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25th July 2024

## Consolidated Financial Results for the Three Months Ended 30th June 2024 (Under IFRS)

Company name: Nomura Research Institute, Ltd.  
 Listing: Tokyo Stock Exchange  
 Securities code: 4307  
 URL: <https://www.nri.com/jp/>  
 Representative: Kaga Yanagisawa, President & CEO, Member of the Board, Representative Director  
 Inquiries: Daishi Sakakihara, General Manager, Controller's Department  
 Telephone: +81-3-5533-2111  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary materials on financial results: Yes  
 Holding of financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Consolidated financial results for the three months ended 30th June 2024 (from 1st April 2024 to 30th June 2024)

#### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
30th June 2024	188,110	6.5	32,643	20.8	32,050	20.6	22,332	29.1
30th June 2023	176,709	5.5	27,027	(3.7)	26,580	(4.4)	17,294	(8.2)

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Three months ended						
30th June 2024	22,166	28.8	32,073	43.3	38.51	38.50
30th June 2023	17,210	(8.3)	22,377	0.6	29.15	29.14

#### (2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
	Millions of yen	Millions of yen	Millions of yen	%
As of				
30th June 2024	890,084	408,314	404,874	45.5
31st March 2024	922,773	403,021	399,532	43.3

## 2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended 31st March 2024	–	24.00	–	29.00	53.00
Fiscal year ending 31st March 2025	–				
Fiscal year ending 31st March 2025 (Forecast)		29.00	–	29.00	58.00

Note: Revisions to the forecast of cash dividends most recently announced: None

## 3. Forecasts of consolidated financial results for the fiscal year ending 31st March 2025 (from 1st April 2024 to 31st March 2025)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ending 30th September 2024	380,000	5.0	64,000	8.7	62,000	7.8	41,000	8.9
Fiscal year ending 31st March 2025	780,000	5.9	132,000	9.6	129,000	10.0	88,000	10.5

	Basic earnings per share
	Yen
Six months ending 30th September 2024	71.23
Fiscal year ending 31st March 2025	152.89

Note: Revisions to the forecast of financial results most recently announced: None

**\* Notes**

(1) Significant changes in the scope of consolidation during the period: None

(2) Changes in accounting policies and changes in accounting estimates

- (i) Changes in accounting policies required by IFRS: None
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None

(3) Number of issued shares (ordinary shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of 30th June 2024	580,796,911 shares
As of 31st March 2024	580,796,911 shares

(ii) Number of treasury shares at the end of the period

As of 30th June 2024	6,967,000 shares
As of 31st March 2024	4,545,600 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended 30th June 2024	575,564,176 shares
Three months ended 30th June 2023	590,343,055 shares

Note: The Company's shares held by the trust exclusive for NRI Group Employee Stock Ownership Group are included in treasury shares.

\* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: None

\* Proper use of earnings forecasts, and other special matters

(1) The forward-looking statements including business forecasts stated in this document are based on information available to the Company at the present time and certain assumptions judged to be rational, and these statements do not purport to be a promise by the Company to achieve such results. Actual business results, etc. may differ significantly from this forecast due to various factors.

(2) Supplementary materials on financial results are disclosed on the TDnet at the same time as this summary of consolidated financial results, and will also be posted promptly on the Company's website. In addition, explanatory materials for the results briefing for analysts and institutional investors to be held today will also be posted on the Company's website.

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## 1. Overview of Consolidated Operating Results and Others

### (1) Overview of Consolidated Operating Results for the First Quarter

(Millions of yen)

	Three months ended 30th June 2023	Three months ended 30th June 2024	Year on year	
			Amount	Rate
Revenue	176,709	188,110	11,401	6.5%
Overseas revenue	29,265	30,082	816	2.8%
Overseas revenue ratio	16.6%	16.0%	(0.6)P	–
Business profit	27,027	32,081	5,053	18.7%
Operating profit	27,027	32,643	5,616	20.8%
Operating margin	15.3%	17.4%	2.1P	–
EBITDA margin	21.9%	23.6%	1.7P	–
Profit before tax	26,580	32,050	5,469	20.6%
Profit attributable to owners of parent	17,210	22,166	4,955	28.8%

- Notes: 1. Business profit is operating profit excluding temporary factors (such as impairment of goodwill and impairment of fixed assets), and a profit indicator to measure regular performance of businesses.  
 2. EBITDA margin: EBITDA (operating profit + depreciation and amortization + loss on retirement of fixed assets ± temporary factors) / revenue

During the three months ended 30th June 2024, there were concerns about the downside risks posed to the global economy by the continuing high levels of interest rates in Europe and North America, among other factors. Due to improvements in the employment and income environment and the effects of various policies, the Japanese economy experienced a modest recovery in business conditions.

