

Briefing Material on Business Results for the Fiscal Year Ended March 31, 2017

April 1, 2016 – March 31, 2017

May 22, 2017

Miroku Jyoho Service Co., Ltd.

■ Information stated in this material

In this material, numbers are rounded off to million yen, and ratios are rounded to the nearest one decimal place.

■ Note to forward-looking statements

The aim of this material is to provide information on the business, management strategies and business results of the Company's Group, and not to solicit investment in securities issued by the Company. Forward-looking statements related to the Group such as forecasts, projections, targets and plans contained in this material are based on the Company's judgment and assumptions on the basis of information currently available to the Company, and do not guarantee or promise the accuracy and completeness of the information. Please note that actual results and business developments of the Group may differ materially from these forward-looking statements due to various risks, uncertainties and other factors.

◆ Consolidated earnings

- **Consolidated net sales** increased 11.0% year on year, **hitting a new high**.
- Consolidated operating income rose 35.0% year on year, reaching **a record high for the sixth consecutive year**, as did ordinary income and net income.
- The ratio of operating income to net sales was 15.6% (up 2.7 percentage points year on year).

◆ Management indicators

- **Return on equity (ROE) was 18.2%** (up 4.2 percentage points year on year).
- Free cash flow increased to 2,230 million yen (up 56.2% year on year).
- The shareholders' equity ratio was 67.9% (down 2.3 percentage points year on year).

◆ Customer base and the expansion of service revenues

- **The ratio of sales to new companies*1 was only 27.1%** (down 1.0 percentage points year on year).
=> However, sales to new companies grew 19.6% (the ratio of sales to new companies declined slightly because sales to existing companies increased 25.6%).
- Revenues of software maintenance services*2 grew 7.1%.

◆ Penetration of management conscious of order backlog (at the end of March 2017)

- **The order backlog** for system installation contract sales*3 **(non-consolidated) was 6.06 months*4** (up 0.74 months from the beginning of this fiscal year).

*1 The ratio of sales to new companies = Sales to new companies/Sales to companies (sum total of hardware, software and useware sales)

*2 Software maintenance services = Sum total of total value service for tax accountant and CPA firms (TVS) and software operational support service for companies

*3 System installation contract sales: Sum total of hardware, software and useware sales

*4 Months for order backlog at the end of the period are calculated based on the plan for sales recorded in the fiscal year under review.

Summary of Consolidated Earnings

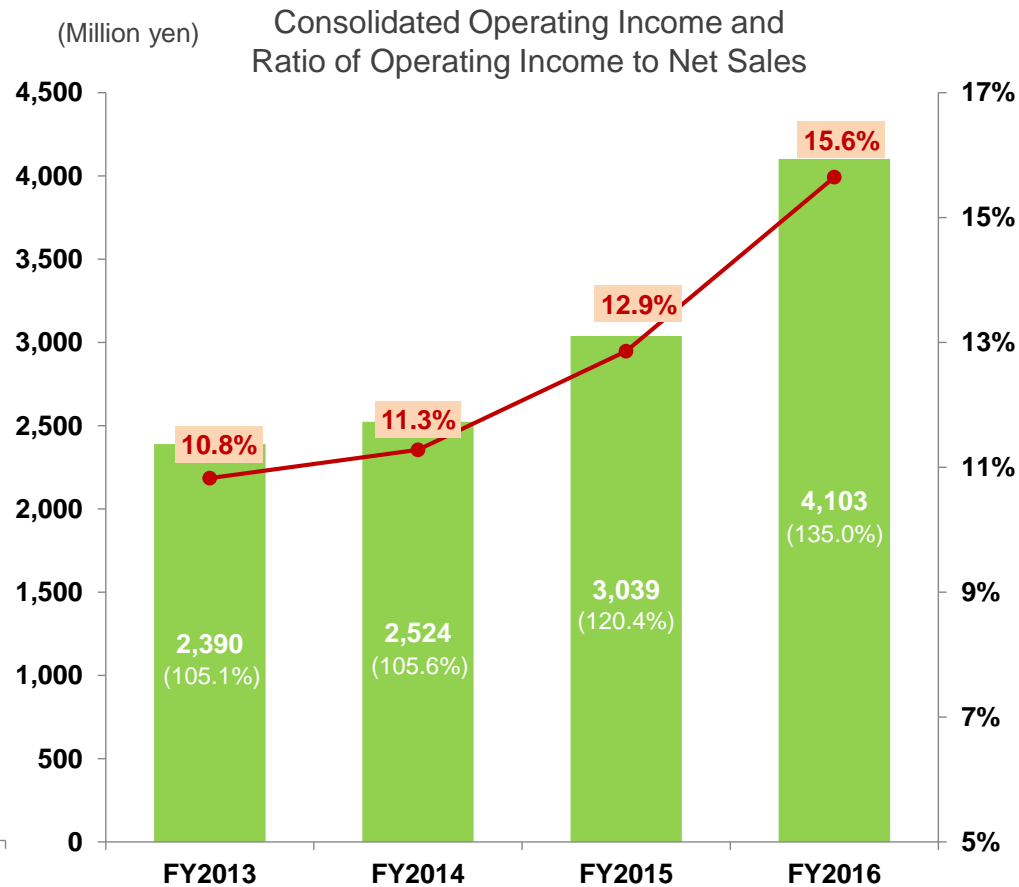
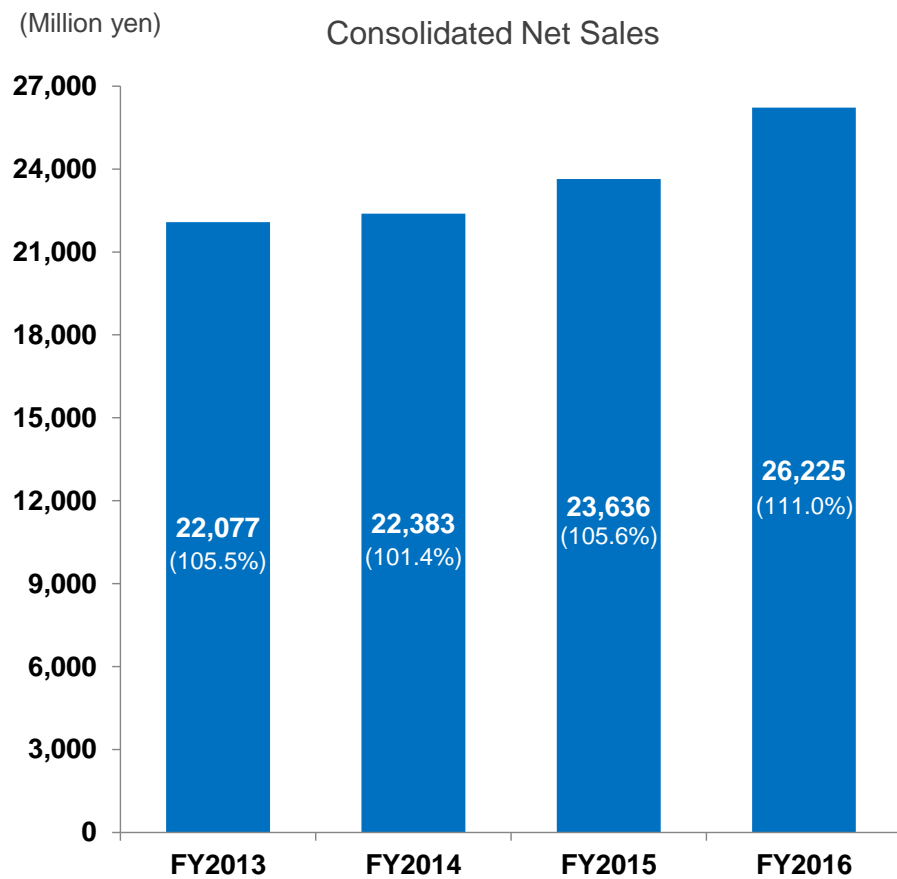


- Net sales increased 11.0%, mainly reflecting a rise in sales of ERP products for companies and growth in service revenues due to the development of new customers.
- Operating income, ordinary income and net income all recorded high due to the effects of higher sales, although SG&A expenses increased mainly due to a rise in personnel expenses.

