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30th January 2025

Consolidated Financial Results for the Nine Months Ended 31st December 2024 (Under IFRS)

Company name: Nomura Research Institute, Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 4307
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 Scheduled date to commence dividend payments: –
 Preparation of supplementary materials on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

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

1. Consolidated financial results for the nine months ended 31st December 2024 (from 1st April 2024 to 31st December 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	%
Nine months ended								
31st December 2024	568,245	3.3	102,353	12.2	101,587	13.8	72,203	17.5
31st December 2023	550,019	6.6	91,239	8.8	89,274	9.6	61,441	11.2

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Nine months ended						
31st December 2024	71,795	17.5	78,691	23.6	125.15	125.15
31st December 2023	61,093	11.0	63,645	14.3	104.68	104.62

(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				
31st December 2024	885,426	426,567	422,886	47.8
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)				34.00	63.00

Note: Revisions to the forecast of cash dividends most recently announced: Yes

For more details, please refer to “1. (3) Explanation of Forecasts of Consolidated Financial Results and Other Forward-looking Statements,” on page 7.

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	770,000	4.5	134,000	11.3	132,000	12.6	92,000	15.5

	Basic earnings per share
	Yen
Fiscal year ending 31st March 2025	160.38

Note: Revisions to the forecast of financial results most recently announced: Yes

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 31st December 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 31st December 2024	9,494,122 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)

Nine months ended 31st December 2024	573,650,099 shares
Nine months ended 31st December 2023	583,645,826 shares

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

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

* Proper use of earnings forecasts, and other special matters

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

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

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1. Overview of Consolidated Operating Results and Others

(1) Overview of Consolidated Operating Results for the Third Quarter

(Millions of yen)

	Nine months ended 31st December 2023	Nine months ended 31st December 2024	Year on year	
			Amount	Rate
Revenue	550,019	568,245	18,225	3.3%
Overseas revenue	90,431	85,836	(4,594)	(5.1)%
Overseas revenue ratio	16.4%	15.1%	(1.3)P	–
Business profit	89,809	101,803	11,994	13.4%
Operating profit	91,239	102,353	11,114	12.2%
Operating margin	16.6%	18.0%	1.4P	–
EBITDA margin	23.0%	24.9%	1.9P	–
Profit before tax	89,274	101,587	12,312	13.8%
Profit attributable to owners of parent	61,093	71,795	10,701	17.5%

- 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 nine months ended 31st December 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 future policy direction of the United States, 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 nine months ended 31st December 2024, the NRI Group's revenue totaled ¥568,245 million (up 3.3% year on year) due to continued strong performance, mainly in the Financial IT Solutions segment and Consulting segment. Cost of sales was ¥362,659 million (up 2.1%), gross profit was ¥205,586 million (up 5.4%), and selling, general and administrative expenses were ¥106,500 million (up 1.1%). Operating profit was ¥102,353 million (up 12.2%) 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 18.0% (up 1.4 points) and the EBITDA margin was 24.9% (up 1.9 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 nine months ended 31st December 2024, the Company purchased treasury shares (6,498,500 shares, ¥29,999 million).

Segment information

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

		(Millions of yen)			
		Nine months ended 31st December 2023	Nine months ended 31st December 2024	Year on year	
				Amount	Rate
Consulting	Revenue	39,365	47,098	7,733	19.6%
	Operating profit	9,591	12,856	3,265	34.0%
	Operating margin	24.4%	27.3%	2.9P	—
Financial IT Solutions	Revenue	264,601	277,055	12,454	4.7%
	Operating profit	41,726	46,541	4,815	11.5%
	Operating margin	15.8%	16.8%	1.0P	—
Industrial IT Solutions	Revenue	214,114	207,684	(6,429)	(3.0)%
	Operating profit	17,808	20,109	2,300	12.9%
	Operating margin	8.3%	9.7%	1.4P	—
IT Platform Services	Revenue	137,326	146,739	9,412	6.9%
	Operating profit	21,927	22,702	774	3.5%
	Operating margin	16.0%	15.5%	(0.5)P	—
Adjustments	Revenue	(105,387)	(110,332)	(4,944)	—
	Operating profit	185	143	(42)	—
Total	Revenue	550,019	568,245	18,225	3.3%
	Operating profit	91,239	102,353	11,114	12.2%
	Operating margin	16.6%	18.0%	1.4P	—

