

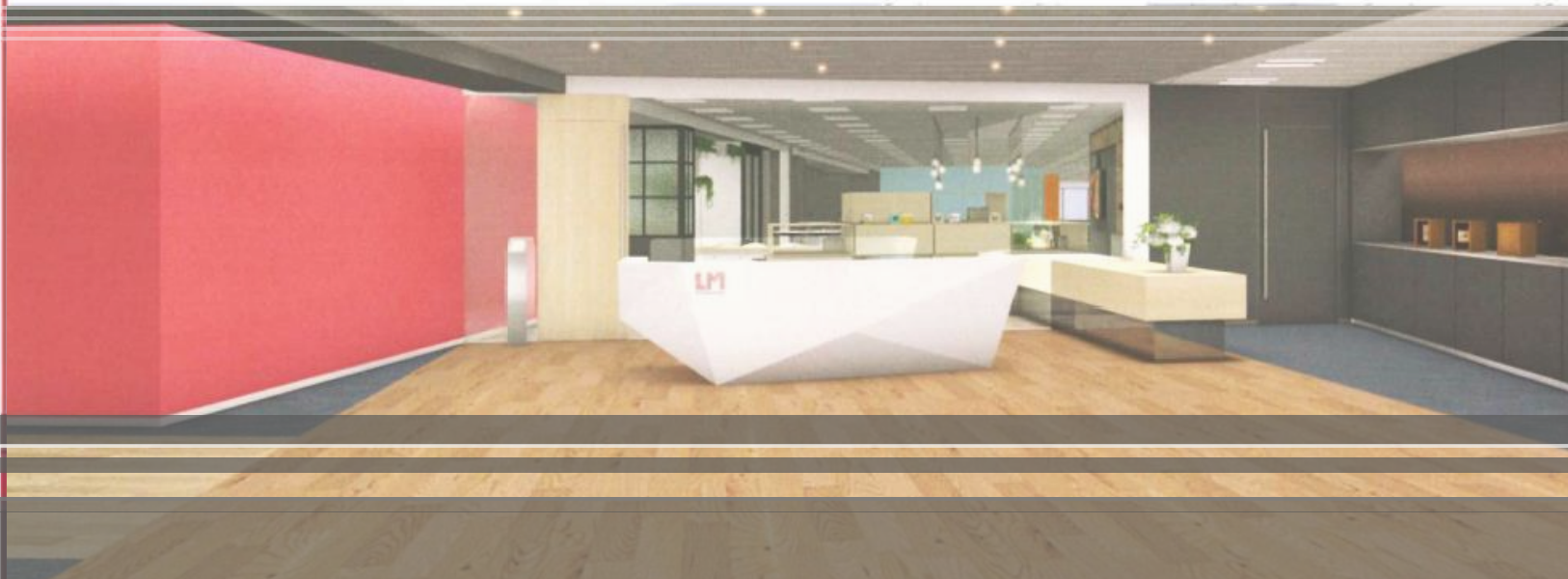
Link and Motivation Inc.

Consolidated Financial Information for the Nine Months Ended September 30, 2017



ひとりひとりの本気がこの世界を熱くする

Link and Motivation Group



1. Announcement of Consolidated Business Results for the Nine Months Ended September 30, 2017
2. Progress Report on Key Indicators
3. Report on New M&A



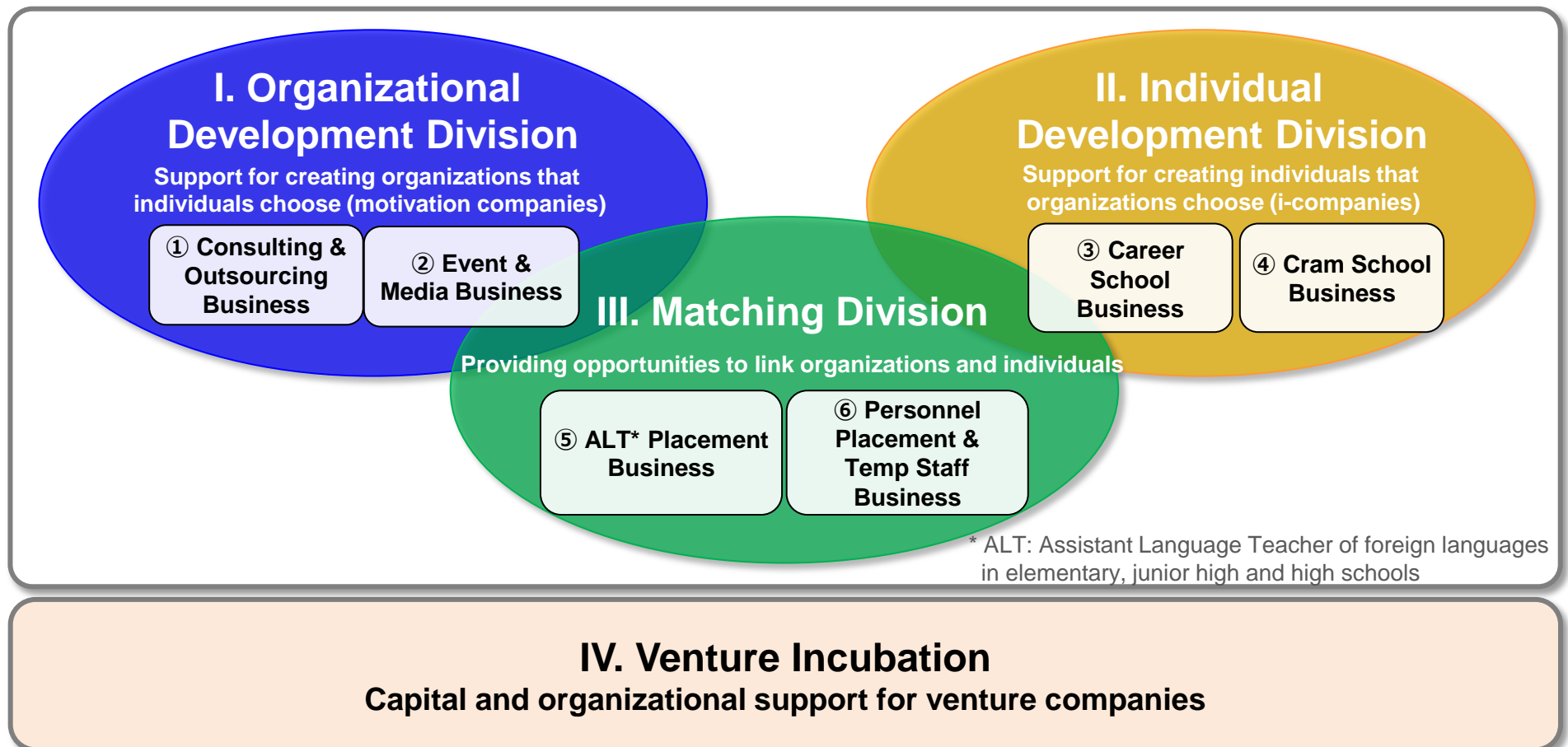
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Announcement of Consolidated Business Results for the Nine Months Ended September 30, 2017

Link and Motivation Group Operating Structure

Mission:

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



Consolidated Statements of Operations (Results/YoY Change)

(¥ million)	2016 3Q Results	2017 3Q Results	YoY Change
Revenues	24,860	27,081	+8.9%
Operating Income before Exceptional Items	1,983	2,318	+16.9%
Operating Income	1,828	2,341	+28.1%
Net Income	1,454	1,505	+3.5%

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 second 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 the highly profitable Organizational Development Division and strong performance in the Matching Division.
- Net income increased YoY, with a higher effective tax rate than in the previous year.