Information system investment continued to see strong activity centered on digital transformation (DX) which involves transforming business processes and business models using digital technologies.

However, in addition to risks of a downswing in overseas business conditions posed to the domestic economy amid the continuing high levels of interest rates in Europe and North America, among other factors, various uncertainties, such as rapid exchange-rate fluctuations, the situation in the Middle East region and rising prices, continue to cloud the outlook. Furthermore, corporate investments may be limited depending on changes in future business performance.

Operating in such an environment, Nomura Research Institute (“the Company”) and its consolidated subsidiaries (“the NRI Group”) carried out its business activities leveraging the combined strengths of the NRI Group, allowing it to seamlessly provide services encompassing consulting through to IT solutions.

In order to realize the goals of NRI Group Vision 2030, the NRI Group’s long-term management plan, in April 2023 the Group formulated the three-year first half plan as “the NRI Group Medium-term Management Plan (2023-2025)” (“MTP2025”). The MTP2025 establishes four pillars for the growth strategy in the areas of Core Business, Strengthen DX, Global, and Management. Through co-creation with clients, we seek to achieve sustainable growth for the NRI Group and create a sustainable society.

#### MTP2025 Pillars of growth strategy

- (1) Core Business: We will deepen and expand core domains to further deepen value creation with clients via Con-solutions (a business model that generates ongoing value for clients by having consulting and solutions run side-by-side from the planning and concept stages of business IT). At the same time, we will strengthen these core domains by expanding business platforms and driving radical innovations in productivity to achieve overwhelming competitiveness and high added value
- (2) Strengthen DX: In addition to transforming existing client business processes and infrastructure (DX 1.0), and transforming business models themselves (DX 2.0), we will take on the challenge of DX 3.0 to go beyond companies and industries and make an impact on society as a whole

- (3) Global: In addition to Japan, Asia and Australia, we will expand into the vast and rapidly growing market of North America to establish a framework for business operation based on three regional pillars
- (4) Management: We will make great investments in human capital, strengthen sustainability management and expand environmental efforts, as well as further consolidating our management platform

During the three months ended 30th June 2024, the NRI Group's revenue totaled ¥188,110 million (up 6.5% year on year), amid a scenario where revenue of every business segment was higher year on year. Cost of sales was ¥120,450 million (up 6.1%), gross profit was ¥67,660 million (up 7.1%), and selling, general and administrative expenses were ¥36,470 million (up 3.2%). Operating profit was ¥32,643 million (up 20.8%) due to improvement in profitability amid bustling activity in terms of projects in Japan and an increase in system management and operation services. The operating margin was 17.4% (up 2.1 points) and the EBITDA margin was 23.6% (up 1.7 points).

#### **Purchase of treasury shares**

At a meeting held on 25th April 2024, the Board of Directors of the Company passed a resolution to purchase treasury shares as part of a nimble equity policy aimed at improving capital efficiency and responding to changes in the business environment.

The Company is to purchase a maximum total of 10,000,000 shares (percentage of total number of shares issued as of 31st March 2024 (excluding treasury shares): 1.72%) for a maximum total amount of ¥30,000 million. The purchase period is from 15th May 2024 to 25th October 2024, and the purchase method will entail market purchases on the Tokyo Stock Exchange based on discretionary trading contract pertaining to the purchase of treasury shares (excludes the period during the ten business days from the business day following the date of announcement of the Company's quarterly financial results). During the three months ended 30th June 2024, the Company purchased treasury shares (3,105,700 shares, ¥13,037 million).

## Segment information

The business results by segment (revenue includes intersegment revenue) are as follows.

		Three months ended 30th June 2023	Three months ended 30th June 2024	(Millions of yen) Year on year	
				Amount	Rate
Consulting	Revenue	11,218	13,585	2,367	21.1%
	Operating profit	2,147	2,775	628	29.3%
	Operating margin	19.1%	20.4%	1.3P	–
Financial IT Solutions	Revenue	84,750	90,562	5,812	6.9%
	Operating profit	12,172	15,404	3,232	26.6%
	Operating margin	14.4%	17.0%	2.6P	–
Industrial IT Solutions	Revenue	71,233	72,108	875	1.2%
	Operating profit	5,890	6,671	780	13.3%
	Operating margin	8.3%	9.3%	1.0P	–
IT Platform Services	Revenue	43,962	47,568	3,605	8.2%
	Operating profit	6,750	7,756	1,006	14.9%
	Operating margin	15.4%	16.3%	1.0P	–
Adjustments	Revenue	(34,454)	(35,714)	(1,259)	–
	Operating profit	67	36	(31)	–
Total	Revenue	176,709	188,110	11,401	6.5%
	Operating profit	27,027	32,643	5,616	20.8%
	Operating margin	15.3%	17.4%	2.1P	–

