

FY March 2017 Financial Results

April 27, 2017

Nomura Research Institute, Ltd.

Share the Next Values!

I . FY March 2017 Financial Results (Consolidated)

II . FY March 2018 Financial Results Forecasts (Consolidated)

I .FY March 2017 Financial Results (Consolidated)

(1) Highlights

(JPY million)

Full Year	FY Mar.2016	FY Mar.2017	Yo Y		Forecasts as of Jan.27,2017	
	Amount	Amount	Diff.	Change(%)	Amount	Diff.
Sales	421,439	424,548	3,109	0.7	425,000	(451)
Consulting Services	52,131	62,734	10,602	20.3	61,000	1,734
System Development & System Application Sales	145,157	131,908	(13,249)	(9.1)	137,000	(5,091)
System Management & Operation Services	212,952	217,271	4,318	2.0	215,000	2,271
Product Sales	11,197	12,634	1,437	12.8	12,000	634
Cost of Sales	287,270	280,761	(6,509)	(2.3)		
Gross Profit	134,168	143,787	9,618	7.2		
(Gross Profit Margin)	31.8%	33.9%	2.0P			
Selling, general and administrative expenses	75,873	85,272	9,399	12.4		
Operating Profit	58,295	58,514	218	0.4	59,000	(485)
(Operating Profit Margin)	13.8%	13.8%	(0.0P)		13.9%	(0.1P)
Non-operating income and loss	2,705	1,839	(865)	(32.0)		
Extraordinary income and loss	1,304	4,638	3,333	255.6		
Profit attributable to owners of parent	42,648	45,064	2,416	5.7	45,500	(435)
Comprehensive Income	16,802	46,903	30,100	179.1		
Earnings per share(JPY)	171.42	181.77	10.35			
Annual Dividends per share(JPY)	80.00	80.00	—		80.00	—
Second quarter(JPY)	40.00	40.00	—		40.00	—
Fiscal year end(JPY)	40.00	40.00	—		40.00	—
Dividend payout ratio	41.1%	42.4%	1.3P			
Return on Equity(ROE)	10.6%	10.7%	0.0P			

※1. NRI implemented 1:1.1 stock splits of common shares with effective dates of October 1, 2015 and January 1, 2017. Earnings per share states the amount calculated assuming that the stock splits had been conducted at the beginning of the previous fiscal year. Since no adjustment was made to the year-end dividend per share in the fiscal year under review, the splits results in an effective dividend increase.

※2. The consolidated payout ratio is calculated by including the dividends paid to the NRI Group Employee Stock Ownership Plan Trust.

I .FY March 2017 Financial Results (Consolidated)

(JPY million)

4th Quarter	4Q FY	4Q FY	Y o Y	
	Mar.2016	Mar.2017	Diff.	Change(%)
	Amount	Amount		
Sales	107,817	116,014	8,197	7.6
Consulting Services	13,744	19,622	5,878	42.8
System Development & System Application Sales	35,416	33,149	(2,266)	(6.4)
System Management & Operation Services	54,541	58,657	4,116	7.5
Product Sales	4,115	4,584	468	11.4
Cost of Sales	72,917	77,130	4,212	5.8
Gross Profit	34,899	38,884	3,984	11.4
(Gross Profit Margin)	32.4%	33.5%	1.1P	
Selling, general and administrative expenses	19,833	23,014	3,180	16.0
Operating Profit	15,066	15,870	804	5.3
(Operating Profit Margin)	14.0%	13.7%	(0.3P)	
Non-operating income and loss	610	33	(576)	(94.5)
Extraordinary income and loss	71	(8,574)	(8,646)	—
Profit attributable to owners of parent	10,734	4,784	(5,949)	(55.4)
Earnings per share(JPY)	42.86	19.29	(23.57)	

(JPY million)

3rd Quarter	3Q FY	3Q FY	Y o Y	
	Mar.2016	Mar.2017	Diff.	Change(%)
	Amount	Amount		
Sales	101,283	105,368	4,085	4.0
Consulting Services	13,310	15,972	2,661	20.0
System Development & System Application Sales	32,690	32,381	(308)	(0.9)
System Management & Operation Services	53,062	54,111	1,048	2.0
Product Sales	2,220	2,904	683	30.8
Cost of Sales	66,791	67,709	918	1.4
Gross Profit	34,491	37,659	3,167	9.2
(Gross Profit Margin)	34.1%	35.7%	1.7P	
Selling, general and administrative expenses	19,511	21,356	1,844	9.5
Operating Profit	14,979	16,303	1,323	8.8
(Operating Profit Margin)	14.8%	15.5%	0.7P	
Non-operating income and loss	503	189	(313)	(62.4)
Extraordinary income and loss	1,428	223	(1,204)	(84.3)
Profit attributable to owners of parent	11,787	11,436	(350)	(3.0)
Earnings per share(JPY)	47.09	46.17	(0.92)	

I .FY March 2017 Financial Results (Consolidated)

(JPY million)

