

Link and Motivation Inc.

Consolidated Financial Information

for the Nine Months Ended September 30, 2014



ひとりひとりの本気がこの世界を熱くする

Link and Motivation Group

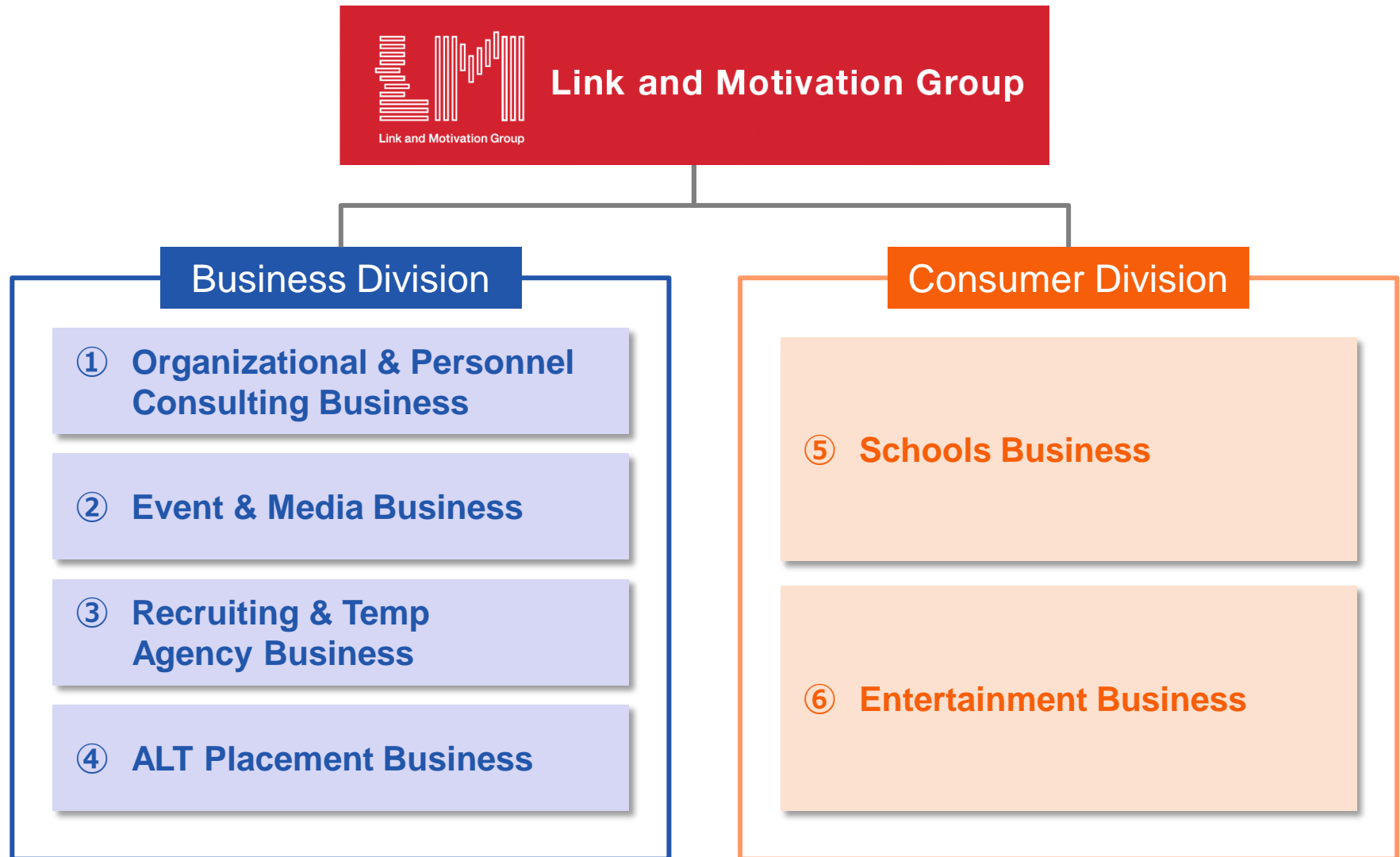


1. Announcement of Results for the Nine Months Ended September 30, 2014
2. Topics 1: Addition of I.Lead Staff Corporation to the Group: Strengthening Clerical Temp Staffing with Career Navigation
3. Topics 2: Progress Report on the Incubation Business

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Announcement of Results for the Nine Months Ended September 30, 2014

2014 Link and Motivation Group Operating Structure



Overview of Business Structure

LM Group

Business Division

① **Organizational & Personnel Consulting Business**

Organizational/personnel consulting focused on employee motivation
⇒ Offers organizational diagnostics, education and training, HR system building, recruiting consulting, etc.

