

# Financial Results Presentation

**Financial Results for 1<sup>st</sup> Quarter FY March 2021  
and Financial Results Forecast for the year ending 31<sup>st</sup> March, 2021**

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**Nomura Research Institute, Ltd.**

**Yasuo Fukami**

Representative Director,  
Member of the Board,  
Senior Executive Managing Director

**July 29, 2020**



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# Financial Results for 1<sup>st</sup> Quarter FY March 2021

## Highlights of Consolidated Financial Results

### ■ YoY comparison (\* are shown as a reference)

(JPY million)

	1Q FY Mar. 2020	1Q FY Mar. 2021	Diff.	YoY Change
<b>Sales</b>	<b>129,495</b>	<b>131,154</b>	<b>1,659</b>	<b>1.3%</b>
Operating Profit before goodwill amortization*	<b>21,170</b>	<b>18,887</b>	<b>(2,283)</b>	<b>(10.8%)</b>
<b>Operating Profit</b>	<b>20,353</b>	<b>18,177</b>	<b>(2,175)</b>	<b>(10.7%)</b>
Operating Profit Margin before goodwill amortization*	<b>16.3%</b>	<b>14.4%</b>	<b>(1.9P)</b>	
<b>Operating Profit Margin</b>	<b>15.7%</b>	<b>13.9%</b>	<b>(1.9P)</b>	
<b>EBITDA Margin</b>	<b>22.4%</b>	<b>20.2%</b>	<b>(2.2P)</b>	
<b>Profit attributable to owners of parent</b>	<b>14,245</b>	<b>12,616</b>	<b>(1,628)</b>	<b>(11.4%)</b>

# Financial Results for 1<sup>st</sup> Quarter FY March 2021

## External sales by segment <Total>

(JPY million)

	1Q FY Mar. 2020	Share	1Q FY Mar. 2021	Share	Diff.	YoY Change
Consulting	7,621	5.9%	6,915	5.3%	(706)	(9.3%)
Financial IT Solutions	68,027	52.5%	69,462	53.0%	1,434	2.1%
Securities	27,400	21.2%	30,636	23.4%	3,236	11.8%
Insurance	16,711	12.9%	15,040	11.5%	(1,671)	(10.0%)
Banking	12,629	9.8%	12,287	9.4%	(342)	(2.7%)
Other financial	11,285	8.7%	11,498	8.8%	212	1.9%
Industrial IT Solutions	45,804	35.4%	45,691	34.8%	(112)	(0.2%)
Distribution	17,645	13.6%	15,527	11.8%	(2,117)	(12.0%)
Manufacturing, service and other	28,158	21.7%	30,163	23.0%	2,004	7.1%
IT Platform Services	8,041	6.2%	9,085	6.9%	1,043	13.0%
<b>Total</b>	<b>129,495</b>	<b>100.0%</b>	<b>131,154</b>	<b>100.0%</b>	<b>1,659</b>	<b>1.3%</b>

# Financial Results for 1st Quarter FY March 2021

## External sales by segment <Total> (supplementary information)

### ■ Sales by main client

(JPY million)

	1Q FY Mar. 2020	Share**	1Q FY Mar. 2021	Share**	Diff.	YoY Change
Nomura Holdings	14,799	11.4%	16,074	12.3%	1,275	8.6%

### ■ Overseas sales

(JPY million)

	1Q FY Mar. 2020	Share**	1Q FY Mar. 2021	Share**	Diff.	YoY Change
Overseas sales	12,686	9.8%	10,549	8.0%	(2,137)	(16.8%)
North America*	2,351	1.8%	1,579	1.2%	(772)	(32.9%)
Oceania*	8,873	6.9%	7,620	5.8%	(1,252)	(14.1%)
Asia, other*	1,462	1.1%	1,350	1.0%	(111)	(7.7%)

\* Numbers by area are based on location of clients, and numbers per country or area are recorded as reference values.

\*\* Percentage of (total) external sales

These materials were prepared for the sole purpose of providing information to use as reference in making investment decisions, and are not intended as a solicitation for investment.

# Financial Results for 1st Quarter FY March 2021

## Segment Performance Results <Total>

- Including Inter-segment sales for each segment.

(JPY million)

		1Q FY Mar. 2020	1Q FY Mar. 2021	Diff.	YoY Change
Consulting	Sales	7,767	7,099	(668)	(8.6%)
	OP	613	670	56	9.2%
	OPM	7.9%	9.4%	1.5P	
Financial IT Solutions	Sales	68,592	70,320	1,727	2.5%
	OP	10,312	8,442	(1,870)	(18.1%)
	OPM	15.0%	12.0%	(3.0P)	
Industrial IT Solutions	Sales	46,470	46,427	(42)	(0.1%)
	OP	5,190	4,719	(471)	(9.1%)
	OPM	11.2%	10.2%	(1.0P)	
IT Platform Services	Sales	31,957	33,421	1,464	4.6%
	OP	3,955	4,265	309	7.8%
	OPM	12.4%	12.8%	0.4P	

# Financial Results for 1st Quarter FY March 2021

## Analysis of increase and decrease factors

- Main factors for increases and decreases in external sales and operating profit by segment are as follows. (Key) ( + ) Increase factors, ( - ) Decrease factors

Segment		External sales	Operating profit
Consulting		(-) Domestic and overseas consulting projects	
Financial IT Solutions	Securities	(+) Nippon Securities Technology consolidation effect (+) Shared online services implementation projects	(-) Fallback from product sales in securities last year (-) Unprofitable projects at subsidiaries
	Insurance	(-) Systems development for non-life insurers	
	Banking		
	Other financial, etc.		
Industrial IT Solutions	Distribution	(-) Recoil due to consumption tax increase last year	(-) Profit decrease due to declining sales overseas
	Manufacturing & services, etc.	(+) Systems development for multiple domestic clients (-) Overseas business	
IT Platform Services		(+) Digital workplace, cloud, information security	

