

# Link and Motivation Inc.

Securities Code: 2170

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Consolidated Financial Information for the  
Nine Months Ended September 30, 2021



Link and Motivation Group

## 1. Company Overview

## 2. Business Report

(Announcement of Consolidated Results for the Nine Months Ended September 30, 2021)

## 3. Progress Report on Growth Businesses

## 4. Selection and Concentration to Strengthen Growth Businesses

(Transfer of Domestic Temp Staff Business)

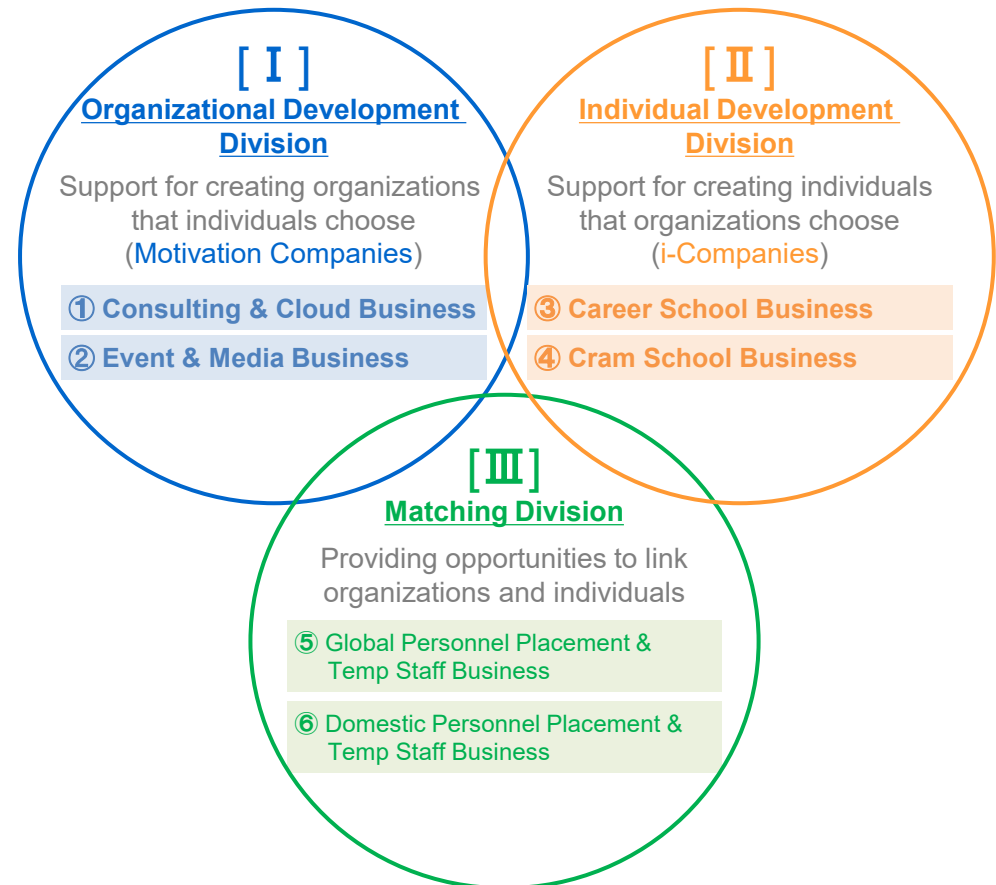
Reference Materials (KPI Results for Each Business)

1

## Company Overview

## Mission

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



## [IV] Venture Incubation

Capital and Organizational support for venture companies

# 2

## Business Report

(Announcement of Consolidated Results for the  
Nine Months Ended September 30, 2021)

# Consolidated Statements of Operations

Revenues **increased** year-on-year (YoY).

Adjusted operating income and operating income **increased substantially** YoY.

Net income **increased substantially** YoY.

All line items increased YoY, mainly due to the Organizational Development Division, which steadily captured corporate needs for improving employee engagement.

(¥ million)	2020 3Q Results	2021 3Q Results	YoY Change
Revenues	26,056	27,316	+4.8%
Adjusted Operating Income <sup>1</sup>	1,429	2,230	+56.0%
Operating Income <sup>2</sup>	1,427	2,097	+46.9%
Net Income <sup>2</sup>	850	1,283	+50.9%

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

2. Depreciation expenses associated with the addition of OpenWork Inc. to consolidation for the third quarter of 2020, which had been included as a provisional amount, have been changed to the finalized amount following the completion of allocation of acquisition costs in the fourth quarter of 2020.

# Revenues and Gross Profit by Segment (Results/YoY Change)

Organizational Development Division: The Consulting & Cloud Business grew substantially, contributing to an increase in revenues for the entire Group.

Individual Development Division: The Career School Business grew substantially due to an improved gross profit margin from shifting operations online.

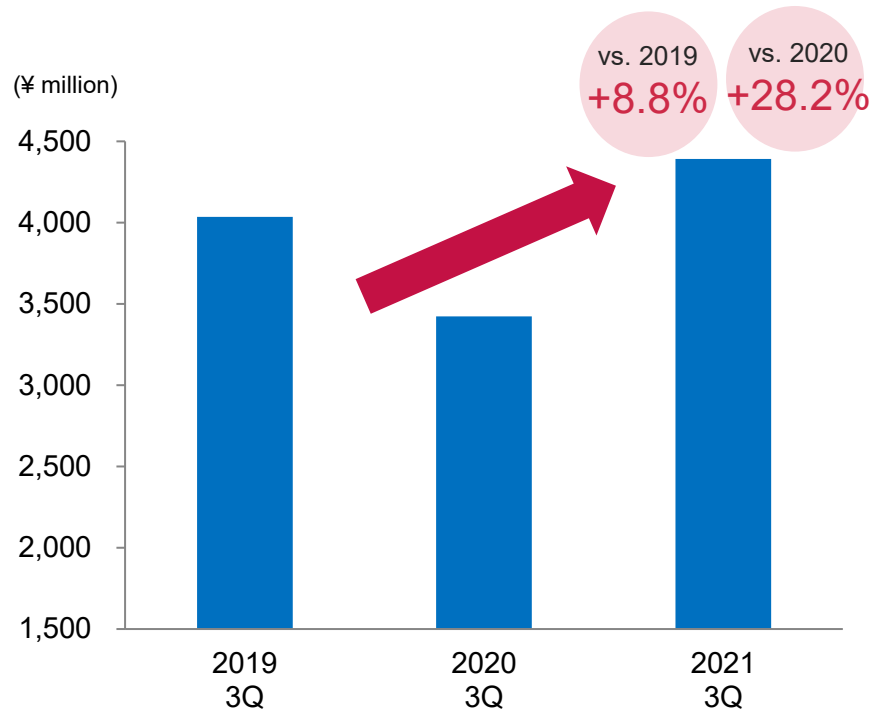
Matching Division: Generated stable profit in the Global Personnel Placement & Temp Staff Business.

(¥ million)		2020 3Q Results	2021 3Q Results	YoY Change
All Divisions*	Revenues	26,056	27,316	+4.8%
	Gross Profit	10,729	12,000	+11.8%
Organizational Development Division	Revenues	7,297	8,086	+10.8%
	Gross Profit	5,010	5,718	+14.1%
Individual Development Division	Revenues	4,935	5,662	+14.7%
	Gross Profit	1,495	2,186	+46.2%
Matching Division	Revenues	14,458	14,202	-1.8%
	Gross Profit	4,747	4,663	-1.8%

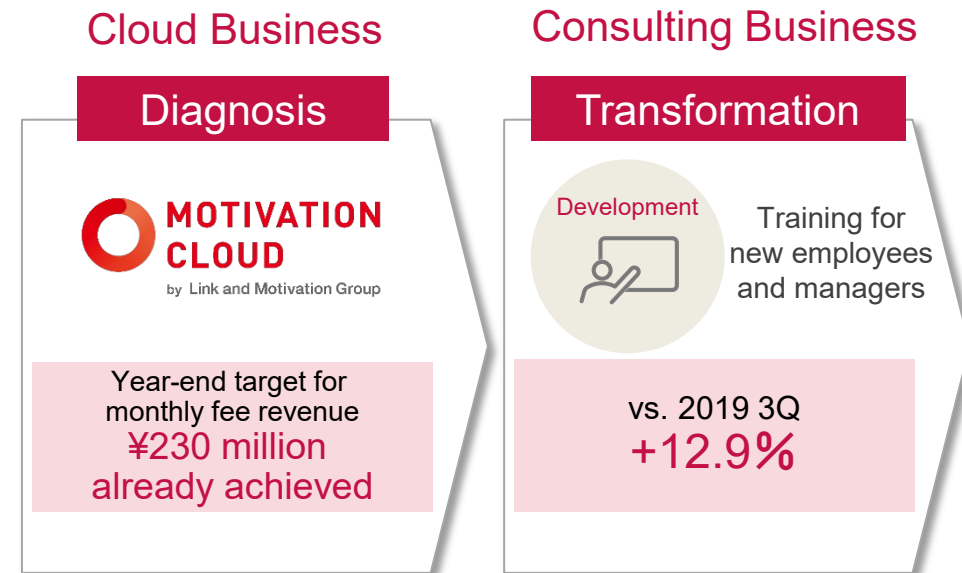
\* Excludes intersegment sales.

In the Organizational Development Division,  
**Consulting & Cloud Business revenues from major companies continued to grow.**  
Due to growing needs to improve employee engagement,  
rank-based training also grew substantially in addition to the growth of the Cloud Business.

Consulting & Cloud Business  
Revenues from Major Companies



Overview of  
Consulting & Cloud Business





# Consolidated Statements of Operations: SG&A Expenses (Results/YoY Change)

## Selling, general and administrative (SG&A) expenses increased YoY.

The increase continued from the first half of the year, mainly due to investment in personnel expenses and one-time accelerated depreciation and relocation costs associated with office relocation.

(¥ million)	2020 3Q Results	2021 3Q Results	YoY Change
Total SG&A Expenses	9,487	9,792	+3.2%
Personnel Expenses	4,330	4,753	+9.8%
Recruiting, Training and Welfare Expenses	515	382	-25.7%
Office and System Expenses	2,270	2,622	+15.5%
Sales-related Expenses	1,615	1,354	-16.2%
Transportation and Other Expenses	754	679	-10.0%

Note: Depreciation expenses associated with the addition of OpenWork Inc. to consolidation for the third quarter of 2020, which had been included as a provisional amount, have been changed to the finalized amount following the completion of allocation of acquisition costs in the fourth quarter of 2020.

# Consolidated Statements of Financial Position (Results/Change)

Assets and liabilities decreased substantially due to a large decrease in right-of-use assets and lease liabilities associated with the relocation of the head office. Equity decreased slightly due to the acquisition of additional shares of OpenWork.

(¥ million)	December 31, 2020	September 30, 2021	Increase (Decrease)
Current Assets	11,389	9,858	(1,530)
Non-current Assets	29,694	21,078	(8,651)
<b>Total Assets</b>	<b>41,083</b>	<b>30,937</b>	<b>(10,146)</b>
Current Liabilities	15,944	16,203	258
Non-current Liabilities	20,222	9,907	(10,315)
<b>Total Liabilities</b>	<b>36,166</b>	<b>26,110</b>	<b>(10,056)</b>
Total Equity	4,917	4,827	(89)

## Third Quarter of 2021 Dividend

Dividends will increase by 0.1 yen from the third quarter of 2021.

A third-quarter dividend of 1.9 yen per share  
is scheduled to be paid on Friday, December 24.

