

# Financial Results Presentation

Financial Results for 2<sup>nd</sup> Quarter FY March 2023

---

**Nomura Research Institute, Ltd.**

**Shingo Konomoto**

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

October 27, 2022



- 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.

**1**

**Financial Results for 2<sup>nd</sup> Quarter FY March 2023**

**2**

**Recent Activities**

**3**

**Financial Results Forecasts for FY March 2023**

**4**

**Reference Materials**

## Financial Results for 2<sup>nd</sup> 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%)

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.

Copyright (C) Nomura Research Institute, Ltd. All rights reserved. **NRI**

2

- Revenue increased by 47.0 billion yen, a year-on-year increase of 16.1%. The increase includes approximately 16.0 billion yen of consolidation impact from Core BTS which was acquired in North America last year. Excluding this consolidation effect, revenue increased approximately 11.0% year on year. Looking only at our domestic business, revenue increased by approximately 17.5 billion yen, a year-on-year increase of approximately 7.0%.
- Operating margin decreased by around 2.2 percentage points year-on-year. This is due to Core BTS with its significant depreciation expenses contributing only to sales and not to operating profit. Looking only at our domestic business, operating margin is in the 19% range, which is about the same level as the same time last year.
- Profit attributable to owners of parent decreased due to an increase of over one percentage point in our rate of tax burden. This is due to our business expansion in Australia where the corporate tax rate is high.

## Financial Results for 2<sup>nd</sup> 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%)

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.

Copyright (C) Nomura Research Institute, Ltd. All rights reserved. **NRI**

3

- Revenue for the first half exceeded the forecast from the start of the fiscal year by 19.0 billion yen. Approximately 7.0 billion yen was attributable to the effect of yen depreciation, but revenue still exceeded forecast by 12.0 billion yen even when excluding the exchange rate factor. The main driver of this increase was strong domestic business in financial IT solutions.

## Financial Results for 2<sup>nd</sup> 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%
<b>Total</b>	<b>291,974</b>	<b>100%</b>	<b>339,054</b>	<b>100%</b>	<b>47,079</b>	<b>16.1%</b>

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.

Copyright (C) Nomura Research Institute, Ltd. All rights reserved. **NRI**

4

- In Consulting, revenue was strong with an increase of 7.4%. Business remained brisk both in projects for the public sector and DX projects for the private sector.
- In Financial IT Solutions, revenue was strong overall.
  - In Insurance, revenues increased by 20.0%. In addition to modernization projects with major non-life insurers, business was also strong with life insurers.
  - In Banking, revenues increased by 13.6%. The beginning of implementation projects for the BANKSTAR accounting system contributed to this increase.
- In Industrial IT Solutions, approximately 16.0 billion yen of the overall 26.1-billion-yen revenue increase was the consolidation effect of Core BTS in North America. Business was also strong at ASG and Planit in Australia, as overseas business was the main contributor to increased revenue. Domestically, revenue was at the same level as the previous year.
- In IT Platform Services, revenues increased by 18.0%. Digital workplace business and information security business remained brisk.

## Financial Results for 2<sup>nd</sup> 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  
AUD                      ¥82.61

¥134.04  
¥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.

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.

Copyright (C) Nomura Research Institute, Ltd. All rights reserved. **NRI** 5

#### ➤ Regarding overseas revenue,

- The revenue increase in North America was attributable to the consolidation effect of Core BTS.
- In Oceania, yen depreciation had an upward impact of around 4.0 billion yen, but business there is strong aside from that as revenue grew by around 30% on a local currency basis.

## Financial Results for 2<sup>nd</sup> 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)	

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.

