Link and Motivation Inc.

Securities Code: 2170

Consolidated Financial Information for the Fiscal Year Ended December 31, 2018

February 14, 2019

Link and Motivation Group

2018 Presentation Agenda

1. Company Overview

2. Business Report
   (Announcement of Results for 2018)

3. Organizational Status Report
   (Report on 2018 Engagement Ratings)

4. Announcement of Shareholder Returns:
   Dividend Increase and Enhancement of Shareholder Special Benefit Plan

5. 2019 Forecast

6. Topics
   - Introduction of Candidate for New Outside Director
   - Introduction of New Investee Company

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Company Overview

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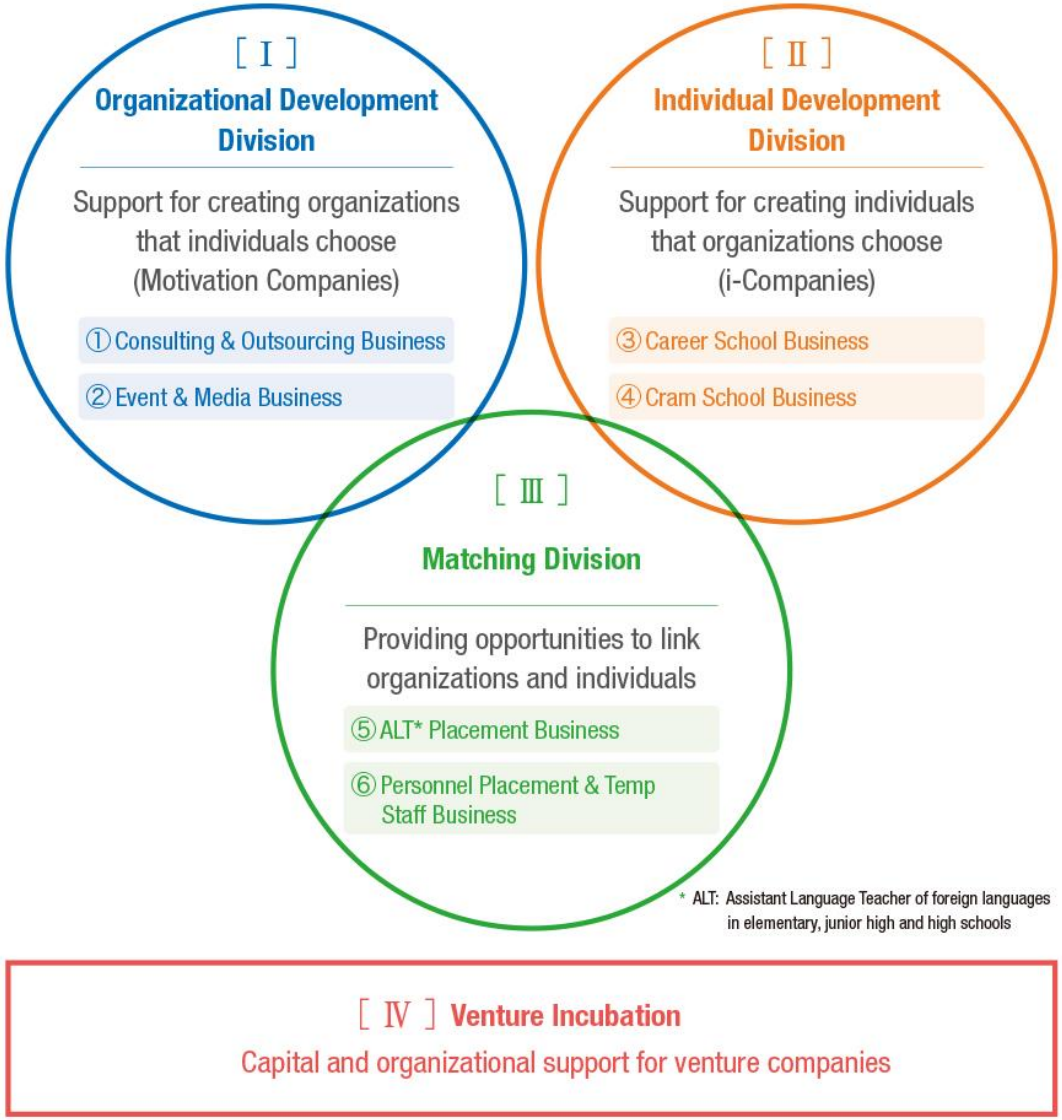
Operating Structure of the Link and Motivation Group

Mission

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



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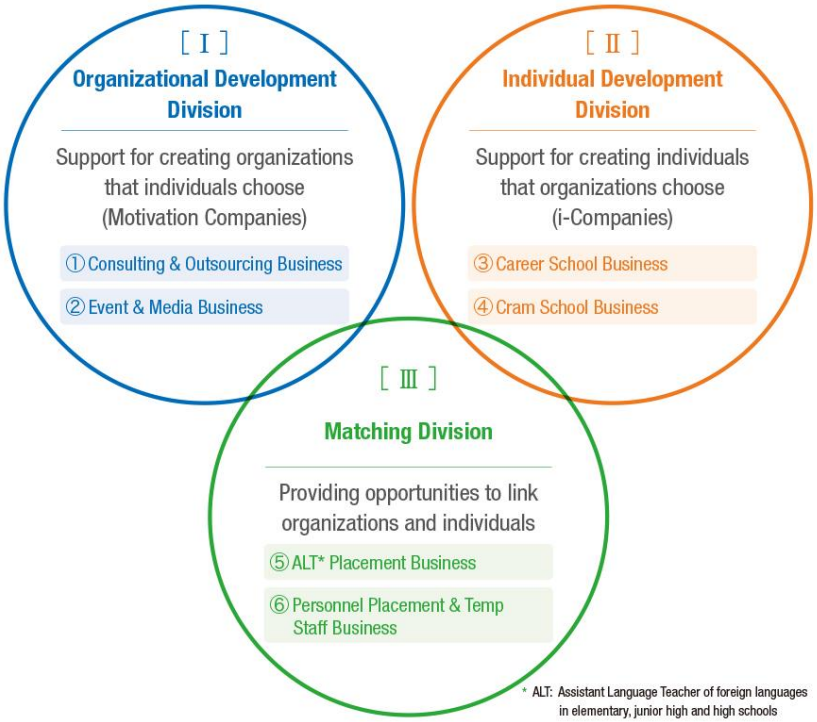
Strengths of the Link and Motivation Group

Core Technology
Motivation Engineering



[IV] Venture Incubation
Capital and organizational support for venture companies

【Strength ①】"Only One" Status

Promotion of businesses that are the only one of their kind in their markets through the application of our core technology Motivation Engineering

【Strength ②】Profit Stability and Growth*

Operation of businesses that can pursue both profit stability and growth in business fields ranging widely from individuals to corporations

* Segments with high stability: Individual Development Division, Matching Division

【Strength ③】Engagement in the Company

The Link and Motivation Group is an organization with a high level of engagement through the application of our core technology Motivation Engineering

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Business Report
(Announcement of Results for 2018)

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Consolidated Statements of Operations (Results/YoY Change)

(¥ million)	2017 Results	2018 Results	YoY Change
Revenues	36,894	39,941	+8.3%
Gross Profit	13,362	15,651	+17.1%
Operating Income	3,365	3,825	+13.7%
Net Income	2,096	1,918	-8.5%

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.

Key Points

- Revenues, gross profit and operating income increased year-on-year (YoY) to record highs.
- Operating income increased approx. 14% YoY and the operating margin also increased (from 9.1% to 9.6%).
- Net income decreased YoY as a result of recording a ¥400 million loss on impairment of goodwill of associates due to a delay in achieving the business plan of Inbound Tech Inc., an equity-method associate.

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

(¥ million)	2018 Forecast	2018 Results	Results vs. Forecast
Revenues	40,700	39,941	-1.9%
Operating Income	4,120	3,825	-7.1%
Net Income	2,530	1,918	-24.2%

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.

Key Points

- Revenues were marginally below the forecast because Organizational Development Division businesses other than Motivation Cloud performed slightly below expectations.
- Operating income fell short of the forecast due to proactive investment in sales promotion for mainstay product Motivation Cloud and from recording a loss on impairment of goodwill associated with a delay in achieving the business plan for the English conversation school business, in addition to the shortfall in revenues.
- Net income fell short of the forecast due to a loss on impairment of goodwill of associates, in addition to the shortfall in operating income.

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Consolidated Statements of Operations (Results/YoY Change)

(¥ million)	2017 Results	2018 Results	YoY Change
Total SG&A Expenses	10,041	11,592	+15.4%
① Personnel Expenses	4,503	5,320	+18.1%
② Recruiting, Training and Welfare Expenses	666	716	+7.4%
③ Rent	993	1,131	+14.0%
④ Office and System Expenses	1,272	1,446	+13.7%
⑤ Sales-related Expenses	1,667	1,917	+15.0%
⑥ Transportation and Other Expenses	937	1,059	+13.0%

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.

Key Points

- ① Personnel expenses increased substantially due to an increase in staff for the Group as a whole and ③ Rent also increased substantially due to the relocation to the Tokyo Integrated Office in May 2017 in connection with the expansion of business operations.
- Also, ⑤ Sales-related expenses increased substantially due to concentration of sales promotion expenses on Motivation Cloud and other priority businesses, causing total SG&A expenses to increase substantially YoY.

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

(¥ million)		2017 Results	2018 Results	YoY Change
Organizational Development Division	Revenues	11,695	13,277	+13.5%
	Gross Profit	7,329	8,786	+19.9%
Individual Development Division	Revenues	7,220	7,879	+9.1%
	Gross Profit	2,506	2,983	+19.0%
Matching Division	Revenues	19,379	20,106	+3.8%
	Gross Profit	4,477	4,962	+10.8%

Key Points

- In the Organizational Development Division, revenues and gross profit both increased substantially YoY due to the steady growth of the highly profitable Consulting & Outsourcing Business.
- In the Individual Development Division, revenues increased and gross profit increased substantially YoY due to strong performance by the Career School Business and expansion of the Cram School Business.
- In the Matching Division, revenues increased and gross profit increased substantially YoY due to solid performance by the ALT Placement Business, despite slackening growth in the Personnel Placement & Temp Staff Business.

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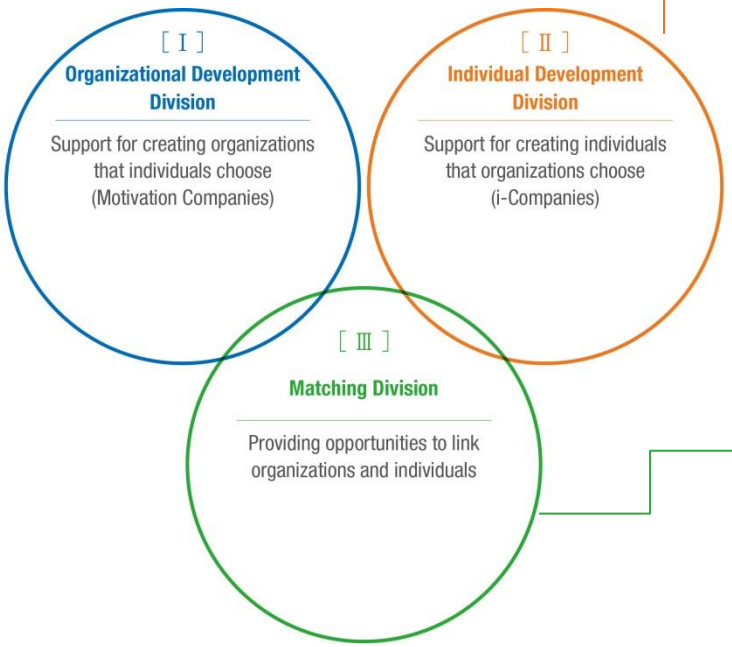
Business KPIs by Segment

Organizational Development Division

Motivation Cloud Monthly Fee Revenue
(Subscription Model)

Gross Profit per Customer
(Consulting/Outsourcing Model)



Individual Development Division

Number of Enrollees
・
Lifetime Value (LTV*)

* LTV = Total amount of customer course fees until contract termination

Matching Division

Number of Staff Dispatched
・
Number of Introductions

Key Point

- We set business KPIs* for each segment.

