Appendix

Appendix

Productivity Metrics

		2019	2020	2021
Per employee[1]	Revenues (thousand yen)	19,321	17,713	18,675
	Gross profit (thousand yen)	8,241	8,060	8,775
	Net income (loss) (thousand yen)	659	(535)	583

In 2020, the decline in revenues due to the COVID-19 pandemic was also reflected in a decline in per-employee results. However, results per employee improved with the recovery in business performance in 2021.

Employee Attribute Metrics

■ Male-Female Ratio   ■ Nationality (Region)   ■ Age Structure
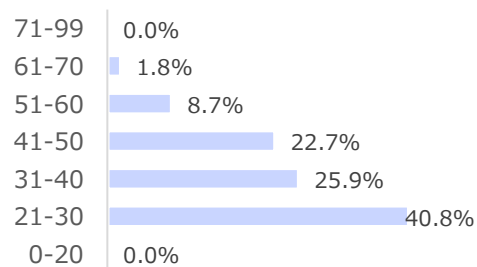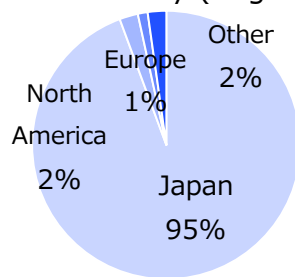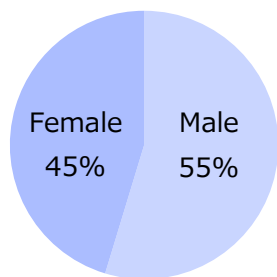
Note: Excludes non-responses

In the Link and Motivation Group, we conduct hiring, evaluation, promotion, and other corporate functions based on each individual's performance and growth, irrespective of attributes such as gender, nationality or age. Workforce diversity ratios at the end of 2021 with respect to each attribute are shown above.

Workforce Metrics

		2019	2020	2021
Number of employees	Officers[1]	24	28	30
	Employees	1,390	1,498	1,493
	Part-time staff	516	381	403
	ALTs	3,245	3,378	3,304
	Total	5,175	5,285	5,230
Full-time/Part-time[2]	Full-time	1,452	1,537	1,518
	Part-time	478	370	408
Full-time equivalent (FTE)[3]		1,654	1,738	1,748
Absenteeism (unplanned leave) rate (%)		1.1	0.9	0.9

In 2020, the number of employees increased because OpenWork Inc. was made a consolidated subsidiary. The number of part-time workers fell that year due to the COVID-19 pandemic but began increasing again in 2021. We will continue to secure an appropriate number of employees and invest in them, according to changes in the environment and business conditions.

1. Total of directors and executive officers, including outside directors.
2. Contractual working time of at least 40 hours a week is considered "full-time" and less than 40 hours a week is considered "part-time," regardless of the form of employment. (Excludes ALTs.)
3. Number of employees when converted to full-time (40 hours a week). Calculated by dividing total working hours per week of all employees by 40 hours. (Excludes ALTs.)

Appendix

Metric Related to Employment of People with Disabilities

	2019	2020	2021
Employees with disabilities* (%)	1.04	1.35	1.52

We have strengthened recruitment of people with disabilities, but although the number of people with disabilities has increased, we fell short of the legally mandated employment rate of 2.3 percent. While some Group companies do satisfy this rate, this remains a management issue for the Group as a whole, so we will further strengthen our recruitment efforts.

* Tabulated based on the contents of the Report on the Status of Employment of People with Disabilities submitted to the Ministry of Health, Labour and Welfare each year. The results shown are as of June 1, in accordance with the aforementioned report.

Metric Related to Hiring

	2019	2020	2021
Quality per hire*	10.0	10.1	10.1

To determine whether we are hiring people who meet expectations, we monitor evaluation results during the probation period. Specifically, our goal is 10 or higher, which indicates "met expectations." The result for 2021 was 10.1. We therefore believe that we are hiring people who produce results that exceed the company's expectations.

* The six months after joining the company are a probation period. After the probation period ends, employees are evaluated on a scale of 2-18, with 10 meaning "met expectations."

