

Integrated Report
IR BOOK 2022

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



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Overview of Corporate Communications



• IR Book (Integrated Report)

Presents the Link and Motivation Group's business and organizational strategies as a story linked to the LM Mission and issued as an integrated report



• Human Capital Report

Presents the Link and Motivation Group's approach to human capital management and results

- Financial Statements
- Financial Results Briefings
- Securities Report/Quarterly Reports (Japanese only)
- Shareholders Report (Japanese only)

Sources

Japan Productivity Center (2022)
https://www.jpc-net.jp/research/assets/pdf/report_2022.pdf
(Japanese only)

The World Happiness Report (2022)
<https://worldhappiness.report/ed/2022/happiness-benevolence-and-trust-during-covid-19-and-beyond/>

Gallup State of the Global Workplace: 2022 Report
<https://www.gallup.com/workplace/349484/state-of-the-global-workplace-2022-report.aspx>

Benesse Educational Research & Development Institute, *Parent and Child Survey on Children's Lifestyles and Learning, 2021 Digest* (2022)
<https://blog.benesse.ne.jp/bh/ja/news/20220420release.pdf>
(Japanese only)

Creating a More Meaningful Society

Japan is at the forefront in confronting a number of new social issues that are having an impact on countries around the world. We want to give greater meaning to work in order to make life more meaningful in Japan, and ultimately worldwide.

Issues Confronting Japanese Society

Labor Productivity

29th

out of 38 OECD member countries

Happiness

54th

with a particularly low score for
"life satisfaction"

Employee Satisfaction

128th

out of 129 countries in
"employee enthusiasm"

Children's Motivation
for Learning

54.3 %

don't feel like studying



Providing Opportunities to Transform Organizations and Individuals

We have made it our mission to provide organizations and individuals with support and opportunities for transformation to realize their aspirations and solve their problems.



Outcomes

A society filled with **organizations** that link employee job fulfillment to business growth

A society filled with **individuals** who are independently designing their own lives and careers

Motivation Engineering, Our Core Technology

Motivation Engineering is Link and Motivation's core technology and the source of its uniqueness and competitive advantages. Based on academic findings in fields including business administration, social system theory, behavioral economics and psychology, this technology is characterized by practicality that sets it apart from mere theorizing, and reproducibility that does not rely on individual intuition, guts or experience.



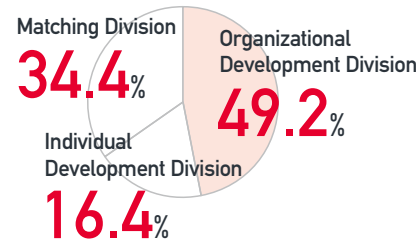
LMG at a Glance

The Link and Motivation Group in Numbers

Consolidated Financial Results

Revenues	¥32.7 billion	(+0.4% year on year)
Operating income (IFRS)	¥3.6 billion	(+75.6% year on year)
Net income attributable to owners of the parent	¥1.9 billion	(+111.3% year on year)

Gross Profit Breakdown by Division



Extensive Databases

Organizational diagnostic data	Approx. 3.12 million employees at 10,060 companies
Individual diagnostic data	Approx. 750,000 people
Number of online reviews	Approx. 14.1 million

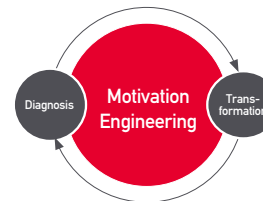
Strengths Driving Group Growth

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



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

[Click here for details \(Japanese only\).](#)

Management Strategy



Message from the Chairman and Representative Director

We believe human resources are the greatest, most powerful type of capital for corporate management.

Continuing to Advance by Maximizing Customer Value and Human Capital

Ozasa Yoshihisa

Chairman and Representative Director
Link and Motivation Inc.



Founding Spirit

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 conviction when I founded Link and Motivation in 2000, a time when the English word "motivation" was still largely unknown in Japan. No matter how marvelous a strategy, product or service may be, it is impossible to execute strategies, or to continue creating new products and services, without employee motivation. I founded the Company with that thought in mind, and my conviction has only grown stronger as we have helped resolve organizational and personnel issues at companies of all kinds as a pioneer in organizational and personnel consulting.

In recent years, attention has increasingly turned to fulfillment in work, employee engagement, and human capital. The Japanese government's strategy is to radically strengthen investment in human capital, stating that "In an era of progress from the tangible to the intangible, the source of added value is people, who generate creative ingenuity and new ideas." We see this national strategy as a major opportunity for the Link and Motivation Group. Furthermore, I feel once again that the conviction I had at the time of the Company's founding was correct.

Progress toward Accomplishing Our Mission

The Link and Motivation Group has set forth a mission to create a more meaningful society, and our business has continued to grow. The expression "a meaningful society" may sound somewhat philosophical, but we mean a condition in which organizations and individuals derive meaning from society by pursuing their ambitions and finding fulfillment in life. Three unique aspects of Link and Motivation provide us with advantages for accomplishing our mission.

1. Management That Prioritizes Human Capital
2. A Business Model That Fully Utilizes Motivation Engineering
3. Linkage between Business and Organizational Strategies

See "Key Points of Our Value Creation Process" on pages 10-13 for details.

A Spirit Driving Further Growth

Now, 23 years have passed since I founded the Company. Both society and conditions for organizations and individuals continue to change at a dizzying pace. Business in Japan has transitioned to intangibles, with the service industry now accounting for about 70% of GDP. Moreover, the declining working-age population is making productivity improvement essential, and attitudes are diversifying regarding the meaning of life and of work. As a result, social issues related to individuals and organizations—including promoting human capital management, improving labor productivity, and providing high-quality education—have come to the fore and are growing increasingly complex. We are committed to helping resolve these social issues and fulfilling our mission.

Accomplishing our mission of creating a more meaningful society will require us to accelerate our growth. We still have a distance to go. But our hope is that someday, we will have helped to build a Japanese society so replete with fulfillment, both in work and in life, that people laugh in disbelief to find out that there was once a time when Japan was ranked 128th out of 129 countries in employee enthusiasm. We also intend to take on the challenge of helping to resolve the major issues Japan is confronting ahead of other countries. We want to continue delivering our value to society decades into the future.

In this era when some eight out of ten companies go out of business within three years of their founding, I would like to express my sincere gratitude to everyone involved in the ongoing growth of Link and Motivation. Together with stakeholders who share our vision, we will continue to make further substantive progress with our mission of 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 2023



Value Creation Process

for Creating a More Meaningful Society

By investing capital, primarily human capital, in a business model that fully utilizes Motivation Engineering, we will continue to generate value to create a more meaningful society through a cycle that provides organizations and individuals with opportunities for transformation.

Outcomes

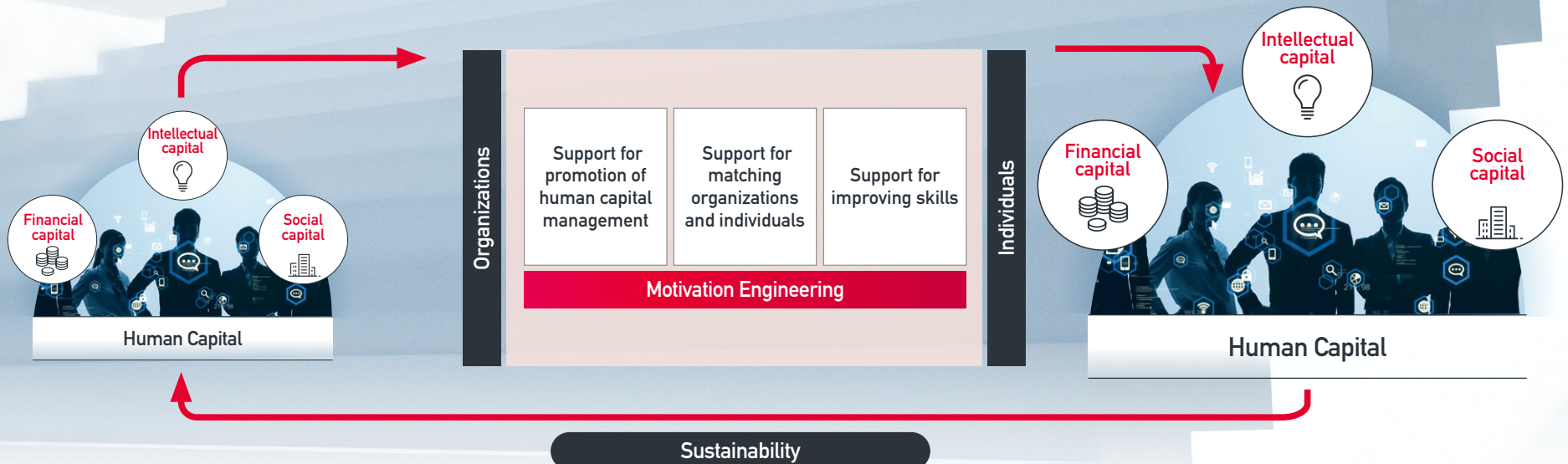
A society filled with **organizations** that link employee job fulfillment to business growth

A society filled with **individuals** who are independently designing their own lives and careers

Input: Capital

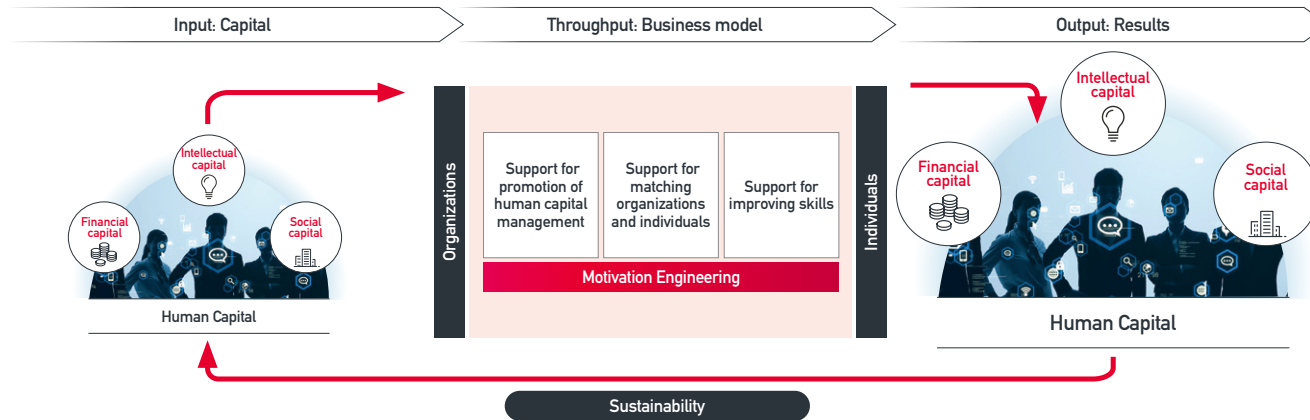
Throughput: Business model

Output: Results



Key Points of Our Value Creation Process

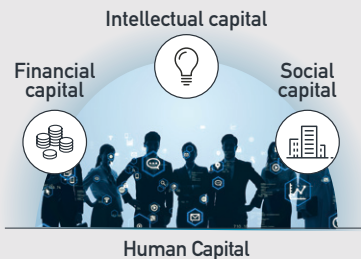
There are three key points in the Link and Motivation Group's value creation process.



Point 1

Management That Prioritizes Human Capital

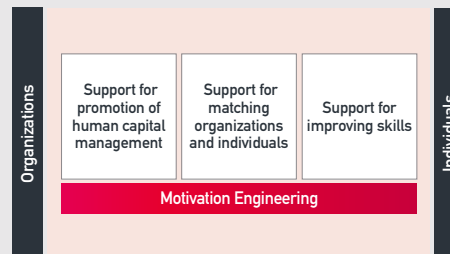
We maximize human and other types of capital, placing the highest emphasis on human capital.



Point 2

A Business Model That Fully Utilizes Motivation Engineering

In our business model, employees (human capital) fully utilize Motivation Engineering, our core technology, to maximize customer value.



Point 3

Linkage between Business and Organizational Strategies

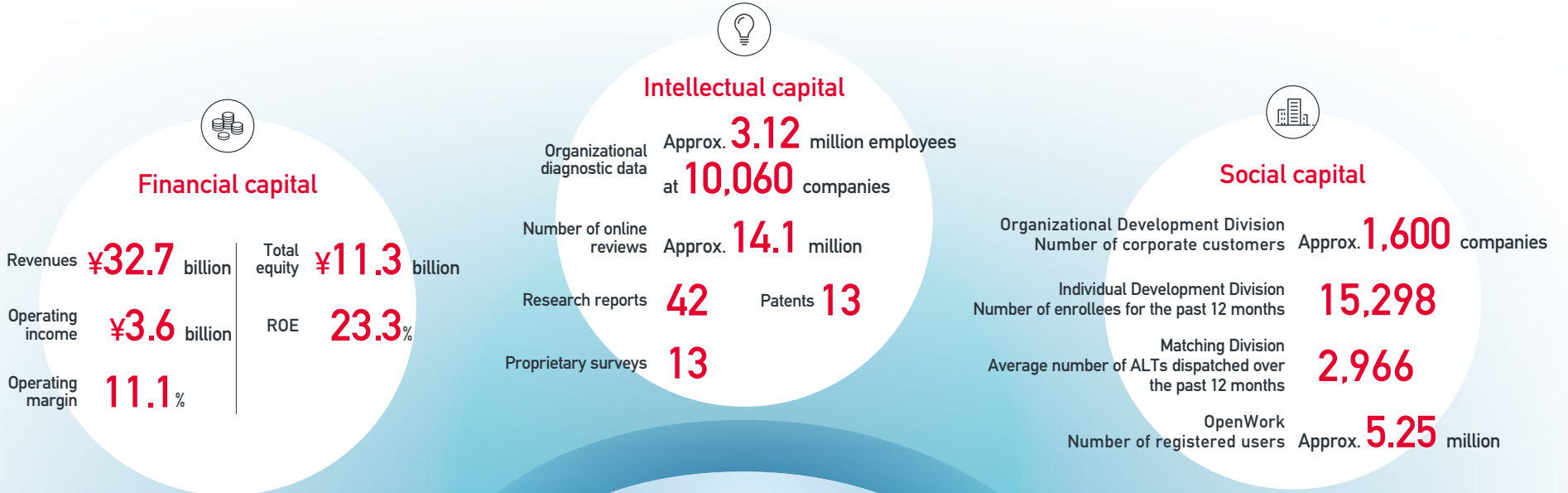
We consistently link business and organizational strategies to simultaneously maximize customer value and human capital.



Point 1

Management That Prioritizes Human Capital

Based on our belief that human resources are the greatest, most powerful type of capital for corporate management—a principle that has remained unchanged since our founding—we conduct management that prioritizes human capital. Not only is human capital capable of increasing value on its own, human resources maximize other types of capital through product development, customer development and brand development.



Human capital

Employees **1,505**

Number of Group companies with AAA Employee Engagement Ratings **10** out of **11** companies

Level-specific role survey score
 Note: See "Organizational Strategies" on page 27 for details.

