

Envision the value, Empower the change



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Looking Back on My First Year as President

FY2024 was my first year serving as president. Although I had a preparation period from autumn 2023 until my appointment in spring 2024, there were still many things I realized and learned after assuming the role. In particular, during the first half of the year, I focused on understanding the situation of all divisions and catching up, and in decision-making situations, I was often navigating by trial and error.

While I had been involved in decision-making prior to my appointment, becoming the final decision-maker myself heightened my sense of responsibility and prompted me to view matters from more multifaceted perspectives than ever before. Specifically, I make it a point to actively seek opinions from employees and officers whose values and viewpoints differ from my own.

Furthermore, so that those around me recognize me as “a president who welcomes candid and bold opinions without hesitation,” I make a habit of walking around the office floor to talk with employees and holding regular dialogues with them.

I have long emphasized diversity as an essential element in management, but becoming president has given me a renewed appreciation of its importance. Going forward, I will continue to promote the integration of talent from diverse backgrounds to enhance the quality of our decision-making.

FY2024 was also the second year of our Medium-Term Management Plan, and thanks to the accumulation of such small efforts, the daily hard work of our employees, and the cooperation of our business partners, we successfully achieved results exceeding our initial plan. In particular, with regard to profit, we reached a level surpassing even the upwardly revised forecast announced this January. Personally, while I felt relieved, I am also constantly thinking—and enjoying the process—about how best to meet the ever-growing expectations for the Company.

Medium- to Long-Term Challenges

The business environment surrounding NRI’s main businesses, such as consulting and IT solutions, remains favorable. Business transformation and business creation leveraging digital technologies are challenges common to all industries, and we have achieved business growth by riding this wave. Going forward, we are confident about short- to medium-term business growth, as there is no shortage of topics—such as modernization of mission-critical systems and full-scale use of AI—that will drive our clients’ IT investments. While there may be some fluctuations, we do not expect the cruising speed of recent years to decline drastically.

On the other hand, from a long-term perspective looking beyond 2030, we recognize that the challenges we face are considerable. If we are not careful, we could be caught in a major storm and rendered unable to navigate. For example, the spread of AI presents a significant opportunity for us, but we also see it as a risk that could overturn the revenue structure of our IT solutions business. Automation initiatives using AI are already underway in various areas, such as testing and programming processes; however, if AI were to fully automate system development, the added value we provide could be significantly diminished. In other words, it is a scenario that could disrupt the traditional IT solutions business model based on person-month billing. To mitigate such risks, we believe it is essential to further build on the areas and strengths that only NRI can offer, starting now. Based on this sense of urgency, we have identified the following three items as medium- to long-term challenges: (1) establishment of a growth model not dependent on headcount; (2) top-line growth in the domestic business; and (3) regrowth of the global business.

1. Establishment of a Growth Model Not Dependent on Headcount —Expansion of Asset-Utilization Businesses—

To mitigate the risk of the IT solutions business disruption scenario mentioned earlier, it is necessary to shift to a business model that is not based on person-month billing. NRI’s Financial IT Solutions Segment operates shared platforms for the securities, financial, and insurance industries, and provides services in which system usage fees are charged to clients according to the number of service users or transaction volumes.

These platforms consist of NRI’s software assets, but their development requires upfront investment and thus involves business risk. In addition to assessing business viability, it is important to extract and standardize common elements in advance during the development stage, and to retain flexibility in line with the business design. Such a design philosophy has been deeply rooted for many years in the Financial IT Solutions Segment, and platforms developed based on this philosophy have led to the creation of high-value-added services for clients. For NRI, the ability to deliver value leveraging intellectual assets rather than headcount contributes to the sustainable and stable enhancement of earning power.

In recent years, the Industrial IT Solutions Segment has also been developing asset-utilization businesses, for example, in social DX initiatives utilizing My Number authentication. New applications are spreading not only in administrative services but also in the private sector, such as authentication using the My Number Card and procedures conducted via electronic mailboxes, and many of these utilize software assets in which NRI has made upfront investments. Many may have seen the news in June 2025 that iPhones are now



equipped with My Number Card authentication functionality. We are pleased that these developments will enable people to feel a greater sense of familiarity with NRI.

Going forward, by further expanding such forward-looking investments in software, we will continue to promote the shift toward a business model not dependent on headcount.

