a Glance

The Link and Motivation Group in Numbers

Consolidated Financial Results (2021)

Revenues **¥32.6 billion**
Adjusted operating income* **¥3.1 billion**

Gross Profit Breakdown by Division (2021)



Extensive Databases

Organizational diagnostic data **2.37 million employees at 8,740 companies**
Individual diagnostic data **Approx. 580 thousand people**
Number of online reviews **Approx. 12.2 million**

* 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.

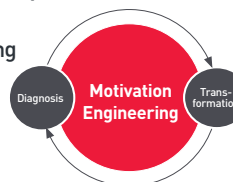
Organizational Development Division: Growth Driver for the Group

The World's First Consulting That Uses a Motivation-Based Approach

Track record of **more than 20 years**

Unique One-Stop Services

Providing solutions ranging from diagnosis to transformation through organizational consulting



A Predominant Presence in the Market for Improving Employee Engagement

MOTIVATION CLOUD
by Link and Motivation Group

Share of sales in Japan for four consecutive years

No. 1

Note: See page 12 for details.

Management Strategy

Now Is the Time to Demonstrate Our True Value ———

We will achieve dramatic growth through our ongoing commitment to being a one-of-a-kind business and organization.

A Steadfast Conviction since Our Founding

As Japan's working population shrinks and the source of companies' competitive advantages shifts from tangible goods to intangibles, human resources and organizations will become crucial assets for corporate management. That was my belief when I founded Link and Motivation in 2000. At that time, the English word "motivation" had not yet gained currency in Japan. Now, more than 20 years later, my belief has only become stronger.

Due to the COVID-19 pandemic and other factors, the market environment has changed drastically, far beyond anyone's imagination. Particularly in Japan, where the working population is shrinking at the fastest rate in the world, people's motivation for working is becoming more diverse and they are changing jobs more often. Securing and retaining human resources who are capable of succeeding has become a key issue for many companies. We are entering an era when companies must do more than just promote their business strategies. Companies will not grow unless they transform their organizational strategies, including for developing human resources and improving employee engagement. At the same time, individuals who do not continually increase their market value will not be chosen for employment by companies.

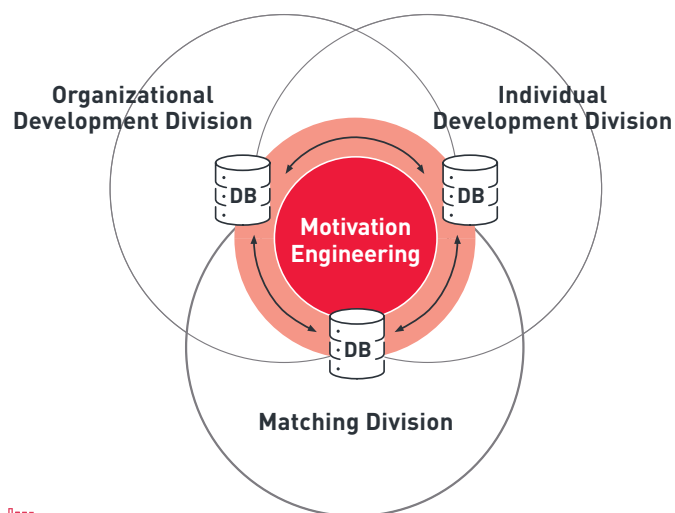


Ozasa Yoshihisa
Chairman and
Representative Director
Link and Motivation Inc.

A Medium-to-Long-Term Strategy for Further Expansion of Our One-of-a-Kind Value

Based on Motivation Engineering, our core technology, we currently conduct business in three divisions: the Organizational Development Division, which creates growth for organizations and fulfillment for workers; the Individual Development Division, which creates fulfillment for individuals; and the Matching Division, which connects organizations and individuals. I am proud to say that our businesses have become indispensable entities even in a changing market environment. Nevertheless, I strongly feel that we must ramp up our growth to remain the leader in this market. As a long-term measure to establish our one-of-a-kind position more firmly, we intend to link the unique databases of each of our divisions to build an “engagement chain” that will dramatically improve engagement between organizations and individuals. Over the medium term, we will increase investment in the Organizational Development Division to further stimulate the rapidly growing employee engagement market.

An Engagement Chain That Expedites One-of-a-Kind Value



Linking Business and Organizational Strategies to Maximize Value

Speedily maximizing the value that only we can provide will require high-level linkage between our business and organizational strategies. We have provided Japanese society with new values, including raising awareness of the importance of employee engagement and independent career development. We have also grown by making full use of our own services to act as a role model for these values, and by consistently planning strategies from both a business and an organizational perspective. Going forward, we intend to prove that our management model that links business and organizational strategies can help achieve sustainable growth, and then popularize this new management model.

Passion That Will Change Society

Over the past 20 years, conditions for both organizations and individuals have changed at a dizzying pace. Those changes will only become faster and more pronounced. That is why now is the time for LMG to demonstrate its value. Even though it is apparent to all that human resources are a company's greatest and most powerful asset, and that organizations are the key to continuously generating value, few companies have been able to achieve a true transformation. We conduct our businesses because we are serious about changing society using Motivation Engineering, our unique technology for diagnosis and transformation. Moreover, I am certain we can accomplish this goal. Together with stakeholders who share our vision, we will continue to make strong progress in creating a more meaningful society. You can look forward to the continuing growth of the Link and Motivation Group in the years to come.

March 2022

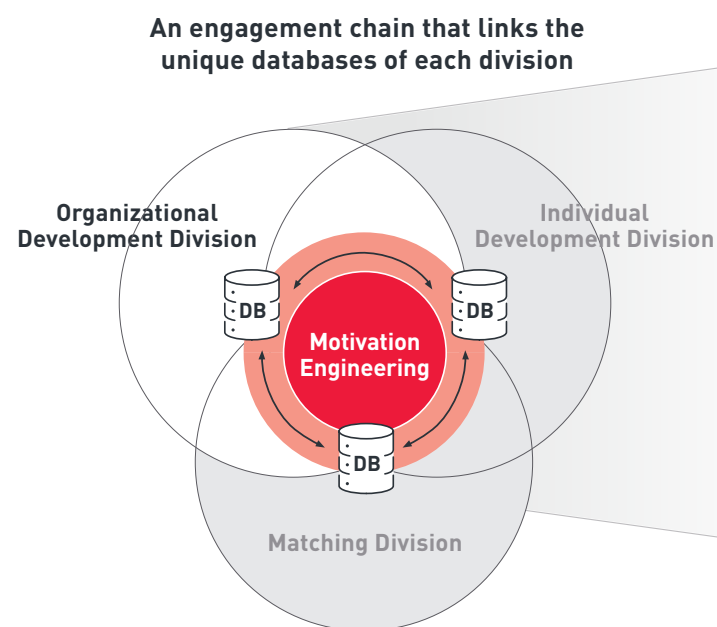
Link Business and Organizational Strategies at a High Level for Sustainable Growth to Carry Out the LM Mission

The Group believes that high-level linkage between its business and organizational strategies will be key to carrying out the LM Mission. Management will consistently formulate strategies that take both aspects into account to achieve sustainable and speedy growth.



Ramp Up Growth Investment in the Organizational Development Division over the Medium Term to Realize Our Long-Term Strategy

To realize our long-term strategy, we will ramp up investment in the growth of the Organizational Development Division over the medium term. With the current rapid growth of the employee engagement market, we will focus on the Organizational Development Division, our founding and most profitable business, and strengthen synergies with our other divisions to rapidly build an engagement chain.



Business Strategy



Organizational Development Division

Support for the Creation of Motivation Companies

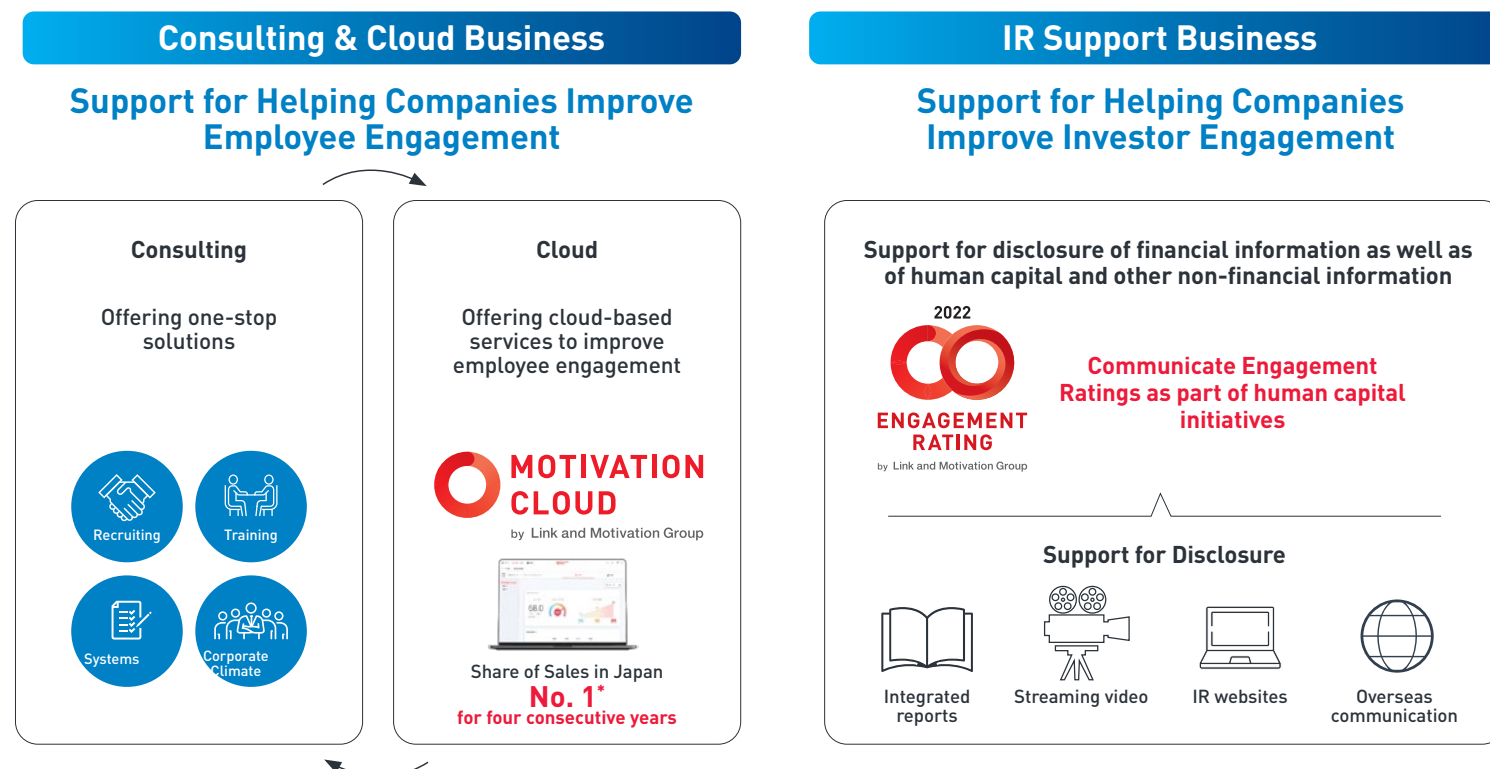
We raise employee motivation to create fulfillment in work. We support the creation of organizations (Motivation Companies) that stakeholders continue to choose.

Business Content

The Consulting & Cloud Business and the IR Support Business Work to Create Motivation Companies That Individuals Choose

A “Motivation Company” is an organization that maximizes both organizational performance and individual motivation. It can be expressed in the phrase “One for All, All for One.”

To support the creation of Motivation Companies, we currently operate a Consulting & Cloud Business to help companies improve employee engagement and an Investor Relations (IR) Support Business to help companies improve investor engagement. Based on the results of our cloud-based organizational diagnostics, we provide one-stop consulting services for organizations and human resources. We also provide support for corporate disclosure in IR with a focus on human capital disclosure. Through these businesses, we offer one-of-a-kind value.



* ITR, “ITR Market View: Human Resources Management Market 2021” Employee engagement market: Consecutive number one in sales by vendor and market share (FY2017-FY2020 forecast)

Note: Some business names have changed from the fiscal year ending December 31, 2022.

Market Environment

Amid Rapidly Changing Conditions for Organizations and Individuals, Improving Employee Engagement Has Become an Urgent Issue for Companies

Conditions for organizations and individuals have been changing rapidly in recent years. Japan's working population is shrinking at the fastest rate in the world due to its declining birthrate and aging population. As the sources of people's motivation for working become more diverse and their purpose for working shifts to a sense of fulfillment and worthwhile work, they are also changing jobs more often. In addition, with the accelerating shift in products and services toward intangibles with shorter lifecycles, we have entered an era in which companies will not be able to grow unless they transform their organizational strategies, including for developing human resources and improving employee engagement, as well as their business strategies.

Working Population Decrease



Japan's Working Age
Population Ratio¹

68.2% → 50.7%
2000 2050

Diversifying Motivation for Work



Change in the "Purpose of Work" for New
Employees: Percentage of Respondents
Who "Want to Enjoy Life"²

26.1% → 39.6%
2000 2019

Changing Management Issues



Management's Perception of Issues:
Growing Importance of Human
Capital³

8th → 2nd
2003 2021
Personnel system/
employee treatment Strengthening
human resources

1. Created by the Company from *Databook of International Labour Statistics 2019* by the Japan Institute for Labour Policy and Training

2. Created by the Company based on the results of the "Work Attitudes" survey for new employees conducted by the Japan Productivity Center in 2000 and 2019.

