

Financial Results Presentation

Financial Results for 2nd Quarter FY March 2024

Nomura Research Institute, Ltd.

Shingo Konomoto

President & CEO, Chairman, Member of the Board, Representative Director

October 26, 2023



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2 Recent Activities

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Highlights of Consolidated Financial Results <1H>

■ YoY comparison

(JPY million)

	1H FY Mar. 2023	1H FY Mar. 2024	Diff.	YoY Change
Revenue	339,054	362,065	23,011	6.8%
Operating Profit	55,268	58,865	3,596	6.5%
Operating Margin	16.3%	16.3%	(0.0P)	
EBITDA Margin	22.2%	23.0%	0.8P	
Profit before tax	53,753	57,539	3,786	7.0%
Profit attributable to owners of parent	35,857	37,662	1,805	5.0%

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- Revenue increased by 23.0 billion yen.
Domestic revenue increased by approximately 25.0 billion yen, while overseas revenue fell by approximately 2.0 billion yen.
- Operating profit increased by 3.5 billion yen.
Domestic profit rose by just under 7.0 billion yen, while overseas profit declined by approximately 3.0 billion yen.
As temporary income and expenses, 2.2 billion yen was recorded in gain from the sale of assets last year. Excluding that, profit rose 11% on a business basis.
- Operating margin remained level.

Highlights of Consolidated Financial Results <1H>

- Comparison with announced forecasts on April 27

(JPY billion)

	1H FY Mar. 2024 (Forecasts)	1H FY Mar. 2024 (Results)	Diff.	YoY Change
Revenue	350.0	362.0	12.0	3.4%
Operating Profit	56.0	58.8	2.8	5.1%
Operating Margin	16.0%	16.3%	0.3P	
Profit before tax	55.0	57.5	2.5	4.6%
Profit attributable to owners of parent	37.0	37.6	0.6	1.8%

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- Revenue exceeded our initial forecast by 12.0 billion yen.
- Operating profit exceeded the initial forecast by 2.8 billion yen due to strong performance primarily in domestic business.

Financial Results for 2nd Quarter FY March 2024

External Revenue by Segment <1H>

(JPY million)

	1H FY Mar. 2023	Share	1H FY Mar. 2024	Share	Diff.	YoY Change
Consulting	20,250	6.0%	23,747	6.6%	3,497	17.3%
Financial IT Solutions	161,816	47.7%	170,919	47.2%	9,102	5.6%
Securities	69,589	20.5%	70,099	19.4%	510	0.7%
Insurance	38,222	11.3%	38,187	10.5%	(35)	(0.1%)
Banking	26,075	7.7%	33,285	9.2%	7,209	27.6%
Other financial	27,929	8.2%	29,347	8.1%	1,418	5.1%
Industrial IT Solutions	133,513	39.4%	140,057	38.7%	6,543	4.9%
Distribution	35,228	10.4%	37,127	10.3%	1,899	5.4%
Manufacturing, service and other	98,285	29.0%	102,930	28.4%	4,644	4.7%
IT Platform Services	22,323	6.6%	25,828	7.1%	3,504	15.7%
Others	1,149	0.3%	1,512	0.4%	362	31.6%
Total	339,054	100.0%	362,065	100.0%	23,011	6.8%

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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- In Consulting, business was strong and revenue increased by 17%.
- In Financial IT Solutions,
 - In Securities and Insurance, revenue remained level year-on-year.
 - In Banking, implementation projects for cloud-based core systems service NRI BaaS/Core developed for online banks contributed to increased revenue.
- In Industrial IT Solutions, revenue increased 4.9% to 6.5 billion yen. Business was strong in retail, telecom, and advertising. Revenue at Planit in Australia also increased by approximately 1.0 billion yen.
- In IT Platform Services, revenue increased 15.7%. Business was strong in information security.

Financial Results for 2nd Quarter FY March 2024

External Revenue by Segment <1H> (supplementary information)

Revenue by main client

(JPY million)

	1H FY Mar. 2023	Share*	1H FY Mar. 2024	Share*	Diff.	YoY Change
Nomura Holdings	34,017	10.0%	34,171	9.4%	153	0.5%

Overseas Revenue

(JPY million)

	1H FY Mar. 2023	Share*	1H FY Mar. 2024	Share*	Diff.	YoY Change
Overseas Revenue	62,997	18.6%	60,504	16.7%	(2,493)	(4.0%)
North America**	19,189	5.7%	18,018	5.0%	(1,170)	(6.1%)
Oceania**	39,574	11.7%	37,590	10.4%	(1,984)	(5.0%)
Asia, Other**	4,234	1.2%	4,895	1.4%	661	15.6%

Average Rate : USD ¥134.04
AUD ¥93.58

¥141.06
¥93.24

*Percentage of (total) external sales

** The client location-based method has switched to the subsidiary head office location method, and those which could be grouped into countries or regions have been listed as reference values. Numerical figures for FY March 2022 have been prepared via the same method.

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- Revenue from Nomura Holdings remained level year-on-year.
- Overseas, revenue decreased by approximately 2.5 billion yen.
In North America, revenue decreased by 1.1 billion yen. However, revenue was level year-on-year when excluding the impact of selling off Brierley+Partners in March of this year.
- In Australia, revenue decreased by 1.9 billion yen.
For NRI Australia (formerly ASG), business was slow in the public sector and finance fields and revenue decreased by approximately 3.0 billion yen. On the other hand, revenue increased for Planit, resulting in an overall revenue decrease of 1.9 billion yen.

Financial Results for 2nd Quarter FY March 2024

Segment Performance Results <1H>

■ Including Inter-segment revenue for each segment.

(JPY million)

		1H FY Mar. 2023	1H FY Mar. 2024	Diff.	YoY Change
Consulting	Revenue	21,077	24,470	3,393	16.1%
	Operating Profit	4,911	5,773	861	17.5%
	Operating Margin	23.3%	23.6%	0.3P	
Financial IT Solutions	Revenue	164,721	173,501	8,779	5.3%
	Operating Profit	23,283	26,374	3,091	13.3%
	Operating Margin	14.1%	15.2%	1.1P	
Industrial IT Solutions	Revenue	137,549	143,185	5,636	4.1%
	Operating Profit	13,396	12,321	(1,075)	(8.0%)
	Operating Margin	9.7%	8.6%	(1.1P)	
IT Platform Services	Revenue	81,476	89,683	8,207	10.1%
	Operating Profit	11,430	14,293	2,862	25.0%
	Operating Margin	14.0%	15.9%	1.9P	
Total (After adjustment deduction)	Revenue	339,054	362,065	23,011	6.8%
	Operating Profit	55,268	58,865	3,596	6.5%
	Operating Margin	16.3%	16.3%	(0.0P)	

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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Segment Performance Results <Japan> <1H>

■ Including Inter-segment revenue for each segment

(JPY million)

		1H FY Mar. 2023	1H FY Mar. 2024	Diff.	YoY Change
Consulting	Revenue	18,733	21,549	2,816	15.0%
	Operating Profit	5,142	5,918	775	15.1%
	Operating Margin	27.5%	27.5%	0.0P	
Financial IT Solutions	Revenue	158,323	167,225	8,901	5.6%
	Operating Profit	23,709	26,165	2,456	10.4%
	Operating Margin	15.0%	15.6%	0.7P	
Industrial IT Solutions	Revenue	80,413	89,377	8,964	11.1%
	Operating Profit	10,482	13,203	2,720	26.0%
	Operating Margin	13.0%	14.8%	1.7P	
IT Platform Services	Revenue	81,151	89,366	8,215	10.1%
	Operating Profit	11,321	14,219	2,898	25.6%
	Operating Margin	14.0%	15.9%	2.0P	
Total (After adjustment deduction)	Revenue	276,056	301,560	25,504	9.2%
	Operating Profit	52,915	59,611	6,696	12.7%
	Operating Margin	19.2%	19.8%	0.6P	

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 Japan, both revenue and operating profit increased overall.
- In Industrial IT Solutions, operating margin increased by 1.7 percentage points. In addition to progress in large projects, we are also seeing improved productivity effects in systems development from breaking down software components (DiPcore) which we have been working on for several years.

