

Financial Results Presentation

Financial Results for 2nd Quarter FY March 2023

Nomura Research Institute, Ltd.

Shingo Konomoto

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

October 27, 2022



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Financial Results for 2nd Quarter FY March 2023

Highlights of Consolidated Financial Results <1H>

■ YoY comparison

(JPY million)

	2Q FY Mar. 2022	2Q FY Mar. 2023	Diff.	YoY Change
Revenue	291,974	339,054	47,079	16.1%
Operating Profit	53,913	55,268	1,355	2.5%
Operating Margin	18.5%	16.3%	(2.2P)	
EBITDA Margin	24.5%	22.2%	(2.3P)	
Profit before tax	53,517	53,753	236	0.4%
Profit attributable to owners of parent	36,513	35,857	(656)	(1.8%)

Financial Results for 2nd Quarter FY March 2023

Highlights of Consolidated Financial Results <1H>

■ Comparison with announced forecasts on April 27

(JPY billion)

	2Q FY Mar. 2023 (Forecast)	2Q FY Mar. 2023 (Results)	Diff.	YoY Change
Revenue	320.0	339.0	19.0	6.0%
Operating Profit	55.0	55.2	0.2	0.5%
Operating Margin	17.2%	16.3%	(0.9P)	
Profit before tax	54.0	53.7	(0.2)	(0.5%)
Profit attributable to owners of parent	37.0	35.8	(1.1)	(3.1%)

Financial Results for 2nd Quarter FY March 2023

External Revenue by Segment <1H>

(JPY million)

	2Q FY Mar. 2022	Share	2Q FY Mar. 2023	Share	Diff.	YoY Change
Consulting	18,853	6.5%	20,250	6.0%	1,396	7.4%
Financial IT Solutions	145,860	50.0%	161,816	47.7%	15,956	10.9%
Securities	64,484	22.1%	69,589	20.5%	5,105	7.9%
Insurance	31,860	10.9%	38,222	11.3%	6,362	20.0%
Banking	22,962	7.9%	26,075	7.7%	3,112	13.6%
Other financial	26,552	9.1%	27,929	8.2%	1,376	5.2%
Industrial IT Solutions	107,610	36.9%	133,792	39.5%	26,182	24.3%
Distribution	33,377	11.4%	35,228	10.4%	1,851	5.5%
Manufacturing, service and other	74,232	25.4%	98,564	29.1%	24,331	32.8%
IT Platform Services	19,650	6.7%	23,194	6.8%	3,543	18.0%
Total	291,974	100%	339,054	100%	47,079	16.1%

Financial Results for 2nd Quarter FY March 2023

External Revenue by Segment <1H> (supplementary information)

Revenue by main client

(JPY million)

	2Q FY Mar. 2022	Share*	2Q FY Mar. 2023	Share*	Diff.	YoY Change
Nomura Holdings	30,813	10.6%	34,017	10.0%	3,204	10.4%

Overseas Revenue

(JPY million)

	2Q FY Mar. 2022	Share*	2Q FY Mar. 2023	Share*	Diff.	YoY Change
Overseas Revenue	33,448	11.5%	62,997	18.6%	29,548	88.3%
North America**	2,926	1.0%	19,189	5.7%	16,262	555.7%
Oceania**	27,363	9.4%	39,574	11.7%	12,210	44.6%
Asia, other**	3,158	1.1%	4,234	1.2%	1,075	34.0%

Average Rate : USD

¥109.81

¥134.04

AUD

¥82.61

¥93.58

*Percentage of (total) external sales

** The client location-based method has switched to the subsidiary head office location method, and those which could be grouped into countries or regions have been listed as reference values. Numerical figures for FY March 2022 have been prepared via the same method.

Financial Results for 2nd Quarter FY March 2023

Segment Performance Results <1H>

- Including Inter-segment revenue for each segment.

(JPY million)

	2Q FY Mar. 2022	2Q FY Mar. 2023	Diff.	YoY Change	
Consulting	Revenue	19,499	21,077	1,577	8.1%
	Operating Profit	5,240	4,911	(328)	(6.3%)
	Operating Margin	26.9%	23.3%	(3.6P)	
Financial IT Solutions	Revenue	148,127	164,721	16,594	11.2%
	Operating Profit	21,098	23,283	2,185	10.4%
	Operating Margin	14.2%	14.1%	(0.1P)	
Industrial IT Solutions	Revenue	110,980	137,846	26,866	24.2%
	Operating Profit	12,809	13,420	611	4.8%
	Operating Margin	11.5%	9.7%	(1.8P)	
IT Platform Services	Revenue	76,590	82,440	5,850	7.6%
	Operating Profit	11,448	11,548	100	0.9%
	Operating Margin	14.9%	14.0%	(0.9P)	

Financial Results for 2nd Quarter FY March 2023

Analysis of Increase and Decrease Factors

- Main factors for increases and decreases in external revenue 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	(+) Systems development for internet-based banks	
	Other financial, etc.		
Industrial IT Solutions	Distribution	(+) Systems development for retail (+) Consolidation effect of Core BTS in the US (approx. ¥1.5 billion)	(+) Improved profitability in Australia
	Manufacturing & services, etc.	(+) Business in Australia (+) Consolidation effect of Core BTS in the US (approx. ¥14.5 billion)	
IT Platform Services		(+) Digital workplaces business (+) Information security business	

Financial Results for 2nd Quarter FY March 2023

Revenue by Service <1H>

(JPY million)

	2Q FY Mar. 2022	2Q FY Mar. 2023	Diff.	YoY Change
Consulting Services	54,637	77,544	22,907	41.9%
System Development & System Application Sales	95,324	101,921	6,596	6.9%
System Management & Operation Services	134,544	143,918	9,373	7.0%
Product Sales	7,467	15,669	8,202	109.8%
Total	291,974	339,054	47,079	16.1%

- **Consulting Services:** Increased, mainly with domestic finance. Business expansion in Australia and the US also contributed
- **System Development & System Application Sales:** Increased, mainly with domestic finance
- **System Management & Operation Services:** Expanded, mainly with domestic finance and in business in Australia and the US
- **Product Sales:** Increased due to Core BTS in North America becoming a consolidated subsidiary

Financial Results for 2nd Quarter FY March 2023

Consolidated P/L Highlight <1H>

(JPY million)

	2Q FY Mar. 2022	2Q FY Mar. 2023	Diff.	YoY Change
Revenue	291,974	339,054	47,079	16.1%
Cost of Sales	188,057	221,552	33,495	17.8%
Subcontracting Costs	91,141	103,713	12,571	13.8%
Gross Profit	103,917	117,501	13,584	13.1%
Gross Profit Margin	35.6%	34.7%	(0.9P)	
SG&A	53,513	64,586	11,073	20.7%
Other Income and Other Expenses, etc.	3,509	2,353	(1,156)	(32.9%)
Operating Profit	53,913	55,268	1,355	2.5%
Operating Margin	18.5%	16.3%	(2.2P)	

Financial Results for 2nd Quarter FY March 2023

Consolidated P/L Highlight <1H> (continued)

(JPY million)