	Dividend per Share				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter (scheduled)	Annual Dividend (scheduled)
2021	1.8 yen	1.8 yen	1.9 yen	1.9 yen	7.4 yen

Note: 100 shares per unit of the Company's stock.

# 3

## Progress Report on Growth Businesses

# Four Businesses Where We Expect Growth

Going forward, we will **step up investment in the four business where we expect growth** with the aim of **achieving record-high profit in 2022** and **accelerated growth from 2023 onward**.

Organizational  
Development  
Division

## Motivation Cloud Series



by Link and Motivation Group

Drive the expansion of the employee engagement market through a nationwide rollout and development of a new series

Individual  
Development  
Division

## DX Support for Individuals at Corporations



Help improve Organizational Development Division and Matching Division revenues per customer through support for DX skills for individuals at corporations

Matching  
Division

## OpenWork



Step up demand for the Organizational Development Division by promoting direct recruiting using Japan's largest employee online review platform

Matching  
Division

## ALT Placement Business

先生方専用のクラウドサービス



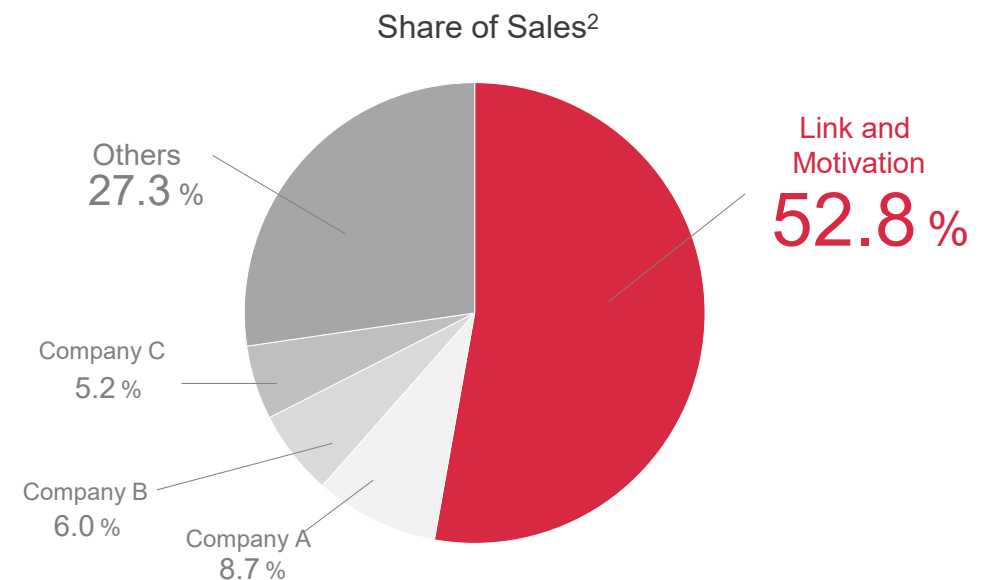
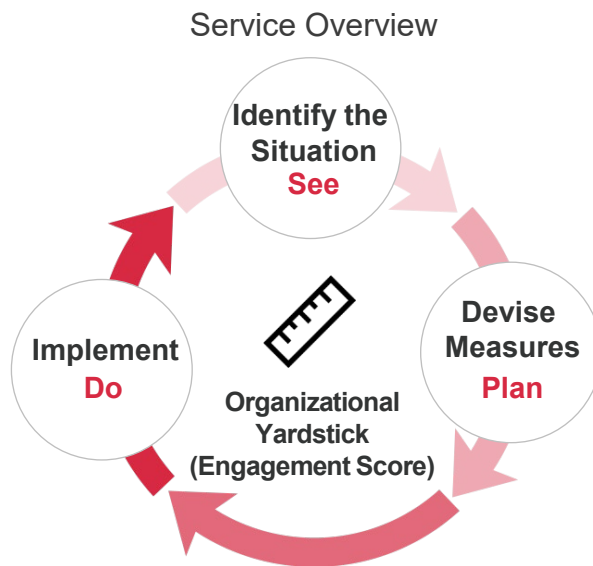
Further increase market share by promoting the introduction of a cloud-based service for teachers

# ① Organizational Development Division: Motivation Cloud Series

Motivation Cloud has captured over half of the employee engagement market, boasting the top share of sales in Japan for four years in a row.<sup>1</sup>



by Link and Motivation Group



1. ITR, "ITR Market View: Human Resources Management Market 2021"  
Employee engagement market: Consecutive number one in sales amount and share by vendor (fiscal 2017 to fiscal 2020 forecast)

2. Data for fiscal 2019

# ① Organizational Development Division: Motivation Cloud Series

With successful promotion of introductions at major companies, monthly fee revenue has **reached the year-end target of ¥230 million ahead of schedule.**

## Motivation Cloud Series Monthly Fee Revenue

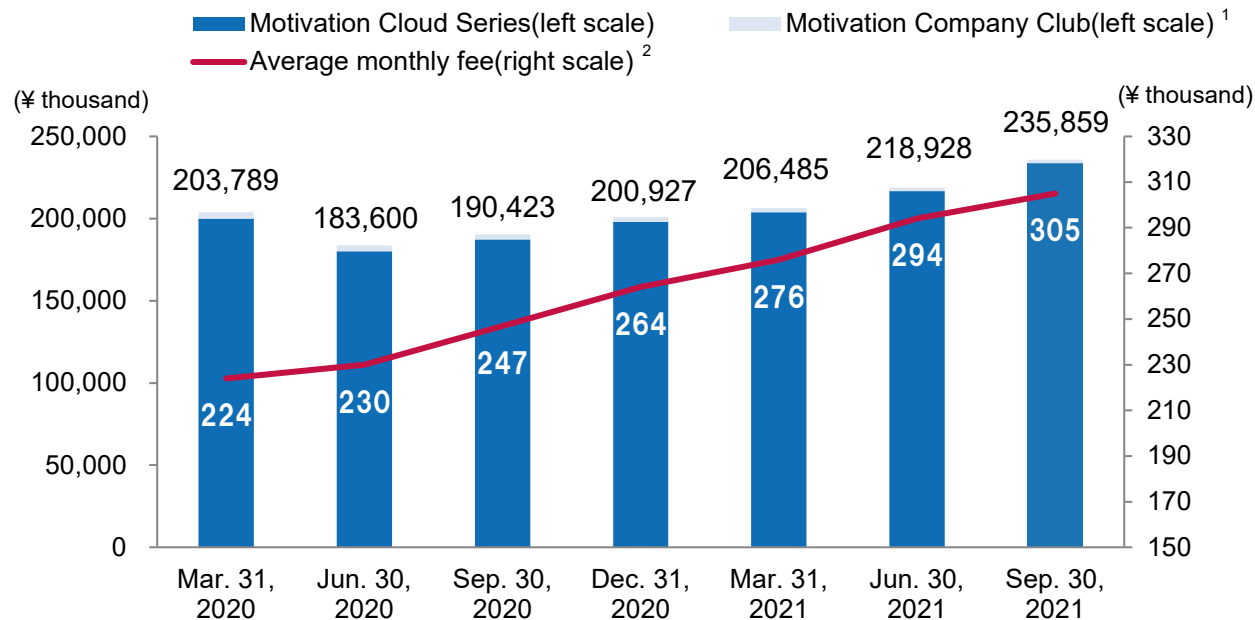
2021 3Q

Result

¥235,859 thousand

+7.7%  
vs. previous  
quarter

+23.8%  
YoY

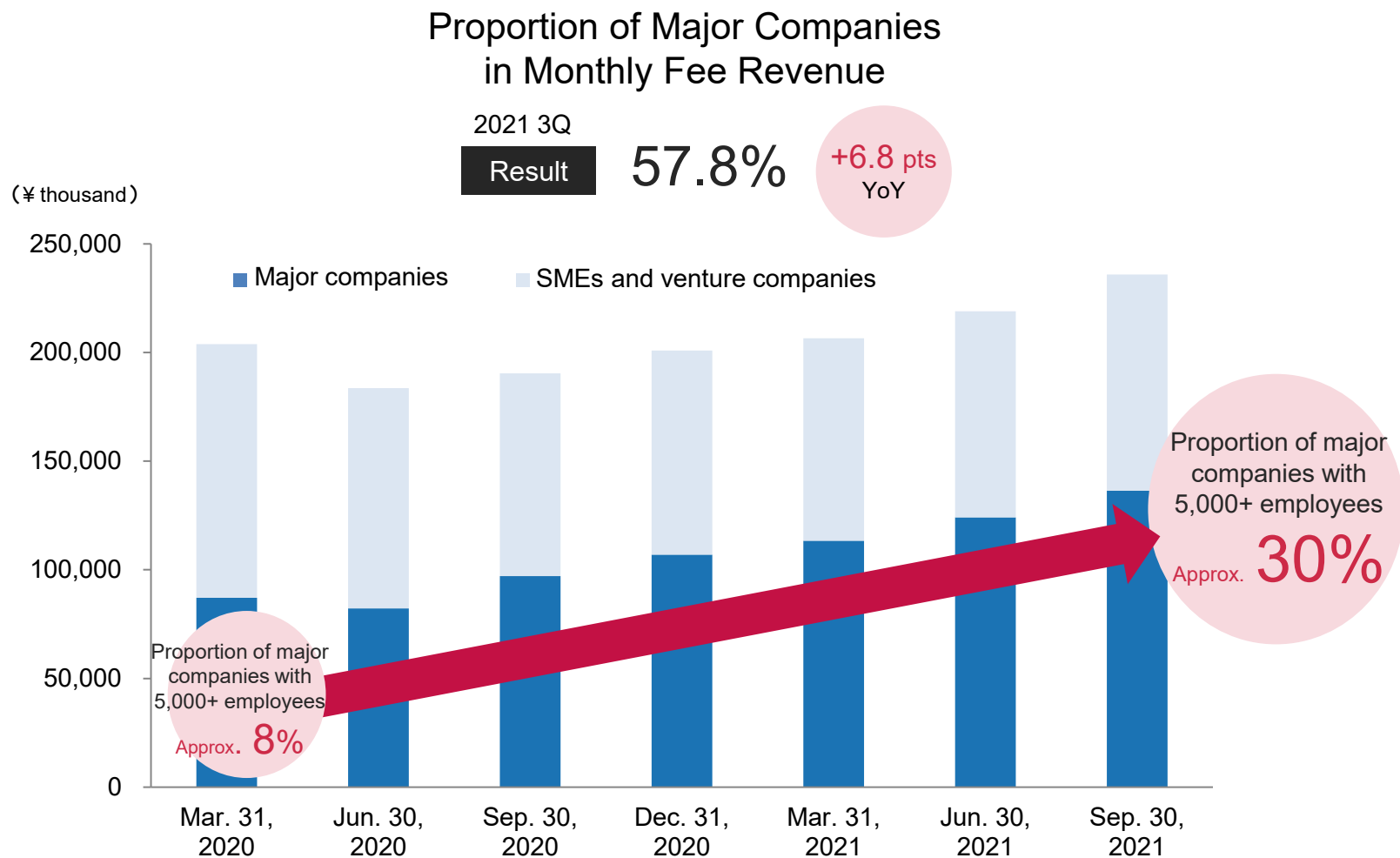


1. A membership service for managers to provide ongoing knowledge and expertise for the creation of Motivation Companies. Monthly fee is a flat rate of ¥30,000.

2. Monthly fee revenue ÷ Number of delivered orders

# ① Organizational Development Division: Motivation Cloud Series

The proportion of major companies in monthly fee revenue is steadily rising.  
Among them, companies with particularly large numbers of employees are increasing.