Segment Performance Results <Overseas> <1H>

■ Including Inter-segment revenue for each segment

(JPY million)

		1H FY Mar. 2023	1H FY Mar. 2024	Diff.	YoY Change
Consulting	Revenue	2,343	2,921	577	24.6%
	Operating Profit	(231)	(145)	85	—
	Operating Margin	(9.9%)	(5.0%)	4.9P	
Financial IT Solutions	Revenue	6,397	6,275	(122)	(1.9%)
	Operating Profit	(426)	208	635	—
	Operating Margin	(6.7%)	3.3%	10.0P	
Industrial IT Solutions	Revenue	57,136	53,808	(3,328)	(5.8%)
	Operating Profit	2,913	(882)	(3,796)	—
	Operating Margin	5.1%	(1.6%)	(6.7P)	
IT Platform Services	Revenue	325	317	(8)	(2.5%)
	Operating Profit	109	73	(35)	(32.8%)
	Operating Margin	33.7%	23.2%	(10.5P)	
Total (After adjustment deduction)	Revenue	62,997	60,504	(2,493)	(4.0%)
	Operating Profit	2,353	(746)	(3,099)	—
	Operating Margin	3.7%	(1.2%)	(5.0P)	

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, the first half has been harsh in the past, but losses this year were lower than the previous year. India and Shanghai had somewhat slow starts in the first half this year, but we expect them to recover in the second half.
- In Financial IT Solutions, operating profit was negative last year but turned positive this year. AUSIEX in Australia recorded expenses from structural reforms last year. They will not incur similar expenses this year. Although the stock market there is not performing particularly well, they bottomed out and turned positive.
- In Industrial IT Solutions, operating profit last year was 2.9 billion yen, but this year was a loss of 800 million yen. Approximately 1.0 billion yen in earn-out expenses related to past M&A were recorded in the first quarter. Although profit was positive when excluding this one-off expense, business circumstances remained extremely harsh both in Australia and for Core BTS in North America.
- Core BTS recovered in the second quarter compared to the first due to special demand they had in the network business. However, we forecast harsh profit and loss circumstances for them in the third quarter due to seasonal factors such as the low number of workdays and payments of short-term incentives (STIs). We believe they will have a recovery in the fourth quarter, but their performance is not yet stable.
- Although first-half profit was not strong in Australia due to the earn-out, we expect a gradual recovery there through the second, third, and fourth quarters. Performance there will recover at a slightly faster pace than in North America.

Financial Results for 2nd Quarter FY March 2024

Analysis of Increase and Decrease Factors <1H>

- 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		(+) Higher profits due to increased revenue effects (+) Contribution from operating fees for shared online services
	Insurance		
	Banking	(+) NRI BaaS/CORE implementation projects	
	Other financial	(+) Systems development for card companies	
Industrial IT Solutions	Distribution	(+) Systems development for retailers and wholesalers	(+) Higher profits due to increased revenue effects in Japan (-) Decline in profit due to lower revenue overseas (-) One-time expenses recorded from M&A conducted in years past (approx. ¥1 billion)
	Manufacturing, service and other	(+) Systems development for telecom and advertising (-) Overseas Business	(-) Expenses recorded for structural reforms in overseas business
IT Platform Services		(+) Information security business (+) Cloud business	(+) Higher profits due to increased revenue effects

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Financial Results for 2nd Quarter FY March 2024

Consolidated P/L Highlight <1H>

(JPY million)

	1H FY Mar. 2023	1H FY Mar. 2024	Diff.	YoY Change
Revenue	339,054	362,065	23,011	6.8%
Cost of Sales	221,552	233,692	12,139	5.5%
Subcontracting Costs	103,713	107,818	4,104	4.0%
Gross Profit	117,501	128,373	10,871	9.3%
Gross Profit Margin	34.7%	35.5%	0.8P	
SG&A	64,586	69,145	4,558	7.1%
Other Income and Other Expenses, etc.	2,353	(362)	(2,715)	—
Operating Profit	55,268	58,865	3,596	6.5%
Operating Margin	16.3%	16.3%	(0.0P)	

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- Other income and other expenses had a downward impact of 2.7 billion yen year-on-year due to factors including a reversion from last year's 2.2 billion yen in gain on the sale of fixed assets, but that was offset by overall positive profitability.

Financial Results for 2nd Quarter FY March 2024

Consolidated P/L Highlight <1H> (continued)

(JPY million)

	1H FY Mar. 2023	1H FY Mar. 2024	Diff.	YoY Change
Operating Profit	55,268	58,865	3,596	6.5%
Finance Income and Finance Costs	(1,515)	(1,326)	189	—
Profit before tax	53,753	57,539	3,786	7.0%
Income tax expenses	17,685	19,653	1,967	11.1%
Profit attributable to owners of parent	35,857	37,662	1,805	5.0%

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Key Factors in Financial Results for 2Q FY March 2024

■ +6.8 % in revenue

- Domestic business remained strong, scale of DX projects in each segment increased
- Globally, business was sluggish in North America and Australia due to harsh economic climates

■ +6.5% in operating profit

- Increased profitability effects in domestic business exceeded decreased revenue in global business and the effects from one-off profitability reversions and one-off expenses that arose

High added-value business expanded as domestic demand was strong
Off to a great start toward achieving our Medium-Term Plan 2025 growth strategy