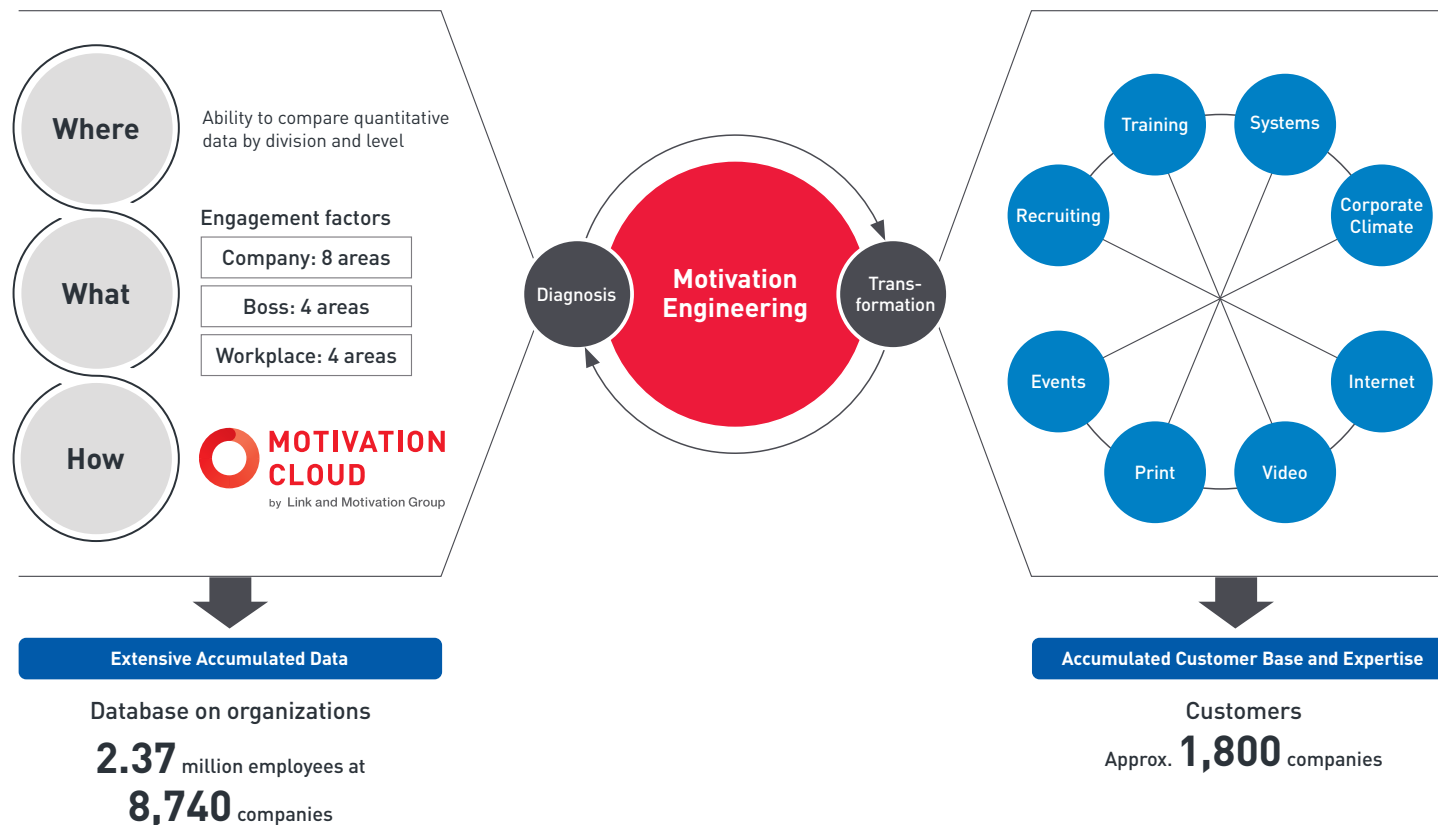
3. Created by the Company based on "Survey on Current Management Issues for Japanese Companies 2003: Identification of Issues and Direction of Response for Future Management Innovation" and "Management Issues for Japanese Companies 2021," both from the Japan Management Association.

For more detailed data, see pages 51-52 of the IR Book.

Competitive Advantage

Assets Cultivated as a Pioneer in the Field of Organizations and Human Resources, Based on Motivation Engineering

Based on Motivation Engineering, which is our core technology and the source of our competitive advantage, we conduct a diagnosis to identify what issues exist in an organization and where, then use the results to provide the most appropriate solutions for transformation. In the over 20 years since its founding, Link and Motivation has diagnosed organizations in a variety of growth stages and industries, building up a dominant database covering 2.37 million employees at 8,740 companies. Moreover, by providing one-stop solutions for all areas from recruiting to training, systems and corporate climate, we have accumulated a solid customer base centered on major companies as well as acquired unique expertise.

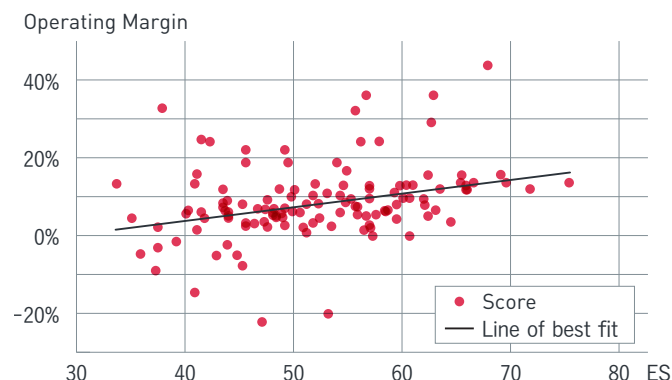


Research Results

Improving Employee Engagement Positively Impacts Operating Margin and Labor Productivity

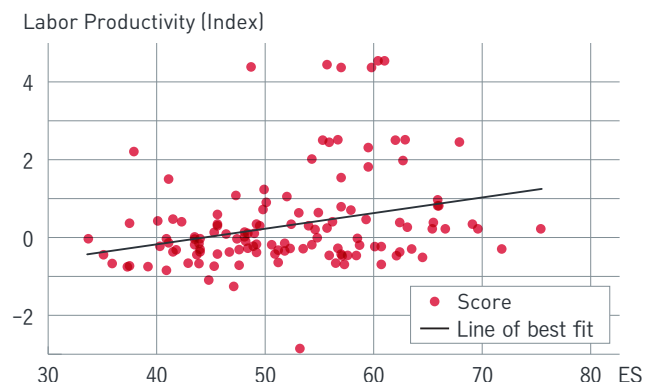
The value we provide is not simply raising the motivation of individuals, but simultaneously maximizing both employee motivation and organizational results. Since its founding, the Link and Motivation Group has helped some 10,000 companies resolve their organizational problems, and its joint research with Keio University has shown that improving employee engagement has a positive impact on a company's operating margin and labor productivity. Now that the focus on employee engagement is increasing, especially among major companies, we will further hone our competitive advantage to take the lead as the driver of the employee engagement market.

Correlation between Engagement Score (ES) and Operating Margin



For every one-point increase in ES, the operating margin for the period increased by 0.35%

Correlation between Engagement Score (ES) and Labor Productivity



For every one-point increase in ES, the labor productivity index increased by 0.035 points

Notes:

1. Research results on "Engagement and Corporate Performance" announced in September 2018
2. The analysis covers 66 listed companies with publicly available securities reports from among respondents to Link and Motivation's Employee Engagement Survey.
The study period was from May to July 2018.
3. Labor productivity is defined as "EBITDA per yen of salary paid to employees."

Medium-Term Strategy

Creating Reliable Growth, Driven by Cloud-Base Product Subscription Sales, While Simultaneously Strengthening Linkage with Our Consulting Business

Over the medium term, we will focus on continuing to grow the cloud business's stable subscription revenues. This will entail localization of our diagnostic surveys for a global rollout, in addition to continuing to promote adoption of the service by major companies. In 2022 we will fully migrate our proven human resource development services to the cloud. We expect this will contribute significant additional new growth to our subscriber base as we enter 2023 and beyond. In addition, by strengthening linkage with our cloud services to expand our one-stop consulting solutions based on diagnostic results, we will ramp up our ability to provide value that is only available from the Link and Motivation Group.

Cloud

Further Increase Monthly Fee Revenue from the Motivation Cloud Series

New Customer Acquisition

- Promote adoption by more major companies
- Localization for global rollout



New Cloud Service Rollout

Reliable growth from migrating our proven services to the cloud, as with Motivation Cloud

2000 onward

Training and related human resource development services

Second half of 2022 onward



Accumulated answer database

638,100 people

Consulting

Strengthen Linkage to Motivation Cloud

One-Stop Solutions According to Diagnostic Results



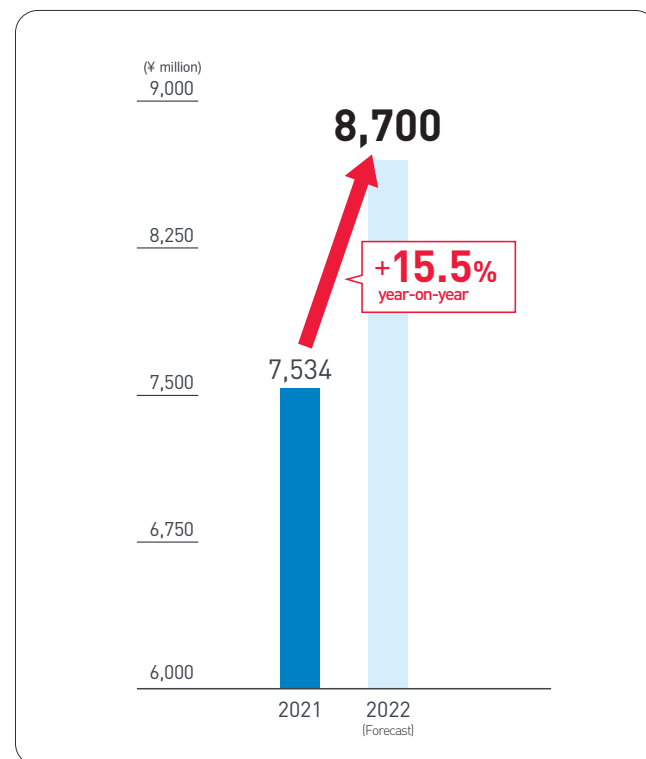
Transformation Solutions



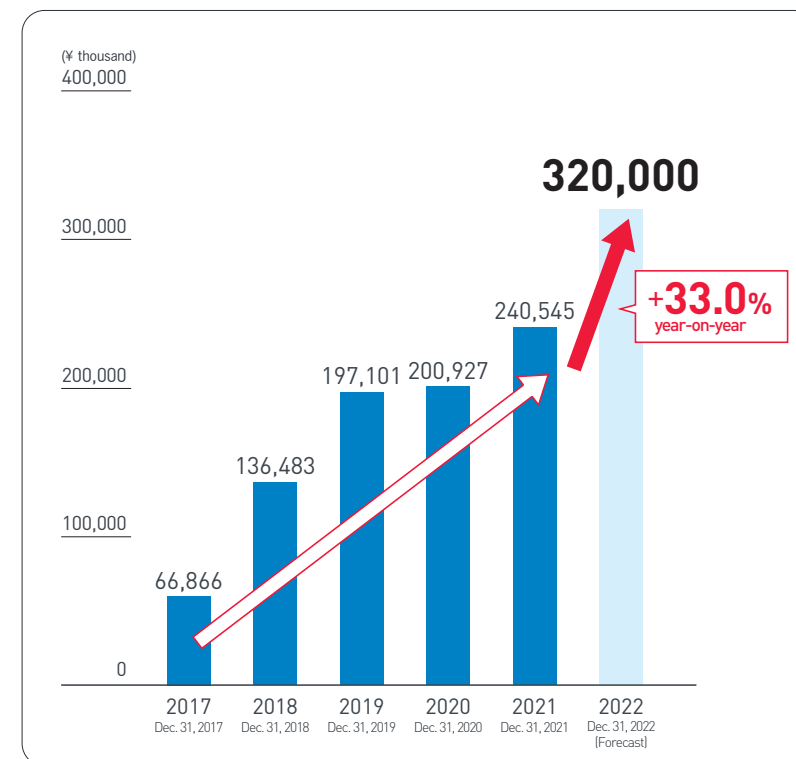
Medium-Term Strategy

In 2022, we plan to achieve a 15.5% year-on-year increase in gross profit and unprecedented 33.0% growth in monthly fee revenue from Motivation Cloud. Further enhancing the cycle of diagnosis and transformation that we have been cultivating since our founding will drive the growth of the entire Group.

Organizational Development Division Gross Profit* Motivation Cloud Series* Monthly Fee Revenue



* Includes sales within the Group



* Motivation Company Club membership service for managers



Individual Development Division

Creating i-Companies

We develop individuals who find fulfillment in life by independently and autonomously developing their own careers. We support the creation of individuals (i-Companies) that organizations choose.

