

# Financial Results Presentation

Financial Results for 2<sup>nd</sup> Quarter FY March 2015

October 24, 2014

**Nomura Research Institute, Ltd.**

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President & CEO



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**1. Financial Results for 2<sup>nd</sup> Quarter FY March 2015**

**2. Priority Measures for Medium to Long-term Growth**

# Highlights of Consolidated Financial Results <1H>

(JPY million)				
	1H FY Mar. 2014 (Apr.-Sep.)	1H FY Mar. 2015 (Apr.-Sep.)	Diff.	YoY Change
Sales	182,557	197,346	+14,789	+8.1%
Operating Profit	23,776	22,126	(1,650)	(6.9%)
Operating Profit Margin	13.0%	11.2%	(1.8P)	
Net Income	16,291	23,406	+7,114	+43.7%
Earnings per share	¥82.22	¥117.25	+¥35.03	
Dividends per share	¥26.00	¥30.00	+¥4.00	

# Highlights of Consolidated Financial Results <1H>

## ■ Comparison to forecasts

(JPY billion)

	1H FY Mar. 2015 (Forecast)*	1H FY Mar. 2015 (Result)	Comparison to forecasts	
Sales	195.0	197.3	+2.3	+1.2%
Operating Profit	22.0	22.1	+0.1	+0.6%
Net Income	24.0	23.4	(0.5)	(2.5%)

\* Forecasts were announced on July 25, 2014

# Key Factors in Financial Results for 1H FY March 2015

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- **Sales rose significantly; inquiries from clients remained at high levels**

- Sales were up significantly in Consulting, Financial IT Solutions and Industrial IT Solutions.
- Backlog of orders whose sales will be posted this fiscal year was also solid (up 5.2% year-on-year).

- **Operating profit improved at steady pace, on course to meet full-year forecasts**

- Profit margin was low in 1Q (8.2%) due to some unprofitable projects, but it was high in Q2 (14.1%).
- Operating profit rose 9.4% due to favorable business environment.

- **Net income up substantially due to extraordinary income**

- Negative goodwill from Daiko Clearing Services was posted in 1Q (¥1.7 billion in extraordinary income).
- Sales gains on investment securities were posted in 2Q (¥9.3 billion in extraordinary income).

# Sales by Segment <1H>

(JPY million)

	1H FY Mar.2014 (Apr.-Sep.)	Share	1H FY Mar.2015 (Apr.-Sep.)	Share	Diff.	YoY Change
<b>Consulting</b>	<b>11,608</b>	<b>6.4%</b>	<b>12,607</b>	<b>6.4%</b>	<b>+999</b>	<b>+8.6%</b>
<b>Financial IT Solutions</b>	<b>106,520</b>	<b>58.3%</b>	<b>114,982</b>	<b>58.3%</b>	<b>+8,461</b>	<b>+7.9%</b>
Securities	54,118	29.6%	57,692	29.2%	+3,573	+6.6%
Insurance	23,748	13.0%	26,012	13.2%	+2,264	+9.5%
Banking	14,395	7.9%	17,117	8.7%	+2,722	+18.9%
Other financial	14,258	7.8%	14,160	7.2%	(98)	(0.7%)
<b>Industrial IT Solutions</b>	<b>41,820</b>	<b>22.9%</b>	<b>47,204</b>	<b>23.9%</b>	<b>+5,383</b>	<b>+12.9%</b>
Distribution	21,190	11.6%	22,854	11.6%	+1,663	+7.8%
Manufacturing, service and other	20,629	11.3%	24,349	12.3%	+3,720	+18.0%
<b>IT Platform Services</b>	<b>17,865</b>	<b>9.8%</b>	<b>17,002</b>	<b>8.6%</b>	<b>(862)</b>	<b>(4.8%)</b>
<b>Others</b>	<b>4,742</b>	<b>2.6%</b>	<b>5,549</b>	<b>2.8%</b>	<b>+807</b>	<b>+17.0%</b>
<b>Total</b>	<b>182,557</b>	<b>100.0%</b>	<b>197,346</b>	<b>100.0%</b>	<b>+14,789</b>	<b>+8.1%</b>
<b>Nomura Holdings</b>	<b>42,533</b>	<b>23.3%</b>	<b>40,827</b>	<b>20.7%</b>	<b>(1,706)</b>	<b>(4.0%)</b>
<b>Seven &amp; i Holdings</b>	<b>19,493</b>	<b>10.7%</b>	<b>20,170</b>	<b>10.2%</b>	<b>+676</b>	<b>+3.5%</b>

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

# Segment performance results <1H>

■ Including Inter-segment sales for each segment

(JPY million)

		1H FY Mar.2014 (Apr.-Sep.)	1H FY Mar.2015 (Apr.-Sep.)	Diff.	YoY Change
<b>Consulting</b>	<b>Sales</b>	<b>11,708</b>	<b>12,798</b>	<b>+1,090</b>	<b>+9.3%</b>
	<b>OP</b>	<b>1,853</b>	<b>2,588</b>	<b>+734</b>	<b>+39.6%</b>
	<b>OPM</b>	<b>15.8%</b>	<b>20.2%</b>	<b>+4.4P</b>	
<b>Financial IT Solutions</b>	<b>Sales</b>	<b>106,589</b>	<b>115,160</b>	<b>+8,570</b>	<b>+8.0%</b>
	<b>OP</b>	<b>13,442</b>	<b>7,804</b>	<b>(5,638)</b>	<b>(41.9%)</b>
	<b>OPM</b>	<b>12.6%</b>	<b>6.8%</b>	<b>(5.8P)</b>	
<b>Industrial IT Solutions</b>	<b>Sales</b>	<b>41,846</b>	<b>47,314</b>	<b>+5,467</b>	<b>+13.1%</b>
	<b>OP</b>	<b>3,521</b>	<b>6,337</b>	<b>+2,816</b>	<b>+80.0%</b>
	<b>OPM</b>	<b>8.4%</b>	<b>13.4%</b>	<b>+5.0P</b>	
<b>IT Platform Services</b>	<b>Sales</b>	<b>54,631</b>	<b>56,246</b>	<b>+1,614</b>	<b>+3.0%</b>
	<b>OP</b>	<b>3,950</b>	<b>3,645</b>	<b>(305)</b>	<b>(7.7%)</b>
	<b>OPM</b>	<b>7.2%</b>	<b>6.5%</b>	<b>(0.8P)</b>	

## Sales by Service <1H>

(JPY million)

	1H FY Mar.2014 (Apr.-Sep.)	Share	1H FY Mar.2015 (Apr.-Sep.)	Share	Diff.	YoY Change
Consulting Services	19,174	10.5%	21,301	10.8%	+2,127	+11.1%
System Development & System Application Sales	66,032	36.2%	67,397	34.2%	+1,365	+2.1%
System Management & Operation Services	91,238	50.0%	100,706	51.0%	+9,467	+10.4%
Product Sales	6,111	3.3%	7,940	4.0%	+1,828	+29.9%
Total	182,557	100.0%	197,346	100.0%	+14,789	+8.1%



## P/L Highlight <1H>

	(JPY million)			
	1H FY Mar.2014 (Apr.-Sep.)	1H FY Mar.2015 (Apr.-Sep.)	Diff.	YoY Change
<b>Sales</b>	<b>182,557</b>	<b>197,346</b>	<b>+14,789</b>	<b>+8.1%</b>
<b>Cost of Sales</b>	<b>129,567</b>	<b>143,398</b>	<b>+13,831</b>	<b>+10.7%</b>
<b>Subcontracting Costs</b>	<b>60,628</b>	<b>71,245</b>	<b>+10,617</b>	<b>+17.5%</b>
<b>Gross Profit</b>	<b>52,989</b>	<b>53,947</b>	<b>+958</b>	<b>+1.8%</b>
<b>Gross Profit Margin</b>	<b>29.0%</b>	<b>27.3%</b>	<b>(1.7P)</b>	
<b>SG&amp;A</b>	<b>29,212</b>	<b>31,821</b>	<b>+2,608</b>	<b>+8.9%</b>
<b>Operating Profit</b>	<b>23,776</b>	<b>22,126</b>	<b>(1,650)</b>	<b>(6.9%)</b>
<b>Operating Profit Margin</b>	<b>13.0%</b>	<b>11.2%</b>	<b>(1.8P)</b>	

## P/L Highlight <1H> continued

	(JPY million)			
	1H FY Mar.2014 (Apr.-Sep.)	1H FY Mar.2015 (Apr.-Sep.)	Diff.	YoY Change
<b>Operating Profit</b>	<b>23,776</b>	<b>22,126</b>	<b>(1,650)</b>	<b>(6.9%)</b>
<b>Non-operating income and loss</b>	<b>2,060</b>	<b>930</b>	<b>(1,130)</b>	
Dividend Income	1,227	780	(447)	
Equity in earnings of affiliates	706	14	(692)	
<b>Extraordinary income and loss</b>	<b>326</b>	<b>10,978</b>	<b>+10,651</b>	
Gain on negative goodwill (Net)	—	1,710	+1,710	
Gain on sales of investment securities	46	9,379	+9,332	
<b>Income taxes etc.</b>	<b>9,877</b>	<b>10,670</b>	<b>+792</b>	
<b>Net Income</b>	<b>16,291</b>	<b>23,406</b>	<b>+7,114</b>	<b>+43.7%</b>

# Order Backlog (Outstanding)

(JPY million)

	At end of Sep. 2013	At end of Sep. 2014	Diff.	YoY Change
Consulting	7,052	7,356	+303	+4.3%
Financial IT Solutions	83,352	88,345	+4,992	+6.0%
Industrial IT Solutions	29,192	31,535	+2,342	+8.0%
IT Platform Services	19,009	11,679	(7,330)	(38.6%)
Other	2,494	2,447	(47)	(1.9%)
<b>Total</b>	<b>141,102</b>	<b>141,363</b>	<b>+261</b>	<b>+0.2%</b>
<b>Order backlog in the current FY</b>	<b>128,373</b>	<b>135,026</b>	<b>+6,652</b>	<b>+5.2%</b>

# Results through 2Q and Full-Year Earnings Forecast

## ■ No changes to full-year forecasts of sales and operating profit

(JPY billion)

		1Q	2Q	3Q	4Q	FY
FY March 2012	Sales	78.4	83.0	82.8	91.1	335.5
	OP	8.6	11.4	10.5	12.5	43.1
	OPM	11.0%	13.8%	12.7%	13.7%	12.9%
FY March 2013	Sales	84.4	89.9	86.0	103.5	363.8
	OP	8.2	12.2	10.7	12.7	43.9
	OPM	9.8%	13.6%	12.5%	12.3%	12.1%
FY March 2014	Sales	88.2	94.3	96.9	106.4	385.9
	OP	10.8	12.9	12.2	13.7	49.8
	OPM	12.2%	13.8%	12.7%	12.9%	12.9%
FY March 2015 (Figures for 2H and full-year are estimates)	Sales	96.6	100.6	202.6		400.0
	OP	7.9	14.1	30.8		53.0
	OPM	8.2%	14.1%	15.2%		13.3%

Note: Figures for 2H of the fiscal year ending March 31, 2015 were calculated by subtracting 1H results from full-year forecasts for FY March 2015.

