

3Q FY March 2020

Financial Results

Nomura Research Institute, Ltd.

January 30, 2020



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3Q FY March 2020 Financial Results (Consolidated)

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FY March 2020 Financial Results Forecasts (Consolidated)

3Q FY March 2020 Financial Results (Consolidated)

1. Highlights

(JPY million)

| 3rd Quarter Total | 3Q FY Mar.2019 | | 3Q FY Mar.2020 | | Y o Y | | FY Mar.2019 |
|---|----------------|--------------|----------------|--------------|--------|-----------|-------------|
| | Amount | Progress (%) | Amount | Progress (%) | Diff. | Change(%) | Amount |
| Sales | 367,064 | 73.2 | 390,545 | 73.7 | 23,480 | 6.4 | 501,243 |
| Consulting Services | 66,297 | 73.0 | 70,926 | 74.7 | 4,629 | 7.0 | 90,816 |
| System Development & System Application Sales | 108,361 | 72.0 | 119,769 | 72.6 | 11,407 | 10.5 | 150,467 |
| System Management & Operation Services | 182,166 | 74.6 | 186,806 | 73.3 | 4,640 | 2.5 | 244,273 |
| Product Sales | 10,239 | 65.3 | 13,042 | 86.9 | 2,802 | 27.4 | 15,686 |
| Cost of Sales | 245,989 | | 257,149 | | 11,160 | 4.5 | 336,508 |
| Gross Profit | 121,075 | | 133,395 | | 12,320 | 10.2 | 164,735 |
| Gross Profit Margin | 33.0% | | 34.2% | | 1.2P | | 32.9% |
| Selling, general and | 69,652 | | 71,289 | | 1,636 | 2.3 | 93,293 |
| OP(Before goodwill amortization) | 54,435 | | 64,498 | | 10,063 | 18.5 | 75,373 |
| Operating Profit | 51,422 | 72.0 | 62,106 | 77.6 | 10,683 | 20.8 | 71,442 |
| OPM(Before goodwill amortization) | 14.8% | | 16.5% | | 1.7P | | 15.0% |
| Operating Profit Margin | 14.0% | | 15.9% | | 1.9P | | 14.3% |
| Non-operating income and loss | 758 | | 984 | | 226 | 29.9 | 967 |
| Extraordinary income and loss | 8,243 | | 19,188 | | 10,944 | 132.8 | 4,340 |
| Profit attributable to owners of parent | 39,849 | 78.2 | 55,604 | 81.8 | 15,755 | 39.5 | 50,931 |
| Earnings per share(JPY) | 56.30 | | 86.06 | | 29.76 | | 72.11 |
| EBITDA Margin | 21.2% | | 22.4% | | 1.2P | | 21.7% |

*1 Operating profit (before goodwill amortization) and operating profit margin (before goodwill amortization) are reference values.

*2 EBITDA margin = EBITDA (operating profit + depreciation and amortization + goodwill amortization + loss on retirement of fixed assets) / sales

*3 Provisional accounting procedures have been processed for the previous fiscal year's mergers, and year-on-year figures for the previous fiscal year are the amounts after reflecting important revisions to account for the initial distribution amounts of acquisition cost from these procedures.

*4 On July 1, 2019 we conducted a 3-for-1 share split of our common stock, and the values shown for quarterly net profit per share (this fiscal year) are calculated supposing that the share split had taken place at the outset of the previous fiscal year.

3Q FY March 2020 Financial Results (Consolidated)

1. Highlights

(JPY million)

| 3rd Quarter | 3Q FY | 3Q FY | Y o Y | |
|---|----------|----------|---------|-----------|
| | Mar.2019 | Mar.2020 | Diff. | Change(%) |
| | Amount | Amount | | |
| Sales | 126,657 | 131,391 | 4,734 | 3.7 |
| Consulting Services | 22,577 | 24,782 | 2,205 | 9.8 |
| System Development & System Application Sales | 39,421 | 39,871 | 450 | 1.1 |
| System Management & Operation Services | 61,714 | 62,961 | 1,246 | 2.0 |
| Product Sales | 2,943 | 3,775 | 831 | 28.3 |
| Cost of Sales | 84,965 | 85,470 | 504 | 0.6 |
| Gross Profit | 41,691 | 45,921 | 4,229 | 10.1 |
| Gross Profit Margin | 32.9% | 35.0% | 2.0P | |
| Selling, general and administrative expenses | 23,375 | 24,723 | 1,348 | 5.8 |
| OP(Before goodwill amortization) | 19,358 | 21,990 | 2,631 | 13.6 |
| Operating Profit | 18,316 | 21,198 | 2,881 | 15.7 |
| OPM(Before goodwill amortization) | 15.3% | 16.7% | 1.5P | |
| Operating Profit Margin | 14.5% | 16.1% | 1.7P | |
| Non-operating income and loss | 275 | 117 | (157) | (57.2) |
| Extraordinary income and loss | 7,023 | 94 | (6,928) | (98.6) |
| Profit attributable to owners of parent | 16,906 | 14,711 | (2,195) | (13.0) |
| Earnings per share(JPY) | 24.08 | 24.75 | 0.67 | |

