



MEMBERSHIP

28th July 2022

## Consolidated Financial Results for the Three Months Ended 30th June 2022 (Under IFRS)

Company name: Nomura Research Institute, Ltd.  
 Listing: Tokyo Stock Exchange  
 Securities code: 4307  
 URL: <https://www.nri.com/jp/>  
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 Scheduled date to file quarterly securities report: 12th August 2022  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary materials on quarterly financial results: Yes  
 Holding of quarterly financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Consolidated financial results for the three months ended 30th June 2022 (from 1st April 2022 to 30th June 2022)

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

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
30th June 2022	167,537	17.4	28,079	5.7	27,789	3.9	18,848	2.0
30th June 2021	142,647	8.8	26,564	48.9	26,737	58.7	18,471	64.4

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Three months ended						
30th June 2022	18,762	1.9	22,233	19.2	31.80	31.76
30th June 2021	18,411	55.9	18,647	18.9	30.57	30.46

#### (2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
	Millions of yen	Millions of yen	Millions of yen	%
As of				
30th June 2022	790,639	355,195	351,983	44.5
31st March 2022	789,655	342,486	339,360	43.0

## 2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended 31st March 2022	–	19.00	–	21.00	40.00
Fiscal year ending 31st March 2023	–				
Fiscal year ending 31st March 2023 (Forecast)		22.00	–	22.00	44.00

Note: Revisions to the forecast of cash dividends most recently announced: None

## 3. Forecasts of consolidated financial results for the fiscal year ending 31st March 2023 (from 1st April 2022 to 31st March 2023)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ending 30th September 2022	320,000	9.6	55,000	2.0	54,000	0.9	37,000	1.3
Fiscal year ending 31st March 2023	670,000	9.5	115,000	8.3	113,000	8.0	77,000	7.8

	Basic earnings per share
	Yen
Six months ending 30th September 2022	62.72
Fiscal year ending 31st March 2023	130.52

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

**\* Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies and changes in accounting estimates
  - (i) Changes in accounting policies required by IFRS: None
  - (ii) Changes in accounting policies due to other reasons: None
  - (iii) Changes in accounting estimates: None

(3) Number of issued shares (ordinary shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of 30th June 2022	610,696,500 shares
As of 31st March 2022	610,696,500 shares

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

As of 30th June 2022	20,222,975 shares
As of 31st March 2022	21,109,262 shares

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

Three months ended 30th June 2022	589,959,435 shares
Three months ended 30th June 2021	602,370,868 shares

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

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

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

- (1) The forward-looking statements including business forecasts stated in this document are based on information available to the Company at the present time and certain assumptions judged to be rational, and these statements do not purport to be a promise by the Company to achieve such results. Actual business results, etc. may differ significantly from this forecast due to various factors.
- (2) Supplementary materials on financial results are disclosed on the TDnet at the same time as this summary of consolidated financial results, and will also be posted promptly on the Company's website. In addition, explanatory materials for the results briefing for analysts and institutional investors to be held today will also be posted together on the Company's website.

Attached Material Index

1. Qualitative Information Regarding First-Quarter Settlement of Accounts .....	2
(1) Qualitative Information Regarding Consolidated Operating Results.....	2
(2) Qualitative Information Regarding Consolidated Financial Position.....	6
2. Condensed Quarterly Consolidated Financial Statements, Etc. ....	8
(1) Condensed Quarterly Consolidated Statement of Financial Position.....	8
(2) Condensed Quarterly Consolidated Statement of Comprehensive Income.....	10
(3) Condensed Quarterly Consolidated Statement of Changes in Equity .....	11
(4) Condensed Quarterly Consolidated Statement of Cash Flows .....	13
(5) Notes to Condensed Quarterly Consolidated Financial Statements .....	15

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

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

(Millions of yen)

	Three months ended 30th June 2021	Three months ended 30th June 2022	Year on year	
			Amount	Rate
Revenue	142,647	167,537	24,890	17.4%
Overseas revenue	15,896	31,454	15,558	97.9%
Overseas revenue ratio	11.1%	18.8%	7.6P	–
Business profit	23,227	25,840	2,612	11.2%
Operating profit	26,564	28,079	1,514	5.7%
Operating margin	18.6%	16.8%	(1.9)P	–
EBITDA margin	23.5%	22.1%	(1.4)P	–
Profit before tax	26,737	27,789	1,051	3.9%
Profit attributable to owners of parent	18,411	18,762	350	1.9%