Copyright (C) Nomura Research Institute, Ltd. All rights reserved. NRI

6

- In Consulting, operating profit decreased in the segment overall due to the effects of losses recorded in overseas business which has struggled against lockdowns in places such as Shanghai. Domestically, profit remained strong.
- In Financial IT Solutions, AUSIEX in Australia recorded losses due to factors including unsuccessful efforts to acquire new clients to compensate for lower sales caused by worsening market conditions, and the defection of a large client. Thus, while operating profit increased for the segment as a whole, operating margin was slightly lower.
- In Industrial IT Solutions, overseas business contributed to increases. Operating margin in domestic business maintained the same high margin as last year at 13%, but the margin for the segment overall declined since Core BTS did not contribute to profit.
- In IT Platform Services, operating profit was unchanged year-on-year.

## Financial Results for 2<sup>nd</sup> 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	

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.

Copyright (C) Nomura Research Institute, Ltd. All rights reserved. **NRI**

7



## Financial Results for 2<sup>nd</sup> 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%
<b>Total</b>	<b>291,974</b>	<b>339,054</b>	<b>47,079</b>	<b>16.1%</b>

- **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

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.

Copyright (C) Nomura Research Institute, Ltd. All rights reserved. **NRI**

8

- In consulting services, the revenue impact from the consolidation of Core BTS was around 5.0 billion yen, aside from which upstream processes in large projects for domestic insurance and banking in Financial IT Solutions contributed to revenue. We consider this to be a positive trend, as we anticipate it will have ripple effects on development and product sales over time.
- The revenue increase in product sales was mostly attributable to the consolidation effect of Core BTS which has a device sales business.

## Financial Results for 2<sup>nd</sup> Quarter FY March 2023

### Consolidated P/L Highlight <1H>

(JPY million)

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

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.

Copyright (C) Nomura Research Institute, Ltd. All rights reserved. **NRI**

9

- Cost of sales increased at a higher rate than revenue. This was caused by an increase of about 20% in labor cost, which is a component of the cost of sales. The labor cost ratio of the main body of NRI is around 15%, but ASG and Planit in Australia have high labor cost ratios since they operate labor-intensive businesses and these businesses are also growing, so our overall labor cost ratio increased as a result.
- SG&A increased by 11.0 billion yen, which was greater than the rate of revenue increase.  
Roughly half of the increase was attributable to the Core BTS consolidation effect. (labor cost, amortization of intangible assets, etc.)
- Profit decreased in other income and other expenses, etc. Recording of gain from the sale of real estate assets last year has continued, but the amount has decreased by around 1.0 billion yen year-on-year.

## Financial Results for 2<sup>nd</sup> 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%)

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.

Copyright (C) Nomura Research Institute, Ltd. All rights reserved. NRI 10

- Finance income and finance costs decreased due to increased interest paid as a result of increased borrowings pertaining to M&A conducted in North America and Australia last year. Rising interest rates for the US dollar and Australian dollar also had an impact.

## Financial Results for 2<sup>nd</sup> 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 2<sup>nd</sup> Quarter FY March 2023

### Increases and decreases in operating margin

	2Q FY Mar. 2022	2Q FY Mar. 2023	Diff.	Remarks
<b>NRI-wide</b>	<b>18.5%</b> ¥53.9 bil.	<b>16.3%</b> ¥55.2 bil.	<b>(2.2P)</b> + ¥1.3 bil.	
(Excluding other profit and expenses)	<b>17.3%</b> ¥50.4 bil.	<b>15.6%</b> ¥52.9 bil.	<b>(1.7P)</b> + ¥2.5 bil.	• Excluding sales of fixed assets (−1.1 billion yen), etc.
<b>Domestic</b>	<b>18.1%</b> ¥46.8 bil.	<b>18.3%</b> ¥50.5 bil.	<b>+0.2P</b> + ¥3.7 bil.	Increased profit margin through initiatives to improve productivity despite higher costs of around 2.0 billion yen due to factors including • Procurement costs (for AWS, Azure, etc.) due to exchange rate impact • Price revisions in China offshoring • Utilities expenses • Miscellaneous expenses such as travel
<b>Overseas</b>	<b>10.7%</b> ¥3.5 bil.	<b>3.7%</b> ¥2.3 bil.	<b>(7.0P)</b> <b>(¥1.2 bil.)</b>	Higher costs of around 2.0 billion yen due to factors including • 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

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.