	2Q FY Mar. 2022	2Q FY Mar. 2023	Diff.	YoY Change
Operating Profit	53,913	55,268	1,355	2.5%
Finance Income and Finance Costs	(396)	(1,515)	(1,119)	282.4%
Profit before tax	53,517	53,753	236	0.4%
Income tax expenses	16,818	17,685	867	5.2%
Profit attributable to owners of parent	36,513	35,857	(656)	(1.8%)

Financial Results for 2nd Quarter FY March 2023

Key Factors in Financial Results for 2Q FY March 2023

■ Higher income with +16.1% in revenue

- Business remained strong in systems development for insurance and securities
- ASG drove growth in Australia and there was a consolidation effect from Core BTS in North America. The overseas sales target declared in V2022 is within range

■ +2.5% in operating profit

- The effects of increased usage fees for financial business platforms and higher productivity in system development more than compensated for the impacts of higher costs caused by factors such as yen depreciation

Progress is on pace with the forecast for the year, steadily on track to accomplishing V2022

Financial Results for 2nd Quarter FY March 2023

Increases and decreases in operating margin

	2Q FY Mar. 2022	2Q FY Mar. 2023	Diff.	Remarks
NRI-wide	18.5% ¥53.9 bil.	16.3% ¥55.2 bil.	(2.2P) + ¥1.3 bil.	
(Excluding other profit and expenses)	17.3% ¥50.4 bil.	15.6% ¥52.9 bil.	(1.7P) + ¥2.5 bil.	• Excluding sales of fixed assets (−1.1 billion yen), etc.
Domestic	18.1% ¥46.8 bil.	18.3% ¥50.5 bil.	+0.2P + ¥3.7 bil.	<p>Increased profit margin through initiatives to improve productivity despite higher costs of around 2.0 billion yen due to factors including</p> <ul style="list-style-type: none"> • Procurement costs (for AWS, Azure, etc.) due to exchange rate impact • Price revisions in China offshoring • Utilities expenses • Miscellaneous expenses such as travel
Overseas	10.7% ¥3.5 bil.	3.7% ¥2.3 bil.	(7.0P) (¥1.2 bil.)	<p>Higher costs of around 2.0 billion yen due to factors including</p> <ul style="list-style-type: none"> • Utilities expenses • Miscellaneous expenses such as travel • Amortization cost of intangible assets

* Global-related costs borne by NRI are included in domestic costs.

* Upper section: Operating margin, Lower section: Operating profit

Reference Materials

Segment Performance Results < Overseas >

■ Including Inter-segment revenue for each segment

(JPY million)

		2Q FY Mar. 2022	2Q FY Mar. 2023	Diff.	YoY Change
Consulting	Revenue	1,934	2,343	409	21.2%
	OP	(19)	(231)	(211)	—
	OM	(1.0%)	(9.9%)	(8.9P)	
Financial IT Solutions	Revenue	5,973	6,397	424	7.1%
	OP	1,312	(426)	(1,739)	—
	OM	22.0%	(6.7%)	(28.6P)	
Industrial IT Solutions	Revenue	27,828	57,136	29,308	105.3%
	OP	2,291	2,913	622	27.2%
	OM	8.2%	5.1%	(3.1P)	
IT Platform Services	Revenue	151	325	173	114.9%
	OP	(2)	109	111	—
	OM	(1.5%)	33.7%	35.2P	
Total (After adjustment deduction)	Revenue	33,448	62,997	29,548	88.3%
	OP	3,586	2,353	(1,232)	(34.4%)
	OM	10.7%	3.7%	(7.0P)	

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.

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Recent Activities

Growth Strategy of NRI Medium-Term Management Plan(2019-2022)

<Main topics of 1H>

Main Strategies

DX

Use technology to transform customer business models and processes

Details to follow

Business platform

Evolve business platforms (BPFs) in finance

- ✓ Major securities brokerages began using THE STAR in 2Q. Second-tier securities brokerages also plan to start in 4Q
- ✓ Investments to expand into front-end (new platforms for finance intermediaries) are progressing

Modernize legacy systems by using cloud

- ✓ Sequentially migrate business platforms (BPFs) to OCI* starting with BESTWAY. Migration of THE STAR begins in 3Q
- ✓ Legacy modernizations (insurance) and usage of public cloud (industrial IT) are advancing in core systems

Global

Achieve more global business growth, seeking sales of 100 billion yen

Details to follow

Human resources

Strategic recruiting, talent development and collaboration with partners to bolster NRI's competitiveness

- ✓ New graduate hiring for April 2023 and this year's mid-career hiring are proceeding well and exceeding last year
- ✓ Creating environments enabling professionals to fully harness their abilities, including new HR systems and DX courses

Recent Activities

Financial Results Presentation Material for 1st Quarter FY March 2023 (reposted)

Major initiatives going forward

DX projects: Present state and future outlook

DX 3.0	Paradigm transformation	<p>Endorsed the METI “GX League Basic Concept” and working toward GX (green transformation)</p> <ul style="list-style-type: none"> Received orders for projects on infrastructure & system design involving many large companies Creating the market for GX and making rules for private-public partnership <p>Received orders for My Number-related projects</p> <ul style="list-style-type: none"> Linking savings accounts for receiving public funds with “My number” Contributing to speedier processing of public fund payments
DX 2.0	Business model transformation	<p>Cross-industrial supply chain management optimization</p> <ul style="list-style-type: none"> Optimizing supply and demand through forecasts from AI models that reflect sales characteristics <p>Launched “Dokoka-ni-Byuun !” (“Whoosh to Somewhere”) shared service with East Japan Railway (JR East)</p> <ul style="list-style-type: none"> Operating a new business leveraging NRI’s IP, helping to invigorate regional economies
DX 1.0	Process Transformation Infrastructure transformation	<p>In addition to front-end projects in industrial IT, strong response also in expansion to core systems</p> <p>* Examples of projects in order receiving pipeline (expected orders)</p> <p>[Front-end DX projects]</p> <ul style="list-style-type: none"> Telecom Improving CX at call centers (cloud migration) Retail Reconstructing e-commerce (cloud migration) <p>[Core systems DX projects]</p> <ul style="list-style-type: none"> Logistics Overhauling accounting systems (cloud migration) Advertising & services Overhauling accounting systems (cloud migration) Retail Back office operational efficiency (cloud migration)

