27th April 2022

Consolidated Financial Results for the Fiscal Year Ended 31st March 2022 (Under IFRS)

Company name:	Nomura Research Institute, Ltd.
Listing:	Tokyo Stock Exchange
Securities code:	4307
URL:	https://www.nri.com/jp/
Representative:	Shingo Konomoto, Chairman and President & CEO, Representative Director, Member of the Board
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Scheduled date of annual general meeting of shareholders:	17th June 2022
Scheduled date to commence dividend payments:	30th May 2022
Scheduled date to file annual securities report:	21st June 2022
Preparation of supplementary material on financial results:	Yes
Holding of financial results briefing:	Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended 31st March 2022 (from 1st April 2021 to 31st March 2022)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
31st March 2022	611,634	11.1	106,218	31.5	104,671	47.3	71,792	36.5
31st March 2021	550,337	4.1	80,748	(5.7)	71,075	(16.9)	52,578	(11.0)

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
Fiscal year ended	Millions of yen	%	Millions of yen	%	Yen	Yen
31st March 2022	71,445	35.1	83,580	2.1	120.57	120.34
31st March 2021	52,867	(9.2)	81,882	71.3	88.34	88.12

	Return on equity attributable to owners of parent	Ratio of profit before tax to total assets	Ratio of operating profit to revenue
Fiscal year ended	%	%	%
31st March 2022	21.3	14.5	17.4
31st March 2021	18.2	11.6	14.7

Reference: Share of profit of investments accounted for using equity method

For the fiscal year ended 31st March 2022: ¥204 million

For the fiscal year ended 31st March 2021: ¥62 million

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity attributable to owners of parent per share
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
31st March 2022	789,655	342,486	339,360	43.0	575.59
31st March 2021	656,536	333,206	330,495	50.3	547.66

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
31st March 2022	98,137	(130,547)	(7,995)	115,610
31st March 2021	84,594	(20,522)	(13,183)	153,187

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to equity attributable to owners of parent (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended 31st March 2021	–	17.00	–	19.00	36.00	21,824	41.3	7.5
Fiscal year ended 31st March 2022	–	19.00	–	21.00	40.00	23,642	33.1	7.1
Fiscal year ending 31st March 2023 (Forecast)	–	22.00	–	22.00	44.00		33.8	

Note: Total cash dividends include dividends for the trust exclusive for NRI Group Employee Stock Ownership Group (¥184 million for the fiscal year ended 31st March 2021 and ¥78 million for the fiscal year ended 31st March 2022). The payout ratio is calculated by dividing total cash dividends by profit attributable to owners of parent.

3. Forecasts of consolidated financial results for the fiscal year ending 31st March 2023 (from 1st April 2022 to 31st March 2023)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending 30th September 2022	320,000	9.6	55,000	2.0	54,000	0.9	37,000	1.3	62.76
Fiscal year ending 31st March 2023	670,000	9.5	115,000	8.3	113,000	8.0	77,000	7.8	130.60

* **Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

Newly included: 2 companies (Australian Investment Exchange Limited, SQA Holdco Pty Ltd)

(2) Changes in accounting policies and changes in accounting estimates

(i) Changes in accounting policies required by IFRS: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(3) Number of issued shares (ordinary shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of 31st March 2022	610,696,500 shares
As of 31st March 2021	610,000,000 shares

(ii) Number of treasury shares at the end of the period

As of 31st March 2022	21,109,262 shares
As of 31st March 2021	6,527,049 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended 31st March 2022	592,569,442 shares
Fiscal year ended 31st March 2021	598,435,969 shares

Note: The Company's shares held by the trust exclusive for NRI Group Employee Stock Ownership Group are included in treasury shares.

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

The forward-looking statements including business forecasts stated in this document are based on information available to the Company at the present time and certain assumptions judged to be rational, and these statements do not purport to be a promise by the Company to achieve such results. Actual business results, etc. may differ significantly from this forecast due to various factors. For assumptions for financial forecasts and matters that require attention when using business forecasts, please refer to "1. (4) Future Outlook" on pages 10 to 11 of the attached material.

Attached Material Index

1. Overview of Consolidated Operating Results and Others

(1) Overview of Consolidated Operating Results for the Current Fiscal Year

(Millions of yen)

	Fiscal year ended 31st March 2021	Fiscal year ended 31st March 2022	Year on year	
			Amount	Rate
Revenue	550,337	611,634	61,296	11.1%
Overseas revenue	44,613	76,519	31,906	71.5%
Overseas revenue ratio	8.1%	12.5%	4.4P	–
Business profit	87,510	102,881	15,371	17.6%
Operating profit	80,748	106,218	25,470	31.5%
Operating margin	14.7%	17.4%	2.7P	–
EBITDA margin	23.6%	23.9%	0.3P	–
Profit before tax	71,075	104,671	33,595	47.3%
Profit attributable to owners of parent	52,867	71,445	18,577	35.1%
Return on equity attributable to owners of parent (ROE)	18.2%	21.3%	3.1P	–

Notes: 1. Business profit is operating profit excluding temporary factors (such as impairment of goodwill and impairment of fixed assets), and a profit indicator to measure regular performance of businesses.
2. EBITDA margin: EBITDA (operating profit + depreciation and amortization + loss on retirement of fixed assets ± temporary factors) / revenue

During the current fiscal year ended 31st March 2022, although uncertainty over the future continued due to the spread of COVID-19, the Japanese economy was on a gradual recovery trend amid a pickup in the global economy and the progress of the vaccination. Information system investment saw strong corporate investment demand centered on digital transformation (DX) which involves transforming business processes and business models using digital technologies. At present, however, various uncertainties, such as rising raw material prices, supply chain constraints and fluctuations in financial markets due to the Russia-Ukraine situation, are clouding the outlook.
Operating in such an environment, Nomura Research Institute (“the Company”) and its consolidated subsidiaries (“the NRI Group”) carried out its business activities leveraging the combined strengths of the NRI Group, allowing it to seamlessly provide services encompassing consulting through to system development and operations.
The current fiscal year is the third year of the “NRI Group Medium-term Management Plan (2019-2022)” (the “Medium-term Management Plan 2022”), formulated to achieve Vision 2022 (from the fiscal year ended 31st March 2016 to the fiscal year ending 31st March 2023), the NRI Group’s long-term management plan. In addition to working to achieve even greater productivity and to expand existing businesses, the NRI Group promoted efforts to realize the growth strategies set forth in the Medium-term Management Plan 2022: (1) DX strategy, (2) global strategy, and (3) human resources strategy.

(1) DX strategy: The NRI Group is providing comprehensive support by leveraging technologies across everything from creating strategies to solutions with respect to transforming the business processes and business models of its clients.
In terms of business platform strategy, the NRI Group is helping its clients create new businesses and enter new markets by providing them with business platforms specifically tailored to those who are entering the financial sector from other industries in step with transformation of industrial structures, while also expanding the NRI Group’s shared services with a focus on the financial sector.
Under its cloud strategy, the NRI Group is improving clients’ business agility and optimizing their IT costs by engaging in legacy system modernization[*1] and developing cloud-native[*2] apps.
(2) Global strategy: The NRI Group is expanding its business foundations with a focus on achieving external growth through M&As and other such initiatives, including the acquisition of IPs, mainly in the key geographic regions of Australia and North America. In order to generate further synergies with subsidiaries acquired through M&A deals, the Company is building a new business management system, operational management system and other systems centered on the Global Headquarters to drive forward the integration process after acquisition.

During the first quarter of the current fiscal year, aiming to expand the business foundations in the Australia region, the Company made Australian Investment Exchange Limited and SQA Holdco Pty Ltd, which is the ultimate parent of Planit Test Management Solutions Pty Ltd, subsidiaries, and classified them as major affiliates to the Financial IT Solutions and Industrial IT Solutions segments, respectively. In the third quarter of the current fiscal year, aiming to expand the business foundations in the North American Region, the Company made Convergence Technologies, Inc., the ultimate parent of Core BTS, Inc., a subsidiary and classified it as a major affiliate to the Industrial IT solutions segment.

(3) Human resources strategy: The NRI Group is improving its recruitment and development of professionals underpinning the digital age in order to better help its clients achieve business success. The NRI Group is also working to achieve compatible work-style reforms by promoting various work arrangements while also fostering a business culture that enables employees to play active roles and take on challenges, and seeking diversity.

Also, the Company has conducted a purchase of treasury shares (16,605 thousand shares, ¥59,999 million), as part of its flexible capital management aimed at improving capital efficiency and responding to changes in the business environment.

