

Financial Results Presentation

Financial Results for 1st Quarter FY March 2024

Nomura Research Institute, Ltd.

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- 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.

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Financial Results for 1st Quarter FY March 2024

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Recent Activities

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Reference Materials

Financial Results for 1st Quarter FY March 2024

Highlights of Consolidated Financial Results

| | 1Q FY Mar. 2023 | 1Q FY Mar. 2024 | Diff. | YoY Change |
|-----------------------------------------|--------------------|--------------------|---------|---------------|
| Revenue | 167,537 | 176,709 | 9,171 | 5.5% |
| Operating Profit | 28,079 | 27,027 | (1,051) | (3.7%) |
| Operating Margin | 16.8% | 15.3% | (1.5P) | |
| EBITDA Margin | 22.1% | 21.9% | (0.2P) | |
| Profit before tax | 27,789 | 26,580 | (1,209) | (4.4%) |
| Profit attributable to owners of parent | 18,762 | 17,210 | (1,551) | (8.3%) |

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- Revenue totaled 176.7 billion yen, a 5.5% year-on-year increase of 9.1 billion yen. Domestic revenue increased by approximately 11 billion yen, an increase of 8%. Overseas revenue fell by approximately 2 billion yen, representing a 7% decline.
- Operating profit totaled 27 billion yen, a year-on-year decline of 1 billion yen (3.7%). For temporary income and expenses, approximately 2.2 billion yen was recorded in gain from the sale of assets last year, but expenses of approximately 1 billion yen were incurred this year. Profit rose 8% on a business basis when excluding these factors.
- Operating margin was 15.3%, although this increases to 15.8% when excluding the effect of temporary expenses.

Financial Results for 1st Quarter FY March 2024

External Revenue by Segment <Total>

(JPY million)

| | 1Q FY Mar. 2023 | Share | 1Q FY Mar. 2024 | Share | Diff. | YoY Change |
|-------------------------------------|--------------------|---------------|--------------------|---------------|--------------|---------------|
| Consulting | 9,382 | 5.6% | 10,655 | 6.0% | 1,272 | 13.6% |
| Financial IT Solutions | 80,109 | 47.8% | 83,408 | 47.2% | 3,298 | 4.1% |
| Securities | 34,557 | 20.6% | 34,160 | 19.3% | (397) | (1.1%) |
| Insurance | 18,755 | 11.2% | 18,760 | 10.6% | 4 | 0.0% |
| Banking | 12,524 | 7.5% | 16,185 | 9.2% | 3,661 | 29.2% |
| Other financial | 14,271 | 8.5% | 14,301 | 8.1% | 30 | 0.2% |
| Industrial IT Solutions | 66,627 | 39.8% | 69,426 | 39.3% | 2,798 | 4.2% |
| Distribution | 17,649 | 10.5% | 18,346 | 10.4% | 696 | 3.9% |
| Manufacturing, service and other | 48,978 | 29.2% | 51,080 | 28.9% | 2,101 | 4.3% |
| IT Platform Services | 10,868 | 6.5% | 12,489 | 7.1% | 1,620 | 14.9% |
| Others | 548 | 0.3% | 730 | 0.4% | 181 | 33.1% |
| Total | 167,537 | 100.0% | 176,709 | 100.0% | 9,171 | 5.5% |

Note : The segment classifications are partially changed for 1Q FY March 2024, and the past figures are based on the classifications after these changes.

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- In Consulting, business is strong in private sector projects in addition to robust business in public sector projects continuing from last year, and revenue increased 13.6%.
- In Financial IT Solutions,
 - In Securities, revenue decreased due to a downward reversion from THE STAR implementation projects last year.
 - In Insurance, revenue remained level.
 - In Banking, revenue increased from the progression of two BaaS/Core implementation projects.
 - In Other financial, revenue remained level.
- In Industrial IT Solutions,
 - Revenue increased by approximately 5 billion yen domestically and decreased by approximately 2 billion yen overseas, resulting in an overall 4.2% increase.
 - In Distribution revenue increased, primarily in retail.
 - In Manufacturing, service and other, overseas business revenue decreased by approximately 2 billion yen, but that was offset by domestic projects in fields such as telecom, advertising, and the service sector, resulting in an overall revenue increase.
- In IT Platform Services, revenue increased in security and cloud.

Financial Results for 1st Quarter FY March 2024

External Revenue by Segment <Total> (supplementary information)

■ Revenue by main client

(JPY million)

| | 1Q FY Mar. 2023 | Share* | 1Q FY Mar. 2024 | Share* | Diff. | YoY Change |
|-----------------|--------------------|--------|--------------------|--------|-------|---------------|
| Nomura Holdings | 16,740 | 10.0% | 16,832 | 9.5% | 92 | 0.6% |

■ Overseas Revenue

(JPY million)

| | 1Q FY Mar. 2023 | Share* | 1Q FY Mar. 2024 | Share* | Diff. | YoY Change |
|------------------|--------------------|--------|--------------------|--------|---------|---------------|
| Overseas Revenue | 31,454 | 18.8% | 29,265 | 16.6% | (2,188) | (7.0%) |
| North America** | 9,524 | 5.7% | 8,121 | 4.6% | (1,403) | (14.7%) |
| Oceania** | 20,067 | 12.0% | 18,821 | 10.7% | (1,246) | (6.2%) |
| Asia, Other** | 1,862 | 1.1% | 2,323 | 1.3% | 461 | 24.8% |

Average Rate : USD ¥129.73
AUD ¥92.68

¥137.49
¥91.86

*Percentage of (total) external sales

** The subsidiary head office location method. Those which could be grouped into countries or regions have been listed as reference values.

