

FY2022/9 Financial Results

FY2023/9 Full Year Forecasts



November 7, 2022

1 FY2022/9 Financial Results

2 FY2023/9 Full Year Forecasts

3 Topics

Summary

- Both net sales and profit were at record highs.
- The target (10,000 mil. yen) for ordinary profit in the Medium-term Management Plan 2023 (MP2023) was achieved ahead of the plan.

Net sales:	Results	116,620 mil. yen	YoY change	+13,590 mil. yen
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- Net sales reached a record high for a second consecutive year (including the impact of change in accounting standard of 2,582 mil. yen).
- Think Tank and Consulting Services (TTC): +8,171 mil. yen in government and public offices (large projects, advanced ICT projects, etc.)
- IT Services (ITS): +5,418 mil. yen due to growth in finance and credit card services

Ordinary profit:	Results	10,493 mil. yen	YoY change	+2,924 mil. yen
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- Ordinary profit hit a record high, exceeding 10,000 mil. yen for the first time (including the impact of change in accounting standard of 1,030 mil. yen).
- TTC: Projects for the public sector remained strong, +993 mil. yen.
- ITS: +1,939 mil. yen due to growth in finance and credit card services.

Profit:	Results	7,707 mil. yen	YoY change	+2,698 mil. yen
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- Sales of cross-held shares and shares in a subsidiary (UBS), etc.

FY2022 Consolidated Results <YoY>

[Including the effect of accounting standard change]

	FY2021/9	FY2022/9	(mil. yen)			
			YoY change		Forecast announced Aug.1,2022	V.s. forecast
			Amount	Rate		
Net sales	103,030	116,620	+13,590	+13.2%	117,000	-379
Gross profit	23,447	26,580	+3,132	+13.4%	—	—
Gross profit margin	22.8%	22.8%	+0.0P		—	—
SG&A expenses	16,593	17,415	+821	+5.0%	—	—
Operating profit	6,853	9,165	+2,311	+33.7%	9,200	-34
Operating profit margin	6.7%	7.9%	+1.2P		7.9%	-0.0P
Ordinary profit	7,568	10,493	+2,924	+38.6%	10,400	+93
Profit attributable to owners of parent	5,009	7,707	+2,698	+53.9%	7,500	+207
Basic earnings per share (yen)	308.60	474.67	+166.07		461.88	+12.79
ROE(Return on Equity)	9.1%	12.8%	+3.7P		—	—

