

Financial Results Presentation

Financial Results for 3rd Quarter FY March 2024

Nomura Research Institute, Ltd.

Hidenori Anzai

Senior Executive Managing Director,
Member of the Board,
Representative Director

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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.

1 Financial Results for 3rd Quarter FY March 2024

2 Recent Activities

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Financial Results for 3rd Quarter FY March 2024

Highlights of Consolidated Financial Results <3Q Total>

■ YoY comparison

(JPY million)

	3Q FY Mar. 2023	3Q FY Mar. 2024	Diff.	YoY Change
Revenue	516,059	550,019	33,959	6.6%
Operating Profit	83,873	91,239	7,365	8.8%
Operating Margin	16.3%	16.6%	0.3P	
EBITDA Margin	22.4%	23.0%	0.6P	
Profit before tax	81,444	89,274	7,830	9.6%
Profit attributable to owners of parent	55,033	61,093	6,060	11.0%

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- Revenue amounted to 33.9 billion yen, a 6.6% increase over the previous fiscal year. The breakdown shows an increase of approximately 37 billion yen in domestic revenue and a decrease of approximately 3 billion yen in overseas revenue.
- Operating profit was 7.3 billion yen, an 8.8% increase over the previous fiscal year. Excluding one-time effects such as gains from building sales, etc., in the previous fiscal year, on a regular basis, there was approximately a 10% increase in profit.
- As a result, operating margin increased by 0.3 points to 16.6%.

Financial Results for 3rd Quarter FY March 2024

External Revenue by Segment <3Q Total>

(JPY million)

	3Q FY Mar. 2023	Share	3Q FY Mar. 2024	Share	Diff.	YoY Change
Consulting	32,845	6.4%	37,356	6.8%	4,511	13.7%
Financial IT Solutions	246,523	47.8%	260,377	47.3%	13,854	5.6%
Securities	107,101	20.8%	106,302	19.3%	(799)	(0.7%)
Insurance	57,539	11.1%	58,914	10.7%	1,375	2.4%
Banking	40,410	7.8%	50,878	9.3%	10,468	25.9%
Other financial	41,471	8.0%	44,281	8.1%	2,809	6.8%
Industrial IT Solutions	199,949	38.7%	209,352	38.1%	9,402	4.7%
Distribution	52,667	10.2%	54,475	9.9%	1,808	3.4%
Manufacturing, service and other	147,282	28.5%	154,877	28.2%	7,594	5.2%
IT Platform Services	34,906	6.8%	40,633	7.4%	5,726	16.4%
Others	1,835	0.4%	2,299	0.4%	464	25.3%
Total	516,059	100.0%	550,019	100.0%	33,959	6.6%

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

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- In Consulting, both management and system consulting, continued to perform well, with a 13.7% increase over the previous fiscal year.
- In Financial IT Solutions
 - In Securities, despite the significant impact of the backlash from multiple large projects for major clients in the third quarter of the previous fiscal year, in the mid-double-digit 100 million yen range, revenue remained generally level year-on-year with the increase in other SI projects for non-major clients.
 - In Insurance, Revenue increased primarily in life insurance, resulting in a 2.4% increase over the previous fiscal year.
 - In Banking, revenue increased due to progress in BaaS/Core implementation projects, resulting in a 25.9% increase over the previous fiscal year.
 - In Other financial, revenue increased in credit card company projects and asset management company SI projects, with a 6.8% increase over the previous fiscal year.
- In Industrial IT Solutions,
 - In Distribution, domestic retail and wholesale sectors in the distribution industry are thriving, leading to a 3.4% increase in revenue over the previous fiscal year.
 - In Manufacturing, service and other, projects for telecommunications, advertising, service industries, and global manufacturing in Japan covered the decline in overseas business revenue, resulting in a 5.2% increase in revenue over the previous fiscal year.
- In IT Platform Services, information security and cloud services continued to perform well, resulting in a 16.4% increase in revenue over the previous fiscal year.

Financial Results for 3rd Quarter FY March 2024

External Revenue by Segment <3Q Total> (supplementary information)

■ Revenue by main client

(JPY million)

	3Q FY Mar. 2023	Share*	3Q FY Mar. 2024	Share*	Diff.	YoY Change
Nomura Holdings	55,229	10.7%	52,068	9.5%	(3,160)	(5.7%)

■ Overseas Revenue

(JPY million)

	3Q FY Mar. 2023	Share*	3Q FY Mar. 2024	Share*	Diff.	YoY Change
Overseas Revenue	93,717	18.2%	90,431	16.4%	(3,286)	(3.5%)
North America**	29,034	5.6%	27,496	5.0%	(1,537)	(5.3%)
Oceania**	57,851	11.2%	55,328	10.1%	(2,522)	(4.4%)
Asia, Other**	6,831	1.3%	7,605	1.4%	774	11.3%

Average Rate : USD ¥136.52 ¥143.33
 AUD ¥93.34 ¥94.25

*Percentage of (total) external sales

** Figures by area are based on the location of the headquarters of each subsidiary, and figures per country or area are provided as reference values.

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- Revenue from Nomura Holdings decreased by approximately 3 billion yen. While there were multiple large projects for Nomura Securities primarily in the third quarter of the previous fiscal year, this fiscal year has seen stable sales of approximately 17 billion yen per quarter, with a similar forecast for the fourth quarter.
- The decrease in North America is primarily due to the impact of the sale of Brierley + Partners at the end of FY March 2023 (approximately 2 billion yen). Details about Core BTS are given later.
- The decrease in Oceania is attributed to the decrease in revenue at NRI Australia.

Financial Results for 3rd Quarter FY March 2024

Segment Performance Results <3Q Total>

■ Including Inter-segment revenue for each segment.