* KPI＝Key Performance Indicator

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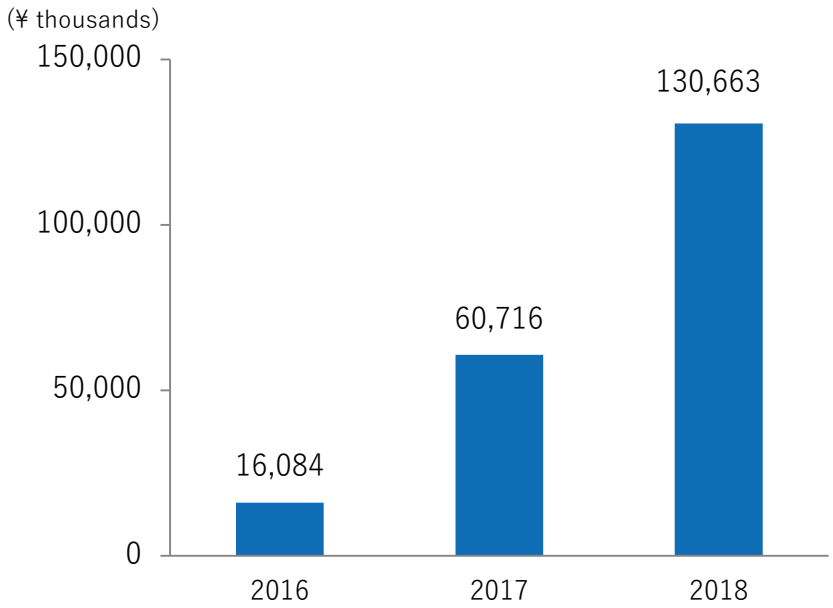
Business KPI Results over Time (Subscription Model)

Business KPI	Motivation Cloud Monthly Fee Revenue
2018 Results	¥130,663 thousand



Breakdown of Monthly Fee Revenue in 2018

Contact points[1]: 718
Delivered orders[2]: 662
Average monthly fee[3]: ¥197,000/month
(As of Sept. 2018 ¥183,000/month)

1. Number of companies subscribed to Motivation Cloud
2. Number of companies where Motivation Cloud service delivery has started
3. Monthly fee revenue ÷ number of delivered orders

Key Points

- We have set Motivation Cloud monthly fee revenue as the business KPI for the subscription model.
- Performance was strong in 2018, with 115% growth YoY.

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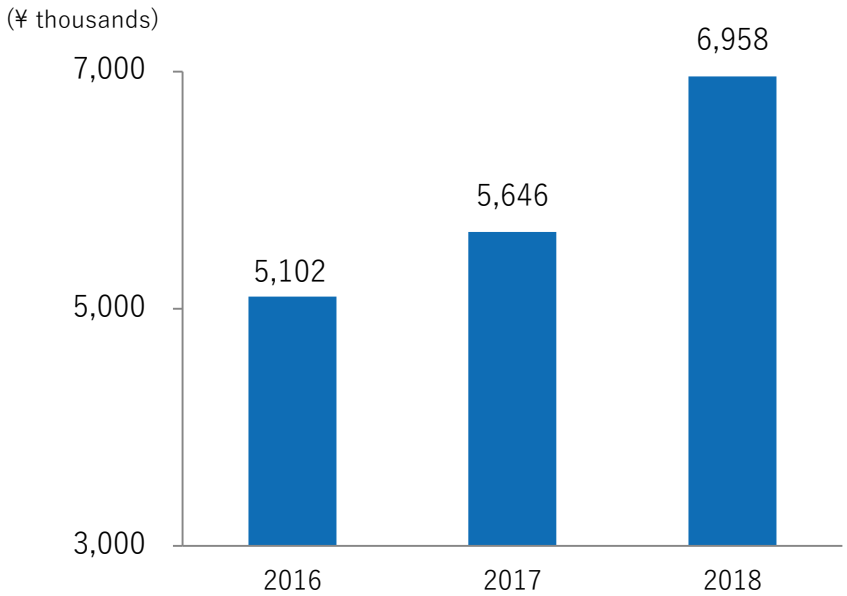
Organizational Development Division
Business KPI Results over Time (Consulting/Outsourcing Model)

Business KPI	Gross Profit per Customer
2018 Results	¥6,958 thousand



Note: The consulting/outsourcing model is for Organizational Development Division businesses other than Motivation Cloud and the Event & Media Business.

Key Points

- We have set gross profit per customer as the business KPI for the consulting/outsourcing model.
- Performance was strong in 2018, with 23% growth YoY.

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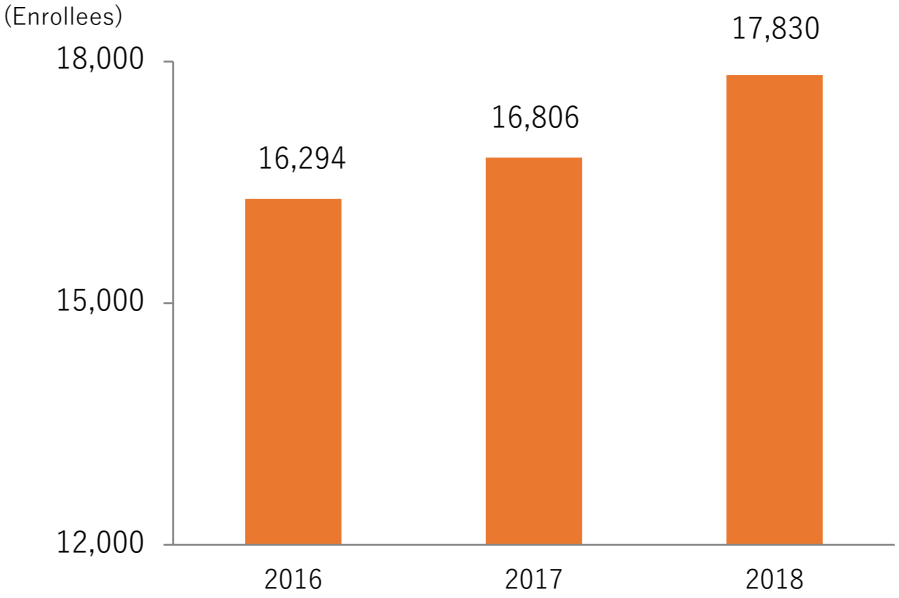
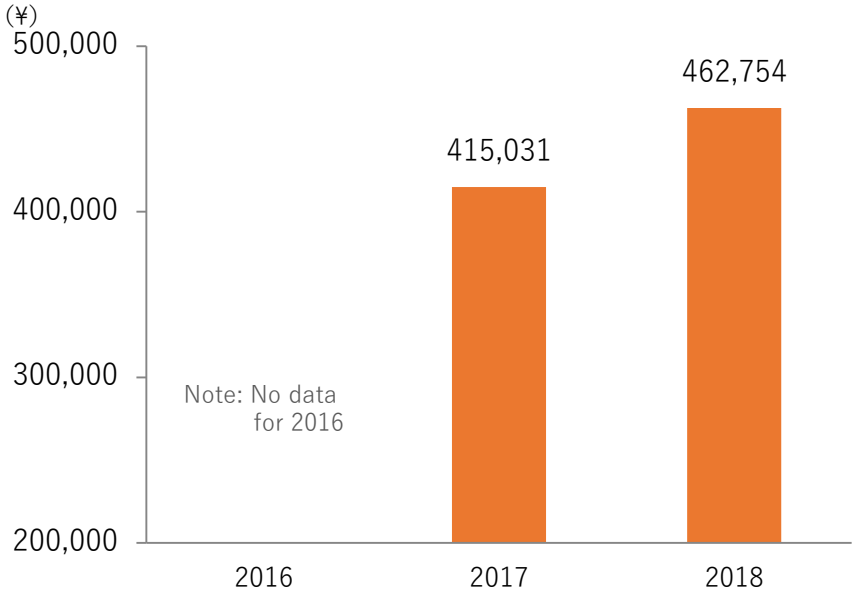
Individual Development Division
Business KPI Results over Time

Business KPI	Average Number of Enrollees for the Year	LTV* as of December 31
2018 Results	17,830	¥462,754

* Total amount of all prior contracts of enrollees for the month ÷ Total number of enrollees for the month (Career School Business only)





Key Points

- We have set average number of enrollees for the year and LTV as the business KPIs for the Individual Development Division.
- Performance was strong in 2018, with 6% growth YoY for average number of enrollees for the year and 11% growth YoY for LTV.

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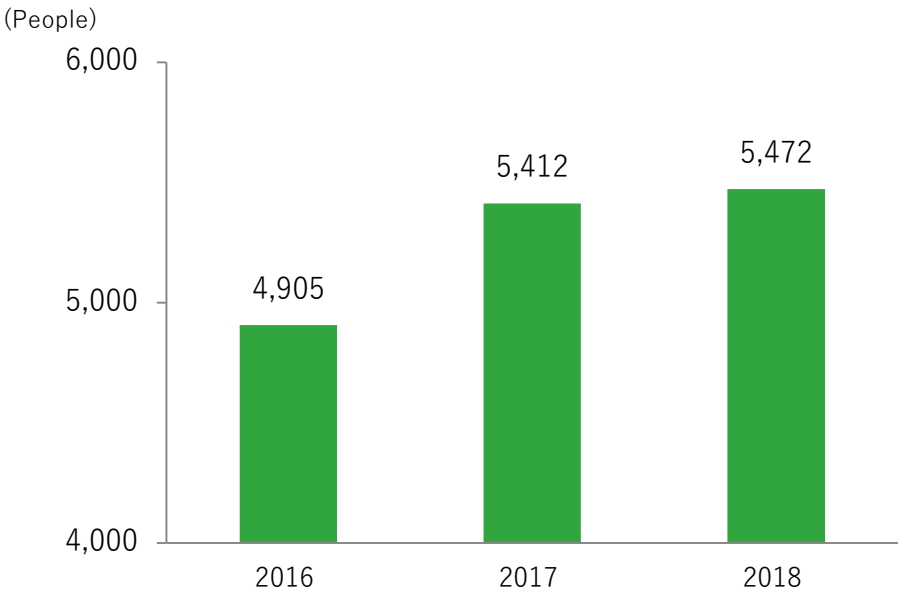
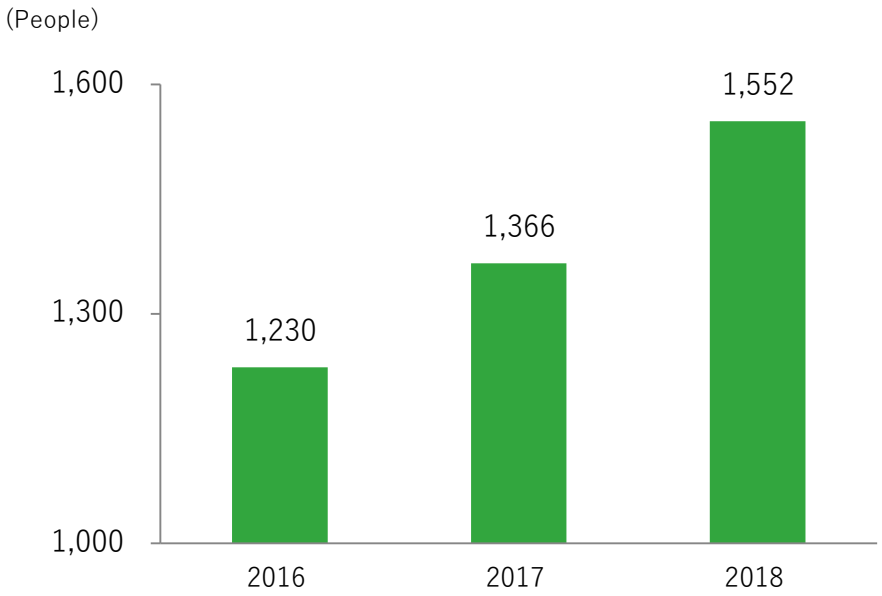
Matching Division
Business KPI Results over Time