Note: Starting from the three months ended 30th June 2024, the Company changes to applying the method of recording inter-segment transactions in order to more appropriately manage the financial results of each reportable segment. In conjunction with this change, figures retrospectively adjusted to reflect the new method are presented for the three months ended 30th June 2023.

### (Consulting)

This segment provides policy recommendations and strategy consulting, as well as business consulting to support operational reform and system consulting for overall IT management.

Amid rapidly changing business environments for its clients, corporate reforms using digital technology are accelerating. In addition, companies that incorporate solutions for social issues including decarbonization into their managerial strategy are increasing, and clients have come to expect solutions for social issues using practical solutions-based consulting services that produce concrete results. As such, in this segment the NRI Group is strengthening consulting to provide support for client DX, and working to appropriately respond to clients' needs. In addition to offering practical solutions-based consulting services to provide ongoing support for client reengineering, we will further strengthen cooperation between consulting and IT solutions with the aim of expanding our area of business. We are also moving forward with initiatives aimed at resolving social issues such as decarbonization and reskilling, and at creating new consulting services related to generative AI.

During the three months ended 30th June 2024, the Consulting segment posted revenue of ¥13,585 million (up 21.1% year on year), due to brisk activity in terms of projects for both the public and private sectors. Operating profit was ¥2,775 million (up 29.3%) due to improvement in profitability amid a favorable order environment.

### (Financial IT Solutions)

In this segment, the main clients are in the financial sector, including the securities, insurance and banking sectors. The segment provides system consulting, system development, system management and operation services, and IT solutions such as shared online services and BPO services.

The environment surrounding the financial sector is undergoing major structural changes such that include a society whose population accelerates to age, industry reorganizations and the entry of new participants, an expanding range of digital assets, and diminishing markets in Japan due to the nation's declining population. In addition, clients' needs for digitalization and transformation of business models are growing rapidly.

This segment is accordingly working to create and expand new financial business platforms, promote Social DX businesses such as the Social Security and Tax Number System, and stably operate global

business in financial services and expand the businesses to help its clients create new businesses and services in a manner that addresses such changes in the business environment. During the three months ended 30th June 2024, the Financial IT Solutions segment posted revenue of ¥90,562 million (up 6.9% year on year), amid increases in system development & system application sales and system management & operation services for the banking sector. Operating profit was ¥15,404 million (up 26.6%) due to improvement in profitability amid a favorable order environment and an increase in system management & operation services, etc.

#### **(Industrial IT Solutions)**

This segment provides IT solutions such as system consulting, system development, system management and operation services to the distribution, manufacturing, service and public sectors. As well as upgrading and improving the efficiency of existing business models, clients in the industrial sector are using DX to create new business models using digital technology.

This segment focuses on expansion and enhancement of digital intellectual property (IP) that can be utilized across clients and industries, and provides comprehensive assistance to the client in everything from creating business models to system construction, and driving operational improvements in the area of DX business. In terms of the global business, the aim is to achieve stable growth and enhance profitability in Australia through greater cooperation within the NRI Group, and to use the know-how developed in Australia in North America to expand services and establish business infrastructure through strengthening the sales structure, among other measures.

During the three months ended 30th June 2024, the Industrial IT Solutions segment posted revenue of ¥72,108 million (up 1.2% year on year) due to an increase in projects in the service and other sectors. Operating profit was ¥6,671 million (up 13.3%) due to the absence of one-time costs incurred by the overseas business in the same period of the previous fiscal year.

#### **(IT Platform Services)**

This segment mainly provides services such as the management and administration of data centers and IT platform and network architecture mainly through the Financial IT Solutions and Industrial IT Solutions segments. It also provides IT platform solutions and information security services to clients of various sectors. In addition, the segment conducts explorative initiatives for the development of new business operations and new products related to IT solutions, and investigation and research primarily related to leading-edge information technologies.

System development in the DX era calls for use of AI and other new digital technologies, in conjunction with new and more rapid development approaches. In the field of cloud computing, companies need to comprehensively engage in high-quality operations of diverse and complex system platforms. In addition, as cyberattacks have been diversifying and evolving in recent years, the importance of cyber security measures is increasing to safely and securely implement the introduction and utilization of cloud services, which are central to DX of clients.

