

# Business Strategy



# Organizational Development Division

## Support for the Creation of Motivation Companies

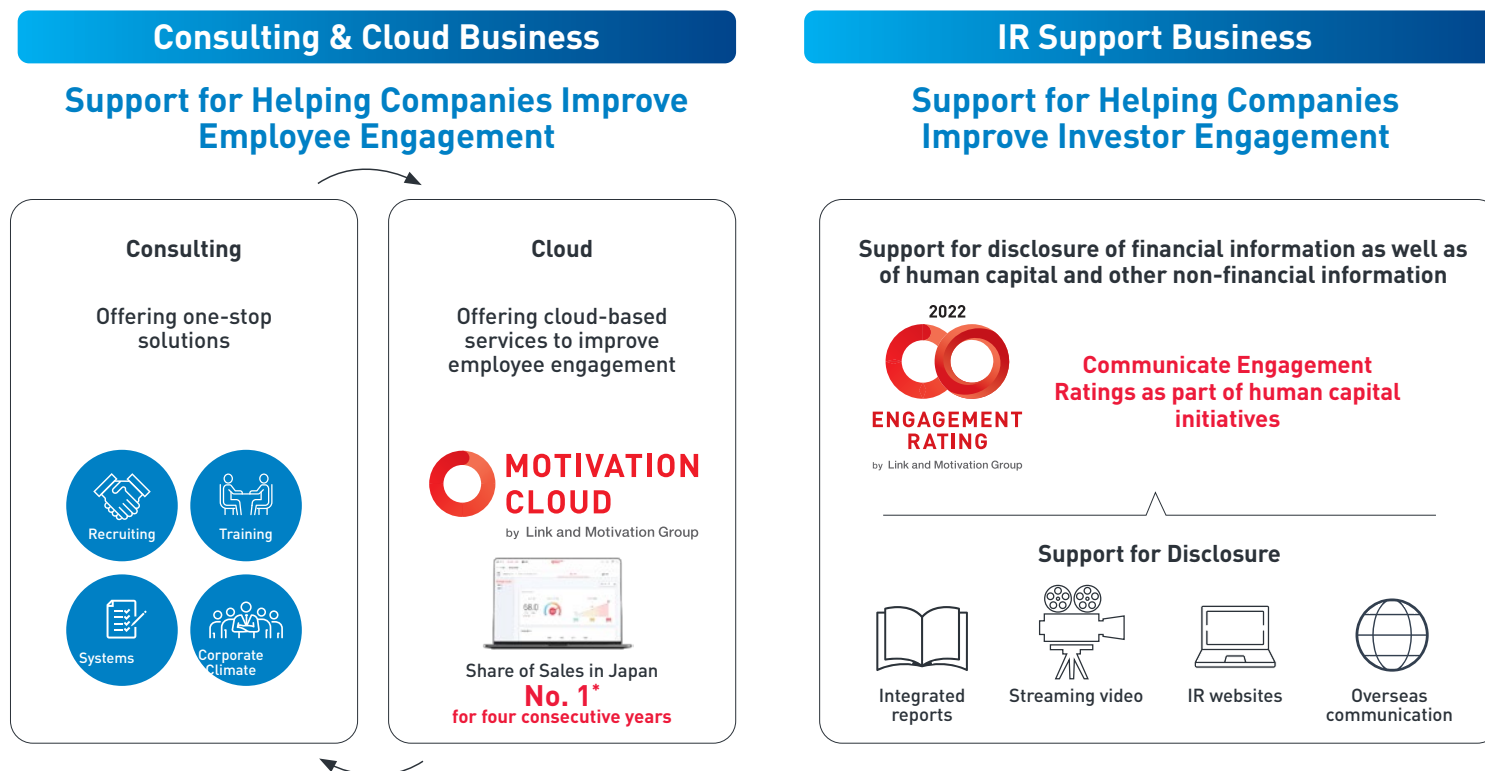
We raise employee motivation to create fulfillment in work. We support the creation of organizations (Motivation Companies) that stakeholders continue to choose.

## Business Content

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

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

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



\* ITR, “ITR Market View: Human Resources Management Market 2021” Employee engagement market: Consecutive number one in sales by vendor and market share (FY2017-FY2020 forecast)  
Note: Some business names have changed from the fiscal year ending December 31, 2022.