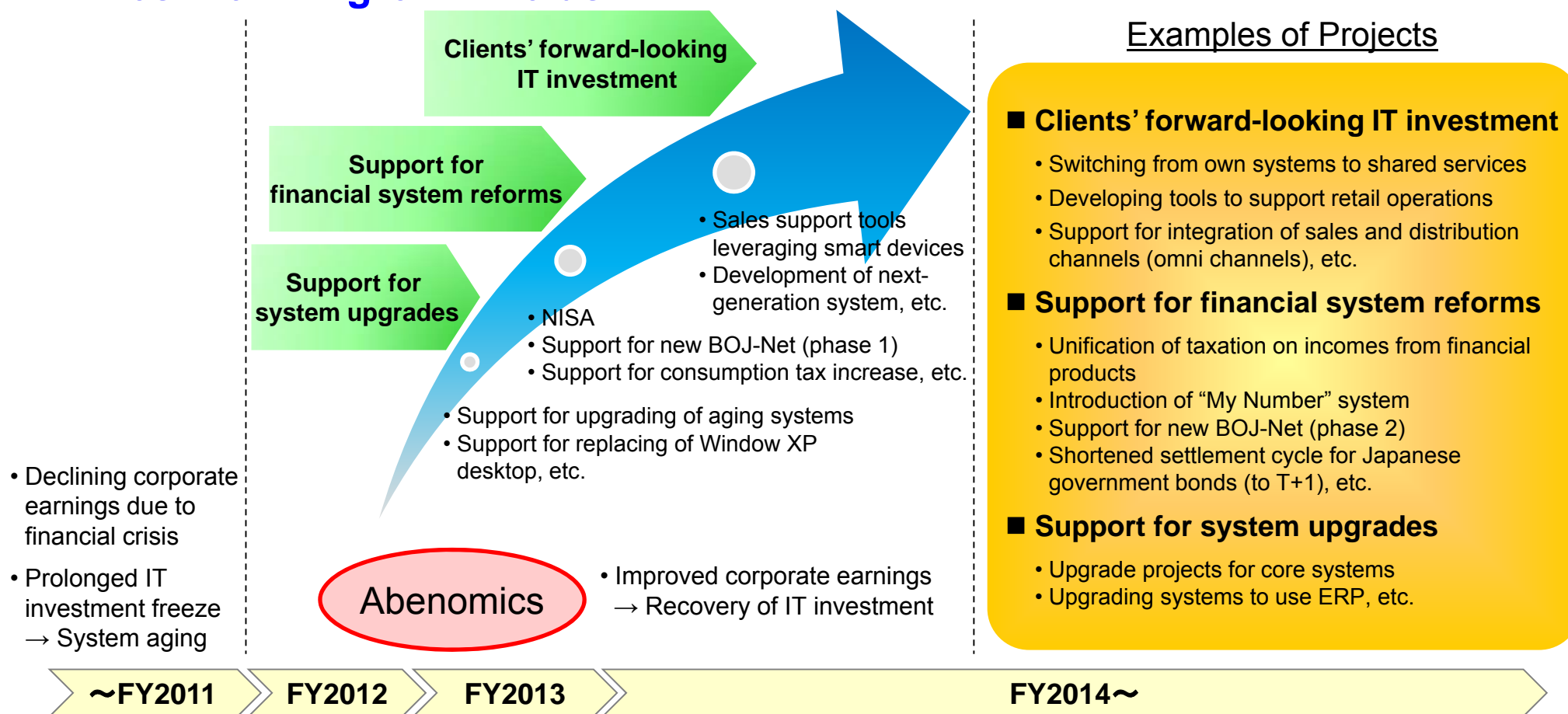
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**1. Financial Results for 2<sup>nd</sup> Quarter FY March 2015**

**2. Priority Measures for Medium to Long-term Growth**

# Current External Environment

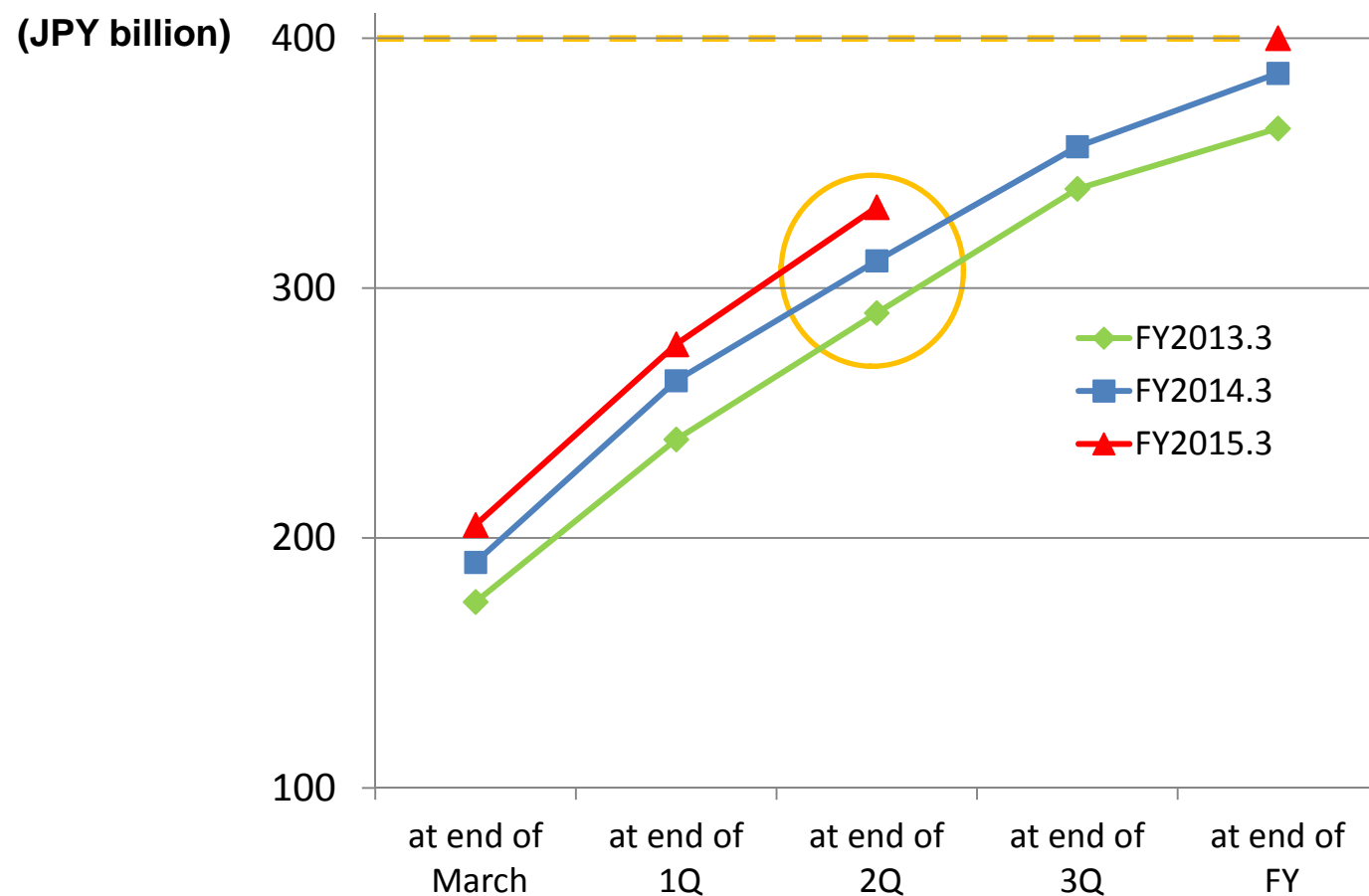
- **Corporate IT investment remains solid, driven by replacement of aging systems, adoptions to financial system reforms, and recovery of IT investment in growth fields**



