

Chapter

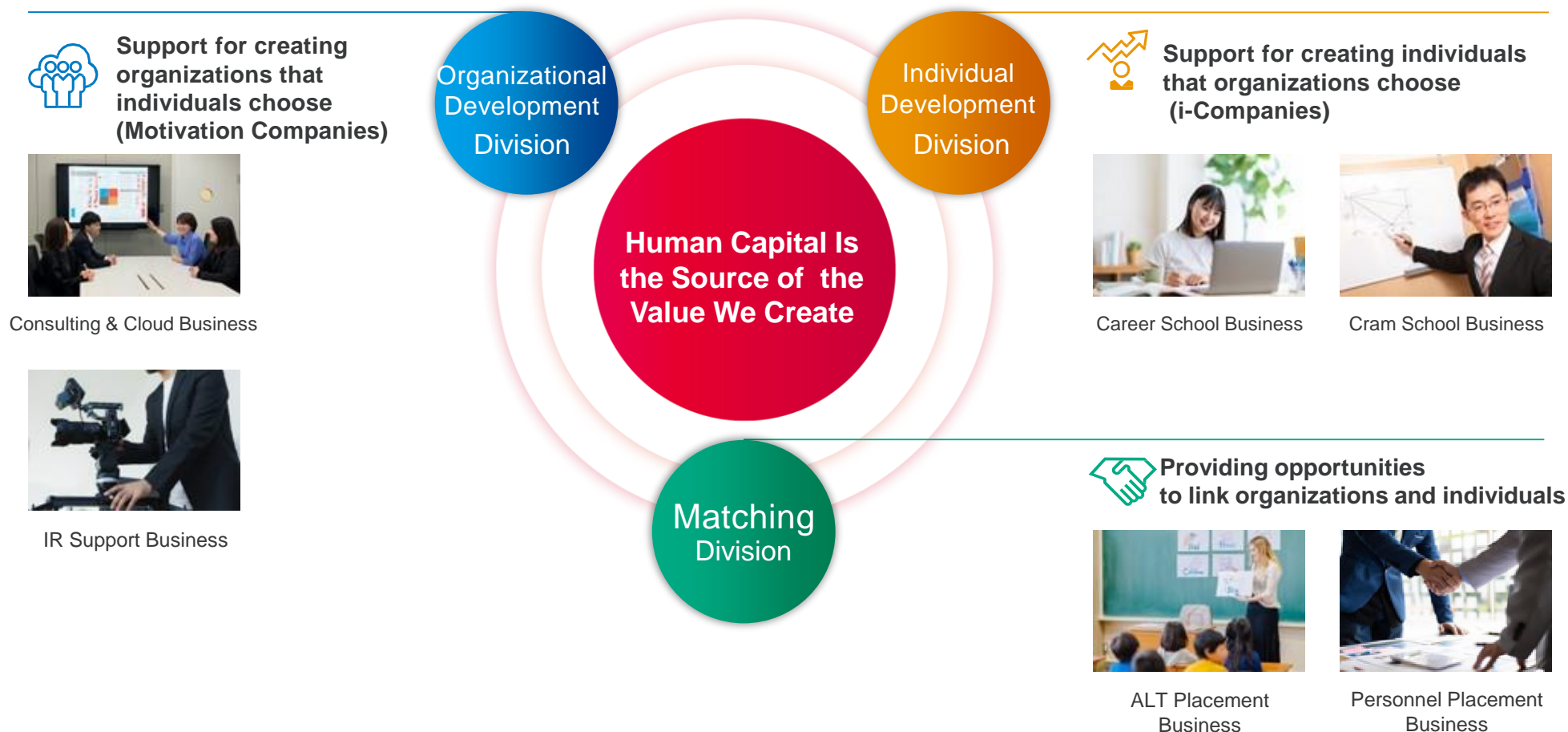
2

The Link and Motivation Group's Human Capital Management

- 13 Businesses of the Link and Motivation Group
- 14 Group Organizational Strategy
Productivity / Human Resource Capabilities
/ Engagement
- 18 Overview of Human Capital Investment
- 19 An Organizational Strategy Linked to
Business Strategy (Consulting & Cloud
Business)
- 21 Group Human Capital Management from an
Employee's Perspective