## Market Environment

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

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

### Working Population Decrease



Japan's Working Age  
Population Ratio<sup>1</sup>

68.2% → 50.7%  
2000 2050

### Diversifying Motivation for Work



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

26.1% → 39.6%  
2000 2019

### Changing Management Issues



Management's Perception of Issues:  
Growing Importance of Human  
Capital<sup>3</sup>

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

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

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

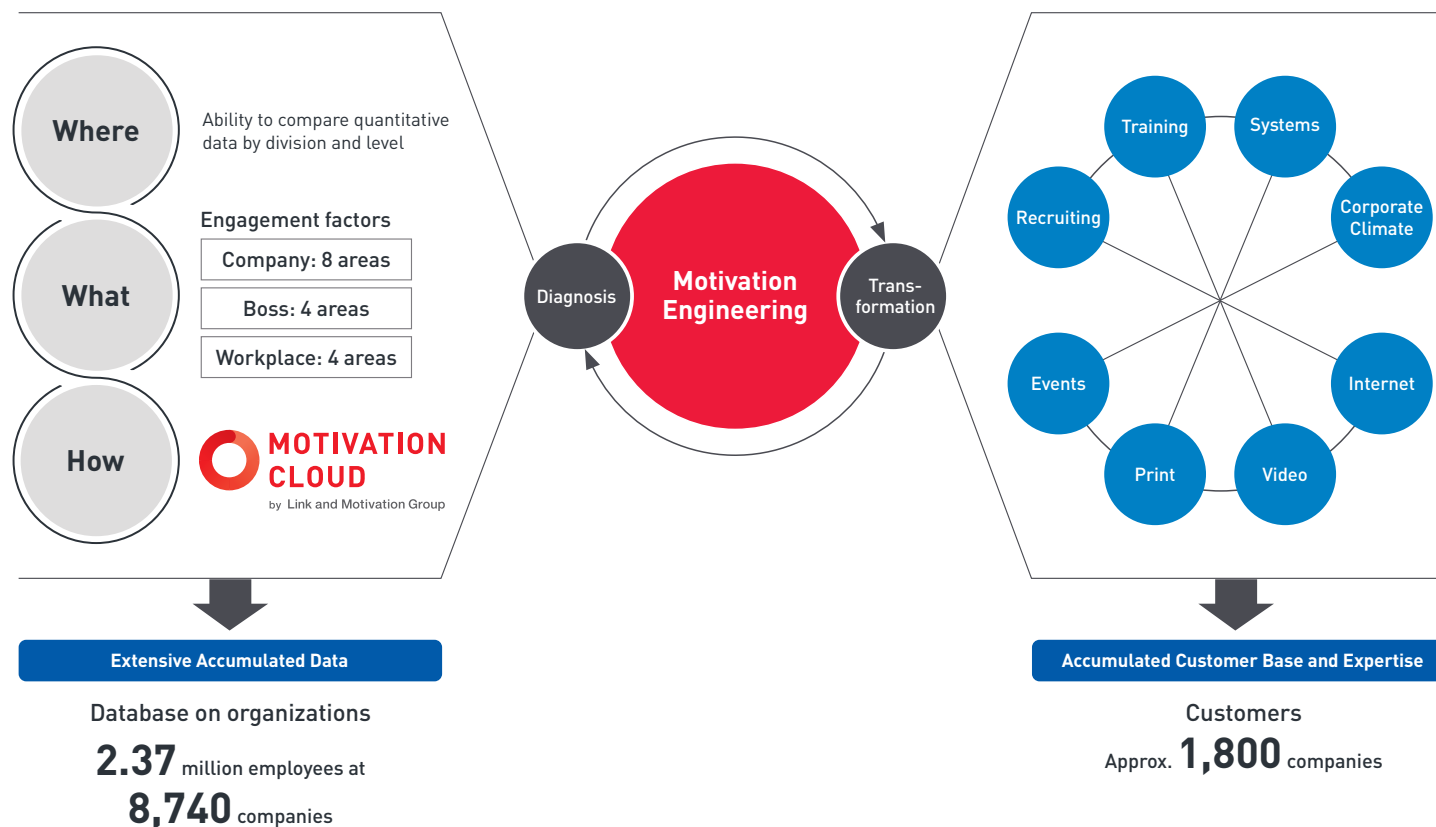
3. Created by the Company based on "Survey on Current Management Issues for Japanese Companies 2003: Identification of Issues and Direction of Response for Future Management Innovation" and "Management Issues for Japanese Companies 2021," both from the Japan Management Association.