## Financial Results for 1st Quarter FY March 2021

# Sales by Service < Total >

(JPY million)

	1Q FY Mar. 2020	1Q FY Mar. 2021	Diff.	YoY Change
Consulting Services	21,197	19,833	(1,363)	(6.4%)
System Development & System Application Sales	41,251	43,536	2,285	5.5%
System Management & Operation Services	62,313	63,036	722	1.2%
Product Sales	4,733	4,748	14	0.3%
<b>Total</b>	<b>129,495</b>	<b>131,154</b>	<b>1,659</b>	<b>1.3%</b>



## Financial Results for 1st Quarter FY March 2021

# Consolidated P/L Highlight < Total >

(JPY million)

	1Q FY Mar. 2020	1Q FY Mar. 2021	Diff.	YoY Change
<b>Sales</b>	<b>129,495</b>	<b>131,154</b>	<b>1,659</b>	<b>1.3%</b>
<b>Cost of Sales</b>	<b>85,392</b>	<b>89,272</b>	<b>3,879</b>	<b>4.5%</b>
Subcontracting Costs	39,064	42,372	3,307	8.5%
<b>Gross Profit</b>	<b>44,102</b>	<b>41,882</b>	<b>(2,220)</b>	<b>(5.0%)</b>
Gross Profit Margin	34.1%	31.9%	(2.1P)	
<b>SG&amp;A</b>	<b>23,749</b>	<b>23,704</b>	<b>(44)</b>	<b>(0.2%)</b>
Amortization of goodwill	816	709	(107)	(13.1%)
<b>Operating Profit</b>	<b>20,353</b>	<b>18,177</b>	<b>(2,175)</b>	<b>(10.7%)</b>
Operating Profit Margin	15.7%	13.9%	(1.9P)	

## Financial Results for 1st Quarter FY March 2021

# Consolidated P/L Highlight < Total > (continued)

(JPY million)

	1Q FY Mar. 2020	1Q FY Mar. 2021	Diff.	YoY Change
Operating Profit	20,353	18,177	(2,175)	(10.7%)
Non-operating income and loss	808	164	(644)	(79.7%)
Dividend Income	602	417	(185)	(30.8%)
Extraordinary income and loss	(10)	450	460	
Gain on sales of investment securities	—	321	321	—
Income taxes etc.	6,791	6,583	(207)	(3.1%)
Profit attributable to owners of parent	14,245	12,616	(1,628)	(11.4%)

## Financial Results for 1st Quarter FY March 2021

### Key Factors in Financial Results for 1Q FY March 2021

#### ■ Higher income with +1.3% in sales

- Increased sales in financial IT, IT infrastructure, and domestic industrial IT compensated for the negative income effect of lockdowns overseas

#### ■ -10.7% in operating profit

- Negative effects included fallback from the large product sales order last year in financial IT

The COVID-19 is having a major impact on overseas business but only a limited impact on domestic business. Overall, performance is in line with the plan for the year.

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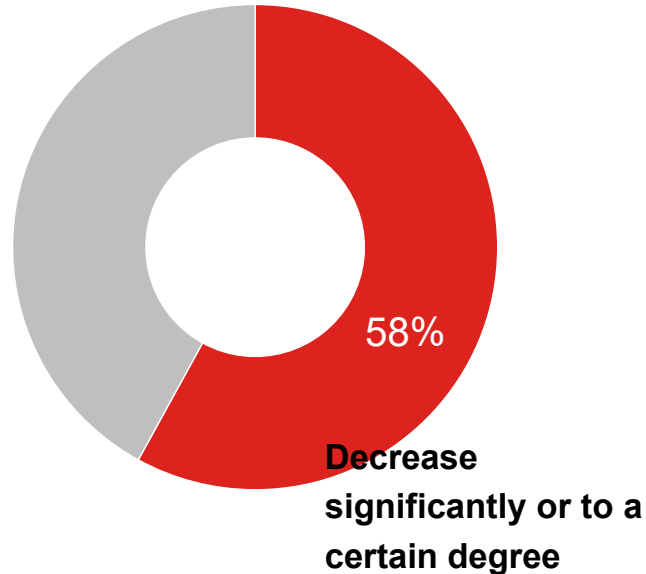
# Impact of COVID-19 and earnings forecast for FY March 2021

## State of clients: Reaffirming the importance of IT and digitalization

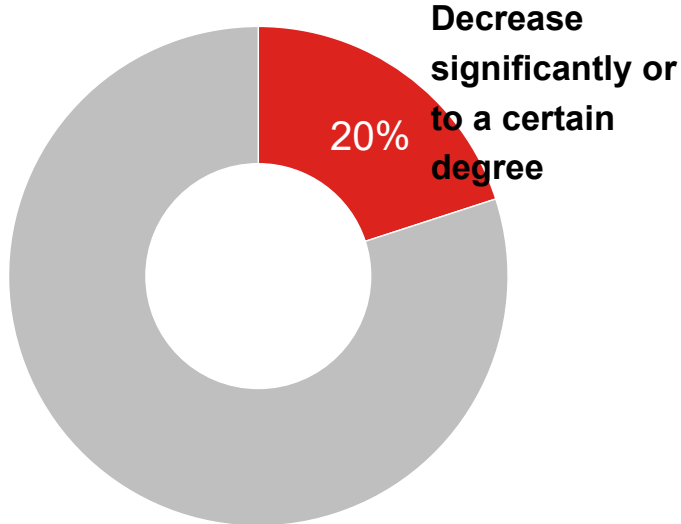
- Around 60% of companies are forecasting a performance downturn in FY March 2021
- Only 20% of companies plan to reduce investments in IT and digital
- We believe around 90% of companies have a greater need to revise their business models

