Nomura Research Institute, Ltd.

Consolidated Financial Statements

At 31st March 2024 and for the year then ended
with Independent Auditor's Report

Unless otherwise noted, the amounts included in the financial statements are expressed in millions of yen with fractional amounts rounded down.

Nomura Research Institute, Ltd.

Consolidated Financial Statements

Contents

Independent Auditor's Report

The Board of Directors
Nomura Research Institute, Ltd.

The Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Nomura Research Institute, Ltd. (the Company) and its subsidiaries (collectively, the Group), which comprise the consolidated statement of financial position as of March 31, 2024, and the consolidated statements of comprehensive income, changes in equity, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><td colspan="2">Valuation of goodwill of the subsidiaries in the U.S. and Australia</td></tr>
<tr><th>Description of Key Audit Matter</th><th>Auditor's Response</th></tr>
<tr><td>As described in Note 12 to the consolidated financial statements, the Group recorded goodwill of 108,468 million yen (11.8% of total assets) on Core BTS, Inc., its subsidiary in the U.S., and NRI Australia Limited, Planit Test Management Solutions Pty Ltd and Australian Investment Exchange Limited, its subsidiaries in Australia, as of March 31, 2024.</td><td>Our audit procedures performed to examine the reasonableness of the valuation of goodwill mainly included:
(1) Evaluation of internal controls
In order to evaluate the effectiveness of the internal controls relating to the valuation of goodwill, we performed procedures to evaluate the design and test the operation of the following controls:</td></tr>
</table>

As described in Note 12 to the consolidated financial statements, when conducting an impairment test for goodwill, the Group measures the recoverable amount of the cash-generating unit including goodwill as the value in use and calculates the value in use as the discounted present value of future cash flows. The future cash flows are estimated based on the business plan for a period of up to five years approved by management, and a growth rate thereafter, using the growth rate determined considering the inflation rate and the risk-free rate etc. of the market in each region in which the cash-generating unit mainly operates. The key assumptions used in estimating the value in use are revenue and operating profit in the business plan, the growth rate thereafter, and the discount rate used in calculating the discounted present value. Calculating the value in use requires a high degree of expertise and involves a high level of uncertainty since it is performed using multiple assumptions. In addition, management's assessment and judgment have a significant impact on the results of the calculation of the value in use and whether to recognize impairment. Accordingly, the valuation of goodwill of these subsidiaries is considered a key audit matter.	・ Controls to appropriately determine a cash-generating unit subject to impairment testing in accordance with the Company's accounting rules; and ・ Controls to appropriately conduct an impairment test based on a valuation report obtained from external sources in order to measure the recoverable amount of a cash-generating unit to which goodwill has been allocated, in accordance with the Company's accounting rules. (2) Examination of the reasonableness of the valuation of goodwill ・ In order to assess the reasonableness of the estimates of future cash flows, we assessed the consistency between future cash flows and the underlying business plans for a period of up to five years approved by management. ・ In order to examine the reasonableness of revenue and operating profit in the business plan, we inspected the materials of the Board of Directors' meetings and made inquiries to management. In addition, we compared the business plans for the prior years to actual results and analyzed the causes of the significant differences. ・ In order to understand the effect of changes in the discount rate on the value in use, we conducted a sensitivity analysis on the discount rate. ・ In order to consider the accuracy of the results of calculation of the value in use, we recalculated the discounted present value of future cash flows. In order to consider the reasonableness of the growth rate for the subsequent period after the term of the business plan and discount rate used in estimates of future cash flows, we involved valuation experts from our network firm and examined the assumptions used by management by comparing the external market data with the growth rate used for the subsequent period and discount rate.

<table>
<tr><td colspan="2">Estimated total cost serving as the basis for the measurement of revenue based on progress in consulting services and system development</td></tr>
<tr><th>Description of Key Audit Matter</th><th>Auditor’s Response</th></tr>
<tr><td>As described in Note 3 (11) to the consolidated financial statements, the Group recognizes the revenue from consulting services and system development based on the progress of the project over certain period of time. Since project progress is determined based on the ratio of the actual costs incurred up until the end of the fiscal year to the estimated total cost on a project-by-project basis, a key assumption in determining progress is the estimated total cost of a project.

The estimated total cost of a project is highly uncertain since, during the course of a project, the project may involve increased enhancements and complexity due to customer requirements and revisions resulting from changes in various requirements until completion, and, in addition, management’s assessment and judgment have a significant impact on the necessity of revising the estimated total cost and the results of calculations.

Accordingly, the estimated total cost serving as the basis for the measurement of revenue based on the progress of consulting services and system development is considered a key audit matter.</td><td>Our audit procedures performed to examine the reasonableness of the estimated total cost related to consulting services and system development mainly included:

(1) Evaluation of internal controls

In order to evaluate the effectiveness of the Group’s internal controls over estimated total cost, we performed the procedures to evaluate the design and test the operation of the following controls:

・ Controls to ensure the reliability of the estimated total cost by examining the content of proposals, quotes, and project plans according to the scale of the project and granting necessary approval.

・ Controls to ensure the reliability of the budget documents prepared for cost management of the project underlying the estimated total cost by granting necessary approval.

・ Controls to monitor any differences between the estimated total cost and the actual cost incurred and to request reassessments and make adjustments of the estimated total cost of the budget when a difference is identified; and

・ Controls to timely and appropriately monitor the progress of a project according to the scale and difficulty of the project.

(2) Examination of the reasonableness of the estimated total cost

・ In order to evaluate management’s decision on whether or not to reassess the project plan, we made inquiries to management, the heads of relevant business units and the persons responsible for project monitoring in the Quality Management Division, regarding the recent status of ongoing projects.</td></tr>
</table>

	・ In order to evaluate management's decision on whether or not to reassess the estimated total cost, we selected and tested the projects exceeding certain threshold amounts and the projects with unusual costs being incurred and indications of declining profitability which were extracted by using Project Progress Anomaly Detector (the tool analyzes unusual progress in projects for which revenue is recognized according to progress over time based on percentage-of-completion forecasts, as well as analyzes declining profitability and unusual timing of cost incurrence). For such significant projects, we inspected materials comparing monthly estimated costs in the project plan to the actual costs incurred, the minutes of the Board of Directors' meetings and Senior Management Committee meetings and the materials for project management prepared by the Quality Management Division, as well as made inquiries to officers responsible for quality management. ・ In order to evaluate the reasonableness of estimated total cost, we performed the procedures including: - We selected projects completed during the current fiscal year exceeding certain threshold amounts, compared the estimated total cost to the actual total costs incurred, and analyzed the causes of any significant differences. - We selected projects in progress as of the end of the current fiscal year exceeding certain threshold amounts and having a specific nature, compared the estimated total cost to the actual costs incurred, performed a trend analysis of the actual costs incurred on a monthly basis, conducted a comparative analysis between the progress of the project for a given period and the progress of costs, and analyzed the causes of any significant differences.

Capitalization and Valuation of Software and Software in Progress Related to Provision of Multi-user System and Other Services	
Description of Key Audit Matter	**Auditor's Response**
As described in Note 11 to the consolidated financial statements, the Group recorded software related to provision of a multi-user system and other services of 91,272 million yen and software in progress of 25,381 million yen (12.6% of total assets) as of March 31, 2024. As described in Note 3 (6) to the consolidated financial statements, expenditures related to development activities are capitalized as intangible assets only if all of the following conditions are met: ・ The cost of the assets can be measured reliably; ・ The product or process is technically and commercially feasible and may generate economic benefits in the future; and ・ The Group intends to complete development and to use or sell such assets and has sufficient resources to do so. After capitalizing assets as software and software in progress (collectively, "Software"), the Group identifies an indication of impairment by assessing profitability per each cash-generating unit and performs impairment testing if applicable. The Group performs impairment testing, regardless of whether there is an indication of impairment, on Software that is being produced but not yet available for use. For Software that is capitalized and the impairment test performed subsequently, the Group measures the recoverable amount of the cash-generating unit that supports the capitalization of the Software in terms of value in use. The value in use is calculated as the discounted present value of future cash flows based on the business plan. The key assumptions in estimating the value in use include revenue and variable costs in the business plan on which future cash flows are based, as well as a discount rate.	We mainly performed the following audit procedures in considering the reasonableness of the capitalization and valuation of software and software in progress (collectively, "Software"). (1) Evaluation of internal controls In order to evaluate the effectiveness of the Group's internal control over the capitalization and valuation of Software, we performed the procedures to evaluate the design and test the operation of the following controls: ・ Controls to ensure the reliability of the business plan by examining the content of the business plan according to the scale of the project and granting necessary approval. ・ Controls to request a reassessment of a profitability plan and to make an amendment to it as appropriate, if the actual profitability significantly deviates from the initial plan. ・ Controls to ensure that expenditures related to development activities meet the requirements for capitalization and a cash-generating unit has been properly determined, as well as to process accounting procedures properly; and ・ Controls to identify an indication of impairment of Software and record an impairment loss in accordance with the Group's rules and guidelines. (2) Examine the reasonableness of capitalization and valuation of Software ・ In order to examine the appropriateness of the application of the capitalization requirements to the Group's Software, we selected samples of projects exceeding certain threshold amounts and having a specific nature, and inspected documents such as business plans the Group used to confirm that the recognition criteria specified in IAS 38 "Intangible Assets" were met.

Estimating the value in use involves a high level of uncertainty since it is performed using multiple assumptions. In addition, management's assessment and judgment have a significant impact on the results of calculation of the value in use and whether to recognize impairment. Based on the above, the capitalization and valuation of Software related to provision of the multi-user system and other services is considered a key audit matter.	• In order to examine that indications of impairment of Software has been comprehensively examined by management, we selected samples of Software exceeding certain threshold amounts and having a specific nature from Software capitalized by the Group, identified the status of profitability by cash generating unit of Software, compared the minutes of the Board of Directors' meetings and Senior Management Committee meetings to project management materials prepared by the Quality Management Division, and made inquiries to Director in charge of quality management. • In order to examine the reasonableness of revenue and variable costs in business plans, we inspected the business plan and made inquiries to the responsible person of the Company. In addition, we compared revenue and variable costs in past profitability plans to actual results and analyzed the causes of any significant differences. • In order to consider the reasonableness of the discount rate used in estimating the value in use, we compared external data related to the weighted average cost of capital to the discount rate used by management.

Other Information

The other information comprises the information included in the Status of Shareholdings. Management is responsible for preparation and disclosure of the other information. The Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Group's reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management, the Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by IFRSs, matters related to going concern.

The Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with IFRSs.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

From the matters communicated with the Audit & Supervisory Board Members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Fee-related Information

The fees for the audits of the financial statements of Nomura Research Institute, Ltd. and its subsidiaries and other services provided by us and other EY member firms for the year ended March 31, 2024 are presented in paragraph (3) titled "Audit" in Section [4] "Corporate Governance" included in Item 4 "Information about Reporting Company" in Part 1 of the annual securities report (in Japanese only) for the year ended March 31, 2024 of the Group.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Ernst & Young ShinNihon LLC
Tokyo, Japan

June 21, 2024

/s/ 宮田 八郎

Hachiro Miyata
Designated Engagement Partner
Certified Public Accountant

/s/ 小山 浩平

Kohei Koyama
Designated Engagement Partner
Certified Public Accountant

/s/ 小松﨑 謙

Ken Komatsuzaki
Designated Engagement Partner
Certified Public Accountant

Consolidated Financial Statements, Etc.

Consolidated Financial Statements

Consolidated Statement of Financial Position

	Notes	(Millions of yen) 31st March 2023	31st March 2024
Assets			
Current assets			
Cash and cash equivalents	7,31	¥ 129,257	¥ 173,935
Trade and other receivables	8,31	131,592	141,870
Contract assets	23,31	55,980	56,066
Other financial assets	9,31	14,201	13,982
Other current assets		18,070	19,323
Total current assets		349,102	405,178
Non-current assets			
Property, plant and equipment	10,12	42,114	40,245
Right-of-use assets	12,15	31,877	28,851
Goodwill and intangible assets	11,12	237,283	265,334
Investments accounted for using equity method		9,527	9,796
Retirement benefit asset	18	89,710	82,553
Other financial assets	9,31	70,838	80,792
Deferred tax assets	13	5,671	6,102
Other non-current assets		2,098	3,919
Total non-current assets		489,122	517,595
Total assets		¥ 838,224	¥ 922,773

	Notes	31st March 2023	31st March 2024
		(Millions of yen)	
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	16,31	¥ 52,129	¥ 53,038
Contract liabilities	23	17,122	18,885
Bonds and borrowings	14,31	20,235	13,215
Lease liabilities	31	9,364	11,023
Other financial liabilities	17,31	31,294	33,530
Income taxes payable		13,093	23,874
Provisions	19	1,027	526
Other current liabilities	20	53,979	60,546
Total current liabilities		198,247	214,642
Non-current liabilities			
Bonds and borrowings	14,31	182,725	253,864
Lease liabilities	31	25,420	20,436
Other financial liabilities	17,31	1,615	1,253
Retirement benefit liability	18	7,086	6,146
Provisions	19	4,932	4,492
Deferred tax liabilities	13	14,050	15,750
Other non-current liabilities	20	1,739	3,165
Total non-current liabilities		237,570	305,109
Total liabilities		435,817	519,752
Equity			
Share capital	21	23,644	24,701
Capital surplus	21	29,447	31,395
Retained earnings	21	321,676	320,320
Treasury shares	21	(6,277)	(17,464)
Other components of equity	21	30,514	40,580
Total equity attributable to owners of parent		399,006	399,532
Non-controlling interests		3,399	3,489
Total equity		402,406	403,021
Total liabilities and equity		¥ 838,224	¥ 922,773

Consolidated Statement of Comprehensive Income

	Notes	(Millions of yen) Year ended 31st March 2023	Year ended 31st March 2024
Revenue	6,23	¥ 692,165	¥ 736,556
Cost of sales	10,11, 15,18, 24,30	452,336	475,549
Gross profit		239,829	261,006
Selling, general and administrative expenses	10,11, 15,18, 24,30	131,580	142,353
Share of profit of investments accounted for using equity method		450	780
Other income	18,26	3,779	2,748
Other expenses	10,12, 26	647	1,771
Operating profit	6	111,832	120,411
Finance income	25	2,218	3,472
Finance costs	25,30	5,551	6,658
Profit before tax		108,499	117,224
Income tax expenses	13	32,002	37,062
Profit		76,496	80,162
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Equity instruments measured at fair value through other comprehensive income	27	805	6,471
Remeasurements of defined benefit plans	18,27	2,221	(1,435)
Share of other comprehensive income of investments accounted for using equity method	27	—	17
Total of items that will not be reclassified to profit or loss		3,027	5,052
Items that may be reclassified to profit or loss			
Debt instruments measured at fair value through other comprehensive income	27	(0)	0
Exchange differences on translation of foreign operations	27	812	3,098
Cash flow hedges	27	437	516
Share of other comprehensive income of investments accounted for using equity method	27	9	61
Total of items that may be reclassified to profit or loss		1,259	3,677
Total other comprehensive income, net of tax		4,286	8,730
Comprehensive income		¥ 80,782	¥ 88,892
Profit attributable to:			
Owners of parent		¥ 76,307	¥ 79,643
Non-controlling interests		189	518
Profit		¥ 76,496	¥ 80,162
Comprehensive income attributable to:			
Owners of parent		¥ 80,508	¥ 88,281
Non-controlling interests		273	610
Comprehensive income		¥ 80,782	¥ 88,892

Earnings per share			
Basic earnings per share (Yen)	28	¥ 128.92	¥ 136.90
Diluted earnings per share (Yen)	28	128.88	136.84

Consolidated Statement of Changes in Equity

Year ended 31st March 2023

(Millions of yen)

	Notes	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 2022		¥ 22,414	¥ 28,277	¥ 328,830	¥ (68,809)	¥ 28,647	¥ 339,360	¥ 3,126	¥ 342,486
Profit		–	–	76,307	–	–	76,307	189	76,496
Other comprehensive income	21,27	–	–	–	–	4,201	4,201	84	4,286
Total comprehensive income		–	–	76,307	–	4,201	80,508	273	80,782
Dividends	22	–	–	(25,396)	–	–	(25,396)	–	(25,396)
Purchase of treasury shares	21	–	(155)	–	(20,000)	–	(20,156)	–	(20,156)
Disposal of treasury shares	21	–	(2,960)	–	25,819	–	22,858	–	22,858
Cancellation of treasury shares	21	–	(56,713)	–	56,713	–	–	–	–
Share-based payment transactions	21,30	1,229	838	–	–	–	2,068	–	2,068
Transfer from retained earnings to capital surplus	21	–	60,162	(60,162)	–	–	–	–	–
Transfer from other components of equity to retained earnings	21	–	–	2,192	–	(2,192)	–	–	–
Other		–	–	(95)	–	(142)	(237)	–	(237)
Total transactions with owners, etc.		1,229	1,170	(83,461)	62,532	(2,334)	(20,863)	–	(20,863)
Balance at 31st March 2023		¥ 23,644	¥ 29,447	¥ 321,676	¥ (6,277)	¥ 30,514	¥ 399,006	¥ 3,399	¥ 402,406

Year ended 31st March 2024

	Notes	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total	Non-controlling interests	Total
		(Millions of yen)							
		Equity attributable to owners of parent							
Balance at 1st April 2023		¥ 23,644	¥ 29,447	¥ 321,676	¥ (6,277)	¥ 30,514	¥ 399,006	¥ 3,399	¥ 402,406
Profit		—	—	79,643	—	—	79,643	518	80,162
Other comprehensive income	21,27	—	—	—	—	8,638	8,638	92	8,730
Total comprehensive income		—	—	79,643	—	8,638	88,281	610	88,892
Dividends	22	—	—	(27,550)	—	—	(27,550)	(133)	(27,683)
Purchase of treasury shares	21	—	(434)	—	(67,918)	—	(68,352)	—	(68,352)
Disposal of treasury shares	21	—	(753)	—	5,817	—	5,064	—	5,064
Cancellation of treasury shares	21	—	(50,913)	—	50,913	—	—	—	—
Share-based payment transactions	21,30	1,056	1,750	—	—	—	2,807	—	2,807
Transfer from retained earnings to capital surplus	21	—	51,909	(51,909)	—	—	—	—	—
Transfer from other components of equity to retained earnings	21	—	—	(1,540)	—	1,540	—	—	—
Other		—	387	—	—	(112)	275	(387)	(112)
Total transactions with owners, etc.		1,056	1,947	(81,000)	(11,187)	1,427	(87,755)	(521)	(88,277)
Balance at 31st March 2024		¥ 24,701	¥ 31,395	¥ 320,320	¥ (17,464)	¥ 40,580	¥ 399,532	¥ 3,489	¥ 403,021