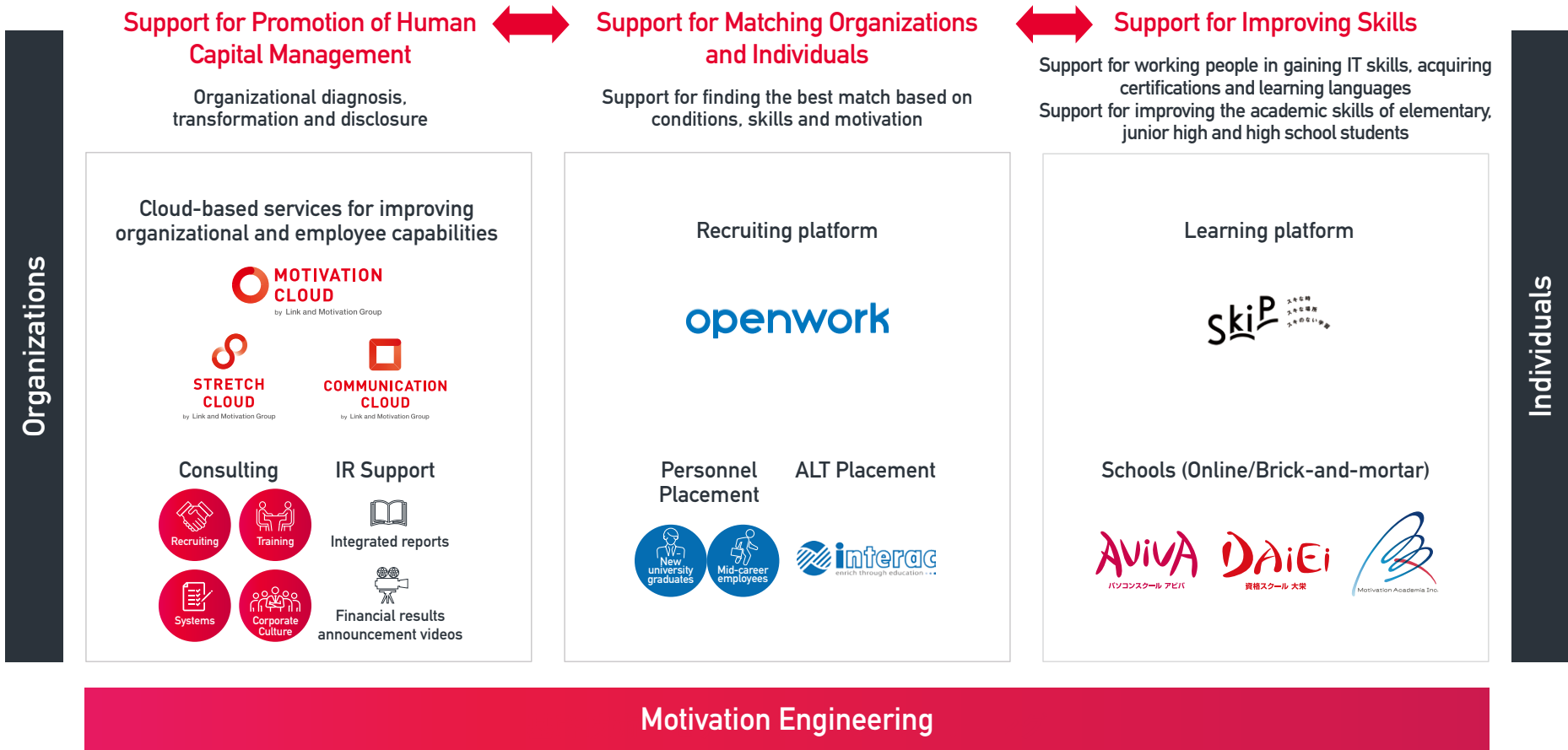
All employees Rank of "A" or higher **56.8%**
 Managers and above Rank of "A" or higher **75.3%**

Note: Figures as of December 31, 2022

Point 2

A Business Model That Fully Utilizes Motivation Engineering

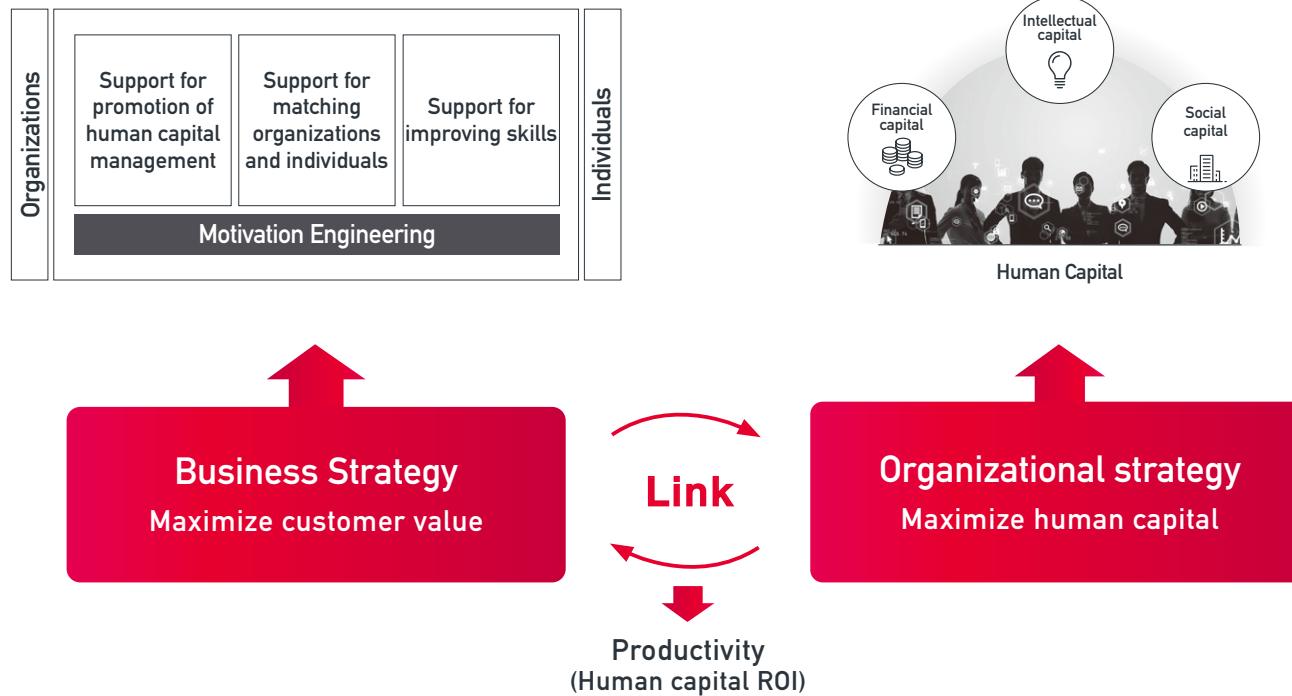
Our business model maximizes value for customers by incorporating Motivation Engineering, our one-of-a-kind core technology, into practical, reproducible diagnosis and transformation for organizations and individuals.



Point 3

Linkage between Business and Organizational Strategies

A company's organizations are determined by its business strategy. On the other hand, we also believe that a company's business strategy is determined by its organizations. We therefore give equal status to business strategies and organizational strategies. By constantly monitoring productivity (human capital ROI) as a management KPI, we conduct management that balances human capital investment and business results.



We monitor human capital ROI, an indicator of the return on investment in human capital, as a management KPI. In 2022, the Link and Motivation Group's human capital ROI was 41.1% (an 8.1% increase from the previous year).

Note: Human capital ROI = Adjusted operating income ÷ Human capital costs
 Human capital costs are calculated as total expenditures including employee salaries and bonuses, statutory internal and external welfare expenses, commuting expenses and other executive compensation.

Special Feature:

A Conversation between Professor Ito Kunio and President and Representative Director Sakashita Hideki on the Nature of Human Capital



Ito Kunio
Professor and Director
Hitotsubashi CFO Education and Research Center

Mr. Ito has a Doctorate in Commercial Science and has served as a professor and dean of the Graduate School of Commerce and Management, and senior vice president at Hitotsubashi University. He chaired the study group that published *Competitiveness and Incentives for Sustainable Growth: Building Favorable Relationships between Companies and Investors* (known as the "Ito Report") in 2014 as well as other government committees and projects on corporate governance, intangible assets and ESG. In September 2020, the *Report of the Study Group on Improvement of Sustainable Corporate Value and Human Capital* (known as the "Ito Report for Human Capital Management") published its findings for the Ministry of Economy, Trade and Industry.

Sakashita Hideki
President and Representative Director
Link and Motivation Inc.

In 1991, Mr. Sakashita joined Recruit Co., Ltd., where he was involved in organizational and personnel consulting as part of the Comprehensive Human Resources Services Division. In 2000, he participated in the establishment of Link and Motivation Inc. as a founding member, and has been serving as president and representative director since 2013.



Human capital management has been attracting attention. This management approach views human resources as a type of capital and emphasizes maximizing their value to improve corporate value over the medium to long term. We take a look at the nature of human capital management in this conversation between Ito Kunio, who chaired the study group that published the "Ito Report for Human Capital Management" and is promoting human capital management from an academic perspective, and Link and Motivation President and Representative Director Sakashita Hideki, who is promoting it from a business perspective.

Current State of Human Capital Management

Ito: When I talk to managers, they all say the same thing: Our people are important. But some data has emerged that presents a shocking state of affairs. For example, when asked if they want to continue working at their current company for a long time, employees in Japan answered "yes" at the lowest rate of all countries surveyed. At the same time, they were also least likely to agree when asked if they want to change jobs (move to another company). Efforts to restore the competitiveness of Japanese companies will not produce results as long as employee enthusiasm and engagement

remain low. That finding led to our publication of the *Report of the Study Group on Improvement of Sustainable Corporate Value and Human Capital* in 2020.

Sakashita: When Link and Motivation was established in 2000, efficiency was being heavily emphasized and expectations were high for IT. However, IT is used by people, and results will vary depending on the purpose of use. The Company therefore started with the intention to prove the effectiveness of management that focuses on people's motivation and engagement, and to support such management.

One way of approaching this issue is to look at the many companies where communication consists solely of exchanging figures without any deeper reflection—without any discussion of why the company exists or why it is engaged in a particular business or type of work. Even when those companies do such things, employees feel they are forced to do it, and consequently even if those companies do conduct an employee engagement survey, they find it difficult to improve. I think that improving motivation from within, rather than just external motivation such as raising salaries, will serve as the engine of growth for Japan.

Ito: I completely agree. Perhaps one reason for the low employee engagement at Japanese companies, which claim to value people, is their corporate philosophies.

I often hear it said that once those admirable sentiments are written down, Japanese corporate philosophies are treated as set in stone, and never again become the subject of a general debate.

However, as you mention, each employee should have a clear idea of why they are working at their company and doing the job they do, then reconcile that with the corporate philosophy. Those who are in basic agreement about their reasons will work at the company for many years and do good work, while those who are not in agreement will move on to another company. This kind of healthy turnover is important.

Enhancing Management through Human Capital Disclosure

Ito: Looking at many Japanese companies these days, they are all enthusiastically claiming that they will be making a major effort to disclose human capital information, but I sense that all they are really thinking about is the disclosure itself. Take the ratio of women in management positions, for instance. Their interest in the topic ends with somehow just making it look like they are meeting their targets, which has a different meaning from the original objective.

Rather than making it all about the disclosure, it would be better to create a positive cycle—to use the feedback on the information that is disclosed to improve



conditions at the company through human capital management, which will show up in the next disclosure.

Sakashita: The Link and Motivation Group conducts regular diagnoses of employee engagement, which is thought to have a high correlation with corporate growth in areas such as business results and retention of human resources. We then disclose the level of employee engagement as an Engagement Rating.

At the same time, as a business, we conduct a cycle of diagnosis, transformation and disclosure for our client companies that leads to improvement in their corporate value. We also try to make corporate conditions clear even without formal disclosure through the online employee reviews collected by OpenWork, one of our Group companies. By doing so, any discrepancies between the details in a company's integrated report or other disclosure materials and actual conditions are made clear.

As we work in this way for a more open labor market, we intend to promote and help spur human capital management by expanding the organizational and personnel consulting support for diagnosis, transformation and disclosure that we have offered since the Company was established.

People Turn Strategies into Reality

Ito: Companies communicate their management strategy externally through, for example, their medium-term management plan. Then, when investors see an appealing strategy, they want to know how feasible it is.

In considering feasibility, the responsibility for turning a management strategy into reality falls to the people in the company. But actually, until now virtually no information was disclosed about the human resources who carry out the management strategy.

When investors want to see whether a company is capable of executing its management strategy, if the disclosed information does not clearly address this issue, they will have doubts about the company's ability to perform sustainably. I therefore believe that disclosure of human capital information is crucial in the sense that it helps people understand a company's ability to execute its management strategy. Link and Motivation is a listed company. How is it for you?

Sakashita: To take an example from sports, I think that human capital disclosure is like showing not just the scores of games, but also details on the players' training.

Ito: That’s an interesting analogy. Admittedly, there is usually no way of knowing how seriously players are working on the various aspects of their game. However, disclosing information is a way for a company to show that it has a specific training schedule and its employees are highly motivated to train, and thus that its business results will improve.

For example, companies in the manufacturing industry offer factory tours. People see the company in action, it leaves an impression, and they invest in it. The same is true for human capital management. For a company to talk about its recruiting without showing potential investors what they are talking about is a wasted opportunity.

Human Capital Rather Than Human Resource

Ito: Until now, Japanese companies have managed their people as resources. Going forward, they will need to fundamentally change the way they view people. In other words, people are not a “resource” that decreases with use, but rather a type of “capital” whose value increases without limits when placed in the right environment. The value of all human capital is not identical across the board; that is something management and employees have to get together and discuss at each company. I think Link and Motivation already does this. Is that the case?

Sakashita: Since our founding, we have held that people are the greatest, most powerful type of management capital. Rather than simply adjusting people to fit a business, this management philosophy also adjusts the business to fit its people. I also think that corporate climate and corporate culture are important for understanding human capital.

Ito: Creating a corporate culture and climate for developing human capital to its full potential is essential. To give one example, Japan does not have a culture of giving praise. I think that makes it difficult to give employees the motivation to work hard and increase their own value.

Sakashita: At the Link and Motivation Group, it is important to management that members feel they are growing. When setting goals, for example, they set a goal for growth we call a “stretch goal” instead of just performance targets. It does not always lead to immediate results, but we use this stretch goal as a basis for ongoing



communication that gives the member a sense of accomplishment. By encouraging our employees to try various things in this way, we increase the value of our human capital.

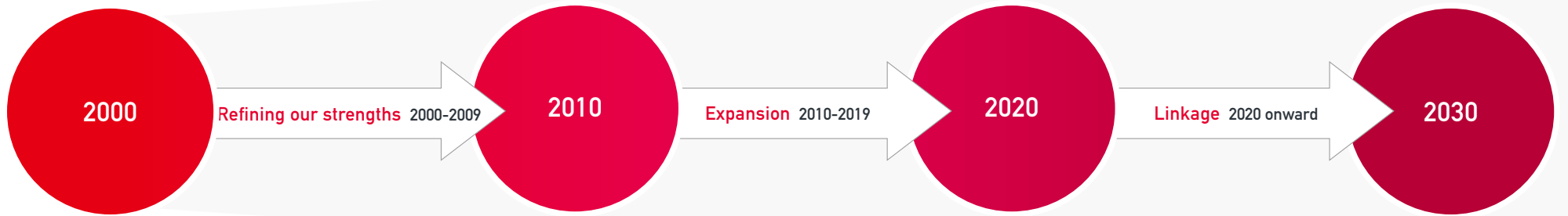
Ito: That consistency between your words and your actions is admirable. Please keep me updated on your progress, including a look at conditions at your “training camp.”

