

3rd Medium-Term Management Plan (Fiscal 2014- Fiscal 2016)



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Miroku Jyoho Service Co., Ltd.

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Introduced new products to tax accountant and CPA firms and small and midsize companies to continuously develop highly-value added proposal-driven sales activities targeting new customers. Growth in sales to new customers contributed to service revenues including software maintenance. Achieved an all-time high for 3 consecutive years, and both sales and ordinary income exceeded the initial targets.

(Unit: Million yen)

2 nd Medium-Term Management Plan (2011- 2013)		2 nd medium-term management plan FY2013 targets	FY2013 actual	Achievement rate
Establishing a stable earnings foundation and a technical foundation for dealing with changes in the operating environment	Sales	20,500	22,077	107.7%
	Ordinary income	2,150	2,422	112.7%
	Ordinary income margin	10.5%	11.0%	—

*2013 targets are initial numerical figures announced in November 2010.

Basic policies	Review	
1. Reinforce our product line-up and improve the quality of our service offer	○	Reinforced product line-up through alliances and improved the quality of our services through internal hardware maintenance and improvement of quality at call center.
2. Launch epoch-making new products onto the market by means of radically changing our development structure	△	Set a development strategy suited to management policy to develop high-quality products to meet market needs and build an efficient development structure by improving engineers' skills. However, the MJS Group will continue to work on the "Effective use of development resources due to the selection and concentration of products and services" as a priority issue.
3. Foster the performance of our workforce and strength our sales structure to increase the number of new customers	△	Placed a dedicated staff to develop new customers in each branch and aggressively conducted training to strengthen proposal capabilities. However, the MJS Group will continue to work on the "Appropriate placement of personnel company-wide due to area marketing" as a priority issue.
4. Build a foundation for creating new businesses	△	To create a new business, the MJS Group reinforced its Internet Division and set up projects by issue and focused on aggressive information gathering and analysis. However, the MJS Group will continue to work on the "Building an organizational structure and foundation for the creation of new businesses" as a priority issue.
5. Boost our CSR activities and increase our earnings power by raising productivity	○	Continued to carry out personnel training and improved business using IT to improve productivity.

Economic environment and legal system

- Business sentiment improved due to the Abenomics and 2020 Tokyo Olympic Games
- Launch of the My Number system (from 2016)
- Revision of consumption tax rate (2014 and 2015)

Small and midsize companies

- Intensifying competition due to the rise of emerging countries
- Growing interest in strategic IT investment
- Progress of overseas business development
- Smooth business succession, necessity of business revitalization

The Miroku Jyoho Service Group

Tax accountant and CPA firms

- Problems of business succession arising from the aging of office heads
- Diversification of accounting office clients' needs
- Turning into tax accountant corporation and intensification of price competition
- Spread of management improvement support providers (certified support service providers)

IT vendor industry

- Shifting to industrial structure through cloud services
- Expansion of use of big data for business
- Spread of smart device and acceleration of BYOD
- Annual growth rate of ERP market is 6.7% until 2016

The MJS 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~

The innovator in accounting and management systems.



3rd Medium-Term Management Plan Vision

—Challenging the creation of new value—

MJS Group's goal is to achieve constant and rapid growth in corporate value by becoming more competitive in current business sectors while creating innovative forms of value by targeting new business opportunities.

Basic Policies

1. Enlarge the customer base by strengthening sales activities and expanding sales channels
2. Develop and offer new products and services to create new customers
3. Build a new foundation for earnings by new businesses

1. Enlarge the customer base by strengthening sales activities and expanding sales channels

- 1) Use a proposal-driven sales model that takes full advantage of the MJS Group's specialized skills
- 2) Increase the sales and support workforce and allocate resources in a manner that reflects the potential of each market
- 3) Increase indirect sales by enacting dramatic reforms in partner business operations
- 4) Improve customer satisfaction by upgrading customer support operations and management information services
- 5) Establish the MJS brand through aggressive advertising and marketing activities to make the MJS brand more powerful

2. Develop and offer new products and services to create new customers

- 1) Develop cloud services with multi-device compatibility
- 2) Reinforce survey and research activities for increasing the number of customers and entering new markets
- 3) Aggressively promote joint development activities with group companies and partner companies
- 4) Use resources to develop new products by integrating and eliminating current products and making development activities more efficient
- 5) Create a development investment plan that matches management strategies and monitor the progress

3. Build a new foundation for earnings by new businesses

- 1) Redesign the business portfolio with the goal of improving profitability
- 2) Start offering SME business revitalization support services
- 3) Aggressively expand activities involving Internet services
 - a) Development of new Internet business through “bizocean”
 - b) Entry into the C-to-C market through “Money Tracker”
 - c) Provision of accounting cloud services to economic organizations and franchise companies, etc.
- 4) Build a base for overseas growth that utilizes cloud technologies

