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# Financial Results Presentation

Financial Results for 3<sup>rd</sup> Quarter FY March 2017

January 27, 2017

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**Nomura Research Institute, Ltd.**



# Contents

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## **1. Financial Results for 3<sup>rd</sup> Quarter FY March 2017**

## **2. Recent Activities**

# Highlights of Consolidated Financial Results <3Q Total>

(JPY million)

	3Q FY Mar. 2016 Total (Apr.-Dec.)	3Q FY Mar. 2017 Total (Apr.-Dec.)	Diff.	YoY Change
<b>Sales</b>	<b>313,621</b>	<b>308,533</b>	<b>(5,087)</b>	<b>(1.6%)</b>
<b>Operating Profit</b>	<b>43,229</b>	<b>42,644</b>	<b>(585)</b>	<b>(1.4%)</b>
<b>Operating Profit Margin</b>	<b>13.8%</b>	<b>13.8%</b>	<b>+0.0P</b>	
<b>Profit attributable to owners of parent</b>	<b>31,914</b>	<b>40,280</b>	<b>+8,366</b>	<b>+26.2%</b>

# Highlights of Consolidated Financial Results <3Q>

(JPY million)

	3Q FY Mar. 2016 (Oct.-Dec.)	3Q FY Mar. 2017 (Oct.-Dec.)	Diff.	YoY Change
<b>Sales</b>	<b>101,283</b>	<b>105,368</b>	<b>+4,085</b>	<b>+4.0%</b>
<b>Operating Profit</b>	<b>14,979</b>	<b>16,303</b>	<b>+1,323</b>	<b>+8.8%</b>
<b>Operating Profit Margin</b>	<b>14.8%</b>	<b>15.5%</b>	<b>+0.7P</b>	
<b>Profit attributable to owners of parent</b>	<b>11,787</b>	<b>11,436</b>	<b>(350)</b>	<b>(3.0%)</b>

# Key Factors in Financial Results for 3Q FY March 2017

## ● Sales were down 1.6%

- Sales to the securities industry only declined ¥4.6 billion despite a drop in large-scale software product sales
- Acquisition of IT Solutions projects for the insurance industry fell below expectations

## ● Operating profit was down 1.4%

- My Number-related business structure improvement expenses at Daiko Securities Business (2Q)
- Offset by improved profitability due to decline in unprofitable and low-profit projects

## ● Profit attributable to owners of parent was up 26.2%

- Extraordinary income from sales of investment securities recorded (2Q)

In contrast to the decline in sales and operating profit for the first nine months, in 3Q alone, sales were up 4.0% and operating profit was up 8.8%.

# Sales by Segment <3Q Total>

(JPY million)

	3Q FY Mar. 2016 Total (Apr.-Dec.)	Share	3Q FY Mar. 2017 Total (Apr.-Dec.)	Share	Diff.	YoY Change
<b>Consulting</b>	20,358	6.5%	20,809	6.7%	+451	+2.2%
<b>Financial IT Solutions</b>	188,503	60.1%	181,717	58.9%	(6,785)	(3.6%)
Securities	91,816	29.3%	87,135	28.2%	(4,680)	(5.1%)
Insurance	42,878	13.7%	39,055	12.7%	(3,823)	(8.9%)
Banking	28,402	9.1%	29,043	9.4%	+641	+2.3%
Other financial	25,405	8.1%	26,482	8.6%	+1,076	+4.2%
<b>Industrial IT Solutions</b>	75,637	24.1%	76,445	24.8%	+807	+1.1%
Distribution	39,439	12.6%	39,698	12.9%	+259	+0.7%
Manufacturing, service and other	36,198	11.5%	36,746	11.9%	+548	+1.5%
<b>IT Platform Services</b>	22,028	7.0%	21,763	7.1%	(265)	(1.2%)
<b>Others</b>	7,094	2.3%	7,798	2.5%	+704	+9.9%
<b>Total</b>	<b>313,621</b>	<b>100.0%</b>	<b>308,533</b>	<b>100.0%</b>	<b>(5,087)</b>	<b>(1.6%)</b>
<b>Nomura Holdings</b>	49,265	15.7%	52,066	16.9%	+2,801	+5.7%
<b>Seven &amp; i Holdings</b>	33,196	10.6%	32,523	10.5%	(672)	(2.0%)

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 <3Q Total>

## ■ Including Inter-segment sales for each segment

(JPY million)

		3Q FY Mar. 2016 Total (Apr.-Dec.)	3Q FY Mar. 2017 Total (Apr.-Dec.)	Diff.	YoY Change
<b>Consulting</b>	<b>Sales</b>	<b>20,607</b>	<b>21,174</b>	<b>+567</b>	<b>+2.8%</b>
	<b>OP</b>	<b>3,424</b>	<b>3,689</b>	<b>+264</b>	<b>+7.7%</b>
	<b>OPM</b>	<b>16.6%</b>	<b>17.4%</b>	<b>+0.8P</b>	
<b>Financial IT Solutions</b>	<b>Sales</b>	<b>189,066</b>	<b>182,593</b>	<b>(6,473)</b>	<b>(3.4%)</b>
	<b>OP</b>	<b>21,966</b>	<b>19,929</b>	<b>(2,037)</b>	<b>(9.3%)</b>
	<b>OPM</b>	<b>11.6%</b>	<b>10.9%</b>	<b>(0.7P)</b>	
<b>Industrial IT Solutions</b>	<b>Sales</b>	<b>76,584</b>	<b>76,770</b>	<b>+186</b>	<b>+0.2%</b>
	<b>OP</b>	<b>7,738</b>	<b>5,982</b>	<b>(1,755)</b>	<b>(22.7%)</b>
	<b>OPM</b>	<b>10.1%</b>	<b>7.8%</b>	<b>(2.3P)</b>	
<b>IT Platform Services</b>	<b>Sales</b>	<b>81,336</b>	<b>90,895</b>	<b>+9,558</b>	<b>+11.8%</b>
	<b>OP</b>	<b>8,793</b>	<b>10,765</b>	<b>+1,972</b>	<b>+22.4%</b>
	<b>OPM</b>	<b>10.8%</b>	<b>11.8%</b>	<b>+1.0P</b>	

## Sales by Service <3Q Total>

(JPY million)

	3Q FY Mar. 2016 Total (Apr.-Dec.)	Share	3Q FY Mar. 2017 Total (Apr.-Dec.)	Share	Diff.	YoY Change
Consulting Services	38,387	12.2%	43,111	14.0%	+4,723	+12.3%
System Development & System Application Sales	109,741	35.0%	98,758	32.0%	(10,983)	(10.0%)
System Management & Operation Services	158,411	50.5%	158,614	51.4%	+202	+0.1%
Product Sales	7,081	2.3%	8,050	2.6%	+968	+13.7%
<b>Total</b>	<b>313,621</b>	<b>100.0%</b>	<b>308,533</b>	<b>100.0%</b>	<b>(5,087)</b>	<b>(1.6%)</b>