(JPY million)

		3Q FY Mar. 2023	3Q FY Mar. 2024	Diff.	YoY Change
Consulting	Revenue	34,082	38,558	4,475	13.1%
	Operating Profit	8,331	9,591	1,259	15.1%
	Operating Margin	24.4%	24.9%	0.4P	
Financial IT Solutions	Revenue	250,763	264,293	13,530	5.4%
	Operating Profit	37,526	41,726	4,200	11.2%
	Operating Margin	15.0%	15.8%	0.8P	
Industrial IT Solutions	Revenue	206,142	213,767	7,624	3.7%
	Operating Profit	18,382	17,808	(573)	(3.1%)
	Operating Margin	8.9%	8.3%	(0.6P)	
IT Platform Services	Revenue	124,234	137,326	13,092	10.5%
	Operating Profit	17,386	21,927	4,541	26.1%
	Operating Margin	14.0%	16.0%	2.0P	
Total (After adjustment deduction)	Revenue	516,059	550,019	33,959	6.6%
	Operating Profit	83,873	91,239	7,365	8.8%
	Operating Margin	16.3%	16.6%	0.3P	

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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- In Consulting, despite continued challenges in overseas business, increased demand and deeper client penetration in domestic business improved profitability, leading to an operating margin of 24.9%.
- In Financial IT Solutions, despite ongoing challenges for AUSIEX in Australia, increased revenue from usage fees for shared online services due to the buoyant market conditions domestically and progress in BaaS/Core implementation projects in the banking sector led to a 4.2 billion yen increase in profit.
- In Industrial IT Solutions, due to volatile revenue domestically and internationally, detailed explanations are provided separately for domestic and international segments.
- In IT Platform Services, with strong performance in cloud services and information security, there was a 4.5 billion yen increase in profit.

Segment Performance Results <Japan> <3Q Total>

■ Including Inter-segment revenue for each segment

(JPY million)

		3Q FY Mar. 2023	3Q FY Mar. 2024	Diff.	YoY Change
Consulting	Revenue	30,169	33,868	3,698	12.3%
	Operating Profit	8,453	9,681	1,227	14.5%
	Operating Margin	28.0%	28.6%	0.6P	
Financial IT Solutions	Revenue	241,343	254,705	13,361	5.5%
	Operating Profit	37,709	40,306	2,596	6.9%
	Operating Margin	15.6%	15.8%	0.2P	
Industrial IT Solutions	Revenue	121,613	133,677	12,064	9.9%
	Operating Profit	15,736	19,353	3,617	23.0%
	Operating Margin	12.9%	14.5%	1.5P	
IT Platform Services	Revenue	123,786	136,867	13,080	10.6%
	Operating Profit	17,259	21,838	4,578	26.5%
	Operating Margin	13.9%	16.0%	2.0P	
Total (After adjustment deduction)	Revenue	422,342	459,588	37,246	8.8%
	Operating Profit	81,419	91,371	9,952	12.2%
	Operating Margin	19.3%	19.9%	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, profitability improved across all segments. Operating margin approached 20%. We would like to increase profitability in the future through efforts in expanding business and improving productivity.
- In Industrial IT Solutions, profit increased by 3.6 billion yen and expanded profitability by accommodating multiple complex projects with increased difficulty, beyond relatively short-term projects such as front-end EC projects in digital transformation initiatives, where NRI can easily provide added value. It was also affected by the scaling up of projects.

Segment Performance Results <Overseas> <3Q Total>

■ Including Inter-segment revenue for each segment

(JPY million)

		3Q FY Mar. 2023	3Q FY Mar. 2024	Diff.	YoY Change
Consulting	Revenue	3,912	4,689	776	19.9%
	Operating Profit	(121)	(89)	31	—
	Operating Margin	(3.1%)	(1.9%)	1.2P	
Financial IT Solutions	Revenue	9,419	9,588	169	1.8%
	Operating Profit	(183)	1,419	1,603	—
	Operating Margin	(1.9%)	14.8%	16.8P	
Industrial IT Solutions	Revenue	84,529	80,089	(4,439)	(5.3%)
	Operating Profit	2,645	(1,545)	(4,191)	—
	Operating Margin	3.1%	(1.9%)	(5.1P)	
IT Platform Services	Revenue	447	459	11	2.7%
	Operating Profit	126	88	(37)	(29.7%)
	Operating Margin	28.3%	19.4%	(8.9P)	
Total (After adjustment deduction)	Revenue	93,717	90,431	(3,286)	(3.5%)
	Operating Profit	2,454	(132)	(2,586)	—
	Operating Margin	2.6%	(0.1%)	(2.8P)	

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, overseas business remained on par with the previous fiscal year. Challenges persist for projects aimed at China.
- In Financial IT Solutions, profit increased by 1.6 billion yen, with the majority coming from gains on the sale of overseas subsidiaries. It should be noted that these companies were acquired by NRI before its full-scale expansion into Australia and North America and are not positioned as companies critical to its global growth strategy, and thus have minimal impact on consolidated performance. AUSIEX's performance has not recovered, but its profit and loss levels have remained stable.
- In Industrial IT Solutions, profit decreased by 4.1 billion yen. This was mainly due to the negative impact of approximately 3 billion yen from Australia, including first quarter earn-out expenses of around 1 billion yen, and the negative impact of approximately 2 billion yen from Core BTS.
- While Australia's managed services demand is gradually recovering, coupled with cost-cutting effects, the profit margin has improved to the previous year's level in the three months of the third quarter, and gradual improvement can be expected in the future.
- For Core BTS, in addition to progress in equipment procurement due to resolution of semiconductor shortages in network business, the impact of depreciation of the yen resulted in c reaching about the same level as the previous fiscal year. There was a significant decrease in profit and loss due to continued poor performance in the high-profit-margin cloud business and the incurrence of restructuring expenses for approximately 40 employees. On the other hand, it is anticipated that the absence of one-time expenses and the presence of the effects of cost-cutting beginning in the fourth quarter will gradually improve profit and loss.

