
Financial Results Presentation

Financial Results for 1st Quarter FY March 2017

July 28, 2016

Nomura Research Institute, Ltd.



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2. Recent Activities

Highlights of Consolidated Financial Results

(JPY million)

	1Q FY Mar. 2016	1Q FY Mar. 2017	Diff.	YoY Change
Sales	101,521	100,391	(1,130)	(1.1%)
Operating Profit	13,535	13,688	+153	+1.1%
Operating Profit Margin	13.3%	13.6%	+0.3P	
Profit attributable to owners of parent	9,265	10,351	+1,086	+11.7%

Key Factors in Financial Results for 1Q FY March 2017

● Sales were down 1.1%

- In Financial IT Solutions, amid a healthy sales increase in securities and other financial sectors, acquisition of new projects in the insurance sector is taking time.
- Sales in IT Platform Services decreased by 15.2%, down from the exceptional performance of large-scale IT platform construction projects in 1Q of the previous fiscal year.

● Operating profit increased 1.1%

- Costs rose due to the impact of the increase in personnel, increase in retirement benefit obligations accompanying falling interest rates, and increase in pro-forma standard taxation.
- Profitability in IT Platform Services significantly improved due to resolution of unprofitable projects.
- OPM was 13.6%, up 0.3 points from 1Q of the previous fiscal year.

Sales by Segment

(JPY million)

	1Q FY Mar. 2016	Share	1Q FY Mar. 2017	Share	Diff.	YoY Change
Consulting	6,104	6.0%	6,049	6.0%	(55)	(0.9%)
Financial IT Solutions	59,594	58.7%	59,451	59.2%	(142)	(0.2%)
Securities	26,753	26.4%	28,408	28.3%	+1,654	+6.2%
Insurance	15,260	15.0%	12,758	12.7%	(2,502)	(16.4%)
Banking	9,509	9.4%	9,427	9.4%	(81)	(0.9%)
Other financial	8,071	8.0%	8,857	8.8%	+785	+9.7%
Industrial IT Solutions	25,311	24.9%	25,391	25.3%	+80	+0.3%
Distribution	13,460	13.3%	13,544	13.5%	+84	+0.6%
Manufacturing, service and other	11,850	11.7%	11,847	11.8%	(3)	(0.0%)
IT Platform Services	8,199	8.1%	6,950	6.9%	(1,249)	(15.2%)
Others	2,311	2.3%	2,548	2.5%	+236	+10.2%
Total	101,521	100.0%	100,391	100.0%	(1,130)	(1.1%)
Nomura Holdings	16,658	16.4%	16,769	16.7%	+111	+0.7%
Seven & i Holdings	11,644	11.5%	11,191	11.1%	(452)	(3.9%)

Note: Figures for sales to Nomura Holdings and Seven & i Holdings include sales to their respective subsidiaries and sales through lease companies, etc.

Segment Performance Results

■ Including Inter-segment sales for each segment

(JPY million)

		1Q FY Mar. 2016	1Q FY Mar. 2017	Diff.	YoY Change
Consulting	Sales	6,150	6,138	(12)	(0.2%)
	OP	643	350	(292)	(45.5%)
	OPM	10.5%	5.7%	(4.8P)	
Financial IT Solutions	Sales	59,744	59,717	(27)	(0.0%)
	OP	7,620	6,691	(929)	(12.2%)
	OPM	12.8%	11.2%	(1.6P)	
Industrial IT Solutions	Sales	25,578	25,495	(82)	(0.3%)
	OP	2,990	2,166	(823)	(27.5%)
	OPM	11.7%	8.5%	(3.2P)	
IT Platform Services	Sales	27,018	30,355	+3,336	+12.3%
	OP	2,265	3,801	+1,536	+67.8%
	OPM	8.4%	12.5%	+4.1P	

Sales by Service

(JPY million)

	1Q FY Mar. 2016	Share	1Q FY Mar. 2017	Share	Diff.	YoY Change
Consulting Services	12,199	12.0%	12,332	12.3%	+133	+1.1%
System Development & System Application Sales	33,128	32.6%	33,255	33.1%	+126	+0.4%
System Management & Operation Services	53,264	52.5%	52,387	52.2%	(876)	(1.6%)
Product Sales	2,929	2.9%	2,415	2.4%	(513)	(17.5%)
Total	101,521	100.0%	100,391	100.0%	(1,130)	(1.1%)

P/L Highlight

	(JPY million)			
	1Q FY Mar. 2016	1Q FY Mar. 2017	Diff.	YoY Change
Sales	101,521	100,391	(1,130)	(1.1%)
Cost of Sales	69,967	66,149	(3,818)	(5.5%)
Subcontracting Costs	35,714	31,619	(4,095)	(11.5%)
Gross Profit	31,554	34,241	+2,687	+8.5%
Gross Profit Margin	31.1%	34.1%	+3.0P	
SG&A	18,018	20,553	+2,534	+14.1%
Operating Profit	13,535	13,688	+153	+1.1%
Operating Profit Margin	13.3%	13.6%	+0.3P	