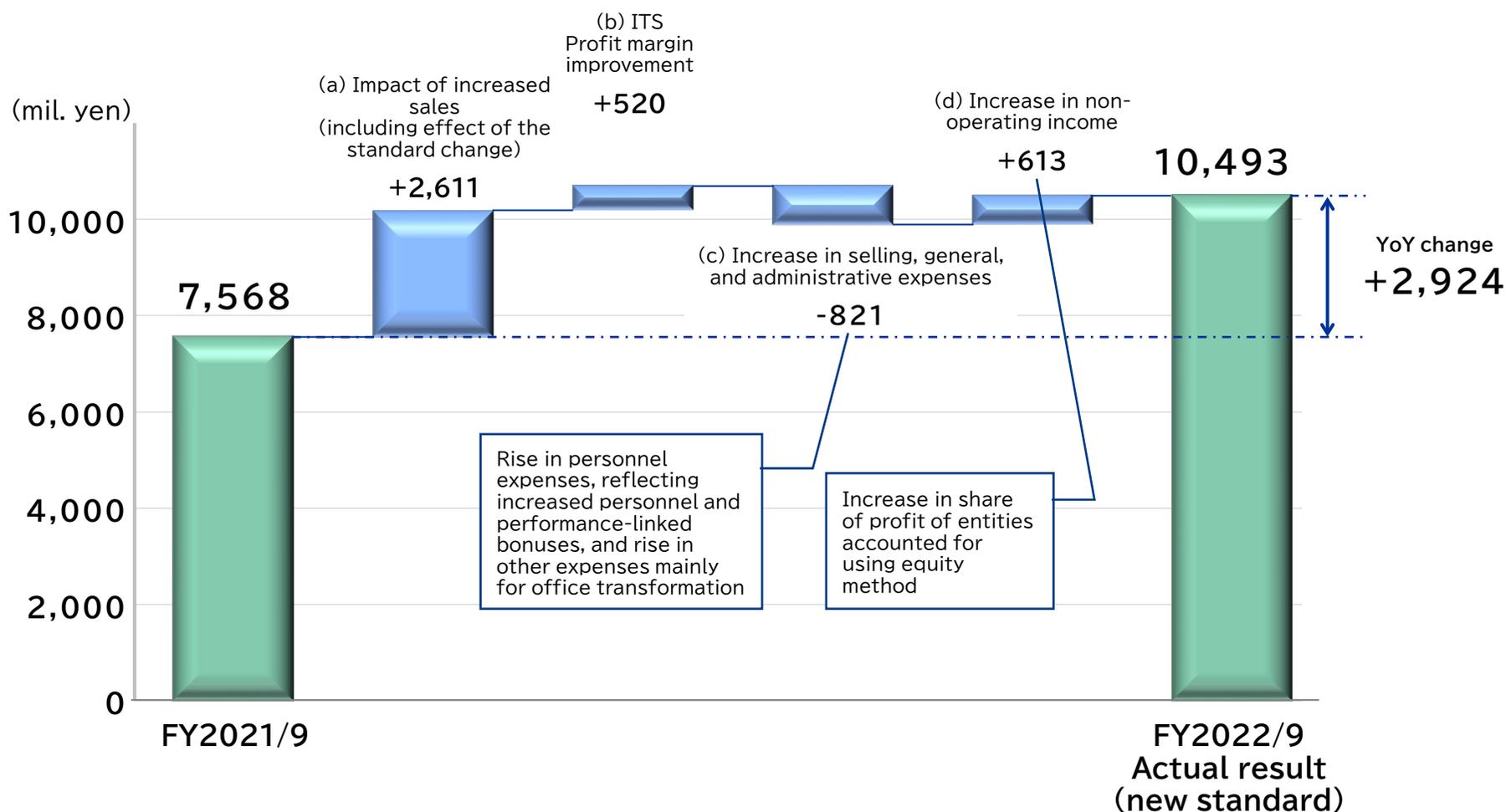
FY2022 Consolidated Results <YoY>

[Comparison with those under the previous accounting standard]

	FY2021/9	FY2022/9 (mil. yen)		
		Results (new standard)	Effect of the standard change	Reference value (previous standard)
Net sales	103,030	116,620	+2,582	114,038
Gross profit	23,447	26,580	+1,030	25,550
Gross profit margin	22.8%	22.8%	–	22.4%
SG&A expenses	16,593	17,415	–	17,415
Operating profit	6,853	9,165	+1,030	8,135
Operating profit margin	6.7%	7.9%	–	7.1%
Ordinary profit	7,568	10,493	+1,030	9,463
Profit attributable to owners of parent	5,009	7,707	+567	7,139
Basic earnings per share (yen)	308.60	474.67	34.98	439.69
ROE(Return on Equity)	9.1%	12.8%	–	–

Factors Behind Fluctuation of Ordinary Profit<YoY>

- Compared with ordinary profit in FY2021/9, ordinary profit was +3,131 mil. yen due to the effect of a rise in sales (a) and profit margin improvement (b), exceeding 10,000 mil. yen for the first time to reach a record high.



Think Tank and Consulting Services (TTC)

(mil. yen)

	FY2021/9	FY2022/9 (Actual result)	YoY change		<Reference> Effect of the standard change
			Amount	Rate	
Net sales	40,376	48,548	+8,171	+20.2%	-285
Operating profit	3,652	4,115	+462	+12.7%	-7
Operating profit margin	9.0%	8.5%	-0.5P	—	—
Ordinary profit	4,197	5,190	+993	+23.7%	-7
Orders received	50,943	49,833	-1,109	-2.2%	—

Key points

- Net sales rose significantly (up 8,171 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 reached a record high of 5,190 mil. yen (up 993 mil. yen), reflecting increased operating profit (up 462 mil. yen) plus an increase in share of profit of entities accounted for using equity method, among other factors.
- Orders declined 1,109 mil. yen due to orders for large projects in the previous fiscal year but were still at a high level (49,833 mil. yen).

IT Services (ITS)

(mil. yen)

	FY2021/9	FY2022/9 (Actual result)	YoY change		<Reference> Effect of the standard change
			Amount	Rate	
Net sales	62,653	68,072	+5,418	+8.6%	+2,867
Operating profit	3,191	5,048	+1,856	+58.2%	+1,037
Operating profit margin	5.1%	7.4%	+2.3P	—	—
Ordinary profit	3,361	5,301	+1,939	+57.7%	+1,037
Orders received	67,536	71,050	+3,513	+5.2%	—

