

Link and Motivation Inc.

Securities Code: 2170

Ordinary General Meeting of Shareholders
for the 18th Period
(Year Ended December 31, 2017)



Link and Motivation Group

Link and Motivation Inc.
Chairman and Representative Director

Yoshihisa Ozasa

Opening Remarks

Chairman and Representative Director

Yoshihisa Ozasa

Report on Number of Voting Rights

Chairman and Representative Director

Yoshihisa Ozasa

Auditors' Report

Full-time Audit and Supervisory Board Member

Yutaka Honda

Business Report Financial Statements Report

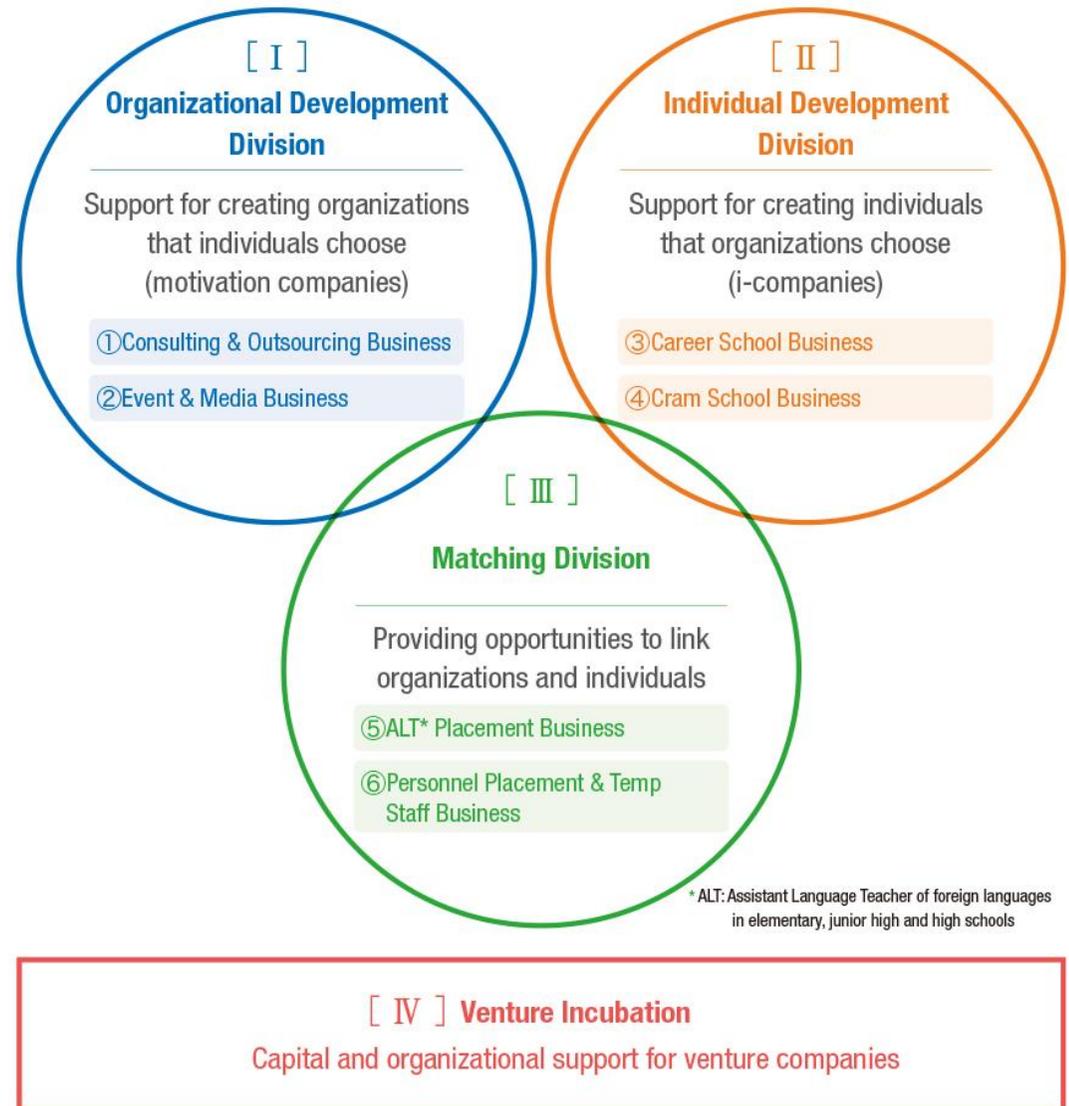
Chairman and Representative Director

Yoshihisa Ozasa

Link and Motivation Group Operating Structure

Mission

*Through Motivation Engineering, we provide opportunities to transform **organizations** and **individuals** and create a more meaningful society.*



