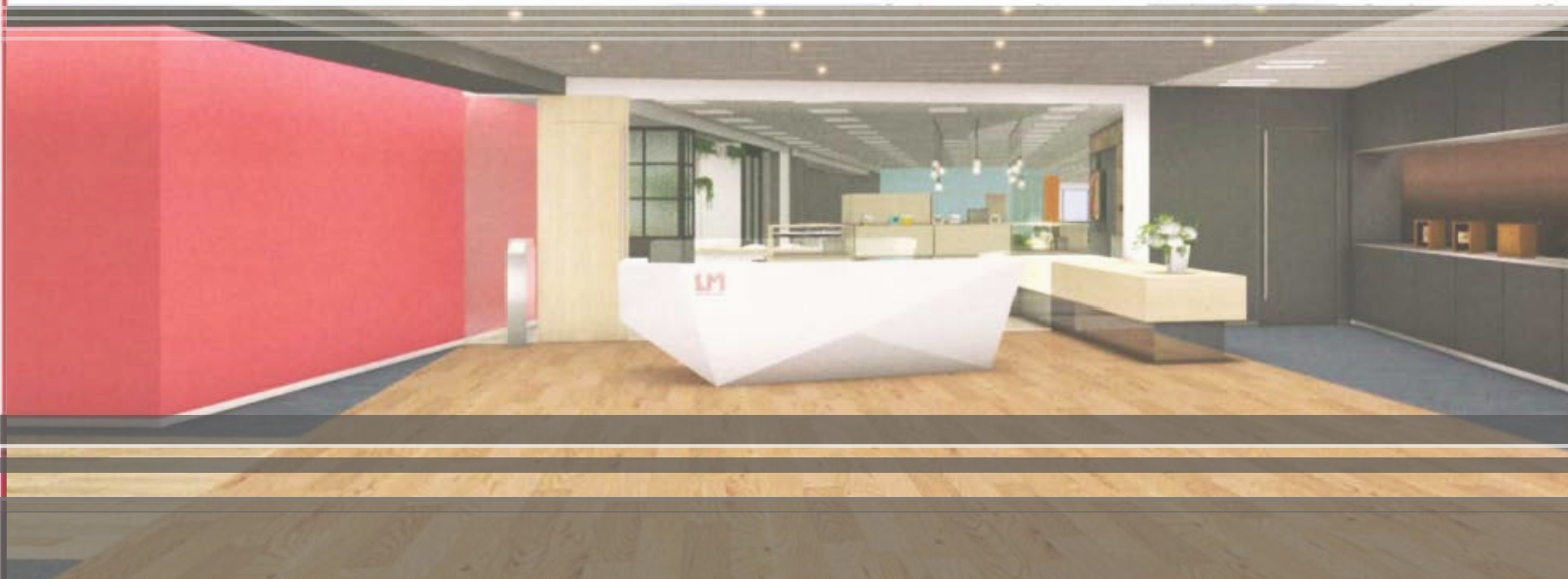


Link and Motivation Inc.
Consolidated Financial Information for the
Three Months Ended March 31, 2017
(First Quarter of 2017)



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, 2017
2. Progress Report on Key Indicators
3. Progress Report on New M&A



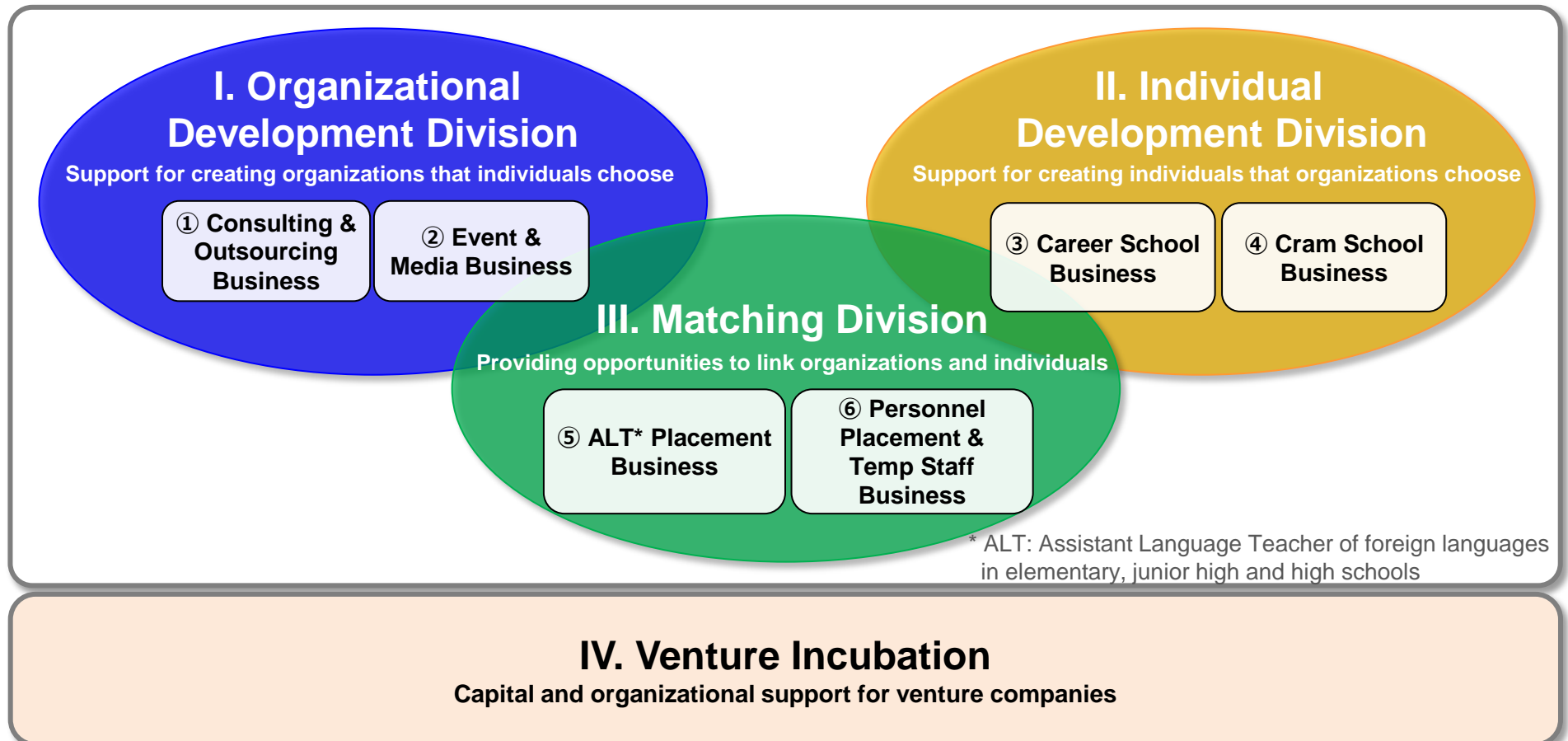
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Announcement of Results for the Three Months Ended March 31, 2017