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 nine months ended 31st December 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 nine months ended 31st December 2024, the Consulting segment posted revenue of ¥47,098 million (up 19.6% year on year), due to brisk activity in terms of projects for both the public and private sectors. Operating profit was ¥12,856 million (up 34.0%) 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 nine months ended 31st December 2024, the Financial IT Solutions segment posted revenue of ¥277,055 million (up 4.7% year on year), amid increases in system development & system application sales and system management & operation services for the banking sector. Operating profit was ¥46,541 million (up 11.5%) due to improvement in profitability amid a favorable order environment, an increase in operating fees for shared online services accompanying the booming market, etc., despite the absence of a gain on sale of overseas subsidiaries recorded in the same period of the previous fiscal year.

(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 provides comprehensive assistance in the area of DX business, from the creation of client business models that leverage AI, to improvement of system construction and operation. 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 nine months ended 31st December 2024, the Industrial IT Solutions segment posted revenue of ¥207,684 million (down 3.0%) 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 ¥20,109 million (up 12.9%) mainly due to improvement in profitability both in the Australia business as a result of the absence of one-time costs incurred in the same period of the previous fiscal year, and in the North America business due to a decrease in amortization of intangible assets and the effect of cost-cutting.

(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 nine months ended 31st December 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 ¥146,739 million (up 6.9%). Operating profit was ¥22,702 million (up 3.5%) due to the profit-increasing effect of higher revenue, despite one-time costs incurred for disposal of data center facilities.

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

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

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

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

(2) Overview of Consolidated Financial Position for the Third Quarter

(Assets, liabilities and equity)

	As of 31st March 2024	As of 31st December 2024	(Millions of yen)	
			Year on year	
			Amount	Rate
Current assets	405,178	356,852	(48,325)	(11.9)%
Non-current assets	517,595	528,574	10,978	2.1%
Total assets	922,773	885,426	(37,346)	(4.0)%
Current liabilities	214,642	197,694	(16,947)	(7.9)%
Non-current liabilities	305,109	261,164	(43,945)	(14.4)%
Total equity	403,021	426,567	23,546	5.8%
Equity attributable to owners of parent	399,532	422,886	23,353	5.8%
Ratio of equity attributable to owners of parent to total assets	43.3%	47.8%	4.5P	–
Interest-bearing liabilities	268,104	247,901	(20,202)	(7.5)%
Gross D/E ratio (times)	0.67	0.59	(0.08)	–
Net D/E ratio (times)	0.23	0.24	0.00	–

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; ¥307 million as of 31st December 2024) are included in trade and other payables on the condensed quarterly consolidated statement of financial position, and borrowings secured by securities (¥278 million as of 31st March 2024; ¥374 million as of 31st December 2024) are included in other current liabilities on the condensed quarterly consolidated statement of financial position.

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

As for the NRI Group's financial position at the end of the third quarter (31st December 2024), current assets were ¥356,852 million (down 11.9% from the end of the previous fiscal year), non-current assets were ¥528,574 million (up 2.1%), current liabilities were ¥197,694 million (down 7.9%), non-current liabilities were ¥261,164 million (down 14.4%), total equity was ¥426,567 million (up 5.8%), and total assets were ¥885,426 million (down 4.0%). In addition, the gross D/E ratio (gross debt-to-equity ratio) and net D/E ratio (net debt-to-equity ratio) at the end of the third quarter were 0.59 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 ¥54,311 million to ¥87,558 million and contract assets increased ¥29,163 million to ¥85,230 million. Because the NRI Group has a comparatively large number of projects completed at the end of the fiscal year, compared with the end of the previous fiscal year, the ends of quarterly periods tend to have small values for trade and other receivables and large values for contract assets.

Goodwill and intangible assets increased ¥8,607 million to ¥273,942 million as a result of the acquisition of intangible assets related to the development of shared online system in Japan and other factors.

Bonds and borrowings decreased ¥19,860 million to ¥247,219 million due largely to repayments of long-term borrowings.