(JPY million)

| 2nd Quarter | 2Q FY | 2Q FY | Y o Y | |
|---|----------|----------|--------|-----------|
| | Mar.2019 | Mar.2020 | Diff. | Change(%) |
| | Amount | Amount | | |
| Sales | 122,648 | 129,657 | 7,009 | 5.7 |
| Consulting Services | 22,452 | 24,946 | 2,494 | 11.1 |
| System Development & System Application Sales | 35,965 | 38,646 | 2,681 | 7.5 |
| System Management & Operation Services | 60,746 | 61,531 | 784 | 1.3 |
| Product Sales | 3,484 | 4,533 | 1,048 | 30.1 |
| Cost of Sales | 81,716 | 86,287 | 4,571 | 5.6 |
| Gross Profit | 40,932 | 43,370 | 2,437 | 6.0 |
| Gross Profit Margin | 33.4% | 33.5% | 0.1P | |
| Selling, general and administrative expenses | 23,161 | 22,816 | (345) | (1.5) |
| OP(Before goodwill amortization) | 18,818 | 21,338 | 2,519 | 13.4 |
| Operating Profit | 17,770 | 20,554 | 2,783 | 15.7 |
| OPM(Before goodwill amortization) | 15.3% | 16.5% | 1.1P | |
| Operating Profit Margin | 14.5% | 15.9% | 1.4P | |
| Non-operating income and loss | (47) | 57 | 105 | — |
| Extraordinary income and loss | (7) | 19,103 | 19,110 | — |
| Profit attributable to owners of parent | 11,781 | 26,647 | 14,866 | 126.2 |
| Earnings per share(JPY) | 16.65 | 41.00 | 24.35 | |

3Q FY March 2020 Financial Results (Consolidated)

1. Highlights

(JPY million)

| 1st Quarter | 1Q FY | 1Q FY | Y o Y | |
|---|----------|----------|---------|-----------|
| | Mar.2019 | Mar.2020 | Diff. | Change(%) |
| Sales | 117,758 | 129,495 | 11,737 | 10.0 |
| Consulting Services | 21,267 | 21,197 | (70) | (0.3) |
| System Development & System Application Sales | 32,975 | 41,251 | 8,275 | 25.1 |
| System Management & Operation Services | 59,704 | 62,313 | 2,609 | 4.4 |
| Product Sales | 3,810 | 4,733 | 922 | 24.2 |
| Cost of Sales | 79,308 | 85,392 | 6,084 | 7.7 |
| Gross Profit | 38,450 | 44,102 | 5,652 | 14.7 |
| Gross Profit Margin | 32.7% | 34.1% | 1.4P | |
| Selling, general and administrative expenses | 23,115 | 23,749 | 633 | 2.7 |
| OP(Before goodwill amortization) | 16,258 | 21,170 | 4,911 | 30.2 |
| Operating Profit | 15,334 | 20,353 | 5,019 | 32.7 |
| OPM(Before goodwill amortization) | 13.8% | 16.3% | 2.5P | |
| Operating Profit Margin | 13.0% | 15.7% | 2.7P | |
| Non-operating income and loss | 530 | 808 | 278 | 52.5 |
| Extraordinary income and loss | 1,227 | (10) | (1,237) | — |
| Profit attributable to owners of parent | 11,161 | 14,245 | 3,084 | 27.6 |
| Earnings per share(JPY) | 15.64 | 20.52 | 4.87 | |

3Q FY March 2020 Financial Results (Consolidated)

2. Sales and Operating Profit by segment

① Segment performance results

(JPY million)

| 3rd Quarter Total | | 3Q FY Mar.2019 | | 3Q FY Mar.2020 | | Y o Y | | FY Mar.2019 | |
|--------------------------------------|-------------------------|----------------|----------|----------------|----------|---------|-----------|-------------|----------|
| | | Amount | Share(%) | Amount | Share(%) | Diff. | Change(%) | Amount | Share(%) |
| Consulting | Sales | 25,167 | 6.9 | 27,626 | 7.1 | 2,459 | 9.8 | 35,481 | 7.1 |
| | Operating Profit | 5,125 | 10.0 | 5,691 | 9.2 | 566 | 11.0 | 7,786 | 10.9 |
| | Operating Profit Margin | 20.4% | | 20.6% | | 0.2P | | 21.9% | |
| Financial IT Solutions | Sales | 186,399 | 50.8 | 204,528 | 52.4 | 18,128 | 9.7 | 255,162 | 50.9 |
| | Operating Profit | 19,998 | 38.9 | 26,935 | 43.4 | 6,936 | 34.7 | 27,095 | 37.9 |
| | Operating Profit Margin | 10.7% | | 13.2% | | 2.4P | | 10.6% | |
| Industrial IT Solutions | Sales | 137,086 | 37.3 | 135,932 | 34.8 | (1,153) | (0.8) | 183,580 | 36.6 |
| | Operating Profit | 13,062 | 25.4 | 14,503 | 23.4 | 1,440 | 11.0 | 18,449 | 25.8 |
| | Operating Profit Margin | 9.5% | | 10.7% | | 1.1P | | 10.0% | |
| IT Platform Services | Sales | 93,319 | 25.4 | 102,096 | 26.1 | 8,776 | 9.4 | 127,777 | 25.5 |
| | Operating Profit | 12,307 | 23.9 | 14,275 | 23.0 | 1,968 | 16.0 | 17,130 | 24.0 |
| | Operating Profit Margin | 13.2% | | 14.0% | | 0.8P | | 13.4% | |
| Inter-segment sales and eliminations | Sales | (74,908) | (20.4) | (79,639) | (20.4) | (4,730) | | (100,757) | (20.1) |
| | Operating Profit | 928 | 1.8 | 699 | 1.1 | (228) | | 980 | 1.4 |
| Total | Sales | 367,064 | 100.0 | 390,545 | 100.0 | 23,480 | 6.4 | 501,243 | 100.0 |
| | Operating Profit | 51,422 | 100.0 | 62,106 | 100.0 | 10,683 | 20.8 | 71,442 | 100.0 |
| | Operating Profit Margin | 14.0% | | 15.9% | | 1.9P | | 14.3% | |

* Including inter-segment sales for each segment.

Some segment classifications were changed during the first quarter of the current fiscal year, and historical figures are shown based on the classifications following the relevant changes.