Copyright (C) Nomura Research Institute, Ltd. All rights reserved. **NRI** 12

- Our operating margin decreased 2.2 percentage points year-on-year, but after excluding the impact of sales of fixed assets, the decrease was only 1.7 percentage points.
- Domestically, there were several increases in cost that are characteristic of this particular fiscal year.  
These include increases in the cost of public cloud procurement due to the depreciation of the yen, increases in cost prices of offshoring due to large exchange rate fluctuations, and rising costs of electric power for use primarily in data centers. However, these cost increases have been absorbed to keep operating margin at the same level as last year.
- Overseas, profits and operating margin both decreased due to factors including increased amortization cost of intangible assets.

## 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. 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.

Copyright (C) Nomura Research Institute, Ltd. All rights reserved. **NRI** 13

- In Consulting, factors including intermittent lockdowns in China resulted in an overall loss. The situation is improving, but transport within China remains undependable and has not yet recovered to what it was pre-pandemic.
- In Financial IT Solutions, first quarter performance mostly broke even, but we posted a loss in the second quarter. This was due to the impact of lower transaction volumes in financial markets, in addition to (temporary) personnel reduction costs that arose. Having lightened the cost burden, we are forecasting an improvement to the balance sheet in the second half.
- In Industrial IT Solutions, although ASG gained in profitability, our operating margin declined due to the effect of consolidating Core BTS.

**1** Financial Results for 2<sup>nd</sup> Quarter FY March 2023

**2** Recent Activities

**3** Financial Results Forecasts for FY March 2023

**4** Reference Materials

## Recent Activities

### Growth Strategy of NRI Medium-Term Management Plan(2019-2022) <Main topics of 1H>

#### Main Strategies

<b>DX</b>	<b>Use technology to transform customer business models and processes</b> <i>Details to follow</i>
<b>Business platform</b>	<b>Evolve business platforms (BPFs) in finance</b> <ul style="list-style-type: none"><li>✓ Major securities brokerages began using THE STAR in 2Q. Second-tier securities brokerages also plan to start in 4Q</li><li>✓ Investments to expand into front-end (new platforms for finance intermediaries) are progressing</li></ul>
<b>Cloud</b>	<b>Modernize legacy systems by using cloud</b> <ul style="list-style-type: none"><li>✓ Sequentially migrate business platforms (BPFs) to OCI* starting with BESTWAY. Migration of THE STAR begins in 3Q</li><li>✓ Legacy modernizations (insurance) and usage of public cloud (industrial IT) are advancing in core systems</li></ul>
<b>Global</b>	<b>Achieve more global business growth, seeking sales of 100 billion yen</b> <i>Details to follow</i>
<b>Human resources</b>	<b>Strategic recruiting, talent development and collaboration with partners to bolster NRI's competitiveness</b> <ul style="list-style-type: none"><li>✓ New graduate hiring for April 2023 and this year's mid-career hiring are proceeding well and exceeding last year</li><li>✓ Creating environments enabling professionals to fully harness their abilities, including new HR systems and DX courses</li></ul>

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.

\* OCI : Oracle Cloud Infrastructure

Copyright (C) Nomura Research Institute, Ltd. All rights reserved.

**NRI** 15

- For our business platform strategy, in the financial field, major securities brokerages will begin using THE STAR in the second quarter, and second-tier securities brokerage groups will begin using it in January of next year. This strategy is proceeding smoothly.
- For our cloud strategy, we are in the process of migrating our financial platforms one by one to Oracle Cloud Infrastructure (OCI). Since these are phased migrations and the new and old infrastructure must be utilized simultaneously, the reduced cost effects will not be seen right away, but profit contributions are expected starting in FY March 2026.
- For our human resources strategy, we have exceeded our planned hiring headcounts among both new graduate and mid-career hires, and we are making solid progress at increasing our human resources.



## Recent Activities

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

**Major initiatives going forward**

**DX projects: Present state and future outlook**

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

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.

