

FY2022/9 3Q Financial Results



August 1, 2022

- 1** FY2022/9 3Q Financial Results
- 2** FY2022/9 Full Year Forecasts
- 3** Topics

Summary

- Both net sales and profit were at record highs. Positive growth was achieved in real terms, excluding the impact of change in accounting standard.
- The target for ordinary profit in the Medium-term Management Plan 2023 (MTP2023) is expected to be achieved ahead of the plan (p. 13).

Net sales:	Results	91,673 mil. yen	YoY change	+11,270 mil. yen
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- Impact of change in accounting standard: +2,981 mil. yen (p. 5); effective YoY change: up 8,288 mil. yen to 88,691 mil. yen, a record high
- Think Tank and Consulting Services (TTC): effectively +6,354 mil. yen in government and public offices (large projects, advanced ICT projects, etc.)
- IT Services (ITS): effectively +1,934 mil. yen due to growth in finance and credit card services

Ordinary profit:	Results	10,430 mil. yen	YoY change	+3,066 mil. yen
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- Effective YoY change +2,113 mil. yen
- TTC: Projects for the public sector remained strong. Profit rose in real terms (up 1,307 mil. yen).
- ITS: Profit rose in real terms (up 807 mil. yen), reflecting growth in finance and credit card services.

Profit:	Results	7,819 mil. yen	YoY change	+2,772 mil. yen
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- Effective YoY change +2,250 mil. yen
- Sales of cross-shareholdings and shares in a subsidiary (UBS Co., Ltd.), etc.

3Q Consolidated Results <YoY>

[Including the effect of accounting standard change]

- Both net sales and profits increased significantly, attributable to continued strength in projects for the public sector and finance and credit card services, and the advanced posting of net sales due to the change in accounting standard.
- See the next page (p. 5) for a comparison based on the previous accounting standard.

(mil. yen)

	FY2021/9 3Q (Oct.-Jun.)	FY2022/9 3Q (Oct.-Jun.)	YoY	
			Amount	Rate
Net sales	80,402	91,673	+11,270	+14.0%
Gross profit	18,986	22,250	+3,263	+17.2%
Gross profit margin	23.6%	24.3%	+0.7P	
SG&A expenses	12,345	12,914	+568	+4.6%
Operating profit	6,641	9,335	+2,694	+40.6%
Operating profit margin	8.3%	10.2%	+1.9P	
Ordinary profit	7,364	10,430	+3,066	+41.6%
Profit attributable to owners of parent	5,046	7,819	+2,772	+54.9%
Basic earnings per share (yen)	310.80	481.69	+170.89	

