This financial report is composed of two parts. The first part is an abridged translation of "Kessan Tanshin (earnings report)" for the fiscal year ended 31st March, 2019, which includes the summary and the operating results sections. The second part is the "Consolidated Financial Statements," which are basically prepared based on the "Kessan Tanshin (earnings report)" but applied for some items different presentation methods.

25th April, 2019

Consolidated Financial Results
For the Fiscal Year Ended 31st March, 2019
<under Japanese GAAP>

Company name: Nomura Research Institute, Ltd.
Listing: First Section of the Tokyo Stock Exchange
Stock code: 4307
URL: http://www.nri.com/jp/
Representative: Shingo Konomoto, President & CEO, Representative Director, Member of the Board
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Scheduled date of ordinary general meeting of shareholders: 20th June, 2019
Scheduled date to commence dividend payments: 31st May, 2019
Scheduled date to file Securities Report: 25th June, 2019
Preparation of supplementary material on consolidated financial results: Yes
Announcement for consolidated financial results (for institutional investors and analysts): Yes

(Millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated performance for the fiscal year ended 31st March, 2019 (from 1st April, 2018 to 31st March, 2019)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Sales		Operating profit		Ordinary profit		Profit attributable to owners of the parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
31st March, 2019	501,243	6.3	71,442	9.7	72,409	9.4	50,931	(7.6)
31st March, 2018	471,488	11.1	65,138	11.3	66,161	9.6	55,145	22.4

Note: Comprehensive income
Fiscal year ended 31st March, 2019: ¥43,202 million [(16.4)%]
Fiscal year ended 31st March, 2018: ¥51,654 million [10.1%]

	Earnings per share – basic	Earnings per share – diluted	ROE	ROA	Operating margin
Fiscal year ended	Yen	Yen	%	%	%
31st March, 2019	216.33	215.82	12.3	11.5	14.3
31st March, 2018	228.21	227.55	12.9	10.4	13.8

Reference: Equity in earnings (losses) of affiliates
Fiscal year ended 31st March, 2019: ¥(18) million
Fiscal year ended 31st March, 2018: ¥(81) million

Note: From the beginning of the fiscal year ended 31st March, 2019, the Company adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, 16th February, 2018) and relevant Guidances. Also, the Company has finalized provisional accounting treatment for a business combination in the fiscal year ended 31st March, 2019. Consequently, the results for the fiscal year ended 31st March, 2018 are those after retrospective application.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
31st March, 2019	612,192	425,032	67.1	1,763.12
31st March, 2018	643,117	432,674	65.2	1,760.13

Reference: Equity
As of 31st March, 2019: ¥410,978 million
As of 31st March, 2018: ¥419,184 million

Note: From the beginning of the fiscal year ended 31st March, 2019, the Company adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, 16th February, 2018) and relevant Guidances. Also, the Company has finalized provisional accounting treatment for a business combination in the fiscal year ended 31st March, 2019. Consequently, the results for the fiscal year ended 31st March, 2018 are those after retrospective application.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Period-end cash and cash equivalents
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
31st March, 2019	56,349	(16,826)	(73,106)	123,200
31st March, 2018	73,493	(17,882)	(46,829)	158,303

2. Cash dividends

	Annual dividends					Total cash dividends (Full year)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter	Second quarter	Third quarter	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended 31st March, 2018	–	45.00	–	45.00	90.00	21,581	39.1	5.1
Fiscal year ended 31st March, 2019	–	45.00	–	45.00	90.00	21,154	41.5	5.1
Fiscal year ending 31st March, 2020 (Forecasts)	–	15.00	–	15.00	30.00		38.4	

Notes: 1. The second quarter dividend and year-end dividend for the fiscal year ended 31st March, 2018 each include a commemorative dividend of ¥5.00 per share (annual total of ¥10.00).
2. Total cash dividends include dividends for the trust exclusive for NRI Group Employee Stock Ownership Group (¥118 million for the fiscal year ended 31st March, 2018 and ¥93 million for the fiscal year ended 31st March, 2019). The dividend payout ratio is calculated by dividing total cash dividends by profit attributable to owners of the parent.
3. At a meeting on 25th April, 2019, the Board of Directors passed a resolution to implement a 3-for-1 stock split of common stock with an effective date of 1st July, 2019. The forecast of the annual dividends per share for the fiscal year ending 31st March, 2020 have been calculated taking into account the stock split. Excluding the impact of the stock split, the forecast for the amount of annual dividends per share is ¥90 (¥45 for the second quarter dividend and ¥45 for the fiscal year-end dividend).

3. Forecasts of financial results for the fiscal year ending 31st March, 2020 (from 1st April, 2019 to 31st March, 2020)

(Percentages indicate year-on-year changes.)

	Sales		Operating profit		Ordinary profit		Profit attributable to owners of the parent		Earnings per share – basic
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending 30th September, 2019	255,000	6.1	36,000	8.7	37,000	10.2	26,000	13.3	37.18
Fiscal year ending 31st March, 2020	530,000	5.7	76,000	6.4	77,000	6.3	55,000	8.0	78.65

Note: Earnings per share – basic for the fiscal year ending 31st March, 2020 have been calculated taking into account the stock split described in notes to "2. Cash dividends." Excluding the impact of the stock split, the forecast for earnings per share – basic is ¥111.54 for the six months ending 30th September, 2019 and ¥235.95 for the fiscal year ending 31st March, 2020.

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in change in scope of consolidation): None

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections

a. Changes in accounting policies due to revisions to accounting standards and other regulations: None

b. Changes in accounting policies due to other reasons: None

c. Changes in accounting estimates: None

d. Restatement of prior period financial statements after error corrections: None

(3) Number of shares in issue (common stock)

a. Total number of shares in issue at the end of the period (including treasury stock)

As of 31st March, 2019	251,260,000 shares
As of 31st March, 2018	251,000,000 shares

b. Number of shares of treasury stock at the end of the period

As of 31st March, 2019	18,162,153 shares
As of 31st March, 2018	12,844,155 shares

c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

Fiscal year ended 31st March, 2019	235,436,715 shares
Fiscal year ended 31st March, 2018	241,648,208 shares

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

* Consolidated financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of forecasts of financial results, and other special matters

(1) The forward-looking statements including business forecasts stated in this document are based on information available to the Company at the present time and certain assumptions judged to be rational, and these statements do not purport to be a promise by the Company to achieve such results. Actual business results, etc. may differ significantly from this forecast due to various factors. For more details, please refer to "(4) Future Outlook," on pages 10-11.

