This financial report is composed of two parts. The first part is an abridged translation of “Kessan Tanshin (earnings report)” for the quarterly period ended 31st December, 2018, which includes the summary and the operating results sections. The second part is the “Consolidated Financial Statements,” which are basically prepared based on the “Kessan Tanshin (earnings report)” but applied for some items different presentation methods.

Consolidated Financial Results
For the Quarterly Period Ended 31st December, 2018
<under Japanese GAAP>

Company name: Nomura Research Institute, Ltd.
Listing: First Section of the Tokyo Stock Exchange
Stock code: 4307
URL: http://www.nri.com/jp/
Representative: Shingo Konomoto, President & CEO, Representative Director, Member of the Board
Inquiries: Teijiro Matsui, General Manager, Accounting & Finance Department
TEL: +81-3-5533-2111 (from overseas)

Scheduled date to file Quarterly Securities Report: 14th February, 2019
Scheduled date to commence dividend payments: –
Preparation of supplementary material on quarterly consolidated financial results: Yes
Announcement for quarterly consolidated financial results (for institutional investors and analysts): Yes

(Millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated performance for the quarterly period ended 31st December, 2018
(from 1st April, 2018 to 31st December, 2018)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

<table>
<thead>
<tr>
<th></th>
<th>Sales Millions of yen</th>
<th>Operating profit Millions of yen %</th>
<th>Ordinary profit Millions of yen %</th>
<th>Profit attributable to owners of the parent Millions of yen %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quarterly period ended</td>
<td>367,064</td>
<td>51,422</td>
<td>52,180</td>
<td>39,849 (12.0)</td>
</tr>
<tr>
<td>31st December, 2018</td>
<td>341,601</td>
<td>46,614</td>
<td>47,702</td>
<td>45,303 12.5</td>
</tr>
</tbody>
</table>

Note: Comprehensive income
Quarterly period ended 31st December, 2018: ¥30,786 million [(31.5)_CSS]
Quarterly period ended 31st December, 2017: ¥44,960 million [28.6%]

<table>
<thead>
<tr>
<th></th>
<th>Earnings per share – basic Yen</th>
<th>Earnings per share – diluted Yen</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quarterly period ended</td>
<td>Yen</td>
<td>Yen</td>
</tr>
<tr>
<td>31st December, 2018</td>
<td>168.91</td>
<td>168.47</td>
</tr>
<tr>
<td>31st December, 2017</td>
<td>186.55</td>
<td>186.03</td>
</tr>
</tbody>
</table>
(2) Consolidated financial position

<table>
<thead>
<tr>
<th></th>
<th>Total assets</th>
<th>Net assets</th>
<th>Equity ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>As of 31st December, 2018</td>
<td>585,222</td>
<td>417,195</td>
<td>68.9</td>
</tr>
<tr>
<td>As of 31st March, 2018</td>
<td>643,117</td>
<td>432,674</td>
<td>65.2</td>
</tr>
</tbody>
</table>

Reference: Equity

As of 31st December, 2018: ¥403,309 million   As of 31st March, 2018: ¥419,184 million

Note: From the beginning of the first quarter of the fiscal year ending 31st March, 2019, the Company adopted the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, 16th February, 2018) and relevant Guidelines. Also, the Company has finalized provisional accounting treatment for a business combination in the second quarter of the fiscal year ending 31st March, 2019. Consequently, the results for the fiscal year ended 31st March, 2018 are those after retrospective application.

2. Cash dividends

<table>
<thead>
<tr>
<th></th>
<th>Annual dividends</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>First quarter</td>
<td>Second quarter</td>
<td>Third quarter</td>
<td>Fiscal year-end</td>
<td>Total</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Yen</td>
<td>Yen</td>
<td>Yen</td>
<td>Yen</td>
<td>Yen</td>
<td></td>
</tr>
<tr>
<td>Fiscal year ended</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>31st March, 2018</td>
<td>–</td>
<td>45.00</td>
<td>–</td>
<td>45.00</td>
<td>90.00</td>
<td></td>
</tr>
<tr>
<td>Fiscal year ending</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>31st March, 2019</td>
<td>–</td>
<td>45.00</td>
<td>–</td>
<td>45.00</td>
<td>90.00</td>
<td></td>
</tr>
<tr>
<td>Fiscal year ending</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>31st March, 2019</td>
<td>(Forecasts)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes: 1. Revisions to the forecasts of cash dividends most recently announced: None
2. The second quarter dividend and year-end dividend for the fiscal year ended 31st March, 2018 each include a commemorative dividend of ¥5.00 per share (annual total of ¥10.00).

3. Forecasts of financial results for the fiscal year ending 31st March, 2019
(from 1st April, 2018 to 31st March, 2019)

(Percentages indicate year-on-year changes.)

<table>
<thead>
<tr>
<th></th>
<th>Sales</th>
<th>Operating profit</th>
<th>Ordinary profit</th>
<th>Profit attributable to owners of the parent</th>
<th>Earnings per share – basic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal year ending</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>31st March, 2019</td>
<td>500,000</td>
<td>6.0</td>
<td>70,000</td>
<td>7.5</td>
<td>71,000</td>
</tr>
</tbody>
</table>

Note: Revisions to the forecasts of financial results most recently announced: Yes
For more details, please refer to “(3) Qualitative information regarding forecasts of financial results,” on page 10.

* Notes

(1) Changes in significant subsidiaries during the current nine months (changes in specified subsidiaries resulting in change in scope of consolidation): None
(2) Adoption of specific accounting in preparing quarterly consolidated financial statements: Yes
(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections
   a. Changes in accounting policies due to revisions to accounting standards and other regulations: None
   b. Changes in accounting policies due to other reasons: None
   c. Changes in accounting estimates: None
   d. Restatement of prior period financial statements after error corrections: None
(4) Number of shares in issue (common stock)
   a. Total number of shares in issue at the end of the period (including treasury stock)
      As of 31st December, 2018  251,260,000 shares
      As of 31st March, 2018    251,000,000 shares
   b. Number of shares of treasury stock at the end of the period
      As of 31st December, 2018 17,395,038 shares
      As of 31st March, 2018   12,844,155 shares
   c. Average number of shares during the period (cumulative from the beginning of the fiscal year)
      Quarterly period ended 31st December, 2018 235,914,913 shares
      Quarterly period ended 31st December, 2017 242,851,495 shares
      Note: The NRI shares held by the trust exclusive for NRI Group Employee Stock Ownership Group are included in treasury stock.

* Quarterly consolidated financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of forecasts of financial results, and other special matters
  The forward-looking statements including business forecasts stated in this document are based on information available to the Company at the present time and certain assumptions judged to be rational, and these statements do not purport to be a promise by the Company to achieve such results. Actual business results, etc. may differ significantly from this forecast due to various factors. For more details, please refer to “(3) Qualitative information regarding forecasts of financial results,” on page 10.
Qualitative information regarding third-quarter settlement of accounts

(1) Qualitative information regarding consolidated operating results

<table>
<thead>
<tr>
<th></th>
<th>Nine months ended 31st December, 2017</th>
<th>Nine months ended 31st December, 2018</th>
<th>Year on year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount (Millions of yen)</td>
<td>Amount (Millions of yen)</td>
<td>Rate</td>
</tr>
<tr>
<td>Sales</td>
<td>341,601</td>
<td>367,064</td>
<td>25,462</td>
</tr>
<tr>
<td>Overseas sales</td>
<td>30,670</td>
<td>40,533</td>
<td>9,862</td>
</tr>
<tr>
<td>Overseas sales ratio</td>
<td>9.0%</td>
<td>11.0%</td>
<td>2.1P</td>
</tr>
<tr>
<td>Operating profit</td>
<td>46,614</td>
<td>51,422</td>
<td>4,807</td>
</tr>
<tr>
<td>Operating profit (before amortization of goodwill)</td>
<td>49,639</td>
<td>54,435</td>
<td>4,795</td>
</tr>
<tr>
<td>Operating margin</td>
<td>13.6%</td>
<td>14.0%</td>
<td>0.4P</td>
</tr>
<tr>
<td>Operating margin (before amortization of goodwill)</td>
<td>14.5%</td>
<td>14.8%</td>
<td>0.3P</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>20.8%</td>
<td>21.1%</td>
<td>0.3P</td>
</tr>
<tr>
<td>Ordinary profit</td>
<td>47,702</td>
<td>52,180</td>
<td>4,478</td>
</tr>
<tr>
<td>Profit attributable to owners of the parent</td>
<td>45,303</td>
<td>39,849</td>
<td>(5,453)</td>
</tr>
</tbody>
</table>

Notes: 1. Consumption tax and local consumption tax are accounted for by the tax exclusion method.
2. EBITDA margin: EBITDA (Operating profit + Depreciation + Amortization of goodwill) / Sales

During the nine months ended 31st December, 2018 (from 1st April, 2018 to 31st December, 2018), the Japanese economy continued to recover at a moderate pace, supported by upturns in corporate earnings and business confidence, despite concerns about the effect of the global economy due to trade friction originating in the U.S. and economic impact of frequent natural disasters. Investment in information systems has been continuously firm.

Operating in such an environment, Nomura Research Institute (“the Company”) and its consolidated subsidiaries (“the NRI Group”) carried out its business activities leveraging the combined strengths of the NRI Group, allowing it to seamlessly provide services encompassing consulting through to system development and operations. The fiscal year ending 31st March, 2019 is the final year of the medium-term plan (from the fiscal year ended 31st March, 2017 to the fiscal year ending 31st March, 2019) formulated for realizing the goals of Vision 2022, the NRI Group’s long-term management plan. The NRI Group is aiming to achieve the final-year targets of the medium-term plan by stepping up measures to boost productivity and quality, growing the earnings base by developing large-scale clients, and establishing an operating base and accumulating experience in the digital and global fields.

In the digital field, the use of IT by companies and societies is approaching a major turning point. There is growing momentum behind initiatives to spur digital transformation, which will enable companies to revamp business models, products and services and secure competitive advantages by using new IT tools such as cloud computing, artificial intelligence (AI) and the internet of things (IoT). As well as upgrading and improving the efficiency of existing business models, clients are using digital transformation to create new business models. Leveraging its consulting and IT solutions, the NRI Group will support clients’ digital transformation.