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- In North America, revenue decreased by 14.7% due to lower revenue at Core BTS and the effect of having sold former consolidated subsidiary Brierley+Partners last year.
- In Oceania, revenue decreased by 6.2% overall as revenue increased at Planit but was offset by decreased revenues at NRI Australia (formerly ASG) and AUSIEX.
- In Asia, other, revenue increased from business in Asian countries other than China.

Financial Results for 1st Quarter FY March 2024

Segment Performance Results <Total>

■ Including Inter-segment revenue for each segment (Excluding total)

(JPY million)

| | | 1Q FY Mar. 2023 | 1Q FY Mar. 2024 | Diff. | YoY Change |
|---------------------------------------|------------------|--------------------|--------------------|---------|---------------|
| Consulting | Revenue | 9,711 | 10,965 | 1,254 | 12.9% |
| | Operating Profit | 1,859 | 2,147 | 287 | 15.5% |
| | Operating Margin | 19.1% | 19.6% | 0.4P | |
| Financial IT Solutions | Revenue | 81,490 | 84,681 | 3,190 | 3.9% |
| | Operating Profit | 11,678 | 12,172 | 493 | 4.2% |
| | Operating Margin | 14.3% | 14.4% | 0.0P | |
| Industrial IT Solutions | Revenue | 68,694 | 71,001 | 2,307 | 3.4% |
| | Operating Profit | 6,667 | 5,890 | (776) | (11.6%) |
| | Operating Margin | 9.7% | 8.3% | (1.4P) | |
| IT Platform Services | Revenue | 39,952 | 43,962 | 4,009 | 10.0% |
| | Operating Profit | 5,598 | 6,750 | 1,151 | 20.6% |
| | Operating Margin | 14.0% | 15.4% | 1.3P | |
| Total (After adjustment deduction) | Revenue | 167,537 | 176,709 | 9,171 | 5.5% |
| | Operating Profit | 28,079 | 27,027 | (1,051) | (3.7%) |
| | Operating Margin | 16.8% | 15.3% | (1.5P) | |

Note : The segment classifications are partially changed for 1Q FY March 2024, and the past figures are based on the classifications after these changes.

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- In Consulting, profit margin increased despite continued struggles overseas as the profitability of domestic business improved.
- In Financial IT Solutions, profitability in Australia (AUSIEX) remained a struggle, but overall profit still increased due to increased revenues from increased shared online services operating fees and banking business attributable to strong market conditions domestically.
- In Industrial IT Solutions, there are some misleading entries in the domestic and overseas numbers, so we will explain the details in separate slides for each.
- In IT Platform Services, profit increased due to strong performance in cloud and security.

Segment Performance Results <Japan>

■ Including Inter-segment revenue for each segment (Excluding total)

(JPY million)

| | | 1Q FY Mar. 2023 | 1Q FY Mar. 2024 | Diff. | YoY Change |
|---------------------------------------|------------------|--------------------|--------------------|--------|---------------|
| Consulting | Revenue | 8,781 | 9,708 | 927 | 10.6% |
| | Operating Profit | 2,072 | 2,317 | 244 | 11.8% |
| | Operating Margin | 23.6% | 23.9% | 0.3P | |
| Financial IT Solutions | Revenue | 78,257 | 81,746 | 3,489 | 4.5% |
| | Operating Profit | 11,723 | 12,258 | 535 | 4.6% |
| | Operating Margin | 15.0% | 15.0% | 0.0P | |
| Industrial IT Solutions | Revenue | 39,933 | 44,759 | 4,825 | 12.1% |
| | Operating Profit | 4,790 | 6,891 | 2,100 | 43.9% |
| | Operating Margin | 12.0% | 15.4% | 3.4P | |
| IT Platform Services | Revenue | 39,851 | 43,820 | 3,969 | 10.0% |
| | Operating Profit | 5,599 | 6,739 | 1,140 | 20.4% |
| | Operating Margin | 14.0% | 15.4% | 1.3P | |
| Total (After adjustment deduction) | Revenue | 136,083 | 147,443 | 11,360 | 8.3% |
| | Operating Profit | 26,458 | 28,272 | 1,814 | 6.9% |
| | Operating Margin | 19.4% | 19.2% | (0.3P) | |

Note : Including Inter-segment revenue for each segment(Japan) : Including Inter-segment revenue for each segment – including Inter-segment revenue for each segment(Overseas)
 Note : The segment classifications are partially changed for 1Q FY March 2024, and the past figures are based on the classifications after these changes.

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- In Industrial IT Solutions, profits increased due to progress in large front-end DX projects and projects to update core systems, resulting in an operating margin of over 15%. Getting these started was a struggle last year, but this year they have been progressing steadily since the outset of the year.

Segment Performance Results <Overseas>

■ Including Inter-segment revenue for each segment (Excluding total)

(JPY million)

| | | 1Q FY Mar. 2023 | 1Q FY Mar. 2024 | Diff. | YoY Change |
|---------------------------------------|------------------|--------------------|--------------------|---------|---------------|
| Consulting | Revenue | 929 | 1,256 | 326 | 35.2% |
| | Operating Profit | (213) | (169) | 43 | — |
| | Operating Margin | (22.9%) | (13.5%) | 9.4P | |
| Financial IT Solutions | Revenue | 3,233 | 2,934 | (299) | (9.3%) |
| | Operating Profit | (44) | (86) | (42) | — |
| | Operating Margin | (1.4%) | (3.0%) | (1.6P) | |
| Industrial IT Solutions | Revenue | 28,760 | 26,242 | (2,518) | (8.8%) |
| | Operating Profit | 1,876 | (1,000) | (2,877) | — |
| | Operating Margin | 6.5% | (3.8%) | (10.3P) | |
| IT Platform Services | Revenue | 101 | 141 | 40 | 39.5% |
| | Operating Profit | (0) | 10 | 11 | — |
| | Operating Margin | (0.7%) | 7.7% | 8.4P | |
| Total (After adjustment deduction) | Revenue | 31,454 | 29,265 | (2,188) | (7.0%) |
| | Operating Profit | 1,620 | (1,245) | (2,865) | — |
| | Operating Margin | 5.2% | (4.3%) | (9.4%) | |

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.

