

Link and Motivation Inc.

Consolidated Financial Information for the Fiscal Year Ended December 31, 2014



ひとりひとりの本気がこの世界を熱くする

Link and Motivation Group

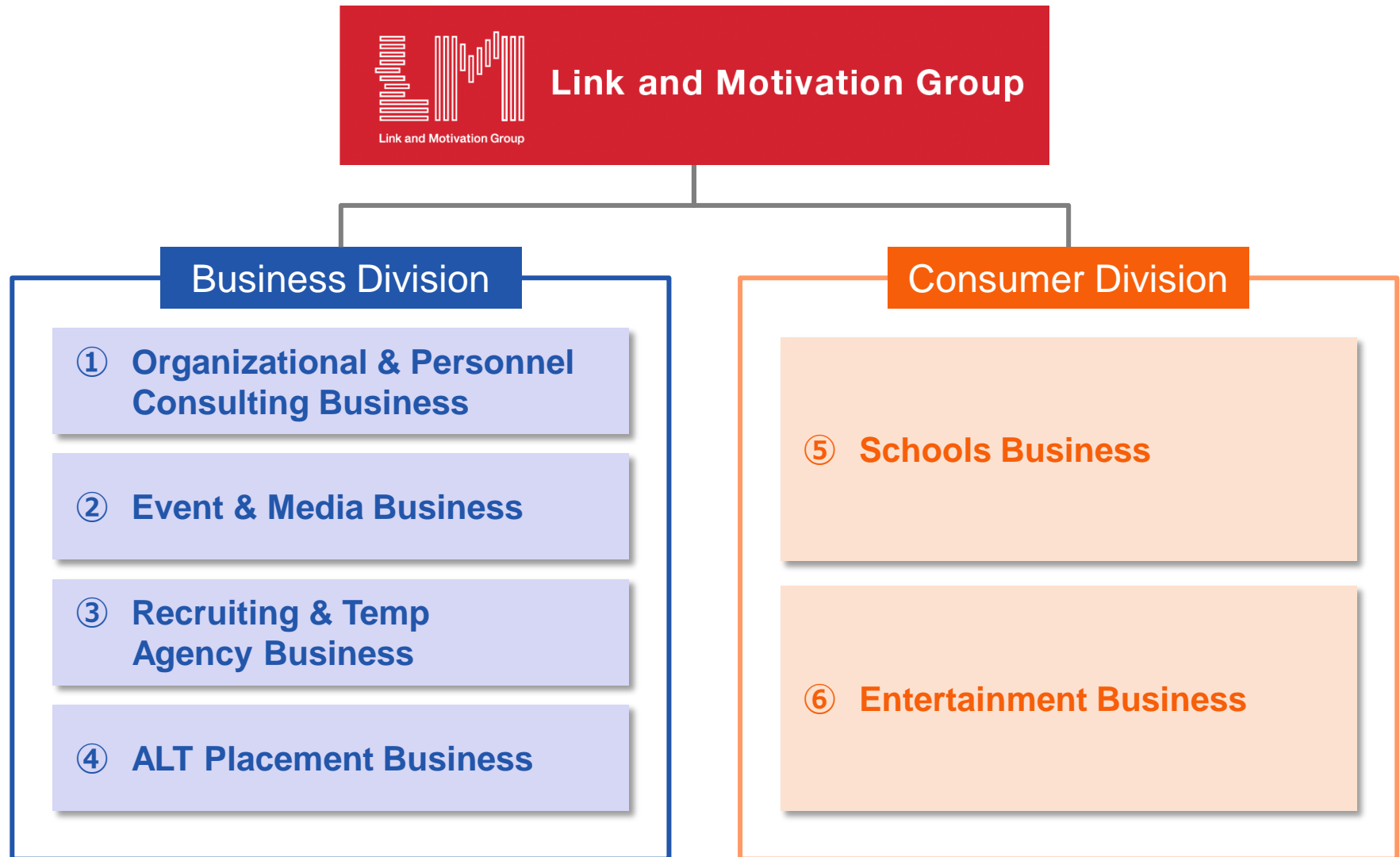


1. Announcement of Results for 2014
2. Growth Strategy
3. Plan for 2015

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Announcement of Results for 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 (Results/YoY Change/vs. Plan)

(¥ million)	2013 Results	2014 Plan	2014 Results	YoY Change	Results vs. Plan
Net Sales	22,384	30,800	28,873	+29.0%	-6.3%
Operating Income	1,558	2,120	1,669	+7.2%	-21.2%
Ordinary Income	1,510	2,080	1,583	+4.8%	-23.8%
Net Income	832	1,100	931	+11.9%	-15.4%

- Net sales and each level of income fell short of the plan but increased YoY to record highs
- One-time expenses for closure/consolidation of unprofitable locations in the Schools Business put pressure on operating income
- Non-operating expenses exceeded expectations due to an increase in interest expenses, but net income increased significantly YoY as net loss carried forward decreased income taxes

Sales & Gross Profit by Segment (Results/YoY Change/vs. Plan)