- Notes: 1. Business profit is operating profit excluding temporary factors (such as impairment of goodwill and impairment of fixed assets), and a profit indicator to measure regular performance of businesses.  
 2. EBITDA margin: EBITDA (operating profit + depreciation and amortization + loss on retirement of fixed assets ± temporary factors) / revenue

During the three months ended 30th June 2022, the Japanese economy saw a pickup in business conditions with progress in normalization of economic activities due to effects of countermeasures against COVID-19 and various policies. Information system investment continued to see strong corporate investment demand centered on digital transformation (DX) which involves transforming business processes and business models using digital technologies. However, various uncertainties, such as rising raw material prices, supply chain constraints and rapid exchange-rate fluctuations due to the prolonged Russia-Ukraine situation, continue to cloud the outlook.

Operating in such an environment, Nomura Research Institute (“the Company”) and its consolidated subsidiaries (“the NRI Group”) carried out its business activities leveraging the combined strengths of the NRI Group, allowing it to seamlessly provide services encompassing consulting through to system development and operations.

The current fiscal year is the final year of the “NRI Group Medium-term Management Plan (2019-2022)” (the “Medium-term Management Plan 2022”), formulated to achieve Vision 2022 (from the fiscal year ended 31st March 2016 to the fiscal year ending 31st March 2023), the NRI Group’s long-term management vision. In addition to working to achieve even greater productivity and to expand existing businesses, the NRI Group will promote efforts to realize the growth strategies set forth in the Medium-term Management Plan 2022: (1) DX strategy, (2) global strategy, and (3) human resources strategy.

- (1) DX strategy: The NRI Group is providing comprehensive support by leveraging technologies across everything from creating strategies to solutions with respect to transforming the business processes and business models of its clients.  
 In terms of business platform strategy, the NRI Group is helping its clients create new businesses and enter new markets by providing them with business platforms specifically tailored to those who are entering the financial sector from other industries in step with transformation of industrial structures, while also expanding the NRI Group’s shared online services with a focus on the financial sector.  
 Under its cloud strategy, the NRI Group is improving clients’ business agility and optimizing their IT costs by engaging in legacy system modernization\*<sup>1</sup> and developing cloud-native\*<sup>2</sup> apps.
- (2) Global strategy: The NRI Group is expanding its business foundations with a focus on achieving external growth through M&As and other such initiatives, including the acquisition of IPs, mainly in the key geographic regions of Australia and North America. In order to generate further synergies with subsidiaries acquired through M&A deals, the Company is building a new business management system, operational management system and other systems centered on the Global Headquarters to drive forward the business integration process after acquisition.

- (3) Human resources strategy: The NRI Group is improving its recruitment and development of professionals underpinning the digital age in order to better help its clients achieve business success. The NRI Group is also working to achieve compatible work-style reforms by promoting various work arrangements while also fostering a business culture that enables employees to play active roles and take on challenges, and promoting diversity.

During the three months ended 30th June 2022, the NRI Group's revenue totaled ¥167,537 million (up 17.4% year on year), amid a scenario where revenue was higher year on year in all the services, particularly those of consulting services. Cost of sales was ¥110,230 million (up 20.5%), gross profit was ¥57,307 million (up 12.0%), and selling, general and administrative expenses were ¥31,539 million (up 12.2%). In addition to improvement in revenue amid a favorable order environment and production activities, ¥2,238 million of gain on sale of fixed assets was recorded in association with the sale of trust beneficiary rights for Yokohama Nomura Building. Operating profit was ¥28,079 million (up 5.7%), operating margin was 16.8% (down 1.9 points), and the EBITDA margin was 22.1% (down 1.4 points).

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

### Segment information

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

		Three months ended 30th June 2021	Three months ended 30th June 2022	(Millions of yen) Year on year	
				Amount	Rate
Consulting	Revenue	8,869	9,711	841	9.5%
	Operating profit	1,805	1,859	53	3.0%
	Operating margin	20.4%	19.1%	(1.2)P	–
Financial IT Solutions	Revenue	72,245	81,490	9,245	12.8%
	Operating profit	9,238	11,678	2,440	26.4%
	Operating margin	12.8%	14.3%	1.5P	–
Industrial IT Solutions	Revenue	55,057	68,841	13,783	25.0%
	Operating profit	6,694	6,679	(14)	(0.2)%
	Operating margin	12.2%	9.7%	(2.5)P	–
IT Platform Services	Revenue	37,430	40,403	2,973	7.9%
	Operating profit	5,488	5,652	164	3.0%
	Operating margin	14.7%	14.0%	(0.7)P	–
Adjustments	Revenue	(30,956)	(32,909)	(1,952)	–
	Operating profit	3,338	2,208	(1,130)	–
Total	Revenue	142,647	167,537	24,890	17.4%
	Operating profit	26,564	28,079	1,514	5.7%
	Operating margin	18.6%	16.8%	(1.9)P	–

