Growing our social, non-financial, and financial value by building a resilient and sustainable world
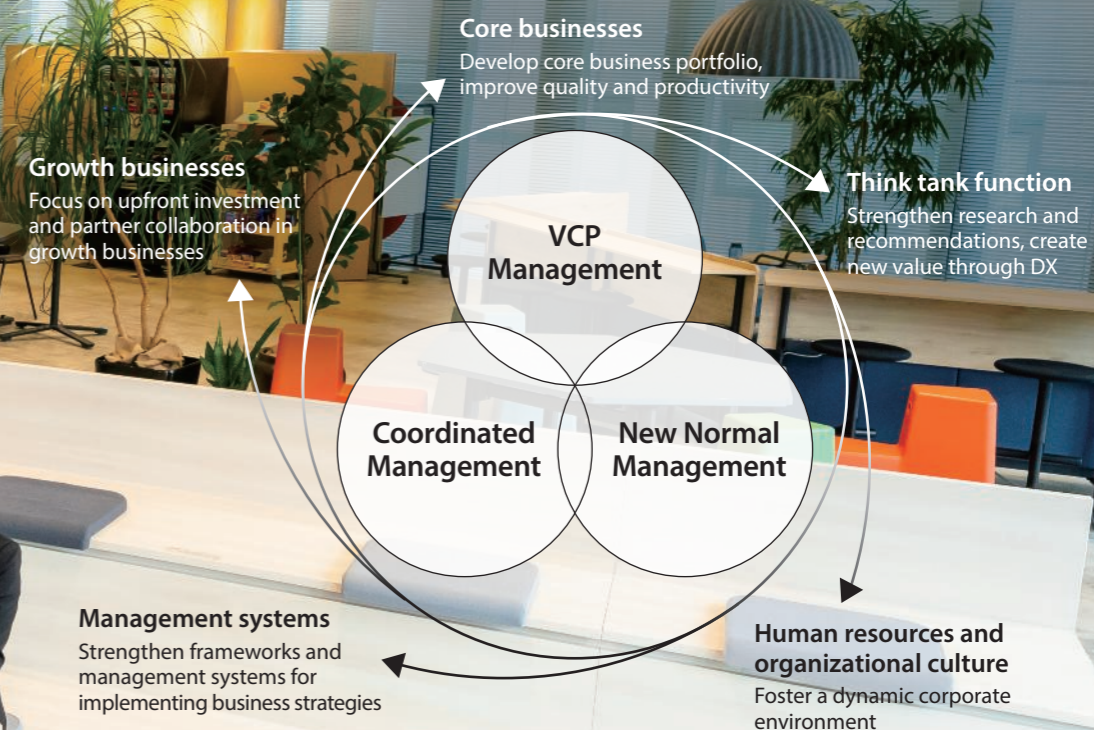
In celebration of the 50th anniversary of our founding, in FY9/21 we launched Medium-Term Management Plan 2023 (MP2023) with sights set on our vision for the next 50 years.

The objective of MP2023 is to create a resilient and sustainable society during and after the pandemic. To achieve this objective, we are promoting Five Transformations, including growth businesses, core businesses, think tank function, human resources and organizational culture, and management systems. Our Three Basic Strategies—VCP Management, Coordinated Management, and New Normal Management—are guiding these efforts.

We strive to maximize our corporate value by becoming a company providing real solutions to societal issues. To do this, we must go beyond helping clients to identify their issues and goals. We will maximize social value by co-creating solutions with clients and business partners, and we will bring the real-world application of these solutions to society ourselves. The resulting societal impact will fortify our non-financial value, and we will cycle this back to boosting our financial value.

In this report, it is our pleasure to introduce some examples of the progress we have made in the second year of MP2023.
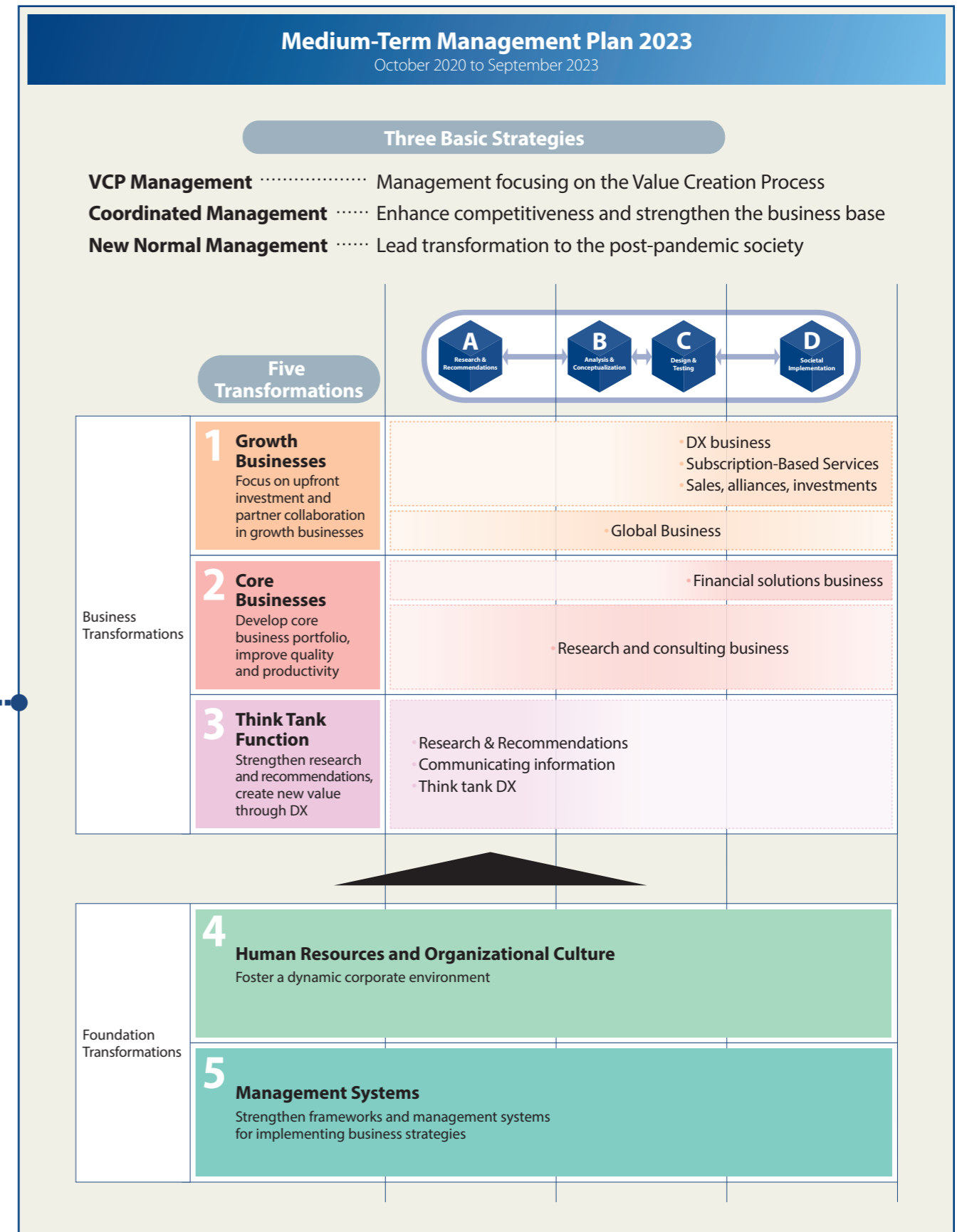
Three Basic Strategies and Five Transformations

Core businesses
Develop core business portfolio, improve quality and productivity

Growth businesses
Focus on upfront investment and partner collaboration in growth businesses

Think tank function
Strengthen research and recommendations, create new value through DX

VCP Management

Coordinated Management

New Normal Management

Management systems
Strengthen frameworks and management systems for implementing business strategies

Human resources and organizational culture
Foster a dynamic corporate environment
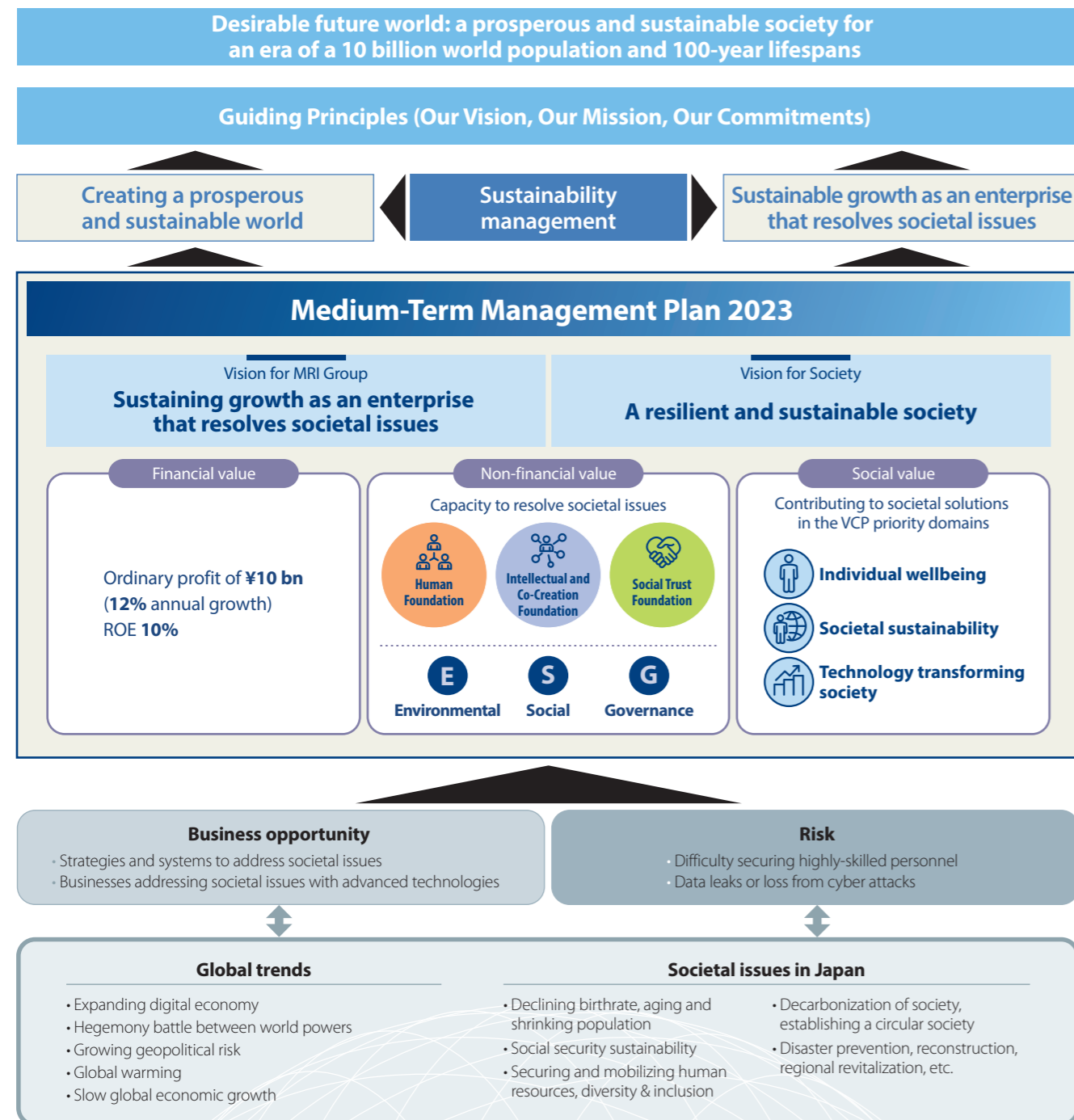
Medium-Term Management Plan 2023

Advancing reform following the Three Basic Strategies

Improving initiatives by identifying material issues

We launched Medium-Term Management Plan 2023 (MP2023) in October 2020 to implement the Guiding Principles adopted in September 2020. To strengthen our efforts in all areas, in April 2022, we defined six material issues from the two perspectives of ensuring sustainable growth and building a prosperous and sustainable world through our business (p. 18).

