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# Financial Results

for 1<sup>st</sup> Quarter FY March 2014

and Financial Results Forecast for the year ending 31<sup>st</sup> March, 2014

July 25, 2013

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**Nomura Research Institute, Ltd.**



# Contents

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**1. Financial Results for 1<sup>st</sup> Quarter FY March 2014**

**2. Financial Results Forecasts for FY March 2014**

**3. Recent Activities**

# Highlights of Consolidated Financial Results

(JPY million)

	1Q FY Mar. 2013	1Q FY Mar. 2014	Diff.	YoY Change
Sales	84,411	88,250	+3,839	+4.5%
Operating Profit	8,246	10,510	+2,263	+27.5%
Operating Profit Margin	9.8%	11.9%	+2.1P	
Net Income	5,699	7,804	+2,105	+36.9%

# Key Factors in Financial Results for 1Q FY March 2014

## ● 1Q sales up 4.5%, for a strong start on the year

- Sales rose in all sectors, primarily in Consulting, Financial IT Solutions for banking and asset management, Industrial IT Solutions for manufacturing and services, and IT Platform Services.

## ● Operating profit up 27.5%

- Consulting started the year in the black in 1Q due to healthy sales.
- For Financial IT Solutions, profit rose 66.9% due to factors such as higher income in the securities market business and the absence of the previous fiscal year's 1Q additional costs in the insurance sector
- For Industrial IT Solutions, profit rose 47.3% on improved project profitability
- Meanwhile, profit fell 29.8% for IT Platform Services due to factors including upfront costs, primarily depreciation expenses for new data centers

## ● Net income up 36.9%

- In addition to the increase in operating profit, dividends income from securities also increased, and net income rose 36.9%.

# Sales by Segment

(JPY million)						
	1Q FY Mar. 2013	Share	1Q FY Mar. 2014	Share	Diff.	YoY Change
<b>Consulting</b>	4,604	5.5%	5,028	5.7%	+424	+9.2%
<b>Financial IT Solutions</b>	51,220	60.7%	51,764	58.7%	+543	+1.1%
Securities	26,612	31.5%	26,852	30.4%	+240	+0.9%
Insurance	12,269	14.5%	11,156	12.6%	(1,112)	(9.1%)
Banking	6,287	7.4%	6,713	7.6%	+426	+6.8%
Other financial	6,051	7.2%	7,041	8.0%	+989	+16.4%
<b>Industrial IT Solutions</b>	19,631	23.3%	20,686	23.4%	+1,054	+5.4%
Distribution	10,514	12.5%	10,526	11.9%	+12	+0.1%
Manufacturing, service and other	9,116	10.8%	10,159	11.5%	+1,042	+11.4%
<b>IT Platform Services</b>	6,671	7.9%	8,344	9.5%	+1,672	+25.1%
<b>Others</b>	2,284	2.7%	2,427	2.8%	+143	+6.3%
<b>Total</b>	<b>84,411</b>	<b>100.0%</b>	<b>88,250</b>	<b>100.0%</b>	<b>+3,839</b>	<b>+4.5%</b>
<b>Nomura Holdings</b>	23,444	27.8%	20,500	23.2%	(2,944)	(12.6%)
<b>Seven &amp; i Holdings</b>	10,374	12.3%	9,678	11.0%	(696)	(6.7%)

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

# Segment Performance Results

■ Including Inter-segment sales for each segment

(JPY million)

		1Q FY Mar. 2013	1Q FY Mar. 2014	Diff.	YoY Change
Consulting	Sales	4,631	5,103	+471	+10.2%
	OP	(147)	229	+376	—
	OPM	(3.2%)	4.5%	+7.7P	
Financial IT Solutions	Sales	51,254	51,787	+533	+1.0%
	OP	3,631	6,059	+2,428	+66.9%
	OPM	7.1%	11.7%	+4.6P	
Industrial IT Solutions	Sales	19,661	20,700	+1,039	+5.3%
	OP	1,120	1,650	+529	+47.3%
	OPM	5.7%	8.0%	+2.3P	
IT Platform Services	Sales	25,391	26,072	+680	+2.7%
	OP	2,822	1,981	(840)	(29.8%)
	OPM	11.1%	7.6%	(3.5P)	

# Sales by Service

(JPY million)

	1Q FY Mar. 2013	Share	1Q FY Mar. 2014	Share	Diff.	YoY Change
Consulting Services	8,196	9.7%	8,544	9.7%	+348	+4.2%
System Development & System Application Sales	32,209	38.2%	31,503	35.7%	(706)	(2.2%)
System Management & Operation Services	42,004	49.8%	45,732	51.8%	+3,728	+8.9%
Product Sales	2,001	2.4%	2,470	2.8%	+468	+23.4%
<b>Total</b>	<b>84,411</b>	<b>100.0%</b>	<b>88,250</b>	<b>100.0%</b>	<b>+3,839</b>	<b>+4.5%</b>

# P/L Highlight

	(JPY million)			
	1Q FY Mar. 2013	1Q FY Mar. 2014	Diff.	YoY Change
<b>Sales</b>	<b>84,411</b>	<b>88,250</b>	<b>+3,839</b>	<b>+4.5%</b>
<b>Cost of Sales</b>	<b>61,605</b>	<b>62,498</b>	<b>+893</b>	<b>+1.5%</b>
<b>Subcontracting Costs</b>	<b>30,432</b>	<b>28,900</b>	<b>(1,531)</b>	<b>(5.0%)</b>
<b>Gross Profit</b>	<b>22,806</b>	<b>25,752</b>	<b>+2,945</b>	<b>+12.9%</b>
<b>Gross Profit Margin</b>	<b>27.0%</b>	<b>29.2%</b>	<b>+2.2P</b>	
<b>SG&amp;A</b>	<b>14,560</b>	<b>15,241</b>	<b>+681</b>	<b>+4.7%</b>
<b>Operating Profit</b>	<b>8,246</b>	<b>10,510</b>	<b>+2,263</b>	<b>+27.5%</b>
<b>Operating Profit Margin</b>	<b>9.8%</b>	<b>11.9%</b>	<b>+2.1P</b>	



# P/L Highlight continued

(JPY million)

	1Q FY Mar. 2013	1Q FY Mar. 2014	Diff.	YoY Change
<b>Operating Profit</b>	<b>8,246</b>	<b>10,510</b>	<b>+2,263</b>	<b>+27.5%</b>
<b>Non-operating gain and loss</b>	<b>830</b>	<b>1,738</b>	<b>+907</b>	
Dividend Income	717	1,196	+478	
Equity in earnings of affiliates	45	424	+379	
<b>Other Income and Expense</b>	<b>89</b>	<b>316</b>	<b>+227</b>	
<b>Income taxes etc.</b>	<b>3,466</b>	<b>4,770</b>	<b>+1,303</b>	
<b>Net Income</b>	<b>5,699</b>	<b>7,804</b>	<b>+2,105</b>	<b>+36.9%</b>

# Order Backlog (Outstanding)

(JPY million)

	At end of June 2012	At end of June 2013	Diff.	YoY Change
Consulting	5,874	7,666	+1,791	+30.5%
Financial IT Solutions	93,495	108,324	+14,828	+15.9%
Industrial IT Solutions	41,323	41,191	(131)	(0.3%)
IT Platform Services	12,859	23,758	+10,899	+84.8%
Other	3,653	3,371	(282)	(7.7%)
<b>Total</b>	<b>157,206</b>	<b>184,311</b>	<b>+27,105</b>	<b>+17.2%</b>
<b>Order backlog in the current FY</b>	<b>155,023</b>	<b>174,691</b>	<b>+19,668</b>	<b>+12.7%</b>

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**1. Financial Results for 1st Quarter FY March 2014**

