

Financial Results Presentation

Financial Results for 3rd Quarter FY March 2019

and Financial Results Forecast for the year ending 31st March, 2019

January 30, 2019

Nomura Research Institute, Ltd.

Yoshio Usumi

Senior Executive Managing Director,
Member of the Board



- The comments on the presentation note part are supplementary information on the content of remarks at the financial results briefing and settlement figures.
- Please note that there is no comment on the slide that omitted the explanation at the financial results briefing or the slide without supplementary information.

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Highlights of Consolidated Financial Results <3Q Total>**■ YoY comparison** (* are shown as a reference)

(JPY million)

	3Q FY Mar. 2018	3Q FY Mar. 2019	Diff.	YoY Change
Sales	341,601	367,064	25,462	7.5%
Operating Profit before goodwill amortization*	49,639	54,435	4,795	9.7%
Operating Profit	46,614	51,422	4,807	10.3%
Operating Profit Margin before goodwill amortization*	14.5%	14.8%	0.3P	
Operating Profit Margin	13.6%	14.0%	0.4P	
Profit attributable to owners of parent	45,303	39,849	(5,453)	(12.0%)

- Sales, operating profit, and ordinary profit all reached record highs.
- Operating margin was 14.0%, an increase of 0.4% year-on-year.
- Quarterly profit attributable to owners of the parent decreased by 5.4 billion yen, as extraordinary gains recorded on the sale of cross-shareholdings did continue from the previous year, but the amount was lower.

Key Factors in Financial Results for 3Q FY March 2019

● Sales grew 7.5%

- DX-related business for a wide range of industries continued to grow, mostly in Consulting and Industrial IT Solutions
- Financial IT Solutions made progress in developing larger-scale clients, mainly in the insurance industry

● Operating profit rose 10.3%

- Increased profit was achieved in all segments through business growth mainly in domestic DX, and progress with PMI in Australia

The business environment remained favorable, and we are making steady progress toward achieving the current medium-term plan. We are also making proposals and preparing projects at a faster pace for growth areas in the next medium-term plan.

Sales by Segment <3Q Total>

(JPY million)

	3Q FY Mar. 2018*	Share	3Q FY Mar. 2019	Share	Diff.	YoY Change
Consulting	23,656	6.9%	29,606	8.1%	5,950	25.2%
Financial IT Solutions	183,407	53.7%	184,308	50.2%	901	0.5%
Securities	85,249	25.0%	73,560	20.0%	(11,688)	(13.7%)
Insurance	37,369	10.9%	45,964	12.5%	8,594	23.0%
Banking	31,792	9.3%	32,132	8.8%	340	1.1%
Other financial	28,996	8.5%	32,650	8.9%	3,654	12.6%
Industrial IT Solutions	112,864	33.0%	130,194	35.5%	17,330	15.4%
Distribution	45,147	13.2%	49,218	13.4%	4,070	9.0%
Manufacturing, service and other	67,716	19.8%	80,975	22.1%	13,259	19.6%
IT Platform Services	21,674	6.3%	22,954	6.3%	1,280	5.9%
Total	341,601	100.0%	367,064	100.0%	25,462	7.5%

* NRI partially revised its business segments on April 1, 2018 and on October 1, 2018. 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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- In consulting, performance was strong in both management and systems consulting domestically, mainly in DX-related projects, with growth of over 10% in terms of domestic business.
 - ✂Sales in Australia were around 5 billion yen (2 billion yen the previous year)
- In financial IT solutions, revenues from business with securities companies decreased, but increases in insurance and affiliated financial institutions classified as other financial, etc., resulted in about the same overall year-on-year numbers.
- Industrial IT solutions had growth of over 10% in terms of domestic business, mainly in DX-related projects.
 - ✂Sales in Australia were around 22 billion yen (16 billion yen the previous year)
- IT infrastructure services showed a revenue increase due to more DX-related and information security business.

External sales by segment <3Q Total> (supplementary information)

■ Sales by main client

(JPY million)

	3Q FY Mar. 2018	Share*	3Q FY Mar. 2019	Share*	Diff.	YoY Change
Nomura Holdings	54,523	16.0%	43,975	12.0%	(10,547)	(19.3%)
Seven & i Holdings	34,915	10.2%	36,633	10.0%	1,718	4.9%

* Percentage of (total) external sales

■ Overseas sales

(JPY million)

	3Q FY Mar. 2018	Share**	3Q FY Mar. 2019	Share**	Diff.	YoY Change
Overseas sales	30,670	9.0%	40,533	11.0%	9,862	32.2%
North America*	7,479	2.2%	7,398	2.0%	(80)	(1.1%)
Oceania*	18,195	5.3%	27,313	7.4%	9,118	50.1%
Asia, other*	4,996	1.5%	5,821	1.6%	825	16.5%

* 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



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- Sales to Nomura Holdings decreased by 10.5 billion yen year-on-year. We forecast that the current level will continue this year, and expect sales of around 60 billion yen for the year.
- Sales to Seven and I Holdings remain strong.
- Overseas external sales increased, mainly in Australia.

Segment Performance Results <3Q Total>

■ Including Inter-segment sales for each segment.