3Q FY March 2020 Financial Results (Consolidated)

2. Sales and Operating Profit by segment

① Segment performance results

(JPY million)

| 3rd Quarter | | 3Q FY Mar.2019 | | 3Q FY Mar.2020 | | Y o Y | |
|--------------------------------------|-------------------------|----------------|----------|----------------|----------|---------|-----------|
| | | Amount | Share(%) | Amount | Share(%) | Diff. | Change(%) |
| Consulting | Sales | 8,994 | 7.1 | 10,120 | 7.7 | 1,126 | 12.5 |
| | Operating Profit | 1,783 | 9.7 | 2,393 | 11.3 | 610 | 34.2 |
| | Operating Profit Margin | 19.8% | | 23.7% | | 3.8P | |
| Financial IT Solutions | Sales | 64,767 | 51.1 | 67,877 | 51.7 | 3,110 | 4.8 |
| | Operating Profit | 7,528 | 41.1 | 8,705 | 41.1 | 1,177 | 15.6 |
| | Operating Profit Margin | 11.6% | | 12.8% | | 1.2P | |
| Industrial IT Solutions | Sales | 46,294 | 36.6 | 45,028 | 34.3 | (1,266) | (2.7) |
| | Operating Profit | 4,199 | 22.9 | 4,519 | 21.3 | 320 | 7.6 |
| | Operating Profit Margin | 9.1% | | 10.0% | | 1.0P | |
| IT Platform Services | Sales | 32,396 | 25.6 | 35,490 | 27.0 | 3,094 | 9.6 |
| | Operating Profit | 4,594 | 25.1 | 5,267 | 24.8 | 672 | 14.6 |
| | Operating Profit Margin | 14.2% | | 14.8% | | 0.7P | |
| Inter-segment sales and eliminations | Sales | (25,794) | (20.4) | (27,125) | (20.6) | (1,330) | |
| | Operating Profit | 211 | 1.2 | 311 | 1.5 | 100 | |
| Total | Sales | 126,657 | 100.0 | 131,391 | 100.0 | 4,734 | 3.7 |
| | Operating Profit | 18,316 | 100.0 | 21,198 | 100.0 | 2,881 | 15.7 |
| | Operating Profit Margin | 14.5% | | 16.1% | | 1.7P | |

3Q FY March 2020 Financial Results (Consolidated)

2. Sales and Operating Profit by segment

① Segment performance results

(JPY million)

| 2nd Quarter | | 2Q FY Mar.2019 | | 2Q FY Mar.2020 | | Y o Y | |
|--------------------------------------|-------------------------|----------------|----------|----------------|----------|---------|-----------|
| | | Amount | Share(%) | Amount | Share(%) | Diff. | Change(%) |
| Consulting | Sales | 8,753 | 7.1 | 9,738 | 7.5 | 984 | 11.2 |
| | Operating Profit | 2,208 | 12.4 | 2,683 | 13.1 | 475 | 21.5 |
| | Operating Profit Margin | 25.2% | | 27.6% | | 2.3P | |
| Financial IT Solutions | Sales | 62,302 | 50.8 | 68,058 | 52.5 | 5,755 | 9.2 |
| | Operating Profit | 6,304 | 35.5 | 7,917 | 38.5 | 1,612 | 25.6 |
| | Operating Profit Margin | 10.1% | | 11.6% | | 1.5P | |
| Industrial IT Solutions | Sales | 45,420 | 37.0 | 44,434 | 34.3 | (986) | (2.2) |
| | Operating Profit | 4,566 | 25.7 | 4,792 | 23.3 | 226 | 5.0 |
| | Operating Profit Margin | 10.1% | | 10.8% | | 0.7P | |
| IT Platform Services | Sales | 31,230 | 25.5 | 34,648 | 26.7 | 3,418 | 10.9 |
| | Operating Profit | 4,309 | 24.3 | 5,052 | 24.6 | 742 | 17.2 |
| | Operating Profit Margin | 13.8% | | 14.6% | | 0.8P | |
| Inter-segment sales and eliminations | Sales | (25,058) | (20.4) | (27,221) | (21.0) | (2,163) | |
| | Operating Profit | 380 | 2.1 | 107 | 0.5 | (272) | |
| Total | Sales | 122,648 | 100.0 | 129,657 | 100.0 | 7,009 | 5.7 |
| | Operating Profit | 17,770 | 100.0 | 20,554 | 100.0 | 2,783 | 15.7 |
| | Operating Profit Margin | 14.5% | | 15.9% | | 1.4P | |

3Q FY March 2020 Financial Results (Consolidated)

2. Sales and Operating Profit by segment

① Segment performance results

(JPY million)

| 1st Quarter | | 1Q FY Mar.2019 | | 1Q FY Mar.2020 | | Y o Y | |
|--------------------------------------|-------------------------|----------------|----------|----------------|----------|---------|-----------|
| | | Amount | Share(%) | Amount | Share(%) | Diff. | Change(%) |
| Consulting | Sales | 7,419 | 6.3 | 7,767 | 6.0 | 348 | 4.7 |
| | Operating Profit | 1,133 | 7.4 | 613 | 3.0 | (519) | (45.8) |
| | Operating Profit Margin | 15.3% | | 7.9% | | (7.4P) | |
| Financial IT Solutions | Sales | 59,330 | 50.4 | 68,592 | 53.0 | 9,262 | 15.6 |
| | Operating Profit | 6,165 | 40.2 | 10,312 | 50.7 | 4,146 | 67.3 |
| | Operating Profit Margin | 10.4% | | 15.0% | | 4.6P | |
| Industrial IT Solutions | Sales | 45,371 | 38.5 | 46,470 | 35.9 | 1,099 | 2.4 |
| | Operating Profit | 4,296 | 28.0 | 5,190 | 25.5 | 894 | 20.8 |
| | Operating Profit Margin | 9.5% | | 11.2% | | 1.7P | |
| IT Platform Services | Sales | 29,692 | 25.2 | 31,957 | 24.7 | 2,264 | 7.6 |
| | Operating Profit | 3,402 | 22.2 | 3,955 | 19.4 | 553 | 16.3 |
| | Operating Profit Margin | 11.5% | | 12.4% | | 0.9P | |
| Inter-segment sales and eliminations | Sales | (24,054) | (20.4) | (25,292) | (19.5) | (1,237) | |
| | Operating Profit | 336 | 2.2 | 280 | 1.4 | (55) | |
| Total | Sales | 117,758 | 100.0 | 129,495 | 100.0 | 11,737 | 10.0 |
| | Operating Profit | 15,334 | 100.0 | 20,353 | 100.0 | 5,019 | 32.7 |
| | Operating Profit Margin | 13.0% | | 15.7% | | 2.7P | |