This segment is accordingly working on expanding its multi-cloud computing services<sup>\*1</sup> and its managed services<sup>\*2</sup>, and promoting its zero trust<sup>\*3</sup> business and managed security services<sup>\*4</sup>, in conjunction with efforts to address such changes in the business environment and promote radical innovations in productivity through such initiatives as overhauling development frameworks and leveraging AI in development processes.

During the three months ended 30th June 2024, revenue from external clients in the security business increased due to rising demand for security arising from increased use of cloud services, security incidents and other factors. Intersegment revenue in the cloud business and other factors increased as a result of brisk business in Financial IT Solutions. As a result of the above, the IT Platform Services segment posted revenue of ¥47,568 million (up 8.2% year on year) and operating profit of ¥7,756 million (up 14.9%).

\*1 Multi-cloud computing services refer to centrally managed services provided using multiple cloud computing platforms.

\*2 Managed services refer to the services that lend comprehensive support to optimizing entire information systems on behalf of a client's IT unit.

\*3 Zero trust refers to a new concept of security that anything that accesses information assets and systems to protect is verified without distinction between inside and outside of the network.

\*4 Managed security services (MSS) refer to the services, provided under contract, by an external security specialist company to provide total operation and administration of the information security system of a company or organization.



## (2) Overview of Consolidated Financial Position for the First Quarter

### (Assets, liabilities and equity)

(Millions of yen)

	As of 31st March 2024	As of 30th June 2024	Year on year	
			Amount	Rate
Current assets	405,178	359,960	(45,217)	(11.2)%
Non-current assets	517,595	530,123	12,528	2.4%
Total assets	922,773	890,084	(32,689)	(3.5)%
Current liabilities	214,642	182,805	(31,836)	(14.8)%
Non-current liabilities	305,109	298,964	(6,145)	(2.0)%
Total equity	403,021	408,314	5,292	1.3%
Equity attributable to owners of parent	399,532	404,874	5,341	1.3%
Ratio of equity attributable to owners of parent to total assets	43.3%	45.5%	2.2P	–
Interest-bearing liabilities	268,104	259,598	(8,506)	(3.2)%
Gross D/E ratio (times)	0.67	0.64	(0.03)	–
Net D/E ratio (times)	0.23	0.26	0.03	–

- Notes: 1. Gross D/E ratio (gross debt-to-equity ratio): Interest-bearing liabilities / equity attributable to owners of parent  
2. Net D/E ratio (net debt-to-equity ratio): (Interest-bearing liabilities – cash and cash equivalents, etc.) / equity attributable to owners of parent  
3. Interest-bearing liabilities: Bonds and borrowings + other interest-bearing liabilities (borrowings on margin transactions and borrowings secured by securities)  
Borrowings on margin transactions (¥745 million as of 31st March 2024; ¥202 million as of 30th June 2024) are included in trade and other payables on the condensed quarterly consolidated statement of financial position, and borrowings secured by securities (¥278 million as of 31st March 2024; ¥355 million as of 30th June 2024) are included in other current liabilities on the condensed quarterly consolidated statement of financial position.  
4. Cash and cash equivalents, etc.: Cash and cash equivalents + cash management purpose investment

As for the NRI Group's financial position at the end of the first quarter (30th June 2024), current assets were ¥359,960 million (down 11.2% from the end of the previous fiscal year), non-current assets were ¥530,123 million (up 2.4%), current liabilities were ¥182,805 million (down 14.8%), non-current liabilities were ¥298,964 million (down 2.0%), total equity was ¥408,314 million (up 1.3%), and total assets were ¥890,084 million (down 3.5%). In addition, the gross D/E ratio (gross debt-to-equity ratio) and net D/E ratio (net debt-to-equity ratio) at the end of the first quarter were 0.64 times and 0.26 times, respectively.

The main changes from the end of the previous fiscal year are as follows.

Trade and other receivables decreased ¥43,809 million to ¥98,061 million and contract assets increased ¥12,318 million to ¥68,384 million. Because the NRI Group has a comparatively large number of projects completed at the end of the fiscal year, compared with the end of the previous fiscal year, the ends of quarterly periods tend to have small values for trade and other receivables and large values for contract assets.

Goodwill and intangible assets increased ¥14,041 million to ¥279,376 million as a result of an increase in goodwill, etc. due to the weaker yen, the acquisition of intangible assets related to the development of shared online system in Japan, and other factors.

Bonds and borrowings decreased ¥8,040 million to ¥259,040 million.

