

# Financial Results Presentation

Financial Results for 2<sup>nd</sup> Quarter FY March 2019

and Financial Results Forecast for the year ending 31<sup>st</sup> March, 2019

October 25, 2018

**Nomura Research Institute, Ltd.**

**Shingo Konomoto**

President & CEO, Member of the Board



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## **1. Financial Results for 2<sup>nd</sup> Quarter FY March 2019**

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# Highlights of Consolidated Financial Results <1H>

## ■ YoY comparison (\* are shown as a reference)

(JPY million)

	2Q FY Mar. 2018	2Q FY Mar. 2019	Diff.	YoY Change
<b>Sales</b>	<b>220,214</b>	<b>240,407</b>	<b>20,192</b>	<b>9.2%</b>
Operating Profit before goodwill amortization*	<b>30,933</b>	<b>35,076</b>	<b>4,142</b>	<b>13.4%</b>
<b>Operating Profit</b>	<b>29,097</b>	<b>33,105</b>	<b>4,007</b>	<b>13.8%</b>
Operating Profit Margin before goodwill amortization*	<b>14.0%</b>	<b>14.6%</b>	<b>0.5P</b>	
<b>Operating Profit Margin</b>	<b>13.2%</b>	<b>13.8%</b>	<b>0.6P</b>	
<b>Profit attributable to owners of parent</b>	<b>33,377</b>	<b>22,942</b>	<b>(10,434)</b>	<b>(31.3%)</b>

# Highlights of Consolidated Financial Results <1H>

## ■ Comparison with announced forecasts on April 26

(JPY billion)

	2Q FY Mar. 2019 (Forecast)	2Q FY Mar. 2019 (Results)	Diff.	YoY Change
<b>Sales</b>	<b>240.0</b>	<b>240.4</b>	<b>0.4</b>	<b>0.2%</b>
<b>Operating Profit</b>	<b>33.0</b>	<b>33.1</b>	<b>0.1</b>	<b>0.3%</b>
<b>Operating Profit Margin</b>	<b>13.8%</b>	<b>13.8%</b>	<b>0.0P</b>	
<b>Profit attributable to owners of parent</b>	<b>22.0</b>	<b>22.9</b>	<b>0.9</b>	<b>4.3%</b>

# Key Factors in Financial Results for 2Q FY March 2019

## ● Higher income with +9.2% in sales

- DX-related business expanded, mainly in Consulting and Industrial IT Solutions, and profitability improved due to growth in Insurance.
- Overseas business grew, mainly in Australia.

## ● +13.8% in operating profit

- Increased earnings in Consulting, Industrial IT Solutions, and Insurance due to business growth and other factors.
- Profitability improvements in Australia contributed to increased profit, thanks to Australian PMI growth and securing of large-scale projects.

As we steadily advanced toward achieving the medium-term management plan (2016-2018), we also made good progress in preparing projects and producing results in growth areas for V2022.

# Sales by Segment <1H>

(JPY million)

	2Q FY Mar. 2018*	Share	2Q FY Mar. 2019	Share	Diff.	YoY Change
<b>Consulting</b>	13,759	6.2%	19,189	8.0%	5,429	39.5%
<b>Financial IT Solutions</b>	121,073	55.0%	120,319	50.0%	(754)	(0.6%)
Securities	57,257	26.0%	48,419	20.1%	(8,837)	(15.4%)
Insurance	24,194	11.0%	29,322	12.2%	5,128	21.2%
Banking	20,963	9.5%	20,965	8.7%	2	0.0%
Other financial	18,658	8.5%	21,610	9.0%	2,952	15.8%
<b>Industrial IT Solutions</b>	65,402	29.7%	80,128	33.3%	14,725	22.5%
Distribution	29,406	13.4%	32,325	13.4%	2,919	9.9%
Manufacturing, service and other	35,996	16.3%	47,802	19.9%	11,805	32.8%
<b>IT Platform Services</b>	14,275	6.5%	14,653	6.1%	378	2.7%
<b>Others</b>	5,703	2.6%	6,117	2.5%	413	7.2%
<b>Total</b>	<b>220,214</b>	<b>100.0%</b>	<b>240,407</b>	<b>100.0%</b>	<b>20,192</b>	<b>9.2%</b>

\* NRI partially revised its business segments on April 1, 2018 to reflect reorganization. Year-on-year comparisons use the figures for the same period in the previous year for the business segment following the relevant change.

# External sales by segment <1H> (supplementary information)

## ■ Sales by main client

(JPY million)

	2Q FY Mar. 2018	Share*	2Q FY Mar. 2019	Share*	Diff.	YoY Change
Nomura Holdings	36,905	16.8%	28,624	11.9%	(8,280)	(22.4%)
Seven & i Holdings	22,813	10.4%	24,272	10.1%	1,459	6.4%

\* Percentage of (total) external sales

## ■ Overseas sales

(JPY million)

	2Q FY Mar. 2018	Share**	2Q FY Mar. 2019	Share**	Diff.	YoY Change
Overseas sales	15,929	7.2%	27,575	11.5%	11,646	73.1%
North America*	5,023	2.3%	4,967	2.1%	(55)	(1.1%)
Oceania*	7,929	3.6%	18,601	7.7%	10,671	134.6%
Asia, other*	2,976	1.4%	4,007	1.7%	1,030	34.6%

\* Numbers by area are based on location of clients, and numbers per country or area are recorded as reference values.

\*\* Percentage of (total) external sales

# Segment Performance Results <1H>

■ Including Inter-segment sales for each segment

(JPY million)

		2Q FY Mar. 2018*	2Q FY Mar. 2019	Diff.	YoY Change
Consulting	Sales	14,099	19,457	5,357	38.0%
	OP	2,079	3,415	1,336	64.3%
	OPM	14.7%	17.6%	2.8P	
Financial IT Solutions	Sales	122,155	121,632	(522)	(0.4%)
	OP	11,902	12,470	568	4.8%
	OPM	9.7%	10.3%	0.5P	
Industrial IT Solutions	Sales	65,992	80,506	14,513	22.0%
	OP	5,913	7,993	2,080	35.2%
	OPM	9.0%	9.9%	1.0P	
IT Platform Services	Sales	59,946	60,923	976	1.6%
	OP	7,715	7,712	(3)	(0.0%)
	OPM	12.9%	12.7%	(0.2P)	

\* NRI partially revised its business segments on April 1, 2018 to reflect reorganization. Year-on-year comparisons use the figures for the same period in the previous year for the business segment following the relevant change.



# Analysis of increase and decrease factors

- Main factors for increases and decreases in external sales and operating profit by segment are as follows.