## P/L Highlight <3Q Total>

(JPY million)

	3Q FY Mar. 2016 Total (Apr.-Dec.)	3Q FY Mar. 2017 Total (Apr.-Dec.)	Diff.	YoY Change
<b>Sales</b>	<b>313,621</b>	<b>308,533</b>	<b>(5,087)</b>	<b>(1.6%)</b>
<b>Cost of Sales</b>	<b>214,352</b>	<b>203,631</b>	<b>(10,721)</b>	<b>(5.0%)</b>
<b>Subcontracting Costs</b>	<b>105,204</b>	<b>94,150</b>	<b>(11,053)</b>	<b>(10.5%)</b>
<b>Gross Profit</b>	<b>99,268</b>	<b>104,902</b>	<b>+5,633</b>	<b>+5.7%</b>
<b>Gross Profit Margin</b>	<b>31.7%</b>	<b>34.0%</b>	<b>+2.3P</b>	
<b>SG&amp;A</b>	<b>56,039</b>	<b>62,258</b>	<b>+6,218</b>	<b>+11.1%</b>
<b>Operating Profit</b>	<b>43,229</b>	<b>42,644</b>	<b>(585)</b>	<b>(1.4%)</b>
<b>Operating Profit Margin</b>	<b>13.8%</b>	<b>13.8%</b>	<b>+0.0P</b>	

## P/L Highlight <3Q Total> continued

(JPY million)

	3Q FY Mar. 2016 Total (Apr.-Dec.)	3Q FY Mar. 2017 Total (Apr.-Dec.)	Diff.	YoY Change
<b>Operating Profit</b>	<b>43,229</b>	<b>42,644</b>	<b>(585)</b>	<b>(1.4%)</b>
<b>Non-operating income and loss</b>	<b>2,095</b>	<b>1,806</b>	<b>(289)</b>	
<b>Dividend Income</b>	<b>1,627</b>	<b>1,522</b>	<b>(104)</b>	
<b>Extraordinary income and loss</b>	<b>1,233</b>	<b>13,213</b>	<b>+11,980</b>	
<b>Gain on sales of investment securities</b>	<b>1,444</b>	<b>13,159</b>	<b>+11,714</b>	
<b>Income taxes etc.</b>	<b>14,491</b>	<b>18,807</b>	<b>+4,316</b>	
<b>Profit attributable to owners of parent</b>	<b>31,914</b>	<b>40,280</b>	<b>+8,366</b>	<b>+26.2%</b>

# Order Backlog (Outstanding)

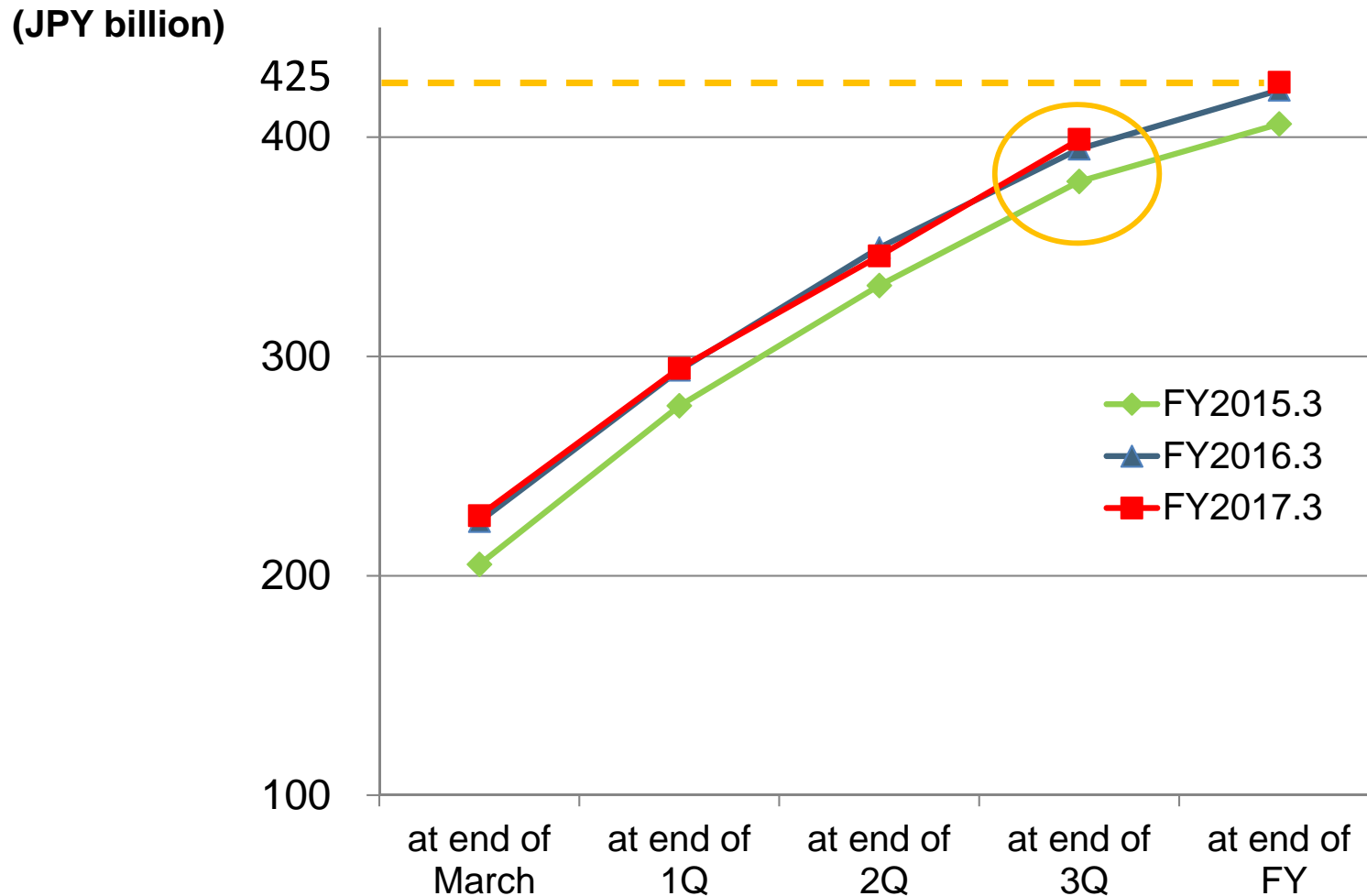
(JPY million)