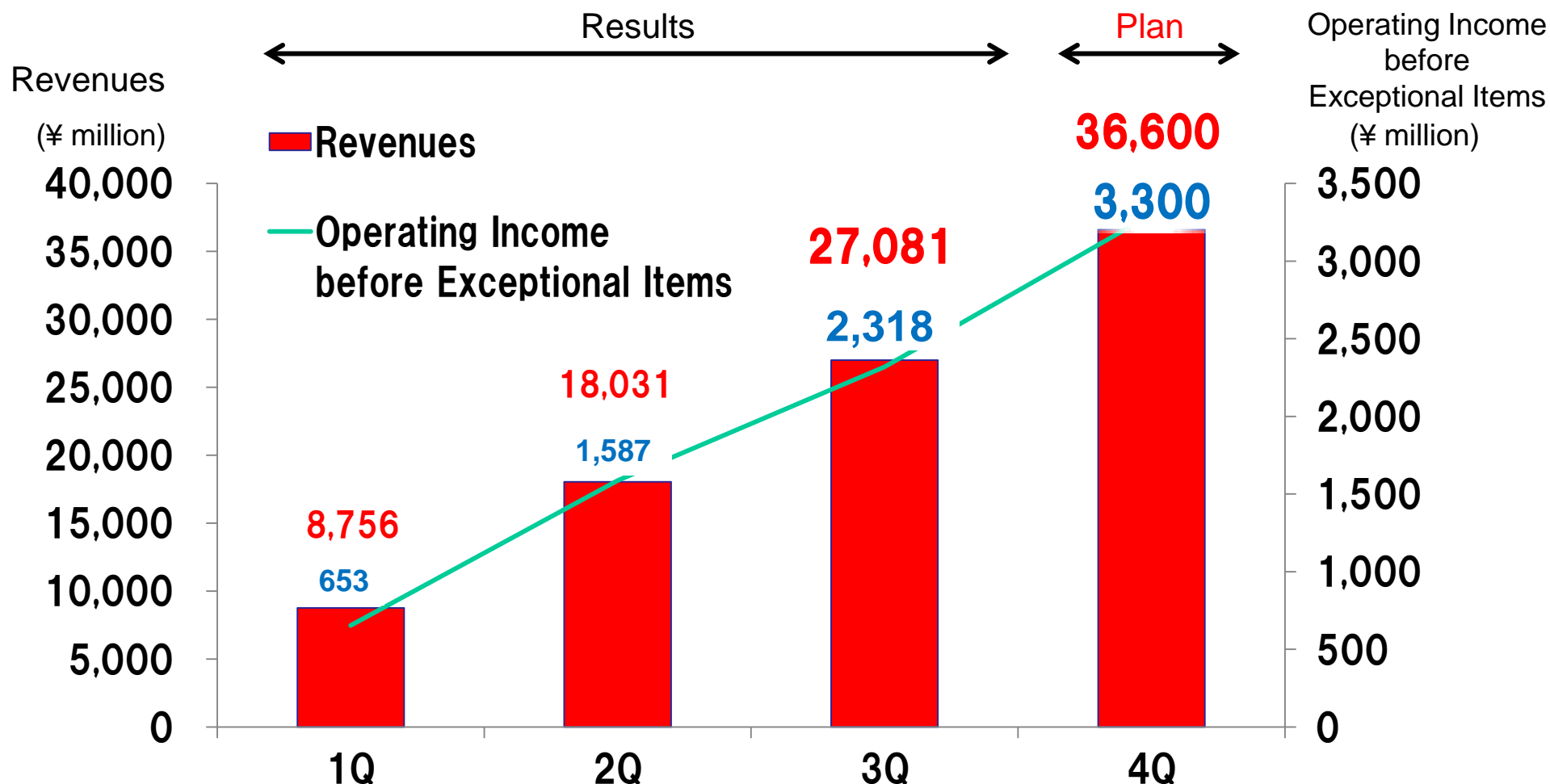
Consolidated Statements of Operations (Results/Results vs. Forecast)

(¥ million)	2016 3Q Results	2017 3Q Forecast	2017 3Q Results	Results vs. Forecast	YoY Change
Revenues	24,860	27,000	27,081	+0.3%	+8.9%
Operating Income before Exceptional Items	1,983	2,380	2,318	-2.6%	+16.9%
Operating Income	1,828	-	2,341	-	+28.1%
Net Income	1,454	-	1,505	-	+3.5%

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 slightly exceeded the forecast due to firm results in each division.
- On the other hand, due to strategic upfront deployment of SG&A expenses to accelerate expansion of new businesses, operating income before exceptional items fell slightly short of the forecast but was generally satisfactory.

2017 Revenues and Operating Income before Exceptional Items: Plan



- With steady progress toward our forecast for the year, we expect to achieve record-high results.

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

(¥ million)	2016 3Q Results	2017 3Q Results	YoY Change
Total SG&A Expenses	7,128	7,675	+7.7%
① Personnel Expenses	3,600	3,386	-5.9%
② Recruiting, Training and Welfare Expenses	440	586	+33.2%
③ Rent	478	708	+47.9%
④ Office and System Expenses	841	970	+15.4%
⑤ Sales-related Expenses	1,116	1,276	+14.4%
⑥ Transportation and Other Expenses	651	746	+14.6%

- ① Personnel expenses decreased due to promotion of greater work efficiency among managers, but ② Recruiting, training and welfare expenses, ③ Rent and ④ Office and system expenses increased due to an increase in Group personnel and the establishment of an integrated office.
- In addition, proactive deployment of sales promotion expenses to accelerate expansion of Motivation Cloud and other new businesses was the main factor causing an increase in ⑤ Sales-related expenses, and as a result overall SG&A expenses increased YoY.

