
Financial Results Presentation

Financial Results for 1st Quarter FY March 2018

July 27, 2017

Nomura Research Institute, Ltd.



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Highlights of Consolidated Financial Results

■ YoY comparison

	(JPY million)			
	1Q FY Mar. 2017	1Q FY Mar. 2018	Diff.	YoY Change
Sales	100,391	106,636	+6,244	+6.2%
Operating Profit	13,688	13,116	(572)	(4.2%)
*before goodwill amortization	13,928	14,031	+103	+0.7%
Operating Profit Margin	13.6%	12.3%	(1.3P)	
*before goodwill amortization	13.9%	13.2%	(0.7P)	
Profit attributable to owners of parent	10,351	9,661	(689)	(6.7%)

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

Key Factors in Financial Results for 1Q FY March 2018

● Steadily promoting measures under the Medium-Term Management Plan

- ✓ Strength of business IT demand, including digital marketing, was one factor in increased sales in Industrial IT Solutions
- ✓ Steady expansion in global business
(In addition to expansion of Australian business through acquisition of ASG, the next move is underway)
- ✓ Relocated and reorganized offices with aim of enhancing office functions and performance in Yokohama and Osaka (Enhancement of BCP/DR, expansion of communication areas to underpin work style reform, and consideration of natural environment)
- ✓ Raised productivity by promoting work style reform
- ✓ Implemented measures aimed at increasing capital efficiency

- Net sales saw robust increase for Consulting and Industrial IT Solutions
Catching up in Financial IT Solutions will be future focus
- While operating profit fell due to temporary costs associated with relocation of offices, the level was in line with expectations
- ¥1.3 billion in gain on sales of securities recorded as extraordinary income

Sales by Segment

	(JPY million)					
	1Q FY Mar. 2017	Share	1Q FY Mar. 2018	Share	Diff.	YoY Change
Consulting	6,049	6.0%	7,277	6.8%	+1,228	+20.3%
Financial IT Solutions	59,451	59.2%	59,228	55.5%	(223)	(0.4%)
Securities	28,408	28.3%	28,532	26.8%	+123	+0.4%
Insurance	12,758	12.7%	11,462	10.7%	(1,295)	(10.2%)
Banking	9,427	9.4%	10,295	9.7%	+867	+9.2%
Other financial	8,857	8.8%	8,938	8.4%	+81	+0.9%
Industrial IT Solutions	25,391	25.3%	30,587	28.7%	+5,195	+20.5%
Distribution	13,544	13.5%	14,480	13.6%	+935	+6.9%
Manufacturing, service and other	11,847	11.8%	16,107	15.1%	+4,260	+36.0%
IT Platform Services	6,950	6.9%	6,821	6.4%	(128)	(1.8%)
Others	2,548	2.5%	2,720	2.6%	+172	+6.8%
Total	100,391	100.0%	106,636	100.0%	+6,244	+6.2%
Nomura Holdings	16,769	16.7%	17,926	16.8%	+1,156	+6.9%
Seven & i Holdings	11,191	11.1%	11,384	10.7%	+192	+1.7%

Note: Figures for sales to Nomura Holdings and Seven & i Holdings include sales to their respective subsidiaries and sales through lease companies, etc.

Segment Performance Results

■ Including Inter-segment sales for each segment

(JPY million)

		1Q FY Mar. 2017	1Q FY Mar. 2018	Diff.	YoY Change
Consulting	Sales	6,138	7,433	+1,295	+21.1%
	OP	350	(14)	(364)	-
	OPM	5.7%	(0.2%)	(5.9P)	
Financial IT Solutions	Sales	59,717	59,529	(188)	(0.3%)
	OP	6,691	5,784	(906)	(13.5%)
	OPM	11.2%	9.7%	(1.5P)	
Industrial IT Solutions	Sales	25,495	30,737	+5,241	+20.6%
	OP	2,166	3,057	+890	+41.1%
	OPM	8.5%	9.9%	+1.4P	
IT Platform Services	Sales	30,355	30,916	+561	+1.8%
	OP	3,801	3,618	(183)	(4.8%)
	OPM	12.5%	11.7%	(0.8P)	

Sales by Service

(JPY million)

	1Q FY Mar. 2017	Share	1Q FY Mar. 2018	Share	Diff.	YoY Change
Consulting Services	12,332	12.3%	14,329	13.4%	+1,997	+16.2%
System Development & System Application Sales	33,255	33.1%	30,719	28.8%	(2,536)	(7.6%)
System Management & Operation Services	52,387	52.2%	58,332	54.7%	+5,944	+11.3%
Product Sales	2,415	2.4%	3,254	3.1%	+838	+34.7%
Total	100,391	100.0%	106,636	100%	+6,244	+6.2%

Consolidated P/L Highlight

	(JPY million)			
	1Q FY Mar. 2017	1Q FY Mar. 2018	Diff.	YoY Change
Sales	100,391	106,636	+6,244	+6.2%
Cost of Sales	66,149	70,008	+3,858	+5.8%
Subcontracting Costs	31,619	30,999	(619)	(2.0%)
Gross Profit	34,241	36,627	+2,386	+7.0%
Gross Profit Margin	34.1%	34.3%	+0.2P	
SG&A	20,553	23,511	+2,958	+14.4%
Operating Profit	13,688	13,116	(572)	(4.2%)
Operating Profit Margin	13.6%	12.3%	(1.3P)	

Consolidated P/L Highlight (continued)

