

Financial Results Presentation

Financial Results for 3rd Quarter FY March 2023

Nomura Research Institute, Ltd.

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- 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 3rd Quarter FY March 2023

Highlights of Consolidated Financial Results < 3Q Total >

■ YoY comparison

(JPY million)

	3Q FY Mar. 2022	3Q FY Mar. 2023	Diff.	YoY Change
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%	(1.9P)	
EBITDA Margin	24.5%	22.4%	(2.1P)	
Profit before tax	79,852	81,444	1,591	2.0%
Profit attributable to owners of parent	54,314	55,033	719	1.3%

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- Revenue totaled 516 billion yen, a 15.2% year-on-year increase of 68.1 billion yen. The increase includes approximately 24.0 billion yen of consolidation impact from Core BTS, but revenue increased approximately 10% year on year even when this effect is excluded.
- Operating profit totaled 83.8 billion yen, a 3.1% year-on-year increase of 2.5 billion yen.
- The resulting operating margin was 16.3%.
The second-quarter increase in domestic operating margin continued, but profitability declined overseas, resulting in an overall decrease of 1.9 percentage points.

Financial Results for 3rd Quarter FY March 2023

External Revenue by Segment <3Q Total>

(JPY million)

	3Q FY Mar. 2022	Share	3Q FY Mar. 2023	Share	Diff.	YoY Change
Consulting	30,237	6.8%	32,845	6.4%	2,607	8.6%
Financial IT Solutions	225,176	50.3%	246,523	47.8%	21,347	9.5%
Securities	98,085	21.9%	107,101	20.8%	9,015	9.2%
Insurance	50,397	11.3%	57,539	11.1%	7,141	14.2%
Banking	35,323	7.9%	40,410	7.8%	5,086	14.4%
Other financial	41,369	9.2%	41,471	8.0%	102	0.2%
Industrial IT Solutions	162,150	36.2%	200,315	38.8%	38,165	23.5%
Distribution	50,687	11.3%	52,667	10.2%	1,979	3.9%
Manufacturing, service and other	111,462	24.9%	147,648	28.6%	36,186	32.5%
IT Platform Services	30,383	6.8%	36,375	7.0%	5,991	19.7%
Total	447,947	100%	516,059	100.0%	68,112	15.2%

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- Revenue increased in Consulting, led by DX projects including for social issue solution-related topics.
- In Financial IT Solutions,
 - In Securities, revenue increased due to work including large-scale projects for major clients and THE STAR implementation projects.
 - In Insurance, business was strong with life insurers in addition to modernization projects with major non-life insurers.
 - In Banking, revenue increased due to accounting system upgrade projects (BANKSTAR implementations) and systems integration for online banks among other factors.
 - In other financial business, revenue was unchanged year-on-year.
- In Industrial IT Solutions,

Revenue increased by 38.1 billion yen for the segment overall due to the approximately 24.0 billion yen consolidation effect of Core BTS and growth of business in Australia.

 - In Distribution, revenue increased primarily due to the consolidation effect of Core BTS, while domestic revenue was unchanged year-on-year.
 - In Manufacturing, service and other, overseas revenue increased due to growth in Australia and the consolidation effect of Core BTS, but the full-scale launch of large projects ordered domestically in the second quarter is taking time.
- In IT Platform Services,

Business is strong in digital workplace (DWP), cloud solution projects, and security.

Financial Results for 3rd Quarter FY March 2023

External Revenue by Segment < 3Q Total > (supplementary information)

Revenue by main client

(JPY million)

	3Q FY Mar. 2022	Share*	3Q FY Mar. 2023	Share*	Diff.	YoY Change
Nomura Holdings	46,136	10.3%	55,229	10.7%	9,092	19.7%

Overseas Revenue

(JPY million)

	3Q FY Mar. 2022	Share*	3Q FY Mar. 2023	Share*	Diff.	YoY Change
Overseas Revenue	51,728	11.5%	93,717	18.2%	41,988	81.2%
North America**	4,509	1.0%	29,034	5.6%	24,525	543.9%
Oceania**	42,189	9.4%	57,851	11.2%	15,662	37.1%
Asia, other**	5,030	1.1%	6,831	1.3%	1,801	35.8%

Average Rate : USD ¥111.14 ¥136.52
 AUD ¥82.68 ¥93.34

*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.

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➤ Main clients

- Sales to Nomura Holdings increased by 9 billion yen. In Securities, contributions to this increase came from call center system rebuilds, DWP business, front-end system overhauls, software sales, and other areas. Additionally, large-scale projects in Banking are also progressing and generating significantly more revenue this year.
- Many of the aforementioned projects have peaked by the third quarter, so we believe this trend might not necessarily continue in the fourth quarter and onward.

➤ Overseas

- In North America, revenue increased due to the consolidation effect of Core BTS (approx. 24.0 billion yen).
- In Oceania, the effect of the yen depreciation was approximately 6.0 billion yen, but revenue also increased by more than 20% on a local currency basis primarily at ASG and Planit.