# ① Organizational Development Division: Motivation Cloud Series

We are stepping up introductions in a wide range of industries centered on major companies, including companies with 10,000 or more employees.

**Panasonic**



**Rakuten**

**brother**  
at your side

**UNISYS**

**IHI**  
Realize your dreams

**IDOM Inc.**



**S&B**

**TOTO**

**DyDo**



# ① Organizational Development Division: Motivation Cloud Series

The HR Tech market, which is already established overseas, is expected to grow significantly in Japan, further stimulating the employee engagement market.



Scale of Global  
HR Tech Market<sup>1</sup>

**US\$22.89 billion**  
(Approx. ¥2,600 billion)

## United States

Revision of the U.S. Securities and Exchange Commission's Regulation S-K

Disclosure of information on human capital becomes mandatory

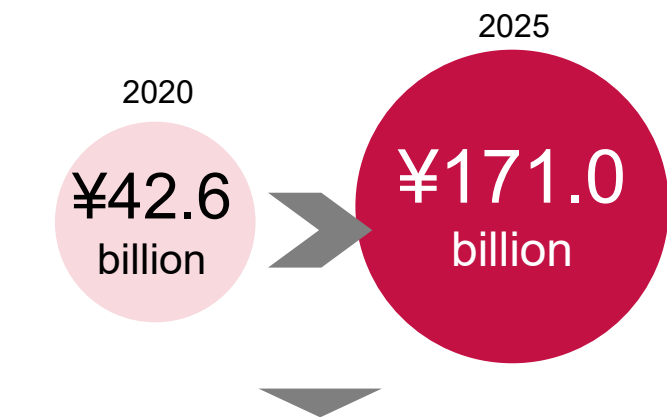
## Europe

Criteria for successful HR  
**No. 1: Employee Engagement<sup>2</sup>**

78% of companies using or considering cloud-based HR Tech<sup>3</sup>



Projected Scale of  
HR Tech Market in Japan<sup>4</sup>



Substantial growth equivalent to overseas markets expected

1. "Human Resource (HR) Technology Market to Hit USD 35.68 Billion by 2028," Fortune Business Insights, 2021
2. 2017 Fosway Group "Transforming HR and Talent in the Digital Age"
3. 2016 Fosway Group HR: THE CRITICAL REALITIES RESEARCH – RELEASED <https://www.fosway.com/hr-the-critical-realities-research-released/>

4. "MIC Research Institute Publishes *HR Tech Cloud Market Actual Conditions and Prospects 2020 Edition*," Nihon Keizai Shimbun, February 1, 2021  
Quoting from *HR Tech Cloud Market Actual Conditions and Prospects 2020 Edition*, MIC Research Institute, January 22, 2021

# ① Organizational Development Division: Motivation Cloud Series

By addressing the following key themes, we are **growing as a driving force in the employee engagement market**, where further growth is forecast.

## Key Themes

Expand customer base to regional areas  
in addition to major companies

Aim to expand the customer base by  
stepping up introductions at excellent regional  
companies such as regional banks



Expand the Cloud series lineup with  
functional enhancements

In addition to **stepping up the development of Motivation Cloud** to encourage customers to transform themselves, we are **currently developing a Cloud series** for new transformation opportunities



2022 launch  
scheduled

Invest in human resources and IT for the above objectives

## ② Individual Development Division: DX Support for Individuals at Corporations

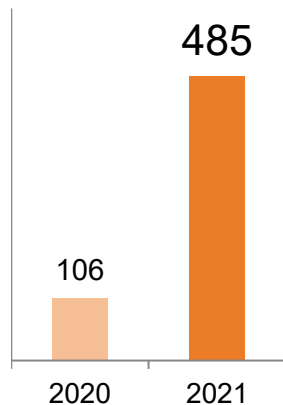
Due to the COVID-19 pandemic, **digital transformation (DX)** is rapidly accelerating. Under these circumstances, many companies are **facing a shortage of human resources in digital and technology fields.**

### Rapid increase in companies dealing with DX as a management issue

Number of Companies Reporting on DX in Securities Reports<sup>1</sup>

YoY increase

**4.6 times**



Main Person Promoting DX<sup>2</sup>

No. 1 **Managers**

Average Annual Budget for DX<sup>2</sup>

**¥488,910,000**

### Ending the shortage of human resources in the digital field is an urgent issue

#### No. 1 Impediment to Promoting DX

**Shortage of human resources with digital and technology skills<sup>3</sup>**

##### Details

- |            |  |
|------------|--|
| <b>33%</b> | Lack of staff able to take charge of in-house training   |
| 25%        | Existing businesses too busy for full cooperation  |
| <b>23%</b> | Lack of in-house training programs and opportunities   |
| 20%        | Want to hire immediately capable staff with knowledge and experience, but unable to find good candidates |
| 20%        | Low in-house awareness of DX promotion and planning, unable to establish full cooperation                |

1. Prepared by LMI from "Text Mining Survey on Disclosure Trends in Securities Reports," Deloitte Tohmatsu, Sept. 2, 2021

2. "In-house survey on DX Promotion," Persol Process & Technology Co., Ltd., Sept. 28, 2021

3. "Digital Transformation Survey of Companies in Japan," Dentsu Digital Inc., Dec. 18, 2020

## ② Individual Development Division: DX Support for Individuals at Corporations

Due to the IT skill support we have been developing, revenues have **increased substantially** from the DX market, which is expected to grow.

**Utilizing the customer assets** of both the Organizational Development and Matching divisions will help to **increase revenues per customer** in both divisions.

### IT Skill Support Developed under the Aviva Brand



Established in 1995.  
Predominant track record  
in instruction.

Extensive lineup  
of classes

### Utilizing the Customer Assets of the Organizational Development and Matching Divisions

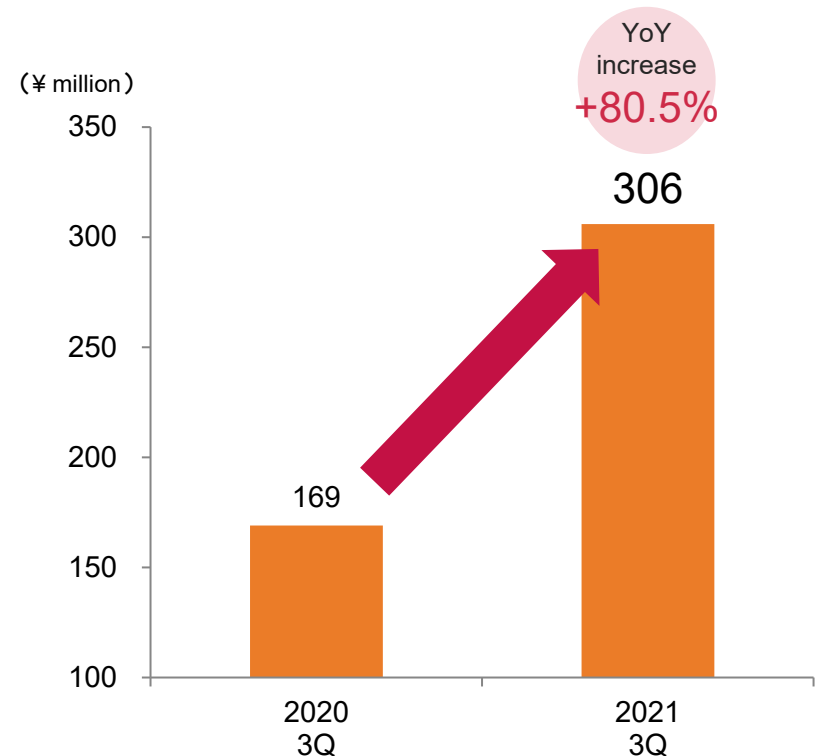


Number of  
Corporate Customers  
Approx. **2,200**



Number of Local  
Government Customers  
Approx. **450**

### Revenues from DX Support for Individuals at Corporations



### ③ Matching Division: OpenWork

We operate OpenWork, an employee online review platform for job seekers.  
The **number of employee reviews is one of the largest in Japan**,  
and registered users are steadily increasing.



openwork

Employee reviews/evaluation scores

Approx. **11.8 million**

Number of registered users

Approx. **4.4 million**



Unique, carefully selected  
evaluation items



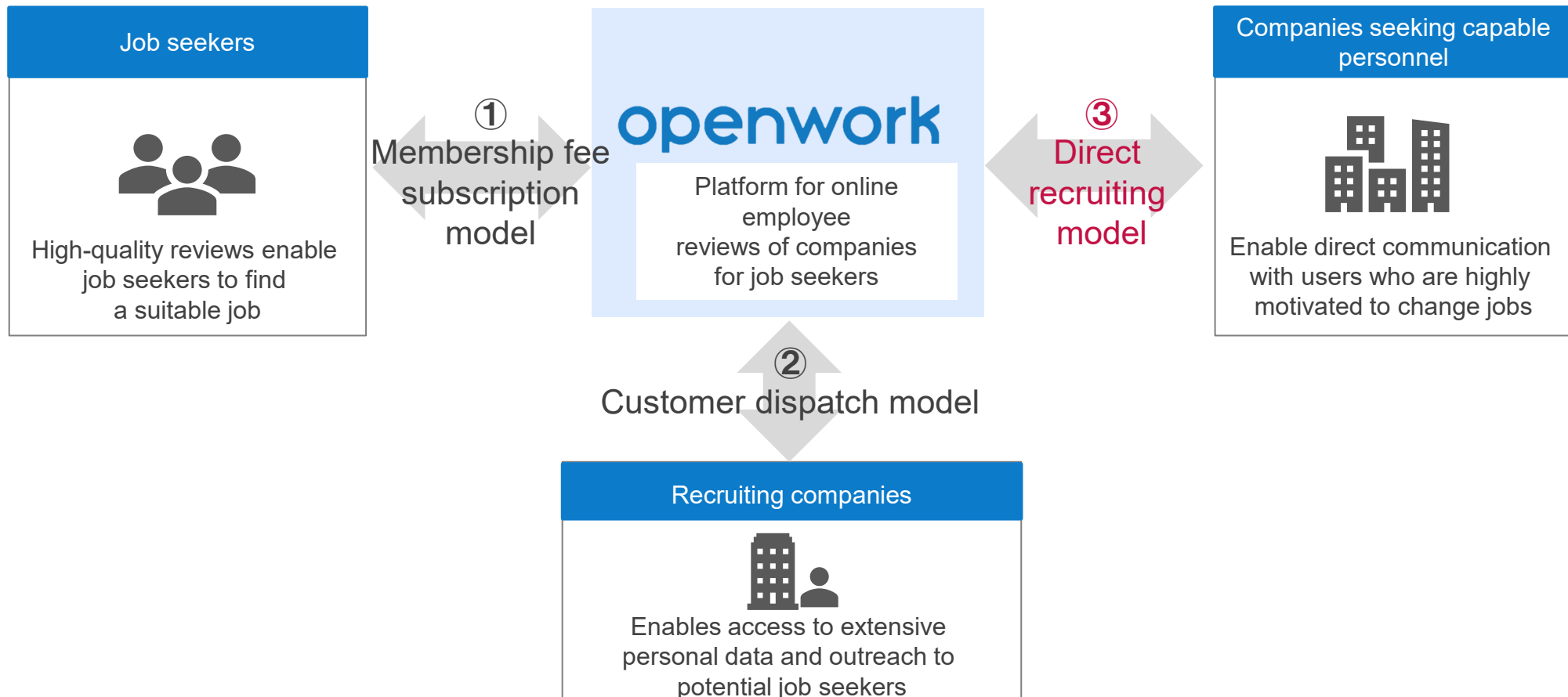
Company rankings  
by industry



Company comparisons  
using radar charts

### ③ Matching Division: OpenWork

We will take advantage of our position as a **platform offering online employee reviews of companies for job seekers** and utilize the Organizational Development Division's customer base to **strengthen our direct recruiting model**.