The global business grew in the nine months ended 31st December, 2018, with overseas sales now accounting for more than 10% of consolidated sales. The Company provides support to Japanese companies expanding globally and develops businesses geared to local governments and companies. Also, the Company works to forge business alliances and M&A deals with companies that have advanced technologies, intellectual properties including business models, and strong networks. The Company is expanding its presence in business fields across the globe, particularly in Australia. In order to generate further synergies with subsidiaries acquired through M&A deals, the Company will build a new business management system, operational management system and other systems to drive forward the integration process after acquisition. In September 2018, to ensure that the Company is trusted worldwide and to increase its presence, the Company received an A rating from S&P Global Ratings Japan Inc.
In addition, in the first quarter of the current fiscal year, the Company started using a recently established training facility at the Yokohama Center as a base to train personnel who will drive growth in the digital business and other new businesses. Also, the Company purchased treasury stock of ¥29,999 million as its flexible capital management aimed at improving capital efficiency and responding to changes in the business environment.

During the nine months ended 31st December, 2018, the NRI Group’s sales totaled ¥367,064 million (up 7.5% year on year), supported by higher sales from all services, particularly from consulting services and system development and application sales. Cost of sales was ¥245,989 million (up 9.4%) and gross profit was ¥121,075 million (up 3.7%). Despite an increase in the number of subsidiaries, selling, general and administrative expenses were ¥69,652 million (down 0.8%), due to the absence of expenses incurred for office relocation in the same period of the previous fiscal year. As a result, operating profit was ¥51,422 million (up 10.3%), the operating margin was 14.0% (up 0.4 points) and ordinary profit was ¥52,180 million (up 9.4%). Operating profit (before amortization of goodwill) was ¥54,435 million (up 9.7%), the operating margin (before amortization of goodwill) was 14.8% (up 0.3 points) and the EBITDA margin was 21.1% (up 0.3 points). Profit attributable to owners of the parent was ¥39,849 million (down 12.0%) due to the posting of a ¥9,075 million gain on investment securities in conjunction with sales of the Company’s shareholdings (¥20,271 million was posted in the same period of the previous fiscal year).

Segment information
The business results by segment (sales include intersegment sales) are as follows. The Company partially revised its segment classifications in the first quarter and third quarter of the current fiscal year, and as such the figures presented below for the corresponding period of the previous fiscal year have been recalculated to reflect the reorganization.

<table>
<thead>
<tr>
<th>(Millions of yen)</th>
<th>Nine months ended 31st December, 2017</th>
<th>Nine months ended 31st December, 2018</th>
<th>Year on year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>Rate</td>
<td></td>
</tr>
<tr>
<td>Consulting</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>24,191</td>
<td>30,041</td>
<td>5,850</td>
</tr>
<tr>
<td>Operating profit</td>
<td>3,532</td>
<td>5,148</td>
<td>1,616</td>
</tr>
<tr>
<td>Operating margin</td>
<td>14.6%</td>
<td>17.1%</td>
<td>2.5P</td>
</tr>
<tr>
<td>Financial IT Solutions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>185,062</td>
<td>186,399</td>
<td>1,336</td>
</tr>
<tr>
<td>Operating profit</td>
<td>19,253</td>
<td>19,998</td>
<td>745</td>
</tr>
<tr>
<td>Operating margin</td>
<td>10.4%</td>
<td>10.7%</td>
<td>0.3P</td>
</tr>
<tr>
<td>Industrial IT Solutions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>115,116</td>
<td>132,211</td>
<td>17,095</td>
</tr>
<tr>
<td>Operating profit</td>
<td>11,643</td>
<td>13,039</td>
<td>1,395</td>
</tr>
<tr>
<td>Operating margin</td>
<td>10.1%</td>
<td>9.9%</td>
<td>(0.3)P</td>
</tr>
<tr>
<td>IT Platform Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>90,578</td>
<td>93,319</td>
<td>2,740</td>
</tr>
<tr>
<td>Operating profit</td>
<td>11,466</td>
<td>12,307</td>
<td>841</td>
</tr>
<tr>
<td>Operating margin</td>
<td>12.7%</td>
<td>13.2%</td>
<td>0.5P</td>
</tr>
<tr>
<td>Adjustments</td>
<td>(73,347)</td>
<td>(74,908)</td>
<td>(1,560)</td>
</tr>
<tr>
<td>Operating profit</td>
<td>719</td>
<td>928</td>
<td>209</td>
</tr>
<tr>
<td>Operating margin</td>
<td>13.6%</td>
<td>14.0%</td>
<td>0.4P</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
(Consulting)
This segment provides policy recommendations and strategy consulting, as well as business consulting to support operational reform and system consulting for overall IT management. Demand for management consulting and IT consulting services is rising amid changes in client operating environments and conditions faced by IT divisions. The NRI Group will put in place systems to support all areas of client operations as their business transformation partner, while also continuing to work on expanding the client base, including in overseas markets. During the nine months ended 31st December, 2018, in addition to the contributions from the business in Australia, consulting work to support clients in their digital transformation and system consulting work to support clients in their large-scale development projects increased. As a result, the Consulting segment posted sales of ¥30,041 million (up 24.2% year on year). Profitability improved amid a favorable order environment, with operating profit of ¥5,148 million (up 45.8%).

(Financial IT Solutions)
In this segment, the main clients are in the financial sector, including the securities, insurance and banking sectors. The segment provides system consulting, system development and system management and operation services, and it provides IT solutions such as multi-user systems. To expand the business reach of the segment, the Company is raising productivity by upgrading development resource management and developing new services and securing new clients for its industry-standard business platforms, while also supporting the expansion of digital businesses at clients in the financial sector. During the nine months ended 31st December, 2018, system management and operation services and system development and application sales to securities companies declined, but system development and application sales to insurance companies and companies in the other financial sector increased, and as did consulting services to insurance companies. As a result, the Financial IT Solutions segment posted sales of ¥186,399 million (up 0.7% year on year). Operating profit totaled ¥19,998 million (up 3.9%), reflecting the absence of some unprofitable projects incurred in the same period of the previous fiscal year.

(Industrial IT Solutions)
This segment provides IT solutions such as system consulting, system development, and system management and operation services to the distribution, manufacturing, service and public sectors. As well as upgrading and improving the efficiency of existing business models, clients in the industrial sector are using digital transformation to create new business models. Working closely with the Consulting segment, which has a large number of clients in the industrial sector, the Company will support its clients’ digital transformations through joint development with said clients, to expand its client base. During the nine months ended 31st December, 2018, business in Australia contributed to sales and sales increased from system management and operation services and system development and application sales in the manufacturing and service, and distribution sectors. As a result, the Industrial IT Solutions segment posted sales of ¥132,211 million (up 14.9% year on year). Profitability improved amid a continued favorable order environment from the previous fiscal year, with operating profit of ¥13,039 million (up 12.0%).

(IT Platform Services)
This segment mainly provides services such as the management and administration of data centers and IT platform and network architecture to the Financial IT Solutions and Industrial IT Solutions segments. It also provides IT platform solutions and information security services to clients of various industries. In addition, the segment conducts explorative initiatives for the development of new business operations and new products related to IT solutions, and investigation and research primarily related to leading-edge information technologies. In this segment, the Company has been making efforts to expand its client base by not only renewing clients’ IT platforms, but also by proposing IT platform solutions to clients that help them improve their businesses and revenues. Also, the Company is engaged in the development of new businesses related to digital transformation, such as digital marketing, and the development of services that provide support to clients to make their operations more efficient and advanced using AI. Moreover, during the third quarter of the current fiscal year, aiming to help realize a mobility society with security and safety, the Company established the cybersecurity business NDIAS, Ltd. through joint investment with DENSO CORPORATION.
During the nine months ended 31st December, 2018, sales to external clients increased in the security business, and intersegment sales increased mainly in cloud computing and network services. As a result of the above, the IT Platform Services segment posted sales of ¥93,319 million (up 3.0% year on year) and operating profit of ¥12,307 million (up 7.3%).
(2) Qualitative information regarding consolidated financial position

(Assets, liabilities and net assets)
From the beginning of the first quarter of the fiscal year ending 31st March, 2019, the Company adopted the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, 16th February, 2018) and relevant Guidances. Also, the Company has finalized provisional accounting treatment for a business combination in the second quarter of the fiscal year ending 31st March, 2019. Consequently, the year-on-year comparisons below use the results for the end of the previous fiscal year after the aforementioned retrospective application.

(Millions of yen)

<table>
<thead>
<tr>
<th></th>
<th>As of 31st March, 2018</th>
<th>As of 31st December, 2018</th>
<th>Year on year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Amount</td>
</tr>
<tr>
<td>Current assets</td>
<td>298,275</td>
<td>252,303</td>
<td>(45,971)</td>
</tr>
<tr>
<td>Noncurrent assets</td>
<td>344,842</td>
<td>332,918</td>
<td>(11,923)</td>
</tr>
<tr>
<td>Total assets</td>
<td>643,117</td>
<td>585,222</td>
<td>(57,894)</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>162,133</td>
<td>122,916</td>
<td>(39,217)</td>
</tr>
<tr>
<td>Noncurrent liabilities</td>
<td>47,714</td>
<td>44,634</td>
<td>(3,079)</td>
</tr>
<tr>
<td>Net assets</td>
<td>432,674</td>
<td>417,195</td>
<td>(15,479)</td>
</tr>
<tr>
<td>Equity</td>
<td>419,184</td>
<td>403,309</td>
<td>(15,874)</td>
</tr>
<tr>
<td>Equity ratio</td>
<td>65.2%</td>
<td>68.9%</td>
<td>3.7P</td>
</tr>
<tr>
<td>Interest-bearing debt</td>
<td>81,680</td>
<td>62,091</td>
<td>(19,588)</td>
</tr>
<tr>
<td>D/E ratio (times)</td>
<td>0.19</td>
<td>0.15</td>
<td>(0.04)</td>
</tr>
</tbody>
</table>

Notes: 1. Equity: Net assets – Non-controlling interests – Share subscription rights
2. D/E ratio (debt-to-equity ratio): Interest-bearing debt / equity

At the end of the third quarter (31st December, 2018), current assets were ¥252,303 million (down 15.4% from the end of the previous fiscal year), noncurrent assets were ¥332,918 million (down 3.5%), current liabilities were ¥122,916 million (down 24.2%), noncurrent liabilities were ¥44,634 million (down 6.5%), net assets were ¥417,195 million (down 3.6%) and total assets were ¥585,222 million (down 9.0%). In addition, the D/E ratio (debt-to-equity ratio) at the end of the third quarter was 0.15 times.