Consolidated Statements of Operations (Results vs. Plan/YoY Change)

(¥ million)	2016 Results	2017 Forecast	2017 Results	Results vs. Forecast	YoY Change
Revenues	33,321	36,600	36,894	+0.8%	+10.7%
Operating Income before Exceptional Items	2,618	3,300	3,306	+0.2%	+26.3%
Operating Income	2,468	3,300	3,365	+2.0%	+36.3%
Net Income	1,804	2,100	2,096	-0.2%	+16.2%

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.

Point



- ▶ Revenues and every level of income increased substantially YoY to **record highs**.
- ▶ Of note, the **operating income margin increased 1.7 percentage points YoY (7.4%→9.1%)** because the highly profitable Organizational Development Division drove **substantial growth in operating income**.
- ▶ **Operating income exceeded forecast** due to firm results in each division.
- ▶ However, net income was slightly below forecast because the effective tax rate was higher than forecast due to differences in earnings recognition among Group companies.

Consolidated Statements of Operations: SG&A Expenses (Results/YoY Change)

(¥ million)	2016 Results	2017 Results	YoY Change
Total SG&A Expenses	9,577	10,041	+4.8%
① Personnel Expenses	4,813	4,503	-6.4%
② Recruiting, Training and Welfare Expenses	607	666	+9.7%
③ Rent	623	993	+59.3%
④ Office and System Expenses	1,124	1,272	+13.2%
⑤ Sales-related Expenses	1,465	1,667	+13.8%
⑥ Transportation and Other Expenses	943	937	-0.6%

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.

Point



- ▶ While ① Personnel expenses declined due to reduction of labor costs accompanying improvement of work efficiency, ③ Rent and ④ Office and system expenses increased substantially due to the establishment of an integrated office in Tokyo.
- ▶ In addition, due to proactive deployment of sales promotion expenses to accelerate expansion of new businesses, ⑤ Sales-related expenses increased substantially, and as a result overall SG&A expenses increased YoY.

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

(¥ million)		2016 Results	2017 Results	YoY Change
Organizational Development Division	Revenues	9,825	11,695	+19.0%
	Gross Profit	6,497	7,329	+12.8%
Individual Development Division	Revenues	6,647	7,220	+8.6%
	Gross Profit	2,298	2,506	+9.0%
Matching Division	Revenues	17,973	19,379	+7.8%
	Gross Profit	4,202	4,477	+6.5%

Point



- ▶ In the Organizational Development Division, **revenues and gross profit both increased substantially YoY** due to substantial growth in the highly profitable Consulting & Outsourcing Business.
- ▶ In the Individual Development Division, **revenues and gross profit both increased YoY** due to firm performance in the Career School Business and expansion in the Cram School Business.
- ▶ In the Matching Division, **revenues and gross profit both increased YoY** due to firm performance in the ALT Placement Business and the Personnel Placement &Temp Staff Business.

Consolidated Balance Sheets (Results/YoY Change)

(¥ million)	Dec. 31, 2016	Dec. 31, 2017	YoY Change
① Current Assets	6,747	7,589	+841
② Non-current Assets	11,785	18,180	+6,395
③ Deferred Assets	0	0	+0
Total Assets	18,532	25,770	+7,237
④ Current Liabilities	9,668	12,129	+2,461
⑤ Non-current Liabilities	4,084	6,942	+2,858
Total Liabilities	13,752	19,072	+5,320
⑥ Total Equity	4,780	6,697	+1,917

Point



- ▶ Assets **increased** due to **improvement in the value of investment securities** associated with strong incubation company performance and the **acquisition of non-current assets** in connection with the establishment of an integrated office.
- ▶ Liabilities **increased** due to **borrowings to cover capital requirements resulting from aggressive investment** in new incubation companies and the establishment of an integrated office.
- ▶ Total equity **increased** as a result of the increase in the value of investment securities, the recognition of net income, and other factors.
- ▶ As a result, **ROE* was 36.7%**.

