

Financial Results Presentation

**Financial Results for 3rd Quarter FY March 2020
and Financial Results Forecast for the year ending 31st March, 2020**

Nomura Research Institute, Ltd.

Yasuo Fukami

Representative Director,
Member of the Board,
Senior Executive Managing Director

January 30, 2020



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Financial Results for 3rd Quarter FY March 2020

Highlights of Consolidated Financial Results <3Q Total>

■ YoY comparison (* are shown as a reference)

(JPY million)

	3Q FY Mar. 2019	3Q FY Mar. 2020	Diff.	YoY Change
Sales	367,064	390,545	23,480	6.4%
Operating Profit before goodwill amortization*	54,435	64,498	10,063	18.5%
Operating Profit	51,422	62,106	10,683	20.8%
Operating Profit Margin before goodwill amortization*	14.8%	16.5%	1.7P	
Operating Profit Margin	14.0%	15.9%	1.9P	
EBITDA Margin	21.2%	22.4%	1.2P	
Profit attributable to owners of parent	39,849	55,604	15,755	39.5%

Financial Results for 3rd Quarter FY March 2020

Sales by Segment <3Q Total>

(JPY million)

	3Q FY Mar. 2019*	Share	3Q FY Mar. 2020	Share	Diff.	YoY Change
Consulting	24,731	6.7%	27,062	6.9%	2,330	9.4%
Financial IT Solutions	184,308	50.2%	202,560	51.9%	18,251	9.9%
Securities	73,560	20.0%	81,465	20.9%	7,905	10.7%
Insurance	45,964	12.5%	50,162	12.8%	4,198	9.1%
Banking	32,132	8.8%	38,114	9.8%	5,981	18.6%
Other financial	32,650	8.9%	32,817	8.4%	166	0.5%
Industrial IT Solutions	135,069	36.8%	133,778	34.3%	(1,290)	(1.0%)
Distribution	49,375	13.5%	50,895	13.0%	1,520	3.1%
Manufacturing, service and other	85,694	23.3%	82,883	21.2%	(2,810)	(3.3%)
IT Platform Services	22,954	6.3%	27,143	7.0%	4,188	18.2%
Total	367,064	100.0%	390,545	100.0%	23,480	6.4%

* On April 1, 2019 all business of overseas subsidiary ASG Group was re-classified into the Industrial IT Solutions segment. Year-on-year comparisons use the figures for the same period in the previous year for the business segment following the relevant change.

Financial Results for 3rd Quarter FY March 2020

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

■ Sales by main client

(JPY million)

	3Q FY Mar. 2019	Share*	3Q FY Mar. 2020	Share*	Diff.	YoY Change
Nomura Holdings	43,975	12.0%	47,761	12.2%	3,785	8.6%
Seven & i Holdings	36,633	10.0%	39,859	10.2%	3,226	8.8%

* Percentage of (total) external sales

■ Overseas sales

(JPY million)

	3Q FY Mar. 2019	Share**	3Q FY Mar. 2020	Share**	Diff.	YoY Change
Overseas sales	40,533	11.0%	35,618	9.1%	(4,915)	(12.1%)
North America*	7,398	2.0%	6,389	1.6%	(1,009)	(13.6%)
Oceania*	27,313	7.4%	24,597	6.3%	(2,715)	(9.9%)
Asia, other*	5,821	1.6%	4,630	1.2%	(1,190)	(20.4%)

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

** Percentage of (total) external sales

These materials were prepared for the sole purpose of providing information to use as reference in making investment decisions, and are not intended as a solicitation for investment.

Financial Results for 3rd Quarter FY March 2020

Segment Performance Results <3Q Total>

- Including Inter-segment sales for each segment

(JPY million)

		3Q FY Mar. 2019*	3Q FY Mar. 2020	Diff.	YoY Change
Consulting	Sales	25,167	27,626	2,459	9.8%
	OP	5,125	5,691	566	11.0%
	OPM	20.4%	20.6%	0.2P	
Financial IT Solutions	Sales	186,399	204,528	18,128	9.7%
	OP	19,998	26,935	6,936	34.7%
	OPM	10.7%	13.2%	2.4P	
Industrial IT Solutions	Sales	137,086	135,932	(1,153)	(0.8%)
	OP	13,062	14,503	1,440	11.0%
	OPM	9.5%	10.7%	1.1P	
IT Platform Services	Sales	93,319	102,096	8,776	9.4%
	OP	12,307	14,275	1,968	16.0%
	OPM	13.2%	14.0%	0.8P	

* On April 1, 2019 all business of overseas subsidiary ASG Group was re-classified into the Industrial IT Solutions segment. Year-on-year comparisons use the figures for the same period in the previous year for the business segment following the relevant change.

