

Management Objectives for Fiscal 2020

May 20, 2019

President's Office

1. Revision of Fiscal 2020 Management Objectives (Consolidated)



The non-consolidated results of MJS grew steadily, but the growth strategy for subsidiaries needs to be reviewed. MJS has changed its FY2020 management plan without factoring in the effects of strategic M&A on results. It aims to achieve **record profit for the 10th consecutive year and an ordinary income margin exceeding 20%** in FY2020.

| | FY2017 Actual | FY2018 Actual | FY2019 Forecast | FY2020 Plan | YoY | FY2020 Initial plan |
|-------------------------------|------------------|------------------|--------------------|----------------|--------|------------------------|
| Net sales | ¥27.5 billion | ¥31.3 billion | ¥34.0 billion | ¥38.0 billion | 111.8% | ¥50.0 billion |
| Ordinary income | ¥4.4 billion | ¥5.0 billion | ¥6.2 billion | ¥8.0 billion | 129.0% | ¥15.0 billion |
| Ordinary income margin | 16.0% | 16.1% | 18.2% | 21.1% | +2.9P | 30.0% |
| ROE | 18.5% | 21.7% | 20.8% | 22.8% | +2.0P | 30.0% |



* The effects of an undisclosed, large-scale M&A on results are not factored in.

* The expected ROE does not reflect any increase or decrease in treasury stock or the conversion of convertible bonds.

2. Revision of Fiscal 2020 Management Objectives (Trends in MJS's Non-Consolidated Results)



Consolidated results have been driven by the steady expansion of MJS's non-consolidated results.
MJS aims to expand its solution business, where MJS focuses on ERP products.

| | FY2017 Actual | FY2018 Actual | FY2019 Forecast | FY2020 Plan | YoY |
|-------------------------------|------------------|------------------|--------------------|----------------|--------|
| Net sales | ¥25.0 billion | ¥28.0 billion | ¥30.0 billion | ¥32.0 billion | 106.7% |
| Ordinary income | ¥4.5 billion | ¥5.1 billion | ¥6.0 billion | ¥7.0 billion | 116.7% |
| Ordinary income margin | 18.0% | 18.3% | 20.0% | 21.9% | +1.9P |

* The effects of an undisclosed, large-scale M&A on results are not factored in.

MJS Group's Plan

| Net sales | Ordinary income |
|---------------|-----------------|
| ¥38.0 billion | ¥8.0 billion |

Aim to record an ordinary income margin exceeding 20%, which will mainly reflect growth in MJS's non-consolidated results.

Reorganize subsidiaries to optimize Group management and formulate a new growth strategy for them by FY2020.

Continue to examine and negotiate strategic M&A for synergy.

MJS's Plan

| Net sales | Ordinary income |
|---------------|-----------------|
| ¥32.0 billion | ¥7.0 billion |

Achieve a high growth rate in MJS's core business and strengthen sustainable growth potential.

Thoroughly strengthen the solution business system for small- and medium-sized companies.

Continue to enhance the functions of the main products: ERP and cloud products.

Promote sales of the bizsky platform business and cloud products.

Plan for subsidiaries

| Net sales | Ordinary income |
|--------------|-----------------|
| ¥6.0 billion | ¥1.0 billion |

Formulate a new growth strategy to take advantage of growth opportunities and take on the challenge of expanding earnings.

NTC, MSI, LEAD (commissioned development)

bizocean (portal site business)

mmap (business continuity service, business succession support service)

Other subsidiaries (MWI, Cloud Invoice, MFT, Adtop)

* The numbers in the plan for subsidiaries are after the offset of intercompany transactions.

Management Vision 2020

The MJS Group will strengthen its partnerships with accounting firms and regional financial institutions nationwide and will provide optimal management systems and a timely management information service to SMEs.

The Group will thereby aid SMEs in the continuation, growth and development of their business.