### Survey of Japanese company CIOs

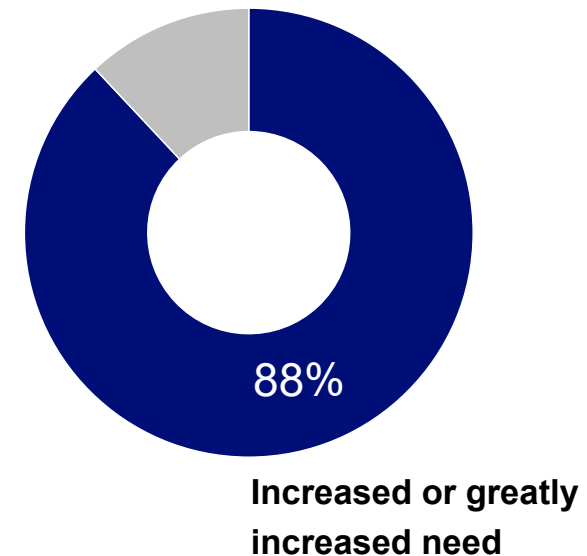
Revise sales



Revise planned investments in IT and digital



Need to revise business models



Source: Results of a survey of CIOs of Japanese companies conducted by NRI from May 9 – 19, 2020 ([https://www.nri.com/jp/news/info/cc/1st/2020/0604\\_1](https://www.nri.com/jp/news/info/cc/1st/2020/0604_1))

Number of valid respondents: 69 companies (each with sales of at least 100 billion yen in FY March 2020)

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# Impact of COVID-19 and earnings forecast for FY March 2021

## State of NRI: Setting up workplace environments that enable business continuity

### ■ Employees

- As many as 70% telecommuted while the state of emergency declaration was in effect
- Even now, roughly half are telecommuting

### ■ Partners in Japan

- Implementing Aslead Remote\* at partners in Japan
- Finished equipping all partners in Japan with environments that enable telecommuting (8,000 employees)

\* Solution provided by NRI to create a secure telecommuting environment

Provides three key security measures – two-step authentication, data leakage control, and access control – for environments currently in use



### ■ Offshore (China) partners

- Back to normal work arrangements since March and have secured production capabilities

# Impact of COVID-19 and earnings forecast for FY March 2021

## Status overseas: Current state in Australia and impact on NRI's business

### ■ State of the spread of the novel coronavirus

- Less infections than in North America, Europe, and Japan, but travel between states is still restricted and the country's economy has not fully reopened
- Infections surged in the state of Victoria (of which Melbourne is the capital) starting in mid-June and lockdown was reimposed for six weeks starting July 8

### ■ State of NRI's business in Australia

- Business in managed services is relatively stable, but new projects are not coming in
- Projects in advisory solutions (rough equivalent to systems consulting) have dropped off in particular
- Profitability is at about break-even level (pre-goodwill amortization)

### ■ Measures in response

- Thoroughly control costs to keep profit stable even as sales stagnate (efforts are ongoing)
- Explore and pursue M&A opportunities in Australia based on regional strategies

# Impact of COVID-19 and earnings forecast for FY March 2021

## Forecast assumptions and impact on performance

### Original assumption (as of Apr. 2020)

### Current outlook

#### Assumptions for the outside environment (Japan)

- Increase in new infections will subside by around summer
- Business activities will restart in earnest around September and approach normal levels toward the end of the year

- Business activities have been restarting a bit earlier than originally anticipated and are gradually progressing, but there are still uncertainties about the future

**Sales activities (orders) will be impacted mainly in the first half. Some of this effect will linger into the second half, but we expect business to mostly return to normal**

### As originally anticipated

#### Consulting Services (Japan)

Orders will stagnate in the first half mainly in the private sector. While there will be a downswing in revenues in the first half, orders and revenues should start to recover in the second half as business activities return to normal

As originally anticipated

#### System Development & System Application Sales (Japan)

In financial IT solutions, there will be an impact on new development, but full-year revenues will not be greatly impacted due mainly to progress in projects for which orders have already been received.  
In industrial IT solutions, new orders from some clients have been postponed, and orders are expected to stagnate overall in the second half. Revenues should recover starting around the new year

In financial, business is proceeding as originally anticipated  
In industrial there are big differences between clients and industry types, but DX-related projects are picking up with some existing clients

#### System Management & Operation Services (Japan)

Services will experience some fluctuation but will not be impacted much overall

As originally anticipated

#### Overseas

Revenues will suffer a significant downswing during the first half due to a decrease in orders, but cost control measures will increasingly stabilize earnings from summer onward toward the second half

The first half is as originally anticipated  
While earnings are stabilizing toward the second half, these is possible risk if corporate activities return to normal later than expected

#### Impact on NRI earnings (expected)



## Impact of COVID-19 and earnings forecast for FY March 2021

# Order Backlog by Segment (Outstanding)

(JPY million)

	At end of Jun. 2019	At end of Jun. 2020	Diff.	YoY Change
Consulting	9,954	10,743	788	7.9%
Financial IT Solutions	128,894	143,736	14,842	11.5%
Industrial IT Solutions	83,708	76,618	(7,089)	(8.5%)
IT Platform Services	12,558	13,199	641	5.1%
<b>Total</b>	<b>235,115</b>	<b>244,297</b>	<b>9,182</b>	<b>3.9%</b>
<b>Order backlog in the current FY</b>	<b>228,872</b>	<b>235,264</b>	<b>6,391</b>	<b>2.8%</b>

## Impact of COVID-19 and earnings forecast for FY March 2021

# Order Backlog by Segment (Domestic/Overseas)

### ■ Order backlog domestically

(JPY million)

	At end of Jun. 2019	At end of Jun. 2020	Diff.	YoY Change
Consulting	9,550	10,147	597	6.3%
Financial IT Solutions	128,282	143,047	14,765	11.5%
Industrial IT Solutions	57,660	56,346	(1,313)	(2.3%)
IT Platform Services	12,558	13,199	641	5.1%
<b>Total</b>	<b>208,051</b>	<b>222,741</b>	<b>14,690</b>	<b>7.1%</b>