	(JPY million)			
	1Q FY Mar. 2017	1Q FY Mar. 2018	Diff.	YoY Change
Operating Profit	13,688	13,116	(572)	(4.2%)
Non-operating income and loss	1,551	1,020	(530)	(34.2%)
Dividend Income	1,252	1,037	(214)	(17.1%)
Extraordinary income and loss	(153)	1,393	+1,547	-
Gain on sales of investment securities	-	1,397	+1,397	-
Income taxes etc.	5,012	5,505	+493	+9.8%
Profit attributable to owners of parent	10,351	9,661	(689)	(6.7%)

Relocation to New Offices Completed (Head Office, Yokohama, and Osaka)

➤ Following the relocation of the Head Office the previous fiscal year, NRI relocated the Yokohama Center and the Osaka Center

1. New office locations

Tokyo Head Office	Otemachi Financial City Grand Cube (Otemachi, Chiyoda-ku, Tokyo)
Yokohama Center	Yokohama Nomura Building (Minato Mirai, Nishi-ku, Yokohama-shi, Kanagawa)
Osaka Center	Nakanoshima Festival Tower - West (Nakanoshima, Kita-ku, Osaka-shi, Osaka)

2. Features

- Strengthened BCP functions during disasters
- Strengthened environmental performance
- Facilities and equipment that support work-style reform and reform of organizational culture

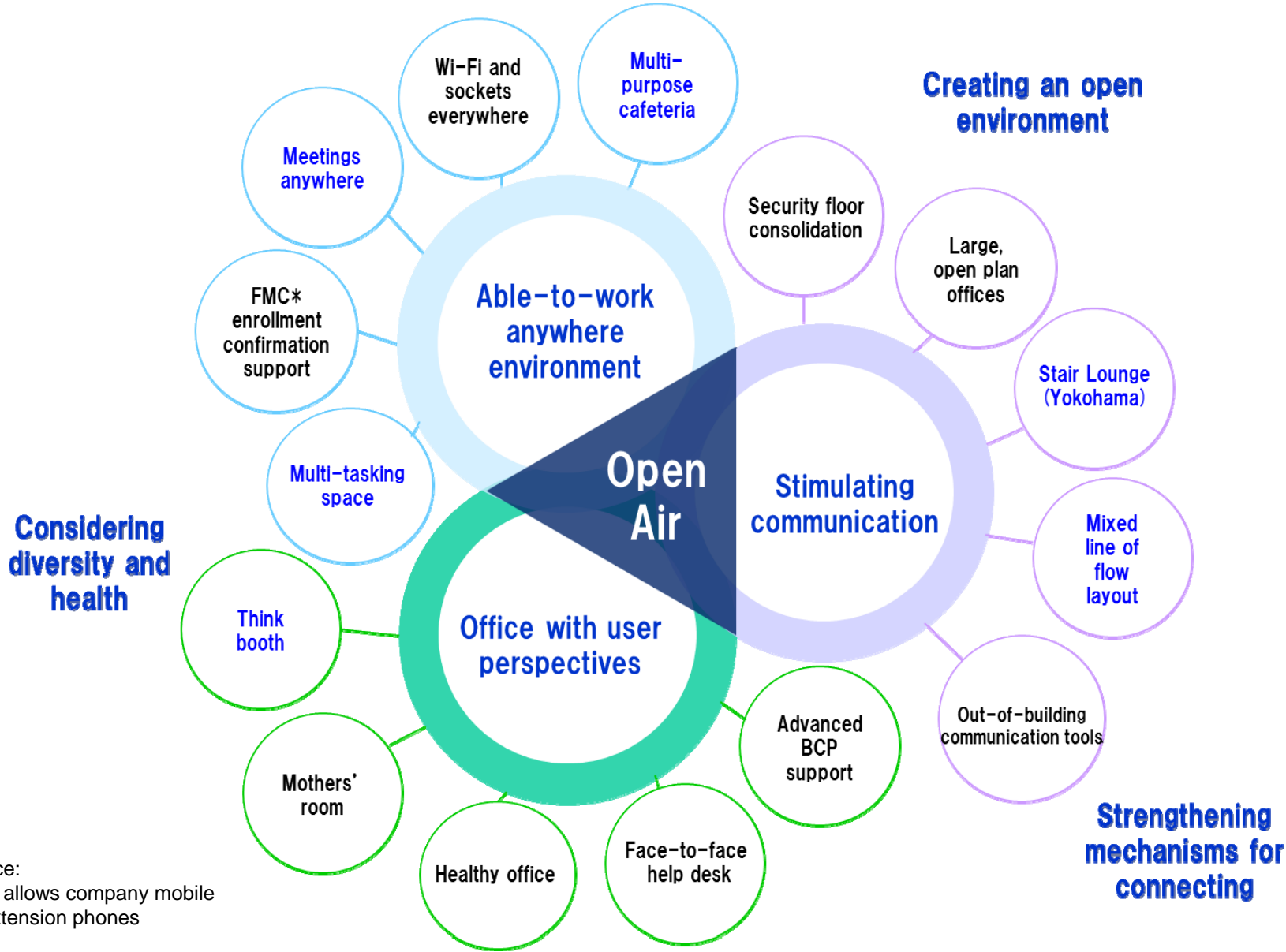


Exterior of Yokohama Center

3. Financial impact

Just over ¥1 billion in relocation expenses recorded in current fiscal year (1Q)

Reference: Concept for New Offices



*Fixed-mobile convergence:
A telephone service that allows company mobile phones to be used as extension phones