In the current fiscal year, the NRI Group's revenue totaled ¥611,634 million (up 11.1% year on year), amid a scenario where revenue was higher year on year, particularly those of consulting services, system development and system application sales, and system management and operation services. While personnel expenses, etc. rose due to an increase in subsidiaries, unprofitable projects at some of subsidiaries declined. Consequently, cost of sales was ¥395,562 million (up 8.5%), gross profit was ¥216,071 million (up 16.3%), and selling, general and administrative expenses were ¥113,536 million (up 15.4%). In addition to improvement in profitability amid a favorable order environment and production activities, ¥3,337 million of gain on sale of fixed assets was recorded in association with the sale of part of trust beneficiary rights for Yokohama Nomura Building. Operating profit was ¥106,218 million (up 31.5%), operating margin was 17.4% (up 2.7 points), and the EBITDA margin was 23.9% (up 0.3 points).

*1 Legacy system modernization is a means of optimizing and updating system infrastructure and applications with respect to hardware and software of core systems that have become obsolete.

*2 The term cloud native refers to information systems and services designed for use on a cloud-computing platform.

Segment information
The business results by segment (revenue includes intersegment revenue) are as follows.

(Millions of yen)

		Fiscal year ended 31st March 2021	Fiscal year ended 31st March 2022	Year on year	
				Amount	Rate
Consulting	Revenue	38,155	44,414	6,258	16.4%
	Operating profit	10,059	12,820	2,760	27.4%
	Operating margin	26.4%	28.9%	2.5P	–
Financial IT Solutions	Revenue	292,038	308,376	16,338	5.6%
	Operating profit	36,275	43,877	7,601	21.0%
	Operating margin	12.4%	14.2%	1.8P	–
Industrial IT Solutions	Revenue	189,551	229,921	40,370	21.3%
	Operating profit	19,482	25,449	5,966	30.6%
	Operating margin	10.3%	11.1%	0.8P	–
IT Platform Services	Revenue	142,686	157,598	14,911	10.5%
	Operating profit	19,785	20,955	1,169	5.9%
	Operating margin	13.9%	13.3%	(0.6)P	–
Adjustments	Revenue	(112,094)	(128,676)	(16,582)	–
	Operating profit	(4,855)	3,116	7,971	–
Total	Revenue	550,337	611,634	61,296	11.1%
	Operating profit	80,748	106,218	25,470	31.5%
	Operating margin	14.7%	17.4%	2.7P	–

(Consulting)
This segment provides policy recommendations and strategy consulting, as well as business consulting to support operational reform and system consulting for overall IT management.
Amid rapidly changing business environments for our customers with the COVID-19 pandemic, corporate reforms using digital technology are accelerating. In addition, companies that incorporate solutions for social issues including decarbonization into their managerial strategy are increasing, and clients have come to expect solutions for social issues using practical solutions-based consulting services that produce concrete results.
As such, in this segment we worked to strengthen consulting to support our customers' DX and to appropriately respond to customer needs while in the global area, we enhanced our proposal capabilities by working closely among domestic and overseas offices and searched for intellectual properties in advanced countries such as the U.S. and European countries. In addition, we worked to create new consulting services originating in solutions to social issues including carbon neutrality.
In the current fiscal year, the Consulting segment posted revenue of ¥44,414 million (up 16.4% year on year), driven continuously by DX-related consulting particularly for private companies. Operating profit was ¥12,820 million (up 27.4%) due to growing needs for DX-related consulting and brisk policy-related projects such as solutions to social issues, and others.

(Financial IT Solutions)
In this segment, the main clients are in the financial sector, including the securities, insurance and banking sectors. The segment provides system consulting, system development, system management and operation services, and IT solutions such as shared online services and BPO services.
The environment surrounding the financial sector is undergoing major structural changes such that include a society whose population continues to age, companies from other industries newly entering the sector, an expanding range of digital assets, and diminishing markets in Japan due to persistently low-interest rates and the nation's declining population. In addition, clients' needs for digitalization and transformation of business models are growing rapidly.
This segment accordingly worked to create and expand new financial business platforms, promote new DX businesses that contribute to the Digital Government Policy such as the Social Security and Tax Number System, and stably operate global business in financial services and expand the businesses to help its clients create new businesses and services in a manner that addresses such changes in the business environment.

The Company made Australian Investment Exchange Limited a subsidiary in the first quarter of the current fiscal year, aiming to accelerate business in the global financial market while capturing growth in the Australian wealth management market.
In the current fiscal year, the Financial IT Solutions segment posted revenue of ¥308,376 million (up 5.6% year on year) largely due to the contributions of increases in operation services for the securities sector, increases in system development and system application sales for the insurance sector, and the Company making Australian Investment Exchange Limited a consolidated subsidiary. Operating profit was ¥43,877 million (up 21.0%) as a result of usage fees for shared services increasing due to the active market, and favorable performance of system development and system application sales for the financial sector.

(Industrial IT Solutions)
This segment provides IT solutions such as system consulting, system development, and system management and operation services to the distribution, manufacturing, service and public sectors.
As well as upgrading and improving the efficiency of existing business models, clients in the industrial sector are using DX to create new business models using digital technology since the COVID-19 pandemic.
This segment focused on development of digital intellectual property (IP) that can be utilized across clients and industries, and comprehensively assisted the clients in everything from creating business models to system construction and advancements in operations in the field of DX businesses.
The Company made SQA Holdco Pty Ltd (the ultimate parent of Planit Test Management Solutions Pty Ltd) a subsidiary in the first quarter of the current fiscal year. The Company leverages their intellectual property and customer coverage in order to expand its offerings in the Australia region. The Company established EARTHBRAIN Ltd. jointly with Komatsu Ltd., NTT DOCOMO, INC. and Sony Semiconductor Solutions Corporation in the second quarter of the current fiscal year, aiming to bring DX into the construction industry and improve safety, productivity and environmentally friendliness dramatically. In addition, in the third quarter of the current fiscal year, the Company made Convergence Technologies, Inc., the ultimate parent of Core BTS, Inc., a subsidiary. The Company will build the business foundation in North America and pursue the realization of synergies centered on cross-selling to further expand its global business.
In the current fiscal year, the Industrial IT Solutions segment posted revenue of ¥229,921 million (up 21.3% year on year), amid an increase in consulting services for the manufacturing and service sectors as well as an increase in system development and system application sales for the distribution sector. Operating profit was ¥25,449 million (up 30.6%) due to the contributions of SQA Holdco Pty Ltd that was made a consolidated subsidiary, in addition to improvement in the profitability of our overseas subsidiaries.

(IT Platform Services)
This segment mainly provides services such as the management and administration of data centers and IT platform and network architecture mainly through the Financial IT Solutions and Industrial IT Solutions segments. It also provides IT platform solutions and information security services to clients of various industries. In addition, the segment conducts explorative initiatives for the development of new business operations and new products related to IT solutions, and investigation and research primarily related to leading-edge information technologies.
System development in the DX era calls for use of artificial intelligence (AI), blockchains and other new digital technologies, in conjunction with new and more rapid development approaches. In the field of cloud computing, companies need to comprehensively engage in high-quality operations of diverse and complex system platforms in line with their progress in cloud development. Furthermore, needs for the security environment to perform tasks safely and comfortably at any place are accelerating with working places diversified due to the COVID-19 pandemic.
This segment accordingly took steps that involve expanding its multi-cloud computing services[*3] and its managed services[*4], and also promoted its zero trust[*5] business, in conjunction with efforts to address such changes in the business environment and develop information system development approaches and production innovation tools for the DX era.
In the fourth quarter of the current fiscal year, LAC Co., Ltd. and the Company established Nuligen Security Co., Ltd., which provides managed security services[*6] for cloud platforms. We will also work actively on the field of advanced technology including the use of artificial intelligence (AI), and provide managed security services that support the achievement of sophisticated cloud security sought by companies.

In the current fiscal year, revenue to external clients increased in the security business, and intersegment revenue increased mainly in cloud computing services and network services mainly due to rising needs for greater efficiency and optimization in Financial IT Solutions segment, and increased assistance projects for Industrial IT Solutions segment, which experienced boosted business activity. As a result of the above, the IT Platform Services segment posted revenue of ¥157,598 million (up 10.5% year on year) and operating profit of ¥20,955 million (up 5.9%).

*3 Multi-cloud computing services refer to centrally managed services provided using multiple cloud computing platforms.
*4 Managed services refer to the services that lend comprehensive support to optimizing entire information systems on behalf of a client's IT unit.
*5 Zero trust: A new concept of security that anything that accesses to information assets and systems to protect are verified without distinction between inside and outside of the network.
*6 Managed security services (MSS) refer to the services, provided under contract, by an external security specialist company to provide total operation and administration of the information security system of a company or organization.