Business KPI	Average Number of Temp Staff Dispatched for the Year	Number of Introductions for the Year
2018 Results	5,472	1,552





Key Points

- We have set average number of temp staff dispatched for the year and number of introductions for the year as the business KPIs for the Matching Division.
- Performance was firm in 2018, with 1% growth YoY for average number of temp staff dispatched for the year and 14% growth YoY for number of introductions for the year.

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Consolidated Balance Sheets (Results/YoY Change)

(¥ million)	2017 Results	2018 Results	YoY Change
① Current Assets	7,589	7,817	228
② Non-current Assets	18,180	19,847	1,666
③ Deferred Assets	0	0	0
Total Assets	25,770	27,664	1,894
④ Current Liabilities	12,129	12,101	(28)
⑤ Non-current Liabilities	6,942	7,881	938
Total Liabilities	19,072	19,982	910
⑥ Total Equity	6,697	7,681	983

Key Points

- Assets increased due to promotion of investment in Motivation Cloud and acquisition of the stock of Vorkers Inc., among other factors.
- Liabilities increased due to borrowings to cover a portion of investment capital.
- Equity increased from recording net income and an increase in the value of incubation company stock.

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Organizational Status Report (Report on 2018 Engagement Ratings)

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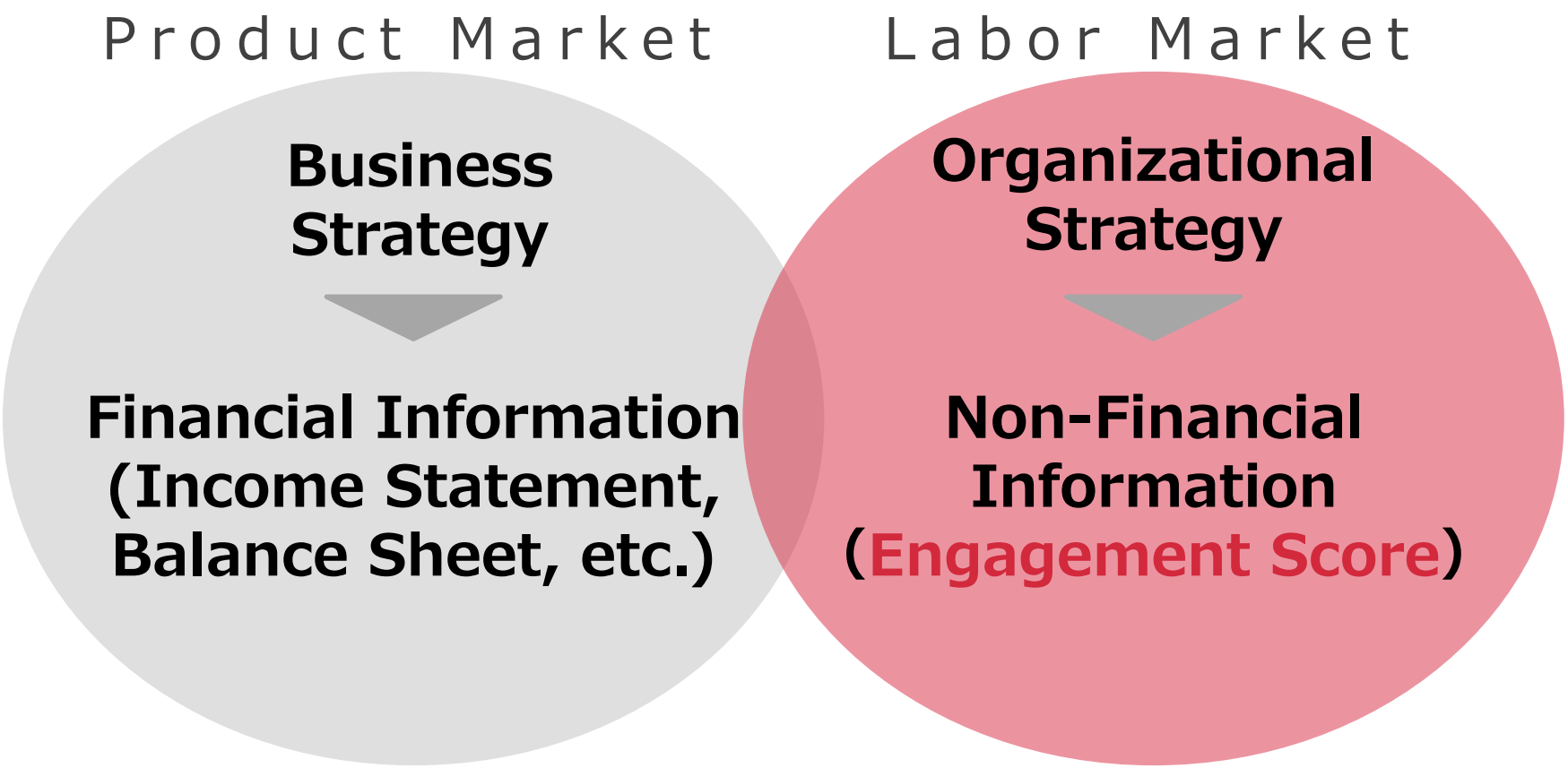
A Yardstick for Corporate Activities



Key Points

- As the source of competitive advantage shifts from "business strategy" to "organizational strategy" and employment becomes more flexible, adaptation to the labor market as well as the product market is critical for businesses.
- To add to financial statements, which measure adaptation to the product market, Link and Motivation has introduced and administers Engagement Score (ES), which measures adaptation to the labor market.

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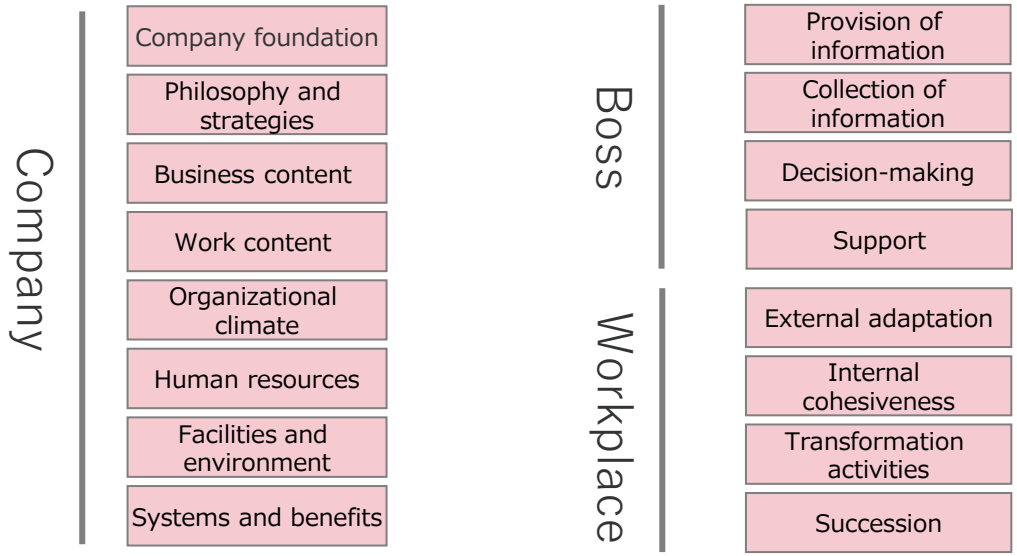
Engagement Score

An indicator that provides a standard deviation value for employee engagement (the level of mutual understanding, empathy and commitment between companies and employees).
An evaluation based on the results of an original organizational diagnostic survey developed by Link and Motivation.

16 Areas for Measuring Employee Engagement



Key Points

- Elements that significantly influence employee engagement are classified into 16 areas based on social psychology. The areas are further subdivided into 132 items for questions on the organizational diagnostic survey.
- Engagement score is calculated based on employee expectations/satisfaction, their degree of matching and Link and Motivation's database on more than one million employees at 4,330 companies.

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Engagement Rating (ER) Is Assigned on 11 Levels Corresponding to Engagement Score

Engagement Rating	Engagement Score
AAA	67 or higher
AA	Less than 67
A	Less than 61
BBB	Less than 58
BB	Less than 54
B	Less than 52
CCC	Less than 48
CC	Less than 45
C	Less than 42
DDD	Less than 39
DD	Less than 33

Key Point

- Rating is assigned with an Engagement Score of B as the mean value.
  From now on, Link and Motivation will disclose its Engagement Rating in its announcements of business results.

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Engagement Ratings for All Link and Motivation Group Companies

Division		Company Name	Subjects	August 2018	February 2019
Organizational Development Division	Consulting & Outsourcing Business	Link and Motivation Inc.	292	AAA →	AAA
		Link Global Solution Inc.	24	AAA →	AAA
	Event & Media Business	Link Event Produce Inc.	39	AAA →	AAA
		Link Corporate Communications Inc.	36	AAA →	AAA
		a2media Corporation	35	AAA →	A
Individual Development Division	Career School Business	Link Academy Inc.	491	AAA →	AAA
		Dean Morgan K.K.	38	AAA →	AAA
	Cram School Business	Motivation Academia Inc.	28	A →	AAA
Matching Division	ALT Placement Business	Link Interac Inc.	164	AA →	AAA
	Personnel Placement & Temp Staff Business	Link Staffing Inc.	66	AAA →	AAA
		Link Japan Careers Inc.	28	AAA →	AAA
		Link-i Inc.	29	AAA →	AAA

Key Point

- Out of the 12 companies* in the Link and Motivation Group, 11 have an AAA rating and one has an A rating.