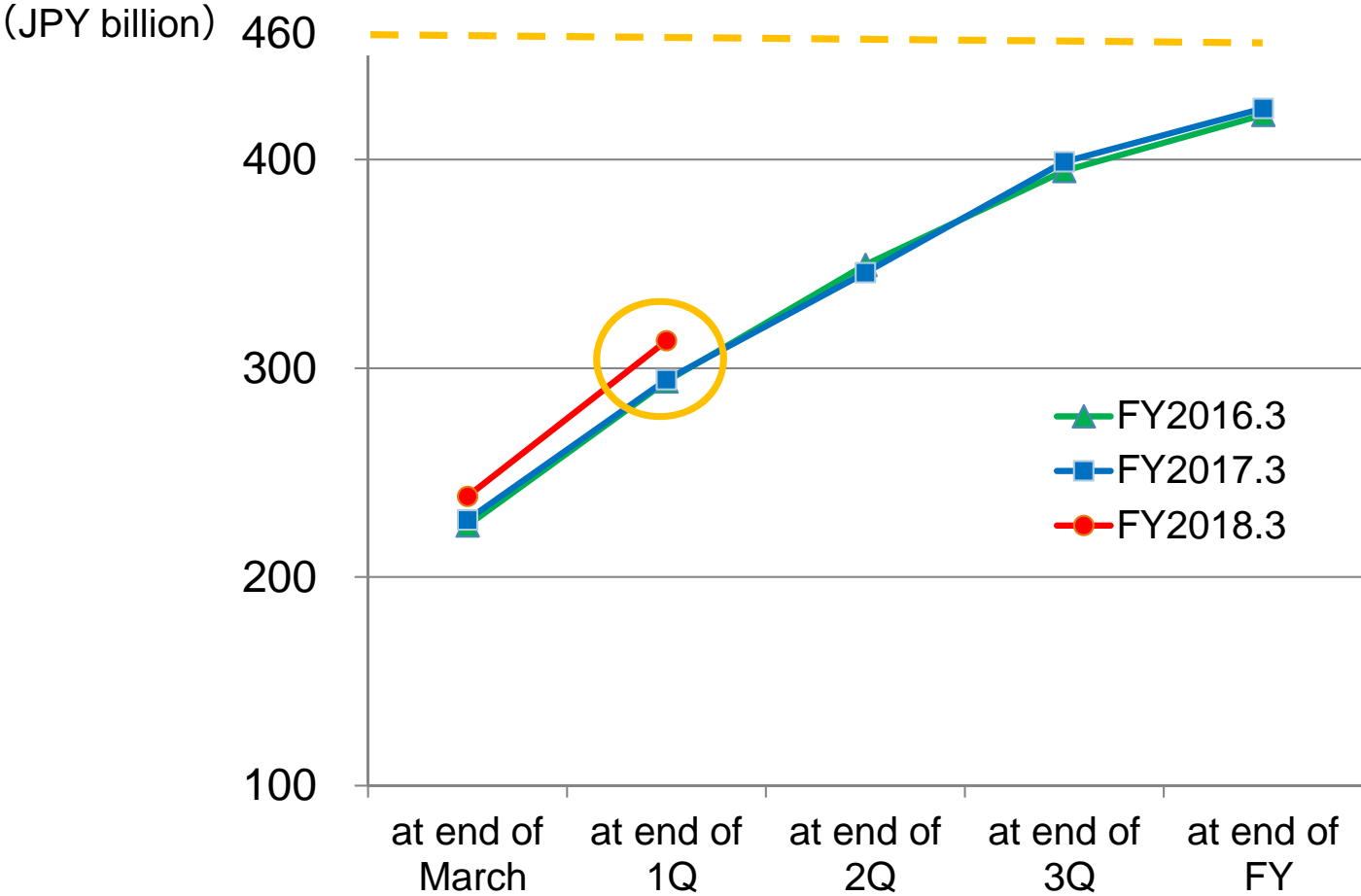
Order Backlog by Segment (Outstanding)

(JPY million)

	At end of June 2016	At end of June 2017	Diff.	YoY Change
Consulting	8,700	11,634	+2,934	+33.7%
Financial IT Solutions	124,119	125,339	+1,219	+1.0%
Industrial IT Solutions	48,534	57,551	+9,017	+18.6%
IT Platform Services	10,971	11,722	+751	+6.9%
Other	4,199	4,061	(137)	(3.3%)
Total	196,525	210,310	+13,785	+7.0%
Order backlog in the current FY	194,203	206,581	+12,377	+6.4%

Sales + Order Backlog

Order backlog (of which, current fiscal year) + cumulative sales



1Q Results and Earnings Forecasts for the Full Fiscal Year

(JPY billion)

		1Q	2Q	3Q	4Q	FY
FY March 2015	Sales	96.6	100.6	103.4	105.2	405.9
	OP	7.9	14.1	15.0	14.3	51.4
	OPM	8.2%	14.1%	14.6%	13.6%	12.7%
FY March 2016	Sales	101.5	110.8	101.2	107.8	421.4
	OP	13.5	14.7	14.9	15.0	58.2
	OPM	13.3%	13.3%	14.8%	14.0%	13.8%
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 1Q results Forecasts from 2Q	Sales	106.6	118.3	235.0		460.0
	OP	13.1	17.8	33.0		64.0
	OPM	12.3%	15.1%	14.0%		13.9%

Note: Figures for the 2Q of the fiscal year ending March 31, 2018 were calculated by subtracting 1Q results from forecasts for 1H.