Financial Results for 3rd Quarter FY March 2020

Analysis of increase and decrease factors

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

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

Segment		External sales	Operating profit
Consulting		(+) Domestic consulting projects	(+) Higher profit due to increased revenue effects
Financial IT Solutions	Securities	(+) Sales of products for securities brokerages (+) Shared online services implementations for multiple clients	(+) Higher profit due to increased revenue effects (+) Improved productivity in development and optimized allocation of resources
	Insurance	(+) Systems development for non-life insurers	
	Banking	(+) Systems development for multiple clients	
	Other financial, etc.		
Industrial IT Solutions	Distribution	(+) Systems development for multiple clients	(+) Improved productivity in development
	Manufacturing & services, etc.	(–) Overseas business	
IT Platform Services		(+) Digital workplace, cloud-related business and information security-related business	

Financial Results for 3rd Quarter FY March 2020

Sales by Service <3Q Total>

(JPY million)

	3Q FY Mar. 2019	3Q FY Mar. 2020	Diff.	YoY Change
Consulting Services	66,297	70,926	4,629	7.0%
System Development & System Application Sales	108,361	119,769	11,407	10.5%
System Management & Operation Services	182,166	186,806	4,640	2.5%
Product Sales	10,239	13,042	2,802	27.4%
Total	367,064	390,545	23,480	6.4%

Financial Results for 3rd Quarter FY March 2020

Consolidated P/L Highlight <3Q Total>

(JPY million)

	3Q FY Mar. 2019	3Q FY Mar. 2020	Diff.	YoY Change
Sales	367,064	390,545	23,480	6.4%
Cost of Sales	245,989	257,149	11,160	4.5%
Subcontracting Costs	109,936	119,192	9,256	8.4%
Gross Profit	121,075	133,395	12,320	10.2%
Gross Profit Margin	33.0%	34.2%	1.2P	
SG&A	69,652	71,289	1,636	2.3%
Amortization of goodwill	3,012	2,392	(620)	(20.6%)
Operating Profit	51,422	62,106	10,683	20.8%
Operating Profit Margin	14.0%	15.9%	1.9P	

Financial Results for 3rd Quarter FY March 2020

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

(JPY million)

	3Q FY Mar. 2019	3Q FY Mar. 2020	Diff.	YoY Change
Operating Profit	51,422	62,106	10,683	20.8%
Non-operating income and loss	758	984	226	29.9%
Extraordinary income and loss	8,243	19,188	10,944	
Gain on sales of investment securities	9,075	19,162	10,086	
Income taxes etc.	20,218	26,231	6,012	29.7%
Profit attributable to owners of parent	39,849	55,604	15,755	39.5%

Key Factors in Financial Results for 3Q FY March 2020

■ Sales grew 6.4%.

- THE STAR implementation project for a major securities company has been steadily progressing in Financial IT Solution Segment.
- DX-related business continued to grow.

■ Operating profit rose 20.8%.

- Operating profit rose in all segments not only by increased revenue effects, but also by optimized allocation of resource based on improved productivity in development.

The progress in the first year of the medium-term plan is in line with expectation.

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Recent Activities

DX Strategy and Global Strategy

■ DX strategy

- Steadily progressing toward the target for FY 2022 (75% ratio of DX-related sales)

(JPY billion, ratio of consolidated sales (%))

FY March 2020	1Q	2Q	3Q	3Q Cumulative
DX-related sales	73.7 (57%)	75.3 (58%)	78.4 (60%)	227.4 (58%)

Examples of initiatives

Industrial	<ul style="list-style-type: none">● Expanding DX consulting● Advancing digital IP infrastructure to expand DX-related business and improve efficiency in development
Financial	<ul style="list-style-type: none">● December 2019, acquired a stake in Mizuho Securities subsidiary Nippon Securities Technology Co., Ltd., and began joint operations as a joint venture under both companies (ownership stake: NRI 51%, Mizuho Securities 49%)● THE STAR implementation project for Mizuho Securities is steadily progressing

■ Global strategy

- This year the focus in Australia will be on profitability rather than top-line growth
 - ✓ ASG is maintaining operating profit margin of around 10% (before goodwill amortization) in 3Q FY March 2020

Recent Activities

Human Resources Strategy

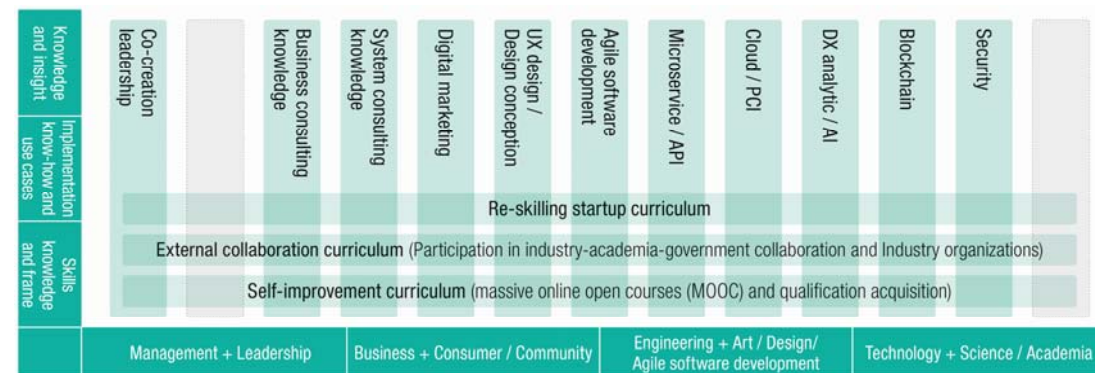
■ Increase hiring

- New graduate hiring*
 - ✓ Planning to hire around 380 new graduates to start in April 2020. (Roughly 80 more than last fiscal year)
- Mid-career hiring*
 - ✓ Around 150 hires have joined NRI as of December 2019 (Roughly 100 mid-career hires last fiscal year)

