

1Q FY March 2023 Financial Results

Nomura Research Institute, Ltd.

July 28, 2022



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1Q FY March 2023 Financial Results (Consolidated)

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FY March 2023 Financial Results Forecasts (Consolidated)

1Q FY March 2023 Financial Results (Consolidated)

1. Highlights

1st Quarter Total	(JPY million)						FY Mar.2022 Amount
	1Q FY Mar.2022	Progress	1Q FY Mar.2023	Progress	Y o Y		
	Amount	(%)	Amount	(%)	Diff.	Change(%)	
Revenue	142,647	23.3	167,537	25.0	24,890	17.4	611,634
Consulting Services	25,060	20.0	38,947	28.9	13,887	55.4	125,460
System Development & System Application Sales	46,495	23.7	49,122	21.9	2,626	5.6	196,000
System Management & Operation Services	66,423	24.3	70,856	25.0	4,432	6.7	272,903
Product Sales	4,667	27.0	8,610	30.8	3,943	84.5	17,269
Cost of Sales	91,468		110,230		18,761	20.5	395,562
Gross Profit	51,178		57,307		6,129	12.0	216,071
Gross Profit Margin	35.9%		34.2%		(1.7P)		35.3%
Selling, general and administrative expenses	28,103		31,539		3,436	12.2	113,536
Other Income & Other Expenses, etc.	3,489		2,310		(1,178)	(33.8)	3,683
Operating Profit	26,564	25.0	28,079	24.4	1,514	5.7	106,218
Operating Margin	18.6%		16.8%		(1.9P)		17.4%
Finance Income & Finance Costs	172		(289)		(462)	–	(1,547)
Profit before tax	26,737	25.5	27,789	24.6	1,051	3.9	104,671
Profit attributable to owners of parent	18,411	25.8	18,762	24.4	350	1.9	71,445
Basic earnings per share(JPY)	30.57		31.80		1.23		120.57
EBITDA Margin	23.5%		22.1%		(1.4P)		23.9%

* The breakdown of the revenue is classified by products and services.

* EBITDA margin: EBITDA (Operating profit + Depreciation and Amortization + Loss on retirement of fixed assets ± Temporary factors) / Revenue

Average Rate	1Q FY Mar.2022	1Q FY Mar.2023
USD	109.52 yen	129.73 yen
AUD	84.29 yen	92.68 yen

1Q FY March 2023 Financial Results (Consolidated)

2. Segment performance results

① Including Inter-segment revenue for each segment

(JPY million)

1st Quarter Total		1Q FY Mar.2022		1Q FY Mar.2023		Y o Y		FY Mar.2022	
		Amount	Share(%)	Amount	Share(%)	Diff.	Change(%)	Amount	Share(%)
Consulting	Revenue	8,869	6.2	9,711	5.8	841	9.5	44,414	7.3
	Operating Profit	1,805	6.8	1,859	6.6	53	3.0	12,820	12.1
	Operating Margin	20.4%		19.1%		(1.2P)		28.9%	
Financial IT Solutions	Revenue	72,245	50.6	81,490	48.6	9,245	12.8	308,376	50.4
	Operating Profit	9,238	34.8	11,678	41.6	2,440	26.4	43,877	41.3
	Operating Margin	12.8%		14.3%		1.5P		14.2%	
Industrial IT Solutions	Revenue	55,057	38.6	68,841	41.1	13,783	25.0	229,921	37.6
	Operating Profit	6,694	25.2	6,679	23.8	(14)	(0.2)	25,449	24.0
	Operating Margin	12.2%		9.7%		(2.5P)		11.1%	
IT Platform Services	Revenue	37,430	26.2	40,403	24.1	2,973	7.9	157,598	25.8
	Operating Profit	5,488	20.7	5,652	20.1	164	3.0	20,955	19.7
	Operating Margin	14.7%		14.0%		(0.7P)		13.3%	
Inter-segment revenue and eliminations	Revenue	(30,956)	(21.7)	(32,909)	(19.6)	(1,952)		(128,676)	(21.0)
	Operating Profit	3,338	12.6	2,208	7.9	(1,130)		3,116	2.9
Total	Revenue	142,647	100.0	167,537	100.0	24,890	17.4	611,634	100.0
	Operating Profit	26,564	100.0	28,079	100.0	1,514	5.7	106,218	100.0
	Operating Margin	18.6%		16.8%		(1.9P)		17.4%	

* Including inter-segment revenue for each segment.

