
Financial Results Presentation

Financial Results for 2nd Quarter FY March 2017

and Financial Results Forecast for the year ending 31st March, 2017

October 27, 2016

Nomura Research Institute, Ltd.

Shingo Konomoto

President & CEO, Member of the Board



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Highlights of Consolidated Financial Results <1H>

(JPY million)

	1H FY Mar. 2016 (Apr.-Sep.)	1H FY Mar. 2017 (Apr.-Sep.)	Diff.	YoY Change
Sales	212,338	203,165	(9,173)	(4.3%)
Operating Profit	28,249	26,341	(1,908)	(6.8%)
Operating Profit Margin	13.3%	13.0%	(0.3P)	
Profit attributable to owners of parent	20,126	28,843	+8,716	+43.3%

Key Factors in Financial Results for 1H FY March 2017

● Sales were down 4.3%, falling ¥9.1 billion

- Sales declined due to the rebound from large scale software sales to the securities industry in 2Q of the previous fiscal year.
- Acquisition of IT Solutions projects for the insurance industry, where growth is expected, required more time than anticipated.

● Operating profit was down 6.8%, falling ¥1.9 billion

- Profitability of projects improved due to resolution of unprofitable large-scale projects.
- On the other hand, a group company recorded business structure improvement expenses.
- Profit fell due to increases in retirement benefit expenses because of falling interest rates, and increase in pro-forma standard taxation.

● Profit attributable to owners of parent was up 43.3%, rising ¥8.7 billion

- Profit attributable to owners of parent rose significantly due to extraordinary income from sales of investment securities (¥13.0 billion).

Sales by Segment <1H>

(JPY million)

	1H FY Mar.2016 (Apr.-Sep.)	Share	1H FY Mar.2017 (Apr.-Sep.)	Share	Diff.	YoY Change
Consulting	13,222	6.2%	13,178	6.5%	(44)	(0.3%)
Financial IT Solutions	128,980	60.7%	119,754	58.9%	(9,226)	(7.2%)
Securities	64,036	30.2%	57,054	28.1%	(6,981)	(10.9%)
Insurance	29,280	13.8%	25,421	12.5%	(3,858)	(13.2%)
Banking	19,098	9.0%	18,965	9.3%	(132)	(0.7%)
Other financial	16,566	7.8%	18,312	9.0%	+1,746	+10.5%
Industrial IT Solutions	50,420	23.7%	50,629	24.9%	+209	+0.4%
Distribution	26,633	12.5%	26,666	13.1%	+32	+0.1%
Manufacturing, service and other	23,786	11.2%	23,963	11.8%	+176	+0.7%
IT Platform Services	15,092	7.1%	14,419	7.1%	(672)	(4.5%)
Others	4,622	2.2%	5,182	2.6%	+560	+12.1%
Total	212,338	100.0%	203,165	100.0%	(9,173)	(4.3%)
Nomura Holdings	32,926	15.5%	33,268	16.4%	+341	+1.0%
Seven & i Holdings	22,747	10.7%	21,834	10.7%	(912)	(4.0%)

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 <1H>

■ Including Inter-segment sales for each segment

(JPY million)

		1H FY Mar.2016 (Apr.-Sep.)	1H FY Mar.2017 (Apr.-Sep.)	Diff.	YoY Change
Consulting	Sales	13,377	13,400	+22	+0.2%
	OP	2,017	2,089	+71	+3.5%
	OPM	15.1%	15.6%	+0.5P	
Financial IT Solutions	Sales	129,305	120,305	(8,999)	(7.0%)
	OP	14,891	11,770	(3,121)	(21.0%)
	OPM	11.5%	9.8%	(1.7P)	
Industrial IT Solutions	Sales	50,996	50,832	(163)	(0.3%)
	OP	5,242	3,653	(1,589)	(30.3%)
	OPM	10.3%	7.2%	(3.1P)	
IT Platform Services	Sales	53,409	60,727	+7,318	+13.7%
	OP	5,397	7,337	+1,939	+35.9%
	OPM	10.1%	12.1%	+2.0P	

Sales by Service <1H>

(JPY million)

	1H FY Mar.2016 (Apr.-Sep.)	Share	1H FY Mar.2017 (Apr.-Sep.)	Share	Diff.	YoY Change
Consulting Services	25,077	11.8%	27,139	13.4%	+2,061	+8.2%
System Development & System Application Sales	77,051	36.3%	66,376	32.7%	(10,674)	(13.9%)
System Management & Operation Services	105,348	49.6%	104,503	51.4%	(845)	(0.8%)
Product Sales	4,861	2.3%	5,145	2.5%	+284	+5.9%
Total	212,338	100.0%	203,165	100.0%	(9,173)	(4.3%)

P/L Highlight <1H>

(JPY million)

	1H FY Mar.2016 (Apr.-Sep.)	1H FY Mar.2017 (Apr.-Sep.)	Diff.	YoY Change
Sales	212,338	203,165	(9,173)	(4.3%)
Cost of Sales	147,561	135,921	(11,639)	(7.9%)
Subcontracting Costs	72,292	63,300	(8,992)	(12.4%)
Gross Profit	64,777	67,243	+2,466	+3.8%
Gross Profit Margin	30.5%	33.1%	+2.6P	
SG&A	36,527	40,902	+4,374	+12.0%
Operating Profit	28,249	26,341	(1,908)	(6.8%)
Operating Profit Margin	13.3%	13.0%	(0.3P)	

P/L Highlight <1H> continued

(JPY million)

	1H FY Mar.2016 (Apr.-Sep.)	1H FY Mar.2017 (Apr.-Sep.)	Diff.	YoY Change
Operating Profit	28,249	26,341	(1,908)	(6.8%)
Non-operating income and loss	1,592	1,616	+24	
Dividend Income	1,319	1,256	(63)	
Extraordinary income and loss	(195)	12,989	+13,184	
Gain on sales of investment securities	40	13,004	+12,964	
Income taxes etc.	9,352	13,747	+4,395	
Profit attributable to owners of parent	20,126	28,843	+8,716	+43.3%