* Non-consolidated NRI hiring numbers

■ Employee skills transfer and development

- Promoting skills development for personnel who support our DX strategy, and transfer of skills to these personnel
 - ✓ Prepared a DX human resources development program and substantially increased the number of DX-related courses offered
- Employee skills transfer and development are making steady progress
 - ✓ Added 106 DX-related courses, and the number of course takers (actual headcount) has risen to around 2,000



DX human resources development program

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Financial Results Forecasts for FY March 2020

Order Backlog by Segment (Outstanding)

(JPY million)

	At end of Dec. 2018*	At end of Dec. 2019	Diff.	YoY 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%

* On April 1, 2019 all business of overseas subsidiary ASG Group was re-classified into the Industrial IT Solutions segment. Year-on-year comparisons use the figures for the same period in the previous year for the business segment following the relevant change.

Financial Results Forecasts for FY March 2020

Order Backlog by Segment (Outstanding) (supplementary information)

■ Order backlog domestically

(JPY million)

	At end of Dec. 2018*	At end of Dec. 2019	Diff.	YoY Change
Consulting	6,124	6,906	781	12.8%
Financial IT Solutions	59,436	62,544	3,107	5.2%
Industrial IT Solutions	26,565	24,938	(1,627)	(6.1%)
IT Platform Services	5,774	6,815	1,040	18.0%
Total	97,901	101,203	3,302	3.4%

* On April 1, 2019 all business of overseas subsidiary ASG Group was re-classified into the Industrial IT Solutions segment. Year-on-year comparisons use the figures for the same period in the previous year for the business segment following the relevant change.

■ Order backlog of overseas subsidiaries

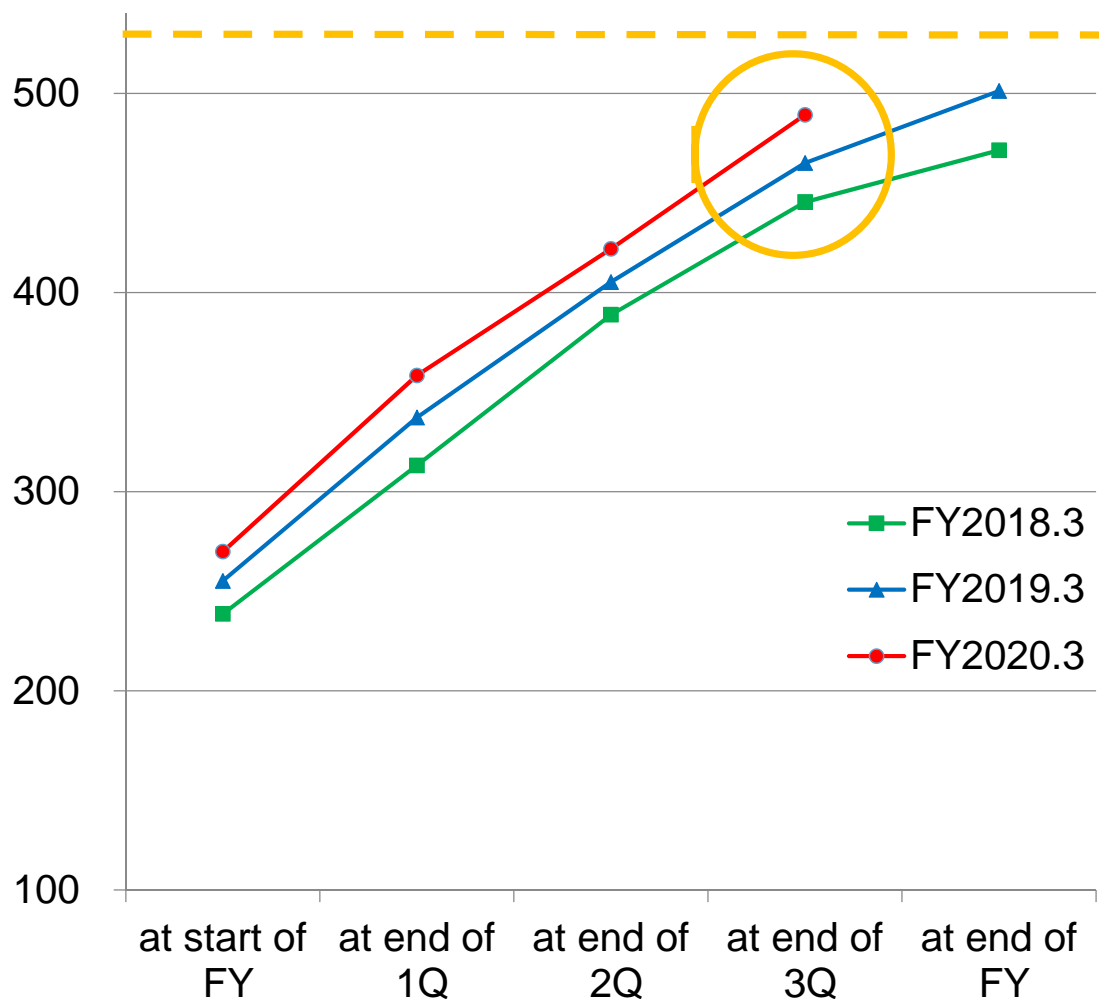
(JPY million)