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2. Segment performance results

② Including Inter-segment revenue for each segment (Overseas)

(JPY million)

1st Quarter Total		1Q FY Mar.2022		1Q FY Mar.2023		Y o Y		FY Mar.2022	
		Amount	Share(%)	Amount	Share(%)	Diff.	Change(%)	Amount	Share(%)
Consulting	Revenue	818	5.1	929	3.0	111	13.6	4,772	6.2
	Operating Profit	(188)	(15.4)	(213)	(13.2)	(24)	12.8	662	8.8
	Operating Margin	(23.1%)		(22.9%)		0.2P		13.9%	
Financial IT Solutions	Revenue	2,673	16.8	3,233	10.3	560	21.0	11,710	15.3
	Operating Profit	418	34.0	(44)	(2.7)	(462)	—	1,649	21.8
	Operating Margin	15.6%		(1.4%)		(17.0P)		14.1%	
Industrial IT Solutions	Revenue	13,485	84.8	28,760	91.4	15,275	113.3	65,189	85.2
	Operating Profit	1,029	83.8	1,876	115.8	847	82.3	5,214	69.0
	Operating Margin	7.6%		6.5%		(1.1P)		8.0%	
IT Platform Services	Revenue	72	0.5	101	0.3	29	40.3	372	0.5
	Operating Profit	(31)	(2.6)	(0)	(0.0)	30	(97.8)	21	0.3
	Operating Margin	(43.5%)		(0.7%)		42.8P		5.8%	
Inter-segment revenue and eliminations	Revenue	(1,153)	(7.3)	(1,571)	(5.0)	(418)		(5,525)	(7.2)
	Operating Profit	1	0.1	2	0.2	0		5	0.1
Total	Revenue	15,896	100.0	31,454	100.0	15,558	97.9	76,519	100.0
	Operating Profit	1,229	100.0	1,620	100.0	391	31.9	7,553	100.0
	Operating Margin	7.7%		5.2%		(2.6P)		9.9%	

*This table shows revenue and operating profit of overseas subsidiaries in each segment. Global-related expenses incurred by the head office are not included.

* Including inter-segment revenue for each segment.

1Q FY March 2023 Financial Results (Consolidated)

2. Segment performance results

③ External revenue by segment

(JPY million)

1st Quarter Total	1Q FY Mar.2022		1Q FY Mar.2023		Y o Y		FY Mar.2022	
	Amount	Share(%)	Amount	Share(%)	Diff.	Change(%)	Amount	Share(%)
Consulting	8,603	6.0	9,382	5.6	779	9.1	42,807	7.0
Financial IT Solutions	71,189	49.9	80,109	47.8	8,919	12.5	303,635	49.6
Securities	30,569	21.4	34,557	20.6	3,988	13.0	133,316	21.8
Insurance	15,387	10.8	18,755	11.2	3,368	21.9	68,894	11.3
Banking	11,519	8.1	12,524	7.5	1,005	8.7	47,073	7.7
Other financial	13,713	9.6	14,271	8.5	558	4.1	54,351	8.9
Industrial IT Solutions	53,556	37.5	66,767	39.9	13,210	24.7	222,583	36.4
Distribution	16,355	11.5	17,649	10.5	1,294	7.9	68,269	11.2
Manufacturing, service and other	37,200	26.1	49,117	29.3	11,916	32.0	154,313	25.2
IT Platform Services	9,297	6.5	11,278	6.7	1,980	21.3	42,607	7.0
Total	142,647	100.0	167,537	100.0	24,890	17.4	611,634	100.0

* The breakdowns of the segments are comprised of revenue by customer sector.

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3. Revenue by main client

(JPY million)

1st Quarter Total	1Q FY Mar.2022		1Q FY Mar.2023		Y o Y		FY Mar.2022	
	Amount	Share(%)	Amount	Share(%)	Diff.	Change(%)	Amount	Share(%)
Nomura Holdings	15,259	10.7	16,740	10.0	1,481	9.7	63,025	10.3

* Figures, in principle, include revenue to subsidiaries.

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4. Overseas Revenue

(JPY million)

1st Quarter Total	1Q FY Mar.2022		1Q FY Mar.2023		Y o Y		FY Mar.2022	
	Amount	Ratio(%)	Amount	Ratio(%)	Diff.	Change(%)	Amount	Ratio(%)
Overseas revenue	15,896	11.1	31,454	18.8	15,558	97.9	76,519	12.5
North America	1,580	1.1	9,524	5.7	7,944	502.8	12,283	2.0
Oceania	12,874	9.0	20,067	12.0	7,193	55.9	57,221	9.4
Asia, Other	1,441	1.0	1,862	1.1	420	29.2	7,015	1.1

*The calculation of figures by area is changed from the method based on the location of clients to the method based on the location of the headquarters of each subsidiary, and figures per country or area are provided as reference values.