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

## Competitive Advantage

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

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

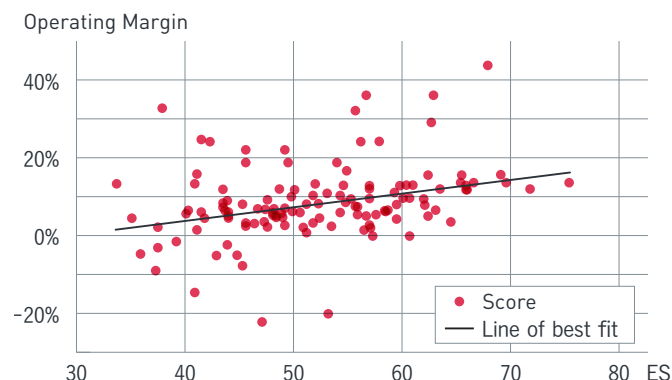


## Research Results

# Improving Employee Engagement Positively Impacts Operating Margin and Labor Productivity

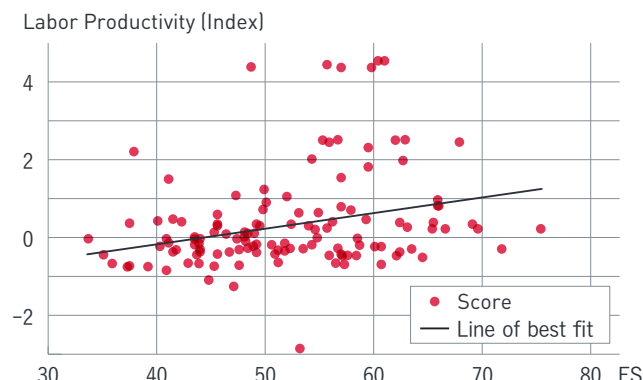
The value we provide is not simply raising the motivation of individuals, but simultaneously maximizing both employee motivation and organizational results. Since its founding, the Link and Motivation Group has helped some 10,000 companies resolve their organizational problems, and its joint research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