② **Event & Media Business**

Event planning and management/media production focused on organizational communication
⇒ Offers anniversary events, recruiting events, PR/IR tools, webcasting, etc.

③ **Recruiting & Temp Agency Business**

Recruiting/ temp staffing to meet corporate HR needs
⇒ Offers recruitment of new graduates/mid-career hires, temp staffing for sales and clerical workers, etc.

④ **ALT Placement Business**

Dispatch of ALTs to meet needs for teachers at educational institutions
⇒ Offers ALT dispatch/contracts for elementary/secondary schools throughout Japan

Consumer Division

⑤ **Schools Business**

School management with the concept of “developing i-companies”
⇒ Management of career schools such as Aviva PC schools and Daiei qualification schools; management of Motivation Academia preparatory schools

⑥ **Entertainment Business**

Providing entertainment with the concept of “creating quality of life” for individuals
⇒ Management of Link Tochigi Brex basketball team, Link Dining restaurant

Statements of Operations (First Nine Months)

<u>(¥ million)</u>	2013	2014	YoY Change
Net Sales	16,626	20,594	+23.9%
Operating Income	837	839	+0.2%
Ordinary Income	807	805	-0.2%
Net Income	371	272	-26.6%

- Net sales increased substantially YoY due to the addition of Interac Co., Ltd. to the scope of consolidation
- Operating income increased YoY but ordinary income decreased YoY due to an increase in interest expenses
- Net income decreased substantially YoY due to an increase in extraordinary loss associated with closure/consolidation of locations and an increase in expenditures for taxes

Sales & Gross Profit by Segment (First Nine Months)

(¥ million)		2013	2014	YoY Change
[Gross profit in brackets]				
Business Division	Sales	10,392	15,061	+44.9%
	Gross Profit	[4,132]	[5,554]	+34.4%
Consumer Division	Sales	6,902	6,334	-8.2%
	Gross Profit	[2,434]	[2,156]	-11.4%

- In the Business Division, sales and gross profit both increased substantially YoY (Mainly due to contribution from adding Interac Co., Ltd. to the scope of consolidation)
- In the Consumer Division, sales decreased and gross profit decreased substantially YoY (Impact of closure/consolidation of unprofitable locations in the Schools Business)

Business Division: Sales & Gross Profit (First Nine Months)

(¥ million)		2013	2014	YoY Change	Product Trends
[Gross profit in brackets]					
① Organizational & Personnel Consulting Business		3,946	4,377	+10.9%	Management training, intercultural training ↗
	[2,390]	[2,659]		+11.3%	System consulting ↗ Recruiting consulting ↘
② Event & Media Business		2,745	2,236	-18.5%	Contract advertising services ↘
	[828]	[801]		-3.2%	Anniversary events ↗
③ Recruiting & Temp Agency Business		4,962	5,460	+10.0%	Temp staffing for sales/marketing/clerical work ↗
	[1,222]	[1,340]		+9.7%	New graduate recruiting/introduction ↗
④ ALT Placement Business*		—	4,499	—	
		—	[1,120]	—	

* Presents results for April-September 2014.

* ALT (Assistant Language Teacher): Foreign language teaching assistant in elementary and middle schools