Basic policies

- 1. Enhance the solution business to gain new customers**
- 2. Strengthen partnerships with accounting firms and regional financial institutions**
- 3. Promote the bizsky platform business**
- 4. Drastically reform the development system, actively hire engineers and cultivate human resources**
- 5. Strengthen the Group management**
- 6. Increase productivity through BPR and raise employee satisfaction through work-style reform**

Enhance the solution business and the sales partners support system for SMEs

1. Enhancement of the solution business

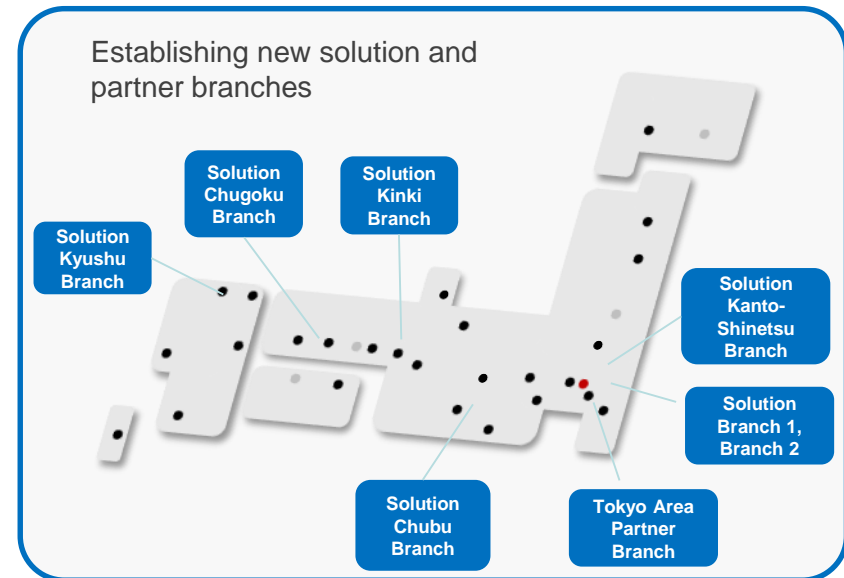
Creation of a more advanced solution business

- Enhancement of the ability to propose solutions (dedicated enterprise sales staff)
- Cross-selling and up-selling of a wide range of products
- Increase in productivity through the cultivation of sales and support staff

2. Enhancement of the sales partners support system

Establishment and enhancement of a full-scale sales partnership business system

- Reorganization for the expansion of a full-scale partnership business
- Establishment of a partnership system, education support system, evaluation system, etc.
- Early cultivation of an implementation partner and enhancement of a support system



