

1Q FY March 2022 Financial Results

Nomura Research Institute, Ltd.

July 29, 2021



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1Q FY March 2022 Financial Results (Consolidated)

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FY March 2022 Financial Results Forecasts (Consolidated)

1Q FY March 2022 Financial Results (Consolidated)

1. Highlights

(JPY million)

1st Quarter Total	1Q FY Mar.2021	Progress	1Q FY Mar.2022	Progress	YoY		FY Mar.2021
	Amount	(%)	Amount	(%)	Diff.	Change(%)	Amount
Revenue	131,116	23.8	142,647	24.2	11,530	8.8	550,337
Consulting Services	19,833	22.0	25,060	25.1	5,226	26.4	90,056
System Development & System Application Sales	43,536	23.7	46,495	22.6	2,959	6.8	183,847
System Management & Operation Services	62,998	24.4	66,423	24.6	3,425	5.4	258,656
Product Sales	4,748	26.7	4,667	33.3	(80)	(1.7)	17,777
Cost of Sales	89,522		91,468		1,945	2.2	364,539
Gross Profit	41,593		51,178		9,584	23.0	185,798
Gross Profit Margin	31.7%		35.9%		4.2P		33.8%
Selling, general and administrative expenses	23,740		28,103		4,362	18.4	98,366
Other Income & Other Expenses, etc.	(6)		3,489		3,496	—	(6,683)
Operating Profit	17,846	22.1	26,564	27.7	8,718	48.9	80,748
Operating Margin	13.6%		18.6%		5.0P		14.7%
Finance Income & Finance Costs	(1,002)		172		1,174	—	(9,672)
Profit before tax	16,844	23.7	26,737	27.6	9,893	58.7	71,075
Profit attributable to owners of parent	11,811	22.3	18,411	27.9	6,600	55.9	52,867
Basic earnings per share(JPY)	19.80		30.57		10.77		88.34
EBITDA Margin	21.3%		23.5%		2.2P		23.6%

* The breakdowns of the revenue is classified by products and services.

* EBITDA margin: EBITDA (Operating profit + Depreciation and Amortization + Loss on retirement of fixed assets ± Temporary factors) / Revenue

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2. Segment performance results

① Including Inter-segment revenue for each segment

(JPY million)

1st Quarter Total		1Q FY Mar.2021		1Q FY Mar.2022		Y o Y		FY Mar.2021	
		Amount	Share(%)	Amount	Share(%)	Diff.	Change(%)	Amount	Share(%)
Consulting	Revenue	7,099	5.4	8,869	6.2	1,770	24.9	38,155	6.9
	Operating Profit	610	3.4	1,805	6.8	1,194	195.6	10,059	12.5
	Operating Margin	8.6%	/	20.4%	/	11.8P	/	26.4%	/
Financial IT Solutions	Revenue	70,320	53.6	72,245	50.6	1,925	2.7	292,038	53.1
	Operating Profit	7,860	44.0	9,238	34.8	1,377	17.5	36,275	44.9
	Operating Margin	11.2%	/	12.8%	/	1.6P	/	12.4%	/
Industrial IT Solutions	Revenue	46,427	35.4	55,057	38.6	8,630	18.6	189,551	34.4
	Operating Profit	5,091	28.5	6,694	25.2	1,602	31.5	19,482	24.1
	Operating Margin	11.0%	/	12.2%	/	1.2P	/	10.3%	/
IT Platform Services	Revenue	33,382	25.5	37,430	26.2	4,047	12.1	142,686	25.9
	Operating Profit	4,270	23.9	5,488	20.7	1,217	28.5	19,785	24.5
	Operating Margin	12.8%	/	14.7%	/	1.9P	/	13.9%	/
Inter-segment revenue and eliminations	Revenue	(26,113)	(19.9)	(30,956)	(21.7)	(4,843)	/	(112,094)	(20.4)
	Operating Profit	13	0.1	3,338	12.6	3,325	/	(4,855)	(6.0)
Total	Revenue	131,116	100.0	142,647	100.0	11,530	8.8	550,337	100.0
	Operating Profit	17,846	100.0	26,564	100.0	8,718	48.9	80,748	100.0
	Operating Margin	13.6%	/	18.6%	/	5.0P	/	14.7%	/

* Including inter-segment revenue for each segment.

