

FY2024/9 1Q Financial Results



February 5, 2024

1 FY2024/9 1Q Financial Results

2 FY2024/9 Full Year Forecasts

3 Topics

Summary

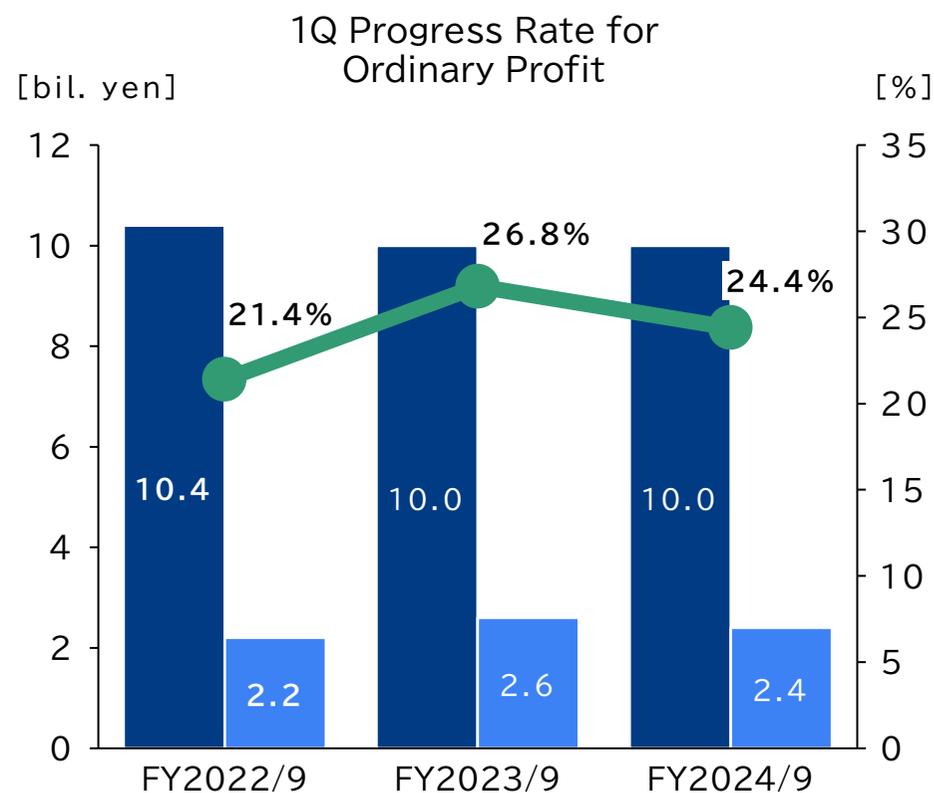
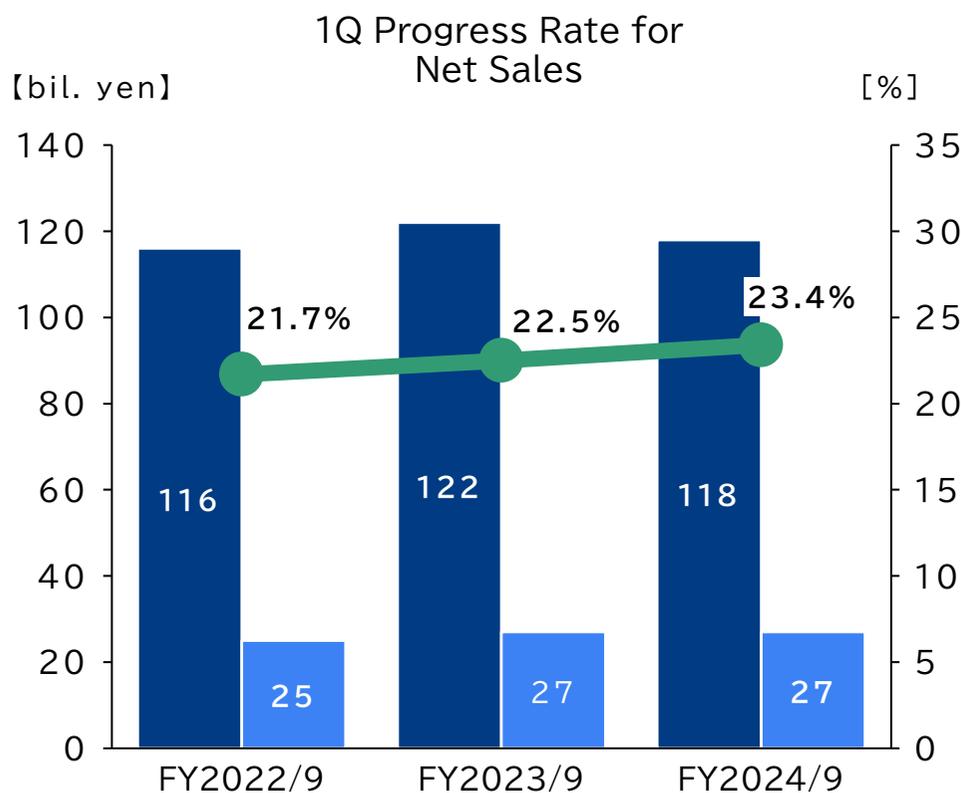
- Both net sales and ordinary profit are about the same as in previous years (⇒ P.4)
- Net sales fell due to a reactionary decline in ITS finance and credit card services, etc., but this was offset by an increase in TTC revenues from the public sector and general industries

