

# **FY2013 Business Results Summary**

## **April 1, 2013 – March 31, 2014**

**May 19, 2014**

**Miroku Jyoho Service Co., Ltd.**

## ■ Data Presentation

Amounts shown are rounded down to the nearest million yen and percentages are rounded down to two decimal places.

## ■ Points to Note Concerning References to Future Forecasts

This Summary has been prepared to provide information about the Group's operations, management strategy and business results and not for the purpose of soliciting investment in any securities issued by the Group. Moreover, all references to projections, forecasts, targets, and plans etc. have been made using the latest available information and on the basis of the Group's judgment and assumptions and no guarantee is made as to their accuracy or completeness. Consequently, users should be aware of the possibility that the Group's actual performance and business development of the Group may greatly differ from the content of such references to future events.

## ◆ Consolidated profit and loss

- Strong sales of software and service revenues increased sales and income resulting in 5.5% increase in consolidated sales year-on-year.
- Achieved record-high consolidated operating income, ordinary income and net income for three consecutive periods.
- Maintained an operating income margin of more than 10% resulting in 10.8%

## ◆ Improvement in financial structure

(1) Shareholders' equity ratio 63.6% (FY2012 59.9%)

(2) Interest-bearing debt ratio\*1 10.3% (FY2012 29.7%)

⇒ Return profits to shareholders through dividend increase (annual dividend per share 12 yen→15 yen)

## ◆ Increase in service revenues

Service revenues increased by 5.7% due to increase in software maintenance service contracts as a result of aggressively developing new customers

## ◆ Management fully aware of importance of order backlog (end of March 2014)

Order backlog of sales of system installation contracts\*2 (parent basis) 3.8 months (end of March 2013 3.5 months)

\*1 Interest-bearing debt ratio = Interest-bearing debt/net assets

\*2 Sales of system installation contracts = Total sales of hardware, software and useware

# Summary of Consolidated Profit and Loss

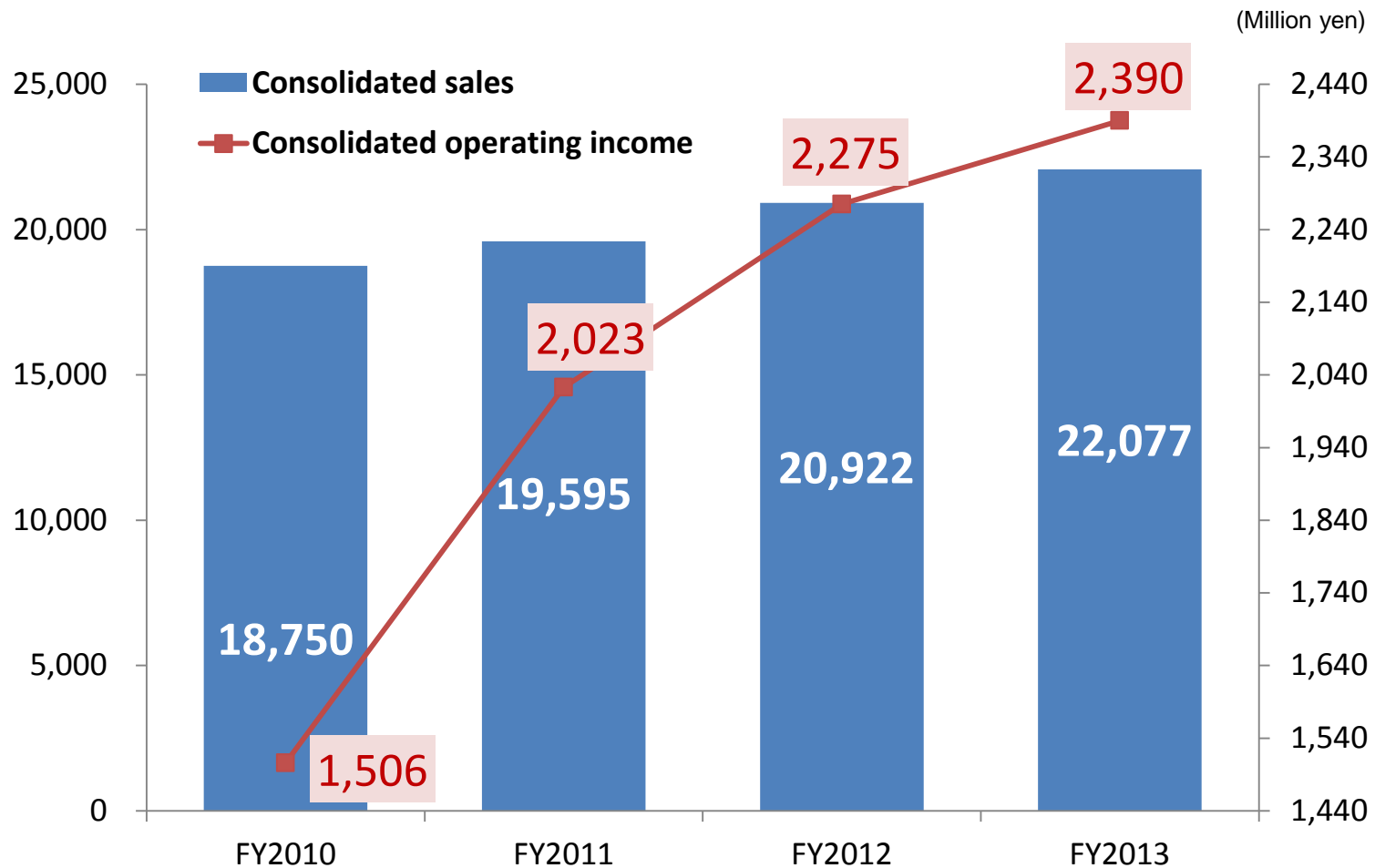


- Increase in sales of software and service revenues boosted aggregate turnover by 5.5%
- Increase in advertising and sales promotion expenses raised SG&A expenses but achieved record-high operating income, ordinary income and net income due to increased sales