1. Financial Results for 2nd Quarter FY March 2017

2. Main Initiatives for Medium- and Long-Term Growth

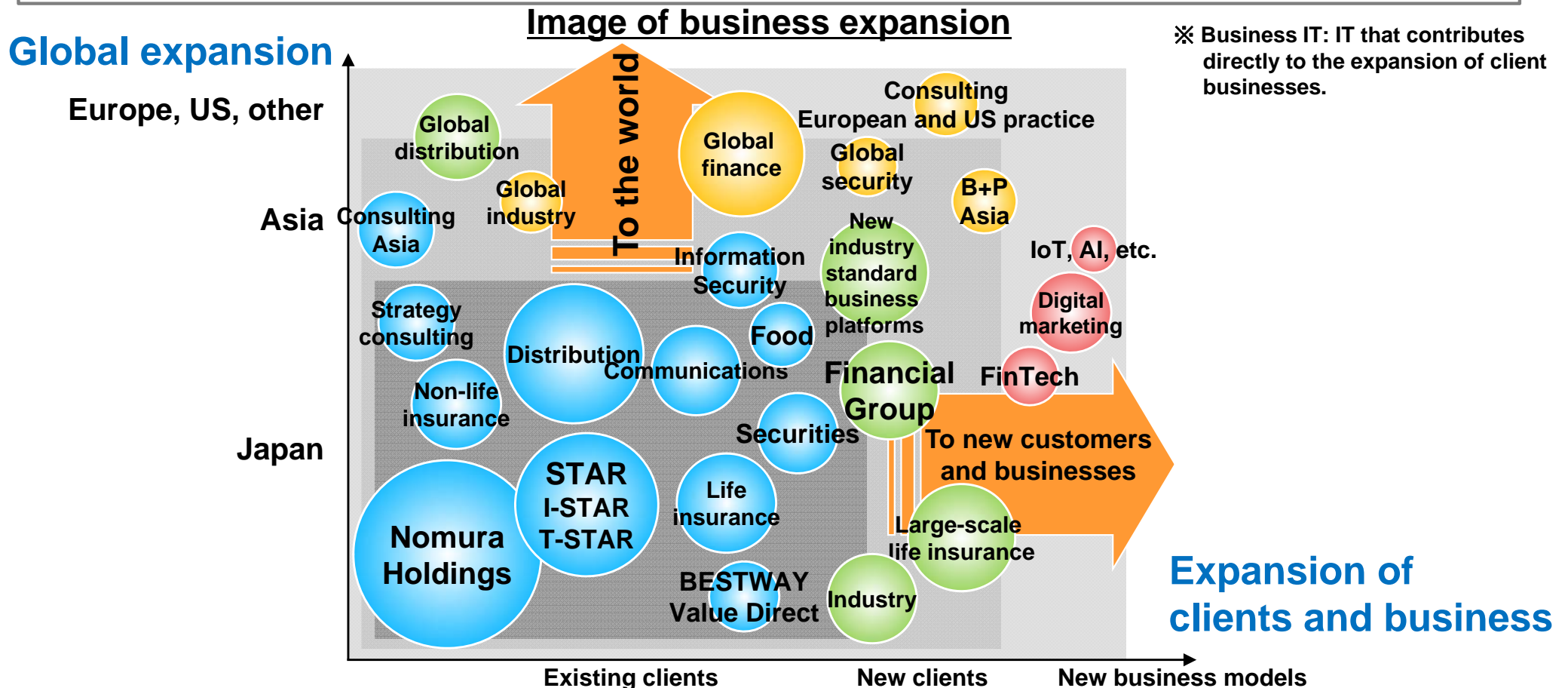
3. Initiatives for Enhancing Shareholder Returns

4. Financial Results Forecasts for FY March 2017

Target Sectors for Medium- and Long-Term Growth

- (1) Increase productivity and strengthen project management in specialty areas in Japan
- (2) Expand industry standard business platforms and develop large-scale clients
- (3) Build foundations for global business
- (4) Create business IT※

- Fields targeting further profitability
- Fields targeting medium-term growth
- } Fields targeting long-term growth (Focus for next 3 years is preparation and building up track record)
- }



Main Initiatives Targeting Further Profitability

(1) Enhance productivity in specialty fields in Japan

Enhance quality and productivity in system development

- Continue thorough supervision of the quality of large-scale projects with the aim of eliminating unforeseen unprofitable large-scale projects
- Promote enhancements to development management tools and expand adoption in securities sector
- Optimize securities-sector framework as first step aimed at integrating the development and maintenance framework for multiple shared-use services

Strengthen services through package and cloud utilization

- Steadily build up a track record on introduction of ERP packages for industry clients (food industry, manufacturing industry, real estate industry, etc.)
- Gain orders for new cloud service projects from finance clients (insurance industry, banking industry, etc.)

Main Initiatives Targeting Medium-Term Growth

(2) Expand industry standard business platforms and upsize customers

Increase customers and expand business domains by enhancing services

- Additional functionality for STAR-IV, the securities integrated back office system (disaster recovery service)
- Promote response to regulatory reform, including shortening the settlement period for government bonds (T+1) and the coming revision of JASDEC system, etc.
- Commence provision of VOLCS, a shared use-style, multi-purpose management system for financial institutions

2 solutions* received awards in
FTF News Technology Innovation Awards 2016 in the U.S.

* Prime Settlement Service (a service that supports streamlining of post-trade operations at financial institutions)
T-STAR family (a service that supports asset management for asset managers)

Expand projects by approaching major industrial companies

- Strengthen approaches to new large-scale customers primarily in industries such as automobiles and transportation and promote collaboration from consulting through solutions
- Make approaches with IT platform construction as the starting point, such as global expansion of trading companies and transferring data centers of industry-related firms

Main Initiatives Targeting Long-Term Growth

- Further profitability (enhance productivity)
- Medium-term growth (upsize business in Japan)
- Long-term growth (global)
- Long-term growth (create business IT)

(3) Build foundations for global business

- **Acquisition of Cutter Associates, LLC* targets expansion into North American financial IT market in the asset management field**

* Cutter Associates, LLC is a research and consulting company that primarily operates in the United States with advanced expertise and know-how and a large client base in the asset management field.

- **Conclusion of agreement with ASG Group* on acquisition of shares (making ASG Group into a subsidiary of NRI)**

* ASG Group is an IT consulting and services company with significant results in Australia ranging from contract development, to business transformation, to cloud services.

(3) Build foundations for global business

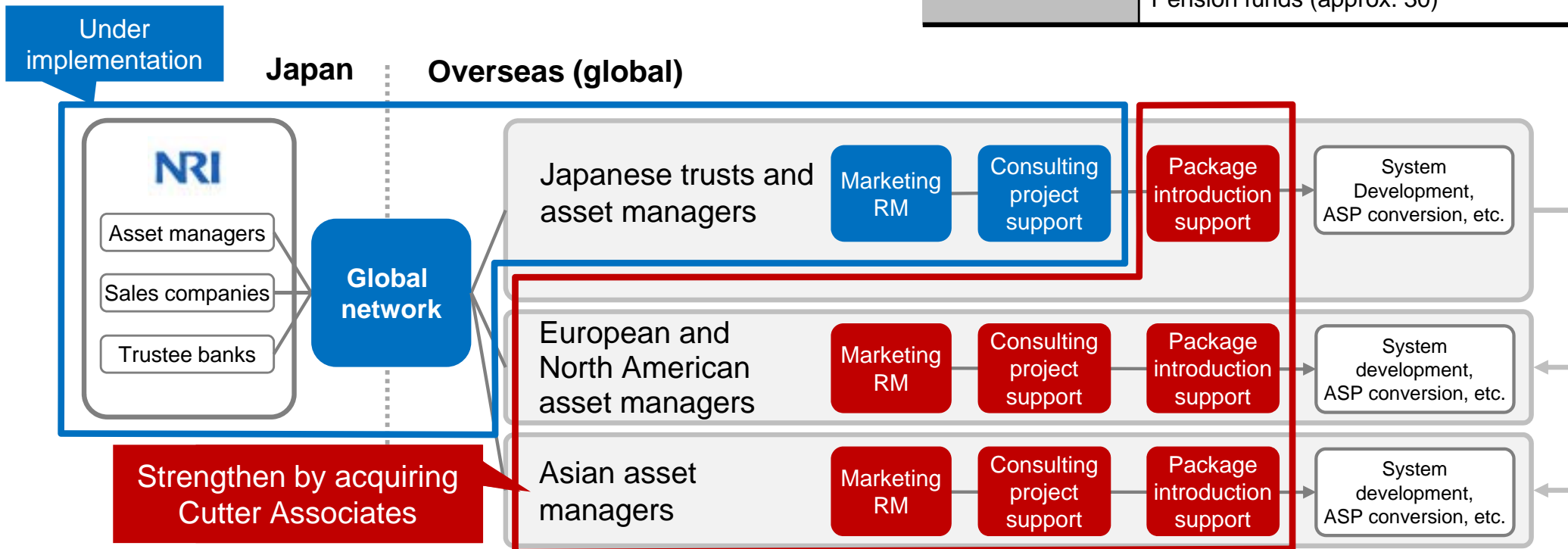
Acquisition of Cutter Associates, LLC (June 17, 2016)