	Results	YoY change
Net sales	27,668 mil. Yen	+209 mil. yen
	<ul style="list-style-type: none"> • Think Tank & Consulting Services (TTC): Increase in revenue from the public sector and general industries • IT Services (ITS): A reactionary decline in finance and credit card services and timing differences in recording sales led to a drop in revenues 	
Ordinary profit	2,437 mil. yen	-240 mil. yen
	<ul style="list-style-type: none"> • TTC: Increase in revenue and earnings under the equity method offset an increase in costs for system enhancements, etc. • ITS: Profits fell with lower sales 	
Profit	1,178 mil. yen	-82 mil. yen
	<ul style="list-style-type: none"> • Same as the previous year 	

(Reference) 1Q Progress Rate

- Progress rate for 1Q on par with previous years at 23% for net sales and 24% for ordinary profit

*New revenue recognition standards (measure-of-progress method) adopted from FY 9/2022



Progress Rate
 Full-Year Net Sales Forecast
 1Q Sales Results

Progress Rate
 Full-Year Ordinary Profit Forecast
 1Q Ordinary Profit Results

1Q consolidated results <YoY>

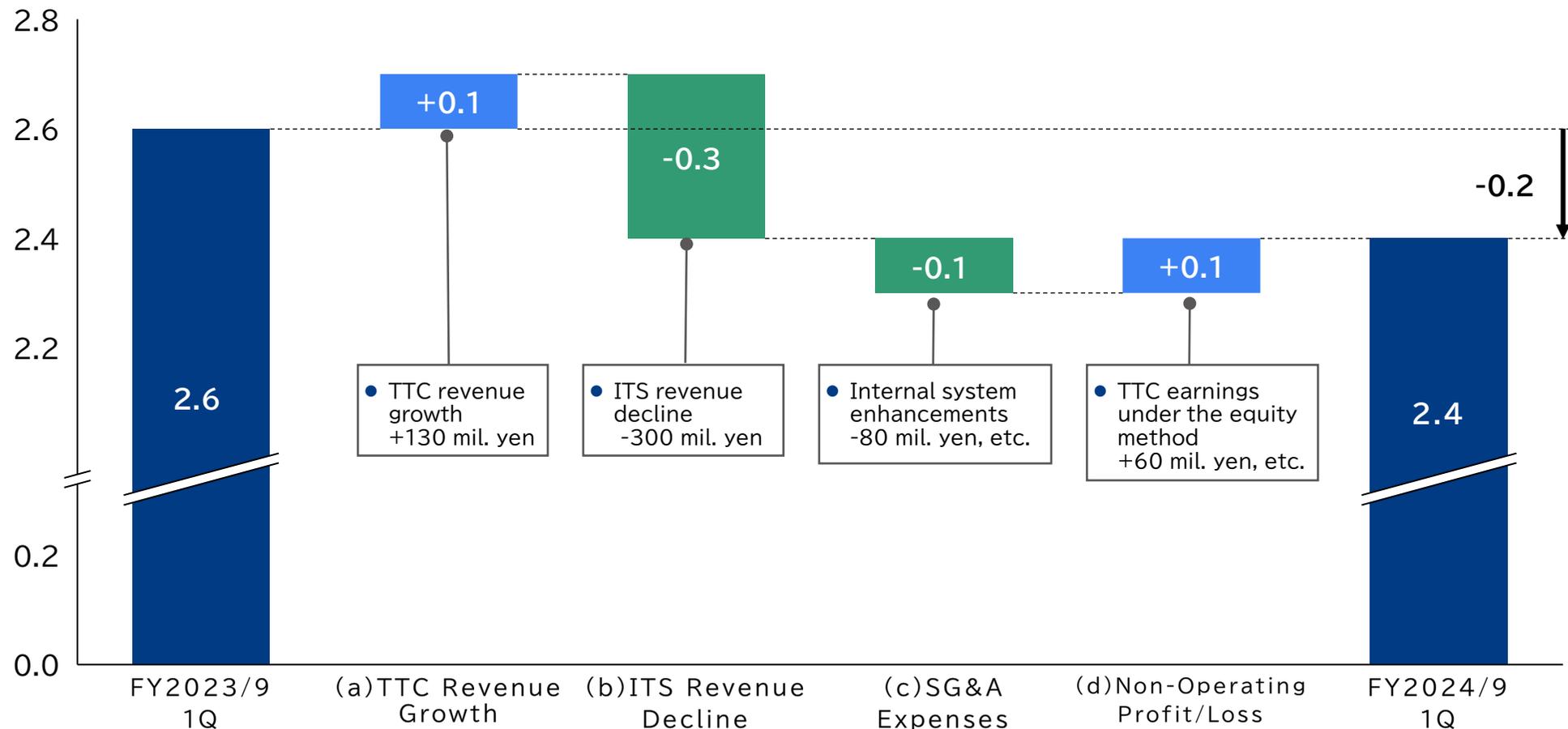
[mil. yen]