(¥ million) [Gross profit in brackets]		2013 Results	2014 Plan	2014 Results	YoY Change	Results vs. Plan
Business Division	Sales	14,137	22,800	21,532	+52.3%	-5.6%
	Gross Profit	[5,690]	-	[7,750]	+36.2%	-
Consumer Division	Sales	9,177	8,700	8,429	-8.2%	-3.1%
	Gross Profit	[3,266]	-	[3,031]	-7.2%	-

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

Business Division: Sales and Gross Profit by Business (Results/YoY Change/vs. Plan)

(¥ million) [Gross profit in brackets]		2013 Results	2014 Plan	2014 Results	YoY Change	Results vs. Plan
①	Organizational & Personnel Consulting Business	5,368 [3,339]	6,400 -	6,077 [3,497]	+13.2% +4.8%	-5.0% -
②	Event & Media Business	3,148 [1,110]	3,600 -	2,965 [1,097]	-5.8% -1.1%	-17.6% -
③	Recruiting & Temp Agency Business	6,757 [1,637]	7,800 -	7,491 [1,838]	+10.9% +12.3%	-4.0% -
④	ALT Placement Business*	- -	6,600 -	6,957 [1,788]	- -	+5.4% -

* Results for April to December 2014. ALT (Assistant Language Teacher): Foreign language teaching assistant in elementary and junior high schools

- ④ ALT Placement Business exceeded the plan on solid performance but the other 3 businesses fell short
- ① Organizational & Personnel Consulting Business and ③ Recruiting & Temp Agency Business did not reach their plan targets but sales and gross profit both increased substantially YoY from capturing corporate needs for investment in personnel development
- ② Event & Media Business results decreased YoY due to the strategic termination of contract advertising services, but the gross profit ratio improved by approximately 2% due to the improvement in the product portfolio

Business Division: Product Sales by Business (Results/YoY Change)

Product (¥ million)	2013	2014	YoY Change
① Organizational & Personnel Consulting Business	5,368	6,077	+13.2%
Package	1,704	2,280	+33.8%
Consulting	2,600	2,732	+5.1%
Outsourcing	587	494	-15.9%
Database	341	430	+26.1%
Member services	136	142	+4.5%
② Event & Media Business	3,148	2,965	-5.8%
Event production	1,618	2,142	+32.4%
Media production	948	823	-13.2%
Contract advertising	582	0	-

Product (¥ million)	2013	2014	YoY Change
③ Recruiting & Temp Agency Business	6,757	7,491	+10.9%
Store temp staff	5,727	5,905	+3.1%
Sales temp staff	208	161	-22.7%
Office temp staff	0	233	-
Contract sales	466	652	+40.0%
New graduates	323	481	+48.9%
Mid-career	34	59	+76.0%
④ ALT Placement Business	0	6,957	-

- **Organizational & Personnel Consulting:** Outsourcing decreased YoY but package and database sales increased substantially YoY, with success in strengthening sales promotion of high-margin manager training and motivation diagnostics
- **Event & Media:** As a result of the strategic termination of low-margin contract advertising and efforts to strengthen sales promotion of anniversary and other high-margin events, event planning and operation increased substantially YoY. In media production, recruiting-related orders were postponed to next year because major companies moved back their recruiting period
- **Recruiting & Temp Agency:** Focused on high-margin new graduate recruiting and introduction and achieved a nearly 50% increase. Capitalizing on corporations' sense of insufficient employees, increased store temp staff YoY and successfully started office temp staffing. Succeeded in transitioning sales temp staff from temporary to contract workers to raise the profit margin.

Consumer Division: Sales and Gross Profit by Business (Results/YoY Change/vs. Plan)

(¥ million) [Gross profit in brackets]		2013 Results	2014 Plan	2014 Results	YoY Change	Results vs. Plan
⑤	Schools Business	8,496 [3,070]	8,000 -	7,773 [2,729]	-8.5% -11.1%	-2.8% -
⑥	Entertainment Business	680 [232]	700 -	690 [315]	+1.6% +35.7%	-1.3% -

- In the Schools Business, fell short of the plan due to full-scale closure/consolidation of unprofitable locations throughout the year to improve profitability, and sales and gross profit both decreased YoY
- In the Entertainment Business, sales increased slightly and gross profit increased substantially YoY due to the favorable impact from the Link Tochigi Brex reaching the payoffs

Consumer Division: Product Sales (Results/Composition/YoY Change)

Product (¥ million)	2013		2014		YoY Change
	Results	% of total	Results	% of total	
⑤ Schools Business	8,496	-	7,773	-	-8.5%
PC courses	4,901	59%	4,018	53%	-18.0%
Civil servant courses	683	8%	795	11%	+16.4%
Accounting courses	680	8%	667	9%	-1.9%
National exam courses	544	7%	470	6%	-13.6%
Corporate training, etc.	516	6%	792	11%	+53.6%
Sales of educational materials, etc.	571	7%	404	5%	-29.2%
Sales of tests, etc.	195	2%	233	3%	+19.5%
Franchises	248	3%	123	2%	-50.4%
Job support	0	0%	24	0%	-
Preparatory schools	159	2%	243	3%	+52.8%
⑥ Entertainment Business	680	-	690	-	+1.6%

