NOMURA
Connecting Markets East & West

# Nomura Report 2021

Nomura Holdings, Inc. Integrated Report

# Next Stage of Growth

**To continue to be a financial services group that society needs and our clients trust.**

## Management vision

Achieve sustainable growth by helping resolve social issues

## Corporate Philosophy

**Mission** Contributing to Society

**We help to enrich society through our expertise in capital markets**

**Vision** Trusted Partner

**As a leading financial institution, we aim to be the most trusted partner for our clients**

**Value** Entrepreneurial Leadership

**With passion and courage, we continually innovate to meet the needs of our stakeholders**

Teamwork

**To build our values and 'Deliver Together', we promote diversity and collaboration across divisions and regions**

Integrity

**Personal integrity is paramount to us. We act honestly, fairly and openly**

## Code of Conduct

Our "Code of Conduct" represents our commitment to upholding the highest standards of integrity and putting our core values into action. This Code of Conduct sets out guidelines for Nomura Group directors, officers and employees to translate the Nomura Group Corporate Philosophy into actions.
We reflect on our actions to ensure that they are in line with the Code.
We promise clients and other stakeholders that we will uphold the highest standards of ethics and integrity under the Code.
We carry out all of our business activities based on the Code.

## Drive Sustainability.

Since our founding in 1925, this has underpinned everything we do.
Our mission to help create a truly enriched society through our expertise in the capital markets.

As a leading financial services group, we recognize the important role we have in resolving environmental and social issues such as climate change and widening social inequalities. We believe that role is to help build a sustainable world through our business. By striving for further growth, and through partnership with a wide range of stakeholders, we aim to strengthen our capabilities to solve social issues.

We are committed to building a sustainable future for all.
Drive Sustainability.

# Nomura Report 2021

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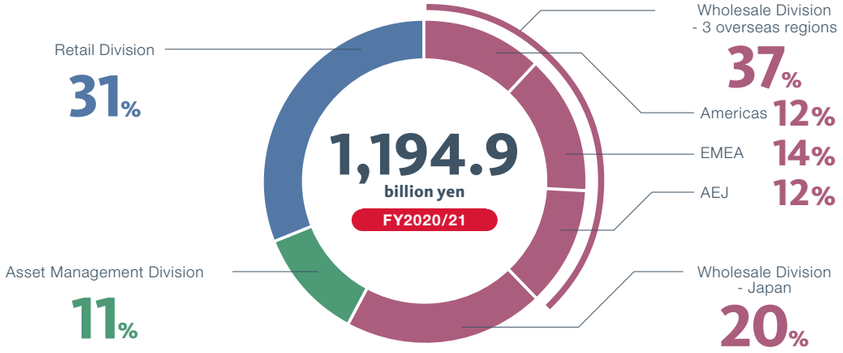
Photos for this report were taken with room doors open and adequate ventilation, and the size of the photography crews were limited to avoid crowding.

## Net revenue for 3 business segments




## Sustainable Finance, capital raised

**8,480.3** billion yen

FY2020/21

Transaction value where Nomura had a lead role aligned to UN PRB principles

## Net assets of the ESG Product Lineup

**580** billion yen

As of March 31, 2021

Net assets of the ESG Product Lineup, which is a selection of investment trusts with investment policies that contribute to the goals of the SDGs

## Financial and economics education

Over **910,000** people

Cumulative total from FY1989/90 to FY2020/21

Number of participants receiving financial and economics education through off-site lectures for elementary, junior high and high school students, and sponsored lectures for university students:

## Sustainable Investment ratio

**81%**

As of March 31, 2021

## CDP Leadership Level

CDP A LIST 2020 CLIMATE **A**

As of December, 2020

# At a Glance

Nomura Group is a global financial services group with an integrated network spanning over 30 countries and regions. We connect investors with issuers such as corporates through the capital markets and provide liquidity by facilitating the flow of capital, an essential component of ensuring a sound economy that contributes to business development and improving society.

## Americas

### US RMBS new issuance securitization share*

1.9% (2016) > 13.5% (2020) #2

* Source: Bloomberg, deal count share

### US EQ listed option revenue share*

9.0% (2016) > 13.0% (2020) #2

* Source: Third party research

## Europe

### EGB trading volume share*

3.0% (2016) > 9.1% (2020) #2

* Source: Bloomberg, duration weighted trading

## Asia Oceania

### AEJ*1 Credit revenue share*2

5.4% (2016) > 7.7% (2020 1H) #4

*1 Asia excluding Japan
*2 Source: Coalition Competitor Analytics and Nomura. Ranks are based upon the following peers (BofA, BARC, BNPP, Citi, CS, DB, GS, JPM, MS, HSBC, UBS). Market share results are based on industry revenue pools and Nomura's internal revenues, and are based upon Nomura's product taxonomy

## Japan

### Retail client assets

¥100.6 trillion (As of March 31, 2016) > ¥126.6 trillion (As of March 31, 2021)

### Assets under management

¥40.1 trillion (As of March 31, 2016) > ¥64.7 trillion (As of March 31, 2021)

### Lead underwriter ratio of domestic listed companies

Approx. 40% > Underwriter ratio of domestic listed companies Approx. 60% (2020)

Source: Nomura, based on Kaisha Shikiho (volume 2 spring) by Toyo Keizai 2020

### Global M&A league table*

#19-20 (2018 - 2019) > #11 (2020)

*Source: Bloomberg

### Employees in over 30 countries

**26,402**

As of March 31, 2021

### A diverse workforce

with approximately **90** nationalities

As of March 31, 2021

# Next Stage of Growth

Group CEO
Kentaro Okuda

**Message from Group CEO**

## Dear Shareholders, Clients and all Stakeholders,

### Navigating the Changing Environment

The Covid-19 pandemic has upended the way we live and work. It has taught us that we can't count on tomorrow being the same as today. And there is no guarantee that once things return to normal we will return to the old way of doing things.

As a participant in the financial markets, we must be agile to respond properly to the changing environment and fulfill our role in supporting this key social infrastructure. At the same time, we must live up to the trust placed in us by our clients and other stakeholders.

Nomura Group has approximately 26,000 people around the world with 40 percent based outside Japan. In some locations, nearly 100 percent of our people are still working from home. I am extremely proud of the way our people have worked tirelessly for our clients, keeping our businesses running and preventing the spread of the virus.

### Defining Our Vision

When I took over as Group CEO in April 2020, I said our vision was to take Nomura to the next stage. To realize this, we launched a new strategy of expanding into private markets to complement our businesses in the public markets.

This next stage I refer to is the future vision of how we want the firm to be over the next five to ten years. What changes do we need to make to our business model and how do we move away from where we are today? These are the questions we need to ask ourselves.

This is not something we can do on our own. We must find the right answer together with our clients. Indeed, our mission is to stay close to our clients to help them realize their dreams and vision.

To fully support our clients and go beyond their expectations, helping them realize their future vision by managing their personal assets or supporting fundraising and M&A to grow their companies, it is critical that we move forward with an eye on the future.

We must not be constrained by traditional thinking as we explore the future of our business for our clients, shifting the firm to the next stage. That means not just focusing on asset management or fundraising, but thinking beyond financial services. We see this as a process of discrete growth, making a series of leaps over time.

## Taking on New Challenges

Our founder, Tokushichi Nomura, set out a list sayings that we refer to as Our Founder's Principles. One of these principles states that we should always strive to stay one step ahead and standing still is retrogressive.

Since I was appointed as Group CEO, I have been reiterating that we should take on new challenges as this is part of our DNA. To reflect the importance of this, from last year we included a new goal in the performance management for each employee related to taking on new challenges for the future.

By continuing to do things in the same way, you are not only standing still, but actually losing ground as others around you move forward. If you continue to provide just the same products and services, the added value you can deliver will diminish over time.

Not all new challenges you take on will succeed. In fact, you may fail more than you succeed. But that's no reason to sit on the sidelines and do nothing for fear of failing. The fact that tomorrow is not a direct reflection of today rings true for the financial services industry as well. As such, it is essential to lay the foundations for the future today in order to achieve sustainable growth, even if it takes time for results to appear.

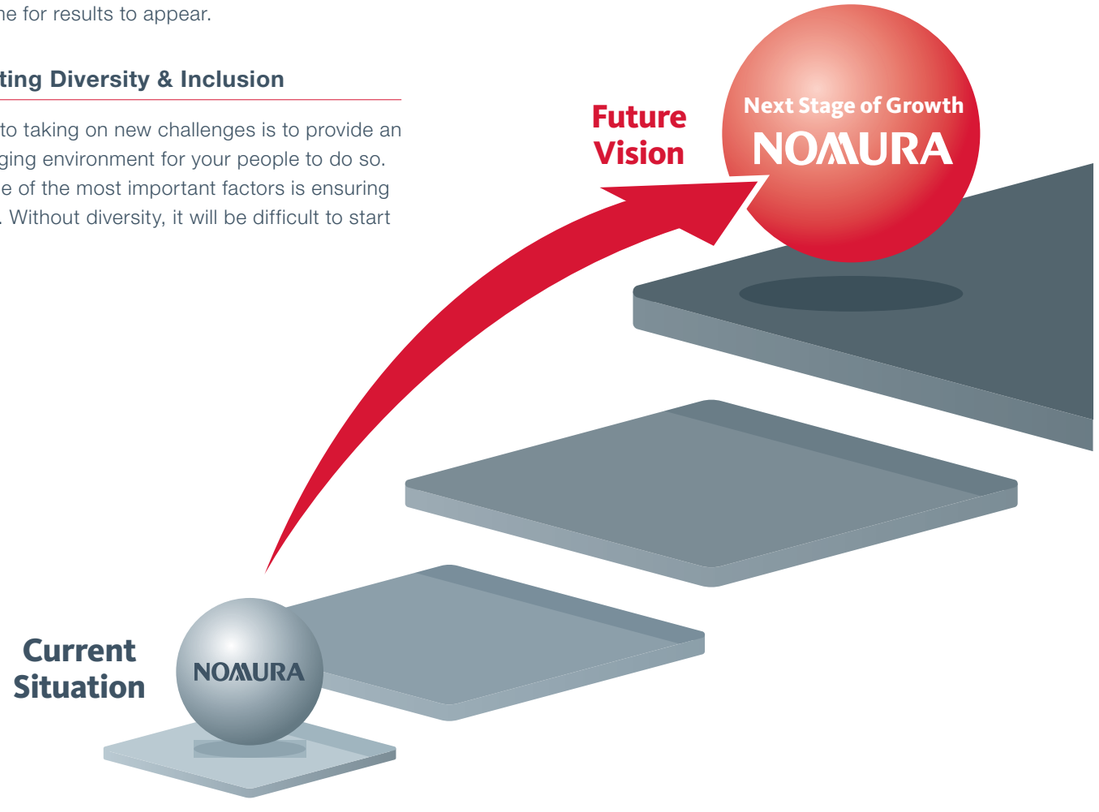
## Promoting Diversity & Inclusion

The key to taking on new challenges is to provide an encouraging environment for your people to do so. Here, one of the most important factors is ensuring diversity. Without diversity, it will be difficult to start new initiatives or take the firm to the next stage.

There is a well-known series of studies on conformity where a group of people are shown a line and asked to choose another line of the same length from a different set of lines. Even when the answer was clear, if others in the group gave the same wrong answer, in many cases people would yield and conform by not saying the right answer. However, if only one person in the group chooses not to conform, then people who had been influenced to confirm would give what they thought as the correct answer.

The context for this is that many people define their actions or opinions based on those around them. If you don't know what's going to happen, it's easier to conform. If you do something different, you may be disliked.

Similarly, a homogenous organization does not breed a culture of taking on new challenges and people are hesitant to point out wrongdoing. If people and organizations don't change, before you know it conformity can become commonplace. While that might be understandable from the standpoint of psychology, a lack of diversity in a company is a critical issue that can affect its very existence. That's why it is essential to hire and promote people from diverse backgrounds.




When it comes to our people, we adopt a groupwide approach with an emphasis on diversity, taking into account such factors as gender, age and career background. For instance, approximately 40 percent of newly appointed executive officers this year have worked outside Nomura. We are expecting to see new synergies across the Group, allowing us to better respond to changes in society and the increasingly sophisticated needs of our clients.

However, simply employing diverse talent alone is not enough to energize an organization. Nothing will change unless you have the right culture conducive to everyone being able to bring their full selves to work. Creating that environment is the responsibility of me and the rest of the management team.

## Expanding into Private Markets

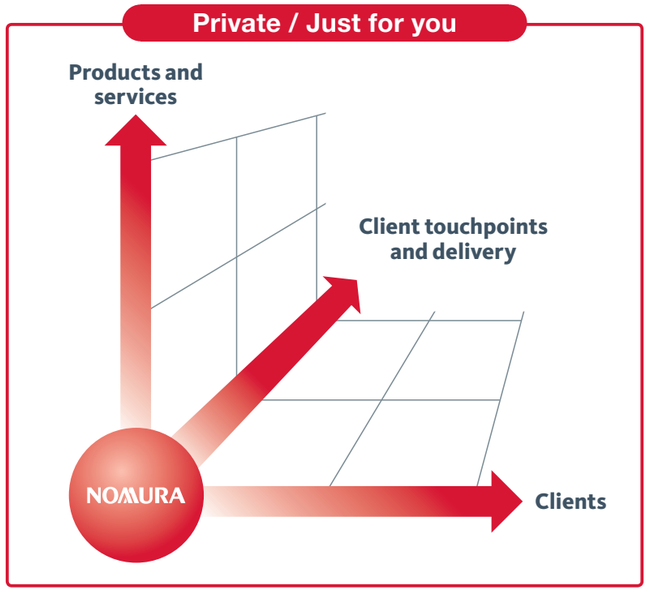
One of the key strategies to realize our vision is to expand our business from public into private markets. It is important to note that at Nomura the word 'private' has several meanings. First, there are 'private' financial products such as private equity for the shares of unlisted companies. Then there is also 'private' in the sense of personal or just for you, such as a private jet or a private beach. We aim to provide each client with bespoke services and solutions made just for them.

We do this through a three-pronged approach: Clients, products and services, and client touchpoints and delivery. Each client is different. And even for the same client, their needs change as they grow older. It is only natural that what they required yesterday will be different from what they need today.

We have to adapt to provide the right products, services and information according to the client's current situation. We have to deliver all of this in a way the client likes and at the best possible time. Only when these three pillars align with client needs do we achieve the 'private' service we are aiming for. That is how we stay close to our clients and is essential for them to choose Nomura as their partner.

## Diversifying Our Products and Services

Our advance from public into private is also about expanding the options for our clients in terms of the products and services we offer. It is not just about shifting course from public to private. We will continue to enhance our traditional strengths in public products and services, while expanding and strengthening our businesses in the new area of private markets.



## Investment Management

In April 2021, we set up a new Investment Management division with the twin strategy of executing our existing business while laying the foundation for future business opportunities. The backdrop to establishing this new division lies in the changing environment in the capital markets and the evolving needs of our clients.

With the prolonged low interest rate environment globally and depressed earnings yields, investor needs are growing more diverse than ever. Looking at asset allocation by investor type, it is evident that alternative assets are becoming increasingly important.

The remit of Investment Management is to provide our clients with not only traditional asset classes such as listed equities and bonds, but also investment opportunities into alternatives such as private equity.

An example of this is the strategic alliance we announced in January 2021 with SPARX Group to establish a listed investment corporation that will invest in unlisted companies. This is not just about investing in unlisted companies. It is about expanding our business opportunities by providing our clients, including individual investors, with opportunities to invest in private equity, enhancing the market value of pre-IPO startups, and extending our reach into high-net-worth clients through IPOs.

Nomura Babcock & Brown, which conducts aircraft leasing and was previously not under any business division, was consolidated into Investment Management as a key company under the new division. By bringing together diverse expertise under the same organization to create synergies and knock-on effects, we aim to deliver even greater added value.

To drive growth at Nomura, we must focus more on delivering total asset management services combined with a consulting approach. For the entire Group to move forward in this direction, all divisions, not just Investment Management, and all employees must keep this top of mind.

In addition, when growing inorganically through acquisitions or hiring new investment management teams, we will leverage our existing middle and back office functions to quickly start providing products and services.

## Forging Alliances

Throughout our history, Nomura has mostly pursued business growth independently. From last year, however, we pivoted with the aim to boost the Group's corporate value by forging alliances with preeminent partners.

In Japan, in addition to the alliance with SPARX Group, we have been pushing ahead with new alliances with regional financial institutions. In September 2020, we started a new initiative based on a comprehensive business alliance with San-in Godo Bank to provide financial intermediary services. In April 2021, we launched an alliance project with Awa Bank. In May, we announced that we are in discussions with several regional banks to set up a joint venture. This involves collaborating with the regional banks to provide remote financial consulting services for a fee.

We are also forging alliances internationally. In the US, we formed a strategic alliance with Wolfe Research which allows us to provide US equity research to retail clients in Japan. We are also seeing a positive impact on winning mandates in the US equity underwriting business. Further, in May 2021, we entered into a strategic alliance in Australia and New Zealand with Jarden, a leading investment and advisory firm, which brings together our complementary abilities for the benefit of both of our clients.

## Digital Initiatives

A major focus for us at the moment is improving efficiency and increasing our digital expertise to enhance the digital experience and drive the digital transformation of our business. As with our business expansion, we are investing resources and striking the right balance between responding to current requirements and adopting new technologies.

Some examples of new initiatives include Komainu and BOOSTRY, both of which operate in the area of blockchain technology. Blockchain is said to have the potential to spur online innovation. We were quick to see the potential and trial its application to business.

The issuance of digital securities leveraging blockchain continues to rise. In July 2020, we supported the issuance of real estate backed digital securities using the blockchain platform of BOOSTRY, a joint venture we have with Nomura Research Institute. The digital securities were sold to investors via a smartphone app.

Komainu provides custody services for digital assets. The company also provides services to manage secure encryption on behalf of clients, which is the most important aspect of using blockchain.

Recruiting and developing the right talent is another key focus of our digital initiatives. Digital knowledge is now a major differentiator in competitiveness for global financial institutions. It is a vital skill set for the future. To extend our digital efforts groupwide, it is important for not only technology related departments, but all our people to improve their digital knowledge and skills. To promote this, we have launched an internal Digital IQ program to support digital learning online with the aim of lifting the base-level knowledge of digital across the Group. The program has started in English and we are looking to gradually roll our more content in Japanese.

## Beyond Digital

The use of digital technologies is happening across the board, but our goal is not just digitalization. We need to consider the benefits for our clients, and the most important factors for that are content and people. We expect competition to heat up with not only financial institutions but also other new businesses such as tech companies. I am confident that the differentiator to be chosen by clients will be content and people.

The key lies in having the best content and delivering it to clients in the best possible way. In July 2020, we set up the Content Company with the aim of bringing together the Group's tangible and intangible content to create new value from information and experience, rather than just issuing research reports.

By adding our own analysis to information available to anyone, we can create valuable knowledge, and by using our experience and tapping into implicit knowledge, we can join the dots to create new knowledge. By leveraging digital technologies, we will also look to provide private solutions tailored especially for each client.

While the importance of people to our business will never change, the type of qualifications we require will change over time. We need people who are product experts and can add value through their consulting capabilities, giving advice on how to manage each client's assets. As such, people will become a key differentiator for us.

We also need to find new ways to access clients. The transformation of our Retail business in Japan has focused on shifting from a transaction-based commission business to prioritizing client assets. To further embed this, we are looking into introducing a new fee structure. We want to create a virtuous cycle whereby the earnings for securities firms increase in line the growth of their clients' assets.

Advances in artificial intelligence could lead to everyone having their own personal assistant who knows their likes and dislikes. Asset management advice is also likely to be done by artificial intelligence in the near future. Humans can't beat artificial intelligence in terms of knowledge or speed. So we need to start thinking about what it is that only humans can do.

## Controlling Costs

In the fiscal year ended March 2019, we launched a groupwide cost reduction program of 140 billion yen, which we completed in March 2021, one year ahead of schedule. Our efforts to reduce costs over the past two years have helped bring our cost income ratio to 81 percent. We aim to further cut this metric by growing revenues and maintaining stringent cost control.

At the same time, to expand into private markets and leverage digital technologies, we will continue to invest where needed to grow our business and drive efficiencies.

## Enhancing Our Governance

Since I took over as Group CEO, I have had many discussions with our Outside Directors about how to strengthen our governance. In the fiscal year ended March 2021, in addition to the annual self-evaluation conducted by members of the Board of Directors, we did a third-party appraisal of Board of Directors and reviewed our overall corporate governance.

Given the Board of Directors' role in determining material matters and overseeing management, we have made the Board more diverse and better aligned to our business portfolio by adding three new Outside Directors from outside Japan.

As a result, the Nomura Holdings Board of Directors in now comprised of 12 directors in total, eight of whom are Outside Directors, including three women and four non-Japanese directors.

## Risk Management

Regrettably, we booked a significant loss arising from last fiscal year's transactions with a US client. We take this matter very seriously and will further enhance our risk management while aiming for sustainable growth.

We have brought in external consultants to conduct a thorough review of our risk management framework in our Wholesale business and Risk Management functions.

We are further enhancing our corporate governance in line with the global nature of our business by appointing a new CEO at our US subsidiary from outside the company who has extensive experience in the US financial services industry and by increasing the number of Outside Directors.

Looking ahead, we will continue to focus on our international business, including in the US, while enhancing our risk management and building a robust franchise.

## Code of Conduct

In December 2019, we established the Nomura Group Code of Conduct. We have a set of values handed down since the firm was first established that we continue to respect and uphold today. The Code of Conduct is shared with our diverse workforce and serves as a guide on how to make decisions and act on a daily basis.

As part of our groupwide employee survey last July (24,000 responses for response rate over 90 percent), we measured the level of understanding of the Code of Conduct. The results were favorable in comparison to our peer group.

To build on these results, all senior managing directors held in-depth discussions on how to make Nomura Group an even better company. Through this process, we realized that we need to focus on making further improvements in three areas: Aligning our business to our clients' needs, creating an environment where everyone can speak up, and ensuring transparent and convincing performance reviews of our people.

We revised the Code of Conduct in March 2021. Our diverse businesses are built on the trust of our clients and all stakeholders. To continue to respond to the demands placed on us by society, we must align our thinking to socially accepted standards and constantly review our actions. In that spirit, we decided to regularly review the details of the Code of Conduct.

The trust placed in each individual equates to the trust placed in the entire Group. The face of Nomura is our people on the ground who deal directly with our clients, not me or other executives the client hasn't met. They are the ones who collectively form Nomura's external image. Clients look closely at the values and views of our people. If just one person loses trust, then the whole Group loses trust. Each member of Nomura Group must go beyond simply following the rules and regulations. We must uphold the highest ethical standards and aim to make Nomura a company we are all proud to work at.

## Prioritizing Sustainability

Sustainability initiatives are a key factor to ensure clients choose us as their trusted partner. Unless we pursue sustainability, I believe we will lose business. Sustainability is the only way ahead for strategic growth for us and our clients.

