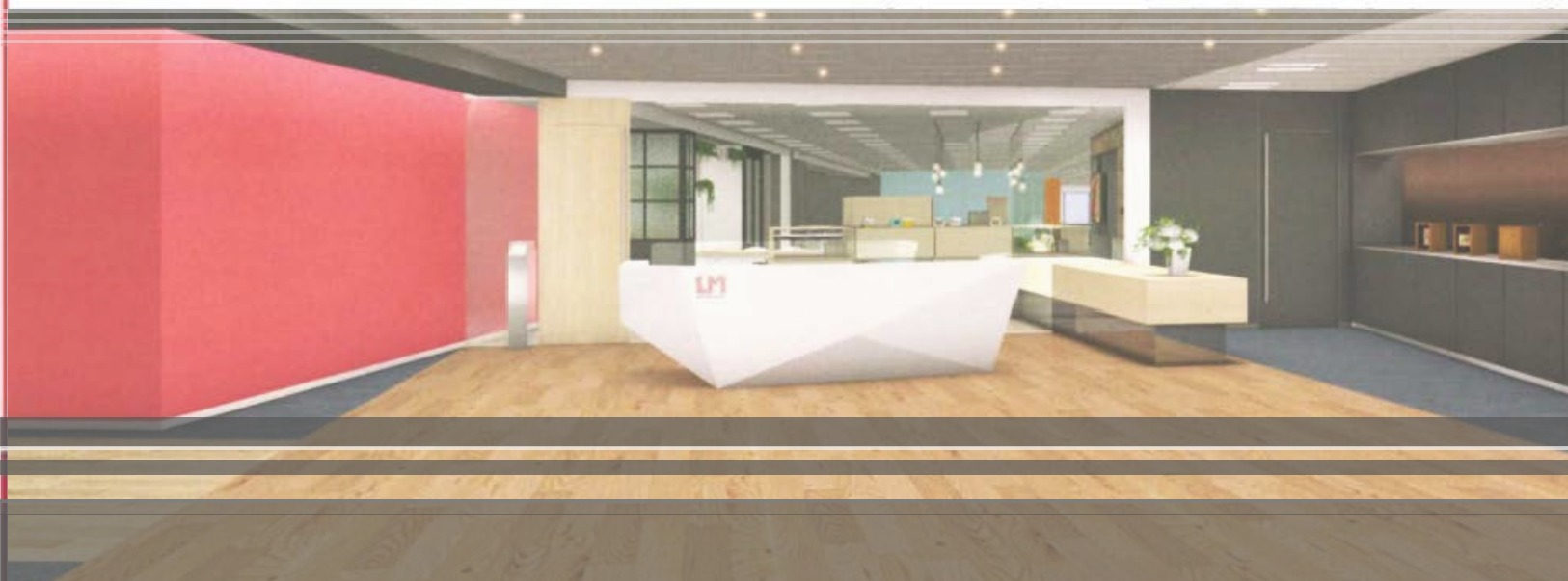


Link and Motivation Inc.  
Consolidated Financial Information for the  
Six Months Ended June 30, 2017  
(First Half of 2017)



ひとりひとりの本気がこの世界を熱くする

Link and Motivation Group



# First Half of 2017: Presentation Agenda

1. Announcement of Consolidated Business Results for the Six Months Ended June 30, 2017
2. Upward Revision of Forecast and Dividend Increase
3. Progress Report on Key Indicators



# 1

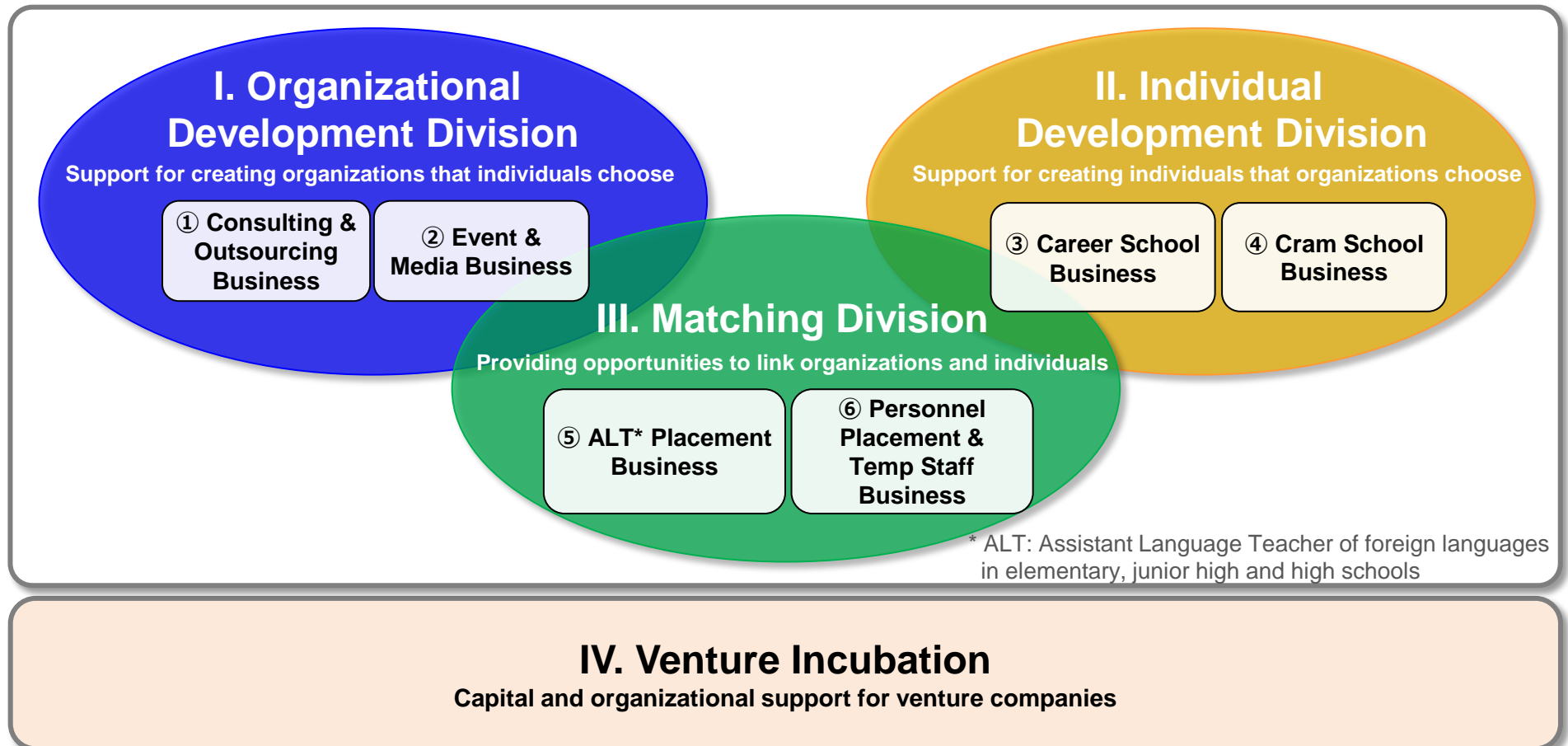


Announcement of  
Consolidated Business Results for the  
Six Months Ended June 30, 2017

# Link and Motivation Group Operating Structure

## Mission:

We will provide **organizations** and **individuals** with opportunities for transformation through Motivation Engineering to help achieve a more meaningful society.



# Consolidated Statements of Operations (Results/YoY Change)

(¥ million)	2016 2Q Results	2017 2Q Results	YoY Change
Revenues	16,721	18,031	+7.8%
Operating Income before Exceptional Items	1,330	1,587	+19.3%
Operating Income	1,353	1,609	+18.9%
Net Income	975	1,010	+3.7%

Note: From the three months ended March 31, 2017, the Company has adopted International Financial Reporting Standards (IFRS) in place of the previously used generally accepted accounting principles in Japan.

- Revenues and every level of income set record highs, continuing from the first quarter to surpass the record-high results of the previous year.
- In particular, operating income before exceptional items and operating income increased substantially year on year (YoY), driven by results in the highly profitable Organizational Development Division.
- Net income increased YoY, with a higher tax rate than in the previous year.