(Million yen)

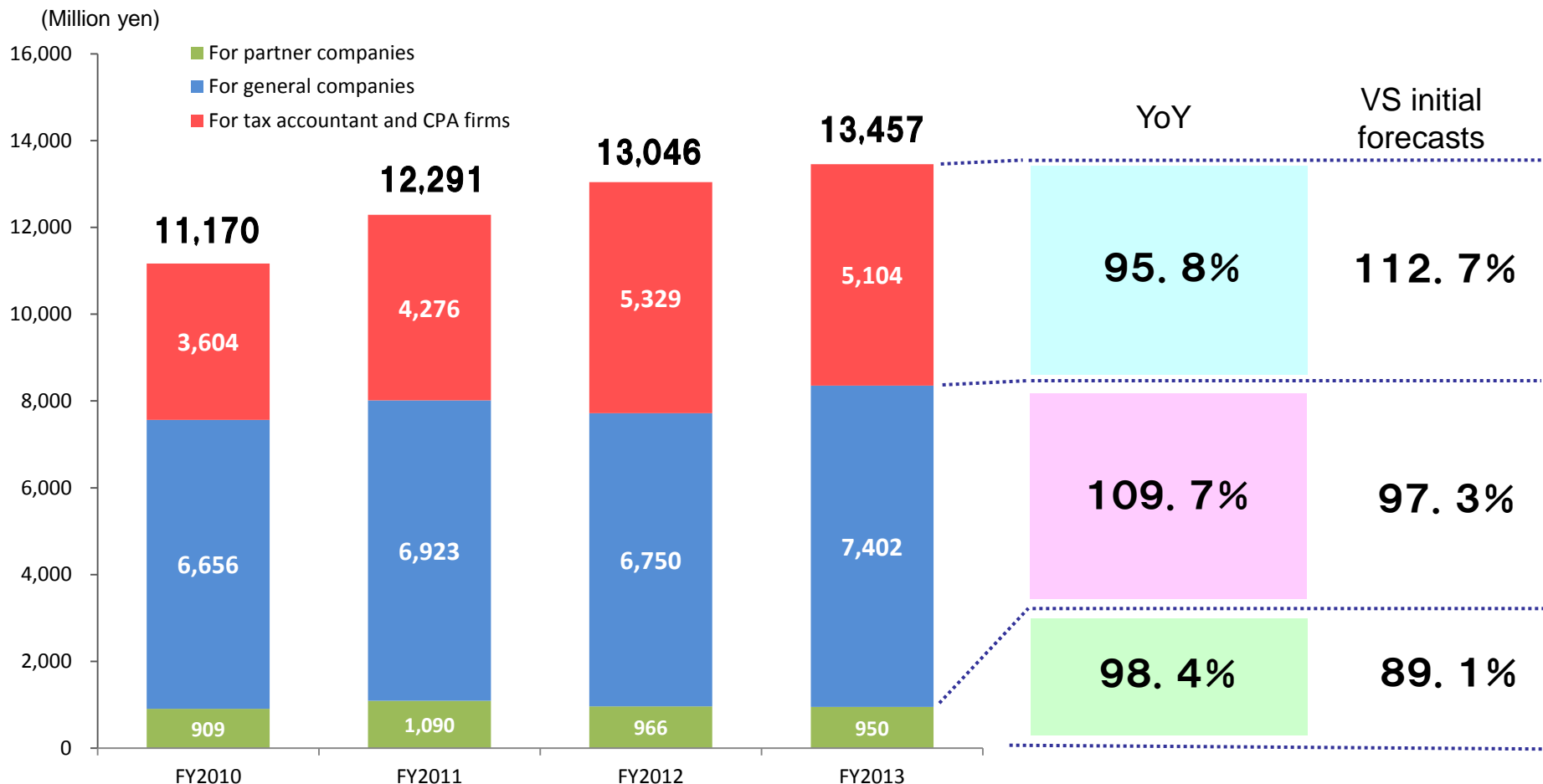
Consolidated	FY2012	FY2013	YoY		VS. forecasts	
	actual	actual	Increase/ decrease	%	Increase/ decrease	%
<b>Sales</b>	<b>20,922</b>	<b>22,077</b>	1,155	105.5%	317	101.5%
<b>Gross profit</b>	<b>13,485</b>	<b>13,714</b>	229	101.7%	▲ 30	99.8%
Ratio of gross profit to sales	64.5%	62.1%	-	▲ 2.4P	-	-
<b>SG&amp;A expenses</b>	<b>11,210</b>	<b>11,324</b>	114	101.0%	▲ 40	99.6%
SG&A expense ratio	53.6%	51.3%	-	▲ 2.3P	-	-
<b>Operating income</b>	<b>2,275</b>	<b>2,390</b>	114	105.1%	10	100.4%
Operating margin	10.9%	10.8%	-	+0.1P	-	-
<b>Ordinary income</b>	<b>2,285</b>	<b>2,422</b>	137	106.0%	52	102.2%
Ordinary income margin	10.9%	11.0%	-	+0.1P	-	-
<b>Net income</b>	<b>1,187</b>	<b>1,389</b>	201	116.9%	69	105.2%
Net income margin	5.7%	6.3%	-	+0.6P	-	-
<b>Consolidated EPS</b>	<b>38.72yen</b>	<b>45.29yen</b>	6.57yen	117.0%	-	-