Five Transformations

To fulfill the objectives of MP2023, we are applying the basic strategies of VCP Management, Coordinated Management, and New Normal Management. We are also seeking to enhance our presence as a company to resolve societal issues and working to bring about three business transformations and two foundation transformations (p. 22) with the aim of establishing sustaining growth.

Desirable future world: a prosperous and sustainable society for an era of a 10 billion world population and 100-year lifespans

Guiding Principles (Our Vision, Our Mission, Our Commitments)

Creating a prosperous and sustainable world ← **Sustainability management** → Sustainable growth as an enterprise that resolves societal issues

Medium-Term Management Plan 2023

Vision for MRI Group
Sustaining growth as an enterprise that resolves societal issues

Vision for Society
A resilient and sustainable society

Financial value
Ordinary profit of ¥10 bn (12% annual growth)
ROE 10%

Non-financial value
Capacity to resolve societal issues
- Human Foundation
- Intellectual and Co-Creation Foundation
- Social Trust Foundation

E Environmental   S Social   G Governance

Social value
Contributing to societal solutions in the VCP priority domains
- Individual wellbeing
- Societal sustainability
- Technology transforming society

Business opportunity
· Strategies and systems to address societal issues
· Businesses addressing societal issues with advanced technologies

Risk
· Difficulty securing highly-skilled personnel
· Data leaks or loss from cyber attacks

Global trends
· Expanding digital economy
· Hegemony battle between world powers
· Growing geopolitical risk
· Global warming
· Slow global economic growth

Societal issues in Japan
· Declining birthrate, aging and shrinking population
· Social security sustainability
· Securing and mobilizing human resources, diversity & inclusion
· Decarbonization of society, establishing a circular society
· Disaster prevention, reconstruction, regional revitalization, etc.

Medium-Term Management Plan 2023
October 2020 to September 2023

Three Basic Strategies

VCP Management	··········	Management focusing on the Value Creation Process
Coordinated Management	······	Enhance competitiveness and strengthen the business base
New Normal Management	······	Lead transformation to the post-pandemic society

Five Transformations

A Research & Recommendations → B Analysis & Conceptualization → C Design & Testing → D Societal Implementation

Business Transformations

1 Growth Businesses
Focus on upfront investment and partner collaboration in growth businesses
- DX business
- Subscription-Based Services
- Sales, alliances, investments
- Global Business

2 Core Businesses
Develop core business portfolio, improve quality and productivity
- Financial solutions business
- Research and consulting business

3 Think Tank Function
Strengthen research and recommendations, create new value through DX
- Research & Recommendations
- Communicating information
- Think tank DX

Foundation Transformations

4 Human Resources and Organizational Culture
Foster a dynamic corporate environment

5 Management Systems
Strengthen frameworks and management systems for implementing business strategies

Progress on the Three Basic Strategies

Greater Group synergy has enhanced the value we offer and shifted us to a high-profit business model
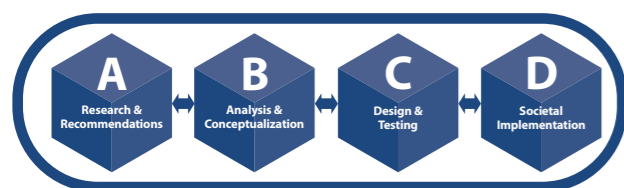
1. VCP Management

Concept

Value Creation Process (VCP) Management works to resolve societal issues by organically linking our Group's four functions of A) Research & Recommendations, B) Analysis & Conceptualization, C) Design & Testing, and D) Societal Implementation in each issue domain. VCP Management also promotes collaboration within the Group and with our partner companies.

This approach enables us to go beyond our individual business results to create greater social impact and generate greater value. We will continue strengthening VCP Management to further boost our competitiveness and transition to a profit structure with high added value.

The Value Creation Process (VCP) concept

A	B	C	D
Research & Recommendations	Analysis & Conceptualization	Design & Testing	Societal Implementation

Organizational fortification

To advance VCP Management, we set the eight VCP priority domains of healthcare, human resources, urban life and mobility, energy, ICT, food and agriculture, circular society, and resilience. Each domain has a VCP Manager (VM) as well as a Policy Proposal Chief to promote research and recommendations, a Government Relations Manager to strengthen relations with the relevant governmental ministries and agencies, an Industry Manager to strengthen relationships with key accounts and partners, and a Business Manager to promote societal implementation. These positions work with the VM to strengthen cooperation and connections among the business divisions.

Main achievements

We applied the measures illuminated by our Research & Recommendations work to tackle issues of greater importance for our clients. This led to larger projects and higher value-added on our Analysis & Conceptualization and Design & Testing fronts. These efforts have increased the number of large projects valued at ¥100 million or higher by roughly 40% from five years ago.

In the area of Societal Implementation, we have been steadily developing our subscription-based services. We expanded the MRI Power Price Index (MPX) online information service for wholesale electric power transactions by establish a joint venture company with KYOS Holding B.V. of the Netherlands. Our Region Ring® digital currency platform was adopted by Nagoya City for its Kinshachi Money digital purchase vouchers (p. 48).

2. Coordinated Management

Concept

We are enhancing the effectiveness of VCP Management by applying Coordinated Management to further diversify Group business and by strengthening the offensive and defensive aspects of our competitiveness. We are focusing particularly on providing IT solutions and DX-related businesses where we can generate significant Group synergy effects.

Organizational fortification

MRI and key subsidiary DCS are strengthening bonds with various partners, including equity-method affiliates Japan Business Systems (JBS) and INES. We are activating Group synergy effects to respond to the rapidly growing demand in the DX market. Specifically, to promote personnel exchanges, collaborative development, and provision of services, we have established a Consulting Group within DCS, and an AI solutions group in MRI's DX Technology Division.

Main achievements

MP2023 sets new normal, DX Journey®, data-driven management, and local government DX as priority areas. Dozens of projects are currently in the works, particularly related to the DX Journey® and data-driven management.

In the area of local government DX, we have continued developing businesses with INES. DCS has been capitalizing on MRI policy expertise to gain orders in new fields for national-government systems development. We are collaborating as a Group on a growing number of projects to develop systems for local governments based on DCS solutions.

In April 2022, we signed a business alliance agreement with the French company OVHcloud to develop platforms for the data analytics field in Japan. With this agreement, we will work with OVHcloud to develop the ForePaaS service (p. 26) and create new services for the Japanese market.

In July 2022, Group companies convened for our DX Day as part of our DX Reboot theme. DX initiatives have become widespread, but they have also come to be acknowledged as difficult endeavors. The event provided an opportunity to assess the challenges, identify emerging issues, and recommend solutions.

Group DX business sales have been steadily growing and were up by roughly 20% from FY9/20.

Coordinated Management of our business and its foundation
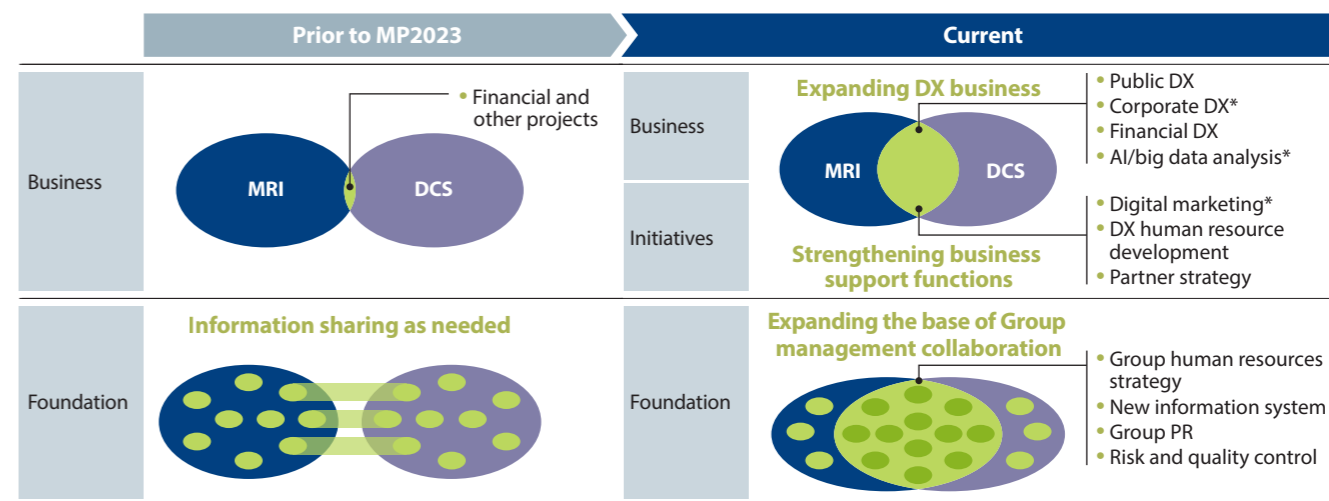
* Integrated initiative system

3. New Normal Management

Concept

We are accelerating workstyle reform for new normal conditions and leading the transformation to a post-pandemic society. This is a management effort to establish sustaining growth while maximizing our performance and attractiveness as a company. Reforms include accommodating work-life balance needs geared to life stages, reformatting the head office for the new normal conditions, and supporting remote work.

Main achievements

We are extending the office layout reorganization begun in FY9/21 by introducing a free address seating system, conducting company-wide surveys, and examining setting up a middle office with the aim of fully supporting new normal workstyles. We are also enhancing our programs and systems including continuing to operate and improve our new personnel system designed to support new workstyles, formulating a new information system, and devising new countermeasures for the risks presented by the new normal conditions.

In addition, we have formulated the Basic Policy for Sustainability and *Conduct Guidelines for Diversity and Inclusion* to further strengthen our sustainability management.