# Sales + Consolidated Order Backlog

## ➤ Order backlog remains healthy








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



# Current Business Conditions

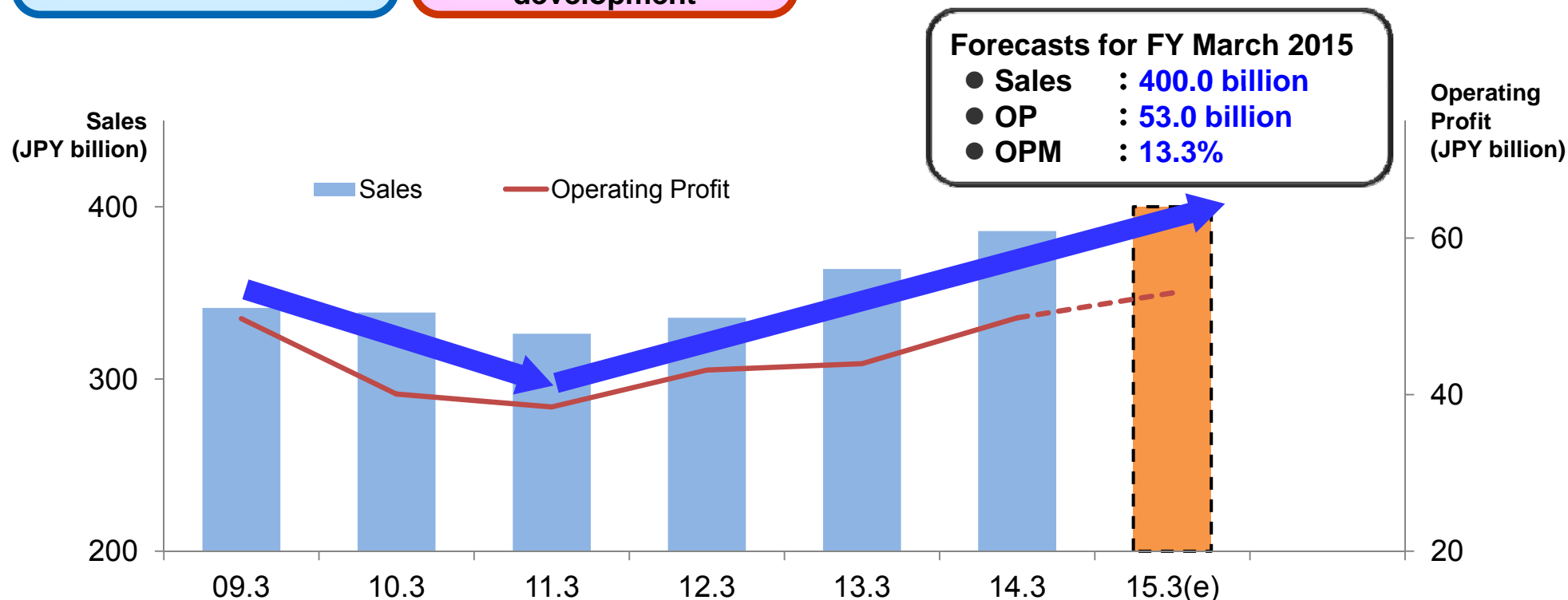
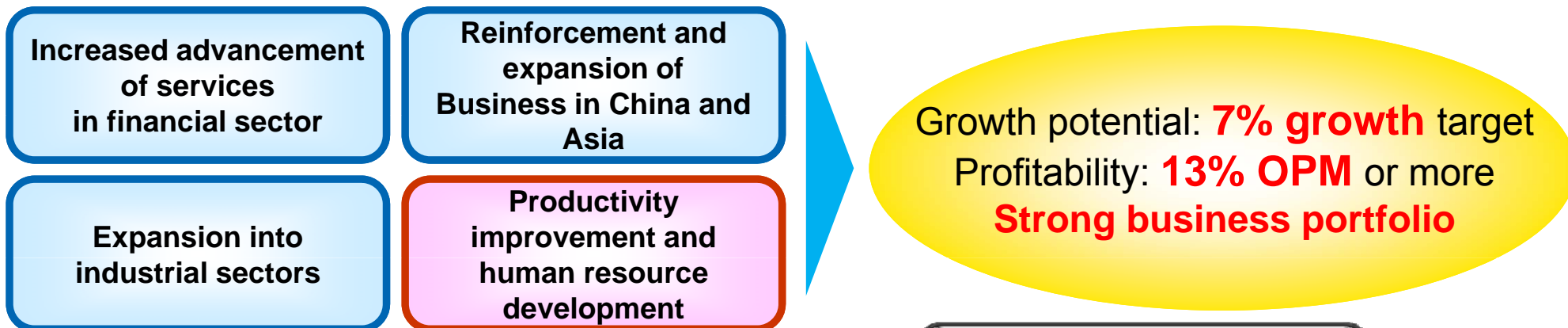
- **Aiming to secure large-scale projects, acquire new customers, and expand business with existing customers**

## Initiatives in Fiscal March 2015

<b>Consulting</b>		<ul style="list-style-type: none"> <li>• Operations consulting, public sector projects, operation x IT consulting, support IT department restructuring, and global projects, etc.</li> </ul>
<b>Financial IT Solutions</b>		
<b>Securities</b>		<ul style="list-style-type: none"> <li>• Upgrade IT systems at Nomura Securities in Japan, and further strengthen relations</li> <li>• Expand features of STAR-IV and other shared services, and acquire new clients</li> <li>• Strengthen and promote securities BPO business</li> <li>• Assist clients in addressing financial system reforms (“My Number” system, and unified taxation on income from financial products (public and corporate bonds))</li> </ul>
<b>Insurance</b>		<ul style="list-style-type: none"> <li>• Make certain to capitalize on large projects for existing clients</li> <li>• Expand business of life and non-life insurance companies</li> <li>• Assist clients in addressing financial system reforms (“My Number” system)</li> </ul>
<b>Banking</b>		<ul style="list-style-type: none"> <li>• Encourage mega-banks to introduce Bestway/JJ</li> <li>• Expand sales for Value Direct</li> <li>• Assist clients in addressing financial system reforms (“My Number” system, and unified taxation on income from financial products (public and corporate bonds))</li> </ul>
<b>Other financial</b>		<ul style="list-style-type: none"> <li>• Expand features and sales of shared services</li> <li>• Expand investment management BPO business</li> </ul>
<b>Industrial IT Solutions</b>		
<b>Distribution</b>		<ul style="list-style-type: none"> <li>• Expand scale of business with major clients and support their overseas business development</li> </ul>
<b>Manufacturing, service and other</b>		<ul style="list-style-type: none"> <li>• Cooperation between consulting and systems to develop new clients and further cultivate existing clients</li> <li>• Strengthen package solutions, promote global projects, and strengthen area marketing</li> </ul>



# Long-Term Vision: “Vision 2015”



# Strategies Emphasized in Current Fiscal Year

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## ■ Consulting

- Expanding Orders for Consulting Projects

## ■ Financial IT Solutions

- Upgrade IT systems of Nomura Securities in Japan
- Business Expansion in Banking Sector
- Expansion of BPO Business
- Support for “My Number” System

## ■ Industrial IT Solutions

- Business Expansion in Industrial Sector: Clients on a larger scale

# Expanding Orders for Consulting Projects

## ➤ Increase in orders from both private and public sectors

- Growth in orders from private sector in a broad array of industries and themes; in public sector, execution support projects were solid.

## ➤ Solid orders in overseas fields

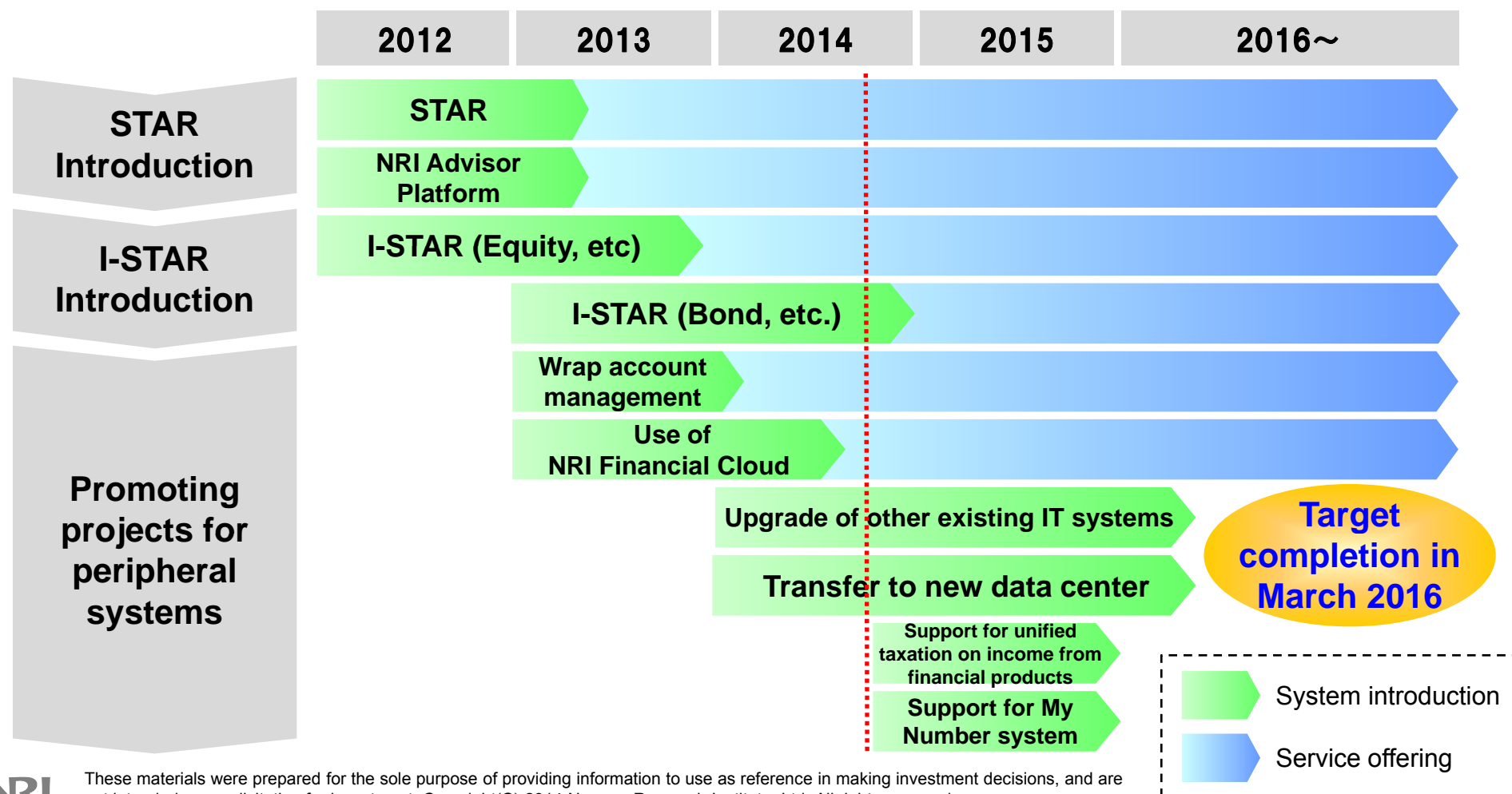
- Increase in projects for support for Japanese companies' expansion overseas (particularly in Asia)
- Large-scale projects from local clients in China now that political problems have eased

Category	Examples of consulting themes and projects
Private Sector (in Japan)	<ul style="list-style-type: none"> <li>• Operation process reforms related to system rebuilding (major services company)</li> <li>• Redevelopment of marketing line functions (mid-sized manufacturer)</li> <li>• Reorganization within group (major services company)</li> </ul>
Public Sector	<ul style="list-style-type: none"> <li>• Support for policy dialogue and seminar administration to resolve issues in emerging economies (Ministry of Economy, Trade and Industry)</li> <li>• Management of secretariat for overseas development model business for broadcast content (Ministry of Internal Affairs and Communication)</li> <li>• Reforms to head office operations of business branches (financial organization)</li> </ul>
Outside Japan	<ul style="list-style-type: none"> <li>• Support for affiliation negotiations with companies in emerging markets (India) (major services company)</li> <li>• Support for business capital tie-up in North America (major manufacturer)</li> <li>• Support for business development in emerging markets (ASEAN) (major services company)</li> <li>• Expansion strategy in global city (local Chinese government)</li> </ul>

# Upgrade IT systems of Nomura Securities in Japan

## ➤ Steady progress toward project completion in March 2016

- Currently promoting I-STAR introduction and projects for peripheral systems



## Business Expansion in Banking Sector

- **NRI aims to expand business fields in the banking sector by expanding sales of shared-online services and steadily pursuing projects to help companies adapt to financial system reforms.**
  - **Bestway:** Upgrading projects from major banks, support in adapting to **system of unified taxation on income from financial products**
  - **Value Direct:** Steadily pursue ongoing projects until they have gone live.

