



*Envisioning the future,
leading change*

Financial Results Briefing for the Fiscal Year Ended September 2023

November 1, 2023

Presentation

Yabuta: My name is Yabuta, and I am the president. Thank you very much for taking time out of your very busy schedule to attend our financial results presentation today.



Summary

- Net sales were at a record high; MP2023 targets achieved despite a decline in ordinary profit

Net sales:	Results	122,126 mil. yen	YoY change	+5,505 mil. yen
<ul style="list-style-type: none">Revenue increased year on year; net sales of both TTC and ITS were at record highsThink Tank & Consulting Services (TTC): Sales increased due to government cloud projects in the public sectorIT services (ITS): Boosted by large-scale system projects in the financial and credit card industries				

Ordinary profit:	Results	10,002 mil. yen	YoY change	-490 mil. yen
<ul style="list-style-type: none">TTC: Partially recovered from year on year decline (-1,300 mil. yen) up till 3Q by changing project mix in 4Q (→ p. 13)ITS: Profit at record high, upward trend in sales and profit				

Profit:	Results	6,287 mil. yen	YoY change	-1,420 mil. yen
<ul style="list-style-type: none">Repercussions from extraordinary income recorded in the previous fiscal year (gain on sales of investment securities)				

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I would now like to explain our financial results for the fiscal year ended September 30, 2023 (FY2023/9), our Medium-term Management Plan 2026 (MP2026), and our earnings forecast for the fiscal year ending September 30, 2024 (FY2024/9). The FY2023/9 was the final year of the previous Medium-term Management Plan (MP).

Net sales reached a record high, while ordinary income decreased, achieving the MP2023 goal of JPY10 billion.

Consolidated net sales increased JPY5.5 billion from the previous year to JPY122.1 billion. Think tank & Consulting services, or TTC, posted record sales, driven by large government cloud and 5G-related projects, and IT services, or ITS by large system projects in the financial card field.

Ordinary income is JPY10 billion, down JPY0.4 billion from the previous year. TTC, which had been down JPY1.3 billion YoY through Q3, partially recovered due to an improved profit

margin in Q4, reflecting a change in the mix of projects. ITS beat back a provision for order losses in Q4 and posted record profits.

Net income was JPY6.2 billion, down JPY1.4 billion from the previous year. This was due to the absence of gain on sales of investment securities recorded in the previous period.

FY2023 Consolidated Results <YoY>

	FY2022/9	FY2023/9	YoY change		Earnings Forecast November 4, 2022	Compared to Earnings Forecasts
			Amount	Rate		
Net sales	116,620	122,126	+5,505	+4.7%	118,000	+4,126
Gross profit	26,580	25,984	-596	-2.2%	—	—
Gross profit margin	22.8%	21.3%	-1.5P		—	—
SG&A expenses	17,415	17,295	-120	-0.7%	—	—
Operating profit	9,165	8,688	-476	-5.2%	9,300	-611
Operating profit margin	7.9%	7.1%	-0.8P		7.9%	-0.8P
Ordinary profit	10,493	10,002	-490	-4.7%	10,600	-597
Profit attributable to owners of parent	7,707	6,287	-1,420	-18.4%	6,500	-212
Basic earnings per share (yen)	474.67	392.27	-82.40		399.99	-7.72
ROE (Return on Equity)	12.8%	9.8%	-3.0P		—	—

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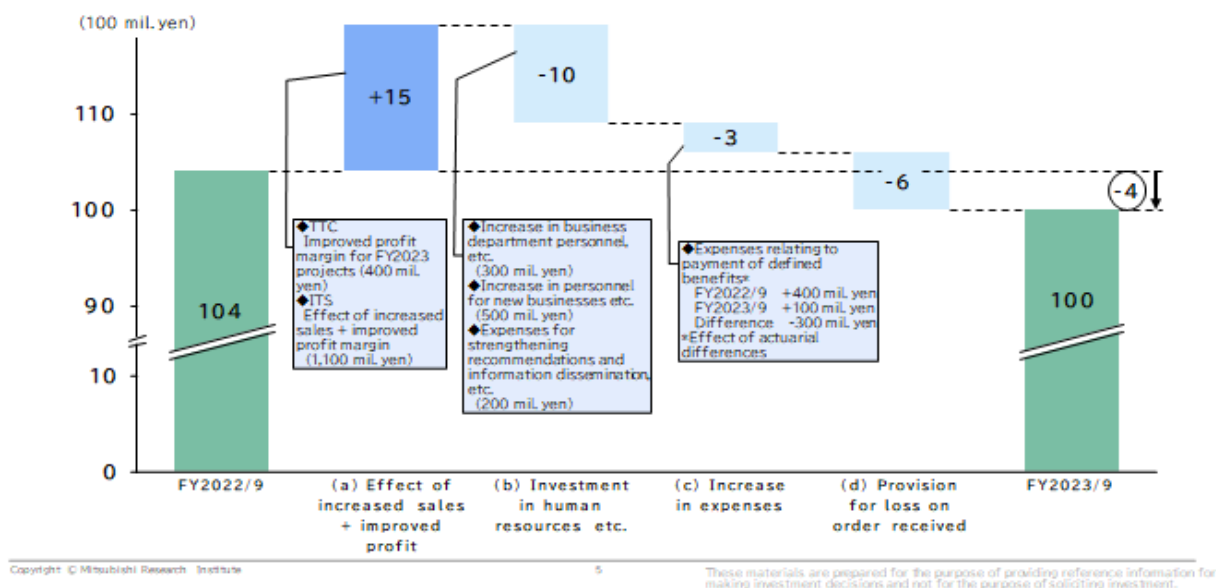
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Page four is a consolidated statement of income what I just said.

Factors Behind Fluctuation of Ordinary Profit <YoY>

- Although there was an effect of a rise in sales and improvement in profit margin (a) compared to ordinary profit of 10,400 mil. yen for FY2022/9,
- Ordinary profit declined by 400 mil. yen YoY to 10,000 mil. yen
- Due to investment in human resources (upfront investment) (b), increase in expenses (c), and losses on orders received (d)



See page five. This is a breakdown of the factors contributing to the change in ordinary profit.

Compared to JPY10.4 billion in the FY2022/9, the positive effect is JPY1.5 billion due to improved profit margins resulting from a change in the project mix and the effect of increased revenues.

The negative effects of JPY1 billion in upfront human resources investment (b), JPY300 million in retirement benefit expenses (c), and JPY600 million in ITS's provision for order losses (d), subtracted together, resulted in a JPY400 million decrease in ordinary profit for the FY2023/9 to JPY10 billion.

Think Tank & Consulting Services (TTC)

(mil. yen)

	FY2022/9	FY2023/9	YoY change	
			Amount	Rate
Net sales	48,548	50,462	+1,914	+3.9%
Operating profit	4,115	3,443	-672	-16.3%
Operating profit margin	8.5%	6.8%	-1.7P	
Ordinary profit	5,190	4,428	-761	-14.7%
Orders received	49,833	43,682	-6,151	-12.3%
Order backlog	34,868	28,087	-6,780	-19.4%

Key points

- Growth in government cloud and 5G-related demonstration projects in the public sector, and system implementation projects for the transportation and telecommunications industries
- Profit declined due to inability to absorb increases in costs such as upfront investment and investment in human capital for future growth
- Despite the ostensible decline in orders received and order backlog due to changes in the project mix, MRI's net portion is at levels similar to the previous fiscal year (→ p. 11, p. 12)

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I would like to explain our business performance by segment.

First, TTC, which roughly corresponds to the performance of MRI itself, reported net sales of JPY50.4 billion and an ordinary profit of JPY4.4 billion, up and down, respectively.

While sales mainly for the public sector and the transportation and telecommunications industries increased, the increase was not enough to absorb the increase in human investment for future growth, resulting in a decrease in profit.

Orders received and order backlogs fell by more than JPY6 billion from the previous fiscal year, but as we will explain later, this was due to the completion of projects with a large percentage of subcontracting, and the net level of orders received exceeded that of the previous fiscal year.

IT Services (ITS)

(mil. yen)

	FY2022/9	FY2023/9	YoY change	
			Amount	Rate
Net sales	68,072	71,663	+3,591	+5.3%
Operating profit	5,048	5,232	+183	+3.6%
Operating profit margin	7.4%	7.3%	-0.1P	
Ordinary profit	5,301	5,560	+258	+4.9%
Orders received	71,050	71,743	+693	+1.0%
Order backlog	47,145	47,225	+80	+0.2%

Key points

- Both sales and profit levels have hit record highs
- Sales and profits increased due to large-scale system projects for financial institutions, general industries (education, new SI, etc.)
- Recovered provision for loss on order received (-600 mil. yen)
- Orders received and order backlog are, in general, at similar levels year on year

Next is ITS.

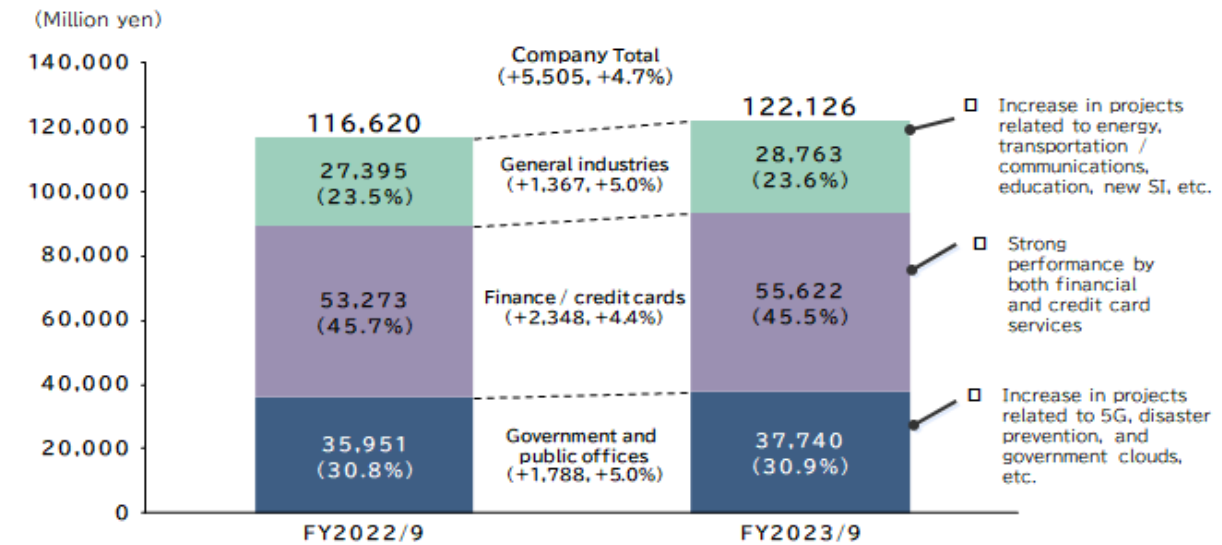
The results are mainly those of the Mitsubishi Research Institute DCS Group.