### ③ Matching Division: OpenWork

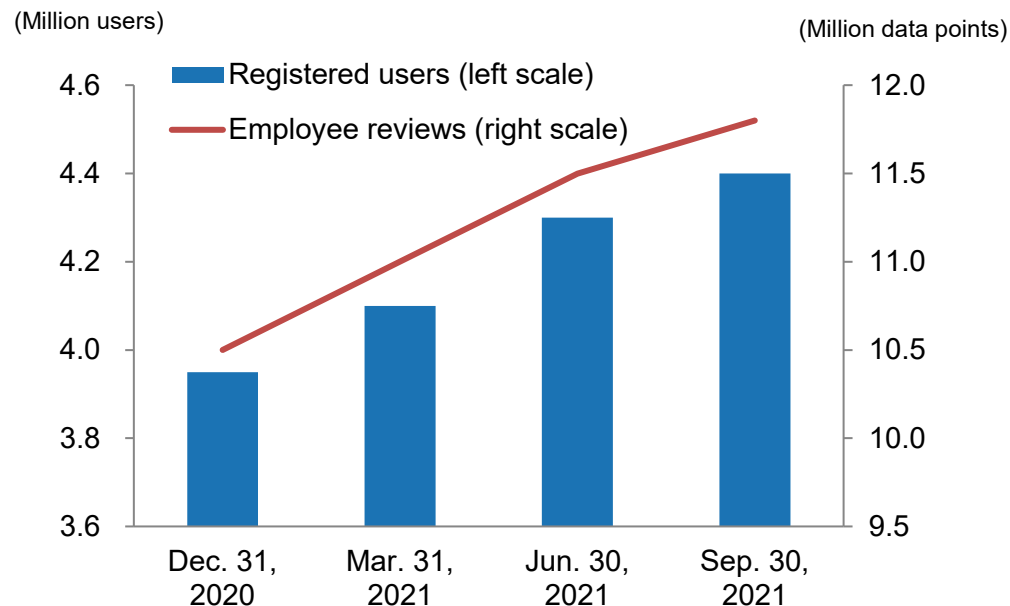
Registered users and online employee reviews are steadily increasing.  
We will continue to **accelerate the direct recruiting model of OpenWork Recruiting**.

#### Registered Users/Employee Reviews and Evaluation Score Data

Sep. 30, 2021

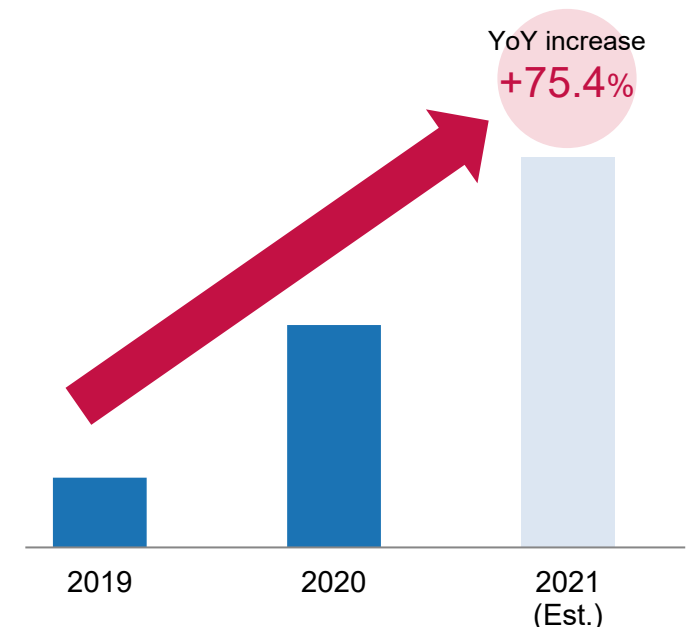
Result

Approx. **4.4** million users/  
**11.8** million data points



OpenWork Recruiting is growing steadily.  
The number of users has already exceeded **1,000 companies**.

#### OpenWork Recruiting Revenue



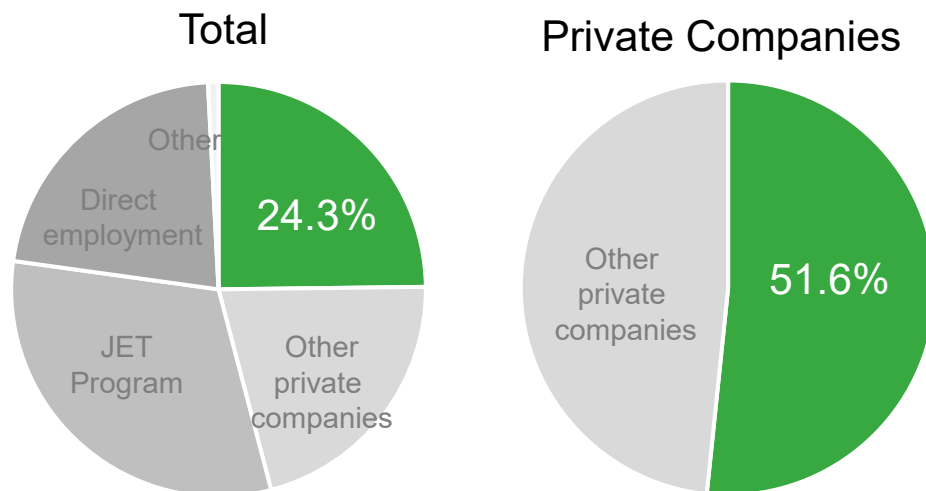
Note: Detailed numbers are not disclosed.



## ④ Matching Division: ALT Placement Business

This business, which dispatches ALTs to elementary, junior high and high schools nationwide **boasts the overwhelming top share among private companies. Despite immigration restrictions due to COVID-19, the number of temp staff dispatched remained firm.**

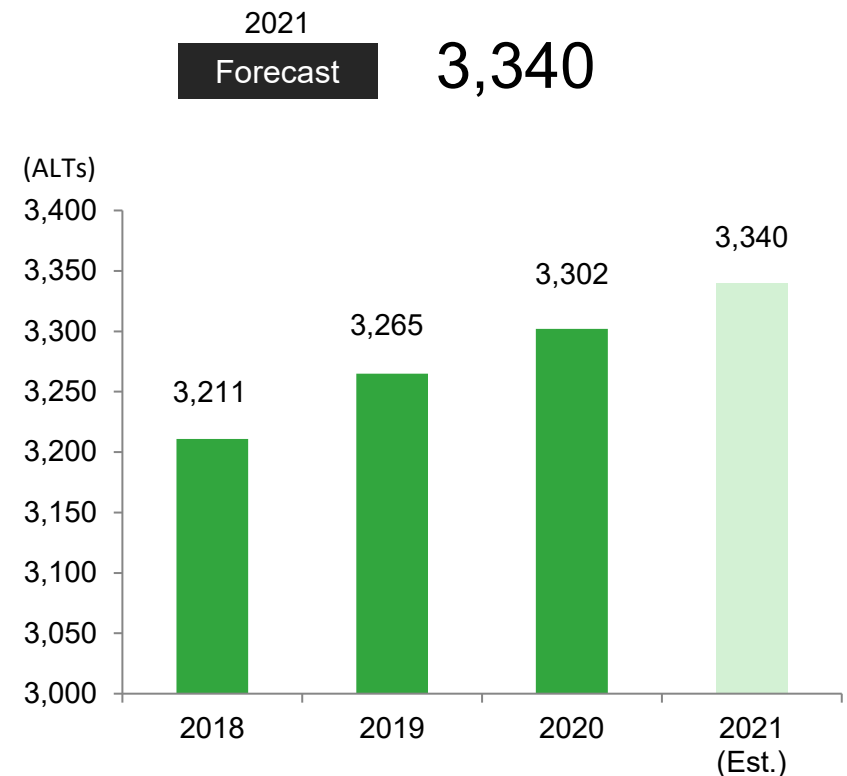
LMG's Share\*



**Room to expand share by more than four times**

\* LMG survey

Average Number of Global Human Resources (ALTs) Dispatched over the Past 12 Months



## ④ Matching Division: ALT Placement Business

The number of schools that have introduced the Teachers Cloud cloud-based service for teachers already exceeds 1,000.

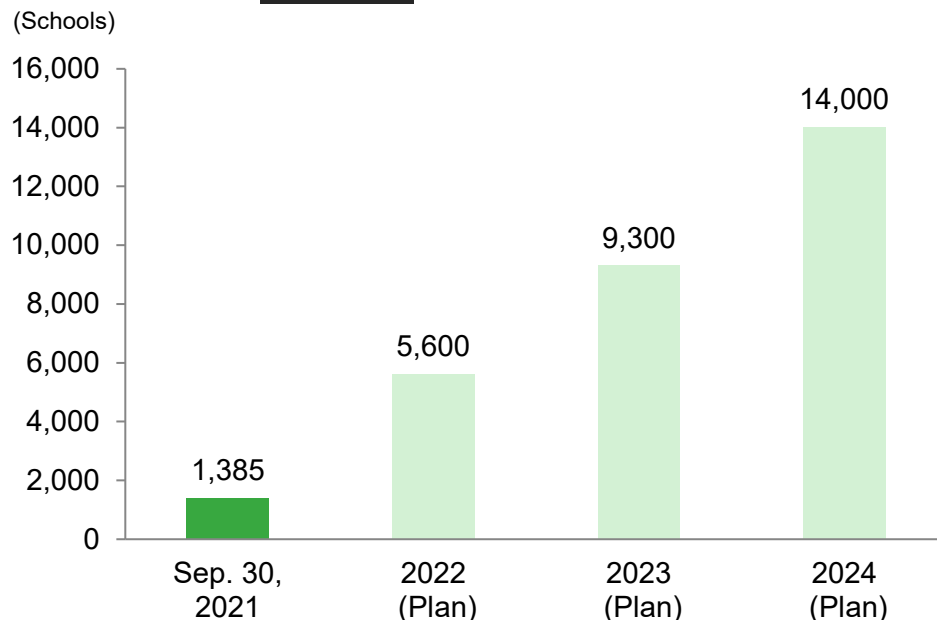
We will strengthen its brand power and expect further growth as immigration restrictions are relaxed.



Sep. 30, 2021

Result

Number of Schools  
Where Teachers Cloud  
Has Been Introduced  
**1,385**



### Immigration Restrictions for Foreigners\*

	To Present	Going Forward
Initial Entry	Prohibited in principle	(1) Short-term stay for business or work (2) Long-term stay
Post-Entry Waiting Period	10 days for vaccinated entrants	3 days for vaccinated entrants

Immigration restrictions are gradually being relaxed  
as more people are vaccinated  
We assume the above measures will also apply to ALTs.