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

(¥ million) [Gross profit in brackets]		2016 3Q Results	2017 3Q Results	YoY Change
Organizational Development Division	Revenues	7,470	8,719	+16.7%
	Gross Profit	[4,942]	[5,536]	+12.0%
Individual Development Division	Revenues	5,008	5,299	+5.8%
	Gross Profit	[1,718]	[1,808]	+5.2%
Matching Division	Revenues	13,186	14,169	+7.5%
	Gross Profit	[3,065]	[3,340]	+9.0%

- In the Organizational Development Division, revenues and gross profit both increased substantially YoY due to significant growth of projects with a high profit margin in the Consulting & Outsourcing Business.
- In the Individual Development Division, revenues and gross profit both increased YoY due to firm performance in the Career School Business and business expansion from M&A in the Cram School Business.
- In the Matching Division, revenues and gross profit both increased YoY due to firm performance in the ALT Placement Business and the Personnel Placement & Temp Staff Business.

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

Product (¥ million) [Gross profit in brackets]		2016 3Q Results	2017 3Q Results	YoY Change
① Consulting & Outsourcing Business		6,156 [4,151]	6,762 [4,817]	+9.8% +16.0%
	Package	1,878	2,103	+12.0%
	Consulting	2,706	3,073	+13.6%
	Outsourcing	1,039	789	-24.1%
	Member/database services	532	796	+49.4%
② Event & Media Business		2,472 [1,025]	3,113 [958]	+25.9% -6.6%
	Event production	1,531	2,062	+34.7%
	Media production	941	1,050	+11.6%

- In ① the Consulting & Outsourcing Business, Package and Consulting sales grew, including training programs to strengthen management and sales capabilities, etc., spurred by work style reform. In addition, sales of Motivation Cloud, a highly profitable cumulative-type product with ongoing fees, grew significantly and revenues increased and gross profit increased substantially YoY.
- In ② the Event & Media Business, revenues increased substantially YoY due to an increase in demand for operation of events derived from the Consulting & Outsourcing Business, IR-related media production and other products. On the other hand, gross profit decreased YoY because of the increase in event operation, which has a high cost ratio.

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

Product (¥ million) [Gross profit in brackets]	2016 3Q Results		2017 3Q Results		YoY Change
	Results	% of total	Results	% of total	
③ Career School Business	4,926 [1,722]	-	5,036 [1,759]	-	+2.2% +2.1%
Office	2,466	50.1%	2,235	44.4%	-9.4%
Pro Series	549	11.1%	674	13.4%	+22.9%
Accounting courses	445	9.1%	425	8.4%	-4.6%
National exam courses	436	8.9%	450	8.9%	+3.2%
Civil servant courses	892	18.1%	1,000	19.9%	+12.2%
Educational materials/other	137	2.8%	101	2.0%	-25.7%
English conversation	-	-	148	3.0%	-
④ Cram School Business	81 [-3]	-	262 [49]	-	+221.3% -

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 as growth in sales of Pro Series and Civil servant courses offset a decline in sales of Office.
- In ④ the Cram School Business, revenues and gross profit both increased substantially YoY due to an increase in the number of classrooms as a result of M&A.

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

	Product (¥ million) [Gross profit in brackets]	2016 3Q Results	2017 3Q Results	YoY Change
*	⑤ ALT Placement Business	7,419 [1,943]	8,035 [2,170]	+8.3% +11.7%
	⑥ Personnel Placement & Temp Staff Business	5,775 [1,129]	6,417 [1,419]	+11.1% +25.7%
	Store sales temp staff	4,914	5,322	+8.3%
	Office temp staff	473	472	-0.1%
	Foreign worker support	-	84	—
	Recruiting/introductions	387	537	+38.7%

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

- In ⑤ the ALT Placement Business, revenues increased and gross profit increased substantially 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 and gross profit both increased substantially YoY due to strong results for Store sales temp staff backed by a shortage of personnel, mainly in the retail service industry, and with significant growth in the high-margin Recruiting/introductions category.

Consolidated Balance Sheets (Results/YoY Change)

(¥ million)	Dec. 31, 2016	Sept. 30, 2017	Increase (Decrease)
① Current Assets	6,747	6,728	(19)
② Non-current Assets	11,785	16,941	5,155
③ Deferred Assets	0	0	0
Total Assets	18,532	23,669	5,136
④ Current Liabilities	9,668	11,104	1,436
⑤ Non-current Liabilities	4,084	5,808	1,724
Total Liabilities	13,752	16,913	3,161
⑥ Total Equity	4,780	6,756	1,975

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

- Dividend Policy of 2017

- Continue to **pay quarterly dividends**

- Scheduled Third-Quarter Dividend for 2017

- A dividend of **1.6 yen** per share is scheduled to be paid on Monday, December 25, as originally planned.

	First Quarter	Second Quarter	Third Quarter (scheduled)	Fourth Quarter (scheduled)
Dividend per share	1.50 yen	1.50 yen	1.60 yen	1.60 yen

Notes: 100 shares per unit of the Company's stock.
The dividend has been increased as of the third quarter.

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Progress Report on Key Indicators



Key Indicators by Division in 2017

Mission:

Through Motivation Engineering, we provide opportunities to transform **organizations** and **individuals** and create 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.