1 Financial Results for 2nd Quarter FY March 2024

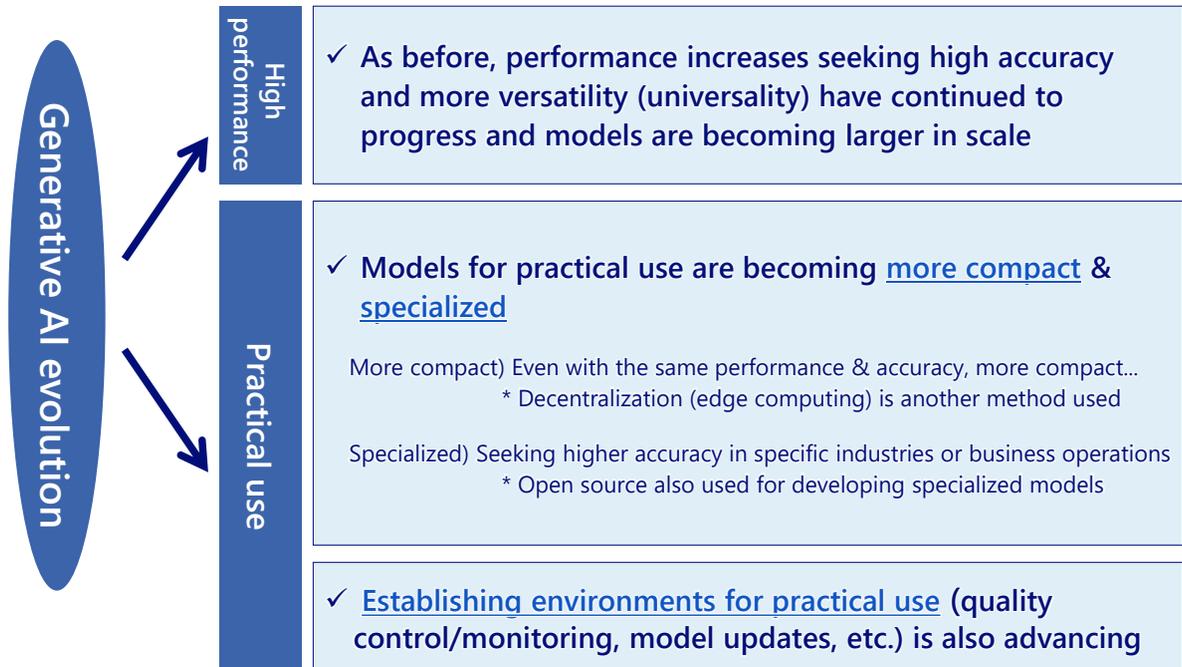
2 Recent Activities

3 Financial Results Forecasts for FY March 2024

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Recent Activities Generative AI Usage

Technological innovation in generative AI is advancing in terms of both high performance and practical use

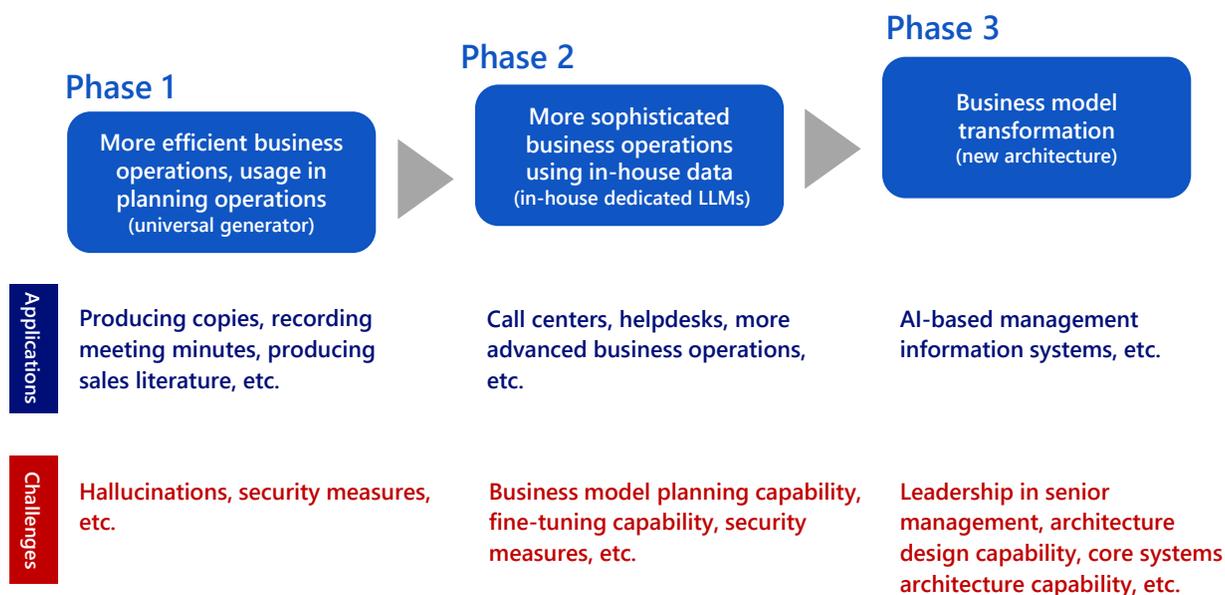


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- On the business side, LLMs specialized in particular usage applications are likely to emerge, so we will purchase GPUs for our data centers and work on building our own LLMs.
- We believe that usage of generative AI will advance in various business settings as it becomes more compact and specialized models go into use.
- In terms of real-world environments, there will be problems in terms of quality as to whether the output of LLMs is credible, and in areas such as operations monitoring and security against external attacks.
- Since we have NRI SecureTechnologies which specializes in security, we believe there will be big business opportunities for us.

Business application of generative AI is advancing in phases



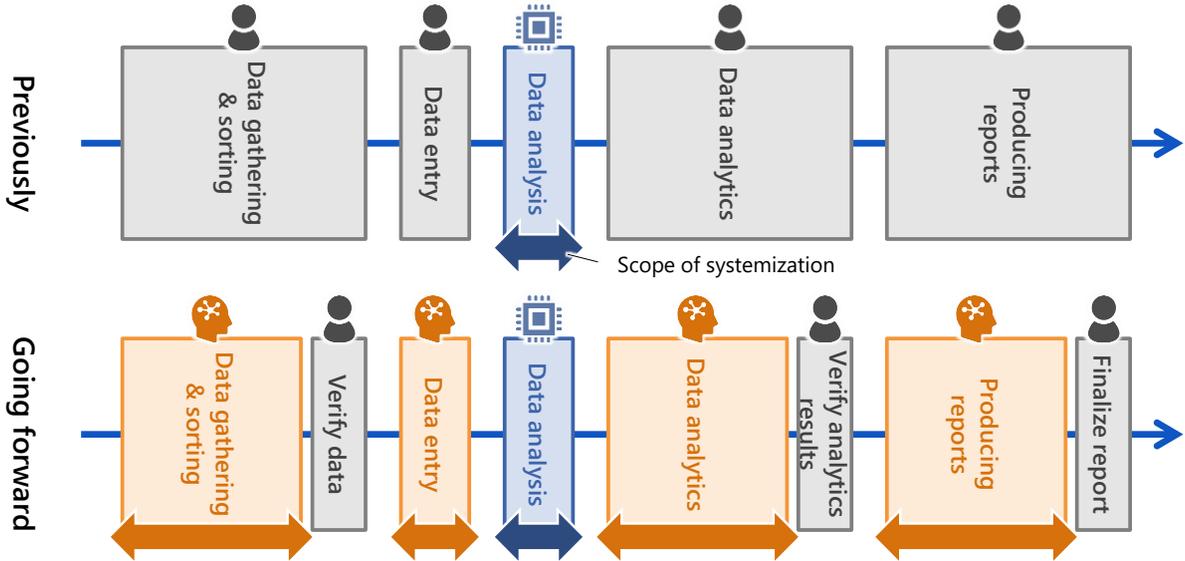
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- In Phase 1, we are using the current universal generator to improve efficiency in creative areas such as marketing and advertising, and in procedures such as recording meeting minutes. However, since there are still some remaining problems with quality, we are using it in fields that do not require stringent quality.
- Phase 2 is to use generative AI for call centers, help desk, and individual tasks, by utilizing a dedicated LLM and training it with various expertise particular to that company. While we do have inquiries for Phase 2, it will take a little more time to reach the point of becoming a significant business.
- Phase 3 involves switching to entire architecture that is AI-centric.
- As opposed to Phase 1, we believe that our efforts should be focused more on Phases 2 and 3.