In addition, cash and cash equivalents decreased ¥21,800 million to ¥152,134 million, trade and other payables decreased ¥10,148 million to ¥42,890 million, income taxes payable decreased ¥16,453 million to ¥7,420 million, and treasury shares increased ¥10,386 million to ¥27,850 million.

**(Cash flow position)**

(Millions of yen)

	Three months ended 30th June 2023	Three months ended 30th June 2024	Year on year	
			Amount	Rate
Cash flows from operating activities	43,491	32,089	(11,402)	(26.2)%
Cash flows from investing activities	(15,878)	(12,418)	3,459	–
Free cash flows	27,613	19,670	(7,942)	(28.8)%
Cash flows from financing activities	(21,444)	(44,170)	(22,725)	–
Net increase (decrease) in cash and cash equivalents	8,090	(21,800)	(29,891)	–
Cash and cash equivalents at end of period	137,347	152,134	14,786	10.8%

Cash and cash equivalents as of the end of the first quarter (30th June 2024) stood at ¥152,134 million (down ¥21,800 million from the end of the previous fiscal year).

Net cash provided by operating activities was ¥32,089 million, a decrease of ¥11,402 million from the same period of the previous fiscal year, due largely to an increase in income taxes paid.

Net cash used in investing activities was ¥12,418 million, a decrease of ¥3,459 million from the same period of the previous fiscal year. In the three months ended 30th June 2024, cash was mainly invested in the acquisition of intangible assets related to the development of shared online system.

Net cash used in financing activities was ¥44,170 million, an increase of ¥22,725 million from the same period of the previous fiscal year. In the same period of the previous fiscal year, there were proceeds from long-term borrowings of ¥18,000 million and purchase of treasury shares of ¥9,952 million associated with the reintroduction of the Trust-type Employee Stock Ownership Incentive Plan in May 2023. In addition, the NRI Group had ¥7,138 million in purchase of treasury shares in accordance with a resolution of the Board of Directors. During the three months ended 30th June 2024, the NRI Group had ¥13,784 million in repayments of long-term borrowings and ¥13,037 million in purchase of treasury shares in accordance with a resolution of the Board of Directors. Other expenditures mainly consist of payments of cash dividends in the respective fiscal periods.

## 2. Condensed Quarterly Consolidated Financial Statements, Etc.

### (1) Condensed Quarterly Consolidated Statement of Financial Position

	(Millions of yen)	
	31st March 2024	30th June 2024
Assets		
Current assets		
Cash and cash equivalents	¥ 173,935	¥ 152,134
Trade and other receivables	141,870	98,061
Contract assets	56,066	68,384
Other financial assets	13,982	19,000
Other current assets	19,323	22,380
Total current assets	405,178	359,960
Non-current assets		
Property, plant and equipment	40,245	40,033
Right-of-use assets	28,851	26,050
Goodwill and intangible assets	265,334	279,376
Investments accounted for using equity method	9,796	9,810
Retirement benefit asset	82,553	81,849
Other financial assets	80,792	82,938
Deferred tax assets	6,102	6,103
Other non-current assets	3,919	3,960
Total non-current assets	517,595	530,123
Total assets	¥ 922,773	¥ 890,084

	(Millions of yen)	
	31st March 2024	30th June 2024
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	¥ 53,038	¥ 42,890
Contract liabilities	18,885	20,084
Bonds and borrowings	13,215	15,208
Lease liabilities	11,023	10,690
Other financial liabilities	33,530	42,416
Income taxes payable	23,874	7,420
Provisions	526	633
Other current liabilities	60,546	43,461
Total current liabilities	<u>214,642</u>	<u>182,805</u>
Non-current liabilities		
Bonds and borrowings	253,864	243,831
Lease liabilities	20,436	18,615
Other financial liabilities	1,253	1,608
Retirement benefit liability	6,146	5,902
Provisions	4,492	4,331
Deferred tax liabilities	15,750	22,093
Other non-current liabilities	3,165	2,581
Total non-current liabilities	<u>305,109</u>	<u>298,964</u>
Total liabilities	<u>519,752</u>	<u>481,770</u>
Equity		
Share capital	24,701	24,701
Capital surplus	31,395	32,290
Retained earnings	320,320	325,171
Treasury shares	(17,464)	(27,850)
Other components of equity	40,580	50,561
Total equity attributable to owners of parent	<u>399,532</u>	<u>404,874</u>
Non-controlling interests	3,489	3,439
Total equity	<u>403,021</u>	<u>408,314</u>
Total liabilities and equity	<u>¥ 922,773</u>	<u>¥ 890,084</u>