Link and Motivation Group Operating Structure

Mission:

We will provide **organizations** and **individuals** with opportunities for transformation through Motivation Engineering to help achieve a more meaningful society.



Consolidated Statements of Operations (Results/YoY Change)

(¥ million)	2016 1Q Results	2017 1Q Results	YoY Change
Revenues	8,246	8,756	+6.2%
Operating Income before Exceptional Items	528	653	+23.7%
Operating Income	613	698	+13.8%
Net Income	368	413	+12.0%

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.

- Revenues and every level of income set record highs, surpassing the record-high results of the previous year.
- Revenues increased YoY, with firm performance in all divisions.
- Operating income before exceptional items, operating income and net income increased substantially YoY, with particularly strong results in the highly profitable Organizational Development Division.

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

(¥ million)	2016 1Q Results	2017 1Q Forecast	2017 1Q Results	Results vs. Forecast	YoY Change
Revenues	8,246	8,700	8,756	+0.6%	+6.2%
Operating Income before Exceptional Items	528	600	653	+8.9%	+23.7%
Operating Income	613	-	698	-	+13.8%
Net Income	368	-	413	-	+12.0%

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.

- With progress in results based on surpassing a record-high forecast, revenues slightly exceeded the forecast.
- In particular, with substantial progress in the highly profitable Organizational Development Division, operating income before exceptional items exceeded the forecast.

Consolidated Statements of Operations:

SG&A Expenses (Results/YoY Change)

(¥ million)	2016 1Q Results	2017 1Q Results	YoY Change
Total SG&A Expenses	2,392	2,473	+3.4%
① Personnel Expenses	1,134	1,055	-7.0%
② Recruiting, Training and Welfare Expenses	142	187	+31.0%
③ Rent	166	175	+5.3%
④ Office and System Expenses	295	332	+12.4%
⑤ Sales-related Expenses	426	471	+10.4%
⑥ Transportation and Other Expenses	226	252	+11.5%

- ② Recruiting, training and welfare expenses increased due to increased hiring to expand the Group, ④ Office and system expenses increased due to capital expenditures for establishing an integrated office in Tokyo, etc., and ⑤ Sales-related expenses increased due to strengthened sales promotion of key products such as Motivation Cloud, but ① Personnel expenses decreased due to promotion of greater work efficiency among managers, and as a result total SG&A expenses increased only slightly YoY.

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

(¥ million) [Gross profit in brackets]		2016 1Q Results	2017 1Q Results	YoY Change
Organizational Development Division	Revenues	2,333	2,754	+18.0%
	Gross Profit	[1,519]	[1,707]	+12.3%
Individual Development Division	Revenues	1,593	1,601	+0.5%
	Gross Profit	[505]	[478]	-5.4%
Matching Division	Revenues	4,491	4,729	+5.3%
	Gross Profit	[1,089]	[1,182]	+8.5%

- In the Organizational Development Division, revenues and gross profit both increased substantially YoY due to significant growth of high-margin products in the Consulting & Outsourcing Business.
- In the Individual Development Division, revenues increased slightly YoY due to firm performance in the Career School Business but gross profit decreased YoY with a decline in the ratio of high-margin products in the composition of sales.
- In the Matching Division, revenues and gross profit both increased YoY due to firm performance in the ALT Placement Business.

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

Product (¥ million) [Gross profit in brackets]		2016 Results	2017 Results	YoY Change
① Consulting & Outsourcing Business		1,962	2,221	+13.2%
		[1,299]	[1,508]	+16.1%
	Package	477	591	+23.9%
	Consulting	988	1,132	+14.6%
	Outsourcing	336	283	-15.9%
② Event & Media Business	Member/database services	160	213	+33.2%
		759	943	+24.2%
		[298]	[272]	-8.9%
	Event production	467	622	+33.2%
	Media production	292	321	+9.8%

- In ① the Consulting & Outsourcing Business, revenues and gross profit both increased substantially YoY due to growth in Package and Consulting, including training to strengthen knowledge and management, etc. occasioned by work style reform, as well as substantial growth in Member/database services due to strong sales of Motivation Cloud.
- In ② the Event & Media Business, revenues increased substantially YoY with growth in sales of training events derived from the Package category of the Consulting & Outsourcing Business, etc., but gross profit decreased YoY because training events are a product with a high cost ratio.

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

Product (¥ million) [Gross profit in brackets]		2016 Results		2017 Results		YoY Change
		Results	% of total	Results	% of total	
③ Career School Business		1,571 [513]	-	1,578 [489]	-	+0.4% -4.7%
	Office	843	53.7%	746	47.3%	-11.6%
	Pro Series	176	11.2%	203	12.9%	+15.3%
	Accounting courses	149	9.5%	149	9.5%	+0.1%
	National exam courses	113	7.2%	135	8.6%	+19.3%
	Civil servant courses	246	15.7%	300	19.0%	+21.5%
	Educational materials/other	41	2.7%	43	2.7%	+3.3%
④ Cram School Business		24 [-4]	-	23 [-11]	-	-2.5% -

Note: Pro Series includes “Aviva Pro” programming courses and courses for other specialized IT skills.