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3. Recent Activities

Sale of Investment Securities

- In accordance with the basic policy on cross-shareholdings in the Corporate Governance Guidelines, NRI decided to sell the shares it owns in JAFCO and to dissolve cross-shareholdings.

● Outline of sale of investment securities

Target shares	Common stock of JAFCO Co., Ltd.
No. of shares sold	4,948,000 shares *includes shares contributed as trust assets of retirement benefit trust (750,000 shares)
Method of sale	Application for treasury stock purchase through the off-auction own shares repurchase system of the TSE (ToSTNeT-3) implemented by JAFCO
Sale price	Closing price on July 27, 2017
Gain associated with sale	Records as ¥18.8 billion in extraordinary income for 2Q
Impact on FY March 2018 results	Financial results forecasts for FY March 2018 to be revised in tandem with recording of extraordinary income (described later)

Acquisition of Treasury Stock

- Implemented to increase capital efficiency and shareholder return and as part of a nimble equity policy that addresses changes in the business environment

● Outline of acquisition of treasury stock

Total number of shares to be acquired	Up to 13,000,000 shares *Percentage of total number of issued shares (excluding treasury stock): 5.20%
Total acquisition price	Up to ¥50.0 billion
Acquisition period	July 28, 2017 to March 30, 2018
Details of acquisition	<p>1 Purchase through the TSE off-auction own shares repurchase system (ToSTNet-3) *NRI has already received a notification of the following shareholders' intent to sell.</p> <ul style="list-style-type: none"> - JAFCO Co., Ltd. 5,000,000 shares - Takagi Securities Co., Ltd. 2,134,100 shares <p>2 Market purchase based on discretionary trading pertaining to acquisition of treasury stock *excludes the period during the ten business days from the business day following the date of announcement of NRI's quarterly financial results</p>
Policy on holdings of treasury stock	<p>Plan to retire the acquired treasury stock, including some of the treasury stock already owned, in line with NRI's policy on holdings of treasury stock*</p> <p>*As a rule, holdings of treasury stock that exceed the benchmark of roughly 5% of the total number of issued shares will be retired.</p>

Revision of Consolidated Financial Results Forecasts for Fiscal Year Ending March 31, 2018

- The financial results forecasts have been revised on the expectation of extraordinary income associated with the sale of JAFCO shares.

【Full Year】

(JPY billion)

	FY Mar. 2017 (Results)	FY Mar. 2017 (Forecasts as of Jul.27)	Diff.	YoY Change	FY Mar. 2018 (Previous Forecasts)	Comparison to forecasts
Sales	424.5	460.0	+35.4	+8.4%	460.0	-
Operating Profit	58.5	64.0	+5.4	+9.4%	64.0	-
Operating Profit Margin	13.8%	13.9%	+0.1P		13.9%	-
Profit attributable to owners of parent	45.0	59.0	+13.9	+30.9%	46.5	+12.5
Earnings Per Share [*]	¥181.77	¥237.64	+¥55.87		¥187.40	+¥50.24

* NRI conducted a 1-for-1.1 stock split of common shares with an effective date of January 1, 2017.

Earnings per share states the values calculated assuming that the stock split had been conducted at the beginning of the previous fiscal year.

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3. Recent Activities

Concluded Contract for Acquisition of Shares in SMS Management & Technology Limited

- Contract for M&A by ASG Group Limited, NRI's Australian consolidated subsidiary
- Aiming for further business expansion in Australia's IT services market
- Aiming to acquire shares in late September 2017 (planned)

Features of SMS Management & Technology Limited

- Advantages in consulting services and implementing IT systems for front-desk reception that is closely related to customer contact, including sales support and customer management.
- Main customers include Australian telecommunications companies and financial institutions, etc.

Objective of share acquisition

- Further business expansion in Australian IT services market through synergies with ASG, which is complementary in terms of services offered and customers.

Profile of SMS Management & Technology Limited

Name	SMS Management & Technology Limited
Establishment	July 1986
Location	Melbourne (Australia)
Paid-in capital	AUD 63,402,000 (JPY5,255 million) *As of June 30, 2016
Business description	IT consulting services, implementing IT systems, management services, etc. primarily in Australia

* Converted at AUD1 = JPY82.89

Initiatives in Business IT Field (Examples)

➤ Recent results in “Con-Solution” and new technology field

Developing health promotion service package for Nippon Life

- Developing and providing health promotion service package for corporations and their employees for the “Nissay Health Promotion Consulting Service”
- Foothold in health information platform business through deepening of HealthTech (health x IT)

Supporting Sapporo Group’s work-style reforms with TRAINA

- In proof-of-concept with Sapporo Group, confirmed it is possible to answer 45% of inquiries from Group employees to companies that share Group Head Office functions using AI without any manual operation.
- Commencing use of TRAINA in actual business this year

Launching “Vehicle Systems Security Diagnosis” service

- Risk that vehicles will be targets of cyber attacks increasing due to on-board telecommunications equipment
- Diagnosing vulnerabilities in automotive on-board equipment and systems utilizing know-how cultivated in IoT-related business

➤ Contributing to society through core business and ESG-focused management stance

Providing solution services to support health management and work-style reform

- Providing “WELL plus+” online app for workers in Marunouchi area (Otemachi, Marunouchi, and Yurakucho) that collects data on health, such as weight and blood pressure linked to a wearable device, and gives information on health programs tailored to each individual’s state of health
- Promoting health management and work-style reform in conjunction with exercise and diet-related events that Mitsubishi Estate provides in Marunouchi area

Adopted by ESG indices selected by GPIF

- GPIF commencing passive management in conjunction with three indices below (announced July 3, 2017)
NRI included in all three indices:
 - FTSE Blossom Japan Index
 - MSCI Japan ESG Select Leaders Index
 - MSCI Japan Empowering Women Index (“WIN”)

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.