*ROE calculated using net income attributable to owners of the parent

For details, please turn to the following pages of the Notice of the General Meeting of Shareholders:

[Business Report: Pages 2-22](#)

[Consolidated Financial Statements: Pages 23-26](#)

[Non-Consolidated Financial Statements: Pages 27-29](#)

Explanation of Proposal

Chairman and Representative Director

Yoshihisa Ozasa

Proposal: Election of Nine Directors

The terms of office of all directors (7 persons) end as of the close of this meeting. We request that you elect 9 directors, adding 2 new directors to strengthen our management structure.

【Reappointment】	Yoshihisa Ozasa	Chairman and Representative Director
【Reappointment】	Hideki Sakashita	President and Representative Director
【Reappointment】	Shunichi Ohno	Director
【Reappointment】	Hiroyuki Kitsu	Director
【Reappointment】	Takashi Oguri	Director
【New appointment】	Koji Asano	Director
【New appointment】	Masanao Kawauchi	Director
【Reappointment】	Etsuko Okajima	Outside Director
【Reappointment】	Tomoyuki Yuasa	Outside Director

Note: Planned positions upon taking office

Proposal: Profile of New Director Candidate

Name

Koji Asano

Academic & Professional History

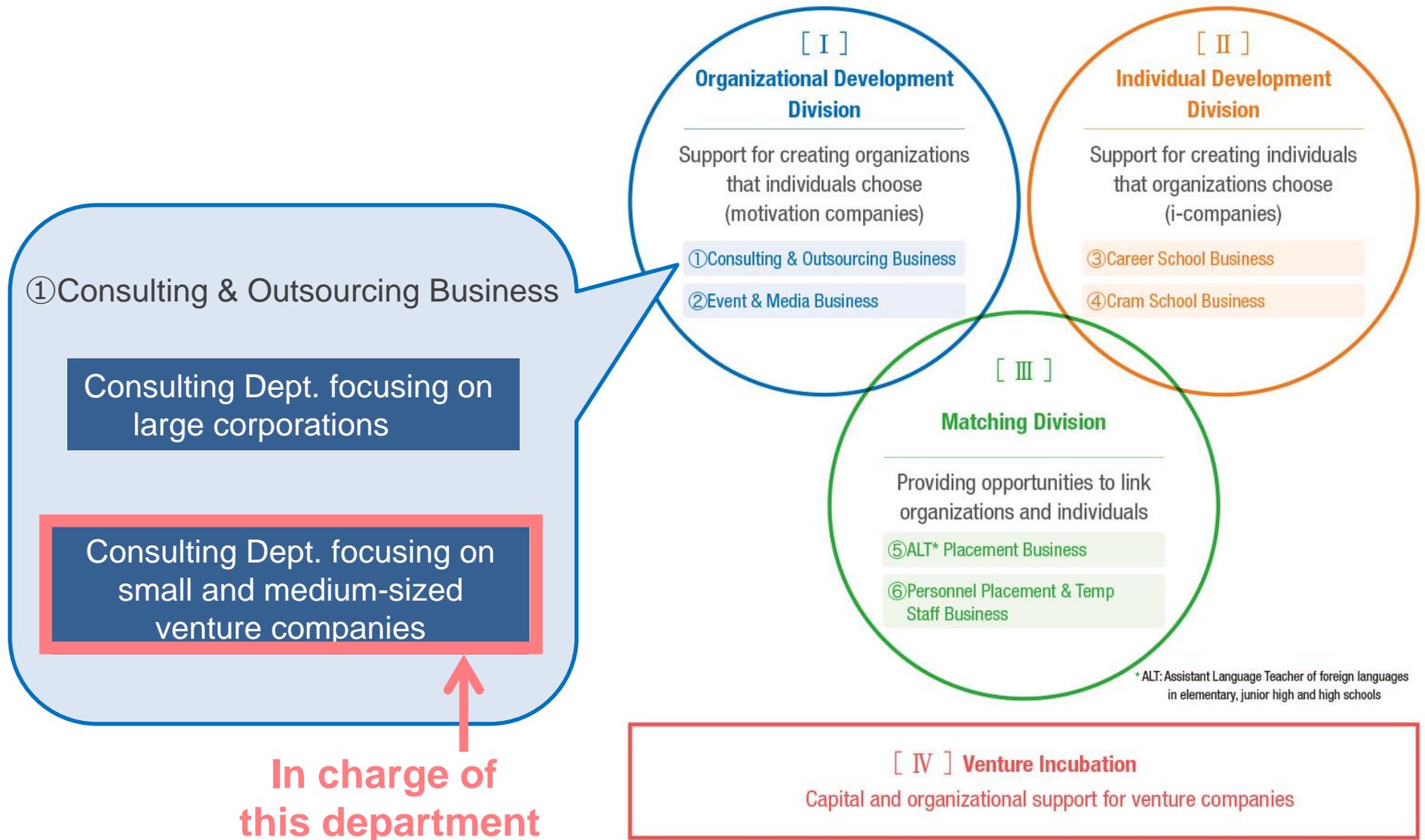
- 1979: Born on November 3 in Hyogo Prefecture
- 2003: Graduated from Keio University, Faculty of Law
- 2003: Entered Link and Motivation Inc. (LMI)
- 2010: Executive Officer of LMI and General Manager of Business Development Dept., Motivation Management Company
- 2013: Executive Officer of LMI and Company Manager of Employee Relationship Management Company
- 2013: External Director of RichMedia Co., Ltd. (to present)
- 2015: External Director of from scratch Co., Ltd. (to present)
- 2018: Executive Officer of LMI and General Manager of Organizational Development Division V (to present)