Driven by finance and credit card, education, and SI, net sales increased to JPY71.6 billion and ordinary profit increased to JPY5.5 billion, both at record high levels.

Orders received increased JPY0.6 billion from the previous fiscal year, while the order backlog was almost unchanged from the previous fiscal year.

Net Sales by Industry of Customer <YoY>

- Nets sales rose year on year for all three industries classified of customers.
- Driven by the public sector (+5.0%) and financial/credit card services (+4.4%)
- Net sales for general industries rose (+5.0%) as well, due to growth in energy, transportation/communications and education, etc.



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Page eight shows sales by customer industry.

Sales expanded in all industries: government, finance and credit card, and general industry.

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

(mil. yen)

		FY2022/9	FY2023/9	YoY change	
				Amount	Rate
T T C	Government and public offices	35,185	36,991	+1,806	+5.1%
	Finance/credit cards	3,862	3,165	-697	-18.1%
	General industries	9,500	10,306	+805	+8.5%
	TTC total	48,548	50,462	+1,914	+3.9%
I T S	Government and public offices	766	749	-17	-2.3%
	Finance/credit cards	49,411	52,457	+3,046	+6.2%
	General industries	17,894	18,456	+562	+3.1%
	ITS total	68,072	71,663	+3,591	+5.3%
Total		116,620	122,126	+5,505	+4.7%

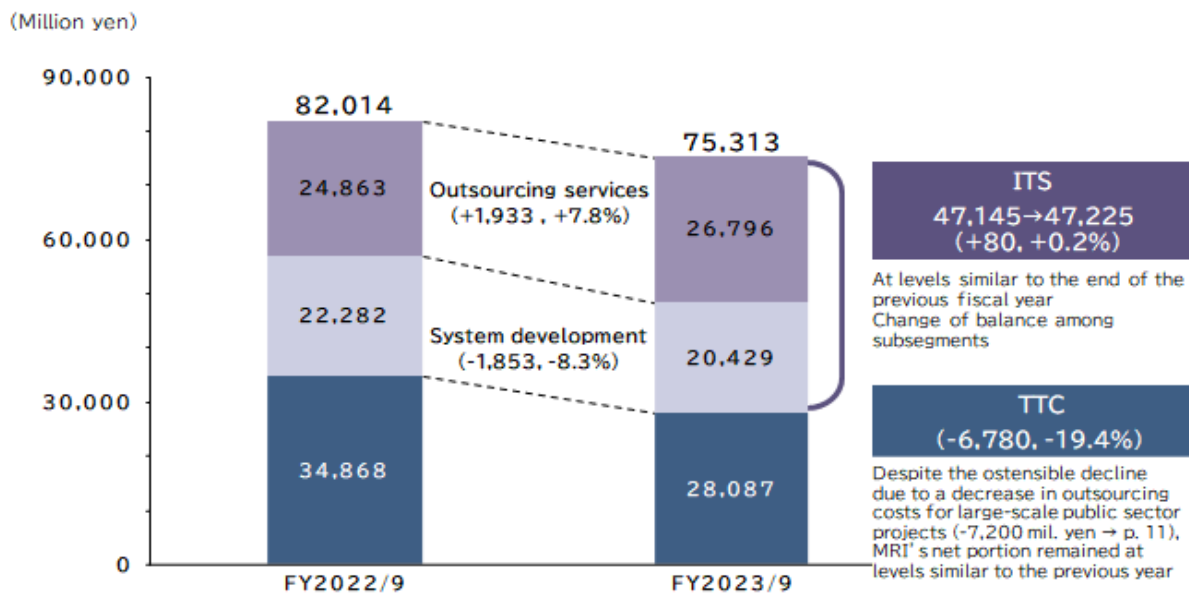
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Page nine breaks down segment sales by customer industry. I hope you will see it later.

(Reference) Order Backlog at Year-End <YoY Change>



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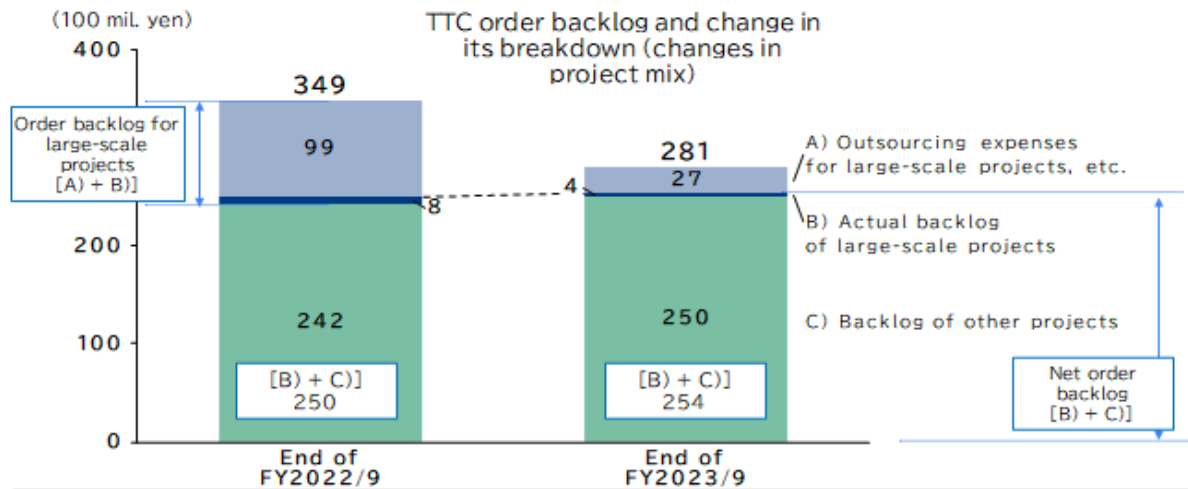
Page 10 shows the order backlog at the end of the FY2023/9, a figure that will serve as a launching pad for this fiscal year.

TTC decreased by JPY6.7 billion, but this was due to a decrease in outsourcing expenses for large projects, and the net level was higher than the previous year.

Although ITS has some unevenness among subsegments, overall, ITS is on par with the previous year.

(Reference) Breakdown of TTC Year-End Order Backlog

- ❑ Projects with a high proportion of outsourcing expenses, etc. (→ p. 13) have been extracted from large-scale projects included in the order backlog
 - Order backlog for large-scale projects correspond to A) + B) in the chart below
- ❑ The net order backlog that contributes to our profit is B) + C)
- ❑ In terms of net order backlog, the order backlog as of the end of FY2023/9 (25,400 mil. yen) is higher than the order backlog as of the end of the previous fiscal year, FY2022/9 (25,000 mil. yen)

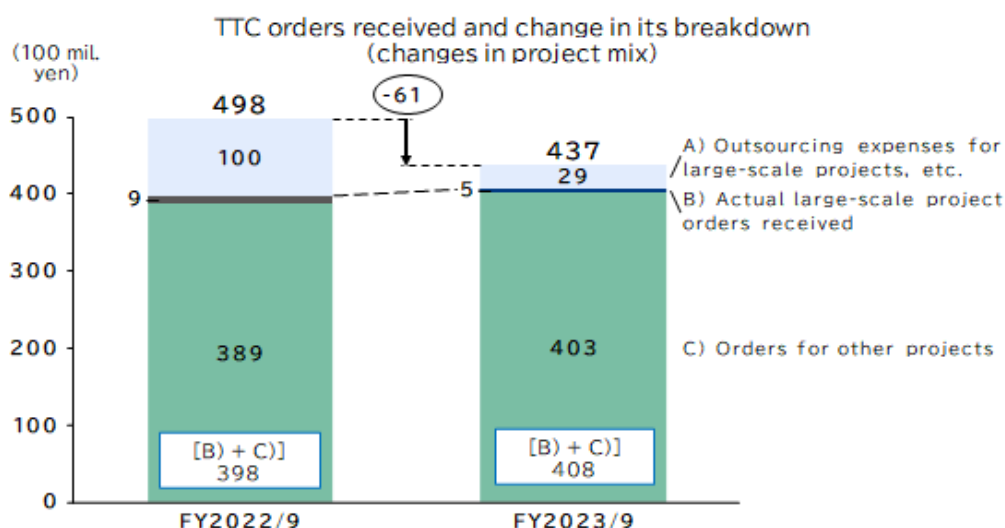


Pages 11 through 13 explain the structure of nominal figures and net figures for orders received and outstanding at TTC.

As you can see, outsourcing costs for large projects have decreased significantly, and the actual number of orders received and order backlogs have exceeded those of the previous fiscal year.