Business Strategy

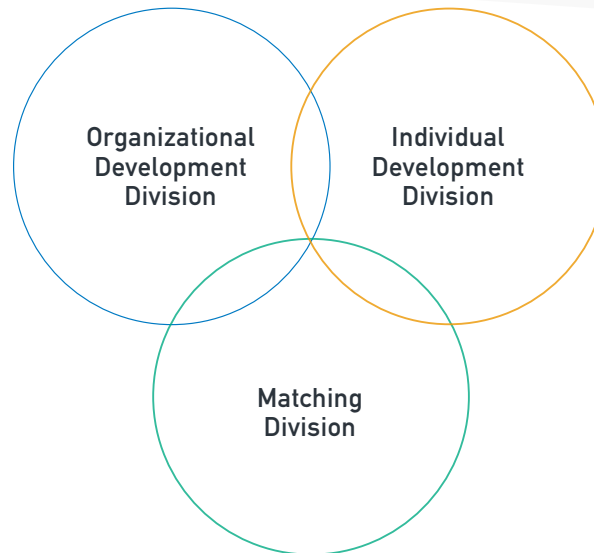


Group Business Strategy Chronology

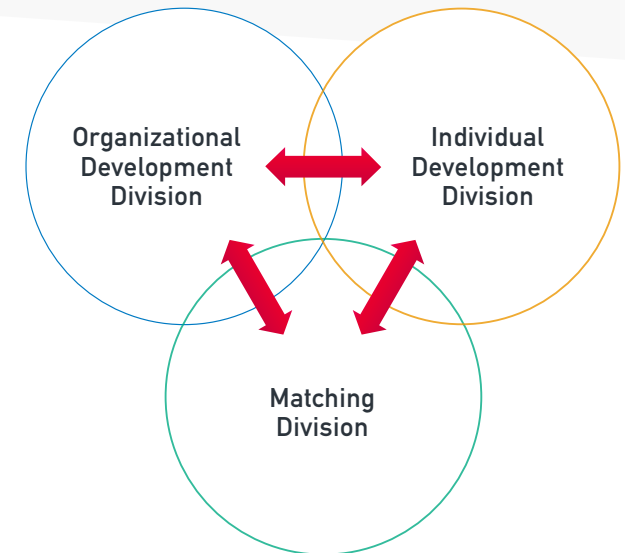
We have been innovating our business model based on Motivation Engineering, our core technology, with the aim of carrying out our mission and maximizing value for customers.



Establish our core technology Motivation Engineering and **roll it out in the field of organizational development**



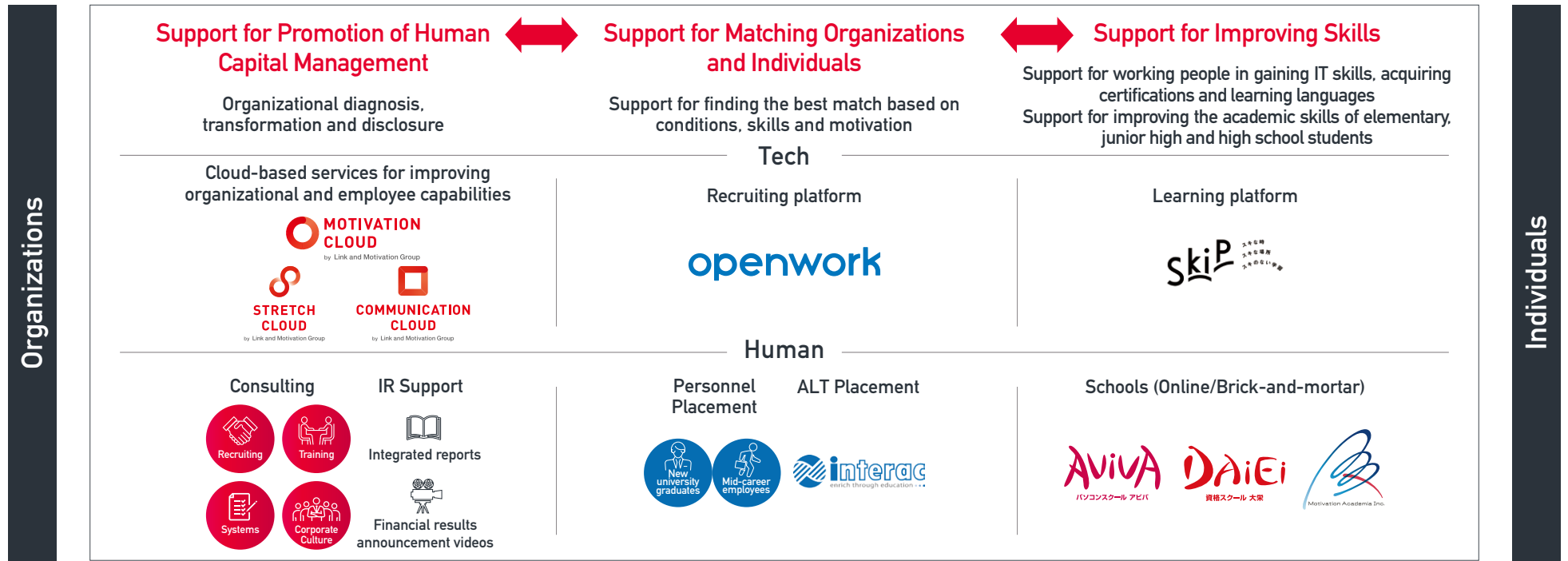
Use our core technology Motivation Engineering to **expand business into other areas**



Maximize customer value by using our core technology Motivation Engineering to **link all divisions**

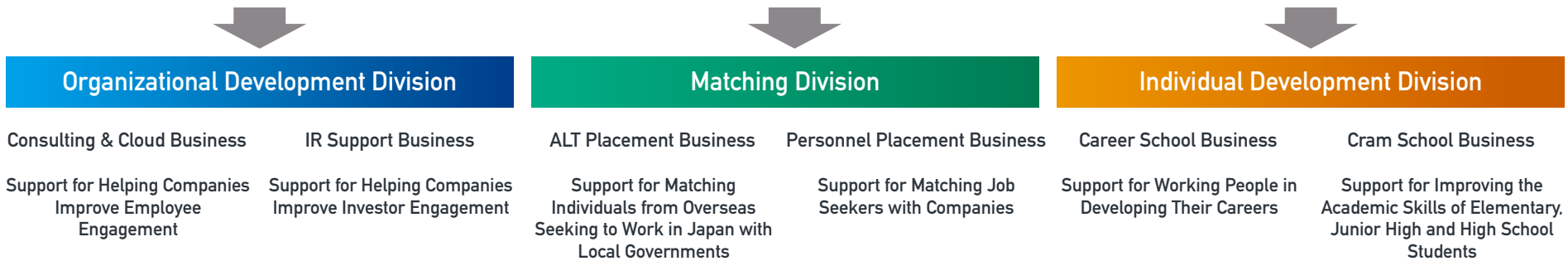
Business Overview

We are currently engaged in the following businesses to provide organizations and individuals with opportunities for transformation. In addition to the power of our people, we also utilize the power of technology to increase productivity and create high-value-added services.



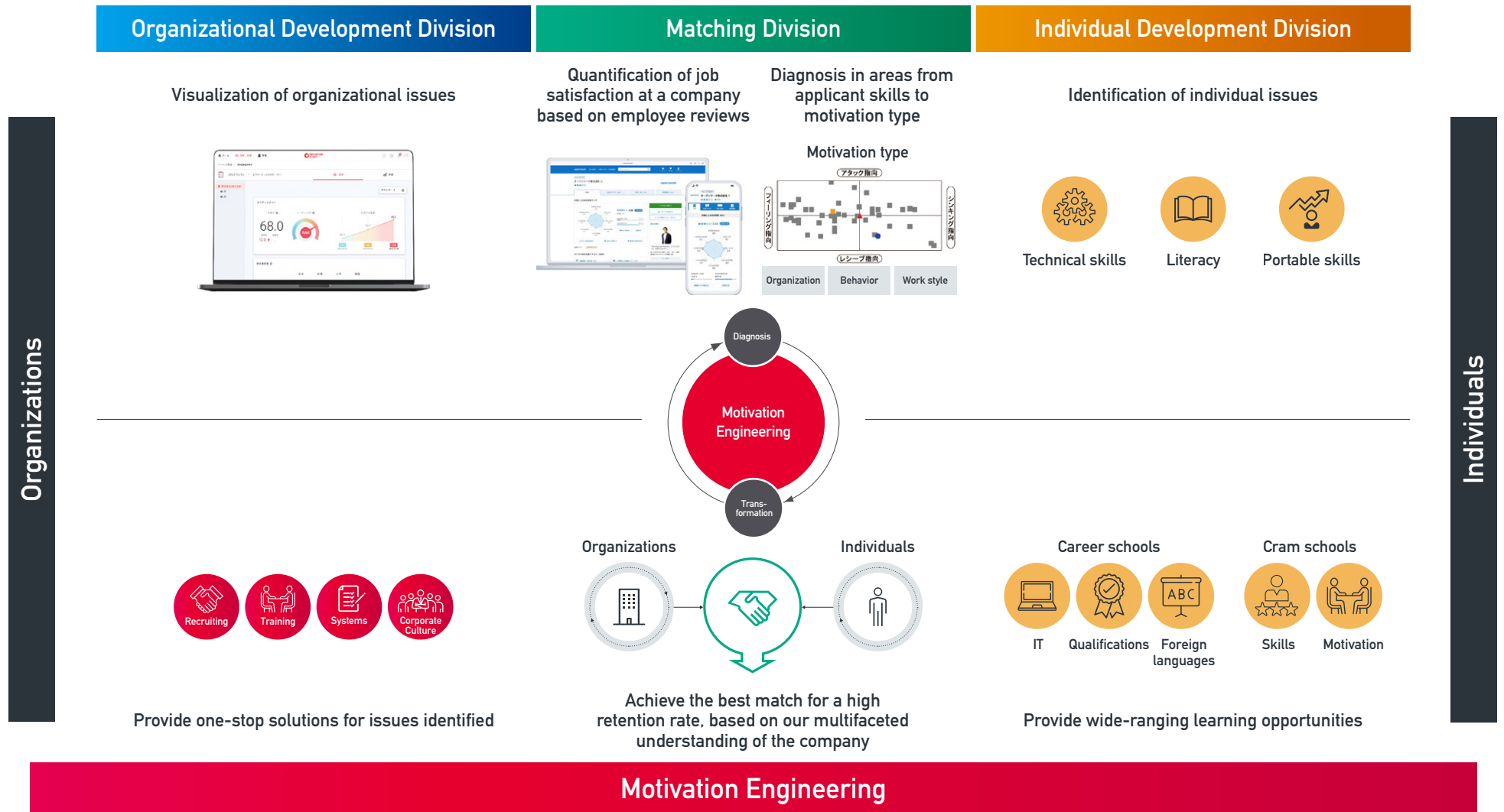
IR BOOK 2022 - Business Strategy

Motivation Engineering



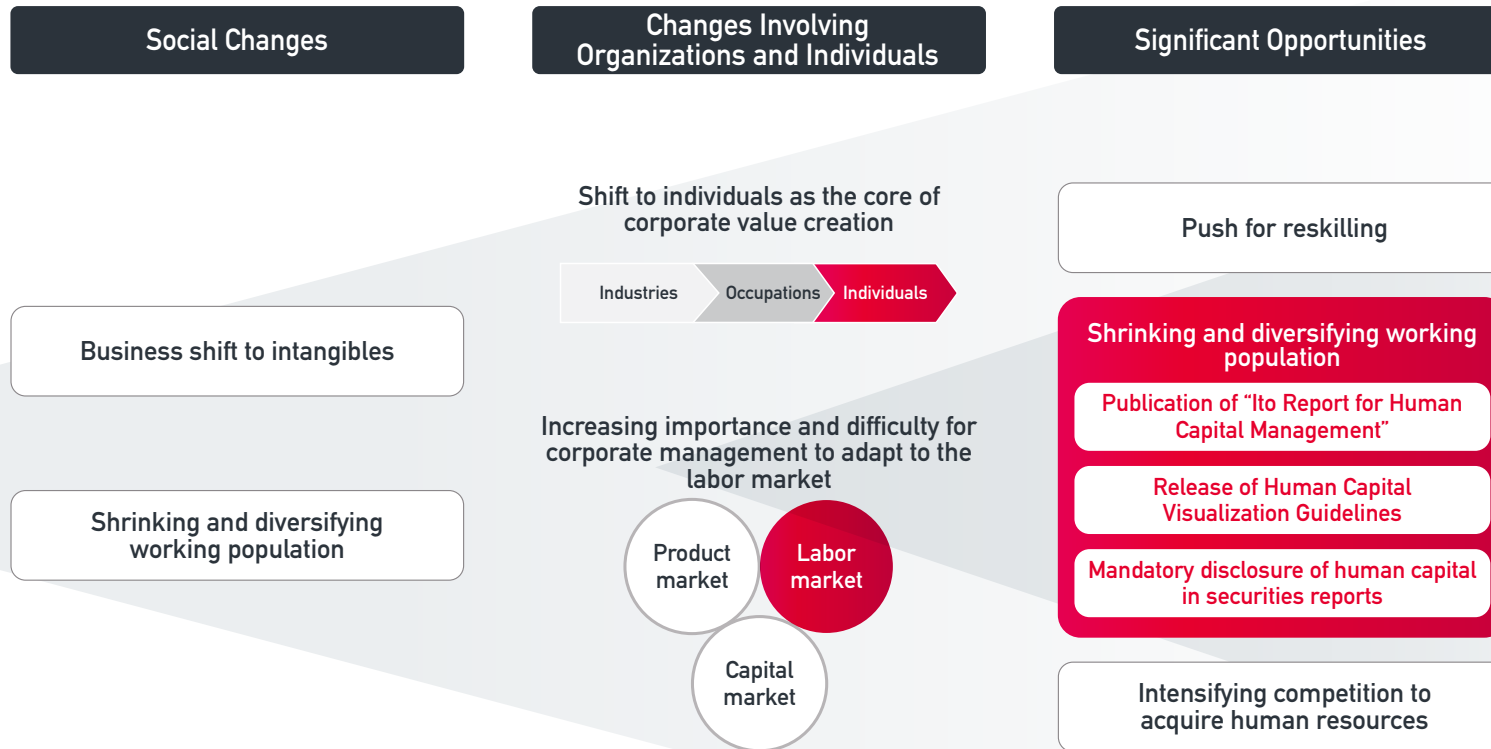
Competitive Advantages of Each Division

We conduct a diagnosis of organizations and individuals and then provide opportunities for transformation according to the characteristics and issues we identify. In this way, we maximize customer value by fully utilizing Motivation Engineering, our one-of-a-kind core technology, in our businesses, services and products.



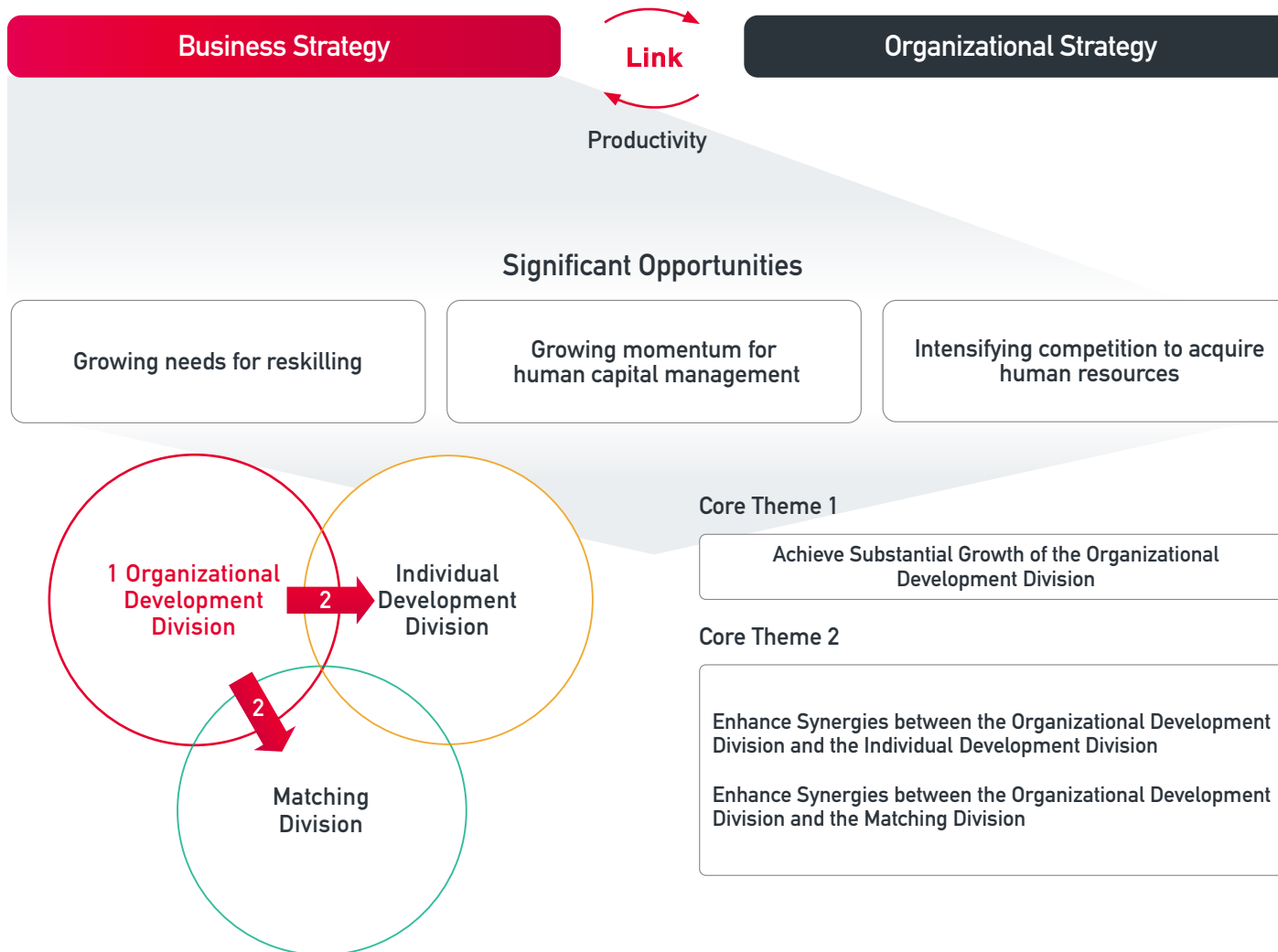
Social Changes and Significant Opportunities

Current changes in society are creating the best market for our products and services since our founding. We view these conditions as a major opportunity for substantial business growth.



