



30th January 2023

## Consolidated Financial Results for the Nine Months Ended 31st December 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, President & CEO, Chairman, Member of the Board, Representative Director  
 Inquiries: Teijiro Matsui, General Manager, Controllers & Operation Department  
 Telephone: +81-3-5533-2111  
 Scheduled date to file quarterly securities report: 13th February 2023  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary materials on quarterly financial results: Yes  
 Holding of quarterly 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 nine months ended 31st December 2022 (from 1st April 2022 to 31st December 2022)

#### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
31st December 2022	516,059	15.2	83,873	3.1	81,444	2.0	55,267	1.2
31st December 2021	447,947	10.8	81,372	27.2	79,852	35.9	54,596	36.4

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Nine months ended						
31st December 2022	55,033	1.3	55,682	(2.8)	93.09	93.00
31st December 2021	54,314	35.8	57,293	22.6	91.50	91.32

#### (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
	Millions of yen	Millions of yen	Millions of yen	%
As of				
31st December 2022	846,169	395,898	392,539	46.4
31st March 2022	789,655	342,486	339,360	43.0

## 2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended 31st March 2022	–	19.00	–	21.00	40.00
Fiscal year ending 31st March 2023	–	22.00	–		
Fiscal year ending 31st March 2023 (Forecast)				23.00	45.00

Note: Revisions to the forecast of cash dividends most recently announced: Yes

For more details, please refer to “1. (3) Qualitative Information Regarding Forecasts of Financial Results,” on pages 9-10.

## 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	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ending 31st March 2023	690,000	12.8	115,000	8.3	113,000	8.0	77,000	7.8

	Basic earnings per share
	Yen
Fiscal year ending 31st March 2023	130.25

Note: Revisions to the forecast of financial results most recently announced: None

However, the Company has made revisions to the breakdown of consolidated revenue, which was disclosed as reference values. For more details, please refer to “1. (3) Qualitative Information Regarding Forecasts of Financial Results,” on pages 9-10.

**\* Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (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 December 2022	611,353,200 shares
As of 31st March 2022	610,696,500 shares

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

As of 31st December 2022	13,561,038 shares
As of 31st March 2022	21,109,262 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended 31st December 2022	591,168,248 shares
Nine months ended 31st December 2021	593,613,837 shares

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

\* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

\* Proper use of earnings forecasts, and other special matters

- (1) 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.
- (2) Supplementary materials on financial results are disclosed on the TDnet at the same time as this summary of consolidated financial results, and will also be posted promptly on the Company's website. In addition, explanatory materials for the results briefing for analysts and institutional investors to be held today will also be posted on the Company's website.

Attached Material Index

1. Qualitative Information Regarding Third-Quarter Settlement of Accounts.....	2
(1) Qualitative Information Regarding Consolidated Operating Results.....	2
(2) Qualitative Information Regarding Consolidated Financial Position.....	7
(3) Qualitative Information Regarding Forecasts of Financial Results.....	9
2. Condensed Quarterly Consolidated Financial Statements, Etc. ....	11
(1) Condensed Quarterly Consolidated Statement of Financial Position.....	11
(2) Condensed Quarterly Consolidated Statement of Comprehensive Income.....	13
(3) Condensed Quarterly Consolidated Statement of Changes in Equity .....	14
(4) Condensed Quarterly Consolidated Statement of Cash Flows .....	16
(5) Notes to Condensed Quarterly Consolidated Financial Statements .....	18

## 1. Qualitative Information Regarding Third-Quarter Settlement of Accounts

### (1) Qualitative Information Regarding Consolidated Operating Results

(Millions of yen)

	Nine months ended 31st December 2021	Nine months ended 31st December 2022	Year on year	
			Amount	Rate
Revenue	447,947	516,059	68,112	15.2%
Overseas revenue	51,728	93,717	41,988	81.2%
Overseas revenue ratio	11.5%	18.2%	6.6P	–
Business profit	78,035	81,634	3,599	4.6%
Operating profit	81,372	83,873	2,501	3.1%
Operating margin	18.2%	16.3%	(1.9)P	–
EBITDA margin	24.5%	22.4%	(2.1)P	–
Profit before tax	79,852	81,444	1,591	2.0%
Profit attributable to owners of parent	54,314	55,033	719	1.3%