Businesses of the Link and Motivation Group

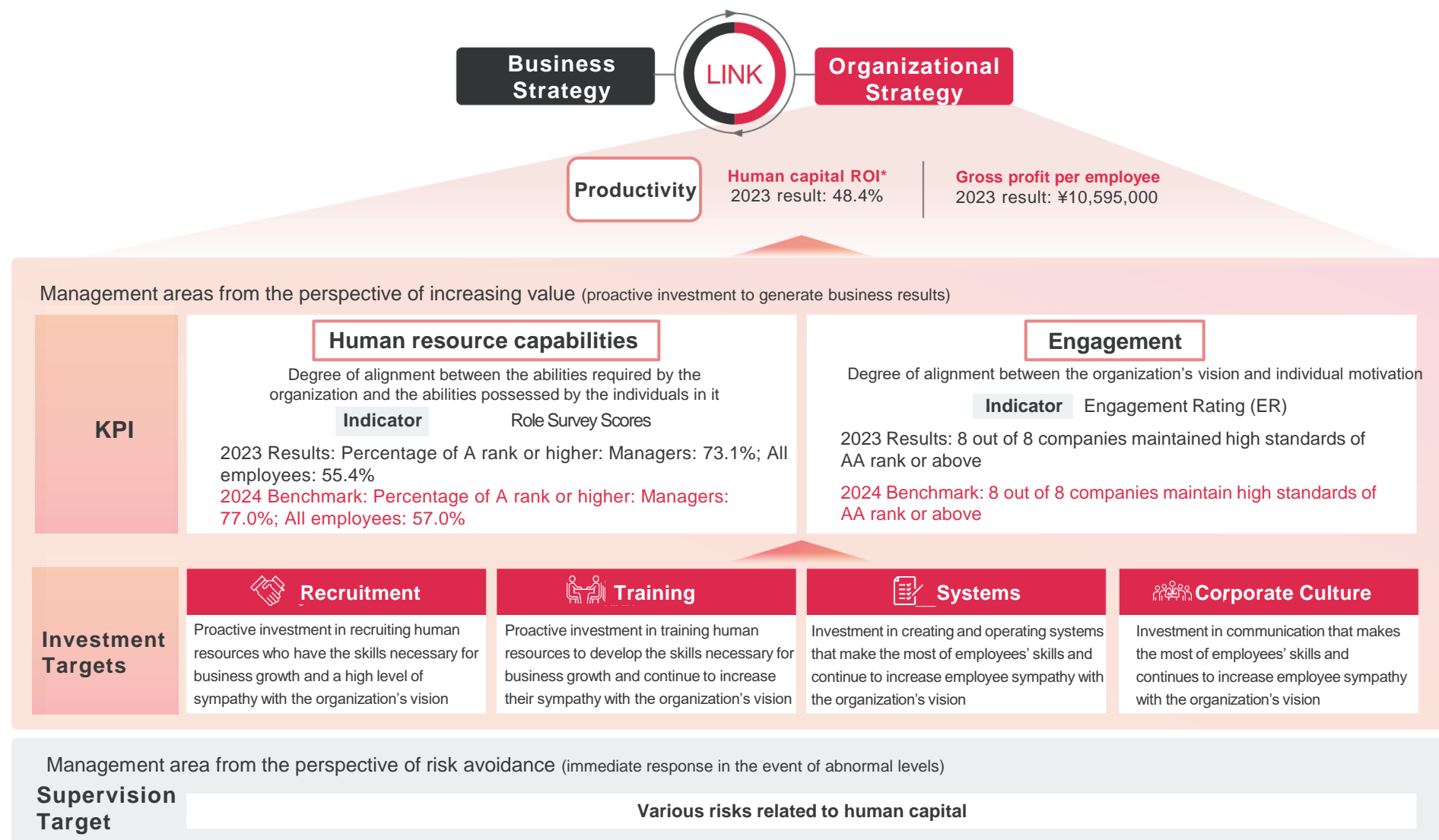
The Link and Motivation Group operates **service businesses in which people deliver value directly to customers**. Since our founding, employee motivation is the very engine of corporate growth; or, in other words, **human capital is the source of the value we create**.