Financial Results for 3rd Quarter FY March 2023

Segment Performance Results < 3Q Total >

- Including Inter-segment revenue for each segment.

(JPY million)

		3Q FY Mar. 2022	3Q FY Mar. 2023	Diff.	YoY Change
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%	(3.0P)	
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%	(2.6P)	
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%	(0.4P)	

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- In Consulting, operating profit decreased due to lower profitability overseas (-330 million yen).
- In Financial IT Solutions, domestic business compensated for lower profit at AUSIEX in Australia, resulting in higher profit overall. Large projects in Securities and Insurance and increased usage fees for shared online services were the main drivers of the profit increase.
- In Industrial IT Solutions, domestic business maintained the same profitability year-on-year and profit increased in Australia. However, profit decreased overall due to the increased PPA depreciation/amortization cost accompanying the new consolidation of Core BTS (around 2.0 billion yen) and the effect of temporary expenses recorded along with reinforcing our sales organization (approximately 200 million yen) in the third quarter.

Financial Results for 3rd 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	(+) Consolidation effect of Core BTS in the US (approx. ¥2.0 billion)	(+) Improved profitability in Australia (–) Lower profitability in the US
	Manufacturing & services, etc.	(+) Business in Australia (+) Consolidation effect of Core BTS in the US (approx. ¥22.0 billion)	
IT Platform Services		(+) Digital workplaces business (+) Information security business	(+) Higher profits due to increased revenue effects

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Financial Results for 3rd Quarter FY March 2023

Revenue by Service < 3Q Total >

(JPY million)

	3Q FY Mar. 2022	3Q FY Mar. 2023	Diff.	YoY Change
Consulting Services	86,819	116,458	29,639	34.1%
System Development & System Application Sales	146,632	158,700	12,067	8.2%
System Management & Operation Services	203,823	217,539	13,715	6.7%
Product Sales	10,672	23,361	12,689	118.9%
Total	447,947	516,059	68,112	15.2%

- **Consulting Services:** Expanded, mainly with domestic finance and in business in Australia and the US
- **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

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- In consulting services, the revenue impact from the consolidation of Core BTS was around 7.0 billion yen. The revenue increase was primarily driven by growth in domestic financial IT and business in Australia.
- The increase in system development & system application sales was mainly due to contributions from projects for securities and insurance in domestic financial IT.
- The increase in system management & operation services was due to contributions from consolidation effect of Core BTS and business growth at ASG in addition to increased THE STAR usage fees from acquisitions of new users.
- The revenue increase in product sales was mainly due to the consolidation effect of Core BTS primarily in network device sales.

Financial Results for 3rd Quarter FY March 2023

Consolidated P/L Highlight < 3Q Total >

(JPY million)

	3Q FY Mar. 2022	3Q FY Mar. 2023	Diff.	YoY Change
Revenue	447,947	516,059	68,112	15.2%
Cost of Sales	287,890	336,293	48,403	16.8%
Subcontracting Costs	141,884	158,638	16,754	11.8%
Gross Profit	160,057	179,766	19,709	12.3%
Gross Profit Margin	35.7%	34.8%	(0.9P)	
SG&A	82,437	98,698	16,261	19.7%
Other Income and Other Expenses, etc.	3,752	2,805	(946)	(25.2%)
Operating Profit	81,372	83,873	2,501	3.1%
Operating Margin	18.2%	16.3%	(1.9P)	

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- Gross profit margin decreased by 0.9 percentage points.
Domestic profit margin improved, but overseas profit margin decreased due to factors including a larger portion of our business being in Australia which has labor costs proportionally higher than Japan, in addition to increasing labor costs in Australia as well as the consolidation effect of Core BTS and the accompanying increase in product sales.
- SG&A increased by 16.2 billion yen and SG&A ratio also increased by 0.7 percentage points.
Although SG&A ratio declined domestically, overall SG&A ratio increased due to the effect of consolidating Core BTS.
- There were also other decreases in income including lower gain on sales of assets (approximately 1.1 billion yen), and operating margin decreased 1.9 percentage points to 16.3%.