Business Content

A Career School Business and a Cram School Business That Both Create i-Companies That Organizations Choose

We define an “i-Company” as an individual who continues to be chosen in the market as a result of independently and autonomously taking control of the path of his or her own career and life.

To support the creation of i-Companies, we operate a Career School Business, which supports working people in developing their own careers, and a Cram School Business, which helps elementary, junior high and high school students pass entrance examinations for their next stage of education. These businesses provide ongoing one-stop support to customers from elementary school students to adults who are proactively seeking to take exams or to acquire qualifications and improve their skills, so that they can continue learning without becoming discouraged. This support ranges from helping customers to set goals (i-Company vision) and understand their own issues to learning online and in real-world settings and formulating and revising plans.

Career School Business

Support for Working People in Developing Their Careers



B to C

A Total Career School

- Microsoft Office
- Programming
- Accounting
- National qualifications
- Civil service examinations



English language



Coaching, etc.



B to B

Support for Improving Employee DX Skills

- IT knowledge
- IT operation

Support for acquiring the national “IT Passport” qualification, etc.

Tools for more effective use of Microsoft Office, Google, etc.

Cram School Business

Support for Students in Passing Examinations



For elementary school students

SS-1 individualized instruction cram school

SS-1

Exclusive one-on-one instruction to improve the grades of students who attend large prep schools

Number of schools: 8
(Kanto and Kansai areas)



For junior and senior high school students

Motivation Academia cram school



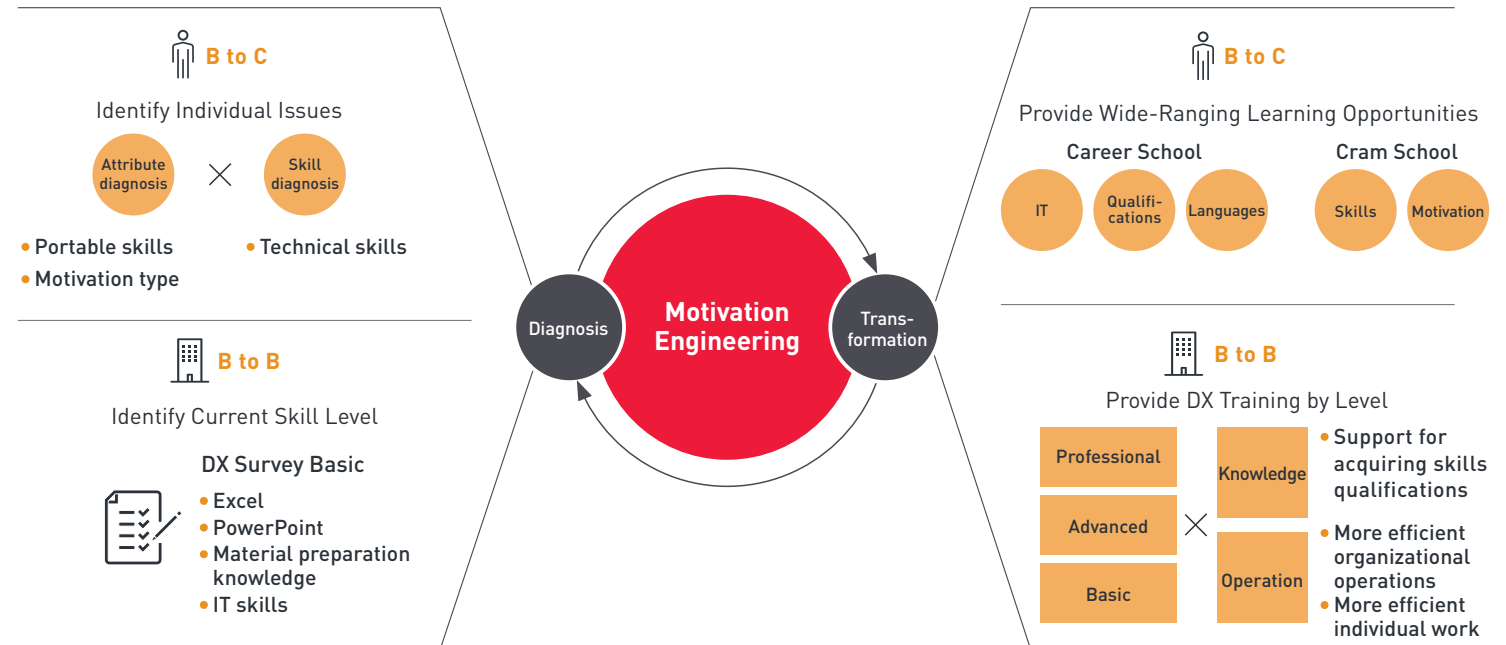
Cultivates academic abilities not just for passing exams but for acquiring the skills to play an active role in society

Number of schools: 7
(Kanto and Kansai areas)

Competitive Advantage

Reliably Generating Results from Motivation Engineering

We can ensure results through the ongoing implementation of a cycle of diagnosis and transformation based on Motivation Engineering, our core technology and the source of our competitive advantage. In the diagnosis phase, we can design the optimal plan by assessing motivation types and skills as well as progress in studies. In the transformation phase, we can provide total support for growth, ranging from examinations to acquisition of language and IT skills and qualifications, as well as support for classes and the formation of daily study habits through an approach that combines technology with personalized support.



Medium-Term Strategy

Generate Synergies with the Organizational Development Division and Enhance DX Support Services for Individuals at Corporations

To adapt to the rapidly changing business environment, many companies are promoting Digital Transformation (DX), and developing employee IT skills is a common issue. Over the medium to long term, we will enhance our DX support services for individuals at corporations by fully utilizing the know-how we have cultivated under the Aviva brand and the customer base of the Organization Development Division. This will establish our presence in the IT skills training market, which is expected to grow. In addition to improving employee engagement, our support for improving operational efficiency through the development of DX skills will accelerate the creation of organizations that achieve a true state of "One for All, All for One."

IT Skill Support Built Up by the Aviva Brand



- Dominant track record in instruction since its establishment in 1995
- Complete lineup of classes

Utilization of Customer Assets from the Organizational Development Division and the Matching Division

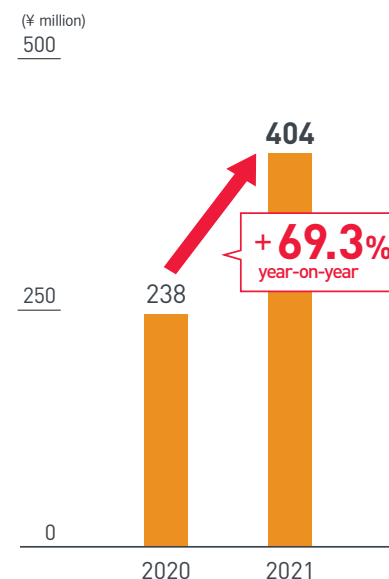


Number of corporate customers
Approx. **1,800** companies



Number of school district customers
Approx. **450** school districts

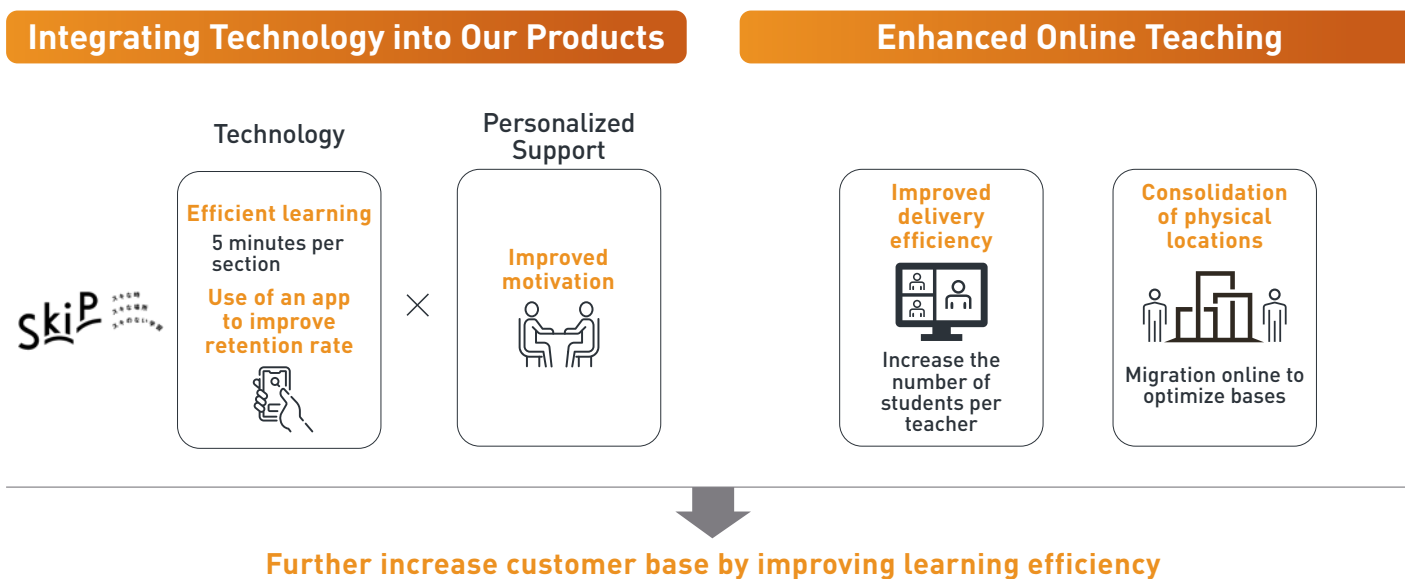
Revenue from DX Support for Individuals at Companies



Medium-Term Strategy

Enhancing Technology Services to Optimize Individual Learning

To optimize our services that combine technology with personalized support, we will enhance both our technology and our service over the medium to long term by expanding SkiP online learning content that lets students access their learning input and output whenever and wherever they want. We will use this service to gradually increase the number of courses available, as well as to improve the efficiency of content delivery and consolidate physical locations. In addition to the learning support know-how that we have cultivated in brick-and-mortar locations, we will increase value for our customers by promoting product technologies and online teaching.



Matching Division

Maximizing the Value of Motivation Companies and i-Companies

We generate synergy by connecting organizations offering fulfilling work with individuals leading fulfilling lives to create engagement.

Business Content

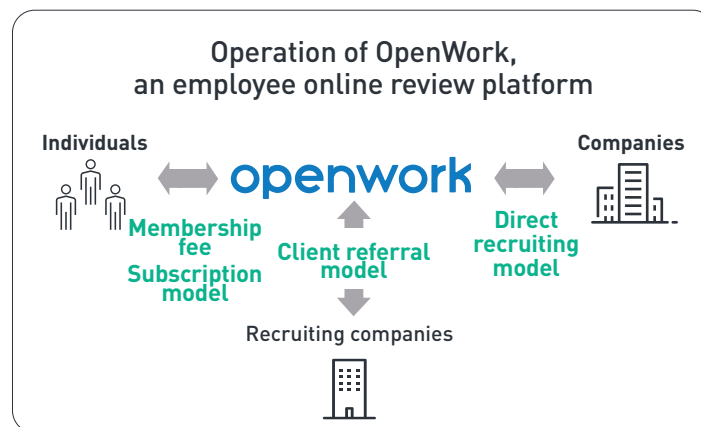
A Personnel Placement Business and an ALT Placement Business for Engagement Matching

Engagement matching, or fitting, helps companies achieve a high retention rate based on mutual understanding, empathy and commitment between an organization and an individual. We conduct matching by motivation type as well as by skills to maximize the value of both organizations and individuals through engagement matching. To this end, we currently conduct a Personnel Placement Business to help job seekers achieve a high level of engagement and an ALT* Placement Business to support individuals from overseas seeking to work in Japan.

* Assistant language teacher

Personnel Placement Business

Support for Job Seekers with a High Level of Engagement



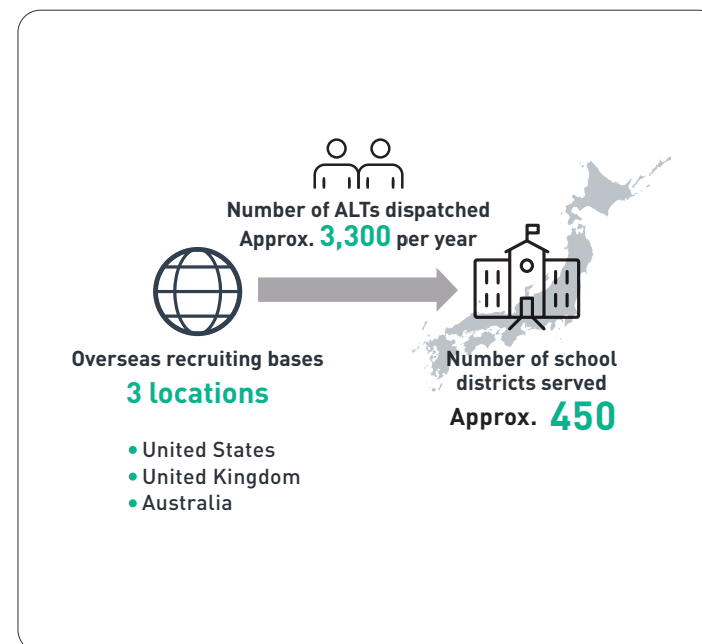
Personalized employee placement services (new university graduates and mid-career hires)



Note: Some business names have changed from the fiscal year ending December 31, 2022.