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- In Consulting, conditions were harsh for profitability in both Asia and North America.
- In Financial IT, AUSIEX in Australia struggled due to worsening market conditions.
- In Industrial IT, business profits declined both in Australia and North America.
 - In Australia, this was attributable to lower IT investment by government agencies and financial institutions for NRI Australia (formerly ASG). The company also recorded approximately 1 billion yen in expenses for the adjusted fair valuation of contingent consideration (earn-out) on the purchase price for Velrada which was acquired in 2022 while the company was called ASG.

Earn-outs are one method for adjusting prices in M&A and also a mechanism for paying additional purchase prices according to performance during a set period of time after acquisition.

For companies like ours that use IFRS, price changes occurring after setting of purchase price allocation (PPA) are recorded directly in P&L.

In the case of Velrada, the first payment was made at the time of closing in January 2022, and the second was in July of last year (no entry recorded in P&L), and this payment now is the last. Reserves for this payment were allocated as of the end of March 2023, but approximately 1 billion yen of expenses was recorded because Velrada's performance was quite strong in the first quarter of this year.

 - In North America, profit was impacted by decreased orders at Core BTS due to concerns about economic recession.

Financial Results for 1st Quarter FY March 2024

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 | | (+) Domestic consulting projects | (+) Higher profits due to increased revenue effects |
| Financial IT Solutions | Securities | | (+) Contribution from operating fees for shared online services |
| | Insurance | | |
| | Banking | (+) Shared online services implementation projects | |
| | Other financial | | |
| Industrial IT Solutions | Distribution | | (+) Higher profits due to increased revenue effects in Japan |
| | Manufacturing, service and other | (+) Systems development for telecom and advertising (-) Overseas Business | (-) One-time expenses recorded from M&A conducted in years past (approx. ¥1 billion) (-) Decline in profit due to lower revenue overseas |
| IT Platform Services | | (+) Cloud business (+) Information security business | (+) Higher profits due to increased revenue effects |

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Financial Results for 1st Quarter FY March 2024

Consolidated P/L Highlight < Total >

(JPY million)

| | 1Q FY Mar. 2023 | 1Q FY Mar. 2024 | Diff. | YoY Change |
|------------------------------------------|--------------------|--------------------|---------|---------------|
| Revenue | 167,537 | 176,709 | 9,171 | 5.5% |
| Cost of Sales | 110,230 | 113,538 | 3,308 | 3.0% |
| Subcontracting Costs | 51,238 | 52,404 | 1,166 | 2.3% |
| Gross Profit | 57,307 | 63,170 | 5,863 | 10.2% |
| Gross Profit Margin | 34.2% | 35.7% | 1.5P | |
| SG&A | 31,539 | 35,342 | 3,802 | 12.1% |
| Other Income and Other Expenses, etc. | 2,310 | (801) | (3,112) | — |
| Operating Profit | 28,079 | 27,027 | (1,051) | (3.7%) |
| Operating Margin | 16.8% | 15.3% | (1.5P) | |

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- Gross profit margin improved by 1.5 percentage points to 35.7%. This improvement was attributable to curtailed increases in subcontracting costs relative to increases in sales, among other factors.
- SG&A increased by 12%. This was attributable to a combination of increased workforce from bolstered domestic hiring, various cost increases post-COVID, and larger numbers of non-operational personnel overseas.
- Approximately 800 million yen was recorded in other income and other expenses, including the impact of one-time expenses in Australia (approx. 1 billion yen). This was a negative overall effect of 3.1 billion yen year-on-year concurrent with a reversion from gain on the sale of fixed assets last year.
- As a result, operating margin declined 1.5 percentage points to 15.3%. When excluding the impact of one-time expenses (the earn-out of approx. 1 billion yen), operating margin was 15.8%.

Financial Results for 1st Quarter FY March 2024

Consolidated P/L Highlight <Total> (continued)

(JPY million)

| | 1Q FY Mar. 2023 | 1Q FY Mar. 2024 | Diff. | YoY Change |
|--------------------------------------------|--------------------|--------------------|---------|---------------|
| Operating Profit | 28,079 | 27,027 | (1,051) | (3.7%) |
| Finance Income & Finance Costs | (289) | (446) | (157) | — |
| Profit before tax | 27,789 | 26,580 | (1,209) | (4.4%) |
| Income tax expenses | 8,941 | 9,286 | 345 | 3.9% |
| Profit attributable to owners of parent | 18,762 | 17,210 | (1,551) | (8.3%) |

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Financial Results for 1st Quarter FY March 2024

Order Backlog by Segment (Outstanding)

(JPY million)

| | At the end of Jun. 2022 | At the end of Jun. 2023 | Diff. | YoY Change |
|--------------------------------------------|----------------------------|----------------------------|---------------|---------------|
| Consulting | 14,624 | 21,642 | 7,017 | 48.0% |
| Financial IT Solutions | 154,902 | 176,308 | 21,405 | 13.8% |
| Industrial IT Solutions | 113,154 | 112,349 | (804) | (0.7%) |
| IT Platform Services | 17,767 | 21,302 | 3,534 | 19.9% |
| Others | 516 | 870 | 354 | 68.6% |
| Total | 300,966 | 332,473 | 31,507 | 10.5% |
| Order backlog in the current FY | 292,533 | 316,434 | 23,900 | 8.2% |

Note : The segment classifications are partially changed for 1Q FY March 2024, and the past figures are based on the classifications after these changes.