# Consolidated Statements of Operations (Results/Results vs. Forecast)

(¥ million)	2016 2Q Results	2017 2Q Forecast	2017 2Q Results	Results vs. Forecast	YoY Change
Revenues	16,721	18,100	18,031	-0.4%	+7.8%
Operating Income before Exceptional Items	1,330	1,500	1,587	+5.8%	+19.3%
Operating Income	1,353	—	1,609	—	+18.9%
Net Income	975	—	1,010	—	+3.7%

Note: From the three months ended March 31, 2017, the Company has adopted International Financial Reporting Standards (IFRS) in place of the previously used generally accepted accounting principles in Japan.

- Although revenues fell slightly short of the forecast, operating income before exceptional items exceeded the forecast as the highly profitable Organizational Development Division made substantial progress and is on pace to exceed its forecast.

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

(¥ million)	2016 2Q Results	2017 2Q Results	YoY Change
Total SG&A Expenses	4,792	5,126	+7.0%
① Personnel Expenses	2,378	2,258	-5.0%
② Recruiting, Training and Welfare Expenses	252	381	+51.3%
③ Rent	324	400	+23.5%
④ Office and System Expenses	563	668	+18.6%
⑤ Sales-related Expenses	795	895	+12.7%
⑥ Transportation and Other Expenses	478	521	+9.0%

- ② Recruiting, training and welfare expenses increased due to increased hiring to expand the Group, ③ Rent and ④ Office and system expenses increased due to the establishment of an integrated office in Tokyo, and ⑤ Sales-related expenses increased due to strengthened sales promotion of key products such as Motivation Cloud, while on the other hand ① Personnel expenses decreased due to promotion of greater work efficiency among managers. As a result, total SG&A expenses increased YoY.

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

(¥ million) [Gross profit in brackets]		2016 2Q Results	2017 2Q Results	YoY Change
Organizational Development Division	Revenues	5,076	5,900	+16.2%
	Gross Profit	[3,364]	[3,808]	+13.2%
Individual Development Division	Revenues	3,275	3,362	+2.6%
	Gross Profit	[1,078]	[1,079]	+0.1%
Matching Division	Revenues	8,907	9,549	+7.2%
	Gross Profit	[2,114]	[2,365]	+11.9%

- In the Organizational Development Division, revenues and gross profit both increased substantially YoY due to good results in the Consulting & Outsourcing Business and firm performance in the Event & Media Business.
- In the Individual Development Division, revenues and gross profit both increased slightly YoY due to firm performance in the Career School Business.
- In the Matching Division, revenues increased and gross profit increased substantially YoY due to good results in the Personnel Placement & Temp Staff Business and firm performance in the ALT Placement Business.



# Organizational Development Division: Product Revenues by Business (Results/YoY Change) ①・②

Product (¥ million) [Gross profit in brackets]		2016 Results	2017 Results	YoY Change
① Consulting & Outsourcing Business		4,232 [2,842]	4,691 [3,284]	+10.8% +15.6%
	Package	1,379	1,578	+14.4%
	Consulting	1,804	2,058	+14.1%
	Outsourcing	708	580	-18.1%
	Member/database services	345	474	+37.2%
② Event & Media Business		1,647 [673]	2,044 [676]	+24.1% +0.5%
	Event production	1,050	1,339	+27.6%
	Media production	597	704	+17.8%

- In ① the Consulting & Outsourcing Business, revenues and gross profit increased substantially YoY due to growth in Package and Consulting, including training programs to strengthen sales capabilities and management, etc., spurred by work style reform, as well as substantial growth in Member/database services due to strong sales of Motivation Cloud, which is a core product.
- In ② the Event & Media Business, revenues increased substantially YoY with growth in sales of training events derived from the Package category of the Consulting & Outsourcing Business, IR-related media production and other products, but gross profit increased slightly YoY because training events are a product with a high cost ratio.

# Individual Development Division: Product Revenues by Business (Results/YoY Change) ③・④

Product (¥ million) [Gross profit in brackets]	2016 Results		2017 Results		YoY Change
	Results	% of total	Results	% of total	
③ Career School Business	3,229 [1,089]	—	3,306 [1,099]	—	+2.4% +0.9%
Office	1,656	51.3%	1,478	44.7%	-10.7%
Pro Series	362	11.2%	426	12.9%	+17.6%
Accounting courses	300	9.3%	292	8.9%	-2.7%
National exam courses	260	8.1%	286	8.7%	+9.9%
Civil servant courses	560	17.4%	662	20.0%	+18.2%
Educational materials/other	88	2.7%	86	2.6%	-2.2%
English conversation	—	—	73	2.2%	—
④ Cram School Business	46 [-11]	—	55 [-20]	—	+20.2% —

Note: Pro Series includes “Aviva Pro” programming courses and courses for other specialized IT skills.

- In ③ the Career School Business, revenues and gross profit both increased slightly YoY with smooth progress in the shift from Office to Pro Series, which has high market growth potential, growth in sales of national exam and civil servant courses, and the new addition of the Rosetta Stone brand of English conversation lessons to the lineup.
- In ④ the Cram School Business, revenues increased YoY as the number of schools increased, but gross profit decreased YoY due to an increase in the number of classroom operation personnel occasioned by the opening of a new school.

# Matching Division: Product Revenues by Business (Results/YoY Change) ⑤・⑥

	Product (¥ million) [Gross profit in brackets]	2016 Results	2017 Results	YoY Change
* ⑤	ALT Placement Business	5,063 [1,355]	5,388 [1,484]	+6.4% +9.5%
⑥	Personnel Placement & Temp Staff Business	3,849 [762]	4,323 [1,038]	+12.3% +36.1%
	Store sales temp staff	3,253	3,535	+8.7%
	Office temp staff	320	322	+0.5%
	Foreign worker support	—	22	—
	Recruiting/introductions	274	443	+61.2%

\* ALT: Assistant Language Teacher of foreign languages in elementary, junior high and high schools

- In ⑤ the ALT Placement Business, revenues and gross profit increased YoY, with firm performance from capturing the expansion and acceleration of English language education in Japanese public schools.
- In ⑥ the Personnel Placement & Temp Staff Business, revenues increased substantially YoY due to strong results for store sales temp staff backed by a shortage of personnel at companies, mainly in the retail service industry, and gross profit increased substantially YoY, with significant growth in the high-margin new graduate introductions category of Recruiting/introductions.

# Consolidated Balance Sheets (Results/YoY Change)

(¥ million)	Dec. 31, 2016	June 30, 2017	YoY Change
① Current Assets	6,747	8,218	+1,470
② Non-current Assets	11,785	15,958	+4,173
③ Deferred Assets	0	0	0
Total Assets	18,532	24,177	+5,644
④ Current Liabilities	9,668	10,688	+1,020
⑤ Non-current Liabilities	4,084	6,940	+2,856
Total Liabilities	13,752	17,628	+3,876
⑥ Total Equity	4,780	6,548	+1,767

- Assets increased due to improvement in the value of investment securities associated with strong incubation company performance and the acquisition of fixed assets associated with the establishment of an integrated office.
- Liabilities increased due to borrowings to cover the capital requirements for the above outlay.
- Total equity increased as a result of an increase in the value of investment securities, the recording of net income and other factors.