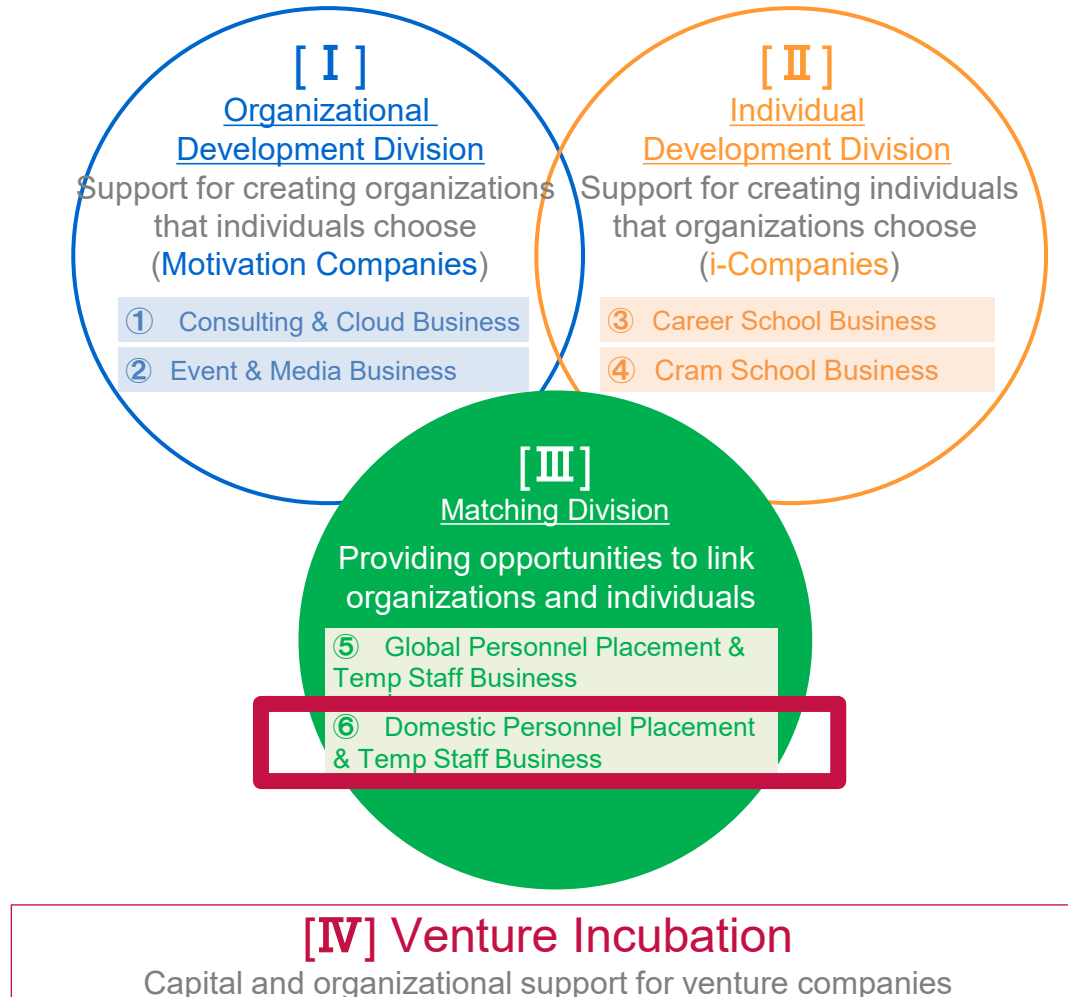
\* New Measures for Strengthening Quarantine (19), Ministry of Health, Labour and Welfare, November 5, 2021. <https://www.mhlw.go.jp/content/000851998.pdf>

# 4

## Selection and Concentration to Strengthen Growth Businesses (Transfer of Domestic Temp Staff Business)

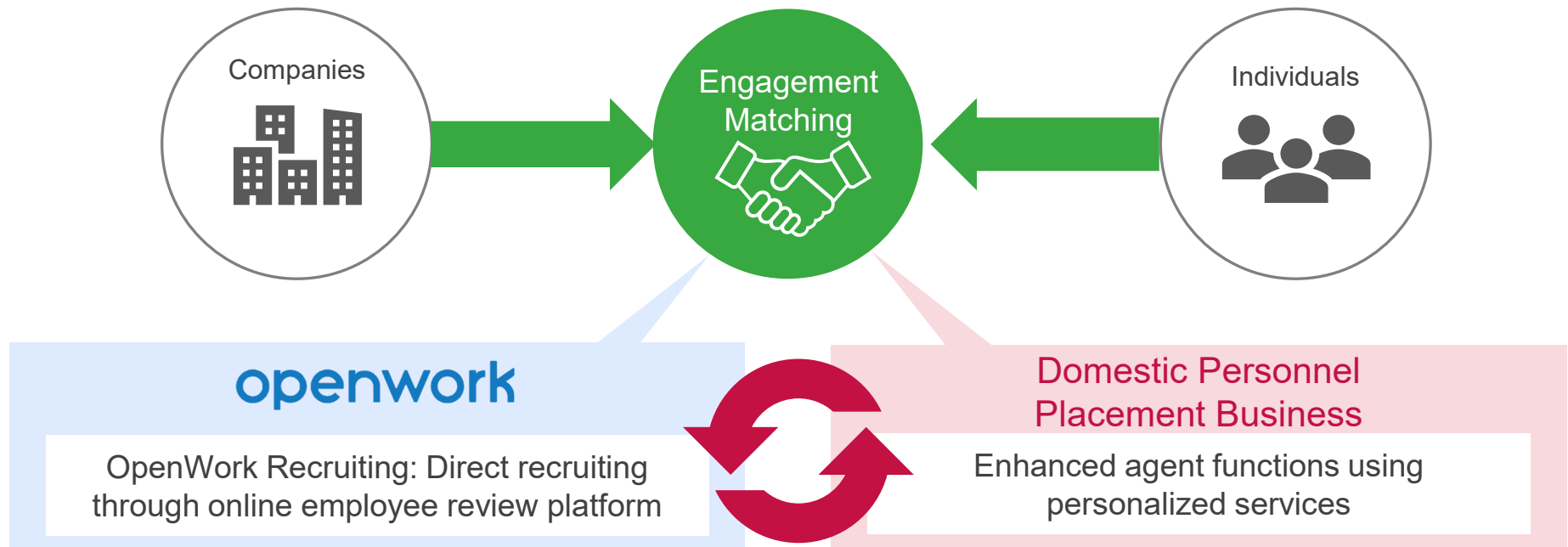
# Vision for the Matching Division, Which Includes the Domestic Temp Staff Business

By providing opportunities to link organizations and individuals, we offer **engagement matching, which achieves true mutual understanding and affinity** between organizations and individuals.



# Evolving into a Structure to Step Up Engagement Matching

We transferred the domestic temp staff business to specialize in personnel placement. We will further **step up engagement matching** through OpenWork, where direct recruiting is growing, as well as through collaboration with enhanced agent functions.



# Overview of Business Transfer

We will transfer only the temp staff business of our subsidiary Link Staffing.  
The human resources that have been hired and trained by the Group  
will be reassigned mainly to the personnel placement business.

## Overview of Subsidiary Transferring Business

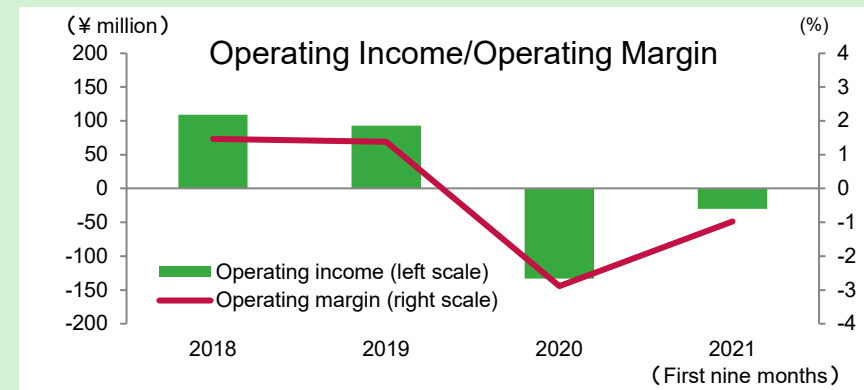
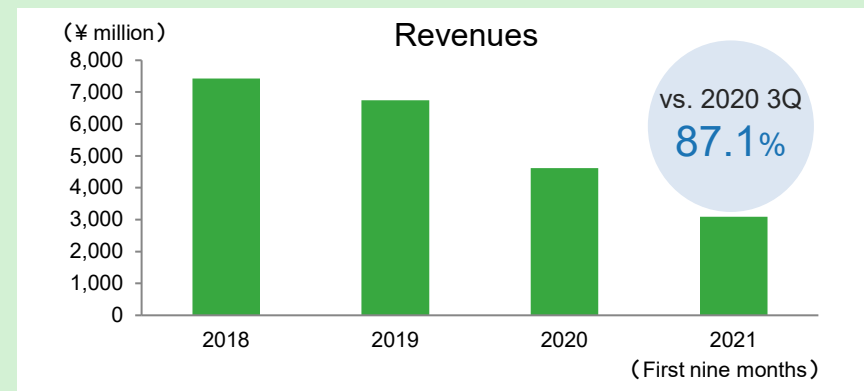
Name	Link Staffing Inc.
No. of employees	86 Note: As of October 31, 2021
Business description	Temp staff business specializing in sales and retail positions in apparel and other fields



## Overview of Transferee

Name	iDA K.K.
No. of employees	620 Note: As of March 31, 2019; excludes temp staff
Business description	Temp staff company specializing in the fashion industry Customer companies: 1,000+ 6,000 staff regularly dispatched
Date of agreement	November 12, 2021
Date of business transfer	January 1, 2022 (scheduled)

## 【Reference】Link Staffing Business Performance



# Revision of Results Forecast for 2021

Due to the impact of the removal of the domestic temp staff business from the scope of consolidation from 2021 under the application of International Financial Reporting Standards (IFRS), the forecast for revenues has been revised downward, but **adjusted operating income and all line items below it on the income statement have been revised upward**. As a result of the business transfer, **the significant improvement in the adjusted operating income margin will support higher profitability going forward**.

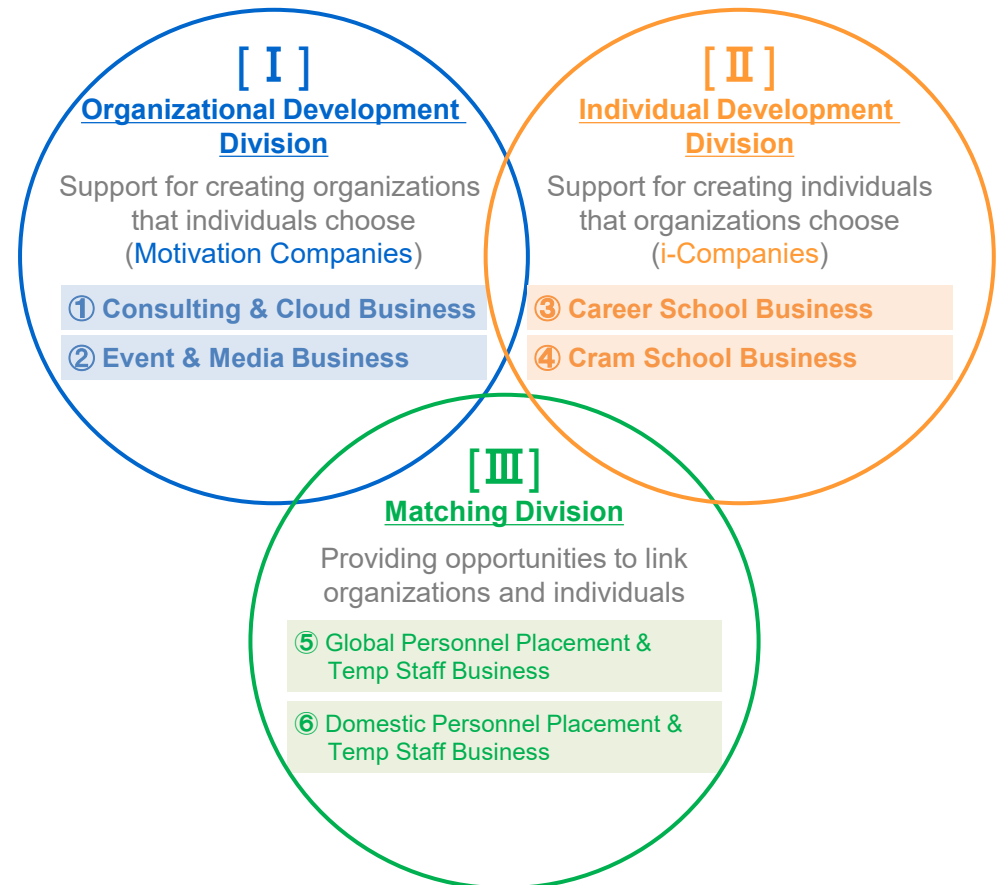
(¥ million)	2020 Results <sup>2</sup>	2021 Previous Forecast	2021 Revised Forecast	YoY Change After Revision
Revenues	30,721	38,200	32,300	+5.1%
Adjusted Operating Income <sup>1</sup>	2,043	3,000	3,030	+48.2%
Operating Income	229	2,010	2,020	+781.2%
Net Income (Loss)	(929)	1,000	1,010	-
[Reference] Adjusted Operating Margin	6.7%	7.9%	9.4%	-