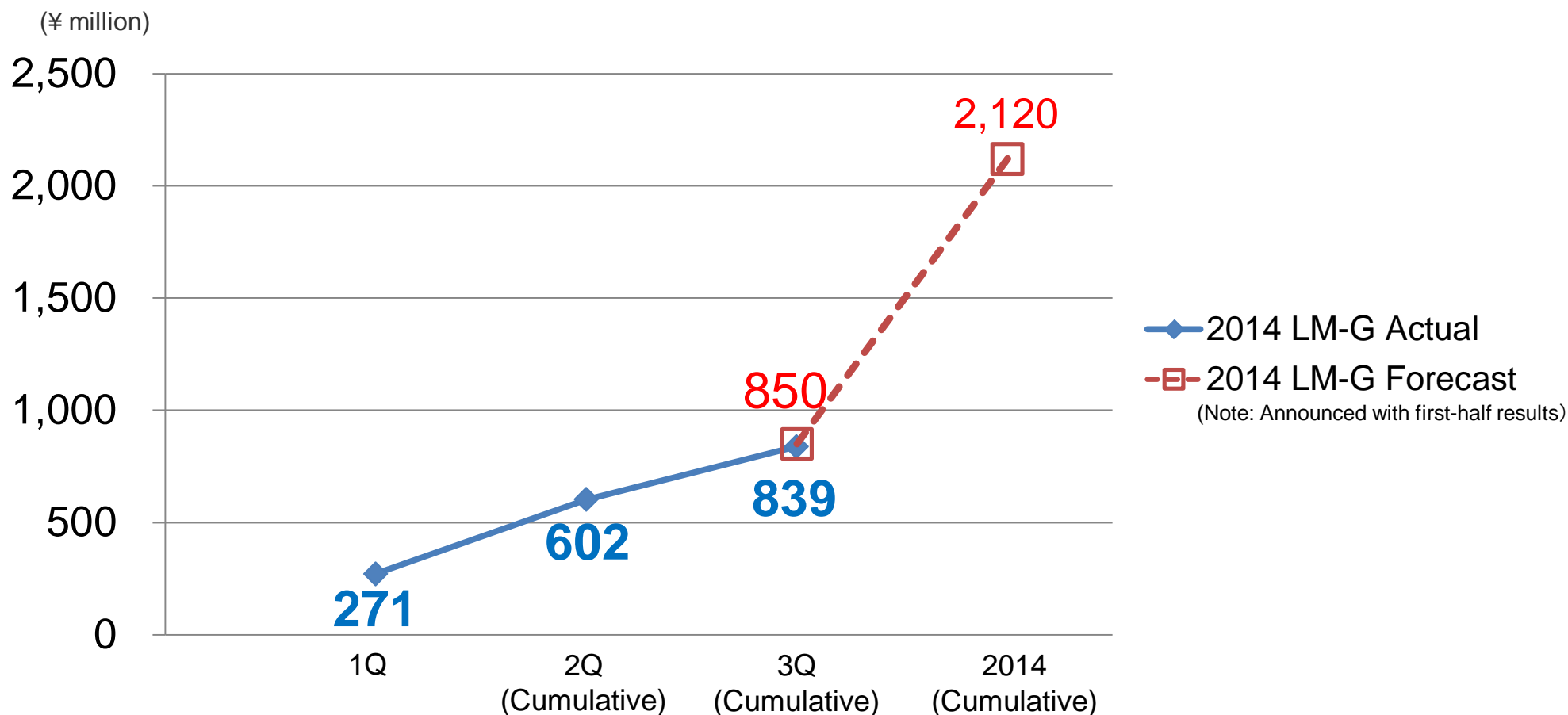
- ① Sales and gross profit both increased substantially due to strong sales of high-margin management training and system consulting products
- ② Sales decreased substantially and gross profit decreased due to the termination of contract advertising services, which have a high cost ratio
- ③ Sales increased substantially and gross profit also increased due to strong sales of temp staffing overall and new graduate recruiting/introduction resulting from a lack of corporate human resources
- ④ Sales and gross profit are both trending upward on solid performance

Consumer Division: Sales & Gross Profit (First Nine Months)

(¥ million)			YoY	Product Trends
[Gross profit in brackets]	2013	2014	Change	
⑤ Schools Business	6,595	5,875	-10.9%	Qualification test courses →
	[2,334]	[1,975]	-15.4%	Personal computer courses ↓
⑥ Entertainment Business	448	483	+7.9%	Sponsorship income ↑
	[104]	[189]	+81.2%	

- ⑤ Sales and gross profit both decreased substantially due to faster than initially planned closure/consolidation of unprofitable locations to improve the profitability of Link Academy Inc.
- ⑥ Sales increased and gross profit increased substantially with an increase in the number of games due to an extension of the playing season and significant growth in high-margin sponsorship income in the sports field

LM-G Consolidated: Cumulative Progress of 2014 Operating Income



- 2014 operating income is generally progressing as planned
- The shift of income to the fourth quarter will be particularly marked in the Organizational & Personnel Consulting Business, ALT Placement Business and Schools Business

Balance Sheets (vs. End of Previous Year)