(JPY million)

		3Q FY Mar. 2018*	3Q FY Mar. 2019	Diff.	YoY Change
Consulting	Sales	24,191	30,041	5,850	24.2%
	OP	3,532	5,148	1,616	45.8%
	OPM	14.6%	17.1%	2.5P	
Financial IT Solutions	Sales	185,062	186,399	1,336	0.7%
	OP	19,253	19,998	745	3.9%
	OPM	10.4%	10.7%	0.3P	
Industrial IT Solutions	Sales	115,116	132,211	17,095	14.9%
	OP	11,643	13,039	1,395	12.0%
	OPM	10.1%	9.9%	(0.3P)	
IT Platform Services	Sales	90,578	93,319	2,740	3.0%
	OP	11,466	12,307	841	7.3%
	OPM	12.7%	13.2%	0.5P	

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- In consulting, profits increased mainly due to more projects both domestically and overseas. Domestically, profit margin is the highest it has ever been.
- In financial IT solutions, profit increased mainly in insurance and from the effect of shifting resources to industrial IT solutions away from securities where revenues are expected to decrease.
- In industrial IT solutions, profit increased due to the effects of higher revenues domestically, despite some cost overruns at domestic subsidiaries.
- In IT platform services, profit increased due to strong business performance.

Analysis of increase and decrease factors <3Q Total>

- 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/outside Japan (+) Increase in Australia (approx. 3 billion yen)	(+) Effect of higher income from consulting projects inside/outside Japan (+) Better profitability in Australia
Financial IT Solutions	Securities	(-) Decrease with Nomura Holdings (-) Decrease with other securities companies	(+) Effect of higher income from insurance (-) Impact of less income from business with securities
	Insurance	(+) Increase with life & non-life insurance	
	Banking		
	Other financial, etc.	(+) Increase with multiple main clients	
Industrial IT Solutions	Distribution	(+) Increase with multiple clients including Seven & i Holdings	(+) Effect of higher income from multiple main clients (+) Better profitability in Australia
	Manufacturing & services, etc.	(+) Increase with multiple main clients (+) Increase in Australia (approx. 6 billion yen)	
IT Platform Services		(+) Increase with information security and digital	
Common between segments			(+) No costs to move into new offices such as last year (approx. 1 billion yen)

Sales by Service <3Q Total>

(JPY million)

	3Q FY Mar. 2018	3Q FY Mar. 2019	Diff.	YoY Change
Consulting Services	55,052	66,297	11,244	20.4%
System Development & System Application Sales	96,675	108,361	11,686	12.1%
System Management & Operation Services	180,391	182,166	1,774	1.0%
Product Sales	9,482	10,239	757	8.0%
Total	341,601	367,064	25,462	7.5%

- In consulting services, domestic sales increased significantly. Upstream projects in system development are producing growth, so we expect future performance increases in IT solutions.
- * In consulting services, external sales in Australia were around 11.0 billion yen (7.5 billion yen the previous year)
- * In system management and operation services, external sales in Australia were around 15.0 billion yen (9.0 billion yen the previous year)

Consolidated P/L Highlight <3Q Total>

	(JPY million)			
	3Q FY Mar. 2018	3Q FY Mar. 2019	Diff.	YoY Change
Sales	341,601	367,064	25,462	7.5%
Cost of Sales	224,792	245,989	21,197	9.4%
Subcontracting Costs	99,613	109,936	10,323	10.4%
Gross Profit	116,809	121,075	4,265	3.7%
Gross Profit Margin	34.2%	33.0%	(1.2P)	
SG&A	70,195	69,652	(542)	(0.8%)
Amortization of goodwill*	3,025	3,012	(12)	(0.4%)
Operating Profit	46,614	51,422	4,807	10.3%
Operating Profit Margin	13.6%	14.0%	0.4P	

- Although outsourcing costs increased along with business expansion, profit increased due to successful control of SG&A.

Consolidated P/L Highlight <3Q Total> (continued)

	(JPY million)			
	3Q FY Mar. 2018	3Q FY Mar. 2019	Diff.	YoY Change
Operating Profit	46,614	51,422	4,807	10.3%
Non-operating income and loss	1,087	758	(329)	(30.3%)
Dividend Income	1,509	1,139	(369)	(24.5%)
Extraordinary income and loss	20,233	8,243	(11,989)	(59.3%)
Gain on sales of investment securities	20,271	9,075	(11,195)	(55.2%)
Income taxes etc.	21,793	20,218	(1,574)	(7.2%)
Profit attributable to owners of parent	45,303	39,849	(5,453)	(12.0%)

- Extraordinary gain was recorded from the sale of cross-shareholdings both this year and the previous year. Due to the difference in the sales amounts, extraordinary income and loss and quarterly profit attributable to owners of the parent both decreased.