New Normal Management initiatives and targets (partial list)

Hiring and training	Workstyle reforms	Management systems reform
• Formulation and implementation of Group hiring strategies • Referral recruiting • System for dual employment	• Work from home, flexible relocation, and working vacations • Work-life balance geared to life stages	• Development of a Group core information system • DX of business processes →Use of think tank DX results • Creation of a Group new normal risk map and the active risk management system
Enhanced work environment	**Corporate culture reform**	
• Office layout reorganization 　・Free address seating system 　・Communication areas	• Direct communication between management and employees • Goal setting, sharing, and achievement recognition	

Our Value Triad
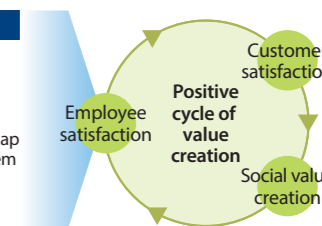
Creating Financial Value

Steady progress with MP2023 brought a second year of record-high ordinary profit—target reached a year early
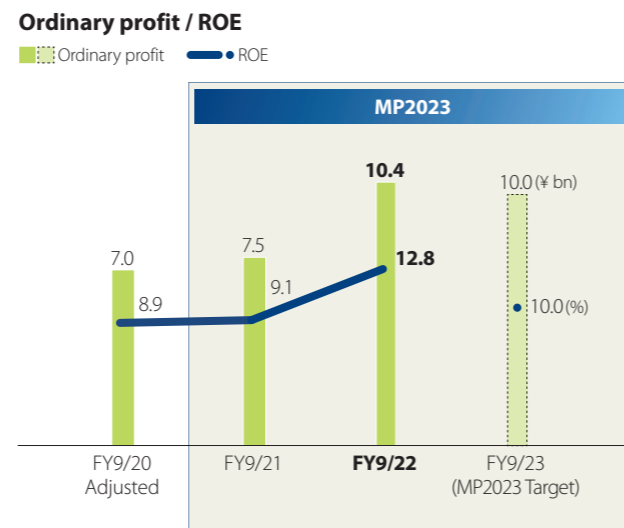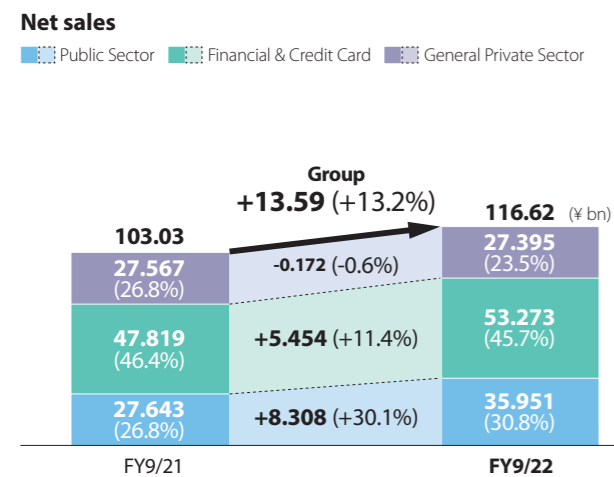
First time over ¥10 billion

In FY9/22, the second year of Medium-Term Management Plan 2023 (MP2023), we continued the strong performance from the first year and achieved our profit target a year ahead of schedule, raising operating profit above the ¥10 billion mark for the first time in our history.
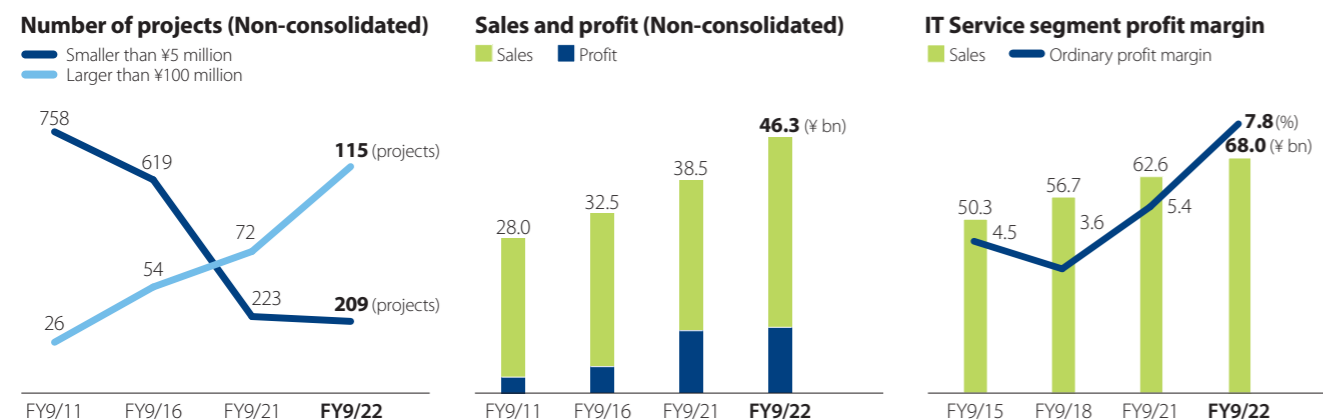
Think Tank & Consulting Services (TTC) segment results were driven by large projects including pandemic-related AI simulations in the government sector, demonstration projects in the 5G and other next-generation communications fields, research projects in renewable energy, and an increasing number of healthcare projects in the medical and nursing care fields. IT Services (ITS) segment performance was led by system infrastructure renewal projects in the financial sector along with emerging results for DX projects for government agencies and the private sector—the latter are a result of MRI-DCS collaboration.

Successes with ITS initiatives to improve productivity and TTC initiatives to both engage in larger projects and increase productivity are steadily generating the qualitative improvements that are an objective of MP2023.

Net sales

Public Sector　Financial & Credit Card　General Private Sector

Group +13.59 (+13.2%)

103.03 → 116.62 (¥ bn)

FY9/21	change	FY9/22
27.567 (26.8%)	-0.172 (-0.6%)	27.395 (23.5%)
47.819 (46.4%)	+5.454 (+11.4%)	53.273 (45.7%)
27.643 (26.8%)	+8.308 (+30.1%)	35.951 (30.8%)

Ordinary profit / ROE

Ordinary profit　ROE

MP2023

FY9/20 Adjusted	FY9/21	FY9/22	FY9/23 (MP2023 Target)
7.0	7.5	10.4	10.0 (¥ bn)
8.9	9.1	12.8	10.0 (%)

Larger projects and higher value-added are improving project quality, productivity, and profit margin

Number of projects (Non-consolidated)

Smaller than ¥5 million　Larger than ¥100 million

FY9/11	FY9/16	FY9/21	FY9/22
758	619	72	115 (projects)
26	54	223	209 (projects)

Sales and profit (Non-consolidated)

Sales　Profit

FY9/11	FY9/16	FY9/21	FY9/22
28.0	32.5	38.5	46.3 (¥ bn)

IT Service segment profit margin

Sales　Ordinary profit margin

FY9/15	FY9/18	FY9/21	FY9/22
50.3 / 4.5	56.7 / 3.6	62.6 / 5.4	68.0 / 7.8 (%)

In detail: progress of our Growth Business Transformation

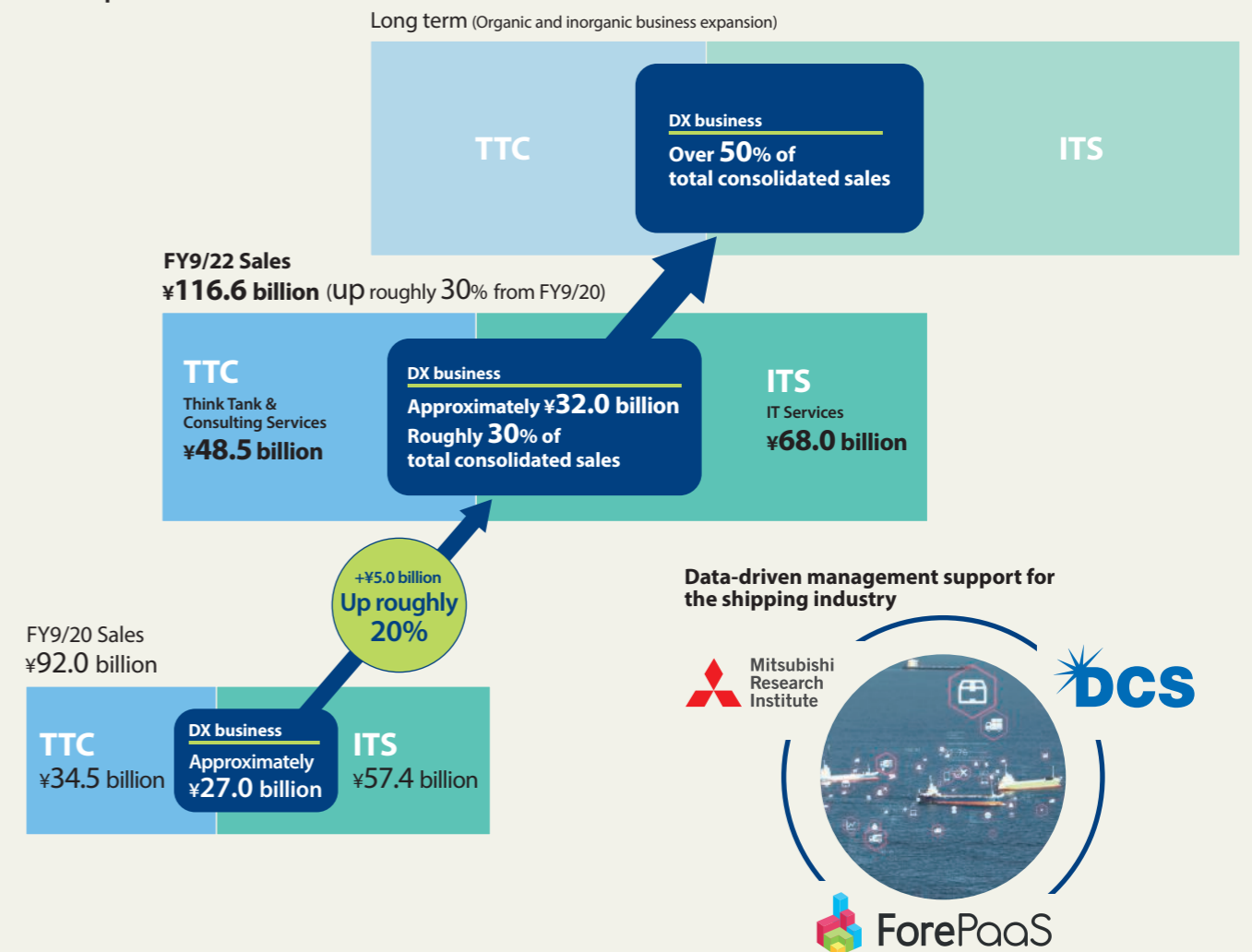### A growing DX business: support for a wide range of industries including shipping

In MP2023, the DX business is the center of our strategy for the growth businesses. Sales in FY9/22 amounted to ¥32.0 billion, a 20% increase from ¥27.0 billion in FY9/20. At the end of FY9/22, the growth businesses segment represented roughly 30% of total consolidated sales, and we are accelerating both organic and inorganic growth to raise its contribution above 50% in the long term.

MRI and DCS collaborate in a variety of venues. One specific example of our work to support DX of private-sector clients is the project to develop a data-driven management system for a client in the shipping industry.

We applied the ForePaaS big data analytics platform—a company we had invested in—to develop a tool for the shipping client to accurately manage and reduce greenhouse gas emissions. We started trial operations just two months after we began formulating the tool, and it is now being used by some 3,000 ships. Europe's largest cloud service provider OVHcloud acquired ForePaaS in April 2022, and we plan to work extensively with OVHcloud to expand our cloud business.

Growth plan for the DX business

Long term (Organic and inorganic business expansion)

TTC ── DX business Over **50%** of total consolidated sales ── ITS

FY9/22 Sales ¥**116.6 billion** (up roughly 30% from FY9/20)

TTC Think Tank & Consulting Services ¥**48.5 billion**

DX business Approximately ¥**32.0 billion** Roughly **30%** of total consolidated sales

ITS IT Services ¥**68.0 billion**

+¥5.0 billion Up roughly **20%**

FY9/20 Sales ¥**92.0 billion**

TTC ¥**34.5 billion**

DX business Approximately ¥**27.0 billion**

ITS ¥**57.4 billion**

Data-driven management support for the shipping industry

Mitsubishi Research Institute　DCS　ForePaaS

ClassNK ZETA (Zero Emission Transition Accelerator) is a greenhouse gas emission management and reduction tool we provide to the ship classification society Nippon Kaiji Kyokai (ClassNK) for distribution to shipping companies. We developed and tested the tool in a two month span.

Our Value Triad

Creating Non-Financial Value

Targets based on ESG and our capacity to resolve societal issues

How we defined them

To achieve our goal to deliver the social value of creating a prosperous and sustainable world, we must simultaneously improve our ability to resolve societal issues, which is the source of our competitiveness, fulfill our corporate social responsibility, and strengthen our management base to enhance the sustainability of society.

Our approach is to set non-financial indicators for environment, society, and governance (ESG) where we will use our knowledge, human resources, and co-creation infrastructure to enhance our capacity to resolve societal issues and our management base to fulfill our corporate responsibility and achieve societal sustainability.