(¥ million)	Dec. 31, 2013	Sept. 30, 2014	Change
Current Assets	4,195	5,819	+1,623
Property and Equipment	6,176	11,521	+5,333
Total Assets	10,371	17,340	+6,969
Current Liabilities	5,083	7,594	+2,511
Long-term Liabilities	1,493	3,428	+1,935
Net Assets	3,794	6,316	+2,521
Total Liabilities and Net Assets	10,371	17,340	+6,969

- Assets and liabilities increased substantially with the addition of Interac Co., Ltd. to the scope of consolidation
- Net assets increased substantially due to a capital increase and disposal of treasury stock

○ Dividend Policy for 2014

- Dividends paid quarterly
- Increase in dividend from second quarter

Note: A 100-for-1 stock split was conducted with a record date of March 31, 2014

○ 2014 Third-Quarter Dividend

- A dividend of **110 yen** per unit (100 shares) is scheduled to be paid on **December 25** as planned

	First Quarter (Actual)	Second Quarter (Actual)	Third Quarter (Scheduled)	Fourth Quarter (Scheduled)
Dividend per unit	90 yen	110 yen	110 yen	110 yen

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Topics 1

Addition of I.Lead Staff Corporation to the Group: Strengthening Clerical Temp Staffing with Career Navigation



**Acquired 100% of the stock of I.Lead Staff Corporation
and made it a wholly owned subsidiary
on November 1, 2014**

Overview of I.Lead Staff Corporation

Representative: Kazuo Okazawa, President and Representative Director

Address: Fujikoshi Bldg. 2F, Shinjuku 1-11-15, Shinjuku-ku, Tokyo

Established: 2001

Number of Employees: 7

**Main Business: Temp staffing for clerical work,
mainly in Tokyo**

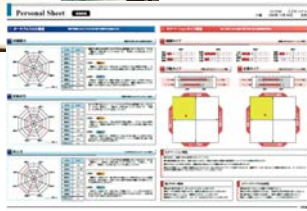
Number of Customers: 70 companies

Number of Working Staff: 150



Career Navigation Using LM-G Synergy

Individual
diagnosis and
counseling



Provide a wide
variety of
courses

AVIVA
パソコンスクール アビバ

DAiEi
資格スクール 大栄

AVIVA
アビバ イングリッシュ English

Offer employment
opportunities

Sales temp staff

Marketing temp staff

Clerical temp staff

Link Marketing

I.Lead Staff

Link Academy

We will further strengthen our clerical temp staffing services by welcoming I.Lead Staff to the Group. I.Lead Staff has over ten years of experience in the field and corporate customers with clerical temp staffing needs.

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Topics 2:

Progress Report on the
Incubation Business



One Investment Completed, One Basic Agreement Concluded

Investment Completed

As of August 29

FiNC, Inc.



Basic Agreement Concluded

As of November 13

NEO CAREER CO., LTD.

Shareholding Ratio: 3.50%



FiNC, Inc.

Established: 2012

Representative: Yuji Mizoguchi, CEO

Members: 35

Capital: ¥211,500,000

Businesses:

- 1. Analysis of DNA and internal physical tests**
- 2. Management of FiNC diet coaches**
- 3. Management of FiNC Online Works**

Note: Winner at the Infinity Ventures Summit 2014 Spring Launch Pad sponsored by Infinity Ventures LLP



- Support for strengthening recruiting ability and organizational management capability to expand the business

NEO CAREER CO., LTD.

Established: 2000

**Representatives: Ryoichi Nishizawa, CEO
Ken Kato, Executive Director**

Members: 1,124 (Includes 828 regular employees)

Capital: ¥84,754,000

**Corporate Philosophy: “To the future we
draw together.”**

**Businesses: Personnel introduction
(mainly medical/nursing/daycare/IT)**

**Temp staffing
(mainly medical/nursing/daycare/IT)**

Employment advertising agency



- Support for strengthening recruiting ability and organizational management capability to expand the business

First Nine Months of 2014: Presentation Summary

1. Announcement of Results for the Nine Months Ended September 30, 2014

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2. Topics 1: Addition of I.Lead Staff Corporation to the Group: Strengthening Clerical Temp Staffing with Career Navigation

- ⇒ Acquired 100% of the stock of clerical temp staffing company I.Lead Staff Corporation and made it a wholly owned subsidiary
- ⇒ Further strengthen clerical temp staffing services with career navigation

3. Topics 2: Progress Report on the Incubation Business

- ⇒ Completed investment in FiNC, Inc.
- ⇒ Concluded basic agreement to invest in NEO CAREER CO., LTD.

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