(2) At a meeting on 25th April, 2019, the Board of Directors passed a resolution to implement a 3-for-1 stock split of common stock with an effective date of 1st July, 2019.

Overview of Consolidated Operating Results and Others

(1) Overview of Consolidated Operating Results for the Current Fiscal Year

(Millions of yen)

	Fiscal year ended 31st March, 2018	Fiscal year ended 31st March, 2019	Year on year	
			Amount	Rate
Sales	471,488	501,243	29,755	6.3%
Overseas sales	43,559	53,081	9,521	21.9%
Overseas sales ratio	9.2%	10.6%	1.4P	–
Operating profit	65,138	71,442	6,303	9.7%
Operating profit (before amortization of goodwill)	69,281	75,373	6,091	8.8%
Operating margin	13.8%	14.3%	0.4P	–
Operating margin (before amortization of goodwill)	14.7%	15.0%	0.3P	–
EBITDA margin	21.9%	21.7%	(0.2)P	–
Ordinary profit	66,161	72,409	6,247	9.4%
Profit attributable to owners of the parent	55,145	50,931	(4,213)	(7.6)%
Return on equity (ROE)	12.9%	12.3%	(0.7)P	–

Notes: 1. Consumption tax and local consumption tax are accounted for by the tax exclusion method.
2. EBITDA margin: EBITDA (Operating profit + Depreciation + Amortization of goodwill + Loss on retirement of non-current assets) / Sales

In the current fiscal year ended 31st March, 2019, the Japanese economy continued to recover at a moderate pace, supported by upturns in corporate earnings and business confidence, despite concerns about the slowdown in the global economy due to trade friction originating in the U.S. and the UK's decision to leave the EU. Investment in information systems was continuously firm.
Operating in such an environment, Nomura Research Institute ("the Company") and its consolidated subsidiaries ("the NRI Group") carried out its business activities leveraging the combined strengths of the NRI Group, allowing it to seamlessly provide services encompassing consulting through to system development and operations. The fiscal year ended 31st March, 2019 was the final year of the medium-term plan (from the fiscal year ended 31st March, 2017 to the fiscal year ended 31st March, 2019) formulated for realizing the goals of Vision 2022, the NRI Group's long-term management plan. The NRI Group achieved the quantitative financial targets of the medium-term plan as a result of initiatives for stepping up measures to boost productivity and quality, growing the earnings base by developing large-scale clients, and establishing an operating base and accumulating experience in the digital and global fields.
In the digital field, the use of IT by companies and societies is approaching a major turning point. There is worldwide growing momentum behind initiatives to spur digital transformation (DX), which will enable companies to revamp business models, products and services and secure competitive advantages by using new digital technologies such as cloud computing, artificial intelligence (AI) and the internet of things (IoT). As well as upgrading and improving the efficiency of existing business models, clients are using DX to create new business models. Leveraging its consulting and IT solutions, the NRI Group will support clients' initiatives on DX.
The global business grew in scale, now making up 10.6% of consolidated sales in the current fiscal year, with overseas sales recording ¥53,081 million (up 21.9% year on year). The Company provides support to Japanese companies expanding globally and develops businesses geared to local governments and companies. Also, the Company works to forge business alliances and M&A deals with companies that have advanced technologies, intellectual properties including business models, and strong networks. The Company is expanding its presence in business fields across the globe, particularly in Australia. In order to generate further synergies with subsidiaries acquired through M&A deals, the Company will build a new business management system, operational management system and other systems to drive forward the integration process after acquisition. In September 2018, to ensure that the Company is trusted worldwide and to increase its presence, the Company received an A rating from S&P Global Ratings Japan Inc.
In addition, in the first quarter of the current fiscal year, the Company started using a recently established training facility at the Yokohama Center as a base to train personnel who will drive growth in the business related to DX and other new businesses.

Also, the Company purchased treasury stock of ¥29,999 million (5,544,900 shares) as its flexible capital management aimed at improving capital efficiency and responding to changes in the business environment.

In the current fiscal year, the NRI Group's sales totaled ¥501,243 million (up 6.3% year on year), supported by higher sales from all services, particularly from consulting services and system development and application sales. Cost of sales was ¥336,508 million (up 7.9%) and gross profit was ¥164,735 million (up 3.2%). Despite an increase in the number of subsidiaries, selling, general and administrative expenses were ¥93,293 million (down 1.3%), due to the absence of expenses incurred for office relocation in the previous fiscal year. As a result, operating profit was ¥71,442 million (up 9.7%), the operating margin was 14.3% (up 0.4 points) and ordinary profit was ¥72,409 million (up 9.4%). Operating profit (before amortization of goodwill) was ¥75,373 million (up 8.8%), the operating margin (before amortization of goodwill) was 15.0% (up 0.3 points) and the EBITDA margin was 21.7% (down 0.2 points). In extraordinary income and losses, the Company posted a gain on investment securities of ¥9,079 million in conjunction with sales of the Company's shareholdings (¥22,078 million was posted in the previous fiscal year), but posted impairment loss on goodwill of ¥3,698 million as an extraordinary loss due to diminished profitability of certain U.S. subsidiaries. As a result, profit attributable to owners of the parent was ¥50,931 million (down 7.6%).

Segment information

The business results by segment (sales include intersegment sales) are as follows.
The Company partially revised its segment classifications in the current fiscal year, and as such the figures presented below for the corresponding period of the previous fiscal year have been recalculated to reflect the reorganization.

(Millions of yen)

		Fiscal year ended 31st March, 2018	Fiscal year ended 31st March, 2019	Year on year	
				Amount	Rate
Consulting	Sales	35,332	41,947	6,614	18.7%
	Operating profit	6,561	7,810	1,248	19.0%
	Operating margin	18.6%	18.6%	0.0P	–
Financial IT Solutions	Sales	254,567	255,162	595	0.2%
	Operating profit	27,673	27,095	(578)	(2.1)%
	Operating margin	10.9%	10.6%	(0.3)P	–
Industrial IT Solutions	Sales	157,585	177,114	19,528	12.4%
	Operating profit	15,119	18,425	3,305	21.9%
	Operating margin	9.6%	10.4%	0.8P	–
IT Platform Services	Sales	122,342	127,777	5,434	4.4%
	Operating profit	14,764	17,130	2,366	16.0%
	Operating margin	12.1%	13.4%	1.3P	–
Adjustments	Sales	(98,340)	(100,757)	(2,417)	–
	Operating profit	1,018	980	(38)	–
Total	Sales	471,488	501,243	29,755	6.3%
	Operating profit	65,138	71,442	6,303	9.7%
	Operating margin	13.8%	14.3%	0.4P	–

(Consulting)
This segment provides policy recommendations and strategy consulting, as well as business consulting to support operational reform and system consulting for overall IT management. Demand for management consulting and IT consulting services is rising amid changes in client operating environments and conditions faced by IT divisions. The NRI Group put in place systems to support all areas of client operations as their business transformation partner, while also worked on expanding the client base, including in overseas markets.
In the current fiscal year, in addition to the contributions from the business in Australia, consulting work to support clients in their DX and system consulting work to support clients in their large-scale development projects increased. As a result, the Consulting segment posted sales of ¥41,947 million (up 18.7% year on year). Higher profitability continued amid a favorable order environment, with operating profit of ¥7,810 million (up 19.0%).

