Mitsubishi Research Institute, Inc.

Financial Results Briefing for the Fiscal Year Ended September 2020

November 5, 2020

Morisaki: This is Morisaki, President.

Now, I would like to explain our financial results for the year ended September 2020 (FY2020), our earnings forecasts for the year ending September 2021 (FY2021), and our new management philosophy and Medium-Term Management Plan 2023.

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Summary

- Sales grew and profit rose to a record level thanks to the three sweeping reforms under Medium-term Management Plan 2020 (MP2020), which offset the impact of COVID-19.

Net sales: 92,000 mil. yen YoY change +1,900 mil. yen (+2.2%)

- Sales increased in both think tank and consulting services (TTC) and IT services (ITS).

Ordinary profit: 8,380 mil. yen YoY change +2,600 mil. yen (+46.7%)

- Excluding special factors, operating profit still reached an all-time high of 7,000 mil. yen (+1,300 mil. yen)
  - TTC: Special factor (share of profit of entities accounted for using the equity method) +1,300 mil. yen
  - ITS: Impact of COVID-19 (-500 mil. yen) offset by higher sales and increased efficiency (+700 mil. yen)

Profit: 7,090 mil. yen YoY change +3,400 mil. yen (+97.1%)

- Excluding special factors, profit still reached an all-time high of 4,500 mil. yen (+900 mil. yen)
- Special factors (share of profit of entities accounted for using the equity method and gain on sale of shares) +2,600 mil. yen

Year-end dividend: Increased by 5 yen (55 yen), bringing annual dividend, including commemorative dividend (30 yen), to 135 yen

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First, let me explain a high-level view of the financial results for FY2020.

In FY2020, we achieved a record high level of sales and profit, despite the impact of COVID-19, thanks to the three major reforms in the Medium-Term Management Plan 2020 (MP2020) over the past three years, namely, business portfolio reform, business model reform, and work style reform.

Consolidated net sales increased from the previous year by JPY1.9 billion to JPY92 billion. Sales of Think Tank and Consulting Services, TTC, and IT Services, ITS increased.

Ordinary profit increased from the previous year by JPY2.6 billion to JPY8.38 billion. Excluding one-time factors, profit was up JPY1.3 billion to JPY7 billion, the highest level of profit, and with the addition of the share of profit of entities accounted for using the equity method in the TTC Segment, or so-called negative goodwill of JPY1.3 billion, there was a substantial increase in earnings.

The ITS Segment also saw an increase of JPY700 million, as the increase in sales and the improvement in efficiency offset the negative impact of COVID-19 of JPY500 million in sales and efficiency.

Net income rose from the previous year to JPY3.4 billion to JPY7.09 billion, reflecting the addition of a one-time factor of JPY2.6 billion, such as an extraordinary gain from the sale of shares in Minori, to the base of JPY900 million excluding the one-time factor.

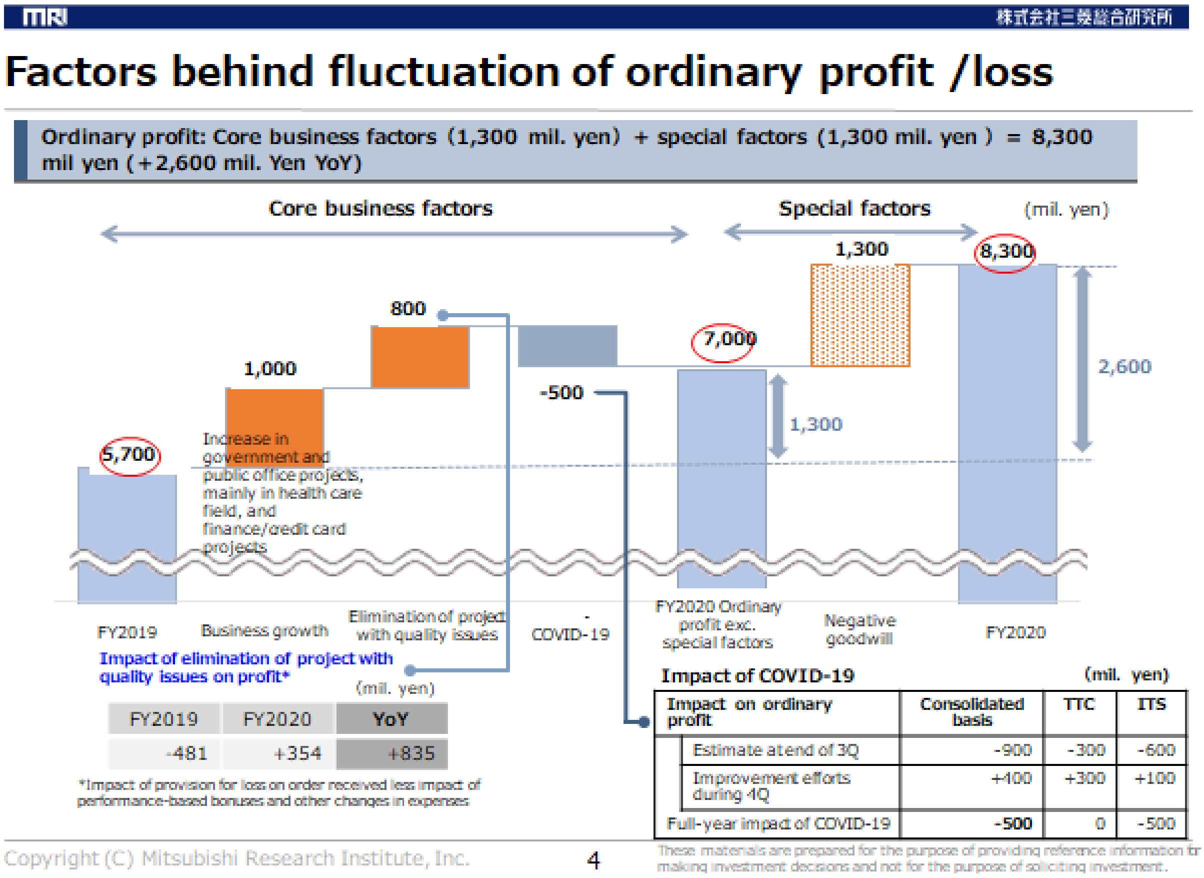
Based on the above, we plan to raise the year-end dividend by JPY5 to JPY55 and to add a commemorative dividend of JPY30 to commemorate the 50th anniversary of the Company's foundation, for an annual dividend of JPY135 for the current fiscal year.

FY2020 Consolidated results <YoY>

(mil. yen)

	FY2019	FY2020	Year-on-year Amount	Year-on-year Rate	Forecast announced Aug. 3, 2020	V.s. forecast
Net sales	90,029	92,020	+1,990	+2.2%	92,500	-479
Gross profit	19,895	21,240	+1,345	+6.8%	–	–
Gross profit margin	22.1%	23.1%	+1.0 P		–	–
SG&A expenses	14,764	15,008	+243	+1.7%	–	–
Operating profit	5,130	6,231	+1,101	+21.5%	5,500	+731
Operating profit margin	5.7%	6.8%	+1.1 P		5.9%	+0.9 P
Ordinary profit	5,718	8,387	+2,668	+46.7%	7,500	+887
Profit attributable to owners of parent	3,599	7,096	+3,496	+97.1%	6,600	+496
Basic earnings per share (yen)	221.58	436.64	+215.06		406.11	+30.53
ROE (Return on Equity)	7.6%	13.9%	+6.3 P		–	–

Page three presents what I have explained in the Consolidated Statements of Income.



Please refer to page four. Factors behind changes in ordinary profit are shown on a YoY basis.

This time, one-time factors have had a major impact, so I will explain it separately from the factors from our main business.

As shown on the left side of the graph, the ordinary profit in the fiscal year ended September 2019 (FY2019) was JPY5.7 billion. In addition to projects for government and public offices in TTC, an increase in projects in the Finance and Card Business in ITS contributed to an increase JPY1 billion in operating profit.

In addition, I explained this matter several times at our briefings, and the reversal of allowance in connection with the settlement of the project with quality issues was a factor behind the increase in profits by JPY800 million.

In addition, the impact of COVID-19, which we announced at the end of Q3 as a forecast of negative JPY900 million, was ultimately reduced to a decrease of JPY500 million due to our sales efforts and curtailment of expenses.

After subtracting the above, on a basis excluding one-time factors, ordinary profit for FY2020 was JPY7 billion, an increase of JPY1.3 billion from the previous fiscal year. In addition to this, the share of profit of entities accounted for using the equity method due to additional investment in INES, a one-time factor of negative goodwill of JPY1.3 billion was added, resulting in an ordinary profit of JPY8.3 billion, an increase of JPY2.6 billion.

