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30th October 2024

Consolidated Financial Results for the Six Months Ended 30th September 2024 (Under IFRS)

Company name: Nomura Research Institute, Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 4307
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 Scheduled date to file semi-annual securities report: 13th November 2024
 Scheduled date to commence dividend payments: 29th November 2024
 Preparation of supplementary materials on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

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

1. Consolidated financial results for the six months ended 30th September 2024 (from 1st April 2024 to 30th September 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

| | Revenue | | Operating profit | | Profit before tax | | Profit | |
|---|-----------------|-----|------------------|------|-------------------|------|-----------------|------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Six months ended 30th September 2024 | 376,778 | 4.1 | 65,635 | 11.5 | 65,435 | 13.7 | 45,930 | 21.2 |
| 30th September 2023 | 362,065 | 6.8 | 58,865 | 6.5 | 57,539 | 7.0 | 37,886 | 5.0 |

| | Profit attributable to owners of parent | | Total comprehensive income | | Basic earnings per share | Diluted earnings per share |
|---|---|------|----------------------------|-------|--------------------------|----------------------------|
| | Millions of yen | % | Millions of yen | % | Yen | Yen |
| Six months ended 30th September 2024 | 45,653 | 21.2 | 41,389 | (7.0) | 79.44 | 79.44 |
| 30th September 2023 | 37,662 | 5.0 | 44,525 | 6.5 | 64.13 | 64.09 |

(2) Consolidated financial position

| | Total assets | Total equity | Equity attributable to owners of parent | Ratio of equity attributable to owners of parent to total assets |
|------------------------------|-----------------|-----------------|---|--|
| | Millions of yen | Millions of yen | Millions of yen | % |
| As of 30th September 2024 | 892,982 | 409,737 | 406,186 | 45.5 |
| 31st March 2024 | 922,773 | 403,021 | 399,532 | 43.3 |

2. Cash dividends

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

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

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

(Percentages indicate year-on-year changes.)

| | Revenue | | Operating profit | | Profit before tax | | Profit attributable to owners of parent | |
|---------------------------------------|-----------------|-----|------------------|-----|-------------------|------|---|------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Fiscal year ending 31st March 2025 | 780,000 | 5.9 | 132,000 | 9.6 | 129,000 | 10.0 | 88,000 | 10.5 |

| | Basic earnings per share |
|---------------------------------------|--------------------------|
| | Yen |
| Fiscal year ending 31st March 2025 | 153.13 |

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

However, the Company has made revisions to the breakdown of consolidated revenue which was disclosed as reference values. For more details, please refer to “1. (3) Explanation of Forecasts of Consolidated Financial Results and Other Forward-looking Statements,” on page 7.

*** Notes**

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

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

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

(3) Number of issued shares (ordinary shares)

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

| | |
|---------------------------|--------------------|
| As of 30th September 2024 | 581,241,511 shares |
| As of 31st March 2024 | 580,796,911 shares |

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

| | |
|---------------------------|------------------|
| As of 30th September 2024 | 8,689,922 shares |
| As of 31st March 2024 | 4,545,600 shares |

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

| | |
|--------------------------------------|--------------------|
| Six months ended 30th September 2024 | 574,660,253 shares |
| Six months ended 30th September 2023 | 587,309,169 shares |

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

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

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

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

Attached Material Index

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1. Qualitative Information Regarding Consolidated Financial Results

(1) Explanation of Consolidated Operating Results

(Millions of yen)

| | Six months ended 30th September 2023 | Six months ended 30th September 2024 | Year on year | |
|---|--|--|--------------|--------|
| | | | Amount | Rate |
| Revenue | 362,065 | 376,778 | 14,713 | 4.1% |
| Overseas revenue | 60,504 | 59,140 | (1,364) | (2.3)% |
| Overseas revenue ratio | 16.7% | 15.7% | (1.0)P | – |
| Business profit | 58,865 | 65,081 | 6,215 | 10.6% |
| Operating profit | 58,865 | 65,635 | 6,769 | 11.5% |
| Operating margin | 16.3% | 17.4% | 1.2P | – |
| EBITDA margin | 23.0% | 24.5% | 1.5P | – |
| Profit before tax | 57,539 | 65,435 | 7,896 | 13.7% |
| Profit attributable to owners of parent | 37,662 | 45,653 | 7,990 | 21.2% |

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

During the six months ended 30th September 2024, there were concerns about the downside risks posed to the global economy by the continuing high levels of interest rates in Europe and North America, among other factors. Due to improvements in the employment and income environment and the effects of various policies, the Japanese economy experienced a modest recovery in business conditions. Information system investment continued to see strong activity centered on digital transformation (DX) which involves transforming business processes and business models using digital technologies. However, in addition to risks of a downswing in overseas business conditions posed to the domestic economy amid the continuing high levels of interest rates in Europe and North America, among other factors, various uncertainties, such as rapid exchange-rate fluctuations, the situation in the Middle East region and rising prices, continue to cloud the outlook. Furthermore, corporate investments may be limited depending on changes in future business performance.