5. Basic Policy 2: Strengthen Partnerships with Accounting Firms and Regional Financial Institutions

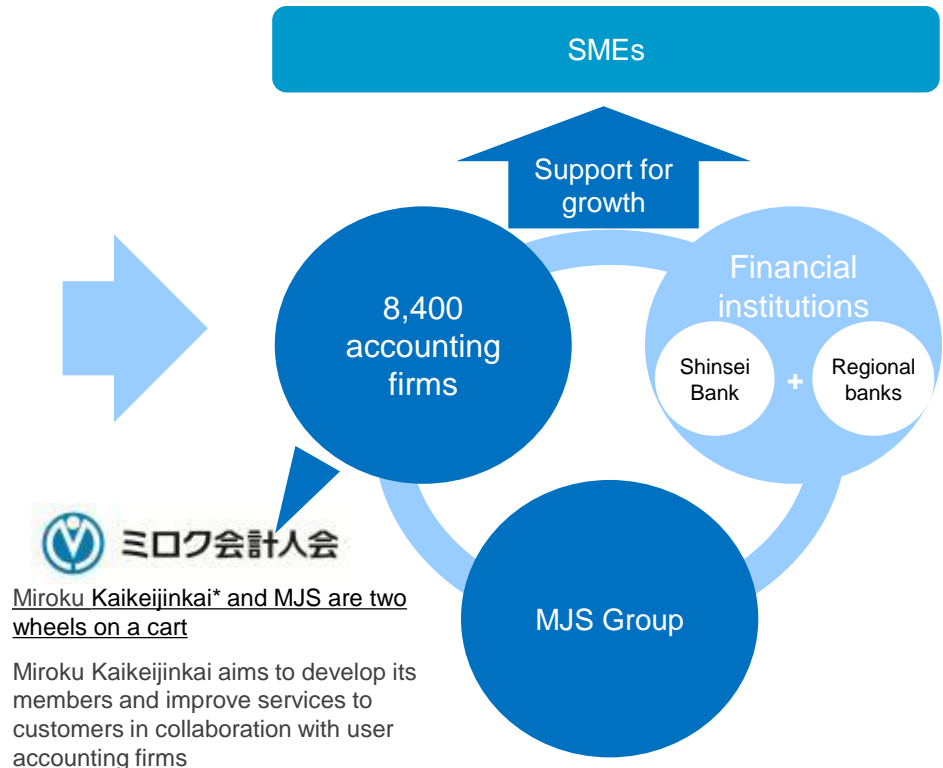
Partnerships with accounting firms

Strengthen partnerships with accounting firms through a variety of products and services and support the management of SMEs that MJS advises in collaboration with accounting firms nationwide

MJS Group's support to accounting firms



MJS Group's partnerships to support the management of SMEs



* A voluntary organization consisting of user accounting firms

5. Basic Policy 2: Strengthen Partnerships with Accounting Firms and Regional Financial Institutions

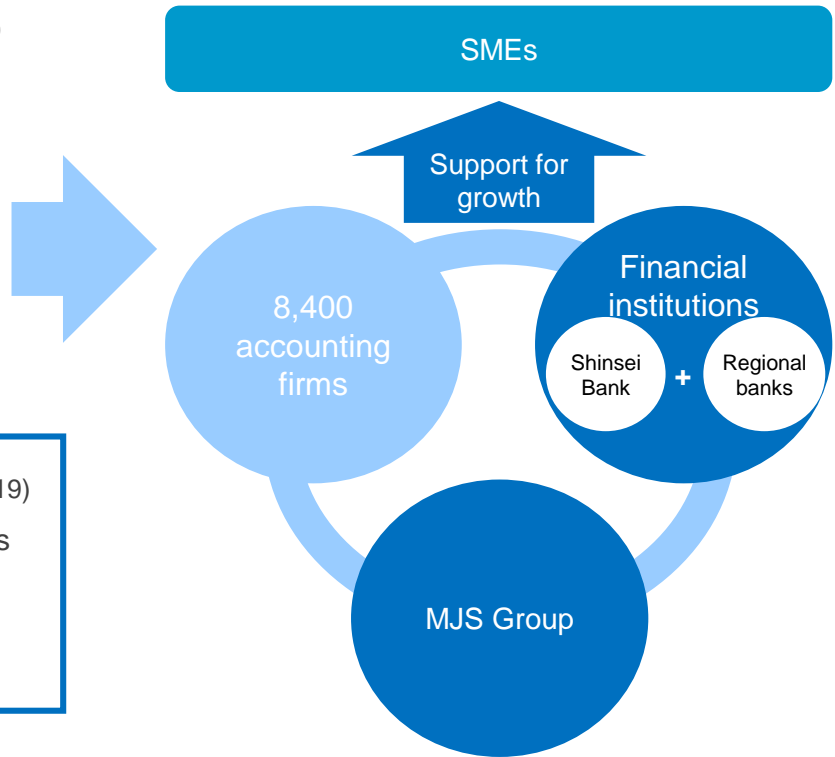
Partnerships with financial institutions

Strengthen the business alliance with Shinsei Bank as well as partnerships with regional financial institutions and support the management of SMEs in collaboration with financial institutions nationwide

Support for SMEs in collaboration with financial institutions

- Supports the foundation, business reconstruction and management improvement (Commissioned accounting, IT introduction aids, referral to experts)
- Provides community-based solutions (Introduction of ERP products and support from MJS to promote IT)
- Provides business succession support service (Support for business continuity and succession support by mmap, a subsidiary of MJS)
- Provides Fintech service (Cloud services, use of API)

MJS Group's partnerships to support the management of SMEs



| Alliances with financial institutions | (March 2019) | |
|---------------------------------------|----------------------------------|---------------|
| | Regional banks (of 104 banks) | Shinkin banks |
| • Agreement concluded | 50 | 8 |
| • Agreement in progress | 32 | 9 |