(Million yen)

Consolidated	FY2015	FY2016	YoY		VS. forecasts	
	actual	actual	Increase/ decrease	%	Increase/ decrease	%
Net sales	23,636	26,225	2,589	111.0%	225	100.9%
Gross profit	15,393	17,389	1,996	113.0%	-20	99.9%
Gross profit margin	65.1%	66.3%	-	+1.2P	-	-
SG&A expenses	12,353	13,286	932	107.5%	-193	98.6%
SG&A ratio	52.3%	50.7%	-	-1.6P	-	-
Operating income	3,039	4,103	1,063	135.0%	173	104.4%
Operating income margin	12.9%	15.6%	-	+2.7P	-	-
Ordinary income	3,068	4,010	942	130.7%	10	100.3%
Ordinary income margin	13.0%	15.3%	-	+2.3P	-	-
Net income attributable to owners of parent	1,906	2,616	710	137.3%	166	106.8%
Net income margin	8.1%	10.0%	-	+1.9P	-	-
Consolidated EPS	60.00 yen	83.46 yen	23.46 yen	139.1%	-	-

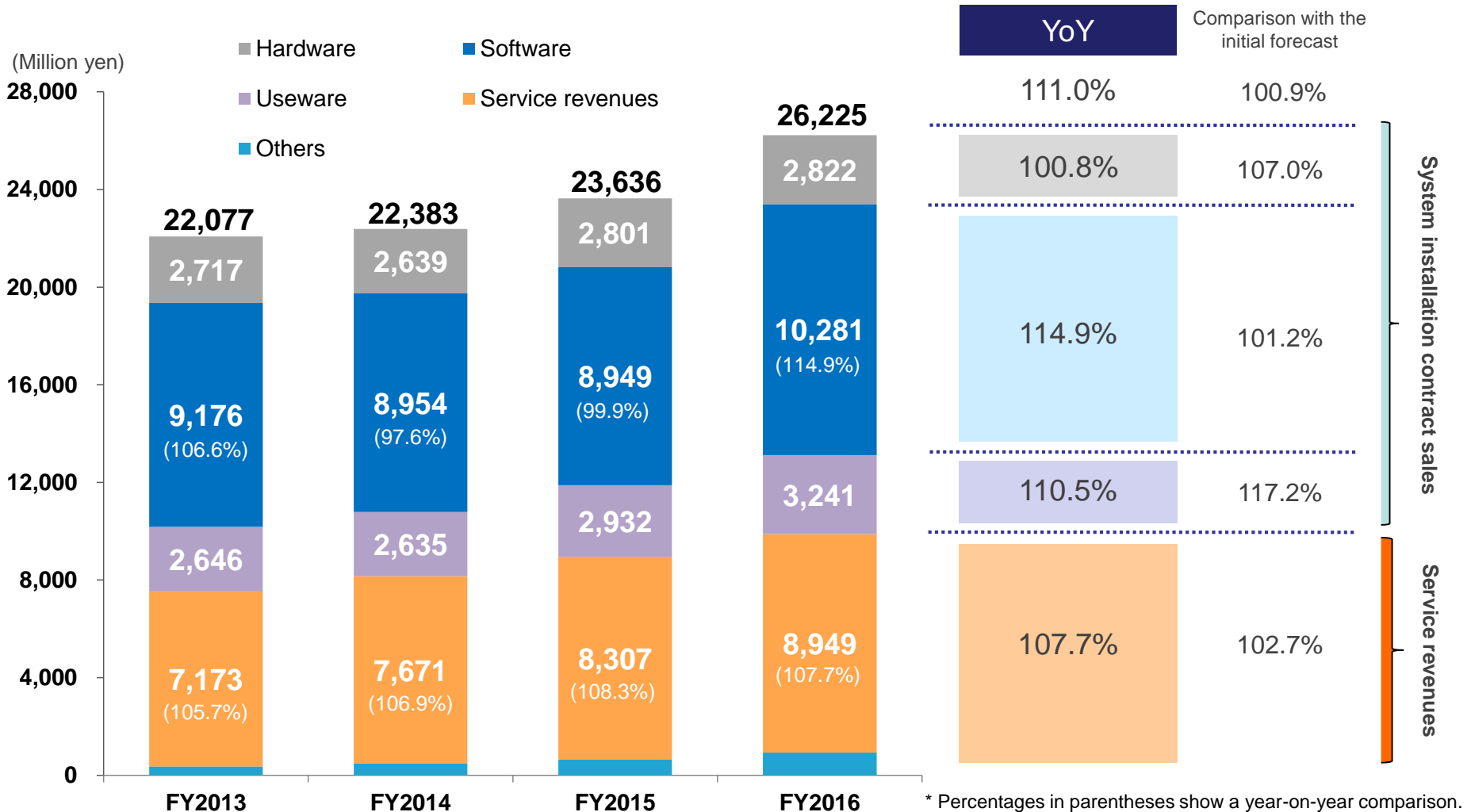
- Consolidated net sales hit a record high, and operating income reached a new high for the sixth consecutive year.
- The ratio of operating income to net sales also remained steady.



* Percentages in parentheses show a year-on-year comparison.

Trends in Sales by Item

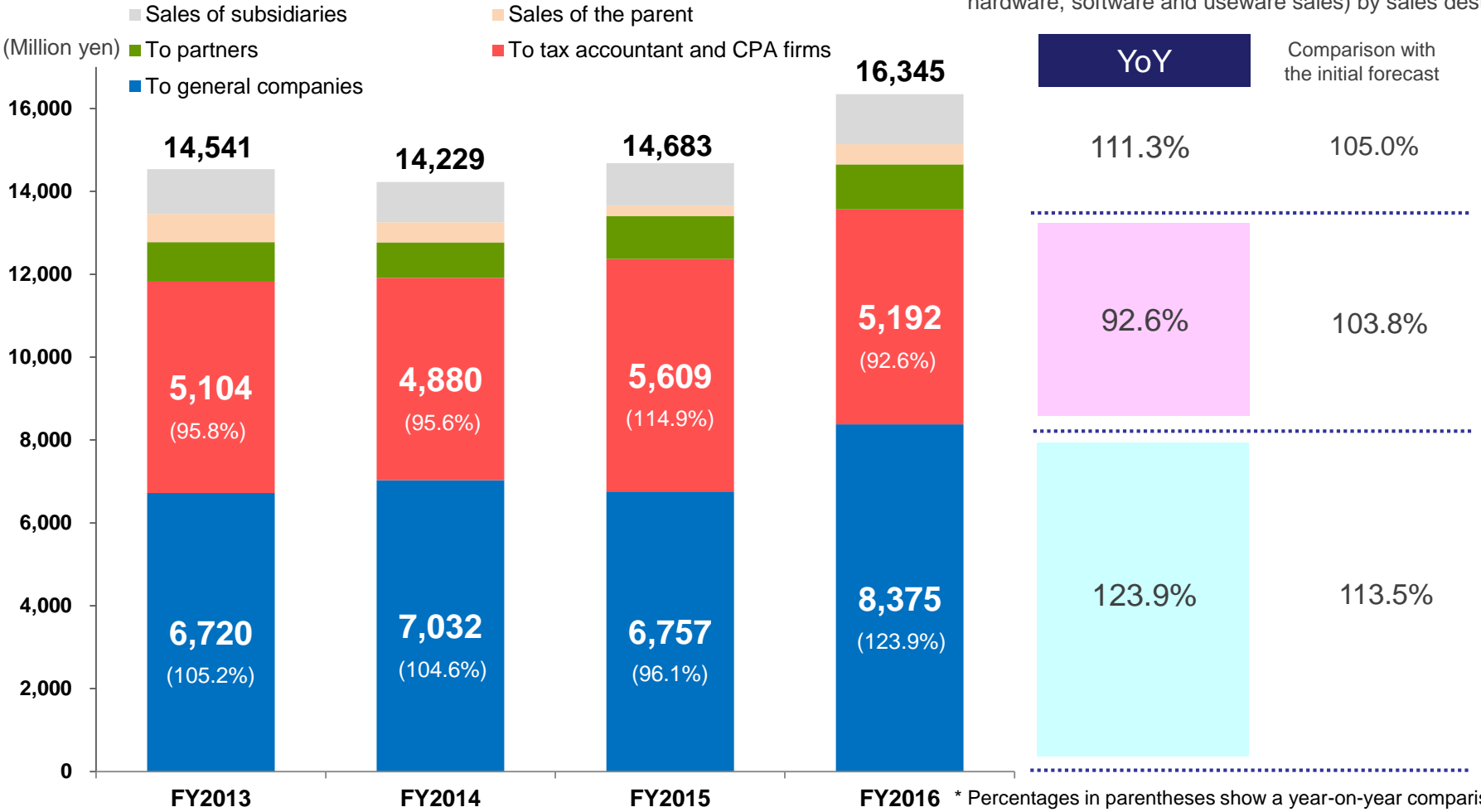
- Sales of products to companies centered on “Galileopt NX-I,” an ERP system for small/mid-sized companies, increased.
- Service revenues rose steadily as software maintenance contracts increased, mainly due to the development of new customers.



Trends in Sales by Sales Destination* (System Installation Contracts) (1)

- In sales to companies, sales to both new customers and existing customers increased significantly.
- Sales to tax accountant and CPA firms declined mainly due to the reaction to demand for My Number products, despite an increase in sales to new customers.