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

2. For purposes of comparison, 2020 results take the impact of the business transfer into account.

## Mission

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



## [IV] Venture Incubation

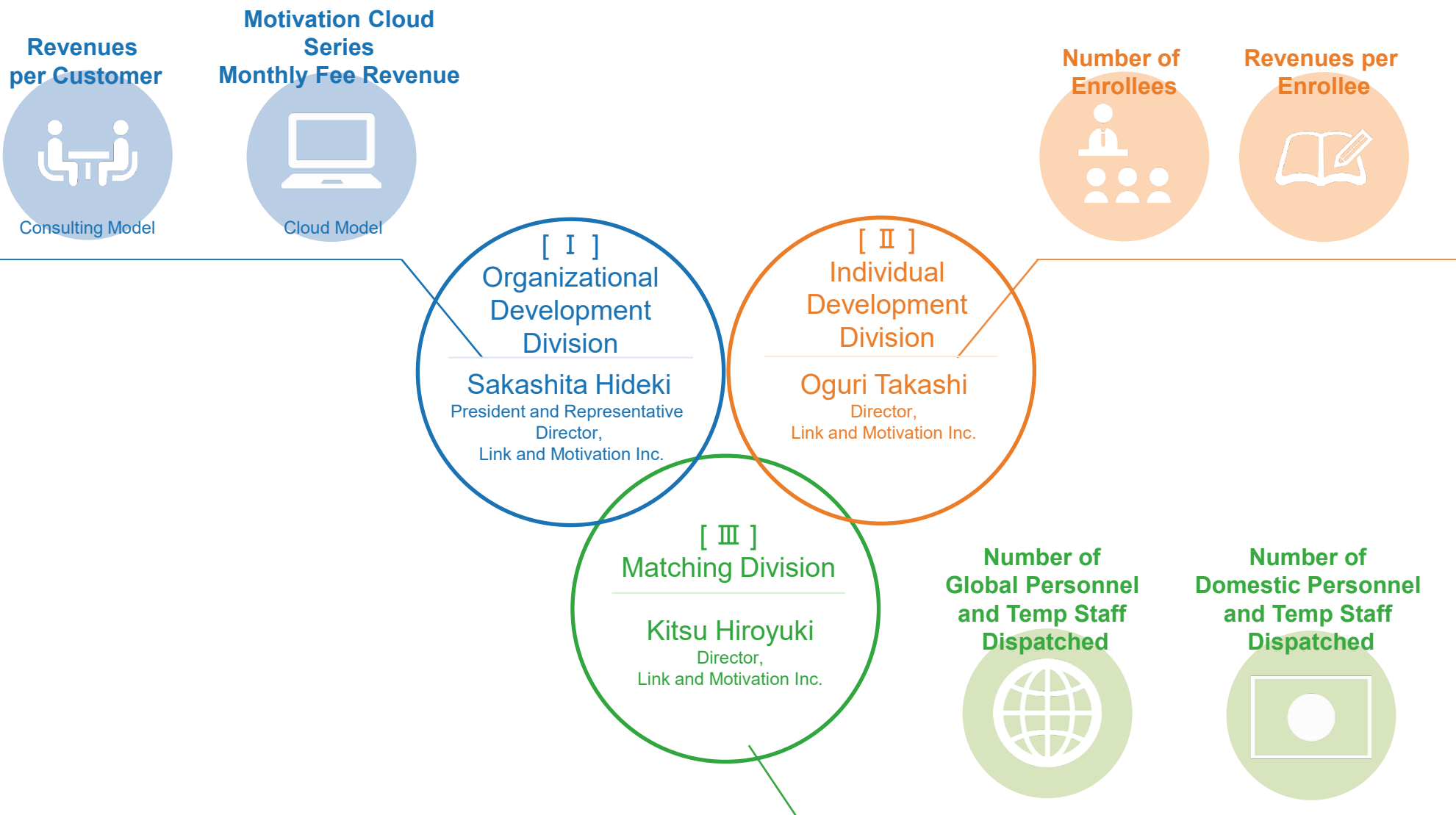
Capital and Organizational support for venture companies



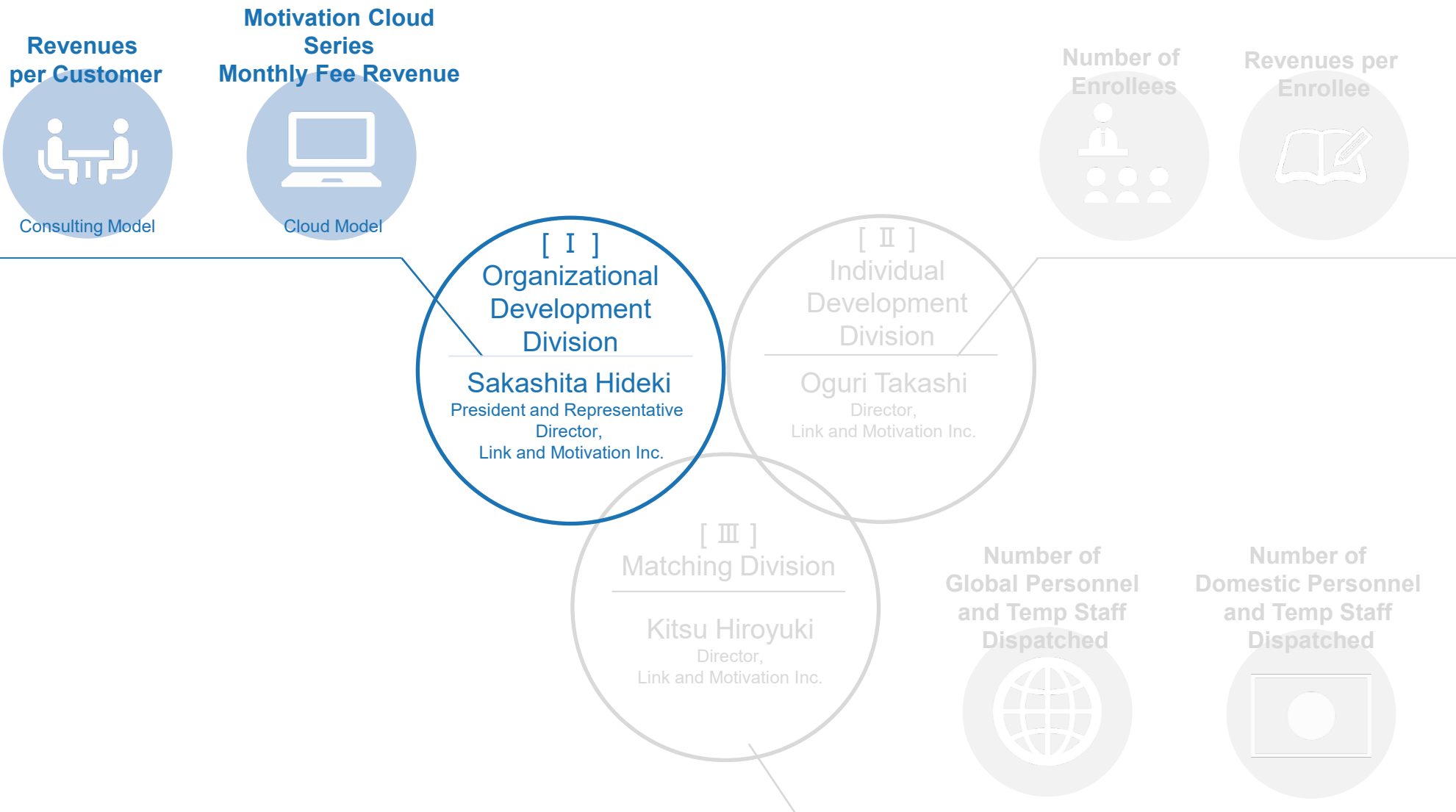
# Reference Materials

(KPI Results for Each Business)

# Business KPIs by Segment



# Organizational Development Division: Business KPIs by Segment



**Consulting & Cloud Business:** Revenues and gross profit both **increased substantially** YoY.

**Event & Media Business:** Revenues decreased and gross profit **increased** YoY.

① Consulting & Cloud Business: Consulting and cloud sales to major companies increased, with results exceeding the previous year's level.

② Event & Media Business: Although assembly-type events are still recovering, gross profit increased YoY due to an improvement in the gross profit margin.

Product	2020 3Q		2021 3Q		YoY Change
	Results	% of total	Results	% of total	
① Consulting & Cloud Business	5,696 [4,509]	-	6,577 [5,118]	-	+15.5% +13.5%
Consulting	3,817	67.0%	4,456	67.8%	+16.7%
Cloud	1,878	33.0%	2,121	32.2%	+12.9%
② Event & Media Business	1,980 [729]	-	1,781 [785]	-	-10.1% +7.7%
Event	406	20.5%	273	15.4%	-32.8%
Media	1,574	79.5%	1,507	84.6%	-4.2%

(¥ million) [Gross profit in brackets]

# Organizational Development Division: Business KPI Results over Time (Cloud)

Both the number of deliveries and monthly fee revenue have increased as a result of continuing to capture needs for improving employee engagement, mainly at major companies, and monthly fee revenue has already reached the year-end target of ¥230 million.