The main changes from the end of the previous fiscal year are as follows.
Accounts receivable declined ¥22,386 million to ¥53,431 million and other receivables increased ¥20,654 million to ¥56,904 million. The NRI Group recognizes revenues based on the percentage-of-completion method. The number of projects completed at the end of the fiscal year is comparatively large, and accordingly, compared with the end of the previous fiscal year, the ends of quarterly periods tend to have small values for accounts receivable and large values for other receivables.
Investment securities decreased ¥8,296 million to ¥80,702 million due to sales of the Company’s shareholdings and a decrease in the value of those holdings, and despite purchases of short-term investment securities for surplus fund management purposes.
The current portion of bonds declined ¥15,000 million due to the redemption of the second series bonds.
Treasury stock increased ¥26,460 million from the end of the previous fiscal year to ¥67,678 million, mainly reflecting an increase of ¥29,999 million due to the purchase of treasury stock in accordance with a resolution of the Board of Directors.
In addition, cash and bank deposits decreased ¥47,173 million to ¥112,368 million, net defined benefit asset increased ¥6,148 million to ¥61,849 million, income taxes payable decreased ¥15,793 million to ¥5,439 million and accrued bonuses declined ¥10,224 million to ¥10,103 million.
(Cash flow position) (Millions of yen)

<table>
<thead>
<tr>
<th></th>
<th>Nine months ended 31st December, 2017</th>
<th>Nine months ended 31st December, 2018</th>
<th>Year on year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>Rate</td>
<td></td>
</tr>
<tr>
<td>Cash flows from operating activities</td>
<td>44,604</td>
<td>33,405</td>
<td>(11,198)</td>
</tr>
<tr>
<td></td>
<td>(25.1)%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td>(15,286)</td>
<td>(13,447)</td>
<td>1,838</td>
</tr>
<tr>
<td></td>
<td>(12.0)%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Free cash flows</td>
<td>29,318</td>
<td>19,957</td>
<td>(9,360)</td>
</tr>
<tr>
<td></td>
<td>(31.9)%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td>(70,902)</td>
<td>(66,459)</td>
<td>4,443</td>
</tr>
<tr>
<td></td>
<td>(6.3)%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net increase (decrease) in cash and cash equivalents</td>
<td>(40,347)</td>
<td>(47,911)</td>
<td>7,563</td>
</tr>
<tr>
<td></td>
<td>(18.7)%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents at end of period</td>
<td>111,703</td>
<td>110,392</td>
<td>(1,311)</td>
</tr>
<tr>
<td></td>
<td>(1.2)%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Cash and cash equivalents as of the end of the third quarter (31st December, 2018) stood at ¥110,392 million (down ¥47,911 million from the end of the previous fiscal year).

Net cash provided by operating activities in the nine months ended 31st December, 2018 was ¥33,405 million, a decrease of ¥11,198 million compared with the same period of the previous fiscal year. Although the adjustment amounts for the items related to non-operating income and expenses and extraordinary income and losses decreased, the amount of income taxes paid increased.

Net cash used in investing activities was ¥13,447 million, a decline of ¥1,838 million from the same period of the previous fiscal year. Cash was mainly used for investments, including the acquisition of software and other intangibles related to the development of multi-user systems, and the purchase of short-term investment securities for fund management purposes. On the other hand, cash was provided by proceeds from sales and redemption of short-term investment securities.

Net cash used in financing activities was ¥66,459 million, a decline of ¥4,443 million from the same period of the previous fiscal year. ¥49,999 million worth of treasury stock was purchased in the same period of the previous fiscal year in accordance with a resolution of the Board of Directors. ¥29,999 million worth of treasury stock was purchased in the nine months ended 31st December, 2018. Also, cash was used for the redemption of ¥15,000 million in the second series bonds.
Qualitative information regarding forecasts of financial results

The full-year estimate for consolidated overseas sales has been revised to ¥55,000 million, from ¥65,000 million previously, in light of recent business trends and the order environment. As such, the forecasts of financial results (sales) have been revised as follows.

(I) Consolidated performance
Consolidated financial forecasts for the fiscal year ending 31st March, 2019 (From 1st April, 2018 to 31st March, 2019)

<table>
<thead>
<tr>
<th></th>
<th>Previous forecast (A)</th>
<th>Revised forecast (B)</th>
<th>Change (Reference)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Amount (B–A)</td>
</tr>
<tr>
<td>Sales</td>
<td>510,000</td>
<td>500,000</td>
<td>(10,000)</td>
</tr>
<tr>
<td>Operating profit</td>
<td>70,000</td>
<td>70,000</td>
<td>–</td>
</tr>
<tr>
<td>Ordinary profit</td>
<td>71,000</td>
<td>71,000</td>
<td>–</td>
</tr>
<tr>
<td>Profit attributable to owners of the parent</td>
<td>53,000</td>
<td>53,000</td>
<td>–</td>
</tr>
</tbody>
</table>

Change (Reference) Previous fiscal year (Actual result)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th>Previous fiscal year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>(Millions of yen)</td>
</tr>
<tr>
<td>Sales</td>
<td>471,488</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating profit</td>
<td>65,138</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ordinary profit</td>
<td>66,161</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit attributable to owners of the parent</td>
<td>55,145</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(II) Others
1) Consolidated sales by segment (From 1st April, 2018 to 31st March, 2019)

<table>
<thead>
<tr>
<th>Segment</th>
<th>Previous forecast (A)</th>
<th>Revised forecast (B)</th>
<th>Change (Reference)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Amount (B–A)</td>
</tr>
<tr>
<td>Consulting</td>
<td>41,000</td>
<td>41,000</td>
<td>–</td>
</tr>
<tr>
<td>Financial IT Solutions</td>
<td>255,000</td>
<td>253,500</td>
<td>(1,500)</td>
</tr>
<tr>
<td>Securities sector</td>
<td>105,000</td>
<td>101,000</td>
<td>(4,000)</td>
</tr>
<tr>
<td>Insurance sector</td>
<td>62,000</td>
<td>63,000</td>
<td>1,000</td>
</tr>
<tr>
<td>Banking sector</td>
<td>46,000</td>
<td>46,000</td>
<td>–</td>
</tr>
<tr>
<td>Other financial sector, etc.</td>
<td>42,000</td>
<td>43,500</td>
<td>1,500</td>
</tr>
<tr>
<td>Industrial IT Solutions</td>
<td>180,000</td>
<td>174,000</td>
<td>(6,000)</td>
</tr>
<tr>
<td>Distribution sector</td>
<td>66,000</td>
<td>66,000</td>
<td>–</td>
</tr>
<tr>
<td>Manufacturing and service sectors</td>
<td>114,000</td>
<td>108,000</td>
<td>(6,000)</td>
</tr>
<tr>
<td>IT Platform Services</td>
<td>34,000</td>
<td>31,500</td>
<td>(2,500)</td>
</tr>
<tr>
<td>Total</td>
<td>510,000</td>
<td>500,000</td>
<td>(10,000)</td>
</tr>
</tbody>
</table>

Change (Reference) Previous fiscal year (Actual result)

<table>
<thead>
<tr>
<th>Segment</th>
<th></th>
<th></th>
<th>Previous fiscal year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>(Millions of yen)</td>
</tr>
<tr>
<td>Consulting</td>
<td>34,577</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial IT Solutions</td>
<td>252,122</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Securities sector</td>
<td>118,397</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance sector</td>
<td>51,836</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Banking sector</td>
<td>42,225</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other financial sector, etc.</td>
<td>39,662</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial IT Solutions</td>
<td>154,917</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distribution sector</td>
<td>61,057</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manufacturing and service sectors</td>
<td>93,860</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IT Platform Services</td>
<td>29,870</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>471,488</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* The breakdowns of the segments are comprised of sales by customer sector.

2) Consolidated sales by service (From 1st April, 2018 to 31st March, 2019)

<table>
<thead>
<tr>
<th>Service</th>
<th>Previous forecast (A)</th>
<th>Revised forecast (B)</th>
<th>Change (Reference)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Amount (B–A)</td>
</tr>
<tr>
<td>Consulting services</td>
<td>92,000</td>
<td>92,000</td>
<td>–</td>
</tr>
<tr>
<td>System development &amp; application sales</td>
<td>160,000</td>
<td>150,000</td>
<td>(10,000)</td>
</tr>
<tr>
<td>System management &amp; operation services</td>
<td>245,000</td>
<td>245,000</td>
<td>–</td>
</tr>
<tr>
<td>Product sales</td>
<td>13,000</td>
<td>13,000</td>
<td>–</td>
</tr>
<tr>
<td>Total</td>
<td>510,000</td>
<td>500,000</td>
<td>(10,000)</td>
</tr>
</tbody>
</table>

Change (Reference) Previous fiscal year (Actual result)

<table>
<thead>
<tr>
<th>Service</th>
<th></th>
<th></th>
<th>Previous fiscal year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>(Millions of yen)</td>
</tr>
<tr>
<td>Consulting services</td>
<td>78,987</td>
<td></td>
<td></td>
</tr>
<tr>
<td>System development &amp; application sales</td>
<td>138,111</td>
<td></td>
<td></td>
</tr>
<tr>
<td>System management &amp; operation services</td>
<td>241,198</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product sales</td>
<td>13,191</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>471,488</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Caution concerning forward-looking statements)
The forward-looking statements including business forecasts stated in this document are based on information available to the Company at the present time and certain assumptions (suppositions) judged to be rational, and these statements do not purport to be a promise by the Company to achieve such results. Actual business results, etc. may differ significantly from this forecast due to various factors. Material factors that could possibly affect the actual business results, etc. include, but are not limited to, the domestic and overseas economic situation, demand in the IT services...
market, competition with competitors, and changes in taxation and other systems. Note the Company will not always revise business forecasts, etc. upon every occurrence of new information or event.
Nomura Research Institute, Ltd.