The figures for FY Mar.2022 and 1Q FY Mar.2022 are provided as the same method with 1Q FY Mar.2023.

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5. Subcontracting Costs

(JPY million)

1st Quarter Total	1Q FY Mar.2022		1Q FY Mar.2023		Y o Y		FY Mar.2022	
	Amount	Ratio(%)	Amount	Ratio(%)	Diff.	Change(%)	Amount	Ratio(%)
Subcontracting Costs	43,508	30.5	51,238	30.6	7,729	17.8	194,766	31.8
(Subcontracting Costs to Chinese companies)	7,589	17.4	9,389	18.3	1,799	23.7	36,730	18.9

* The ratio of subcontracting costs is the ratio to revenue.

The ratio of subcontracting costs to Chinese companies is the ratio to total subcontracting costs.

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6. Balance sheet

At the end of the 1st Quarter	FY Mar. 2022	1Q FY Mar. 2023	Y o Y	
	Amount	Amount	Diff.	Change(%)
Assets	789,655	790,639	984	0.1
Cash and cash equivalents, etc.(a) *1	117,368	126,503	9,135	7.8
Trade and other receivables, etc.	186,344	165,278	(21,066)	(11.3)
Property, plant and equipment (including Right-of-use assets)	76,452	74,954	(1,497)	(2.0)
Goodwill and intangible assets	210,744	223,477	12,733	6.0
Of which, Goodwill from M&A, etc. *2	132,636	141,012	8,376	6.3
Software	77,966	82,329	4,363	5.6
Other	198,745	200,425	1,679	0.8
Cash and cash equivalents, etc. / Revenue (months)	2.3	2.3	(0.0)	

*1 Cash and cash equivalents, etc.: Cash and cash equivalents + Cash management purpose investment

*2 Goodwill, etc.: Goodwill, Customer-related assets and Trade names identified as a result of PPA (Purchase Price Allocation)

*3 Interest-bearing liabilities: Bonds and borrowings + Other interest-bearing liabilities (borrowings on margin transactions and borrowings secured by securities)

(JPY million)

At the end of the 1st Quarter	FY Mar. 2022	1Q FY Mar. 2023	Y o Y	
	Amount	Amount	Diff.	Change(%)
Liabilities	447,168	435,444	(11,724)	(2.6)
Trade and other payables, etc.	70,275	72,223	1,947	2.8
Interest-bearing liabilities(b) *3	209,627	205,296	(4,331)	(2.1)
Lease liabilities	42,203	39,997	(2,206)	(5.2)
Other	125,062	117,927	(7,135)	(5.7)
Equity	342,486	355,195	12,709	3.7
Total equity attributable to owners of parent(c)	339,360	351,983	12,623	3.7
Non-controlling interests	3,126	3,212	86	2.8
Net interest-bearing liabilities(d=b-a)	92,259	78,792	(13,466)	(14.6)
Net D/E ratio(times)(e=d/c)	0.27	0.22	(0.05)	
Ratio of equity attributable to owners of parent to total assets	43.0%	44.5%	1.5P	

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7. Cash Flow

1st Quarter Total	1Q FY Mar. 2022	1Q FY Mar. 2023	Y o Y		(JPY million) FY Mar.2022
	Amount	Amount	Diff.	Change(%)	Amount
Operating Activities	31,047	36,348	5,301	17.1	98,137
Investing Activities	(25,692)	(8,396)	17,296	(67.3)	(130,547)
(Investing Activities except Cash management purpose investment*)	(25,376)	(5,404)	19,971	(78.7)	(130,472)
Free Cash Flow	5,354	27,952	22,598	422.1	(32,410)
(Free Cash Flow except Cash management purpose investment*)	5,670	30,944	25,273	445.7	(32,335)
Financing Activities	(4,982)	(24,057)	(19,075)	382.9	(7,995)
Net increase in Cash and cash equivalents	267	5,971	5,704	–	(37,576)
(Net increase in Cash and cash equivalents except Cash management purpose investment*)	583	8,962	8,378	–	(37,501)
Cash and cash equivalents at the end of period	153,454	121,581	(31,872)	(20.8)	115,610
Cash and cash equivalents + Cash Management purpose investment	155,430	126,503	(28,927)	(18.6)	117,368

* Cash management purpose investment is investments in bonds, etc., with maturities of longer than three months from date of purchase to date of redemption.