### ■ Order backlog of overseas subsidiaries

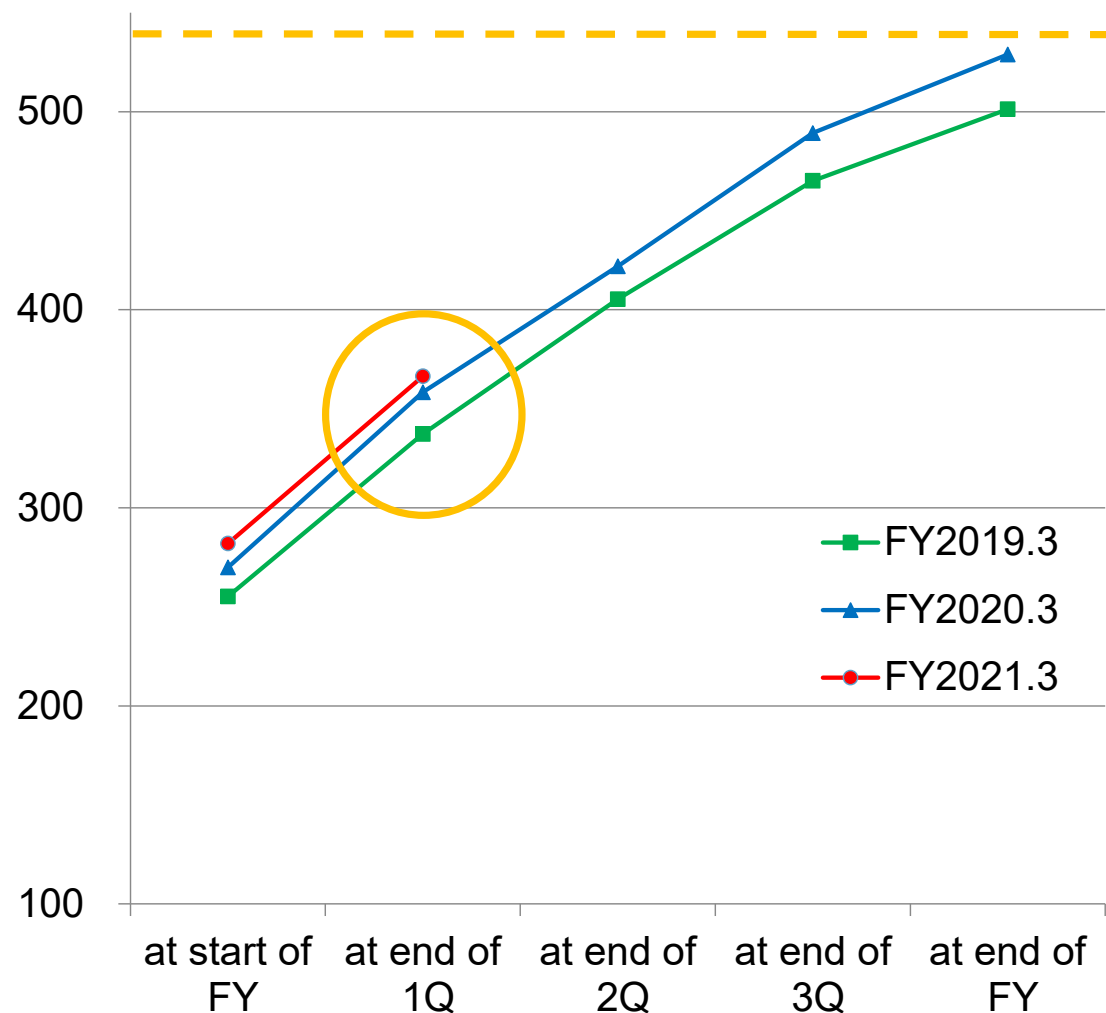
(JPY million)

	At end of Jun. 2019	At end of Jun. 2020	Diff.	YoY Change
Overseas subsidiaries	27,064	21,556	(5,507)	(20.4%)

# Impact of COVID-19 and earnings forecast for FY March 2021

## Sales + Consolidated Order Backlog

(JPY billion)



(JPY billion)

	FY Mar.2020	FY Mar.2021	YoY Change
<b>Sales<sup>*1</sup></b>	<b>528.8</b>	<b>540.0</b>	<b>+2.1%</b>
<b>Sales<sup>*2+</sup> Consolidated Order Backlog<sup>*3</sup></b>	<b>358.3</b>	<b>366.4</b>	<b>+2.2%</b>
<b>Realization rate</b>	<b>67.8%</b>	<b>67.9%</b>	<b>+0.1P</b>

(※1) FY Mar.2020: Result, FY Mar. 2021: Forecast

(※2) The figure at the end of 1Q

(※3) The figure at the end of 1Q

## Impact of COVID-19 and earnings forecast for FY March 2021

# Forecasts for FY March 2021

- There are no revisions to financial results forecasts.
- Following indicators are recalculated.

(JPY billion)

	FY Mar. 2020 (Results)	FY Mar. 2021 (Forecasts)	Diff.	YoY Change
<b>Sales</b>	<b>528.8</b>	<b>540.0</b>	<b>11.1</b>	<b>2.1%</b>
<b>Operating Profit</b>	<b>83.1</b>	<b>83.0</b>	<b>(0.1)</b>	<b>(0.2%)</b>
<b>Operating Profit Margin</b>	<b>15.7%</b>	<b>15.4%</b>	<b>(0.4P)</b>	
<b>Profit attributable to owners of parent</b>	<b>69.2</b>	<b>59.0</b>	<b>(10.2)</b>	<b>(14.8%)</b>
<b>Earnings Per Share</b>	<b>¥109.35</b>	<b>¥98.91</b>	<b>(¥10.44)</b>	
<b>Dividends Per Share</b>	<b>¥32.00</b>	<b>¥34.00</b>	<b>¥2.00</b>	
End of Q2	<b>¥15.00</b>	<b>¥17.00</b>	<b>¥2.00</b>	
Fiscal year end	<b>¥17.00</b>	<b>¥17.00</b>	<b>-</b>	
<b>Payout Ratio</b>	<b>27.9%</b>	<b>34.8%</b>	<b>6.9P</b>	

## Impact of COVID-19 and earnings forecast for FY March 2021

# Sales Forecasts by Segment for FY March 2021

- There are no revisions to financial results forecasts.