	At end of Dec. 2015	At end of Dec. 2016	Diff.	YoY Change
<b>Consulting</b>	<b>6,202</b>	<b>8,407</b>	<b>+2,204</b>	<b>+35.5%</b>
<b>Financial IT Solutions</b>	<b>57,524</b>	<b>63,773</b>	<b>+6,249</b>	<b>+10.9%</b>
<b>Industrial IT Solutions</b>	<b>18,273</b>	<b>23,910</b>	<b>+5,636</b>	<b>+30.8%</b>
<b>IT Platform Services</b>	<b>6,445</b>	<b>4,659</b>	<b>(1,786)</b>	<b>(27.7%)</b>
<b>Other</b>	<b>1,834</b>	<b>1,644</b>	<b>(190)</b>	<b>(10.4%)</b>
<b>Total</b>	<b>90,280</b>	<b>102,394</b>	<b>+12,113</b>	<b>+13.4%</b>
<b>Order backlog in the current FY</b>	<b>80,966</b>	<b>90,434</b>	<b>+9,468</b>	<b>+11.7%</b>

# Sales + Consolidated Order Backlog

➤ Reflecting order backlog at ASG Group Limited as it became a subsidiary

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



# Results through 3Q and Full-Year Earnings Forecast

(JPY billion)

		1Q	2Q	3Q	4Q	FY
FY March 2014	Sales	88.2	94.3	96.9	106.4	385.9
	OP	10.8	12.9	12.2	13.7	49.8
	OPM	12.2%	13.8%	12.7%	12.9%	12.9%
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 (Figures for 4Q and full-year are estimates)	Sales	100.3	102.7	105.3	116.4	425.0
	OP	13.6	12.6	16.3	16.3	59.0
	OPM	13.6%	12.3%	15.5%	14.0%	13.9%

Note: Figures for 4Q year ending March 2017 calculated by subtracting results up to 3Q from full-year forecast earnings (reference figure).

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## **1. Financial Results for 3<sup>rd</sup> Quarter FY March 2017**

## **2. Recent Activities**

# Creation of Synergies with Overseas Acquisitions

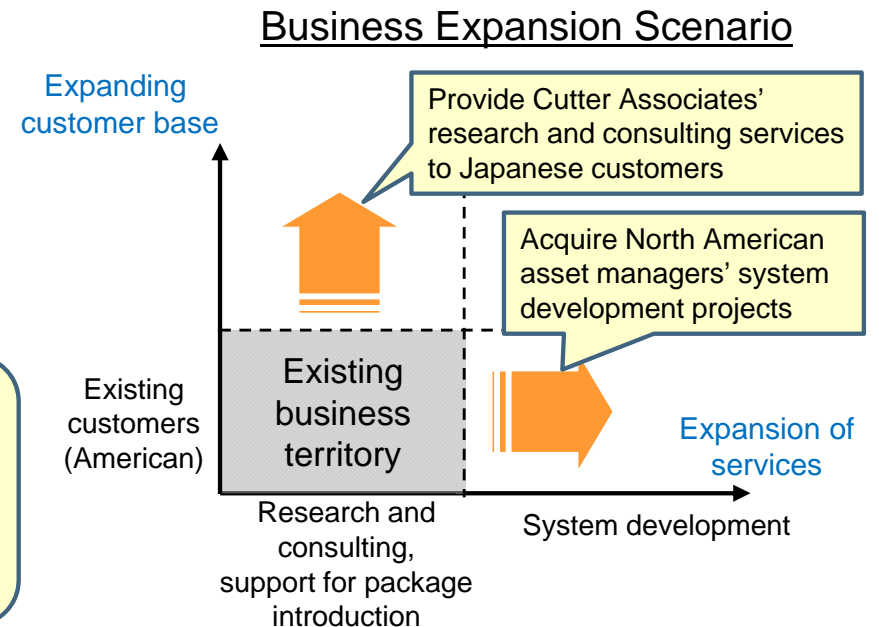
## Results of steps to generate post-acquisition synergies began to appear

### Cutter Associates

- Launched provision of Cutter Associates' services to Japanese clients
- System development projects in North America scheduled to commence in February

#### Examples of post-acquisition results

- Provision of research services to (a number of) Japanese companies
- Support for package selection and introduction for local Japanese subsidiaries overseas
- System development in conjunction with package introduction at North American asset manager



### Brierley+Partners

- Following establishment of Japanese subsidiary, launched provision of digital loyalty marketing solutions in Japan and APAC, steadily receiving new orders
- In process of promoting collaboration with global players
  - Established one-stop system for top customer retention in e-commerce field by linking BRIERLEY LOYALTYWARE® and SAP's omnichannel platform solutions

## Recent Activities

# Completed Acquisition of Australian Firm ASG Group (Full Subsidiary as of December 23, 2016)

## ➤ Acquired 100% of the issued shares of ASG Group Limited, thereby making it into a full subsidiary

- ASG Group's earnings to be reflected in consolidated financial results from January 2017
- **Steady growth of IT market in Australia**
  - Provide NRI's solutions to ASG Group's existing customers and approach Japanese companies in Australia
- **Expand business into Asia region**
- **Leverage ASG Group's intellectual property (IP)\* to strengthen NRI solutions and expand business in Australia**

\* Intellectual property forms the source of value provision, including industry knowledge and industry standard services, etc.

### Features of Australian IT market

- Second biggest market in Asia after Japan, with robust growth expected
- Migration to cloud progressing at pace that is outstripping other developed countries

### Strengths of ASG Group

- Possesses comprehensive IP for organizing, standardizing and streamlining an existing complex on-premises environment and migrating it to the cloud

### Profile of ASG Group

<b>Company Name</b>	ASG Group Limited
<b>Date of establishment</b>	June 1995 (business commenced in 1996)
<b>Location</b>	Perth (Australia)
<b>Consolidated Sales</b>	AUD188,720,000 (JPY15,875 million) (FY June 2016, Converted at AUD1 = JPY84.12)
<b>Business description</b>	Consulting, development, construction, management and operating services for enterprise resource planning, management data analysis and IT infrastructure, etc.



