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# FY2021/9 1Q Financial Results

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**February 3, 2021**

 **MITSUBISHI RESEARCH INSTITUTE, INC.**

# **1** FY2021/9 1Q Financial Results

## **2** FY2021/9 Full Year Forecasts

## **3** Topics

# Summary

- ❑ **Sales rose: Strong orders received from the previous fiscal year were reflected.**
- ❑ **Profit fell: Expenses were posted before revenue due to the elimination of a special factor (p. 5) and a seasonal factor (p. 8) (no impact on full-year results).**
- ❑ **Orders received: Orders remained strong in both think tank and consulting services (TTC) and IT services (ITS). The order backlog reached an all-time high (pp. 6 and 7).**

**Net sales: 15,920 mil. yen YoY change +1,060 mil. yen (+7.2%)**

- ❑ Sales increased, reflecting strong orders from the previous fiscal year.

**Ordinary profit: -390 mil. yen YoY change -1,500 mil. yen**

- ❑ There was a special factor (a share of profit of entities accounted for using equity method) in the previous year, which was absent this fiscal year (-1,330 mil. yen).

**Profit: -720 mil. yen YoY change -3,040 mil. yen**

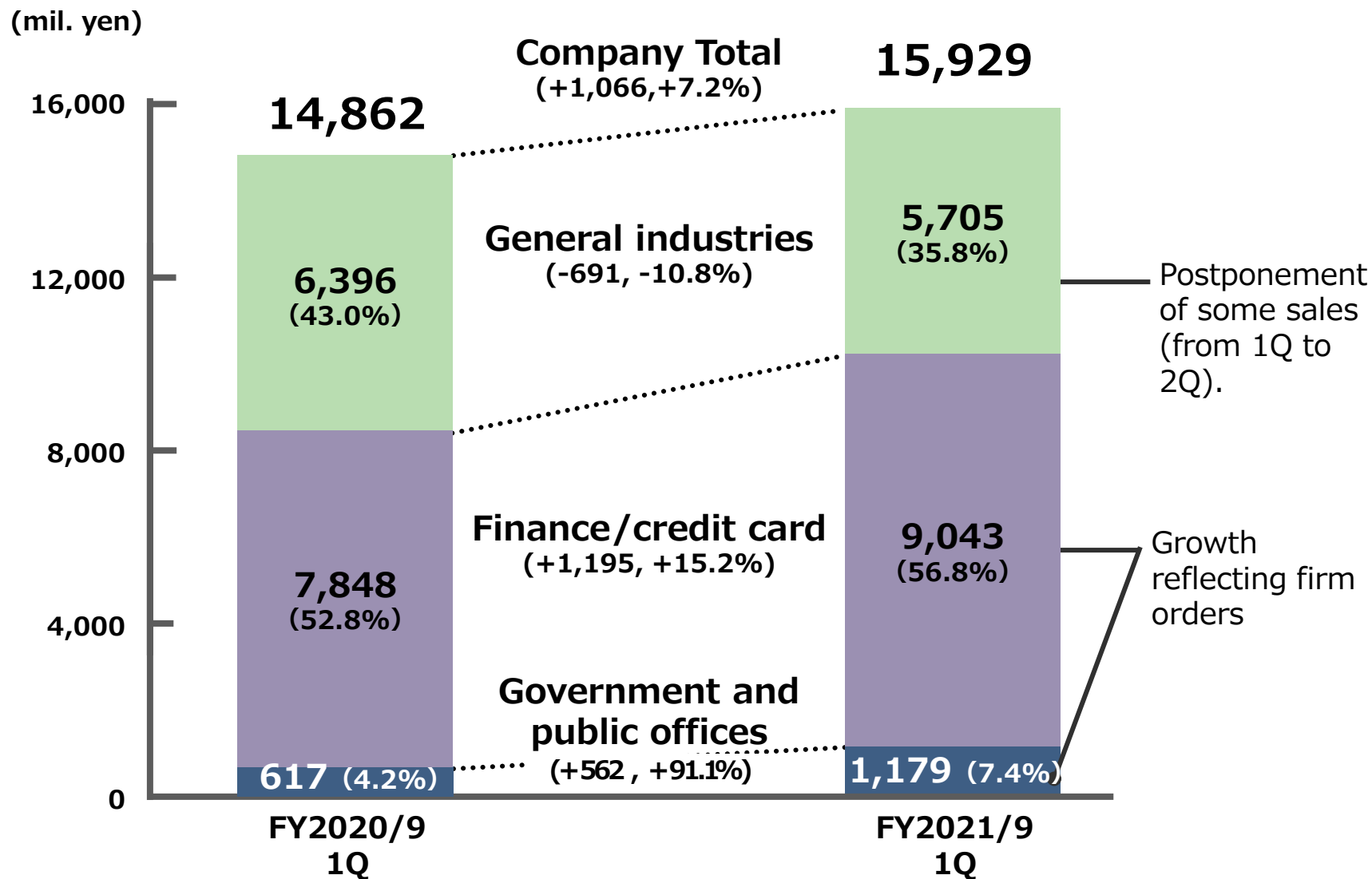
- ❑ There was a special factor (a gain on sale of shares in extraordinary income) in the previous year, which was absent this fiscal year (-2,730 mil. yen).