Consolidated Statement of Cash Flows

	Notes	(Millions of yen) Year ended 31st March 2023	Year ended 31st March 2024
Cash flows from operating activities			
Profit before tax		¥ 108,499	¥ 117,224
Depreciation and amortization		45,092	48,157
Impairment losses		—	751
Loss (gain) on sale and retirement of fixed assets		(1,939)	1,330
Finance income		(2,218)	(3,472)
Finance costs		5,551	6,658
Share of loss (profit) of investments accounted for using equity method		(450)	(780)
Decrease (increase) in trade and other receivables		4,359	(8,136)
Decrease (increase) in contract assets		(5,263)	615
Decrease (increase) in inventories		(276)	109
Decrease (increase) in prepaid expenses		(2,623)	(568)
Increase (decrease) in trade and other payables		9,577	(574)
Increase (decrease) in contract liabilities		(72)	1,599
Increase (decrease) in liabilities relating to trust-type employee stock ownership incentive plan		504	(1,820)
Increase (decrease) in provision for loss on orders received		378	(720)
Increase (decrease) in accounts payable - bonuses		3,152	2,230
Decrease (increase) in retirement benefit asset		(1,765)	3,960
Increase (decrease) in retirement benefit liability		63	28
Other		(351)	7,414
Subtotal		162,217	174,008
Interest and dividends received		1,608	2,675
Interest paid		(3,991)	(5,891)
Income taxes paid		(40,935)	(28,514)
Net cash provided by operating activities		118,899	142,277

	Notes	(Millions of yen) Year ended 31st March 2023	Year ended 31st March 2024
Cash flows from investing activities			
Payments into time deposits		(5,425)	(1,896)
Proceeds from withdrawal of time deposits		4,918	2,068
Purchase of property, plant and equipment		(12,061)	(7,484)
Proceeds from sale of property, plant and equipment		6,907	44
Purchase of intangible assets		(42,640)	(42,313)
Proceeds from sale of intangible assets		—	0
Purchase of investments		(1,002)	(103)
Proceeds from sale and redemption of investments		468	5
Payments for acquisition of subsidiaries		(8,780)	(4,071)
Purchase of investments in associates or joint ventures		(2,991)	—
Other		(583)	329
Net cash used in investing activities		(61,190)	(53,422)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	29	(65,048)	(3,085)
Proceeds from long-term borrowings	29	59,755	18,000
Repayments of long-term borrowings	29	(19,737)	(8,889)
Net increase (decrease) in commercial paper	29	(20,000)	(0)
Proceeds from issuance of bonds	29	64,807	59,786
Redemption of bonds	29	(29,446)	(10,000)
Repayments of lease liabilities	29	(12,445)	(11,722)
Proceeds from sale of treasury shares		22,722	5,034
Purchase of treasury shares		(20,156)	(68,427)
Dividends paid	22	(25,372)	(27,583)
Dividends paid to non-controlling interests		—	(133)
Payments for acquisition of interests in subsidiaries from non-controlling interests		—	(555)
Net cash used in financing activities		(44,921)	(47,575)
Effect of exchange rate changes on cash and cash equivalents		859	3,399
Net increase (decrease) in cash and cash equivalents		13,646	44,678
Cash and cash equivalents at beginning of period	7	115,610	129,257
Cash and cash equivalents at end of period	7	¥ 129,257	¥ 173,935

Notes to Consolidated Financial Statements

1. Reporting Entity

   Nomura Research Institute, Ltd. (the “Company”) is a company domiciled in Japan. The addresses of its registered headquarters and principal business offices are disclosed on the Company’s website (https://www.nri.com/en).

   The consolidated financial statements of the Company as of and for the year ended 31st March 2024 comprise the NRI Group (the Company and its consolidated subsidiaries) and interests in its associates and joint ventures. The details of businesses of the NRI Group are provided in “Note 6. Segment Information”.

2. Basis of Preparation

(1) Compliance of consolidated financial statements with IFRS

The NRI Group has prepared its consolidated financial statements in accordance with IFRS announced by International Accounting Standards Board. The NRI Group adopts Article 93 of the Regulation on Consolidated Financial Statements (“Regulation”), since the Company qualifies as a “specified company complying with designated international accounting standards” set forth in Article 1-2 of the Regulation.

The NRI Group’s Japanese language consolidated financial statements for the year ended 31st March 2024 prepared in accordance with IFRS (the “Japanese language consolidated financial statements”) were approved on 21st June 2024 by the Board of Directors. These English language consolidated financial statements prepared in accordance IFRS were approved by Kaga Yanagisawa, President & CEO, Member of the Board, Representative Director and Yoshihiko Sunaga, Senior Corporate Managing Director, subsequently on 21st June 2024.

(2) Functional currency and presentation currency

The consolidated financial statements of the NRI Group are presented in Japanese yen, which is the functional currency of the Company, and figures are rounded off to the nearest million yen.

(3) Changes in Presentation

Consolidated Statement of Financial Position

To reflect the actual nature of the transactions more appropriately, accrued expenses, etc. which were included in “trade and other payables” as of 31st March 2023 are newly included in “other financial liabilities”. To reflect these changes in presentation, ¥3,552 million included in “trade and other payables” as of 31st March 2023 has been reclassified as “other financial liabilities”.

Consolidated Statement of Cash Flows

To reflect the actual nature of the transactions more appropriately, accrued expenses, etc. which were included in “increase (decrease) in trade and other payables” for the year ended 31st March 2023 are newly included in “other”. To reflect these changes in presentation, ¥(8,036) million included in “increase (decrease) in trade and other payables” for the year ended 31st March 2023 has been reclassified as “other”.

3. Material Accounting Policy Information

(1) Basis of consolidation

a. Subsidiaries

Subsidiaries are entities over which the NRI Group has control. The NRI Group controls an investee when the NRI Group is exposed or has rights to variable returns arising from the NRI Group's involvement in the investee and has an ability to affect those variable returns through its power over the investee.

Financial statements of subsidiaries are included in the consolidated financial statements of the NRI Group from the date that the NRI Group gains control until the date when control is lost.

Accounting policies of subsidiaries are changed as necessary to make them consistent with the accounting policies applied by the NRI Group.

When the closing date of a subsidiary is different from that of the Company, the Company uses financial data of the subsidiary based on provisional closing as of the reporting date of the consolidated financial statements.

All intra-Group balances, transactions, and unrealized gains and losses resulting from inter-Group transactions are eliminated in preparing the consolidated financial statements.

The non-controlling interests of a subsidiary are recognized separately from the interests of the NRI Group. The non-controlling interests consist of the interests of the NRI Group on the initial date of business combinations and change in non-controlling interests from the date of business combinations. For those transactions where fluctuations in equity interests arise between the interests of the NRI Group and the non-controlling interests of a subsidiary, the difference between the amount of change in non-controlling interests and the amount of consideration paid (or consideration received) when control is retained is recognized directly in equity and not recognized as goodwill or profit or loss. In the case of loss of control, the gain or loss resulting from the loss of control is recognized in profit or loss.

b. Associates

Associates are entities in which the NRI Group has significant influence, but not control or joint control, concerning the respective entity's financial and operating policies, etc. If the NRI Group holds at least 20% but not more than 50% of the voting rights of another entity, it is presumed to have significant influence over such entity. If the NRI Group holds less than 20% of the voting rights of another entity, but is considered able to wield significant influence in such entity based on comprehensive consideration of various factors, such as participation in management bodies, then such entity is also included as an associate.

Investments in associates are initially recognized at cost and subsequently accounted for under the equity method from the date the NRI Group gains significant influence to the date when significant influence is lost.

When the closing date of an associate is different from that of the Company, the Company uses financial data of the associate based on provisional closing as of the reporting date of the consolidated financial statements.

c. Joint ventures

A joint venture refers to an entity that requires an agreement by all control-sharing parties to make a strategic financial or operational decision related to its activities, with multiple parties including the NRI Group sharing contractually agreed control over the entity's business activities.

Investments in joint ventures are initially recognized at cost and subsequently accounted for under the equity method.

There are no significant joint ventures for the NRI Group.

(2) Business combinations

Business combinations are accounted for using the acquisition method on the date of the acquisition of control. Acquisition consideration is measured as the total of the assets transferred in exchange for control of the acquired company, the liabilities assumed, and the fair value on the acquisition date of the equity instruments issued by the Company. If the acquisition consideration exceeds the net amount (fair values) of identifiable assets and liabilities of the acquired entity, the NRI Group recognizes the excess amount as goodwill. If it is less than the net amount, the difference is recognized as a gain in profit or loss.

Acquisition-related costs are recognized as incurred.

The NRI Group selects for each individual business combination transaction whether to measure non-controlling interests at fair value or as percentage of non-controlling interests to identifiable net assets recognized by the Company.

Business combinations under common control, i.e., those in which all of the combining entities and/or combining businesses are controlled by the same company both before and after the business combination, are accounted for based on carrying amounts.

(3) Financial statements of foreign operations

The assets and liabilities of foreign operations are translated into Japanese yen, which is the presentation currency, at the foreign exchange rate prevailing at the end of the reporting period, and their revenue and expenses are translated into Japanese yen at the average foreign exchange rate for the period, unless the exchange rates have fluctuated significantly during the period.

Differences arising when translating financial statements of foreign operations denominated in foreign currencies into the presentation currency are recognized in other comprehensive income. Cumulative foreign currency translation adjustments are transferred to profit or loss during the period in which foreign operations are disposed of.

(4) Financial instruments

a. Non-derivative financial assets

The NRI Group classifies non-derivative financial assets as either financial assets measured at amortized cost or financial assets measured at fair value, upon initial recognition. Of the financial assets measured at amortized cost, trade and other receivables are initially recognized on the date they are originated; other financial assets are initially recognized on their transaction date when they are issued.

With regard to financial assets, the NRI Group derecognizes a financial asset when rights to receive gains from the financial asset have expired, or when it has transferred that rights and all the risks and economic values have been substantially transferred.

Financial assets measured at amortized cost

Financial assets that meet both of the following conditions are classified as financial assets measured at amortized cost.

・ The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.

・ The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

Financial assets measured at amortized cost are measured at their fair values plus any transaction costs arising from their acquisition at the time of initial recognition. After initial recognition, they are measured at amortized cost based on the effective interest method. However, trade receivables that do not contain a significant financing component are initially measured at their transaction prices.

Financial assets measured at fair value

Financial assets are classified as financial assets measured at fair value unless these are measured at amortized cost. Equity instruments measured at fair value are designated as equity instruments measured through other comprehensive income, except for those that are held for sale, which are measured through profit or loss, and this designation must be applied continuously. Debt instruments that do not meet the conditions of the financial assets measured at amortized cost are classified as financial assets measured at fair value through other comprehensive income if they meet both of the following conditions. Other debt instruments are classified as financial assets measured at fair value through profit or loss.

・ The financial asset is held based on a business model whose objective is to collect contractual cash flows and sell the financial asset.

・ The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

Subsequent to initial recognition, the financial assets are measured at fair value at the end of the reporting period, and the gain or loss is recognized in profit or loss or in other comprehensive income according to their classification. When an equity instrument measured at fair value through other comprehensive income is derecognized, or if its fair value substantially decreases, the cumulative gain or loss previously recognized through other comprehensive income is reclassified to retained earnings. Dividends from equity instruments are recognized as finance income in profit or loss.

b. Non-derivative financial liabilities

The NRI Group classifies non-derivative financial liabilities as either financial liabilities measured at amortized cost or financial liabilities measured at fair value through profit or loss at the initial recognition.

Of non-derivative financial liabilities, bonds and borrowings, etc. are initially recognized on the day that they are issued. Other financial liabilities are initially recognized on the transaction date on which the NRI Group becomes a party to contractual provisions.

The NRI Group derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire.

These financial liabilities measured at amortized cost are measured initially at fair value, less any directly attributable transaction costs. They are subsequently measured at amortized cost using the effective interest method. The amortization charge for each period is recognized as finance costs in profit or loss. Financial liabilities that are measured at fair value through profit or loss are measured at fair value at the time of initial recognition. After initial recognition, they are measured at fair value and their fluctuations are recognized as profit or loss for the period.

c. Derivative and hedge accounting

The NRI Group documents the risk management objectives of the hedging relationship and the hedging activity and the strategies employed for hedged risks at inception of the hedging relationship. Such documents include hedging instruments, hedged items, the nature of the risks being hedged, methods of evaluating the efficacy of hedging instruments, analysis of causes for why any portion of hedges are found not effective, and method of determining the hedging ratio.

After designating a hedge, the NRI Group assesses on an ongoing basis whether the hedging relationships will continue to be effective prospectively.

Derivatives are initially recognized at fair value, and they are also measured at fair value thereafter. The changes in their fair values are accounted for as follows:

Fair value hedges

Changes in the fair value of a derivative used as a hedging instrument are recognized in profit or loss. Changes in the fair value of the hedged item attributable to the hedged risk are recognized in profit or loss by adjusting the carrying amount of the hedged item.

If a hedging instrument expires, is sold, terminated, or exercised, if the hedge no longer meets the criteria for hedge accounting, or if the designation of the hedge is revoked, then hedge accounting is discontinued prospectively.

Cash flow hedges

For hedges that meet hedge accounting requirements, the NRI Group recognizes the effective portion of changes in fair value of a derivative used as a hedging instrument in other comprehensive income and includes the cumulative amount in other components of equity. The amounts accumulated in other components of equity are reclassified into profit or loss at the same time the hedged transaction affects profit or loss. However, if hedging of a forecast transaction subsequently results in the recognition of a non-financial asset or liability, the amounts accumulated in other components of equity are included in the measurement of the acquisition amount of the non-financial asset that is the hedged item.

If a hedging instrument expires, is sold, terminated, or exercised, if the hedge no longer meets the criteria for hedge accounting, or if the designation of the hedge is revoked, then hedge accounting is discontinued prospectively. If a forecast transaction is no longer expected to occur, the amounts recognized in other comprehensive income are immediately reclassified from other components of equity to profit or loss.

Hedges of a net investment in a foreign operation

Translation differences resulting from hedges of a net investment in a foreign operation are accounted for similarly to cash flow hedges. The effective portion of gains or losses on a hedging instrument is recognized in other comprehensive income while the ineffective portion is recognized in profit or loss.

At the time of the disposal of the foreign operations, any related cumulative gain or loss that has been recognized in other components of equity as other comprehensive income is reclassified to profit or loss.

Derivatives not designated as hedges

Changes in the fair value of derivatives are recognized in profit or loss.

(5) Property, plant and equipment

The cost model is applied in measurement of property, plant and equipment after the initial recognition. Items of property, plant and equipment are presented at cost less accumulated depreciation and accumulated impairment losses.

The cost includes expenses that are directly attributable to the acquisition of the asset and the initial estimates of costs for dismantling and removing the asset and restoration costs.

Items of property, plant and equipment other than land and construction in progress are depreciated mainly using the straight-line method over the estimated useful lives from the dates when the assets became available for use. The estimated useful lives for major items of property, plant and equipment are as follows:

Buildings and structures:	3 to 50 years
Machinery and equipment:	5 years
Tools, furniture and fixtures:	2 to 20 years

Depreciation methods, residual values and respective estimated useful lives are reviewed at the end of each reporting period, and any changes are applied prospectively as a change in an accounting estimate.

Land and construction in progress are not depreciated.

(6) Goodwill and intangible assets

a. Goodwill

Goodwill is recognized at the time of acquisition of subsidiaries.

Goodwill is not amortized and is tested for impairment at least once a year or if there is any indication that a cash-generating unit ("CGU") to which goodwill has been allocated may be impaired. Goodwill is presented at cost less accumulated impairment losses.

b. Intangible assets

The cost model is applied in measurement of intangible assets. They are presented at cost less accumulated amortization and accumulated impairment losses.

Intangible assets with finite useful lives are amortized using the straight-line method over the estimated useful lives from the dates when the assets became available for use.

The estimated useful lives of major intangible assets are as follows:

Software:	5 years
Customer-related assets:	6 to 15 years
Trademarks:	10 years

Amortization methods and estimated useful lives of intangible assets with finite useful lives are reviewed at the end of each reporting period, and any changes are applied prospectively as a change in an accounting estimate.

Intangible assets with indefinite useful lives are not amortized. Impairment tests are conducted every fiscal year and whenever there is an indication of impairment.

c. Research and development expenses

Expenditures related to research activities are recognized in profit or loss when incurred. Expenditures related to development activities are recognized as assets only if they can be reliably measured, the product or process is technically and commercially feasible, it is probable that the future economic benefits will flow to the NRI Group, and the NRI Group intends to and has sufficient resources to complete the development and to use or sell the asset. The NRI Group develops software used mainly for multi-user system services and outsourcing services.

The cost model is applied in measurement of development expenses recognized as intangible assets. They are presented at cost less accumulated amortization and accumulated impairment losses. Amortization methods and estimated useful lives are provided in "b. Intangible assets".

(7) Leases

The NRI Group determines, at the inception of a contract, whether the contract is, or contains, a lease. If the contract conveys the right to control the use of an identified asset for a specified period of time in exchange for a consideration, the contract is, or contains, a lease.

The NRI Group recognizes lease liabilities and right-of-use assets on the commencement date of the lease.

Lease liabilities are measured as the present value of the lease payments that are not paid as of the commencement date. The NRI Group uses its incremental borrowing rate as the discount rate used to measure the present value because the interest rate implicit in the lease cannot be readily determined. Lease fees are allocated to interest costs and repayments of lease liabilities based on the effective interest method. Financial costs are recognized as finance costs in profit or loss.

The cost model is applied in measurement of right-of-use assets after the initial recognition. They are presented at cost less accumulated depreciation and accumulated impairment losses. The cost of a right-of-use asset is measured at the amount of the initial measurement of the lease liabilities adjusted for any initial direct costs incurred, any prepaid lease payments made, etc. The right-of-use assets are depreciated using the straight-line method from the commencement date of the lease to the estimated useful life or the lease term, whichever comes earlier.

For short-term leases with a lease term of 12 months or less and leases of low value, the NRI Group recognizes the lease payments related to those leases as expenses using the straight-line method over the lease term. Leases of low value consist of low-value IT equipment and office equipment, etc.

(8) Impairment of non-financial assets

The NRI Group determines, at the end of each reporting period, whether or not there are any indications that the carrying amounts of non-financial assets may be impaired, except for deferred tax assets, assets arising from employee benefits and contract assets. If there are any such indications, the NRI Group estimates the recoverable amount of such an asset. When the recoverable amount of an individual asset cannot be estimated, the recoverable amount is estimated for the smallest CGU it belongs to that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. For goodwill and intangible assets with indefinite useful lives, the NRI Group estimates their recoverable amounts at least once a year or whenever there is any indication of impairment.

The recoverable amount of an asset or CGU is the higher of its fair value less costs of disposal and its value in use. The estimated future cash flows in determining the value in use are discounted to the present value using a pre-tax discount rate that reflects the time value of money and risks specific to the asset.

When the recoverable amount of an asset or CGU is less than its carrying amount, the NRI Group reduces the carrying amount of the asset or CGU to its recoverable amount, and immediately recognizes impairment losses as profit or loss.

With regard to assets other than goodwill, the NRI Group determines, at the end of each reporting period, whether or not there are any indications of reversal of impairment loss recognized in prior fiscal years. If there is any indication of reversal of impairment loss, the recoverable amounts of such assets or CGUs are estimated. If such recoverable amounts are greater than the carrying amounts of such assets or CGUs , the impairment loss is reversed. The carrying amount after reversal of impairment loss does not exceed the carrying amount that would have been determined (net of amortization or depreciation that would had been continued until the reversal occurred) had no impairment loss been recognized for the assets or CGUs in prior fiscal years.