* Link Relation Engineering Inc. in the Organizational Development Division did not conduct a survey. Another company, Link Dining Inc., had an AAA rating

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Engagement Ratings in the Organizational Development Division

Division		Company Name	Subjects	August 2018		February 2019
Organizational Development Division	Consulting & Outsourcing Business	Link and Motivation Inc.	292	AAA	→	AAA
		Link Global Solution Inc.	24	AAA	→	AAA
	Event & Media Business	Link Event Produce Inc.	39	AAA	→	AAA
		Link Corporate Communications Inc.	36	AAA	→	AAA
		a2media Corporation	35	AAA	→	A

Key Points

- The five companies have high Engagement Ratings, with AAA ratings for four companies and an A rating for one.
- For a2media, which entered the Group by acquisition in October 2017, the Engagement Rating rapidly improved from BB in February 2018 to AAA in August, but the score dropped somewhat with an organizational change at the beginning of 2019.
- We will continue to implement various measures to raise scores.

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Engagement Ratings in the Individual Development Division

Division		Company Name	Subjects	August 2018		February 2019
Individual Development Division	Career School Business	Link Academy Inc.	491	AAA	→	AAA
		Dean Morgan K.K.	38	AAA	→	AAA
	Cram School Business	Motivation Academia Inc.	28	A	→	AAA

Key Points

- The three companies operate multiple schools, resulting in organizations with a relatively high level of difficulty in raising Engagement Scores, but all companies have high AAA Engagement Ratings.
- Motivation Academia, which took over SS-1, a cram school for elementary school students, in July 2017, has been conducting comprehensive measures since the acquisition and raised its rating from A to AAA.

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Engagement Ratings in the Matching Division

Division		Company Name	Subjects	August 2018		February 2019
Matching Division	ALT Placement Business	Link Interac Inc.	164	AA	→	AAA
	Personnel Placement & Temp Staff Business	Link Staffing Inc.	66	AAA	→	AAA
		Link Japan Careers Inc.	28	AAA	→	AAA
		Link-i Inc.	29	AAA	→	AAA

Key Points

- All companies have high AAA Engagement Ratings.
- At Link Interac, the previous rating was AA, partly due to the appointment of new company managers and branch heads for an expansion of business operations. However, by determining items for improvement at each company and branch and going through the PDCA cycle, we raised the rating to AAA.

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Announcement of Shareholder Returns:

Dividend Increase and Enhancement of Shareholder Special Benefit Plan

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Announcement of Dividend Increase

Following the dividend increase in the first quarter of 2018, we plan a **dividend increase** in the first quarter of 2019

	Dividend per Share				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual Dividend
2018	1.70 yen	1.70 yen	1.70 yen	1.70 yen	6.8 yen
2019	**1.80 yen**	**1.80 yen**	**1.80 yen**	**1.80 yen**	**7.2 yen**

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

Annual Dividends per Unit of Shares

- 2018: 6.8 yen
- 2019: 7.2 yen (5.8% increase YoY)

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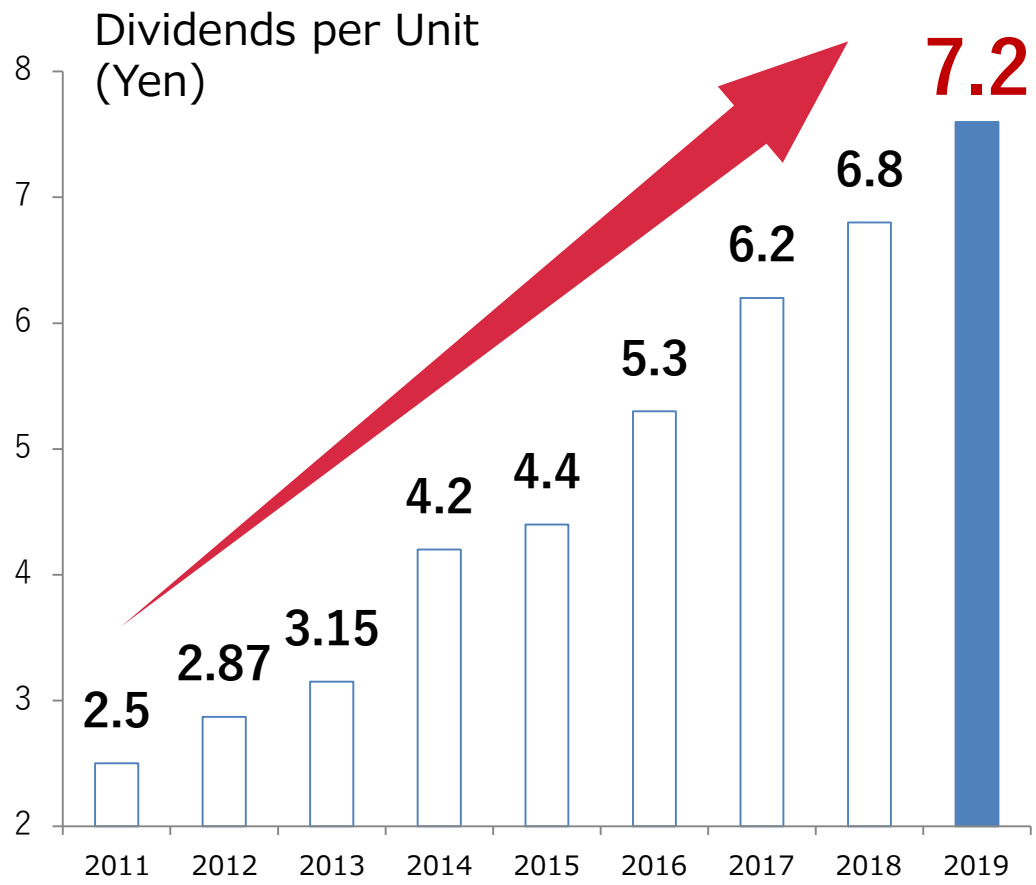
Dividends



Key Points

- We plan on a seventh consecutive year of dividend increases since 2011.
- We will maintain our commitment to returning a significant share of earnings to shareholders.

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Increase in the base amount (approx. 1.3 times the previous level) to further raise the appeal of the Company's shares and encourage medium-to-long-term shareholding

Before enhancement

		Shareholding Period		
		1 year or longer - Less than 2 years	2 years or longer - Less than 3 years	3 years or longer
Number of Shares Held	1,000 or more – Less than 2,500	¥3,000 annual value	¥6,000 annual value	¥9,000 annual value
	2,500 or more – Less than 5,000	¥7,600 annual value	¥15,000 annual value	¥22,600 annual value
	5,000 or more – Less than 10,000	¥15,000 annual value	¥30,000 annual value	¥45,000 annual value
	10,000 or more – Less than 15,000	¥30,000 annual value	¥60,000 annual value	¥90,000 annual value
	15,000 or more	¥45,000 annual value	¥90,000 annual value	¥135,000 annual value

Note: Twice yearly, the Company presents shareholders with a "**QUO Card**" corresponding to the number of shares held on the exercise date.

		Shareholding Period		
		1 year or longer - Less than 2 years	2 years or longer - Less than 3 years	3 years or longer
Number of Shares Held	1,000 or more – Less than 2,500	¥**4,000** annual value	¥**8,000** annual value	¥**12,000** annual value
	2,500 or more – Less than 5,000	¥**10,000** annual value	¥**20,000** annual value	¥**30,000** annual value
	5,000 or more – Less than 10,000	¥**20,000** annual value	¥**40,000** annual value	¥**60,000** annual value
	10,000 or more – Less than 15,000	¥**40,000** annual value	¥**80,000** annual value	¥**120,000** annual value
	15,000 or more	¥**60,000** annual value	¥**120,000** annual value	¥**180,000** annual value

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Also expand the number of shares and period covered (New limits: 20,000 shares or more/5 years or longer)

		Shareholding Period		
		1 year or longer - Less than 2 years	2 years or longer - Less than 3 years	3 years or longer
Number of Shares Held	1,000 or more – Less than 2,500	¥4,000 annual value	¥8,000 annual value	¥12,000 annual value
	2,500 or more – Less than 5,000	¥10,000 annual value	¥20,000 annual value	¥30,000 annual value
	5,000 or more – Less than 10,000	¥20,000 annual value	¥40,000 annual value	¥60,000 annual value
	10,000 or more – Less than 15,000	¥40,000 annual value	¥80,000 annual value	¥120,000 annual value
	15,000 or more	¥60,000 annual value	¥120,000 annual value	¥180,000 annual value

Note: Twice yearly, the Company presents shareholders with a "**QUO Card**" corresponding to the number of shares held on the exercise date.

After enhancement

		Shareholding Period			
		1 year or longer - Less than 2 years	2 years or longer - Less than 3 years	3 years or longer - Less than 5 years	**5 years or longer**
Number of Shares Held	1,000 or more – Less than 2,500	¥4,000 annual value	¥8,000 annual value	¥12,000 annual value	¥16,000 annual value
	2,500 or more – Less than 5,000	¥10,000 annual value	¥20,000 annual value	¥30,000 annual value	¥40,000 annual value
	5,000 or more – Less than 10,000	¥20,000 annual value	¥40,000 annual value	¥60,000 annual value	¥80,000 annual value
	10,000 or more – Less than 15,000	¥40,000 annual value	¥80,000 annual value	¥120,000 annual value	¥160,000 annual value
	15,000 or more – Less than 20,000	¥60,000 annual value	¥120,000 annual value	¥180,000 annual value	¥240,000 annual value
	20,000 or more	¥80,000 annual value	¥160,000 annual value	¥240,000 annual value	¥320,000 annual value

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2019 Forecast

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Consolidated 2019 Forecast: Summary

(¥ million)	2018 Results	2019 Forecast	YoY Change
Revenues	**39,941**	**42,500**	**6.4%**
Operating Income	**3,825**	**4,500**	**17.6%**
Net Income	**1,918**	**2,570**	**33.9%**

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.

Key Points

- Revenues, operating income and net income are all forecast to reach record highs.
- Due to an expected increase in profitability, operating income and net income are forecast to increase substantially YoY.
- With the increase in profitability, the operating margin is forecast to increase by 1 percentage point (from 9.6% to 10.6%).

