(Questioner No.1)
Q: Agile development has been increasing in recent times, but is this mostly in new projects? Surely waterfall development remains in quite a number of projects?
A: Waterfall methodology remains in the development conducted at clients who use mainframes, etc. Although it is difficult to quantitatively determine how much, agile development, which conducts development while talking with the client, is certainly increasing in new projects.

Q: What are typical examples of agile development for DX, as well as the content and scope of such projects?
A: There are projects where development is proceeding via agile methodology with the client in the fields of telecommunications, logistics, and the sale of consumer goods. The scope of the projects varies, but large projects can be in the billions of yen.

(Questioner No.2)
Q: What do you think about the medium to long-term growth forecast for the financial IT segment and the drivers of growth in each industry?
A: In finance, THE STAR is our largest business in the securities industry. Client expansion is possible in the next five years or so. We plan to deploy new services for existing clients based on THE STAR. In insurance, projects for major life insurance companies are expected to recover. The field of direct damage insurance has expanded over the past few years and completed a cycle of system construction. In the future, services can be expected to be added to the systems that have been built. If possible, we would like to provide services common to the industry. For banks, the main business we are involved in is system construction for new banks such as Internet banks, and we would like to aim for equalization so that the development process does not vary too much. In the long-term, we would like to expand our business to new financial services that span different lines of business, such as those for new market players. This requires us to
proceed with a long-term perspective, such as making up-front investment ahead of others in the industry.

Q: What is the ranking of growth potential for different lines of business in the financial industry?
A: Looking ahead to the next five years, the securities industry will contribute the most to growth, from the perspective of business scope. For the insurance and bank industries, the monetary size of each project is large, but projects are unstable in the long term. We will be able to see stable growth if we can accumulate multiple projects like with the securities industry, but we are not there yet.

Q: In the future, will the new companies that use THE STAR be small and medium sized securities firms? What are some specific examples of common services that span multiple lines of business?
A: We will continue sales activities for major securities firms, as they may start using THE STAR, but there is greater potential for small and medium sized securities firms. In regard to new services that span multiple lines of business, we are focusing on research into digital currencies. Although it depends on how the environment proceeds, including the legal system, we are considering the possibility of micropayments in industrial IT solutions, for example, rather than finance.

(Questioner No.3)
Q: Are there any medium-term prospects, such as new projects or DX trends for finance? How can NRI contribute?
A: Our clients are currently at the stage of figuring out how data can be utilized to provide value, such as eliminating brick-and-mortar stores and providing online advisors. NRI is also investigating how we can meet client demand for adding value to data, and contribute by receiving actual consultation. We will first aim to handle system development projects for online migration, but there is the possibility of a future shift to accumulation-type system management solutions in the field of data utilization. In the medium term, data marketing is expected to become big, and it is important for NRI to come up with unique new services that cannot be achieved by individual companies alone.

Q: Please let us know the status of shared online services in the field of insurance and what kind of services we can expect.
A: We have handled a telematics-type insurance system as a common service for non-life
insurers, and are looking at the possibility of other services for non-life insurers. For example, it may be possible to make a common service for the back office work relating to insurance for small sums, such as automobile insurance.

Q: I believe that offshore outsourcing is difficult for agile development but do you have the required human resources for conducting such development? Are outstanding human resources leaking to other companies?
A: Agile development requires highly capable consultants and engineers in charge of upstream processes. With downstream development processes, there are more short-term projects compared to waterfall development, and a certain amount of them can be conducted with offshore development. NRI engineers are trained to be able to understand and reflect dialog with clients in system design as one of their basic skills, and they are able to learn how to conduct agile development via experience in their work. However, we would like to increase our absolute numbers of human resources in the future. We are currently seeing decreased liquidity in the mid-career recruiting market due to COVID-19, and this has meant that we have not been able to secure the expected number of human resources. On the other hand, the outflow of human resources from NRI has decreased since last year.

(Questioner No.4)
Q: Please let us know current trends in orders and project progress, where possible.
A: Orders were robust in the first half of the fiscal year, and that momentum has been maintained until now, leading to continued recovery. Private sector consulting orders slumped during the first half of the fiscal year, but gradually recovered, and current inquiries for projects suggest that things have already returned to normal. In regard to system projects, the effect of sales activities conducted in summer has led to steady orders in the finance and industrial sectors, which have not seen a drop.

Q: How do you see the progress in the Medium-Term Management Plan, considering the effect of COVID-19 on business performance?
A: Although currently we need to ascertain the impact of a third wave of COVID-19, I believe that we have generally achieved what was forecast at the start of the fiscal year. Due to progress in vaccine development, we expect there to be less impact of COVID-19 next fiscal year. Therefore, I believe that we are on track to achieve the goals of the Medium-Term Management Plan. However, our overseas business might be a factor that leads to variation.
**(Questioner No.5)**

Q: Please let us know about the current situation in the overseas business. Have orders recovered?