- With cross selling of qualification courses to PC course students, the bias in composition is gradually evening out
- Over 50% YoY increase in corporate training, etc. from coordination with Business Division
- Substantial YoY increase in franchises due to business transfer that concentrated management resources
- Over 50% YoY increase in preparatory schools with increase in introductions from existing students

Consolidated SG&A Expenses (Results/YoY Change)

(¥ million)	2013 Results	2014 Results	YoY Change
Personnel expenses	3,063	3,780	+23.4%
Recruiting, training and welfare expenses	323	391	+20.9%
Rent	545	619	+13.7%
Office and system expenses	580	791	+36.4%
Sales-related expenses	1,530	1,455	-4.9%
Other expenses	633	892	+41.0%
Amortization of goodwill	511	676	+32.1%
Total SG&A expenses	7,184	8,603	+19.8%

- Selling, general and administrative (SG&A) expenses increased substantially YoY due to the addition of Interac Co., Ltd.

Consolidated SG&A Expenses (Results/YoY Change Excluding Interac Co., Ltd.)

(¥ million)	2013 Results	2014 Results	YoY Change
Personnel expenses	3,063	2,832	-7.5%
Recruiting, training and welfare expenses	323	293	-9.3%
Rent	545	532	-2.2%
Office and system expenses	580	701	+20.9%
Sales-related expenses	1,530	1,447	-5.4%
Other expenses	633	729	+15.2%
Amortization of goodwill	511	459	-10.2%
Total SG&A expenses	7,184	6,994	-2.6%

- Excluding the impact of Interac Co., Ltd., total SG&A expenses decreased
- Office and system expenses increased temporarily due to the establishment of consolidated offices and the set-up of systems there
- With increased efficiency from office and system closure/consolidation, rent and personnel expenses decreased

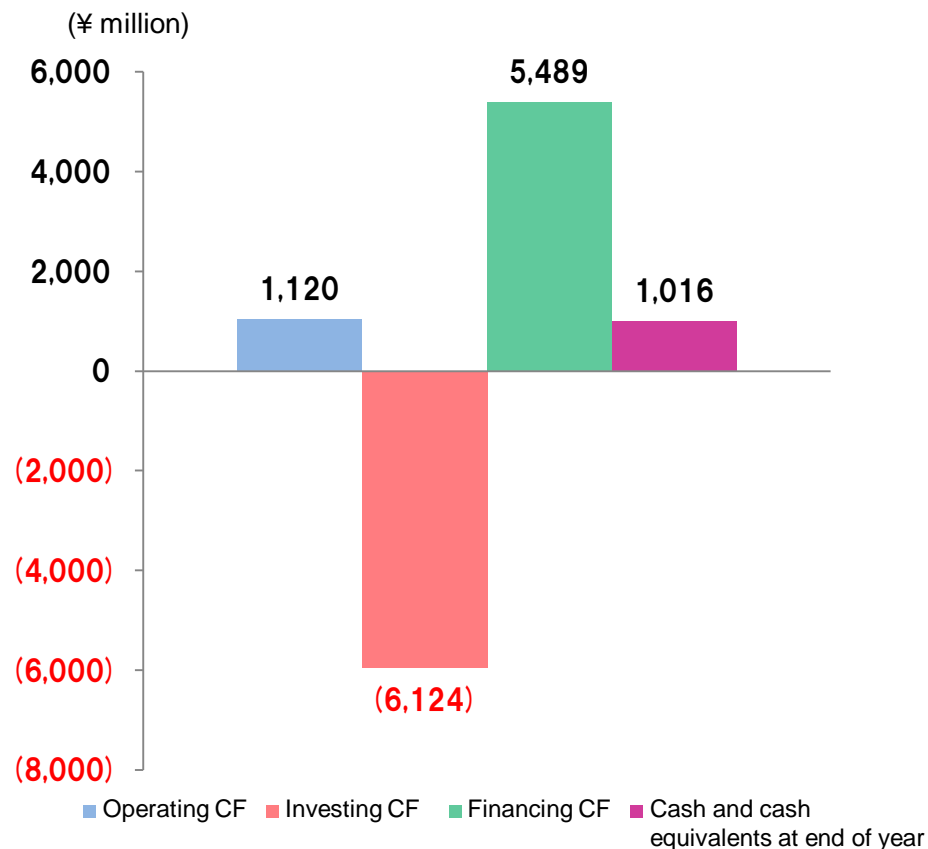
Consolidated Balance Sheets (Results/YoY Change)

(¥ million)	Dec. 31, 2013	Dec. 31, 2014	Change
Current Assets	4,195	6,199	+2,003
Property and Equipment	6,176	11,712	+5,536
Total Assets	10,371	17,921	+7,550
Current Liabilities	5,083	7,790	+2,707
Long-term Liabilities	1,493	3,276	+1,783
Net Assets	3,794	6,854	+3,059
Total Liabilities and Net Assets	10,371	17,921	+7,550

