

FY2021/9 1H Financial Results



April 28, 2021

50th
Anniversary

- 1** FY2021/9 1H Financial Results
- 2** FY2021/9 Full Year Forecasts
- 3** Topics

Summary

- ❑ Medium-Term Management Plan 2023 (“MP2023”) started with strong results. Both net sales and operating profit (p.4) were record-high for the first half of a fiscal year.
- ❑ Negative impact of COVID-19 on private-sector segment was offset by government/public office and finance/credit card segments.

Net sales: 52,300 mil. yen YoY change +4,080 mil. yen

- ❑ Think tank and consulting services (TTC): Large sales growth (up 2,800 mil. yen) was led by the government/public office segment.
- ❑ IT services (ITS): sales growth was led by the finance/credit card segment (up 1,200 mil. yen).

Ordinary profit: 6,460 mil. yen YoY change -760 mil. yen, +560 mil. yen when excluding special factors in the previous fiscal year

- ❑ Ordinary profit increased 560 mil. yen (excluding temporary factors (equity in earnings of affiliates) of approx. 1,300 mil. yen in the previous fiscal year).

Profit: 4,140 mil. yen YoY change -2,320 mil. yen, +270 mil. yen when excluding special factors in previous fiscal year

- ❑ Profit increased 270 mil. yen (excluding temporary factor (extraordinary income) of approx. 2,700 mil. yen in the previous fiscal year).

1H Consolidated results <YoY>

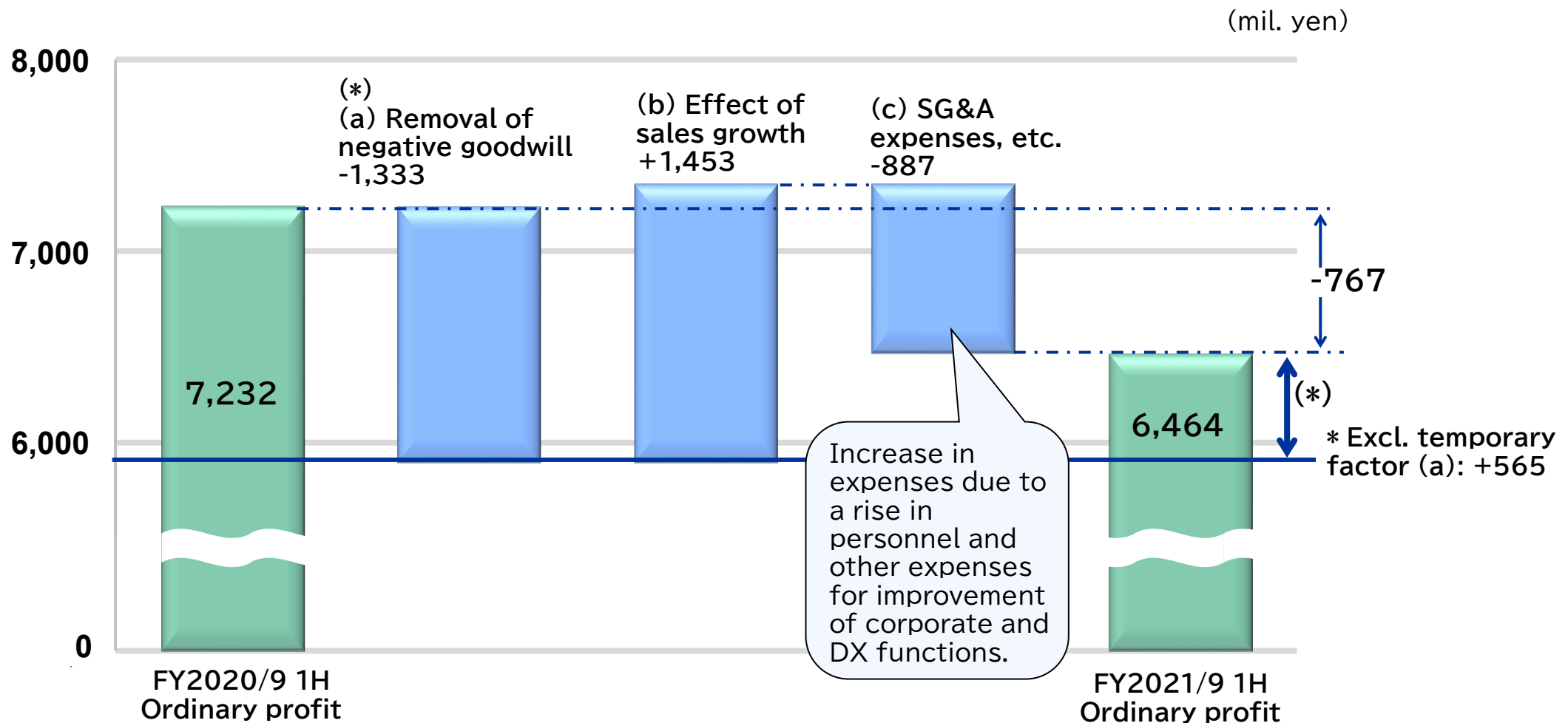
(mil. yen)