	FY2023/9 1Q (Oct.-Dec.)	FY2024/9 1Q (Oct.-Dec.)	YoY change	
			Amount	Rate
Net sales	27,459	27,668	+209	+0.8%
Gross profit	6,586	6,356	-229	-3.5%
Gross profit margin	24.0%	23.0%	-1.0P	
SG&A expenses	4,227	4,319	+91	+2.2%
Operating profit	2,358	2,037	-321	-13.6%
Operating profit margin	8.6%	7.4%	-1.2P	
Ordinary profit	2,677	2,437	-240	-9.0%
Profit attributable to owners of parent	1,261	1,178	-82	-6.5%

Factors behind fluctuation of ordinary profit/loss <YoY>

- While TTC revenues were up (a), ITS revenues fell (b)
- Factoring in increases in costs (c) such as for internal system enhancements (as planned),
- And adding TTC earnings under the equity method (non-operating income), etc. (d), resulted in a decrease of 200 mil. YoY

[bil. yen]



Think Tank and Consulting Services (TTC)

[mil. yen]

	FY2023/9 1Q (Oct.-Dec.)	FY2024/9 1Q (Oct.-Dec.)	YoY change	
			Amount	Rate
			Net sales	8,846
Operating profit	710	703	-7	-1.0%
Operating profit margin	8.0%	7.4%	-0.6P	
Ordinary profit	938	995	+56	+6.0%
Orders received(1Q)	3,891	5,993	+2,101	+54.0%
Order Backlog	29,914	24,517	-5,396	-18.0%

Key points

- Public sector projects, including analog regulatory reforms and medical and long-term care-related demonstration projects, and system projects for the power and transportation industries all experienced growth
- Ordinary profit up due to the effect of increased revenue and earnings under the equity method, offsetting the increase in costs for enhancing the internal information system and adding personnel
- Orders up 54.0% YoY due to an increase in orders from the public sector and general industries
- The decrease in order backlog of 5.3 billion yen was due to a decrease in outsourcing costs (-7 billion yen), with the actual order backlog up 1.5 billion yen YoY

IT Services (ITS)

[mil. yen]