# 2

## Upward Revision of Forecast and Dividend Increase



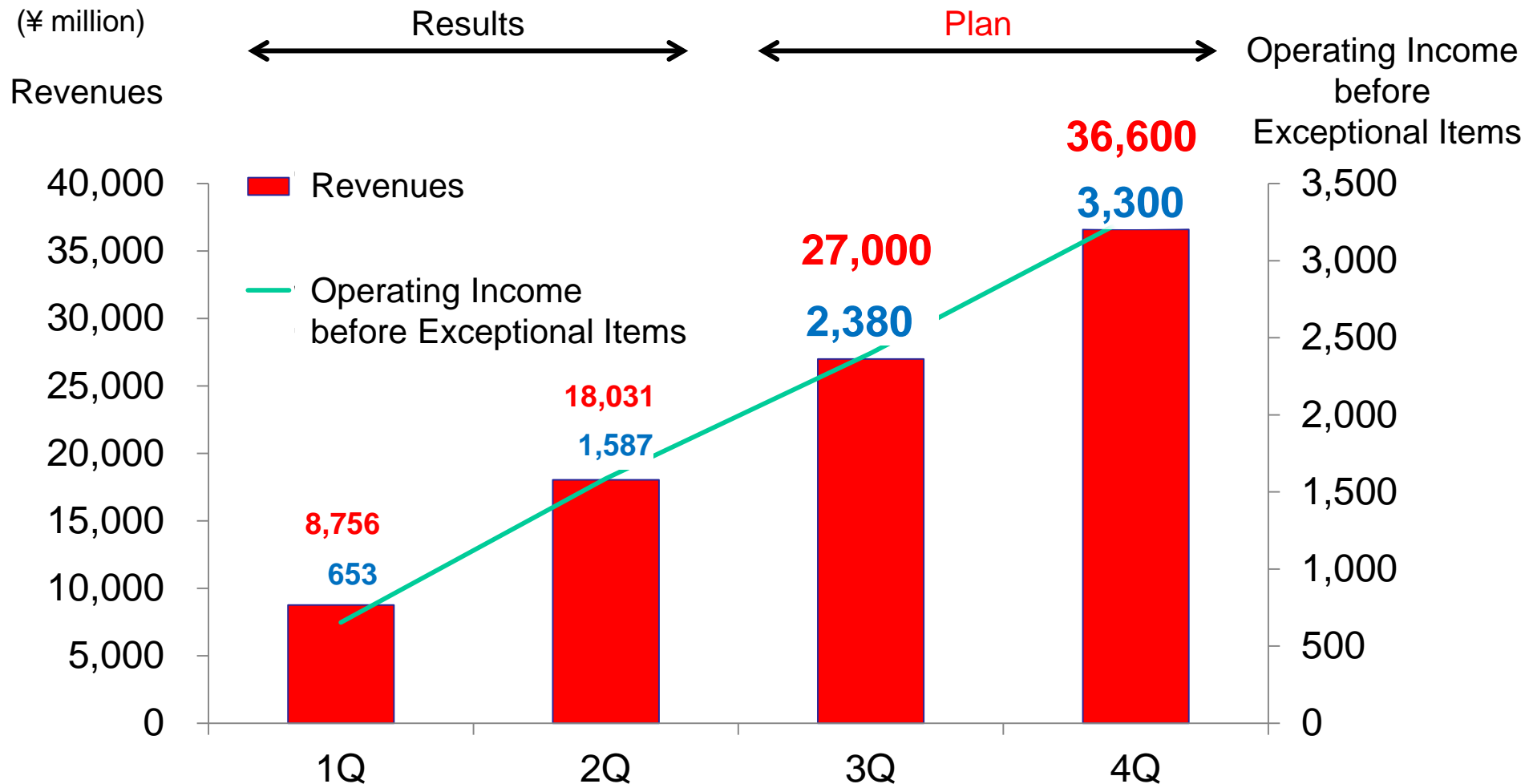
# Upward Revision of Forecast

(¥ million)	2016 Results (IFRS)	Before Revision		After Revision	
		2017 Forecast (IFRS)	YoY Change	2017 Forecast (IFRS)	YoY Change
Revenues	33,321	36,300	+8.9%	<b>36,600</b> (Record High)	<b>+9.8%</b>
Operating Income before Exceptional Items	2,618	3,000	+14.6%	<b>3,300</b> (Record High)	<b>+26.0%</b>
Operating Income	2,468	3,000	+21.5%	<b>3,300</b> (Record High)	<b>+33.7%</b>
Net Income	1,804	2,000	+10.9%	<b>2,100</b> (Record High)	<b>+16.4%</b>

Note: Figures for 2016 have been audited.

- We have revised the forecast for revenues and each level of income upward due to the smooth progress in the results of the highly profitable Organizational Development Division.
- We forecast record highs for revenues and each level of income.

# 2017 Revenues and Operating Income before Exceptional Items: Progress toward the Plan



- We have revised our progress toward our plan for the year along with the upward revision of the forecast for the year.

# Dividend Increase

- We plan to increase our quarterly dividend from the third quarter.

	Dividend per Share				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual Dividends
2016	1.25 yen	1.25 yen	1.40 yen	1.40 yen	5.30 yen
2017	1.50 yen	1.50 yen	1.60 yen	1.60 yen	6.20 yen

Note: 100 shares per unit of stock

## Annual Dividends per Share

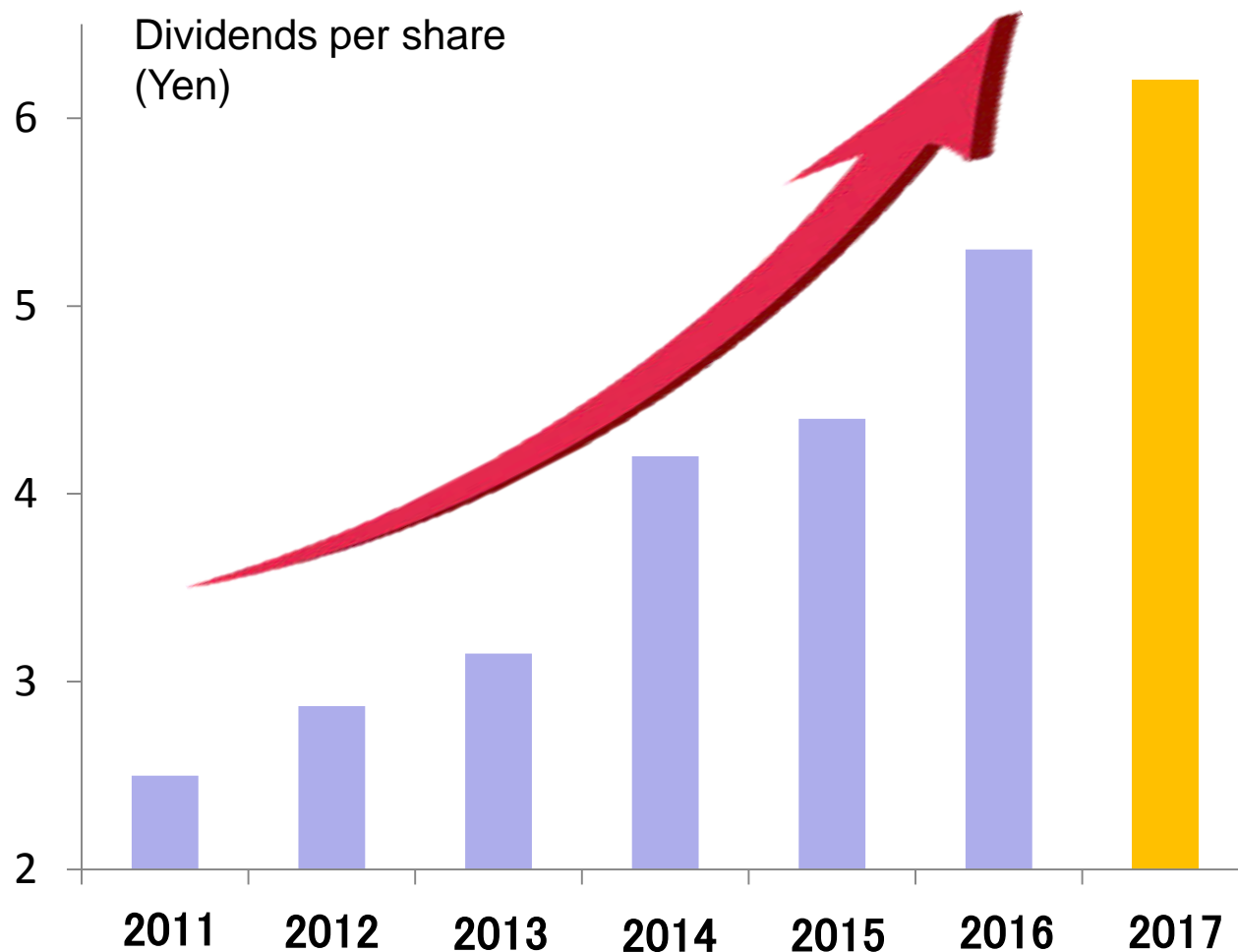
- 2016: 5.3 yen
- 2017: 6.2 yen (+17% increase)

## ● Scheduled second-quarter dividend for 2017

- A dividend of 1.5 yen per share is scheduled to be paid on Monday, September 25, as originally planned.



