

# Link and Motivation Inc. Consolidated Financial Information for the Fiscal Year Ended December 31, 2011



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Link and Motivation Group



# Presentation Agenda

1. Announcement of Results for 2011

2. Strategies for Future Growth

Explanation of Strategies by Segment

3. Plan for 2012

Resumption and Expansion of Share Repurchases

1

# Announcement of Results for 2011



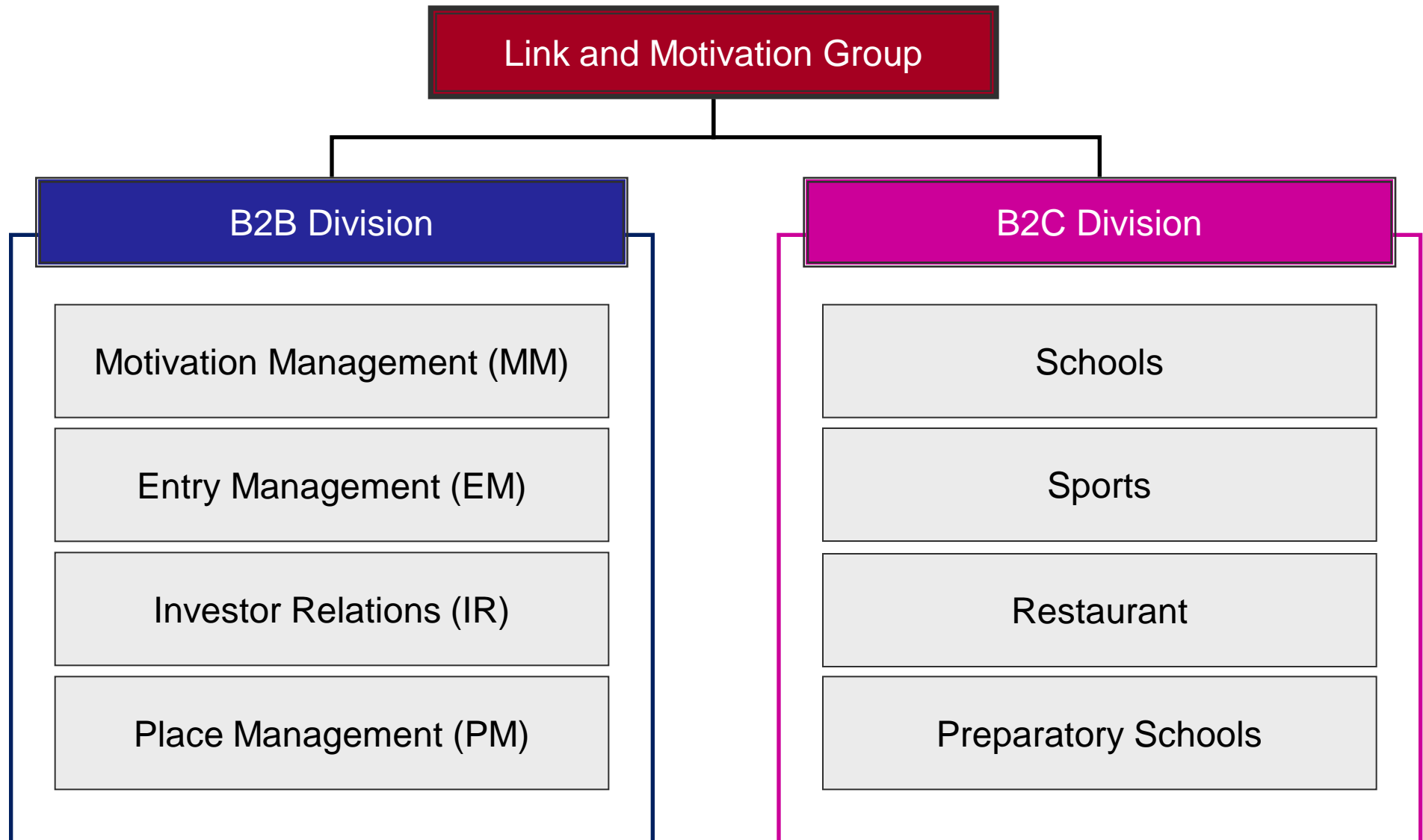


# Statements of Operations (Year-on-year Comparison)

| Consolidated (¥ million) | 2010 Results | 2011 Plan | 2011 Results | Results vs. Plan | YoY Change |
|--------------------------|--------------|-----------|--------------|------------------|------------|
| Net Sales                | 7,098        | 10,000    | 10,507       | +5.1%            | +48.0%     |
| Operating Income         | 731          | 770       | 812          | +5.5%            | +11.1%     |
| Ordinary Income          | 746          | 760       | 810          | +6.7%            | +8.7%      |
| Net Income               | 585          | 590       | 596          | +1.2%            | +2.0%      |

All results exceeded the upwardly revised plan of 2Q 2011.

# 2011 Link and Motivation Group Operating Structure



# Sales & Gross Profit by Segment (Year-on-year Comparison)

| Consolidated (¥ million)<br>[Gross profit in brackets] |              | 2010 Results | 2011 Results | YoY Change |
|--|--------------|--------------|--------------|------------|
| B2B<br>Division  | Sales        | 6,471        | 6,305        | -2.6%      |
|  | Gross Profit | [3,580]      | [3,547]      | [-0.9%]    |
| B2C<br>Division  | Sales        | 682          | 4,352        | +537.6%    |
|  | Gross Profit | [167]        | [1,586]      | [+845.9%]  |

- Results for the B2B Division were on par with the previous fiscal year despite the impact of the Great East Japan Earthquake.
- Results for the B2C division increased substantially because of the inclusion of AVIVA Co., Ltd. in the scope of consolidation in June 2011.

# B2B Division: Sales & Gross Profit by Business (Year-on-year Comparison)

| Consolidated (¥ million)<br>[Gross profit in brackets] | 2010 Results     | 2011 Results     | YoY Change         | Product Trends                              |
|--|------------------|------------------|--------------------|---|
| Motivation Management<br>(MM)                          | 2,686<br>[1,604] | 2,645<br>[1,485] | -1.5%<br>[-7.4%]   | Consulting services↑<br>Training services↓  |
| Entry Management<br>(EM)                               | 2,297<br>[1,356] | 2,322<br>[1,528] | +1.1%<br>[+12.7%]  | Consulting services↑<br>Recruiting agency → |
| Investor Relations<br>(IR)                             | 728<br>[370]     | 696<br>[343]     | -4.4%<br>[-7.4%]   | Annual reports↓<br>Video distribution↑      |
| Place Management<br>(PM)                               | 759<br>[248]     | 641<br>[189]     | -15.5%<br>[-23.6%] | Small projects↑<br>Large projects↓          |

- In the MM business, sales decreased slightly due to a downturn in training services resulting from the impact of the earthquake.
- In the EM business, gross profit increased substantially because consulting services were robust.

# B2C Division: Sales & Gross Profit by Business (Year-on-year Comparison)

| Consolidated (¥ million)<br>[Gross profit in brackets] | 2010 Results | 2011 Results     | YoY Change         | Product Trends                        |
|--|--------------|------------------|--------------------|---------------------------------------|
| School Business  | 0<br>[0]     | 3,717<br>[1,416] | —<br>—             |                                       |
| Sports Business  | 589<br>[156] | 526<br>[157]     | - 10.6%<br>[+0.4%] | Ticket revenues↓<br>Sponsor revenues→ |
| Other  | 93<br>[10]   | 108<br>[12]      | +15.9%<br>[+14.3%] | Restaurant↑                           |

- In the Schools business, the inclusion of AVIVA in June 2011 contributed strongly to consolidated revenues.
- In the Sports business, the earthquake reduced the number of games in last year's season, but gross profit increased slightly because of successful cost controls.



