

# COMPANY RESEARCH AND ANALYSIS REPORT

## Mitsubishi Research Institute, Inc.

3636

Tokyo Stock Exchange Prime Market

5-Jan.-2023

FISCO Ltd. Analyst

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FISCO Ltd.

<https://www.fisco.co.jp>

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## Summary

### Record-highs for net sales and all profit items in FY9/22. Targets net sales and profit growth in FY9/23 while investing for growth

Mitsubishi Research Institute, Inc. <3636> (hereafter, also “the Company”) is a full-range think tank group conducting the Think Tank & Consulting Services business, which involves surveys, research, policy support, and management strategy support, and the IT Services business, which provides ICT solutions services to its customers, which are government ministries and agencies and private-sector companies. Since its establishment in 1970, it has participated in important projects both in Japan and overseas and has continued to present its vision to society of always being a compass for the times. More than 30% of its consolidated net sales are government ministries and agencies-related (FY9/22), which forms a stable earnings foundation. In 2020, on the occasion of the 50th anniversary of its establishment, it formulated the Medium-Term Management Plan 2023 (hereafter, the “Medium-Term Management Plan”). The Company made good progress with the Medium-Term Management Plan and achieved its targets for ordinary profit and return on equity (ROE) one year ahead of schedule in FY9/22. In FY9/23, the final year of the plan, it is further transforming into a think tank group that resolves societal issues to achieve both sustainable growth and improved enterprise value by continuing to record solid results.

#### 1. Outline of results for FY9/22

In the FY9/22 consolidated results, net sales increased 13.2%\* compared to the same period in the previous fiscal year (year on year (YoY)) to ¥116,620mn, operating profit rose 33.7%\* to ¥9,165mn, ordinary profit grew 38.6% to ¥10,493mn, and profit attributable to owners of parent increased 53.9% to ¥7,707mn. The Company attained record-high net sales and profit in all items. The main factor contributing to net sales and profit growth was the steady implementation of the various measures in the Medium-Term Management Plan. DX projects for government ministries and agencies were brisk in the Think Tank & Consulting Services business. In the IT Services business, finance and credit cards projects performed strongly and building a solid track record in DX-related projects and those for new customers contributed to robust results. Profits grew as a result of the net sales growth effect and steady progress in improving the quality and productivity of its core business. This is the outcome of handling larger projects and optimal deployment of human resources, which raised productivity and profit margins.

\* The Company adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) from FY9/22, so the comparison of results with those of the previous period are included as reference values.

#### 2. Consolidated outlook for FY9/23

For the FY9/23 consolidated results, the Company forecasts a 1.2% YoY increase in net sales to ¥118,000mn, 1.5% growth in operating profit to ¥9,300mn, 1.0% rise in ordinary profit to ¥10,600mn, and 15.7% decrease in profit attributable to owners of the parent to ¥6,500mn. Although the Company projects a YoY decline in profit attributable to owners of the parent due to the dropout of extraordinary profit including profit from the sale of investment securities recorded in FY9/22, it forecasts record-high net sales for the second year in a row. In FY9/23, the Company plans to conduct upfront investment aimed at addressing issues that emerged when implementing the Medium-Term Management Plan and further growth. For this reason, the Company forecasts a 5.6% YoY fall in ordinary profit of the Think Tank & Consulting Services business to ¥4,900mn. Nonetheless, the Company forecasts YoY growth in ordinary profit on a consolidated basis due to higher net sales driven by business growth and productivity improvements as a result of office consolidation and other measures. At FISCO, we think the Company can expect accelerated growth in FY2024 onward by investing upfront for future growth.

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### 3. Overview of Medium-Term Management Plan

In November 2020, the Mitsubishi Research Institute Group announced the Medium-Term Management Plan (FY9/21 to FY9/23), in which it set out its three basic strategies of “VCP management,” “consolidated management,” and “management under the new normal.” It aims to build a foundation as a company that achieves sustainable growth by strengthening two of its four types of functions (A: Research and Recommendations and D: Societal Implementation) and creating and growing new businesses such as the DX business. Based on this, the specific financial targets for FY9/23 include ordinary profit of ¥10bn (CAGR of 12%) and Return on Equity (ROE) of 10%.

\* “VCP (Value Creation Process) management” aims to resolve societal issues and to grow business opportunities through business activities with an awareness of connecting to the provision of four types of value (A: Research & Recommendations, B: Analysis & Conceptualization, C: Design & Testing, and D: Societal Implementation) as a full-range research institute group.

Based on the above basic policy, the Group is conducting three business-related transformations of “Growth Businesses Transformation,” “Core Businesses Transformation,” and “Think Tank Function Transformation,” and two infrastructure-related transformations of “Human Resources and Organizational Culture Transformation” and “Management Systems Transformation.” Through these transformations, its policy is to grow the total sum of “social value” realized by resolving societal issues, “non-financial value” realized by the sustainable growth of individuals and organizations, and “financial value” brought about by business growth to achieve both sustainable growth and improved shareholder value. The Company has so far made steady progress in building up a track record in a growth business (DX), improvement in the quality and productivity of core businesses, and strengthening collaboration between Mitsubishi Research Institute, Inc. and Mitsubishi Research Institute DCS (DCS). As a result, the Company attained its financial targets of ¥10bn in ordinary profit and ROE of 10% one year ahead of schedule in FY9/22. The Company intends to set a higher target for ordinary profit in FY9/23.

#### Key Points

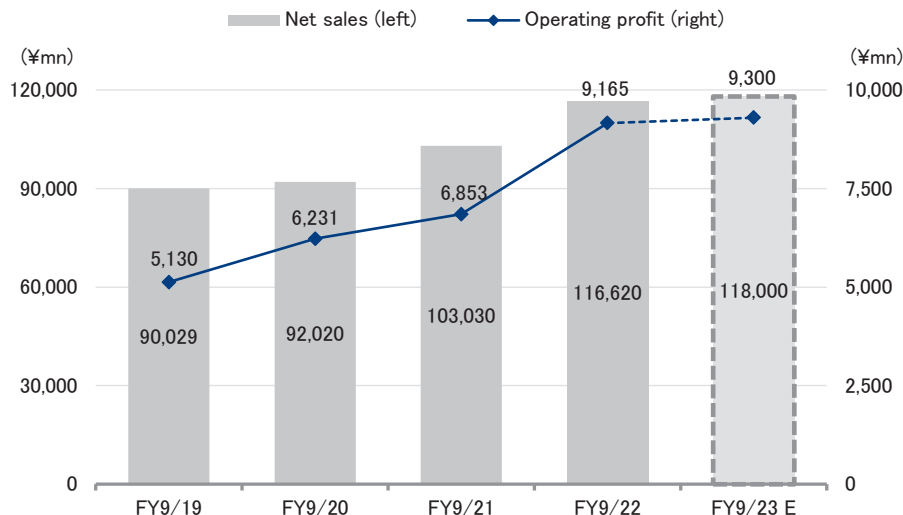
- A think tank group that “resolves societal issues” as a business entity in addition to Research & Recommendations and other functions
- In FY9/22, every sales and profit item achieved record-high results
- Businesses are growing through the measures in the Medium-Term Management Plan, so achieved the plan’s ordinary profit and ROE target ahead of schedule
- Investing upfront to accelerate growth further in FY9/23

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## Summary

### Results trends



Note: Due to the adoption of the Accounting Standard for Revenue Recognition, etc., from FY9/22, the method of recording net sales has changed

Source: Prepared by FISCO from the Company's financial results

## Company profile

**A think tank group focused on resolving societal issues that covers the full process from Research & Recommendations to Societal Implementation. Since its establishment, it has been contributing to a prosperous future society through resolving societal issues**

### 1. Company profile

The Company was established in 1970 through investment by 27 companies in the Mitsubishi Group as a business to commemorate the centenary of the Mitsubishi Group, and it can be said to be a pioneering private sector think tank. It provides think tank and consulting services and IT services to a wide range of customers, from government ministries and agencies and finance and credit cards-related companies, through to general private-sector companies.