- 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 nine months ended 31st December 2022, the Japanese economy experienced a modest pickup in business conditions with progress in normalization of economic activities due to effects of countermeasures against COVID-19 and various policies. Information system investment continued to see strong corporate investment demand centered on digital transformation (DX) which involves transforming business processes and business models using digital technologies. However, amid the continued global monetary tightening and others, various uncertainties, such as rapid exchange-rate fluctuations, rising prices, supply chain constraints and COVID-19 trends in China, in addition to risks of a downswing in overseas business conditions posed to the domestic economy, continue to cloud the outlook. Furthermore, corporate investments may be limited depending on changes in future business performance.

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 final 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 vision. In addition to working to achieve even greater productivity and to expand existing businesses, the NRI Group promotes 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 new 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 online 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\*<sup>1</sup> and developing cloud-native\*<sup>2</sup> 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 business integration process after acquisition.
- (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 promoting diversity.

During the nine months ended 31st December 2022, the NRI Group's revenue totaled ¥516,059 million (up 15.2% year on year), amid a scenario where revenue was higher year on year in all the services, particularly those of consulting services. Cost of sales was ¥336,293 million (up 16.8%), gross profit was ¥179,766 million (up 12.3%), and selling, general and administrative expenses were ¥98,698 million (up 19.7%). In addition to improvement in revenue amid a favorable order environment and production activities, ¥2,238 million of gain on sale of fixed assets was recorded in association with the sale of trust beneficiary rights for Yokohama Nomura Building. Operating profit was ¥83,873 million (up 3.1%), operating margin was 16.3% (down 1.9 points), and the EBITDA margin was 22.4% (down 2.1 points).

- \*1 Legacy system modernization refers to optimizing and updating system infrastructure and applications with respect to hardware and software of core systems that have become obsolete.
- \*2 Cloud-native refers to information systems and services designed for use on a cloud-computing platform.

### **Secondary offering of shares**

Responding to the intentions of two shareholders to sell their holdings of the Company's shares, the Company has sought to establish opportunities for a smooth sale of these shares of the Company. Accordingly, the Company decided on a secondary offering of shares of the Company and a disposal by way of a third-party allotment of shares of the Company held as treasury shares upon a resolution of the Board of Directors on 25th November 2022. Through the secondary offering of shares, the Company expects to expand the demographic of shareholders who understand the Company's growth strategy from a long-term perspective and to improve the market liquidity of the Company's shares. All procedures for the secondary offering have been completed as of 28th December 2022. During the nine months ended 31st December 2022, the Company disposed of treasury shares by way of a third-party allotment (5,545,200 shares, ¥16,007 million) associated with the secondary offering of shares. The Company will continue to be an associate of Nomura Holdings, Inc. after the secondary offering.

### **Purchase of treasury shares**

The Company decided to purchase treasury shares from the perspective of mitigating impact on the supply-demand balance for its shares associated with the secondary offering and also from the perspective of reducing effects on its existing shareholders, upon resolution of the Board of Directors on 25th November 2022. The Company is to purchase a maximum total of 8,000,000 shares (percentage of total number of shares issued as of 30th September 2022 (excluding treasury shares): 1.35%) for a maximum total purchase price of ¥20,000 million. The purchase period is from 23rd December 2022 to 31st March 2023, and the purchase method will entail market purchase based on discretionary trading contract pertaining to purchase of treasury shares (excludes the period during the ten business days from the business day following the date of announcement of the Company's quarterly financial results). During the nine months ended 31st December 2022, the Company purchased treasury shares (156,300 shares, ¥500 million).