(Reference) Breakdown of TTC orders received

- Projects with a high proportion of outsourcing expenses, etc. (→ p. 13) have been extracted from large-scale projects included in orders received
- The net order backlog that contributes to our profit is B) + C)
- Net orders received as of the end of FY2023/9 (40,800 mil. yen) is higher than net orders received as of the end of the previous fiscal year, FY2022/9 (39,800 mil. yen)



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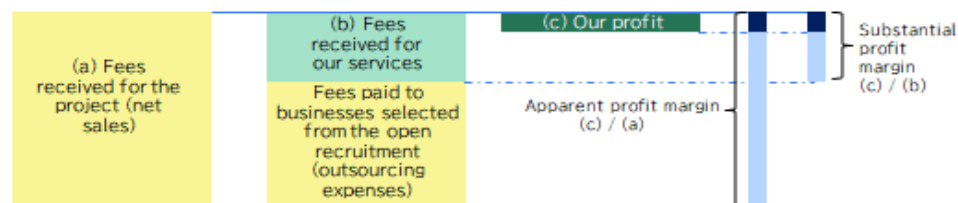
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(Reference) Large-scale projects in public sector with high outsourcing expenses

- Some of the large-scale projects commissioned by public sector include app development/demonstration, demonstration projects, tests, investigative studies, etc.
- For such projects, we openly recruit companies and research institutes that will actually carry out the development/demonstration, etc. based on the proposal adopted
- We provide support for the open recruitment and selection process, manage the progress of development/demonstration, etc., and check the results.
- Fees received for a project may include costs to be paid to the business selected for outsourcing, and while the proportion of outsourcing expenses, etc. is higher than in ordinary projects, the apparent profit margin tends to be low

How projects are structured (image)


Specific examples (Please refer to our [website](https://mri.mri.co.jp/publicoffer/index.html)) URL: <https://mri.mri.co.jp/publicoffer/index.html> ※Only in Japanese

- Investigative Study for the Development of a Technology Map (Technical Demonstration, etc. for Overhauling Analog Regulations) (Digital Agency project)
- Study on Technologies to Secure the Means of Communication of Public Broadband Mobile Communication Systems at the Time of Disaster (Ministry of Internal Affairs and Communications project)
- "Demonstration experiment of drone delivery to improve convenience of living in mountainous areas" (Tokyo Metropolitan Government project), etc.

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Summary of Medium-Term Management Plan 2023 (1)

- ❑ Revamped management philosophy on the occasion of the 50th anniversary of MRI's founding, and reaffirmed the solution of societal issues as our corporate purpose
- ❑ We achieved steady results through our unique value creation process (VCP), stronger consolidated management, and innovations in management under the new normal
- ❑ Our core businesses—public sector services and financial/credit card services—drove results; business portfolio reforms are only halfway complete

	Goal	Progress
VCP Management ^{*1}	<ul style="list-style-type: none"> Maximize financial, non-financial, and social value Promote qualitative reforms Foster and accelerate growth businesses (DX, subscription services, global) 	<ul style="list-style-type: none"> Expanded VCP fields, personnel, and business partners Promoted qualitative reforms, won contracts for large-scale projects, and drove earnings Human resources are stretched, which is limiting orders DX sales: 27 billion yen (FY2020/9) → 31 billion yen (FY2023/9) Upfront investment phase regarding subscription services and global businesses
Consolidated management	<ul style="list-style-type: none"> Business growth in the DX market Move forward with business portfolio reforms 	<ul style="list-style-type: none"> Increase in orders for projects by collaboration between MRI and DCS, such as setting mirroring departments in the two companies ITS ordinary profit margin 5.4% (FY2020/9) → 7.8% (FY2023/9)
Management under the new normal	<ul style="list-style-type: none"> Step up recruitment (total net increase of 310 people for MRI and DCS) New-normal workstyles and office reforms Proactive response to new business and new normal risks 	<ul style="list-style-type: none"> Approximately 900 new hires, a net increase exceeding 250 Remote work took root: around 50% work from the office, and 16 employees took advantage of the system for relocation to remote areas Refined risk management and new business quality management

*1 MRI's unique Value Creation Process of an interlocking value chain from research & recommendations to societal implementation, aimed at resolving societal issues

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Next is our new MP2026.

First, a review of the previous MP2023.

On the occasion of our 50th anniversary in 2020, we have renewed our management philosophy and defined the resolution of societal issues as our corporate purpose. As the first step to achieve this, we have been working on business reforms based on the three pillars of VCP management, consolidated management, and new normal management.

As shown in the table, we have achieved a certain degree of success, but the expansion was mainly driven by our core businesses, such as public offices and finance and credit card services, and our business portfolio reforms are still in the middle of the road.

Summary of MP2023 (2)

	Goal	Results and summary
Financial value	Ordinary profit: 10 billion yen ROE:10%	<ul style="list-style-type: none"> • Ordinary profit 10 billion yen, ROE 9.8% • Ordinary profit margin 8.2% <ul style="list-style-type: none"> ➢ MP targets mostly achieved (for the 2nd consecutive fiscal year) ➢ Business portfolio reform halfway complete
Non-financial value	Set goals divided into two fields: the capacity to resolve societal issues, and ESG	<ul style="list-style-type: none"> • Formulated basic sustainability and D&I^{*1} policies • Undertook disclosure in line with TCFD^{*2} recommendations • Work-life balance, health-focused management • Adopted FTSE Blossom Japan Sector Relative Index^{*3}
Social value	Set social and business goals for each VCP area	<ul style="list-style-type: none"> • Various recommendations aimed at realizing a better society (examples) <ul style="list-style-type: none"> ◆ Measures to establish a new ICT infrastructure to support the explosive growth of information ◆ Recommendations for integrated promotion of energy and resource circulation policies • Demonstrated and implemented advanced technologies including metaverse and generative AI • Improved wellbeing (one of the social value goals) <ul style="list-style-type: none"> ◆ Demonstration of improved wellbeing of visitors (released on September 29, 2023)

*1. Abbreviation for diversity and inclusion. The idea of accepting diversity, harnessing it for social and corporate activity.

*2. Abbreviation for Task Force on Climate-related Financial Disclosures, which released a report that recommends disclosure of climate-related information that impacts finances

*3. An index to measure the performance of Japanese companies with high ESG ratings; includes companies with relatively high ratings within the sector. Selected as one of the ESG comprehensive indices for domestic stock ESG investment by GPIF (Independent Government Pension Investment Fund)

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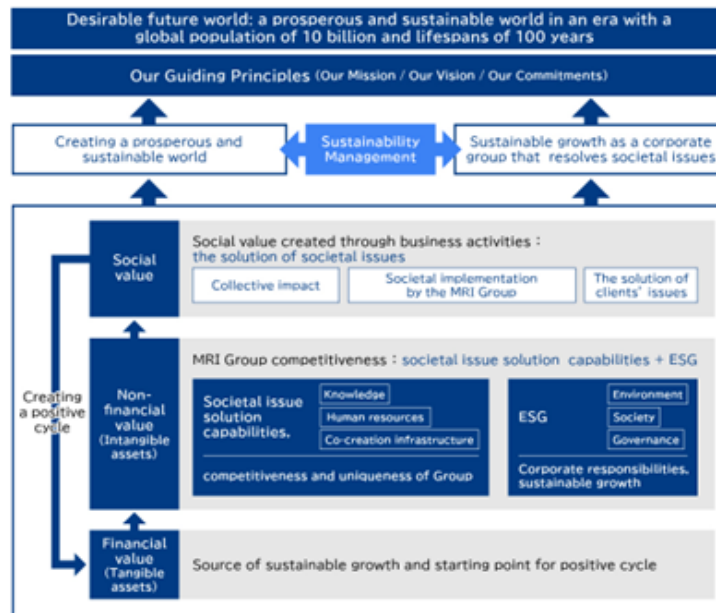
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Looking back at the previous MP2023 from the aspect of value, financial value almost met the MP2023 target in terms of both ordinary profit and ROE. Non-financial value and Social value have been steadily achieved, but the scale, speed, and impact on society have not been sufficient, leaving issues to be addressed.

We will continue to accelerate the reform of our business portfolio to realize further financial value and to create a virtuous cycle of the three values.

(Reference) Management Policy

- Aim for the sustainability of both society and MRI group by realizing a positive cycle of three values: financial, non-financial, and social



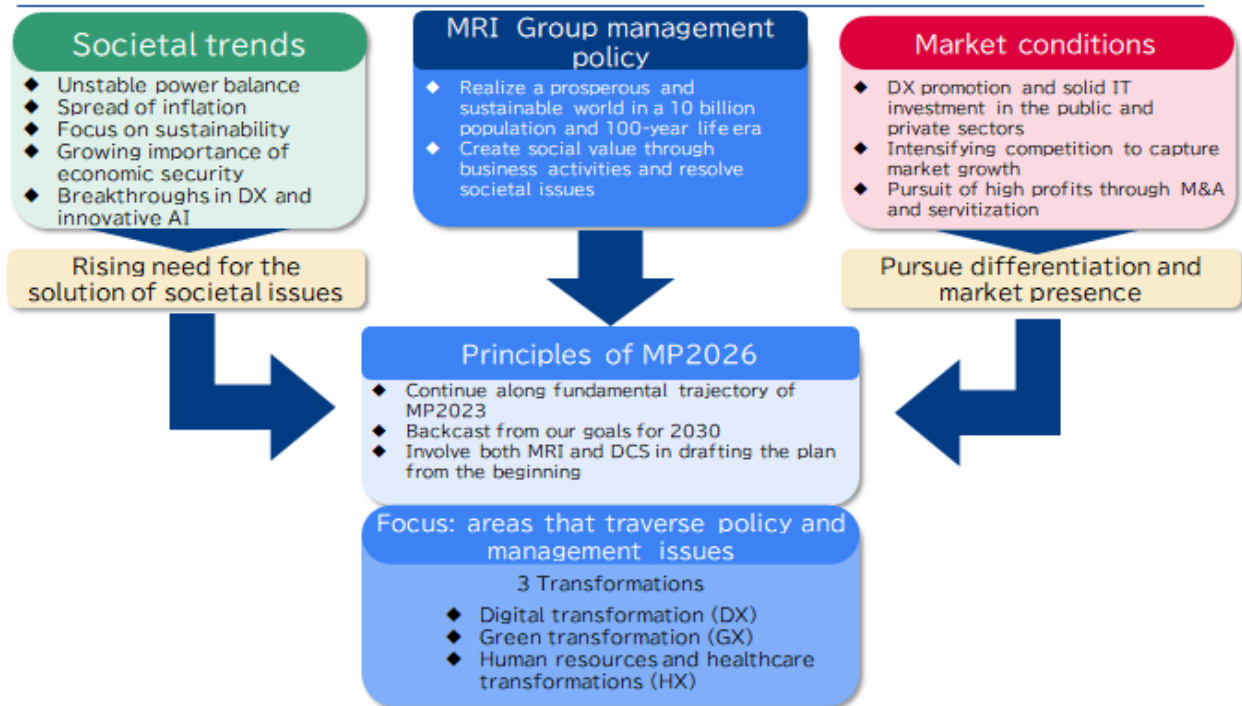
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Before the explanation of MP2026, page 17 is a graphic representation of our renewed management policy for 2020. This is information for your reference as the thinking behind the formulation of the plan.

