

Financial Results Presentation

Financial Results for the year ended 31st March, 2023
and Financial Results Forecasts for the year ending 31st March, 2024

Nomura Research Institute, Ltd.

Shingo Konomoto

President & CEO, Chairman, Member of the Board, Representative Director

April 27, 2023



- The comments on the presentation note part are supplementary information on the content of remarks at the financial results briefing and settlement figures.
- Please note that there is no comment on the slide that omitted the explanation at the financial results briefing or the slide without supplementary information.

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Financial Results for FY March 2023

Highlights of Consolidated Financial Results YoY comparison

(JPY million)

	FY Mar. 2022	FY Mar. 2023	Diff.	YoY Change
Revenue	611,634	692,165	80,531	13.2%
Operating Profit	106,218	111,832	5,613	5.3%
Operating Margin	17.4%	16.2%	(1.2P)	
EBITDA Margin	23.9%	22.5%	(1.4P)	
Profit before tax	104,671	108,499	3,827	3.7%
Profit attributable to owners of parent	71,445	76,307	4,861	6.8%
Earnings Per Share	¥120.57	¥128.92	8.35	
Annual Dividends per share	¥40.00	¥45.00	¥5.00	
Dividend payout ratio	33.1%	34.9%	1.8P	
ROE	21.3%	20.7%	(0.6P)	

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- Revenue increased year-on-year by 80.5 billion yen, an increase of 13.2%. This increase includes approximately 24 billion yen in consolidation effect from Core BTS in the US, but excluding that, revenues grew organically by approximately 9%.
- Operating profit for FY March 2023 totaled 111.8 billion yen. Profit increased domestically by approximately 10 billion yen, but decreased overseas by approximately 4 billion yen, resulting in an overall increase of 5.6 billion yen.
- Operating margin was 16.2%, a decrease of 1.2 percentage points year-on-year due to the decline in profit overseas. Domestic profit margin was strong, increasing by 0.6 percentage points as the cost increases explained in the second quarter financial results presentation were absorbed. On the other hand, profit margin overseas was lower than anticipated, declining by approximately 7 percentage points.
- ROE was 20.7%, maintaining a level of around 20%.

Financial Results for FY March 2023 Comparison to Forecasts

(JPY billion)

	FY Mar. 2022	FY Mar. 2023		
	Results	Forecasts*	Results	Diff.
Revenue	611.6	690.0	692.1	2.1
Operating Profit	106.2	115.0	111.8	(3.1)
Operating Margin	17.4%	16.7%	16.2%	(0.5P)
Profit before tax	104.6	113.0	108.4	(4.5)
Profit attributable to owners of parent	71.4	77.0	76.3	(0.6)

* Forecasts on FY Mar. 2023 were published on 30 Jan. 2023.

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- Revenue exceeded forecast by 2.1 billion yen.
- However, operating profit was 3.1 billion yen short of forecast.
- In March 2023, NRI sold off Brierley+Partners, which is located in Dallas, Texas in the US. Expenses arose due to the disposal of all office lease-related right-of-use assets at once. Additionally, provisions for unprofitable projects were in the hundreds of millions of yen at the end of the fiscal year. Excluding the impact of these factors, operating profit for FY March 2023 was approximately 113 billion yen, but this result fell slightly short of forecast.
- Net profit for the year was generally in line with the forecast. This was attributable to an approximately 2 percentage point decrease in tax burden ratio due to implementations of tax policies promoting wage increases and carbon neutrality, among other factors.

Financial Results for FY March 2023

External revenue by segment < Total >

(JPY million)

	FY Mar. 2022	Share	FY Mar. 2023	Share	Diff.	YoY Change
Consulting	42,807	7.0%	46,100	6.7%	3,292	7.7%
Financial IT Solutions	303,635	49.6%	328,576	47.5%	24,941	8.2%
Securities	133,316	21.8%	141,541	20.4%	8,224	6.2%
Insurance	68,894	11.3%	77,039	11.1%	8,145	11.8%
Banking	47,073	7.7%	55,069	8.0%	7,996	17.0%
Other financial	54,351	8.9%	54,926	7.9%	574	1.1%
Industrial IT Solutions	222,583	36.4%	267,190	38.6%	44,606	20.0%
Distribution	68,269	11.2%	70,628	10.2%	2,358	3.5%
Manufacturing, service and other	154,313	25.2%	196,562	28.4%	42,248	27.4%
IT Platform Services	42,607	7.0%	50,298	7.3%	7,690	18.0%
Total	611,634	100.0%	692,165	100.0%	80,531	13.2%

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- In Consulting, revenues slumped overseas but grew domestically, mainly in public sector projects.
- Performance was also strong overall in Financial IT Solutions.
 - In Securities, revenues were strong due to new users of THE STAR and similar factors.
 - In Insurance, there was growth in legacy migration projects for major non-life insurers.
 - In Banking, two banks have decided to implement cloud-based BaaS/Core for our solution which was previously called BANKSTAR, and we are working on the core systems overhauls.
- In Industrial IT Solutions, revenues in distribution increased by 3.5%. Performance was strong in areas such as projects for AI orders at convenience stores and in core systems projects in e-commerce for major distributors.
 - In Manufacturing, service and other, most of the 42.2 billion yen increase in revenue was attributable to overseas business in Australia and the US.
- In IT Platform Services, revenues grew in business for digital workplace (DWP) accompanying remote work, and in cybersecurity-related services.

Financial Results for FY March 2023

External revenue by segment < Total > (supplementary information)

■ Revenue by main client

(JPY million)

	FY Mar. 2022	Share*	FY Mar. 2023	Share*	Diff.	YoY Change
Nomura Holdings	63,025	10.3%	72,921	10.5%	9,895	15.7%

■ Overseas Revenue

(JPY million)

	FY Mar. 2022	Share*	FY Mar. 2023	Share*	Diff.	YoY Change
Overseas Revenue	76,519	12.5%	123,207	17.8%	46,687	61.0%
North America**	12,283	2.0%	38,436	5.6%	26,153	212.9%
Oceania**	57,221	9.4%	75,314	10.9%	18,092	31.6%
Asia, other**	7,015	1.1%	9,456	1.4%	2,440	34.8%

Average Rate : USD ¥112.40
AUD ¥83.05

¥135.51
¥92.66

* Percentage of (total) external sales

** The subsidiary head office location method. Those which could be grouped into countries or regions have been listed as reference values.

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➤ Main client (Nomura Holdings)

- Revenues from Nomura Holdings increased, including from large-scale systems integration projects for Nomura Securities and Nomura Trust and Banking.

➤ Overseas

- Nearly all of the 26.1 billion yen increase in revenues in North America was the consolidation effect of Core BTS.
- In Oceania, revenues increased by 18 billion yen. Approximately 11.5 billion yen of that increase was from higher revenues at the former ASG (name was changed to NRI Australia in February 2023). Revenues also increased significantly at Planit which performs testing, with a contribution from organic growth.