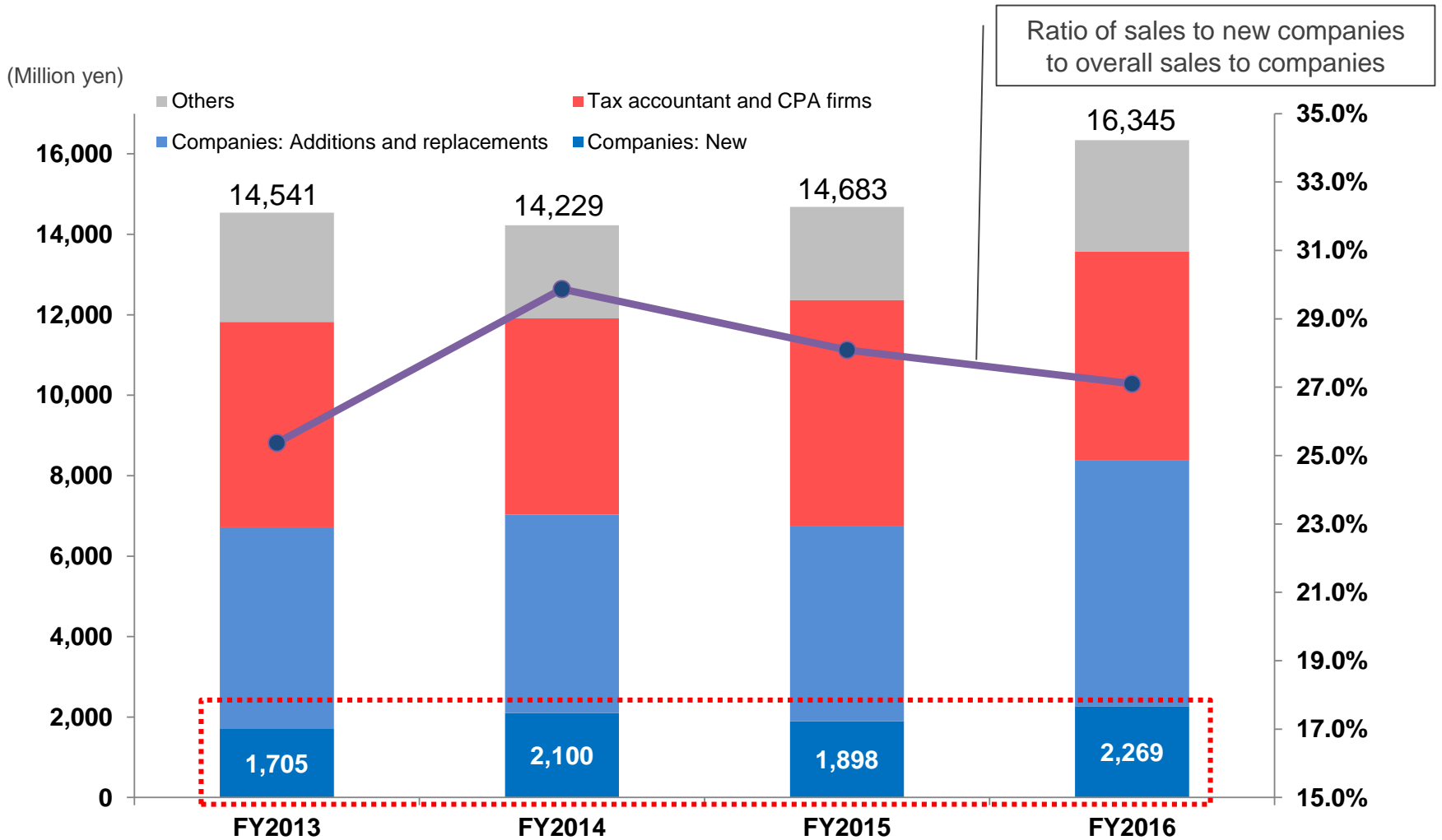
* Breakdown of system installation contract sales (sum of hardware, software and useware sales) by sales destination



Trends in Sales by Sales Destination (System Installation Contracts) (2)



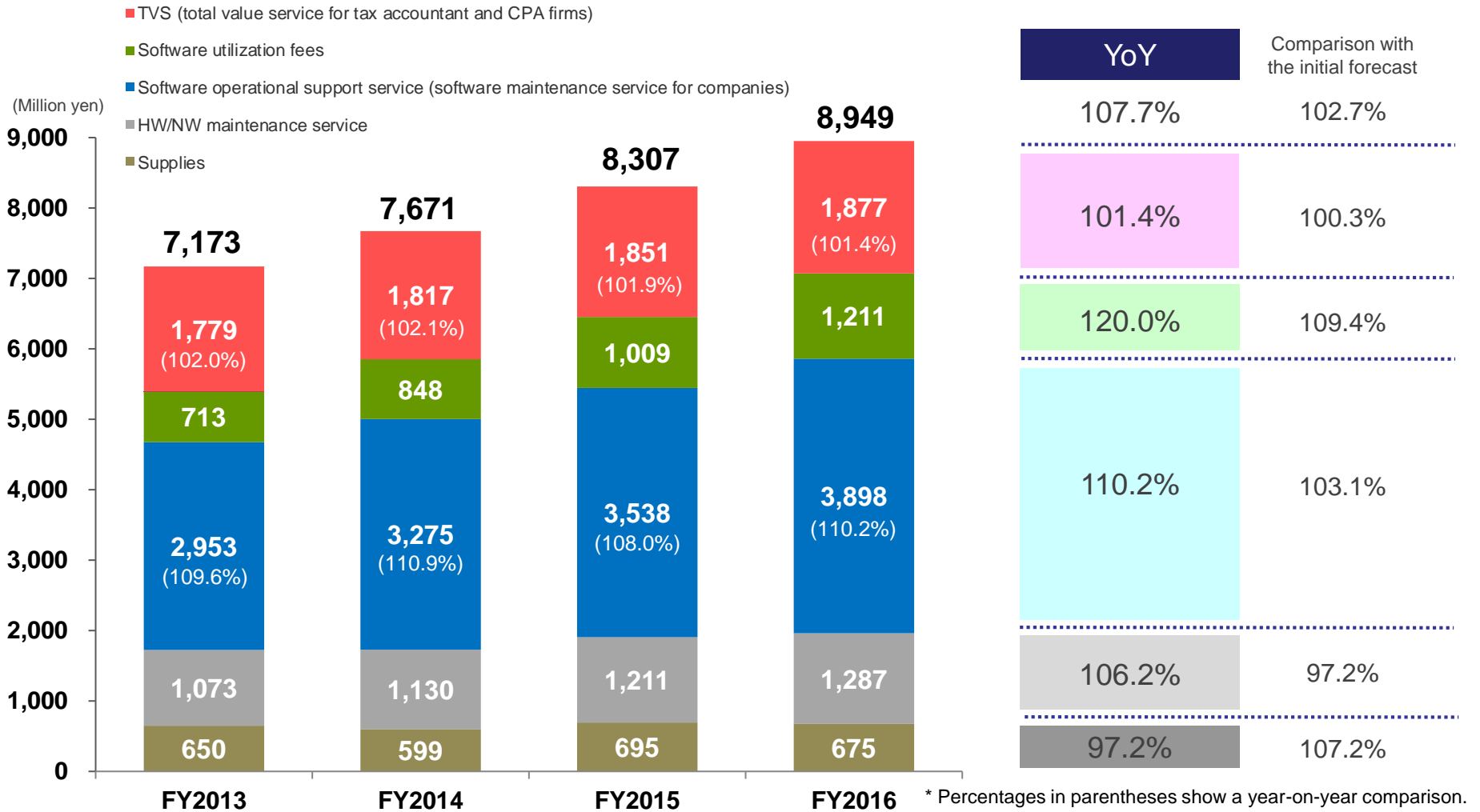
- New customers were developed steadily, thanks to continuous sales promotion and advertising activities.
- The ratio of sales to new company customers remained high.



* The ratio of sales to new companies to overall sales to companies excludes sales of the parent and sales of subsidiaries.

Trends in Breakdown of Service Revenues

- Software operational support services remained firm, mainly due to the development of new customers.
- Simple accounting software for small business operators (software utilization fees) also expanded steadily.



Balance Sheet

(Consolidated, Comparison with the End of the Previous Fiscal Year)

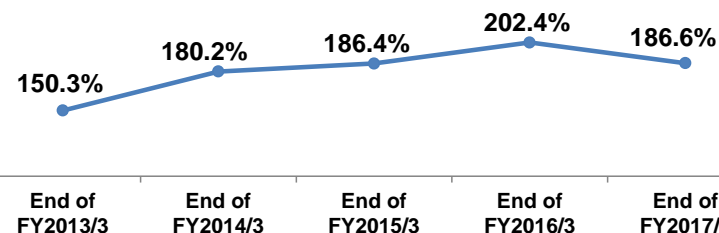


- The current ratio and the shareholders' equity ratio were high, confirming that the sound financial position was maintained.
- Stable financial position with ample cash and deposits that are larger than the total amount of interest-bearing debt.

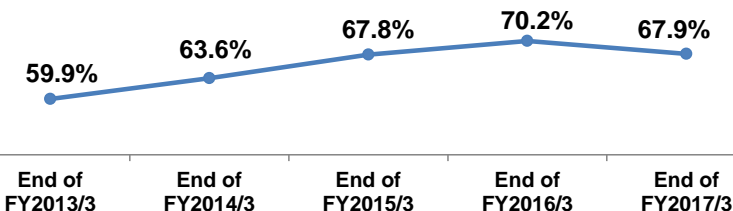
(Million yen)

Consolidated	31-Mar-16	31-Mar-17	Comparison with March 31, 2016	
			Increase/decrease	%
Current Assets	10,120	11,523	1,402	113.9%
Cash and deposits	5,654	6,465	811	114.4%
Accounts receivable-trade, etc.	2,629	3,166	537	120.4%
Inventories	969	911	-58	94.0%
Other current assets	867	979	112	113.0%
Fixed assets	9,761	10,300	538	105.5%
Tangible fixed assets	4,043	3,992	-50	98.7%
Intangible fixed assets	1,100	1,683	582	152.9%
Investments, etc.	4,617	4,624	6	100.1%
Total assets	19,882	21,823	1,941	109.8%
Current liabilities	5,000	6,174	1,174	123.5%
Accounts payable-trade, etc.	687	790	103	115.1%
Debt (including current portion of bonds)	848	975	127	115.1%
Accrued income taxes	597	1,086	489	181.9%
Other current liabilities	2,866	3,320	453	115.8%
Fixed liabilities	823	785	-37	95.4%
Total liabilities	5,823	6,959	1,136	119.5%
Shareholders' equity	12,880	13,889	1,009	107.8%
Total net assets	14,059	14,864	805	105.7%
Total liabilities and net assets	19,882	21,823	1,941	109.8%

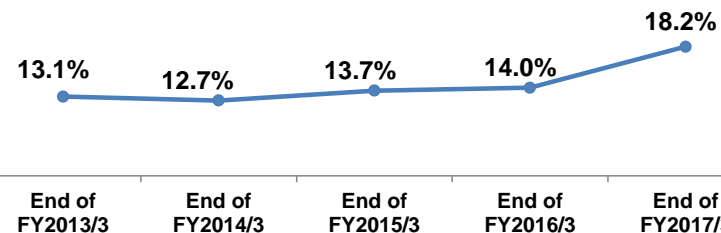
Current ratio = Current assets/Current liabilities



Shareholders' equity ratio = Shareholders' equity / Total assets



ROE = Net income/Shareholders' equity



Statement of Cash Flows (Consolidated, Year on Year)



➤ Stable free cash flow was generated associated with good business results.