2nd Quarter	2Q FY	2Q FY	Y o Y	
	Mar.2016	Mar.2017	Diff.	Change(%)
	Amount	Amount		
Sales	110,816	102,773	(8,042)	(7.3)
Consulting Services	12,878	14,806	1,928	15.0
System Development & System Application Sales	43,922	33,121	(10,801)	(24.6)
System Management & Operation Services	52,084	52,115	31	0.1
Product Sales	1,931	2,730	798	41.3
Cost of Sales	77,593	69,772	(7,821)	(10.1)
Gross Profit	33,223	33,001	(221)	(0.7)
(Gross Profit Margin)	30.0%	32.1%	2.1P	
Selling, general and administrative expenses	18,508	20,349	1,840	9.9
Operating Profit	14,714	12,652	(2,061)	(14.0)
(Operating Profit Margin)	13.3%	12.3%	(1.0P)	
Non-operating income and loss	263	65	(197)	(75.1)
Extraordinary income and loss	(106)	13,143	13,249	—
Profit attributable to owners of parent	10,861	18,492	7,630	70.3
Earnings per share(JPY)	43.44	74.73	31.29	

(JPY million)

1st Quarter	1Q FY	1Q FY	Y o Y	
	Mar.2016	Mar.2017	Diff.	Change(%)
	Amount	Amount		
Sales	101,521	100,391	(1,130)	(1.1)
Consulting Services	12,199	12,332	133	1.1
System Development & System Application Sales	33,128	33,255	126	0.4
System Management & Operation Services	53,264	52,387	(876)	(1.6)
Product Sales	2,929	2,415	(513)	(17.5)
Cost of Sales	69,967	66,149	(3,818)	(5.5)
Gross Profit	31,554	34,241	2,687	8.5
(Gross Profit Margin)	31.1%	34.1%	3.0P	
Selling, general and administrative expenses	18,018	20,553	2,534	14.1
Operating Profit	13,535	13,688	153	1.1
(Operating Profit Margin)	13.3%	13.6%	0.3P	
Non-operating income and loss	1,329	1,551	221	16.7
Extraordinary income and loss	(88)	(153)	(65)	—
Profit attributable to owners of parent	9,265	10,351	1,086	11.7
Earnings per share(JPY)	37.92	41.66	3.73	

I .FY March 2017 Financial Results (Consolidated)

(2) Sales and Operating Profit by segment

① Segment performance results (including sales for each segment)

(JPY million)

Full Year		FY Mar.2016		FY Mar.2017		YoY	
		Amount	Share(%)	Amount	Share(%)	Diff.	Change(%)
Consulting	Sales	28,823	6.8	31,161	7.3	2,338	8.1
	Operating Profit	5,487	9.4	5,853	10.0	366	6.7
	(Operating Profit Margin)	19.0%	/	18.8%	/	(0.3P)	/
Financial IT Solutions	Sales	253,802	60.2	248,188	58.5	(5,613)	(2.2)
	Operating Profit	29,171	50.0	26,461	45.2	(2,709)	(9.3)
	(Operating Profit Margin)	11.5%	/	10.7%	/	(0.8P)	/
Industrial IT Solutions	Sales	102,859	24.4	107,672	25.4	4,813	4.7
	Operating Profit	9,974	17.1	9,076	15.5	(898)	(9.0)
	(Operating Profit Margin)	9.7%	/	8.4%	/	(1.3P)	/
IT Platform Services	Sales	110,044	26.1	122,107	28.8	12,063	11.0
	Operating Profit	11,575	19.9	14,015	24.0	2,439	21.1
	(Operating Profit Margin)	10.5%	/	11.5%	/	1.0P	/
Others	Sales	12,924	3.1	13,461	3.2	536	4.2
	Operating Profit	919	1.6	1,968	3.4	1,048	114.0
	(Operating Profit Margin)	7.1%	/	14.6%	/	7.5P	/
Inter-segment sales and eliminations	Sales	(87,014)	(20.6)	(98,043)	(23.1)	(11,029)	/
	Operating Profit	1,167	2.0	1,139	1.9	(27)	/
Total	Sales	421,439	100.0	424,548	100.0	3,109	0.7
	Operating Profit	58,295	100.0	58,514	100.0	218	0.4
	(Operating Profit Margin)	13.8%	/	13.8%	/	(0.0P)	/

I .FY March 2017 Financial Results (Consolidated)

(JPY million)