In addition, cash and cash equivalents decreased ¥29,948 million to ¥143,986 million, trade and other payables decreased ¥25,215 million to ¥27,823 million, income taxes payable decreased ¥14,784 million to ¥9,089 million, and treasury shares increased ¥24,018 million to ¥41,482 million.

(Cash flow position)

	Nine months ended 31st December 2023	Nine months ended 31st December 2024	(Millions of yen) Year on year	
			Amount	Rate
			Cash flows from operating activities	99,729
Cash flows from investing activities	(43,118)	(38,430)	4,688	—
Free cash flows	56,610	56,884	273	0.5%
Cash flows from financing activities	(43,586)	(88,239)	(44,652)	—
Net increase (decrease) in cash and cash equivalents	15,047	(29,948)	(44,996)	—
Cash and cash equivalents at end of period	144,304	143,986	(317)	(0.2)%

Cash and cash equivalents as of the end of the third quarter (31st December 2024) stood at ¥143,986 million (down ¥29,948 million from the end of the previous fiscal year).

Net cash provided by operating activities was ¥95,315 million, a decrease of ¥4,414 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 ¥38,430 million, a decrease of ¥4,688 million from the same period of the previous fiscal year. In the nine months ended 31st December 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 ¥88,239 million, an increase of ¥44,652 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. The NRI Group had ¥49,999 million in purchase of treasury shares in accordance with a resolution of the Board of Directors. In addition, the NRI Group had ¥59,572 million in proceeds from the issuance of the 12th, 13th, and 14th series of unsecured bonds. During the nine months ended 31st December 2024, the NRI Group had ¥23,021 million in repayments of long-term borrowings and ¥29,999 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

In light of the results for the nine months ended 31st December, 2024 and the current order environment, the forecasts of financial results 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)
			Amount (B-A)	Rate (%)	Previous fiscal year (Actual result)
Revenue	780,000	770,000	(10,000)	(1.3)	736,556
Operating profit	132,000	134,000	2,000	1.5	120,411
Profit before tax	129,000	132,000	3,000	2.3	117,224
Profit attributable to owners of parent	88,000	92,000	4,000	4.5	79,643

(Millions of yen)

(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)
			Amount (B-A)	Rate (%)	Previous fiscal year (Actual result)
Consulting	62,000	62,000	–	–	51,959
Financial IT Solutions	370,000	370,000	–	–	349,872
Securities sector	147,000	147,000	–	–	143,707
Insurance sector	83,000	83,000	–	–	79,527
Banking sector	79,000	79,000	–	–	67,726
Other financial sectors, etc.	61,000	61,000	–	–	58,910
Industrial IT Solutions	281,000	272,000	(9,000)	(3.2)	275,923
Distribution sector	67,000	63,000	(4,000)	(6.0)	71,528
Manufacturing, service and other sectors	214,000	209,000	(5,000)	(2.3)	204,395
IT Platform Services	63,000	63,000	–	–	55,628
Others	4,000	3,000	(1,000)	(25.0)	3,172
Total	780,000	770,000	(10,000)	(1.3)	736,556

(Millions of yen)

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

(III) Revisions to the forecasts of cash dividends

The Company considers the ongoing growth of its corporate value to be the most important return to its shareholders. The Company's basic policy on the payment of dividends from surplus is to continue to provide stable dividends while securing sufficient retained earnings for its medium and long-term business development, taking into account factors such as operating revenue and the cash flow situation. In addition, aiming for further shareholder returns through improved capital efficiency, the Company plans to gradually increase the consolidated dividend payout ratio* from 35% (actual results for the fiscal year ended 31st March 2023) to 40% for the fiscal year ending 31st March 2026. Based on the policy above and business results for the current fiscal year, the Company has upwardly revised its forecast for year-end dividends for the fiscal year ending 31st March 2025 by ¥5 from the one previously announced (announced on 25th April 2024) to ¥34 per share. Consequently, combined with interim dividend, the annual dividend payment will be ¥63 per share, resulting in a consolidated dividend payout ratio based on the revised forecast of 39.3%.