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2. Segment performance results

② External revenue by segment

(JPY million)

1st Quarter Total	1Q FY Mar.2021		1Q FY Mar.2022		Y o Y		FY Mar.2021	
	Amount	Share(%)	Amount	Share(%)	Diff.	Change(%)	Amount	Share(%)
Consulting	6,915	5.3	8,603	6.0	1,687	24.4	37,246	6.8
Financial IT Solutions	69,462	53.0	71,189	49.9	1,726	2.5	288,196	52.4
Securities	30,636	23.4	30,569	21.4	(67)	(0.2)	130,427	23.7
Insurance	15,040	11.5	15,387	10.8	347	2.3	61,441	11.2
Banking	12,287	9.4	11,519	8.1	(768)	(6.3)	50,181	9.1
Other financial	11,498	8.8	13,713	9.6	2,215	19.3	46,146	8.4
Industrial IT Solutions	45,691	34.8	53,556	37.5	7,865	17.2	186,051	33.8
Distribution	15,527	11.8	16,355	11.5	827	5.3	62,192	11.3
Manufacturing, service and other	30,163	23.0	37,200	26.1	7,037	23.3	123,858	22.5
IT Platform Services	9,047	6.9	9,297	6.5	250	2.8	38,843	7.1
Total	131,116	100.0	142,647	100.0	11,530	8.8	550,337	100.0

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

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3. Revenue by main client

(JPY million)

1st Quarter Total	1Q FY Mar.2021		1Q FY Mar.2022		Y o Y		FY Mar.2021	
	Amount	Share(%)	Amount	Share(%)	Diff.	Change(%)	Amount	Share(%)
Nomura Holdings	16,074	12.3	15,259	10.7	(815)	(5.1)	66,309	12.0

* Figures, in principle, include revenue to subsidiaries.

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4. Overseas Revenue

(JPY million)

1st Quarter Total	1Q FY Mar.2021		1Q FY Mar.2022		Y o Y		FY Mar.2021	
	Amount	Share(%)	Amount	Share(%)	Diff.	Change(%)	Amount	Share(%)
Overseas revenue	10,549	8.0	15,808	11.1	5,259	49.9	43,625	7.9
North America	1,579	1.2	1,527	1.1	(51)	(3.3)	6,182	1.1
Oceania	7,620	5.8	12,965	9.1	5,344	70.1	31,992	5.8
Asia, Other	1,350	1.0	1,316	0.9	(33)	(2.5)	5,451	1.0

※ Numbers by area are based on location of clients, and numbers per country or area are recorded as reference values.

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5. Subcontracting Costs

(JPY million)

1st Quarter Total	1Q FY Mar.2021		1Q FY Mar.2022		Y o Y		FY Mar.2021	
	Amount	Share(%)	Amount	Share(%)	Diff.	Change(%)	Amount	Share(%)
Subcontracting Costs	42,383	32.3	43,508	30.5	1,124	2.7	171,560	31.2
(Subcontracting Costs to China)	7,176	16.9	7,589	17.4	413	5.8	30,460	17.8

* Share for subcontracting costs shows share of sales.

* Subcontracting costs to China & Percentage in total subcontracting costs.

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6. Cash Flow

(JPY million)

1st Quarter Total	1Q FY Mar. 2021	1Q FY Mar. 2022	Y o Y		FY Mar.2021
	Amount	Amount	Diff.	Change(%)	Amount
Operating Activities	24,154	31,047	6,892	28.5	84,594
Investing Activities	(6,456)	(25,692)	(19,236)	297.9	(20,522)
(Investing Activities except Cash management purpose investment)	(7,644)	(25,376)	(17,731)	232.0	(22,811)
Free Cash Flow	17,698	5,354	(12,344)	(69.7)	64,071
(Free Cash Flow except Cash management purpose investment)	16,510	5,670	(10,839)	(65.7)	61,782
Financing Activities	(4,991)	(4,982)	9	(0.2)	(13,183)
Net increase in Cash and cash equivalents	14,487	267	(14,219)	(98.2)	52,408
(Net increase in Cash and cash equivalents except Cash management purpose investment)	13,299	583	(12,715)	(95.6)	50,119
Cash and cash equivalents at end of period	115,265	153,454	38,188	33.1	153,187
Cash and cash equivalents + Cash Management purpose investment	118,134	155,430	37,296	31.6	157,251

* Cash management purpose investment is investments in bonds, etc., with maturities of longer than three months from date of purchase to date of redemption.