3Q FY March 2020 Financial Results (Consolidated)

2. Sales and Operating Profit by segment

② Sales by segment

(JPY million)

| 3rd Quarter Total | 3Q FY Mar.2019 | | 3Q FY Mar.2020 | | Y o Y | | FY Mar.2019 | |
|----------------------------------|----------------|----------|----------------|----------|---------|-----------|-------------|----------|
| | Amount | Share(%) | Amount | Share(%) | Diff. | Change(%) | Amount | Share(%) |
| Consulting | 24,731 | 6.7 | 27,062 | 6.9 | 2,330 | 9.4 | 34,839 | 7.0 |
| Financial IT Solutions | 184,308 | 50.2 | 202,560 | 51.9 | 18,251 | 9.9 | 252,367 | 50.3 |
| Securities | 73,560 | 20.0 | 81,465 | 20.9 | 7,905 | 10.7 | 100,309 | 20.0 |
| Insurance | 45,964 | 12.5 | 50,162 | 12.8 | 4,198 | 9.1 | 64,874 | 12.9 |
| Banking | 32,132 | 8.8 | 38,114 | 9.8 | 5,981 | 18.6 | 43,404 | 8.7 |
| Other financial | 32,650 | 8.9 | 32,817 | 8.4 | 166 | 0.5 | 43,780 | 8.7 |
| Industrial IT Solutions | 135,069 | 36.8 | 133,778 | 34.3 | (1,290) | (1.0) | 180,882 | 36.1 |
| Distribution | 49,375 | 13.5 | 50,895 | 13.0 | 1,520 | 3.1 | 66,814 | 13.3 |
| Manufacturing, service and other | 85,694 | 23.3 | 82,883 | 21.2 | (2,810) | (3.3) | 114,068 | 22.8 |
| IT Platform Services | 22,954 | 6.3 | 27,143 | 7.0 | 4,188 | 18.2 | 33,153 | 6.6 |
| Total | 367,064 | 100.0 | 390,545 | 100.0 | 23,480 | 6.4 | 501,243 | 100.0 |

(JPY million)

| 3rd Quarter | 3Q FY Mar.2019 | | 3Q FY Mar.2020 | | Y o Y | |
|----------------------------------|----------------|----------|----------------|----------|---------|-----------|
| | Amount | Share(%) | Amount | Share(%) | Diff. | Change(%) |
| Consulting | 8,827 | 7.0 | 9,888 | 7.5 | 1,061 | 12.0 |
| Financial IT Solutions | 63,989 | 50.5 | 67,480 | 51.4 | 3,490 | 5.5 |
| Securities | 25,140 | 19.8 | 27,585 | 21.0 | 2,444 | 9.7 |
| Insurance | 16,641 | 13.1 | 16,245 | 12.4 | (396) | (2.4) |
| Banking | 11,167 | 8.8 | 12,952 | 9.9 | 1,785 | 16.0 |
| Other financial | 11,039 | 8.7 | 10,696 | 8.1 | (342) | (3.1) |
| Industrial IT Solutions | 45,539 | 36.0 | 44,246 | 33.7 | (1,292) | (2.8) |
| Distribution | 16,842 | 13.3 | 16,467 | 12.5 | (375) | (2.2) |
| Manufacturing, service and other | 28,696 | 22.7 | 27,779 | 21.1 | (916) | (3.2) |
| IT Platform Services | 8,300 | 6.6 | 9,775 | 7.4 | 1,475 | 17.8 |
| Total | 126,657 | 100.0 | 131,391 | 100.0 | 4,734 | 3.7 |

(JPY million)

| 2nd Quarter | 2Q FY Mar.2019 | | 2Q FY Mar.2020 | | Y o Y | |
|----------------------------------|----------------|----------|----------------|----------|---------|-----------|
| | Amount | Share(%) | Amount | Share(%) | Diff. | Change(%) |
| Consulting | 8,608 | 7.0 | 9,552 | 7.4 | 943 | 11.0 |
| Financial IT Solutions | 61,623 | 50.2 | 67,052 | 51.7 | 5,429 | 8.8 |
| Securities | 24,233 | 19.8 | 26,479 | 20.4 | 2,246 | 9.3 |
| Insurance | 15,577 | 12.7 | 17,205 | 13.3 | 1,627 | 10.5 |
| Banking | 11,007 | 9.0 | 12,531 | 9.7 | 1,524 | 13.9 |
| Other financial | 10,804 | 8.8 | 10,835 | 8.4 | 30 | 0.3 |
| Industrial IT Solutions | 44,776 | 36.5 | 43,727 | 33.7 | (1,048) | (2.3) |
| Distribution | 16,472 | 13.4 | 16,782 | 12.9 | 309 | 1.9 |
| Manufacturing, service and other | 28,303 | 23.1 | 26,945 | 20.8 | (1,358) | (4.8) |
| IT Platform Services | 7,640 | 6.2 | 9,325 | 7.2 | 1,685 | 22.1 |
| Total | 122,648 | 100.0 | 129,657 | 100.0 | 7,009 | 5.7 |

3Q FY March 2020 Financial Results (Consolidated)