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

**Bestway**

In use at **109** institutions\*  
(Major banks, trust banks, regional banks,  
second-tier regional banks, etc.)

Internet Banking System

**Value Direct**

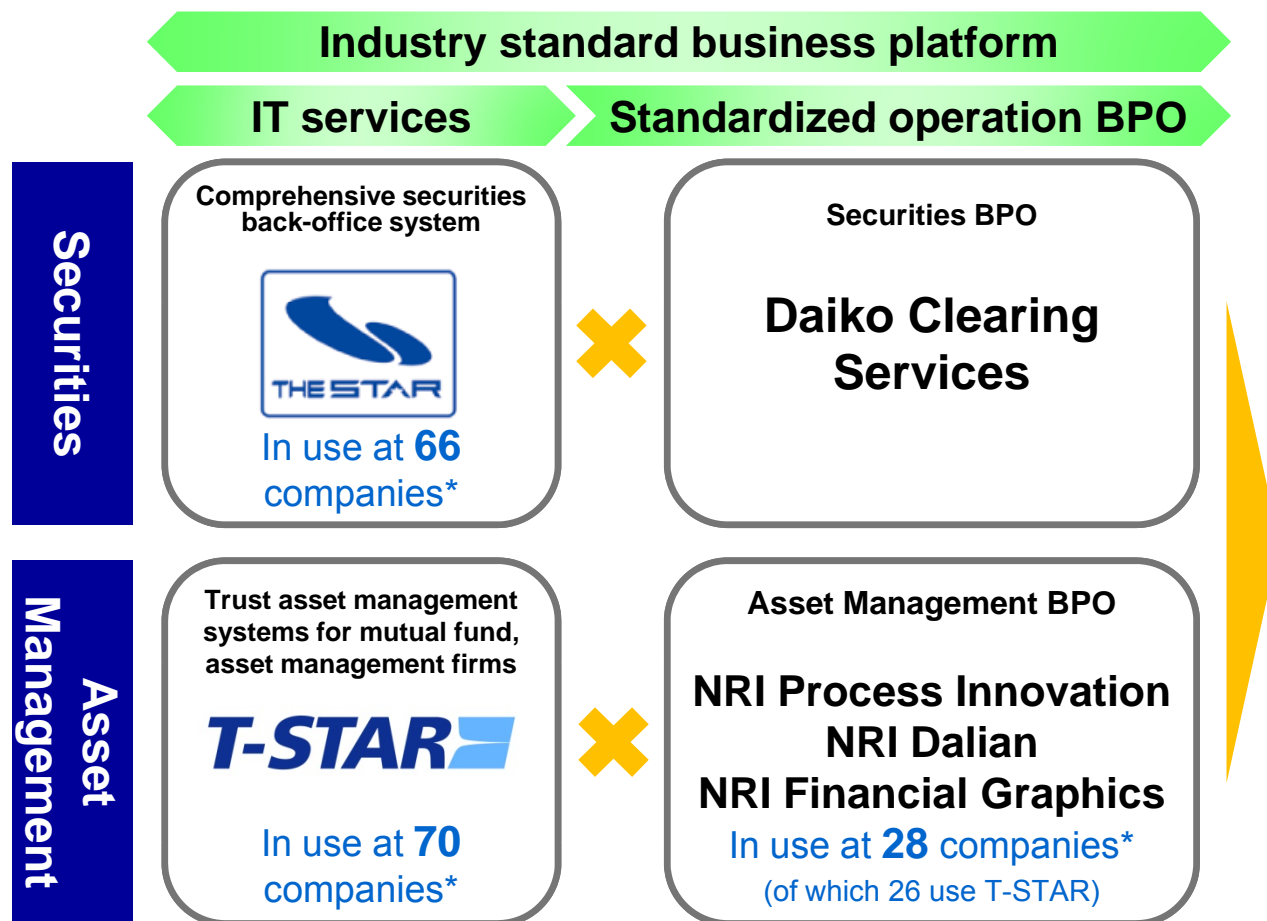
Decision to adopt at **13** banks\*  
(In operation at 12 banks)

**Kagoshima Bank**

Service offered from May 2014

## Expansion of BPO Business

- Expand “industry standard business platform” business, taking advantage of the move toward standardization of business operations and synergies with IT services



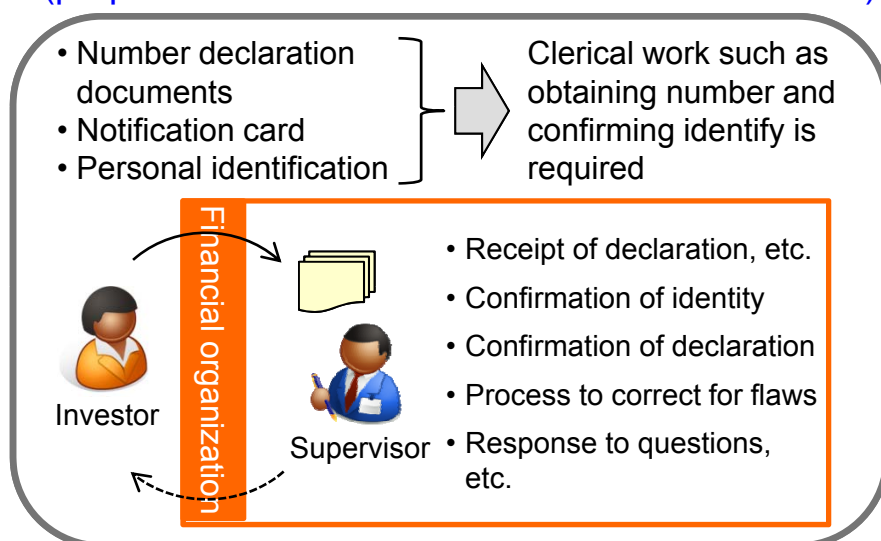
### Clients' business supported by IT and BPO

- **“My Number” system**
- Support in complying with financial system changes
  - Unified taxation of income from financial products
  - Laws related to investment trusts and investment corporations, etc.
- Move toward standardization of clients' business operations

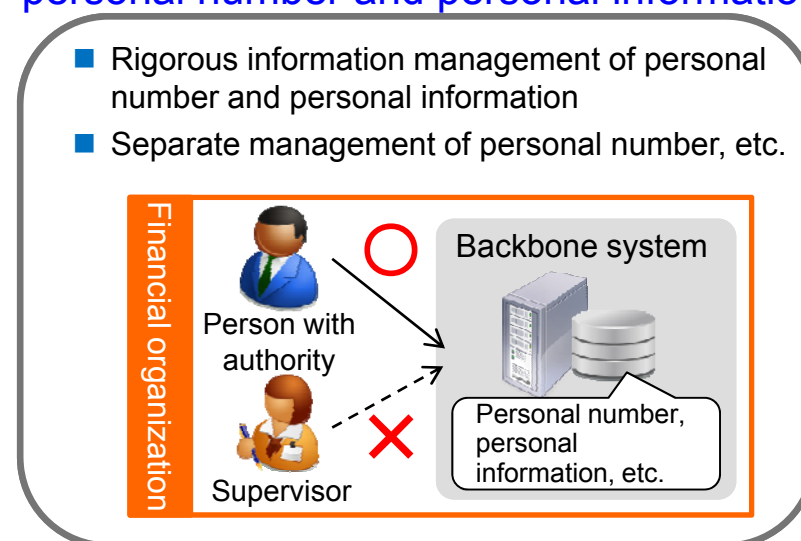
# Support for “My Number” System

## ➤ Major impact on business companies, with particularly large burden for financial organizations

### ① Massive amount of clerical work (proportional to number of accounts and contracts)



### ② Strict management of information such as personal number and personal information



## ➡ Framework providing important social infrastructure offered as IT service X BPO service

	2014	2015	2016~
<b>Milestones in My Number system</b>	▼Law officially announced by competent ministry ▼Guidelines published	▼Number cards distributed	▼System goes into effect
<b>NRI schedule for service launch</b>	System trends survey, review and plans for service launch	System development	Service launch

## Business Expansion in Industrial Sector: Clients on a larger scale

### ➤ Aspiring to increase scale of client work, particularly activities focused on seven specific clients

- Earning trust from clients, leading to business at a deeper level

#### Deepening relationship with three major clients

- Strengthen relationship further so that NRI handles a growing number of areas for clients

#### Larger scale of work for seven specific clients

- Create large-scale clients, following on the back of three major clients
  - Develop relationships with clients and create projects through Consulting and IT
  - Support for structural reform in IT sector
  - Capital affiliations (major/minor capital investments)
  - Support for overseas expansion, etc.



Total sales for 7 clients  
**15% growth** (Year on Year)

#### Expansion of ERP Business

- Reinforcement of proposal-based activities for ERP solutions and system reinforcement
- Accumulation of know-how on system development utilizing ERP



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*This document contains statements that constitute forward-looking statements. These statements include descriptions regarding the intent, belief or current expectations of the Company or its officers with respect to the consolidated results of operations and financial condition of the Company.*

*Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those in the forward-looking statements as a result of various factors.*

*The Company does not undertake to revise forward-looking statements to reflect future events or circumstances.*

*Figures given in the reference data related to the financial results forecasts are figures which are only intended to convey the Company's current circumstances and outlook. The Company does not undertake to revise the forecasts to reflect new information or circumstances.*

# References

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- 1. Other Financial Result-related Data**
- 2. Recent Activities (excerpts from articles in magazines, newspapers, etc.)**
- 3. Example of Projects**
- 4. Others**