**(Consulting)**

This segment provides policy recommendations and strategy consulting, as well as business consulting to support operational reform and system consulting for overall IT management.

Amid rapidly changing business environments for our clients following the COVID-19 pandemic, corporate reforms using digital technology are accelerating. In addition, companies that incorporate solutions for social issues including decarbonization into their managerial strategy are increasing, and clients have come to expect solutions for social issues using practical solutions-based consulting services that produce concrete results.

As such, in this segment we are working to strengthen consulting to support our clients' DX and to appropriately respond to clients' needs, and in the global area, we are expanding our services in advanced countries such as the U.S. and European countries while maintaining and reinforcing the existing client base. In addition, we are working to create new consulting services originating in solutions to social issues including decarbonization.

During the three months ended 30th June 2022, the Consulting segment posted revenue of ¥9,711 million (up 9.5% year on year), due to continued strong performance of DX-related consulting and consulting for social issues, following the previous fiscal year. Operating profit was ¥1,859 million (up 3.0%) with high productivity maintained amid a favorable order environment.

**(Financial IT Solutions)**

In this segment, the main clients are in the financial sector, including the securities, insurance and banking sectors. The segment provides system consulting, system development, system management and operation services, and IT solutions such as shared online services and BPO services.

The environment surrounding the financial sector is undergoing major structural changes such that include a society whose population continues to age, companies from other industries newly entering the financial sector, an expanding range of digital assets, and diminishing markets in Japan due to persistently low-interest rates and the nation's declining population. In addition, clients' needs for digitalization and transformation of business models are growing rapidly.

This segment is accordingly working to create and expand new financial business platforms, promote new DX businesses that contribute to the Digital Government Policy such as the Social Security and Tax Number System, and stably operate global business in financial services and expand the businesses to help its clients create new businesses and services in a manner that addresses such changes in the business environment.

During the three months ended 30th June 2022, the Financial IT Solutions segment posted revenue of ¥81,490 million (up 12.8% year on year), amid increases in consulting services, system development and system application sales for the securities and insurance sectors. Operating profit was ¥11,678 million (up 26.4%) due to improvement in profitability amid a favorable order environment and production activities.

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

This segment provides IT solutions such as system consulting, system development and operation services to the distribution, manufacturing, service and public sectors.

As well as upgrading and improving the efficiency of existing business models, clients in the industrial sector are using DX to create new business models using digital technology since the COVID-19 pandemic.

This segment focuses on development of digital intellectual property (IP) that can be utilized across clients and industries, and comprehensively assists the client in everything from creating business models to system construction and advancements in operations in the field of DX businesses.

Furthermore, in the global business, the NRI Group will aim to further expand the business and sustainably increase value through the enhancement of cooperation and the integration of functions between merged subsidiaries in Australia and through M&A that contributes to expansion of the area and strengthening of capabilities in addition to organic growth centering on merged subsidiaries in North America.

During the three months ended 30th June 2022, the Industrial IT Solutions segment posted revenue of ¥68,841 million (up 25.0% year on year) due to the contribution of brisk projects in the Australia business and effects of consolidation of subsidiaries in North America, which were acquired by the previous fiscal year. Operating profit was ¥6,679 million (down 0.2%) affected by delays of the start-up of large projects in Japan and amortization of intangible assets that were identified in association with the consolidation of overseas subsidiaries.

### **(IT Platform Services)**

This segment mainly provides services such as the management and administration of data centers and IT platform and network architecture mainly through the Financial IT Solutions and Industrial IT Solutions segments. It also provides IT platform solutions and information security services to clients of various industries. In addition, the segment conducts explorative initiatives for the development of new business operations and new products related to IT solutions, and investigation and research primarily related to leading-edge information technologies.