Concept of the Medium-Term Management Plan 2026



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Page 18 is the concept of MP2026.

During accelerating changes in social trends and market conditions, how can we demonstrate the Group's strengths and pursue a strong presence in society and the market?

As stated in the middle section, maintaining the basic direction of the previous MP, back-casting from the ideal state in 2030 and formulating an integrated plan for MRI and DCS are the three major policies of the MP study.

In addition, based on future policy issues and management challenges, we have identified three priority areas of transformation as described in the bottom row: Digital Transformation (DX), Green Transformation (GX), and Human Resources and Healthcare (HX).

Our Goals for 2030 and Positioning of MP2026

Our goals for 2030

- A corporate group that provides unique value
→ This will be the result of combining the strengths of TTC and ITS segments
- Raise sales to 200 billion yen
→ This will give us greater freedom in pursuing our business and financial strategies, securing stakeholder trust, and establishing social presence

Positioning of MP2026



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We have defined our vision for 2030 as a corporate group that provides unique value by combining the strengths of TTC and ITS.

In addition, to increase the flexibility of our strategy and secure the trust of our stakeholders as well as our presence in society, we have decided to take our corporate scale to a higher stage, specifically to JPY200 billion in terms of net sales.

The year 2030 is set as the long-term target, and the three MPs, starting with the previous MP2023, are intended to be “Hop”, “Step”, and “Jump” phases, with this MP2026 corresponding to the “step” period.

We will further strengthen the direction of the previous MP and build a unique value creation model in business areas across the Group.

Basic Policy of MP2026 (→ p. 21)

- Aim for positive cycle creating social, non-financial, and financial value by fortifying five business foundations and four main business fields

(1) Business strategy

■ Reorganize around four main business fields

- Think Tank Function
- Societal and Public Innovation
- Digital Innovation
- Financial System Innovation

(2) Foundation strategy

■ Strengthen foundations of the Group and support growth

- Human capital management, sales capabilities, new businesses and global business, digital transformation of the Group, and risk management

(3) Value creation strategy

■ Enhance corporate value through a positive cycle of financial, non-financial, and social values

- Digital transformation, green transformation, and human resources and healthcare transformations

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Next is the basic policy of MP2026.

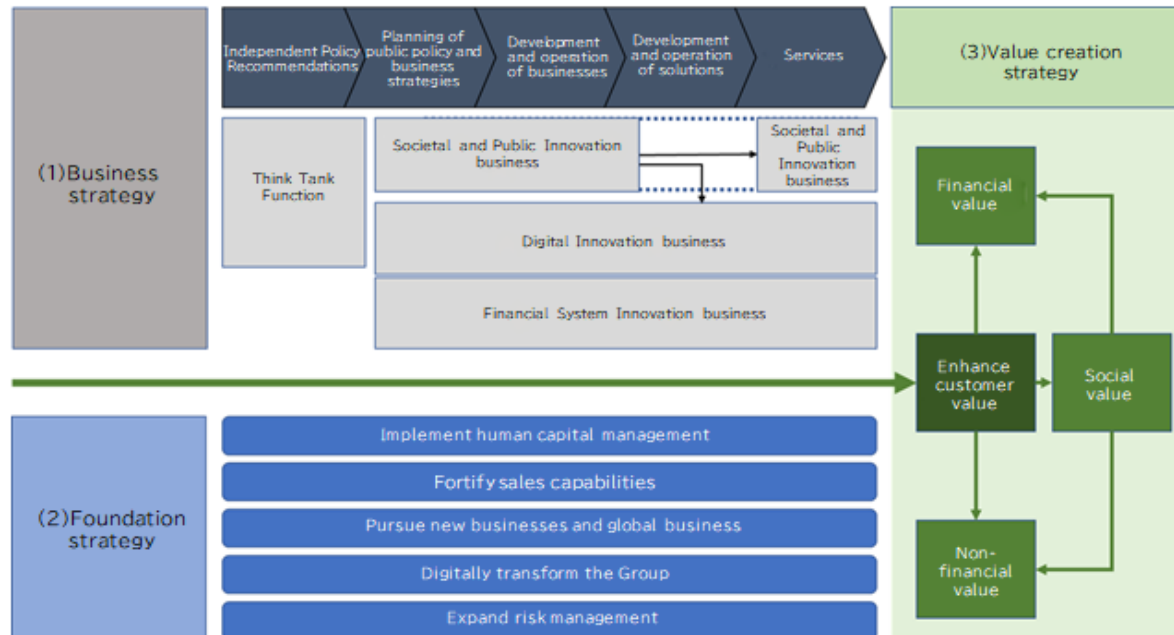
By strengthening the four business axes and five business foundations, we aim to create a virtuous cycle of value creation in three areas: financial, non-financial, and social values.

First, the Group's business strategy has been reorganized into four strategic areas: Think Tank, Societal and Public Innovation, Digital Innovation, and Financial System Innovation, across MRI and DCS businesses. The details of each project will be explained later.

Next is the business foundation strategy. We will support business growth by strengthening the five business foundations of human capital management, sales force, new businesses and overseas, group DX, and risk management across the Group.

The third is value creation strategy which aims to enhance corporate value through a virtuous cycle of financial, non-financial, and social values. As I mentioned earlier, we have positioned DX, GX, and Human Resources and Healthcare as key areas for business expansion and value creation.

Basic Policy of MP2026 (→ p. 20)



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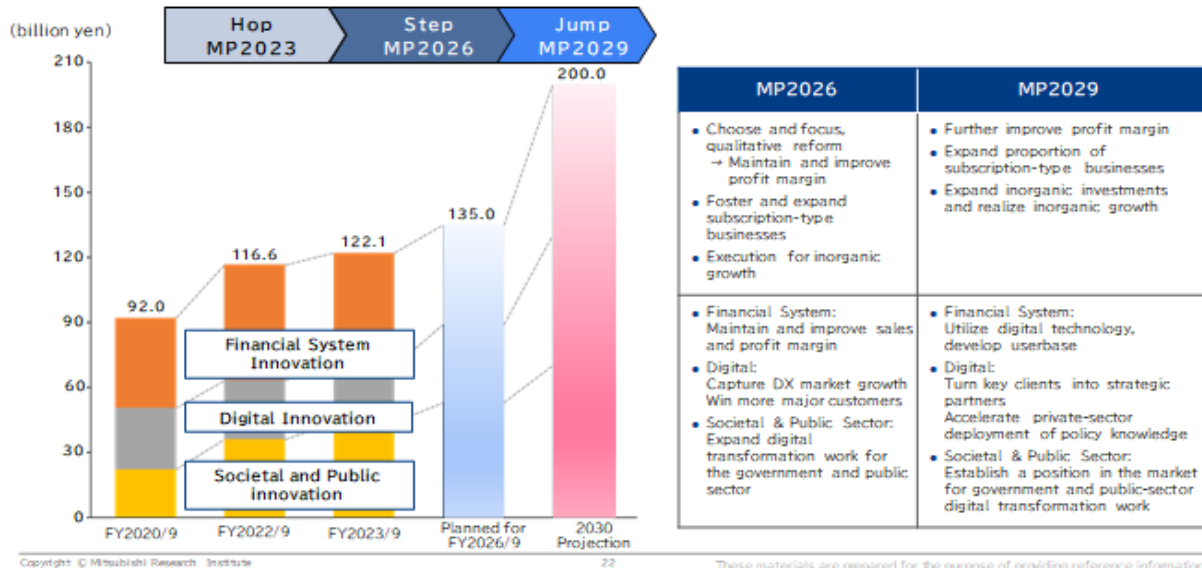
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Page 21 is a conceptual diagram of the basic policy.

You can see that we are trying to connect the value chain of our major businesses across entities.

Path to Sales of 200 Billion Yen

- Pursue business domains that span the Group
- Build unique value-creation models
- Further increase profitability and incorporate inorganic growth during the jump phase



On page 22, we present an image of growth toward 2030.

We envision a business scale of JPY200 billion by further enhancing profitability and incorporating non-organic growth in the next MP, which corresponds to a “Jump” phase after MP2026.

Composition of Main Businesses

Business Portfolio and Business Scale

- Think Tank Function: Independent research pioneering major societal trends
- Societal and Public Innovation: Services for the public and private sectors based on our knowledge of policy
- Digital Innovation: Digital transformation services for the private sector based on management perspectives
- Financial System Innovation: Services for the financial sector based on our experience with financial systems

Main business	Current Scale of Business	Projected Scale of Business as of FY2026/9	Objectives
Societal and Public Innovation	44 billion yen	52 billion yen	<ul style="list-style-type: none"> Formation of public-private collaborative ecosystem Promotion of system integration and digital transformation in the semi-public sector Expansion of priority domains for subscription-based services
Digital Innovation	26 billion yen	35 billion yen	<ul style="list-style-type: none"> Expansion of digital transformation services for manufacturing and distribution sectors Strengthening data analytics and AI businesses Strengthening human resources and educational services Policy-based public system development
Financial System Innovation	51 billion yen	46 billion yen	<ul style="list-style-type: none"> Complete large-scale system projects In-depth cultivation of existing customers and building of new businesses Expansion of financial consulting and development for digital transformation

*All numbers are approximations

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See page 23. Here is a brief overview of the four main businesses and their scale.