5. Basic Policy 3: Promote the bizsky Platform Business

Provide a variety of cloud services on bizsky, a financial and business platform

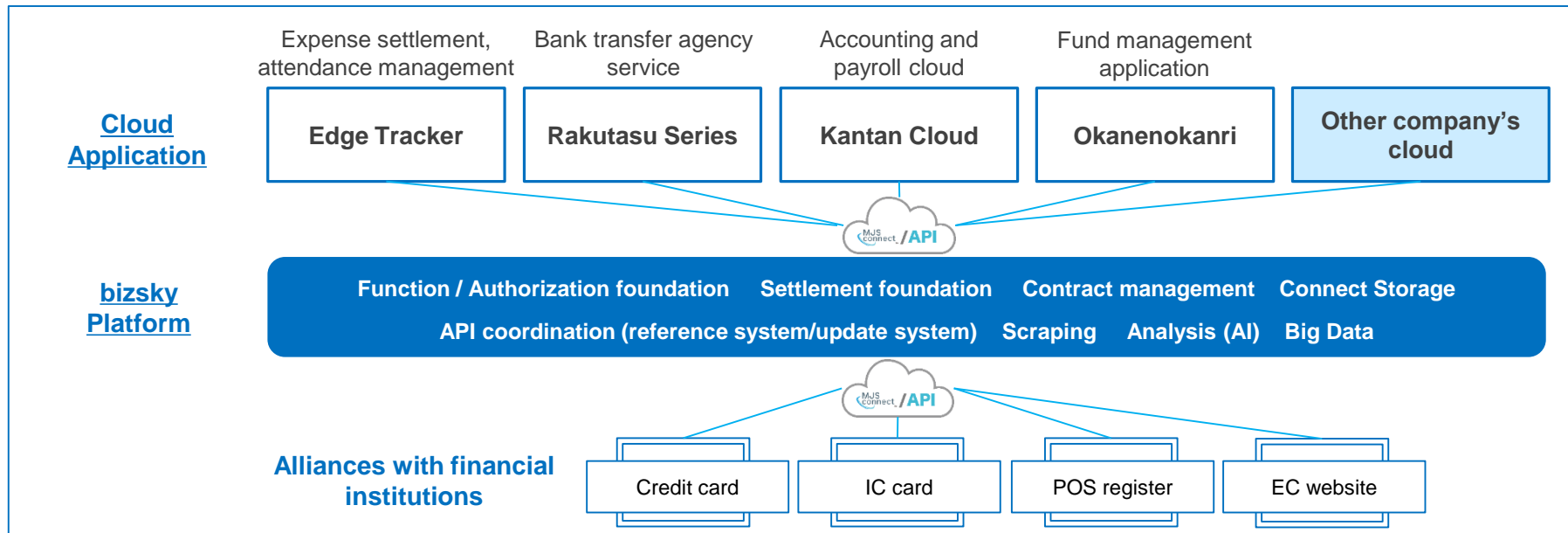
- Facilitates increased operation efficiency, reduced expenses, accelerated account settlement, financing, etc. for SMEs
- Allows service alliances with a large number of cloud vendors through API collaboration
- New services developed through cooperation with accounting firms and financial institutions
- Promotes the use of blockchain technology and research and development in the field of distribution and financial EDI

All products and services are linked

Accounting firm system

ERP system

bizocean site



Consider changes in social systems, technology and the market environment as business opportunities and create a development system for continuing to provide customers with innovative and top-quality products and services

1. Building of a system for speedy and flexible development

- Optimizes development processes by strengthening upstream processes
- Strengthens comprehensive development capability by maximizing use of offshore development
- Builds development and operation processes for the cloud and mobile era
- Hires a variety of engineers and other human resources from within the country and overseas and enhances the cultivation of human resources (front-end, AI, mobile, IT architecture, security and PM)
- Cultivates young employees through workshops and training sessions that include practical technical guidance and hackathons*

2. Enhancement of the quality control system

- Enhances the existing quality control, assuming the waterfall approach
- Optimizes the quality control system to respond to the cloud, mobile equipment, AI and agile development
- Builds a system risk management system that suits the cloud and mobile era

3. Enhancement of the R&D system

- Enhances the research system for new technologies, including AI, block chain and FinTech

* A hackathon is an event where groups of engineers develop programs, invent services and implement other tasks intensively for a certain period and compete with each other on skills and ideas.