Strategy Overview

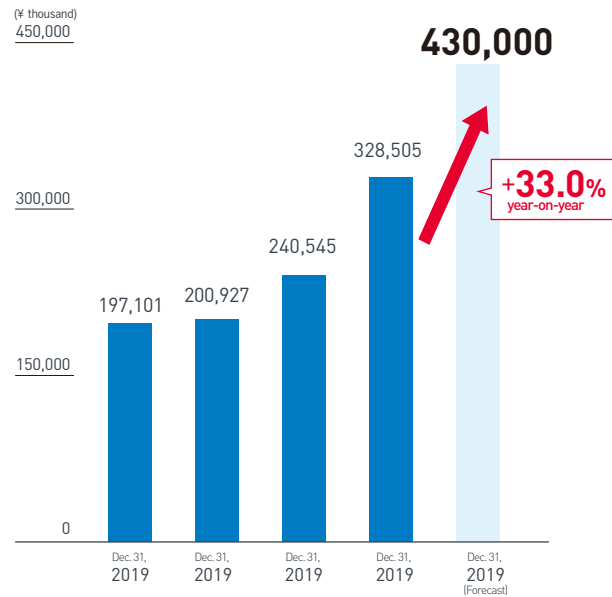
We will promote substantial growth of the highly profitable Organizational Development Division, which is enjoying favorable market conditions, as we enhance its synergies with other divisions.



Core Theme 1 Achieve Substantial Growth of the Organizational Development Division

We will promote human capital management at companies through the cycle of diagnosis, transformation and disclosure, as momentum grows for human capital management and disclosure of related information.

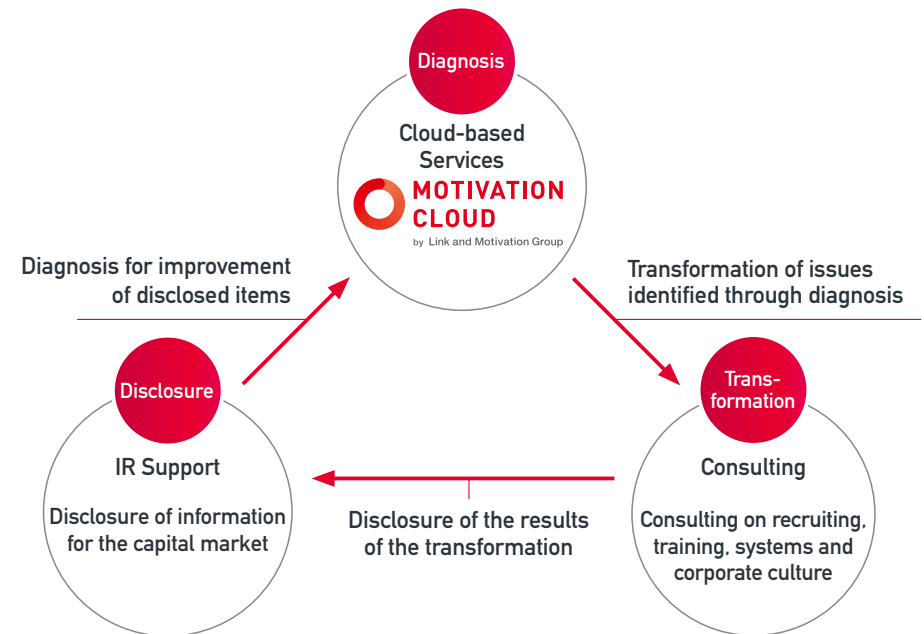
Motivation Cloud Series* Monthly Fee Revenue



* Includes Motivation Company Club membership service for managers

We will work to introduce the Motivation Cloud series at major companies, where there is still ample room for growth, as well as at Japanese subsidiaries of global companies and local governments. We also plan to expand sales of Stretch Cloud, which was launched in July 2022, in the ¥500 billion human resource development market. We consider offering services on a subscription basis to be a highly effective business model from the perspective of business stability, and we will continue to achieve substantial growth in the Consulting & Cloud Business by acquiring new customers for the Motivation Cloud series.

Aiming to Maximize Customer Value and Increase Sales per Customer by Promoting a Cycle of Diagnosis, Transformation and Disclosure



We anticipate further growth in needs to disclose non-financial information, especially human capital information, as such disclosure becomes mandatory in securities reports. Through integrated reports and other materials for shareholders and investors, our IR Support Business will disclose the results of our customers' diagnosis and transformation conducted by the Consulting & Cloud Business. In this way, we will support both corporate human capital management and its disclosure. At the same time, ramping up disclosure will generate synergies between the two businesses in the form of increased needs for human capital management, thus improving revenues per customer for the Organizational Development Division.

Core Theme 2 Enhance Synergies between the Organizational Development Division and Other Divisions

We will create more value by providing the employee reskilling support of the Career School Business in the Individual Development Division and OpenWork Recruiting in the Personnel Placement Business in the Matching Division to the customers of the Organizational Development Division.



The Organizational Development Division's corporate customers invest in organizations and individuals. This includes areas such as employee engagement to improve corporate value and achieve business growth. These companies are generally proactive in strengthening their human resources and increasingly willing to invest in employee reskilling to promote digital transformation (DX), especially nowadays when improving productivity is imperative. We plan to meet their needs for conducting human capital management, including reskilling of IT and other skills, with our one-stop services and thus promote substantial growth of our reskilling services for employees.

At OpenWork Recruiting, which uses the OpenWork website, the higher a company's employee ratings and evaluation scores on the website—that is, the higher its employee engagement—the greater its ability to attract the attention of capable human resources. Furthermore, since the system allows job seekers to read employee reviews for a better understanding of companies before applying for a job, it reduces mismatches between companies and job seekers, thus improving the employee retention rate. We plan to promote substantial growth of OpenWork Recruiting by sharing the customer base of the Organizational Development Division and providing this high-quality recruiting service to companies that conduct human capital management.

Message from the President and Representative Director

Playing a Role as a Driving Force in Helping to Promote Japan's National Strategy

Sakashita Hideki
President and Representative Director
Link and Motivation Inc.



Ramping Up Human Capital Management

In recent years, it has become commonplace for the sustainability of a company's management environment to be called into question. Of course, profiting from destroying the natural environment is a situation that cannot continue, and producing results simply by overworking employees will certainly not last for long. The concept of human capital entails treating people not as a tangible asset that is used up, but as an intangible asset that generates more value as you invest in and refine it. That is why a paradigm shift is occurring right now toward viewing human resources as capital to be invested in to create new value, rather than an expense to be controlled. When I talk with managers from leading Japanese companies, I have a strong sense of the growing importance of initiatives for human capital management.

Enhancing Management through a Cycle of Diagnosis, Transformation and Disclosure

In promoting human capital management, the Link and Motivation Group considers it important to go through a cycle of diagnosis, transformation and disclosure to lead to an increase in corporate value. First, diagnosis quantifies the gap between a company's current situation and its goal. Next, transformation proposes and implements improvement measures to bridge this gap. Then disclosure communicates the progress of initiatives and policies inside and outside the company. By continuing this cycle, the company can enhance its corporate management and increase its corporate value.

However, the Link and Motivation Group has received numerous requests for consultation on human capital management and information disclosure from companies unsure about how to develop their human resources, or how to disclose the results in a way that links the data with the effects of that development. To address such concerns, the Link and Motivation Group has been the leader in helping companies visualize and improve employee engagement, which determines an organization's ability to perform and to get results in business. At the risk of singing our own praises, we expect to become even better at meeting needs for resolving these issues.

Medium-Term Strategy

Over the medium term, we plan to achieve substantial growth of the Organizational Development Division by acquiring more customers for Motivation Cloud, which handles diagnosis, and improving unit price per customer transaction through cross-selling in the fields of transformation and disclosure. As the Organizational Development Division promotes human capital management among its customer companies, the Individual Development Division will offer those companies support for reskilling their employees and the Matching Division will provide the services of OpenWork Recruiting. In this way, we will help to maximize the human capital of customer companies from a broader perspective and increase our revenues. In particular, we will generate greater synergies with OpenWork, which reveals the actual conditions of human capital at a company through online reviews by its current and former employees. We believe this will accelerate revitalization into a new labor market.

Redefining a "Good Company"

Until now, a company has been judged good or bad based on its profits and assets—in other words, based on its income statement and balance sheet. However, profits and assets alone by no means make a company intrinsically good. We think that employee engagement, which shows the actual state of a company's human resources and organizations, will be the yardstick that determines which companies will be considered good going forward.

"Investment in people" is clearly set forth as a tenet of Japan's plan for a new form of capitalism, and I believe the government is trying to lead companies to a new stage. As a company instrumental in implementing this national strategy, Link and Motivation intends to use its influence to change the definition of a good company, and as a result achieve dramatic growth.

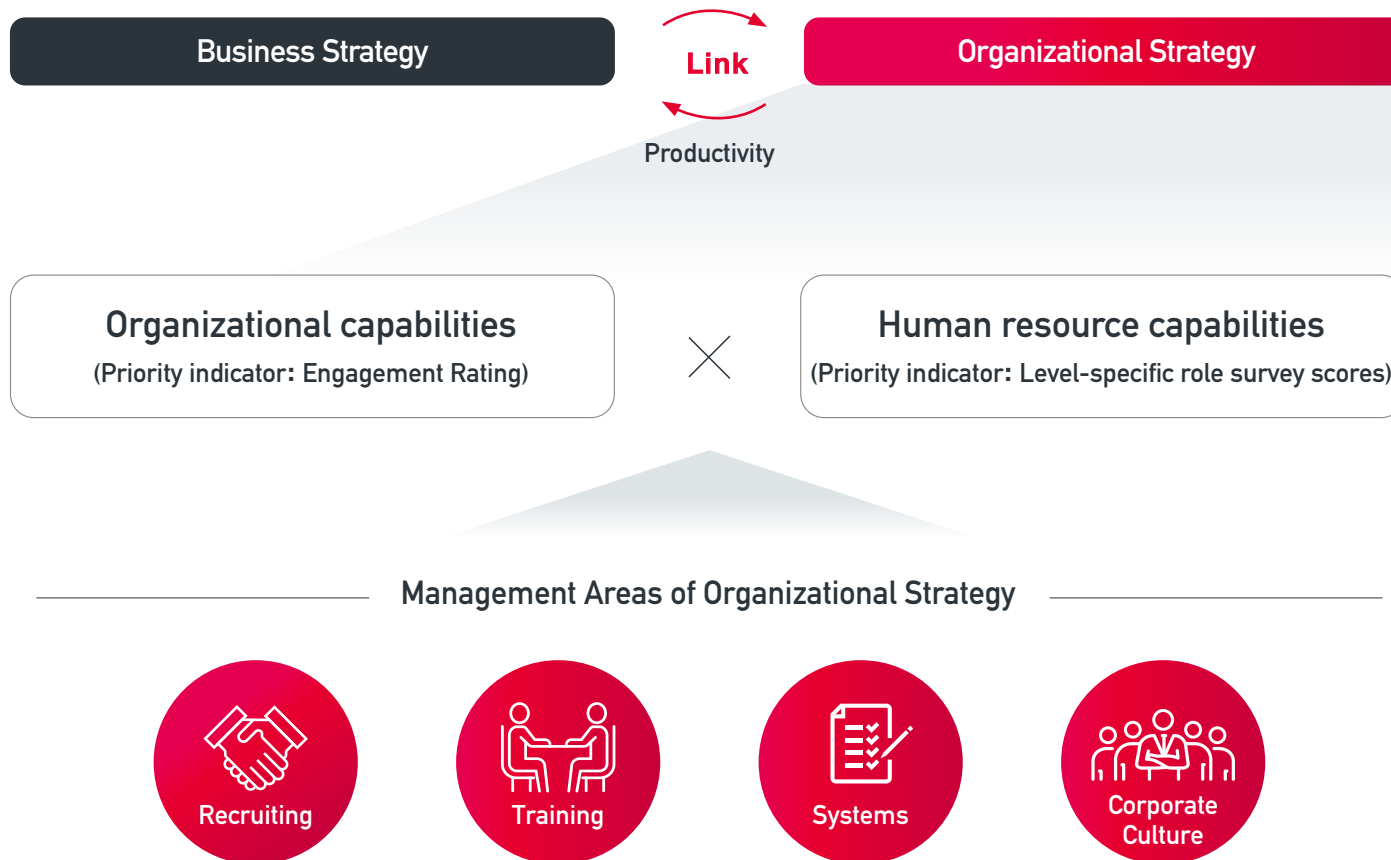
At the same time, the Link and Motivation Group itself will be sure to act in accordance with its own words by continuing to conduct its own human capital management.

Organizational Strategy



Strategy Overview

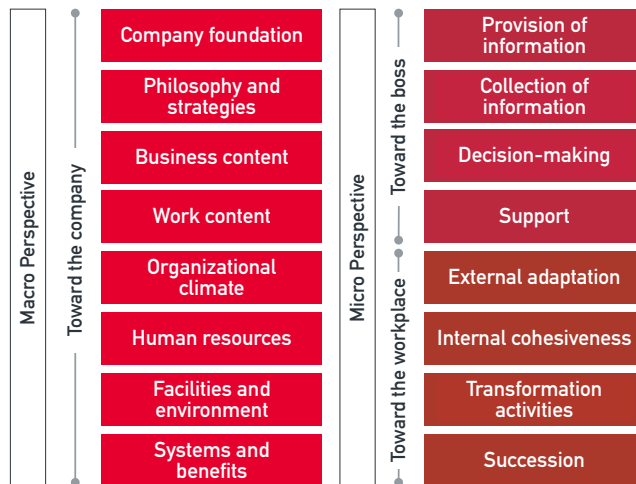
We will invest appropriately in the ongoing creation of a working environment with a high level of engagement from highly skilled employees. Our goal is to maximize our human capital, which will lead to business growth. In particular, we are improving our organizational and human resource capabilities through management of recruiting, training, systems and corporate culture that fully utilizes our own solutions.