- **Steady growth in consolidated sales**
- **Achieved record-high consolidated operating income**



# Sales by Customer Type (Non-consolidated Basis)

- Sales for tax accountant and CPA firms decreased due to a gradual decrease of offices for replacements.
- Steady growth in sales for companies
- Order backlog of sales of system installation contracts also increased (3.8 months at the end of March 2014 ← 3.5 months at the end of March 2013)

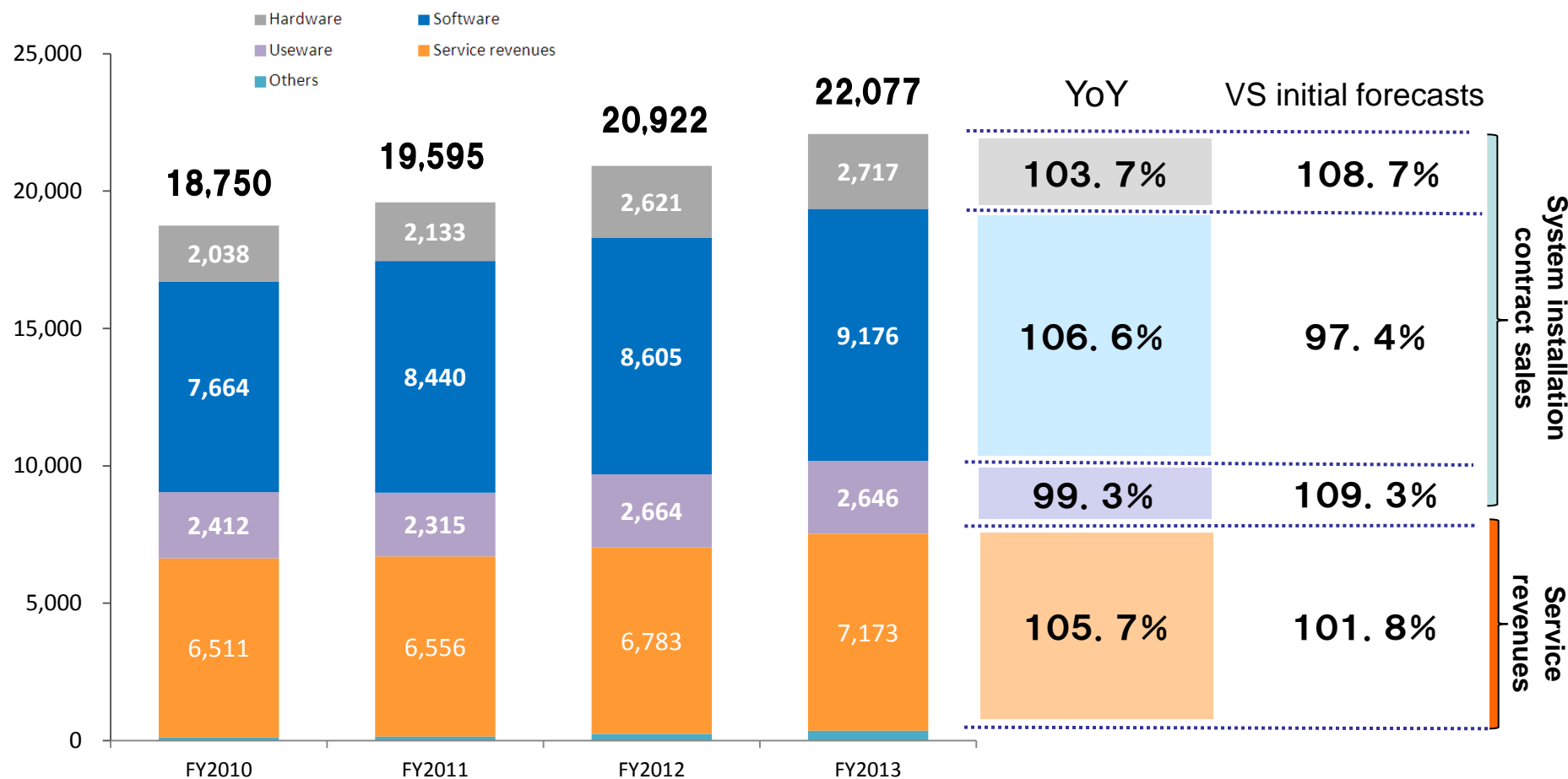


\*Customer type breakdown of sales of system installation contracts (total sales of hardware, software and useware) on non-consolidated basis.