Financial Results for FY March 2023

Segment Performance Results < Total >

■ Including Inter-segment revenue for each segment (Excluding total)

(JPY million)

		FY Mar. 2022	FY Mar. 2023	Diff.	YoY Change
Consulting	Revenue	44,414	47,821	3,407	7.7%
	OP	12,820	12,329	(490)	(3.8%)
	OM	28.9%	25.8%	(3.1P)	
Financial IT Solutions	Revenue	308,376	334,141	25,765	8.4%
	OP	43,877	49,710	5,832	13.3%
	OM	14.2%	14.9%	0.6P	
Industrial IT Solutions	Revenue	229,921	276,031	46,110	20.1%
	OP	25,449	24,429	(1,019)	(4.0%)
	OM	11.1%	8.9%	(2.2P)	
IT Platform Services	Revenue	157,598	169,840	12,242	7.8%
	OP	20,955	23,346	2,391	11.4%
	OM	13.3%	13.7%	0.4P	
Total (After adjustment deduction)	Revenue	611,634	692,165	80,531	13.2%
	OP	106,218	111,832	5,613	5.3%
	OM	17.4%	16.2%	(1.2P)	

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Financial Results for FY March 2023

Segment Performance Results < Domestic >

■ Including Inter-segment revenue for each segment (Excluding total)

(JPY million)

		FY Mar. 2022	FY Mar. 2023	Diff.	YoY Change
Consulting	Revenue	39,641	42,134	2,492	6.3%
	OP	12,157	12,164	6	0.1%
	OM	30.7%	28.9%	(1.8P)	
Financial IT Solutions	Revenue	296,666	321,824	25,157	8.5%
	OP	42,228	49,564	7,336	17.4%
	OM	14.2%	15.4%	1.2P	
Industrial IT Solutions	Revenue	164,731	165,336	605	0.4%
	OP	20,235	21,573	1,338	6.6%
	OM	12.3%	13.0%	0.8P	
IT Platform Services	Revenue	157,225	169,249	12,023	7.6%
	OP	20,933	23,206	2,272	10.9%
	OM	13.3%	13.7%	0.4P	
Total (After adjustment deduction)	Revenue	535,114	568,958	33,843	6.3%
	OP	98,665	108,536	9,870	10.0%
	OM	18.4%	19.1%	0.6P	

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- In Consulting, revenues increased but operating profit remained flat. This was due to large-scale public sector projects with high outsourcing rates contributing to revenue, but with lower profit margins than private sector projects.
- In IT Solutions-related business, profitability improved in both Financial and Industrial IT after fighting off various cost increases, including increases in offshoring and electric power costs.
- In Industrial IT Solutions, sales revenue remained flat, but operating profit steadily increased.
- Overall domestic operating margin was 19.1%, with a 10% increase in total operating profit.

Financial Results for FY March 2023

Segment Performance Results < Overseas >

■ Including Inter-segment revenue for each segment (Excluding total)

(JPY million)

		FY Mar. 2022	FY Mar. 2023	Diff.	YoY Change
Consulting	Revenue	4,772	5,687	914	19.2%
	OP	662	165	(497)	(75.0%)
	OM	13.9%	2.9%	(11.0P)	
Financial IT Solutions	Revenue	11,710	12,317	607	5.2%
	OP	1,649	145	(1,503)	(91.2%)
	OM	14.1%	1.2%	(12.9P)	
Industrial IT Solutions	Revenue	65,189	110,694	45,504	69.8%
	OP	5,214	2,856	(2,357)	(45.2%)
	OM	8.0%	2.6%	(5.4P)	
IT Platform Services	Revenue	372	590	218	58.7%
	OP	21	140	118	547.0%
	OM	5.8%	23.7%	17.9P	
Total (After adjustment deduction)	Revenue	76,519	123,207	46,687	61.0%
	OP	7,553	3,295	(4,257)	(56.4%)
	OM	9.9%	2.7%	(7.2P)	

Note: Revenue and operating profit for overseas subsidiaries in each segment are listed. These figures do not include global-related expenses borne by head office. 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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- In Consulting, operating margin decreased year-on-year, with decreases particularly in Shanghai and India which carry high weight. Lockdowns had an impact in Shanghai.
- In Financial IT Solutions, operating profit decreased by 1.5 billion yen. The decrease was particularly attributable to lower profitability at AUSIEX due to the impact of a downturn in the stock market in addition to business reorganization expenses that were recorded. Investments are also being made to change the solution engine at AUSIEX to I-STAR, and an expanded lineup of services is expected to bring in new clients going forward.
- In Industrial IT Solutions, operating profit decreased by 2.3 billion yen. The decrease in North America was more than 3 billion yen. Profit increased in Australia. More than half of the decrease in North America was from Core BTS, and Brierley+Partners recorded a loss of approximately 1 billion yen. Brierley+Partners was sold off in March and will not have any impact on performance in the next fiscal year.
- Overall, overseas operating profit decreased by 4.2 billion yen. Increased PPA depreciation/amortization in North America accounted for 2.6 billion yen of the decrease. Amortization of intangible assets peaked during FY March 2023, and will be decreasing from FY March 2024 onward.
- Excluding amortization of intangible assets, operating margin in Australia was around 8%, and North America broke even.
- Operating margin in Australia (before PPA depreciation/amortization) recovered to around 10% in the fourth quarter.
- We see this as returning to normal cruising speed in FY March 2024.

Financial Results for FY March 2023

Analysis of increase and decrease factors

- Main factors for increases and decreases in external sales and operating profit by segment are as Follows.

(Key) (+) Increase factors, (-) Decrease factors

Segment		External revenue	Operating profit
Consulting		(+) Consulting projects for the public sector	(-) Lower profitability overseas
Financial IT Solutions	Securities	(+) Shared online services implementation projects (+) System development projects for major securities brokerages	(+) Higher profits due to increased revenue effects (+) Contribution from an increase in system management solutions (-) Lower profitability of AUSIEX in Australia
	Insurance	(+) Systems development for non-life and life insurance	
	Banking	(+) Shared online services implementation projects	
	Other financial, etc.		
Industrial IT Solutions	Distribution	(+) Consolidation effect of Core BTS in the US (approx. ¥2.0 billion)	(+) Improved profitability in Japan (-) Lower profitability in the US
	Manufacturing & services, etc.	(+) Business in Australia (+) Consolidation effect of Core BTS in the US (approx. ¥22.0billion)	
IT Platform Services		(+) Digital workplace business (+) Information security business	(+) Higher profits due to increased revenue effects

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Financial Results for FY March 2023

Consolidated P/L Highlight < Total >

(JPY million)

	FY Mar. 2022	FY Mar. 2023	Diff.	YoY Change
Revenue	611,634	692,165	80,531	13.2%
Cost of Sales	395,562	452,336	56,773	14.4%
Subcontracting Costs	194,766	214,166	19,399	10.0%
Gross Profit	216,071	239,829	23,757	11.0%
Gross Profit Margin	35.3%	34.6%	(0.7P)	
SG&A	113,536	131,580	18,043	15.9%
Other Income & Other Expenses, etc.	3,683	3,583	(100)	(2.7%)
Operating Profit	106,218	111,832	5,613	5.3%
Operating Margin	17.4%	16.2%	(1.2P)	

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- Gross profit margin fell by 0.7 percentage points. This was mainly the result of factors such as an increased proportion of business in Australia, where labor cost ratio is high. Please note that labor cost ratio for NRI on a non-consolidated basis improved by 0.2 percentage points from 34.9% to 35.1%.