Systemized business scope expands significantly through use of AI

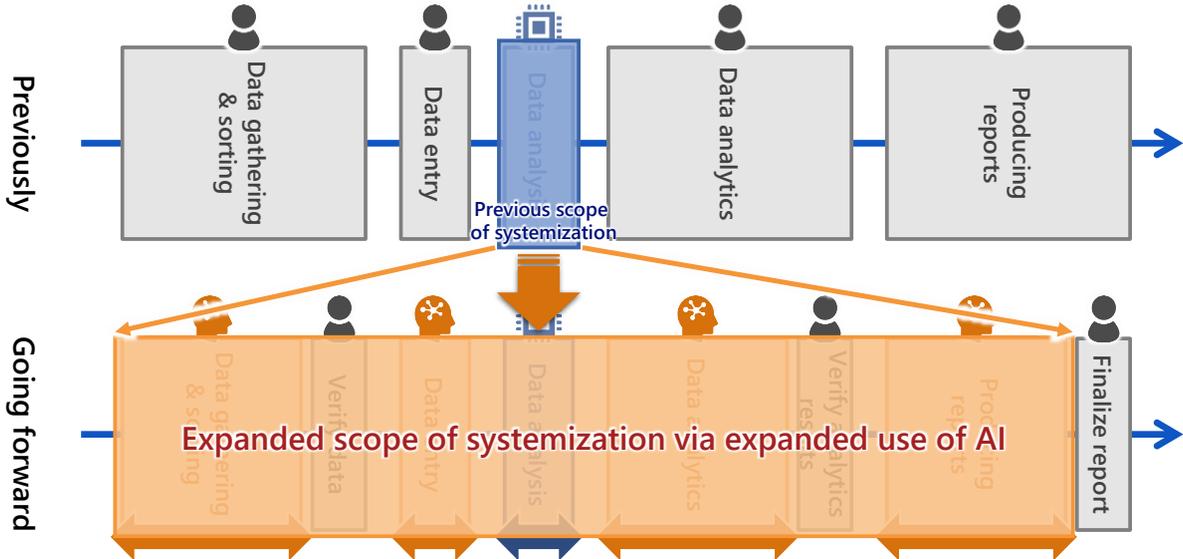
- AI can now handle operations for which systemization had been difficult, such as data gathering, sorting, entry, and analytics, and producing reports



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Large-scale BPR on a company-wide level using AI

- Consultants and solutions teams familiar with business operations work together to help reconstruct business processes as a whole

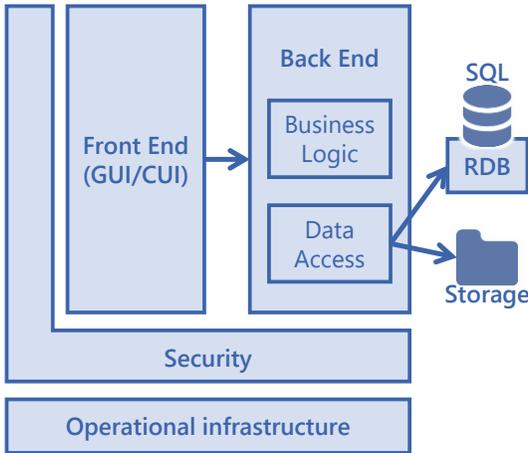


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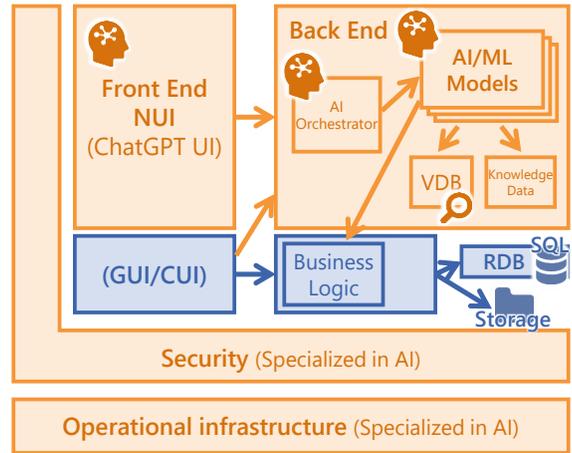
Architecture itself will change to AI-based

- Security and operational infrastructure will need to be reconfigured for system architecture centered on AI components

Previous architecture



AI Oriented architecture

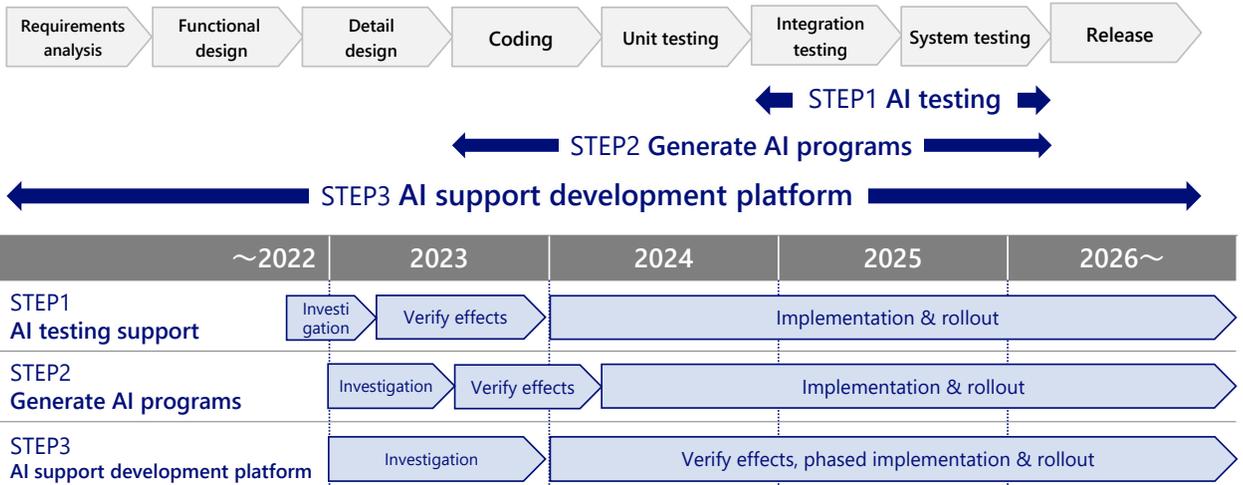


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Recent Activities Generative AI Usage

Initiatives using generative AI to improve productivity

- Started with AI testing support (Step 1) and AI program generation (Step 2), currently applying to specific development projects and measuring the productivity improvement effects
- Considering an AI Assistance Development Platform (tentative) (Step 3) that uses AI for a wide range of business operations



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- We are working toward utilizing AI for in-house manufacturing.
- There are more tools for utilizing AI in test processes (Step 1) than there were before the development of generative AI, and we are already making progress.
- Currently, we are working on automatic program generation (Step 2). We expect to finish preparations this fiscal year and transition to full-scale implementation starting next year. We believe that we will be able to advance faster than we anticipated a few months ago, and large contributions to productivity improvements seem likely.
- Progress in these efforts will normalize the in-house use of AI, leading to subsequent needs for preparing development environments and libraries (Step 3). Progress in Steps 1 and 2 will also lead to progress in Step 3.
- In addition to revenue, we also believe that generative AI promises significant effects in terms of operating profit, so we are working dedicatedly toward it as a company.