System development in the DX era calls for use of artificial intelligence (AI), blockchains and other new digital technologies, in conjunction with new and more rapid development approaches. In the field of cloud computing, companies need to comprehensively engage in high-quality operations of diverse and complex system platforms in line with their progress in cloud development. In addition, as cyberattacks have been diversifying and evolving in recent years, the importance of cyber security measures is increasing to safely and securely implement the introduction and utilization of cloud services, which are central to DX of clients.

This segment is accordingly taking steps that involve expanding its multi-cloud computing services<sup>\*3</sup> and its managed services<sup>\*4</sup>, and is also promoting its zero trust<sup>\*5</sup> business and managed security services<sup>\*6</sup>, in conjunction with efforts to address such changes in the business environment and develop information system development approaches and production innovation tools for the DX era.

During the three months ended 30th June 2022, revenue to external clients increased in the DWP (Digital Work Place) business that contributes to improvement in productivity at office and the security business, and intersegment revenue increased in the DWP business. As a result of the above, the IT Platform Services segment posted revenue of ¥40,403 million (up 7.9% year on year) and operating profit of ¥5,652 million (up 3.0%).

\*3 Multi-cloud computing services refer to centrally managed services provided using multiple cloud computing platforms.

\*4 Managed services refer to the services that lend comprehensive support to optimizing entire information systems on behalf of a client's IT unit.

\*5 Zero trust refers to a new concept of security that anything that accesses to information assets and systems to protect are verified without distinction between inside and outside of the network.

\*6 Managed security services (MSS) refer to the services, provided under contract, by an external security specialist company to provide total operation and administration of the information security system of a company or organization.



## (2) Qualitative Information Regarding Consolidated Financial Position

### (Assets, liabilities and equity)

(Millions of yen)

	As of 31st March 2022	As of 30th June 2022	Year on year	
			Amount	Rate
Current assets	333,645	323,729	(9,916)	(3.0)%
Non-current assets	456,010	466,910	10,900	2.4%
Total assets	789,655	790,639	984	0.1%
Current liabilities	298,342	281,066	(17,276)	(5.8)%
Non-current liabilities	148,826	154,378	5,551	3.7%
Total equity	342,486	355,195	12,709	3.7%
Equity attributable to owners of parent	339,360	351,983	12,623	3.7%
Ratio of equity attributable to owners of parent to total assets	43.0%	44.5%	1.5P	—
Interest-bearing liabilities	209,627	205,296	(4,331)	(2.1)%
Gross D/E ratio (times)	0.62	0.58	(0.03)	—
Net D/E ratio (times)	0.27	0.22	(0.05)	—

- Notes: 1. Gross D/E ratio (gross debt-to-equity ratio): Interest-bearing liabilities / equity attributable to owners of parent  
2. Net D/E ratio (net debt-to-equity ratio): (Interest-bearing liabilities – cash and cash equivalents, etc.) / equity attributable to owners of parent  
3. Interest-bearing liabilities: Bonds and borrowings + other interest-bearing liabilities (borrowings on margin transactions and borrowings secured by securities)  
Borrowings on margin transactions (¥608 million as of 31st March 2022; ¥279 million as of 30th June 2022) are included in trade and other payables on the condensed quarterly consolidated statement of financial position, and borrowings secured by securities (¥802 million as of 31st March 2022; ¥606 million as of 30th June 2022) are included in other current liabilities on the condensed quarterly consolidated statement of financial position.  
4. Cash and cash equivalents, etc.: Cash and cash equivalents + cash management purpose investment

As for the NRI Group's financial position at the end of the first quarter (30th June 2022), current assets were ¥323,729 million (down 3.0% from the end of the previous fiscal year), non-current assets were ¥466,910 million (up 2.4%), current liabilities were ¥281,066 million (down 5.8%), non-current liabilities were ¥154,378 million (up 3.7%), total equity was ¥355,195 million (up 3.7%), and total assets were ¥790,639 million (up 0.1%). In addition, the gross D/E ratio (gross debt-to-equity ratio) and net D/E ratio (net debt-to-equity ratio) at the end of the first quarter were 0.58 times and 0.22 times, respectively.

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

Trade and other receivables decreased ¥37,459 million to ¥98,219 million and contract assets increased ¥16,393 million to ¥67,059 million. Because the NRI Group has a comparatively large number of projects completed at the end of the fiscal year, compared with the end of the previous fiscal year, the ends of quarterly periods tend to have small values for trade and other receivables and large values for contract assets.