* Consolidated dividend payout ratio = Total annual cash dividends (including dividends for the trust exclusive for NRI Group Employee Stock Ownership Group) / Profit attributable to owners of parent

Forecasts of cash dividends for the fiscal year ending 31st March 2025

(Yen)

Record date	Cash dividends per share		
	Second quarter-end	Fiscal year-end	Annual
Previous forecast	–	29.00	58.00
Revised forecast	–	34.00	63.00
Results for the current fiscal year	29.00	–	–
Results for the previous fiscal year	24.00	29.00	53.00

(Caution concerning forward-looking statements)

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 (suppositions) 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 these forecasts due to various factors. Material factors that could possibly affect the actual business results, etc. include, but are not limited to, the domestic and overseas economic situation, demand in the IT services market, competition with competitors, and changes in taxation and other systems. Note that the Company will not always revise business forecasts, etc. upon every occurrence of new information or event.

2. Condensed Quarterly Consolidated Financial Statements, Etc.

(1) Condensed Quarterly Consolidated Statement of Financial Position

	(Millions of yen)	
	31st March 2024	31st December 2024
Assets		
Current assets		
Cash and cash equivalents	¥ 173,935	¥ 143,986
Trade and other receivables	141,870	87,558
Contract assets	56,066	85,230
Other financial assets	13,982	18,815
Other current assets	19,323	21,260
Total current assets	405,178	356,852
Non-current assets		
Property, plant and equipment	40,245	37,527
Right-of-use assets	28,851	25,025
Goodwill and intangible assets	265,334	273,942
Investments accounted for using equity method	9,796	10,198
Retirement benefit asset	82,553	82,148
Other financial assets	80,792	90,192
Deferred tax assets	6,102	5,837
Other non-current assets	3,919	3,702
Total non-current assets	517,595	528,574
Total assets	¥ 922,773	¥ 885,426

	(Millions of yen)	
	31st March 2024	31st December 2024
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	¥ 53,038	¥ 27,823
Contract liabilities	18,885	21,083
Bonds and borrowings	13,215	40,048
Lease liabilities	11,023	11,123
Other financial liabilities	33,530	45,751
Income taxes payable	23,874	9,089
Provisions	526	659
Other current liabilities	60,546	42,113
Total current liabilities	214,642	197,694
Non-current liabilities		
Bonds and borrowings	253,864	207,171
Lease liabilities	20,436	16,481
Other financial liabilities	1,253	1,291
Retirement benefit liability	6,146	6,545
Provisions	4,492	4,271
Deferred tax liabilities	15,750	23,117
Other non-current liabilities	3,165	2,287
Total non-current liabilities	305,109	261,164
Total liabilities	519,752	458,859
Equity		
Share capital	24,701	25,655
Capital surplus	31,395	33,208
Retained earnings	320,320	358,140
Treasury shares	(17,464)	(41,482)
Other components of equity	40,580	47,364
Total equity attributable to owners of parent	399,532	422,886
Non-controlling interests	3,489	3,681
Total equity	403,021	426,567
Total liabilities and equity	¥ 922,773	¥ 885,426

(2) Condensed Quarterly Consolidated Statement of Comprehensive Income

(Millions of yen)

	Nine months ended 31st December 2023	Nine months ended 31st December 2024
Revenue	¥ 550,019	¥ 568,245
Cost of sales	355,038	362,659
Gross profit	194,980	205,586
Selling, general and administrative expenses	105,343	106,500
Share of profit of investments accounted for using equity method	620	759
Other income	1,969	2,613
Other expenses	988	105
Operating profit	91,239	102,353
Finance income	2,779	3,822
Finance costs	4,744	4,588
Profit before tax	89,274	101,587
Income tax expenses	27,833	29,384
Profit	61,441	72,203
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Equity instruments measured at fair value through other comprehensive income	2,533	6,792
Remeasurements of defined benefit plans	6	58
Share of other comprehensive income of investments accounted for using equity method	(5)	(0)
Total of items that will not be reclassified to profit or loss	2,534	6,851
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	(379)	245
Cash flow hedges	26	(640)
Share of other comprehensive income of investments accounted for using equity method	22	32
Total of items that may be reclassified to profit or loss	(330)	(363)
Total other comprehensive income, net of tax	2,204	6,488
Comprehensive income	¥ 63,645	¥ 78,691
Profit attributable to:		
Owners of parent	¥ 61,093	¥ 71,795
Non-controlling interests	347	407
Profit	¥ 61,441	¥ 72,203
Comprehensive income attributable to:		
Owners of parent	¥ 63,298	¥ 78,283
Non-controlling interests	347	407
Comprehensive income	¥ 63,645	¥ 78,691
Earnings per share		
Basic earnings per share (Yen)	¥ 104.68	¥ 125.15
Diluted earnings per share (Yen)	104.62	125.15