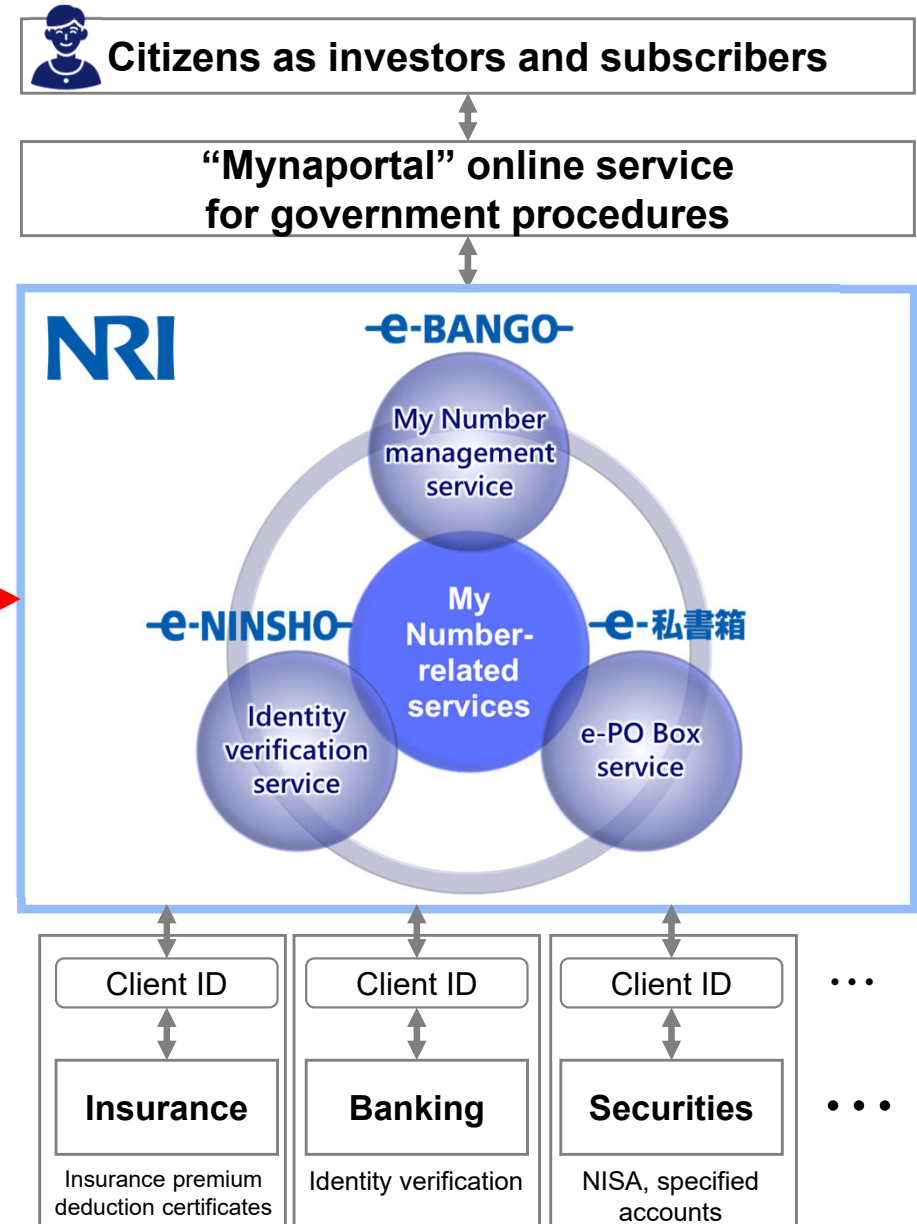
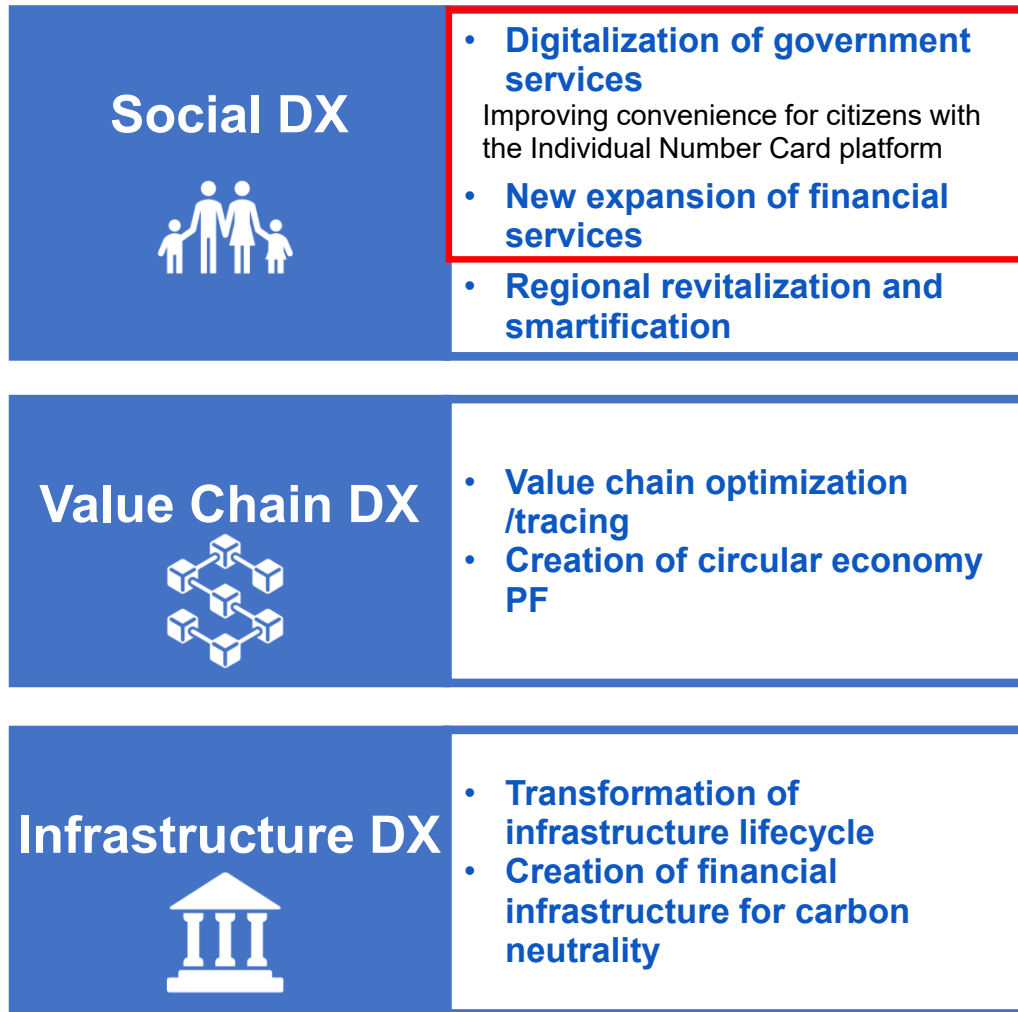
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Recent Activities DX strategy (Financial IT Solutions)

Provide services in social DX that link financial institutions and government services