	At end of Dec. 2018	At end of Dec. 2019	Diff.	YoY Change
Overseas subsidiaries	10,876	10,982	106	1.0%

Financial Results Forecasts for FY March 2020

Sales + Consolidated Order Backlog

(JPY billion)



(JPY billion)

	FY Mar.2019	FY Mar.2020	YoY Change
Sales^{*1}	501.2	530.0	+5.7%
Sales^{*2+} Consolidated Order Backlog^{*3}	465.0	489.2	+5.2%
Realization rate	92.8%	92.3%	(0.5P)

(※1) FY Mar.2019: Result, FY Mar. 2020: Forecast
 (※2) The figure at the end of 3Q
 (※3) The figure at the end of 3Q

Financial Results Forecasts for FY March 2020

Forecasts for FY March 2020

- Given the progress of FY2020 3Q, NRI revised full-year financial results and Dividend forecast.

(JPY billion)

	FY Mar. 2019 (Results)	FY Mar. 2020 (January 30 Forecasts)	Diff.	YoY Change	FY Mar. 2020 (October 25 Forecasts)	Diff.
Sales	501.2	530.0	28.7	5.7%	530.0	—
Operating Profit	71.4	82.0	10.5	14.8%	80.0	2.0
Operating Profit Margin	14.3%	15.5%	1.2P		15.1%	0.4P
Profit attributable to owners of parent	50.9	69.0	18.0	35.5%	68.0	1.0
Earnings Per Share	¥72.11	¥106.80	¥34.69		¥101.19	¥5.61
Dividends Per Share	¥30.00	¥32.00	¥2.00		¥30.00	¥2.00
End of Q2	¥15.00	¥15.00	—		¥15.00	—
Fiscal year end	¥15.00	¥17.00	¥2.00		¥15.00	¥2.00
Payout Ratio	41.5%	28.0%	(13.5P)		26.6%	1.4P

* 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.

Financial Results Forecasts for FY March 2020

Shareholder Returns Policy to Improve Capital Efficiency

- **FY March 2020 dividend increased to 32 yen per share (now being announced)**

Shareholder returns policy by year

Fiscal year	FY March 2017	FY March 2018	FY March 2019	FY March 2020 (planned)
Dividend per share^{*1}	26 yen	30 yen	30 yen	32 yen
Acquisition price for treasury shares	Approx. 10 billion yen	Approx. 50 billion yen	Approx. 30 billion yen	Approx. 160 billion yen
Retired treasury shares (percentage of total outstanding shares)^{*2}	3.0%	4.9%	—	15.2%

*1 NRI implemented a 1:3 common stock split on July 1, 2019. Dividends per share shown above (amounts less than one were rounded down) are adjusted for the effect of the stock split. However, adjustments have not been made for the effect of the stock split implemented on January 1, 2017 (1:1.1 common stock split).

*2 Percentages shown for each year are the percentage of total outstanding shares before the retirement of the treasury shares.

Financial Results Forecasts for FY March 2020

Sales Forecasts by Segment for FY March 2020

■ Given the progress of FY2020 3Q, NRI revised sales forecasts by segment.

(JPY billion)

	FY Mar. 2019 (Results)*	Share	FY Mar. 2020 (January 30 Forecasts)	Share	Diff.	YoY Change	FY Mar. 2020 (October 25 Forecasts)	Diff.
Consulting	34.8	7.0%	38.0	7.2%	3.1	9.1%	37.0	1.0
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
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
Other financial	43.7	8.7%	45.0	8.5%	1.2	2.8%	47.0	(2.0)
Industrial IT Solutions	180.8	36.1%	183.0	34.5%	2.1	1.2%	185.0	(2.0)
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)
IT Platform Services	33.1	6.6%	38.0	7.2%	4.8	14.6%	37.0	1.0
Total	501.2	100.0%	530.0	100%	28.7	5.7%	530.0	—

* 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.

Financial Results Forecasts for FY March 2020

Sales Forecasts by Service for FY March 2020

- Given the progress of FY2020 3Q, NRI revised sales forecasts by service.

