



## Nomura Research Institute Group



14th December, 2021

Company name Nomura Research Institute, Ltd.  
(Code: 4307 TSE First Section)  
Representative Shingo Konomoto  
Chairman and President & CEO,  
Representative Director,  
Member of the Board

### NRI Completes Acquisition of 100% shares of Convergence Technologies, Inc.

Nomura Research Institute, Ltd. (“NRI”) today announced that Nomura Research Institute Holdings America, Inc. (Head Office: New York, New York, USA., hereinafter “NRI-HA”), a wholly owned subsidiary and NRI’s regional headquarters in the Americas, has completed the acquisition of 100% shares of Convergence Technologies, Inc. (Head Office: Indianapolis, Indiana, USA., hereinafter “CT”), parent company of Core BTS, Inc. (Head Office: Indianapolis, Indiana, USA., “Core BTS”).

#### 1. Number of shares acquired, acquisition costs, and shareholding before and after acquisition

(1) Number of shares held before the change	0 shares (Number of voting rights: 0 units (indirect holdings: 0 units)) (Ratio of voting rights: 0.0% (indirect holdings: 0.0%))
(2) Acquisition costs (Estimated amount)	¥ 52,348 million The above acquisition costs include advisory and other costs.
(3) Number of shares held after the change	100 shares (Number of voting rights: 100 units (indirect holdings: 100 units)) (Ratio of voting rights: 100.0% (indirect holdings: 100.0%))

The acquisition costs for CT shares were decided through negotiation with Tailwind Core Investor, LLC, CT’s existing shareholder, on the basis of the valuation made by a financial advisor. The status of the future business activities of CT and Core BTS is reflected in this acquisition cost. For this reason, a comprehensive valuation was carried out utilizing discounted cash flow (DCF) analysis in addition to considering the EBITDA ratio, etc. In regard to the DCF analysis, to make an appropriate assessment of the profitability of Core BTS, future cash flows were estimated by obtaining an understanding of the EBITDA ratio for three years (the fiscal year ended December 2018 through the fiscal year ended December 2020) under the supposition that the contribution to business performance of the most recent corporate acquisition carried out by Core BTS existed from past fiscal years.

The adjusted EBITDA for the fiscal year ending December 2021 is expected to be U.S.\$21.579 million (¥2,455 million).

## 2. Overview of the counterparty to the acquisition of shares

(1) Name	Convergence Technologies, Inc.		
(2) Location	5875 Castle Creek Pkwy N Dr Suite 320 Indianapolis, IN 46250		
(3) Job title and name of representative	Paul Lidsky, CEO		
(4) Description of business	Holding company		
(5) Share capital (As of 31st December 2020)	U.S.\$1 (¥ 113)		
(6) Date of establishment	February 5, 2004		
(7) Major shareholders and ownership ratios (As of 9th November 2021)	Tailwind Core Investor, LLC : 100.0%		
(8) Relationship between the parties	No particular capital, personal, business, or affiliated party relationships that should be disclosed exist between the parties.		
(9) Operating results and financial positions for the last three years			
As of / Fiscal year ended	31st December 2018	31st December 2019	31st December 2020
Consolidated net assets	\$ 38.006 (¥ 4,325)	\$ 32.927 (¥ 3,747)	\$ 45.237 (¥ 5,148)
Consolidated total assets	\$ 101.725 (¥11,576)	\$ 117.427 (¥ 13,363)	\$ 152.305 (¥ 17,332)
Consolidated net sales	\$ 147.368 (¥ 16,770)	\$ 160.030 (¥ 18,211)	\$ 152.109 (¥ 17,310)
Consolidated operating profit	\$ - 0.511 (¥ - 58)	\$ - 12.009 (¥ - 1,366)	\$ - 6.711 (¥ - 763)
EBITDA	\$ 4.150 (¥ 472)	\$ 1.068 (¥ 121)	\$ 4.772 (¥ 543)
Consolidated ordinary profit	\$ - 1.341 (¥ - 152)	\$ - 15.856 (¥ - 18.04)	\$ - 10.808 (¥ - 1,230)
Profit attributable to owners of parent	\$ - 2.710 (¥ - 308)	\$ - 11.932 (¥ - 1,357)	\$ - 9.211 (¥ - 1,048)
Consolidated earnings per share	\$ - 0.027 (¥ - 3)	\$ - 0.119 (¥ - 13)	\$ - 0.092 (¥ - 10)
Dividend per share	-	-	-
Adjusted EBITDA	\$ 14.456 (¥ 1,645)	\$ 15.608 (¥ 1,776)	\$ 17.546 (¥ 1,996)

(Millions, unless otherwise noted)

Note: 1. The exchange rate used for the conversions in this material is U.S.\$1.00 = ¥113.80 (the Dollar to Yen exchange rate as of November 30, 2021).

2. In the adjusted EBITDA, adjustments have been made to the contribution to business performance of the company acquired after each fiscal term, acquisition-related one-time costs, etc.

(1) Name	Core BTS, Inc.
(2) Location	5875 Castle Creek Pkwy N Dr Suite 320 Indianapolis, IN 46250
(3) Job title and name of representative	Paul Lidsky, CEO
(4) Description of business	Provision of solutions for digital transformation in the cloud business and network business
(5) Date of establishment	1st December 2005
(6) Major shareholders and ownership ratios (As of 9th November 2021)	Convergence Technologies, Inc. : 100.0%

(7) Relationship between the parties	No particular capital, personal, business, or affiliated party relationships that should be disclosed exist between the parties.
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### 3. Future outlook

The impact of this acquisition on NRI's consolidated financial performance is minimal, and there is no change to the forecasts of consolidated financial results for the full fiscal year ending March 2022, which was announced on 27th October 2021.

#### **[General Inquiries]**

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