ALT Placement Business

Employment Support for Individuals from Overseas Seeking to Work in Japan



Competitive Advantage: Personnel Placement Business

Motivation Engineering-Based Engagement Matching Using Both a Platform and an Agency Function

We conduct engagement matching between companies and individuals using both a platform and an agency function based on Motivation Engineering, which is our core technology and the source of our competitive advantage. The OpenWork website has accumulated more than 10 million employee reviews, which are used to create job satisfaction scores for companies. Direct recruiting through this platform results in fewer mismatches. Then, based on the results of our diagnosis of an applicant's skills and motivation type, our agency function enables matching based on compatibility with the corporate climate as well as relevant skills for the perfect fit.

Company Job Satisfaction Scores Based on Employee Reviews



openwork

Employee online review platform

Diagnosis of Applicant Skills and Motivation Type

Portable skills

| | | |
|----------------------------|----------------------------|----------------------|
| Task-directed capabilities | Self-directed capabilities | Interpersonal skills |
|----------------------------|----------------------------|----------------------|

Motivation type

| | | |
|-------------------|---------------|-----------|
| Organization type | Behavior type | Work type |
|-------------------|---------------|-----------|

Diagnosis

Motivation Engineering

Transformation

High-Retention Matching Based on Multifaceted Understanding of a Company

Open, direct recruiting using online reviews



Matching Based on Degree of Compatibility with the Corporate Climate Rather than Just Skills



Appropriate guidance through data-based career interviews

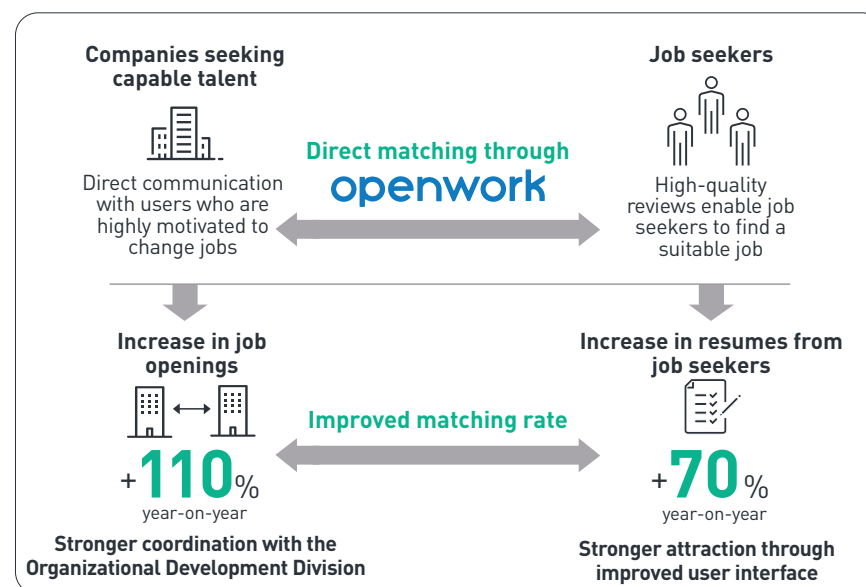
Medium-Term Strategy: Personnel Placement Business

Enhancing OpenWork's Direct Recruiting Model to Realize Synergy with the Organizational Development Division

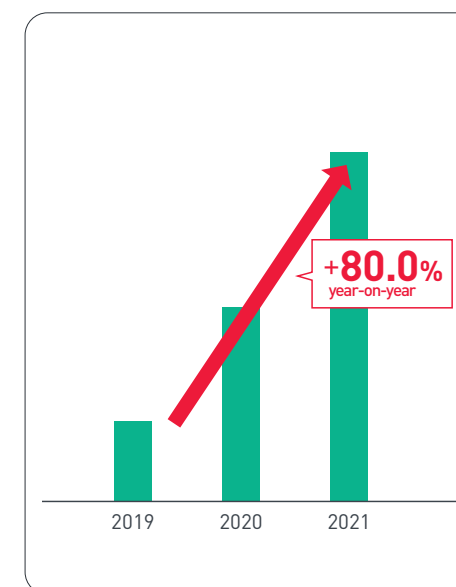
The growth of Openwork has created greater visibility into the actual working conditions at organizations and job seekers now come to check employee review sites as a matter of course.* Under these evolving circumstances, we are enhancing our popular direct recruiting model accordingly. This will entail a two-pronged strategy of increasing the number of resumes from job seekers as we step up coordination with the Organizational Development Division to increase the number of job openings. In addition, we aim to continually improve the matching rates. We will further stimulate the employee engagement market by achieving a high level of satisfaction among job seekers through OpenWork and supporting companies in their efforts to improve employee engagement through our Consulting & Cloud Business.

* According to an April 2018 survey by OpenWork Inc., 74.3% of job changers have used an employee review website.

Expand the Direct Recruiting Model



OpenWork Recruiting Revenues

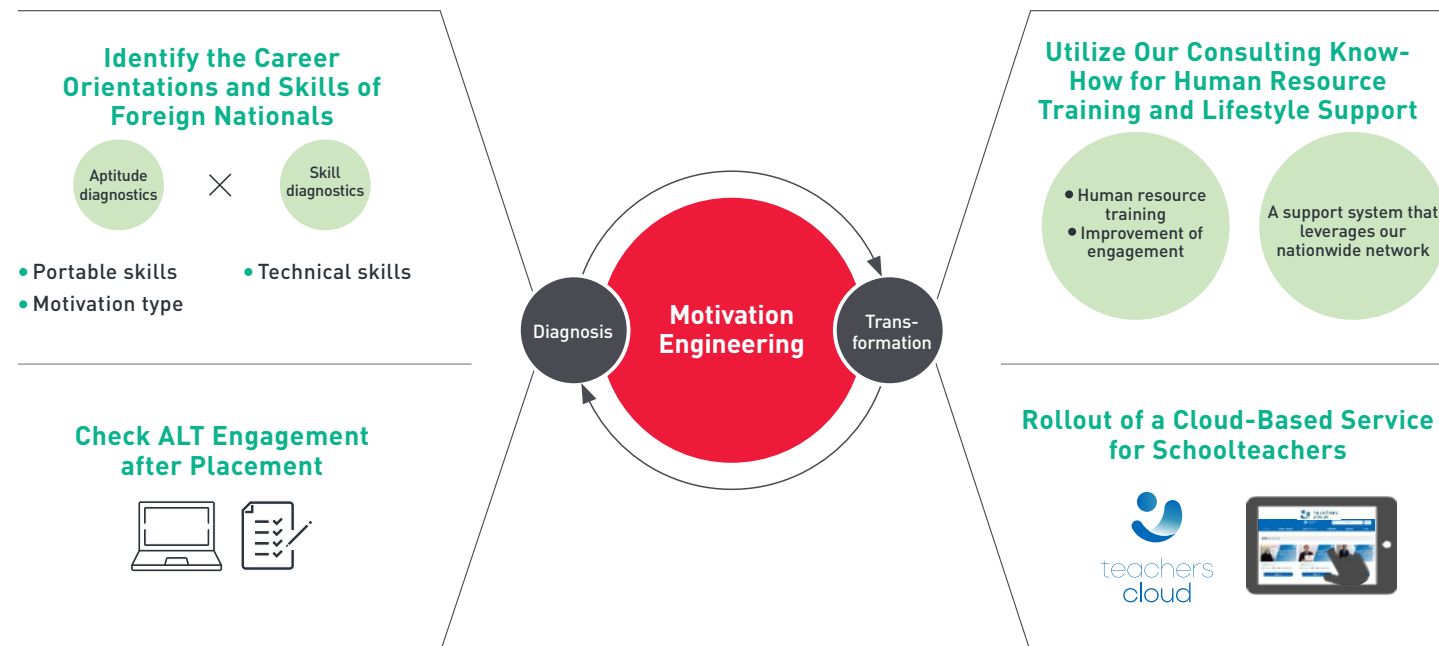


Note: Detailed numbers are not disclosed.

Competitive Advantage: ALT Placement Business

Achieving a High Level of Engagement between ALTs and Schools Using Motivation Engineering

We have achieved a high level of engagement matching between individuals from overseas and the schools where they are placed by repeating the cycle of diagnosis and transformation based on Motivation Engineering, which is our core technology and the source of our competitive advantage. In addition to identifying the career goals and skills of individuals from overseas, we survey their engagement after placement to implement initiatives for developing human resources and improving engagement using our consulting know-how. We are also further improving engagement with schools through support that leverages the nationwide network that Interac Co., Ltd., which was established in 1972 and is the predecessor of the ALT Placement Business, built and the rollout of a new cloud service for school teachers.



Medium-Term Strategy: ALT Placement Business

Aiming to Further Enhance Our Brand Power and Increase Our Share of the ALT Market through the Introduction of Teachers Cloud, Our New Cloud-Based Service

Teachers Cloud is a cloud-based service launched in June 2021 that leverages the Group's track record and consulting know-how to improve the efficiency of English class preparation and enhance teachers' English language and teaching skills. The rapid promotion of digitalization in the field of education is raising expectations for improvements in teacher productivity and instruction. In the six months since the launch of Teachers Cloud, 4,300 elementary, junior high and senior high schools, or about 15% of all public schools in Japan, have started using the service. We will continue introducing Teachers Cloud in school districts where we have contracts to place ALTs to increase the repeat rate and enhance our branding to further expand our market share.

Expansion of Teachers Cloud



A cloud-based service for teachers to improve lesson preparation efficiency and English teaching skills

Contents Include over 15,000 Items



Teaching plans



Educational materials and lectures by experts

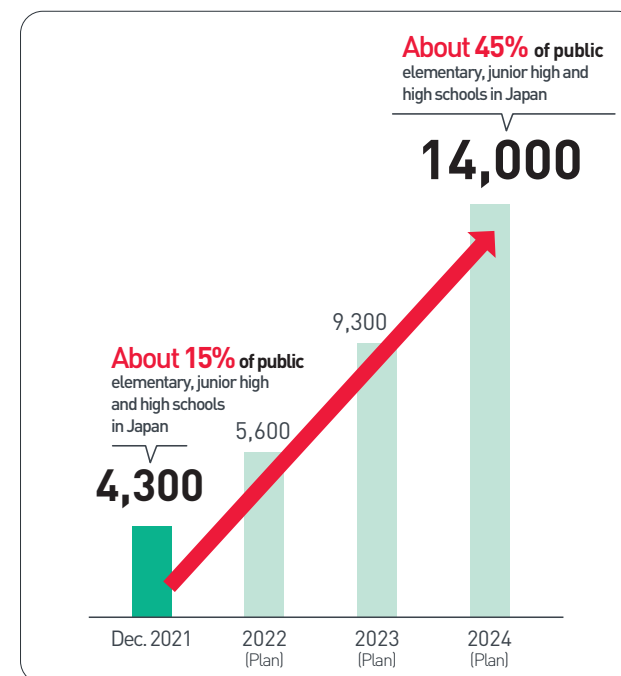


Performance tests



Ongoing Introductions to School Districts with ALT Contracts Are Contributing Significantly to an Increase in Repeat Business

Number of Schools Where Teachers Cloud Has Been Introduced



Organizational Strategy

Engagement Ratings at Group Companies

Maintaining a High Level of Employee Engagement at Group Companies since Our Founding

To raise awareness of the importance of employee engagement for business growth and provide pertinent information to the capital market, since 2018 the Group has been disclosing its Engagement Rating (ER), which ranks the ES of each Group company. Almost every Group company has consistently maintained the highest ranking of “AAA,” and the Group’s high level of employee engagement is a competitive advantage.

Engagement Ratings of Group Companies



Breakdown of February 2022 Results

| | Company | Number of Employees | Rank |
|--|------------------------------------|---------------------|------|
| Organizational Development Division AAA | Link and Motivation Inc. | 388 | AAA |
| | Link Global Solution Inc. | 22 | AAA |
| | Link Event Produce Inc. | 20 | AAA |
| | Link Corporate Communications Inc. | 79 | AAA |
| Individual Development Division AAA | Link Academy Inc. | 511 | AAA |
| | Motivation Academia Inc. | 31 | AAA |
| Matching Division AA | Link Interac Inc. | 172 | AA |
| | Link Japan Careers Inc. | 17 | AAA |
| | Link Staffing Inc. | 15 | AAA |
| | Link-i Inc. | 20 | AAA |
| | OpenWork Inc. | 74 | BBB |

1. Results from February for each year (excluding Link Dining Inc.).

2. Results from August for 2018 only.

3. November 2020 results for OpenWork Inc. only.

Note: The Group discloses information on human capital based on ISO 30414.

Engagement Rating by Category

Providing an Environment Where Diverse Human Resources Can Feel a High Level of Engagement and Thrive

Because the Group operates all kinds of business models in its three divisions, its workforce is quite diverse in terms of nationality and other attributes. Diagnostic surveys conducted by the Group enable analysis across all attributes, allowing the Group to provide an environment where diverse human resources can feel a high level of engagement and thrive.