Think Tank and Consulting Services (TTC)

(mil. yen)

	FY2019	FY2020	Year-on-year	
			Amount	Rate
Net sales	34,099	34,581	+482	+1.4%
Operating profit	3,065	3,341	+275	+9.0%
Operating profit margin	9.0%	9.7%	+0.7 P	
Ordinary profit	3,351	5,283	+1,931	+57.6%
Orders received	35,405	39,369	+3,963	+11.2%
Order backlog	26,306	31,095	+4,788	+18.2%

Key points

- Sales and profit rose thanks to strategies under MP2020
- Higher profit (+600 mil. yen) mainly due to an increase in government and public office projects plus share of profit for entities accounted for using the equity method (+1,300 mil. yen)
- Impact of COVID-19 offset by sales efforts and cost reductions (impact reduced to zero compared to estimated impact at end of 3Q of -300 mil. yen)
- Order backlog continued to grow, reaching an all-time high level

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Next, I will explain the results by segment.

First, let us look at Think Tank and Consulting Services, TTC. This is roughly equivalent to the results of the parent company, Mitsubishi Research Institute, Inc.

Net sales increased by JPY480 million YoY to JPY34.5 billion, and ordinary profit increased by JPY1.93 billion YoY to JPY5.28 billion, resulting in increases in both sales and profits.

The strategies for receiving orders under the MP2020 were successful. Profits increased by JPY600 million due to business growth in projects for government and public offices and financial institutions, and JPY1.3 billion was added as the share of profit of entities accounted for using equity method of, resulting in a substantial increase in profits.

At the time of the announcement of 3Q financial results, we had expected the impact of COVID-19 to be negative JPY300 million for the current fiscal year. However, we were able to ultimately offset the impact of COVID-19 through subsequent sales efforts and cost cutback.

Meanwhile, the current level of orders is a record high, with a YoY increase of 11.2% and a YoY increase of 18.2% in the order backlog. This was mainly due to the steady growth in orders for government and public office projects.

IT Services (ITS)

(mil. yen)

	FY2019	FY2020	Year-on-year Amount	Year-on-year Rate
Net sales	55,930	57,438	+1,508	+2.7%
Operating profit	2,023	2,878	+854	+42.2%
Operating profit margin	3.6%	5.0%	+1.4 P	
Ordinary profit	2,325	3,092	+766	+32.9%
Orders received	59,826	59,501	-324	-0.5%
Order backlog	40,373	42,436	+2,063	+5.1%

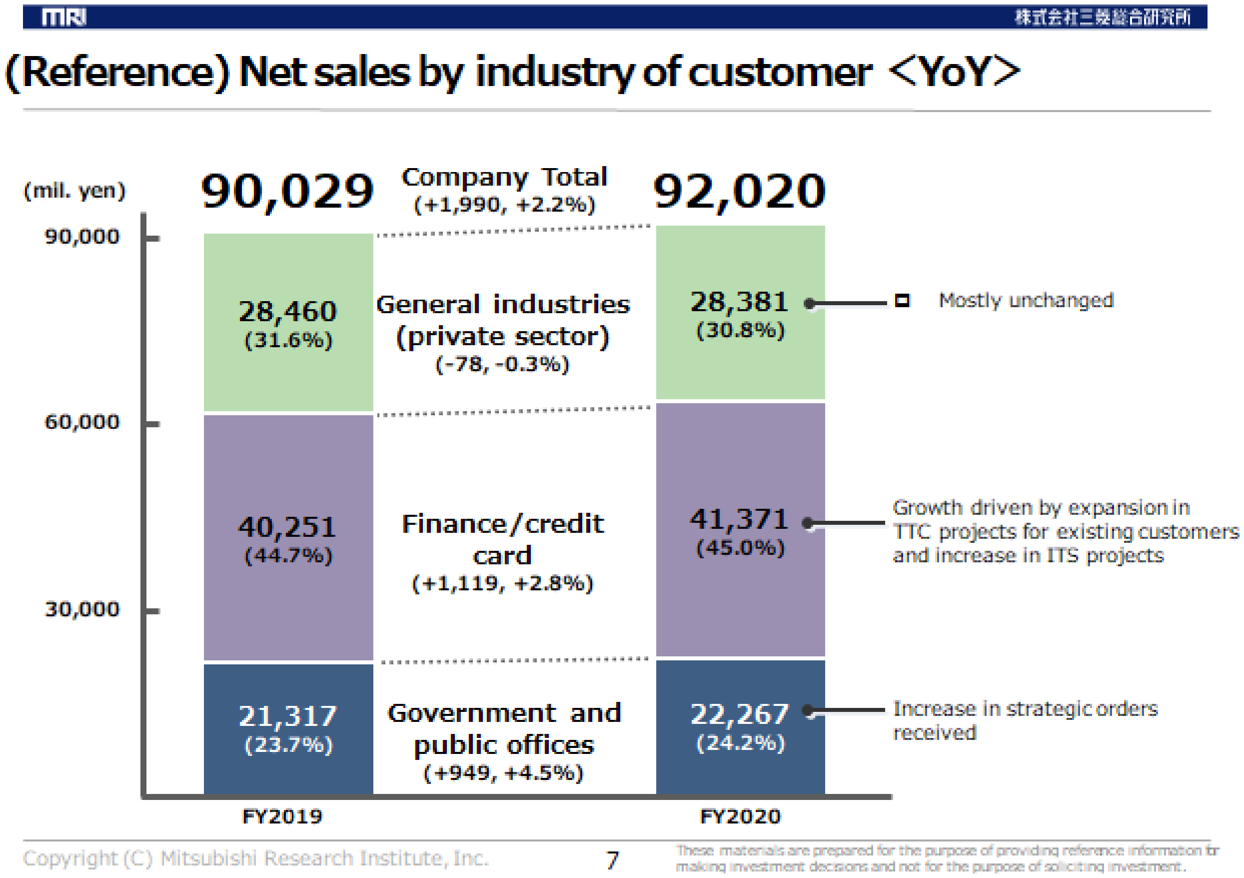
Key points

- Sales and profit both increased due to growth in finance and credit card projects
- Growth in finance and credit card projects (+1,000 mil. yen), elimination of project with quality issues (+800 mil. yen), structural reform (-600 mil. yen), impact of COVID-19 (-500 mil. yen)
- Impact of COVID-19 reduced by sales efforts and cost reductions (impact reduced to -500 mil. yen compared to estimated impact at end of 3Q of -600 mil. yen)
- Driven by finance and credit card sector, order backlog rose sharply year on year, reaching a record level

Next is IT Services, ITS. These basically are the results of the Mitsubishi Research Institute DCS Group.

Net sales increased by JPY1.5 billion YoY to JPY57.4 billion, and ordinary profit increased by JPY760 million YoY to JPY3.09 billion, resulting in substantial increases in both sales and profits. Growth in the finance and card fields contributed JPY1 billion to the increase in operating profit, while the settlement of the project with quality issues contributed JPY800 million to the increase in operating profit. On the other hand, structural reform expenses of JPY600 million and the impact of COVID-19 of JPY500 million were negative factors assumed at the beginning of the fiscal year. ITS also offset the impact of COVID-19 through sales efforts and cost cutback.

In terms of orders, the order backlog at the beginning of the fiscal year saw a record-high increase of 5.1% on a YoY basis. This is due to the steady accumulation of orders in the finance and card fields.



Next, this shows the breakdown of sales by customer and industry, but I will skip the explanation.

Forecasts for FY2021

- Sales and profit growth will be maintained*
- Upfront investment, especially in DX (Digital Transformation), will lay foundations for sustainable growth

Net Sales: 97,000 mil. yen YoY change +4,900 mil. yen (+5.4%)

- TTC : 36,000 mil. yen, + 1,400 mil. yen YoY Higher sales due to firm orders received for government and public office projects
- ITS : 61,000 mil. yen +3,500 mil. yen YoY Higher sales due to firm orders received for finance and credit card projects

Ordinary profit: 7,500 mil. yen YoY change -800 mil. Yen (-10.6%)

- +500 mil yen (+7.1%)* Higher profit, with upfront investment offset by growth businesses
- TTC : 4,100 mil. yen, -1,100 mil. yen YoY (+200 mil. yen (+5.1%))*
- ITS : 3,400 mil. yen, +300 mil. yen YoY (+10.0%)

Profit: 4,800 mil. yen YoY change -2,200 mil. yen (-32.4%)

(Note) Current forecast does not factor in impact of COVID-19

*Excluding special factors arising in previous fiscal year

Following on, I would like to explain our earnings forecasts for FY2021, the first year of our Medium-Term Management Plan 2023 (MP2023).