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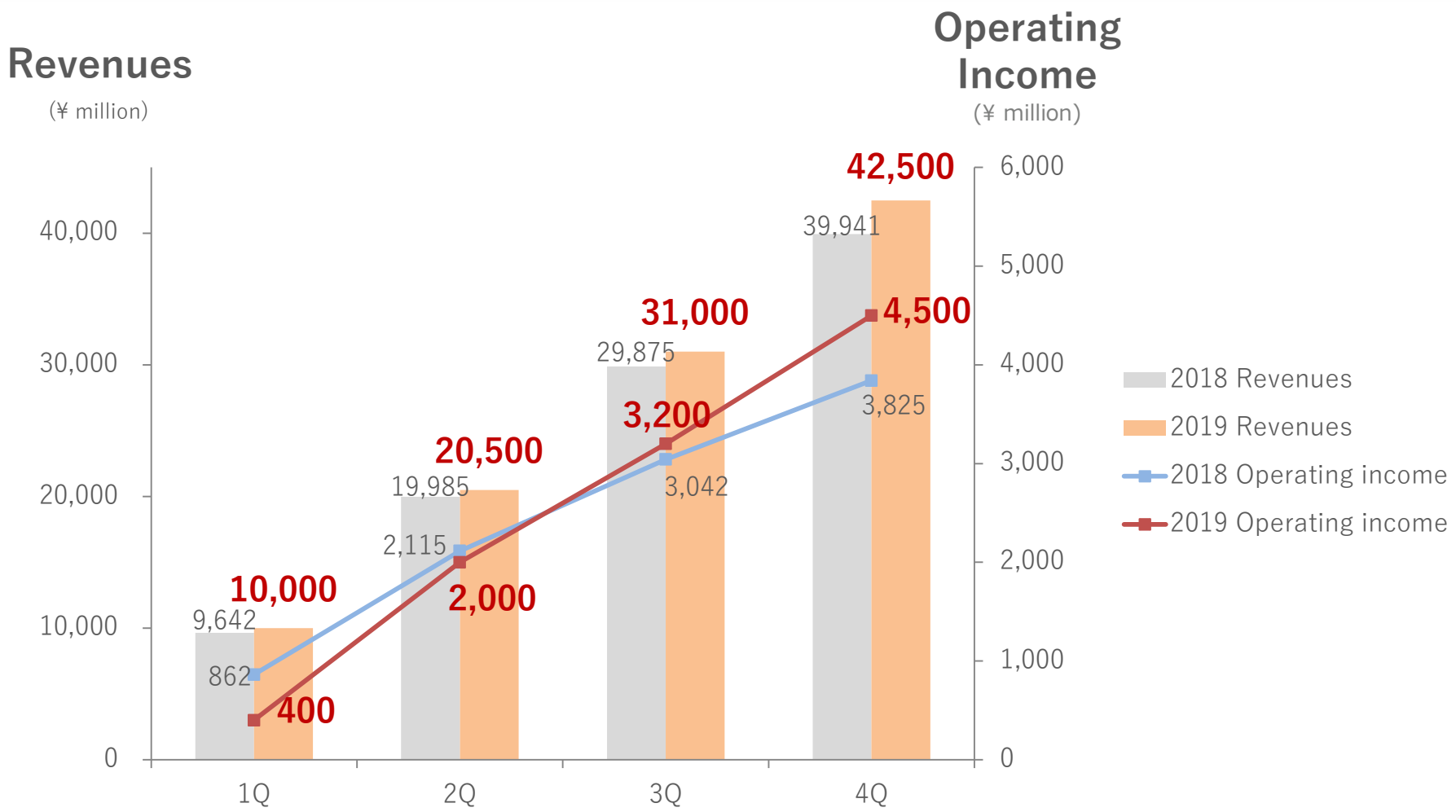
Consolidated 2019 Forecast: Revenues and Operating Income



Key Points

- Revenues for each quarter are forecast to steadily increase YoY.
- Operating income is forecast to increase YoY from the third quarter onward due to an expected one-time increase in SG&A expenses for a Motivation Cloud TV commercial and relocation of multiple large-scale bases.

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6

Topics

- Introduction of Candidate for New Outside Director
- Introduction of New Investee Company

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Profile of Candidate for New Outside Director

Name

Yo Nagami

Educational and Career History

(Abridged)

Mar. 2004	Graduated from Faculty of Policy Management, Keio University
Aug. 2006	Joined Carlyle Japan LLC
Sep. 2013	Joined DeNA Co., Ltd.
Apr. 2014	Joined RAKSUL INC. as Director, Corporate Planning Department
Oct. 2014	Appointed Chief Finance Officer, Member of Board of Directors of RAKSUL INC.

Reason for Nomination

He has extensive experience in finance and investment
which he will put to use in the Company's corporate governance.

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Completed new investment in Vogaro Inc. on December 27, 2018

Established	April 2005
Representative	Junya Yoneda, CEO and Representative Director
Employees	70 (as of January 2019) Note: Including Group
Capital	¥84.5 million (as of January 2019)
Vision	Create trends
Business	Support for digital innovation and brand building. Supporting the success of clients' digital businesses with consulting and brand building based on owned data

Junya Yoneda,

CEO and Representative Director

Born in 1980 in Hyogo Prefecture.
Established Vogaro in 2003 as a web strategy and production company, then changed the business in 2015.
Winner of numerous awards in Japan and overseas.

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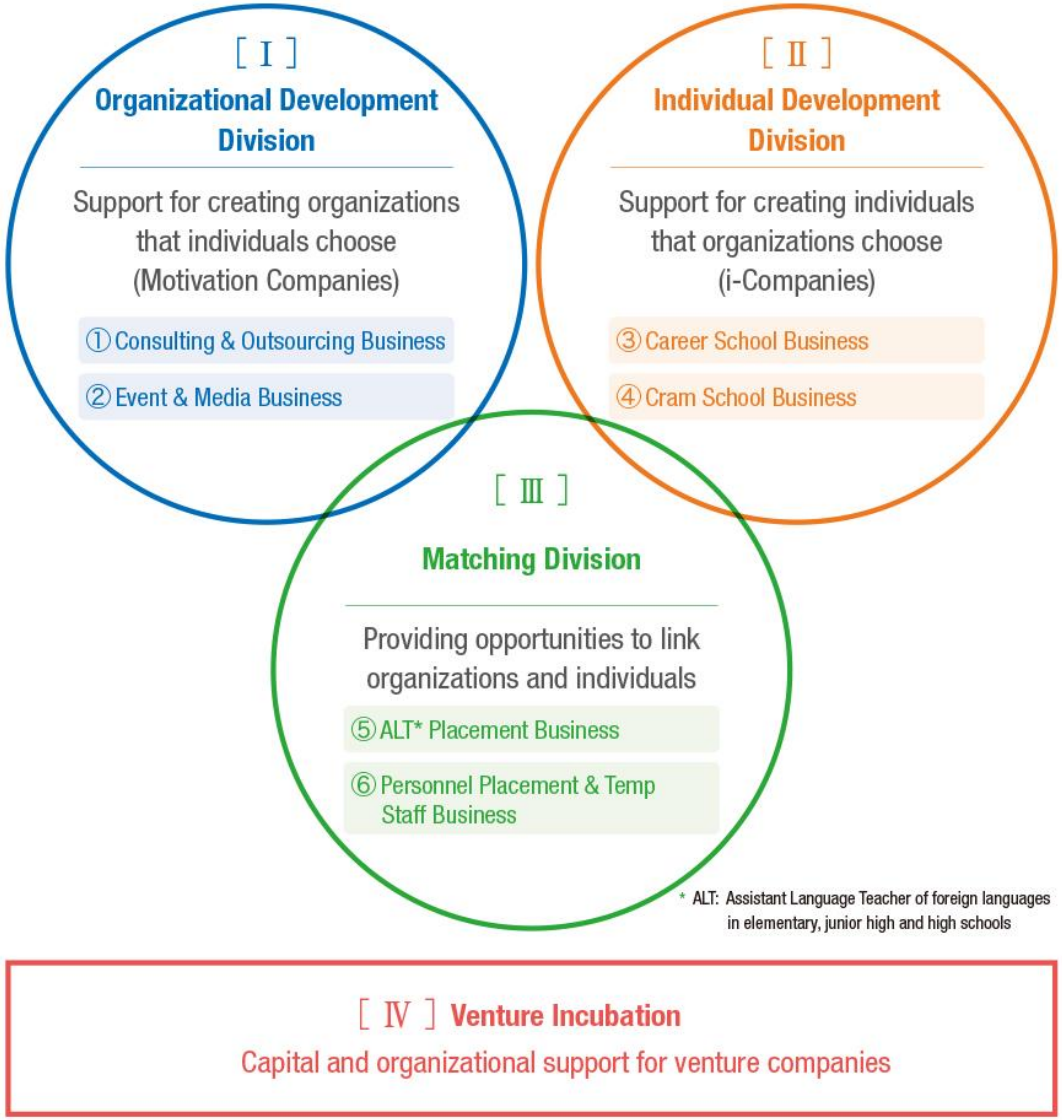
Operating Structure of the Link and Motivation Group

Mission

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



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Link and Motivation Inc.

Securities Code: 2170

Consolidated Financial Information for the Fiscal Year Ended December 31, 2018

February 14, 2019

Link and Motivation Group

Reference Materials

(c) 2019 Link and Motivation Group

Information by Product

(c) 2019 Link and Motivation Group

Revenues and Gross Profit by Segment (Results vs. Forecast)

(¥ million)		2018 Forecast	2018 Results	Results vs. Forecast
Organizational Development Division	Revenues	13,700	13,277	-3.1%
	Gross Profit	9,000	8,786	-2.4%
Individual Development Division	Revenues	7,600	7,879	+3.7%
	Gross Profit	2,550	2,983	+17.0%
Matching Division	Revenues	21,000	20,106	-4.3%
	Gross Profit	4,600	4,962	+7.9%

Key Points

- In the Organizational Development Division, revenues and gross profit were both slightly below the forecast due to prioritizing the growth of Motivation Cloud, which led to slightly slower than expected progress in other businesses.
- In the Individual Development Division, revenues exceeded the forecast and gross profit substantially exceeded the forecast due to strong performance by the Career School Business and expansion of the Cram School Business.
- In the Matching Division, revenues fell short of the forecast and gross profit exceeded the forecast due to a focus on the highly profitable Foreign worker support and Recruiting/introductions categories.

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

Product (¥ million) [Gross profit in brackets]	2017 Results	2018 Results	YoY Change
① Consulting & Outsourcing Business	8,959 [6,328]	10,071 [8,051]	+12.4% +27.2%
Package*	2,664	2,503	-6.0%
Consulting	4,136	4,879	+18.0%
Member/database services	1,187	1,951	+64.4%
Outsourcing	972	736	-24.3%
② Event & Media Business	4,243 [1,305]	4,163 [1,172]	-1.9% -10.2%
Event production	2,705	1,829	-32.4%
Media production	1,538	2,334	+51.8%

* Primarily standardized training products

Key Points

- In ① the Consulting & Outsourcing Business, revenues and gross profit both increased substantially YoY due to significant growth in sales of highly profitable Consulting and Member/database services including Motivation Cloud.
- In ② the Event & Media Business, revenues decreased slightly and gross profit decreased substantially YoY due to an intentional substantial reduction in event production that had previously been ordered by ① the Consulting & Outsourcing Business, while on the other hand IR-related media production sales grew due to the addition of a new company to the Group.

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

Product (¥ million) [Gross profit in brackets]	2017 Results Results	2017 Results % of total	2018 Results Results	2018 Results % of total	YoY Change
③ Career School Business	6,730 [2,404]	-	7,122 [2,629]		+5.8% +9.3%
Office	2,970	44.1%	3,030	42.5%	+2.0%
Pro Series*	888	13.2%	984	13.8%	+10.7%
Accounting courses	563	8.4%	568	8.0%	+0.8%
National exam courses	626	9.3%	676	9.5%	+7.9%
Civil servant courses	1,260	18.7%	1,252	17.6%	-0.7%
Educational materials/other	185	2.8%	169	2.4%	-8.3%
English conversation	234	3.5%	444	6.2%	+89.1%
④ Cram School Business	490 [102]	–	758 [354]	–	+54.7% +246.2%

*Programming courses and other courses for specialized IT skills

Key Points

- In ③ the Career School Business, revenues increased and gross profit increased substantially YoY due to steady sales of Pro Series, National exam courses and English conversation.
- In ④ the Cram School Business, revenues and gross profit both increased substantially YoY due to accelerated expansion of the number of classrooms, with the rollout of SS-1 individualized instruction schools for elementary school students at locations of Motivation Academia cram schools for junior high school students.