In the 1980s, the Company established businesses in four think tank fields (economics and management, society and the public sector, science and technology, and systems and information), and then in the 1990s, it forged a solid presence supporting policy development for government ministries and agencies. On entering the 2000s, it made a consolidated subsidiary of DCS and launched a fully-fledged ICT solutions business. In recent years, it has been progressing "VCP management," in which it undertakes the Value Creation Process, from Research & Recommendations through to Societal Implementation.

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### Company profile

2020 was the 50th anniversary of the Company's establishment. On considering society and the role that the Company has played within it up to the present time and furthermore the role that each employee is expected to play in the future, it formulated its New Guiding Principles, that "We, the Mitsubishi Research Institute, will continually envision a desirable future, resolve societal issues, and lead change in society to co-create a sustainable and abundant future." Toward the next 50 years, it is ready to conduct daily work with greater awareness of its responsibility as a company that resolves societal issues.

### History

Date	Summary
<b>May 1970</b>	Mitsubishi Research Institute, Inc. was established with capital of ¥500mn in Yurakucho, Chiyoda-ku, Tokyo, in order to conduct businesses including survey and analysis work, outsourced survey and consulting work, and information processing services
<b>October 1970</b>	Technology & Economy Information Center, Inc. (currently MRI Business, Inc.) was established and started information processing services and printing-related work
<b>May 1979</b>	The head office was relocated to Otemachi, Chiyoda-ku, Tokyo
<b>May 1984</b>	System 21 Inc. (currently MRI Research Associates Inc.) was established and expanded software development work and a surveys and analysis business related to it
<b>August 1987</b>	MRI Career Staff Inc. (currently MD Business Partner Inc.) was established and started a human resources dispatch business related to survey support work, etc.
<b>October 2000</b>	Newly established the Business Solutions Division and started a fully-fledged solutions business
<b>December 2004</b>	Acquired the shares of Diamond Computer Service Co., Ltd. (currently Mitsubishi Research Institute DCS Co., Ltd.)
<b>March 2005</b>	Acquired additional shares of Diamond Computer Service Co., Ltd. (currently Mitsubishi Research Institute DCS Co., Ltd.) and made it a subsidiary
<b>April 2005</b>	Alongside the new establishment of the Consulting Business Division, strengthened the business structure and sales structure for private-sector companies through a business collaboration with Bank of Tokyo-Mitsubishi, Ltd. (currently MUFG Bank, Ltd.)
<b>April 2007</b>	Changed the trade name of Diamond Computer Service Co., Ltd. to Mitsubishi Research Institute DCS Co., Ltd.
<b>December 2008</b>	Acquired additional shares of Mitsubishi Research Institute DCS Co., Ltd. (ratio of voting rights held of this company, 80%)
<b>June 2009</b>	In order to strengthen the ERP (companies' core work systems) business, established MRI Value Consulting Co., Ltd. through a joint venture with Mitsubishi Electric Information Systems Corporation
<b>June 2010</b>	Conducted a company split of consolidated subsidiary Diamond Fuji Soft Co., Ltd. and made Mitsubishi Research Institute DCS Co., Ltd. a wholly-owned subsidiary. Changed trade name to MRV Solutions Co., Ltd.
<b>September 2010</b>	Designated as an issue listed on the Tokyo Stock Exchange (TSE) 1st section
<b>October 2010</b>	Consolidated subsidiary MRV Solutions Co., Ltd. conducted an absorption merger of MRI Value Consulting Inc. and the trade name was changed to MRI Value Consulting & Solutions Co., Ltd.
<b>December 2011</b>	Mitsubishi Research Institute DCS Co., Ltd. conducted an absorption merger of consolidated subsidiary DCS Business Partner Co., Ltd. Changed the trade name of consolidated subsidiary DC Operations Co., Ltd. to MD Business Partner Co., Ltd.
<b>April 2014</b>	For an alliance for a collaborative platform business, acquired the shares of JBS, Inc. (currently Japan Business Systems, Inc.) and made it an equity-method affiliate
<b>May 2018</b>	Entered-into a business and capital alliance with INES Corporation in order to expand cutting-edge technological services and systems solutions, focused on the public sector and financial fields
<b>October 2019</b>	Made INES Corporation an equity-method affiliate in order to further strengthen the alliance and to accelerate joint initiatives in new business fields
<b>December 2020</b>	Opened a base in Vietnam (Hanoi) toward developing a business to solve societal issues overseas
<b>February 2021</b>	Opened a base in the UAE (Dubai)
<b>April 2022</b>	Listing was transferred to the TSE Prime market

Source: Prepared by FISCO from the companies' securities reports

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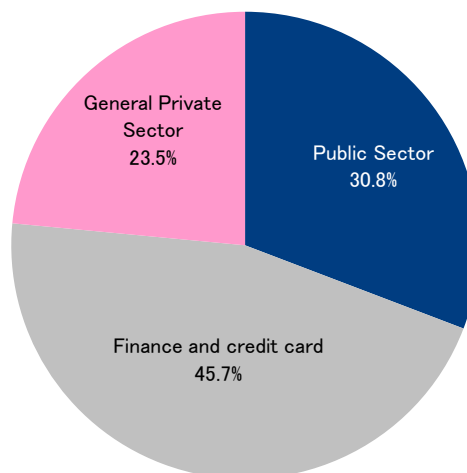
## 2. The features and strengthens of the Mitsubishi Research Institute Group

### (1) Work for government ministries and agencies is its solid business foundation

The Company, which forged a solid presence in the 1990s supporting policy development for government ministries and agencies, subsequently also actively supported government's policy development, systems design, and project promotion and built strong relationships with the main government ministries. In fact, in FY9/22, 30.8% of its total consolidated net sales were provided by government ministries and agencies and they are one of the Mitsubishi Research Institute Group's main customers. The track record and the trust that it has accumulated over many years from the policy development stage and its integrated strengths that enable it to respond across many fields for various issues are strengths that competitor companies cannot imitate overnight.

The work outsourced to the Group in FY2020 by government ministries and agencies included the "COVID-19 AI and Simulation Project" (Cabinet Secretariat), "Development Demonstrations for Realizing Local 5G to Solve Local Issues," (Ministry of Internal Affairs and Communications), and "Project to acquire, disseminate, and promote international standards relating to energy saving, etc." (Ministry of Economy, Trade and Industry). In FY2021, it was outsourced projects in a wide range of fields from various government ministries and agencies, including "Survey research relating to the revitalization of the data distribution market" (Cabinet Secretariat) and "Project for a 'dialogue with the child-raising generation in regions' relating to JECS surveys" (Ministry of the Environment, Minister's Secretariat). From this, it can be seen that the Group is playing its part in policy development in Japan.