(2) Overview of Consolidated Financial Position for the Current Fiscal Year

(Millions of yen)

	As of 31st March 2021	As of 31st March 2022	Year on year	
			Amount	Rate
Current assets	323,366	333,645	10,279	3.2%
Non-current assets	333,170	456,010	122,840	36.9%
Total assets	656,536	789,655	133,119	20.3%
Current liabilities	174,348	298,342	123,994	71.1%
Non-current liabilities	148,981	148,826	(154)	(0.1)%
Total equity	333,206	342,486	9,280	2.8%
Equity attributable to owners of parent	330,495	339,360	8,865	2.7%
Ratio of equity attributable to owners of parent to total assets	50.3%	43.0%	(7.4)P	–
Interest-bearing liabilities	118,605	209,627	91,022	76.7%
Gross D/E ratio (times)	0.36	0.62	0.26	–
Net D/E ratio (times)	(0.11)	0.27	0.38	–

Notes:
1. Gross D/E ratio (gross debt-to-equity ratio): Interest-bearing liabilities / equity attributable to owners of parent
2. Net D/E ratio (net debt-to-equity ratio): (Interest-bearing liabilities – cash and bank deposits) / equity attributable to owners of parent
3. Interest-bearing liabilities: Bonds and borrowings +other interest-bearing liabilities (borrowings on margin transactions and borrowings secured by securities)
   Borrowings on margin transactions (¥503 million as of 31st March 2021; ¥608 million as of 31st March 2022) are included in trade and other payables on the consolidated statement of financial position, and borrowings secured by securities (¥606 million as of 31st March 2021; ¥802 million as of 31st March 2022) are included in other current liabilities on the consolidated statement of financial position.

As for the NRI Group's financial position at the end of the current fiscal year (31st March 2022), current assets were ¥333,645 million (up 3.2% from the end of the previous fiscal year), non-current assets were ¥456,010 million (up 36.9%), current liabilities were ¥298,342 million (up 71.1%), non-current liabilities were ¥148,826 million (down 0.1%), total equity was ¥342,486 million (up 2.8%), and total assets were ¥789,655 million (up 20.3%). In addition, the gross D/E ratio (gross debt-to-equity ratio) and net D/E ratio (net debt-to-equity ratio) at the end of the current fiscal year was 0.62 times and 0.27 times, respectively.
The main changes from the end of the previous fiscal year are as follows.
A significant number of projects ended in March of the current fiscal year. As a result, trade and other receivables increased ¥29,354 million to ¥135,678 million and contract assets increased ¥7,744 million to ¥50,666 million.
Goodwill and intangible assets increased ¥121,676 million to ¥210,744 million as result of U.S.-based Convergence Technologies, Inc., Australia-based SQA Holdco Pty Ltd and Australian Investment Exchange Limited being made into subsidiaries.
Bonds and borrowings increased ¥90,720 million to ¥208,216 million largely because a new loan was taken out to conduct M&A and purchase treasury shares, and ¥15,000 million of commercial paper and ¥16,574 million of Australian Dollar-Denominated Unsecured Straight Corporate Bonds under the Australian Medium Term Note (AMTN) program were issued for the purpose of flexible fundraising and diversification of financing facilities. Since less than one year was left before the redemption of the 5th series of unsecured bonds, ¥25,000 million of these bonds was transferred from non-current liabilities to current liabilities.
Treasury shares increased ¥53,782 million to ¥68,809 million due largely to a purchase of treasury shares in accordance with a resolution of the Board of Directors.
In addition, cash and cash equivalents decreased ¥37,576 million to ¥115,610 million, trade and other payables increased ¥16,442 million to ¥53,800 million, and income taxes payable increased ¥11,709 million to ¥20,648 million.

(3) Overview of Consolidated Cash Flow Position for the Current Fiscal Year

(Millions of yen)

	Fiscal year ended 31st March 2021	Fiscal year ended 31st March 2022	Year on year	
			Amount	Rate
Cash flows from operating activities	84,594	98,137	13,543	16.0%
Cash flows from investing activities	(20,522)	(130,547)	(110,025)	536.1%
Free cash flows	64,071	(32,410)	(96,481)	–
Cash flows from financing activities	(13,183)	(7,995)	5,187	(39.3)%
Net increase (decrease) in cash and cash equivalents	52,408	(37,576)	(89,985)	–
Cash and cash equivalents at end of period	153,187	115,610	(37,576)	(24.5)%

Cash and cash equivalents as of the end of the current fiscal year (31st March 2022) stood at ¥115,610 million (down ¥37,576 million from the end of the previous fiscal year).
Net cash provided by operating activities in the current fiscal year was ¥98,137 million, an increase of ¥13,543 million compared with the previous fiscal year, due largely to an increase in profit from operating activities and a decrease in income taxes paid.
Net cash used in investing activities was ¥130,547 million, an increase of ¥110,025 million from the previous fiscal year. Payments for acquisition of subsidiaries increased by ¥75,105 million due to acquisition of shares of U.S.-based Convergence Technologies, Inc., Australia-based SQA Holdco Pty Ltd and Australian Investment Exchange Limited in addition to investments including the acquisition of intangible assets related to the development of shared online services. In addition, proceeds from sale of fixed assets increased by ¥10,369 million due to the sale of trust beneficiary rights for Yokohama Nomura Building.
Net cash used in financing activities was ¥7,995 million, a decrease of ¥5,187 million from the previous fiscal year. In the previous fiscal year, we had ¥4,978 million in net increase (decrease) in commercial paper (revenue) and ¥14,946 million in revenue from the issuance of bonds, which were both issued as preparation due to concerns over a declining business environment caused by the impact of COVID-19. Furthermore, ¥11,324 million in cash was used for the acquisition of interests in subsidiaries from non-controlling interests due to the acquisition of shares of DSB Co., Ltd., etc. In the current fiscal year, we had ¥53,425 million in net increase (decrease) in short-term borrowings (revenue) since a new loan was taken out to conduct M&A and purchase treasury shares.
In addition, we had ¥15,000 million in net increase (decrease) in commercial paper (revenue) and ¥16,574 million in revenue from the issuance of Australian Dollar-Denominated Unsecured Straight Corporate Bonds under the Australian Medium Term Note (AMTN) program. We had ¥59,999 million in purchase of treasury shares in accordance with a resolution of the Board of Directors, and ¥10,000 million in repayments of long-term borrowings (syndicated loans). Other expenditures mainly consist of payments of cash dividends in the respective fiscal periods.

Reference: Trends in cash flow-related indicators

	Fiscal year ended 31st March 2020	Fiscal year ended 31st March 2021	Fiscal year ended 31st March 2022
Ratio of equity attributable to owners of parent to total assets (%)	44.1	50.3	43.0
Ratio of equity attributable to owners of parent to total assets on market value basis (%)	241.3	314.8	300.1
Interest-bearing liabilities to operating cash flow ratio (years)	0.9	1.4	2.1
Interest coverage ratio (times)	140.1	84.2	71.0

Ratio of equity attributable to owners of parent to total assets: Equity attributable to owners of parent / total assets
Ratio of equity attributable to owners of parent to total assets on market value basis: Market capitalization / total assets
Interest-bearing liabilities to operating cash flow ratio: Interest-bearing liabilities / operating cash flow
Interest coverage ratio: Operating cash flow / paid interest

Notes:
1. All indicators are calculated using financial figures on a consolidated basis. As the transition date to IFRS was 1st April 2019 and the Company adopted IFRS from the start of the fiscal year ended 31st March 2021, figures for the periods prior to the fiscal year ended 31st March 2019 are not presented.
2. Market capitalization is calculated based on the number of shares in issue excluding treasury shares.

3. The Company's shares held by the trust exclusive for NRI Group Employee Stock Ownership Group are included in treasury shares.
4. Interest-bearing liabilities, among liabilities recorded on the consolidated statement of financial position, includes bonds and borrowings and other interest-bearing liabilities (borrowings on margin transactions and borrowings secured by securities).

(4) Future Outlook

(I) Consolidated performance

In order to realize the goals of Vision 2022, the NRI Group's long-term management plan, the Company has formulated "NRI Group Medium-term Management Plan (2019-2022)" (the "Medium-term Management Plan 2022"*1) in April 2019.
Quantitative financial targets (consolidated) of the Medium-term Management Plan 2022 are as follows.

Medium-term Management Plan 2022 (fiscal year ending 31st March 2023)
(from 1st April 2022 to 31st March 2023)

(Millions of yen)

	Current fiscal year (Actual result)	Fiscal year ending 31st March 2023 (Targets)
Revenue	611,634	670,000 or more
Operating profit Operating margin	106,218 17.4%	100,000*2 14% or more
Overseas revenue	76,519	100,000
EBITDA margin	23.9%	20% or more
Return on equity attributable to owners of parent (ROE)	21.3%	14%*2

*1 For details of the Medium-term Management Plan 2022, please refer to "NRI Group Medium-term Management Plan (2019-2022)" (timely disclosure materials) and "NRI Medium-Term Management Plan (2019-2022)" released by the Company on 25th April 2019 as well as "2. Operating Policies, Business Environment and Issues to Be Addressed, etc. (2) Managerial Strategy."
*2 In the current fiscal year, certain indicators exceeded the targets mainly due to the current active order environment and brisk DX projects. The Company aims to continue enhancing its corporate value and maintaining high capital efficiency.