Financial Results for 3rd Quarter FY March 2023

Consolidated P/L Highlight < 3Q Total > (continued)

(JPY million)

	3Q FY Mar. 2022	3Q FY Mar. 2023	Diff.	YoY Change
Operating Profit	81,372	83,873	2,501	3.1%
Finance Income and Finance Costs	(1,519)	(2,429)	(909)	59.9%
Profit before tax	79,852	81,444	1,591	2.0%
Income tax expenses	25,255	26,177	921	3.6%
Profit attributable to owners of parent	54,314	55,033	719	1.3%

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Financial Results for 3rd Quarter FY March 2023

Order Backlog by Segment (Outstanding)

(JPY million)

	At end of Dec. 2021	At end of Dec. 2022	Diff.	YoY Change
Consulting	10,072	11,707	1,635	16.2%
Financial IT Solutions	78,623	80,759	2,136	2.7%
Industrial IT Solutions	58,925	66,765	7,839	13.3%
IT Platform Services	9,828	11,555	1,727	17.6%
Total	157,449	170,787	13,338	8.5%
Order backlog in the current FY	121,351	141,015	19,664	16.2%

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Financial Results for 3rd Quarter FY March 2023

Order Backlog by Segment (Domestic/Overseas)

■ Order backlog domestically

(JPY million)

	At end of Dec. 2021	At end of Dec. 2022	Diff.	YoY Change
Consulting	9,482	10,997	1,514	16.0%
Financial IT Solutions	76,988	78,318	1,330	1.7%
Industrial IT Solutions	33,499	36,481	2,981	8.9%
IT Platform Services	9,828	11,555	1,727	17.6%
Total	129,798	137,352	7,553	5.8%

■ Order backlog of overseas subsidiaries

(JPY million)

	At end of Dec. 2021	At end of Dec. 2022	Diff.	YoY Change
Overseas subsidiaries	27,650	33,435	5,785	20.9%

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

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■ Domestically

- In Consulting, orders are accumulating, mainly in management consulting.
- In Financial IT Solutions, order backlog increased primarily in systems integration projects for banking.
- In Industrial IT Solutions, orders for large-scale projects received in the second quarter contributed to the increased backlog.
- In IT Platform Services, business is strong in cloud and information security.

■ Overseas

- The increase in order backlog is an accumulation mainly centered in Australia, and the increase in amount reflects actual performance without any impact from the timing of the Core BTS M&A.

Financial Results for 3rd Quarter FY March 2023

Results through 3Q 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
	OP	17.8	22.0	24.1	16.7	80.7
	OPM	13.6%	16.3%	17.5%	11.5%	14.7%
FY March 2022	Revenue	142.6	149.3	155.9	163.6	611.6
	OP	26.5	27.3	27.4	24.8	106.2
	OPM	18.6%	18.3%	17.6%	15.2%	17.4%
FY March 2023 (Figures for 4Q and full-year are estimates)	Revenue	167.5	171.5	177.0	173.9	690.0
	OP	28.0	27.1	28.6	31.1	115.0
	OPM	16.8%	15.9%	16.2%	17.9%	16.7%

Note: Figures for 4Q of the fiscal year ending March 31, 2023 were calculated by subtracting 3Q results from full-year forecasts for FY March 2023.

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- We have left our forecast as-is. Thus, we are planning for the same level of sales in the fourth quarter as in the third, and for an increase of 2.5 billion yen in operating profit compared to the third quarter.
- Revenue has slightly exceeded the year forecast, which is partly attributable to the effect of yen depreciation, but we are looking at the situation conservatively as the yen has been gaining strength again since the end of 2022.
- Operating profit met the forecast for the first half, but did not quite progress as smoothly in the third quarter due primarily to performance overseas. However, there are a number of positive factors in the fourth quarter such as
 - (1) brisk activity in projects for consulting and IT platforms (order backlog is higher than usual),
 - (2) financial IT remaining robust, including THE STAR going into use at the Okasan Securities Group in January 2023, thus contributing to profit, and
 - (3) profitability improving in our business overseas (aforementioned).
 Since these factors were not present in the third quarter, we consider our forecast for the year to be very achievable.

Financial Results for 3rd Quarter FY March 2023

Key Factors in Financial Results for 3Q FY March 2023

■ Higher income with +15.2% in revenue

- Domestically, business remained strong in DX projects for Consulting and IT Platform Services, in addition to systems development projects for a broad range of industry types in Financial IT
- Overseas, we are also achieving steady growth, and are now certain to achieve the sales target declared in V2022

■ +3.1% in operating profit

- Domestically, we achieved profitability exceeding the impact of higher costs resulting from yen depreciation and other factors
- Overseas, immediate profitability is declining but response measures have been implemented

Domestically, business remains strong primarily in DX projects, while profitability overseas is also set to recover

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Recent Activities Global strategy (AU)

While there is concern about restraint on investment due to economic uncertainty, IT demand remains as strong as before as revenue increased by approximately 20% year-on-year

ASG

- Revenue increased by approx. 20% year-on-year, operating profit increased by approx. 50%, and order backlog at the end of 3Q increased approximately 30% year-on-year
- EBITDA margin remains strong at approx. 10%

Planit

- M&A was conducted in the UK during 3Q after New Zealand in the first half, expanding business infrastructure outside of Australia
Revenue increased approx. 20% year-on-year (of which organic growth accounted for approx. 10%)
- Profit margin decreased in 3Q due to effects of PMI and new hiring costs but is expected to recover in 4Q and onward as demand remains strong