# SG&A Expenses

| <u>Consolidated (¥ million)</u> | 2010 Results | 2011 Results | YoY Change |
|---------------------------------|--------------|--------------|------------|
| SG&A Expenses                   | 3,004        | 4,242        | +1,237     |

## Main factors in increase

- AVIVA SG&A expenses + approx. ¥994 million
- Raise-i Inc. SG&A expenses + approx. ¥210 million
- Motivation Academia Inc. SG&A expenses + approx. ¥97 million

- M&A and expansion of new businesses increased expenses.

# Balance Sheets

| <u>Consolidated (¥ million)</u> | Dec. 31, 2010 | Dec. 31, 2011 | YoY Change |
|---------------------------------|---------------|---------------|------------|
| Current Assets                  | 3,210         | 4,780         | +1,569     |
| Property and Equipment          | 1,350         | 3,699         | +2,349     |
| Total Assets                    | 4,560         | 8,479         | +3,919     |

| <u>Consolidated (¥ million)</u>  | Dec. 31, 2010 | Dec. 31, 2011 | YoY Change |
|----------------------------------|---------------|---------------|------------|
| Current Liabilities              | 1,315         | 3,819         | +2,503     |
| Long-term Liabilities            | 15            | 1,488         | +1,472     |
| Net Assets                       | 3,228         | 3,172         | -56        |
| Total Liabilities and Net Assets | 4,560         | 8,479         | +3,919     |

- Total assets expanded substantially due to the inclusion of AVIVA.
- Current liabilities increased due to an increase in advances received at AVIVA.
- Long-term liabilities increased because of an increase in long-term debt to fund M&A.
- Net assets decreased slightly due to share repurchases.



# Cash Flow

| <u>Consolidated (¥ million)</u> |        | Cash and Cash<br>Equivalents |
|---------------------------------|--------|------------------------------|
| As of January 1, 2011           |        | 1,671                        |
| CF from Operating Activities    | +747   |                              |
| CF from Investing Activities    | -94    |                              |
| CF from Financing Activities    | +576   |                              |
| Total Cash Flow                 | +1,229 |                              |
| As of December 31, 2011         |        | 2,901                        |

- Higher net income was the main factor in net cash provided by operating activities.
- Investing activities used a small amount of cash because of payments for security deposits and guarantees at AVIVA.
- Financing activities provided cash due to proceeds from long-term debt to fund M&A.

# 2011 Fourth-quarter Dividend

## 2011 Dividend Policy

- Dividends are **paid quarterly**.
- **Fixed dividend** of **¥500** each quarter, **¥2,000** annually

## Fourth Quarter Dividend

- Payment on **March 19, 2012** of **¥500** dividend, as planned

|                          | 1Q Actual | 2Q Actual | 3Q Actual | 4Q Planned  |
|--------------------------|-----------|-----------|-----------|-------------|
| Cash dividends per share | ¥500      | ¥500      | ¥500      | <b>¥500</b> |

# 2

## Strategies for Future Growth

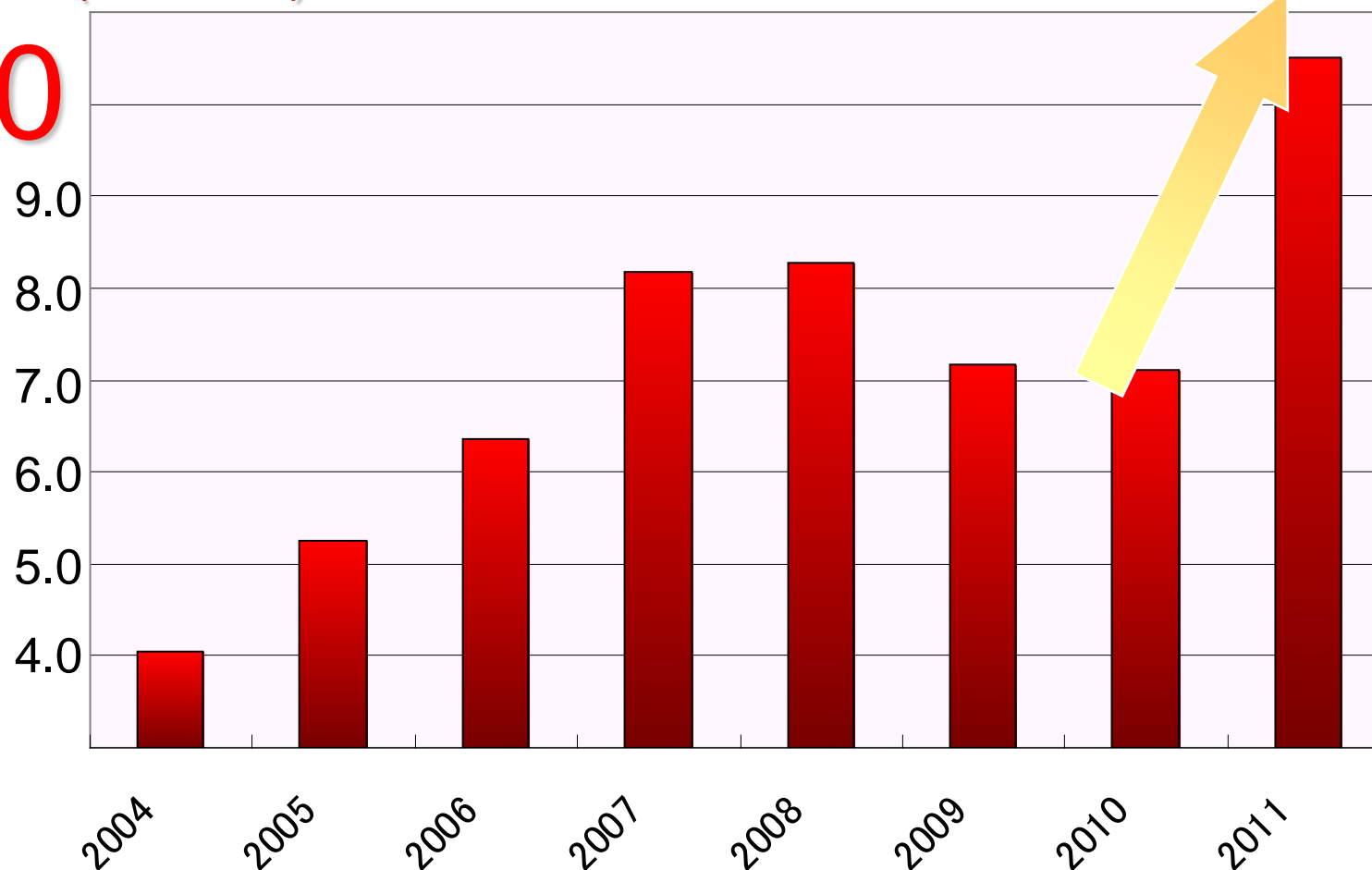




# Progress of Link and Motivation Group Results

(¥ billion)