2. Sales and Operating Profit by segment

② Sales by segment

(JPY million)

| 1st Quarter | 1Q FY Mar.2019 | | 1Q FY Mar.2020 | | Yo Y | |
|-------------------------------------|----------------|--------------|----------------|--------------|---------------|-------------|
| | Amount | Share(%) | Amount | Share(%) | Diff. | Change(%) |
| Consulting | 7,295 | 6.2 | 7,621 | 5.9 | 326 | 4.5 |
| Financial IT Solutions | 58,695 | 49.8 | 68,027 | 52.5 | 9,332 | 15.9 |
| Securities | 24,186 | 20.5 | 27,400 | 21.2 | 3,214 | 13.3 |
| Insurance | 13,745 | 11.7 | 16,711 | 12.9 | 2,966 | 21.6 |
| Banking | 9,958 | 8.5 | 12,629 | 9.8 | 2,671 | 26.8 |
| Other financial | 10,806 | 9.2 | 11,285 | 8.7 | 479 | 4.4 |
| Industrial IT Solutions | 44,753 | 38.0 | 45,804 | 35.4 | 1,050 | 2.3 |
| Distribution | 16,059 | 13.6 | 17,645 | 13.6 | 1,586 | 9.9 |
| Manufacturing, service and other | 28,694 | 24.4 | 28,158 | 21.7 | (535) | (1.9) |
| IT Platform Services | 7,013 | 6.0 | 8,041 | 6.2 | 1,028 | 14.7 |
| Total | 117,758 | 100.0 | 129,495 | 100.0 | 11,737 | 10.0 |

3Q FY March 2020 Financial Results (Consolidated)

3. Sales to main clients

(JPY million)

| 3rd Quarter Total | 3Q FY Mar.2019 | | 3Q FY Mar.2020 | | Y o Y | | FY Mar.2019 | |
|--------------------|----------------|----------|----------------|----------|-------|-----------|-------------|----------|
| | Amount | Share(%) | Amount | Share(%) | Diff. | Change(%) | Amount | Share(%) |
| Nomura Holdings | 43,975 | 12.0 | 47,761 | 12.2 | 3,785 | 8.6 | 60,579 | 12.1 |
| Seven & i Holdings | 36,633 | 10.0 | 39,859 | 10.2 | 3,226 | 8.8 | 49,109 | 9.8 |

* Figures, in principle, include sales to subsidiaries.

(JPY million)

| 3rd Quarter | 3Q FY Mar.2019 | | 3Q FY Mar.2020 | | Y o Y | |
|--------------------|----------------|----------|----------------|----------|-------|-----------|
| | Amount | Share(%) | Amount | Share(%) | Diff. | Change(%) |
| Nomura Holdings | 15,351 | 12.1 | 16,591 | 12.6 | 1,240 | 8.1 |
| Seven & i Holdings | 12,360 | 9.8 | 12,817 | 9.8 | 456 | 3.7 |

(JPY million)

| 2nd Quarter | 2Q FY Mar.2019 | | 2Q FY Mar.2020 | | Y o Y | |
|--------------------|----------------|----------|----------------|----------|-------|-----------|
| | Amount | Share(%) | Amount | Share(%) | Diff. | Change(%) |
| Nomura Holdings | 14,432 | 11.8 | 16,370 | 12.6 | 1,937 | 13.4 |
| Seven & i Holdings | 12,252 | 10.0 | 13,951 | 10.8 | 1,698 | 13.9 |

(JPY million)

| 1st Quarter | 1Q FY Mar.2019 | | 1Q FY Mar.2020 | | Y o Y | |
|--------------------|----------------|----------|----------------|----------|-------|-----------|
| | Amount | Share(%) | Amount | Share(%) | Diff. | Change(%) |
| Nomura Holdings | 14,192 | 12.1 | 14,799 | 11.4 | 607 | 4.3 |
| Seven & i Holdings | 12,019 | 10.2 | 13,090 | 10.1 | 1,071 | 8.9 |

3Q FY March 2020 Financial Results (Consolidated)

4. Subcontracting Costs

(JPY million)

| 3rd Quarter Total | 3Q FY Mar.2019 | | 3Q FY Mar.2020 | | Y o Y | | FY Mar.2019 | |
|---------------------------------|----------------|----------|----------------|----------|-------|-----------|-------------|----------|
| | Amount | Share(%) | Amount | Share(%) | Diff. | Change(%) | Amount | Share(%) |
| Subcontracting Costs | 109,936 | 30.0 | 119,192 | 30.5 | 9,256 | 8.4 | 150,635 | 30.1 |
| (Subcontracting Costs to China) | 16,510 | 15.0 | 21,073 | 17.7 | 4,563 | 27.6 | 23,213 | 15.4 |

* Share for subcontracting costs shows share of sales.

* Subcontracting costs to China & Percentage in total subcontracting costs.

(JPY million)

| 3rd Quarter | 3Q FY Mar.2019 | | 3Q FY Mar.2020 | | Y o Y | |
|---------------------------------|----------------|----------|----------------|----------|-------|-----------|
| | Amount | Share(%) | Amount | Share(%) | Diff. | Change(%) |
| Subcontracting Costs | 38,430 | 30.3 | 39,866 | 30.3 | 1,435 | 3.7 |
| (Subcontracting Costs to China) | 5,647 | 14.7 | 6,940 | 17.4 | 1,293 | 22.9 |

(JPY million)

| 2nd Quarter | 2Q FY Mar.2019 | | 2Q FY Mar.2020 | | Y o Y | |
|---------------------------------|----------------|----------|----------------|----------|-------|-----------|
| | Amount | Share(%) | Amount | Share(%) | Diff. | Change(%) |
| Subcontracting Costs | 36,983 | 30.2 | 40,261 | 31.1 | 3,278 | 8.9 |
| (Subcontracting Costs to China) | 5,667 | 15.3 | 7,010 | 17.4 | 1,342 | 23.7 |