	FY2020/9 1H (Oct.-Mar.)	FY2021/9 1H (Oct.-Mar.)	Year-on-year	
			Amount	Rate
Net sales	48,246	52,328	+4,082	+8.5%
Gross profit	12,647	14,100	+1,453	+11.5%
Gross profit margin	26.2%	26.9%	+0.7P	
SG&A expenses	7,145	7,974	+829	+11.6%
Operating profit	5,502	6,126	+623	+11.3%
Operating profit margin	11.4%	11.7%	+0.3P	
Ordinary profit	7,232	6,464	-767*	-10.6%
Profit attributable to owners of parent	6,466	4,141	-2,325*	-36.0%
Basic earnings per share (yen)	397.97	254.81	-143.16	

* Ordinary profit and profit increased 565 mil. yen and 275 mil. yen, respectively, when excluding temporary factors that existed in the previous fiscal year.

Factors behind fluctuation of ordinary profit /loss <YoY>

- Sales growth (b) more than offset increased expenses (c) and ordinary profit rose 500 mil. Yen when excluding special factors in the previous fiscal year.*



Think Tank and Consulting Services (TTC)

(mil. yen)

	FY2020/9 1H (Oct.-Mar.)	FY2021/9 1H (Oct.-Mar.)	Year-on-year	
			Amount	Rate
Net sales	17,963	20,803	+2,839	+15.8%
Operating profit	3,462	4,009	+546	+15.8%
Operating profit margin	19.3%	19.3%	-0.0P	
Ordinary profit (excl. temporary factors in previous fiscal year)	5,058 (3,725)	4,265	-792 (+540)*	-15.7% (+14.5%)
Orders received	20,256	28,072	+7,815	+38.6%
Order backlog (of which amount carried forward to next fiscal year)	28,600 (12,498)	38,364 (20,120)	+9,764 (+7,621)	+34.1% (+61.0%)

Key points

- Sales to government and public offices increased significantly. Sales from consulting services for financial institutions increased.
- Operating profit was at a record high. * Ordinary profit increased 500 mil. yen (excl. temporary factor of 1,300 mil. yen existed in the previous fiscal year).
- Orders received and order backlog were at a record high thanks to large orders for government and public office projects.
- Order backlog includes 20,100 mil. yen (up 7,600 mil. yen YoY) to be carried forward to sales in and after the next fiscal year.