AUSIEX

- Dealing with the continued effect of lower market transaction volume due to rising interest rates
- Broke even in 3Q partially due to effects of structural reforms in the first half

* All year-on-year figures in this slide are on a local currency basis

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Recent Activities Global strategy (US)

Reinforcing our sales organization to capture demand from new clients for advanced DX development, and converting it into growth from 4Q onward

Core BTS

■ Cloud business

- While business remained strong in advanced DX development and data analytics, sales were flat year-on-year as digital workplace orders that had grown due to demand for remote work subsided
- Measures are being taken to capture demand for advanced DX development from new clients, such as hiring account managers and senior architects in addition to concentration of resources starting in 3Q, for which one-time expenses will be recorded at year end

■ Network business

- Order backlog is rising as network device procurement delays due to the semiconductor supply chain problem have continued, but sales and profit were both flat year-on-year
- Delays in device procurement improved slightly, but full resolution of the problem is expected from the halfway point of 2023 onward

Recent Activities

Share offering is complete, now conducting a share buyback

■ Secondary Offering of Shares (Announced on November 25, 2022)

Selling Shareholders	JAFCO Group Co., Ltd Nomura Holdings, Inc.
Selling Price	¥3,011 per share
Total Number of Shares to be Sold* Total Amount of the Selling Price*	42,513,300 shares ¥128,007,546,300 * including Over-allotment
Recipients of Share offering	Domestic Retail: 60%, Domestic Institutional Investors: 5%, Overseas Institutional Investors: 35%
Delivery Date	Monday, December 12, 2022
Lock-up Period/Target	90 days from Settlement Date / Issuer, Nomura Holdings, Inc., Nomura Properties, Inc.

■ Acquisition of Treasury Stock (Announced on November 25, 2022)

Total number of shares to be acquired/acquisition price of shares	8,000,000 shares (maximum) / ¥20,000 million (maximum)
Acquisition period	December 23, 2022 (Fri) to March 31, 2023 (Fri) - Up to maximum number of shares or acquisition price of shares
Acquisition method	Market purchase based on discretionary trading pertaining to acquisition of treasury stock
Status of Acquisition of Treasury Stock (As of December 31, 2022)	156,300 shares / ¥500,011,999

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- We announced a secondary offering of shares on November 25, 2022.
- This came about in response to the intention to sell indicated by the JAFCO Group. After checking with multiple principal shareholders, Nomura Holdings also indicated an intention to sell, leading to this secondary offering by two companies.

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Efforts to improve shareholder returns

Shareholder returns measures to improve capital efficiency

- Increasing dividend to 45 yen per share for FY March 2023 (this announcement)

Dividend by year

Annual dividend per share*	FY March 2019	FY March 2020	FY March 2021	FY March 2022	FY March 2023 (plan)
End of 2Q	15 yen	15 yen	17 yen	19 yen	22 yen
End of year	15 yen	17 yen	19 yen	21 yen	23 yen
Total	30 yen	32 yen	36 yen	40 yen	45 yen

* NRI conducted a one-to-three share split of common stock, effective July 1, 2019. Amount shown for dividend per share is adjusted for the effect of this split (fractions under one yen are rounded down). These amounts are not adjusted for the effect of the share split (one-to-1.1 split of common stock) conducted effective January 1, 2017.

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- Comprehensively considering factors such as our performance progress and shareholder return policy (35% dividend payout ratio), we upwardly revised our year-end dividend forecast from 22 yen to 23 yen (full-year dividend forecast of 45 yen).
- We will continue striving toward greater shareholder returns while also seeking balance with growth investments.

Efforts to improve shareholder returns

Forecasts for FY March 2023

- Given the progress of 3rd Quarter FY March 2023, NRI revised dividend forecasts.

(JPY billion)

	FY Mar. 2022 (Results)	FY Mar. 2023 (January 30 Forecasts)	Diff.	YoY Change	FY Mar. 2023 (October 27 Forecasts)	Diff.
Revenue	611.6	690.0	78.3	12.8%	690.0	—
Operating Profit	106.2	115.0	8.7	8.3%	115.0	—
Operating Margin	17.4%	16.7%	(0.7P)		16.7%	—
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	¥130.25	¥9.68		¥130.36	(¥0.11)
Dividends per share	¥40.00	¥45.00	¥5.00		¥44.00	¥1.00
Second quarter	¥19.00	¥22.00	¥3.00		¥22.00	—
Fiscal year end	¥21.00	¥23.00	¥2.00		¥22.00	¥1.00
Payout Ratio	33.1%	34.8%	1.7P		33.8%	0.9P

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

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- The upward revision to the financial results forecast is the dividend only.
- If profit is recorded according to forecast, the aforementioned dividend increase will bring our dividend payout ratio to 34.8% which generally corresponds to the 35% level that we seek.