Digital Social Capital created with DX 3.0



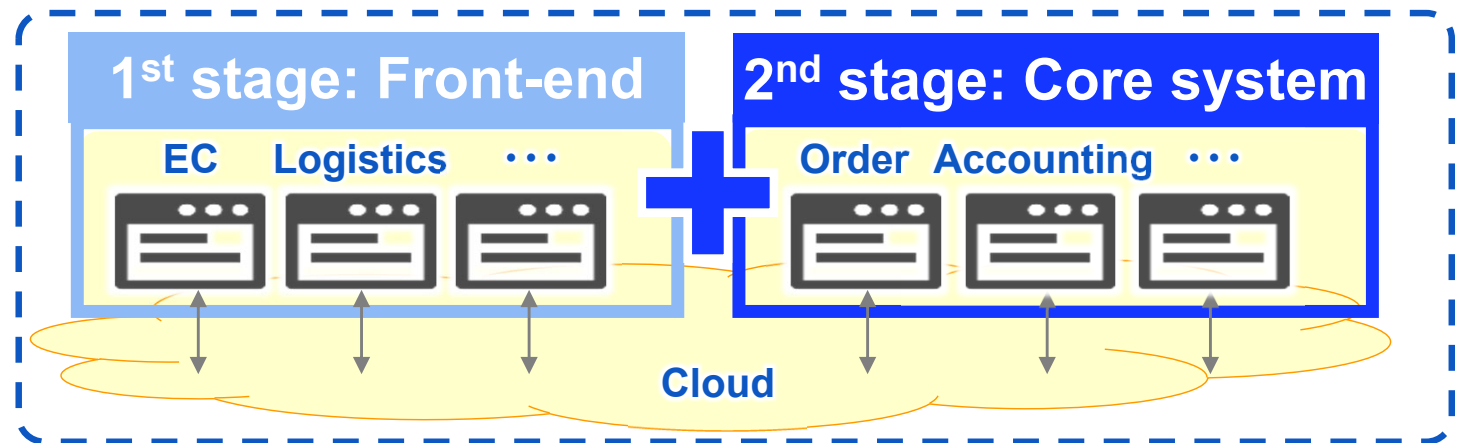
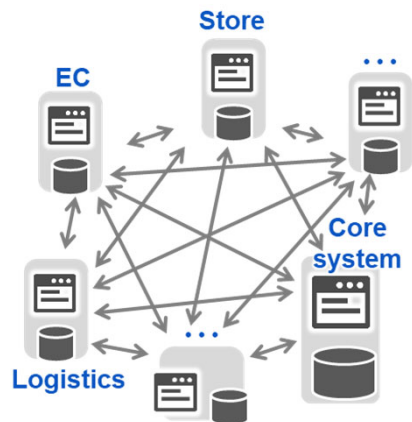
Recent Activities DX strategy (Industrial IT Solutions)

DX is expanding from front-end to core systems, moving toward a “completely digital company”

- NRI has the advantage of being able to expand services seamlessly from the first to second stage of DX

	Legacy	DX 1 st stage	DX 2 nd stage
Business side	<ul style="list-style-type: none"> ● Barriers to departmental linkage ● Complex business processes 	<ul style="list-style-type: none"> ● Increase client contact points such as non-face-to-face ● Transform business models <- Understanding business challenges, consulting capability 	<ul style="list-style-type: none"> ● Company-wide optimization ● Business process standardization <- From front-end to knowledge and reliability
Systems side	<ul style="list-style-type: none"> ● Data is scattered ● On-premises 	<ul style="list-style-type: none"> ● Overhaul e-commerce, improve CX ● Cloud & agile development <- Conceptual capabilities using digital 	<ul style="list-style-type: none"> ● Large system overhauls, data linkage ● Cloud utilization <- Large project management capabilities, conceptual capabilities

* Blue type: Points where NRI has a particular advantage



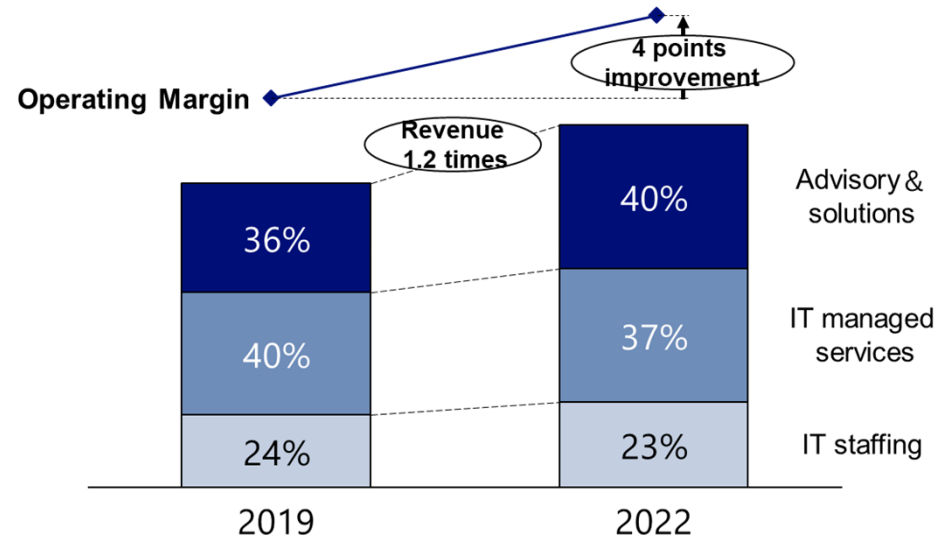
Recent Activities Global strategy (Australia)

Expecting improved profitability at ASG in Australia to continue, along with improvements at two other companies from the second half onward

ASG

- From 2017 onward, expanded high added-value advisory & solutions business with five M&A transactions, established a business model of offering a broad range of services from IT consulting to development to operations
- We expect earnouts of acquired subsidiaries to be completed smoothly, and plan to utilize the organizational restructuring to integrate them into the NRI brand

Sales and operating margin of each ASG business



Planit

- Strengthen our business infrastructure in New Zealand through M&A. Also continue M&A for regional expansion in the second half
- Demand for testing is expanding. Profit declined in the first half due to increased initial costs involved in increased hiring, but this effect is expected to dissipate in the second half

AUSIEX




- Profit and loss turned negative in the first half due to lower transaction volume resulting from interest rate hikes, but profitability will recover in the second half due to cost reduction effects

Recent Activities Global strategy (North America)

Post-merger integration of Core BTS is complete. Accelerate cross-selling and additional acquisitions going forward

- Semiconductor shortages and related issues have had an impact, but order backlog is building, and demand is strong
- Going forward, we will reinforce our sales organization to accelerate cross-sales in the cloud and network businesses and aim to expand regional coverage and services lineup through additional acquisitions

North America Business Expansion Strategy

	Currently	Future initiatives
 Geographic expansion	<ul style="list-style-type: none">• Offering services for local companies primarily in the northeastern US	<ul style="list-style-type: none">• Consider candidates for additional acquisitions with sights set on expanding into the Midwest and South
 Cross-selling	<ul style="list-style-type: none">• Integrating sales organizations of acquired subsidiaries• Conducting sales training for cross-selling	<ul style="list-style-type: none">• Accelerate cross-selling strategy by hiring sales executives
 Services expansion	<ul style="list-style-type: none">• Offering architecture support for hybrid cloud that combines infrastructure with cloud• Handling contracted DX development projects centered on application modernization	<ul style="list-style-type: none">• Expand multi-cloud (MS, AWS, GCP) services organization• Bolster our lineups in security, analytics, and DX development• Acquire a nearshoring development organization in South America

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Financial Results Forecasts for FY March 2023

Order Backlog by Segment (Outstanding)

(JPY million)

	At end of Sep. 2021	At end of Sep. 2022	Diff.	YoY Change
Consulting	11,477	14,475	2,997	26.1%
Financial IT Solutions	116,253	120,960	4,707	4.0%
Industrial IT Solutions	65,875	93,113	27,237	41.3%
IT Platform Services	12,244	14,535	2,290	18.7%
Total	205,851	243,084	37,233	18.1%
Order backlog in the current FY	191,977	226,970	34,993	18.2%

Financial Results Forecasts for FY March 2023

Order Backlog by Segment (Domestic/Overseas)