(9) Employee benefits

Employee benefits include post-employment benefits and short-term employee benefits. The post-employment benefits are paid as defined benefits or defined contributions.

a. Defined benefit plans

Net defined benefit liability or asset is recognized at the present value of the defined benefit obligation less the fair value of plan assets.

The present value of the defined benefit obligation is calculated annually by a pension actuary using the projected unit credit method. The discount rate used for the calculation is determined based on the yield at the end of the reporting period on high-quality corporate bonds consistent with the discount period, which is set based on the projected period until the expected date of benefit payment.

Actuarial gains and losses are recognized in other comprehensive income when they occur and are immediately transferred to retained earnings from other components of equity.

Current service costs and past service costs are recognized in profit or loss, and net interest, calculated by multiplying the net defined benefit obligations by the discount rate, is recognized in profit or loss.

If there is a change in defined benefit plans, the gain or loss resulting from the change or the liquidation in the plans is recognized as past service costs and gain or loss on liquidation in profit or loss at the time of the change or the liquidation in the plans.

b. Defined contribution plans

Contributions to the defined contribution plan are recognized in profit or loss as employee benefit expenses when the contributions are made.

c. Short-term employee benefits

The cost of short-term employee benefits is measured on an undiscounted basis and recognized in profit or loss as employee benefit expenses when the employee provides the related service. A liability is recognized for any expenses for bonuses and paid leave expected to be paid in accordance with the NRI Group policy as the service is provided by the employee.

(10) Share-based payments

a. Equity-settled share-based payments

The NRI Group has adopted a Stock Option Plan and a Restricted Stock-based Remuneration Plan as equity-settled share-based payment plans for its officers. For stock options and restricted shares, fair values at the grant date are estimated, and recognized in profit or loss over the vesting periods. The corresponding amount is recognized as an increase in equity. The NRI Group has adopted a "Trust-type Employee Stock Ownership Incentive Plan" as equity-settled share-based payment plans for its employees. For Trust-type Employee Stock Ownership Incentive Plan, fair values at the grant date are estimated, and recognized in profit or loss over the vesting periods. The corresponding amount is recognized as an increase in equity.

b. Cash-settled share-based payments

The NRI Group has introduced a Phantom Stock Plan as cash-settled share-based payment plans for its employees. The fair value of liabilities incurred is measured at the grant date and recognized in profit or loss over the vesting periods. The corresponding amount is recognized as an increase in liabilities. After the grant date, the fair value of the liabilities is remeasured at the end of each reporting period, and changes in the fair value as a result of the remeasurement are recognized in profit or loss over the vesting periods. The corresponding amount is recognized as an increase or decrease in liabilities.

(11) Revenue

a. Revenue recognition method

The NRI Group recognizes revenue based on the following five-step approach (except for interest and dividend income, etc. under IFRS 9 "Financial Instruments" and lease payments to be received under IFRS 16 "Leases").

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Identification of the performance obligations in the contract with a customer

The NRI Group recognizes revenue from contracts with customers concerning consulting services, system development & system application sales, system management & operation services, and product sales. The NRI Group identifies distinct promised goods or services from these contracts and allocates revenue in correspondence with their performance obligations.

If a promised good or service is distinct, i.e., if the promise to transfer the good or service to the customer is separately identifiable from other promises in the contract, and if the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer, the NRI Group accounts for such item separately.

The unit of identification of the performance obligations in the contract with a customer is generally consistent with the unit of projects used by the NRI Group for internal control purposes.

Determination of the transaction price

When determining the transaction price, the NRI Group considers the effects of variable consideration, constraining estimates of variable consideration, the existence of a significant financing component in the contract, non-cash consideration, and consideration payable to a customer, on the amount of an order received.

The NRI Group generally receives the consideration of transactions within two to three months after the performance obligation is completed and it does not include significant financing components.

Recognition & methods for measuring revenue for each type of product or service

(a) Consulting services

The consulting services mainly provide management consulting, which provides assistance for formulation and execution of management and business strategies, organizational reform, etc., as well as system consulting for all aspects of IT management.

Revenue from the above is measured based on the transaction price and progress of the project. As a general rule, the progress is determined based on the ratio of cost incurred until the end of the reporting period to the estimated total cost on a project-by-project basis.

(b) System development & system application sales

Of system development & system application sales, system development mainly includes system development (a series of processes including design, development and testing processes) and system maintenance (including function addition, function improvement, system maintenance and management). In addition, system application sales mainly include sales of packaged software independently developed by the NRI Group.

Revenue from system development is measured based on the transaction price and progress of the project. As a general rule, the progress is determined based on the ratio of cost incurred until the end of the reporting period to the estimated total cost on a project-by-project basis. Revenue from system application sales is recognized when control has been transferred to a customer, and it is, in principle, recognized at a point in time based on the customer's acknowledgment of delivery.

(c) System management & operation services

System management & operation services mainly include outsourcing services (including operation and process for systems commissioned by customers, housing services and configuration management of infrastructure such as servers, PCs and networks, etc.), multi-user system services and information services.

Revenue from the above is recognized when the service is rendered and is billable.

(d) Product sales

Product sales mainly include sales of hardware (servers, storage, etc.) and software.

Revenue from the above is recognized when control has been transferred to a customer, and it is, in principle, recognized at a point in time based on the customer's acknowledgment of delivery.

b. Contract assets and contract liabilities

Contract assets are rights to consideration in exchange for goods or services that the entity has transferred to a customer when the rights are conditioned except for the passage of time. Contract liabilities are obligations to transfer goods or services to a customer for which the entity has received consideration from the customer or the payment deadline has come.

(12) Income taxes

Income taxes comprise current and deferred taxes, both of which are recognized in profit or loss except to the extent that it relates to a business combination or items recognized in equity or other comprehensive income.

a. Current taxes

Current taxes are the expected tax payable or receivable on taxable income or loss at the end of the reporting period, using tax rates enacted or substantially enacted at the end of the reporting period, with any tax adjustment to tax payable in respect of previous fiscal years.

b. Deferred taxes

Deferred tax assets and liabilities are calculated based on temporary differences between the carrying amounts of assets and liabilities and the amounts used for tax purposes, as well as the tax loss carryforwards at the end of the reporting period.

Deferred taxes are not recognized for the following temporary differences:

- Temporary differences arising from the initial recognition of an asset or liability that affects neither accounting profit or loss nor taxable income or loss in a transaction except to the extent that it is a business combination or it gives rise to equal taxable and temporary differences
- Taxable temporary differences arising on initial recognition of goodwill

Deferred tax liabilities are not recognized for temporary differences related to investments in subsidiaries, associates and joint ventures if the NRI Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured using the tax rates that are expected to be applied when the temporary differences are reversed, based on the tax laws that have been enacted or substantially enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to offset current tax assets against current tax liabilities, and they relate to income taxes levied by the same taxation authority on the same taxable entity.

Deferred tax assets are recognized for the tax loss carryforwards, the carryforward of unused tax credits and deductible temporary differences to the extent that it is expected that taxable income will be available against which they can be utilized. Deferred tax assets will be impaired to the extent that it is probable that the tax benefits will not be realized.

4. Significant Accounting Estimates and Judgments

In preparing the consolidated financial statements, management makes judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. However, the actual results may differ from these estimates, and the estimates and assumptions are reviewed by management on an ongoing basis. Revisions regarding accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The key estimates and judgments made by management that have a significant effect on the amounts recognized in the consolidated financial statements are as follows.

a. Useful lives, residual values of property, plant and equipment and depreciation methods

(Note “10. Property, Plant and Equipment”)

In determining the useful lives, all the following factors are considered: expected usage of the asset, expected physical wear and tear, technical or commercial obsolescence, and legal or similar limits on the use of the asset. The residual value is estimated at an amount that the NRI Group currently expects to obtain from disposal of the asset, after deducting the estimated costs of disposal. For each type of fixed asset, a depreciation method is selected that reflects the expected consumption pattern of the future economic benefits of the assets. There is a risk of material adjustments to the amount of depreciation and amortization due to the outcome of changes in uncertain economic conditions in the future, etc.

b. Recoverable amounts measured in impairment tests of non-financial assets

(Note “11. Goodwill and Intangible Assets” and Note “12. Impairment Losses on Non-financial Assets”)

In impairment tests of non-financial assets, after identifying the related CGUs, the recoverable amount of such CGU is determined as the higher amount of its fair value less costs to sell and its value in use. Assumptions used to calculate the fair value less costs to sell or expected future cash flows that will result from the period of use and subsequent disposal of cash-generating units, which underlie the calculation of value in use, and assumptions such as discount rates, could be affected by the changes in uncertain economic conditions in the future. Accordingly, there are risks that such changes could result in material adjustments to the amount of impairment losses.

c. Measurements of defined benefit obligations in defined benefit plans

(Note “18. Employee Benefits”)

Defined benefit obligations are calculated by actuarial calculation, whose assumptions include estimates such as the discount rate, the retirement rate, the mortality rate, and the rate of compensation increase. These assumptions are established by comprehensively judging a variety of available information, including market trends such as interest rate changes, and demographic indicators. The assumptions used in the actuarial calculation could be affected by uncertain future economic conditions or changes in social conditions, etc. Accordingly, there are risks that such changes could result in material adjustments to the measurements of defined benefit obligations in future accounting periods.

d. Revenue recognition

(Note “23. Revenue”)

When revenue is recognized over a period of time, all of the following two factors are reliably estimated except for the transactions of which the contractual period is fixed and in which substantially the same services are to be rendered on an ongoing basis over the contractual period.

- Transaction price allocated to performance obligations
- Progress at the end of the reporting period

When these two factors can be reliably estimated, revenue and costs for the reporting period are recognized accordingly. The progress at the end of the reporting period, in principle, is measured based on the ratio of actual costs incurred up to the end of each reporting period to the estimated total cost for each project, and the right corresponding to revenue from unfinished projects is recorded as “Contract assets” on the consolidated statement of financial position. As the number of man-hours required may change from initial estimates based on customer requests and other circumstances, the progress of the projects may change accordingly. Especially, in the development of information systems, the number of man-hours required may increase more than initial estimates due to the sophistication and complexity of customer requests and changes in various requirements until completion. Accordingly, there are risks that such changes could result in material adjustments to the reported amount of contract assets in future accounting periods.

e. Recoverability of deferred tax assets

(Note “13. Income Taxes”)

Deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which deductible temporary differences, etc. can be utilized. Judgment on such recoverability presupposes the estimated taxable income for each future fiscal year that is determined based on the NRI Group’s business plans. Such estimated taxable income for future fiscal years could be affected by the changes in uncertain economic conditions in the future. Accordingly, there are risks that such changes could result in material adjustments to the reported amount of deferred tax assets in future accounting periods.

5. New Standards Issued but Not Yet Adopted

Of the new standards and new interpretations that were issued or revised by the approval date of the consolidated financial statements, the principle standard that the NRI Group has not yet adopted early is shown below.

IFRS		Mandatory effective date	The NRI Group’s year of adoption	Overview of new standards or amendments
IFRS 18	Presentation and Disclosure in Financial Statements	Annual reporting periods beginning on or after January 1, 2027	To be determined	New standard replacing IAS 1, the current accounting standard for presentation and disclosure of financial statements

6. 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 applied to revenue in “(3) Information by services” is provided in Note “3. Material Accounting Policy Information”. 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.

As main service types of each segment in “(3) Information by services”, the segment of Consulting is consulting services, the segments of Financial IT Solutions and Industrial IT Solutions are consulting services, system development & system application sales, system management & operation services and product sales and the segment of IT Platform Services is system development & system application sales, system management & operation services and product sales.

(2) Revenue, profit or loss, and other items by reportable segment

Year ended 31st March 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	¥ 46,100	¥ 328,576	¥ 266,723	¥ 48,153	¥ 689,553	¥ 2,612	¥ 692,165
Intersegment revenue or transfers	1,720	5,565	8,810	119,365	135,461	(135,461)	—
Total	¥ 47,821	¥ 334,141	¥ 275,533	¥ 167,518	¥ 825,015	¥ (132,849)	¥ 692,165
Operating profit	¥ 12,329	¥ 49,710	¥ 24,393	¥ 23,046	¥ 109,479	¥ 2,352	¥ 111,832
Finance income							2,218
Finance costs							5,551
Profit before tax							¥ 108,499
(Other items)							
Depreciation and amortization	¥ 309	¥ 17,304	¥ 12,073	¥ 6,383	¥ 36,070	¥ 9,021	¥ 45,092
Impairment losses	—	—	—	—	—	—	—
Share of profit of investments accounted for using equity method	(36)	(135)	607	(71)	363	87	450
Investments in entities accounted for using equity method	59	570	5,366	123	6,119	3,407	9,527
Investments in non-current assets	936	30,091	12,165	12,073	55,266	3,299	58,565

Notes:
1. Individual items in adjustment to operating profit of ¥2,352 million include gain on sale of fixed assets in the amount of ¥2,238 million recorded in “other income”.
2. The adjustment to depreciation and amortization comprises the corporate expenses that is not attributable to any reportable segment.
3. The adjustment to share of profit of investments accounted for using equity method comprises the corporate profit that is not attributable to any reportable segment.
4. The adjustment to investments in entities accounted for using equity method comprises the corporate assets that are not attributable to any reportable segment.
5. The adjustment to investments in non-current assets comprises the increase in the corporate assets that is not attributable to any reportable segment.

Year ended 31st March 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	¥ 51,959	¥ 349,872	¥ 275,923	¥ 55,628	¥ 733,384	¥ 3,172	¥ 736,556
Intersegment revenue or transfers	1,731	5,334	6,138	129,921	143,126	(143,126)	—
Total	¥ 53,690	¥ 355,206	¥ 282,062	¥ 185,549	¥ 876,510	¥ (139,953)	¥ 736,556
Operating profit	¥ 13,929	¥ 54,651	¥ 23,405	¥ 28,167	¥ 120,153	¥ 257	¥ 120,411
Finance income							3,472
Finance costs							6,658
Profit before tax							¥ 117,224
(Other items)							
Depreciation and amortization	¥ 368	¥ 18,734	¥ 12,620	¥ 6,526	¥ 38,249	¥ 9,907	¥ 48,157
Impairment losses	79	400	101	170	751	—	751
Share of profit of investments accounted for using equity method	13	(65)	624	(33)	538	241	780
Investments in entities accounted for using equity method	71	504	5,593	89	6,259	3,536	9,796
Investments in non-current assets	677	31,947	10,670	5,814	49,110	7,666	56,777

Notes:
1. Individual items included in adjustment of operating profit were immaterial.
2. The adjustment to depreciation and amortization comprises the corporate expenses that is not attributable to any reportable segment.
3. The adjustment to share of profit of investments accounted for using equity method comprises the corporate profit that is not attributable to any reportable segment.
4. The adjustment to investments in entities accounted for using equity method comprises the corporate assets that are not attributable to any reportable segment.
5. The adjustment to investments in non-current assets comprises the increase in the corporate assets that is not attributable to any reportable segment.
6. The segment classifications were partially changed from the first quarter of the current fiscal year, and the figures for the previous fiscal year are based on the classifications after these changes.

(3) Information by services

Revenue from external customers classified by products and services is as follows:

(Millions of yen)

Name of services	Year ended 31st March 2023	Year ended 31st March 2024
Consulting services	¥ 156,582	¥ 161,803
System development & system application sales	211,512	230,582
System management & operation services	292,874	308,422
Product sales	31,195	35,748
Total	¥ 692,165	¥ 736,556

(4) Information by geographical area

The breakdown of revenue and non-current assets by geographical area is as follows:

Revenue

(Millions of yen)

	Year ended 31st March 2023	Year ended 31st March 2024
Japan	¥ 568,958	¥ 618,981
Oceania	75,314	72,593
North America	38,436	34,540
Asia and others	9,456	10,440
Total	¥ 692,165	¥ 736,556

Non-current assets

(Millions of yen)

	31st March 2023	31st March 2024
Japan	¥ 261,283	¥ 284,428
Oceania	24,183	25,745
North America	25,199	25,892
Asia and others	2,707	2,283
Total	¥ 313,373	¥ 338,350

Note: Non-current assets are classified based on the location of assets and do not include financial instruments, deferred tax assets or retirement benefit asset.

(5) Information about major customers

Of revenue from external customers, major external customers are as follows:

(Millions of yen)

	Primary related reportable segments	Year ended 31st March 2023	Year ended 31st March 2024
Nomura Holdings, Inc.	Financial IT Solutions	¥ 72,921	¥ 69,929

Note: Revenue per external customers includes revenue attributable to subsidiaries of major customers and major customers through leasing companies.

7. Cash and Cash Equivalents

The breakdown of cash and cash equivalents is as follows:

(Millions of yen)

	31st March 2023	31st March 2024
Cash and deposits	¥ 129,257	¥ 173,935
Short-term investments	0	0
Total	¥ 129,257	¥ 173,935

Cash and cash equivalents are classified as financial assets measured at amortized cost. Short-term investments are those with a maturity of three months or less from the date of acquisition.

8. Trade and Other Receivables

The breakdown of trade and other receivables is as follows:

(Millions of yen)

	31st March 2023	31st March 2024
Trade receivables	¥ 119,473	¥ 132,155
Other	12,448	10,108
Allowance for doubtful accounts	(329)	(393)
Total	¥ 131,592	¥ 141,870

Trade and other receivables are classified as financial assets measured at amortized cost.

9. Other Financial Assets

The breakdown of other financial assets is as follows:

(Millions of yen)

	31st March 2023	31st March 2024
Investment securities	¥ 46,090	¥ 55,836
Guarantee deposits	16,938	16,360
Other	22,023	22,579
Allowance for doubtful accounts	(14)	(2)
Total	¥ 85,039	¥ 94,775
Current assets	¥ 14,201	¥ 13,982
Non-current assets	70,838	80,792
Total	¥ 85,039	¥ 94,775

Investment securities are classified as financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss. Guarantee deposits are classified as financial assets measured at amortized cost.

Fair values of financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss are provided in Note “31. Financial Instruments”.

10. Property, Plant and Equipment

(1) Increases or decreases

Changes in the carrying amount, acquisition costs, and accumulated depreciation and accumulated impairment losses of property, plant and equipment are as follows:

Carrying amount

(Millions of yen)

	Buildings and structures	Machinery and equipment	Tools, furniture and fixtures	Land	Construction in progress	Total
1st April 2022	¥ 23,593	¥ 3,103	¥ 8,053	¥ 1,867	¥ 864	¥ 37,482
Additions	3,410	1,940	2,708	—	3,593	11,652
Additions through business combinations	—	0	20	—	—	20
Depreciation	(2,275)	(1,737)	(2,588)	—	—	(6,601)
Impairment losses	—	—	—	—	—	—
Sale or disposal	(164)	(4)	(141)	—	—	(310)
Transfer of accounts	4,458	—	—	—	(4,458)	—
Exchange differences on translation of foreign operations	50	7	22	—	—	80
Other	(211)	0	0	—	—	(210)
31st March 2023	¥ 28,861	¥ 3,310	¥ 8,075	¥ 1,867	¥ —	¥ 42,114
Additions	1,859	2,105	2,447	—	—	6,412
Additions through business combinations	—	—	—	—	—	—
Depreciation	(3,234)	(1,921)	(2,631)	—	—	(7,787)
Impairment losses	(477)	—	(31)	—	—	(509)
Sale or disposal	(65)	(95)	(87)	—	—	(248)
Transfer of accounts	—	—	—	—	—	—
Exchange differences on translation of foreign operations	24	123	33	—	—	181
Other	239	39	(197)	—	—	82
31st March 2024	¥ 27,208	¥ 3,561	¥ 7,607	¥ 1,867	¥ —	¥ 40,245

Notes: Depreciation of property, plant and equipment is included in "cost of sales" and "selling, general and administrative expenses" in the consolidated statement of comprehensive income.