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8. Capital Investment, Research and Development Expenses

(JPY million)

1st Quarter Total	1Q FY Mar. 2022	1Q FY Mar. 2023	Y o Y		FY Mar.2022
	Amount	Amount	Diff.	Change(%)	Amount
Capital Investment	8,862	12,197	3,335	37.6	46,980
Tangible	1,451	2,688	1,237	85.2	10,990
Right-of-use assets*	500	658	158	31.6	2,890
Intangible	7,410	9,508	2,097	28.3	35,990
Research and Development Expenses	1,156	1,002	(154)	(13.4)	4,992

* Right-of-use assets for which buildings and structures are the underlying assets.

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9. Depreciation and Amortization

(JPY million)

1st Quarter Total	1Q FY Mar. 2022	1Q FY Mar. 2023	Y o Y		FY Mar.2022
	Amount	Amount	Diff.	Change(%)	Amount
Tangible	4,465	4,773	308	6.9	18,591
Right-of-use assets*	2,772	2,901	129	4.7	11,415
Intangible	5,800	6,455	655	11.3	23,349
Total	10,265	11,229	963	9.4	41,941

* Right-of-use assets for which buildings and structures are the underlying assets.

1Q FY March 2023 Financial Results (Consolidated)

10. Order Backlog by segment

(JPY million)

At the end of the 1st Quarter	1Q FY Mar.2022	1Q FY Mar.2023	Y o Y	
	Amount	Amount	Diff.	Change(%)
Consulting	10,845	14,624	3,779	34.8
Financial IT Solutions	154,632	154,902	269	0.2
Industrial IT Solutions	92,419	113,353	20,934	22.7
IT Platform Services	14,746	18,084	3,338	22.6
Total	272,644	300,966	28,321	10.4
(Order Backlog in the current FY)	262,269	292,533	30,263	11.5

(JPY million)

At the beginning of period	FY Mar.2022	FY Mar.2023	Y o Y	
	Amount	Amount	Diff.	Change(%)
Consulting	7,050	8,789	1,738	24.7
Financial IT Solutions	184,968	198,391	13,423	7.3
Industrial IT Solutions	102,484	123,402	20,917	20.4
IT Platform Services	15,281	17,800	2,518	16.5
Total	309,785	348,384	38,599	12.5
(Order Backlog in the current FY)	301,550	340,630	39,079	13.0

1Q FY March 2023 Financial Results (Consolidated)

10. Order Backlog by segment(Japan/Overseas)

(JPY million)

At the end of the 1st Quarter	1Q FY Mar.2022	1Q FY Mar.2023	Y o Y	
	Amount	Amount	Diff.	Change(%)
Order Backlog of Japan				
Consulting	10,241	13,737	3,496	34.1
Financial IT Solutions	149,665	149,489	(176)	(0.1)
Industrial IT Solutions	64,543	64,981	438	0.7
IT Platform Services	14,746	18,084	3,338	22.6
Total	239,196	246,292	7,096	3.0
Order Backlog of overseas subsidiaries				
Overseas subsidiaries	33,448	54,673	21,224	63.5

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

(JPY million)

At the beginning of period	FY Mar.2022	FY Mar.2023	Y o Y	
	Amount	Amount	Diff.	Change(%)
Order Backlog of Japan				
Consulting	6,597	8,350	1,753	26.6
Financial IT Solutions	184,634	192,607	7,972	4.3
Industrial IT Solutions	74,108	74,931	823	1.1
IT Platform Services	15,281	17,800	2,518	16.5
Total	280,621	293,689	13,068	4.7
Order Backlog of overseas subsidiaries				
Overseas subsidiaries	29,163	54,694	25,531	87.5

1Q FY March 2023 Financial Results (Consolidated)

11. Order Volume by segment

(JPY million)

1st Quarter Total	1Q FY Mar.2022	1Q FY Mar.2023	Y o Y	
	Amount	Amount	Diff.	Change(%)
Consulting	12,371	15,173	2,801	22.6
Financial IT Solutions	40,840	35,936	(4,903)	(12.0)
Industrial IT Solutions	40,726	50,495	9,769	24.0
IT Platform Services	8,763	11,563	2,799	32.0
Total	102,701	113,168	10,466	10.2

* The calculation of order volume is changed to the method that the impact of exchange rate arising from order backlog at the beginning of the period is not included.

The figures for 1Q FY Mar.2022 are provided as the same method with 1Q FY Mar. 2023.