- Value creation process: Page 10 of IR Book 2023 (integrated report)
- Details of specific businesses: Pages 26-31 of IR Book 2023 (integrated report)

Group Organizational Strategy

The Link and Motivation Group, which supports the creation of Motivation Companies, is committed to practicing what it preaches in its own management. As a result of ongoing investment in human capital, gross profit per employee has increased and productivity has improved.



* Human capital ROI = Adjusted operating income ÷ Investment in human capital

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

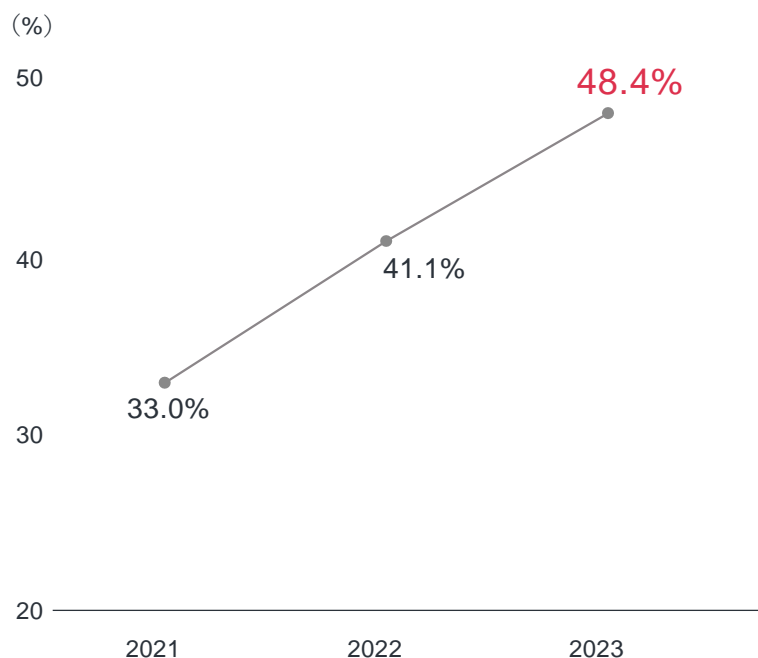
Investment in human capital reflects total expenditures, including employee salaries and bonuses, statutory internal and external welfare expenses, commuting expenses and other executive compensation.

Group Organizational Strategy: Productivity

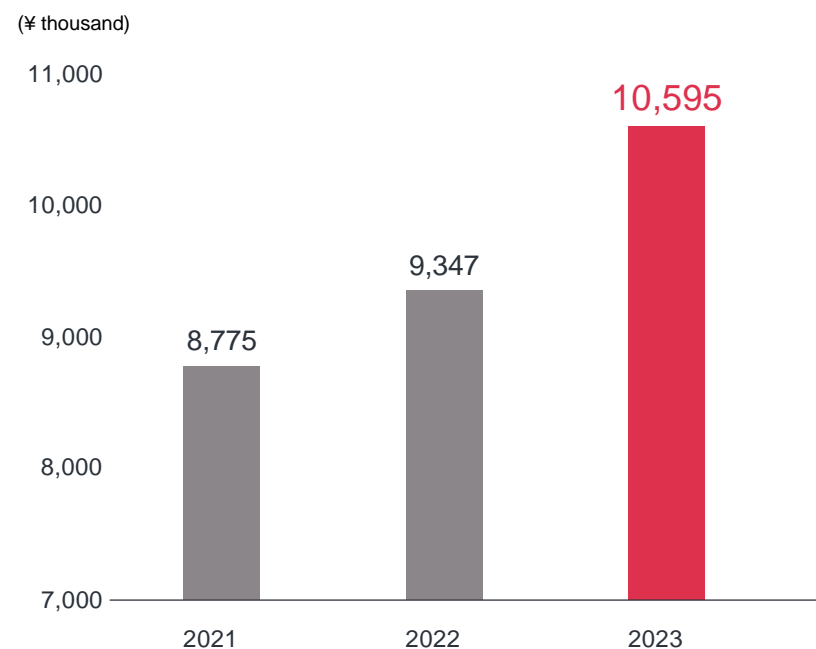
The Link and Motivation Group conducts its management using human capital ROI and gross profit per employee as key goal indicators (KGIs) that link its business strategy and organizational strategy.

