

Link and Motivation Inc.
Consolidated Financial Information for the
Three Months Ended March 31, 2015
(First Quarter of 2015)



ひとりひとりの本気がこの世界を熱くする

Link and Motivation Group



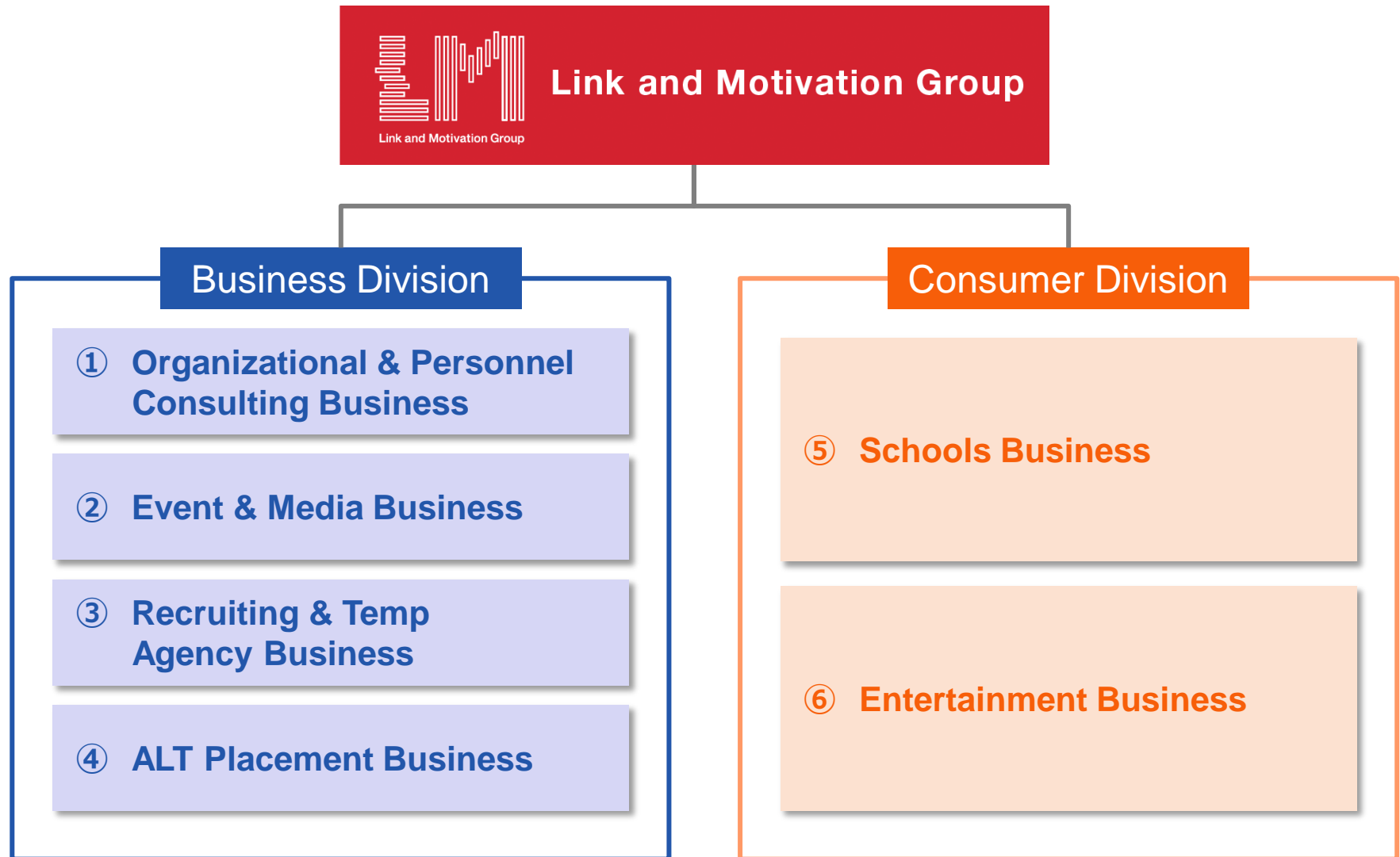
1. Announcement of Results for the
Three Months Ended March 31, 2015
2. Topics
 - 1: Establishment of Integrated Base in Osaka
 - 2: Promotion of Motivation & Wellness Management