7. Capital Investment, Research and Development Expenses

(JPY million)

1st Quarter Total	1Q FY Mar. 2021	1Q FY Mar. 2022	Y o Y		FY Mar.2021
	Amount	Amount	Diff.	Change(%)	Amount
Capital Investment	8,207	8,862	654	8.0	33,372
Tangible	3,256	1,451	(1,805)	(55.4)	11,712
Right-of-use assets	1,505	500	(1,005)	(66.8)	5,093
Intangible	4,950	7,410	2,459	49.7	21,660
Research and Development Expenses	765	1,156	391	51.2	4,468

* Right-of-use assets for which buildings and structures are the underlying assets.

8. Depreciation and Amortization

(JPY million)

1st Quarter Total	1Q FY Mar. 2021	1Q FY Mar. 2022	Y o Y		FY Mar.2021
	Amount	Amount	Diff.	Change(%)	Amount
Tangible	4,616	4,465	(151)	(3.3)	18,850
Right-of-use assets	2,681	2,772	90	3.4	10,797
Intangible	5,457	5,800	342	6.3	22,060
Depreciation and Amortization	10,074	10,265	191	1.9	40,911

* Right-of-use assets for which buildings and structures are the underlying assets.

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9. Order Backlog by segment (Total)

(JPY million)

At the end of the 1st Quarter	1Q FY Mar. 2021	1Q FY Mar. 2022	Y o Y	
	Amount	Amount	Diff.	Change(%)
Consulting	10,743	10,845	102	1.0
Financial IT Solutions	143,736	154,632	10,896	7.6
Industrial IT Solutions	76,618	92,419	15,801	20.6
IT Platform Services	13,085	14,746	1,661	12.7
Total	244,183	272,644	28,461	11.7
(Order backlog in the current FY)	235,150	262,269	27,119	11.5

(JPY million)

At beginning of period	FY Mar. 2021	FY Mar. 2022	Y o Y	
	Amount	Amount	Diff.	Change(%)
Consulting	4,339	7,050	2,711	62.5
Financial IT Solutions	165,449	184,968	19,518	11.8
Industrial IT Solutions	98,949	102,484	3,535	3.6
IT Platform Services	17,041	15,281	(1,759)	(10.3)
Total	285,779	309,785	24,005	8.4
(Order backlog in the current FY)	282,004	301,550	19,546	6.9

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9. Order Backlog by segment(Domestic/International)

(JPY million)

At the end of the 1st Quarter	1Q FY Mar. 2021	1Q FY Mar. 2022	Y o Y	
	Amount	Amount	Diff.	Change(%)
Order backlog domestically				
Consulting	10,147	10,241	93	0.9
Financial IT Solutions	143,047	149,665	6,617	4.6
Industrial IT Solutions	56,346	64,543	8,196	14.5
IT Platform Services	13,085	14,746	1,661	12.7
Total	222,627	239,196	16,569	7.4
Order backlog of overseas subsidiaries				
Overseas subsidiaries	21,556	33,448	11,891	55.2

※ Group companies which have the headquarter overseas are classified as overseas subsidiaries.

(JPY million)

At beginning of period	FY Mar. 2021	FY Mar. 2022	Y o Y	
	Amount	Amount	Diff.	Change(%)
Order backlog domestically				
Consulting	4,043	6,597	2,553	63.2
Financial IT Solutions	165,143	184,634	19,491	11.8
Industrial IT Solutions	68,913	74,108	5,195	7.5
IT Platform Services	17,041	15,281	(1,759)	(10.3)
Total	255,141	280,621	25,480	10.0
Order backlog of overseas subsidiaries				
Overseas subsidiaries	30,637	29,163	(1,474)	(4.8)

※ Group companies which have the headquarter overseas are classified as overseas subsidiaries.