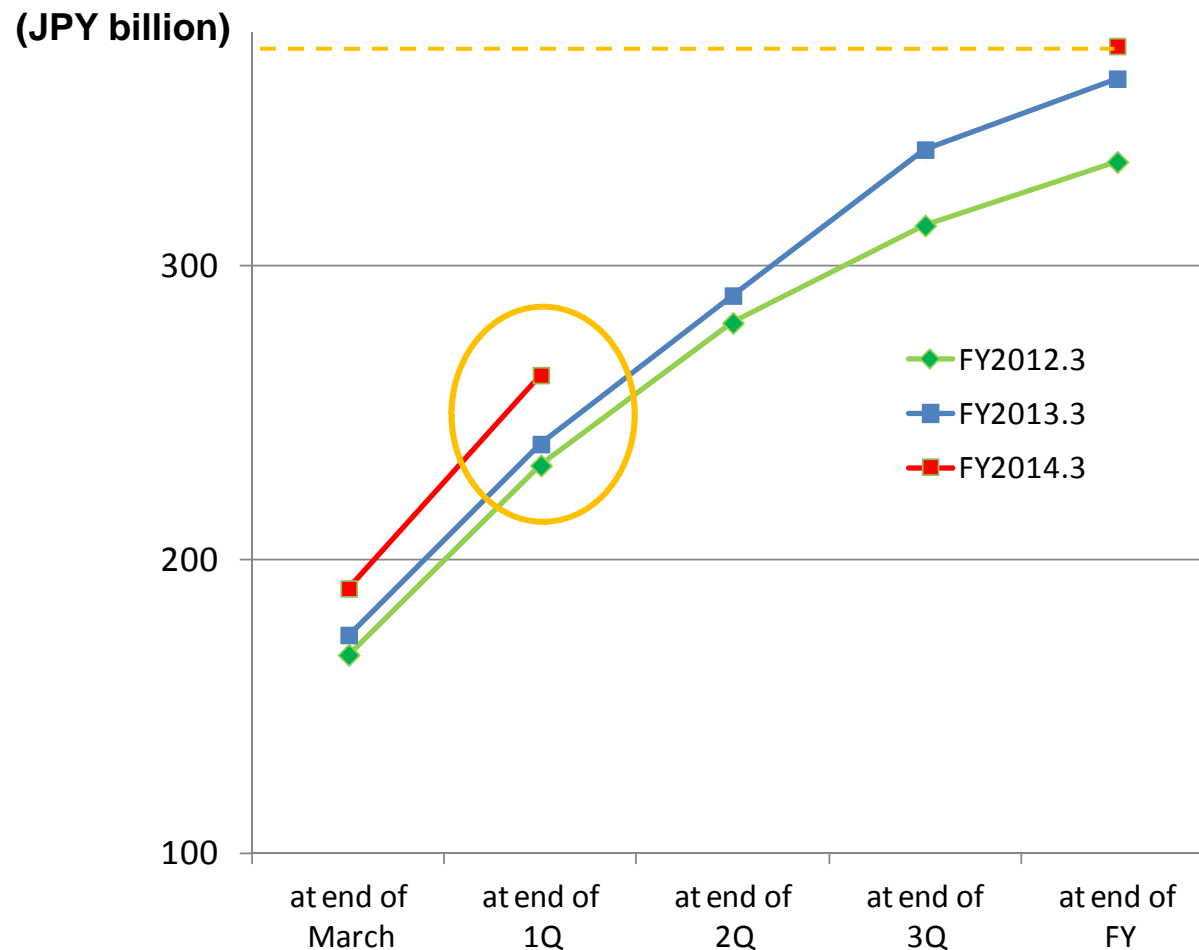
**2. Financial Results Forecasts for FY March 2014**

**3. Recent Activities**

# Sales + Consolidated Order Backlog

## ➤ Order backlog remains healthy








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



# Current Business Conditions

- **Aiming to secure large-scale projects, acquire new customers, and expand business with existing customers**

## Initiatives in Fiscal March 2014

<b>Consulting</b>		<ul style="list-style-type: none"> <li>• Operations consulting, public sector projects, operation x IT consulting, support IT department restructuring (PMO, etc.), and global projects, etc.</li> </ul>
<b>Financial IT Solutions</b>		
<b>Securities</b>		<ul style="list-style-type: none"> <li>• Upgrade IT systems at Nomura Securities in Japan (full-scale next step after introduction of STAR-IV)</li> <li>• Upgrade shared services (STAR-IV) for regulatory changes, including Japanese ISAs</li> <li>• Enhance functions of front-office services (NRI Advisor Platform), acquire new clients</li> </ul>
<b>Insurance</b>		<ul style="list-style-type: none"> <li>• Acquire new clients</li> <li>• Expand business of life and non-life insurance companies</li> </ul>
<b>Banking</b>		<ul style="list-style-type: none"> <li>• Transition and establish introduction of Bestway/JJ to mega-banks</li> <li>• Increase applications for use of the Bestway shared-online service in conjunction with upgrades for regulatory changes including Japanese ISAs</li> <li>• Acquire new releases and new clients with Value Direct Internet banking system</li> </ul>
<b>Other financial</b>		<ul style="list-style-type: none"> <li>• For asset management ASP, (1) strengthen front-line and mid-level services and (2) update services utilizing cloud technology and pursue BPO businesses</li> </ul>
<b>Industrial IT Solutions</b>		
<b>Distribution</b>		<ul style="list-style-type: none"> <li>• Respond to domestic and overseas expansion by major client</li> </ul>
<b>Manufacturing, service and other</b>		<ul style="list-style-type: none"> <li>• Aim to develop new clients and expand business with existing clients through cooperation between consulting and systems</li> </ul>

# Key Factors in Earnings Revisions for FY March 2014

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- **Sales forecast revised upward by ¥5.0 billion, operating profit forecast revised upward by ¥2.0 billion, due to:**

- Strong order backlog (of which, current fiscal year), up 12.7% as of June 30
- High IT investment demand at financial institutions related to financial regulatory change
- Stronger forecast for income in securities market business
- High demand for system upgrades in response to aging IT infrastructure, etc.

# Forecasts for FY March 2014

【Full Year】

(JPY billion)

	FY Mar. 2013 (Results)	FY Mar. 2014 (Forecasts as of Jul. 25)	Diff.	YoY Change	FY Mar. 2014 (Forecasts as of Apr. 25)	Comparison to forecasts
Sales	363.8	375.0	+11.1	+3.1%	370.0	+5.0
Operating Profit	44.0	49.0	+4.9	+11.3%	47.0	+2.0
Operating Profit Margin	12.1%	13.1%	+1.0P		12.7%	+0.4P
Net Income	28.6	32.0	+3.3	+11.8%	30.0	+2.0
Earnings per share	¥145.28	¥161.76	+¥16.48		¥151.81	
Dividends per share	¥52.00	¥52.00	—	—	¥52.00	—
Payout Ratio	35.9%	32.2%	(3.7P)		34.3%	

# Sales Forecasts by Segment for FY March 2014

【Full Year】

(JPY billion)

	FY Mar. 2013 (Results)	Share	FY Mar. 2014 (Forecasts as of Jul. 25)	Share	Diff.	YoY Change	FY Mar. 2014 (Forecasts as of Apr. 25)	Comparison to forecasts
Consulting	22.7	6.3%	24.0	6.4%	+1.2	+5.4%	24.0	—
Financial IT Solutions	219.7	60.4%	220.0	58.7%	+0.2	+0.1%	220.0	—
Securities	115.9	31.9%	111.0	29.6%	(4.9)	(4.2%)	106.0	+5.0
Insurance	50.1	13.8%	51.0	13.6%	+0.8	+1.7%	58.0	(7.0)
Banking	27.9	7.7%	30.0	8.0%	+2.0	+7.5%	30.0	—
Other financial	25.7	7.1%	28.0	7.5%	+2.2	+8.6%	26.0	+2.0
Industrial IT Solutions	83.6	23.0%	84.0	22.4%	+0.3	+0.5%	84.0	—
Distribution	44.8	12.3%	42.5	11.3%	(2.3)	(5.1%)	45.0	(2.5)
Manufacturing, service and other	38.8	10.7%	41.5	11.1%	+2.6	+6.9%	39.0	+2.5
IT Platform services	28.8	7.9%	37.0	9.9%	+8.1	+28.2%	33.0	+4.0
Others	8.9	2.4%	10.0	2.7%	+1.0	+12.2%	9.0	+1.0
<b>Total</b>	<b>363.8</b>	<b>100.0%</b>	<b>375.0</b>	<b>100.0%</b>	<b>+11.1</b>	<b>+3.1%</b>	<b>370.0</b>	<b>+5.0</b>



