

Link and Motivation Inc.

Consolidated Financial Information for the Fiscal Year Ended December 31, 2013



ひとりひとりの本気がこの世界を熱くする

Link and Motivation Group



Management Integration of Group Companies

On December 31, 2013, Aviva Co., Ltd. and Daiei Education System Co., Ltd. merged and the corporate name changed to Link Academy Inc.

Name : Link Academy Inc.

Shareholder : Link and Motivation Inc. (100%)

Business : Comprehensive career training school offering support for acquisition of qualifications and computer skills

Address : Ginza Omi Building, 3-7-3 Ginza, Chuo-ku, Tokyo (Head office)

Locations : 142 (Directly managed schools only)

Officers :

Chairman	Yoshihisa Ozasa
President and Representative Director	Ryoichi Tanaka (Formerly President of Aviva)
Vice President	Kenji Matsumura (Formerly President of Daiei Education System)
Director	Shunichi Ono
Auditor	Yutaka Honda

Change in Organization of Directors

On January 1, 2014, we changed the organization of the Board of Directors

● Details of the Change

Previous Organization

Chairman and Representative Director
Yoshihisa Ozasa

President and Representative Director
Hideki Sakashita

Director	Shunichi Ono
Director	Akira Suguro

New Organization

Chairman and Representative Director
Yoshihisa Ozasa

President and Representative Director
Hideki Sakashita

Director	Shunichi Ono
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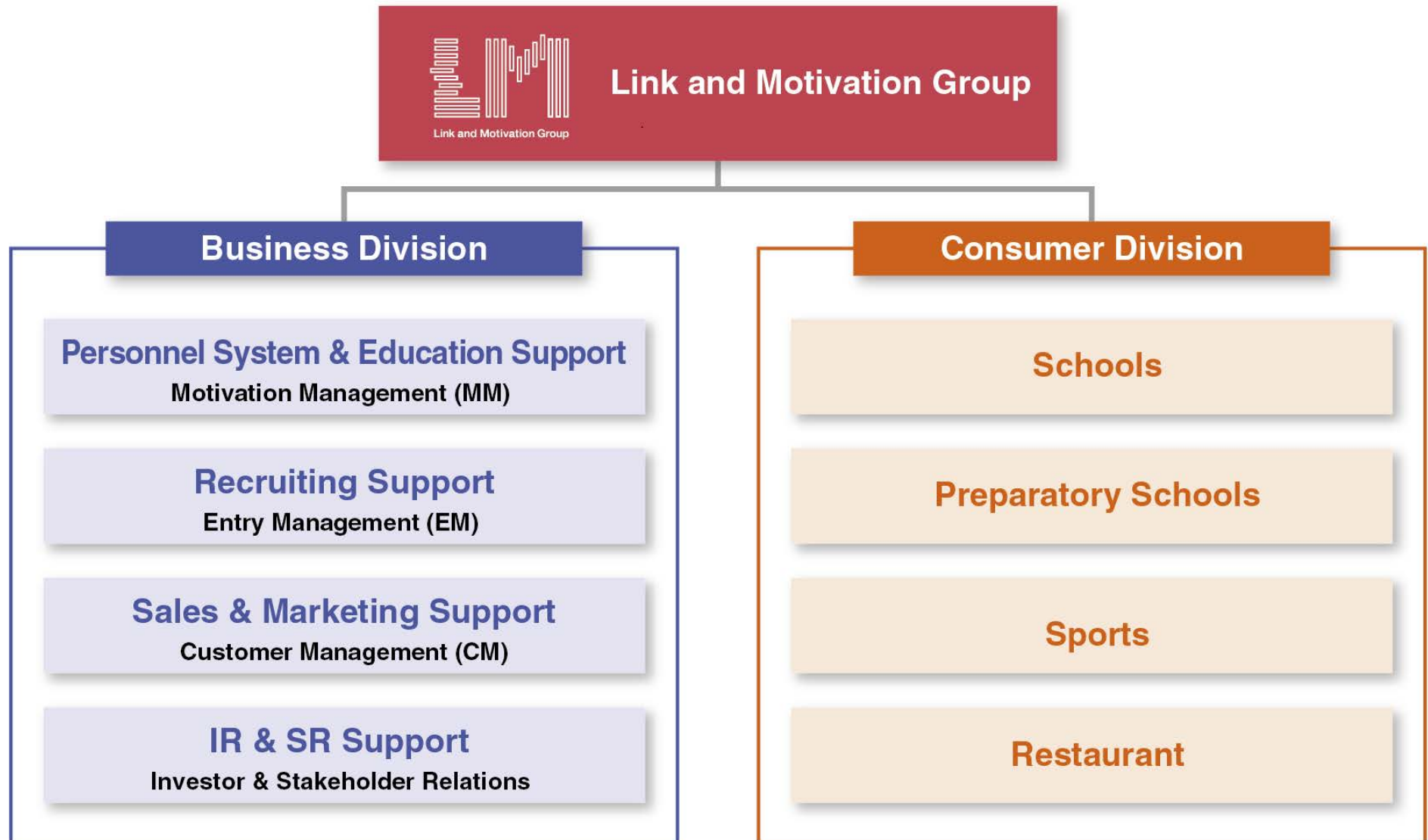
Note: Mr. Suguro resigned for personal reasons.
Following his resignation, the number of directors and auditors still satisfies the requirements of the law and the company's Articles of Incorporation.

