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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- The comments on the presentation note part are supplementary information on the content of remarks at the financial results briefing and settlement figures.

- Please note that there is no comment on the slide that omitted the explanation at the financial results briefing or the slide without supplementary information.

1 Financial Results for 3rd Quarter FY March 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%

- Strong sales in 1Q and 2Q continued in 3Q, as operating profit, operating profit margin, and quarterly net profit all reached record highs.

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.

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- Revenues increased in Consulting as performance was strong mainly in domestic DX-related projects.

- In Financial IT solutions, revenues increased in business for each industry type.
  - For securities, implementation projects for shared online services (THE STAR) at multiple companies are progressing, including for Mizuho Securities.
  - For insurance, revenues from non-life insurers covered up for decreased revenues from major life insurers, resulting in an overall revenue increase.
  - For banking, revenues increased as systems renewals for multiple clients went into full swing.

- In Industrial IT Solutions,
  - For distribution, work to address the income tax hike ended in September and there was some slowdown afterward, but revenues increased as demand for projects related to e-commerce remained strong.
  - For manufacturing & services, revenues decreased mainly due to the significant impact of lower revenues in Australia. If we only look at Japan, revenue slightly increased.

- In IT Platform Services, revenues increased as performance remained strong in work dealing with Windows 10, digital workplace-related business including office reforms, and information security and cloud-related business.

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

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- Sales to Nomura Holdings increased mainly due to short-term digital workplace projects (sales in IT platform services). Sales in securities remained at virtually the same level.
- Sales to Seven & i Holdings increased, mainly in dealing with the income tax hike in the first half.
- In our overseas business, roughly half of the 4.9 billion yen decrease in revenues was attributable to exchange rate impact. Roughly 80% of the 2.7 billion yen decrease in revenues in Australia was attributable to exchange rate impact.

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.

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- Overall, profit margin is improving.

- In Consulting, we maintained a high profit margin.

- In Financial IT Solutions, profit increased overall due to increase revenue effects combined with a higher profit margin throughout the segment thanks to efforts that shifted resources to industrial IT as productivity improved last year.

Breaking it down, two-thirds of the profit increase was due to improved productivity, while the other third was the effect of increased revenues.

- In Industrial IT Solutions, profit increased as a result of standardization in development for domestic DX-related projects, particularly e-commerce architecture projects, and improved productivity from expanded use of offshoring in China.

Looking only at domestic business, profitability improved as operating profit margin was around 14%.

- In IT Platform Services, performance remained strong as cloud and security projects contributed to increased profit.

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%

- Roughly half of the approximately 4.6 billion yen revenue increase in Consulting Services was increased revenue in the Consulting Segment, while the remainder was revenue increases in the upstream processes of IT solutions projects. Since the latter will contribute directly to sales in development processes, we expect additional sales growth in IT solutions.
- Sales increased in System Development & System Application Sales, mainly in Financial IT.

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	

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- Outsourcing expenses increased 8.4%, while sales increased 6.4%. Improving productivity through outsourcing is one of the factors for increasing profits.

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%

- Gain on the sale of investment securities was recorded from the sale of Recruit Holdings shares in the first half.

Financial Results for 3rd Quarter FY March 2020

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	● Expanding DX consulting ● Advancing digital IP infrastructure to expand DX-related business and improve efficiency in development
Financial	● 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

➢ DX-related sales are steadily increasing toward the FY 2022 target.

➢ In Industrial, growth in DX-related consulting is increasing, as are projects originating in this consulting which lead to IT solutions, while we are also building digital IP to make development more efficient.

➢ In Financial, demand for shared online services is growing amidst the trend toward cost reduction in back office operations, which is a non-strategic field.

➢ In Australia this year, we are operating under a policy to keep profit margin at the same level rather than growing the top line as market conditions in Australia remain harsh.