(JPY million)

| 1st Quarter | 1Q FY Mar.2019 | | 1Q FY Mar.2020 | | Y o Y | |
|---------------------------------|----------------|----------|----------------|----------|-------|-----------|
| | Amount | Share(%) | Amount | Share(%) | Diff. | Change(%) |
| Subcontracting Costs | 34,522 | 29.3 | 39,064 | 30.2 | 4,542 | 13.2 |
| (Subcontracting Costs to China) | 5,195 | 15.0 | 7,122 | 18.2 | 1,926 | 37.1 |

3Q FY March 2020 Financial Results (Consolidated)

5. Cash Flow

(JPY million)

| 3rd Quarter Total | 3Q FY Mar. | 3Q FY Mar. | Y o Y | | FY Mar.2019 |
|--|------------|------------|----------|-----------|-------------|
| | 2019 | 2020 | Diff. | Change(%) | Amount |
| Operating Activities | 33,405 | 74,856 | 41,450 | 124.1 | 56,349 |
| Investing Activities | (13,447) | 23,344 | 36,792 | — | (16,826) |
| (Investing Activities except Cash management purpose investment) | (8,134) | (2,267) | 5,867 | (72.1) | (15,025) |
| Free Cash Flow | 19,957 | 98,200 | 78,242 | 392.0 | 39,523 |
| (Free Cash Flow except Cash management purpose investment) | 25,270 | 72,589 | 47,318 | 187.2 | 41,324 |
| Financing Activities | (66,459) | (140,616) | (74,157) | 111.6 | (73,106) |
| Net increase in Cash and cash equivalents | (47,911) | (43,363) | 4,548 | (9.5) | (35,102) |
| (Net increase in Cash and cash equivalents except Cash management purpose investment) | (42,598) | (68,974) | (26,376) | 61.9 | (33,301) |
| Cash and cash equivalents at end of period | 110,392 | 79,837 | (30,554) | (27.7) | 123,200 |
| Cash and cash equivalents + Cash Management purpose investment | 143,318 | 83,717 | (59,600) | (41.6) | 152,743 |

* Cash management purpose investment is investments in bonds, etc., with maturities of longer than three months from date of purchase to date of redemption.

3Q FY March 2020 Financial Results (Consolidated)

6. Capital Expenditure, Research and Development Expenses

(JPY million)

| 3rd Quarter Total | 3Q FY Mar. 2019 | 3Q FY Mar. 2020 | YoY | | FY Mar.2019 |
|-----------------------------------|--------------------|--------------------|-------|-----------|-------------|
| | Amount | Amount | Diff. | Change(%) | Amount |
| Capital Expenditure | 19,327 | 19,980 | 652 | 3.4 | 26,276 |
| Tangible | 3,846 | 3,688 | (157) | (4.1) | 5,615 |
| Intangible | 15,481 | 16,292 | 810 | 5.2 | 20,661 |
| Research and Development Expenses | 2,569 | 2,887 | 317 | 12.4 | 3,665 |

(JPY million)

| 3rd Quarter | 3Q FY Mar. 2019 | 3Q FY Mar. 2020 | YoY | |
|-----------------------------------|--------------------|--------------------|-------|-----------|
| | Amount | Amount | Diff. | Change(%) |
| Capital Expenditure | 6,281 | 6,489 | 207 | 3.3 |
| Tangible | 1,056 | 1,384 | 328 | 31.0 |
| Intangible | 5,224 | 5,104 | (120) | (2.3) |
| Research and Development Expenses | 941 | 1,119 | 178 | 18.9 |

(JPY million)

| 2nd Quarter | 2Q FY Mar. 2019 | 2Q FY Mar. 2020 | YoY | |
|-----------------------------------|--------------------|--------------------|-------|-----------|
| | Amount | Amount | Diff. | Change(%) |
| Capital Expenditure | 6,685 | 7,028 | 343 | 5.1 |
| Tangible | 1,312 | 963 | (349) | (26.6) |
| Intangible | 5,372 | 6,064 | 692 | 12.9 |
| Research and Development Expenses | 1,017 | 1,088 | 71 | 7.0 |

(JPY million)

| 1st Quarter | 1Q FY Mar. 2019 | 1Q FY Mar. 2020 | YoY | |
|-----------------------------------|--------------------|--------------------|-------|-----------|
| | Amount | Amount | Diff. | Change(%) |
| Capital Expenditure | 6,360 | 6,462 | 101 | 1.6 |
| Tangible | 1,476 | 1,339 | (136) | (9.3) |
| Intangible | 4,884 | 5,122 | 238 | 4.9 |
| Research and Development Expenses | 610 | 679 | 68 | 11.2 |

3Q FY March 2020 Financial Results (Consolidated)

7. Depreciation and Amortization

(JPY million)

| 3rd Quarter Total | 3Q FY Mar. 2019 | 3Q FY Mar. 2020 | Y o Y | | FY Mar.2019 |
|-------------------------------|--------------------|--------------------|-------|-----------|-------------|
| | Amount | Amount | Diff. | Change(%) | Amount |
| Tangible | 7,053 | 6,856 | (196) | (2.8) | 9,552 |
| Intangible | 15,834 | 15,804 | (30) | (0.2) | 20,875 |
| Depreciation and Amortization | 22,887 | 22,660 | (226) | (1.0) | 30,427 |

(JPY million)

| 3rd Quarter | 3Q FY Mar. 2019 | 3Q FY Mar. 2020 | Y o Y | |
|-------------------------------|--------------------|--------------------|-------|-----------|
| | Amount | Amount | Diff. | Change(%) |
| Tangible | 2,407 | 2,397 | (9) | (0.4) |
| Intangible | 5,052 | 5,098 | 45 | 0.9 |
| Depreciation and Amortization | 7,459 | 7,495 | 35 | 0.5 |