- In ③ the Career School Business, revenues increased slightly YoY with progress in the shift from Office to Pro Series, which has high market growth potential, and substantial growth in sales of national exam and civil servant courses, but gross profit decreased YoY with the impact of the decrease in sales of Office, which has a high profit margin.
- In ④ the Cram School Business, revenues decreased slightly and gross profit decreased YoY as results were basically unchanged from the previous year.

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

	Product (¥ million) [Gross profit in brackets]	2016 Results	2017 Results	YoY Change
*	⑤ ALT Placement Business	2,534	2,642	+4.2%
		[716]	[774]	+8.0%
	⑥ Personnel Placement & Temp Staff Business	1,957	2,109	+7.8%
		[374]	[425]	+13.8%
	Store sales temp staff	1,681	1,813	+7.9%
	Office temp staff	154	155	+0.3%
	Recruiting/introductions	121	141	+16.0%

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

- In ⑤ the ALT Placement Business, revenues and gross profit increased YoY, with firm performance from capturing the expansion and acceleration of English language education in Japanese public education.
- In ⑥ the Personnel Placement & Temp Staff Business, revenues increased YoY due to strong results for store sales temp staff backed by a shortage of personnel at companies, mainly in the retail service industry, and gross profit increased substantially YoY, with growth in the high-margin new graduate Recruiting/introductions category.

Consolidated Balance Sheets (Results/YoY Change)

(¥ million)	Dec. 31, 2016	Mar. 31, 2017	Change
① Current Assets	6,747	7,774	+1,027
② Non-current Assets	11,785	13,157	+1,371
③ Deferred Assets	0	0	0
Total Assets	18,532	20,931	+2,398
④ Current Liabilities	9,668	10,580	+912
⑤ Non-current Liabilities	4,084	4,943	+859
Total Liabilities	13,752	15,524	+1,772
⑥ Total Equity	4,780	5,407	+626

- Assets increased due to an increase in the value of investment securities associated with strong incubation company performance and an increase in cash and cash equivalents to provide for future capital requirements for establishing an integrated office and M&A.
- Liabilities increased due to an increase in borrowings to provide for capital requirements for the above investments.
- Total equity increased as a result of recording net income and other factors.

● Dividend Policy for 2017

- Continue to **pay quarterly dividends**

● Scheduled first-quarter dividend for 2017

- A dividend of **1.5 yen** per share is scheduled to be paid on Friday, June 23, as originally planned.

	First Quarter	Second Quarter (Scheduled)	Third Quarter (Scheduled)	Fourth Quarter (Scheduled)
Dividend per share	1.5 yen	1.5 yen	1.5 yen	1.5 yen

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

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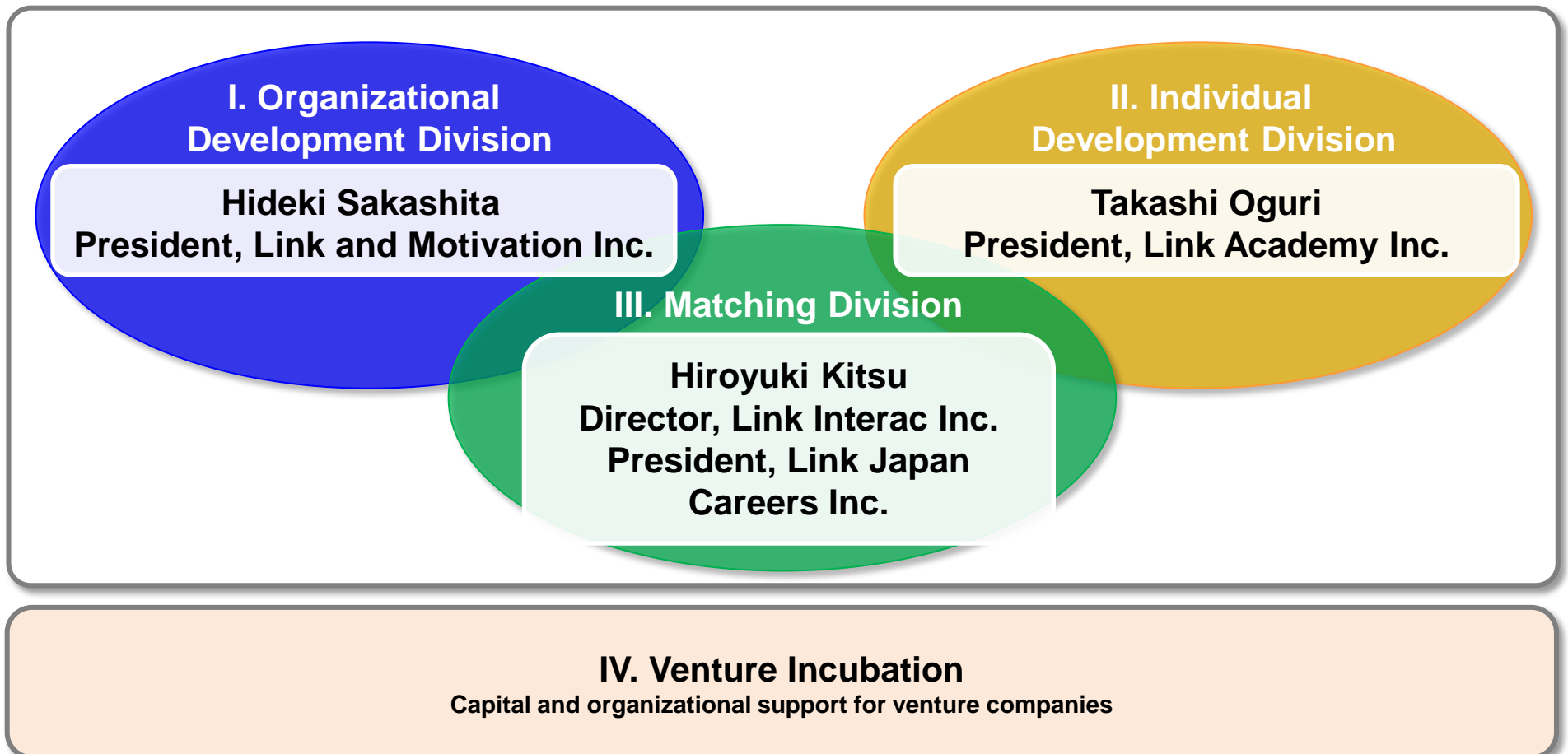
Progress Report on Key Indicators