(Key) (+) Increase factors, (-) Decrease factors

Segment		External sales	Operating profit
Consulting		(+) More consulting projects inside and outside Japan (+) Impact from M&A in Australia (approx. 3.5 billion yen)	(+) Effect of increased income from consulting projects inside and outside Japan
Financial IT Solutions	Securities	(-) Decrease in business with Nomura Holdings (-) Decreases in business with other securities companies	(+) Effect of increased income from business with insurance (-) Impact of decreased income from business with securities
	Insurance	(+) Increases in business with life and non-life insurance	
	Banking		
	Other financial, etc.	(+) Increases in business with multiple main clients	
Industrial IT Solutions	Distribution	(+) Increases with multiple clients including Seven & i Holdings	(+) Effect of increased income from multiple major clients (+) Improved profitability in Australia (approx. 1 billion yen)
	Manufacturing & services, etc.	(+) Increases with multiple major clients (+) Impact from M&A in Australia (approx. 7 billion yen)	
IT Platform Services			
Common between segments			(+) No costs to move into new offices which arose the previous year (approx. 1 billion yen)

## Sales by Service <1H>

(JPY million)

	2Q FY Mar. 2018	2Q FY Mar. 2019	Diff.	YoY Change
<b>Consulting Services</b>	<b>31,981</b>	<b>43,720</b>	<b>11,738</b>	<b>36.7%</b>
<b>System Development &amp; System Application Sales</b>	<b>63,815</b>	<b>68,940</b>	<b>5,124</b>	<b>8.0%</b>
<b>System Management &amp; Operation Services</b>	<b>117,155</b>	<b>120,451</b>	<b>3,296</b>	<b>2.8%</b>
<b>Product Sales</b>	<b>7,262</b>	<b>7,295</b>	<b>33</b>	<b>0.5%</b>
<b>Total</b>	<b>220,214</b>	<b>240,407</b>	<b>20,192</b>	<b>9.2%</b>

# Consolidated P/L Highlight <1H>

	(JPY million)			
	2Q FY Mar. 2018	2Q FY Mar. 2019	Diff.	YoY Change
<b>Sales</b>	<b>220,214</b>	<b>240,407</b>	<b>20,192</b>	<b>9.2%</b>
<b>Cost of Sales</b>	<b>144,940</b>	<b>161,024</b>	<b>16,083</b>	<b>11.1%</b>
Subcontracting Costs	<b>63,836</b>	<b>71,505</b>	<b>7,669</b>	<b>12.0%</b>
<b>Gross Profit</b>	<b>75,274</b>	<b>79,383</b>	<b>4,108</b>	<b>5.5%</b>
Gross Profit Margin	<b>34.2%</b>	<b>33.0%</b>	<b>(1.2P)</b>	
<b>SG&amp;A</b>	<b>46,176</b>	<b>46,277</b>	<b>101</b>	<b>0.2%</b>
Amortization of goodwill*	<b>1,835</b>	<b>1,971</b>	<b>135</b>	<b>7.4%</b>
<b>Operating Profit</b>	<b>29,097</b>	<b>33,105</b>	<b>4,007</b>	<b>13.8%</b>
Operating Profit Margin	<b>13.2%</b>	<b>13.8%</b>	<b>0.6P</b>	

\* PPA results are reflected in the M&A conducted in Australia, so past amounts for goodwill amortization and depreciation have been changed (impact on operating profit is insignificant).

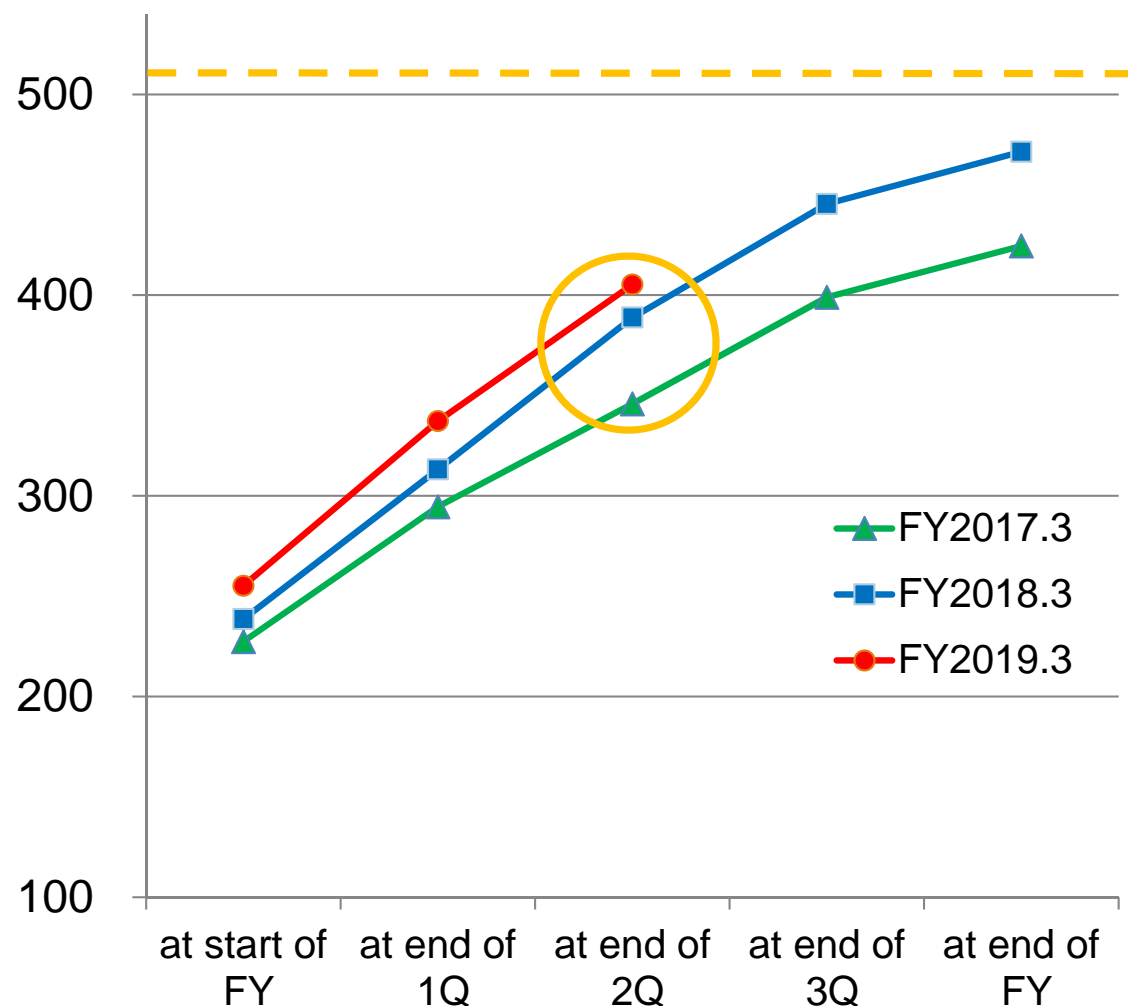
# Consolidated P/L Highlight <1H> (continued)

(JPY million)