In FY2021, we intend to continue to increase sales and profits based on the previous Medium-Term Plan's strength, and to lay the foundations for sustainable growth by actively investing in growth fields such as DX (Digital Transformation).

I will explain the specific figures.

Consolidated net sales are expected to increase by JPY4.9 billion, or 5.4%, to JPY97 billion. We expect the increase in sales based on a solid government order backlog for TTC and ITS's order backlog in the robust financial and card sectors.

Ordinary profit is expected to decrease by JPY800 million, or 10.6%, to JPY7.5 billion. Despite the superficial decline of JPY800 million, we expect the operating profit on a basis excluding one-time factors to increase by JPY500 million or 7.1% from JPY7 billion for the previous fiscal year. We plan to raise profits while offsetting the JPY1.4 billion we expect for upfront investments in growth fields such as DX.

For TTC, we expect an increase of JPY200 million in the operating profit on an actual basis to JPY4.1 billion, and an increase of JPY300 million to JPY3.4 billion for ITS, offsetting upfront investments to solidify the management base and for R&D, as it is the first year of the MP2023. Net income is expected to be JPY4.8 billion.

The above forecasts do not incorporate the impact of COVID-19.

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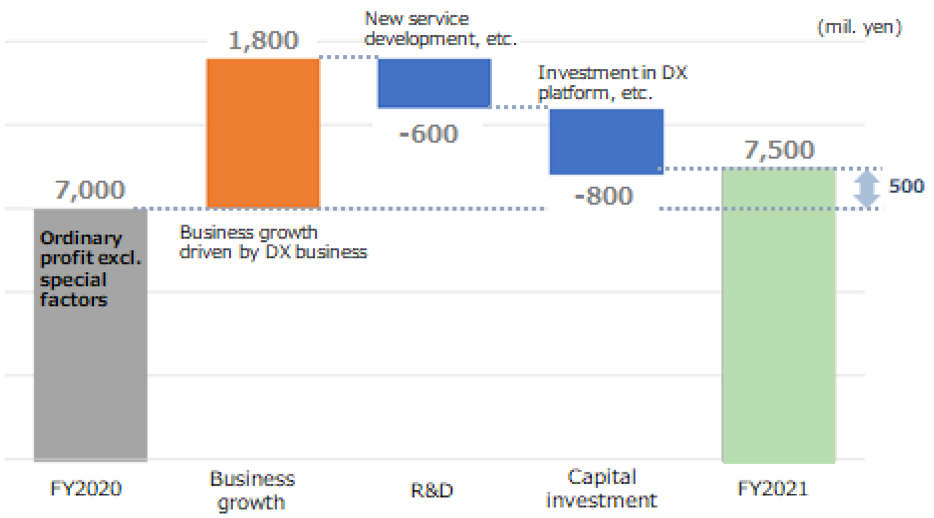
Factors behind fluctuation of ordinary profit /loss

Higher profit, with upfront investment offset by growth businesses

- Business growth in growth business domains (DX business): +1,800 mil. yen
- Upfront investment (investment in service development, DX platform) : -1,400 mil. yen



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Page 10 provides a graphical representation of the factors behind the change in the forecast of ordinary profit for FY2021.

Assuming the launch base of JPY7 billion for FY2020 on a basis excluding one-time factors, based on the MP2023, we expect business growth and profit growth of JPY1.8 billion in the growth area including the DX Business.

Meanwhile, we expect to spend JPY1.4 billion to continue upfront investment for the next three years, such as research and development for developing services that are our business that is not dependent on the manhour, capital investment for DX infrastructure, and the expansion of human resources. Overall, we plan to offset the upfront investment from business growth and increase profits by JPY500 million.

FY2021 Full Year Forecasts

(mil. yen)

	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%	+0.0 P	
Ordinary profit *(excl. special factors)*	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	

I will skip the explanation for page 11.

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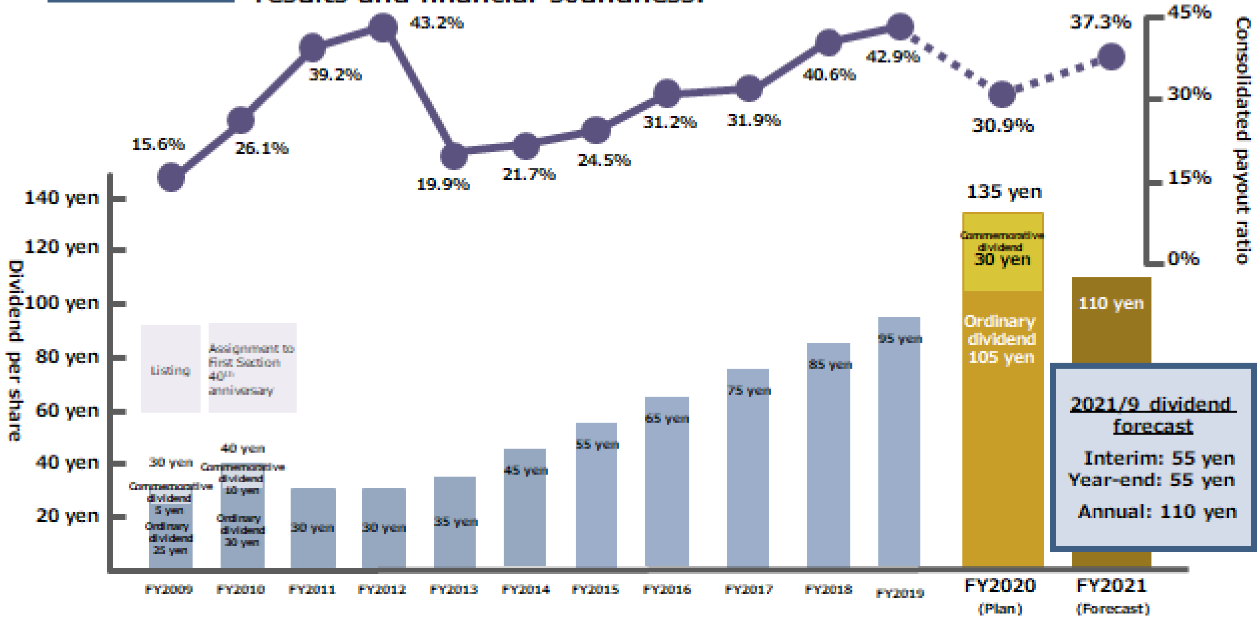
Dividends

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.



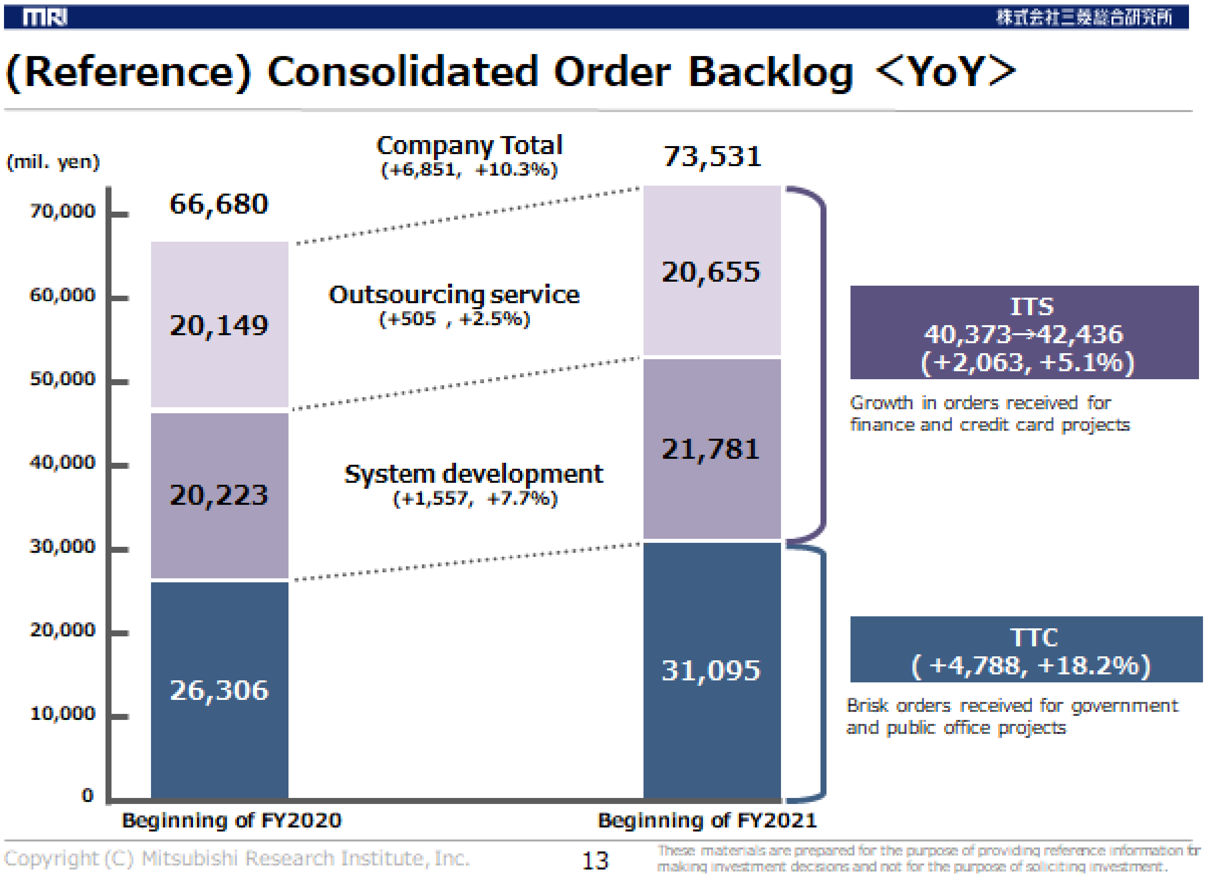
 12 These materials are prepared for the purpose of providing reference information for making investment decisions and not for the purpose of soliciting investment.