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Announcement of Results for the Three Months Ended March 31, 2015

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

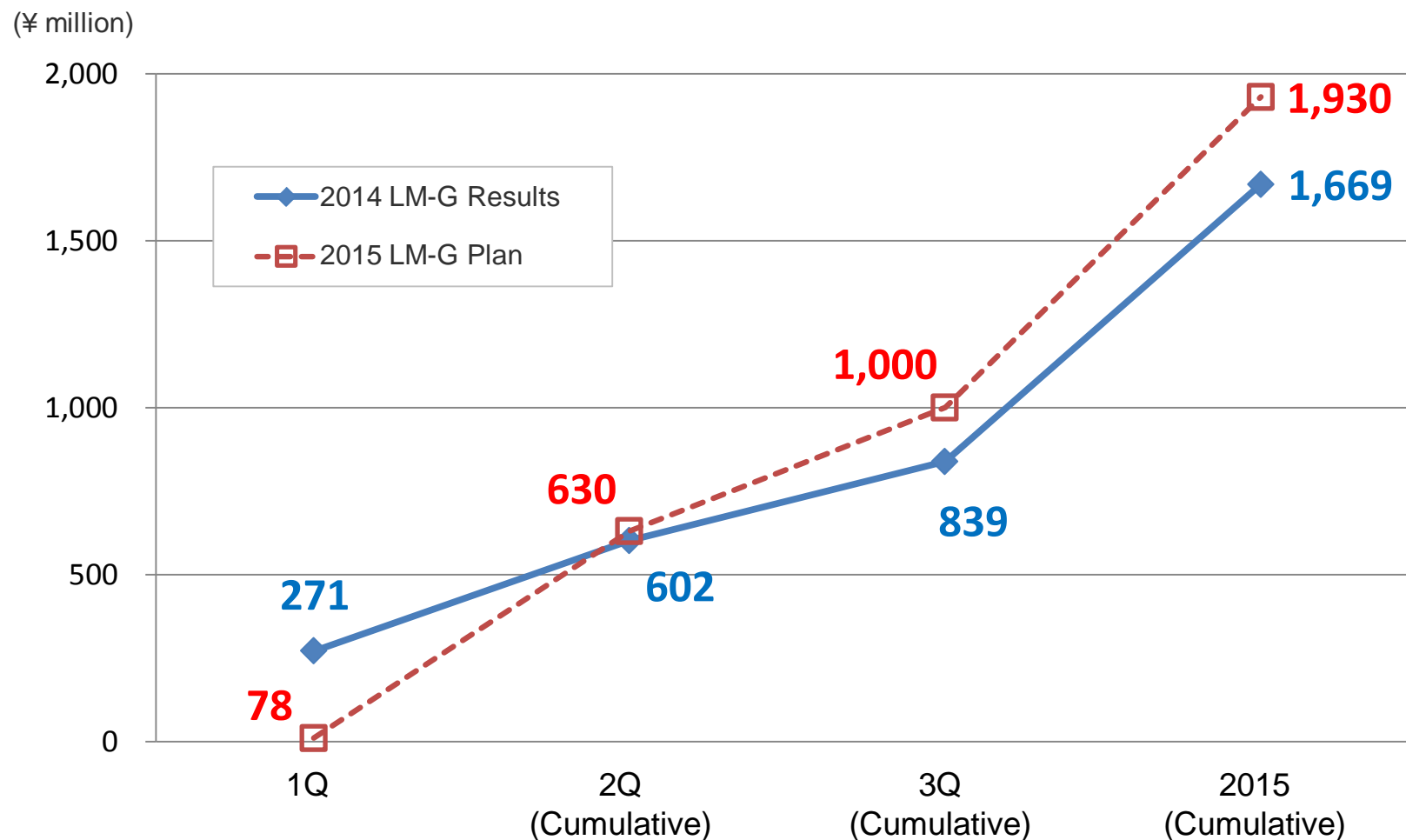
Providing entertainment with the concept of “creating quality of life” for individuals
⇒ Management of Link Tochigi Brex basketball team, Link Dining restaurant

Statements of Operations (Results/YoY Change)

(¥ million)	2014 Results	2015 Results	YoY Change
Net Sales	5,344	7,720	+44.5%
Operating Income	271	78	-70.9%
Ordinary Income	262	65	-75.0%
Net Income	81	27	-66.3%