Percentages of total consolidated net sales by customers (FY9/22)



Source: Prepared by FISCO from the Company's results briefing materials

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# Company profile

## Examples of the main projects outsourced from government ministries and agencies (FY2021)

Customer Name	Project name
Cabinet Secretariat	Survey research relating to the revitalization of the data distribution market
Cabinet Secretariat	Survey research work for the demonstration and introduction of the main technologies to realize the with-COVID-19 era
Cabinet Office, Director-General for Policy Planning (responsible for economic and financial analyses)	Analysis of economic trends utilizing real time data (household accounts app data utilization)
Digital Agency, Minister's Secretariat	Procurement support and process management support work to update the government's procurement-related systems
Reconstruction Agency, Director-General	Project to strengthen the outside of prefecture independent evacuee support system
Reconstruction Agency, Director-General	Survey and analysis work relating to reputation in Japan and overseas
Ministry of Internal Affairs and Communications, Minister's Secretariat	Technological support to update stationary satellite monitoring equipment, etc.
Ministry of Internal Affairs and Communications, Minister's Secretariat	Survey research toward the societal implementation of smartphones equipped with the My Number function
Ministry of Justice, Minister's Secretariat	Work to support process management, etc., for the family register information coordination system, etc.
Ministry of Foreign Affairs, Minister's Secretariat	Local survey work on abandoned chemical weapons in China
Ministry of Finance, Minister's Secretariat	Support for project management, etc., for the accounting work electronic decision-making infrastructure and the evidence document management system
Ministry of Education, Culture, Sports, Science and Technology, Education Policy Bureau	Demonstration research for the utilization of advanced technologies in vocational schools
Ministry of Education, Culture, Sports, Science and Technology, Education Policy Bureau	Project to promote vocational schools' recurrent education
Ministry of Health, Labour and Welfare, Minister's Secretariat	Survey project on securing the reliability of online clinical trials
Ministry of Health, Labour and Welfare, Health Policy Bureau	Comprehensive support and survey work for a medical venture total support project
Ministry of Agriculture, Forestry and Fisheries, Minister's Secretariat	Outsourced survey project relating to the promotion of food-tech
Ministry of Economy, Trade and Industry, Minister's Secretariat	Project for healthcare services' societal implementation (project for innovation promotion support, etc.)
Ministry of Economy, Trade and Industry, Minister's Secretariat	Survey on actual conditions of manufacturing infrastructure technologies, etc. (Survey on the technological development and system establishment toward the realization of a flying car)
Ministry of Land, Infrastructure and Transport, Minister's Secretariat	Survey and PR work relating to various issues to improve productivity at construction sites
Ministry of Land, Infrastructure and Transport, Minister's Secretariat	Survey on the possibility of technological cooperation in the railway field between Japan and the EU
Ministry of the Environment, Minister's Secretariat	Project to evaluate the impact of the increasing severity of disasters due to climate change
Ministry of the Environment, Minister's Secretariat	Project for "dialogue with the child-raising generation in regions" relating to Ecochill surveys

Source: Prepared by FISCO from the Company's website

## (2) A diverse pool of human resources with high levels of expertise

One of the factors that has enabled the Company to acquire a track record of many outsourced projects from government ministries and agencies is that it has researchers with high levels of specialism covering a wide range of fields. In particular, more than 70% of the Company's researchers specialize in the natural sciences. The government's policy development also requires knowledge relating to the natural sciences, showing high compatibility with and needs for the Company's services. Based on the Medium-Term Management Plan and as one investment in growth, the Mitsubishi Research Institute Group is conducting joint research and personnel exchanges with research institutes and universities in Japan and overseas. Going forward also, the quality of the human resources pool in the Mitsubishi Research Institute Group is expected to improve even more, and as well as contributing to VCP management, it seems likely to continue to be the source of its competitive advantages.

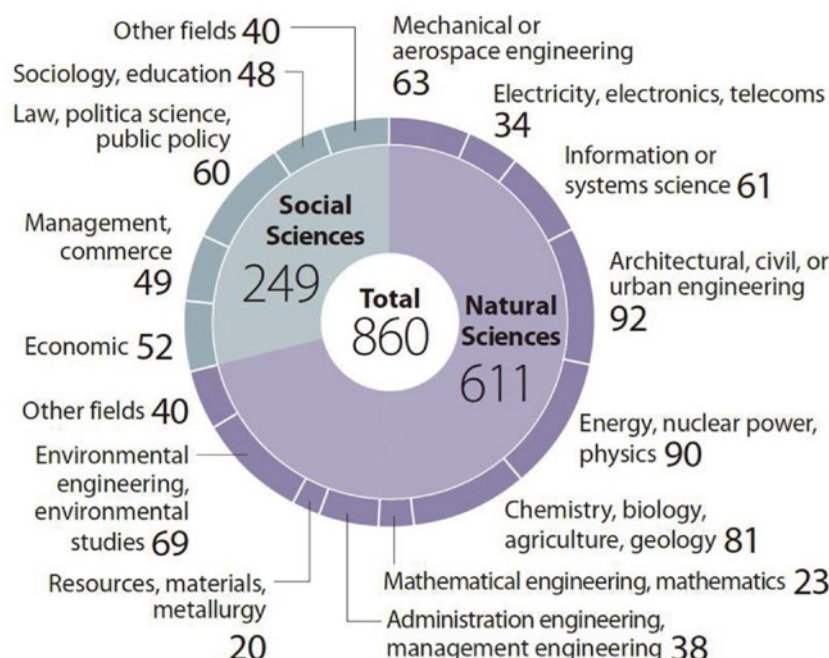


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#### Company profile

The academic specialties of the Company's researchers (as of September 30, 2021)



Source: Reprinted from the Company's website

### (3) A solid business foundation in the finance and credit cards fields

DCS, one of the main Group companies, was established by separating and making independent the computer outsourcing computing division of Mitsubishi Bank (currently MUFG Bank). From this formation, DCS conducts an infrastructure business mainly for the Mitsubishi Group, including development, maintenance, and management work for core systems in the finance and credit cards fields. The finance and credit cards business provided 45.7% of the FY9/22 consolidated net sales, so it is one of the Mitsubishi Research Institute Group's main business fields in the same way as those provided by government ministries and agencies.

In the Medium-Term Management Plan, the Mitsubishi Research Institute Group set the DX business, the subscription-based business, and the overseas business as its growth businesses. Through actively investing in growth fields using the cash generated by the businesses for the government ministries and agencies and the finance and credit cards fields, which are its base customers, at FISCO we estimate that in the medium to long term, it will accelerate the growth of sales from general industry (private sector) customers as well.

### (4) High quality discussions on the Board of Directors

Many of the members of the Company's Board of Directors have experience of top management in Mitsubishi Corporation <8058>, MUFG Bank, and Mitsubishi Heavy Industries <7011>. It is said that there are active discussions on the Board through these directors that possess this abundance of experience. In the future the VUCA\* era will begin in earnest, and in this situation, the Board of Directors is expected to act as the Mitsubishi Research Institute Group's compass and to guide it.

\* VUCA standards for Volatility, Uncertainty, Complexity, Ambiguity. It is used as a word to express the current management environment that is highly uncertain and fluid.

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On the other hand, from the trends of prioritizing ESG and strengthening corporate governance, going forward it would seem that the Company will be required to increase directors from outside the Mitsubishi Group and specifically, to add to the Board of Directors experts who have acquired deep knowledge on DX-related. In addition to securing diversity, at FISCO we think that holding discussions on the Board in which expertise has also been secured will serve to increasingly strengthen its role as the Group's compass.

## Business overview

**The Company is responsible for services ranging from Research & Recommendations to Societal Implementation in VCP management, while DCS is responsible for Societal Implementation focused on IT Services**

In the Mitsubishi Research Institute Group, the Company is mainly responsible for Think Tank & Consulting Services and DCS for IT Services.

Think Tank & Consulting Services involves providing survey research and consulting services based on the findings on policy and systems that the Company has accumulated since its establishment as a full-range research institute, the findings on and analytical capabilities for societal issues, and the quantitative analysis evaluation techniques and prediction techniques of its researchers who have a wide range of knowledge relating to next-generation advanced technologies and who specialize in scientific and technological fields. For government ministries and agencies, it conducts surveys and analyses, policy planning and formulation, and consulting and business support in the social and public sector fields, including national land maintenance, transportation, information communication, regional management, medical care and welfare, and education, and also in the science and technology policy fields, such as the environment, resources and energy, science and technology, and safety policies. For private-sector companies, it provides consulting on areas including management and business strategies, marketing strategies, personnel system and organizational reforms, sustainability and ESG management, work innovations, and also ICT consulting that realizes strengthened business competitiveness.