## Creation of New Business

### ➤ Continue achievements in business IT sector and new technology fields

#### Consolution

- Developed Dokoka Ni Miles in partnership with JAL
  - Developed entire process from business concept to system construction in collaboration with customer

#### Digital marketing

- Since establishment of NRI digital, Ltd., increased inquiries from customers and launched a number of projects

#### FinTech

- Developed “Nomura Goal-Based,” an asset management advisory-type robo advisor for retail investors, in partnership with Nomura Securities

#### New technology fields (AI, IoT, etc.)

- Supported upgrades and streamlining of contact operations with TRAINA, an AI solution
- Collaborated with GE Digital in support for IoT system security measures

# Health and Productivity Management Initiatives

## ➤ Received Excellence Award at the Ninth Work-Life Balance Awards

- Commended for reducing total working hours through health and productivity management and enhancing systems for offering discretionary working hours and location

### Main Initiatives

- Promoting activities to improve working environment
- Enhancing systems that provide discretionary working hours and location
- Various measures to promote active participation by women
- Reducing total annual working hours



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

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- 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 <3Q Total>

(JPY million)

	3Q FY Mar. 2016 Total (Apr.-Dec.)	3Q FY Mar. 2017 Total (Apr.-Dec.)	Diff.	YoY Change
<b>Consulting</b>	<b>20,938</b>	<b>24,539</b>	<b>+3,600</b>	<b>+17.2%</b>
<b>Financial IT Solutions</b>	<b>99,758</b>	<b>95,772</b>	<b>(3,986)</b>	<b>(4.0%)</b>
<b>Industrial IT Solutions</b>	<b>38,499</b>	<b>41,831</b>	<b>+3,332</b>	<b>+8.7%</b>
<b>IT Platform Services</b>	<b>11,269</b>	<b>14,585</b>	<b>+3,316</b>	<b>+29.4%</b>
<b>Other</b>	<b>6,249</b>	<b>5,889</b>	<b>(359)</b>	<b>(5.8%)</b>
<b>Total</b>	<b>176,714</b>	<b>182,617</b>	<b>+5,903</b>	<b>+3.3%</b>

## 1. Other Financial Result-related Data

# Highlights of Consolidated Financial Results <3Q>

(JPY million)

	3Q FY Mar. 2016 (Oct.-Dec.)	3Q FY Mar. 2017 (Oct.-Dec.)	Diff.	YoY Change
<b>Sales</b>	<b>101,283</b>	<b>105,368</b>	<b>+4,085</b>	<b>+4.0%</b>
<b>Operating Profit</b>	<b>14,979</b>	<b>16,303</b>	<b>+1,323</b>	<b>+8.8%</b>
<b>Operating Profit Margin</b>	<b>14.8%</b>	<b>15.5%</b>	<b>+0.7P</b>	
<b>Profit attributable to owners of parent</b>	<b>11,787</b>	<b>11,436</b>	<b>(350)</b>	<b>(3.0%)</b>

# 1. Other Financial Result-related Data

## Sales by Segment <3Q>

(JPY million)

	3Q FY Mar. 2016 (Oct.-Dec.)	Share	3Q FY Mar. 2017 (Oct.-Dec.)	Share	Diff.	YoY Change
<b>Consulting</b>	7,135	7.0%	7,631	7.2%	+495	+6.9%
<b>Financial IT Solutions</b>	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%)
<b>Industrial IT Solutions</b>	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%
<b>IT Platform Services</b>	6,936	6.8%	7,344	7.0%	+407	+5.9%
<b>Others</b>	2,471	2.4%	2,615	2.5%	+144	+5.8%
<b>Total</b>	<b>101,283</b>	<b>100.0%</b>	<b>105,368</b>	<b>100.0%</b>	<b>+4,085</b>	<b>+4.0%</b>
<b>Nomura Holdings</b>	16,339	16.1%	18,798	17.8%	+2,459	+15.1%
<b>Seven &amp; i Holdings</b>	10,449	10.3%	10,689	10.1%	+239	+2.3%

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

## 1. Other Financial Result-related Data

# Segment performance results <3Q>

### ■ Including Inter-segment sales for each segment

(JPY million)

		3Q FY Mar. 2016 (Oct.-Dec.)	3Q FY Mar. 2017 (Oct.-Dec.)	Diff.	YoY Change
<b>Consulting</b>	<b>Sales</b>	<b>7,229</b>	<b>7,774</b>	<b>+544</b>	<b>+7.5%</b>
	<b>OP</b>	<b>1,407</b>	<b>1,600</b>	<b>+193</b>	<b>+13.7%</b>
	<b>OPM</b>	<b>19.5%</b>	<b>20.6%</b>	<b>+1.1P</b>	
<b>Financial IT Solutions</b>	<b>Sales</b>	<b>59,761</b>	<b>62,287</b>	<b>+2,526</b>	<b>+4.2%</b>
	<b>OP</b>	<b>7,074</b>	<b>8,158</b>	<b>+1,084</b>	<b>+15.3%</b>
	<b>OPM</b>	<b>11.8%</b>	<b>13.1%</b>	<b>+1.3P</b>	
<b>Industrial IT Solutions</b>	<b>Sales</b>	<b>25,587</b>	<b>25,937</b>	<b>+349</b>	<b>+1.4%</b>
	<b>OP</b>	<b>2,495</b>	<b>2,329</b>	<b>(166)</b>	<b>(6.7%)</b>
	<b>OPM</b>	<b>9.8%</b>	<b>9.0%</b>	<b>(0.8P)</b>	
<b>IT Platform Services</b>	<b>Sales</b>	<b>27,927</b>	<b>30,167</b>	<b>+2,239</b>	<b>+8.0%</b>
	<b>OP</b>	<b>3,395</b>	<b>3,427</b>	<b>+32</b>	<b>+1.0%</b>
	<b>OPM</b>	<b>12.2%</b>	<b>11.4%</b>	<b>(0.8P)</b>	



# 1. Other Financial Result-related Data

## Sales by Service <3Q>

(JPY million)

	3Q FY Mar. 2016 (Oct.-Dec.)	Share	3Q FY Mar. 2017 (Oct.-Dec.)	Share	Diff.	YoY Change
Consulting Services	13,310	13.1%	15,972	15.2%	+2,661	+20.0%
System Development & System Application Sales	32,690	32.3%	32,381	30.7%	(308)	(0.9%)
System Management & Operation Services	53,062	52.4%	54,111	51.4%	+1,048	+2.0%
Product Sales	2,220	2.2%	2,904	2.8%	+683	+30.8%
<b>Total</b>	<b>101,283</b>	<b>100.0%</b>	<b>105,368</b>	<b>100.0%</b>	<b>+4,085</b>	<b>+4.0%</b>

# 1. Other Financial Result-related Data

## P/L Highlight <3Q>

(JPY million)

	3Q FY Mar. 2016 (Oct.-Dec.)	3Q FY Mar. 2017 (Oct.-Dec.)	Diff.	YoY Change
<b>Sales</b>	<b>101,283</b>	<b>105,368</b>	<b>+4,085</b>	<b>+4.0%</b>
<b>Cost of Sales</b>	<b>66,791</b>	<b>67,709</b>	<b>+918</b>	<b>+1.4%</b>
<b>Subcontracting Costs</b>	<b>32,911</b>	<b>30,849</b>	<b>(2,061)</b>	<b>(6.3%)</b>
<b>Gross Profit</b>	<b>34,491</b>	<b>37,659</b>	<b>+3,167</b>	<b>+9.2%</b>
<b>Gross Profit Margin</b>	<b>34.1%</b>	<b>35.7%</b>	<b>+1.7P</b>	
<b>SG&amp;A</b>	<b>19,511</b>	<b>21,356</b>	<b>+1,844</b>	<b>+9.5%</b>
<b>Operating Profit</b>	<b>14,979</b>	<b>16,303</b>	<b>+1,323</b>	<b>+8.8%</b>
<b>Operating Profit Margin</b>	<b>14.8%</b>	<b>15.5%</b>	<b>+0.7P</b>	