■ Order backlog domestically

(JPY million)

	At end of Sep. 2021	At end of Sep. 2022	Diff.	YoY Change
Consulting	10,763	13,467	2,704	25.1%
Financial IT Solutions	113,194	116,877	3,682	3.3%
Industrial IT Solutions	46,616	50,801	4,185	9.0%
IT Platform Services	12,244	14,535	2,290	18.7%
Total	182,818	195,680	12,862	7.0%

■ Order backlog of overseas subsidiaries

(JPY million)

	At end of Sep. 2021	At end of Sep. 2022	Diff.	YoY Change
Overseas subsidiaries	23,033	47,403	24,370	105.8%

Order backlog of overseas subsidiaries newly consolidated within a year

Core BTS : approx. ¥15 billion

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

Reference Materials

Order Volume by Segment <2Q> (Domestic/Overseas)

Order volume domestically

(JPY million)

	2Q FY Mar. 2022 (Jul.-Sep.)	2Q FY Mar. 2023 (Jul.-Sep.)	Diff.	YoY Change
Consulting	9,820	9,441	(378)	(3.9%)
Financial IT Solutions	35,616	46,702	11,085	31.1%
Industrial IT Solutions	22,187	25,075	2,887	13.0%
IT Platform Services	7,772	8,142	370	4.8%
Total	75,396	89,361	13,964	18.5%

Order volume of overseas subsidiaries

(JPY million)

	2Q FY Mar. 2022 (Jul.-Sep.)	2Q FY Mar. 2023 (Jul.-Sep.)	Diff.	YoY Change
Overseas subsidiaries*	7,683	23,235	15,552	202.4%

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

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.

Financial Results Forecasts for FY March 2023

Forecasts for FY March 2023

- Given the progress of 2nd Quarter FY March 2023, NRI revised forecasts.

(JPY billion)

	FY Mar. 2022 (Results)	FY Mar. 2023 (October 27 Forecasts)	Diff.	YoY Change	FY Mar. 2023 (July 28 Forecasts)	Diff.
Revenue	611.6	690.0	78.3	12.8%	670.0	20.0
Operating Profit	106.2	115.0	8.7	8.3%	115.0	—
Operating Margin	17.4%	16.7%	(0.7P)		17.2%	(0.5P)
Profit before tax	104.6	113.0	8.3	8.0%	113.0	—
Profit attributable to owners of parent	71.4	77.0	5.5	7.8%	77.0	—
Basic earnings per share	¥120.57	¥130.36	¥9.79		¥130.60	(0.24)
Dividends per share	¥40.0	¥44.0	¥4.00		¥44.0	—
Second quarter	¥19.0	¥22.0	¥3.00		¥22.0	—
Fiscal year end	¥21.0	¥22.0	¥1.00		¥22.0	—
Payout Ratio	33.1%	33.8%	0.7P		33.8%	0.0P

Note: FY Mar. 2023 Forecast Rate: USD ¥115.01, AUD ¥83.43 (No change from the previous forecast)

Financial Results Forecasts for FY March 2023

Revenue Forecasts by Segment for FY March 2023

■ Given the progress of FY March 2023 2Q, NRI revised forecasts by segment. (JPY billion)

	(a)		(b)		(b-a)		(c)	(b-c)
	FY Mar. 2022 (Results)	Share	FY Mar. 2023 (October 27 Forecasts)	Share	Diff.	YoY Change	FY Mar. 2023 (July 28 Forecasts)	Diff.
Consulting	42.8	7.0%	45.0	6.5%	2.1	5.1%	45.0	—
Financial IT Solutions	303.6	49.6%	326.0	47.2%	22.3	7.4%	315.0	11.0
Securities	133.3	21.8%	140.0	20.3%	6.6	5.0%	138.0	2.0
Insurance	68.8	11.3%	77.0	11.2%	8.1	11.8%	71.0	6.0
Banking	47.0	7.7%	53.0	7.7%	5.9	12.6%	50.0	3.0
Other financial	54.3	8.9%	56.0	8.1%	1.6	3.0%	56.0	—
Industrial IT Solutions	222.5	36.4%	271.0	39.3%	48.4	21.8%	263.0	8.0
Distribution	68.2	11.2%	72.0	10.4%	3.7	5.5%	70.0	2.0
Manufacturing, service and other	154.3	25.2%	199.0	28.8%	44.6	29.0%	193.0	6.0
IT Platform Services	42.6	7.0%	48.0	7.0%	5.3	12.7%	47.0	1.0
Total	611.6	100.0%	690.0	100.0%	78.3	12.8%	670.0	20.0

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Financial Results Forecasts for FY March 2023

Results through 2Q and Full-Year Earnings Forecast

(JPY billion)

		1Q	2Q	3Q	4Q	FY
FY March 2021	Revenue	131.1	135.1	138.1	145.9	550.3
	Operating Profit	17.8	22.0	24.1	16.7	80.7
	Operating Margin	13.6%	16.3%	17.5%	11.5%	14.7%
FY March 2022	Revenue	142.6	149.3	155.9	163.6	611.6
	Operating Profit	26.5	27.3	27.4	24.8	106.2
	Operating Margin	18.6%	18.3%	17.6%	15.2%	17.4%
FY March 2023 Figures for 2H and full-year are estimates	Revenue	167.5	171.5	350.9		690.0
	Operating Profit	28.0	27.1	59.7		115.0
	Operating Margin	16.8%	15.9%	17.0%		16.7%

Note: Figures for the second half of FY March 2023 subtract actual first half figures from the forecast for the year

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Financial Results Forecasts for FY March 2023

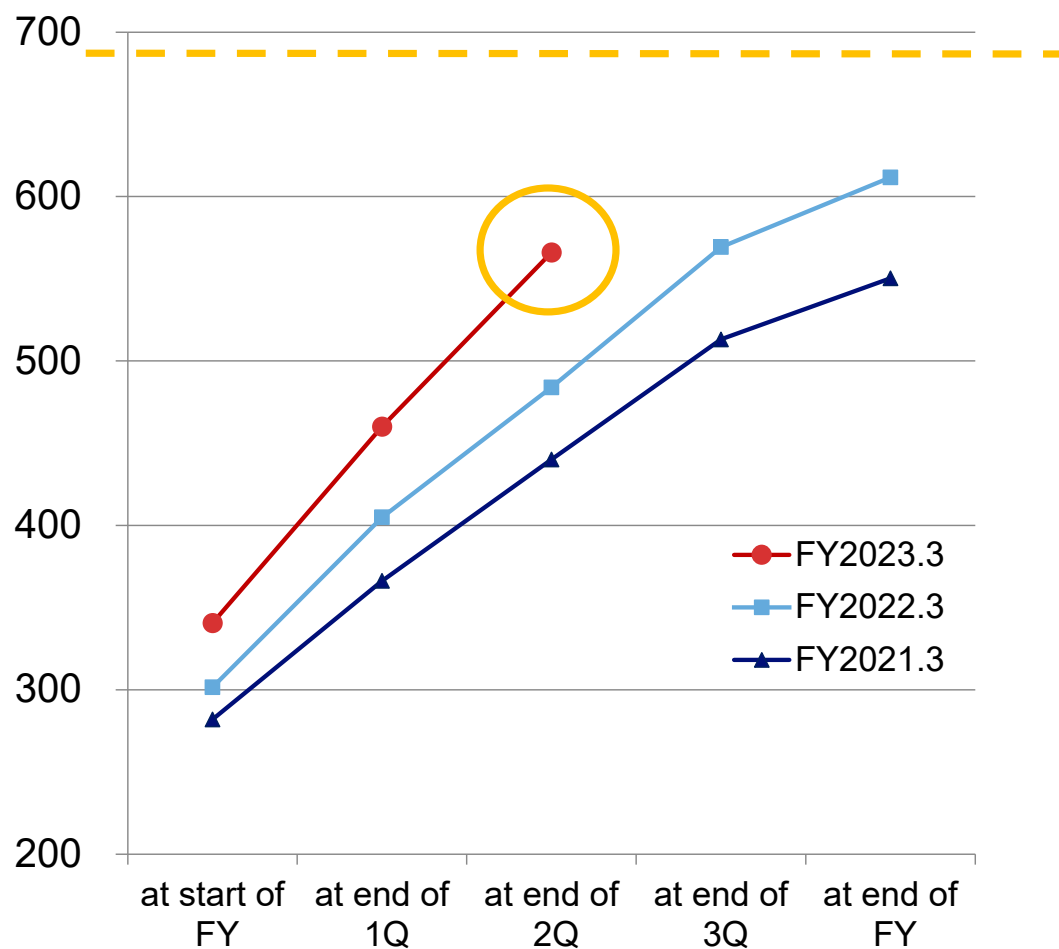
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Reference Materials