(Financial IT Solutions)
In this segment, the main clients are in the financial sector, including the securities, insurance and banking sectors. The segment provides system consulting, system development and system management and operation services, and it provides IT solutions such as multi-user systems.
To expand the business reach of the segment, the Company is raising productivity by upgrading development resource management and developing new services and securing new clients for its industry-standard business platforms, while also supporting clients' initiatives on DX in the financial sector.
In the current fiscal year, system management and operation services and system development and application sales to securities companies declined, but system development and application sales to insurance companies and companies in the other financial sector increased, and as did consulting services to insurance companies. As a result, the Financial IT Solutions segment posted sales of ¥255,162 million (up 0.2% year on year). Operating profit totaled ¥27,095 million (down 2.1%), reflecting the booking of losses on valuation of multiple software applications.

(Industrial IT Solutions)
This segment provides IT solutions such as system consulting, system development, and system management and operation services to the distribution, manufacturing, service and public sectors. As well as upgrading and improving the efficiency of existing business models, clients in the industrial sector are using DX to create new business models. Working closely with the Consulting segment, which has a large number of clients in the industrial sector, the Company will support its clients' initiatives on DX to expand its client base.
In the current fiscal year, business in Australia contributed to sales and sales increased from system management and operation services and system development and application sales in the manufacturing and service, and distribution sectors. As a result, the Industrial IT Solutions segment posted sales of ¥177,114 million (up 12.4% year on year). Profitability improved amid a continued favorable order environment from the previous fiscal year, with operating profit of ¥18,425 million (up 21.9%).

(IT Platform Services)
This segment mainly provides services such as the management and administration of data centers and IT platform and network architecture to the Financial IT Solutions and Industrial IT Solutions segments. It also provides IT platform solutions and information security services to clients of various industries. In addition, the segment conducts explorative initiatives for the development of new business operations and new products related to IT solutions, and investigation and research primarily related to leading-edge information technologies.
In this segment, the Company has been making efforts to expand its client base by not only renewing clients' IT platforms, but also by proposing IT platform solutions to clients that help them improve their businesses and revenues. Also, the Company is engaged in the development of new businesses related to DX, such as digital marketing, and the development of services that provide support to clients to make their operations more efficient and advanced using AI, and the development of IT platform services utilizing multi-cloud computing[*1].
Moreover, during the third quarter of the current fiscal year, aiming to help realize a mobility society with security and safety, the Company established the cybersecurity business NDIAS, Ltd. through joint investment with DENSO CORPORATION.

In the current fiscal year, sales to external clients increased in the security business and digital workplace business[*2], and intersegment sales increased mainly in cloud computing and network services.
As a result of the above, the IT Platform Services segment posted sales of ¥127,777 million (up 4.4% year on year) and operating profit of ¥17,130 million (up 16.0%).

*1 Multi-cloud computing refers to the combined use of multiple cloud computing services across hosting environments.
*2 The digital workplace business provides solutions that increase the value of employee experience by combining the three elements of corporate culture, IT, and physical environments such as office space.

(2) Overview of Consolidated Financial Position for the Current Fiscal Year

From the fiscal year ended 31st March, 2019, the Company adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28) and relevant Guidances. Also, the Company has finalized provisional accounting treatment for a business combination in the fiscal year ended 31st March, 2019. Consequently, the year-on-year comparisons below use the results for the end of the previous fiscal year after the aforementioned retrospective application.

(Millions of yen)

	As of 31st March, 2018	As of 31st March, 2019	Year on year	
			Amount	Rate
Current assets	298,275	285,788	(12,486)	(4.2)%
Noncurrent assets	344,842	326,404	(18,437)	(5.3)%
Total assets	643,117	612,192	(30,924)	(4.8)%
Current liabilities	162,133	124,264	(37,869)	(23.4)%
Noncurrent liabilities	47,714	62,419	14,705	30.8%
Net assets	432,674	425,032	(7,642)	(1.8)%
Equity	419,184	410,978	(8,205)	(2.0)%
Equity ratio	65.2%	67.1%	2.0P	–
Interest-bearing debt	81,680	60,883	(20,796)	(25.5)%
D/E ratio (times)	0.19	0.15	(0.05)	–

Notes: 1. Equity: Net assets – Non-controlling interests – Share subscription rights
2. D/E ratio (debt-to-equity ratio): Interest-bearing debt / equity

At the end of the current fiscal year (31st March, 2019), current assets were ¥285,788 million (down 4.2% from the end of the previous fiscal year), noncurrent assets were ¥326,404 million (down 5.3%), current liabilities were ¥124,264 million (down 23.4%), noncurrent liabilities were ¥62,419 million (up 30.8%), net assets were ¥425,032 million (down 1.8%) and total assets were ¥612,192 million (down 4.8%). In addition, the D/E ratio (debt-to-equity ratio) at the end of the current fiscal year was 0.15 times.
The main changes from the end of the previous fiscal year are as follows.
A significant number of projects ended in March of the current fiscal year. As a result, accounts receivable increased ¥12,283 million to ¥88,101 million and other receivables increased ¥7,760 million to ¥44,010 million.
Investment securities decreased ¥8,795 million to ¥80,203 million due to sales of the Company's shareholdings, a decrease in the value of those holdings, and redemption of short-term investment securities that had been held for fund management purposes and despite purchases of short-term investment securities for surplus fund management purposes. As a result, valuation difference on available-for-sale securities decreased ¥5,293 million to ¥27,152 million.
Goodwill decreased ¥9,051 million to ¥27,572 million as a result of having recognized impairment loss, in addition to the amortization.
The current portion of bonds declined ¥15,000 million due to the redemption of the second series bonds.
As for loans payable, whereas the Company repaid syndicated loans amounting to ¥20,000 million in the fourth quarter of the current fiscal year, the trust exclusive for NRI Group Employee Stock Ownership Group has borrowed ¥17,500 million for the Trust-type Employee Stock Ownership Incentive Plan. As a result, the current portion of long-term loans payable decreased ¥19,027 million to ¥4,679 million, and long-term loans payable increased ¥12,805 million to ¥13,213 million.