Copyright (C) Nomura Research Institute, Ltd. All rights reserved. **NRI** 15

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.

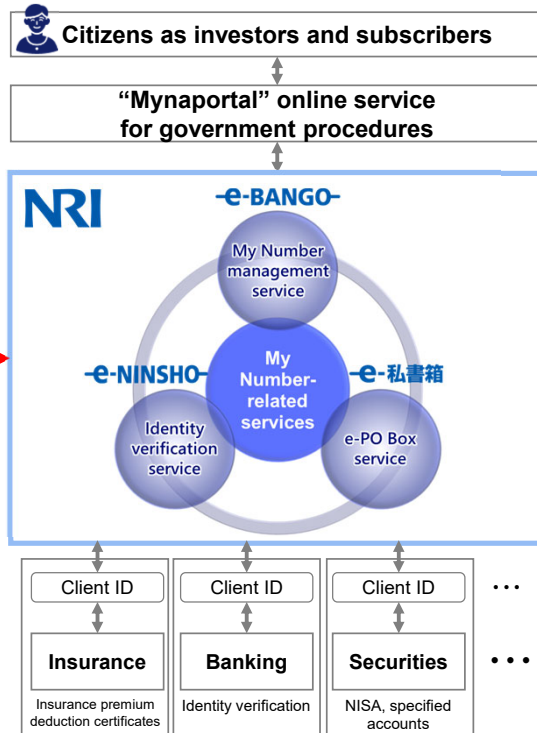
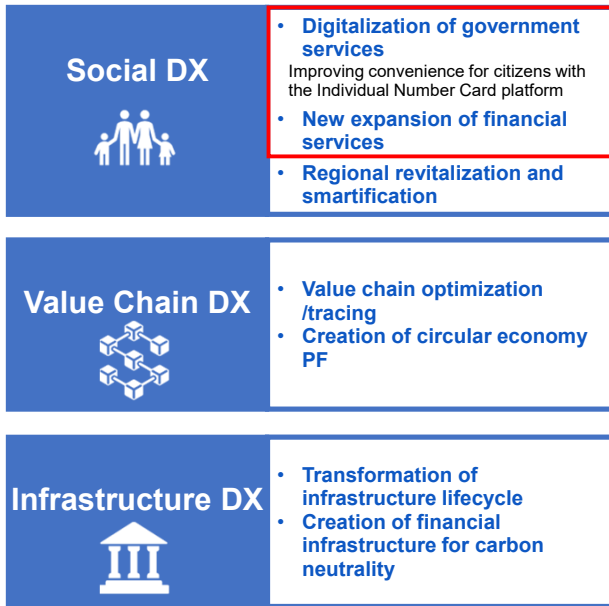
Copyright (C) Nomura Research Institute, Ltd. All rights reserved. **NRI** 16

(Explain according to what is written on the slide)

# 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



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.

(Explain according to what is written on the slide)

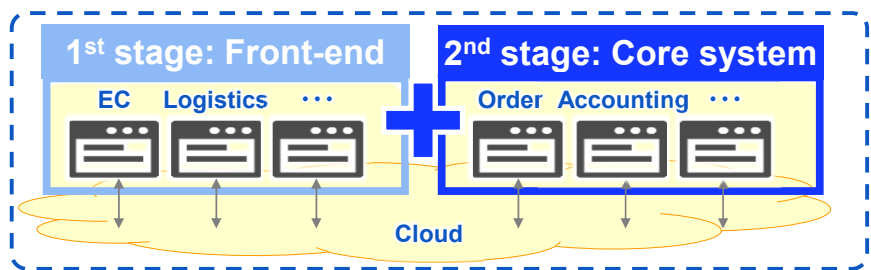
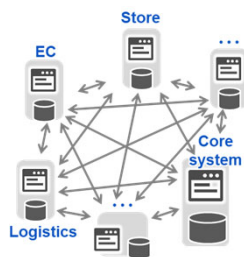
## Recent Activities DX strategy (Industrial IT Solutions)

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

\* Blue type: Points where NRI has a particular advantage



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.