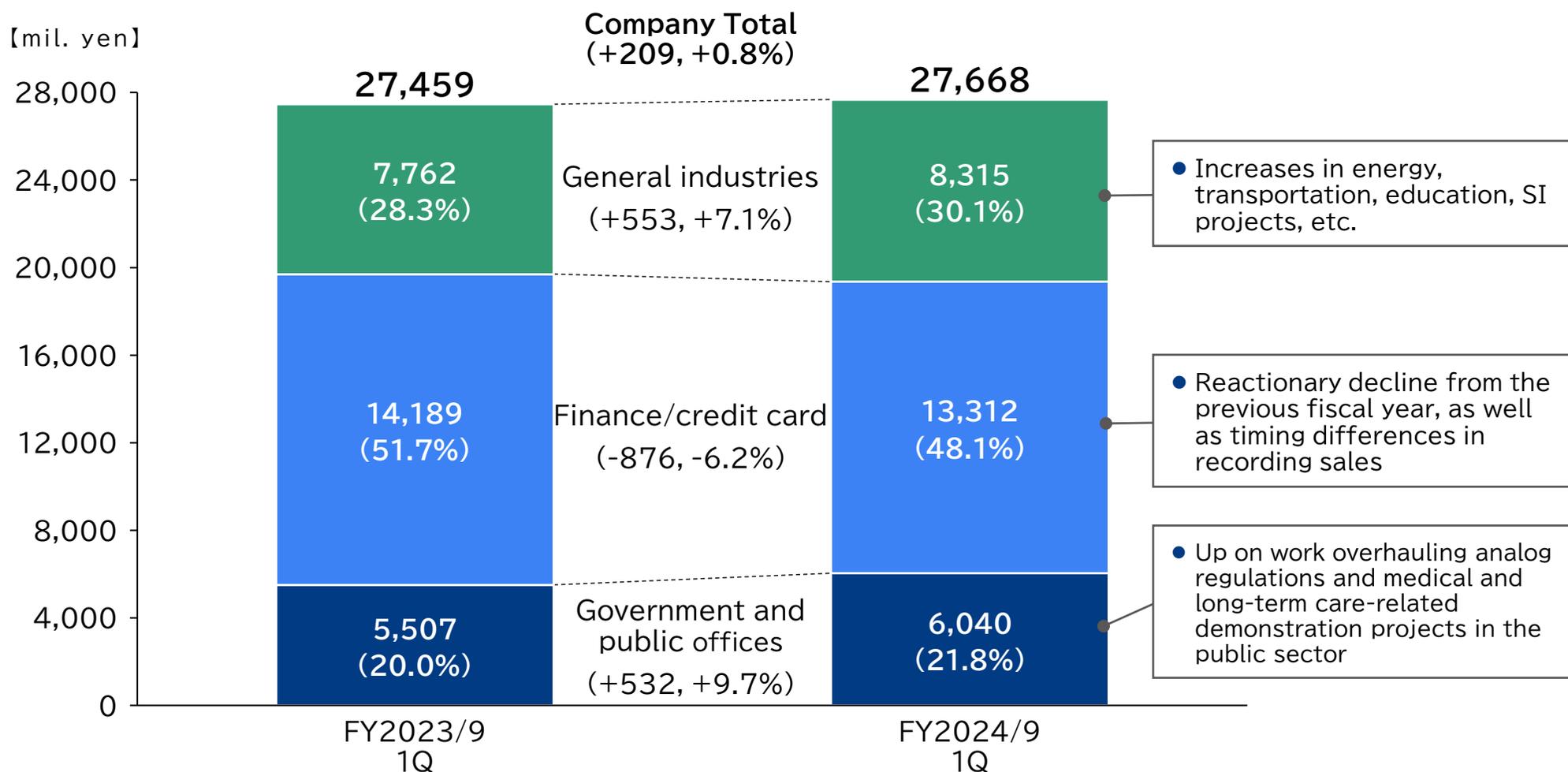
	FY2023/9 1Q (Oct.-Dec.)	FY2024/9 1Q (Oct.-Dec.)	YoY change	
			Amount	Rate
			Net sales	18,613
Operating profit	1,643	1,329	-313	-19.1%
Operating profit margin	8.8%	7.3%	-1.5P	
Ordinary profit	1,734	1,437	-296	-17.1%
Orders received(1Q)	16,708	16,959	+251	+1.5%
Order Backlog	45,240	46,080	+839	+1.9%

Key points

- Revenue was down on lower sales in finance and credit card services (due to a reactionary decline in projects, timing differences in recording sales, etc.), despite growth in system renewal projects for general industries
- Profit was down on lower revenue, falling profit margins, etc.
- Orders and order backlogs were both up YoY, led by finance and credit card services

Net sales by industry of customer <YoY>

- Growth in government and public offices(+9.7%), general industries (+7.1%)
- Revenue was off in finance and credit card services due to a reactionary decline from the previous fiscal year, as well as timing differences in recording sales (-6.2%)



(Reference) Net sales by segment and industry of customer <YoY>

[mil. Yen]