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

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

MTP2025 Pillars of growth strategy

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

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

During the six months ended 30th September 2024, the NRI Group's revenue totaled ¥376,778 million (up 4.1% year on year) due to strong performance, mainly in the Financial IT Solutions segment and Consulting segment. Cost of sales was ¥242,057 million (up 3.6%), gross profit was ¥134,720 million (up 4.9%), and selling, general and administrative expenses were ¥71,546 million (up 3.5%). Operating profit was ¥65,635 million (up 11.5%) due to improvement in profitability amid bustling activity in terms of projects in Japan and an increase in operating fees for shared online services accompanying the booming market. The operating margin was 17.4% (up 1.2 points) and the EBITDA margin was 24.5% (up 1.5 points).

Purchase of treasury shares

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

The Company is to purchase a maximum total of 10,000,000 shares (percentage of total number of shares issued as of 31st March 2024 (excluding treasury shares): 1.72%) for a maximum total amount of ¥30,000 million. The purchase period is from 15th May 2024 to 25th October 2024, and the purchase method will entail market purchases on the Tokyo Stock Exchange based on discretionary trading contract pertaining to the purchase of treasury shares (excludes the period during the ten business days from the business day following the date of announcement of the Company's quarterly financial results). During the six months ended 30th September 2024, the Company purchased treasury shares (5,189,100 shares, ¥23,351 million).

Segment information

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

| | | (Millions of yen) | | | |
|-------------------------|------------------|--|--|--------------|--------|
| | | Six months ended 30th September 2023 | Six months ended 30th September 2024 | Year on year | |
| | | | | Amount | Rate |
| Consulting | Revenue | 25,010 | 29,694 | 4,684 | 18.7% |
| | Operating profit | 5,773 | 7,523 | 1,749 | 30.3% |
| | Operating margin | 23.1% | 25.3% | 2.3P | – |
| Financial IT Solutions | Revenue | 173,663 | 182,470 | 8,806 | 5.1% |
| | Operating profit | 26,374 | 30,134 | 3,759 | 14.3% |
| | Operating margin | 15.2% | 16.5% | 1.3P | – |
| Industrial IT Solutions | Revenue | 143,483 | 141,217 | (2,265) | (1.6)% |
| | Operating profit | 12,321 | 14,108 | 1,787 | 14.5% |
| | Operating margin | 8.6% | 10.0% | 1.4P | – |
| IT Platform Services | Revenue | 89,683 | 96,455 | 6,771 | 7.6% |
| | Operating profit | 14,293 | 13,815 | (477) | (3.3)% |
| | Operating margin | 15.9% | 14.3% | (1.6)P | – |
| Adjustments | Revenue | (69,775) | (73,059) | (3,283) | – |
| | Operating profit | 102 | 52 | (49) | – |
| Total | Revenue | 362,065 | 376,778 | 14,713 | 4.1% |
| | Operating profit | 58,865 | 65,635 | 6,769 | 11.5% |
| | Operating margin | 16.3% | 17.4% | 1.2P | – |

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

(Consulting)

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

Amid rapidly changing business environments for its clients, corporate reforms using digital technology are accelerating. In addition, companies that incorporate solutions for social issues including decarbonization into their managerial strategy are increasing, and clients have come to expect solutions for social issues using practical solutions-based consulting services that produce concrete results.

As such, in this segment the NRI Group is strengthening consulting to provide support for client DX, and working to appropriately respond to clients' needs. In addition to offering practical solutions-based consulting services to provide ongoing support for client reengineering, we will further strengthen cooperation between consulting and IT solutions with the aim of expanding our area of business. We are also moving forward with initiatives aimed at resolving social issues such as decarbonization and reskilling, and at creating new consulting services related to generative AI.

During the six months ended 30th September 2024, the Consulting segment posted revenue of ¥29,694 million (up 18.7% year on year), due to brisk activity in terms of projects for both the public and private sectors. Operating profit was ¥7,523 million (up 30.3%) due to improvement in profitability amid a favorable order environment.