Cost Metrics

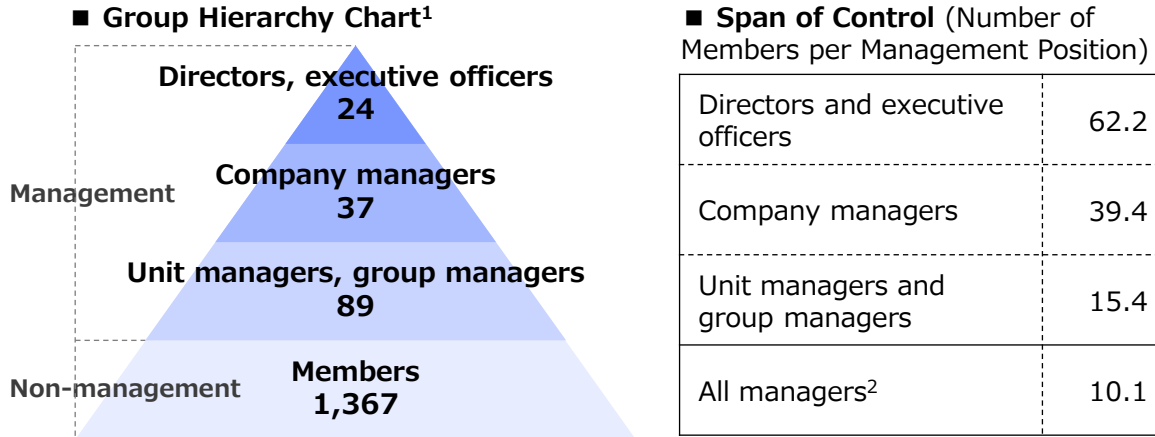|	2019	2020	2021
Total workforce costs[1] (million yen)	19,934	19,875	21,349
External workforce costs[2] (million yen)	12,013	11,548	12,125
Total costs of employment[3] (million yen)	8,775	8,893	9,724

Our current policy is to scale back investment in offices and speed up investment in human resources and IT. Because of that, total workforce costs and total costs of employment have generally been increasing, although reducing the number of employees had an impact in 2020.

Furthermore, external workforce costs are increasing, reflecting the temporary increase in the cost of recruiting ALTs in the Matching Division due to the COVID-19 pandemic.

1. Total costs the Group paid directly to employees.
   Defined to include total costs for the external workforce (see note 2.) in addition to employees the Group employs directly.
2. Total costs paid to outsourcers, temporary staff and other workers the company does not employ directly.
3. Total costs incurred in employment.
   Defined as total costs that directly benefit employees. (Training costs, benefit expenses, etc.)

Appendix

Leadership Metrics

■ Group Hierarchy Chart[1]

Management

Directors, executive officers
24

Company managers
37

Unit managers, group managers
89

Non-management

Members
1,367

■ Span of Control (Number of Members per Management Position)

Directors and executive officers	62.2
Company managers	39.4
Unit managers and group managers	15.4
All managers[2]	10.1

The appropriate span of control at each hierarchical level differs depending on various factors such as business model, management maturity, composition of members, and organizational relationships, so we do not target a flat standard across the Group. For that reason, we constantly monitor the suitability of our hierarchical structure based on the results of individual surveys regarding managers and employee engagement results of organizations, and make adjustments as necessary. Currently, given that on the whole, organizations in the Link and Motivation Group have high employee engagement scores, we believe our organizational structure to be appropriate.

　In the future, we will flexibly change our organizational structure as necessary in accordance with changes in employee engagement.

1. As hierarchy names differ depending on Group company, figures are calculated by classifying positions within the hierarchy based on certain criteria. Outside directors, part-time workers and ALTs are not included in the number of people for each level.
2. Calculated by dividing the total number of people at all levels by the number of managers.

Training Metrics

■ Training Participation Rates

	Name of Training	Participation Rate (%)
Technical Skills	Top Gun seminars	98.5
Portable Skills	Negotiation training	88.9
	Logical thinking training	53.0
	Self-motivation control training	100.0
	Leadership training	63.2
	Career design training	79.2
Stance	New company president training	100.0
	New manager training	100.0
	New employee stance training	100.0
Stance (level-specific survey)	Survey training for upper management	96.2
	Survey training for management	91.0
	Survey training for senior employees	94.3
	Survey training for leaders	95.9
	Survey training for mid-level employees	93.2
	Survey training for junior employees	97.4

All employees participated in multiple forms of training, and participation rates for each type of training are shown above. In addition, average formalized training hours per employee, including training conducted at the departmental level, was 31.8 hours.* For Group-wide training, we aim for a participation rate of 100%.

* Calculated by dividing the total hours spent for all training in 2021 by the number of employees at the end of 2021.

Appendix

Health and Safety Metrics

	2019	2020	2021
Number of occupational accidents[1] (per million work hours)	3.82	3.74	4.15
Lost time for injury[1] (total lost time in hours per million work hours)	10.49	12.80	3.80
Number of people killed during work[1]	0	0	0

	2019	2020	2021
Percentage of employees who participated in health and safety training[2] (%)	75.5	87.4	92.4
Percentage of employees who took time off for mental health reasons (%)	0.8	0.6	0.9
Maternity leave rate (%)	100.0	100.0	100.0
Paternity leave rate (%)	8.3	13.6	25.7

Most occupational accidents in the Link and Motivation Group occurred during commuting or travel. These results are reasonable since we have a business model where workplace accidents do not easily occur.