Non-financial benchmarks

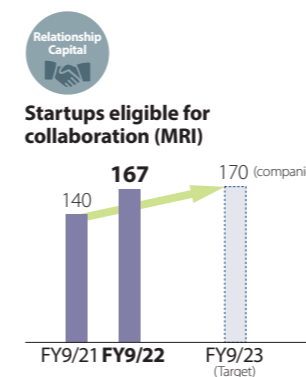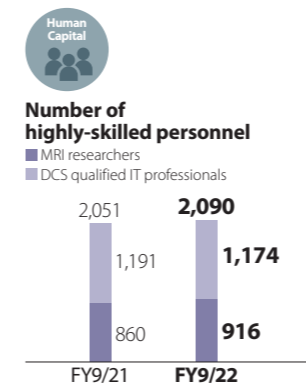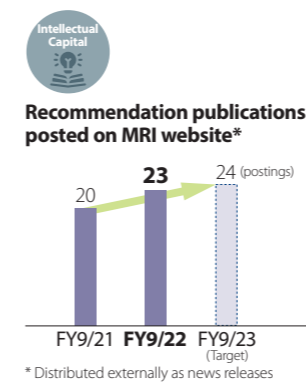| Category	Summary	KPI		FY9/21	FY9/22	FY9/23 Targets
Capacity to resolve societal issues						
Knowledge (Intellectual value)	We enhance our core competencies as a comprehensive think tank group leading to societal implementation and social influence, including our research and recommendations and knowledge and intellectual property gained through our work.	Number of recommendations published on our corporate website (distributed externally as news releases)		20	23	24 (4 added to original MP2023 target of 20)
Human resources (Human value)	Human resources are our greatest asset as a company. We strive to recruit and develop the high-level professionals who are indispensable for resolving societal issues and achieving business growth. We also enhance our management foundation and working environment to enable them to develop their careers, take advantage of opportunities of growth, make use of their abilities, and achieve sustainable growth.	We have positioned *diversity* within the Society grouping of ESG.				
Co-creation infrastructure (Relationship value)	There are limits to what the Group can achieve alone. In order to actualize the collective impact of working to resolve societal issues through the cooperation of various parties, we build and operate our industry–government–academia network with our company serving as a bridge and our platform for co-creation with partners.	Partnerships and collaborations with startups	Membership of ICF (MRI)	140	167	170
			Collaborations (MRI)	0	5	1
ESG						
Environmental E	We aim to contribute to creating a sustainable society by using our business activities to reduce society's burden on the global environment. In the current fiscal year, we added new non-financial targets for GHG emissions.	Energy from renewables (Long-term target: 60% by 2030, 100% by 2050)		0%	7.3%	20%
		GHG emissions (tCO$_2$)		10,611	9,686 (third party verified)	8,800
Social S	We aim to create a positive cycle of value creation of improving employee satisfaction leading to higher customer satisfaction and using our businesses to resolve more societal issues. In the current fiscal year, we revised the *Conduct Guidelines for Diversity and Inclusion*, complied with the Corporate Governance Code, and formulated conduct guidelines.	Diversity	Women among new hires	38.9%	26.0%	35.8%
			Women in management positions	10.8%	11.6%	15.1%
		Work-life balance	Parental leave uptake — Women	100%	100%	100%
			Parental leave uptake — Men	12.3%	36.8%	30.0%
			Paid vacation uptake	52.5%	56.9%	76.2%
			Have remote working environment	93.3%	96.2%	95.0%
		Health management	Proportion of those needing follow-up exams that actually received them	65.4%	79.2%	100%
Governance G	We aim to maintain and increase society's trust in our company by constructing a corporate governance structure for transparent, fair, prompt, and decisive decision-making. Recognizing the increasing data risks in recent years, we have taken steps to fortify our information and cyber security and are offering new services for clients, such as the SecurityScorecard (p. 82).					

Notable progress being made

For our capacity to resolve societal issues, we increased the number of publications of research and recommendations on our corporate website as well as the number of partnerships and collaborations with startups. We believe this is the result of strengthening research and recommendation functions using our VCP Management policy, and improving the quality and quantity of research, recommendations, and collaborations with startups under the leadership of the Corporate Venturing Office established in FY9/22. In FY9/23, we will raise the number of research and recommendation targets from the MP2023 initial target of 20 to 24, step up partnerships and collaborations, and deepen the quality of our efforts with startups to resolve societal issues.
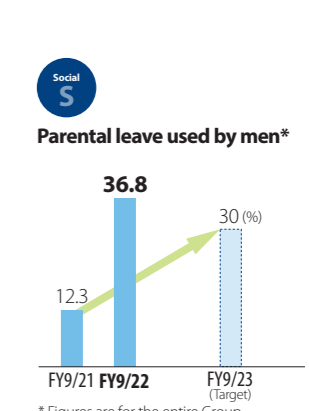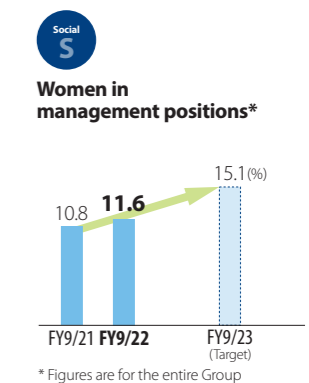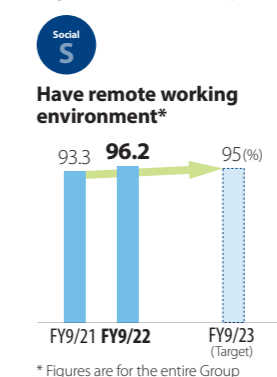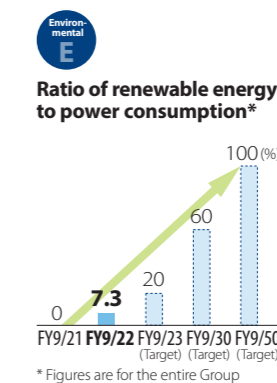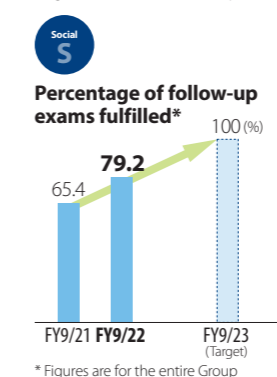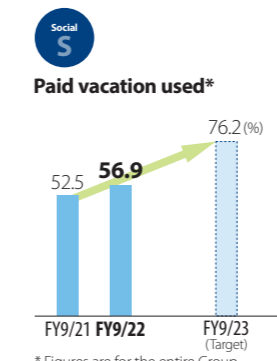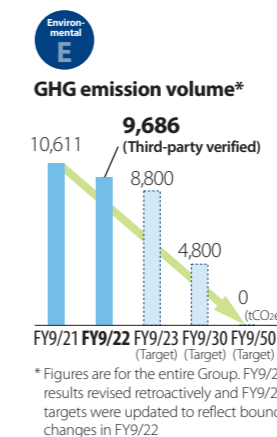
In ESG areas, there was a notable increase in the percentage of male employees taking childcare leave, as it rose from 12.3% in FY9/21 to 36.8%. We are creating an environment that encourages men at all of our Group companies to take childcare leave, as we believe it also plays an essential role in promoting active roles for women in the workplace. Our efforts to accommodate remote work to provide an optimal work environment for the new normal resulted in a higher degree of remote-work preparedness among Group companies. We intend to continue taking steps and conducting events to establish an optimal balance of on-site and remote working environments.

Capacity to resolve societal issues

Intellectual Capital

Recommendation publications posted on MRI website*

20 (FY9/21) → 23 (FY9/22) → 24 (postings) (FY9/23 Target)

* Distributed externally as news releases

Human Capital

Number of highly-skilled personnel
- ■ MRI researchers
- ■ DCS qualified IT professionals

FY9/21: 2,051 (1,191 / 860)
FY9/22: 2,090 (1,174 / 916)

Relationship Capital

Startups eligible for collaboration (MRI)

140 (FY9/21) → 167 (FY9/22) → 170 (companies) (FY9/23 Target)

ESG

Environmental E

GHG emission volume*

10,611 (FY9/21) → 9,686 (Third-party verified) (FY9/22) → 8,800 (FY9/23 Target) → 4,800 (FY9/30 Target) → 0 (tCO$_2$e) (FY9/50 Target)

* Figures are for the entire Group. FY9/21 results revised retroactively and FY9/23 targets were updated to reflect boundary changes in FY9/22

Environmental E

Ratio of renewable energy to power consumption*

0 (FY9/21) → 7.3 (FY9/22) → 20 (FY9/23 Target) → 60 (FY9/30 Target) → 100 (%) (FY9/50 Target)

* Figures are for the entire Group

Social S

Women in management positions*

10.8 (FY9/21) → 11.6 (FY9/22) → 15.1 (%) (FY9/23 Target)

* Figures are for the entire Group

Social S

Paid vacation used*

52.5 (FY9/21) → 56.9 (FY9/22) → 76.2 (%) (FY9/23 Target)

* Figures are for the entire Group

Social S

Parental leave used by women*

100 (FY9/21) → 100 (FY9/22) → 100 (%) (FY9/23 Target)

* Figures are for the entire Group

Social S

Parental leave used by men*

12.3 (FY9/21) → 36.8 (FY9/22) → 30 (%) (FY9/23 Target)

* Figures are for the entire Group

Social S

Percentage of follow-up exams fulfilled*

65.4 (FY9/21) → 79.2 (FY9/22) → 100 (%) (FY9/23 Target)

* Figures are for the entire Group

Social S

Have remote working environment*

93.3 (FY9/21) → 96.2 (FY9/22) → 95 (%) (FY9/23 Target)

* Figures are for the entire Group

Our Value Triad

Creating Social Value

Defining our social value targets

We seek to create social value by using our businesses to resolve societal issues as we pursue our vision for 2070: a prosperous and sustainable world in an era with a global population of 10 billion and lifespans of 100 years.

To continue increasing the social value we provide, our Medium-Term Management Plan 2023, which we launched in FY9/21, set eight VCP priority domains where we believe our basic strategy of VCP Management can make a significant contribution to resolving societal issues.

We have also set three themes that include VCP priority domains for building a prosperous and sustainable world through our business from the perspective of material issues

in sustainability management.

For each of these measures, we have set quantitative and qualitative targets for the social value that we create through our activities in the VCP priority domains in accordance with the business direction illuminated by each material issue.

Material issues and social value indicators

Of our three material issues concerning our business, we have set social value indicators for individual wellbeing and societal sustainability. Businesses related to the third material issue, technology transforming society, will complement and support the efforts related to the other two to resolve societal issues.