Group management will monitor strategies and performance in these four business axes. Along with segment disclosures for TTC and ITS, we will enhance disclosures for these business axes.

Think Tank Function

- Pioneer major societal trends, conducts research on technology, and implements business-linked research to achieve a desirable future world
 - Research and recommendations that impact society and influence how trends are shaped (e.g. *Forum on New Future Society* and *Resolving Societal Issues through Innovation—Listings of Societal Issues* as pictured below)
 - Strengthen outcomes directed at contributing to major national policies and corporate strategies, particularly aiming to translate research and recommendations into concrete measures
- Enhance presence of the Group
 - Build domestic and international networks with think tanks and universities to promote co-creation (e.g. overseas business partners and research institutes in Europe, the Americas, and Asia)
 - Strengthen research systems and nurture human resources, particularly by staffing according to career paths, running training programs across the Group, and supporting reskilling
 - Communicating findings through public relations, collaboration with sales teams, and increase media exposure



Note: Images link to detailed information on the MRI website

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From page 24 onward are the details of the four businesses and a outline of their goals for the MP2026.

The Think Tank business, as the starting point of value creation for the Group, will focus on trend formation, technology research, and business linkage research for the realization of a future society.

This will enhance our presence through co-creation with internal and external research institutions and partners, strengthening our human resource capabilities, and strategically disseminating information.

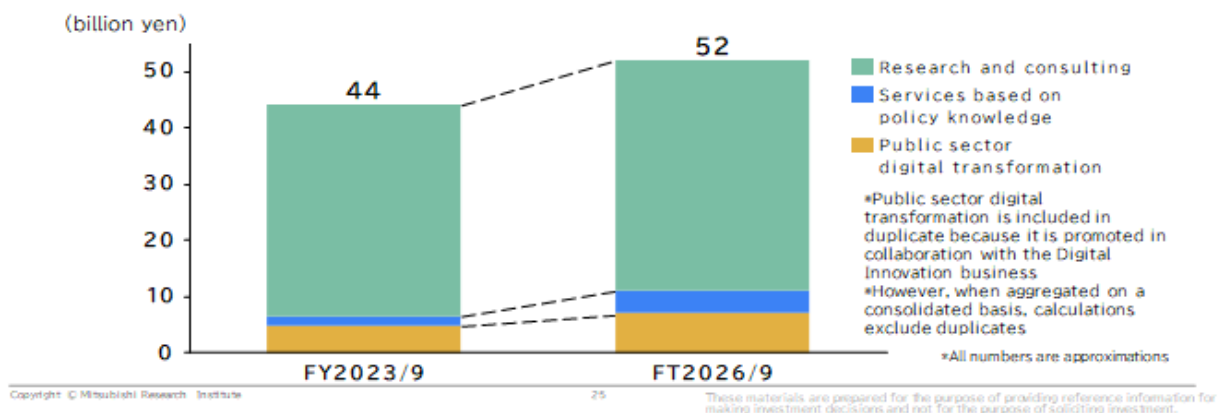
On November 28, we will hold the Mitsubishi Research Institute Group Forum 2023*, our largest annual event, under the theme “New Vision for Future Society: Pioneering the Future of Digital Society.” Please look at the overview, and we look forward to seeing you there.

In addition, we annually update and publish a list of societal issues that require solutions.

Through these research and proposal activities and information publishing, we aim to form social trends.

Societal and Public Innovation Business

- **Research and consulting**
 - Urban infrastructure and mobility (e.g. digital transformation of infrastructure and flying cars)
 - Healthcare and human resources (e.g. health-focused management and digital health)
 - Energy, circular society, and sustainability (e.g. green transformation and agricultural management)
 - Technology (e.g. space, oceans, and economic security)
- **Services based on our knowledge of policy**
 - Energy (e.g. MPX and MERSOL services)
 - Human resources (e.g. PRaiO service)
 - Urban life and mobility (e.g. Region Ring service)
 - Healthcare (e.g. health-notification system)
- **Public sector digital transformation**
 - Digital transformation for medical and long-term care, trade and logistics (e.g. trade platform service), regional co-creation (e.g. services for residents), and public policy (e.g. digital twins and disaster prevention)
 - Digital government initiatives (e.g. system integration for government information)



The Societal and Public Innovation business is a business field that provides services to both the public and private sectors, starting from MRI's strengths in policy and institutional knowledge.

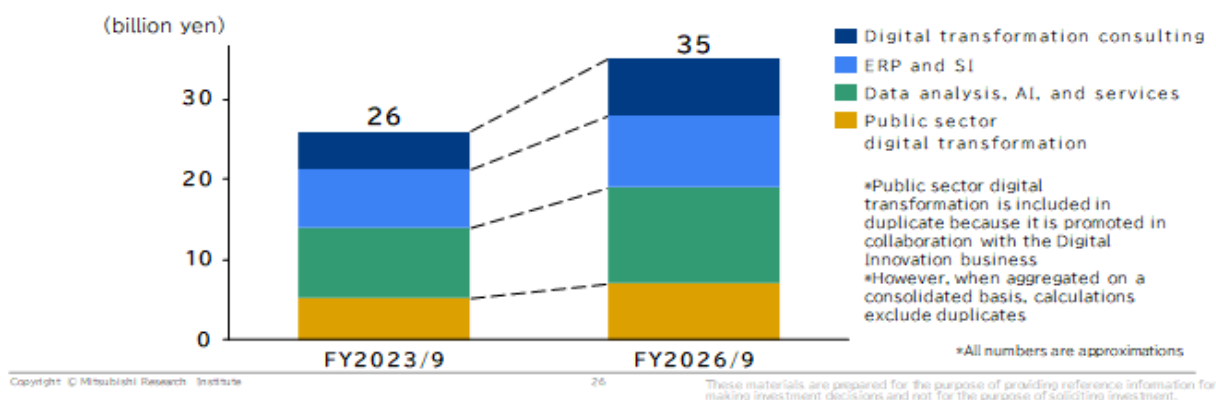
In our mainstay research consulting business, which is expected to grow at an annual rate of 6% to JPY8 billion, we will aim to expand our private business in the areas of energy and circulation, human resources, and healthcare.

In -policy and institution-driven services, we aim to scale up our service business in the areas of energy, human resources, and urban life and mobility.

In Public DX services, we plan to expand DCS's IT services business in healthcare and nursing care, as well as trade and logistics.

Digital Innovation Business

- Digital transformation consulting
 - Key clients and work: management and digital transformation consulting for regulated industries
- Enterprise resource planning (ERP) and integration of existing systems (SI)
 - Digital transformation products such as system renewal and cross-selling for existing major customers
- Data analysis, AI business, and services
 - Data analysis consulting, AI system development, and products for education and human resource fields
- Public sector digital transformation
 - Digital transformation for medical and long-term care, trade and logistics (e.g. trade platform service), regional co-creation (e.g. services for residents), and public policy (e.g. digital twins and disaster prevention)
 - Digital government initiatives (e.g. system integration for government information)



The Digital Innovation business is a business field that develops DX for the private sector, to resolve management issues in this sector.

We expect the highest growth of JPY9 billion, or 10% per annum, in this MP2026.

DX consulting is MRI's consulting business, but other businesses such as ERP, Data Analytics (DA), and AI are all business areas that MRI and DCS are working on together and intend to grow significantly toward 2030.

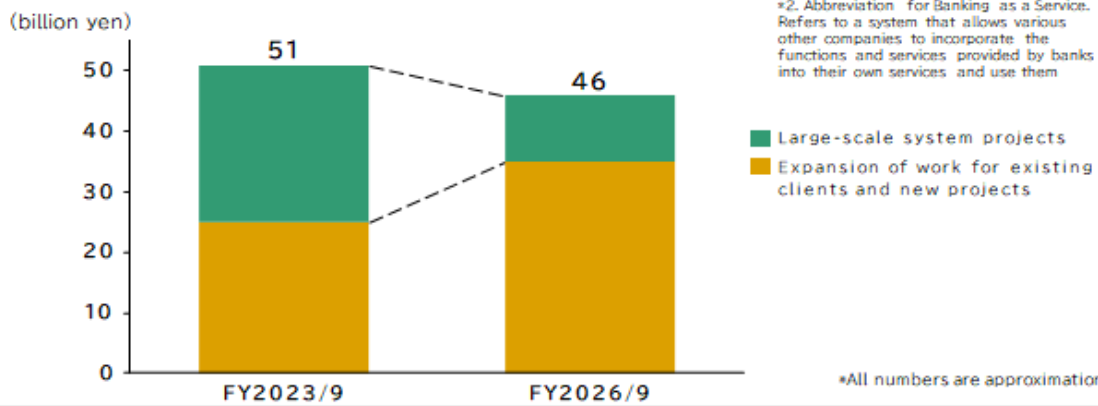
Yesterday, Tecnos Japan Incorporated, MRI, and DCS announced a business alliance for a solution business for the manufacturing and distribution industries, and we will continue to actively respond to alliances with other companies that have strengths in this field.

Financial System Innovation Business

- Completion of large-scale system projects
- Expansion of work for existing clients and new projects
 - Expand of work for existing major clients
 - Deploy measures for major events such as business consolidation and EOS^{*1}
 - Transition to de-hosting and microservices
 - Develop BaaS^{*2} one-stop service via collaboration between MRI and DCS
 - Improve existing systems and EOS-compatible infrastructure business
 - Enhance financial consulting recommendations function and expand themes

*1. Abbreviation for End of Support. Refers to when a company terminates support for a product, etc. In the case of software, measures such as version updates are required.

*2. Abbreviation for Banking as a Service. Refers to a system that allows various other companies to incorporate the functions and services provided by banks into their own services and use them.



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The Financial system Innovation business is a business field in which DCS develops services for financial institutions based on its expertise in financial systems, which is one of DCS's strengths.