## Segment information

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

(Millions of yen)

		Nine months ended 31st December 2021	Nine months ended 31st December 2022	Year on year	
				Amount	Rate
Consulting	Revenue	31,324	34,082	2,758	8.8%
	Operating profit	8,601	8,331	(270)	(3.1)%
	Operating margin	27.5%	24.4%	(3.0)P	–
Financial IT Solutions	Revenue	228,665	250,763	22,097	9.7%
	Operating profit	33,482	37,526	4,043	12.1%
	Operating margin	14.6%	15.0%	0.3P	–
Industrial IT Solutions	Revenue	167,358	206,535	39,176	23.4%
	Operating profit	19,259	18,412	(847)	(4.4)%
	Operating margin	11.5%	8.9%	(2.6)P	–
IT Platform Services	Revenue	116,335	125,845	9,510	8.2%
	Operating profit	16,745	17,590	844	5.0%
	Operating margin	14.4%	14.0%	(0.4)P	–
Adjustments	Revenue	(95,736)	(101,166)	(5,430)	–
	Operating profit	3,282	2,013	(1,269)	–
Total	Revenue	447,947	516,059	68,112	15.2%
	Operating profit	81,372	83,873	2,501	3.1%
	Operating margin	18.2%	16.3%	(1.9)P	–

### **(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 its clients following 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 the NRI Group will aim to strengthen consulting to support its clients' DX and to appropriately respond to clients' needs, and in the global area, the NRI Group is expanding its services in advanced countries such as the U.S. and European countries while maintaining and reinforcing the existing client base. In addition, the NRI Group is working to create new consulting services originating in solutions to social issues including decarbonization.

During the nine months ended 31st December 2022, the Consulting segment posted revenue of ¥34,082 million (up 8.8% year on year), due to continued strong performance of DX-related consulting and consulting for social issues projects, following the previous fiscal year. Despite high productivity maintained in Japan amid a favorable order environment, operating profit was ¥8,331 million (down 3.1%) due to worsening profitability overseas.

### **(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 accelerates to age, companies from other industries newly entering the financial 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 is accordingly working 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.

During the nine months ended 31st December 2022, the Financial IT Solutions segment posted revenue of ¥250,763 million (up 9.7% year on year), amid increases in system development and system application sales for the securities sector and consulting services for the insurance sector. Despite worsening profitability overseas, operating profit was ¥37,526 million (up 12.1%) due to improvement in profitability amid a favorable order environment and production activities, etc.



### **(Industrial IT Solutions)**

This segment provides IT solutions such as system consulting, system development, 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 focuses on development of digital intellectual property (IP) that can be utilized across clients and industries, and comprehensively assists the client in everything from creating business models to system construction and advancements in operations in the field of DX businesses. Furthermore, in the global business, the NRI Group will aim to further expand the business and sustainably increase value through the enhancement of cooperation and the integration of functions between merged subsidiaries in Australia and through M&A that contributes to expansion of the area and strengthening of capabilities in addition to organic growth centering on merged subsidiaries in North America.

During the nine months ended 31st December 2022, the Industrial IT Solutions segment posted revenue of ¥206,535 million (up 23.4% year on year) due to the contribution of brisk projects continuing in the Australia business and effects of consolidation of subsidiaries in North America, which were acquired by the previous fiscal year. Despite improvement in profitability of the Australia business, operating profit was ¥18,412 million (down 4.4%) due to effects of amortization of intangible assets that were identified in association with the consolidation of overseas subsidiaries, etc.

### **(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 addition, as cyberattacks have been diversifying and evolving in recent years, the importance of cyber security measures is increasing to safely and securely implement the introduction and utilization of cloud services, which are central to DX of clients.

This segment is accordingly taking steps that involve expanding its multi-cloud computing services<sup>\*3</sup> and its managed services<sup>\*4</sup>, and is also promoting its zero trust<sup>\*5</sup> business and managed security services<sup>\*6</sup>, 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.

During the nine months ended 31st December 2022, revenue to external clients increased in the DWP (Digital Work Place) business that contributes to improvement in productivity at office and the security business, and intersegment revenue increased in the DWP business. As a result of the above, the IT Platform Services segment posted revenue of ¥125,845 million (up 8.2% year on year) and operating profit of ¥17,590 million (up 5.0%).