(JPY billion)

	FY Mar. 2019 (Results)	FY Mar. 2020 (January 30 Forecasts)	Diff.	YoY Change	FY Mar. 2020 (October 25 Forecasts)	Diff.
Consulting Services	90.8	96.0	5.1	5.7%	95.0	1.0
System Development & System Application Sales	150.4	165.0	14.5	9.7%	165.0	—
System Management & Operation Services	244.2	254.0	9.7	4.0%	255.0	(1.0)
Product Sales	15.6	15.0	(0.6)	(4.4%)	15.0	—
Total	501.2	530.0	28.7	5.7%	530.0	—

Financial Results Forecasts for FY March 2020

Results through 3Q and Full-Year Earnings Forecast

(JPY billion)

		1Q	2Q	3Q	4Q	FY
FY March 2017	Sales	100.3	102.7	105.3	116.0	424.5
	OP	13.6	12.6	16.3	15.8	58.5
	OPM	13.6%	12.3%	15.5%	13.7%	13.8%
FY March 2018	Sales	106.6	113.5	121.3	129.8	471.4
	OP	13.1	15.9	17.5	18.5	65.1
	OPM	12.3%	14.1%	14.4%	14.3%	13.8%
FY March 2019	Sales	117.7	122.6	126.6	134.1	501.2
	OP	15.3	17.7	18.3	20.0	71.4
	OPM	13.0%	14.5%	14.5%	14.9%	14.3%
FY March 2020 (Figures for 4Q and full-year are estimates)	Sales	129.4	129.6	131.3	139.4	530.0
	OP	20.3	20.5	21.1	19.8	82.0
	OPM	15.7%	15.9%	16.1%	14.3%	15.5%

Note: Figures for 4Q of the fiscal year ending March 31, 2020 were calculated by subtracting 3Q results from full-year forecasts for FY March 2020.

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Reference Materials -Other Financial Result-related Data-

Order Volume <3Q Total>

(JPY million)

	3Q FY Mar. 2019*	3Q FY Mar. 2020	Diff.	YoY 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%

* On April 1, 2019 all business of overseas subsidiary ASG Group was re-classified into the Industrial IT Solutions segment. Year-on-year comparisons use the figures for the same period in the previous year for the business segment following the relevant change.

Reference Materials -Other Financial Result-related Data-

Order Volume <3Q Total> (Domestic/Overseas)

■ Order volume domestically

(JPY million)

	3Q FY Mar. 2019*	3Q FY Mar. 2020	Diff.	YoY Change
Consulting	24,217	27,729	3,512	14.5%
Financial IT Solutions	99,560	107,935	8,375	8.4%
Industrial IT Solutions	63,900	58,670	(5,229)	(8.2%)
IT Platform Services	14,313	19,200	4,886	34.1%
Total	201,991	213,536	11,545	5.7%

* On April 1, 2019 all business of overseas subsidiary ASG Group was re-classified into the Industrial IT Solutions segment. Year-on-year comparisons use the figures for the same period in the previous year for the business segment following the relevant change.

■ Order volume of overseas subsidiaries

(JPY million)

	3Q FY Mar. 2019*	3Q FY Mar. 2020	Diff.	YoY Change
Overseas subsidiaries	17,096	15,522	(1,573)	(9.2%)

Reference Materials -Other Financial Result-related Data-

Highlights of Consolidated Financial Results <3Q>

■ YoY comparison (* are shown as a reference)

(JPY million)

	3Q FY Mar. 2019 (Oct.-Dec.)	3Q FY Mar. 2020 (Oct.-Dec.)	Diff.	YoY Change
Sales	126,657	131,391	4,734	3.7%
Operating Profit before goodwill amortization*	19,358	21,990	2,631	13.6%
Operating Profit	18,316	21,198	2,881	15.7%
Operating Profit Margin before goodwill amortization*	15.3%	16.7%	1.5P	
Operating Profit Margin	14.5%	16.1%	1.7P	
EBITDA Margin	21.5%	22.5%	1.1P	
Profit attributable to owners of parent	16,906	14,711	(2,195)	(13.0%)

Reference Materials -Other Financial Result-related Data-

Sales by Segment <3Q>

(JPY million)

	3Q FY Mar.2019 (Oct.-Dec.)*	Share	3Q FY Mar.2020 (Oct.-Dec.)	Share	Diff.	YoY 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%

* On April 1, 2019 all business of overseas subsidiary ASG Group was re-classified into the Industrial IT Solutions segment. Year-on-year comparisons use the figures for the same period in the previous year for the business segment following the relevant change.