# Dividends



- We plan on a sixth consecutive year of dividend increases since 2011.
- We will maintain our stance of providing high returns on profit.

# 3

## Progress Report on Key Indicators



# Key Indicators by Division in 2017

## Mission:

We will provide **organizations** and **individuals** with opportunities for transformation through Motivation Engineering to help achieve a more meaningful society.

### I. Organizational Development Division

**Hideki Sakashita**  
President, Link and Motivation Inc.

### II. Individual Development Division

**Takashi Oguri**  
Director, Link and Motivation Inc.

### III. Matching Division

**Hiroyuki Kitsu**  
Director, Link and Motivation Inc.

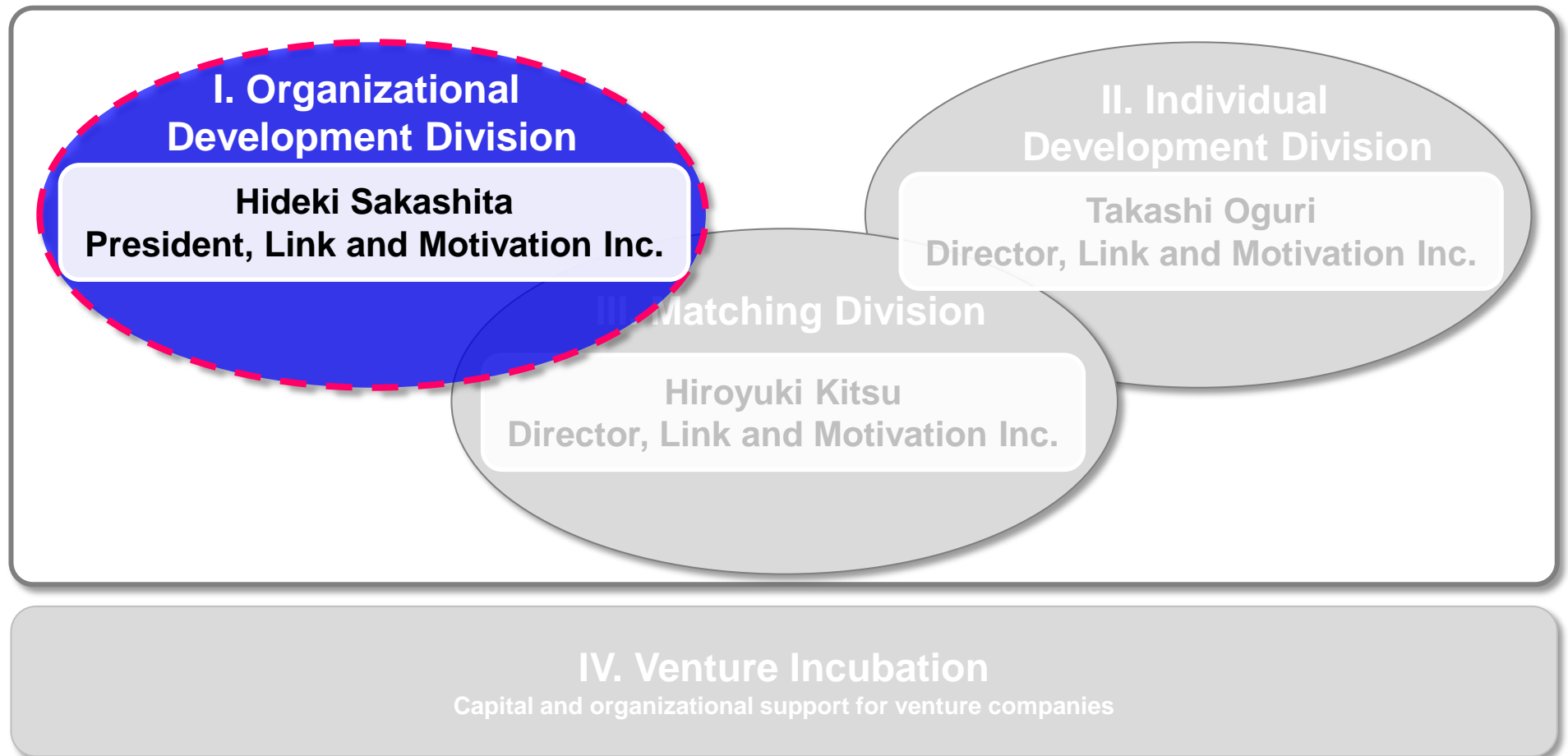
### IV. Venture Incubation

Capital and organizational support for venture companies

# Key Indicators by Division in 2017

## Mission:

We will provide **organizations** and **individuals** with opportunities for transformation through Motivation Engineering to help achieve a more meaningful society.



Motivation Cloud meets the needs of Japanese companies to adapt to the labor market spurred by work style reform.

## Service Overview



# MOTIVATION CLOUD

Note: **Monthly pay-as-you-go model** corresponding to organization size

### • **Organizational Diagnostic (See)**

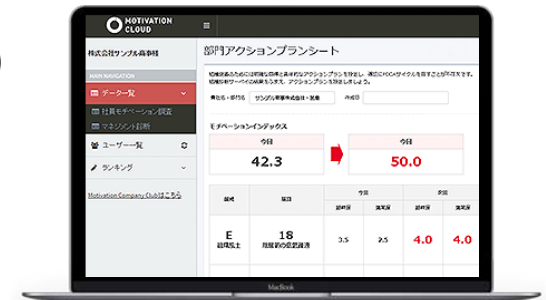
Quantifies **engagement** between companies and employees using **data on 660,000 people at 2,700 companies**

Standardized indicator showing organizational conditions: Engagement score

Score	33	39	42	45	48	52	55	58	61	67	
Grade	E	D-	D	D+	C-	C	C+	B-	B	B+	A

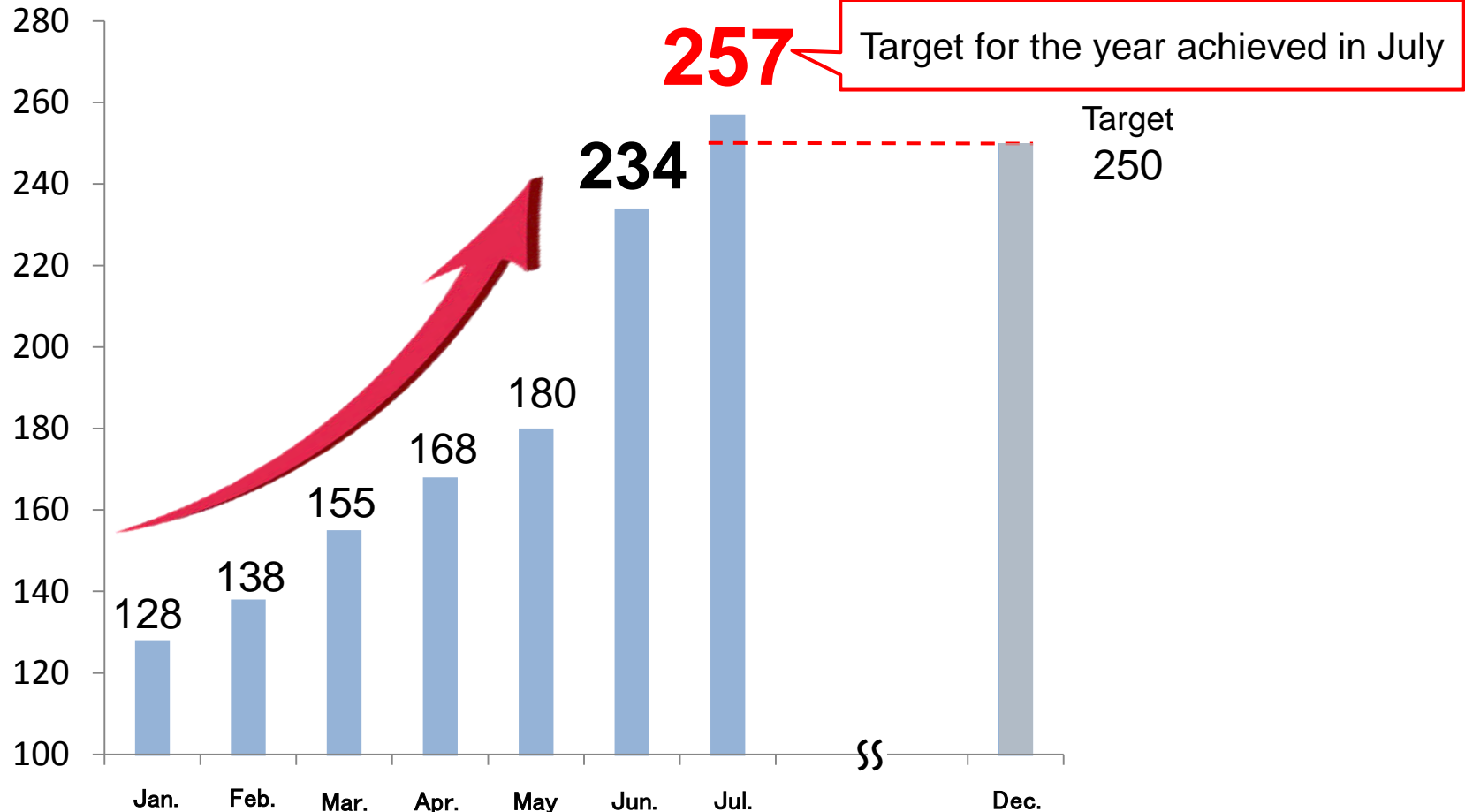
### • **Organizational Improvement (Plan/Do)**