Key Indicators by Division in 2017

Mission:

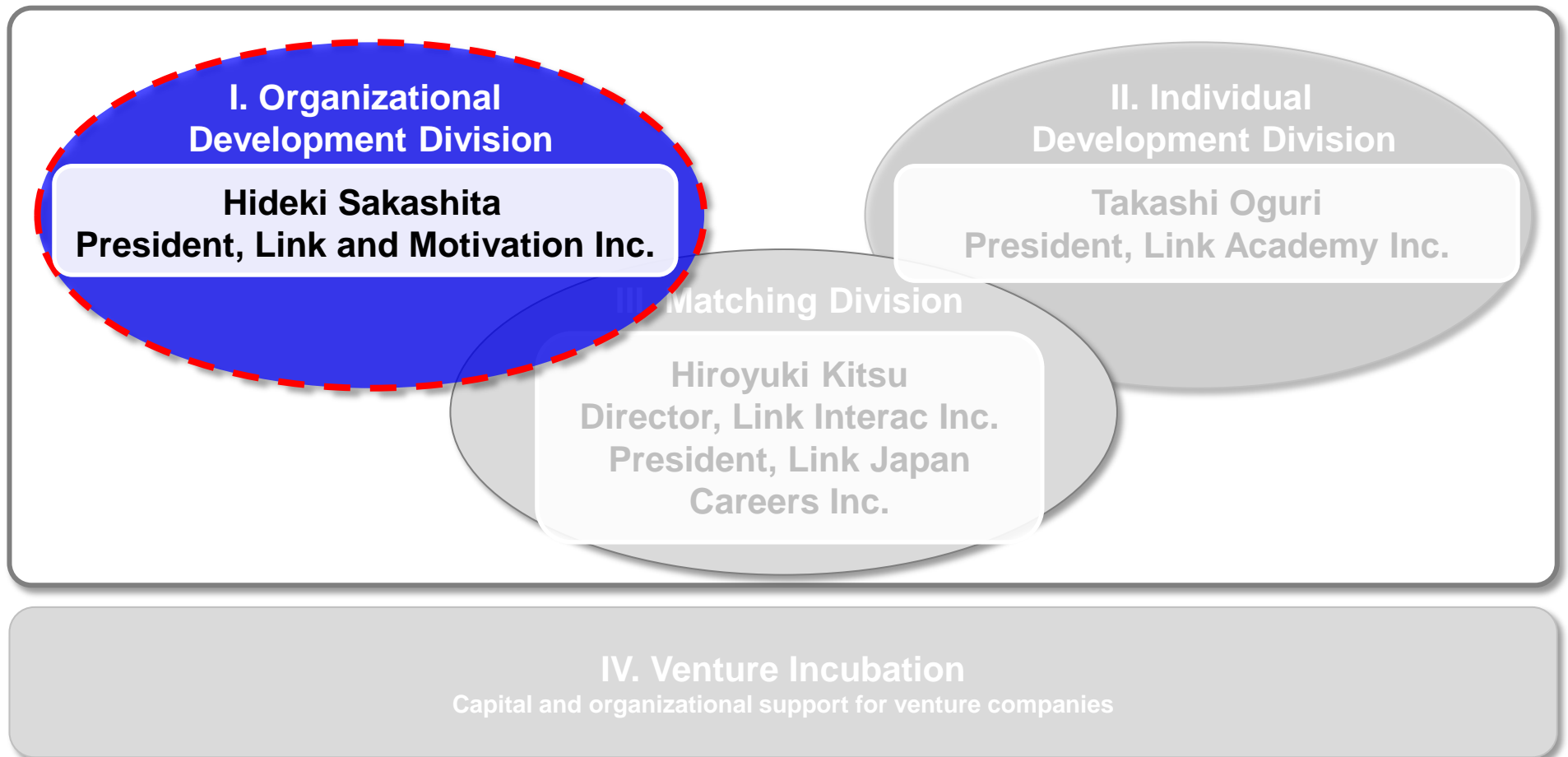
We will provide **organizations** and **individuals** with opportunities for transformation through Motivation Engineering to help achieve a more meaningful society.



Key Indicators by Division in 2017

Mission:

We will provide **organizations** and **individuals** with opportunities for transformation through Motivation Engineering to help achieve a more meaningful society.



Organizational Development Division Key Indicator: Motivation Cloud

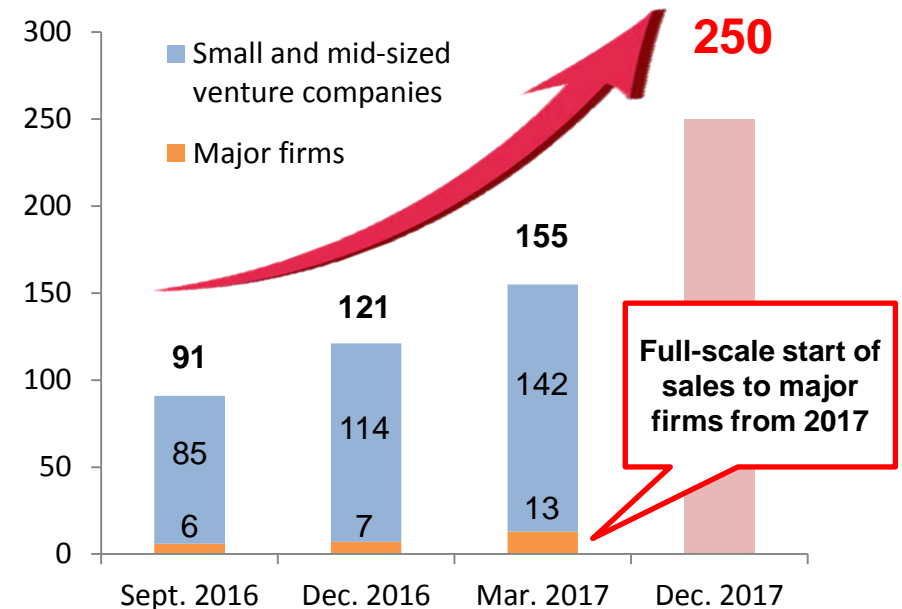
Accelerate expansion of Motivation Cloud organizational improvement service by capturing rising needs to adapt to the labor market occasioned by work style reform.