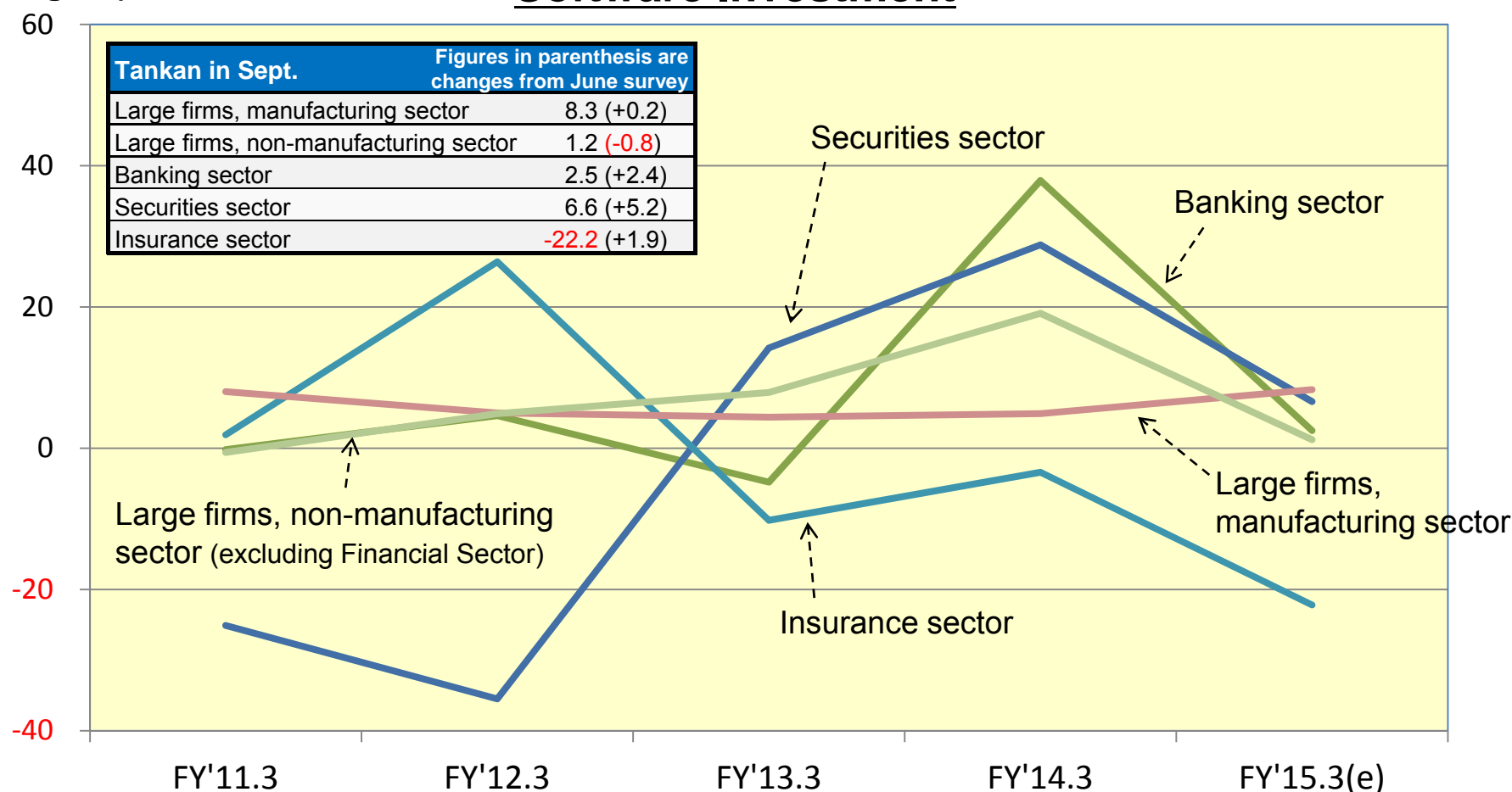
## 1. Other Financial Result-related Data

# Assessing Business Environment (BOJ Tankan Survey)

- **Corporate software investment has been solid at high levels on par with previous fiscal year**

(YoY change %)

## Software Investment



# 1. Other Financial Result-related Data

## Highlights of Consolidated Financial Results <2Q>

(JPY million)				
	2Q FY Mar. 2014 (Jul.-Sep.)	2Q FY Mar. 2015 (Jul.-Sep.)	Diff.	YoY Change
Sales	94,306	100,688	+6,382	+6.8%
Operating Profit	12,972	14,187	+1,214	+9.4%
Operating Profit Margin	13.8%	14.1%	+0.3P	
Net Income	8,301	15,970	+7,669	+92.4%
Earnings per share	¥41.82	¥79.93	+¥38.11	

## 1. Other Financial Result-related Data

### Sales by Segment <2Q>

(JPY million)

	2Q FY Mar.2014 (Jul.-Sep.)	Share	2Q FY Mar.2015 (Jul.-Sep.)	Share	Diff.	YoY Change
Consulting	6,579	7.0%	6,942	6.9%	+362	+5.5%
Financial IT Solutions	54,756	58.1%	58,428	58.0%	+3,671	+6.7%
Securities	27,266	28.9%	28,623	28.4%	+1,357	+5.0%
Insurance	12,591	13.4%	14,035	13.9%	+1,444	+11.5%
Banking	7,681	8.1%	8,472	8.4%	+791	+10.3%
Other financial	7,217	7.7%	7,296	7.2%	+78	+1.1%
Industrial IT Solutions	21,134	22.4%	24,285	24.1%	+3,151	+14.9%
Distribution	10,664	11.3%	11,374	11.3%	+709	+6.7%
Manufacturing, service and other	10,469	11.1%	12,911	12.8%	+2,441	+23.3%
IT Platform Services	9,520	10.1%	8,376	8.3%	(1,144)	(12.0%)
Others	2,315	2.5%	2,655	2.6%	+340	+14.7%
<b>Total</b>	<b>94,306</b>	<b>100.0%</b>	<b>100,688</b>	<b>100.0%</b>	<b>+6,382</b>	<b>+6.8%</b>
Nomura Holdings	22,033	23.4%	20,735	20.6%	(1,298)	(5.9%)
Seven & i Holdings	9,814	10.4%	10,054	10.0%	+239	+2.4%

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

## 1. Other Financial Result-related Data

# Segment performance results <2Q>

■ Including Inter-segment sales for each segment

(JPY million)

		2Q FY Mar.2014 (Jul.-Sep.)	2Q FY Mar.2015 (Jul.-Sep.)	Diff.	YoY Change
Consulting	Sales	6,605	7,060	+455	+6.9%
	OP	1,587	1,691	+104	+6.6%
	OPM	24.0%	24.0%	(0.1P)	
Financial IT Solutions	Sales	54,802	58,528	+3,725	+6.8%
	OP	7,252	6,506	(745)	(10.3%)
	OPM	13.2%	11.1%	(2.1P)	
Industrial IT Solutions	Sales	21,146	24,359	+3,213	+15.2%
	OP	1,817	3,214	+1,397	+76.9%
	OPM	8.6%	13.2%	+4.6P	
IT Platform Services	Sales	28,559	28,139	(420)	(1.5%)
	OP	1,899	1,961	+62	+3.3%
	OPM	6.6%	7.0%	+0.3P	

## 1. Other Financial Result-related Data

### Sales by Service <2Q>

(JPY million)

	2Q FY Mar.2014 (Jul.-Sep.)	Share	2Q FY Mar.2015 (Jul.-Sep.)	Share	Diff.	YoY Change
Consulting Services	10,629	11.3%	11,271	11.2%	+642	+6.0%
System Development & System Application Sales	34,529	36.6%	35,234	35.0%	+705	+2.0%
System Management & Operation Services	45,505	48.3%	50,737	50.4%	+5,231	+11.5%
Product Sales	3,641	3.9%	3,444	3.4%	(197)	(5.4%)
Total	94,306	100.0%	100,688	100.0%	+6,382	+6.8%

## 1. Other Financial Result-related Data

### P/L Highlight <2Q>

	(JPY million)			
	2Q FY Mar.2014 (Jul.-Sep.)	2Q FY Mar.2015 (Jul.-Sep.)	Diff.	YoY Change
<b>Sales</b>	<b>94,306</b>	<b>100,688</b>	<b>+6,382</b>	<b>+6.8%</b>
<b>Cost of Sales</b>	<b>67,068</b>	<b>69,813</b>	<b>+2,744</b>	<b>+4.1%</b>
<b>Subcontracting Costs</b>	<b>31,727</b>	<b>34,914</b>	<b>+3,187</b>	<b>+10.0%</b>
<b>Gross Profit</b>	<b>27,237</b>	<b>30,874</b>	<b>+3,637</b>	<b>+13.4%</b>
<b>Gross Profit Margin</b>	<b>28.9%</b>	<b>30.7%</b>	<b>+1.8P</b>	
<b>SG&amp;A</b>	<b>14,264</b>	<b>16,687</b>	<b>+2,422</b>	<b>+17.0%</b>
<b>Operating Profit</b>	<b>12,972</b>	<b>14,187</b>	<b>+1,214</b>	<b>+9.4%</b>
<b>Operating Profit Margin</b>	<b>13.8%</b>	<b>14.1%</b>	<b>+0.3P</b>	



# 1. Other Financial Result-related Data

## P/L Highlight <2Q> continued

	(JPY million)			
	2Q FY Mar.2014 (Jul.-Sep.)	2Q FY Mar.2015 (Jul.-Sep.)	Diff.	YoY Change
<b>Operating Profit</b>	<b>12,972</b>	<b>14,187</b>	<b>+1,214</b>	<b>+9.4%</b>
<b>Non-operating income and loss</b>	<b>313</b>	<b>57</b>	<b>(255)</b>	
<b>Extraordinary income and loss</b>	<b>10</b>	<b>9,122</b>	<b>+9,111</b>	
<b>Gain on sales of investment securities</b>	<b>10</b>	<b>9,370</b>	<b>+9,359</b>	
<b>Income taxes etc.</b>	<b>4,990</b>	<b>7,477</b>	<b>+2,487</b>	
<b>Net Income</b>	<b>8,301</b>	<b>15,970</b>	<b>+7,669</b>	<b>+92.4%</b>

## 1. Other Financial Result-related Data

### Order Volume <2Q>

(JPY million)

	2Q FY Mar.2014 (Jul.-Sep.)	2Q FY Mar.2015 (Jul.-Sep.)	Diff.	YoY Change
Consulting	5,966	6,451	+485	+8.1%
Financial IT Solutions	29,784	31,308	+1,524	+5.1%
Industrial IT Solutions	9,135	12,386	+3,251	+35.6%
IT Platform Services	4,771	3,908	(863)	(18.1%)
Other	1,438	1,765	+326	+22.7%
<b>Total</b>	<b>51,096</b>	<b>55,820</b>	<b>+4,724</b>	<b>+9.2%</b>

## 1. Other Financial Result-related Data

# Forecasts for FY March 2015

### ■ No change to forecasts

【Full Year】

(JPY billion)

	FY Mar. 2014 (Results)	FY Mar. 2015 (Forecasts as of Oct. 24)	Diff.	YoY Change	FY Mar. 2015 (Forecasts as of Jul. 25)	Comparison to forecasts
Sales	385.9	400.0	+14.0	+3.6%	400.0	—
Operating Profit	49.8	53.0	+3.1	+6.4%	53.0	—
Operating Profit Margin	12.9%	13.3%	+0.3P		13.3%	—
Net Income	31.5	44.0	+12.4	+39.6%	44.0	—

## 1. Other Financial Result-related Data

# Sales Forecasts by Segment for FY March 2015

## ■ Revised breakdown of sales forecasts by segment for FY March 2015

【Full Year】

(JPY billion)