	2Q FY Mar. 2018	2Q FY Mar. 2019	Diff.	YoY Change
<b>Operating Profit</b>	<b>29,097</b>	<b>33,105</b>	<b>4,007</b>	<b>13.8%</b>
<b>Non-operating income and loss</b>	<b>938</b>	<b>482</b>	<b>(456)</b>	<b>(48.6%)</b>
<b>Extraordinary income and loss</b>	<b>20,231</b>	<b>1,220</b>	<b>(19,011)</b>	<b>(94.0%)</b>
Gain on sales of investment securities	20,269	1,144	(19,124)	
<b>Income taxes etc.</b>	<b>16,335</b>	<b>11,625</b>	<b>(4,710)</b>	
<b>Profit attributable to owners of parent</b>	<b>33,377</b>	<b>22,942</b>	<b>(10,434)</b>	<b>(31.3%)</b>

# Sales + Consolidated Order Backlog

(JPY billion)



(JPY billion)

	FY Mar.2018	FY Mar.2019	YoY Change
<b>Sales<sup>*1</sup></b>	471.4	510.0	8.2%
<b>Sales<sup>*2+</sup> Consolidated Order Backlog<sup>*3</sup></b>	388.8	405.3	4.2%
<b>Realization rate</b>	82.5%	79.5%	(3.0P)

(※1) FY Mar.2018: Result, FY Mar. 2019: Forecast

(※2) The figure at the end of 2Q

(※3) The figure at the end of 2Q

## Order Backlog by Segment (Outstanding)

(JPY million)

	At end of Sep. 2017*	At end of Sep. 2018	Diff.	YoY Change
<b>Consulting</b>	<b>10,533</b>	<b>10,135</b>	<b>(397)</b>	<b>(3.8%)</b>
<b>Financial IT Solutions</b>	<b>96,758</b>	<b>93,028</b>	<b>(3,729)</b>	<b>(3.9%)</b>
<b>Industrial IT Solutions</b>	<b>57,640</b>	<b>55,342</b>	<b>(2,297)</b>	<b>(4.0%)</b>
<b>IT Platform Services</b>	<b>8,147</b>	<b>8,618</b>	<b>470</b>	<b>5.8%</b>
<b>Other</b>	<b>3,069</b>	<b>3,133</b>	<b>63</b>	<b>2.1%</b>
<b>Total</b>	<b>176,148</b>	<b>170,258</b>	<b>(5,890)</b>	<b>(3.3%)</b>
<b>Order backlog in the current FY</b>	<b>168,683</b>	<b>164,924</b>	<b>(3,759)</b>	<b>(2.2%)</b>

\* NRI partially revised its business segments on April 1, 2018 to reflect reorganization. Year-on-year comparisons use the figures for the same period in the previous year for the business segment following the relevant change.

## Order Backlog by Segment (Outstanding) (supplementary information)

### ■ Order backlog domestically

(JPY million)

	At end of Sep. 2017*	At end of Sep. 2018	Diff.	YoY Change
Consulting	7,149	7,693	543	7.6%
Financial IT Solutions	96,250	92,353	(3,897)	(4.0%)
Industrial IT Solutions	38,696	38,240	(455)	(1.2%)
IT Platform Services	8,147	8,617	469	5.8%
Other	3,069	3,133	63	2.1%
<b>Total</b>	<b>153,314</b>	<b>150,038</b>	<b>(3,275)</b>	<b>(2.1%)</b>

### ■ Order backlog of overseas subsidiaries

(JPY million)

	At end of Sep. 2017	At end of Sep. 2018	Diff.	YoY Change
Overseas subsidiaries	22,834	20,219	(2,615)	(11.5%)

\* NRI partially revised its business segments on April 1, 2018 to reflect reorganization. Year-on-year comparisons use the figures for the same period in the previous year for the business segment following the relevant change.

# Results through 2Q and Full-Year Earnings Forecast

(JPY billion)

		1Q	2Q	3Q	4Q	FY
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	Sales	100.3	102.7	105.3	116.0	424.5
	OP	13.6	12.6	16.3	15.8	58.5
	OPM	13.6%	12.3%	15.5%	13.7%	13.8%
FY March 2018	Sales	106.6	113.5	121.3	129.8	471.4
	OP	13.1	15.9	17.5	18.5	65.1
	OPM	12.3%	14.1%	14.4%	14.3%	13.8%
FY March 2019 (Figures for 2H and full-year are estimates)	Sales	<b>117.7</b>	<b>122.6</b>	<b>269.5</b>		<b>510.0</b>
	OP	<b>15.3</b>	<b>17.7</b>	<b>36.8</b>		<b>70.0</b>
	OPM	<b>13.0%</b>	<b>14.5%</b>	<b>13.7%</b>		<b>13.7%</b>

Note: Figures for 2H of the fiscal year ending March 31, 2019 were calculated by subtracting 1H results from full-year forecasts for FY March 2019.



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**2. Recent Activities**

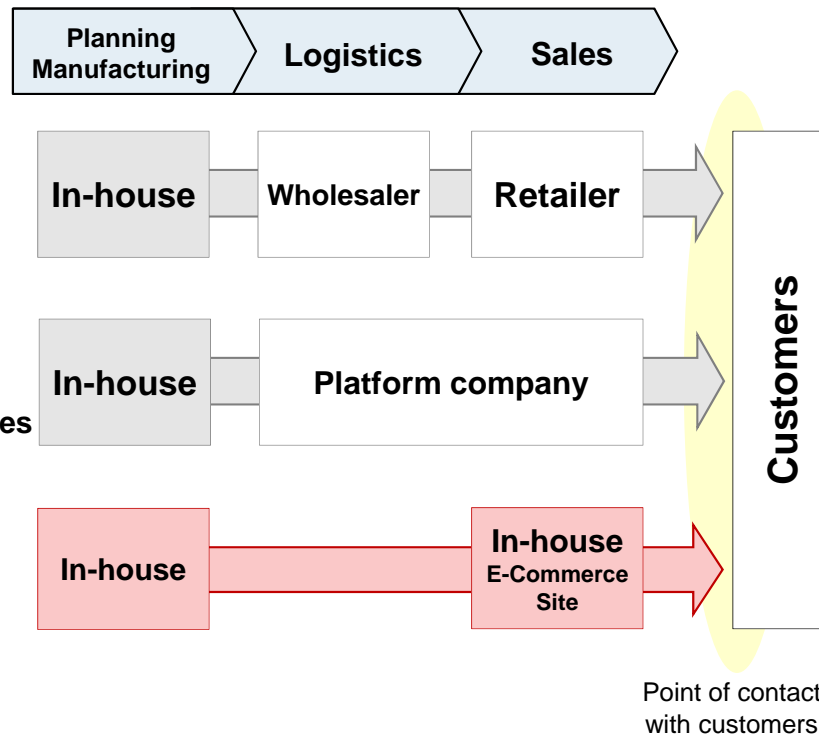
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# Supporting IT investments that transform business models, starting with strategy proposals

## Expanding D2C-related investment in response to the threat from Platform companies

- Possess own e-commerce site, and **build own customer experience (CX)** while **accumulating and analyzing customer data**
- In retail also there is a stronger movement aiming to **use digital power for more sophisticated contact points with customers**