Next is the dividend forecast.

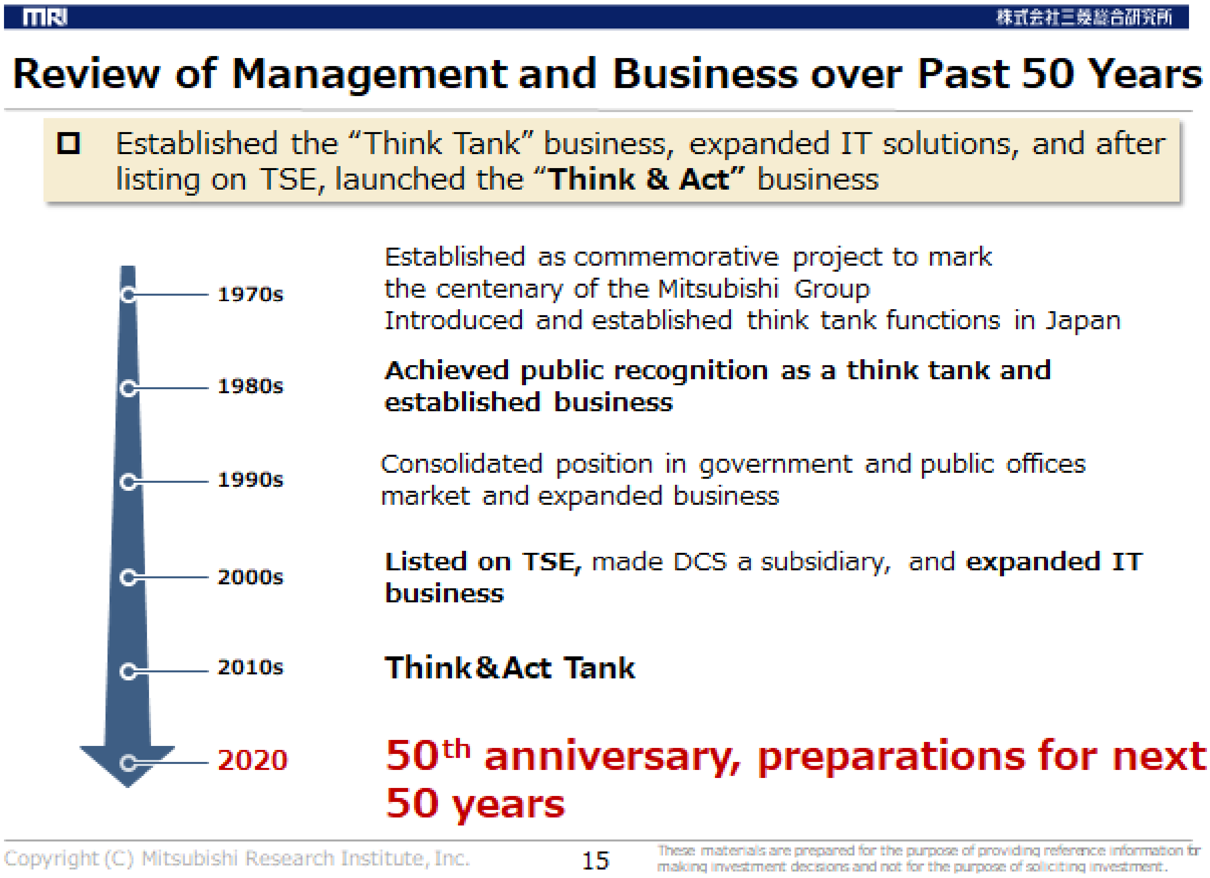
Our basic policy is to pay stable dividends, and we will strive to raise the level of dividends while comprehensively taking into account factors such as the balance between business results and financial soundness. In accordance with this policy, the year-end dividend will be JPY55 per share, an addition of JPY5 to the announced dividend.

In addition, we will add JPY30 as a commemorative dividend for the 50th anniversary of the Company's foundation, reflecting our gratitude for the shareholders who have held our shares for many years. Based on the above, we plan to pay an annual dividend of JPY135, the eighth consecutive year of dividend increases since 2013. The dividend payout ratio is 30.9%.

The dividend forecast for FY2021 is JPY110, representing an expected increase in the ordinary dividend excluding the commemorative dividend.



Page 13 shows the highest-ever order backlog at the beginning of the year. I will skip detailed explanation.

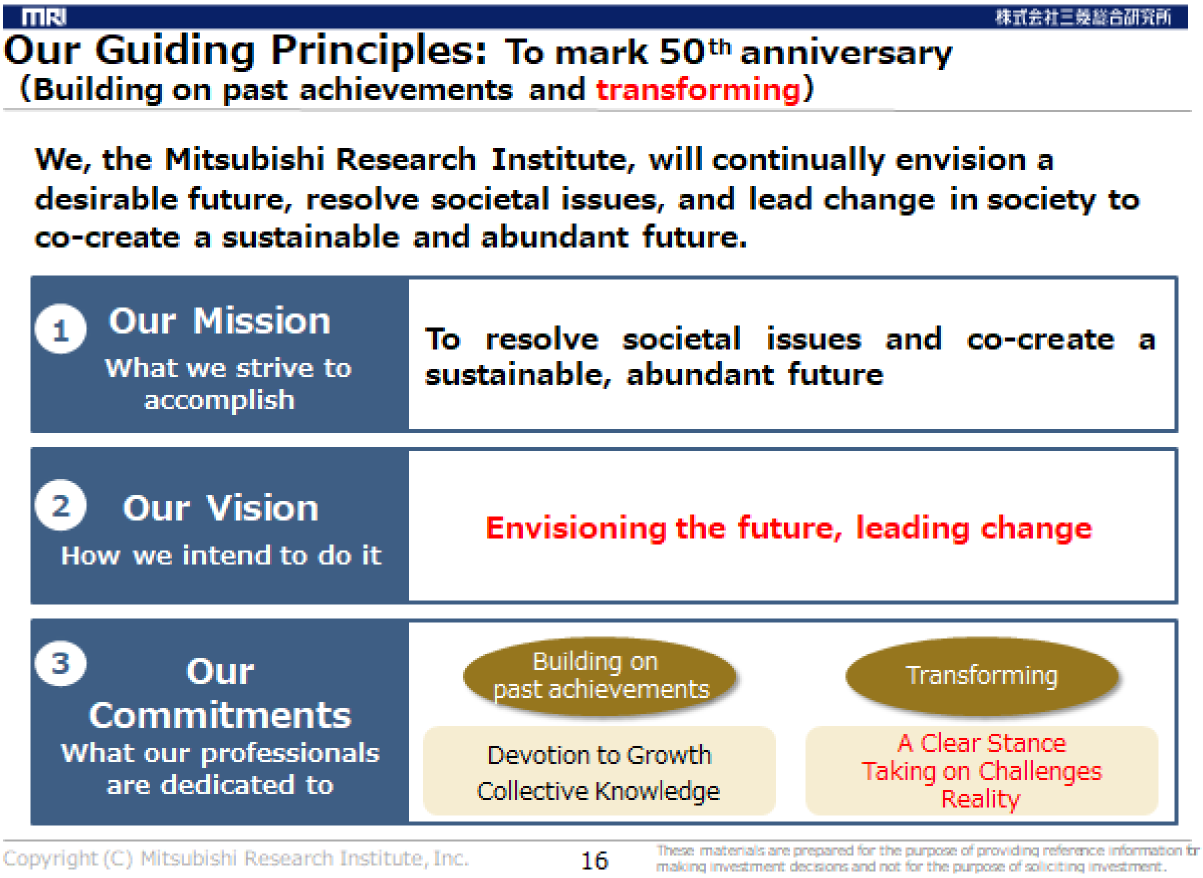


Next, I will explain the Company's management philosophy revised for the 50th anniversary of the Company's founding, as well as the MP2023 for the next three years.