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Reference Materials

Segment Performance Results < Overseas >

■ Including Inter-segment revenue for each segment

(JPY million)

		3Q FY Mar. 2022	3Q FY Mar. 2023	Diff.	YoY Change
Consulting	Revenue	3,268	3,912	644	19.7%
	OP	206	(121)	(328)	—
	OM	6.3%	(3.1%)	(9.4P)	
Financial IT Solutions	Revenue	8,813	9,419	606	6.9%
	OP	1,461	(183)	(1,644)	—
	OM	16.6%	(1.9%)	(18.5P)	
Industrial IT Solutions	Revenue	43,295	84,529	41,233	95.2%
	OP	3,480	2,645	(834)	(24.0%)
	OM	8.0%	3.1%	(4.9P)	
IT Platform Services	Revenue	261	447	186	71.3%
	OP	(17)	126	144	—
	OM	(6.9%)	28.3%	35.1P	
Total (After adjustment deduction)	Revenue	51,728	93,717	41,988	81.2%
	OP	5,134	2,454	(2,680)	(52.2%)
	OM	9.9%	2.6%	(7.3P)	

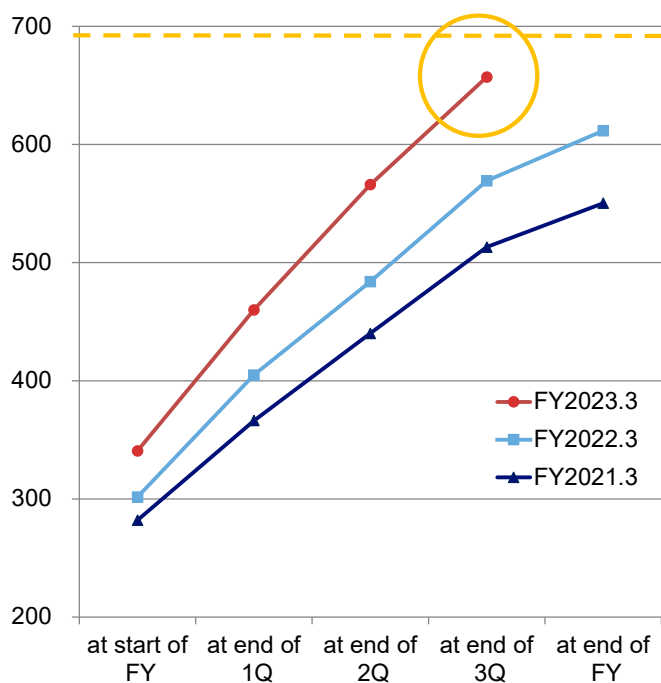
Note: Revenue and operating profit for overseas subsidiaries in each segment are listed. These figures do not include global-related expenses borne by head office. These materials were prepared for the sole purpose of providing information to use as reference in making investment decisions, and are not intended as a solicitation for investment.

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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}	569.2	657.0	+15.4%
Realization rate	93.1%	95.2%	2.2P

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

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Order Volume by Segment <Total>

(JPY million)

	3Q FY Mar. 2022	3Q FY Mar. 2023	Diff.	YoY Change
Consulting	33,229	35,710	2,481	7.5%
Financial IT Solutions	118,813	128,144	9,330	7.9%
Industrial IT Solutions	116,308	136,242	19,934	17.1%
IT Platform Services	24,930	30,130	5,199	20.9%
Total	293,282	330,227	36,945	12.6%

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)

	3Q FY Mar. 2022	3Q FY Mar. 2023	Diff.	YoY Change
Consulting	30,420	32,214	1,794	5.9%
Financial IT Solutions	110,814	124,944	14,129	12.8%
Industrial IT Solutions	79,491	79,162	(328)	(0.4%)
IT Platform Services	24,669	29,682	5,013	20.3%
Total	245,396	266,004	20,608	8.4%

■ Order volume of overseas subsidiaries

(JPY million)

	3Q FY Mar. 2022	3Q FY Mar. 2023	Diff.	YoY Change
Overseas subsidiaries*	47,886	64,222	16,336	34.1%

* 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.

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Reference Materials

Highlights of Consolidated Financial Results <3Q>

■ YoY comparison

(JPY million)

	3Q FY Mar. 2022 (Oct.-Dec.)	3Q FY Mar. 2023 (Oct.-Dec.)	Diff.	YoY Change
Revenue	155,973	177,005	21,032	13.5%
Operating Profit	27,458	28,604	1,146	4.2%
Operating Margin	17.6%	16.2%	(1.4P)	
EBITDA Margin	24.4%	22.8%	(1.7P)	
Profit before tax	26,335	27,690	1,355	5.1%
Profit attributable to owners of parent	17,800	19,176	1,375	7.7%

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External Revenue by Segment <3Q>

(JPY million)