4th Quarter		4Q FY Mar.2016		4Q FY Mar.2017		Y o Y	
		Amount	Share(%)	Amount	Share(%)	Diff.	Change(%)
Consulting	Sales	8,216	7.6	9,987	8.6	1,770	21.6
	Operating Profit	2,062	13.7	2,164	13.6	102	5.0
	(Operating Profit Margin)	25.1%	/	21.7%	/	(3.4P)	/
Financial IT Solutions	Sales	64,735	60.0	65,595	56.5	859	1.3
	Operating Profit	7,204	47.8	6,532	41.2	(672)	(9.3)
	(Operating Profit Margin)	11.1%	/	10.0%	/	(1.2P)	/
Industrial IT Solutions	Sales	26,275	24.4	30,902	26.6	4,626	17.6
	Operating Profit	2,236	14.8	3,094	19.5	857	38.3
	(Operating Profit Margin)	8.5%	/	10.0%	/	1.5P	/
IT Platform Services	Sales	28,707	26.6	31,212	26.9	2,505	8.7
	Operating Profit	2,782	18.5	3,249	20.5	466	16.8
	(Operating Profit Margin)	9.7%	/	10.4%	/	0.7P	/
Others	Sales	3,603	3.3	3,537	3.0	(65)	(1.8)
	Operating Profit	389	2.6	509	3.2	119	30.8
	(Operating Profit Margin)	10.8%	/	14.4%	/	3.6P	/
Inter-segment sales and eliminations	Sales	(23,719)	(22.0)	(25,220)	(21.7)	(1,500)	/
	Operating Profit	389	2.6	320	2.0	(69)	/
Total	Sales	107,817	100.0	116,014	100.0	8,197	7.6
	Operating Profit	15,066	100.0	15,870	100.0	804	5.3
	(Operating Profit Margin)	14.0%	/	13.7%	/	(0.3P)	/

I .FY March 2017 Financial Results (Consolidated)

(JPY million)

3rd Quarter		3Q FY Mar.2016		3Q FY Mar.2017		Y o Y	
		Amount	Share(%)	Amount	Share(%)	Diff.	Change(%)
Consulting	Sales	7,229	7.1	7,774	7.4	544	7.5
	Operating Profit	1,407	9.4	1,600	9.8	193	13.7
	(Operating Profit Margin)	19.5%		20.6%		1.1P	
Financial IT Solutions	Sales	59,761	59.0	62,287	59.1	2,526	4.2
	Operating Profit	7,074	47.2	8,158	50.0	1,084	15.3
	(Operating Profit Margin)	11.8%		13.1%		1.3P	
Industrial IT Solutions	Sales	25,587	25.3	25,937	24.6	349	1.4
	Operating Profit	2,495	16.7	2,329	14.3	(166)	(6.7)
	(Operating Profit Margin)	9.8%		9.0%		(0.8P)	
IT Platform Services	Sales	27,927	27.6	30,167	28.6	2,239	8.0
	Operating Profit	3,395	22.7	3,427	21.0	32	1.0
	(Operating Profit Margin)	12.2%		11.4%		(0.8P)	
Others	Sales	3,167	3.1	3,377	3.2	209	6.6
	Operating Profit	441	2.9	550	3.4	109	24.7
	(Operating Profit Margin)	13.9%		16.3%		2.4P	
Inter-segment sales and eliminations	Sales	(22,390)	(22.1)	(24,175)	(22.9)	(1,784)	
	Operating Profit	165	1.1	236	1.4	70	
Total	Sales	101,283	100.0	105,368	100.0	4,085	4.0
	Operating Profit	14,979	100.0	16,303	100.0	1,323	8.8
	(Operating Profit Margin)	14.8%		15.5%		0.7P	

I .FY March 2017 Financial Results (Consolidated)

(JPY million)

2nd Quarter		2Q FY Mar.2016		2Q FY Mar.2017		Y o Y	
		Amount	Share(%)	Amount	Share(%)	Diff.	Change(%)
Consulting	Sales	7,226	6.5	7,261	7.1	35	0.5
	Operating Profit	1,374	9.3	1,738	13.7	364	26.5
	(Operating Profit Margin)	19.0%	/	23.9%	/	4.9P	/
Financial IT Solutions	Sales	69,561	62.8	60,588	59.0	(8,972)	(12.9)
	Operating Profit	7,270	49.4	5,079	40.1	(2,191)	(30.1)
	(Operating Profit Margin)	10.5%	/	8.4%	/	(2.1P)	/
Industrial IT Solutions	Sales	25,417	22.9	25,337	24.7	(80)	(0.3)
	Operating Profit	2,252	15.3	1,486	11.7	(765)	(34.0)
	(Operating Profit Margin)	8.9%	/	5.9%	/	(3.0P)	/
IT Platform Services	Sales	26,390	23.8	30,372	29.6	3,981	15.1
	Operating Profit	3,132	21.3	3,536	27.9	403	12.9
	(Operating Profit Margin)	11.9%	/	11.6%	/	(0.2P)	/
Others	Sales	3,050	2.8	3,343	3.3	293	9.6
	Operating Profit	359	2.4	469	3.7	110	30.7
	(Operating Profit Margin)	11.8%	/	14.0%	/	2.3P	/
Inter-segment sales and eliminations	Sales	(20,830)	(18.8)	(24,130)	(23.5)	(3,299)	/
	Operating Profit	325	2.2	342	2.7	17	/
Total	Sales	110,816	100.0	102,773	100.0	(8,042)	(7.3)
	Operating Profit	14,714	100.0	12,652	100.0	(2,061)	(14.0)
	(Operating Profit Margin)	13.3%	/	12.3%	/	(1.0P)	/

I .FY March 2017 Financial Results (Consolidated)

(JPY million)