(JPY million)

| 2nd Quarter | 2Q FY Mar. 2019 | 2Q FY Mar. 2020 | Y o Y | |
|-------------------------------|--------------------|--------------------|-------|-----------|
| | Amount | Amount | Diff. | Change(%) |
| Tangible | 2,360 | 2,310 | (50) | (2.1) |
| Intangible | 5,660 | 5,040 | (620) | (11.0) |
| Depreciation and Amortization | 8,021 | 7,351 | (670) | (8.4) |

(JPY million)

| 1st Quarter | 1Q FY Mar. 2019 | 1Q FY Mar. 2020 | Y o Y | |
|-------------------------------|--------------------|--------------------|-------|-----------|
| | Amount | Amount | Diff. | Change(%) |
| Tangible | 2,285 | 2,148 | (136) | (6.0) |
| Intangible | 5,120 | 5,665 | 544 | 10.6 |
| Depreciation and Amortization | 7,406 | 7,813 | 407 | 5.5 |

3Q FY March 2020 Financial Results (Consolidated)

8. Order Volume by segment

① Order Backlog

(JPY million)

| At the end of the 3rd Quarter | 3Q FY Mar. 2019 | 3Q FY Mar. 2020 | Y o Y | |
|-----------------------------------|--------------------|--------------------|---------|-----------|
| | Amount | Amount | Diff. | Change(%) |
| Consulting | 6,648 | 7,364 | 716 | 10.8 |
| Financial IT Solutions | 59,857 | 62,960 | 3,102 | 5.2 |
| Industrial IT Solutions | 36,496 | 35,046 | (1,450) | (4.0) |
| IT Platform Services | 5,775 | 6,815 | 1,040 | 18.0 |
| Total | 108,777 | 112,186 | 3,409 | 3.1 |
| (Order backlog in the current FY) | 98,030 | 98,692 | 662 | 0.7 |

(JPY million)

| At the end of the 2nd Quarter | 2Q FY Mar. 2019 | 2Q FY Mar. 2020 | Y o Y | |
|-----------------------------------|--------------------|--------------------|---------|-----------|
| | Amount | Amount | Diff. | Change(%) |
| Consulting | 8,100 | 7,945 | (155) | (1.9) |
| Financial IT Solutions | 93,028 | 93,320 | 292 | 0.3 |
| Industrial IT Solutions | 60,510 | 59,007 | (1,503) | (2.5) |
| IT Platform Services | 8,618 | 9,618 | 1,000 | 11.6 |
| Total | 170,258 | 169,891 | (366) | (0.2) |
| (Order backlog in the current FY) | 164,924 | 162,810 | (2,113) | (1.3) |

(JPY million)

| At the end of the 1st Quarter | 1Q FY Mar. 2019 | 1Q FY Mar. 2020 | Y o Y | |
|-----------------------------------|--------------------|--------------------|--------|-----------|
| | Amount | Amount | Diff. | Change(%) |
| Consulting | 9,268 | 9,954 | 685 | 7.4 |
| Financial IT Solutions | 117,526 | 128,894 | 11,367 | 9.7 |
| Industrial IT Solutions | 82,501 | 83,708 | 1,206 | 1.5 |
| IT Platform Services | 11,949 | 12,558 | 609 | 5.1 |
| Total | 221,245 | 235,115 | 13,869 | 6.3 |
| (Order backlog in the current FY) | 219,523 | 228,872 | 9,349 | 4.3 |

(JPY million)

| At beginning of period | FY Mar. 2019 | FY Mar. 2020 | Y o Y | |
|-----------------------------------|-----------------|-----------------|--------|-----------|
| | Amount | Amount | Diff. | Change(%) |
| Consulting | 4,083 | 3,559 | (523) | (12.8) |
| Financial IT Solutions | 141,574 | 154,930 | 13,356 | 9.4 |
| Industrial IT Solutions | 96,801 | 100,572 | 3,770 | 3.9 |
| IT Platform Services | 14,295 | 14,609 | 314 | 2.2 |
| Total | 256,754 | 273,672 | 16,917 | 6.6 |
| (Order backlog in the current FY) | 255,259 | 269,895 | 14,636 | 5.7 |

3Q FY March 2020 Financial Results (Consolidated)

8. Order Volume by segment

② Order Volume

(JPY million)

| 3rd Quarter Total | 3Q FY Mar. 2019 | 3Q FY Mar. 2020 | Y o Y | |
|-------------------------|--------------------|--------------------|---------|-----------|
| | Amount | Amount | Diff. | Change(%) |
| Consulting | 27,296 | 30,867 | 3,570 | 13.1 |
| Financial IT Solutions | 102,592 | 110,590 | 7,997 | 7.8 |
| Industrial IT Solutions | 74,764 | 68,252 | (6,511) | (8.7) |
| IT Platform Services | 14,434 | 19,349 | 4,915 | 34.1 |
| Total | 219,087 | 229,059 | 9,971 | 4.6 |

(JPY million)

| 3rd Quarter | 3Q FY Mar. 2019 | 3Q FY Mar. 2020 | Y o Y | |
|-------------------------|--------------------|--------------------|---------|-----------|
| | Amount | Amount | Diff. | Change(%) |
| Consulting | 7,374 | 9,307 | 1,933 | 26.2 |
| Financial IT Solutions | 30,818 | 37,119 | 6,300 | 20.4 |
| Industrial IT Solutions | 21,525 | 20,286 | (1,239) | (5.8) |
| IT Platform Services | 5,458 | 6,973 | 1,515 | 27.8 |
| Total | 65,176 | 73,687 | 8,510 | 13.1 |