In 2023, productivity improved in line with our expectations as gross profit increased 10.2% and operating income grew a substantial 27.4% compared with the previous year. We also expect further improvement in productivity going forward.

Human Capital ROI



Gross Profit per Employee



Group Organizational Strategy: Human Resource Capabilities

Human resource capabilities show the degree of alignment between the abilities required by the organization and the abilities possessed by the individual in it.

As a management KPI, we use an 11-level ratings scale for role survey scores, which are calculated by measuring the degree of alignment between the expectations and satisfaction of others regarding the performance of the survey subject.

Role Survey Scores

An 11-level ratings scale for scores calculated by measuring the degree of alignment between the expectation and satisfaction of others regarding the performance of the survey subject

Roles	Ratings*	
	Rating	Score
Upper management	AAA	67 or higher
	AA	Less than 67
	A	Less than 61
Management	BBB	Less than 58
	BB	Less than 55
Leaders	B	Less than 52
Mid-level employees	CCC	Less than 48
	CC	Less than 45
Junior employees	C	Less than 42
	DDD	Less than 39
	DD	Less than 33

Average among the general public

2023 Results

In 2023, the Link and Motivation Group's human resource capabilities remained constant, with rankings of "A" or higher for more than 55% of all employees, and more than 70% of managers

		2021	2022	2023
All employees	Number of eligible respondents	1,386	1,137	1,378
	Rank A or higher	713	646	764
	Percentage of total (%)	51.4	56.8	55.4
Managers and above	Number of eligible respondents	159	146	156
	Rank A or higher	111	110	114
	Percentage of total (%)	69.8	75.3	73.1

* Calculated based on data from approximately 720,000 respondents in 7,030 corporate diagnoses

Group Organizational Strategy: Engagement

Engagement shows the degree of alignment between the organization's vision and individual motivation.

We use Engagement Rating as a management KPI for the status of engagement in an organization. This rating is on an 11-level scale based on Engagement Score,¹ which is calculated by measuring the degree of alignment between employee expectations and satisfaction.

Engagement Rating^{*2} (ER)

Rating of the status of engagement in an organization on an 11-level ratings scale based on a score calculated by measuring the degree of alignment between employee expectations and satisfaction

Engagement Measured in 16 Areas

Ratings^{*3}

Company	Boss		Rating	Score	Average among the general public
		Company foundation	AAA	67 or higher	
		Philosophy and strategies	AA	Less than 67	
		Business content	A	Less than 61	
		Work content	BBB	Less than 58	
		Organizational climate	BB	Less than 55	
		Human resources	B	Less than 52	
		Facilities and environment	CCC	Less than 48	
	Workplace	Provision of information	CC	Less than 45	
		Collection of information	C	Less than 42	
		Decision making	DDD	Less than 39	
		Support	DD	Less than 33	
		External adaptation			
		Internal cohesiveness			
		Transformation activities			
		Succession			

2023 Results

In 2023, the Link and Motivation Group continued to maintain a high level of employee engagement, with an Engagement Rating of AAA for six companies and AA for two companies out of the eight Group companies. ^{*4}

Division	Group Company	Rating		
		Feb. 2022	Feb. 2023	Feb. 2024
Organizational Development Division	Link and Motivation Inc.	AAA	AAA	AAA
	Link Event Produce Inc.	AAA	AAA	AAA
	Link Corporate Communications Inc.	AAA	AAA	AAA
Individual Development Division	Link Academy Inc.	AAA	AAA	AAA
	Motivation Academia Inc.	AAA	AAA	AAA
Matching Division	Link Interac Inc.	AA	AAA	AA
	OpenWork Inc.	BBB	AA	AA
	Link-i Inc.	AAA	AAA	AAA