Although the FY2026/9 target is lower than the FY2023/9 result, this is due to the completion of a large system project currently under execution, and excluding the impact of this project, the plan is an ambitious 12% annual increase.

In addition to expanding business with existing clients, we aim to achieve sustainable growth toward 2030 by developing a new business base by consolidating operations, responding to major events such as EOS (End of Support), and developing new services through MRI and DCS collaboration.

The upfront investment for this purpose has been incorporated into this year's forecast and will be explained later.

Plan in Numbers

	FY2023/9 Results	FY2026/9 Goal	FY2023/9 → FY2026/9	Average growth rate compared to FY2023/9
Net sales	122.1 billion yen	135.0 billion yen	+12.8 billion yen	3.4%
Operating profit (margin)	8.6 billion yen (7.1%)	12.0 billion yen (8.9%)	+3.3 billion yen (+1.8 pt)	11.4%
Ordinary profit (margin)	10.0 billion yen (8.2%)	14.0 billion yen (10.4%)	+3.9 billion yen (+2.2 pt)	11.9%
ROE	9.8%	12.0%	+2.2 pt	—

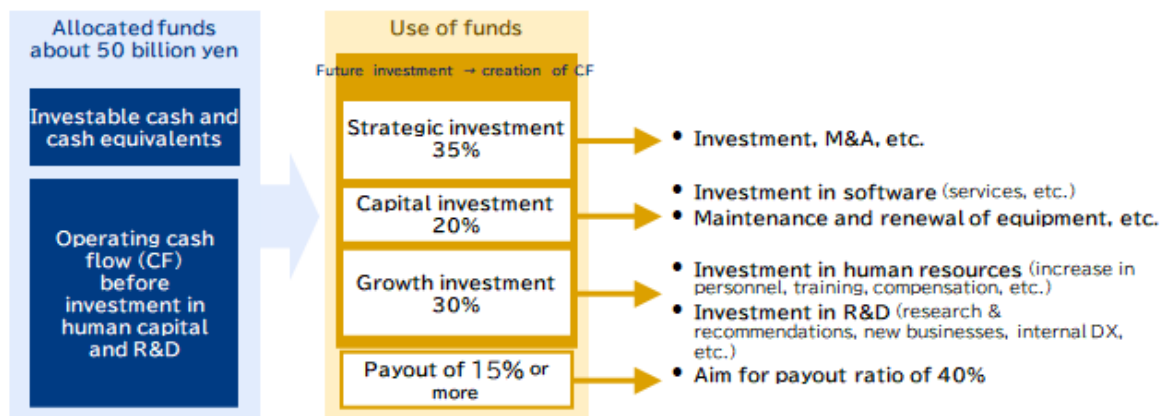
On page 28 is a numerical plan for the current MP2026 based on business strategies mentioned to this point.

We aim for double-digit annual growth in operating profit and ordinary profit, and an ROE of 12%.

Sales growth is expected to be a little more than 3% but excluding the impact of the completion of the large system projects mentioned earlier, we expect double-digit annual growth.

Capital Policy

- Actively utilize around 85% of allocated funds for investment
 - Strategic investment: acquire advanced technology, knowledge, and resources for growth in priority areas (e.g. investments and M&A)
 - Capital investment: strengthen management infrastructure and service base (e.g. software, maintenance and renewal of equipment)
 - Growth investment: invest in human resources, strengthen research and recommendation capabilities, develop new businesses, and digitally transform the Group
 - Add staff: Approximately over 500 people (FY2023→FY2026)
- Aim for a payout ratio of 40% based on stable dividends



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Page 29 is the capital policy.

We assume that the total amount of cash and cash equivalents on hand and operating cash flow before human investment, R&D investment, and deductions that will accumulate over the three years of the MP2026 will be approximately JPY50 billion. Approximately 85% of this amount will be actively utilized for investments for future growth.

In particular, we plan to increase the number of employees by more than 500 over the next three years as an investment in human resources.

The Company's dividend policy will continue to be based on stable dividends, with a payout ratio of 40%.

Project Examples: Green Transformation

Launch of MERSOL service

- Launched MERSOL, a distributed energy resource management support service based on MRI's proprietary simulation technology, for business operators considering utilization of distributed energy resources (DER)
- Possible to simulate operations that combine multiple uses, leading to more efficient ways of operating compared to single-use operation of DER

Launched joint solar and battery project with Daiwa Energy Co., Ltd.

- Daiwa Energy (DE) and Mitsubishi Research Institute (MRI) launched a joint solar and battery project at DE's DREAM Solar Chiba-Sakura power station in Sakura City, Chiba
- The project links DE's battery control system and MRI's operation plan development system for batteries, aiming to optimize the use of the newly installed battery storage at DE's solar power station to maximize revenue
- The goal is to Contribute to Japan's decarbonization by expanding the introduction of renewable energy and enabling stable, continuous operation

The examples of initiatives currently underway in the priority areas of GX, DX, and healthcare and human resources are introduced on pages 30 to 32. All of these were released during the past year. I hope you will see it later.

Project Examples: Digital Transformation

- Partnered with Tecnos Japan Inc. for a solutions business for the manufacturing and distribution industries

- Partnered with ITFOR on digital transformation business for loan services

- MRI, DCS, and Tecnos Japan formed a business alliance and started collaboration on a solutions business for the manufacturing and distribution industries
- The project utilizes the unique strengths of the three companies to develop new solutions and expand business in the manufacturing and distribution markets
- The goal is to expand the digital transformation business through mutual development of related solutions and sales collaboration

- Implemented MRI's Assessment AI Service API Interface and Standard Credit Model into ITFOR's SCOPE system, a personal loan business support system
- The resulting technology reduces the burden associated with system introduction
- By combining the solutions of both companies, research, and developing automated functions necessary for loan operations, the aim is to create an ecosystem that creates new value

Project Examples: Digital Transformation, Healthcare, and Human Capital

- Evolution of the report creation function of RoboRisa, our web survey AI

- Training and supplying human resources in semiconductor manufacturing in collaboration with Nisso Corporation

- RoboRisa is a web survey AI tool that automatically collects information and creates reports that was launched in April
- Unlike conventional web search and information-gathering tools, it can also create reports
- New features were added to make it easier to use in research work, such as improved search and report creation functions

- MRI and Nisso are training and supplying engineering talent, starting with the field of semiconductor manufacturing, by utilizing MRI's human resource matching service JOBMINEsSM, which equipped with a job information database
- JOBMINEsSM makes the assessment of personnel possible and the project is working to facilitate greater sharing of human resources in semiconductor manufacturing
- This is an effort to resolve the mismatch between engineering personnel and growing industries by refining human resource development models (developing talent and allocating them to the right jobs) aimed at enhancing the added value of workers, providing HR services, carrying out research and offering policy recommendations as well as surveys and consulting aimed at refining human capital management



FY2024/9 Full Year Forecasts

- Accelerate business transformation in the first year of MP2026, the "Step" phase leading up to 2030
- TTC is growing, while recovering aggressive upfront investment
- Upfront investments were made in ITS aimed at strengthening its business portfolio, in parallel with the completion of major system projects

Net sales forecast: 118,000 mil. yen YoY change -4,126 mil. yen (-3.4%)

- TTC: 46,000 mil. yen YoY change -4,400 mil. yen Decrease in sales due to change in project mix (no real impact)
- ITS: 72,000 mil. yen YoY change +300 mil. yen Increase in sales due to growth in Financial System Innovation business

Ordinary profit forecast: 10,000 mil. yen YoY change -2 mil. yen (-0.0%)

- TTC: 5,400 mil. yen YoY change +900 mil. yen Increase in profit due to change in project mix
- ITS: 4,600 mil. yen YoY change -900 mil. yen Decrease in profit due to upfront investments

Profit forecast: 6,400 mil. yen YoY change +112 mil. yen (+1.8%)

(Note) Current forecast does not factor in impact of the situation in Ukraine and Israel

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Finally, here is our forecast for the FY2024/9.

This is the first year of "step" we are taking toward 2030, and we have positioned it as a year to accelerate our business transformation while strengthening our core businesses.

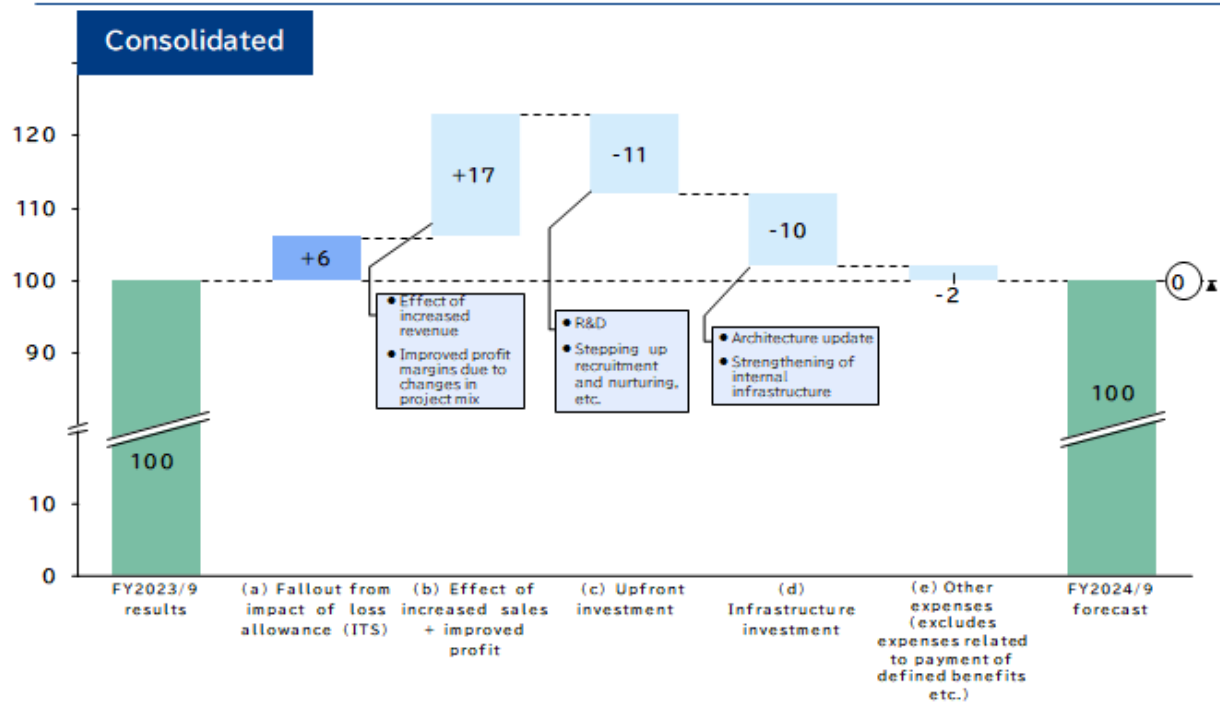
I will explain along the accounting segments.