Financial Results for 3rd Quarter FY March 2024

Analysis of Increase and Decrease Factors <3Q Total>

- 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 (+) Gain on sale of an overseas subsidiary
	Insurance		
	Banking	(+) NRI BaaS/CORE implementation projects	
	Other financial	(+) Systems development for card companies	
Industrial IT Solutions	Distribution		(+) Higher profits due to increased revenue effects in Japan
	Manufacturing, service and other	(+) Systems development for telecom, global manufacturing and advertising (-) Overseas Business	(-) Decline in profit due to lower revenue overseas (-) One-time expenses recorded from M&A conducted in years past (approx. ¥1 billion) (-) 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 3rd Quarter FY March 2024

Consolidated P/L Highlight <3Q Total>

(JPY million)

	3Q FY Mar. 2023	3Q FY Mar. 2024	Diff.	YoY Change
Revenue	516,059	550,019	33,959	6.6%
Cost of Sales	336,293	355,038	18,744	5.6%
Subcontracting Costs	158,638	162,628	3,990	2.5%
Gross Profit	179,766	194,980	15,214	8.5%
Gross Profit Margin	34.8%	35.4%	0.6P	
SG&A	98,698	105,343	6,645	6.7%
Other Income and Other Expenses, etc.	2,805	1,601	(1,204)	(42.9%)
Operating Profit	83,873	91,239	7,365	8.8%
Operating Margin	16.3%	16.6%	0.3P	

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- The gross profit margin improved by 0.6 points to 35.4%.
Suppression of growth of subcontracting costs compared to the growth of sales contributed to this.
- SG&A expenses increased by 6.7% compared to sales.
- Other income and other expenses were negatively affected by approximately 1.2 billion yen over the previous fiscal year, mainly due to a decline in gains from the sale of fixed assets in the previous fiscal year and one-time expenses related to Australia's earn-out incurred in the first quarter of this fiscal year and the impact of the sale of subsidiaries in the third quarter of this fiscal year.
- As a result, operating margin improved to 16.6%, up 0.3 points from the previous fiscal year.

Financial Results for 3rd Quarter FY March 2024

Consolidated P/L Highlight <3Q Total> (continued)

(JPY million)

	3Q FY Mar. 2023	3Q FY Mar. 2024	Diff.	YoY Change
Operating Profit	83,873	91,239	7,365	8.8%
Finance Income and Finance Costs	(2,429)	(1,964)	464	—
Profit before tax	81,444	89,274	7,830	9.6%
Income tax expenses	26,177	27,833	1,656	6.3%
Profit attributable to owners of parent	55,033	61,093	6,060	11.0%

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Key Factors in Financial Results for 3Q FY March 2024

■ +6.6 % in revenue

- Domestically, contributions came from demand captured for more sophistication in DX projects, including core systems overhauls and shifts to platforms
- Overseas, clients remained reluctant to invest

■ +8.8% in operating profit

- Domestically, the upward trend in profitability continued as projects increased in size
- Overseas, profit decreased due to the effect of lower revenue and structural reform costs recorded

Domestic DX demand remained robust

Steady progress was made toward achieving our announced forecast for the year and also toward future growth

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Recent Activities Consulting

Trends in DX Consulting

- In DX consulting, projects to address chief officer (CxO) issues and social Issues are increasing
- Since the hypothesis testing cycle is accelerating, there are also more needs for a data-driven approach which is a strength for NRI

Clients' challenges (examples)

Main topics (examples)

Clients' challenges (examples)	Main topics (examples)
Business transformation	Making business processes more sophisticated <ul style="list-style-type: none"> ● Addressing Japan's "2024 Problem" in logistics, retail SCM reforms ● Reforming into sales organizations that continuously transform
	Improving customer experience (CX) <ul style="list-style-type: none"> ● Forward-looking proposals based on purchasing behavior
ESG	Carbon Neutrality <ul style="list-style-type: none"> ● GX League operations business ● New digital business supporting energy conversion
	Optimizing human capital <ul style="list-style-type: none"> ● Business supporting career development through reskilling ● Optimizing matches between personnel and tasks
	Global management reforms <ul style="list-style-type: none"> ● Reconstructing global business management

Aspirations to shift toward SaaS/platforms, including AI usage

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- An example of a data-driven approach is "New Digital Business Supporting Energy Conversion" addressing the issue of carbon neutrality.

Main AI-related Topics

- Working on diverse topics from AI consulting to developing private LLMs and addressing information security
- Going in-depth into use cases and engaging in rule-making activities with industry groups and clients
- Installing GPUs in NRI data centers and building high-safety closed environments

AI usage initiatives (examples)
"AI Consulting" service utilizing generative AI to assist in management reforms
"Knowledge rabbit" service that digitally helps to resolve issues in DX efforts
"Private LLM" generative AI solution for individual companies that have minimized risk of data leakage
Rule-making activities with industry groups and clients in finance
AI ordering systems that reduce lost sales opportunities and order time
Security diagnostic service "AI Red Team" for systems that use generative AI
"Talent Marketplace" system that optimizes matching between personnel and work

- In relation to generative AI, there are approximately 50 projects involving clients and about 130 projects for internal utilization and measures at NRI.