Reason for Proposal as Director Candidate

After joining LMI in 2003, Mr. Asano was involved in the entry management business and corporate-related work before serving as Executive Officer of LMI, and has knowledge and experience related to the Company's overall business and the field of human resource in Japan. He has been proposed as a candidate to be newly appointed as director to make use of that knowledge and experience in management of the Company and the Group.

Proposal: New Director Candidate's Department



Name

Masanao Kawauchi

Academic & Professional History

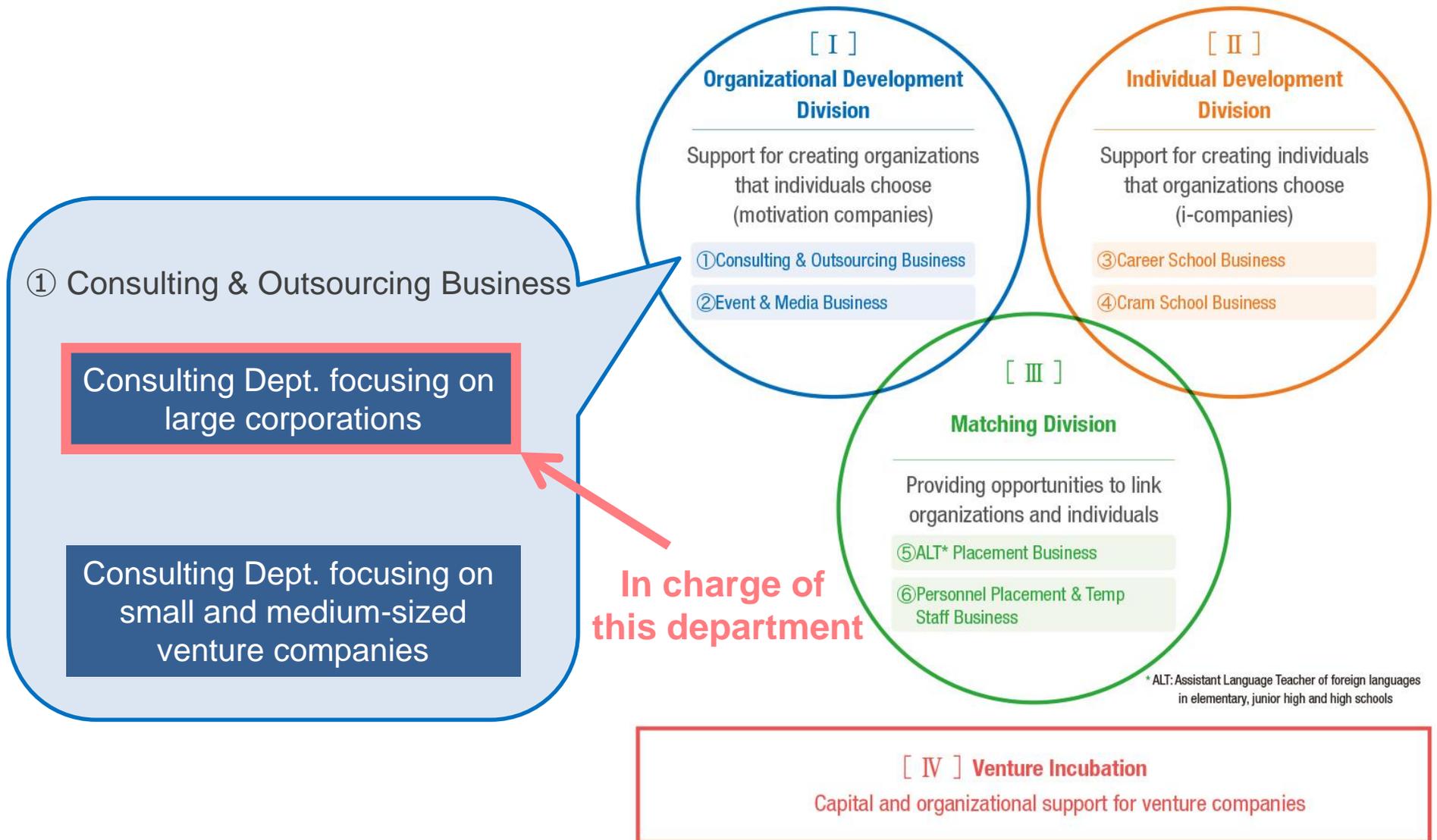
- 1979: Born on August 18 in Fukuoka Prefecture
- 2003: Graduated from Waseda University, School of Education
- 2003: Entered Link and Motivation Inc. (LMI)
- 2010: Executive Officer of LMI and General Manager of Entry Management (EM) Dept., Kansai Company
- 2013: Executive Officer and Company Manager of Entry Management (EM) West Company
- 2014: Executive Officer and Company Manager of Motivation Management (MM) Company
- 2018: Executive Officer and General Manager of Organizational Development Division L (to present)