(JPY billion)

	FY Mar. 2020 (Results)	Share	FY Mar. 2021 (Forecasts)	Share	Diff.	YoY Change
Consulting	38.5	7.3%	36.0	6.7%	(2.5)	(6.7%)
Financial IT Solutions	273.5	51.7%	285.0	52.8%	11.4	4.2%
Securities	112.7	21.3%	125.0	23.1%	12.2	10.9%
Insurance	66.3	12.6%	64.0	11.9%	(2.3)	(3.6%)
Banking	51.0	9.6%	51.0	9.4%	(0.0)	(0.0%)
Other financial	43.4	8.2%	45.0	8.3%	1.5	3.7%
Industrial IT Solutions	178.4	33.7%	177.0	32.8%	(1.4)	(0.8%)
Distribution	66.7	12.6%	66.0	12.2%	(0.7)	(1.2%)
Manufacturing, service and other	111.7	21.1%	111.0	20.6%	(0.7)	(0.6%)
IT Platform Services	38.2	7.2%	42.0	7.8%	3.7	9.8%
<b>Total</b>	<b>528.8</b>	<b>100.0%</b>	<b>540.0</b>	<b>100.0%</b>	<b>11.1</b>	<b>2.1%</b>

# Impact of COVID-19 and earnings forecast for FY March 2021

## FY March 2021 Financial Results Forecasts < 1H/2H >

- We are now disclosing performance forecasts for the first and second halves in addition to the initial forecast for the year.

### 1H

(JPY billion)

	FY Mar. 2020 1H (Results)	FY Mar. 2021 1H (Forecasts)	Diff.	YoY Change
Sales	259.1	265.0	5.8	2.3%
Operating Profit	40.9	39.0	(1.9)	(4.7%)
Operating Profit Margin	15.8%	14.7%	(1.1P)	
Profit attributable to owners of parent	40.8	27.0	(13.8)	(34.0%)

### 2H

(JPY billion)

	FY Mar. 2020 2H (Results)	FY Mar. 2021 2H (Forecasts)	Diff.	YoY Change
Sales	269.7	275.0	5.2	2.0%
Operating Profit	42.2	44.0	1.7	4.1%
Operating Profit Margin	15.7%	16.0%	0.3P	
Profit attributable to owners of parent	28.3	32.0	3.6	12.7%

# Impact of COVID-19 and earnings forecast for FY March 2021

## Sales Forecasts by Segment for FY March 2021 < 1H/2H >

- We are now disclosing performance forecasts for the first and second halves in addition to the initial forecast for the year.

(JPY billion)

1H

	FY Mar. 2020 1H (Results)*	Share	FY Mar. 2021 1H (Forecasts)	Share	Diff.	YoY Change
Consulting	17.1	6.6%	15.0	5.7%	(2.1)	(12.7%)
Financial IT Solutions	135.0	52.1%	140.0	52.8%	4.9	3.6%
Securities	53.8	20.8%	61.0	23.0%	7.1	13.2%
Insurance	33.9	13.1%	30.0	11.3%	(3.9)	(11.6%)
Banking	25.1	9.7%	26.0	9.8%	0.8	3.3%
Other financial	22.1	8.5%	23.0	8.7%	0.8	4.0%
Industrial IT Solutions	89.5	34.5%	90.0	34.0%	0.4	0.5%
Distribution	34.4	13.3%	33.0	12.5%	(1.4)	(4.1%)
Manufacturing, service and other	55.1	21.3%	57.0	21.5%	1.8	3.4%
IT Platform Services	17.3	6.7%	20.0	7.5%	2.6	15.2%
<b>Total</b>	<b>259.1</b>	<b>100.0%</b>	<b>265.0</b>	<b>100.0%</b>	<b>5.8</b>	<b>2.3%</b>

(JPY billion)

2H

	FY Mar. 2020 2H (Results)*	Share	FY Mar. 2021 2H (Forecasts)	Share	Diff.	YoY Change
Consulting	21.3	7.9%	21.0	7.6%	(0.3)	(1.9%)
Financial IT Solutions	138.4	51.3%	145.0	52.7%	6.5	4.7%
Securities	58.8	21.8%	64.0	23.3%	5.1	8.7%
Insurance	32.4	12.0%	34.0	12.4%	1.5	4.8%
Banking	25.8	9.6%	25.0	9.1%	(0.8)	(3.3%)
Other financial	21.2	7.9%	22.0	8.0%	0.7	3.3%
Industrial IT Solutions	88.9	33.0%	87.0	31.6%	(1.9)	(2.2%)
Distribution	32.3	12.0%	33.0	12.0%	0.6	2.0%
Manufacturing, service and other	56.5	21.0%	54.0	19.6%	(2.5)	(4.6%)
IT Platform Services	20.8	7.7%	22.0	8.0%	1.1	5.4%
<b>Total</b>	<b>269.7</b>	<b>100.0%</b>	<b>275.0</b>	<b>100.0%</b>	<b>5.2</b>	<b>2.0%</b>

# Impact of COVID-19 and earnings forecast for FY March 2021

## Results through 1Q and Full-Year Earnings Forecast

(JPY billion)