- Assets and liabilities increased substantially with the addition of Interac Co., Ltd. to the scope of consolidation
- On the other hand, net assets increased substantially due to the accumulation of retained earnings, in addition to a capital increase and disposal of treasury stock
- As a result, the net worth ratio increased from 36.6% to 38.2%

Consolidated Cash Flow (Results/YoY Change)

(¥ million)	Dec. 31, 2013	Dec. 31, 2014	YoY Change
Cash flow from operating activities	461	1,120	+658
Cash flow from investing activities	-403	-6,124	-5,721
Cash flow from financing activities	-1,970	5,489	+7,460
Cash and cash equivalents at the end of the year	525	1,016	+490



- With a capital increase, disposal of treasury stock and capital from long-term borrowings allocated to the acquisition of Interac Co., Ltd., cash flow from financing activities increased substantially and cash flow from investing activities decreased substantially
- Due to steady growth in cash flow from operating activities, cash and cash equivalents at the end of the year increased steadily

● 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

● Scheduled fourth-quarter dividend for 2014

- A dividend of 110 yen per unit is scheduled to be paid on March 25 as planned

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

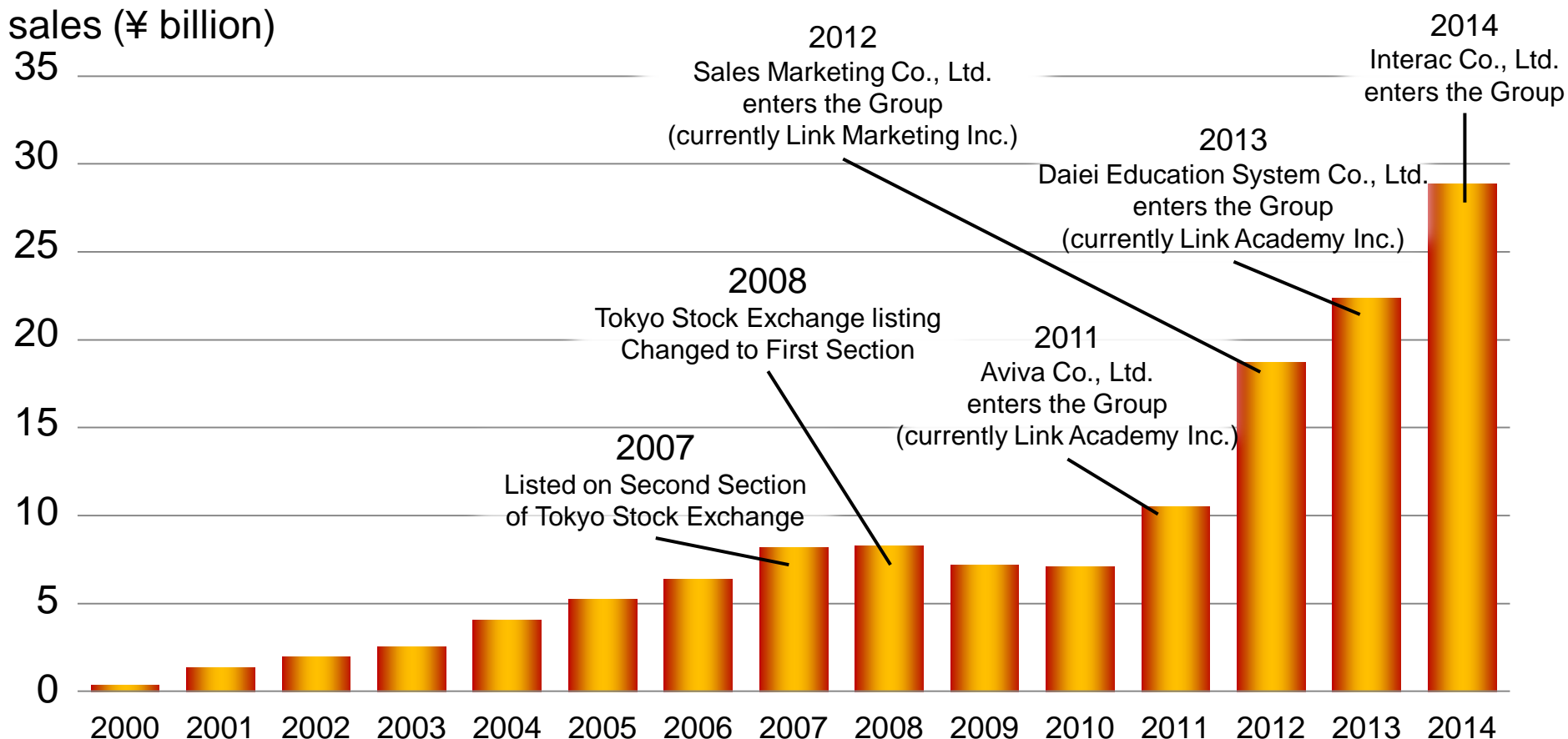
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Growth Strategy