Financial Results for FY March 2023

Consolidated P/L Highlight < Total > (continued)

(JPY million)

	FY Mar. 2022	FY Mar. 2023	Diff.	YoY Change
Operating Profit	106,218	111,832	5,613	5.3%
Finance Income & Finance Costs	(1,547)	(3,333)	(1,786)	115.4%
Profit before tax	104,671	108,499	3,827	3.7%
Income tax expenses	32,878	32,002	(875)	(2.7%)
Profit attributable to owners of parent	71,445	76,307	4,861	6.8%

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Key Factors in Financial Results for FY March 2023

■ Higher income with +13.2% in revenue

- Domestically, progress was made in new client acquisitions for financial business platforms and in DX projects for social issue solutions consulting, information security consulting, etc.
- Overseas, we achieved more than 120 billion yen in sales which far exceeded the Vision 2022 target, driven by business growth in Australia and North America

■ +5.3% in operating profit

- Domestically, profitability increased as a result of advancements in efficiency measures such as acquiring larger-scale clients in industrial IT as well, in addition to the above revenue effects
- Overseas, profitability declined in North America but is now trending toward recovery as measures are already being implemented

All Vision 2022 targets were achieved, now on to the next growth stage

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Financial Results Forecasts for FY March 2024

Order Backlog by Segment (Outstanding)

(JPY million)

	At end of Mar. 2022	At end of Mar. 2023	Diff.	YoY Change
Consulting	8,789	11,929	3,140	35.7%
Financial IT Solutions	198,391	212,716	14,324	7.2%
Industrial IT Solutions	123,402	130,186	6,784	5.5%
IT Platform Services	17,800	21,283	3,483	19.6%
Total	348,384	376,116	27,732	8.0%
Order backlog in the current FY	340,630	366,056	25,426	7.5%

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- Order backlog is strong, with an 8% increase year-on-year at the end of March 2023 and a year-on-year increase of 7.5% in the portion to be recorded as revenue in FY March 2024.

Order Backlog by Segment (Domestic/International)

■ Order backlog domestically

(JPY million)

	At end of Mar. 2022	At end of Mar. 2023	Diff.	YoY Change
Consulting	8,350	10,868	2,518	30.2%
Financial IT Solutions	192,607	207,484	14,877	7.7%
Industrial IT Solutions	74,931	81,519	6,587	8.8%
IT Platform Services	17,800	21,283	3,483	19.6%
Total	293,689	321,156	27,467	9.4%

■ Order backlog of overseas subsidiaries

(JPY million)

	At end of Mar. 2022	At end of Mar. 2023	Diff.	YoY Change
Overseas subsidiaries*	54,694	54,959	265	0.5%

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

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■ Domestic portion:

- In Consulting, order backlog is robust, with a 30.2% increase year-on-year. There was a large order for over a billion yen received in March 2023, but this is for a project with a two-year contract. Even limiting order backlog to the one-year portion corresponding to FY March 2024, backlog still increased by 10.8% year-on-year.
- In Financial IT Solutions, order backlog was strong across the board in Securities, Insurance, and Banking.
- Order backlog was also strong in Industrial IT Solutions.
- In IT Platform Services, order backlog was strong with an increase of 19.6% year-on-year. In-housing projects for foreign financial institutions contributed to this increase.

■ Overseas portion:

- In Australia, order backlog increased by approximately 4 billion yen year-on-year. On the other hand, it decreased by the same amount at Core BTS in North America. As a result, overseas order backlog was mostly unchanged year-on-year.
- Core BTS is expected to show a full-scale recovery in business performance starting in the summer, with circumstances remaining harsh in the first quarter.

Financial Results Forecasts for FY March 2024

Forecasts for FY March 2024

(JPY billion)

	FY Mar. 2023 (Results)	FY Mar. 2024 (Forecasts)	Diff.	YoY Change
Revenue	692.1	720.0	27.8	4.0%
Operating Profit	111.8	117.0	5.1	4.6%
Operating Margin	16.2%	16.3%	0.1P	
Profit before tax	108.4	115.0	6.5	6.0%
Profit attributable to owners of parent	76.3	78.0	1.6	2.2%
Earnings Per Share	¥128.92	¥131.83	¥2.90	2.3%
Annual Dividends per share	¥45.00	¥48.00	¥3.00	
Second quarter	¥22.00	¥24.00	¥2.00	
Fiscal year end	¥23.00	¥24.00	¥1.00	
Dividend payout ratio	34.9%	36.4%	1.5P	

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- We are forecasting a 4.0% year-on-year revenue increase FY March 2024. This might appear conservative next to the 8% increase in order backlog at the end of March, but this was forecast in light of the current situation with increasing uncertainty in the economic and financial climate.
- The forecast could be revised mid-year if revenues add up smoothly in line with order backlog.
- We are planning to increase the full-year dividend by 3 yen to 48 yen.
- Our financial strategy will be explained again in the Medium-Term Management Plan (2023-2025).

Financial Results Forecasts for FY March 2024

Revenue Forecasts by Segment for FY March 2024

(JPY billion)

	FY Mar. 2023 (Results)	Share	FY Mar. 2024 (Forecasts)	Share	Diff.	YoY Change
Consulting	46.1	6.7%	48.0	6.7%	1.8	4.1%
Financial IT Solutions	328.5	47.5%	334.0	46.4%	5.4	1.7%
Securities	141.5	20.4%	142.0	19.7%	0.4	0.3%
Insurance	77.0	11.1%	78.0	10.8%	0.9	1.2%
Banking	55.0	8.0%	57.0	7.9%	1.9	3.5%
Other financial	54.9	7.9%	57.0	7.9%	2.0	3.8%
Industrial IT Solutions	266.7	38.5%	285.0	39.6%	18.2	6.9%
Distribution	70.6	10.2%	73.0	10.1%	2.3	3.4%
Manufacturing, service and other	196.0	28.3%	212.0	29.4%	15.9	8.1%
IT Platform Services	48.1	7.0%	50.0	6.9%	1.8	3.8%
Other	2.6	0.4%	3.0	0.4%	0.3	14.9%
Total	692.1	100.0%	720.0	100.0%	27.8	4.0%