# Sales by Product Category (Consolidated)

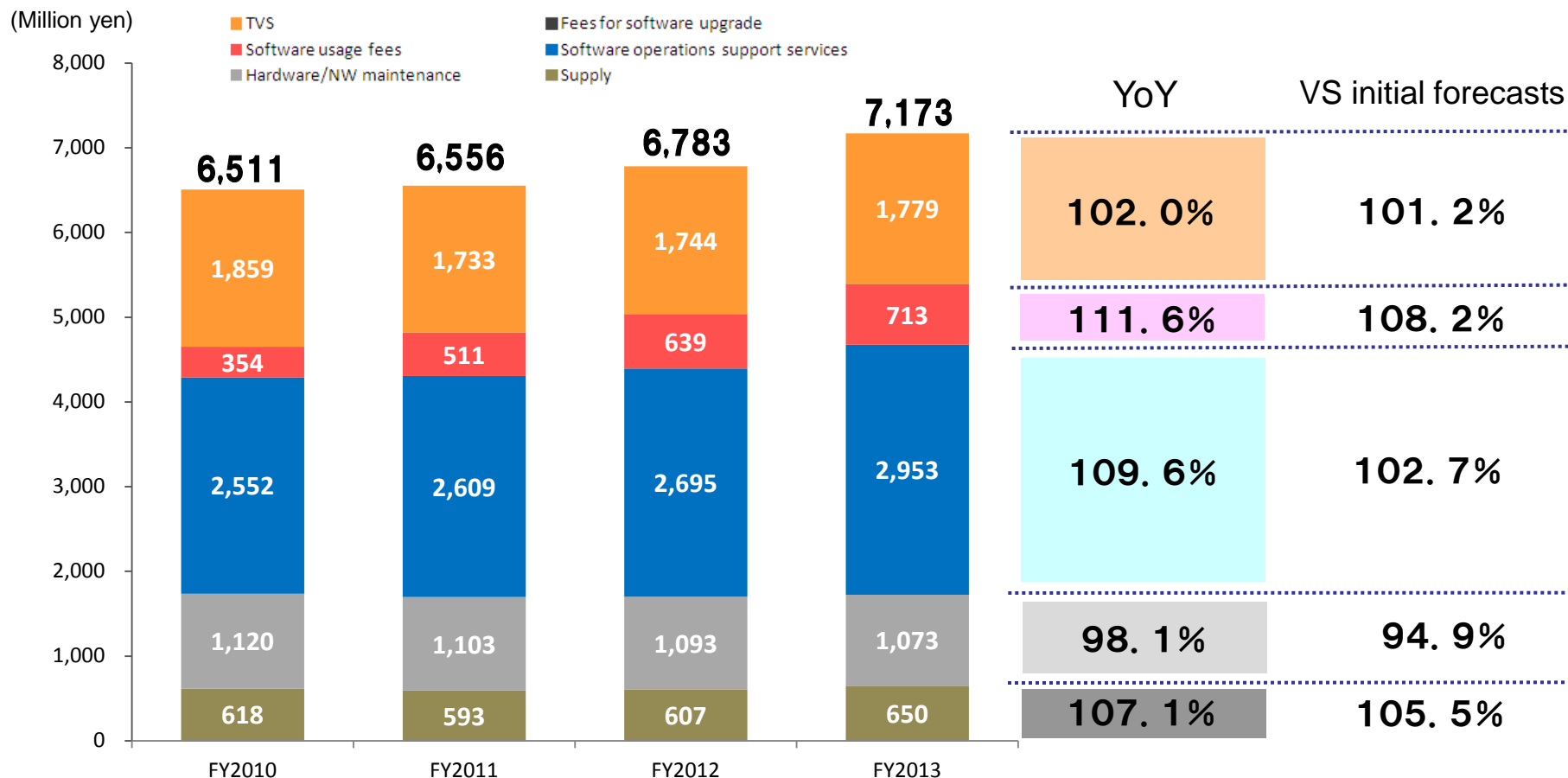
- Sales of software were strong due to increase in sales of core products and individually developed software
- Development of new customers increased software maintenance service contracts and service revenues are also on the increase

(Million yen)



# Services Revenues by Category (Consolidated)

- TVS and software operation support services were strong due to the development of new customers
- Steady increase in simple accounting software (software usage fees) for small-scale enterprises



\*Breakdown of service revenues has been rearranged in FY2011.



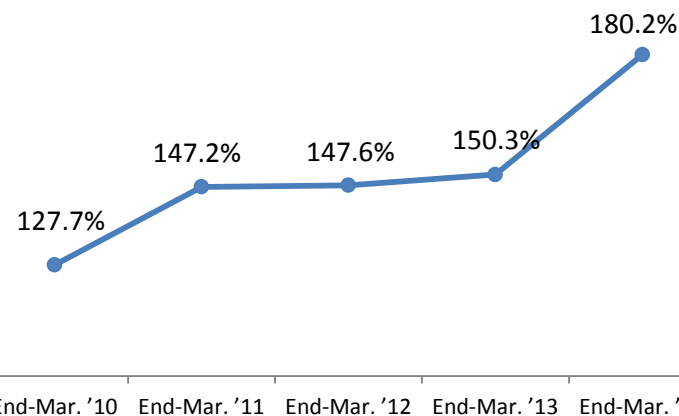
# Comparative Balance Sheet (Consolidated/YoY)

- Big improvement in financial structure including current ratio and shareholders' equity ratio
- Stable financial structure with abundant cash and deposits of more than the total interest-bearing debt