	FY Mar. 2014 (Results)	Share	FY Mar. 2015 (Forecasts as of Oct. 24)	Share	Diff.	YoY Change	FY Mar. 2015 (Forecasts as of Jul. 25)	Comparison to forecasts
Consulting	25.6	6.6%	27.0	6.8%	+1.3	+5.3%	26.0	+1.0
Financial IT Solutions	225.3	58.4%	234.0	58.5%	+8.6	+3.9%	237.0	(3.0)
Securities	115.6	30.0%	118.0	29.5%	+2.3	+2.0%	120.0	(2.0)
Insurance	49.8	12.9%	54.0	13.5%	+4.1	+8.4%	55.0	(1.0)
Banking	31.7	8.2%	33.0	8.3%	+1.2	+3.9%	33.0	—
Other financial	28.0	7.3%	29.0	7.3%	+0.9	+3.2%	29.0	—
Industrial IT Solutions	87.3	22.6%	92.0	23.0%	+4.6	+5.4%	89.0	+3.0
Distribution	44.0	11.4%	46.0	11.5%	+1.9	+4.4%	45.0	+1.0
Manufacturing, service and other	43.2	11.2%	46.0	11.5%	+2.7	+6.3%	44.0	+2.0
IT Platform Services	37.5	9.7%	36.0	9.0%	(1.5)	(4.2%)	37.5	(1.5)
Others	10.0	2.6%	11.0	2.8%	+0.9	+9.1%	10.5	+0.5
<b>Total</b>	<b>385.9</b>	<b>100.0%</b>	<b>400.0</b>	<b>100.0%</b>	<b>+14.0</b>	<b>+3.6%</b>	<b>400.0</b>	<b>—</b>

## 1. Other Financial Result-related Data

# Sales Forecasts by Service for FY March 2015

## ■ Revised breakdown of sales forecasts by service for FY March 2015

【Full Year】

(JPY billion)

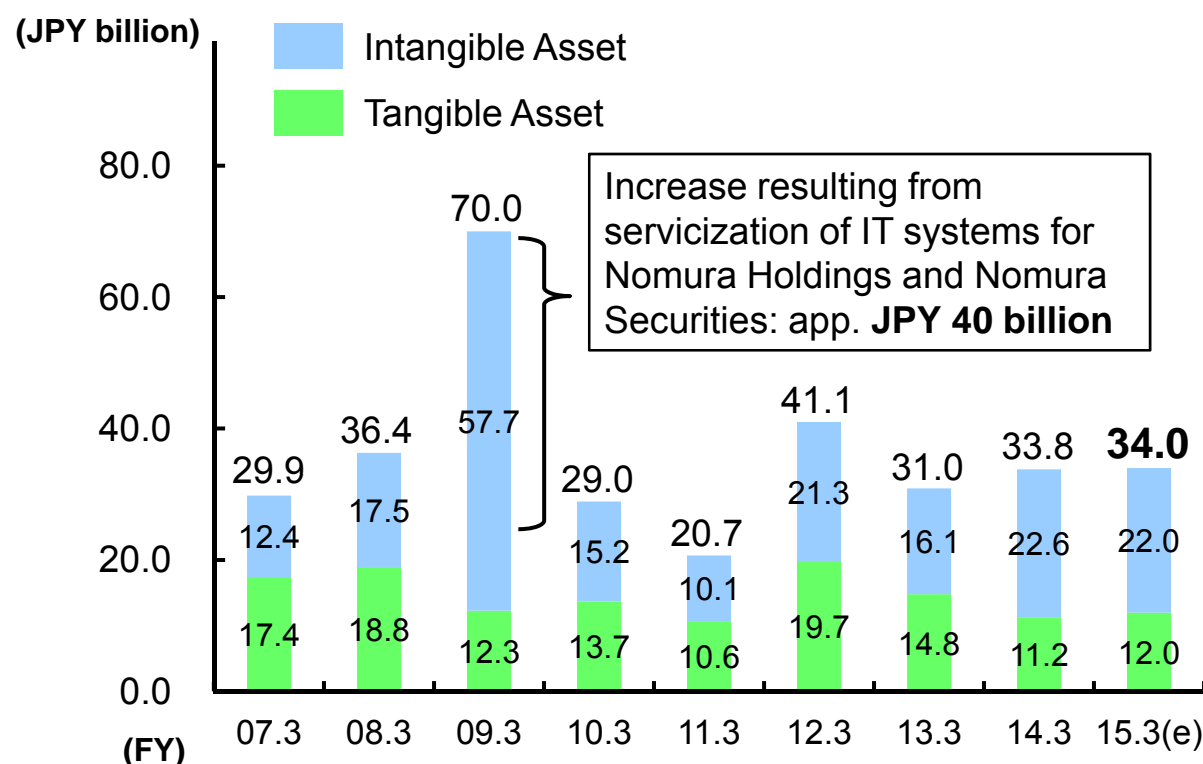
	FY Mar. 2014 (Results)	Share	FY Mar. 2015 (Forecasts as of Oct. 24)	Share	Diff.	YoY Change	FY Mar. 2015 (Forecasts as of Jul. 25)	Comparison to forecasts
Consulting Services	42.2	10.9%	44.0	11.0%	+1.7	+4.2%	43.0	+1.0
System Development & System Application Sales	143.2	37.1%	142.0	35.5%	(1.2)	(0.8%)	147.0	(5.0)
System Management & Operation Services	187.3	48.5%	202.0	50.5%	+14.6	+7.8%	200.0	+2.0
Product Sales	13.1	3.4%	12.0	3.0%	(1.1)	(8.6%)	10.0	+2.0
Total	385.9	100.0%	400.0	100.0%	+14.0	+3.6%	400.0	—

## 1. Other Financial Result-related Data

# Capital Investments

### ➤ Capital expenditure forecast to be ¥34.0 billion

#### Trends in capital investments



#### Investment in intangible fixed assets

- Investment in shared-online services to support financial regulatory changes, etc.

#### Investment in tangible fixed assets

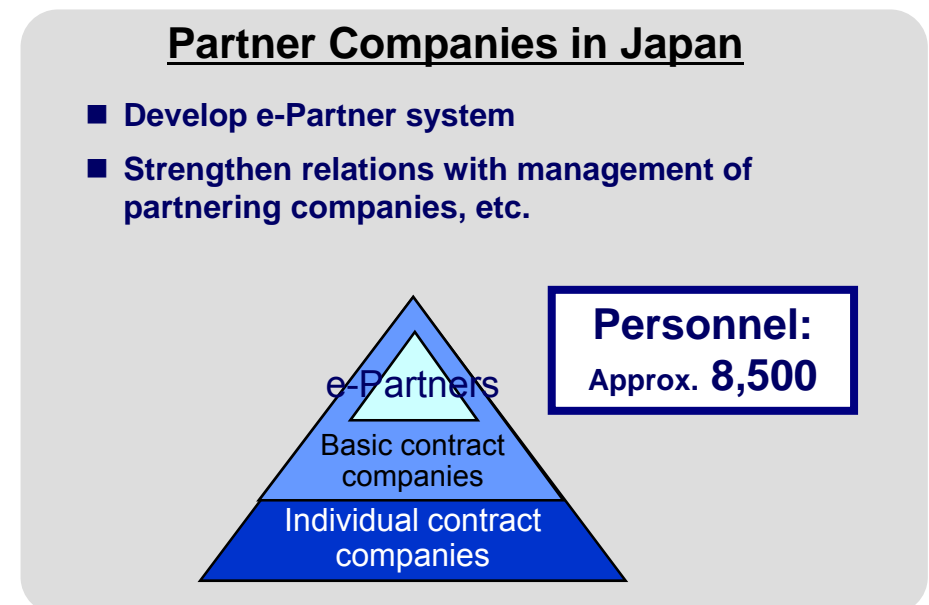
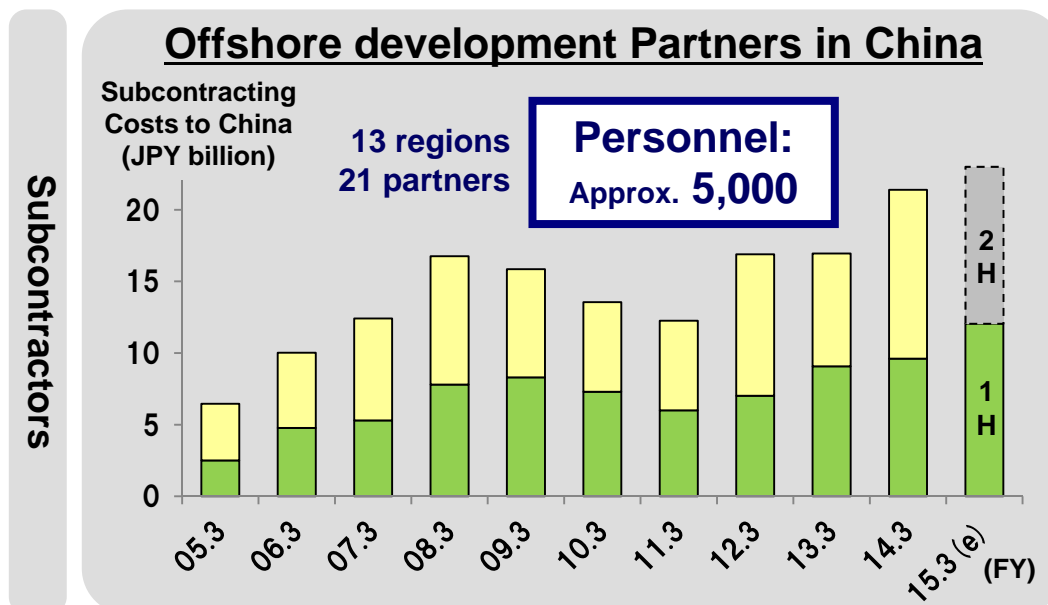
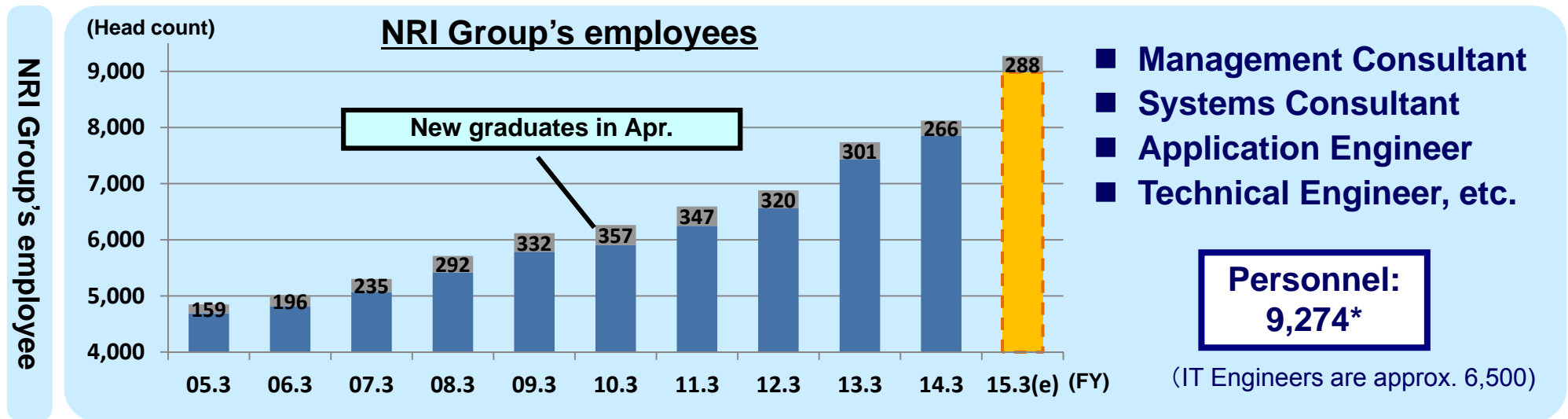
- Construction of financial cloud
- Updating of data center-related facilities, etc.