# Sales Forecasts by Service for FY March 2014

【Full Year】

(JPY billion)

	FY Mar. 2013 (Results)	Share	FY Mar. 2014 (Forecasts as of Jul. 25)	Share	Diff.	YoY Change	FY Mar. 2014 (Forecasts as of Apr. 25)	Comparison to forecasts
Consulting Services	39.0	10.7%	38.0	10.1%	(1.0)	(2.8%)	39.0	(1.0)
System Development & System Application Sales	140.4	38.6%	142.0	37.9%	+1.5	+1.1%	141.0	+1.0
System Management & Operation Services	174.9	48.1%	185.0	49.3%	+10.0	+5.7%	181.0	+4.0
Product Sales	9.3	2.6%	10.0	2.7%	+0.6	+7.0%	9.0	+1.0
<b>Total</b>	<b>363.8</b>	<b>100.0%</b>	<b>375.0</b>	<b>100.0%</b>	<b>+11.1</b>	<b>+3.1%</b>	<b>370.0</b>	<b>+5.0</b>

# 1Q Results and Forecasts for the Full Fiscal Year

(JPY billion)

		1Q	2Q	3Q	4Q	FY
FY March 2011	Sales	80.6	81.4	79.8	84.3	326.3
	OP	6.5	9.4	11.0	11.4	38.4
	OPM	8.1%	11.6%	13.8%	13.5%	11.8%
FY March 2012	Sales	78.4	83.0	82.8	91.1	335.5
	OP	8.6	11.4	10.5	12.5	43.1
	OPM	11.0%	13.8%	12.7%	13.7%	12.9%
FY March 2013	Sales	84.4	89.9	86.0	103.5	363.8
	OP	8.2	12.3	10.7	12.7	44.0
	OPM	9.8%	13.7%	12.5%	12.3%	12.1%
FY March 2014 1Q results Forecasts from 2Q	Sales	88.2	94.7	192.0		375.0
	OP	10.5	12.9	25.5		49.0
	OPM	11.9%	13.7%	13.3%		13.1%

Note: Figures for the 2Q of the fiscal year ending March 31, 2014 were calculated by subtracting 1Q results from forecasts for 1H.

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**1. Financial Results for 1st Quarter FY March 2014**

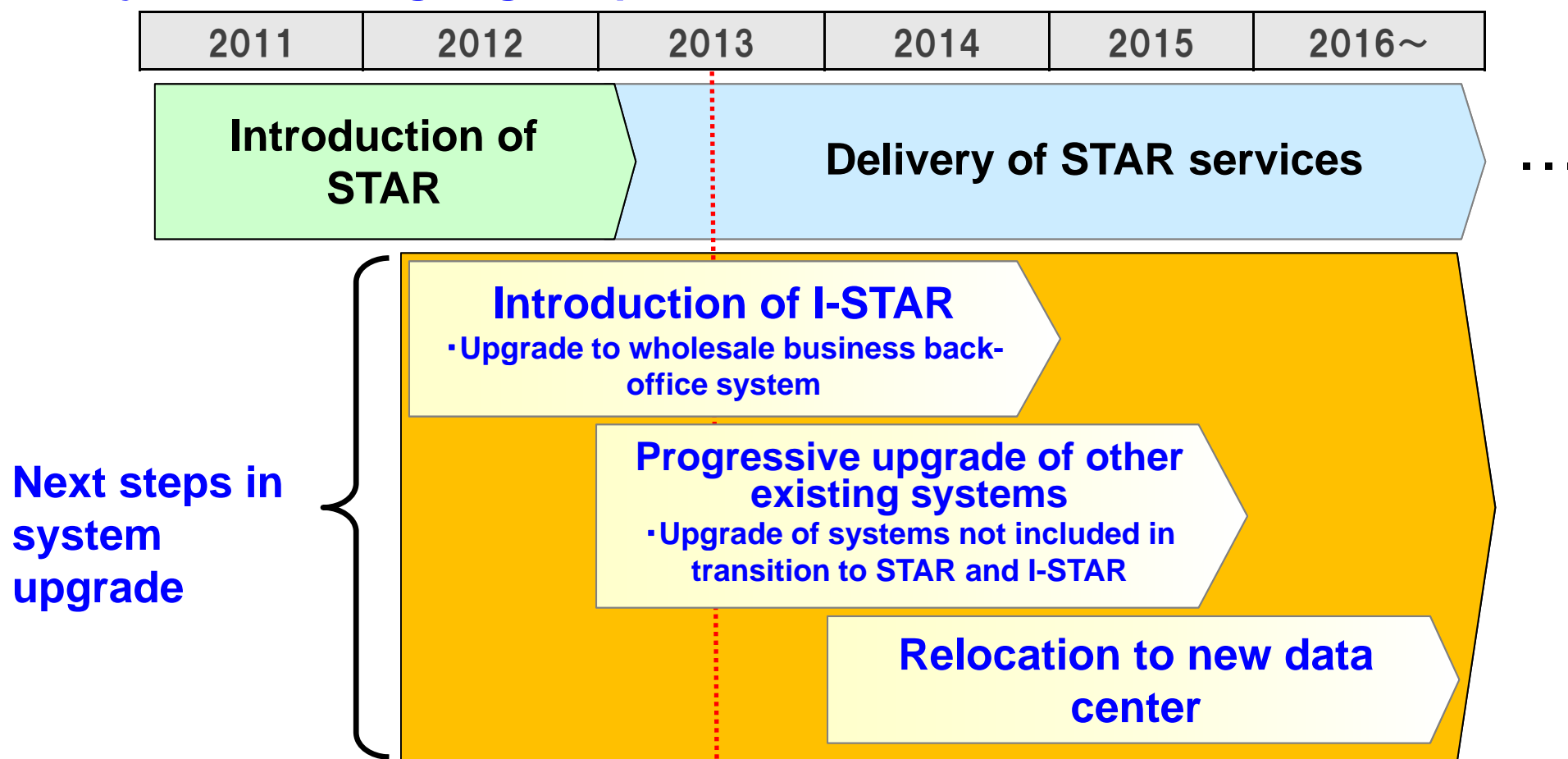
**2. Financial Results Forecasts for FY March 2014**

**3. Recent Activities**

## Recent Activities

# Upgrade to IT Systems at Nomura Securities in Japan

- Commence next step of upgrade to IT systems in Japan following introduction of STAR
- Project continuing at good pace



## Recent Activities

### Support for Japanese ISAs

- **Commenced support for quick addition of Japanese ISA functions**
- **System updates (shared-online services, individual SI projects) also made steady progress**

Examples of shared-online services currently being updated

Comprehensive securities back-office system



**In use at 51 institutions**

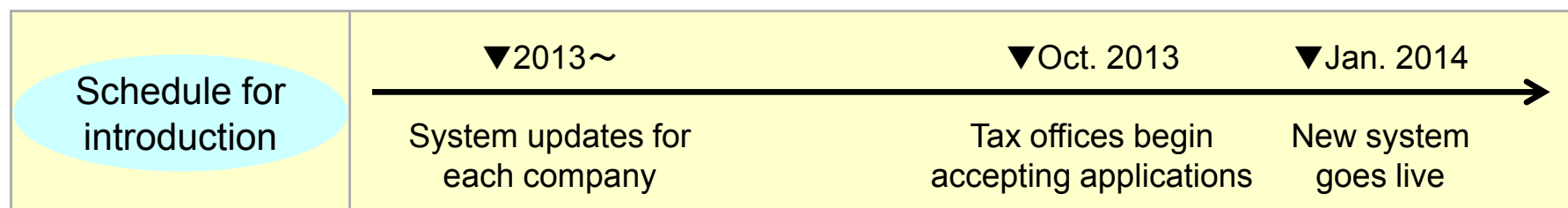
(Securities firms, trust banks, etc.)