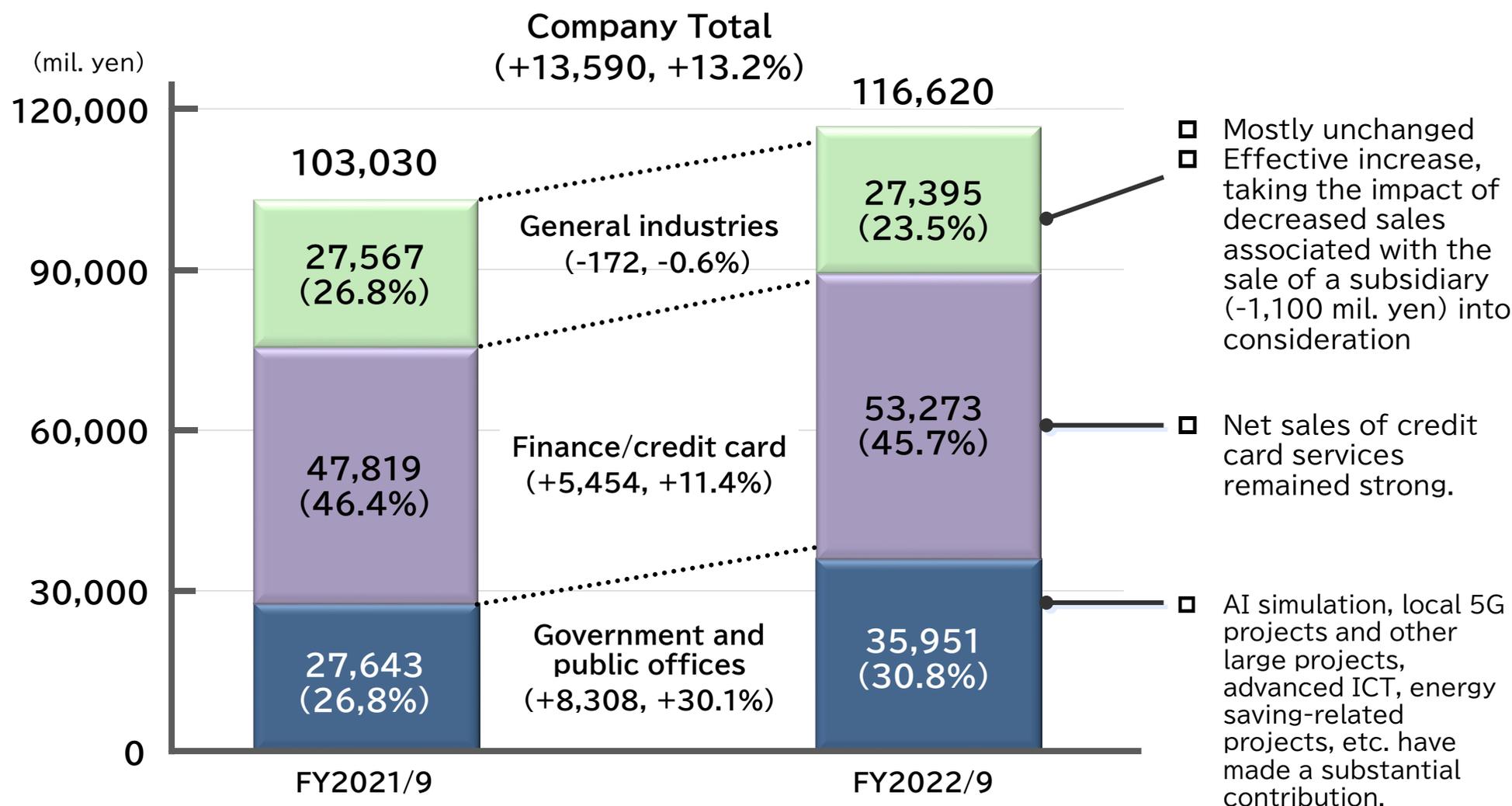
Key points

- Growth in the finance and credit card business resulted in a rise in both sales (+5,418 mil. yen) and profit (operating profit: +1,856 mil. yen, ordinary profit: +1,939 mil. yen), reaching new record highs.
- Net sales increased and the operating profit margin improved (5.1%⇒7.4%), reflecting an improved product mix that had highly profitable projects.
- Orders received was driven by finance and credit card services, resulting in effective YoY growth.

Net Sales by Industry of Customer

<YoY/new accounting standard>

- Net sales were driven by Government and public offices, in which sales increased 30.1%, or 8,308 mil. yen, and Finance/credit card, in which sales rose 11.4%, or 5,454 mil. yen.



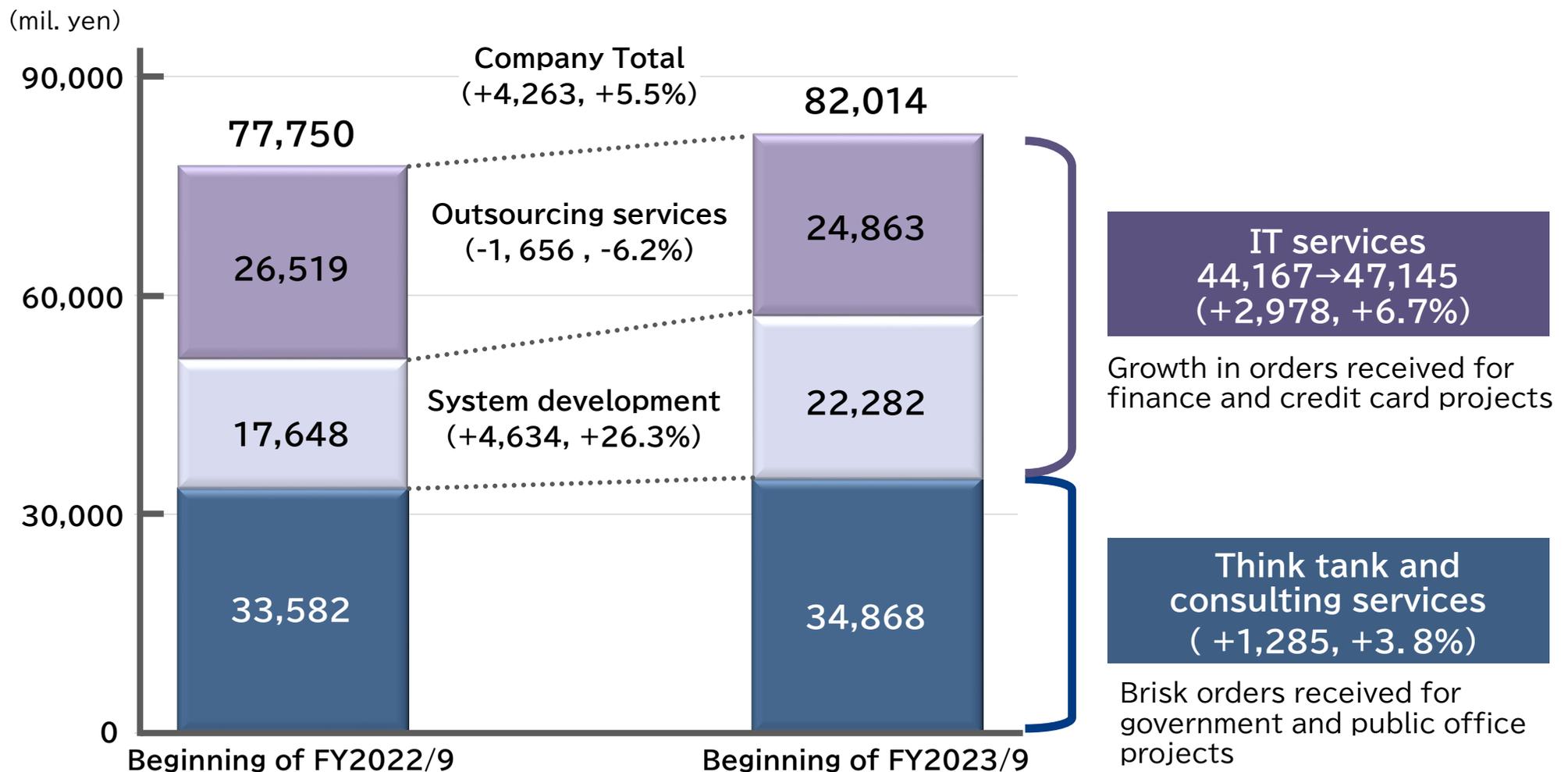
(Reference) Net Sales by Segment and Industry of Customer <YoY>