Reference Materials -Other Financial Result-related Data-

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

■ Sales by main client

(JPY million)

	3Q FY Mar.2019 (Oct.-Dec.)	Share*	3Q FY Mar.2020 (Oct.-Dec.)	Share*	Diff.	YoY 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%

* Percentage of (total) external sales

■ Overseas sales

(JPY million)

	3Q FY Mar.2019 (Oct.-Dec.)	Share*	3Q FY Mar.2020 (Oct.-Dec.)	Share*	Diff.	YoY Change
Overseas sales	12,957	10.2%	11,481	8.7%	(1,475)	(11.4%)
North America*	2,430	1.9%	2,033	1.5%	(397)	(16.3%)
Oceania*	8,712	6.9%	7,876	6.0%	(835)	(9.6%)
Asia, other*	1,814	1.4%	1,571	1.2%	(242)	(13.4%)

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

** Percentage of (total) external sales

Reference Materials -Other Financial Result-related Data- Segment Performance Results <3Q>

- Including Inter-segment sales for each segment

(JPY million)

		3Q FY Mar.2019 (Oct.-Dec.)*	3Q FY Mar.2020 (Oct.-Dec.)	Diff.	YoY Change
Consulting	Sales	8,994	10,120	1,126	12.5%
	OP	1,783	2,393	610	34.2%
	OPM	19.8%	23.7%	3.8P	
Financial IT Solutions	Sales	64,767	67,877	3,110	4.8%
	OP	7,528	8,705	1,177	15.6%
	OPM	11.6%	12.8%	1.2P	
Industrial IT Solutions	Sales	46,294	45,028	(1,266)	(2.7%)
	OP	4,199	4,519	320	7.6%
	OPM	9.1%	10.0%	1.0P	
IT Platform Services	Sales	32,396	35,490	3,094	9.6%
	OP	4,594	5,267	672	14.6%
	OPM	14.2%	14.8%	0.7P	

* On April 1, 2019 all business of overseas subsidiary ASG Group was re-classified into the Industrial IT Solutions segment. Year-on-year comparisons use the figures for the same period in the previous year for the business segment following the relevant change.

Reference Materials -Other Financial Result-related Data-

Analysis of increase and decrease factors

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

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

Segment		External sales	Operating profit
Consulting		(+) Domestic consulting projects	(+) Higher profit due to increased revenue effects
Financial IT Solutions	Securities	(+) Shared online services implementations for multiple clients	(+) Higher profit due to increased revenue effects
	Insurance		
	Banking	(+) Systems development for multiple clients	
	Other financial, etc.		
Industrial IT Solutions	Distribution		(+) Improved productivity in development
	Manufacturing & services, etc.	(–) Overseas business	
IT Platform Services		(+) Digital workplace, cloud-related business and information security-related business	

Reference Materials -Other Financial Result-related Data-

Sales by Service <3Q>

(JPY million)

	3Q FY Mar.2019 (Oct.-Dec.)	3Q FY Mar.2020 (Oct.-Dec.)	Diff.	YoY Change
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%
Total	126,657	131,391	4,734	3.7%

Reference Materials -Other Financial Result-related Data-

Consolidated P/L Highlight <3Q>

(JPY million)

	3Q FY Mar.2019 (Oct.-Dec.)	3Q FY Mar.2020 (Oct.-Dec.)	Diff.	YoY Change
Sales	126,657	131,391	4,734	3.7%
Cost of Sales	84,965	85,470	504	0.6%
Subcontracting Costs	38,430	39,866	1,435	3.7%
Gross Profit	41,691	45,921	4,229	10.1%
Gross Profit Margin	32.9%	35.0%	2.0P	
SG&A	23,375	24,723	1,348	5.8%
Amortization of goodwill	1,041	792	(249)	(23.9%)
Operating Profit	18,316	21,198	2,881	15.7%
Operating Profit Margin	14.5%	16.1%	1.7P	

Reference Materials -Other Financial Result-related Data-

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

(JPY million)

	3Q FY Mar.2019 (Oct.-Dec.)	3Q FY Mar.2020 (Oct.-Dec.)	Diff.	YoY Change
Operating Profit	18,316	21,198	2,881	15.7%
Non-operating income and loss	275	117	(157)	(57.2%)
Extraordinary income and loss	7,023	94	(6,928)	
Gain on sales of investment securities	7,931	63	(7,867)	
Income taxes etc.	8,593	6,550	(2,042)	(23.8%)
Profit attributable to owners of parent	16,906	14,711	(2,195)	(13.0%)

Reference Materials -Other Financial Result-related Data-

Order Volume by Segment <3Q>

(JPY million)

	3Q FY Mar.2019 (Oct.-Dec.)*	3Q FY Mar.2020 (Oct.-Dec.)	Diff.	YoY 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%

* On April 1, 2019 all business of overseas subsidiary ASG Group was re-classified into the Industrial IT Solutions segment. Year-on-year comparisons use the figures for the same period in the previous year for the business segment following the relevant change.

Reference Materials -Other Financial Result-related Data-

Order Volume by Segment <3Q> (Domestic/Overseas)

■ Order volume domestically

(JPY million)

	3Q FY Mar.2019 (Oct.-Dec.)*	3Q FY Mar.2020 (Oct.-Dec.)	Diff.	YoY Change
Consulting	6,325	8,261	1,935	30.6%
Financial IT Solutions	30,008	36,419	6,411	21.4%
Industrial IT Solutions	19,374	19,041	(333)	(1.7%)
IT Platform Services	5,405	6,923	1,517	28.1%
Total	61,114	70,645	9,531	15.6%

* On April 1, 2019 all business of overseas subsidiary ASG Group was re-classified into the Industrial IT Solutions segment. Year-on-year comparisons use the figures for the same period in the previous year for the business segment following the relevant change.