Social value indicators in material issues and VCP priority domains

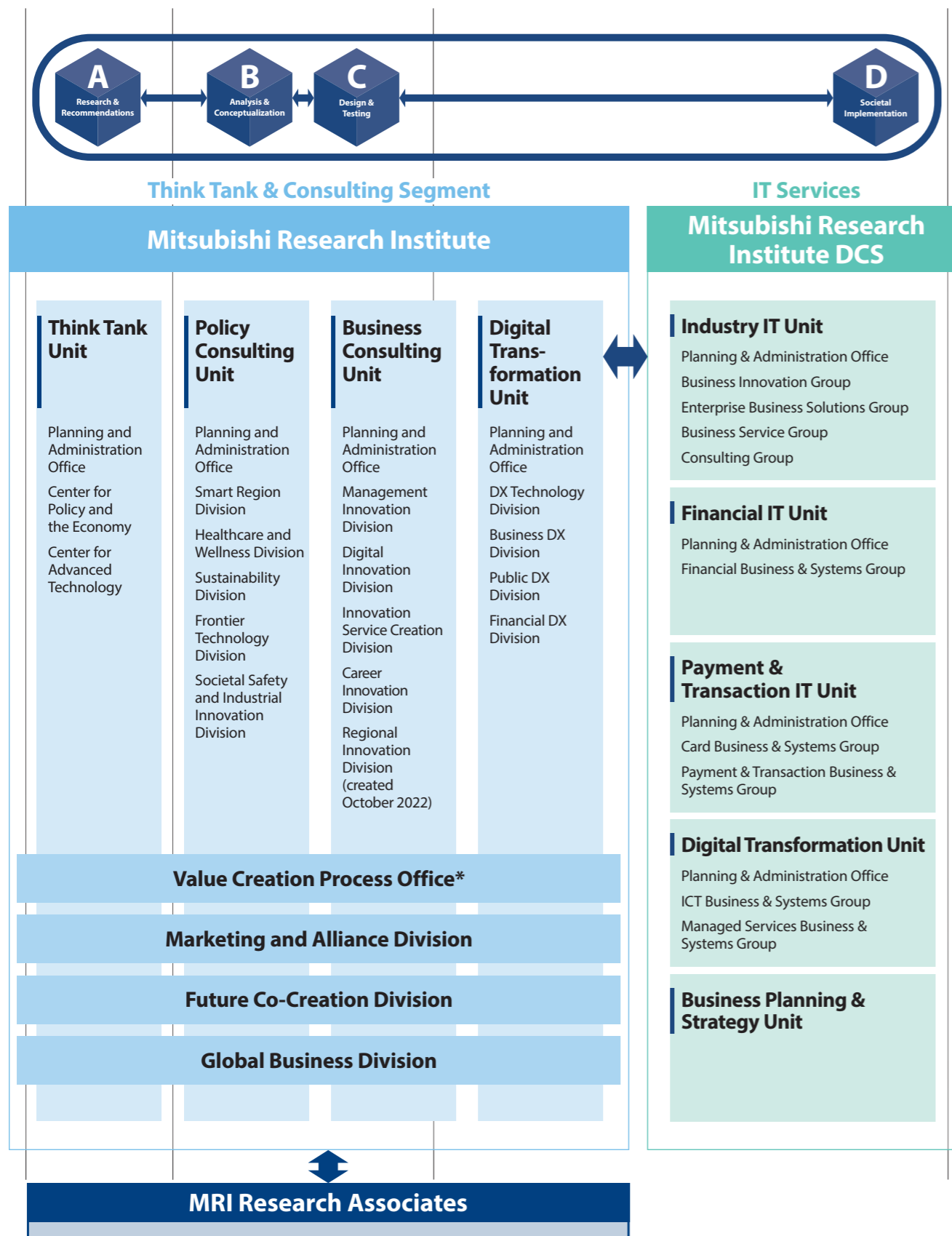| Material issues (Building a prosperous and sustainable society through our business)	Summary
Individual wellbeing Ensuring health, self-fulfillment, and connection	Aim to create a future society where everyone can lead healthy, active, and high-quality lives
Societal sustainability Ensuring safety, security, and global sustainability	Build a stable and disaster-resistant societal infrastructure that supports economic activities; work to resolve global environment, energy, and food problems; realize a sustainable society
Technology transforming society Societal implementation of innovative technologies, transformation of companies and society	Introduce DX and other innovative technologies to society and companies as DX businesses; aim to improve individual wellbeing and societal sustainability

Social value indicators in VCP priority domains

Societal sustainability
Energy, ICT, food and agriculture, circular society, resilience

Individual wellbeing
Healthcare, human resources, urban life and mobility

Technology transforming society
Apply DX and other innovative technologies to advance corporate and societal change

Maximize human wellbeing by creating a resilient society on a sustainable planet

Enhance wellbeing by supporting active engagement by humans with the earth and society

Social value indicators and main initiatives in each VCP priority domain

Domain	Societal issues	Solutions	Social value targets*
Healthcare	Universal health insurance system under stress from the aging population and rising medical and nursing care costs; diminishing quality of life	Extend healthy life expectancy and reformulate social security system	**Narrow the difference between average life expectancy and healthy life expectancy by 0.5 years [2030]** **Increase the fiscal budget for medical and nursing care insurance expenses by ¥10.5 trillion (2050)**
	Main initiatives: evaluate the impact of digitalization of medical and nursing care; propose social security system reforms to establish sustainability; expand sales of services for health insurance companies; start business in nursing care prevention evidence based policy making (EBPM) for local governments; start service conceptualization and technology development to improve productivity at nursing care facilities		
Human Resources	Difficult for individuals to gain desired employment and companies to secure adequate human resources due to mismatch in qualifications and job requirements	Close mismatch by providing opportunities for learning, growth, and success	**Promote workforce fluidity and a turnover rate of 10% (2030)**
	Main initiatives: propose and support policies for introducing human capital management information disclosure systems; develop a skill-based job matching system and provide services for job placement agencies; start collaborating with education business partners to develop recurrent education support tools		
Urban Life and Mobility	Decreasing opportunities for activity outside the home due to digitalization and increasingly severe, complex, and numerous regional issues; reduced transportation demand and difficulty continuing services due to the pandemic and deteriorating quality of life	Create actions to resolve regional issues, provide opportunities for quality activities outside the home under the new normal conditions according to individual values and living environment	**Increase activity in public locations (compared to 2015), enhance wellbeing**
	Main initiatives: propose *actfulness* (p. 48) that enhances people's wellbeing and value for companies and communities; release Region Ring® service; implement the Daimaruyu SDGs ACT 5 demonstration project and the Nagoya Kinshachi Money (p. 48)		
Energy	Global warming causing rising sea levels, ecosystem destruction, more frequent natural disasters	Secure safe power supply capacity; make renewable energy the primary power source; construct a mechanism for supply-demand balancing	**Renewable energy ratio 36–38% [2030], reduce renewable energy power curtailment**
	Main initiatives: estimate and make recommendations concerning the social impact, economic impact, and structural changes with carbon neutralization; create new businesses through aggregation of renewable energies; develop solutions for predicting and forming optimal operating plans for distributed energy resources (DERs, such as renewable energies)		
ICT	Infrastructure stresses and increasing power consumption caused by the information explosion, increasing economic security needs due to dependence on foreign capital and supply chain risks	Optimally allocate information communication resources; promote green ICT; visualize and control supply chain risks	**Develop autonomous, decentralized, and cooperative networks; develop green ICT/IoT infrastructure; enhance infrastructure supply chain security**
	Main initiatives: build an information explosion model to analyze the supply-demand mismatch in data traffic and infrastructure; analyze of ICT power consumption; make recommendations for next-generation infrastructure; launch security risk rating business for ICT business supply chains		
Food & Agriculture	Medium-term food crisis risk due to increasing food demand and climate change impacts, rapidly declining domestic agricultural productivity	Promote environmentally sound agriculture, change food composition and reduce food loss; promote use of renewable energy; qualitatively and quantitatively expand agricultural corporations; promote farmland consolidation	**2.8 million hectares of cultivated land under management, domestic agricultural production value of ¥8 trillion (2050); achieve carbon neutrality in agriculture, forestry, and fisheries (2050); ¥140 trillion global market for sustainable food (2050)**
	Main initiatives: forecast and research the number and scale of entities managing farms and the optimal target for them; research sustainable food and food tech utilization for reducing the environmental impact of food production; provide management improvement consulting for individual farms; support food tech startups		
Circular Society	Realization of a circular society; resource amounts within sustainable load figures for environmental	Create a carbon-neutral society that uses and circulates sustainable resources	**Lower society's ecological footprint to 1.0 (level of global sustainability)**
	Main initiatives: formulate and recommend a future vision for a sustainable resource and circular society		
Resilience	Declining ability of society to respond to frequent and severe storms and flood damage caused by large earthquakes and climate change	Enhance private and mutual assistance programs using private funds and services as supplements to public assistance	**Enhance investment in preparation for national disasters and governmental, private, and individual countermeasures**
	Main initiatives: research and develop businesses for the societal implementation of services for individuals and communities; design and recommend investment and management schemes that integrate measures for aging industrial infrastructure and disaster countermeasures; apply DX for public-private collaboration in the disaster prevention field		

* Social value targets may change depending on future circumstances

MP2023 Progress by Business Unit

MRI Group business structure

	A Research & Recommendations	B Analysis & Conceptualization	C Design & Testing	D Societal Implementation

Think Tank & Consulting Segment

IT Services

Mitsubishi Research Institute

Mitsubishi Research Institute DCS

Think Tank Unit
- Planning and Administration Office
- Center for Policy and the Economy
- Center for Advanced Technology

Policy Consulting Unit
- Planning and Administration Office
- Smart Region Division
- Healthcare and Wellness Division
- Sustainability Division
- Frontier Technology Division
- Societal Safety and Industrial Innovation Division

Business Consulting Unit
- Planning and Administration Office
- Management Innovation Division
- Digital Innovation Division
- Innovation Service Creation Division
- Career Innovation Division
- Regional Innovation Division (created October 2022)

Digital Transformation Unit
- Planning and Administration Office
- DX Technology Division
- Business DX Division
- Public DX Division
- Financial DX Division

Industry IT Unit
- Planning & Administration Office
- Business Innovation Group
- Enterprise Business Solutions Group
- Business Service Group
- Consulting Group

Financial IT Unit
- Planning & Administration Office
- Financial Business & Systems Group

Payment & Transaction IT Unit
- Planning & Administration Office
- Card Business & Systems Group
- Payment & Transaction Business & Systems Group

Digital Transformation Unit
- Planning & Administration Office
- ICT Business & Systems Group
- Managed Services Business & Systems Group

Business Planning & Strategy Unit

Value Creation Process Office*

Marketing and Alliance Division

Future Co-Creation Division

Global Business Division

MRI Research Associates

* Coordination of the four business segments to the best advantage for the Group

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Message from the Executive Vice President and Officer in Charge of VCP

Adding speed to the steady results of VCP Management

Hidemoto Mizuhara
Executive Vice President and Representative Director, Officer in Charge of VCP and Officer Responsible for Company-Wide Divisions

The growth strategy in the Medium-Term Management Plan 2023 centers on our Value Creation Process (VCP) Management. VCP Management links the Group's four core functions of Research & Recommendations, Analysis & Conceptualization, Design & Testing, and Societal Implementation into a unified approach for addressing societal issues while creating both social and corporate value.

FY9/22 saw VCP managers lead steady growth in business opportunities for the energy, human resources, urban life and mobility, and food and agriculture priority domains—progress in line with the framework initially laid out by the Value Creation Process Office.

We are mobilizing company-wide organizational structures to fortify our relations with key accounts and business partners. Our sales arm has assigned industry-specific managers and pursued new business alliances, startups included. We are also expanding the membership base of our Initiative for Co-creating the Future (ICF). Overseas, we are putting to use our business network centered on our offices in Hanoi and Dubai.

Some of our key initiatives in FY9/23 are to fully integrate VCP with these company-wide activities, establish concrete results under our VCP Management, and make clear progress toward our medium-term growth goals.

Message from the President of Mitsubishi Research Institute DCS

Taking pride as a company that supports societal infrastructure and resolves societal issues

Takehiko Matsushita
President & CEO, Mitsubishi Research Institute DCS

Mitsubishi Research Institute DCS is an organization of information-system professionals that for over 50 years has been providing total solutions across the IT lifecycle spanning consulting, design, development, maintenance, operation, data utilization, AI, and automation. Today, information systems are a fundamental form of societal infrastructure and essential to ensuring a convenient and prosperous future.

The Medium-Term Management Plan 2023 will establish a solid foundation for sustainable growth by broadening our DX Business and Service Business. We are also making steady progress on human resource development, research and development, and active investment to accelerate our growth in the future.

We take pride as the core IT company of the Mitsubishi Research Institute Group and as a company that supports societal infrastructure. We will continue to help resolve the issues society and our customers face by providing "IT for a sustainable future."