● Targeting business expansion in the U.S. asset management sector

- Leverage NRI's system development know-how to obtain system development projects for North American asset managers
- Provide research and consulting services of Cutter Associates to Japanese customers

Profile of Cutter Associates, LLC

Company name	Cutter Associates, LLC
Date of establishment	May 1998
Location	Massachusetts, U.S.
Business description	Provision of research and consulting in U.S. asset management field
Main clients	Asset managers (approx. 140) Insurance companies (approx. 30) Pension funds (approx. 30)



(3) Build foundations for global business

Conclusion of Agreement with ASG Group on Acquisition of Shares (September. 30, 2016)

- **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**

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

Company Name	ASG Group Limited
Date of establishment	June 1995 (business commenced in 1996)
Location	Perth (Australia)
Capital	AUD114,927,000 (JPY8,903 million) (As of June 30, 2016)
Business description	Consulting, development, construction, management and operating services for enterprise resource planning, management data analysis and IT infrastructure, etc.

Converted at AUD1 = JPY77.47

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

Main Initiatives Targeting Long-Term Growth

- Further profitability (enhance productivity)
- Medium-term growth (upsize business in Japan)
- Long-term growth (global)
- Long-term growth (create business IT)

(4) Create business IT

Accelerate creation of new digital business

- Established NRI digital, Ltd. to promote agile business creation in the digital marketing sector
- Build up results at companies in Japan as foundation for Asian expansion of the loyalty marketing business, which originated in the U.S. (Brierley+Partners Japan)

Expand business into new technology fields

- Commence provision of TRAINA, an AI solution that supports streamlining and upgrading of contact operations
- Implement consulting and verification testing in partnership with customers related to AI utilization and IoT (particularly in the security sector)

Explore business through hypothesis testing with customers and external organizations

- Implement proof of concept for blockchain technology for application in securities markets and promote open innovation with securities firms and exchanges

(4) Create business IT

Established NRI digital, Ltd., Specializing in Digital Business (August 1, 2016)

- NRI digital will provide three total services based on NRI's new Con-Solution business model to upgrade digital marketing and create new digital businesses

Profile of NRI digital

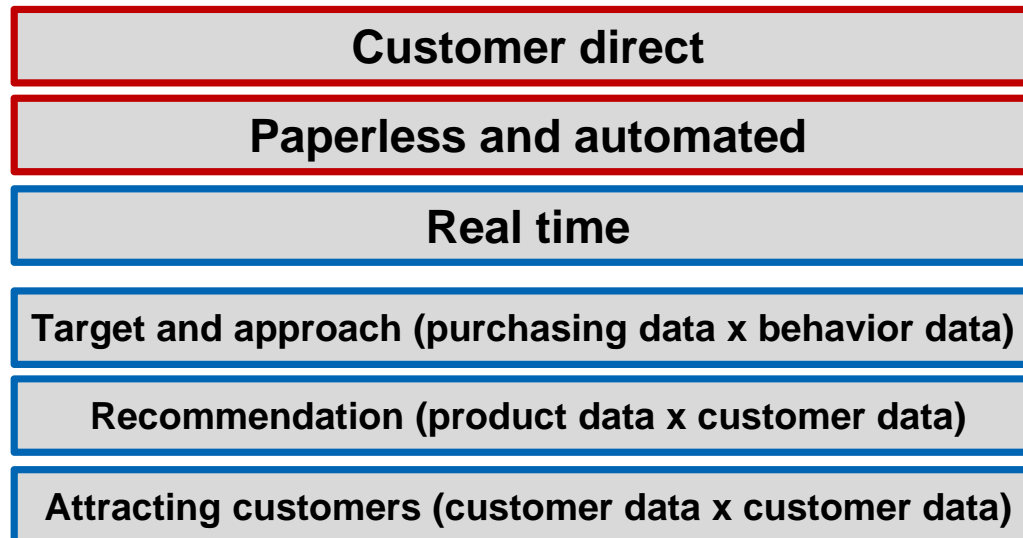
Company name	NRI digital, Ltd.
Date of establishment	August 1, 2016
Location	Tokyo, Japan
Capital	¥490 million (wholly owned by NRI)
Business description	<ul style="list-style-type: none"> • Digital business consulting services • Digital IT solutions services • Digital analytics services

What it will digitize

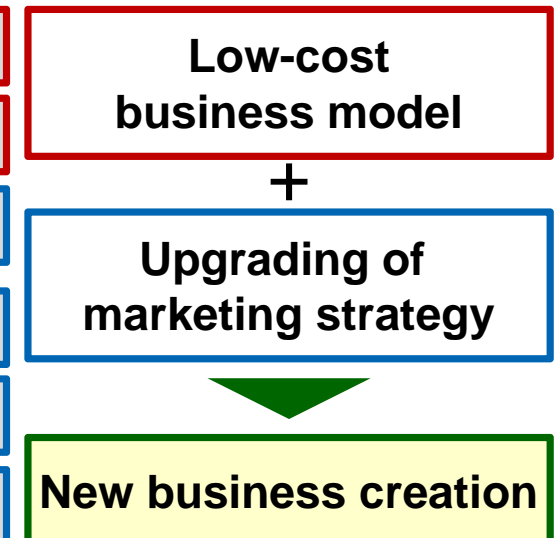
Digital communication

Digital data

What it will change



What it can achieve



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Initiatives for Enhancing Shareholder Returns (Stock Split)

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

Objective of stock split

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

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

Reference

There will be no capital increase as a result of the stock split.

Dividend forecast for current fiscal year

	FY Mar. 2017 (Forecasts as of Apr. 27)	FY Mar. 2017 (Forecasts as of Oct. 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.