For IT Services, DCS is the core company and it utilizes the findings and advanced ICT accumulated through the Think Tank & Consulting Services to provide software development, management, maintenance, and information processing and outsourcing services to various customers, including in the finance, manufacturing, distribution, services, and education fields. Also, in fields like management system innovations that utilize ICT and business model innovations that utilize the Internet, it provides total support for implementing ICT for management from the upstream through to the downstream. These various services are provided to customers while collaborating with Japan Business Systems, Inc. <5036> (hereafter "JBS") \*, INES Corporation <9742> (hereafter "INES"), and other Group companies.

| \* Listed on the Tokyo Stock Exchange (TSE) Standard Market on August 2, 2022 |

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## Business overview

### 1. The units providing Think Tank & Consulting Services

The following are the business units that constitute the Company and that are responsible for the functions of A: Research & Recommendations, B: Analysis & Conceptualization, C: Design & Testing, and D: Societal Implementation in VCP management.

#### (1) The Think Tank Unit

This unit is responsible for A: Research & Recommendations in VCP management. In recent years, it has analyzed elements such as the post-COVID-19 international situation, economic trends, and trends in advanced technologies, and at the same time, it has depicted an image of what the society of the future should be from a medium- to long-term perspective and proposed solutions to realize it. Also, in order to create trends in society, it has been active in areas such as participating in government councils and industry committees and disseminating information through the media (it conducts these activities as an independent business). In particular, in the Medium-Term Management Plan, this unit is actively progressing Research & Recommendations activities with an awareness of the connections between the VCP priority fields (“healthcare,” “human resources,” “cities and mobility,” “energy,” “information communication,” “food and agriculture,” “recycling,” and “resilience”).

#### (2) The Policy and Consulting Unit

It is responsible for the functions of B: Analysis & Conceptualization and C: Design & Testing, which are the core of VCP management, and it conducts the research and consulting business, a core business. Its customers include government ministries and agencies and it supports policy development, system design, and project promotion through cooperating with experts and business partners. It focuses on growth fields that have a high public aspect and which are closely related to policy trends, such as healthcare and energy, and it participates in projects including surveys and research, technical evaluations, analyses and predictions of the future using proprietary models, project management, and social demonstrations.

The business areas and the main customers of the Policy and Consulting Unit

Headquarters	Business areas	Main customers
Smart Region Division	Smart cities, infrastructure DX, mobility, and EBPM (Evidence Based Policy Making)	Ministry of Land, Infrastructure and Transport, Ministry of Internal Affairs and Communications, railway operators
Healthcare & Wellness Division	Medical care and nursing care, health management	Ministry of Health, Labour and Welfare, Japan Agency for Medical Research and Development
Sustainability Division	The environment, renewable energy, decarbonized society	Ministry of the Environment, Ministry of Economy, Trade and Industry, electric power companies
Frontier Technologies Division	Advanced technologies, space and oceans, defense and intelligence	Ministry of Internal Affairs and Communications, Cabinet Secretariat, Ministry of Economy, Trade and Industry, telecom carriers
Safety & Industry Division	Disaster prevention and risks, nuclear safety, industrial innovation	Ministry of Economy, Trade and Industry, Cabinet Office

Source: Prepared by FISCO based on the Mitsubishi Research Institute Group Report 2021

#### (3) The Business and Consulting Unit

With private-sector companies as the main customers, this unit provides a one-stop service, from proposal formulation through to implementation, by ascertaining the essential issues facing society and customers. It covers VCP management from B: Analysis & Conceptualization and C: Design & Testing through to D: Societal Implementation. In the Medium-Term Management Plan, it is actively progressing collaborations with Group companies and external partners in order to grow the “subscription-based business,” which is one of the growth businesses. Also, by feeding back to the A: Research & Recommendations function the data and expertise acquired through the Societal Implementation function, it contributes to creating solution policies that are realistic and to improving the value of the research and consulting business as a whole. It is one of the units that are expected to become even more active in the future.

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### The Business Consulting Unit's business areas and examples of a subscription-based business

Business	Business area
<b>Research and consulting business</b>	
All industries	Administrative strategy, business strategy, product and service strategy, management strategy, operation strategy
Industry Strategies	Energy, healthcare, mobility, ICT, human resources, food & agriculture etc.
<b>Implementation business</b>	
Energy	MPX (wholesale electric power transaction information), mega-solar power generation business (development and asset management)
Urban life and mobility	Region Ring (regional digital currency)
Healthcare	Email health notifications (checkup reminders)
Human resources	PRaiO (Matches new college graduates with companies based on information in job application forms), crexta (Human resource management system), JOBMINEs (Job matching system)
Food and agriculture	HACCP navi (food hygiene management)

Source: Prepared by FISCO based on Mitsubishi Research Institute Group Report 2021

### (4) The Digital Transformation Unit

To strengthen the response to the rapidly growing DX market, this unit was newly established in October 2020 to accelerate business in the D: Societal Implementation area of VCP management. Targeting government ministries and agencies, private-sector companies such as in the manufacturing industry, financial institutions, and others, it is responsible for developing DX-related solutions and services through co-creation with a variety of partners, centered on three Group companies, DCS, JBS, and INES. In particular, it is establishing and progressing “DX journey\*1,” “new normal\*2,” “data-driven management\*3,” and “local government DX” as the important DX themes. It is working to strengthen the D: Societal Implementation function while also being aware of actively collaborating with partners.

\*1 Accompanying support to realize DX.

\*2 work style reforms through digital.

\*3 Utilizing data and AI to increase the sophistication of management.

## 2. The units providing IT Services

The below units belong to DCS and are mainly responsible for D: Societal Implementation in VCP management.

### (1) The Industry IT Unit

It is developing two business pillars, the Solution Business and the Service Business. In the Solution Business, it provides support to implement to DX that is tailored to customers' needs and situations. In the Service Business, it is developing a HR (human resources) business and an education business and is focusing on introductions and spreading the use of PROSRV, a HR salary outsourcing service, and miraicompass, an Internet applications service for elementary, junior high and high schools. Approximately 2,000 business offices have introduced PROSRV and around 1,200 schools have introduced miraicompass, so it seems that needs for these services are high. Since demand for miraicompass continues to be strong, it is enhancing development for public junior high and high schools in addition to private junior high and high schools, as well as universities.

### (2) The Financial IT Unit

It provides ICT solutions to financial institutions such as the Mitsubishi UFJ Financial Group <8306> (MUFG). It is responsible for many large-scale projects and important projects, including for banks' core systems. In recent years, based on the Medium-Term Management Plan, it has been gradually progressing various operations, including deepening transactions with existing companies through DX and opening-up new business areas.