Quarterly Consolidated Financial Statements

For the Nine-Month Period Ended 31st December, 2018
(Unaudited)

Unless otherwise noted, the amounts included in the financial statements are expressed in millions of yen and thousands of U.S. dollars with fractional amounts rounded off.
Nomura Research Institute, Ltd.
Quarterly Consolidated Financial Statements

*For the Nine-Month Period Ended 31st December, 2018*
*(Unaudited)*

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</tr>
</thead>
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<tr>
<td>Quarterly Consolidated Statement of Income and Comprehensive Income</td>
</tr>
<tr>
<td>Quarterly Consolidated Statement of Cash Flows</td>
</tr>
<tr>
<td>Notes to Quarterly Consolidated Financial Statements</td>
</tr>
</tbody>
</table>
### Quarterly Consolidated Balance Sheet

#### Millions of yen

<table>
<thead>
<tr>
<th></th>
<th>31st March, 2018</th>
<th>31st December, 2018</th>
<th>31st December, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and bank deposits <em>(Notes 4 and 8)</em></td>
<td>¥159,542</td>
<td>¥112,368</td>
<td>$1,012,142</td>
</tr>
<tr>
<td>Short-term investment securities <em>(Notes 4, 5 and 8)</em></td>
<td>1,219</td>
<td>2,145</td>
<td>19,321</td>
</tr>
<tr>
<td>Accounts receivable and other receivables <em>(Note 4)</em></td>
<td>112,068</td>
<td>110,336</td>
<td>993,839</td>
</tr>
<tr>
<td>Operating loans <em>(Note 4)</em></td>
<td>3,925</td>
<td>1,825</td>
<td>16,438</td>
</tr>
<tr>
<td>Margin transaction assets <em>(Note 4)</em></td>
<td>6,945</td>
<td>8,448</td>
<td>76,094</td>
</tr>
<tr>
<td>Inventories</td>
<td>1,117</td>
<td>1,274</td>
<td>11,475</td>
</tr>
<tr>
<td>Short-term guarantee deposits <em>(Note 4)</em></td>
<td>3,404</td>
<td>3,404</td>
<td>30,661</td>
</tr>
<tr>
<td>Other current assets</td>
<td>10,259</td>
<td>12,689</td>
<td>114,296</td>
</tr>
<tr>
<td>Allowance for doubtful accounts</td>
<td>(205)</td>
<td>(185)</td>
<td>(1,666)</td>
</tr>
<tr>
<td>Total current assets</td>
<td>298,274</td>
<td>252,304</td>
<td>2,272,600</td>
</tr>
<tr>
<td>Property and equipment:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>7,060</td>
<td>7,060</td>
<td>63,592</td>
</tr>
<tr>
<td>Buildings, net</td>
<td>36,956</td>
<td>35,585</td>
<td>320,528</td>
</tr>
<tr>
<td>Buildings in trust, net</td>
<td>8,310</td>
<td>8,218</td>
<td>74,023</td>
</tr>
<tr>
<td>Machinery and equipment, net</td>
<td>15,514</td>
<td>13,505</td>
<td>121,645</td>
</tr>
<tr>
<td>Leased assets, net</td>
<td>688</td>
<td>778</td>
<td>7,007</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>68,528</td>
<td>65,146</td>
<td>586,795</td>
</tr>
<tr>
<td>Software and other intangibles</td>
<td>67,123</td>
<td>65,336</td>
<td>588,507</td>
</tr>
<tr>
<td>Goodwill</td>
<td>36,625</td>
<td>32,543</td>
<td>293,127</td>
</tr>
<tr>
<td>Investment securities <em>(Notes 4 and 5)</em></td>
<td>88,999</td>
<td>80,702</td>
<td>726,914</td>
</tr>
<tr>
<td>Investments in affiliates <em>(Notes 4 and 5)</em></td>
<td>5,231</td>
<td>4,834</td>
<td>43,542</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>2,654</td>
<td>2,713</td>
<td>24,437</td>
</tr>
<tr>
<td>Lease investment assets</td>
<td>412</td>
<td>343</td>
<td>3,090</td>
</tr>
<tr>
<td>Net defined benefit asset</td>
<td>55,701</td>
<td>61,849</td>
<td>557,098</td>
</tr>
<tr>
<td>Other assets</td>
<td>19,674</td>
<td>19,548</td>
<td>176,075</td>
</tr>
<tr>
<td>Allowance for doubtful accounts</td>
<td>(104)</td>
<td>(96)</td>
<td>(865)</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>¥643,117</td>
<td>¥585,222</td>
<td>$5,271,320</td>
</tr>
</tbody>
</table>

---

1
## Liabilities and Net Assets

<table>
<thead>
<tr>
<th></th>
<th>31st March, 2018 (Millions of yen)</th>
<th>31st December, 2018 (Millions of yen)</th>
<th>31st December, 2018 (Thousands of U.S. dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable (Note 4)</td>
<td>¥ 22,882</td>
<td>¥ 21,542</td>
<td>$ 194,037</td>
</tr>
<tr>
<td>Short-term loans payable (Note 4)</td>
<td>6,074</td>
<td>5,974</td>
<td>53,810</td>
</tr>
<tr>
<td>Current portion of bonds (Note 4)</td>
<td>15,000</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Current portion of long-term loans payable (Note 4)</td>
<td>23,707</td>
<td>20,313</td>
<td>182,967</td>
</tr>
<tr>
<td>Margin transaction liabilities (Note 4)</td>
<td>1,014</td>
<td>962</td>
<td>8,665</td>
</tr>
<tr>
<td>Lease obligations, current</td>
<td>612</td>
<td>557</td>
<td>5,017</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>35,637</td>
<td>28,877</td>
<td>260,106</td>
</tr>
<tr>
<td>Income taxes payable</td>
<td>21,233</td>
<td>5,440</td>
<td>49,000</td>
</tr>
<tr>
<td>Advance payments received</td>
<td>11,748</td>
<td>10,545</td>
<td>94,983</td>
</tr>
<tr>
<td>Short-term guarantee deposits received (Note 4)</td>
<td>4,540</td>
<td>6,943</td>
<td>62,538</td>
</tr>
<tr>
<td>Provision for loss on orders received</td>
<td>51</td>
<td>1,177</td>
<td>10,602</td>
</tr>
<tr>
<td>Asset retirement obligations</td>
<td>71</td>
<td>21</td>
<td>189</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>19,564</td>
<td>20,565</td>
<td>185,238</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>162,133</td>
<td>122,916</td>
<td>1,107,152</td>
</tr>
<tr>
<td><strong>Bonds (Note 4)</strong></td>
<td>34,083</td>
<td>33,909</td>
<td>305,431</td>
</tr>
<tr>
<td><strong>Long-term loans payable (Note 4)</strong></td>
<td>408</td>
<td>156</td>
<td>1,405</td>
</tr>
<tr>
<td><strong>Lease obligations</strong></td>
<td>765</td>
<td>593</td>
<td>5,342</td>
</tr>
<tr>
<td><strong>Deferred income taxes</strong></td>
<td>5,554</td>
<td>2,410</td>
<td>21,708</td>
</tr>
<tr>
<td><strong>Net defined benefit liability</strong></td>
<td>5,662</td>
<td>6,143</td>
<td>55,332</td>
</tr>
<tr>
<td><strong>Asset retirement obligations</strong></td>
<td>1,048</td>
<td>1,266</td>
<td>11,403</td>
</tr>
<tr>
<td><strong>Other long-term liabilities</strong></td>
<td>194</td>
<td>158</td>
<td>1,423</td>
</tr>
<tr>
<td>Reserve for financial products transaction liabilities</td>
<td>595</td>
<td>476</td>
<td>4,288</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>¥210,442</td>
<td>¥168,027</td>
<td>$1,513,484</td>
</tr>
<tr>
<td><strong>Net assets (Notes 7 and 9):</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Shareholders’ equity:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Authorized – 907,500 thousand shares at 31st March, 2018 and 907,500 thousand shares at 31st December, 2018</td>
<td>¥ 18,600</td>
<td>¥ 19,338</td>
<td>$ 174,185</td>
</tr>
<tr>
<td>Issued – 251,000 thousand shares at 31st March, 2018 and 251,260 thousand shares at 31st December, 2018</td>
<td>¥ 14,776</td>
<td>15,521</td>
<td>139,804</td>
</tr>
<tr>
<td><strong>Additional paid-in capital (Note 7)</strong></td>
<td>393,488</td>
<td>411,962</td>
<td>3,710,700</td>
</tr>
<tr>
<td><strong>Retained earnings (Note 7)</strong></td>
<td>12,188</td>
<td>12,847</td>
<td>115,717</td>
</tr>
<tr>
<td><strong>Treasury stock, at cost: (Note 7)</strong></td>
<td>1,302</td>
<td>1,038</td>
<td>9,350</td>
</tr>
<tr>
<td>– 12,844 thousand shares at 31st March, 2018 and 17,395 thousand shares at 31st December, 2018</td>
<td>(41,218)</td>
<td>(67,679)</td>
<td>(609,611)</td>
</tr>
<tr>
<td><strong>Total shareholders’ equity</strong></td>
<td>385,646</td>
<td>379,142</td>
<td>3,415,078</td>
</tr>
<tr>
<td><strong>Accumulated other comprehensive income:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Valuation difference on available-for-sale securities (Note 5)</td>
<td>32,446</td>
<td>25,350</td>
<td>228,337</td>
</tr>
<tr>
<td>Deferred gains or losses on hedges (Note 6)</td>
<td>(3)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Foreign currency translation adjustment</td>
<td>(3,956)</td>
<td>(5,807)</td>
<td>(52,305)</td>
</tr>
<tr>
<td>Remeasurements of defined benefit plans</td>
<td>5,052</td>
<td>4,625</td>
<td>41,659</td>
</tr>
<tr>
<td><strong>Total accumulated other comprehensive income</strong></td>
<td>33,539</td>
<td>24,168</td>
<td>217,691</td>
</tr>
<tr>
<td><strong>Share subscription rights</strong></td>
<td>1,302</td>
<td>1,038</td>
<td>9,350</td>
</tr>
<tr>
<td><strong>Non-controlling interests</strong></td>
<td>12,188</td>
<td>12,847</td>
<td>115,717</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td>432,675</td>
<td>417,195</td>
<td>3,757,836</td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td>¥643,117</td>
<td>¥585,222</td>
<td>$5,271,320</td>
</tr>
</tbody>
</table>

See accompanying notes to quarterly consolidated financial statements.
Nomura Research Institute, Ltd.
Quarterly Consolidated Statement of Income and Comprehensive Income

