Link and Motivation Inc.
Consolidated Financial Information for the Six Months Ended June 30, 2014
(First Half of 2014)
First Half of 2014: Presentation Agenda

1. Announcement of Results for the Six Months Ended June 30, 2014

2. Matters to Be Reported

3. Topics 1: Strengthening Globalization Support Services for Corporations

Announcement of Results for the Six Months Ended June 30, 2014
2014 Link and Motivation Group Operating Structure

Link and Motivation Group

Business Division

① Organizational & Personnel Consulting Business
② Event & Media Business
③ Recruiting & Temp Agency Business
④ ALT Placement Business

Consumer Division

⑤ Schools Business
⑥ Entertainment Business
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
Net sales increased substantially YoY due to integration of Interac Co., Ltd. Each level of income decreased YoY due to delay in profit generation period.
### Sales & Gross Profit by Segment (vs. Same Period of Previous Year)

<table>
<thead>
<tr>
<th></th>
<th>First Half 2013</th>
<th>First Half 2014</th>
<th>YoY Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business Division</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>7,203</td>
<td>9,434</td>
<td>+31.0%</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>[2,925]</td>
<td>[3,598]</td>
<td>+23.0%</td>
</tr>
<tr>
<td><strong>Consumer Division</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>4,605</td>
<td>4,337</td>
<td>-5.8%</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>[1,592]</td>
<td>[1,482]</td>
<td>-6.9%</td>
</tr>
</tbody>
</table>

- In the Business Division, **sales and gross profit both increased substantially YoY** (Mainly the contribution from the integration of Interac Co., Ltd.)
- In the Consumer Division, **sales and gross profit both decreased YoY** (Impact of closure/consolidation of unprofitable locations in the Schools Business)
### Business Division: Sales & Gross Profit (vs. Same Period of Previous Year)

<table>
<thead>
<tr>
<th>(¥ million)</th>
<th>First Half 2013</th>
<th>First Half 2014</th>
<th>YoY Change</th>
<th>Product Trends</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational &amp; Personnel</td>
<td>2,906</td>
<td>3,044</td>
<td>+4.7%</td>
<td>Management training, intercultural training ↑</td>
</tr>
<tr>
<td>Consulting Business</td>
<td>[1,744]</td>
<td>[1,840]</td>
<td>+5.5%</td>
<td>System consulting ↑, Recruiting consulting ↓</td>
</tr>
<tr>
<td>Event &amp; Media Business</td>
<td>1,909</td>
<td>1,577</td>
<td>-17.4%</td>
<td>Contract advertising services ↓</td>
</tr>
<tr>
<td></td>
<td>[572]</td>
<td>[523]</td>
<td>-8.5%</td>
<td>Anniversary events ↑</td>
</tr>
<tr>
<td>Recruiting &amp; Temp Agency Business</td>
<td>3,318</td>
<td>3,675</td>
<td>+10.8%</td>
<td>Temp staffing for sales/marketing/clerical work ↑</td>
</tr>
<tr>
<td></td>
<td>[751]</td>
<td>[820]</td>
<td>+9.1%</td>
<td>New graduate recruiting/introduction ↑</td>
</tr>
<tr>
<td>ALT Placement Business*</td>
<td>—</td>
<td>2,244</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>—</td>
<td>[356]</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

* Results from April 2014 are presented in “First Half 2014”

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

1. **Sales and gross profit both increased** 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 performance of temp staffing overall and new graduate recruiting/introduction because of labor shortage at companies
4. Sales and gross profit are both trending upward on solid performance
Sales decreased and gross profit decreased substantially due to closure/consolidation of unprofitable locations to improve profitability of Link Academy Inc.

Sales and gross profit both 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.
Compared with 2013, operating income for 2014 is expected to be concentrated in the fourth quarter.