# 1Q Consolidated results <YoY>

(mil. yen)

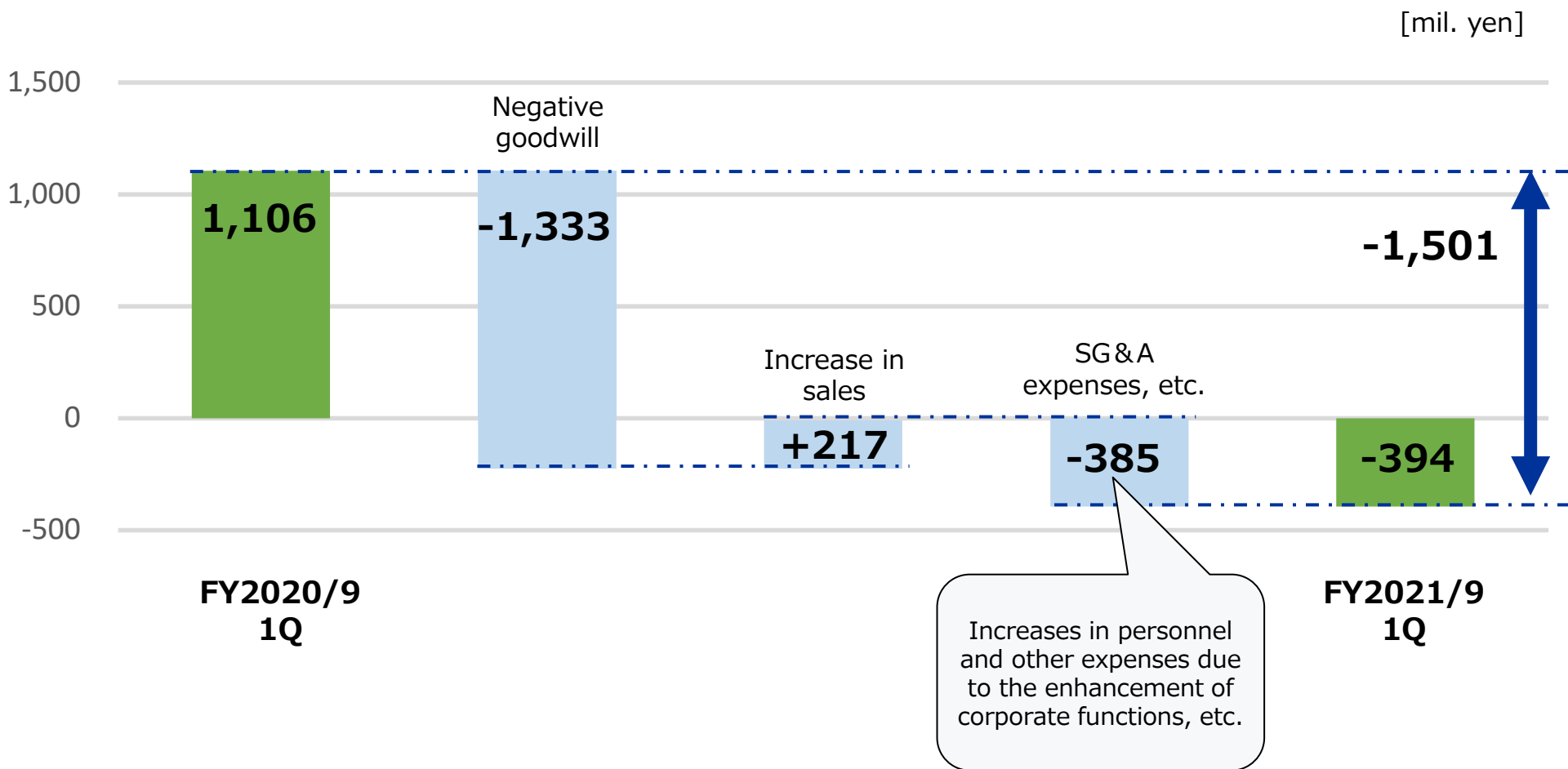
	FY2020/9 1Q (Oct.-Dec.)	FY2021/9 1Q (Oct.-Dec.)	Year-on-year	
			Amount	Rate
Net sales	14,862	15,929	+1,066	+7.2%
Gross profit	3,054	3,271	+217	+7.1%
Gross profit margin	20.5%	20.5%	-0.0P	
SG&A expenses	3,546	3,910	+363	+10.3%
Operating profit (loss)	-492	-639	-146	-
Operating profit margin	-3.3%	-4.0%	-0.7P	
Ordinary profit	1,106	-394	-1,501	-
Profit attributable to owners of parent	2,319	-722	-3,042	-