P/L Highlight continued

	(JPY million)			
	1Q FY Mar. 2016	1Q FY Mar. 2017	Diff.	YoY Change
Operating Profit	13,535	13,688	+153	+1.1%
Non-operating income and loss	1,329	1,551	+221	
Dividend Income	1,291	1,252	(39)	
Extraordinary income and loss	(88)	(153)	(65)	
Income taxes etc.	5,431	5,012	(419)	
Profit attributable to owners of parent	9,265	10,351	+1,086	+11.7%

Order Backlog (Outstanding)

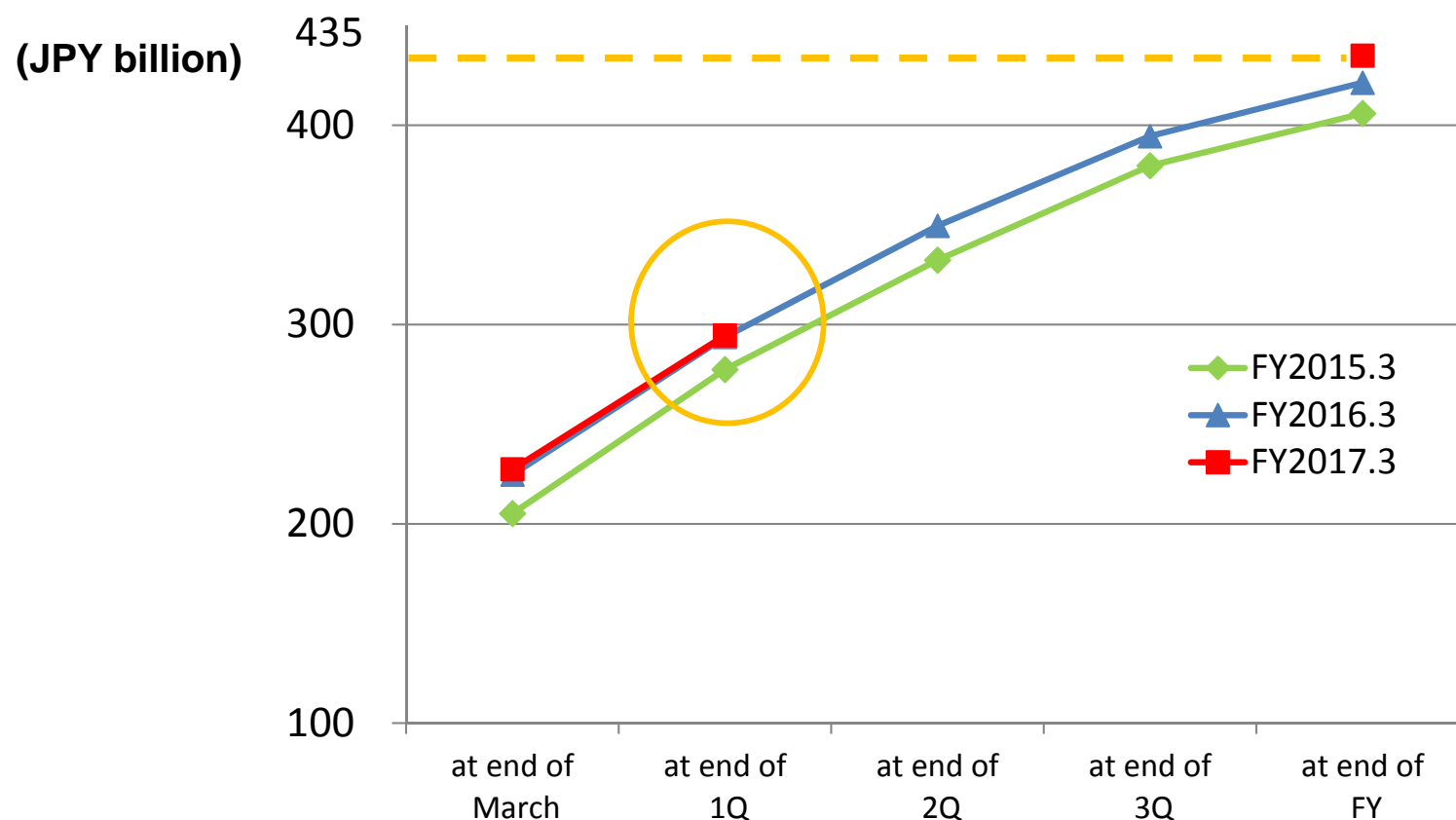
(JPY million)

	At end of June 2015	At end of June 2016	Diff.	YoY Change
Consulting	8,029	8,700	+671	+8.4%
Financial IT Solutions	125,307	124,119	(1,187)	(0.9%)
Industrial IT Solutions	47,565	48,534	+968	+2.0%
IT Platform Services	12,708	10,971	(1,737)	(13.7%)
Other	2,455	4,199	+1,744	+71.0%
Total	196,065	196,525	+459	+0.2%
Order backlog in the current FY	192,292	194,203	+1,911	+1.0%

Sales + Consolidated Order Backlog

- Sales + order backlog in line with previous fiscal year
- While orders received in consulting are firm, orders received in IT Solutions business are slow
- There is increasing uncertainty about the economic and corporate earnings outlook, and NRI will monitor the trends carefully going forward

Order backlog (of which, current fiscal year) + cumulative sales



1Q Results and Earnings Forecasts for the Full Fiscal Year

(JPY billion)