Moreover, the above results for metrics relating to employee health and safety and the balance of work and childcare indicate that we have supportive workplace environments.

1. Calculated based on total number of employees (officers, employees, part-time staff and ALTs).
2. Calculated based on participation rate in annual stress checks.

Metrics Related to Appointments and Critical Positions

	2019	2020	2021
Percentage of positions filled internally[1] (%)	77.6	68.7	73.1
Percentage of critical positions[2] (%)	1.3	1.5	1.6
Percentage of critical positions filled internally[3] (%)	100.0	100.0	100.0
Succession effectiveness rate[4] (%)	100.0	100.0	100.0
Percentage of vacant critical positions in relation to all vacant positions (%)	0.0	0.0	0.0
Average length of time to fill vacant critical position (days)	0.0	0.0	0.0

In the Link and Motivation Group, we define critical positions as "directors and executive officers (except outside directors), including those of Group companies." However, when a vacancy arises, we either appoint an immediate replacement or eliminate that position, so positions are never left vacant. Accordingly, the "percentage of vacant critical positions" and "length of time to fill critical vacant positions" are zero.

Regarding appointment to critical positions, all have been filled internally in the past three years. We believe that these results are an indication of our systematic approach to successor development.

1. Calculated as the number of vacant positions filled through internal recruitment divided by the total number of vacant positions filled through internal plus external recruitment.
2. Calculated as the number of critical positions divided by the total number of positions.
3. Percentage of critical positions that opened up during the year that were filled through internal recruitment.
4. Percentage of critical positions filled through internal recruitment as of the end of the year.

Appendix

Correspondence with ISO 30414 Metrics

No.	Metric	Page(s)
1	**Compliance and ethics**	
1-1	Number and type of grievance filed	32
1-2	Number and type of concluded disciplinary action	32
1-3	Percentage of employees who have completed training on compliance and ethics	32
1-4	Disputes referred to external parties	–
1-5	Number, type and source of external audit findings and actions arising from these	32
2	**Costs**	
2-1	Total workforce costs	43
2-2	External workforce costs	43
2-3	Ratio of the average salary and remuneration	31
2-4	Total costs of employment	43
2-5	Cost per hire	19
2-6	Recruitment costs	19
2-7	Turnover costs	–
3	**Diversity**	
3-1	Workforce diversity ratio with respect to age	42
3-2	Workforce diversity ratio with respect to gender	42
3-3	Workforce diversity ratio with respect to disability	43
3-4	Workforce diversity ratio with respect to other indicators of diversity	42
3-5	Diversity of leadership team	27
4	**Leadership**	
4-1	Leadership trust	26
4-2	Span of control	44
4-3	Leadership development	26

No.	Metric	Page(s)
5	**Organizational culture**	
5-1	Engagement/satisfaction/commitment	10, 12, 13
5-2	Retention rate	33
6	**Organizational health, safety and well-being**	
6-1	Lost time for injury	45
6-2	Number of occupational accidents	45
6-3	Number of people killed during work	45
6-4	Percentage of employees who participated in training	45
7	**Productivity**	
7-1	EBIT/revenue/turnover/profit per employee	42
7-2	Human capital ROI	8
8	**Recruitment, mobility, turnover**	
8-1	Number of qualified candidates per position	–
8-2	Quality per hire	43
8-3	Average length of time to fill vacant position	19
8-4	Average length of time to fill vacant critical position	45
8-5	Transition and future workforce capabilities assessment	–
8-6	Percentage of positions filled internally	45
8-7	Percentage of critical business positions filled internally	45
8-8	Percentage of critical positions	45
8-9	Percentage of vacant critical business positions in relation to all vacant positions	45
8-10	Internal mobility rate	24
8-11	Employee bench strength	25
8-12	Turnover rate	33
8-13	Voluntary turnover rate	33
8-14	Voluntary critical turnover rate	33
8-15	Exit/turnover reasons/leaving employment by reason	33

No.	Metric	Page(s)
9	**Skills and capabilities**	
9-1	Total developing and training costs	22
9-2	Training participation rate	44
9-3	Average formalized training hours per employee	44
9-4	Percentage of employees who participate in training compared with total number of employees per year	44
9-5	Workforce competency rate	–
10	**Succession planning**	
10-1	Succession effectiveness rate	45
10-2	Succession coverage rate	25
10-3	Succession depth rate: ready now	25
10-4	Succession depth rate: ready in 1-3 years/4-5 years	25
11	**Workforce availability**	
11-1	Number of employees	42
11-2	Number of employees: full-time and part-time	42
11-3	Full-time equivalents	42
11-4	Contingent workforce: independent contractor	–
11-5	Contingent workforce: temporary workforce	–
11-6	Absenteeism: unplanned leave	42