# 1. Other Financial Result-related Data

## P/L Highlight <3Q> continued

(JPY million)

	3Q FY Mar. 2016 (Oct.-Dec.)	3Q FY Mar. 2017 (Oct.-Dec.)	Diff.	YoY Change
<b>Operating Profit</b>	<b>14,979</b>	<b>16,303</b>	<b>+1,323</b>	<b>+8.8%</b>
<b>Non-operating income and loss</b>	<b>503</b>	<b>189</b>	<b>(313)</b>	
<b>Extraordinary income and loss</b>	<b>1,428</b>	<b>223</b>	<b>(1,204)</b>	
<b>Gain on sales of investment securities</b>	<b>1,404</b>	<b>155</b>	<b>(1,249)</b>	
<b>Income taxes etc.</b>	<b>5,139</b>	<b>5,060</b>	<b>(78)</b>	
<b>Profit attributable to owners of parent</b>	<b>11,787</b>	<b>11,436</b>	<b>(350)</b>	<b>(3.0%)</b>

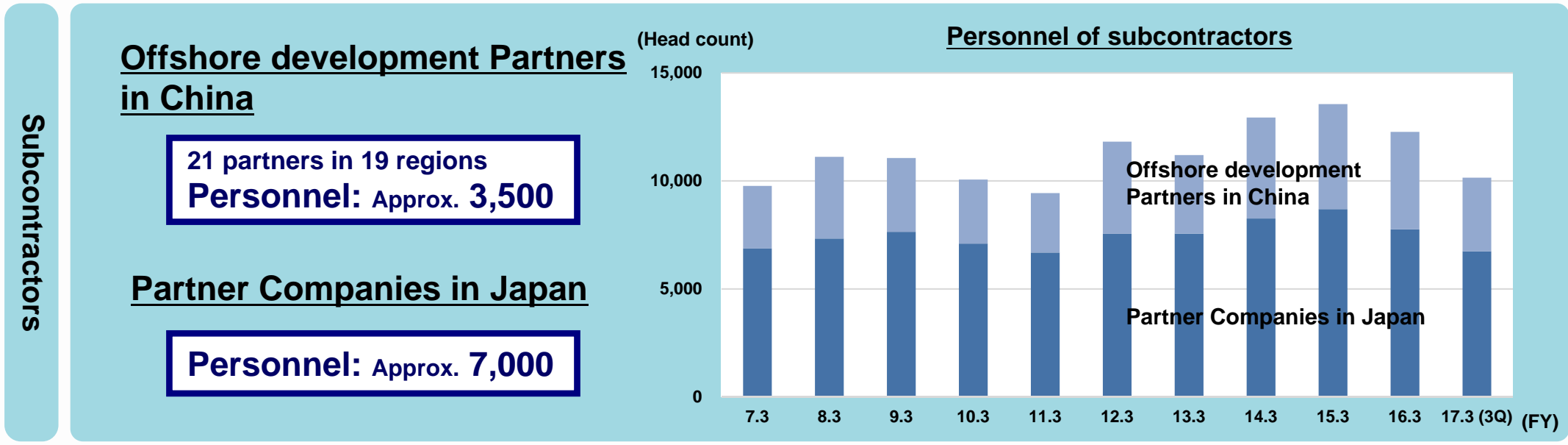
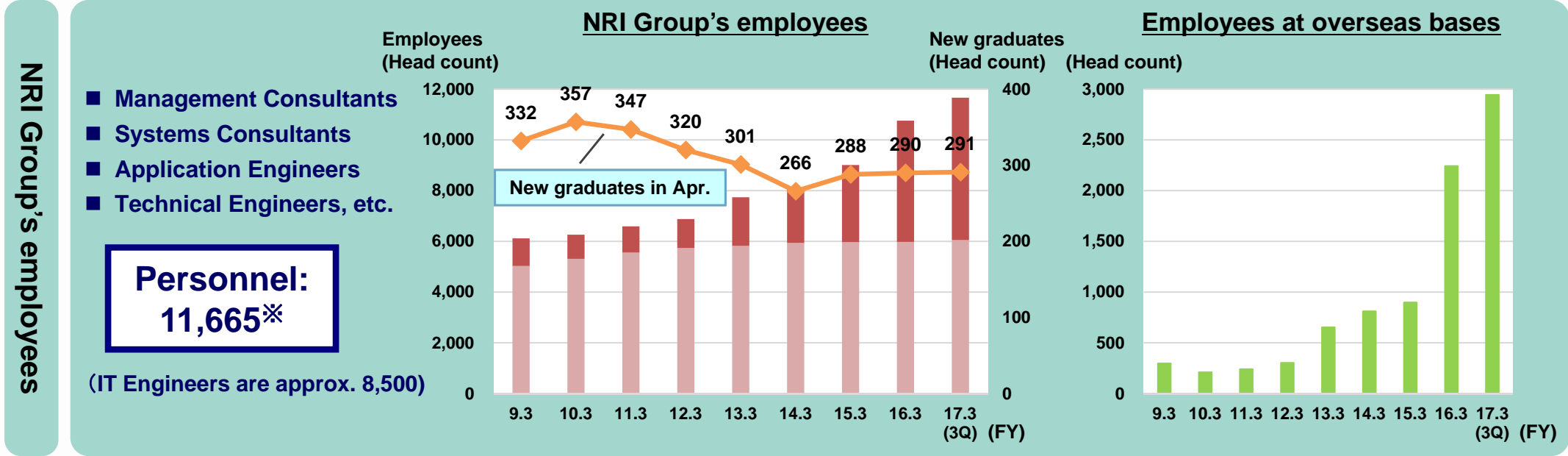
## 1. Other Financial Result-related Data