Treasury stock increased ¥30,979 million from the end of the previous fiscal year to ¥72,197 million, mainly reflecting an increase of ¥29,999 million due to the purchase of treasury stock in accordance with a resolution of the Board of Directors.
In addition, cash and bank deposits decreased ¥34,768 million to ¥124,773 million, net defined benefit asset increased ¥4,349 million to ¥60,050 million, accounts payable increased ¥4,816 million to ¥27,698 million and income taxes payable declined ¥14,797 million to ¥6,435 million.

(3) Overview of Consolidated Cash Flow Position for the Current Fiscal Year

(Millions of yen)

	Fiscal year ended 31st March, 2018	Fiscal year ended 31st March, 2019	Year on year	
			Amount	Rate
Cash flows from operating activities	73,493	56,349	(17,143)	(23.3)%
Cash flows from investing activities	(17,882)	(16,826)	1,056	(5.9)%
Free cash flows	55,610	39,523	(16,087)	(28.9)%
Cash flows from financing activities	(46,829)	(73,106)	(26,276)	56.1%
Net increase (decrease) in cash and cash equivalents	6,251	(35,102)	(41,354)	–
Cash and cash equivalents at end of period	158,303	123,200	(35,102)	(22.2)%

Cash and cash equivalents as of the end of the current fiscal year (31st March, 2019) stood at ¥123,200 million (down ¥35,102 million from the end of the previous fiscal year).
Net cash provided by operating activities in the current fiscal year was ¥56,349 million, a decrease of ¥17,143 million compared with the previous fiscal year, mainly due to an increase in income taxes paid.
Net cash used in investing activities was ¥16,826 million, a decline of ¥1,056 million from the previous fiscal year. Cash was mainly used for investments, including the acquisition of software and other intangibles related to the development of multi-user systems, and the purchase of short-term investment securities for fund management purposes. On the other hand, cash was provided by proceeds from sales and redemption of short-term investment securities.
Net cash used in financing activities was ¥73,106 million, an increase of ¥26,276 million from the previous fiscal year. In accordance with a resolution of the Board of Directors, ¥49,999 million worth of treasury stock was purchased in the previous fiscal year and ¥29,999 million worth of treasury stock was purchased in the current fiscal year. Also, cash was used for the redemption of ¥15,000 million in the second series bonds and repayment of ¥20,000 million in syndicated loans. Moreover, the trust exclusive for NRI Group Employee Stock Ownership Group established based on the Trust-type Employee Stock Ownership Incentive Plan borrowed ¥17,500 million in syndicated loans to be used as a source of funds for purchasing the Company's shares.

Reference: Trends in cash flow-related indicators

	Fiscal year ended 31st March, 2015	Fiscal year ended 31st March, 2016	Fiscal year ended 31st March, 2017	Fiscal year ended 31st March, 2018	Fiscal year ended 31st March, 2019
Equity ratio (%)	65.6	66.2	69.1	65.2	67.1
Market value equity ratio (%)	152.8	138.5	161.8	186.6	191.5
Interest-bearing debt to operating cash flow ratio (years)	1.2	0.8	1.0	1.1	1.1
Interest coverage ratio (value to one)	441.1	586.7	426.9	280.9	127.6

Equity ratio: (Net assets - Non-controlling interests - Share subscription rights) / Total assets
Market value equity ratio: Market capitalization / Total assets
Interest-bearing debt to operating cash flow ratio: Interest-bearing debt / Operating cash flow
Interest coverage ratio: Operating cash flow / Paid interest
Notes:

1. All indicators are calculated using financial figures on a consolidated basis.
2. Market capitalization is calculated based on the number of shares in issue excluding treasury stock.
3. The NRI shares held by the trust exclusive for NRI Group Employee Stock Ownership Group are included in treasury stock.
4. Interest-bearing debt, among liabilities recorded on the consolidated balance sheet, includes all liabilities on which interests are paid, and corporate bonds.
5. From the beginning of the fiscal year ended 31st March, 2019, the Company adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, 16th February, 2018) and relevant Guidances. Consequently, the results for the fiscal year ended 31st March, 2018 are those after retrospective application.
6. The Company has finalized provisional accounting treatment for a business combination in the fiscal year ended 31st March, 2019. Consequently, figures for the fiscal year ended 31st March, 2018, have been adjusted to reflect the significant revision of the initially allocated amounts of acquisition costs upon finalization of the provisional accounting treatment.

(4) Future Outlook

(I) Consolidated performance

The Company has formulated Vision 2022, the NRI Group's long-term management plan embodying the Company's aim of sustainably increasing its corporate value, and the fiscal year ended March 31st March, 2019 was the final year of the three-year first half of the medium-term plan (from the fiscal year ended 31st March, 2017 to the fiscal year ended 31st March, 2019). In order to realize goals of Vision 2022, the Company has newly formulated the four-year second half of the plan, "NRI Group Medium-term Management Plan (2019-2022)" (the "Medium-term Management Plan 2022"*).
Quantitative financial targets (consolidated) of the Medium-term Management Plan 2022 are as follows.

Medium-term Management Plan 2022 (fiscal year ending 31st March, 2023)
(from 1st April, 2022 to 31st March, 2023)

(Millions of yen)

	Current fiscal year (Actual result)	Next fiscal year (Targets)
Sales	501,243	670,000 or more
Operating profit	71,442	100,000
Operating margin	14.3%	14% or more
Overseas sales	53,081	100,000
EBITDA margin	21.7%	20% or more
Return on equity (ROE)	12.3%	14%

* For details of the Medium-term Management Plan 2022, refer to "NRI Group Formulates the Medium-term Management Plan 2022" (timely disclosure materials) and "Presentation Materials for the NRI Group's Medium-term Management Plan 2022" released by the Company on April 25, 2019.

During the fiscal year ending 31st March, 2020, the initial fiscal year of the Medium-term Management Plan 2022, the Company will promote its growth strategies under the Medium-term Management Plan 2022 (encompassing DX strategy, global strategy, personnel and resources strategy), while fully leveraging the combined strengths of the NRI Group to seamlessly provide services encompassing consulting through to system development and operations.
For the fiscal year ending March 31, 2020, the Company forecasts sales of ¥530,000 million (up 5.7% year on year), operating profit of ¥76,000 million (up 6.4%), ordinary profit of ¥77,000 million (up 6.3%), and profit attributable to owners of the parent of ¥55,000 million (up 8.0%).