Recent Activities

Human Resources Strategy

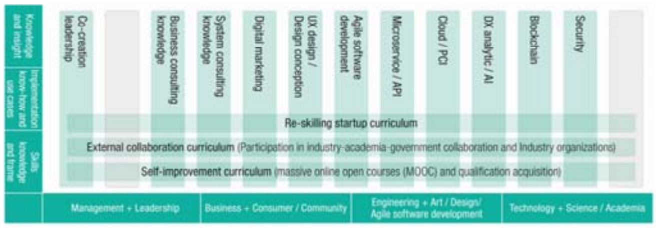
■ Increase hiring

- 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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- New graduate hiring and mid-career hiring are both steadily progressing.

- 106 DX-related courses have been added with the concept of Plus DX to acquire DX-related skills in addition to the traditional skills.
The knowledge is being instilled, as the actual number of course takers has reached roughly 2,000.

1 Financial Results for 3rd Quarter FY March 2020

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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%

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● Domestically

- In Consulting, order backlog increased as inquiries were robust in both management and systems consulting.

- In Financial IT Solutions, the increase in the THE STAR implementations and other such projects exceeded the decrease in order backlog for major life insurers.

There was an increase in backlog of orders that will produce sales next year and onward, which bodes particularly well for future performance.

- In Industrial IT Solutions, order backlog slightly decreased year-on-year as personnel capacity utilization was extremely high and no additional resources could be freed up for sales activities, while there was also a seasonal drop-off in large projects. As opposed to building up more projects for the immediate future, sales efforts are focusing on sales for next year and onward, and on deepening business relationships with clients.

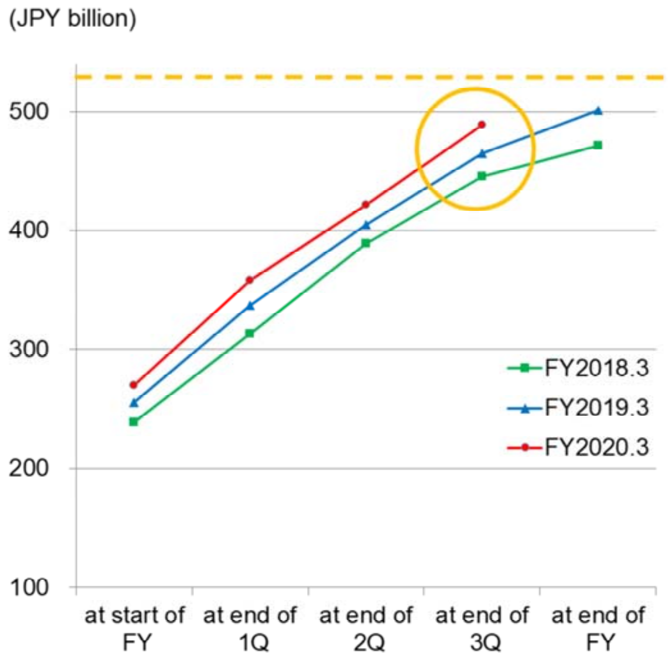
- In IT platform services, order backlog increased due to brisk business mostly in information security.

● Overseas

- Overall, order backlog was unchanged year-on-year. The decrease in order backlog in Australia due to exchange rate impact was balanced out by increases in other regions. At the same time, on an Australian dollar basis the order backlog in Australia was unchanged from the level of the previous year.

Financial Results Forecasts for FY March 2020

Sales + Consolidated Order Backlog



(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

- Sales + consolidated order backlog is progressing at about the same rate as last year, and generally in line with overall expectations.

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.

- No change was made to the forecast for sales, but the forecast for operating profit was revised 2 billion yen upwards from the previous mark of 80 billion yen based on progress up to 3Q. Forecasts for ordinary profit and profit attributable to owners of the parent were also increased accordingly.

- Year-end dividend will be increased by 2 yen, with dividend for the year (total annual) to be 32 yen.

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.

- For shareholder returns, a large acquisition of treasury shares was executed in the first half.

- For additional shareholder return, dividend for the year (total annual) will be increased by 2 yen to 32 yen. This dividend increase is expected to result in a dividend payout ratio of around 34.6% excluding extraordinary gain form the sale of investment securities.

- This is due to our policy to steadily maintain a dividend payout ratio of around 35% and does not result from extraordinary gain or loss.