MP2023 Progress by Business Unit

Think Tank & Consulting Segment
Think Tank Unit

> **Focusing on research and recommendations in the VCP priority domains to generate new societal trends**
>
> Hiroshi Iwase
> General Manager,
> Senior Managing Executive Officer

Business overview

The Think Tank Unit is responsible for A) Research & Recommendations, the foundation of VCP Management. We lead MRI's internal research efforts analyzing the international situation, economic developments, and technology trends. We also develop various outlooks for, and the steps needed to achieve, the future society.

We share the findings of our research at meetings of governmental entities, industry associations, and corporations as well as through the media with the aim of inspiring new societal trends.

Market analysis and action

Amid growing instability and uncertainty, society is increasingly turning to think tanks to create visions for the future and recommendations to realize these visions. The increasingly complex societal issues require a broad perspective as well as evidence-based analysis and solutions. We believe our company is being looked to not just to recommend solutions, but also to join with government agencies, private companies, and other shareholders to be a leader in societal change. We will contribute to resolving societal issues by providing our VCP Management services at all stages from A) Research & Recommendations through D) Societal Implementation.

MP2023 strategies and initiatives

We are strengthening our ability to conduct research and provide recommendations with the aim of informing public policy and corporate strategies, thereby generating new societal trends that will create a more resilient and sustainable society in the post-pandemic era. In the VCP priority domains (pp. 29–30), we are focusing on research and recommendations linked to our strategies for each domain and geared toward resolving societal issues. We also use the knowledge and experience from our work in research, consulting, and societal implementation to present recommendations firmly rooted in reality.

Main initiatives and achievements

In the second year of MP2023, our research and recommendations on wellbeing, virtual technology, and other topics of great interest to society attracted intense attention. In the first year of MP2023, we introduced several systems for societal implementation, such as the FLAP Cycle® (p. 61), in the five VCP priority domains of healthcare, human resources, urban life and mobility, energy, and ICT. In the plan's second year, we added three more priority fields—food and agriculture, circular society, and resilience—where we formed dedicated teams and launched research and recommendation activities to resolve societal issues.

We are continually seeking to enhance the quality of our research and recommendations and collaborate in joint research with domestic and overseas research institutes and universities to incorporate the latest knowledge from around the world, strengthen our human resource development, and produce opinion leaders.

Think Tank Function concept diagram

To conceptualize and design a path toward future world from a medium- to long-term perspective
- Post-covid research activities
- Fundamental research on carbon neutrality

International affairs, economic policies, advanced technology trends
- Macroeconomic research
- Leading technology research (virtual technology, etc.)

Future-Concept Research

Research & Recommen-dations

Foundational Research

VCP-Synchronized Research
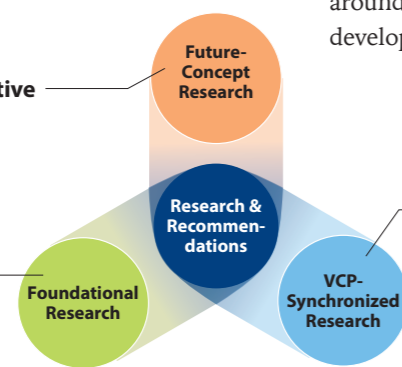
Solutions for societal issues related to VCP domain strategies
- Healthcare
- Human resources
- Energy
- Urban life and mobility
- ICT
- Food & agriculture
- Circular society
- Resilience

Think Tank & Consulting Segment
Policy Consulting Unit

> **Qualitative transformation of our business by proactively selecting the projects we focus on**
>
> Tetsuya Hanyu
> General Manager,
> Executive Officer

Business overview

Our mission is to co-create public policy by providing research and consulting services, fulfilling the B) Analysis & Conceptualization and C) Design & Testing processes—the core of our VCP. Our main customers are government agencies, and we work with our partners to assist in policy planning, system design, and project management.

Our focus is on areas that are closely related to venues of public policy, such as healthcare and energy, where the demands of society are increasing. We are improving the value of our research and consulting by presenting detailed recommendations for bringing problem-solving measures to our clients and society.

Market analysis and action

Heightening social and economic turmoil is leading to increasingly complex societal issues, which are being addressed through coordinated public-sector initiatives by government ministries, interdisciplinary approaches to problem-solving, and evidence-based policymaking and implementation. The role of the Policy Consulting Unit is becoming increasingly important as demand in the public sector moves beyond surveys and research to solutions for implementing policy and developing the private sector.

MP2023 strategies and initiatives

Under MP2023, we are reforming our business portfolio and stepping up our digital transformation projects, as part of measures to bring about a qualitative reform of our business. In addition, we are using the knowledge and expertise in public policy that we gain through our work to envision the future world, curate projects to make that world a reality, and focus management resources to advance those initiatives.

We are further enhancing the value we provide by fortifying the value chain to the A) Research & Recommendations and D) Societal Implementation processes.

Main initiatives and achievements

We are reforming our business portfolio by selectively withdrawing from low-profit, one-time projects and instead focusing on enhancing our profitability by taking on larger projects and focusing on digital-transformation projects with high social demand. The qualitative reform we are implementing includes allocating management resources to further strengthen our proposal capabilities.

Policy Consulting Unit organizational structure

Division	Business domain	Main clients
Smart Region Division	Smart cities, infrastructure DX, mobility, evidence-based policy making	Ministry of Land, Infrastructure, Transport and Tourism; Ministry of Economy, Trade and Industry; transportation companies
Healthcare and Wellness Division	Medical and nursing care, health management	Ministry of Health, Labour and Welfare; Japan Agency for Medical Research and Development
Sustainability Division	Environment, renewable energy, decarbonized society, sustainability management	Ministry of the Environment; Ministry of Economy, Trade and Industry; electric power companies
Frontier Technology Division	Advanced technology, space and ocean, defense and intelligence	Ministry of Internal Affairs and Communications; Cabinet Secretariat; Ministry of Economy, Trade and Industry; telecom carriers
Societal Safety and Industrial Innovation Division	Disaster prevention and risk, nuclear safety, industrial innovation	Ministry of Economy, Trade and Industry; Cabinet Office

MP2023 Progress by Business Unit

Think Tank & Consulting Segment

Business Consulting Unit

Consulting clients through their transformation; creating and running businesses that resolve societal issues

Tatsuya Nakabushi
General Manager,
Executive Officer

Business overview

The Business Consulting Unit provides research and consulting services to our clients and partners, primarily private companies, for identifying their fundamental issues; determining the growth strategies, management policies, and business plans needed to achieve their ideal future; and supporting the implementation of the solutions needed to get there. We ourselves also take the lead in resolving issues and societal implementation services and, together with partner companies, contribute to the transformation of our clients and society.

Market analysis and action

Our aim is to provide comprehensive solutions to societal issues and assist in real corporate and societal transformation that integrates policy and business. In this realm, we see various areas of business opportunity, including 1) societal issues that are increasingly challenging, complex, serious, global, and uncertain, 2) the shift in corporate management styles to purpose- and vision-driven management, societal issue resolution, sustainability management, human capital management, and focuses on digital transformation, security, and carbon neutrality, and 3) the transformation of companies and local governments and the changing behavior of consumers and workers in the new normal conditions.

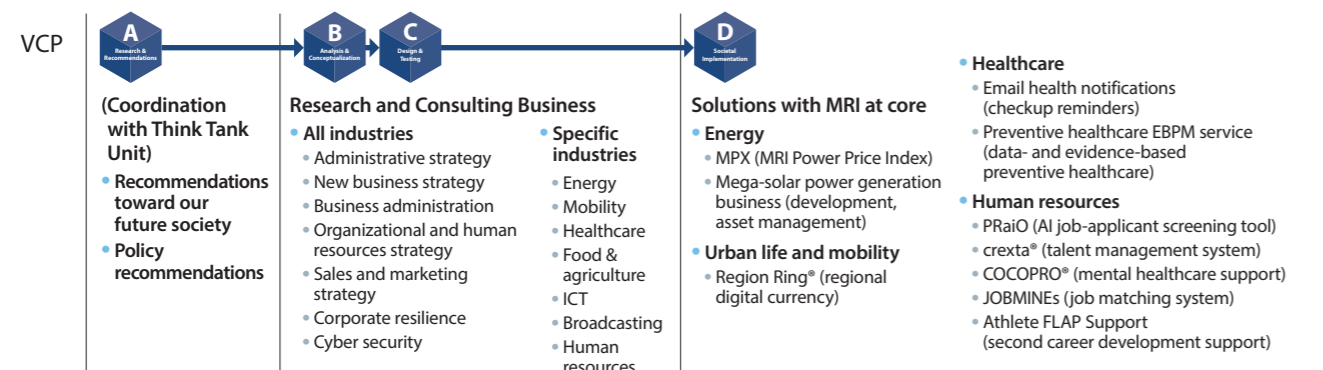### MP2023 strategies and initiatives

Synchronization across the VCP stages brings together our various business functions around specific societal issues. We are fortifying this synchronization to improve our consulting services qualitatively and maximize the value and outcomes we provide to our clients and society. We are also prioritizing investment to develop and promote our subscription-based services with the aim of increasing our profitability in the future.

Main initiatives and achievements

The qualitative improvements to our consulting services are enabling us to steadily increase the scale of our projects and raise our unit prices. Our achievements include commissioned projects for smart city infrastructure design, covid AI simulation, local 5G demonstration testing, security consulting, and management of the Human Capital Management Consortium.

In subscription-based businesses, we have continued to develop the Region Ring® digital regional currency platform, notably the Kinshachi Money program for Nagoya City. We also established a new company to promote the MPX wholesale electricity trading platform, launched the JOBMINEs operation supporting human capital management, and started an evidence-based policy making (EBPM) service for the preventive-healthcare field.

Business concept diagram

VCP

A Research & Recommendations
B Analysis & Conceptualization
C Design & Testing
D Societal Implementation

(Coordination with Think Tank Unit)
- Recommendations toward our future society
- Policy recommendations

Research and Consulting Business
- All industries
  - Administrative strategy
  - New business strategy
  - Business administration
  - Organizational and human resources strategy
  - Sales and marketing strategy
  - Corporate resilience
  - Cyber security
- Specific industries
  - Energy
  - Mobility
  - Healthcare
  - Food & agriculture
  - ICT
  - Broadcasting
  - Human resources

Solutions with MRI at core
- Energy
  - MPX (MRI Power Price Index)
  - Mega-solar power generation business (development, asset management)
- Urban life and mobility
  - Region Ring® (regional digital currency)
- Healthcare
  - Email health notifications (checkup reminders)
  - Preventive healthcare EBPM service (data- and evidence-based preventive healthcare)
- Human resources
  - PRaiO (AI job-applicant screening tool)
  - crexta® (talent management system)
  - COCOPRO® (mental healthcare support)
  - JOBMINEs (job matching system)
  - Athlete FLAP Support (second career development support)

Think Tank & Consulting Segment

Digital Transformation Unit

Creating a wide range of solutions that meet growing demand for digital transformation

Yoshihiko Ito
General Manager,
Managing Executive Officer

Business overview

The Digital Transformation Unit uses digital technology to tackle complex societal issues and provide solutions for clients in general industry, finance, and the public sector. Our specialty as a think tank is developing solutions that combine our deep understanding of public policy and socio-economic trends with our consulting capabilities for strategy, business, and information technology. Driven by VCP Management and Coordinated Management, our unit primarily covers the areas of C) Design & Testing and D) Societal Implementation. We help clients successfully accomplish their digital transformations by providing full support throughout the process from strategy planning to implementation.

Market analysis and action

DX initiatives in Japan are primarily focused on reforming business operations and have not yet made sufficient progress. At the same time, technology innovation is continuing at a rapid pace, and in recent years has both opened up new business opportunities, such as from the metaverse, and increased cyberspace threats.