(Financial IT Solutions)

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

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

This segment is accordingly working to create and expand new financial business platforms, promote Social DX businesses such as the Social Security and Tax Number System, and stably operate global business in financial services and expand the businesses to help its clients create new businesses and services in a manner that addresses such changes in the business environment.

During the six months ended 30th September 2024, the Financial IT Solutions segment posted revenue of ¥182,470 million (up 5.1% year on year), amid increases in system development & system application sales and system management & operation services for the banking sector. Operating profit was ¥30,134 million (up 14.3%) due to improvement in profitability amid a favorable order environment, an increase in operating fees for shared online services accompanying the booming market, etc.

(Industrial IT Solutions)

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

As well as upgrading and improving the efficiency of existing business models, clients in the industrial sector are using DX to create new business models using digital technology.

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

During the six months ended 30th September 2024, the Industrial IT Solutions segment posted revenue of ¥141,217 million (down 1.6%) due to lower revenue in the overseas business, despite an increase in revenue for the manufacturing, service and other sectors in Japan. Operating profit was ¥14,108 million (up 14.5%) due to improvement in profitability in the overseas business as a result of the absence of one-time costs incurred by the overseas business in the same period of the previous fiscal year, a decrease in amortization of intangible assets, etc.

(IT Platform Services)

This segment mainly provides services such as the management and administration of data centers and IT platform and network architecture mainly through the Financial IT Solutions and Industrial IT

Solutions segments. It also provides IT platform solutions and information security services to clients of various sectors. In addition, the segment conducts explorative initiatives for the development of new business operations and new products related to IT solutions, and investigation and research primarily related to leading-edge information technologies.

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

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

During the six months ended 30th September 2024, revenue from external clients in the security business increased due to rising demand for security arising from increased use of cloud services, security incidents and other factors. Intersegment revenue increased amid bustling activity in terms of projects in the Digital Workplace business that contributes to improvement in productivity in offices. As a result of the above, the IT Platform Services segment posted revenue of ¥96,455 million (up 7.6%). Operating profit was ¥13,815 million (down 3.3%) due to one-time costs incurred for disposal of data center facilities, despite the profit-increasing effect of higher revenue.

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

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

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

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

(2) Explanation of Consolidated Financial Position

(Assets, liabilities and equity)

(Millions of yen)

| | As of 31st March 2024 | As of 30th September 2024 | Year on year | |
|--|--------------------------|---------------------------------|--------------|--------|
| | | | Amount | Rate |
| Current assets | 405,178 | 383,661 | (21,516) | (5.3)% |
| Non-current assets | 517,595 | 509,321 | (8,274) | (1.6)% |
| Total assets | 922,773 | 892,982 | (29,790) | (3.2)% |
| Current liabilities | 214,642 | 199,835 | (14,806) | (6.9)% |
| Non-current liabilities | 305,109 | 283,410 | (21,699) | (7.1)% |
| Total equity | 403,021 | 409,737 | 6,715 | 1.7% |
| Equity attributable to owners of parent | 399,532 | 406,186 | 6,653 | 1.7% |
| Ratio of equity attributable to owners of parent to total assets | 43.3% | 45.5% | 2.2P | – |
| Interest-bearing liabilities | 268,104 | 250,818 | (17,285) | (6.4)% |
| Gross D/E ratio (times) | 0.67 | 0.62 | (0.05) | – |
| Net D/E ratio (times) | 0.23 | 0.24 | 0.01 | – |

Notes: 1. Gross D/E ratio (gross debt-to-equity ratio): Interest-bearing liabilities / equity attributable to owners of parent

2. Net D/E ratio (net debt-to-equity ratio): (Interest-bearing liabilities – cash and cash equivalents, etc.) / equity attributable to owners of parent

3. Interest-bearing liabilities: Bonds and borrowings + other interest-bearing liabilities (borrowings on margin transactions and borrowings secured by securities)

Borrowings on margin transactions (¥745 million as of 31st March 2024; ¥531 million as of 30th September 2024) are included in trade and other payables on the condensed interim consolidated statement of financial position, and borrowings secured by securities (¥278 million as of 31st March 2024; ¥230 million as of 30th September 2024) are included in other current liabilities on the condensed interim consolidated statement of financial position.

4. Cash and cash equivalents, etc.: Cash and cash equivalents + cash management purpose investment

As for the NRI Group's financial position as of 30th September 2024, current assets were ¥383,661 million (down 5.3% from the end of the previous fiscal year), non-current assets were ¥509,321 million (down 1.6%), current liabilities were ¥199,835 million (down 6.9%), non-current liabilities were ¥283,410 million (down 7.1%), total equity was ¥409,737 million (up 1.7%), and total assets were ¥892,982 million (down 3.2%). In addition, the gross D/E ratio (gross debt-to-equity ratio) and net D/E ratio (net debt-to-equity ratio) as of 30th September 2024 were 0.62 times and 0.24 times, respectively. The main changes from the end of the previous fiscal year are as follows.