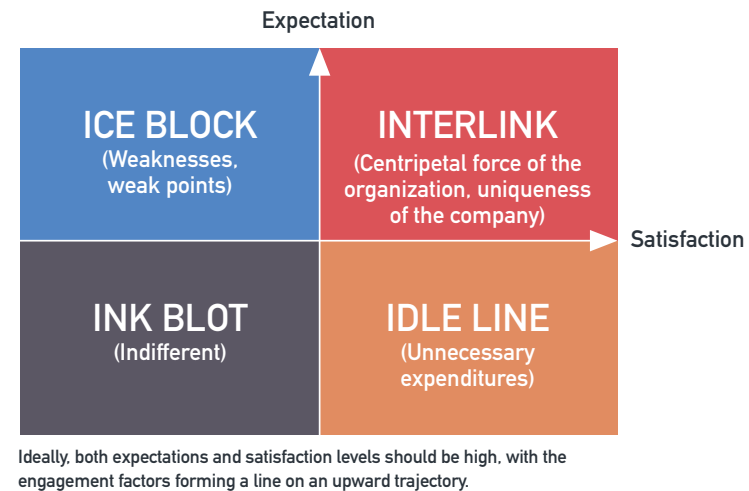
Organizational Capabilities –Priority Indicator: Engagement Rating–

We use engagement scores (calculated from organizational diagnosis data on some 3.12 million employees at a total of 10,600 companies) as a yardstick to carry out an ongoing cycle of improvement in employee engagement.

Engagement Factors in 16 Areas



4eyes® Windows



Note: [Click here for research results on the correlation of engagement scores with operating margin and labor productivity.](#)

Based on social system theory, psychology, behavioral economics and other academic fields, we define 16 areas as engagement factors—eight related to the company as a whole, four related to the employee’s boss, and four related to the workplace—to diagnose employee engagement. By further subdividing them into 64 items and plotting them in a graph along the axes of expectation and satisfaction, we conduct diagnosis and analysis to identify priority issues to be resolved. In addition, we use the organizational diagnosis data (on some 3.12 million employees at 10,600 companies) that we have been compiling since Link and Motivation was established to calculate an Engagement Score, our unique indicator. We then use it as a yardstick to carry out a cycle of improving employee engagement in the organization.

Organizational Capabilities –Priority Indicator: Engagement Rating–

The Link and Motivation Group has disclosed its Engagement Rating results since 2018. Since our founding, each Group company has maintained a high level of employee engagement, which is an advantage for the Group.

Engagement Rating Results

Number of AAA-Rated Group Companies¹ **10** companies
(out of 11)

	Company	Number of Employees ²	Engagement Rating				
			2019	2020	2021	2022	2023
Organizational Development Division AAA	Link and Motivation Inc.	437	AAA	AAA	AAA	AAA	AAA
	Link Global Solution Inc.	22	AAA	AAA	AAA	AAA	AAA
	Link Event Produce Inc.	27	AAA	AA	AAA	AAA	AAA
	Link Corporate Communications Inc.	78	AAA	AAA	AAA	AAA	AAA
Individual Development Division AAA	Link Academy Inc.	456	AAA	AAA	AAA	AAA	AAA
	Motivation Academia Inc.	50	AAA	AAA	AAA	AAA	AAA
Matching Division AAA	Link Interac Inc.	159	AAA	AAA	AAA	AA	AAA
	Link Japan Careers Inc.	12	AAA	AAA	AAA	AAA	AAA
	OpenWork Inc.	71	—	AA	BBB	BBB	AA
	Link Agent Inc. ³	19	AAA	AAA	AAA	AAA	AAA
	Link-i Inc.	20	AAA	AAA	AAA	AAA	AAA

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

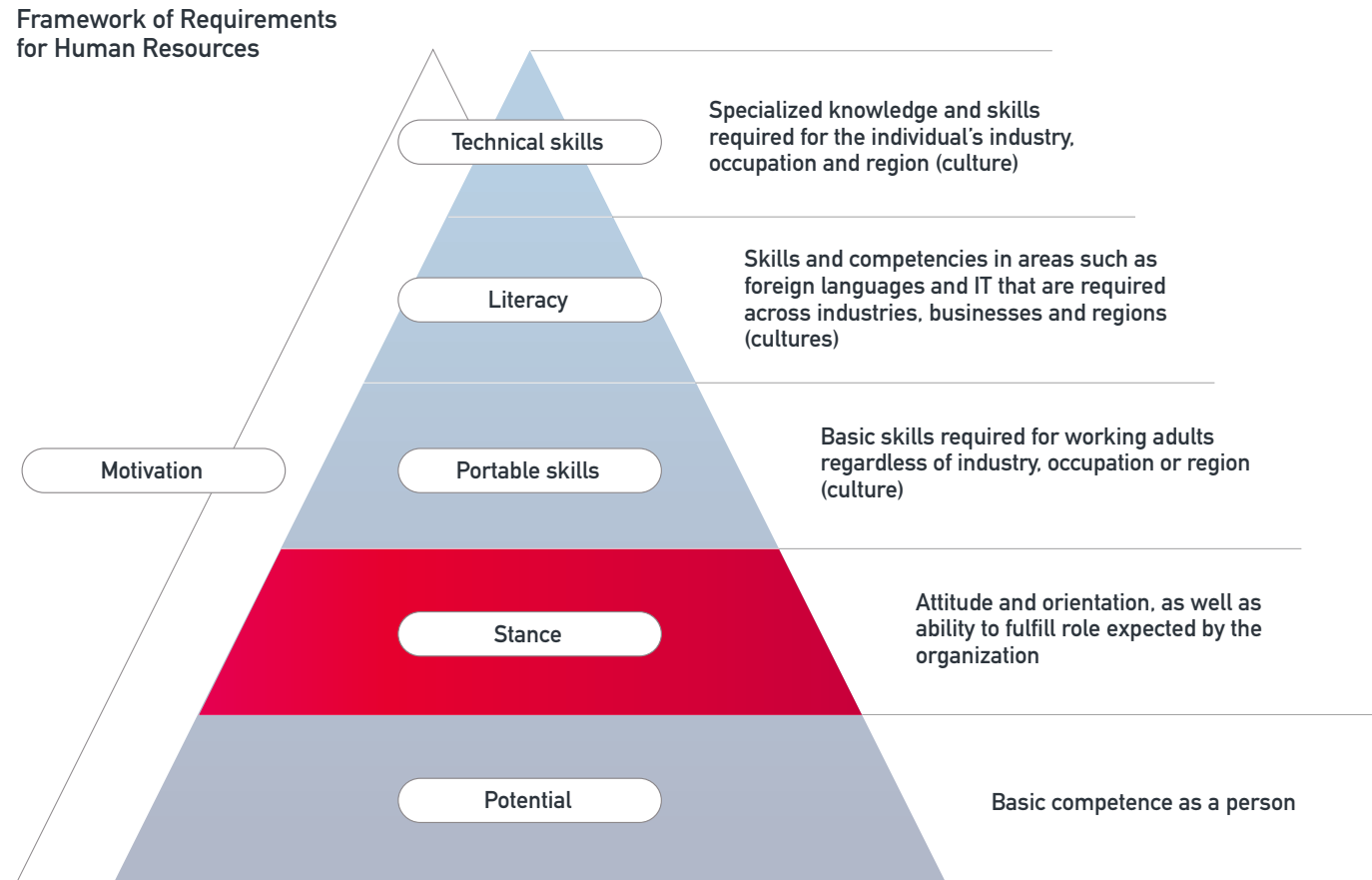
2. As of the time the survey was conducted in February 2023

3. Formerly Link Staffing Inc.

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

Human Resource Capabilities –Priority Indicator: Level-Specific Role Survey Scores–

The Link and Motivation Group has organized the elements necessary for individuals to generate results into its Framework of Requirements for Human Resources.* We believe the requirement that should be given the highest priority in development is “stance,” which serves as the foundation for other skills. We therefore focus on level-specific role survey scores, which measure the degree to which an individual’s “stance” is developed.



* Framework organized by Link and Motivation from the content of a survey it conducted and requirements it defined under a commission from the Ministry of Economy, Trade and Industry for its 2005 Survey on Basic Skills of Working People.

Human Resource Capabilities –Priority Indicator: Level-Specific Role Survey Scores–

The percentage of people with a rank of “A” or higher increased compared with the previous year both for all employees and for those in managerial positions. We therefore believe that the human resource capabilities of the Link and Motivation Group are improving. By further increasing the percentage of people with a rank of “A” or higher, we will raise the capabilities of each of our human resources, enabling them to implement our business strategies and improve productivity.

Overview of Level-Specific Role Surveys

Upper management	Plato Survey
Management	Lincoln Survey
Leaders	Einstein Survey
Mid-level employees	Columbus Survey
Junior employees	Darwin Survey
Senior employees	KOSI Survey

We define the stance required for each job level, and measure the degree of agreement between the expectations and satisfaction of those who work with the survey subject. Results are divided into 11 levels, the same as in the engagement survey, and we calculate the percentage of survey subjects with a rank of “A” or higher.

Level-Specific Role Survey Scores

		2021	2022
All employees	Number of eligible respondents	1,386	1,137
	Rank A to AAA	713	646
	Percentage of total	51.4%	56.8%
Managers and above	Number of eligible respondents	159	146
	Rank A to AAA	111	110
	Percentage of total	69.8%	75.3%

Measures to Improve the Capabilities of Organizations and Human Resources –Recruiting–



It is said that the competency level of the new employees a company hires determines its future in five to ten years. In addition to hiring capable human resources, out of the four areas of recruiting, training, systems and corporate culture we invest most heavily in recruiting to ensure that our employees have a high degree of sympathy with our philosophy.

Recruiting United by a Common Philosophy

New University Graduate Recruiting: Entry Management Survey Results

Position of Priority Factor “Philosophy” by Company



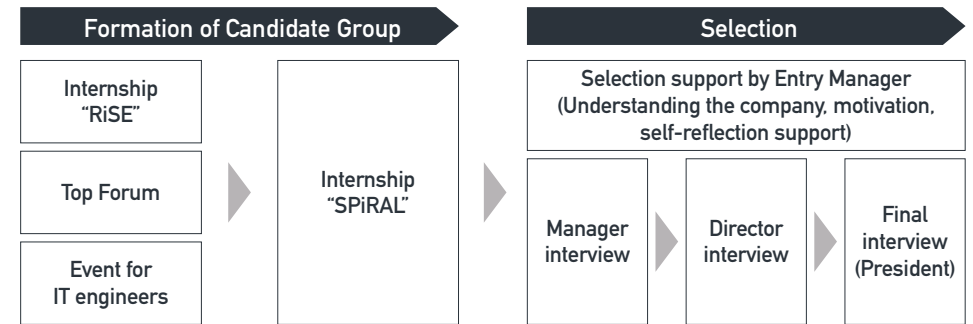
Note: Covers the seven Group companies that recruit new university graduates.

To achieve a high level of employee engagement, at the recruiting stage we insist on a **high level of engagement**. In the Link and Motivation Group, we believe that sympathy with our philosophy will lead to a high level of engagement, so **we give sympathy with our philosophy the greatest emphasis in our recruiting**.

We measure the degree of mutual affinity between our Group companies and applicants in recruiting activities based on the Entry Management Survey, a diagnostic tool that can quantify the degree of mutual commitment between companies and applicants. The results of the 2022 survey indicate that in each Group company, **new employees are sympathetic with the Group’s philosophy when they join**.

Attracting the Talent We Want to Hire

New University Graduate Recruiting Process



We approach recruiting with the stance of **attracting the talent we want, rather than choosing from among people who want to work for us**. We believe it is important for our recruiting activities to lead people with potential and compatible values to feel that we want them to join our company.

That is why **the entire company, from upper management to the youngest employees, works together** in recruiting. The idea is **not to put people into the company, but to put the company into applicants**. Therefore, a variety of employees interact with applicants during various aspects of the recruiting process to give applicants a deeper understanding of the Group. We believe this enables our hiring to emphasize the connection between the applicant’s vision for the future and the philosophy of the Link and Motivation Group.

Measures to Improve the Capabilities of Organizations and Human Resources –Training–



We emphasize that each employee should adopt the viewpoint of being the manager of their own “i-Company” to independently develop their careers. LM College, an institution for developing our human resources, provides abundant opportunities for each employee to nurture their own i-Company. It also offers them chances to hone their abilities in relation to the expectations of others in terms of the stance required by the Group and portable and technical skills.

Cultivating Management Personnel to Support the Company’s Future

“Top Gun Selection” Training for Management Personnel

<p>Program 1 Proposal Presentation Meeting Presentations to directors on various themes and feedback</p>	<p>Program 2 Survey Feedback Training Setting tasks and targets with Group Representative Director Ozasa Yoshihisa</p>	<p>Program 3 Group Dinner Sharing views from various angles and socializing with Group Representative Director Ozasa Yoshihisa</p>
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Class	Objective	No. of Participants	
		2021	2022
Corporate officers	Raise the level of corporate officers	-	5
Company presidents and management	Cultivate the next group of officer candidates	10	14
General employees	Cultivate manager candidates for the coming year	6	6

Cultivating management personnel to lead the organization is indispensable for business expansion and growth. The Link and Motivation Group’s management personnel are expected to be **able to adapt to product, labor and capital markets, and to think from a Group-wide perspective**. However, in carrying out day-to-day duties, there is a tendency to adapt only to the product market and to take the perspective of one’s own particular field. Therefore, since 2021 we have been implementing the selective training program **Top Gun Selection** as an opportunity for growth separate from actual work. The year-long program selects participants from each level, from general employees to senior managers, to **learn the perspective and approach a manager should have**.

In 2022, we provided training at all levels for a total of 25 people. We felt the training helped participants develop as future management personnel, with comments including, “Now I understand the **different standards required to be ready** to take on a management role,” and “I came to strongly feel that **I want to play a role in creating our future**.”

Updating Literacy for Contemporary Needs

Measures to Improve IT Literacy

Diagnosis	Transformation	
 Identify current skill level using DX Survey Basic	Professional Advanced Basic	Operation Knowledge Training attendance Acquisition of qualifications (IT Passport)
	2021	2022
Number of trainees	1,367	1,499
DX Score*	98.9	123.3

* The sum of the scores for digital knowledge and Excel skills. Since each has a maximum of 100 points, the maximum DX score is 200 points.

Skills and competencies in areas such as foreign languages and IT that are required across industries and businesses are referred to as literacy. We believe literacy must be updated in line with contemporary needs. This is similar to the concept of **reskilling**, which has been attracting attention recently. Employees must continue acquiring essential skills, even as what constitutes “essential” changes.

Lately, **improving the IT literacy of each employee** has become crucial for increasing productivity as an organization. Therefore, since 2021, we have been working to improve individual IT literacy by rolling out DX support measures for individuals at companies, which is provided by the Individual Development Division.

The average score on the DX Survey, which measures individual IT knowledge and IT operation proficiency (DX score), was **123.3 out of 200 for the Link and Motivation Group** in 2022, surpassing our target for the year of 110 points.

Measures to Improve the Capabilities of Organizations and Human Resources –Systems–



A company's systems play an important role in showing employees the company's expectations and the direction of its growth. To improve organizational and human resource capabilities, we believe it is crucial for each employee to feel that, in meeting the company's expectations, they are also getting closer to achieving their own vision.

Linking the Visions of a Company and Its Employees

Systems That Connect Corporate and Individual Visions

Timeframe		2020			2021			2022						
		Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	
3 years	i-Company Branding System													
	Management plan submission rate	98.7%			98.2%			97.4%						
1 year	Survey feedback													
3 months	Monthly target setting and evaluation													
		Average individual performance	4.7			4.8			4.7					
		Stretch goal evaluation score*	5.0			5.0			5.0					
		Total	9.7			9.8			9.7					

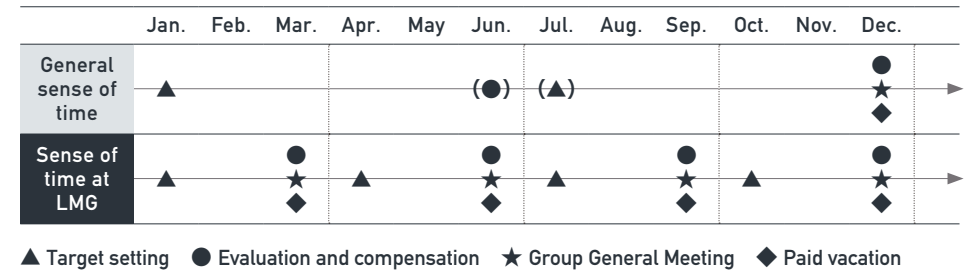
* Both performance and stretch goals are evaluated on a scale of 1 to 9, with 5 being "met expectations."