(mil. yen)

		FY2021/9	FY2022/9 (Actual result)	YoY change		<Reference>
				Amount	Rate	Effect of the standard change
TTC	Government and public offices	27,065	35,185	+8,119	+30.0%	-1,318
	Finance/credit card	4,110	3,862	-248	-6.0%	+223
	General industries	9,200	9,500	+300	+3.3%	+809
	TTC total	40,376	48,548	+8,171	+20.2%	-285
ITS	Government and public offices	578	766	+188	+32.6%	—
	Finance/credit card	43,708	49,411	+5,702	+13.0%	+2,556
	General industries	18,366	17,894	-472	-2.6%	+311
	ITS total	62,653	68,072	+5,418	+8.6%	+2,867
Total		103,030	116,620	+13,590	+13.2%	+2,582

(Reference) Order Backlog at Beginning of Year <YoY>

- The YoY change in Order Backlog at the beginning of the year is based on the new accounting standard.
- Order Backlog increased steadily, +5.5% or +4,263 mil. yen YoY.



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- 3** Topics

MP2023 Progress

(1) Progress as of end of FY2022/9

Achieved financial targets under MP2023 earlier than planned and also made steady progress on initiatives for business reforms and growth businesses.

- The quality of the business portfolio has improved and productivity has increased, with fewer projects and higher profits (⇒P14).
- Profit margin improved as management structure reforms paid off(⇒P15).
- The DX business, which is positioned as a growth business, has steadily grown in scale, with sales 1.2 times higher than before the start of MP2023 (⇒P16).

Core
businesses

- TTC: Government and public offices (large projects, security, digital) and Private sector (finance, energy) grew.
- ITS: Driven by card projects and large SI projects

Growth
businesses

- TTC: MPX(⇒P23), Region Ring (local digital currency) and other concrete cases developed.
- ITS : Cases of development of private-sector projects (⇒P24)in the DX business (data driven management) achieved through MRI and DCS collaboration.

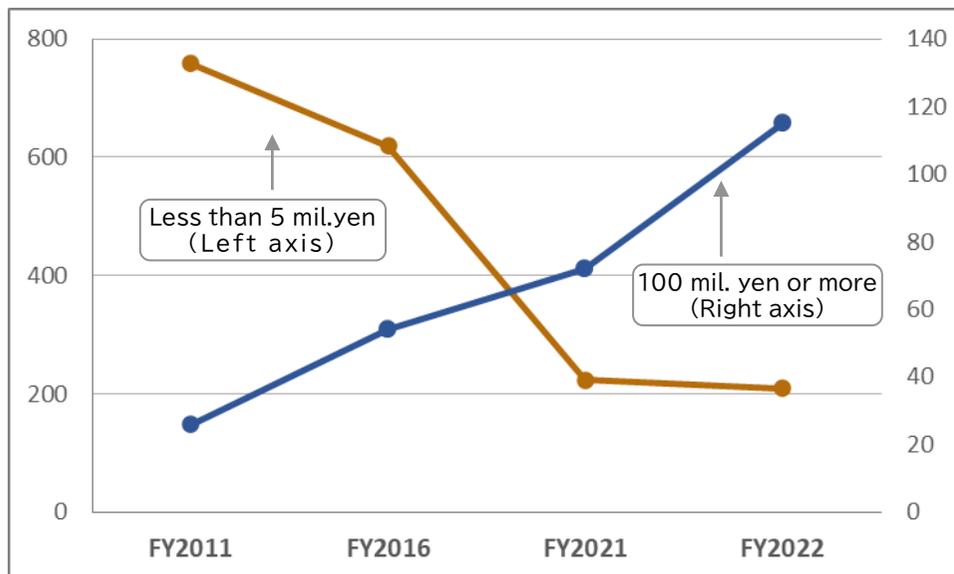
(2) Challenges for final year of MP2023 and next MP

- ◆ Lack of human resources for the business portfolio
- ◆ Acceleration of business transformation
- Strengthen growth investment to actively address these challenges (⇒P17).