Acquisition costs

(Millions of yen)

	Buildings and structures	Machinery and equipment	Tools, furniture and fixtures	Land	Construction in progress	Total
31st March 2023	¥ 46,556	¥ 21,591	¥ 28,492	¥ 1,867	¥ —	¥ 98,507
31st March 2024	48,097	21,158	27,944	1,867	—	99,068

Accumulated depreciation and accumulated impairment losses

(Millions of yen)

	Buildings and structures	Machinery and equipment	Tools, furniture and fixtures	Land	Construction in progress	Total
31st March 2023	¥ 17,694	¥ 18,281	¥ 20,417	¥ —	¥ —	¥ 56,393
31st March 2024	20,889	17,596	20,337	—	—	58,823

11. Goodwill and Intangible Assets

(1) Increases or decreases

Changes in the carrying amount, acquisition costs, and accumulated amortization and accumulated impairment losses of goodwill and intangible assets are as follows:

Carrying amount

(Millions of yen)

	Goodwill	Intangible assets						Total of goodwill and intangible assets
		Customer-related assets	Software	Software in progress	Trademarks	Other	Total	
1st April 2022	¥ 95,497	¥ 29,307	¥ 49,671	¥ 28,295	¥ 7,831	¥ 141	¥ 115,246	¥ 210,744
Additions	—	—	2,445	—	—	1	2,447	2,447
Additions from internal development	—	—	—	40,484	—	—	40,484	40,484
Additions through business combinations	2,546	940	1	—	—	—	942	3,489
Amortization	—	(4,767)	(21,341)	—	(271)	(28)	(26,409)	(26,409)
Sale or disposal	—	—	(11)	—	—	(1)	(12)	(12)
Exchange differences on translation of foreign operations	2,049	1,469	(35)	(57)	439	(0)	1,815	3,865
Transfer of accounts	—	—	44,366	(44,366)	—	—	—	—
Other	1,756	1,005	(200)	113	—	0	918	2,674
31st March 2023	¥101,850	¥ 27,954	¥ 74,895	¥ 24,470	¥ 7,999	¥ 113	¥ 135,433	¥ 237,283
Additions	—	—	3,462	—	—	3	3,465	3,465
Additions from internal development	—	—	—	39,514	—	—	39,514	39,514
Additions through business combinations	—	—	—	—	—	—	—	—
Amortization	—	(4,528)	(24,272)	—	(278)	(25)	(29,105)	(29,105)
Sale or disposal	(423)	—	(119)	—	—	(0)	(119)	(543)
Exchange differences on translation of foreign operations	11,580	3,166	269	308	982	0	4,727	16,308
Transfer of accounts	—	—	39,529	(39,529)	—	—	—	—
Other	285	—	(2,492)	617	0	1	(1,873)	(1,588)
31st March 2024	¥113,293	¥ 26,591	¥ 91,272	¥ 25,381	¥ 8,703	¥ 92	¥ 152,041	¥ 265,334

Notes:
1. Software is mainly internally generated software. Externally acquired software is presented together with internally generated software as it is immaterial.
2. Amortization of intangible assets is included in “cost of sales” and “selling, general and administrative expenses” in the consolidated statement of comprehensive income.

Acquisition costs

(Millions of yen)

	Goodwill	Intangible assets						Total of goodwill and intangible assets
		Customer-related assets	Software	Software in progress	Trademarks	Other	Total	
31st March 2023	¥102,498	¥ 40,706	¥199,645	¥ 24,470	¥ 8,517	¥ 774	¥ 274,113	¥ 376,611
31st March 2024	113,940	43,872	241,405	25,381	9,500	777	320,937	434,878

Accumulated amortization and accumulated impairment losses

(Millions of yen)

	Goodwill	Intangible assets						Total of goodwill and intangible assets
		Customer-related assets	Software	Software in progress	Trademarks	Other	Total	
31st March 2023	¥ 647	¥ 12,751	¥124,749	¥ —	¥ 518	¥ 660	¥138,680	¥ 139,328
31st March 2024	647	17,280	150,132	—	796	685	168,895	169,543

Expenditures from research and development activities of the NRI Group recognized as expenses during the previous fiscal year and the current fiscal year are ¥4,908 million and ¥5,301 million, respectively. They are included in “cost of sales” and “selling, general and administrative expenses” in the consolidated statement of comprehensive income.

12. Impairment Losses on Non-financial Assets

(1) CGUs

In principle, the NRI Group identifies each CGU based on the units that are monitored for internal management purpose.

(2) Impairment losses

Impairment losses on non-financial assets are recorded in “other expenses” in the consolidated statement of comprehensive income.

Year ended 31st March 2023

Not applicable.

Year ended 31st March 2024

There are no significant impairment losses.

(3) Goodwill impairment test

The breakdown of the carrying amount of goodwill (after recognition of impairment losses) is as follows:

(Millions of yen)

	31st March 2023	31st March 2024
Financial IT Solutions		
Australian Investment Exchange Limited	¥ 4,340	¥ 4,769
Other	4,389	4,494
Total	8,730	9,264
Industrial IT Solutions		
Core BTS, Inc.	38,469	43,594
NRI Australia Limited	30,318	33,609
Planit Test Management Solutions Pty Ltd	24,002	26,495
Other	329	329
Total	93,120	104,028
Total	¥ 101,850	¥ 113,293

Goodwill is allocated to CGUs based on the units that are monitored for internal management purpose.

In the goodwill impairment test of Core BTS, Inc., NRI Australia Limited, Planit Test Management Solutions Pty Ltd and Australian Investment Exchange Limited, the recoverable amount was calculated based on value in use. The value in use was calculated by discounting projected cash flows based on a business plan approved by management and growth rate after the business plan to the present value. A business plan is prepared for a period of up to five years, in principle, reflecting management's assessment of future trends in the industry and past data and considering external and internal information.

The growth rate is determined by considering the inflation rate and the risk-free rate etc. of the market in each region to which the CGU belongs (3.3% to 3.8% and 4.0% to 4.2% for the previous fiscal year and the current fiscal year, respectively).

The discount rate is calculated based on the weighted average capital cost (WACC) of the CGU (7.5% to 8.5% after tax and 9.3% to 10.9% before tax for the previous fiscal year, and 8.5% to 9.0% after tax and 9.9% to 11.3% before tax for the current fiscal year).

As a result of making the calculation using the above, the value in use exceeded the carrying amount of the CGU. In the goodwill impairment test of Core BTS, Inc., the value in use exceeded the carrying amount by ¥6,112 million, but if the growth rate decreases by 0.5% or the discount rate increases by 0.4%, the carrying amount will exceed the value in use. Except to the goodwill impairment test of Core BTS, Inc., even though the main assumptions used in the calculation of value in use are changed to the reasonable extent, the NRI Group determines it is unlikely that the significant impairment occurs.

13. Income Taxes

(1) Deferred tax assets and deferred tax liabilities

The significant components of and changes in deferred tax assets and liabilities are as follows:

(Millions of yen)

	31st March 2023	31st March 2024
Deferred tax assets		
Accrued bonuses	¥ 8,569	¥ 9,106
Accrued enterprise tax	1,146	1,462
Depreciation	6,340	5,918
Loss on valuation of investment securities	2,604	545
Tax loss carryforwards	245	275
Office transfer cost	889	753
Accrued paid absences	4,202	4,847
Lease liabilities	10,307	9,409
Retirement benefit liability	3,904	6,271
Deferred gains or losses on hedges	729	1,180
Other	6,951	8,073
Total	45,891	47,843
Deferred tax liabilities		
Changes in fair value of financial assets measured at fair value through other comprehensive income	(8,203)	(9,071)
Right-of-use assets	(9,755)	(8,946)
Retirement benefit asset	(21,346)	(23,774)
Customer-related assets	(9,644)	(9,434)
Other	(5,321)	(6,264)
Total	(54,269)	(57,492)
Deferred tax assets, net	¥ (8,378)	¥ (9,648)
Amounts in consolidated statement of financial position		
Deferred tax assets	¥ 5,671	¥ 6,102
Deferred tax liabilities	(14,050)	(15,750)
Deferred tax assets, net in consolidated statement of financial position	¥ (8,378)	¥ (9,648)

Changes in net deferred tax assets are as follows:

(Millions of yen)

	Year ended 31st March 2023	Year ended 31st March 2024
Balance at beginning of period	¥ (4,796)	¥ (8,378)
Recognized through profit or loss	(731)	2,815
Recognized in other comprehensive income	(1,584)	(2,455)
Changes from business combinations	—	—
Other (Note)	(1,265)	(1,629)
Balance at end of period	¥ (8,378)	¥ (9,648)

Note: Other includes exchange differences on translation of foreign operations.

Tax loss carryforwards and deductible temporary differences for which deferred tax assets are not recognized are as follows:

(Millions of yen)

	31st March 2023	31st March 2024
Tax loss carryforwards	¥ 3,763	¥ 5,856
Deductible temporary differences	667	900
Total	¥ 4,430	¥ 6,757

Note: Tax loss carryforwards and deductible temporary differences are calculated by multiplying the loss for the period and amount of temporary differences by the statutory income tax rate.

Tax loss carryforwards for which deferred tax assets are not recognized are scheduled to expire as follows:

(Millions of yen)

	31st March 2023	31st March 2024
1st year	¥ 885	¥ 1
2nd year	151	—
3rd year	66	652
4th year	274	2,596
5th year and thereafter	2,384	2,605
Total	¥ 3,763	¥ 5,856

(2) Income tax expenses

The breakdown of income tax expenses is as follows:

(Millions of yen)

	Year ended 31st March 2023	Year ended 31st March 2024
Current tax expenses	¥ 31,271	¥ 39,877
Deferred tax expenses	731	(2,815)
Total	¥ 32,002	¥ 37,062

Income taxes adjusted through other comprehensive income are provided in Note “27. Other Comprehensive Income”.

The reconciliation between the effective statutory tax rate and the average effective tax rate is as follows:

(%)

	Year ended 31st March 2023	Year ended 31st March 2024
Effective statutory tax rate	31.4	31.4
Non-tax-deductible expenses	0.7	1.1
Non-taxable dividend income	(0.0)	(0.1)
Other non-taxable income	(0.1)	(0.1)
Special tax credit	(1.8)	(1.7)
Unrecognized deferred tax assets	(0.4)	0.7
Difference from tax rates applicable to overseas consolidated subsidiaries	0.2	0.1
Other	(0.4)	0.2
Average effective tax rate	29.5	31.6

Income taxes attributable to the Company and its domestic consolidated subsidiaries are mainly composed of the corporation, residents, and enterprise taxes. Overseas consolidated subsidiaries are subject to the corporation taxes, etc. in their locations.

14. Bonds and Borrowings

(1) Breakdown of bonds and borrowings

The breakdown of bonds and borrowings is as follows:

(Millions of yen)

	31st March 2023	31st March 2024	Average interest rate (%)	Repayment due date
Short-term borrowings	¥ 5,566	¥ 2,871	4.19	—
Current portion of bonds	10,000	—	—	—
Current portion of long-term borrowings	4,669	10,344	1.86	—
Bonds	131,881	193,346	0.96	From 2026 to 2033
Long-term borrowings	50,844	60,518	5.18	From 2025 to 2027
Total	¥ 202,961	¥ 267,080	—	—
Current liabilities	¥ 20,235	¥ 13,215	—	—
Non-current liabilities	182,725	253,864	—	—
Total	¥ 202,961	¥ 267,080	—	—

Notes:
1. Average interest rates are the weighted average interest rates for the balances of bonds and borrowings at the end of the reporting period.
2. “Bonds and borrowings” are classified as financial liabilities measured at amortized cost.

The summary of terms and conditions of bonds issued is as follows:

(Millions of yen)

Company name	Issue	Issue date	31st March 2023	31st March 2024	Interest rate (%)	Collateral	Maturity
Nomura Research Institute, Ltd.	3rd Series of Unsecured Straight Corporate Bonds (NRI Green Bond)	16th September 2016	¥ 10,000	¥ 10,000	0.250	None	16th September 2026
Nomura Research Institute, Ltd.	4th Series of Unsecured Straight Corporate Bonds	23rd March 2018	20,000	20,000	0.340	None	23rd March 2028
Nomura Research Institute, Ltd.	6th Series of Unsecured Straight Corporate Bonds	27th September 2019	15,000	15,000	0.240	None	27th September 2029
Nomura Research Institute, Ltd.	7th Series of Unsecured Straight Corporate Bonds	27th November 2020	10,000 (10,000)	— (—)	0.010	None	27th November 2023
Nomura Research Institute, Ltd.	8th Series of Unsecured Straight Corporate Bonds (NRI Sustainability-Linked Bonds)	26th March 2021	5,000	5,000	0.412	None	31st March 2033
Nomura Research Institute, Ltd.	2nd Series of Australian Dollar-Denominated Unsecured Straight Corporate Bonds	24th February 2022	17,054 (AUD200 million)	18,691 (AUD200 million)	3.680	None	24th February 2032
Nomura Research Institute, Ltd.	9th Series of Unsecured Straight Corporate Bonds	22nd December 2022	29,922	29,940	0.489	None	22nd December 2027
Nomura Research Institute, Ltd.	10th Series of Unsecured Straight Corporate Bonds	22nd December 2022	24,932	24,942	0.679	None	21st December 2029
Nomura Research Institute, Ltd	11th Series of Unsecured Straight Corporate Bonds	22nd December 2022	9,971	9,974	0.774	None	22nd December 2032
Nomura Research Institute, Ltd.	12th Series of Unsecured Straight Corporate Bonds	7th December 2023	—	19,933	0.624	None	7th December 2028
Nomura Research Institute, Ltd.	13th Series of Unsecured Straight Corporate Bonds	7th December 2023	—	9,966	0.905	None	6th December 2030
Nomura Research Institute, Ltd.	14th Series of Unsecured Straight Corporate Bonds	7th December 2023	—	29,896	1.223	None	7th December 2033
	Total		¥ 141,881 (10,000)	¥ 193,346 (—)			

Note: The amounts in parentheses are the current portions of the bonds.

15. Leases

(1) Lessee

The NRI Group leases buildings and structures such as office buildings as a lessee. Many of the NRI Group's office building lease contracts contain extension options and termination options. The majority of the extension options and termination options held are exercisable only by the NRI Group or require the NRI Group's consent, and not exercisable solely by the lessor. There was no financial impact from modifying the lease terms to reflect the effect of exercising the extension options and termination options for the previous fiscal year and the current fiscal year.

There are no variable lease payments, restrictions or covenants associated with the lease.

The breakdown of right-of-use assets are as follows:

(Millions of yen)

Type of underlying assets	31st March 2023	31st March 2024
Buildings and structures	¥ 31,138	¥ 28,307
Other	739	544
Total	¥ 31,877	¥ 28,851

The amounts of additions to right-of-use assets for the previous fiscal year and the current fiscal year are ¥4,037 million and ¥8,129 million, respectively.

Information on leases for which the NRI Group is a lessee is as follows:

(Millions of yen)

	Year ended 31st March 2023	Year ended 31st March 2024
Depreciation of right-of-use assets		
Right-of-use assets for which buildings and structures are the underlying assets	¥ 11,421	¥ 11,056
Right-of-use assets for which others are the underlying assets	659	207
Total depreciation expenses	12,080	11,263
Interest expenses on lease liabilities	445	442
Lease expenses relating to short-term leases	2,430	2,525
Lease expenses relating to leases of low-value assets	463	448
Income from subleasing right-of-use assets	(346)	(269)
Total expenses relating to leases (net)	¥ 15,073	¥ 14,411

Note: Depreciation of right-of-use assets is included in "cost of sales" and "selling, general and administrative expenses" in the consolidated statement of comprehensive income.

Total cash outflows from leases as a lessee for the previous fiscal year and the current fiscal year are ¥15,784 million and ¥15,139 million, respectively.

Maturity analysis of lease liabilities as of 31st March 2023 and 31st March 2024 is provided in Note "31. Financial Instruments".

(2) Lessor

The NRI Group leases certain data centers and other assets as a lessor under finance leases. There is no material amount related to revenue and lease payments receivable under finance leases.

16. Trade and Other Payables

The breakdown of trade and other payables is as follows:

(Millions of yen)

	31st March 2023		31st March 2024	
Trade payables	¥	41,845	¥	45,348
Accounts payable - other		6,321		4,005
Other		3,962		3,685
Total	¥	52,129	¥	53,038

Trade and other payables are classified as financial liabilities measured at amortized cost.

17. Other Financial Liabilities

The breakdown of other financial liabilities is as follows:

(Millions of yen)

	31st March 2023		31st March 2024	
Guarantee deposits received	¥	8,261	¥	5,815
Accrued expenses		16,891		23,635
Contingent consideration		3,504		1,039
Other		4,252		4,293
Total	¥	32,909	¥	34,783
Current liabilities	¥	31,294	¥	33,530
Non-current liabilities		1,615		1,253
Total	¥	32,909	¥	34,783

Guarantee deposits received and accrued expenses are classified as financial liabilities measured at amortized cost. Contingent consideration is classified as financial liabilities measured at fair value through profit or loss. The fair value of financial liabilities measured at fair value through profit or loss is provided in Note “31. Financial Instruments (3) Fair value of financial instruments”.

18. Employee Benefits

The Company has a defined benefit pension plan and a lump-sum payment plan as defined benefit plans and a defined contribution pension plan as a defined contribution plan. In addition to the plans, an extra retirement payment may be provided. The Company also has set up employee retirement benefit trusts for defined benefit pension plans and for a lump-sum payment plan.

The benefit amount under the Company’s defined benefit pension plan is calculated annually based on points in accordance with job rank and the reason for leaving a job, etc., and is paid as lifetime annuity when the employee reaches a certain number of years of service and certain age.

The Company’s defined benefit pension plan is exposed to actuarial risk due to interest rate fluctuations, investment risk from changes in the fair values of the plan assets, and longevity risk from lifetime annuity.

The Company’s defined benefit pension plan, as a contract-type, makes contributions to trust banks based on the contract agreed with the employees, entrusting investment to trust banks and investment management firms to earn appropriate investment returns until benefits are paid.

Certain consolidated subsidiaries have defined benefit pension plans, a lump-sum payment plan, and defined contribution pension plans.