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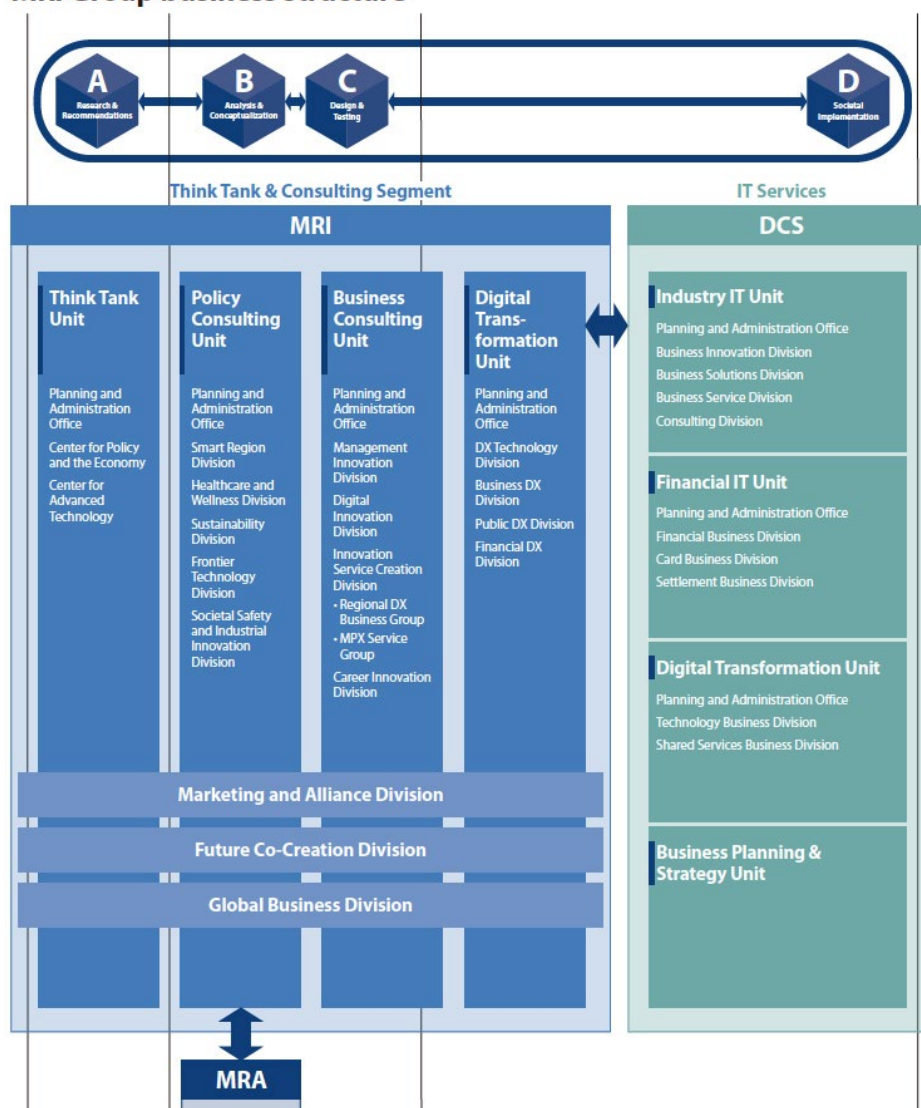
## Business overview

### (3) The Digital Transformation Unit

Centered on systems infrastructure, it is responsible for the research and development of solutions and services that contribute to customers' promotion of DX. For systems infrastructure, it is developing cloud services and storage services that utilize the data centers of DCS. It also has a long history of ICT operations and work-operations outsourcing, and in addition to traditionally outsourced operations, it is also contributing to the digital transformation of ICT operations through platform implementation support, and contributing to work style reforms through comprehensive paperless support service.

#### The positions of each unit in VCP management

#### MRI Group business structure



Source: Mitsubishi Research Institute Group Report 2021

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## Results trends

### Record-high net sales two years running in FY9/22; achieved ordinary profit target of the Medium-Term Business Plan ahead of schedule. Profit margins improve on progress of the Medium-Term Business Plan

#### 1. Results for FY 9/22

In the FY9/22 consolidated results, net sales increased 13.2% YoY to ¥116,620mn, operating profit rose 33.7% to ¥9,165mn, ordinary profit grew 38.6% to ¥10,493mn, and profit attributable to owners of parent increased 53.9% to ¥7,707mn. A factor causing sales and profits to increase was the steady progress of the Medium-Term Management Plan.

The Company posted record-high net sales for the second year running. Factors contributing to net sales growth was building up a solid track record in the DX-related business as well as progress in cultivating new customers in the IT Services segment. Ordinary profit also exceeded ¥10,000mn for the first time. As well as the net sales growth effect, progress with improvement in the quality and productivity of core businesses (one of the initiatives of the Medium-Term Management Plan) contributed. The Company also made solid progress in the shift to larger and higher value-added projects and optimal deployment of human resources, as well as communicating well with customers to ensure optimal deployment of human resources, focusing on projects with higher profit margins and productivity. Consequently, the consolidated operating profit margin rose 1.2pp YoY to 7.9%. In particular, the improvement of quality and productivity was significant in IT services, whose profit margin had room for improvement. The segment's operating profit grew a sharp 58.2% YoY and its operating profit margin went up 2.3pp to 7.4%. As a result of these qualitative transformations, the Company attained the ordinary profit target of the Medium-Term Management Plan one year ahead of schedule, as well as the ROE target. ROE was 12.8% (up 3.7pp YoY) in FY9/22 due to steady progress with the Medium-Term Plan and growth in net sales and profit.

The Company adopted the Accounting Standard for Revenue (ASBJ Statement No. 29, March 31, 2020) from the start of FY9/22. The comparison of results with those of the previous period are included as reference values. As a result of the change in accounting standards, net sales increased ¥2,582mn, operating profit, ordinary profit, and profit before income taxes each increased ¥1,030mn, and profit attributable to owners of parent increased ¥567mn. The results when excluding the effects of this change of accounting standard were that net sales increased 10.7% YoY to ¥114,038mn, operating profit rose 18.7% to ¥8,135mn, ordinary profit rose 25.0% to ¥9,463mn, and profit attributable to owners of parent increased 42.5% to ¥7,139mn.

As described in the Company's securities report, in relation to the fiscal years of its main customers of government ministries and agencies and private-sector companies, in a typical year many projects are completed in the period from March to April, so there is a tendency for the operating rate to particularly increase in the 2Q. Following the change to the accounting standard, the tendency for results to be concentrated in the 1H has further strengthened and it is necessary to be aware of the seasonal factors that cause results to fluctuate.



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# Results trends

In the results by segment, in Think Tank & Consulting Services, net sales increased 20.2% YoY to ¥48,548mn, operating profit rose 12.7% to ¥4,115mn, and ordinary profit grew 23.7% to ¥5,190mn. Large-scale projects for government ministries and agencies, such as AI simulation and local 5G, the latest ICT and energy-saving projects, raised the top line as the Company aggressively promoted its DX-related business. As a result, the Company posted record segment profit. DX-related topics in the Think Tank & Consulting Services segment include the launch of Region Ring (a regional problem solutions-orientated digital regional currency) in April 2022, the start of providing a scientific long-term care prevention package for municipalities that utilizes the information platform developed by Atlas Information Service Co., Ltd., in August 2022, and the business split and launch of an online information service for wholesale electric power transactions called MPX (MRI Power Price Index) business in October 2022.\*

\* On August 4, 2022, the Company announced it had performed a business split of the MPX business and made it a separate company.

In IT Services, net sales were up 8.6% YoY to ¥68,072mn, operating profit rose 58.2% to ¥5,048mn, and ordinary profit grew 57.7% to ¥5,301mn. The growth of sales in the field of finance and credit cards, a core business, contributed to net sales growth, as well as an increase in projects for government agencies and ministries, and building up a track record in the DX-related business in fields other than finance and credit cards. Profit margins increased substantially as a result of quality and productivity improvements in core businesses and optimal deployment of human resources. These factors contributed to record net sales and profit. DX-related topics in the IT Services segment include the “Ransomware Protection Solution” that integrates security and data protection features and “Link & Robo for Growing,” which provides a communication robot service for special support classes and school classes (launched in September 2022). Mitsubishi Research Institute also began providing a greenhouse gas management tool for marine transport companies, which utilizes the big data analysis tool of ForePaaS\*, a French company in which the Company has a stake, based on merchandising collaboration. These examples illustrate how the Company is building a track record outside the finance and credit card businesses.

\* ForePaaS was acquired by OVH cloud SA, Europe's leading cloud services company. OVH cloud and the Group aim to grow their businesses further through a business alliance.