To improve employee engagement, we emphasize the connections between the company's vision and the vision of each employee. We believe that clarifying the career path an individual will follow and how they will grow while working at a company—and as a result how this will get them closer to achieving their own vision—helps to improve employee engagement.

Therefore, we provide opportunities on various timeframes for individuals to align their visions with the company's, as shown above. We have employees set targets and evaluate them for every three-month period, provide survey feedback to clarify targets for the next year, and conduct the i-Company Branding System for targets three years in the future. Each of these measures communicates the company's intended direction and expectations of each individual, then offers an opportunity for individuals to make clear their intentions and growth objectives.

Growth at Four Times the Speed of the Rest of the World

System Design in Three-Month Intervals



A unique perspective toward time has supported discontinuous growth at the Link and Motivation Group since its founding. Based on our belief that running on a cycle with a short span is important for growth, we share a unique view of time, in which three months everywhere else is one year at the Link and Motivation Group. Accordingly, we set a milestone every three months. By doing so, we aim to create an environment where employees maintain a high level of motivation as they continue to grow and to achieve speedy business development.

All organizational operations, including management of business results, target setting, personnel evaluations, promotions or demotions, payment of bonuses, the Group General Meeting, and vacations (year-end and New Year holidays), are divided into units of three months and conducted four times a year. This intentional division of time acts as a mechanism that makes us conscious of using time to the fullest every day.

As a result, Link and Motivation has a very high score of 4.9 out of 5 for the items "growth environment for employees in their twenties" and "employee morale" in OpenWork's survey. We believe this is proof that our employees are making full use of their time.

Measures to Improve the Capabilities of Organizations and Human Resources –Corporate Culture–



In the process of growing as a company, we are promoting specialization within our organization to maximize results, while investing in communication to achieve the seemingly contradictory goals of integration and mutual understanding.

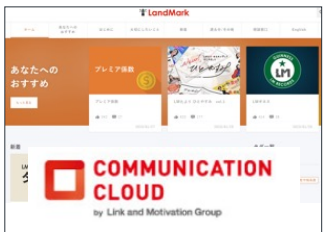
Creating Opportunities for Making Connections as a Group

Communication Measures



Group General Meeting

Average number of attendees in 2022: **1,156**



Web-based in-house newsletter

Average access rate in 2022: **93.1%**

To maintain employee engagement, the Link and Motivation Group considers it **crucial to enhance vertical and lateral communication within the organization**. We have therefore developed various opportunities for communication that connects senior management to the field, department to department, and all employees to each other.

Representative examples include the Group General Meeting, a web-based in-house newsletter, and measures to instill the Group's heritage. Through well-timed sharing of a Group-wide perspective and the creation of a common language, we aim to **create a situation where everyone works toward common goals**.

Creating a Corporate Culture That Spurs Individual Desire for Growth

Awards System

New university graduates (First to third year)	Rookie of the Year (1st/2nd/3rd) Young employees who achieved outstanding results
General employees	Best Motivation Creator General employee who achieved outstanding results
Managers	Best Motivation Manager Manager who achieved outstanding results
Entry managers (Recruiters)	Entry Manager of the Year Entry manager (recruiter) who achieved outstanding results
Administrators	Administrator of the Year Administrator who achieved outstanding results
Projects	Best Motivation Project Project that achieved outstanding results
Companies	Company of the Year Company that achieved outstanding results



For our business to grow, we believe that it is **important for each employee to broaden their own roles based on a desire for personal growth**. We have therefore established an awards system to recognize employees who have done so.

Awards are presented at the Group General Meeting held once every three months. Criteria for selecting employees as award winners cover a comprehensive range of factors, including level of performance, degree of growth and change, and extent of influence on others. A certificate with the reasons for the evaluation and relevant anecdotes is read in front of all employees, and the winner has the opportunity to make a speech. This not only helps to encourage the further growth of the award recipient, but also spurs a desire for growth among other employees.

Special Feature: Human Capital Management Case Study

Our ongoing efforts as a company that supports our customers' human capital management encompass both theory and praxis. This look at the 2022 Gold Award winner for Company of the Year, which is given to the Group company with the best results, is a case study of our initiatives in practice.

Motivation Cloud Enterprise Company

Mission

Support for organizational transformation at major companies through cloud-based services

Number of Employees **53**

Engagement Rating **AAA**

Reasons for the Award

The company recorded the highest Engagement Score of any company in the Group. In addition to developing new customers among major companies, it significantly improved the monthly retention rate. The company's influence extends beyond its own organization, as the fastest among all Group companies to reach its target for customer referrals to the Career School Business.

Striving for Results That Exceed Expectations

The year 2020, when COVID-19 spread worldwide, was a turning point for Motivation Cloud Enterprise ("MCE") Company. At a time when every company involved in human resources was negatively affected, every member of MCE Company was committed to business growth, aiming to achieve noteworthy results without using external conditions as an excuse and working to increase engagement in every organization. To ensure speedy decision-making, the management team held daily meetings without fail, then ensured that members clearly understood the decisions made in order to deal with customers and present a united front in facing issues. As a result, MCE Company continued to grow each year from 2020 to 2022. To achieve its vision for 2025 and 2030, the company will continue to play a role that goes beyond diagnosis of its customers' organizations to include transformation and disclosure, in a cycle that increases the engagement of all organizations.

Applying Motivation Engineering to Its Business

MCE Company is committed to fully utilizing Motivation Engineering in its own business. As one manager once put it, "The most important thing in MCE Company is not its president, but its philosophy." Even the president can be wrong at times. That is why, when questions arise on how to price services for customers, or how to deal with competitors, the company does not make facile decisions. Rather, it refers back to the *DNA Book*, which serves as the foundation of all decisions and actions taken in the day-to-day operations of the Link and Motivation Group. The company president also takes the lead in building up a library of case studies of improvements in engagement at customer companies as a knowledge base for use in sales, content delivery and products to improve reproducibility.

Applying Motivation Engineering to Its Organization

Twice a year, MCE Company also internally conducts the organizational diagnosis surveys it provides to its customers through Motivation Cloud. Rather than seeking to assign blame for organizational problems, including any issues that become clear through the survey, the president, managers and general employees all work together to resolve issues as concerned parties. In order to do so, it is essential that managers act as a liaison between the president and general employees on a daily basis, that each individual acts independently, and that relationships of trust exist between all members of the organization. For example, when a new member joins the team, opportunities for dialogue with the manager, and for sharing of goals, strengths and weaknesses among staff, lay the foundation for building a good team. In doing so, the company straightforwardly and sincerely carries out the ongoing process of organization building.

Comments from Employees of Other Group Companies

I feel that the key to winning the Company of the Year is not just a particular company's achievements and engagement within its own organization, but also the extent to which it can redirect those factors back outside the company to spread its influence. I can take pride in our service when dealing with customers.

It was very frustrating for us not to win Company of the Year, but you can't help but be convinced by the overwhelmingly high level set by MCE Company in winning the Gold Award. As we continue to monitor conditions at our customers and throughout the Group, I hope we can improve our organizational strength and win next year.

Sustainability



Message from Director Ohno Shunichi

Addressing Social Issues through Our Business to Link Our Own Sustainable Growth to the Sustainable Development of Society

Ohno Shunichi
Director
Link and Motivation Inc.



Approach to Sustainability

As various social issues come to the fore and the values of our stakeholders change, demand is rising for management that emphasizes the environment, society and governance (ESG) as well as sustainability management that creates both economic and social value. We believe the Link and Motivation Group should take responsibility for the way we create a sustainable society.

For the Link and Motivation Group, sustainability means helping to resolve social issues through our business. We aim for a world where our own sustainable growth contributes to the sustainable development of society. We believe that engagement—not just with our customers, business partners, employees and shareholders, but also with the environment and society—is extremely important for achieving this goal. Since our founding in 2000, we have emphasized engagement with all stakeholders and conducted management with a focus on sustainability.

Initiatives in Our Businesses

For example, the Consulting & Cloud Business in the Organizational Development Division provides one-stop solutions for diagnosis of employee engagement (the degree of mutual understanding and affinity between a company and its employees) and transformation to improve recruiting, training, systems and corporate culture, among other areas. Our joint research with Keio University has shown that improved employee engagement has a positive impact on a company's operating margin and labor productivity. We therefore believe this business contributes to "Decent Work and Economic Growth," which is goal 8 of the United Nations Sustainable Development Goals (SDGs).

In addition, the Career School Business in the Individual Development Division offers individuals the chance to develop work-related skills and competencies in order to obtain qualifications or improve IT or English conversation skills. The ALT Placement Business of the Matching Division dispatches assistant language teachers (ALTs) to municipalities nationwide to help in equitably providing high-quality education in foreign languages and internationalization in elementary, junior high and high schools. We believe these efforts contribute to the achievement to SDG 4, "Quality Education."

These are just a few examples of how we continue helping to create a sustainable society through our business.

Three Goals of Our Management Policy

To achieve sustainability, we share the three goals of the Link and Motivation Group's management policy with all employees.

1. Management with Integrity
2. Management in Which Every Employee Plays a Leading Role
3. Management with Good Reflexes

"Management with Integrity" means management with no illegality or dishonesty toward any of the Group's stakeholders, including customers, business partners, employees and shareholders. Moreover, as the economy's shift to intangibles gains momentum, we have entered an age in which a company's fate is controlled by its human capital. Therefore, with "Management in Which Every Employee Plays a Leading Role," we aim to have each of our employees create value independently. Last, as the changes in our operating environment gain speed, "Management with Good Reflexes" will allow us to make swift management decisions to address changes in markets and laws, and to take a stance of generating change ourselves. We believe that getting every employee to fully understand these three goals and work to realize our mission will lead to sustainability both for the Link and Motivation Group and for society.

Conclusion

Going forward, the Link and Motivation Group will continue to engage in responsible dialogue with all its stakeholders, to work for sustainable improvement in corporate value, and to resolve social issues through its business.

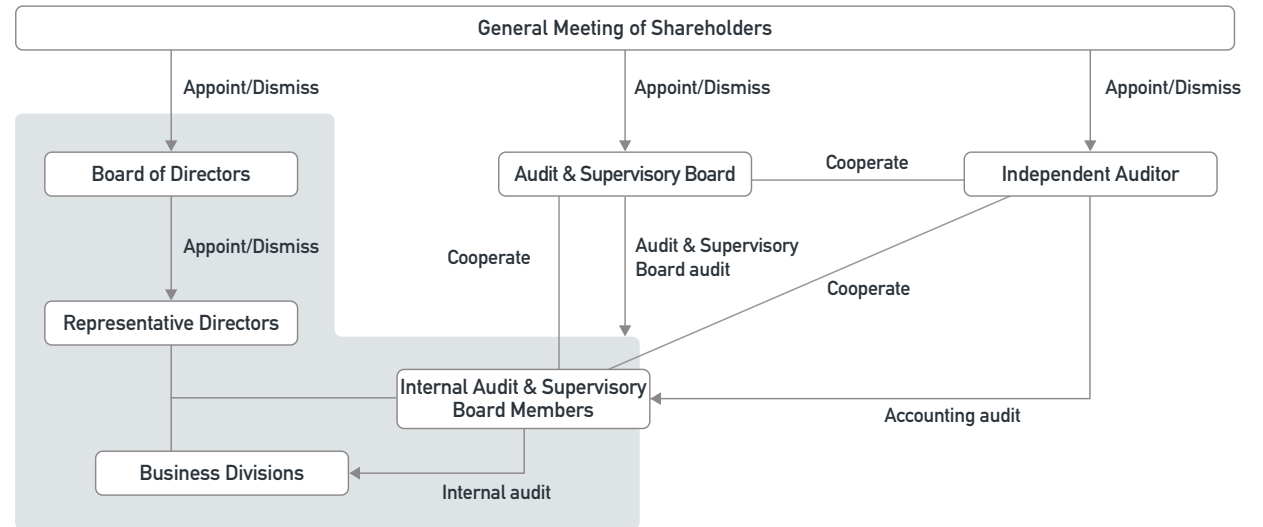
A Management Structure That Supports Sustainable Growth

Link and Motivation Inc. (the “Company”) has adopted the format of a company with an Audit & Supervisory Board. The Board of Directors makes important management decisions and supervises the execution of business, while the Audit & Supervisory Board and its members, who are independent from the Board of Directors, audit the status of execution of business, among other matters. We work to upgrade and strengthen our corporate governance system to continue to conduct fair and transparent management activities.

Governance Format



Governance Organization



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.

A Management Structure That Supports Sustainable Growth: Executives

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.

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)
2015 Outside Director, Youji Corporation (to present)

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

A Management Structure That Supports Sustainable Growth: Executives

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 addition, the Company has 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



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)
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)

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

Matsuoka Yasumasa

Outside Audit & Supervisory Board Member (Part-Time)

1986 Joined Recruit Co., Ltd.
2005 President and Representative Director, Fukuoka SoftBank HAWKS Marketing Corp. (currently, Fukuoka SoftBank HAWKS Corp.), Director, Fukuoka SoftBank HAWKS Corp.
2007 Representative Director, Career Firm Co., Ltd.
2011 Outside Director, Onionnews Inc. (to present)
2014 President and Representative Director, Motivation Japan (to present)

Managing Directors

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)
2023 Director, Link Academy 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), Director, Link Agent Inc., Director, Link-i Inc.
2023 Managing Director, the Company (in charge of Individual Development Division, to present), Director, Link Academy Inc. (to present), Director, Motivation Academia Inc. (to present)

Corporate Officers

Kawamura Nobuyuki

2002 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)
2023 Corporate Officer (in charge of Matching Division, to present), Director, Link Agent 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)

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

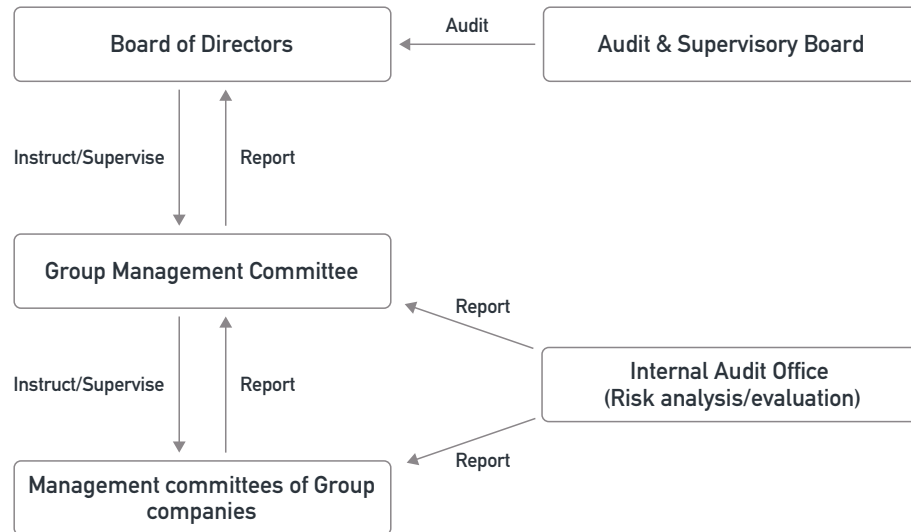
2000 Joined YASKAWA Electric Corporation (currently, YE DIGITAL CORPORATION)
2001 Joined Japan System Create Corporation (currently, SCSK Minori Solutions Corporation)
2005 Joined Ardito Co., Ltd.
2012 Corporate Officer, Ardito Co., Ltd.
2016 Joined Geniee, Inc.
2017 Corporate Officer, Geniee, Inc.
2018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