(1) Defined benefit plans

a. The reconciliation of defined benefit obligations and plan assets for the defined benefit plans to net defined benefit liability (the present value of the defined benefit obligation less the fair value of plan assets) recognized in the consolidated statement of financial position

(Millions of yen)

	31st March 2023	31st March 2024
Present value of funded defined benefit obligations	¥ 147,617	¥ 143,123
Fair value of plan assets	(234,399)	(223,695)
Subtotal	(86,782)	(80,572)
Present value of unfunded defined benefit obligations	4,158	4,165
Net amount of defined benefit liabilities (assets)	¥ (82,624)	¥ (76,407)
Amounts in the consolidated statement of financial position		
Retirement benefit liability	¥ 7,086	¥ 6,146
Retirement benefit asset	(89,710)	(82,553)
Net amount of defined benefit liabilities (assets) recognized in the consolidated statement of financial position	¥ (82,624)	¥ (76,407)

b. Reconciliation for beginning and ending balances of the defined benefit obligation and plan assets

(Millions of yen)

Present value of defined benefit obligation	Year ended 31st March 2023	Year ended 31st March 2024
Balance at beginning of period	¥ 160,061	¥ 151,775
Current service cost	8,263	7,526
Interest cost	1,487	2,153
Remeasurements		
Actuarial gains and losses arising from changes in demographic assumptions	(415)	1,036
Actuarial gains and losses arising from changes in financial assumptions	(13,184)	(11,104)
Past service costs	(744)	—
Benefits paid	(3,814)	(4,082)
Other	123	(16)
Balance at end of period	¥ 151,775	¥ 147,288

The weighted average durations of the defined benefit obligation as of 31st March 2023 and 31st March 2024 are 20.0 years and 19.2 years, respectively.

(Millions of yen)

Fair value of plan assets	Year ended 31st March 2023	Year ended 31st March 2024
Balance of fair value of plan assets at beginning of period	¥ 237,883	¥ 234,399
Interest income	2,343	3,503
Remeasurements		
Return on plan assets	(10,498)	(12,283)
Contributions by the employer	6,810	317
Benefits paid	(2,263)	(2,261)
Other	124	18
Balance of fair value of plan assets at end of period	¥ 234,399	¥ 223,695

The Company, in accordance with the laws and regulations, periodically conduct financial verifications and recalculate the amounts of contributions for the purposes of appropriating funds for future benefit accruals and maintaining balanced pension finances in case of deficit.

The NRI Group plans to make contributions of ¥3,589 million in the next fiscal year (year ending 31st March 2025).

c. Breakdown of fair value of plan assets

The breakdown of the plan assets by major item is as follows:

(Millions of yen)

	31st March 2023				31st March 2024			
	Market price in an active market				Market price in an active market			
	Quoted		Unquoted		Quoted		Unquoted	
Cash and cash equivalents	¥	6,376	¥	—	¥	3,239	¥	—
Equity instruments		1,784		16,169		2,277		19,213
Debt instruments								
Japanese debt securities	¥	186,053	¥	—	¥	176,927	¥	—
Foreign debt securities		4,889		7,455		4,920		8,261
Other		8,773		2,896		7,028		1,826
Total	¥	207,877	¥	26,522	¥	194,393	¥	29,302

Note: Total plan assets as of 31st March 2023 and 31st March 2024 include 12% and 9% of the employee retirement benefit trusts set up for defined benefit pension plans and a lump-sum payment plan, respectively.

d. Major actuarial assumptions

The major actuarial assumptions used are as follows:

(%)

	31st March 2023	31st March 2024
Discount rate	1.5	1.8

e. Sensitivity analysis

The impact on the defined benefit obligations in case of changes in the reasonably foreseeable assumptions as of the end of the reporting period is as follows. Although the sensitivity analysis assumes that all actuarial assumptions other than those analyzed remain constant, actual results may be affected by changes in other actuarial assumptions.

(Millions of yen)

	31st March 2023		31st March 2024	
0.5% increase in the discount rate	¥	(13,710)	¥	(12,598)
0.5% decrease in the discount rate		15,082		14,069

f. Funding and performance policy for plan assets

The NRI Group's funding policy for plan assets is determined by considering factors such as the long-term cash flow projections for the retirement benefit plans and the financial condition of the Company in order to ensure and maintain the soundness of the pension finances. With regard to review of contributions, the Company conducts an actuarial review every five years in accordance with the Defined-Benefit Corporate Pension Act and sequentially verifies economic conditions and the funded status of the plan assets for the Company's contract-type defined benefit pension plans.

In order to ensure and maintain the soundness of pension finances, the NRI Group's fund management policy for plan assets is to calculate risks that are tolerable over the medium to long term based on factors including the financial impact of the plan assets and retirement benefit obligations on the parent companies, the long-term cash flows of the retirement benefit plans and the financial market environment, and to determine the policy asset mix (asset allocation). Currently, the NRI Group applies the policy to manage future institutional assets centered on low-risk bonds. The policy asset mix (asset allocation) is reviewed as necessary if the financial market condition changes significantly.

(2) Defined contribution plans

Amounts recognized as expenses in association with defined contribution plans for the previous fiscal year and the current fiscal year are ¥8,549 million and ¥8,913 million, respectively.

19. Provisions

The breakdown of provisions is as follows:

(Millions of yen)

	Asset retirement obligations		Provision for loss on orders received		Total	
1st April 2022	¥	5,775	¥	447	¥	6,223
Additions during the year		240		1,632		1,873
Interest cost due to passage of time		1		–		1
Amounts used during the year		(857)		(1,254)		(2,112)
Unused amounts reversed during the year		(39)		–		(39)
Exchange differences on translation of foreign operations		4		–		4
Other		8		–		8
31st March 2023	¥	5,133	¥	826	¥	5,959
Additions during the year		320		1,356		1,676
Interest cost due to passage of time		7		–		7
Amounts used during the year		(162)		(2,074)		(2,237)
Unused amounts reversed during the year		(331)		–		(331)
Exchange differences on translation of foreign operations		9		–		9
Other		(65)		–		(65)
31st March 2024	¥	4,911	¥	108	¥	5,019
31st March 2023	¥	5,133	¥	826	¥	5,959
Current	¥	201	¥	826	¥	1,027
Non-current		4,932		–		4,932
31st March 2024	¥	4,911	¥	108	¥	5,019
Current	¥	418	¥	108	¥	526
Non-current		4,492		–		4,492

a. Asset retirement obligations

With regard to asset retirement obligations, the NRI Group recognizes provisions for the costs of dismantling and removing an asset and restoration costs, and adds that amount to the acquisition cost of the asset. The estimated future cash flows and the discount rates applied are reviewed at the end of each reporting period, and if the NRI Group deems it necessary to adjust those values, they are accounted for as a change in an accounting estimate. The outflow of economic benefits is at the time of vacating the property. However, the estimate will be affected by future business plans.

b. Provision for loss on orders received

To prepare for future losses on orders received, a provision has been recognized for loss expected in the following years, when a loss is probable and the amount can be reasonably estimated at the end of the reporting period. “When a loss is probable” refers to when the NRI Group can reasonably estimate at the end of the reporting period that the total cost by project will exceed the contract amount. The outflow of economic benefits is expected to be within one year from the end of each reporting period.

20. Other Liabilities

The breakdown of other liabilities is as follows:

(Millions of yen)

	31st March 2023		31st March 2024	
Accrued consumption taxes	¥	6,201	¥	10,418
Accrued bonuses		29,803		31,827
Accrued paid absences		12,624		14,715
Liabilities relating to Trust-type Employee Stock Ownership Incentive Plan(cash-settled)		1,820		—
Other		5,269		6,750
Total	¥	55,718	¥	63,711
Current liabilities	¥	53,979	¥	60,546
Non-current liabilities		1,739		3,165
Total	¥	55,718	¥	63,711

"Liabilities relating to Trust-type Employee Stock Ownership Incentive Plan(cash-settled)" arise from the fair value measurement of liabilities relating to the Trust-type Employee Stock Ownership Incentive Plan(cash-settled). Trust-type Employee Stock Ownership Incentive Plan(cash-settled) terminated in January 2023.

21. Equity and Other Components of Equity

(1) Number of authorized shares and total number of shares in issue

Changes in number of authorized shares and total number of shares in issue are as follows:

(Shares)

	Year ended 31st March 2023	Year ended 31st March 2024
Number of authorized shares		
Common stock	2,722,500,000	2,722,500,000
Total number of shares issued		
Balance at beginning of period	610,696,500	593,652,242
Increase	656,700	514,800
Decrease	(17,700,958)	(13,370,131)
Balance at end of period	593,652,242	580,796,911

Notes:
1. All shares issued by the Company are common stock with no rights limitations or par value. Issued shares are fully paid.
2. The increase in total number of shares issued during the previous fiscal year was due to issuance of new shares under the Restricted Stock-based Remuneration Plan (656,700 shares).
3. The increase in total number of shares issued during the current fiscal year is due to issuance of new shares under the Restricted Stock-based Remuneration Plan (514,800 shares). The decrease in total number of shares issued is due to cancellation of treasury shares (13,370,131 shares) based on the resolution of the Board of Directors on 8th March 2024.

(2) Treasury shares

Changes in the number and balance of treasury shares are as follows:

	Number of shares	Amount
	(Shares)	(Millions of yen)
1st April 2022 (Note 1)	21,109,262	¥ 68,809
Increase during period (Note 2)	6,502,144	20,000
Decrease during period (Note 2)	(25,652,237)	(82,533)
31st March 2023 (Note 1)	1,959,169	¥ 6,277
Increase during period (Note 3)	17,491,242	67,918
Decrease during period (Note 3)	(14,904,811)	(56,731)
31st March 2024 (Note 1)	4,545,600	¥ 17,464

Notes:
1. The number of treasury shares included 1,620,100 shares and 3,628,100 shares of the Company's shares held by the trust exclusive for ESOP Group as of 1st April 2022 and 31st March 2024.There is no amount as of 31st March 2023.
2. The increase of treasury shares during the previous fiscal year is due to the market purchase based on discretionary trading contract pertaining to acquisition of treasury stock (6,501,900 shares) based on the resolution of the Board of Directors on 25th November 2022 and the purchase of shares less than one unit (244 shares). The decrease of treasury shares is due to the cancellation of treasury shares (17,700,958 shares) based on the resolution of the Board of Directors on 10th March 2023, the secondary offering of shares of the Company by way of over-allotment and the disposal by way of a third-party allotment of shares of the Company held as treasury shares (5,545,200 shares) upon a resolution of the Board of Directors on 25th November 2022, the delivery of treasury shares following the exercise of stock options (785,979 shares) and the sale of the Company's shares by the trust exclusive for ESOP Group (1,620,100 shares, sold to the ESOP Group). The secondary offering of shares of the Company and the disposal by way of a third-party allotment of shares of the Company held as treasury shares are transactions with Nomura Securities Co.,Ltd., a related party of the Company. The total amount of the secondary offering of shares of the Company by way of over-allotment is ¥16,696 million and the disposal by way of a third-party allotment of shares of the Company held as treasury shares is ¥16,007 million. The disposal price of treasury shares is determined based on market prices.
3. The increase of treasury shares during the current fiscal year is due to the market purchase based on discretionary trading contract pertaining to acquisition of treasury stock (12,833,700 shares) based on the resolution of the Board of Directors on 27th April 2023, the purchase of the Company's shares by the trust exclusive for ESOP Group (4,657,400 shares) and the purchase of shares less than one unit (142 shares). The decrease of treasury shares is due to the cancellation of treasury shares (13,370,131 shares) based on the resolution of the Board of Directors on 8th March 2024, the delivery of treasury shares following the exercise of stock options (505,380 shares) and the sale of the Company's shares by the trust exclusive for ESOP Group (1,029,300 shares, sold to the ESOP Group).

(3) Capital surplus

Capital surplus comprises additional paid-in capital and other capital surplus.

Under the Companies Act of Japan (the “Companies Act”), at least 50% of the contribution for share issue shall be credited to share capital, and the remainder shall be credited to additional paid-in capital included in capital surplus. In addition, under the Companies Act, additional paid-in capital can be transferred to share capital upon approval at the shareholders meeting.

(4) Retained earnings

Retained earnings comprise the legal reserve and other retained earnings.

The Companies Act provides that 10% of dividends shall be appropriated as additional paid-in capital or as the legal retained earnings until the aggregate amount of the additional paid-in capital and the legal retained earnings equals 25% of share capital. The legal retained earnings may be used to eliminate or reduce a deficit, or may also be reversed upon approval at the shareholders meeting.

(5) Breakdown of each item of other components of equity

Year ended 31st March 2023

(Millions of yen)

	Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Remeasurements of defined benefit plans	Other	Total
Balance at 1st April 2022	¥ 16,762	¥ 10,839	¥ –	¥ 1,045	¥ 28,647
Other comprehensive income	805	821	2,136	437	4,201
Total comprehensive income	805	821	2,136	437	4,201
Transfer from other components of equity to retained earnings	(52)	—	(2,136)	(3)	(2,192)
Other	—	—	—	(142)	(142)
Total transactions with owners, etc.	(52)	—	(2,136)	(145)	(2,334)
Balance at 31st March 2023	¥ 17,515	¥ 11,660	¥ —	¥ 1,337	¥ 30,514

Year ended 31st March 2024

(Millions of yen)

	Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Remeasurements of defined benefit plans	Other	Total
Balance at 1st April 2023	¥ 17,515	¥ 11,660	¥ —	¥ 1,337	¥ 30,514
Other comprehensive income	6,499	3,160	(1,538)	516	8,638
Total comprehensive income	6,499	3,160	(1,538)	516	8,638
Transfer from other components of equity to retained earnings	4	—	1,538	(2)	1,540
Other	—	—	—	(112)	(112)
Total transactions with owners, etc.	4	—	1,538	(115)	1,427
Balance at 31st March 2024	¥ 24,019	¥ 14,821	¥ —	¥ 1,739	¥ 40,580

(6) Breakdown of each item of other comprehensive income included in non-controlling interests

(Millions of yen)

	Year ended 31st March 2023	Year ended 31st March 2024
Remeasurements of defined benefit plans	¥ 84	¥ 92
Total	¥ 84	¥ 92

22. Dividends

Dividends paid are as follows:

Year ended 31st March 2023

Resolution	Total dividends	Dividends per share	Cut-off date	Effective date
	(Millions of yen)	(Yen)		
Meeting of the Board of Directors on 13th May 2022	¥ 12,415	¥ 21	31st March 2022	30th May 2022
Meeting of the Board of Directors on 27th October 2022	13,031	22	30th September 2022	30th November 2022

Dividends of ¥34 million as decided by resolution in May 2022 and ¥15 million as decided by resolution in October 2022 paid to the trust exclusive for ESOP Group were included in the total dividends amount.

Year ended 31st March 2024

Resolution	Total dividends	Dividends per share	Cut-off date	Effective date
	(Millions of yen)	(Yen)		
Meeting of the Board of Directors on 18th May 2023	¥ 13,608	¥ 23	31st March 2023	2nd June 2023
Meeting of the Board of Directors on 26th October 2023	14,049	24	30th September 2023	30th November 2023

Dividends of ¥107 million as decided by resolution in October 2023 paid to the trust exclusive for ESOP Group are included in the total dividends amount. There are no dividends paid to the trust decided by resolution in May 2023.

Dividends with an effective date in the following fiscal year are as follows:

Resolution	Total dividends	Dividends per share	Cut-off date	Effective date
	(Millions of yen)	(Yen)		
Meeting of the Board of Directors on 15th May 2024	¥ 16,816	¥ 29	31st March 2024	31st May 2024

Dividends of ¥105 million paid to the trust exclusive for ESOP Group are included in the total dividends amount.

23. Revenue

(1) Disaggregation of revenue

The NRI Group disaggregates the Financial IT Solutions reportable segment into the securities sector, the insurance sector, the banking sector, and the other financial sector; and the Industrial IT Solutions reportable segment into the distribution sector and the manufacturing, service and other sector, according to the industries in which its customers operate. An outline of each reportable segment is provided in Note “6. Segment Information”. The information about performance obligations is provided in Note “3. Material Accounting Policy Information”.

The relation between each reportable segment of the NRI Group and the industry classification of customers is as follows:

(Millions of yen)

	Year ended 31st March 2023	Year ended 31st March 2024
Consulting	¥ 46,100	¥ 51,959
Financial IT Solutions	328,576	349,872
Securities	141,541	143,707
Insurance	77,039	79,527
Banking	55,069	67,726
Other financial	54,926	58,910
Industrial IT Solutions	266,723	275,923
Distribution	70,628	71,528
Manufacturing, service and other	196,095	204,395
IT Platform Services	48,153	55,628
Other	2,612	3,172
Total	¥ 692,165	¥ 736,556

Notes: The segment classifications were partially changed from the first quarter of the current fiscal year, and the figures for the previous fiscal year are based on the classifications after these changes.

(2) Contract balances

Contract assets are related to consideration for the work that has been completed in whole or in part, but to which the NRI Group is not entitled at the reporting date. Contract assets are reclassified to receivables when the right to payment becomes unconditional. The amounts of changes in the contract assets are immaterial for the previous fiscal year and the current fiscal year.

Contract liabilities are related to advances received from customers. The beginning balances of the contract liabilities for the previous fiscal year and the current fiscal year are largely recognized as revenue for the respective periods, and the amounts to be carried forward to the next fiscal year and thereafter are immaterial. During the previous fiscal year and the current fiscal year, the amount of revenue recognized from performance obligations that were satisfied or partially satisfied in prior periods is not significant.

(3) Transaction price allocated to remaining performance obligations

As there are no significant transactions with individual expected contractual periods exceeding one year, the NRI Group omits the disclosure of information on the remaining performance obligations by applying the practical expedient. In addition, among consideration arising from contracts with customers, there is no significant amount that is not included in transaction price.

(4) Contract costs

As of 31st March 2023, and 31st March 2024, the amount of assets recognized from the cost to obtain or fulfill contracts with customers was not material. In addition, when the amortization period of assets to be recognized is one year or less, incremental cost to obtain a contract is recognized as expenses as incurred, using the practical expedient.

24. Cost of Sales and Selling, General and Administrative Expenses

The breakdown of cost of sales and selling, general and administrative expenses are as follows:

(Millions of yen)

	Year ended 31st March 2023	Year ended 31st March 2024
Employee benefit expenses	¥ 237,155	¥ 245,861
Outsourcing expenses	236,305	246,755
Depreciation and amortization	45,092	48,157
Equipment and machinery costs	53,277	60,668
Other	12,085	16,460
Total	¥ 583,916	¥ 617,902

Employee benefit expenses of defined benefit plans and defined contribution plans are provided in Note “18. Employee Benefits”.

Depreciation of property, plant and equipment is provided in Note “10. Property, Plant and Equipment”. Amortization of intangible assets is provided in Note “11. Goodwill and Intangible Assets”. Depreciation of right-of-use assets is provided in Note “15. Leases”.

25. Finance Income and Finance Costs

The breakdown of finance income is as follows:

(Millions of yen)

	Year ended 31st March 2023	Year ended 31st March 2024
Interest income	¥ 1,199	¥ 2,348
Dividend income	867	1,057
Profit on remeasurement of Trust-type Employee Stock Ownership Incentive Plan(Cash-settled)	93	—
Other	58	66
Total	¥ 2,218	¥ 3,472

The breakdown of finance costs is as follows:

(Millions of yen)

	Year ended 31st March 2023	Year ended 31st March 2024
Interest expenses	¥ 4,807	¥ 6,095
Other	743	563
Total	¥ 5,551	¥ 6,658

“Interest income” is mainly net amount of interest income and interest expenses related to employee benefits. “Dividend income” arises from equity instruments measured at fair value through other comprehensive income.