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2. Recent Activities

Seeking further growth based on the steady results from the current mid-term plan

Key initiatives	Progress on the current medium-term plan <FY Mar. 2017~FY Mar. 2019 3Q>	Directions toward the next medium-term plan <FY Mar. 2020~FY Mar. 2023>
Increase productivity and strengthen project management	<ul style="list-style-type: none"> Some results from integrating organizations for shared online services and implementing aslead (NRI's integrated development management service), etc. Better profitability due to improved quality control 	<ul style="list-style-type: none"> Maintain efforts
Expand industry standard business platforms and develop large-scale clients	<ul style="list-style-type: none"> Financial IT is struggling with large existing clients but getting results in second-tier and new business formats mainly in shared online services Industrial IT is producing big results due to demand for DX, supporting existing clients in more areas and acquiring new clients 	<ul style="list-style-type: none"> Expand shared online services, etc., in Financial IT with large clients in addition to second-tier and new business formats Further develop larger-scale clients in Industrial IT using DX projects as a starting point
Build foundations for global business	<ul style="list-style-type: none"> Established an operating base in Australia acquiring ASG & SMS (breaking even after goodwill amortization) Even stronger IP in the US after acquiring Cutter Established NVANTAGE, establishing a foothold for growth in finance overseas 	<ul style="list-style-type: none"> Aim to be top 10 in the Australian market, get set for full-scale growth In the US, explore ways to grow business in the local market while continuing to acquire IP Solidify overseas finance growth strategy
Create business IT (DX business)	<ul style="list-style-type: none"> DX1.0 (front/back office, infra) contributing to profit Delivering several projects in DX2.0 - JVs with clients (TECHNIUM, NDIAS, bitRealty, etc.) 	<ul style="list-style-type: none"> Establish as a new growth engine (Plan to disclose mid-term targets)
Human resources to support growth	<ul style="list-style-type: none"> Begin human resources reinforcement to achieve V2022 (see the next page) 	

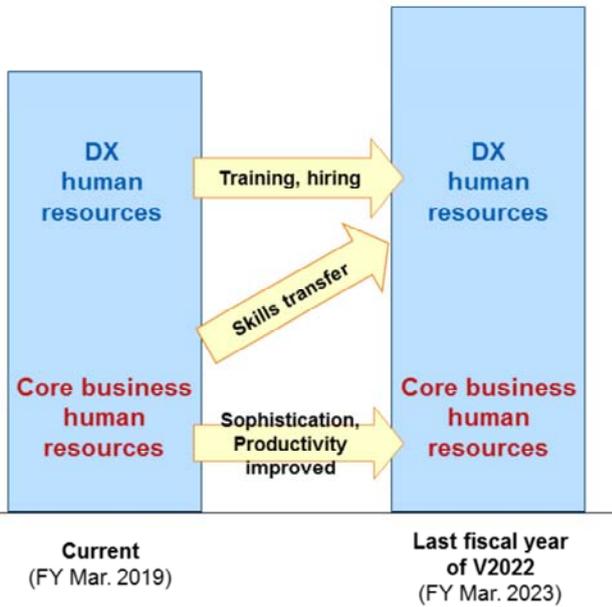


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- Overall, the current business climate is quite good.
- During the current medium-term plan sales to large clients decreased, but performance has steadily been building due to the shift of resources toward industrial IT solutions and insurance, and other initiatives.
- From next year onward there will be a recovery in securities as the results come in from several proposals for new shared online services implementation projects, while strong performance is expected to continue in industrial IT solutions. We are therefore planning to bolster our human resources to support this growth.

Accelerate our Human Resources Strategy to Support Growth

Human Resources Strategy



Staffing plan

- From now until the end of FY Mar. 2023, planning **an increase of at least 1,000 employees (NRI non-consolidated)**

HR Measures

- **Bolster hiring:**
 - Increase new graduate hiring
 - Drastically increase mid-career hiring (more than double the current level)
- **Promote employee success, skills transfer:**
 - Employment conditions that support diverse workstyles and employment arrangements
 - Increase opportunities to gain DX skills
- **Alliances and advanced utilization of partners:**
 - Strengthen the function of resource coordination
 - Expand collaboration in DX
 - Further expansion of offshoring overseas (Inland China, Vietnam, Philippines, etc.)

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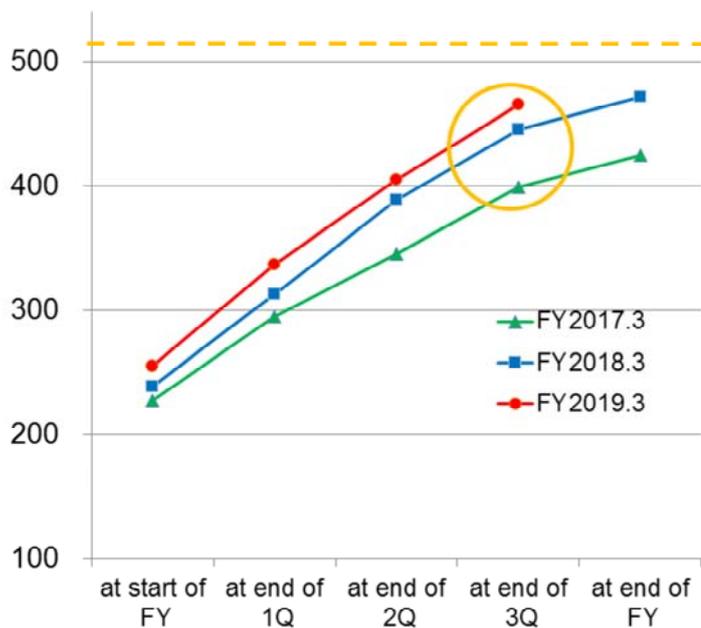
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Sales + Consolidated Order Backlog