First, I would like to explain our management philosophy.

Since the establishment in 1970 as a commemorative project to celebrate the 100th anniversary of Mitsubishi's founding, we have worked hard to resolve social issues, and in September we celebrated the 50th anniversary of our founding. I would like to thank all of our stakeholders for their support throughout the years.

Looking back over the last 50 years, we began by establishing our founding and business as a think tank, building our strengths in the public sector market, expanding into the IT Solutions Business. After listing on the stock market, we have recently stepped up our efforts to resolve social issues by the "Think and Act" approach, aimed at conceptualization and recommendation to implementation and realization. As we celebrate our 50th anniversary, we continue to capitalize on the strengths that we have cultivated over the years, and the entire Company has made concerted efforts to revise our management philosophy in order to implement new reforms for the next 50 years.



In addition to inheriting the strengths and so-called DNA that we have cultivated over the past 50 years, we have incorporated the idea of pioneering reforms for new growth into Our Guiding Principles.

We declared Our Guiding Principles: " We, the Mitsubishi Research Institute, will continually envision a desirable future, resolve societal issues, and lead change in society to co-create a sustainable and abundant future.".

With this as our mission to resolve societal issues and co-create a sustainable, abundant future, and with our vision to envisioning the future, leading change, we have made five commitments to our stakeholders to realize our mission and vision.

The five commitments are Devotion to Growth, Collective Knowledge, A Clear Stance, Taking on Challenges, and Reality.

We are committed to continue capitalizing on our strengths and to pioneer the transformation of society in order to resolve social issues.

Review of MP2020

Basic policy	Sustainable growth for individuals and the organization

Three key reforms were largely successful; structural reforms need to be addressed in MP2023

	Goal	Achievement status
Three major reforms	1. Business portfolio reforms	◎ Expansion of private-sector business through government-private co-creation ◎ Establishment of sales base
	2. Business model reforms	△ Issues with Group governance ○ Growth of stock-type business
	3. Work style reforms	◎ Firm establishment of remote work ○ Reduction of workload during busy periods

	Goal		Achievement status	
Financial targets	1. Sales	100,000 mil. yen	92,000 mil. yen	(FY2017: 89,400 mil. yen)
	2. Ordinary profit	8,000 mil. yen	8,300 mil. yen	(FY2017: 6,200 mil. yen)
	3. ROE	10%	13.9%	(FY2017: 9.1%)

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From here on, we will move on to the new MP2023. Before explaining the new plan, I will briefly summarize the previous plan.

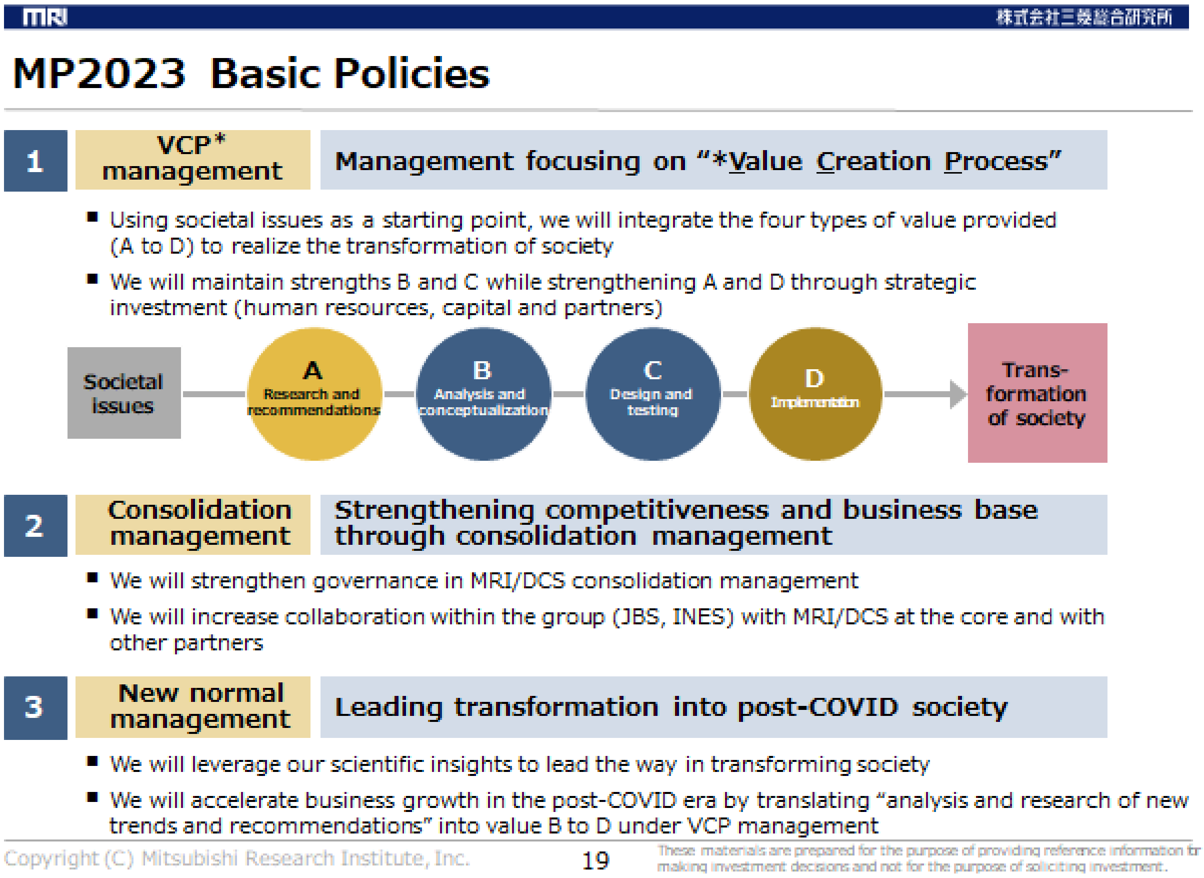
The previous MP2020 was to pursue three major reforms: business portfolio, business model, and working style, with the basic policy of sustained growth of people and organizations. In the final year of the plan, despite the impact of COVID-19, as shown in the table, the three major reforms largely achieved their targets and we also achieved our financial targets, except for net sales.

Meanwhile, strengthening group governance, which emerged in the project with quality issues, this is the challenge for the MP2023.

Next, I would like to explain the MP2023.

The target period of the MP2023 is three years, but under the new management philosophy, the plan is positioned as a strategy that looks at the next five years or even beyond that. The image of the society that we should aim for is a resilient and sustainable society, and the corporate image that we should aim for is a company that solves social issues.

To resolve social issues, we will strive to increase the value we provide to our customers and to achieve sustainable growth as a company. In addition to the financial targets we have set up in the past, we will also strive to increase non-financial value and social value.



The three basic policies of MP2023 are VCP management, consolidated management, and new-normal management.