IT Services (ITS)

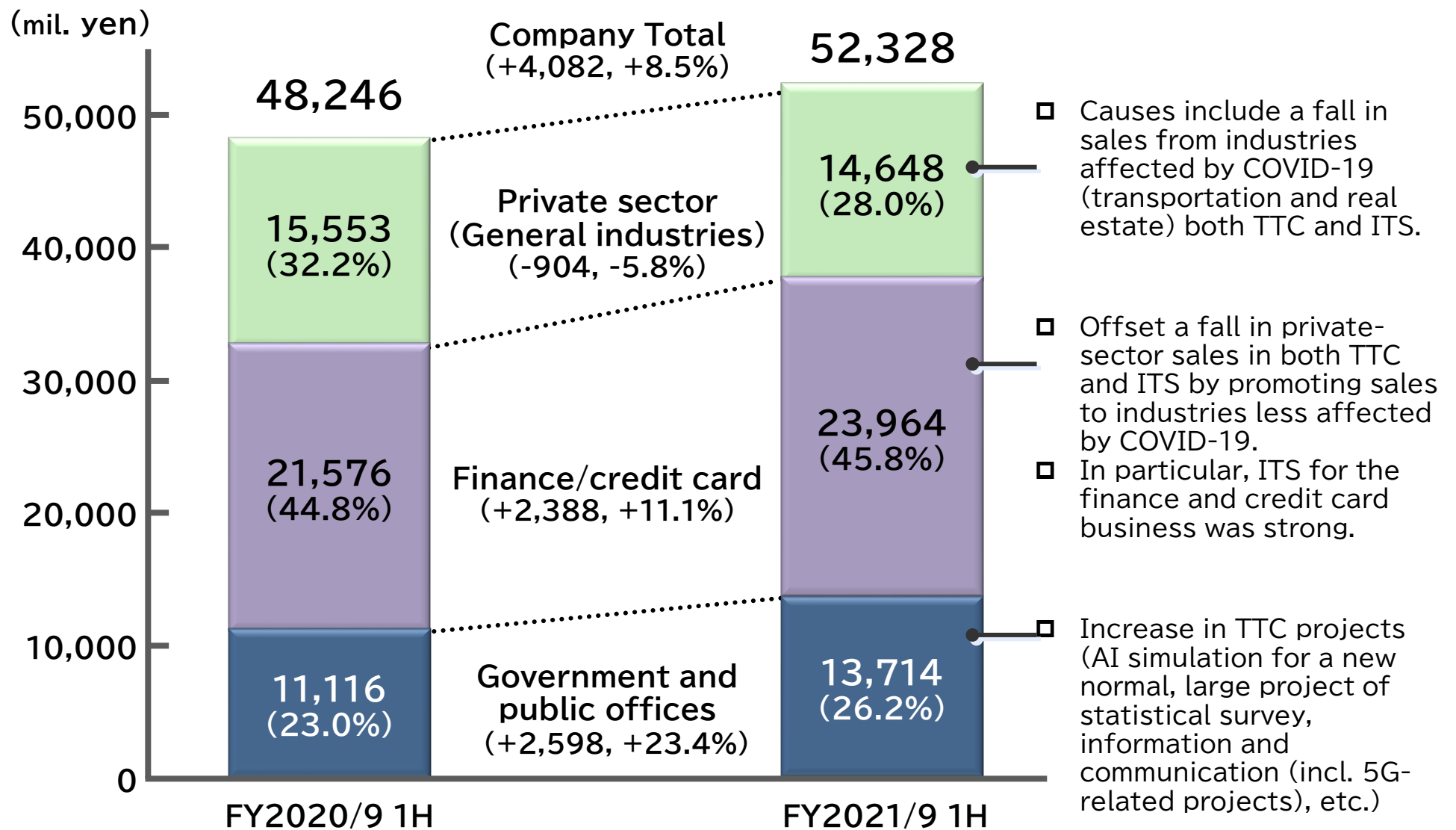
(mil. yen)

	FY2020/9 1H (Oct.-Mar.)	FY2021/9 1H (Oct.-Mar.)	Year-on-year	
			Amount	Rate
Net sales	30,282	31,524	+1,242	+4.1%
Operating profit	2,036	2,114	+77	+3.8%
Operating profit margin	6.7%	6.7%	-0.0P	
Ordinary profit	2,171	2,197	+26	+1.2%
Orders received	31,205	36,276	+5,071	+16.3%
Order backlog (of which amount carried forward to next fiscal year)	41,296 (18,579)	47,188 (21,962)	+5,891 (3,383)	+14.3% (+18.2%)