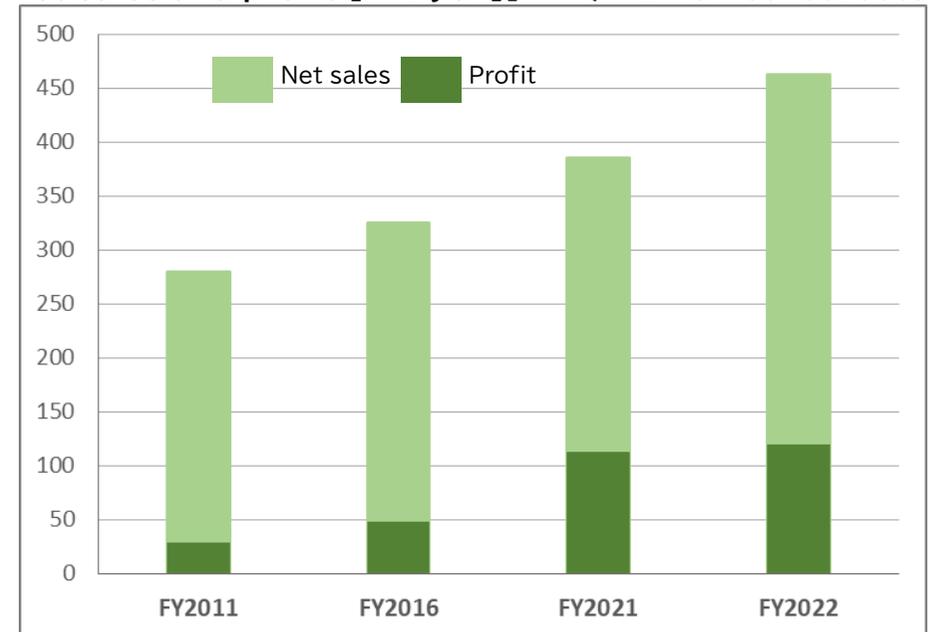
MP2023 Progress: Implementation of qualitative reforms in TTC services

- While large projects (exceeding 100 mil.) increased significantly, small projects (less than 5 mil.) decreased considerably.
 - Shift to large projects is underway: Over a period of approximately 10 years, large projects have more than quadrupled while small projects are down by around 70%.
- Both net sales and profit have increased.
 - Despite a decrease in the number of projects, both sales and profit have increased (a 1.7 fold and 4.1 fold increase respectively).
- The shift to large projects and creation of high added value has resulted in a higher quality business structure, increased productivity, and an improved profit margin.

Number of projects [projects] (MRI non-consolidated)



Net sales and profit [mil. yen] (MRI non-consolidated)

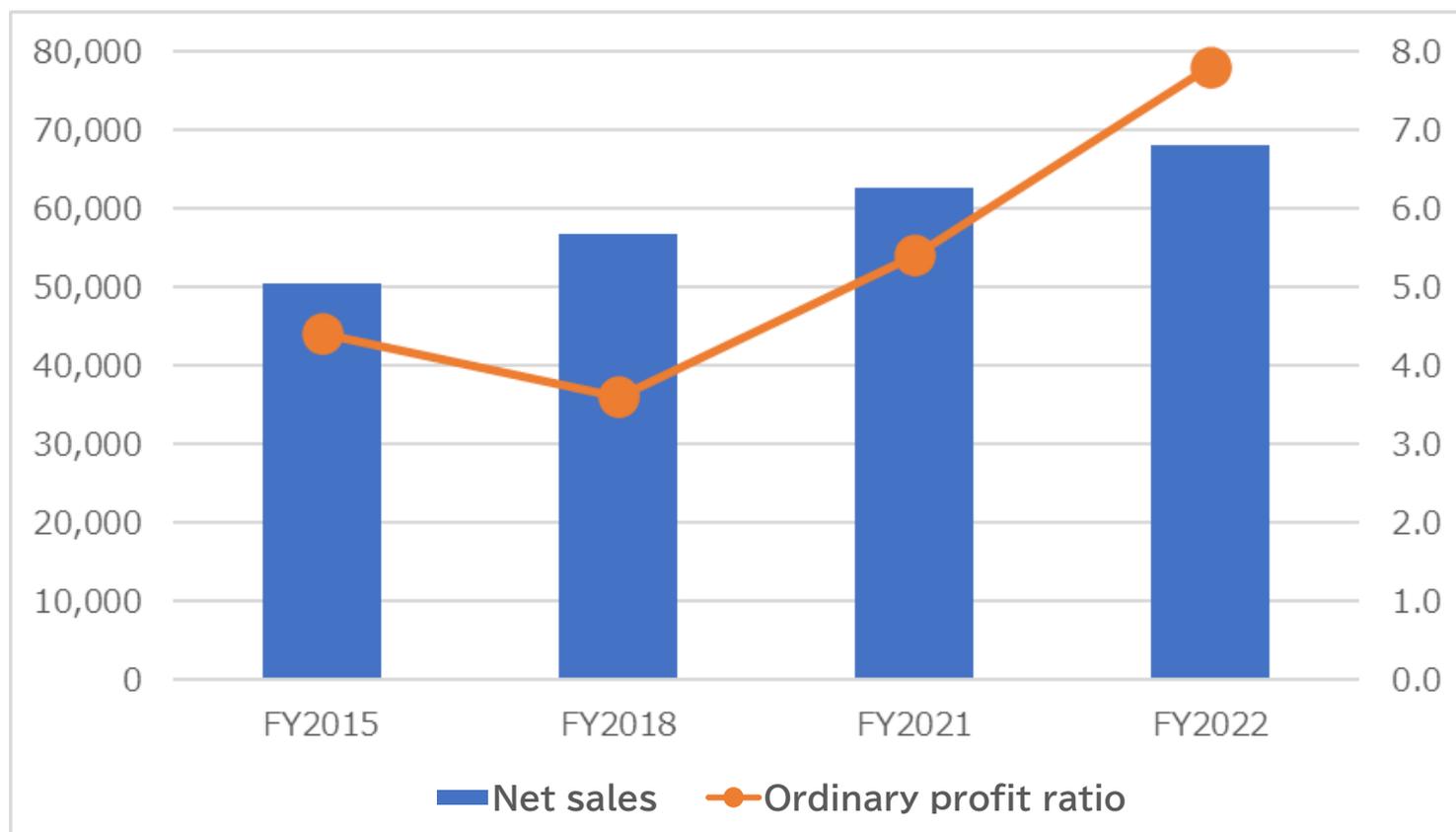


MP2023 Progress: Improvement of profit margin in ITS

- In the IT Services segment (ITS), the profit margin has steadily improved through structural reforms.
 - Structural reforms have been implemented, and initiatives including strengthening the core business, reviewing resource allocations and increasing productivity are paying off.
 - Aiming for double-digit profit margin, with profit margin recovering to just under 8% in FY2022/9.