3Q Consolidated Results <YoY>

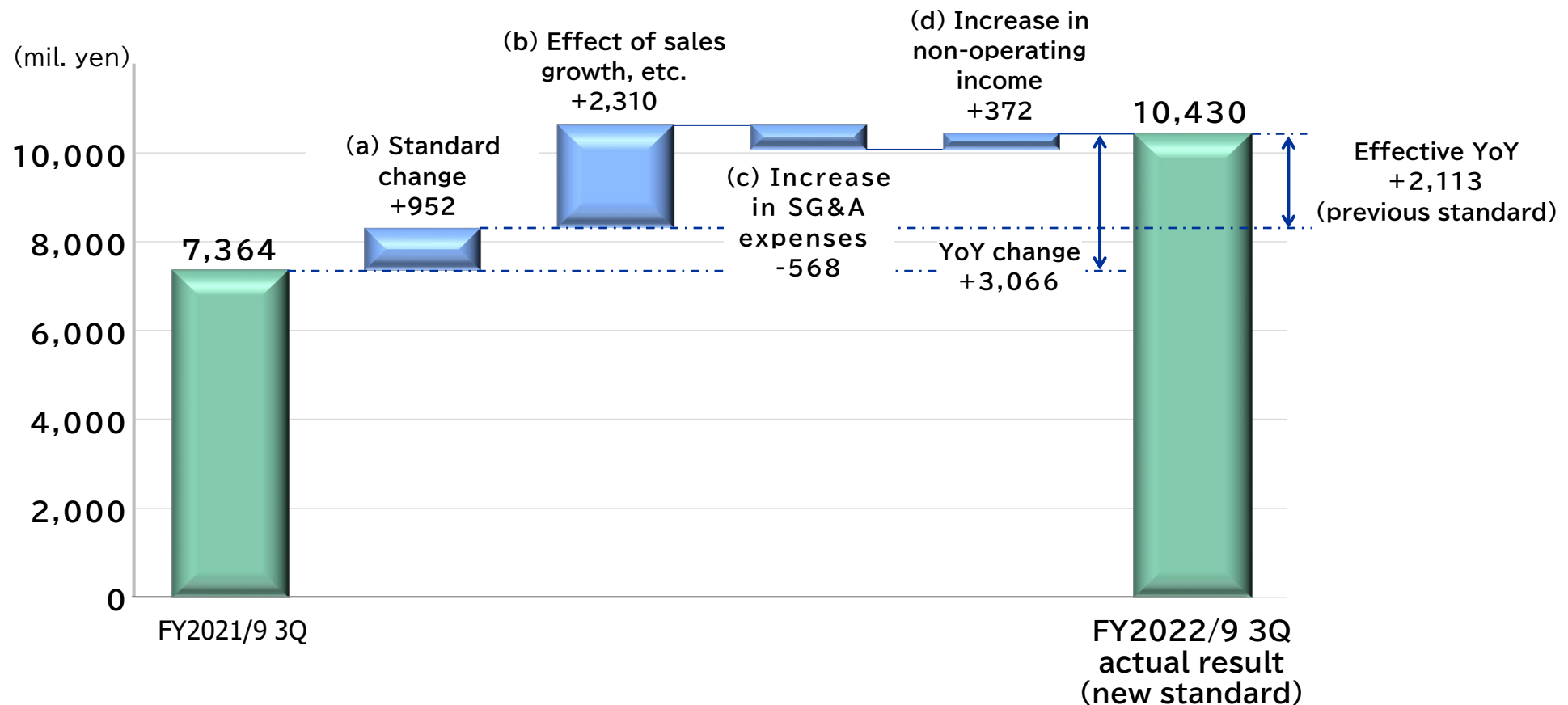
[Comparison under the previous accounting standard]

- Profit was at a record high YoY in real terms, even under the previous accounting standard (excluding the effect of the accounting standard change).
- Profit attributable to owners of parent effectively increased YoY due to extraordinary income gained from sales of cross-shareholdings and sale of a subsidiary, etc. (mil. yen)

	FY2021/9 3Q (Oct.-Jun.)	FY2022/9 3Q (Oct.-Jun.)			Effective YoY	
		Results (new standard)	Effect of the standard change	Effective results (previous standard)	Effective amount	Effective rate
Net sales	80,402	91,673	+2,981	88,691	+8,288	+10.3%
Gross profit	18,986	22,250	+952	21,297	+2,310	+12.2%
Gross profit margin	23.6%	24.3%	—	24.0%	+0.4P	
SG&A expenses	12,345	12,914	—	12,914	+568	+4.6%
Operating profit	6,641	9,335	+952	8,383	+1,741	+26.2%
Operating profit margin	8.3%	10.2%	—	9.5%	+1.2P	
Ordinary profit	7,364	10,430	+952	9,478	+2,113	+28.7%
Profit attributable to owners of parent	5,046	7,819	+522	7,297	+2,250	+44.6%
Basic earnings per share (yen)	310.80	481.69	—	449.54	+138.74	

Factors Behind Fluctuation of Ordinary Profit<YoY>

- Compared with an ordinary profit of 7,364 mil. yen in FY2021/9 3Q, ordinary profit was 10,430 mil. yen, a record high, in FY2022/9 3Q mainly due to the effect of the accounting standard change (a) and the effect of a rise in sales (b).
- Effective YoY ((b) + (c) + (d)) excluding the effect of the accounting standard change (a) was +2,113 mil. yen.