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Comparison with Forecasts Published on April 27, 2016

Main factors in divergence from forecasts

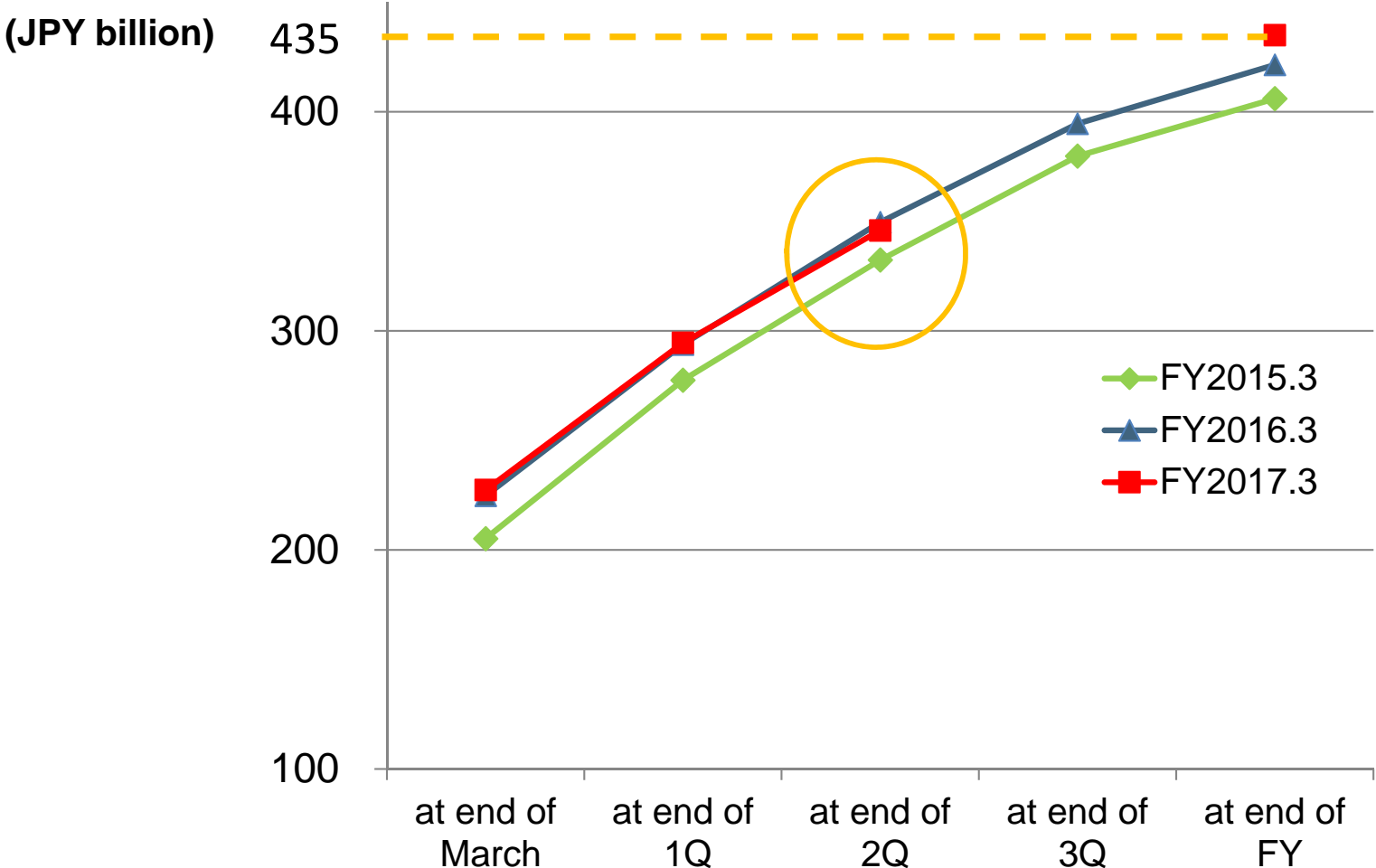
- **Sales:** IT Solutions for insurance fell about ¥6.0 billion short of forecasts
- **Operating profit:** Group company recorded ¥2.8 billion in business structure improvement expenses
- **Profit attributable to owners of parent:** ¥13.0 billion in gain on sale of securities (extraordinary income) recorded

	(JPY billion)			
	1H FY Mar. 2017 (Forecast)	1H FY Mar. 2017 (Result)	Diff.	Change
Sales	210.0	203.1	(6.8)	(3.3%)
Operating Profit	29.0	26.3	(2.6)	(9.2%)
Profit attributable to owners of parent	21.0	28.8	+7.8	+37.3%

Sales + Consolidated Order Backlog

➤ Reaching full-year net sales target is unlikely due to slow pace for orders received in insurance industry

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



Sales Forecasts by Segment for FY March 2017

【Full Year】						(JPY billion)
	FY Mar. 2016 (Results)	FY Mar. 2017 (Forecasts as of Oct. 27)	Diff.	YoY Change	FY Mar. 2017 (Previous Forecasts)	Comparison to forecasts
Consulting	28.3	30.0	+1.6	+5.7%	32.0	(2.0)
Financial IT Solutions	252.8	250.0	(2.8)	(1.1%)	257.0	(7.0)
Securities	123.8	117.0	(6.8)	(5.6%)	120.0	(3.0)
Insurance	57.0	55.0	(2.0)	(3.6%)	63.0	(8.0)
Banking	37.5	40.0	+2.4	+6.5%	39.0	+1.0
Other financial	34.3	38.0	+3.6	+10.7%	35.0	+3.0
Industrial IT Solutions	101.5	105.0	+3.4	+3.4%	105.0	—
Distribution	51.8	54.5	+2.6	+5.0%	53.0	+1.5
Manufacturing, service and other	49.6	50.5	+0.8	+1.7%	52.0	(1.5)
IT Platform services	28.7	30.0	+1.2	+4.5%	31.0	(1.0)
Others	9.9	10.0	+0.0	+0.3%	10.0	—
Total	421.4	425.0	+3.5	+0.8%	435.0	(10.0)

Forecasts for FY March 2017

【Full Year】

(JPY billion)

	FY Mar. 2016 (Results)	FY Mar. 2017 (Forecasts as of Oct. 27)	Diff.	YoY Change	FY Mar. 2017 (Previous Forecasts)	Comparison to forecasts
Sales	421.4	425.0	+3.5	+0.8%	435.0	(10.0)
Operating Profit	58.2	59.0	+0.7	+1.2%	62.0	(3.0)
Operating Profit Margin	13.8%	13.9%	+0.0P	/	14.3%	(0.4P)
Profit attributable to owners of parent	42.6	45.5	+2.8	+6.7%	43.5	+2.0
Earnings Per Share [※]	¥171.42	¥183.50	+¥12.07	/	¥174.08	+¥9.41

※ NRI plans to conduct 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.

Key Factors in Earnings Revisions for FY March 2017

● Sales

- Reduced sales to insurance industry in which customer decision-making on SI projects requires more time than anticipated

● Operating Profit

- Reflected occurrence of business structure improvement expenses at group company

● Profit attributable to owners of parent

- Recorded extraordinary income for sale of investment securities in 2Q
- Expecting extraordinary loss due to removal of data center from balance sheet in 2H

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

Dividend Forecasts for FY March 2017

【Full Year】

	FY Mar. 2016 (Results)	FY Mar. 2017 (Forecasts as of Oct. 27)	Diff.	YoY Change	FY Mar. 2017 (Previous Forecasts)	Comparison to forecasts
Dividends Per Share	¥80.00	¥80.00	—	—	¥80.00	—
[Substantial dividends]*	[¥76.36]	[¥84.00]	[+¥7.63]	[+10.0%]	[¥80.00]	[+¥4.00]
End of Q2	¥40.00	¥40.00	—	—	¥40.00	—
[Substantial dividends]	[¥36.36]	[¥40.00]	[+¥3.63]	[+10.0%]	[¥40.00]	[—]
Fiscal year end	¥40.00	¥40.00	—	—	¥40.00	—
[Substantial dividends]	[¥40.00]	[¥44.00]	[+¥4.00]	[+10.0%]	[¥40.00]	[+¥4.00]
Payout Ratio	41.1%	42.0%	+0.9P		42.2%	

* NRI conducted a 1-for-1.1 stock split of common shares with an effective date of October 1, 2015, and plans to conduct a 1-for-1.1 stock split of common shares with an effective date of January 1, 2017.