Consolidated financial forecasts for the fiscal year ending 31st March, 2020
(from 1st April, 2019 to 31st March, 2020)

(Millions of yen)

	Current fiscal year (Actual result)	Next fiscal year (Forecasts)	Year on year	
			Amount	Rate (%)
Sales	501,243	530,000	28,756	5.7
Operating profit	71,442	76,000	4,557	6.4
Ordinary profit	72,409	77,000	4,590	6.3
Profit attributable to owners of the parent	50,931	55,000	4,068	8.0

(II) Other forecasts

a. Consolidated sales by segment for the fiscal year ending 31st March, 2020 (from 1st April, 2019 to 31st March, 2020)

(Millions of yen)

	Current fiscal year (Actual result)	Next fiscal year (Forecasts)	Change	
			Amount	Rate (%)
Consulting	34,839	37,000	2,160	6.2
Financial IT Solutions	252,367	266,000	13,632	5.4
Securities sector	100,309	110,000	9,690	9.7
Insurance sector	64,874	66,000	1,125	1.7
Banking sector	43,404	45,000	1,595	3.7
Other financial sector, etc.	43,780	45,000	1,219	2.8
Industrial IT Solutions	180,882	190,000	9,117	5.0
Distribution sector	66,814	68,000	1,185	1.8
Manufacturing and service sectors	114,068	122,000	7,931	7.0
IT Platform Services	33,153	37,000	3,846	11.6
Total	501,243	530,000	28,756	5.7

*1 The breakdowns of the segments are comprised of sales by customer sector.
*2 As a result of changes to segments carried out in April 2019, the figures for the current fiscal year (ended 31st March, 2019) have been restated to reflect the new segment classification.

b. Consolidated sales by service for the fiscal year ending 31st March, 2020 (from 1st April, 2019 to 31st March, 2020)

(Millions of yen)

	Current fiscal year (Actual result)	Next fiscal year (Forecasts)	Change	
			Amount	Rate (%)
Consulting services	90,816	95,000	4,183	4.6
System development & application sales	150,467	165,000	14,532	9.7
System management & operation services	244,273	255,000	10,726	4.4
Product sales	15,686	15,000	(686)	(4.4)
Total	501,243	530,000	28,756	5.7

c. Consolidated capital investment, depreciation and amortization and R&D expenses for the fiscal year ending 31st March, 2020 (from 1st April, 2019 to 31st March, 2020)

(Millions of yen)

	Current fiscal year (Actual result)	Next fiscal year (Forecasts)	Change	
			Amount	Rate (%)
Capital investment	26,276	30,000	3,723	14.2
Depreciation and amortization	30,427	31,000	572	1.9
R&D expenses	3,665	4,000	334	9.1

(Caution concerning forward-looking statements)
The forward-looking statements including business forecasts stated in this document are based on information available to the Company at the present time and certain assumptions (suppositions) judged to be rational, and these statements do not purport to be a promise by the Company to achieve such results. Actual business results, etc. may differ significantly from this forecast due to various factors. Material factors that could possibly affect the actual business results, etc. include, but are not limited to, the domestic and overseas economic situation, demand in the IT services market, competition with competitors, and changes in taxation and other systems. Note the Company will not always revise business forecasts, etc. upon every occurrence of new information or event.

(5) Basic Policy Regarding Profit Distribution, and Dividend Payments for Current and Next Fiscal Year

a. Policy for distribution of profits

The Company considers the ongoing growth of its corporate value to be the most important return to its shareholders. The Company's basic policy on the payment of dividends from surplus is to continue to provide stable dividends while securing sufficient retained earnings for its medium- and long-term business development. In line with this policy, the Company has targeted a consolidated dividend payout ratio* of 35%, taking into account factors such as operating revenue and the cash flow situation.
Retained earnings will be utilized as a source of funds for business expansion, including capital investment and R&D investment to enhance existing businesses and cultivate new businesses, investment in human resource development, and strategic investment such as M&A. Retained earnings may also be utilized to purchase treasury stock, as part of the Company's flexible capital management aimed at improving capital efficiency and responding to changes in the business environment.
In accordance with Article 459 of the Companies Act, the Company stipulates in its Articles of Incorporation that it may pay dividends from surplus by a resolution of the Board of Directors based on record dates of 30th September and 31st March.

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

b. Payment of dividends from surplus

Based on the policy above and business results for the current fiscal year, the Company plans to pay cash dividends of ¥45 per share with the record date of the end of the current fiscal year (31st March, 2019). Consequently, combined with second quarter dividend paid in November 2018 (based on the record date of 30th September, 2018), the annual dividend payment will be ¥90 per share, resulting in a consolidated dividend payout ratio of 41.5%.

The payments of dividends from surplus with record dates falling in the current fiscal year are listed below.

Date of Board resolution	Total cash dividends (Millions of yen)	Cash dividends per share (Yen)	Record date
25th October, 2018	10,605	45	30th September, 2018
15th May, 2019 (Planned)	10,549	45	31st March, 2019

Note: The total cash dividends include dividends for the trust exclusive for NRI Group Employee Stock Ownership Group (portion decided by resolution in October 2018 was ¥33 million and the planned portion to be decided by resolution in May 2019 is ¥60 million).

Regarding dividends for the following fiscal year (ending 31st March, 2020), the Company plans to pay an annual dividend of ¥90 per share*, comprising a second quarter dividend of ¥45 and a year-end dividend of ¥45.

* At a meeting on 25th April, 2019, the Board of Directors passed a resolution to implement a 3-for-1 stock split of common stock with an effective date of 1st July, 2019. The dividend payments for the next fiscal year as stated above do not take the stock split into account. The annual dividend payment would amount to ¥30 per share taking the stock split into account (second quarter dividend of ¥15 and year-end dividend of ¥15).

Nomura Research Institute, Ltd.

Consolidated Financial Statements

At 31st March, 2019 and for the year then ended

Unless otherwise noted, the amounts included in the financial statements are expressed in millions of yen and thousands of U.S. dollars with fractional amounts rounded off.

Nomura Research Institute, Ltd.

Consolidated Financial Statements

31st March, 2017 (unaudited), 2018 and 2019

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Nomura Research Institute, Ltd.