Think Tank and Consulting Services (TTC)

(mil. yen)

	FY2021/9 3Q (Oct.-Jun.)	FY2022/9 3Q (Oct.-Jun.)			Effective YoY	
		Results (new standard)	Effect of the standard change	Effective results(previous standard)	Effective amount	Effective rate
Net sales	33,735	40,848	+759	40,089	+6,354	+18.8%
Operating profit	4,396	5,359	-40	5,399	+1,003	+22.8%
Operating profit margin	13.0%	13.1%	—	13.5%	+0.5P	
Ordinary profit	4,944	6,212	-40	6,252	+1,307	+26.5%
Orders received	42,527	41,774	—	41,774	-752	-1.8%
Order backlog	39,887	34,508	-8,837	43,346	+3,459	+8.7%

Key points

- Net sales rose significantly in real terms (up 6,354 mil. yen), reaching a record high, driven by AI simulation, local 5G (5th generation mobile network) projects and other large projects as well as advanced ICT, energy saving-related projects, and other projects for the public sector.
- Ordinary profit increased (up 1,307 mil. yen) to a record high, mainly attributable to an increase in operating profit (up 1,003 mil. yen), driven by improved operating profit margin, and an increase in the share of profit of entities accounted for using the equity method, etc.
- Orders declined 752 mil. yen due to orders for large projects in the previous fiscal year but were still at a high level (41,774 mil. yen).
- The order backlog rose 8.7% YoY in real terms.

IT Services (ITS)

(mil. yen)

	FY2021/9 3Q (Oct.-Jun.)	FY2022/9 3Q (Oct.-Jun.)			Effective YoY	
		Results (new standard)	Effect of the standard change	Effective results(previous standard)	Effective amount	Effective rate
Net sales	46,667	50,824	+2,222	48,602	+1,934	+4.1%
Operating profit	2,245	3,978	+992	2,985	+739	+32.9%
Operating profit margin	4.8%	7.8%	–	6.1%	+1.3P	
Ordinary profit	2,419	4,220	+992	3,227	+807	+33.4%
Orders received	50,356	52,942	–	52,942	+2,585	+5.1%
Order backlog	46,125	46,285	-5,374	51,660	+5,534	+12.0%