2. Top-Line Growth in the Domestic Business —Further Advancement of “Con-Solution”—

The second medium- to long-term challenge is expanding the top line of our domestic business. NRI’s business domains are broadly divided into IT solutions and consulting, and in both domains, we have consistently focused on high-value-added areas. As a result, operating margins for both domestic business domains have steadily increased, most recently exceeding 20%. We recognize that this achievement is entirely supported by NRI’s proposal capabilities, engineering capabilities, and the business infrastructure built by our predecessors.

At the same time, the domestic IT market has grown remarkably in recent years, expanding at a pace that has recently outstripped our own net sales growth. While we are comfortable with our current growth speed, given our basic policy of prioritizing quality and careful talent development, from a medium- to long-term perspective, we believe that unless we secure our position now, we may find in the future that there are no prime locations left when we want to build something new.

Earlier, I mentioned the expansion of businesses utilizing software assets; in both our consulting and IT solutions businesses, the most important common asset is our “clients.” Precisely because market changes are so dynamic today, we believe it is essential to urgently expand our client base with future growth in mind.

One initiative toward this goal is the further advancement of “Con-Solution,” NRI’s unique business model in which consulting and IT solutions work alongside clients.

One of NRI’s distinctive features is that, while operating an IT solutions business, we have also long maintained an independent Consulting Department. The Consulting Department has numerous relationships with client top management, and the process of translating management and business challenges identified there into IT solutions is, we believe, a unique approach to NRI.

Recently, we were able to receive our first IT solutions project from a client with whom our Consulting Department has had a relationship for 20 years. If we regarded the Consulting Department as merely a sales arm for IT solutions, we could not have waited 20 years; rather, it is precisely because the Consulting Department operates independently as a consulting business that we can build such ultra-long-term relationships with clients.

From this fiscal year, to promote Con-Solution and improve both our “at-bats” and “batting average,” we have launched initiatives in which account managers from the Solution departments and Consulting departments pair up as “buddies” to advance client co-creation. Internally, we tell them not to think of it as a “relay” where the Consulting Department hands over to the Solution departments, but as a “three-legged race” (move forward together).

In today’s era, where management and IT are inseparable, NRI’s “three-legged race”-style Con-Solution delivers value to clients in the form of greater reassurance, convenience, and speed. Through these initiatives, we intend to continue driving robust growth in our domestic business.

3. Regrowth of the Global Business —Building a Business Portfolio for Long-Term Growth—

The global business is an essential piece for NRI’s sustainable and stable growth in the future. Over the long term, a business portfolio reliant solely on demand in Japan—where the population is declining—is not healthy. While the domestic market is currently vibrant, we believe that now, while we have the capacity, is the time to steadily develop our overseas business as well.

At present, however, our global business in North America and Australia is struggling. In addition to unfavorable market conditions, we were unable to successfully promote post-merger integration (PMI) between acquired companies, and this has not led to sufficient business growth.

In response, in the previous year, we implemented a revamp of our management structure and undertook business reorganization, and we are finally beginning to see signs of a bottom. From this fiscal year, we have also integrated the organization responsible for North America and Australia with the domestic Solutions Department for the industrial sector. By strengthening collaboration between Japan and local operations, we aim to return to a growth trajectory.

Over the past year, during the re-planning process for our global business, I have had many more opportunities to speak with local employees. Not long ago,

at one base, I held a roundtable discussion with about 30 local employees. While I began by explaining the Company’s overall policies, when we moved into the free discussion session, the look in their eyes changed. They began not only asking questions but also making proposals—sharing what they thought and what they wanted to do. While some of this may be due to cultural differences, I was struck by the fact that, more than in Japan, they had both a sense of urgency and high expectations for the Company. At the same time, I was very pleased to see that we are indeed developing personnel who will carry the future of NRI’s global business.

For the time being, we will prioritize turning the business around, but once we have overcome the current challenges, we intend to leverage the talent and experience gained during this process to advance to the next stage.

Key Initiatives for FY2025

This fiscal year is the final year of the Medium-Term Plan 2025, and with an eye toward the medium- to long-term challenges mentioned earlier, we are implementing the following three points in particular as key initiatives.

1. Promoting Business Transformation through AI

This remains an ongoing priority from FY2024, but we are strengthening our initiatives for improving productivity through AI and for transforming clients’ businesses with AI. The difference from FY2024 is that productivity improvement is now entering the harvesting phase, while AI-driven client transformation is shifting from the proof-of-concept phase (PoC) to the full-scale implementation phase.