Consolidated Balance Sheet

	Millions of yen		*Thousands of U.S. dollars*
	31st March,		**31st March,**
	2018	**2019**	**2019**
Assets			
Current assets:			
Cash and bank deposits	¥159,542	¥124,773	$1,124,081
Short-term investment securities	1,219	2,122	19,117
Accounts receivable and other receivables	112,068	132,112	1,190,198
Operating loans	3,925	1,725	15,541
Margin transaction assets	6,945	7,413	66,784
Inventories	1,117	2,131	19,198
Prepaid expenses	5,525	6,446	58,072
Short-term guarantee deposits	3,404	3,504	31,568
Other current assets	4,734	5,770	51,982
Allowance for doubtful accounts	(205)	(208)	(1,874)
Total current assets	298,274	285,788	2,574,667
Property and equipment:			
Land	7,060	7,060	63,604
Buildings, net	36,956	35,698	321,604
Buildings in trust, net	8,310	8,184	73,730
Machinery and equipment, net	15,514	13,804	124,360
Leased assets, net	688	630	5,675
Property and equipment, net	68,528	65,376	588,973
Software	49,502	45,824	412,829
Software in progress	11,569	13,065	117,703
Goodwill	36,625	27,573	248,405
Other intangibles	6,052	5,044	45,441
Investment securities	88,999	80,203	722,550
Investments in affiliates	5,231	5,638	50,793
Deferred income taxes	2,654	3,659	32,964
Lease investment assets	412	314	2,829
Net defined benefit asset	55,701	60,050	540,991
Other assets	19,674	19,684	177,332
Allowance for doubtful accounts	(104)	(26)	(234)
Total assets	¥643,117	¥612,192	$5,515,243

	Millions of yen		Thousands of U.S. dollars
	31st March,		31st March,
	2018	2019	2019
Liabilities and Net Assets			
Current liabilities:			
Accounts payable	¥ 22,882	¥ 27,699	$ 249,541
Short-term loans payable	6,074	6,346	57,171
Current portion of bonds	15,000	–	–
Current portion of long-term loans payable	23,707	4,680	42,162
Margin transaction liabilities	1,014	1,672	15,063
Lease obligations, current	612	526	4,739
Accrued expenses	35,637	35,895	323,378
Income taxes payable	21,233	6,435	57,973
Advance payments received	11,748	15,536	139,964
Short-term guarantee deposits received	4,540	5,993	53,991
Provision for loss on orders received	51	933	8,405
Asset retirement obligations	71	18	162
Other current liabilities	19,564	18,531	166,946
Total current liabilities	162,133	124,264	1,119,495
Bonds	34,083	33,932	305,694
Long-term loans payable	408	13,213	119,036
Lease obligations	765	531	4,785
Deferred income taxes	5,554	5,928	53,405
Net defined benefit liability	5,662	6,270	56,486
Asset retirement obligations	1,048	2,394	21,568
Other long-term liabilities	194	152	1,369
Reserve for financial products transaction liabilities	595	476	4,288
Total liabilities	¥210,442	¥187,160	$1,686,126
Net assets:			
Shareholders' equity:			
Common stock:			
Authorized – 907,500 thousand shares at 31st March, 2018 and 907,500 thousand shares at 31st March, 2019			
Issued – 251,000 thousand shares at 31st March, 2018 and 251,260 thousand shares at 31st March, 2019	¥ 18,600	¥ 19,338	$ 174,216
Additional paid-in capital	14,776	15,551	140,099
Retained earnings	393,488	423,047	3,811,234
Treasury stock, at cost:			
–12,844 thousand shares at 31st March, 2018 and 18,162 thousand shares at 31st March, 2019	(41,218)	(72,197)	(650,423)
Total shareholders' equity	385,646	385,739	3,475,126
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	32,446	27,152	244,613
Deferred gains or losses on hedges	(3)	–	–
Foreign currency translation adjustment	(3,956)	(4,066)	(36,631)
Remeasurements of defined benefit plans	5,052	2,153	19,396
Total accumulated other comprehensive income	33,539	25,239	227,378
Share subscription rights	1,302	978	8,811
Non-controlling interests	12,188	13,076	117,802
Total net assets	432,675	425,032	3,829,117
Total liabilities and net assets	¥643,117	¥612,192	$5,515,243

Nomura Research Institute, Ltd.

Consolidated Statement of Income and Comprehensive Income

	Millions of yen			*Thousands of U.S. dollars*
	Year ended 31st March,			**Year ended 31st March,**
	2017	**2018**	**2019**	**2019**
	(Unaudited)			
Sales	¥424,549	¥471,488	¥501,244	$4,515,712
Cost of sales	280,762	311,868	336,509	3,031,613
Gross profit	143,787	159,620	164,735	1,484,099
Selling, general and administrative expenses	85,272	94,482	93,293	840,477
Operating profit	58,515	65,138	71,442	643,622
Other income (expenses):				
Interest and dividend income	1,741	1,719	1,443	13,000
Interest expense	(143)	(262)	(442)	(3,982)
Equity in losses of affiliates	(20)	(81)	(19)	(171)
Commission for purchase of treasury stock	(20)	(308)	(200)	(1,802)
Foreign exchange gains (losses)	96	(159)	(34)	(306)
Bonds issuance cost	(50)	(137)	–	–
Loss on property and equipment	(8,568)	(153)	–	–
Gain on investment securities	13,131	22,025	7,734	69,676
Gain on investments in affiliates	–	10	184	1,658
Reversal of share-based compensation	15	16	3	27
Office transfer cost	–	(5,532)	–	–
Reversal of reserve for financial products transaction liabilities	60	–	118	1,063
Impairment loss	–	–	(3,699)	(33,324)
Other, net	236	252	220	1,981
	6,478	17,390	5,308	47,820
Income before income taxes	64,993	82,528	76,750	691,442
Provision for income taxes:				
Current	15,747	27,091	21,270	191,622
Deferred	5,296	(735)	3,944	35,532
	21,043	26,356	25,214	227,154
Profit	¥ 43,950	¥ 56,172	¥ 51,536	$ 464,288
Profit attributable to owners of parent	¥ 45,065	¥ 55,146	¥ 50,932	$ 458,847
Profit (loss) attributable to non-controlling interests	(1,115)	1,026	604	5,441
Other comprehensive income (loss):				
Valuation difference on available-for-sale securities	(2,015)	(4,704)	(5,355)	(48,243)
Deferred gains or losses on hedges	14	8	3	27
Foreign currency translation adjustment	436	(3,081)	(90)	(811)
Remeasurements of defined benefit plans, net of tax	4,558	3,242	(2,871)	(25,865)
Share of other comprehensive income (loss) of affiliates	(40)	18	(20)	(180)
Total other comprehensive income (loss)	2,953	(4,517)	(8,333)	(75,072)
Comprehensive income	¥ 46,903	¥ 51,655	¥ 43,203	$ 389,216
Comprehensive income attributable to:				
Comprehensive income attributable to owners of parent	¥ 47,841	¥ 50,591	¥ 42,633	$ 384,081
Comprehensive income (loss) attributable to non-controlling interests	(938)	1,064	570	5,135

Nomura Research Institute, Ltd.