Mutual fund account management system for over-the-counter sales



**In use at 106 institutions**

(City banks, trust banks, regional banks, second-tier regional banks, etc.)



## Recent Activities

### Value Direct

- **Inquiries strong, primarily from regional banks; number of customers increasing steadily**

### Value Direct

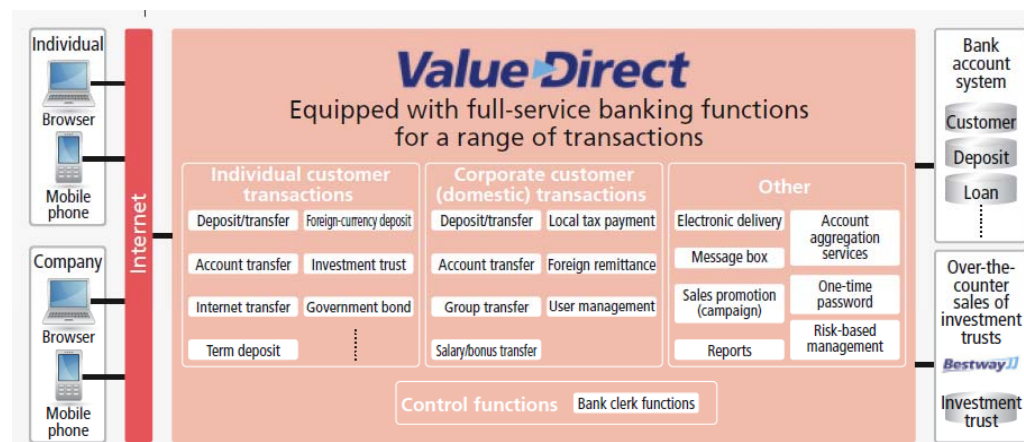
- Suruga Bank
- Minato Bank
- Nanto Bank
- Sawakami Asset Management
- **Yamanashi Chuo Bank**

⋮

**Decision to adopt at 12 banks<sup>(note)</sup>**  
**<In operation at 8 banks>**

(note) As of June 2013.

**Good prospects of hitting  
20-bank target early**



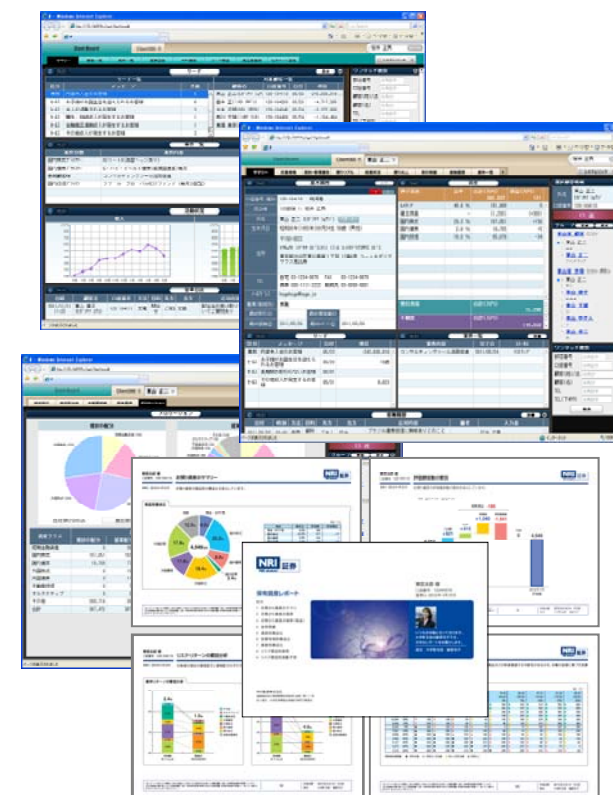
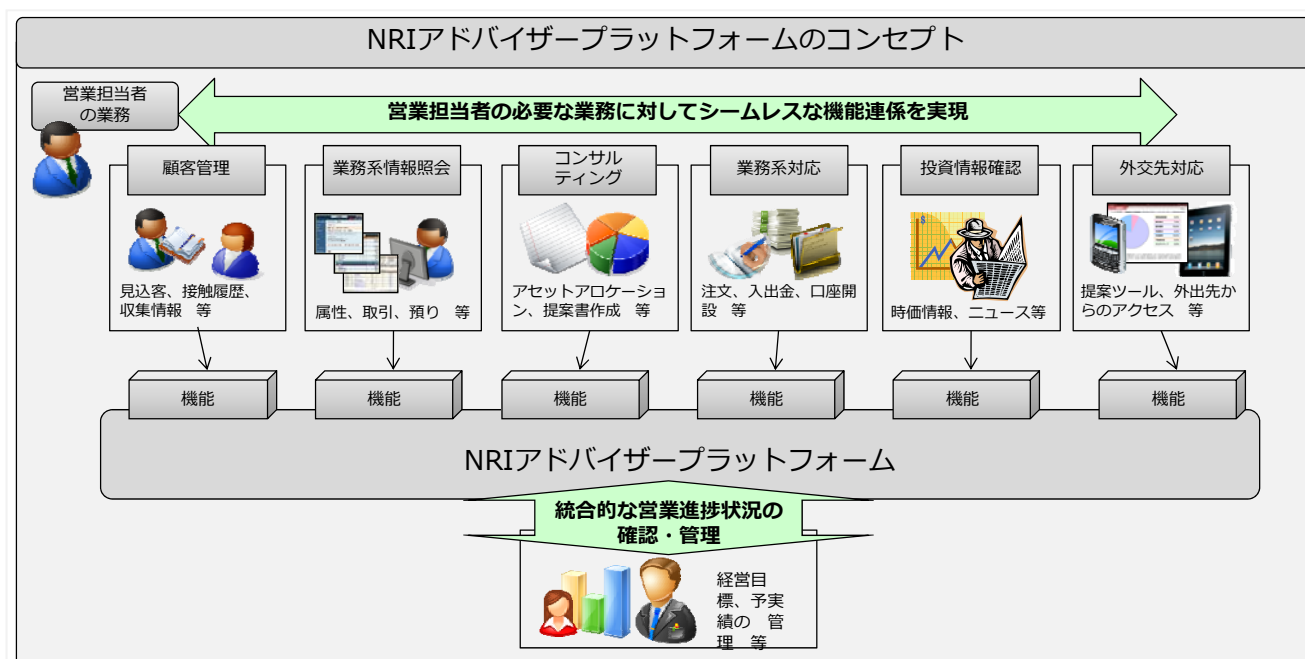
Note: Value Direct provides full banking functions to handle a series of transactions, including transfers and payments, term deposits, foreign currency deposits, mutual funds, government bonds, and loans. Value Direct/Mutual Fund offers the mutual fund functions from Value Direct

# Recent Activities

## NRI Advisor Platform

Front-office system that supports consulting-based sales of financial products

- Following Nomura Securities, one more securities firm has newly decided to adopt it and roll it out on a large scale
- Mobile option provided to Nomura Securities in June 2013



**High value-added service integrated with STAR-IV**

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*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**
- 3. Others**

## 1. Other Financial Result-related Data

### Order Volume

(JPY million)

	1Q FY Mar. 2013	1Q FY Mar. 2014	Diff.	YoY Change
Consulting	6,892	8,053	+1,160	+16.8%
Financial IT Solutions	34,137	41,442	+7,305	+21.4%
Industrial IT Solutions	17,407	10,946	(6,460)	(37.1%)
IT Platform Services	4,036	17,880	+13,844	+343.0%
Other	3,902	3,225	(676)	(17.3%)
<b>Total</b>	<b>66,375</b>	<b>81,550</b>	<b>+15,174</b>	<b>+22.9%</b>