# Net sales by industry of customer <YoY>



# Factors behind fluctuation of ordinary profit /loss <YoY>

- Lower profit due to the absence of a share of profit of entities accounted for using equity method (negative goodwill)



# Think Tank and Consulting Services (TTC)

(mil. yen)

	FY2020/9 1Q (Oct.-Dec.)	FY2021/9 1Q (Oct.-Dec.)	Year-on-year	
			Amount	Rate
Net sales	2,098	2,378	+280	+13.4%
Operating profit (loss)	-984	-1,031	-47	-
Operating profit margin	-46.9%	-43.4%	+3.5P	
Ordinary profit	493	-829	-1,322	-
Orders received (1Q)	5,044	5,747	+703	+13.9%
Order Backlog	29,253	34,463	+5,210	+17.8%

## Key points

- **Net sales:** Increased, reflecting strong orders from the previous fiscal year.
- **Operating profit (loss):** Roughly on a par with the year-ago level, with an increase in SG&A expenses offset by a rise in net sales.
- **Ordinary profit:** Reflected the absence of a special factor from the previous fiscal year (-1,330 mil. yen).
- **Orders received:** Remained strong, particularly orders from public offices. (COVID-19, DX, green)

# IT Services (ITS)

(mil. yen)

	FY2020/9 1Q (Oct.-Dec.)	FY2021/9 1Q (Oct.-Dec.)	Year-on-year	
			Amount	Rate
Net sales	12,764	13,550	+786	+6.2%
Operating profit (loss)	501	395	-105	-21.1%
Operating profit margin	3.9%	2.9%	-1.0P	
Ordinary profit	623	438	-184	-29.6%
Orders received (1Q)	14,147	15,591	+1,444	+10.2%
Order Backlog	41,756	44,477	+2,721	+6.5%