10.0

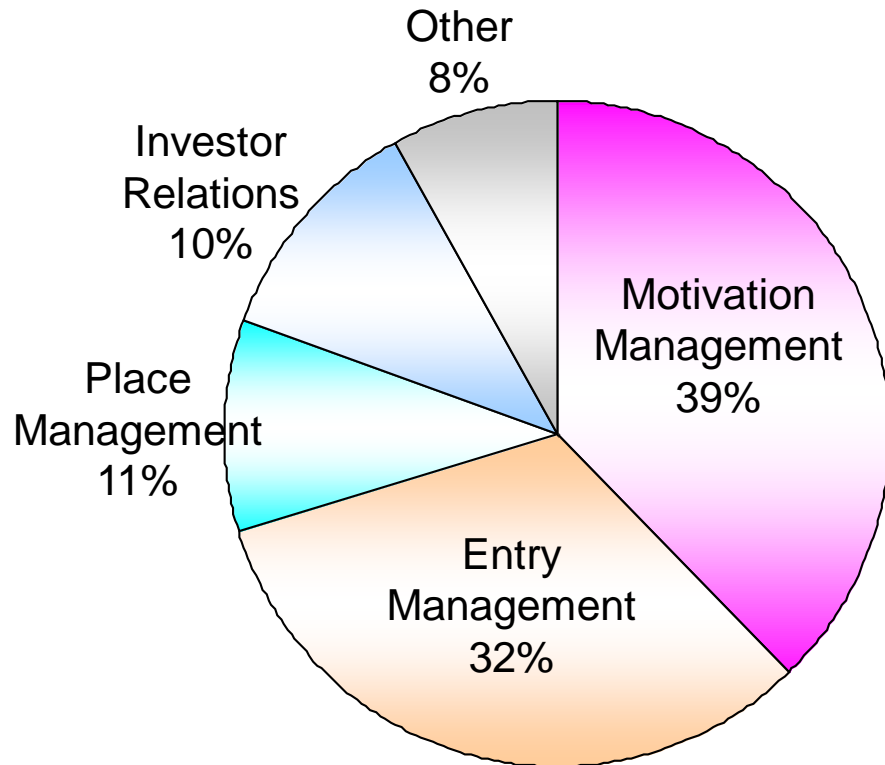


Sales have surpassed ¥10.0 billion for the first time since the establishment of Link and Motivation Inc. because of integrated management of the B2B and B2C divisions.



# Core Services up to 2010: B2B Division

## Sales by Business in 2010



## Books and Lectures



### Titles of Key Lectures

Corporate Dignity  
The Philosophy of Work  
Motivation Leadership  
Motivation Management

We have created job satisfaction through human resource management in areas including education, training and recruiting support.

## Motivation Engineering



Unfreeze

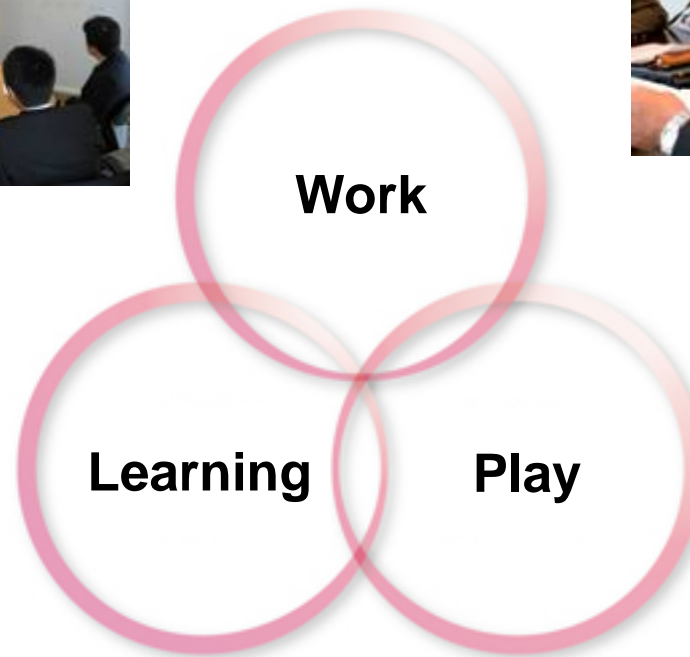
Change

Freeze

Our technology employs psychology, behavioral economics and social systems theory to motivate individuals and vitalize organizations.

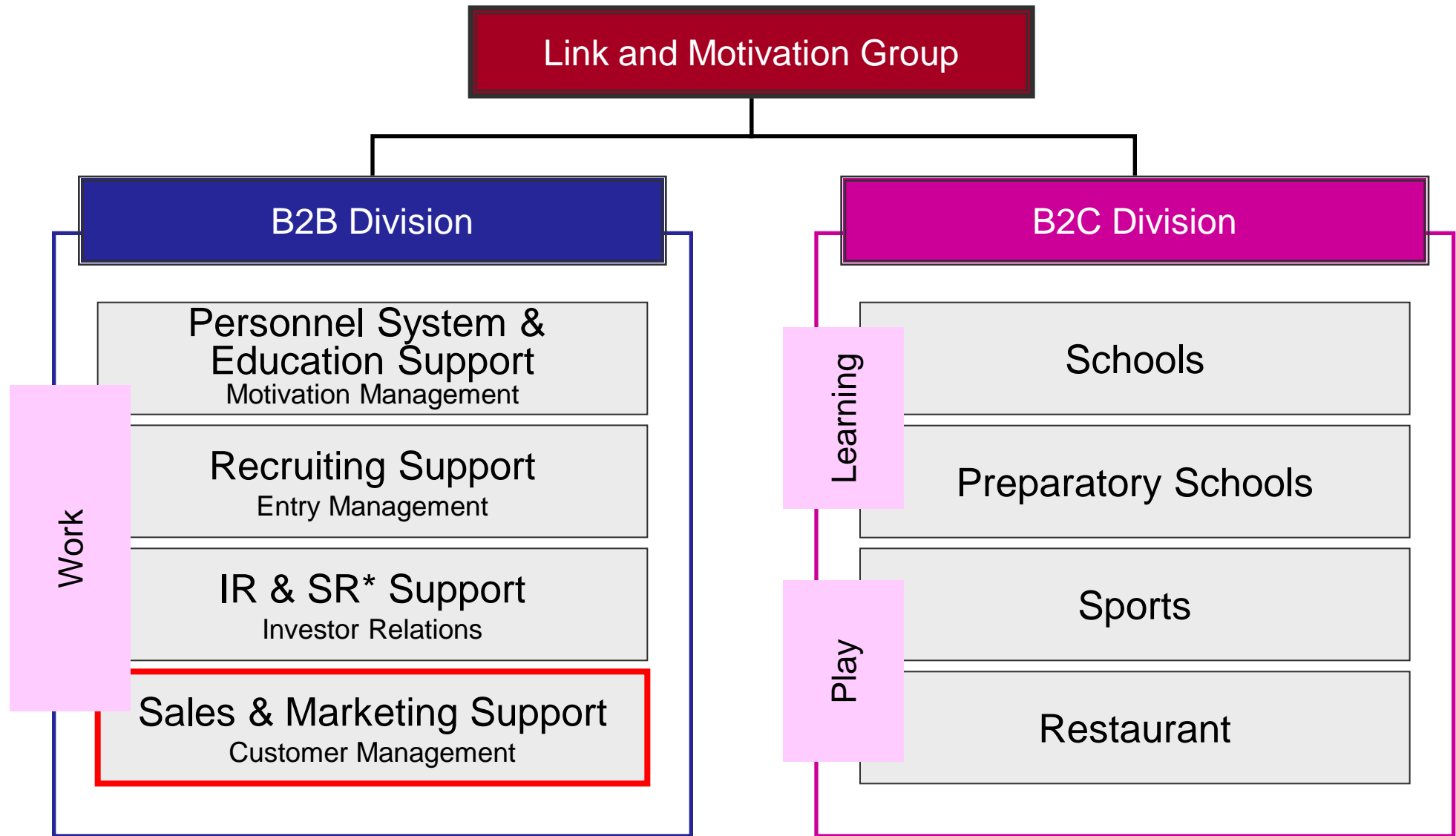


## Motivation Engineering



We will operate in the areas of work, learning and play, where motivation engineering can easily create value.