<table>
<thead>
<tr>
<th></th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Nine months</td>
<td></td>
</tr>
<tr>
<td></td>
<td>ended</td>
<td></td>
</tr>
<tr>
<td></td>
<td>31st December,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2017</td>
<td>2018</td>
</tr>
<tr>
<td>Sales</td>
<td>¥341,602</td>
<td>¥367,065</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>224,792</td>
<td>245,990</td>
</tr>
<tr>
<td>Gross profit</td>
<td>116,810</td>
<td>121,075</td>
</tr>
<tr>
<td>Selling, general and administrative expenses (Notes 10 and 11)</td>
<td>70,196</td>
<td>69,653</td>
</tr>
<tr>
<td>Operating profit</td>
<td>46,614</td>
<td>51,422</td>
</tr>
<tr>
<td>Other income (expenses):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and dividend income</td>
<td>1,631</td>
<td>1,352</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(175)</td>
<td>(336)</td>
</tr>
<tr>
<td>Equity in losses of affiliates</td>
<td>(39)</td>
<td>(170)</td>
</tr>
<tr>
<td>Commission for purchase of treasury stock</td>
<td>(308)</td>
<td>(200)</td>
</tr>
<tr>
<td>Foreign exchange gains (losses)</td>
<td>(217)</td>
<td>10</td>
</tr>
<tr>
<td>Gain on investment securities</td>
<td>20,217</td>
<td>7,933</td>
</tr>
<tr>
<td>Gain on investments in affiliates</td>
<td>–</td>
<td>189</td>
</tr>
<tr>
<td>Reversal of share-based compensation</td>
<td>16</td>
<td>3</td>
</tr>
<tr>
<td>Reversal of reserve for financial products transaction liabilities</td>
<td>–</td>
<td>118</td>
</tr>
<tr>
<td>Other, net</td>
<td>197</td>
<td>103</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>21,322</td>
<td>9,002</td>
</tr>
<tr>
<td>Provision for income taxes (Note 2)</td>
<td>67,936</td>
<td>60,424</td>
</tr>
<tr>
<td>Profit</td>
<td>¥46,142</td>
<td>¥40,205</td>
</tr>
<tr>
<td>Profit attributable to owners of parent (Note 9)</td>
<td>¥45,303</td>
<td>¥39,849</td>
</tr>
<tr>
<td>Profit attributable to non-controlling interests</td>
<td>839</td>
<td>356</td>
</tr>
<tr>
<td>Other comprehensive income (loss):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Valuation difference on available-for-sale securities</td>
<td>(2,288)</td>
<td>(7,157)</td>
</tr>
<tr>
<td>Deferred gains or losses on hedges (Note 6)</td>
<td>38</td>
<td>3</td>
</tr>
<tr>
<td>Foreign currency translation adjustment</td>
<td>1,251</td>
<td>(1,815)</td>
</tr>
<tr>
<td>Remeasurements of defined benefit plans, net of tax</td>
<td>(224)</td>
<td>(413)</td>
</tr>
<tr>
<td>Share of other comprehensive income (loss) of affiliates</td>
<td>41</td>
<td>(36)</td>
</tr>
<tr>
<td>Total other comprehensive income (loss)</td>
<td>(1,182)</td>
<td>(9,418)</td>
</tr>
<tr>
<td>Comprehensive income</td>
<td>¥44,960</td>
<td>¥30,787</td>
</tr>
<tr>
<td>Comprehensive income attributable to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comprehensive income attributable to owners of parent</td>
<td>¥44,074</td>
<td>¥30,482</td>
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<tr>
<td>Comprehensive income attributable to non-controlling interests</td>
<td>886</td>
<td>305</td>
</tr>
</tbody>
</table>

See accompanying notes to quarterly consolidated financial statements.
Nomura Research Institute, Ltd.
Quarterly Consolidated Statement of Cash Flows

<table>
<thead>
<tr>
<th>Cash flows from operating activities</th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income before income taxes</td>
<td>￥67,936</td>
<td>$544,262</td>
</tr>
<tr>
<td>Adjustments to reconcile income before income taxes to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>21,416</td>
<td>206,152</td>
</tr>
<tr>
<td>Interest and dividend income</td>
<td>(1,631)</td>
<td>(12,177)</td>
</tr>
<tr>
<td>Interest expense</td>
<td>175</td>
<td>3,027</td>
</tr>
<tr>
<td>Gain on investment securities</td>
<td>(20,217)</td>
<td>(71,456)</td>
</tr>
<tr>
<td>Gain on investments in affiliates</td>
<td>–</td>
<td>(1,702)</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable and other receivables, net of advance payments received</td>
<td>(177)</td>
<td>1,630</td>
</tr>
<tr>
<td>Allowance for doubtful accounts</td>
<td>(51)</td>
<td>(234)</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>5,948</td>
<td>20,627</td>
</tr>
<tr>
<td>Inventories</td>
<td>(127)</td>
<td>(1,648)</td>
</tr>
<tr>
<td>Net defined benefit asset</td>
<td>(9,000)</td>
<td>(60,620)</td>
</tr>
<tr>
<td>Net defined benefit liability</td>
<td>591</td>
<td>4,233</td>
</tr>
<tr>
<td>Provision for loss on orders received</td>
<td>(1,469)</td>
<td>10,142</td>
</tr>
<tr>
<td>Operating loans</td>
<td>–</td>
<td>18,916</td>
</tr>
<tr>
<td>Margin transaction assets</td>
<td>(2,767)</td>
<td>(13,538)</td>
</tr>
<tr>
<td>Short-term guarantee deposits</td>
<td>1,708</td>
<td>–</td>
</tr>
<tr>
<td>Margin transaction liabilities</td>
<td>1,031</td>
<td>(468)</td>
</tr>
<tr>
<td>Short-term guarantee deposits received</td>
<td>1,133</td>
<td>21,645</td>
</tr>
<tr>
<td>Reserve for financial products transaction liabilities</td>
<td>–</td>
<td>(1,063)</td>
</tr>
<tr>
<td>Other</td>
<td>(8,225)</td>
<td>(58,342)</td>
</tr>
<tr>
<td>Subtotal</td>
<td>56,274</td>
<td>609,386</td>
</tr>
<tr>
<td>Interest and dividends received</td>
<td>1,837</td>
<td>13,628</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(155)</td>
<td>(2,540)</td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>(13,352)</td>
<td>(319,573)</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>￥44,604</td>
<td>$300,901</td>
</tr>
</tbody>
</table>
Nomura Research Institute, Ltd.

Quarterly Consolidated Statement of Cash Flows (continued)

<table>
<thead>
<tr>
<th></th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Nine months ended 31st December, 2017</td>
<td>Nine months ended 31st December, 2018</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments for time deposits</td>
<td>¥ (1,099)</td>
<td>$ (19,852)</td>
</tr>
<tr>
<td>Proceeds from time deposits</td>
<td>944</td>
<td>14,394</td>
</tr>
<tr>
<td>Purchase of short-term investment securities</td>
<td>(1,000)</td>
<td>(18,078)</td>
</tr>
<tr>
<td>Proceeds from sales and redemption of short-term investment securities</td>
<td>3,000</td>
<td>9,007</td>
</tr>
<tr>
<td>Acquisition of property and equipment</td>
<td>(15,288)</td>
<td>(35,687)</td>
</tr>
<tr>
<td>Proceeds from sales of property and equipment</td>
<td>2</td>
<td>45</td>
</tr>
<tr>
<td>Purchase of software and other intangibles</td>
<td>(16,247)</td>
<td>(138,227)</td>
</tr>
<tr>
<td>Payments for asset retirement obligations</td>
<td>(53)</td>
<td>(423)</td>
</tr>
<tr>
<td>Purchase of investment securities</td>
<td>(8,483)</td>
<td>(99,171)</td>
</tr>
<tr>
<td>Proceeds from sales and redemption of investment securities</td>
<td>36,019</td>
<td>152,531</td>
</tr>
<tr>
<td>Purchase of investment in affiliates</td>
<td>(3,447)</td>
<td></td>
</tr>
<tr>
<td>Purchase of shares of subsidiaries resulting in change in scope of consolidation</td>
<td>(9,638)</td>
<td></td>
</tr>
<tr>
<td>Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation</td>
<td>1,587</td>
<td>14,295</td>
</tr>
<tr>
<td>Other</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(15,285)</td>
<td>(121,131)</td>
</tr>
</tbody>
</table>

Cash flows from financing activities

|                                      |                 |                            |
| Proceeds from short-term loans payable | 4,065         | 6,945                      |
| Repayments of short-term loans payable | (3,422)       | (6,620)                    |
| Proceeds from long-term loans payable | 946           |                            |
| Repayments of long-term loans payable | (4,272)       | (32,661)                   |
| Redemption of bonds                  | (215)          | (3,504)                    |
| Repayments of obligation under finance leases | (15,000)    | (135,111)                  |
| Proceeds from sales of treasury stock | 3,620         | 37,921                     |
| Purchase of treasury stock            | (50,672)       | (272,032)                  |
| Cash dividends paid                  | (20,807)       | (192,398)                  |
| Cash dividends paid to non-controlling interests | (96)      | (1,162)                    |
| Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation | (50)       |                            |
| Net cash used in financing activities | (70,903)       | (598,622)                  |

Effect of exchange rate changes on cash and cash equivalents | 1,236 | (12,701) |

Net decrease in cash and cash equivalents | (40,348) | (431,553) |

Cash and cash equivalents at beginning of period | 152,052 | 1,425,896 |

Cash and cash equivalents at end of period (Note 8) | ¥ 111,704 | $ 994,343 |
1. Description of Business, Basis of Presentation and Additional Information

Description of Business

The NRI Group (Nomura Research Institute, Ltd. (the “Company”) and its 70 consolidated subsidiaries) and its affiliates (8 companies) engage in the following four business services: “consulting services,” comprised of research, management consulting and system consulting; “system development & application sales,” comprised of system development and the sales of package software products; “system management & operation services,” comprised of outsourcing services, multi-user system services, and information services; and “product sales.” Information on the NRI Group’s operations by segment is included in Note 12.

During the quarterly period ended 30th June, 2018, the NRI Group established one company. As a result, this company is newly included in the scope of consolidation.

During the quarterly period ended 31st December, 2018, the NRI Group established two companies. As a result, these two companies are newly included in the scope of consolidation.

Also, the NRI Group sold its holdings in two companies. As a result, these two companies have been excluded from the scope of consolidation.

Basis of Presentation

The accompanying quarterly consolidated financial statements of the NRI Group are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law.

In addition, the notes to the quarterly consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

Certain reclassifications have been made to present the accompanying quarterly consolidated financial statements in a format which is familiar to readers outside Japan.
1. Description of Business, Basis of Presentation and Additional Information (continued)

Additional Information

(Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts)

The Company introduced a “Trust-type Employee Stock Ownership Incentive Plan.” The purpose of this plan is to promote the Company’s perpetual growth by providing incentives to employees for increasing the Company’s corporate value in the mid- to long-term and to enhance benefits and the welfare of employees.