Consolidated Statement of Changes in Net Assets

Millions of yen

	Shareholders' equity				
	Common stock	**Additional paid-in capital**	**Retained earnings**	**Treasury stock, at cost**	**Total shareholders' equity**
Balance at 1st April, 2016 (unaudited)	¥18,600	¥27,944	¥378,084	¥(48,396)	¥376,232
Purchase of treasury stock	–	–	–	(10,820)	(10,820)
Disposition of treasury stock	–	–	–	3,899	3,899
Retirement of treasury stock	–	(18,000)	–	18,000	–
Gain on disposition of treasury stock	–	305	–	–	305
Profit attributable to owners of parent	–	–	45,065	–	45,065
Cash dividends paid	–	–	(18,274)	–	(18,274)
Change in equity related to transaction with non-controlling shareholders	–	(68)	–	–	(68)
Transfer to additional paid-in capital from retained earnings	–	4,529	(4,529)	–	–
Net changes other than in shareholders' equity	–	–	–	–	–
Balance at 1st April, 2017 (unaudited)	¥18,600	¥14,710	¥400,346	¥(37,317)	¥396,339
Purchase of treasury stock	–	–	–	(50,009)	(50,009)
Disposition of treasury stock	–	88	–	4,833	4,921
Retirement of treasury stock	–	(41,275)	–	41,275	–
Profit attributable to owners of parent	–	–	55,146	–	55,146
Cash dividends paid	–	–	(20,817)	–	(20,817)
Change in equity related to transaction with non-controlling shareholders	–	66	–	–	66
Transfer to additional paid-in capital from retained earnings	–	41,187	(41,187)	–	–
Net changes other than in shareholders' equity	–	–	–	–	–
Balance at 1st April, 2018	¥18,600	¥14,776	¥393,488	¥(41,218)	¥385,646
Issuance of new shares	738	738	–	–	1,476
Purchase of treasury stock	–	–	–	(36,578)	(36,578)
Disposition of treasury stock	–	60	–	5,599	5,659
Profit attributable to owners of parent	–	–	50,932	–	50,932
Cash dividends paid	–	–	(21,373)	–	(21,373)
Change in equity related to transaction with non-controlling shareholders	–	(23)	–	–	(23)
Net changes other than in shareholders' equity	–	–	–	–	–
Balance at 31st March, 2019	¥19,338	¥15,551	¥423,047	¥(72,197)	¥385,739

Millions of yen

	Accumulated other comprehensive income							
	Valuation difference on available-for-sale securities	**Deferred gains or losses on hedges**	**Foreign currency translation adjustment**	**Remeasurements of defined benefit plans**	**Total accumulated other comprehensive income**	**Share subscription rights**	**Non-controlling interests**	**Total net assets**
Balance at 1st April, 2016 (unaudited)	¥39,231	¥(26)	¥(1,290)	¥ (2,597)	¥ 35,318	¥1,034	¥12,825	¥425,409
Purchase of treasury stock	–	–	–	–	–	–	–	(10,820)
Disposition of treasury stock	–	–	–	–	–	–	–	3,899
Retirement of treasury stock	–	–	–	–	–	–	–	–
Gain on disposition of treasury stock	–	–	–	–	–	–	–	305
Profit attributable to owners of parent	–	–	–	–	–	–	–	45,065
Cash dividends paid	–	–	–	–	–	–	–	(18,274)
Change in equity related to transaction with non-controlling shareholders	–	–	–	–	–	–	–	(68)
Transfer to additional paid-in capital from retained earnings	–	–	–	–	–	–	–	–
Net changes other than in shareholders' equity	(2,065)	15	397	4,429	2,776	187	(1,181)	1,782
Balance at 1st April, 2017 (unaudited)	¥37,166	¥(11)	¥ (893)	¥ 1,832	¥ 38,094	¥1,221	¥11,644	¥447,298
Purchase of treasury stock	–	–	–	–	–	–	–	(50,009)
Disposition of treasury stock	–	–	–	–	–	–	–	4,921
Retirement of treasury stock	–	–	–	–	–	–	–	–
Profit attributable to owners of parent	–	–	–	–	–	–	–	55,146
Cash dividends paid	–	–	–	–	–	–	–	(20,817)
Change in equity related to transaction with non-controlling shareholders	–	–	–	–	–	–	–	66
Transfer to additional paid-in capital from retained earnings	–	–	–	–	–	–	–	–
Net changes other than in shareholders' equity	(4,720)	8	(3,063)	3,220	(4,555)	81	544	(3,930)
Balance at 1st April, 2018	¥32,446	¥ (3)	¥(3,956)	¥ 5,052	¥ 33,539	¥1,302	¥12,188	¥432,675
Issuance of new shares	–	–	–	–	–	–	–	1,476
Purchase of treasury stock	–	–	–	–	–	–	–	(36,578)
Disposition of treasury stock	–	–	–	–	–	–	–	5,659
Profit attributable to owners of parent	–	–	–	–	–	–	–	50,932
Cash dividends paid	–	–	–	–	–	–	–	(21,373)
Change in equity related to transaction with non-controlling shareholders	–	–	–	–	–	–	–	(23)
Net changes other than in shareholders' equity	(5,294)	3	(110)	(2,899)	(8,300)	(324)	888	(7,736)
Balance at 31st March, 2019	¥27,152	¥ –	¥(4,066)	¥ 2,153	¥ 25,239	¥ 978	¥13,076	¥425,032

Nomura Research Institute, Ltd.