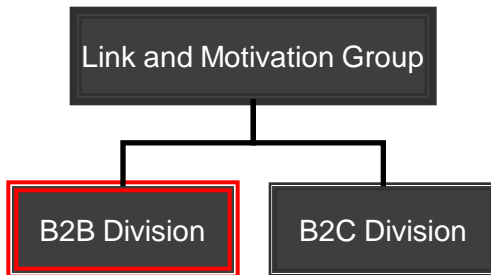
# 2012 Link and Motivation Group Operating Structure



\*SR: Stakeholder relations



# Future Development: B2B Division – Work



**Providing Services to Corporations**  
Support for **building and strengthening relationships** with stakeholders

## 1. For Employees

Personnel System & Education Support  
Motivation Management

## 3. For Investors

IR & SR Support  
Investor Relations

## 2. For Job Applicants

Recruiting Support  
Entry Management

## 4. For Customers

Sales & Marketing Support  
Customer Management

Corporations

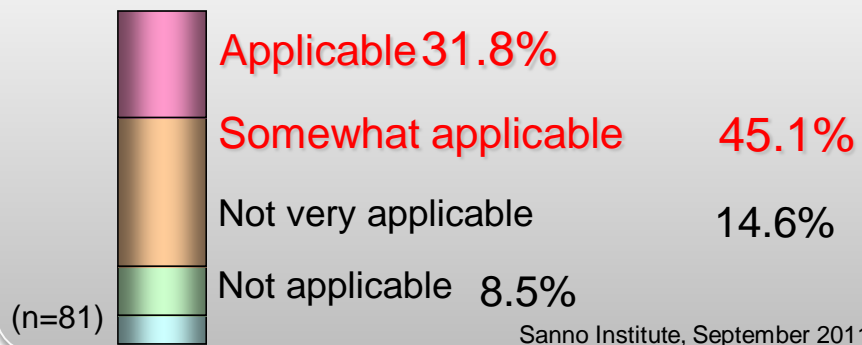
# 1. Personnel System & Education Support (for Employees): Motivation Management

## Operating Environment

### Global Human Resource Development

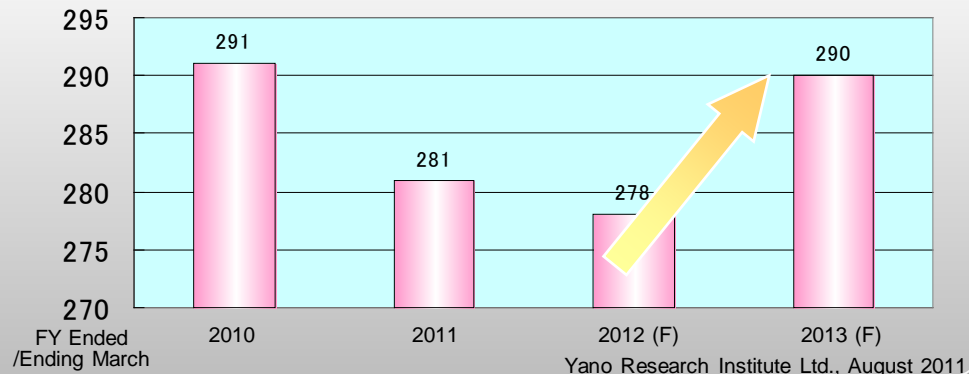
Corporate Survey:

The development of global leaders is not proceeding well.



### Moderate Market Recovery

Scale of the Training Services Market, Incl. Forecast (¥ billion)



## Points to Enhance

1

**Respond to global needs.**

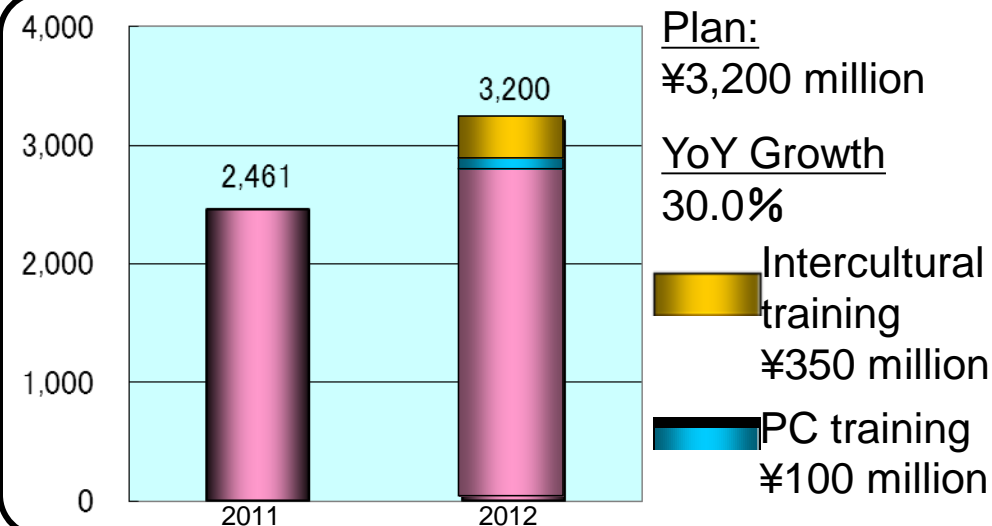
Enhance the solutions lineup in the human resource business in areas such as intercultural training.

2

**Expand repeatable business.**

Concentrate on selling stable products such as stratified training and membership businesses.

## Plan (¥ million)



# 1. Personnel System & Education Support (for Employees): Motivation Management

Acquired 100% of Intec Japan equity (January 5, 2012).

## Company Overview



Name: Intec Japan, Inc.  
 Representative : Akira Suguro  
 Established: 1989  
 Annual sales: ¥339 million (2011)  
 Businesses: Specialized education and training institution primarily providing intercultural, business and language training

## Features

- *Top performer in intercultural training*
- *Service provider to Japan's leading flagship companies for many years*
- *Outstanding teachers provide meticulous training*

## Example

### Robert Hilke



Engaged in in-company training as a business consultant at many large companies



## Opportunities for Synergy

- Share customer resources.
- Develop versatile products using Link and Motivation's expertise.

## 2. Recruiting Support (for Job Applicants): Entry Management

### Operating Environment

#### More Selective Recruiting

In recent years, how has the overall skills of new hires changed compared with new hires in the past?



#### Diversifying HR Needs

##### **Fast Retailing Co., Ltd.**

In 2012, about 80% of new recruits, or **1,050 people**, will be **non-Japanese**.