	3Q FY Mar. 2022 (Oct.-Dec.)	Share	3Q FY Mar. 2023 (Oct.-Dec.)	Share	Diff.	YoY Change
Consulting	11,383	7.3%	12,595	7.1%	1,211	10.6%
Financial IT Solutions	79,316	50.9%	84,706	47.9%	5,390	6.8%
Securities	33,601	21.5%	37,512	21.2%	3,910	11.6%
Insurance	18,537	11.9%	19,316	10.9%	779	4.2%
Banking	12,361	7.9%	14,334	8.1%	1,973	16.0%
Other financial	14,816	9.5%	13,542	7.7%	(1,273)	(8.6%)
Industrial IT Solutions	54,540	35.0%	66,522	37.6%	11,982	22.0%
Distribution	17,310	11.1%	17,438	9.9%	128	0.7%
Manufacturing, service and other	37,229	23.9%	49,084	27.7%	11,854	31.8%
IT Platform Services	10,733	6.9%	13,180	7.4%	2,447	22.8%
Total	155,973	100.0%	177,005	100.0%	21,032	13.5%

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External Revenue by Segment <3Q> (supplementary information)

■ Revenue by main client

(JPY million)

	3Q FY Mar. 2022 (Oct.-Dec.)	Share*	3Q FY Mar. 2023 (Oct.-Dec.)	Share*	Diff.	YoY Change
Nomura Holdings	15,322	9.8%	21,211	12.0%	5,888	38.4%

■ Overseas Revenue

(JPY million)

	3Q FY Mar. 2022 (Oct.-Dec.)	Share*	3Q FY Mar. 2023 (Oct.-Dec.)	Share*	Diff.	YoY Change
Overseas Revenue	18,280	11.7%	30,719	17.4%	12,439	68.1%
North America**	1,582	1.0%	9,845	5.6%	8,262	522.1%
Oceania**	14,825	9.5%	18,277	10.3%	3,451	23.3%
Asia, other**	1,871	1.2%	2,597	1.5%	725	38.8%

* 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.

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Segment Performance Results <3Q>

- Including Inter-segment revenue for each segment.

(JPY million)

		3Q FY Mar. 2022 (Oct.-Dec.)	3Q FY Mar. 2023 (Oct.-Dec.)	Diff.	YoY Change
Consulting	Revenue	11,824	13,005	1,180	10.0%
	Operating Profit	3,361	3,419	57	1.7%
	Operating Margin	28.4%	26.3%	(2.1P)	
Financial IT Solutions	Revenue	80,538	86,041	5,503	6.8%
	Operating Profit	12,384	14,242	1,858	15.0%
	Operating Margin	15.4%	16.6%	1.2P	
Industrial IT Solutions	Revenue	56,378	68,688	12,309	21.8%
	Operating Profit	6,450	4,992	(1,458)	(22.6%)
	Operating Margin	11.4%	7.3%	(4.2P)	
IT Platform Services	Revenue	39,745	43,405	3,660	9.2%
	Operating Profit	5,297	6,041	744	14.0%
	Operating Margin	13.3%	13.9%	0.6P	

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Segment Performance Results <Overseas, 3Q>

■ Including Inter-segment revenue for each segment

(JPY million)

		3Q FY Mar. 2022 (Oct.-Dec.)	3Q FY Mar. 2023 (Oct.-Dec.)	Diff.	YoY Change
Consulting	Revenue	1,333	1,568	235	17.6%
	OP	225	109	(116)	(51.7%)
	OM	16.9%	7.0%	(10.0P)	
Financial IT Solutions	Revenue	2,839	3,021	181	6.4%
	OP	148	242	94	63.9%
	OM	5.2%	8.0%	2.8P	
Industrial IT Solutions	Revenue	15,467	27,392	11,925	77.1%
	OP	1,188	(267)	(1,456)	—
	OM	7.7%	(1.0%)	(8.7P)	
IT Platform Services	Revenue	109	122	12	11.3%
	OP	(15)	17	32	—
	OM	(14.3%)	13.9%	28.2P	
Total (After adjustment deduction)	Revenue	18,280	30,719	12,439	68.1%
	OP	1,548	100	(1,447)	(93.5%)
	OM	8.5%	0.3%	(8.1P)	

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.

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Analysis of Increase and Decrease Factors <3Q>

- 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	
Financial IT Solutions	Securities	(+) System development projects for major securities brokerages	(+) Higher profits due to increased revenue effects (+) Contribution from an increase in system management solutions
	Insurance	(+) Systems development for non-life and life insurance	
	Banking	(+) Systems development for multiple clients	
	Other financial, etc.	(–) Reversion from large projects the previous year	
Industrial IT Solutions	Distribution		(–) Lower profitability in the US
	Manufacturing & services, etc.	(+) Consolidation effect of Core BTS in the US (+) Business in Australia	
IT Platform Services		(+) Digital workplaces business	(+) Higher profits due to increased revenue effects

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Revenue by Service <3Q>

(JPY million)