		1Q	2Q	3Q	4Q	FY
FY March 2014	Sales	88.2	94.3	96.9	106.4	385.9
	OP	10.8	12.9	12.2	13.7	49.8
	OPM	12.2%	13.8%	12.7%	12.9%	12.9%
FY March 2015	Sales	96.6	100.6	103.4	105.2	405.9
	OP	7.9	14.1	15.0	14.3	51.4
	OPM	8.2%	14.1%	14.6%	13.6%	12.7%
FY March 2016	Sales	101.5	110.8	101.2	107.8	421.4
	OP	13.5	14.7	14.9	15.0	58.2
	OPM	13.3%	13.3%	14.8%	14.0%	13.8%
FY March 2017 1Q results Forecasts from 2Q	Sales	100.3	109.6	225.0		435.0
	OP	13.6	15.3	33.0		62.0
	OPM	13.6%	14.0%	14.7%		14.3%

Note: Figures for the 2Q of the fiscal year ending March 31, 2017 were calculated by subtracting 1Q results from forecasts for 1H.

1. Financial Results for 1st Quarter FY March 2017

2. Recent Activities

U.S. Based Cutter Associates, LLC Acquired

- **NRI will seek to expand its business in the U.S. asset management sector, taking advantage of the know-how of both companies**
 - **Generation of synergies with Cutter's know-how and client base in the U.S. asset management field and NRI's system solution provision know-how in the finance sector**
 - **Cutter's earnings to be reflected in consolidated financial results from July 2016**

Profile of Cutter Associates, LLC

Company name	Cutter Associates, LLC
Location	Massachusetts, U.S.
Business description	Provision of research and consulting in U.S. asset management field
Date of establishment	May 1998
Subsidiaries	Cutter Associates Europe Ltd Cutter Associates Canada Inc.
Main clients	Asset management companies (approx. 140) Insurance companies (approx. 30) Pension funds (approx. 30)

Industry Standard Business Platforms Services Expanded

Supporting upgrading and streamlining of customer operations through support for regulatory reform and expanded service menu

Project examples

- Promoted support for T+0 settlements of general collateral repurchase transactions (GC) repos for the I-STAR suite to comply with shortened settlement cycle of Japanese government bonds (T+1)
- Commenced provision of VOLCS, a multipurpose management system for financial institutions
- Promoted upgrade to SmartBridge and I-STAR/MX connection system in response to next-generation JASDEC system
- Added credit risk calculation function to T-STAR/GX to respond to changes in Basel regulations (SA-CCR, etc.)
- Added new functionality to I-STAR to adapt to the Next Generation Derivatives Trading System (Next J-GATE) of Osaka Exchange Inc.

Receipt of two awards in U.S. - FTF News Technology Innovation Awards 2016 -

- NRI awarded **Best Clearing and Settlement Solution** for Prime Settlement Service (PSS), which streamlines post-trade operations
- NRI awarded **Best Outsourcing Provider** for T-STAR suite, a total operations support service for asset managers



Osaka Data Center II Opened

- **Opened April 27, 2016**
- **Delivers safe and high-security service as a new site in the Kansai area**
 - **Includes mutual backup and function dispersal linking data centers in Kanto and Kansai areas for further enhancement of countermeasures for widespread disaster and further increase in availability of shared online services and SI services**

Exterior



Overview of facilities

Location	Osaka/Hokusetsu region
Site features	Approx. 20km from Osaka Bay, approx. 185m above sea level
Building overview	Base isolated structure, data center-dedicated facility
Facility overview	FISC compliant JDCC Facility Standard, Tier 4 Service Level compliant
Disaster countermeasures	72-hour independent operation possible with in-house power generation
Extra-high voltage	3 lines from different substations (main line, standby line + standby power source line)
Network	Service from different stations and routes from same carrier and multi-carrier support
Security facilities	3D body scanner, access control system, ITV camera monitoring, infrared sensors, security gates, X-ray equipment, etc.

NRI digital, Ltd. Established

- **NRI established NRI digital, which specializes in digital businesses, on August 1, 2016**
- **Leading the corporate digital revolution to promote digitalization of society and lifestyles**
- **Upgrading digital marketing and creating new digital businesses through total delivery of digital business consulting, digital IT solutions, and digital analytics services based on NRI's new business creation model, "Con-Solution"**

Profile of new company

Company name	NRI digital, Ltd.
Date of establishment	August 1, 2016
Location	Tokyo, Japan
Capital	¥490 million (wholly owned by NRI)
Business description	<ul style="list-style-type: none">● Digital business consulting services● Digital IT solutions services● Digital analytics services

Main services provided

Digital business consulting

- NRI digital will take advantage of NRI's accumulated knowledge to create unique and competitive digital business models for client companies.

Digital IT solutions

- NRI digital will select, construct, and speedily introduce and deploy the optimum solutions and business logic for achieving digital business in addition to providing support for promotion of plan-do-check-act (PDCA) by clients.

Digital analytics

- NRI digital will tie continued expansion and advancement in the areas of analysis and utilization of big data, etc. relating to business and markets to growth in clients' profits.