We are committed to strengthening our efforts in this area for our clients and our broad group of stakeholders, leveraging the Group's capabilities to provide solutions that help resolve social issues.

I chair our Sustainability Committee to ensure a strategic approach by aligning with the members of the Executive Management Board, the highest decision making body at the firm. We also receive a wide range of advice on our sustainability efforts from our Outside Directors.

We recently appointed a new Head of Sustainability Development to raise awareness across the group, step up our sustainability activities and increase communication to external stakeholders.

In the US, we acquired Greentech Capital, a firm with a solid presence in sustainable technology and infrastructure, and launched Nomura Greentech in April 2020. We have won many mandates by combining Greentech's expertise with Nomura's global client franchise.

## Moving Forward Together

We are targeting ROE of 8 to 10 percent by the fiscal year ending March 2025. Our management vision is to achieve sustainable growth by helping resolve social issues. Our diverse businesses rely on the trust of our clients and all stakeholders. We recognize that raising our corporate value and ensuring sustainable growth of society as a whole are closely linked together.

Some people take a negative view towards the future of financial institutions. I am confident the future holds boundless opportunities for financial services. As we move forward to this new future, everyone at Nomura will work hard to realize sustainable growth for the firm and society.

# Nomura Group's Management Vision

**Based on the philosophy of "placing our clients at the heart of everything we do", Nomura Group has been challenging itself to achieve sustainable growth since 2012. In Japan, we have been working to reform our business model so that we can provide consulting services not only for our clients' financial assets but also for their real estate and other assets, portfolio as a whole.**

**Internationally, we have reviewed our full-coverage, full-service platform in line with the changing business environment, and boldly narrowed down to businesses where we have strengths and can provide added value. As a result, we were able to raise client awareness and significantly lower our cost base. Following the structural reforms through the fiscal year ended March 2020, Nomura Group's business franchise and financial base has strengthened, laying the foundation for implementing our management vision for 2025, announced in May 2020.**

**In May 2020, we announced a new management vision for 2025, the 100 year anniversary of our founding. Our management vision is to "achieve sustainable growth by helping resolve social issues." Another goal is to aim to achieve an ROE of 8-10% for the fiscal year ending March 2025.**
**In order to realize this management vision, it is necessary to "advance our platform to the next stage" through a strategy expanding our scope of business in addition to public.**

**FY2014/15** — **Vision C&C** Road to 2020 → **FY2019/20**

(Build a business platform capable of delivering sustainable growth in any environment)

Key initiatives

## Transform our business model in Japan
## Deliver consistent earnings from international operations

**Achievements**

Deepened the consulting-based approach; increased recurring revenue. Transaction volume as well as number of contracts in inheritance, real estate, and SME M&A also increased.

Implemented strategic review of Wholesale business in EMEA and the Americas; reallocated management resources to areas of competitive advantage

Started rebuilding business platform in April 2019, which enabled us to establish a franchise that can monetize a favorable market environment.

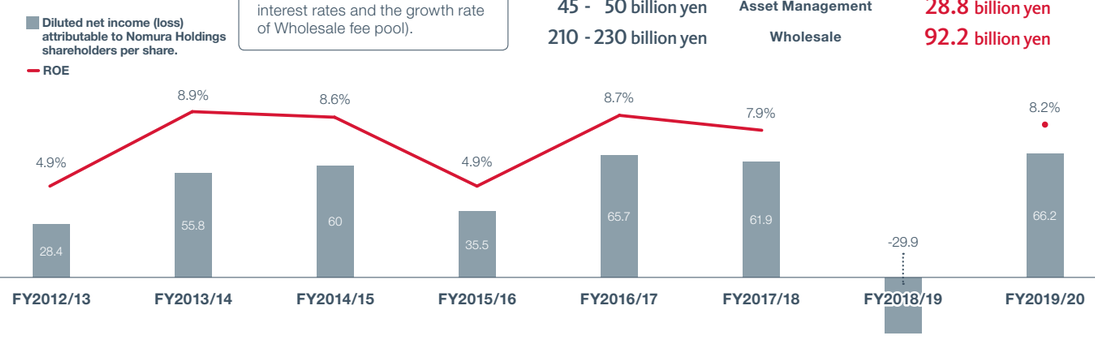
Sold corporate/group shareholdings, settled and continue to resolve legacy transactions

Returned to shareholders proactively, set the rules on holding and canceling treasury shares (improving enterprise value per share by reducing the number of shares outstanding)

**Challenges**

Earnings per share and income before income taxes of each division underperformed significantly partially due to differences in market environment assumptions for the fiscal year ended March 2020 (level of interest rates and the growth rate of Wholesale fee pool).

| | Target | Actual (FY2019/20) |
|---|---|---|
| EPS | 100 yen | 66.2 yen |
| Three segment income before income taxes | 450 - 470 billion yen | 170.4 billion yen |
| Retail | 195 - 205 billion yen | 49.4 billion yen |
| Asset Management | 45 - 50 billion yen | 28.8 billion yen |
| Wholesale | 210 - 230 billion yen | 92.2 billion yen |




**FY2020/21** — **Achieve sustainable growth by helping resolve social issues** → **FY2024/25**

(Advance to the next stage, which is different from where we are now)

Key initiatives

## Expand and strengthen our private sector capabilities in addition to our current strengths in the public sector

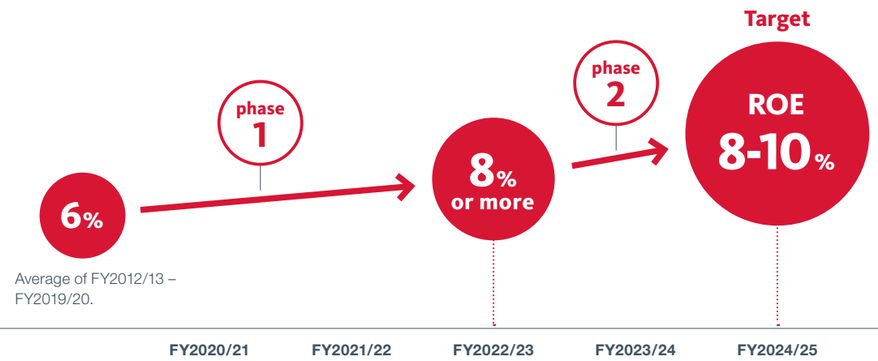
Provide services and solutions tailored to each and every client based on the three pronged approach of "clients," "products and services," and "client touchpoints and delivery"

Differentiate ourselves through talent and content

Realize full-scale business shift in Japan

Maintain and improve profitability for Wholesale business, further grow private and low-risk business

Expand the range of public to private investment products



## Management Vision for 2025, the 100 year anniversary of our founding

### Business growth

Our management vision for the fiscal year ending March 2025 is divided into two phases. First phase is targeted for the fiscal year ending March 2023. We aim to expand existing businesses, mainly in the three segments, as well as to expand our business domains, and to achieve income before income taxes of 320 billion yen.
In the second phase, we aim to achieve an ROE of 8-10% in the fiscal year ending March 2025 by expanding and strengthening our private sector capabilities in addition to our current strengths in the public sector.

**phase 1** ROE of 8%+

| | | | | FY2020/21 or March 31, 2021 (Actual) | FY2022/23 or March 31, 2023 (KPI/KGI) |
|---|---|---|---|---|---|
| Profitability | Grow revenues | Retail | Recurring revenue assets | 18.2 trillion yen | **21 trillion yen** |
| | | | Consulting-related revenue | 13.4 billion yen | **27.8 billion yen** |
| | | | Number of active clients | 1.019 million | **1.47 million** |
| | | | Net inflows of cash and securities | 887.7 billion yen | **2.4 trillion yen** |
| | | Investment Management | Assets under management | 64.7 trillion yen | **70 trillion yen** |
| | | Wholesale | Revenue/modified RWA | 6.4% | **6% or more** |
| | | | Fee and commission revenue | 1.26 billion dollar | **1.3 billion dollar or more** |
| | Cost control | 140 billion yen of firm-wide cost reduction initiatives | | Completed | - |
| | | Expenses / revenue | | 81% | **75%** |
| | Grow income before income taxes (KGI) | Retail | | 92.3 billion yen | **110 billion yen** |
| | | Investment Management | | 91.0 billion yen (of which business income: 40.8 billion yen) | **60 billion yen (of which business income: 45 billion yen)** |
| | | Wholesale | | 64.3 billion yen (of which US loss: -245.7 billion yen) | **150 billion yen** |
| Efficiency | Balance sheet control | Sell strategic shareholdings | | Number of holdings decreased to 233 | - |
| | Off-balance sheet control | Reallocate from unprofitable businesses to highly profitable businesses | | | - |
| Financial leverage | Leverage ratio | | | 5.61% | **Maintain appropriate levels of leverage** |
| | Appropriate capital allocation | | | Total shareholder returns: 70% | **Total shareholder return ratio of at least 50% as basis, then achieve balance of investment and shareholder returns for surplus capital** |

**phase 2** **In order to achieve a ROE of 8-10%, we will strengthen existing businesses and aim for profit growth in areas mentioned on the right hand side.**

- Provide customized services and solutions privately to each client, and expand risk light businesses not utilizing our balance sheet
- Provide a wide range of asset management opportunities through Investment Management
- Expand client base through collaboration with other companies (regional financial institutions, LINE, etc.), diversify commission and fee structure
- Expand digital-related businesses

While emphasizing "business growth," we also place importance on "trust from society" and "employee engagement." This is because we believe that sustainable growth cannot be achieved without those elements.

### Trust from society

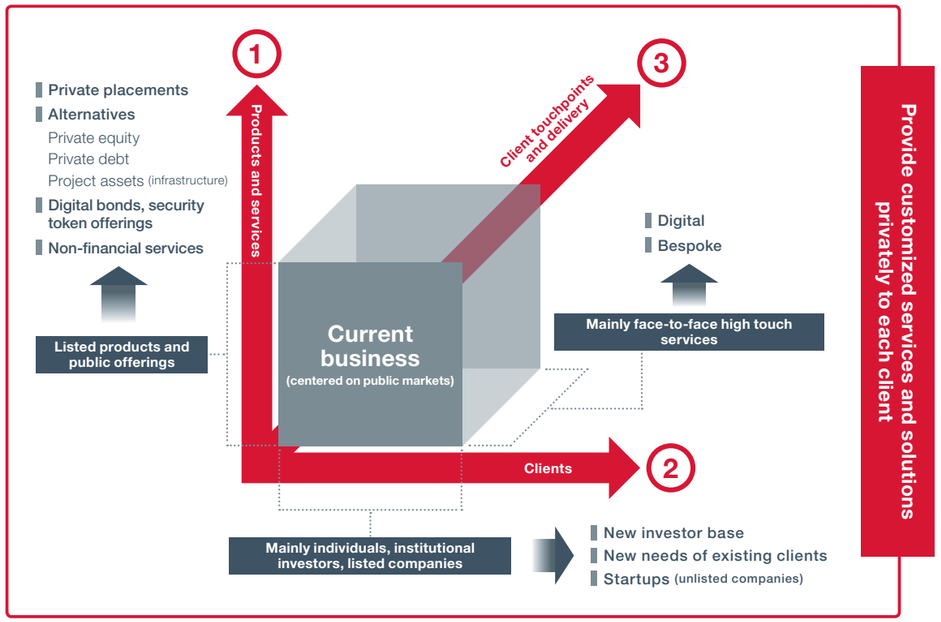
| | |
|---|---|
| **Trusted by our clients** | Client satisfaction |
| **Creating a sustainable society** | Value of sustainable finance we support<br>Sustainable investment ratio |
| **Dissemination of the Code of Conduct and thorough risk management** | |

### Employee engagement

| | |
|---|---|
| **Environment where employees can enjoy their work** | Employee engagement |
| **Talent development** | Train our employees and develop our organization so talent from various backgrounds can work to their full potential |
| **Diversity and Inclusion** | Focus on diversity and abilities<br>Increase female management ratio |

## What does it mean to expand and strengthen our private sector capabilities in addition to our current strengths in the public sector?

The word 'private' has several meanings. Our aim is to provide each client with bespoke services and solutions made just for the individual. We do this through a three-pronged approach: clients, products and services, and client touchpoints and delivery. Only when these three pillars align with client needs do we achieve the 'private' service with which we are aiming.




### Key initiatives to date in order to expand and strengthen private business

Since April 2020, Nomura Group has taken various steps to expand its private business.

| | | | Aims |
|---|---|---|---|
| 2020 | April | **Established Nomura Greentech** | Reinforce our commitment towards delivering unique value to the global client base, advancing the growth of sustainable technologies and infrastructure |
| | July | **Established Content Company** | Bring together, streaming Content and relevant talent from across the Group to form a dedicated internal company which proactivity drives Group strategy |
| | July | **Established CIO Group** | Full-scale entry into high value-added CIO advisory model |
| | July | **Strategic alliance with Wolfe Research** | Provide top-tier US equity research to clients in the US and Japan |
| 2021 | January | **Agreement of a strategic alliance with SPARX Group** | Establish a listed investment corporation that will invest in unlisted companies |
| | February | **Launched FINTOS app for investors** | Leverage Nomura's deep capabilities in research and analysis to provide contents utilizing digital platform |
| | March | **Enhanced support capabilities towards intermediary platform using new financial instruments** | Offer sales and operational support tools to integrate IT functions to financial services platforms for financial intermediaries |
| | April | **Established Investment Management Division** | Provide investment management opportunities and solutions in both public and private markets |
| | April | **Started trial of new level fee structure** | Introduce fee structure where commission is based on level of client assets under custody |
| | May | **Explore establishment of joint venture to provide remote financial consulting services** | Nomura and the three regional banks, part of the TSUBASA Alliance, to offer consultations by dedicated advisors to help clients build assets with a long-term time horizon as their trusted advisor. |
| | | **Entered strategic alliance with Jarden Group** | Strategic alliance in investment banking business in Australia and New Zealand |
| | June | **Introduced "Nomura Navigation"** | Based on strategic asset allocation (SAA) by Nomura CIO Group, this tool helps propose a sophisticated asset allocation plan to meet clients' risk tolerance |

Message from CFO

# Through investment in Digitalization and growth areas, we will promote sustainable growth and contribute to the realization of our management vision

**Chief Financial Officer (CFO), Investor Relations**
Takumi Kitamura

## Review of the fiscal year ended March 2021

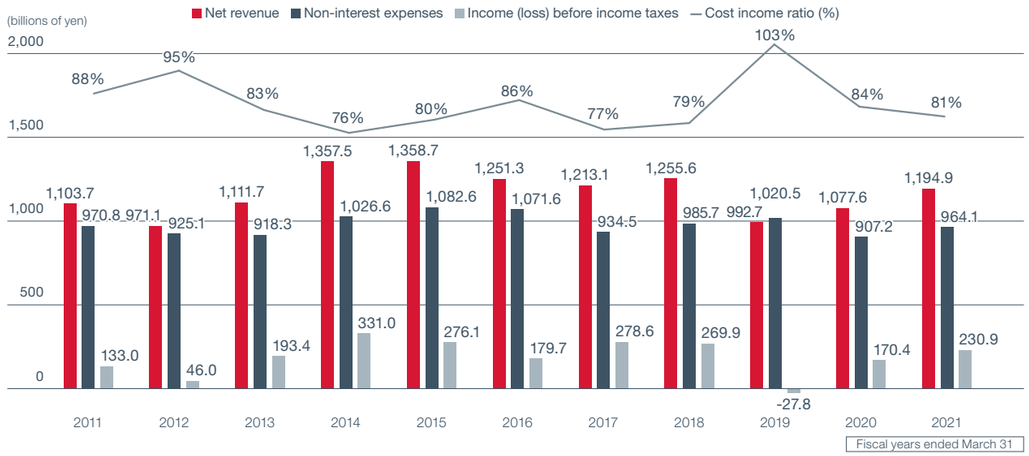
The fiscal year ended March 2021 was a year in which the world was greatly shaken by the rapid spread of the Covid-19 resulting in various travel and workplace restrictions being imposed. At Nomura Group, physical movement was also restricted with most of our employees transitioned to a remote working environment, yet we were able to operate seamlessly without disruption to our service to clients or our ability to provide liquidity in capital markets.

After a sharp decline in March 2020, the public equities markets have been on a recovery track since April, maintaining appropriate volatility against the backdrop of large-scale monetary easing by central banks, vaccine development, and expectations for economic recovery. As a result, individual investor sentiment improved, and the volume of transactions for stocks and investment trusts increased, while institutional investors were active throughout the year. The business environment surrounding us was generally favorable as the financing needs of issuers, industry and business restructuring, and cross-border M&A deals increased in the second half of the year.

Nomura Group has been implementing various structural reforms over the past few years. In the Retail division, the channel formation was drastically realigned, and a structure was established to appropriately meet client needs. As a result of reviewing its business portfolio and concentrating management resources on products with competitive advantages, Wholesale was able to develop core products with top five market shares in certain products in each region. We also achieved a company-wide cost reduction of ¥140 billion, one year ahead of the original schedule, and we were able to lower our break-even point. In the fiscal year ended March 2021, as a result of these structural reforms, income before income taxes for three business segments total increased 35% year on year to ¥230.9 billion, supported by favorable market conditions. As for the loss of ¥245.7 billion*1 arising from transactions with a US client that occurred in the fourth quarter, our management understand the difficulties it caused our stakeholders and assure you that we have taken this matter very seriously, and we will utilize the lessons learned for the future in order to achieve both the enhancement of our risk management system and the expansion of our business.

*1 ¥204.2 billion booked in Equities revenue as trading loss and ¥41.6 billion as loan loss provision in expenses

**Net revenue, non-interest expenses and income (loss) before income taxes for three business segments total**

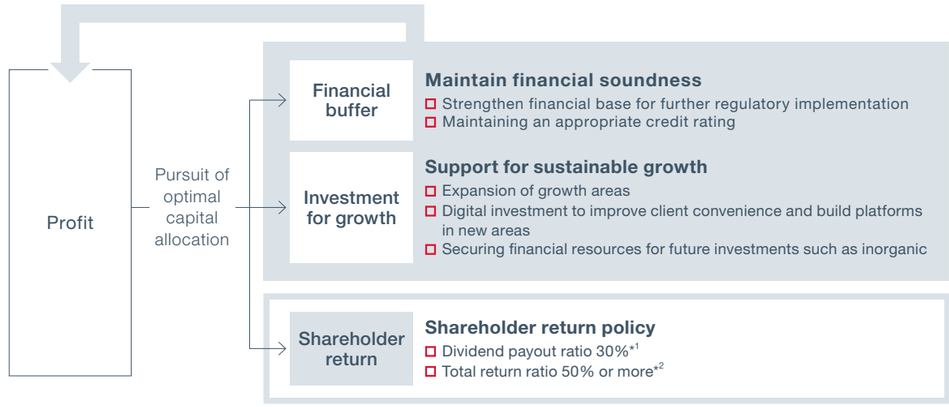



## Capital policy and shareholder returns

We believe appropriate financial management means pursing optimal capital allocation to achieve (1) maintaining a sound financial base, (2) supporting sustainable growth from the financial and capital perspectives, and (3) appropriately returning profits to shareholders.

As a global financial institution, Nomura Group is subject to various regulations, including capital and liquidity requirements. In addition, in order to maintain an appropriate credit rating, it is necessary to have a financial base that exceeds a certain standard. In light of future regulatory trends it is also necessary to determine how much financial buffer is to be maintained, by considering the level of investment that should be made to achieve business growth alongside ensuring resource availability. Taking these multiple factors into consideration, we will keep a portion of the profits generated each fiscal year within the company and make effective use of them to ensure future growth.

The company's basic policies regarding shareholder returns are (1) a payout ratio of 30%*1 and (2) a total return ratio of 50% or more*2, while the return amount is determined based on a comprehensive judgment considering regulatory trends and the business environment. If you look at the track record over the past five years (→ P82 Return to shareholders), total return ratio is well over 50% and majority of profits are returned to shareholders in the form of dividends and share buybacks.




*1 We will strive to pay dividends using a consolidated pay-out ratio of 30 percent for each semi-annual consolidated earnings as a key indicator. Dividend payments are determined by taking into account a comprehensive range of factors including the tightening of Basel regulations and other changes to the regulatory environment, as well as the Company's consolidated financial performance.
*2 Aim for total shareholder return ratio including share buybacks of at least 50%

## Maintaining financial soundness and responding to various financial regulations

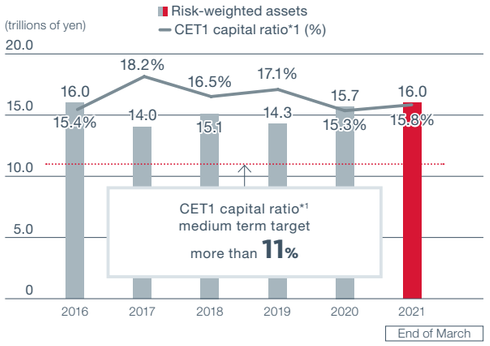
Nomura Group has several global regulations to comply with. Above all, capital adequacy regulations set by the Basel Committee have a direct impact on our business. The minimum required level of the Common Equity Tier1 capital ratio ("CET1 ratio") is 7.5 ~ 8%*2, and we set a target of maintaining a minimum ratio of 11% over the medium term, including the management buffer. At the end of March 2021, the CET1 ratio was 15.8%, well above our medium-term target of 11%, and we are maintaining a sound level of capital.

We anticipate that the finalization of Basel III, at the end of March 2023, will further tighten the measurement method for risk-weighted assets. We are currently working on measures to reduce risk-weighted assets from various perspectives, including optimizing the booking method and utilizing internal models.

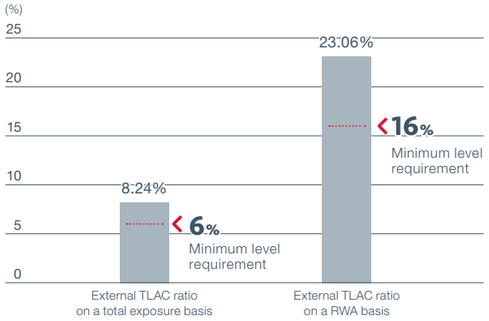
In addition, preparing for the application of TLAC*3 regulations at the end of March 2021, we have been steadily issuing TLAC-eligible liabilities and refinancing existing liabilities. As a result, the ratio of equity capital + TLAC-eligible liabilities to risk-weighted assets as of the end of March 2021 was 23%, and the ratio of equity capital + TLAC-eligible liabilities to total exposure was 8.2%, well above the minimum required levels (16%, 6%). Furthermore, in June 2021, we issued ¥225 billion perpetual subordinated bonds*4 in association with the early redemption of the existing one, and in July, issued $3.25 billion of TLAC-eligible liabilities. We will continue to implement our fund raising plan in order to achieve the required level for our company without difficulty.

Liquidity coverage ratio ("LCR"*5) was 192.4%*6, well above the minimum required level of 100%, indicating that sufficient liquidity can be secured even under stress scenarios.