(JPY billion)



(JPY billion)

	FY Mar.2018	FY Mar.2019	YoY Change
Sales ^{※1}	471.4	510.0	8.2%
Sales ^{※2+} Consolidated Order Backlog ^{※3}	445.4	465.0	4.4%
Realization rate	94.5%	91.2%	(3.3P)

(※1) FY Mar.2018: Result, FY Mar. 2019: Forecast
 (※2) The figure at the end of 3Q
 (※3) The figure at the end of 3Q

- Sales up to the end of 3Q and order backlog (to be recorded this year) at the end of 3Q totaled 465 billion yen.
 - Domestically Strong performance continues.
 - Overseas Our infrastructure for overseas business is developing smoothly, as can be seen with the solid progress of PMI in Australia, although external growth is not developing as planned at the beginning of the year.

Order Backlog by Segment (Outstanding)

(JPY million)

	At end of Dec. 2017*	At end of Dec. 2018	Diff.	YoY Change
Consulting	8,012	7,440	(571)	(7.1%)
Financial IT Solutions	66,122	59,857	(6,264)	(9.5%)
Industrial IT Solutions	36,955	35,704	(1,251)	(3.4%)
IT Platform Services	5,133	5,775	642	12.5%
Total	116,222	108,777	(7,445)	(6.4%)
Order backlog in the current FY	103,856	98,030	(5,826)	(5.6%)

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

➤ The next page shows domestic and overseas order backlog separately.

Order Backlog by Segment (Outstanding) (supplementary information)

■ Order backlog domestically

(JPY million)

	At end of Dec. 2017*	At end of Dec. 2018	Diff.	YoY Change
Consulting	5,957	6,124	167	2.8%
Financial IT Solutions	65,700	59,436	(6,264)	(9.5%)
Industrial IT Solutions	25,540	26,565	1,024	4.0%
IT Platform Services	5,132	5,774	642	12.5%
Total	102,331	97,901	(4,429)	(4.3%)

* NRI partially revised its business segments on April 1, 2018 and on October 1, 2018. 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 of overseas subsidiaries

(JPY million)

	At end of Dec. 2017	At end of Dec. 2018	Diff.	YoY Change
Overseas subsidiaries	13,891	10,876	(3,015)	(21.7%)



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● Domestic

- The decrease in financial IT solutions reflects the fallback from a large product sales project for Nomura Holdings the previous year, and order backlog is building due to the state of orders in the immediate future, more upstream projects in system development, and other factors.
- Backlog is increasing in industries other than securities and in consulting, industrial IT solutions, and IT platform services, and the good business climate is still continuing.

● Overseas

- The decrease in overseas is due to external growth not progressing as originally planned, and the effect of the Japanese yen appreciating against the Australian dollar.

Forecasts for FY March 2019

■ Revision to sales forecast, based on progress up to 3Q.

【Full Year】

(JPY billion)

	FY Mar. 2018 (Results)	FY Mar. 2019 (January 30 Forecasts)	Diff.	YoY Change	FY Mar. 2019 (October 25 Forecasts)	Diff.
Sales	471.4	500.0	28.5	6.0%	510.0	(10.0)
Operating Profit	65.1	70.0	4.8	7.5%	70.0	—
Operating Profit Margin	13.8%	14.0%	0.2P		13.7%	0.3P
Profit attributable to owners of parent	55.1	53.0	(2.1)	(3.9%)	53.0	—
Earnings Per Share	¥228.21	¥224.66	(¥3.55)		¥223.77	¥0.89
Dividends Per Share	¥90.00 ^{*1}	¥90.00 ^{*2}	-		¥90.00 ^{*2}	—
End of Q2	¥45.00	¥45.00	-		¥45.00	—
Fiscal year end	¥45.00	¥45.00	-		¥45.00	—
Payout Ratio	39.1%	39.9%	0.8P		40.0%	(0.1P)

*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.