1Q FY March 2023 Financial Results (Consolidated)

11. Order Volume by segment(Japan/Overseas)

(JPY million)

1st Quarter Total	1Q FY Mar.2022	1Q FY Mar.2023	Y o Y	
	Amount	Amount	Diff.	Change(%)
Order Volume of Japan				
Consulting	11,547	14,021	2,474	21.4
Financial IT Solutions	34,228	34,426	198	0.6
Industrial IT Solutions	30,859	28,776	(2,082)	(6.7)
IT Platform Services	8,690	11,461	2,770	31.9
Total	85,325	88,686	3,360	3.9
Order Volume of overseas subsidiaries				
Overseas subsidiaries	17,376	24,482	7,105	40.9

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

The calculation of order volume is changed to the method that the impact of exchange rate arising from order backlog at the beginning of the period is not included.

The figures for 1Q FY Mar.2022 are provided as the same method with 1Q FY Mar. 2023.

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1Q FY March 2023 Financial Results (Consolidated)

2

FY March 2023 Financial Results Forecasts (Consolidated)

FY March 2023 Financial Results Forecasts (Consolidated)

1. Highlights and Dividend forecasts

- There is no change to the financial results forecasts announced on April 27, 2022.

(JPY billion)	
Full Year	FY Mar.2023 (Forecasts)
	Amount
Revenue	670.0
Consulting Services	135.0
System Development & System Application Sales	224.0
System Management & Operation Services	283.0
Product Sales	28.0
Operating Profit	115.0
Operating Profit Margin	17.2%
Profit before tax	113.0
Profit attributable to owners of parent	77.0
Dividends per share(JPY)	44.00
Second quarter(JPY)	22.00
Fiscal year end(JPY)	22.00

Forecast Rate	FY Mar.2023 (Forecasts)
USD	115.01 yen
AUD	83.43 yen

* The breakdowns of the revenue is classified by products and services.

FY March 2023 Financial Results Forecasts (Consolidated)

2. Revenue Forecasts by segment

3. Capital Investment, Research and Development Expenses, Depreciation and Amortization Forecasts

Full Year	(JPY billion)
	FY Mar.2023 (Forecasts) Amount
Consulting	45.0
Financial IT Solutions	315.0
Securities	138.0
Insurance	71.0
Banking	50.0
Other financial	56.0
Industrial IT Solutions	263.0
Distribution	70.0
Manufacturing, service and other	193.0
IT Platform Services	47.0
Total	670.0

Full Year	(JPY billion)
	FY Mar.2023 (Forecasts) Amount
Capital Investment	50.0
Tangible	15.0
Intangible	35.0
Research and Development Expenses	5.0

Full Year	(JPY billion)
	FY Mar.2023 (Forecasts) Amount
Depreciation and Amortization	46.0

* The breakdowns of the segments are comprised of revenue by customer sector.

FY March 2023 Financial Results Forecasts (Consolidated)

4. Highlights (1H/2H)

1st Half	(JPY billion)
	FY Mar.2023 (Forecasts)
	Amount
Revenue	320.0
Consulting Services	61.0
System Development & System Application Sales	107.0
System Management & Operation Services	138.0
Product Sales	14.0
Operating Profit	55.0
Operating Profit Margin	17.2%
Profit before tax	54.0
Profit attributable to owners of parent	37.0

* The breakdowns of the revenue is classified by products and services.

2nd Half	(JPY billion)
	FY Mar.2023 (Forecasts)
	Amount
Revenue	350.0
Consulting Services	74.0
System Development & System Application Sales	117.0
System Management & Operation Services	145.0
Product Sales	14.0
Operating Profit	60.0
Operating Profit Margin	17.1%
Profit before tax	59.0
Profit attributable to owners of parent	40.0

FY March 2023 Financial Results Forecasts (Consolidated)

5. Revenue Forecasts by segment (1H/2H)

1st Half	(JPY billion)
	FY Mar.2023 (Forecasts)
	Amount
Consulting	20.0
Financial IT Solutions	151.0
Securities	67.0
Insurance	33.0
Banking	24.0
Other financial	27.0
Industrial IT Solutions	127.0
Distribution	34.0
Manufacturing, service and other	93.0
IT Platform Services	22.0
Total	320.0

2nd Half	(JPY billion)
	FY Mar.2023 (Forecasts)
	Amount
Consulting	25.0
Financial IT Solutions	164.0
Securities	71.0
Insurance	38.0
Banking	26.0
Other financial	29.0
Industrial IT Solutions	136.0
Distribution	36.0
Manufacturing, service and other	100.0
IT Platform Services	25.0
Total	350.0

* The breakdowns of the segments are comprised of revenue by customer sector.

Caution concerning forward-looking statements

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 (suppositions) 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. Material factors that could possibly affect the actual business results, etc. include, but are not limited to, the domestic and overseas economic situation, demand in the IT services market, competition with competitors, and changes in taxation and other systems. Note that the Company will not always revise business forecasts, etc. upon every occurrence of new information or event.

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