### Correlation between Engagement Score (ES) and Operating Margin



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

### Correlation between Engagement Score (ES) and Labor Productivity



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

#### Notes:

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



## Medium-Term Strategy

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

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

### Cloud

#### Further Increase Monthly Fee Revenue from the Motivation Cloud Series

##### New Customer Acquisition

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



##### New Cloud Service Rollout

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

##### 2000 onward

Training and related human resource development services

##### Second half of 2022 onward



Accumulated answer database

**638,100** people

### Consulting

#### Strengthen Linkage to Motivation Cloud

##### One-Stop Solutions According to Diagnostic Results



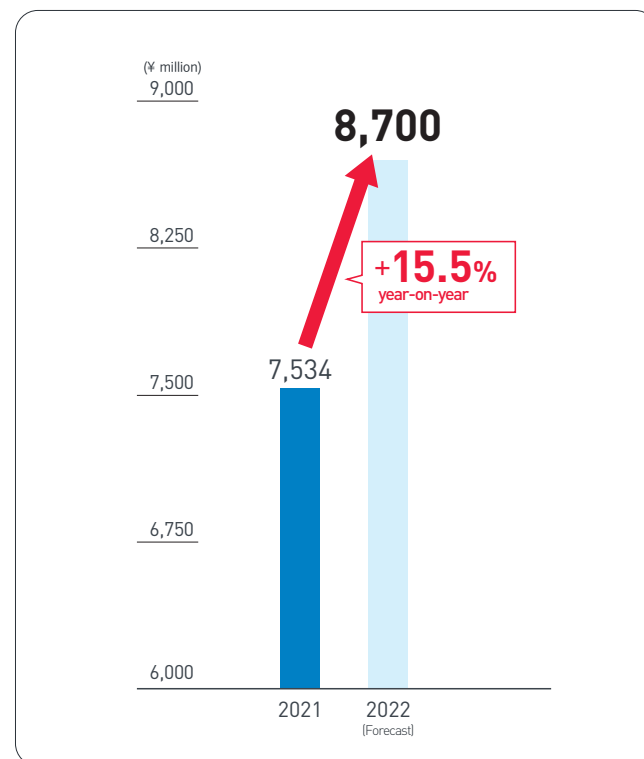
##### Transformation Solutions



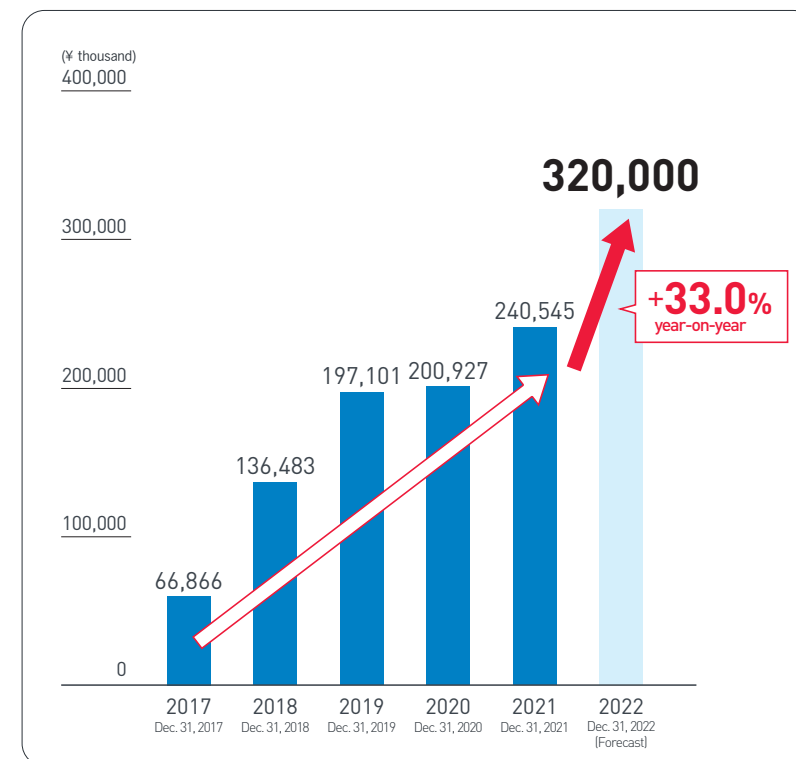
## Medium-Term Strategy

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

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



\* Includes sales within the Group



\* Motivation Company Club membership service for managers





# Individual Development Division

## Creating i-Companies

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

## Business Content

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

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

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

## Career School Business

### Support for Working People in Developing Their Careers



B to C

#### A Total Career School

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

**AVIVA**  
パソコンスクール アビバ

• English language

Resetta Stone  
Learning Center

ハミングバード  
Resetta Stone Learning Center

**DAiEi**  
資格スクール 大栄

• Coaching, etc.

i-Company  
CLUB



B to B

#### Support for Improving Employee DX Skills

- IT knowledge
- IT operation

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

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

## Cram School Business

### Support for Students in Passing Examinations



For elementary school students

#### SS-1 individualized instruction cram school

**SS-1**

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

Number of schools: 8  
(Kanto and Kansai areas)