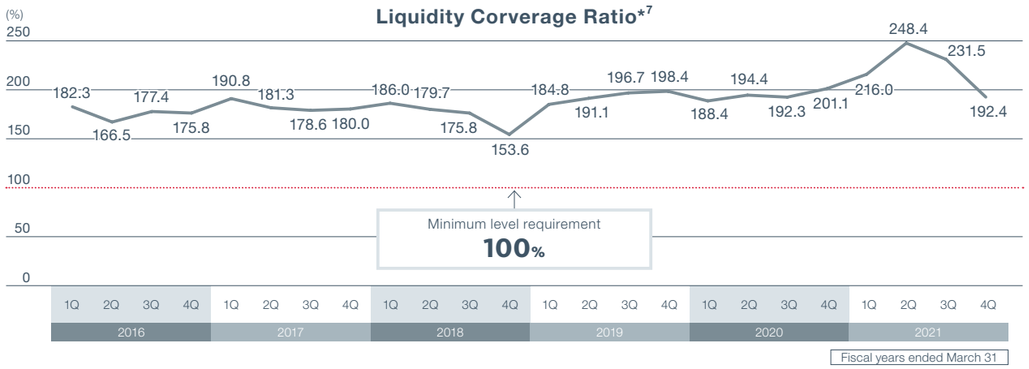
### Consolidated Capital Adequacy Ratio




### External TLAC ratio (As of March 31, 2021)
**(RWA basis and total exposure basis)**




### Liquidity Corverage Ratio*7




*1 CET1 capital ratio is defined as Tier1 capital minus Additional Tier1 capital divided by risk-weighted assets.
*2 The minimum required CET1 capital ratio may fluctuate each quarter as the counter cyclical buffer is updated quarterly. As of March 31, 2021, the minimum requirement is 7.52%
*3 Abbreviation for Total Loss Absorbing Capability. Sufficient Total Loss Absorbing Capacity aims to promote financial stability where it is a combination of equity capital + TLAC instruments
*4 4 Unsecured perpetual subordinated bonds with optional redemption clause and write-down clause. The Bonds will be qualified as Nomura Holdings' Additional Tier1 capital under the current applicable capital adequacy requirements
*5 Abbreviation for Liquidity Coverage Ratio. Defined as ratio of High-Quality Liquid Assets ("HQLA") divided by cash outflow for 30 days under stress
*6 Daily average for the fourth quarter of the fiscal year ended March 2021
*7 Monthly average for each quarter before the third quarter of the fiscal year ended March 2017, and daily average for each quarter after the fourth quarter of the fiscal year ended March 2017

## Support for sustainable growth

At our Investor Day, held in May 2021, we raised the consolidated net income before income taxes target for fiscal year ending March 2023 to ¥320 billion. If we are able to achieve this level of profitability, we expect the cost income ratio (cost divided by income) to decrease to 75% from 81% which we recorded in the fiscal year ended March 2021. In addition, we identified areas of profit growth for the fiscal year ending March 2025, which shows the path to achieving the ROE target of 8-10%.

As a CFO, there are two main points to consider in order to achieve this goal. The first is optimal capital allocation. For example, by regularly monitoring financial resources, such as risk-weighted assets, to determine whether each business line is achieving appropriate returns, and reallocating resources from low-margin to high-margin businesses as needed, it is possible to increase revenue even if the capital usage amount is the same. The selection of investments is also important. We need to invest to expand our business, but we can't spend money endlessly. We will carefully examine investment projects and select those that exceed our cost of capital. The business expansion of the Investment Management Division, which was newly established in April 2021, and the inorganic strategy are also important for expanding our products and expanding our customer base, so we would like to provide solid support.

The second is the continued discipline towards cost control. It is not an approach to set cost reduction targets as was done in the previous fiscal year. By reviewing real estate and utilizing offshore centers, centralizing data strategy and cloud utilization across the group, and effectively consolidating and standardizing operations, we will change our operating model. In other words, we will improve cost efficiency by reviewing our existing methods and processes.

Digital strategies are important for improving the efficiency and sophistication of operations, existing services, seeking new client segments or revenue sources. In the area of Retail, we are moving towards full-scale use of digital marketing. We are also hiring and developing human resources to promote digital transformation, and advancing new technology platforms in financial services such as BOOSTRY and Komainu (P37-38 Digital Transformation). We will continue to invest solidly to advance this digital strategy, and will continue to improve enterprise value over the medium-to long-term.

**Pursuit of optimal capital allocation**

Monitor profitability against financial resources

Reallocate resources to more profitable businesses

Selection of investment projects and support for investment in growth areas

↓

**Improve capital efficiency**

**Continue cost control**

Control costs relative to revenue

Promotion of real estate strategies and utilization of offshore centers

Streamline business processes

↓

**Maintain and improve cost efficiency**

Finally, it is very important for the CFO to also act as a bridge between management and investors. It is important to carefully explain the status of business progress and management strategy to ensure the profitability and growth potential of the company is appropriately reflected in their evaluation. It is also important to share valuable feedback from investors with senior management and the board of directors, and to reference the feedback as important inputs when making decisions. In the fiscal year ended March 2021, opportunities for in-person face-to-face dialogue were greatly reduced due to COVID-19, but we have worked to maintain connectivity with our investors. We will continue to actively increase the number of opportunities for dialogue through the use of remote communication.

Going forward, we aim to make greater efforts to inform everyone about Nomura Group's initiatives. For example, we are considering holding events around the theme of sustainability, which has been attracting increasing attention in recent years. Furthermore, we are reviewing and improving the methods and contents of information provided to individual/retail investors. Nomura will continue to strive to provide information in a thorough, conscientious and easy-to-understand manner. We appreciate your ongoing support.

# Materiality

Nomura Group Materiality

**Since Nomura Group first identified CSR Materiality in 2008, we have conducted regular reviews based on trends in the international community and the expectations of stakeholders. Last year, we reformulated the Nomura Group Materiality that we should focus on in advancing our management vision for 2025, "Achieve sustainable growth by helping resolve social issues." We have reviewed and adjusted the Materiality based on changes in the business environment over the past year and developments in our business activities. We will continue to make every effort toward our targets by using metrics to monitor our progress.**

## Selection process

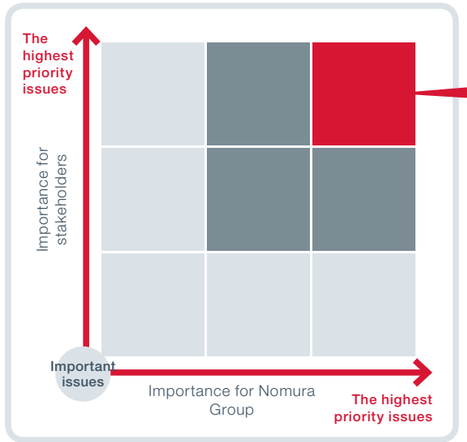
### STEP 1 List the issues

We make a list of issues based on domestic and overseas non-financial information disclosure guidelines such as the GRI Guidelines and SDGs, etc.

### STEP 2 Evaluate importance

We evaluate the importance to stakeholders based on the matters to be evaluated as provided by ESG research organizations* in Japan and overseas and based on opinions from external stakeholders. In addition, we evaluate the importance to Nomura, referencing our Management Vision, Corporate Philosophy and the Nomura Group Code of Conduct, as well as based on interviews of key internal departments.

* DJSI(S&P Global/SAM), Vigeo Eiris, MSCI, ISS-oekom, Sustainalytics




### STEP 3 Formulate draft Materiality

Based on the evaluation of importance (see 2 above), we formulate a Nomura Group Materiality draft following verification by the Group Strategy and Executive Office and ESG Department.

### STEP 4 Senior management discusses and makes final decision

The Sustainability Committee, chaired by the Group CEO, makes a final decision after reviewing the validity of the Nomura Group Materiality.

## The highest priority issues to address

| | | Material issues | Examples of Major Initiatives | Metrics | Targets | SDGs |
|---|---|---|---|---|---|---|
| Initiatives toward sustainable growth | Capital markets | Provide financial services that contribute to solve social issues | **ESG related initiatives**<br>□ Signatory to UN Principle for Responsible Banking (PRB), UN Principle for Responsible Investment (PRI)<br>□ Established Wholesale Division ESG sectoral appetite statement<br>□ Develop and provde ESG investment products and analysis of investee companies utilizing carbon pricing<br>□ Established Nomura Greentech<br>□ Established ESG team in the Equity Research department<br>**Initiateves to expand services from a client perspective**<br>□ Developing a new client base through collaboration with business partners<br>□ Initiatives for asset formation and asset life extension in view of the declining birthrate and aging population (financial gerontology research, development of sales partners for elderly clients) | □ Value of sustainable finance we support<br>□ Sustainable investment ratio | Nomura Group's corporate philosophy is to contribute to the creation of a truly affluent society through financial and capital markets. We will contribute to the sound development of capital markets by providing high-value-added solutions and promoting the circulation of risk money, and helping resolve social issues through our core business | 1, 8, 11, 13 |
| | Business transformation | Expand and strengthen businesses from "Public" to "Private" | □ Established Investment Management Division<br>□ Provide alternatives<br>□ Response to diverse needs of new investor base and existing clients<br>□ Provide private deliverly tailored to needs and circumstances through bispoke and digital<br>□ Introduce a fee structure from the clients' perspective and utilize the CIO model | □ Retail client assets<br>□ Alternative investments | We establish a system to provide optimal solutions that meet the diversified needs of our clients. To adapt to the ever-changing business environment, we strive to continuously improve corporate value through continuous business transformation | 8, 9 |
| | | Continual review of existing business portfolio | □ Continual review of business platform<br>□ Optimal allocation of resources and cost control with an ROE target (8~10% for FY 2024/25) | □ ROE<br>□ State of cost rationalization | | 8, 9 |
| | | Digital transformation | □ Expand diverse digital delivery and contents<br>□ Pursue added value in a new era based on strengthening the development and recruitment of digital human resources<br>□ Diversify approaches to clients by using e-mail and online conferencing systems in addition to face-to-face meetings<br>□ Create value chains by providing market infrastructure using blockchain technology | □ Customer satisfaction level | | 8, 9 |
| Platform toward business sustainability | Governance | Customer protection | □ Ensure information security<br>□ Protect customer's assets and information properly | □ Customer satisfaction level<br>□ Number of complaints | In order to achieve our management vision of "Achieving sustainable growth by helping resolve social issues," we work to thoroughly protect clients, enhance corporate governance, promote the adoption of a code of conduct, and thoroughly comply with laws and regulations. By promoting and establishing a culture that pursues appropriate business conducts, we build trust with society and lead to the protection and improvement of corporate value | 10, 16 |
| | | Permeation of the Code of Conduct | □ Develop and promote "conduct programs" as a system to promote appropriate actions<br>□ Provide trainings for employees regularly<br>□ Continuous communication from management | □ Status of compliance with Code of Conduct (Employee survey) | | 10, 16 |
| | Resilience | Enhance risk management | □ Enhance global risk management system<br>□ Comprehensive review of risk management framework<br>□ Instill risk culture | | To improve financial soundness and corporate value, various risks must be managed appropriately. We aim for highly resilient corporate management throuth establishment of a risk management framework which monitors and reports on globally integrated basis | 13, 16 |
| | | Ensure financial soundness and respond to regulatory requirements ensure financial soundness | □ Monitor and disclose financial indicators | □ CET1 ratio<br>□ External TLAC Ratio<br>□ Liquidity coverage ratio | | 10, 16 |
| | Environment/Society | Efforts to address climate change | □ Support for TCFD and information disclosure based on TCFD recommendations<br>□ Introduce processes to identify ESG risks including climate change risks, and review mitigation measures<br>□ Environmental management to reduce environmental impact | □ Value of sustainable finance we support<br>□ Sustainable investment ratio<br>□ $CO_2$ emissions | We provide optimal solutions that utilize the various functions of the Group to meet the challenges faced by clients and other stakeholders. We also contribute to resolving social and environmental issues through continuous cooperation with stakeholders. The preservation of a sustainable global environment is the foundation of our company's sustainable growth as well as its economy and society. | 12, 13 |
| | Human resources, Diversity & inclusion | Improve employee engagement | □ Promote Health Management, Appointment of Chief Health Officer<br>□ Promote diversity and inclusion<br>□ Proactive communication between management and employees to promote the implementation of strategies<br>□ Develop systems that enables diverse working styles | □ Employee survey<br>□ Response rate to health examination<br>□ Female managers ratio<br>□ Use of childcare and family nursing care support plans | In order for us to achieve sustainable and discontinuous growth, diverse human resources and the environment in which they can play an active role are indispensable.We make sure every employee can be active and successful in utilizing her/his capabilities and strengths, and provide high value-added service | 5, 8, 10 |

* The SDGs logo covers not only the highest priority issues, but also all of Nomura Group's material issues. For all the material issues, please visit our website.

# The Value Creation Process

**Nomura group conducts business on a daily basis with the social mission to "Enrich society through our expertise in capital markets". In a rapidly changing environment, we will create an prosperous society through our core businesses and provide value to all stakeholders by providing solutions that best meet the diversifying needs of our clients by leveraging the group's strengths.**

## Strength

### Trust from clients, Japan's leading client base

Retail client assets ¥126.6trn *1
Assets under management ¥64.7trn *1
Lead underwriter ratio of domestic listed companies Approx. 40% / Underwriter ratio of domestic listed companies Approx. 60% *2
Trading share in Japan stock No.1 *3
Yen Rates client share No.1 *3-4
Corporate access provider No.1 *5
Call center 5 star authentication *6
Japan investor satisfaction study (full-service securities category)*7

### Research strength based on deep analysis and foresight

Consolidated group research functions into a single organization (Content Company established in July 2020)
Coverage of macroeconomy of 33 countries and regions
Digital research distribution platform

P37 FINTOS!

### Presence related to sustainability

- Expertise and ability to propose solutions in sustainability-related business
- Investment Bank of the Year (Sustainable Corporate Finance)*10, Highest rating in Principles for Responsible Investment (PRI) annual assessment*11, CDP Leadership Level A*12
- Inclusion in ESG indices - Dow Jones Sustainability Indices, MSCI Japan Empowering Women Index (WIN), FTSE Blossom Japan Index, etc.

### Excellent and deep human resources with diversity

Multinational talent structure ~ approx. 90 nationalities
Advanced training program and appropriate personnel evaluation system
Pride Index 2020, Gold grade*8
Recognized under the 2020 Certified Health & Productivity Management Outstanding Organizations Recognition Program (White 500) *9

### Full-fledged global business foundation

| Product offering capability backed by high market share | Japan's best global investment banking platform | Global business foundation for asset management |
|---|---|---|
| P03-04 | P03 | P41-42 |
| GM products market share | Global M&A league table | Investment Management Division |

### Synergies with business partners

| Foundation to develop new areas of financial services | Strong relationships with regional financial institutions and other business partners |
|---|---|
| P38 | P36 |
| Services utilizing new digital technologies | Alliance with business partners |

### Strong financial base

Consolidated Common Equity Tier1 ("CET1") capital ratio 15.8%*1
Liquidity portfolio ¥5.7trn*1
P17-20

## Business Model

Climate change
Development of social infrastructure
**Social Issues / External Environment**
Widening of social disparities
Economic growth and job creation

Supporting corporate growth strategies and capital funding

**Contributing to Society** P01

Services related to the investment and market intermediation for institutional investors and corporations

Services related to asset management and business succession for individual and corporate clients

Diversifying investment needs under low interest rates
Advances in digital technology
**Social Issues / External Environment**
Spread of Covid-19
Declining birthrate and aging population and decreasing working-age population

## Output

**KGI**

| FY2022/23 Target | | | FY2024/25 Target |
|---|---|---|---|
| ROE 8% or more | Three business segment income before income taxes | ¥320 bn | ROE 8-10% |

P14-15

| Sustainable Finance | $CO_2$ emission reduction | Financial and Economic Education |
|---|---|---|
| Sustainable Finance, capital raised (FY2020/21) ¥ 8,480.3 bn | Base year FY2012/13 54.8% reduction | More than 910,000 participants* |

* Transaction value where Nomura had a lead role aligned to UN PRB principles

* Number of participants receiving financial and economics education through off-site lectures for elementary, junior high and high school students, and sponsored lectures for university students (FY1989/90 to FY2020/21)

## Outcome

**Society and Environment**: Contribute to economic development and the realization of a sustainable society through our core business

**Clients**: Contribute to clients' prosperous future and creation of innovation

**Employees**: Contribute to the development of employees' careers and the realization of a prosperous future

**Shareholders and Investors**: Maximize total shareholder returns through improving enterprise value and appropriate dividends and share buyback

**Business Partners**:
- Explore new areas in financial services
- Accelerate business expansion by combining the strengths of both companies

## Foundation to support value creation

IT infrastructure | Risk management P65-70 | Corporate governance P49-54 | Compliance P63-64 | Code of Conduct P61-62 | Internal system to promote sustainability initiatives P27-30

Foundation to support value creation

*1 As of March 31, 2021
*2 Source:Nomura, based on Kaisha Shikiho (volume 2 spring 2021) by Toyo Keizai
*3 Source:Greenwich, January 2020 to December 2020
*4 Include JGB and agency securities. Source:Greenwich, January 2020 to December 2020
*5 Source:Institutional Investor, Japan's Top Corporate Access Providers ranking (as chosen by investors)
*6 Source:HDI
*7 Source: 2021 Japan Investor Satisfaction Study (J.D. Power Japan)
*8 Source:work with Pride
*9 Source:METI, Nippon Kenko Kaigi
*10 Source:The Banker, Investment Banking Awards 2020
*11 Source:PRI annual assessment report
*12 Source:CDP Climate Change Report 2020

# Stakeholder Engagement

**Nomura Group values dialogue with stakeholders and actively engages stakeholders based on their individual interests.**
**We provide value to all stakeholders by conducting business on a daily basis based on the group's corporate philosophy (P01).**

| | Society and Environment | | Shareholders and Investors | Clients | | Employees | Business Partners |
|---|---|---|---|---|---|---|---|
| | Community | Governments and regulatory authorities | | Individual and institutional investors | Companies and government agencies | | |
| **Stakeholders' interest** | ☐ Environmental issues<br>☐ Social issues such as inequality<br>☐ Improving financial literacy<br>☐ Access to investment opportunities | ☐ Impact on capital markets and society<br>☐ Fair competition<br>☐ Corporate culture and governance, including corporate behavior, corporate ethics, and anti-fraud measures | ☐ Return through shareholder returns and stock price appreciation<br>☐ Capital efficiency<br>☐ Appropriate governance structure<br>☐ ESG initiatives<br>☐ Management vision and strategy | ☐ Long-term asset building<br>☐ Investment performance<br>☐ Inheritance and business succession<br>☐ Various investment opportunities<br>☐ Fair and transparent pricing | ☐ Solution for business continuity, growth and innovation<br>☐ Efficient fundraising and various financing options | ☐ Rewarding work environment<br>☐ Diverse work styles<br>☐ Growth opportunities<br>☐ Career development<br>☐ Greater understanding of corporate philosophy and Code of Conduct | ☐ Synergies with Nomura Group<br>☐ Trust and stability as a business partner |
| **How we respond** | ☐ Strengthen sustainability-related business<br>☐ Dialogue with NGOs and support activities<br>☐ Cooperation with international organizations<br>☐ Respect for international human rights standards<br>☐ Environmental management to reduce environmental impact<br>☐ Improve financial literacy through courses and economic education<br>☐ Various other social contribution activities | ☐ Continuous reporting, dialogue and recommendations<br>☐ Contribute to the maintenance of a stable financial system<br>● Satisfy standards for capital and liquidity regulations with a sound financial base<br>● Formulation of recovery and resolution plans (RRP) | ☐ Sustainable growth through realization of management vision<br>☐ Business operations with emphasis towards capital efficiency<br>☐ Initiatives to strengthen governance<br>☐ Enact and implement ESG Appetite Statement<br>☐ Timely and appropriate information disclosure | ☐ Sophistication asset management advisory P35<br>☐ Comprehensive consulting including measures for inheritance and business succession<br>☐ Continuous liquidity supply<br>☐ Pricing reflecting supply and demand<br>☐ Provide broad financial products including private market area | ☐ Support for optimal funding<br>☐ Establishment of a listed investment entity that invests in unlisted company (P33-34 Promoting circulation of risk capital), and construction of a platform to realize diversification of fund raising measures (P38 BOOSTRY)<br>☐ Provision of advice on improving enterprise value through M&A etc. | ☐ Promote a diverse and inclusive working environment<br>☐ Development of human resources system and IT infrastructure to enable tele-working<br>☐ Conduct employee engagement surveys<br>☐ Provide extensive training opportunities, including online courses<br>☐ Fair personnel evaluation and compensation<br>☐ Establishment of Code of Conduct | ☐ Strategic alliances such as comprehensive business agreements and joint ventures<br>☐ Ongoing collaboration in providing services to clients |
| **Outcome** | **Contribute to economic development and the realization of a sustainable society through our core business**<br>☐ By promoting the circulation of capital, we will contribute to the formation of a sound capital market and contribute to the **advancement of society and build economic prosperity**<br>☐ By strengthening our sustainability-related business, we will **contribute toward the creation of a sustainable society by increasing the sustainability efforts of society**<br>☐ We will also work to resolve social issues by improving financial literacy through financial and economic education, and reducing $CO_2$ emissions | | **Maximize total shareholder returns through improving enterprise value and appropriate dividends and share buyback**<br>☐ Achieve a **high level of ROE** by expanding business with capital efficiency and by ensuring cost control<br>☐ Through our sustainability-related focused businesses and engaging in activities that lead to the sustainable growth of society as a whole, we strive to **earn the trust of society** and continuously **improve our company's brand value**<br>☐ While maintaining a sound financial base, we will balance investment in further growth opportunities with appropiate distribution of **shareholder returns** | **Contribute to clients' prosperous future and creation of innovation**<br>☐ As a trusted partner to individuals, we will help build a **better future for clients** by advising on their entire balance sheet and supporting long-term asset building<br>☐ Help corporate clients achieve **sustainable growth and create innovation** by providing advice on growth strategies and supporting financing<br>☐ In addition, by **strengthening initiatives in private market business**, we will promote fund raising and investment, and contribute to the **formation of a deeper capital market** | | **Contribute to the development of employees' careers and the realization of a prosperous future**<br>☐ Provide a healthy work environment in which employee with diverse backgrounds and values can demonstrate their abilities and individuality to the fullest, and provide **opportunities for skill development and training**<br>☐ Maintain and retain strong talent by thoroughly implementing **appropriate performance evaluation and compensation**, and improve employee satisfaction and motivation through aligned incentives. And through a career in Nomura, we will contribute to the self-fulfillment of employees and the **realization of their prosperous future** | **Explore new areas in financial services**<br>☐ Accelerate the innovation that will open the future of finance through new technologies, going beyond the traditional framework of the financial industry, by forming alliances and collaborating with business partners with a high level of expertise in the digital technology field.<br>**Accelerate business expansion by combining the strengths of both companies**<br>☐ By combining the strengths of our business partners and Nomura, we will work together to build a **long-term competitive advantage by rapidly approaching new clients segments and providing services**. |

# Sustainability

**The Sustainability Committee, which comprises Executive Management Board members, decides our initiatives with respect to sustainability. In addition, we have newly appointed a director in charge of strengthening our strategic sustainability efforts, promoting awareness within the Group, and accelerating information disclosure and external communication.**

## Strategic Promotion of Customer Support and Nomura Group's Initiatives to Realize a Sustainable Society


Senior Managing Director
Head of Content Company and Sustainability Development

Chie Toriumi


The market perceptions and investment flows surrounding ESG have changed dramatically over the past year, as Japan and other countries have expressed their commitment to carbon neutrality, and companies have begun to take steps toward a decarbonized society. In addition to climate change, social issues such as widening social disparities, food and human rights issues, and the declining birthrate and aging population in Japan are piling up, and we recognize that the role of finance in supplying and circulating risk money will become increasingly important.