(Million yen)

<Major factors for increase/decrease
(comparison with the end of the
previous fiscal year)>

Cash flows from operating activities

- Net income before income taxes
+3,944 million yen
- Increase in accounts receivable
-540 million yen
- Income taxes paid
-1,078 million yen

Cash flows from investing activities

- Acquisition of tangible fixed assets
-246 million yen
- Acquisition of intangible fixed assets
-977 million yen
- Acquisition of investment securities
-325 million yen

Cash flows from financing activities

- Repayment of short-term and long-term debt
+216 million yen
- Acquisition of treasury stock
-1,139 million yen
- Dividends paid
-534 million yen

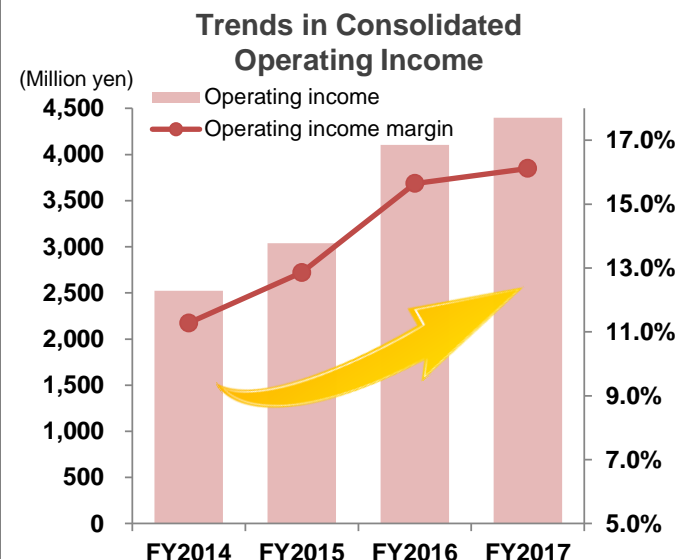
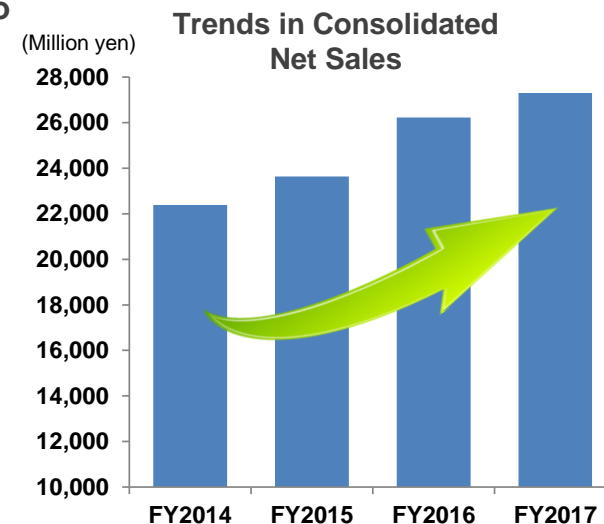
Consolidated cash flows	FY2015	FY2016	Increase/decrease
Cash flows from operating activities	2,139	3,819	1,680
Cash flows from investing activities	-711	-1,589	-877
Free cash flow	1,428	2,230	803
Cash flows from financing activities	-1,683	-1,418	264
Ending balance of cash and cash equivalents	5,423	6,235	811

Forecast of Business Results for FY2017

Earnings Plan for FY2017 (Consolidated, Year on Year)

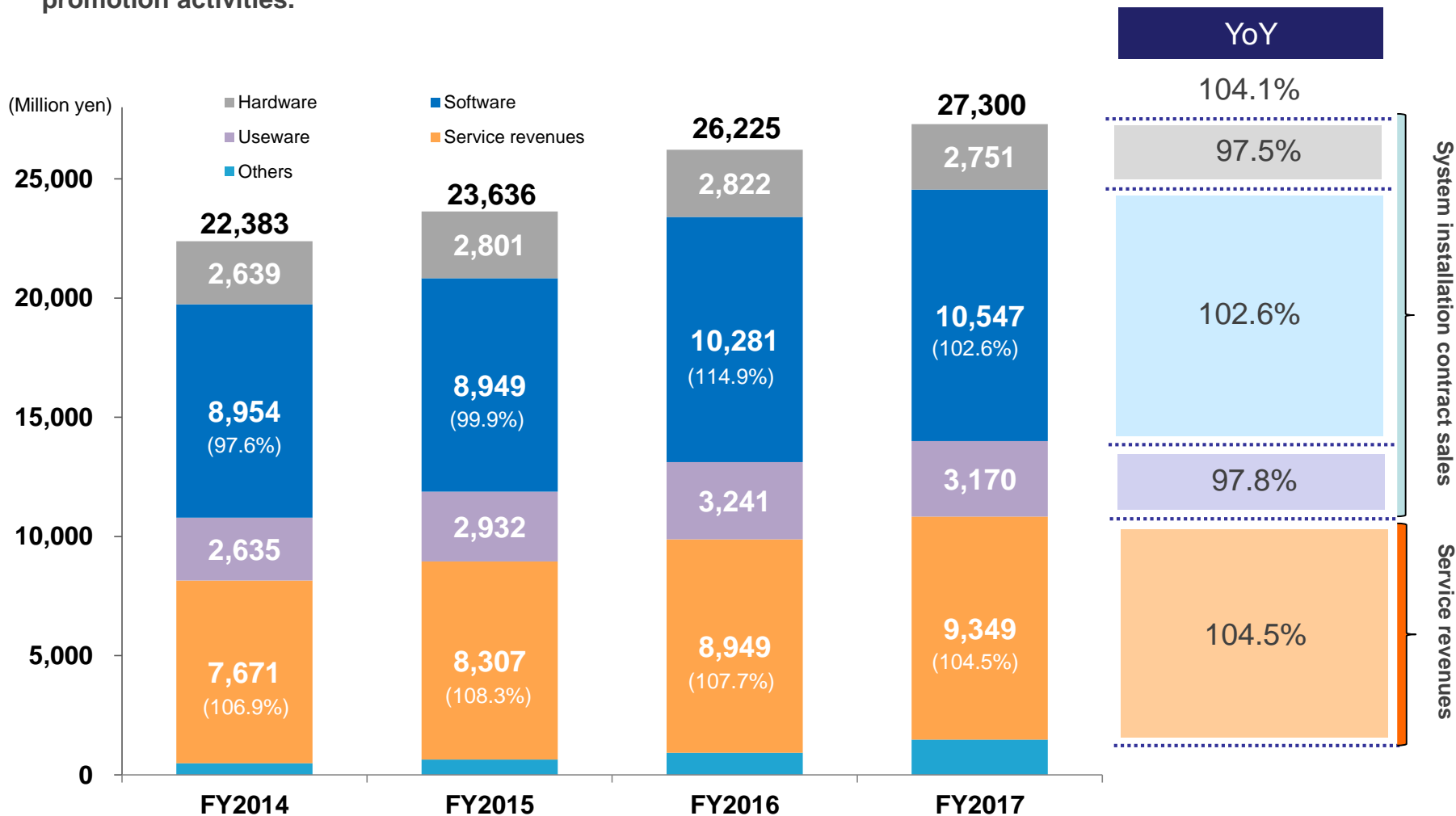
- Aim to increase sales and profits for the seventh consecutive year and hit a new high in income for the seventh year in a row.
- Create a more profitable structure by raising the ratio of operating income to net sales to more than 16%.