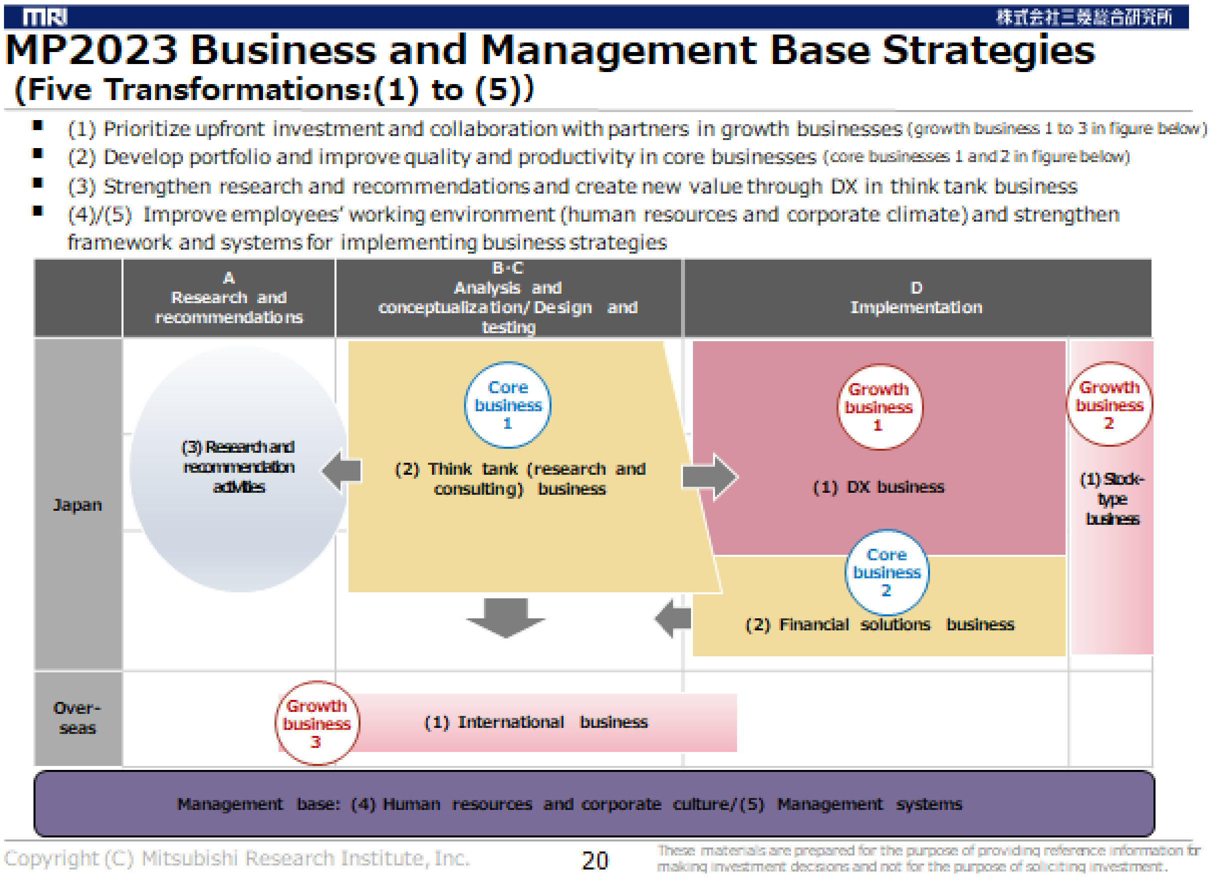
The first, VCP management aims to realize social transformation by linking the four functions and values that our group provides: research and recommendations, analysis and conceptualization, design and testing, and social implementation, with social issues as the starting point for our business activities.

We refer to this value chain as the process of value creation, or the value creation process, and use VCP as its abbreviation.

Until now, our group's strengths lie mainly as a think tank in the parts of B, analysis and conceptualization and C, design and testing. While maintaining these strengths, we will strengthen the VCP value chain by strengthening the parts of A, research and recommendations, and the parts of D, social implementation that lie before and after these strengths.

The second, consolidated management will strengthen our competitiveness and foundation in both aggressive and defensive terms, by expanding collaboration between MRI and DCS which form the core of our group and with equity-method affiliates JBS, INES and other partner companies.

Third, our new-normal management is based on our scientific insights that are our strength. We are proactively pioneering reforms aimed at the post-COVID-19 society and driving the realization of a new normal.



Next, I would like to explain the so-called five reforms to our business and core strategies in order to realize our basic policies.

In Growth Businesses 1 through 3 (as shown on the figure below), we will make aggressive upfront investments and strengthen collaboration with partners to expand our business.

The DX Business is the core of this, and we will explain this on the next page.

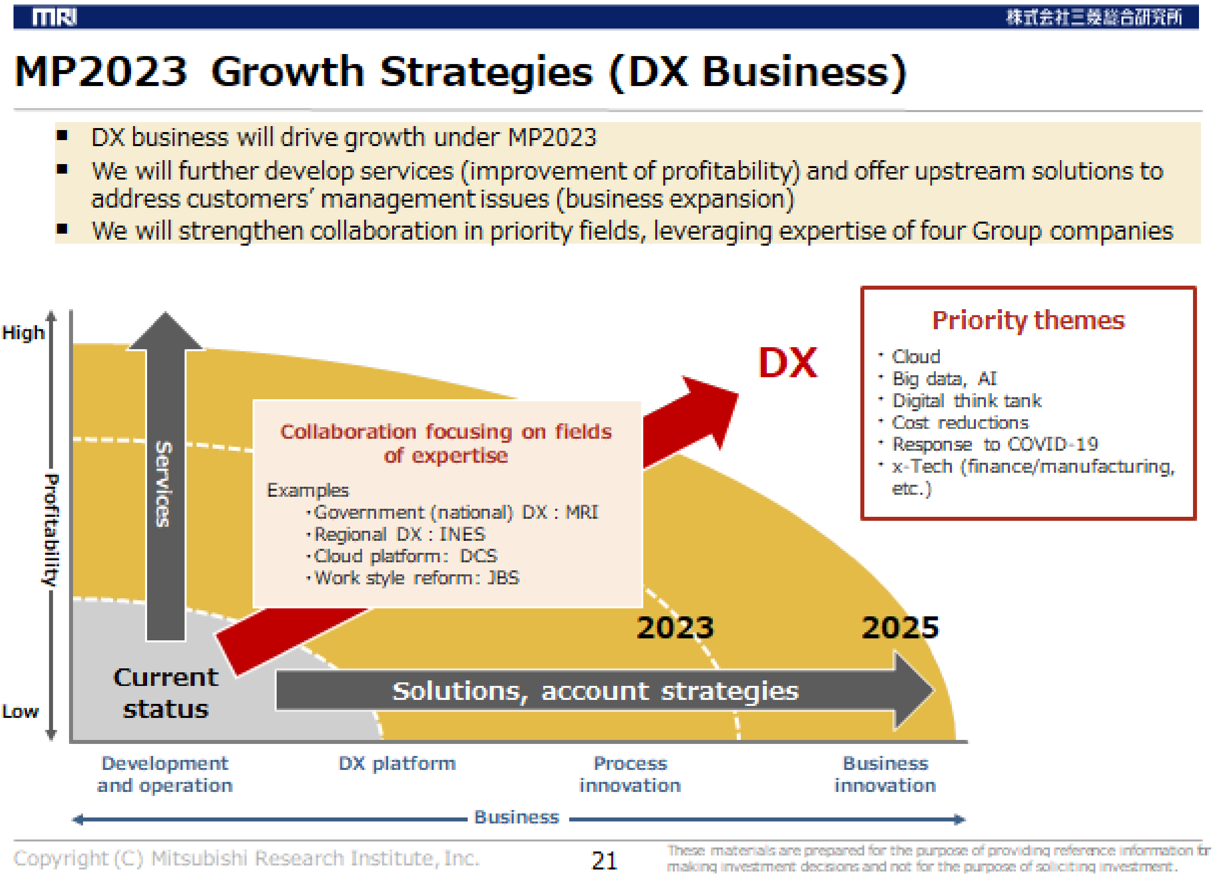
In the Stock-type Business (subscription-type business), based on the results of the previous MP2020, we will further develop our own services that do not depend on the manhour.

In the Overseas Business, we plan to establish new bases in Dubai in the Middle East and Vietnam in Asia, where we can leverage our know-how and experience in Japan, and to develop business support in the environmental and energy fields and infrastructure field, where local needs are strong.

With regard to Core Businesses, we aim to transform our business portfolio and improve quality and productivity. This refers to Core 1 and Core 2.

In the Think Tank Business mentioned for Core 1, we will strengthen our research and recommendation capabilities and create new value by leveraging DX.

With regard to the management foundation that supports these initiatives, we will enhance the working environment for diverse employees, and strengthen the framework and systems for promoting our business strategy, which can be referred to as internal DX.



The growth driver in the MP2023 is the DX Business.

This strategy involves working with four Group companies to advance the transition to services and improve profitability by driving fields in which each company excels. It also involves expanding our business into more upstream management issues and priority themes of our customers.

In response to the government's trend to promote digitization, there is currently growing demand from customers for key themes such as cloud computing, big data, and AI. We will actively respond to customer needs by strengthening collaboration with the four companies, startups, and other partner companies.