Business Result Trend of the Link and Motivation Group

Net sales (¥ billion)



Net sales exceeded 28 billion yen in the 15th year of operations
Continuing growth and record-high results since the Lehman Shock

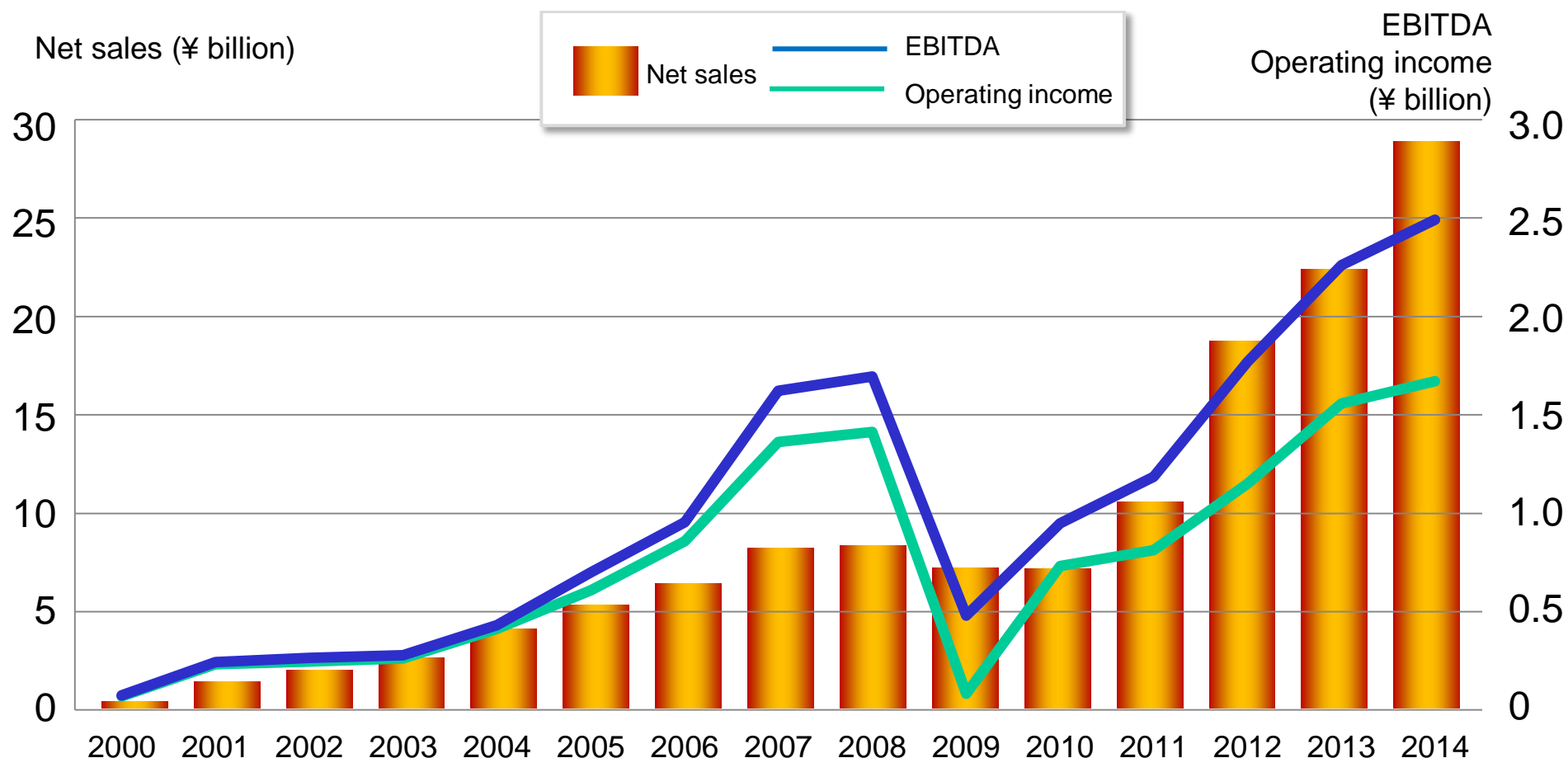
Profit Generated from Main Mergers and Acquisitions

	2014 Operating Income before Amortization of Goodwill	2014 Amortization of Goodwill	2014 Operating Income after Amortization of Goodwill
Link Academy Inc. (Aviva Co., Ltd. and Daiei Education System Co., Ltd.)	592	303	288
Link Marketing Inc. (Sales Marketing Co., Ltd.)	340	92	248
Interac Co., Ltd.	483	171	312

(¥ million)

By increasing our ability to display post-M&A synergy,
we have generated value exceeding forecasts from each acquisition