1st Quarter		1Q FY Mar.2016		1Q FY Mar.2017		Y o Y	
		Amount	Share(%)	Amount	Share(%)	Diff.	Change(%)
Consulting	Sales	6,150	6.1	6,138	6.1	(12)	(0.2)
	Operating Profit	643	4.8	350	2.6	(292)	(45.5)
	(Operating Profit Margin)	10.5%	/	5.7%	/	(4.8P)	/
Financial IT Solutions	Sales	59,744	58.8	59,717	59.5	(27)	(0.0)
	Operating Profit	7,620	56.3	6,691	48.9	(929)	(12.2)
	(Operating Profit Margin)	12.8%	/	11.2%	/	(1.6P)	/
Industrial IT Solutions	Sales	25,578	25.2	25,495	25.4	(82)	(0.3)
	Operating Profit	2,990	22.1	2,166	15.8	(823)	(27.5)
	(Operating Profit Margin)	11.7%	/	8.5%	/	(3.2P)	/
IT Platform Services	Sales	27,018	26.6	30,355	30.2	3,336	12.3
	Operating Profit	2,265	16.7	3,801	27.8	1,536	67.8
	(Operating Profit Margin)	8.4%	/	12.5%	/	4.1P	/
Others	Sales	3,103	3.1	3,202	3.2	99	3.2
	Operating Profit	(270)	(2.0)	438	3.2	709	—
	(Operating Profit Margin)	(8.7%)	/	13.7%	/	22.4P	/
Inter-segment sales and eliminations	Sales	(20,073)	(19.8)	(24,518)	(24.4)	(4,444)	/
	Operating Profit	286	2.1	239	1.8	(46)	/
Total	Sales	101,521	100.0	100,391	100.0	(1,130)	(1.1)
	Operating Profit	13,535	100.0	13,688	100.0	153	1.1
	(Operating Profit Margin)	13.3%	/	13.6%	/	0.3P	/

I .FY March 2017 Financial Results (Consolidated)

② Sales by segment

(JPY million)

Full Year	FY Mar.2016		FY Mar.2017		Yo Y	
	Amount	Share(%)	Amount	Share(%)	Diff.	Change(%)
Consulting	28,370	6.7	30,574	7.2	2,204	7.8
Financial IT Solutions	252,842	60.0	246,979	58.2	(5,863)	(2.3)
Securities	123,896	29.4	119,128	28.1	(4,767)	(3.8)
Insurance	57,082	13.5	51,982	12.2	(5,100)	(8.9)
Banking	37,541	8.9	40,286	9.5	2,745	7.3
Other financial	34,321	8.1	35,580	8.4	1,259	3.7
Industrial IT Solutions	101,538	24.1	107,208	25.3	5,670	5.6
Distribution	51,882	12.3	54,256	12.8	2,374	4.6
Manufacturing, service and other	49,656	11.8	52,952	12.5	3,295	6.6
IT Platform Services	28,720	6.8	29,241	6.9	520	1.8
Others	9,966	2.4	10,544	2.5	577	5.8
Total	421,439	100.0	424,548	100.0	3,109	0.7

(JPY million)

4th Quarter	4Q FY Mar.2016		4Q FY Mar.2017		Yo Y	
	Amount	Share(%)	Amount	Share(%)	Diff.	Change(%)
Consulting	8,012	7.4	9,765	8.4	1,753	21.9
Financial IT Solutions	64,339	59.7	65,261	56.3	922	1.4
Securities	32,080	29.8	31,993	27.6	(87)	(0.3)
Insurance	14,203	13.2	12,927	11.1	(1,276)	(9.0)
Banking	9,139	8.5	11,243	9.7	2,103	23.0
Other financial	8,916	8.3	9,098	7.8	182	2.0
Industrial IT Solutions	25,901	24.0	30,763	26.5	4,862	18.8
Distribution	12,443	11.5	14,558	12.5	2,115	17.0
Manufacturing, service and other	13,457	12.5	16,205	14.0	2,747	20.4
IT Platform Services	6,691	6.2	7,477	6.4	785	11.7
Others	2,872	2.7	2,745	2.4	(126)	(4.4)
Total	107,817	100.0	116,014	100.0	8,197	7.6

(JPY million)

3rd Quarter	3Q FY Mar.2016		3Q FY Mar.2017		Yo Y	
	Amount	Share(%)	Amount	Share(%)	Diff.	Change(%)
Consulting	7,135	7.0	7,631	7.2	495	6.9
Financial IT Solutions	59,522	58.8	61,962	58.8	2,440	4.1
Securities	27,779	27.4	30,081	28.5	2,301	8.3
Insurance	13,598	13.4	13,633	12.9	34	0.3
Banking	9,304	9.2	10,078	9.6	773	8.3
Other financial	8,839	8.7	8,169	7.8	(669)	(7.6)
Industrial IT Solutions	25,217	24.9	25,815	24.5	597	2.4
Distribution	12,805	12.6	13,031	12.4	226	1.8
Manufacturing, service and other	12,411	12.3	12,783	12.1	371	3.0
IT Platform Services	6,936	6.8	7,344	7.0	407	5.9
Others	2,471	2.4	2,615	2.5	144	5.8
Total	101,283	100.0	105,368	100.0	4,085	4.0