Key points

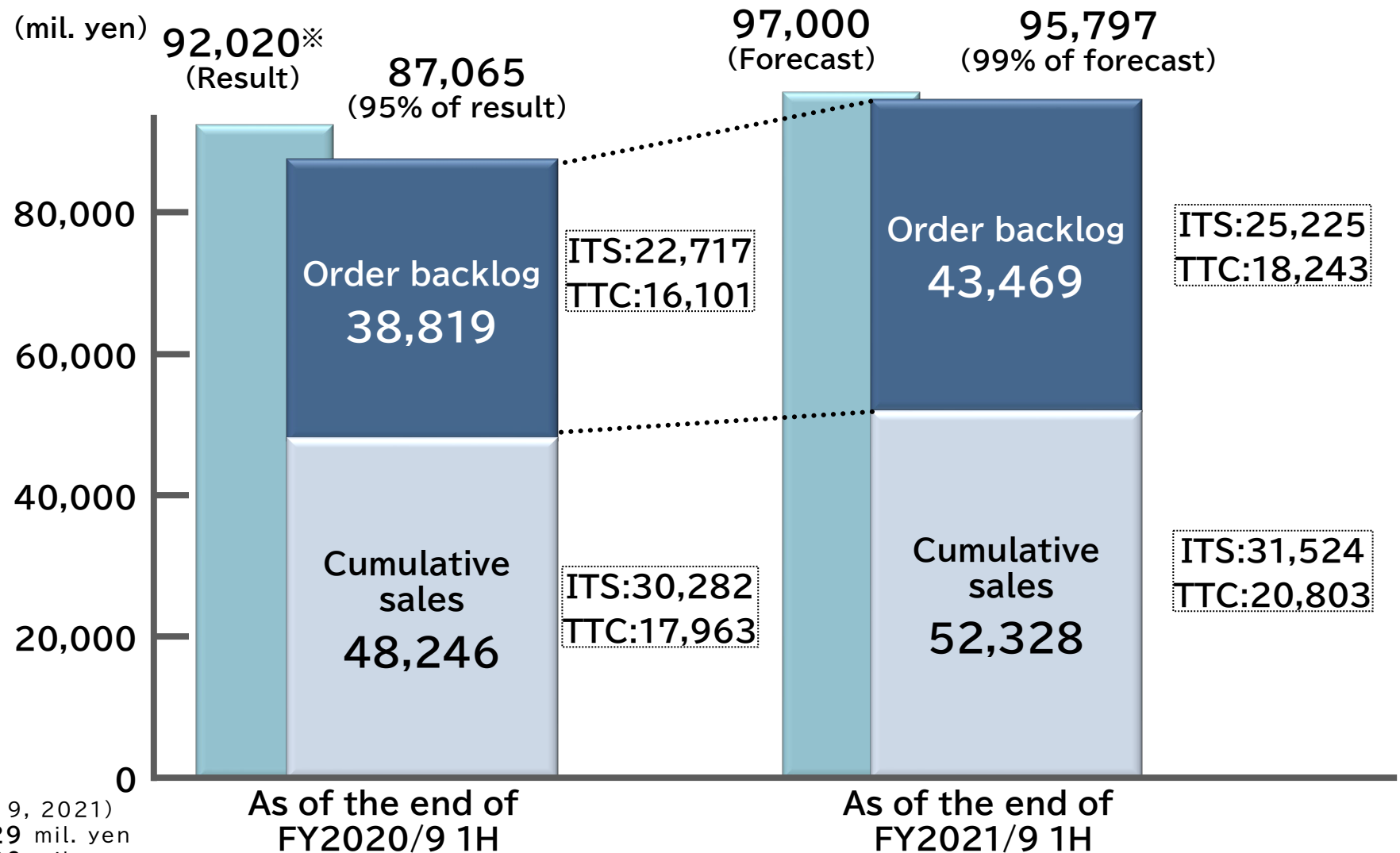
- Both sales and profit increased thanks to sales growth in the finance and credit card business.
- Operating profit was at a record high. A high profit margin was maintained despite prior investment in DX, etc.
- Orders received and order backlog climbed due to large orders in the finance and credit card business.
- The order backlog includes 21,900 mil. yen (up 3,300 mil. yen YoY) to be carried forward to sales from the next fiscal year.