Overview of Motivation Cloud service



- Sets standard scores for organizational conditions based on **600,000 people at 2,400 companies**
- Organizational improvement progress **managed using the cloud**
- **Monthly pay-as-you-go model** corresponding to organization size

Contact points that have adopted Motivation Cloud

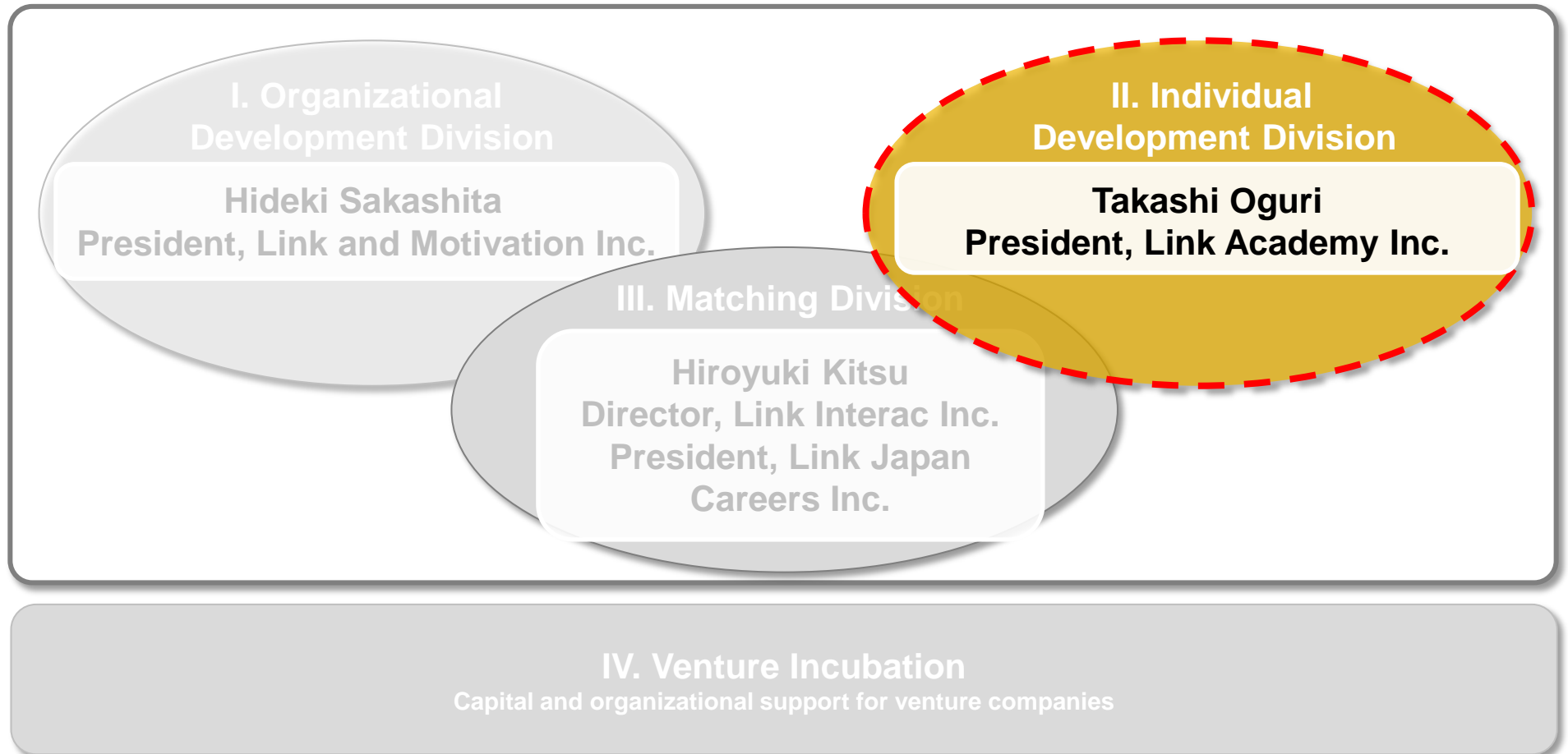


- With the increase in inquiries from major firms due to work style reform, we project significantly more than 250 contact points as of the end of 2017.

Key Indicators by Division in 2017

Mission:

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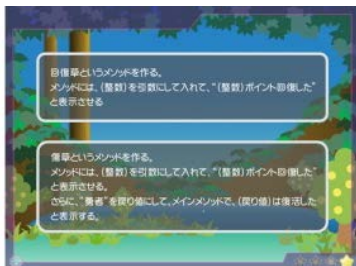
Individual Development Division Key Indicator: Aviva Pro IT Human Resource Training Course

Backed by the shortage of corporate IT staff as the IoT market expands,
the Aviva Pro training course for IT human resources is steadily growing.