## (2) Condensed Quarterly Consolidated Statement of Comprehensive Income

(Millions of yen)

	Three months ended 30th June 2023	Three months ended 30th June 2024
Revenue	¥ 176,709	¥ 188,110
Cost of sales	113,538	120,450
Gross profit	<u>63,170</u>	<u>67,660</u>
Selling, general and administrative expenses	35,342	36,470
Share of profit of investments accounted for using equity method	147	152
Other income	90	1,322
Other expenses	1,039	21
Operating profit	<u>27,027</u>	<u>32,643</u>
Finance income	1,032	1,339
Finance costs	1,479	1,933
Profit before tax	<u>26,580</u>	<u>32,050</u>
Income tax expenses	9,286	9,717
Profit	<u>17,294</u>	<u>22,332</u>
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Equity instruments measured at fair value through other comprehensive income	1,822	943
Remeasurements of defined benefit plans	7	56
Share of other comprehensive income of investments accounted for using equity method	(0)	5
Total of items that will not be reclassified to profit or loss	<u>1,829</u>	<u>1,005</u>
Items that may be reclassified to profit or loss		
Debt instruments measured at fair value through other comprehensive income	0	(0)
Exchange differences on translation of foreign operations	2,488	8,232
Cash flow hedges	772	519
Share of other comprehensive income of investments accounted for using equity method	(7)	(17)
Total of items that may be reclassified to profit or loss	<u>3,253</u>	<u>8,734</u>
Total other comprehensive income, net of tax	<u>5,083</u>	<u>9,740</u>
Comprehensive income	<u>¥ 22,377</u>	<u>¥ 32,073</u>
Profit attributable to:		
Owners of parent	¥ 17,210	¥ 22,166
Non-controlling interests	83	166
Profit	<u>¥ 17,294</u>	<u>¥ 22,332</u>
Comprehensive income attributable to:		
Owners of parent	¥ 22,293	¥ 31,907
Non-controlling interests	83	166
Comprehensive income	<u>¥ 22,377</u>	<u>¥ 32,073</u>
Earnings per share		
Basic earnings per share (Yen)	¥ 29.15	¥ 38.51
Diluted earnings per share (Yen)	29.14	38.50

### (3) Condensed Quarterly Consolidated Statement of Changes in Equity

For the three months ended 30th June 2023

(Millions of yen)

	Equity attributable to owners of parent								Non-controlling interests	Total
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total				
Balance at 1st April 2023	¥ 23,644	¥ 29,447	¥ 321,676	¥ (6,277)	¥ 30,514	¥ 399,006	¥ 3,399	¥ 402,406		
Profit	—	—	17,210	—	—	17,210	83	17,294		
Other comprehensive income	—	—	—	—	5,083	5,083	—	5,083		
Total comprehensive income	—	—	17,210	—	5,083	22,293	83	22,377		
Dividends	—	—	(13,608)	—	—	(13,608)	(133)	(13,742)		
Purchase of treasury shares	—	(7)	—	(17,091)	—	(17,098)	—	(17,098)		
Disposal of treasury shares	—	(226)	—	394	—	167	—	167		
Share-based payment transactions	—	605	—	—	—	605	—	605		
Transfer from retained earnings to capital surplus	—	215	(215)	—	—	—	—	—		
Transfer from other components of equity to retained earnings	—	—	1	—	(1)	—	—	—		
Other	—	387	—	—	(20)	367	(387)	(20)		
Total transactions with owners, etc.	—	974	(13,823)	(16,696)	(21)	(29,567)	(521)	(30,088)		
Balance at 30th June 2023	¥ 23,644	¥ 30,422	¥ 325,064	¥ (22,974)	¥ 35,575	¥ 391,732	¥ 2,962	¥ 394,695		

For the three months ended 30th June 2024

(Millions of yen)

	Equity attributable to owners of parent						Non-controlling interests	Total
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total		
Balance at 1st April 2024	¥ 24,701	¥ 31,395	¥ 320,320	¥ (17,464)	¥ 40,580	¥ 399,532	¥ 3,489	¥ 403,021
Profit	—	—	22,166	—	—	22,166	166	22,332
Other comprehensive income	—	—	—	—	9,740	9,740	—	9,740
Total comprehensive income	—	—	22,166	—	9,740	31,907	166	32,073
Dividends	—	—	(16,711)	—	—	(16,711)	(215)	(16,926)
Purchase of treasury shares	—	(13)	—	(13,037)	—	(13,050)	—	(13,050)
Disposal of treasury shares	—	(154)	—	2,651	—	2,496	—	2,496
Share-based payment transactions	—	735	—	—	—	735	—	735
Transfer from retained earnings to capital surplus	—	327	(327)	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	(276)	—	276	—	—	—
Other	—	—	—	—	(35)	(35)	—	(35)
Total transactions with owners, etc.	—	895	(17,315)	(10,386)	240	(26,565)	(215)	(26,781)
Balance at 30th June 2024	¥ 24,701	¥ 32,290	¥ 325,171	¥ (27,850)	¥ 50,561	¥ 404,874	¥ 3,439	¥ 408,314