# 1. Other Financial Result-related Data

## FY March 2014 Financial Results Forecasts Reference Data (1H/2H)

【1H】

(JPY billion)

	FY Mar. 2013 1H (Results)	FY Mar. 2014 1H (Forecasts as of Jul. 25)	Diff.	YoY Change	FY Mar. 2014 1H (Forecasts as of Apr. 25)	Comparison to forecasts
Sales	174.3	183.0	+8.6	+5.0%	178.0	+5.0
Operating Profit	20.5	23.5	+2.9	+14.2%	22.0	+1.5
Operating Profit Margin	11.8%	12.8%	+1.0P		12.4%	+0.5P
Net Income	13.4	16.0	+2.5	+19.3%	14.0	+2.0

【2H】

	FY Mar. 2013 2H (Results)	FY Mar. 2014 2H (Forecasts as of Jul. 25)	Diff.	YoY Change	FY Mar. 2014 2H (Forecasts as of Apr. 25)	Comparison to forecasts
Sales	189.5	192.0	+2.4	+1.3%	192.0	—
Operating Profit	23.4	25.5	+2.0	+8.8%	25.0	+0.5
Operating Profit Margin	12.4%	13.3%	+0.9P		13.0%	+0.3P
Net Income	15.2	16.0	+0.7	+5.2%	16.0	—

## 1. Other Financial Result-related Data

# Sales Forecasts by Segment for FY March 2014 (1H/2H)

(JPY billion)

【1H】

	FY Mar. 2013 1H (Results)	Share	FY Mar. 2014 1H (Forecasts as of Jul. 25)	Share	Diff.	YoY Change	FY Mar. 2014 1H (Forecasts as of Apr. 25)	Comparison to forecasts
Consulting	10.6	6.1%	11.0	6.0%	+0.3	+3.5%	11.0	—
Financial IT Solutions	104.6	60.0%	107.0	58.5%	+2.3	+2.2%	105.0	+2.0
Securities	53.1	30.5%	55.0	30.1%	+1.8	+3.5%	51.5	+3.5
Insurance	26.0	14.9%	23.5	12.8%	(2.5)	(9.8%)	26.5	(3.0)
Banking	13.3	7.7%	14.5	7.9%	+1.1	+8.6%	14.5	—
Other financial	12.1	7.0%	14.0	7.7%	+1.8	+15.1%	12.5	+1.5
Industrial IT Solutions	40.3	23.2%	42.0	23.0%	+1.6	+4.0%	41.5	+0.5
Distribution	21.8	12.5%	21.0	11.5%	(0.8)	(3.7%)	22.0	(1.0)
Manufacturing, service and other	18.5	10.7%	21.0	11.5%	+2.4	+13.0%	19.5	+1.5
IT Platform services	14.2	8.1%	18.0	9.8%	+3.7	+26.7%	16.0	+2.0
Others	4.4	2.5%	5.0	2.7%	+0.5	+12.6%	4.5	+0.5
Total	174.3	100.0%	183.0	100.0%	+8.6	+5.0%	178.0	+5.0

【2H】

	FY Mar. 2013 2H (Results)	Share	FY Mar. 2014 2H (Forecasts as of Jul. 25)	Share	Diff.	YoY Change	FY Mar. 2014 2H (Forecasts as of Apr. 25)	Comparison to forecasts
Consulting	12.1	6.4%	13.0	6.8%	+0.8	+7.1%	13.0	—
Financial IT Solutions	115.0	60.7%	113.0	58.9%	(2.0)	(1.8%)	115.0	(2.0)
Securities	62.7	33.1%	56.0	29.2%	(6.7)	(10.8%)	54.5	+1.5
Insurance	24.1	12.7%	27.5	14.3%	+3.3	+14.1%	31.5	(4.0)
Banking	14.5	7.7%	15.5	8.1%	+0.9	+6.5%	15.5	—
Other financial	13.6	7.2%	14.0	7.3%	+0.3	+2.8%	13.5	+0.5
Industrial IT Solutions	43.2	22.8%	42.0	21.9%	(1.2)	(2.8%)	42.5	(0.5)
Distribution	23.0	12.1%	21.5	11.2%	(1.5)	(6.5%)	23.0	(1.5)
Manufacturing, service and other	20.2	10.7%	20.5	10.7%	+0.2	+1.3%	19.5	+1.0
IT Platform services	14.6	7.7%	19.0	9.9%	+4.3	+29.8%	17.0	+2.0
Others	4.4	2.4%	5.0	2.6%	+0.5	+11.9%	4.5	+0.5
Total	189.5	100.0%	192.0	100.0%	+2.4	+1.3%	192.0	—

# 1. Other Financial Result-related Data

## Sales Forecasts by Service for FY March 2014 (1H/2H)

【1H】 (JPY billion)

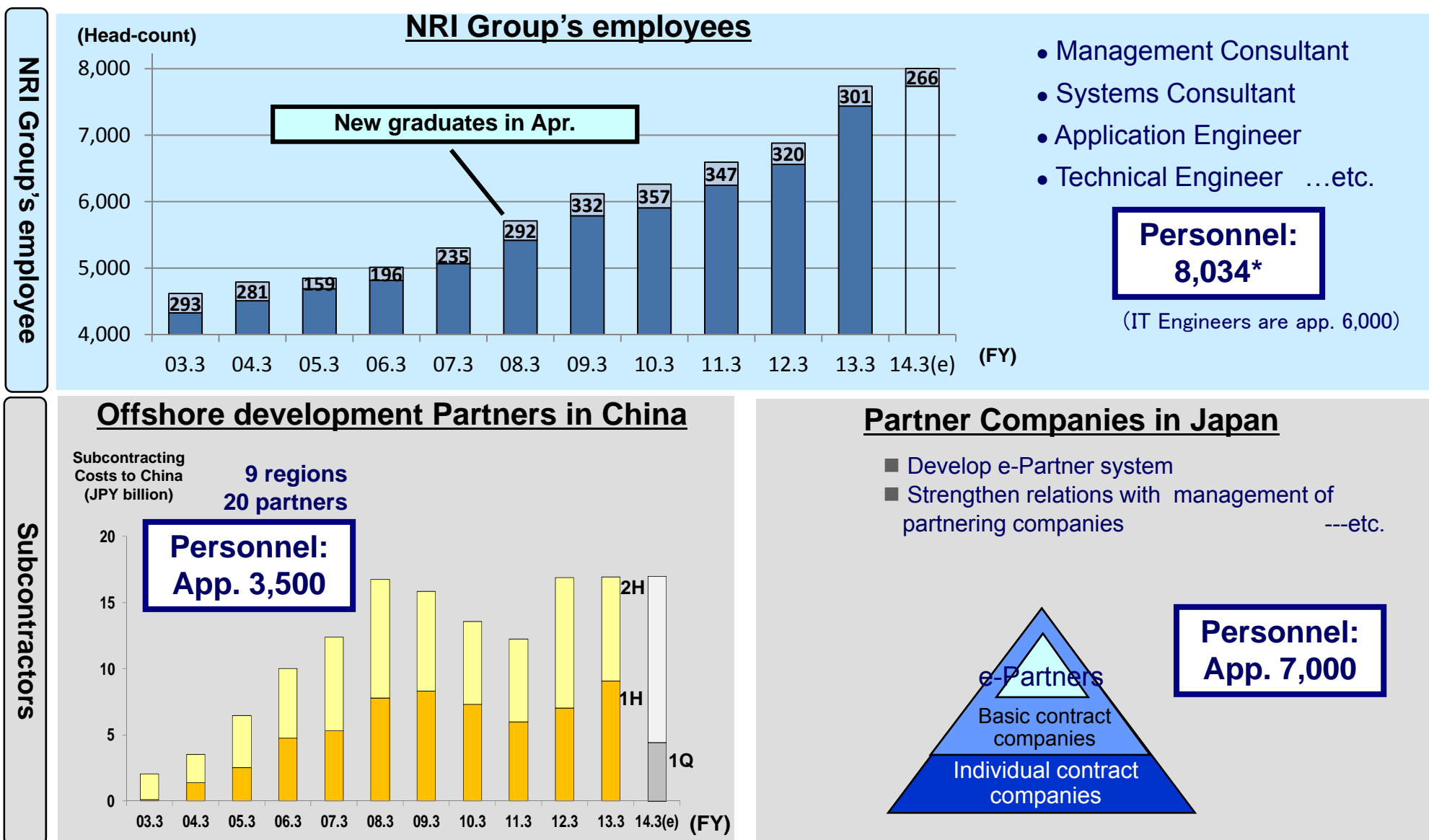
	FY Mar. 2013 1H (Results)	Share	FY Mar. 2014 1H (Forecasts as of Jul. 25)	Share	Diff.	YoY Change	FY Mar. 2014 1H (Forecasts as of Apr. 25)	Comparison to forecasts
Consulting Services	18.5	10.7%	18.0	9.8%	(0.5)	(3.2%)	19.0	(1.0)
System Development & System Application Sales	66.7	38.3%	68.0	37.2%	+1.2	+1.8%	64.5	+3.5
System Management & Operation Services	84.5	48.5%	92.0	50.3%	+7.4	+8.8%	90.0	+2.0
Product Sales	4.4	2.5%	5.0	2.7%	+0.5	+13.5%	4.5	+0.5
Total	174.3	100.0%	183.0	100.0%	+8.6	+5.0%	178.0	+5.0