1. Announcement of Results for 2013
2. Link and Motivation Group
Growth Strategy
3. Plan for 2014
4. Topics

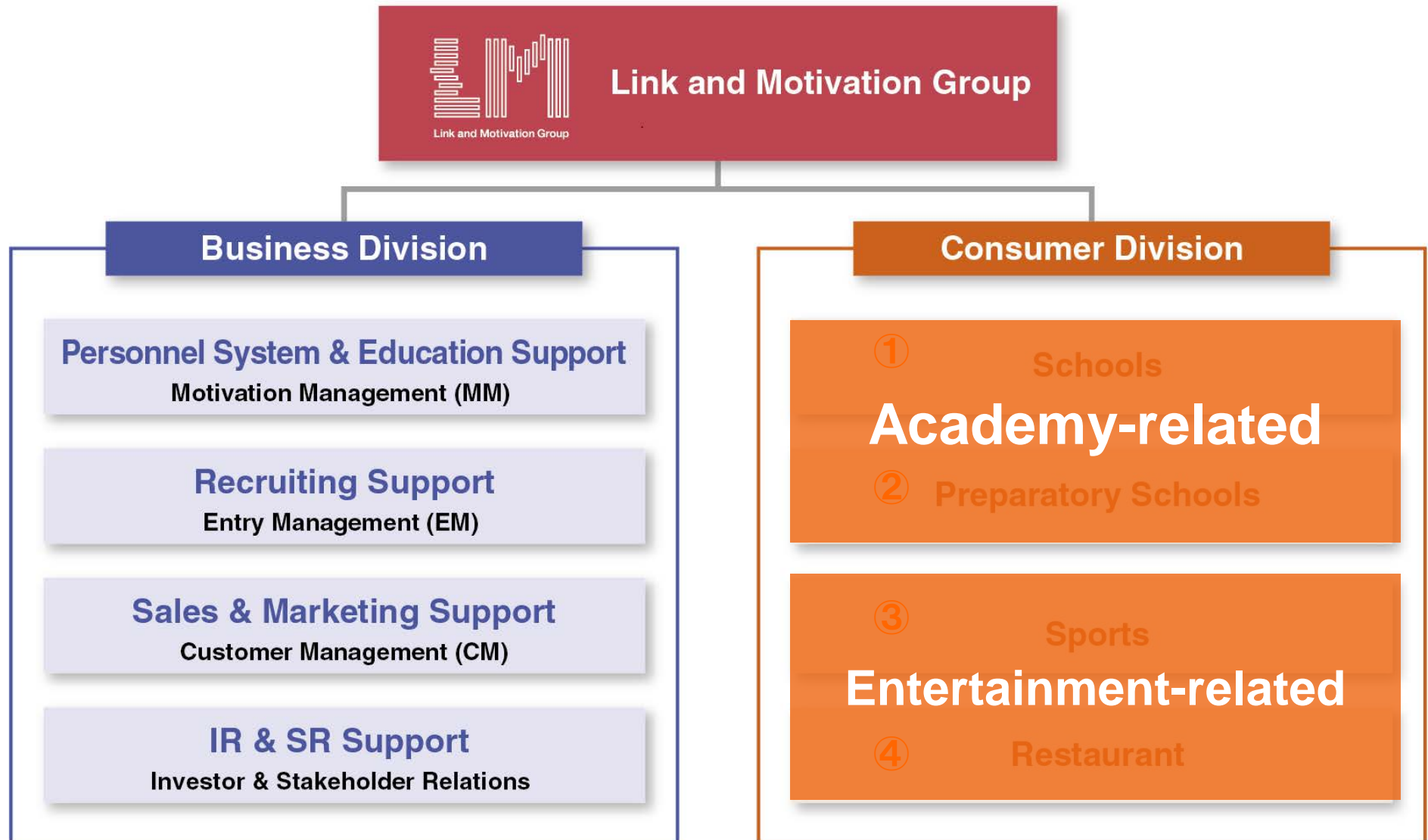
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Announcement of Results for 2013

2013 Link and Motivation Group Operating Structure



2013 Link and Motivation Group Operating Structure



Consolidated Statements of Operations

Consolidated (¥ million)	2012 Results	2013 Plan	2013 Results	YoY Change	Results vs. Plan
Net Sales	18,705	22,500	22,383	+19.7%	-0.5%
Operating Income	1,149	1,550	1,558	+35.6%	+0.5%
Ordinary Income	1,133	1,510	1,510	+33.2%	+0.0%
Net Income	708	830	832	+17.5%	+0.3%

- Solid performance in both segments, with substantial increases year-on-year (YoY) in net sales and each level of income.
- Net sales, operating income and ordinary income all set record highs.
- Operating income, ordinary income and net income exceeded the plan, even after an upward revision.

Sales and Gross Profit by Segment

Consolidated (¥ million) <Gross profit in brackets>		2012	2013	YoY Change
Business Division	Sales	12,317	14,137	+14.8%
	Gross Profit	<5,033>	<5,689>	+13.0%
Consumer Division	Sales	6,852	9,177	+33.9%
	Gross Profit	<2,428>	<3,265>	+34.5%

- Performance was solid in both the Business Division and the Consumer Division, with substantial YoY increases in both sales and gross profit.

Business Division: Sales and Gross Profit

Consolidated (¥ million) <Gross profit in brackets>		2012	2013	YoY Change
① Personnel System & Education Support (MM)		3,200	3,405	+6.4%
		<2,000>	<2,202>	+10.1%
② Recruiting Support (EM)		2,548	3,013	+18.3%
		<1,528>	<1,780>	+16.5%
③ Sales & Marketing Support (CM)*		5,948	7,095	+19.3%
		<1,184>	<1,377>	+16.3%
④ IR & SR Support (IR)		619	623	+0.6%
		<319>	<329>	+3.1%

* Because Link Marketing Inc. was added to the Group in February 2012, it is not included in January 2012 results for ③ Sales & Marketing Support (CM).

- In every field, both sales and gross profit increased YoY.
- Particularly in EM and CM, which captured growing corporate needs for recruiting, both sales and gross profit increased substantially YoY.

Business Division: Number of Customers & Sales per Customer in Each Field

	Number of Customers (Companies)			Sales per Customer (¥ million/company)			Product Trends
	2012	2013	YoY Change	2012	2013	YoY Change	
Business Division	1,984	2,073	+4.5%	6.2	6.8	+9.8%	
① Personnel System & Education Support (MM)	938	1,025	+9.3%	3.4	3.3	-2.6%	Employee education and training ↗ HR system consulting ↗ Membership services for small and mid-sized companies ↗
② Recruiting Support (EM)	484	517	+6.8%	5.3	5.8	+10.7%	Recruiting strategy planning/process support ↗ Recruiting events ↗ New graduate recruiting/introduction ↗
③ Sales & Marketing Support (CM)	690	677	-1.9%	8.6	10.5	+21.6%	Temp sales staff for the fashion industry ↗ Temp sales staff for the communications/home appliance industries ↗
④ IR & SR Support (IR)	171	176	+2.9%	3.6	3.5	-2.3%	Print media production (shareholder reports, etc.) ↗ Webcasts of results presentations, etc. ↘

In the Business Division, the number of customers and sales per customer both increased YoY.

- ① In MM, the number of customers increased and sales per customer decreased due to growth in sales of employee training and membership services for small and mid-sized companies.
- ② In EM, the number of customers increased due to expansion of business with small and mid-sized companies and sales per customer increased due to the cultivation of one-stop solutions.
- ③ In CM, the number of customers decreased and sales per customer increased substantially due to selection and concentration of customers.
- ④ In IR, the number of customers increased and sales per customer decreased due to growth in sales of IR tools such as shareholder reports.

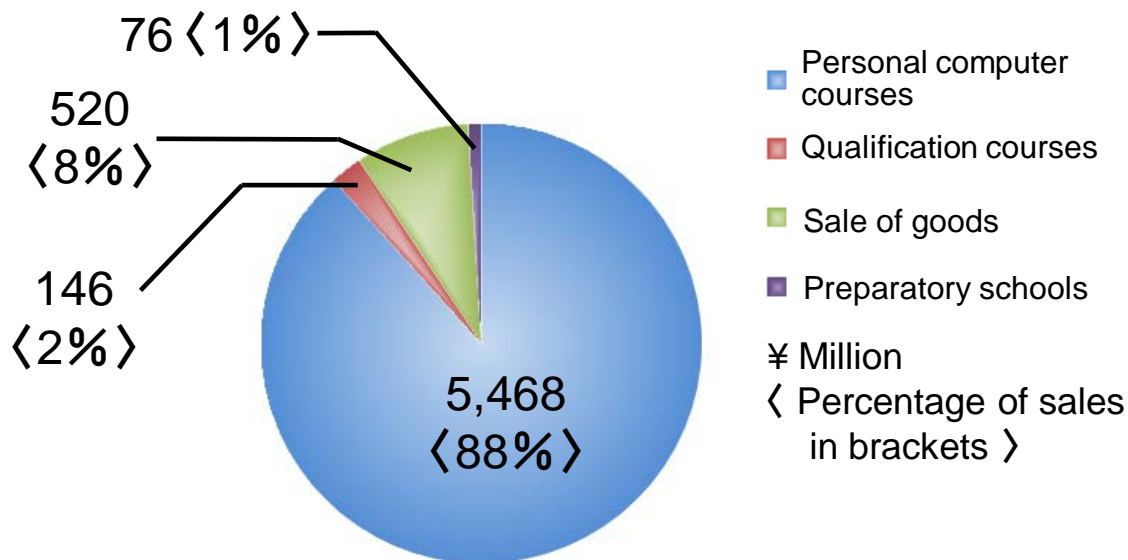
Consumer Division: Sales and Gross Profit