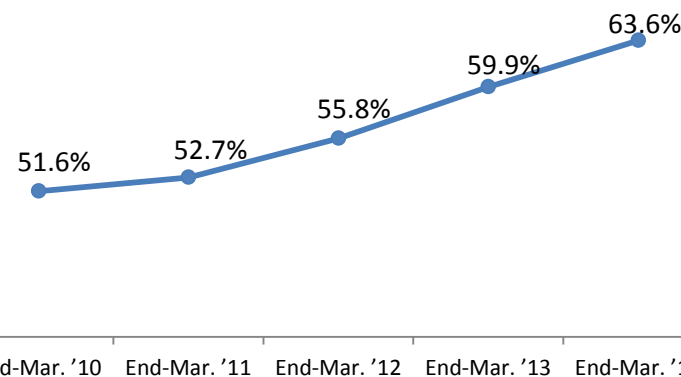
(Million yen)

Consolidated	End-Mar. 2013	End-Mar. 2014	YoY comparison	
			Increase/ decrease	%
<b>[Current assets]</b>	<b>8,003</b>	<b>9,299</b>	1,295	116.2%
Cash and deposits	3,285	4,311	1,026	131.2%
Trade receivables, etc.	3,607	2,989	▲ 617	82.9%
Inventory	407	589	182	144.7%
Other current assets	703	1,408	704	200.2%
<b>[Fixed assets]</b>	<b>7,859</b>	<b>10,085</b>	2,225	128.3%
(Tangible fixed assets)	4,020	4,017	▲ 3	99.9%
(Intangible fixed assets)	1,861	1,516	▲ 345	81.5%
(Investments, etc.)	1,976	4,551	2,575	230.3%
<b>[Total assets]</b>	<b>15,862</b>	<b>19,384</b>	3,521	122.2%
<b>[Current liabilities]</b>	<b>5,326</b>	<b>5,160</b>	▲ 165	96.9%
Trade payables, etc.	724	753	28	104.0%
Debt (including bonds with maturities of one-year and less)	1,933	1,175	▲ 758	60.8%
Income taxes payable	131	727	596	554.2%
Other current liabilities	2,537	2,504	▲ 32	98.7%
<b>[Fixed liabilities]</b>	<b>996</b>	<b>1,838</b>	841	184.4%
<b>[Total liabilities]</b>	<b>6,323</b>	<b>6,998</b>	675	110.7%
<b>[Shareholders' equity]</b>	<b>9,516</b>	<b>10,537</b>	1,020	110.7%
<b>[Total net assets]</b>	<b>9,539</b>	<b>12,385</b>	2,846	129.8%
<b>[Total liabilities and net assets]</b>	<b>15,862</b>	<b>19,384</b>	3,521	122.2%

Current ratio = Current assets / Current liabilities



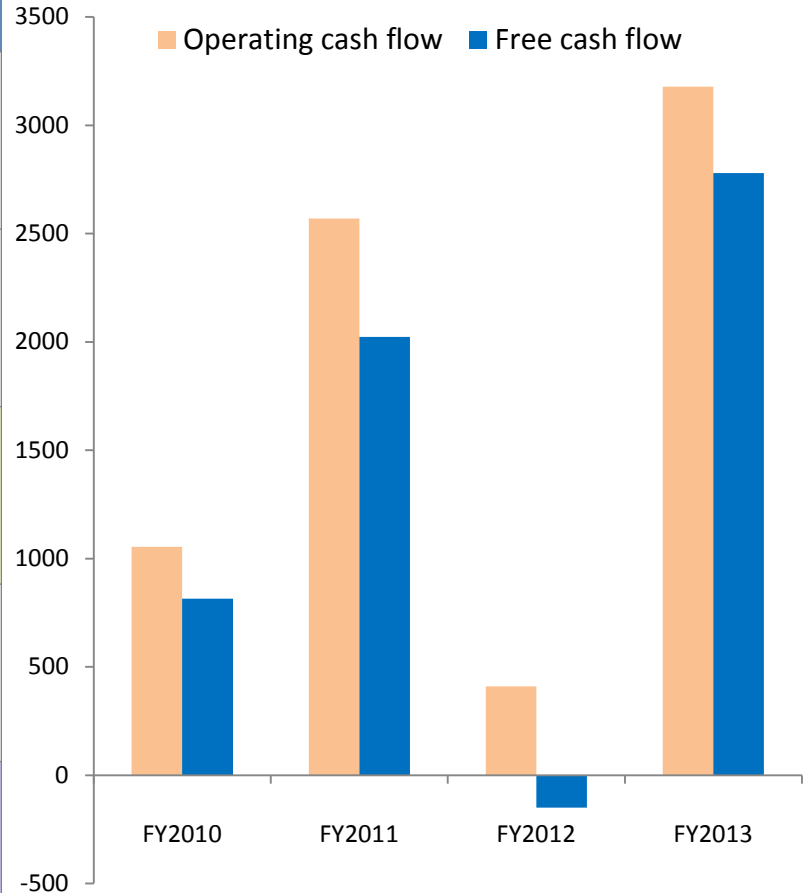
Shareholders' equity ratio = Shareholders' equity / Total assets



➤ Favorable business results also led to increases in operating cash flow and free cash flow

(Million yen)

Consolidate C/F	FY2012	FY2013	Increase/ decrease
Cash flows from operating activities	411	3,179	2,767
Cash flows from investing activities	▲ 560	▲ 399	161
Free cash flows	▲ 149	2,780	2,928
Cash flows from financing activities	▲ 657	▲ 1,253	▲ 596
Cash and cash equivalents at end of year	3,056	4,582	1,526