“Interest expenses” mainly arise from financial liabilities measured at amortized cost.

“Profit on remeasurement of Trust-type Employee Stock Ownership Incentive Plan(Cash-settled)” arises from the fair value measurement of liabilities relating to the Trust-type Employee Stock Ownership Incentive Plan. Trust-type Employee Stock Ownership Incentive Plan(cash-settled) terminated in January 2023.

26. Other Income and Other Expenses

The breakdown of other income is as follows:

(Millions of yen)

	Year ended 31st March 2023		Year ended 31st March 2024	
Gain on sale of fixed assets	¥	2,239	¥	15
Gain on sale of shares of subsidiaries and associates		—		1,430
Gain on change in fair value of contingent considerations		852		—
Other		688		1,302
Total	¥	3,779	¥	2,748

The breakdown of other expenses is as follows:

(Millions of yen)

	Year ended 31st March 2023		Year ended 31st March 2024	
Loss on change in fair value of contingent considerations	¥	—	¥	895
Loss on sale of shares of subsidiaries and associates		438		—
Impairment losses		—		751
Other		208		124
Total	¥	647	¥	1,771

27. Other Comprehensive Income

The breakdown of the line items of other comprehensive income and their tax effect amounts are as follows:

(Millions of yen)

	Year ended 31st March 2023	Year ended 31st March 2024
Items that will not be reclassified to profit or loss		
Equity instruments measured at fair value through other comprehensive income		
Amount arising during the year	¥ 1,182	¥ 9,447
Tax effect amount	(377)	(2,976)
After tax effect adjustments	805	6,471
Remeasurements of defined benefit plans		
Amount arising during the year	3,186	(2,149)
Tax effect amount	(965)	713
After tax effect adjustments	2,221	(1,435)
Items that may be reclassified to profit or loss		
Share of other comprehensive income of investments accounted for using equity method		
Amount arising during the year	—	17
Reclassification adjustments	—	—
After tax effect adjustments	—	17
Debt instruments measured at fair value through other comprehensive income		
Amount arising during the year	(0)	0
Reclassification adjustments	—	—
Before tax effect adjustments	(0)	0
Tax effect amount	0	(0)
After tax effect adjustments	(0)	0
Exchange differences on translation of foreign operations		
Amount arising during the year	424	2,728
Reclassification adjustments	387	370
Before tax effect adjustments	812	3,098
Tax effect amount	—	—
After tax effect adjustments	812	3,098
Cash flow hedges		
Amount arising during the year	1,904	2,219
Reclassification adjustments	(1,266)	(1,465)
Before tax effect adjustments	638	753
Tax effect amount	(200)	(236)
After tax effect adjustments	437	516
Share of other comprehensive income of entities accounted for using equity method		
Amount arising during the year	9	61
Reclassification adjustments	—	—
After tax effect adjustments	9	61
Total other comprehensive income, net of tax	¥ 4,286	¥ 8,730

28. Earnings per Share

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

	Year ended 31st March 2023	Year ended 31st March 2024
	(Millions of yen)	(Millions of yen)
Profit attributable to owners of parent	¥ 76,307	¥ 79,643
Adjustments on profit	—	—
Profit used for calculation of diluted earnings per share	¥ 76,307	¥ 79,643
	(Shares)	(Shares)
Weighted-average number of shares of common stock outstanding	591,914,240	581,744,542
Increase in common stock		
Increase from stock options	162,316	293,235
Diluted weighted-average number of shares of common stock	592,076,556	582,037,777
	(Yen)	(Yen)
Basic earnings per share	¥ 128.92	¥ 136.90
Diluted earnings per share	128.88	136.84

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 (670,715shares and 3,219,566 shares for the years ended 31st March 2023 and 2024, respectively).

29. Cash Flow Information

(1) Changes in liabilities arising from financing activities

Changes in liabilities arising from financing activities are as follows:

Year ended 31st March 2023

(Millions of yen)

	Balance at beginning of period	Changes arising from cash flows	Non-cash changes				Balance at end of period
			Changes through business combinations	Exchange differences on translation	New lease and contracts change	Other	
Short-term borrowings	¥ 62,797	¥ (65,048)	¥ —	¥ 7,816	¥ —	¥ —	¥ 5,566
Long-term borrowings (including current portion)	17,934	40,017	—	(2,437)	—	—	55,514
Commercial papers	20,000	(20,000)	—	—	—	0	—
Bonds (including current portion)	107,483	35,361	—	(591)	—	(372)	141,881
Lease liabilities	42,203	(12,445)	—	260	5,242	(476)	34,785
Total liabilities from financing activities	¥ 250,419	¥ (22,115)	¥ —	¥ 5,048	¥ 5,242	¥ (848)	¥ 237,746

Year ended 31st March 2024

(Millions of yen)

	Balance at beginning of period	Changes arising from cash flows	Non-cash changes				Balance at end of period
			Changes through business combinations	Exchange differences on translation	New lease and contracts change	Other	
Short-term borrowings	¥ 5,566	¥ (3,085)	¥ —	¥ 390	¥ —	¥ —	¥ 2,871
Long-term borrowings (including current portion)	55,514	9,110	—	6,238	—	—	70,863
Commercial papers	—	(0)	—	—	—	0	—
Bonds (including current portion)	141,881	49,786	—	1,558	—	120	193,346
Lease liabilities	34,785	(11,722)	—	882	8,050	(534)	31,460
Total liabilities from financing activities	¥ 237,746	¥ 44,088	¥ —	¥ 9,069	¥ 8,050	¥ (414)	¥ 298,540

(2) Significant non-cash transactions

Significant non-cash transaction for the current fiscal year is the acquisition of right-of-use assets through leases. Information about increases through the acquisition of right-of-use assets is provided in Note “15. Leases”.

30. Share-Based Payments

The NRI Group has established a Stock Option Plan, Restricted Stock-based Remuneration Plan, and Phantom Stock Plan as share-based payment plans for its officers. The NRI Group also has established a Trust-type Employee Stock Ownership Incentive Plan as a share-based payment plan for its employees. These share-based payment expenses are included in "cost of sales", "selling, general and administrative expenses" and "finance income" (Profit on remeasurement of Trust-type Employee Stock Ownership Incentive Plan(Cash-settled)) and "finance costs" (Loss on remeasurement of Trust-type Employee Stock Ownership Incentive Plan) in the consolidated statement of comprehensive income. Please note that the Stock Option Plan was abolished upon the 28th and 29th Stock Option Plans, which were issued in July 2017.

(1) Stock Option Plan (equity-settled)

a. Details of the share-based plan

Stock options are granted to the Company's members of the board (excluding outside directors), senior managing directors and other employees (those treated as executives) as well as directors of its consolidated subsidiaries, based on resolution by the Board of Directors of the Company for the purposes of enhancing their motivation and morale toward improvement of its performance and aligning their interests with those of shareholders.

One of the vesting conditions for the stock options is that an eligible person continues to be employed throughout the vesting period without being dismissed or terminated after the grant date. The vesting period is one year (for which the amount to be paid upon exercise of the stock option right is ¥1) or three years (for which the amount to be paid upon exercise of the stock option right is determined based on the market price).

In addition, the exercise period is prescribed in the allotment contract. If the rights are not exercised within the period, the stock option will be forfeited.

b. Number of stock options and weighted average exercise price

	Year ended 31st March 2023		Year ended 31st March 2024	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
	(Shares)	(Yen)	(Shares)	(Yen)
Beginning balance – Outstanding	1,494,459	¥ 1,419	690,330	¥ 1,486
Granted	—	—	—	—
Exercised	(785,979)	1,361	(505,380)	1,483
Forfeited	(18,150)	1,404	(18,150)	1,221
Ending balance – Outstanding	690,330	¥ 1,486	166,800	¥ 1,526
Ending balance – Exercisable	690,330	¥ 1,486	166,800	¥ 1,526

Notes:
1. The weighted average share price of stock options exercised at the time of exercising the right during the previous fiscal year and the current fiscal year are ¥3,399 and ¥4,023, respectively.
2. The exercise prices of outstanding stock options as of 31st March 2023 and 31st March 2024 are in a range of ¥1,221 to ¥1,526 and ¥1,526, respectively.
3. The weighted average remaining contract periods of outstanding stock options as of 31st March 2023 and 31st March 2024 are 1.1 years and 0.2 years, respectively.

c. Fair value of and assumptions for stock options granted during the period

During the previous fiscal year and the current fiscal year, no additional stock options are granted.

d. Expenses arising from share-based payment transactions

There are no expenses arising from share-based payment transactions recorded as expenses in association with this plan during the previous fiscal year and the current fiscal year.

(2) Restricted Stock-based Remuneration Plan (equity-settled)

The NRI Group has adopted a Restricted Stock-based Remuneration Plan for the Company's directors (excluding outside directors) and managing officers for the purposes of giving incentives aimed at sustainable improvements in the corporate value of the NRI Group and promoting the sharing of value as shareholders of the Company.

a. Details of the stock-based remuneration plan

This plan provides monetary remuneration claims as remuneration for granting restricted stock to eligible persons. The eligible persons pay all monetary remuneration claims provided by the Company based on this plan in the form of property contributed in kind, and in return, receive common stock of the Company that is issued or disposed of by the Company. The Company enters into a contract on allotment of the restricted stock with each of the eligible persons, under which the eligible persons cannot transfer to a third party, use as collateral, or otherwise dispose of the common stock of the Company allotted in accordance with the allotment contract (the "Transfer Restrictions") during a certain period designated in the allotment contract (the "Restriction Period").

With regard to the Transfer Restrictions, the Company lifts the Transfer Restrictions of all of the restricted stock upon expiration of the Restriction Period, on the condition that the eligible person has remained in the executive positions of the Company or its consolidated subsidiaries throughout the Restriction Period.

b. Fair value measurement

Fair value on the grant date is the closing price of the Company's common stock at the Tokyo Stock Exchange on the business day immediately prior to the date of resolution by the Board of Directors. The details of restricted stock allotted during the previous fiscal year and the current fiscal year are as follows:

	Year ended 31st March 2023		Year ended 31st March 2024	
Allotment date		15th July 2022		21st July 2023
Number of shares allotted		656,700 shares		514,800 shares
Fair value on the allotment date	¥	3,745	¥	4,103

c. Expenses arising from share-based payment transactions

The expenses arising from share-based payment transactions recorded as expenses in association with this plan for the previous fiscal year and the current fiscal year are ¥2,068 million and ¥2,204 million, respectively, which were recorded as expenses.

(3) Trust-type Employee Stock Ownership Incentive Plan (equity-settled)

The NRI Group has introduced a "Trust-type Employee Stock Ownership Incentive Plan" for employees (including employees of the consolidated subsidiaries, and the same shall apply hereinafter). The purpose of this plan is to promote the NRI Group's perpetual development by providing incentives to employees for increasing the NRI Group's corporate value in the medium to long term and to enhance benefits and the welfare of employees. This is an incentive plan under which gains from the Company's share price appreciation are distributed to all participants in the ESOP Group. The NRI Group Employee Stock Ownership Trust (the "ESOP Trust") has been established exclusively for the ESOP Group to carry out this plan and has been made a consolidated subsidiary of the Company in May 2023. Trust-type Employee Stock Ownership Incentive Plan(cash-settled) terminated in January 2023. The carrying amounts of liabilities and expenses arising from share-based payment transactions recorded in association with Trust-type Employee Stock Ownership Incentive Plan(cash-settled) as of 31st March 2023 and for the year ended 31st March 2023 were ¥1,820 million and ¥411 million, respectively.

a. Details of the stock-based remuneration plan

The ESOP Trust acquires the number of the Company's shares in advance, which the ESOP Group would expect to acquire over the trust period. Then, the ESOP Trust sells them to the ESOP Group each time the ESOP Group is to acquire the Company's shares. If the Company's share price appreciates and the Company's shares remain in the ESOP Trust, the Company's shares will be distributed to employees.

b. Fair value measurement

The amount of liabilities incurred is calculated by applying the option pricing model at the grant date. The Monte Carlo simulation is used in the option price calculation model.

c. Equity and expenses arising from share-based payment transactions

The amounts of equity incurred arising from share-based payment transactions recorded in association with this plan as of 31st March 2024 is ¥603 million.

The amounts of expenses arising from share-based payment transactions recorded in association with this plan for the current fiscal year are ¥603 million.

d. The shares of the Company held by the ESOP Trust and liabilities in the ESOP Trust

The carrying amounts of the shares of the Company held by the ESOP Trust in the consolidated statement of financial position as of 31st March 2024 was ¥13,957 million (corresponding to 3,628,100 shares), and the carrying amounts of liabilities in the ESOP Trust as of 31st March 2024 was ¥13,649 million, respectively.

31. Financial Instruments

(1) Capital management

The fundamental principles of the NRI Group's capital management are to focus on financial soundness so that it can maintain its services when unseen circumstances arise, due to the social responsibility borne by its information systems that support financial markets and product distribution markets. The NRI Group aims to balance continuous improvement in its corporate value with shareholder return including stable payment of dividends of surplus while keeping capital efficiency in mind.

The NRI Group has set ROE (calculated as profit attributable to owners of parent / beginning and ending balance average equity) as one of the key management indicators showing profitability and the management efficiency of invested capital in businesses, and will keep achieving the high capital efficiency of 20% or more.

ROE as of 31st March 2023 and 31st March 2024 is 20.7% and 19.9%, respectively.

There are no material capital requirements imposed on the NRI Group.

(2) Financial risk management

The NRI Group is exposed to financial risks (credit risk, liquidity risk, foreign currency risk, interest rate risk, and risk of changes in market prices) in the course of its operating activities, and has established risk management policies and frameworks to reduce these financial risks.

a. Credit risk management

Credit risk is the risk that may cause the NRI Group a financial loss due to a breach of contract or other default by its customers or financial institutions.

The NRI Group strives to reduce the credit risk of trade receivables by managing due dates and balances of each customer and having the business divisions monitor their customers' status so that they can promptly respond to any deterioration of credit standing.

When setting deposits for the purpose of using derivative transactions and managing funds, the NRI Group enters into transactions only with highly rated financial institutions to reduce counterparty risk. When purchasing securities, the NRI Group pays careful attention to management soundness of the issuers.

In addition, a consolidated subsidiary, which operates financial services business to provide loans on margin transactions and operating loans, reduces credit risk of companies to which such loans are provided by pledging collateral or other means of credit enhancements.

The above-mentioned risk management procedures enable the NRI Group to prevent or reduce credit risk. Therefore, the NRI Group does not have exposure to excessively concentrated credit risk.

The carrying amount less accumulated impairment losses of financial assets in the consolidated statement of financial position represents the maximum exposure to credit risk that does not take into account collaterals held or other credit enhancements.

Changes in allowance for doubtful accounts are as follows:

(Millions of yen)

		Allowance for doubtful accounts
1st April 2022	¥	379
Additional provisions made during the year		70
Amounts used during the year		(62)
Unused amounts reversed during the year		(42)
31st March 2023	¥	343
Additional provisions made during the year		103
Amounts used during the year		(26)
Unused amounts reversed during the year		(25)
31st March 2024	¥	395

Note: Allowance for doubtful accounts is mainly for trade receivables and contract assets.

There are no significant changes in the total carrying amount of financial assets, which influence changes in allowance for doubtful accounts in the previous and current fiscal years.

The carrying amount of financial assets for which allowance for doubtful accounts is recorded is as follows:

(Millions of yen)

Days in arrears		Carrying amount of financial assets for which allowance for doubtful accounts is recorded
31st March 2023		
Nil to 30 days	¥	200,654
31 to 90 days		183
91 to 180 days		66
Over 180 days		128
Total	¥	201,032
31st March 2024		
Nil to 30 days	¥	210,533
31 to 90 days		1,714
91 to 180 days		475
Over 180 days		165
Total	¥	212,889

The amounts of changes in allowance for doubtful accounts for the previous and current fiscal years are immaterial.

b. Liquidity risk management

Liquidity risk is the risk that the NRI Group will not be able to fulfil its obligation to repay financial liabilities as they fall due.

The NRI Group reduces the liquidity risk by managing its overall funds with the cash flow forecast and ensuring flexible and stable sources of funding.

The balance of financial liabilities by due date (the undiscounted contractual repayment amounts) is as follows. Since trade and other payables are normally settled within one year, they are not included in the table below.

31st March 2023

(Millions of yen)

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Non-derivative financial liabilities								
Short-term borrowings	¥ 5,566	¥ 5,753	¥ 5,753	¥ —	¥ —	¥ —	¥ —	¥ —
Long-term borrowings (including current portion)	55,514	64,149	7,553	5,836	36,306	7,166	7,286	—
Bonds (including current portion)	141,881	152,376	11,201	1,200	1,200	11,188	51,139	76,445
Lease liabilities	34,785	35,963	9,761	8,750	7,962	5,269	1,083	3,137
Total	¥237,746	¥ 258,242	¥ 34,270	¥ 15,787	¥ 45,469	¥ 23,623	¥ 59,508	¥ 79,582

31st March 2024

(Millions of yen)

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Non-derivative financial liabilities								
Short-term borrowings	¥ 2,871	¥ 2,991	¥ 2,991	¥ —	¥ —	¥ —	¥ —	¥ —
Long-term borrowings (including current portion)	70,863	78,464	13,675	48,401	8,114	8,273	—	—
Bonds (including current portion)	193,346	208,248	1,848	1,848	11,835	51,786	21,577	119,352
Lease liabilities	31,460	32,206	11,311	9,442	6,251	1,683	980	2,537
Total	¥298,540	¥ 321,911	¥ 29,826	¥ 59,692	¥ 26,201	¥ 61,742	¥ 22,557	¥121,889

Note: Part of long-term borrowings represents borrowings made by the ESOP Trust upon introduction of the “Trust-type Employee Stock Ownership Incentive Plan”. Under the loan contracts, amounts corresponding to the proceeds from sale of shares held by the ESOP Trust are used to repay the borrowings every three months, but the amount of each installment payment is not specified. Therefore, the repayment schedule is calculated at an estimated amount by reference to the acquisition price of the Company’s shares that the ESOP Group is expected to purchase from the ESOP Trust.

The NRI Group has the following financing facilities available to resolve a temporary shortage of funds for settling trade and other payables and to flexibly take measures against systemic risk in the financial market. The financing facilities and procurement status for each fiscal year are as follows:

(Millions of yen)

	31st March 2023	31st March 2024
Shelf-registered bonds:		
Used	¥ 65,000	¥ 60,000
Unused	35,000	140,000
Total	¥ 100,000	¥ 200,000
Australian Medium Term Note issuance facilities:		
Used	¥ 17,940	¥ 19,712
Unused	26,910	29,568
Total	¥ 44,850	¥ 49,280
Commercial paper issuance facilities:		
Used	¥ —	¥ —
Unused	50,000	60,000
Total	¥ 50,000	¥ 60,000
Loan commitment:		
Used	¥ 2,542	¥ 1,641
Unused	7,722	7,438
Total	¥ 10,265	¥ 9,079
Overdraft line of credit:		
Used	¥ 1,230	¥ 1,230
Unused	74,316	75,292
Total	¥ 75,546	¥ 76,522

c. Foreign currency risk management

The NRI Group develops its business on a global scale, and its financial assets and liabilities arising from transactions other than those in the functional currency are exposed to the currency fluctuation risk. However, since major revenue and expenses arise in local currencies, the impact of such fluctuations on the NRI Group's profit or loss is immaterial.

