

News Release

NRI Announces Expectation of Extraordinary Income and Revision to Financial Results Forecasts

Tokyo, July 27, 2017 – Nomura Research Institute, Ltd. (NRI) announced today that its Board of Directors passed a resolution in a meeting held today to sell shares owned by the Company in JAFCO Co., Ltd. (Code: 8595, Tokyo Stock Exchange First Section, “JAFCO”) by means of a tender for the purchase of treasury stock through the off-auction own shares repurchase system of the Tokyo Stock Exchange (ToSTNeT-3) that JAFCO will implement (the “Purchase”).

NRI also announced that, accompanying the extraordinary income due to the sale of JAFCO shares by means of the Purchase, it has revised the financial results forecasts for the first half and the full year of the fiscal year ending March 31, 2018, as outlined below.

At the same time, the Board of Directors resolved to order the sale of JAFCO shares that NRI has contributed as trust assets of the retirement benefit trust.

1. Outline of the Sale of Investment Securities

NRI will sell all the JAFCO common stock that it owns by means of a tender for the Purchase that JAFCO will implement. After all the JAFCO shares that NRI owns have been sold through the Purchase, NRI expects to record an ¥18.8 billion gain on sale of investment securities as extraordinary income in the non-consolidated and consolidated financial results for the second quarter of the fiscal year ending March 31, 2018.

(1) Investment securities that NRI will sell	Common stock of JAFCO Co., Ltd.
(2) Total number of shares that NRI will sell	4,198,000 shares
(3) Date of sale	July 28, 2017 (planned)
(4) Total amount of sale	¥19.1 billion (¥4,560 per share)
(5) Gain on sale of investment securities	¥18.8 billion

Note: In the event that settlement in the Purchase is conducted based on proportional distribution, it is possible that all the shares tendered may not be sold. In this case, NRI will sell the shares appropriately, such as in the market, etc.

(Reference)

All the JAFCO shares that NRI has contributed as trust assets of the retirement benefit trust will also be sold by means of tender for the Purchase that JAFCO will implement based on the instructions of NRI and the trust administrator. Gain on sale of investment securities will not arise with regard to the sale of shares contributed as trust assets of the retirement benefit plan.

(1) Investment securities to be sold	Common stock of JAFCO Co., Ltd.
(2) Number of shares to be sold	750,000 shares
(3) Date of sale	July 28, 2017 (planned)
(4) Total amount of sale	¥3.4 billion (¥4,560 per share)

2. Reason for Sale of Investment Securities

Tender for the Purchase was decided as a result of a review by the Company in light of the basic policy on cross-shareholdings in NRI's Corporate Governance Guidelines.

3. Revision of Financial Results Forecasts

(1) Revision of Consolidated Financial Results Forecasts

a. Revision for First Half of the Fiscal Year Ending March 31, 2018 (April 1, 2017 – September 30, 2017)

(Unit: ¥ million)

	Sales	Operating profit	Ordinary profit	Profit attributable to owners of the parent	Earnings per share
Previous forecasts (A)	225,000	31,000	32,000	23,000	¥92.69
Current forecasts (B)	225,000	31,000	32,000	35,500	¥142.99
Increase/decrease (B-A)	-	-	-	12,500	
Change (%)	-	-	-	54.3	
(Reference) First-half results for the fiscal year ended March 31, 2017	203,165	26,341	27,957	28,843	¥116.32

b. Revision for the Fiscal Year Ending March 31, 2018 (April 1, 2017 – March 31, 2018)

(Unit: ¥ million)

	Sales	Operating profit	Ordinary profit	Profit attributable to owners of the parent	Earnings per share
Previous forecasts (A)	460,000	64,000	65,500	46,500	¥187.40
Current forecasts (B)	460,000	64,000	65,500	59,000	¥237.64
Increase/decrease (B-A)	-	-	-	12,500	
Change (%)	-	-	-	26.9	
(Reference) Results for the fiscal year ended March 31, 2017	424,548	58,514	60,354	45,064	¥181.77

(2) Revision of Non-consolidated Financial Results Forecasts

a. Revision for First Half of the Fiscal Year Ending March 31, 2018 (April 1, 2017 – September 30, 2017)

(Unit: ¥ million)

	Sales	Operating profit	Profit	Earnings per share
Previous forecasts (A)	180,000	28,500	21,000	¥84.63
Current forecasts (B)	180,000	28,500	33,500	¥134.93
Increase/decrease (B-A)	-	-	12,500	
Change (%)	-	-	59.5	
(Reference) First-half results for the fiscal year ended March 31, 2017	171,328	28,085	29,142	¥117.53

b. Revision for the Fiscal Year Ending March 31, 2018 (April 1, 2017 – March 31, 2018)

(Unit: ¥million)

	Sales	Operating profit	Profit	Earnings per share
Previous forecasts (A)	370,000	57,500	42,000	¥169.26
Current forecasts (B)	370,000	57,500	54,500	¥219.51
Increase/decrease (B-A)	-	-	12,500	
Change (%)	-	-	29.8	
(Reference) Results for the fiscal year ended March 31, 2017	353,345	55,704	42,862	¥172.89

(3) Reason for Revision of Forecasts

NRI decided to revise the consolidated financial results forecasts and the non-consolidated financial results forecasts published on April 27, 2017 because it is expected that gain on sale of investment securities will arise as described in “1. Outline of the Sale of Investment Securities.”

* Forward-looking statements disclaimer

Forward-looking statements about financial results forecasts and other matters in this document are based on information currently available and certain assumptions that NRI deems to be reasonable and do not constitute any guarantee of achievement. Actual results may differ significantly for a variety of reasons. The main factors that may impact on actual results include, but are not limited to, economic conditions inside and outside of Japan, market demand for IT services, competition with other companies and changes to taxation and other systems. NRI does not guarantee that it will revise financial results forecasts and other matters in the event of new information or circumstances.

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