1. Engagement Score is a registered trademark of Link and Motivation Inc. (Registration number 6115383).

2. Engagement Rating is a registered trademark of Link and Motivation Inc. (Registration number 6167649).

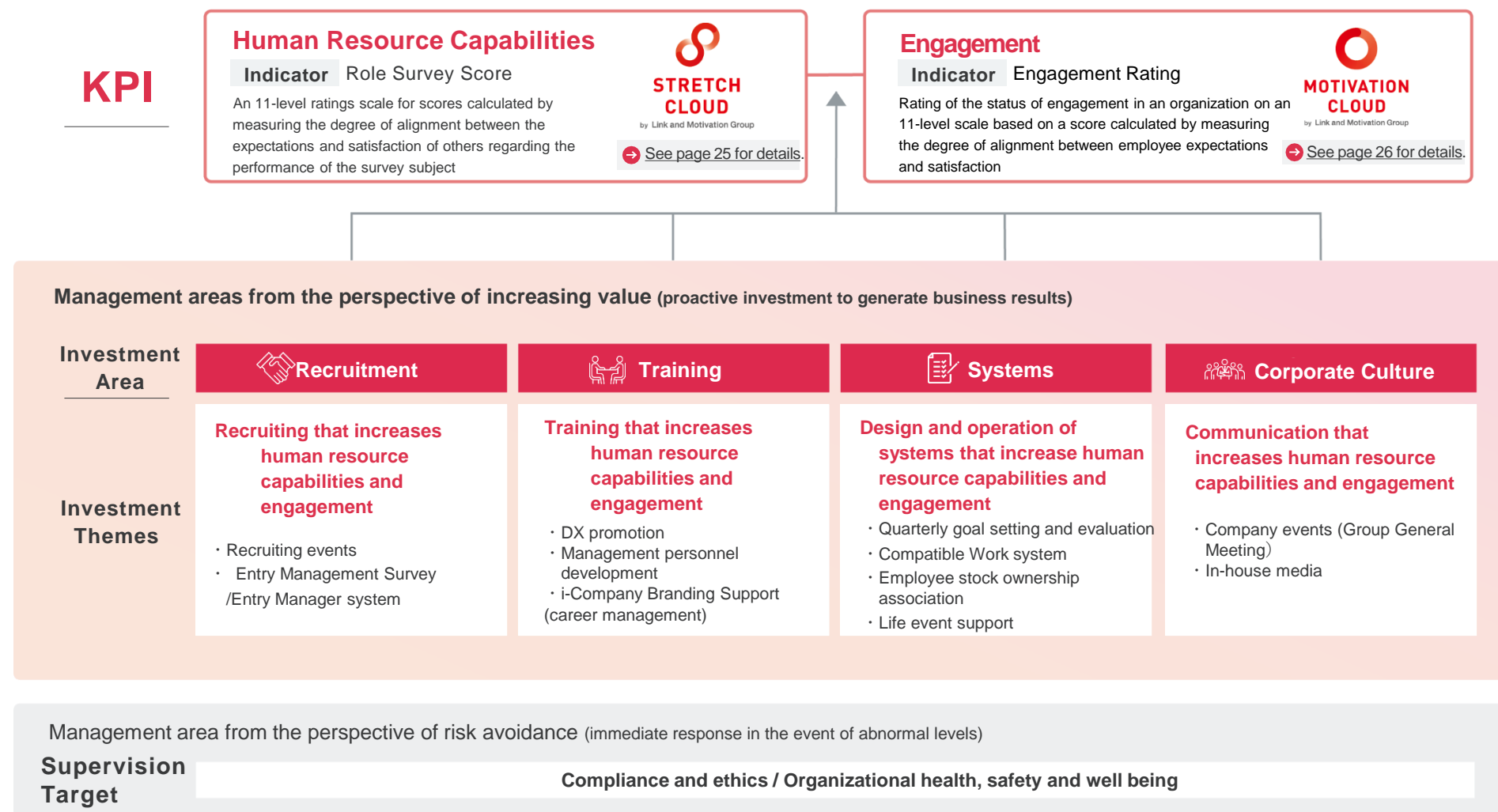
3. Calculated based on data from approximately 4.03 million respondents in 11,360 corporate diagnoses.