\*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 refers to 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) Qualitative Information Regarding Consolidated Financial Position

### (Assets, liabilities and equity)

(Millions of yen)

	As of 31st March 2022	As of 31st December 2022	Year on year	
			Amount	Rate
Current assets	333,645	369,414	35,769	10.7%
Non-current assets	456,010	476,754	20,744	4.5%
Total assets	789,655	846,169	56,514	7.2%
Current liabilities	298,342	192,268	(106,073)	(35.6)%
Non-current liabilities	148,826	258,002	109,176	73.4%
Total equity	342,486	395,898	53,412	15.6%
Equity attributable to owners of parent	339,360	392,539	53,178	15.7%
Ratio of equity attributable to owners of parent to total assets	43.0%	46.4%	3.4P	–
Interest-bearing liabilities	209,627	243,244	33,616	16.0%
Gross D/E ratio (times)	0.62	0.62	–	–
Net D/E ratio (times)	0.27	0.20	(0.07)	–

- 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 cash equivalents, etc.) / 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 (¥608 million as of 31st March 2022; ¥542 million as of 31st December 2022) are included in trade and other payables on the condensed quarterly consolidated statement of financial position, and borrowings secured by securities (¥802 million as of 31st March 2022; ¥2,904 million as of 31st December 2022) are included in other current liabilities on the condensed quarterly consolidated statement of financial position.  
4. Cash and cash equivalents, etc.: Cash and cash equivalents + cash management purpose investment

As for the NRI Group's financial position at the end of the third quarter (31st December 2022), current assets were ¥369,414 million (up 10.7% from the end of the previous fiscal year), non-current assets were ¥476,754 million (up 4.5%), current liabilities were ¥192,268 million (down 35.6%), non-current liabilities were ¥258,002 million (up 73.4%), total equity was ¥395,898 million (up 15.6%), and total assets were ¥846,169 million (up 7.2%). 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 third quarter were 0.62 times and 0.20 times, respectively.

The main changes from the end of the previous fiscal year are as follows.

Trade and other receivables decreased ¥41,906 million to ¥93,772 million and contract assets increased ¥29,353 million to ¥80,019 million. Because the NRI Group has a comparatively large number of projects completed at the end of the fiscal year, compared with the end of the previous fiscal year, the ends of quarterly periods tend to have small values for trade and other receivables and large values for contract assets.

Goodwill and intangible assets increased ¥19,433 million to ¥230,177 million as a result of the acquisition of intangible assets related to the development of shared online system in Japan and other factors.

Bonds and borrowings increased ¥31,581 million to ¥239,797 million due largely to the issuance of the 9th, 10th, and 11th series of unsecured bonds despite the redemption of the 5th series of unsecured bonds.

In addition, cash and cash equivalents increased ¥46,171 million to ¥161,782 million, trade and other payables decreased ¥10,116 million to ¥43,684 million, and income taxes payable decreased ¥16,318 million to ¥4,329 million.

**(Cash flow position)**

(Millions of yen)

	Nine months ended 31st December 2021	Nine months ended 31st December 2022	Year on year	
			Amount	Rate
Cash flows from operating activities	73,516	76,534	3,017	4.1%
Cash flows from investing activities	(108,754)	(45,878)	62,875	(57.8)%
Free cash flows	(35,237)	30,655	65,893	–
Cash flows from financing activities	21,605	14,726	(6,879)	(31.8)%
Net increase (decrease) in cash and cash equivalents	(12,706)	46,171	58,877	–
Cash and cash equivalents at end of period	140,481	161,782	21,300	15.2%

Cash and cash equivalents as of the end of the third quarter (31st December 2022) stood at ¥161,782 million (up ¥46,171 million from the end of the previous fiscal year).

Net cash provided by operating activities was ¥76,534 million, an increase of ¥3,017 million from the same period of the previous fiscal year. In the same period of the previous fiscal year, the NRI Group had ¥12,401 million in decrease in liabilities relating to trust-type employee stock ownership incentive plan. During the nine months ended 31st December 2022, income taxes paid increased.

Net cash used in investing activities was ¥45,878 million, a decrease of ¥62,875 million from the same period of the previous fiscal year. In the same period of the previous fiscal year, the NRI Group had ¥68,994 million in payments for acquisition of subsidiaries due to acquisition of shares of U.S.-based Convergence Technologies, Inc., Australia-based SQA Holdco Pty Ltd and Australian Investment Exchange Limited. In the nine months ended 31st December 2022, cash was mainly invested in the acquisition of intangible assets related to the development of shared online system.