### Order Volume <3Q>

	(JPY million)			
	3Q FY Mar. 2016 (Oct.-Dec.)	3Q FY Mar. 2017 (Oct.-Dec.)	Diff.	YoY Change
<b>Consulting</b>	<b>6,175</b>	<b>8,537</b>	<b>+2,361</b>	<b>+38.2%</b>
<b>Financial IT Solutions</b>	<b>26,412</b>	<b>32,551</b>	<b>+6,139</b>	<b>+23.2%</b>
<b>Industrial IT Solutions</b>	<b>10,280</b>	<b>15,537</b>	<b>+5,257</b>	<b>+51.1%</b>
<b>IT Platform Services</b>	<b>3,881</b>	<b>3,644</b>	<b>(236)</b>	<b>(6.1%)</b>
<b>Other</b>	<b>1,812</b>	<b>1,367</b>	<b>(445)</b>	<b>(24.6%)</b>
<b>Total</b>	<b>48,562</b>	<b>61,638</b>	<b>+13,075</b>	<b>+26.9%</b>

# 1. Other Financial Result-related Data

## Depth in Human Resources - NRI's employees + Partners (in Japan & China)



## 2. Recent Activities

# Stock Split (Record date: December 31, 2016)

- Conducted 1-for-1.1 stock split with December 31, 2016 as record date
- Dividend per share unchanged, effective dividend increase

### Objective of stock split

- Part of strategy aimed at improving capital efficiency under Vision2022
- Increase liquidity and broaden shareholder base

#### Outline of stock split

Method of stock split	Split at a ratio of 1.1 shares per 1 share
Total number of issued shares before the stock split	240,000,000 shares
Total number of issued shares after the stock split	264,000,000 shares (Increase in number of shares due to the split: 24,000,000 shares)
Record date	December 31, 2016
Effective date	January 1, 2017

#### Dividend forecast for current fiscal year

	FY Mar. 2017 (Forecasts as of Apr. 27)	FY Mar. 2017 (Forecasts as of Jan. 27)
Dividend per share	¥80	¥80
End of Q2	¥40	¥40
Fiscal year end	¥40	* ¥40 [¥44]

\* The forecast fiscal year-end dividend amounts to 44 yen per share when converted into the amount before the split, signifying an effective 4 yen increase in the dividend.

## 2. Recent Activities

### Joint Development of Robo Advisor with Nomura Securities

- Nomura Securities launched “Nomura Goal-Based,” an asset management advisory-type robo advisor for retail investors (the “service”) developed jointly with NRI.
- The service proposes optimum investment methods (model portfolios) based on retail investors answers to simple questions on the website.
- It was designed with an emphasis on simple user-friendliness to allow it to be used easily by customers with less investment experience as well as customers who are still working on building up their assets but have little opportunity to visit a securities company.
- To facilitate immediate implementation of asset management in line with the model portfolios proposed by the service, recommended Nomura Fund Wrap options are also presented, and it is possible to purchase Nomura Fund Wraps by logging into the NomuraHomeTrade and the Nomura Net & Call sites immediately

野村証券  
ロボアド、HPで提供  
個人投資家向け 手軽に投資分析

野村証券は、野村総 えることで、利用者の 野村のゴールベース 合研究所と共同開発し 投資傾向やリスク許容 は年齢や投資経験など た個人投資家向けロボ 度を分析。最適なポ 14の質問を通じ利用者 アドバイザー(コンピ トフォリオを提案す の投資傾向を分析。結 果に基づき、ラップ ユーターによる投資分 一般的ロボアド 果に基つき、ラップ 析)サービス「野村の にはない「性格診断機 (投資一任運用) 型投 ゴールベース」の提供 能」や「資産運用目的 資信託」のむらップ・ 果は会員制交流サイト をホームページで開始 診断」を搭載している フォンド」の最適ポ ートフォリオを提案す した。簡単な質問に答 のも特徴だ。

る。投資未経験者でも 手軽に利用できるよ う、操作性やインタ ーフェイスを工夫した。 性格診断機能では 「500円まで100 万円ためることができ る投資家」「トランプ がめっちゃめっちゃ強い投 資家」などユニークな 表現で結果を表示。結 果は会員制交流サイト (SNS)を通じてシ エアすることも可能と なっている。

Nikkan Kogyo Shimbun,  
November 23, 2016

## 2. Recent Activities

### NRI Develops Dokoka Ni Miles, Award Tickets for Japan Domestic Routes, Jointly with JAL

- Japan Airlines (JAL) and NRI launched Dokoka Ni Miles, a new service for JAL Mileage Bank Japan members jointly developed by both companies.
- The service displays four potential destinations at the time of application, and JAL determines the destination using a process developed by NRI to provide notification of the destination determined within three days of the application. The 6,000 miles required are less than half those usually needed, and the service allows travel to any airport around Japan, which is directly serviced by the JAL Group from Haneda Airport.
- All processes of the Dokoka Ni Miles service from the business concept to system construction were developed in collaboration between JAL and NRI based on patents owned by NRI.



*Nikkei MJ*, December 16, 2016



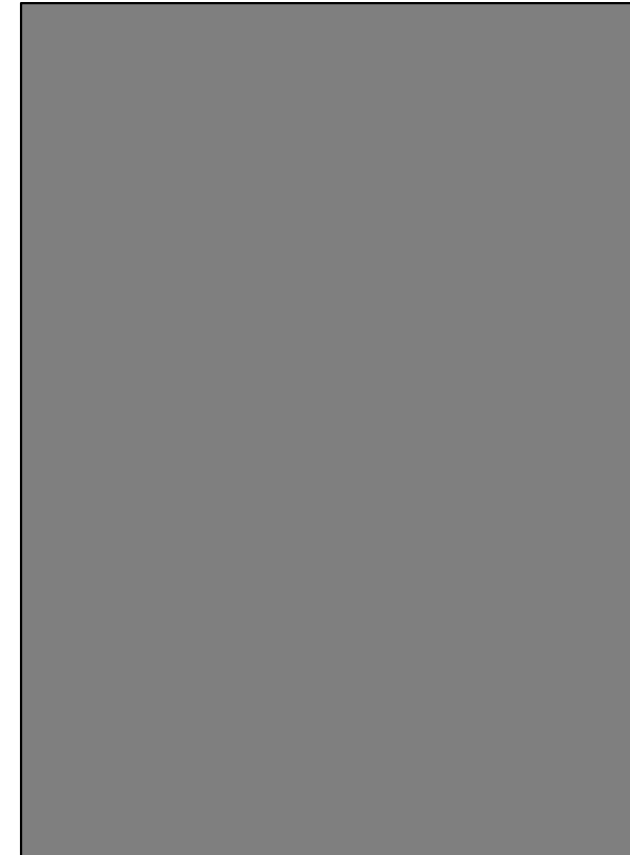
## 2. Recent Activities

### NRI SecureTechnologies and GE Digital Collaboration to Support Control System and IoT System Security Measures

- NRI SecureTechnologies and Wurldtech Security Technologies Inc., which is one of the corporations that runs operations for GE Digital, agreed to collaborate on supporting measures in Japan in the field of security for control and operations technology for industrial control systems. In tandem with this, NRI SecureTechnologies will provide Achilles Certification, a certification program for industrial control devices created by Wurldtech, becoming Japan's first third party organization.
- Specifically, the three following services will be offered.
  - Security consulting services for control systems
  - Achilles Certification services
  - IPS OpShield security log surveillance services specialized control systems (future plan)

Achilles Certification: A system that verifies robustness in order to detect unknown security vulnerabilities using tools specialized for control systems, making it possible to acquire certification that a certain level of security is fulfilled.