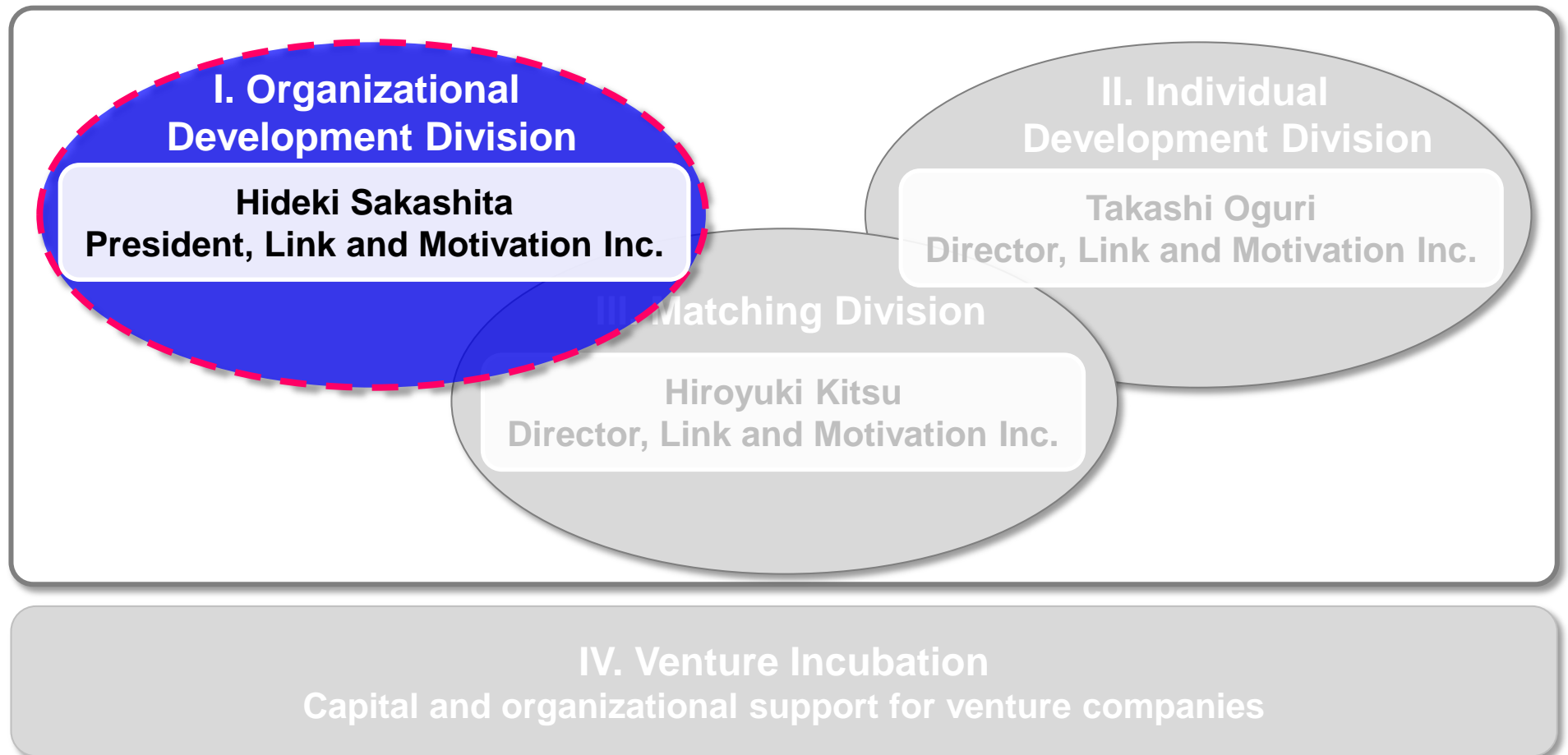
IV. Venture Incubation

Capital and organizational support for venture companies

Key Indicators by Division in 2017

Mission:

Through Motivation Engineering, we provide opportunities to transform **organizations** and **individuals** and create 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

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

Certain functions **patented**

• **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

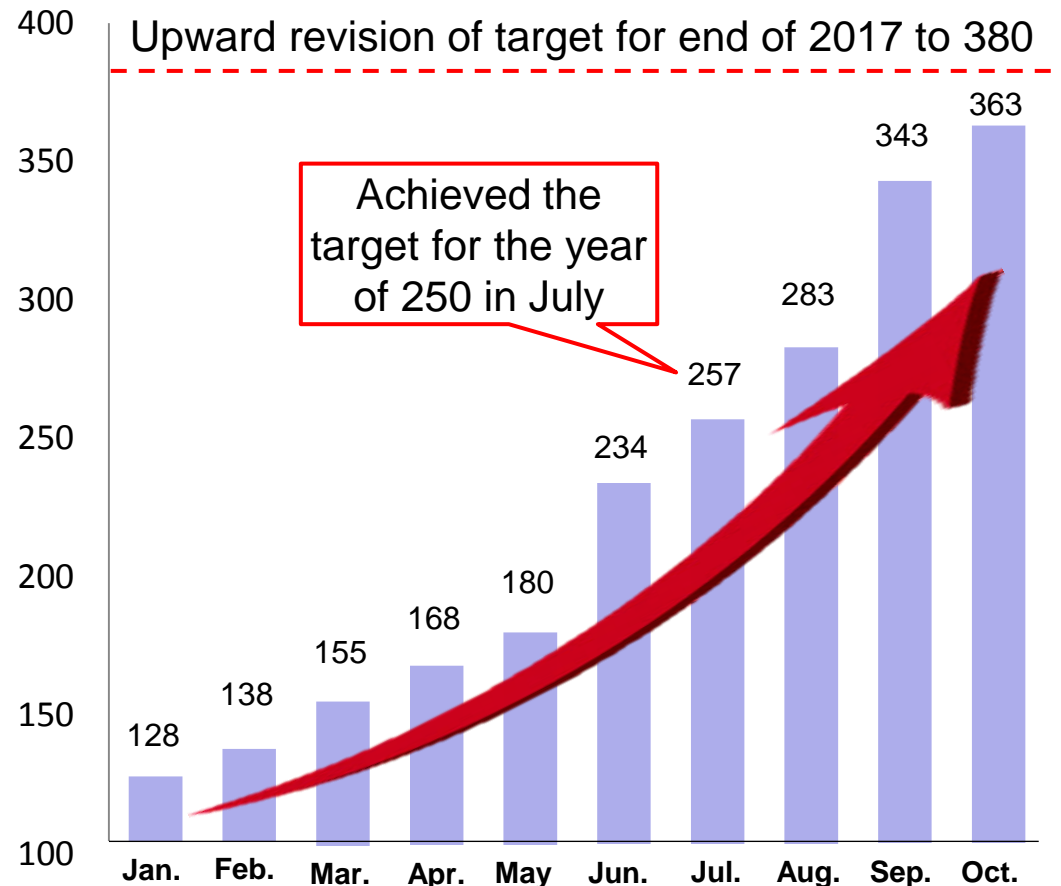
• **Organizational Improvement (Plan/Do/Check/Act)**

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



October 13, 2017
Entered into a business alliance with four companies in the human resources industry to promote sales of Motivation Cloud

 RECRUIT
リクルートキャリア

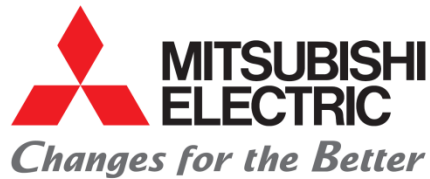
 パーソル キャリア
PERSONAL

 neocareer

はたらく人のワクワクをクリエイトする。
 あしたのチーム

- Steady progress toward the target of 380 contact points by the end of 2017
- Aiming for 2,000 contact points by the end of 2020 through proactive alliances with other companies

Contact points that have adopted Motivation Cloud (partial list)