The fiscal year ending 31st March 2023, which will be the final year of the Medium-term Management Plan 2022, and the Company will aim at achieving its growth strategies under the Medium-term Management Plan 2022 (encompassing DX strategy, global strategy, human resources strategy), while fully leveraging the combined strengths of the NRI Group to seamlessly provide services encompassing consulting through to system development and operations.
For the fiscal year ending 31st March 2023, the Company forecasts revenue of ¥670,000 million, operating profit of ¥115,000 million, profit before tax of ¥113,000 million, and profit attributable to owners of parent of ¥77,000 million.

Consolidated financial forecasts for the fiscal year ending 31st March 2023
(from 1st April 2022 to 31st March 2023)

(Millions of yen)

	Current fiscal year (Actual result)	Fiscal year ending 31st March 2023 (Forecasts)	Change	
			Amount	Rate
Revenue	611,634	670,000	58,365	9.5%
Operating profit	106,218	115,000	8,781	8.3%
Profit before tax	104,671	113,000	8,328	8.0%
Profit attributable to owners of parent	71,445	77,000	5,554	7.8%

(II) Other forecasts

a. Consolidated revenue by segment for the fiscal year ending 31st March 2023 (from 1st April 2022 to 31st March 2023)

(Millions of yen)

		Current fiscal year (Actual result)	Fiscal year ending 31st March 2023 (Forecasts)	Change	
				Amount	Rate
Consulting		42,807	45,000	2,192	5.1%
Financial IT Solutions		303,635	315,000	11,364	3.7%
	Securities sector	133,316	138,000	4,683	3.5%
	Insurance sector	68,894	71,000	2,105	3.1%
	Banking sector	47,073	50,000	2,926	6.2%
	Other financial sectors, etc.	54,351	56,000	1,648	3.0%
Industrial IT Solutions		222,583	263,000	40,416	18.2%
	Distribution sector	68,269	70,000	1,730	2.5%
	Manufacturing and service sectors	154,313	193,000	38,686	25.1%
IT Platform Services		42,607	47,000	4,392	10.3%
Total		611,634	670,000	58,365	9.5%

Note: The breakdowns of the segments are comprised of revenue by customer sector.

b. Consolidated revenue by service for the fiscal year ending 31st March 2023 (from 1st April 2022 to 31st March 2023)

(Millions of yen)

	Current fiscal year (Actual result)	Fiscal year ending 31st March 2023 (Forecasts)	Change	
			Amount	Rate
Consulting services	125,460	135,000	9,539	7.6%
System development & system application sales	196,000	224,000	27,999	14.3%
System management & operation services	272,903	283,000	10,096	3.7%
Product sales	17,269	28,000	10,730	62.1%
Total	611,634	670,000	58,365	9.5%

c. Consolidated capital investment, depreciation and research and development expenses for the fiscal year ending 31st March 2023 (from 1st April 2022 to 31st March 2023)

(Millions of yen)

	Current fiscal year (Actual result)	Fiscal year ending 31st March 2023 (Forecasts)	Change	
			Amount	Rate
Capital investment	46,980	50,000	3,019	6.4%
Depreciation	41,941	46,000	4,058	9.7%
Research and development expenses	4,992	5,000	7	0.1%

(Caution concerning forward-looking statements)
The forward-looking statements including business forecasts stated in this document are based on information available to the Company at the present time and certain assumptions (suppositions) judged to be rational, and these statements do not purport to be a promise by the Company to achieve such results. Actual business results, etc. may differ significantly from these forecasts due to various factors. Material factors that could possibly affect the actual business results, etc. include, but are not limited to, the domestic and overseas economic situation, demand in the IT services market, competition with competitors, and changes in taxation and other systems. Note that the Company will not always revise business forecasts, etc. upon every occurrence of new information or event.

(5) Basic Policy Regarding Profit Distribution, and Dividend Payments for Current and Next Fiscal Year

a. Policy for distribution of profits

The Company considers the ongoing growth of its corporate value to be the most important return to its shareholders. The Company's basic policy on the payment of dividends from surplus is to continue to provide stable dividends while securing sufficient retained earnings for its medium and long-term business development. In line with this policy, the Company has targeted a consolidated dividend payout ratio* of 35%, taking into account factors such as operating revenue and the cash flow situation. Retained earnings will be utilized as a source of funds for business expansion, including capital investment and R&D investment to enhance existing businesses and cultivate new businesses, investment in human resource development, and strategic investment such as M&A. Retained earnings may also be utilized to purchase treasury shares, as part of the Company's flexible capital management aimed at improving capital efficiency and responding to changes in the business environment.
In accordance with Article 459 of the Companies Act, the Company stipulates in its Articles of Incorporation that it may pay dividends from surplus by a resolution of the Board of Directors based on record dates of 30th September and 31st March.

* Consolidated dividend payout ratio = Total annual cash dividends (including dividends for the trust exclusive for NRI Group Employee Stock Ownership Group) / Profit attributable to owners of parent

b. Payment of dividends from surplus

Based on the policy above and business results for the current fiscal year, the Company plans to pay cash dividends of ¥21 per share with the record date of the end of the current fiscal year (31st March 2022), an increase of ¥2 from the dividend paid in November 2021 (with a record date of 30th September 2021). Consequently, combined with the dividend paid in November 2021, the annual dividend payment will be ¥40 per share, resulting in a consolidated dividend payout ratio of 33.1%.

The payments of dividends from surplus with record dates falling in the current fiscal year are listed below.

Date of Board resolution	Total cash dividends (Millions of yen)	Cash dividends per share (Yen)	Record date
27th October 2021	11,227	19	30th September 2021
13th May 2022 (planned)	12,415	21	31st March 2022

Note: The total cash dividends include dividends for the trust exclusive for NRI Group Employee Stock Ownership Group (portion decided by resolution in October 2021 was ¥44 million and the planned portion to be decided by resolution in May 2022 is ¥34 million).

Regarding dividends for the following fiscal year (ending 31st March 2023), the Company plans to pay an annual dividend of ¥44 per share, comprising a second quarter dividend of ¥22 and a year-end dividend of ¥22.

(6) Risk Information related to COVID-19

Depending on the future course of COVID-19, there are concerns that the NRI Group’s business activities may be impacted.
As risks related to orders, contracts with the NRI Group may not be renewed if business conditions for clients change or plans for investment in information systems are radically reviewed. In addition, the acquisition of new clients may not proceed as planned if there is a decline in the appetite of clients for investment.
As risks related to production, the NRI Group’s officers and employees have implemented a switch to a work style based on working from home in accordance with the stay-at-home directives issued by national and local governments, and it is possible that the high quality services expected by clients cannot be provided or that delays in consulting and system development work will arise due to declines in labor productivity resulting from this switch in work style. Moreover, the NRI Group outsources a certain volume of system development work to business partners, which include offshore partners in China and other countries. Going forward, if the situation is prolonged or becomes more severe, there may be an effect on stable securing of business partners.
These impacts may affect the NRI Group’s business performance and financial position in addition to hindering subsequent work to be commissioned. It is still uncertain when COVID-19 will come to an end, and these are not the only risks that could arise.
It is also worth noting that as a result of the global spread of COVID-19, we have established a Crisis Management Committee chaired by one of our directors. The Crisis Management Committee Chairman and Crisis Management Committee Secretariat, which is comprised of members from the Integrated Risk Management Department, the Personnel Department, the General Affairs Department, and other supervisory departments, are verifying the situation and are discussing and implementing measures for issues that have arisen. The content discussed by the Crisis Management Committee Secretariat is periodically reported and deliberated on by the Senior Management Committee and the Board of Directors.
In addition, in terms of our efforts preventing the spread of COVID-19 as of the filing date, we have implemented measures including making proactive use of teleworking and refraining from eating out with a large number of people in response to the issuance of a state of emergency, spreading out and reorganizing work areas, checking the health conditions of visitors by using thermographic cameras and taking their temperatures, and visualizing the status of using meeting rooms through introduction of AI equipment into the rooms, with the aim of making sure that our officers, employees, etc. remain in good health. Further, in order to prepare against infections or suspected infections in our companies, we have developed a system for reporting to the Crisis Management Committee Secretariat and created various response procedures including ones for identifying close contacts, and carrying out disinfection.
Besides these efforts, we have implemented a workplace vaccination three times in all for employees of the NRI Group, temporary employees, employees of business partners, and family members of the aforementioned, as well as clients, and business partners in order to accelerate the vaccination.