Group Employees (As of December 2021)

| Employees | Male | Female | Japanese nationality | Other nationalities |
|-----------|------|--------|----------------------|---------------------|
| 1,493 | 807 | 686 | 1,408 | 85 |

February 2022 Results

By Gender

| | Number of Employees | Rank |
|--------|---------------------|------|
| Male | 734 | AAA |
| Female | 614 | AAA |

By Nationality (Area)

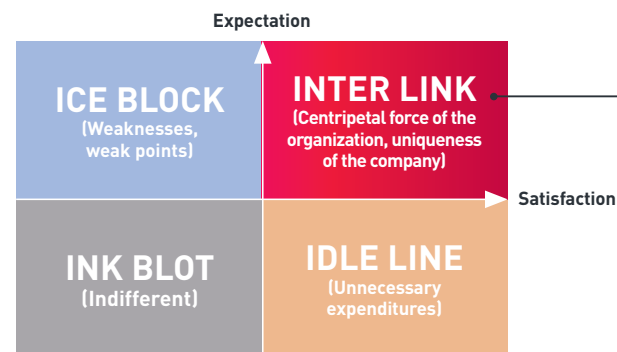
| | Number of Employees | Rank |
|---------------------------|---------------------|------|
| Japan | 1,164 | AAA |
| Asia (excluding Japan) | 11 | AAA |
| Oceania | 6 | AA |
| North America | 34 | AAA |
| Central and South America | 2 | AAA |
| Europe | 11 | AA |

Our Foundation

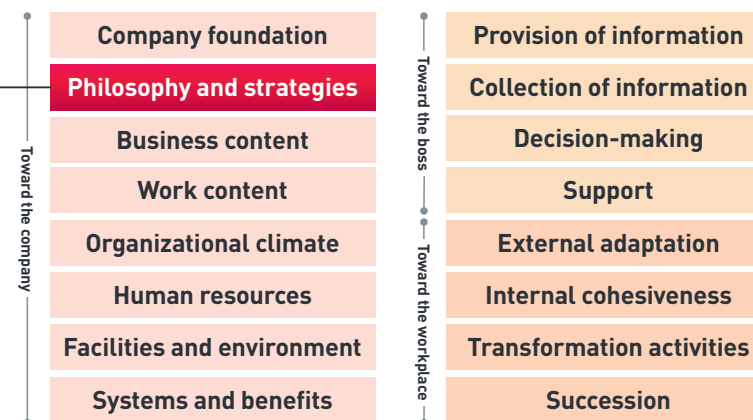
A Core Philosophy-Based Strategy That Unites the Link and Motivation Group

To maintain a high level of employee engagement, the Link and Motivation Group places its greatest emphasis on being united by its core philosophy. Sympathy with this philosophy is essential for the Group. During our short 22-year history this has enabled us to provide value that should continue many years into the future. In addition to sharing and instilling the Group's raison d'être and vision among our employees, we also emphasize sympathy with our philosophy in hiring, making it a substantial strength of our organization.

4eyes® Windows



Engagement Factors in 16 Areas



Group Companies Whose Philosophy and Strategies Fall within the INTER LINK Sector (February 2022 Results)

Group Companies
(Employees)

6 companies
(out of 11)

Group Companies That
Hire New Graduates
(Prospective Employees)

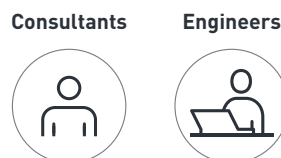
9 companies
(out of 9)

Over the Medium Term, Ramp Up Recruiting in the Organizational Development Division and Implement Initiatives to Further Increase Employee Engagement

We will step up investment in our businesses, mainly in the Organizational Development Division over the medium term. For our organization, we will raise both the competency and the number of our consultants and engineers by ramping up recruiting and training in the Consulting & Cloud Business based on Motivation Engineering, our core technology. Throughout the Group, we will periodically diagnose employee engagement to conduct appropriate organizational management as we focus on improving productivity and training the next generation of managers.

Organizational Development Division

Enhancing Recruiting and Training Based on Motivation Engineering



Raise Both Competency and Number

See page 34 for details.

Group-wide

Improving Productivity

Promoting DX



See page 35 for details.

Compatible Work



See page 36 for details.

Training the Next Generation of Managers

Top Gun Selection



See page 37 for details.

Note: See the [Company's website](#) and [IR Book 2020](#) from page 23 onward for general Group-wide initiatives.

Enhancing Consultant and Engineer Recruiting and Training in the Organizational Development Division

The Organizational Development Division has the highest ES among the three divisions, and its engineering organization also maintains a high score. For further growth going forward in the Consulting & Cloud Business, we will enhance recruiting and training, mainly for consultants, while maintaining this high level of employee engagement. To increase our ranks of engineers, we will act with agility as a Group united by a core philosophy by conducting selective training of new university graduates as well as stepping up hiring of mid-career employees.

Consultants



Engineers



Recruiting

Training

Significantly increase the number of new hires, mainly focused on new university graduates

Established a consulting promotion office for major companies to train top consultants

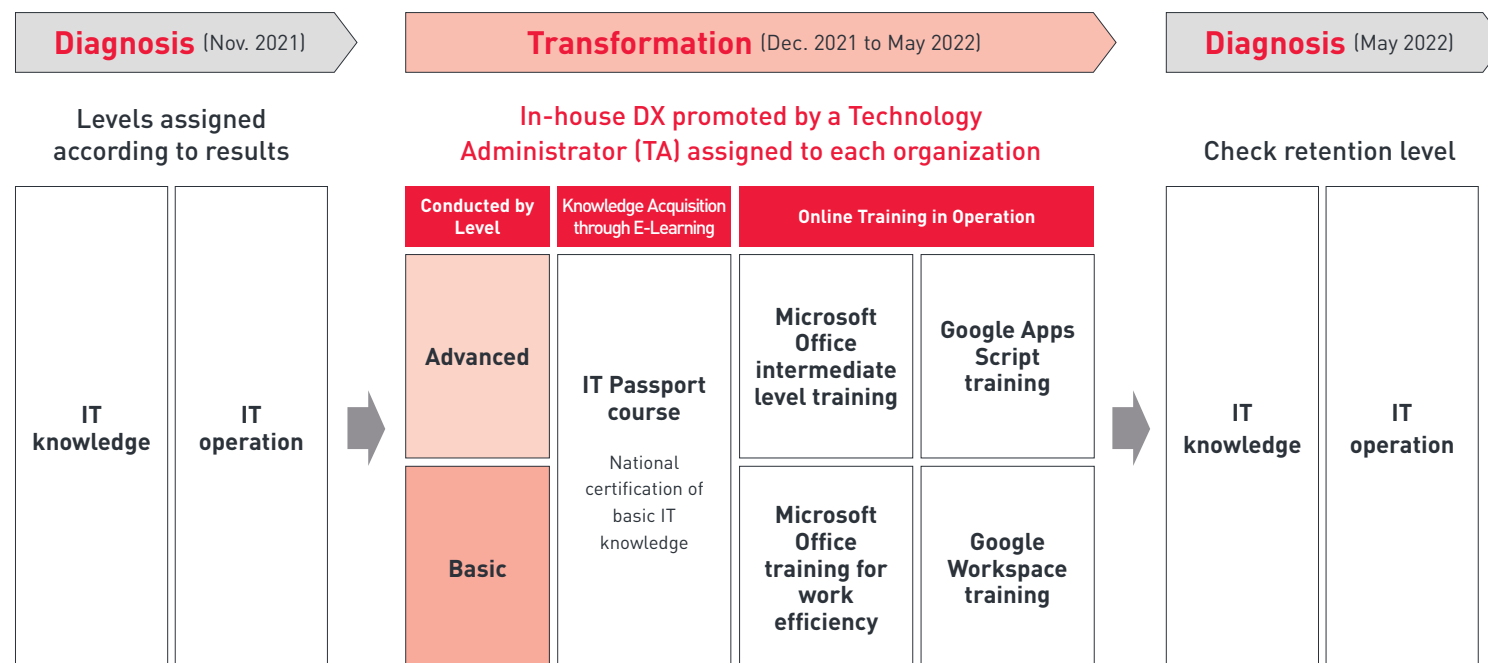
Achieve a high level of engagement in recruiting, mainly focused on mid-career hires

- Selective training of new university graduates with aptitude
- Motivation Engineering training for mid-career hires

Improving Each Employee's Productivity Based on a DX Skills Diagnosis

Since 2021, the Individual Development Division has been offering its DX support in-house to further improve Group employees IT literacy with the goal of strengthening and enabling more rapid business growth. We have also started assigning Technology Administrators (TA's) responsible for promoting digitalization to each Group company to help increase the operational efficiency of each organization. We will continue to conduct a regular cycle of diagnosis and transformation to improve DX skills throughout the Group.

Efficiently Improving DX Skills with Solutions for Diagnosis-Based Transformation

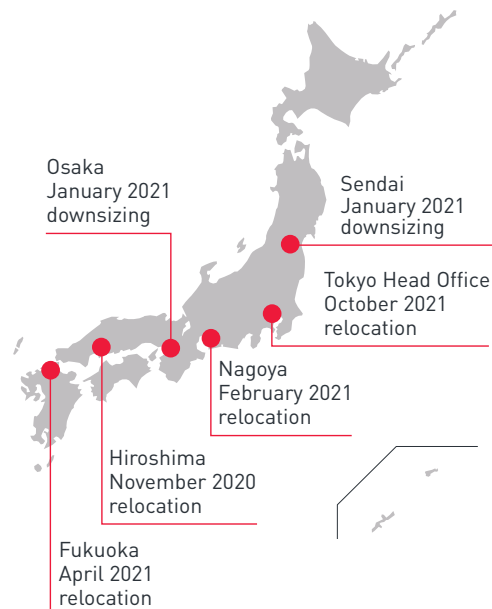


Compatible Work to Increase Both Productivity and Employee Engagement

The Link and Motivation Group has responded to the COVID-19 pandemic by relocating and downsizing its offices throughout Japan, and by establishing a new work style model called Compatible Work. The idea of Compatible Work is based on transforming the way we work by combining real-world and virtual spaces to increase productivity and employee engagement. Because of our powerful belief in the value of employee engagement, we flexibly adapt our approach to work according to the real environment in which we work.

New Ways of Working

2021
Approx. 60% reduction in floor space from office downsizing and relocation nationwide



2022
Shift to Compatible Work while monitoring the status of COVID-19

Benefits of Office Work (Real World)



Benefits of Telework (Virtual)



Optimally design each daily task to increase productivity and appropriately facilitate real-world communication to raise motivation.

“Top Gun Selection” to Select and Cultivate Our Next Generation of Managers

Expanding and growing our business to create an engagement chain requires the development of management personnel to lead the organization. That is why in 2021 we launched Top Gun Selection, a program for selecting and cultivating our next generation of managers, to offer participants opportunities to think from a Group perspective. Chairman Ozasa plays a central role in the year-long training of members selected from various levels. In addition to broadening the viewpoints of participants, the program helps them advance in their careers.

2022 Planned Content

| | Objective | Annual Schedule |
|---------------------------------------|---|--|
| Corporate Officer Class | Raise the level of corporate officers | 1Q February: Kick-off meeting 2Q May: Survey feedback and dinner 3Q July: Meeting for presenting proposals 4Q October: Meeting for presenting proposals November: Survey feedback and dinner |
| President and Company President Class | Cultivate the next group of officer candidates | |
| Management Class | Cultivate future officer candidates | |
| General Employee Class | Provide breakthrough opportunities to promote success | |

2021 Participant Comments (Selected)

President and Company President Class

- The biggest benefit for me was that **it made me ready to ask myself whether I am putting my true intentions into what I am doing as an executive.**
- It broadened my perspective by deepening my understanding of areas I don't normally manage, giving me **an opportunity to consider overall Group assets and strengths.**

Management Class

- Aside from making me feel an urgent need to develop the perspective of a manager, it was a good opportunity for me to think about the future from **the standpoint of LMG's management.**
- **If not for this opportunity I don't think I would have come across these new ideas.** As a candidate for management, I take this as a chance to learn and grow.

Corporate Governance

A Management Structure for Realizing the LM Mission

To achieve the LM Mission, we realize that we must continue to be an organization that realizes Management with Integrity and has a “One for All, All for One” mindset. As a guideline, our employees exemplify the three goals of LM’s management policy. First is management without any wrongdoing or dishonesty to any of our stakeholders. Next is having diverse human resources who embrace the spirit of “One for All, All for One.” Third is to always value the ability to make changes based on an awareness of the constant ongoing changes in markets and laws.

A Governance Format Chosen for Sustainable Growth



A Governance System That Ensures Management Soundness, Transparency and Efficiency

Board of Directors

The Board of Directors is composed of five directors (including two outside directors) and has ultimate authority for determining fundamental management policies and high-priority issues. In principle, it meets once a month, with other meetings held as appropriate when important items arise.

