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Notice Concerning Formulation of Medium-Term Management Plan

The Honyaku Center Group announces that it has formulated a three-year Medium-Term Management Plan for the period from the fiscal year ending March 2019 to the fiscal year ending March 2021.

1. Background of formulation of Medium-Term Management Plan

Under the previous Medium-Term Management Plan for which the fiscal year ended March 2018 was the final year, the Honyaku Center Group carried out measures primarily to achieve advancement of specialization in its Translation Business and strengthen sales collaboration within the Group based on the management vision of being a “language concierge that connects all companies to the world.” The Group also put in place systems for quality management and information management, including the attainment of the ISMS certification and the ISO17100—Requirements for Translation Services. Since there is a delay in the implementation of measures for improving operations using ICT, the Group has decided to continue with the initiative in 2019 and thereon.

As a result, against the initial consolidated targets for the fiscal year ended March 2018 of net sales of 11.0 billion yen, operating income of 750 million yen and net income of 450 million yen, the Group recorded net sales of 10.618 billion yen, operating income of 802 million yen and net income of 566 million yen. Although net sales were below plan, profit exceeded the initial target.

As the speed of global expansion by companies increases and the need for foreign language services is expected to expand, the Group formulated the three-year Medium-Term Management Plan for the period from the year ending March 2019 to the year ending March 2021 in consideration of the results and issues in the Third Medium-Term Management plan.

2. Basic policy of the Medium-Term Management Plan

The Group will continue to work on the management vision of a “language concierge that connects all companies to the world” and carry out the basic policy and priority measures indicated below in an aim to be a company offering high added value based on a business-solution-type system that responds to the increasingly diverse and sophisticated needs of customers.

[Basic policy]

Aiming to be Japan’s leading language service consulting firm, the Group will promote conversion to operating a solution business using the latest technology and realize a Translation Business that offers high added value.

3. Priority measures under the Medium-Term Management Plan

The following three priority measures are pursued in the period of the Medium-Term Management Plan.

(1) Reinforcement of capabilities to propose solutions

- Drive the strength and value as a coherent entity of specialized services
- Offer proposals on enhancement of efficiency of translation operations using various tools and software

To provide services that can increasingly satisfy customers in an environment where companies are expanding globally more quickly, the Group, as a coherent entity of specialized services, will leverage its strength and value to offer proposals for enhancing the efficiency of translation operations using various tools and software.

(2) Use of language assets

- Establish an environment to accumulate and manage language assets that support the Group's competitiveness in the medium to long term
- Increase stability of quality and enhance productivity by adopting IT in the translation process

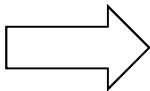
To further enhance the quality of translation and increase productivity, the Group will actively utilize translation support tools and machine translation, and establish an environment in which language assets are effectively managed.

(3) Establishment of management platform

- Standardize operational processes and enhance productivity by automation
- Develop human resources to respond to changes in the environment and optimize the organizational structure

The Group will standardize operational processes by utilizing ICT and promote automation to continue taking initiatives to enhance internal operations efficiency. In addition, the Group will develop human resources and optimize the organizational structure to effectively utilize tools and software.

4. Consolidated operating performance targets

	Results for fiscal year ended March 2018		Forecast for fiscal year ending March 2021
Net sales	10.618 billion yen		13.6 billion yen
Operating income	802 million yen		1.3 billion yen
Net income	566 million yen		850 million yen

Management indicators	Operating margin	10%
	ROE	15% or above

(Note) Operating performance forecasts and other forward-looking statements indicated above are expectations and projections based on information available at the time of preparation of this document and include uncertain elements. Actual financial results may differ from forecasts due to changes in operating conditions and other factors.