- Net sales increased substantially YoY with the addition of Interac to the scope of consolidation
- Operating income and income line items below it decreased substantially YoY with a temporary increase in SG&A expenses including strengthened promotion of new products and an increase in office and system expenses to establish consolidated offices and install systems

Operating Income Plan



- Operating income for the year is expected to increase 15.6% YoY to ¥1,930 million
- First-quarter operating income decreased YoY because investments for business expansion were concentrated in the first quarter
- Results from the second quarter onward are expected to surpass last year

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

(¥ million) [Gross profit in brackets]		2014 Results	2015 Results	YoY Change
Business Division	Sales	3,572	6,082	+70.3%
	Gross Profit	[1,681]	[1,906]	+13.4%
Consumer Division	Sales	2,129	1,967	-7.6%
	Gross Profit	[716]	[765]	+6.9%

- In the Business Division, 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)
- In the Consumer Division, sales decreased YoY but gross profit increased YoY
(Contribution from closure/consolidation of unprofitable locations in the Schools Business)

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

(¥ million) [Gross profit in brackets]		2014 Results	2015 Results	YoY Change
①	Organizational & Personnel Consulting Business	1,513 [1,072]	1,371 [796]	-9.4% -25.7%
②	Event & Media Business	774 [270]	701 [154]	-9.4% -43.0%
③	Recruiting & Temp Agency Business	1,933 [475]	2,086 [485]	+7.9% +2.0%
④	ALT Placement Business*	— —	2,469 [660]	- -

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

- In ① the Organizational & Personnel Consulting Business and ② the Event & Media Business, sales decreased and gross profit decreased substantially with the impact of a reduced number of large-scale events held in the recruiting field
- In ③ the Recruiting & Temp Agency Business, sales and gross profit both increased YoY as it met corporate needs to increase staff

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

Product (¥ million)	2014	2015	YoY Change
① Organizational & Personnel Consulting Business	1,513	1,371	-9.4%
Package	409	459	+12.2%
Consulting	788	691	-12.2%
Outsourcing	192	102	-46.8%
Database	91	83	-9.4%
Member services	33	36	+7.4%
② Event & Media Business	774	701	-9.4%
Event production	579	437	-24.6%
Media production	195	264	+35.8%

Product (¥ million)	2014	2015	YoY Change
③ Recruiting & Temp Agency Business	1,933	2,086	+7.9%
Store temp staff	1,591	1,501	-5.7%
Sales temp staff	56	34	-39.5%
Office temp staff	0	137	-
Contract sales	131	228	+74.2%
New graduates	141	161	+14.3%
Mid-career	15	26	+74.8%
④ ALT Placement Business	0	2,469	-

- **Organizational & Personnel Consulting:** Outsourcing and consulting decreased substantially with the impact of a reduced number of recruiting events, but package sales increased substantially YoY with success in strengthening sales promotion of manager training
- **Event & Media:** Event production decreased substantially YoY with the impact of the reduced number of recruiting events. Media production increased substantially YoY by meeting needs for videos in the recruiting field.
- **Recruiting & Temp Agency:** Achieved a substantial YoY increase by focusing on new graduates and mid-career hiring. Successfully started office temp staffing through strengthened coordination with the Schools Business in the Consumer Division. Succeeded in shifting sales temp staff to contract workers with intention of raising the profit margin.

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

(¥ million) [Gross profit in brackets]		2014 Results	2015 Results	YoY Change
⑤ Schools Business		1,973	1,777	-9.9%
		[667]	[697]	+4.4%
⑥ Entertainment Business		165	198	+19.9%
		[51]	[70]	+37.6%

- In the School Business, sales decreased YoY but gross profit increased YoY as a result of closing/consolidating unprofitable locations in 2014 to improve profitability
- In the Entertainment Business, sales and gross profit both increased substantially YoY from the positive impact of the Link Tochigi Brex's successful season

Consumer Division: Product Sales (Results/Composition)