Trade and other receivables decreased ¥20,266 million to ¥121,604 million and contract assets increased ¥15,354 million to ¥71,420 million. Because the NRI Group has a comparatively large number of projects completed at the end of the fiscal year, compared with the end of the previous fiscal year, the ends of quarterly periods tend to have small values for trade and other receivables and large values for contract assets.

Goodwill and intangible assets decreased ¥496 million to ¥264,838 million as a result of a decrease in goodwill, etc. due to the stronger yen, despite an increase in intangible assets related to the development of shared online system in Japan.

Bonds and borrowings decreased ¥17,024 million to ¥250,056 million due to repayments of long-term borrowings.

In addition, cash and cash equivalents decreased ¥26,673 million to ¥147,262 million, trade and other payables decreased ¥6,144 million to ¥46,894 million, income taxes payable decreased ¥5,190 million to ¥18,684 million, and treasury shares increased ¥19,313 million to ¥36,777 million.

(Cash flow position)

| | Six months ended 30th September 2023 | Six months ended 30th September 2024 | (Millions of yen) Year on year | |
|--|--|--|--------------------------------------|---------|
| | | | Amount | Rate |
| | | | Cash flows from operating activities | 68,005 |
| Cash flows from investing activities | (31,128) | (25,956) | 5,171 | – |
| Free cash flows | 36,876 | 32,700 | (4,176) | (11.3)% |
| Cash flows from financing activities | (43,650) | (58,202) | (14,551) | – |
| Net increase (decrease) in cash and cash equivalents | (4,048) | (26,673) | (22,624) | – |
| Cash and cash equivalents at end of period | 125,208 | 147,262 | 22,053 | 17.6% |

Cash and cash equivalents as of 30th September 2024 stood at ¥147,262 million (down ¥26,673 million from the end of the previous fiscal year).

Net cash provided by operating activities was ¥58,656 million, a decrease of ¥9,348 million from the same period of the previous fiscal year, due largely to an increase in income taxes paid.

Net cash used in investing activities was ¥25,956 million, a decrease of ¥5,171 million from the same period of the previous fiscal year. In the six months ended 30th September 2024, cash was mainly invested in the acquisition of intangible assets related to the development of shared online system.

Net cash used in financing activities was ¥58,202 million, an increase of ¥14,551 million from the same period of the previous fiscal year. In the same period of the previous fiscal year, there were proceeds from long-term borrowings of ¥18,000 million and purchase of treasury shares of ¥17,917 million associated with the reintroduction of the Trust-type Employee Stock Ownership Incentive Plan in May 2023. In addition, the NRI Group had ¥27,784 million in purchase of treasury shares in accordance with a resolution of the Board of Directors. During the six months ended 30th September 2024, the NRI Group had ¥15,981 million in repayments of long-term borrowings and ¥23,351 million in purchase of treasury shares in accordance with a resolution of the Board of Directors. Other expenditures mainly consist of payments of cash dividends in the respective fiscal periods.

(3) Explanation of Forecasts of Consolidated Financial Results and Other Forward-looking Statements

No revisions have been made to the forecasts of consolidated financial results. However, in light of the results for the six months ended 30th September 2024 and the current order environment, the breakdown of the forecasts of consolidated revenue will be revised as follows.

(I) Consolidated performance

Consolidated financial forecasts for the fiscal year ending 31st March 2025
(from 1st April 2024 to 31st March 2025)

| | Previous forecast (A) | Revised forecast (B) | Change | | (Reference) Previous fiscal year (Actual result) |
|---|--------------------------|-------------------------|-----------------|-------------|---|
| | | | Amount (B-A) | Rate (%) | |
| Revenue | 780,000 | 780,000 | - | - | 736,556 |
| Operating profit | 132,000 | 132,000 | - | - | 120,411 |
| Profit before tax | 129,000 | 129,000 | - | - | 117,224 |
| Profit attributable to owners of parent | 88,000 | 88,000 | - | - | 79,643 |

Note: The forecast exchange rates for the fiscal year ending 31st March 2025 are 141.83 yen to the U.S. dollar and 96.90 yen to the Australian dollar.