4. Excluding Link Dining Inc., which is engaged in other businesses

Overview of Human Capital Investment

Investing appropriately to maintain conditions in which highly skilled employees can work with a high level of engagement will lead to business growth.

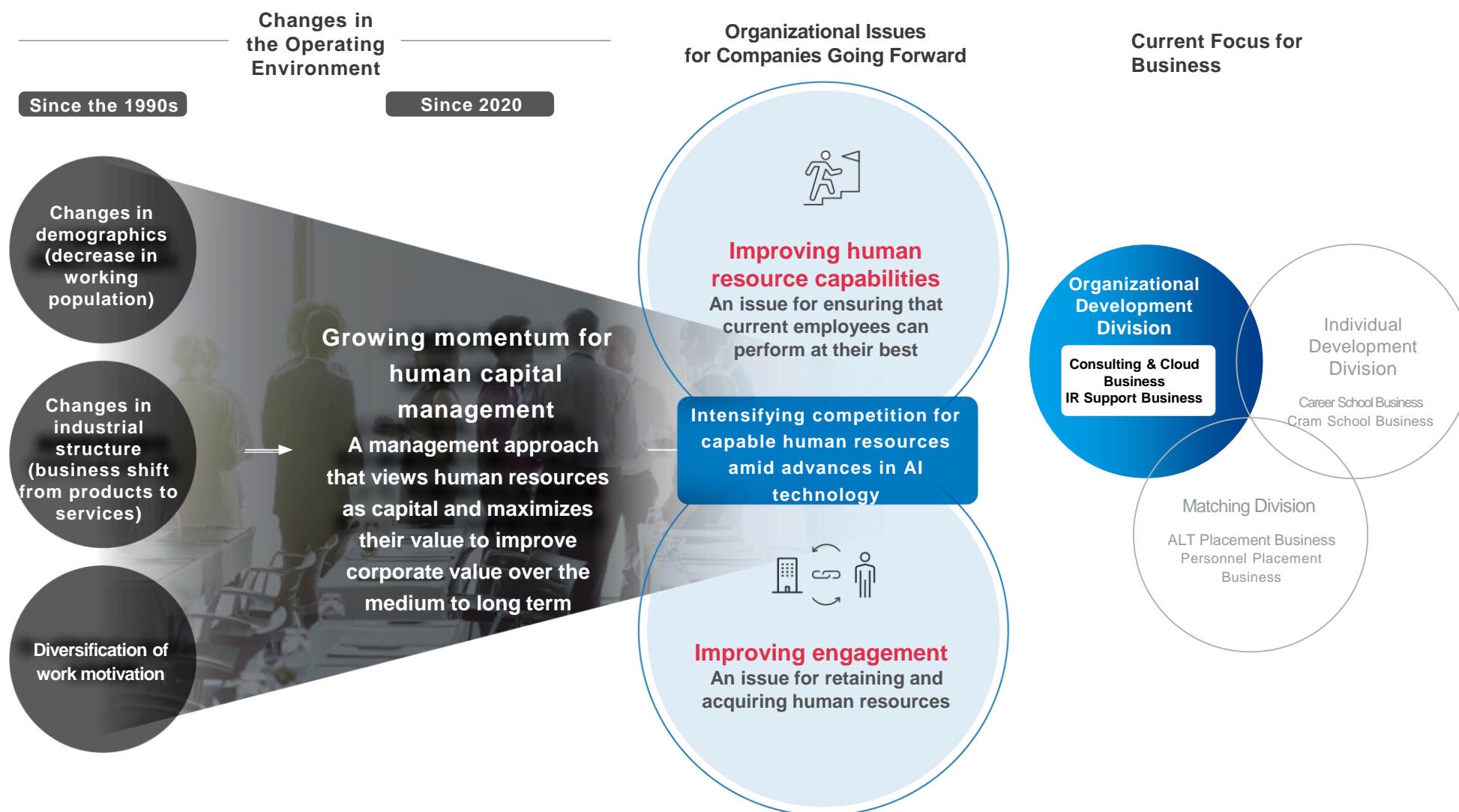
We therefore improve both human resource capabilities and engagement at the same time using our own portfolio of solutions for thorough management of recruitment, training, systems and corporate culture.