Nomura Group's management vision for 2025 is to achieve sustainable growth by helping resolve social issues, and we have integrated sustainability into our management strategy. Sustainability promotion in Nomura has value in two ways. One is to support the sustainability efforts of our clients and various stakeholders through our business. The second is to promote risk management and environmental impact reduction in our own operations. As the head of Sustainability Development, I believe it is my role to further leverage the Group's efforts by linking these two values as necessary.

Our core role as a financial services group is to support customers through the flow of funds and capital. We believe it is important to strengthen our functions to promote the sustainable circulation of capital by underwriting green bonds and social bonds issued by companies and financial institutions, providing strategic advisory services such as M&A advisory, and by developing ESG-related funds as investments and providing them to individual investors. In addition, we will take advantage of the Group's comprehensive strengths in providing solutions to social issues by leveraging the functions we have cultivated over many years, including support for business succession, promoting innovation in the fields of regional revitalization, agriculture and medical care, and our expertise and knowledge in the field of research and analysis.

In addition, as a financial services group that supports customers, we sense the growing interest from customers, investors, and other stakeholders in our own sustainability efforts. Among the global $CO_2$ emissions reduction targets we set in FY2019/20, we have already achieved some medium-term targets ahead of schedule. In addition to revising these targets, we will make strides as a Group and in cooperation with initiatives such as the UN PRB and the TCFD, while keeping an eye on global trends.

### Governance Structure for Realizing Sustainability

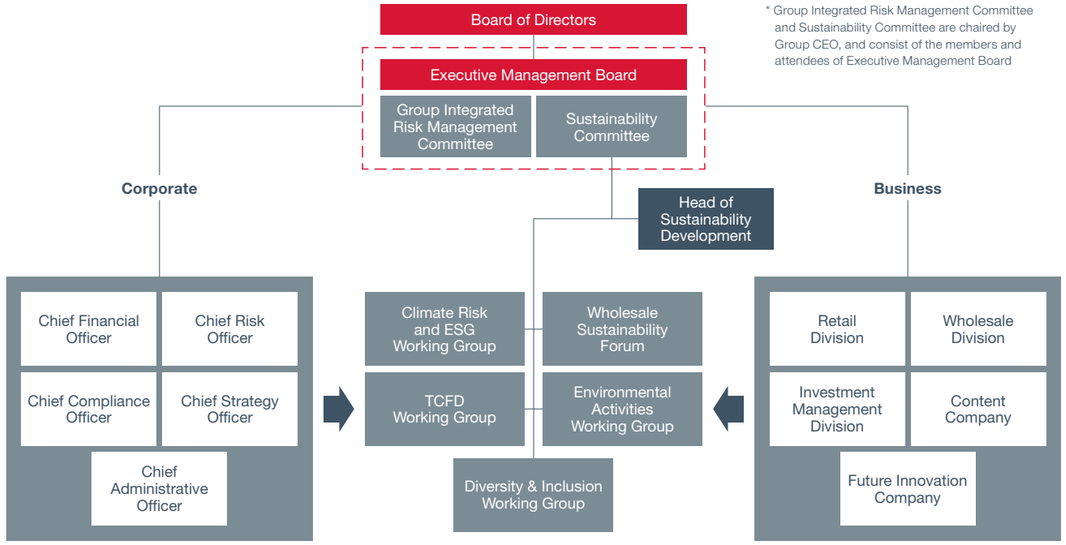
At Nomura Group, we are making our decisions on sustainability issues at the management level, and therefore, we are responding to Nomura's own sustainable development issues and other broad social issues in a timely manner.

The Board of Directors oversees Nomura Group's sustainability initiatives.

The Group Integrated Risk Management Committee and Sustainability Committee, chaired by the Group CEO and comprising members of the Executive Management Board, approve and decide business policies on risks and opportunities related to the environement, society, and governance (ESG), including climate change, for the entire Group.

The details of these activities are reported to the Board of Directors as appropriate.

The Sustainability Committee has established five working groups, including the TCFD Group and the Environment Working Group. The contents of the discussions by each working group are deliberated by the Sustainability Committee and reported to the Executive Management Board on a regular basis, as well as to the Board of Directors, if necessary.




* Group Integrated Risk Management Committee and Sustainability Committee are chaired by Group CEO, and consist of the members and attendees of Executive Management Board

### Participation in Initiatives

Nomura Group participates in and endorses initiatives both in Japan and overseas to further promote the realization of a sustainable environment and society in cooperation with stakeholders regarding how we will address social issues.

**Main initiatives we support**

Since 2015 Nomura Holdings, Inc. has been committed to the UN Global Compact corporate responsibility initiative and its principles in the areas of human rights, labour, the environment and anti-corruption.

Signatory of:

**Nomura Group's "Drive Sustainability"**

Nomura Group is promoting the concept of "Drive Sustainability." both internally and externally. P02

**SDGs with Nomura**

The "SDGs with Nomura" section introduces Nomura Group's ideas and initiatives on sustainability.

Corporate Philosophy

## We help to enrich society through our expertise in capital markets

Based on our corporate philosophy and management vision of "achieving sustainable growth by helping resolve social issues," Nomura Group is working to meet the needs of investors and clients by collaborating across the board based on each domain's expertise and maximizing the Group's comprehensive capabilities, while working to realize a sustainable society.

### Social issue

### Overview of Sustainability Services → Progress and Initiatives

#### Finance

We support customer financing in the field of sustainability by underwriting green bonds and social bonds for our corporate and financial institution clients, and by structuring, executing, and marketing green projects such as solar, wind, and renewable energy.

- **Issuance support and underwriting of green bonds, social bonds, sustainability bonds, etc.**
- **Supporting sustainable business with Infrastructure & Power Finance (IPF)**

In 2017, we established a dedicated team for sustainable finance, and in 2020, at the ESG Finance Awards Japan hosted by Ministry of the Environment, were awarded the silver prize in the financial services (securities) category for having "Engaged in a wide range of financing methods and contributed to the expansion of ESG investment in Japan". In 2017, we established an IPF team in New York to strengthen our efforts in infrastructure and sustainable assets in North America and Japan. The team's success is widely recognized among clients, and led the business to being shortlisted for North American MLA of the Year by IJ Global in 2020

#### Consulting & Advisory

In addition to providing strategic advisory services such as M&A, research, and proposals, we provide solutions for solving social issues across the Group by supporting the business succession that Nomura Group has cultivated over many years, and promoting innovation in the fields of regional revitalization, agriculture, and medicine.

- **M&A and advisory services in the area of sustainability**
- **ESG research and consulting**
- **Support for business succession**
- **Consulting for medical corporations and nursing care providers**
- **Consulting and advisory services centered on food and agriculture**

Nomura Greentech provides M&A and strategic advisory services to help customers grow their businesses globally in sustainable technology and infrastructure. In addition, ESG Team in the Equity Research Dept., which was established within the Content Company in December 2020, is working to further strengthen ESG/sustainability related research functions.
Nomura Institute of Estate Planning, a think tank specializing in business and asset succession, also engages in research and consulting activities,, while Nomura Healthcare supports medical reform, and Nomura Agri Planning & Advisory promotes innovation in the areas of food and agriculture.

#### Asset Management, New Products & Solutions

The Group promotes a virtuous cycle of investment by developing investment products that contribute to solving ESG issues, providing ESG/SDGs-related investment products to individual investors, and disseminating information and raising awareness.

- **Responsible investment**
- **Development and provision of ESG/SDGs investment products**
- **Index development**

Nomura Asset Management supports ESG initiatives of portfolio companies through constructive dialogue (engagement activities). Nomura Securities contributes to the realization of a sustainable society through investment and the formation of medium- to long-term assets for customers by compiling and distributing the ESG Product Lineup. Nomura Securities is also providing new solutions to investors through the development of ESG indices.

#### Promotion of financial literacy and social contribution activities

Nomura Group provides financial and economics education to a wide range of age groups to promote knowledge and understanding of finance and economics. We are also engaged in disaster support activities and community contribution activities focusing on fostering the next generation. P77

- **On-site classes in the form of active learning**
- **Support through donations**
- **Cooperation with NPOs and NGOs**

As part of our efforts to provide financial and economic education amid the COVID-19 pandemic, we held online workplace experiences and remote classes connecting multiple schools. In addition, in response to the spread of COVID-19, we conducted fundraising activities for executives and employees on a global basis as part of our support for colleagues and communities in India.

### Aspirations (Outcome)

Listening earnestly to stakeholders' opinions and providing high-value-added solutions through our core business to realize our corporate philosophy

## Performance Highlights

**Sustainable Finance, capital raised** FY2020/21

**8,480.3** billion yen

Transaction value where Nomura had a lead role aligned to UN PRB principles

**Sustainable Investment ratio** As of March 31, 2021

**81%**

## Japan

We were co-lead underwriter for the Woven Planet bonds issued by Toyota Motor Corporation. The proceeds from the bonds will be allocated for disbursements for projects that contribute to the SDGs.
In addition to supporting issuers such as Asahi Kasei Corporation and Asahi Group Holdings, LTD. in issuing sustainable finance, we also served as sole lead manager for one of Japan's largest solar power projects.

### ESG Product Lineup Sales Results

As of the end of March 2021, net assets of the ESG Product Lineup, which is a selection of investment trusts with investment policies that contribute to the goals of the SDGs, exceeded ¥580 billion.

## Americas

In 2020, IPF conducted 42 transactions in seven sectors. It has completed a number of large and iconic projects, including financing the construction of a 180 MW solar PV and energy storage asset in Nevada.

In May 2020, we were sole advisor to Neste, the world's largest producer of renewable diesel fuel and renewable jet fuel, in its strategic acquisition of Mahoney Environmental.

## Europe

In 2020, we helped bring to the market the first green Tier2 subordinated debt instrument from the Dutch bank de Volksbank, and the first sovereign green bond in Samurai format, selling Hungarian government debt in yen to Japanese investors.

Ranked 9th in Environmental Finance's Social Bond Manager Ranking and 10th in its Sustainable Bond Manager Ranking.

# Responding to Climate Change

**In response to growing public interest in a decarbonized society, Nomura Group is working to expand business opportunities and identify and appropriately manage risks associated with climate change. Recognizing the importance of disclosing climate-related financial information, we endorsed the TCFD (Task Force on Climate–related Financial Disclosures) in 2018 and are working to expand information disclosure based on the TCFD.**

## Information disclosure based on TCFD recommendations

Nomura Group organizes the efforts related to risks and opportunities related to climate change into the four disclosure categories recommended by TCFD: Governance, Strategy, Risk Management, and Metrics and Targets.

| Category | TCFD Recommendations | Key Initiatives |
|---|---|---|
| Governance | Disclose the organization's governance around climate-related risks and opportunities | ■ Governance system for promoting sustainability and the role of the Board of Directors<br>■ Appointment of an executive officer in charge of sustainability |
| Strategy | Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's business strategy, and financial planning where such information is material. | Opportunity<br>■ Our broad range of sustainability-related services and initiatives<br>■ Formulated Wholesale Division ESG Sector Appetite Statement<br>■ Development of human resources capable of addressing sustainable needs<br>Risk<br>■ Potential transition risks and physical risks |
| Risk management | Disclose how the organization identifies, assesses, and manages climate-related risks | ■ Identification, assessment and management of climate change risks<br>■ Disclosure of climate change-related exposures, including carbon-related assets and high transition risk sectors<br>■ Disclosure of approach in scenario analysis |
| Metrics and Targets | Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities | Sustainable finance<br>■ Consider establishing future targets using FY2020/21 sustainable financing of $80 billion as a baseline.<br>Targets for reducing $CO_2$ emissions from business activities<br>■ Medium-term and long-term $CO_2$ reduction targets for the entire Group, including domestic and overseas companies: 32% reduction by FY2030/31 (already 54.8% reduction by the end of March 2021) and 65% reduction by FY2050/51. |

## Governance

Under the Sustainability Committee, which determines the sustainability efforts of the entire Group, we have established the TCFD Working Group to expand information disclosure in accordance with the TCFD recommendations for the entire Group.

Other working groups include the Wholesale Susutainability Forum (responsible for identifying the business opportunities and risks related to ESG) and the Environmental Activities Working Group (responsible for reducing environmental impact for Nomura Group), etc., and as one of the working groups under the Sustainability Committee, the TCFD Working Group members comprise various employees from relevant departments across the organization.

P27 Sustainability

## Strategy

### Opportunity

In 2017, we established a dedicated team for ESG bonds and suppotred the issuance of SDGs themed bonds. Nomura Greentech provides M&A and strategic advisory services related to environmental issues. We also conduct business transactions related to solar, wind, and other renewable forms of energy, as well as research and consulting on sustainability. In addition, we developed a series of funds focusing on social issues as "ESG Product Lineup" and sold them to our retail clients.

We will continue to support the transition to a decarbonized society by providing financial services.

P27 Sustainability

### Risk

Climate risks are widely recognized to have two aspects – physical and transition risks. Physical risk refers to the risk of loss or damage driven by extreme weather events, such as hurricane, flood, drought, heatwave or frost. Transition risk involves various types of risks caused by the potential failure of keeping pace with the world's transition to a lower-carbon economy.

At Nomura Group, we identify and categorize these climate change risks that may have an impact on our business, and we will strive to improve our risk management system.

## Risk management

Nomura Group recognizes climate change risk as one of the "emerging risks" that are likely to have a medium- to long-term impact on our management strategies and finances. The Group identifies, assesses and manages both financial and non-financial risks. We believe that climate change risk is not an independent risk area but a factor that affects various risk areas, and we will add new measures to each existing risk management framework.

We also consider disasters caused by climate change to be one of our risks. We have established a global business continuity framework and work on a wide range of measures.

## Metrics and Targets

### Capital directed to Sustainability

We facilitated approximately $80 billion in sustainable financing in FY2020/21. We will look to baseline these results in considering future targets. Nomura does not operate the lending book of many broader commercial banks, and as such has not committed to a specific lending target.

### Reducing $CO_2$ emissions

In December 2018, Nomura established Group-wide $CO_2$ emission reduction targets for the medium and long term. As of March 2021, we had already achieved a 54.8% reduction in $CO_2$ emissions, which exceeds our medium-term target level. We will further review the emissions reduction target and consider raising our emission reduction target even further in near future.

**Nomura Group medium/long-term $CO_2$ emission reduction target (global) (Established in 2018)**

| Area | Target type | Base year |
|---|---|---|
| Global | Absolute | FY2012/13 |

| Target year | | Level of reduction |
|---|---|---|
| Medium term | FY2030/31 | 32% (Achieved) |
| Long term | FY2050/51 | 65% |

**Related Materials**

Nomura Group TCFD Report 2021 — Japanese / English

Nomura Asset Management Responsible Investment Report — Japanese / English

SPECIAL FEATURE

# 01 Promoting Circulation of Risk Capital

**In order to achieve our strategy in "expanding our business from public into private", we aim to expand our business portfolio in terms of products and services. In addition to deepening Nomura Group's existing strengths in public products and services such as listed stocks and investment trusts, we will also strengthen alternative investment capabilities including the private area such as private equity, private debt, and infrastructure.**

## Surrounding Environment

### Needs of Investors

- Investors face investment selection difficulties under a persistent low interest rate environment
- Growing demand for new investment products such as alternative assets alongside traditional assets

### Asset Management Business Environment

- Continuining trend of declining management fees
- Persistent low interest rate and diverse investor needs require expansion of alternative investment products.

## Expand Private Products and Services

### Investment Management Division

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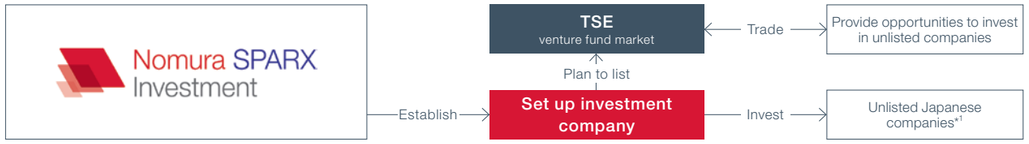
- Pursue competitive performance while ensuring the independence, diversity and mobility of each investment management product
- Strategies for the whole division are centralized in the planning department directly under the division, aiming to further expand the product portfolio and client base, and to improve the efficiency of business processes for the entire division by promoting standadization and digitization.
- Elevate investment management business and deliver services and solutions to meet increasingly diverse client needs

#### Private Equity Investment

Nomura Capital Partners provides equity and other risk capital to solve clients' diverse and complex challenges, such as business restructuring, revitalization, succession and management buyouts.

#### Listed Investment Company to Invest in Unlisted Companies

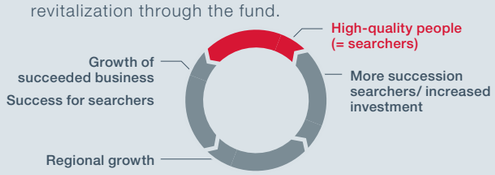
Nomura Group and SPARX Group jointly establish an investment company to invest in unlisted companies. The company will be listed on the TSE Venture Fund Market to provide investors opportunities to invest in unlisted companies.




*1 The investment company invests in unlisted companies and can continue to hold shares for a period of time after the investee companies are listed.

#### Fund of Search Funds

Nomura Group and JaSFA*2 will work together to set up fund of search funds that link aspiring managers with unlisted SMEs facing business succession challenges. We will contribute to optimize talent, enhancing enterprise value, and regional revitalization through the fund.




Promote HR mobility to SMEs

Contribute to revitalizing SMEs and regional development

*2 JaSFA: Japan Search Fund Accelerator was established in May 2018 as Japan's first search fund accelerator, as it provides investment and support towards search funds, marketing, and consulting services.

#### Private Debt Investment

Nomura Mezzanine Partners provides middle risk/middle return investment products. In addition to our unique expertise and network, we will utilize the Nomura Group platform to provide mezzanine financing, tailored to the Japanese market to meet the asset management requirements of institutional investors.

#### Aircraft Lease

Nomura Babcock & Brown provides high quality business investment opportunities by structuring international lease transactions for large-scale properties such as aircraft.

#### Other Alternative Investments

Nomura Asset Management will also work with external managers to provide a wide range of alternative products, including private equity, infrastructure and real estate investments, to a wide range of investors.

### Wholesale

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- Financing and structuring by leveraging broad network and insight

#### Infrastructure Finance

We have a business model which invests towards infrastructure and renewable energy-related financings and also for distribution to institutional investors.
In addition to projects with high social demand (toll roads, wind power generation facilities, etc.), we are expanding new businesses such as commercial real estate and trade finance.

#### Structured Lending

We aim to expand our structured products to meet clients' asset securitization needs and provide new investment opportunities for clients. We are strengthening our functions globally, such as mortgage-backed lending in the Americas, ABS financing in Europe, and Asian structured lending.

#### Advisory Business

We will strengthen our ability to provide highly customized solutions to clients' business growth and capital policy strategy. In collaboration with Nomura Greentech, which we acquired in April 2020, we will contribute to the realization of a sustainable society by providing solutions in sustainable technology sectors.

## Further Expansion in Private Area

### Utilizing Nomura Group's Comprehensive Capabilities

The newly established Investment Management Division will share expertise and knowledge, as well as access to Nomura Group's client base. Through these synergies, we aim to provide high value-added services.

### Inorganic Strategy

We will also incorporate an inorganic strategy to launch new businesses and expand our products and client base. Taking into consideration market size, growth potential, the competitive environment, and our comparative advantages, we will consider various options including outsourcing, developing alliances, and establishing subsidiaries through majority investment.

SPECIAL FEATURE

# 02 Enhancement of asset management advisory service and client base expansion

**By using the CIO model to offer more sophisticated asset management advice and by providing a multi-track fee structure, we will deliver the best services that meet the needs and concerns of each client. Furthermore, we will strengthen our contact centers and other remote approaches to increase contact with clients. The expansion of our business for high net worth clients overseas will also be promoted. In addition to providing services to the younger generation and asset building segment through LINE Securities, we will also work with regional financial institutions to provide our consulting services to as many clients as possible in an effort to expand our client base.**

## Expanding asset management advisory functions

### Leveraging the CIO model

#### Propose a high-quality portfolio that meets clients' risk tolerance

- In July 2020, we established the Chief Investment Office (CIO) Group with the aim of fully implementing the high value-added advisory model. In the CIO model, we aim to build an even more advanced advisory function by providing consulting services similar to those already offered towards institutional investors, to individual investors.
- In November 2020, we introduced the CIO model for discretionary investment services to improve operational performance. In June 2021, Nomura Navigation, a tool for managing clients' portfolios, was introduced as a precursor to the CIO model. We provide high-quality services including the development of asset allocation plans, portfolio monitoring, and identifying and solving financial concerns through comprehensive, personalized investment proposals.

**NOMURA Navigation**

**Tool to support sophisticated asset consulting by realizing thorough portfolio management**

### Introduction of level fee

#### By offering a diversified fee structure, we will increase client satisfaction and therefore increase assets under custody

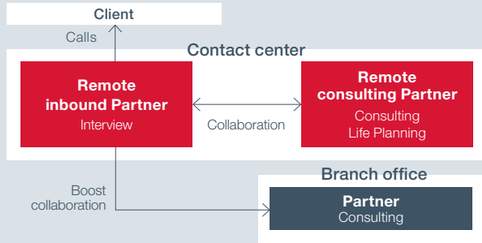
- We are considering the introduction of a new "level fee" structure, in which fees are charged according to the level of client assets (Trial operation started in April 2021, scheduled for full-scale introduction in April 2022).
- By providing a fee structure that fulfils the individual needs of our client, we aim to increase client satisfaction and client assets under custody.

## Expanding the range of clients we service

### Strengthen and expand contact centers

#### Increase the number of contact points with clients and expand opportunities to use our company services

- The contact center is positioned as a strategic sales base, and in addition to providing general inquiries from clients and consulting on market outlook, we have established a system in which specialized partners* can use tools to provide a wide range of services such as consulting and life planning and design portfolios.
- Last year, we expanded our network from three to seven centers and increased our number of specialized partners.
- We will provide high-value-added services that meet the individual needs of as many clients as possible through our contact centers.