	3Q FY Mar. 2022 (Oct.-Dec.)	3Q FY Mar. 2023 (Oct.-Dec.)	Diff.	YoY Change
Consulting Services	32,182	38,914	6,731	20.9%
System Development & System Application Sales	51,307	56,778	5,471	10.7%
System Management & Operation Services	69,278	73,620	4,341	6.3%
Product Sales	3,205	7,692	4,487	140.0%
Total	155,973	177,005	21,032	13.5%

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

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Consolidated P/L Highlight <3Q>

(JPY million)

	3Q FY Mar. 2022 (Oct.-Dec.)	3Q FY Mar. 2023 (Oct.-Dec.)	Diff.	YoY Change
Revenue	155,973	177,005	21,032	13.5%
Cost of Sales	99,833	114,741	14,907	14.9%
Subcontracting Costs	50,742	54,924	4,182	8.2%
Gross Profit	56,139	62,264	6,124	10.9%
Gross Profit Margin	36.0%	35.2%	(0.8P)	
SG&A	28,923	34,112	5,188	17.9%
Other Income and Other Expenses, etc.	242	452	210	86.5%
Operating Profit	27,458	28,604	1,146	4.2%
Operating Margin	17.6%	16.2%	(1.4P)	

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Consolidated P/L Highlight <3Q> (continued)

(JPY million)

	3Q FY Mar. 2022 (Oct.-Dec.)	3Q FY Mar. 2023 (Oct.-Dec.)	Diff.	YoY Change
Operating Profit	27,458	28,604	1,146	4.2%
Finance Income and Finance Costs	(1,123)	(914)	209	(18.6%)
Profit before tax	26,335	27,690	1,355	5.1%
Income tax expenses	8,437	8,491	54	0.6%
Profit attributable to owners of parent	17,800	19,176	1,375	7.7%

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Order Volume by Segment <3Q>

(JPY million)

	3Q FY Mar. 2022 (Oct.-Dec.)	3Q FY Mar. 2023 (Oct.-Dec.)	Diff.	YoY Change
Consulting	9,974	9,825	(148)	(1.5%)
Financial IT Solutions	41,682	44,514	2,831	6.8%
Industrial IT Solutions	47,526	39,920	(7,605)	(16.0%)
IT Platform Services	8,316	10,201	1,884	22.7%
Total	107,500	104,461	(3,038)	(2.8%)

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.

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Reference Materials

Order Volume by Segment <3Q> (Domestic/Overseas)

■ Order volume domestically

(JPY million)

	3Q FY Mar. 2022 (Oct.-Dec.)	3Q FY Mar. 2023 (Oct.-Dec.)	Diff.	YoY Change
Consulting	9,052	8,751	(301)	(3.3%)
Financial IT Solutions	40,970	43,815	2,845	6.9%
Industrial IT Solutions	26,443	25,310	(1,133)	(4.3%)
IT Platform Services	8,206	10,078	1,871	22.8%
Total	84,673	87,957	3,283	3.9%

■ Order volume of overseas subsidiaries

(JPY million)

	3Q FY Mar. 2022 (Oct.-Dec.)	3Q FY Mar. 2023 (Oct.-Dec.)	Diff.	YoY Change
Overseas subsidiaries*	22,826	16,504	(6,321)	(27.7%)

* 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.

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Revenue Forecasts by Segment for FY March 2023

- Based on progress up to the 3rd Quarter, we have revised our revenue forecasts by segment for the year

(JPY billion)

	(a)		(b)		(b-a)		(c)		(b-c)
	FY Mar. 2022 (Results)	Share	FY Mar. 2023 (January 30 Forecasts)	Share	Diff.	YoY Change	FY Mar. 2023 (October 27 Forecasts)	Diff.	
Consulting	42.8	7.0%	46.0	6.7%	3.1	7.5%	45.0	1.0	
Financial IT Solutions	303.6	49.6%	328.0	47.5%	24.3	8.0%	326.0	2.0	
Securities	133.3	21.8%	141.0	20.4%	7.6	5.8%	140.0	1.0	
Insurance	68.8	11.3%	77.0	11.2%	8.1	11.8%	77.0	—	
Banking	47.0	7.7%	54.0	7.8%	6.9	14.7%	53.0	1.0	
Other financial	54.3	8.9%	56.0	8.1%	1.6	3.0%	56.0	—	
Industrial IT Solutions	222.5	36.4%	268.0	38.8%	45.4	20.4%	271.0	(3.0)	
Distribution	68.2	11.2%	71.0	10.3%	2.7	4.0%	72.0	(1.0)	
Manufacturing, service and other	154.3	25.2%	197.0	28.6%	42.6	27.7%	199.0	(2.0)	
IT Platform Services	42.6	7.0%	48.0	7.0%	5.3	12.7%	48.0	—	
Total	611.6	100.0%	690.0	100.0%	78.3	12.8%	690.0	—	