Net sales by industry of customer <YoY>



Order Backlog (net sales for FY2021)

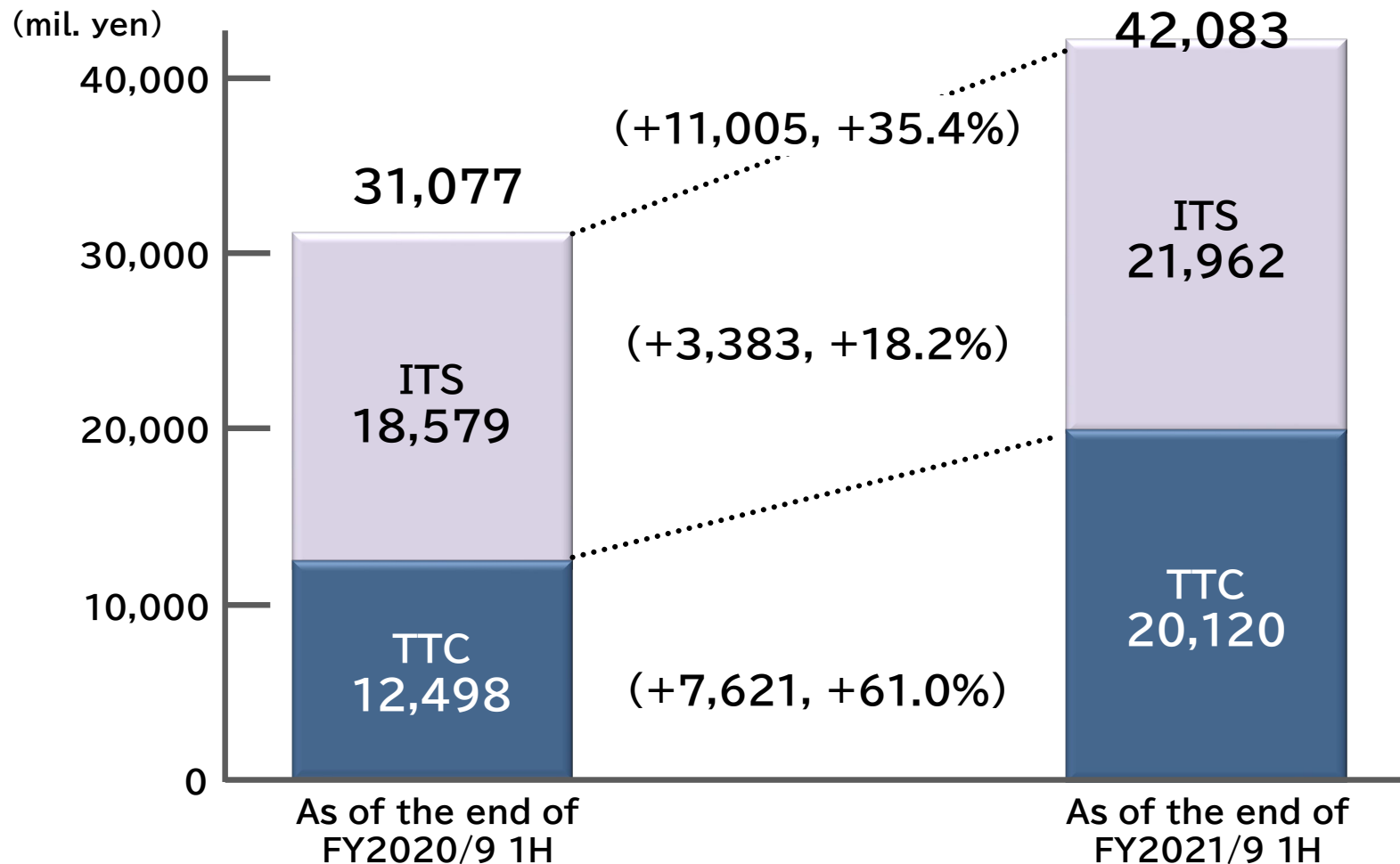
- Secured 99% of FY2021 forecast (order backlog for cumulative sales and FY2021 sales)