Treasury Stock Acquired and Retired

Acquisition of treasury stock

- **Type of stock acquired: NRI common stock**
- **Total number of shares acquired: 2,471,500 shares**
- **Acquisition period: April 28, 2016 – June 6, 2016** *On trade date basis
- **Total acquisition price: ¥9,999,624,992**

Retirement of treasury stock

- **Type of stock retired: NRI common stock**
- **Number of shares retired: 7,500,000 shares**
(percentage of total number of issued shares prior to retirement: 3.0%)
- **Retirement date: June 30, 2016**
- **Total number of issued shares after retirement: 240,000,000 shares**

NRI Group Initiatives Related to Kumamoto Earthquake

➤ The NRI Group is working to support reconstruction from the Kumamoto earthquake

Support for earthquake disaster reconstruction work

- NRI agreed with Mashiki-machi, Kumamoto Prefecture to provide support for reconstruction. NRI will provide support for promoting reconstruction, primarily centered on projects related to daily life and industry, etc., including formulation of reconstruction plans.
- NRI agreed with Kumamoto Prefecture to provide support for reconstruction. NRI will cooperate with drafting of plans for projects (town planning, infrastructure, industry, etc.) to achieve earthquake disaster reconstruction in Kumamoto Prefecture and will jointly consider implementation strategies based on public-private partnership.



Providing proposals on disaster prevention, disaster mitigation, and reconstruction

- NRI is providing proposals to the national government, local governments nationwide, and the Kyushu region including the disaster affected area, focusing especially on the ideal form for public policy and measures for future disaster prevention, disaster mitigation, and reconstruction, etc. in light of the Kumamoto earthquake.

Relief donations

- The NRI Group has contributed a total of approximately ¥26 million in donations in aid for the victims and assistance for reconstruction in the disaster affected area.

This document contains statements that constitute forward-looking statements. These statements include descriptions regarding the intent, belief or current expectations of the Company or its officers with respect to the consolidated results of operations and financial condition of the Company.

Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those in the forward-looking statements as a result of various factors.

The Company does not undertake to revise forward-looking statements to reflect future events or circumstances.

Figures given in the reference data related to the financial results forecasts are figures which are only intended to convey the Company's current circumstances and outlook. The Company does not undertake to revise the forecasts to reflect new information or circumstances.

References

- 1. Other Financial Result-related Data**
- 2. Recent Activities (excerpts from articles in magazines, newspapers, etc.)**
- 3. Others**

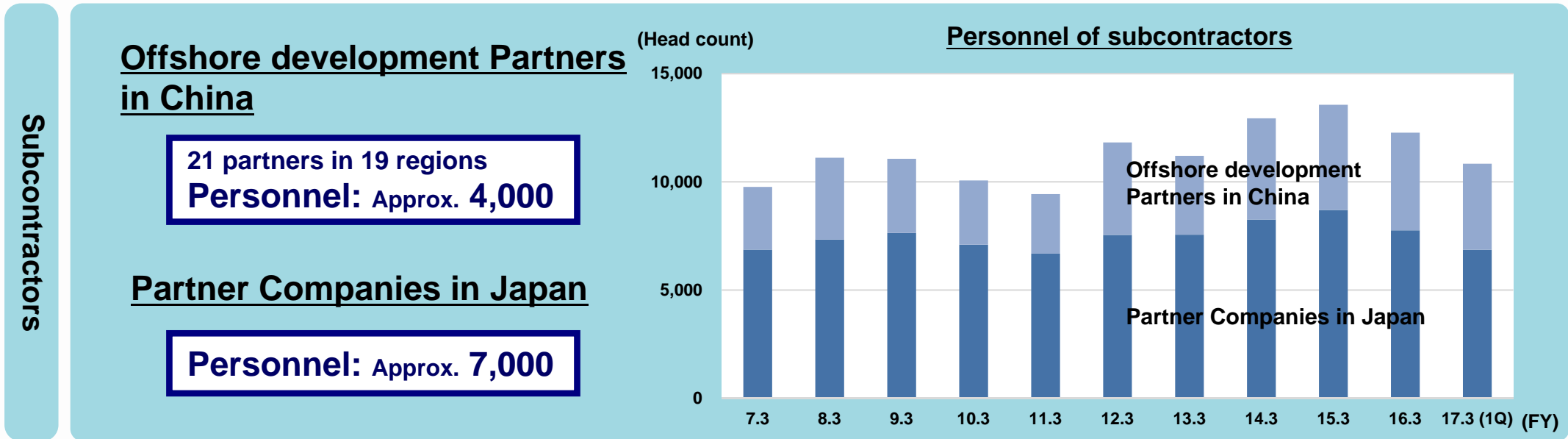
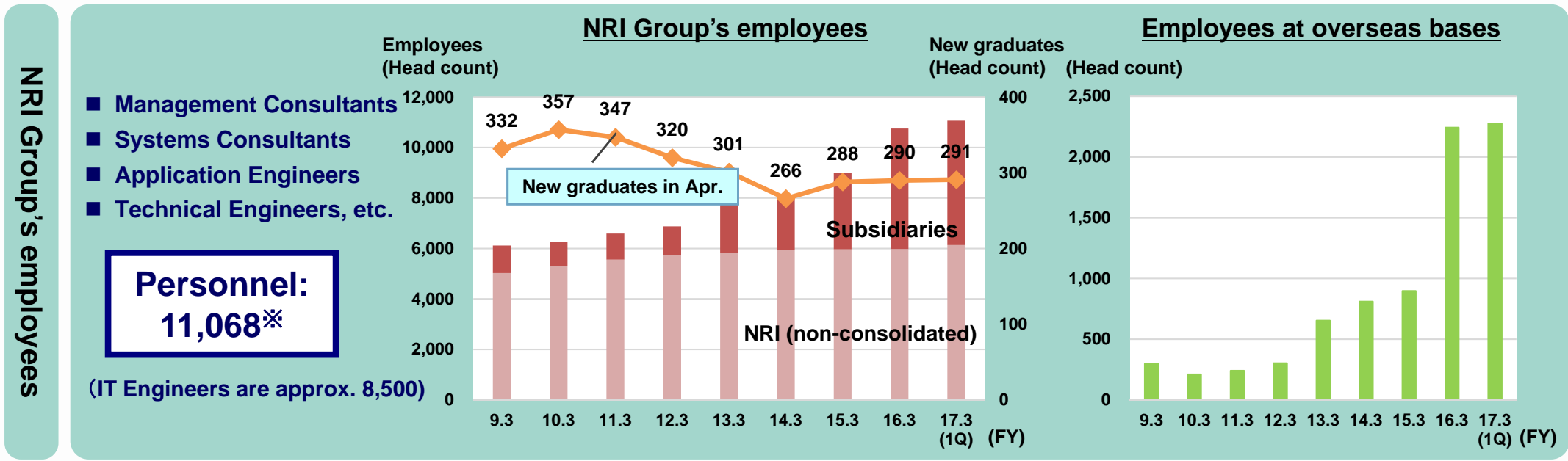
1. Other Financial Result-related Data