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Reference Materials

Revenue Forecasts by Service for FY March 2023

- Based on progress up to the 3rd Quarter, we have revised our revenue forecasts by service for the year

(JPY billion)

	FY Mar. 2022 (Results)	FY Mar. 2023 (January 30 Forecasts)	Diff.	YoY Change	FY Mar. 2023 (October 27 Forecasts)	Diff.
Consulting Services	125.4	157.0	31.5	25.1%	160.0	(3.0)
System Development & System Application Sales	196.0	212.0	15.9	8.2%	209.0	3.0
System Management & Operation Services	272.9	290.0	17.0	6.3%	293.0	(3.0)
Product Sales	17.2	31.0	13.7	79.5%	28.0	3.0
Total	611.6	690.0	78.3	12.8%	690.0	—

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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	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%

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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 (January 30 Forecasts)*	Diff.	Change	FY Mar. 2023 (October 27 Forecasts)*	Diff.
Revenue	550.3	611.6	690.0	78.3	12.8%	690.0	—
Cost of Sales	364.5	395.5	445.0	49.4	12.5%	447.0	(2.0)
Personnel	116.9	134.9	158.0	23.0	17.1%	160.0	(2.0)
Subcontracting Costs	171.5	194.7	212.0	17.2	8.8%	214.0	(2.0)
Depreciation	32.6	33.3	34.0	0.6	2.0%	34.0	—
Gross Profit	185.7	216.0	245.0	28.9	13.4%	243.0	2.0
Gross Profit Margin	33.8%	35.3%	35.5%	0.2P		35.2%	0.3P
SG&A	98.3	113.5	132.0	18.4	16.3%	130.0	2.0
Operating Profit	80.7	106.2	115.0	8.7	8.3%	115.0	—
Operating Margin	14.7%	17.4%	16.7%	(0.7P)		16.7%	—

* Figures are consolidated estimates for preparing this earnings model.

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DX-Related Revenue

■ Main DX-related business in 3Q FY March 2023

- DX Consulting, Data analytics
- Mobile financial services (payments, points, etc.) , digitalization of sales
- Business model transformation focused on E-commerce business (inventory control, optimized shipping, etc.)
- 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
DX-related revenue	106.2 billion yen (+16.8%)	109.7 billion yen (+14.6%)	112.4 billion yen (+12.4%)
Ratio of DX-related revenue	63% (0pt)	64% (0pt)	64% (0pt)

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

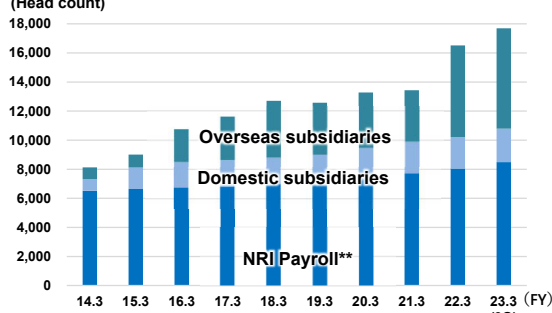
NRI Group-s employees

Personnel:
17,689*

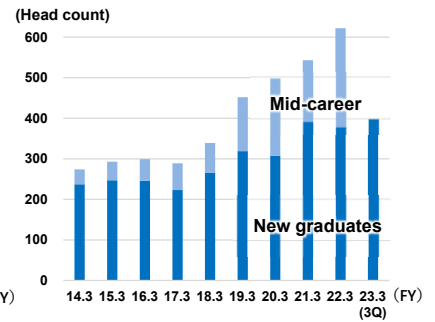
- Management Consultants
- Systems Consultants
- Application Engineers
- Technical Engineers, etc.

* As of end-Dec. 2022

NRI Group's employees



Hiring to NRI Payroll by year**



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

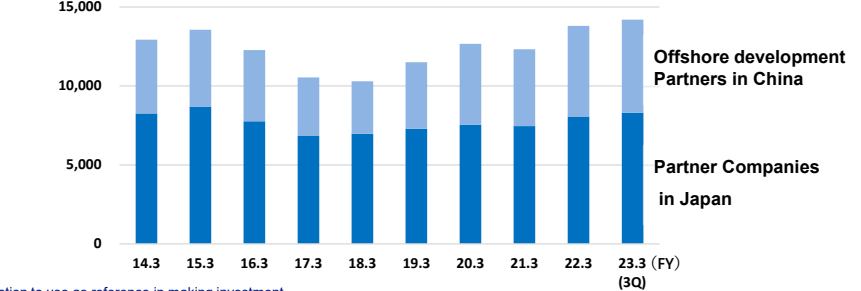
20 partners in 20 regions

Personnel: Approx. 6,000

Partner Companies in Japan

Personnel: Approx. 8,000

Personnel of subcontractors



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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.

A decorative swoosh graphic consisting of two curved lines. The upper line is a gradient from blue to red, and the lower line is a solid blue. They meet at a point above the text.

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