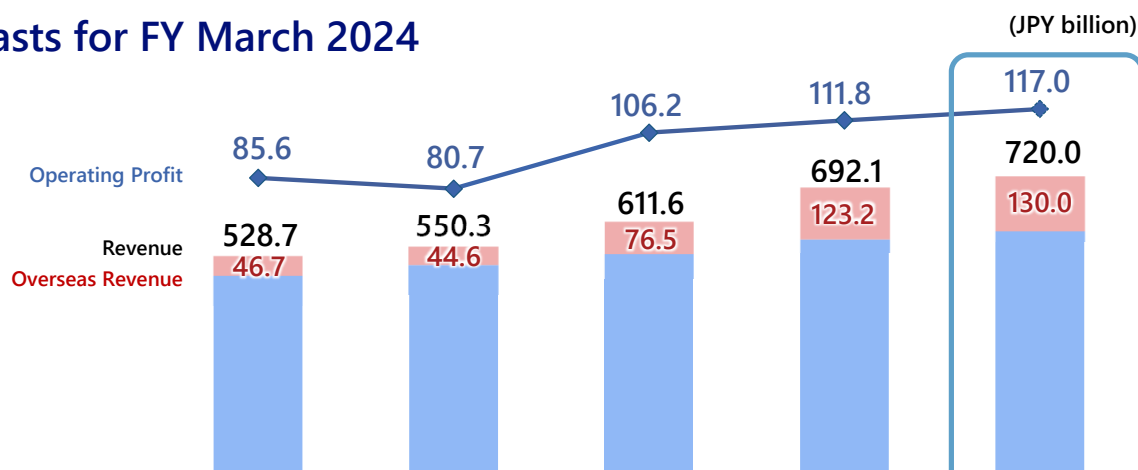
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- When broken down into segments, the growth rates of our revenue forecasts for Consulting and Financial IT are low compared to order backlog growth rate. These forecasts could be exceeded if there are no major problems in the financial landscape or other such circumstances.
- In Industrial IT Solutions, 6 to 7 billion yen of the forecasted 15.9 billion yen increase in Manufacturing, service and other is overseas. We are forecasting a recovery in our overseas business from the second half onward.
- This is the first time that we have listed an “Others” segment. Some of the business done by our domestic subsidiaries involves seed-planting and preparatory work to create and grow DX projects that involve a high level of challenge, which are not included in our four main segments. These have been consolidated into “Others.”

Financial Results Forecasts for FY March 2024

Forecasts for FY March 2024



	FY March 2020 (Results)	FY March 2021 (Results)	FY March 2022 (Results)	FY March 2023 (Results)	FY March 2024 (Forecasts)
Revenue	528.7	550.3	611.6	692.1	720.0
Operating Profit	85.6	80.7	106.2	111.8	117.0
Operating Margin	16.2%	14.7%	17.4%	16.2%	16.3%
Overseas Revenue	46.7	44.6	76.5	123.2	130.0**

*Overseas revenue shown through March 2020 is based on the location of the clients, and from FY March 2021 onward based on the location of the head office of each subsidiary

** FY Mar.2024 Forecast Rate: USD ¥132.71, AUD ¥89.62

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- We are aiming for 130 billion yen in overseas sales in FY March 2024. This figure is organic-based and does not include external growth.
- In North America, we may conduct M&A if there are opportunities, but there are no promising targets in the pipeline at this time.

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Acquisition of Treasury Stock

- Implemented to increase capital efficiency and as part of a nimble equity policy that addresses changes in the business environment

< Outline of acquisition >

Total number of shares to be acquired	Up to 20,000,000 shares * Percentage of total number of issued shares (excluding treasury stock) : 3.38%
Total acquisition price for shares	Up to ¥50.0 billion
Acquisition period	May 17, 2023 to November 30, 2023
Acquisition method	Market purchase based on discretionary trading pertaining to acquisition of treasury stock

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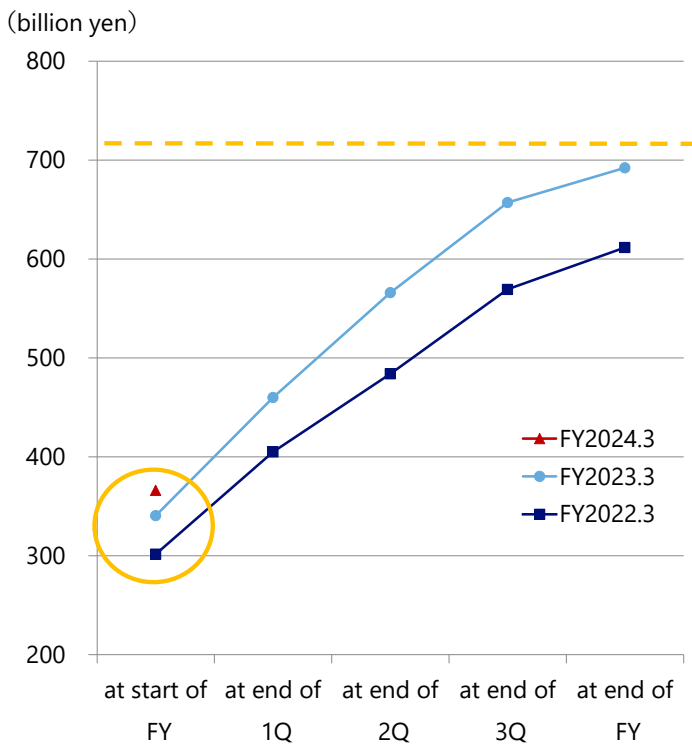
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- As shown in the slide, we will conduct a market purchase of up to 50 billion yen in treasury shares.
- Separately from that purchase, it was disclosed today that the “Trust-type Employee Stock Ownership Incentive Plan (E-Ship)” will be arranged to be linked with the Medium-Term Management Plan.
Up to 18 billion yen in shares will be purchased on the market through a trust account from June through July.

- 01 Financial Results for FY March 2023
- 02 Financial Results Forecasts for FY March 2024
- 03 Capital Policy
- 04 Reference Materials

Reference Materials

Revenue + Consolidated Order Backlog in the current FY



(JPY billion)

	FY Mar.2023	FY Mar.2024	YoY Change
Revenue*	692.1	720.0	+4.0%
Order Backlog**	340.6	366.0	+7.5%
Realization rate	49.2%	50.8%	1.6P

(*) FY Mar.2023: Results, FY Mar. 2024: Forecasts

(**) The figure at the start of FY Mar. 2024

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Reference Materials

Revenue by Service < Total >

(JPY million)

	FY Mar. 2022	FY Mar. 2023	Diff.	YoY Change
Consulting Services	125,460	156,582	31,122	24.8%
System Development & System Application Sales	196,000	211,512	15,512	7.9%
System Management & Operation Services	272,903	292,874	19,970	7.3%
Product Sales	17,269	31,195	13,925	80.6%
Total	611,634	692,165	80,531	13.2%

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Reference Materials

Order Volume < Total >

(JPY million)

	FY Mar. 2022	FY Mar. 2023	Diff.	YoY Change
Consulting	44,513	49,189	4,676	10.5%
Financial IT Solutions	317,037	342,201	25,164	7.9%
Industrial IT Solutions	241,058	266,947	25,889	10.7%
IT Platform Services	45,126	53,781	8,654	19.2%
Total	647,735	712,120	64,385	9.9%

Note : Order volume had previously included exchange rate impact arising due to order backlog at the start of the fiscal year, but we have switched to a method that does not include this impact starting in FY March 2023. Figures for FY March 2022 were also prepared using this method.