We will take advantage of our ability as a think tank to anticipate changes in society to enhance strategic phase initiatives, accompany clients, and enhance co-creation of digital implementation with diverse partners centered on group companies. Our own Think Tank DX enables us to pioneer Japan's digital transformation, developing new technologies and creating new businesses.

MP2023 strategies and initiatives

Under MP2023, we are focusing on the following areas to help our clients transform:
- DX Journey®: our company's original approach for achieving change
- Data-driven management: a focus on value creation and the conversion of experience and know-how to AI
- National government DX: reforms to operations that have been reliant on manual processes
- Regional co-creation DX: projects aiming for sustainable regional growth
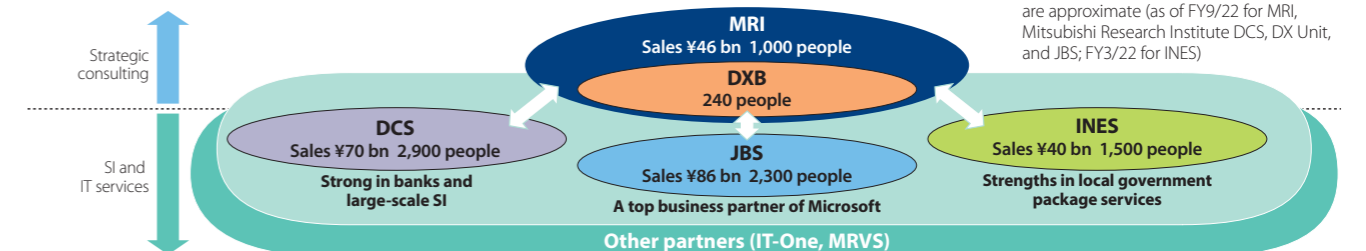- Financial DX: focused application of FinTech

In our activities, we will bring in related departments and work with our partners to accelerate development of solutions and services. Our D) Societal Implementation work provides us with new expertise and technologies, and we are enhancing VCP by feeding these back into the preceding stages.

Main initiatives and achievements

We are steadily building on our results in our focus fields. We are seeing particular growth for ForePaaS, which simplifies the use of big data, our AI-Based Local Government Chatbot Service, our AI Support System for local government consultation desks, and our Assessment AI for loan products.

Group collaboration efforts made significant progress with the DX Journey®, national government DX, and financial DX businesses. In July 2022, we held *MRI DX Day—DX Reboot* to introduce the Group's DX business, and we will continue awareness-boosting measures while also securing and training human resources as we seek to generate ongoing growth.

DX business structure

Strategic consulting

SI and IT services

MRI Sales ¥46 bn 1,000 people
DXB 240 people

DCS Sales ¥70 bn 2,900 people — Strong in banks and large-scale SI

JBS Sales ¥86 bn 2,300 people — A top business partner of Microsoft

INES Sales ¥40 bn 1,500 people — Strengths in local government package services

Other partners (IT-One, MRVS)

Note: Amounts for sales and the number of people are approximate (as of FY9/22 for MRI, Mitsubishi Research Institute DCS, DX Unit, and JBS; FY3/22 for INES)

MP2023 Progress by Business Unit

Think Tank & Consulting Segment

MRI Research Associates, Inc. (MRA)

> **Collaborating with MRI on public sector projects using our strengths in simulation and data analysis**
>
> Hirofumi Suzuki
> President

Business overview

MRA is a partner company of MRI with strengths in simulation and data analysis. We use our specialties in innovative data creation, data-based policy analysis, and simulation as well as the agility that our status as a subsidiary provides to contribute to advancing the VCP strategy.

We help resolve increasingly complex societal issues, particularly for public sector projects, by acting as a driving force in B) Analysis & Conceptualization and C) Design & Testing and by supporting projects in D) Societal Implementation.

Market analysis and action

The research and consulting needs of the government and private-sector infrastructure operators are both increasing and becoming more diverse as they face a growing number of societal issues that require attention—carbon neutrality, preparation for more intense natural disasters, regional traffic congestion, and pandemic countermeasures.

In addition, the accelerating pursuit of digital transformation in post-covid society is making evidence-based policymaking more important than ever, and this is increasing the opportunities for us to apply our strengths in data creation, analysis, and simulation.

MP2023 strategies and initiatives

We apply our strengths in simulation and data analysis and work with all MRI departments to fortify the foundations of VCP Management in B) Analysis & Conceptualization and C) Design & Testing. We also support development of the core logic needed to advance the D) Societal Implementation business.

In addition, we are collaborating with MRI's Digital Transformation Unit to develop DX and automate routine processes, such as running governmental committees, and to realize our own Think Tank DX.

Main initiatives and achievements

We are steadily building on our successful track record in simulations of potential damage from earthquakes, analysis of the covid pandemic, and analysis using the Group's Market Intelligence & Forecast system for predicting trends in consumer markets.

In D) Societal Implementation, we are helping develop the MRI power supply and demand forecasting service and tools for more efficient non-destructive X-ray examinations. We are also providing asset management services for mega solar power plants developed by MRI.

In addition, we are providing consulting services using the unique MRA Secretariat Support System Series (M4S), a tool designed to digitally transform committee management operations that we developed with MRI's Digital Transformation Unit.

MRI and MRA division of roles (example: disaster prevention field)
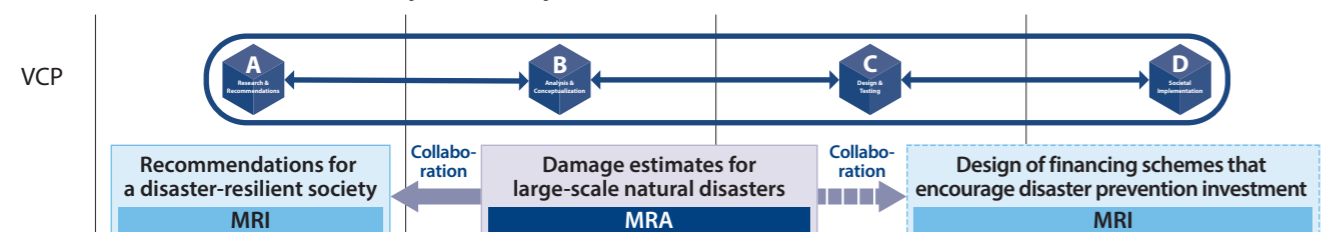
IT Services Segment

Mitsubishi Research Institute DCS │ Industry IT Unit

> **Guiding clients through their digital transformation with tailored services**
>
> Shoji Kimoto
> Unit Head,
> Executive Officer

Business overview

The Industry IT Unit has two main operations: the Solution Business and the Service Business.

The Solution Business provides digital transformation support for clients based on their stage of business development.

The Service Business provides PROSRV® HR, a business process and payroll outsourcing service, and miraicompass®, an online admissions service for elementary, middle, and high schools.

Market analysis and action

The prolonged pandemic increased business opportunities for IT application in areas ranging from facilitating new employee workstyles and business formats to improving user experience. Client needs are also diversifying: In addition to accelerating DX strategies, many companies are seeking to reduce the burden of maintenance and operation of legacy systems as well as to organize their data.

We are seizing the opportunity to make recommendations for corporate management solutions by building MRI's consulting expertise into our solutions. We are also combining our extensive experience developing and operating enterprise systems with the latest data analysis technology to offer clients digital-transformation services catered to their stage of progress.

MP2023 strategies and initiatives

The Solution Business provides support for each stage that a client is seeking to reform its business, such as the infrastructure, business process, and business model stages. The Consulting Group, which we established in October 2021, offers a structured menu of services at all points in a client's operations.

In the Service Business, we are promoting structural reforms aimed at increasing the number of users and improving profitability, while also pursuing improvements in existing customer satisfaction by enhancing the service menu.

Main initiatives and achievements

The Solution Business contributes to society in many ways by accelerating the reform of internal processes and digital transformation of government bodies, newspaper publishers, and other institutions of a highly public nature. The business is also strengthening its digital-transformation product offerings and customer bases in the manufacturing and distribution industries.

The Service Business increased the number of schools using its miraicompass® service from some 1,200 to 1,300 in the past year. This is a result of bringing the service, previously limited to private schools, to public high schools. The business is currently expanding its product lineup, such as the School Tuition Storage Service, and developing services beyond the admissions phase.

Solutions for each stage of reform
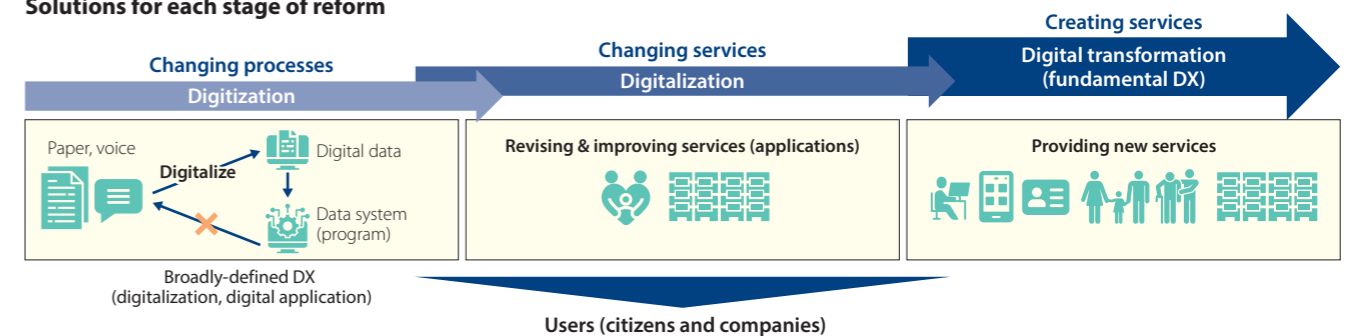
MP2023 Progress by Business Unit

IT Services Segment

Mitsubishi Research Institute DCS │ Financial IT Unit

> **Financial-sector solutions that combine commercial and human resources geared toward digital transformation**
>
> Makoto Fukushima
> Unit Head,
> Managing Executive Officer

Business overview

The Financial IT Unit provides IT solutions to financial institutions, foremost of which is Mitsubishi UFJ Financial Group (MUFG). We are in charge of many large and high-level projects, particularly related to banking systems.

We are acquiring and incorporating new technologies, hiring and training human resources, and strengthening our connections in the Group to provide services, such as for digital transformation, that add value to financial institutions.

Market analysis and action

MUFG is transforming several areas of its business model, including increasing the functionality of its financial and settlement services and increasing its product offerings. In addition, digital-transformation demand is soaring as many companies are accelerating reform of workstyles and business processes and revising their service formats to accommodate the changes brought about by the pandemic.

Investment in IT is growing, and we are meeting that demand by fully applying our skills and experience in integrating and updating enterprise systems for financial institutions. In addition, we are responding to the need for human resources with both IT and business skills that is accompanying the growing demand for digital transformation and also supporting the upstream processes of systems development.