Reference Materials

Revenue + Consolidated Order Backlog

(JPY billion)



(JPY billion)

	FY Mar.2022	FY Mar.2023	YoY Change
Revenue*1	611.6	690.0	+12.8%
Revenue*2 + Consolidated Order Backlog*3	483.9	566.0	+17.0%
Realization rate	79.1%	82.0%	+2.9P

(*1) FY Mar.2022: Result, FY Mar. 2023: Forecast
 (*2) The figure at the end of 2Q
 (*3) The figure at the end of 2Q

Reference Materials

Order Volume by Segment <Total>

(JPY million)

	2Q FY Mar. 2022	2Q FY Mar. 2023	Diff.	YoY Change
Consulting	23,255	25,884	2,629	11.3%
Financial IT Solutions	77,130	83,629	6,498	8.4%
Industrial IT Solutions	68,781	96,321	27,540	40.0%
IT Platform Services	16,613	19,929	3,315	20.0%
Total	185,782	225,765	39,983	21.5%

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.

Reference Materials

Order Volume by Segment <Total> (Domestic/Overseas)

■ Order volume domestically

(JPY million)

	2Q FY Mar. 2022	2Q FY Mar. 2023	Diff.	YoY Change
Consulting	21,367	23,462	2,095	9.8%
Financial IT Solutions	69,844	81,128	11,284	16.2%
Industrial IT Solutions	53,047	53,852	804	1.5%
IT Platform Services	16,462	19,603	3,141	19.1%
Total	160,722	178,047	17,325	10.8%

■ Order volume of overseas subsidiaries

(JPY million)

	2Q FY Mar. 2022	2Q FY Mar. 2023	Diff.	YoY Change
Overseas subsidiaries*	25,060	47,718	22,657	90.4%

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

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.

Highlights of Consolidated Financial Results <2Q>

■ YoY comparison

(JPY million)

	2Q FY Mar. 2022 (Jul.-Sep.)	2Q FY Mar. 2023 (Jul.-Sep.)	Diff.	YoY Change
Revenue	149,327	171,516	22,189	14.9%
Operating Profit	27,348	27,189	(158)	(0.6%)
Operating Margin	18.3%	15.9%	(2.5P)	
EBITDA Margin	25.4%	22.2%	(3.3P)	
Profit before tax	26,779	25,963	(815)	(3.0%)
Profit attributable to owners of parent	18,101	17,094	(1,006)	(5.6%)

Reference Materials

External Revenue by Segment <2Q>

(JPY million)

	2Q FY Mar. 2022 (Jul.-Sep.)	Share	2Q FY Mar. 2023 (Jul.-Sep.)	Share	Diff.	YoY Change
Consulting	10,250	6.9%	10,867	6.3%	617	6.0%
Financial IT Solutions	74,670	50.0%	81,707	47.6%	7,036	9.4%
Securities	33,914	22.7%	35,032	20.4%	1,117	3.3%
Insurance	16,473	11.0%	19,467	11.4%	2,994	18.2%
Banking	11,443	7.7%	13,550	7.9%	2,107	18.4%
Other financial	12,839	8.6%	13,657	8.0%	817	6.4%
Industrial IT Solutions	54,053	36.2%	67,025	39.1%	12,972	24.0%
Distribution	17,021	11.4%	17,578	10.2%	557	3.3%
Manufacturing, service and other	37,032	24.8%	49,447	28.8%	12,415	33.5%
IT Platform Services	10,352	6.9%	11,915	6.9%	1,563	15.1%
Total	149,327	100.0%	171,516	100.0%	22,189	14.9%

Reference Materials

External Revenue by Segment <2Q> (supplementary information)

■ Revenue by main client

(JPY million)

	2Q FY Mar. 2022 (Jul.-Sep.)	Share*	2Q FY Mar. 2023 (Jul.-Sep.)	Share*	Diff.	YoY Change
Nomura Holdings	15,554	10.4%	17,277	10.1%	1,723	11.1%

■ Overseas Revenue

(JPY million)

	2Q FY Mar. 2022 (Jul.-Sep.)	Share*	2Q FY Mar. 2023 (Jul.-Sep.)	Share*	Diff.	YoY Change
Overseas Revenue	17,552	11.8%	31,543	18.4%	13,990	79.7%
North America**	1,346	0.9%	9,664	5.6%	8,318	617.8%
Oceania**	14,489	9.7%	19,506	11.4%	5,017	34.6%
Asia, other**	1,716	1.1%	2,371	1.4%	655	38.1%

* Percentage of (total) external sales

** The client location-based method has switched to the subsidiary head office location method, and those which could be grouped into countries or regions have been listed as reference values. Numerical figures for FY March 2022 have been prepared via the same method.

Reference Materials

Segment Performance Results <2Q>

- Including Inter-segment revenue for each segment.