bizocean

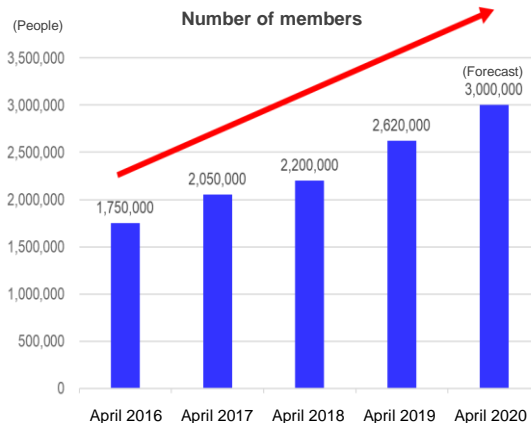
Expand a variety of document services and accelerate the growth of the Internet business

Build a stable user base and use the member database effectively to develop the Internet business, focusing on new themes as well as advertising, and expand earnings

Syoshikino-osama



Total number of members
More than 2.62 million
(as of April 2019)



New themes

- Promotion of the subscription model: Promotion of Template-as-a-Service
- Development of UI for mobile equipment: Mobile-first design
- Integration with brick-and-mortar service: Integration of advice and support and the template
- Enhancement of content marketing: A variety of templates, enhancement of articles and columns

[SPALO]



Providing SPALO, Japan's first document creation service using voice AI



The Group will promote the application of case studies from major companies in the fields of sales people's daily report creation and on-site report creation against the backdrop of work-style reform.

MJS M&A Partners (mmap)

Aim to create the top sell-side platform in the M&A market in Japan and develop a comprehensive business continuity solution business for SMEs

Enhance the cooperative structure between MJS and mmap, promoting a partnership agreement with accounting firms nationwide and an alliance with local financial institutions. Provide an advisory service with care from the standpoint of SMEs (company to be acquired).

- Promote a business partnership agreement with accounting firms, using the nationwide branch network of MJS.
- Provide accounting firm partners with the “Corporation Evaluation System” free of charge
- Collaborate with 45 financial institutions as partners to exchange information on business succession projects.
- Actively hold a nationwide business succession seminar. (Held 28 times in FY2018)

Corporation Evaluation System

Calculates shareholder value by typical methods, which will be a rough estimate of transfer price



| | FY2016 Actual | FY2017 Actual | FY2018 Actual |
|---|---------------|---------------|---------------|
| Number of accounting firm with business partnerships (cumulative total) | 2,195 firms | 3,264 firms | 3,874 firms |
| Number of consultations (transfers desired) | 245 | 553 | 656 |

5. Basic Policy 6: Increase Productivity Through BPR and Raise Employee Satisfaction Through Work-Style Reform



Increase productivity through BPR

Enhance cost competitiveness thoroughly for lean and streamlined management

1. Reduce personnel cost by improving productivity

Create an efficient and rational environment for the execution of operations

- Promote company-wide BPR
- Update the internal information system
- Use the Group's management resources effectively

2. Reduce development cost and maintenance cost

Optimize development cost

- Improve productivity by optimizing the development environment and cultivating engineers
- Reduce maintenance cost by consolidating products
- Use AI at call centers and optimize the sizes of call centers

Raise employee satisfaction

Take decisive action to reform systems for hiring and retaining human resources who will contribute to sustainable growth and help the MJS Group achieve its future goals

1. Reform the personnel system

Create an employee-friendly environment

- Update the personnel evaluation system and create a variety of career paths
- Create new rules for women and older generations to shine
- Introduce telework and flexible working hours