MP2023 strategies and initiatives

We are supporting the medium-term business plan of MUFG by participating in upstream processes through medium- to long-term system development projects and using digital transformation to provide even more added value.
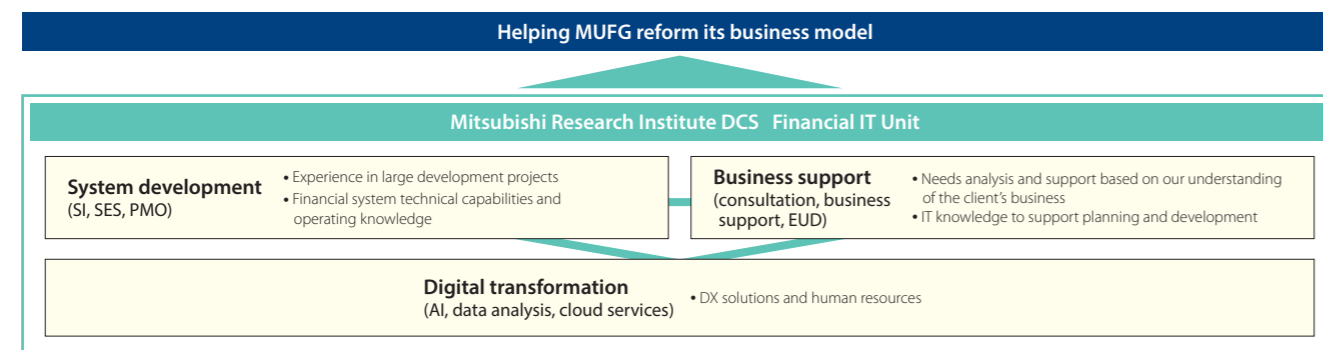
We are also strengthening our collaboration with MRI's Digital Transformation Unit, MRI as a whole, JBS, and INES to combine our knowledge, technology, and experience to promote the use of AI and data analysis, both of which are in high demand.

Main initiatives and achievements

In the second year of MP2023, our large and high-level projects generally progressed according to plan. We have also received a number of new orders for large projects and are constructing an operating structure that will better enable us to provide complete services for medium- to long-term system development projects.

We are steadily accumulating projects for new businesses that utilize digital-transformation products. The strong demand is continuing in the field of end-user development (EUD), and we are bolstering our staff of IT professionals to meet the increasing client needs in the upstream processes of system development.

Financial IT Unit services provided to MUFG

Helping MUFG reform its business model

Mitsubishi Research Institute DCS   Financial IT Unit

| System development (SI, SES, PMO) | • Experience in large development projects
• Financial system technical capabilities and operating knowledge | Business support (consultation, business support, EUD) | • Needs analysis and support based on our understanding of the client's business
• IT knowledge to support planning and development |

Digital transformation (AI, data analysis, cloud services) • DX solutions and human resources

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IT Services Segment

Mitsubishi Research Institute DCS │ Payment & Transaction IT Unit

> **Execute large projects with responsibility befitting social infrastructure and explore new products, services, and domains through digital transformation**
>
> Masafumi Nakagoe
> Unit Head,
> Managing Executive Officer

Business overview

The Payment & Transaction IT Unit oversees settlement IT solutions for the Financial System Business, which has been a DCS core business since its founding.

Payment settlement is an essential part of social infrastructure, and we will expand our business under our mission to support this infrastructure, such as by developing projects to integrate credit card systems.

Market analysis and action

Daily consumption behavior and payment methods are changing dramatically with the rise of FinTech and the spread of covid.

Client needs have thus changed too, becoming more advanced and diverse: These include planning project upstream processes, dehosting from core systems, fully digitalizing end-user contact points, and integrating big data.

We view these changes as opportunities to grow our business and are seeking to offer advanced settlement services that make full use of new technologies and development methods.

MP2023 strategies and initiatives

In projects to integrate credit card systems, we must actively communicate inside and outside the organization to identify and quickly resolve potential issues to ensure progress is made as planned.
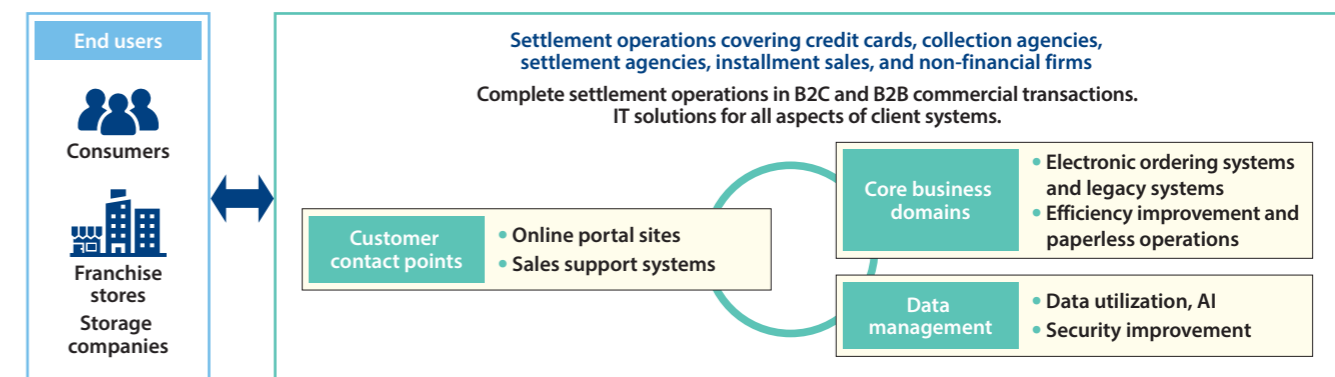
As a company specializing in credit card and settlement operations, we provide conventional system development and engineering services. We are also seeking to enhance the value-added to our diverse customers in a variety of ways, such as by offering package products, supporting agile development, and integrating AI technology.

Main initiatives and achievements

Our large and high-level projects progressed as planned in the second year of MP2023. Credit card system integration projects are steadily progressing as we continue to work closely with clients and other vendors.

At the same time, we are taking steps to further expand our business and establish a new revenue base. These steps include developing autonomous human resources who can take on challenges in new fields and working with departments in the company and the Group to provide timely and high-quality services for a wide range of systems, including in client core operations, customer contact points, and information management.

Payment & Transaction IT Unit business domains

End users

Consumers

Franchise stores
Storage companies

Settlement operations covering credit cards, collection agencies, settlement agencies, installment sales, and non-financial firms

Complete settlement operations in B2C and B2B commercial transactions. IT solutions for all aspects of client systems.

| Customer contact points | • Online portal sites
• Sales support systems |

| Core business domains | • Electronic ordering systems and legacy systems
• Efficiency improvement and paperless operations |

| Data management | • Data utilization, AI
• Security improvement |

MP2023 Progress by Business Unit

IT Services Segment

Mitsubishi Research Institute DCS │ Digital Transformation Unit

Focusing resources on four themes to enhance current businesses and craft new solutions

Yuji Nagami
Unit Head, Managing Director

Business overview

The Digital Transformation Unit researches and develops new solutions and services that contribute to the transformation of clients.

We are focusing on four priority themes to steadily expand our sales: enhancing the cloud business, enhancing the operation business, enhancing the data-driven business, and crafting DX solutions.

Market analysis and action

Demand is increasing for advanced cloud operation management and systems linked on-premise and in the cloud, and we expect the cloud market in Japan to continue growing. We provide a wide variety of services for data usage infrastructure, including private cloud, multi-cloud, and large-capacity storage services.

As more companies seek to realize a digital shift and increase data usage, demand is also growing for system development and data management direction that enables cross-organizational data usage. We are leveraging our expertise in system and business operations to develop new services.

MP2023 strategies and initiatives

In the cloud business, we are bolstering our lineup of cloud services and security solutions using multi-cloud environments. In the operation business, we provide outsourcing services for client system operations and low-code development to help clients transform. The data-driven business is expanding its storage services offerings, which serve as the foundation for data utilization, and combining storage services with expertise in data usage to support client data-driven management. We also develop new DX solutions based on our discovery and R&D of new products, solutions, and technologies.

Main initiatives and achievements

In the cloud business, we introduced cyber security consulting for zero trust initiatives and ransomware countermeasures. In the operation business, we started providing managed service consulting for optimizing an IT organization's area of operation by providing operational design support when a new system is introduced as well as improving services for daily operations. We are also developing and launching businesses that incorporate new perspectives, such as a nursing care business using communication robots.

Digital transformation business overview
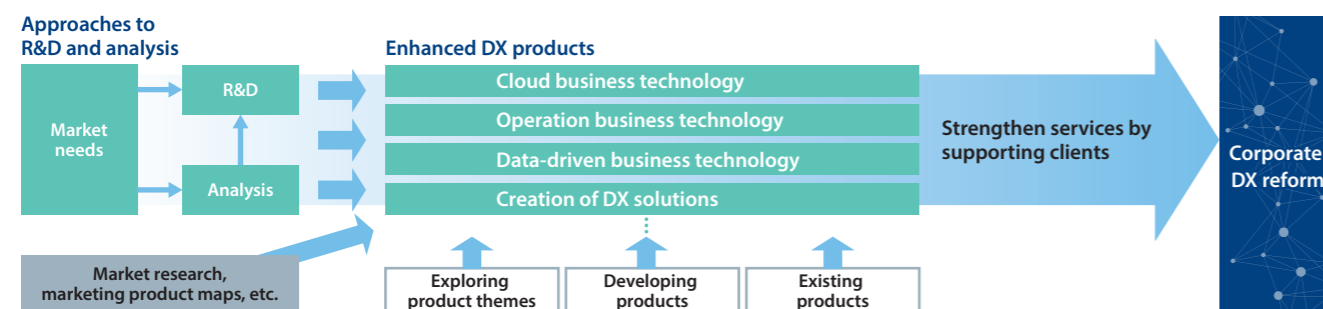
Message from Director and Corporate Administration Unit General Manager

Methodic growth investment toward end of MP2023 and into the future

Jun Nobe
Director, General Manager, Corporate Administration Unit

I would like to share about our business performance and capital policy from my point of view as the head of the Accounting and Finance Division.

Surpassed financial targets a year early accompanied by steady progress in sustainability
In FY9/22, we made progress with the Medium-Term Management Plan 2023 (MP2023)'s Three Basic Strategies of VCP Management, Coordinated Management, and New Normal Management and achieved our financial targets of ¥10 billion in ordinary profit and 10% ROE a year earlier than planned.

In this report, we also describe the steady progress we are making with our non-financial and social value objectives. Through our sustainability management, we have further increased overall ESG disclosure by announcing our support for TCFD; its frameworks have guided our scenario analysis and reporting of risks and opportunities.

Extending our sales and profit trajectory while making growth investments for the next medium-term plan
In FY9/22, the second year of MP2023, it became very clear that we need to place the highest priority on strengthening our human resources and accelerating our business transformation. The second year showed strong performance, but this included some favorable temporary factors.

Coming into FY9/23, the final year of MP2023, we will continue to maintain our upward trajectory for both sales and income growth through steady progress in the measures put into place by MP2023.

We also plan to look further into the future and make the investments necessary to quickly address our priority issues. We will target our growth investment on human resources, Research & Recommendations, R&D, and our business foundation.

In the area of human resources, we will focus on providing the staff needed to support workstyle reform and increase our personnel and resource allocation to fortify our policy proposal and R&D functions. We will strengthen our recruiting Group-wide while also improving human resource development through better visualization of employee abilities and more training opportunities. In addition, we will boost our work incentives and fill out our programs for diverse workstyles.

We will fortify our business foundation by allocating capital for strategic non-organic investment. In priority areas such as digital transformation and Societal Implementation, we will be aiming to effectively utilize available cash for investment, new joint ventures, M&A, and investment in startups.

Our liquid assets, including cash on hand and short-term marketable securities, have increased by approximately ¥10 billion in the past 10 years. We believe that we need to have larger cash reserves than usual due to inherent seasonal fluctuations in our earnings, but we can make reasonable use of our cash reserves. We intend to actively consider investments up to several tens of billions of yen.

In FY9/22, we raised the annual dividend payout amount by ¥25, exceeding the ¥10 increase we have provided in each of the past 10 years. We will continue striving to raise the dividend level and provide attractive shareholder returns.

Ensuring our sustainable growth and contribution to society in unison
Medium- to long-term initiatives are essential to realizing our vision of a prosperous and sustainable society in an era when world population will reach 10 billion and lifespans of 100 years. Through management that improves our financial, non-financial, and social value, we will grow sustainably, thus resolving societal issues and bringing all closer to a brighter future.