##### **Panasonic Corporation**

In FY ending March 2012, **1,100** of 1,390 new college graduates hired were **recruited globally**.

### Points to Enhance

1

**Aggressively develop recruiting services.**

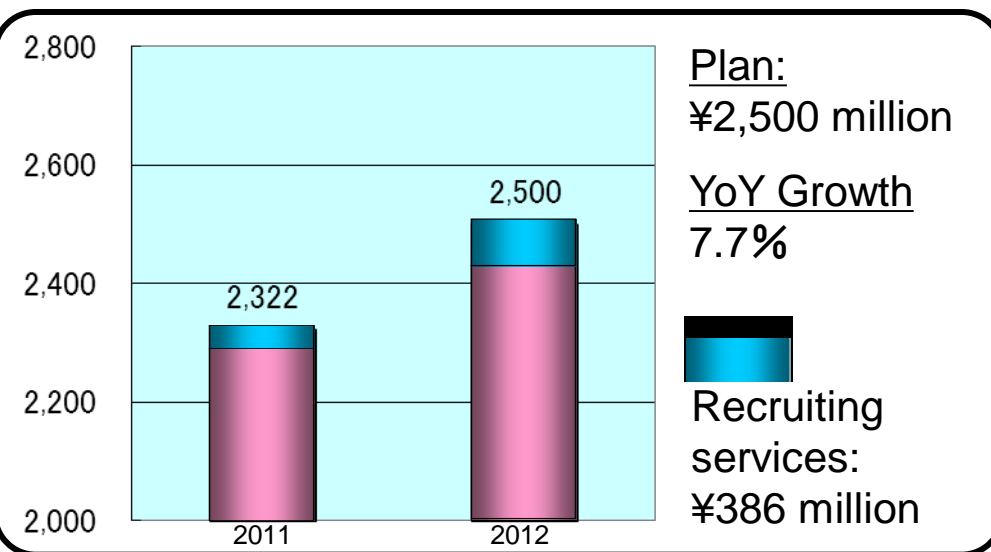
Take a pinpoint approach to finding the human resources corporations need.

2

**Strengthen support for global recruiting.**

Match outstanding overseas students with companies and strengthen assessment according to common global standards.

### Plan (¥ million)





## 2. Recruiting Support (for Job Applicants): Entry Management

Increased Raise-i equity ownership to 100% (January 1, 2012).

### Outstanding Volume of Contacts with Students

Number of registered students:

Approximately 35,000

#### Details

- College Year Ratio  
3rd Yr (and 1st Yr Master's):2nd Yr:1st Yr  
= 7:2:1
- Administrative to Technical Ratio  
Administrative:Technical = 7:3
- Male to Female Ratio  
Male:Female = 5.5:4.5

### Providing Students with Skills Training Opportunities

#### Courses for Portable Skill Licenses

Courses for mastering fundamental work skills required to succeed in any occupation or industry



#### Courses for Understanding Business Essentials

Courses that teach the essentials of companies and business using board games

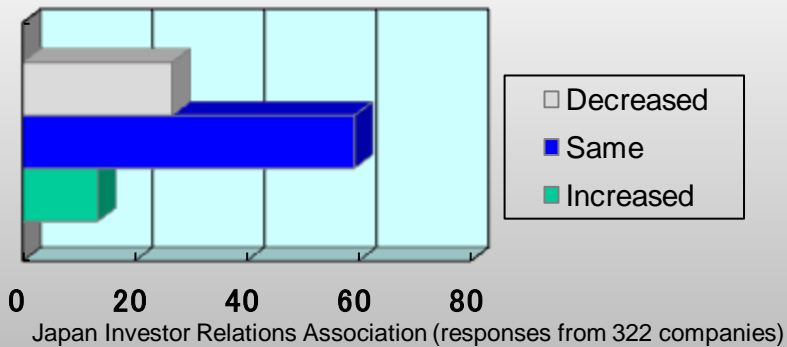


### 3. IR & SR Support (for Investors): Investors Relations

## Operating Environment

### Market Is Contracting

Annual IR Budgets vs. Previous Year (2011)



### Demand for Fair Disclosure

#### Daio Paper

Problems involving large loans to Mototaka Ikawa, former chairman and member of the company's founding family

#### Olympus

Problems involving a cover-up of financial engineering losses in the 1990s

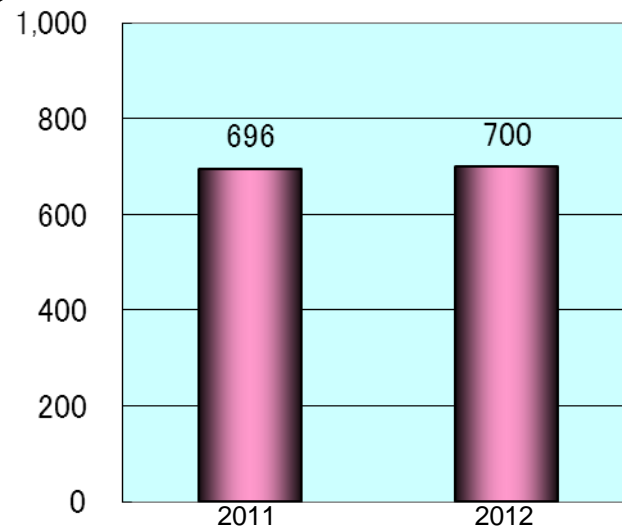
## Points to Enhance

1

**Strengthen video distribution service.**

Develop products that respond to trends such as smartphones and information sharing via social media.

## Plan (¥ million)



Plan:

¥700 million

YoY Growth:

0.6%

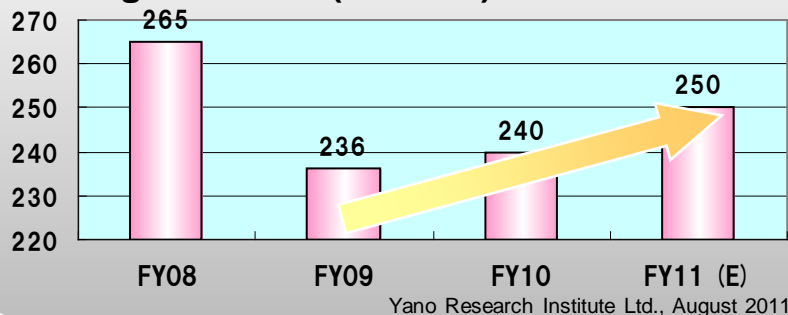


## 4. Sales & Marketing Support (for Customers): Customer Management

### Operating Environment

#### Market is Recovering

##### Market Scale in the Sales & Marketing Support Staffing Business (¥ billion)



#### Store Sales Needs Are Expanding

- Expanding demand for highly functional devices such as smartphones and tablets
- Increase in sales outlets with expansion of big-box home appliance retailers