References

- 1. Other Financial Result-related Data**
- 2. Recent Activities (excerpts from articles in magazines, newspapers, etc.)**
- 3. Others**

1. Other Financial Result-related Data

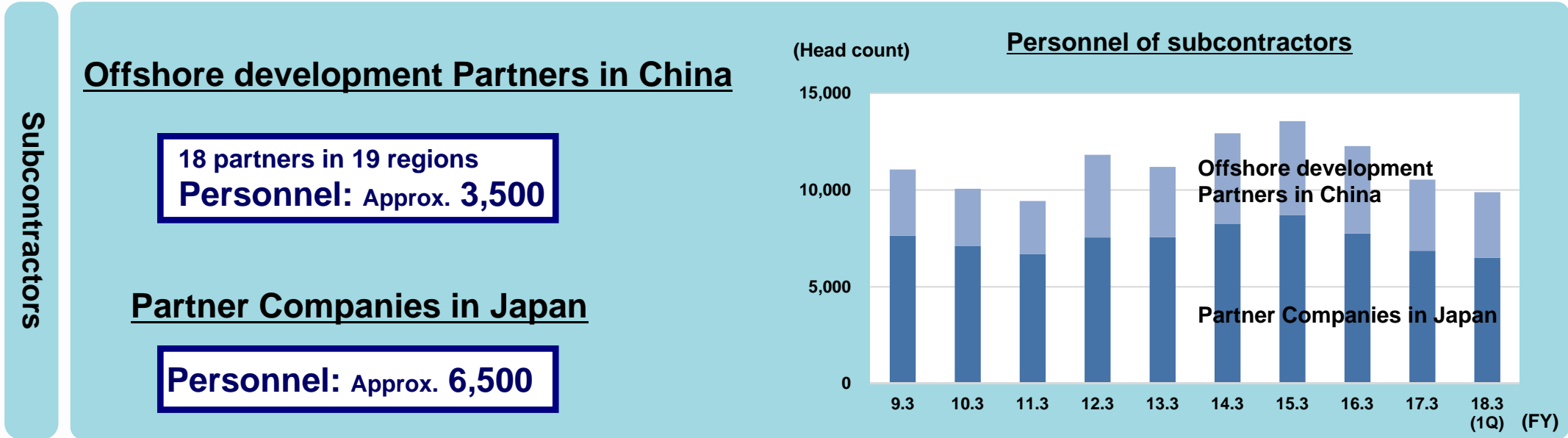
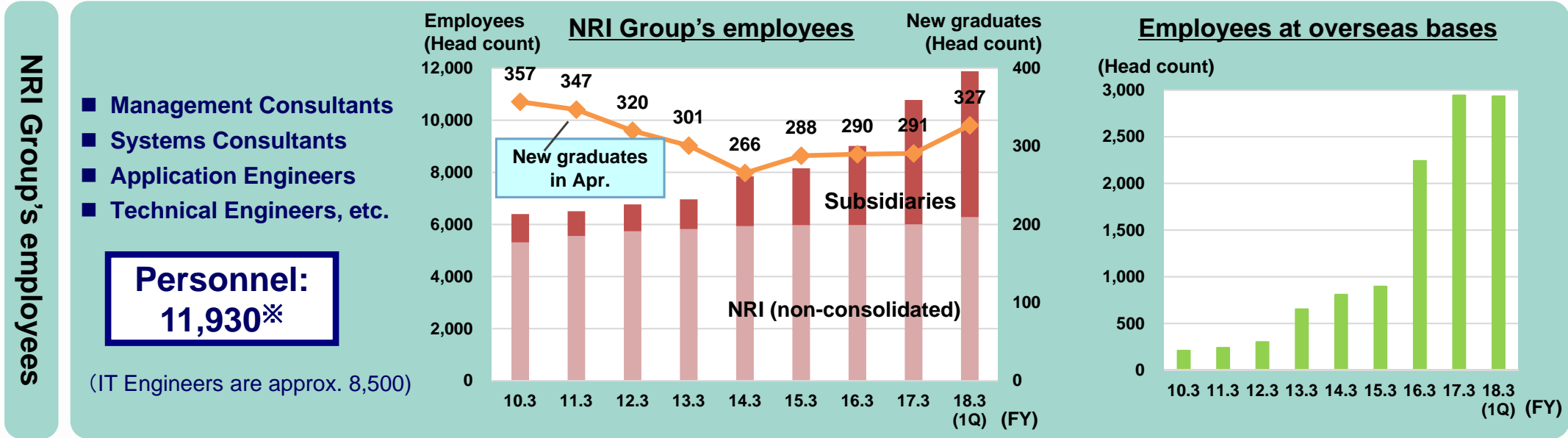
Order Volume by Segment

(JPY million)

	1Q FY Mar. 2017	1Q FY Mar. 2018	Diff.	YoY Change
Consulting	10,072	10,200	+128	+1.3%
Financial IT Solutions	33,852	35,674	+1,821	+5.4%
Industrial IT Solutions	15,402	20,488	+5,086	+33.0%
IT Platform Services	6,084	4,524	(1,559)	(25.6%)
Other	3,194	3,309	+115	+3.6%
Total	68,606	74,198	+5,592	+8.2%

1. Other Financial Result-related Data

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



* As of end-June 2017

2. Recent Activities

NRI to Develop Health Promotion Service Package for Nippon Life

- NRI agreed with Nippon Life on joint development of a health promotion package service for corporations and their employees.
- NRI will first develop a service package for the “Nissay Health Promotion Consulting Service” to be sold by Nippon Life, with services to be provided starting April 2018.
- NRI and Nippon Life reached a basic agreement on the possibility of joint research of insurance products and insurance-related services and developing new businesses in the health field going forward, including the construction of a business alliance relationship over the medium-to-long-term.

