

FY2023/9 1Q Financial Results



February 6, 2023

- 1** FY2023/9 1Q Financial Results
- 2** FY2023/9 Full Year Forecasts
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Summary

- Both net sales and profit rose year on year
- TTC was firm, and ITS remained strong particularly for finance and credit card services

Net sales:	Results	27,459 mil. yen	YoY change	+2,101 mil. yen
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- 1Q net sales rose year on year and hit a record high
- Think Tank & Consulting Services (TTC): Sales declined slightly due to fall-off in large projects
- IT Services (ITS): Sales in finance and credit card services remained strong, and sales in general industries (private sector) also increased

Ordinary profit:	Results	2,677 mil. yen	YoY change	+434 mil. yen
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- 1Q ordinary profit rose year on year and hit a record high
- TTC: Profit increased, as a result of the dissolution of unprofitable projects absorbing the negative impacts from fall-off in large projects and growth investments
- ITS: 1Q profit grew, driven primarily by finance and credit card services, hitting a record high

Profit:	Results	1,261 mil. yen	YoY change	-765 mil. yen
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- Profit declined year on year in the absence of extraordinary income recorded in previous fiscal year (gain on sales of investment securities of 1,411 mil. yen)

1Q consolidated results <YoY>

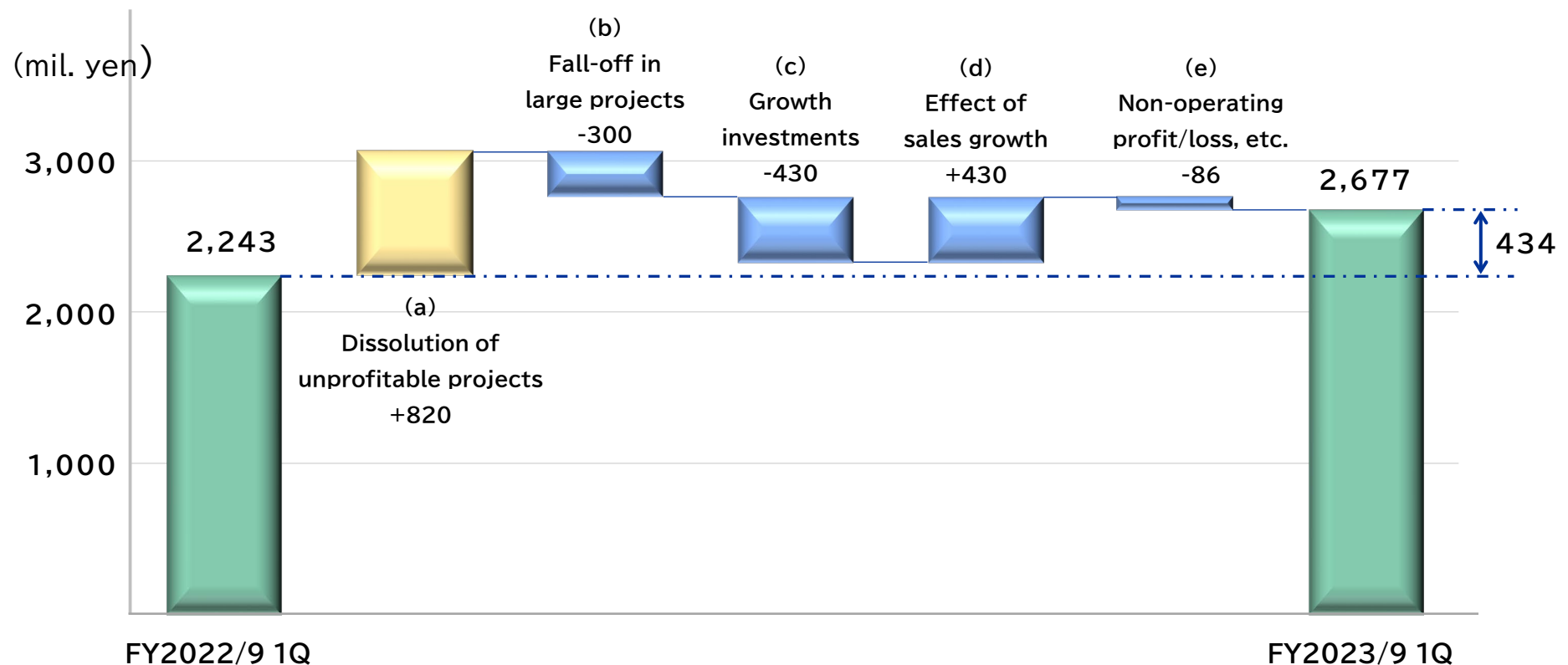
- Both gross profit margin and operating profit margin improved along with an increase in net sales
- Controlling the rate of increase in SG&A expenses also contributed to the improvement in operating profit margin