Business KPI

Motivation Cloud Series Monthly Fee Revenue

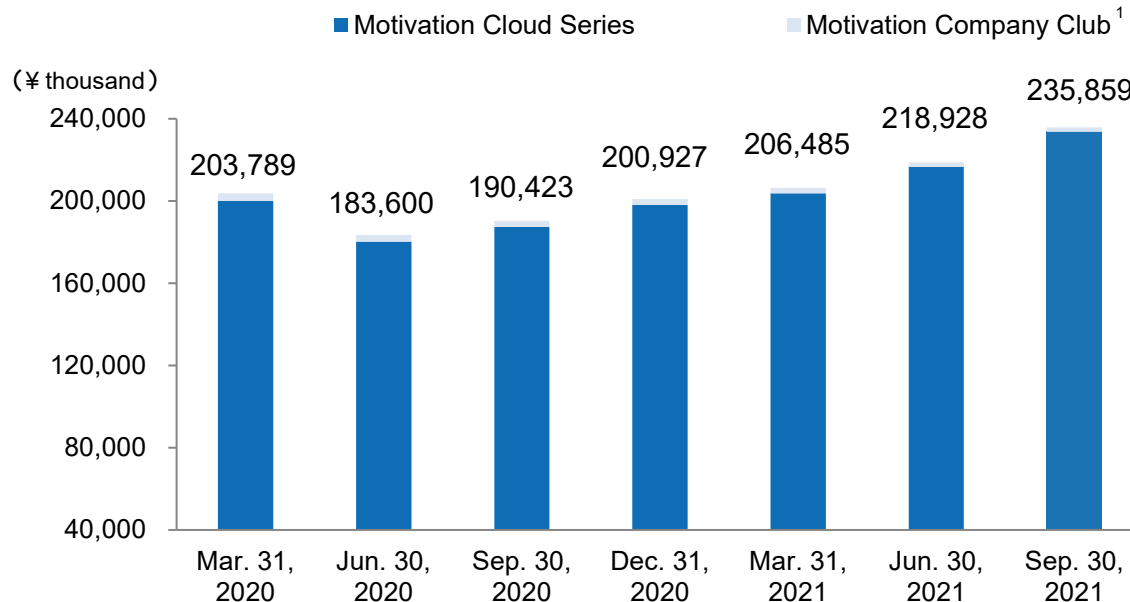
2021 3Q

Result

¥235,859 thousand

+7.7%  
vs. previous  
quarter

+23.8%  
YoY



September 2021

## Breakdown of Monthly Fee Revenue

Delivered orders<sup>2</sup> : 772

Average monthly fee<sup>3</sup>: ¥305,000/month

1. A membership service for managers to provide ongoing knowledge and expertise for the creation of Motivation Companies. Monthly fee is a flat rate of ¥30,000.

2. Number of delivery starts for each service

3. Monthly fee revenue ÷ Number of delivered orders

By steadily capturing needs for improving employee engagement at major companies, both the number of customers and average revenues per customer have increased over the past 12 months.

Business KPI

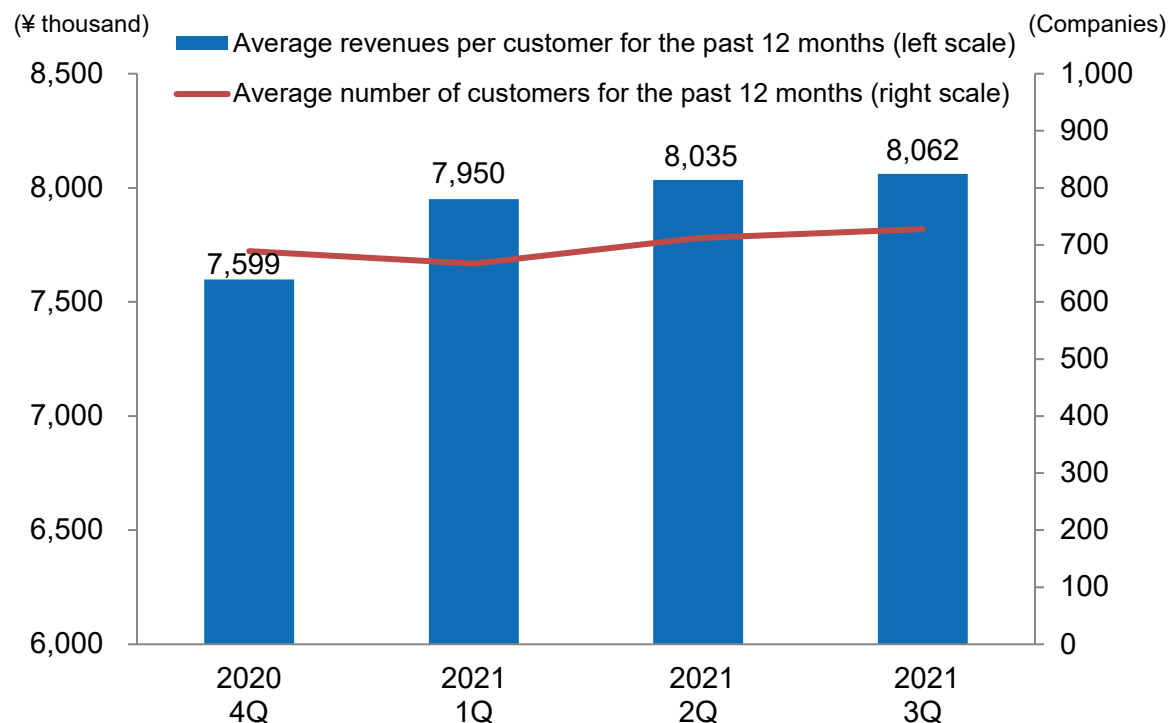
Average Revenues per Customer  
for the Past 12 Months

2021 3Q

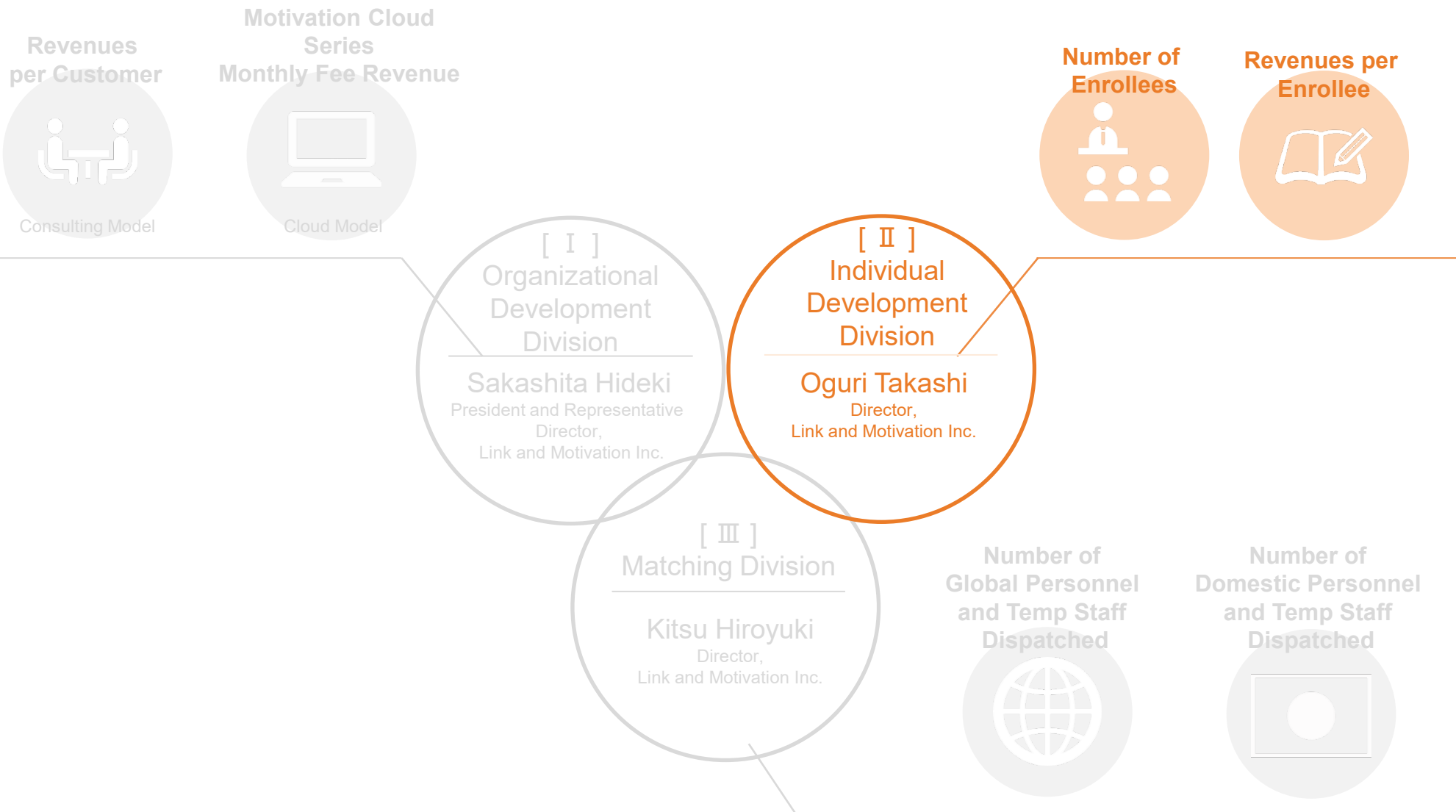
Result

¥8,062 thousand

+0.3%  
vs.  
previous  
quarter



# Individual Development Division: Business KPIs by Segment



# Individual Development Division: Business KPIs by Segment

**Career School Business:** Revenues and gross profit both **increased substantially** YoY.

**Cram School Business:** Revenues and gross profit both **decreased** YoY.

- ③ In the Career School Business, the YoY increase in gross profit was particularly large due to promotion of a shift online.
- ④ In the Cram School Business, although the number of new enrollees continued to recover, results fell short of the previous year due to a decline in revenues per enrollee.

Product	2020 3Q		2021 3Q		YoY Change
	Results	% of total	Results	% of total	
③ Career School Business	4,473 [1,280]	-	5,206 [1,978]	-	+16.4% +54.6%
IT	2,416	54.0%	2,887	55.4%	+19.5%
Qualifications	1,620	36.2%	1,856	35.7%	+14.6%
English conversation	436	9.8%	462	8.9%	+6.0%
④ Cram School Business	465 [215]	-	459 [209]	-	-1.3% -3.0%

(¥ million) [Gross profit in brackets]



# Individual Development Division: Business KPI Results over Time

With the expansion of online services, both the average number of enrollees and average revenues per enrollee have remained firm.