Net sales (mil. yen)

Ordinary profit ratio [%]



MP2023 Progress: Growth Projection for DX Business

Medium to long term
(Expansion in business
scale including non-
organic growth)

TTC

DX business
Share of
consolidated net
sales: More than 50%

ITS

FY2022/9 Net Sales 116,620 mil. yen

(Approx. 1.3 times FY2020/9 net sales)

Think tank and consulting
services
(TTC)
48,548 mil. yen

DX business
Approx. **32,000**
mil. yen
(Share of
consolidated net
sales: approx.
30%)

IT services
(ITS)
68,072 mil. yen

FY2020/9 net sales 92,020 mil. yen

+5,000 mil. yen
Approx. **1.2**
times

TTC
34,581 mil.
yen

DX business
Approx.
27,000 mil.
yen

ITS
57,438 mil. yen

Growth Investment Policy

- Actively use cash on hand accumulated or generated through business for investment in human resources and investment in equipment necessary for future business expansion and for strategic investment such as M&A

Investment in growth	Specific measures	Example initiatives
(1) Human Resources	<ul style="list-style-type: none"> Hiring more people (increasing 210 people by FY2023) Doubling opportunities for career development, optimal placement Work style reforms Transferring more human resources to partners for cultivating them 	<ul style="list-style-type: none"> Diversification of recruitment methods Establishing the Company's own human resources development model Dispatching to venture capital
(2) Research and Recommendations	<ul style="list-style-type: none"> Joint research and recommendations with research institutions in Japan and overseas (Macroeconomics, next-generation communications after 5G, etc.) Personnel exchange, visiting members 	<ul style="list-style-type: none"> Partners (including expected ones) <ul style="list-style-type: none"> - Chatham House (UK) - CEPS (Belgium) - Georgetown university (USA) - University of Tokyo, Osaka University
(3) R&D	<ul style="list-style-type: none"> Development and demonstration of applications Development and demonstration of AI engines Medium, large capital expenditures 	<ul style="list-style-type: none"> local digital currency AI and big data analysis Renovations of data centers
(4) Business Foundations	<ul style="list-style-type: none"> Expanding foundations and partners in digital transformation and societal implementation Strategic investment in focus areas (investment, JV, M&A, etc.) Expanding venture business and venture capital investment (establishing a dedicated organization) 	<ul style="list-style-type: none"> Establishing an operation and capital alliance with French ForePaaS SAS <ul style="list-style-type: none"> ➔For collaboration with France-based OVHcloud Spinning off the wholesale electricity price forecasting service MPX to establish joint venture with Dutch company KYOS

FY2023 Full Year Forecasts

- Still aiming for gains in sales and profit, with the target for ordinary profit in the MP2023 expected to be achieved earlier than planned.
- Making upfront investment to deal with emerging issues and to achieve further growth (⇒P17).

Net sales forecast : 118,000 mil. yen YoY change +1,379 mil. yen (+1.2%)

- TTC :46,000 mil. yen YoY change -2,548 mil. yen Firm orders received will be offset by the implementation of measures to strengthen research recommendation function and carry out workstyle reform
- ITS :72,000 mil. yen YoY change +3,927 mil. yen higher sales due to financial and card services and DX in the private sector in general