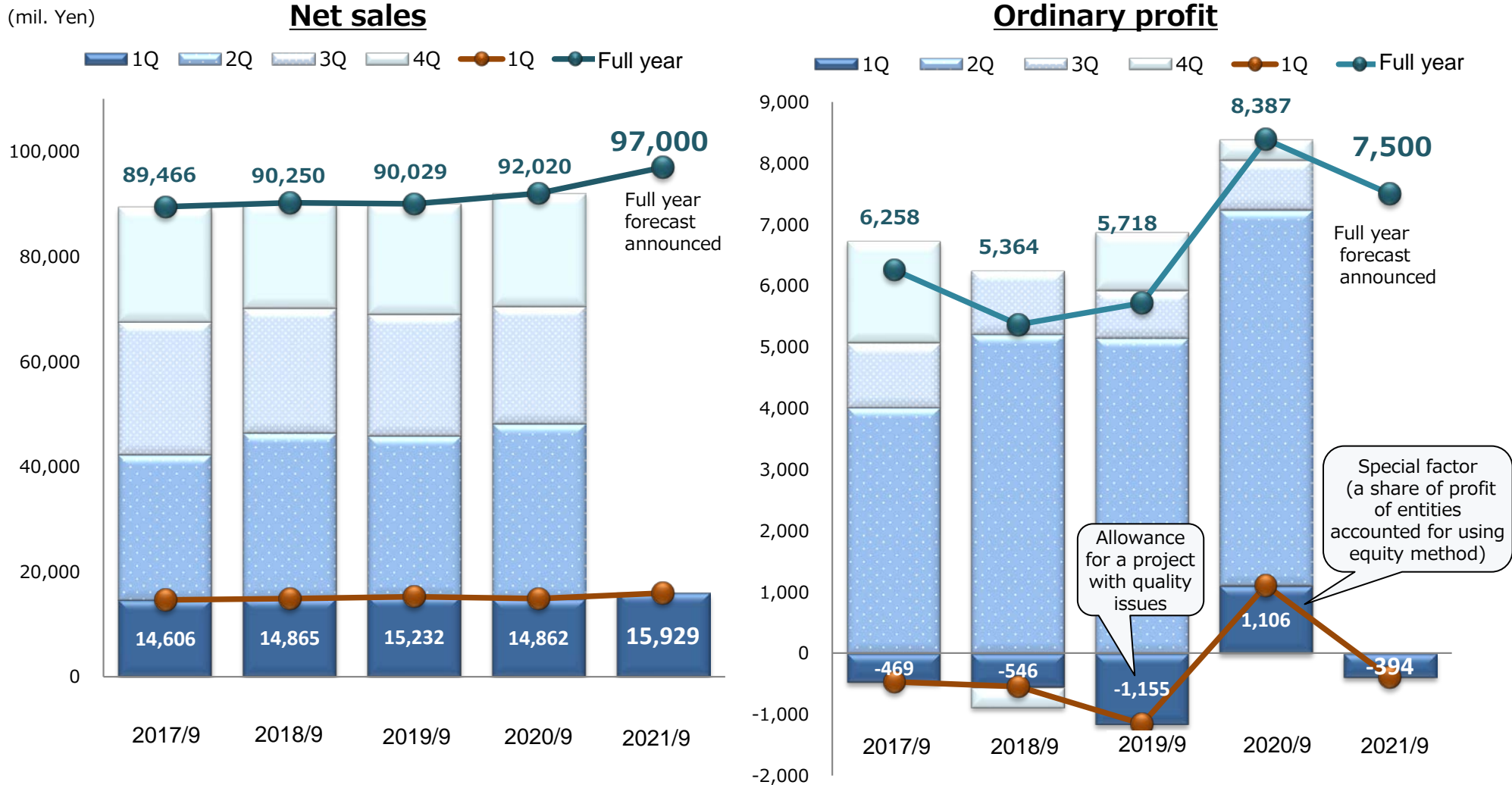
## Key points

- **Net sales:** Increased, reflecting strong orders from the previous fiscal year.
- **Operating profit:** Decreased, reflecting an increase in expenses chiefly due to the enhancement of corporate functions (as initially planned; no impact on full-year profit).
- **Orders received:** Remained strong, particularly orders from credit card/finance.



# (Reference) Trends in Quarterly Results

■ Sales are concentrated in 2Q and seasonal changes in ordinary profit are significant.



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# FY2021 Full Year Forecasts (no change from initial forecasts)

(mil. yen)

- There are no evident effects of the declaration of a state of emergency, and the initial forecasts are not changed.

	FY2020 (Results)	FY2021 Forecasts	Year-on-year	
			Amount	Rate
Net sales	92,020	97,000	+4,980	+5.4%
TTC	34,581	36,000	+1,419	+4.1%
ITS	57,438	61,000	+3,562	+6.2%
Operating profit	6,231	6,600	+369	+5.9%
Operating profit margin	6.8%	6.8%	+0.0P	
Ordinary profit ( <i>excl. special factors</i> )	8,387 (7,000)	7,500	-887 (+500)	-10.6% (+7.1%)
TTC	5,283	4,100	-1,183	-22.4%
ITS	3,092	3,400	+308	+10.0%
Profit attributable to owners of parent	7,096	4,800	-2,296	-32.4%
Basic earnings per share (yen)	436.64	295.30	-141.34	