Product	2014		2015		YoY Change
	Results	% of total	Results	% of total	
⑤ Schools Business	1,973 <667>	-	1,777 <697>	-	-9.9% <+4.4%>
PC courses	1,045	53%	872	49%	-16.6%
Civil servant courses	190	10%	214	12%	+12.6%
Accounting courses	183	9%	143	8%	-21.9%
National exam courses	114	6%	103	6%	-9.6%
Corporate training, etc.	167	8%	273	15%	+63.5%
Sales of educational materials, etc.	132	7%	80	5%	-39.4%
Sales of tests, etc.	34	2%	25	1%	-26.5%
Franchises	33	2%	0	0%	-100.0%
Job support	3	0%	11	1%	-
Preparatory schools	71	4%	57	3%	-20.3%
⑥ Entertainment Business	165 <51>	-	198 <70>	-	+20.0% <+37.6%>

- 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 decrease in franchises due to business transfer that concentrated management resources
- Substantial YoY decrease in preparatory schools due to strategic withdrawal from Kashiwa School

Consolidated SG&A Expenses (Results/YoY Change)

(¥ million)	2014 Results	2015 Results	YoY Change
Personnel expenses	803	974	21.2%
Recruiting, training and welfare expenses	104	128	22.4%
Rent	130	159	22.8%
Office and system expenses	177	250	41.7%
Sales-related expenses	414	587	42.0%
Transportation and other expenses	142	213	50.6%
Amortization of goodwill	128	183	43.5%
Total SG&A expenses	1,897	2,495	31.5%

- 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)	2014 Results	2015 Results	YoY Change
Personnel expenses	803	623	-22.5%
Recruiting, training and welfare expenses	104	86	-17.4%
Rent	130	131	+0.7%
Office and system expenses	177	214	+21.3%
Sales-related expenses	414	577	+39.6%
Transportation and other expenses	142	167	+18.2%
Amortization of goodwill	128	126	-1.3%
Total SG&A expenses	1,897	1,925	+1.5%

- Excluding the impact of Interac Co., Ltd., total SG&A expenses increased slightly
- Office and system expenses increased temporarily due to the establishment of consolidated offices and the set-up of systems there
- Sales-related expenses increased temporarily due to strengthened advertising and promotion for “Office University” and other new products
- Personnel expenses decreased substantially due to greater efficiency in administrative departments (consolidation of functions and system set-up)

Consolidated Balance Sheets (Results/YoY Change)

(¥ million)	Dec. 31, 2014	Mar. 31, 2015	Change
Current Assets	6,198	5,695	-502
Property and Equipment	11,711	12,175	+463
Assets Carried Over	10	9	-1
Total Assets	17,921	17,881	-40
Current Liabilities	7,790	8,009	+219
Long-term Liabilities	3,276	3,084	-192
Net Assets	6,854	6,786	-67
Total Liabilities and Net Assets	17,921	17,881	-40

- Property and equipment increased substantially due to the establishment of consolidated offices and installation of core systems
- Long-term liabilities decreased steadily due to the regular repayment of long-term debt
- As a result, the net worth ratio was virtually unchanged