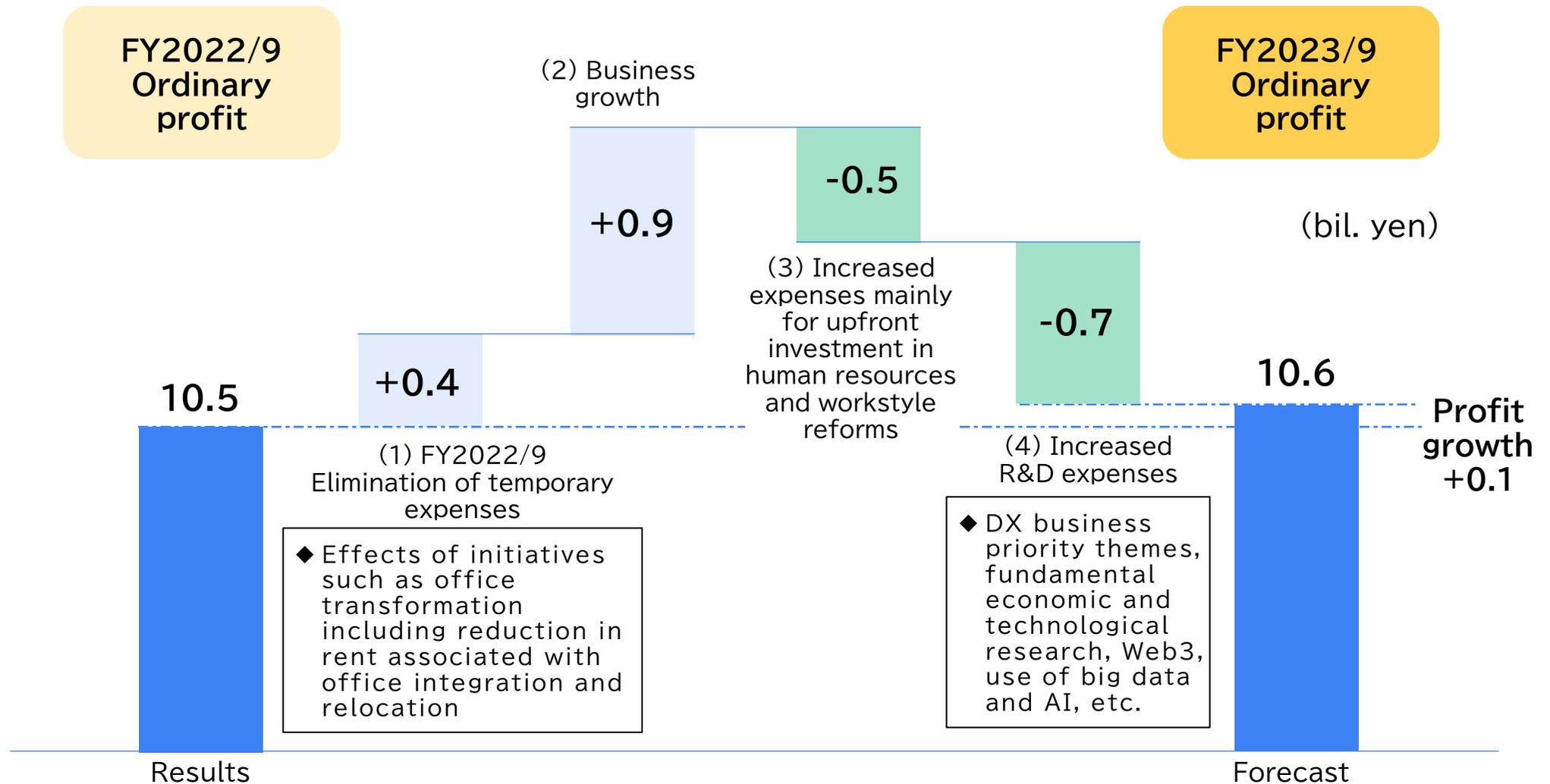
Ordinary profit forecast : 10,600 mil. yen YoY change +106 mil. yen(+1.0%)

- TTC : 4,900 mil. yen YoY change - 290 mil. yen
- ITS : 5,700 mil. yen YoY change +398 mil. yen

Profit forecast : 6,500 mil. yen YoY change -1,207 mil. yen(-15.7%)

- Absence of extraordinary income (gain on sales of investment securities, etc.) recorded in FY2022/9
- (Note) Current forecast does not factor in impact of COVID-19 and Ukraine crisis.

Factors behind fluctuation in FY2023/9 ordinary profit forecast



FY2023/9 Full Year Forecasts

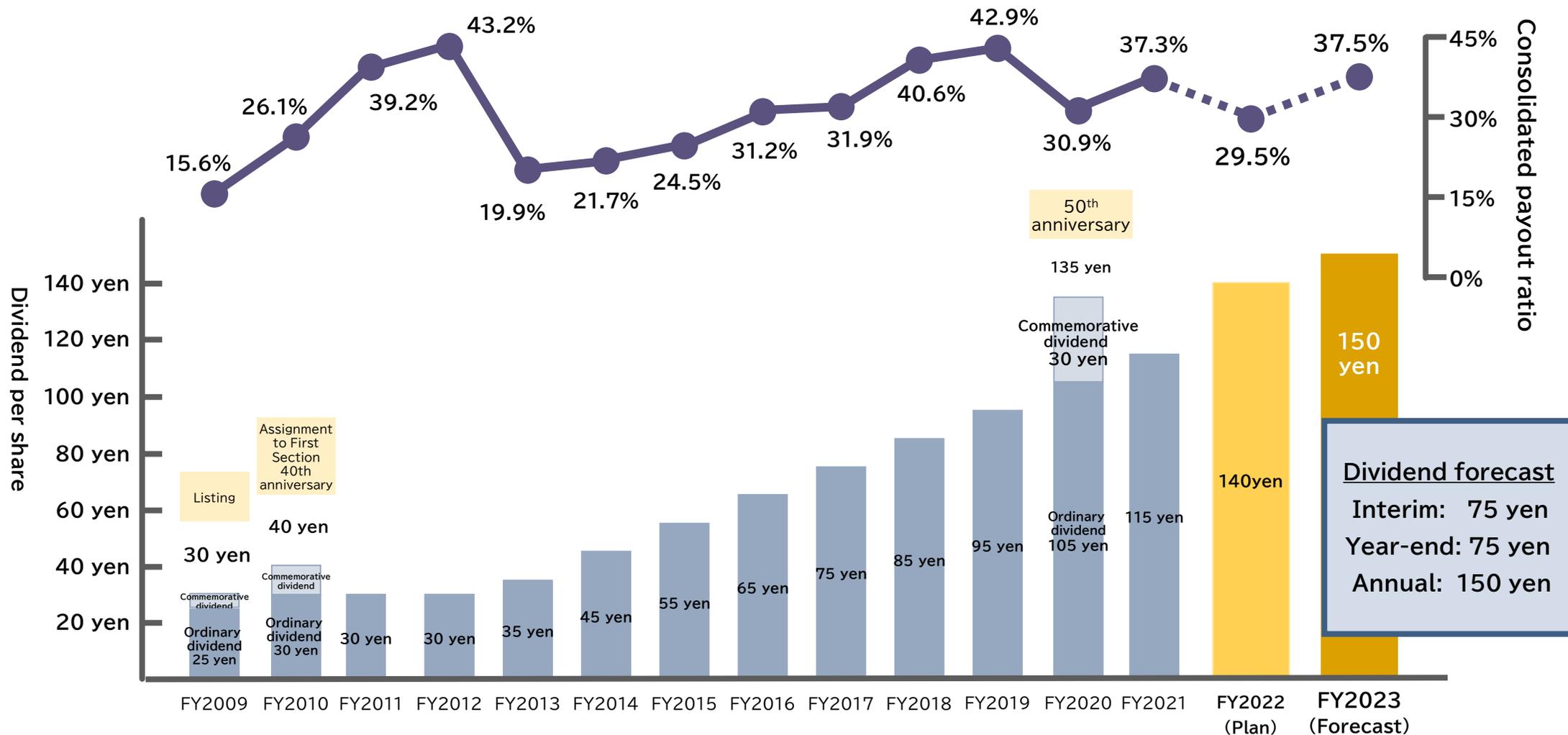
(mil. yen)