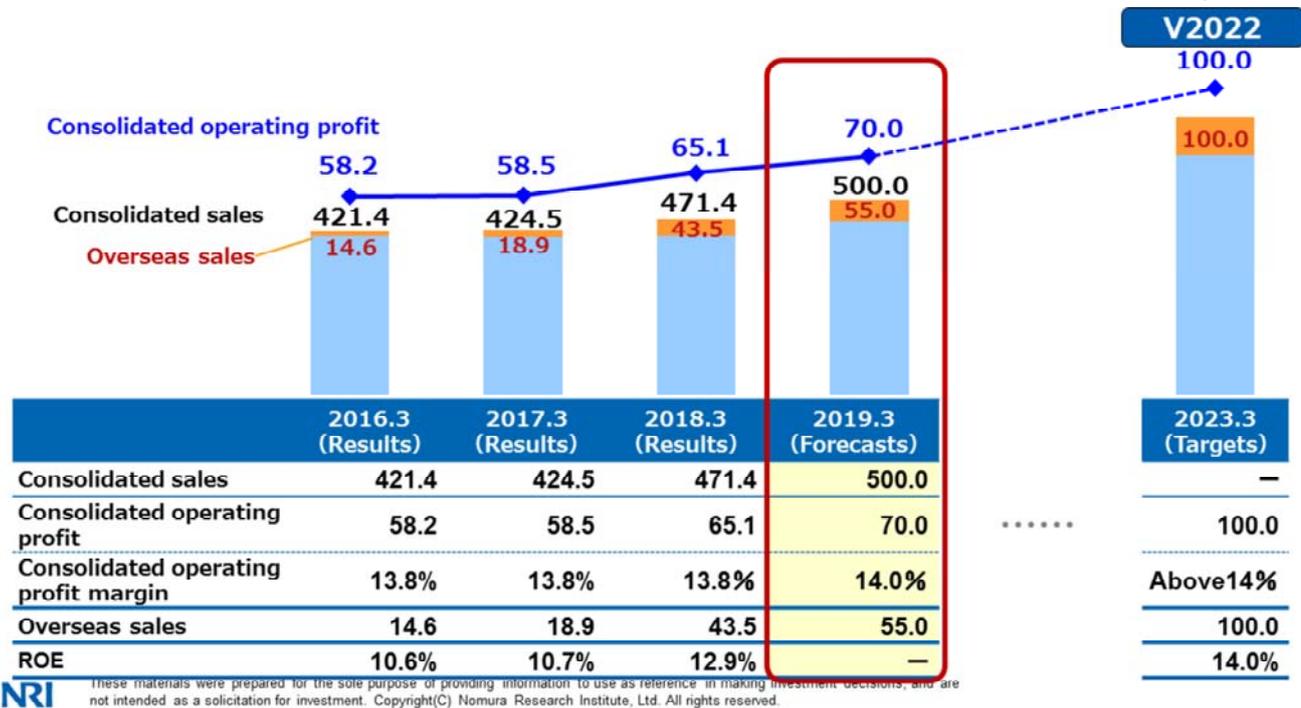
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- Since external growth overseas is not currently what was expected at the start of the year, our sales forecast for the year has been revised to 500 billion yen—the target at the time the medium-term plan was announced.
- There is no reduced profit impact due to the revision to overseas sales, and profit is progressing well, so we expect operating profit of 70 billion yen as planned at the start of the year.

Results and Targets under Long-term Management Vision “Vision2022”

- Revision to consolidated sales and overseas sales forecast, based on progress up to 3Q.
- Expecting to achieve the target values at the time of formulating the current med-term plan. (JPY billion)



- Consolidated sales and consolidated operating profit forecasts for the year are 500 billion yen and 70 billion yen respectively, which were the targets at the time the medium-term plan was formulated. ROE is also expected to be around the target of 12%.
- Overseas sales have been changed to 55 billion yen.
- Targets for V2022 (FY March 2023) are unchanged from what has been previously explained. We are aiming for operating profit of 100 billion yen, and overseas sales of 100 billion yen.

Sales Forecasts by Segment for FY March 2019

- Sales per segment were revised, based on progress up to 3Q.

(JPY billion)

【Full Year】	(a)		(b)		(b-a)		(c)		(b-c)
	FY Mar. 2018 (Results)*	Share	FY Mar. 2019 (January 30 Forecasts)	Share	Diff.	YoY Change	FY Mar. 2019 (October 25 Forecast)	Diff.	
Consulting	34.5	7.3%	41.0	8.2%	6.4	18.6%	41.0	—	
Financial IT Solutions	252.1	53.5%	253.5	50.7%	1.3	0.5%	255.0	(1.5)	
Securities	118.3	25.1%	101.0	20.2%	(17.3)	(14.7%)	105.0	(4.0)	
Insurance	51.8	11.0%	63.0	12.6%	11.1	21.5%	62.0	1.0	
Banking	42.2	9.0%	46.0	9.2%	3.7	8.9%	46.0	—	
Other financial	39.6	8.4%	43.5	8.7%	3.8	9.7%	42.0	1.5	
Industrial IT Solutions	154.9	32.9%	174.0	34.8%	19.0	12.3%	180.0	(6.0)	
Distribution	61.0	12.9%	66.0	13.2%	4.9	8.1%	66.0	—	
Manufacturing, service and other	93.8	19.9%	108.0	21.6%	14.1	15.1%	114.0	(6.0)	
IT Platform Services	29.8	6.3%	31.5	6.3%	1.6	5.5%	34.0	(2.5)	
Total	471.4	100.0%	500.0	100.0%	28.5	6.0%	510.0	(10.0)	

* NRI partially revised its business segments on April 1, 2018 and on October 1, 2018. 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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- The difference from the original forecast at the beginning of the year is mainly due to current business expansion not being what was expected due to the status of overseas external growth.
- Domestically some industries are doing better than others, but external sales are strong overall and proceeding according to the initial forecast.

Sales Forecasts by Service for FY March 2019

- Sales forecasts by service were revised, based on progress up to 3Q.