Copyright (C) Nomura Research Institute, Ltd. All rights reserved. NRI 18

(Explain according to what is written on the slide)

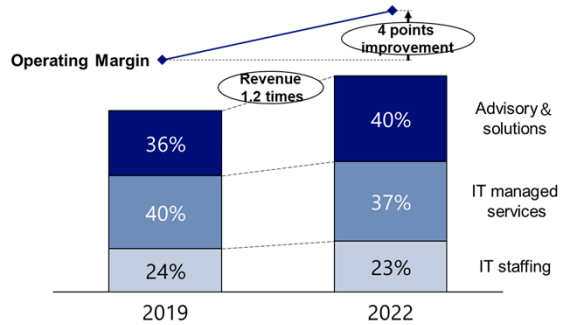
## Recent Activities Global strategy (Australia)

### 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

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.

Copyright (C) Nomura Research Institute, Ltd. All rights reserved. NRI 19




(Explain according to what is written on the slide)

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

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.

Copyright (C) Nomura Research Institute, Ltd. All rights reserved. **NRI** 20

- Core BTS is behind the initial plan for the year due to a slump in the network business caused by the semiconductor shortage.
- The impact of the delay in device procurement resulting from the semiconductor shortage is expected to have lingering effects next year.

**1** Financial Results for 2<sup>nd</sup> Quarter FY March 2023

**2** Recent Activities

**3** Financial Results Forecasts for FY March 2023

**4** Reference Materials

## 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%
<b>Total</b>	<b>205,851</b>	<b>243,084</b>	<b>37,233</b>	<b>18.1%</b>
<b>Order backlog in the current FY</b>	<b>191,977</b>	<b>226,970</b>	<b>34,993</b>	<b>18.2%</b>

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.

Copyright (C) Nomura Research Institute, Ltd. All rights reserved. **NRI** 22

## 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%
<b>Total</b>	<b>182,818</b>	<b>195,680</b>	<b>12,862</b>	<b>7.0%</b>

#### ■ Order backlog of overseas subsidiaries

(JPY million)

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

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.

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.

Copyright (C) Nomura Research Institute, Ltd. All rights reserved. NRI 23

#### ■ Domestically,

- In Consulting, order backlog is at a high level, but order volume has slowed down slightly in the second quarter compared to the first. We do not consider this development to be any type of precursor to an economic downturn, but it will require attention.
- In Financial IT Solutions, THE STAR implementation projects for securities brokerages are in progress.
- In Industrial IT Solutions, we were able to accumulate a large number of orders in the second quarter.
- In IT Platform Services, business is strong in information security.

#### ■ Overseas,

- The increase in order backlog includes an effect of approximately 15.0 billion yen from the consolidation of Core BTS, but order backlog has remained strong even excluding that, primarily for ASG in Australia.



## 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%
<b>Total</b>	<b>75,396</b>	<b>89,361</b>	<b>13,964</b>	<b>18.5%</b>

#### ■ Order volume of overseas subsidiaries

(JPY million)

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

\* 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.

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.

Copyright (C) Nomura Research Institute, Ltd. All rights reserved. **NRI** 24

- In Consulting, order volume decreased due to a reversion from large projects last year. Since business confidence in the macroeconomy cannot currently be considered optimistic, this will require attention.
- In Financial IT Solutions, order volume jumped significantly due to orders received from securities brokerages along with their commencing usage of THE STAR.
- In Industrial IT Solutions, order volume increased due to orders received for large core systems projects.