IPS: Intrusion Prevention System in control systems to prevent viruses entering networks from outside



*Nikkei Business Daily*,  
November 9, 2016

## 2. Recent Activities

### NRI SecureTechnologies Launches API Security Consulting Service

- NRI SecureTechnologies launched an API security consulting service which provides support in terms of security for companies that provide IT services such as e-commerce when publishing or utilizing a Web API.
- The main features of the service are as follows:
  - API business consulting  
Studies the role of API in the business strategy of individual companies and supports the formulation of a business development roadmap utilizing API
  - Support for API architecture development  
Supports the optimum API design based on the API business development roadmap
  - Support for introduction of API management solutions  
Supports the construction of API management infrastructure tailored to the needs of individual companies utilizing leading API management solutions from Japan and overseas
  - API security diagnosis service  
Carries out technical verification into whether vulnerabilities have been built into the installed API while actually accessing the API

*Nikkei Business Daily,*  
November 11, 2016

## 2. Recent Activities

### Brierley + Partners Japan, Inc. Launches Digital Loyalty Marketing Service for E-Commerce

- Brierley + Partners Japan Inc. (Brierley Japan) launched a one-stop service in consumer-oriented e-commerce ranging from planning of customer loyalty programs aimed at top customer retention (prevention of switching to rivals) through the implementation and operation of omnichannel platforms for those programs.
- The service is distinctive for linking BRIERLEY LOYALTYWARE®, a marketing solution developed by Brierley Japan's U.S. parent company, and SAP® Hybris® Commerce, an e-commerce platform solution provided by SAP Europe.
- The main features of the service are as follows:
  - One-stop solutions for top customer retention in e-commerce field
  - Verification and improvement of service results through continuous data analysis

**優良顧客囲い込み支援**  
**B+Pジャパン EC向け施策提供**

ブライアリー・アン ユーシヨン「ロイヤリ ティウエア」の新たな 層を囲い込むための施 策立案を支援する。ま りー・アンド・パート ナーズはデジタルマー ケティングの老舗企 業。

野村総合研究所が2 015年に買収し、16 年4月に日本と東南ア ジアを担当する新会社 を設立した。

歴など最新データを常 時蓄積し解析。売上高 や顧客信頼度の向上を 目指す有効な施策を提 案する。

B+Pジャパンの米 国本社であるブライア リー・アンド・パート ナーズはデジタルマー ケティングの老舗企 業。

運用や、効果の検証を 含めた高度な分析サー ビスを総合的にサポー トする。

分析サービスでは顧 客の購買履歴や行動履 歴を基に、優良顧客層の他社 への乗り換えを防ぐサ ービスを始めた。主方 向はEC基盤「ハイプリ ス」を持つEC事業者を 対象とする。

個別の見積もりに応じ た実店舗とインターネ ャットを融合したオムニ チャンネル基盤の構築・ 運用や、効果の検証を 含めた高度な分析サー ビスを総合的にサポー トする。

野村総合研究所が2 015年に買収し、16 年4月に日本と東南ア ジアを担当する新会社 を設立した。

野村総合研究所が2 015年に買収し、16 年4月に日本と東南ア ジアを担当する新会社 を設立した。

Nikkan Kogyo Shimbun,  
 November 24, 2016

### 3. Others - Supplementary explanation

## Forecasts for FY March 2017

- There have been no revisions to forecast, but indicators have been recalculated.

【Full Year】	(JPY billion)			
	FY Mar. 2016 (Results)	FY Mar. 2017 (Forecasts as of Jan. 27)	Diff.	YoY Change
Sales	421.4	425.0	+3.5	+0.8%
Operating Profit	58.2	59.0	+0.7	+1.2%
Operating Profit Margin	13.8%	13.9%	+0.0P	
Profit attributable to owners of parent	42.6	45.5	+2.8	+6.7%
Earnings Per Share <sup>*1</sup>	¥171.42	¥183.56	+¥12.13	
Dividends Per Share <sup>*2</sup>	¥80.00	¥80.00	—	—
Payout Ratio	41.1%	42.0%	+0.9P	

\*1 NRI conducted 1-for-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.

\*2 NRI conducted 1-for-1.1 stock splits of common shares with effective dates of October 1, 2015 and January 1, 2017. There is an effective year-on-year increase of 10.0% in the annual dividends per share when converted into the number of shares before the stock split.

### 3. Others - Supplementary explanation

## Sales Forecasts by Segment for FY March 2017

■ There have been no revisions to forecast.

【Full Year】

(JPY billion)

	FY Mar. 2016 (Results)	Share	FY Mar. 2017 (Forecasts as of Jan. 27)	Share	Diff.	YoY Change
<b>Consulting</b>	28.3	6.7%	30.0	7.1%	+1.6	+5.7%
<b>Financial IT Solutions</b>	252.8	60.0%	250.0	58.8%	(2.8)	(1.1%)
Securities	123.8	29.4%	117.0	27.5%	(6.8)	(5.6%)
Insurance	57.0	13.5%	55.0	12.9%	(2.0)	(3.6%)
Banking	37.5	8.9%	40.0	9.4%	+2.4	+6.5%
Other financial	34.3	8.1%	38.0	8.9%	+3.6	+10.7%
<b>Industrial IT Solutions</b>	101.5	24.1%	105.0	24.7%	+3.4	+3.4%
Distribution	51.8	12.3%	54.5	12.8%	+2.6	+5.0%
Manufacturing, service and other	49.6	11.8%	50.5	11.9%	+0.8	+1.7%
<b>IT Platform Services</b>	28.7	6.8%	30.0	7.1%	+1.2	+4.5%
<b>Others</b>	9.9	2.4%	10.0	2.4%	+0.0	+0.3%
<b>Total</b>	<b>421.4</b>	<b>100.0%</b>	<b>425.0</b>	<b>100.0%</b>	<b>+3.5</b>	<b>+0.8%</b>

### 3. Others - Supplementary explanation

## Sales Forecasts by Service for FY March 2017

### ■ Revised breakdown of sales forecasts by service for FY March 2017

【Full Year】

(JPY billion)