I .FY March 2017 Financial Results (Consolidated)

(JPY million)

2nd Quarter	2Q FY Mar.2016		2Q FY Mar.2017		Y o Y	
	Amount	Share(%)	Amount	Share(%)	Diff.	Change(%)
Consulting	7,117	6.4	7,129	6.9	11	0.2
Financial IT Solutions	69,386	62.6	60,303	58.7	(9,083)	(13.1)
Securities	37,282	33.6	28,645	27.9	(8,636)	(23.2)
Insurance	14,019	12.7	12,663	12.3	(1,356)	(9.7)
Banking	9,589	8.7	9,538	9.3	(50)	(0.5)
Other financial	8,494	7.7	9,455	9.2	960	11.3
Industrial IT Solutions	25,108	22.7	25,238	24.6	129	0.5
Distribution	13,173	11.9	13,121	12.8	(51)	(0.4)
Manufacturing, service and other	11,935	10.8	12,116	11.8	180	1.5
IT Platform Services	6,892	6.2	7,468	7.3	576	8.4
Others	2,311	2.1	2,634	2.6	323	14.0
Total	110,816	100.0	102,773	100.0	(8,042)	(7.3)

(JPY million)

1st Quarter	1Q FY Mar.2016		1Q FY Mar.2017		Y o Y	
	Amount	Share(%)	Amount	Share(%)	Diff.	Change(%)
Consulting	6,104	6.0	6,049	6.0	(55)	(0.9)
Financial IT Solutions	59,594	58.7	59,451	59.2	(142)	(0.2)
Securities	26,753	26.4	28,408	28.3	1,654	6.2
Insurance	15,260	15.0	12,758	12.7	(2,502)	(16.4)
Banking	9,509	9.4	9,427	9.4	(81)	(0.9)
Other financial	8,071	8.0	8,857	8.8	785	9.7
Industrial IT Solutions	25,311	24.9	25,391	25.3	80	0.3
Distribution	13,460	13.3	13,544	13.5	84	0.6
Manufacturing, service and other	11,850	11.7	11,847	11.8	(3)	(0.0)
IT Platform Services	8,199	8.1	6,950	6.9	(1,249)	(15.2)
Others	2,311	2.3	2,548	2.5	236	10.2
Total	101,521	100.0	100,391	100.0	(1,130)	(1.1)

I .FY March 2017 Financial Results (Consolidated)

(3) Sales to main clients

(JPY million)

Full Year	FY Mar.2016		FY Mar.2017		Y o Y	
	Amount	Share(%)	Amount	Share(%)	Diff.	Change(%)
Nomura Holdings	68,666	16.3	71,600	16.9	2,934	4.3
Seven & i Holdings	43,254	10.3	45,285	10.7	2,030	4.7

*Figures, in principle, include sales to subsidiaries.

(JPY million)

4th Quarter	4Q FY Mar.2016		4Q FY Mar.2017		Y o Y	
	Amount	Share(%)	Amount	Share(%)	Diff.	Change(%)
Nomura Holdings	19,400	18.0	19,533	16.8	133	0.7
Seven & i Holdings	10,058	9.3	12,761	11.0	2,703	26.9

(JPY million)

3rd Quarter	3Q FY Mar.2016		3Q FY Mar.2017		Y o Y	
	Amount	Share(%)	Amount	Share(%)	Diff.	Change(%)
Nomura Holdings	16,339	16.1	18,798	17.8	2,459	15.1
Seven & i Holdings	10,449	10.3	10,689	10.1	239	2.3

(JPY million)

2nd Quarter	2Q FY Mar.2016		2Q FY Mar.2017		Y o Y	
	Amount	Share(%)	Amount	Share(%)	Diff.	Change(%)
Nomura Holdings	16,268	14.7	16,498	16.1	230	1.4
Seven & i Holdings	11,102	10.0	10,642	10.4	(459)	(4.1)

(JPY million)

1st Quarter	1Q FY Mar.2016		1Q FY Mar.2017		Y o Y	
	Amount	Share(%)	Amount	Share(%)	Diff.	Change(%)
Nomura Holdings	16,658	16.4	16,769	16.7	111	0.7
Seven & i Holdings	11,644	11.5	11,191	11.1	(452)	(3.9)

I .FY March 2017 Financial Results (Consolidated)

(4) Subcontracting Costs

(JPY million)

Full Year	FY Mar.2016		FY Mar.2017		Y o Y	
	Amount	Share(%)	Amount	Share(%)	Diff.	Change(%)
Subcontracting Costs	139,303	33.1	126,361	29.8	(12,942)	(9.3)
(Subcontracting Costs to China)	23,476	16.9	18,815	14.9	(4,661)	(19.9)

*Share for subcontracting costs shows share of sales.