# Results for FY 9/22

	FY9/21		FY9/22		YoY
	Results	vs. net sales	Results	vs. net sales	
Net sales	103,030	-	116,620	-	13.2%
Think Tank & Consulting Services	40,376	39.2%	48,548	41.6%	20.2%
IT Services	62,653	60.8%	68,072	58.4%	8.6%
Cost of sales	79,582	77.2%	90,039	77.2%	13.1%
SG&A expenses	16,593	16.1%	17,415	14.9%	5.0%
Operating profit	6,853	6.7%	9,165	7.9%	33.7%
Ordinary profit	7,568	7.3%	10,493	9.0%	38.6%
Think Tank & Consulting Services	4,197	10.4%	5,190	10.7%	23.7%
IT Services	3,361	5.4%	5,301	7.8%	57.7%
Adjustment	9	-	1	-	-
Profit attributable to owners of parent	5,009	4.9%	7,707	6.6%	53.9%

Source: Prepared by FISCO from the Company's financial results

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Results trends

## Has deep shareholders' equity due to the accumulation of retained earnings. Both the current ratio and non-current ratio are excellent and long-term and short-term liquidity are sound

### 2. Financial condition and business indicators

Looking at the financial condition in FY9/22, total assets increased ¥14,947mn from the end of the previous period to ¥114,652mn. The main change factors were that in current assets, accounts receivable – trade increased ¥5,779mn and contract assets increased ¥14,561mn because of a rise in sales and orders and adoption of the Accounting Standard for Revenue Recognition. Short-term investment securities increased ¥5,000mn, but inventory decreased ¥9,517mn.

Total liabilities increased ¥7,632mn from the end of the previous period to ¥43,500mn. The main contributing factors were increases of ¥4,793mn in accrued expenses and ¥2,928mn in income taxes payable in current liabilities. Total net assets increased ¥7,315mn on the end of the previous period to ¥71,151mn. Retained earnings rose ¥6,971mn, mainly due to the recording of profit attributable to owners of parent.

Looking at the financial indicators, the equity ratio is higher than 50% while the current ratio is 244.5% and the non-current ratio is 64.6%, so it seems there are no problems with liquidity on hand in either the short or long term. From this, it can be said that the Company's financial condition is excellent.

#### Consolidated balance sheet and key financial indicators

	(¥mn)		
	FY9/21	FY9/22	Change
Current assets	59,142	73,921	14,779
Cash and deposits	29,397	28,157	-1,240
Non-current assets	40,561	40,730	169
Total liabilities	35,867	43,500	7,632
Current liabilities	20,618	30,239	9,621
Non-current liabilities	15,249	13,261	-1,988
Total net assets	63,836	71,151	7,315
Retained earnings	43,749	50,721	6,971
Total assets	99,704	114,652	14,947
<Key financial indicators>			
Equity ratio	56.4%	55.0%	-1.4pt
Current ratio	286.8%	244.5%	-42.3pt
Non-current ratio	72.1%	64.6%	-7.5pt

Source: Prepared by FISCO from the Company's financial results



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## ■ Outlook

### Forecasts net sales and profit growth again in FY9/23. Will invest for growth to prepare for further earnings expansion

The Company announced its forecasts for the FY9/23 consolidated results, with net sales to increase 1.2% YoY to ¥118,000mn, operating profit to rise 1.5% to ¥9,300mn, ordinary profit to grow 1.0% to ¥10,600mn, and profit attributable to owners of parent to fall 15.7% to ¥6,500mn. The Company assumes a weaker growth rate for net sales, because it forecasts a decline in net sales of the Think Tank & Consulting Services segment due to large projects continuing from FY9/22 being scaled back. The Company forecasts lower segment profit as well because it plans to invest for growth in accordance with the Medium-Term Management Plan. An investment of ¥1,200mn is planned for Human Resources Transformation, work style reforms, and R&D, but the Company still forecasts a YoY increase in ordinary profit based on the effects of increased profit through business growth and cost reductions such as office consolidation to improve productivity. This also indicates that the effects of the Medium-Term Management Plan are being reflected in earnings results. The Company projects a YoY decline in profit attributable to owners of the parent due to the dropout of extraordinary profit including profit from the sale of investment securities recorded in FY9/22.

By segment, for Think Tank & Consulting Services, the forecasts are for net sales to decrease 5.3% YoY to ¥46,000mn and ordinary profit to fall 5.6% to ¥4,900mn. Although the Company expects brisk demand for projects for government ministries and agencies in key policy areas, work and business innovation consulting and ICT consulting that entails the use of packaged solutions for private-sector companies, it forecasts lower profit due to investing for growth. Investment for growth will be allocated to hiring personnel, resource redeployment, work style reforms, and R&D.

For IT Services, the Company expects net sales to increase 5.8% YoY to ¥72,000mn and ordinary profit to rise 7.5% to ¥5,700mn. It assumes continued brisk net sales in the finance and credit card fields. The Company also plans to grow new services which have been performing strongly, including systems that harness big data platforms such as a greenhouse gas emissions management and reduction tool for marine transport companies, the miraicompass internet applications service for junior and senior high schools and universities, and personnel salary BPO service PROSRV. It will also progress collaboration with DCS to strengthen further its track record in DX projects for private-sector companies. The Company plans to improve profit margins by curtailing expenses while investing for future growth, as well as shifting human resources to fields that offer greater added value, including more upstream stages of projects such as concept design and requirements definition.

FY9/23 is likely to be a year in which the Company will focus on upfront investment to grow future earnings and enterprise value. At FISCO, we expect the seeds sown as upfront investment to contribute to earnings in the next medium-term plan period.

#### Consolidated outlook for FY9/23

	FY9/22 Results	FY9/23 Forecast	YoY	
			Change	Rate (%)
Net sales	116,620	118,000	1,379	1.2%
Operating profit	9,165	9,300	134	1.5%
Ordinary profit	10,493	10,600	106	1.0%
Profit attributable to owners of parent	7,707	6,500	-1,207	-15.7%
Earnings per share (¥)	474.67	399.99	-74.68	-

Source: Prepared by FISCO from the Company's financial results

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## Outlook

### The Company's approach to growth investment

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

Source: The Company's results briefing material

## Medium- to long-term growth strategy

**Focused on strengthening societal implementation functions under VCP Management and Consolidated Management. Attained ordinary profit and ROE targets ahead of schedule on steady progress of quality and productivity of core businesses**

### 1. Summary of the Medium-Term Management Plan

In the Medium-Term Management Plan announced in November 2020, the Mitsubishi Research Institute Group has set “VCP management,” “consolidated management,” and “management under the new normal,” as its three basic strategies, and it is aiming to build the foundation on which to become sustainable growth companies by strengthening the A: Research & Recommendations and D: Societal Implementation functions and creating and growing new businesses, including the DX business. Based on this, the specific financial targets for FY9/23 include ordinary profit of ¥10bn (CAGR of 12%) and Return on Equity (ROE) of 10%. As previously explained, it achieved the ordinary profit and ROE target in FY9/22 ahead of schedule. With regard to ordinary profit, it will aim for an even higher target.

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#### Medium- to long-term growth strategy

For “VCP management,” which is one of the basic strategies, the Mitsubishi Research Institute Group’s value chain is defined as A: Research & Recommendations, B: Analysis & Conceptualization, C: Design & Testing, and D: Societal Implementation. With the starting point being the societal issues that exist within the world, in addition to enhancing the functions of “B: Analysis & Conceptualization” and “C: Design & Testing” which it had originally developed into its strengths, it aims to resolve these issues and increase business opportunities by developing business activities with an awareness of the connections between each of the functions, such as conducting highly realistic A: Research & Recommendations with an awareness up to D: Societal Implementation. It also aims to have reforms take root in society by being actively involved up to D: Societal Implementation. It has set healthcare, human resources, cities and mobility, energy, information communication, food and agriculture, and resilience as the priority fields. For example, in the energy field, it is involved from Research & Recommendations for the energy policies that should be taken in the future through to the management of a mega-solar business, and it is implementing VCP management provided as one-stop, integrated management from A through to D. By progressing VCP management that is focused on these priority fields, the Company intends to maximizing the three values of social value (resolving societal issues), non-financial value (the sustainable growth of individuals and organizations), and financial value (business growth).