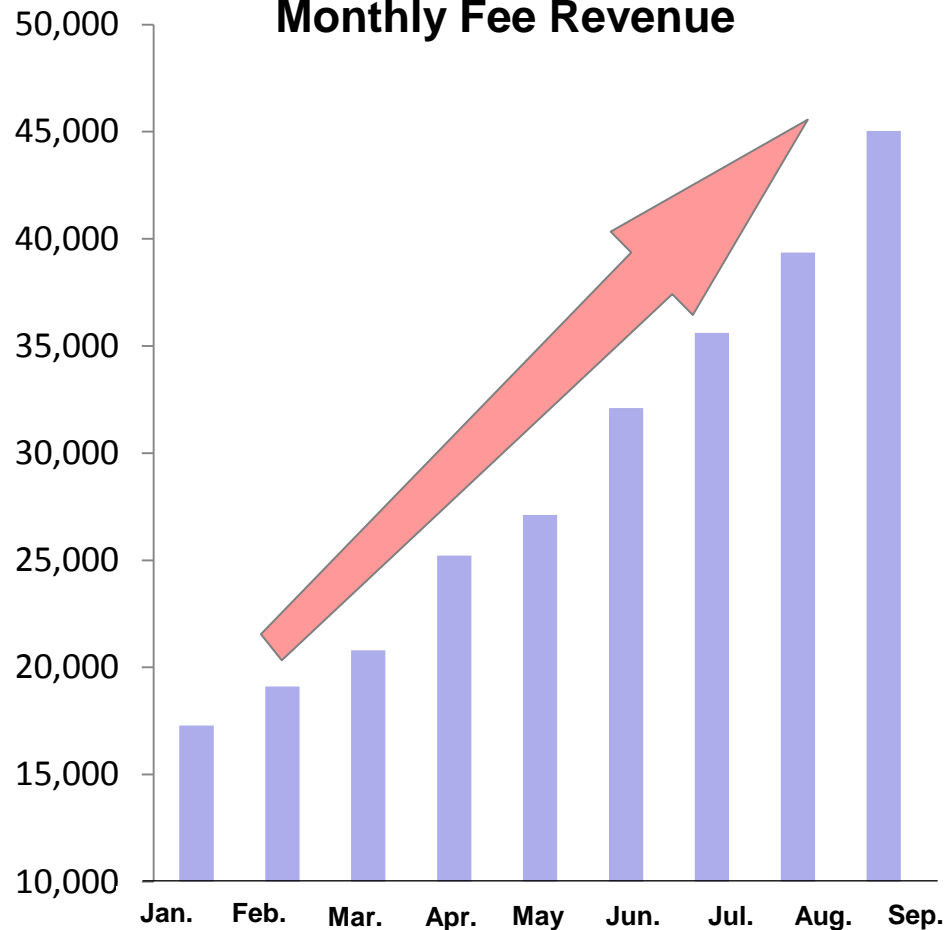


- Support is growing from leading companies in Japan that aim to increase employee engagement, regardless of industry.

Organizational Development Division Key Indicator: Motivation Cloud

(¥ thousand)

Monthly Fee Revenue



Motivation Cloud: Sales Data for Nine Months Ended Sept. 2017

Sales: ¥455 million yen

(Breakdown) Installation fees: ¥193 million
Monthly fees: ¥261 million

Sales per Contact Point

Installation fee: ¥1,088 thousand
Monthly fee: ¥162 thousand/month

Note: Monthly fees vary according to the size of the contact point

Scale of Annual Revenue from Monthly Fees:

Sample Calculations

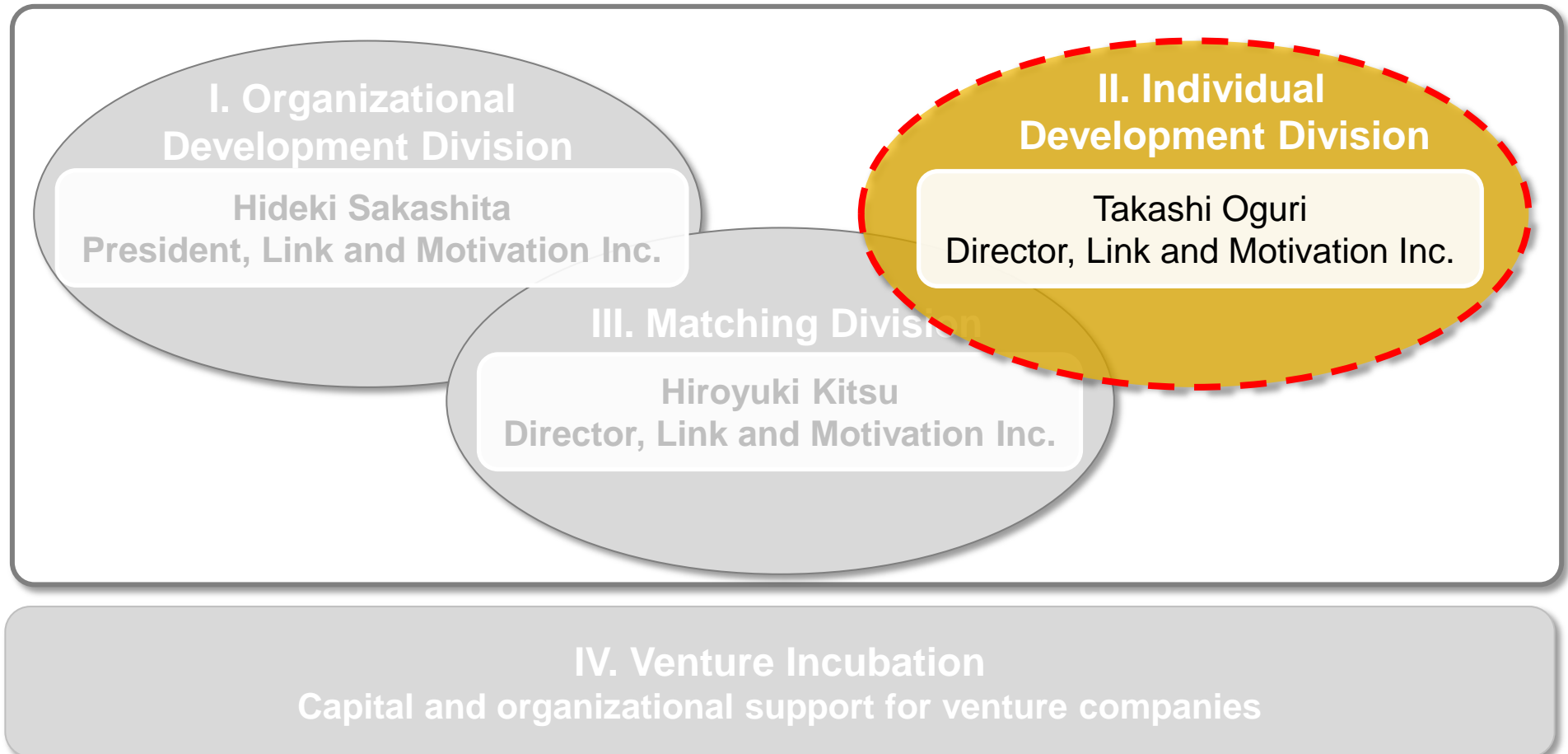
380 contact points × ¥162 thousand/mo. × 12 months = Approx. ¥700 million
2,000 contact points × ¥162 thousand/mo. × 12 months = Approx. ¥4 billion

- With the achievement of 380 contact points by the end of 2017, Motivation Cloud will grow into a ¥700 million/year product.
- We will add more contact points to reach 2,000 by 2020 (approx. ¥4 billion/year business).