(II) Other forecasts

Consolidated revenue by segment for the fiscal year ending 31st March 2025
(from 1st April 2024 to 31st March 2025)

| | Previous forecast (A) | Revised forecast (B) | Change | | (Reference) Previous fiscal year (Actual result) |
|--|--------------------------|-------------------------|-----------------|-------------|---|
| | | | Amount (B-A) | Rate (%) | |
| Consulting | 61,000 | 62,000 | 1,000 | 1.6 | 51,959 |
| Financial IT Solutions | 360,000 | 370,000 | 10,000 | 2.8 | 349,872 |
| Securities sector | 147,000 | 147,000 | - | - | 143,707 |
| Insurance sector | 83,000 | 83,000 | - | - | 79,527 |
| Banking sector | 69,000 | 79,000 | 10,000 | 14.5 | 67,726 |
| Other financial sectors, etc. | 61,000 | 61,000 | - | - | 58,910 |
| Industrial IT Solutions | 296,000 | 281,000 | (15,000) | (5.1) | 275,923 |
| Distribution sector | 76,000 | 67,000 | (9,000) | (11.8) | 71,528 |
| Manufacturing, service and other sectors | 220,000 | 214,000 | (6,000) | (2.7) | 204,395 |
| IT Platform Services | 59,000 | 63,000 | 4,000 | 6.8 | 55,628 |
| Others | 4,000 | 4,000 | - | - | 3,172 |
| Total | 780,000 | 780,000 | - | - | 736,556 |

Note: The breakdowns of the segments are comprised of revenue by customer sector.

2. Condensed Interim Consolidated Financial Statements, Etc.

(1) Condensed Interim Consolidated Statement of Financial Position

| | (Millions of yen) | |
|---|--------------------|------------------------|
| | 31st March 2024 | 30th September 2024 |
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | ¥ 173,935 | ¥ 147,262 |
| Trade and other receivables | 141,870 | 121,604 |
| Contract assets | 56,066 | 71,420 |
| Other financial assets | 13,982 | 19,396 |
| Other current assets | 19,323 | 23,977 |
| Total current assets | 405,178 | 383,661 |
| Non-current assets | | |
| Property, plant and equipment | 40,245 | 38,379 |
| Right-of-use assets | 28,851 | 23,621 |
| Goodwill and intangible assets | 265,334 | 264,838 |
| Investments accounted for using equity method | 9,796 | 9,817 |
| Retirement benefit asset | 82,553 | 81,390 |
| Other financial assets | 80,792 | 81,455 |
| Deferred tax assets | 6,102 | 5,985 |
| Other non-current assets | 3,919 | 3,832 |
| Total non-current assets | 517,595 | 509,321 |
| Total assets | ¥ 922,773 | ¥ 892,982 |

| | (Millions of yen) | |
|---|--------------------|------------------------|
| | 31st March 2024 | 30th September 2024 |
| Liabilities and equity | | |
| Liabilities | | |
| Current liabilities | | |
| Trade and other payables | ¥ 53,038 | ¥ 46,894 |
| Contract liabilities | 18,885 | 23,741 |
| Bonds and borrowings | 13,215 | 14,732 |
| Lease liabilities | 11,023 | 10,177 |
| Other financial liabilities | 33,530 | 32,193 |
| Income taxes payable | 23,874 | 18,684 |
| Provisions | 526 | 576 |
| Other current liabilities | 60,546 | 52,835 |
| Total current liabilities | 214,642 | 199,835 |
| Non-current liabilities | | |
| Bonds and borrowings | 253,864 | 235,324 |
| Lease liabilities | 20,436 | 16,190 |
| Other financial liabilities | 1,253 | 1,072 |
| Retirement benefit liability | 6,146 | 6,218 |
| Provisions | 4,492 | 4,355 |
| Deferred tax liabilities | 15,750 | 18,011 |
| Other non-current liabilities | 3,165 | 2,237 |
| Total non-current liabilities | 305,109 | 283,410 |
| Total liabilities | 519,752 | 483,245 |
| Equity | | |
| Share capital | 24,701 | 25,655 |
| Capital surplus | 31,395 | 32,370 |
| Retained earnings | 320,320 | 348,562 |
| Treasury shares | (17,464) | (36,777) |
| Other components of equity | 40,580 | 36,375 |
| Total equity attributable to owners of parent | 399,532 | 406,186 |
| Non-controlling interests | 3,489 | 3,551 |
| Total equity | 403,021 | 409,737 |
| Total liabilities and equity | ¥ 922,773 | ¥ 892,982 |