Consolidated (¥ million) <Gross profit in brackets>		2012	2013	YoY Change
①・② Academy-related (Schools/Preparatory Schools)		6,209	8,496	+36.8%
		<2,228>	<3,036>	+36.3%
③・④ Entertainment-related (Sports/Restaurant)		642	680	+5.9%
		<199>	<229>	+15.0%

- ①・② In Academy-related fields, sales and gross profit both increased substantially YoY due to an increase in qualification courses at Aviva and the addition of Daiei Education System Co., Ltd. to the Group in the schools field.
- ③・④ In Entertainment-related fields, sales and gross profit both increased YoY with a significant increase in sponsorship income for the Link Tochigi Brex pro basketball team in the sports field.

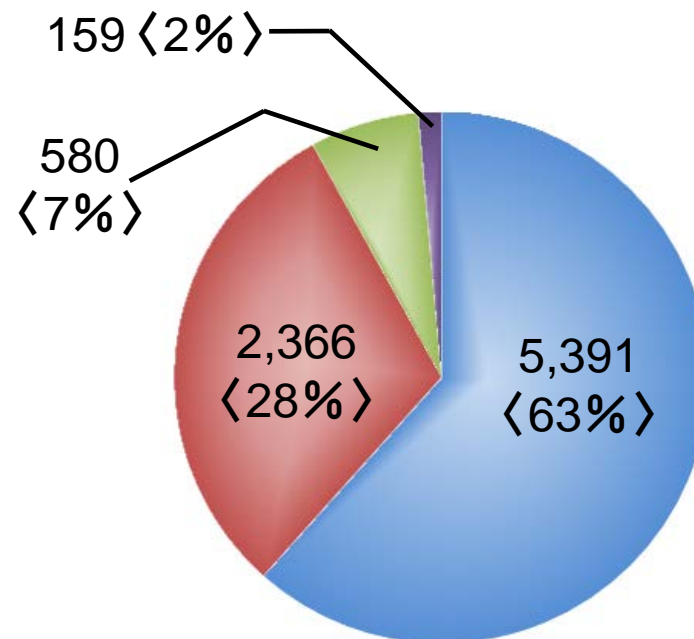
Consumer Division: Composition of Academy-related Sales

2012 Composition of Sales



Sales ¥6,209 million
Locations 114
Registered students 10,466

2013 Composition of Sales



Sales ¥8,496 million (+37 % YoY)
Locations 144 (+30 % YoY)
Registered students 14,851 (+42 % YoY)

- Sales, locations and students increased substantially with the addition of Daiei Education System to the Group.
- Sales of qualification courses increased substantially YoY with the large YoY increase in qualification courses at Aviva.

Consolidated Balance Sheets

Consolidated (¥ million)	Dec. 31, 2012	Dec. 31, 2013	Change
Current Assets	5,454	4,195	-1,259
Property and Equipment	4,848	6,176	+1,327
Total Assets	10,303	10,371	+68
Current Liabilities	4,553	5,083	+529
Long-term Liabilities	2,501	1,493	-1,008
Interest-bearing Debt	<2,858>	<1,832>	<-1,026>
Net Assets	3,248	3,794	+546
Total Liabilities and Net Assets	10,303	10,371	+68

- Assets and liabilities increased temporarily with the integration of Daiei Education System, but by repaying interest-bearing debt, we increased the net worth ratio from 31.5% to 36.6%.

● Dividend Policy for 2013

⇒ Dividends **paid quarterly**

● 2013 Fourth-quarter Dividend

⇒ As initially planned, a **90 yen** per-share dividend, with a scheduled payment date of **March 25, 2014**.

Note: Link and Motivation **conducted a stock split/dividend increase** with a record date of November 30, 2013.

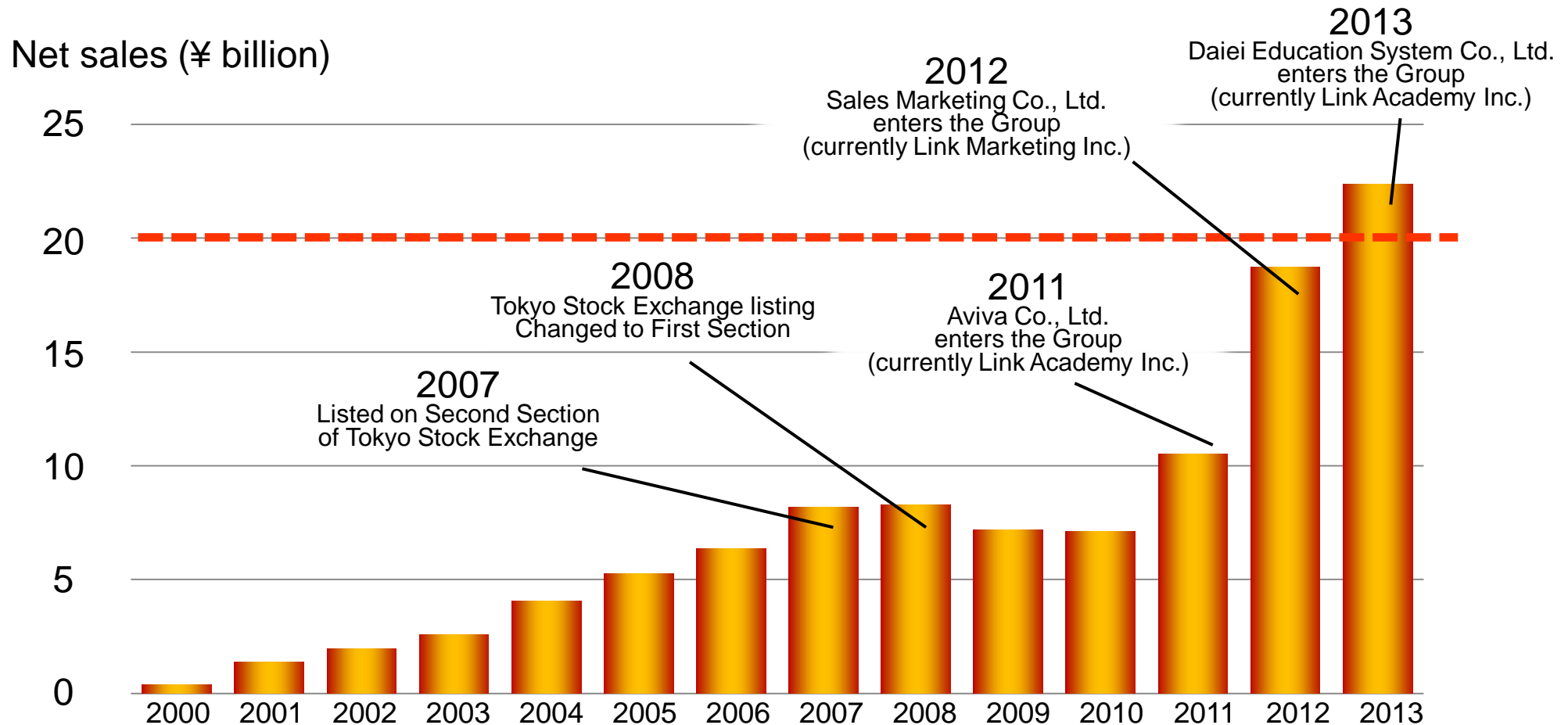
	First Quarter Actual	Second Quarter Actual	Third Quarter Actual	Fourth Quarter Planned
Per-share dividend	300 yen	150 yen	150 yen	90 yen
Measures for shareholders	-	2-for-1 stock split	-	2-for-1 stock split 20% dividend increase