### Points to Enhance

1

**Start providing sales & marketing staffing services.**

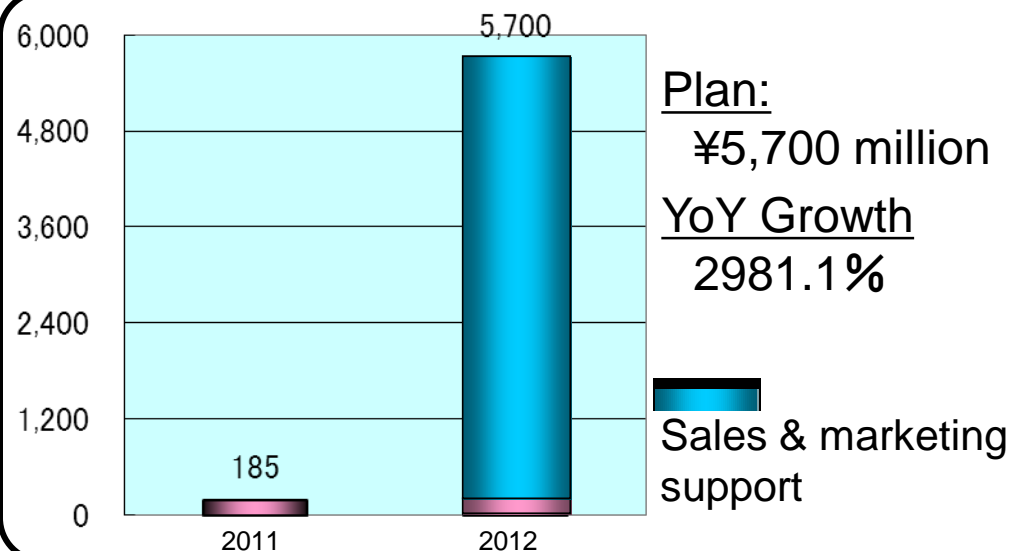
Dispatch people LMI has cultivated to meet expanding sales & marketing support needs.

2

**Provide total solutions.**

Comprehensively support emerging customer needs from strategy and concept design to sales support.

### Plan (¥ million)



## 4. Sales & Marketing Support (for Customers): Customer Management

Acquired 100% of Sales Marketing Co., Ltd. equity (February 8, 2012).

### Company Overview



Name: Sales Marketing Co., Ltd.  
 Representative: Kazuyuki Ihara  
 Established: 2005  
 Annual sales: ¥5,300 million (Year ending March 2012)  
 Employees: 220 (incl. part-time)  
 Businesses: Comprehensive staffing services for sales and marketing businesses (dispatching, sales outsourcing, referral, dispatching planned referrals)  
 Branches: Sendai, Tokyo, Aichi, Osaka, Hiroshima, Okayama, Fukuoka

### Various sites



### Features

#### ● High share in the apparel industry

*Provides staffing support for more than 300 brands annually\**



#### ● Industry-leading responsiveness with a large database of registered personnel and an excellent operating system

*Registered personnel: 75,367 people (as of Feb. 6, 2012)*

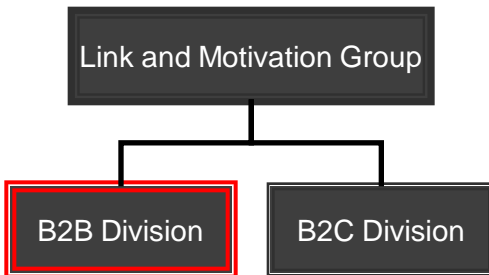
*\*Results from 2005*

### Opportunities for Synergy

- Share customer resources.
- Link and Motivation Group can provide training (PC and corporate training) to Sales Marketing's registered personnel.



# Future Development: B2B Division – Work



**Providing Services to Corporations**  
Support for **building and strengthening relationships with stakeholders**

## 1. For Employees

Personnel System & Education Support  
Motivation Management

## 3. For Investors

IR & SR Support  
Investor Relations

## 2. For Job Applicants

Recruiting Support  
Entry Management

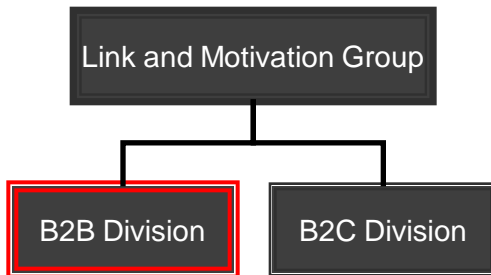
## 4. For Customers

Sales & Marketing Support  
Customer Management

Corporations



# Future Development: B2B Division – Work



**Providing Services to Corporations**  
Support for **building and strengthening relationships** with stakeholders

1. Employees

3. Investors

**Expand and enhance the product lineup for further growth.**

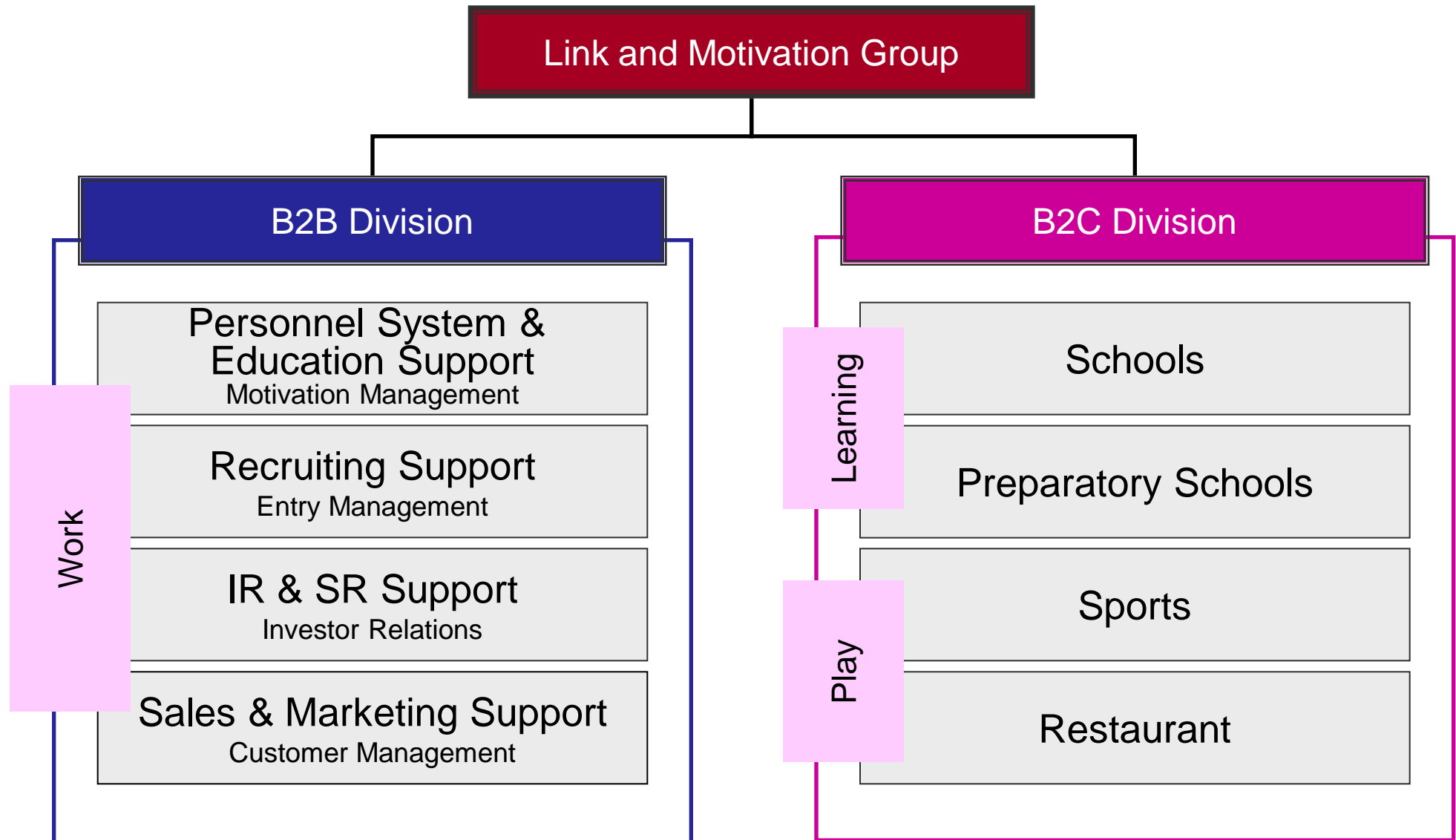
2. Job Applicants

4. Customers

Recruiting Support  
Entry Management

Sales & Marketing Support  
Customer Management

# 2012 Link and Motivation Group Operating Structure





# Future Development: B2C Division – Learning

Link and Motivation Group

B2B Division

B2C Division

Help individuals achieve their goals through motivation engineering in the schools businesses.