Net cash provided by financing activities was ¥14,726 million, a decrease of ¥6,879 million from the same period of the previous fiscal year. In the same period of the previous fiscal year, the NRI Group had ¥116,115 million in net increase (decrease) in short-term borrowings (revenue) since a loan was taken out to conduct M&A and purchase of treasury shares. In addition, the NRI Group 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). During the nine months ended 31st December 2022, the NRI Group had ¥62,204 million in net increase (decrease) in short-term borrowings (expenditure) and ¥59,785 million in proceeds from long-term borrowings in part since the NRI Group refinanced loans taken out in the same period of the previous fiscal year to acquire Convergence Technologies, Inc. in the United States through M&A. The NRI Group had ¥64,807 million in proceeds from the issuance of the 9th, 10th, and 11th series of unsecured bonds and ¥25,000 million in redemption of the 5th series of unsecured bonds. The NRI Group had ¥22,215 million in proceeds from sale of treasury shares relating to disposal of treasury shares. Other expenditures mainly consist of payments of cash dividends in the respective fiscal periods.

### (3) Qualitative Information Regarding Forecasts of Financial Results

No revisions have been made to the forecasts of consolidated financial results. However, in light of the results for the nine months ended 31st December 2022 and the current order environment, the breakdown of consolidated revenue and the forecast of cash dividends will be revised as follows.

#### (I) Consolidated performance

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

(Millions of yen)

	Previous forecast (A)	Revised forecast (B)	Change		(Reference) Previous fiscal year (Actual result)
			Amount (B-A)	Rate (%)	
Revenue	690,000	690,000	–	–	611,634
Operating profit	115,000	115,000	–	–	106,218
Profit before tax	113,000	113,000	–	–	104,671
Profit attributable to owners of parent	77,000	77,000	–	–	71,445

\* The forecast exchange rates for the fiscal year ending 31st March 2023 are 115.01 yen to the U.S. dollar and 83.43 yen to the Australian dollar.

#### (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)

	Previous forecast (A)	Revised forecast (B)	Change		(Reference) Previous fiscal year (Actual result)
			Amount (B-A)	Rate (%)	
Consulting	45,000	46,000	1,000	2.2	42,807
Financial IT Solutions	326,000	328,000	2,000	0.6	303,635
Securities sector	140,000	141,000	1,000	0.7	133,316
Insurance sector	77,000	77,000	–	–	68,894
Banking sector	53,000	54,000	1,000	1.9	47,073
Other financial sectors, etc.	56,000	56,000	–	–	54,351
Industrial IT Solutions	271,000	268,000	(3,000)	(1.1)	222,583
Distribution sector	72,000	71,000	(1,000)	(1.4)	68,269
Manufacturing and service sectors	199,000	197,000	(2,000)	(1.0)	154,313
IT Platform Services	48,000	48,000	–	–	42,607
Total	690,000	690,000	–	–	611,634

\* 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)

	Previous forecast (A)	Revised forecast (B)	Change		(Reference) Previous fiscal year (Actual result)
			Amount (B-A)	Rate (%)	
Consulting services	160,000	157,000	(3,000)	(1.9)	125,460
System development & system application sales	209,000	212,000	3,000	1.4	196,000
System management & operation services	293,000	290,000	(3,000)	(1.0)	272,903
Product sales	28,000	31,000	3,000	10.7	17,269
Total	690,000	690,000	–	–	611,634

(III) Revisions to the forecasts of cash dividends

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.

Based on the policy above and business results for the current fiscal year, the Company has upwardly revised its forecast for year-end dividends for the fiscal year ending 31st March 2023 by ¥1 from the one previously announced (announced on 27th April 2022) to ¥23 per share. Consequently, combined with interim dividend, the annual dividend payment will be ¥45 per share, resulting in a consolidated dividend payout ratio based on the revised forecast of 34.8%.

\* 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

Forecasts of cash dividends for the fiscal year ending 31st March 2023

(Yen)

Record date	Cash dividends per share		
	Second quarter-end	Fiscal year-end	Annual
Previous forecast	22.00	22.00	44.00
Revised forecast	–	23.00	45.00
Results for the current fiscal year	22.00	–	–
Results for the previous fiscal year	19.00	21.00	40.00

(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.