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MP2023 Growth Strategies (DX Business)

- **We will pair up DX-related organizations at MRI and DCS and strengthen collaboration between them**

	MRI	DCS
AI･BDA* General private-sector industries	DX Technology Division	Digital Transformation Unit
	Business DX Division	Industry IT Unit
Public	Public DX Division	Business Planning & Strategy Unit
Financial	Financial DX Division	Financial IT Unit

MRI's Planning and Administration Office will be responsible for promotion of collaboration in general from a VCP management perspective

- **We will set priority themes for each pair of organizations and implement actual collaborative projects**

AI･BDA* General private-sector industries	(1) DX consulting× cloud migration (2)*BDA (big data analysis) × cloud platform (3) Manufacturing DX
Public	(1) Development of cloud platform solutions for government (2) Promotion of government DX
Financial	(1) Expansion of business domain for large existing customers (2) Development of new customers based on existing customer track record and response to DX

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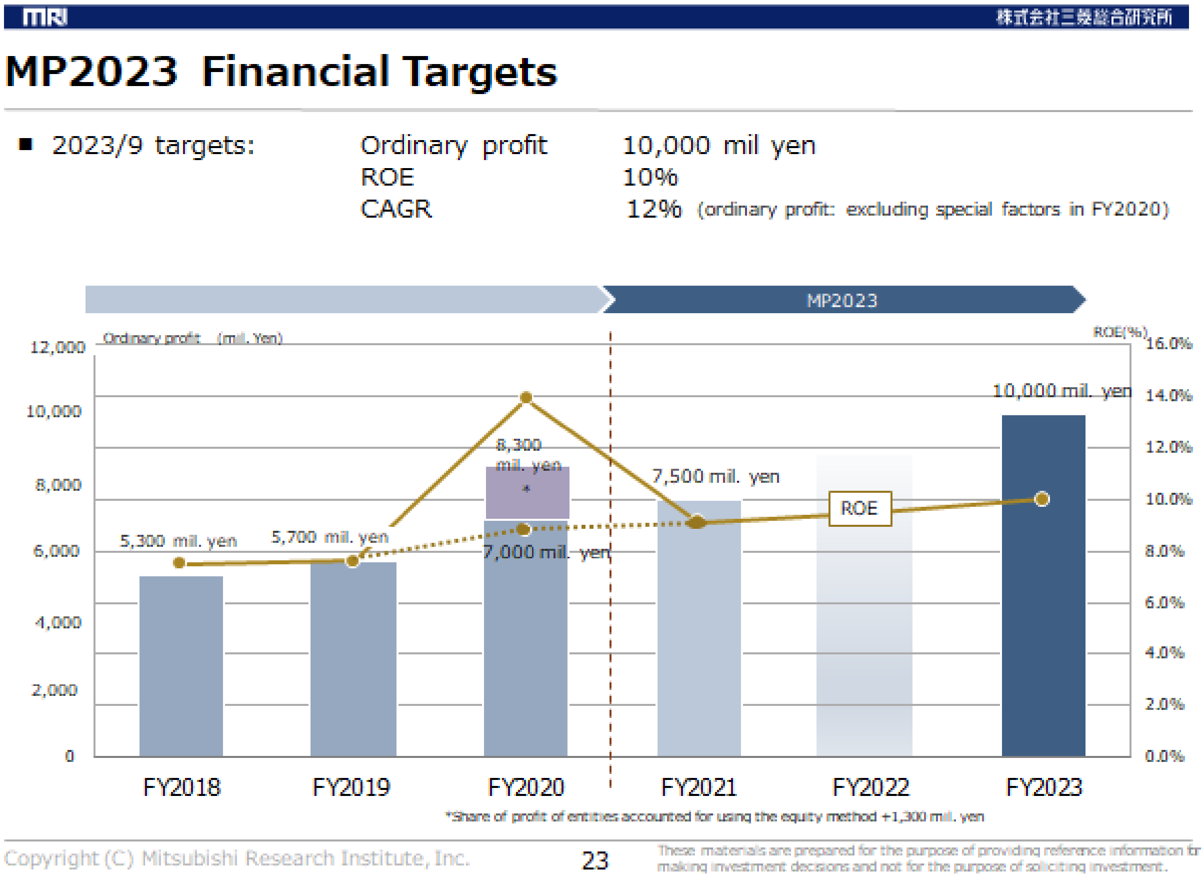
In order to actively promote the DX Business, both MRI and DCS reorganized and newly established organizations.

We will further strengthen collaboration by making DX-related organizations face to face. In addition, priority themes will be set for each face-to-face organization, and specific projects will be promoted in each of the fields of public sector, finance, and the general private sector.



Based on the strategy I have explained above, we have set a financial target for FY2023 of JPY10 billion in ordinary income, which is an average of 12% growth, and a ROE of 10%.

As explained in the earnings forecast for FY2021, we plan to aim for JPY10 billion in the final fiscal year, with the launching base of JPY7 billion on the basis excluding one-time factors in FY2020.

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MP2023 Social Value and Non-Financial Value Goals

- We will assess progress made based on examination and monitoring of appropriate indicators

Social value

- We have identified five fields as particularly important fields in which the MRI Group has a business base and can be expected to help resolve societal issues

Field	Vision for society	Possible measures
Health care	Healthy longevity for all	Health care innovation
Human resources	Active participation with no age limit	Labor mobility Infrastructure
Energy	Zero GHG emissions and decarbonization	Renewable energy market and Supply-demand adjustment systems
MaaS	Greater access to opportunity	Market offering access to opportunity
Information infrastructure	Limitless connectivity	Effective use of frequencies

Non-financial value

- We identified five criteria based on MRI Group's key sources of value and ESG considerations

Criteria	Consideration	Possible directions
Human value	Diversity	Increased employee diversity
Intellectual value	Research and recommendations	Enhancement of communication skills
Social value	Collaboration with partners	Strengthening of collaboration with start-ups
Environment	Environmental impact Decarbonization	Promotion of use of renewable energy
Social	Health and productivity management Work-life balance	Promotion of employees' physical and mental health and flexible work styles

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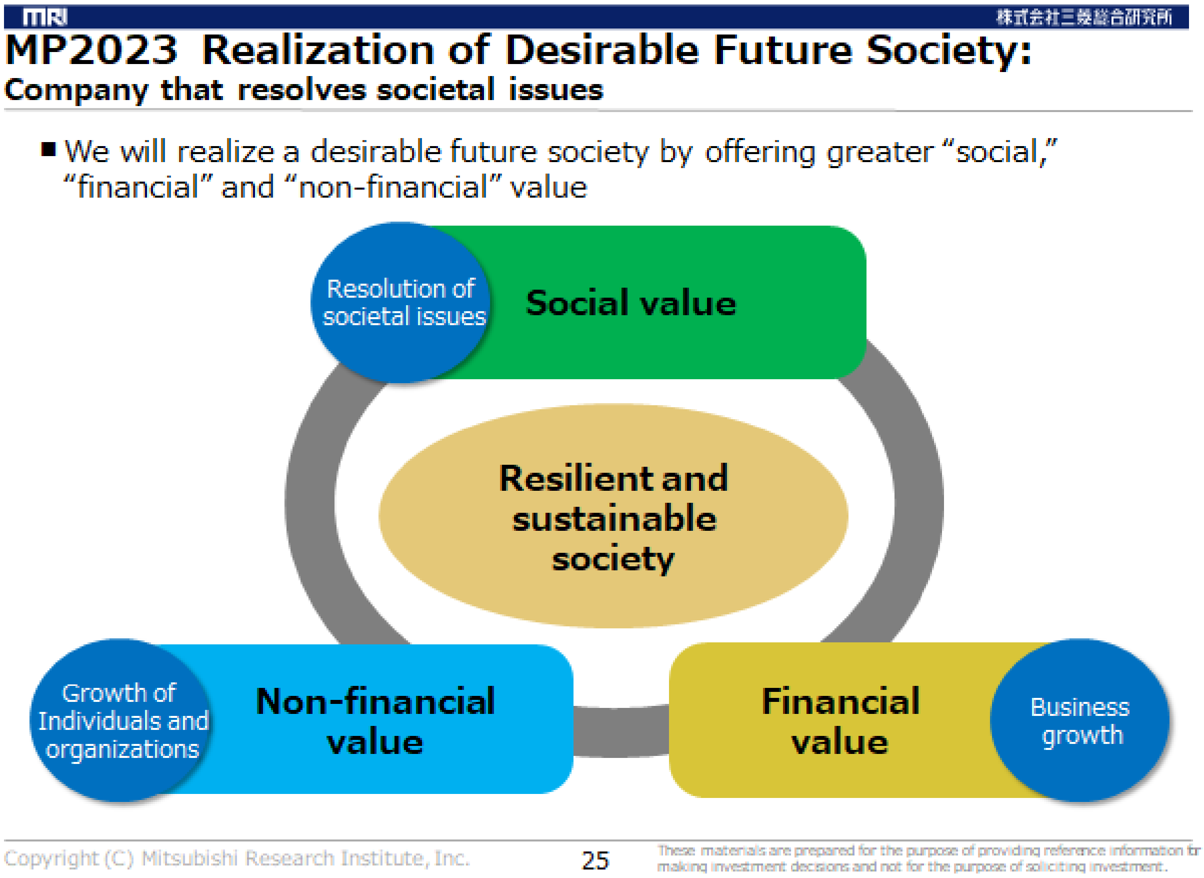
As I explained earlier, in the MP2023, we will also set targets for social value and non-financial value, and follow up on our progress.