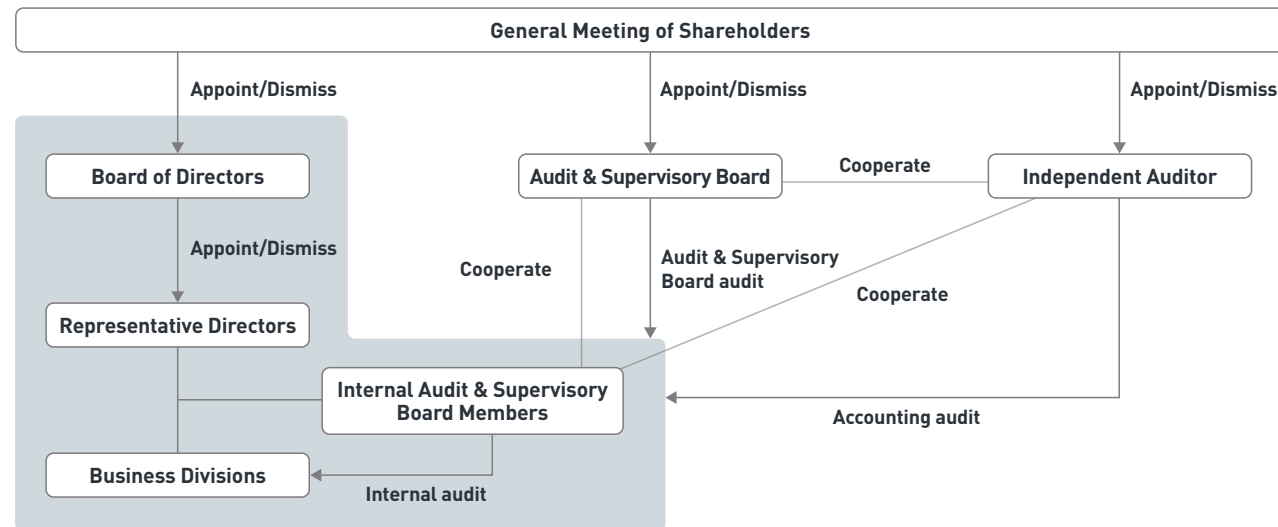
Audit & Supervisory Board

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

Business Divisions

The Group Management Committee meets twice each month. It is 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 duties.

Governance Organization



Appointing Directors Capable of Making Management Decisions That Link Business and Organizational Strategies

Currently, the Board of Directors of Link and Motivation Inc. is composed of five directors (including two outside directors). The three internal directors make decisions that link business and organizational strategies 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.

In January 2022, the Company introduced a corporate officer system to execute management based on prompt decision-making that accurately grasps both the business environment and changes in it.

Directors



Ozasa Yoshihisa

Chairman and
Representative Director

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)



Sakashita Hideki

President and
Representative Director

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)



Ohno Shunichi

Director

1992 Joined Aoyama Audit Company
(Price Waterhouse)
1998 Joined PwC Consulting Co., Ltd.
(currently IBM Japan, Ltd.)
2002 Joined the Company
2008 Director (to present)

Note: Also serves as a director at 10
consolidated subsidiaries and as
an Audit & Supervisory Board
Member at OpenWork.

Management Team

As of March 30, 2022

Directors



Yuasa Tomoyuki

Outside Director

2000 Joined Andersen Consulting, Ltd. (currently, Accenture Japan Ltd.)
2005 Joined Revamp Corporation
2010 Director, Revamp Corporation
2013 Representative Director, Revamp Outsourcing Corporation (currently, Revamp Academy Corporation) (to present)
2016 Outside Director, the Company (to present), President, Representative Director and CEO, Revamp Corporation, Representative Director, Eggcellent Corporation (to present) Outside Director, K's Holdings Corporation
2018 President and Representative Director, Chief Executive Officer, Revamp Corporation (to present)



Kakuyama Takashi

Outside Director

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), Director, Sanko Gakuen (to present)
2020 Outside Director, the Company (to present)

Audit & Supervisory Board

Kuriyama Hiromi

Audit & Supervisory Board Member (Full-Time)

1986 Joined Nippon Telegraph and Telephone Corporation (NTT)
2005 Joined a2media Corporation as Director, General Manager in charge of Strategy Promotion
2006 Director, Business Support Department (Accounting, Legal, Personnel, General Affairs), a2media Corporation
2013 Audit & Supervisory Board Member, Japan REIT Inc. (currently, Prop Tech plus Inc.)
2015 Director, Brainpress Inc. (currently, Inbound Tech Inc.)
2019 Director, Company Administrator, a2media Corporation
2022 Audit & Supervisory Board Member, the Company (to present)

Kimura Hidekazu

Outside Audit & Supervisory Board Member (Part-Time)

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

Tominaga Kenji

Outside Audit & Supervisory Board Member (Part-Time)

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

Managing Directors

Oguri Takashi

2002 Joined the Company
2010 Operating Officer
2014 President and Representative Director, Link Academy Inc.
2017 Director, Link Marketing Inc. (currently, Link Staffing Inc.), Director, the Company, Director, Dean Morgan K.K.
2018 Director, Motivation Academia Inc. (to present)
2022 Managing Director, the Company (in charge of Individual Development Division, to present), Director, Link Academy Inc. (to present)

Kawauchi Masanao

2003 Joined the Company
2010 Operating Officer
2018 Director
2019 President and Representative Director, Link Global Solution Inc. (to present)
2022 Managing Director, the Company (in charge of Organizational Development Division, to present), President and Representative Director, Link Event Produce Inc. (to present), Director, Link Corporate Communications Inc. (to present)

Kitsu Hiroyuki

1988 Joined Recruit Co., Ltd.
2006 Operating Officer, Recruit Agent Co., Ltd. (currently Recruit 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
2020 Director, Link Japan Careers Inc. (to present)
2021 Director, OpenWork Inc. (to present)
2022 Managing Director, the Company (in charge of Matching Division, to present), Director, Link Staffing Inc. (to present), Director, Link-i Inc. (to present)

Corporate Officers

Oshima Takashi

2000 Joined Sumisho Computer Systems Corporation (currently, SCSK Corporation)
2005 Joined the Company
2015 Head of Motivation Engineering Institute (to present)
2022 Corporate Officer (executive for Motivation Engineering Institute, to present)

Kawamura Nobuyuki

2000 Joined the Company
2010 Established Motivation Academia Inc.
2014 Unit Manager of PR and Secretary Unit of Group Design Department
2022 Corporate Officer (executive for Public Relations Department, to present)

Sakakibara Kiyotaka

1988 Joined Recruit Co., Ltd.
2000 Established the Company, and assumed the position of Director
2013 President and Representative Director, Motivation Academia Inc., President and Representative Director, Link Dining Inc.
2015 President and Representative Director, Link Relation Engineering Inc.
2018 President and Representative Director, Link Event Produce Inc.
2019 President and Representative Director, a2media Corporation
2022 Corporate Officer (executive for Brand Design Department, to present)

Shibato Junya

2000 Joined YASKAWA Electric Corporation (currently, YE DIGITAL CORPORATION)
2001 Joined Japan System Create Corporation (currently, SCSK Minor Solutions Corporation)
2005 Joined Ardito Co., Ltd.
2012 Corporate Officer, Ardito Co., Ltd.
2016 Joined Geniee, Inc.
2017 Corporate Officer, Geniee, Inc.
2018 Joined the Company
2022 Corporate Officer (executive for Product Design Department, to present)

Yokoyama Hiroaki

2004 Joined the Company
2008 Director, i JUST Co. Ltd.
2011 Director, DIGIT Inc.
2013 Unit Manager, Accounting & General Affairs Unit, Group Design Department
2022 Corporate Officer (executive for System Design Department, to present)

Management Utilizing Motivation Engineering

In recent years, compliance violations have become a social problem. We believe that low employee engagement creates a breeding ground for organizational wrongdoing. 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. In ways such as this we are working to raise employee awareness.

Initiatives to Strengthen Compliance

Motivation Engineering

Training conducted with top management as lecturers

- Improve awareness of compliance
- Link with the consulting business

A Unique 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 That Raises Employee Awareness

Dissemination of information

- Harassment training
- Compliance tests

Corporate Data

Performance, Financial Position and Dividends

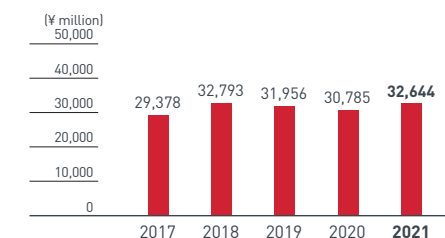
(As of December 31, 2021)

(¥ million)

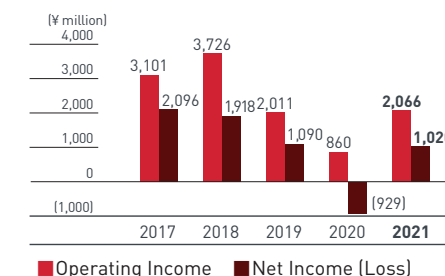
| | 2017 | 2018 | 2019 | 2020 | 2021 |
|--|--------|--------|--------|--------|--------|
| Performance | | | | | |
| Revenues | 29,378 | 32,793 | 31,956 | 30,785 | 32,644 |
| Gross profit | 12,236 | 14,601 | 13,631 | 14,008 | 15,340 |
| Selling, general and administrative expenses | 9,181 | 10,658 | 10,904 | 12,084 | 12,625 |
| Other income | 132 | 26 | 173 | 757 | 112 |
| Other expenses | 86 | 243 | 888 | 1,820 | 760 |
| Operating income | 3,101 | 3,726 | 2,011 | 860 | 2,066 |
| Financial revenues | 35 | 25 | 17 | 8 | 12 |
| Financial expenses | 141 | 131 | 167 | 240 | 174 |
| Net income (loss) from continuing operations | 1,877 | 1,860 | 1,074 | (307) | 1,102 |
| Net income (loss) from discontinued operations | 218 | 58 | 15 | (622) | (82) |
| Net income (loss) | 2,096 | 1,918 | 1,090 | (929) | 1,020 |
| Financial Position | | | | | |
| Total assets | 25,770 | 27,664 | 44,787 | 41,083 | 30,062 |
| Total equity | 6,697 | 7,681 | 7,033 | 4,917 | 8,648 |
| Interest-bearing debt | 10,425 | 11,208 | 30,036 | 28,379 | 13,887 |
| Dividends (Yen) | | | | | |
| Dividends per share | 6.20 | 6.80 | 7.20 | 7.20 | 7.40 |

- 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).
- 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.
- Dividends per share of ¥6.80 for 2018 consisted of ¥1.70 in each of the four quarters.
- Dividends per share of ¥7.20 for 2019 and 2020 consisted of ¥1.80 in each of the four quarters.
- Dividends per share of ¥7.40 for 2021 consisted of ¥1.80 in each of the first and second quarters and ¥1.90 in each of the third and fourth quarters.
- As of 2021, the domestic temp staff business of Link Staffing Inc. has been classified as discontinued operations. As a result, profits from discontinued operations are presented separately from continuing operations in the consolidated statements of operations. Accordingly, revenues, gross profit and operating income present the amounts for continuing operations. Amounts prior to 2020 have also been restated in the same manner.

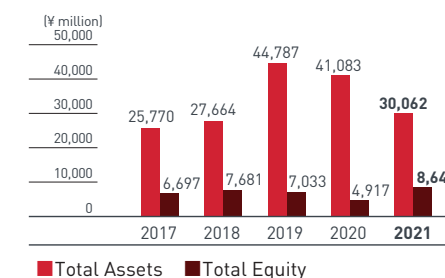
Revenues



Operating Income/Net Income (Loss)



Total Assets/Total Equity



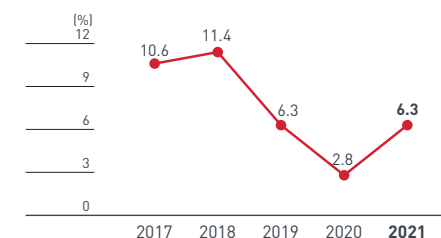
Key Financial Indicators

[As of December 31, 2021]

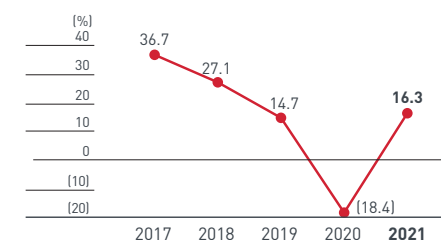
| | 2017 | 2018 | 2019 | 2020 | 2021 |
|--|-------|-------|-------|--------|-------|
| Operating margin (%) | 10.6 | 11.4 | 6.3 | 2.8 | 6.3 |
| Return on equity (ROE) (%) | 36.7 | 27.1 | 14.7 | (18.4) | 16.3 |
| Basic earnings per share (EPS) (Yen) | 19.95 | 18.42 | 10.30 | (9.50) | 8.73 |
| Diluted earnings per share (Yen) | — | 18.36 | 10.28 | (9.50) | 8.73 |
| Book value per share (BPS) (Yen) | 63.37 | 72.87 | 67.13 | 35.84 | 67.17 |
| Ratio of equity attributable to owners of the parent to total assets (%) | 26.0 | 27.8 | 15.7 | 9.2 | 24.9 |

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).