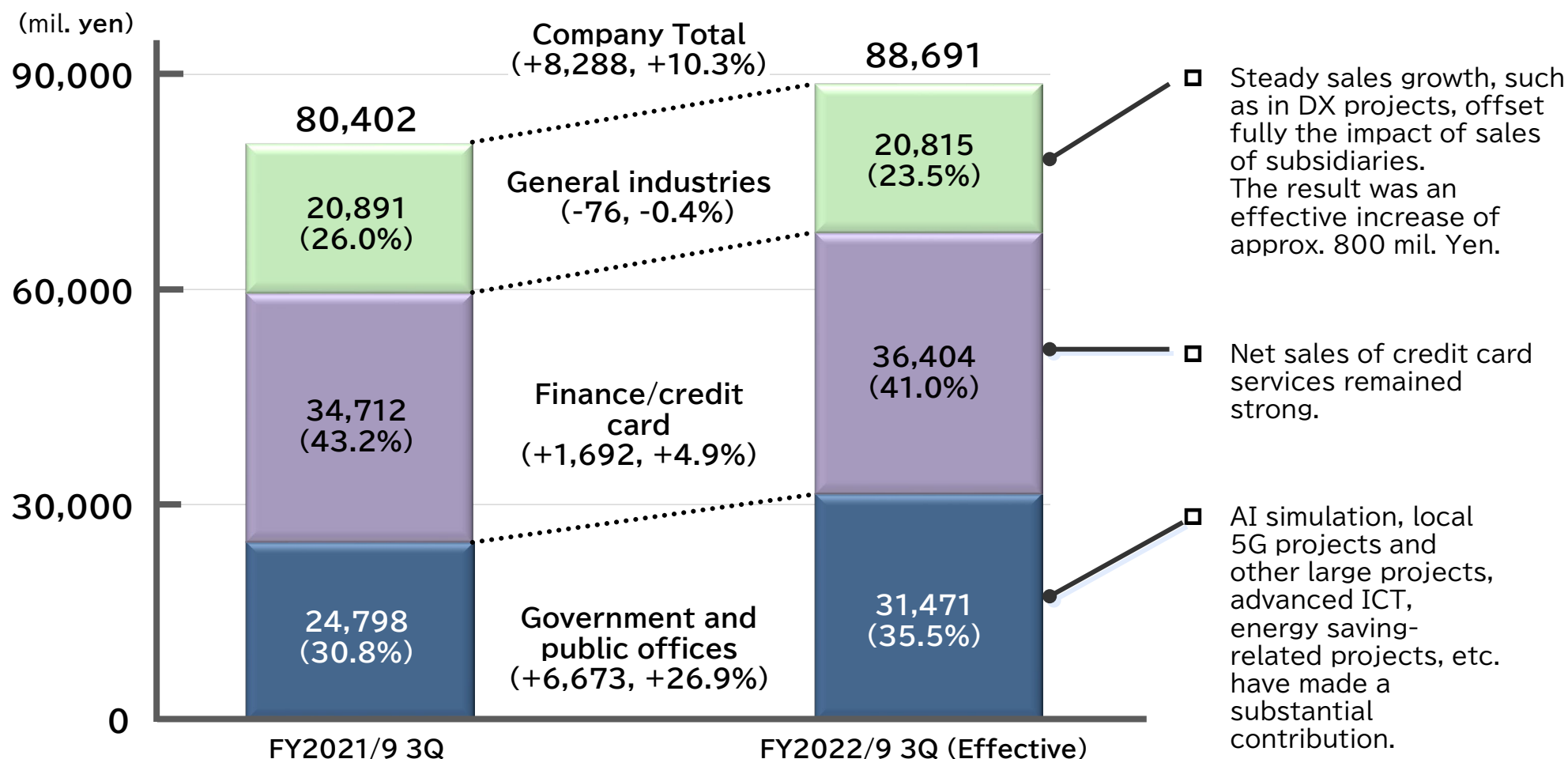
Key points

- Growth in the finance and credit card business contributed to an effective rise in sales (+1,934 mil. yen) and profit (operating profit: +739 mil. yen, ordinary profit: +807 mil. yen), which both reached new record highs.
- Net sales increased and the operating profit margin improved (6.1% in real terms), reflecting an improved product mix that had highly profitable projects.
- Both orders received and the order backlog were driven by finance and credit card services, resulting in effective YoY growth.

Net Sales by Industry of Customer

<YoY/previous accounting standard>

- Net sales increased in all customer categories.
- Net sales were driven by Government and public offices, in which sales increased 26.9%, or 6,673 mil. yen, and Finance/credit card, in which sales rose 4.9%, or 1,692 mil. yen.
- See the next page (p. 10) for the actual values (new standard).



(Reference) Net Sales by Segment and Industry of Customer <YoY>

(mil. yen)

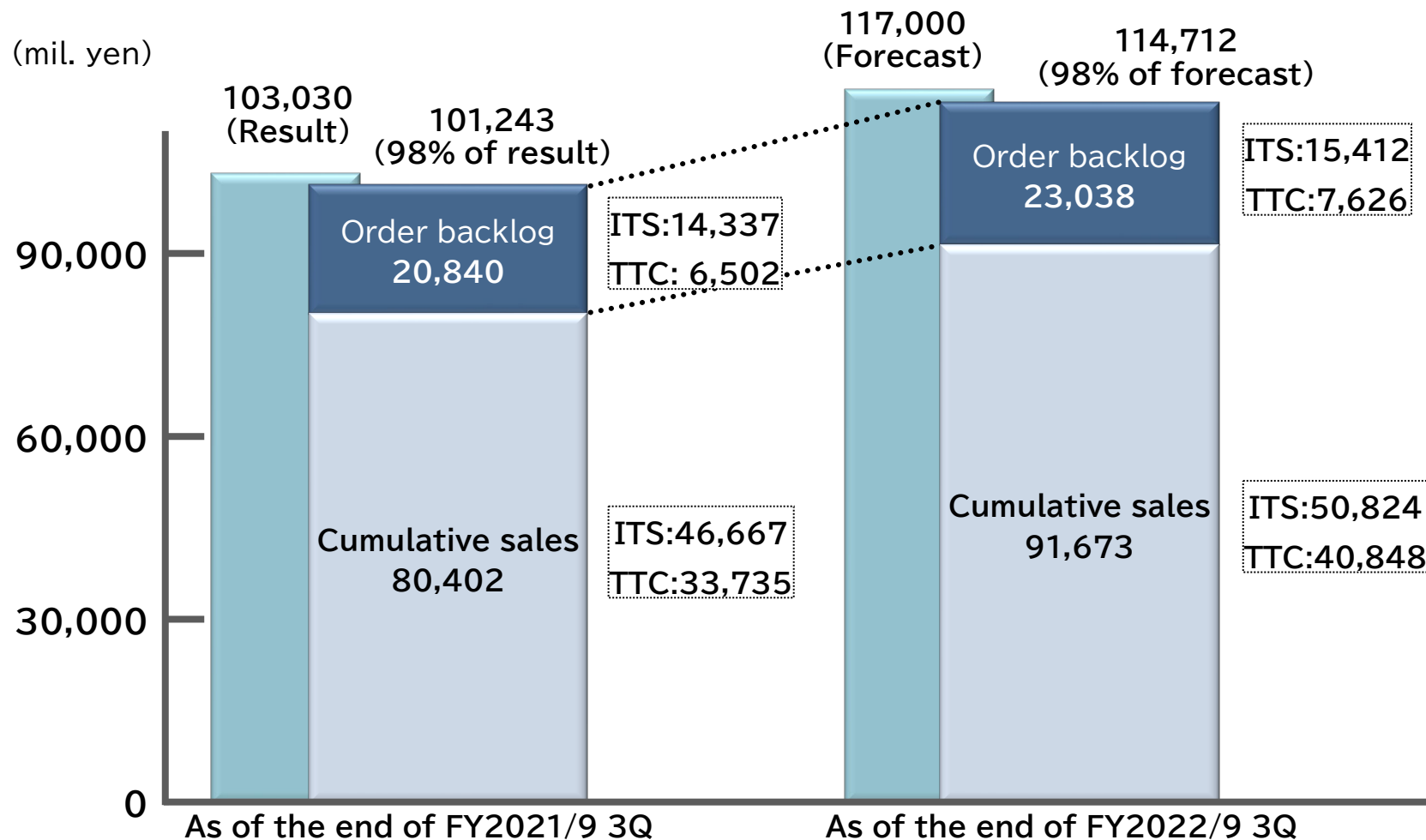
(Breakdown of results in the chart on the previous page 9)