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Financial Results for 1st Quarter FY March 2024

Order Backlog by Segment (Japan/Overseas)

■ Order Backlog of Japan

(JPY million)

| | At the end of Jun. 2022 | At the end of Jun. 2023 | Diff. | YoY Change |
|-------------------------|----------------------------|----------------------------|---------------|---------------|
| Consulting | 13,737 | 20,855 | 7,118 | 51.8% |
| Financial IT Solutions | 149,489 | 171,462 | 21,973 | 14.7% |
| Industrial IT Solutions | 64,782 | 71,557 | 6,775 | 10.5% |
| IT Platform Services | 17,767 | 21,302 | 3,534 | 19.9% |
| Others | 516 | 870 | 354 | 68.6% |
| Total | 246,292 | 286,048 | 39,756 | 16.1% |

Note : The segment classifications are partially changed for 1Q FY March 2024, and the past figures are based on the classifications after these changes.

■ Order Backlog of overseas subsidiaries

(JPY million)

| | At the end of Jun. 2022 | At the end of Jun. 2023 | Diff. | YoY Change |
|-----------------------|----------------------------|----------------------------|---------|---------------|
| Overseas subsidiaries | 54,673 | 46,424 | (8,248) | (15.1%) |

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

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■ Domestic

- In Consulting, order backlog increased primarily in public-sector projects, but also in the private sector. It should be noted that the growth rate is high at more than 50% since it includes long-term projects that will contribute to sales in the next fiscal year and onward, but even with contributions only for this year it is still an increase of over 20%.
- In Financial IT Solutions, order backlog increased across all industry types. In Securities, backlog increased due to more clients for THE STAR and more systems integration for online securities firms. In Banking, the increase was primarily from BaaS/Core implementation projects. In Insurance, backlog increased with life and non-life insurers.
- In Industrial IT Solutions, order backlog increased with a broad range of clients, including in Distribution and Services.
- In IT Platform Services, backlog increased in cloud and information security.

■ Overseas subsidiaries

- Order backlog decreased primarily in North America. Note that the impact of the sale of Brierley+Partners on backlog was approximately 2 billion yen.

Financial Results for 1st Quarter FY March 2024

Results through 1Q and Full-Year Earnings Forecast

(JPY billion)

| | | 1Q | 2Q | 3Q | 4Q | FY |
|----------------------------------------------------------------|------------------|--------------|--------------|--------------|-------|--------------|
| FY March 2021 | Revenue | 131.1 | 135.1 | 138.1 | 145.9 | 550.3 |
| | Operating Profit | 17.8 | 22.0 | 24.1 | 16.7 | 80.7 |
| | Operating Margin | 13.6% | 16.3% | 17.5% | 11.5% | 14.7% |
| FY March 2022 | Revenue | 142.6 | 149.3 | 155.9 | 163.6 | 611.6 |
| | Operating Profit | 26.5 | 27.3 | 27.4 | 24.8 | 106.2 |
| | Operating Margin | 18.6% | 18.3% | 17.6% | 15.2% | 17.4% |
| FY March 2023 | Revenue | 167.5 | 171.5 | 177.0 | 176.1 | 692.1 |
| | Operating Profit | 28.0 | 27.1 | 28.6 | 27.9 | 111.8 |
| | Operating Margin | 16.8% | 15.9% | 16.2% | 15.9% | 16.2% |
| FY March 2024 Figures for 2Q and full-year are estimates | Revenue | 176.7 | 173.2 | 370.0 | | 720.0 |
| | Operating Profit | 27.0 | 28.9 | 61.0 | | 117.0 |
| | Operating Margin | 15.3% | 16.7% | 16.5% | | 16.3% |

Note: Figures for the 2Q of the fiscal year ending March 31, 2024 were calculated by subtracting 1Q results from forecasts for 1H.

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- Both sales and profits got off to a good start.
If business progresses at the current pace, the first-half forecasts of 350 billion yen in sales and 56 billion yen in operating profit will be exceeded. However, we also anticipate that there is also an impact from projects on accelerated schedules. Thus, based also on this being the end of the first quarter, we are not changing the performance forecast at this time.
- If the same steady progress in the first quarter continues in the second, we would like to consider changing the forecast at the financial results presentation in October after considering the circumstances with orders at that time.