	FY2022/9 (Results)	FY2023/9 (Forecast)	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	

FY2023/9 dividend forecast

Dividend Policy

The basic policy is to continue to pay stable dividends. We will strive to raise the dividend level, taking into comprehensive consideration results, future demand for funds, and financial soundness.



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Topic 1: Spinoff of MPX



- Accelerated the provision and commercialization of a price information service (MPX) in the full-fledged wholesale electricity market following liberalization of the electricity sector

- ❑ Accumulated knowledge by providing support for relevant policy measures and systems
- ❑ Observed changes in the private-sector market and commercialized service ahead of competitors
- ❑ Won many customers and established competitive position in relation to similar services



- MRI spun off the MPX business to form MPX, Inc. (October 2022) and turned MPX, Inc. into a joint venture, with the aim of achieving further growth (business scale is currently approx. 400 mil. yen).

- ❑ Launched joint venture with Dutch firm KYOS, a leading company in the energy liberalization field, from October
- ❑ Aiming to enhance service lineup and further increase business competitiveness
- ❑ Aiming to cross billion yen sales mark in three years by cooperating with KYOS and rolling out new services

- ❑ KYOS provides mathematical models and consulting services related to wholesale electricity trading for energy markets in Europe
- ❑ Acquired 20% equity interest in MPX, Inc. and sent one Director to the company

TOPIC 2: Nippon Kaiji Kyokai: Provision of GHG Management Tool for Zero-Emission Shipping

~DX through MRI and DCS collaboration: Concrete case of support for data-driven management~

- ◆ Support for data-driven management of shipping through DX
 - Development of tool for managing and reducing greenhouse gas (GHG) emissions associated with sea transportation
- ◆ Cooperation between MRI, DCS and French company ForePaaS
 - MRI: Data-based consulting
 - DCS: System construction and mounting
 - ForePaaS: Big data analysis tool
- ◆ Start of trial operation 2 months after construction
 - Applications from 3,000 vessels since release
- ◆ Acquisition of ForePass by OVHcloud, Europe's largest cloud service provider
 - Leading to greater cooperation and business with the MRI Group



Tool for managing and reducing GHG emissions (ClassNK Zero Emission Transition Accelerator) provided by Nippon Kaiji Kyokai put into trail operation 2 months after developed

Topics: Recent News Releases

【MRI】

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

Date		Title
Oct 17, 2022	ESG	Osaka/Kansai Expo "TEAM EXPO 2025" Program / Registered "New Utilization of Unused Fish!" for co-creation challenge
Oct 7, 2022	ESG	Proposal Long-term use of nuclear power in the carbon-neutral era
Oct 7, 2022	ESG	[CUIMOTTE x Murakawa Gakuen x Kasumi High School x Kami Town] holding of "Hyogo Prefecture Kami Town Fair" as part of the "Comprehensive Partnership Agreement" Initiative for regional revitalization and the co-creation challenge "New Utilization of Unused Fish!"
Oct 5, 2022	DX	Mitsubishi Research Institute launches "Smart Benefit Demonstration Project" in Kobe City
Sep 30, 2022	DX	Joint research on securing new trust in a digital society
Sep 30, 2022	DX	Joint research on testbeds to help fast-track innovation in the "Beyond 5G" era
Sep 21, 2022	Over seas	New partnership signed to promote the rights of older persons and address population matters in Viet Nam
Sep 7, 2022	Over seas	Mitsubishi Research Institute proposes the creation of business opportunities to solve societal Issues in Vietnam. Seminar for Japanese companies on addressing social issues held in Hanoi.
Aug 8, 2022	DX	Security reference for cloud services for medical institutions
Aug 4, 2022	DX	Providing a scientific nursing care prevention solution package for local governments
Aug 4, 2022	Other	Notice concerning spinoff of online information service business for wholesale electricity trading to MPX (simplified absorption-type company split) and conclusion of joint venture agreement and business alliance agreement with KYOS

Topics: Recent News Releases

[DCS]

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

Date		Title
Oct 4, 2022	DX	Launch of "Managed Service Consulting" to support DX promotion by optimizing IT system operation
Sep 28, 2022	DX	Launch of "Link&Robo for Growing," a communications robot service for special support schools and classes
Sep 15, 2022	DX	Launch of ransomware countermeasure solution

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