For junior and senior high school students

#### Motivation Academia cram school



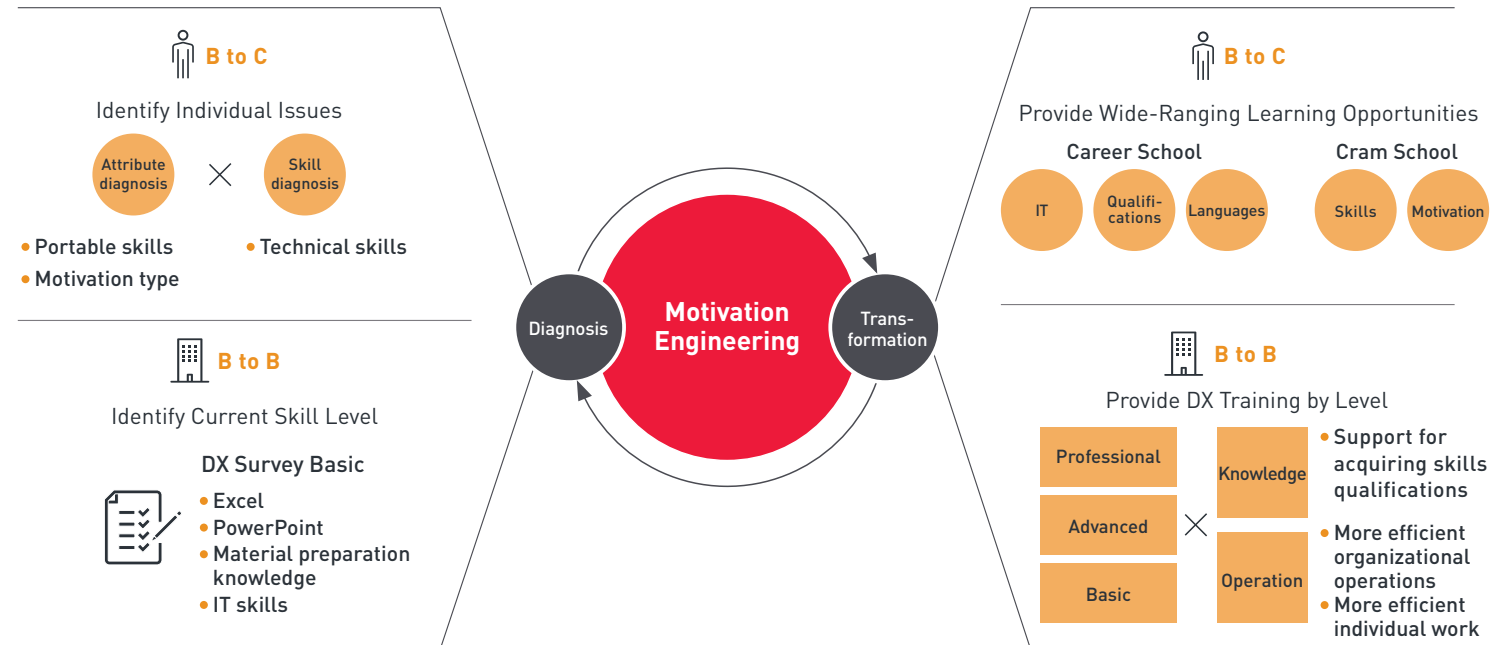
Cultivates academic abilities not just for passing exams but for acquiring the skills to play an active role in society

Number of schools: 7  
(Kanto and Kansai areas)