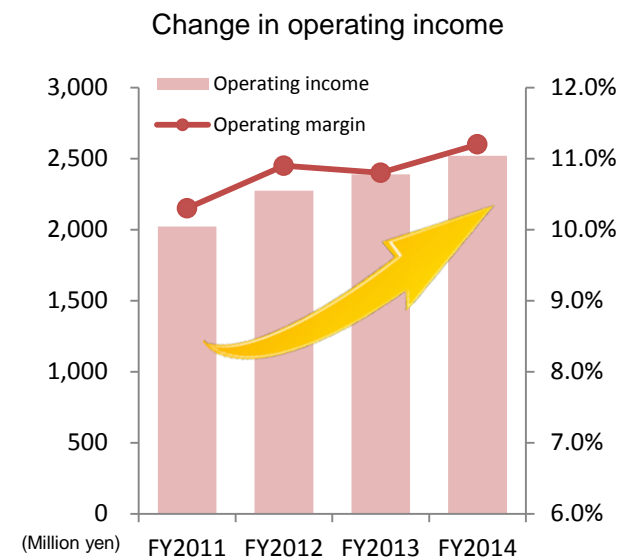
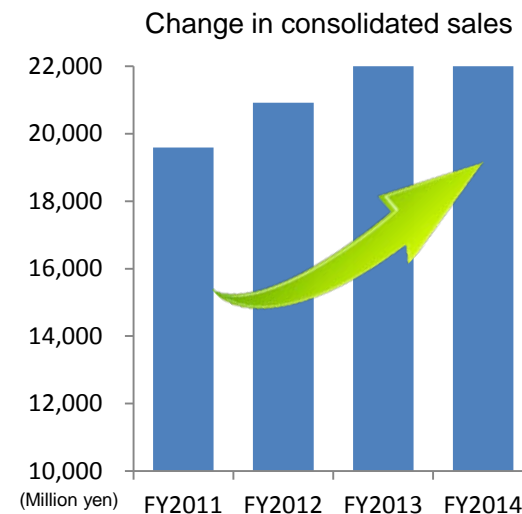


# FY2014 Business Plan

# FY2014 Income Statement Plan (Consolidated/YoY)

- Aim for increases in sales and income and record-high profits for four consecutive periods
- Higher earnings with an operating income margin of more than 11%

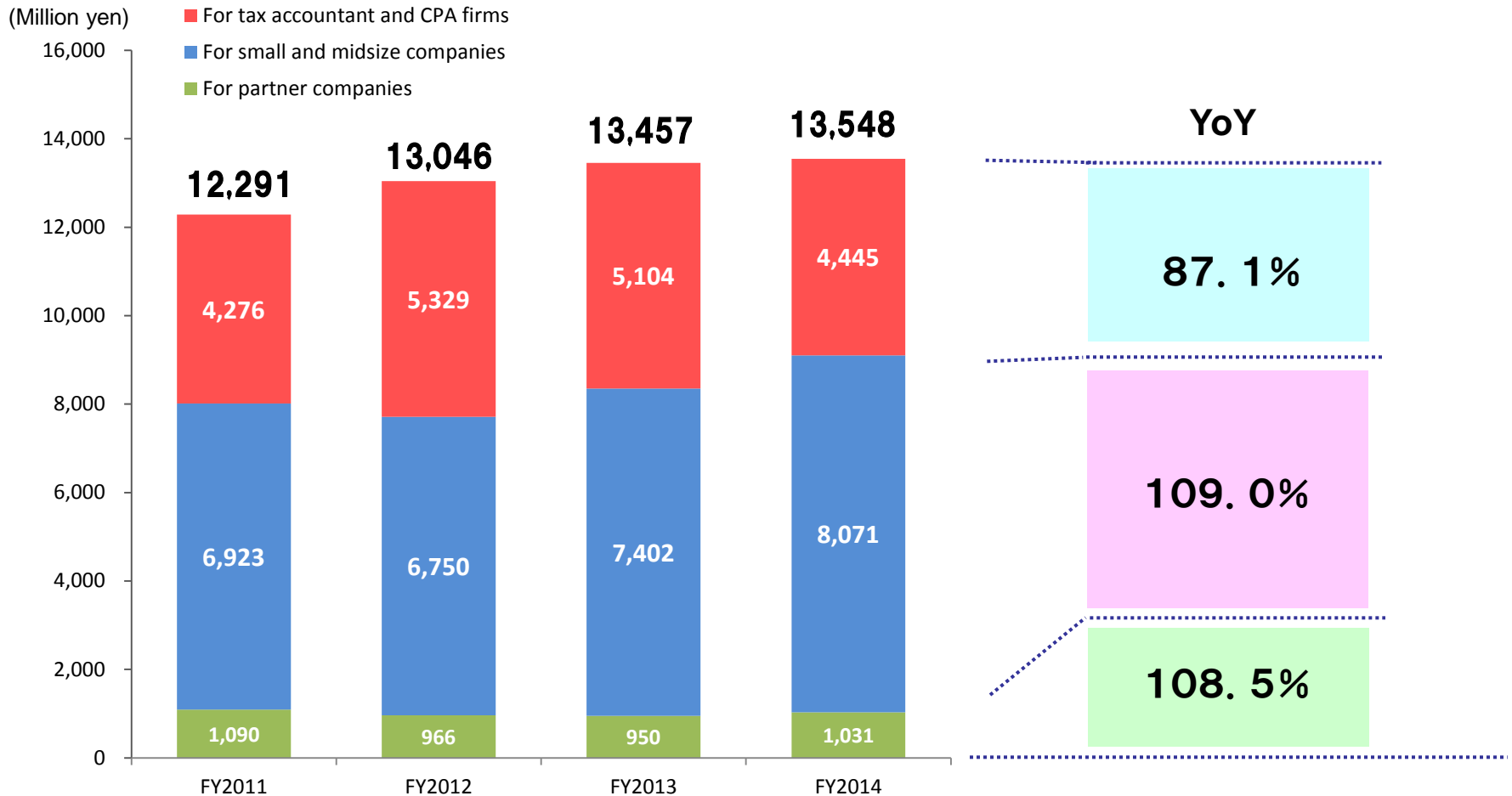
Consolidated	FY2013	FY2014	YoY	
	actual	Full-year	Increase/ decrease	%
<b>Sales</b>	<b>22,077</b>	<b>22,590</b>	512	102.3%
<b>Gross profit</b>	<b>13,714</b>	<b>14,720</b>	1,005	107.3%
Ratio of gross profit to sales	62.1%	65.2%	-	+3.1P
<b>SG&amp;A expenses</b>	<b>11,324</b>	<b>12,200</b>	875	107.7%
SG&A expense ratio	51.3%	54.0%	-	+2.7P
<b>Operating income</b>	<b>2,390</b>	<b>2,520</b>	129	105.4%
Operating margin	10.8%	11.2%	-	+0.4P
<b>Ordinary income</b>	<b>2,422</b>	<b>2,540</b>	117	104.9%
Ordinary income margin	11.0%	11.2%	-	+0.2P
<b>Net income</b>	<b>1,389</b>	<b>1,510</b>	120	108.7%
Net income margin	6.3%	6.7%	-	+0.4P
<b>Consolidated EPS</b>	<b>45.29yen</b>	<b>49.23yen</b>	3.94yen	108.7%
<b>Annual dividend per share</b>	<b>12yen</b>	<b>15yen</b>	3	125.0%