2. Operating Policies, Business Environment and Issues to Be Addressed, Etc.

The forward-looking statements in this document are based on the judgement of the Company as of the end of the current fiscal year.

(1) Operating Policies

Under the corporate statement, “Dream up the future,” the NRI Group considers it its mission to “Discern new social paradigms and implement them” and “Build customer trust and establish relationships for mutual growth.” In order to fulfill this mission, the NRI Group makes its management goal to aim to maximize value through the total solution from “Navigation” that is to capture customers’ issues in advance and lead resolutions to “Solution” that is to implement and operate specific resolutions.
In addition, the NRI Group will contribute to the solution of social issues and the realization of a sustainable future society by creating the “NRI Group’s 3 Social Values”: “Co-create a thriving future society” by driving new value; “Co-create an ideal society” by effectively utilizing its resources; and “Co-create a safe and secure society” by advancing its infrastructure.

(2) Managerial Strategy

<Medium-term Management Plan>
Currently, a transformation of business processes and business models using digital technologies called digital transformation (DX) is progressing at companies globally to achieve growth and enhance competitiveness. On the other hand, besides increasingly complex and obscure existing systems being an impediment to the realization of DX, a shortage of IT human resources who promote the creation of new markets using new digital technologies such as artificial intelligence (AI) and the Internet of Things (IoT), and furthermore, IT cost reductions through the strengthening of global businesses and use of cloud computing remain important business issues for customer companies.
Under this business environment, in order to realize the goals of Vision 2022, the NRI Group’s long-term management plan, the Company has formulated the “NRI Group Medium-term Management Plan (2019-2022)” (the “Medium-term Management Plan 2022”) for the latter four years in April 2019.
For the Medium-term Management Plan 2022, three strategic themes of DX strategy, global strategy, and human resources strategy have been set. The NRI Group aims to achieve its sustainable growth and create a sustainable future society through value co-creation with customers.

Growth strategies under the Medium-term Management Plan 2022
- DX strategy: Transforming business models and processes of clients by leveraging technologies
  Evolving the business platform by taking advantage of the NRI Group’s strength
  Providing total support using cloud computing in the stages from diverse system platforms to the development of applications
- Global strategy: Expanding business foundations with a focus on achieving external growth in Australia and North America
- Human resources strategy: Recruiting and developing human resources underpinning the NRI Group’s competitiveness, and building partnership

In the final year of the Medium-term Management Plan 2022 (fiscal 2022), the NRI Group aims to achieve revenue of ¥670 billion or more, overseas revenue of ¥100 billion, operating profit of ¥100 billion, operating margin of 14% or more, the EBITDA margin of 20% or more, and ROE of 14%. In the current fiscal year, certain indicators exceeded the targets mainly due to the current active order environment and brisk DX projects. The Company aims to continue enhancing its corporate value and maintaining high capital efficiency.

(3) Target Management Indicators

The NRI Group makes it its management goal to enhance its corporate value through continuing expansion of businesses. As management indicators, the NRI Group focuses on operating profit and operating cash flow that represent the profitability of businesses and aims to increase these items. In addition, emphasizing ROE from the perspective of capital efficiency, the NRI Group is working to sustainably increase shareholder value through the growth of EPS.

(4) Business Environment and Issues to Be Addressed

<Recognition on the business environment>
So far, the NRI Group has grown through the establishment of the client base in the financial and distribution sectors, provision of business platforms in the financial field, etc. in markets in Japan, as well as through measures to respond to the globalization of Japanese companies and M&A mainly in Australia and North America in global markets. Furthermore, client companies have increased DX-related IT investment in the wake of the spread of COVID-19, and are rapidly evolving from the phase of transforming business processes to the phase of transforming business models themselves. Operating in such an environment, the NRI believes that it needs to also establish itself as a trusted partner in the DX field and enlarge transactions with clients while further enhancing the competitive advantage in existing business domains in Japan and overseas in order to achieve further growth in the future. The NRI Group recognizes that to this end, it is necessary to secure human resources who promote the DX business and the global business, and the strengthening of recruitment and development is important.

<Promotion of the DX business>
In the DX field, new technologies such as AI, IoT, and blockchains have been generated one after the other. In order to transform and expand business processes and business models of clients, it is essential to create businesses by repeating hypothesis verification with clients across everything from creating strategies to implementing solutions. At the NRI Group, as DX partner of clients, consultants and system engineers will continuously work together to expand the businesses from clients' transformation of existing business processes and infrastructure to transformation of business models themselves, and even solutions to social issues.
Currently, in addition to the transformation of business categories themselves, the financial sector is undergoing structural changes, including other industries newly entering the sector. To respond to these changes, the NRI Group will also work to acquire new clients by creating new businesses, such as the provision of API (an interface that connects applications), besides the provision of high-quality shared services and enrichment of service lineups, including business process outsourcing.
In addition, in the field of cloud computing, companies need to provide total support for diverse system platforms in line with their development of cloud-based IT systems. The NRI Group will make efforts to respond speedily and optimize cost by capturing the needs for revamping IT systems that have become obsolete and developing applications in the cloud, and incorporating the use of public cloud, etc., in addition to the existing private cloud into platform services to enrich the lineup.

<Promotion of the global business>
In the global business, the NRI Group has advanced its business expansion through M&A in Australia and North America, as well as local corporations established by the NRI Group. To ensure global competitiveness, the NRI Group will make continuous efforts to further expand its global business by leveraging cross-selling synergies in Japan, Australia, and North America.
In addition, a system to steadily pursue the global strategy needs to be built in order to achieve the overseas revenue of ¥100 billion targeted in "Vision 2022." Therefore, the NRI Group will support the formulation and execution of global strategy, and strive to enhance the management assisting CEO of overseas subsidiaries and strengthen governance, centered on the Global Headquarters.

<Securing and development of human resources>
In order to implement these measures steadily, it is vital to secure and develop human resources who are the source of added value. At present, as it is particularly urgent to secure human resources who can surely drive the DX field and the global business, the NRI Group will work to enhance recruitment of new graduates and mid-career workers and develop employees.
In addition, the NRI will strengthen relationships with companies that possess technologies and know-how. Moreover, the NRI Group will also work to achieve compatible work-style reforms by promoting various work arrangements, while also fostering a business culture that enables employees to play active roles and take on challenges, and seeking diversity.

3. Basic View on Choosing Accounting Standards

The NRI Group has voluntarily adopted IFRS from the Securities Report for the fiscal year ended 31st March, 2021, aiming to improve the international comparability of financial information in the capital market.

4. Consolidated Financial Statements, Etc.

Consolidated Financial Statements

(1) Consolidated Statement of Financial Position

	31st March 2021	31st March 2022
	(Millions of yen)	
Assets		
Current assets		
Cash and cash equivalents	¥ 153,187	¥ 115,610
Trade and other receivables	106,324	135,678
Contract assets	42,921	50,666
Other financial assets	9,841	14,015
Other current assets	11,090	13,246
Subtotal	323,366	329,217
Assets held for sale	—	4,428
Total current assets	323,366	333,645
Non-current assets		
Property, plant and equipment	46,714	37,482
Right-of-use assets	43,581	38,969
Goodwill and intangible assets	89,067	210,744
Investments accounted for using equity method	5,864	6,427
Retirement benefit asset	81,927	85,383
Other financial assets	59,254	69,219
Deferred tax assets	5,341	5,426
Other non-current assets	1,417	2,356
Total non-current assets	333,170	456,010
Total assets	¥ 656,536	¥ 789,655

	(Millions of yen)	
	31st March 2021	31st March 2022
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	¥ 37,358	¥ 53,800
Contract liabilities	14,316	17,083
Bonds and borrowings	23,844	116,941
Lease liabilities	12,350	12,250
Other financial liabilities	18,546	27,675
Income taxes payable	8,939	20,648
Provisions	1,497	2,646
Other current liabilities	57,494	47,294
Total current liabilities	174,348	298,342
Non-current liabilities		
Bonds and borrowings	93,651	91,275
Lease liabilities	35,748	29,952
Other financial liabilities	2,718	3,313
Retirement benefit liability	8,726	7,561
Provisions	4,831	3,576
Deferred tax liabilities	2,426	10,222
Other non-current liabilities	879	2,925
Total non-current liabilities	148,981	148,826
Total liabilities	¥ 323,329	¥ 447,168
Equity		
Share capital	¥ 21,175	¥ 22,414
Capital surplus	26,696	28,277
Retained earnings	278,675	328,830
Treasury shares	(15,027)	(68,809)
Other components of equity	18,975	28,647
Total equity attributable to owners of parent	330,495	339,360
Non-controlling interests	2,711	3,126
Total equity	333,206	342,486
Total liabilities and equity	¥ 656,536	¥ 789,655