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Link and Motivation Group Growth Strategy



Business Result Trend of the Link and Motivation Group



Business growth centered on M&A since the Lehman Shock
Exceeded ¥20 billion in net sales in our 14th year of operation

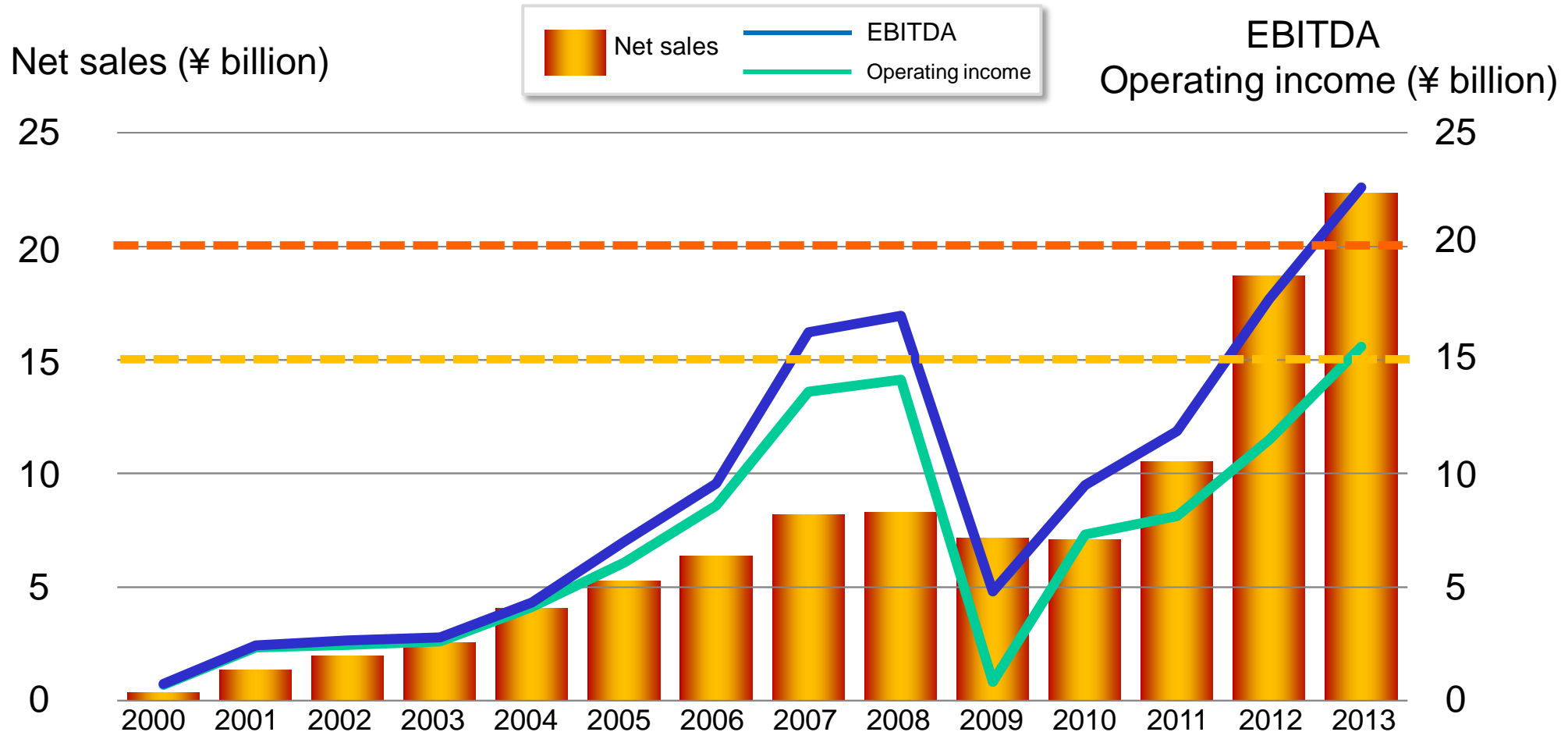
Smooth Post-M&A Profit Generation

◆ Publicly announced M&A since 2010

(¥ million)	Annual amortization of goodwill	2013 operating income before amortization of goodwill	2013 operating income after amortization of goodwill
Aviva Co., Ltd. / Daiei Education System Co., Ltd. (currently Link Academy Inc.)	303	669	366
Sales Marketing Co., Ltd. (currently Link Marketing Inc.)	92	293	201

We created even greater value than initially forecast by utilizing our expertise in generating post-M&A Group synergy.

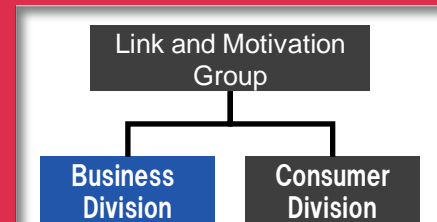
Business Result Trend of the Link and Motivation Group



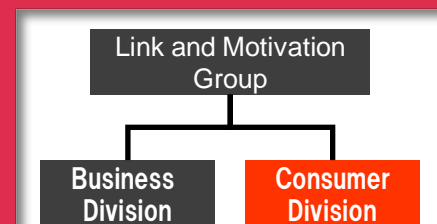
EBITDA has surpassed ¥20 billion and corporate value is rising.