We intend to establish concrete indicators for enhancing non-financial value and social value in order to promote VCP management, and to publish them in the future.



Again, in our MP2023, we intend to resolve as many social issues as possible that have been addressed since the establishment of our company, through the improvement and maximization of financial, non-financial, and social value, and strive to realize a resilient and sustainable society. We thank you for your continued support.

I would like to conclude my presentation. Thank you for your attention.

A: I think that the key to expanding the DX Business is corporate DX consulting. You specialize in consulting services for government and public offices, but how many consultants do you have who change business strategies, such as those in competitors, and how many will it be in the MP2023? Please tell us how to increase the number of consultants.

Answer: As the focus of the current fiscal year is DX, as I mentioned earlier as an upfront investment, one of the upfront investments is the enhancement of personnel.

Now, it is difficult for us to determine exact numbers of DX personnel. Of course, we have the department which covers government and public field, however, consultants and researchers in the department are not exclusively assigned for DX business.

At least in these three years, we are aiming to increase the number of personnel by around 200 together with MRI and DCS, while not all are for DX.

For the current year, we plan to have about 70 employees, not only within the Company, but also from business partners, so that we can work as a DX team in a broad sense.

While the number of personnel in this area is certainly very important, the more advanced the field, the more important the quality, as well as the quantity. We intend to strengthen our human resources, including internal education.

B: First, I understand that the DX Business is a growth driver. What is the current profit structure and how large will it be in the final year of the MP2023?

Second, the key theme of the DX Business is the field that IT service companies in the same industry are also focusing on. What are the specific areas in which you can particularly leverage your strengths?

Answer: We do not think that we, as one company will be able to conduct and expand DX Business. In that sense, we are working with DCS, our subsidiary, and JBS and INES, which are accounted for by the equity method. Also, we are working with a number of startups to promote this.

In terms of sales and profit growth over the next three years, we expect the range from JPY7 billion to JPY10 billion, and more than half of that will be in the DX.

Regarding the specific areas, and as I mentioned on page 21, the four companies each have their own areas of expertise. Specifically, INES is very strong in dealing with municipal offices. JBS is a company that is very closely related to Microsoft. DCS is strong in the cloud computing structure.

We will first build the customer's DX infrastructure properly. Then, on that base, we will innovate their business processes by BPR, and the like. It is necessary to accumulate data in these areas and link it to the development of the next business innovation, the development of new services, or the development of new products, or the development of new businesses.

We will strengthen our consulting services for the upstream, and to do so, as the All-MRI Alliance Force, we will focus our efforts on this priority theme.

C: First of all. Please tell us as much details as possible about the finance projects and card projects you are taking for FY2021.

Secondly, please let us know the details of the projects that have been received for TTC. If you have any Outsourcing Business or others, I would like see an overview of large-scale projects.

Thirdly, in FY2021, you are planning to accumulate upfront investments to JPY1.4 billion. If business performance deteriorates, will the upfront investments of JPY1.4 billion be spent by as planned?

Answer: The Finance and Card Businesses are our raison d'être, and we are very strong in them. We have received orders significantly higher than last year from our customer, but as for the details of the orders, we are not able to say much because we have a duty of confidentiality.

However, as you know, in finance, they are putting great effort into so-called DX. Regarding cards, as already announced, there have been major projects to integrate card brands. Accordingly, in line with this trend, we have received more orders than in previous years.

Second, the government has put great effort into digitization under the current administration. While plans are such as to establish a new Digital Agency, we intend to make contribution by making great use of the experiences we have cultivated in the past, such as people, goods, and money.

In response to these moves by the government, we have received a large number of orders from each government office, including the Ministry of Economy, Trade and Industry.

Third, regarding the upfront investment in FY2021. Basically, we would like to continue this trend of increased sales and profits. For this reason, we believe it is extremely important to make upfront investments not only looking at the current situation, but also to three or five years ahead, whether in good or bad conditions.

In particular, I think that for DX, making investment one year later or six months later could be too late. In that sense, we would like to do this forward-looking investment properly.

D: You have not factored the impact of COVID-19 into the current fiscal year plan. Does that mean that the impact is no longer seen in sales? Please also tell us if there are any positive or negative impacts that may be caused by COVID-19 in the future.

Answer: With regard to COVID-19, since February, we have been really struggling. Especially in April, the state of emergency was declared, and I think April, May, and June were the most painful times.

Especially in DCS, when we worked on the development of a system stationed at the customer's office. But at that time, the state of emergency was declared, we were unable to go out, and were on standby at home. In system development, we cannot do anything at home, so there were only costs. At that time, we had about 1,000 such people.

We have been talking very closely to our customers, and we have been taking various measures, such as sharing these costs with each other or developing a remote device that enables system development even at home for the future.

Therefore, such a situation like that in April, May, and June where the state of emergency will be declared is not factored into this plan at this moment.

Meanwhile, during the period from April to June, there was a time when needs, particularly in the private sector, declined. I think the moves by customers, led in part by the government's DX initiative, for DX investment for the future, or the development of DX, will continue to be strong. Therefore, we expect an increase in the number of orders for the government related to COVID-19 or DX, and for the private sector, we expect needs looking ahead to the future, a little longer than short-term, to increase.

Regarding possible positive or negative impacts due to COVID-19 in the future, in that sense, I think it would be one major negative factor if the declaration of the state of emergency is issued again, making it difficult to working at regular sites. However, remote development that enables development at home has almost been completed, so I do not think it will have as much impact as last time.

E: Regarding the three growth drivers—DX, stock-type, and overseas—that you explained on page 20 of the briefing material, could you explain the specific business development? Please also tell us your thoughts on their degrees of contribution to profit of JPY10 billion in FY2023.

Answer: Let us start with the second one, Stock-type Business. As the Stock-type Business, in the previous MP2020, we worked on expanding the so-called (relatively highly profitable) Stock-type Businesses in addition to one-on-one businesses.

For example, we are offering local virtual currencies, and we are planning to receive payments according to their usage. We also provide a variety of tools for student recruitment and receive a fee based on their usage. We have developed these stock-type Businesses.

This is not yet an order of the scale of JPY1 billion or JPY10 billion, but at the end of this MP2023, we intend to make it into such a business that will greatly exceed JPY1 billion.

Regarding the Overseas Business, we are confident that we can offer various experiences that we have earned in Japan.

I, myself, went on business trips to the Middle East and Asia, Dubai, Qatar, and Vietnam in January and February and talked with the relevant ministers and other high-level people in the region. I have realized that expectations for Japan are extremely strong and that there is an extremely high level of demand for resolving social issues.

Therefore, we plan to establish bases in these places to respond to local needs by forming a consortium between Japan and us, focusing on various local needs, such as the environment in the Middle East and infrastructure in Asia.

I think that the impact on profitability will not be so large as we will just be starting, but I think that the quality, or presence can be highly expected.

Above all, DX Business is the growth driver of the MP2023. We expect the figure to be increased in this MP2023 from JPY7 billion to JPY10 billion, but we believe that more than 50% of these figures can be achieved in this DX.

Specifically, we intend to expand our DX Business by supporting customers from the DX infrastructure to process innovation and business innovation and data-driven, based on our four companies.

F: You said that in your Overseas Business, you will establish bases in Dubai and Vietnam. What are your specific bases? Also, please let me know if the timing has been decided.

Answer: We are not going to build a large branch in a conventional large building. We will dispatch our researchers and consultants to the local government and Japanese companies that have established operations in the host country. We will pick up the needs of these companies and local communities, create various solutions at the head office, and return them to the local community.

We do not merely make recommendations, but rather prepare infrastructures to actually improve the environmental figures of the Middle East, for example, rather than simply making environmental recommendations. To this end, we will form syndications with Japanese companies and work on it.

Regarding the timing, if there were no COVID-19, we planned to open both in December of this year. Preparations for that are progressing steadily, but there is a problem in the local area’s readiness to accept it, so we expect that we will be able to start our business by March next year, at the latest..

[END]