		FY2023/9 1Q (Oct.-Dec.)	FY2024/9 1Q (Oct.-Dec.)	YoY change	
				Amount	Rate
TTC	Government and public offices	5,305	5,846	+541	+10.2%
	Finance/credit card	840	621	-219	-26.1%
	General industries	2,700	3,095	+395	+14.7%
	TTC total	8,846	9,563	+717	+8.1%
ITS	Government and public offices	202	193	-8	-4.2%
	Finance/credit card	13,349	12,691	-657	-4.9%
	General industries	5,062	5,219	+157	+3.1%
	ITS total	18,613	18,105	-508	-2.7%
Total		27,459	27,668	+209	+0.8%

1 FY2024/9 1Q Financial Results

2 FY2024/9 Full Year Forecasts

3 Topics

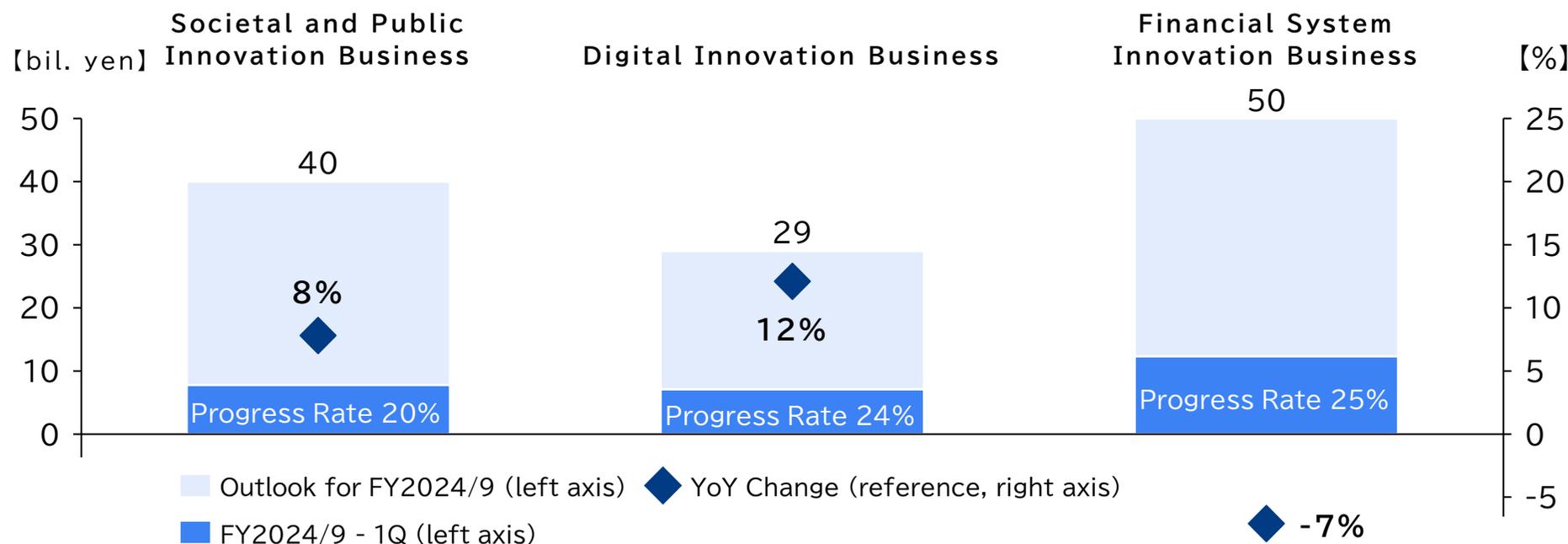
FY2024/9 Full Year Forecasts (no change from initial forecasts)

[mil. yen]

	FY2023 (Results)	FY2023 (Forecasts)	YoY change	
			Amount	Rate
			Net sales	122,126
Think Tank and Consulting Services	50,462	46,000	-4,462	-8.8%
IT Services	71,663	72,000	+336	+0.5%
Operating profit	8,688	8,400	-288	-3.3%
Operating profit margin	7.1%	7.1%	+0.0P	
Ordinary profit	10,002	10,000	-2	-0.0%
Think Tank and Consulting Services	4,428	5,400	+971	+21.9%
IT Services	5,560	4,600	-960	-17.3%
Profit attributable to owners of parent	6,287	6,400	+112	+1.8%
Basic earnings per share (yen)	392.27	402.45	+10.18	

Outlook and Progress for FY2024/9 by Business

- 1Q progress in the Societal and Public Innovation, Digital Innovation, and Financial System Innovation businesses stands at 20-25%
- YoY change in Digital Innovation Business, which is striving for growth, is +12%



