First inquirer (analyst)

Q1: Is there a high degree of certainty that you will receive the orders and revenue for the projects in your order receiving pipeline on page 15 of the financial results presentation?
A1: Yes, there is. Many projects are still in the sales phase, but we explained five projects to design outlines of upstream processes for which we have either received orders or have offers with a high degree of certainty to receive the orders.

Q2: It is likely a matter of time until the projects on page 15 of the financial results presentation contribute to profitability. You explained that each of these projects is in the single-digit billions of yen, but around how much do these five listed projects total? And can you explain approximately when and how much each of them will be contributing to profit this year and next?
A2: In terms of size, please simply note that each project is in the single-digit billions of yen, and there are five such projects. They will contribute to profitability from the second quarter onward, mainly from the second half onward.

Q3: You explained that revenues in the first quarter exceeded your plan by approximately 10 billion yen, but was the first half plan conservative? You also explained that you would upwardly revise your performance forecast as needed, based on the current state of orders and the order pipeline. Is that a bold statement with the expectation that you can achieve your ambitious goal for the second half? Once more, could you explain your forecast for the second half?
A3: We explained that our first half revenues could exceed the earnings forecast by 15 to 20 billion yen, but we also expect sales to remain strong in financial IT and consulting in the second half. Additionally, we have large industrial IT projects, including for core systems, so we consider it highly possible that we will achieve the goal.

Q4: Could you explain more about business performance overseas, such as exceeding the forecast in Australia and performing in line with the forecast in North America?
A4: Revenue for Core BTS in North America was approximately 8 billion yen in the first quarter, which is in line with our plan at the start of the year. However, we are not
forecasting any contribution to consolidated profit there this year. In Australia, ASG is growing organically and performing well. I believe this trend will go on for a while. Please also note that the positive effect of exchange rates on revenues in Australia is approximately 2 billion yen.

Second inquirer (analyst)
Q1: This question is about your approach to exceeding the forecast for the first half. Can we assume that no significant expenses such as SG&A will arise in the second quarter? How will revenues exceeding the forecast impact profits?
A1: There was an impact from gain on the sale of the Yokohama Nomura Building in the first quarter, but we do not anticipate any special factors in the second quarter.

Q2: Can we assume that you expect to achieve your performance forecast for the second half, and the amount by which you exceeded the forecast for the first half will be reflected in exceeding the forecast for the fiscal year?
A2: According to our current outlook, that is correct.

Q3: You explained that the start of a large-scale DX project in domestic industrial IT has been delayed, but what caused the delay? Around when will this project contribute to revenues, and how much has it been delayed from the schedule you originally anticipated?
A3: In industrial IT, we had previously been working with clients on front-end DX projects, but then we encountered a client who was working on a core systems overhaul. Since it takes time to make proposals for core systems overhauls, the start of the project was slightly delayed. We expect the core systems overhaul project to contribute to revenues in the second half. Going forward, we expect the cycle of alternating between working on front-end DX and the core systems overhaul to continue.

Q4: This is not a project with problems such as being unprofitable or low profit, is it?
A4: It is a normal project, without any such problems.

Third inquirer (analyst)
Q1: Could you share a factor analysis of your profitability by region overseas?
A1: Business is very strong at ASG and Planit in Australia, which are classified under
industrial IT solutions. Core BTS in North America, which is also classified under industrial IT solutions, is contributing to sales but not yet to profit. AUSIEX in Australia, which is classified under financial IT solutions, is currently operating at a loss. AUSIEX is a company that was created by separating out the back-office departments of the Commonwealth Bank of Australia (CBA). Since systems had to be newly built to operate independently from CBA, there were high costs from the related depreciation. Labor costs in Australia are also rising. Controlling costs will be a challenge going forward.

Q2: You explained that spiking labor costs in Australia were a negative factor impacting gross margin, but how much should we consider temporary labor costs and systems architecture costs from this separation as an independent business to have impacted margin in the first quarter?
A2: AUSIEX is a company that provides back-office services and labor costs are incurred against predetermined service fees, so their gross margin is impacted by spiking labor costs. On the other hand, ASG and Planit may be impacted by spiking labor costs, but this is not a problem for them since they are quasi-mandate businesses, and they can pass on those costs in prices to clients. We explained that our consolidated operating margin in Australia overall is around 10%, but AUSIEX was negative while profit margin at ASG was rising at around 13% after PPA amortization, and was around 7 to 8% at Planit. The systems-related costs are depreciation, but these are not necessarily temporary expenses. If the spike in labor costs continues, that might also not be a temporary factor. Costs did not increase due to one-time factors in Australia during the first quarter.

Q3: Orders overseas have increased by more than 7 billion yen compared to the same time the previous year, but around how much organic growth has there been in each region?
A3: The numbers this year have been inflated by around 5 billion yen due to the effect of Core BTS in North America being newly consolidated. Additionally, the first quarter of last year was when Planit and AUSIEX were newly consolidated, and all of the order backlog at that time has been processed as order volume in the first quarter. However, this year we recorded orders received during these three months as order volume, which has had a negative effect of around 7 billion yen. When looking at the amount by which orders have increased, these must be taken into consideration as special factors.

Q4: Around how much of the increase in order volume is attributable to exchange rate impact?
A4: Since Core BTS in North America was not consolidated last year there is no need to explain their exchange rate impact, but the exchange rate impact from business in Australia is positive by around 1 billion yen. Even after subtracting this, orders in the first quarter increased year-on-year.

**Fourth inquirer (analyst)**

Q1: Are you anticipating any other sources of revenues or expenses from the second quarter onward?
A1: Nothing in that regard is currently planned from the second quarter onward.

Q2: Do you plan any share buybacks this year?
A2: We provide shareholder returns through a combination of dividends and share buybacks. We consider conducting share buybacks according to needs.

Q3: I have heard about other systems integrators improving conditions offered to younger employees such as more benefits or higher base pay. Does NRI have any such plans?
A3: At NRI, we provide appropriate returns to our employees, which includes allotting bonuses according to business performance. We are not currently considering any increases to base pay in response to competition to acquire talent.

Q4: I hear that competition to acquire talent is intense in offshore development, including in China, but how is the situation now?
A4: There is some mobility among human resources, but we are securing sufficient human resources through trusting relationships between companies.