* We call our sales representatives "Partners" because we want to be the most trusted financial service group for clients

### Collaboration with LINE

#### Collaborate with Japan's largest social networking platform to strengthen the approach toward younger clients and asset building segment

→ P37

### Business targeting overseas HNWIs, mainly in Asia

#### Expanding the scope of asset management services to high-net-worth overseas clients, particularly in Asia, which is a growing market

- In August 2019, we established Nomura Orient International Securities Co., Ltd. in China and launched a business for high-net-worth clients in China.
- We will also strengthen international wealth management, mainly in Hong Kong and Singapore. We aim to increase our assets under management to over $35 billion by the end of March 2025.

### Alliance with regional financial institutions

#### Providing high-quality financial services to a wider range of clients through the regional financial institutions networks

- Form alliances in various ways with regional financial institutions, which have a strong client base in each region, and Nomura Group, which has extensive products lineups and expertise in financial services.

**Broad asset management services based on comprehensive business alliances**

**San-in Godo Bank**
Business alliance launched in September 2020

**Awa Bank**
Business alliance launched in April 2021

**Remote financial consulting services**
Exploring establishment of joint venture company with Chiba Bank, Daishi Hokuetsu Bank, and Chugoku Bank, which are members of the TSUBASA Alliance

**Provision of Fund Wrap Services**
Wealth Square Co., Ltd was established in 2016 to provide Fund Wrap Services to regional financial institutions

### Providing a financial services platform to support intermediary services

#### Establishment of a new platform for providing advanced and comprehensive financial consulting services to financial product intermediaries such as regional financial institutions

- Our company, along with Nomura Research Institute, is jointly developing a new financial services platform that integrates IT functions to provide financial intermediaries and other financial institutions with sales and operational expertise to support their businesses.

SPECIAL FEATURE

# 03 Digital Transformation

**Our strategy is to provide Nomura's services both online and offline, seamlessly with digital technology. We aim to create additional value that goes beyond the traditional financial framework while providing clients with more satisfying experiences.**

## Digital Transformation in Action

### Streamline and enhance internal operations

Focusing on high value-added analysis and advisory services by promoting the automation and efficiency of internal operations.

### Improving existing client UI/UX

Providing Nomura services through highly satisfactory communication methods:

- Consulting through Contact Centers P36
- Nomura Navigation P35

### Attracting a new client base

New approach in catering to a younger demographic/ attracting a younger client base.

### Delivering new value propositions

We aim to provide new value that goes above the existing financial framework by utilizing advanced technology and Nomura's network.

## Environment for Digital transformation

| | |
|---|---|
| Organization and Talent | Strengthening the structure for promoting digital strategies by increasing the skillset of officers and employees by recruiting people externally. P74 |
| Data Strategy | Promoting data analysis that leads to business decision making and an improved client service experience. Other enhancements include the automation and efficiency of operation processes in corporate and trade booking and reporting processes. |
| Cloud Strategy | Creating a flexible client service system by utilizing cloud services |

## Smartphone Investment Service

LINE 証券

Together with the LINE group, we are working to promote securities investment among young people and the working generations, who we have not been provided with as many products and services.
In 2019, we began providing stocks and ETFs and have steadily expanded our lineup to investment trusts, FX, and accumulated investment services.
In 2021, we launched LINE's iDeCo (Individual-type Defined Contribution pension fund), which allows users to join the iDeCo platform operated by Nomura Securities.
As of the end of March 2021, we had 600,000 accounts, and will continue to contribute to the growth of the securities market by expanding services that are user friendly.

## Providing Nomura's Content through Smartphone Applications

OneStock

OneStock is an asset management smartphone application created with Money Forward in June 2020. By providing details, users can learn their "asset life span" that is estimated with Nomura's expert insight. By automatically linking the account data of multiple financial institutions and by having the AI assess the value of real estate, users can manage all of their assets in one place. Furthermore, it is equipped with a monthly and annual report function that enables the overall trend of assets, the performance of individual stocks to be checked, and a diagnostic function that enables appropriate asset allocation to be listed based on asset status.

FiNTOS!

FINTOS! is an investment information application based on the concept of "a hint for investment." We provide investment information services that can be accessed via smartphones focused on research and analysis through our global research network.
In addition to FINTOS! original articles, users can access a wide range of news articles, watchlists, financial results schedules, and can subscribe to Nomura's research reports which are accessible whether or not the person has an account with Nomura.

## Value Chain using Blockchain Technology

### Origination & Advisory

BOOSTRY

To achieve our mission of "Connect challengers and supporters by making it available to transfer all rights", we have developed and launched a platform for issuing and trading digital securities that are tokenized based on blockchain technology, and provide issuing services.
In addition to conventional fundraising such as corporate bonds, new possibilities are created for various rights holding and transfering mechanisms by using digital securities. For example, by tokenizing commercial property rent paid by tenants to land owners and investors could be distributed in the form of discount coupons that can be used towards purchases from tenants. We also support IT services for financial institutions and companies who use this platform, aiming to build infrastructure for the new form of transactions.

### Market Infrastructure

KOMAINU

As one of the first custodian for digital asset investors, Komainu provides secure and efficient custodial services for investment in digital assets. Today, we have more than $4 billion in custody from asset management companies, financial institutions, and government agencies, providing application-based custodial services that meet the highest security standards.
In April 2021, we obtained third-party certification that meets the highest industry standards to provide safe custodial services for investors. We continue to build the future of digital assets by providing secure storage services and by playing a central role in institutional investors' investment strategies.

## Supporting Client Innovation

75 YEARS OF INNOVATION SRI International

Nomura SRI Innovation Center is the first members-only innovation center for Japanese companies providing a coworking space on the SRI International (SRI) campus in the heart of Silicon Valley. In addition to providing workshops and guest lectures carefully selected by SRI, programs taylored to the needs and challenges of members are also offered. This project will connect Japanese companies with SRI's laboratories, SRI Ventures, university research institutes, technological R&D labs, startup companies, etc. We will drive innovation for our clients in areas such as the transfer of advanced technologies to markets, evolving business models and innovative best practices.

Satoshi Arai
Head of Retail

Based on our aspirations to "enrich clients by responding to their asset concerns", the Retail Division provides a variety of financial services to individuals and corporate clients in Japan through head office, its branches, contact centers and online platform. Alongside traditional investment products such as stocks and bonds, based on client requirements, financial assets or life stages, we offer detailed consulting services such as inheritance, real estate, business succession, fund-raising, and corporate finance advisory.

# Retail Division

**Strength**
- Largest client base across Japan's securities sector
- Sophisticated consulting capabilities and supporting platforms
- Ability to offer products and services by leveraging Nomura's comprehensive strengths

**Challenges**
- Diversification of challenges and concerns related to clients' total balance sheet
- Uncertain market environment
- Changes in social structure due to the declining birthrate and aging population, growing requirements towards asset or business succession
- Transformation of the economy, society, and daily life brought about by digitalization
- Changes in behaviors and services in response to COVID-19

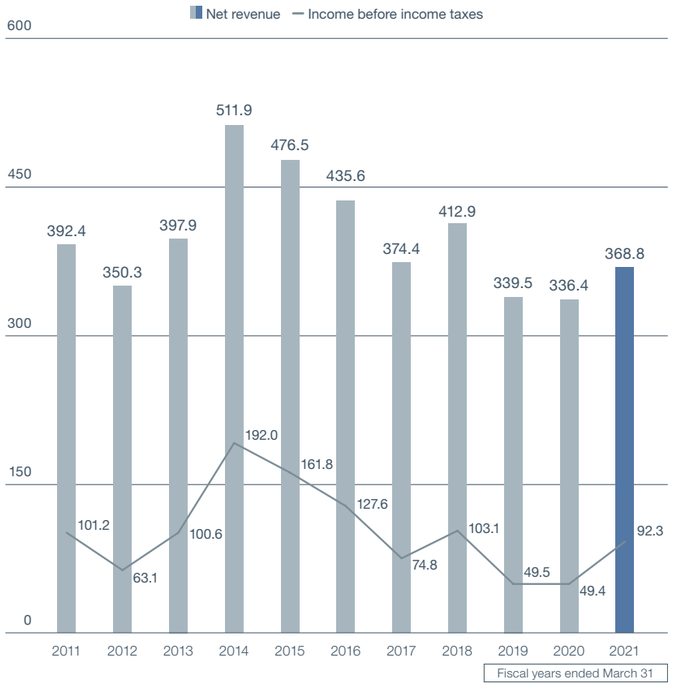
**Actions**
- Training Sales Partners* whom clients completely trust
- Deployment of Sales Partner* who possess knowledge and expertise tailored to client requirements
- Approach to client's total balance sheet
- Expanding contact points with clients and improving level of satisfaction
- Building stable earnings structure by increasing recurring revenues and further expanding products and services
- Deployment of Sales Partners* (Heartful Partners) for elderly clients
- Enhancing content targeted at younger generations (websites, seminars, apps, etc.)
- Deepening the use of digital tools and data

*We call our sales representatives "Partners" because we want to be the most trusted financial service group for clients

## Review of Fiscal Year Ended March 2021

By reviewing channel formation and making greater use of digital technology, Retail Division has built a hybrid sales structure that combines in-person interviews with non-face-to-face tools such as telephone, e-mail or online conferencing systems. In the fiscal year ended March 2021, despite the impact of the coronavirus pandemic on our sales activities, we continued our efforts in providing high-quality services, by diversifying our approach to clients. As market conditions recovered, investor confidence improved and stock transactions and investment trust purchases increased, resulting in a 10% increase in revenue to ¥368.8 billion and an 87% increase in pre-tax net income to ¥92.3 billion.
We are also working to improve our key performance indicators (KPI). The balance of Retail client assets under custody at the end of March 2021 reached a record high of ¥126.6 trillion, partly supported by the net inflows of cash and securities of 900 billion and market appreciation. Revenues from consulting services such as insurance, real estate, business succession and inheritance were ¥13.4 billion, and the number of client accounts who purchased a product more than once a year (number of active clients) was 1.019 million.

**Business Performance** (billions of yen)




## KPIs/KGI Progress

| | | FY2020/21 / March 2021 Actual | FY2022/23 / March 2023 Target |
|---|---|---|---|
| Key performance indicators (KPIs) | Consulting related revenue | ¥13.4 billion | ¥27.8 billion |
| | Recurring revenue assets | ¥18.2 trillion | ¥21 trillion |
| | Active clients | 1.019 million | 1.47 million |
| | Net inflows of cash and securities | ¥0.9 trillion | ¥2.4 trillion |
| Key goal indicator (KGI) | Income before income taxes | ¥92.3 billion | ¥110 billion |

## Future initiatives

### 01 Create a high value-added advisory model

We will leverage the expertise of the CIO Group* to provide new asset management services. In addition, by utilizing Nomura Navigation, partners will be able to provide highly specialized information suitable for client.

→ P35

### 02 Enhance productivity of existing businesses

We will deepen the use of digital tools and data while further expanding our products and services offering. By combining the best of face-to-face and non-face-to-face channels, we will provide timely advice and consulting that clients require, ensuring a comfortable client experience.

→ P36-37

### 03 Expand business through collaboration with regional financial institutions

In addition to our ongoing strategy to strengthen alliances with regional banks, by collaborating with a variety of business partners, we will also take on the challenge of expanding new businesses. For example, we plan to create an independent operating business that does not mediate financial products, to offer consultations, and we also plan to build a financial product intermediation platform.

→ P36

*The CIO (Chief Investment Office) Group was established in July 2020 with the aim of establishing a high value-added advisory system

The Investment Management Division's mission is to enhance asset management businesses broadly through expanding its product lineup and improving its services to meet the diversifying investment needs of clients. By combining the Group's expertise from traditional assets such as stocks and bonds to alternative assets such as private equity, we provide added value and offer advanced services and solutions to meet the diverse needs of our clients.

**Strength**
- High level of asset management expertise from underlying entities within the division
- Experience with diverse investment businesses in both public and private markets
- Enhancing growth through flexible capital policies within the division combined with Nomura Group's comprehensive strength

**Challenges**
- Expanding alternative investments to address the demand for higher yields in a challenging environment characterized by persistent low global fixed income yields
- In constrast to a downward trend in the global management fee ratio, management fees obtained from alternative investment products are increasing
- Growing interest towards ESG (Environmental, Social and Governance) investment amidst tightening regulations

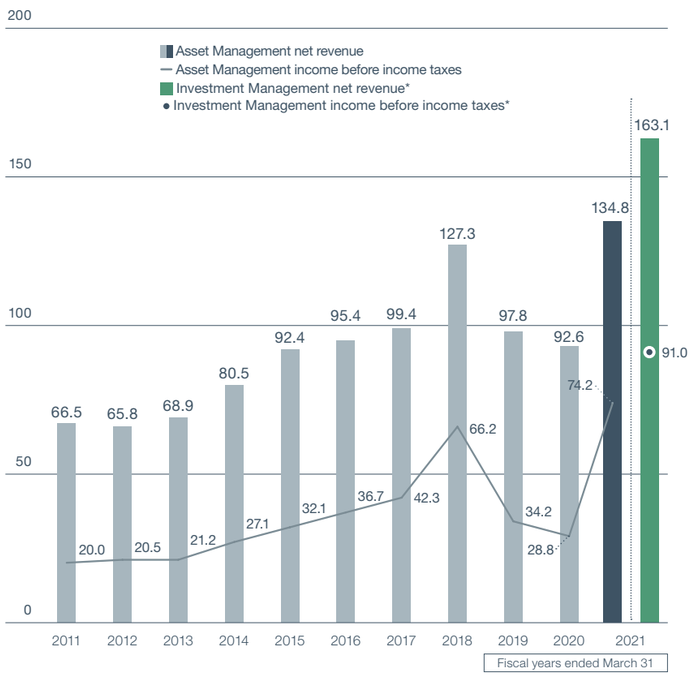
**Actions**
- Strengthen existing public market businesses and improve through digital transformation
- Expand private market business products in addition to existing alternative products
- Execute inorganic strategies (such as alliances and investments) to expand product lineup and client base

# Investment Management Division

## Review of Fiscal Year Ended March 2021

In the fiscal year ended March 2021, the Investment Management Division reported net revenue of ¥134.8 billion, up 46% year-on-year, and income before income taxes of ¥74.2 billion, up 158% year-on-year, to reach the highest level since reporting under U.S. GAAP started in the fiscal year ended March 2002. Inflows of ¥1.9 trillion last fiscal year lifted AuM to a record high of ¥64.7 trillion. The recovery in the stock market also contributed to a significant improvement in American Century Investments related-gain. On April 1, 2021, the Asset Management and Merchant Banking divisions were consolidated and the Investment Management Division was established. Under the Investment Management Division, Nomura Asset Management and many of Nomura Group's investment and asset management companies will maintain their independence while aspiring to advance the asset management industry, increase collaboration within the division, and utilize Nomura Group's comprehensive capabilities.
Based on the assumption that the Investment Management division existed in the fiscal year ended March 2021, pro forma net revenue was ¥163.1 billion and income before income taxes was ¥91 billion.

### Business Performance (billions of yen)




* Pro forma number based on the assumption that the Invest Management Division existed in the fiscal year ended March 2021

### KPIs/KGI Progress

| | | FY2020/21* / March 2021 Actual | FY2022/23 / March 2023 Target |
|---|---|---|---|
| Key performance indicators (KPIs) | Assets under Management | ¥64.7 trillion | ¥70 trillion |
| Key goal indicator (KGI) | Income before income taxes | ¥91 billion | ¥60 billion |

* pro forma number based on the assumption that the Invest Management Division existed in the fiscal year ended March 2021

### Future initiatives

#### Strengthen public market business
01

We will work to increase share in the publicly offered investment trust market, concentrate resources towards our flagship strategy, expand our client base in the ETF (Exchange Traded Funds) business to institutional investors and overseas, provide solutions to ESG issues through advanced ESG management strategies. At the same time, we will utilize digital technology to achieve fast changes in both marketing and asset management functions.

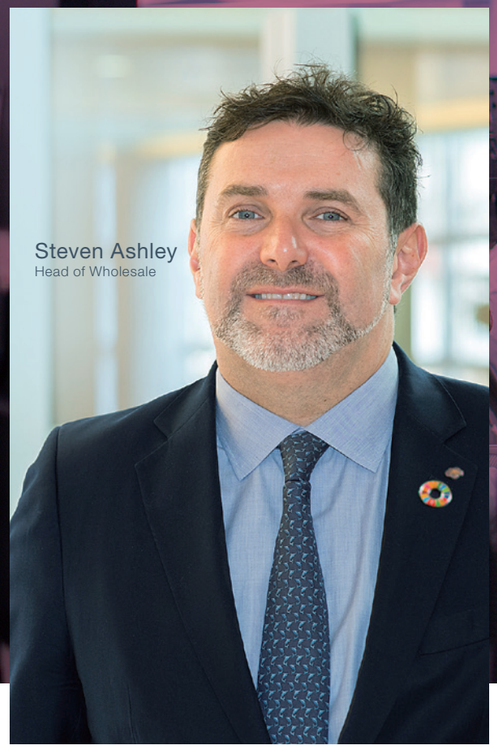
#### Strengthen private market business
02

In addition to expanding private equity/debt investment management strategies (Nomura SPARX Investment, Search Funds, etc.), we will develop a product offering platform that invests in tangible assets such as infrastructure, real estate, and aircraft, thereby expanding the services and proposals we can provide to clients.

#### Further expand product and client bases
03

In both the Public and Private Market space, we will evaluate and seek to strengthen businesses based on market size, growth potential, the competitive environment and our advantages, in order to expand our product and client base.

Public Market: Asset management businesses mainly targeting investments in listed products (such as stocks, REITs and ETFs), government bonds and corporate bonds, or a combination of multiple assets.
Private Market: Asset management businesses primarily targeting unlisted equity (private equity), corporate debt from entities other than banks (private debt), as well as infrastructure, real estate, aircraft, etc.



Steven Ashley
Head of Wholesale

Wholesale Division consists of two businesses: Global Markets providing financial products and solutions and secondary market liquidity, and Investment Banking offering capital raising transactions and advisory services. We provide diverse services to a broad range of clients including corporates, government entities and financial institutions in Japan as well as overseas.

**Strength**
- Leading position in Japan
- Strength and market leadership across core businesses globally
- Diversified business portfolio

**Challenges**
- Relatively smaller presence in private markets
- Uncertainty in market environment
- Rapidly evolving market structure

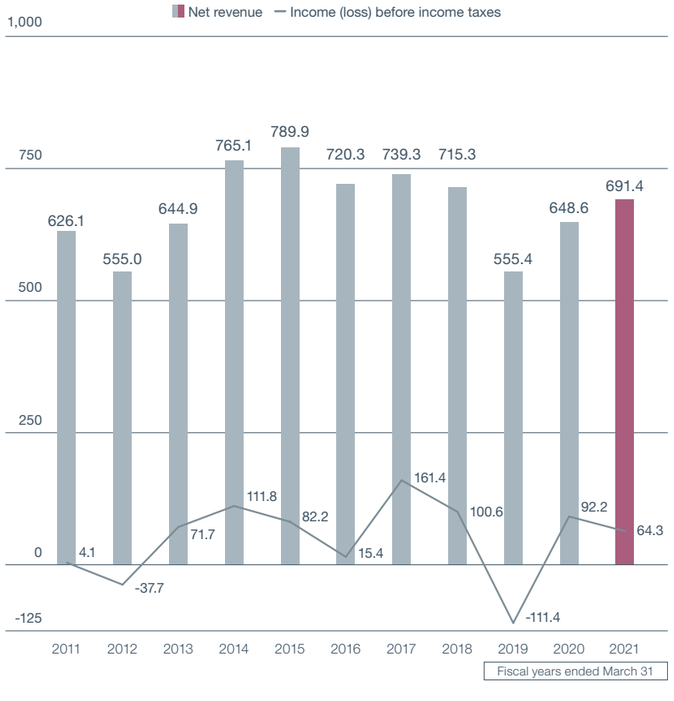
**Actions**
- Pursue prudent risk and resources efficiency to ensure long-term platform sustainability
- Further diversification and growth in selective new business areas ~ drive next stage of growth in newer business areas, e.g. wealth management, digital assets, etc.
- Active use of external resources through strategic alliances and partnerships, e.g. Nomura Greentech, Wolfe Research, Jarden
- Further collaboration across regions and divisions to leverage global platform strengths

# Wholesale Division

## Review of Fiscal Year Ended March 2021

Steady momentum across most core businesses, underpinned by client flows and prudent risk control amidst heightened volatility, continued expansion in private market and primary businesses. Continued to remain engaged with clients and provide liquidity to service their financing as well as secondary trading needs, despite challenges from COVID pandemic. In Global Markets, business in Q4 was impacted by losses specific to transactions with a US client, and excluding the one-off impact, performance picked up significantly vs. previous year as we continued to reinforce strength and market presence, building global centers of excellence in core areas of our business across products and regions. In Investment Banking, we were able to execute large ECM and DCM transactions as well as the advisory for business restructurings and industry-wide consolidations by carefully understanding our clients' needs under COVID pandemic. In addition, the recovery of the acquisition finance market also lead to robust growth for the fiscal year. We also leveraged our global platform to further revenue share on back of increased cross-border flows and transactions.

**Business Performance** (billions of yen)




| KPIs/KGI Progress | | FY2020/21 / March 2021 Actual | FY2022/23 / March 2023 Target |
|---|---|---|---|
| Key performance indicators (KPIs) | Revenue/modified RWA | 6.4% | >6% |
| | Fee and commission revenue | $1.26 billion | >$1.3 billion |
| | CIR (Expense / Revenue) | 91% | ~80% |
| Key goal indicator (KGI) | Income before income taxes | ¥64.3 billion | >¥150 billion |

## Future initiatives

**01 Scale up advisory business**
Expand our risk light businesses including Advisory, reinforcing differentiated content and building scale, particularly in the US

**02 Broaden private business**
Broaden footprint in private markets areas, selectively pursuing areas of potential growth

**03 Build out international wealth management business**
Accelerated build-out of IWM business through targeted hiring, platform upgradation and broader offerings in close collaboration with other Wholesale businesses

**04 Provide global offerings**
Global connectivity to leverage core business strengths across regions and provide global offerings to clients

**05 Tap into sustainability space**
Tap into new areas of opportunity in sustainability space, further building on recent success seen through participation in social bond issuances, etc

**06 Accelerate digital strategy**
Accelerating our digital strategy in a wide range of business areas, from market infrastructure to origination

# Outside Director Interview

Kazuhiko Ishimura

Outside Director
Chairman of the Nomination Committee, Chairman of the Compensation Committee
Former Representative Director and President & CEO of Asahi Glass Co., Ltd. (currently, AGC Inc.)
President of the National Institute of Advanced Industrial Science and Technology

## Activities of the Nomination Committee

**Q First, please tell us about the activities of the Nomination Committee.**

Last year, the Nomination Committee met eight times. The year before last, with the appointment of the new CEO, the Committee met nine times which was more frequently than usual. Similarly, last year we met more frequently because Mr. Hiroshi Kimura was set to retire as chairman of the Nomination and Compensation Committees, Mr. Michael Lim Choo San had already completed his ten year tenure, and we were looking to increase the number of Directors from outside Japan given the growing contribution to earnings from the international business, particularly the US.