(mil. yen)

	FY2022/9 1Q (Oct.-Dec.)	FY2023/9 1Q (Oct.-Dec.)	YoY change	
			Amount	Rate
Net sales	25,358	27,459	+2,101	+8.3%
Gross profit	5,997	6,586	+588	+9.8%
Gross profit margin	23.7%	24.0%	+0.3P	
SG&A expenses	4,162	4,227	+64	+1.5%
Operating profit	1,834	2,358	+524	+28.6%
Operating profit margin	7.2%	8.6%	+1.4P	
Ordinary profit	2,243	2,677	+434	+19.4%
Profit attributable to owners of parent	2,026	1,261	-765	-37.8%

Factors behind fluctuation of ordinary profit/loss <YoY>

- For TTC, a decline of -300 mil. yen from the fall-off in large projects (b) and -430 mil. yen from growth investments (c) was compensated for by an increase of +820 mil. yen from the dissolution of FY2022/9 1Q unprofitable projects (a)
- ITS profit rose due to the effect of sales growth (d) of +430 mil. yen
- As a result, consolidated ordinary profit rose +434 mil. yen year on year, which includes a non-operating loss, etc. (e) of -86 mil. yen



Think Tank and Consulting Services (TTC)

(mil. yen)

	FY2022/9 1Q (Oct.-Dec.)	FY2023/9 1Q (Oct.-Dec.)	YoY change	
			Amount	Rate
Net sales	9,035	8,846	-189	-2.1%
Operating profit	568	710	+141	+24.9
Operating profit margin	6.3%	8.0%	+1.7P	
Ordinary profit	899	938	+39	+4.4%
Orders received(1Q)	5,628	3,891	-1,736	-30.9%
Order Backlog	30,176	29,914	-261	-0.9%

Key points

- Although net sales declined due to fall-off in large projects from previous fiscal year, operating profit margin improved with an increase in operating profit
- Ordinary profit remained sideways year on year (dissolution of unprofitable projects absorbed the negative impacts from fall-off in large projects and growth investments)
- Orders received declined primarily because large projects in previous fiscal year were scaled down, but order backlog was almost unchanged year on year
- Despite generally solid performance, sales activities are further strengthened to prepare for future order peaks

IT Services (ITS)

(mil. yen)