Consolidated	FY2016	FY2017	YoY	
	actual	forecast	Increase/ decrease	%
Net sales	26,225	27,300	1,074	104.1%
Gross profit	17,389	18,200	810	104.7%
Gross profit margin	66.3%	66.7%	-	+0.4P
SG&A expenses	13,286	13,800	513	103.9%
SG&A ratio	50.7%	50.5%	-	-0.2P
Operating income	4,103	4,400	296	107.2%
Operating income margin	15.6%	16.1%	-	+0.5P
Ordinary income	4,010	4,400	389	109.7%
Ordinary income margin	15.3%	16.1%	-	+0.8P
Net income attributable to owners of parent	2,616	2,860	243	109.3%
Net income margin	10.0%	10.5%	-	+0.5P
Consolidated EPS	83.46 yen	91.69 yen	8.23 yen	109.9%
Annual dividend per share	25 yen	25 yen (plan)	-	-



Net Sales Plan by Item for FY2017

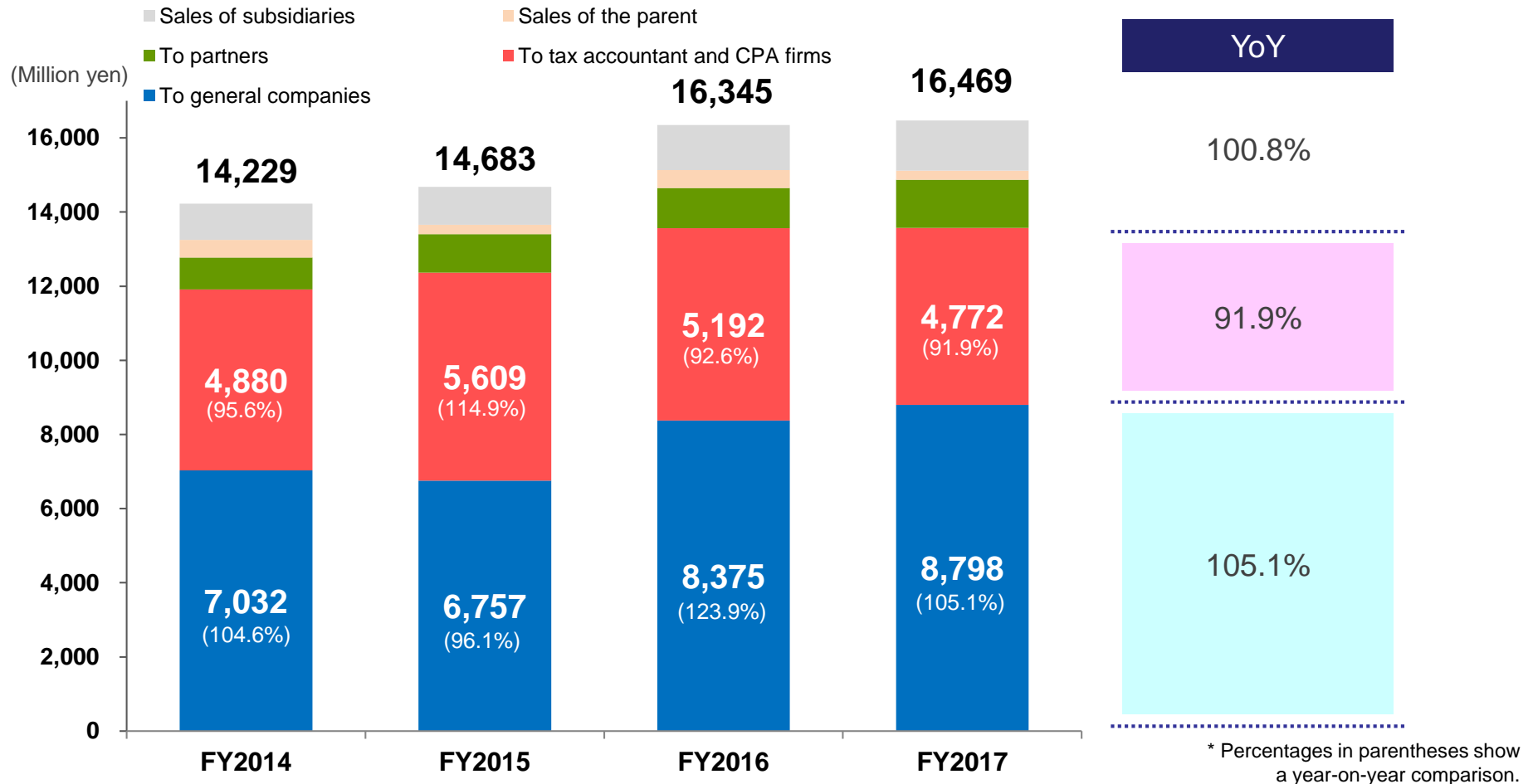
- While the sales expansion of ERP systems for small/mid-sized companies is anticipated, software sales are expected to increase only slightly, mainly due to the reaction to demand for My Number products.
- Expand service revenues by promoting the development of new customers through active advertising and sales promotion activities.



* Percentages in parentheses show a year-on-year comparison.

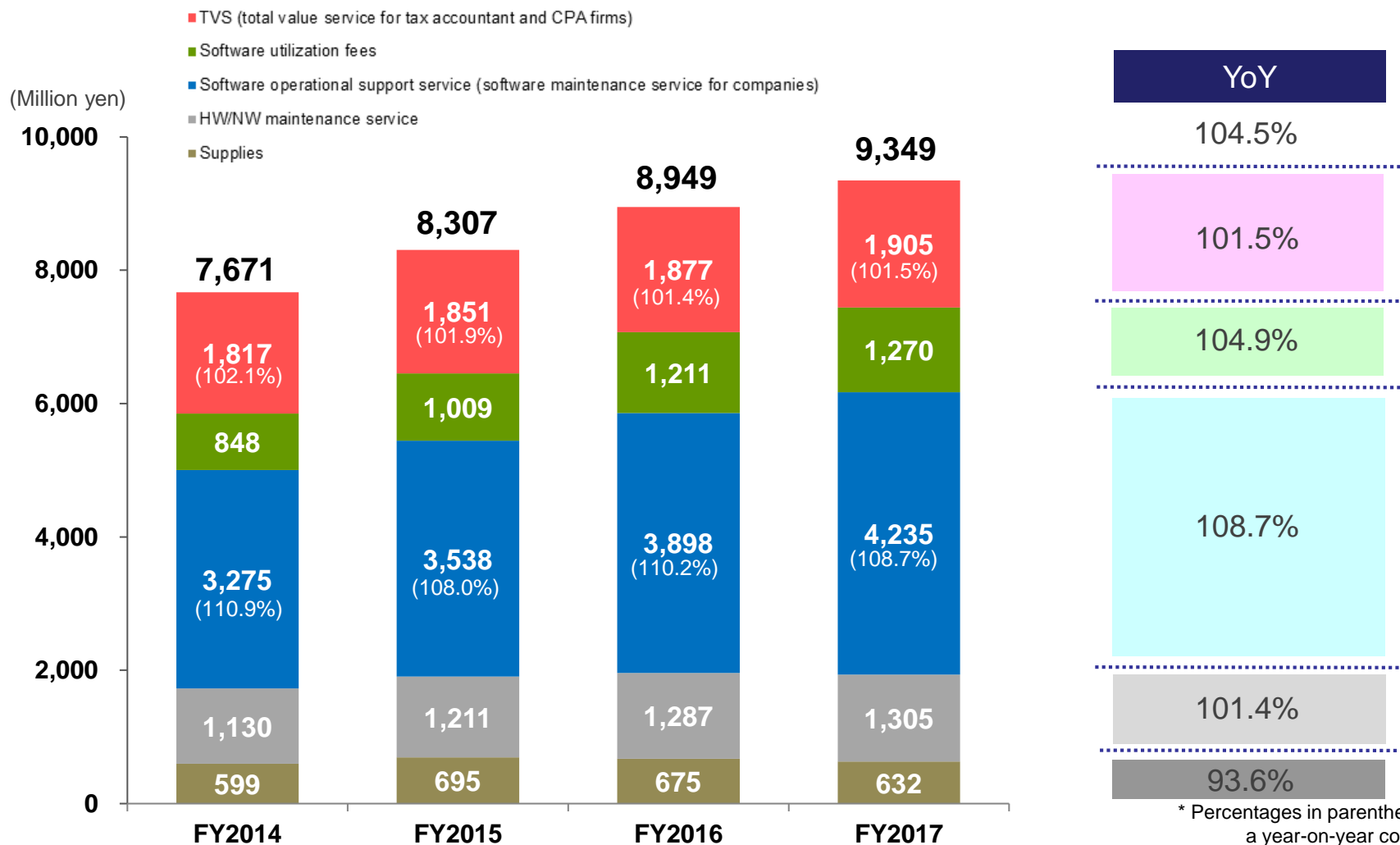
Net Sales Plan by Sales Destination for FY2017 (System Installation Contract)

- Sales to companies are expected to increase as a result of developing new customers and taking in replacement demand by introducing new products.
- Sales to tax accountant and CPA firms are expected to decline, mainly due to the reaction to demand for My Number products, despite the focus on the development of new customers.