**Q What considerations went into the appointment of the four new Outside Directors?**

Diversity was a major consideration, not only with respect to nationality and gender but also skills and expertise, experience and professional background.

Mr. Takahisa Takahara and I are not finance professionals, but based on our experience in senior management, we are able to offer advice on the overall direction of the company from a macro perspective. We can also provide insights on how the company may be viewed from the outside if a compliance or reputation related crisis occurs and how the company could rebuild in such a situation.

Newly appointed directors Mr. J. Christopher Giancarlo and Ms. Patricia Mosser are US nationals and bring to the Board financial expertise, business experience and experience in academia. From Asia, Mr. Victor Chu was appointed to replace Mr. Lim. While there are no directors from Europe, Mr. Chu is qualified as a lawyer in both the UK and Hong Kong and has insights on the European region.

The Board is well-balanced and aligned with Nomura's business in terms of regional composition and expertise. Directors come from diverse professional backgrounds. The newly appointed directors are highly knowledgeable on the financial industry, particularly the US. I believe an organization that leans too much in one direction loses value. Diversity helps the organization to be successful over the long-term and generate value. While it may be easier to find common ground in a highly homogenous Board, people from diverse backgrounds bring unique perspectives, ideas and added value.

**Q Explain the process involved in selecting board candidates.**

Prospective board members are not simply selected based on current directors' network of influence. For candidates that have a particularly high level of skills and expertise, we create a list taking into consideration senior management input and information in the public domain. We also use consulting firms as necessary. The Committee then discusses and narrows the list, and candidates are interviewed to gauge their interest.

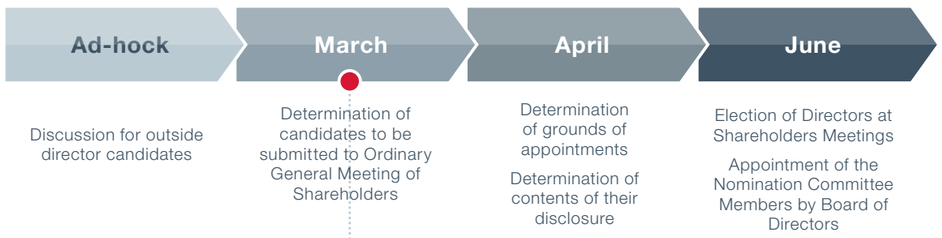
Last fiscal year, we conducted a third party evaluation of board effectiveness to determine appropriate board management for a global financial services company. After multiple discussions on what we needed to do to enhance governance, we decided that the Board should focus on monitoring Nomura's medium- to long-term business strategy. The Nomination Committee therefore needed to select candidates with this in mind. Financial knowledge and expertise was previously not a prerequisite to become an outside director at Nomura Holdings. However, in order for Nomura to build on its performance as a global financial services firm, we also focused our research on candidates knowledgeable in finance.

**Q The digital domain has become essential in the finance industry. Has the Nomination Committee discussed expertise in this area?**

Mr. Giancarlo has expertise in the international finance business and is strong in the IT domain. Ms. Mosser has also been involved with financial regulations for most of her career and has an extensive background in academics. Having people with such expertise is a plus for the Board.

Digital is becoming increasingly vital to management in many industries including finance. The pace of change is extremely fast, so much so that the term digital transformation is practically obsolete in the US. I believe it is critical that the management of Nomura makes maximum use of the transformations taking place and implement digital technologies.

**Nomination Committee Calendar for election of directors**




**Consideration in election of directors**

- Selection criteria based on personality, insight, ethics, deep knowledge and experience in one's area of expertise
- Number of outside directors can hold concurrent positions at other listed companies up to 3. In principle, there is 1 internal director (non-executive).
- As a general rule, majority of the board is composed of outside directors
- The term of outside directors is expected to be six years
- As a general rule, outside directors should meet the company's standards for independence
- As a general rule, the Group CEO and COO serve concurrently as directors
- As a general rule, experts in finance, corporate management, and law should be included

**Q What are your thoughts on director term limits and variation in director terms?**

From the perspective of independence, the term for an outside director is set at about six years. However, director changes do not always fit perfectly into this timeline. In deciding on the timing of director changes, we carefully discuss the role and contributions of the director, independence, whether we have a replacement candidate and other such factors. I think the important thing is the skillset matrix. It is critical that when there is a director change at the end of the term specified in the rules, we do not create a void in the board for an important role.

## Activities of the Compensation Committee

**Q Please tell us about the Compensation Committee's activities, such as how frequently the Committee meets and what topics are discussed.**

The Compensation Committee convened seven times last fiscal year, mainly to discuss drafting of rules governing executive compensation and to determine actual compensation based on these rules. Group CEO Kentaro Okuda set ROE as a new management KPI, and we therefore changed the KPI used to determine performance-related executive compensation to ROE.

The main topic discussed was CEO compensation. We determined the remuneration curve based on the standard value of performance and the relationship between ROE and remuneration. Once CEO remuneration was determined, we then decided on the level and ways of compensation for executive officers. Predetermining the correlation between KPI and remuneration based on each executive officer's responsibilities is critical to this. I believe it is important to implement rules and manage the Board with transparency.

**Q As the Nomura Group Compensation Committee, what would you like to say to people outside the firm?**

Nomura Group's remuneration system is quite advanced. Firstly, for executives who receive a certain level of remuneration, the variable performance-based component is larger than the fixed component. This ensures that compensation is aligned with the achievement of KPIs. From the viewpoint of stakeholders, a larger variable component better aligns with their interests. Another feature of executive compensation at Nomura is that stock-based remuneration was introduced at an early stage. Therefore, compensation is commensurate with the level of contribution directors make.

**Q Sustainability is increasingly being integrated into executive compensation.**

Sustainability is something that the Compensation Committee has discussed, and we plan to have further discussions on how to evaluate it going forward.

Sustainability is generally considered a non-financial indicator and discussed separately from financial compensation. However, I believe companies should turn SDG goals into business opportunities. I think that in the end social issues will become embedded into the objectives of a company's core business and the results will be reflected in the financial indicators. In other words, resolving social issues should be an objective of the core business. This resonates with Nomura's vision of helping resolve issues affecting society while contributing to the creation of an affluent society by leveraging its expertise in the capital markets. I believe business performance can lead to resolving social problems and as a result financial indicators must also be improved.

## Strengthening Governance

**Q There is the view that the three Committees should comprise only outside directors.**

The Nomination, Compensation and Audit Committees have one non-executive director each from within the firm. While having Committees comprised only of outside directors may lead to greater independence and objectivity, if we do not have anyone on the board who knows the business and the securities industry, we may not be able to select appropriate members for the board and determine compensation. We appoint a non-executive director from the firm who understands the business well to sit on the Audit Committee. This enables us to determine where we should focus our audit activities based on a proper understanding of the business.

With regard to decision-making, we are able to maintain the independence of the board as there is one internal director to two outside directors. Decisions made by a majority vote cannot be overturned. Each Committee also hears from outside directors who are not part of the respective Committee as necessary.

**Q What do you think are some of the issues or areas for improvement at Nomura Holdings?**

Nomura has been involved in incidents of misconduct several times. Determining the root cause of these incidents is one of the major challenges for management. The year before last, I was involved in the drafting of Nomura's Code of Conduct and had the opportunity to talk with many people. I believe this was a very good exercise. Okuda-san and members of senior management are working to raise awareness and embed the Code of Conduct across the firm. However, there was an incident after the Code of Conduct was created, so efforts to embed the Code across the firm must continue.

The most important thing for management is to demonstrate their vision for the firm. Okuda-san has clearly outlined a corporate strategy and the direction he wants to take the firm. If employees identify with this vision, then they can move in the same direction as management. Employee motivation is also vital. Allowing employees to work in areas they are skilled in to improve performance is critical. The final thing is compensation.

To keep employees motivated, sharing the Code of Conduct and management's vision for the firm from the top down is vital. This will lead to greater employee engagement including mid-level employees. The firm trusts the employee and contributes to the employee. In the same way, the employee trusts the firm and contributes to the firm. This is the kind of firm Nomura must strive to be.

**Q There was a loss arising from transactions with a US client. What kind of discussions did the board have on this?**

To ensure the sustainable growth of the international business, measures have been implemented to strengthen governance including appointing three new non-Japanese outside directors. I believe efforts should focus on bolstering the management structure and enhancing risk management to prevent an incident of this nature from happening again.

While the incident was not the result of misconduct or a compliance-related issue, we must consider whether warning signs about the potential risks could not have gone off within the organization at a much earlier stage. In addition, based on Nomura's management vision and corporate philosophy, the transaction with the US client is not a part of Nomura's core business. However, such is the nature of risk. It occurs in places that are away from the main areas. It is critical that Nomura implements risk management to control these businesses and reexamine its structure in line with the management vision.

## Conclusion

**Q How do you view progress made in the strategy Group CEO Okuda outlined last year?**

Mr. Okuda took over as Group CEO under difficult conditions, with the pandemic and a loss reported in quarter immediately prior. He took swift action to change the direction of the business and take advantage of opportunities under the pandemic. Cost reductions were also achieved faster than planned.

I believe he is taking the firm in the right direction. He looked at the fundamental role of financial institutions and the services they should provide. I believe focusing on private side services in addition to the public domain is the natural course to take. Surviving as a financial institution depends on whether you can provide customized services matched to the needs of individual clients and provide value for clients.

**Q Finally, what message would you like to convey to stakeholders?**

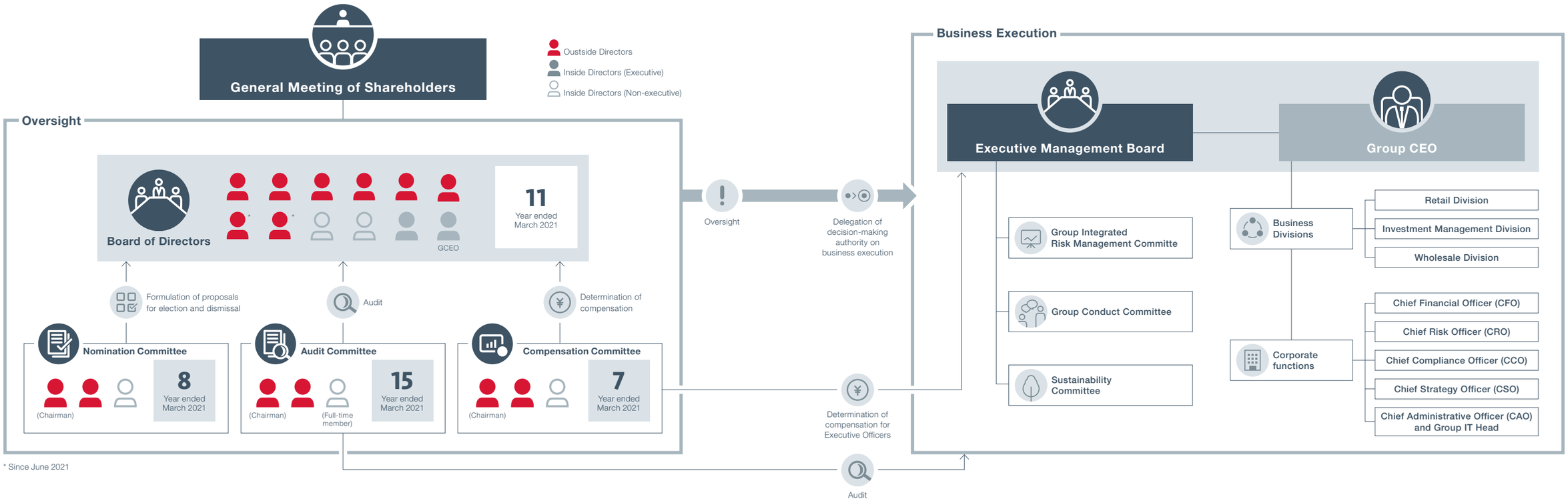
The board's responsibility is to support Nomura in becoming the most trusted partner for clients and achieving sustainable growth. We recognize the challenges that exist and the loss arising from transactions with the US client is something we take very seriously. Nomura must recognize how critical its role in society is as a financial institution and work to enhance its corporate value. I want stakeholders to witness the results of such efforts. We will also work together with Nomura Group to enhance the trust of all stakeholders.

# Corporate Governance

**Nomura Holdings recognizes that in order to achieve the management's goal of enhancing corporate value by deepening society's trust in the firm and increasing the satisfaction of stakeholders, beginning with shareholders and clients, strengthening corporate governance is one of the most important issues. As a company with Three Board Committees, we have separated management oversight from business execution. This separation of duties strengthens the oversight functions of the Board of Directors and delegation of authority regarding business execution to the Executive Officers with the aim to accelerate the Group's decision-making process.**

In 2010, two additional Outside Directors from abroad joined the Board of Directors, which is now comprised of a majority of Outside Directors. In 2015, we established "Outside Directors Meetings" where they discuss matters related to our business and corporate governance regularly. Since 2019, all three of our committees have an Outside Director as the Chairman to further enhance our corporate governance structure. In addition, the Succession Plan is discussed in the Nomination Committee, concerning the Group CEO qualifications based on factors such as the business environment and candidate proposal to further develop our governance structure.

## Overview of our Corporate Governance Structure




* Since June 2021

### Nomination Committee

In accordance with the Company's Regulations of the Nomination Committee, it determines the details of any proposals concerning the election and dismissal of Directors to be submitted to general meetings of shareholders by the Board of Directors.

### Audit Committee

In accordance with the Company's Regulations of the Audit Committee, (i) it audits the execution by the Directors and the Executive Officers of their duties and the preparation of audit reports and (ii) determines the details of proposals concerning the election, dismissal or non-reappointment of the accounting auditor to be submitted to general meetings of shareholders by the Board of Directors.

### Compensation Committee

In accordance with the Company's Regulations of the Compensation Committee, it determines the Company's policy with respect to the determination of the details of each Director and Executive Officer's compensation. It also determines the details of each Director and Executive Officer's actual compensation.

### Executive Management Board

It deliberates on and determines important management matters of Nomura such as management strategy, business plan and budget as well as the allocation of management resources.

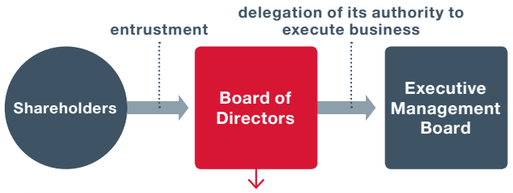

Group Integrated Risk Management Committe → P66
Internal Controls Committee → P70
Group Conduct Committee → P61
Sustainability Committee → P28


Nomura Holdings Corporate Governance Guidelines
https://www.nomuraholdings.com/jp/company/cg/data/cg_guideline.pdf

Corporate Governance Report
https://www.nomuraholdings.com/jp/company/cg/data/cg_report.pdf

## Roles of the Board of Directors

As a company with Three Board Committees, we aim to accelerate the Group's decision-making process by separation of management oversight from business execution and delegation of authority regarding business execution to the Executive Officers. In addition, we have worked to ensure management transparency by diversifying the attributes of Directors and supervising from a multilateral and medium- to long-term perspective.




- Upon entrustment from the shareholders, determine the "Fundamental Management Policy" to seek sustainable corporate growth and maximization of corporate value over the mid- to long-term, and appoint Executive Officers who will manage the company in accordance with the policy.
- As a general rule, delegate its authority to execute business to the Executive Officers, to the extent permitted by law, and its main role shall be management oversight.
- Ensure fairness and transparency of the management by performing its oversight functions, while making decisions in the best interests of the Company to continue business and to enhance corporate value through the appointment/dismissal of the Group CEO and other Executive Officers based on the company's business results, etc., and determining significant business execution decisions, etc.

**Adopted a Company with Committees,etc. structure**
(now known as a Company with Three Board Committees)

**2003**

**Established the Advisory Board as an advisory body to the Executive Management Board**

**2001**

**Regularly held Outside Directors Meetings**

**2015**

**Form of Corporate Governance of Japanese companies**

| | | |
|---|---|---|
| Company with Three Board Committees | 80 | (2%) |
| Company with Board of Auditors | 2,421 | (65%) |
| Company with Audit etc. Committees | 1,233 | (33%) |

Source: Nomura, Japan Exchange Group "Corporate Governance Information Search"(As of July 14, 2021)

| | 2001 | 2010 | 2021 |
|---|---|---|---|
| Ratio of Outside Directors | 17% | 58% | 67% → |
| Ratio of non-Japanese Directors | – | 17% | 33% → |

## Actions by the Board of Directors in response to substantial losses from U.S. Prime Brokerage Event

**Timelines of Actions**

| | |
|---|---|
| March 29 Mon. | Press release on occurrence of the issue and possibility of the loss<br>Progress of position unwinding and internal investigation |
| April 27 Tue. | Announcement of the full-year and the fourth quarter results for the fiscal year ended March 2021, with updates of the event including the amount of losses |
| May 12 Wed. | Investor Day presentation including progress of the actions for the event |
| May 18 Tue. | Additional announcement that it has completed the unwinding of all its positions related to the event and updated the estimated loss to be booked in the next quarter |

Nomura Holdings, Inc.'s Board of Directors, including Outside Directors, received a report immediately following the detection at the end of March regarding the significant loss arising from transactions with a U.S. client. Subsequently, an extraordinary Audit Committee was held and an outside law firm was appointed to conduct a comprehensive review.
In addition, an extraordinary meeting of the Board of Directors was held, in which a number of questions were asked and discussions were held regarding reports from the Executive Officers on the background and cause of the incident. Based on the understanding that the transaction is highly individualistic, it was also pointed out whether the relevant transaction was in line with our company's corporate philosophy.
At multiple meetings of the Board of Directors, various discussions were held while the Audit Committee reported on the results of its review and the Executive Officers reported on the status of related positions and measures to strengthen risk management.
In order to prevent a recurrence in the future, we conduct a comprehensive review of the risk management framework of the Wholesale Division not limited to the business that incurred the losses. The Board of Directors agreed on an action plan to strengthen the structure and other measures based on these results, and will continue to monitor the progress of these measures.

* Further details can be found in our Securities Report or 20-F report for the year ended March 2021.

## Main items discussed by the Board of Directors

| | | |
|---|---|---|
| 1Q | FY19/20 results, dividend payouts | Company overview, situation by division and region, situation of competitors, etc. |
| | Business execution report | Report and discussion on current status and future plans in Wholesale |
| | Policy on dealing with acquisition proposal | Determine policy for initial response and maintain the Board of Directors and decision making body |
| | Report on Investor Day | Report and discussion on priorities, management vision, and business strategy |
| | Risk management reports | Report and discussion on introduction of framework for top risks and emerging risks |
| | Compliance reporting | Report and discussion on initiatives to promote approach to conduct and countermeasures for money laundering and terrorist financing |
| 2Q | FY20/21 1Q results | Company overview, situation by division and region, situation of competitors, etc. |
| | Business execution report | Report and discussion on responses and future issues and strategies amid Covid-19 |
| | Establishing structure to promote proper conduct | Report and discussion on establishment of conduct program and conduct annual plan |
| | Risk management reports | Report and discussion on status of risk appetite management |
| | Compliance reporting | Report and discussion on progress of improvement measures related to incident of improper communication of information |
| 3Q | FY20/21 2Q results, dividend payouts | Company overview, situation by division and region, situation of competitors, etc. |
| | Business execution report | Report and discussion on current status and future strategies of each division and introduction of monitoring metrics for achieving ROE target |
| | Information disclosure structure | Report and discussion on internal structure for information disclosure and comparison of disclosure details with competitors |
| | Strategic Shareholding Review Committee reporting | Current status of strategic shareholdings and future measures |
| | Audit activity findings report | Report and discussion on reply from execution side in relation to proposals from Audit Committee to execution side |
| | Compliance reporting | Report and discussion on status of investigation into corporate client information leakage incident and future measures |
| 4Q | FY20/21 3Q results | Company overview, situation by division and region, situation of competitors, etc. |
| | Business execution report | Report and discussion on current status and future strategies of each division and strengthening of integration of ESG by Nomura Asset Management |
| | ESG update | Report and discussion on approach and future outlook for ESG |
| | Risk and responses for operations amid COVID-19 | Report and discussion on labor management and information management amid Covid-19 |
| | Revision of Regulations and rules | Report and discuss the revisions regarding management of the Internal Control Committee and the change in the internal audit reporting line |

In addition to the above Board of Directors meetings, we also held four "Outside Directors Meetings" each year to discuss medium- to long-term management strategies and the self-evaluation of effectiveness of the Board of Directors.

## Evaluation of the effectiveness of the Board of Directors

**Efforts in 2019**

The Nomination Committee discussed Succession Plan by concerning the Group CEO qualifications based on factors such as the business environment and candidate proposal

The Compensation Committee discussed performance-based compensation

Regarding the incident of improper communication of information, the Board of Directors requested to establish a remediation action plan to the senior managements, and discussed on the efforts to permeate the Nomura Group Code of Conduct which is an essential part of the remediation plan

**Challenges as in 2019**

At the regular "Outside Directors Meetings", enhancement of discussions regarding management's goals and strategies, and effective management of the Board of Directors will be discussed with Directors and senior management for ideal way of the Company's Board of Directors

**Evaluation Results in 2020**

Many opinions confirmed the improvement in the quality of discussions on management objectives and strategies and overall evaluation improved for all items

Third party advisory analyzed that the Board of Directors, which is highly specialized and composed of a diverse range of Outside Directors, is a strength in Nomura's governance, and suggested for further improvement of its monitoring function by taking into account the global business situation

**Efforts since 2020**

Nomination Committee and the Board of Directors discussed multiple times based on investigation and examination on the role of the Board of Directors expected for global financial institution

As a result, total four candidates for new Outside Directors were selected at the General Meeting of Shareholders held in June 2021

**Future Challenges**

Supervision over the results of the investigation on risk management framework and progress of efforts to advance the framework in response to the U.S. Prime Brokerage Event

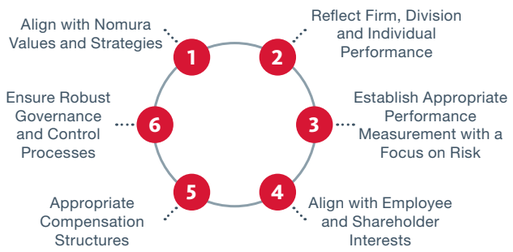
Monitoring of medium- to long-term strategies and management challenges

Our Board of Directors has defined a rule to evaluate its overall effectiveness every year and to disclose its results. The evaluation in fiscal year 2020 included interviews with Directors and Executive Officers and its analysis by third parties. In light of these efforts, the Board of Directors confirmed that its effectiveness is sufficiently secured this year.