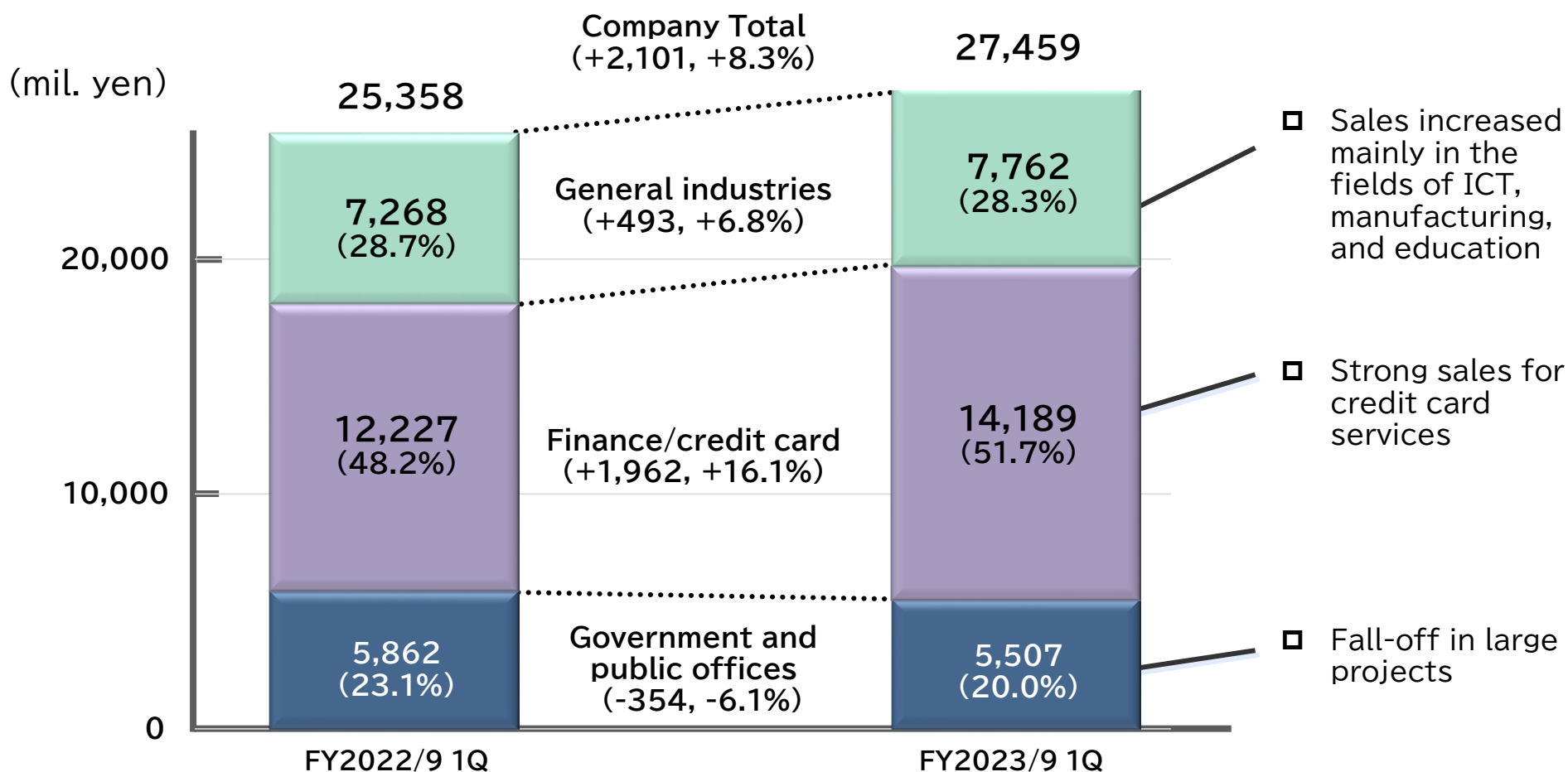
	FY2022/9 1Q (Oct.-Dec.)	FY2023/9 1Q (Oct.-Dec.)	YoY change	
			Amount	Rate
Net sales	16,323	18,613	+2,290	+14.0%
Operating profit	1,257	1,643	+385	+30.7%
Operating profit margin	7.7%	8.8%	+1.1P	
Ordinary profit	1,336	1,734	+398	+29.8%
Orders received(1Q)	19,023	16,708	-2,315	-12.2%
Order Backlog	46,867	45,240	-1,627	-3.5%

Key points

- Both net sales and profit rose, driven primarily by finance and credit card services
- Orders received and order backlog declined due to fall-off in large projects for finance and credit card services
- Net sales and profit remained strong, and efforts are made to strengthen sales activities in order to increase orders received