Yokoyama Hiroaki

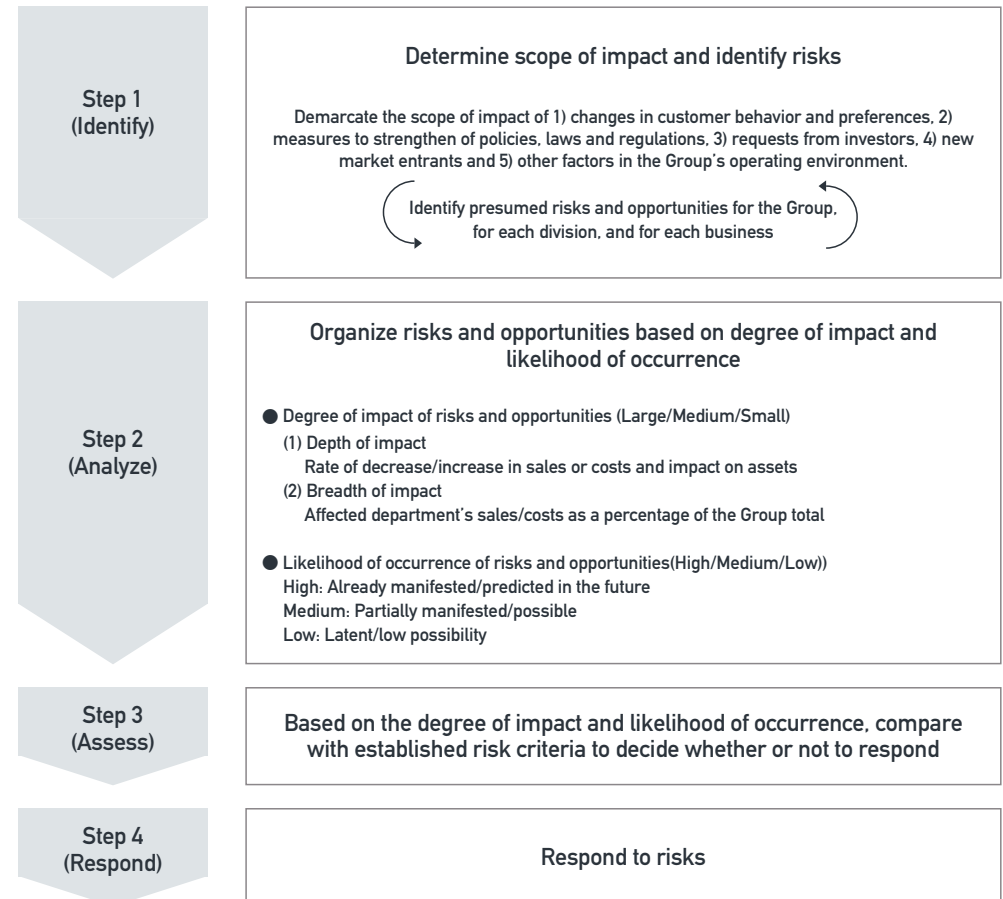
2004 Joined the Company
2008 Director, i JUST Co. Ltd.
2011 Director, DIGIT Inc.
2013 Unit Manager, Accounting & General Affairs Unit, Group Design Department
2022 Corporate Officer (executive for System Design Department, to present)
2023 Corporate Officer (executive for Group Design Office, to present)

A Management Structure That Supports Sustainable Growth: Risk Management

Risk Management Structure



Risk Management Process



Business and Other Risks

The following presents particularly significant risks that could affect the Link and Motivation Group's performance and financial position. The information contained herein may not cover all scenarios, and risks not currently apparent or considered significant may affect the Group in the future.

Risks	Summary	Countermeasures
Risks Related to the Macro Environment, Including Changes in Economic Conditions	<p>Rising prices stemming from the escalating conflict in Ukraine and the sharp depreciation of the yen, in addition to the continued impact of the COVID-19 pandemic on global economic activity, are clouding the economic outlook. A decline in demand for services due to the stagnation or deterioration of economic conditions could impact the Group's business results.</p> <p>Specific impacts that might be expected include those due to suspension of projects due to a worsening business environment for consulting services provided by the Organizational Development Division, particularly to small- and medium-sized enterprises and startups, and changes in the corporate recruiting environment for the Personnel Placement Business of the Matching Division.</p>	<p>In the 2010s, the Group entered the ALT Placement Business and the Career School Business, which are comparatively insulated from the impact of economic conditions, and built a business portfolio that is resilient to economic downturns.</p> <p>Amid the increasing speed of change in the business environment, the Group set "management with good reflexes" as one of the three goals of LMG's management policy in order to respond to change flexibly and quickly, and to minimize negative impacts. Based on this policy, the Group is able to make immediate decisions based on discussion of economic conditions and other matters in management meetings as required. One example of this is the Group's monitoring of human capital return on investment (ROI), which links business and organizational strategies, and considers investments according to economic conditions to maximize results in the short, medium and long term.</p>
Risks Related to Intellectual Property (Governance)	<p>The Group has established a brand by developing businesses based on Motivation Engineering. However, if companies imitating this technology emerge, the Group may become unable to sufficiently demonstrate an advantage over competitors, which could have an adverse impact on Group results, including a decrease in sales.</p> <p>Furthermore, the Group's expansion of business scale and adoption of remote work have created an environment that is more susceptible to outflow and leakage of intellectual property, such as consulting know-how and client case studies. This has increased the risk of brand damage and reputational damage.</p>	<p>To reduce the possibility that Motivation Engineering is imitated, the Group will constantly evolve this technology, led by the R&D department, while the legal department will protect the Group's intellectual property through a multifaceted strategy that combines multiple intellectual property rights, including trademarks, patents and copyrights.</p> <p>In addition, to prevent the outflow and leakage of intellectual property, the Group will not only establish reasonable information management measures and data governance as required by law, but will also step up efforts to raise employee awareness to improve the effectiveness of information asset protection, including trade secrets.</p>
Risks Related to Data Security and Data Privacy (Governance)	<p>In the course of its businesses, the Link and Motivation Group handles large volumes of personal and confidential information, including information about the organizational structure and human resources of client companies (Organizational Development Division), customer information such as names and dates of birth (Individual Development Division), and company information such as job applicants and open positions (Matching Division).</p> <p>In the event that an information leak occurs due to external fraud, such as unauthorized access via cyberattacks, or due to internal accidents, and the leak causes damage to the owner of the information, client companies or others, the resulting damage claims and/or loss of public trust could affect the Group's business results and financial condition.</p>	<p>The Group has formulated information management rules and management methods that conform to Privacy Mark requirements, and takes both organizational and technical measures to comply with them. Specifically, the Group has established work rules in accordance with said management rules, and regularly provides comprehensive training on personal information protection and management to all executives and employees. The Group has formulated security requirements that take into account the confidentiality, integrity and availability of information, and ensures thorough compliance with them when structuring and operating various environments. The Group also takes technical measures to defend against external threats such as ransomware and unauthorized access, and to prevent internal accidents.</p> <p>In addition, to prepare against increasingly sophisticated external threats, the Group continuously works to gather information from outside organizations and take necessary measures to enhance information security from a medium- and long-term perspective.</p>

Risks	Summary	Countermeasures
<p>Risks Related to Natural Disasters, Transmission of Infectious Diseases and Emergencies (Environment)</p>	<p>A disaster on a greater scale than anticipated or an infectious disease pandemic could cause system failures or suspension of business, both of which could significantly affect the Group's business operations, results and financial condition.</p> <p>In particular, as an example of the acute physical risks associated with climate change, flooding or landslides due to extreme weather (torrential rains) could cause damage to school buildings or suspension of sales operations in the Career School Business of the Individual Development Division.</p>	<p>In the event of an emergency, the Group has built a system to report on its own safety as well as that of its surroundings, such as the status of school buildings in the Career School Business, to enable swift information sharing and understanding of conditions to make appropriate management decisions.</p> <p>The Group continues to limit its exposure to acute physical risks by reducing the number of school buildings and encouraging enrollees to take courses online.</p>
<p>Risks Related to Laws and Regulations (Society/Governance)</p>	<p>The Group is required to comply with laws and regulations in every country/region where it does business. Violation of any applicable laws or regulations that apply to the Group, including those governing personal information protection, data protection, telecommunications, consumer protection, labor, human rights, anti-corruption and anti-bribery, taxation, and anti-monopoly laws, could have a significant impact on the Group's business operations, results and public trust.</p> <p>Furthermore, there has been active public discussion on the topic of corporations and human rights issues in recent years. Failure by the Group to appropriately comply with human rights-related laws could impact the Group's brand. In addition, in the Group's ALT Placement Business, if the schools that the Group dispatches ALTs to do not provide a safe and hygienic workplace environment, the human rights of the dispatched employees could be violated, which could have an impact on the Group's business results, brand and public trust.</p>	<p>The Group has set "management with integrity" as one of the three goals of LMG's management policy, and strives for management that ensures no legal/regulatory violations or acts of dishonesty toward the Group's stakeholders, who include customers, business partners, employees, shareholders and others. The Group will continue working to properly understand and respond to changes in laws and regulations in all countries/regions where it does business.</p> <p>Regarding human rights, the Group has already studied and implemented measures to strengthen compliance and prevent harassment, and will continue to practice human rights due diligence. In the ALT Placement Business, the Group will periodically conduct engagement surveys of ALTs dispatched nationwide to predict and prevent human rights risks and maintain a thorough understanding of actual conditions.</p>
<p>Risks Related to Securing Human Resources (Society)</p>	<p>The Group places the highest priority on human capital, and will continue to maximize human and other forms of capital, and create value for customers based on that capital. Therefore, securing excellent human resources is vital for achieving sustainable growth. In the Organizational Development Division, where significant growth is expected, it is important to hire and develop project managers and engineers; however, the Group's business results could be impacted if it is unable to secure the required human resources, or if the compensation and wage levels needed to attract and retain excellent talent rise.</p>	<p>Since its establishment, the Group has shared the idea of being willing to invest in recruitment of highly engaged, capable talent, and has used its own recruitment consulting knowledge in securing human resources. To attract capable talent, the Group also continues to work on improving employee engagement and branding in order to be an employer that job seekers choose. To enhance business stability and consulting productivity, the Group is adopting cloud technologies for some of its organizational and personnel consulting services, while seeking an optimal balance between technology and the human touch.</p>
<p>Risks Related to Impairment of Assets</p>	<p>The Link and Motivation Group has been accelerating its growth through business expansion, including through M&A, and is actively entering new fields and adding to its lineup of products/services. As a result, its consolidated financial statements include a considerable amount of goodwill resulting from the acquisition of shares in the process of M&A and other transactions. Going forward, the Group will apply impairment accounting to recognize non-recurring loss on acquisition of equity if factors including changes in the operating environment or business conditions significantly reduce the profitability of acquired businesses, which could affect the Group's financial position.</p>	<p>The Group minimizes impairment losses by enhancing follow-up measures to generate synergies post-acquisition and the regular monitoring of business performance.</p>

Note: Forward-looking statements contained herein are judged by the Group's management to be consistent with information available as of December 31, 2022.

Corporate Data

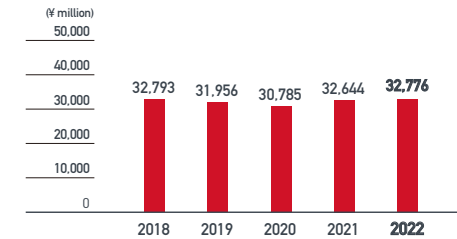
Performance, Financial Position and Dividends

(As of December 31, 2022)

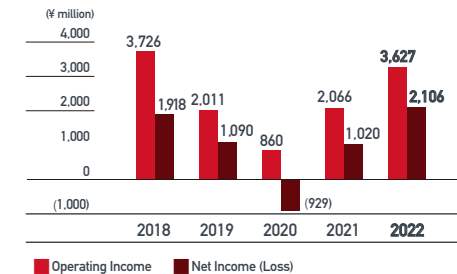
	(¥ million)				
	2018	2019	2020	2021	2022
Performance					
Revenues	32,793	31,956	30,785	32,644	32,776
Gross profit	14,601	13,631	14,008	15,340	16,068
Selling, general and administrative expenses	10,658	10,904	12,084	12,625	12,780
Other income	26	173	757	112	779
Other expenses	243	888	1,820	760	439
Operating income	3,726	2,011	860	2,066	3,627
Financial revenues	25	17	8	12	20
Financial expenses	131	167	240	174	146
Net income (loss) from continuing operations	1,860	1,074	(307)	1,102	2,191
Net income (loss)	1,918	1,090	(929)	1,020	2,106
Net income (loss) attributable to owners of the parent	1,945	1,086	(996)	918	1,941
Financial Position					
Total assets	27,664	44,787	41,083	30,062	28,952
Total equity	7,681	7,033	4,917	8,648	11,345
Interest-bearing debt	11,208	30,036	28,379	13,887	11,127
Dividends (Yen)					
Dividends per share	6.80	7.20	7.20	7.40	7.70

- 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 ¥6.80 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 Agent Inc. (formerly 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.

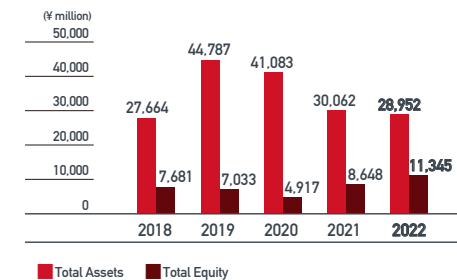
Revenues



Operating Income/Net Income (Loss)



Total Assets/Total Equity



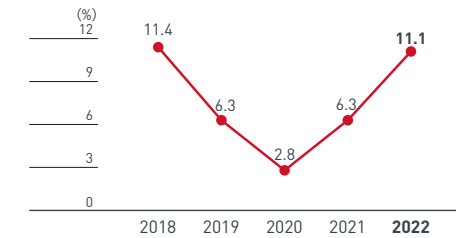
Key Financial Indicators

(As of December 31, 2022)

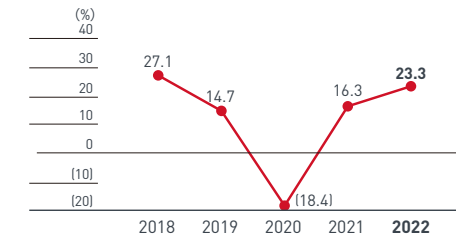
	2018	2019	2020	2021	2022
Operating margin (%)	11.4	6.3	2.8	6.3	11.1
Return on equity (ROE) (%)	27.1	14.7	(18.4)	16.3	23.3
Basic earnings per share (EPS) (Yen)	18.42	10.30	(9.50)	8.73	17.40
Diluted earnings per share (Yen)	18.36	10.28	(9.50)	8.73	17.38
Book value per share (BPS) (Yen)	72.87	67.13	35.84	67.17	82.11
Ratio of equity attributable to owners of the parent to total assets	27.8	15.7	9.2	24.9	31.6

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

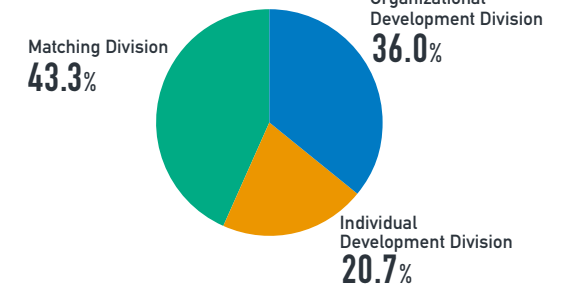
(As of December 31, 2022)

	(¥ million)				
Revenues by Business	2018	2019	2020	2021	2022
Organizational Development Division	13,277	11,729	9,923	10,819	12,092
Consulting & Cloud Business	11,387	10,037	8,274	9,156	10,236
IR Support Business	2,353	2,017	1,907	1,919	2,066
Individual Development Division	7,879	7,838	6,732	7,471	6,960
Career School Business	7,122	7,139	6,071	6,824	6,240
Cram School Business	758	704	666	651	720
Matching Division	12,713	13,131	14,846	15,043	14,564
ALT Placement Business	12,187	12,563	12,931	13,123	12,006
Personnel Placement Business	545	591	1,946	1,943	2,570
Total	32,793	31,956	30,785	32,644	32,776

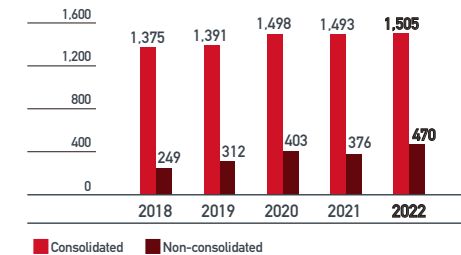
- Intersegment transactions are included in Revenues by Business.
- From 2017, the Company has adopted International Financial Reporting Standards (IFRS) in place of the previously used generally accepted accounting principles in Japan (J-GAAP).
- The name of the Consulting & Outsourcing Business was changed to the Consulting & Cloud Business in 2020.
- The Group classified the domestic temp staff business of Link Agent Inc. (formerly 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.
- From 2022, business categories and business names in the Organizational Development Division have been changed. All figures for the Organizational Development Division have been restated and presented according to the classifications after the change.