Guidelines for the Future

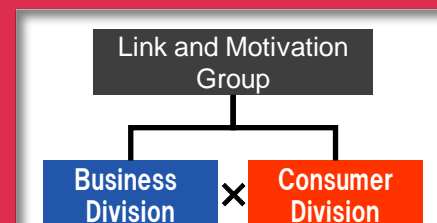
1 Deal with the Expansion of HR Demand



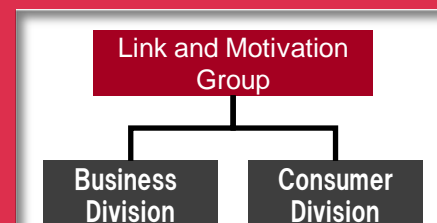
2 Evolve into a Total Career School



3 Create New Earnings Sources through Cross Synergies

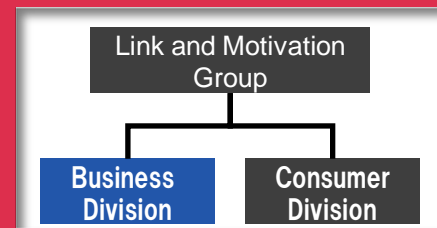


4 Start the Incubation Business

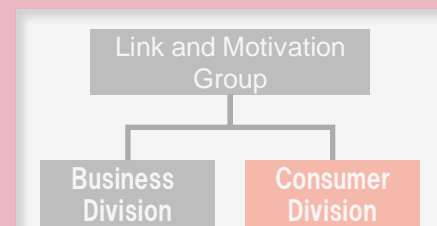


Guidelines for the Future

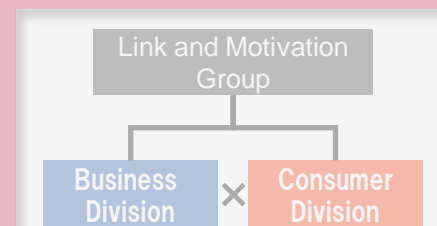
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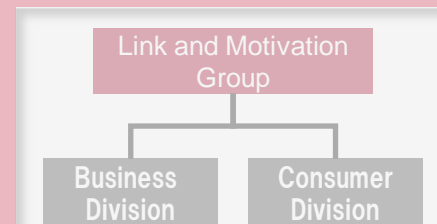
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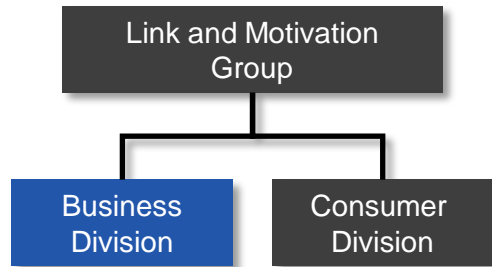
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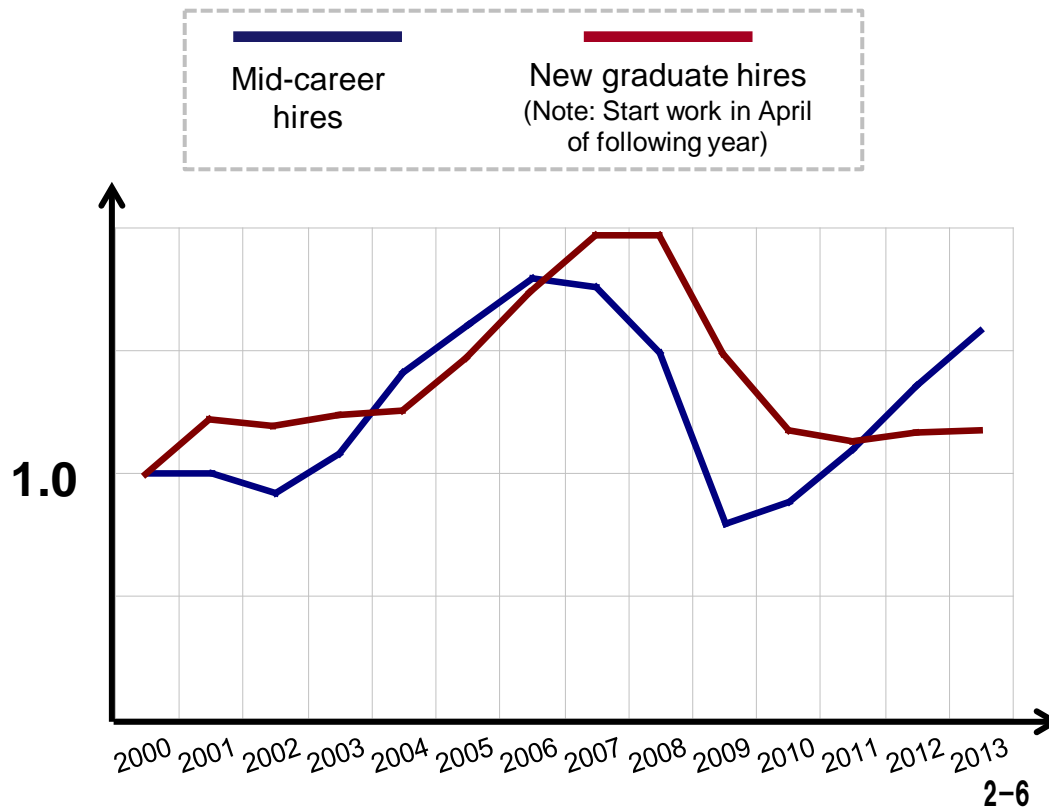


① Deal with HR Demand



Use two strengths of the Business Division to deal with increasing HR needs in light of the effective labor force demand-supply ratio

■ Trend of opening-to-applicant ratio (Index, 2000 = 1)



With mid-career hires as a leading indicator, a growth trend is also apparent in new graduate hires

Strength ①

One-stop services in the field of recruiting

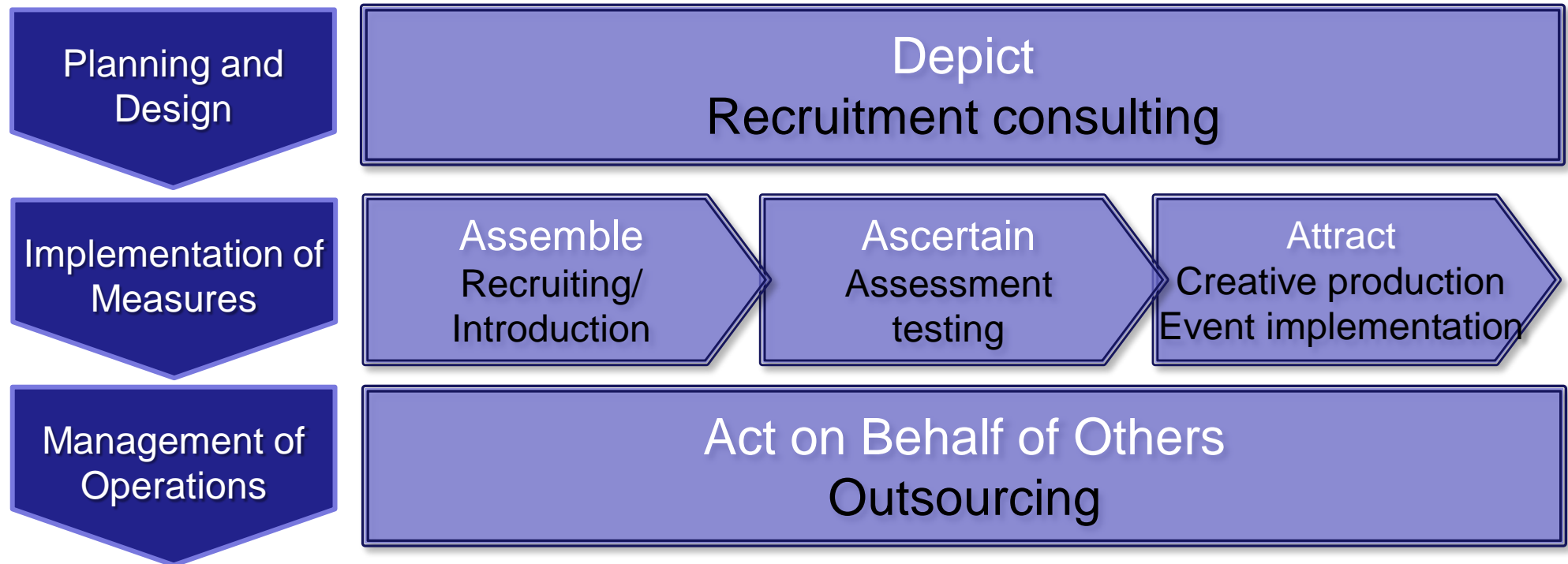
Strength ②

Comprehensive model from recruiting to training

① Deal with HR Demand: Strengths of the Business Division ①

Deal with diverse needs using
one-stop services in the field of recruiting

Five Functions for Success in Corporate Recruiting



① Deal with HR Demand: Strengths of the Business Division ②

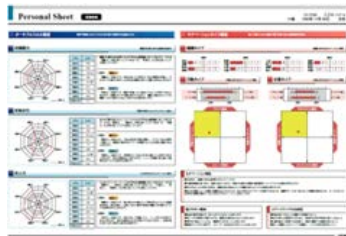
Deal with strategic needs at early stages after hiring by utilizing a comprehensive model that covers from recruitment to training