#### (4) Condensed Quarterly Consolidated Statement of Cash Flows

	(Millions of yen)	
	Three months ended 30th June 2023	Three months ended 30th June 2024
Cash flows from operating activities		
Profit before tax	¥ 26,580	¥ 32,050
Depreciation and amortization	11,719	12,280
Loss (gain) on sale and retirement of fixed assets	8	20
Finance income	(1,032)	(1,339)
Finance costs	1,479	1,933
Share of loss (profit) of investments accounted for using equity method	(147)	(152)
Decrease (increase) in trade and other receivables	35,940	46,317
Decrease (increase) in contract assets	(3,982)	(11,852)
Decrease (increase) in inventories	526	369
Decrease (increase) in prepaid expenses	(810)	(2,601)
Increase (decrease) in trade and other payables	(14,973)	(10,807)
Increase (decrease) in contract liabilities	(80)	1,052
Increase (decrease) in provision for loss on orders received	(341)	35
Increase (decrease) in accounts payable - bonuses	(14,317)	(16,441)
Decrease (increase) in retirement benefit asset	990	705
Increase (decrease) in retirement benefit liability	209	(252)
Other	15,329	2,488
Subtotal	57,099	53,804
Interest and dividends received	834	1,073
Interest paid	(1,143)	(1,472)
Income taxes paid	(13,298)	(21,315)
Net cash provided by operating activities	43,491	32,089



	(Millions of yen)	
	Three months ended 30th June 2023	Three months ended 30th June 2024
Cash flows from investing activities		
Payments into time deposits	(1,011)	(916)
Proceeds from withdrawal of time deposits	1,061	972
Purchase of property, plant and equipment	(3,809)	(2,295)
Proceeds from sale of property, plant and equipment	12	—
Purchase of intangible assets	(12,107)	(9,963)
Proceeds from sale of intangible assets	0	—
Purchase of investments	(2)	(77)
Other	(22)	(138)
Net cash used in investing activities	(15,878)	(12,418)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,837)	69
Proceeds from long-term borrowings	18,000	—
Repayments of long-term borrowings	(3,396)	(13,784)
Repayments of lease liabilities	(2,896)	(2,971)
Proceeds from sale of treasury shares	157	2,461
Purchase of treasury shares	(17,108)	(13,050)
Dividends paid	(13,675)	(16,680)
Dividends paid to non-controlling interests	(133)	(215)
Payments for acquisition of interests in subsidiaries from non-controlling interests	(555)	—
Net cash used in financing activities	(21,444)	(44,170)
Effect of exchange rate changes on cash and cash equivalents	1,921	2,698
Net increase (decrease) in cash and cash equivalents	8,090	(21,800)
Cash and cash equivalents at beginning of period	129,257	173,935
Cash and cash equivalents at end of period	¥ 137,347	¥ 152,134

## **(5) Notes to Condensed Quarterly Consolidated Financial Statements**

(Notes on Premise of Going Concern)

Not applicable.

(Segment Information)

### **(1) Outline of reportable segments**

The NRI Group's operating segments, for which separate financial information is available, are evaluated periodically by management in deciding the allocation of management resources and in assessing business performances. The NRI Group has classified its segments, comprehensively considering services, customers and markets totally, and four segments have been determined as reportable segments. Meanwhile, the operating segments are not aggregated.

Accounting treatment of the reported operating segments is generally same with that of consolidated financial statements for the year ended 31st March 2024. Profit figures for the reportable segments are presented on the basis of operating profit. Intersegment revenue or transfers are based on prevailing market prices.

(Consulting)

This segment provides policy recommendations and strategy consulting, as well as business consulting to support operational reform and system consulting for overall IT management.

(Financial IT Solutions)

In this segment, the main clients are in the financial sector, including the securities, insurance and banking sectors. The segment provides system consulting, system development, system management and operation services, and IT solutions such as shared online services and BPO services.

(Industrial IT Solutions)

This segment provides IT solutions such as system consulting, system development, and system management and operation services to the distribution, manufacturing, service and public sectors.