Key Factors in Financial Results for 1Q FY March 2024

■ Higher income with +5.5% in revenue

- Impact of lower revenue overseas was offset by contributions from full-scale launches of projects to update core systems in industrial IT and financial IT (for banking) domestically

■ 3.7% decline in operating profit

- Lower profit due to effect of reversion from gain on assets sold last year (approx. ¥2.2 billion) and one-time expenses recorded in relation to M&A conducted in past years (approx. ¥1 billion)
- Profit increased on a business basis aside from the above, as improved profitability domestically exceeded the impact of lower revenues globally

Recovery in global business has been gradual, but we are still progressing in line with our announced forecast as business is stronger than anticipated domestically

1 Financial Results for 1st Quarter FY March 2024

2 Recent Activities

3 Reference Materials

Recent Activities Core Business

Risks anticipated at the start of the year did not emerge, and growth of domestic clients was steady

Environmental awareness

[Start of year] Anticipated risk of curtailed IT investment due to economic deceleration, and forecasted conservatively



[Currently] More activity than anticipated in inquiries for core system updates and jobs utilizing new technologies

| Consulting | Financial IT Solutions |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> • Business remains strong in public sector projects, with high activity also in private sector DX projects • Inquiries for use of generative AI are robust, and usage cases are adding up | <ul style="list-style-type: none"> • Progress was made in projects to update accounts systems at banks • Operating fees from shared online services increased due to the high level of market activity |
| Industrial IT Solutions | IT Platform Services |
| <ul style="list-style-type: none"> • AI usage for retail business grew • In addition to front-end DX, core systems update projects are also getting into full swing • Investment is also trending toward recovery in industry types such as travel and inbound-related which were impacted by COVID | <ul style="list-style-type: none"> • Business remained strong, primarily in information security and cloud migration • Earnings have stabilized as data center usage fee revisions and rising fuel costs seem to have halted |

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Implementing cost reduction measures in both Australia and North America Aiming for higher profitability from recovery in orders in 2Q and onward

Australia

- Revenues declined due to reduced government IT budgets and less private investment in IT due to inflation
- Operating profit fell by approx. 1.5 billion yen (excluding one-time expenses) due to capacity utilization declining along with the decrease in revenue, and workforce was downsized
- Aiming to improve profitability by raising capacity utilization and through recovery in orders from 2Q onward

North America (Core BTS)

- Network business: Device procurement shortages are dissipating and more costs are being passed on into sales revenue, but orders decreased due to economic recession concerns
- Cloud business: The sales organization was overhauled, but increases in orders are expected from 2Q onward, and workforce was downsized due to a certain number of orders being delayed and projects for which the scope was reduced
- Profits declined by just under 1 billion yen due to lower revenues and the impact of expenses recorded along with workforce downsizing
- Aiming to improve profitability through recovery in orders from 2Q onward

1 Financial Results for 1st Quarter FY March 2024

2 Recent Activities

3 Reference Materials

Reference Materials

Revenue by Service <Total>

(JPY million)

| | 1Q FY Mar. 2023 | 1Q FY Mar. 2024 | Diff. | YoY Change |
|--------------------------------------------------|--------------------|--------------------|--------------|---------------|
| Consulting Services | 38,947 | 37,064 | (1,883) | (4.8%) |
| System Development & System Application Sales | 49,122 | 54,923 | 5,800 | 11.8% |
| System Management & Operation Services | 70,856 | 75,371 | 4,515 | 6.4% |
| Product Sales | 8,610 | 9,349 | 738 | 8.6% |
| Total | 167,537 | 176,709 | 9,171 | 5.5% |

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Order Volume < Total >

(JPY million)

| | 1Q FY Mar. 2023 | 1Q FY Mar. 2024 | Diff. | YoY Change |
|-------------------------|--------------------|--------------------|---------------|---------------|
| Consulting | 15,173 | 20,361 | 5,188 | 34.2% |
| Financial IT Solutions | 35,936 | 47,027 | 11,090 | 30.9% |
| Industrial IT Solutions | 50,385 | 51,941 | 1,556 | 3.1% |
| IT Platform Services | 11,117 | 13,103 | 1,986 | 17.9% |
| Others | 555 | 804 | 248 | 44.6% |
| Total | 113,168 | 133,238 | 20,069 | 17.7% |

Note : The segment classifications are partially changed for 1Q FY March 2024, and the past figures are based on the classifications after these changes.

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Reference Materials

Order Volume <Total> (Japan/Overseas)

■ Order Volume of Japan

(JPY million)

| | 1Q FY Mar. 2023 | 1Q FY Mar. 2024 | Diff. | YoY Change |
|-------------------------|--------------------|--------------------|---------------|---------------|
| Consulting | 14,021 | 19,513 | 5,492 | 39.2% |
| Financial IT Solutions | 34,426 | 45,118 | 10,692 | 31.1% |
| Industrial IT Solutions | 28,666 | 34,052 | 5,385 | 18.8% |
| IT Platform Services | 11,015 | 12,961 | 1,946 | 17.7% |
| Others | 555 | 804 | 248 | 44.6% |
| Total | 88,686 | 112,450 | 23,764 | 26.8% |

Note : The segment classifications are partially changed for 1Q FY March 2024, and the past figures are based on the classifications after these changes.

■ Order Volume of overseas subsidiaries

(JPY million)

| | 1Q FY Mar. 2023 | 1Q FY Mar. 2024 | Diff. | YoY Change |
|-------------------------------|--------------------|--------------------|----------------|----------------|
| Overseas subsidiaries* | 24,482 | 20,787 | (3,694) | (15.1%) |

* Group companies which have the headquarter 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.