Nikkei, May 17, 2017

2. Recent Activities

NRI Secure Technologies to Start Providing “Vehicle Systems Security Diagnosis” Service

- NRI Secure Technologies is to start providing a “Vehicle Systems Security Diagnosis” service for automobiles and on-board equipment.
- Addresses the mounting threat of cyber attacks due to the increase in on-board telecommunications equipment in automobiles for automatic driving and improving fuel economy
- Based on the know-how cultivated in “Device Security Diagnosis” for IoT equipment, a team of experts will identify risk scenarios and entry routes and then carry out security evaluation and diagnosis for actual vehicles and on-board equipment.



Nikkei,
May 26, 2017

2. Recent Activities

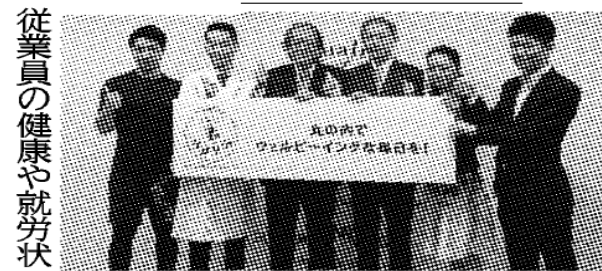
NRI Commences Solutions Service to Support “Health Management and Work-Style Reform” for Employees Working in Marunouchi Area

- NRI is organizing the QOOLSOG Executive Committee in partnership with Mitsubishi Estate, and the Otemachi, Marunouchi, and Yurakucho Community Town Planning Promotion Association to test a solution service to support “health management and work-style reform” for workers in Otemachi, Marunouchi, and Yurakucho.
- NRI provides “WELLplus+” the ICT solution health care online application that participants will use.
- WELLplus+ functions to collect daily health data for each individual worker, such as weight, blood pressure, diet, number of steps, and hours of sleep, linked to a wearable device, and gives information on various health programs tailored to each individual’s state of health.

*QOOLSOG: Acronym for Quality of Office Worker’s Life So Good, a coined term created by putting Office Worker in the middle of QOL (Quality of Life)

ICTで健康経営 三菱地所など、丸の内で開始

三菱地所と野村総合研究所、大丸有環境共生型まちづくり推進協会（エコツツエリア協会）は27日、東京・丸の内エリアの企業と従業員を対象に、情報通信技術（ICT）を活用して働き方改革と健康経営を両立するサービス「クルソグ」を始めた。仕事と生活の調和を進める働き方改革と、経営資源である従業員の体調管理を重要視する健康経営の実践を後押しする。野村総研が開発したウェアラブルアプリケーション（応用ソフト）「ウエルプラス」を使う。



従業員の状態を見える化し、「運動」や「食」などの適切なプログラムを案内する。プログラムは約200種類。丸の内エリアで提供する。今後4カ月間を試験期間とし、約2万人にサービスを提供する。三菱地所の杉山博孝会長（写真左から3人目）は「楽しく働くことで生産性を上げる取り組みを進めたい」と話した。

Nikkan Kogyo Shimbun,
June 28, 2017

2. Recent Activities

NRI Secure Technologies Launched Japan's First "Blockchain Assessment" Service

- NRI Secure Technologies has begun providing Japan's first ever "Blockchain Assessment," a security assessment service for systems and services which use blockchain technology.
- The commencement of the service is in response to more widespread usage of blockchain technology in diverse fields, particularly finance.
- The service will target smart contracts, which are agreements that can be executed automatically with the terms of execution and contract content specified in advance.
- Going forward, NRI Secure Technologies plans to progressively add assessment menus for other constituent elements of the blockchain.

*Nikkei Business Daily,
July 5, 2017*

2. Recent Activities

NRI's AI Software TRAINA Utilized for Work-Style Reform at Sapporo Group

- As a result of proof-of-concept conducted with Sapporo Holdings, NRI confirmed it is possible to answer 45% of inquiries from Group employees to companies that share Group Head Office functions using AI without any manual operation.
- Sapporo Group Management will begin using TRAINA in actual business this year with the aim of improving individualistic and inefficient services and achieving drastic structural reform and work-style reform.
- It also plans a rollout to Group companies when preparations are complete.

Nikkei Business Daily,
July 10, 2017

3. Others - Supplementary explanation

Forecasts for FY March 2018

■ NRI revised forecasts in light of the gain to be recorded on sales of investment securities.

【 Full Year 】

(JPY billion)

	FY Mar. 2017 (Results)	FY Mar. 2018 (Forecasts)	Diff.	YoY Change
Sales	424.5	460.0	+35.4	+8.4%
Operating Profit	58.5	64.0	+5.4	+9.4%
Operating Profit Margin	13.8%	13.9%	+0.1P	
Profit attributable to owners of parent	45.0	59.0	+13.9	+30.9%
Earnings Per Share	¥181.77	¥237.64	+¥55.87	
Dividends Per Share	¥80.00	¥90.00	+10.00	
End of Q2	¥40.00	¥45.00	+5.00*	
Fiscal year end	¥40.00	¥45.00	+5.00*	
Payout Ratio	42.4%	36.8%	(5.6P)*	

* NRI implemented a 1:1.1 common stock split on January 1, 2017. No adjustment was made to the differences of the dividends per share to accompany the split.