For the former—productivity improvement—we plan to begin applying the AI development support platform, which we have been working on as R&D since the previous year, to live projects. Until now, the use of AI has primarily been limited to partial applications, such as only in the testing phase or only in the programming phase, but by utilizing this platform, we can now optimize the entire series of processes. This not only improves productivity but also contributes to enhancing quality and shortening delivery times, and we expect to see significant results going forward.

For the latter—transforming clients’ businesses through AI—we are seeing examples where AI covers the entirety of a client’s business processes, rather than being applied to individual operations. For example, in the retail industry, the application of “AI agents” is progressing. These are no longer limited to store operations such as AI ordering, but by embedding AI agents across each part of the client’s value chain—including logistics, procurement, and manufacturing—they are contributing to the optimization and advancement of the business as a whole. We are confident that such optimization through groups of AI agents will expand

across a wide range of industries in the future.

In terms of AI x business transformation, at the end of the previous year, we held an in-house new business development contest incorporating AI technology. We solicited new business ideas over a very short period, and as a result, more than 170 ideas were submitted from all divisions, including worldwide offices. We imagine that these were ideas that each person had been nurturing for some time. We look forward to seeing new AI-related services emerge from this pool of ideas.

In addition, from this fiscal year, we have newly set the thorough application of AI to in-house operations as a key initiative and are implementing it company-wide. The pace of AI technological evolution is rapid, and we must internalize these technologies early and connect them to proposals for our clients. To that end, we are setting targets and establishing various systems for each division so that all employees—not just young staff and engineers—can acquire the skills to fully utilize AI, and we are promoting AI talent development across the Company.

2. Strengthening the Security Business

In recent years, the threat of cyberattacks has become a major issue across all industries. There is a growing consensus that business operations cannot be sustained without security measures and that the competitiveness of a business can be significantly affected by the quality of those measures. Accordingly, within our clients’ organizations, more and more cases are emerging in which security measures are addressed not merely as the responsibility of a single division but as a management issue.

Twenty-five years ago, NRI established NRI SecureTechnologies, Ltd. (hereinafter, NRI Secure) as a specialized security company, and since then we have honed our expertise in corporate cybersecurity. In its early years, NRI Secure focused on core businesses such as corporate network monitoring and security diagnostic services. However, the environmental changes described above have worked in our favor, and we have continually expanded our solution menu. Today, we have earned the support of clients in a wide range of industries across all sectors. As a result, NRI Secure has grown into one of the largest dedicated security companies in Japan.

From FY2025, we have begun offering a new security platform service, “NRI Digital Trust.” Covering everything from software development to IT infrastructure construction and operational monitoring, NRI Digital Trust supports risk control in management and business promotion, not only monitoring against external cyberattacks but also addressing internal fraud and the governance of new technologies such as AI. We are currently making proposals to a wide range of clients in the financial and industrial sectors, and the service is off to a smooth start, with multiple companies already adopting it.

In conjunction with the expansion of services through NRI Digital Trust, we have reorganized the structure between NRI Secure and NRI's IT Platform Services Department. This enables us to promptly implement the latest security functions into the IT platform services that NRI has long provided.

Going forward, by promoting co-creation activities together with our clients and cloud partners as a united NRI Group, we expect to achieve significant growth in this business, which contributes to creating safety and security in society.

3. Expansion of Human Capital

Whether it is "business transformation through AI" or an "asset-utilization business," as mentioned earlier, the entity that applies wisdom and creativity will not be replaced by AI or assets—it will continue to be people. However, the perspectives from which we think may change. Going forward, there will be greater demand for human resources who can plan for the future by asking questions such as: How can AI be used to increase added value? How can a business leveraging assets be launched? What constitutes NRI's unique value for clients and society? To that end, we will further advance initiatives for development through "challenging assignments" and for "enhancing the attractiveness of the workplace."

For the former, this may include rotations or assignments that the individual has not necessarily intended, but fortunately, many of our employees are highly curious and adaptable, so this is not a major concern. For example, in the Consulting Department, it is common for employees in their 20s to be entrusted with roles as project leaders or in sales, and in the IT Solutions Department, employees are sometimes given experience as project managers or in on-site client assignments around the age of 30. Moreover, more than 70% of our current general managers have experience in transfers to other divisions or overseas offices. In this way, we have long fostered people by encouraging them to take on stretch goals, and through that process, the Company has grown. At this turning point for the Company, we see this as a measure that should be further strengthened and promoted.