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Reference Materials

Cash Flow

(JPY million)

| | 1Q FY Mar. 2023 | 1Q FY Mar. 2024 | Diff. |
|----------------------------------------------------------------|--------------------|--------------------|---------|
| Operating activities | 36,348 | 43,491 | 19.7% |
| Investing activities | (8,396) | (15,878) | 89.1% |
| (Except Cash management purpose) | (5,404) | (15,928) | 194.7% |
| Free Cash Flow | 27,952 | 27,613 | (1.2%) |
| (Except Cash management purpose) | 30,944 | 27,563 | (10.9%) |
| Financing activities | (24,057) | (21,444) | (10.9%) |
| Net increase in Cash and cash equivalents | 5,971 | 8,090 | 35.5% |
| (Except Cash management purpose) | 8,962 | 8,040 | (10.3%) |
| Cash and cash equivalents at end of year | 121,581 | 137,347 | 13.0% |
| Cash and cash equivalents + Cash Management purpose investment | 126,503 | 139,457 | 10.2% |

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Reference Materials

Balance Sheet

(JPY million)

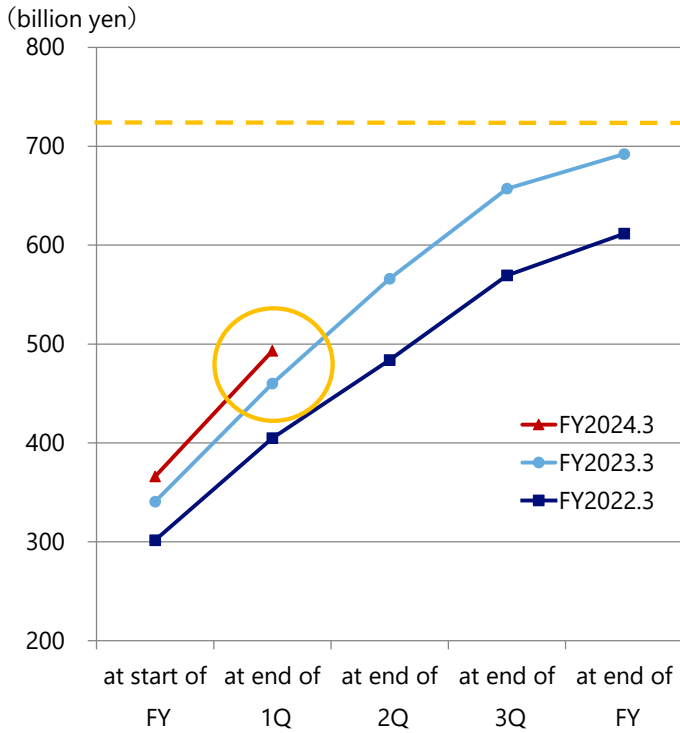
| | 1Q FY Mar. 2023 | 1Q FY Mar. 2024 | Diff. | YoY Change |
|------------------------------------------------------|--------------------|--------------------|----------------|---------------|
| Assets | 838,224 | 841,036 | 2,812 | 0.3% |
| Cash and cash equivalents, etc. (a) | 131,235 | 139,457 | 8,222 | 6.3% |
| Goodwill and intangible assets | 237,283 | 253,125 | 15,841 | 6.7% |
| Of which, Goodwill from M&A, etc. | 137,804 | 147,232 | 9,428 | 6.8% |
| Software | 99,365 | 105,783 | 6,418 | 6.5% |
| Liabilities | 435,817 | 446,341 | 10,524 | 2.4% |
| Interest-bearing liabilities (b) | 205,823 | 223,045 | 17,221 | 8.4% |
| Equity | 402,406 | 394,695 | (7,711) | (1.9%) |
| Total equity attributable to owners of parent (c) | 399,006 | 391,732 | (7,273) | (1.8%) |
| Net interest-bearing liabilities (d=b-a) | 74,588 | 83,587 | 8,998 | 12.1% |
| Net D/E ratio (e=d/c) | 0.19 | 0.21 | 0.03 | |

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Reference Materials

Revenue + Consolidated Order Backlog



| | (JPY billion) | | |
|-------------------------------------------|---------------|-------------|------------|
| | FY Mar.2023 | FY Mar.2024 | YoY Change |
| Revenue* | 692.1 | 720.0 | +3.9% |
| Revenue** + Consolidated Order Backlog*** | 460.0 | 493.1 | +6.7% |
| Realization rate | 66.5% | 68.5% | 2.0P |

* FY Mar. 2023: Result, FY Mar. 2024: Forecast
 ** The figure at the end of 1Q
 *** The figure at the end of 1Q

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Reference Materials

Forecasts for FY March 2024

■ There are no revisions to financial results forecasts.

(JPY billion)

| | FY Mar. 2023 (Results) | FY Mar. 2024 (Forecasts) | Diff. | YoY Change |
|--------------------------------------------|---------------------------|-----------------------------|-------|---------------|
| Revenue | 692.1 | 720.0 | 27.8 | 4.0% |
| Operating Profit | 111.8 | 117.0 | 5.1 | 4.6% |
| Operating Margin | 16.2% | 16.3% | 0.1P | |
| Profit before tax | 108.4 | 115.0 | 6.5 | 6.0% |
| Profit attributable to owners of parent | 76.3 | 78.0 | 1.6 | 2.2% |
| Earnings Per Share | ¥128.92 | ¥131.83 | ¥2.90 | 2.3% |
| Annual Dividends per share | ¥45.00 | ¥48.00 | ¥3.00 | |
| Second quarter | ¥22.00 | ¥24.00 | ¥2.00 | |
| Fiscal year end | ¥23.00 | ¥24.00 | ¥1.00 | |
| Dividend payout ratio | 34.9% | 36.4% | 1.5P | |

Note : Forecast Rate USD = ¥132.71, AUD = ¥89.62

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Reference Materials

Revenue Forecasts by Segment for FY March 2024

■ There are no revisions to financial results forecasts.