- Dividend Policy for 2015

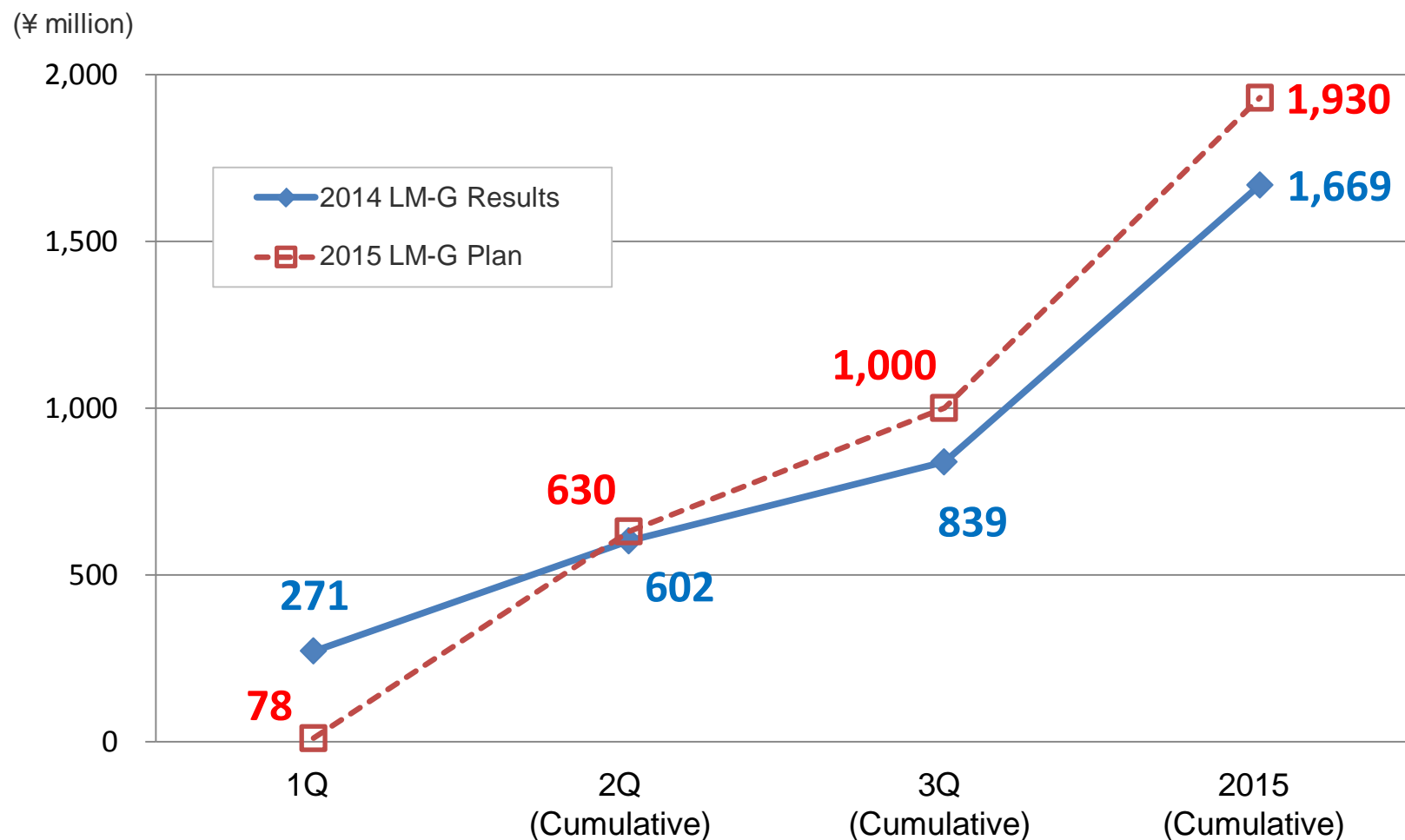
- Dividends paid quarterly

- Scheduled First-Quarter Dividend for 2015

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

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

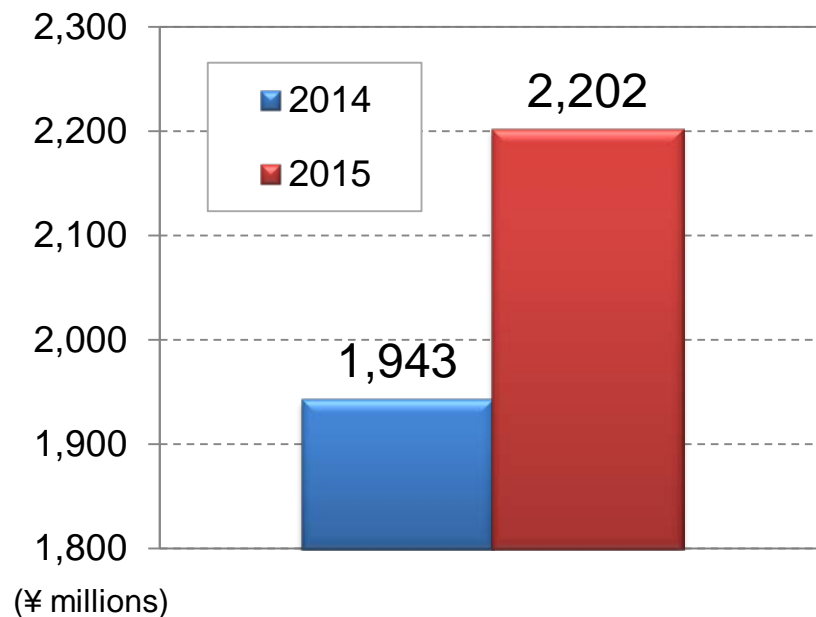
Operating Income Plan (Repeat)