Order Volume

	(JPY million)			
	1Q FY Mar. 2016	1Q FY Mar. 2017	Diff.	YoY Change
Consulting	8,511	10,072	+1,561	+18.3%
Financial IT Solutions	38,633	33,852	(4,781)	(12.4%)
Industrial IT Solutions	17,464	15,402	(2,062)	(11.8%)
IT Platform Services	3,702	6,084	+2,382	+64.3%
Other	2,087	3,194	+1,107	+53.0%
Total	70,399	68,606	(1,793)	(2.5%)

1. Other Financial Result-related Data

Depth in Human Resources - NRI's employees + Partners(in Japan & China)



2. Recent Activities

Commencement of Artificial Intelligence Solution to Support Streamlining and Advancement of Customer Contact Services

- NRI commenced provision of TRAINA, an artificial intelligence (AI) solution that accurately understands the content of inquiries and presents possible answers based on previously acquired knowledge to respond automatically in customer contact services, including call centers.
- TRAINA is a product developed by incorporating dialogue technology utilizing AI into TRUE TELLER, a text analysis solution that uses natural language processing technology.
- The features of the service are as follows.
 - The system provides responses that accurately meet user needs by repeating a natural dialogue analyzing vague questions from users and directing new questions to narrow down the user's intentions.
 - The system integrates and optimizes manuals and FAQs, etc. and automatically generates the scenario (knowledge content) required for service. In addition, it automatically learns from the records of dialogues with users it accumulates to enhance the accuracy of dialogues and responses. This function significantly reduces the period and cost required for the introduction and expansion of AI.

窓口業務 AIで効率化

NRI 問い合わせに自動回答

野村総合研究所（NRI）は30日、窓口業務の効率化と高度化を支援する人工知能（AI）型ソリューション「TRAINA/トレーニング」を7月に発売すると発表した。コールセンターにおいて、問い合わせの内容を的確に理解し、過去に得た知識を基に回答候補を提示したり、自動で回答した

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Nikkan Kogyo Shimbun,
July 1, 2016

2. Recent Activities

Commencement of Provision of Security Measures Visualization Service to Corporations

- NRI SecureTechnologies Ltd. has commenced provision of a service for visualizing the status of security measures designed to help corporations ascertain the status of their own security measures against cyber attacks and internal misconduct, etc.
- The features of the service are as follows.
 - Visualization from three perspectives
 - The service provides a multi-angled diagnosis of current status through interviews with people involved and qualitative and quantitative analyzes of the relevant data. This means it comprehensively visualizes data related to security investment.
 - The service analyzes and compares the security level for each organization and site with a standardized framework and visualizes the company's issues and order of priority for countermeasures that need to be taken.
 - The service quantitatively evaluates resilience against cyber attacks and visualizes preventive measures and response strategies in an incident.
 - Based on the results of ascertaining and visualizing the current status, the service presents a medium-to-long term roadmap for effective security measures aligned with the IT strategy of the company.



Nikkei Business Daily,
April 14, 2016

2. Recent Activities

Conclusion of Partnership Agreement with Tokyo Institute of Technology on Research and Education in Cyber Security

- Tokyo Institute of Technology and NRI concluded a partnership agreement for the NRI & Tokyo Tech Cyber Security Education and Research Co-Creation Program.
- This agreement aims to promote research and education in cyber security. Under the Program, the two parties will conduct joint research in the cyber security field, and NRI will promote the education of students by providing practical defense technology against cyber security attacks accumulated through many years of experience.