**Juniors**  
(Junior & Senior High School)

**Adults**  
(College & Adults)

**Seniors**  
(Elderly)

Exam and job hunting support



**raise-i**  
(Sales Marketing)

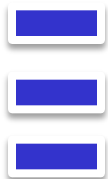
IT training support

**AVIVAKIDS**

**AVIVA**

**AVIVA HOMECOM**

Qualification support



# Schools Business: AVIVA

## Operating Environment

### IT Training Support Market Is Contracting

Overview of the IT training support market

Market size

¥21 billion

Market population

120-150 thousand people

Avg. market growth rate (%)

0.75% ↓

### Qualification Support Market Is Growing

Overview of the IT training support market

Market size

¥250 billion

Market population

180 thousand people

Avg. market growth rate (%)

1.04% ↑

Numerical reference: Yano Research Institute, *Lessons and Classes Market 2011*  
Average growth rate calculated from FY2008.

## Points to Enhance

1

**Accelerate investment in the classroom business.**

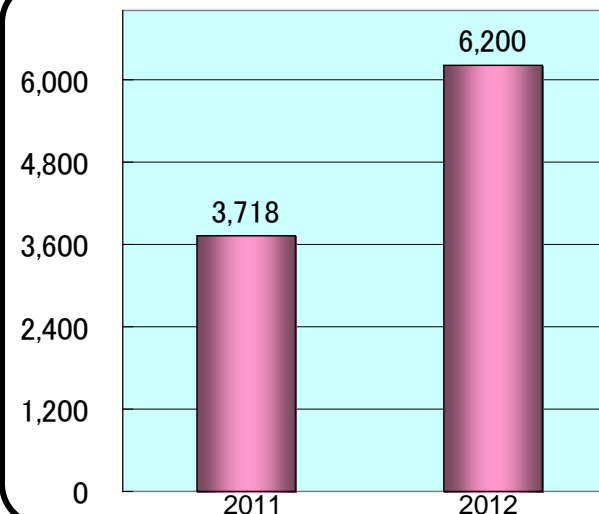
Expand locations with new branches and expand market share by intensifying promotion (current market share is about 30%).

2

**Develop products in step with trends.**

Develop new products that match needs, such as qualification support and practice-focused seminars.

## Plan by Area (¥ million)



Plan:

¥6,200 million

YoY Growth:

66.7%

Note: 2011 includes June-December results for AVIVA.

# Future Development: B2C Division – Learning

Link and Motivation Group

B2B Division

B2C Division

Help individuals achieve their goals through motivation engineering in the schools businesses.

**Juniors  
(Junior & Senior  
High School)**

**Adults  
(College & Adults)**

**Seniors  
(Elderly)**

**Exam and job  
hunting support**



**raise-i**  
(Sales Marketing)

**IT training  
support**



**AVIVA HOMECOM**

**Qualification  
support**







# Future Development: B2C Division – Learning

Link and Motivation Group

B2B Division

B2C Division

Help individuals achieve their goals through motivation engineering in the schools businesses.

Juniors  
(Middle & High School)

Adults  
(College & Adults)

Seniors  
(Elderly)

Aggressively develop new markets for further growth.

Job hunting support

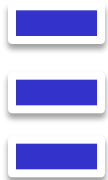
IT training support

Qualification support

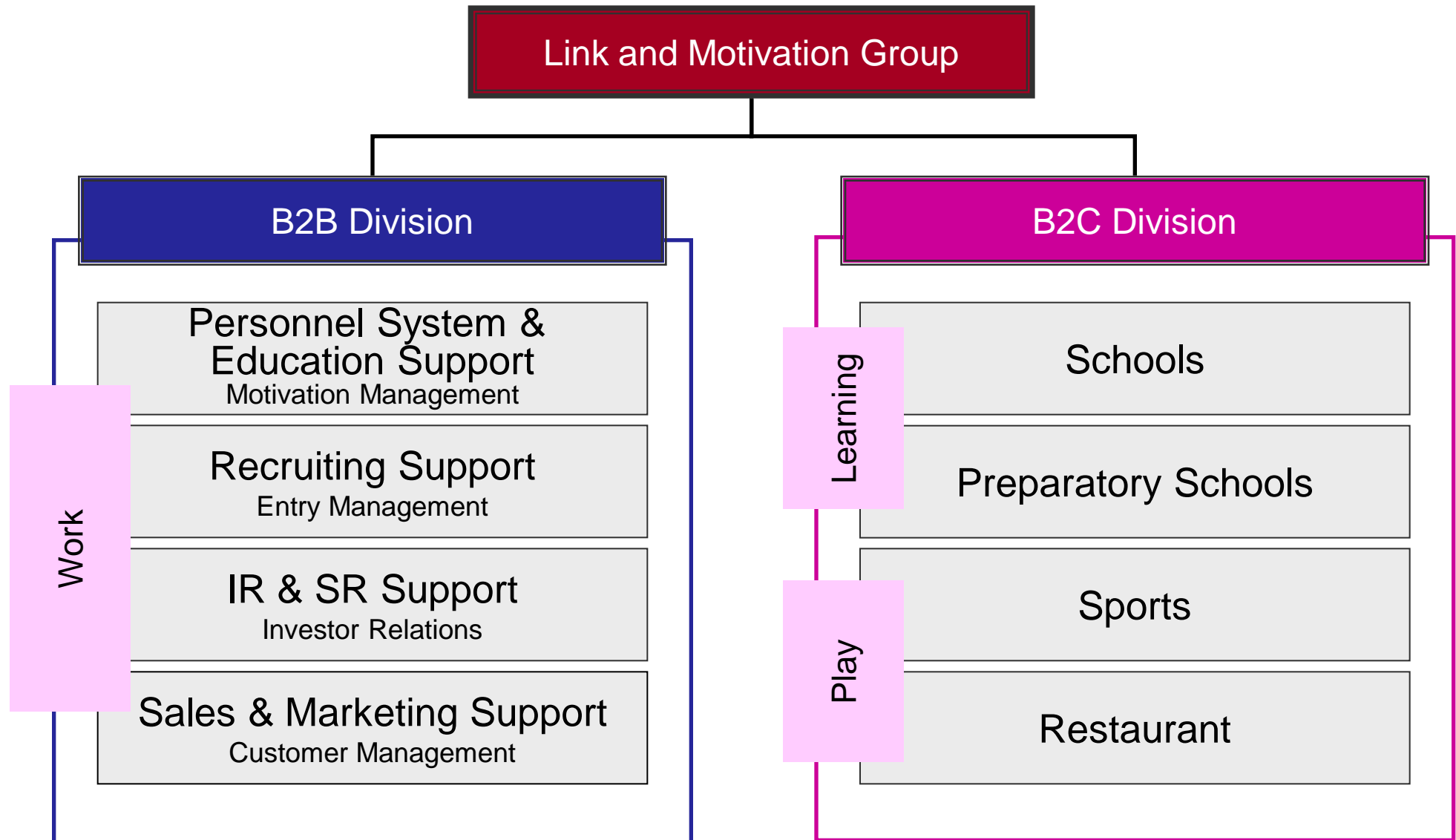
セブシュージョニアアカデミア  
— Powered by リンクアンドモチベーション —

Aviva Academy  
(Sales Marketing)

アビバホームコンジュク



# 2012 Link and Motivation Group Operating Structure





# Future Development: B2C Division – Play

Link and Motivation Group

B2B Division

B2 Division

Create attractive venues using motivation engineering in entertainment.