		1Q	2Q	3Q	4Q	FY
FY March 2018	Sales	106.6	113.5	121.3	129.8	471.4
	OP	13.1	15.9	17.5	18.5	65.1
	OPM	12.3%	14.1%	14.4%	14.3%	13.8%
FY March 2019	Sales	117.7	122.6	126.6	134.1	501.2
	OP	15.3	17.7	18.3	20.0	71.4
	OPM	13.0%	14.5%	14.5%	14.9%	14.3%
FY March 2020	Sales	129.4	129.6	131.3	138.3	528.8
	OP	20.3	20.5	21.1	21.0	83.1
	OPM	15.7%	15.9%	16.1%	15.2%	15.7%
FY March 2021 (Figures for 2Q and full-year are estimates)	Sales	131.1	133.8	275.0		540.0
	OP	18.1	20.8	44.0		83.0
	OPM	13.9%	15.6%	16.0%		15.4%

Note: Figures for the 2Q of the fiscal year ending March 31, 2021 were calculated by subtracting 1Q results from forecasts for 1H.



**1**

**Financial Results for 1st Quarter FY March 2021**

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**Impact of COVID-19 and earnings forecast for FY March 2021**

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**Reference Materials**

# Order Volume < Total >

(JPY million)

	1Q FY Mar. 2020	1Q FY Mar. 2021	Diff.	YoY Change
Consulting	14,016	13,319	(697)	(5.0%)
Financial IT Solutions	41,991	47,749	5,758	13.7%
Industrial IT Solutions	28,939	23,360	(5,579)	(19.3%)
IT Platform Services	5,990	5,243	(746)	(12.5%)
<b>Total</b>	<b>90,938</b>	<b>89,673</b>	<b>(1,265)</b>	<b>(1.4%)</b>

# Order Volume < Total > (Domestic/Overseas)

## ■ Order volume domestically

(JPY million)

	1Q FY Mar. 2020	1Q FY Mar. 2021	Diff.	YoY Change
Consulting	13,009	12,417	(592)	(4.6%)
Financial IT Solutions	40,817	46,549	5,731	14.0%
Industrial IT Solutions	23,101	23,978	876	3.8%
IT Platform Services	5,946	5,176	(769)	(12.9%)
<b>Total</b>	<b>82,874</b>	<b>88,120</b>	<b>5,246</b>	<b>6.3%</b>

## ■ Order volume of overseas subsidiaries

(JPY million)

	1Q FY Mar. 2020	1Q FY Mar. 2021	Diff.	YoY Change
Overseas subsidiaries	8,063	1,552	(6,511)	(80.7%)

# DX-related sales

## ■ Main DX-related business in 1Q FY March 2021

- Expanding finance business platforms (accommodating entry into other industries, etc.)
- Business model transformation focused on E-commerce business (inventory control, optimized shipping, etc.)
- Business continuity initiatives such as telecommuting (digital workplace business)
- Enhancing intranet infrastructure, etc. (information security business)

### DX-related index

	1Q FY Mar. 2021	YoY Change
<b>DX-related sales</b>	<b>77.9 billion yen</b>	<b>5.7%</b>
<b>Ratio of DX-related sales</b>	<b>59%</b>	<b>+2P</b>

## Reference Materials

# Sales Forecasts by Service for FY March 2021

- There are no revisions to financial results forecasts.

(JPY billion)

	FY Mar. 2020 (Results)	FY Mar. 2021 (Forecasts)	Diff.	YoY Change
Consulting Services	96.8	96.0	(0.8)	(0.9%)
System Development & System Application Sales	161.7	168.0	6.2	3.9%
System Management & Operation Services	251.9	258.0	6.0	2.4%
Product Sales	18.3	18.0	(0.3)	(2.2%)
<b>Total</b>	<b>528.8</b>	<b>540.0</b>	<b>11.1</b>	<b>2.1%</b>

## Reference Materials

# Sales Forecasts by Service for FY March 2021 < 1H/2H >

- We are now disclosing performance forecasts for the first and second halves in addition to the initial forecast for the year.

(JPY billion)

■ 1H

	FY Mar. 2020 1H (Results)	FY Mar. 2021 1H (Forecasts)	Diff.	YoY Change
Consulting Services	46.1	43.0	(3.1)	(6.8%)
System Development & System Application Sales	79.8	84.0	4.1	5.1%
System Management & Operation Services	123.8	128.0	4.1	3.4%
Product Sales	9.2	10.0	0.7	7.9%
<b>Total</b>	<b>259.1</b>	<b>265.0</b>	<b>5.8</b>	<b>2.3%</b>

(JPY billion)

■ 2H

	FY Mar. 2020 2H (Results)	FY Mar. 2021 2H (Forecasts)	Diff.	YoY Change
Consulting Services	50.7	53.0	2.2	4.5%
System Development & System Application Sales	81.8	84.0	2.1	2.7%
System Management & Operation Services	128.0	130.0	1.9	1.5%
Product Sales	9.1	8.0	(1.1)	(12.4%)
<b>Total</b>	<b>269.7</b>	<b>275.0</b>	<b>5.2</b>	<b>2.0%</b>

## CAPEX, R&D and Depreciation Forecasts for FY March 2021

■ There are no revisions to financial results forecasts.