2. Reform the hiring and education systems

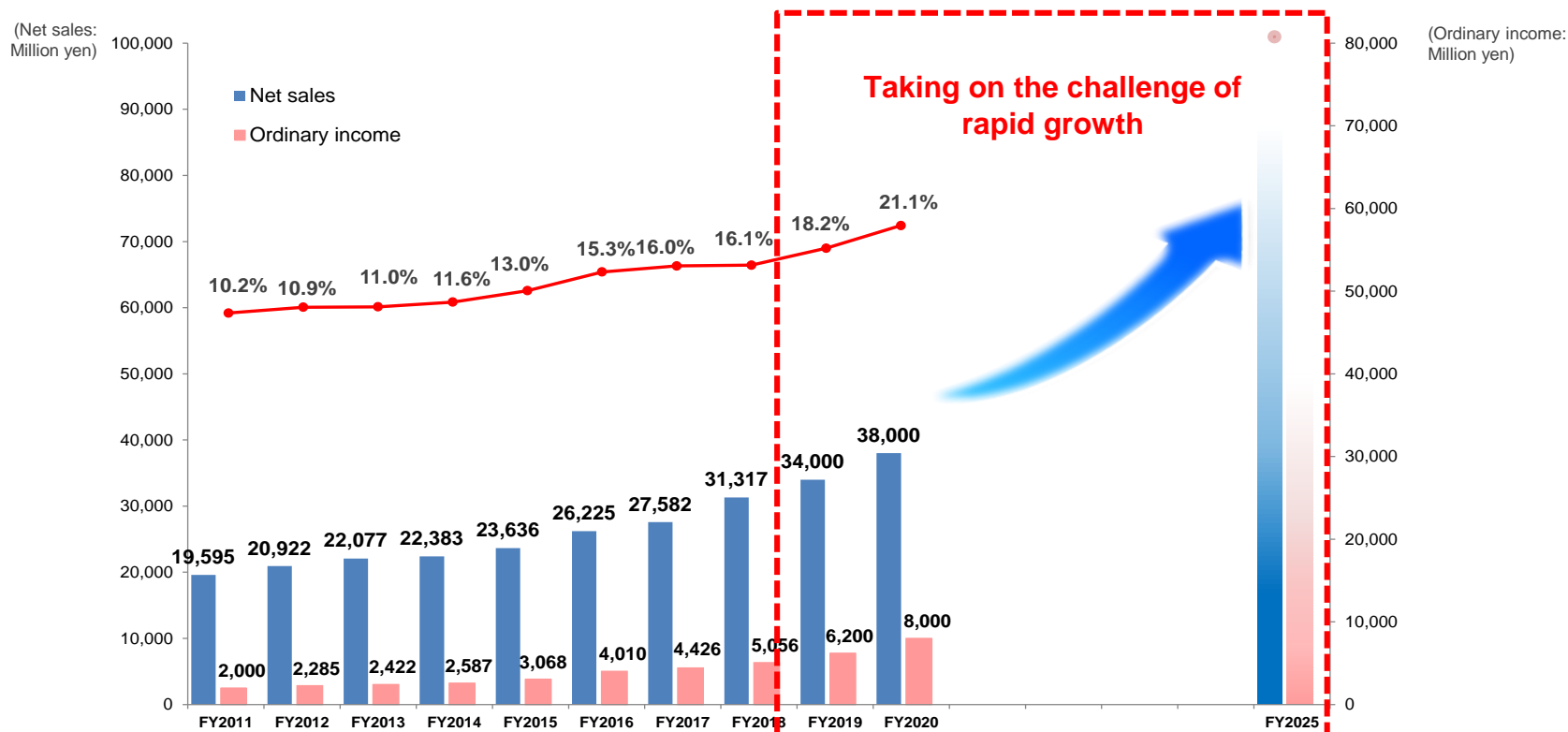
Actively hire human resources and train them well

- Promote diverse hiring approaches
- Introduce regular job rotation
- Introduce programs to cultivate executive candidates

Medium- to long-term vision until 2025

The MJS Group will strive to create innovations using advanced technology to develop next-generation products and services and build a comprehensive business platform.

The Group will create new services in the field of finance, including business succession support, to encourage innovative attempts and success from SMEs.



| | | | |
|--------------------------------|---|---|--|
| 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. (32.9%) The Master Trust Bank of Japan, Ltd. (4.8%) Japan Trustee Services Bank, Ltd. (4.7%) SSBTC CLIENT OMNIBUS ACCOUNT (4.1%) THE CHASE MANHATTAN BANK (4.0%) Nobuhiko Koreeda (3.4%) NTT PC Communications Incorporated (3.3%) (Treasury stock held by the Company is excluded.) |
| 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 accounting firms and their client companies and general companies. | Number of shareholders at term end | 3,673 |
| | | Shareholding ratio by foreigners | 16.33% |
| | | Employees (consolidated) | 1,557 |
| 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. MJS Finance & Technology Co., Ltd. Adtop Co., Ltd. | | |

Company Information Materials

May 2019

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