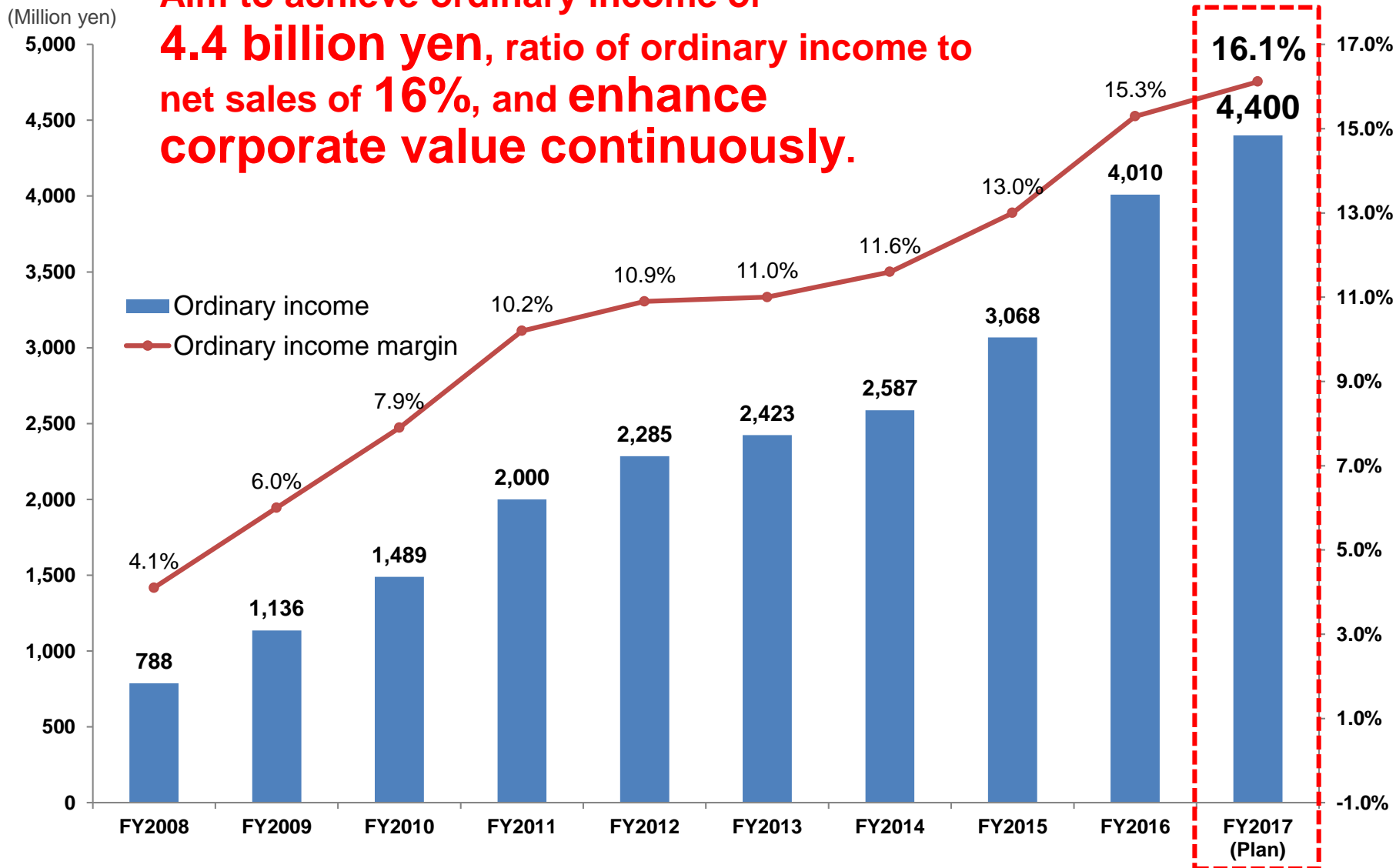


Net Sales Plan of Service Revenues for FY2017

- Revenues from software operational support services are expected to increase steadily, mainly due to the development of new company customers.
- Revenues (software utilization fees) from simple accounting software for small business operators are also expected to increase steadily.



Aim to achieve ordinary income of 4.4 billion yen, ratio of ordinary income to net sales of 16%, and enhance corporate value continuously.



Toward the Management Targets for FY2020

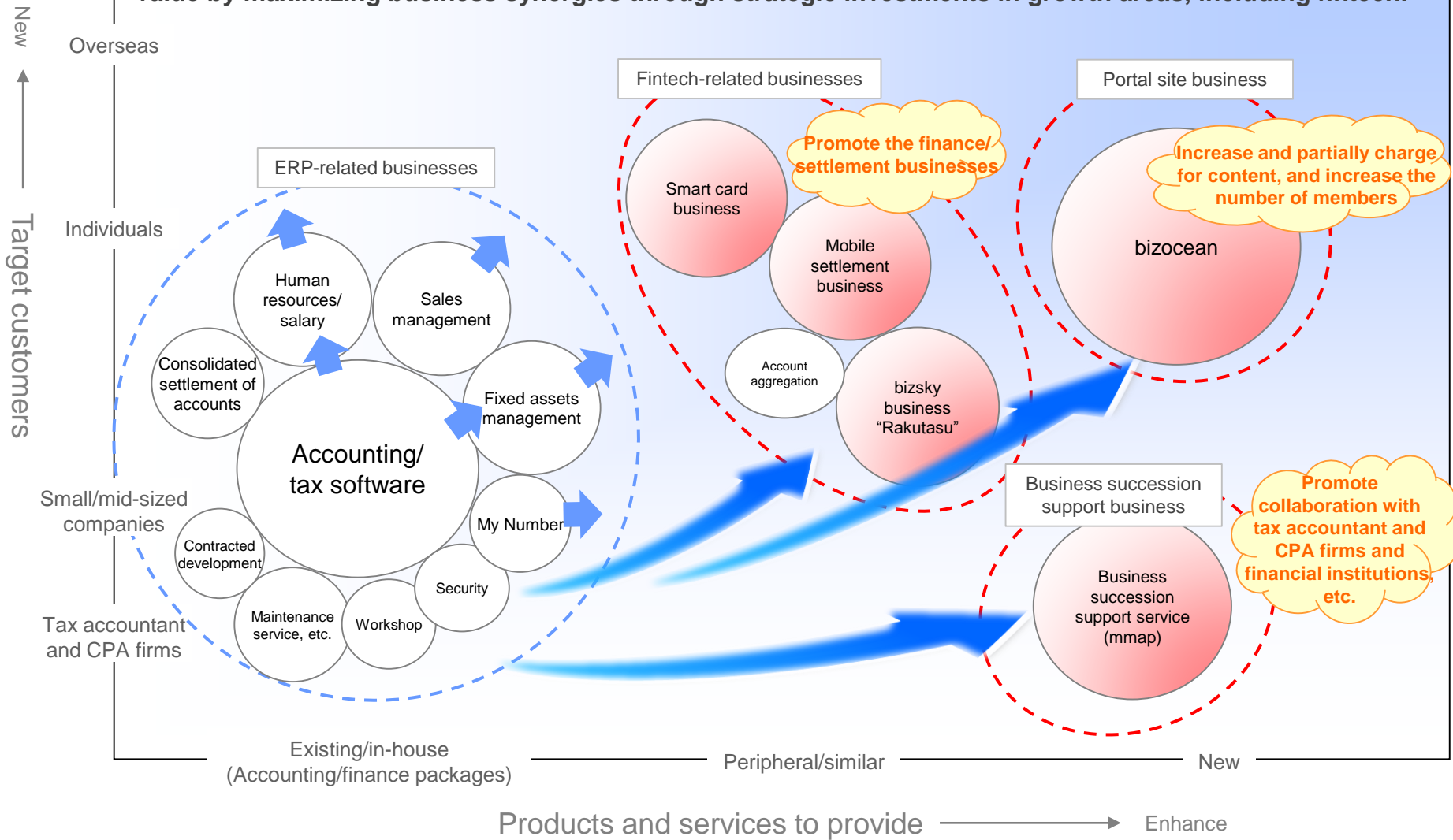
	FY2016 actual	FY2020 plan	Increase/ decrease
Net sales	¥26.2 billion	¥50.0 billion	+¥23.8 billion
Ordinary income	¥4.0 billion	¥15.0 billion	+¥11.0 billion
Gross profit margin	15%	30%	+15P
ROE	18%	30%	+12P

*** We are currently analyzing the feasibility and growth potential of multiple new businesses and closely examining their synergies with the ERP business, etc.**

We will announce details of the medium-term business plan for each business, etc. in around November 2017.

Direction of Growth Strategy of the MJS Group / Expansion of Business Areas

We will achieve the dramatic growth of the MJS Group and the continuous enhancement of its corporate value by maximizing business synergies through strategic investments in growth areas, including fintech.