(Actual values under the new standard)

		FY2021/9 3Q	FY2022/9 3Q (effective) (previous standard)	Effective YoY		<Reference>	
				Effective amount	Effective rate	FY2022/9 3Q (actual/new standard)	Effect of the standard change
T T C	Government and public offices	24,343	30,869	+6,525	+26.8%	30,718	-150
	Finance/credit card	2,540	2,299	-240	-9.5%	2,871	+571
	General industries	6,851	6,920	+69	+1.0%	7,258	+337
	TTC total	33,735	40,089	+6,354	+18.8%	40,848	+759
I T S	Government and public offices	455	602	+147	+32.4%	602	—
	Finance/credit card	32,172	34,105	+1,932	+6.0%	36,671	+2,566
	General industries	14,040	13,894	-146	-1.0%	13,550	-344
	ITS total	46,667	48,602	+1,934	+4.1%	50,824	+2,222
Total		80,402	88,691	+8,288	+10.3%	91,673	+2,981

Order Backlog (net sales for FY2022/9)

- 98% of FY2022/9 forecast (after revision) (p. 13) (cumulative sales and backlog in FY2022/9)
- The progress is the same as the year-earlier level.



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FY2022/9 Full Year Forecasts

Full-year earnings forecast was revised upward.

- In the 3Q, operating performance were strong with both net sales and profit at record highs.
- For full-year operating performance forecasts, operating profit, ordinary profit, and profit attributable to owners of parent were revised upward by 1,500 mi. yen, 1,700 mi. yen, and 1,100 mi. yen, respectively (p. 14).
- The target for ordinary profit (10,000 mil. yen) in the MTP2023 is expected to be achieved a year ahead of the plan.

FY2022/9 Full Year Forecasts (Revised from previous forecast (as of April 28, 2022))

(mil. yen)

	FY2021/9 (Results)	FY2022/9 forecast (as of April 28)	FY2022/9 forecast (After revision)	Amount of the revision	YoY	
					Amount	Rate
Net sales	103,030	117,000	117,000	—	+13,969	+13.6%
Think tank and consulting services	40,376	48,000	48,000	—	+7,623	+18.9%
IT services	62,653	69,000	69,000	—	+6,346	+10.1%
Operating profit	6,853	7,700	9,200	+1,500	+2,346	+34.2%
Operating profit margin	6.7%	6.6%	7.9%	+1.3P	+1.2P	
Ordinary profit	7,568	8,700	10,400	+1,700	+2,831	+37.4%
Think tank and consulting services	4,197	4,300	5,200	+900	+1,002	+23.9%
IT services	3,361	4,400	5,200	+800	+1,838	+54.7%
Profit attributable to owners of parent	5,009	6,400	7,500	+1,100	+2,490	+49.7%
Basic earnings per share (yen)	308.60	394.14	461.88	+67.74	+153.28	

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DX business

One day event “[MRI DX DAY] DX Restart” was held.