Establishes improvement plans together with highly experienced consultants, with progress in organizational improvement **managed using the cloud**



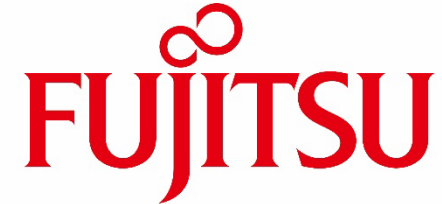
- Quantification of engagement between companies and their employees, and support for improvement

## Number of contact points that have adopted Motivation Cloud



- Our plan set at the beginning of the year for adoption by 250 contact points has already been achieved as of July.

## Contact points that have adopted Motivation Cloud (partial list)



株式会社 富士通マーケティング



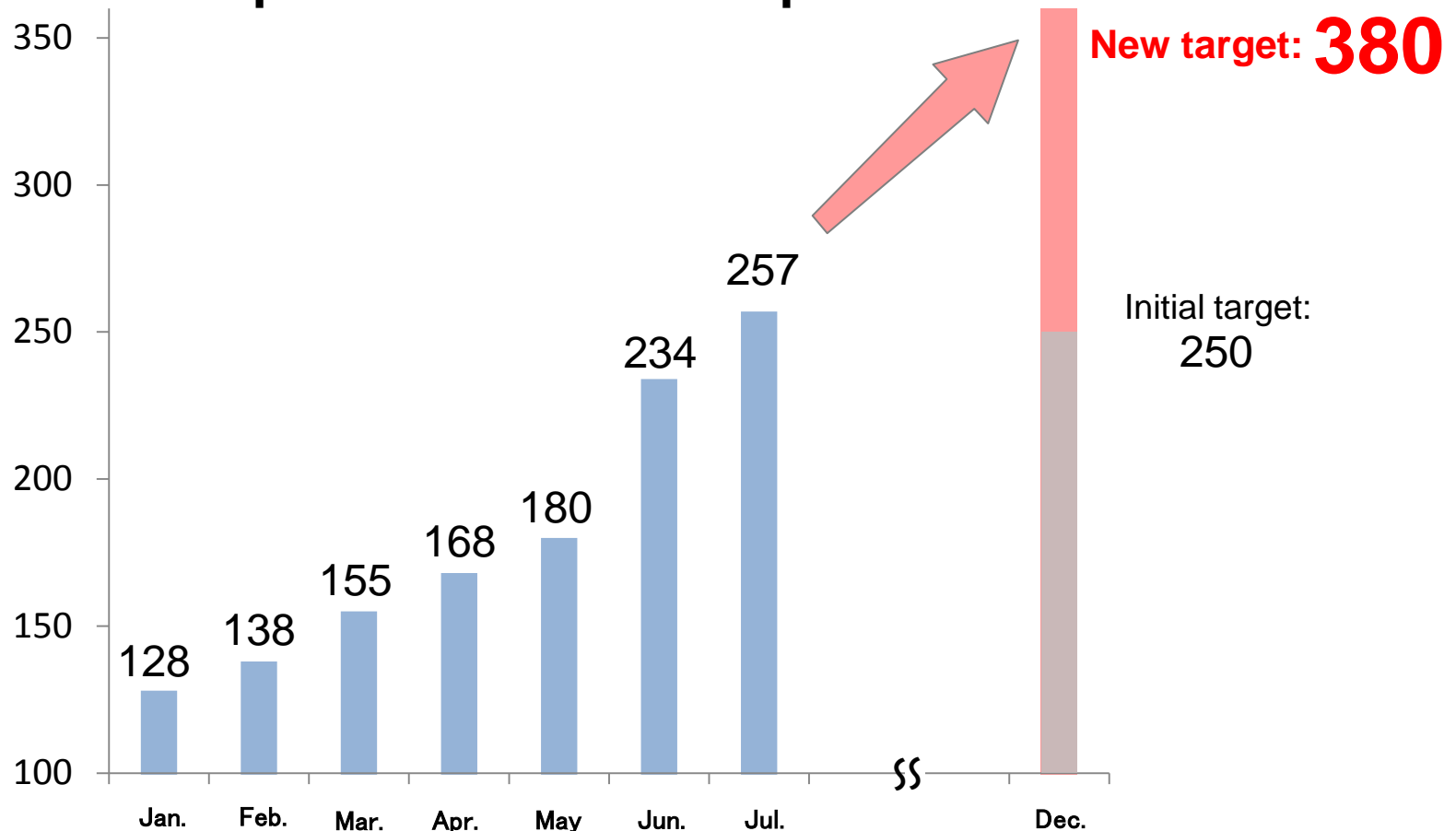
mercari



RakSul

- Support is growing from leading companies in Japan that aim to increase employee engagement, regardless of industry.

## Number of contact points that have adopted Motivation Cloud



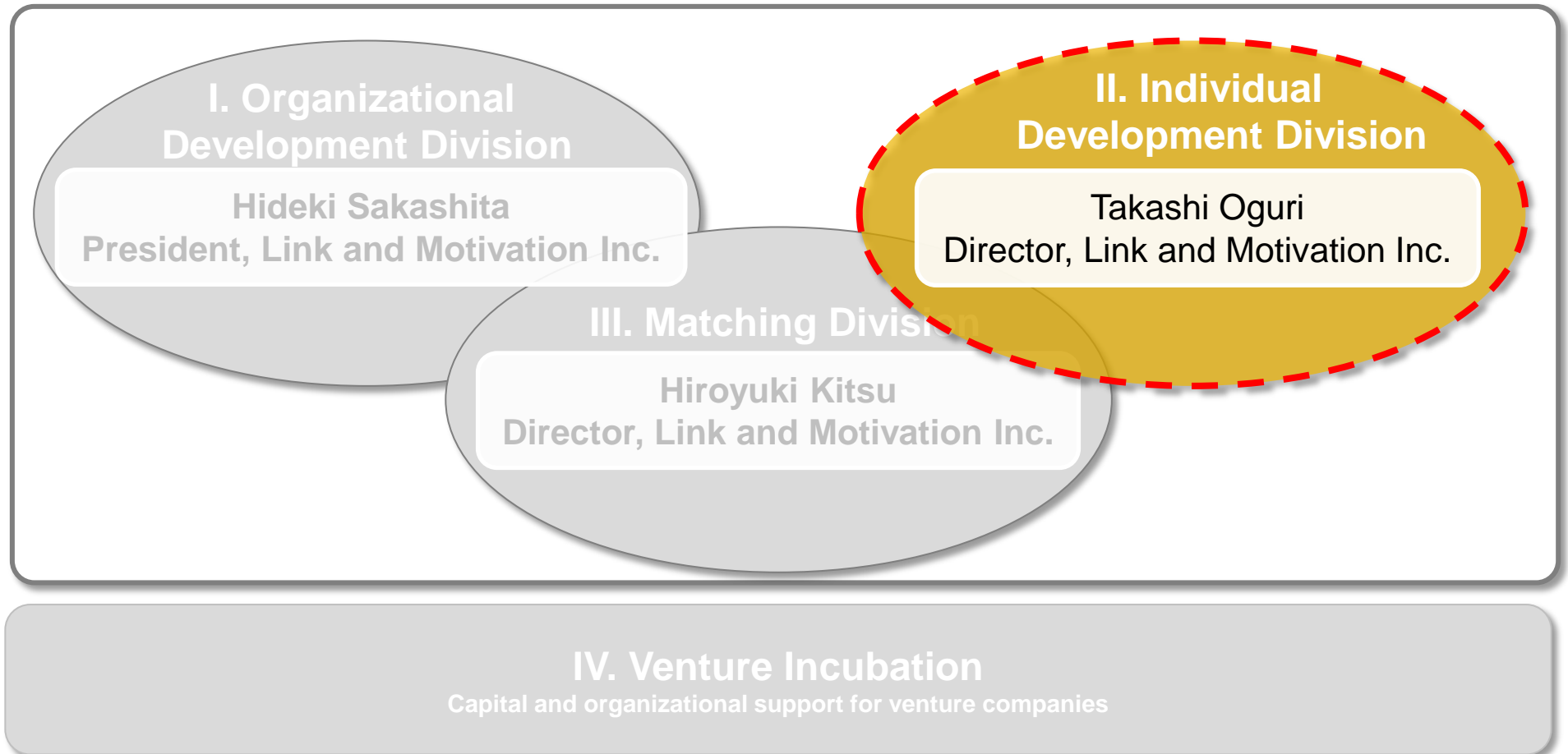
- As a result of substantial progress in adoption of Motivation Cloud due to rising needs for organizational transformation backed by work style reform, we have revised the target for the end of 2017 upward to 380 contact points.