Toward a new growth stage

Fourth medium-term management plan (FY2017-FY2020)

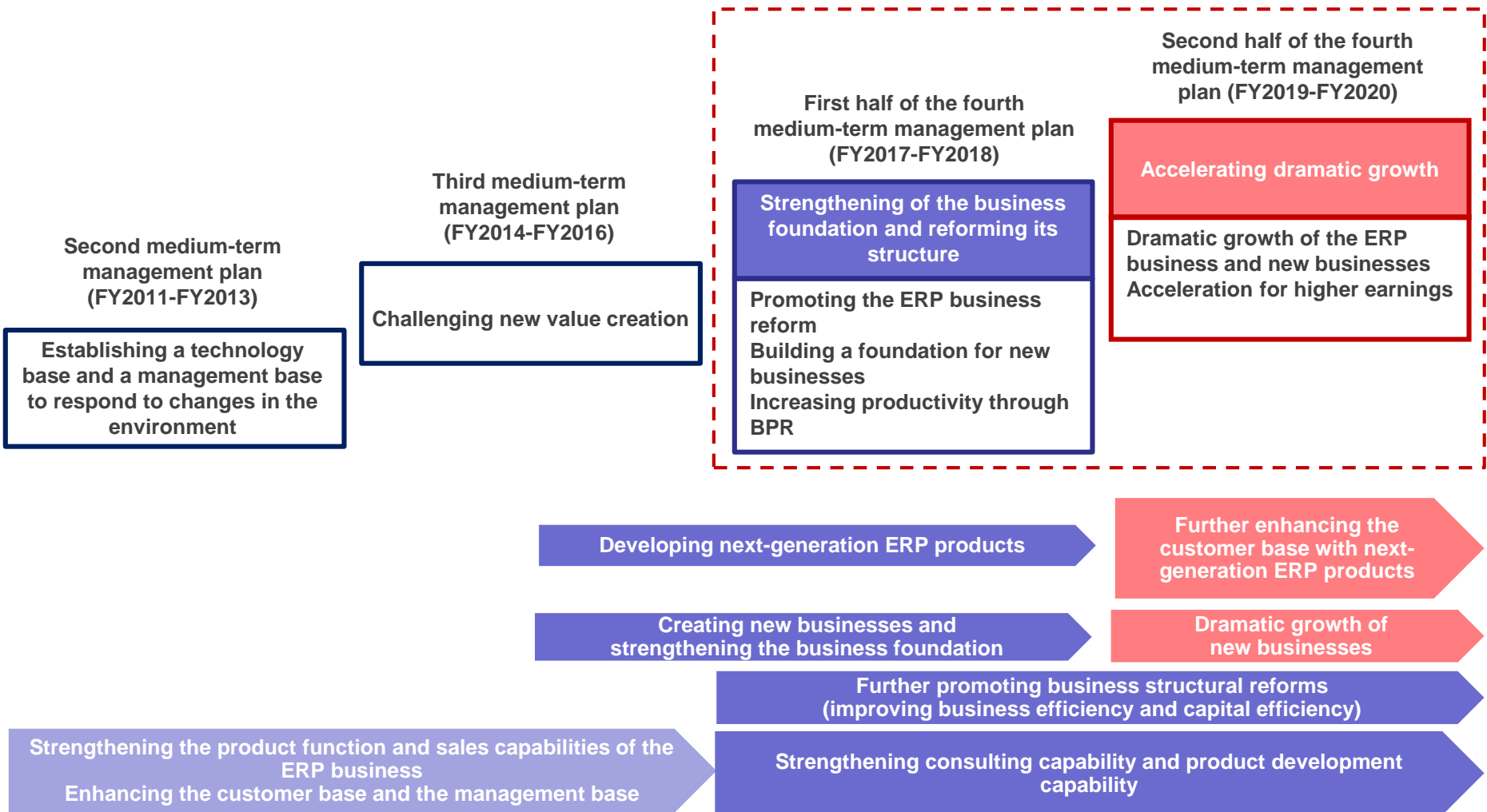
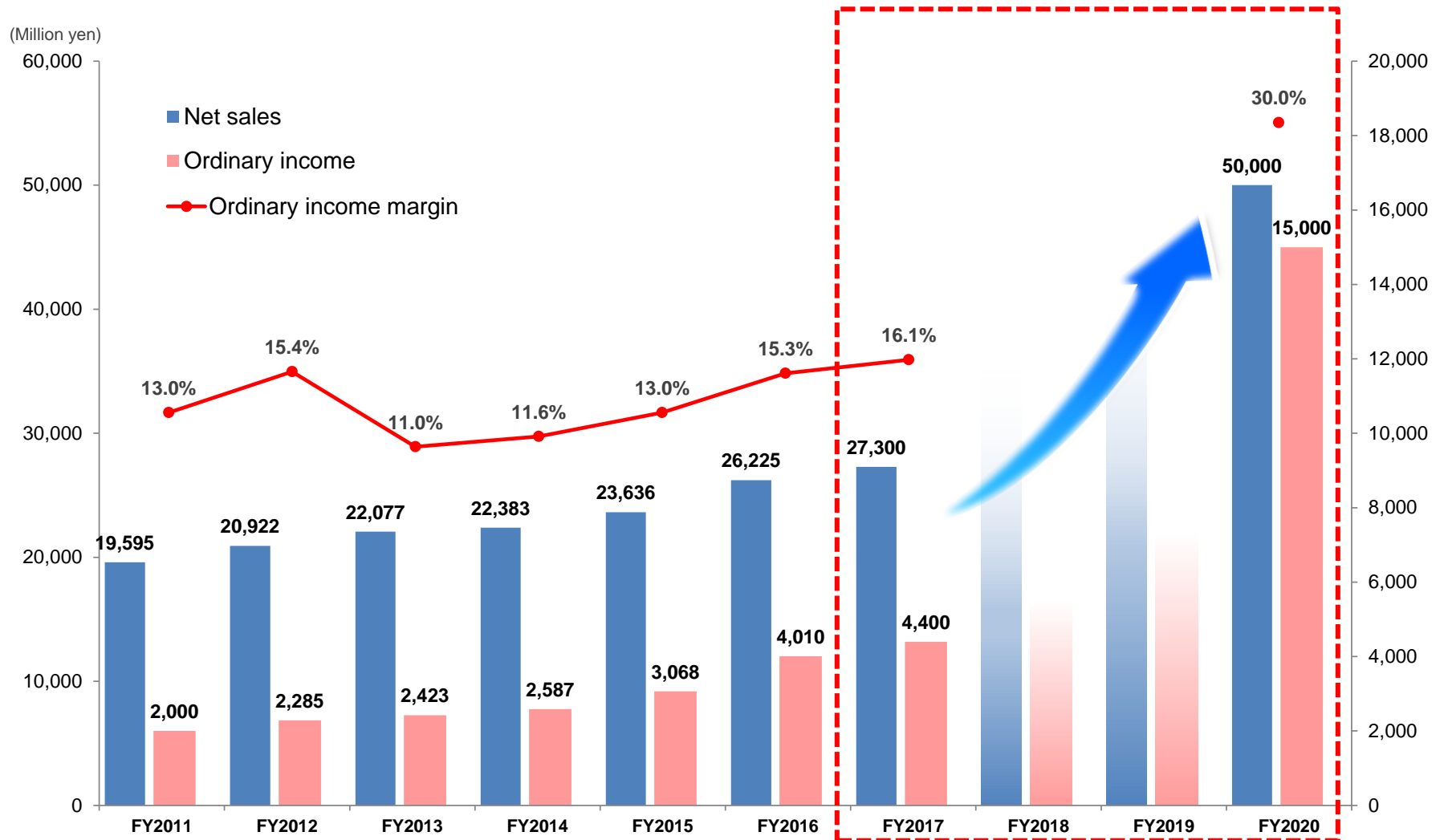


Image of the Fourth Medium-Term Management Plan / Trends in Results

Strengthening the business foundation and carrying out business structural reforms in FY2017 and FY2018. Accelerating dramatic growth and stronger earnings power in FY2019 and FY2020.



1. Further expansion of the customer base through the development of new customers and the improvement of customer satisfaction

- Enhance sales forces to expand the development of new customers.
- Build a foundation to strengthen cross-selling.
- Strengthen the partner sales system.

2. Enhancement of the R&D system to further increase product competitiveness

- Promote the research and development of advanced technologies including cloud, mobile and AI (establish the R&D Committee).
- Rationalize the development process and improve its efficiency, including offshore development.
- Thoroughly improve and enhance the quality of products and services.

3. Enhancement of the Group management base and maximization of synergies

- Expand the portal site business (bizocean).
 - Rapidly increase content (charging).
 - Mobile services
- Expand the business succession support service business (mmap).
 - Strengthen collaboration with more than 2,200 partner offices (provide a corporate value calculation system).
 - Open a business succession matching site (planned for July).
 - Actively hold business succession seminars and workshops.

4. Improvement of productivity through the maximization of the operating process and cost structure and the improvement of employee satisfaction through work style reforms

- Promote operational reforms by using AI (BPR).
- Improve the efficiency of call centers and strengthen outbound.
- Promote the use of diverse human resources and diverse work styles (diversity/work style reforms)

5. Promotion of new businesses including overseas expansion and the fintech area

- Redesign and promote the growth scenario for the bizsky business.
- Develop the multi smart card business (capital and business alliance with BrilliantTS in South Korea).
- Develop new businesses using Phone2Phone settlement technology (capital and business alliance with NFC in South Korea).

[Introduction video of the multi smart card](#)

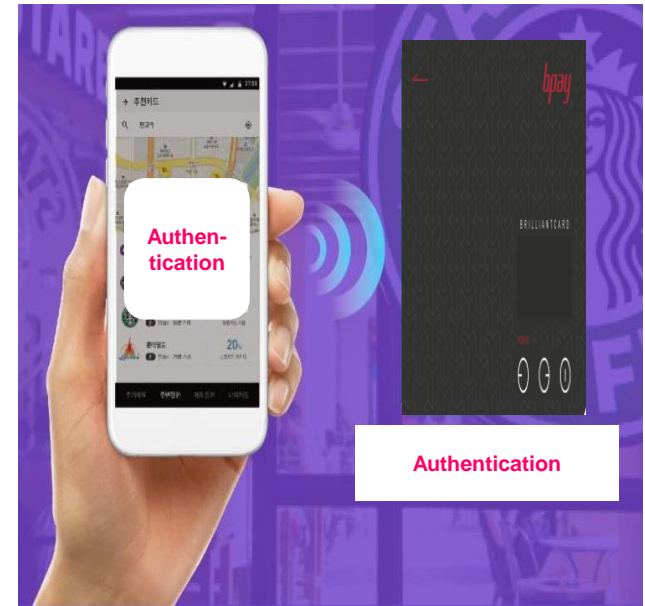
[Introduction video of the Phone2Phone settlement service](#)

What is the multi smart card?