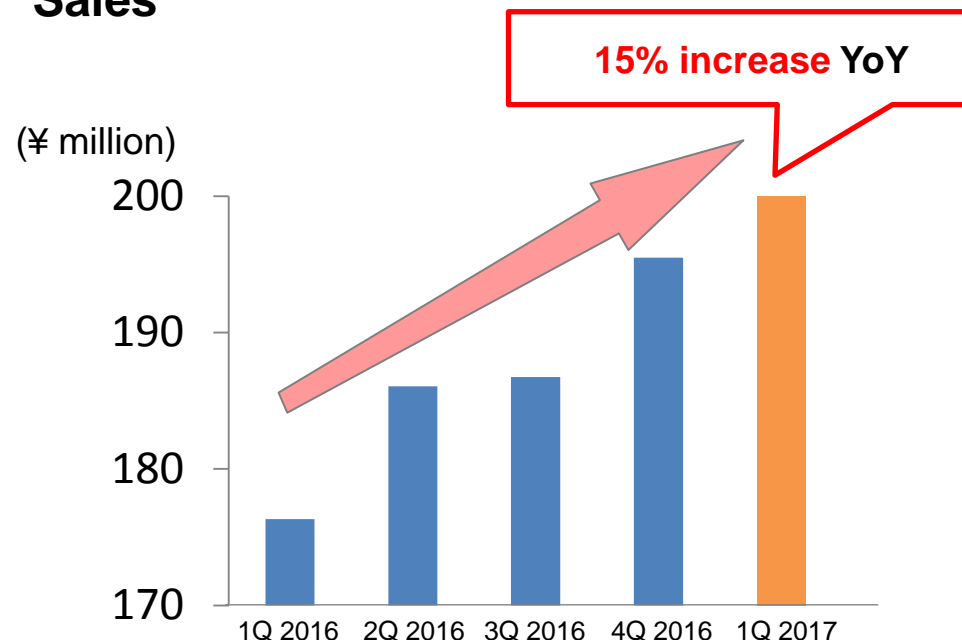
Service Overview



Released in July 2015. A course that teaches programming skills in a game format



Sales



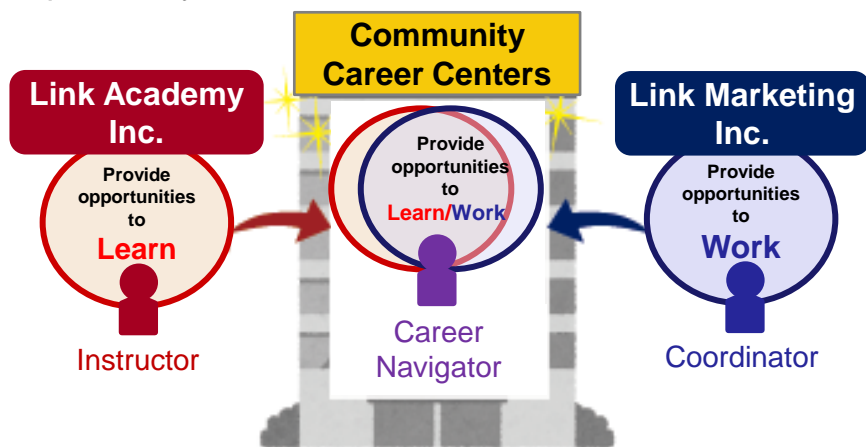
- Aviva Pro sales are expanding steadily due to the need to develop and turn out IT human resources who are eager to learn.
- We will further strengthen product development and marketing to achieve sales of ¥900 million (+20% YoY) in 2017.

Individual Development Division Key Indicator: Community Career Centers

April 2017 opening of six Community Career Centers offering end-to-end career support using the assets of the Career School Business and the Personnel Placement & Temp Staff Business

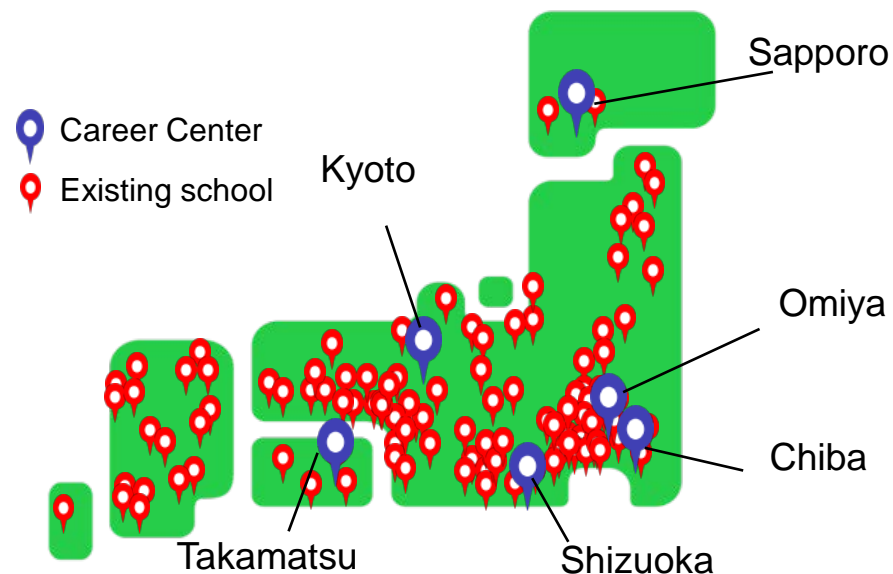
Career Center Overview

Rollout of centers combining two companies that respectively provide opportunities to **learn** and to **work**. **Career Centers** offer a one-on-one environment for taking responsibility for individual careers.