North America and Australia: Current circumstances and forecast

North America (Core BTS)

- Clients remain reluctant to invest in IT due to rising interest rates
- Focusing on solidifying our foundation in North America, including stronger collaboration between Core BTS and our existing offices
- ✓ Combining the delivery organizations of Core BTS and NRI-ITSA*, jointly bolstering sales in North America
 - * Abbreviation for "NRI IT Solutions America", which is our subsidiary in North America (Dallas, TX) that mainly focuses on providing IT services in manufacturing & retail
- ✓ Promoting joint usage by offshore development partners in English-speaking countries (South America, Eastern Europe, etc.)

Australia

- Continued restraint in private IT investment and government IT budgets due to high interest rates
- Implementing measures for balance sheet improvements such as labor optimization and reducing management costs
- Anticipating higher capacity utilization due to labor optimization, expecting improved profitability in the second half

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- In North America, we made organizational changes starting in October. As the tendency toward restraint in clients' IT investment has become prolonged, we intend to strengthen our grip from the Japan side.
- Since Core BTS currently has spare development capacity, we will strengthen their coordinated efforts with either NRI-ITSA or with NRI America which is engaged in strategy and business consulting mainly for Japanese companies in New York, and Core BTS will mainly handle delivery.
- Looking toward the future, as we anticipate integrating Core BTS with NRI-ITSA, we will strengthen our organization there with a stronger commitment from Japan.

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Financial Results Forecasts for FY March 2024

Order Backlog by Segment (Outstanding)

(JPY million)

	At the end of Sep. 2022	At the end of Sep. 2023	Diff.	YoY Change
Consulting	14,475	19,233	4,758	32.9%
Financial IT Solutions	120,960	136,921	15,961	13.2%
Industrial IT Solutions	93,000	92,238	(761)	(0.8%)
IT Platform Services	14,146	17,808	3,661	25.9%
Others	502	680	177	35.4%
Total	243,084	266,882	23,797	9.8%
Order backlog in the current FY	226,970	246,169	19,199	8.5%

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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Order Backlog by Segment (Japan/Overseas)

■ Order Backlog of Japan

(JPY million)

	At the end of Sep. 2022	At the end of Sep. 2023	Diff.	YoY Change
Consulting	13,467	18,268	4,801	35.7%
Financial IT Solutions	116,877	133,293	16,416	14.0%
Industrial IT Solutions	50,687	58,323	7,635	15.1%
IT Platform Services	14,146	17,808	3,661	25.9%
Others	502	680	177	35.4%
Total	195,680	228,374	32,693	16.7%

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

■ Order Backlog of overseas subsidiaries

(JPY million)

	At the end of Sep. 2022	At the end of Sep. 2023	Diff.	YoY Change
Overseas subsidiaries*	47,403	38,507	(8,896)	(18.8%)

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

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- In Consulting, order volume in the second quarter declined year-on-year, but orders accumulated in the first quarter so this is not a cause for concern.
- For overseas subsidiaries, order backlog decreased by 8.8 billion yen year-on-year. The largest decline was at Core BTS in North America, where order backlog decreased by 5.0 billion yen year-on-year. Order backlog also declined in Australia, but we are expecting it to trend upward in the third and fourth quarters.

Financial Results Forecasts for FY March 2024

Forecasts for FY March 2024

■ Given the progress of 2nd Quarter FY March 2024, NRI revised forecasts.

(JPY billion)

	(a)	(b)	(b-a)		(c)	(b-c)
	FY Mar. 2023 (Results)	FY Mar. 2024 (October 26 Forecasts)	Diff.	Change	FY Mar. 2024 (April 27 Forecasts)	Diff.
Revenue	692.1	735.0	42.8	6.2%	720.0	15.0
Operating Profit	111.8	120.0	8.1	7.3%	117.0	3.0
Operating Margin	16.2%	16.3%	0.2P		16.3%	0.1P
Profit before tax	108.4	118.0	9.5	8.8%	115.0	3.0
Profit attributable to owners of parent	76.3	80.0	3.6	4.8%	78.0	2.0
Basic earnings per share	¥128.92	¥136.21	¥7.30	5.7%	¥131.83	¥4.39
Dividends per share	¥45.00	¥50.00	¥5.00		¥48.00	¥2.00
Second quarter	¥22.00	¥24.00	¥2.00		¥24.00	—
Fiscal year end	¥23.00	¥26.00	¥3.00		¥24.00	¥2.00
Payout Ratio	34.9%	36.6%	1.7P		36.4%	0.2P

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

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- Based on progress in the first half, we are upwardly revising our revenue forecast by 15.0 billion yen and our operating profit forecast by 3.0 billion yen. This revision mainly consists of the excess over forecast achieved in the first half, and we left the second half alone.
- Circumstances are currently harsh for our overseas business, but we have large amounts of order backlog domestically and business remains strong, so we want to strive toward exceeding plan in the second half as well.
- Concurrently with our upward revision in profit, we are upwardly revising our forecasted dividend in the second half by 2 yen to 26 yen, resulting in a total dividend of 50 yen per share for the year.

Financial Results Forecasts for FY March 2024

Shareholder returns measures to improve capital efficiency

- Increasing dividend to 50 yen per share for FY March 2024 (this announcement)

Dividend by year

Annual dividend per share	FY March 2020	FY March 2021	FY March 2022	FY March 2023	FY March 2024 (plan)
End of 2Q	15 yen	17 yen	19 yen	22 yen	24 yen
End of year	17 yen	19 yen	21 yen	23 yen	26 yen
Total	32 yen	36 yen	40 yen	45 yen	50 yen

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Financial Results Forecasts for FY March 2024

Revenue Forecasts by Segment for FY March 2024

■ Given the progress of FY March 2024 2Q, NRI revised forecasts by segment.

(JPY billion)

	(a)		(b)		(b-a)		(c)		(b-c)
	FY Mar. 2023 (Results)	Share	FY Mar. 2024 (October 26 Forecasts)	Share	Diff.	YoY Change	FY Mar. 2024 (April 27 Forecasts)	Diff.	
Consulting	46.1	6.7%	51.0	6.9%	4.8	10.6%	48.0	3.0	
Financial IT Solutions	328.5	47.5%	347.0	47.2%	18.4	5.6%	334.0	13.0	
Securities	141.5	20.4%	143.0	19.5%	1.4	1.0%	142.0	1.0	
Insurance	77.0	11.1%	78.0	10.6%	0.9	1.2%	78.0	—	
Banking	55.0	8.0%	67.0	9.1%	11.9	21.7%	57.0	10.0	
Other financial	54.9	7.9%	59.0	8.0%	4.0	7.4%	57.0	2.0	
Industrial IT Solutions	266.7	38.5%	282.0	38.4%	15.2	5.7%	285.0	(3.0)	
Distribution	70.6	10.2%	75.0	10.2%	4.3	6.2%	73.0	2.0	
Manufacturing, service and other	196.0	28.3%	207.0	28.2%	10.9	5.6%	212.0	(5.0)	
IT Platform Services	48.1	7.0%	52.0	7.1%	3.8	8.0%	50.0	2.0	
Others	2.6	0.4%	3.0	0.4%	0.3	14.9%	3.0	—	
Total	692.1	100.0%	735.0	100.0%	42.8	6.2%	720.0	15.0	

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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- This year we had anticipated 130.0 billion yen in overseas revenue, but it will likely end up closer to 120.0 billion yen based on the current situation. In Industrial IT Solutions, overseas revenue fell short of forecast by 3.0 billion yen in the first half and even conservatively we expect it to fall short of forecast in the second half by 7.0 billion yen. Thus, we downwardly revised our forecast for the segment overall by 3.0 billion yen.