# FY2014 Sales by Customer Type (Non-consolidated/YoY)

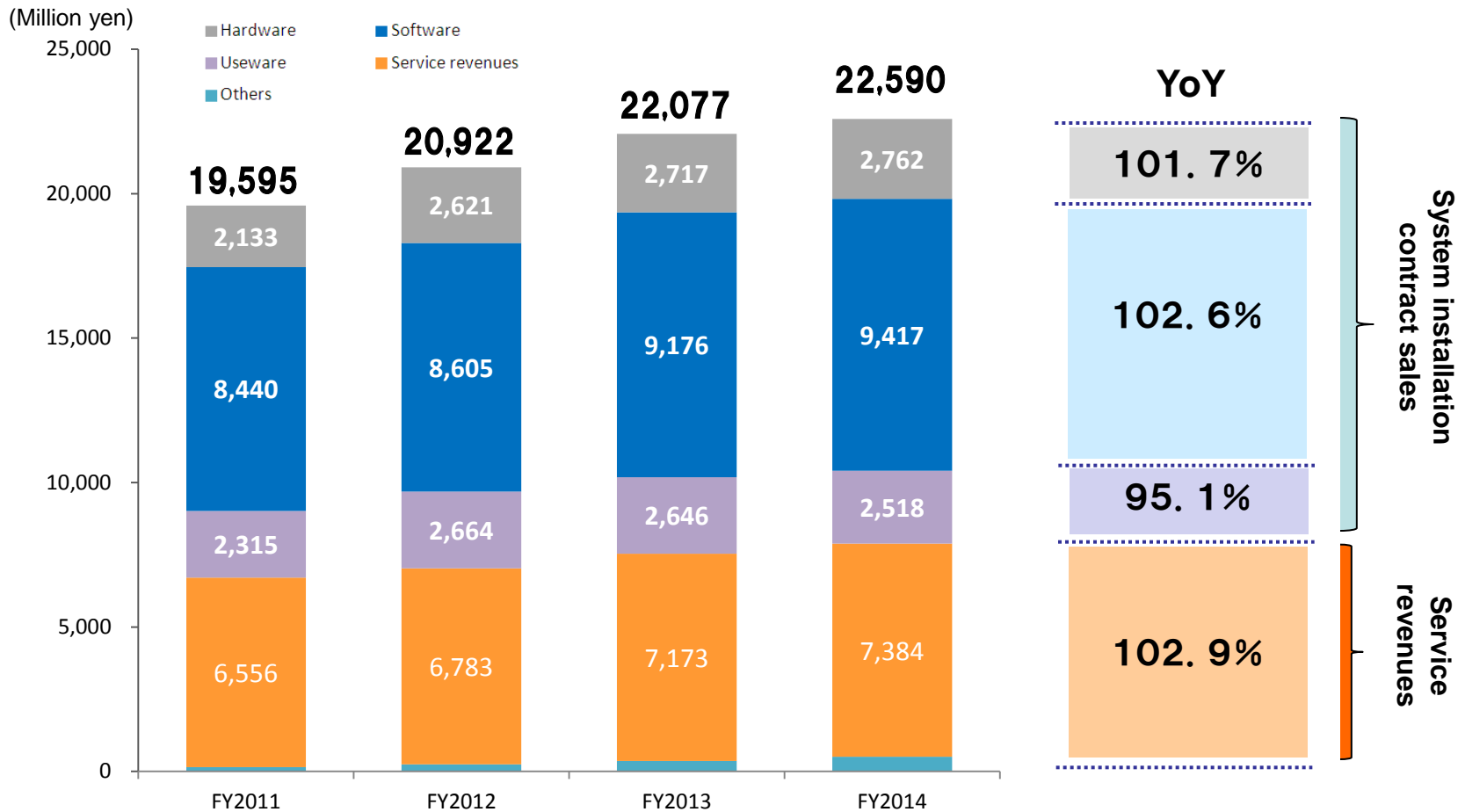


- Sales for tax accountant and CPA firms decreased due to a gradual decrease of offices for replacements.
- For sales for companies, expanded ERP system sales for small and midsize companies