Key Indicators by Division in 2017

Mission:

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



Backed by demand for hiring IT staff, the **Aviva Pro** training course for IT human resources is **growing steadily**

Aviva Pro training course for IT human resources

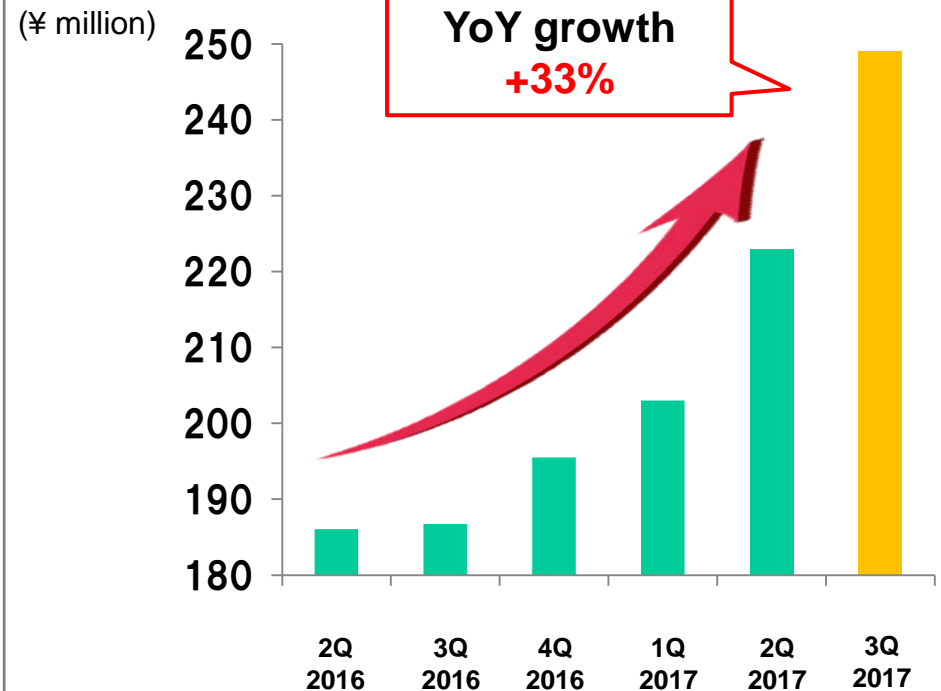


IT courses for learning **JAVA**, **SQL**, etc. in a game format.
In the 2 years since its launch, the lineup has grown to **38 courses**, among the most in the industry.



In addition to courses in areas such as **PHP**, **CAD** and **Android apps**, focus on expanding **courses for IT**, a market where demand is high.

Sales of Aviva Pro



- We will accelerate expansion of the Aviva Pro lineup of courses, and aim to develop 50 courses by the end of 2018 and 70 courses by the end of 2019.

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

Overview of Rosetta Stone Premium Club



Opening 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*.

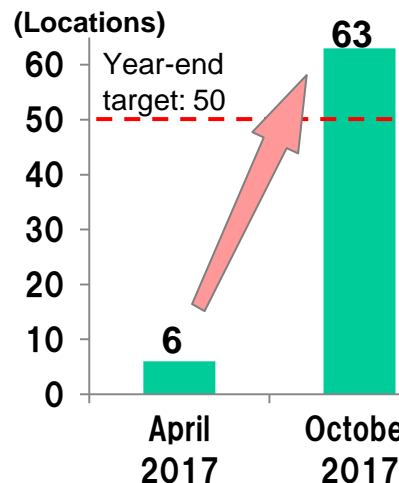
Progress in expanding English conversation in the Career School Business

Proactive rollout of new locations since April 2017

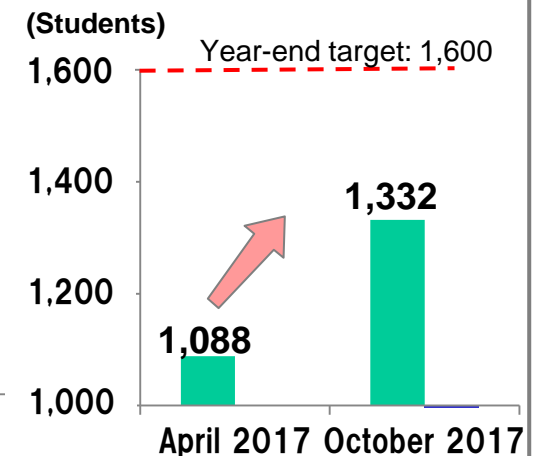
Locations: 6 \Rightarrow **63** (year-end target: 50)

Students: 1,088 \Rightarrow **1,332** (year-end target: 1,600)