## Sports Business



Link Sports Entertainment  
2011

(Sales)

¥533 million

(Operating income)

¥21 million



## Restaurant Business

LINK DINING

Link Dining

2011

(Sales)

¥104 million

(Operating income)

¥21 million

Steadily generate profit in the Sports and Restaurant businesses.



# Future Development: B2C Division – Play

Link and Motivation Group

B2B Division

B2C Division

Create attractive venues using motivation engineering in entertainment.

Sports Business

Restaurant Business

Proceed based on assessment of  
target businesses and timing.

Link Sports Business  
FY2011  
(Sales)

¥533 million

(Operating income)

¥21 million

Link Restaurant Business  
FY2011  
(Sales)

¥104 million

(Operating income)

¥21 million

Steadily generate profit in the Sports and Restaurant businesses.

①

Strengthen cooperation among  
Group companies.

②

Cultivate management personnel.

③

Aggressively expand and enhance  
capabilities (incl. M&A).

# 3

## Plan for 2012



# Statements of Operations (Forecast of Full-year Consolidated Results)

| Consolidated (¥ million) | 2011 Results | 2012 Plan | YoY Change |
|--------------------------|--------------|-----------|------------|
| Net Sales                | 10,507       | 18,600    | +77.0%     |
| Operating Income         | 812          | 1,260     | +55.1%     |
| Ordinary Income          | 810          | 1,220     | +50.4%     |
| Net Income               | 596          | 700       | +17.3%     |

We plan to substantially increase net sales and each level of income year on year.

# Statements of Operations (Forecast of Full-year Results by Segment)

| <u>Consolidated (¥ million)</u> |       | 2011 Results | 2012 Plan | YoY Change |
|---------------------------------|-------|--------------|-----------|------------|
| B2B Division                    | Sales | 6,305        | 12,200    | +93.4%     |
| B2C Division                    | Sales | 4,352        | 6,850     | +57.4%     |

Notes:

1. The 2012 plan for the B2B Division incorporates results for Sales Marketing from February to December 2012.
2. 2011 results for the B2C Division incorporate results for AVIVA from June to December 2011.

We plan to substantially increase sales year on year in both the B2B Division and the B2C Division.



# Statements of Operations (Forecast of Full-year Results: B2B Division)

| Consolidated (¥ million)   | 2011 Results | 2012 Plan | YoY Change |
|--|--------------|-----------|------------|
| Personnel System & Education<br>Support (for Employees)<br>Motivation Management | 2,461        | 3,200     | +30.0%     |
| Recruiting Support<br>(for Job Applicants)<br>Entry Management                   | 2,322        | 2,500     | +7.6%      |
| IR & SR Support (for Investors)<br>Investor Relations                            | 696          | 700       | +0.5%      |
| Sales & Marketing Support<br>(for Customers)<br>Customer Management              | 185          | 5,700     | +2,981.0%  |

We expect substantial expansion in the core personnel system & support services and in the new sales & marketing support services.

# Statements of Operations (Forecast of Full-year Results: B2C Division)

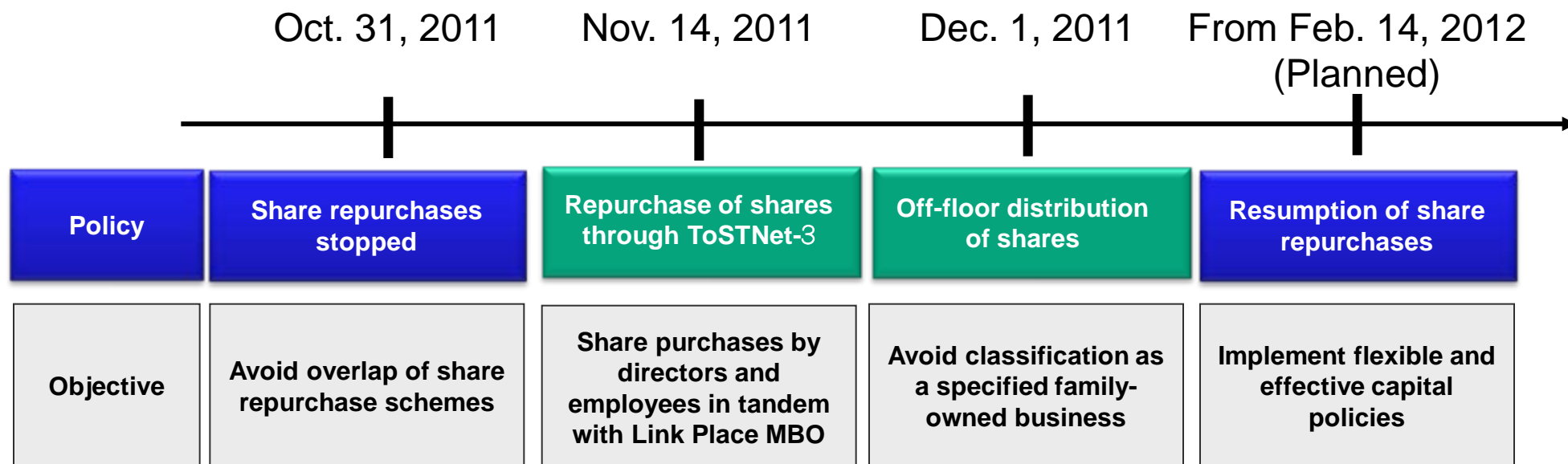
| Consolidated (¥ million) | 2011 Results | 2012 Plan | YoY Change |
|--------------------------|--------------|-----------|------------|
| Schools                  | 3,717        | 6,200     | +66.8%     |
| Restaurants              | 526          | 530       | +0.7%      |
| Other                    | 108          | 120       | +10.5%     |

We anticipate substantial growth in the Schools business driven by AVIVA.

- Dividends are paid quarterly
- Fixed dividend of ¥500 each quarter, ¥2,000 annually



# Resumption and Expansion of Share Repurchases



## February 2012 resolution to resume and expand share repurchases

- (1) Maximum number of shares to be acquired: 4,231
- (2) Maximum amount to be paid for acquisition: ¥299,214,700
- (3) Period of acquisition: Up to March 9, 2012

# Link and Motivation Inc. Consolidated Financial Information for the Fiscal Year Ended December 31, 2011



ひとりひとりの本気がこの世界を熱くする

Link and Motivation Group