Consolidated Statement of Changes in Net Assets (continued)

	Thousands of U.S. dollars				
	Shareholders' equity				
	Common stock	**Additional paid-in capital**	**Retained earnings**	**Treasury stock, at cost**	**Total shareholders' equity**
Balance at 1st April, 2018	$167,567	$ 133,116	$3,544,937	$(371,332)	$3,474,288
Issuance of new shares	6,649	6,649	–	–	13,298
Purchase of treasury stock	–	–	–	(329,532)	(329,532)
Disposition of treasury stock	–	541	–	50,441	50,982
Profit attributable to owners of parent	–	–	458,847	–	458,847
Cash dividends paid	–	–	(192,550)	–	(192,550)
Change in equity related to transaction with non-controlling shareholders	–	(207)	–	–	(207)
Net changes other than in shareholders' equity	–	–	–	–	–
Balance at 31st March, 2019	$174,216	$ 140,099	$3,811,234	$(650,423)	$3,475,126

	Thousands of U.S. dollars							
	Accumulated other comprehensive income							
	Valuation difference on available-for-sale securities	**Deferred gains or losses on hedges**	**Foreign currency translation adjustment**	**Remeasurements of defined benefit plans**	**Total accumulated other comprehensive income**	**Share subscription rights**	**Non-controlling interests**	**Total net assets**
Balance at 1st April, 2018	$ 292,306	$ (27)	$(35,640)	$45,514	$302,153	$11,730	$109,802	$3,897,973
Issuance of new shares	–	–	–	–	–	–	–	13,298
Purchase of treasury stock	–	–	–	–	–	–	–	(329,532)
Disposition of treasury stock	–	–	–	–	–	–	–	50,982
Profit attributable to owners of parent	–	–	–	–	–	–	–	458,847
Cash dividends paid	–	–	–	–	–	–	–	(192,550)
Change in equity related to transaction with non-controlling shareholders	–	–	–	–	–	–	–	(207)
Net changes other than in shareholders' equity	(47,693)	27	(991)	(26,118)	(74,775)	(2,919)	8,000	(69,694)
Balance at 31st March, 2019	$ 244,613	$ –	$(36,631)	$19,396	$227,378	$ 8,811	$117,802	$3,829,117

Nomura Research Institute, Ltd.

Consolidated Statement of Cash Flows

	Millions of yen			*Thousands of U.S. dollars*
	Year ended 31st March,			**Year ended 31st March,**
	2017	**2018**	**2019**	**2019**
	(Unaudited)			
Cash flows from operating activities				
Income before income taxes	¥ 64,993	¥ 82,528	¥ 76,750	$ 691,442
Adjustments to reconcile income before income taxes to net cash provided by operating activities:				
Depreciation and amortization	28,477	31,942	30,428	274,126
Interest and dividend income	(1,741)	(1,719)	(1,443)	(13,000)
Interest expense	143	262	442	3,982
Office transfer cost	–	5,532	–	–
Loss on property and equipment	8,568	153	–	–
Impairment loss	–	–	3,699	33,324
Gain on investment securities	(13,131)	(22,025)	(7,734)	(69,676)
Gain on investments in affiliates	–	(10)	(184)	(1,658)
Changes in operating assets and liabilities:				
Accounts receivable and other receivables, net of advance payments received	3,478	(13,164)	(16,518)	(148,811)
Allowance for doubtful accounts	(49)	(5)	(73)	(658)
Accounts payable	(822)	4,488	4,584	41,297
Inventories	105	(63)	(1,046)	(9,423)
Net defined benefit asset	(10,722)	(10,121)	(8,349)	(75,216)
Net defined benefit liability	746	714	477	4,297
Provision for loss on orders received	247	(1,541)	882	7,946
Operating loans	2,729	105	2,200	19,820
Margin transaction assets	(1,283)	4,676	(468)	(4,216)
Short-term guarantee deposits	(1,319)	5,442	(100)	(901)
Margin transaction liabilities	2,442	(7,772)	658	5,928
Short-term guarantee deposits received	(1,003)	(3,165)	1,453	13,090
Reserve for financial products transaction liabilities	(60)	–	(118)	(1,063)
Other	41	9,753	5,420	48,829
Subtotal	81,839	86,010	90,960	819,459
Interest and dividends received	1,842	1,896	1,607	14,477
Interest paid	(153)	(263)	(445)	(4,009)
Income taxes paid	(22,380)	(14,150)	(35,772)	(322,269)
Net cash provided by operating activities	61,148	73,493	56,350	507,658
Cash flows from investing activities				
Payments for time deposits	(1,384)	(1,997)	(2,586)	(23,297)
Proceeds from time deposits	1,320	1,310	2,518	22,685
Purchase of short-term investment securities	(12,009)	(1,000)	(2,007)	(18,081)
Proceeds from sales and redemption of short-term investment securities	13,000	6,000	1,000	9,009
Acquisition of property and equipment	(13,531)	(16,932)	(5,528)	(49,802)
Proceeds from sales of property and equipment	3,559	502	5	45
Purchase of software and other intangibles	(25,261)	(21,601)	(19,974)	(179,946)
Payments for asset retirement obligations	(59)	(76)	(45)	(405)
Purchase of investment securities	(6,922)	(12,509)	(15,262)	(137,495)
Proceeds from sales and redemption of investment securities	33,591	42,555	24,095	217,072
Purchase of investments in affiliates	–	(3,647)	(637)	(5,739)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(31,065)	(9,638)	–	–
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	–	–	1,587	14,297
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	–	(855)	–	–
Collection of long-term loans receivable	8,400	–	–	–
Other	19	6	7	62
Net cash used in investing activities	¥(30,342)	¥(17,882)	¥(16,827)	$(151,595)

Nomura Research Institute, Ltd.

Consolidated Statement of Cash Flows (continued)

	Millions of yen			*Thousands of U.S. dollars*
	Year ended 31st March,			**Year ended 31st March,**
	2017	**2018**	**2019**	**2019**
	(Unaudited)			
Cash flows from financing activities				
Proceeds from short-term loans payable	¥ –	¥ 5,646	¥ 1,214	$ 10,937
Repayments of short-term loans payable	–	(4,701)	(810)	(7,297)
Proceeds from long-term loans payable	–	943	17,500	157,658
Repayments of long-term loans payable	(3,460)	(5,733)	(23,704)	(213,550)
Proceeds from issuance of bonds	9,950	23,908	–	–
Redemption of bonds	(15,000)	–	(15,000)	(135,135)
Repayments of obligation under finance leases	(39)	(320)	(658)	(5,929)
Proceeds from sales of treasury stock	3,650	5,068	6,640	59,820
Purchase of treasury stock	(10,839)	(50,675)	(36,785)	(331,396)
Cash dividends paid	(18,273)	(20,817)	(21,370)	(192,523)
Cash dividends paid to non-controlling interests	(144)	(99)	(133)	(1,198)
Payments for acquisition of interests in subsidiaries that do not result in change in scope of consolidation	(172)	(50)	–	–
Net cash used in financing activities	(34,327)	(46,830)	(73,106)	(658,613)
Effect of exchange rate changes on cash and cash equivalents	624	(2,530)	(1,519)	(13,684)
Net increase (decrease) in cash and cash equivalents	(2,897)	6,251	(35,102)	(316,234)
Cash and cash equivalents at beginning of period	154,949	152,052	158,303	1,426,153
Cash and cash equivalents at end of period	¥152,052	¥158,303	¥123,201	$1,109,919