With regard to Consolidated Management, strengthening D: Societal Implementation function is important to enhance the effectiveness of VCP Management. The Company will further promote collaboration with core Group companies DCS, JBS, and INES to enhance the effectiveness of VCP Management and utilize the Group’s assets effectively. In creating new businesses such as DX, the Company will also actively explore collaborations with companies and organizations outside the Group, including startups, overseas companies, and major corporations.

“Management under the new normal” expresses various reforms conducted by the Group as a pioneer in the post-COVID-19 society, and the acceleration of workstyle reforms internally. Through these reforms, it is realizing an optimized work-life balance for employees and a maximized business performance. In addition, it is aiming to connect the findings it obtains through pioneering these reforms to VCP management’s A: Research & Recommendations and D: Societal Implementation, and thereby to create new business opportunities.

Based on these three basic strategies, the Mitsubishi Research Institute Group has also formulated Five Transformations of “Growth Businesses Transformation,” “Core Businesses Transformation,” “Think Tank Function Transformation,” “Human Resources and Organizational Culture Transformation,” and “Management Systems Transformation,” and it is incorporating them into specific activities.

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Medium- to long-term growth strategy

## 2. The paths taken for the five transformations

### (1) Growth Business Transformation

Toward the sustainable growth of the Mitsubishi Research Institute Group, the Company has set the “DX business,” “Subscription-based business,” and the “Global business” as the growth businesses. Focused on these businesses, it intends to build a new earnings foundation and to convert its business model and business portfolio. In the DX business, it has set “DX journey,” “new normal,” “data-driven management,” and “local government DX” as the priority themes. Centered on the Digital Transformation Unit that was newly established within the Company in October 2020, it is accelerating collaborations with DCS, JBS, and INES, and working to strengthen the DX business. In FY9/22, the Company launched new services such as Region Ring, which is a regional problem solutions-orientated digital regional currency, MPX, which is an online information service for wholesale electric power transactions, and a greenhouse gas emissions management and reduction tool for marine transport companies based on merchandising collaboration to build up a solid track record in the DX business. According to the Company’s results briefing materials, net sales of the DX business (about ¥32bn) had grown to account for about 30% of total net sales in FY9/22 due to steady expansion in the business. This is an expansion by about 1.2 times compared to net sales of the DX-related business in FY9/20 (about ¥27bn). The Mitsubishi Research Institute Group is aiming to increase the DX business’ share of consolidated net sales to more than 50% in the medium to long term, including from non-organic business expansion through M&A.

For the subscription-based business, the intention is to utilize the Mitsubishi Research Institute Group’s expertise and intellectual assets to efficiently and continuously increase stable earnings. Specifically, it is working on two types of subscription-based business, implementing solutions to societal issues through providing ICT solutions, and provides services to solve societal issues. It has already market launched many services, including MPX, which is an online information service for wholesale electric power transactions; Region Ring, which is a regional problem solutions-orientated digital regional currency; PRaiO, which is an entry sheets priority-level diagnosis service; the crexta talent management service; the AI staff general guidance service in which an AI chatbot addresses inquiries from residents; the JOBMINEs job matching system; the PROSRV personnel salary BPO service; and the miraicompass Internet applications service. In the future, it plans to expand the scale of the services it has already launched and to continuously launch new services.

For the Global business, the Company is utilizing the expertise cultivated in Japan as a leading country in resolving societal issues to conduct business development focused on countries in Asia and the Middle East. In Hanoi, alongside the aging population, it is currently cultivating problem awareness and promoting an understanding of the usefulness of Japanese-style systems, such as by holding symposiums. In Dubai in the Middle East, it is utilizing its track record and expertise in the environment and energy fields to establish a position of being the government’s problem-solving partner. There remains plenty of room to apply Japan’s experiences to the societal issues of other countries, and at FISCO, we anticipate that the percentage of total net sales provided by the overseas business will increase in the future.

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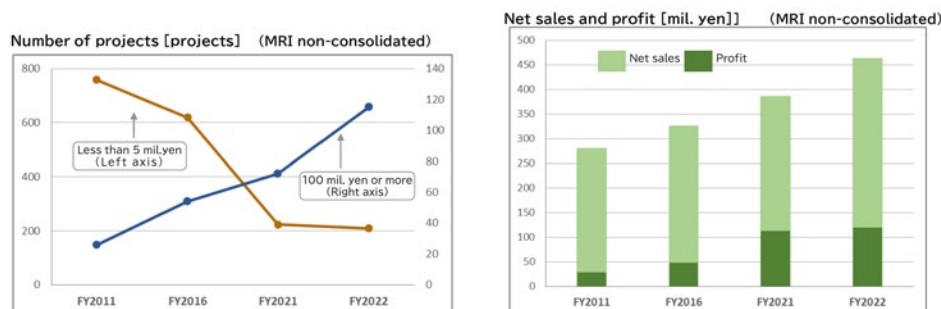
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Medium- to long-term growth strategy

## (2) Core Business Transformation

For the research and consulting business, which is the earnings foundation for continuously investing in the growth businesses, the Company is aiming to improve quality and productivity in the financial solutions business. While being aware of the connections up to D: Societal implementation in VCP management, in the research and consulting business it is conducting proactive business development and project formation for government ministries and agencies, local governments, and private-sector companies in the priority fields, which include healthcare, energy, cities and mobility, human resources, information communication, and food and agriculture. In the financial solutions business, while deepening collaborations with Group companies and partner companies, the plan is to grow results through the multifaceted utilization of the data held by financial institutions to create new businesses, including the DX business. The results of core business transformation were also reflected in FY9/22 results. The number of projects worth over ¥100mn more than quadrupled, whereas small projects worth less than ¥5mn decreased by 70%, respectively versus FY9/11. The shift to large projects meant the number of projects decreased, but net sales and profit increased by 1.7 and 4.1 times, respectively versus FY9/11. The profit margin of IT Services rose to almost 8%, illustrating how strengthening the management foundation and reviewing resource allocation improved productivity. As mentioned previously, the Company plans to redeploy personnel to upstream stages of projects likely to produce higher added value. This move, combined with the shift to larger projects, is expected to raise profit margins.

Trends in the number of projects, net sales, and profit



Source: The Company's results briefing material

## (3) Think Tank Function transformation

The starting point of VCP management is strengthening the A: Research & Recommendations function, which is the foundation of the Mitsubishi Research Institute Group's value creation process, through reforming the think tank business. For example, on the Company website, it has created a page entitled "Novel coronavirus (COVID-19) crisis countermeasures: analysis and recommendations," and it is continuously disseminating information from a medium- to long-term perspective in a wide range of fields, from economics through to carbon neutrality. It is also aiming to strengthen its Research & Recommendations capabilities, including by developing the human resources who will undertake the Research & Recommendations function and coordinating with its network of non-Group companies.

Furthermore, based on the awareness that AI will bring about destructive creation in the think tank business in the future, the Company is progressing think tank DX internally with an eye to future business development, and it is actively promoting the utilization of ICT and AI in its think tank business processes. It is independently guiding this creation and destruction in the think tank business and starting to provide to external customers the experience and expertise it has acquired from this\*.

\* On June 30, 2021, the Company announced that it had started a service for the total support of "Implementing DX for planning work."

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Medium- to long-term growth strategy

#### **(4) Human Resources and Organizational Culture Transformation**

In order to secure and to develop the human resources who are the foundation of the value the Mitsubishi Research Institute Group provides, the Company is progressing Human Resources and Organizational Culture Transformation, including work style reforms. In its human resources strategy, it is strengthening the recruitment of both new graduates and mid-career hires to build a human resources portfolio suitable for VCP management and consolidated management. It is also aiming to attract and to retain excellent human resources by formulating a human resources system and human resources develop plan with an awareness of diversity and specialisms.