# Key Indicators by Division in 2017

## Mission:

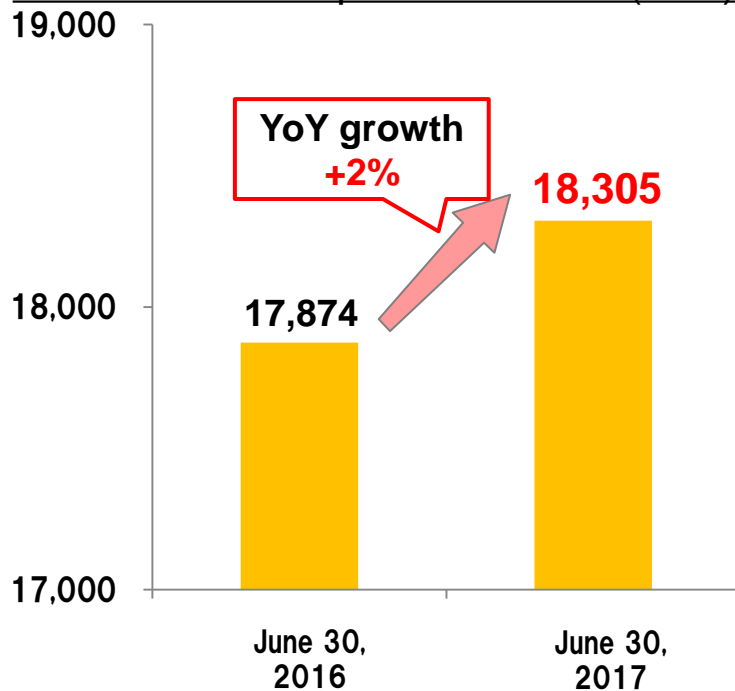
We will provide **organizations** and **individuals** with opportunities for transformation through Motivation Engineering to help achieve a more meaningful society.



# Individual Development Division Key Indicator: Aviva Pro IT Human Resource Training Course

Backed by the shortage of IT staff, the **steady expansion of the Aviva Pro** training course for IT human resources is leading to **firm growth in the number of students** in the Individual Development Division.

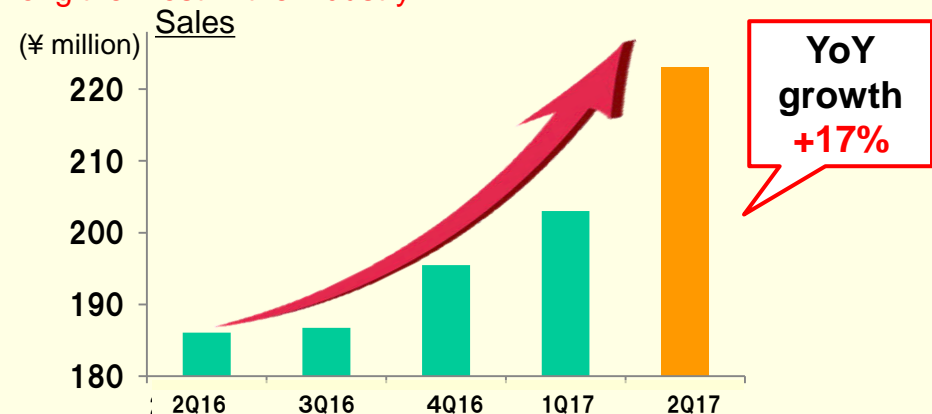
Number of students in the Individual Development Division (total)



Expansion of Aviva Pro training course for IT human resources



IT courses for learning **JAVA** and **SQL** in a game format. In the 2 years since its launch, the lineup has grown to **24 courses**, among the most in the industry.



- By further enhancing the course lineup for Aviva Pro, we aim to further increase the number of students and unit price by the end of 2017.

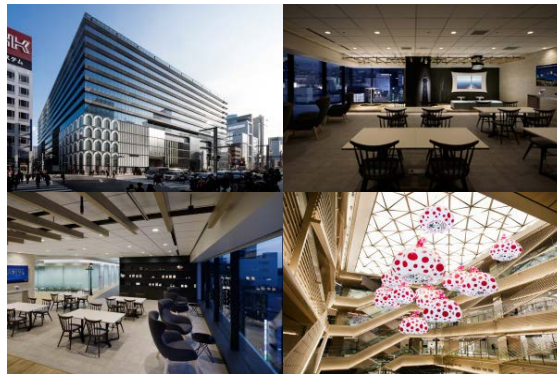
# Individual Development Division Key Indicator: Rosetta Stone at GINZA SIX Concept

Start of English conversation lessons using advanced language learning techniques in a top-class space

**Aim to increase recognition by raising the value of the Rosetta Stone brand**

## Service Overview

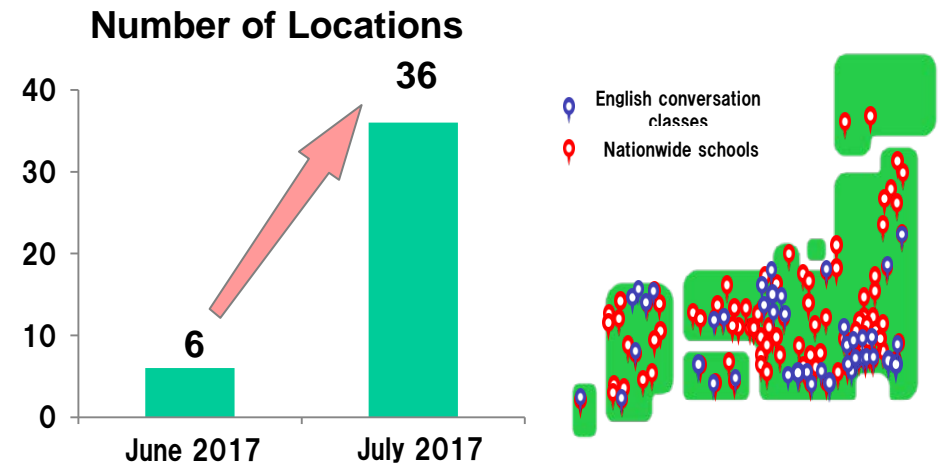
Operation of a **Rosetta Stone** brand one-on-one conversation school (English, French and pronunciation correction) targeting high-end customers in the **GINZA SIX** building under the concept of an **Executive Education Lounge**



Pumpkin © Yayoi Kusama  
© YAYOI KUSAMA

## Future Plan

The number of learning centers has grown from 6 as of June 30, 2017 to 36 from July. During 2017, we aim to expand to **1,600** English conversation students at **50 locations**.