■ Order volume of overseas subsidiaries

(JPY million)

	3Q FY Mar.2019 (Oct.-Dec.)	3Q FY Mar.2020 (Oct.-Dec.)	Diff.	YoY Change
Overseas subsidiaries	4,062	3,041	(1,021)	(25.1%)

Reference Materials -Other Financial Result-related Data-

CAPEX, R&D and Depreciation Forecasts for FY March 2020

- There are no revisions to financial results forecasts regarding CAPEX, R&D and Depreciation.

Capital Expenditure, R&D

(JPY billion)

	FY Mar. 2019 (Results)	FY Mar. 2020 (Forecasts)	Diff.	YoY Change
Capital Expenditure	26.2	30.0	3.7	14.2%
Tangible	5.6	8.0	2.3	42.5%
Intangible	20.6	22.0	1.3	6.5%
R&D	3.6	4.0	0.3	9.1%

Depreciation and Amortization

(JPY billion)

	FY Mar. 2019 (Results)	FY Mar. 2020 (Forecasts)	Diff.	YoY Change
Total	30.4	31.0	0.5	1.9%

Reference Materials -Other Financial Result-related Data-

Forecasts for FY March 2020 < Consolidated Earnings Model >

■ FY March 2020 Consolidated Earnings Model

- Sales of JPY530.0 billion and Operating profit of JPY82.0 billion

(JPY billion)

	FY Mar. 2018 (Results)	FY Mar. 2019 (Results)	(a)		(b)		(a-b)
			FY Mar. 2020 (January 30 Forecasts)*	YoY Diff.	YoY Change	FY Mar. 2020 (October 25 Forecasts)	Diff.
Sales	471.4	501.2	530.0	28.7	5.7%	530.0	—
Cost of Sales	311.8	336.5	352.0	15.4	4.6%	353.0	(1.0)
Personnel	104.0	111.1	114.0	2.8	2.6%	114.0	—
Subcontracting Costs	135.5	150.6	163.0	12.3	8.2%	163.0	—
Depreciation	30.0	28.7	29.0	0.2	1.0%	29.0	—
Gross Profit	159.6	164.7	178.0	13.2	8.1%	177.0	1.0
Gross Profit Margin	33.9%	32.9%	33.6%	0.7P		33.4%	0.2P
SG&A	94.4	93.2	96.0	2.7	2.9%	97.0	(1.0)
Operating Profit	65.1	71.4	82.0	10.5	14.8%	80.0	2.0
Operating Profit Margin	13.8%	14.3%	15.5%	1.2P		15.1%	0.4P

* Figures are consolidated estimates for preparing this earnings model.

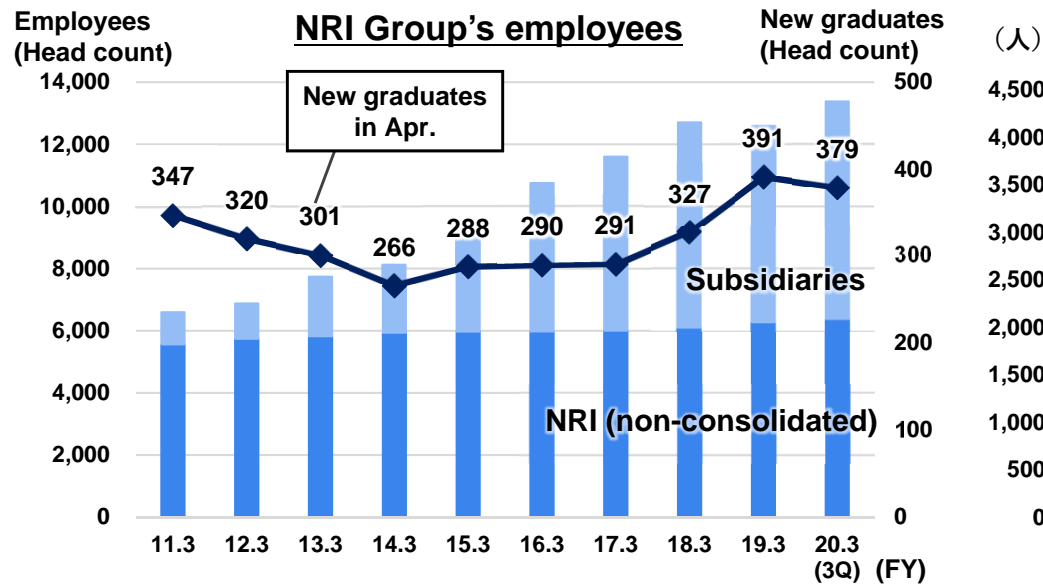
Reference Materials -Other Financial Result-related Data-