Net sales by industry of customer <YoY>

- ▣ Sales in finance and credit card services remained strong, but sales in government and public offices declined slightly due to fall-off in large projects
- ▣ Sales in General industries (private sector) rose year on year



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

(mil. yen)

		FY2022/9 1Q (Oct.-Dec.)	FY2023/9 1Q (Oct.-Dec.)	YoY change	
				Amount	Rate
T T C	Government and public offices	5,617	5,305	-311	-5.6%
	Finance/credit card	906	840	-65	-7.2%
	General industries	2,511	2,700	+188	+7.5%
	TTC total	9,035	8,846	-189	-2.1%
I T S	Government and public offices	245	202	-42	-17.5%
	Finance/credit card	11,320	13,349	+2,028	+17.9%
	General industries	4,757	5,062	+304	+6.4%
	ITS total	16,323	18,613	+2,290	+14.0%
Total		25,358	27,459	+2,101	+8.3%

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FY2023/9 Full Year Forecasts (no change from initial forecasts)










(mil. yen)

	FY2022 (Results)	FY2023 (Forecasts)	YoY change	
			Amount	Rate
Net sales	116,620	118,000	+1,379	+1.2%
Think Tank and Consulting Services	48,548	46,000	-2,548	-5.3%
IT Services	68,072	72,000	+3,927	+5.8%
Operating profit	9,165	9,300	+134	+1.5%
Operating profit margin	7.9%	7.9%	+0.0P	
Ordinary profit	10,493	10,600	+106	+1.0%
Think Tank and Consulting Services	5,190	4,900	-290	-5.6%
IT Services	5,301	5,700	+398	+7.5%
Profit attributable to owners of parent	7,707	6,500	-1,207	-15.7%
Basic earnings per share (yen)	474.67	399.99	-74.68	

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Topics: Recent News Releases

※All releases below are only in Japanese

Date	Title
【MRI】	
Feb.6,2023	 <u>MRI held “MRI DEMO DAY 2023”</u> <u>Introducing collaboration and co-creation efforts with startups to solve societal issues</u>
Feb.6,2023	 <u>Demonstration testing of metaverse use for promoting local government DX with Saitama Prefecture</u>
Dec.21,2022	 <u>Co-sponsoring EXPO co-creation project of the Expo 2025 Osaka, Kansai, Japan “Future Society Showcase Project Exhibition”</u>
Dec.20,2022	 <u>Launch of demonstration testing at Hankyu Sanban Gai—Promoting environmentally conscious activities</u>
Dec.5,2022	 <u>Co-creation project launched to communicate new value and create social life through the fusion of industrial art and haptic technology</u>
Nov.24, 2022	 <u>Providing app for Sakai City’s Sakai Eco-life Point Project</u>
Nov.14, 2022	 <u>Launch of “MERSOL”, distributed energy resource management support service</u>
Nov.14, 2022	 <u>Agreement with Mebuki Financial Group to officially introduce Assessment AI service</u>
Nov.11, 2022	 <u>Commenced development of new Distribution Future Energy Scenarios (DFES)</u>

Topics: Recent News Releases

※All releases below are only in Japanese

Date	Title
[DCS]	
Feb.1,2023	 <u>Preparatory office established for the opening of new office in Kitakyushu City</u>
Feb.1,2023	 <u>Launch of “FQ Smart+”, a service brand to maximize the performance of cloud service utilization</u>
Dec.21,2022	 <u>Commenced efforts to create rice growing condition indicators through joint research between Hokkaido University and Mitsubishi Research Institute DCS on smart agriculture using reflectance spectrum data</u>
Dec.12,2022	 <u>Commenced test sales of an AI service that reproduces advanced skills using AI to help stabilize manufacturing quality</u>

Notes concerning forward-looking statements

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

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

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

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Envisioning the future, leading change