<b>Depreciation</b>	19.7	16.5	20.7	30.9	30.6	30.8	42.4	34.1	<b>27.0</b>
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(JPY billion)

## 1. Other Financial Result-related Data

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



## 2. Recent Activities

### NRI Ranked 9<sup>th</sup> in FinTech Rankings, Top10 for Fifth Consecutive Year

- NRI was ranked 9<sup>th</sup> on the 2014 FinTech Rankings, an international listing of the top 100 IT service providers to the financial services industry. NRI was the only Japanese company ranked in the top 10, and it has achieved a top 10 ranking for five consecutive years since 2010.
- The 2014 FinTech Rankings is researched and published by IDC Financial Insights, a financial services company.
- The research covers IT service providers to financial services companies that derive more than one third of their global sales from the financial services industry. The ranking is based on surveys of the service provider companies themselves as well as original research and market analysis conducted by IDC Financial Insights and determined using previous fiscal year sales and the percentage of sales attributed to financial solutions.

2014 Rank	Company
1	FIS
2	Tata Consultancy Services Limited (TCS)
3	Fiserv, Inc.
4	Cognizant Technology Solutions
5	NCR Corporation
6	Infosys Limited
7	Diebold, Incorporated
8	SunGard
9	<b>Nomura Research Institute, Ltd.</b>
10	Wincor Nixdorf Inc.



Source: IDC Financial Insights website



## 2. Recent Activities

### TRUE TELLER wins WITSA's Global ICT Excellence Award

- TRUE TELLER, NRI's data analysis and text mining solution, won the ICT Excellence Award from the World Information Technology and Services Alliance (WITSA), the highest honor in the IT field.
- This is the first time in six years that a Japanese company has won this award, and NRI is only Japanese company among winning companies in this year.
- WITSA is an industry organization that aims to promote the development of the IT industry, with members from 80 countries and regions all over the world. WITSA holds global IT industry conferences, and recognizes the best IT companies in the world every two years, selected through a voting and screening process administered by its organizations around the world.

**グローバルアワード**  
NRIの分析製品が受賞  
WITSA

世界情報サービス産業 WITSAは、2年に1度、世界中のITベンダー、政府、学術機関、企業、政府関係者などが集まる「世界情報技術・ユーザー、政府関係者会議(WICT)」において、情報サービス企業としてWICTを開催する企業協会(JISA)が主催し、毎年その場で推薦した野村総合研究所 世界的に優れたベストITソリューション「TR」を選定し、表彰して「TRUE TELLER」が、いる。

デジタル機会推進貢献部 NRIは、日本企業と門における「WITSA」して6年ぶりの受賞となるグローバルICTエッセ。TRUE TELLERは、レンスアワード2014は、コールセンターの「4」を受賞した。

対応記録やアンケート、SNS上のクチコミなどの解析を通じて、企業の製品やサービスの質の向上を支援するソリューションとなっている。東日本大震災の直後には同製品を活用して、被災地から投稿されるツイッター上の多量の投稿を分析したレポートを配信し、被災者・被災地の支援や復旧に貢献したという実績がある。

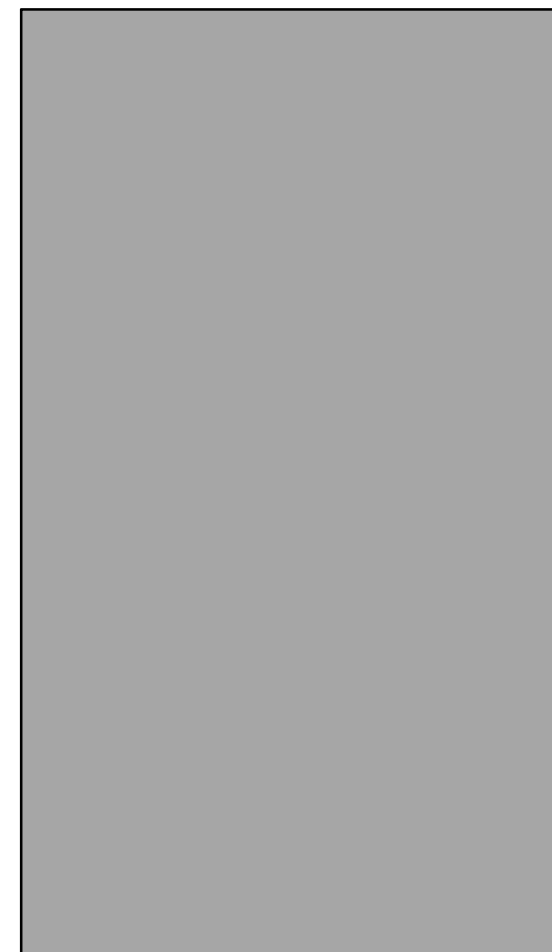
Information Industries and Market News,  
October 13, 2014

## 2. Recent Activities

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### Japan version of FS-ISAC established, with NRI Secure as secretariat

- On August 1, 2014, Japan got its own version of the Financial Services Information Sharing and Analysis Center (FS-ISAC) with the establishment of a private organization enabling financial institutions can share information on server security.
- The Japan version of FS-ISAC is a corporation established to provide a framework for the member financial organizations to share information on cyber security, collaborate, and devise countermeasures for today's increasingly sophisticated cyber attacks.
- NRI SecureTechnologies, Ltd. will serve as its secretariat and will support the corporation and its activities.



*Nikkei Business Daily,*  
August 8, 2014

## 2. Recent Activities

## T-STAR/GX adapts to revised Investment Trust Law

- Japan's revised Act on Investment Trusts and Investment Corporations (Investment Trust Law), which went into effect in December 2014, includes new regulations on credit risk concentration and derivatives trading. As such, NRI augmented the functions of its T-STAR/GX, a solution for asset management companies, and began offering these as an optional service.
- The service offers the following features:
  - Support for regulations on credit risk concentration
    - Survey of information on issuers of security holdings
    - Management of surveyed issuer information integrated with security holdings
    - Calculation of degree of risk concentration for each issuer (percentage of holdings)
    - Calculation results are updated even if there are changes to an issuer, such as a merger
  - Support for derivative trading regulations
    - NRI develops risk model for clients
    - Support in selecting, managing and running risk model
    - Daily calculation of fund risks

# 野村総研 投信法改正に対応

## 保有銘柄の発行体管理

野村総合研究所は、M-T-S-A-R/G の機能拡充を図る。大手の投資信託会社は 12月に施行予定の「投 X」の機能を拡充する。この関心は高い。

保有銘柄の発行体の紐付け（「T-S-A-R/G」）は資産運用会社が適当な口座の運用成る。

果について、計測や分析を支援するシステム。大手投資信託会社など約70社が採用。

今回の投信法改正では、「運用報告書の二段階化」などのほか、制度強化を目的として「信用リスク集中規制」とデリバティブ取引規制が導入される。

「運用リスク集中規制」は、ファンドへの投資割合を一定以下にする。また、ファンドのリスク量を一定割合以下に保つことが求められる。保有銘柄のきめ細かい管理が必要になる。規制」に対しても、野村総研が行くスケモデルの開発を代行するほか、ファンドのリスクリスク量を出し日次で実施できるようになる。

発行体の変更も反映一

*Japan Financial News,*  
August 29, 2014

## 2. Recent Activities

### Private cloud service offered to asset management companies

- NRI has launched T-MONOLIX ARENA Private Cloud Service (ARENA Private). This cloud solution lifts all the IT applications of asset managers to NRI's cloud, where NRI manages and runs them.
- ARENA Private is a private cloud service developed to meet the needs of asset management companies. Its features are as follows:
  - IT platform completes the suite of IT tools that asset management companies need
  - IT support helps asset management companies to achieve their management strategies
  - Reinforced disaster measures to protect the IT applications of asset management firms
- Plan is to bring first user, Pictet Asset Management (Japan) Ltd., on board in fall 2014. NRI will operate Pictet's operation file server and share data and system environment with BPO vendors.