(JPY million)

	2Q FY Mar. 2022 (Jul.-Sep.)	2Q FY Mar. 2023 (Jul.-Sep.)	Diff.	YoY Change	
Consulting	Revenue	10,629	11,366	736	6.9%
	Operating Profit	3,434	3,052	(381)	(11.1%)
	Operating Margin	32.3%	26.9%	(5.5P)	
Financial IT Solutions	Revenue	75,881	83,230	7,349	9.7%
	Operating Profit	11,860	11,604	(255)	(2.2%)
	Operating Margin	15.6%	13.9%	(1.7P)	
Industrial IT Solutions	Revenue	55,922	69,004	13,082	23.4%
	Operating Profit	6,115	6,740	625	10.2%
	Operating Margin	10.9%	9.8%	(1.2P)	
IT Platform Services	Revenue	39,160	42,036	2,876	7.3%
	Operating Profit	5,960	5,896	(63)	(1.1%)
	Operating Margin	15.2%	14.0%	(1.2P)	

Reference Materials

Segment Performance Results <Overseas, 2Q>

■ Including Inter-segment revenue for each segment

(JPY million)

		2Q FY Mar. 2022 (Jul.-Sep.)	2Q FY Mar. 2023 (Jul.-Sep.)	Diff.	YoY Change
Consulting	Revenue	1,116	1,414	297	26.7%
	OP	169	(17)	(187)	—
	OM	15.2%	(1.3%)	(16.5P)	
Financial IT Solutions	Revenue	3,299	3,163	(135)	(4.1%)
	OP	894	(381)	(1,276)	—
	OM	27.1%	(12.1%)	(39.2P)	
Industrial IT Solutions	Revenue	14,342	28,375	14,033	97.8%
	OP	1,262	1,037	(224)	(17.8%)
	OM	8.8%	3.7%	(5.1P)	
IT Platform Services	Revenue	78	223	144	183.6%
	OP	29	110	80	276.9%
	OM	37.1%	49.3%	12.2P	
Total (After adjustment deduction)	Revenue	17,552	31,543	13,990	79.7%
	OP	2,356	732	(1,624)	(68.9%)
	OM	13.4%	2.3%	(11.1P)	

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.

Reference Materials

Analysis of Increase and Decrease Factors <2Q>

- Main factors for increases and decreases in external Revenue 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 (–) Lower profitability of AUSIEX in Australia
	Insurance	(+) Systems development for non-life and life insurance	
	Banking	(+) Systems development for internet-based banks	
	Other financial, etc.	(+) Systems development for multiple clients	
Industrial IT Solutions	Distribution		(+)
	Manufacturing & services, etc.	(+) Business in Australia (+) Consolidation effect of Core BTS in the US	
IT Platform Services		(+) Digital workplaces business	

Reference Materials

Revenue by Service <2Q>

(JPY million)

	2Q FY Mar. 2022 (Jul.-Sep.)	2Q FY Mar. 2023 (Jul.-Sep.)	Diff.	YoY Change
Consulting Services	29,576	38,596	9,019	30.5%
System Development & System Application Sales	48,829	52,798	3,969	8.1%
System Management & Operation Services	68,121	73,062	4,940	7.3%
Product Sales	2,799	7,058	4,259	152.1%
Total	149,327	171,516	22,189	14.9%

- **Consulting Services:** Increased, mainly with domestic finance. Business expansion in Australia and the US also contributed
- **System Development & System Application Sales:** Increased, mainly with domestic finance
- **System Management & Operation Services:** Expanded, mainly with domestic finance and in business in Australia and the US
- **Product Sales:** Increased due to Core BTS in North America becoming a consolidated subsidiary

Reference Materials

Consolidated P/L Highlight <2Q>

(JPY million)

	2Q FY Mar. 2022 (Jul.-Sep.)	2Q FY Mar. 2023 (Jul.-Sep.)	Diff.	YoY Change
Revenue	149,327	171,516	22,189	14.9%
Cost of Sales	96,588	111,322	14,733	15.3%
Subcontracting Costs	47,632	52,474	4,842	10.2%
Gross Profit	52,738	60,194	7,455	14.1%
Gross Profit Margin	35.3%	35.1%	(0.2P)	
SG&A	25,409	33,046	7,637	30.1%
Other Income and Other Expenses, etc.	19	42	22	114.7%
Operating Profit	27,348	27,189	(158)	(0.6%)
Operating Margin	18.3%	15.9%	(2.5P)	

Reference Materials

Consolidated P/L Highlight <2Q> (continued)

(JPY million)

	2Q FY Mar. 2022 (Jul.-Sep.)	2Q FY Mar. 2023 (Jul.-Sep.)	Diff.	YoY Change
Operating Profit	27,348	27,189	(158)	(0.6%)
Finance Income and Finance Costs	(569)	(1,225)	(656)	115.4%
Profit before tax	26,779	25,963	(815)	(3.0%)
Income tax expenses	8,552	8,744	192	2.2%
Profit attributable to owners of parent	18,101	17,094	(1,006)	(5.6%)

Reference Materials

Order Volume by Segment <2Q>

(JPY million)

	2Q FY Mar. 2022 (Jul.-Sep.)	2Q FY Mar. 2023 (Jul.-Sep.)	Diff.	YoY Change
Consulting	10,883	10,711	(171)	(1.6%)
Financial IT Solutions	36,290	47,693	11,402	31.4%
Industrial IT Solutions	28,055	45,826	17,770	63.3%
IT Platform Services	7,850	8,366	515	6.6%
Total	83,080	112,597	29,516	35.5%

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.

Reference Materials

Revenue Forecasts by Service for FY March 2023

- Given the progress of 2nd quarter FY March 2023, NRI revised forecasts by service.

(JPY billion)

	FY Mar. 2022 (Results)	FY Mar. 2023 (October 27 Forecasts)	Diff.	YoY Change	FY Mar. 2023 (July 28 Forecasts)	Diff.
Consulting Services	125.4	160.0	34.5	27.5%	135.0	25.0
System Development & System Application Sales	196.0	209.0	12.9	6.6%	224.0	(15.0)
System Management & Operation Services	272.9	293.0	20.0	7.4%	283.0	10.0
Product Sales	17.2	28.0	10.7	62.1%	28.0	—
Total	611.6	690.0	78.3	12.8%	670.0	20.0

Reference Materials

Capital Investment, R&D and Depreciation Forecasts for FY March 2023

- There are no revisions to financial results forecasts.

Capital Investment, R&D

(JPY billion)

	FY Mar. 2022 (Results)	FY Mar. 2023 (Forecasts)	Diff.	YoY Change
Capital Investment	46.9	50.0	3.0	6.4%
Tangible	10.9	15.0	4.0	36.5%
Intangible	35.9	35.0	(0.9)	(2.8%)
R&D	4.9	5.0	0	0.1%

Depreciation and Amortization

(JPY billion)

	FY Mar. 2022 (Results)	FY Mar. 2023 (Forecasts)	Diff.	YoY Change
Total	41.9	46.0	4.0	9.7%

Reference Materials

Forecasts for FY March 2023 < Consolidated Earnings Model >

■ FY March 2023 Consolidated Earnings Model

- Revenue of JPY690 billion and Operating profit of JPY115 billion

(JPY billion)

	FY Mar. 2021 (Results)	FY Mar. 2022 (Results)	(a)	YoY		(b)	(a-b)
			FY Mar. 2023 (October 27 Forecasts)*	Diff.	Change	FY Mar. 2023 (July 28 Forecasts)*	Diff.
Revenue	550.3	611.6	690.0	78.3	12.8%	670.0	20.0
Cost of Sales	364.5	395.5	447.0	51.4	13.0%	432.0	15.0
Personnel	116.9	134.9	160.0	25.0	18.6%	160.0	—
Subcontracting Costs	171.5	194.7	214.0	19.2	9.9%	200.0	14.0
Depreciation	32.6	33.3	34.0	0.6	2.0%	37.0	(3.0)
Gross Profit	185.7	216.0	243.0	26.9	12.5%	238.0	5.0
Gross Profit Margin	33.8%	35.3%	35.2%	(0.1P)		35.5%	(0.3)
SG&A	98.3	113.5	130.0	16.4	14.5%	125.0	5.0
Operating Profit	80.7	106.2	115.0	8.7	8.3%	115.0	—
Operating Margin	14.7%	17.4%	16.7%	(0.7P)		17.2%	(0.5)

* Figures are consolidated estimates for preparing this earnings model.