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

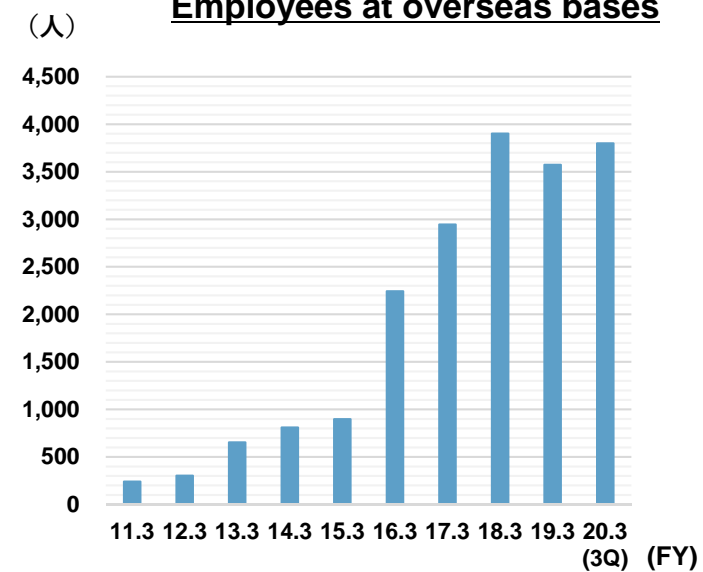
■ NRI Group-s employees

Personnel:
13,380*

- Management Consultants
- Systems Consultants
- Application Engineers
- Technical Engineers, etc.



Employees at overseas bases



■ Subcontractors

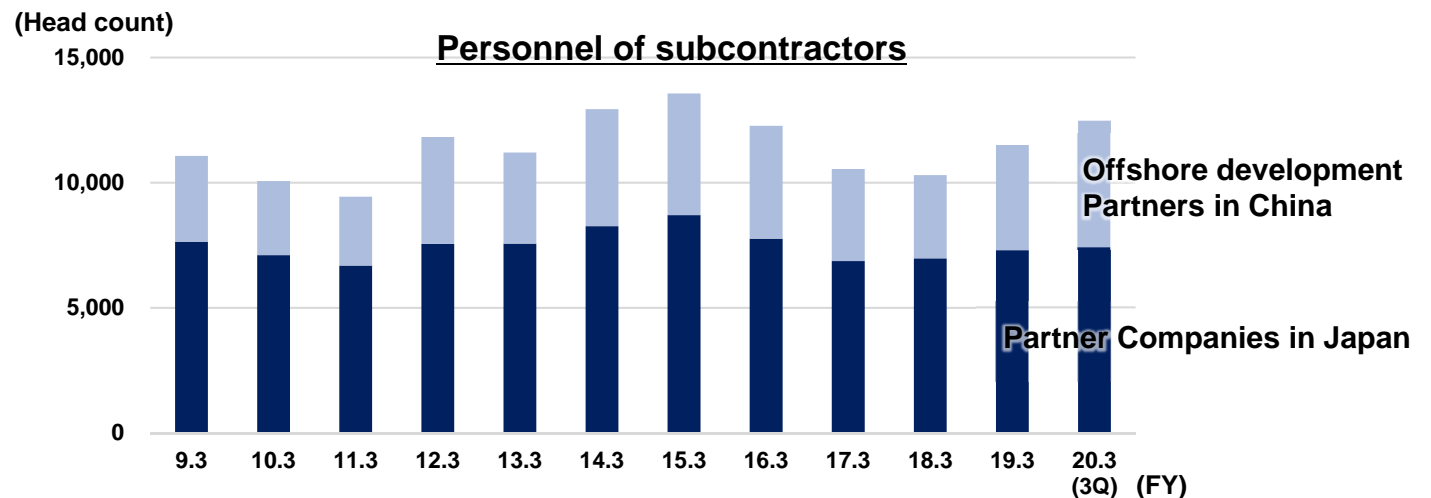
■ Offshore development Partners in China

20 partners in 20 regions

Personnel: Approx. 5,000

■ Partner Companies in Japan

Personnel: Approx. 7,500



These materials were prepared for the sole purpose of providing information to use as reference in making investment decisions, and are not intended as a solicitation for investment.

* As of end-Dec. 2019

Reference Materials -Other Financial Result-related Data-

ESG Initiatives

■ Regional revitalization

- Concluded a basic agreement with the city of Tsuruoka in December 2019 to collaborate on their Structural Reform through Digitalization project
 - ✓ Utilize NRI's extensive knowledge, technology, and solutions related to city planning and digitalization
 - ✓ NRI and Tsuruoka will work together to develop highly skilled human resources, generate high-quality employment, and create high added-value industries that contribute to society



The signing ceremony with Tsuruoka Mayor Osamu Minagawa (at right) and NRI's Shingo Konomoto

■ Action against climate change

- In January 2020, NRI was recognized with the highest rating in the FY 2019 CDP* climate change questionnaire as a CDP A-List company.



* Backed by institutional investors worldwide, this UK-based international non-profit organization conducts questionnaires and evaluations of listed companies pertaining to their environmental activities.

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Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those in the forward-looking statements as a result of various factors.

The Company does not undertake to revise forward-looking statements to reflect future events or circumstances.

Figures given in the reference data related to the financial results forecasts are figures which are only intended to convey the Company's current circumstances and outlook. The Company does not undertake to revise the forecasts to reflect new information or circumstances.

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