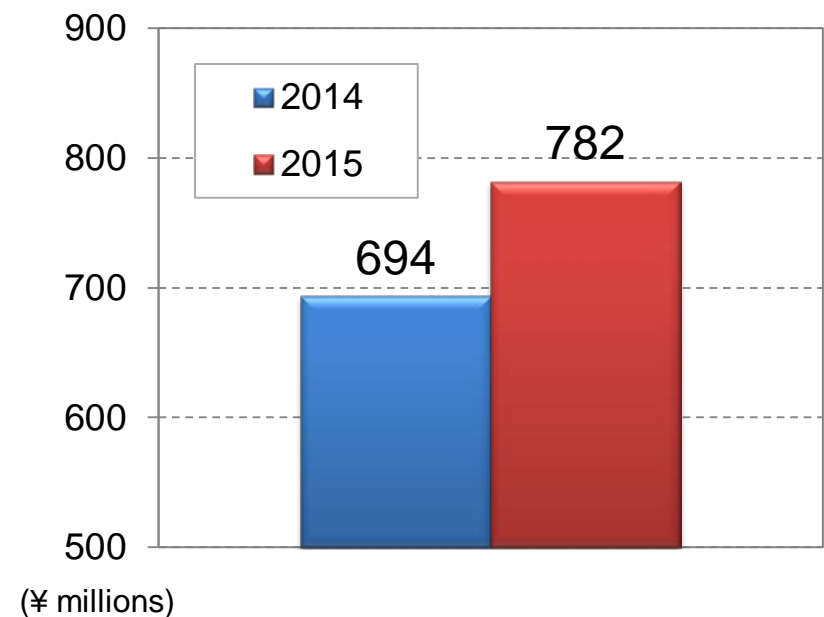
- Operating income for the year is expected to increase 15.6% YoY to ¥1,930 million
- First-quarter operating income decreased YoY because investments for business expansion were concentrated in the first quarter
- Results from the second quarter onward are expected to surpass last year

Total Sales from Orders Received as of End of First Quarter

Organizational & Personnel Consulting Business



Event & Media Business



- In the Organizational & Personnel Consulting Business, orders received increased 13% YoY
- In the Event & Media Business, orders received increased 13% YoY
- Steady growth in orders from the second quarter onward will contribute to future profit generation

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Topics



Topic 1: Establishment of Integrated Base in Osaka

Integrated offices and classrooms in Osaka bring together 7 Group companies

May 7, 2015 Hilton Plaza West Office Tower, 15th Floor



Promote synergy by stimulating communication and
reduce costs by consolidating duplicate functions

What is Motivation & Wellness Management?

- Recognizing employees' mental and physical health as a core management resource and working to improve it companywide
- Expected to improve employee satisfaction and organizational productivity while reducing medical expenses and employee turnover
- Introduces a Chief Wellness Officer (CWO) in charge of promoting wellness



Link and Motivation Inc. has been chosen for the Health & Productivity Stock Selection, which is jointly selected by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange

Joint Press Conference on Wellness Management

Date/Time: May 18, 2015 (Monday) 1:00 to 2:30 p.m.

Location: JP TOWER Hall & Conference

Participants: Nihon Kotsu Co., Ltd., Yoshinoya Holdings Co., Ltd.,
FiNC Co., Ltd., Link and Motivation Inc.



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Summary



Results Presentation for the First Quarter of 2015

1. Announcement of Results for the Three Months Ended March 31, 2015

- ⇒ Net sales increased substantially YoY with the addition of Interac to the scope of consolidation
- ⇒ Operating income and income line items below it decreased substantially YoY with a temporary increase in SG&A expenses
- ⇒ Cumulative operating income from the second quarter onward is expected to surpass last year's results because investments were concentrated in the first quarter
- ⇒ In the Business Division, sales and gross profit both increased substantially YoY, mainly due to the addition of Interac Co., Ltd.
- ⇒ In the Consumer Division, gross profit increased YoY with the contribution from closure/consolidation of unprofitable locations in the Schools Business
- ⇒ SG&A expenses increased temporarily due to the establishment of consolidated offices and the set-up of systems there, and strengthened advertising and promotion for new products
- ⇒ Personnel expenses decreased substantially due to greater efficiency in administrative departments (consolidation of functions and system set-up)
- ⇒ In the Organizational & Personnel Consulting Business and the Event & Media Business, orders received increased steadily

2. Topics

- ⇒ We established an integrated base in Osaka to generate synergy and reduce costs
- ⇒ We plan to hold a joint press conference to promote Motivation & Wellness Management

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