\*Customer type breakdown of sales of system installation contracts (total sales of hardware, software and useware) on non-consolidated basis.

- Expand sales of new ERP system “MJSLINK NX- I ” for SMEs
- Focus on developing new customers to increase service revenues



### Medium-to-long-term Management Vision

**The Miroku Jyoho Service Group promotes management innovation for our customers by adapting to technical innovation on the internet and evolving to deal with a changing business environment and adopting our customers' viewpoint to provide them with new value (in management systems, management know-how, and management information services) to satisfy them.**

**~Supporting IT transformation, and promoting growth at SMEs~**

### Toward 3rd medium-term management plan

# Challenging the creation of new value

- June 2013
  - Launched new 'ACELINK NX-CE Sales,' a sales management system for SMEs and small companies
  - Launched sales of 'Koji Bucho 3,' a comprehensive business management system for construction industry
  - Held "Consumption Tax Revision Seminar 'Response to Practical Operations Associated with Consumption Tax Revision including consumption tax hike'," a seminar for accounting firms from July 5 in 17 cities across Japan
  - Seminar for Consumption Tax Hike Measures – What are the Key Points? – 'held in 11 cities across Japan
  - Exhibited at 'Human Capital EXPO Tokyo 2013,' a specialized event for companies' human resources and organization strategies
- July
  - Launched a new cloud service to boost the convenience of the use of 'ACELINK NX-Pro' in a remote location realizing the optimization of management of accounting firms
- August
  - Obtained information security management system "ISMS" certification for the entire group
- September
  - Started offering three types of 'Money Tracker' series, an application for managing money that can be used privately or on business developed by a company specializing in financial and accounting system for free
    - Multidevice-compatible using Cloud -
- October
  - Launched "Miroku no Kantan!" Series 8" including industry's first blue return software "with a Five-Year Free Program Warranty" –Respond to consumption tax hike in April of next year-
  - Launched an accounting software "ACELINK NX Kichoukun" for clients of tax accountant and CPS firms
    - Support the Achievement of Even Higher Levels of Operational Efficiency-
  - MJS Forms a business and capital alliance with Primal
  - "Seminar & Fair to Thoroughly Promote Efficiency of Accounting"
- November
  - The number of members registered on the "bizocean" business information site that supports business persons in small-to-midsize business and venture companies broke through the 1 million-member mark
- January 2014
  - Expanded the money management application "Money Tracker" series "Receipt Reader" function
- February
  - Launched "Galileopt NX- I for Managing Foreign Currency Denominated Bond/Liabilities"
  - Relating smart devices to "Galileopt NX- I Workflow" system
  - Launched "Galileopt NX- I Construction in Progress" option system
- March
  - Launched "i-CompassNX", a cloud-based IDC system for small companies and sole proprietors
    - Support operational efficiency of accounting, salary and sales management at clients of tax accountant and CPA firms
  - MJS forms an alliance with Credit Saison to provide small and midsize companies with new solutions



As of March 31, 2014

## Company name

Miroku Jyoho Service Co., Ltd.

(Tokyo Stock Exchange 1st Section, Code: 9928,  
Sector: Information/Telecommunications)

## Chairman and Representative Director

Nobuhiko Koreeda, Chief Managing Officer

## Main Shareholders

**NK Holdings (33.5%)**  
**Miroku Jyoho Service(11.9%)**  
**Nobuhiko Koreeda (3.0%)**  
**NTTPC Communications (3.0%)**  
**Bunka Shutter(1.8%)**

## President and Representative Director

Hiroki Koreeda, Chief Executive Officer

## Established

November 1977

## Capital

3,198 yen million

## Number of shares outstanding

34,806,000

## Main business

Miroku Jyoho Service is involved in operations related to the provision of administration package software and computer hardware, supplies, maintenance services and information services to general companies including accounting offices and their consulting companies.

## Number of shareholders at the end of the term

3,983

## Foreign shareholder ratio

**3.71%**

## Employees (consolidated)

**1,153**

## Offices

Headquarters: Tokyo    Research Centers: Tokyo, Nagaoka    Branch offices: Sapporo, Sendai, Tokyo, Nagoya, Osaka, Hiroshima, Fukuoka and others  
 Sales offices: Morioka, Gunma, Matsuyama and others    Service center: Doutou

## Main Group Companies:

NTC Ltd.  
 MSI Ltd.  
 Lead Corporation

# Company Results Summary

May 2014

## Investors Relations Contact

**Miroku Jyoho Service Co., Ltd.**

President's Office

Tel : 03-5361-6309 Fax : 03-5360-3430

Email: [ir@mjs.co.jp](mailto:ir@mjs.co.jp)