(2) Condensed Interim Consolidated Statement of Comprehensive Income

(Millions of yen)

| | Six months ended 30th September 2023 | Six months ended 30th September 2024 |
|--|--|--|
| Revenue | ¥ 362,065 | ¥ 376,778 |
| Cost of sales | 233,692 | 242,057 |
| Gross profit | 128,373 | 134,720 |
| Selling, general and administrative expenses | 69,145 | 71,546 |
| Share of profit of investments accounted for using equity method | 289 | 330 |
| Other income | 349 | 2,206 |
| Other expenses | 1,002 | 75 |
| Operating profit | 58,865 | 65,635 |
| Finance income | 1,788 | 2,885 |
| Finance costs | 3,114 | 3,085 |
| Profit before tax | 57,539 | 65,435 |
| Income tax expenses | 19,653 | 19,505 |
| Profit | 37,886 | 45,930 |
| Other comprehensive income | | |
| Items that will not be reclassified to profit or loss | | |
| Equity instruments measured at fair value through other comprehensive income | 2,356 | 410 |
| Remeasurements of defined benefit plans | 6 | 58 |
| Share of other comprehensive income of investments accounted for using equity method | (6) | (8) |
| Total of items that will not be reclassified to profit or loss | 2,356 | 460 |
| Items that may be reclassified to profit or loss | | |
| Debt instruments measured at fair value through other comprehensive income | 0 | 0 |
| Exchange differences on translation of foreign operations | 3,044 | (4,805) |
| Cash flow hedges | 1,190 | (184) |
| Share of other comprehensive income of investments accounted for using equity method | 47 | (11) |
| Total of items that may be reclassified to profit or loss | 4,283 | (5,001) |
| Total other comprehensive income, net of tax | 6,639 | (4,541) |
| Comprehensive income | ¥ 44,525 | ¥ 41,389 |
| Profit attributable to: | | |
| Owners of parent | ¥ 37,662 | ¥ 45,653 |
| Non-controlling interests | 223 | 277 |
| Profit | ¥ 37,886 | ¥ 45,930 |
| Comprehensive income attributable to: | | |
| Owners of parent | ¥ 44,302 | ¥ 41,111 |
| Non-controlling interests | 223 | 277 |
| Comprehensive income | ¥ 44,525 | ¥ 41,389 |
| Earnings per share | | |
| Basic earnings per share (Yen) | ¥ 64.13 | ¥ 79.44 |
| Diluted earnings per share (Yen) | 64.09 | 79.44 |

(3) Condensed Interim Consolidated Statement of Changes in Equity

For the six months ended 30th September 2023

(Millions of yen)

| | Equity attributable to owners of parent | | | | | | Non-controlling interests | Total |
|---|---|-----------------|-------------------|-----------------|----------------------------|-----------|---------------------------|-----------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Other components of equity | Total | | |
| Balance at 1st April 2023 | ¥ 23,644 | ¥ 29,447 | ¥ 321,676 | ¥ (6,277) | ¥ 30,514 | ¥ 399,006 | ¥ 3,399 | ¥ 402,406 |
| Profit | — | — | 37,662 | — | — | 37,662 | 223 | 37,886 |
| Other comprehensive income | — | — | — | — | 6,639 | 6,639 | — | 6,639 |
| Total comprehensive income | — | — | 37,662 | — | 6,639 | 44,302 | 223 | 44,525 |
| Dividends | — | — | (13,608) | — | — | (13,608) | (133) | (13,742) |
| Purchase of treasury shares | — | (27) | — | (45,702) | — | (45,730) | — | (45,730) |
| Disposal of treasury shares | — | (335) | — | 1,208 | — | 873 | — | 873 |
| Share-based payment transactions | 1,056 | 280 | — | — | — | 1,336 | — | 1,336 |
| Transfer from retained earnings to capital surplus | — | 301 | (301) | — | — | — | — | — |
| Transfer from other components of equity to retained earnings | — | — | (5) | — | 5 | — | — | — |
| Other | — | 387 | — | — | (32) | 355 | (387) | (32) |
| Total transactions with owners, etc. | 1,056 | 606 | (13,915) | (44,494) | (26) | (56,773) | (521) | (57,294) |
| Balance at 30th September 2023 | ¥ 24,701 | ¥ 30,054 | ¥ 345,423 | ¥ (50,771) | ¥ 37,127 | ¥ 386,535 | ¥ 3,102 | ¥ 389,637 |