	FY Mar. 2016 (Results)	Share	FY Mar. 2017 (Forecasts as of Jan. 27)	Share	Diff.	YoY Change	FY Mar. 2017 (Previous Forecasts)	Comparison to forecasts
<b>Consulting Services</b>	<b>52.1</b>	<b>12.4%</b>	<b>61.0</b>	<b>14.4%</b>	<b>+8.8</b>	<b>+17.0%</b>	<b>57.0</b>	<b>+4.0</b>
<b>System Development &amp; System Application Sales</b>	<b>145.1</b>	<b>34.4%</b>	<b>137.0</b>	<b>32.2%</b>	<b>(8.1)</b>	<b>(5.6%)</b>	<b>145.0</b>	<b>(8.0)</b>
<b>System Management &amp; Operation Services</b>	<b>212.9</b>	<b>50.5%</b>	<b>215.0</b>	<b>50.6%</b>	<b>+2.0</b>	<b>+1.0%</b>	<b>211.0</b>	<b>+4.0</b>
<b>Product Sales</b>	<b>11.1</b>	<b>2.7%</b>	<b>12.0</b>	<b>2.8%</b>	<b>+0.8</b>	<b>+7.2%</b>	<b>12.0</b>	<b>—</b>
<b>Total</b>	<b>421.4</b>	<b>100.0%</b>	<b>425.0</b>	<b>100.0%</b>	<b>+3.5</b>	<b>+0.8%</b>	<b>425.0</b>	<b>—</b>

### 3. Others - Supplementary explanation

#### ■ FY March 2017 Consolidated Earnings Model - Sales of JPY425.0 billion and operating profit of JPY59.0 billion

(JPY billion)

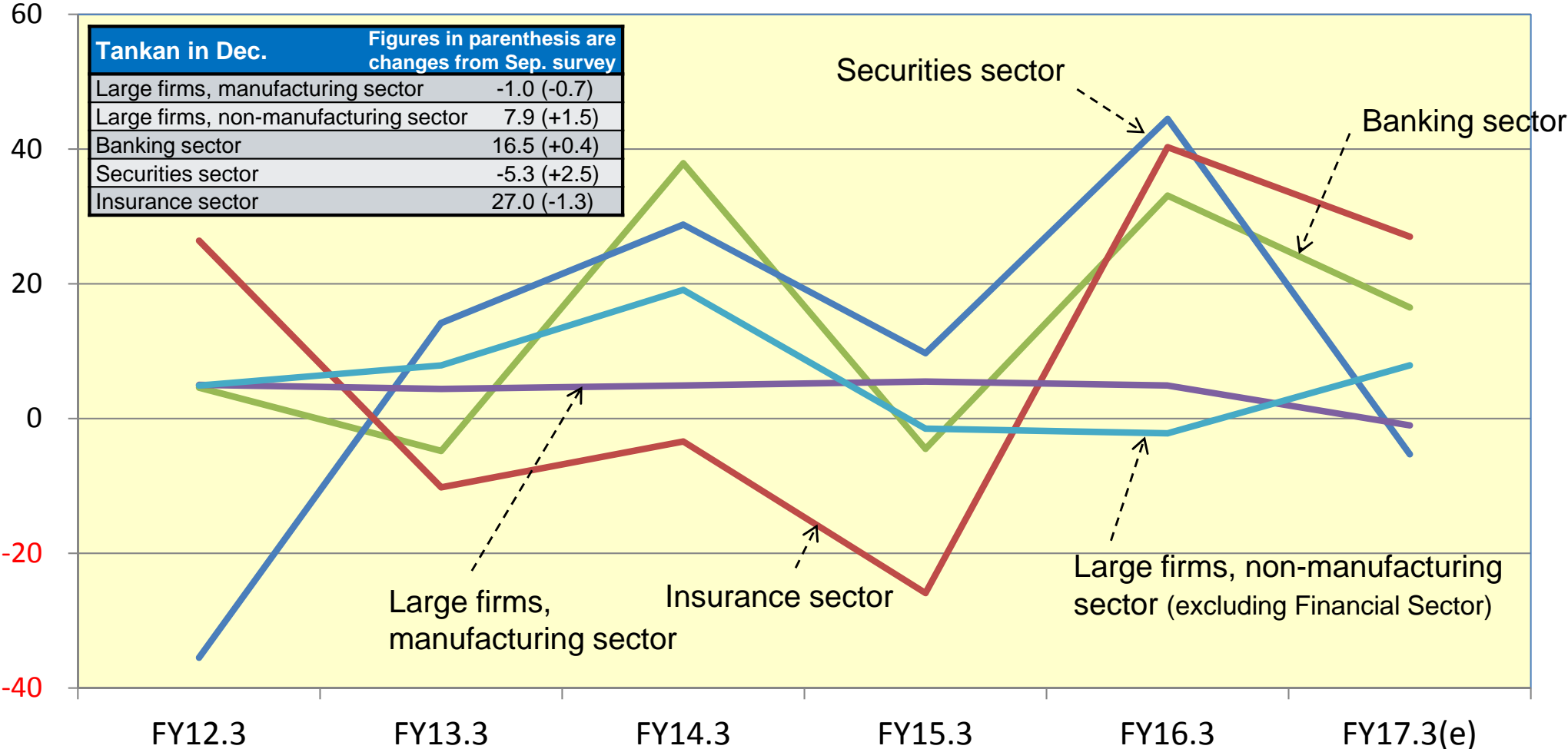
	FY Mar. 2016 (Results)	FY Mar. 2017 (Forecasts as of Jan. 27)*	YoY		FY Mar. 2017 (Previous Forecasts)*	Comparison to forecasts
			Diff.	Change		
Sales	421.4	425.0	+3.5	+0.8%	425.0	—
Cost of Sales	287.2	281.0	(6.2)	(2.2%)	285.0	(4.0)
Personnel	83.5	90.0	+6.4	+7.7%	88.0	+2.0
Subcontracting Costs	139.3	130.0	(9.3)	(6.7%)	135.0	(5.0)
Depreciation	31.4	27.0	(4.4)	(14.3%)	27.0	—
Gross Profit	134.1	144.0	+9.8	+7.3%	140.0	+4.0
Gross Profit Margin	31.8%	33.9%	+2.0P		32.9%	+0.9P
SG&A	75.8	85.0	+9.1	+12.0%	81.0	+4.0
Operating Profit	58.2	59.0	+0.7	+1.2%	59.0	—
Operating Profit Margin	13.8%	13.9%	+0.0P		13.9%	—

\* Figures are consolidated estimates for preparing this earnings model.

# 3. Others - BOJ Tankan Survey

(YoY change %)

## Software Investment



Source: Based on Bank of Japan December 2016 Tankan Survey of Enterprises



# 3. Others - Communications

## Forum, etc.



November 2016  
NRI Financial IT Forum 2016



January 2017  
NRI New Year Forum 2017 in Tokyo and Osaka

## Publications



Examples of books published since October 2016