Recent Activities

Appointment of a New President and CEO

- Senior Corporate Managing Director Kaga Yanagisawa will assume the role of president on April 1, 2024, and her appointment as representative director, member of the board is planned for late June 2024 (after the Ordinary General Meeting of Shareholders)
- Representative Director, Member of the Board and Chairman Shingo Konomoto will be appointed Chairman without representative rights in late June 2024

Events leading up to appointment

- Decided after more than two years of discussion in the Nomination Committee
- Participated in formulation of current management plans (V2030, Medium-Term Plan 2025)
- Involved in management as one of the “next cabinet members” (next-generation management team) since April 2023

Professional Experience

1991-Present	Nomura Research Institute Inc. (2001- Nomura Research Institute, Ltd.)
2023	Senior Corporate Managing Director Head of Corporate Strategy, Corporate Communications and Investor Relations Division manager of Center for Corporate Planning
2021	Senior Managing Director Head of Human Resources and Human resources Development Deputy Head of Corporate Planning
2019	Managing Director Head of Human Resources and Human Resources Development
2015	General Manager of Management Consulting Department
1996	Consulting Division
1991	IT Solution Division



(Left)Kaga Yanagisawa, (Right)Shingo Konomoto

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Order Backlog by Segment (Outstanding)

(JPY million)

	At the end of Dec. 2022	At the end of Dec. 2023	Diff.	YoY Change
Consulting	11,707	16,439	4,731	40.4%
Financial IT Solutions	80,759	91,938	11,179	13.8%
Industrial IT Solutions	66,706	58,657	(8,049)	(12.1%)
IT Platform Services	10,880	13,081	2,201	20.2%
Others	733	578	(155)	(21.2%)
Total	170,787	180,695	9,907	5.8%
Order backlog in the current FY	141,015	143,896	2,880	2.0%

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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- The total order backlog increased by 5.8% over the previous fiscal year, up approximately 10 billion yen.
- The breakdown of the increase includes around 3 billion yen scheduled for recognition as sales in the current fourth quarter, while the remaining approximately 7 billion yen is planned for recognition as sales in the next fiscal year.
- When limited to domestic figures, the order backlog scheduled for recognition as sales in the next fiscal year is an increase of approximately 10 billion yen, although there is a decrease of about 3 billion yen overseas, making the outlook for further growth in domestic business next fiscal year relatively positive.

Order Backlog by Segment (Japan/Overseas)

Order Backlog of Japan

(JPY million)

	At the end of Dec. 2022	At the end of Dec. 2023	Diff.	YoY Change
Consulting	10,997	15,371	4,374	39.8%
Financial IT Solutions	78,318	89,601	11,283	14.4%
Industrial IT Solutions	36,422	39,258	2,835	7.8%
IT Platform Services	10,880	13,081	2,201	20.2%
Others	733	578	(155)	(21.2%)
Total	137,352	157,891	20,538	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.

Order Backlog of overseas subsidiaries

(JPY million)

	At the end of Dec. 2022	At the end of Dec. 2023	Diff.	YoY Change
Overseas subsidiaries*	33,435	22,804	(10,631)	(31.8%)

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

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- In regard to domestic business, in Consulting, both management consulting and system consulting showed strong performance with a 39.8% increase over the previous fiscal year.
- In Financial IT Solutions, order backlog increased by 14.4% over the previous year, primarily in insurance and securities.
- In Industrial IT Solutions, order backlog increased by 7.8% over the previous year, mainly in a broad range of industries, including service, retail, and manufacturing sectors.
- In IT Platform Services, order backlog increased by 20.2% over the previous year, mainly in information security and cloud-related services.
- About 80% of the approximately 10 billion yen decrease in overseas subsidiaries is attributable to North America's Core BTS.

Financial Results Forecasts for FY March 2024

Forecasts for FY March 2024

- Forecasts for “Profit attributable to owners of parent” and below have been revised due to the effects of reduced taxes resulting from application of tax reforms to promote higher wages (JPY billion)

	(a)	(b)	(b-a)		(c)	(b-c)
	FY Mar. 2023 (Results)	FY Mar. 2024 (January 31 Forecasts)	YoY Diff.	Change	FY Mar. 2024 (October 26 Forecasts)	Diff.
Revenue	692.1	735.0	42.8	6.2%	735.0	—
Operating Profit	111.8	120.0	8.1	7.3%	120.0	—
Operating Margin	16.2%	16.3%	0.2P		16.3%	—
Profit before tax	108.4	118.0	9.5	8.8%	118.0	—
Profit attributable to owners of parent	76.3	82.0	5.6	7.5%	80.0	2.0
Basic earnings per share	¥128.92	¥140.50	¥11.58	9.0%	¥136.21	¥4.28
Dividends per share	¥45.00	¥53.00	¥8.00		¥50.00	¥3.00
Second quarter	¥22.00	¥24.00	¥2.00		¥24.00	—
Fiscal year end	¥23.00	¥29.00	¥6.00		¥26.00	¥3.00
Payout Ratio	34.9%	37.6%	2.7P		36.6%	1.0P

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- Based on the progress of performance up to the third quarter and the current order backlog, while there is some upward potential from the revised forecast included in the second quarter's financial results presentation, it is expected to generally land as anticipated. Therefore, no forecast revisions for sales or operating profit will be made at this time.
- Furthermore, it has been determined that employee benefits will improve in line with growth in operating profit for this period. As a result, considering the anticipated effect of wage increase tax incentives, the current fiscal year's profit (forecast) has been revised upward by 2 billion yen to 82 billion yen.
- In addition, considering the accumulation of the order backlog scheduled for recognition as sales in the next fiscal year and the goal of achieving a dividend payout ratio of 40% for FY March 2026 as outlined in the Medium-Term Management Plan, the year-end dividend has been revised upward by 3 yen to 29 yen and the annual dividend to 53 yen, representing an expected increase of 8 yen over the previous fiscal year.