“Substantial dividends” in the dividend column states the converted amount per share as of September 30, 2016.

1. Other Financial Result-related Data

Sales Forecasts by Segment for FY March 2017

【Full Year】

(JPY billion)

	FY Mar. 2016 (Results)	Share	FY Mar. 2017 (Forecasts as of Oct. 27)	Share	Diff.	YoY Change	FY Mar. 2017 (Previous Forecasts)	Comparison to forecasts
Consulting	28.3	6.7%	30.0	7.1%	+1.6	+5.7%	32.0	(2.0)
Financial IT Solutions	252.8	60.0%	250.0	58.8%	(2.8)	(1.1%)	257.0	(7.0)
Securities	123.8	29.4%	117.0	27.5%	(6.8)	(5.6%)	120.0	(3.0)
Insurance	57.0	13.5%	55.0	12.9%	(2.0)	(3.6%)	63.0	(8.0)
Banking	37.5	8.9%	40.0	9.4%	+2.4	+6.5%	39.0	+1.0
Other financial	34.3	8.1%	38.0	8.9%	+3.6	+10.7%	35.0	+3.0
Industrial IT Solutions	101.5	24.1%	105.0	24.7%	+3.4	+3.4%	105.0	—
Distribution	51.8	12.3%	54.5	12.8%	+2.6	+5.0%	53.0	+1.5
Manufacturing, service and other	49.6	11.8%	50.5	11.9%	+0.8	+1.7%	52.0	(1.5)
IT Platform services	28.7	6.8%	30.0	7.1%	+1.2	+4.5%	31.0	(1.0)
Others	9.9	2.4%	10.0	2.4%	+0.0	+0.3%	10.0	—
Total	421.4	100.0%	425.0	100.0%	+3.5	+0.8%	435.0	(10.0)

1. Other Financial Result-related Data

Sales Forecasts by Service for FY March 2017

【Full Year】

(JPY billion)

	FY Mar. 2016 (Results)	Share	FY Mar. 2017 (Forecasts as of Oct. 27)	Share	Diff.	YoY Change	FY Mar. 2017 (Previous Forecasts)	Comparison to forecasts
Consulting Services	52.1	12.4%	57.0	13.4%	+4.8	+9.3%	55.0	+2.0
System Development & System Application Sales	145.1	34.4%	145.0	34.1%	(0.1)	(0.1%)	155.0	(10.0)
System Management & Operation Services	212.9	50.5%	211.0	49.6%	(1.9)	(0.9%)	215.0	(4.0)
Product Sales	11.1	2.7%	12.0	2.8%	+0.8	+7.2%	10.0	+2.0
Total	421.4	100.0%	425.0	100.0%	+3.5	+0.8%	435.0	(10.0)

1. Other Financial Result-related Data

CAPEX, R&D and Depreciation Forecasts for FY March 2017

【Capital Expenditure, R&D】

(JPY billion)

	FY Mar. 2016 (Results)	FY Mar. 2017 (Forecasts as of Oct. 27)	Diff.	YoY Change	FY Mar. 2017 (Previous Forecasts)	Comparison to forecasts
Capital Expenditure	48.3	42.0	(6.3)	(13.1%)	45.0	(3.0)
Tangible	20.2	14.0	(6.2)	(31.0%)	16.0	(2.0)
Intangible	28.0	28.0	(0.0)	(0.1%)	29.0	(1.0)
R&D	5.1	5.5	+0.3	+7.6%	5.5	—

【Depreciation and Amortization】

(JPY billion)

	FY Mar. 2016 (Results)	FY Mar. 2017 (Forecasts as of Oct. 27)	Diff.	YoY Change	FY Mar. 2017 (Previous Forecasts)	Comparison to forecasts
Total	32.5	28.0	(4.5)	(14.1%)	30.0	(2.0)

1. Other Financial Result-related Data

Results through 2Q 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 2H and full-year are estimates)	Sales	100.3	102.7	221.8		425.0
	OP	13.6	12.6	32.6		59.0
	OPM	13.6%	12.3%	14.7%		13.9%

Note: Figures for 2H of the fiscal year ending March 31, 2017 were calculated by subtracting 1H results from full-year forecasts for FY March 2017.

1. Other Financial Result-related Data

Order Backlog (Outstanding)

(JPY million)

	At end of Sep. 2015	At end of Sep. 2016	Diff.	YoY 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%)
Other	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%

1. Other Financial Result-related Data

Order Volume <1H>

	(JPY million)			
	1H FY Mar. 2016 (Apr.-Sep.)	1H FY Mar. 2017 (Apr.-Sep.)	Diff.	YoY Change
Consulting	14,762	16,001	+1,239	+8.4%
Financial IT Solutions	73,346	63,220	(10,125)	(13.8%)
Industrial IT Solutions	28,218	26,294	(1,924)	(6.8%)
IT Platform Services	7,387	10,940	+3,553	+48.1%
Other	4,436	4,522	+85	+1.9%
Total	128,152	120,979	(7,172)	(5.6%)

1. Other Financial Result-related Data

Highlights of Consolidated Financial Results <2Q>

(JPY million)

	2Q FY Mar. 2016 (Jul.-Sep.)	2Q FY Mar. 2017 (Jul.-Sep.)	Diff.	YoY Change
Sales	110,816	102,773	(8,042)	(7.3%)
Operating Profit	14,714	12,652	(2,061)	(14.0%)
Operating Profit Margin	13.3%	12.3%	(1.0P)	
Profit attributable to owners of parent	10,861	18,492	+7,630	+70.3%

1. Other Financial Result-related Data

Sales by Segment <2Q>

(JPY million)

	2Q FY Mar.2016 (Jul.-Sep.)	Share	2Q FY Mar.2017 (Jul.-Sep.)	Share	Diff.	YoY 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%)
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%)

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 <2Q>

■ Including Inter-segment sales for each segment

(JPY million)

		2Q FY Mar.2016 (Jul.-Sep.)	2Q FY Mar.2017 (Jul.-Sep.)	Diff.	YoY Change
Consulting	Sales	7,226	7,261	+35	+0.5%
	OP	1,374	1,738	+364	+26.5%
	OPM	19.0%	23.9%	+4.9P	
Financial IT Solutions	Sales	69,561	60,588	(8,972)	(12.9%)
	OP	7,270	5,079	(2,191)	(30.1%)
	OPM	10.5%	8.4%	(2.1P)	
Industrial IT Solutions	Sales	25,417	25,337	(80)	(0.3%)
	OP	2,252	1,486	(765)	(34.0%)
	OPM	8.9%	5.9%	(3.0P)	
IT Platform Services	Sales	26,390	30,372	+3,981	+15.1%
	OP	3,132	3,536	+403	+12.9%
	OPM	11.9%	11.6%	(0.2P)	