Goodwill and intangible assets increased ¥12,733 million to ¥223,477 million as a result of an increase in goodwill, etc. due to the weaker yen, the acquisition of intangible assets related to the development of shared online services in Japan, and other factors.

Bonds and borrowings decreased ¥3,806 million to ¥204,410 million due largely to the redemption of commercial papers.

In addition, cash and cash equivalents increased ¥5,971 million to ¥121,581 million, trade and other payables increased ¥3,906 million to ¥57,707 million, and income taxes payable decreased ¥14,783 million to ¥5,865 million.

**(Cash flow position)**

(Millions of yen)

	Three months ended 30th June 2021	Three months ended 30th June 2022	Year on year	
			Amount	Rate
Cash flows from operating activities	31,047	36,348	5,301	17.1%
Cash flows from investing activities	(25,692)	(8,396)	17,296	(67.3)%
Free cash flows	5,354	27,952	22,598	422.1%
Cash flows from financing activities	(4,982)	(24,057)	(19,075)	382.9%
Net increase (decrease) in cash and cash equivalents	267	5,971	5,704	–
Cash and cash equivalents at end of period	153,454	121,581	(31,872)	(20.8)%

Cash and cash equivalents as of the end of the first quarter (30th June 2022) stood at ¥121,581 million (up ¥5,971 million from the end of the previous fiscal year).

Net cash provided by operating activities in the three months ended 30th June 2022 was ¥36,348 million, an increase of ¥5,301 million from the same period of the previous fiscal year, due largely to an increase in profit from operating activities. In the same period of the previous fiscal year, we had ¥12,626 million in payment for the trust-type employee stock ownership incentive plan.

Net cash used in investing activities was ¥8,396 million, a decrease of ¥17,296 million from the same period of the previous fiscal year. In the same period of the previous fiscal year, we had ¥21,264 million in payments for acquisition of subsidiaries due to acquisition of shares of Australia-based Australian Investment Exchange Limited and SQA Holdco Pty Ltd. In the three months ended 30th June, 2022, cash was mainly invested in the acquisition of intangible assets related to the development of shared online services.

Net cash used in financing activities was ¥24,057 million, an increase of ¥19,075 million from the same period of the previous fiscal year. In the same period of the previous fiscal year, we had ¥64,595 million in net increase (decrease) in short-term borrowings (revenue) since a loan was taken out to conduct M&A and purchase of treasury shares and ¥50,052 million in purchase of treasury shares in accordance with a resolution of the Board of Directors. During the three months ended 30th June 2022, we had ¥10,000 million in net increase (decrease) in commercial paper (payments). Other expenditures mainly consist of payments of cash dividends in the respective fiscal periods.

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

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

	(Millions of yen)	
	31st March 2022	30th June 2022
Assets		
Current assets		
Cash and cash equivalents	¥ 115,610	¥ 121,581
Trade and other receivables	135,678	98,219
Contract assets	50,666	67,059
Other financial assets	14,015	17,793
Other current assets	13,246	19,075
Subtotal	329,217	323,729
Assets held for sale	4,428	—
Total current assets	333,645	323,729
Non-current assets		
Property, plant and equipment	37,482	37,751
Right-of-use assets	38,969	37,203
Goodwill and intangible assets	210,744	223,477
Investments accounted for using equity method	6,427	6,445
Retirement benefit asset	85,383	85,691
Other financial assets	69,219	68,734
Deferred tax assets	5,426	5,554
Other non-current assets	2,356	2,051
Total non-current assets	456,010	466,910
Total assets	¥ 789,655	¥ 790,639

	(Millions of yen)	
	31st March 2022	30th June 2022
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	¥ 53,800	¥ 57,707
Contract liabilities	17,083	14,795
Bonds and borrowings	116,941	112,722
Lease liabilities	12,250	11,392
Other financial liabilities	27,675	38,088
Income taxes payable	20,648	5,865
Provisions	2,646	2,555
Other current liabilities	47,294	37,939
Total current liabilities	<u>298,342</u>	<u>281,066</u>
Non-current liabilities		
Bonds and borrowings	91,275	91,687
Lease liabilities	29,952	28,604
Other financial liabilities	3,313	4,278
Retirement benefit liability	7,561	7,683
Provisions	3,576	3,597
Deferred tax liabilities	10,222	17,070
Other non-current liabilities	2,925	1,455
Total non-current liabilities	<u>148,826</u>	<u>154,378</u>
Total liabilities	<u>¥ 447,168</u>	<u>¥ 435,444</u>
Equity		
Share capital	¥ 22,414	¥ 22,414
Capital surplus	28,277	28,974
Retained earnings	328,830	334,550
Treasury shares	(68,809)	(65,961)
Other components of equity	28,647	32,005
Total equity attributable to owners of parent	<u>339,360</u>	<u>351,983</u>
Non-controlling interests	3,126	3,212
Total equity	<u>342,486</u>	<u>355,195</u>
Total liabilities and equity	<u>¥ 789,655</u>	<u>¥ 790,639</u>