This is an incentive plan under which gains from the Company’s share price appreciation are distributed to all participants in the Employee Stock Ownership Group (the “ESOP Group”). The Employee Stock Ownership Trust (the “ESOP Trust”) was established exclusively for the ESOP Group to carry out this plan in March 2016. The ESOP Trust acquired the number of the Company’s shares, which the ESOP Group would have acquired over a period of three years subsequent to the establishment of the ESOP Trust. Then, the ESOP Trust sells them to the ESOP Group each time the ESOP Group is to acquire of the Company’s shares. When the share price appreciates and earnings have accumulated in the ESOP Trust, upon its termination, a cash distribution of the funds will be made to beneficiaries. Since the Company guarantees the loans of the ESOP Trust taken out to purchase the Company’s shares, the Company is obligated to pay the remaining liabilities of the ESOP Trust under a guarantee agreement if any obligations remain unsettled upon termination of the ESOP Trust.

The Company includes the assets and liabilities of the ESOP Trust at the end of period in the accompanying quarterly consolidated balance sheet. The Company records its shares acquired by the ESOP Trust based on their acquisition costs in the net assets section as treasury stock at the end of period. The Company records the earnings on stock in the ESOP Trust in the liabilities section as a suspense account to be settled. The Company records the losses on stock in the ESOP Trust in the assets section as a suspense account to be settled and also a provision when it is expected that the outstanding loans used to purchase shares will remain unsettled at the termination of the ESOP Trust.

As of 31st March, 2018 and 31st December, 2018, ¥3,959 million (corresponding to 1,115 thousand shares of the Company held by the ESOP Trust) and ¥1,777 million ($16,006 thousand) (corresponding to 501 thousand shares of the Company held by the ESOP Trust) and the loan payable of the ESOP Trust of ¥2,881 million and nil, respectively, are recorded in the accompanying quarterly consolidated balance sheet.

(Application of Partial Amendment to Accounting Standard for Tax Effect Accounting, etc.)

Partial Amendment to Accounting Standard for Tax Effect Accounting (Accounting Standards Board of Japan (“ASBJ”) Statement No. 28, revised on 16th February, 2018) has been applied from the beginning of the quarter ended 30th June, 2018, and deferred tax assets and deferred tax liabilities are presented in the quarterly consolidated balance sheet.
2. Specific Accounting Policy Adopted in Preparing Quarterly Consolidated Financial Statements

Calculation of Tax Expense

At the end of each interim period the NRI Group makes its best estimate of the effective tax rate expected to be applicable for the full fiscal year. Tax expenses for interim periods are computed multiplying income before income taxes by the aforementioned estimated annual effective tax rate for the annual period. Deferred income taxes are included in provision for income taxes in the quarterly consolidated statement of income and comprehensive income. However, if the result of the calculation using the relevant estimated effective tax rate is unreasonable, income taxes are calculated by multiplying quarterly income before income taxes by the effective statutory tax rate, after adjusting for important differences that do not constitute temporary differences.

3. U.S. Dollar Amounts

The Company maintains its books of account in yen. The U.S. dollar amounts included in the accompanying quarterly consolidated financial statements and the notes thereto represent the arithmetic results of translating yen into dollars at ¥111.02 = U.S.$1.00, the rate of exchange prevailing on 31st December, 2018. The U.S. dollar amounts are included solely for the convenience of the reader and the translation is not intended to imply that the assets and liabilities which originated in yen have been or could be readily converted, realized or settled in U.S. dollars at the above or any other rate.
4. Financial Instruments

Fair value of financial instruments

The carrying amount of financial instruments on the quarterly consolidated balance sheet as of 31st March, 2018 and 31st December, 2018 and estimated fair value are shown in the following table. The following table does not include non-marketable securities whose fair value is not readily determinable (see Note 2).

<table>
<thead>
<tr>
<th></th>
<th>31st March, 2018</th>
<th></th>
<th>31st December, 2018</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Carrying amount</td>
<td>Estimated fair value</td>
<td>Difference</td>
<td>Carrying amount</td>
</tr>
<tr>
<td>Assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and bank deposits</td>
<td>¥159,542</td>
<td>¥159,542</td>
<td>¥ –</td>
<td>¥112,368</td>
</tr>
<tr>
<td>Accounts receivable and other receivables</td>
<td>112,068</td>
<td>112,068</td>
<td>–</td>
<td>110,336</td>
</tr>
<tr>
<td>Short-term investment securities, investment securities, and investments in affiliates</td>
<td>87,361</td>
<td>87,361</td>
<td>–</td>
<td>79,895</td>
</tr>
<tr>
<td>Operating loans</td>
<td>3,925</td>
<td>3,925</td>
<td>–</td>
<td>1,825</td>
</tr>
<tr>
<td>Margin transaction assets</td>
<td>6,945</td>
<td>6,945</td>
<td>–</td>
<td>8,448</td>
</tr>
<tr>
<td>Short-term guarantee deposits</td>
<td>3,404</td>
<td>3,404</td>
<td>–</td>
<td>3,404</td>
</tr>
<tr>
<td>Total</td>
<td>¥373,245</td>
<td>¥373,245</td>
<td>¥ –</td>
<td>¥316,276</td>
</tr>
<tr>
<td>Liabilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>¥22,882</td>
<td>¥22,882</td>
<td>¥ –</td>
<td>¥21,542</td>
</tr>
<tr>
<td>Short-term loans payable</td>
<td>6,074</td>
<td>6,074</td>
<td>–</td>
<td>5,974</td>
</tr>
<tr>
<td>Margin transaction liabilities</td>
<td>1,014</td>
<td>1,014</td>
<td>–</td>
<td>962</td>
</tr>
<tr>
<td>Short-term guarantee deposits received</td>
<td>4,540</td>
<td>4,540</td>
<td>–</td>
<td>6,943</td>
</tr>
<tr>
<td>Bonds *1</td>
<td>49,083</td>
<td>49,064</td>
<td>-(19)</td>
<td>33,909</td>
</tr>
<tr>
<td>Long-term loans payable *2</td>
<td>24,115</td>
<td>24,118</td>
<td>3</td>
<td>20,469</td>
</tr>
<tr>
<td>Total</td>
<td>¥107,708</td>
<td>¥107,692</td>
<td>¥(16)</td>
<td>¥89,799</td>
</tr>
<tr>
<td>Derivative transactions *3</td>
<td>¥ –</td>
<td>¥ –</td>
<td>¥ –</td>
<td>¥ –</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>31st December, 2018</th>
<th></th>
<th></th>
<th></th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Carrying amount</td>
<td>Estimated fair value</td>
<td>Difference</td>
<td></td>
</tr>
<tr>
<td>Assets:</td>
<td>$1,012,142</td>
<td>$1,012,142</td>
<td>$ –</td>
<td></td>
</tr>
<tr>
<td>Cash and bank deposits</td>
<td>993,839</td>
<td>993,839</td>
<td>–</td>
<td></td>
</tr>
<tr>
<td>Accounts receivable and other receivables</td>
<td>719,645</td>
<td>719,645</td>
<td>–</td>
<td></td>
</tr>
<tr>
<td>Short-term investment securities, investment securities, and investments in affiliates</td>
<td>16,438</td>
<td>16,438</td>
<td>–</td>
<td></td>
</tr>
<tr>
<td>Operating loans</td>
<td>76,094</td>
<td>76,094</td>
<td>–</td>
<td></td>
</tr>
<tr>
<td>Margin transaction assets</td>
<td>30,661</td>
<td>30,661</td>
<td>–</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$2,848,819</td>
<td>$2,848,819</td>
<td>$ –</td>
<td></td>
</tr>
<tr>
<td>Liabilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$194,037</td>
<td>$194,037</td>
<td>$ –</td>
<td></td>
</tr>
<tr>
<td>Short-term loans payable</td>
<td>53,810</td>
<td>53,810</td>
<td>–</td>
<td></td>
</tr>
<tr>
<td>Margin transaction liabilities</td>
<td>8,665</td>
<td>8,665</td>
<td>–</td>
<td></td>
</tr>
<tr>
<td>Short-term guarantee deposits received</td>
<td>305,431</td>
<td>307,206</td>
<td>1,775</td>
<td></td>
</tr>
<tr>
<td>Bonds *1</td>
<td>184,372</td>
<td>184,381</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>Long-term loans payable *2</td>
<td>$808,853</td>
<td>$810,637</td>
<td>$1,784</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$ –</td>
<td>$ –</td>
<td>$ –</td>
<td></td>
</tr>
</tbody>
</table>

*1 Bonds included the current portion of bonds totaling ¥15,000 million as of 31st March, 2018.

*2 Long-term loans payable included the current portion of long-term loans payable totaling ¥23,707 million and ¥20,313 million ($182,967 thousand) as of 31st March, 2018 and 31st December, 2018, respectively.

*3 Receivables and payables arising from derivative transactions are offset and presented as a net amount with liabilities shown in parentheses.
4. **Financial Instruments (continued)**

Fair value of financial instruments (continued)

**Note 1:** Methods to determine the estimated fair value of financial instruments

**Assets**

a. Cash and bank deposits and short-term guarantee deposits

   Their carrying amount approximates the fair value due to the short maturity of these instruments.

b. Accounts receivable and other receivables

   Their carrying amount approximates the fair value due to the generally short maturities of these instruments. For those receivables due after one year, the present value is further discounted by the rate corresponding to the credit risk and the amount is presented in the consolidated balance sheet, therefore, the carrying amount approximates fair value.

c. Short-term investment securities, investment securities and investments in affiliates

   The fair value of stocks is based on quoted market prices. The fair value of bonds is based on either quoted market prices or prices provided by the financial institution making markets in these securities. The fair value of investment trusts is based on publicly available net asset values.

d. Operating loans and margin transaction assets

   The fair value of these instruments, to which variable rates are applied, approximates the carrying amount because the variable rates reflect market interest rates over a short term unless the credit conditions of the counterparty change significantly after disbursement. With regard to potentially doubtful receivables, the amount of the allowance for doubtful receivables is determined based on the estimated amount collectible under collateral agreements, and their fair value approximates the carrying amount less the estimated allowance for doubtful accounts on the consolidated balance sheet.

**Liabilities**

a. Accounts payable, short-term loans payable, margin transaction liabilities and short-term guarantee deposits received

   Their carrying amount approximates the fair value due to the short maturity of these instruments.

b. Bonds

   The fair value of bonds is based on the quoted market price or the price obtained from a counterparty financial institution.
4. Financial Instruments (continued)

Fair value of financial instruments (continued)

c. Long-term loans payable

The fair value of long-term loans payable, to which variable rates are applied, approximates the carrying amount because the variable rates reflect market interest rates over a short term. Those with fixed interest rates, on the other hand, are calculated by discounting the total amount of principal and interest by an interest rate assumed to be applied if the similar loans were newly executed.