Financial Results Forecasts for FY March 2024

Results through 2Q 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 2H and full-year are estimates	Revenue	176.7	185.3	372.9		735.0
	Operating Profit	27.0	31.8	61.1		120.0
	Operating Margin	15.3%	17.2%	16.4%		16.3%

Note: Figures for the second half of FY March 2024 subtract actual first half figures from the forecast for the year.

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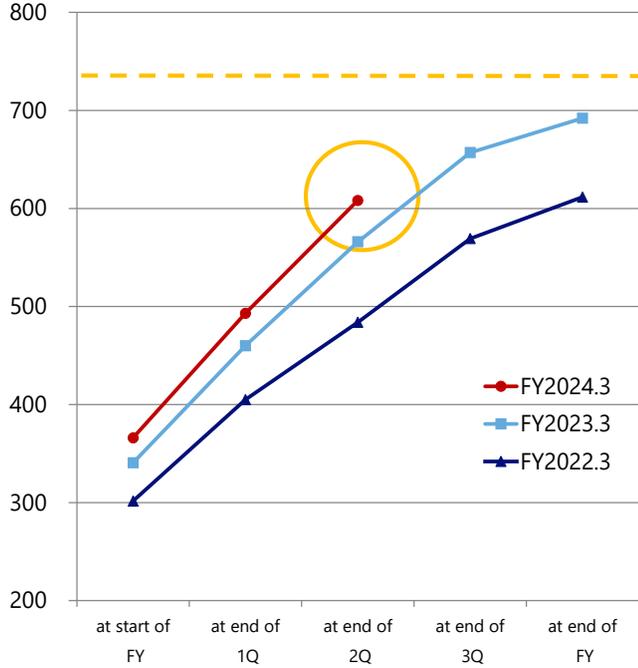
- Our performance forecast for the second half is largely unchanged from what it was at the beginning of the fiscal year.
- We intend to work hard toward exceeding our initial plan again in the second half.

- 1** Financial Results for 2nd Quarter FY March 2024
- 2** Recent Activities
- 3** Financial Results Forecasts for FY March 2024
- 4** Reference Materials

Reference Materials

Revenue + Consolidated Order Backlog

(JPY billion)



(JPY billion)

	FY Mar.2023	FY Mar.2024	YoY Change
Revenue ^{*1}	692.1	735.0	+6.2%
Revenue ^{*2} + Consolidated Order Backlog ^{*3}	566.0	608.2	+7.5%
Realization rate	81.8%	82.7%	0.9P

(*) FY Mar.2023: Result, FY Mar. 2024: Forecast
 (*2) The figure at the end of 2Q
 (*3) The figure at the end of 2Q

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Reference Materials

Revenue by Service <1H>

(JPY million)

	1H FY Mar. 2023	1H FY Mar. 2024	Diff.	YoY Change
Consulting Services	77,544	78,728	1,183	1.5%
System Development & System Application Sales	101,921	114,088	12,166	11.9%
System Management & Operation Services	143,918	151,381	7,462	5.2%
Product Sales	15,669	17,867	2,198	14.0%
Total	339,054	362,065	23,011	6.8%

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Order Volume by Segment <1H>

(JPY million)

	1H FY Mar. 2023	1H FY Mar. 2024	Diff.	YoY Change
Consulting	25,884	31,025	5,140	19.9%
Financial IT Solutions	83,629	95,066	11,436	13.7%
Industrial IT Solutions	96,157	101,607	5,449	5.7%
IT Platform Services	18,950	22,948	3,997	21.1%
Others	1,143	1,396	252	22.1%
Total	225,765	252,043	26,277	11.6%

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

Reference Materials

Order Volume by Segment <1H> (Japan/Overseas)

■ Order Volume of Japan

(JPY million)

	1H FY Mar. 2023	1H FY Mar. 2024	Diff.	YoY Change
Consulting	23,462	28,548	5,085	21.7%
Financial IT Solutions	81,128	91,828	10,699	13.2%
Industrial IT Solutions	53,687	64,380	10,692	19.9%
IT Platform Services	18,625	22,631	4,006	21.5%
Others	1,143	1,396	252	22.1%
Total	178,047	208,784	30,736	17.3%

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)

	1H FY Mar. 2023	1H FY Mar. 2024	Diff.	YoY Change
Overseas subsidiaries*	47,718	43,259	(4,458)	(9.3%)

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

Reference Materials

Cash Flow

(JPY million)

	1H FY Mar. 2023	1H FY Mar. 2024	Diff.
Operating activities	60,672	68,005	12.1%
Investing activities	(28,135)	(31,128)	—
(Except Cash management purpose)	(25,118)	(31,791)	—
Free Cash Flow	32,537	36,876	13.3%
(Except Cash management purpose)	35,554	36,214	1.9%
Financing activities	(34,868)	(43,650)	—
Net increase in Cash and cash equivalents	578	(4,048)	—
(Except Cash management purpose)	3,595	(4,711)	—
Cash and cash equivalents at end of year	116,189	125,208	7.8%
Cash and cash equivalents + Cash Management purpose investment	121,161	126,840	4.7%

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Reference Materials

Balance Sheet

(JPY million)

	FY Mar. 2023	2Q FY Mar. 2024	Diff.	YoY Change
Assets	838,224	861,482	23,258	2.8%
Cash and cash equivalents, etc. (a)	131,235	126,840	(4,394)	(3.3%)
Goodwill and intangible assets	237,283	258,997	21,713	9.2%
Of which, Goodwill from M&A, etc.	137,804	148,478	10,673	7.7%
Software	99,365	110,414	11,049	11.1%
Liabilities	435,817	471,845	36,027	8.3%
Interest-bearing liabilities (b)	205,823	234,269	28,445	13.8%
Equity	402,406	389,637	(12,768)	(3.2%)
Total equity attributable to owners of parent (c)	399,006	386,535	(12,470)	(3.1%)
Net interest-bearing liabilities (d=b-a)	74,588	107,428	32,839	44.0%
Net D/E ratio (e=d/c)	0.19	0.28	0.09	

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Highlights of Consolidated Financial Results <2Q>

■ YoY comparison

	(JPY million)			
	2Q FY Mar. 2023	2Q FY Mar. 2024	Diff.	YoY Change
Revenue	171,516	185,355	13,839	8.1%
Operating Profit	27,189	31,838	4,648	17.1%
Operating Margin	15.9%	17.2%	1.3P	
EBITDA Margin	22.2%	23.9%	1.8P	
Profit before tax	25,963	30,958	4,995	19.2%
Profit attributable to owners of parent	17,094	20,451	3,357	19.6%