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

	(Millions of yen)	
	Year ended 30th June 2021	Year ended 30th June 2022
Revenue	¥ 142,647	¥ 167,537
Cost of sales	91,468	110,230
Gross profit	51,178	57,307
Selling, general and administrative expenses	28,103	31,539
Share of profit of investments accounted for using equity method	23	86
Other income	3,472	2,284
Other expenses	5	60
Operating profit	26,564	28,079
Finance income	656	928
Finance costs	483	1,218
Profit before tax	26,737	27,789
Income tax expenses	8,266	8,941
Profit	18,471	18,848
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Equity instruments measured at fair value through other comprehensive income	206	(1,098)
Remeasurements of defined benefit plans	16	1
Total of items that will not be reclassified to profit or loss	222	(1,097)
Items that may be reclassified to profit or loss		
Debt instruments measured at fair value through other comprehensive income	0	(0)
Exchange differences on translation of foreign operations	1,049	3,427
Cash flow hedges	(1,106)	1,081
Share of other comprehensive income of investments accounted for using equity method	10	(27)
Total of items that may be reclassified to profit or loss	(45)	4,482
Total other comprehensive income, net of tax	176	3,385
Comprehensive income	18,647	22,233
Profit attributable to:		
Owners of parent	18,411	18,762
Non-controlling interests	59	86
Profit	18,471	18,848
Comprehensive income attributable to:		
Owners of parent	18,588	22,147
Non-controlling interests	59	86
Comprehensive income	¥ 18,647	¥ 22,233
Earnings per share		
Basic earnings per share (Yen)	¥ 30.57	¥ 31.80
Diluted earnings per share (Yen)	30.46	31.76

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

For the three months ended 30th June 2021

(Millions of yen)

	Equity attributable to owners of parent							
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total	Non-controlling interests	Total
Balance at 1st April 2021	¥ 21,175	¥ 26,696	¥ 278,675	¥ (15,027)	¥ 18,975	¥ 330,495	¥ 2,711	¥ 333,206
Profit	—	—	18,411	—	—	18,411	59	18,471
Other comprehensive income	—	—	—	—	176	176	—	176
Total comprehensive income	—	—	18,411	—	176	18,588	59	18,647
Dividends	—	—	(11,465)	—	—	(11,465)	—	(11,465)
Purchase of treasury shares	—	(52)	—	(50,002)	—	(50,055)	—	(50,055)
Disposal of treasury shares	—	71	—	1,852	—	1,924	—	1,924
Share-based payment transactions	—	376	—	—	—	376	—	376
Transfer from retained earnings to capital surplus	—	45	(45)	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	17	—	(17)	—	—	—
Other	—	—	—	—	(34)	(34)	(0)	(35)
Total transactions with owners, etc.	—	441	(11,494)	(48,149)	(51)	(59,255)	(0)	(59,255)
Balance at 30th June 2021	¥ 21,175	¥ 27,138	¥ 285,592	¥ (63,177)	¥ 19,100	¥ 289,828	¥ 2,770	¥ 292,598

For the three months ended 30th June 2022

(Millions of yen)

	Equity attributable to owners of parent						Non-controlling interests	Total
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total		
Balance at 1st April 2022	¥ 22,414	¥ 28,277	¥ 328,830	¥ (68,809)	¥ 28,647	¥ 339,360	¥ 3,126	¥ 342,486
Profit	—	—	18,762	—	—	18,762	86	18,848
Other comprehensive income	—	—	—	—	3,385	3,385	—	3,385
Total comprehensive income	—	—	18,762	—	3,385	22,147	86	22,233
Dividends	—	—	(12,381)	—	—	(12,381)	—	(12,381)
Purchase of treasury shares	—	—	—	(0)	—	(0)	—	(0)
Disposal of treasury shares	—	(393)	—	2,849	—	2,455	—	2,455
Share-based payment transactions	—	462	—	—	—	462	—	462
Transfer from retained earnings to capital surplus	—	628	(628)	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	(33)	—	33	—	—	—
Other	—	—	—	—	(60)	(60)	—	(60)
Total transactions with owners, etc.	—	696	(13,042)	2,848	(27)	(9,524)	—	(9,524)
Balance at 30th June 2022	¥ 22,414	¥ 28,974	¥ 334,550	¥ (65,961)	¥ 32,005	¥ 351,983	¥ 3,212	¥ 355,195