For the six months ended 30th September 2024

(Millions of yen)

| | Equity attributable to owners of parent | | | | | | Non-controlling interests | Total |
|---|---|-----------------|-------------------|-----------------|----------------------------|-----------|---------------------------|-----------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Other components of equity | Total | | |
| Balance at 1st April 2024 | ¥ 24,701 | ¥ 31,395 | ¥ 320,320 | ¥ (17,464) | ¥ 40,580 | ¥ 399,532 | ¥ 3,489 | ¥ 403,021 |
| Profit | — | — | 45,653 | — | — | 45,653 | 277 | 45,930 |
| Other comprehensive income | — | — | — | — | (4,541) | (4,541) | — | (4,541) |
| Total comprehensive income | — | — | 45,653 | — | (4,541) | 41,111 | 277 | 41,389 |
| Dividends | — | — | (16,711) | — | — | (16,711) | (215) | (16,926) |
| Purchase of treasury shares | — | (23) | — | (23,351) | — | (23,374) | — | (23,374) |
| Disposal of treasury shares | — | 175 | — | 4,037 | — | 4,212 | — | 4,212 |
| Share-based payment transactions | 954 | 496 | — | — | — | 1,450 | — | 1,450 |
| Transfer from retained earnings to capital surplus | — | 327 | (327) | — | — | — | — | — |
| Transfer from other components of equity to retained earnings | — | — | (371) | — | 371 | — | — | — |
| Other | — | — | — | — | (35) | (35) | — | (35) |
| Total transactions with owners, etc. | 954 | 975 | (17,410) | (19,313) | 336 | (34,458) | (215) | (34,673) |
| Balance at 30th September 2024 | ¥ 25,655 | ¥ 32,370 | ¥ 348,562 | ¥ (36,777) | ¥ 36,375 | ¥ 406,186 | ¥ 3,551 | ¥ 409,737 |

(4) Condensed Interim Consolidated Statement of Cash Flows

| | (Millions of yen) | |
|---|--|--|
| | Six months ended 30th September 2023 | Six months ended 30th September 2024 |
| Cash flows from operating activities | | |
| Profit before tax | ¥ 57,539 | ¥ 65,435 |
| Depreciation and amortization | 23,752 | 24,494 |
| Loss (gain) on sale and retirement of fixed assets | 516 | 2,689 |
| Finance income | (1,788) | (2,885) |
| Finance costs | 3,114 | 3,085 |
| Share of loss (profit) of investments accounted for using equity method | (289) | (330) |
| Decrease (increase) in trade and other receivables | 19,934 | 20,014 |
| Decrease (increase) in contract assets | (12,268) | (15,450) |
| Decrease (increase) in inventories | 469 | 156 |
| Decrease (increase) in prepaid expenses | (3,376) | (5,840) |
| Increase (decrease) in trade and other payables | (16,512) | (5,115) |
| Increase (decrease) in contract liabilities | 1,742 | 4,919 |
| Increase (decrease) in provision for loss on orders received | (484) | 35 |
| Increase (decrease) in accounts payable - bonuses | (46) | (4,174) |
| Decrease (increase) in retirement benefit asset | 1,980 | 1,162 |
| Increase (decrease) in retirement benefit liability | 456 | 74 |
| Other | 9,989 | (6,338) |
| Subtotal | 84,728 | 81,932 |
| Interest and dividends received | 1,589 | 1,877 |
| Interest paid | (2,873) | (3,027) |
| Income taxes paid | (15,439) | (22,124) |
| Net cash provided by operating activities | 68,005 | 58,656 |

| | (Millions of yen) | |
|--|--|--|
| | Six months ended 30th September 2023 | Six months ended 30th September 2024 |
| Cash flows from investing activities | | |
| Payments into time deposits | (1,441) | (4,443) |
| Proceeds from withdrawal of time deposits | 2,103 | 2,130 |
| Purchase of property, plant and equipment | (4,511) | (3,546) |
| Proceeds from sale of property, plant and equipment | 13 | — |
| Purchase of intangible assets | (23,238) | (20,733) |
| Proceeds from sale of intangible assets | 0 | 7 |
| Purchase of investments | (6) | (147) |
| Proceeds from sale and redemption of investments | 5 | 1,263 |
| Payments for acquisition of subsidiaries | (3,993) | — |
| Purchase of investments accounted for using equity method | — | (283) |
| Other | (60) | (204) |
| Net cash used in investing activities | (31,128) | (25,956) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | (1,864) | (263) |
| Proceeds from long-term borrowings | 18,000 | — |
| Repayments of long-term borrowings | (4,587) | (15,981) |
| Net increase (decrease) in commercial paper | 9,999 | — |
| Repayments of lease liabilities | (5,981) | (5,835) |
| Proceeds from sale of treasury shares | 923 | 4,178 |
| Purchase of treasury shares | (45,805) | (23,374) |
| Dividends paid | (13,646) | (16,709) |
| Dividends paid to non-controlling interests | (133) | (215) |
| Payments for acquisition of interests in subsidiaries from non-controlling interests | (555) | — |
| Net cash used in financing activities | (43,650) | (58,202) |
| Effect of exchange rate changes on cash and cash equivalents | 2,725 | (1,170) |
| Net increase (decrease) in cash and cash equivalents | (4,048) | (26,673) |
| Cash and cash equivalents at beginning of period | 129,257 | 173,935 |
| Cash and cash equivalents at end of period | ¥ 125,208 | ¥ 147,262 |