Derivative transactions

The fair values are calculated based on the quoted price obtained from counterparty financial institutions.

Note 2: Non-marketable securities whose fair value is not readily determinable are as follows.

<table>
<thead>
<tr>
<th></th>
<th>31st March, 2018</th>
<th>31st December, 2018</th>
<th>31st December, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unlisted companies’ shares *1</td>
<td>¥7,361</td>
<td>¥7,031</td>
<td>$63,331</td>
</tr>
<tr>
<td>Investments in partnerships *2</td>
<td>727</td>
<td>756</td>
<td>6,810</td>
</tr>
</tbody>
</table>

*1 Unlisted companies’ shares are not measured at fair value because they have no market prices on exchanges, and their fair value is not readily determinable. Unlisted companies’ shares included investments in affiliates accounted for under the equity method totaling ¥5,231 million and ¥4,834 million ($43,542 thousand) as of 31st March, 2018 and 31st December, 2018, respectively.

*2 For investments in partnerships, when all or a part of the assets of a partnership consist of non-marketable securities whose fair value is not readily determinable, such components are not measured at fair value.
5. Investments

The NRI Group did not hold any held-to-maturity securities with determinable market value at 31st March, 2018 and 31st December, 2018.

The following is a summary of the information concerning available-for-sale securities included in short-term investment securities, investment securities and investments in affiliates at 31st March, 2018 and 31st December, 2018:

**Securities Classified as Available-for-Sale Securities**

<table>
<thead>
<tr>
<th>Securities Classified as Available-for-Sale Securities</th>
<th>31st March, 2018</th>
<th>31st December, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Acquisition cost</td>
<td>Carrying amount</td>
</tr>
<tr>
<td>Equity securities</td>
<td>¥17,787</td>
<td>¥63,138</td>
</tr>
<tr>
<td>Bonds:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government bonds</td>
<td>1,036</td>
<td>1,037</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>25,110</td>
<td>25,089</td>
</tr>
<tr>
<td>Other</td>
<td>26,146</td>
<td>26,126</td>
</tr>
<tr>
<td>Total</td>
<td>¥44,808</td>
<td>¥90,219</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Securities Classified as Available-for-Sale Securities</th>
<th>31st December, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Acquisition cost</td>
</tr>
<tr>
<td>Equity securities</td>
<td>$144,271</td>
</tr>
<tr>
<td>Bonds:</td>
<td></td>
</tr>
<tr>
<td>Government bonds</td>
<td>9,305</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>268,501</td>
</tr>
<tr>
<td>Other</td>
<td>277,806</td>
</tr>
<tr>
<td>Total</td>
<td>$429,931</td>
</tr>
</tbody>
</table>

Non-marketable securities whose fair value is not readily determinable were included in the above table. “Acquisition cost” in the above table is the carrying amount after recognizing impairment loss. Impairment loss on available-for-sale securities whose fair value is not readily determinable as a result of a decline in value for the year ended 31st March, 2018 amounted to ¥52 million. Impairment loss on available-for-sale securities for the nine months ended 31st December 2018 amounted to ¥1,139 million ($10,259 thousand), consisting of ¥1,093 million ($9,845 thousand) on marketable securities and ¥45 million ($405 thousand) on non-marketable securities whose fair value is not readily determinable.

The NRI Group has established a policy for the recognition of impairment losses under the following conditions:

i) For marketable securities whose fair value has declined by 30% or more, the NRI Group recognizes impairment loss except in cases where the decline in fair value is expected to be recoverable.

ii) For non-marketable securities whose fair value is not readily determinable, of which net asset value has declined by 50% or more, the NRI Group recognizes impairment loss except in cases where the decline in fair value is expected to be recoverable.
6. Derivative Transactions and Hedging Activities

There were no derivative transactions to which hedge accounting was not applied during the year ended 31st March, 2018 and the quarterly period ended 31st December, 2018.

For the derivative transactions to which hedge accounting was applied as of 31st March, 2018 and 31st December, 2018, the contract amounts and estimated fair values of the hedging instruments are as follows.

<table>
<thead>
<tr>
<th>Millions of yen</th>
<th>31st March, 2018</th>
<th>31st December, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract amount</td>
<td>Estimated fair value *1</td>
<td>Contract amount</td>
</tr>
<tr>
<td>Forward foreign exchange contracts for accounts payable, accounted for by deferral hedge accounting method:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buy: CNY (Sell: JPY)</td>
<td>¥ 420</td>
<td>¥ 11</td>
</tr>
</tbody>
</table>

Interest rate swap contracts for bonds, accounted for by deferral hedge accounting method:

| Fixed-rate receipt, fixed-rate payment *2 | ¥15,000 | ¥ (5) | ¥ – | ¥ – |

<table>
<thead>
<tr>
<th>Thousands of U.S. dollars</th>
<th>31st December, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract amount</td>
<td>Estimated fair value *1</td>
</tr>
<tr>
<td>Forward foreign exchange contracts for accounts payable, accounted for by deferral hedge accounting method:</td>
<td></td>
</tr>
<tr>
<td>Buy: CNY (Sell: JPY)</td>
<td>$ –</td>
</tr>
</tbody>
</table>

Interest rate swap contracts for bonds, accounted for by deferral hedge accounting method:

| Fixed-rate receipt, fixed-rate payment *2 | $ – | $ – |

*1 The fair values are calculated based on the quoted prices obtained from the counterparty financial institutions.

*2 These derivative transactions are used to hedge interest rate fluctuation risk until the interest determination dates, which are used as the basis of the bonds’ fixed interest payments.
7. Net Assets

The Corporation Law of Japan provides that earnings in an amount equal to at least 10% of dividends of capital surplus and retained earnings shall be appropriated to the legal reserve until the aggregate amount of the legal reserve and additional paid-in capital equals 25% of the stated capital. The legal reserve and the additional paid-in capital account are available for appropriation by resolution of the shareholders. In accordance with the Corporation Law, the Company provides a legal reserve which is included in retained earnings. This reserve amounted to ¥570 million and ¥570 million ($5,134 thousand) at 31st March, 2018 and 31st December, 2018, respectively.

For the nine months ended 31st December, 2017

1) Dividends paid

<table>
<thead>
<tr>
<th>Resolution</th>
<th>Type of shares</th>
<th>Total dividends (Millions of yen)</th>
<th>Dividends per share (Yen)</th>
<th>Cut-off date</th>
<th>Effective date</th>
<th>Source of dividends</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meeting of the Board of Directors on 12th May, 2017 *1</td>
<td>Common Stock</td>
<td>¥10,003</td>
<td>¥40.00</td>
<td>31st March, 2017</td>
<td>30th May, 2017</td>
<td>Retained earnings</td>
</tr>
<tr>
<td>Meeting of the Board of Directors on 26th October, 2017 *2</td>
<td>Common Stock</td>
<td>¥10,814</td>
<td>¥45.00</td>
<td>30th September, 2017</td>
<td>30th November, 2017</td>
<td>Retained earnings</td>
</tr>
</tbody>
</table>

*1 Dividends of ¥78 million paid to the ESOP Trust are included in the total dividends amount.

*2 Dividends of ¥68 million paid to the ESOP Trust are included in the total dividends amount.

*3 Dividends per share based on the resolutions of the Board of Directors on 26th October, 2017 include a commemorative dividend of ¥5.00 per share

2) Significant changes in shareholders’ equity

The Company acquired 11,458 thousand shares of treasury stock based on the resolution of the Board of Directors on 27th July, 2017. As a result, treasury stock increased by ¥50,000 million.

Consequently, treasury stock increased by ¥46,678 million in total during the nine-month period ended 31st December, 2017. Furthermore, treasury stock amounted to ¥83,994 million, as of 31st December, 2017.
7. **Net Assets (continued)**

For the nine months ended 31st December, 2018

1) **Dividends paid**

<table>
<thead>
<tr>
<th>Resolution</th>
<th>Type of shares</th>
<th>Total dividends (Millions of yen)</th>
<th>Total dividends (Thousands of U.S. dollars)</th>
<th>Dividends per share (Yen)</th>
<th>Dividends per share (U.S. dollars)</th>
<th>Cut-off date</th>
<th>Effective date</th>
<th>Source of dividends</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meeting of the Board of Directors on 16th May, 2018</td>
<td>Common Stock</td>
<td>¥10,767</td>
<td>$96,983</td>
<td>¥45.00</td>
<td>$0.41</td>
<td>31st March, 2018</td>
<td>1st June, 2018</td>
<td>Retained earnings</td>
</tr>
<tr>
<td>Meeting of the Board of Directors on 25th October, 2018</td>
<td>Common Stock</td>
<td>¥10,605</td>
<td>$95,523</td>
<td>¥45.00</td>
<td>$0.41</td>
<td>30th September, 2018</td>
<td>30th November, 2018</td>
<td>Retained earnings</td>
</tr>
</tbody>
</table>

*1 Dividends of ¥50 million ($450 thousand) paid to the ESOP Trust are included in the total dividends amount.

*2 Dividends of ¥33 million ($297 thousand) paid to the ESOP Trust are included in the total dividends amount.

*3 Dividends per share based on the resolutions of the Board of Directors on 16th May, 2018 include a commemorative dividend of ¥5.00 ($0.05) per share.

2) **Significant changes in shareholders’ equity**

The Company acquired 5,545 thousand shares of treasury stock based on the resolution of the Board of Directors on 26th April, 2018. As a result, treasury stock increased by ¥30,000 million ($270,222 thousand).