(2) Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	Year ended 31st March 2021	Year ended 31st March 2022
Revenue	¥ 550,337	¥ 611,634
Cost of sales	364,539	395,562
Gross profit	185,798	216,071
Selling, general and administrative expenses	98,366	113,536
Share of profit of investments accounted for using equity method	62	204
Other income	1,880	3,754
Other expenses	8,626	275
Operating profit	80,748	106,218
Finance income	1,841	1,971
Finance costs	11,514	3,518
Profit before tax	71,075	104,671
Income tax expenses	18,497	32,878
Profit	52,578	71,792
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Equity instruments measured at fair value through other comprehensive income	6,678	1,588
Remeasurements of defined benefit plans	13,755	2,146
Total of items that will not be reclassified to profit or loss	20,434	3,734
Items that may be reclassified to profit or loss		
Debt instruments measured at fair value through other comprehensive income	0	(0)
Exchange differences on translation of foreign operations	7,477	8,537
Cash flow hedges	1,327	(582)
Share of other comprehensive income of investments accounted for using equity method	64	97
Total of items that may be reclassified to profit or loss	8,869	8,053
Total other comprehensive income, net of tax	29,303	11,787
Comprehensive income	81,882	83,580
Profit attributable to:		
Owners of parent	52,867	71,445
Non-controlling interests	(288)	347
Profit	52,578	71,792
Comprehensive income attributable to:		
Owners of parent	81,810	83,165
Non-controlling interests	71	415
Comprehensive income	¥ 81,882	¥ 83,580
Earnings per share		
Basic earnings per share (Yen)	¥ 88.34	¥ 120.57
Diluted earnings per share (Yen)	88.12	120.34

(3) Consolidated Statement of Changes in Equity

Year ended 31st March 2021

(Millions of yen)

	Equity attributable to owners of parent							
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total	Non-controlling interests	Total
Balance at 1st April 2020	¥ 20,067	¥ 13,867	¥ 274,600	¥ (66,628)	¥ 7,517	¥ 249,424	¥ 15,302	¥ 264,727
Profit	—	—	52,867	—	—	52,867	(288)	52,578
Other comprehensive income	—	—	—	—	28,943	28,943	360	29,303
Total comprehensive income	—	—	52,867	—	28,943	81,810	71	81,882
Dividends	—	—	(20,309)	—	—	(20,309)	(71)	(20,380)
Purchase of treasury shares	—	(10)	—	(9,992)	—	(10,002)	—	(10,002)
Disposal of treasury shares	—	11,755	—	15,904	—	27,659	—	27,659
Cancellation of treasury shares	—	(45,688)	—	45,688	—	—	—	—
Share-based payment transactions	1,107	174	—	—	—	1,281	—	1,281
Transfer from retained earnings to capital surplus	—	45,624	(45,624)	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	17,206	—	(17,206)	—	—	—
Changes in ownership interest in subsidiaries	—	974	—	—	—	974	(12,451)	(11,477)
Other	—	—	(65)	—	(278)	(343)	(140)	(484)
Total transactions with owners, etc.	1,107	12,829	(48,792)	51,600	(17,484)	(739)	(12,663)	(13,403)
Balance at 31st March 2021	¥ 21,175	¥ 26,696	¥ 278,675	¥ (15,027)	¥ 18,975	¥ 330,495	¥ 2,711	¥ 333,206

Year ended 31st March 2022

(Millions of yen)

	Equity attributable to owners of parent							
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total	Non-controlling interests	Total
Balance at 1st April 2021	¥ 21,175	¥ 26,696	¥ 278,675	¥ (15,027)	¥ 18,975	¥ 330,495	¥ 2,711	¥ 333,206
Profit	—	—	71,445	—	—	71,445	347	71,792
Other comprehensive income	—	—	—	—	11,720	11,720	67	11,787
Total comprehensive income	—	—	71,445	—	11,720	83,165	415	83,580
Dividends	—	—	(22,649)	—	—	(22,649)	—	(22,649)
Purchase of treasury shares	—	(132)	—	(60,003)	—	(60,136)	—	(60,136)
Disposal of treasury shares	—	623	—	6,220	—	6,844	—	6,844
Cancellation of treasury shares	—	—	—	—	—	—	—	—
Share-based payment transactions	1,239	495	—	—	—	1,735	—	1,735
Transfer from retained earnings to capital surplus	—	594	(594)	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	1,954	—	(1,954)	—	—	—
Changes in ownership interest in subsidiaries	—	—	—	—	—	—	—	—
Other	—	—	—	—	(94)	(94)	(0)	(94)
Total transactions with owners, etc.	1,239	1,580	(21,289)	(53,782)	(2,048)	(74,300)	(0)	(74,300)
Balance at 31st March 2022	¥ 22,414	¥ 28,277	¥ 328,830	¥ (68,809)	¥ 28,647	¥ 339,360	¥ 3,126	¥ 342,486

(4) Consolidated Statement of Cash Flows

	(Millions of yen)	
	Year ended 31st March 2021	Year ended 31st March 2022
Cash flows from operating activities		
Profit before tax	¥ 71,075	¥ 104,671
Depreciation and amortization	40,911	41,941
Impairment losses	2,220	—
Loss (gain) on sale and retirement of fixed assets	1,363	(2,242)
Finance income	(1,841)	(1,971)
Finance costs	11,514	3,518
Share of loss (profit) of investments accounted for using equity method	(62)	(204)
Decrease (increase) in trade and other receivables	(7,814)	(9,200)
Decrease (increase) in contract assets	(2,104)	(5,382)
Decrease (increase) in inventories	399	213
Decrease (increase) in prepaid expenses	(1,535)	(1,279)
Increase (decrease) in trade and other payables	4,279	1,351
Increase (decrease) in contract liabilities	(3,603)	2,075
Increase (decrease) in liabilities relating to trust-type employee stock ownership incentive plan	1,590	(12,275)
Increase (decrease) in provision for loss on orders received	31	115
Increase (decrease) in accounts payable bonuses	1,916	2,026
Decrease (increase) in retirement benefit asset	(7,244)	(2,141)
Increase (decrease) in retirement benefit liability	1,537	491
Other	3,974	(2,037)
Subtotal	116,610	119,670
Interest and dividends received	1,258	1,382
Interest paid	(811)	(993)
Income taxes paid	(32,464)	(21,922)
Net cash provided by operating activities	¥ 84,594	¥ 98,137

	Year ended 31st March 2021	Year ended 31st March 2022
	(Millions of yen)	
Cash flows from investing activities		
Payments into time deposits	¥ (2,029)	¥ (1,802)
Proceeds from withdrawal of time deposits	2,018	1,727
Purchase of property, plant and equipment	(7,634)	(6,824)
Proceeds from sale of property, plant and equipment	5	10,380
Purchase of intangible assets	(21,395)	(36,153)
Proceeds from sale of intangible assets	4	—
Purchase of investments	(450)	(5,861)
Proceeds from sale and redemption of investments	8,991	374
Payments for acquisition of subsidiaries	—	(75,105)
Payments for loans receivable	—	(16,366)
Purchase of investments in associates or joint ventures	—	(599)
Other	(33)	(316)
Net cash used in investing activities	(20,522)	(130,547)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(3,946)	53,425
Proceeds from long-term borrowings	10,000	12,860
Repayments of long-term borrowings	(13,019)	(16,286)
Net increase (decrease) in commercial paper	4,978	15,000
Proceeds from issuance of bonds	14,946	16,499
Redemption of bonds	(30)	—
Repayments of lease liabilities	(11,789)	(13,461)
Proceeds from sale of treasury shares	27,382	6,750
Purchase of treasury shares	(10,002)	(60,136)
Dividends paid	(20,307)	(22,647)
Dividends paid to non-controlling interests	(71)	(0)
Payments for acquisition of interests in subsidiaries from non-controlling interests	(11,324)	—
Net cash used in financing activities	(13,183)	(7,995)
Effect of exchange rate changes on cash and cash equivalents	1,520	2,829
Net increase (decrease) in cash and cash equivalents	52,408	(37,576)
Cash and cash equivalents at beginning of period	100,778	153,187
Cash and cash equivalents at end of period	¥ 153,187	¥ 115,610

(5) Notes to Consolidated Financial Statements

(Notes on Premise of Going Concern)

Not applicable.

(Segment Information)

(1) Outline of reportable segments

The NRI Group’s operating segments, for which separate financial information is available, are evaluated periodically by management in deciding the allocation of management resources and in assessing business performances. The NRI Group has classified its segments, comprehensively considering services, customers and markets totally, and four segments have been determined as reportable segments. Meanwhile, the operating segments are not aggregated.