(5) Notes to Condensed Interim Consolidated Financial Statements

(Notes on Premise of Going Concern)

Not applicable.

(Segment Information)

(1) Outline of reportable segments

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

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

(Consulting)

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

(Financial IT Solutions)

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

(Industrial IT Solutions)

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

(IT Platform Services)

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

(2) Revenue and profit or loss by reportable segment

For the six months ended 30th September 2023

(Millions of yen)

| | Reportable segment | | | | Total | Adjustments (Notes) | Consolidated |
|-----------------------------------|--------------------|------------------------------|-------------------------------|----------------------------|-----------|------------------------|--------------|
| | Consulting | Financial IT Solutions | Industrial IT Solutions | IT Platform Services | | | |
| Revenue | | | | | | | |
| Revenue from external customers | ¥ 23,747 | ¥ 170,919 | ¥ 140,057 | ¥ 25,828 | ¥ 360,552 | ¥ 1,512 | ¥ 362,065 |
| Intersegment revenue or transfers | 1,262 | 2,744 | 3,425 | 63,855 | 71,288 | (71,288) | — |
| Total | ¥ 25,010 | ¥ 173,663 | ¥ 143,483 | ¥ 89,683 | ¥ 431,841 | ¥ (69,775) | ¥ 362,065 |
| Operating profit | ¥ 5,773 | ¥ 26,374 | ¥ 12,321 | ¥ 14,293 | ¥ 58,762 | ¥ 102 | ¥ 58,865 |
| Finance income | | | | | | | 1,788 |
| Finance costs | | | | | | | 3,114 |
| Profit before tax | | | | | | | ¥ 57,539 |

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

For the six months ended 30th September 2024

(Millions of yen)

| | Reportable segment | | | | Total | Adjustments (Notes) | Consolidated |
|-----------------------------------|--------------------|------------------------------|-------------------------------|----------------------------|-----------|------------------------|--------------|
| | Consulting | Financial IT Solutions | Industrial IT Solutions | IT Platform Services | | | |
| Revenue | | | | | | | |
| Revenue from external customers | ¥ 27,445 | ¥ 179,947 | ¥ 137,419 | ¥ 30,253 | ¥ 375,065 | ¥ 1,712 | ¥ 376,778 |
| Intersegment revenue or transfers | 2,248 | 2,523 | 3,797 | 66,202 | 74,772 | (74,772) | — |
| Total | ¥ 29,694 | ¥ 182,470 | ¥ 141,217 | ¥ 96,455 | ¥ 449,837 | ¥ (73,059) | ¥ 376,778 |
| Operating profit | ¥ 7,523 | ¥ 30,134 | ¥ 14,108 | ¥ 13,815 | ¥ 65,582 | ¥ 52 | ¥ 65,635 |
| Finance income | | | | | | | 2,885 |
| Finance costs | | | | | | | 3,085 |
| Profit before tax | | | | | | | ¥ 65,435 |

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

(Per Share Information)

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

| | Six months ended 30th September 2023 | Six months ended 30th September 2024 |
|---|--|--|
| | (Millions of yen) | (Millions of yen) |
| Profit attributable to owners of parent | ¥ 37,662 | ¥ 45,653 |
| Adjustments on profit | — | — |
| Profit used for calculation of diluted earnings per share | ¥ 37,662 | ¥ 45,653 |
| | (Shares) | (Shares) |
| Weighted-average number of shares of common stock outstanding | 587,309,169 | 574,660,253 |
| Increase in common stock | | |
| Increase from stock options | 353,996 | 34,736 |
| Diluted weighted-average number of shares of common stock | 587,663,165 | 574,694,989 |
| | (Yen) | (Yen) |
| Basic earnings per share | ¥ 64.13 | ¥ 79.44 |
| Diluted earnings per share | 64.09 | 79.44 |

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 (2,440,058 shares and 3,120,637 shares for the six-month periods ended 30th September, 2023 and 2024, respectively).

(Subsequent Events)

Not applicable.