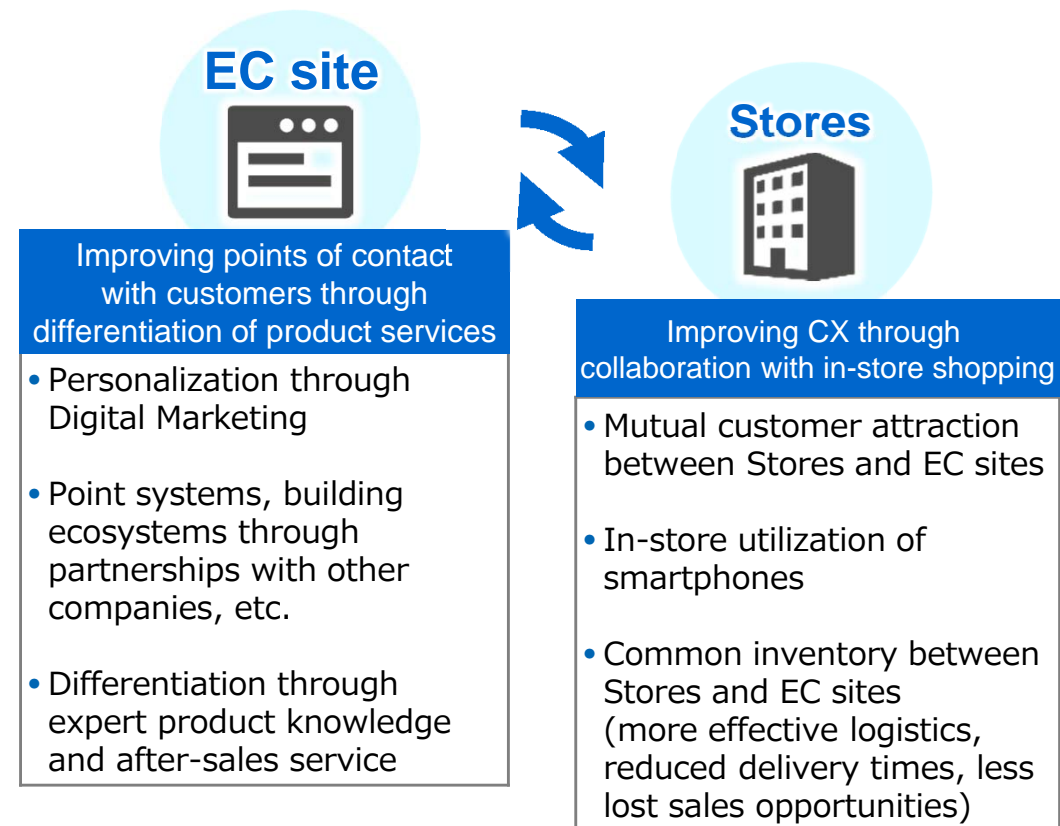


### Example:

## Retail Company A

### Omni-channel retailing project

- Initially core systems support, expanded e-commerce support starting with proposal of an omnichannel strategy, and have now turned that into comprehensive support including stores and operations



# Developing into a strategic partner that supports advanced IT investment, with our long track record as a springboard

## Example:

### Life Insurance Company B

#### System platform project in public cloud environment

- Built trust through long track record in application development projects
- In recent years we expanded into support for IT strategy considerations, and secured an order to perform a Microsoft Azure\* build for part of the platform for a customer center system, the next-generation customer-facing platform in core systems

## Example:

### Internet Banking Company C

#### Next generation system renewal project

- Earned trust by building a track record in small-scale projects
- Gained recognition for our knowledge of the track records and operations of other companies in the fields of core systems and Internet banking, then secured an order for a large next-generation system renewal project

#### Main initiatives in the past

#### Recent achievement

- Track record in application projects, new products, and system reforms
- Support for IT strategy plans by CIO (also involved in plans for moving to cloud)
- Expertise at building system platforms in public cloud environment

**Secured order for project to build public cloud platform**  
  
(Actual version now in operation)

#### Main initiatives in the past

#### Recent achievement

- Strengthen relationships through personnel exchange, etc.
- Build a track record in small-scale projects (high quality)
- Expertise and track record in the field of Internet banking

**Secured order for next-generation system renewal project**  
  
(have started on design and development)

\* Microsoft Azure is a registered trademark of Microsoft Corporation in the US

## Continue steady growth toward overseas sales of 100 billion yen for V2022

### By Region

### Recent business trends

#### Australia

- ASG managed as a unit with SMS starting January 2018
  - Achieved cost reduction effect through PMI
- Also support from the financial foundation of NRI, and secured large orders from government agencies, etc.

Queensland Unitywater (water supply project)	: 16.5 million AUD
Victoria's Justice & Regulation (legal affairs bureau)	: (not disclosed)
Airservices Australia (air traffic control agency)	: 84 million AUD
Australian National Audit Office (board of audit)	: 11 million AUD

#### US

- Expanded business through acquisition of high added-value IP of Brierley & Partners, Inc. (B+P) and Cutter Associates
  - Achieved synergy effects in domestic business also by establishing Japanese arm of B+P
- Expanded joint-use services into the US market
  - Thomson Reuters implements I-STAR

#### Asia

- Established NVANTAGE in India with Nomura Holdings
  - Overseas expansion of ITO+BPO capabilities for financial institutions

- ✓ Received an “A” rating from S&P Global Ratings Japan in September 2018, assuring creditworthiness overseas and global competitiveness

# Continued strong performance in receiving orders for digital projects, established joint ventures with customers in DX2.0

## Digital business trends in the first half of FY March 2019

<p><b>Business transformation (DX2.0)</b> Create new business models</p>	<p>Digital ecosystems</p>	<ul style="list-style-type: none"> <li>● Established joint venture “Technium” with DMG Mori</li> <li>● Established joint venture “NDIAS” with Denso (NRI Secure)</li> <li>● Supporting Shiseido Japan IoT skincare system “Optune”</li> </ul>
<p><b>Process transformation (DX1.0)</b> Increased advancement of business models through digital technologies</p>	<p>Digital front office</p>	<ul style="list-style-type: none"> <li>● More projects to improve CX utilizing analytics, etc.</li> <li>● Continued good performance in digital marketing projects</li> </ul>
	<p>Digital back office</p>	<ul style="list-style-type: none"> <li>● AI solution “TRAINA” is steadily building a track record of results</li> <li>● Also good performance in business operation reforms using RPA, IoT, etc.</li> </ul>
<p>Digital solutions and technology platforms</p>		<ul style="list-style-type: none"> <li>● Knowledge management with the “Analytics Knowledge Center”</li> <li>● Companywide “Blockchain Promotion Council”</li> <li>● Expertise at building “cloud platforms” that support digital business</li> </ul>

## Discussions on next Medium-Term Management Plan in full swing

### Vision2022

[Vision statement]



[Numerical targets]

Index	Numerical target
Consolidated Operating profit	<b>100 billion yen</b>
Consolidated Operating margin	<b>14% or higher</b>
Overseas sales	<b>100 billion yen</b>
ROE	<b>14%</b>