Number of Locations



Number of Students

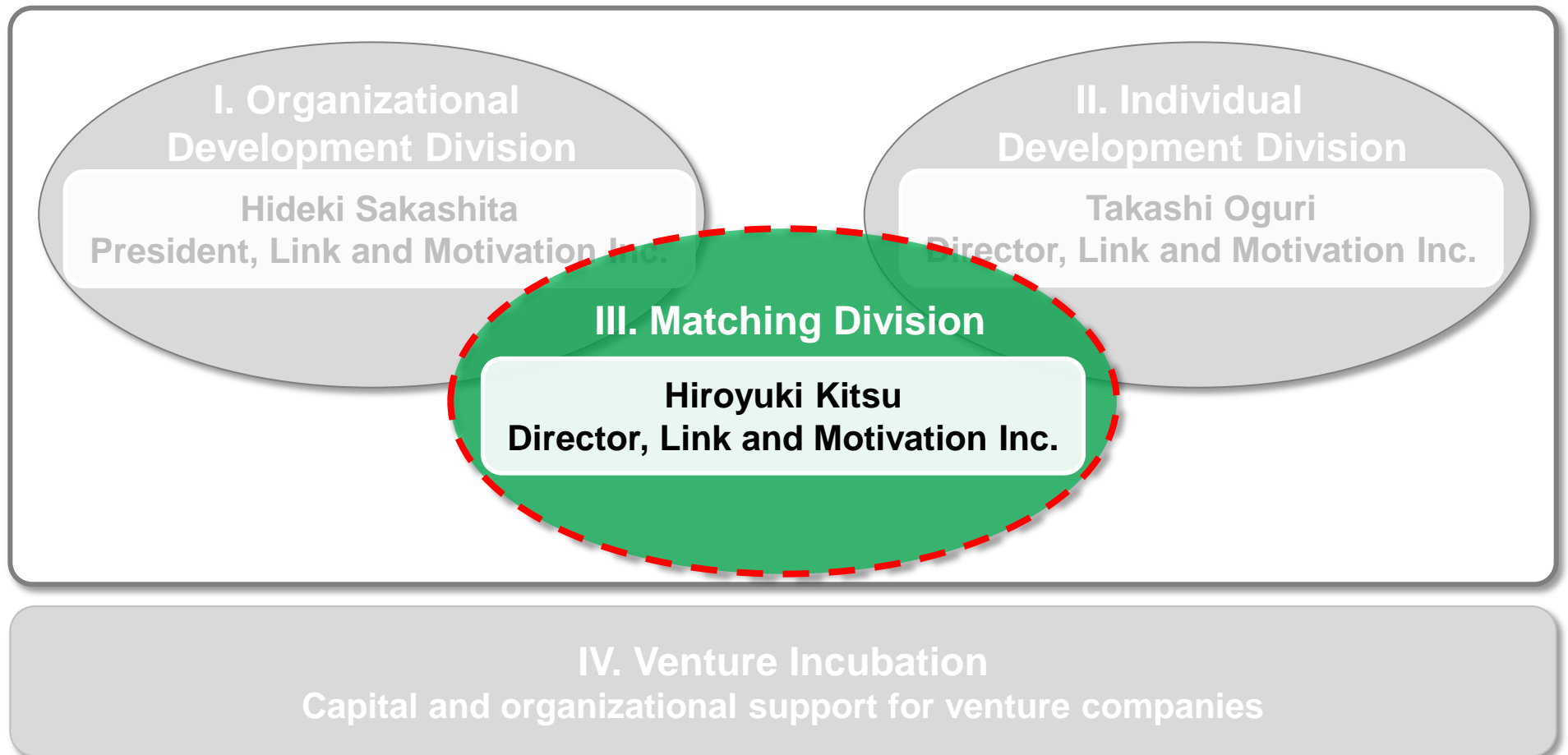


- Opening of Rosetta Stone brand English conversation lessons targeting high-end customers with language learning using advanced techniques in the top-class space of the GINZA SIX building
- Investing in proactive sales promotion with the aim of 1,600 students by the end of 2017

Key Indicators by Division in 2017

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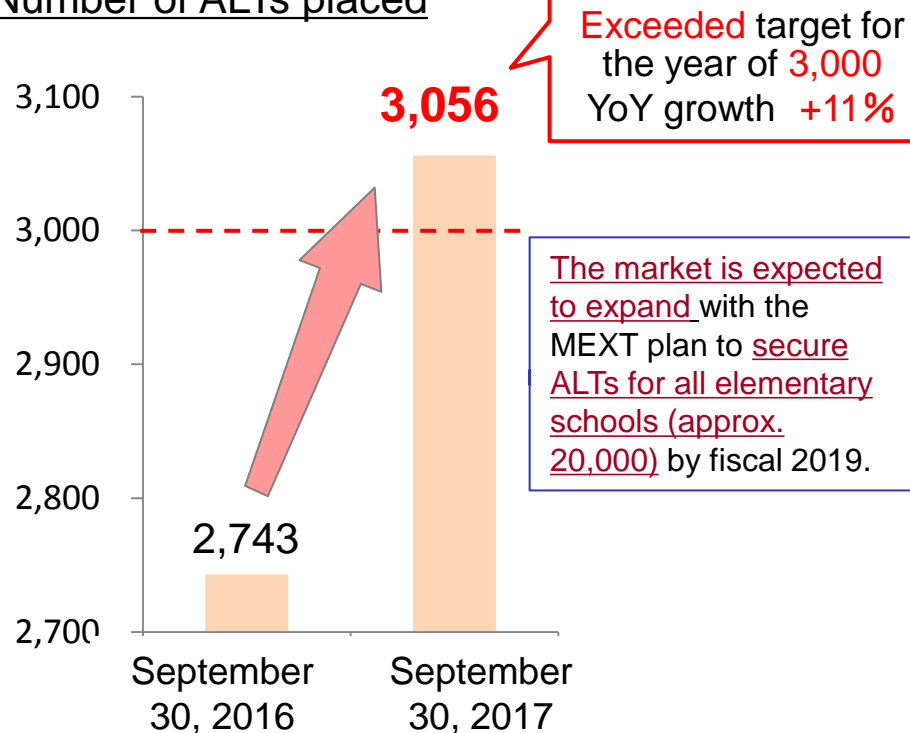
Matching Division Key Indicator: ALT Placements

With the expansion of English education in Japanese public schools,

ALT placements exceeded the target for the year of 3,000.

We are enhancing overseas hiring locations in anticipation of greater future demand for ALTs.

Number of ALTs placed



Overseas hiring locations for foreign staff



Enhanced recruiting in Oceania

Registrants in LMG's overseas hiring database

Sept. 30, 2016: 25,835

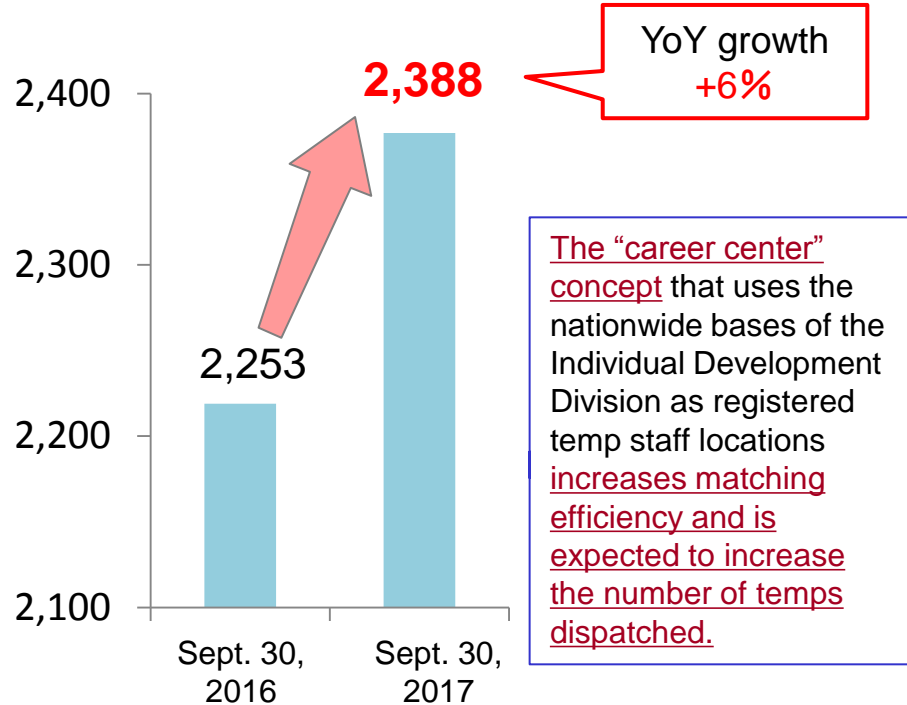
Sept. 30, 2017: **37,989 (+47% YoY)**

- Number of ALTs substantially exceeded last year's results, achieving the target for the year of 3,000 by the end of September.
- We are further enhancing recruiting of foreigners to work in Japan to meet future needs for hiring foreign workers.

Matching Division Key Indicator: Number of Temp Staff Dispatched

Increase in the number of temp staff due to rising corporate needs for personnel
Use the corporate name change as an opportunity to expand temp staff service fields

Number of temp staff dispatched in Japan



Name change of company conducting temp staffing in Japan

As of January 1, 2018
Link Marketing Inc. will change its name

New name:

Link Staffing Inc.