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Reference Materials

External Revenue by Segment <2Q>

(JPY million)

	2Q FY Mar. 2023	Share	2Q FY Mar. 2024	Share	Diff.	YoY Change
Consulting	10,867	6.3%	13,092	7.1%	2,224	20.5%
Financial IT Solutions	81,707	47.6%	87,511	47.2%	5,803	7.1%
Securities	35,032	20.4%	35,939	19.4%	907	2.6%
Insurance	19,467	11.4%	19,426	10.5%	(40)	(0.2%)
Banking	13,550	7.9%	17,099	9.2%	3,548	26.2%
Other financial	13,657	8.0%	15,045	8.1%	1,388	10.2%
Industrial IT Solutions	66,885	39.0%	70,631	38.1%	3,745	5.6%
Distribution	17,578	10.2%	18,781	10.1%	1,202	6.8%
Manufacturing, service and other	49,307	28.7%	51,850	28.0%	2,542	5.2%
IT Platform Services	11,454	6.7%	13,338	7.2%	1,884	16.5%
Others	600	0.4%	782	0.4%	181	30.2%
Total	171,516	100.0%	185,355	100%	13,839	8.1%

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

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Reference Materials

External Revenue by Segment <2Q> (supplementary information)

■ Revenue by main client

(JPY million)

	2Q FY Mar. 2023	Share*	2Q FY Mar. 2024	Share*	Diff.	YoY Change
Nomura Holdings	17,277	10.1%	17,338	9.4%	61	0.4%

■ Overseas Revenue

(JPY million)

	2Q FY Mar. 2023	Share*	2Q FY Mar. 2024	Share*	Diff.	YoY Change
Overseas Revenue	31,543	18.4%	31,238	16.9%	(304)	(1.0%)
North America**	9,664	5.6%	9,897	5.3%	233	2.4%
Oceania**	19,506	11.4%	18,768	10.1%	(738)	(3.8%)
Asia, Other**	2,371	1.4%	2,572	1.4%	200	8.5%

Average Rate : USD ¥134.04
 AUD ¥93.58

¥141.06
 ¥93.24

*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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Reference Materials

Segment Performance Results <Total> <2Q>

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

(JPY million)

		2Q FY Mar. 2023	2Q FY Mar. 2024	Diff.	YoY Change
Consulting	Revenue	11,366	13,505	2,139	18.8%
	Operating Profit	3,052	3,626	573	18.8%
	Operating Margin	26.9%	26.9%	(0.0P)	
Financial IT Solutions	Revenue	83,230	88,820	5,589	6.7%
	Operating Profit	11,604	14,202	2,598	22.4%
	Operating Margin	13.9%	16.0%	2.0P	
Industrial IT Solutions	Revenue	68,855	72,184	3,328	4.8%
	Operating Profit	6,729	6,430	(299)	(4.4%)
	Operating Margin	9.8%	8.9%	(0.9P)	
IT Platform Services	Revenue	41,523	45,721	4,197	10.1%
	Operating Profit	5,832	7,543	1,710	29.3%
	Operating Margin	14.0%	16.5%	2.5P	
Total (After adjustment deduction)	Revenue	171,516	185,355	13,839	8.1%
	Operating Profit	27,189	31,838	4,648	17.1%
	Operating Margin	15.9%	17.2%	1.3P	

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

Segment Performance Results <Japan> <2Q>

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

(JPY million)

		2Q FY Mar. 2023	2Q FY Mar. 2024	Diff.	YoY Change
Consulting	Revenue	9,951	11,840	1,888	19.0%
	Operating Profit	3,070	3,601	531	17.3%
	Operating Margin	30.9%	30.4%	(0.4P)	
Financial IT Solutions	Revenue	80,066	85,478	5,412	6.8%
	Operating Profit	11,986	13,907	1,921	16.0%
	Operating Margin	15.0%	16.3%	1.3P	
Industrial IT Solutions	Revenue	40,479	44,618	4,138	10.2%
	Operating Profit	5,692	6,311	619	10.9%
	Operating Margin	14.1%	14.1%	0.1P	
IT Platform Services	Revenue	41,300	45,546	4,246	10.3%
	Operating Profit	5,721	7,480	1,758	30.7%
	Operating Margin	13.9%	16.4%	2.6P	
Total (After adjustment deduction)	Revenue	139,973	154,117	14,143	10.1%
	Operating Profit	26,456	31,339	4,882	18.5%
	Operating Margin	18.9%	20.3%	1.4P	

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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Reference Materials

Segment Performance Results <Overseas> <2Q>

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

(JPY million)

		2Q FY Mar. 2023	2Q FY Mar. 2024	Diff.	YoY Change
Consulting	Revenue	1,414	1,665	250	17.7%
	Operating Profit	(17)	24	42	—
	Operating Margin	(1.3%)	1.5%	2.7P	
Financial IT Solutions	Revenue	3,163	3,341	177	5.6%
	Operating Profit	(381)	295	677	—
	Operating Margin	(12.1%)	8.8%	20.9P	
Industrial IT Solutions	Revenue	28,375	27,565	(810)	(2.9%)
	Operating Profit	1,037	118	(918)	(88.6%)
	Operating Margin	3.7%	0.4%	(3.2P)	
IT Platform Services	Revenue	223	175	(48)	(21.6%)
	Operating Profit	110	62	(47)	(43.1%)
	Operating Margin	49.3%	35.8%	(13.5P)	
Total (After adjustment deduction)	Revenue	31,543	31,238	(304)	(1.0%)
	Operating Profit	732	499	(233)	(31.9%)
	Operating Margin	2.3%	1.6%	(0.7P)	

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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Reference Materials

Analysis of Increase and Decrease Factors <2Q>

- 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		(+) Higher profits due to increased revenue effects (+) Contribution from operating fees for shared online services
	Insurance		
	Banking	(+) NRI BaaS/CORE implementation projects	
	Other financial	(+) Systems development for card companies	
Industrial IT Solutions	Distribution	(+) Systems development for retailers	(+) Higher profits due to increased revenue effects in Japan (-) Decline in profit due to lower revenue in Australia
	Manufacturing, service and other	(+) Systems development for telecom and advertising	(-) Expenses recorded for structural reforms in overseas business
IT Platform Services		(+) Information security business (+) Cloud business	(+) Higher profits due to increased revenue effects

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Reference Materials

Revenue by Service <2Q>

(JPY million)

	2Q FY Mar. 2023	2Q FY Mar. 2024	Diff.	YoY Change
Consulting Services	38,596	41,663	3,066	7.9%
System Development & System Application Sales	52,798	59,164	6,365	12.1%
System Management & Operation Services	73,062	76,009	2,947	4.0%
Product Sales	7,058	8,518	1,459	20.7%
Total	171,516	185,355	13,839	8.1%

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Consolidated P/L Highlight <2Q>

(JPY million)