### Strategic themes of the next medium-term management plan

Strategic theme	Main points
<b>DX strategy</b>	<ul style="list-style-type: none"> <li>Utilize strength in digital field to develop large-scale clients</li> </ul>
<b>Business platform strategy</b>	<ul style="list-style-type: none"> <li>Evolution of industry standard business platforms in finance</li> </ul>
<b>Cloud strategy</b>	<ul style="list-style-type: none"> <li>Profitability models for the cloud era</li> </ul>
<b>Global strategy</b>	<ul style="list-style-type: none"> <li>Global business development for our era as a company with sales of 100 billion yen</li> </ul>
<b>Human resources strategy</b>	<ul style="list-style-type: none"> <li>Hiring and developing the human resources that support NRI, and partnerships</li> </ul>

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# Forecasts for FY March 2019

- Revision to earnings forecast due to expected extraordinary gain (approx. 8 billion yen) from sale of investment securities

【Full Year】

(JPY billion)

	FY Mar. 2018 (Results)	FY Mar. 2019 (October 25 Forecasts)	Diff.	YoY Change	FY Mar. 2019 (April 26 Forecast)	Diff.
Sales	471.4	510.0	38.5	8.2%	510.0	—
Operating Profit	65.1	70.0	4.8	7.5%	70.0	—
Operating Profit Margin	13.8%	13.7%	(0.1P)		13.7%	—
Profit attributable to owners of parent	55.1	53.0	(2.1)	(3.9%)	50.0	3.0
Earnings Per Share	¥228.21	¥223.77	(¥4.43)		¥209.95	¥13.83
Dividends Per Share	¥90.00 <sup>※1</sup>	¥90.00 <sup>※2</sup>	-		¥90.00 <sup>※2</sup>	—
End of Q2	¥45.00	¥45.00	-		¥45.00	—
Fiscal year end	¥45.00	¥45.00	-		¥45.00	—
Payout Ratio	39.1%	40.0%	0.9P		43.1%	(3.0P)

\*1 Dividends for the year ended March 2018 include the commemorative dividend (10 yen for the year) for the 30th anniversary of the merger that formed NRI.

\*2 All dividend amounts for FY March 2019 will be ordinary dividends.



# Sales Forecasts by Segment for FY March 2019

- Other segments were either discontinued or merged with Industrial IT Solutions (on Oct.1, 2018)
- Sales per segment were revised, based on progress up to 2Q (JPY billion)

【Full Year】	(a)		(b)		(b-a)		(c)		(b-c)
	FY Mar. 2018 (Results)*	Share	FY Mar. 2019 (October 25 Forecasts)	Share	Diff.	YoY Change	FY Mar. 2019 (April 26 Forecast)	Diff.	
<b>Consulting</b>	34.5	7.3%	41.0	8.0%	6.4	18.6%	41.0	—	
<b>Financial IT Solutions</b>	252.1	53.5%	255.0	50.0%	2.8	1.1%	265.0	(10.0)	
Securities	118.3	25.1%	105.0	20.6%	(13.3)	(11.3%)	119.0	(14.0)	
Insurance	51.8	11.0%	62.0	12.2%	10.1	19.6%	59.0	3.0	
Banking	42.2	9.0%	46.0	9.0%	3.7	8.9%	46.0	—	
Other financial	39.6	8.4%	42.0	8.2%	2.3	5.9%	41.0	1.0	
<b>Industrial IT Solutions</b>	143.2	30.4%	180.0	35.3%	36.7	25.7%	160.0	20.0	
Distribution	60.8	12.9%	66.0	12.9%	5.1	8.5%	63.0	3.0	
Manufacturing, service and other	82.4	17.5%	114.0	22.4%	31.5	38.3%	97.0	17.0	
<b>IT Platform Services</b>	29.8	6.3%	34.0	6.7%	4.1	13.8%	32.0	2.0	
<b>Others</b>	11.6	2.5%	—	—	—	—	12.0	—	
<b>Total</b>	<b>471.4</b>	<b>100.0%</b>	<b>510.0</b>	<b>100.0%</b>	<b>38.5</b>	<b>8.2%</b>	<b>510.0</b>	<b>—</b>	

\* NRI partially revised its business segments on April 1, 2018 to reflect reorganization. Year-on-year comparisons use the figures for the same period in the previous year for the business segment following the relevant change.

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**1. Financial Results for 2<sup>nd</sup> Quarter FY March 2019**

**2. Recent Activities**

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#### 4. Reference materials -Other Financial Result-related Data-

### Order Volume <1H>

(JPY million)

	2Q FY Mar. 2018*	2Q FY Mar. 2019	Diff.	YoY Change
<b>Consulting</b>	<b>19,235</b>	<b>22,560</b>	<b>3,324</b>	<b>17.3%</b>
<b>Financial IT Solutions</b>	<b>68,929</b>	<b>71,773</b>	<b>2,843</b>	<b>4.1%</b>
<b>Industrial IT Solutions</b>	<b>51,738</b>	<b>44,887</b>	<b>(6,850)</b>	<b>(13.2%)</b>
<b>IT Platform Services</b>	<b>8,411</b>	<b>8,976</b>	<b>564</b>	<b>6.7%</b>
<b>Other</b>	<b>5,300</b>	<b>5,713</b>	<b>412</b>	<b>7.8%</b>
<b>Total</b>	<b>153,615</b>	<b>153,910</b>	<b>295</b>	<b>0.2%</b>

\* NRI partially revised its business segments on April 1, 2018 to reflect reorganization. Year-on-year comparisons use the figures for the same period in the previous year for the business segment following the relevant change.

#### 4. Reference materials -Other Financial Result-related Data-

## Order Volume <1H> (supplementary information)

### ■ Order backlog domestically

(JPY million)

	At end of Sep. 2017*	At end of Sep. 2018	Diff.	YoY Change
Consulting	14,894	17,891	2,996	20.1%
Financial IT Solutions	67,033	69,489	2,456	3.7%
Industrial IT Solutions	35,801	38,812	3,011	8.4%
IT Platform Services	8,318	8,908	590	7.1%
Other	5,300	5,713	412	7.8%
<b>Total</b>	<b>131,348</b>	<b>140,815</b>	<b>9,467</b>	<b>7.2%</b>

### ■ Order backlog of overseas subsidiaries

(JPY million)

	At end of Sep. 2017	At end of Sep. 2018	Diff.	YoY Change
<b>Overseas subsidiaries</b>	<b>22,267</b>	<b>13,094</b>	<b>(9,172)</b>	<b>(41.2%)</b>

\* NRI partially revised its business segments on April 1, 2018 to reflect reorganization. Year-on-year comparisons use the figures for the same period in the previous year for the business segment following the relevant change.