## Business KPI ①

Average Number of Enrollees  
for the Past 12 Months

2021 3Q

Result

16,553

+0.0%  
vs. previous  
quarter

## Business KPI ②

Average Revenues per Enrollee  
for the Past 12 Months

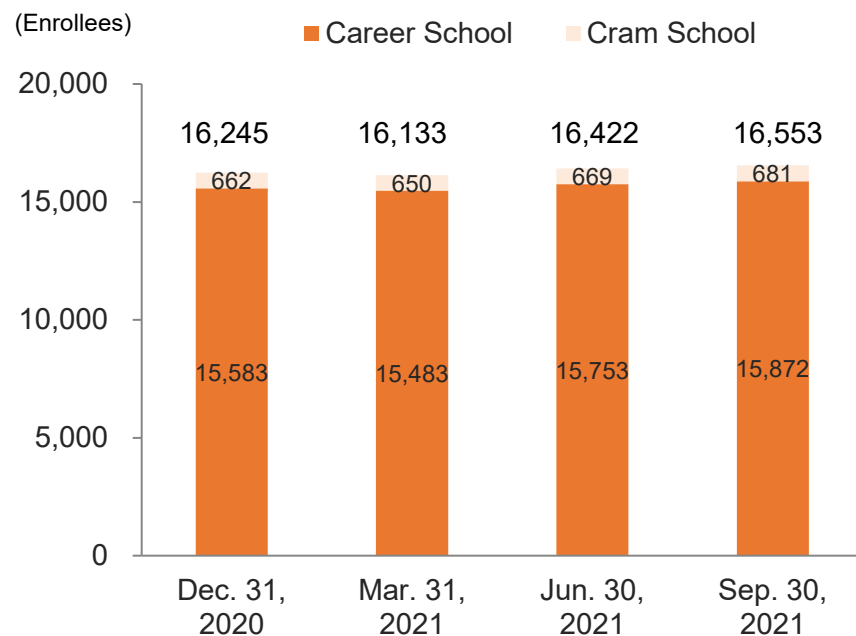
2021 3Q

Result

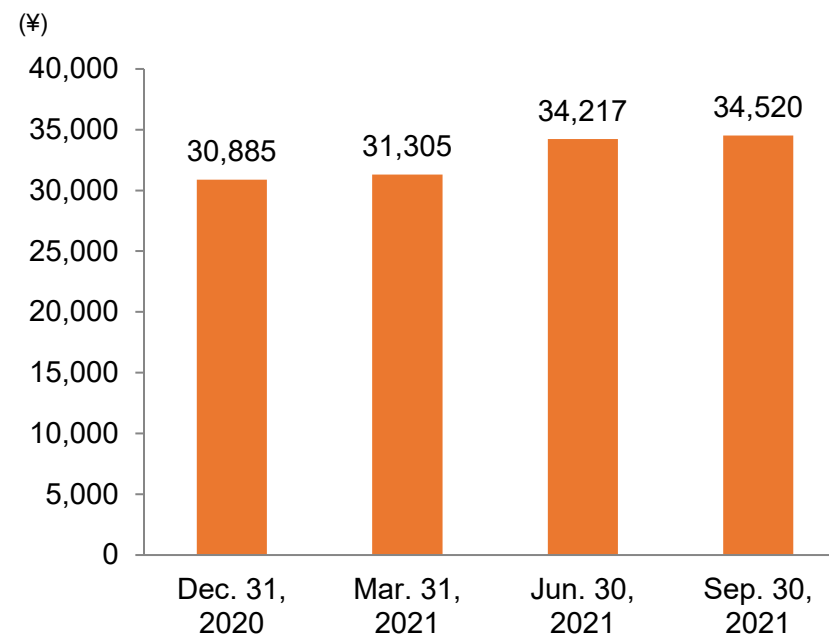
¥34,520/month

+0.9%  
vs. previous  
quarter

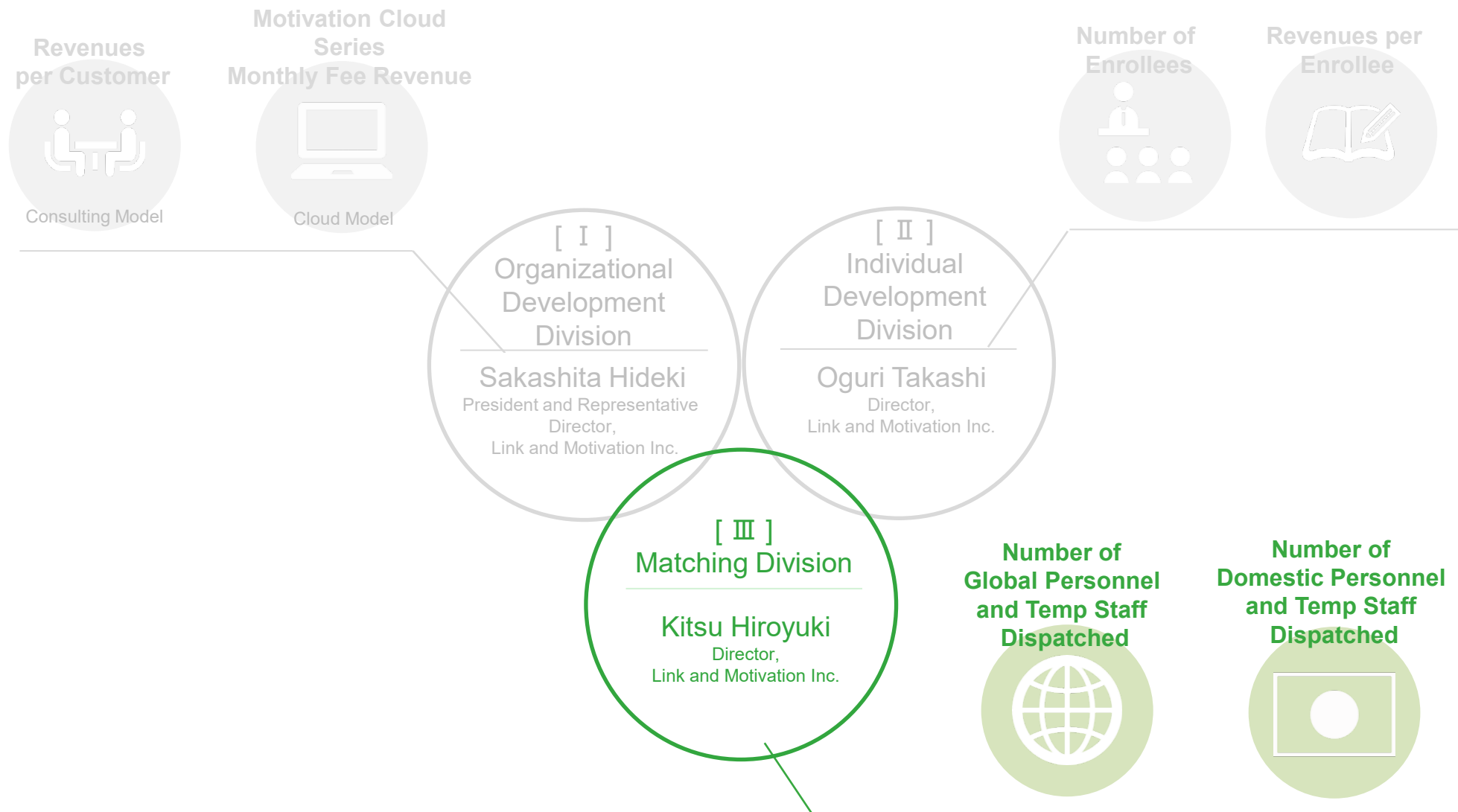
Note: Excluding intercompany transactions and i-Company Club sales  
(Career School Business only)



Note: Figures for March 31, 2021 have been corrected.



# Matching Division: Business KPIs by Segment



## Matching Division: Product Revenues by Business (Results/YoY Change)

**Global Personnel Placement & Temp Staff Business:** Revenues **increased** and gross profit decreased YoY.

**Domestic Personnel Placement & Temp Staff Business:** Revenues and gross profit both decreased YoY.

⑤ In the Global Personnel Placement & Temp Staff Business, results increased YoY, with steady growth from continuing to step up recruiting in Japan from the second quarter.

⑥ In the Domestic Personnel Placement & Temp Staff Business, numbers fell short of last year's level despite progress in portfolio improvements.

Product	2020 3Q		2021 3Q		YoY Change
	Results	% of total	Results	% of total	
⑤ Global Personnel Placement & Temp Staff Business	9,409 [2,760]	-	9,643 [2,704]	-	+2.5% -2.0%
⑥ Domestic Personnel Placement & Temp Staff Business	5,079 [2,017]	-	4,604 [1,985]	-	-9.4% -1.5%
Temp Staff Dispatch	3,526	69.4%	3,070	66.7%	-12.9%
Personnel Referral	1,553	30.6%	1,534	33.3%	-1.2%

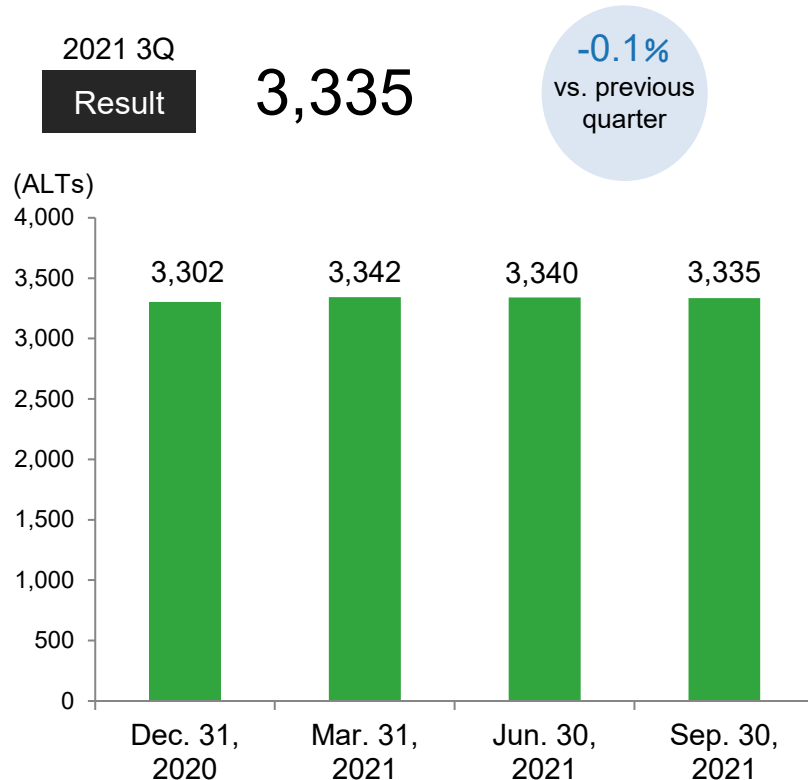
(¥ million) [Gross profit in brackets]

# Matching Division: Business KPI Results over Time

The global temp staff business remained stable from the second quarter. Despite progress in portfolio improvements in the domestic temp staff business, results did not recover to the pre-COVID level.

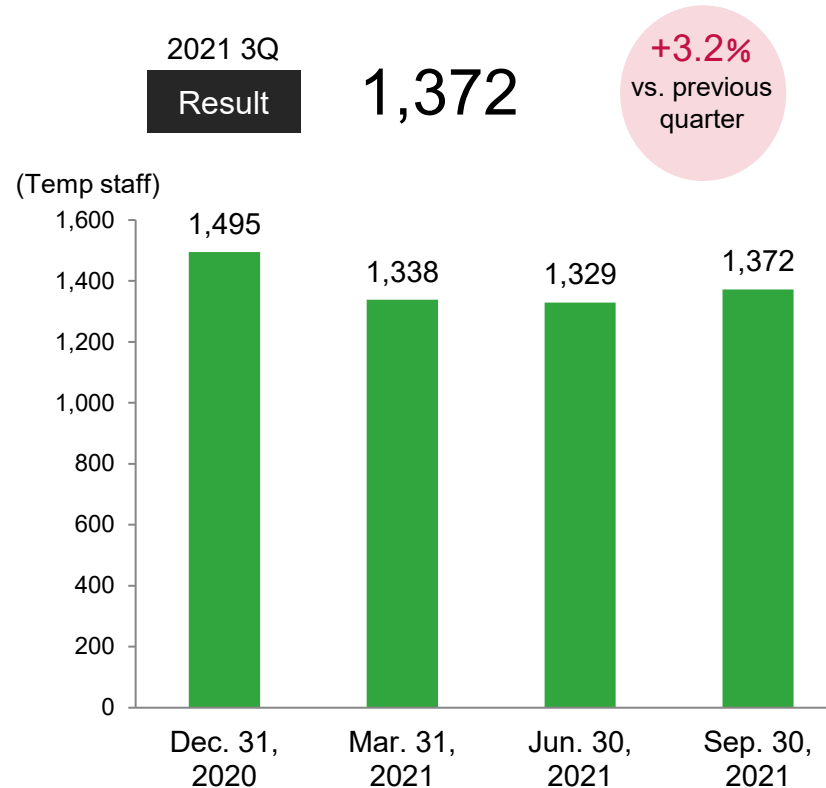
## Business KPI ①

Average Number of Temp Staff Dispatched  
in the Past 12 Months: Global Personnel (ALTs)



## Business KPI ②

Average Number of Temp Staff Dispatched  
in the Past 12 Months: Domestic Personnel



# Link and Motivation Inc.

Securities Code: 2170

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Consolidated Financial Information for the  
Nine Months Ended September 30, 2021



Link and Motivation Group