Financial Results Forecasts for FY March 2024

Shareholder returns measures to improve capital efficiency

- Increasing dividend to 53 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	29 yen
Total	32 yen	36 yen	40 yen	45 yen	53 yen

Financial Results Forecasts for FY March 2024

Results through 3Q 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 4Q and full-year are estimates	Revenue	176.7	185.3	187.9	184.9	735.0
	Operating Profit	27.0	31.8	32.3	28.7	120.0
	Operating Margin	15.3%	17.2%	17.2%	15.5%	16.3%

Note: Figures for the 4Q of FY March 2024 subtract actual 3Q results from the full-year forecast for the year.

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- Progress has been steady in the third quarter toward achieving the full-year plan that was revised upward at the time the interim results were announced, with a sales target of 735 billion yen and an operating profit of 120 billion yen.
- There are no significant changes in trends, and it is anticipated that the business environment in the fourth quarter will continue similar to the first three quarters.
- Although significant expenses have not been factored into the fourth quarter, the order backlog is accumulating, and proactive measures such as production innovation are being pursued for further growth in the next fiscal year and beyond. Therefore, operating profit for the fourth quarter is conservatively set at 28.7 billion yen, with the deduction from the full-year forecast.
- We aim to manage the business solidly while balancing preparations for the next fiscal year and considering the potential for upward revision for this fiscal year.

1 Financial Results for 3rd Quarter FY March 2024

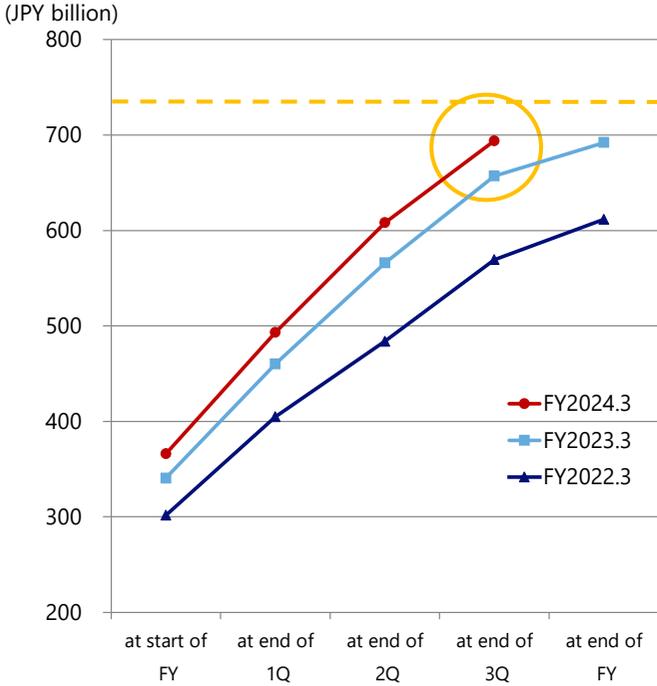
2 Recent Activities

3 Financial Results Forecasts for FY March 2024

4 Reference Materials

Reference Materials

Revenue + Consolidated Order Backlog



	(JPY billion)		
	FY Mar.2023	FY Mar.2024	YoY Change
Revenue ^{*1}	692.1	735.0	+6.2%
Revenue ^{*2} + Consolidated Order Backlog ^{*3}	657.0	693.9	+5.6%
Realization rate	94.9%	94.4%	(0.5P)

(*1) FY Mar.2023: Result, FY Mar. 2024: Forecast

(*2) The figure at the end of 3Q

(*3) The figure at the end of 3Q

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Revenue by Service <3Q Total>

(JPY million)

	3Q FY Mar. 2023	3Q FY Mar. 2024	Diff.	YoY Change
Consulting Services	116,458	119,554	3,095	2.7%
System Development & System Application Sales	158,700	173,663	14,963	9.4%
System Management & Operation Services	217,539	228,949	11,410	5.2%
Product Sales	23,361	27,852	4,490	19.2%
Total	516,059	550,019	33,959	6.6%

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Order Volume by Segment <3Q Total>

(JPY million)

	3Q FY Mar. 2023	3Q FY Mar. 2024	Diff.	YoY Change
Consulting	35,710	41,828	6,118	17.1%
Financial IT Solutions	128,144	139,481	11,337	8.8%
Industrial IT Solutions	136,046	136,724	678	0.5%
IT Platform Services	28,267	33,026	4,759	16.8%
Others	2,059	2,081	21	1.0%
Total	330,227	353,142	22,914	6.9%

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 <3Q Total> (Japan/Overseas)

■ Order Volume of Japan

(JPY million)

	3Q FY Mar. 2023	3Q FY Mar. 2024	Diff.	YoY Change
Consulting	32,214	37,741	5,526	17.2%
Financial IT Solutions	124,944	134,999	10,054	8.0%
Industrial IT Solutions	78,966	88,900	9,934	12.6%
IT Platform Services	27,819	32,605	4,785	17.2%
Others	2,059	2,081	21	1.0%
Total	266,004	296,328	30,323	11.4%

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)

	3Q FY Mar. 2023	3Q FY Mar. 2024	Diff.	YoY Change
Overseas subsidiaries*	64,222	56,814	(7,408)	(11.5%)

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

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Cash Flow

(JPY million)

	3Q FY Mar. 2023	3Q FY Mar. 2024	Diff.
Operating activities	76,534	99,729	30.3%
Investing activities	(45,878)	(43,118)	(6.0%)
(Except Cash management purpose)	(45,799)	(43,311)	(5.4%)
Free Cash Flow	30,655	56,610	84.7%
(Except Cash management purpose)	30,734	56,418	83.6%
Financing activities	14,726	(43,586)	—
Net increase in Cash and cash equivalents	46,171	15,047	(67.4%)
(Except Cash management purpose)	46,250	14,855	(67.9%)
Cash and cash equivalents at end of year	161,782	144,304	(10.8%)
Cash and cash equivalents + Cash Management purpose investment	163,711	146,310	(10.6%)