	2Q FY Mar. 2023	2Q FY Mar. 2024	Diff.	YoY Change
Revenue	171,516	185,355	13,839	8.1%
Cost of Sales	111,322	120,153	8,831	7.9%
Subcontracting Costs	52,474	55,413	2,938	5.6%
Gross Profit	60,194	65,202	5,008	8.3%
Gross Profit Margin	35.1%	35.2%	0.1P	
SG&A	33,046	33,802	755	2.3%
Other Income and Other Expenses, etc.	42	438	396	938.5%
Operating Profit	27,189	31,838	4,648	17.1%
Operating Margin	15.9%	17.2%	1.3P	

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Consolidated P/L Highlight <2Q> (continued)

(JPY million)

	2Q FY Mar. 2023	2Q FY Mar. 2024	Diff.	YoY Change
Operating Profit	27,189	31,838	4,648	17.1%
Finance Income & Finance Costs	(1,225)	(879)	346	—
Profit before tax	25,963	30,958	4,995	19.2%
Income tax expenses	8,744	10,367	1,622	18.6%
Profit attributable to owners of parent	17,094	20,451	3,357	19.6%

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Reference Materials

Order Volume <2Q>

(JPY million)

	2Q FY Mar. 2023	2Q FY Mar. 2024	Diff.	YoY Change
Consulting	10,711	10,664	(47)	(0.4%)
Financial IT Solutions	47,693	48,038	345	0.7%
Industrial IT Solutions	45,772	49,665	3,893	8.5%
IT Platform Services	7,833	9,844	2,011	25.7%
Others	587	592	4	0.8%
Total	112,597	118,805	6,208	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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Order Volume <2Q> (Japan/Overseas)

■ Order Volume of Japan

(JPY million)

	2Q FY Mar. 2023	2Q FY Mar. 2024	Diff.	YoY Change
Consulting	9,441	9,034	(406)	(4.3%)
Financial IT Solutions	46,702	46,709	7	0.0%
Industrial IT Solutions	25,020	30,327	5,306	21.2%
IT Platform Services	7,609	9,669	2,059	27.1%
Others	587	592	4	0.8%
Total	89,361	96,333	6,971	7.8%

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)

	2Q FY Mar. 2023	2Q FY Mar. 2024	Diff.	YoY Change
Overseas subsidiaries*	23,235	22,472	(763)	(3.3%)

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

Reference Materials

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

■ Given the progress of FY March 2023 2Q, NRI revised Capital Expenditure Forecast

■ Capital Expenditure, R&D

(JPY billion)

	(a) FY Mar. 2023 (Results)	(b) FY Mar. 2024 (October 26 Forecasts)	(b-a) YoY Diff. Change		(c) FY Mar. 2024 (April 27 Forecasts)	(b-c) Diff.
Capital Expenditure	58.5	58.0	(0.5)	(1.0%)	56.0	2.0
Tangible	15.6	15.0	(0.6)	(4.1%)	13.0	2.0
Intangible	42.9	43.0	0.0	0.2%	43.0	—
R&D Expenses	4.9	5.0	0.0	1.9%	5.0	—

■ Depreciation and Amortization

(JPY billion)

	FY Mar. 2023 (Results)	FY Mar. 2024 (Forecasts)	YoY Diff. 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 JPY735 billion and Operating profit of JPY120 billion

(JPY billion)

	(a)	(b)	(b-a)	(c)	(b-c)
	FY Mar. 2022 (Results)	FY Mar. 2023 (Results)	FY Mar. 2024 (October 26 Forecasts)*	YoY Diff. Change	FY Mar. 2024 (April 27 Forecasts)* Diff.
Revenue	611.6	692.1	735.0	42.8 6.2%	720.0 15.0
Cost of Sales	395.5	452.3	476.0	23.6 5.2%	467.0 9.0
Personnel	134.9	162.0	173.0	10.9 6.7%	169.0 4.0
Subcontracting Costs	194.7	214.1	219.0	4.8 2.3%	218.0 1.0
Depreciation	33.3	33.5	37.0	3.4 10.2%	38.0 (1.0)
Gross Profit	216.0	239.8	259.0	19.1 8.0%	253.0 6.0
Gross Profit Margin	35.3%	34.6%	35.2%	0.1P	35.1% 0.1P
SG&A	113.5	131.5	139.0	7.4 5.6%	136.0 3.0
Operating Profit	106.2	111.8	120.0	8.1 7.3%	117.0 3.0
Operating Margin	17.4%	16.2%	16.3%	0.2P	16.3% 0.1P

* Figures are consolidated estimates for preparing this earnings model.

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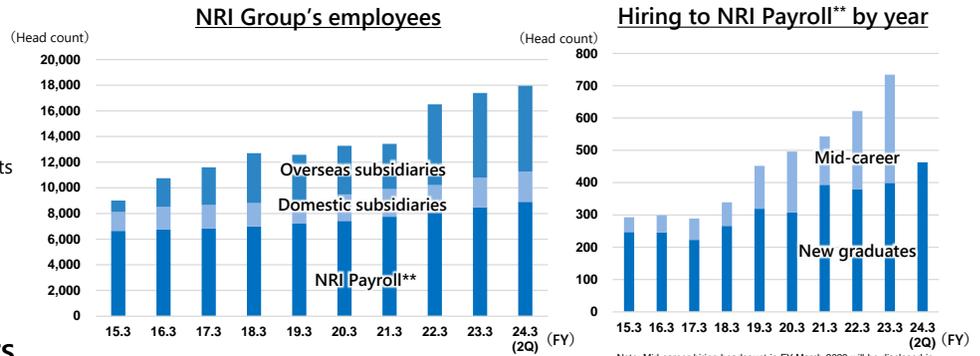
Reference Materials

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

■ NRI Group's employees

17,960*

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



■ Subcontractors

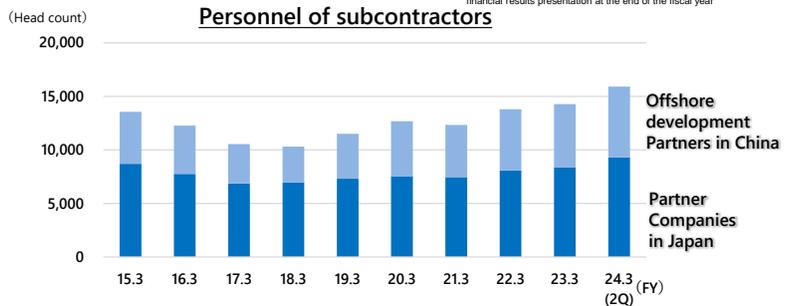
Offshore development Partners in China

20 partners in 21 regions

Personnel:
Approx. **6,500**

Partner Companies in Japan

Personnel:
Approx. **9,000**



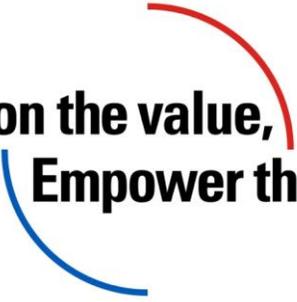
* As of the end of September 2023
 ** Includes group company employees hired by the main body of NRI
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This document contains statements that constitute forward-looking statements. These statements include descriptions regarding the intent, belief or current expectations of the Company or its officers with respect to the consolidated results of operations and financial condition of the Company.

Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those in the forward-looking statements as a result of various factors.

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.



**Envision the value,
Empower the change**