Consequently, treasury stock increased by ¥26,460 million ($238,335 thousand) in total during the nine-month period ended 31st December, 2018. Furthermore, treasury stock amounted to ¥67,679 million ($609,611 thousand), as of 31st December, 2018.
8. Cash and Cash Equivalents

A reconciliation between cash and bank deposits in the accompanying quarterly consolidated balance sheet and cash and cash equivalents in the accompanying quarterly consolidated statement of cash flows at 31st December, 2017 and 2018 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>31st December,</td>
<td>31st December,</td>
</tr>
<tr>
<td></td>
<td>2017</td>
<td>2018</td>
</tr>
<tr>
<td>Cash and bank deposits</td>
<td>¥112,306</td>
<td>$1,012,142</td>
</tr>
<tr>
<td>Short-term investment securities</td>
<td>4,378</td>
<td>19,321</td>
</tr>
<tr>
<td>Time deposits with maturities of more than three months when deposited</td>
<td>(980)</td>
<td>(19,051)</td>
</tr>
<tr>
<td>Bond and other investments maturing in more than three months from the acquisition date</td>
<td>(4,000)</td>
<td>(18,069)</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>¥111,704</td>
<td>$994,343</td>
</tr>
</tbody>
</table>

9. Per Share Data

Per share data is summarized as follows: *1

<table>
<thead>
<tr>
<th></th>
<th>Yen</th>
<th>U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Nine months ended</td>
<td>Nine months ended</td>
</tr>
<tr>
<td></td>
<td>31st December, 31st December</td>
<td>31st December, 31st December</td>
</tr>
<tr>
<td></td>
<td>2017 2018</td>
<td>2018 2018</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>¥186.55 ¥168.91</td>
<td>$1.52</td>
</tr>
<tr>
<td>Diluted earnings per share</td>
<td>186.03 168.47</td>
<td>1.52</td>
</tr>
</tbody>
</table>

*1 The computation of earnings per share is based on the weighted-average number of shares of common stock outstanding during each period.
9. Per Share Data (continued)

The computation of earnings per share and diluted earnings per share for the nine months ended 31st December, 2017 and 2018 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Nine months</td>
<td></td>
</tr>
<tr>
<td></td>
<td>ended 31st</td>
<td></td>
</tr>
<tr>
<td></td>
<td>December, 2017</td>
<td>2018</td>
</tr>
<tr>
<td>Numerator:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earnings *1</td>
<td>¥45,303</td>
<td>¥39,849</td>
</tr>
<tr>
<td>Earnings not</td>
<td></td>
<td></td>
</tr>
<tr>
<td>attributable to</td>
<td></td>
<td></td>
</tr>
<tr>
<td>common</td>
<td></td>
<td></td>
</tr>
<tr>
<td>shareholders</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earnings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>attributable to</td>
<td></td>
<td></td>
</tr>
<tr>
<td>common shareholders</td>
<td>¥45,303</td>
<td>¥39,849</td>
</tr>
<tr>
<td>Denominator:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weighted-average</td>
<td></td>
<td></td>
</tr>
<tr>
<td>number of shares</td>
<td></td>
<td></td>
</tr>
<tr>
<td>of common stock</td>
<td></td>
<td></td>
</tr>
<tr>
<td>outstanding –</td>
<td></td>
<td></td>
</tr>
<tr>
<td>basic *2</td>
<td>242,851</td>
<td>235,915</td>
</tr>
<tr>
<td>Potentially</td>
<td></td>
<td></td>
</tr>
<tr>
<td>dilutive shares</td>
<td></td>
<td></td>
</tr>
<tr>
<td>of common stock:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock options</td>
<td>626</td>
<td>624</td>
</tr>
<tr>
<td>Total</td>
<td>626</td>
<td>624</td>
</tr>
<tr>
<td>Weighted-average</td>
<td></td>
<td></td>
</tr>
<tr>
<td>number of shares</td>
<td></td>
<td></td>
</tr>
<tr>
<td>of common stock</td>
<td></td>
<td></td>
</tr>
<tr>
<td>outstanding –</td>
<td></td>
<td></td>
</tr>
<tr>
<td>diluted</td>
<td>243,477</td>
<td>236,539</td>
</tr>
</tbody>
</table>

*1 In computing diluted earnings per share for the nine-month periods ended 31st December, 2017 and 2018, an adjustment due to potentially dilutive shares of affiliates in the amount of ¥(8) million and ¥(1) million ($9 thousand) has been made to earnings in the above table.

*2 The Company’s shares owned by the ESOP Trust are included in treasury stock. The weighted-average numbers of shares the ESOP Trust owned were 1,604 thousand and 816 thousand during the nine-month periods ended 31st December, 2017 and 2018, respectively.

The following potentially issuable shares of common stock would have an antidilutive effect and thus have not been included in the diluted earnings per share calculation for the nine months ended 31st December, 2017 and 2018:

<table>
<thead>
<tr>
<th>Shares</th>
<th>Nine months ended 31st December,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
</tr>
<tr>
<td>a) 24th share subscription rights</td>
<td>535,425</td>
</tr>
<tr>
<td>b) 28th share subscription rights</td>
<td>569,500</td>
</tr>
</tbody>
</table>
10. Selling, General and Administrative Expenses

The details of selling, general and administrative expenses for the nine months ended 31st December, 2017 and 2018 are summarized as follows:

<table>
<thead>
<tr>
<th></th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Nine months</td>
<td></td>
</tr>
<tr>
<td></td>
<td>ended</td>
<td></td>
</tr>
<tr>
<td></td>
<td>31st December,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2017</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2018</td>
<td></td>
</tr>
<tr>
<td>Personnel expenses</td>
<td>¥34,534</td>
<td>$318,861</td>
</tr>
<tr>
<td>Rent</td>
<td>4,947</td>
<td>43,416</td>
</tr>
<tr>
<td>Subcontractor costs</td>
<td>12,114</td>
<td>111,656</td>
</tr>
<tr>
<td>Other</td>
<td>18,601</td>
<td>153,458</td>
</tr>
<tr>
<td>Total</td>
<td>¥70,196</td>
<td>$627,391</td>
</tr>
</tbody>
</table>

11. Research and Development Expenses

Research and development expenses included in selling, general and administrative expenses amounted to ¥3,856 million and ¥2,570 million ($23,149 thousand) for the nine months ended 31st December, 2017 and 2018, respectively.

12. Segment Information

For the nine months ended 31st December, 2017

1) Net sales and profit by reportable segments

| Reportable segment | Millions of yen |          |          |          |          |          |          |
|--------------------|-----------------|----------|----------|----------|----------|----------|
|                     | Nine months     | Consulting| Financial| Industrial| IT Platform| Total    | Adjustments| Consolidated|
|                     | ended 31st      | IT       | IT       | IT       | Services  |          | *1         | *2         |
| Net sales:          | December, 2017  | Solutions| Solutions| Services |          |          |            |            |
| Sales to external   | ¥23,656         | ¥183,408 | ¥112,864 | ¥21,674  | ¥341,602  | ¥ –      | ¥341,602    |            |
| customers           |                 |          |          |          |          |          |            |            |
| Intersegment sales  | 535             | 1,655    | 2,252    | 68,904   | 73,346    | (73,346) | –          |            |
| or transfers        |                 |          |          |          |          |          |            |            |
| Total               | 24,191          | 185,063  | 115,116  | 414,948  | (73,346)  | 341,602  | –          |            |
| Segment profit      | ¥ 3,532         | ¥ 19,253 | ¥ 11,644 | ¥ 45,895 | ¥ 719     | ¥ 46,614 |            |            |

*1 Individual items included in adjustment of segment profit were immaterial.

*2 Segment profit is adjusted to operating profit in the quarterly consolidated statement of income and comprehensive income.
12. Segment Information

For the nine months ended 31st December, 2018

1) Net sales and profit by reportable segments

<table>
<thead>
<tr>
<th>Reportable segment</th>
<th>Nine months ended 31st December, 2018</th>
<th>Millions of yen</th>
<th>Adjustments*1</th>
<th>Consolidated*2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consulting</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial IT Solutions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial IT Solutions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IT Platform Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales to external customers</td>
<td>¥29,607</td>
<td>¥184,309</td>
<td>¥130,195</td>
<td>¥367,065</td>
</tr>
<tr>
<td>Intersegment sales or transfers</td>
<td>435</td>
<td>2,091</td>
<td>2,017</td>
<td>74,908</td>
</tr>
<tr>
<td>Total</td>
<td>30,042</td>
<td>186,400</td>
<td>132,212</td>
<td>441,973</td>
</tr>
<tr>
<td>Segment profit</td>
<td>¥ 5,149</td>
<td>¥ 19,999</td>
<td>¥ 13,039</td>
<td>¥ 51,422</td>
</tr>
</tbody>
</table>

*1 Individual items included in adjustment of segment profit were immaterial.

*2 Segment profit is adjusted to operating profit in the quarterly consolidated statement of income and comprehensive income.

2) Information about changes in reportable segments

During the quarterly period ended 30th June, 2018, the Company partially changed its segment reporting structure.

Moreover, the Company partially revised its segment classification in the third quarter of the fiscal year ending 31st March, 2019, thereby shifting all business entities previously classified as “Others” to the “Industrial IT Solutions” segment in order to enhance synergies among businesses from a managerial perspective.

Segment information for the nine months ended 31st December, 2017 in the above table has been restated to reflect the new segment reporting structure.

3) Information about impairment loss on fixed assets and goodwill for each reportable segment

(Significant changes in goodwill)

In regard to the business combination with SMS Management & Technology Limited on 26th September, 2017, although provisional accounting treatment had been applied in the previous fiscal year, the accounting treatment was finalized in the second quarter of the fiscal year ending 31st March, 2019. As a result, the previously recognized amount of goodwill associated with the Industrial IT Solutions segment has decreased.

For more details, please refer to Note 13, “Business Combination.”
13. Business Combination

*Finalization of provisional treatment for business combination*

In regard to the business combination with SMS Management & Technology Limited on 26th September, 2017, although a provisional accounting treatment had been applied in the previous fiscal year, the accounting treatment was finalized in the second quarter of the fiscal year ending 31st March, 2019.

Following the finalization of the provisional accounting treatment, comparative information included in the quarterly consolidated financial statements for the nine months ended 31st December, 2018, has been adjusted to reflect the significant revision of the initially allocated amounts of acquisition cost.

As a result, primarily software and other intangibles increased. The provisional calculation of goodwill amounted to ¥9,444 million ($85,066 thousand), which decreased by ¥2,515 million ($22,654 thousand) following the finalization of the provisional accounting treatment. The final calculation for goodwill amounted to ¥6,929 million ($62,412 thousand).

14. Lawsuit

On 30th April, 2015, a lawsuit was filed against the Company by Japan Post Information Technology Co., Ltd. ("JPiT") and the case is currently in litigation.

With an aim to migrate their communication network, connecting post offices across Japan to a new network, JPiT placed an order for the procurement and maintenance of network services with SoftBank Corp. and an order for transitional management and operational coordination of the network with the Company. In the lawsuit, JPiT is demanding that SoftBank Corp. and the Company pay ¥16.15 billion ($145.47 million) jointly as compensation for damages due to a delay in the migration.

15. Subsequent Events

Not applicable.