1. Other Financial Result-related Data

Sales by Service <2Q>

(JPY million)

	2Q FY Mar.2016 (Jul.-Sep.)	Share	2Q FY Mar.2017 (Jul.-Sep.)	Share	Diff.	YoY Change
Consulting Services	12,878	11.6%	14,806	14.4%	+1,928	+15.0%
System Development & System Application Sales	43,922	39.6%	33,121	32.2%	(10,801)	(24.6%)
System Management & Operation Services	52,084	47.0%	52,115	50.7%	+31	+0.1%
Product Sales	1,931	1.7%	2,730	2.7%	+798	+41.3%
Total	110,816	100.0%	102,773	100.0%	(8,042)	(7.3%)

1. Other Financial Result-related Data

P/L Highlight <2Q>

(JPY million)

	2Q FY Mar.2016 (Jul.-Sep.)	2Q FY Mar.2017 (Jul.-Sep.)	Diff.	YoY Change
Sales	110,816	102,773	(8,042)	(7.3%)
Cost of Sales	77,593	69,772	(7,821)	(10.1%)
Subcontracting Costs	36,578	31,681	(4,897)	(13.4%)
Gross Profit	33,223	33,001	(221)	(0.7%)
Gross Profit Margin	30.0%	32.1%	+2.1P	
SG&A	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)	

1. Other Financial Result-related Data

P/L Highlight <2Q> continued

(JPY million)

	2Q FY Mar.2016 (Jul.-Sep.)	2Q FY Mar.2017 (Jul.-Sep.)	Diff.	YoY Change
Operating Profit	14,714	12,652	(2,061)	(14.0%)
Non-operating income and loss	263	65	(197)	
Extraordinary income and loss	(106)	13,143	+13,249	
Gain on sales of investment securities	3	13,004	+13,001	
Income taxes etc.	3,920	8,735	+4,815	
Profit attributable to owners of parent	10,861	18,492	+7,630	+70.3%

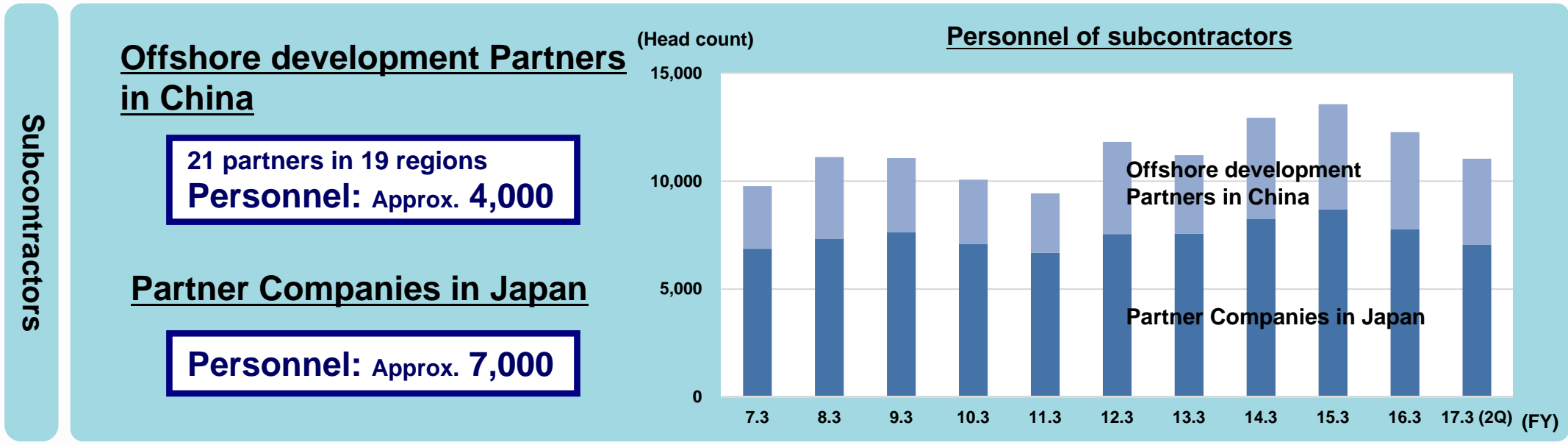
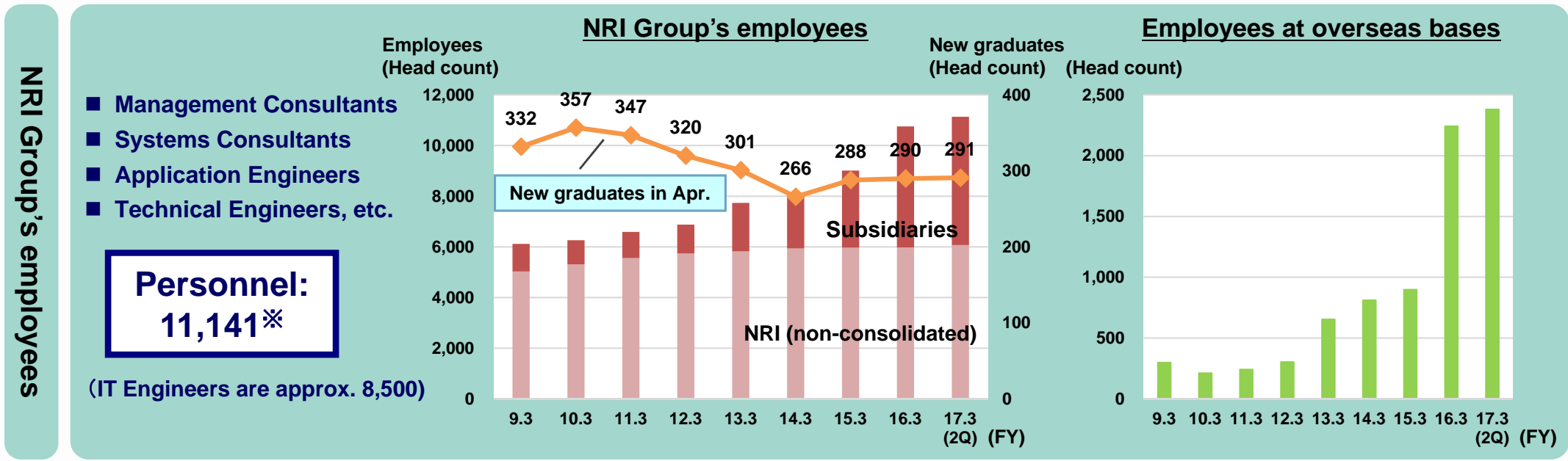
1. Other Financial Result-related Data

Order Volume <2Q>

	(JPY million)			
	2Q FY Mar.2016 (Jul.-Sep.)	2Q FY Mar.2017 (Jul.-Sep.)	Diff.	YoY 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%
Other	2,349	1,327	(1,021)	(43.5%)
Total	57,752	52,373	(5,379)	(9.3%)

1. Other Financial Result-related Data

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



2. Recent Activities

NRI Places in Top 10 of Two Global Financial Technology Firm Rankings

- In global financial technology firm rankings, NRI came in ninth in the FinTech Rankings by IDC Financial Insights and tenth in the FinTech Forward Rankings by American Banker and BAI. It was the seventh consecutive year that NRI has placed in the top ten of these two rankings.
- The rankings cover financial technology firms whose finance-related business accounts for at least one-third of overall revenues.
- The previous year's incomes and the percentage derived from financial technology services of firms entered are evaluated based on studies, independent research and market analysis carried out by each of the ranking bodies to determine the rankings.