## Compensation Policy and Compensation Scheme

We have developed the Compensation Policy of Nomura Group and the Compensation Policy for Directors and Executive Officers, to enable us to achieve sustainable growth, realize a long-term increase in shareholder value, deliver added value to our clients, compete in the global market and enhance our reputation. Compensation for Directors and Executive Officers is determined by the Compensation Committee each fiscal year based on those policies with discussion for its individual appropriateness.

### Group Compensation Policy




Nomura Group is establishing its status firmly as a globally competitive financial services group. To support this, we recognize that our people are our most valuable asset.

We have therefore developed our compensation policy for both executives and employees of Nomura Group to ensure we attract, retain, motivate and develop talent that enables us to achieve sustainable growth, realize a long-term increase in shareholder value, deliver client excellence, compete in a global market and enhance our reputation.

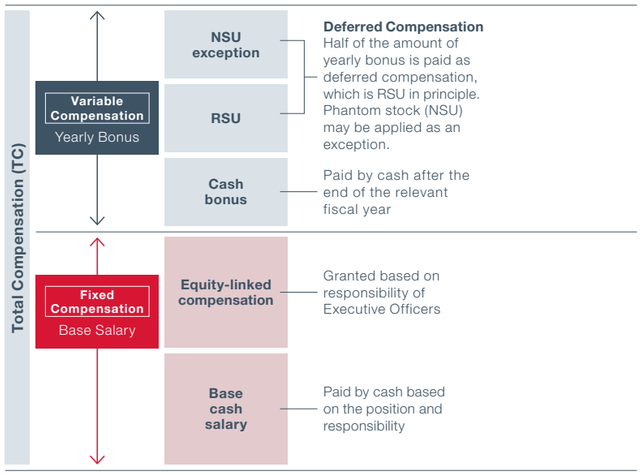
### Medium-term incentives

Compensation of Directors and Executive Officers is composed of base salary, yearly bonus and long-term incentive plans.

By providing deferred compensation as equity-linked compensation, the economic value of the compensation is linked to the stock price of Nomura and a certain vesting period is set. It enables us to expect multiple effects such as alignment of interests with shareholders and medium-term incentives* and retention by providing an opportunity for the economic value of Deferred Compensation at the time of grant to be increased by a rise in shares during a period of time from grant to vesting. Any voluntary resignation, material modification of the financial statements, material breach of Nomura's internal policies and regulations etc. are subject to forfeiture, reduction or clawback (Conclusion of individual contracts including "clawback clause").

* In line with the introduction of RSU, among the equity-linked compensation, as the principal vehicle for Deferred Compensation, in principle, Nomura's common stock will be paid instead of cash over the three year deferral period from the fiscal year following the fiscal year in which the deferred compensation was granted. Since the number of shares to be paid is determined based on the Nomura's share price at the time of grant, the increase in Nomura's share price will increase the economic value of Deferred Compensation at the time of vest. Since the increase in share prices reflects the increase in corporate value, alignment of interest with that of shareholders, in addition to medium-term incentive effects for the Directors and Executive Officers, will be achieved.

### Scheme of compensation for Directors and Executive Officers




* "Directors and Executive Officers" in this figure refer to Full-time Directors (excluding Audit Committee members) and Executive Officers. With respect to the Director of the Audit Committee member is paid in cash only, to exclude equity-linkage of its compensation, so as to keep its independency from business execution. Also, Outside Directors are out of the scope of the Yearly Bonus.

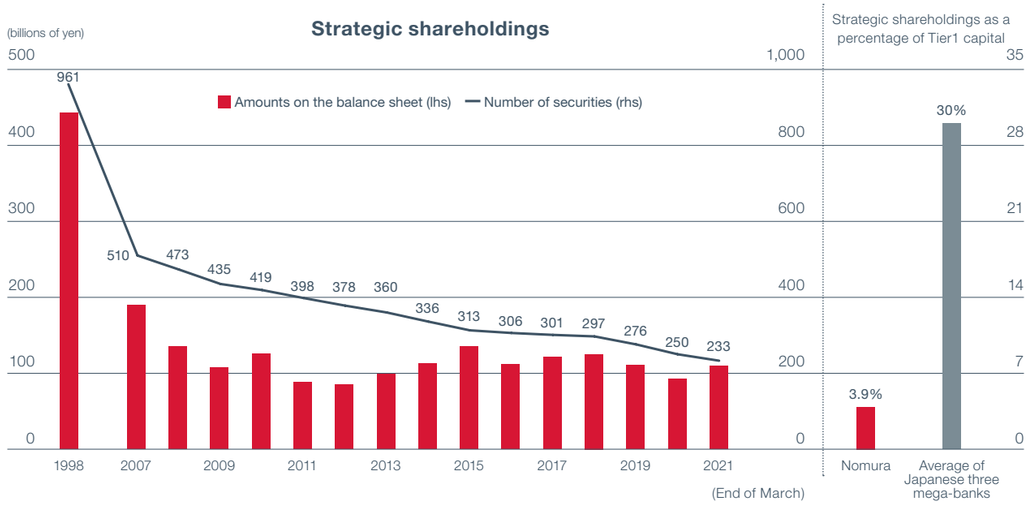
### Compensation paid to Directors and Executive Officers

| Position | Directors (Outside Directors) | Executive Officers | Total |
|---|---|---|---|
| Number of People*1 | 10 (6) | 6 | 16 |
| Base Salary*2,3 (millions of yen) | 290 (130) | 420 | 710 |
| Performance-linked compensation*4 (millions of yen) | 66 (—) | 240 | 306 |
| Non-monetary compensation (Deferred Compensation)*5 (millions of yen) | 226 (—) | 364 | 590 |
| Total (millions of yen) | 582 (130) | 1,024 | 1,606 |

*1 The number of people includes two Directors who retired in June 2020. There were eight Directors and six Executive Officers as of March 31, 2021. Compensation to Directors who were concurrently serving as Executive Officers is included in that of Executive Officers.
*2 Base Salary of ¥710 million includes other compensation (commuter pass allowance) of ¥850 thousand.
*3 In addition to base salary of Executive Officers, ¥16 million of corporate housing costs, such as housing allowance and related tax adjustments, were provided.
*4 Out of the Yearly Bonus, amounts to be paid in cash after the Fiscal Year close are shown.
*5 Deferred compensation (such as RSU and stock options) granted during and prior to the fiscal year ended March 31, 2021 is recognized as expense in the financial statements for the fiscal year ended March 31, 2021.
*6 Subsidiaries of the Company paid ¥65 million to Outside Directors as compensation, etc. for their directorship at those subsidiaries for the fiscal year ended March 31, 2021.
*7 The Company abolished retirement bonuses to Directors in 2001.

## Basic policy for strategic shareholdings

Over the past 20 years, Nomura Group has consistently reduced its investments in strategic shareholdings that are not used for pure investment purposes. As of end of March 2021, our Company held 233 companies' stocks, total assets recorded on the balance sheet is ¥110.1 billion (total market value of holdings) and represented only 3.9% of our Tier1 capital.




We have ongoing discussions concerning the value of strategic shareholdings (see below chart). Regarding strategic shareholdings, we balance the risks and costs involved in holding such shares with potential benefits into business strategy, such as additional opportunities to increase the revenues of our businesses through expansion of transactions, or business alliances with partners whose shares are held, and Nomura shall hold such shares only if such shareholdings will contribute to maintaining or enhancing the corporate value of the Nomura Group.

These topics are discussed by the Strategic Shareholders Discussion Committee established by the Board of Directors (held twice during fiscal year ended March 2021). As a result, we will proceed with the sale of such shareholdings, where it has been determined to be reasonable upon consideration of the impact on the market and other circumstances.

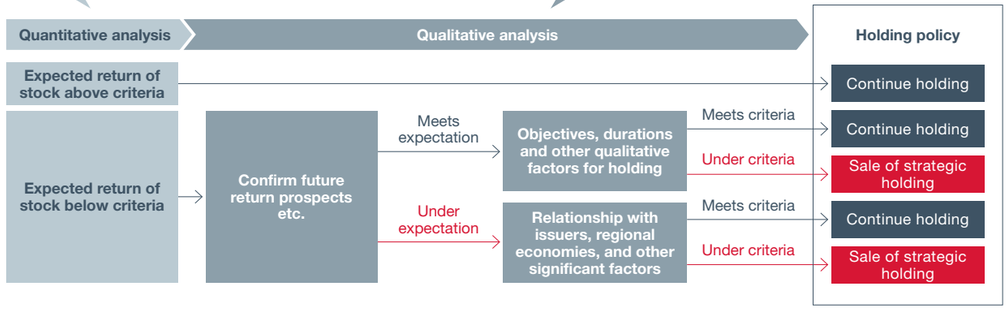
### Process for Reviewing the value of strategic shareholdings

**Quantitative analysis regularly held for all strategic shareholdings**

Verification of whether the return on required capital (Revenues and dividends from transactions with companies, etc.) exceeds the required level. If it meets the required level, we will continue to hold our position, and if not, we will conduct further qualitative analysis.

**Confirm medium-to long-term revenue projections for qualitative analysis**

Qualitative analysis considers whether to continue to hold or sell based on medium-to long-term revenue projections, holding objectives and periods, relationships with issuers and regional economies, and other strategic factors.



## Outside Director

### Kazuhiko Ishimura

Chairman of the Nomination Committee
Chairman of the Compensation Committee

Mr. Ishimura has extensive experience with respect to corporate management, and including the holding in the past of positions such as Representative Director and President and CEO, and Chairman of the Board of AGC, such achievements and related insights have been evaluated highly both within and outside of the Company.

### Takahisa Takahara

Member of the Nomination Committee
Member of the Compensation Committee
New Appointment

Mr. Takahara has extensive experience with respect to corporate management, and currently holds the position as Representative Director, President & CEO of Unicharm Corporation, such achievements and related insights have been evaluated highly both within and outside of the Company.

### Noriaki Shimazaki

Chairman of the Audit Committee
Lead Outside Director

Mr. Shimazaki has extensive experience with respect to corporate management and a high degree of expertise with regard to international accounting systems corresponding to a Sarbanes-Oxley Act of 2002 financial expert. Including the holding in the past of positions such as Representative Director and Executive Vice President of Sumitomo Corporation, Member of the Business Accounting Council of the Financial Services Agency, Trustee of IASC Foundation and Director of the Financial Accounting Standards Foundation, such achievements and related insights have been evaluated highly both within and outside of the Company.

### Mari Sono

Member of the Audit Committee

Ms. Sono has a high degree of expertise with respect to corporate accounting based on many years of experience as a Certified Public Accountant and has held positions such as External Comprehensive Auditor, Tokyo, and Member of "Business Accounting Council," Ministry of Finance. Further, after retiring from the Audit Firm, she served as Commissioner of the Securities and Exchange Surveillance Commission, and such achievements and related insights have been evaluated highly both within and outside of the Company.

### Laura Simone Unger

Ms. Unger is well-versed in finance-related legal systems/regulations, and including the holding in the past of positions such as a Commissioner and Acting Chairperson of the SEC, etc., such achievements and related insights have been evaluated highly both within and outside of the Company.

### Victor Chu

New Appointment

Mr. Chu has extensive experience with respect to corporate management and the finance industry, and a high degree of expertise with regard to legal, regulatory and corporate governance. He established First Eastern Investment Group, an international investment company, and has served as its Chairman and CEO for many years. His past positions included key positions in Hong Kong financial circles such as the Hong Kong Stock Exchange and Securities and Futures Commission, Hong Kong. Such achievements and related insights have been evaluated highly both within and outside of the Company.

### J.Christopher Giancarlo

New Appointment

Mr. Giancarlo is well-versed in finance-related legal systems/regulations and advanced technologies such as blockchain, and including the holding in the past of positions such as Executive Vice President of GFI Group Inc., a U.S. securities brokerage company, and Chairman of the U.S. Commodity Futures Trading Commission, such achievements and related insights have been evaluated highly both within and outside of the Company.

### Patricia Mosser

New Appointment

Ms. Mosser has many years of experience as an economist and central banker. In addition to her current position of Senior Research Scholar and Director of Central Banking at Columbia's School of International and Public Affairs, she has held past positions such as Deputy Director of the Office of Financial Research at U.S. Treasury Department and Senior Vice President of the FRBNY. Such achievements and related insights have been evaluated highly both within and outside of the Company.

## Internal Director

### Koji Nagai

Chairman of the Board of Directors

Member of the Nomination Committee
Member of the Compensation Committee

Mr. Nagai has held positions including Director, Representative Executive Officer & Group CEO of the Company and Director and President of Nomura Securities Co., Ltd., and has served as Director and Chairman of the Company since April 2020. The Company expects that, by having Mr. Nagai, who is well-versed in the business of the Nomura Group, chair meetings of the Board of Directors as Chairman of the Board of Directors, he will contribute to enhancing the quality of discussions at meetings of the Board of Directors and operate meetings of the Board of Directors effectively and efficiently.

### Kentaro Okuda

Representative Executive Officer and President

Mr. Okuda has held positions including Group Co-COO of the Company and Director, Executive Managing Director and Deputy President of Nomura Securities Co., Ltd., and currently serves as Director, Representative Executive Officer, President & Group CEO of the Company.
The majority of the Board of Directors of the Company, including Outside Directors, is made up of non-executive directors. The Company expects that, by having a top executive concurrently serve as a director, the Board of Directors will be able to easily understand the business execution status and the status of the Company, and exercise the management oversight function more effectively.

### Tomoyuki Teraguchi

Representative Executive Officer and Deputy President

New Appointment

Mr. Teraguchi has held positions including Internal Control Supervisory Manager of Nomura Securities Co., Ltd., and currently serves as Representative Executive Officer, Deputy President, Chief of Staff and Chief Compliance Officer (CCO) of the Company. The majority of the Board of Directors of the Company, including Outside Directors, is made up of non-executive directors. The Company expects that, by having a top executive concurrently serve as a director, the Board of Directors will be able to easily understand the business execution status and the status of the Company, and exercise the management oversight function more effectively.

### Shoji Ogawa

Member of the Audit Committee
New Appointment

Mr. Ogawa has held positions including Head of Office of Audit Committee, Head of Office of Non-Executive Directors and Audit Committee and Senior Managing Director and Group Internal Audit of the Company, he has extensive experience and knowledge in the governance, internal control and internal audit field of the Nomura Group. The Company expects that, by adding Mr. Ogawa, who is well-versed in the business of the Nomura Group, to the Audit Committee, the effectiveness of audits by the Audit Committee will be enhanced.

● Chairman of the Committee ○ Member of the Committee

| Name | | Involved Committee | | | Experience | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Nomination | Compensation | Audit | Corporate management | International business | Financial industry | Accounting/ Financial | Legal | Internal control (including Risk management) | Digital (IT) | Sustainability |
| Koji Nagai | Non-Executive Director (Chairman of the Board of Directors) | ○ | ○ | | ● | ● | ● | | | | | ● |
| Kentaro Okuda | Executive Officer | | | | ● | ● | ● | | | | | ● |
| Tomoyuki Teraguchi | Executive Officer | | | | ● | ● | ● | | ● | ● | | |
| Shoji Ogawa | Non-Executive Director | | | ○ | | ● | ● | | | ● | | |
| Kazuhiko Ishimura | Outside Director | ● | ● | | ● | ● | | | | | | ● |
| Takahisa Takahara | Outside Director | ○ | ○ | | ● | ● | | | | | | ● |
| Noriaki Shimazaki | Outside Director | | | ● | ● | ● | | ● | | ● | | ● |
| Mari Sono | Outside Director | | | ○ | | | | ● | ● | ● | | |
| Laura Simone Unger | Outside Director | | | | | ● | ● | | ● | ● | | |
| Victor Chu | Outside Director | | | | ● | ● | ● | | ● | ● | | ● |
| J.Christopher Giancarlo | Outside Director | | | | | ● | ● | | ● | ● | ● | |
| Patricia Mosser | Outside Director | | | | | ● | ● | | ● | | | |

Independence Criteria for Outside Directors of Nomura Holdings, Inc. https://www.nomuraholdings.com/company/cg/data/criteria.pdf

Takahisa Takahara
Outside Director

Victor Chu
Outside Director

# Message

Message from Newly appointed Outside Director

J.Christopher Giancarlo
Outside Director

Patricia Mosser
Outside Director

## Takahisa Takahara

I agree with Nomura Group's stance of veering from existing business areas and making a leap towards a new management vision for 2025. Based on my experience as head of a "B-to-C consumer goods manufacturer" and a "company actively expanding overseas, particularly in Asia", I intend to propose ideas taking into consideration ESG and digital transformation perspectives which are more relevant than ever in this environment of New Normal Age.
From my perspective, I believe that the corporate cultures of Nomura Group and Unicharm are very similar, as they are based on the principles of "hands-on & on-site approach", "simplicity & fortitude", and "resilient spirit".
In order for the Japanese economy to revive its competitive edge in the future, it is necessary for the financial and securities sector, industrials, and political and government sectors to work together as one solid team to further promote digital transformation and globalization. Of course, this is not something that can be achieved by skipping forward, but I believe that by repeating serious discussions towards structural reform and continuing to make changes, we will be able to gain a position that is respected by society.

As Representative Director, President & CEO of Unicharm Corporation, I have promoted strong corporate philosophy and determination to grow emerging markets. Prior to being appointed as President, I led the company's 21 Century Project, in which we established our medium- to long-term vision, implementing corporate culture to employees based in over 80 regions worldwide. This experience formed the basis of my current management style. I consider it a universal and common mission to grow the firm even in uncertain and dynamic environments.

## Victor Chu

The combination of my multi-professional experiences in corporate law, securities regulation, investments and corporate directorships would hopefully enable me to add value to the Group in the practice and policy development of international corporate governance, corporate social responsibility, risk management, succession planning, as well as in the growing awareness on stakeholder capitalism and sustainability related concerns.
Nomura's Vision requires a constant and unfailing commitment to strengthen engagement with all stakeholders, particularly in efforts to strengthen corporate governance, risk management and, more generally, the ESG strategies. On the business front, the current strategy to expand the Group's scope of business from public to private is well articulated and will require collective efforts to cross leverage the Group's resources, intellectual capital and trusted relationships. Nomura needs to strengthen its capacity to manage traditional as well as emerging new economy challenges, including cyber security, digitalization transition, inter-generational cultural shifts and the ever growing compliance scrutiny.

Over the last 40 years my professional career has included the practice of corporate and commercial law in Hong Kong, founding First Eastern Investment Group which is a pioneer of private equity investments in China, serving on the boards and/or advisory boards of Hong Kong Stock Exchange, Securities and Futures Commission, multinational corporations and international organizations.

## J.Christopher Giancarlo

I seek to use my US and international experience to contribute to the work of the board of directors in setting the strategic direction of Nomura Group. I look forward to contributing my commercial experience in global financial services and my government experience as head of one of the world premier regulatory agencies in service to furthering the important role that Nomura plays in global finance and investment.
Nomura's value proposition lies in connecting Asian and Western financial markets across retail, investment, asset management and wholesale trading sectors, for which Nomura has a well-earned reputation for integrity and service. The challenge ahead is to leverage that value proposition amidst changing generational dynamics, a rapidly evolving digital, global economy, shifting global trade dynamics and ever changing geopolitical developments.

I served as Chairman of the United States Commodity Futures Trading Commission, etc. Before government services, as Executive Vice President of financial services firm GFI Group Inc., leading its initial public offering. I am Senior Counsel to the international law firm, Willkie Farr & Gallagher. In addition, I am a co-founder of the Digital Dollar Project, a not-for-profit initiative to advance exploration of a US Central Bank Digital Currency.

## Patricia Mosser

As an outside director, I plan to use my expertise in global financial markets and institutions, regulation and risk management to provide Nomura's senior management with oversight and advice on their upcoming plans to expand Nomura's businesses.
Expanding Nomura's businesses in these areas will provide great opportunities – for growth of new products and customers – but also highlight the need for careful management of evolving business risks.
Nomura has achieved a strong position in public securities and derivatives markets, in the U.S. and Japan in particular, by focusing on businesses where it has competitive advantages. Its challenge is to determine how to leverage that global status and platform to expand in those financial markets with the greatest opportunities, while at the same time, embrace the ongoing digital revolution in finance in its existing businesses and carefully manage the risks of these new opportunities.

My background as a central banker, a US Treasury official and academic has centered on financial markets and institutions, as well as the financial policies and regulations, both domestic and international, which shape the structure of the global financial system. I have focused particularly on financial market structure and stability, risk management, regulation of financial institutions and monetary policy.

# Promoting the Code of Conduct and Reducing Conduct Risk

**Nomura Group has important values (Corporate Philosophy) that have defined us since our founding. The Nomura Group Code of Conduct reflects the core values we hold dear as a diverse group, and serves as our guide for ethical conduct and responsible decision-making.**
**Nomura Group believes that compliance is not limited to legal compliance, but is also a means of satisfying society's expectations and engaging in common-sense behavior. We continuously work to strengthen our internal control system in order to achieve a level of compliance and conduct risk management surpassing legal compliance alone.**

Representative Executive Officer,
Deputy President
Chief Compliance Officer (CCO)
Tomoyuki Teraguchi

## Review of Last Year

The Nomura Group Code of Conduct was established in December 2019, and last year we worked to instill the Code.

Under the governance of the Group Conduct Committee, Nomura Group has promoted initiatives to promote the Code of Conduct and activities to reduce and manage conduct risk. Promoting widespread awareness and understanding of the Code of Conduct is an initiative that aims to enable each and every person to understand the role required of them and to change their daily behaviors, and daily communication is important in this effort. Accordingly, in addition to periodic training for all officers and employees and for specific training for each rank and training by individual theme, we continuously deliver messages from top management, division heads, and Group company heads. Through a wide range of awareness-raising activities, we are working to establish a culture of pursuing appropriate business conduct.

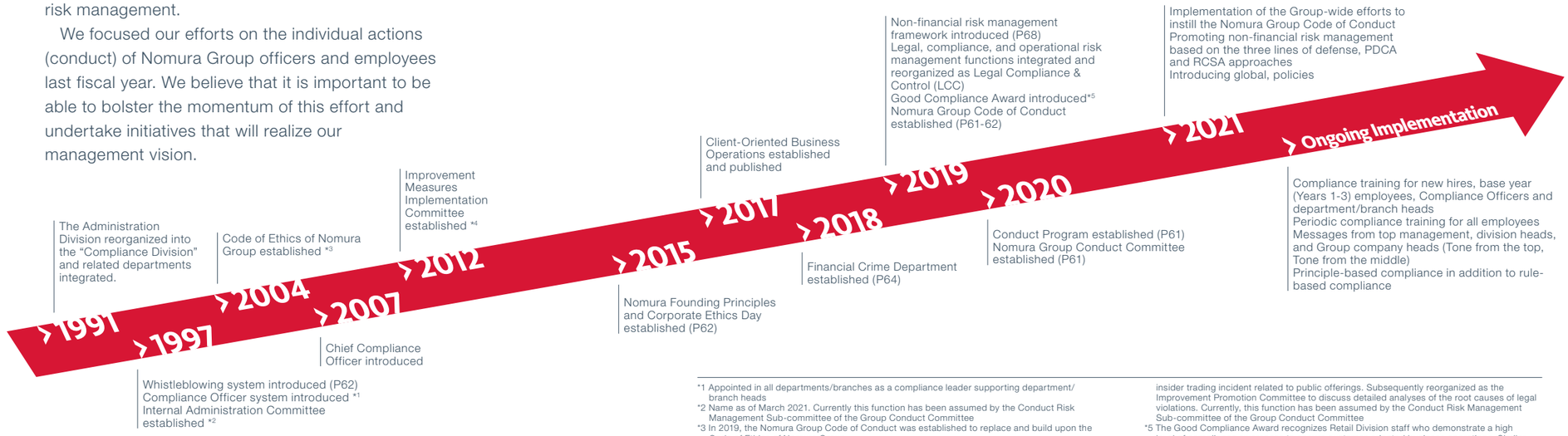
In Japan, each division was at the forefront of formulating an annual conduct plan and has been promoting initiatives based on this plan. Efforts are also being made overseas in each region. We also created a system and framework for reporting the progress and results of these efforts to the Group Conduct Committee.