Operating Margin



Return on Equity (ROE)



Revenues by Business/Other Business-Related Data

(As of December 31, 2021)

(¥ million)

| Revenues by Business | 2017 | 2018 | 2019 | 2020 | 2021 |
|--|---------------|---------------|---------------|---------------|---------------|
| Organizational Development Division | 11,695 | 13,277 | 11,729 | 9,923 | 10,819 |
| Consulting & Cloud Business | 8,959 | 10,071 | 8,883 | 7,808 | 8,716 |
| Event & Media Business | 4,243 | 4,163 | 3,430 | 2,604 | 2,479 |
| Individual Development Division | 7,220 | 7,879 | 7,838 | 6,732 | 7,471 |
| Career School Business | 6,730 | 7,122 | 7,139 | 6,071 | 6,824 |
| Cram School Business | 490 | 758 | 704 | 666 | 651 |
| Matching Division | 11,534 | 12,713 | 13,131 | 14,846 | 15,043 |
| Global Personnel Placement & Temp Staff Business | 11,073 | 12,187 | 12,563 | 12,931 | 13,123 |
| Domestic Personnel Placement & Temp Staff Business | 478 | 545 | 591 | 1,946 | 1,943 |
| Total | 29,378 | 32,793 | 31,956 | 30,785 | 32,644 |

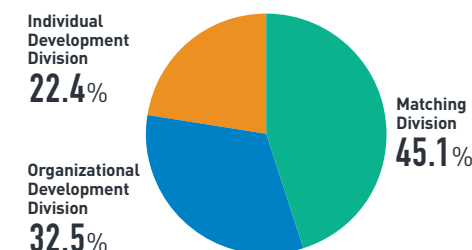
1. Revenues by Business include intersegment transactions.
2. From 2017, the Company has adopted International Financial Reporting Standards (IFRS) in place of the previously used generally accepted accounting principles in Japan (J-GAAP).
3. The name of the Consulting & Outsourcing Business was changed to the Consulting & Cloud Business in 2020.
4. The Group classified the domestic temp staff business of Link Staffing Inc. as discontinued operations in the fiscal year ended December 31, 2021. As a result, all relevant figures for the Matching Division have been restated.

| Number of Client Companies by Business (Consolidated) | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|--------------|--------------|--------------|--------------|--------------|
| Consulting & Cloud Business | 1,474 | 1,636 | 1,725 | 1,488 | 1,354 |
| Event & Media Business | 434 | 964 | 748 | 824 | 401 |
| Global Personnel Placement & Temp Staff Business | 630 | 657 | 655 | 606 | 570 |
| Domestic Personnel Placement & Temp Staff Business | 666 | 632 | 626 | 693 | 253 |
| Total | 3,005 | 3,713 | 3,545 | 3,362 | 2,191 |

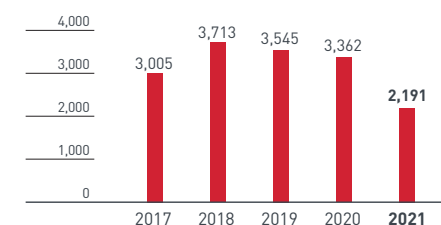
Note: The Group classified the domestic temp staff business of Link Staffing Inc. as discontinued operations in the fiscal year ended December 31, 2021. As a result, only the relevant figures for 2021 have been restated.

| Number and Average Age of Employees | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|-------|-------|-------|-------|-------|
| Number of employees (Consolidated) | 1,397 | 1,375 | 1,391 | 1,498 | 1,493 |
| Number of employees (Non-consolidated) | 225 | 249 | 312 | 403 | 376 |
| Average age of employees (Consolidated) | 36.2 | 36.0 | 35.9 | 35.6 | 36.3 |
| Average age of employees (Non-consolidated) | 33.3 | 31.4 | 30.8 | 31.1 | 31.7 |

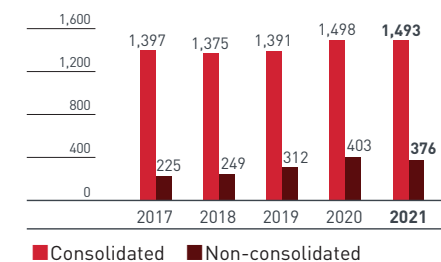
Revenues by Business (2021)



Number of Client Companies



Number of Employees



Consolidated Statements of Financial Position

(As of December 31, 2021)

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|------------------------------------|-------------|--------|--------|--------|--------|
| | (¥ million) | | | | |
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 1,654 | 1,979 | 2,160 | 6,449 | 4,917 |
| Trade and other receivables | 4,929 | 4,533 | 4,114 | 3,680 | 3,851 |
| Inventories | 186 | 278 | 256 | 187 | 200 |
| Other current financial assets | 11 | 9 | 17 | 14 | 9 |
| Other current assets | 808 | 1,015 | 4,905 | 1,057 | 753 |
| Total current assets | 7,589 | 7,817 | 11,454 | 11,389 | 9,732 |
| Non-current assets | | | | | |
| Property, plant and equipment | 1,905 | 1,851 | 1,459 | 1,162 | 637 |
| Right-of-use assets | — | — | 15,941 | 12,790 | 4,149 |
| Goodwill | 6,701 | 6,551 | 5,927 | 9,376 | 9,410 |
| Intangible assets | 1,534 | 1,841 | 2,095 | 2,266 | 2,234 |
| Investments in associates | 1,164 | 3,080 | 2,788 | — | — |
| Other non-current financial assets | 6,017 | 5,821 | 4,033 | 3,203 | 2,744 |
| Deferred tax assets | 506 | 440 | 839 | 646 | 984 |
| Other non-current assets | 350 | 260 | 248 | 245 | 168 |
| Total non-current assets | 18,180 | 19,847 | 33,333 | 29,694 | 20,329 |
| Total assets | 25,770 | 27,664 | 44,787 | 41,083 | 30,062 |

Note: Due to the application of IFRS 16, "right-of-use assets" has been presented independently from 2019.

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|-------------|---------|---------|---------|---------|
| | (¥ million) | | | | |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Trade and other payables | 4,023 | 2,394 | 2,397 | 2,174 | 2,094 |
| Contract liabilities | — | 1,573 | 1,760 | 1,786 | 1,615 |
| Interest-bearing and other financial liabilities | 5,007 | 4,749 | 4,104 | 7,440 | 7,161 |
| Lease liabilities | — | — | 1,839 | 1,778 | 1,079 |
| Income tax payable | 883 | 1,077 | 865 | 484 | 716 |
| Provisions | 2 | 18 | 21 | 129 | 274 |
| Other current liabilities | 2,212 | 2,287 | 1,843 | 2,149 | 2,075 |
| Total current liabilities | 12,129 | 12,101 | 12,831 | 15,944 | 15,018 |
| Non-current liabilities | | | | | |
| Interest-bearing and other financial liabilities | 5,418 | 6,458 | 9,177 | 7,104 | 1,716 |
| Lease liabilities | — | — | 14,915 | 12,056 | 3,929 |
| Provisions | 440 | 435 | 462 | 560 | 359 |
| Deferred tax liabilities | 813 | 724 | 218 | 362 | 256 |
| Other non-current liabilities | 270 | 261 | 148 | 138 | 134 |
| Total non-current liabilities | 6,942 | 7,881 | 24,922 | 20,222 | 6,395 |
| Total liabilities | 19,072 | 19,982 | 37,754 | 36,166 | 21,413 |
| EQUITY | | | | | |
| Equity attributable to owners of the parent | | | | | |
| Share capital | 1,380 | 1,380 | 1,380 | 1,380 | 1,380 |
| Capital surplus | 2,137 | 1,989 | 1,987 | 1,855 | 3,879 |
| Treasury shares | (1,373) | (1,373) | (1,733) | (1,733) | (320) |
| Retained earnings | 3,426 | 4,763 | 5,440 | 3,989 | 4,406 |
| Other components of equity | 1,121 | 936 | (31) | (1,731) | (1,853) |
| Total equity attributable to owners of the parent | 6,692 | 7,696 | 7,043 | 3,760 | 7,493 |
| Non-controlling interests | 4 | (15) | (10) | 1,157 | 1,154 |
| Total equity | 6,697 | 7,681 | 7,033 | 4,917 | 8,648 |
| Total liabilities and equity | 25,770 | 27,664 | 44,787 | 41,083 | 30,062 |

Note: Due to the application of IFRS 16, "lease liabilities" has been presented independently from 2019.

Consolidated Statements of Operations and Comprehensive Income

(As of December 31, 2021)

| | (¥ million) | | | | |
|--|-------------|--------|--------|--------|--------|
| | 2017 | 2018 | 2019 | 2020 | 2021 |
| Revenues | 29,378 | 32,793 | 31,956 | 30,785 | 32,644 |
| Cost of sales | 17,142 | 18,192 | 18,325 | 16,777 | 17,304 |
| Gross profit | 12,236 | 14,601 | 13,631 | 14,008 | 15,340 |
| Selling, general and administrative expenses | 9,181 | 10,658 | 10,904 | 12,084 | 12,625 |
| Other income | 132 | 26 | 173 | 757 | 112 |
| Other expenses | 86 | 243 | 888 | 1,820 | 760 |
| Operating income | 3,101 | 3,726 | 2,011 | 860 | 2,066 |
| Financial revenues | 35 | 25 | 17 | 8 | 12 |
| Financial expenses | 141 | 131 | 167 | 240 | 174 |
| Equity in earnings of associates | 2 | (335) | 43 | 41 | — |
| Income before income taxes | 2,998 | 3,284 | 1,904 | 670 | 1,903 |
| Income taxes | 1,120 | 1,424 | 829 | 977 | 801 |
| Net income (loss) from continuing operations | 1,877 | 1,860 | 1,074 | (307) | 1,102 |
| Net income (loss) from discontinued operations | 218 | 58 | 15 | (622) | (82) |
| Net income (loss) | 2,096 | 1,918 | 1,090 | (929) | 1,020 |
| (Net income (loss) attributable to) | | | | | |
| Owners of the parent | 2,107 | 1,945 | 1,086 | (996) | 918 |
| Non-controlling interests | (11) | (27) | 4 | 66 | 101 |
| Net income (loss) | 2,096 | 1,918 | 1,090 | (929) | 1,020 |
| Net income (loss) per share attributable to owners of the parent | | | | | |
| Basic earnings (loss) per share (Yen) | 19.95 | 18.42 | 10.30 | (9.50) | 8.73 |
| Diluted earnings (loss) per share | | | | | |
| Diluted earnings (loss) per share (Yen) | — | 18.36 | 10.28 | (9.50) | 8.73 |

Note: As of 2021, the domestic temp staff business of Link Staffing Inc. has been classified as discontinued operations. As a result, profits from discontinued operations are presented separately from continuing operations in the consolidated statements of operations. Accordingly, revenues, gross profit and operating income present the amounts for continuing operations. Amounts prior to 2020 have also been restated in the same manner.

| | (¥ million) | | | | |
|--|-------------|-------|-------|---------|-------|
| | 2017 | 2018 | 2019 | 2020 | 2021 |
| Net income (loss) | 2,096 | 1,918 | 1,090 | (929) | 1,020 |
| 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 | 438 | (85) | 13 | (1,397) | 22 |
| Total of items that will not be reclassified to profit or loss | 438 | (85) | 13 | (1,397) | 22 |
| Items that may be reclassified to profit or loss | | | | | |
| Exchange differences on translation of foreign operations | (0) | (0) | (0) | (2) | 4 |
| Total of items that may be reclassified to profit or loss | (0) | (0) | (0) | (2) | 4 |
| Total other comprehensive income | 438 | (86) | 13 | (1,399) | 26 |
| Total comprehensive income | 2,534 | 1,832 | 1,103 | (2,329) | 1,047 |
| (Attributable to) | | | | | |
| Owners of the parent | 2,545 | 1,859 | 1,099 | (2,396) | 945 |
| Non-controlling interests | (11) | (27) | 4 | 66 | 101 |
| Comprehensive income | 2,534 | 1,832 | 1,103 | (2,329) | 1,047 |

Consolidated Statements of Cash Flow

(As of December 31, 2021)

| | (¥ million) | | | | |
|---|--------------|--------------|--------------|--------------|--------------|
| | 2017 | 2018 | 2019 | 2020 | 2021 |
| Cash Flow from Operating Activities | | | | | |
| Income before income taxes | 2,998 | 3,284 | 1,904 | 670 | 1,903 |
| Loss before income taxes from discontinued operations | 267 | 103 | [0] | [611] | [13] |
| Depreciation and amortization | 626 | 751 | 2,480 | 2,798 | 2,870 |
| Loss on impairment | 34 | 207 | 959 | 2,386 | 756 |
| Gain on valuation of investment securities | — | — | — | [563] | — |
| Loss (gain) on sales of fixed assets | — | — | — | [7] | [3] |
| Gain on cancellation of insurance | — | — | — | — | [8] |
| Financial revenues and financial expenses | 102 | 102 | 146 | 224 | 163 |
| Equity in (earnings) losses of associates | [2] | 335 | [43] | [41] | — |
| Loss (gain) on sales of investments accounted for using the equity method | — | — | [160] | — | — |
| Decrease (increase) in trade and other receivables | [949] | 395 | 418 | 503 | [173] |
| Loss (gain) on step acquisition | — | — | — | 16 | — |
| Decrease (increase) in inventories | [26] | [91] | 22 | 68 | [12] |
| Increase (decrease) in trade and other payables | 91 | 6 | 8 | [263] | [78] |
| Other | 237 | [102] | [43] | 657 | [547] |
| Subtotal | 3,379 | 4,992 | 5,693 | 5,837 | 4,856 |
| Interest and dividends received | 3 | 14 | 9 | 5 | 0 |
| Interest paid | [105] | [108] | [155] | [226] | [162] |
| Income tax refund | 393 | 17 | 62 | 28 | 439 |
| Income taxes paid | [726] | [1,304] | [1,783] | [1,675] | [816] |
| Net cash provided by operating activities | 2,944 | 3,611 | 3,827 | 3,970 | 4,316 |