Order Volume < Total > (Domestic/Overseas)

■ Order volume domestically

(JPY million)

	FY Mar. 2022	FY Mar. 2023	Diff.	YoY Change
Consulting	40,665	43,812	3,147	7.7%
Financial IT Solutions	302,696	333,959	31,263	10.3%
Industrial IT Solutions	160,067	165,462	5,394	3.4%
IT Platform Services	44,754	53,190	8,436	18.9%
Total	548,182	596,425	48,243	8.8%

■ Order volume of overseas subsidiaries

(JPY million)

	FY Mar. 2022	FY Mar. 2023	Diff.	YoY Change
Overseas subsidiaries*	99,552	115,695	16,142	16.2%

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

Reference Materials

Cash Flow < Full Year >

	(JPY million)		
	FY Mar. 2022	FY Mar. 2023	YoY Change
Operating activities	98,137	118,899	21.2%
Investing activities	(130,547)	(61,190)	(53.1%)
(Except Cash management purpose)	(130,472)	(60,683)	(53.5%)
Free Cash Flow	(32,410)	57,709	—
(Except Cash management purpose)	(32,335)	58,215	—
Financing activities	(7,995)	(44,921)	461.8%
Net increase in Cash and cash equivalents	(37,576)	13,646	—
(Except Cash management purpose)	(37,501)	14,153	—
Cash and cash equivalents at end of year	115,610	129,257	11.8%
Cash and cash equivalents + Cash Management purpose investment	117,368	131,235	11.8%

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Reference Materials

Balance Sheet < Full Year >

(JPY million)

	FY Mar. 2022	FY Mar. 2023	Diff.	YoY Change
Assets	789,655	838,224	48,568	6.2%
Cash and cash equivalents, etc. (a)	117,368	131,235	13,866	11.8%
Goodwill and intangible assets	210,744	237,283	26,539	12.6%
Of which, Goodwill from M&A, etc.	132,636	137,804	5,168	3.9%
Software	77,966	99,365	21,398	27.4%
Liabilities	447,168	435,817	(11,351)	(2.5%)
Interest-bearing liabilities (b)	209,627	205,823	(3,803)	(1.8%)
Equity	342,486	402,406	59,919	17.5%
Total equity attributable to owners of parent (c)	339,360	399,006	59,645	17.6%
Net interest-bearing liabilities (d=b-a)	92,259	74,588	(17,670)	(19.2%)
Net D/E ratio (e=d/c)	0.27	0.19	(0.08)	

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Reference Materials

Highlights of Consolidated Financial Results < 4Q > YoY comparison

(JPY million)

	4Q FY Mar. 2022 (Jan.-Mar.)	4Q FY Mar. 2023 (Jan.-Mar.)	Diff.	YoY Change
Revenue	163,686	176,106	12,419	7.6%
Operating Profit	24,846	27,958	3,112	12.5%
Operating Margin	15.2%	15.9%	0.7P	
EBITDA Margin	22.2%	22.7%	0.5P	
Profit before tax	24,818	27,054	2,235	9.0%
Profit attributable to owners of parent	17,130	21,273	4,142	24.2%

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Reference Materials

Highlights of Consolidated Financial Results < 4Q >

(JPY million)

	4Q FY Mar. 2022 (Jan.-Mar.)	Share	4Q FY Mar. 2023 (Jan.-Mar.)	Share	Diff.	YoY Change
Consulting	12,570	7.7%	13,255	7.5%	684	5.4%
Financial IT Solutions	78,459	47.9%	82,053	46.6%	3,594	4.6%
Securities	35,230	21.5%	34,439	19.6%	(791)	(2.2%)
Insurance	18,496	11.3%	19,500	11.1%	1,003	5.4%
Banking	11,749	7.2%	14,659	8.3%	2,910	24.8%
Other financial	12,982	7.9%	13,454	7.6%	472	3.6%
Industrial IT Solutions	60,433	36.9%	66,874	38.0%	6,441	10.7%
Distribution	17,582	10.7%	17,960	10.2%	378	2.2%
Manufacturing, Service and other	42,851	26.2%	48,913	27.8%	6,062	14.1%
IT Platform Services	12,223	7.5%	13,922	7.9%	1,699	13.9%
Total	163,686	100.0%	176,106	100.0%	12,419	7.6%

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Reference Materials

External Revenue by segment < 4Q > (supplementary information)

■ Revenue by main client

(JPY million)

	4Q FY Mar. 2022 (Jan.-Mar.)	Share*	4Q FY Mar. 2023 (Jan.-Mar.)	Share*	Diff.	YoY Change
Nomura Holdings	16,889	10.3%	17,691	10.0%	802	4.8%

■ Overseas Revenue

(JPY million)

	4Q FY Mar. 2022 (Jan.-Mar.)	Share*	4Q FY Mar. 2023 (Jan.-Mar.)	Share*	Diff.	YoY Change
Overseas Revenue	24,790	15.1%	29,489	16.7%	4,699	19.0%
North America**	7,773	4.7%	9,402	5.3%	1,628	20.9%
Oceania**	15,031	9.2%	17,462	9.9%	2,430	16.2%
Asia, other**	1,984	1.2%	2,624	1.5%	639	32.2%

* Percentage of (total) external sales

** The subsidiary head office location method. Those which could be grouped into countries or regions have been listed as reference values.