### ■ Capital Expenditure, R&D

(JPY billion)

	FY Mar. 2020 (Results)	FY Mar. 2021 (Forecasts)	Diff.	YoY Change
<b>Capital Expenditure</b>	<b>28.4</b>	<b>38.0</b>	<b>9.5</b>	<b>33.3%</b>
Tangible	6.6	13.0	6.3	94.5%
Intangible	21.8	25.0	3.1	14.6%
<b>R&amp;D</b>	<b>4.3</b>	<b>4.0</b>	<b>(0.3)</b>	<b>(7.2%)</b>

### ■ Depreciation and Amortization

(JPY billion)

	FY Mar. 2020 (Results)	FY Mar. 2021 (Forecasts)	Diff.	YoY Change
<b>Total</b>	<b>30.4</b>	<b>33.0</b>	<b>2.5</b>	<b>8.5%</b>

## Reference Materials

# Forecasts for FY March 2021 < Consolidated Earnings Model >

### ■ FY March 2021 Consolidated Earnings Model

- Sales of JPY540.0 billion and Operating profit of JPY83.0 billion

(JPY billion)

	FY Mar. 2019 (Results)	FY Mar. 2020 (Results)	FY Mar. 2021 (Forecasts)*	YoY	
				Diff.	Change
<b>Sales</b>	<b>501.2</b>	<b>528.8</b>	<b>540.0</b>	<b>11.1</b>	<b>2.1%</b>
<b>Cost of Sales</b>	<b>336.5</b>	<b>348.0</b>	<b>359.0</b>	<b>10.9</b>	<b>3.2%</b>
<b>Personnel</b>	<b>111.1</b>	<b>111.2</b>	<b>113.0</b>	<b>1.7</b>	<b>1.5%</b>
<b>Subcontracting Costs</b>	<b>150.6</b>	<b>161.3</b>	<b>164.0</b>	<b>2.6</b>	<b>1.7%</b>
<b>Depreciation</b>	<b>28.7</b>	<b>28.3</b>	<b>31.0</b>	<b>2.6</b>	<b>9.2%</b>
<b>Gross Profit</b>	<b>1,647</b>	<b>180.8</b>	<b>181.0</b>	<b>0.1</b>	<b>0.1%</b>
<b>Gross Profit Margin</b>	<b>32.9%</b>	<b>34.2%</b>	<b>33.5%</b>	<b>(0.7P)</b>	
<b>SG&amp;A</b>	<b>93.2</b>	<b>97.6</b>	<b>98.0</b>	<b>0.3</b>	<b>0.3%</b>
<b>Operating Profit</b>	<b>71.4</b>	<b>83.1</b>	<b>83.0</b>	<b>(0.1)</b>	<b>(0.2%)</b>
<b>Operating Profit Margin</b>	<b>14.3%</b>	<b>15.7%</b>	<b>15.4%</b>	<b>(0.4P)</b>	

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

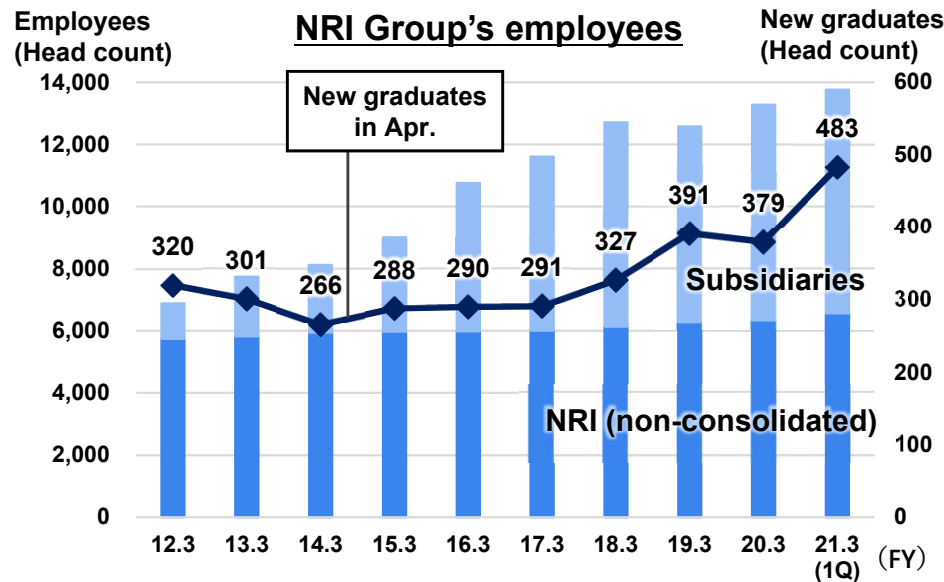


# NRI's employees + Partners (in Japan & China)

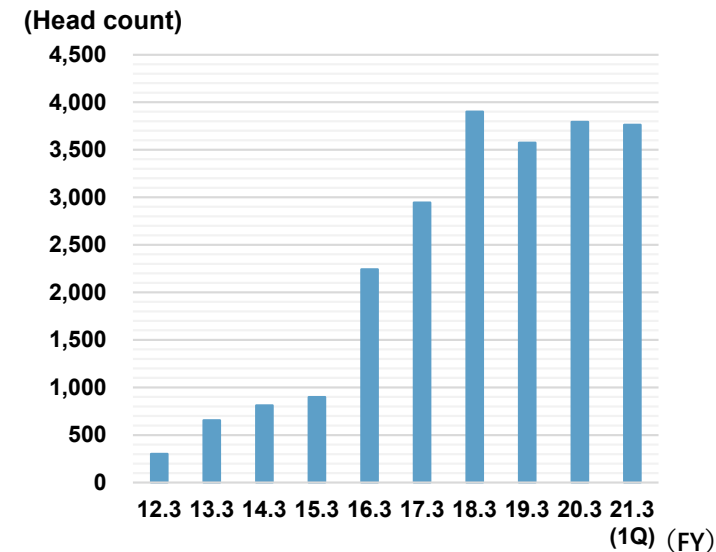
## ■ NRI Group-s employees

**Personnel:**  
**13,761\***

- Management Consultants
- Systems Consultants
- Application Engineers
- Technical Engineers, etc.