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Balance Sheet

(JPY million)

	FY Mar. 2023	3Q FY Mar. 2024	Diff.	YoY Change
Assets	838,224	862,368	24,144	2.9%
Cash and cash equivalents, etc. (a)	131,235	146,310	15,075	11.5%
Goodwill and intangible assets	237,283	258,686	21,402	9.0%
Of which, Goodwill from M&A, etc.	137,804	143,695	5,890	4.3%
Software	99,365	114,893	15,527	15.6%
Liabilities	435,817	487,183	51,365	11.8%
Interest-bearing liabilities (b)	205,823	269,119	63,295	30.8%
Equity	402,406	375,185	(27,221)	(6.8%)
Total equity attributable to owners of parent (c)	399,006	371,959	(27,047)	(6.8%)
Net interest-bearing liabilities (d=b-a)	74,588	122,808	48,220	64.6%
Net D/E ratio (e=d/c)	0.19	0.33	0.14	

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North America and Australia: Current circumstances and forecast

North America (Core BTS)

- Began collaboration with our existing local company (NRI-ITSA) in November
- Sales in the cloud business have declined due to restraint on investment by its biggest clients
Downsized workforce by more than 40 in Q3
- Due partly to effects from workforce downsizing, we expect its profit margin to bottom out in Q3 and gradually improve from Q4 onward

Australia

- Although we still have some weakness in consulting, managed services are trending toward recovery, albeit gradually
- Due partly to effects from workforce downsizing, we expect profit margin to be roughly the same in Q3 as the previous year, then improvement from Q4 onward

Highlights of Consolidated Financial Results <3Q>

■ YoY comparison

(JPY million)

	3Q FY Mar. 2023	3Q FY Mar. 2024	Diff.	YoY Change
Revenue	177,005	187,954	10,948	6.2%
Operating Profit	28,604	32,373	3,768	13.2%
Operating Margin	16.2%	17.2%	1.1P	
EBITDA Margin	22.8%	23.1%	0.3P	
Profit before tax	27,690	31,734	4,044	14.6%
Profit attributable to owners of parent	19,176	23,431	4,254	22.2%

Reference Materials

External Revenue by Segment <3Q>

(JPY million)

	3Q FY Mar. 2023	Share	3Q FY Mar. 2024	Share	Diff.	YoY Change
Consulting	12,595	7.1%	13,609	7.2%	1,014	8.1%
Financial IT Solutions	84,706	47.9%	89,458	47.6%	4,751	5.6%
Securities	37,512	21.2%	36,203	19.3%	(1,309)	(3.5%)
Insurance	19,316	10.9%	20,727	11.0%	1,411	7.3%
Banking	14,334	8.1%	17,593	9.4%	3,258	22.7%
Other financial	13,542	7.7%	14,934	7.9%	1,391	10.3%
Industrial IT Solutions	66,435	37.5%	69,294	36.9%	2,858	4.3%
Distribution	17,438	9.9%	17,347	9.2%	(91)	(0.5%)
Manufacturing, service and other	48,997	27.7%	51,947	27.6%	2,949	6.0%
IT Platform Services	12,582	7.1%	14,804	7.9%	2,221	17.7%
Others	685	0.4%	786	0.4%	101	14.9%
Total	177,005	100.0%	187,954	100.0%	10,948	6.2%

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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External Revenue by Segment <3Q> (supplementary information)

■ Revenue by main client

(JPY million)

	3Q FY Mar. 2023	Share*	3Q FY Mar. 2024	Share*	Diff.	YoY Change
Nomura Holdings	21,211	12.0%	17,897	9.5%	(3,314)	(15.6%)

■ Overseas Revenue

(JPY million)

	3Q FY Mar. 2023	Share*	3Q FY Mar. 2024	Share*	Diff.	YoY Change
Overseas Revenue	30,719	17.4%	29,926	15.9%	(793)	(2.6%)
North America**	9,845	5.6%	9,478	5.0%	(367)	(3.7%)
Oceania**	18,277	10.3%	17,738	9.4%	(538)	(2.9%)
Asia, Other**	2,597	1.5%	2,710	1.4%	112	4.3%

Average Rate : USD
AUD

¥136.52
¥93.34

¥143.33
¥94.25

*Percentage of (total) external sales

** Figures by area are based on the location of the headquarters of each subsidiary, and figures per country or area are provided as reference values.

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Segment Performance Results <Total> <3Q>

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

(JPY million)

		3Q FY Mar. 2023	3Q FY Mar. 2024	Diff.	YoY Change
Consulting	Revenue	13,005	14,087	1,082	8.3%
	Operating Profit	3,419	3,817	398	11.6%
	Operating Margin	26.3%	27.1%	0.8P	
Financial IT Solutions	Revenue	86,041	90,792	4,751	5.5%
	Operating Profit	14,242	15,351	1,108	7.8%
	Operating Margin	16.6%	16.9%	0.4P	
Industrial IT Solutions	Revenue	68,593	70,581	1,988	2.9%
	Operating Profit	4,985	5,487	501	10.1%
	Operating Margin	7.3%	7.8%	0.5P	
IT Platform Services	Revenue	42,757	47,643	4,885	11.4%
	Operating Profit	5,955	7,634	1,678	28.2%
	Operating Margin	13.9%	16.0%	2.1P	
Total (After adjustment deduction)	Revenue	177,005	187,954	10,948	6.2%
	Operating Profit	28,604	32,373	3,768	13.2%
	Operating Margin	16.2%	17.2%	1.1P	