IDC Financial Insights FinTech Rankings

2016 Rank	Company
1	Tata Consultancy Services Limited
2	FIS
3	Cognizant Technology Solutions
4	Fiserv, Inc.
5	NTT DATA
6	Infosys Limited
7	NCR Corporation
8	Total System Services, Inc. (TSYS)
9	Nomura Research Institute, Ltd.
10	Diebold, Incorporated

Source: IDC Financial Insights website



2. Recent Activities

New Service Enables Financial Institutions to Automatically Receive Investment Fund Data

- In December 2016, NRI will start providing a service to enable automatic reception of “look-through data,” including the outstanding balances and stock attributions of funds, for financial institutions such as banks that invest in funds.
- The demands for an efficient look-through process among financial institutions have recently been heightened as fund investment has expanded. Financial institutions need to manage those funds and their individual stock balance to comply with Basel III and upgrade internal risk management.
- NRI will automate the provision of look-through data from asset managers to financial institutions by enhancing SYNTAX, the fund data disclosure service that it already provides.
- Financial institutions will be able to efficiently obtain and manage data by using the service, which will facilitate higher-level analysis as well as risk management of investment funds.

ファンドデータ自動受信
NRIが12月から

金融機関向けに提供

野村総合研究所（NRI）はファンド投資に関して12月、投資者の金融機関が資産運用会社のファンドの構成銘柄ごとの残高など「ルックスルー（資産

構成把握）データ」を自動的に受信できるサービスを開始する。近年金融機関において、ファンド投資を拡大する一方で、各ファンドについて銀行バ

セル規制対応や内部リスク管理レベルの向上を目的に、資産構成を把握し適切に管理するニーズが高まっていることに対応した。

既に提供するファンド情報の開示サービス「SYNTAX」を拡張し、金融機関は資産運用会社が開示するファ

ンドのルックスルーデータを日次または月次で自動的に受信でき、同社の資産運用支援サービス「TSTAR」ファミリーを利用する資産運用会社は開示先、開示項目、開示頻度を指定することで、金融機関に自動的に開示できるようにする。

Information Industries and Market News,
August 15, 2016

2. Recent Activities

Multicloud Service Provided to Fuji Xerox

- NRI has begun providing its unique cloud environment to Fuji Xerox. This environment takes advantage of the respective strengths of a number of public cloud services while facilitating interoperation.
- In addition to the AWS that it has provided in the form of mCanvas* in the past, NRI has included Google Cloud Platform, a public cloud service provided by Google, in the configuration menu and linked a number of public cloud environments to its private cloud environment, achieving a multicloud configuration for system operation.
- Using a multicloud environment makes it possible to combine the specialized functions of the respective cloud services. In addition, it also helps to maximize the benefits of using low-cost public cloud services.

mCanvas: One of the hybrid configuration cloud services that NRI provides



Nikkei Business Daily,
September 6, 2016

2. Recent Activities

Sales Commence of Solution to Detect Unauthorized Access to Online Services

- NRI SecureTechnologies, Ltd. commenced sales of Uni-ID Identity Fraud Detection (Uni-ID IFD), a solution which analyzes website access and detects unauthorized access.
- Adopting Uni-ID IFD allows detection of identity fraud and unauthorized transactions using stolen authentication data, which is typical in list-type account hacking.
- The main functions and merits of Uni-ID IFD are:
 - Detection of unauthorized access based on the behavior patterns of attackers
 - Provision of an ongoing rule update service to combat increasingly sophisticated methods of attack
 - Provision of PoC service to verify effects of adoption

**Webサービス向け
NRIセキュア
不正アクセスを検知**

NRIセキュアテクノロジーズは、ECサイトなどWebサービスへの不正アクセスを検知するソリューション「Uni-IDアイデンティティ・フロード・デテクション（Uni-ID IFD）」を発売した。

リスト型アカウントハッキングなど窃取された認証情報（ID・パスワード）を利用して不正アクセスについて、効果的に検知・モニタリング可能としたもので、本番システムに適用する前に短期間で導入効果を判断するための「ブループロオプコンセプト（PoC）」サービスも提供する。

Uni-ID IFDでは、独自のリスク解析モデルでログイン時およびログイン後の振る舞いを分析し、不正アクセスの可能性を判定。判定結果は、APIによるリアルタイムでの応答やログの分析結果として提供し、不正検知ルールについては、チューニングを継続的に支援する。

利用に当たっては本番システムを改修する必要はなく、価格は150万円から。

Information Industries and Market News,
September 26, 2016

2. Recent Activities

Analysis of Corporate Cybersecurity Trends

- NRI SecureTechnologies, Ltd. compiled an analysis of the latest trends and recommended countermeasures based on data accumulated through the information security services it provides to client companies in the Cybersecurity Trend Annual Review 2016.
- There are four points of focus in this year's report.
 - No major improvements are being observed in the rate of targeted-attack email openings.
 - While the influx of email with malware requires multi-layered defensive measures, controls through the extensions of attached files are effective in some cases.
 - Around three-quarters of online application high-risk vulnerabilities cannot be detected with automated inspection.
 - Half of companies' public websites are not centrally managed, making it difficult to grasp their security status.

情報セキュリティ動向

標的型メール依然脅威

ルへの対応訓練」の二つ目はNRIセキュアという。15年度の状況を分析し、ユーザが管理するワイ、マルウェア付きメールの対策には、スパムは成りすましてシス、最後は「ワニサイ」に1人、役員5人、1の分析、これは、フルタリング製品を一般ユーザーが管理する。企業は自分で管理の機能を利用できた。15年度は企業が把握している外部向け自社ウェブサイトの半以上は過去半年間にこの割合は過去半年間に比べては同様に推移している。多くの企業が、個別のアプリを把握できていない状況がいまだに続いている。また、検査が必要である可能性が、多層化された検査している。

注目を集めてきた。まず、標的型メール攻撃(フィッシング)の増加が顕著である。この増加は、高度なマルウェアの侵入リスクを高める。また、このように問題を生み出すため、個々のアプリを把握できていない状況がいまだに続いている。また、検査が必要である可能性が、多層化された検査している。

◇ ◇

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Nikkan Kogyo Shimbun,
September 13, 2016

2. Recent Activities

Verification Testing Commenced for CUI* with Mizuho Bank and Information Services International-Dentsu

- Mizuho Bank, Information Services International-Dentsu and NRI conducted verification testing for new communication services through Facebook bot and new banking services through Amazon Echo in Silicon Valley in the United States.
- Mizuho Bank, NRI and ISI-DENTSU OF AMERICA developed prototypes onsite for the testing, which was conducted with help and collaboration from pioneering start-ups and venture capital in the CUI field, including cutting-edge industry knowledge and actual interviews.
- To date, the three companies have been pursuing customer convenience through development and verification of new channels and communications and will continue to accelerate these initiatives in the future.