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Reference Materials

Segment Performance Results < 4Q >

■ Including Inter-segment revenue for each segment

(JPY million)

		4Q FY Mar. 2022 (Jan.-Mar.)	4Q FY Mar. 2023 (Jan.-Mar.)	Diff.	YoY Change
Consulting	Revenue	13,089	13,739	649	5.0%
	OP	4,218	3,998	(219)	(5.2%)
	OM	32.2%	29.1%	(3.1P)	
Financial IT Solutions	Revenue	79,711	83,378	3,667	4.6%
	OP	10,395	12,184	1,788	17.2%
	OM	13.0%	14.6%	1.6P	
Industrial IT Solutions	Revenue	62,562	69,496	6,933	11.1%
	OP	6,189	6,017	(172)	(2.8%)
	OM	9.9%	8.7%	(1.2P)	
IT Platform Services	Revenue	41,262	43,994	2,732	6.6%
	OP	4,209	5,756	1,546	36.7%
	OM	10.2%	13.1%	2.9P	
Total (After adjustment deduction)	Revenue	163,686	176,106	12,419	7.6%
	OP	24,846	27,958	3,112	12.5%
	OM	15.2%	15.9%	0.7P	

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Segment Performance Results < 4Q > < Domestic >

■ Including Inter-segment revenue for each segment

(JPY million)

		4Q FY Mar. 2022 (Jan.-Mar.)	4Q FY Mar. 2023 (Jan.-Mar.)	Diff.	YoY Change
Consulting	Revenue	11,585	11,964	379	3.3%
	OP	3,762	3,710	(51)	(1.4%)
	OM	32.5%	31.0%	(1.5P)	
Financial IT Solutions	Revenue	76,814	80,480	3,665	4.8%
	OP	10,206	11,854	1,648	16.1%
	OM	13.3%	14.7%	1.4P	
Industrial IT Solutions	Revenue	40,667	43,331	2,663	6.5%
	OP	4,455	5,806	1,350	30.3%
	OM	11.0%	13.4%	2.4P	
IT Platform Services	Revenue	41,151	43,851	2,699	6.6%
	OP	4,170	5,742	1,572	37.7%
	OM	10.1%	13.1%	3.0P	
Total (After adjustment deduction)	Revenue	138,895	146,616	7,720	5.6%
	OP	22,427	27,116	4,689	20.9%
	OM	16.1%	18.5%	2.3P	

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Segment Performance Results < 4Q > <Overseas>

■ Including Inter-segment revenue for each segment

(JPY million)

		4Q FY Mar. 2022 (Jan.-Mar.)	4Q FY Mar. 2023 (Jan.-Mar.)	Diff.	YoY Change
Consulting	Revenue	1,504	1,774	269	17.9%
	OP	456	287	(168)	(37.0%)
	OM	30.3%	16.2%	(14.1P)	
Financial IT Solutions	Revenue	2,896	2,898	1	0.0%
	OP	188	329	140	74.7%
	OM	6.5%	11.4%	4.9P	
Industrial IT Solutions	Revenue	21,894	26,165	4,270	19.5%
	OP	1,733	210	(1,523)	(87.9%)
	OM	7.9%	0.8%	(7.1P)	
IT Platform Services	Revenue	111	143	32	28.9%
	OP	39	13	(26)	(65.8%)
	OM	35.6%	9.4%	(26.1P)	
Total (After adjustment deduction)	Revenue	24,790	29,489	4,699	19.0%
	OP	2,419	841	(1,577)	(65.2%)
	OM	9.8%	2.9%	(6.9P)	

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Analysis of increase and decrease factors < 4Q >

- Main factors for increases and decreases in external sales and operating profit by segment are as Follows.

(Key) (+) Increase factors, (-) Decrease factors

Segment		External revenue	Operating profit
Consulting		(+) Consulting projects for the public sector	(-) Lower profitability overseas
Financial IT Solutions	Securities		(+) Higher profits due to increased revenue effects (+) Contribution from an increase in system management solutions
	Insurance	(+) Systems development for non-life insurance	
	Banking	(+) Shared online services implementation projects	
	Other financial, etc.		
Industrial IT Solutions	Distribution		(-) Lower profitability in the US
	Manufacturing & services, etc.	(+) Business in Australia (+) Systems development for services	
IT Platform Services		(+) Digital workplace business (+) Information security business	(+) Higher profits due to increased revenue effects

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Revenue by Service < 4Q >

(JPY million)

	4Q FY Mar. 2022 (Jan.-Mar.)	4Q FY Mar. 2023 (Jan.-Mar.)	Diff.	YoY Change
Consulting Services	38,641	40,124	1,483	3.8%
System Development & System Application Sales	49,367	52,812	3,445	7.0%
System Management & Operation Services	69,080	75,335	6,255	9.1%
Product Sales	6,597	7,833	1,235	18.7%
Total	163,686	176,106	12,419	7.6%

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Consolidated P/L Highlight < 4Q >

(JPY million)

	4Q FY Mar. 2022 (Jan.-Mar.)	4Q FY Mar. 2023 (Jan.-Mar.)	Diff.	YoY Change
Revenue	163,686	176,106	12,419	7.6%
Cost of Sales	107,672	116,042	8,370	7.8%
Subcontracting Costs	52,882	55,528	2,645	5.0%
Gross Profit	56,014	60,063	4,048	7.2%
Gross Profit Margin	34.2%	34.1%	(0.1P)	
SG&A	31,099	32,881	1,782	5.7%
Other Income & Other Expenses, etc.	(68)	777	845	—
Operating Profit	24,846	27,958	3,112	12.5%
Operating Margin	15.2%	15.9%	0.7P	

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Consolidated P/L Highlight < 4Q > (continued)

(JPY million)

	4Q FY Mar. 2022 (Jan.-Mar.)	4Q FY Mar. 2023 (Jan.-Mar.)	Diff.	YoY Change
Operating Profit	24,846	27,958	3,112	12.5%
Finance Income & Finance Costs	(27)	(903)	(876)	—
Profit before tax	24,818	27,054	2,235	9.0%
Income tax expenses	7,622	5,825	(1,796)	(23.6%)
Profit attributable to owners of parent	17,130	21,273	4,142	24.2%

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Order Volume by Segment < 4Q >

(JPY million)

	4Q FY Mar. 2022 (Jan.-Mar.)	4Q FY Mar. 2023 (Jan.-Mar.)	Diff.	YoY Change
Consulting	11,283	13,479	2,195	19.5%
Financial IT Solutions	198,223	214,057	15,833	8.0%
Industrial IT Solutions	124,749	130,704	5,955	4.8%
IT Platform Services	20,195	23,651	3,455	17.1%
Total	354,452	381,893	27,440	7.7%

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Order Volume by Segment < 4Q > (Domestic/Overseas)

■ Order volume domestically

(JPY million)

	4Q FY Mar. 2022 (Jan.-Mar.)	4Q FY Mar. 2023 (Jan.-Mar.)	Diff.	YoY Change
Consulting	10,244	11,598	1,353	13.2%
Financial IT Solutions	191,881	209,015	17,134	8.9%
Industrial IT Solutions	80,576	86,299	5,723	7.1%
IT Platform Services	20,084	23,507	3,423	17.0%
Total	302,786	330,420	27,634	9.1%

■ Order volume of overseas subsidiaries

(JPY million)

	4Q FY Mar. 2022 (Jan.-Mar.)	4Q FY Mar. 2023 (Jan.-Mar.)	Diff.	YoY Change
Overseas subsidiaries*	51,666	51,472	(194)	(0.4%)