【Full Year】	(a)				(b)		(JPY billion)
	FY Mar. 2018 (Results)*	FY Mar. 2019 (January 30 Forecasts)	Diff.	YoY Change	FY Mar. 2019 (October 25 Forecast)	Diff.	(a-b)
Consulting Services	78.9	92.0	13.0	16.5%	92.0	—	
System Development & System Application Sales	138.1	150.0	11.8	8.6%	160.0	(10.0)	
System Management & Operation Services	241.1	245.0	3.8	1.6%	245.0	—	
Product Sales	13.1	13.0	(0.1)	(1.5%)	13.0	—	
Total	471.4	500.0	28.5	6.0%	510.0	(10.0)	

Results through 3Q 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 4Q and full-year are estimates)	Sales	117.7	122.6	126.6	132.9	500.0
	OP	15.3	17.7	18.3	18.5	70.0
	OPM	13.0%	14.5%	14.5%	14.0%	14.0%

Note: Figures for 4Q of the fiscal year ending March 31, 2019 were calculated by subtracting 3Q results from full-year forecasts for FY March 2019.



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- Performance up to 3Q is progressing in line with the forecast for the year. The business climate in the immediate future is also favorable, so we believe performance will also be strong in 4Q and we will achieve our forecast for the year.

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Order Volume <3Q Total>

(JPY million)

	3Q FY Mar. 2018*	3Q FY Mar. 2019	Diff.	YoY Change
Consulting	26,610	30,282	3,671	13.8%
Financial IT Solutions	100,627	102,592	1,964	2.0%
Industrial IT Solutions	75,042	71,778	(3,263)	(4.3%)
IT Platform Services	12,795	14,434	1,638	12.8%
Total	215,076	219,087	4,011	1.9%

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

Order Volume <3Q Total> (supplementary information)■ **Order backlog domestically**

(JPY million)

	3Q FY Mar. 2018*	3Q FY Mar. 2019	Diff.	YoY Change
Consulting	20,825	24,217	3,391	16.3%
Financial IT Solutions	97,857	99,560	1,702	1.7%
Industrial IT Solutions	54,602	63,369	8,767	16.1%
IT Platform Services	12,554	14,313	1,759	14.0%
Total	185,839	201,460	15,621	8.4%

* NRI partially revised its business segments on April 1, 2018 and on October 1, 2018. 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 of overseas subsidiaries**

(JPY million)

	3Q FY Mar. 2018	3Q FY Mar. 2019	Diff.	YoY Change
Overseas subsidiaries	29,237	17,626	(11,610)	(39.7%)



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● **Overseas subsidiaries**

<Amounts for orders in Australia>

Last year

This year

Around 18 billion yen Around 8 billion yen

* Orders for last year include the order backlog of SMS (10 billion yen) which was incorporated all at once at the end of 2Q at the time the M&A was completed.

Highlights of Consolidated Financial Results <3Q>

■ YoY comparison (* are shown as a reference)

(JPY million)

	3Q FY Mar. 2018 (Oct.-Dec.)	3Q FY Mar. 2019 (Oct.-Dec.)	Diff.	YoY Change
Sales	121,387	126,657	5,270	4.3%
Operating Profit before goodwill amortization*	18,705	19,358	652	3.5%
Operating Profit	17,516	18,316	800	4.6%
Operating Profit Margin before goodwill amortization*	15.4%	15.3%	(0.1P)	
Operating Profit Margin	14.4%	14.5%	0.0P	
Profit attributable to owners of parent	11,926	16,906	4,980	41.8%

Sales by Segment <3Q>

(JPY million)

	3Q FY Mar.2018 (Oct.-Dec.)*	Share	3Q FY Mar.2019 (Oct.-Dec.)	Share	Diff.	YoY Change
Consulting	9,896	8.2%	10,417	8.2%	521	5.3%
Financial IT Solutions	62,334	51.4%	63,989	50.5%	1,655	2.7%
Securities	27,991	23.1%	25,140	19.8%	(2,851)	(10.2%)
Insurance	13,175	10.9%	16,641	13.1%	3,466	26.3%
Banking	10,829	8.9%	11,167	8.8%	338	3.1%
Other financial	10,337	8.5%	11,039	8.7%	701	6.8%
Industrial IT Solutions	41,757	34.4%	43,949	34.7%	2,191	5.2%
Distribution	15,658	12.9%	16,788	13.3%	1,130	7.2%
Manufacturing, Service and other	26,099	21.5%	27,160	21.4%	1,061	4.1%
IT Platform Services	7,399	6.1%	8,300	6.6%	901	12.2%
Total	121,387	100.0%	126,657	100.0%	5,270	4.3%

* NRI partially revised its business segments on April 1,2018 and on October 1,2018. 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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External sales by segment <3Q> (supplementary information)

■ Sales by main client

(JPY million)

	3Q FY Mar.2018 (Oct.-Dec.)	Share*	3Q FY Mar.2019 (Oct.-Dec.)	Share*	Diff.	YoY Change
Nomura Holdings	17,618	14.5%	15,351	12.1%	(2,267)	(12.9%)
Seven & i Holdings	12,101	10.0%	12,360	9.8%	258	2.1%

* Percentage of (total) external sales

■ Overseas sales

(JPY million)

	3Q FY Mar.2018 (Oct.-Dec.)	Share**	3Q FY Mar.2019 (Oct.-Dec.)	Share**	Diff.	YoY Change
Overseas sales	14,741	12.1%	12,957	10.2%	(1,784)	(12.1%)
North America*	2,456	2.0%	2,430	1.9%	(25)	(1.0%)
Oceania*	10,265	8.5%	8,712	6.9%	(1,553)	(15.1%)
Asia, other*	2,019	1.7%	1,814	1.4%	(205)	(10.2%)