## Competitive Advantage

# Reliably Generating Results from Motivation Engineering

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



## Medium-Term Strategy

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

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

### IT Skill Support Built Up by the Aviva Brand



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

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

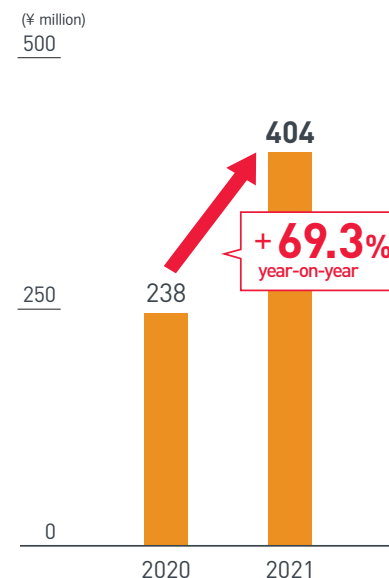


Number of corporate customers  
Approx. **1,800** companies



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

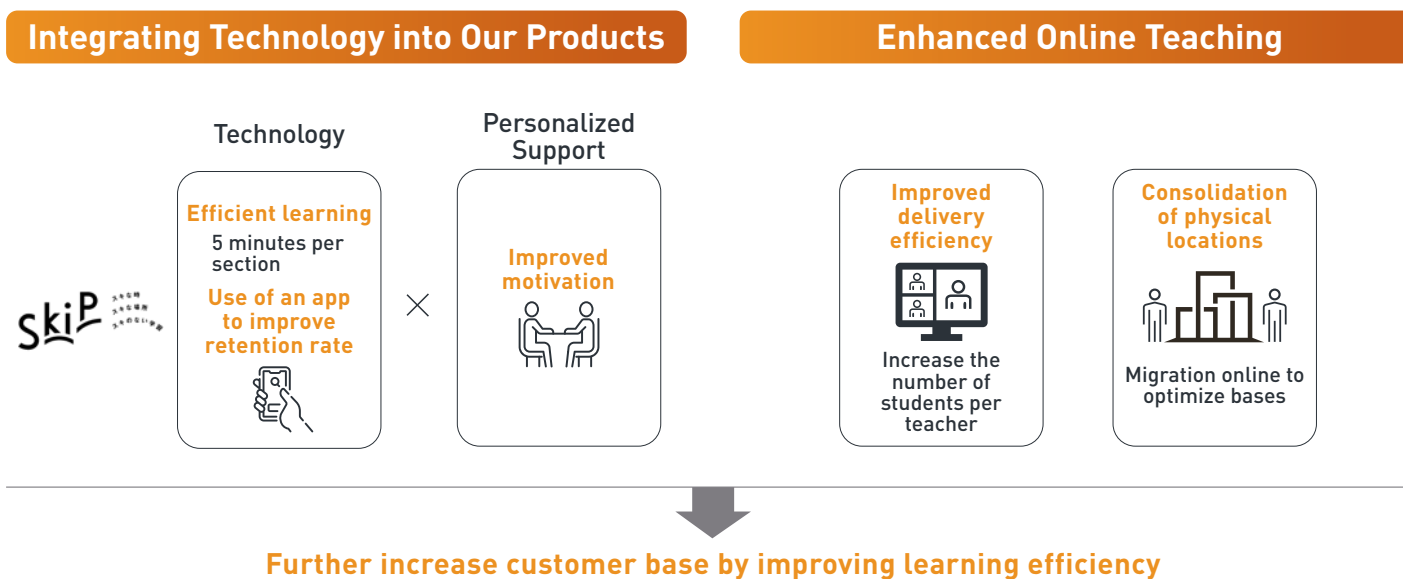
### Revenue from DX Support for Individuals at Companies



## Medium-Term Strategy

# Enhancing Technology Services to Optimize Individual Learning

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



# Matching Division

## Maximizing the Value of Motivation Companies and i-Companies

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



## Business Content

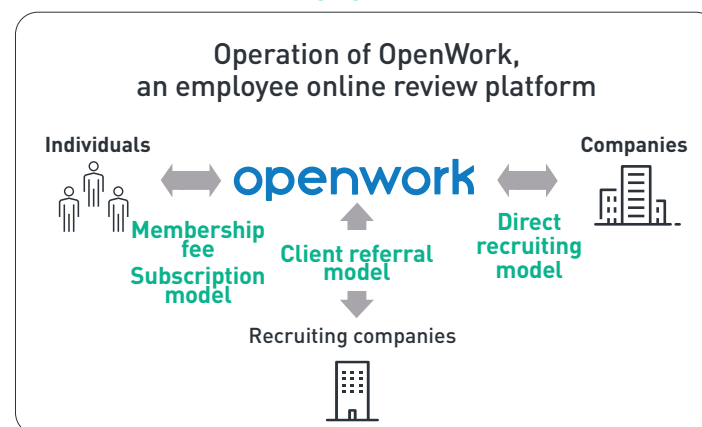
# A Personnel Placement Business and an ALT Placement Business for Engagement Matching