Change its defined role from marketing (store and office sales support) to a comprehensive personnel company

- Using the name change as an opportunity, aim to be the **best partner for creating new value** by matching motivation companies and i-companies

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IV. Venture Incubation

Capital and organizational support for venture companies

New Investment: Phone Appli Inc.

Phone Appli Inc.

Established: January 2008
Representative: Yosuke Ishihara, President
Capital: ¥293,104,960
Employees: 95 (as of November 1, 2017)
Philosophy: Helping to bring forth innovation by connecting people to people and people to things through the Internet

Business: **No. 1 share in Web phone directory apps for 4 years in a row.***

Provides services to raise the efficiency of various types of corporate communication and to support work style reform, with a focus on the Web phone directories “Phone Appli Collaboration Directory” and “Renraku Toreru-kun.”

* December 2016 survey by MM Research Institute, Ltd.



Yosuke Ishihara, President and Representative Director



Phone Appli

- We completed investment in Phone Appli Inc. on October 31, 2017.
- In addition to funding, we will provide assistance for stock listing through our organizational and personnel support.

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



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



Investment Completed October 31, 2017

- ⑳ Phone Appli Inc.
Planning, development and sale of Web phone directory services



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

3

Report on New M&A



Report on Stock Acquisition

On October 31, 2017, we acquired 100% of the stock of a2media Corporation, an investor relations (IR) support company with two group companies, to **expand in the IR support field**



Company Overview

Name: a2media Corporation
Established: August 2002
Capital: ¥62.3 million
Net Sales: ¥1,284 million (Year ended March 2017)
Representative: Junichi Fujimoto
Employees: Approximately 50
Address: 3-3-1 Nishi-Shinbashi, Minato-ku, Tokyo

Business

With a track record of IR support for more than 350 companies a year, a2media conducts “proactive IR” that builds relationships of trust with investors and raises corporate value.

Group Companies

① Inbound Tech Inc.

Foreign visitor (inbound) services through a multilingual call center
a2media equity ownership: 23.26%



② Japan REIT Inc.

Systems development specializing in the real estate financing industry
a2media equity ownership: 25%



Note: The above two companies are affiliates in which a2media holds a portion of the shares.

Expected Synergies from the Stock Acquisition



Link Corporate Communications Inc.
株式会社リンクコーポレートコミュニケーションズ

Note: A company involved in IR support in LMG's
Event & Media Business

① Synergy in the IR support field

- Synergy from differences in existing customer portfolios

Little overlap in existing customer portfolios of the two companies

- Synergy from differences in core products

a2media: Shareholder reports, websites

LMG: Annual reports, videos

- Aim to be the leader in the IR support business



株式会社 リンク・インタラク



Link Japan Careers Inc.
株式会社リンクジャパンキャリア

Note: Companies involved in LMG's foreign worker support

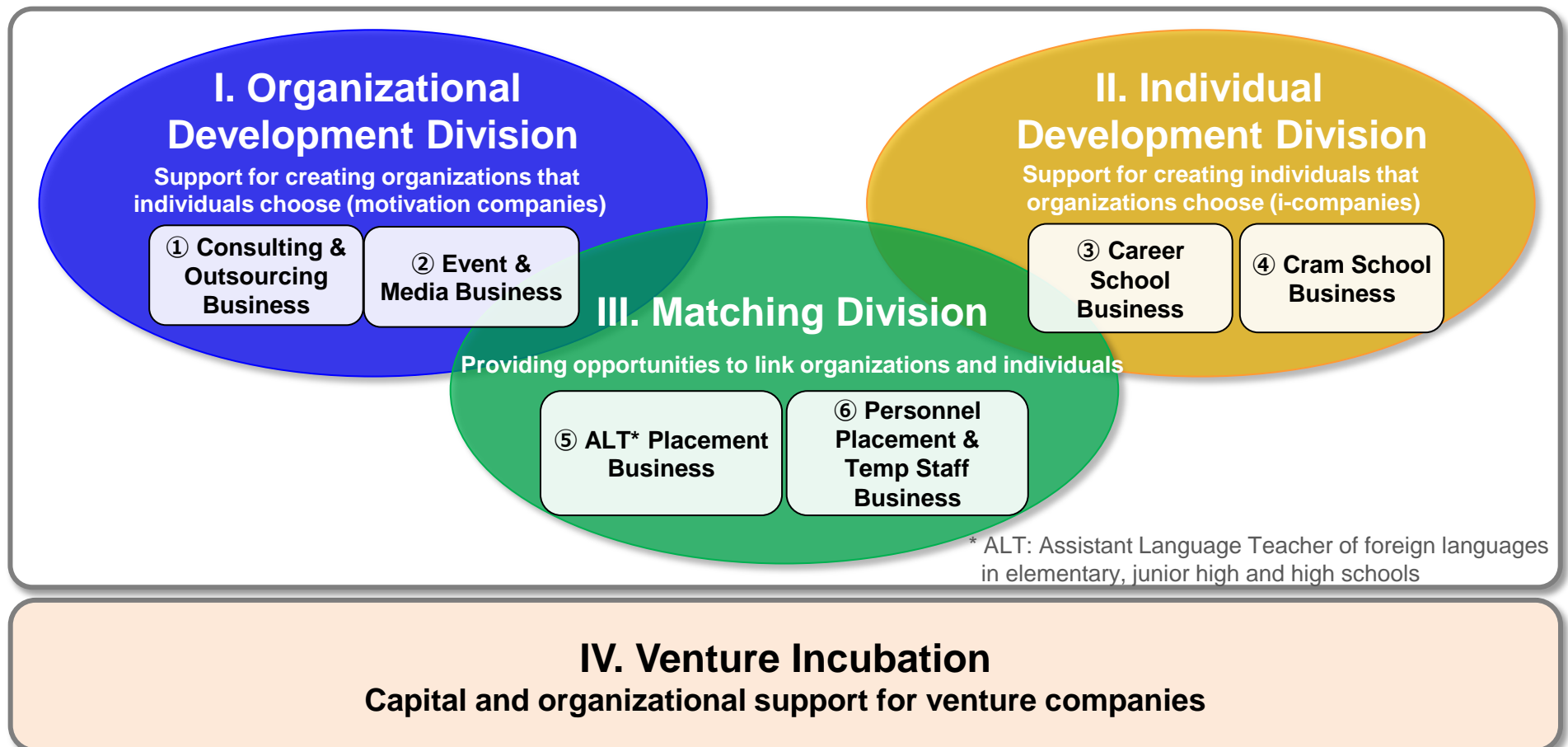
② Synergy in foreign HR support

Expected cooperation between the **multilingual call center business** of Inbound Tech and the **foreign human resources** and related **support solutions for living in Japan** provided by LM Group companies

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Link and Motivation Inc.

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Link and Motivation Group