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

Product (¥ million) [Gross profit in brackets]	2017 Results	2018 Results	YoY Change
⑤ ALT* Placement Business	11,096 [2,991]	12,191 [3,352]	+9.9% +12.1%
⑥ Personnel Placement & Temp Staff Business	8,692 [1,836]	8,558 [2,089]	-1.5% +13.7%
Store sales temp staff	7,222	6,742	-6.6%
Office temp staff	630	624	-1.0%
Foreign worker support	350	619	+76.6%
Recruiting/introductions	489	572	+16.9%

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

Key Points

- In ⑤ the ALT Placement Business, revenues increased and gross profit increased substantially YoY due to firm performance from precisely capitalizing on the expansion of English education promoted by the Ministry of Education, Culture, Sports, Science and Technology (MEXT).
- In ⑥ the Personnel Placement & Temp Staff Business, revenues decreased slightly and gross profit increased substantially YoY due to a focus on the highly profitable Foreign worker support and Recruiting/introductions categories.

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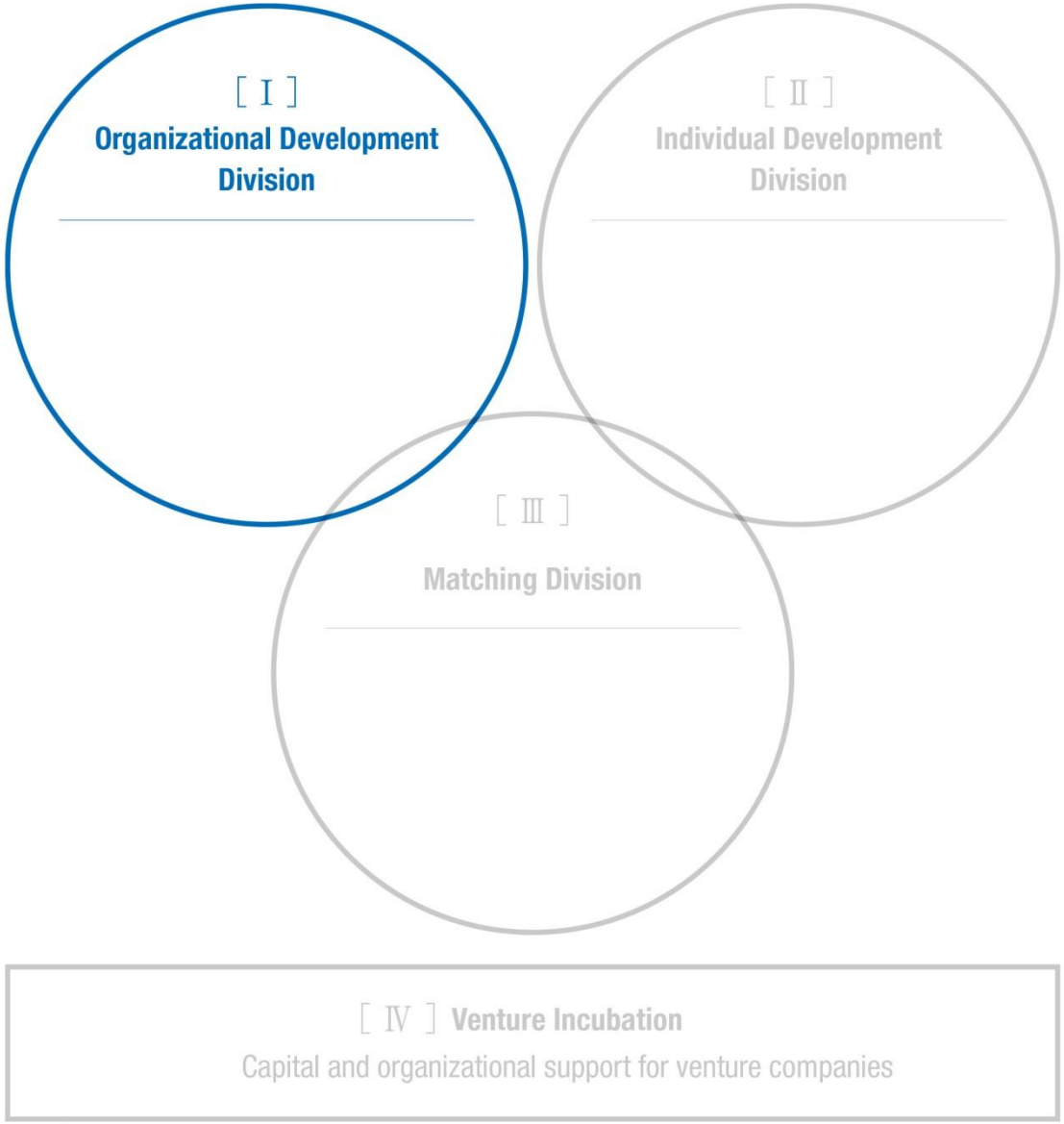
Highlights by Division

(c) 2019 Link and Motivation Group

Organizational Development Division

Mission

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



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Motivation Cloud is a cloud-based service for improving organizations by raising **employee engagement**[1] that is **number-one in contact points in Japan.**[2]

MOTIVATION CLOUD
by Link and Motivation Group

Empowering change for all organizations

Cumulative data on **more than one million employees at 4,330 companies**

All functions **patented** (No. 6298855)

Selected for GOOD DESIGN BEST 100

A business with a monthly pay-as-you-go model that improves employee engagement by going through the PDCA cycle for ongoing organizational improvement

GOOD DESIGN AWARD 2018 BEST 100

Notes:
1. Engagement (the level of mutual understanding, empathy and commitment between companies and employees) is correlated with business performance.
2. Link and Motivation data (as of December 2018)

(c) 2019 Link and Motivation Group

We aim to improve employee engagement regardless of industry or company size.

Support is growing from leading companies in all industries.

昭和シェル石油

MITSUBISHI ELECTRIC
Changes for the Better

TOKYU LAND CORPORATION 東急不動産

S&B

Adobe

kikkoman
おいしい記憶をつくりたい。

FUJITSU
株式会社富士通マーケティング

NTT Communications
Transform. Transcend.

ITOKI

(c) 2019 Link and Motivation Group

We aim to improve employee engagement regardless of industry or company size.

Support is growing from leading companies in all industries.

掘りだそう、自然の力。
Calbee

mixi GROUP

UZABASE

UNISYS

CyberAgent

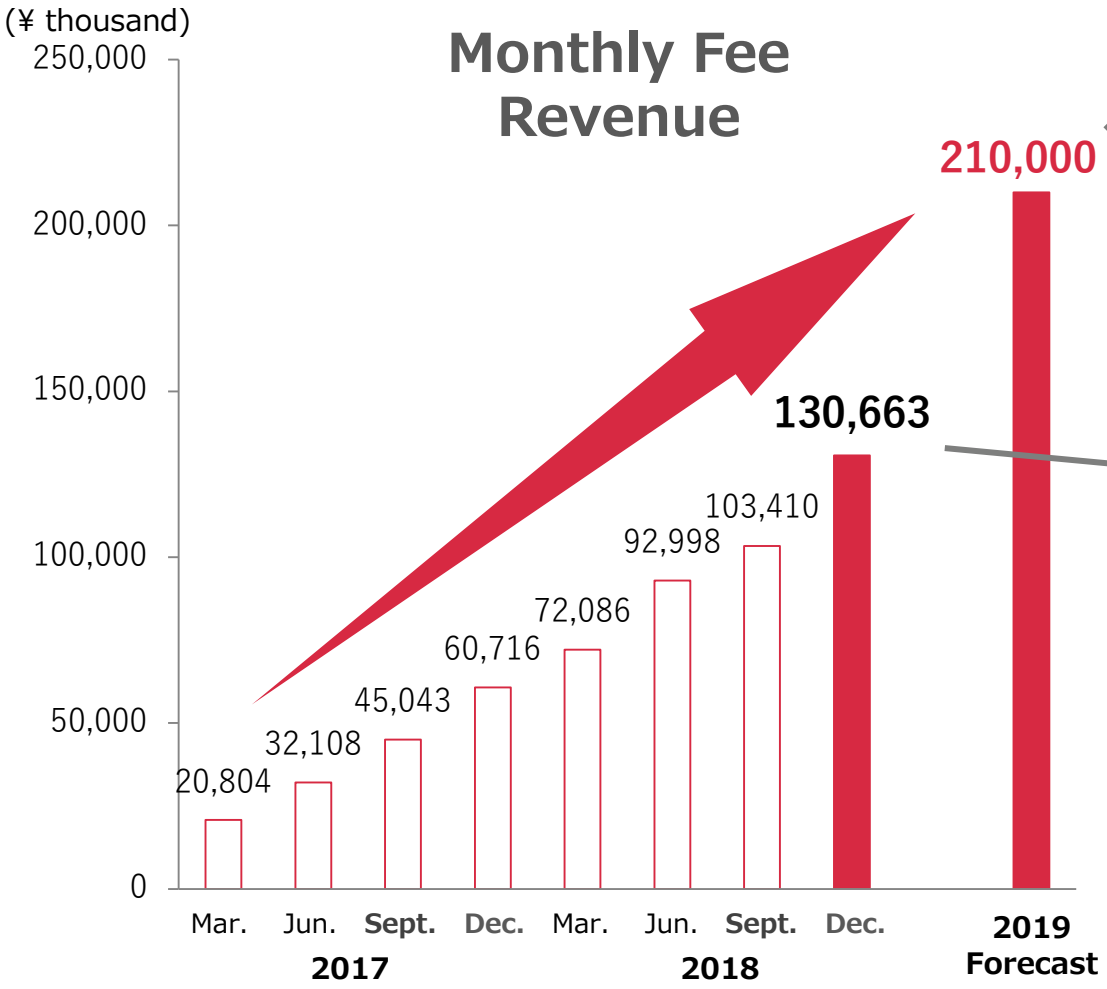
RECRUIT
リクルートキャリア

RakSul

\Orchestrating a brighter world
NEC

(c) 2019 Link and Motivation Group

Monthly fee revenue exceeded ¥130 million in December 2018 and is expected to reach ¥210 million in December 2019.