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10. Order Volume by segment

(Total)

(JPY million)

1st Quarter Total	1Q FY Mar. 2021	1Q FY Mar. 2022	Y o Y	
	Amount	Amount	Diff.	Change(%)
Consulting	13,319	12,398	(921)	(6.9)
Financial IT Solutions	47,749	40,853	(6,895)	(14.4)
Industrial IT Solutions	23,360	43,490	20,130	86.2
IT Platform Services	5,091	8,763	3,671	72.1
Total	89,520	105,506	15,985	17.9

(Domestic/International)

(JPY million)

1st Quarter Total	1Q FY Mar. 2021	1Q FY Mar. 2022	Y o Y	
	Amount	Amount	Diff.	Change(%)
Order Volume domestically				
Consulting	12,417	11,547	(869)	(7.0)
Financial IT Solutions	46,549	34,228	(12,320)	(26.5)
Industrial IT Solutions	23,978	30,859	6,881	28.7
IT Platform Services	5,023	8,690	3,666	73.0
Total	87,968	85,325	(2,642)	(3.0)
Order Volume of overseas subsidiaries				
Overseas subsidiaries	1,552	20,181	18,628	—

※ Group companies which have the headquarter overseas are classified as overseas subsidiaries.

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FY March 2022 Financial Results Forecasts (Consolidated)

FY March 2022 Financial Results Forecasts (Consolidated)

1. Highlights and Dividend forecasts

- There is no change to the financial results forecasts announced on April 27, 2021.

	(JPY billion)
	FY Mar.2022 (Forecasts)
	Amount
Revenue	590.0
Consulting Services	100.0
System Development & System Application Sales	206.0
System Management & Operation Services	270.0
Product Sales	14.0
Operating Profit	96.0
(Operating Margin)	16.3%
Profit before tax	97.0
Profit attributable to owners of parent	66.0
Dividends per share(JPY)	38.00
Second quarter(JPY)	19.00
Fiscal year end(JPY)	19.00

* The breakdowns of the revenue is classified by products and services.

FY March 2022 Financial Results Forecasts (Consolidated)

2. Revenue Forecasts by segment

3. Capital Investment, Research and Development Expenses, Depreciation and Amortization Forecasts

	(JPY billion)
	FY Mar.2022 (Forecasts)
	Amount
Consulting	41.0
Financial IT Solutions	297.0
Securities	132.0
Insurance	64.0
Banking	53.0
Other financial	48.0
Industrial IT Solutions	211.0
Distribution	63.0
Manufacturing, service and other	148.0
IT Platform Services	41.0
Total	590.0

	(JPY billion)
	FY Mar.2022 (Forecasts)
	Amount
Capital Investment	47.0
Tangible	9.0
Intangible	38.0
Research and Development Expenses	4.5

	(JPY billion)
	FY Mar.2022 (Forecasts)
	Amount
Depreciation and Amortization	43.0

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

FY March 2022 Financial Results Forecasts (Consolidated)

4. Highlights (1H/2H)

1st Half	FY Mar.2022
	(Forecasts)
	Amount
Revenue	285.0
Consulting Services	46.0
System Development & System Application Sales	100.0
System Management & Operation Services	133.0
Product Sales	6.0
Operating Profit	47.0
(Operating Margin)	16.5%
Profit before tax	48.0
Profit attributable to owners of parent	33.0

2nd Half	(JPY billion)
	FY Mar.2022
	(Forecasts)
Amount	
Revenue	305.0
Consulting Services	54.0
System Development & System Application Sales	106.0
System Management & Operation Services	137.0
Product Sales	8.0
Operating Profit	49.0
(Operating Margin)	16.1%
Profit before tax	49.0
Profit attributable to owners of parent	33.0

* The breakdowns of the revenue is classified by products and services.

FY March 2022 Financial Results Forecasts (Consolidated)

5. Revenue Forecasts by segment (1H/2H)

		(JPY billion)	
1st Half	FY Mar.2022	2nd Half	FY Mar.2022
	(Forecasts)		(Forecasts)
	Amount		Amount
Consulting	19.0	Consulting	22.0
Financial IT Solutions	145.0	Financial IT Solutions	152.0
Securities	64.0	Securities	68.0
Insurance	31.0	Insurance	33.0
Banking	26.0	Banking	27.0
Other financial	24.0	Other financial	24.0
Industrial IT Solutions	102.0	Industrial IT Solutions	109.0
Distribution	31.0	Distribution	32.0
Manufacturing, service and other	71.0	Manufacturing, service and other	77.0
IT Platform Services	19.0	IT Platform Services	22.0
Total	285.0	Total	305.0

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

These materials were prepared for the sole purpose of providing information to use as reference in making investment decisions, and are not intended as a solicitation for investment.

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