(JPY billion)

| | FY Mar. 2023 (Results) | Share | FY Mar. 2024 (Forecasts) | Share | Diff. | YoY Change |
|-------------------------------------|---------------------------|---------------|-----------------------------|---------------|-------------|---------------|
| Consulting | 46.1 | 6.7% | 48.0 | 6.7% | 1.8 | 4.1% |
| Financial IT Solutions | 328.5 | 47.5% | 334.0 | 46.4% | 5.4 | 1.7% |
| Securities | 141.5 | 20.4% | 142.0 | 19.7% | 0.4 | 0.3% |
| Insurance | 77.0 | 11.1% | 78.0 | 10.8% | 0.9 | 1.2% |
| Banking | 55.0 | 8.0% | 57.0 | 7.9% | 1.9 | 3.5% |
| Other financial | 54.9 | 7.9% | 57.0 | 7.9% | 2.0 | 3.8% |
| Industrial IT Solutions | 266.7 | 38.5% | 285.0 | 39.6% | 18.2 | 6.9% |
| Distribution | 70.6 | 10.2% | 73.0 | 10.1% | 2.3 | 3.4% |
| Manufacturing, service and other | 196.0 | 28.3% | 212.0 | 29.4% | 15.9 | 8.1% |
| IT Platform Services | 48.1 | 7.0% | 50.0 | 6.9% | 1.8 | 3.8% |
| Others | 2.6 | 0.4% | 3.0 | 0.4% | 0.3 | 14.9% |
| Total | 692.1 | 100.0% | 720.0 | 100.0% | 27.8 | 4.0% |

Note : The segment classifications are partially changed for 1Q FY March 2024, and the past figures are based on the classifications after these changes.

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Reference Materials

FY March 2024 Financial Results Forecasts < 1H/2H >

■ There are no revisions to financial results forecasts.

(JPY billion)

| ■ 1H | FY Mar. 2023 (Results) | FY Mar. 2024 (Forecasts) | Diff. | YoY Change |
|--------------------------------------------|---------------------------|-----------------------------|--------|---------------|
| Revenue | 339.0 | 350.0 | 10.9 | 3.2% |
| Operating Profit | 55.2 | 56.0 | 0.7 | 1.3% |
| Operating Margin | 16.3% | 16.0% | (0.3P) | |
| Profit before income tax | 53.7 | 55.0 | 1.2 | 2.3% |
| Profit attributable to owners of parent | 35.8 | 37.0 | 1.1 | 3.2% |

(JPY billion)

| ■ 2H | FY Mar. 2023 (Results) | FY Mar. 2024 (Forecasts) | Diff. | YoY Change |
|--------------------------------------------|---------------------------|-----------------------------|-------|---------------|
| Revenue | 353.1 | 370.0 | 16.8 | 4.8% |
| Operating Profit | 56.5 | 61.0 | 4.4 | 7.8% |
| Operating Margin | 16.0% | 16.5% | 0.5P | |
| Profit before income tax | 54.7 | 60.0 | 5.2 | 9.6% |
| Profit attributable to owners of parent | 40.4 | 41.0 | 0.5 | 1.4% |

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Reference Materials

Revenue Forecasts by Segment for FY March 2023 < 1H/2H >

■ There are no revisions to financial results forecasts.

(JPY billion)

| | FY Mar. 2023 (Results) | Share | FY Mar. 2024 (Forecasts) | Share | Diff. | YoY Change |
|----------------------------------|---------------------------|--------|-----------------------------|--------|-------|------------|
| ■ 1H | | | | | | |
| Consulting | 20.2 | 6.0% | 21.0 | 6.0% | 0.7 | 3.7% |
| Financial IT Solutions | 161.8 | 47.7% | 164.0 | 46.9% | 2.1 | 1.3% |
| Securities | 69.5 | 20.5% | 70.0 | 20.0% | 0.4 | 0.6% |
| Insurance | 38.2 | 11.3% | 39.0 | 11.1% | 0.7 | 2.0% |
| Banking | 26.0 | 7.7% | 27.0 | 7.7% | 0.9 | 3.5% |
| Other financial | 27.9 | 8.2% | 28.0 | 8.0% | 0.0 | 0.3% |
| Industrial IT Solutions | 133.5 | 39.4% | 141.0 | 40.3% | 7.4 | 5.6% |
| Distribution | 35.2 | 10.4% | 36.0 | 10.3% | 0.7 | 2.2% |
| Manufacturing, service and other | 98.2 | 29.0% | 105.0 | 30.0% | 6.7 | 6.8% |
| IT Platform Services | 22.3 | 6.6% | 22.5 | 6.4% | 0.1 | 0.8% |
| Others | 1.1 | 0.3% | 1.5 | 0.4% | 0.3 | 30.4% |
| Total | 339.0 | 100.0% | 350.0 | 100.0% | 10.9 | 3.2% |
| ■ 2H | | | | | | |
| Consulting | 25.8 | 7.3% | 27.0 | 7.3% | 1.1 | 4.4% |
| Financial IT Solutions | 166.7 | 47.2% | 170.0 | 45.9% | 3.2 | 1.9% |
| Securities | 71.9 | 20.4% | 72.0 | 19.5% | 0.0 | 0.1% |
| Insurance | 38.8 | 11.0% | 39.0 | 10.5% | 0.1 | 0.5% |
| Banking | 28.9 | 8.2% | 30.0 | 8.1% | 1.0 | 3.5% |
| Other financial | 26.9 | 7.6% | 29.0 | 7.8% | 2.0 | 7.4% |
| Industrial IT Solutions | 133.2 | 37.7% | 144.0 | 38.9% | 10.7 | 8.1% |
| Distribution | 35.3 | 10.0% | 37.0 | 10.0% | 1.6 | 4.5% |
| Manufacturing, service and other | 97.8 | 27.7% | 107.0 | 28.9% | 9.1 | 9.4% |
| IT Platform Services | 25.8 | 7.3% | 27.5 | 7.4% | 1.6 | 6.5% |
| Others | 1.4 | 0.4% | 1.5 | 0.4% | 0.0 | 2.6% |
| Total | 353.1 | 100.0% | 370.0 | 100.0% | 16.8 | 4.8% |

Note : The segment classifications are partially changed for 1Q FY March 2024, and the past figures are based on the classifications after these changes.