Breakdown of Monthly Fee Revenue in December 2019 (Estimate)

Contact points[1]:	1,100
Delivered orders[2]:	1,000
Average monthly fee[3]:	¥210,000/month

Breakdown of Monthly Fee Revenue in December 2018 (Actual)

Contact points[1]:	718
Delivered orders[2]:	662
Average monthly fee[3]:	¥197,000/month

1. Number of companies subscribed to Motivation Cloud
2. Number of companies where Motivation Cloud service delivery has started
3. Monthly fee revenue ÷ Number of delivered orders

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Individual Development Division

Mission

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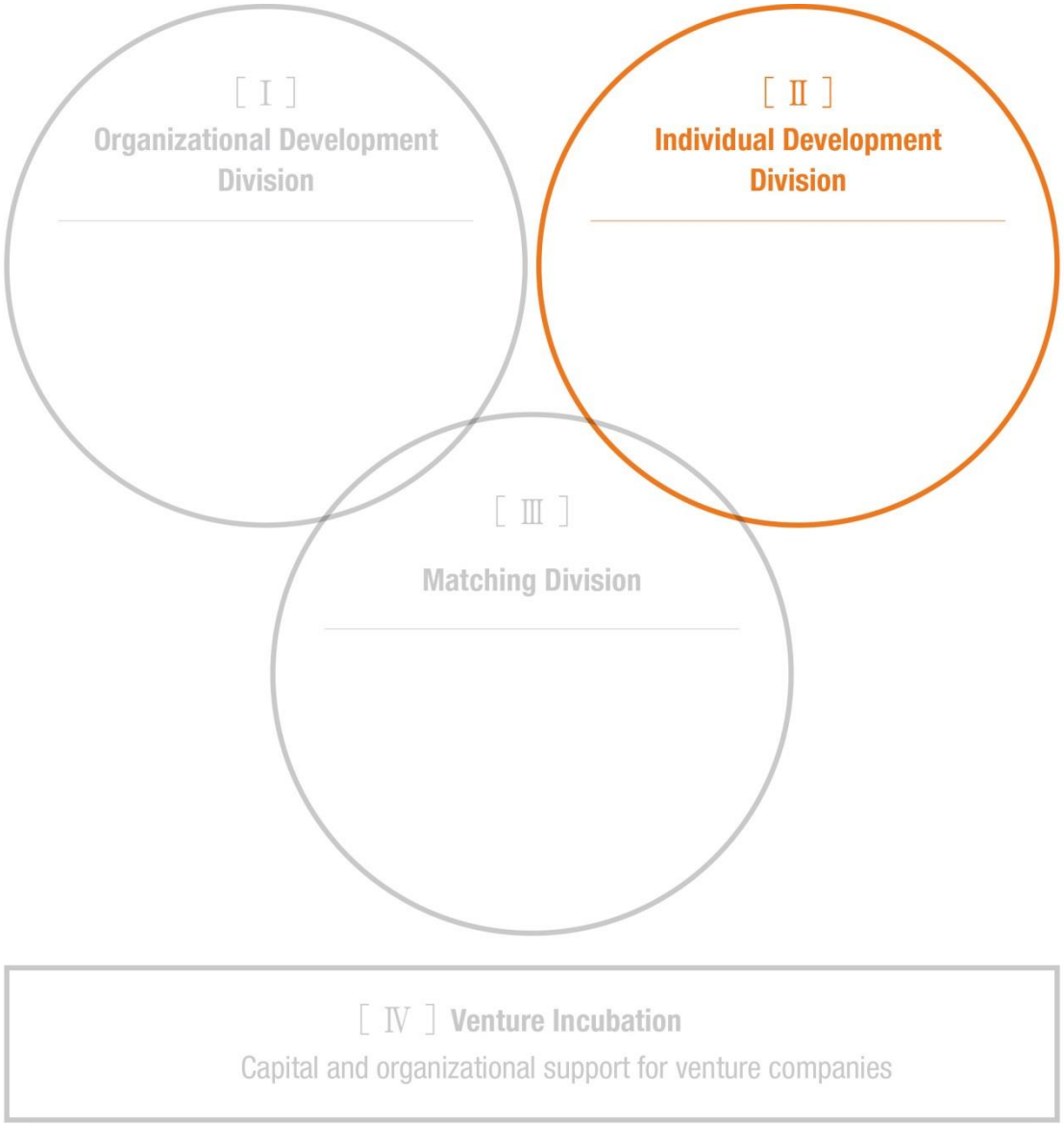

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Change in the Value of Education

Content < Motivation

Shift in the core of value from content (what one learns) to motivation (how one learns)

Change in Working Lifespan

Lifespan of companies and business models

Lifespan of individuals

Increasing risk to career development of dependence on a specific skill

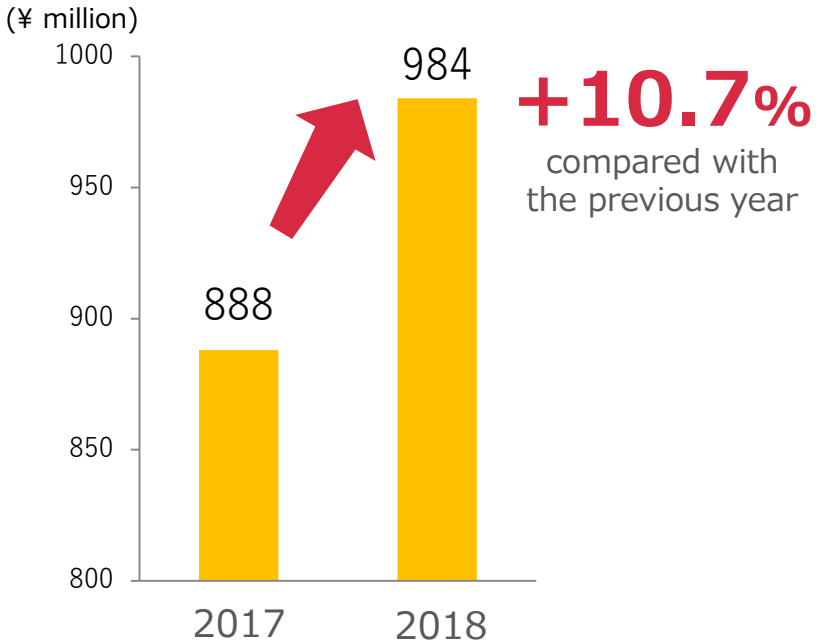
(c) 2019 Link and Motivation Group

Steady growth from creating an environment where more students can study longer through unfailing total career support

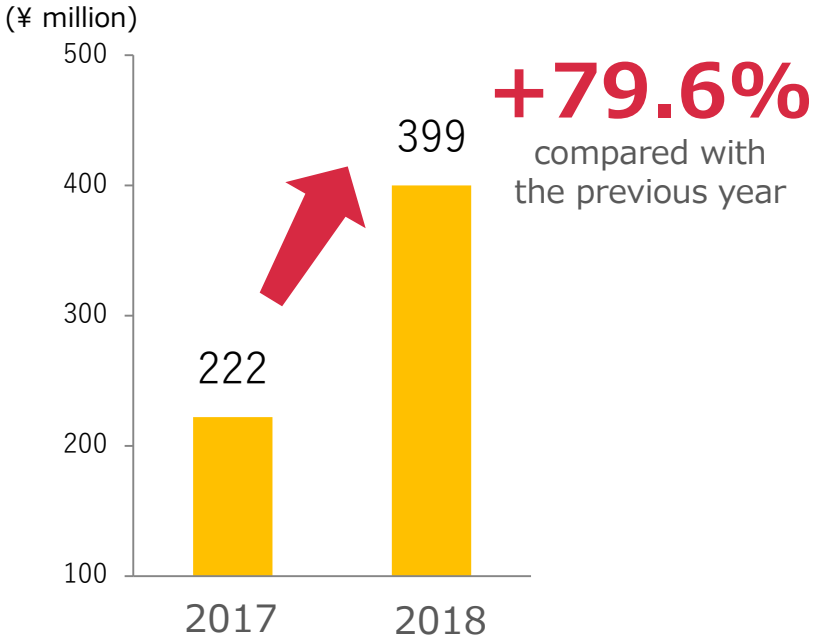
Aviva Pro Training Course for IT Human Resources

AI certification and RPA course also under development.

The number of courses in the lineup is one of the largest in the industry.



Sales of Rosetta Stone and Hummingbird Language Courses



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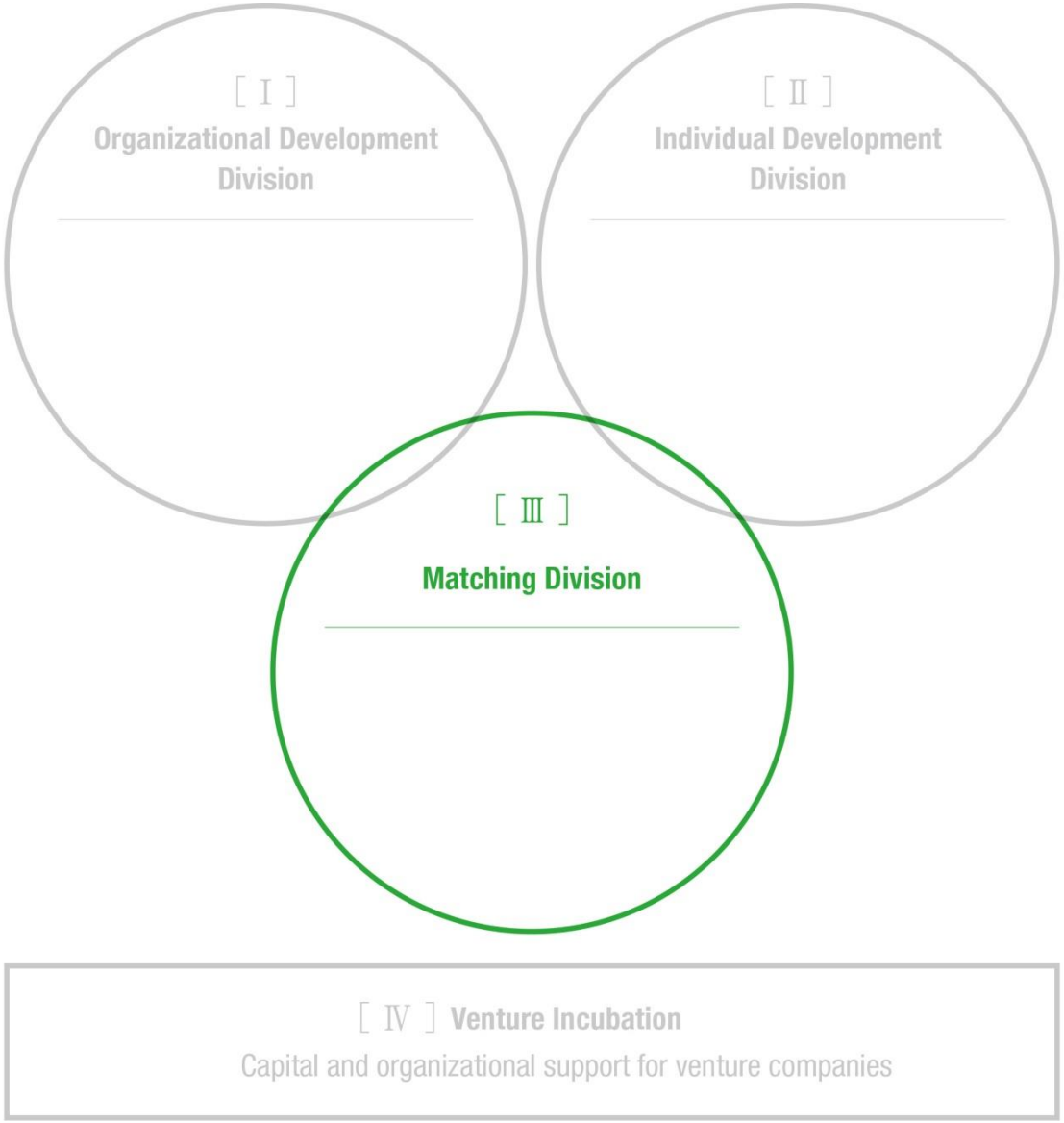
Matching Division