Accounting treatment of the reported operating segments is generally same with that of consolidated financial statements for the year ended 31st March 2021. Profit figures for the reportable segments are presented on the basis of operating profit. Intersegment revenue or transfers are based on prevailing market prices.

(Consulting)

This segment provides policy recommendations and strategy consulting, as well as business consulting to support operational reform and system consulting for overall IT management.

(Financial IT Solutions)

In this segment, the main clients are in the financial sector, including the securities, insurance and banking sectors. The segment provides system consulting, system development, system management and operation services, and IT solutions such as shared online services and BPO services.

(Industrial IT Solutions)

This segment provides IT solutions such as system consulting, system development, and system management and operation services to the distribution, manufacturing, service and public sectors.

(IT Platform Services)

This segment mainly provides services such as the management and administration of data centers and IT platform and network architecture mainly through the Financial IT Solutions and Industrial IT Solutions segments. It also provides IT platform solutions and information security services to clients of various industries. In addition, the segment conducts explorative initiatives for the development of new business operations and new products related to IT solutions, and investigation and research primarily related to leading-edge information technologies.

As main service types of each segment in“(3) Information by services”, the segment of Consulting is consulting services, the segments of Financial IT Solutions and Industrial IT Solutions are consulting services, system development & system application sales, system management & operation services and product sales and the segment of IT Platform Services is system development & system application sales, system management & operation services and product sales.

(2) Revenue and profit or loss by reportable segment

Year ended 31st March 2021

(Millions of yen)

	Reportable segment					Adjustments (Notes)	Consolidated
	Consulting	Financial IT Solutions	Industrial IT Solutions	IT Platform Services	Total		
Revenue							
Revenue from external customers	37,246	288,196	186,051	38,843	550,337	–	550,337
Intersegment revenue or transfers	909	3,841	3,499	103,843	112,094	(112,094)	–
Total	38,155	292,038	189,551	142,686	662,431	(112,094)	550,337
Operating profit	10,059	36,275	19,482	19,785	85,603	(4,855)	80,748
Finance income							1,841
Finance costs							11,514
Profit before tax							71,075
(Other items)							
Depreciation and amortization	243	15,438	7,588	8,388	31,658	9,252	40,911
Impairment losses	–	783	336	–	1,119	5,127	6,246
Share of profit of investments accounted for using equity method	14	(236)	273	10	62	–	62
Investments in entities accounted for using equity method	93	505	5,054	211	5,864	–	5,864
Investments in non-current assets	73	14,461	7,673	9,085	31,294	2,078	33,372

Notes:
1. Individual items comprised of the adjustment to operating profit ¥(4,855) million include impairment losses ¥(5,127) million.
2. The adjustment to depreciation and amortization comprises the corporate expenses that is not attributable to any reportable segment.
3. The adjustment to impairment losses comprises the corporate expenses that is not attributable to any reportable segment.
4. The adjustment to investments in non-current assets comprises the increase in the corporate assets that is not attributable to any reportable segment.

Year ended 31st March 2022

(Millions of yen)

	Reportable segment					Adjustments (Notes)	Consolidated
	Consulting	Financial IT Solutions	Industrial IT Solutions	IT Platform Services	Total		
Revenue							
Revenue from external customers	42,807	303,635	222,583	42,607	611,634	—	611,634
Intersegment revenue or transfers	1,606	4,741	7,337	114,990	128,676	(128,676)	—
Total	44,414	308,376	229,921	157,598	740,310	(128,676)	611,634
Operating profit	12,820	43,877	25,449	20,955	103,102	3,116	106,218
Finance income							1,971
Finance costs							3,518
Profit before tax							104,671
(Other items)							
Depreciation and amortization	231	15,892	9,126	7,234	32,484	9,456	41,941
Impairment losses	—	—	—	—	—	—	—
Share of profit of investments accounted for using equity method	(5)	(198)	385	(5)	177	27	204
Investments in entities accounted for using equity method	95	706	5,191	194	6,188	238	6,427
Investments in non-current assets	346	29,902	6,467	7,534	44,250	2,729	46,980

Notes:
1. Individual items in adjustment to operating profit of ¥3,116 million include gain on sale of fixed assets in the amount of ¥3,337 million recorded in “other income”.
2. The adjustment to depreciation and amortization comprises the corporate expenses that is not attributable to any reportable segment.
3. The adjustment to share of profit of investments accounted for using equity method comprises the corporate profit that is not attributable to any reportable segment.
4. The adjustment to investments in entities accounted for using equity method comprises the corporate assets that are not attributable to any reportable segment.
5. The adjustment to investments in non-current assets comprises the increase in the corporate assets that is not attributable to any reportable segment.

(3) Information by services

Revenue from external customers classified by products and services is as follows:

(Millions of yen)

Name of services	Year ended 31st March 2021	Year ended 31st March 2022
Consulting services	90,056	125,460
System development & system application sales	183,847	196,000
System management & operation services	258,656	272,903
Product sales	17,777	17,269
Total	550,337	611,634

(4) Information by geographical area

The breakdown of revenue and non-current assets by geographical area is as follows:

Revenue

(Millions of yen)

	Year ended 31st March 2021	Year ended 31st March 2022
Japan	505,724	535,114
Oceania	31,882	57,221
North America	6,640	12,283
Asia and others	6,090	7,015
Total	550,337	611,634

Note: The classification of revenue is changed from the method based on the location of sales destinations to the method based on the location of the headquarters of each company. The classification of revenue for the year ended 31st March 2021 has been retroactively adjusted.

Non-current assets

(Millions of yen)

	31st March 2021	31st March 2022
Japan	163,504	237,079
Oceania	13,489	23,224
North America	1,674	26,820
Asia and others	2,114	2,428
Total	180,783	289,553

Note: Non-current assets are classified based on the location of assets and do not include financial instruments, deferred tax assets or retirement benefit asset.

(5) Information about major customers

Of revenue from external customers, the customers who account for 10% or more of revenue in the consolidated statement of comprehensive income are as follows:

(Millions of yen)

	Primary related reportable segments	Year ended 31st March 2021	Year ended 31st March 2022
Nomura Holdings, Inc.	Financial IT Solutions	66,309	63,025

Note: Revenue per external customers includes revenue attributable to subsidiaries of major customers and major customers through leasing companies.

(Business Combination)

Year ended 31st March 2021

In the year ended 31st March 2021, there were no significant business combinations.

Year ended 31st March 2022

Acquisition of Australian Investment Exchange Limited

The Company's wholly owned Australian subsidiary Nomura Research Institute Australia, Pty Ltd (NRI-AU) has completed the acquisition of 100% of the shares of Australian Investment Exchange Limited (AUSIEX) from Commonwealth Bank of Australia Limited, making AUSIEX a 100% wholly owned subsidiary of NRI-AU on 3rd May 2021.

(1) Summary

a. Name of acquiree and business description

Name of acquiree: Australian Investment Exchange Limited

Business description: Back office services such as securities and portfolio management

b. Main reason for business combinations

The acquisition serves as an anchor point for the Company's accelerated expansion into global financial markets, as it establishes its presence as a major technology and operations services provider in the Australian wealth management market. Long-term structural growth in savings is expected to continue, backed by the rising statutory contribution rate for Australia's national superannuation pension system* and growing population. This is the bridgehead where the NRI Group accelerates expansion into global financial markets.

(*)Australia's private pension system. Employees (such as office workers and civil servants) are compulsory members and employers are obliged to contribute a certain percentage of their wages based on the statutory contribution rate.

c. Acquisition date

3rd May 2021

d. Legal form of business combination

Share acquisition for cash consideration

e. Acquired voting rights ratio

100%

(2) Fair values of consideration transferred, assets acquired and liabilities assumed at the acquisition date

	(Millions of yen)
Fair value of consideration for acquisition (cash)	11,659
Total	11,659
Fair value of assets acquired and liabilities assumed	
Cash and cash equivalents	4,571
Trade and other receivables	10,910
Intangible assets	3,180
Other assets	2,580
Trade and other payables	11,673
Other liabilities	2,015
Fair value of assets acquired and liabilities assumed (net)	7,555
Goodwill	4,104

Although the amounts of assets acquired and liabilities assumed had been calculated provisionally based on information available as of the end of the second quarter (30th September 2021),the Company has revised the amounts calculated provisionally because the allocation of the consideration for acquisition has been completed as of the end of the third quarter (31st December 2021). The impact of this revision is immaterial. Furthermore, consideration for acquisition has also been finalized because price adjustments, etc. after the acquisition of shares have been completed.

Major components of goodwill are synergy effects with the existing company that are expected to arise from the acquisition and excess earnings power, which do not meet the recognition criteria individually.