Nikkei Business Daily,
May 23, 2016

3. Others - Supplementary explanation

Forecasts for FY March 2017

- There have been no revisions to forecast, but indicators have been recalculated.

【Full Year】

(JPY billion)

	FY Mar. 2016 (Results)	FY Mar. 2017 (Forecasts)	Diff.	YoY Change
Sales	421.4	435.0	+13.5	+3.2%
Operating Profit	58.2	62.0	+3.7	+6.4%
Operating Profit Margin	13.8%	14.3%	+0.4P	
Profit attributable to owners of parent	42.6	43.5	+0.8	+2.0%
Earnings Per Share	¥188.57	¥192.57	+¥4.00	
Dividends Per Share*	¥76.36	¥80.00	+¥3.64	+4.8%
Payout Ratio	41.1%	41.8%	+0.7P	

* NRI implemented a stock split of its common stock at a ratio of 1.1 shares for 1 share on October 1, 2015, and the dividend for the previous fiscal year has been restated after the split.

3. Others - Supplementary explanation

Sales Forecasts by Segment for FY March 2017

■ There have been no revisions to forecast.

【Full Year】

(JPY billion)

	FY Mar. 2016 (Results)	Share	FY Mar. 2017 (Forecasts)	Share	Diff.	YoY Change
Consulting	28.3	6.7%	32.0	7.4%	+3.6	+12.8%
Financial IT Solutions	252.8	60.0%	257.0	59.1%	+4.1	+1.6%
Securities	123.8	29.4%	120.0	27.6%	(3.8)	(3.1%)
Insurance	57.0	13.5%	63.0	14.5%	+5.9	+10.4%
Banking	37.5	8.9%	39.0	9.0%	+1.4	+3.9%
Other financial	34.3	8.1%	35.0	8.0%	+0.6	+2.0%
Industrial IT Solutions	101.5	24.1%	105.0	24.1%	+3.4	+3.4%
Distribution	51.8	12.3%	53.0	12.2%	+1.1	+2.2%
Manufacturing, service and other	49.6	11.8%	52.0	12.0%	+2.3	+4.7%
IT Platform Services	28.7	6.8%	31.0	7.1%	+2.2	+7.9%
Others	9.9	2.4%	10.0	2.3%	+0.0	+0.3%
Total	421.4	100.0%	435.0	100.0%	+13.5	+3.2%

3. Others - Supplementary explanation

Focus of Measures in Each Business Segment

Consulting		<ul style="list-style-type: none"> • Develop large-scale clients in management consulting and IT consulting • Expand Asian client base and acquire best practices of Europe and the United States • Strengthen initiatives aimed at digital strategy solutions
Financial IT Solutions	Securities	<ul style="list-style-type: none"> • BCP/DR support for securities backbone systems • Obtain new STAR clients • Expand territory through expansion of ITO x BPO into securities sector (Prime Settlement Service, etc.) • Establish global IT support for major securities firms
	Insurance	<ul style="list-style-type: none"> • Obtain large-scale system development projects for life and non-life insurance sectors • Strengthen relationships with large-scale customers in life insurance sector and expand services
	Banking	<ul style="list-style-type: none"> • Expand BESTWAY and Value Direct businesses • Support global expansion of major banks • Initiatives aimed at providing solutions for banking front office, etc.
	Other financial	<ul style="list-style-type: none"> • Expand shared-use services business for asset management • Expand ITO x BPO business in asset management sector
Industrial IT Solutions	Distribution	<ul style="list-style-type: none"> • Support updating of IT platforms for existing clients
	Manufacturing, service and other	<ul style="list-style-type: none"> • Develop large-scale clients in industry (strengthen activities for prime account) • Strengthen Package Cloud Integration (PCI) services • Expand loyalty marketing into Asia (Brierley+Partners)
IT Platform Services		<ul style="list-style-type: none"> • Expand information security business (global, IoT) • Establish new operating companies focused on digital marketing

3. Others - Supplementary explanation

Sales Forecasts by Service for FY March 2017

- There have been no revisions to forecast.

【Full Year】

(JPY billion)

	FY Mar. 2016 (Results)	Share	FY Mar. 2017 (Forecasts)	Share	Diff.	YoY Change
Consulting Services	52.1	12.4%	55.0	12.6%	+2.8	+5.5%
System Development & System Application Sales	145.1	34.4%	155.0	35.6%	+9.8	+6.8%
System Management & Operation Services	212.9	50.5%	215.0	49.4%	+2.0	+1.0%
Product Sales	11.1	2.7%	10.0	2.3%	(1.1)	(10.7%)
Total	421.4	100.0%	435.0	100.0%	+13.5	+3.2%

3. Others - Supplementary explanation

CAPEX, R&D and Depreciation Forecasts for FY March 2017

- There have been no revisions to forecast.