Reason for Proposal as Director Candidate

After joining LMI in 2003, Mr. Kawauchi was involved in the entry management business and motivation management business before serving as Executive Officer of LMI, and has knowledge and experience related to the Company's overall business and in the field of human resource in Japan. He has been proposed as a candidate to be newly appointed as director to make use of that knowledge and experience in management of the Company and the Group.

Proposal: New Director Candidate's Department



Proposal: Election of Nine Directors

The terms of office of all directors (7 persons) end as of the close of this meeting. We request that you elect 9 directors, adding 2 new directors to strengthen our management structure.

【Reappointment】	Yoshihisa Ozasa	Chairman and Representative Director
【Reappointment】	Hideki Sakashita	President and Representative Director
【Reappointment】	Shunichi Ohno	Director
【Reappointment】	Hiroyuki Kitsu	Director
【Reappointment】	Takashi Oguri	Director
【New appointment】	Koji Asano	Director
【New appointment】	Masanao Kawauchi	Director
【Reappointment】	Etsuko Okajima	Outside Director
【Reappointment】	Tomoyuki Yuasa	Outside Director

Note: Planned positions upon taking office

Voting on Proposal

Proposal: Election of Nine Directors

The terms of office of all directors (7 persons) end as of the close of this meeting. We request that you elect 9 directors, adding 2 new directors to strengthen our management structure.

【Reappointment】	Yoshihisa Ozasa	Chairman and Representative Director
【Reappointment】	Hideki Sakashita	President and Representative Director
【Reappointment】	Shunichi Ohno	Director
【Reappointment】	Hiroyuki Kitsu	Director
【Reappointment】	Takashi Oguri	Director
【New appointment】	Koji Asano	Director
【New appointment】	Masanao Kawauchi	Director
【Reappointment】	Etsuko Okajima	Outside Director
【Reappointment】	Tomoyuki Yuasa	Outside Director

Note: Planned positions upon taking office

We reintroduce the Directors elected today.

【Reappointment】	Yoshihisa Ozasa	Chairman and Representative Director
【Reappointment】	Hideki Sakashita	President and Representative Director
【Reappointment】	Shunichi Ohno	Director
【Reappointment】	Hiroyuki Kitsu	Director
【Reappointment】	Takashi Oguri	Director
【New appointment】	Koji Asano	Director
【New appointment】	Masanao Kawauchi	Director
【Reappointment】	Etsuko Okajima	Outside Director
【Reappointment】	Tomoyuki Yuasa	Outside Director

Note: Planned positions upon taking office

We introduce the three currently appointed
Audit & Supervisory Board Members.

Yutaka Honda

Audit & Supervisory Board Member

Hidekazu Kimura

Outside Audit & Supervisory Board Member

Kenji Tominaga

Outside Audit & Supervisory Board Member

Closing Remarks

Link and Motivation Inc.

Securities Code: 2170

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