※Correction:(July 9, 2021)
 Incorrect: 90,029 mil. yen
 Correct: 92,020 mil. yen

Order Backlog (carried forward to next fiscal year)

- Strong results were achieved in projects such as solution of social issues and DX in line with MP2023. Steady progress in expected the next fiscal year.
- Order backlog carried forward increased 11,000 mil. yen thanks to accumulated large orders expected to be added to sales in the next fiscal year, such as system projects in the finance and credit card business and AI simulation in view of post-COVID-19 business.



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FY2021 Full Year Forecasts

No change from the initial forecast

The full-year forecasts remain unchanged.

- ❑ Both net sales and profit were strong in the first half.
- ❑ Orders were steadily accumulated.
- ❑ The forecast for full-year results is unchanged considering the following, despite some potential for higher results.
 - Focus is shifted to operations carried forward to the next fiscal year.
 - Prior investment in sustainable growth is made under MP2023, etc.

Impact of COVID-19 on financial results

- ❑ Impact of COVID-19 pandemic, state of emergency, etc. on financial results is limited.
- ❑ A number of inquiries and orders are received for COVID-19 prevention and post-COVID-19 businesses from both public and private sectors, although there is a risk of underperformance for some private-sector companies (transportation and real estate).

FY2021 Full Year Forecasts

No change from the initial forecast

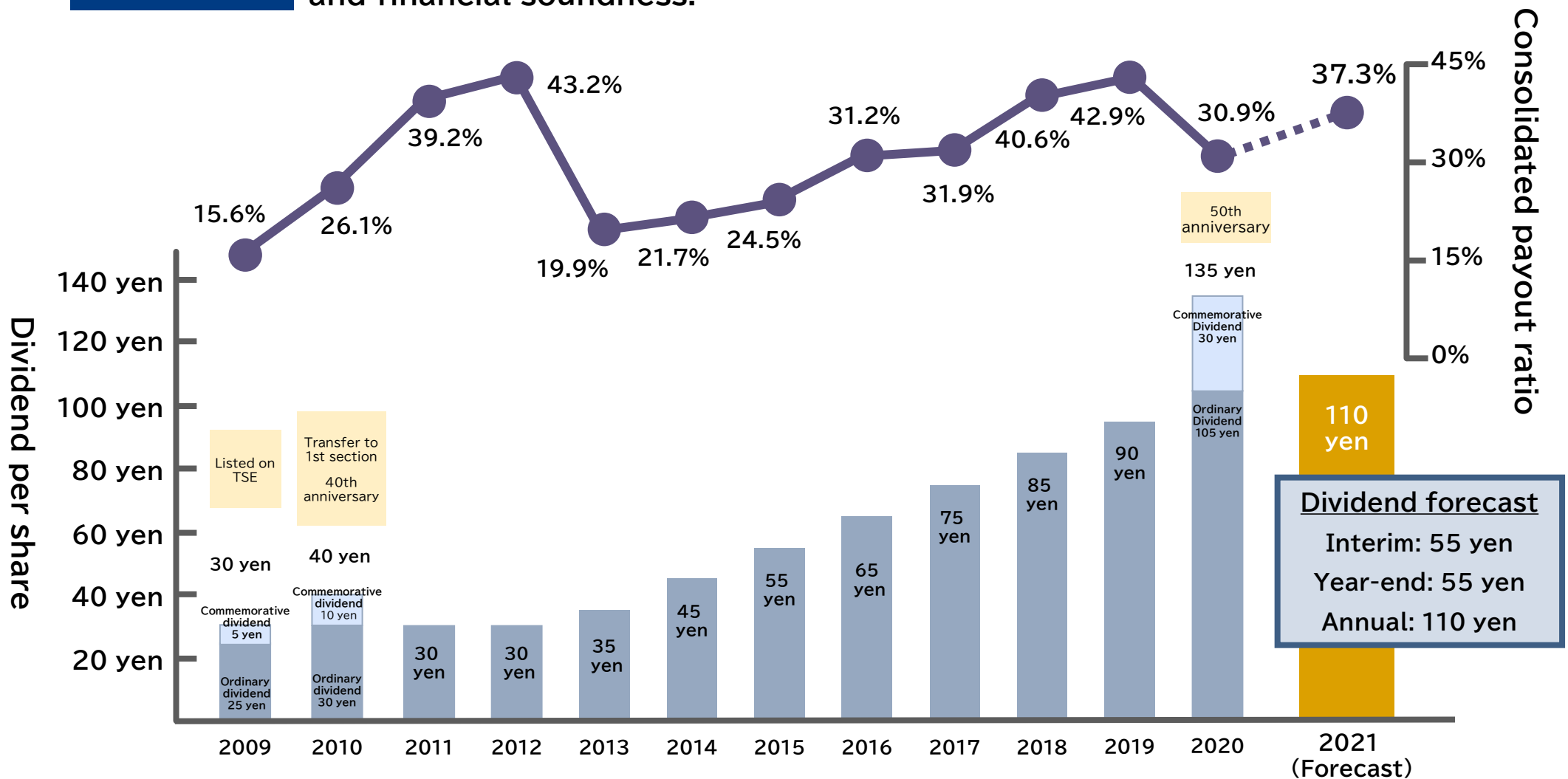
(mil. yen)