## 2. Condensed Quarterly Consolidated Financial Statements, Etc.

### (1) Condensed Quarterly Consolidated Statement of Financial Position

	(Millions of yen)	
	31st March 2022	31st December 2022
Assets		
Current assets		
Cash and cash equivalents	¥ 115,610	¥ 161,782
Trade and other receivables	135,678	93,772
Contract assets	50,666	80,019
Other financial assets	14,015	14,796
Other current assets	13,246	19,044
Subtotal	329,217	369,414
Assets held for sale	4,428	—
Total current assets	333,645	369,414
Non-current assets		
Property, plant and equipment	37,482	40,521
Right-of-use assets	38,969	32,775
Goodwill and intangible assets	210,744	230,177
Investments accounted for using equity method	6,427	9,355
Retirement benefit asset	85,383	86,334
Other financial assets	69,219	69,550
Deferred tax assets	5,426	5,780
Other non-current assets	2,356	2,259
Total non-current assets	456,010	476,754
Total assets	¥ 789,655	¥ 846,169

	(Millions of yen)	
	31st March 2022	31st December 2022
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	¥ 53,800	¥ 43,684
Contract liabilities	17,083	15,578
Bonds and borrowings	116,941	40,600
Lease liabilities	12,250	9,805
Other financial liabilities	27,675	34,870
Income taxes payable	20,648	4,329
Provisions	2,646	989
Other current liabilities	47,294	42,410
Total current liabilities	<u>298,342</u>	<u>192,268</u>
Non-current liabilities		
Bonds and borrowings	91,275	199,197
Lease liabilities	29,952	25,751
Other financial liabilities	3,313	2,560
Retirement benefit liability	7,561	7,840
Provisions	3,576	4,913
Deferred tax liabilities	10,222	16,066
Other non-current liabilities	2,925	1,673
Total non-current liabilities	<u>148,826</u>	<u>258,002</u>
Total liabilities	<u>¥ 447,168</u>	<u>¥ 450,271</u>
Equity		
Share capital	¥ 22,414	¥ 23,644
Capital surplus	28,277	29,054
Retained earnings	328,830	355,141
Treasury shares	(68,809)	(44,284)
Other components of equity	28,647	28,982
Total equity attributable to owners of parent	<u>339,360</u>	<u>392,539</u>
Non-controlling interests	3,126	3,359
Total equity	<u>342,486</u>	<u>395,898</u>
Total liabilities and equity	<u>¥ 789,655</u>	<u>¥ 846,169</u>

## (2) Condensed Quarterly Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	Nine months ended 31st December 2021	Nine months ended 31st December 2022
	¥	¥
Revenue	447,947	516,059
Cost of sales	287,890	336,293
Gross profit	160,057	179,766
Selling, general and administrative expenses	82,437	98,698
Share of profit of investments accounted for using equity method	166	338
Other income	3,738	2,675
Other expenses	152	207
Operating profit	81,372	83,873
Finance income	1,491	1,884
Finance costs	3,011	4,313
Profit before tax	79,852	81,444
Income tax expenses	25,255	26,177
Profit	54,596	55,267
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Equity instruments measured at fair value through other comprehensive income	915	366
Remeasurements of defined benefit plans	(18)	4
Total of items that will not be reclassified to profit or loss	896	371
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	2,738	(239)
Cash flow hedges	(989)	292
Share of other comprehensive income of investments accounted for using equity method	50	(7)
Total of items that may be reclassified to profit or loss	1,799	44
Total other comprehensive income, net of tax	2,696	415
Comprehensive income	57,293	55,682
Profit attributable to:		
Owners of parent	54,314	55,033
Non-controlling interests	282	233
Profit	54,596	55,267
Comprehensive income attributable to:		
Owners of parent	57,010	55,449
Non-controlling interests	282	233
Comprehensive income	¥ 57,293	¥ 55,682
Earnings per share		
Basic earnings per share (Yen)	¥ 91.50	¥ 93.09
Diluted earnings per share (Yen)	91.32	93.00



### (3) Condensed Quarterly Consolidated Statement of Changes in Equity

For the nine months ended 31st December 2021

(Millions of yen)