Main business	Scale of Business, FY2024/9 - 1Q (Progress Rate)	Outlook for FY2024/9
Societal and Public Innovation	8 billion yen (20%)	40 billion yen
Digital Innovation	7 billion yen (24%)	29 billion yen
Financial System Innovation	12 billion yen (25%)	50 billion yen

*Societal and Public Innovation and the Digital Innovation businesses includes some duplicate descriptions of work promoted in collaboration

*All numbers are approximations

1 FY2024/9 1Q Financial Results

2 FY2024/9 Full Year Forecasts

3 Topics

Topics: Recent News Releases

※All releases below are only in Japanese

Date	Title
[Related to Societal and Public Sector Innovation Business]	
Dec 26, 2023	<u>Mitsubishi Research Institute begins demonstration project with Creek & River Co., Ltd. aimed at improving the mobility of professional human resources</u>
Dec 25, 2023	<u>Mitsubishi Research Institute to collaborate with New Space Intelligence</u>
Dec 25, 2023	<u>New Ordinary, TXJ, and Mitsubishi Research Institute embark on three-way collaboration to expand immersive tourism</u>
Dec 21, 2023	<u>Contracted by the Ministry of Economy, Trade and Industry (METI) to conduct a study on the relationship between carbon pricing and investment in decarbonization</u>
Dec 18, 2023	<u>Mitsubishi Research Institute and the AIST (National Institute of Advanced Industrial Science and Technology) Group begin joint research on digital twin technology</u>
Nov 20, 2023	<u>Mitsubishi Research Institute launches the second round of its “New Utilization Strategy for Unused Fish”</u>
Nov 16, 2023	<u>Mitsubishi Research Institute and Impact Circle. Inc. launch joint project</u>

Topics: Recent News Releases

※All releases below are only in Japanese

Date	Title
[Related to Digital Innovation Business]	
Nov 21, 2023	<u>Mitsubishi Research Institute DCS and 3-shake Inc. collaborate to provide a Data Unified Service that promotes straightforward data utilization</u>
[Related to Financial System Innovation Business]	
Dec 8, 2023	<u>Started practical application of Assessment AI (service) at Mebuki Financial Group, Inc.</u>
Nov 13, 2023	<u>Mitsubishi Research Institute forms consortium for unsecured loans</u>
Nov 10, 2023	<u>Mitsubishi Research Institute and The 77 bank, Ltd. agree to formally introduce Assessment AI (service)</u>

Topics: Recent News Releases

※All releases below are only in Japanese

Date	Title
[Think Tank Business (Recommendations and Dissemination of Information)]	
Feb 5, 2024	Mitsubishi Research Institute holds MRI DEMO DAY 2024
Jan 30, 2024	Mitsubishi Research Institute announces results of research on the future of communication through digitization of nonverbal information
Jan 29, 2024	Started accepting entries on January 29 for the 6th Platinum Career Awards, which recognizes companies that are enthusiastic about human capital management
Dec 25, 2023	Osaka-Kansai Expo 2025: Awareness rises nationwide, while interest and intention of visiting decline
Dec 11, 2023	Winners of the ICF Business Acceleration Program 2023 announced
Nov 16, 2023	Outlook for the global and Japanese economies post-pandemic (Economic Insight)

Topics: Recent News Releases

※All releases below are only in Japanese

Date	Title
Group Companies and Others	
Jan 26, 2024	<u>[MPX] Renewable Japan Co., Ltd. adopts MPX' s ETRM system</u>
Jan 16, 2024	<u>[JBS] Released Smart Start for Microsoft Azure Security service</u>
Dec 14, 2023	<u>[JBS] Released a workshop allowing participants to interactively experience Microsoft Copilot for Microsoft 365, an AI assistant tool provided by Microsoft, before its introduction</u>
Dec 13, 2023	<u>[DCS] Yokohama City, Yokohama Triennale, and Mitsubishi Research Institute DCS jointly offer a workshop that allows participants to experience art with robots</u>
Nov 20, 2023	<u>[JBS] Provided a virtual desktop environment to support hybrid work at au Kabucom Securities Co., Ltd.</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.

- Contact

Mitsubishi Research Institute, Inc.

Investor Relations Office,
Group Corporate Planning Division

E-mail: ir-info@ml.mri.co.jp

URL: www.mri.co.jp/en/index.html

Envisioning the future, leading change