	FY2020 (Result)	FY2021 (Forecast)	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 (excl. temporary factors in previous fiscal year)	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	

Dividends

Dividend Policy

The basic policy is to continue to pay stable dividends. We will strive to raise the dividend level, taking into comprehensive consideration results and financial soundness.



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Topics

[MRI]: Progress in projects for solution of social issues

Received a gov' t order for investigation and research to demonstrate and introduce key technologies for a post-COVID-19 society.

R&D to maintain both COVID-19 prevention and economic activities in cooperation with researchers and organizations

- Data collection, analysis, and simulation for early detection of an epidemic using AI, etc.
- Development of new technologies useful for prevention control



[DCS]: Progress in subscription-based services

miraicompass



- Online application for junior-high and high school entrance exams
- Online application and online payment for exam fees using credit cards, etc. (PCs, smartphones, and tablet PCs) during an application period
- Used by approx. 40% private schools (more than 900 schools and approx. 700,000 users). Expanding to public schools.
- Continuously adding services such as tuition payment

Topics: Recent News Releases Related to DX

All releases below are only in Japanese

Date	Title
[MRI]	
2021.4.28	<u>MRI Joins Demonstration of SDG Actions in the Otemachi, Marunouchi, and Yurakucho Area and Provides Regional Currency Services</u>
2021.4.8	<u>MRI Establishes an Operation and Capital Alliance with French ForePaaS SAS</u>
2021.3.10	<u>MRI Conducts Empirical Experiment of Urban MaaS for Residents of Areas Along Railway Lines in Nishinomiya-City (Kansai area in Japan)</u>
2021.3.10	<u>MRI Begins Providing Digital Regional Currency Service for Solution of Local Issues</u>
2021.2.24	<u>MRI Supports Regional Revitalization Using Video Assets Jointly with Exest and Local TV Stations</u>
[DCS]	
2021.2.25	<u>In March 2021, MRI Begins Providing Remote-work Solution, “Privileges Access Gate,” Jointly with Encourage Technologies</u>
2021.2.24	<u>Multi-factor Authentication Service, “FQ-MA,” Linked with Electronic Contract Service, “Electronic Seal GMO Sign”</u>
2021.1.13	<u>MRI Starts Providing Service for Introducing the ERP Package, “Biz J® (Biz Integral)”</u>

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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Envisioning the future, leading change