* 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 <3Q>

■ Including Inter-segment sales for each segment

(JPY million)

		3Q FY Mar.2018 (Oct.-Dec.)*	3Q FY Mar.2019 (Oct.-Dec.)	Diff.	YoY Change
Consulting	Sales	10,091	10,584	492	4.9%
	OP	1,452	1,732	280	19.3%
	OPM	14.4%	16.4%	2.0P	
Financial IT Solutions	Sales	62,907	64,767	1,859	3.0%
	OP	7,348	7,528	179	2.4%
	OPM	11.7%	11.6%	(0.1P)	
Industrial IT Solutions	Sales	42,230	44,704	2,473	5.9%
	OP	4,782	4,249	(532)	(11.1%)
	OPM	11.3%	9.5%	(1.8P)	
IT Platform Services	Sales	30,632	32,396	1,764	5.8%
	OP	3,749	4,594	845	22.5%
	OPM	12.2%	14.2%	1.9P	

* NRI partially revised its business segments on April 1,2018 and on October 1,2018. 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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Analysis of increase and decrease factors <3Q>

- 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 in Japan	(+) Effect of higher income from consulting projects inside/outside Japan
Financial IT Solutions	Securities	(-) Decrease with Nomura Holdings	
	Insurance	(+) Increase mainly with life & non-life insurance	
	Banking		
	Other financial, etc.	(+) Increase with multiple main clients	
Industrial IT Solutions	Distribution	(+) Increase with multiple clients including Seven & i Holdings	(+) Effect of higher income from multiple main clients (-) Higher costs at subsidiaries in Japan
	Manufacturing & services, etc.	(+) Increase with multiple main clients	
IT Platform Services		(+) Increase with information security, cloud, and digital	
Common between segments			

Sales by Service <3Q>

(JPY million)

	3Q FY Mar.2018 (Oct.-Dec.)	3Q FY Mar.2019 (Oct.-Dec.)	Diff.	YoY Change
Consulting Services	23,071	22,577	(493)	(2.1%)
System Development & System Application Sales	32,859	39,421	6,561	20.0%
System Management & Operation Services	63,236	61,714	(1,521)	(2.4%)
Product Sales	2,219	2,943	724	32.6%
Total	121,387	126,657	5,270	4.3%

Consolidated P/L Highlight <3Q>

	(JPY million)			
	3Q FY Mar.2018 (Oct.-Dec.)	3Q FY Mar.2019 (Oct.-Dec.)	Diff.	YoY Change
Sales	121,387	126,657	5,270	4.3%
Cost of Sales	79,851	84,965	5,113	6.4%
Subcontracting Costs	35,776	38,430	2,654	7.4%
Gross Profit	41,535	41,691	156	0.4%
Gross Profit Margin	34.2%	32.9%	(1.3P)	
SG&A	24,018	23,375	(643)	(2.7%)
Amortization of goodwill	1,189	1,041	(147)	(12.4%)
Operating Profit	17,516	18,316	800	4.6%
Operating Profit Margin	14.4%	14.5%	0.0P	

Consolidated P/L Highlight <3Q> (continued)

	(JPY million)			
	3Q FY Mar.2018 (Oct.-Dec.)	3Q FY Mar.2019 (Oct.-Dec.)	Diff.	YoY Change
Operating Profit	17,516	18,316	800	4.6%
Non-operating income and loss	149	275	126	85.0%
Extraordinary income and loss	17,665	18,592	926	5.2%
Gain on sales of investment securities	1	7,023	7,021	
Income taxes etc.	1	7,931	7,929	
Profit attributable to owners of parent	5,457	8,593	3,135	57.5%
Operating Profit	11,926	16,906	4,980	41.8%

Order Volume by Segment <3Q>

(JPY million)

	3Q FY Mar.2018 (Oct.-Dec.)*	3Q FY Mar.2019 (Oct.-Dec.)	Diff.	YoY Change
Consulting	7,375	7,722	347	4.7%
Financial IT Solutions	31,698	30,818	(879)	(2.8%)
Industrial IT Solutions	18,003	21,177	3,174	17.6%
IT Platform Services	4,384	5,458	1,073	24.5%
Total	61,460	65,176	3,715	6.0%

* NRI partially revised its business segments on April 1,2018 and on October 1,2018. 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)

	3Q FY Mar.2018 (Oct.-Dec.)*	3Q FY Mar.2019 (Oct.-Dec.)	Diff.	YoY Change
Consulting	5,930	6,325	395	6.7%
Financial IT Solutions	30,824	30,070	(754)	(2.4%)
Industrial IT Solutions	13,500	18,843	5,343	39.6%
IT Platform Services	4,235	5,405	1,169	27.6%
Total	54,490	60,645	6,154	11.3%

* NRI partially revised its business segments on April 1,2018 and on October 1,2018. 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 of overseas subsidiaries**

(JPY million)

	3Q FY Mar.2018 (Oct.-Dec.)	3Q FY Mar.2019 (Oct.-Dec.)	Diff.	YoY Change
Overseas subsidiaries	6,970	4,531	(2,438)	(35.0%)