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

	(Millions of yen)	
	Year ended 30th June 2021	Year ended 30th June 2022
Cash flows from operating activities		
Profit before tax	¥ 26,737	¥ 27,789
Depreciation and amortization	10,265	11,229
Loss (gain) on sale and retirement of fixed assets	(3,317)	(2,201)
Finance income	(656)	(928)
Finance costs	483	1,218
Share of loss (profit) of investments accounted for using equity method	(23)	(86)
Decrease (increase) in trade and other receivables	32,775	38,880
Decrease (increase) in contract assets	(1,291)	(16,036)
Decrease (increase) in inventories	323	369
Decrease (increase) in prepaid expenses	(2,193)	(1,518)
Increase (decrease) in trade and other payables	(5,283)	4,205
Increase (decrease) in contract liabilities	(1,563)	(2,416)
Increase (decrease) in liabilities relating to trust-type employee stock ownership incentive plan	(12,626)	(71)
Increase (decrease) in provision for loss on orders received	(244)	(76)
Increase (decrease) in accounts payable - bonuses	(11,960)	(12,095)
Decrease (increase) in retirement benefit asset	(842)	(307)
Increase (decrease) in retirement benefit liability	164	113
Other	7,964	7,485
Subtotal	38,711	55,551
Interest and dividends received	479	492
Interest paid	(147)	(292)
Income taxes paid	(7,995)	(19,402)
Net cash provided by operating activities	¥ 31,047	¥ 36,348



	(Millions of yen)	
	Year ended 30th June 2021	Year ended 30th June 2022
Cash flows from investing activities		
Payments into time deposits	¥ (772)	¥ (3,516)
Proceeds from withdrawal of time deposits	456	524
Purchase of property, plant and equipment	(1,362)	(2,632)
Proceeds from sale of property, plant and equipment	10,380	6,920
Purchase of intangible assets	(7,243)	(9,633)
Purchase of investments	(71)	(96)
Proceeds from sale and redemption of investments	9	60
Payments for acquisition of subsidiaries	(21,264)	—
Payments for loans receivable	(5,813)	—
Other	(9)	(22)
Net cash used in investing activities	<u>(25,692)</u>	<u>(8,396)</u>
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	64,595	(613)
Proceeds from long-term borrowings	—	1,922
Repayments of long-term borrowings	(1,681)	(2,126)
Net increase (decrease) in commercial paper	(5,000)	(10,000)
Repayments of lease liabilities	(3,284)	(3,277)
Proceeds from sale of treasury shares	1,887	2,397
Purchase of treasury shares	(50,052)	(0)
Dividends paid	(11,446)	(12,359)
Dividends paid to non-controlling interests	(0)	—
Net cash used in financing activities	<u>(4,982)</u>	<u>(24,057)</u>
Effect of exchange rate changes on cash and cash equivalents	(105)	2,076
Net increase (decrease) in cash and cash equivalents	267	5,971
Cash and cash equivalents at beginning of period	153,187	115,610
Cash and cash equivalents at end of period	<u>¥ 153,454</u>	<u>¥ 121,581</u>

## **(5) Notes to Condensed Quarterly Consolidated Financial Statements**

(Notes on Premise of Going Concern)

Not applicable.

(Segment Information)

### **(1) Outline of reportable segments**

The NRI Group's operating segments, for which separate financial information is available, are evaluated periodically by management in deciding the allocation of management resources and in assessing business performances. The NRI Group has classified its segments, comprehensively considering services, customers and markets totally, and four segments have been determined as reportable segments. Meanwhile, the operating segments are not aggregated.

Accounting treatment of the reported operating segments is generally same with that of consolidated financial statements for the year ended 31st March 2022. Profit figures for the reportable segments are presented on the basis of operating profit. Intersegment revenue or transfers are based on prevailing market prices.

(Consulting)

This segment provides policy recommendations and strategy consulting, as well as business consulting to support operational reform and system consulting for overall IT management.