Number and Average Age of Employees	2018	2019	2020	2021	2022
Number of employees (Consolidated)	1,375	1,391	1,498	1,493	1,505
Number of employees (Non-consolidated)	249	312	403	376	470
Average age of employees (Consolidated)	36.0	35.9	35.6	36.3	36.3
Average age of employees (Non-consolidated)	31.4	30.8	31.1	31.7	31.5

Revenues by Business (2022)



Number of Employees



Consolidated Statements of Financial Position

As of December 31	(¥ million)				
	2018	2019	2020	2021	2022
ASSETS					
Current assets					
Cash and cash equivalents	1,979	2,160	6,449	4,917	6,112
Trade and other receivables	4,533	4,114	3,680	3,851	3,299
Inventories	278	256	187	200	183
Other current financial assets	9	17	14	9	12
Other current assets	1,015	4,905	1,057	753	1,025
Total current assets	7,817	11,454	11,389	9,732	10,633
Non-current assets					
Property, plant and equipment	1,851	1,459	1,162	637	599
Right-of-use assets	—	15,941	12,790	4,149	3,308
Goodwill	6,551	5,927	9,376	9,410	9,347
Intangible assets	1,841	2,095	2,266	2,234	2,417
Investments in associates	3,080	2,788	—	—	—
Other non-current financial assets	5,821	4,033	3,203	2,744	1,947
Deferred tax assets	440	839	646	984	617
Other non-current assets	260	248	245	168	81
Total non-current assets	19,847	33,333	29,694	20,329	18,319
Total assets	27,664	44,787	41,083	30,062	28,952

Note: Due to the application of IFRS 16, "Right-of-use assets" has been presented separately since 2019.

As of December 31	(¥ million)				
	2018	2019	2020	2021	2022
LIABILITIES					
Current liabilities					
Trade and other payables	2,394	2,397	2,174	2,094	1,858
Contract liabilities	1,573	1,760	1,786	1,615	1,461
Interest-bearing and other financial liabilities	4,749	4,104	7,440	7,161	5,064
Lease liabilities	—	1,839	1,778	1,079	905
Income tax payable	1,077	865	484	716	712
Provisions	18	21	129	274	8
Other current liabilities	2,287	1,843	2,149	2,075	1,725
Total current liabilities	12,101	12,831	15,944	15,018	11,737
Non-current liabilities					
Interest-bearing and other financial liabilities	6,458	9,177	7,104	1,716	2,332
Lease liabilities	—	14,915	12,056	3,929	2,824
Provisions	435	462	560	359	318
Deferred tax liabilities	724	218	362	256	269
Other non-current liabilities	261	148	138	134	124
Total non-current liabilities	7,881	24,922	20,222	6,395	5,869
Total liabilities	19,982	37,754	36,166	21,413	17,606
EQUITY					
Equity attributable to owners of the parent					
Share capital	1,380	1,380	1,380	1,380	1,380
Capital surplus	1,989	1,987	1,855	3,879	4,464
Treasury shares	(1,373)	(1,733)	(1,733)	(320)	(320)
Retained earnings	4,763	5,440	3,989	4,406	5,487
Other components of equity	936	(31)	(1,731)	(1,853)	(1,851)
Total equity attributable to owners of the parent	7,696	7,043	3,760	7,493	9,159
Non-controlling interests	(15)	(10)	1,157	1,154	2,185
Total equity	7,681	7,033	4,917	8,648	11,345
Total liabilities and equity	27,664	44,787	41,083	30,062	28,952

Note: Due to the application of IFRS 16, "Lease liabilities" has been presented separately since 2019.

Consolidated Statements of Operations and Comprehensive Income

Years ended December 31	(¥ million)				
	2018	2019	2020	2021	2022
Revenues	32,793	31,956	30,785	32,644	32,776
Cost of sales	18,192	18,325	16,777	17,304	16,708
Gross profit	14,601	13,631	14,008	15,340	16,068
Selling, general and administrative expenses	10,658	10,904	12,084	12,625	12,780
Other income	26	173	757	112	779
Other expenses	243	888	1,820	760	439
Operating income	3,726	2,011	860	2,066	3,627
Financial revenues	25	17	8	12	20
Financial expenses	131	167	240	174	146
Equity in earnings of associates	(335)	43	41	—	—
Income before income taxes	3,284	1,904	670	1,903	3,501
Income taxes	1,424	829	977	801	1,310
Net income (loss) from continuing operations	1,860	1,074	(307)	1,102	2,191
Net income (loss) from discontinued operations	58	15	(622)	(82)	(84)
Net income (loss)	1,918	1,090	(929)	1,020	2,106
(Net income (loss) attributable to)					
Owners of the parent	1,945	1,086	(996)	918	1,941
Non-controlling interests	(27)	4	66	101	164
Net income (loss)	1,918	1,090	(929)	1,020	2,106
Net income (loss) per share attributable to owners of the parent					
Basic earnings (loss) per share (Yen)	18.42	10.30	(9.50)	8.73	17.40
Diluted earnings (loss) per share					
Diluted earnings (loss) per share (Yen)	18.36	10.28	(9.50)	8.73	17.38

Note: As of 2021, the domestic temp staff business of Link Agent Inc. (formerly 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.

Years ended December 31	(¥ million)				
	2018	2019	2020	2021	2022
Net income (loss)	1,918	1,090	(929)	1,020	2,106
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	(85)	13	(1,397)	22	(57)
Total of items that will not be reclassified to profit or loss	(85)	13	(1,397)	22	(57)
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operations	(0)	(0)	(2)	4	(5)
Total of items that may be reclassified to profit or loss	(0)	(0)	(2)	4	(5)
Total other comprehensive income	(86)	13	(1,399)	26	(62)
Total comprehensive income	1,832	1,103	(2,329)	1,047	2,043
(Attributable to)					
Owners of the parent	1,859	1,099	(2,396)	945	1,878
Non-controlling interests	(27)	4	66	101	164
Comprehensive income	1,832	1,103	(2,329)	1,047	2,043

Consolidated Statements of Cash Flow

	(¥ million)				
Years ended December 31	2018	2019	2020	2021	2022
Cash Flow from Operating Activities					
Income before income taxes	3,284	1,904	670	1,903	3,501
Profit (loss) before income taxes from discontinued operations	103	(0)	(611)	(13)	19
Depreciation and amortization	751	2,480	2,798	2,870	1,724
Loss on impairment	207	959	2,386	756	351
Loss (profit) from business transfer	—	—	—	—	(50)
Gain on valuation of investment securities	—	—	(563)	—	20
Loss (gain) on sales of fixed assets	—	—	(7)	(3)	—
Stock listing expenses	—	—	—	—	22
Gain on cancellation of insurance	—	—	—	(8)	—
Financial revenues and financial expenses	102	146	224	163	125
Equity in (earnings) losses of associates	335	(43)	(41)	—	—
Loss (gain) on sales of investments accounted for using the equity method	—	(160)	—	—	—
Decrease (increase) in trade and other receivables	395	418	503	(173)	552
Loss (gain) on step acquisition	—	—	16	—	—
Decrease (increase) in inventories	(91)	22	68	(12)	16
Increase (decrease) in trade and other payables	6	8	(263)	(78)	(237)
Other	(102)	(43)	657	(547)	(1,216)
Subtotal	4,992	5,693	5,837	4,856	4,830
Interest and dividends received	14	9	5	0	6
Interest paid	(108)	(155)	(226)	(162)	(131)
Income tax refund	17	62	28	439	5
Income taxes paid	(1,304)	(1,783)	(1,675)	(816)	(1,159)
Net cash provided by operating activities	3,611	3,827	3,970	4,316	3,550

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

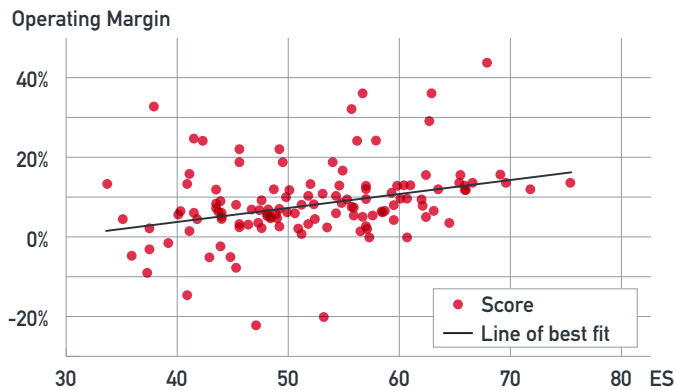
	(¥ million)				
Years ended December 31	2018	2019	2020	2021	2022
Cash Flow from Investing Activities					
Payments for acquisition of property, plant and equipment	(275)	(337)	(222)	(330)	(135)
Proceeds from sale of property, plant and equipment	—	—	16	3	—
Payments for acquisition of intangible assets	(731)	(772)	(699)	(889)	(898)
Proceeds from business transfer	—	—	—	—	441
Proceeds from acquisition of subsidiary stock associated with a change in the scope of consolidation	—	—	2,290	—	—
Payments for acquisition of investment securities	(135)	(204)	—	—	(169)
Proceeds from sale of investment securities	293	1,966	636	513	1
Payments for security deposits and guarantees	(163)	(122)	(56)	(272)	(46)
Proceeds from recovery of security deposits and guarantees	155	120	56	291	990
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	—	—	(44)	(142)	(452)
Proceeds from cancellation of insurance	—	—	—	85	—
Other	(12)	(63)	(9)	13	(0)
Net cash used in investing activities	(3,121)	(2,990)	1,969	(728)	(269)
Cash Flow from Financing Activities					
Net increase (decrease) in short-term financial liabilities	506	(1,000)	3,640	—	(1,800)
Proceeds from long-term financial liabilities	2,821	5,255	—	506	2,400
Repayment of long-term financial liabilities	(2,531)	(1,972)	(2,376)	(6,173)	(2,081)
Proceeds from exercise of stock options	—	—	—	—	5
Payments of stock listing expenses	—	—	—	—	(18)
Payments of cash dividends	(710)	(747)	(754)	(765)	(847)
Repayments of lease liabilities	—	(1,827)	(2,075)	(1,968)	(1,191)
Proceeds from payments from non-controlling interests	—	—	8	—	1,449
Payments for acquisition of interest in subsidiary from non-controlling interests	(140)	—	(90)	(753)	—
Payments for acquisition of treasury shares	—	(362)	—	—	(0)
Proceeds from sales of treasury shares	—	—	—	4,029	—
Other	(110)	—	—	—	—
Net cash provided by (used in) financing activities	(164)	(655)	(1,647)	(5,124)	(2,085)
Cash and cash equivalents translation adjustment	(0)	(0)	(2)	4	(1)
Net increase (decrease) in cash and cash equivalents	325	180	4,289	(1,532)	1,194
Cash and cash equivalents at beginning of year	1,654	1,979	2,160	6,449	4,917
Cash and cash equivalents at end of year	1,979	2,160	6,449	4,917	6,112

Appendix

Organizational Development Division Research Results

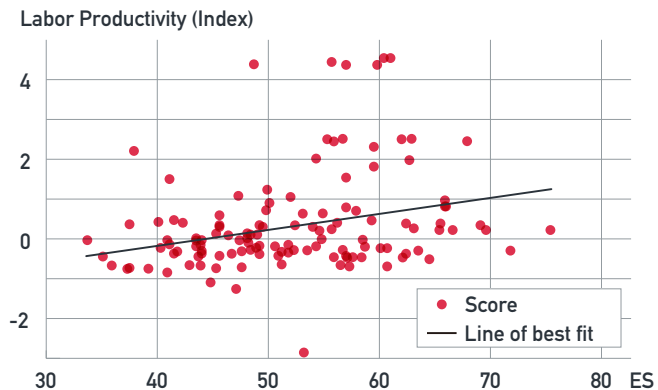
Our joint research with Keio University has shown that improving employee engagement positively impacts operating margin and labor productivity.

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."

Note: [Click here for details \(Japanese Only\).](#)

The value we provide is not simply an increase in employee motivation, but also an improvement in employee engagement (the degree of mutual understanding and affinity between a company and its employees), which results in maximizing business results along with employee motivation. Our 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 topic of employee engagement is attracting more attention, especially among major companies, we are taking the lead as the driver of Japan's employee engagement market to help companies prepare for the coming labor shortage and improve labor productivity.

Employee Engagement

By achieving a high level of engagement among employees with a variety of attributes, we provide an environment where diverse human resources can thrive.

February 2023 Results

By Gender

	Number of Employees	Rank
Male	759	AAA
Female	586	AAA

By Nationality (Area)

	Number of Employees	Rank
Japan	1,196	AAA
Asia (excluding Japan)	16	AAA
Oceania	3	BBB
North America	29	AAA
Central and South America	5	AAA
Europe	16	AA

Because the Link and Motivation Group utilizes a variety 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. The Group provides an environment where diverse human resources can feel a high level of engagement and thrive.

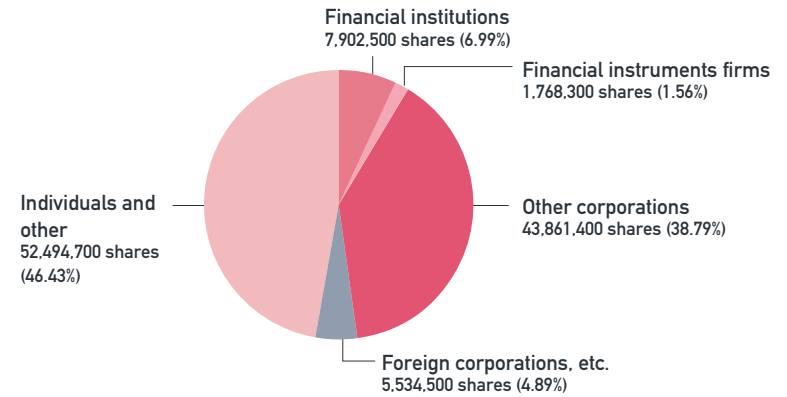
Company Profile

(As of December 31, 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 Distribution



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

Share Information

Stock Code	2170
Stock Listing	Prime Market,* Tokyo Stock Exchange
Trading Unit	100 shares
Shares Authorized	400,000,000 shares
Shares Issued and Outstanding	113,068,000 shares
Number of Shareholders	16,428

* The Company's listing was changed to the Prime Market upon the reorganization of the Tokyo Stock Exchange's market divisions in April 2022.

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	6,534,700	5.86%
The Master Trust Bank of Japan, Ltd. (Trust Account)	6,455,600	5.79%
Sakashita Hideki	3,680,000	3.30%
Sakakibara Kiyotaka	3,680,000	3.30%
Ozasa Yoshihisa	3,000,000	2.69%
Custody Bank of Japan, Ltd. (Trust Account)	1,033,500	0.93%
SMBC Nikko Securities Inc.	992,500	0.89%
Link and Motivation Officer Stock Ownership Association	899,200	0.81%

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



Scope Link and Motivation Inc. and its consolidated subsidiaries

Reporting Period January 1, 2022 to December 31, 2022
Note: Includes some information that is outside the above reporting period.

Date of Issue May 2023

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.