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
Capital Expenditure	38.2	25.0	(13.3)	(34.6%)
Tangible	16.2	6.0	(10.3)	(62.9%)
Intangible	22.0	19.0	(3.1)	(13.7%)
R&D	5.1	5.5	0.3	6.4%

【Depreciation and Amortization】

(JPY billion)

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

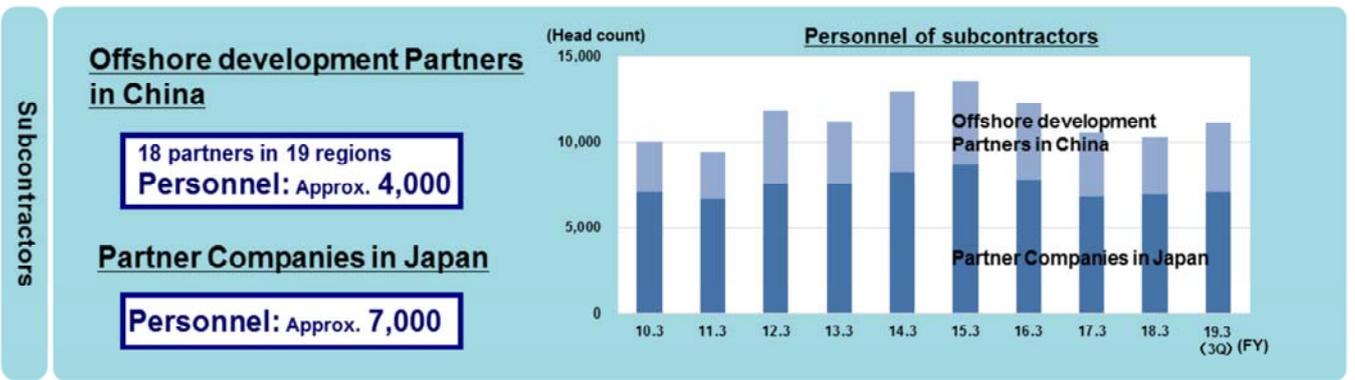
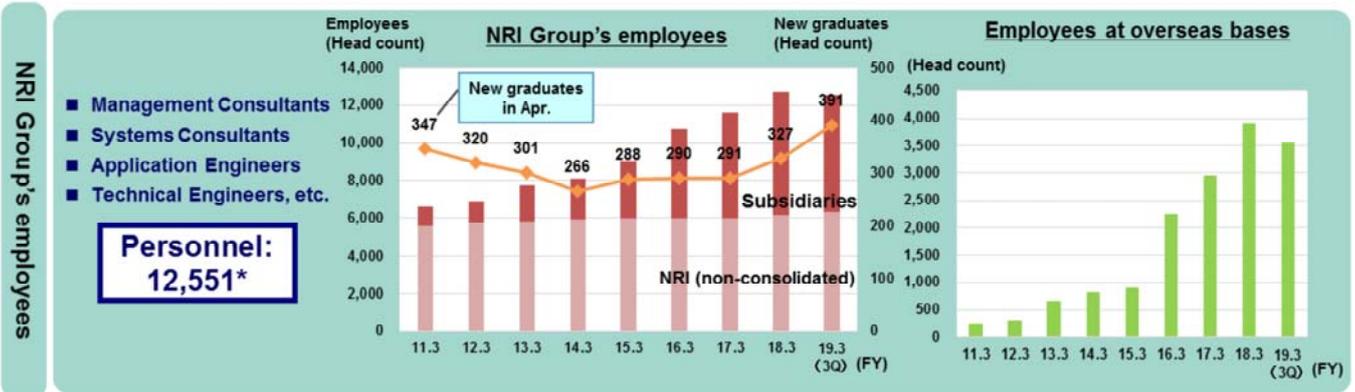
Forecasts for FY March 2019 < Consolidated Earnings Model >■ **FY March 2019 Consolidated Earnings Model**

- Sales of JPY500.0 billion and Operating profit of JPY70.0 billion

(JPY billion)

	FY Mar. 2017 (Results)	FY Mar. 2018 (Results)	FY Mar. 2019 (January 30 Forecasts)*	YoY		FY Mar. 2019 (October 25 Forecasts)	Diff. (a-b)
				Diff.	Change		
Sales	424.5	471.4	500.0	28.5	6.0%	510.0	(10.0)
Cost of Sales	280.7	311.8	336.0	24.1	7.7%	343.0	(7.0)
Personnel	89.2	104.0	112.5	8.4	8.1%	116.0	(3.5)
Subcontracting Costs	126.3	135.5	148.5	12.9	9.6%	154.0	(5.5)
Depreciation	26.9	30.0	31.0	0.9	3.2%	30.0	1.0
Gross Profit	143.7	159.6	164.0	4.3	2.7%	167.0	(3.0)
Gross Profit Margin	33.9%	33.9%	32.8%	(1.1P)		32.7%	0.1P
SG&A	85.2	94.4	94.0	(0.4)	(0.5%)	97.0	(3.0)
Operating Profit	58.5	65.1	70.0	4.8	7.5%	70.0	—
Operating Profit Margin	13.8%	13.8%	14.0%	0.2P		13.7%	0.3P

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



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