Progress of Rollout

Opened **six** locations in April

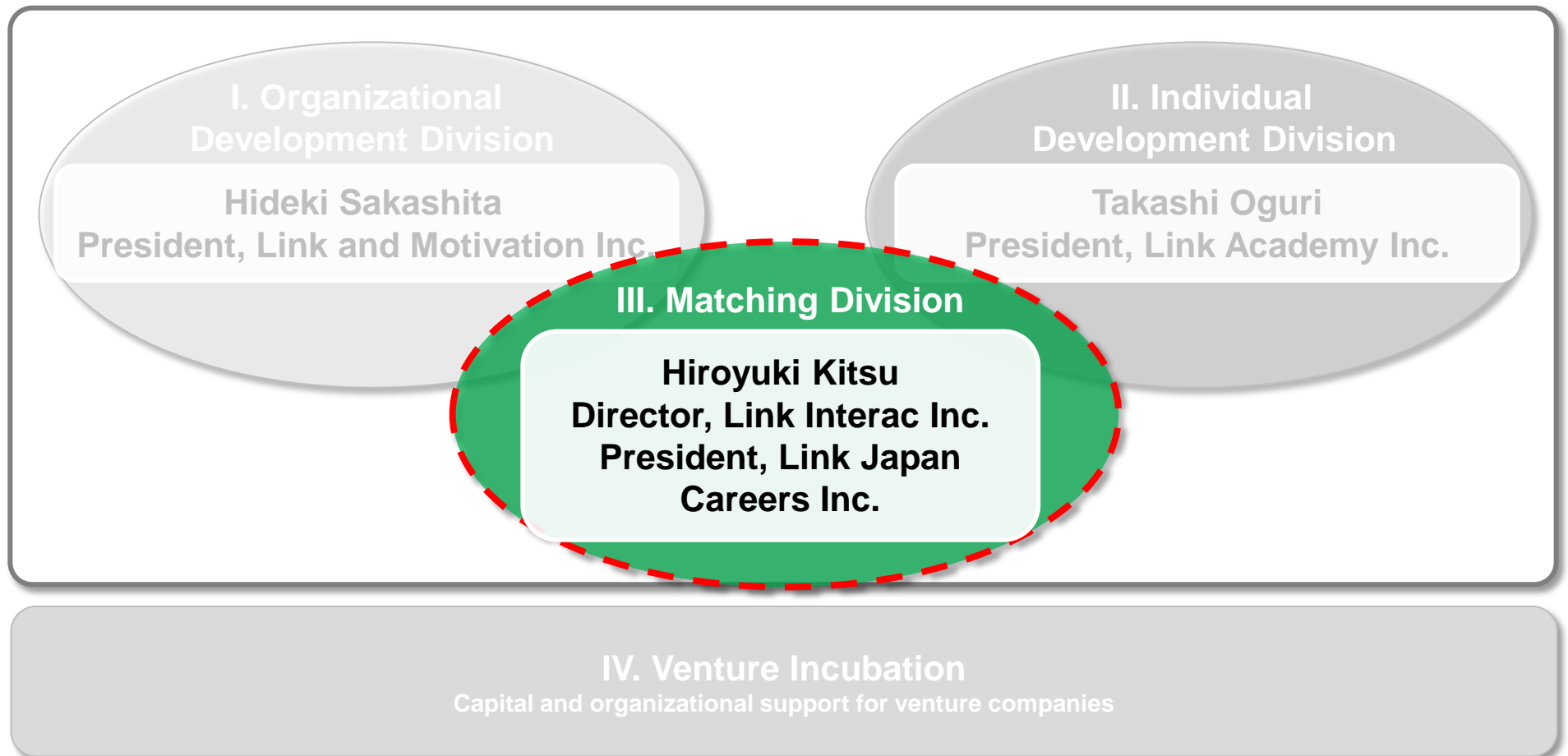


- Operations at the six newly opened locations are off to a smooth start.
- We will successively convert 103 schools currently operating nationwide into Career Centers.

Key Indicators by Division in 2017

Mission:

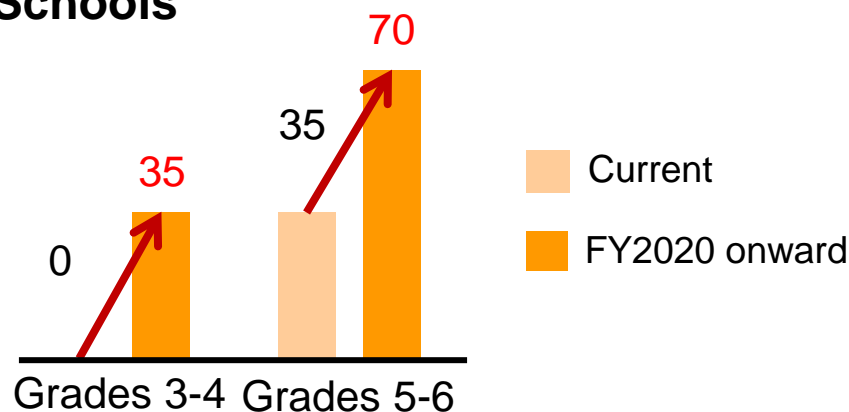
We will provide **organizations** and **individuals** with opportunities for transformation through Motivation Engineering to help achieve a more meaningful society.



Matching Division Key Indicator: ALT Placement

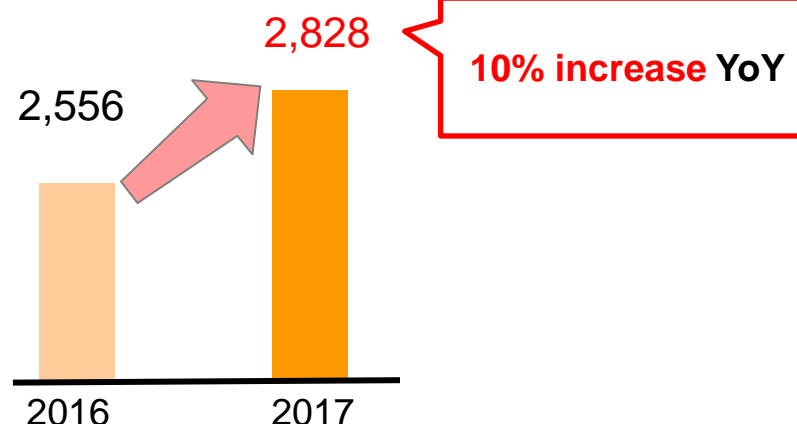
In 2017, the ALT workforce is **steadily growing** by capturing the expansion and acceleration of English education in Japanese public schools.

Change in Annual Number of English Classes in Elementary Schools



Expansion of ALT market

ALT Workforce as of April 30



Steady expansion toward a planned ALT workforce of 3,000 for the year

- Plan to secure ALTs for all elementary schools (approx. 20,000) by fiscal 2019, with expected expansion of the ALT market until 2019.
(From “Five Recommendations on the English Education Reform Plan Responding to the Rapid Globalization,” MEXT)
- Following the main period for orders in the first quarter, the ALT workforce has increased substantially YoY and we are making steady progress toward our plan for the year (workforce of 3,000; sales of ¥11.0 billion).

CLEAR CONSULTING CO., Ltd.

Established: February 2005

Representative: Osamu Morita (Certified Tax Accountant)

Capital: ¥81.8 million

Employees: 29

Businesses: M&A intermediation
IPO support
Reorganization and M&A consulting



Osamu Morita,
Representative Director



● Completed investment in CLEAR CONSULTING CO., Ltd. on March 7, 2017

Willgate, Inc.