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

\* Assistant language teacher

## Personnel Placement Business

### Support for Job Seekers with a High Level of Engagement



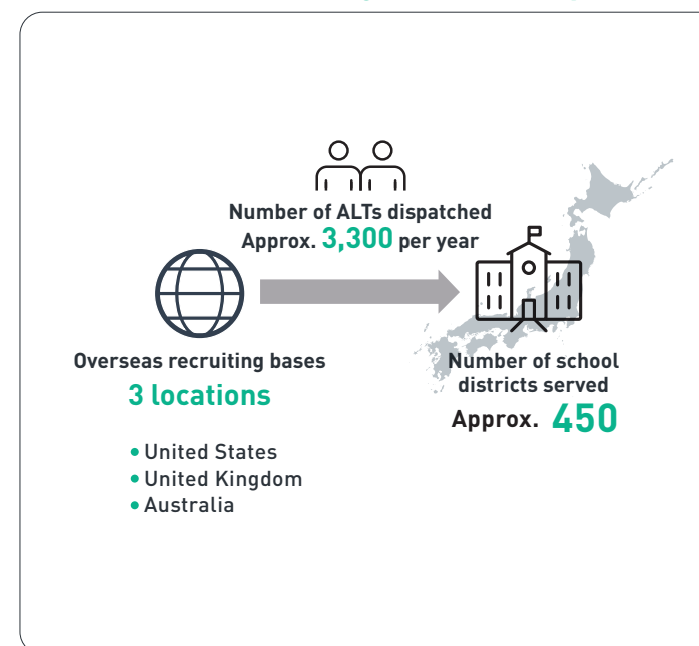
Personalized employee placement services (new university graduates and mid-career hires)



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

## ALT Placement Business

### Employment Support for Individuals from Overseas Seeking to Work in Japan





## Competitive Advantage: Personnel Placement Business

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

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

### Company Job Satisfaction Scores Based on Employee Reviews



**openwork**

Employee online review platform

### Diagnosis of Applicant Skills and Motivation Type

#### Portable skills

Task-directed capabilities	Self-directed capabilities	Interpersonal skills
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#### Motivation type

Organization type	Behavior type	Work type
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Diagnosis

**Motivation Engineering**

Transformation

### High-Retention Matching Based on Multifaceted Understanding of a Company

Open, direct recruiting using online reviews



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



Appropriate guidance through data-based career interviews

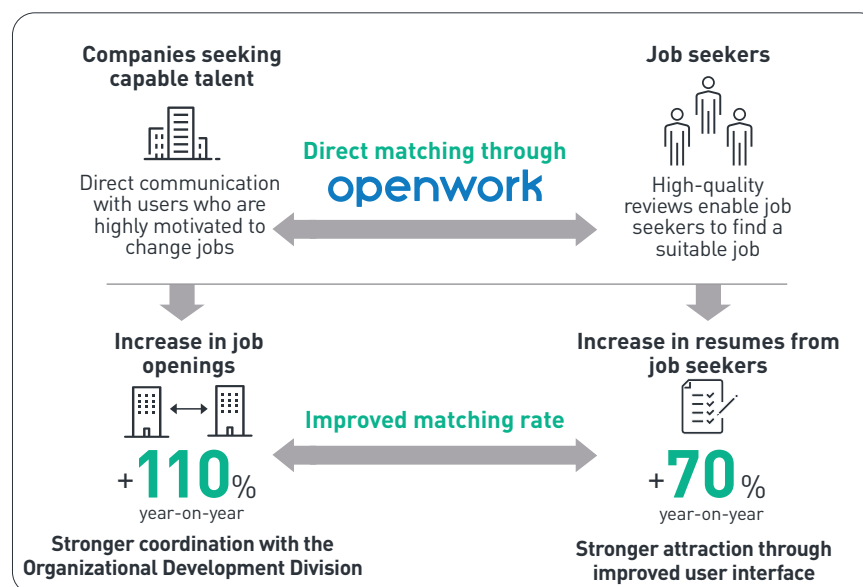
## Medium-Term Strategy: Personnel Placement Business

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

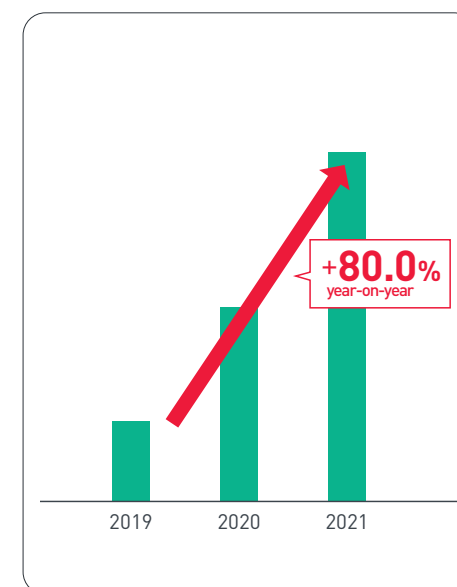
The growth of Openwork has created greater visibility into the actual working conditions at organizations and job seekers now come to check employee review sites as a matter of course.\* Under these evolving circumstances, we are enhancing our popular direct recruiting model accordingly. This will entail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