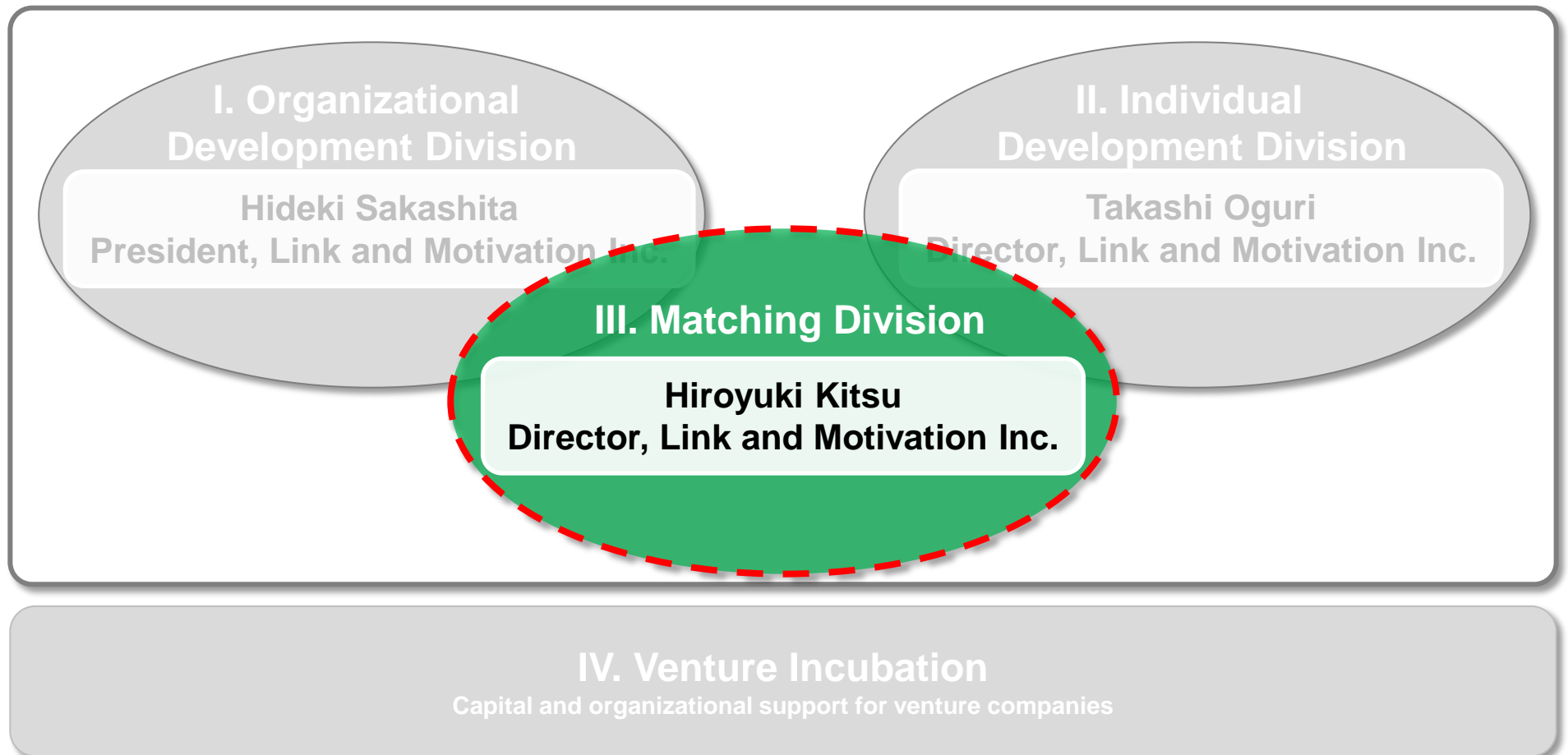


- Opening of Rosetta Stone brand English conversation lessons targeting high-end customers with language learning using advanced techniques in the top-class space of the GINZA SIX building
- Rollout to 50 locations nationwide by the end of 2017 with a plan for 1,600 English conversation students

# Key Indicators by Division in 2017

## Mission:

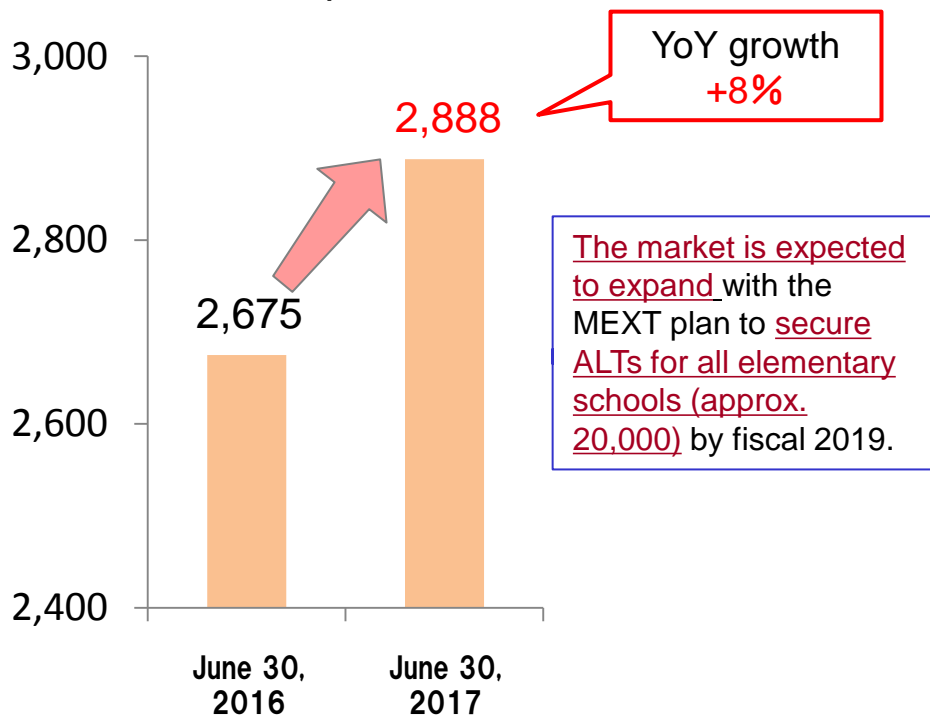
We will provide **organizations** and **individuals** with opportunities for transformation through Motivation Engineering to help achieve a more meaningful society.



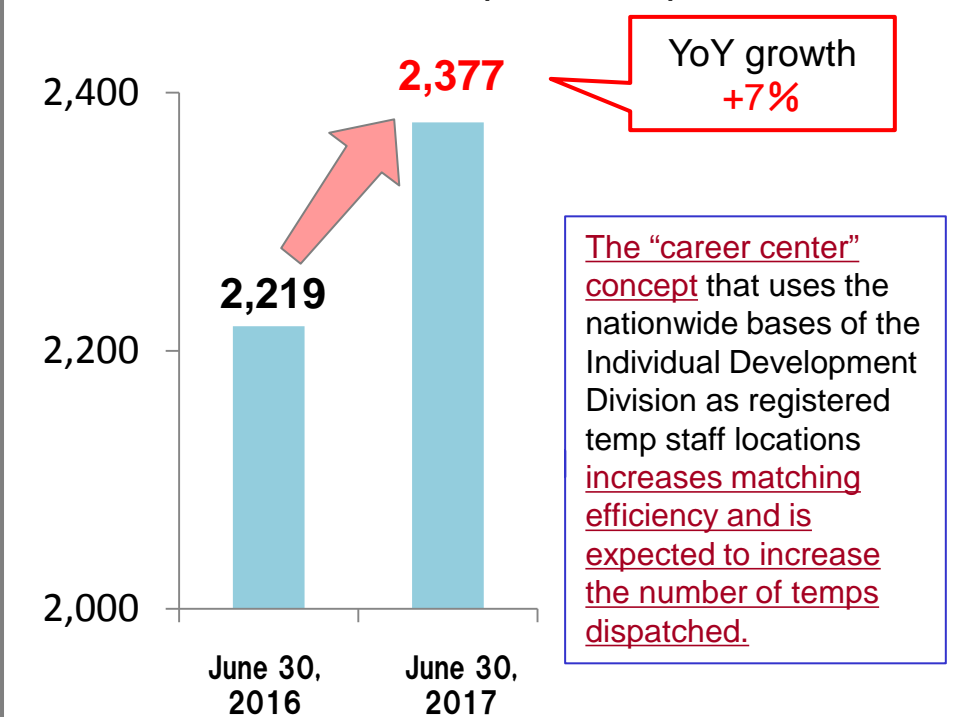
# Matching Division Key Indicators: Number of ALT Placed and Temp Staff Dispatched

**Brisk growth in the number of ALT placements** due to the expansion of English education in Japanese public schools and **increase in the number of temp staff** due to rising corporate needs for personnel

Number of ALTs placed



Number of domestic temp staff dispatched



- The number of ALTs has substantially exceeded last year’s results, and we are making smooth progress towards our plan for 3,000 ALTs placed by the end of the year.
- Through synergy with our “career center” concept, we will further accelerate the increase in temp staff dispatched.