Operating Income and EBITDA



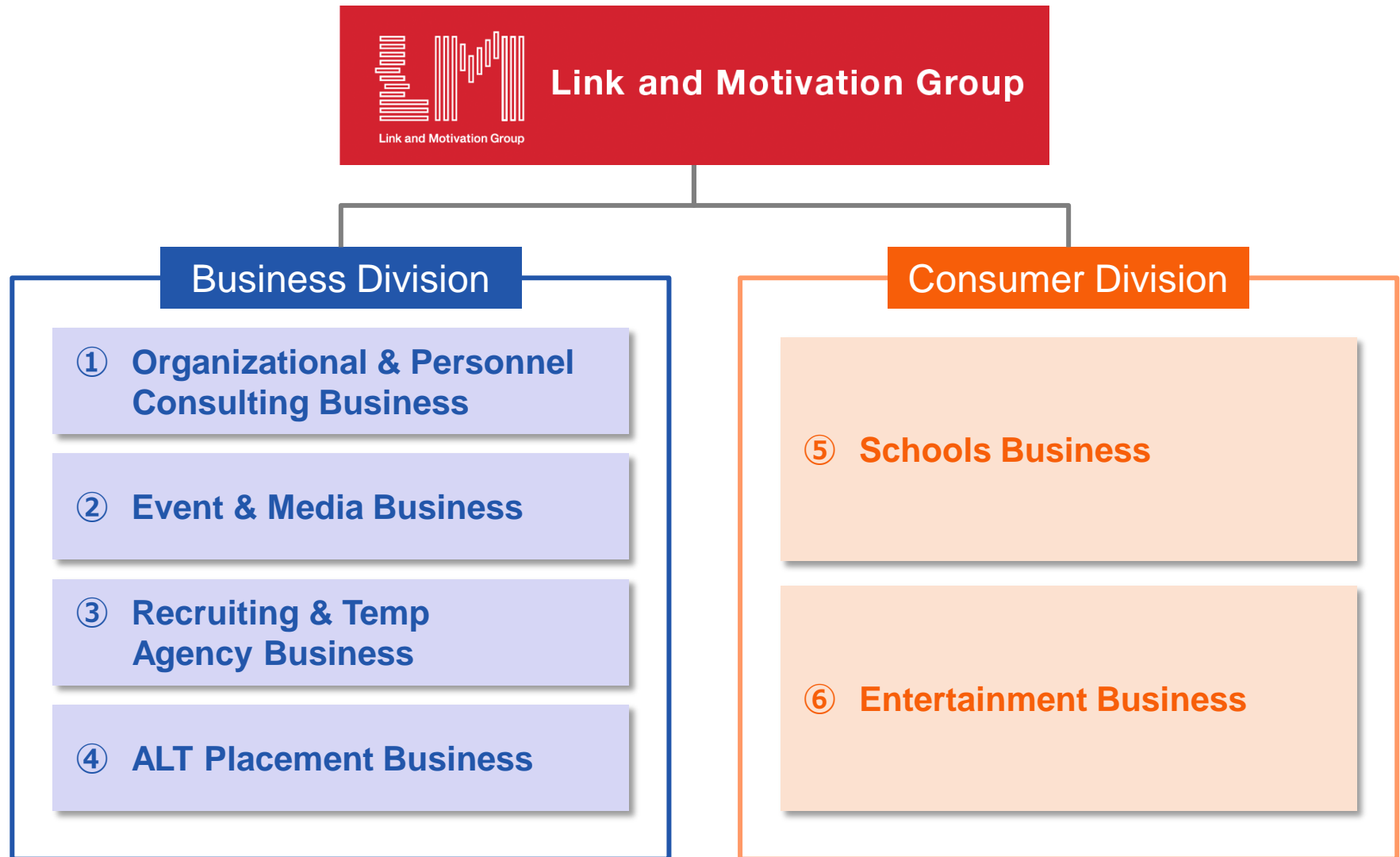
By increasing EBITDA as well as operating income,
we continually raise corporate value

Re-novation

- 1. Reform. Improve.**
- 2. Repair. Restore.**

Large-scale construction work on an existing building to change uses and functions in order to improve performance and add value