Recruitment activities

Follow-up on unofficial job offers

New employee training

Young member training



Bridge diagnostic tool

Personnel education support tailored to the special characteristics of new hires

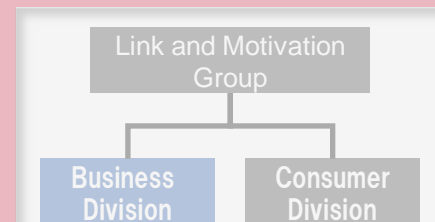
Feedback from post-job-entry issues to recruitment strategy



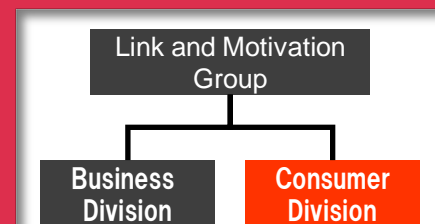
Post-training meeting

Guidelines for the Future

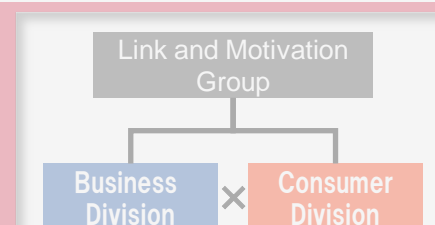
1 Deal with the Expansion of HR Demand



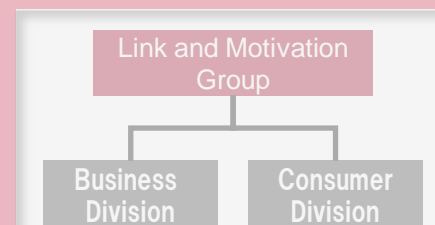
2 Evolve into a Total Career School



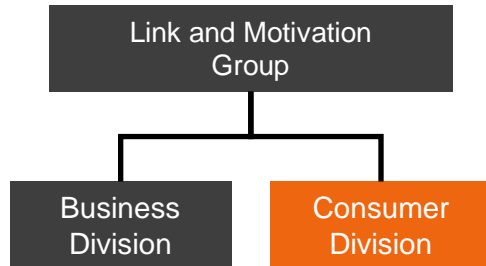
3 Create New Earnings Sources through Cross Synergies



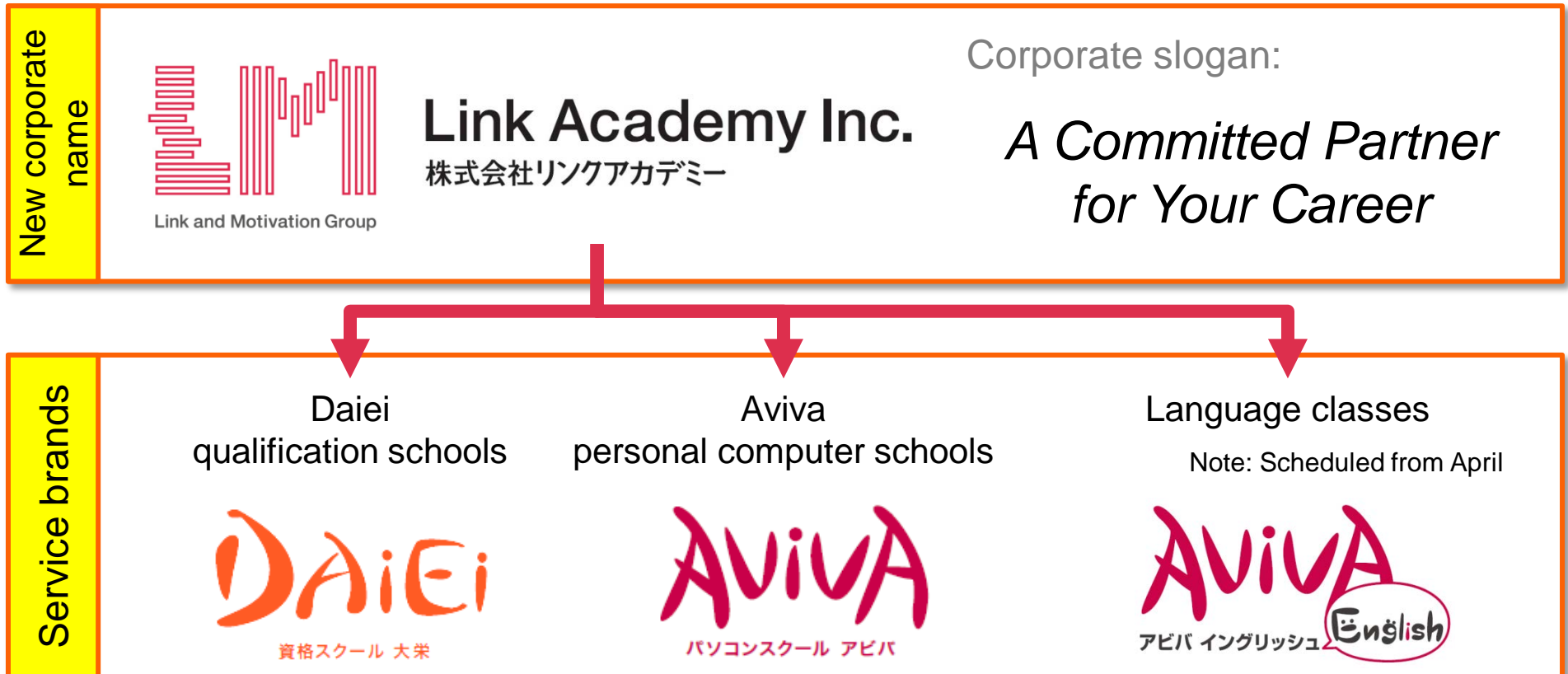
4 Start the Incubation Business



② Evolve into a Total Career School



Total career support for job qualifications / information technology / languages at new company Link Academy Inc.