Note: The former items "Interest and dividend income" and "Interest expense" are included in "Financial revenues and financial expenses" for presentation from 2018.

| | (¥ million) | | | | |
|--|----------------|----------------|----------------|----------------|----------------|
| | 2017 | 2018 | 2019 | 2020 | 2021 |
| Cash Flow from Investing Activities | | | | | |
| Payments for acquisition of property, plant and equipment | [930] | [275] | [337] | [222] | [330] |
| Proceeds from sale of property, plant and equipment | — | — | — | 16 | 3 |
| Payments for acquisition of intangible assets | [545] | [731] | [772] | [699] | [889] |
| Proceeds from acquisition of subsidiary stock associated with a change in the scope of consolidation | — | — | — | 2,290 | — |
| Payments for acquisition of investment securities | [861] | [135] | [204] | — | — |
| Proceeds from sale of investment securities | — | 293 | 1,966 | 636 | 513 |
| Payments for security deposits and guarantees | [493] | [163] | [122] | [56] | [272] |
| Proceeds from recovery of security deposits and guarantees | 334 | 155 | 120 | 56 | 291 |
| Payments for business transfer | [1,000] | — | — | — | — |
| Payments for acquisition of subsidiary stock | [1,626] | — | — | — | — |
| Payments for investments in associates | — | [2,252] | — | — | — |
| Proceeds from sales of investments accounted for using the equity method | — | — | 498 | — | — |
| Advance payments | — | — | [4,075] | — | — |
| Payments for fulfillment of asset retirement obligations | [106] | — | — | [44] | [142] |
| Proceeds from cancellation of insurance | — | — | — | — | 85 |
| Other | [2] | [12] | [63] | [9] | 13 |
| Net cash used in investing activities | [5,232] | [3,121] | [2,990] | 1,969 | [728] |
| Cash Flow from Financing Activities | | | | | |
| Net increase (decrease) in short-term financial liabilities | 578 | 506 | [1,000] | 3,640 | — |
| Proceeds from long-term financial liabilities | 5,213 | 2,821 | 5,255 | — | 506 |
| Repayment of long-term financial liabilities | [2,188] | [2,531] | [1,972] | [2,376] | [6,173] |
| Payments of cash dividends | [632] | [710] | [747] | [754] | [765] |
| Repayments of lease liabilities | — | — | [1,827] | [2,075] | [1,968] |
| Capital contribution from non-controlling interests | — | — | — | 8 | — |
| Payments for acquisition of interest in subsidiary from non-controlling interests | — | [140] | — | [90] | [753] |
| Payments for acquisition of treasury shares | — | — | [362] | — | — |
| Proceeds from sales of treasury shares | — | — | — | — | 4,029 |
| Other | [112] | [110] | — | — | — |
| Net cash provided by (used in) financing activities | 2,859 | [164] | [655] | [1,647] | [5,124] |
| Cash and cash equivalents translation adjustment | [0] | [0] | [0] | [2] | 4 |
| Net increase (decrease) in cash and cash equivalents | 571 | 325 | 180 | 4,289 | [1,532] |
| Cash and cash equivalents at beginning of year | 1,082 | 1,654 | 1,979 | 2,160 | 6,449 |
| Cash and cash equivalents at end of year | 1,654 | 1,979 | 2,160 | 6,449 | 4,917 |

A Shrinking Labor Force

Japan's working population is shrinking at the fastest rate in the world.

Japan's Working Age Population Ratio¹

68.2% → **50.7%**
2000 2050

Working Age Population Ratio in Major Countries¹

| Country | 2000 | 2050 |
|---------|-------|-------|
| Japan | 68.2% | 50.7% |
| USA | 66.0% | 61.1% |
| UK | 65.1% | 59.0% |
| Germany | 67.8% | 56.4% |
| France | 65.0% | 56.4% |
| China | 68.4% | 59.8% |

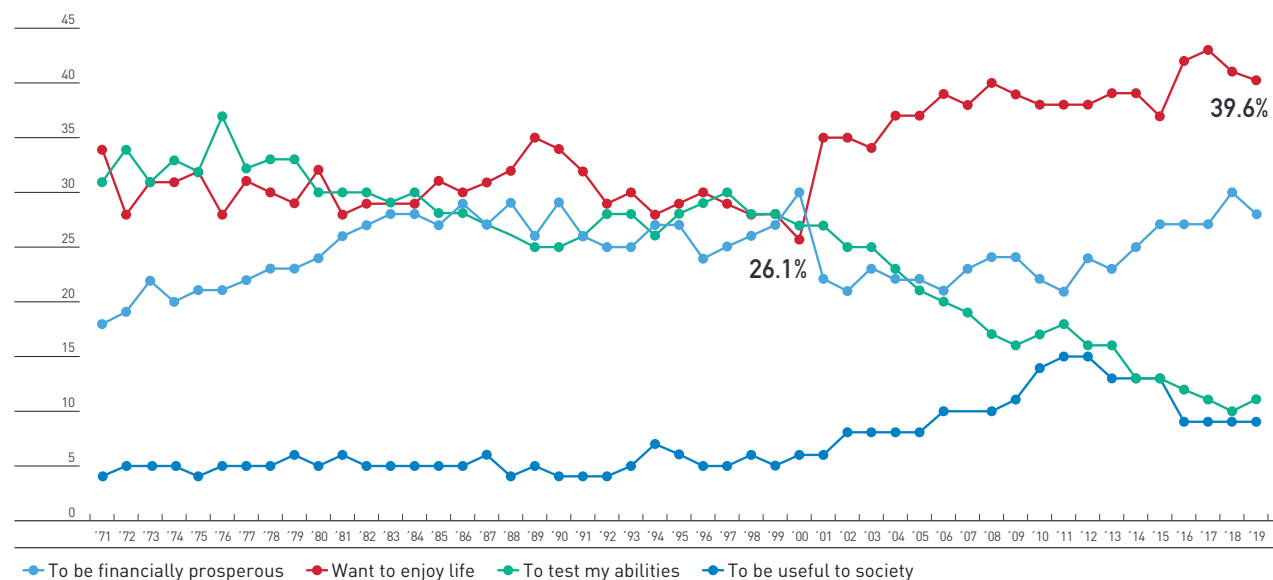
Diversifying Motivation for Work

The purpose of work is shifting to a sense of fulfillment and worthwhile work, and people are changing jobs more often.

Change in the "Purpose of Work" for New Employees
Percentage of Respondents Who "Want to Enjoy Life"²

26.1% → **39.6%**
2000 2019

Purpose of Work (Changes in Main Responses over Time)



1. Created by the Company from "Databook of International Labour Statistics 2019" by the Japan Institute for Labour Policy and Training

2. Created by the Company based on the results of the "Work Attitudes" survey for new employees conducted by the Japan Productivity Center in 2000 and 2019.

Changes in Management Issues

There are growing needs for human resource development and improved employee engagement.

Increased importance of human capital from management's perspective*

8th

2003 Personnel/employee treatment (systems)



2nd

2021 Strengthening human resources

Perception of Management Issues in 2003

| | | |
|------|--|-------|
| 1st | Financial soundness (or improving profitability) | 37.0% |
| 2nd | Low-cost management | 31.3% |
| 3rd | Net sales (or increasing market share) | 29.6% |
| 4th | Customer satisfaction management | 27.9% |
| 5th | Formulating commercialization and differentiation strategies | 24.3% |
| 6th | New businesses/new products | 23.0% |
| 7th | Speedy management | 13.6% |
| 8th | Personnel/employee treatment (systems) | 12.7% |
| 9th | Innovating and enhancing corporate culture | 12.5% |
| 10th | Addressing globalization (global management) | 12.1% |
| 11th | Group company reorganization (or consolidated management) | 9.9% |
| 12th | Current businesses | 8.9% |
| 12th | Research and development activities | 8.9% |
| 14th | Corporate philosophy/management philosophy/vision | 7.9% |
| 15th | Risk management | 7.4% |
| 16th | Establishing and utilizing IT/information network | 5.1% |
| 17th | Corporate image (corporate brand) | 4.7% |
| 18th | Developing skills | 4.0% |
| 19th | Addressing changes in distribution structure | 3.9% |
| 20th | Corporate governance | 3.2% |
| 21st | Employment issues | 3.1% |
| 22nd | Environmental/resource problems | 2.6% |
| 23rd | Intercompany cooperation | 1.4% |
| 24th | Coexistence with society | 0.8% |
| 25th | Other | 0.8% |

n=771 (Multiple answers)

Perception of Management Issues in 2021

| | | |
|------|--|-------|
| 1st | Improving profitability | 40.8% |
| 2nd | Strengthening human resources (hiring/training/dealing with diversity) | 37.7% |
| 3rd | Increasing sales/market share | 35.2% |
| 4th | Strengthening/ the business base, restructuring the business portfolio | 25.9% |
| 5th | Developing new products/services/businesses | 22.8% |
| 6th | Utilizing and strategically investing in digital technology | 19.3% |
| 7th | Penetration and revision of corporate mission/vision/values | 11.4% |
| 8th | Improving employee fulfillment/job satisfaction/engagement | 11.0% |
| 9th | Strengthening technical/R&D capabilities | 10.6% |
| 10th | Strengthening corporate governance | 10.3% |
| 11th | Enhancing financial soundness | 9.5% |
| 11th | Strengthening on-site capabilities | 9.5% |
| 13th | Improving customer experience value/satisfaction | 9.1% |
| 14th | Improving quality (products/services/technologies) | 8.9% |
| 15th | Improving high-cost structure | 8.5% |
| 16th | Corporate social responsibility, creating shared value, resolving social issues through business | 7.5% |
| 17th | Increasing shareholder value | 7.0% |
| 18th | Increasing brand power | 5.8% |
| 19th | Globalization (global management) | 5.2% |
| 20th | Risk management/formulating a business continuity plan (BCP) | 2.1% |
| 21st | Other | 1.4% |

N=517 (top three responses)

Note: Created by the Company based on "Survey on Current Management Issues for Japanese Companies 2003: Identification of Issues and Direction of Response for Future Management Innovation" and "Management Issues for Japanese Companies 2021," both from the Japan Management Association.

Company Profile

[As of March 30, 2022]

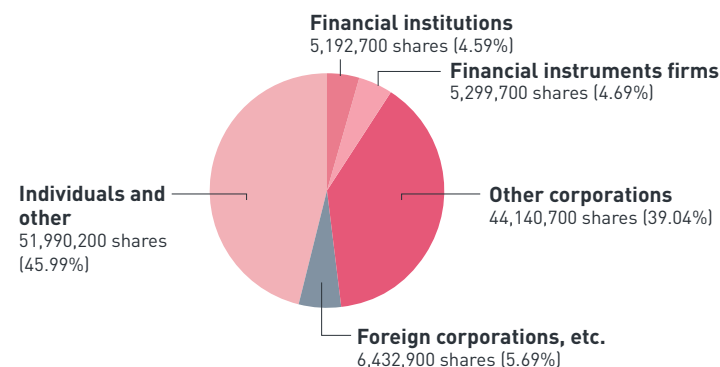
Company Information

| | |
|------------------------|---|
| Name | Link and Motivation Inc. |
| Head Office | Kabukiza Tower 15F, 4-12-15 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/ |

Share Information

| | |
|--------------------------------------|-------------------------------------|
| 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 | 14,141 |

Share Distribution



Note: 1,506,443 treasury shares include 15,064 trading units listed under "Individuals and other" and 43 listed under "Status of odd stocks."

Major Shareholders (Top 10)

| Shareholder | Number of shares held | Shareholding ratio [%] |
|--|-----------------------|------------------------|
| Phoenix Co., Ltd. | 42,000,000 | 37.65 |
| Suguro Akira | 6,874,600 | 6.16 |
| Link and Motivation Employee Shareholding Company | 6,758,500 | 6.05 |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 3,919,000 | 3.51 |
| Sakashita Hideki | 3,680,000 | 3.29 |
| Sakakibara Kiyotaka | 3,680,000 | 3.29 |
| Ozasa Yoshihisa | 3,000,000 | 2.68 |
| Nomura Securities Co., Ltd. | 2,098,959 | 1.88 |
| Link and Motivation Officer Shareholding | 992,000 | 0.88 |
| BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC) | 981,918 | 0.88 |

1. The above list of major shareholders excludes 1,506,443 treasury shares.
2. Shareholding ratio is calculated excluding treasury shares.



IR BOOK 2021

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

Scope Link and Motivation Inc. and its consolidated subsidiaries

Reporting Period January 1, 2021 to December 31, 2021

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

Date of Issue March 2022

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.