4. Reference materials -Other Financial Result-related Data-

## Highlights of Consolidated Financial Results <2Q>

■ YoY comparison (\* are shown as a reference)

(JPY million)

	2Q FY Mar. 2018 (Jul.-Sep.)	2Q FY Mar. 2019 (Jul.-Sep.)	Diff.	YoY Change
<b>Sales</b>	<b>113,578</b>	<b>122,648</b>	<b>9,070</b>	<b>8.0%</b>
Operating Profit before goodwill amortization*	<b>16,902</b>	<b>18,818</b>	<b>1,915</b>	<b>11.3%</b>
<b>Operating Profit</b>	<b>15,981</b>	<b>17,770</b>	<b>1,789</b>	<b>11.2%</b>
Operating Profit Margin before goodwill amortization*	<b>14.9%</b>	<b>15.3%</b>	<b>0.5P</b>	
<b>Operating Profit Margin</b>	<b>14.1%</b>	<b>14.5%</b>	<b>0.4P</b>	
<b>Profit attributable to owners of parent</b>	<b>23,715</b>	<b>11,781</b>	<b>(11,934)</b>	<b>(50.3%)</b>

#### 4. Reference materials -Other Financial Result-related Data-

## Sales by Segment <2Q>

(JPY million)

	2Q FY Mar.2018 (Jul.-Sep.)*	Share	2Q FY Mar.2019 (Jul.-Sep.)	Share	Diff.	YoY Change
<b>Consulting</b>	7,810	6.9%	10,134	8.3%	2,324	29.8%
<b>Financial IT Solutions</b>	61,777	54.4%	61,623	50.2%	(154)	(0.2%)
Securities	28,709	25.3%	24,233	19.8%	(4,475)	(15.6%)
Insurance	12,729	11.2%	15,577	12.7%	2,848	22.4%
Banking	10,667	9.4%	11,007	9.0%	339	3.2%
Other financial	9,670	8.5%	10,804	8.8%	1,133	11.7%
<b>Industrial IT Solutions</b>	33,487	29.5%	40,254	32.8%	6,766	20.2%
Distribution	14,919	13.1%	16,372	13.3%	1,452	9.7%
Manufacturing, Service and other	18,567	16.3%	23,881	19.5%	5,313	28.6%
<b>IT Platform Services</b>	7,520	6.6%	7,640	6.2%	120	1.6%
<b>Others</b>	2,983	2.6%	2,996	2.4%	12	0.4%
<b>Total</b>	<b>113,578</b>	<b>100.0%</b>	<b>122,648</b>	<b>100.0%</b>	<b>9,070</b>	<b>8.0%</b>

\* NRI partially revised its business segments on April 1, 2018 to reflect reorganization. Year-on-year comparisons use the figures for the same period in the previous year for the business segment following the relevant change.

#### 4. Reference materials -Other Financial Result-related Data-

## External sales by segment <2Q> (supplementary information)

### ■ Sales by main client

(JPY million)

	2Q FY Mar.2018 (Jul.-Sep.)	Share*	2Q FY Mar.2019 (Jul.-Sep.)	Share*	Diff.	YoY Change
Nomura Holdings	18,978	16.7%	14,432	11.8%	(4,546)	(24.0%)
Seven & i Holdings	11,429	10.1%	12,252	10.0%	823	7.2%

\* Percentage of (total) external sales

### ■ Overseas sales

(JPY million)

	2Q FY Mar.2018 (Jul.-Sep.)	Share**	2Q FY Mar.2019 (Jul.-Sep.)	Share**	Diff.	YoY Change
Overseas sales	8,078	7.1%	12,900	10.5%	4,822	59.7%
North America*	2,555	2.3%	2,346	1.9%	(208)	(8.2%)
Oceania*	3,936	3.5%	8,481	6.9%	4,544	115.5%
Asia, other*	1,586	1.4%	2,072	1.7%	486	30.6%

\* Numbers by area are based on location of clients, and numbers per country or area are recorded as reference values.

\*\* Percentage of (total) external sales

#### 4. Reference materials -Other Financial Result-related Data-

## Segment Performance Results <2Q>

■ Including Inter-segment sales for each segment

(JPY million)

		2Q FY Mar.2018 (Jul.-Sep.)*	2Q FY Mar.2019 (Jul.-Sep.)	Diff.	YoY Change
Consulting	Sales	7,993	10,279	2,285	28.6%
	OP	1,927	2,205	277	14.4%
	OPM	24.1%	21.5%	(2.7P)	
Financial IT Solutions	Sales	62,331	62,302	(29)	(0.0%)
	OP	6,056	6,304	248	4.1%
	OPM	9.7%	10.1%	0.4P	
Industrial IT Solutions	Sales	33,927	40,459	6,531	19.3%
	OP	2,999	3,937	938	31.3%
	OPM	8.8%	9.7%	0.9P	
IT Platform Services	Sales	30,621	31,230	608	2.0%
	OP	4,155	4,309	154	3.7%
	OPM	13.6%	13.8%	0.2P	

\* NRI partially revised its business segments on April 1, 2018 to reflect reorganization. Year-on-year comparisons use the figures for the same period in the previous year for the business segment following the relevant change.



#### 4. Reference materials -Other Financial Result-related Data-

## Analysis of increase and decrease factors

- Main factors for increases and decreases in external sales and operating profit by segment are as follows.

(Key) (+) Increase factors, (-) Decrease factors

Segment		External sales	Operating profit
Consulting		(+) More consulting projects inside and outside Japan (+) Impact from M&A in Australia (approx. 1.5 billion yen)	(+) Effect of increased income from consulting projects inside and outside Japan
Financial IT Solutions	Securities	(-) Decrease in business with Nomura Holdings (-) Decreases in business with other securities companies	(+) Effect of increased income from business with insurance
	Insurance	(+) Increases in business with life and non-life insurance	
	Banking		
	Other financial, etc.	(+) Increases in business with multiple main clients	
Industrial IT Solutions	Distribution	(+) Increases with multiple clients including Seven & i Holdings	(+) Effect of increased income from multiple major clients
	Manufacturing & services, etc.	(+) Increases with multiple major clients (+) Impact from M&A in Australia (approx. 3 billion yen)	
IT Platform Services			
Common between segments			

#### 4. Reference materials -Other Financial Result-related Data-

## Sales by Service <2Q>

(JPY million)

	2Q FY Mar.2018 (Jul.-Sep.)	2Q FY Mar.2019 (Jul.-Sep.)	Diff.	YoY Change
Consulting Services	17,651	22,452	4,800	27.2%
System Development & System Application Sales	33,096	35,965	2,868	8.7%
System Management & Operation Services	58,822	60,746	1,924	3.3%
Product Sales	4,007	3,484	(523)	(13.1%)
<b>Total</b>	<b>113,578</b>	<b>122,648</b>	<b>9,070</b>	<b>8.0%</b>

#### 4. Reference materials -Other Financial Result-related Data-

## Consolidated P/L Highlight <2Q>

(JPY million)