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.

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- There is no change to the sales forecast overall, but sales plans for each segment and industry type have been slightly adjusted according to progress up to 3Q.

- In Industrial IT Solutions, we lowered our target for manufacturing, services, and other industries by 2 billion yen due to delayed progress in Australia, while the targets were raised by 1 billion yen each in Consulting and IT Platform Services where performance is strong.

- In Financial IT Solutions, performance was strong in securities and there were some increases and decreases in banking and other finance, but no changes have been made for the segment overall.

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	585
	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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- The profit margin in 4Q seems to be slightly lower compared to 1Q to 3Q this quarter, but this is the result of postponing the risk buffer in 4Q instead of using a risk buffer for unforeseen events. This does not mean that there will be bad news in the fourth quarter that will lose profits.

1 Financial Results for 3rd Quarter FY March 2020

2 Recent Activities

3 Financial Results Forecasts for FY March 2020

4 **Reference Materials**

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.

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%)

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.

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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.

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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

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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%)

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) FY Mar. 2020 (January 30 Forecasts)*	YoY		(b) FY Mar. 2020 (October 25 Forecasts)	(a-b) Diff.
				Diff.	Change		
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.

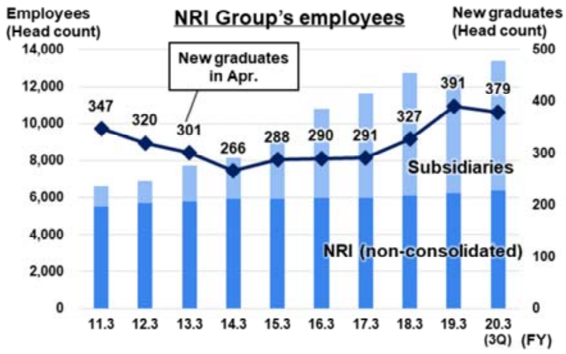
Reference Materials -Other Financial Result-related Data-

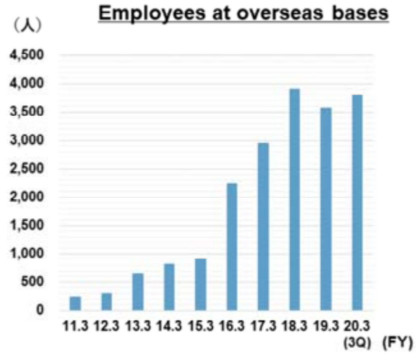
NRI's employees + Partners (in Japan & China)

■ NRI Group-s employees

Personnel: 13,380*

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





■ Subcontractors

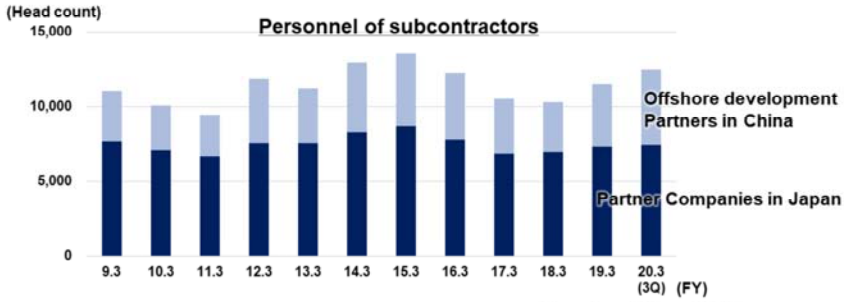
■ Offshore development Partners in China

20 partners in 20 regions

Personnel: Approx. 5,000

■ Partner Companies in Japan

Personnel: Approx. 7,500



* As of end-Dec. 2019

NRI

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.

CDP
DISCLOSURE INSIGHT ACTION
A LIST
2019
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* Backed by institutional investors worldwide, this UK-based international non-profit organization conducts questionnaires and evaluations of listed companies pertaining to their environmental activities.

This document contains statements that constitute forward-looking statements. These statements include descriptions regarding the intent, belief or current expectations of the Company or its officers with respect to the consolidated results of operations and financial condition of the Company.

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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