Find details at the following. ↓
<https://dx.mri.co.jp/dxday2022/index.html>

(only in Japanese)

- The MRI hosted an event with seven external lecturers from various backgrounds to introduce successful examples of digital transformation (DX) and key factors to accelerate future growth and business innovation in light of current issues.
- Under the theme of “DX Restart,” issues common to many companies were divided into the three categories given below, and processes for solving problems and key points were introduced using case examples.
 Three categories:
 Data-driven management, DX journey (path to realization of DX), and response to the “new normal”
- Total number of participants: more than 500 (a record for an MRI DX event)
- The Company put the archived event available on its website.

Outline of the event

- Date of event: 9:40 -16:50 Wednesday, July 27, 2022 *Online event
- Co-sponsors: Mitsubishi Research Institute DCS Co., Ltd., INES Corporation, Japan Business Systems, Inc.

Topics: Recent News Releases

【MRI】

Note) All releases below are available only in Japanese on our website.

Date		Title
Jul 4, 2022	ESG	MRI starts demonstration research of renewable energy procurement with UPDATER Co., Ltd.
Jun 29, 2022	DX	MRI receives the Award of the Minister of Internal Affairs and Communications for the 33rd Meritorious Award on Radio
Jun 27, 2022	ESG	MRI makes publicly available a research report on workstyles and office concepts in the post-coronavirus era
Jun 27, 2022	ESG	MRI makes publicly available the Cloud Funding Handbook for solving local issues
Jun 23, 2022	ESG	MRI applies to take part in “Development of Flexible and Distributed Energy Resources Control Technology to Mitigate Congestion in Power Systems (FLEX DER Project)” and commences business
Jun 20, 2022	ESG	Implementation of research for building a model toward effective use of hydrogen in Shinchitose Airport and peripheral area
Jun 14, 2022	DX	MRI holds [MRI DX DAY] DX Restart on July 27, 2022
Jun 6, 2022	DX	MRI launches “HACCP Navi e-Learning”
May 30, 2022	DX	MRI announces the results of an analysis of a demonstration experiment on urban mobility as a service (MaaS) with the aim to realize the concept of “actfulness”
May 25, 2022	DX	MRI announces the results of a survey on the status of DX promotion by Japanese companies