It is a card integration service that enables users to integrate multiple cards such as a credit card and a points card into a single card-type device (multi smart card). It also prevents abuse if it is lost or stolen by pairing with a smartphone.

[Integrates up to 30 cards into a single card]
~ Greater convenience

[Unique security authentication system]
~ Guarantees security and safety



What is the Phone2Phone settlement service?

A smartphone equipped with NFC becomes a settlement terminal by installing a special application for settlement on the smartphone, and the following functions become available: (1) Perform settlement by holding the smartphone against another smartphone, and (2) Perform settlement by holding a credit card and e-money against the smartphone.

(1) Perform settlement by holding the smartphone against another smartphone



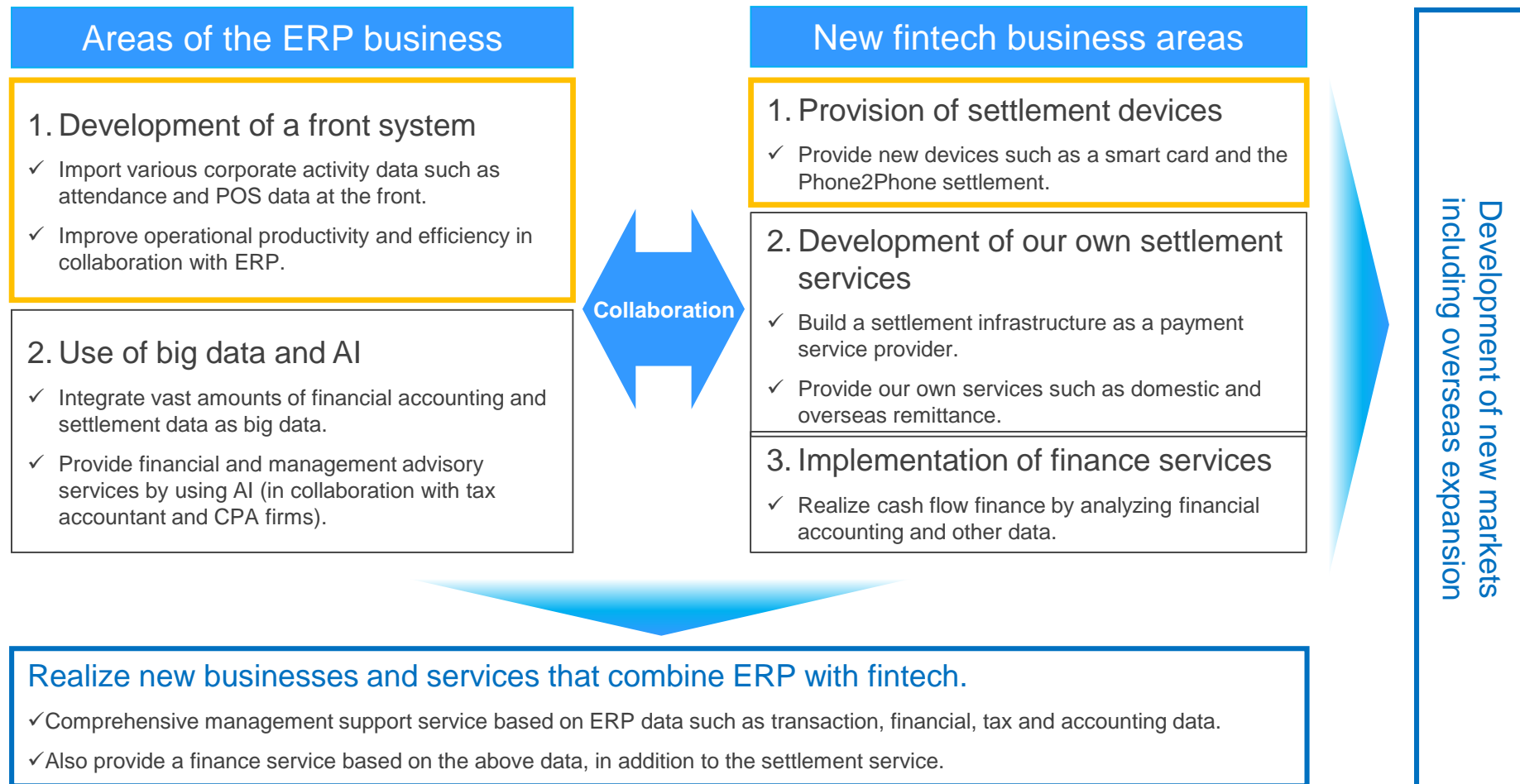
(2) Perform settlement by holding a credit card and e-money against the smartphone.

Advantages of the Phone2Phone settlement service:

- Efficient settlement and sales management will be possible because settlement is possible anywhere with only a smartphone.
- It is particularly effective for inbound tourism because it is compatible with settlement methods used overseas.
- The installation cost for the settlement terminal is very low.

We will develop the fintech business mainly in the following two areas:

- (1) Create a new service in collaboration with the ERP business.
- (2) Develop a new market including overseas expansion mainly in the settlement service.



- June 2016
 - Started offering “**Marunage Kichodaiko**,” a bookkeeping support service for tax accountant and CPA firms.
 - Miroku Jyoho Service collaborated with Toyo Business Engineering Corporation.
- July
 - 25 companies supported an event for small/mid-sized companies hosted by Miroku Jyoho Service, and held “MJS Solution Seminar & Fair 2016” in six major cities nationwide from September 6.
- August
 - Started offering “MJSLINK NX-I for IaaS,” an ERP cloud service for small companies.
- September
 - “bizsky,” a cloud platform for small companies, was initiated in earnest, and started offering “Rakutasu-Furikomi,” the first of the Rakutasu cloud service series, on September 6.
- October
 - “bizocean,” a business information site, opened the first marketplace for business templates in Japan.
- November
 - Miroku Jyoho Service and Tokyo Verdy in the J.LEAGUE (Japan Professional Football League) held the “MJS DAY” collaboration event by inviting 1,000 customers.
- January 2017
 - Started offering “**Rakutasu-Kyuyo Furikomi**,” the second of the Rakutasu cloud server series, at “bizsky,” a cloud platform for small companies, on January 12.
- February
 - The number of tax accountant and CPA firms with which MJS M&A Partners has concluded partnership agreements exceeded 2,000 as a result of strengthening the business succession support system for small companies.
 - Opened “**Keiri Driven**,” an owned media specialized in accounting information.
- March
 - Started selling “**Kicho-kun Cloud**,” a cloud accounting service for sole proprietors and small corporations.
 - Started selling “Galileopt NX-Plus,” a new ERP solution for small/mid-sized companies.
 - Miroku Jyoho Service and Crowd Cast, Ltd. entered into a business alliance and achieved greater convenience and cost reduction through AI collaboration between “Rakutasu-Furikomi,” a transfer payment cloud service, and “Staple,” a cloud expense settlement service.

As of March 31, 2017

Company Name	Miroku Jyoho Service Co., Ltd. (First Section of the Tokyo Stock Exchange, Code: 9928, Industry: Information Technology)		
Representative Director	Nobuhiko Koreeda, Chairman of the Board	Major Shareholders	NK Holding Co., Ltd. (30.0%) Miroku Jyoho Service Co., Ltd. (10.4%) Japan Trustee Services Bank, Ltd. (6.4%) The Master Trust Bank of Japan, Ltd. (3.3%) Nobuhiko Koreeda (3.0%)
Representative Director	Hiroki Koreeda, CEO and President		
Founded	November 1977		
Capital	3,198 million yen	Number of shares outstanding	34,806,000
Business	Computer and information service-related business centered on the provision of business package software, computer hardware, supplies and maintenance services to tax accountant and CPA firms and their client companies and general companies.	Number of shareholders at term end	4,238
		Shareholding ratio by foreigners	12.15%
		Employees (consolidated)	1,347
Place of Business	Head office: Tokyo; Development center: Tokyo and Nagaoka; Branch: Sapporo, Sendai, Tokyo, Nagoya, Osaka, Hiroshima, Fukuoka and others; Sales office: Gunma, Himeji and Matsuyama; Service center: Doto (East Hokkaido)		
Major Group Companies	NTC Co., Ltd. MSI Co., Ltd. LEAD Co., Ltd. MJS M&A Partners Co., Ltd. Cloud Invoice, Inc. Miroku Webcash International Co., Ltd. bizocean Co., Ltd.		

Company Information Materials

May 2017

Investor Relations Contact

Miroku Jyoho Service Co., Ltd.

President's Office

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

Email: ir@mjs.co.jp

The aim of this material is to provide information on the business, management strategies and business performance of the Miroku Group, and not to solicit investment in securities issued by the Company. Forward-looking statements related to the Group such as forecasts, projections, targets and plans contained in this material are based on the Company's judgment and assumptions on the basis of information currently available to the Company, and do not guarantee or promise the accuracy and completeness of the information. Please note that actual results and business development of the Group may differ materially from these forward-looking statements due to various risks, uncertainties and other factors.