The NRI Group's net investments in foreign operations are also exposed to the currency fluctuation risk. However, the NRI Group can flexibly hedge such risk by using foreign currency-denominated borrowings, foreign currency-denominated bonds and forward exchange contracts as necessary while monitoring the level of multiple foreign exchange exposures to capital.

d. Interest rate risk management

Most of the NRI Group's interest-bearing debts are bonds issued at fixed interest rates. The NRI Group uses interest rate swaps for certain corporate bonds, as necessary, to hedge the risk that substantial interest payments may increase when market interest rates lower. The impact of interest expenses on the NRI Group is immaterial at this point.

The amounts of the NRI Group's exposure to interest rate risk as of 31st March 2023 and 31st March 2024 are ¥70,050 million and ¥83,590 million, respectively.

e. Share price fluctuation risk management

The NRI Group holds shares of other companies for the purposes of developing business, or maintaining and strengthening cooperative relationship or alliance with business partners when it determines that holding such shares can help enhance its corporate value in the medium to long term. Such shares are exposed to the share price fluctuation risk, but the NRI Group reduces such shares by continuously validating rationality of what it retains on an individual issuer basis. As such shares are designated as equity instruments measured at fair value through other comprehensive income, the share price fluctuation does not impact the NRI Group's profit or loss. The impact on other comprehensive income of the NRI Group is immaterial.

f. Derivative instruments and hedging activities

The NRI Group enters into forward exchange contracts for the purpose of hedging currency fluctuation risk and interest rate swaps transactions for hedging change in fair value of bonds, and not for speculative purposes. The NRI Group adopts cash flow hedges and fair value hedges for each transactions. The NRI Group adopts hedges of a net investment in a foreign operation by using foreign currency-denominated borrowings, foreign currency-denominated bonds and forward exchange contracts to hedge currency fluctuation risk associated with net investments in foreign operations.

The NRI Group also reduces the credit risk of financial institutions by doing business only with highly rated financial institutions. In executing the transactions, the NRI Group acts in accordance with the resolution of the Board of Directors, which specifies hedging transactions and related authority.

The content of the items designated as hedging instruments is as follows:
Please note that there is no ineffective portion of hedges.

31st March 2023

(Millions of yen)

	Contract amounts, etc.	Over 1 year in contract amounts, etc.	Carrying amount		Accounts of consolidated statement of financial position
			Assets	Liabilities	
Cash flow hedges					
Forward exchange contracts	¥ 11,193	¥ 7,495	¥ 1,724	¥ —	Other financial assets
Fair value hedges					
Interest rate swaps transactions	8,970	8,970	—	986	Other financial liabilities
Hedges of a net investment in a foreign operation					
Foreign currency-denominated borrowings	32,769	32,769	—	32,769	Bonds and borrowings
Foreign currency-denominated bonds	17,940	17,940	—	17,940	Bonds and borrowings
Forward exchange contracts	58,317	—	—	569	Other financial liabilities

31st March 2024

(Millions of yen)

	Contract amounts, etc.	Over 1 year in contract amounts, etc.	Carrying amount		Accounts of consolidated statement of financial position
			Assets	Liabilities	
Cash flow hedges					
Forward exchange contracts	¥ 7,495	¥ 3,747	¥ 2,491	¥ —	Other financial assets
Fair value hedges					
Interest rate swaps transactions	9,856	9,856	—	1,154	Other financial liabilities
Hedges of a net investment in a foreign operation					
Foreign currency-denominated borrowings	36,953	36,437	—	36,953	Bonds and borrowings
Foreign currency-denominated bonds	19,712	19,712	—	19,712	Bonds and borrowings
Forward exchange contracts	29,411	—	—	542	Other financial liabilities

The content of the items designated as hedged items is as follows:

a. Cash flow hedges and hedges of a net investment in a foreign operation

(Millions of yen)

	31st March 2023		31st March 2024	
	Continuing cash flow hedge reserve and foreign currency translation reserve	Cash flow hedge reserve and foreign currency translation reserve of discontinued hedges	Continuing cash flow hedge reserve and foreign currency translation reserve	Cash flow hedge reserve and foreign currency translation reserve of discontinued hedges
Cash flow hedges				
Scheduled business transactions	¥ 1,724	¥ —	¥ 2,491	¥ —
Hedges of a net investment in a foreign operation				
Exchange fluctuations of a net investment in a foreign operation	(5,917)	(2,278)	(11,845)	(10,451)

Notes: 1. Cash flow hedge reserve and foreign currency translation reserve are the amounts before tax effect.
2. The impact of the adoption of hedge accounting on the consolidated statement of comprehensive income is provided in Note “27. Other Comprehensive Income”. The content of the amounts reclassified into profit or loss is mainly transfers because the hedged item has affected profit of loss.

b. Fair value hedges

(Millions of yen)

	31st March 2023		31st March 2024	
	Carrying amount of hedged items	Accumulated amount of fair value hedge adjustments included in carrying amount of hedged items	Carrying amount of hedged items	Accumulated amount of fair value hedge adjustments included in carrying amount of hedged items
Fair value hedges				
Foreign currency-denominated bonds	¥ 8,084	¥ (885)	¥ 8,835	¥ (1,020)

Note: The account name of interest rate swaps designated as hedged items in the consolidated statement of financial position is “bonds and borrowings”.

(3) Fair value of financial instruments

a. Fair value hierarchy

For financial instruments measured at fair value, the fair values calculated according to the observability of inputs used in the measurement are classified into three levels of the fair value hierarchy.

Level 1: Market prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Fair values that are calculated using directly or indirectly observable prices other than the prices included within Level 1

Level 3: Fair values that are calculated using a valuation technique that includes unobservable inputs

Transfers between levels of the fair value hierarchy are recognized on the date of the event or change in circumstances that caused the transfers.

b. Method to determine fair value

The method of determining the fair value of financial instruments is as follows:

(Cash and cash equivalents, trade and other receivables, and trade and other payables)

Their carrying amount roughly approximates the fair value due mainly to the short maturity of these instruments.

(Bonds and borrowings)

The fair value of bonds is based on the quoted market price or the price obtained from a counterparty financial institution.

The fair value of short-term borrowings is based on their carrying amount because they are settled in a short period and the fair value approximates the carrying amount.

The fair value of long-term borrowings with variable interest rates approximates the carrying amount because the variable rates reflect market interest rates over a short term. The fair value of long-term borrowings with fixed interest rates, on the other hand, is the present value determined by discounting the total amount of principal and interest by an interest rate assumed to be applied if the similar loans were newly executed.

(Other financial assets and other financial liabilities)

The fair value of listed shares of equity instruments measured at fair value through other comprehensive income is determined based on quoted market prices. The fair value of unlisted shares is determined using valuation techniques such as a technique based on the quoted market prices of comparable companies and a technique based on net asset value.

The fair value of debt instruments measured at fair value through other comprehensive income is determined using published prices if they are available in active markets and is estimated by the appropriate technique based on the price proposed by a counterparty financial institution if they are not.

The fair value of debt instruments measured at fair value through profit or loss is estimated by a technique to discount future cash flow or a technique based on net asset value or other appropriate techniques.

Of financial liabilities measured at fair value through profit or loss, the fair value of contingent consideration generated by business combinations is calculated by estimating the payment amount in consideration of future business performance.

The fair value of derivative instruments is calculated based on observable market data such as an exchange rate, etc. and the price proposed by a counterparty financial institution.

c. Assets and liabilities measured at fair value on a recurring basis

Assets and liabilities measured at fair value on a recurring basis as of 31st March 2023 and 31st March 2024 are as follows.

31st March 2023

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Assets:				
Other financial assets				
Financial assets measured at fair value through other comprehensive income				
Equity instruments	¥ 35,964	¥ —	¥ 8,821	¥ 44,786
Debt instruments	—	4	—	4
Financial assets measured at the fair value through profit or loss				
Debt instruments	—	—	1,611	1,611
Derivative instruments	—	1,724	—	1,724
Total	¥ 35,964	¥ 1,729	¥ 10,433	¥ 48,127
Liabilities				
Other financial liabilities				
Financial liabilities measured at the fair value through profit or loss				
Contingent consideration	¥ —	¥ —	¥ 3,504	¥ 3,504
Derivative instruments	—	1,556	—	1,556
Total	¥ —	¥ 1,556	¥ 3,504	¥ 5,060

31st March 2024

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Assets:				
Other financial assets				
Financial assets measured at fair value through other comprehensive income				
Equity instruments	¥ 45,793	¥ —	¥ 8,823	¥ 54,616
Debt instruments	—	2	—	2
Financial assets measured at fair value through profit or loss				
Debt instruments	—	—	1,488	1,488
Derivative instruments	—	2,491	—	2,491
Total	¥ 45,793	¥ 2,494	¥ 10,312	¥ 58,599
Liabilities				
Other financial liabilities				
Financial liabilities measured at the fair value through profit or loss				
Contingent consideration	¥ —	¥ —	¥ 1,039	¥ 1,039
Derivative instruments	—	1,696	—	1,696
Total	¥ —	¥ 1,696	¥ 1,039	¥ 2,736

There are no material transfers between Level 1 and Level 2 of the fair value hierarchy for the previous and current fiscal years.

d. The reconciliation of financial instruments classified into Level 3.

The reconciliation of financial instruments classified into Level 3 is as follows.

(Millions of yen)

	Financial assets measured at fair value through other comprehensive income	Financial assets measured at fair value through profit or loss
1st April 2022	¥ 7,631	¥ 1,418
Purchase	270	326
Profit or loss (Note 1)	—	(5)
Other comprehensive income (Note 2)	1,222	—
Sale	(301)	—
Distributions	—	(112)
Other	—	(15)
31st March 2023	¥ 8,821	¥ 1,611
Purchase	32	73
Profit or loss (Note 1)	—	(12)
Other comprehensive income (Note 2)	(30)	—
Sale	—	—
Distributions	—	(212)
Other	—	27
31st March 2024	¥ 8,823	¥ 1,488

Note: 1. They are included in “finance income” and “finance costs” in the consolidated statement of comprehensive income. These amounts are unrealized profit or loss of financial instruments the NRI Group holds as of 31st March 2023 and 31st March 2024.
2. They are included in financial instruments measured at fair value through other comprehensive income in the consolidated statement of comprehensive income.

e. Financial instruments measured at amortized cost

Financial instruments measured at amortized cost as of 31st March 2023 and 31st March 2024 are as follows. The table below does not include those whose carrying amount approximates their fair value. The fair value of financial instruments measured at amortized cost is classified into Level 2.

(Millions of yen)

	31st March 2023		31st March 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Bonds	¥ 141,881	¥ 139,439	¥ 193,346	¥ 191,484
Long-term borrowings	55,514	55,514	70,863	70,863

Note: 1. Bonds include the current portion amounting to ¥10,000 million as of 31st March 2023. There is no current portion applicable as of 31st March 2024.
2. Long-term borrowings include the current portion amounting to ¥4,669 million and ¥10,344 million as of 31st March 2023 and 31st March 2024, respectively.

(4) Financial assets designated as being measured at fair value through other comprehensive income

a. Equity instruments

The Company holds shares of other companies for the purposes of developing business, or maintaining and strengthening a cooperative relationship or alliance with business partners, and designates them as equity instruments measured at fair value through other comprehensive income. Major issues of equity instruments measured at fair value through other comprehensive income and their fair values are as follows:

31st March 2023

(Millions of yen)

Issue	Fair value	
Seven & i Holdings Co., Ltd.	¥	17,937
Recruit Holdings Co., Ltd.		3,650
EARTHBRAIN Ltd.		3,345
Seven Bank, Ltd.		2,650
7dream.com Co.,Ltd.		2,357

31st March 2024

(Millions of yen)

Issue	Fair value	
Seven & i Holdings Co., Ltd.	¥	19,868
Recruit Holdings Co., Ltd.		6,707
EARTHBRAIN Ltd.		3,345
Seven Bank, Ltd.		2,957
Mito Securities Co.,Ltd.		2,751

b. Derecognition of equity instruments measured at fair value through other comprehensive income

The Company evaluates the rationality of holding each individual equity instrument once a year at the Board of Directors' meeting, and will sell or dispose of equity instruments through an appropriate method when it is deemed no longer reasonable to hold them from a medium-to long-term perspective. The table below shows the fair value of issues that were sold or disposed of during the period and the total amount of cumulative gains or losses recognized in other components of equity. The amount of dividend income recognized during the period which relates to the equity instruments derecognized during the period was immaterial.

(Millions of yen)

Year ended 31st March 2023				Year ended 31st March 2024			
Fair value		Cumulative gains (losses)		Fair value		Cumulative gains (losses)	
¥	301	¥	175	¥	—	¥	—

32. Significant Subsidiaries

(1) Major subsidiaries

Major subsidiaries of the Company as of 31st March 2024 are presented in "I. Overview of the Company 4. Overview of Affiliated Entities" (in Japanese only).

33. Related Parties

(1) Transactions with related parties

Year ended 31st March 2023

Related party relationship	Name	Transactions	Transaction amount (Millions of yen)	Outstanding balance (Millions of yen)
Entity with significant influence	Nomura Holdings, Inc.	System development & system application sales and provision of system management & operation services (Note 1)	¥ 50,190	¥ 6,045
Subsidiary of entity with significant influence	Nomura Securities Co.,Ltd.	Disposal by way of a third-party allotment of shares of the Company held as treasury shares(Note 2)	16,007	–
		Forward exchange contracts (Note 3)	99,326	501
President & CEO, Chairman, Member of the Board, Representative Director	Shingo Konomoto	Exercise of share acquisition rights (Note 4) and contribution of monetary remuneration claims (Note 5)	300	–
Vice Chairman, Member of the Board	Yasuo Fukami	Contribution of monetary remuneration claims (Note 5)	40	–
Vice Chairman, Member of the Board	Yo Akatsuka	Contribution of monetary remuneration claims (Note 5)	40	–
Senior Executive Managing Director, Member of the Board, Representative Director	Hidenori Anzai	Contribution of monetary remuneration claims (Note 5)	73	–
Senior Executive Managing Director, Member of the Board, Representative Director	Ken Ebato	Exercise of share acquisition rights (Note 4) and contribution of monetary remuneration claims (Note 5)	91	–
Senior Executive Managing Director, Member of the Board	Shuji Tateno	Exercise of share acquisition rights (Note 4) and contribution of monetary remuneration claims (Note 5)	120	–
Audit & Supervisory Board Member	Motoya Nishimura	Exercise of share acquisition rights (Note 4)	8	–
Senior Managing Director	Shigeki Hayashi	Exercise of share acquisition rights (Note 4) and contribution of monetary remuneration claims (Note 5)	123	–
Senior Managing Director	Hiroshi Masutani	Exercise of share acquisition rights (Note 4) and contribution of monetary remuneration claims (Note 5)	83	–
Senior Managing Director	Tomoshiro Takemoto	Exercise of share acquisition rights (Note 4) and contribution of monetary remuneration claims (Note 5)	89	–
Senior Managing Director	Hirofumi Tatematsu	Contribution of monetary remuneration claims (Note 5)	68	–
Senior Managing Director	Fumihiko Sagano	Exercise of share acquisition rights (Note 4) and contribution of monetary remuneration claims (Note 5)	101	–
Senior Managing Director	Namiki Kubo	Contribution of monetary remuneration claims (Note 5)	54	–

Related party relationship	Name	Transactions	Transaction amount (Millions of yen)	Outstanding balance (Millions of yen)
Senior Managing Director	Susumu Nishimoto	Exercise of share acquisition rights (Note 4) and contribution of monetary remuneration claims (Note 5)	96	–
Senior Managing Director	Yoshihiko Sunaga	Contribution of monetary remuneration claims (Note 5)	54	–
Senior Managing Director	Takeshi Hihara	Exercise of share acquisition rights (Note 4) and contribution of monetary remuneration claims (Note 5)	43	–
Senior Managing Director	Kaga Yanagisawa	Contribution of monetary remuneration claims (Note 5)	32	–

Notes:

1. The terms and conditions of transactions are determined in the same way as ordinary transactions through negotiations given costs associated with system development & system application sales and system management and operation services.
2. The disposal price of treasury shares is determined based on market prices.
3. The terms and conditions of forward exchange contracts are determined based on the exchange rate, etc. at the time of contracts. The transaction amount is the cumulative total of the contract amount.
4. The transaction amount above is calculated by multiplying the number of shares granted through the exercise of share acquisition rights for stock options during the year ended 31st March 2023 by the exercise price. The stock options of Audit & Supervisory Board Member were granted before the inauguration of Audit & Supervisory Board Member.
5. It is due to contribution in kind of monetary remuneration claims associated with the Restricted Stock-based Remuneration Plan.

Year ended 31st March 2024

Related party relationship	Name	Transactions	Transaction amount (Millions of yen)	Outstanding balance (Millions of yen)
Subsidiary of entity with significant influence	Nomura Securities Co.,Ltd.	Forward exchange contracts (Note 1)	¥ 117,080	¥ 271
President & CEO, Chairman, Member of the Board, Representative Director	Shingo Konomoto	Contribution of monetary remuneration claims (Note 3)	112	–
Vice Chairman, Member of the Board	Yasuo Fukami	Contribution of monetary remuneration claims (Note 3)	41	–
Vice Chairman, Member of the Board	Yo Akatsuka	Contribution of monetary remuneration claims (Note 3)	41	–
Senior Executive Vice President, Member of the Board, Representative Director	Ken Ebato	Contribution of monetary remuneration claims (Note 3)	69	–
Senior Executive Managing Director, Member of the Board, Representative Director	Hidenori Anzai	Contribution of monetary remuneration claims (Note 3)	65	–
Senior Executive Managing Director, Member of the Board	Shuji Tateno	Exercise of share acquisition rights (Note 2) and contribution of monetary remuneration claims (Note 3)	84	–
Senior Managing Director	Fumihiko Sagano	Exercise of share acquisition rights (Note 2) and contribution of monetary remuneration claims (Note 3)	112	–
Senior Managing Director	Namiki Kubo	Contribution of monetary remuneration claims (Note 3)	47	–
Senior Managing Director	Tomohiko Noguchi	Contribution of monetary remuneration claims (Note 3)	47	–
Senior Managing Director	Susumu Nishimoto	Contribution of monetary remuneration claims (Note 3)	47	–
Senior Managing Director	Yoshihiko Sunaga	Contribution of monetary remuneration claims (Note 3)	47	–
Senior Managing Director	Shigekazu Ohmoto	Contribution of monetary remuneration claims (Note 3)	47	–
Senior Managing Director	Takeshi Hihara	Contribution of monetary remuneration claims (Note 3)	39	–
Senior Managing Director	Ichiro Morisawa	Contribution of monetary remuneration claims (Note 3)	39	–
Senior Managing Director	Kaga Yanagisawa	Contribution of monetary remuneration claims (Note 3)	39	–
Senior Managing Director	Hiroyuki Nakayama	Contribution of monetary remuneration claims (Note 3)	39	–
Senior Managing Director	Hiroyuki Kawanami	Exercise of share acquisition rights (Note 2) and contribution of monetary remuneration claims (Note 3)	45	–

Notes:
1. The terms and conditions of forward exchange contracts are determined based on the exchange rate, etc. at the time of contracts. The transaction amount is the cumulative total of the contract amount.
2. The transaction amount above is calculated by multiplying the number of shares granted through the exercise of share acquisition rights for stock options during the year ended 31st March 2024 by the exercise price.
3. It is due to contribution in kind of monetary remuneration claims associated with the Restricted Stock-based Remuneration Plan.