【2H】

	FY Mar. 2013 2H (Results)	Share	FY Mar. 2014 2H (Forecasts as of Jul. 25)	Share	Diff.	YoY Change	FY Mar. 2014 2H (Forecasts as of Apr. 25)	Comparison to forecasts
Consulting Services	20.4	10.8%	20.0	10.4%	(0.4)	(2.4%)	20.0	—
System Development & System Application Sales	73.7	38.9%	74.0	38.5%	+0.2	+0.4%	76.5	(2.5)
System Management & Operation Services	90.4	47.7%	93.0	48.4%	+2.5	+2.9%	91.0	+2.0
Product Sales	4.9	2.6%	5.0	2.6%	+0.0	+1.3%	4.5	+0.5
Total	189.5	100.0%	192.0	100.0%	+2.4	+1.3%	192.0	—

## 1. Other Financial Result-related Data

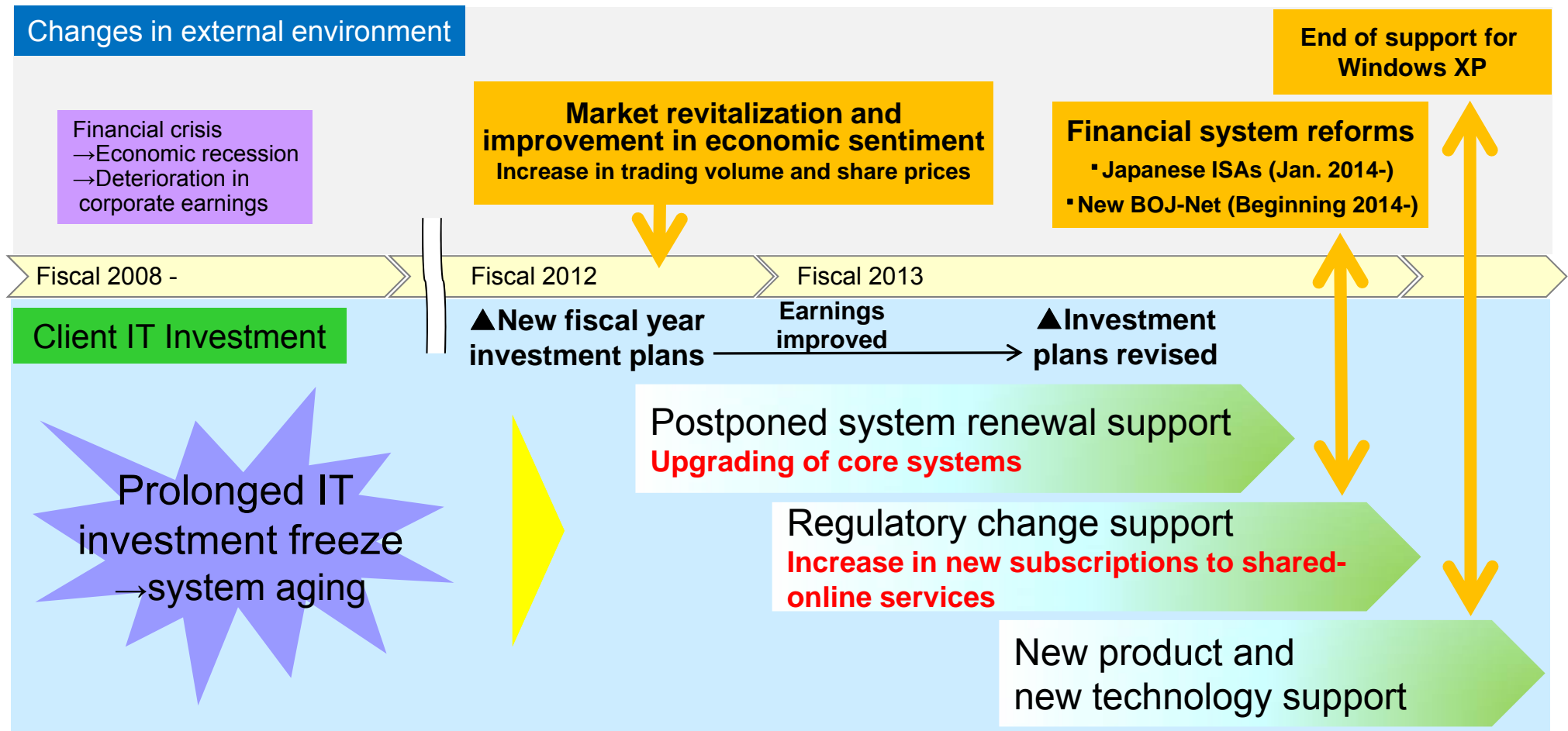
# Human Resources - NRI's employees + Partners (in Japan & China)



## 2. Recent Activities

# Support for Core System and Infrastructure Upgrade Projects

- **NRI expects an increase in core system and infrastructure upgrade projects, given previous restraint in IT investment and recent technological innovations**