② Evolve into a Total Career School

- Raise operational efficiency by consolidating/closing schools and opening new ones
- Strengthen sales capability by sharing know-how

As of February 2014: 142 locations

[Immediate plan]

Consolidation/closure
New schools

5 locations
6 locations

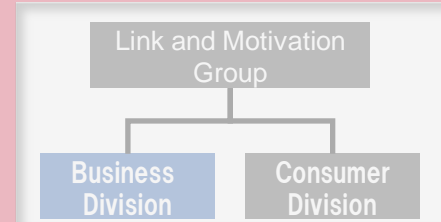


Use the call center functions of the former Aviva for all of Link Academy

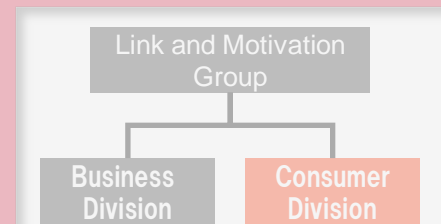


Guidelines for the Future

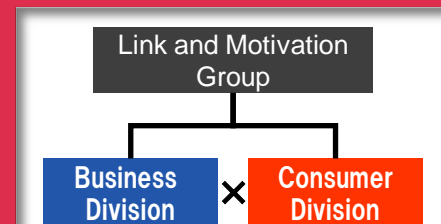
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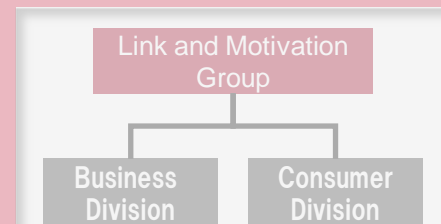
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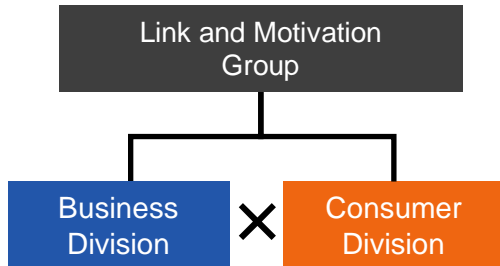
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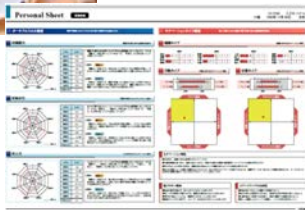


③ Create New Earnings Sources through Cross Synergies



By practicing career navigation, provide students with growth/employment opportunities and reduce registration/operating costs for temp staff agencies

Individual diagnostics and counseling



Consumer Division

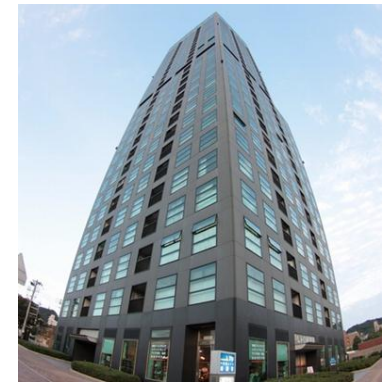
Business Division

Provide a wide variety of courses



Consumer Division

Provide employment opportunities



Business Division

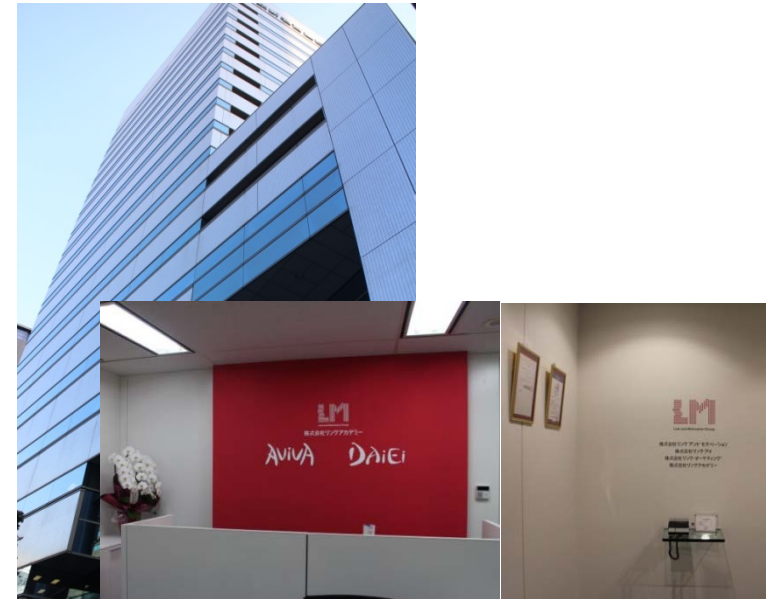
③ Create New Earnings Sources through Cross Synergies

- By consolidating Business Division and Consumer Division locations, promote personal interchange that leads to greater profitability

January 6, 2014 Fukuoka school
8th floor, Fukuoka Building



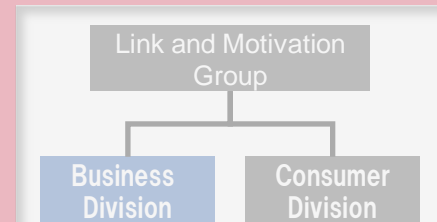
January 27, 2014 Nagoya school
5th floor, Kintetsu Shin Nagoya Building



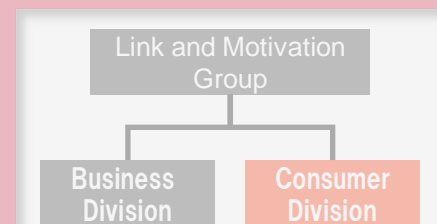
Currently planning consolidations in Sapporo, Sendai, Tokyo, Osaka and Hiroshima by 2016

Guidelines for the Future

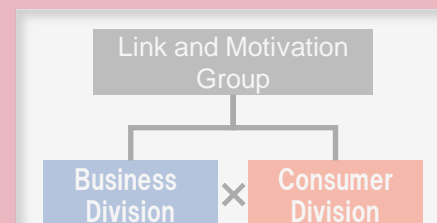
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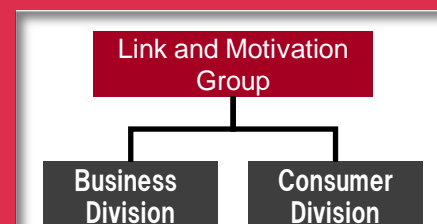
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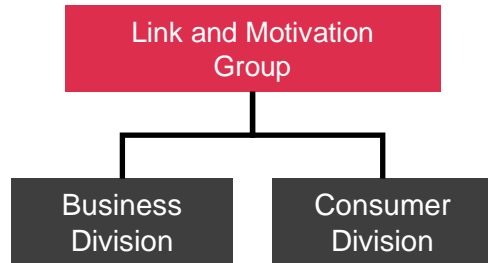
3 Create New Earnings Sources through Cross Synergies



4 Start the Incubation Business



④ Start the Incubation Business



We leveraged the LMI Group's know-how to start an incubation business on November 27, 2013

- ① **Management methods** for stock exchange listing/expansion ② **Expertise** in resolving HR/organizational issues



④ Start the Incubation Business

By being in the same position as investee companies, achieve business growth with motivation company management

Target Businesses

- Companies aiming to list on a stock exchange in the next few years
- Companies sympathetic with LMI's management stance (**motivation company**)

Scale of Investment

- Shareholding ratio
Investment of about 5% to 15%



④ Start the Incubation Business

Two investments already made

RichMedia Co., Ltd.



RICHMEDIA

- Established: June 10, 2010
- Capital: ¥282,060 thousand
- Business: Internet-based inbound marketing, media design, O2O (local) and global businesses

Note: LMI Group shareholding ratio: 5.91%

Uchinavi, Ltd.



- Established: February 9, 2007
- Capital: ¥350,000 thousand
- License Number: Minister of Land, Infrastructure, Transport and Tourism(1) No. 8465
- Business: Real estate leasing, management and sales brokerage

Note: LMI Group shareholding ratio: 7.09%

④ Start the Incubation Business

We have concluded a basic agreement to invest in a new company:
Innovation Inc.