The shift of income to the fourth quarter will be particularly marked in the Organizational & Personnel Consulting Business, ALT Placement Business and Schools Business.
The start of activities will be delayed during 2014 due to a change in the rules of the charter of corporate ethics of the Japan Business Federation (Keidanren)

**Due to the impact of a change in the rules of the charter of corporate ethics, the start of new graduate recruiting activities (internship, etc.), mainly at major corporations, will be delayed from the usual schedule in 2014**

⇒ **Compared with last year, approx. ¥400 million in sales is expected to be moved back to the fourth quarter compared with 2013**

**Approx. ¥400 million in sales** is expected to be moved back to the fourth quarter compared with 2013.
Owing to the business model of the ALT Placement Business, profits accumulate in the fourth quarter (due to sales peak from large number of school days in the fourth quarter)
Promoting greater management efficiency by consolidating neighboring schools in urban areas and closing regional and small-scale schools to incorporate them in nearby large-scale schools.

Approx. ¥50 million in closure/consolidation expenses reduced gross profit and each lower level of income for the Schools Business in the first half of 2014.

2014: Number of Link Academy Schools (as of July 31, 2014)

- **Number of Directly Managed Schools**
  - 142 schools (As of January 2014)
  - 128 schools (As of July 31, 2014)

- **Consolidated**
  - 6 schools

- **Closed**
  - 9 schools

- **Newly Opened**
  - 1 school

### Distribution of Schools

- Sendai
- Sapporo
- Hokkaido
- Sannomiya
- Kyoto Station
- Sizouka
- Fukuyama
- Namba

### Schools Closed during First Half of 2014

<table>
<thead>
<tr>
<th>Prefecture</th>
<th>School Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hokkaido</td>
<td>Aeon Mall Sapporo Hiraoka</td>
</tr>
<tr>
<td>Chiba</td>
<td>Aeon Kamatorii</td>
</tr>
<tr>
<td>Kanagawa</td>
<td>Futamatagawa</td>
</tr>
<tr>
<td>Shizuoka</td>
<td>Apita Shimada</td>
</tr>
<tr>
<td>Shizuoka</td>
<td>Aeon Fukuroi</td>
</tr>
<tr>
<td>Aichi</td>
<td>Clacity Handa</td>
</tr>
<tr>
<td>Kyoto</td>
<td>Yamashina</td>
</tr>
<tr>
<td>Osaka</td>
<td>Izumigaoka</td>
</tr>
<tr>
<td>Osaka</td>
<td>Sakaihigashi</td>
</tr>
</tbody>
</table>

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Achieve a YoY reduction of approx. ¥350 million in SG&A expenses in the second half

Substantial YoY increase in the number of qualification courses taken by PC course students

⇒ Benefits of integration to establish a new total career school are beginning to be generated

Consumer Division: Benefits of Corporate Integration in Schools Business
(Link Academy Inc.)

Reduction of SG&A Expenses in Second Half

Increase in Cross-Selling from Integration

Quality of courses taken by PC course students

(¥ million)

2013 SG&A expenses

2014 SG&A expenses (forecast)

(¥ million)

2013 SG&A expenses

2014 SG&A expenses (forecast)

(Number of courses)

Second half of 2013

Second half of 2014

Number of courses (Qualification course students)
## Balance Sheets (vs. End of Previous Year)

<table>
<thead>
<tr>
<th>(¥ million)</th>
<th>Dec. 31, 2013</th>
<th>June 30, 2014</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets</td>
<td>4,195</td>
<td>5,368</td>
<td>+1,173</td>
</tr>
<tr>
<td>Property and Equipment</td>
<td>6,176</td>
<td>11,526</td>
<td>+5,350</td>
</tr>
<tr>
<td>Total Assets</td>
<td>10,371</td>
<td>16,907</td>
<td>+6,535</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>5,083</td>
<td>9,186</td>
<td>+4,103</td>
</tr>
<tr>
<td>Long-term Liabilities</td>
<td>1,493</td>
<td>1,334</td>
<td>-158</td>
</tr>
<tr>
<td>Net Assets</td>
<td>3,794</td>
<td>6,385</td>
<td>+2,590</td>
</tr>
<tr>
<td>Total Liabilities and Net Assets</td>
<td>10,371</td>
<td>16,907</td>
<td>+6,535</td>
</tr>
</tbody>
</table>