Mission

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

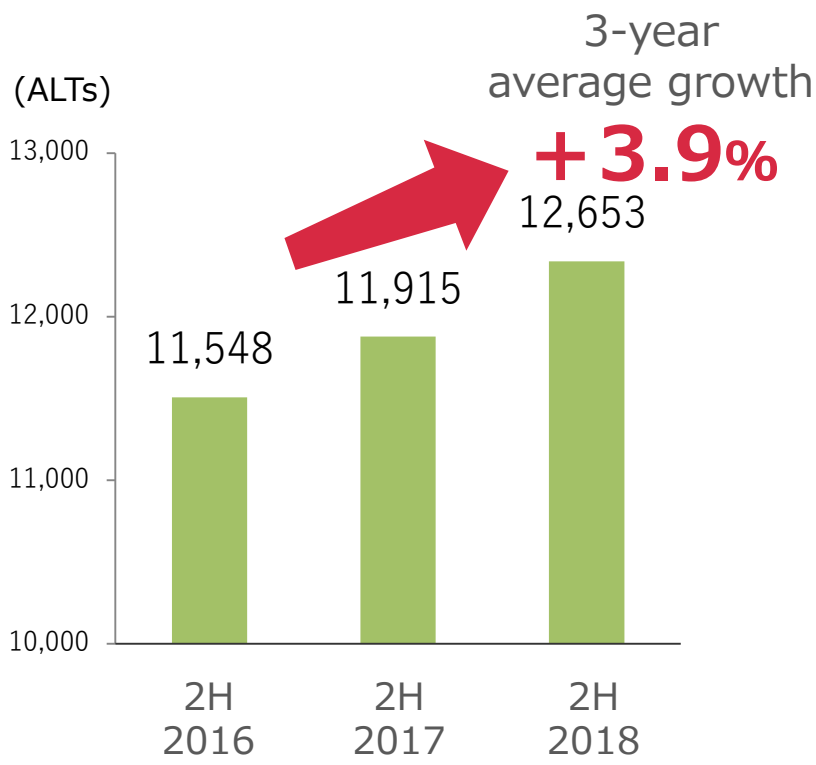


(c) 2019 Link and Motivation Group

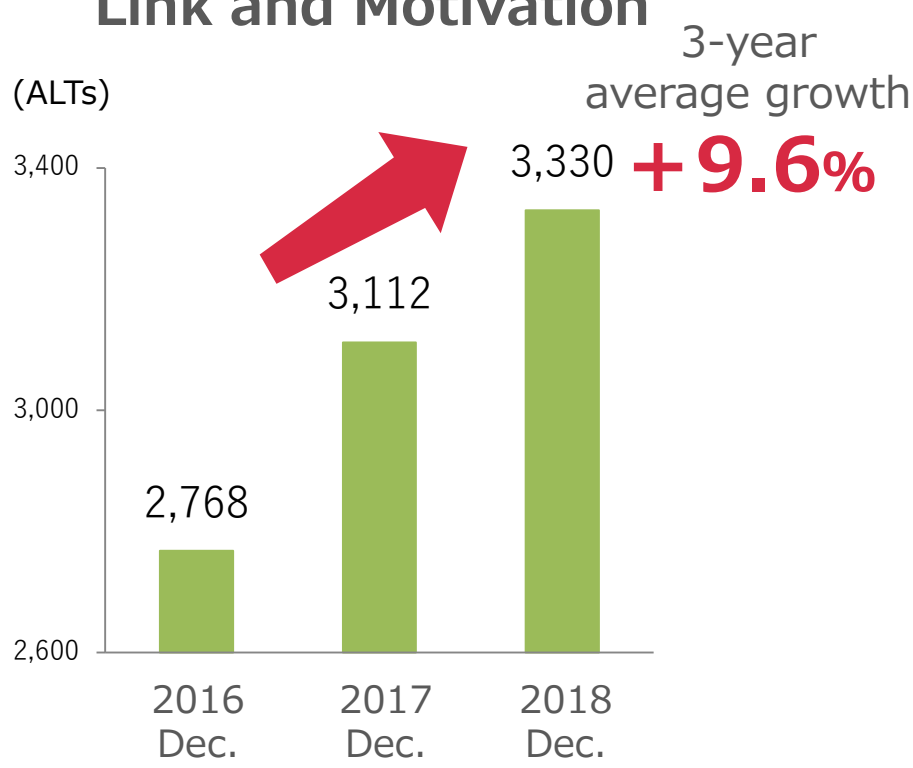
Market growth is slower than anticipated by MEXT policy,[1] but the number of ALTs we have placed is growing steadily

1. The Ministry of Education, Culture, Sports, Science and Technology (MEXT) is planning to place ALTs at all elementary schools (approximately 20,000 schools) by 2020, so ALT demand is expected to expand.

Total ALTs Employed[2]



ALTs Placed by Link and Motivation

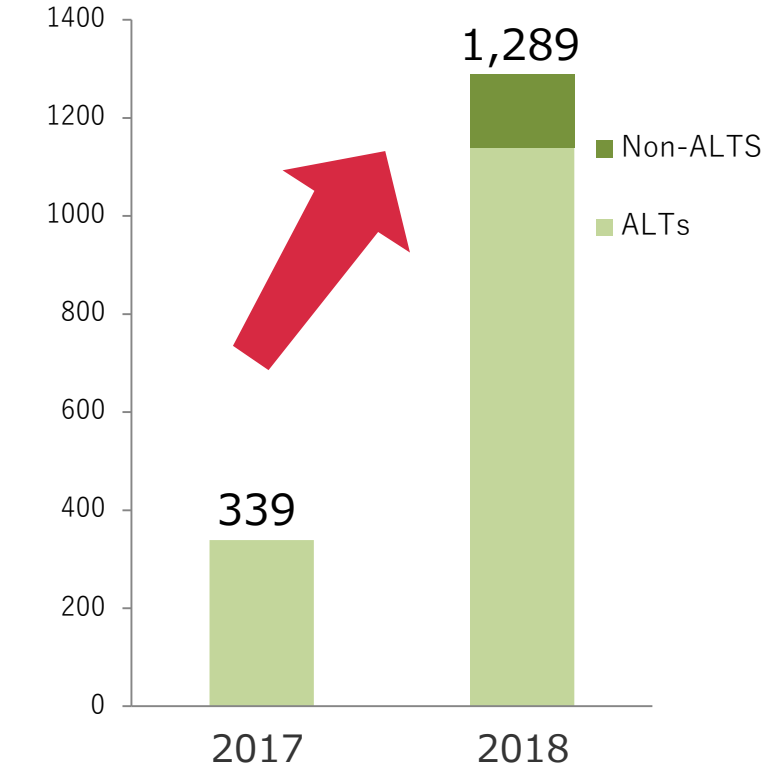


2. Link and Motivation survey

(c) 2019 Link and Motivation Group

Foreign worker support service provides one-stop support for recruiting, reception and acclimation.
Steadily expanding to non-ALTs as well.

Recruiting Support: Number of Introductions



Breakdown of Foreign Worker Introductions in 2018

ALTs:	1,139
Non-ALTs:	150

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Venture Incubation Business: Investments at a Glance

Note: Some company names have changed.

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

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

Investment 1. Stock Listed March 17, 2016

③ **Akatsuki Inc.**
App development/Smartphone service development

④ **FiNC Technologies 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

Investment 3. Stock Listed May 31, 2018

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-female employees

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

Key Points

- 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.

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Venture Incubation Business: Investments at a Glance

Note: Some company names have changed.

Investment 2. 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 **Tasuki Consulting**
Accounting and tax consulting

⑱ **Willgate, Inc.**
Content marketing/media business

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

Investment 4. Buyout on August 31, 2018

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

㉑ **Fond, Inc.**
Employee perks and rewards platform services

㉒ **Gojo & Company, Inc.**
Financial services in developing countries

㉓ **Vogaro Inc.**
Consulting for digital innovation

Key Points

- 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.

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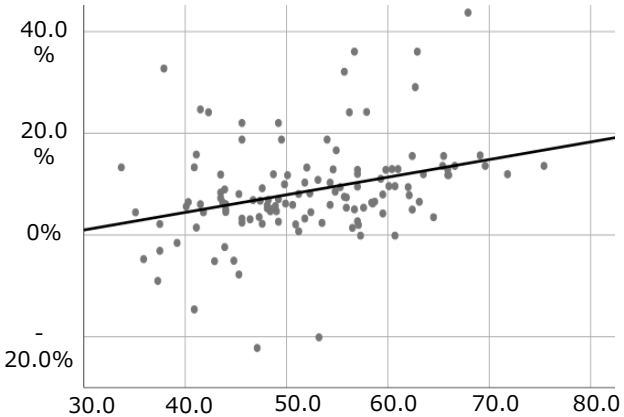
Status of the Organization: Supplementary Information

(c) 2019 Link and Motivation Group

Raising Engagement Score (ES) has a positive impact on the operating margin and labor productivity.*

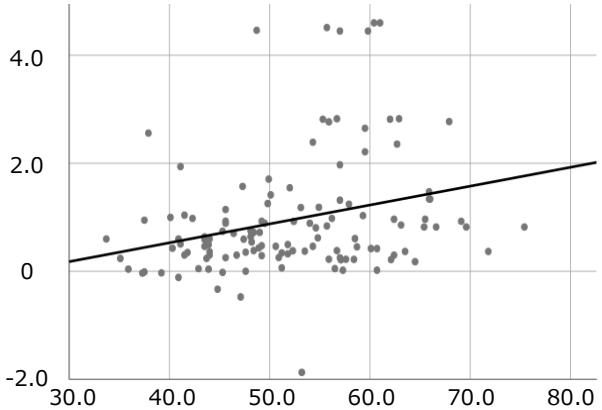
Note: Data from joint research by Link and Motivation and Office of Professor Takashi Iwamoto, Keio Business School
* Labor productivity: EBITDA per yen of wages paid to employees

■ Correlation between ES and the Operating Margin for the Period



Raising ES by 1 point improves the operating margin by 0.35%

■ Correlation between ES and Labor Productivity



Raising ES by 1 point improves the labor productivity index by 0.035

■ Survey subjects: 66 listed companies ■ Research period: May-July 2018
■ Survey method: Calculated from publicly disclosed Business Reports of 66 companies that conduct Link and Motivation's Employee Engagement Survey

Key Point

▪ Raising Engagement Score, which shows the level of adaptation to the labor market,
has a substantial impact on adaptation to the product market.

(c) 2019 Link and Motivation Group

Organizational Development

- Run through the PDCA cycle for organizational diagnostics and improvement twice a year using Motivation Cloud, which has been introduced throughout the Company

MOTIVATION CLOUD
by Link and Motivation Group
Empowering change for all organizations

Human Resource Development

HR Recruiting

- Achieve mutual understanding and empathy with applicants
  - Top Forum for communication from management
  - Recruiter System for communication from employees

HR Cultivation

- Conduct stratified training twice yearly based on surveys
  - Plato Survey training for senior management
  - Lincoln Survey training for managers
  - Columbus Survey training for young and mid-level employees
  - Darwin Survey training for new employees

Key Point

- We have introduced products and services provided by the Consulting & Outsourcing Business in every Group company and we are working to raise their Engagement Scores.

(c) 2019 Link and Motivation Group

Investment to Raise Engagement Score (2): Communication

Event

- Group-wide general meeting held every three months

Media

- Distribution of *DNA Book* and *History Book*, which compile the Company's essential mindset and history (test given once per year)
- Distribution of Mission and Style cards
- Regularly issued in-house communications
  - *LM News* (daily)
  - *LM Business Satellite* video newsletter (weekly)
  - *Top Comment* (monthly)
  - *LM Times* intranet newsletter (monthly)
  - *LM Journal* print newsletter (quarterly)

Key Point

- Based on the idea that communication is the lifeblood of an organization, we are working to raise Engagement Scores using products and services of the Event & Media Business.

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