A: We have implemented measures with a priority on maintaining profitability, and all of our overseas subsidiaries have mostly achieved this. In Australia, our business activities are moving toward normality and there is no concern about profitability worsening in the future. However, it will take a bit longer until we can confirm that orders have recovered. It will be difficult to achieve the goals for overseas sales in our Medium-Term Management Plan.

Q: In the industrial IT segment, will you increase projects for preparing to aim for medium to long-term growth from the next fiscal year? In this case, will the profit ratio decrease?

A: We are currently continuing activities to prepare for new challenges and making proposals to major clients. They will not suddenly increase from the next fiscal year. Therefore, the profit ratio will not decrease because of them. There may not have been any projects that can be disclosed recently, but we will disclose any that come up. We will continue to focus on preparations for future DX demand, including the cultivation of skills for agile development.

Q: How do you see the IT market in the next fiscal year?

A: The IT market is expected to slump by about 10% compared with the previous fiscal year, but surely it will head toward recovery next fiscal year. This fiscal year, NRI is expected to achieve good results compared to the IT market overall, which will decline. Therefore, as the market environment improves next fiscal year, we think it will be possible to achieve further growth.

**(Questioner No.6)**

Q: Tell us about your policy on future business expansion in the area of advertising and marketing.

A: We are not planning any major business expansion as part of company policy at the current point in time. When building an EC website, advertising and marketing inevitably come up, and we are often asked for knowledge about, for example, how to utilize accumulated data in the analysis of sales rankings. We do not have any examples of working in the advertising business itself, although it is often part of the work with our clients.

Q: Is there any possibility of utilizing the recommendation function of database marketing
in the finance sector?
A: Our clients have ideas for doing so. They need to analyze accumulated data and provide recommended products that can be utilized by sales representatives.

Q: Is there any potential for a B2C service, such as proposing investment portfolios online?
A: Our Individual Number business is close to a B2C service. Generally speaking, there may be demand for neutral services not tied to a specific financial institution.

Q: Please let us know your policy for public projects.
A: In regard to existing public IT projects, we do not have any plans to actively wait for business opportunities. Projects such as reviewing work flows for digital government are not fields where NRI can play an active role. We may, however, work on individual projects where we can utilize our strengths, such as the provision of new services. More specifically, our policy is to focus on public services used in conjunction with public systems. Our public authentication service for business related to the Individual Number system in Japan is one such example. In terms of consulting, in addition to giving policy advice, we provide a secretariat function for committees lead by government.

Q: Have there been any changes to the market for employing new graduates?
A: More and more students want to start their own venture company. Although we had to conduct interviews online due to COVID-19, as a result of doing so we were able to connect with outstanding students in regional areas, and thereby increase our human resource diversity.

Q: How does NRI appeal to people that want to start a venture company?
A: There are some things that can only be done by a large organization. In other words, we can work on large projects together with major companies. Interest in social issues such as SDGs is particularly high among young people. There are many people that resonate with our idea of creating value for changing society together with clients.

Q: How do you appeal to people that want to work in consulting?
A: We are the largest consulting firm in Japan, and we appeal to such people by showing them how they can polish themselves at our organization and learn via on-the-job training from the company and their seniors. This can be summed up as people who want to improve themselves via their experience at NRI.

Q: Do consultants have a high turnover rate?
A: While not as high as foreign owned consulting firms, their turnover rate is higher than that of engineers.

Q: Are there any examples of something like a corporate venture system that invests in the launch of a venture company by a consultant that leaves the firm, and then has them return to their original work?
A: There are no concrete examples of such investment. We do not have a system for doing so, but we do have such an organizational culture.

Q: When NRI invests in joint ventures, etc., does it mainly do so for major client companies?
A: The projects that we disclose are for major client companies, but we are also increasing our relations with venture-like companies. We search for venture companies with special skills and investigate what we can do together. If anything, these are more like grassroots activities by on-site employees. They can lead to personnel exchange and investment. When the topics of personnel and investment come up, we make decisions upon discussion by a committee.

(Questioner No.7)
Q: Please tell us about the forecast for business with your two major clients.
A: As for Nomura Holdings, the new policy for their management became clear and NRI will follow that policy and carefully respond. Although projects that differ from those in the past may come up, we do not expect our current dealings of 60 billion yen to further increase. In regard to the global business, we will need to reconsider things, rather than follow our existing path. We do not have any predetermined policy at the current point in time, and will hold discussions on that matter in the future.

Seven & I Holdings is seeing change in demand due to COVID-19, with the company struggling in urban areas but seeing good performance in suburban areas. This has given rise to the need for automating ordering work, which is currently left up to each store. We hope that the capability of NRI will be able to be utilized in this field. Looking at the entire group, there is a need for automation, such as AI ordering at supermarkets.

Q: What projects that differ from those in the past may come up at Nomura Holdings?
A: There may be projects for reviewing fee structures, for example, according to current management policy.

(Questioner No.8)
Q: What is the reason that you are not actively looking to acquire public projects?

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A: Based on past experience, we think that public projects generally have worse profitability. Although there is the possibility that NRI will make proposals, we do not think there will be any projects that we can easily work on, as we are not well-versed in the existing work and systems.