DX-Related Revenue

■ Main DX-related business in 2Q FY March 2023

- DX Consulting
- Cloud migration of legacy systems
- Digital workplace business, Information security business
- Business expansion in Australia (managed services etc.) and in North America (cloud-related)

DX-related index ():YoY change

	1Q FY Mar. 2023	2Q FY Mar. 2023
DX-related revenue	106.2 billion yen (+16.8%)	109.7 billion yen (+14.6%)
Ratio of DX-related revenue	63% (0pt)	64% (0pt)

Reference Materials

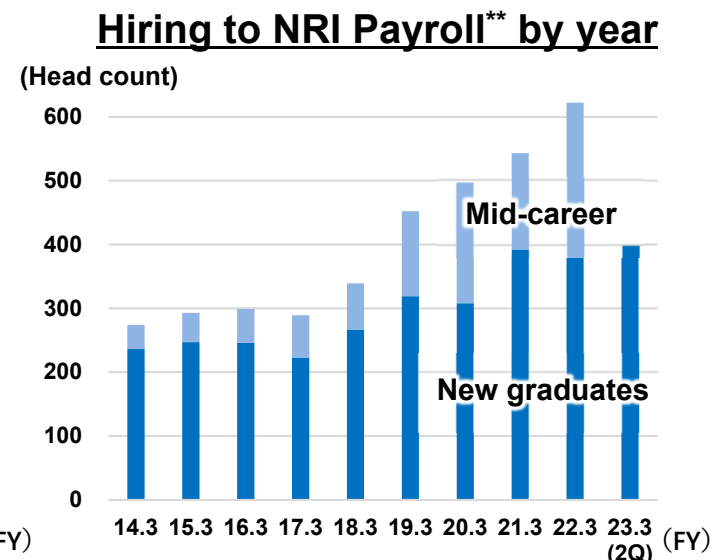
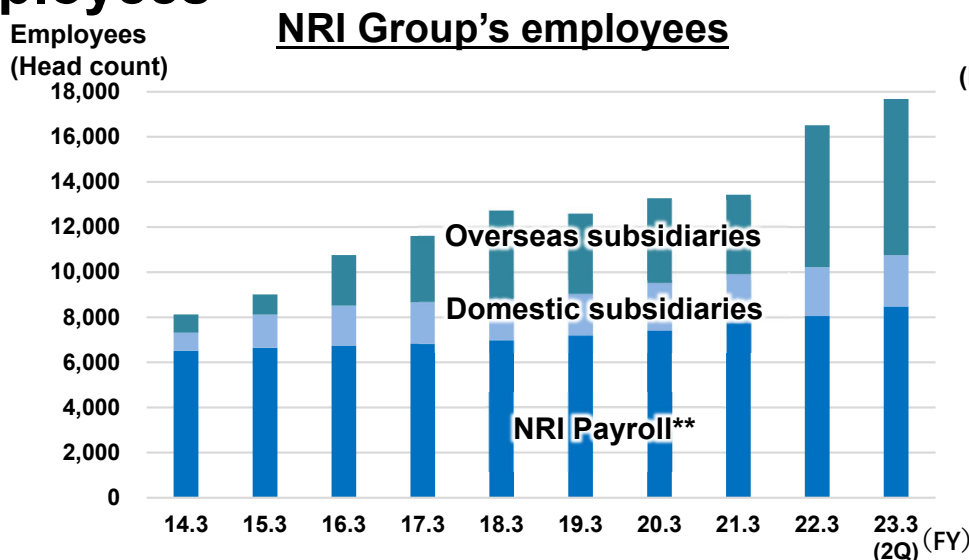
NRI's employees + Partners (in Japan & China)

NRI Group-s employees

Personnel:
17,678*

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

* As of end-Sep. 2022



note: Mid-career hiring headcount in FY March 2023 will be disclosed in financial results presentation at the end of the fiscal year

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

Subcontractors

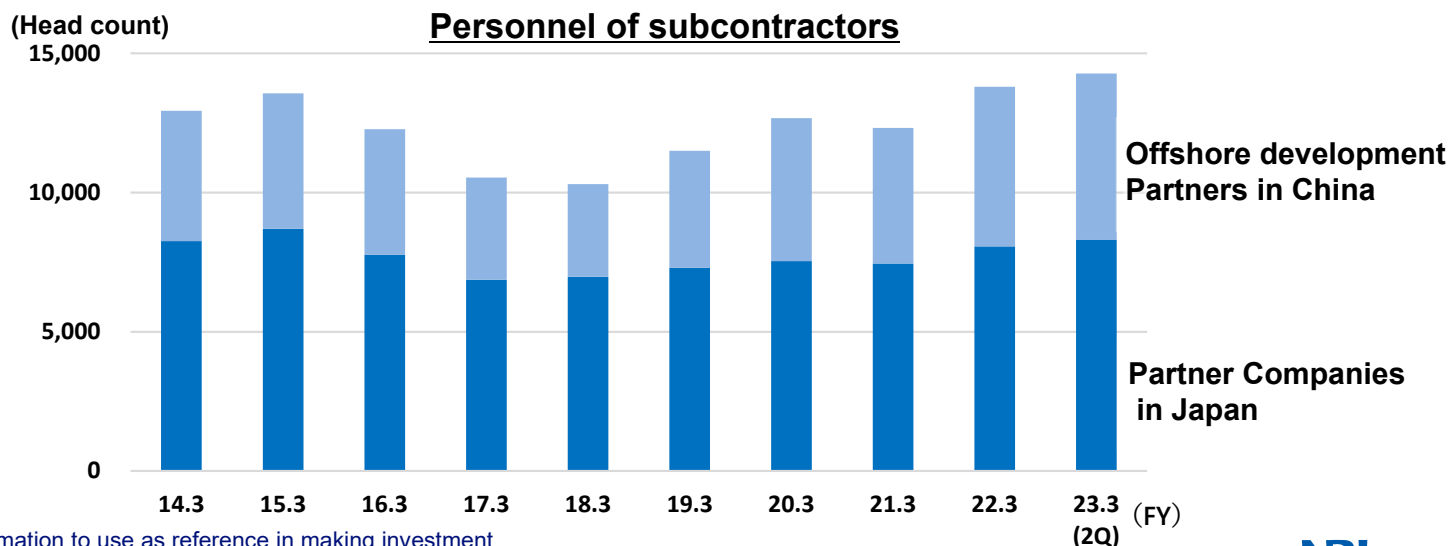
Offshore development Partners in China

20 partners in 20 regions

Personnel: Approx. 6,000

Partner Companies in Japan

Personnel: Approx. 8,000



This document contains statements that constitute forward-looking statements. These statements include descriptions regarding the intent, belief or current expectations of the Company or its officers with respect to the consolidated results of operations and financial condition of the Company.

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.

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