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

### Expand the Direct Recruiting Model



### OpenWork Recruiting Revenues

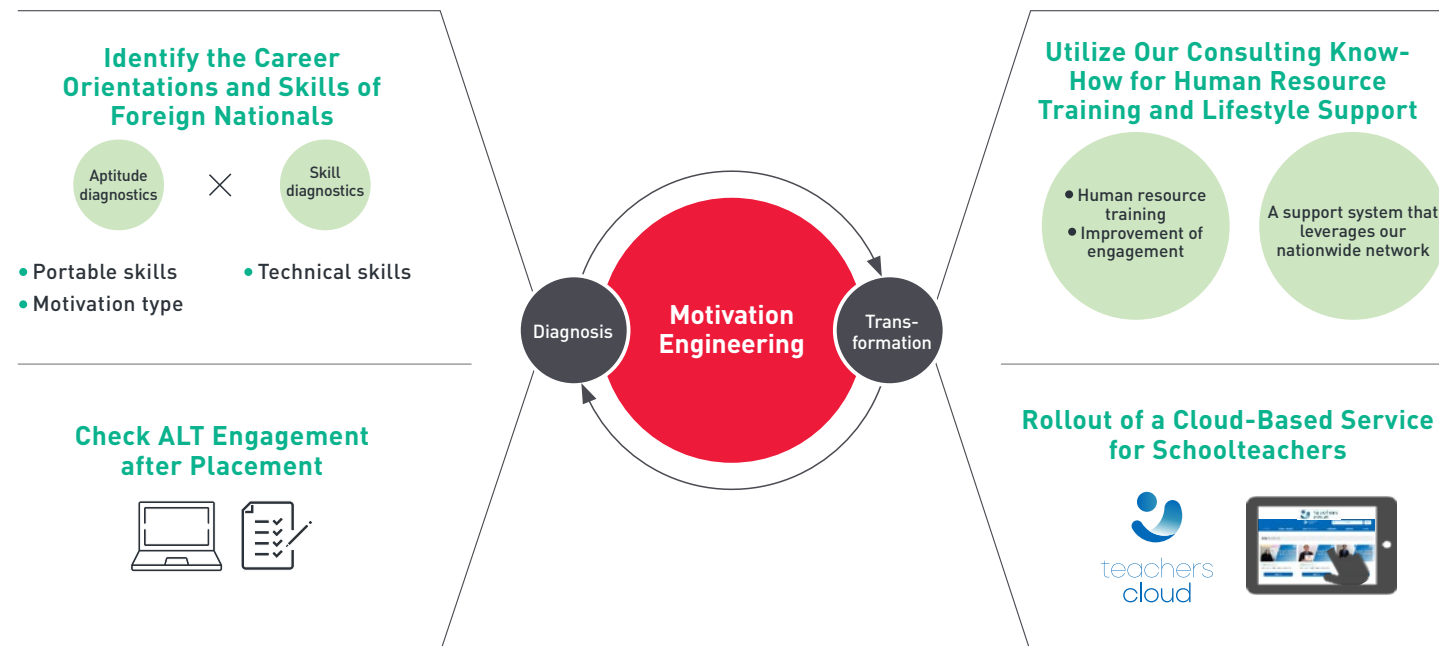


Note: Detailed numbers are not disclosed.

## Competitive Advantage: ALT Placement Business

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

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



## Medium-Term Strategy: ALT Placement Business

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

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

### Expansion of Teachers Cloud



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

#### Contents Include over 15,000 Items



Teaching plans



Educational materials and lectures by experts



Performance tests



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

### Number of Schools Where Teachers Cloud Has Been Introduced