# Key Indicators by Division in 2017

## Mission:

We will provide **organizations** and **individuals** with opportunities for transformation through Motivation Engineering to help achieve a more meaningful society.

### I. Organizational Development Division

Hideki Sakashita  
President, Link and Motivation Inc.

### II. Individual Development Division

Takashi Oguri  
Director, Link and Motivation Inc.

### III. Matching Division

Hiroyuki Kitsu  
Director, Link and Motivation Inc.

### IV. Venture Incubation

Capital and organizational support for venture companies

# New Investment: YARUKI Switch Group Holdings Co., Ltd.

## YARUKI Switch Group Holdings Co., Ltd.

Established:	November 1989
Representative:	Masao Matsuda, Representative Director
Capital:	¥254 million
Employees:	Approx. 700
Philosophy:	To find the human treasures of the world, providing our full support to allow them to sparkle. To engage the motivation switch of all, and while realizing our full potential, contribute to the creation of a society in which we may all happily exist.
Businesses:	Individual instruction, English conversation school, preschool education, and operation of private day care facilities
Number of schools:	Approx. 1,300 worldwide (Group total)



やる気スイッチグループ



- We completed investment in YARUKI Switch Group Holdings Co., Ltd. on May 31, 2017.
- By providing our recruiting, training and living support functions for native instructors of foreign languages, we will support the growth and development of the English language education-related businesses operated by the company.



# Venture Incubation Business: Investments at a Glance

- ① RichMedia Co., Ltd.  
Media design/Inbound marketing



- ② from scratch Co., Ltd.  
Marketing support/Dispatch of technical staff



Stock Listed March 17, 2016

- ③ Akatsuki Inc.  
App development/Smartphone service development



- ④ FiNC Inc.  
FiNC diet coaches/Wellness management support



- ⑤ NEO CAREER CO., LTD.  
Personnel introduction/  
Temp staffing (medical/nursing/daycare/IT)



- ⑥ Leading Mark, Inc.  
New graduate recruiting support/  
Job search consulting



- ⑦ schoo Inc.  
Schoo Web campus



- ⑧ raksul, Inc.  
E-commerce printing/Support for attracting customers



- ⑨ Renoveru Co., Ltd.  
Used housing renovation



- ⑩ LiB, Inc.  
Job-change support for upper-echelon female employees



- ⑪ PLAN-B Co., Ltd.  
Web consulting centered on SEO



Stock Listed December 21, 2016

- ⑫ Innovation Inc.  
Marketing support specializing in BtoB



- ⑬ First Brand Inc.  
Corporate and individual branding support



- ⑭ BizReach, Inc.  
Job-change website for upper-echelon employees



- ⑮ GlobalCast Co., Ltd.  
Industry-specific business process outsourcing



- ⑯ ashita-team Inc.  
Creation of/support for personnel evaluation systems



- ⑰ CLEAR CONSULTING CO., Ltd.  
Accounting/tax consulting



- ⑱ Willgate, Inc.  
Content marketing/media business



Investment Completed May 31, 2017

- ⑲ YARUKI Switch Group Holdings Co., Ltd.  
Individualized instruction/operation of day care facilities



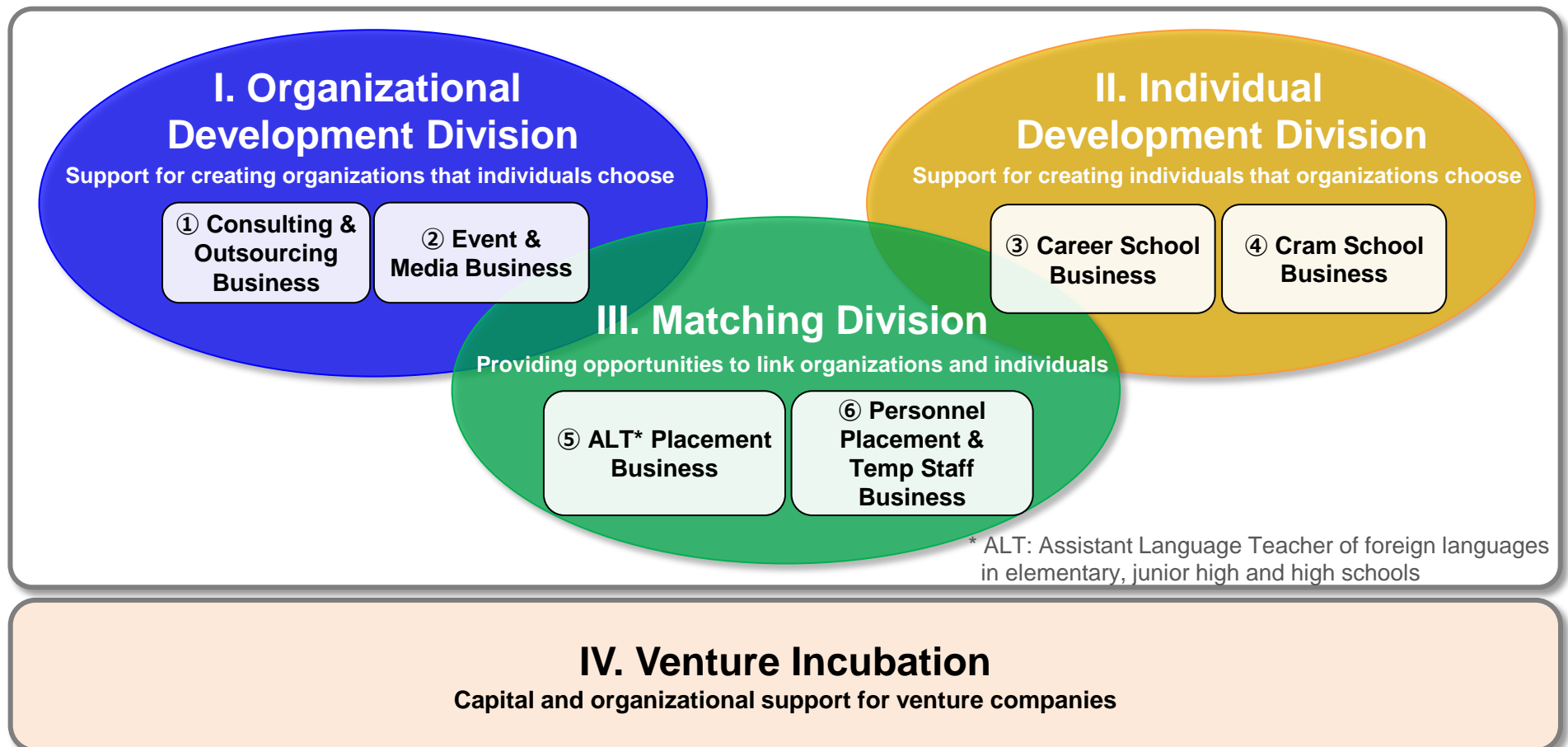
- Two selection criteria: (1) Sympathy with creating a Motivation Company; (2) Aim to list stock
- Target investment ratio: 3% to 10%
- Contribution to business growth through support in the organizational and personnel field.



# Link and Motivation Group Operating Structure

## Mission:

We will provide **organizations** and **individuals** with opportunities for transformation through Motivation Engineering to help achieve a more meaningful society.



Link and Motivation Inc.  
Consolidated Financial Information for the  
Six Months Ended June 30, 2017  
(First Half of 2017)



ひとりひとりの本気がこの世界を熱くする

Link and Motivation Group