<p>NRI</p> <h1>ARENAプライベートを提供</h1> <p>資産運用向けプライベートクラウドを開始</p>	
<p>野村総合研究所（NRI）は、資産運用会社がすべてのIT資産をNRIのクラウド環境上に構築し、同社が</p>	<p>その管理・運営を行う新サービス「T-MONOLIX ARENA（ティ・モノリクス・アリーナ）プライベート」を開始した。ARENAプライベートは、資産運用会社のニーズに合わせて開発したプライベートクラウドサービス。今秋には、第1号ユーザーとして、ピクテ投資顧問株式会社の業務ファイルサーバーを稼働させ、BPOベンダーとのデータやシステム環境の共有を実現する予定だ。</p>

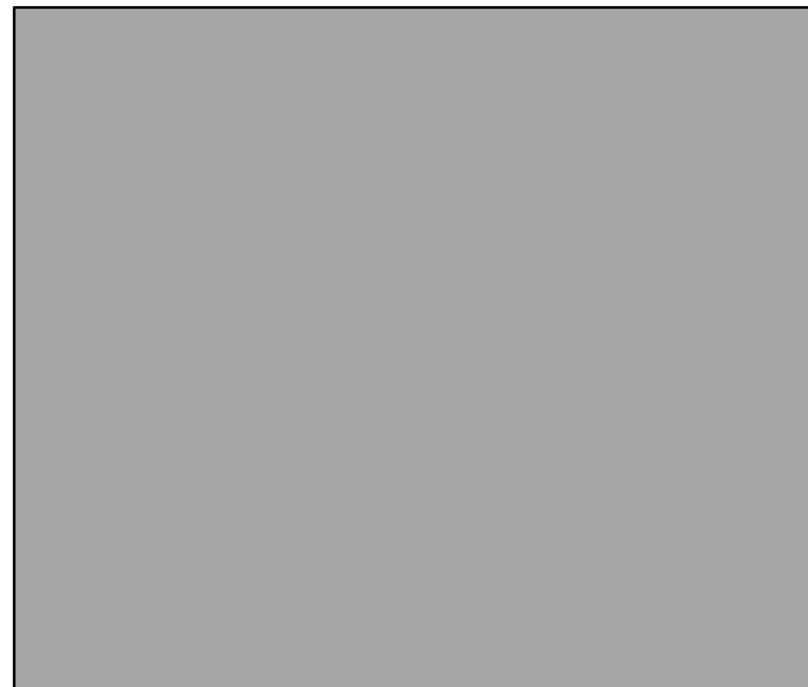
Denkei Shimbun,  
September 1, 2014

## 2. Recent Activities

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### Field tests using smart watches carried out to improve airport passenger operations

- JAL and NRI carried out field tests using smart watches to improve airport passenger operations.
- By combining a system that recognizes the location of the terminal with a smart watch, staff's location and assignment can be ascertained in real time from a remote location. This enables faster response to customers and more efficient staff assignment. In addition, an environment was set up in which the information needed for operations can be obtained and shared from the smart watch.
- In these field tests, NRI was responsible for the development of the system for detecting staff location and displaying their location, as well as delivering assignment instruction messages, etc.



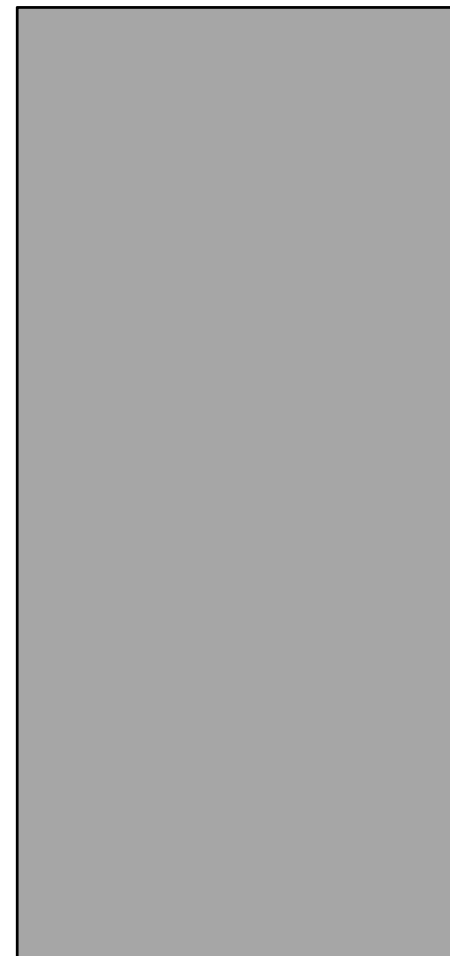
*Nihon Keizai Shimbun,*  
July 17, 2014

## 2. Recent Activities

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### Field tests begin for coupon delivery service linked to credit card settlement

- Cedyne and NRI worked together to carry out field tests of Cedyne's coupon delivery service, a Card Linked Offer (CLO) service linked to credit card settlement.
- Cash-back coupons for affiliated stores are sent to Cedyne members' smart phone application based on that member's attribute information, card use history, smart phone location information and specific time of day.
- In field tests, NRI provided the CLO service platform that sends coupons optimized for the card member at the best time and carried out technical tests to improve CLO services.



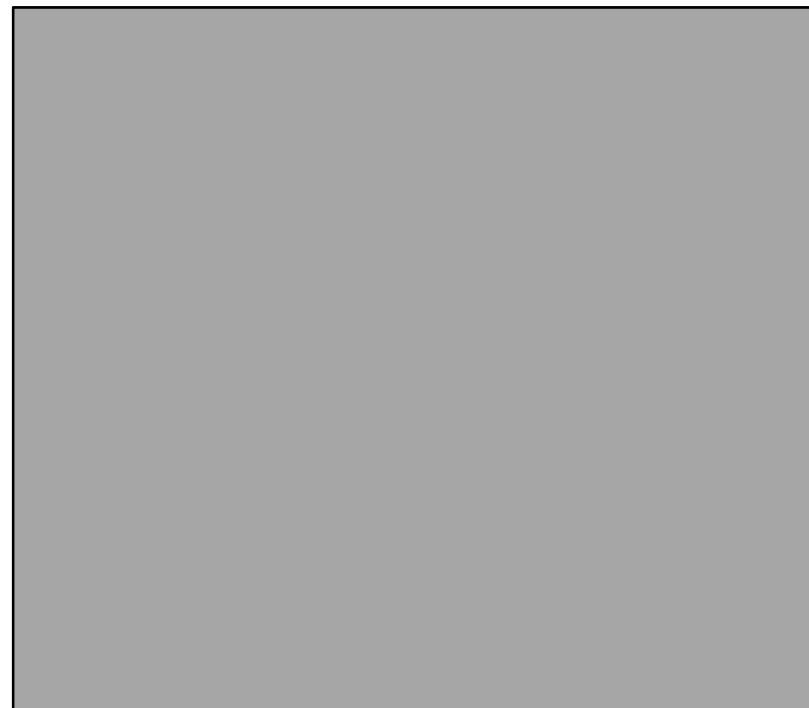
*Nikkei Ryutsu Shimbun,*  
August 4, 2014

## 2. Recent Activities

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### NRI acquires information on 15 million patent searches

- NRI Cyber Patent has succeeded the copyrights for PATOLIS's abstracts and free keywords, and also acquired the PATOLIS trademark and trademark rights.
- Up until this point, NRI Secure had offered a PATOLIS abstract and free keyword search and browse service through NRI Cyber Patent Desk 2, under a consent agreement.
- Now NRI has acquired the copyright and related trademark rights for about 15 million PATOLIS abstracts and free keywords.
- As a result, NRI will incorporate data, including unused data, and provide a service enabling users to search and browse all of the PATOLIS abstracts and free keywords.



*Nihon Keizai Shimbun,*  
July 28, 2014

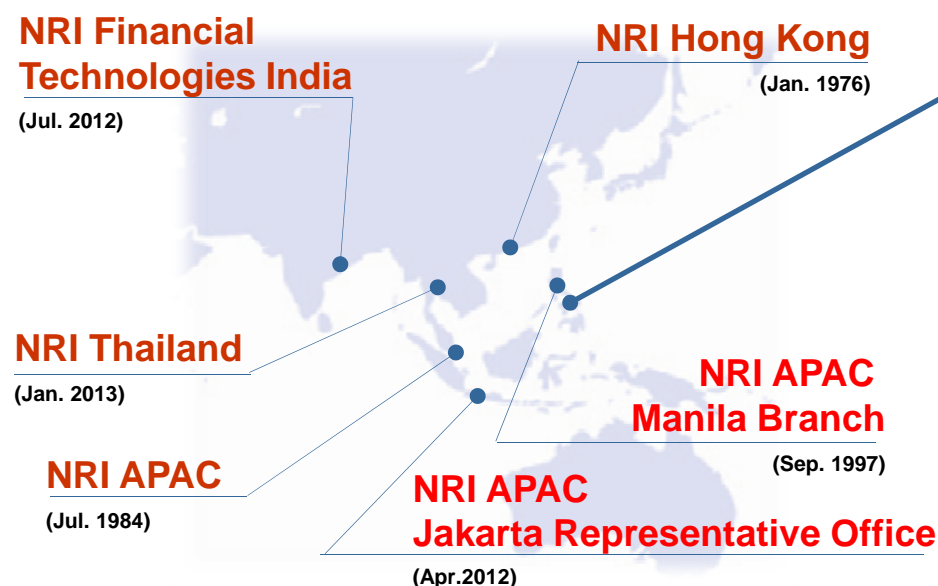
## 2. Recent Activities

# Reinforcement and Expansion of IT Business in South East Asia

### ➤ Strengthen system for delivering IT services in South East Asia and support Japanese companies' overseas expansion

- Support with IT system development and operations for Japanese companies entering South East Asia region
- Delivering global SCM solutions  
Introduced by 69 companies in 133 sites (15 countries) \*

#### NRI's network of bases in Asia Pacific area



### ● Capital and business affiliation with **N-PAX CEBU CORPORATION** (Oct. 20, 2014)

- Acquisition of 10% of N-PAX's shares
- Dispatch of one part-time officer

### ➔ Strengthen system for delivering IT services in the Philippines and South East Asia region

#### Overview of N-PAX

Company name	N-PAX CEBU CORPORATION
Headquarter location	Cebu, Philippines
Number of employees	About 90 (as of June 30, 2014)
Main business	• IT services for companies in the Philippines • IT outsourcing services for South East Asia region



### 3. Example of Projects

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## Kagoshima Bank

**Adoption of Value Direct,  
Internet Banking solution for banks**

**Value Direct**

## 4. Others - Supplementary explanation

### ■ FY March 2015 Consolidated Earnings Model - Sales of JPY400.0 billion and operating profit of JPY53.0 billion

(JPY billion)

	FY Mar. 2013 (Results)	FY Mar. 2014 (Results)	FY Mar. 2015 (Forecasts)*	YoY	
				Diff.	Change
Sales	363.8	385.9	400.0	+14.0	+3.6%
Cost of Sales	262.3	276.6	283.0	+6.3	+2.3%
Personnel	64.4	70.1	75.0	+4.8	+6.9%
Subcontracting Costs	116.1	132.8	145.0	+12.1	+9.2%
Depreciation	41.2	32.9	25.0	(7.9)	(24.2%)
Gross Profit	101.5	109.2	117.0	+7.7	+7.1%
Gross Profit Margin	27.9%	28.3%	29.3%	+0.9P	
SG&A	57.6	59.4	64.0	+4.5	+7.7%
Operating Profit	43.9	49.8	53.0	+3.1	+6.4%
Operating Profit Margin	12.1%	12.9%	13.3%	+0.3P	

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

## 4. Others - Communications

### Forum, etc.



September 2014  
Briefing session held for  
individual investors in Tokyo and Sapporo



October 2014  
“Dream Up the Future” Forum 2014 in Tokyo, Osaka and Nagoya



### Publications



Examples of books published since July 2014