Established: June 20, 2006
Representative: Riki Kojima
Capital: ¥60 million
Employees: 123 (as of March 2017)
Corporate Philosophy: Make your will come true
Businesses: Content marketing business
Media business



Riki Kojima,
Representative Director



● Completed investment in Willgate, Inc. on March 31, 2017

Venture Incubation Business: Investments at a Glance

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



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



Stock Listed March 17, 2016

③ Akatsuki Inc.
App development/ Smartphone service development



④ FiNC 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



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-echelon female employees



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



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 CLEAR CONSULTING CO., Ltd.
Accounting/tax consulting



⑱ Willgate, Inc.
Content marketing/media business



- Two selection criteria: (1) Sympathy with creating a Motivation Company; (2) Aim to list stock
- Target investment ratio: 3% to 10%
- Contribution to business growth through support in the organizational and personnel field.
- Akatsuki Inc. and Innovation Inc. listed their stock in 2016. Number of investee companies is 18.

3

Progress Report on New M&A



Signing of Agreement to Acquire Business

On May 10, 2017, signed an agreement to acquire SS-1, an individualized instruction school for students who are preparing for the junior high entrance exam and attend a cram school

From July 1, 2017, we plan to take over operation of the following company's cram school business

Company Overview

Name: Superweb Co., Ltd.
Capital: ¥35 million
Net sales: ¥804 million (Year ended May 2016)
(SS-1 business incl. in above: ¥487 million)
Representative: Takashi Toyonaga
Employees: Approximately 40
Locations: 6 schools (Tokyo: Shirokanedai, Seijo Gakuen, Jiyugaoka; Osaka: Tanimachi; Hyogo: Nishinomiya, Okamoto)
Businesses: Learning support business, promotion business, and others

School under Operation



SS-1 individualized instruction school for preparation for junior high entrance exam

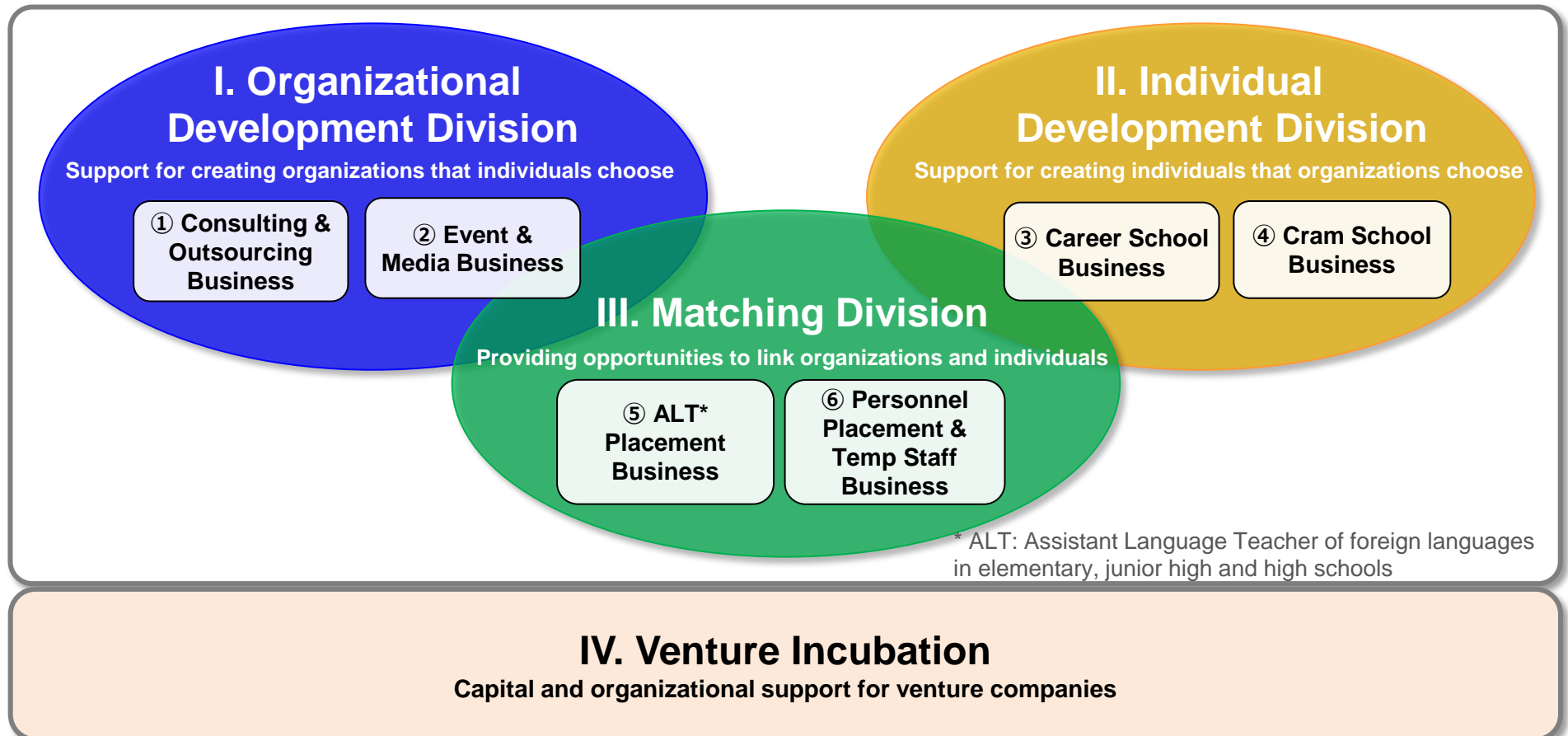
Conducts a unique business as “an individualized instruction school to improve prep school results” for students preparing for the junior high entrance exam who attend schools such as SAPIX, Hamagakuen or Nichinoken. A strength is the strong trust built with customers as demonstrated by the fact that half of the students entered due to word of mouth or referrals. Covered extensively in various media.

- We expect regional development of the Cram School Business by attracting customers who are enthusiastic about education in Tokyo, Osaka and Hyogo.
- In the future, we will use the assets of our Career School Business in programming and English conversation education to provide a forum for ongoing skill development for students from elementary to high school.

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