## Employees at overseas bases



## ■ Subcontractors

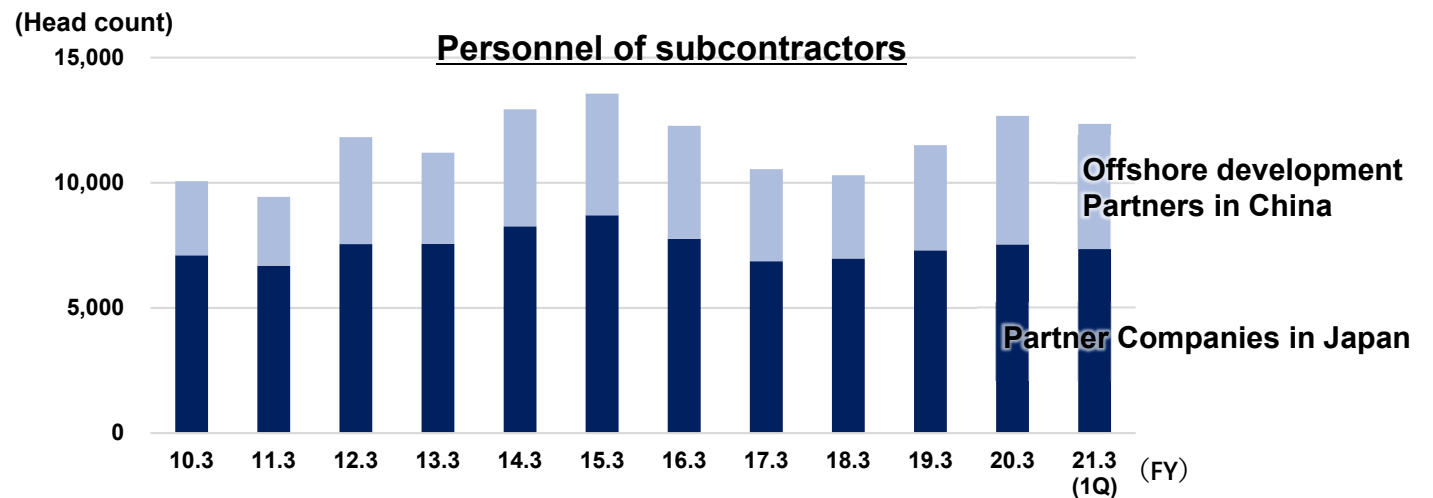
### ■ Offshore development Partners in China

20 partners in 20 regions

**Personnel: Approx. 5,000**

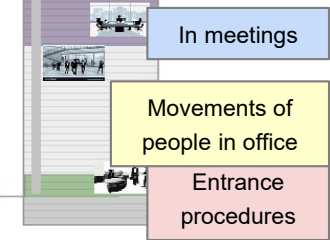
### ■ Partner Companies in Japan

**Personnel: Approx. 7,500**



# Reference materials

## Digital solutions to combat COVID-19



### Entrance procedures: Thermal cameras

Installing thermal cameras at entrances to conduct primary body temperature checks and identify anyone with a fever.

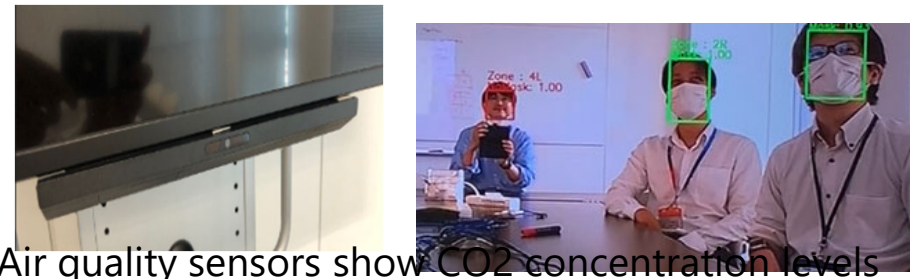
Body temperature detection with thermal cameras



### During meetings: AI cameras & air quality sensors

In meeting rooms, AI cameras prevent close contact situations by producing notifications when people are too close to each other or have not put on their mask. Air quality sensors show the concentration level of CO2 in the room and produce messages that encourage ventilation to keep air flow from stagnating.

AI camera in meeting room, and mask wearer detection



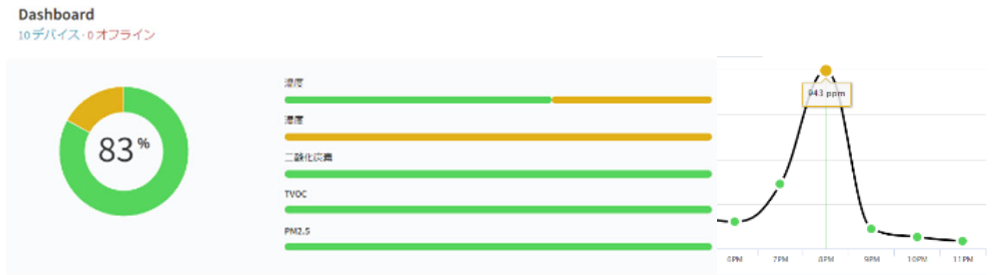
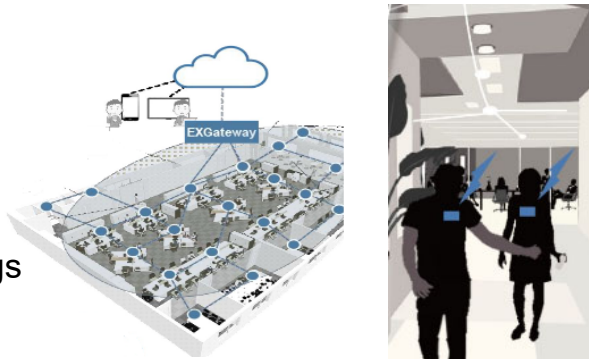
Air quality sensors show CO2 concentration levels



### Movements of people in the office: Bluetooth tags

Bluetooth tags assigned to visitors and beacons installed on each floor make it possible to track movements of people in the office and know who they have come into contact with.

Illustration of a network of beacons on a floor and transmissions from BLE tags



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.

The text is framed by two decorative swooshes. The top swoosh is a gradient bar transitioning from blue on the left to red on the right. The bottom swoosh is a solid blue bar.

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