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

(JPY million)

4th Quarter	4Q FY Mar.2016		4Q FY Mar.2017		Y o Y	
	Amount	Share(%)	Amount	Share(%)	Diff.	Change(%)
Subcontracting Costs	34,099	31.6	32,211	27.8	(1,888)	(5.5)
(Subcontracting Costs to China)	5,295	15.5	4,336	13.5	(958)	(18.1)

(JPY million)

3rd Quarter	3Q FY Mar.2016		3Q FY Mar.2017		Y o Y	
	Amount	Share(%)	Amount	Share(%)	Diff.	Change(%)
Subcontracting Costs	32,911	32.5	30,849	29.3	(2,061)	(6.3)
(Subcontracting Costs to China)	5,495	16.7	4,373	14.2	(1,121)	(20.4)

(JPY million)

2nd Quarter	2Q FY Mar.2016		2Q FY Mar.2017		Y o Y	
	Amount	Share(%)	Amount	Share(%)	Diff.	Change(%)
Subcontracting Costs	36,578	33.0	31,681	30.8	(4,897)	(13.4)
(Subcontracting Costs to China)	6,464	17.7	5,064	16.0	(1,399)	(21.7)

(JPY million)

1st Quarter	1Q FY Mar.2016		1Q FY Mar.2017		Y o Y	
	Amount	Share(%)	Amount	Share(%)	Diff.	Change(%)
Subcontracting Costs	35,714	35.2	31,619	31.5	(4,095)	(11.5)
(Subcontracting Costs to China)	6,222	17.4	5,040	15.9	(1,181)	(19.0)

I .FY March 2017 Financial Results (Consolidated)

(5) Cash Flow

(JPY million)

Full Year	FY Mar. 2016	FY Mar. 2017	Y o Y	
	Amount	Amount	Diff.	Change(%)
Operating Activities	81,470	61,147	(20,323)	(24.9)
Investing Activities	(75,344)	(30,341)	45,002	(59.7)
(Investing Activities except Cash management purpose investment)	(52,725)	(41,348)	11,377	(21.6)
Free Cash Flow	6,126	30,805	24,679	402.9
(Free Cash Flow except Cash management purpose investment)	28,744	19,799	(8,945)	(31.1)
Financing Activities	9,326	(34,327)	(43,653)	—
Net increase in Cash and cash equivalents	14,381	(2,897)	(17,278)	—
(Net increase in Cash and cash equivalents except Cash management purpose investment)	37,000	(13,903)	(50,903)	—
Cash and cash equivalents at end of period	154,949	152,051	(2,897)	(1.9)
Cash and cash equivalents + Cash Management purpose investment	206,031	192,028	(14,003)	(6.8)

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

I .FY March 2017 Financial Results (Consolidated)

(6) Capital Expenditure, Research and Development Expenses

(JPY million)

Full Year	FY Mar. 2016	FY Mar. 2017	Y o Y	
	Amount	Amount	Diff.	Change(%)
Capital Expenditure	48,325	38,668	(9,656)	(20.0)
Tangible	20,285	13,640	(6,644)	(32.8)
Intangible	28,040	25,027	(3,012)	(10.7)
Research and Development Expenses	5,110	5,674	564	11.0

(JPY million)

4th Quarter	4Q FY Mar. 2016	4Q FY Mar. 2017	Y o Y	
	Amount	Amount	Diff.	Change(%)
Capital Expenditure	11,009	9,346	(1,663)	(15.1)
Tangible	3,095	3,859	764	24.7
Intangible	7,913	5,486	(2,427)	(30.7)
Research and Development Expenses	1,757	1,660	(96)	(5.5)

(JPY million)

3rd Quarter	3Q FY Mar. 2016	3Q FY Mar. 2017	Y o Y	
	Amount	Amount	Diff.	Change(%)
Capital Expenditure	15,381	9,134	(6,246)	(40.6)
Tangible	7,879	3,611	(4,267)	(54.2)
Intangible	7,501	5,522	(1,978)	(26.4)
Research and Development Expenses	1,279	1,414	134	10.5

(JPY million)

2nd Quarter	2Q FY Mar. 2016	2Q FY Mar. 2017	Y o Y	
	Amount	Amount	Diff.	Change(%)
Capital Expenditure	12,510	8,875	(3,634)	(29.1)
Tangible	6,294	1,780	(4,514)	(71.7)
Intangible	6,215	7,095	879	14.2
Research and Development Expenses	1,376	1,608	231	16.8

(JPY million)

1st Quarter	1Q FY Mar. 2016	1Q FY Mar. 2017	Y o Y	
	Amount	Amount	Diff.	Change(%)
Capital Expenditure	9,424	11,312	1,887	20.0
Tangible	3,015	4,388	1,373	45.5
Intangible	6,409	6,923	514	8.0
Research and Development Expenses	696	990	294	42.2

I .FY March 2017 Financial Results (Consolidated)

(7) Depreciation and Amortization

(JPY million)

Full Year	FY Mar. 2016	FY Mar. 2017	YoY	
	Amount	Amount	Diff.	Change(%)
Tangible	9,242	10,488	1,246	13.5
Intangible	23,356	17,988	(5,368)	(23.0)
Depreciation and Amortization	32,598	28,476	(4,122)	(12.6)

(JPY million)

4th Quarter	4Q FY Mar. 2016	4Q FY Mar. 2017	YoY	
	Amount	Amount	Diff.	Change(%)
Tangible	2,592	2,883	290	11.2
Intangible	6,136	6,207	70	1.1
Depreciation and Amortization	8,729	9,090	360	4.1