(IT Platform Services)

This segment mainly provides services such as the management and administration of data centers and IT platform and network architecture mainly through the Financial IT Solutions and Industrial IT Solutions segments. It also provides IT platform solutions and information security services to clients of various industries. In addition, the segment conducts explorative initiatives for the development of new business operations and new products related to IT solutions, and investigation and research primarily related to leading-edge information technologies.

(2) Revenue and profit or loss by reportable segment

For the three months ended 30th June 2023

(Millions of yen)

	Reportable segment					Adjustments (Notes)	Consolidated
	Consulting	Financial IT Solutions	Industrial IT Solutions	IT Platform Services	Total		
Revenue							
Revenue from external customers	¥ 10,655	¥ 83,408	¥ 69,426	¥ 12,489	¥ 175,979	¥ 730	¥ 176,709
Intersegment revenue or transfers	563	1,342	1,807	31,473	35,185	(35,185)	—
Total	¥ 11,218	¥ 84,750	¥ 71,233	¥ 43,962	¥ 211,164	¥ (34,454)	¥ 176,709
Operating profit	¥ 2,147	¥ 12,172	¥ 5,890	¥ 6,750	¥ 26,960	¥ 67	¥ 27,027
Finance income							1,032
Finance costs							1,479
Profit before tax							¥ 26,580

Notes: Individual items included in adjustment of operating profit were immaterial.

For the three months ended 30th June 2024

(Millions of yen)

	Reportable segment					Adjustments (Notes)	Consolidated
	Consulting	Financial IT Solutions	Industrial IT Solutions	IT Platform Services	Total		
Revenue							
Revenue from external customers	¥ 12,579	¥ 89,312	¥ 70,427	¥ 14,918	¥ 187,237	¥ 873	¥ 188,110
Intersegment revenue or transfers	1,005	1,250	1,681	32,650	36,587	(36,587)	—
Total	¥ 13,585	¥ 90,562	¥ 72,108	¥ 47,568	¥ 223,825	¥ (35,714)	¥ 188,110
Operating profit	¥ 2,775	¥ 15,404	¥ 6,671	¥ 7,756	¥ 32,607	¥ 36	¥ 32,643
Finance income							1,339
Finance costs							1,933
Profit before tax							¥ 32,050

- Notes:
1. Individual items included in adjustment of operating profit were immaterial.
  2. Starting from the three months ended 30th June 2024, the Company changes to applying the method of recording inter-segment transactions in order to more appropriately manage the financial results of each reportable segment. In conjunction with this change, figures retrospectively adjusted to reflect the new method are presented for the three months ended 30th June 2023.

(Per Share Information)

Basic earnings per share and diluted earnings per share are calculated based on the following data.

	Three months ended 30th June 2023	Three months ended 30th June 2024
	(Millions of yen)	(Millions of yen)
Profit attributable to owners of parent	¥ 17,210	¥ 22,166
Adjustments on profit	—	—
Profit used for calculation of diluted earnings per share	¥ 17,210	¥ 22,166
	(Shares)	(Shares)
Weighted-average number of shares of common stock outstanding	590,343,055	575,564,176
Increase in common stock		
Increase from stock options	375,571	133,012
Diluted weighted-average number of shares of common stock	590,718,626	575,697,188
	(Yen)	(Yen)
Basic earnings per share	¥ 29.15	¥ 38.51
Diluted earnings per share	29.14	38.50

Note: For the purpose of calculating basic earnings per share and diluted earnings per share, the Company's shares owned by the trust exclusive for ESOP Group are included in treasury shares to be deducted in the calculation of the weighted-average number of shares (513,911 shares and 3,398,896 shares for the three-month periods ended 30th June, 2023 and 2024, respectively).

(Subsequent Events)

**Issuance of new shares as restricted stock-based remuneration**

At its Board of Directors' meeting held on 21st June 2024, the Company resolved to issue new shares as restricted stock-based remuneration and finalized the arrangements for payment on 12th July 2024.

Outline of share issuance

(a) Type and number of shares to be issued	444,600 common shares
(b) Issue price	¥4,292 per share
(c) Total issue value	¥1,908,223,200
(d) Paid-in capital	¥2,146 per share
(e) Total paid-in capital	¥954,111,600
(f) Eligible recipients, number of recipients and number of shares to be allocated	Members of the Board (excluding Outside Directors): 6 individuals, 104,400 shares Senior Managing Directors and other employees (those treated as executives): 42 individuals, 340,200 shares
(g) Payment date	12th July 2024