An Organizational Strategy Linked to Business Strategy (Consulting & Cloud Business)

As changes in the labor market continue to accelerate, our business policy is to utilize the expertise and insights we have cultivated in consulting on organizational and human resource issues to thoroughly expand the Consulting & Cloud Business.

We will grow substantially by linking a business strategy that maximizes customer value with an organizational strategy that makes the most of human capital.



An Organizational Strategy Linked to the Group's Business Strategy (Consulting & Cloud Business)

The aim of our business strategy is to increase both recurring revenue¹ and one-time revenue per customer.*²

As part of our organizational strategy, which is linked to our business strategy, we have set investment points for recruitment, training, systems and corporate culture.

- **Increase recurring revenue**
(Key Point)

Introduce the Motivation Cloud series at major companies and promote cross-selling of Stretch Cloud





- **Increase one-time revenue per customer**
(Key Point)

Increase the number of consultants capable of providing comprehensive support for solving complex and diverse customer issues identified through organizational diagnosis

→ For details, see page 22 of IR Book 2023 (integrated report)



Management areas from the perspective of increasing value (proactive investment to generate business results)

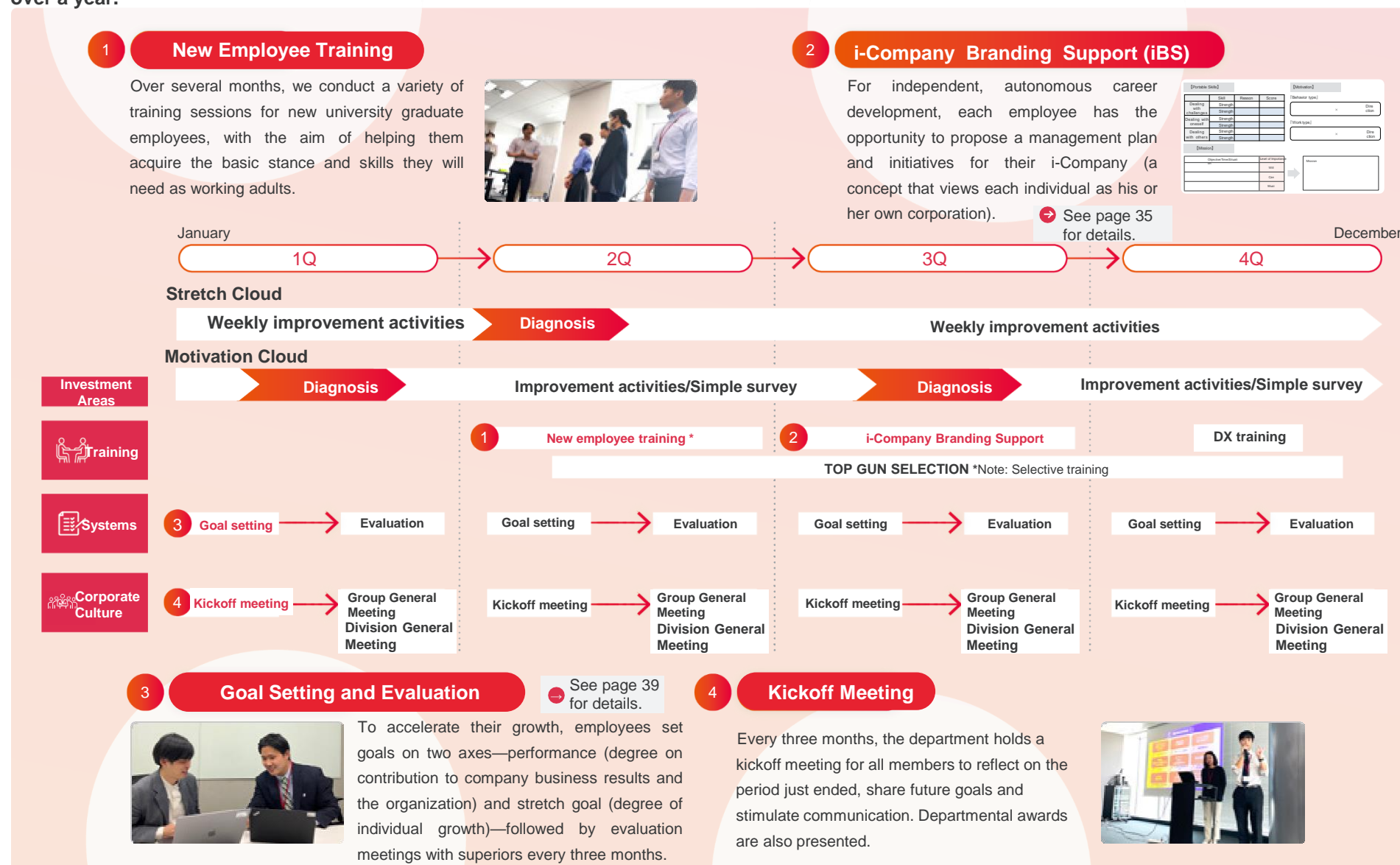
KPI	<div>Human resource capabilities</div> <p>Degree of alignment between the abilities required by the organization and the abilities possessed by the individuals in it</p> <div>IndicatorRole Survey Score</div> <p>2023 Results: Percentage of A rank or higher: Managers 85.7%; All employees 62.2%</p>		<div>Engagement</div> <p>Degree of alignment between the organization's vision and individual motivation</p> <div>IndicatorEngagement Rating</div> <p>2023 Results: 13 out of 13 companies with AA rank or higher</p>	
Investment Targets	<div>Recruitment</div> <ul style="list-style-type: none">· Ramp up recruiting of human resources with high aptitude as consultants· Maintain and improve the level of sympathy with the Group's philosophy	<div>Training</div> <ul style="list-style-type: none">· Add new employee training programs for rapid development of consultants	<div>Systems</div> <ul style="list-style-type: none">· Improve compensation for consulting specialists	<div>Corporate Culture</div> <ul style="list-style-type: none">· Establish new award for projects that demonstrated the most value for customers during the year