	2Q FY Mar.2018 (Jul.-Sep.)	2Q FY Mar.2019 (Jul.-Sep.)	Diff.	YoY Change
<b>Sales</b>	<b>113,578</b>	<b>122,648</b>	<b>9,070</b>	<b>8.0%</b>
<b>Cost of Sales</b>	<b>74,932</b>	<b>81,716</b>	<b>6,783</b>	<b>9.1%</b>
Subcontracting Costs	<b>32,836</b>	<b>36,983</b>	<b>4,146</b>	<b>12.6%</b>
<b>Gross Profit</b>	<b>38,646</b>	<b>40,932</b>	<b>2,286</b>	<b>5.9%</b>
Gross Profit Margin	<b>34.0%</b>	<b>33.4%</b>	<b>(0.7P)</b>	
<b>SG&amp;A</b>	<b>22,664</b>	<b>23,161</b>	<b>497</b>	<b>2.2%</b>
Amortization of goodwill	<b>921</b>	<b>1,047</b>	<b>126</b>	<b>13.7%</b>
<b>Operating Profit</b>	<b>15,981</b>	<b>17,770</b>	<b>1,789</b>	<b>11.2%</b>
Operating Profit Margin	<b>14.1%</b>	<b>14.5%</b>	<b>0.4P</b>	

4. Reference materials -Other Financial Result-related Data-

## Consolidated P/L Highlight <2Q> (continued)

	(JPY million)			
	2Q FY Mar.2018 (Jul.-Sep.)	2Q FY Mar.2019 (Jul.-Sep.)	Diff.	YoY Change
<b>Operating Profit</b>	<b>15,981</b>	<b>17,770</b>	<b>1,789</b>	<b>11.2%</b>
<b>Non-operating income and loss</b>	<b>(81)</b>	<b>(47)</b>	<b>33</b>	<b>(41.5%)</b>
<b>Extraordinary income and loss</b>	<b>18,838</b>	<b>(7)</b>	<b>(18,845)</b>	
<b>Gain on sales of investment securities</b>	<b>18,871</b>	-	<b>(18,871)</b>	
<b>Income taxes etc.</b>	<b>10,830</b>	<b>5,825</b>	<b>(5,004)</b>	
<b>Profit attributable to owners of parent</b>	<b>23,715</b>	<b>11,781</b>	<b>(11,934)</b>	<b>(50.3%)</b>

#### 4. Reference materials -Other Financial Result-related Data-

## Order Volume by Segment <2Q>

(JPY million)

	2Q FY Mar.2018 (Jul.-Sep.)*	2Q FY Mar.2019 (Jul.-Sep.)	Diff.	YoY Change
<b>Consulting</b>	<b>9,560</b>	<b>9,809</b>	<b>249</b>	<b>2.6%</b>
<b>Financial IT Solutions</b>	<b>33,196</b>	<b>37,125</b>	<b>3,928</b>	<b>11.8%</b>
<b>Industrial IT Solutions</b>	<b>30,723</b>	<b>19,018</b>	<b>(11,705)</b>	<b>(38.1%)</b>
<b>IT Platform Services</b>	<b>3,945</b>	<b>4,309</b>	<b>364</b>	<b>9.2%</b>
<b>Other</b>	<b>1,991</b>	<b>1,398</b>	<b>(592)</b>	<b>(29.8%)</b>
<b>Total</b>	<b>79,417</b>	<b>71,661</b>	<b>(7,755)</b>	<b>(9.8%)</b>

\* NRI partially revised its business segments on April 1, 2018 to reflect reorganization. Year-on-year comparisons use the figures for the same period in the previous year for the business segment following the relevant change.

#### 4. Reference materials -Other Financial Result-related Data-

### Order Backlog by Segment (Outstanding) (supplementary information)

#### ■ Order backlog domestically

(JPY million)

	2Q FY Mar.2018 (Jul.-Sep.)*	2Q FY Mar.2019 (Jul.-Sep.)	Diff.	YoY Change
Consulting	6,042	6,547	504	8.3%
Financial IT Solutions	32,299	36,051	3,752	11.6%
Industrial IT Solutions	18,178	17,255	(923)	(5.1%)
IT Platform Services	3,915	4,256	341	8.7%
Other	1,991	1,398	(592)	(29.8%)
<b>Total</b>	<b>62,427</b>	<b>65,509</b>	<b>3,081</b>	<b>4.9%</b>

#### ■ Order backlog of overseas subsidiaries

(JPY million)

	2Q FY Mar.2018 (Jul.-Sep.)	2Q FY Mar.2019 (Jul.-Sep.)	Diff.	YoY Change
<b>Overseas subsidiaries</b>	<b>16,989</b>	<b>6,151</b>	<b>(10,837)</b>	<b>(63.8%)</b>

\* NRI partially revised its business segments on April 1, 2018 to reflect reorganization. Year-on-year comparisons use the figures for the same period in the previous year for the business segment following the relevant change.

#### 4. Reference materials -Other Financial Result-related Data-

## Sales Forecasts by Service for FY March 2019

### ■ NRI revised sales forecasts by service.

【Full Year】

(JPY billion)

		(a)			(b)	(a-b)
	FY Mar. 2018 (Results)	FY Mar. 2019 (October 25 Forecasts)	Diff.	YoY Change	FY Mar. 2019 (April 26 Forecast)	Diff.
Consulting Services	78.9	92.0	13.0	16.5%	88.0	4.0
System Development & System Application Sales	138.1	160.0	21.8	15.8%	167.0	(7.0)
System Management & Operation Services	241.1	245.0	3.8	1.6%	245.0	—
Product Sales	13.1	13.0	(0.1)	(1.5%)	10.0	3.0
<b>Total</b>	<b>471.4</b>	<b>510.0</b>	<b>38.5</b>	<b>8.2%</b>	<b>510.0</b>	<b>—</b>

#### 4. Reference materials -Other Financial Result-related Data-

## CAPEX, R&D and Depreciation Forecasts for FY March 2019

- There are no revisions to financial results forecasts.

### 【Capital Expenditure, R&D】

(JPY billion)

	FY Mar. 2018 (Results)	FY Mar. 2019 (Forecasts)	Diff.	YoY Change
<b>Capital Expenditure</b>	<b>38.2</b>	<b>25.0</b>	<b>(13.2)</b>	<b>(34.6%)</b>
Tangible	16.1	6.0	(10.1)	(62.9%)
Intangible	22.0	19.0	(3.0)	(13.7%)
<b>R&amp;D</b>	<b>5.1</b>	<b>5.5</b>	<b>0.3</b>	<b>6.4%</b>

### 【Depreciation and Amortization】

(JPY billion)

	FY Mar. 2018 (Results)	FY Mar. 2019 (Forecasts)	Diff.	YoY Change
<b>Total</b>	<b>31.9</b>	<b>33.0</b>	<b>1.0</b>	<b>3.3%</b>



4. Reference materials -Other Financial Result-related Data-

## Forecasts for FY March 2019 < Consolidated Earnings Model >

### ■ FY March 2019 Consolidated Earnings Model

- Sales of JPY510.0 billion and Operating profit of JPY70.0 billion

(JPY billion)

(a)

(b)