Innovation Inc.

- Established: December 14, 2000
- Capital: ¥32,000 thousand
- Representative: Naoto Tomida
- Businesses: Web marketing support business specializing in the BtoB field
Operation of “IT Trend,” a site that compares IT products
“List Finder,” a tool for accessing and analyzing company data for sales calls
Operation agent for Internet advertising
etc.



Naoto Tomida, President

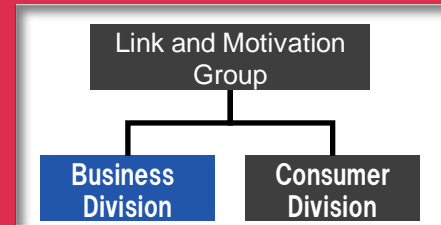


Note: LMI Group shareholding ratio: 5% to 15%

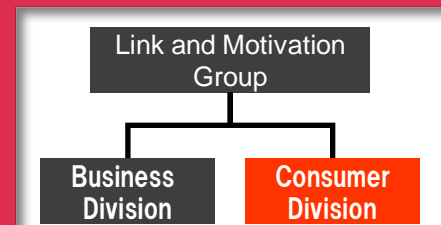


Conclusion

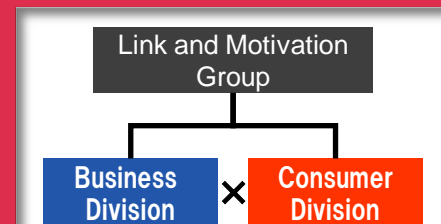
1 Deal with the Expansion of HR Demand



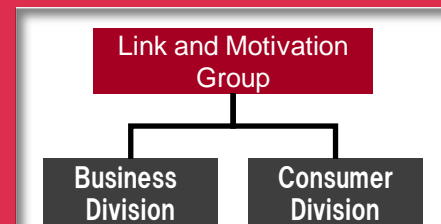
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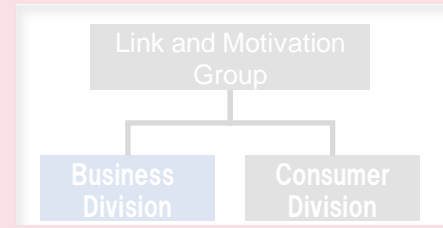
3 Create New Earnings Sources through Cross Synergies



4 Start the Incubation Business

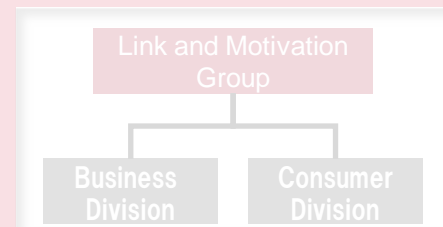


1 Deal with the Expansion of HR Demand



We will continue to examine ways to expand our business through M&A

4 Start the Incubation Business



3

Plan for 2014



Plan for Consolidated Statements of Operations

<u>Consolidated (¥ million)</u>	2013 Results	2014 Plan	YoY Change
Net Sales	22,383	25,000	+11.7%
Operating Income	1,558	1,820	+16.8%
Ordinary Income	1,510	1,800	+19.2%
Net Income	832	1,000	+20.1%

- Substantial YoY increases planned for net sales and each level of income.
- Record highs planned for each level of income.

Net Sales Plan by Division

Consolidated (¥ million)	2013 Results	2014 Plan	YoY Change
Business Division	14,137	15,900	+12.5%
Consumer Division	9,177	9,500	+3.5%

- Substantial YoY increase planned in the Business Division.
- Marginal YoY increase Plan in the Consumer Division from efforts to improve profitability.

Net Sales Plan by Division (Business Division)

<u>Consolidated (¥ million)</u>	2013 Results	2014 Plan	YoY Change
① Personnel System & Education Support (MM)	3,405	3,900	+14.5%
② Recruiting Support (EM)	3,013	3,450	+14.5%
③ Sales & Marketing Support (CM)	7,095	7,900	+11.3%
④ IR & SR Support (IR)	623	650	+4.3%

- Substantial increases planned in MM and EM as HR needs rise.
- Substantial increase planned in CM, where the scale of sales is large.

Net Sales Plan by Division (Consumer Division)

Consolidated (¥ million)	2013 Results	2014 Plan	YoY Change
①・② Academy-related (Schools/Preparatory Schools)	8,414	8,800	+4.6%
③・④ Entertainment-related (Sports/Restaurant)	670	700	+4.3%

- Slight YoY increase planned in the Academy-related field as Link Academy Inc. works to improve profitability.

4

Topics



① Stock Split and Adoption of Stock Trading Unit System

Background

In light of the Action Plan for Consolidating Trading Units announced by the Japanese stock exchanges, we will conduct a stock split of 100 shares for each share of the Company's stock to create a trading unit of 100 shares.

Note: There will be no effective change in the total amount of each investment as a result of this stock split and adoption of a stock trading unit system.

Details of Stock Split

- Ratio: 100:1
- Record date: March 31, 2014 (Monday)
- Effective date: April 1, 2014 (Tuesday)

② 2014 Dividend Policy

● Dividend Policy for 2014

- Dividends paid quarterly

⇒ 90 yen per trading unit for each quarter for annual dividends of 360 yen

	First Quarter Dividend Forecast	Second Quarter Dividend Forecast	Third Quarter Dividend Forecast	Fourth Quarter Dividend Forecast
Dividends per trading unit	90 yen	90 yen	90 yen	90 yen
Number of shares in a trading unit	1	100	100	100

Note: Reflects the impact of the aforementioned stock split and adoption of a stock trading unit system.

③ Link DAY

An event held after the General Meeting of Shareholders on March 15

Links Learn together, enjoy together, create together

A membership organization that links stakeholders who sympathize with the initiatives of the Link and Motivation Group

7,098
members

As of February 14, 2014

Link DAY A day to experience the Link and Motivation Group

An opportunity for direct interaction with stakeholders who sympathize with the initiatives of the Link and Motivation Group

Examples of programs

Note: Experience “career navigation” with the LMI Group service team

- Lecture by Group chairman Yoshihisa Ozasa
- Motivation aptitude diagnosis
- Cross-cultural communication course
- Link Academy satellite classroom
- Presentations
- Career diagnostics



2013 Results Presentation Summary

1. Announcement of Results for 2013

⇒ We set record highs for net sales, operating income and ordinary income.

⇒ We achieved an upwardly revised plan for operating income, ordinary income and net income

2. Link and Motivation Group Growth Strategy

① Business Division

⇒ Deal with the expansion of HR demand

② Consumer Division

⇒ Evolve into a total career school

③ Business Division X Consumer Division

⇒ Create new earnings sources through cross synergies

④ New business

⇒ Start the incubation business

3. Plan for 2014

⇒ Substantial YoY increases for net sales and each level of income

⇒ Record highs for each level of income

4. Topics

① Stock split and adoption of stock trading unit system

⇒ Change to a trading unit of 100 shares of the Company's stock

② 2014 Dividend Policy

⇒ Quarterly dividends of ¥90 per trading unit

③ Link DAY

⇒ Link DAY scheduled to be held on March 15

Link and Motivation Inc.

Consolidated Financial Information for the Fiscal Year Ended December 31, 2013



ひとりひとりの本気がこの世界を熱くする

Link and Motivation Group