1.Cloud services providing regular diagnosis and transformation at the optimal frequency for each company

2.Consulting services providing focused transformation as required based on diagnosis results

Group Human Capital Management from an Employee's Perspective: A Year in One Department

The Link and Motivation Group's investment in its human capital is clearly noticeable in daily operations. The following looks at one department over a year.



*Note: Depending on Group company

Group Human Capital Management from an Employee's Perspective: A Week for One Employee

The Link and Motivation Group's investment in its human capital makes is clearly noticeable in daily operations. The following looks at one employee over a week.

The director and officer in charge of each Group company send a message once a month, and in my company, the company president also sends a weekly message on the company intranet. It's really helpful for getting a clear idea of what to focus on during the week.



→ See page 47 for details.

Each department has one of two set days each week for working in the office. On days when I work at home, I concentrate on my own assignments, and on days when I'm in the office, I attend many face-to-face meetings and go out to lunch with my co-workers.

Media for all LMG employees is updated once or twice a month. Today, I read LM Hitoyasumi, which is packed with information related to daily work.



→ See page 47 for details.

Company President's Message

Monday

Lunch with Co-Workers

Tues
day

In-House Media

Wedne
sday

Company Meeting

Team Meeting

Thurs
day

Friday

Review of the Week
with Stretch Cloud

Response to Motivation
Cloud Simple Survey

All employees carry out the plan-do-check-act (PDCA) cycle using the human resources development tool Stretch Cloud. It helps me look back at my growth for the week in the form of a weather report, ranging from sunny to cloudy or rainy. The past week was "sunny."



→ See page 25 for details.

The company conducts organizational diagnosis using Motivation Cloud once every six months, and once every month or so we also fill out a simple survey on focus items to confirm progress. Then at the next team meeting, the members make sure we are all on the same page.



→ See page 26 for details.