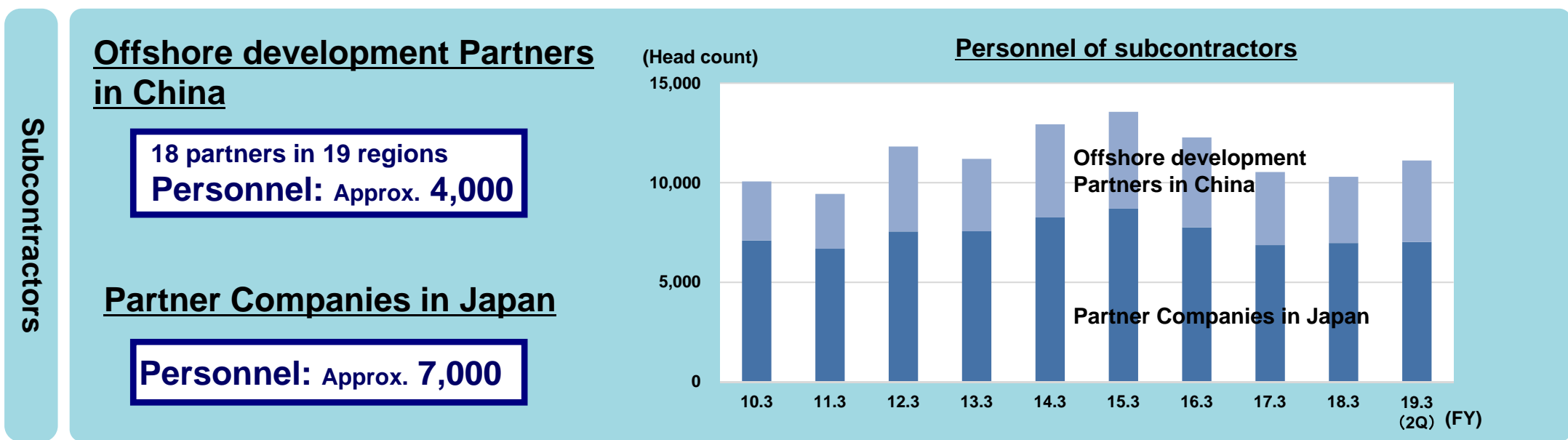
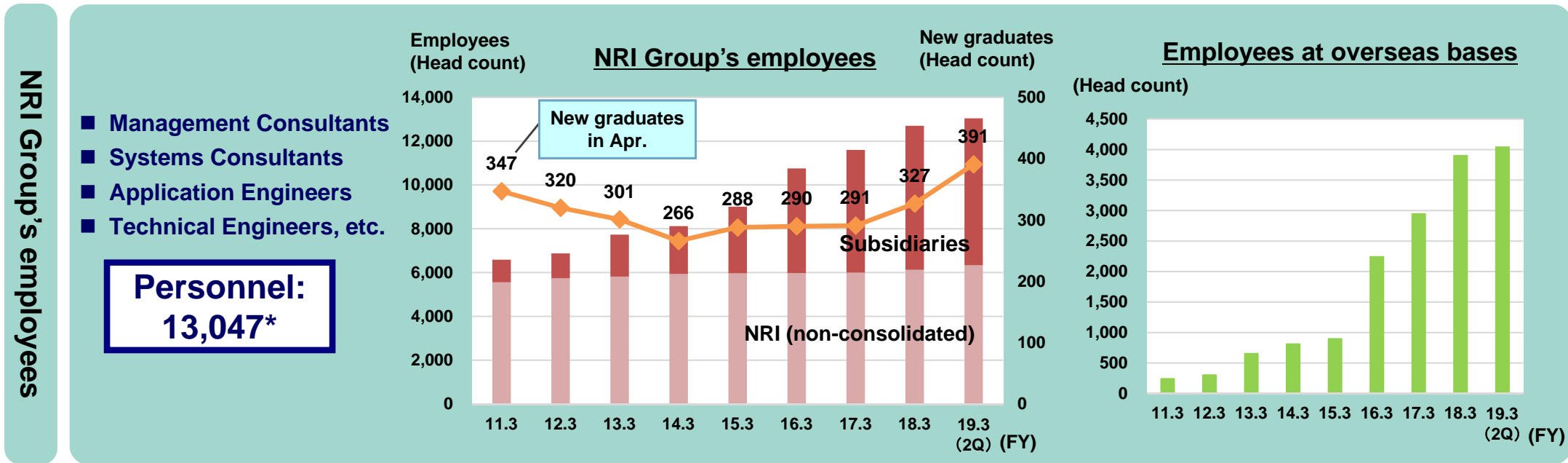
(a-b)

	FY Mar. 2017 (Results)	FY Mar. 2018 (Results)	FY Mar. 2019 (October 25 Forecasts)*	YoY		FY Mar. 2019 (April 26 Forecasts)	Diff.
				Diff.	Change		
Sales	424.5	471.4	510.0	38.5	8.2%	510.0	—
Cost of Sales	280.7	311.8	343.0	31.1	10.0%	340.0	3.0
Personnel	89.2	104.0	116.0	11.9	11.4%	116.0	—
Subcontracting Costs	126.3	135.5	154.0	18.4	13.6%	151.0	3.0
Depreciation	26.9	30.0	30.0	(0)	(0.1%)	31.0	(1.0)
Gross Profit	143.7	159.6	167.0	7.3	4.6%	170.0	(3.0)
Gross Profit Margin	33.9%	33.9%	32.7%	(1.1P)		33.3%	(0.6P)
SG&A	85.2	94.4	97.0	2.5	2.7%	100.0	(3.0)
Operating Profit	58.5	65.1	70.0	4.8	7.5%	70.0	—
Operating Profit Margin	13.8%	13.8%	13.7%	(0.1P)		13.7%	—

\* Figures are consolidated estimates for preparing this earnings model.





4. Reference materials -Other Financial Result-related Data-

# NRI's employees + Partners (in Japan & China)



#### 4. Reference materials -Other Financial Result-related Data-

## Achievements in major ESG Activities during first half of FY March 2019

<p><b>Overall</b></p>	<ul style="list-style-type: none"> <li>Listed in the Dow Jones Sustainability World Index for the First Time (Three straight years in the Asia Pacific Index)</li> </ul>	<p>MEMBER OF <b>Dow Jones Sustainability Indices</b> In Collaboration with RobecoSAM</p>
<p><b>E Environment</b></p>	<ul style="list-style-type: none"> <li>Greenhouse gas emissions reduction target certified by “Science Based Targets (SBT) initiative”</li> </ul>	 <p>SCIENCE BASED TARGETS DRIVING AMBITIOUS CORPORATE CLIMATE ACTION</p>
	<ul style="list-style-type: none"> <li>Listed in the S&amp;P/JPX Carbon Efficient Index (one of the selected indices of the GPIF)</li> </ul>	
<p><b>S Society</b></p>	<ul style="list-style-type: none"> <li>Received Ministry of Health, Labour and Welfare “Platinum Kurumin” certification, based on the Act on Advancement of Measures to Support Raising Next-Generation Children</li> </ul>	
	<ul style="list-style-type: none"> <li>Issuance of AUD-denominated unsecured corporate bonds received award for Innovative Debt Deal of the Year at the Thompson Reuters “DealWatch Awards 2017”</li> </ul>	
<p><b>G Governance</b></p>	<ul style="list-style-type: none"> <li>Introduction of restricted stock compensation plan</li> </ul>	

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.