For work style reforms, the Company is preparing an optimized working environment that combines the real and the remote. For its organizational culture, it is working to permeate throughout the Group companies its new Guiding Principles and Code of Conduct to form a culture in which employees take on the challenge of reforms.

#### **(5) Management Systems Transformation**

This transformation is aimed at realizing the Mitsubishi Research Institute Group's sustainable growth and improved enterprise value in the medium to long term. Specifically, in management meetings, the Company is further enhancing the review and management system, including the various in-house committees that consult on important matters. For consolidated management as well, it is strengthening the comprehensive risk management structure and building a mechanism that can quickly and responsively deal with risks, such as those associated with new businesses. Moreover, for the infrastructure system that support business activities, it is preparing infrastructure that is highly robust and implementing both offensive and defensive measures.

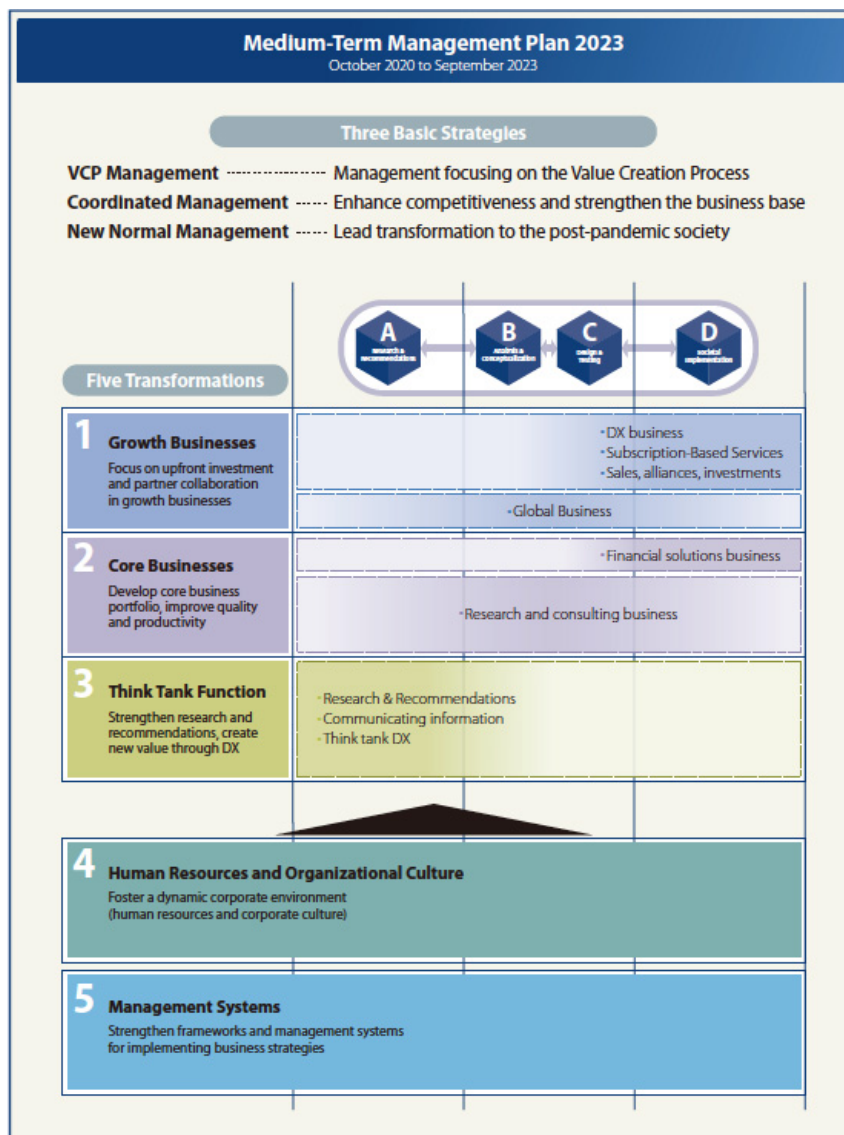
As previously stated, the results of the Medium-Term Management Plan are expressed specifically in numerical results, and some financial targets have been achieved ahead of schedule. The growth investment in the four priority fields that are being strengthened through progressing the Medium-Term Management Plan ("human resources," "Research & Recommendations," "R&D investment," and "business infrastructure") is expected to further contribute to the results growth and improvement of corporate value.

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Medium- to long-term growth strategy

### Conceptual diagram of the Medium-Term Management Plan 2023



Source: Mitsubishi Research Institute Group Report 2021



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## Shareholder return policy

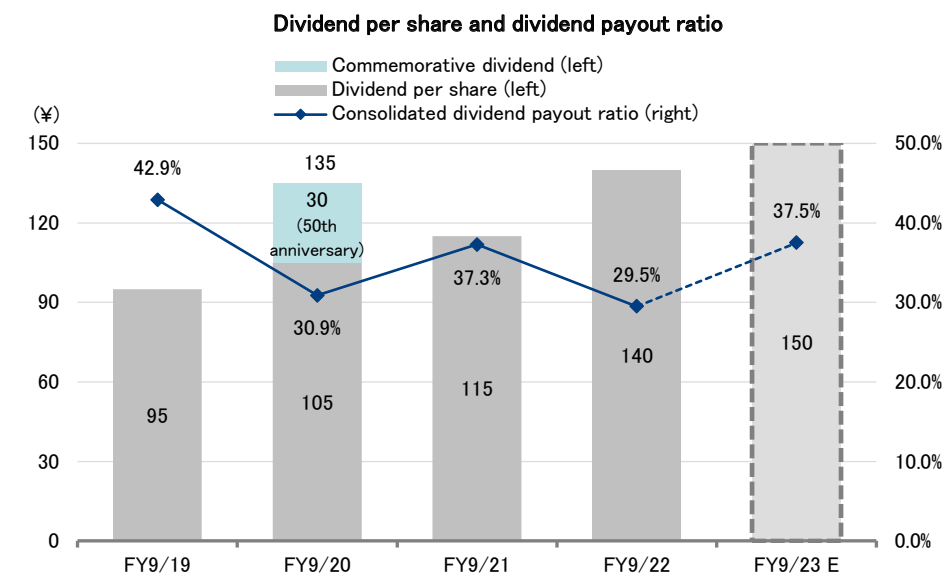
### Dividend policy prioritizes stable dividends. Alongside the expansion of business scale, achieved a higher dividend for the 10th consecutive period

The Company's basic policy for shareholder returns is to stably pay dividends. It does not announce specific targets, such as for the dividend payout ratio, but it has formulated a dividend policy, that "Based on continuously paying stably dividends, we will work to raise-up the dividend level while comprehensively considering results and future capital demand, maintaining a balance with financial soundness, and other factors."

For the FY9/22 dividend, the Company decided in November 2022 to pay a period-end dividend of ¥80 in addition to the interim dividend of ¥60 for a full fiscal year dividend of ¥140, up ¥25 from FY9/21. The period-end dividend was up ¥15 from the April 2022 forecast, reflecting robust earnings performance.

In the current and next medium-term management plans, the Company seeks to enhance shareholder returns while further improving capital efficiency. It plans to do this by increasing profit through non-organic growth (including M&A) and the growth of existing businesses to lift ROE. The company added the phrase "future capital demand" to its dividend policy to clarify its intention to seek profit growth by executing M&A as part of growth investment.

For the FY9/23 dividend, the Company forecasts a ¥10 increase to ¥150 comprising a ¥75 interim dividend and ¥75 period-end dividend—an increase for the 11th consecutive fiscal year.



Source: Prepared by FISCO from the Company's news releases and financial results



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