## Financial Results Forecasts for FY March 2023

### Forecasts for FY March 2023

- Given the progress of 2<sup>nd</sup> 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.
<b>Revenue</b>	<b>611.6</b>	<b>690.0</b>	<b>78.3</b>	<b>12.8%</b>	<b>670.0</b>	<b>20.0</b>
<b>Operating Profit</b>	<b>106.2</b>	<b>115.0</b>	<b>8.7</b>	<b>8.3%</b>	<b>115.0</b>	<b>—</b>
<b>Operating Margin</b>	<b>17.4%</b>	<b>16.7%</b>	<b>(0.7P)</b>		<b>17.2%</b>	<b>(0.5P)</b>
<b>Profit before tax</b>	<b>104.6</b>	<b>113.0</b>	<b>8.3</b>	<b>8.0%</b>	<b>113.0</b>	<b>—</b>
<b>Profit attributable to owners of parent</b>	<b>71.4</b>	<b>77.0</b>	<b>5.5</b>	<b>7.8%</b>	<b>77.0</b>	<b>—</b>
<b>Basic earnings per share</b>	<b>¥120.57</b>	<b>¥130.36</b>	<b>¥9.79</b>		<b>¥130.60</b>	<b>(0.24)</b>
<b>Dividends per share</b>	<b>¥40.0</b>	<b>¥44.0</b>	<b>¥4.00</b>		<b>¥44.0</b>	<b>—</b>
Second quarter	<b>¥19.0</b>	<b>¥22.0</b>	<b>¥3.00</b>		<b>¥22.0</b>	<b>—</b>
Fiscal year end	<b>¥21.0</b>	<b>¥22.0</b>	<b>¥1.00</b>		<b>¥22.0</b>	<b>—</b>
<b>Payout Ratio</b>	<b>33.1%</b>	<b>33.8%</b>	<b>0.7P</b>		<b>33.8%</b>	<b>0.0P</b>

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

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.

Copyright (C) Nomura Research Institute, Ltd. All rights reserved. NRI 25

- Taking the upswing during the first half into consideration, we have upwardly revised revenue only by 20.0 billion yen. Our forecast for the second half will remain as originally announced, but since we have left the initial plan as-is in terms of exchange rates, that forecast could potentially be exceeded by just under 10.0 billion yen if the current state of yen weakness continues. That amount has not been factored into the 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.
<b>Consulting</b>	42.8	7.0%	45.0	6.5%	2.1	5.1%	45.0	—
<b>Financial IT Solutions</b>	303.6	49.6%	326.0	47.2%	22.3	7.4%	315.0	11.0
<b>Securities</b>	133.3	21.8%	140.0	20.3%	6.6	5.0%	138.0	2.0
<b>Insurance</b>	68.8	11.3%	77.0	11.2%	8.1	11.8%	71.0	6.0
<b>Banking</b>	47.0	7.7%	53.0	7.7%	5.9	12.6%	50.0	3.0
<b>Other financial</b>	54.3	8.9%	56.0	8.1%	1.6	3.0%	56.0	—
<b>Industrial IT Solutions</b>	222.5	36.4%	271.0	39.3%	48.4	21.8%	263.0	8.0
<b>Distribution</b>	68.2	11.2%	72.0	10.4%	3.7	5.5%	70.0	2.0
<b>Manufacturing, service and other</b>	154.3	25.2%	199.0	28.8%	44.6	29.0%	193.0	6.0
<b>IT Platform Services</b>	42.6	7.0%	48.0	7.0%	5.3	12.7%	47.0	1.0
<b>Total</b>	<b>611.6</b>	<b>100.0%</b>	<b>690.0</b>	<b>100.0%</b>	<b>78.3</b>	<b>12.8%</b>	<b>670.0</b>	<b>20.0</b>

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.

Copyright (C) Nomura Research Institute, Ltd. All rights reserved. **NRI** 26

- The amounts of the upswing in each segment and industry type during the first half have been added on as-is, and the revenue forecasts for the second half are unchanged from the initial forecasts for the fiscal year.

## Financial Results Forecasts for FY March 2023

### Results through 2Q and Full-Year Earnings Forecast

(JPY billion)

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

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

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.