Link and Motivation Group Operating Structure



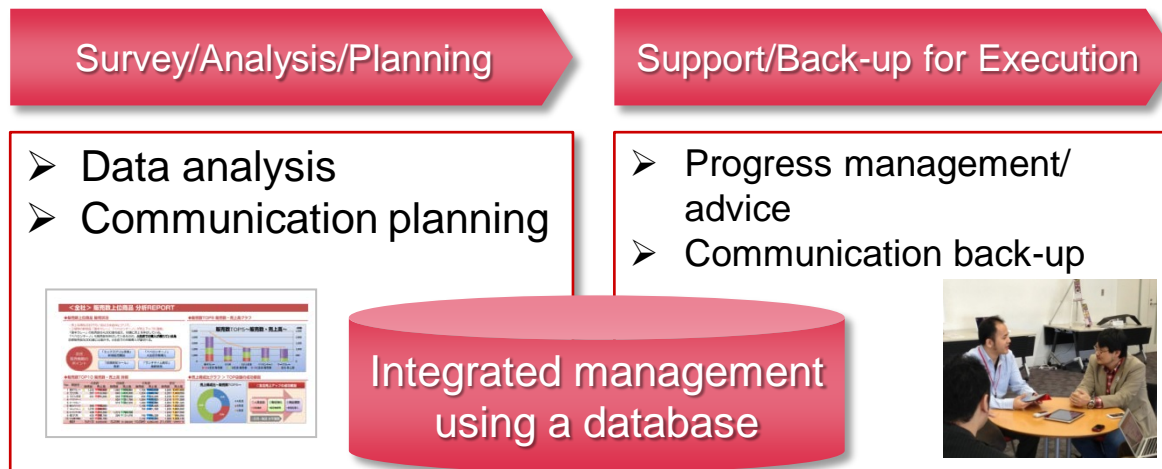
Re-novation in the Business Division

① Organizational & Personnel Consulting Business

Scheduled establishment of Link Relation Engineering Inc.
(April 2015)



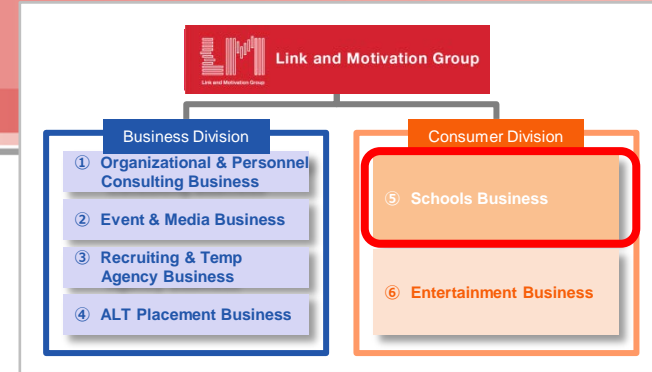
- Support for companies in building relations with customers through the sales process and with applicants through the recruiting process
- Provides one-stop services from database consulting to support and back-up for execution
- Target of ¥1 billion in sales in addition to contract sales assets for Recruiting & Temp Agency Business



⑤ Schools Business



Release of new “Office University” service



- A course that brings together LMG's techniques and expertise for people who want to work in an office
- Course content supervised by Link Marketing Inc., which conducts personnel recruiting and introductions
- Target of **¥200 million in first-year sales**, with courses scheduled to start in March 2015

Classes

- Business manner
- Communication skills
- Task control skills
- Computer skills



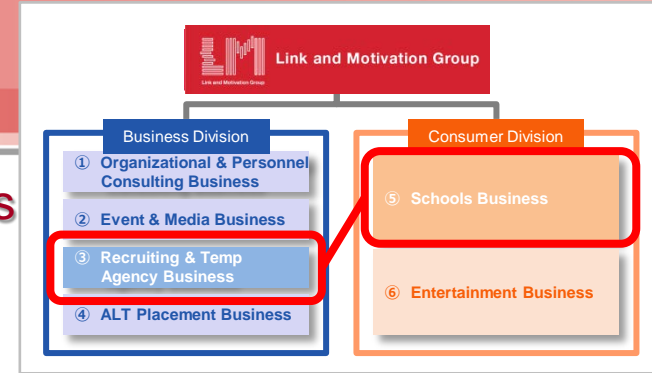
Graduation Tests

- Business manner test
- Practical computer skills
- Telephone techniques



Note: Planned content of classes and tests is subject to change.

Re-novation That Links Divisions



⑤ Schools Business and ③ Recruiting & Temp Agency Business

Evolution of career navigation

- Link Marketing Inc. will provide “Office University” graduates support for finding employment including counseling and interview strategy
- Connections to job opportunities in major cities nationwide
- Target of 400 people placed (April-December 2014 results: 109 people)

Class Attendance

オフィスの大学



Support for Finding Employment

- Counseling, interview strategy
- Job introductions in major cities nationwide



Candidate for Outside Director (Pending approval at shareholders meeting to be held on March 27, 2015)

Takashi Sawada, President and CEO of Revamp Corporation

Employment History

Mar. 1981	Graduated from Sophia University
Apr. 1981	Entered ITOCHU Corporation
May 1997	Entered Fast Retailing Co., Ltd. (Uniqlo)
Nov. 1997	Managing Director, Fast Retailing
Nov. 1998	Executive Vice President, Fast Retailing
Feb. 2003	Established Kiacon Corporation, Representative Director
May 2005	Established Revamp Corporation, Representative Director



Current Positions

President, CEO and Representative Director, Revamp Corporation
Outside Director, Nomura Research Institute, Ltd.
Outside Director, SECOM Co., Ltd.
Outside Director, K's HOLDINGS CORPORATION
Outside Director, Culture Convenience Club Co., Ltd.

Investment completed on two projects and
basic agreement concluded for another

Investment Completed

As of February 6

Leading Mark, Inc.

LEADING
MARK

As of February 10

schoo Inc.



Basic Agreement Concluded

As of February 10

Renoveru Co., Ltd. 選ぶ・つくる・住む・つながる

リノべる。

Leading Mark, Inc.