	Equity attributable to owners of parent						Non-controlling interests	Total
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total		
Balance at 1st April 2021	¥ 21,175	¥ 26,696	¥ 278,675	¥ (15,027)	¥ 18,975	¥ 330,495	¥ 2,711	¥ 333,206
Profit	—	—	54,314	—	—	54,314	282	54,596
Other comprehensive income	—	—	—	—	2,696	2,696	—	2,696
Total comprehensive income	—	—	54,314	—	2,696	57,010	282	57,293
Dividends	—	—	(22,649)	—	—	(22,649)	—	(22,649)
Purchase of treasury shares	—	(132)	—	(60,002)	—	(60,135)	—	(60,135)
Disposal of treasury shares	—	737	—	4,348	—	5,086	—	5,086
Share-based payment transactions	1,239	33	—	—	—	1,272	—	1,272
Transfer from retained earnings to capital surplus	—	141	(141)	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	(15)	—	15	—	—	—
Other	—	—	—	—	(44)	(44)	(0)	(45)
Total transactions with owners, etc.	1,239	779	(22,806)	(55,654)	(29)	(76,470)	(0)	(76,470)
Balance at 31st December 2021	¥ 22,414	¥ 27,476	¥ 310,183	¥ (70,681)	¥ 21,642	¥ 311,035	¥ 2,993	¥ 314,028

For the nine months ended 31st December 2022

(Millions of yen)

	Equity attributable to owners of parent						Non-controlling interests	Total
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total		
Balance at 1st April 2022	¥ 22,414	¥ 28,277	¥ 328,830	¥ (68,809)	¥ 28,647	¥ 339,360	¥ 3,126	¥ 342,486
Profit	—	—	55,033	—	—	55,033	233	55,267
Other comprehensive income	—	—	—	—	415	415	—	415
Total comprehensive income	—	—	55,033	—	415	55,449	233	55,682
Dividends	—	—	(25,396)	—	—	(25,396)	—	(25,396)
Purchase of treasury shares	—	(12)	—	(500)	—	(512)	—	(512)
Disposal of treasury shares	—	(2,706)	—	25,026	—	22,319	—	22,319
Share-based payment transactions	1,229	294	—	—	—	1,524	—	1,524
Transfer from retained earnings to capital surplus	—	3,201	(3,201)	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	(29)	—	29	—	—	—
Other	—	—	(95)	—	(110)	(205)	—	(205)
Total transactions with owners, etc.	1,229	777	(28,723)	24,525	(80)	(2,270)	—	(2,270)
Balance at 31st December 2022	¥ 23,644	¥ 29,054	¥ 355,141	¥ (44,284)	¥ 28,982	¥ 392,539	¥ 3,359	¥ 395,898

**(4) Condensed Quarterly Consolidated Statement of Cash Flows**

	(Millions of yen)	
	Nine months ended 31st December 2021	Nine months ended 31st December 2022
Cash flows from operating activities		
Profit before tax	¥ 79,852	¥ 81,444
Depreciation and amortization	31,093	33,609
Loss (gain) on sale and retirement of fixed assets	(2,871)	(2,089)
Finance income	(1,491)	(1,884)
Finance costs	3,011	4,313
Share of loss (profit) of investments accounted for using equity method	(166)	(338)
Decrease (increase) in trade and other receivables	38,598	42,741
Decrease (increase) in contract assets	(25,504)	(29,287)
Decrease (increase) in inventories	353	45
Decrease (increase) in prepaid expenses	(2,500)	(3,414)
Increase (decrease) in trade and other payables	(8,213)	(9,099)
Increase (decrease) in contract liabilities	(2,596)	(1,608)
Increase (decrease) in accrued expenses	6,263	3,407
Increase (decrease) in liabilities relating to trust-type employee stock ownership incentive plan	(12,401)	378
Increase (decrease) in provision for loss on orders received	(8)	180
Increase (decrease) in accounts payable - bonuses	(10,579)	(10,909)
Decrease (increase) in retirement benefit asset	(2,039)	(951)
Increase (decrease) in retirement benefit liability	602	276
Other	3,328	10,402
Subtotal	94,732	117,218
Interest and dividends received	1,258	1,467
Interest paid	(693)	(2,145)
Income taxes paid	(21,781)	(40,005)
Net cash provided by operating activities	¥ 73,516	¥ 76,534