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

Reference Materials

FY March 2024 Financial Results Forecasts < 1H/2H >

		(JPY billion)			
■ 1H		FY Mar. 2023 (Results)	FY Mar. 2024 (Forecasts)	Diff.	YoY Change
	Revenue	339.0	350.0	10.9	3.2%
	Operating Profit	55.2	56.0	0.7	1.3%
	Operating Margin	16.3%	16.0%	(0.3P)	
	Profit before income tax	53.7	55.0	1.2	2.3%
	Profit attributable to owners of parent	35.8	37.0	1.1	3.2%
		(JPY billion)			
■ 2H		FY Mar. 2023 (Results)	FY Mar. 2024 (Forecasts)	Diff.	YoY Change
	Revenue	353.1	370.0	16.8	4.8%
	Operating Profit	56.5	61.0	4.4	7.8%
	Operating Margin	16.0%	16.5%	0.5P	
	Profit before income tax	54.7	60.0	5.2	9.6%
	Profit attributable to owners of parent	40.4	41.0	0.5	1.4%

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Revenue Forecasts by Segment for FY March 2024 < 1H/2H >

(JPY billion)

	FY Mar. 2023 1H (Results)	Share	FY Mar. 2024 1H (Forecasts)	Share	Diff.	YoY Change
■ 1H						
Consulting	20.2	6.0%	21.0	6.0%	0.7	3.7%
Financial IT Solutions	161.8	47.7%	164.0	46.9%	2.1	1.3%
Securities	69.5	20.5%	70.0	20.0%	0.4	0.6%
Insurance	38.2	11.3%	39.0	11.1%	0.7	2.0%
Banking	26.0	7.7%	27.0	7.7%	0.9	3.5%
Other financial	27.9	8.2%	28.0	8.0%	0.0	0.3%
Industrial IT Solutions	133.5	39.4%	141.0	40.3%	7.4	5.6%
Distribution	35.2	10.4%	36.0	10.3%	0.7	2.2%
Manufacturing, service and other	98.2	29.0%	105.0	30.0%	6.7	6.8%
IT Platform Services	22.3	6.6%	22.5	6.4%	0.1	0.8%
Other	1.1	0.3%	1.5	0.4%	0.3	30.4%
Total	339.0	100.0%	350.0	100.0%	10.9	3.2%
■ 2H						
Consulting	25.8	7.3%	27.0	7.3%	1.1	4.4%
Financial IT Solutions	166.7	47.2%	170.0	45.9%	3.2	1.9%
Securities	71.9	20.4%	72.0	19.5%	0.0	0.1%
Insurance	38.8	11.0%	39.0	10.5%	0.1	0.5%
Banking	28.9	8.2%	30.0	8.1%	1.0	3.5%
Other financial	26.9	7.6%	29.0	7.8%	2.0	7.4%
Industrial IT Solutions	133.2	37.7%	144.0	38.9%	10.7	8.1%
Distribution	35.3	10.0%	37.0	10.0%	1.6	4.5%
Manufacturing, service and other	97.8	27.7%	107.0	28.9%	9.1	9.4%
IT Platform Services	25.8	7.3%	27.5	7.4%	1.6	6.5%
Other	1.4	0.4%	1.5	0.4%	0.0	2.6%
Total	353.1	100.0%	370.0	100.0%	16.8	4.8%

Note : As a results of changes to segments carried out in April 2023, the figures for FY Mar. 2024 have been restated to reflect the new segment classification.

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CAPEX, R&D and Depreciation Forecasts for FY March 2024

■ Capital Expenditure, R&D

(JPY billion)

	FY Mar. 2023 (Results)	FY Mar. 2024 (Forecasts)	Diff.	YoY Change
Capital Expenditure	58.5	56.0	(2.5)	(4.4%)
Tangible	15.6	13.0	(2.6)	(16.8%)
Intangible	42.9	43.0	0.0	0.2%
R&D Expenses	4.9	5.0	0.1	2.0%

■ Depreciation and Amortization

(JPY billion)

	FY Mar. 2023 (Results)	FY Mar. 2024 (Forecasts)	Diff.	YoY Change
Total	45.0	52.0	6.9	15.3%

Reference Materials

Forecasts for FY March 2024 < Consolidated Earnings Model >

- FY March 2024 Consolidated Earnings Model
- Revenue of JPY720 billion and Operating profit of JPY117 billion

(JPY billion)

	FY Mar. 2022 (Results)	FY Mar. 2023 (Results)	FY Mar. 2024 (Forecasts)*	YoY	
				Diff.	Change
Revenue	611.6	692.1	720.0	27.8	4.0%
Cost of Sales	395.5	452.3	467.0	14.6	3.2%
Personnel	134.9	162.0	169.0	6.9	4.3%
Subcontracting Costs	194.7	214.1	218.0	3.8	1.8%
Depreciation	33.3	33.5	38.0	4.4	13.2%
Gross Profit	216.0	239.8	253.0	13.1	5.5%
Gross Profit Margin	35.3%	34.6%	35.1%	0.5P	
SG&A	113.5	131.5	136.0	4.4	3.4%
Operating Profit	106.2	111.8	117.0	5.1	4.6%
Operating Margin	17.4%	16.2%	16.3%	0.1P	

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DX-related index

■ Main DX-related business in FY March 2023

- Social issues consulting, DX consulting, Data analytics
- Mobile financial services (payments, points, etc), My-Number related services
- Business model transformation focused on E-commerce business (inventory control, optimized shipping, etc.) , at-home call centers platform
- Enhancing intranet infrastructure, etc. (information security business, cloud business)
- Business expansion in Australia

DX-related index (): YoY change




	1Q FY Mar. 2023	2Q FY Mar. 2023	3Q FY Mar. 2023	4Q FY Mar. 2023	Total FY Mar. 2023
DX-related sales	¥106.2 billion (+16.8%)	¥109.7 billion (+14.6%)	¥112.4 billion (+12.4%)	¥113.7 billion (+10.2%)	¥442.4 billion (+13.4%)
Ratio of DX-related sales	63% (0pt)	64% (0pt)	64% (0pt)	65% +1pt	64% +0pt

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Looking back on value co-creation in FY March 2023

Social value	Measures	Status	
 Co-create a thriving future society	Promote DX	DX transformation in society : DX for core systems, DX consulting for industry-leading companies, etc KPI) DX-related sales: 442.4 billion yen	➡
	Create new business models	New DX services through collaboration ex the "Dokokani Byun!" with JR (Japan Rail) KPI) Number of business partnerships (joint ventures, local government agencies supported, etc.): 2	➡
	Provide social recommendations and system proposals	Social recommendations "Japan's future beyond digital" at the Dream Up the Future Forum KPI) NRI articles in the 5 major newspapers: 90	➡
 Co-create an ideal society	Business platform service expansion	STAR-IV at Mizuho Securities. Decarbonization with shared online services expand KPI) Business platform sales: 128.5 billion yen	➡
	Generate environmental benefits for clients through business platforms	Selected for DJSI World, MCSI AAA, and CDP A List again this fiscal year KPI) Client CO2 emission reductions through shared online services: 128,144 tons	➡
	Contributing to reforms towards an optimal society	GX League office. "My Number" individual number info KPI) Scale of operational reform services (DX 1.0ab) business: +7% year-on-year	➡
 Co-create a safe and secure society	Help build IT infrastructure to create an ideal society	Osaka Data Center II, installed solar power generation equipment KPI) Scale of cloud and data center services business: -0% year-on-year	➡
	Help upgrade the social infrastructure	e-Shishobako (PO Box) service linked to the "Mynportal" individual number portal, e-NINSHO public personal authentication system KPI) Scale of public services business: +18% year-on-year	➡
	Contribute to information security	Security of Japanese companies with highly dependable digital trust KPI) Amount of investment in security and safety: 11.9 billion yen	➡
	Maintain the quality of systems in operation	For stable operation of systems, conduct comprehensive inspections and training for operating under large-scale disruptions KPI) Number of information system incidents with severe financial/social impact: 0	➡