(2) Remuneration for key management personnel

	Year ended 31st March 2023	Year ended 31st March 2024
	(Millions of yen)	
Short-term employee benefits	¥ 1,252	¥ 1,572
Share-based payments	769	822
Other	10	11
Total	¥ 2,032	¥ 2,405

Notes: 1. Remuneration for key management personnel is paid to the Company's Members of the Board, Audit & Supervisory Board Members, and Senior Managing Directors who are members of the Company's management meeting.

2. "Share-based payments" represent the Restricted Stock-based Remuneration Plan and the Phantom Stock Plan and indicate the amounts of expenses reported in the previous and current fiscal year.

3. "Other" refers to contributions to the defined contribution pension plan and insurance premiums for casualty insurance.

34. Pledged Assets

31st March 2023

Investment securities pledged as collateral as a substitute for long-term guarantee deposits to an exchange amount to ¥92 million and as a substitute for clearing funds to Japan Securities Clearing Corporation amount to ¥305 million.

31st March 2024

Investment securities pledged as collateral as a substitute for long-term guarantee deposits to an exchange amount to ¥154 million and as a substitute for clearing funds to Japan Securities Clearing Corporation amount to ¥513 million.

35. Subsequent Events

Purchase of treasury shares

The Company's Board of Directors passed a resolution at the meeting held on 25th April 2024 on the purchase of shares of common stock held as treasury shares in accordance with the provisions of Article 459, paragraph 1 of Japan's Companies Act and the Company's Articles of Incorporation and the specific method of purchase. The details are outlined below.

1. Reasons for purchase of treasury shares

   The Company intends to purchase treasury shares, as part of the Company's flexible capital management aimed at improving capital efficiency and responding to changes in the business environment.

2. Details on the acquisition

(1)	Type of shares to be acquired:	Common stock of the Company
(2)	Total number of shares to be acquired:	Up to 10,000,000 shares (Percentage to the total number of issued shares (excluding treasury shares): 1.72%)
(3)	Total amount of shares to be acquired:	Up to ¥30,000 million
(4)	Acquisition period:	15th May 2024 – 25th October 2024
(5)	Acquisition method:	Market purchase on the Tokyo Stock Exchange (Market purchase based on discretionary trading agreement pertaining to acquisition of treasury shares (excludes the period during the ten business days from the business day following the date of announcement of NRI's quarterly financial results))

Note: Treasury shares do not include the Company's shares held by the NRI Group Employees' Stock Ownership Plan Trust (the same applies hereinafter).

(Reference)Treasury shares as of 31st March 2024

Total number of issued shares (excluding treasury shares)	579,879,411 shares
Number of treasury shares	917,500 shares

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.

1. Purpose and reasons for the issuance

   At the Board of Directors meeting held 26th April 2018, the Company passed a resolution to adopt a Restricted Stock-based Remuneration Plan ("This Plan") as a new remuneration system for the Company's senior managing directors and other employees (those treated as executives) residing in Japan in addition to members of the board excluding outside directors ("Applicable Directors") in order to give incentives to Applicable Directors for making sustainable improvements to the corporate value of the Company and to further promote the sharing of value as shareholders of the Company. Additionally, at the 53rd Ordinary General Meeting of Shareholders on 22nd June 2018, shareholders approved the issuance of (i) a maximum of ¥120 million per year for "stock remuneration as long-term incentives," and (ii) a maximum of ¥280 million per year for "stock remuneration as medium-term incentives," totaling a maximum of ¥400 million per year (not including employee salary for employees who double as directors) as monetary remuneration claims to Applicable Directors to invest as properties contributed in kind for the acquisition of restricted stock through This Plan. Afterwards, at the 57th Ordinary General Meeting of Shareholders on 17th June 2022, the new approval that the total amounts of monetary remuneration claims to Applicable Directors to be paid for granting restricted stock were (i) a maximum of ¥240 million per year for "stock remuneration as long-term incentives," and (ii) a maximum of ¥560 million per year for "stock remuneration as medium-term incentives," totaling a maximum of ¥800 million per year has been obtained.

2. Outline of share issuance

(a) Payment date	12th July, 2024
(b) Type and number of shares to be issued	444,600 common shares
(c) Issue price	¥4,292 per share
(d) Total issue value	¥1,908,223,200
(e) Paid-in capital	¥2,146 per share
(f) Total paid-in capital	¥954,111,600
(g) Subscription or allocation method	Allocation of shares with specific restrictions
(h) Investment execution method	Monetary remuneration claims provided as property contributed in kind
(i) 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
(j) Other	Regarding this issuance of new shares, an extraordinary report has been submitted in accordance with the Financial Instruments and Exchange Act.

Status of Shareholdings (Unaudited)

1) Standards and view for classification of investment shares

The Company classifies shares held to gain profits from share price fluctuations and dividends on shares as "investment shares held for pure investment purposes," and other "investment shares held for purposes other than pure investment purposes" as "strategic investment purposes" to hold shares with the aim of business development through provision of the Company's solutions to major businesses of clients, etc. and as "counterparties and business partners, etc." to hold shares with the aim of maintaining and strengthening a cooperative relationship or alliance, etc. with counterparties and business partners.
The Company does not hold investment shares for pure investment purposes in principle. The Company may hold investment shares held for purposes other than pure investment purposes to a limited extent, if it judges based on comprehensive consideration of its business strategy, relationships with issuers, and other factors that holding the shares can help enhance its corporate value through maintenance and strengthening of a cooperative relationship or alliance with counterparties, or with the aim of business development.

2) Investment shares held for purposes other than pure investment purposes

a. Shareholding policy and method to evaluate rationality of shareholdings, and summary of validation of whether the shareholding is appropriate by the Board of Directors, etc.

As for investment shares held for purposes other than pure investment purposes, the Company evaluates the rationality of shareholdings for each individual equity instrument once a year at the Board of Directors' meeting, and will sell or dispose of equity instruments through an appropriate method when it is deemed no longer reasonable to hold them from a medium-to long-term perspective. The rationality of shareholdings is comprehensively evaluated, taking into account income associated with the shareholding as well as holding purposes such as creation of business opportunities and maintenance and strengthening of relationships with the issuer, and listed shares are evaluated by comparing capital cost, income from counterparties, and other factors.
Of 17 issues listed as specified investment shares (balance as of 31st March, 2024: ¥44,498 million), reasons for holding the shares for the purpose of business strategy of major investees and amounts in the balance sheet are as follows. The total amount in the balance sheet is ¥25,360 million.

1. Seven & i Holdings Co., Ltd. [strategic investment purposes] (amount in the balance sheet: ¥19,868 million)

   This company is a leading distribution shareholding company, which is one of major clients of the Company. The Company provides services of building and operating information systems including core systems to Seven & i Holdings Co., Ltd. and for distribution businesses which are group companies of the said company. The said company's group takes a basic stance of contributing to local communities in Japan and overseas by always putting itself in customers' position and providing new experience value, and aims to be a world-class retail group centered around its "food" that leads retail innovation through global growth strategies centered on the 7-Eleven business and proactive utilization of technology in 2030. One of the policies set out by the said company as part of its "Concrete action plans to accelerate growth" announced in April 2024 is to establish the IT/DX strategy that is the foundation of its global growth and the IT/DX governance to improve cost competitiveness. On the other hand, the NRI Group also seeks to achieve the ideal vision for 2030 of transforming the world dynamically with digital social capital, and works on operational reforms using digital technologies including AI and system development for improvement of productivity. To the said company's group, the Company, as a strategic partner, proactively provides support for the promotion of business reforms, and offers solutions on a continuous basis through such activities, in a bid to continue to enhance the corporate value of both companies.

2. Seven Bank, Ltd. [strategic investment purposes] (amount in the balance sheet: ¥2,957 million)

   This company is a bank, affiliated with Seven & i Holdings Co., Ltd. stated in 1. above, which mainly provides ATM services, financial services, etc. The Company receives orders from the said company for building and operation of information systems centered on core systems on a continuous basis. Amid huge changes in the social environment such as the progress of cashless and digital payments in recent years, the Company, as a business partner, proactively provides support for the sophistication and diversification of the ATM business of the said company and offers solutions on a continuous basis. In addition, the Company also contributes to realization of "reduction of environmental load," which is a priority issue of the said company, by providing data centers located at two locations in Japan which procure renewable energy for all its electricity consumed. In July 2023, Seven Bank, Ltd. made Seven Card Service Co., Ltd. a consolidated subsidiary with the aim of pursuing synergies through the integrated management of the ATM platform business, banking business, credit-card business and electronic money business to provide services and financial experiences tailored to customer needs in a unified and consistent manner. To the said company's group, through such activities as above, the Company aims to continue to enhance the corporate value of both companies.

3. LAC Co., Ltd. [strategic investment purposes] (amount in the balance sheet: ¥2,535 million)

   This company is an IT company which provides services from consulting to system development, operation and maintenance in association with cyber security for enterprises. The said company and the Company entered into a capital and business alliance agreement, and also jointly operate Nuligen Security Co., Ltd. The joint venture company develops Software as a Service (SaaS) type managed security services in which operation and management of information security systems, including threat analysis, monitoring and operation utilizing new technologies such as AI, are undertaken comprehensively for public cloud platforms, and functions of the service were enhanced in the current fiscal year. LAC and the Company jointly work to solve social issues related to information security, and in the information security domain where such rapid environmental changes are advancing, we aim to increase corporate value of each company by continuing to develop and provide solutions through co-creation leveraging strengths of each company.

   Of unlisted shares held for strategic investment purposes, reasons for holding the shares for the purpose of business strategy of major investees and amounts in the balance sheet are as follows.

4. EARTHBRAIN Ltd. [strategic investment purposes] (amount in the balance sheet: ¥3,345 million)

   This company is a joint venture company founded led by Komatsu Ltd. (Komatsu), an important client of the Company, through joint contribution with NTT Communications Corporation, Sony Semiconductor Solutions Corporation, and the Company. The Company takes a 5% stake. As solutions to social issues such as aging workforce in the construction industry of Japan and a decrease in labor population as well as workstyle reforms are required in construction sites in the world, the said company works to promote digital transformation in the construction industry, aiming to improve safety, productivity and environmental friendliness. As for "DX and Smart Construction" that has been provided by Komatsu, including construction simulation and progress management based on 3D data on construction sites obtained through measurement by drones, we will further advance the sophistication of the service for next-generation services by combining knowledge, know-how and technologies held by each of the four companies. In addition, we will expand services such as wide overseas development and provision of services for all construction machinery and vehicles operated in construction sites. The Company assumes development of solutions utilizing its knowledge on reforms of business models and digitalization and provides services for these solutions to the said company. We aim to enhance the corporate value together.

b. Number of issues and amounts in the balance sheet

	Number of issues (Issues)			Amounts in the balance sheet (Millions of yen)		
		Strategic investment purposes	Counterparties and business partners, etc.		Strategic investment purposes	Counterparties and business partners, etc.
Unlisted shares	21	16	5	5,352	5,207	145
Shares other than unlisted shares	17	15	2	44,498	43,231	1,267

(Issues whose number of shares increased in the current fiscal year)

	Number of issues (Issues)	Total of acquisition costs related to increase in the number of shares (Millions of yen)	Reason for increase in the number of shares
Unlisted shares	1	32	Capital contribution for the purpose of business development
Shares other than unlisted shares	1	5	Capital contribution for the purpose of business development

(Issues whose number of shares decreased in the current fiscal year)

	Number of issues (Issues)	Total of sale value related to decrease in the number of shares (Millions of yen)
Unlisted shares	–	–
Shares other than unlisted shares	–	–

c. Information on the number of specified investment shares and deemed shareholdings by issue, amounts in the balance sheet, etc.

Specified investment shares

Issues	Current fiscal year Number of shares (Shares) Amounts in the balance sheet (Millions of yen)	Previous fiscal year Number of shares (Shares) Amounts in the balance sheet (Millions of yen)	Holding purposes, overview of business alliance, etc., quantitative effects of holdings, and reasons for increase in the number of shares	Whether or not shares of the Company are held
Seven & i Holdings Co., Ltd. *1	9,006,522 19,868	3,002,174 17,937	[Strategic investment purposes] The holding purposes are as stated in a. 1. The rationality of shareholdings has been comprehensively evaluated, also taking into account related income, capital cost, etc.	None *2
Recruit Holdings Co., Ltd.	1,000,000 6,707	1,000,000 3,650	[Strategic investment purposes] The Company develops information systems and provides them to the said company, and holds the shares to develop businesses through the provision of solutions to the said company. The rationality of shareholdings has been comprehensively evaluated, also taking into account related income, capital cost, etc.	None
Seven Bank, Ltd.	10,000,000 2,957	10,000,000 2,650	[Strategic investment purposes] The holding purposes are as stated in a. 2. The rationality of shareholdings has been comprehensively evaluated, also taking into account related income, capital cost, etc.	None
Mito Securities Co., Ltd.	5,560,000 2,746	5,560,000 1,612	[Strategic investment purposes] The Company mainly provides operation services for securities business systems to the said company, and holds the shares to develop businesses through the provision of these services. The rationality of shareholdings has been comprehensively evaluated, also taking into account related income, capital cost, etc.	None
Toyo Securities Co., Ltd.	6,860,000 2,668	6,860,000 2,167	[Strategic investment purposes] The Company mainly provides operation services for securities business systems to the said company, and holds the shares to develop businesses through the provision of these services. The rationality of shareholdings has been comprehensively evaluated, also taking into account related income, capital cost, etc.	None
LAC Co., Ltd.	3,130,000 2,535	3,130,000 2,194	[Strategic investment purposes] The holding purposes are as stated in a. 3. The rationality of shareholdings has been comprehensively evaluated, also taking into account related income, capital cost, etc.	None

Issues	Current fiscal year Number of shares (Shares) Amounts in the balance sheet (Millions of yen)	Previous fiscal year Number of shares (Shares) Amounts in the balance sheet (Millions of yen)	Holding purposes, overview of business alliance, etc., quantitative effects of holdings, and reasons for increase in the number of shares	Whether or not shares of the Company are held
GLOBAL SECURITY EXPERTS Inc.	210,000 1,173	210,000 1,119	[Strategic investment purposes] The Company holds the shares to develop businesses in collaboration with the said company. The rationality of shareholdings has been comprehensively evaluated, also taking into account related income, capital cost, etc.	None
AIZAWA SECURITIES GROUP CO., LTD.	1,000,000 1,171	1,000,000 690	[Strategic investment purposes] The Company mainly provides operation services for securities business systems to the said company, and holds the shares to develop businesses through the provision of these services. The rationality of shareholdings has been comprehensively evaluated, also taking into account related income, capital cost, etc.	None *2
OKASAN SECURITIES GROUP INC.	1,000,000 817	1,000,000 471	[Strategic investment purposes] The Company mainly provides operation services for securities business systems to the said company, and holds the shares to develop businesses through the provision of these services. The rationality of shareholdings has been comprehensively evaluated, also taking into account related income, capital cost, etc.	None *2
HIMACS, Ltd.	570,240 813	570,240 800	[Counterparties and business partners, etc.] The Company entrusts system development to the said company, and holds the shares to maintain and strengthen the relationship with the said company. The rationality of shareholdings has been comprehensively evaluated, also taking into account related income, capital cost, etc.	None
Kyokuto Securities Co., Ltd.	500,000 782	500,000 297	[Strategic investment purposes] The Company mainly provides operation services for securities business systems to the said company, and holds the shares to develop businesses through the provision of these services. The rationality of shareholdings has been comprehensively evaluated, also taking into account related income, capital cost, etc.	None
Ichiyoshi Securities Co., Ltd.	879,968 746	879,968 532	[Strategic investment purposes] The Company mainly provides operation services for securities business systems to the said company, and holds the shares to develop businesses through the provision of these services. The rationality of shareholdings has been comprehensively evaluated, also taking into account related income, capital cost, etc.	None

Issues	Current fiscal year Number of shares (Shares) Amounts in the balance sheet (Millions of yen)	Previous fiscal year Number of shares (Shares) Amounts in the balance sheet (Millions of yen)	Holding purposes, overview of business alliance, etc., quantitative effects of holdings, and reasons for increase in the number of shares	Whether or not shares of the Company are held
ONWARD HOLDINGS CO., LTD.	1,098,600 627	1,098,600 420	[Strategic investment purposes] The Company mainly provides operation services to the said company's group, and holds the shares to develop businesses through the provision of solutions. The rationality of shareholdings has been comprehensively evaluated, also taking into account related income, capital cost, etc.	None
TOHO SYSTEM SCIENCE CO., LTD. *3	368,100 453	245,400 280	[Counterparties and business partners, etc.] The Company entrusts system development to the said company, and holds the shares to maintain and strengthen the relationship with the said company. The rationality of shareholdings has been comprehensively evaluated, also taking into account related income, capital cost, etc.	Yes
MITSUBISHI PENCIL CO., LTD.	98,085 250	95,184 154	[Strategic investment purposes] The Company mainly provides development services and sells products to the said company, and holds the shares to develop businesses through the provision of solutions to the said company. The Company also continued to develop businesses in relation to system development in the current fiscal year, and acquired additional shares. The rationality of shareholdings has been comprehensively evaluated, also taking into account related income, capital cost, etc.	None
Fukuoka Financial Group, Inc.	40,000 161	40,000 101	[Strategic investment purposes] The Company mainly provides operation services to the said company's group, and holds the shares to develop businesses through these services. The rationality of shareholdings has been comprehensively evaluated, also taking into account related income, capital cost, etc.	None
Linkers Corporation	100,000 18	100,000 30	[Strategic investment purposes] The Company holds the shares to develop businesses in collaboration with the said company. The rationality of shareholdings has been comprehensively evaluated, also taking into account related income, capital cost, etc.	None

Notes: As for quantitative effects of holdings, the Company refrains from the disclosure with consideration for relationships, etc. with counterparties.

*1. The increase in the number of shares during the current fiscal year is due to a 3-for-1 share split conducted in March 2024.

*2. Although the company whose shares are held by the Company does not hold shares of the Company, a subsidiary of the said company holds shares of the Company.

*3. The increase in the number of shares during the current fiscal year is due to a 1.5-for-1 share split conducted in September 2023.

3) Investment shares held for pure investment purposes

Nothing to be reported.

4) Investment shares whose holding purpose was changed from pure investment purposes to purposes other than pure investment purposes during the current fiscal year

Nothing to be reported.

5) Investment shares whose holding purpose was changed from purposes other than pure investment purposes to pure investment purposes during the current fiscal year

Nothing to be reported.