3. Others - Supplementary explanation

Sales Forecasts by Segment for FY March 2018

■ There are no revisions to financial results forecasts related to net sales.

【Full Year】

(JPY billion)

	FY Mar. 2017 (Results)	Share	FY Mar. 2018 (Forecasts)	Share	Diff.	YoY Change
Consulting	30.5	7.2%	37.0	8.0%	+6.4	+21.0%
Financial IT Solutions	246.9	58.2%	260.0	56.5%	+13.0	+5.3%
Securities	119.1	28.1%	123.0	26.7%	+3.8	+3.2%
Insurance	51.9	12.2%	56.0	12.2%	+4.0	+7.7%
Banking	40.2	9.5%	42.0	9.1%	+1.7	+4.3%
Other financial	35.5	8.4%	39.0	8.5%	+3.4	+9.6%
Industrial IT Solutions	107.2	25.3%	121.0	26.3%	+13.7	+12.9%
Distribution	54.2	12.8%	57.0	12.4%	+2.7	+5.1%
Manufacturing, service and other	52.9	12.5%	64.0	13.9%	+11.0	+20.9%
IT Platform Services	29.2	6.9%	31.0	6.7%	+1.7	+6.0%
Others	10.5	2.5%	11.0	2.4%	+0.4	+4.3%
Total	424.5	100.0%	460.0	100.0%	+35.4	+8.4%

3. Others - Supplementary explanation

Focus of Measures in Each Business Segment

Consulting	<ul style="list-style-type: none"> • Develop large-scale clients in management consulting and IT consulting • Expand Asian and Australian client base and explore best practices of Europe and the United States • Strengthen initiatives aimed at digital strategy solutions (promote Con-Solution) 	
Financial IT Solutions	Securities	<ul style="list-style-type: none"> • Obtain new clients for shared-online services aimed at securities firms • Expand territory in securities sector through roll out of ITO x BPO • Establish global IT support for major securities firms
	Insurance	<ul style="list-style-type: none"> • Obtain large-scale system development projects for life and non-life insurance sectors • Strengthen relationships with large-scale customers in life insurance sector and expand services
	Banking	<ul style="list-style-type: none"> • Expand BESTWAY and Value Direct businesses • Initiatives aimed providing solutions for banking front office sector, etc.
	Other financial	<ul style="list-style-type: none"> • Expand shared-online services business for asset management • Expand synergies with Cutter Associates
Industrial IT Solutions	Distribution	<ul style="list-style-type: none"> • Support updating of IT platforms for existing clients and promote expansion of front office-related business
	Manufacturing, service and other	<ul style="list-style-type: none"> • Develop large-scale clients in industry (strengthen activities for prime account) • Promote Package Cloud Integration (PCI) strategy • Expand synergies with ASG and Brierley + Partners
IT Platform Services	<ul style="list-style-type: none"> • Expand IT outsourcing business • Expand information security business (global, IoT) • Promote establishment of digital marketing business 	

3. Others - Supplementary explanation

Sales Forecasts by Service for FY March 2018

- There are no revisions to financial results forecasts related to net sales.

【Full Year】

(JPY billion)

	FY Mar. 2017 (Results)	Share	FY Mar. 2018 (Forecasts)	Share	Diff.	YoY Change
Consulting Services	62.7	14.8%	70.0	15.2%	+7.2	+11.6%
System Development & System Application Sales	131.9	31.1%	147.0	32.0%	+15.0	+11.4%
System Management & Operation Services	217.2	51.2%	233.0	50.7%	+15.7	+7.2%
Product Sales	12.6	3.0%	10.0	2.2%	(2.6)	(20.9%)
Total	424.5	100.0%	460.0	100.0%	+35.4	+8.4%

1. Other Financial Result-related Data

CAPEX, R&D and Depreciation Forecasts for FY March 2018

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

【Capital Expenditure, R&D】

(JPY billion)

	FY Mar. 2017 (Results)	FY Mar. 2018 (Forecasts)	Diff.	YoY Change
Capital Expenditure	38.6	45.0	+6.3	+16.4%
Tangible	13.6	19.0	+5.3	+39.3%
Intangible	25.0	26.0	+0.9	+3.9%
R&D	5.6	6.0	+0.3	+5.7%

【Depreciation and Amortization】

(JPY billion)

	FY Mar. 2017 (Results)	FY Mar. 2018 (Forecasts)	Diff.	YoY Change
Total	28.4	31.0	+2.5	+8.9%

3. Others – Supplementary explanation

FY March 2018 Financial Results Forecasts Reference Data < 1H/2H >

- NRI revised 1H forecasts due to the gain to be recorded on sales of investment securities.