Regarding "enhancing the attractiveness of the workplace," we aim to further improve employee compensation in order to increase our competitiveness in the talent market and retain outstanding personnel. In particular, for highly challenging themes, we will evaluate not only the results but also "nice tries," thereby encouraging employees to take on challenges and creating a workplace where they can find greater fulfillment. To this end, in 2021 we implemented a major reform of our system for employment conditions, and in 2025 we are raising monthly salaries for younger employees, including new graduates, and reviewing the compensation system for mid-career and veteran employees to provide more differentiated treatment.

NRI's Commitment and Sources of Competitiveness

—A Team of Professionals That Prefers High-Difficulty × High-Value-Added Projects—

The medium- to long-term challenges and the key initiatives for this fiscal year described earlier include many new undertakings for NRI, and all are highly challenging themes. However, behind our deliberate choice of a thorny path lies a commitment that can be described as part of our DNA, along with human resources and corporate culture that bring our DNA to life.

NRI does not simply pursue scale for its own sake. For example, we focus on areas where we can truly deliver value, such as mission-critical IT solutions or consulting that addresses our clients' top management issues. It takes considerable time and effort before we can meet clients or executives who offer such opportunities, or before we can acquire the capabilities to handle such high-difficulty themes. Nevertheless, driven by a strong commitment to contribute to our clients, NRI deliberately chooses these challenging approaches. This DNA has shaped NRI's history to date and continues to be passed down to the current members of the NRI Group. I would like to share two recent cases in which I felt this DNA being carried forward.

The first case is the comprehensive interlinked inspection conducted at our data centers. In addition to the more than 3,000 routine facility inspections conducted annually, our data centers carry out large-scale, comprehensive interlinked inspections three times a year. In these inspections, the electricity supplied to the data center from the power company is actually shut off, and the power supply is switched to an uninterruptible power supply (UPS) and on-site generators in a live drill. Since these systems include those that our clients actually use in their daily business, the level of tension is no different from during a disaster. When we began these drills 13 years ago, some clients said such measures were unnecessary, but there is a strong commitment that, without training in conditions as close as possible to an emergency, the drills have no meaning.

All employees involved maintain a high level of professionalism and take pride in their work.

Irregular situations do occur, but each time, we investigate the causes and apply the lessons learned to the next improvement, repeating this steady effort. I believe that this accumulation of work forms the foundation for maintaining NRI quality, and I have the utmost respect for the employees and stakeholders who support it.

The second case is the Systems Development Committee held in-house for each phase of the system development process. These meetings are attended by approximately 150 highly experienced engineers serving as committee members, who provide advice on each project from multiple perspectives. While each committee member has their own responsibilities within their respective on-site departments, they voluntarily and proactively share their opinions on projects from other departments. I believe this framework exists precisely because all participants possess a professional mindset and a strong sense of mission to deliver better products and services to clients and, ultimately, to society. As of the previous year, the total number of these Systems Development Committee participants has exceeded 3,000, and when combined with the preparation and study time required for each individual, the cost is immense. Nevertheless, I believe this is one of the sources of NRI's competitiveness, and I take pride in the many employees who willingly participate in such activities.

What both cases have in common is that NRI employees deliberately choose highly challenging work that delivers greater value to clients, and they find this work rewarding. As long as we have a large number of such talents, I believe that NRI's high-value-added business structure will be maintained, and I am confident that we have the capabilities to overcome any new hurdles that may arise in the future.



Nomura Research Institute, Ltd.
Former headquarters site

Conclusion

This year, NRI celebrates its 60th anniversary. At the time of its founding, NRI was located deep in the mountains of Kamakura. From a place with nothing but abundant forest, a path was cleared and a modern building—remarkable for its time—was constructed to serve as our headquarters. In 1988, we vacated the building when we relocated our headquarters to Tokyo, but the structure still stands today. I recently visited for the first time in many years, and found that, as ever, it is a rather inconvenient location. At the same time, I was deeply impressed by the pioneering spirit of our predecessors who deliberately chose such an isolated location and carved out a path there.

In recent years, I have had more opportunities to speak with alumni who knew that era. I have heard that the people who were active at the time were all sharp and bold, like the warriors of the Kamakura period, and that such predecessors built the foundation for NRI's current businesses.

Looking at NRI's business infrastructure today, as noted earlier, we have a wealth of highly professional talent. This is, of course, an essential quality in the present day. However, precisely because we live in an era of rapid environmental change, I feel that now is the time to once again embrace the pioneering spirit of our founding days. I have resolved to take the helm of management myself with that spirit and to create the future of NRI.

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I ask our shareholders and investors for their continued support as NRI continues to embrace new challenges.

President & CEO,
Member of the Board
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