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Reference Materials

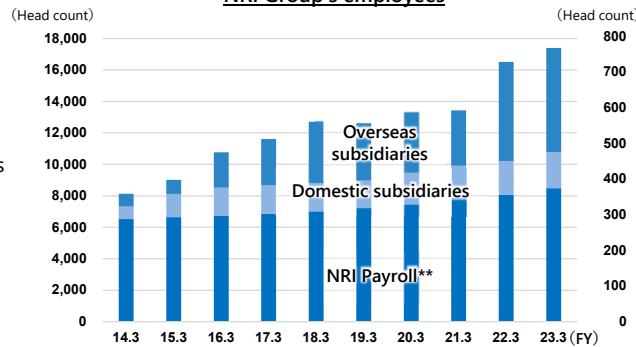
NRI's employees + Subcontractors (in Japan & China)

NRI Group's employees

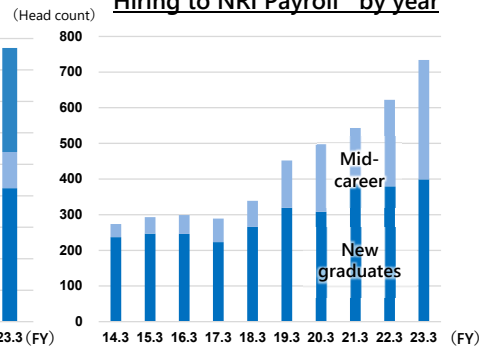
17,394*

- Management Consultants
- Systems Consultants
- Application Engineers
- Technical Engineers, etc.

NRI Group's employees



Hiring to NRI Payroll by year**



Subcontractors

Offshore development

Partners in China

20 partners in 20 regions

Personnel:

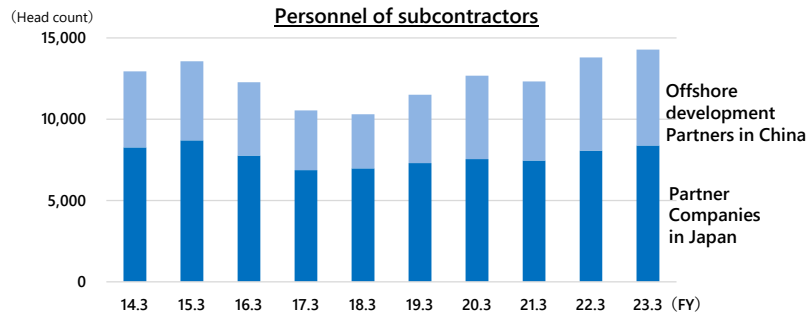
Approx. 6,000

Partner Companies in Japan

Personnel:

Approx. 8,500

Personnel of subcontractors



* As of FY March 2023

** Includes group company employees hired by the main body of NRI

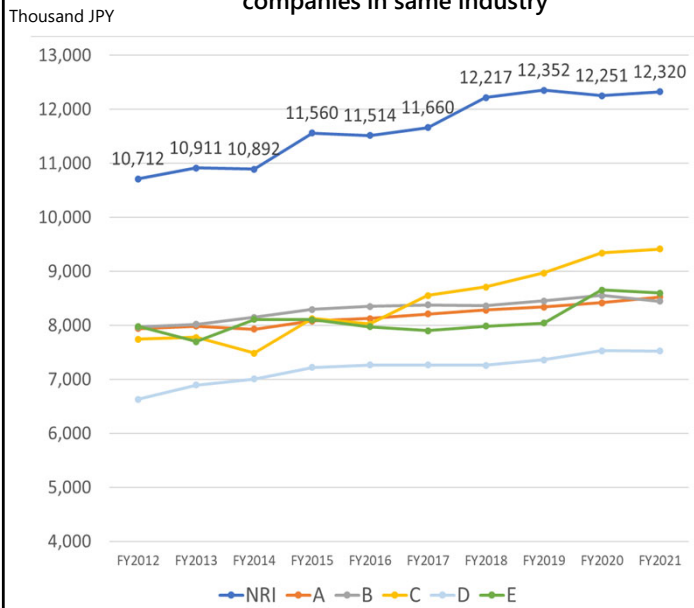
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Reference Materials

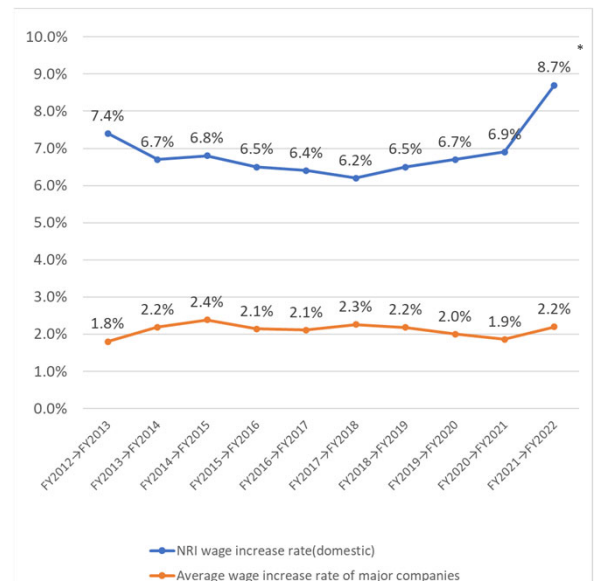
Annual Income and Wage Increases

Comparison of average annual salaries at companies in same industry



Source) Companies' securities reports

Comparison against wage increase rate of major companies



Source) Ministry of Health, Labour and Welfare "Status of Spring Wage Increase Requests and Settlements at Major Private Companies"

* Includes temporary increase due to transition to new personnel system

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Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those in the forward-looking statements as a result of various factors.

The Company does not undertake to revise forward-looking statements to reflect future events or circumstances.

Figures given in the reference data related to the financial results forecasts are figures which are only intended to convey the Company's current circumstances and outlook. The Company does not undertake to revise the forecasts to reflect new information or circumstances.



**Envision the value,
Empower the change**