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

For the nine months ended 31st December 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	—	—	61,093	—	—	61,093	347	61,441
Other comprehensive income	—	—	—	—	2,204	2,204	—	2,204
Total comprehensive income	—	—	61,093	—	2,204	63,298	347	63,645
Dividends	—	—	(27,550)	—	—	(27,550)	(133)	(27,683)
Purchase of treasury shares	—	(434)	—	(67,918)	—	(68,352)	—	(68,352)
Disposal of treasury shares	—	(445)	—	3,602	—	3,156	—	3,156
Share-based payment transactions	1,056	1,015	—	—	—	2,072	—	2,072
Transfer from retained earnings to capital surplus	—	531	(531)	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	(15)	—	15	—	—	—
Other	—	387	—	—	(58)	329	(387)	(58)
Total transactions with owners, etc.	1,056	1,055	(28,098)	(64,316)	(43)	(90,345)	(521)	(90,866)
Balance at 31st December 2023	¥ 24,701	¥ 30,503	¥ 354,672	¥ (70,593)	¥ 32,675	¥ 371,959	¥ 3,226	¥ 375,185

For the nine months ended 31st December 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	—	—	71,795	—	—	71,795	407	72,203
Other comprehensive income	—	—	—	—	6,488	6,488	—	6,488
Total comprehensive income	—	—	71,795	—	6,488	78,283	407	78,691
Dividends	—	—	(33,315)	—	—	(33,315)	(215)	(33,530)
Purchase of treasury shares	—	(306)	—	(29,999)	—	(30,306)	—	(30,306)
Disposal of treasury shares	—	590	—	5,981	—	6,572	—	6,572
Share-based payment transactions	954	1,201	—	—	—	2,155	—	2,155
Transfer from retained earnings to capital surplus	—	327	(327)	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	(331)	—	331	—	—	—
Other	—	—	—	—	(35)	(35)	—	(35)
Total transactions with owners, etc.	954	1,813	(33,974)	(24,018)	296	(54,929)	(215)	(55,145)
Balance at 31st December 2024	¥ 25,655	¥ 33,208	¥ 358,140	¥ (41,482)	¥ 47,364	¥ 422,886	¥ 3,681	¥ 426,567

(4) Condensed Quarterly Consolidated Statement of Cash Flows

	(Millions of yen)	
	Nine months ended 31st December 2023	Nine months ended 31st December 2024
Cash flows from operating activities		
Profit before tax	¥ 89,274	¥ 101,587
Depreciation and amortization	36,058	36,609
Loss (gain) on sale and retirement of fixed assets	674	3,161
Finance income	(2,779)	(3,822)
Finance costs	4,744	4,588
Share of loss (profit) of investments accounted for using equity method	(620)	(759)
Decrease (increase) in trade and other receivables	37,582	54,915
Decrease (increase) in contract assets	(21,433)	(29,000)
Decrease (increase) in inventories	90	(240)
Decrease (increase) in prepaid expenses	(1,168)	(3,569)
Increase (decrease) in trade and other payables	(21,810)	(24,487)
Increase (decrease) in contract liabilities	15	2,135
Increase (decrease) in provision for loss on orders received	(688)	52
Increase (decrease) in accounts payable - bonuses	(12,441)	(15,334)
Decrease (increase) in retirement benefit asset	2,970	405
Increase (decrease) in retirement benefit liability	715	394
Other	19,126	9,105
Subtotal	130,309	135,740
Interest and dividends received	2,363	2,849
Interest paid	(4,187)	(4,514)
Income taxes paid	(28,756)	(38,760)
Net cash provided by operating activities	99,729	95,315