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Reference Materials

Capital Investment, R&D and Depreciation Forecasts for FY March 2024

- There are no revisions to financial results forecasts.

Capital Expenditure, R&D

(JPY billion)

| | FY Mar. 2023 (Results) | FY Mar. 2024 (Forecasts) | Diff. | YoY Change |
|---------------------|---------------------------|-----------------------------|-------|---------------|
| Capital Expenditure | 58.5 | 56.0 | (2.5) | (4.4%) |
| Tangible | 15.6 | 13.0 | (2.6) | (16.8%) |
| Intangible | 42.9 | 43.0 | 0.0 | 0.2% |
| R&D Expenses | 4.9 | 5.0 | 0.1 | 2.0% |

Depreciation and Amortization

(JPY billion)

| | FY Mar. 2023 (Results) | FY Mar. 2024 (Forecasts) | Diff. | YoY Change |
|-------|---------------------------|-----------------------------|-------|---------------|
| Total | 45.0 | 52.0 | 6.9 | 15.3% |

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Reference Materials

Forecasts for FY March 2024 < Consolidated Earnings Model >

- FY March 2024 Consolidated Earnings Model
- Revenue of JPY720 billion and Operating profit of JPY117 billion

(JPY billion)

| | FY Mar. 2022 (Results) | FY Mar. 2023 (Results) | FY Mar. 2024 (Forecasts)* | YoY | |
|-------------------------|---------------------------|---------------------------|------------------------------|-------|--------|
| | | | | Diff. | Change |
| Revenue | 611.6 | 692.1 | 720.0 | 27.8 | 4.0% |
| Cost of Sales | 395.5 | 452.3 | 467.0 | 14.6 | 3.2% |
| Personnel | 134.9 | 162.0 | 169.0 | 6.9 | 4.3% |
| Subcontracting Costs | 194.7 | 214.1 | 218.0 | 3.8 | 1.8% |
| Depreciation | 33.3 | 33.5 | 38.0 | 4.4 | 13.2% |
| Gross Profit | 216.0 | 239.8 | 253.0 | 13.1 | 5.5% |
| Gross Profit Margin | 35.3% | 34.6% | 35.1% | 0.5P | |
| SG&A | 113.5 | 131.5 | 136.0 | 4.4 | 3.4% |
| Operating Profit | 106.2 | 111.8 | 117.0 | 5.1 | 4.6% |
| Operating Margin | 17.4% | 16.2% | 16.3% | 0.1P | |

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* Figures are consolidated estimates for preparing this earnings model.

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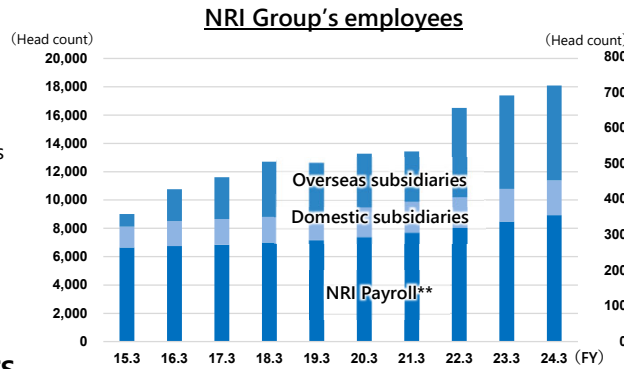
Reference Materials

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

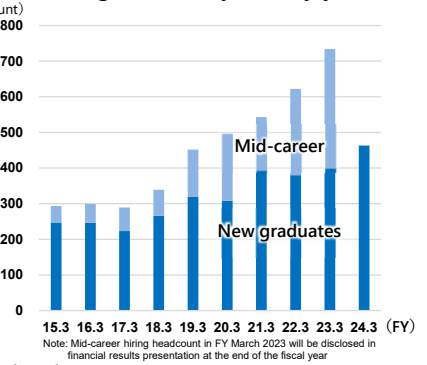
NRI Group's employees

18,085*

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



Hiring to NRI Payroll** by year



Subcontractors

Offshore development Partners in China

20 partners in 21 regions

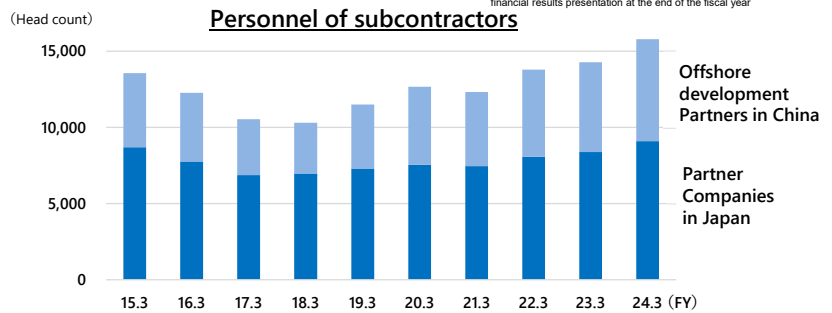
Personnel:

Approx. 6,500

Partner Companies in Japan

Personnel:

Approx. 8,500



* As of the end of June 2023 ** Includes group company employees hired by the main body of NRI

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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.



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Empower the change**