【Capital Expenditure, R&D】

(JPY billion)

	FY Mar. 2016 (Results)	FY Mar. 2017 (Forecasts)	Diff.	YoY Change
Capital Expenditure	48.3	45.0	(3.3)	(6.9%)
Tangible	20.2	16.0	(4.2)	(21.1%)
Intangible	28.0	29.0	+0.9	+3.4%
R&D	5.1	5.5	+0.3	+7.6%

【Depreciation and Amortization】

(JPY billion)

	FY Mar. 2016 (Results)	FY Mar. 2017 (Forecasts)	Diff.	YoY Change
Total	32.5	30.0	(2.5)	(8.0%)

3. Others - Supplementary explanation

FY March 2017 Financial Results Forecasts Reference Data < 1H/2H >

■ There have been no revisions to forecast.

(JPY billion)

【1H】	FY Mar. 2016	FY Mar. 2017	Diff.	YoY Change
	1H (Results)	1H (Forecasts)		
Sales	212.3	210.0	(2.3)	(1.1%)
Operating Profit	28.2	29.0	+0.7	+2.7%
Operating Profit Margin	13.3%	13.8%	+0.5P	
Profit attributable to owners of parent	20.1	21.0	+0.8	+4.3%
【2H】	FY Mar. 2016	FY Mar. 2017	Diff.	YoY Change
	2H (Results)	2H (Forecasts)		
Sales	209.1	225.0	+15.8	+7.6%
Operating Profit	30.0	33.0	+2.9	+9.8%
Operating Profit Margin	14.4%	14.7%	+0.3P	
Profit attributable to owners of parent	22.5	22.5	(0.0)	(0.1%)

3. Others - Supplementary explanation

Sales Forecasts by Segment for FY March 2017 < 1H/2H >

■ There have been no revisions to forecast.

(JPY billion)

【1H】

	FY Mar. 2016 1H (Results)	Share	FY Mar. 2017 1H (Forecasts)	Share	Diff.	YoY Change
Consulting	13.2	6.2%	14.0	6.7%	+0.7	+5.9%
Financial IT Solutions	128.9	60.7%	125.0	59.5%	(3.9)	(3.1%)
Securities	64.0	30.2%	58.0	27.6%	(6.0)	(9.4%)
Insurance	29.2	13.8%	31.0	14.8%	+1.7	+5.9%
Banking	19.0	9.0%	19.0	9.0%	(0.0)	(0.5%)
Other financial	16.5	7.8%	17.0	8.1%	+0.4	+2.6%
Industrial IT Solutions	50.4	23.7%	51.0	24.3%	+0.5	+1.1%
Distribution	26.6	12.5%	26.0	12.4%	(0.6)	(2.4%)
Manufacturing, service and other	23.7	11.2%	25.0	11.9%	+1.2	+5.1%
IT Platform Services	15.0	7.1%	15.0	7.1%	(0.0)	(0.6%)
Others	4.6	2.2%	5.0	2.4%	+0.3	+8.2%
Total	212.3	100.0%	210.0	100.0%	(2.3)	(1.1%)

【2H】

	FY Mar. 2016 2H (Results)	Share	FY Mar. 2017 2H (Forecasts)	Share	Diff.	YoY Change
Consulting	15.1	7.2%	18.0	8.0%	+2.8	+18.8%
Financial IT Solutions	123.8	59.2%	132.0	58.7%	+8.1	+6.6%
Securities	59.8	28.6%	62.0	27.6%	+2.1	+3.6%
Insurance	27.8	13.3%	32.0	14.2%	+4.1	+15.1%
Banking	18.4	8.8%	20.0	8.9%	+1.5	+8.4%
Other financial	17.7	8.5%	18.0	8.0%	+0.2	+1.4%
Industrial IT Solutions	51.1	24.4%	54.0	24.0%	+2.8	+5.6%
Distribution	25.2	12.1%	27.0	12.0%	+1.7	+6.9%
Manufacturing, service and other	25.8	12.4%	27.0	12.0%	+1.1	+4.4%
IT Platform Services	13.6	6.5%	16.0	7.1%	+2.3	+17.4%
Others	5.3	2.6%	5.0	2.2%	(0.3)	(6.4%)
Total	209.1	100.0%	225.0	100.0%	+15.8	+7.6%

3. Others - Supplementary explanation

Sales Forecasts by Service for FY March 2017 < 1H/2H >

■ There have been no revisions to forecast.

(JPY billion)

【1H】	FY Mar. 2016 1H (Results)		Share	FY Mar. 2017 1H (Forecasts)		Diff.	YoY Change
	Consulting Services	25.0	11.8%	25.0	11.9%	(0.0)	(0.3%)
	System Development & System Application Sales	77.0	36.3%	75.0	35.7%	(2.0)	(2.7%)
	System Management & Operation Services	105.3	49.6%	107.0	51.0%	+1.6	+1.6%
	Product Sales	4.8	2.3%	3.0	1.4%	(1.8)	(38.3%)
	Total	212.3	100.0%	210.0	100.0%	(2.3)	(1.1%)
【2H】	FY Mar. 2016 2H (Results)		Share	FY Mar. 2017 2H (Forecasts)		Diff.	YoY Change
	Consulting Services	27.0	12.9%	30.0	13.3%	+2.9	+10.9%
	System Development & System Application Sales	68.1	32.6%	80.0	35.6%	+11.8	+17.5%
	System Management & Operation Services	107.6	51.5%	108.0	48.0%	+0.3	+0.4%
	Product Sales	6.3	3.0%	7.0	3.1%	+0.6	+10.5%
	Total	209.1	100.0%	225.0	100.0%	+15.8	+7.6%