	(Millions of yen)	
	Nine months ended 31st December 2023	Nine months ended 31st December 2024
Cash flows from investing activities		
Payments into time deposits	(1,494)	(4,888)
Proceeds from withdrawal of time deposits	1,686	2,507
Purchase of property, plant and equipment	(6,353)	(4,566)
Proceeds from sale of property, plant and equipment	50	0
Purchase of intangible assets	(33,281)	(32,083)
Proceeds from sale of intangible assets	0	—
Purchase of investments	(65)	(156)
Proceeds from sale and redemption of investments	5	1,301
Payments for acquisition of subsidiaries	(4,037)	—
Purchase of investments accounted for using equity method	—	(283)
Other	371	(261)
Net cash used in investing activities	(43,118)	(38,430)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,885)	726
Proceeds from long-term borrowings	18,000	—
Repayments of long-term borrowings	(6,883)	(23,021)
Net increase (decrease) in commercial paper	(0)	—
Proceeds from issuance of bonds	59,572	—
Redemption of bonds	(10,000)	—
Repayments of lease liabilities	(8,873)	(8,663)
Proceeds from sale of treasury shares	3,180	6,537
Purchase of treasury shares	(68,426)	(30,306)
Dividends paid	(27,582)	(33,297)
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	(43,586)	(88,239)
Effect of exchange rate changes on cash and cash equivalents	2,023	1,406
Net increase (decrease) in cash and cash equivalents	15,047	(29,948)
Cash and cash equivalents at beginning of period	129,257	173,935
Cash and cash equivalents at end of period	¥ 144,304	¥ 143,986

(5) Notes to Condensed Quarterly Consolidated Financial Statements

(Notes on Premise of Going Concern)

Not applicable.

(Segment Information)

(1) Outline of reportable segments

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

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

(Consulting)

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

(Financial IT Solutions)

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

(Industrial IT Solutions)

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

(IT Platform Services)

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

(2) Revenue and profit or loss by reportable segment

For the nine months ended 31st December 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	¥ 37,356	¥ 260,377	¥ 209,352	¥ 40,633	¥ 547,720	¥ 2,299	¥ 550,019
Intersegment revenue or transfers	2,008	4,223	4,761	96,693	107,687	(107,687)	—
Total	¥ 39,365	¥ 264,601	¥ 214,114	¥ 137,326	¥ 655,407	¥ (105,387)	¥ 550,019
Operating profit	¥ 9,591	¥ 41,726	¥ 17,808	¥ 21,927	¥ 91,053	¥ 185	¥ 91,239
Finance income							2,779
Finance costs							4,744
Profit before tax							¥ 89,274

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

For the nine months ended 31st December 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	¥ 43,634	¥ 273,012	¥ 201,915	¥ 47,157	¥ 565,720	¥ 2,525	¥ 568,245
Intersegment revenue or transfers	3,463	4,043	5,769	99,581	112,858	(112,858)	—
Total	¥ 47,098	¥ 277,055	¥ 207,684	¥ 146,739	¥ 678,578	¥ (110,332)	¥ 568,245
Operating profit	¥ 12,856	¥ 46,541	¥ 20,109	¥ 22,702	¥ 102,209	¥ 143	¥ 102,353
Finance income							3,822
Finance costs							4,588
Profit before tax							¥ 101,587

- Notes:
- Individual items included in adjustment of operating profit were immaterial.
 - 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 nine months ended 31st December 2023.

(Per Share Information)

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

	Nine months ended 31st December 2023	Nine months ended 31st December 2024
	(Millions of yen)	(Millions of yen)
Profit attributable to owners of parent	¥ 61,093	¥ 71,795
Adjustments on profit	—	—
Profit used for calculation of diluted earnings per share	¥ 61,093	¥ 71,795
	(Shares)	(Shares)
Weighted-average number of shares of common stock outstanding	583,645,826	573,650,099
Increase in common stock		
Increase from stock options	321,093	23,115
Diluted weighted-average number of shares of common stock	583,966,919	573,673,214
	(Yen)	(Yen)
Basic earnings per share	¥ 104.68	¥ 125.15
Diluted earnings per share	104.62	125.15

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 (3,046,888 shares and 2,915,724 shares for the nine-month periods ended 31st December 2023 and 2024, respectively).

(Subsequent Events)

Not applicable.