(JPY million)

3rd Quarter	3Q FY Mar. 2016	3Q FY Mar. 2017	YoY	
	Amount	Amount	Diff.	Change(%)
Tangible	2,448	2,688	240	9.8
Intangible	3,568	3,972	404	11.3
Depreciation and Amortization	6,016	6,661	644	10.7

(JPY million)

2nd Quarter	2Q FY Mar. 2016	2Q FY Mar. 2017	YoY	
	Amount	Amount	Diff.	Change(%)
Tangible	2,182	2,519	337	15.4
Intangible	9,252	4,056	(5,195)	(56.2)
Depreciation and Amortization	11,434	6,576	(4,858)	(42.5)

(JPY million)

1st Quarter	1Q FY Mar. 2016	1Q FY Mar. 2017	YoY	
	Amount	Amount	Diff.	Change(%)
Tangible	2,018	2,397	378	18.7
Intangible	4,399	3,751	(647)	(14.7)
Depreciation and Amortization	6,418	6,148	(269)	(4.2)

I .FY March 2017 Financial Results (Consolidated)

(8) Order Volume by segment

① Order Backlog

(JPY million)

At the end of period	FY Mar. 2016	FY Mar. 2017	YoY	
	Amount	Amount	Diff.	Change(%)
Consulting	4,677	8,711	4,034	86.3
Financial IT Solutions	149,718	148,893	(825)	(0.6)
Industrial IT Solutions	58,523	67,650	9,126	15.6
IT Platform Services	11,837	14,019	2,182	18.4
Others	3,553	3,472	(80)	(2.3)
Total	228,310	242,748	14,437	6.3
(Order backlog in the next FY)	227,420	238,644	11,223	4.9

(JPY million)

At the end of the 3rd Quarter	3Q FY Mar. 2016	3Q FY Mar. 2017	YoY	
	Amount	Amount	Diff.	Change(%)
Consulting	6,202	8,407	2,204	35.5
Financial IT Solutions	57,524	63,773	6,249	10.9
Industrial IT Solutions	18,273	23,910	5,636	30.8
IT Platform Services	6,445	4,659	(1,786)	(27.7)
Others	1,834	1,644	(190)	(10.4)
Total	90,280	102,394	12,113	13.4
(Order backlog in the current FY)	80,966	90,434	9,468	11.7

(JPY million)

At the end of the 2nd Quarter	2Q FY Mar. 2016	2Q FY Mar. 2017	YoY	
	Amount	Amount	Diff.	Change(%)
Consulting	7,162	7,500	338	4.7
Financial IT Solutions	90,634	93,184	2,550	2.8
Industrial IT Solutions	33,210	34,188	977	2.9
IT Platform Services	9,500	8,358	(1,141)	(12.0)
Others	2,494	2,892	398	16.0
Total	143,001	146,125	3,123	2.2
(Order backlog in the current FY)	137,262	142,687	5,424	4.0

(JPY million)

At the end of the 1st Quarter	1Q FY Mar. 2016	1Q FY Mar. 2017	YoY	
	Amount	Amount	Diff.	Change(%)
Consulting	8,029	8,700	671	8.4
Financial IT Solutions	125,307	124,119	(1,187)	(0.9)
Industrial IT Solutions	47,565	48,534	968	2.0
IT Platform Services	12,708	10,971	(1,737)	(13.7)
Others	2,455	4,199	1,744	71.0
Total	196,065	196,525	459	0.2
(Order backlog in the current FY)	192,292	194,203	1,911	1.0

(JPY million)

At beginning of period	FY Mar. 2016	FY Mar. 2017	YoY	
	Amount	Amount	Diff.	Change(%)
Consulting	5,622	4,677	(945)	(16.8)
Financial IT Solutions	146,268	149,718	3,450	2.4
Industrial IT Solutions	55,412	58,523	3,111	5.6
IT Platform Services	17,205	11,837	(5,368)	(31.2)
Others	2,679	3,553	873	32.6
Total	227,188	228,310	1,122	0.5
(Order backlog in the current FY)	224,785	227,420	2,634	1.2

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.

Copyright (C) Nomura Research Institute, Ltd. All rights reserved.

I .FY March 2017 Financial Results (Consolidated)

② Order Volume

(JPY million)

Full Year	FY Mar. 2016	FY Mar. 2017	YoY	
	Amount	Amount	Diff.	Change(%)
Consulting	27,425	34,609	7,183	26.2
Financial IT Solutions	256,293	246,153	(10,139)	(4.0)
Industrial IT Solutions	104,650	116,335	11,685	11.2
IT Platform Services	23,352	31,423	8,071	34.6
Others	10,840	10,463	(376)	(3.5)
Total	422,561	438,986	16,424	3.9

(JPY million)