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3. Others - Supplementary explanation

■ FY March 2017 Consolidated Earnings Model - Sales of JPY435.0 billion and operating profit of JPY62.0 billion

(JPY billion)

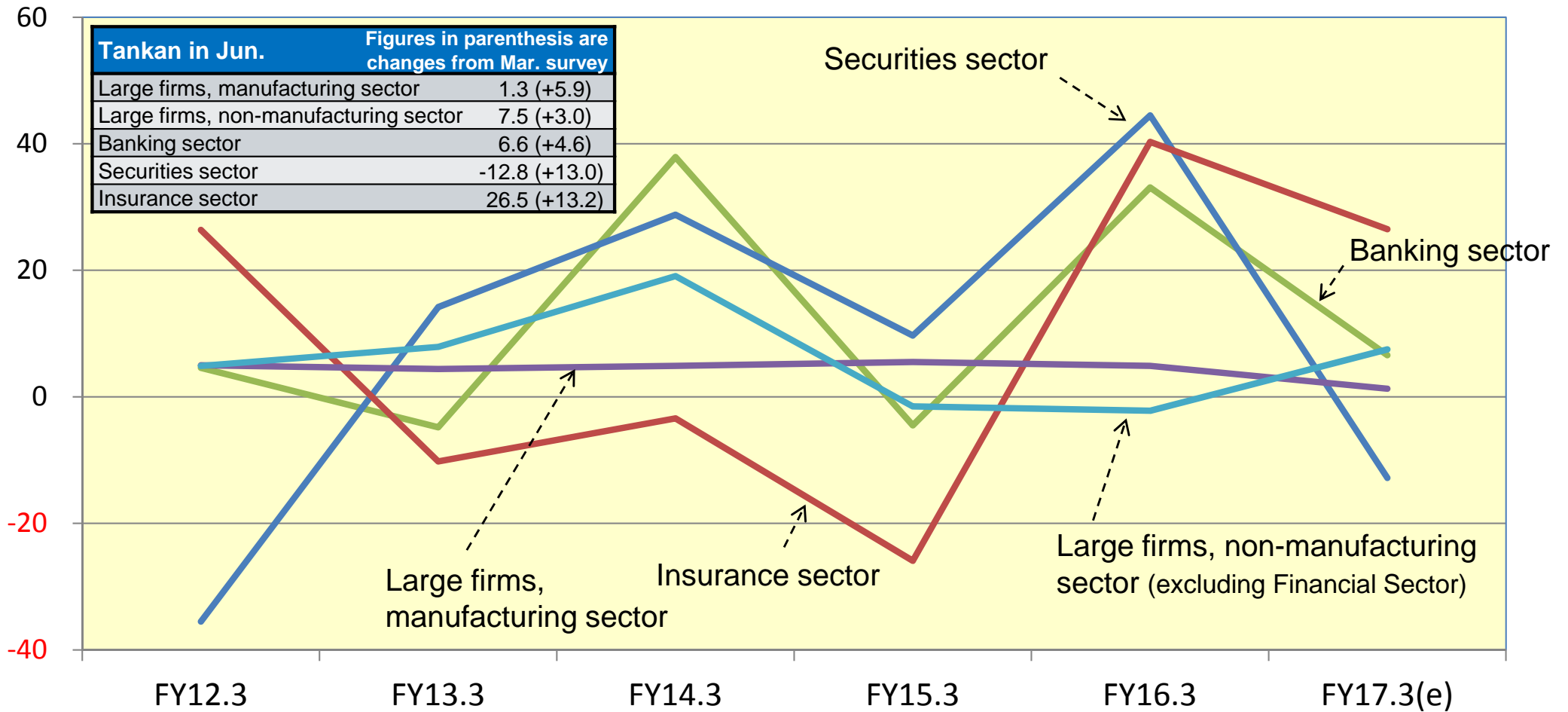
	FY Mar. 2015 (Results)	FY Mar. 2016 (Results)	FY Mar. 2017 (Forecasts)*	YoY	
				Diff.	Change
Sales	405.9	421.4	435.0	+13.5	+3.2%
Cost of Sales	289.2	287.2	295.0	+7.7	+2.7%
Personnel	74.8	83.5	88.0	+4.4	+5.3%
Subcontracting Costs	141.9	139.3	145.0	+5.6	+4.1%
Depreciation	24.6	31.4	29.0	(2.4)	(7.9%)
Gross Profit	116.7	134.1	140.0	+5.8	+4.3%
Gross Profit Margin	28.8%	31.8%	32.2%	+0.3P	
SG&A	65.2	75.8	78.0	+2.1	+2.8%
Operating Profit	51.4	58.2	62.0	+3.7	+6.4%
Operating Profit Margin	12.7%	13.8%	14.3%	+0.4P	

* Figures are consolidated estimates for preparing this earnings model.

3. Others - BOJ Tankan Survey

(YoY change %)

Software Investment



Source: Based on Bank of Japan June 2016 Tankan Survey of Enterprises

3. Others - Communications

Forum, etc.



July 2016
Presentation at IT Japan 2016

Publications



Examples of books published since April 2016