TTC plans lower revenues and higher earnings, while ITS plans higher revenues and lower earnings, with overall revenues and earnings remaining flat.

The increase in TTC's profit was due to an improved profit margin resulting from a change in the project mix and the fact that the aggressive upfront investments made during the previous MP are now entering the recovery phase.

The decrease in ITS profit was due to the burden of upfront investments aimed at strengthening the business portfolio in parallel with the completion of large system projects.

Factors behind fluctuation in FY2024/9 ordinary profit forecast



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Page 35 shows a bar chart of the factors that cause fluctuations in ordinary profit as explained earlier.

We expect an increase of JPY2.3 billion in profit from the absence of provisions (a) recorded in the previous year and an increase in revenue and a change in the mix of projects (b).

On the other hand, we expect profit decrease due to JPY1.1 billion upfront investments (c), such as R&D and the strengthening of recruitment and training, JPY1 billion for infrastructure projects (d), such as architecture renewal and internal infrastructure enhancement, and JPY200 million for other expenses (e).

As a result, we plan ordinary profit of JPY10 billion, unchanged from the previous year.

FY2024/9 Full Year Forecasts

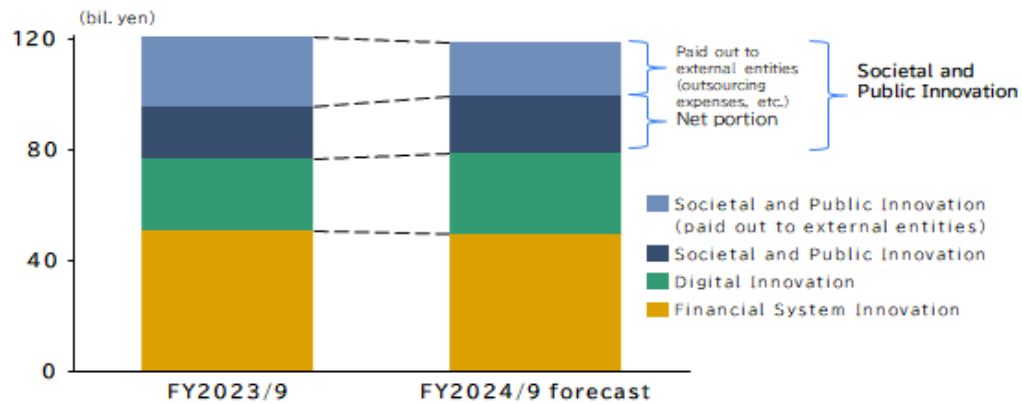
(mil. yen)

	FY2023/9 (Results)	FY2024/9 (Forecast)	YoY change	
			Amount	Rate
Net sales	122,126	118,000	-4,126	-3.4%
TTC	50,462	46,000	-4,462	-8.8%
ITS	71,663	72,000	+336	+0.5%
Operating profit	8,688	8,400	-288	-3.3%
Operating profit margin	7.1%	7.1%	+0.0P	
Ordinary profit	10,002	10,000	-2	-0.0%
TTC	4,428	5,400	+971	+21.9%
ITS	5,560	4,600	-960	-17.3%
Profit attributable to owners of parent	6,287	6,400	+112	+1.8%
Basic earnings per share (yen)	392.27	402.45	+10.18	

Page 36 summarizes the forecasts in a table.

This is the end of the explanation along the accounting segments.

Outlook for FY2024/9 by Business



Key businesses	FY2023/9 scale of business	FY2024/9 projected scale of business
Societal and Public Innovation	44 billion yen	40 billion yen
Digital Innovation	26 billion yen	29 billion yen
Financial System Innovation	51 billion yen	50 billion yen

*All numbers are approximations

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Page 37 shows the projected scale of operations for the three core business areas.

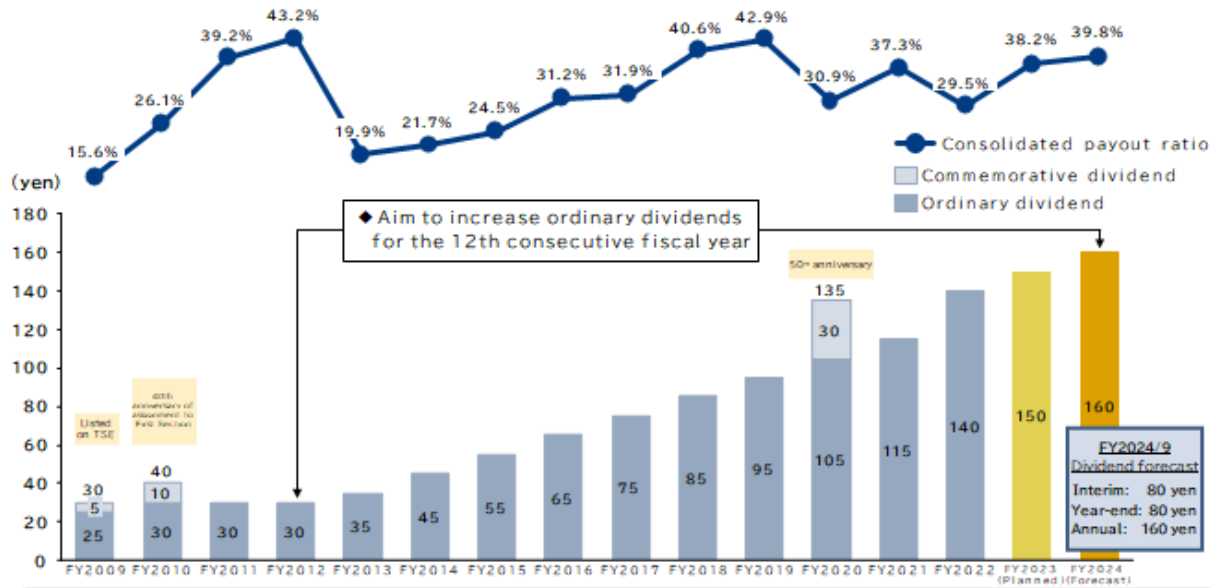
The scale of the Societal and Public Innovation business is expected to decrease by JPY4 billion but is expected to expand on a net basis, excluding external outflows. Digital Innovation business is expected to increase by double digits, while Financial system Innovation business is expected to decrease slightly.

We will strive to enhance disclosure of these three business segments in the future.

FY2024/9 Dividend Forecast

Dividend Policy

Based on the principle of paying dividends continuously and stably, we will determine dividends by comprehensively taking into account the balance between business performance, future capital needs, and financial soundness. We aim for a payout ratio of 40%.



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Page 38 is the dividend forecast.

In addition to the existing policy of stable dividends, we have clarified our dividend policy as a dividend payout ratio of 40%.

For FY2023/9, we plan to pay a year-end dividend of JPY75 and an annual dividend of JPY150, which is unchanged from the forecast at the beginning of the fiscal year. The dividend payout ratio is expected to be 38.2%.

For FY2024/9, we forecast an interim dividend of JPY80 and a year-end dividend of JPY80, for an annual dividend of JPY160. The dividend payout ratio is expected to be 39.8%.

Recent News Releases

* All releases below are only in Japanese except for certain releases.

Date	Title
[Related to Societal and Public Innovation Business]	
October 23, 2023	Mitsubishi Research Institute and Resona Bank sign a comprehensive business alliance agreement on local digital currency business
October 5, 2023	Mitsubishi Research Institute announces results of joint research conducted with UPDATER on added value of renewable electricity
October 3, 2023	Mitsubishi Research Institute and KACST, a national R&D organization in Saudi Arabia, signs a Memorandum of Understanding for Cooperation
October 2, 2023	Mitsubishi Research Institute establishes the Japan CTX Research Group
August 31, 2023	Mitsubishi Research Institute supports demonstration experiments leading to reduction of CO2
August 28, 2023	Expanding market share through development and demonstration of app matching supply and demand for recycled plastics
August 21, 2023	Adsorption/stabilization technology selected in ash washing demonstration test for fly ash generated at temporary ash treatment facilities
August 8, 2023	Mitsubishi Research Institute receives commendation from the Public Works Research Institute for outstanding work, etc.

From page 40 onward, we will introduce examples of our group's initiatives in each of our four main businesses that we have released during this period. We hope you will look at it later.

Recent News Releases

* All releases below are only in Japanese except for certain releases.

Date	Title
[Related to Digital Innovation Business]	
October 31, 2023	Mitsubishi Research Institute and Mitsubishi Research Institute DCS partners with Tecnos Japan for a solutions business aimed at the manufacturing and distribution industries
October 30, 2023	Evolution of the report creation function of RoboResea, the web survey AI
October 23, 2023	Managing Director of Mitsubishi Research Institute DCS is appointed as DX Promotion Advisor to Oita City
September 21, 2023	Communication robot service for special education selected for Digi-PoC TOYAMA demonstration experiment project
August 8, 2023	Launch of implementation services for mcframe, a management system promoting DX in the manufacturing industry
[Related to Financial System Innovation Business]	
September 11, 2023	Mitsubishi Research Institute partners with ITFOR for DX business for loan services
[Common to All Businesses]	
October 10, 2023	Mitsubishi Research Institute DCS obtains CMMI-DEV Maturity Level 5: Only company in Japan with more than 2,000 employees to attain this level
October 5, 2023	Mitsubishi Research Institute DCS commended at the Commendation Ceremony commemorating the 25th anniversary of the establishment of the PrivacyMark System

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Recent News Releases

* All releases below are only in Japanese except for certain releases.