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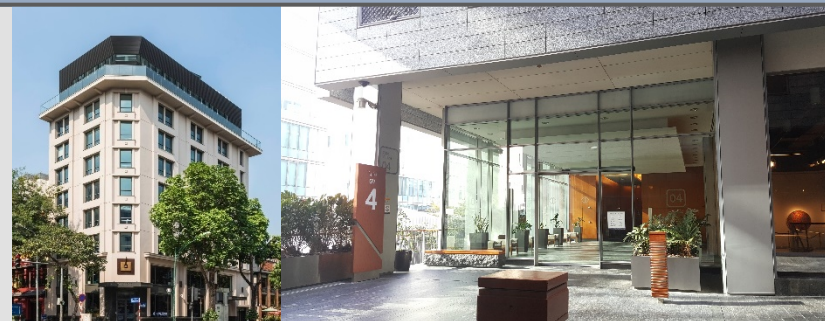
# Topics

- ❑ Initiatives under the basic policy and growth strategies of Medium-Term Management Plan 2023 are in progress.
  - ❑ International offices opened (see below).
  - ❑ Progress is made in orders, alliances and services related to DX (see below and pp. 13 and 14).

## MRI opens offices in Viet Nam and UAE (news release on December 15)

- ❑ A representative office opened in Hanoi, and a branch opened in Dubai.
- ❑ The offices contribute to solving social issues in countries in Southeast Asia and the Middle East and help Japanese companies in those areas increase their competitiveness.

<https://www.mri.co.jp/en/news/20201215.html>








Buildings where the offices are located  
(left: Hanoi representative office; right: Dubai branch)

## Large orders related to the new normal and DX (strong orders primarily from public offices)

- ❑ Simulation using AI for smart life (Cabinet Secretariat) (COVID-19 AI simulation project): Estimations of the effects of COVID-19 infections on society and the economy  
⇒[Link to the page where videos are posted](#)
- ❑ Field Trials for Public Safety LTE (Ministry of Internal Affairs and Communications): Application of 5G technology, among others

# Recent News Releases (MRI)

All releases below are only in Japanese

	<b>2020.12.21</b>	<a href="#"><u>Concludes a HASSAP Navi distributor agreement with SATO</u></a> Provides solutions that support food sanitation control in an integrated fashion.
	<b>2020.12.15</b>	<a href="#"><u>Starts a demonstration of AI service that helps handle inquiries from residents in Yokosuka</u></a> Helps a local government promote DX using AI Consultation Partner.
	<b>2020.12.3</b>	<a href="#"><u>Starts to provide an AI loan application examination service</u></a> Promotes DX in loan application examinations (automated retail loan application examinations).
	<b>2020.11.24</b>	<a href="#"><u>Receives the Japan Society for Research Policy and Innovation Management Award</u></a> Contributions to policymaking in the science and technology field earn high marks.
	<b>2020.10.19</b>	<a href="#"><u>Starts to provide an AI-driven security operation service using CyCraft AIR</u></a> Provides a one-stop cyber security service to customers.
	<b>2020.10.13</b>	<a href="#"><u>Agrees with France-based ForePaaS to examine the development of cloud big data analytics service that will advance digital transformation</u></a>

# Recent News Releases (Mitsubishi Research Institute DCS)

All releases below are only in Japanese

**DX** 2021.1.13

Starts a service of implementing an ERP package: Bizf®  
Provides total support for customers' growth and DX promotion.

**DX** 2020.10.22

Starts to sell a cloud platform: ServiceNow  
A cloud service that integrates and manages corporate business processes.

**DX** 2020.10.15

Starts to offer a lower price plan for a small start using a multi cloud storage service: Dibertas  
Aggregating data and using them flexibly will become possible.

2020.10.5

Provides a communication robot for learning support to a class for children with disabilities at a public junior high school in Yokohama, Kanagawa

## **Notes concerning forward-looking statements**

This presentation contains forward-looking statements. These forward-looking statements, including forecasts, are based on the Company's assumptions in light of information available at this moment.

These statements do not guarantee future performance, and involve unpredictable risks and uncertainties. Accordingly, actual performance may differ from the outlook due to such various factors.

The Company is under no obligation to update or revise any forward-looking statements in light of future events, new information or other findings.



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