Established: 2008

Representative: Yuji Iida, CEO

Members: 30 (including part-time and temp employees)

Capital: ¥231,000,000

Corporate Philosophy: “Through the design of social structures, we will have a large and useful impact on the world’s people who want fulfillment.”

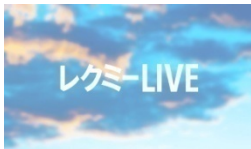
Businesses: New graduate recruiting support (Japan and China), job search consulting, construction and operation of Internet services

LEADING MARK



Recme

Japan's largest video resume platform



Recme LIVE

Japan's largest joint information meeting targeting Tokyo, Waseda, Keio and the former imperial universities



Consulting

Wide-ranging support from developing job search strategies to holding events

- Support for strengthening recruiting ability and organizational management capability to expand the business
- Business alliance with Recruiting & Temp Agency Business in progress

schoo Inc.

Established: 2011

Representative: Kenshiro Mori, President

Members: 36 (including officers and part-time employees)

Capital: ¥513,000,000

Corporate Philosophy: Eliminate “graduation”
from society

Business: A new type of web-based classroom



schoo WEB-campus β

Live classes held by notable front-line figures from around the world

Participants chat during classes



- Support for strengthening recruiting ability and organizational management capability to expand the business
- Possible business alliance with the Schools Business under consideration

Renoveru Co., Ltd.

Established: 2010

Representatives: Tomohiro Yamashita, CEO

Members: 77

Capital: ¥240,000,000

**Corporate Philosophy: Live more enjoyably by
reducing wasteful household expenses.**

Businesses: Used housing renovation business

- ① Search for properties for renovation
- ② Design and construction
- ③ Loans for renovation

選ぶ・つくる・住む・つながる
リノベる。



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

3

Plan for 2015



2015 Plan for Consolidated Statements of Operations

(¥ million)	2014 Results	2015 Plan	YoY Change
Net Sales	28,873	33,000	+14.3%
Operating Income	1,669	1,930	+15.6%
Ordinary Income	1,583	1,860	+17.4%
Net Income	931	1,060	+13.9%

- Net sales are expected to increase substantially YoY due to the first-quarter results of Interac Co., Ltd. and growth of existing businesses
- Each level of income is expected to reach record highs

2015 Plan for Sales by Segment

(¥ million)	2014 Results	2015 Plan	YoY Change
Link and Motivation Group	28,873	33,000	+14.3%
Business Division	21,532	26,000	+20.8%
① Organizational & Personnel Consulting Business	6,077	7,000	+15.2% *
② Event & Media Business	2,965	3,300	+11.3%
③ Recruiting & Temp Agency Business	7,491	8,000	+6.8% *
④ ALT Placement Business	6,957	9,800	+40.9%
Consumer Division	8,429	8,000	-5.1%
⑤ Schools Business	7,773	7,350	-5.4%
⑥ Entertainment Business	690	700	+1.3%

* With the establishment of Link Relation Engineering Inc., sales contract services will be transferred from the Recruiting & Temp Agency Business to the Organizational & Personnel Consulting Business

- Sales and each level of income are expected to increase substantially YoY
- In the Schools Business, despite a forecast decrease in sales from the effect of school closures/consolidations in 2014, profitability will increase substantially

- Dividend Policy for 2015
 - Dividends paid quarterly
 - 110 yen per unit each quarter for planned annual dividends of 440 yen

	First Quarter Dividend Forecast	Second Quarter Dividend Forecast	Third Quarter Dividend Forecast	Fourth Quarter Dividend Forecast
Dividends per unit	110 yen	110 yen	110 yen	110 yen
Number of shares in a unit	100	100	100	100

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Summary



2014 Results Presentation Summary

1. Announcement of Results for 2014

- ⇒ Net sales and each level of income increased substantially YoY and set new record highs
- ⇒ Business Division sales increased substantially YoY, mainly due to the addition of Interac Co., Ltd.
- ⇒ Consumer Division sales decreased YoY from a focus on raising profitability in the Schools Business
- ⇒ We reduced SG&A expenses by shifting our product mix to high-margin products to increase profitability and raising efficiency
- ⇒ We succeeded in generating value exceeding forecasts from each acquisition
- ⇒ The net worth ratio increased from 36.6% to 38.2% due to the accumulation of retained earnings, in addition to a capital increase

2. Growth Strategy

- ⇒ We plan to establish Link Relation Engineering Inc. to support building relations through the sales and recruiting processes
- ⇒ We will release a new “Office University” service that brings together LMG’s techniques and expertise
- ⇒ We will strengthen connections to job opportunities for “Office University” graduates for the evolution of career navigation
- ⇒ We plan to appoint Takashi Sawada, President and CEO of Revamp Corporation, as outside director
- ⇒ We have completed investment in and are pursuing business alliances with Leading Mark, Inc. and school Inc., and have concluded a basic agreement to invest in Renoveru Co., Ltd.

3. Plan for 2015

- ⇒ We expect substantial YoY increases and new record highs for net sales and each level of income

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