Date	Title
[Think Tank Business (Recommendations and Dissemination of Information)]	
October 18, 2023	Released list of social issues expected to be resolved through innovation for 2023
September 29, 2023	Mitsubishi Research Institute and New Ordinary demonstrate improvement in visitor wellbeing
September 28, 2023	Recommendation of measures to establish a new ICT infrastructure to support the explosive growth of information
September 28, 2023	Announced joint research results on the ideal form of decentralized collaborative ecosystems in the digital society
September 21, 2023	Integrated promotion of energy policy and resource circulation policy
September 13, 2023	Opening up the Japanese labor market through the visualization of skills
August 31, 2023	Proposing a new lifestyle through industry-academia-government-private sector collaboration 100 years after the Great Kanto Earthquake, from disaster-prone Japan
August 30, 2023	Recommendations for how to consume in the age of wellbeing

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This concludes our explanation. Thank you very much for your attention.

Speech by Hiroki Kameda, Senior Managing Executive officer of MRI and President & CEO of Mitsubishi Research Institute DCS.

Kameda: My name is Kameda. I have taken over the baton from former President Matsushita this October and will serve as President and CEO of Mitsubishi Research Institute DCS.

Previously, I worked in information systems at MUFG Bank for over 30 years.

Hereafter, we will not only expand our business in the financial settlement area, but also take on the challenge of creating new business areas and new services in the industrial and public areas through closer collaboration with Mitsubishi Research Institute, and grow our business to become one of the Group's core businesses along with the financial settlement area.

To achieve this, we will also strive to expand our services in technology areas, such as cloud computing and security, as well as in the operational area, and to strengthen the consulting area to solve customers' issues. In addition, we will further focus on the training and reskilling of human resources with technological, developmental, and human skills.

Thank you .

Question & Answer

A: I understand that MP2026 will continue the basic line of the previous MP, but conversely, what are the differences? Also, what are the main features and key initiatives of MP2026?

Answer 1: I said that this MP2026 will succeed the basic policy of the previous MP2023. We have two major basic policies.

One is what we call VCP management, which includes policy recommendations, research, and consultation, as well as social and IT implementation. I would say that the value chain up to this point is firmly connected with respect to the main societal issues. One of our major policies was to provide value to society in this context while at the same time growing our group.

The other is consolidated management, primarily MRI and DCS, but also INES and JBS, which are equity method affiliates. I said we would take full advantage of this feature to expand business with customers.

These two major basic policies will be continued in this MP. I would like to think that we would like to evolve from here.

Regarding the second question there are two. One is that we have identified eight major fields when linking value chains and we have been developing our business for the past three years in which we can demonstrate our strength as a group and in which there are strong demands from society and our customers.

In terms of human resources and organizational response, we are trying to focus on these areas while narrowing down the focus of our efforts. This page, the first is to concentrate resources on three areas: digital transformation, green transformation, and human resources and healthcare. We are currently working to consolidate functions that were dispersed within the Group or within the Company, or to strengthen these functions, and to intensively invest in human resources.

Secondly, in the area of consolidated management, we have created a framework that enables us to provide one-stop services in each of our major business areas across the boundaries of MRI, DCS, and these organizations. That would be the next page.

The Think Tank business encompasses the entire area, but we will further expand our business and demonstrate the value we provide to our clients by combining MRI's strengths and DCS's strengths in the three business areas of Social and Public Innovation, Digital Innovation, and Financial system Innovation.

B: Looking at the consolidated basis on page 35 in the earnings forecast for the FY2024/9, profits are flat, but looking at the table on page 36, by segment, the IT services segment is planning a large decrease in profits. What is the reason for this?

Answer 2: This time, the Company will implement more measures and upfront investments than in the previous year, leading to future business growth and portfolio transformation. The decrease in profit is the result of the expenses incurred in making upfront investments for this purpose.

The main ones are, first of all, investments that are essential for business continuity, such as aging systems. This is the system that supports our services, and since this infrastructure itself has become obsolete, we are planning an architectural renewal to change this part of the system to a new one.

This will contribute to earnings in terms of reduced maintenance costs in the future, but at present, this part of the cost will be incurred, and we will also need to renew our internal infrastructure and develop the infrastructure that will play a key role in promoting remote work, etc., in the future. This area is the cause of the cost as an enhancement to the internal infrastructure.

In terms of investment and expenses for growth, we are planning to increase our investment in research and development even more significantly than this fiscal year. We would like to invest in research and development to create new services and provide new services in addition to those we currently provide.

We will also focus on recruiting and training human resources to further expand our business in the financial and settlement area, industrial and public area, and infrastructure area.

The cost of this project is significantly higher than the previous one due to the comprehensive allocation of these areas in the form of upfront investment.

C: While operating income is expected to decrease, ordinary profit is planned to remain flat. Can I assume that the main factor is the increase in equity interest?

Answer 1: As you say, I think it is safe to assume that the main factor is the expansion of equity interests.

D: The first point, could you give us an idea of the profit margin for each of the three new business portfolios on slide 37? Second, in terms of Financial system Innovation sales, how do you envision the decline in large systems projects?

Answer 1: Slide 37 shows the profit margins for each of the new business portfolios, Social and Public Innovation, Digital Innovation, and Financial system Innovation.

Currently, we are disclosing information on a sales basis in this way, and we would like to expand the content and scope of this disclosure in the future.

With regard to this profit margin, we have a plan to increase the profit margin as a whole during the period of the MP2026 starting from the FY2023/9, and in that sense, we would like to increase the profit margin in each of these three business areas.

I would like to discuss the details of each of these issues in more detail in the future.

Answer 2: Regarding the image of the decrease in large-scale system projects in the sales of Financial system Innovation, we do not mention individual projects, but there are certainly large-scale projects that have reached their peak, and we have incorporated the decrease in these projects into the current plan based on our original assessment in accordance with the current plan.

E: The first point, what are the factors behind the increase or decrease in sales and ordinary profit in the actual results for the FY2023/9 compared to the plan? The second point, please give us an overview of the JPY600 million in unprofitable projects.

Answer 1: Regarding sales for the FY2023/9, the factors behind the increase or decrease compared to the plan, there was a large increase in sales, as you can see in the previous year's sales comparison. In this context, we are capturing progress almost in line with our plans.

As for ordinary profit, there were two factors that led to a decrease compared to the plan, one of which is TTC. In MRI, there were some expenses that were incurred in advance, and we were not able to achieve sales that were commensurate with these expenses, although some of these expenses were due

to period lag in some cases, and in ITS, as mentioned here, there were some unprofitable projects, which resulted in a decrease compared to the plan.

However, ITC has been able to beat back the factors behind the unprofitable projects and achieved an increase in profit compared to the same period last year.

Answer 2: Regarding the second question, the unprofitable project, I would like to refrain from giving details about individual customers, but this was a system development project, and we were in the process of creating an original system with relatively complex specifications. The project is characterized by the fact that there was a lack of understanding at the design stage, resulting in a slight discrepancy between the original estimate and the project cost. We have made a provision for this matter, considering future response costs.

F: What is the breakdown of organic and non-organic in your mid-term and long-term plans by new segment?

Answer 1: First, in this MP2026, all of the plans that I have just presented, this is assumed to be organic. We are also considering various non-organic options, but we have not incorporated them into our plan during the period of this MP2026.

As we look toward the next mid- and long-term plan, we believe that it will be difficult to reach this goal through organic growth alone, so we will aim to achieve JPY200 billion by incorporating non-organic growth as well.

Although we do not have segmentation, the digital segment is expected to grow significantly in the market in the future. We would like to consider the incorporation of non-organic businesses to fill in the missing piece, the part of digital IT that is lacking within our group today.

G: You have explained the segments of TTC and ITS so far, as well as the business axes, such as Social and Public Innovation projects. You mentioned that you intend to enhance the disclosure of your business axes in the future. Do you have any plans to change the segments?

Answer 1: We are not considering changing this segment of the TTC and ITS currently. In addition to this, we will enhance the disclosure of our business axes, which are the substance and progress of our strategy. We would like to share this information with our investors.

For the first time, we have disclosed our business axes, first on a sales scale basis. We will continue to enhance the content of this program.

G: Regarding the Digital Innovation business, which is expected to grow the most, can you explain what exactly you envision as the driver of growth?

Answer 1: This area is mainly for the digital transformation of general corporate clients, which is a major management issue. To solve this problem, we would like to provide services ranging from consulting to system implementation and make this a profit driver for our company.

The needs and market growth in this area are very large, but competition is intensifying in a wide range of areas, from large IT services firms to consulting firms. Therefore, since the previous MP period, MRI, DCS, each area of responsibility, and the management team have been discussing where we can find our strengths and in which areas, we can achieve growth.

We are considering three major areas as drivers in this context. We consider DX consulting, ERP, and DA and AI services to be the three main growth drivers.

DX consulting, which is mainly MRI's business, is a consulting service for advancing digital transformation in line with our clients' business challenges. One such move is to connect from here to the implementation of the DCS system.

In addition, ERP is used for factory automation and other areas that connect various commercial channels, and we intend to assist in the digitalization of these areas as a group. We believe that the cooperative alliance with Tecnos Japan Inc. is one of the measures to achieve growth in this area.

Then, as for DA and AI services, it is analytical work within MRI. We have strength in analytical work using AI, and by combining this with DCS's strength in IT implementation, we hope to meet the needs of our clients.

Answer 2: As I mentioned earlier, MRI and DCS are already working together to build and provide various services in the DA and AI businesses, and we would like to further accelerate the evolution of these services.

In addition to the three main pillars listed here, we also believe that the issue of aging systems, modernization, and architectural reforms for existing and new customers are also major areas where we can work together with MRI and DCS to advance.

[END]