- **Assets and liabilities increased substantially** with the integration of Interac Co., Ltd.
- **Net assets increased substantially** due to the capital increase and disposal of treasury stock
Matters to Be Reported
Context of new stock issuance, disposal of treasury stock and private placement of new shares

Allocated to partial repayment of ¥5,000 million in borrowings to acquire Interac Co., Ltd. and its 4 subsidiaries

Change in the number of issued shares

- Number of issued shares (As of April 1, 2014) 107,968,000 shares
- Increase due to new stock issuance 3,000,000 shares (As of June 10, 2014)
- Increase due to private placement 2,100,000 shares (As of June 26, 2014)

Current number of issued shares 113,068,000 shares (As of August 8, 2014)
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 Second-Quarter Dividend

- An increase to \textbf{110 yen} per unit (100 shares) is scheduled to be paid on \textbf{September 25} as planned

<table>
<thead>
<tr>
<th></th>
<th>First Quarter (Actual)</th>
<th>Second Quarter (Scheduled)</th>
<th>Third Quarter (Scheduled)</th>
<th>Fourth Quarter (Scheduled)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend per unit</td>
<td>90 yen</td>
<td>\textbf{110 yen}</td>
<td>\textbf{110 yen}</td>
<td>\textbf{110 yen}</td>
</tr>
</tbody>
</table>
Topics 1: Strengthening Globalization Support Services for Corporations
Core Themes of the Organizational & Personnel Consulting Business
Core Themes of the Organizational & Personnel Consulting Business

Portfolio recruitment
Core Themes of the Organizational & Personnel Consulting Business

- Portfolio recruitment
- Training next-generation leaders
Core Themes of the Organizational & Personnel Consulting Business

- Portfolio recruitment
- Training next-generation leaders
- Promoting diversity
Core Themes of the Organizational & Personnel Consulting Business

- Portfolio recruitment
- Training next-generation leaders
- Promoting diversity
- Training global personnel
Core Themes of the Organizational & Personnel Consulting Business

- Portfolio recruitment
- Training next-generation leaders
- Promoting diversity
- Training global personnel

Offers one-stop support for globalization

- Cross-cultural communication training
- Training before overseas postings
- Language training
- Corporate introductions of Asian university students
- Introduction/temp staffing of foreigners
- Global business skills training

Strengthening Globalization Support Services for Corporations
Provide one-stop globalization support services for corporations that go beyond training for cross-cultural communication and acquisition of global business skills to encompass improvement of language skills and HR introduction/temp staffing.
Topics 2:
Progress Report on the Incubation Business
Progress Report on the Incubation Business

One Investment Completed, One Basic Agreement Concluded

Investment

As of May 30

Akatsuki Inc.
Shareholding Ratio: 3.62%

Basic Agreement Concluded

As of August 7

FiNC
Akatsuki Inc.

Established: 2010

Representatives: Genki Shiota, CEO
Tetsuro Kouda, COO

Members: 85 (Includes 42 regular employees)

Capital: ¥1,401 million

Society Vision: “A society that develops with emotion as a reward”

Mission: “Making the world happy with the power of games”

Business: Planning and development of social network apps for smartphones

LMI Group shareholding ratio: 3.62%

Note: Users of the smartphone app “Thousand memories” exceeded 2 million in the 6 months after its launch.

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

Established: 2012
Representative: Yuji Mizoguchi, CEO
Members: 23
Capital: ¥32 million

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
Link and Motivation Inc.
Consolidated Financial Information for the Six Months Ended June 30, 2014 (First Half of 2014)