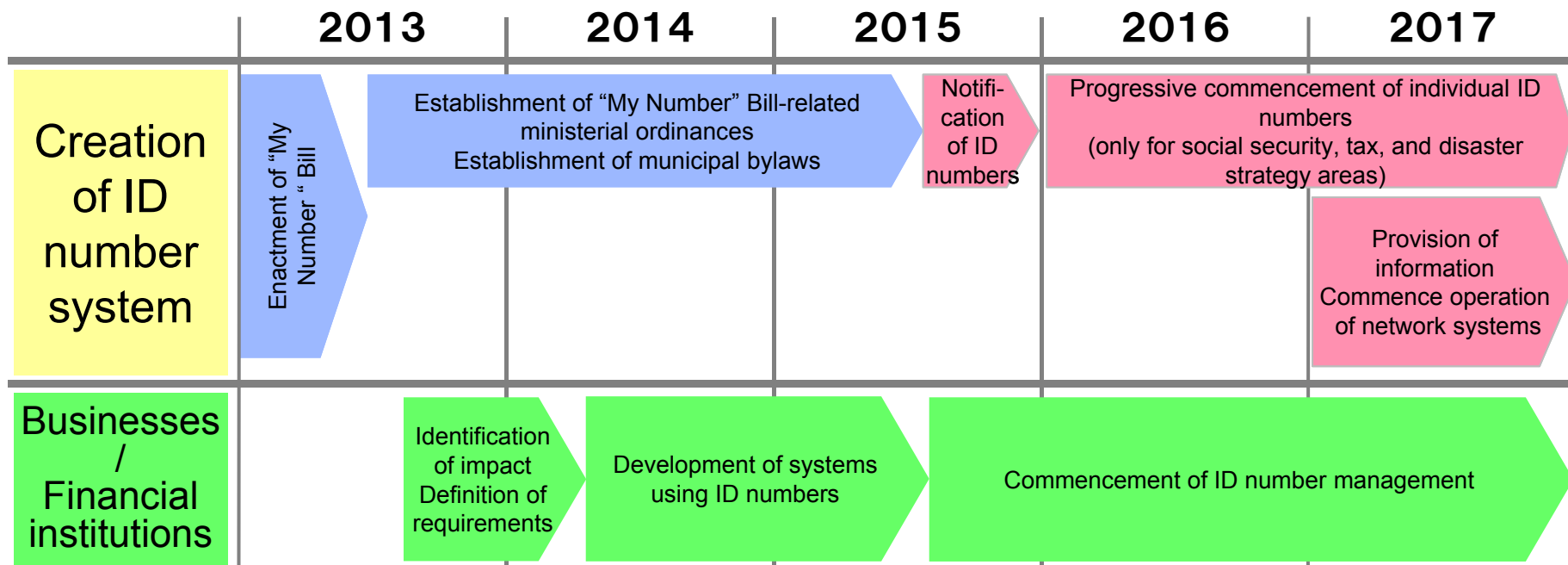


## 2. Recent Activities

# Facilitating Adoption of Identification Number Systems

- **NRI will continue to identify operational and system implications, primarily for financial institutions**

### Anticipated timeline for companies to prepare for introduction of national ID number system in Japan





## 2. Recent Activities

# Reorganizing and strengthening Asian Offices

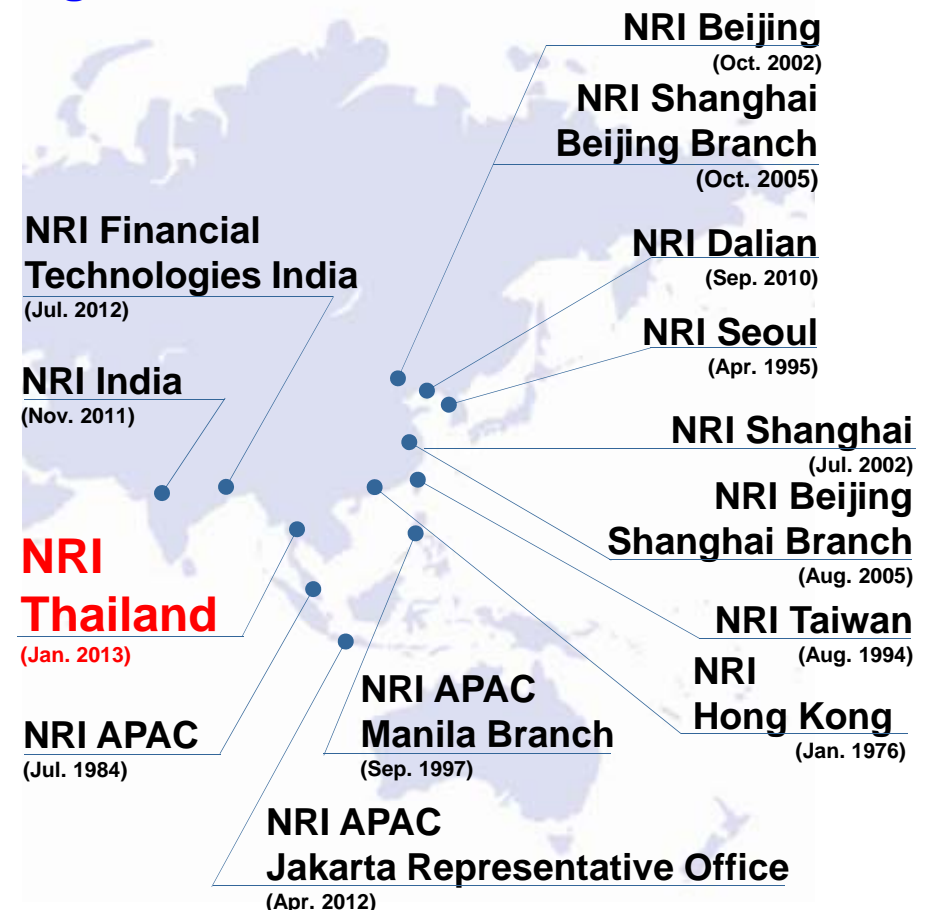
- NRI established a new subsidiary in Thailand to enhance its capacity to deliver services to Japanese corporate clients at four offices in the ASEAN region, two in India, and eight across China, South Korea and Taiwan
- NRI's expansion into Asia is making steady progress

### Objectives for establishing NRI Thailand

- Enhance capacity to deliver services to Japanese corporate clients which are moving more core functions to the ASEAN region
- Support the establishment of social infrastructure in the ASEAN region, including Thailand
- Establish a subsidiary that combines both the consulting and system solutions businesses (Deliver "Navigation x Solution")



Opening Ceremony for NRI Thailand



## 2. Recent Activities

### APF Mobile Option Provided to Nomura Securities

- NRI began providing Nomura Securities with the Advisor Platform Mobile Option, a sales support solution that leverages mobile devices.
- The new system enables wealth management consultants and sales managers across the portfolio of financial products to use mobile devices in sales activities outside the office.
- Data needed for consulting can be accessed away from the office, and the results of interviews can be entered easily while on the move or during the down time between engagements. The data entered can be linked to the in-house system, reducing administrative workload.

◆社外で情報閲覧  
野村総合研究所 野村証券にモバイル端末を利用した営業支援ソリューションの提供を開始した。資産運用相談や各種金融商品の営業担当者が、社外での活動にモバイル端末が利用できる体制を整えた。コンサルティングに必要な情報を社外で閲覧できるほか、移動時間や業務の合間に面談結果を簡便に入力できる。入力した情報は社内システムと連携でき、事務作業の軽減につながる。

*Nikkan Kogyo Shimbun,*  
June 7, 2013

## 2. Recent Activities

### Phase 2 BOJ-NET Upgrades Underway

- NRI has begun upgrading its I-STAR/LC solution, which supports settlement management for financial institutions through the Bank of Japan, to ensure compatibility with the phase 2 upgrades to the new Bank of Japan Financial Network (new BOJ-NET) that are underway at the Bank of Japan.
- I-STAR/LC is used by approximately half the financial institutions in Japan that connect to the BOJ network and is the industry standard in the field.
- The completion of I-STAR/LC's phase 2 new BOJ-NET upgrade will create an environment compatible with BOJ-NET, which will be comprehensively reconstructed by FY2015. The upgraded solution will support advanced financial institution operations and reduced workload.

◆再構築に対応  
野村総合研究所（NRI）金融機関が日本銀行金融ネットワークシステム（日銀ネット）に接続して決済処理するためのシステムに新たな機能を追加する。2015年度までに全面的に再構築する日銀ネットに対応する環境を整え、金融機関業務の高度化と負担軽減を支援する。新機能の追加

後には最新の免震・耐震技術、セキュリティ対策や高負荷サーバ対応などの機能を備えるNRIのデータセンター（D C）でシステムを運用することになる。NRIの日銀ネット対応の決済処理システムは日銀との間でコンピュータ接続方式を利用する金融機関の約半数が利用している。