Copyright (C) Nomura Research Institute, Ltd. All rights reserved. **NRI** 27

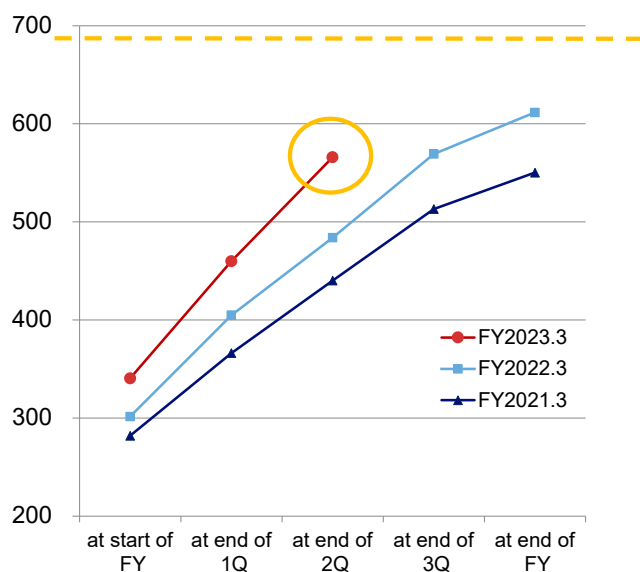
- If the second-half forecast is exceeded primarily in revenues as a result of yen weakness, operating margin could potentially decrease by up to a few percentage points.

- 1** Financial Results for 2<sup>nd</sup> Quarter FY March 2023
- 2** Recent Activities
- 3** Financial Results Forecasts for FY March 2023
- 4** Reference Materials

## Reference Materials

# Revenue + Consolidated Order Backlog

(JPY billion)



(JPY billion)

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

(\*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

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.

Copyright (C) Nomura Research Institute, Ltd. All rights reserved. **NRI** 29

## 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%
<b>Total</b>	<b>185,782</b>	<b>225,765</b>	<b>39,983</b>	<b>21.5%</b>

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.

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.

Copyright (C) Nomura Research Institute, Ltd. All rights reserved. **NRI** 31



## Reference Materials

# 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%)

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.

Copyright (C) Nomura Research Institute, Ltd. All rights reserved. **NRI** 32

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

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.

Copyright (C) Nomura Research Institute, Ltd. All rights reserved. **NRI** 33

## 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.

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.

Copyright (C) Nomura Research Institute, Ltd. All rights reserved. **NRI** 34

## 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)	

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.

Copyright (C) Nomura Research Institute, Ltd. All rights reserved. **NRI** 35

## 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.

Copyright (C) Nomura Research Institute, Ltd. All rights reserved. **NRI** 36

## 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		(+ Improved profitability in Australia
	Manufacturing & services, etc.	(+) Business in Australia (+) Consolidation effect of Core BTS in the US	
IT Platform Services		(+) Digital workplaces business	

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.

Copyright (C) Nomura Research Institute, Ltd. All rights reserved. **NRI** 37

## 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%
<b>Total</b>	<b>149,327</b>	<b>171,516</b>	<b>22,189</b>	<b>14.9%</b>

- **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

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.

Copyright (C) Nomura Research Institute, Ltd. All rights reserved. **NRI** 38

## Reference Materials

# Consolidated P/L Highlight <2Q>

(JPY million)

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

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.

Copyright (C) Nomura Research Institute, Ltd. All rights reserved. **NRI** 39



## 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
<b>Operating Profit</b>	<b>27,348</b>	<b>27,189</b>	<b>(158)</b>	<b>(0.6%)</b>
<b>Finance Income and Finance Costs</b>	<b>(569)</b>	<b>(1,225)</b>	<b>(656)</b>	<b>115.4%</b>
<b>Profit before tax</b>	<b>26,779</b>	<b>25,963</b>	<b>(815)</b>	<b>(3.0%)</b>
<b>Income tax expenses</b>	<b>8,552</b>	<b>8,744</b>	<b>192</b>	<b>2.2%</b>
<b>Profit attributable to owners of parent</b>	<b>18,101</b>	<b>17,094</b>	<b>(1,006)</b>	<b>(5.6%)</b>

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.