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> <3Q>

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

(JPY million)

		3Q FY Mar. 2023	3Q FY Mar. 2024	Diff.	YoY Change
Consulting	Revenue	11,436	12,319	882	7.7%
	Operating Profit	3,310	3,762	452	13.7%
	Operating Margin	28.9%	30.5%	1.6P	
Financial IT Solutions	Revenue	83,020	87,479	4,459	5.4%
	Operating Profit	13,999	14,140	140	1.0%
	Operating Margin	16.9%	16.2%	(0.7P)	
Industrial IT Solutions	Revenue	41,200	44,300	3,099	7.5%
	Operating Profit	5,253	6,150	896	17.1%
	Operating Margin	12.8%	13.9%	1.1P	
IT Platform Services	Revenue	42,635	47,500	4,865	11.4%
	Operating Profit	5,938	7,618	1,680	28.3%
	Operating Margin	13.9%	16.0%	2.1P	
Total (After adjustment deduction)	Revenue	146,285	158,027	11,741	8.0%
	Operating Profit	28,504	31,759	3,255	11.4%
	Operating Margin	19.5%	20.1%	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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Segment Performance Results <Overseas> <3Q>

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

(JPY million)

		3Q FY Mar. 2023	3Q FY Mar. 2024	Diff.	YoY Change
Consulting	Revenue	1,568	1,767	199	12.7%
	Operating Profit	109	55	(53)	(49.4%)
	Operating Margin	7.0%	3.1%	(3.8P)	
Financial IT Solutions	Revenue	3,021	3,313	291	9.6%
	Operating Profit	242	1,210	968	398.6%
	Operating Margin	8.0%	36.6%	28.5P	
Industrial IT Solutions	Revenue	27,392	26,281	(1,111)	(4.1%)
	Operating Profit	(267)	(663)	(395)	147.5%
	Operating Margin	(1.0%)	(2.5%)	(1.5P)	
IT Platform Services	Revenue	122	142	19	16.4%
	Operating Profit	17	15	(1)	(9.7%)
	Operating Margin	13.9%	10.8%	(3.1P)	
Total (After adjustment deduction)	Revenue	30,719	29,926	(793)	(2.6%)
	Operating Profit	100	613	513	510.7%
	Operating Margin	0.3%	2.1%	1.7P	

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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Analysis of Increase and Decrease Factors <3Q>

- 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		
	Insurance	(+) Systems development for life insurance	(+) Higher profits due to increased revenue effects
	Banking	(+) NRI BaaS/CORE implementation projects	(+) Contribution from operating fees for shared online services (+) Gain on sale of an overseas subsidiary
	Other financial	(+) Systems development for card companies	
Industrial IT Solutions	Distribution		(+) Higher profits due to increased revenue effects in Japan
	Manufacturing, service and other	(+) Systems development for telecom, global manufacturing and advertising (-) Overseas business	(-) Decline in profit due to lower revenue in Australia (-) 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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Revenue by Service <3Q>

(JPY million)

	3Q FY Mar. 2023	3Q FY Mar. 2024	Diff.	YoY Change
Consulting Services	38,914	40,826	1,912	4.9%
System Development & System Application Sales	56,778	59,575	2,796	4.9%
System Management & Operation Services	73,620	77,568	3,947	5.4%
Product Sales	7,692	9,984	2,291	29.8%
Total	177,005	187,954	10,948	6.2%

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Consolidated P/L Highlight <3Q>

(JPY million)

	3Q FY Mar. 2023	3Q FY Mar. 2024	Diff.	YoY Change
Revenue	177,005	187,954	10,948	6.2%
Cost of Sales	114,741	121,346	6,604	5.8%
Subcontracting Costs	54,924	54,810	(114)	(0.2%)
Gross Profit	62,264	66,607	4,343	7.0%
Gross Profit Margin	35.2%	35.4%	0.3P	
SG&A	34,112	36,198	2,086	6.1%
Other Income and Other Expenses, etc.	452	1,964	1,511	333.8%
Operating Profit	28,604	32,373	3,768	13.2%
Operating Margin	16.2%	17.2%	1.1P	

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Consolidated P/L Highlight <3Q> (continued)

(JPY million)

	3Q FY Mar. 2023	3Q FY Mar. 2024	Diff.	YoY Change
Operating Profit	28,604	32,373	3,768	13.2%
Finance Income & Finance Costs	(914)	(638)	275	(30.1%)
Profit before tax	27,690	31,734	4,044	14.6%
Income tax expenses	8,491	8,179	(311)	(3.7%)
Profit attributable to owners of parent	19,176	23,431	4,254	22.2%

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Order Volume <3Q>

	3Q FY Mar. 2023	3Q FY Mar. 2024	Diff.	(JPY million) YoY Change
Consulting	9,825	10,803	977	9.9%
Financial IT Solutions	44,514	44,415	(98)	(0.2%)
Industrial IT Solutions	39,888	35,117	(4,771)	(12.0%)
IT Platform Services	9,316	10,078	761	8.2%
Others	916	684	(231)	(25.3%)
Total	104,461	101,098	(3,363)	(3.2%)

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

Order Volume <3Q> (Japan/Overseas)

■ Order Volume of Japan

(JPY million)

	3Q FY Mar. 2023	3Q FY Mar. 2024	Diff.	YoY Change
Consulting	8,751	9,193	441	5.0%
Financial IT Solutions	43,815	43,170	(645)	(1.5%)
Industrial IT Solutions	25,278	24,520	(757)	(3.0%)
IT Platform Services	9,194	9,974	779	8.5%
Others	916	684	(231)	(25.3%)
Total	87,957	87,544	(412)	(0.5%)