4th Quarter	4Q FY Mar. 2016	4Q FY Mar. 2017	YoY	
	Amount	Amount	Diff.	Change(%)
Consulting	6,487	10,069	3,582	55.2
Financial IT Solutions	156,534	150,381	(6,152)	(3.9)
Industrial IT Solutions	66,151	74,504	8,352	12.6
IT Platform Services	12,083	16,837	4,754	39.3
Others	4,591	4,574	(16)	(0.4)
Total	245,847	256,368	10,521	4.3

(JPY million)

3rd Quarter	3Q FY Mar. 2016	3Q FY Mar. 2017	YoY	
	Amount	Amount	Diff.	Change(%)
Consulting	6,175	8,537	2,361	38.2
Financial IT Solutions	26,412	32,551	6,139	23.2
Industrial IT Solutions	10,280	15,537	5,257	51.1
IT Platform Services	3,881	3,644	(236)	(6.1)
Others	1,812	1,367	(445)	(24.6)
Total	48,562	61,638	13,075	26.9

(JPY million)

2nd Quarter	2Q FY Mar. 2016	2Q FY Mar. 2017	YoY	
	Amount	Amount	Diff.	Change(%)
Consulting	6,251	5,929	(321)	(5.1)
Financial IT Solutions	34,712	29,368	(5,344)	(15.4)
Industrial IT Solutions	10,754	10,892	137	1.3
IT Platform Services	3,685	4,856	1,171	31.8
Others	2,349	1,327	(1,021)	(43.5)
Total	57,752	52,373	(5,379)	(9.3)

(JPY million)

1st Quarter	1Q FY Mar. 2016	1Q FY Mar. 2017	YoY	
	Amount	Amount	Diff.	Change(%)
Consulting	8,511	10,072	1,561	18.3
Financial IT Solutions	38,633	33,852	(4,781)	(12.4)
Industrial IT Solutions	17,464	15,402	(2,062)	(11.8)
IT Platform Services	3,702	6,084	2,382	64.3
Others	2,087	3,194	1,107	53.0
Total	70,399	68,606	(1,793)	(2.5)

(1) Highlights and Dividend forecasts

(JPY billion)

	FY Mar.2017	FY Mar.2018	Y o Y	
	(Results)	(Forecasts)	Diff.	Change(%)
	Amount	Amount		
Sales	424.5	460.0	35.4	8.4
Consulting Services	62.7	70.0	7.2	11.6
System Development & System Application Sales	131.9	147.0	15.0	11.4
System Management & Operation Services	217.2	233.0	15.7	7.2
Product Sales	12.6	10.0	(2.6)	(20.9)
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	46.5	1.4	3.2
Dividends per share(JPY)	80.00	90.00	10.00	12.5
Second quarter(JPY)	40.00	45.00	5.00	12.5
Fiscal year end(JPY)	40.00	45.00	5.00	12.5

※1.NRI implemented a 1:1.1 common stock split on January 1, 2017. No adjustment was made to the dividend per share at the end of 2Q FY March to accompany the split.

(2) Sales Forecasts by segment

(JPY billion)

	FY Mar.2017 (Results)		FY Mar.2018 (Forecasts)		Y o Y	
	Amount	Share(%)	Amount	Share(%)	Diff.	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) Capital Expenditure, Research and Development Expenses Forecasts

(JPY billion)

	FY Mar.2017 (Results)	FY Mar.2018 (Forecasts)	Y o Y	
	Amount	Amount	Diff.	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
Research and Development Expenses	5.6	6.0	0.3	5.7

(4) Depreciation and Amortization Forecasts

(JPY billion)

	FY Mar.2017 (Results)	FY Mar.2018 (Forecasts)	Y o Y	
	Amount	Amount	Diff.	Change(%)
Depreciation and Amortization	28.4	31.0	2.5	8.9

(5) Highlights (1H/2H)

(JPY billion)

1st Half	FY Mar.2017	FY Mar.2018	YoY	
	(Results)	(Forecasts)	Diff.	Change(%)
	Amount	Amount		
Sales	203.1	225.0	21.8	10.7
Consulting Services	27.1	32.0	4.8	17.9
System Development & System Application Sales	66.3	72.0	5.6	8.5
System Management & Operation Services	104.5	116.0	11.4	11.0
Product Sales	5.1	5.0	(0.1)	(2.8)
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	23.0	(5.8)	(20.3)

(JPY billion)

2nd Half	FY Mar.2017	FY Mar.2018	YoY	
	(Results)	(Forecasts)	Diff.	Change(%)
	Amount	Amount		
Sales	221.3	235.0	13.6	6.2
Consulting Services	35.5	38.0	2.4	6.8
System Development & System Application Sales	65.5	75.0	9.4	14.4
System Management & Operation Services	112.7	117.0	4.2	3.8
Product Sales	7.4	5.0	(2.4)	(33.2)
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

(6) Sales Forecasts by segment (1H/2H)

(JPY billion)

1st Half	FY Mar.2017 (Results)		FY Mar.2018 (Forecasts)		YoY	
	Amount	Share(%)	Amount	Share(%)	Diff.	Change(%)
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

(JPY billion)

2nd Half	FY Mar.2017 (Results)		FY Mar.2018 (Forecasts)		YoY	
	Amount	Share(%)	Amount	Share(%)	Diff.	Change(%)
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