With regard to goodwill, there is no amount expected to be deductible for tax purposes.
Acquisition-related expenses associated with this business combination were ¥108 million for the year ended 31st March 2022, all included in "selling, general and administrative expenses" in the consolidated statement of comprehensive income. Acquisition-related expenses recorded by the year ended 31st March 2021 were ¥367 million.

(3) Cash flows from the acquisition

	(Millions of yen)
Cash and cash equivalents paid for acquisition	11,416
Cash and cash equivalents held by the acquiree at the time of acquisition	4,571
Payments for acquisition of subsidiaries	6,844

(4) Impact on the financial results

Revenue and profit of AUSIEX that are included in the consolidated statement of comprehensive income for the year ended 31st March 2022 are ¥5,564 million and ¥512 million, respectively. Revenue and profit on the assumption that the business combination had been conducted at the beginning of the fiscal year are omitted because the amount is immaterial.

Acquisition of SQA Holdco Pty Ltd, the ultimate parent of Planit Test Management Solutions Pty Ltd

The Company's wholly owned Australian subsidiary NRI-AU has completed the acquisition of 100% of the shares of SQA Holdco Pty Ltd (the ultimate parent of Planit Test Management Solutions Pty Ltd "Planit") from existing shareholders, making SQA Holdco Pty Ltd a 100% wholly owned subsidiary of NRI-AU on 14th May 2021.

(1) Summary

a. Name of acquiree and business description
Name of acquiree: SQA Holdco Pty Ltd
Business description: Holding company of Planit, which provides IT testing and support, IT testing strategy, planning and IT test efficiency consulting, IT test automation support and training

b. Main reason for business combinations
With the acquisition of Planit, NRI-AU plans to leverage Planit's intellectual property and customer coverage in order to expand its offerings in Oceania along with the other quality companies in the NRI Group's portfolio. In the future, the NRI Group also plans to expand Planit's offerings to Japan and other areas of Asia.

c. Acquisition date
14th May 2021

d. Legal form of business combination
Share acquisition for cash consideration

e. Acquired voting rights ratio
100%

(2) Fair values of consideration transferred, assets acquired and liabilities assumed at the acquisition date

	(Millions of yen)
Fair value of consideration for acquisition (cash)	20,389
Total	20,389
Fair value of assets acquired and liabilities assumed	
Cash and cash equivalents	1,452
Intangible assets	4,673
Other assets	2,457
Borrowings	5,849
Other liabilities	2,751
Fair value of assets acquired and liabilities assumed (net)	(18)
Goodwill	20,408

Although the amounts of assets acquired and liabilities assumed had been calculated provisionally based on information available as of the end of the second quarter (30th September 2021),the Company has revised the amounts calculated provisionally because the allocation of the consideration for acquisition has been completed as of the end of the third quarter (31st December 2021). The impact of this revision is immaterial. Furthermore, consideration for acquisition has also been finalized because price adjustments, etc. after the acquisition of shares have been completed.
Major components of goodwill are synergy effects with the existing company that are expected to arise from the acquisition and excess earnings power, which do not meet the recognition criteria individually. With regard to goodwill, there is no amount expected to be deductible for tax purposes.
Acquisition-related expenses associated with this business combination were ¥96 million for the year ended 31st March 2022, all included in “selling, general and administrative expenses” in the consolidated statement of comprehensive income. Acquisition-related expenses recorded for the year ended 31st March 2021 were ¥27 million.

(3) Cash flows from the acquisition

	(Millions of yen)
Cash and cash equivalents paid for acquisition	20,389
Cash and cash equivalents held by the acquiree at the time of acquisition	1,452
Payments for acquisition of subsidiaries	18,937

In addition to the above, NRI-AU has provided a cash loan of ¥5,728 million to Planit.

(4) Impact on the financial results

Revenue and profit of Planit that are included in the consolidated statement of comprehensive income for the year ended 31st March 2022 are ¥12,464 million and ¥1,214 million, respectively. Revenue and profit on the assumption that the business combination had been conducted at the beginning of the fiscal year are omitted because the amount is immaterial.

Acquisition of Convergence Technologies, Inc., the ultimate parent of Core BTS, Inc.

The Company’s wholly owned American subsidiary Nomura Research Institute Holdings America, Inc. (NRI-HA) has completed the acquisition of 100% of the shares of Convergence Technologies, Inc. (the ultimate parent of Core BTS, Inc. “Core BTS”) from existing shareholders, making Convergence Technologies, Inc. a 100% wholly owned subsidiary of NRI-HA on 14th December 2021.

(1) Summary

a. Name of acquiree and business description

Name of acquiree: Convergence Technologies, Inc.

Business description: Holding company of Core BTS, which provides solutions for digital transformation in the business domains of cloud computing, digital development, network, and security

b. Main reason for business combinations

With the acquisition, the Company will build the business foundation in the U.S. and pursue the realization of synergies centered on cross-selling to further expand its global business.

c. Acquisition date
14th December 2021

d. Legal form of business combination
Share acquisition for cash consideration

e. Acquired voting rights ratio
100%

(2) Fair values of consideration transferred, assets acquired and liabilities assumed at the acquisition date

	(Millions of yen)
Fair value of consideration for acquisition (cash)	42,601
Total	42,601
Fair value of assets acquired and liabilities assumed	
Cash and cash equivalents	790
Trade and other receivables	6,112
Intangible assets (Note)	23,085
Other assets	2,616
Borrowings	12,701
Other liabilities	9,718
Fair value of assets acquired and liabilities assumed (net)	10,184
Goodwill	32,416

Note: The main breakdown of intangible assets is customer-related assets of ¥17,941 million and trade names of ¥5,060 million. The fair value of customer-related assets is determined based on the excess earnings method and the fair value of trade names is determined with the relief-from-royalty method. The estimated useful lives of customer-related assets are 2 years and 12 years. Trade names are classified as the intangible assets with indefinite useful lives.

The amounts of assets acquired and liabilities assumed have been calculated provisionally based on information currently available as the allocation of the consideration for acquisition has not been completed as of 31st March 2022. Consideration for acquisition has been finalized because price adjustments, etc. after the acquisition of shares have been completed.
Major components of goodwill are synergy effects with the existing company that are expected to arise from the acquisition and excess earnings power, which do not meet the recognition criteria individually.
A portion of goodwill is expected to be deductible for tax purposes. The amount of goodwill is tentatively calculated.
Acquisition-related expenses associated with this business combination were ¥735 million for the year ended 31st March 2022, all included in "selling, general and administrative expenses" in the consolidated statement of comprehensive income. There were no acquisition-related expenses recorded for the year ended 31st March 2021.

(3) Cash flows from the acquisition

	(Millions of yen)
Cash and cash equivalents paid for acquisition	42,601
Cash and cash equivalents held by the acquiree at the time of acquisition	790
Payments for acquisition of subsidiaries	41,810

In addition to the above, NRI-HA has provided a cash loan of ¥10,638 million to Core BTS.

(4) Impact on the financial results

Revenue and profit of Core BTS that are included in the consolidated statement of comprehensive income for the year ended 31st March 2022 are ¥6,041 million and ¥188 million, respectively. Revenue and profit on the assumption that the business combination had been conducted at the beginning of the fiscal year are omitted because the amount is immaterial.

(Assets Held for Sale)

The breakdown of assets held for sale is as follows:

(Millions of yen)

	31st March 2021	31st March 2022
Assets held for sale		
Buildings	－	3,147
Land	－	1,280
Others	－	0
Total	－	4,428

Assets held for sale as of 31st March 2022 were mainly the trust beneficiary rights for buildings and land of Yokohama Nomura Building classified as corporate assets, which were not attributable to any reporting segment. The Company sold them in April 2022.

(Per Share Information)

Basic earnings per share and diluted earnings per share are calculated based on the following data.

	Year ended 31st March 2021	Year ended 31st March 2022
	(Millions of yen)	(Millions of yen)
Profit attributable to owners of parent	52,867	71,445
Adjustments of profit		
Adjustments for potential shares issued by subsidiaries	0	－
Profit used for calculation of diluted earnings per share	52,867	71,445
	(Shares)	(Shares)
Weighted-average number of shares of common stock outstanding	598,435,969	592,569,442
Increase in common stock		
Increase from stock options	1,492,694	1,140,578
Diluted weighted-average number of shares of common stock	599,928,663	593,710,020
	(Yen)	(Yen)
Basic earnings per share	88.34	120.57
Diluted earnings per share	88.12	120.34

Note: For the purpose of calculating basic earnings per share and diluted earnings per share, the Company’s shares owned by the trust exclusive for ESOP Group are included in treasury shares to be deducted in the calculation of the weighted-average number of shares (7,125,279 shares and 2,305,466 shares for the year ended 31st March 2021 and 2022, respectively).

(Subsequent Events)

Not applicable.