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

■ Order Volume of overseas subsidiaries

(JPY million)

	3Q FY Mar. 2023	3Q FY Mar. 2024	Diff.	YoY Change
Overseas subsidiaries*	16,504	13,554	(2,950)	(17.9%)

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

Financial Results Forecasts for FY March 2024

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 (October 26 Forecasts)	Share	YoY	
					Diff.	Change
Consulting	46.1	6.7%	51.0	6.9%	4.8	10.6%
Financial IT Solutions	328.5	47.5%	347.0	47.2%	18.4	5.6%
Securities	141.5	20.4%	143.0	19.5%	1.4	1.0%
Insurance	77.0	11.1%	78.0	10.6%	0.9	1.2%
Banking	55.0	8.0%	67.0	9.1%	11.9	21.7%
Other financial	54.9	7.9%	59.0	8.0%	4.0	7.4%
Industrial IT Solutions	266.7	38.5%	282.0	38.4%	15.2	5.7%
Distribution	70.6	10.2%	75.0	10.2%	4.3	6.2%
Manufacturing, service and other	196.0	28.3%	207.0	28.2%	10.9	5.6%
IT Platform Services	48.1	7.0%	52.0	7.1%	3.8	8.0%
Others	2.6	0.4%	3.0	0.4%	0.3	14.9%
Total	692.1	100.0%	735.0	100.0%	42.8	6.2%

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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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 (October 26 Forecasts)	YoY	
			Diff.	Change
Capital Expenditure	58.5	58.0	(0.5)	(1.0%)
Tangible	15.6	15.0	(0.6)	(4.1%)
Intangible	42.9	43.0	0.0	0.2%
R&D Expenses	4.9	5.0	0.0	1.9%

Depreciation and Amortization

(JPY billion)

	FY Mar. 2023 (Results)	FY Mar. 2024 (April 27 Forecasts)	YoY	
			Diff.	Change
Total	45.0	52.0	6.9	15.3%

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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)

	FY Mar. 2022 (Results)	FY Mar. 2023 (Results)	FY Mar. 2024 (October 26 Forecasts)*	YoY	
				Diff.	Change
Revenue	611.6	692.1	735.0	42.8	6.2%
Cost of Sales	395.5	452.3	476.0	23.6	5.2%
Personnel	134.9	162.0	173.0	10.9	6.7%
Subcontracting Costs	194.7	214.1	219.0	4.8	2.3%
Depreciation	33.3	33.5	37.0	3.4	10.2%
Gross Profit	216.0	239.8	259.0	19.1	8.0%
Gross Profit Margin	35.3%	34.6%	35.2%	0.1P	
SG&A	113.5	131.5	139.0	7.4	5.6%
Operating Profit	106.2	111.8	120.0	8.1	7.3%
Operating Margin	17.4%	16.2%	16.3%	0.2P	

These materials were prepared for the sole purpose of providing information to use as reference in making investment decisions, and were not intended as a solicitation for investment.

* Figures are consolidated estimates for preparing this earnings model.
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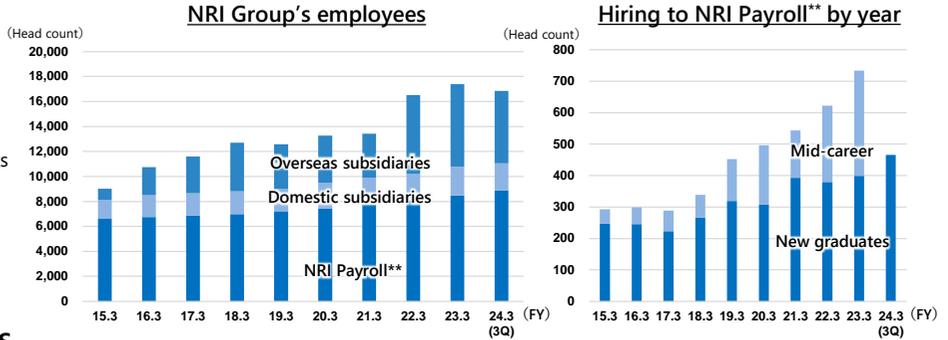
Reference Materials

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

NRI Group's employees

16,843*

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



Subcontractors

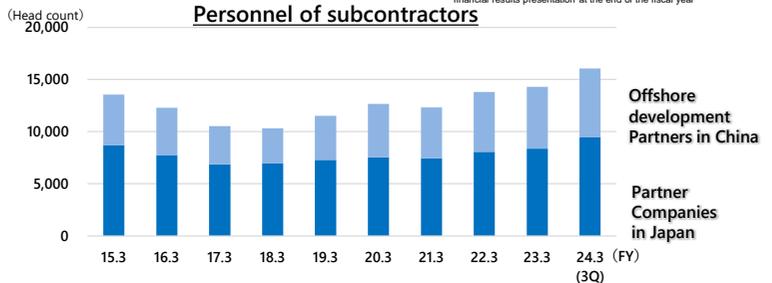
Offshore development Partners in China

21 partners in 22 regions

Personnel:
Approx. 6,500

Partner Companies in Japan

Personnel:
Approx. 9,500



* As of the end of December 2023

** Includes group company employees hired by the main body of NRI

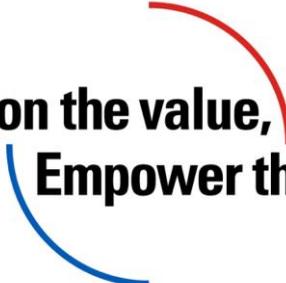
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This document contains statements that constitute forward-looking statements. These statements include descriptions regarding the intent, belief or current expectations of the Company or its officers with respect to the consolidated results of operations 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**