	(Millions of yen)	
	Nine months ended 31st December 2021	Nine months ended 31st December 2022
Cash flows from investing activities		
Payments into time deposits	¥ (1,362)	¥ (4,874)
Proceeds from withdrawal of time deposits	1,262	4,795
Purchase of property, plant and equipment	(3,550)	(9,395)
Proceeds from sale of property, plant and equipment	10,380	6,913
Purchase of intangible assets	(26,817)	(30,649)
Purchase of investments	(3,488)	(285)
Proceeds from sale and redemption of investments	75	133
Payments for acquisition of subsidiaries	(68,994)	(8,780)
Payments for loans receivable	(16,221)	—
Purchase of investments in associates or joint ventures	—	(2,991)
Other	(37)	(743)
Net cash used in investing activities	<u>(108,754)</u>	<u>(45,878)</u>
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	116,115	(62,204)
Proceeds from long-term borrowings	3,059	59,785
Repayments of long-term borrowings	(14,799)	(4,385)
Net increase (decrease) in commercial paper	5,000	(5,000)
Proceeds from issuance of bonds	—	64,807
Redemption of bonds	—	(25,000)
Repayments of lease liabilities	(10,040)	(9,637)
Proceeds from sale of treasury shares	5,042	22,215
Purchase of treasury shares	(60,135)	(500)
Dividends paid	(22,635)	(25,352)
Dividends paid to non-controlling interests	(0)	—
Net cash provided by financing activities	<u>21,605</u>	<u>14,726</u>
Effect of exchange rate changes on cash and cash equivalents	925	789
Net increase (decrease) in cash and cash equivalents	(12,706)	46,171
Cash and cash equivalents at beginning of period	<u>153,187</u>	<u>115,610</u>
Cash and cash equivalents at end of period	<u>¥ 140,481</u>	<u>¥ 161,782</u>

## **(5) Notes to Condensed Quarterly 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 2022. 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, 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.

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

For the nine months ended 31st December 2021

	Reportable segment					Adjustments (Note)	Consolidated
	Consulting	Financial IT Solutions	Industrial IT Solutions	IT Platform Services	Total		
	(Millions of yen)						
Revenue							
Revenue from external customers	30,237	225,176	162,150	30,383	447,947	—	447,947
Intersegment revenue or transfers	1,086	3,488	5,208	85,951	95,736	(95,736)	—
Total	31,324	228,665	167,358	116,335	543,683	(95,736)	447,947
Operating profit	8,601	33,482	19,259	16,745	78,089	3,282	81,372
Finance income							1,491
Finance costs							3,011
Profit before tax							79,852

Note: Individual items in adjustment to operating profit of ¥3,282 million include gain on sale of fixed assets in the amount of ¥3,337 million recorded in “other income”.

For the nine months ended 31st December 2022

	Reportable segment					Adjustments (Note)	Consolidated
	Consulting	Financial IT Solutions	Industrial IT Solutions	IT Platform Services	Total		
	(Millions of yen)						
Revenue							
Revenue from external customers	32,845	246,523	200,315	36,375	516,059	—	516,059
Intersegment revenue or transfers	1,236	4,239	6,219	89,470	101,166	(101,166)	—
Total	34,082	250,763	206,535	125,845	617,226	(101,166)	516,059
Operating profit	8,331	37,526	18,412	17,590	81,860	2,013	83,873
Finance income							1,884
Finance costs							4,313
Profit before tax							81,444

Note: Individual items in adjustment to operating profit of ¥2,013 million include gain on sale of fixed assets in the amount of ¥2,238 million recorded in “other income”.

(Earnings per Share)

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

	Nine months ended 31st December 2021	Nine months ended 31st December 2022
	(Millions of yen)	(Millions of yen)
Profit attributable to owners of parent	54,314	55,033
Adjustments of profit	—	—
Profit used for calculation of diluted earnings per share	54,314	55,033
	(Shares)	(Shares)
Weighted-average number of shares of common stock outstanding	593,613,837	591,168,248
Increase in common stock		
Increase from stock options	1,169,559	606,696
Diluted weighted-average number of shares of common stock	594,783,396	591,774,944
	(Yen)	(Yen)
Basic earnings per share	91.50	93.09
Diluted earnings per share	91.32	93.00

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 (2,495,854 shares and 887,208 shares for the nine-month periods ended 31st December, 2021 and 2022, respectively).

(Subsequent Events)

Not applicable.