(Financial IT Solutions)

In this segment, the main clients are in the financial sector, including the securities, insurance and banking sectors. The segment provides system consulting, system development, system management and operation services, and IT solutions such as shared online services and BPO services.

(Industrial IT Solutions)

This segment provides IT solutions such as system consulting, system development, and system management and operation services to the distribution, manufacturing, service and public sectors.

(IT Platform Services)

This segment mainly provides services such as the management and administration of data centers and IT platform and network architecture mainly through the Financial IT Solutions and Industrial IT Solutions segments. It also provides IT platform solutions and information security services to clients of various industries. In addition, the segment conducts explorative initiatives for the development of new business operations and new products related to IT solutions, and investigation and research primarily related to leading-edge information technologies.

The segment of Consulting is consulting services, the segments of Financial IT Solutions and Industrial IT Solutions are consulting services, system development & system application sales, system management & operation services and product sales and the segment of IT Platform Services is system development & system application sales, system management & operation services and product sales.

(2) Revenue and profit or loss by reportable segment

For the three months ended 30th June 2021

	(Millions of yen)						
	Reportable segment					Adjustments (Note)	Consolidated
	Consulting	Financial IT Solutions	Industrial IT Solutions	IT Platform Services	Total		
Revenue							
Revenue from external customers	8,603	71,189	53,556	9,297	142,647	—	142,647
Intersegment revenue or transfers	266	1,056	1,501	28,132	30,956	(30,956)	—
Total	8,869	72,245	55,057	37,430	173,603	(30,956)	142,647
Operating profit	1,805	9,238	6,694	5,488	23,226	3,338	26,564
Finance income							656
Finance costs							483
Profit before tax							26,737

Note: Individual items in adjustment to operating profit of ¥3,338 million include gain on sale of fixed assets in the amount of ¥3,337 million recorded in “other income”.

For the three months ended 30th June 2022

	(Millions of yen)						
	Reportable segment					Adjustments (Note)	Consolidated
	Consulting	Financial IT Solutions	Industrial IT Solutions	IT Platform Services	Total		
Revenue							
Revenue from external customers	9,382	80,109	66,767	11,278	167,537	—	167,537
Intersegment revenue or transfers	328	1,381	2,074	29,125	32,909	(32,909)	—
Total	9,711	81,490	68,841	40,403	200,447	(32,909)	167,537
Operating profit	1,859	11,678	6,679	5,652	25,870	2,208	28,079
Finance income							928
Finance costs							1,218
Profit before tax							27,789

Note: Individual items in adjustment to operating profit of ¥2,208 million include gain on sale of fixed assets in the amount of ¥2,238 million recorded in “other income”.

(Earnings per Share)

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

	Year ended 30th June 2021	Year ended 30th June 2022
	(Millions of yen)	(Millions of yen)
Profit attributable to owners of parent	18,411	18,762
Adjustments of profit	—	—
Profit used for calculation of diluted earnings per share	18,411	18,762
	(Shares)	(Shares)
Weighted-average number of shares of common stock outstanding	602,370,868	589,959,435
Increase in common stock		
Increase from stock options	1,994,178	832,224
Diluted weighted-average number of shares of common stock	604,365,046	590,791,659
	(Yen)	(Yen)
Basic earnings per share	30.57	31.80
Diluted earnings per share	30.46	31.76

Note: For the purpose of calculating basic earnings per share and diluted earnings per share, the Company's shares owned by the trust exclusive for ESOP Group are included in treasury shares to be deducted in the calculation of the weighted-average number of shares (2,929,246 shares and 1,388,605 shares for the three-month periods ended 30th June, 2021 and 2022, respectively).

(Subsequent Events)

**Issuance of new shares as restricted stock-based remuneration**

At its Board of Directors' meeting held on 17th June 2022, the Company resolved to issue new shares as restricted stock-based remuneration and finalized the arrangements for payment on 15th July 2022.

Outline of share issuance

(a) Type and number of shares to be issued	656,700 common shares
(b) Issue price	¥3,745 per share
(c) Total issue value	¥2,459,341,500
(d) Paid-in capital	¥1,873 per share
(e) Total paid-in capital	¥1,229,999,100
(f) Eligible recipients, number of recipients and number of shares to be allocated	Members of the Board (excluding Outside Directors): 6 individuals, 106,200 shares Senior Managing Directors and other employees (those treated as executives): 48 individuals, 550,500 shares
(g) Payment date	15th July 2022