(JPY million)

| 2nd Quarter | 2Q FY Mar. 2019 | 2Q FY Mar. 2020 | Y o Y | |
|-------------------------|--------------------|--------------------|---------|-----------|
| | Amount | Amount | Diff. | Change(%) |
| Consulting | 7,440 | 7,542 | 101 | 1.4 |
| Financial IT Solutions | 37,125 | 31,479 | (5,646) | (15.2) |
| Industrial IT Solutions | 22,785 | 19,026 | (3,759) | (16.5) |
| IT Platform Services | 4,309 | 6,385 | 2,076 | 48.2 |
| Total | 71,661 | 64,433 | (7,227) | (10.1) |

(JPY million)

| 1st Quarter | 1Q FY Mar. 2019 | 1Q FY Mar. 2020 | Y o Y | |
|-------------------------|--------------------|--------------------|---------|-----------|
| | Amount | Amount | Diff. | Change(%) |
| Consulting | 12,480 | 14,016 | 1,536 | 12.3 |
| Financial IT Solutions | 34,648 | 41,991 | 7,343 | 21.2 |
| Industrial IT Solutions | 30,453 | 28,939 | (1,513) | (5.0) |
| IT Platform Services | 4,667 | 5,990 | 1,323 | 28.4 |
| Total | 82,249 | 90,938 | 8,688 | 10.6 |

1

3Q FY March 2020 Financial Results (Consolidated)

2

FY March 2020 Financial Results Forecasts (Consolidated)

FY March 2020 Financial Results Forecasts (Consolidated)

1. Highlights and Dividend forecasts

- Based on recent business trends and how the environment with orders has been, we revised to financial results and dividend forecasts for the fiscal year ending March 2020.

(JPY billion)

| | FY Mar.2019 (Results) | | FY Mar.2020 (Forecasts) | | Y o Y | | FY Mar.2020 (Forecasts as of September 13,2019) | | | |
|--|--------------------------|--------|----------------------------|-----------|--------|-------|---|--------|-------|-----------|
| | Amount | Amount | Diff. | Change(%) | Amount | Diff. | Change(%) | Amount | Diff. | Change(%) |
| Sales | 501.2 | 530.0 | 28.7 | 5.7 | 530.0 | — | — | 530.0 | — | — |
| Consulting Services | 90.8 | 96.0 | 5.1 | 5.7 | 95.0 | 1.0 | 1.1 | 95.0 | 1.0 | 1.1 |
| System Development & System Application Sales | 150.4 | 165.0 | 14.5 | 9.7 | 165.0 | — | — | 165.0 | — | — |
| System Management & Operation Services | 244.2 | 254.0 | 9.7 | 4.0 | 255.0 | (1.0) | (0.4) | 255.0 | (1.0) | (0.4) |
| Product Sales | 15.6 | 15.0 | (0.6) | (4.4) | 15.0 | — | — | 15.0 | — | — |
| Operating Profit | 71.4 | 82.0 | 10.5 | 14.8 | 80.0 | 2.0 | 2.5 | 80.0 | 2.0 | 2.5 |
| (Operating Profit Margin) | 14.3% | 15.5% | 1.2P | | 15.1% | 0.4P | | 15.1% | 0.4P | |
| Net Income | 50.9 | 69.0 | 18.0 | 35.5 | 68.0 | 1.0 | 1.5 | 68.0 | 1.0 | 1.5 |
| Dividends per share(JPY) | 30.00 | 32.00 | 2.00 | | 30.00 | 2.00 | | 30.00 | 2.00 | |
| Second quarter(JPY) | 15.00 | 15.00 | — | | 15.00 | — | | 15.00 | — | |
| Fiscal year end(JPY) | 15.00 | 17.00 | 2.00 | | 15.00 | 2.00 | | 15.00 | 2.00 | |

On July 1, 2019, we conducted a 3-for-1 stock split of our common stock, and the dividend per share for the previous fiscal year has been adjusted for this split.

2. Sales Forecasts by segment

(JPY billion)

| | FY Mar.2019 (Results) | | FY Mar.2020 (Forecasts) | | Y o Y | | FY Mar.2020 (Forecasts as of April 25,2019) | | |
|-------------------------------------|--------------------------|----------|----------------------------|----------|-------|-----------|--|-------|-----------|
| | Amount | Share(%) | Amount | Share(%) | Diff. | Change(%) | Amount | Diff. | Change(%) |
| Consulting | 34.8 | 7.0 | 38.0 | 7.2 | 3.1 | 9.1 | 37.0 | 1.0 | 2.7 |
| Financial IT Solutions | 252.3 | 50.3 | 271.0 | 51.1 | 18.6 | 7.4 | 271.0 | — | — |
| Securities | 100.3 | 20.0 | 111.0 | 20.9 | 10.6 | 10.7 | 110.0 | 1.0 | 0.9 |
| Insurance | 64.8 | 12.9 | 66.0 | 12.5 | 1.1 | 1.7 | 66.0 | — | — |
| Banking | 43.4 | 8.7 | 49.0 | 9.2 | 5.5 | 12.9 | 48.0 | 1.0 | 2.1 |
| Other financial | 43.7 | 8.7 | 45.0 | 8.5 | 1.2 | 2.8 | 47.0 | (2.0) | (4.3) |
| Industrial IT Solutions | 180.8 | 36.1 | 183.0 | 34.5 | 2.1 | 1.2 | 185.0 | (2.0) | (1.1) |
| Distribution | 66.8 | 13.3 | 69.0 | 13.0 | 2.1 | 3.3 | 69.0 | — | — |
| Manufacturing, service and other | 114.0 | 22.8 | 114.0 | 21.5 | 0.0 | (0.1) | 116.0 | (2.0) | (1.7) |
| IT Platform Services | 33.1 | 6.6 | 38.0 | 7.2 | 4.8 | 14.6 | 37.0 | 1.0 | 2.7 |
| Total | 501.2 | 100.0 | 530.0 | 100.0 | 28.7 | 5.7 | 530.0 | — | — |

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Share the Next Values!