(JPY billion)

【1H】	FY Mar. 2017 1H (Results)	FY Mar. 2018 1H (Forecasts)	Diff.	YoY Change
Sales	203.1	225.0	+21.8	+10.7%
Operating Profit	26.3	31.0	+4.6	+17.7%
Operating Profit Margin	13.0%	13.8%	+0.8P	
Profit attributable to owners of parent	28.8	35.5	+6.6	+23.1%
【2H】	FY Mar. 2017 2H (Results)	FY Mar. 2018 2H (Forecasts)	Diff.	YoY Change
Sales	221.3	235.0	+13.6	+6.2%
Operating Profit	32.1	33.0	+0.8	+2.6%
Operating Profit Margin	14.5%	14.0%	(0.5P)	
Profit attributable to owners of parent	16.2	23.5	+7.2	+44.9%

3. Others – Supplementary explanation

Sales Forecasts by Segment for FY March 2018 < 1H/2H >

■ There are no revisions to financial results forecasts related to net sales.

(JPY billion)

【1H】	FY Mar. 2017 1H (Results)		FY Mar. 2018 1H (Forecasts)		Diff.	YoY Change
		Share		Share		
Consulting	13.1	6.5%	17.0	7.6%	+3.8	+29.0%
Financial IT Solutions	119.7	58.9%	127.0	56.4%	+7.2	+6.1%
Securities	57.0	28.1%	61.0	27.1%	+3.9	+6.9%
Insurance	25.4	12.5%	27.0	12.0%	+1.5	+6.2%
Banking	18.9	9.3%	20.0	8.9%	+1.0	+5.5%
Other financial	18.3	9.0%	19.0	8.4%	+0.6	+3.8%
Industrial IT Solutions	50.6	24.9%	60.0	26.7%	+9.3	+18.5%
Distribution	26.6	13.1%	28.0	12.4%	+1.3	+5.0%
Manufacturing, service and other	23.9	11.8%	32.0	14.2%	+8.0	+33.5%
IT Platform Services	14.4	7.1%	15.5	6.9%	+1.0	+7.5%
Others	5.1	2.6%	5.5	2.4%	+0.3	+6.1%
Total	203.1	100.0%	225.0	100.0%	+21.8	+10.7%
【2H】	FY Mar. 2017 2H (Results)		FY Mar. 2018 2H (Forecasts)		Diff.	YoY Change
		Share		Share		
Consulting	17.3	7.9%	20.0	8.5%	+2.6	+15.0%
Financial IT Solutions	127.2	57.5%	133.0	56.6%	+5.7	+4.5%
Securities	62.0	28.0%	62.0	26.4%	(0.0)	(0.1%)
Insurance	26.5	12.0%	29.0	12.3%	+2.4	+9.2%
Banking	21.3	9.6%	22.0	9.4%	+0.6	+3.2%
Other financial	17.2	7.8%	20.0	8.5%	+2.7	+15.8%
Industrial IT Solutions	56.5	25.6%	61.0	26.0%	+4.4	+7.8%
Distribution	27.5	12.5%	29.0	12.3%	+1.4	+5.1%
Manufacturing, service and other	28.9	13.1%	32.0	13.6%	+3.0	+10.4%
IT Platform Services	14.8	6.7%	15.5	6.6%	+0.6	+4.6%
Others	5.3	2.4%	5.5	2.3%	+0.1	+2.6%
Total	221.3	100.0%	235.0	100.0%	+13.6	+6.2%

3. Others – Supplementary explanation

Sales Forecasts by Service for FY March 2018 < 1H/2H >

■ There are no revisions to financial results forecasts related to net sales.

(JPY billion)

【1H】	FY Mar. 2017 1H (Results)		Share	FY Mar. 2018 1H (Forecasts)		Diff.	YoY Change
	Consulting Services	27.1	13.4%	32.0	14.2%	+4.8	+17.9%
	System Development & System Application Sales	66.3	32.7%	72.0	32.0%	+5.6	+8.5%
	System Management & Operation Services	104.5	51.4%	116.0	51.6%	+11.4	+11.0%
	Product Sales	5.1	2.5%	5.0	2.2%	(0.1)	(2.8%)
	Total	203.1	100.0%	225.0	100.0%	+21.8	+10.7%

【2H】	FY Mar. 2017 2H (Results)		Share	FY Mar. 2018 2H (Forecasts)		Diff.	YoY Change
	Consulting Services	35.5	16.1%	38.0	16.2%	+2.4	+6.8%
	System Development & System Application Sales	65.5	29.6%	75.0	31.9%	+9.4	+14.4%
	System Management & Operation Services	112.7	50.9%	117.0	49.8%	+4.2	+3.8%
	Product Sales	7.4	3.4%	5.0	2.1%	(2.4)	(33.2%)
	Total	221.3	100.0%	235.0	100.0%	+13.6	+6.2%

3. Others - Supplementary explanation

■ FY March 2018 Consolidated Earnings Model - Sales of JPY460.0 billion and operating profit of JPY64.0 billion

(JPY billion)

	FY Mar. 2016 (Results)	FY Mar. 2017 (Results)	FY Mar. 2018 (Forecasts)*	YoY	
				Diff.	Change
Sales	421.4	424.5	460.0	+35.4	+8.4%
Cost of Sales	287.2	280.7	301.0	+20.2	+7.2%
Personnel	83.5	89.2	95.0	+5.7	+6.4%
Subcontracting Costs	139.3	126.3	140.0	+13.6	+10.8%
Depreciation	31.4	26.9	29.0	+2.0	+7.7%
Gross Profit	134.1	143.7	159.0	+15.2	+10.6%
Gross Profit Margin	31.8%	33.9%	34.6%	+0.7P	
SG&A	75.8	85.2	95.0	+9.7	+11.4%
Operating Profit	58.2	58.5	64.0	+5.4	+9.4%
Operating Profit Margin	13.8%	13.8%	13.9%	+0.1P	

* Figures are consolidated estimates for preparing this earnings model.