CUI: Conventional User Interface. A next-generation channel/communication method for providing financial information and financial services in a chat with customer-format using AI.

Nikkei Business Daily,
August 16, 2016

2. Recent Activities

NRI Selected as a Component Stock for the DJSI Asia Pacific Socially Responsible Investment Index

- NRI has been selected for the first time as a component stock of the DJSI Asia Pacific version of the Dow Jones Sustainability Indices (DJSI) global index of socially responsible investment (SRI).
- NRI is one of the 146 companies (68 of which are Japanese) selected for DJSI Asia Pacific from among 615 major enterprises in the Asia Pacific region.

DJSI構成銘柄に選定

野村総研

任や貢献を重視して投資をする方法。

野村総合研究所は13日、社会的責任投資（SRI）の株価指数ダウ・ジョーンズ・サステナビリティ・インデックス（DJSI）のアジア・太平洋版「DJSI・Asia Pacific」の構成銘柄に初めて選定された、と発表した。SRIは投資の際に、従来の投資基準に加え投資先企業の社会的責任や貢献を重視して投資をする方法。アジア・太平洋地域の主要615企業から146社が選ばれ、日本企業が68社を占めている。野村総研はDJSIと並ぶ代表的な指標「フォー・グッド・インデックス・シリーズ」では2006年から11年連続で選ばれている。同指標は今年6月現在で日本企業160社を含む823社が選定されている。

Kinyu Keizai Shimbun,
September 26, 2016

MEMBER OF

**Dow Jones
Sustainability Indices**

In Collaboration with RobecoSAM 

3. Others - Supplementary explanation

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

(JPY billion)

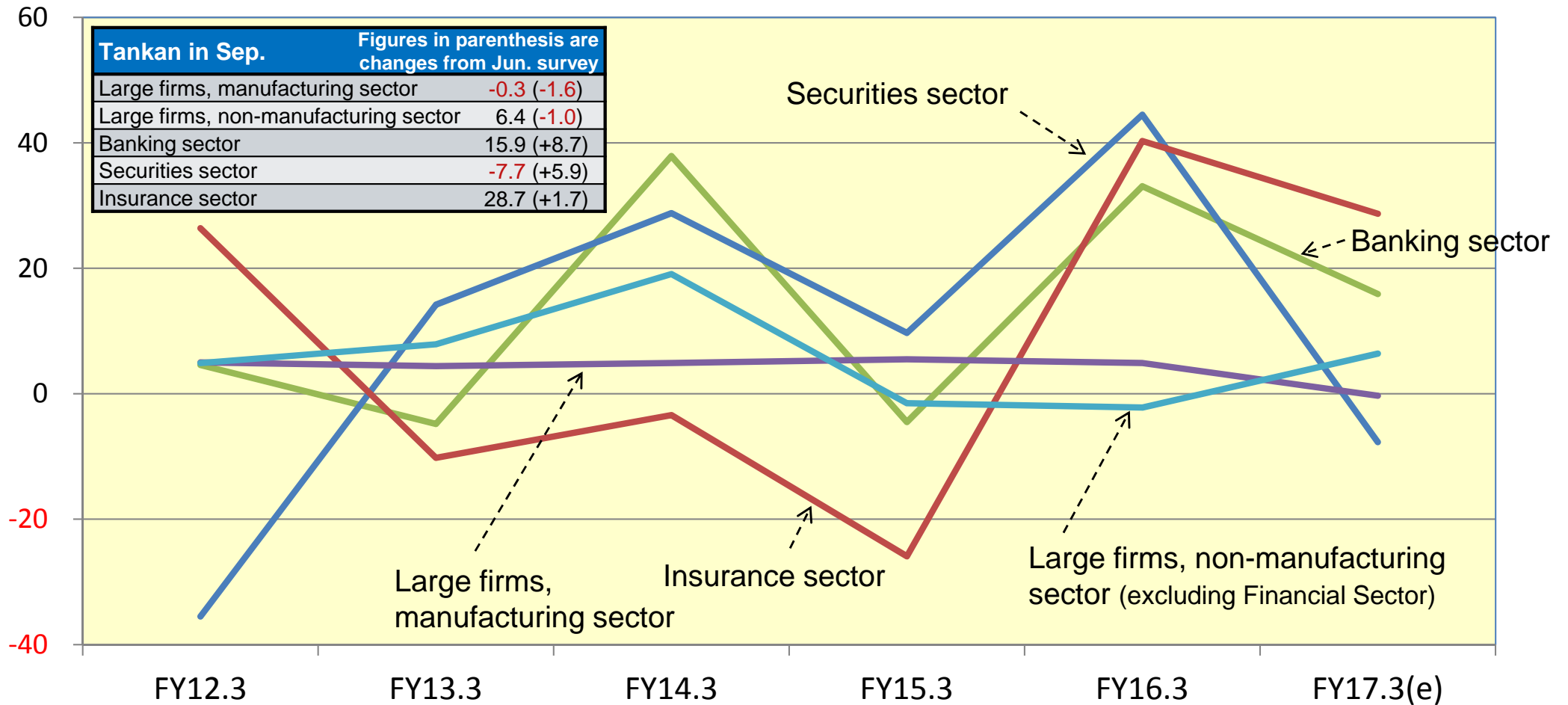
	FY Mar. 2015 (Results)	FY Mar. 2016 (Results)	FY Mar. 2017 (Forecasts as of Oct. 27)*	YoY		FY Mar. 2017 (Previous Forecasts)*	Comparison to forecasts
				Diff.	Change		
Sales	405.9	421.4	425.0	+3.5	+0.8%	435.0	(10.0)
Cost of Sales	289.2	287.2	285.0	(2.2)	(0.8%)	295.0	(10.0)
Personnel	74.8	83.5	88.0	+4.4	+5.3%	88.0	—
Subcontracting Costs	141.9	139.3	135.0	(4.3)	(3.1%)	145.0	(10.0)
Depreciation	24.6	31.4	27.0	(4.4)	(14.3%)	29.0	(2.0)
Gross Profit	116.7	134.1	140.0	+5.8	+4.3%	140.0	—
Gross Profit Margin	28.8%	31.8%	32.9%	+1.1P		32.2%	+0.8P
SG&A	65.2	75.8	81.0	+5.1	+6.8%	78.0	+3.0
Operating Profit	51.4	58.2	59.0	+0.7	+1.2%	62.0	(3.0)
Operating Profit Margin	12.7%	13.8%	13.9%	+0.0P		14.3%	(0.4P)

* Figures are consolidated estimates for preparing this earnings model.

3. Others - BOJ Tankan Survey

(YoY change %)

Software Investment



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

3. Others - Communications

Forum, etc.



September 2016
Briefing session held for individual investors in Tokyo and Osaka

Publications



Examples of books published since July 2016