Copyright (C) Nomura Research Institute, Ltd. All rights reserved. **NRI** 40

## Reference Materials

### Order Volume by Segment <2Q>

(JPY million)

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

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.

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.

Copyright (C) Nomura Research Institute, Ltd. All rights reserved. **NRI** 41

## Reference Materials

# Revenue Forecasts by Service for FY March 2023

- Given the progress of 2<sup>nd</sup> 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	—
<b>Total</b>	<b>611.6</b>	<b>690.0</b>	<b>78.3</b>	<b>12.8%</b>	<b>670.0</b>	<b>20.0</b>

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.

Copyright (C) Nomura Research Institute, Ltd. All rights reserved. **NRI** 42

## 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%

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.

Copyright (C) Nomura Research Institute, Ltd. All rights reserved. **NRI** 43

## 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.

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.

Copyright (C) Nomura Research Institute, Ltd. All rights reserved. **NRI** 44

## 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
<b>DX-related revenue</b>	<b>106.2 billion yen (+16.8%)</b>	<b>109.7 billion yen (+14.6%)</b>
<b>Ratio of DX-related revenue</b>	<b>63% (0pt)</b>	<b>64% (0pt)</b>

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.

Copyright (C) Nomura Research Institute, Ltd. All rights reserved. **NRI** 45

## Reference Materials

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

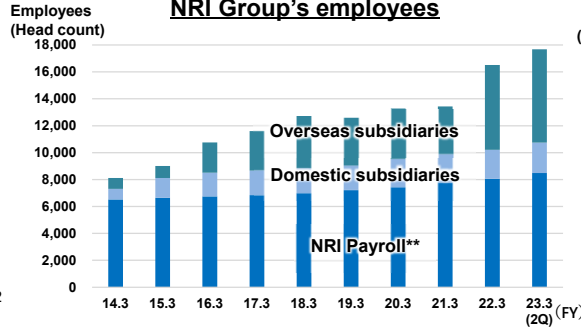
### NRI Group's employees

**Personnel:**  
**17,678\***

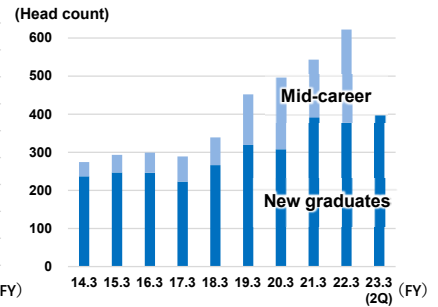
- Management Consultants
- Systems Consultants
- Application Engineers
- Technical Engineers, etc.

\* As of end-Sep. 2022

**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

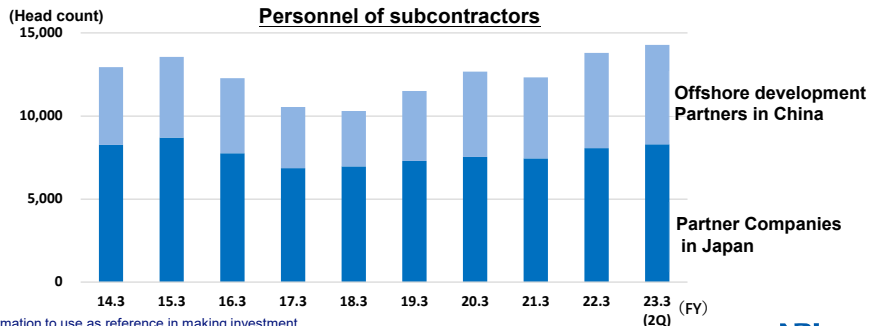
20 partners in 20 regions

**Personnel: Approx. 6,000**

- Partner Companies in Japan

**Personnel: Approx. 8,000**

**Personnel of subcontractors**



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.

Copyright (C) Nomura Research Institute, Ltd. All rights reserved.

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.



The text is framed by two decorative swooshes. The top swoosh is a gradient from blue to red, arching over the text. The bottom swoosh is a solid blue line, arching under the text.

***Share the Next Values!***