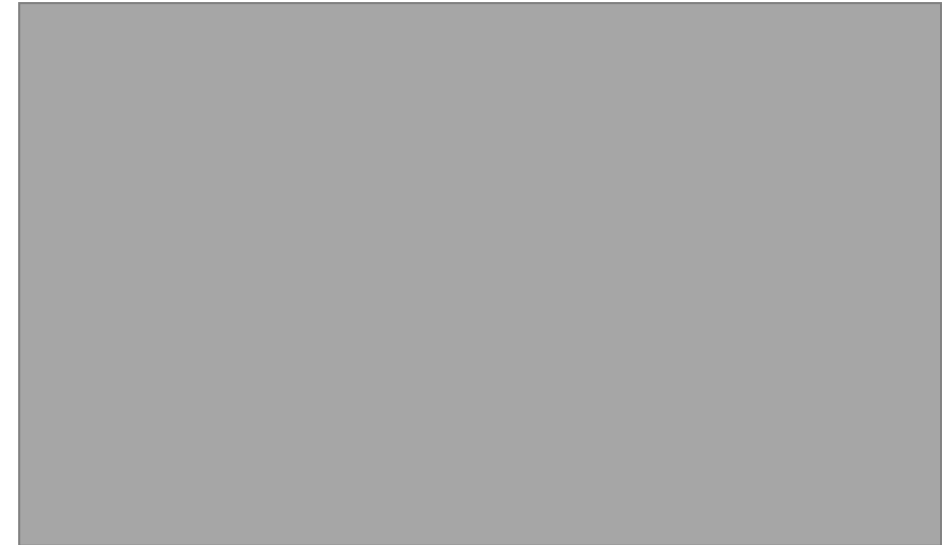
Nikkan Kogyo Shimbun,  
June 22, 2013

## 2. Recent Activities

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### Dedicated Team Established for Amazon Cloud

- NRI has established a dedicated in-house team to support the introduction of Amazon Web Services, a suite of cloud-based services provided by a subsidiary of Amazon Inc. of the United States.
- The team will offer an integrated service that includes everything from consultation for companies looking at adopting the new cloud services to system design, construction and operational support.
- Amazon Web Services is expected to tap demand for IT investment across a range of industries, including manufacturing and distribution.



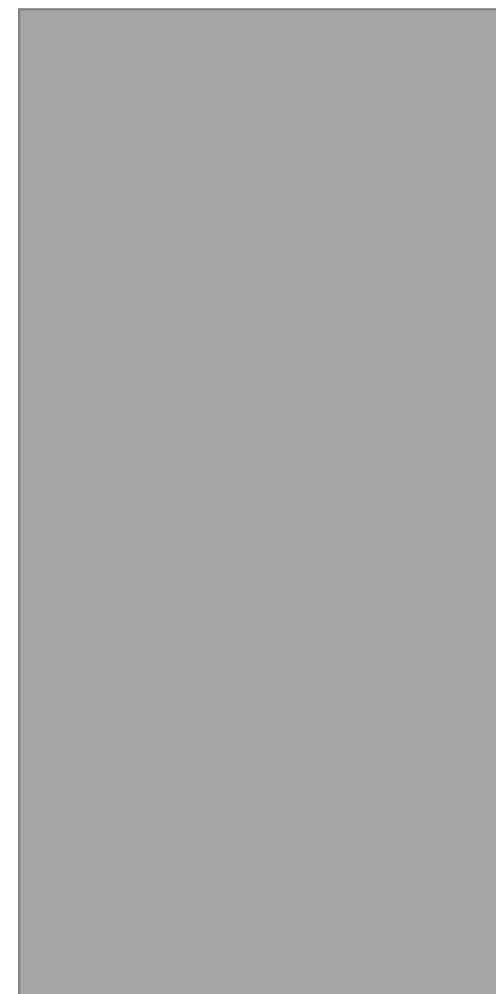
*Nikkei Business Daily,*  
June 7, 2013

## 2. Recent Activities

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### Project Will Identify and Foster Innovators

- NRI will implement a pilot project in partnership with Shinsei Bank to identify and foster innovators, i.e., talented human resources with the ability to create new value.
- The revitalization of Japanese society will require the development of a much larger pool of human resources who are able to come up with innovative ideas for social transformation and translate them into new business models. This project aims to identify and foster such innovators.
- As part of the pilot project, NRI will hold a Dialogue Night, a large-scale dialogue session for sharing values through interaction among diverse human resources and deepening awareness of social needs, as well as a Prototype Camp, which will be a workshop for considering specific actions and projects and how new ideas can be refined. A total of 300 participants are expected to take part.



*Nihon Keizai Shimbun,*  
July 18, 2013



## 2. Recent Activities

### NRI Secure Technologies and Digital Arts Form Partnership

- NRI Secure Technologies formed a strategic operational partnership with Digital Arts in the security software business. Going forward, the two companies will work together to strengthen the functionality of their respective product lines and conduct joint planning and development of integrated products.
- With the new partnership, NRI Secure Technologies' business in software for preventing mis-sent e-mail and electronic file management tools will be transferred to Digital Arts to capture synergies from integrated sales.

**デジタルセキュア  
セキュリテイ**事業で提携  
 NRIセキュアテクノロジーズ(東京都港区)とデジタルアーツ(東京都千代田区)はこのほど、セキュア事業で戦略的提携をした。今後、両社の製品機能強化と連携製品の共同企画と開発を行う。7月1日付でNRIセキュアのメール誤送信防止ソフトと電子ファイル管理ツール「Secure Cube」をデジタルアーツに譲渡する。今回の提携で、デジタルアーツの電子メールフィルタリングソフト「m-DEFI」(エムフィルタ)と、NRIセキュアの「Secure Cube」(セキュアキューブ)の機能を統合し、メールの誤送信防止と電子ファイルの管理を一体的に行う。また、NRIセキュアが「Secure Cube」を開発している「Secure Mail Adviser」(セキュアキューブメールアドバイザー)と電子ファイル管理ツール「Secure Cube」(セキュアキューブ)の機能を統合し、メールの誤送信防止と電子ファイルの管理を一体的に行う。また、NRIセキュアが「Secure Cube」を開発している「Secure Mail Adviser」(セキュアキューブメールアドバイザー)と電子ファイル管理ツール「Secure Cube」(セキュアキューブ)の機能を統合し、メールの誤送信防止と電子ファイルの管理を一体的に行う。

Dempa Shimbun,  
 June 6, 2013

### 3. Others - Supplementary explanation

#### ■ FY March 2014 Consolidated Earnings Model

- Sales of JPY375.0 billion and operating profit of JPY49.0 billion

(JPY billion)

	FY Mar. 2012 (Results)	FY Mar. 2013 (Results)	FY Mar. 2014 (Forecasts as of Jul. 25)*	YoY		FY Mar. 2014 (Forecasts as of Apr. 25)*	Comparison to forecasts
				Diff.	Change		
Sales	335.5	363.8	375.0	+11.1	+3.1%	370.0	+5.0
Cost of Sales	235.5	262.3	268.0	+5.6	+2.2%	265.0	+3.0
Personnel	57.1	64.4	69.0	+4.5	+7.0%	68.0	+1.0
Subcontracting Costs	112.0	116.1	128.0	+11.8	+10.2%	127.0	+1.0
Depreciation	29.4	41.2	32.0	(9.2)	(22.5%)	32.0	—
Gross Profit	100.0	101.5	107.0	+5.4	+5.3%	105.0	+2.0
Gross Profit Margin	29.8%	27.9%	28.5%	+0.6P		28.4%	+0.2P
SG&A	56.8	57.5	58.0	+0.4	+0.8%	58.0	—
Operating Profit	43.1	44.0	49.0	+4.9	+11.3%	47.0	+2.0
Operating Profit Margin	12.9%	12.1%	13.1%	+1.0P		12.7%	+0.4P

Note: Figures are consolidated estimates for preparing this earnings model.

### 3. Others - Communications

#### Symposium etc.



May 2013  
IT Road Map Seminar  
Spring 2013

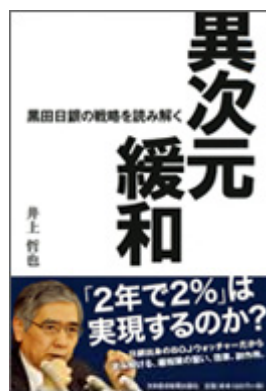


July 2013  
NRI Thailand Inaugural Seminar



July 2013  
Presentation at IT Japan  
2013

#### Publications



Examples of books published since April 2013