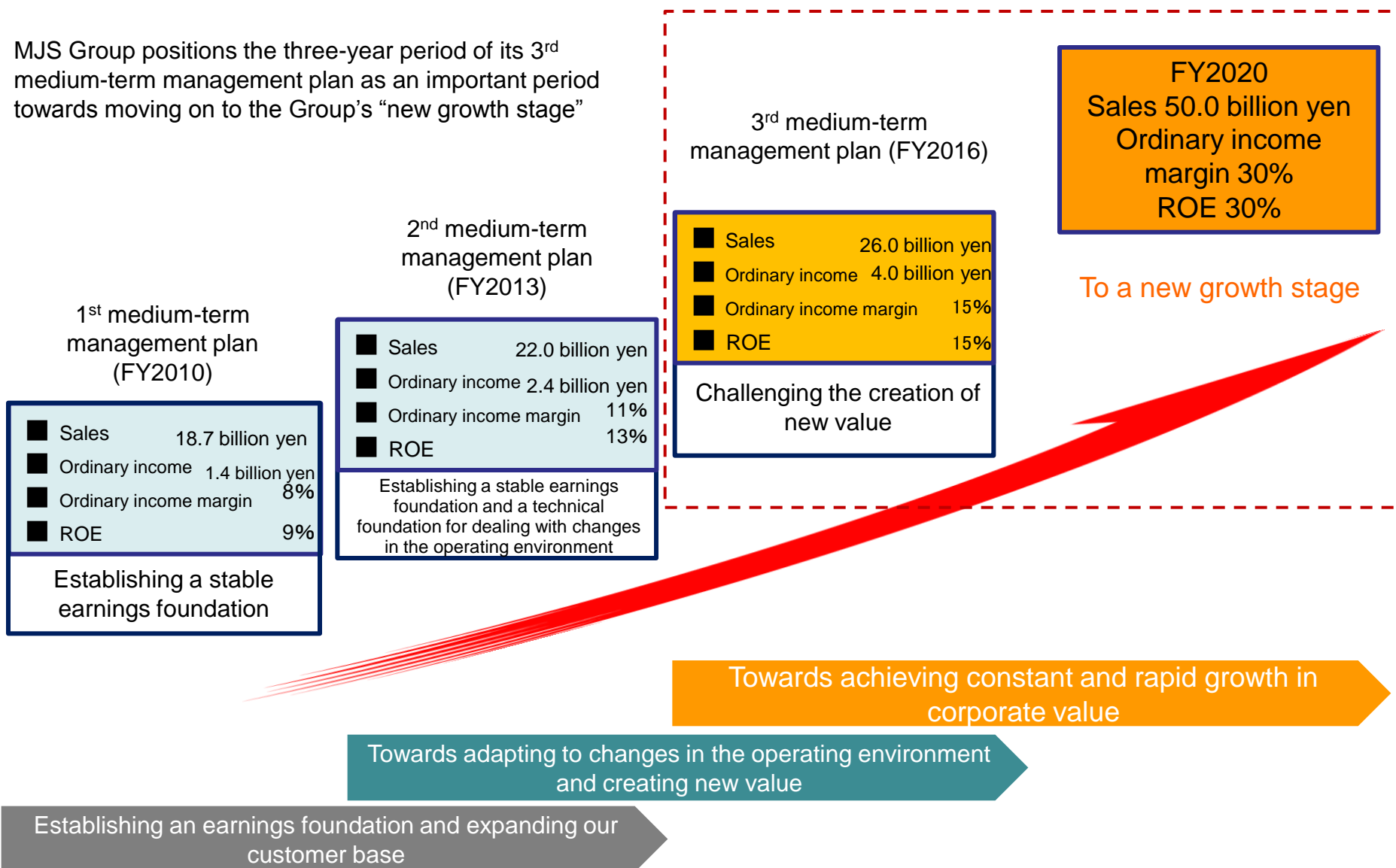
3rd Medium-Term Management Plan Managements Targets



(Unit: Million yen)

	FY2013 actual	[3 rd Medium-Term Plan] FY2016 targets	Increase/decrease	Annual growth rate
Sales	22,077	26,000	+3,923	5.6%
Ordinary income	2,422	4,000	+1,578	18.2%
Net income	1,389	2,450	+1,061	20.8%
Ratio of ordinary income to sales	11%	15%	—	—
ROE	13%	15%	—	—

MJS Group positions the three-year period of its 3rd medium-term management plan as an important period towards moving on to the Group's "new growth stage"



Company Results Summary

May 2014

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