Topics: Recent News Releases

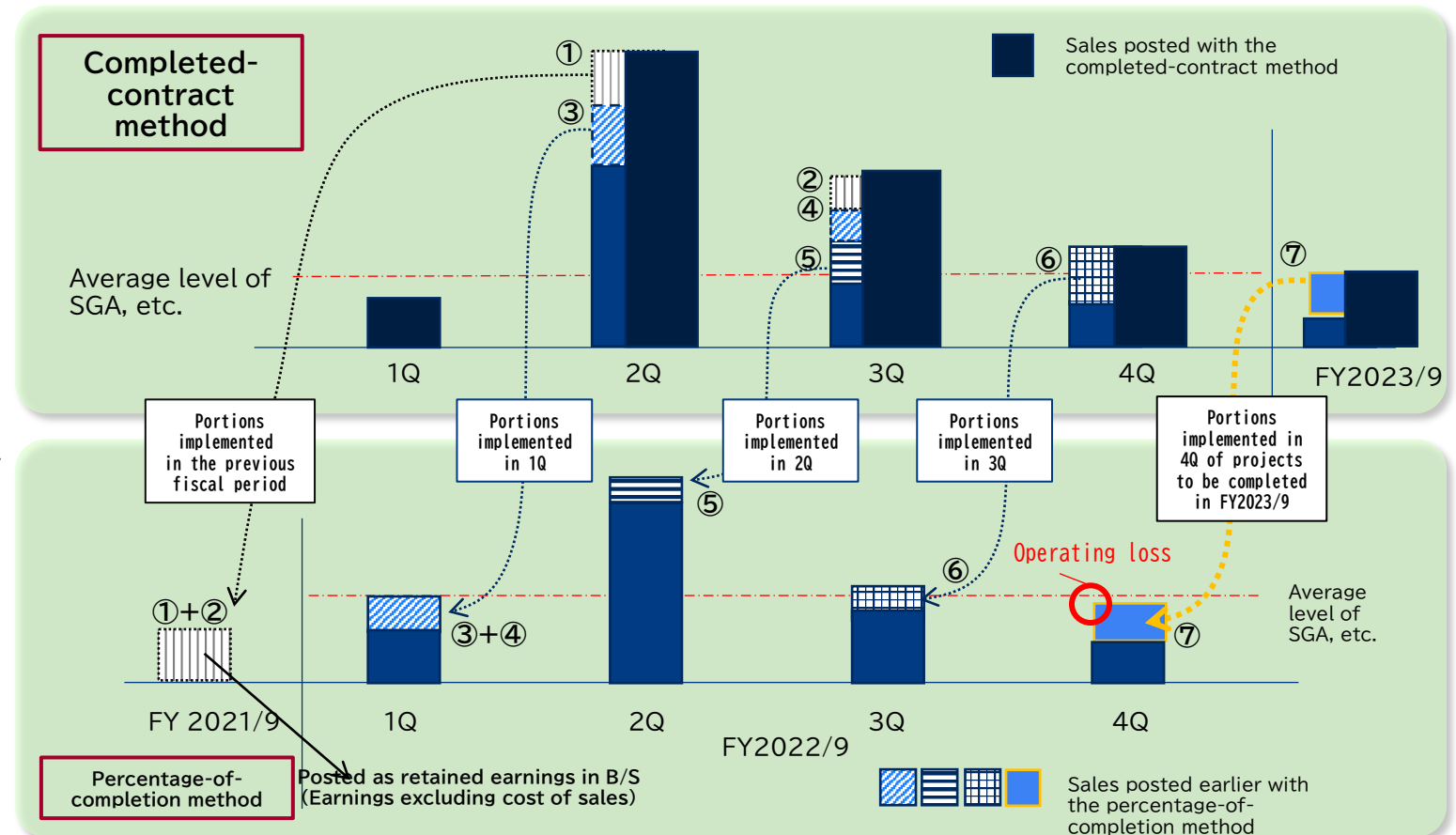
【DCS】

Note) All releases below are available only in Japanese on our website.

Date	Title
Jul 25, 2022	 MRI DCS hosts a workshop for communication support for children with disabilities using robots
Jun 1, 2022	 MRI DCS applies to take part in demonstration project of the city of Yokohama: “Sports and cultural activities for the disabled, and better public facilities with improved convenience”
May 11, 2022	 MRI DCS concludes a sales agency agreement with Board Japan and MRI Value Consulting & Solutions Co., Ltd. which engages in system consulting business.

Reference) Effect of the accounting standard change on sales and profit (for illustration purposes only)

- Under the new standard, net sales, which used to be posted in a lump sum at the time of completion, are posted over the period of implementation.
--> **Sales posted earlier than before (① to ⑦)**
- Usually, there are many projects, mainly for government and public offices, in which orders are received in 3Q and the delivery date is set in 2Q of the following year.
- On the other hand, sales from projects for which orders are received in 3Q and later are recognized sequentially by the percentage of completion method starting in the fiscal year under review (a positive factor for YoY comparison)
- In the 3Q, operating profit was recorded, as sales posted earlier were offset by sales, etc. recognized by the percentage of completion method (⑥).
- In the 4Q, the Company may incur an operating loss, affected by the balance between sales brought forward to 3Q and orders which were recorded earlier and will be completed in the next fiscal period or later (⑦). Accordingly, considering orders received and the progress of the work, sales will likely be small and will not offset selling, general and administrative expenses, etc. that incur every quarter
- Fluctuates according to trends in orders received during the fiscal year



Note: The figure is only to illustrate the effect of application of the Accounting Standard for Revenue Recognition. The figures are not the official forecasts of net sales in the respective quarters of the current fiscal year.

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