## Conduct Risk Management Going Forward

Nomura Group has made significant progress in building this framework. On the other hand, there is no end to efforts to promote widespread awareness and understanding of the Code of Conduct among our people. Nomura Group will continue to strive to create a forward-looking management structure that emphasizes prevention by further raising awareness of conduct risk and improving the level of conduct risk management.

We focused our efforts on the individual actions (conduct) of Nomura Group officers and employees last fiscal year. We believe that it is important to be able to bolster the momentum of this effort and undertake initiatives that will realize our management vision.

The internal and external environment surrounding Nomura Group is rapidly changing. In this environment, we are keenly aware of the importance of understanding the needs of society, gaining the trust of stakeholders, and of being a company our people are proud of. Nomura Group will continue to promote efforts to foster a culture in which each and every person considers what is required from society and stakeholders, and what is correct in light of the Corporate Philosophy and the Code of Conduct, and then acts based on such consideration. We will also work tirelessly to strengthen the relevant systems and framework.




*1 Appointed in all departments/branches as a compliance leader supporting department/branch heads
*2 Name as of March 2021. Currently this function has been assumed by the Conduct Risk Management Sub-committee of the Group Conduct Committee
*3 In 2019, the Nomura Group Code of Conduct was established to replace and build upon the Code of Ethics of Nomura Group.
*4 Established to monitor the implementation status of the improvement plan following the insider trading incident related to public offerings. Subsequently reorganized as the Improvement Promotion Committee to discuss detailed analyses of the root causes of legal violations. Currently, this function has been assumed by the Conduct Risk Management Sub-committee of the Group Conduct Committee
*5 The Good Compliance Award recognizes Retail Division staff who demonstrate a high level of compliance awareness to ensure customer-oriented business operations. Similar programs are being considered in other divisions as well.

# Code of Conduct

**The Nomura Group Code of Conduct is a guide for all in Nomura to translate into actions the core values of entrepreneurial leadership, teamwork and integrity clarified in Nomura Group's Corporate Philosophy.**
**The Code represents the commitment by everyone at Nomura to adhere to the highest standards of ethics and integrity in their business activities with all clients and stakeholders.**

## Promoting Proper Conduct -Conduct Program-

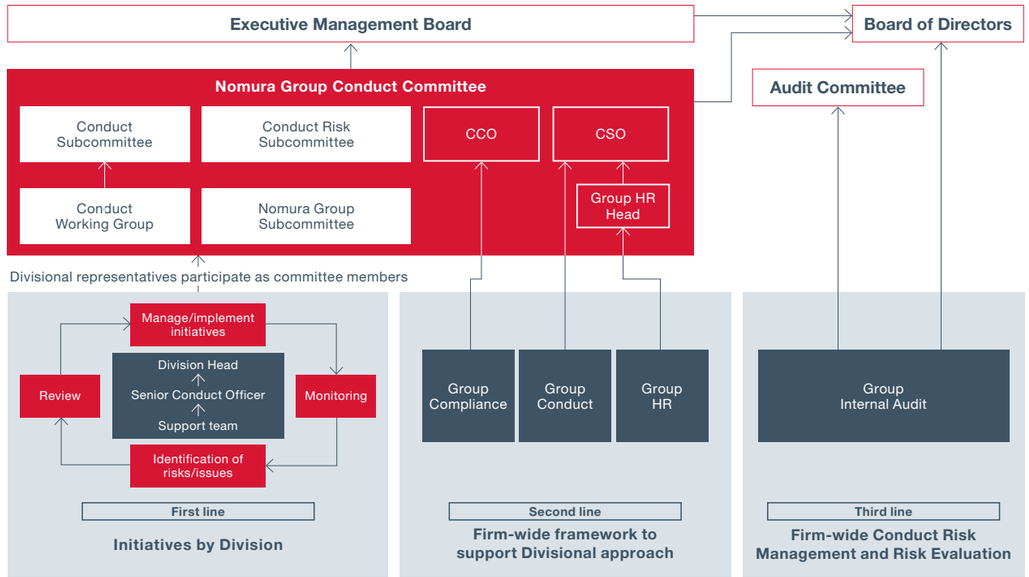
The firm engages in business operations based on the "Conduct Program," a Group-wide framework that aims for everyone to understand and abide by the Code of Conduct and to reduce risks arising from inappropriate conduct.

We have created committees at the executive level, subcommittees at the department and branch management level, and working groups at lower levels. Under the Group-wide framework, these bodies work to disseminate ideas and encourage desirable conduct, as well as manage risks by limiting inappropriate conduct through regulations and monitoring.

In each division, under the supervision of the division head, a Senior Conduct Officer and his/her support team play a central role in drafting an annual plan and implementing specific activities laid out in the plan. A management PDCA cycle is then utilized to ensure effectiveness. This includes identifying conduct that could adversely impact clients and/or the market, formulating preventive measures, monitoring, identifying problems, and planning subsequent actions.

Employees' contributions to these efforts are reflected in their performance reviews, thereby providing additional motivation for them to be proactively involved.

### Structure to Promote Proper Conduct




## Nomura Group Code of Conduct 2021

Nomura Group Code of Conduct 2021

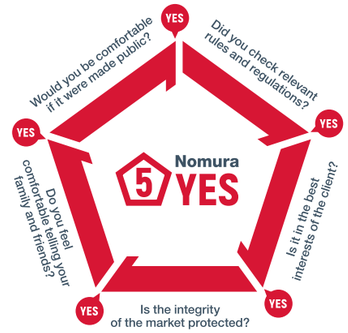
Our business is built on the trust of our clients and all stakeholders. We regularly review the contents of the Nomura Group Code of Conduct to ensure that our thinking aligns with common sense. The three points revised in the Nomura Group Code of Conduct 2021, released in March 2021, are as follows.

**POINT 01**
Create a psychologically safe work environment, work together as a team and enhance client focus

**POINT 02**
Further enhance internal discipline and awareness to prevent misconduct cases

**POINT 03**
Promote proactive activities aimed to strategically advance sustainability

## Nomura 5YES



Five questions to ask when in doubt

## Initiatives to Promote Dissemination of the Code of Conduct

To ensure that our people clearly understand and abide by the Code of Conduct, and to foster the correct culture in the firm, we are implementing various initiatives.

### Raising awareness

- Training for new hires, trainings by title and by themes
- Introduction of 5YES and Code of Conduct apps on corporate mobile devices
- Intranet site to promote good conduct
- Entries and listing of outstanding conduct slogans

Intranet site to promote good conduct

### Motivate our employees

- Include in performance reviews
- Commend good conducts

### Learn from mistakes

- All Group executives and employees pledge to comply with the Nomura Group Code of Conduct every August 3 on Nomura Founding Principles and Corporate Ethics Day
- Regularly share examples of what requires attention

## Column

### Responsibility to speak up -Compliance Hotline-

All in Nomura Group are responsible for reporting any suspected violations of laws and regulations, violations of the Nomura Group Code of Conduct, or suspicious accounting or auditing activities.

Nomura Group companies in Japan and overseas have established internal reporting systems (hotlines) as a means of reporting. In addition, we ensure the maintenance and effectiveness of the Group's compliance system by regularly reporting the status of its operations to the person responsible designated by the Board of Directors of Nomura Holdings.

We are also working to raise awareness and promote the use of hotlines by disseminating information within the firm, and to foster an organizational culture in which anyone can raise their voice when they feel something is wrong.

In FY2020/21, there were 81 calls received via the Compliance Hotline (including 68 calls to the Nomura Group Compliance Hotline, which targets executives and employees in Japan), and in all cases a thorough review was conducted and appropriate measures were taken.

Since November 2019, Nomura Holdings has been registering its whistleblowing system under the Japan Consumer Affairs Agency's "Whistleblowing Compliance Management System (WCMS)."

Whistleblowing Compliance Management System
Registration mark for the system (WCMS symbol)

# Compliance

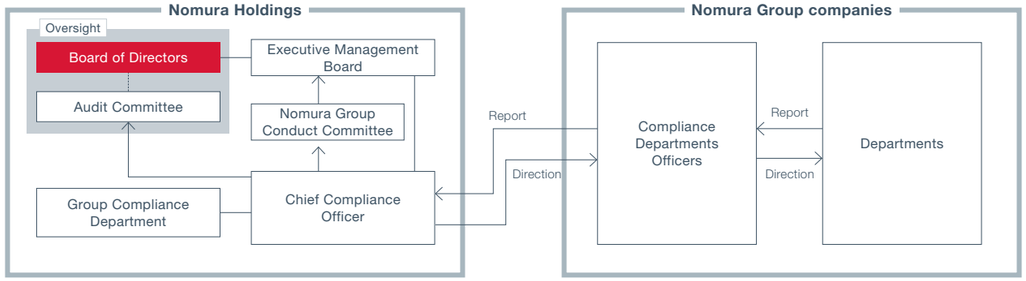
**Recognizing compliance and conduct risk management to be critical to overall management, Nomura Group has established the "Conduct Program," a fundamental document that contains the frameworks and initiatives targeting compliance and appropriate conduct. This document is a key part of the Group's framework for achieving a high level of compliance and conduct risk management that transcends legal compliance.**

## Compliance framework

All Group companies and departments establish thorough compliance, and establish adequate control frameworks to ensure that their members do not engage in activities suspected of being in violation of laws or regulations. In the event that such issues arise, they are reported to members of senior management and handled appropriately.

A Chief Compliance Officer has been appointed to oversee compliance for Nomura Group as a whole. In addition, all Group companies and overseas regions have a Compliance Officer.

The Chief Compliance Officer, through instructions to the Group Compliance Department, works with the Compliance Officers of each Group company and overseas region to strengthen internal controls in response to global business development, and to develop and maintain the respective compliance structures of each Group company, including overseas offices.




## Compliance and conduct training

Nomura Group provides comprehensive compliance and conduct training for all executive officers and employees on topics. We are working to raise the level of legal and regulatory knowledge among executives and employees, raise compliance awareness, and foster a corporate culture of pursuing appropriate business practices.

## Segregation of customer assets and information security

In accordance with applicable laws and regulations, including the Financial Instruments and Exchange Act and the Personal Information Protection Act, Nomura Group works to properly protect customers' assets and information. For more information, visit our website.

### Proper segregation of customer assets

Nomura Securities properly segregates the assets of its customers from the assets of Nomura Securities itself.

### Effective protection of clients' personal information and other information assets of the Group

The Nomura Group Information Security Policy provides the basic principles for appropriately protecting information assets. Each Group company has its own information security related regulations in accordance with this basic policy. We are also working to enhance the management of information provided to customers in accordance with the characteristics of each company's business activities. In particular, customer related personal information is handled in line with rigorous standards set out in the Nomura Group Privacy Policy and other information security related rules, and is handled in full compliance with the Personal Information Protection Act and other related laws and regulations.

Nomura's Segregation Management https://www.nomura.co.jp/guide/system/bunbetsu/

Nomura Group Privacy Policy https://www.nomuraholdings.com/jp/policy/privacy.html

## Global financial crime compliance framework

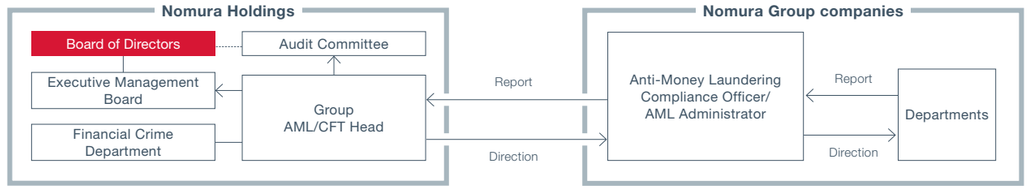
The Nomura Group Code of Conduct sets forth the basic policy of preventing money laundering and combating the financing of terrorism (AML/ CFT) with a high level.

- **Concrete measures to prevent money laundering**
- **Elimination of transactions with anti-social forces**
- **Prevention of bribery and corruption**

https://www.nomuraholdings.com/company/compliance/index.html

### Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) Management Framework

In addition to the basic policies set forth in the Nomura Group Code of Conduct, we have established the "Nomura Group Anti-Money Laundering and Combating the Financing of Terrorism Policy," a global policy on AML/CFT, that stipulates the common rules to be established in each region and at each subsidiary. We have also established specific standards that apply across the entire Group in areas of particular importance, such as client due diligence and responding to economic sanctions. Nomura Group is working to strengthen its AML/CFT management system throughout the Group by complying with the laws and regulations of each country and by closely monitoring international regulatory developments, including recommendations by the Financial Action Task Force (FATF).




**Group AML/CFT Head:** responsible for establishing and maintaining the effectiveness of Nomura Group's AML/CFT management system
**Financial Crime Department:** assist the Group AML/CFT Head in maintaining an effective AML/CFT management framework
**Anti-Money Laundering Compliance Officer:** Designated at each Nomura Group company, responsible for that company's AML/CFT management framework
**AML/CFT Officers:** Appointed in each department / branch of Nomura Securities to oversee the planning and implementation of the AML/CFT management framework

## Ensuring fair financial business practices

Nomura Group strictly complies with applicable laws and regulations and has established a management system to ensure market integrity. For more information, visit our website.

- **Prevention of insider trading**
  Prohibition of accepting orders that may violate laws and regulations, prevention of insider trading by preparing insider registration cards, management of undisclosed corporate information and undisclosed material information that is not publicly known
- **Measures to prevent conflicts of interest**
  Establishment of a Group-wide Conflict of Interest Management System based on Nomura Group Conflicts of Interest Management Policy
- **Examining market manipulation and other unfair transactions**
  Measures such as interviews, warnings, and suspension of received orders based on the results of transaction surveillance. Establishment and maintenance of an appropriate trading management framework through verification of the effectiveness and soundness of the process through analysis of the results of periodic surveillance

Corporate Governance/Compliance https://www.nomuraholdings.com/company/compliance/index.html

# Risk Management

**Nomura Group promotes integrated risk management as part of the firm's management strategy to control various risks inherent in daily operations, secure capital soundness in any economic environment, achieve business plans, protect customers and comply with laws and regulations.**

## Risk management policy

All executives and employees of Nomura Group, irrespective of their function, actively engage in risk management.

Nomura Group aims to identify the risks that could lead to significant losses by categorizing the types of risks associated with its business activities, as well as the impacts of risks and their likelihood of occurrence. In principle, Nomura Group avoids risks that are difficult to identify and manage.

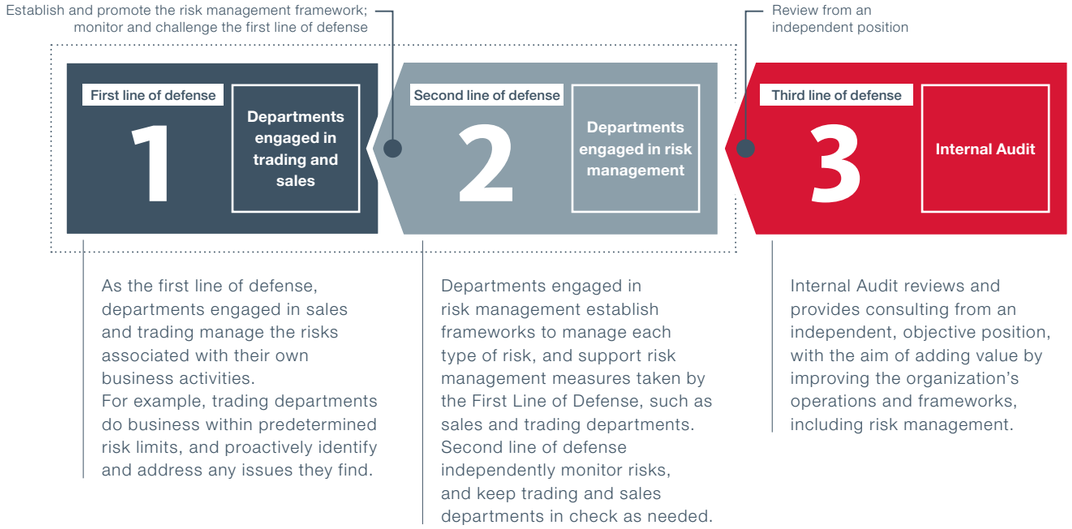
Nomura Group recognizes that there are risks that cannot be identified at present. As financial professionals, all executives and employees of Nomura Group must expand their knowledge of risks, and foster a corporate culture that appropriately recognizes, evaluates and manages risks.

## Risk culture

Fostering a sound risk culture is essential for Nomura Group to maintain its social credibility and sustain its business activities. At Nomura Group, all employees, irrespective of their function or geographic location, must understand their specific responsibilities related to risk management, and actively work to manage risks.

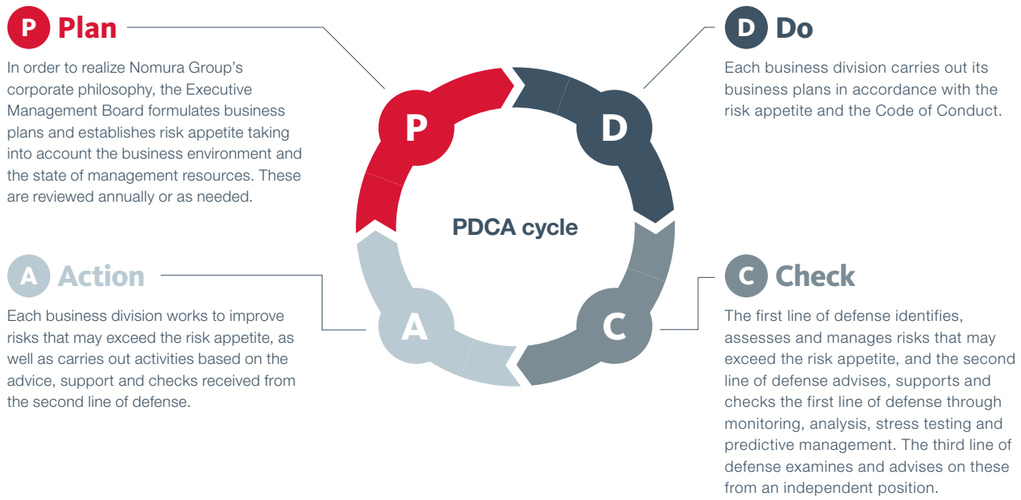
## The three lines of defense in risk management

Nomura Group has adopted the following layered structure on the grounds that all employees are accountable for proactively managing risk.




## Risk management activities

Based on the concept of PDCA cycle (Plan, Do, Check and Action), all executives and employees of Nomura Group conduct risk management activities as three defensive lines to ensure that the various risks inherent in daily operations do not exceed the level of risk appetite.



## Risk Appetite Statement

Risk appetite statement documents Nomura's fundamental understanding and approach toward various risks. It defines the types of risk that Nomura Group choose to take and not to take under any circumstances when executing our business strategy in order to achieve our business goal.

Our Risk Appetite Statement is approved by the Executive Management Board, and risks are monitored daily against the risk appetite. If by any chance risk levels exceed the risk appetite, senior management consults with those directly involved and takes actions to eliminate excessive risk as necessary.

In 2021, Risk Appetite Statement upgraded to recognize that ESG factors, including climate change, have a significant impact on various risk categories.

### Categories for which risk appetite is established

| | |
|---|---|
| Capital adequacy and liquidity | Nomura Group defines the level of capital adequacy and sound liquidity as risk appetite, taking into account the regulatory requirements, funding capacity, and business environment. |
| Financial risk | Nomura Group allocates financial resources to each business in order to achieve corporate strategies and business plans, while remaining within the bounds of the risk appetite for capital adequacy and liquidity. Nomura Group defines the types and levels of financial risks that each business takes within its allocated resources as financial risk appetite.<br>In setting the financial risk appetite, Nomura Group classifies market and credit risks into segments according to the nature of business, and uses quantitative metrics or qualitative indicators as well as processes to capture these characteristics. |
| Non-financial risk | Non-financial risks exist in daily activities and processes, and can result in a financial loss or significant adverse impact on Nomura Group, our clients and financial markets. It is therefore everyone's responsibility to manage non-financial risks in line with Nomura Group's risk appetite. |

## Financial risk

Financial risk is the possibility of losses arising from Nomura Group's portfolio of financial instruments and financial transactions due to various factors. It consists of the following risks.

Nomura Group manages these risks by (1) setting limits, imposing risk charges, and limiting holdings; (2) managing the concentration risk of the obligor group and portfolio through individual review and approval processes; (3) determining the feasibility and terms of new transactions through individual deliberations; and (4) establishing a robust framework through requirements definition and process building.

| Risk category | Definition |
|---|---|
| Mark to market risk | Risk of incurring losses due to a change in the value of assets or liabilities resulting from movements in interest rates, currencies, and prices of stocks and other securities. |
| Market liquidity risk | Risk that trading costs will increase due to the time taken to close positions, or that trading will become unfeasible due to rapid changes in the market. |
| Default risk | Risk of incurring losses when a counterparty or issuer fails to meet its obligations. |
| Event risk | Risks inherent in specific financial transactions, such as losses from events caused by discontinuous changes in the market. Events may or may not result from fluctuations in financial markets. |
| Model risk | Nomura Group uses models for valuation of financial instruments, for measurement of key risks including Value at Risk and counterparty exposure, for estimating liquidity, and for asset price verification.<br>Model uncertainty due to simplification, incorrect use of a model, or reduced model suitability in the current market environment can lead to financial losses and failure to satisfy regulatory requirements. This is called model risk. |

## Non-financial risk

Non-financial risk includes Operational Risk and Reputational Risk.

### Operational risk

Risk of financial loss or non-financial impact arising from inadequate or failed internal processes, people and systems, or from external events. Nomura Group's approach to operational risk management includes four core processes: operational risk event reporting, risk and control self assessment (RCSA), monitoring using key risk indicators (KRI), and scenario analysis. Managed operational risks are divided into the 10 categories below.

Compliance risk also includes conduct risk, which is the risk that the conduct of any member of Nomura Group deviates from the social norms and ethics required of a financial institution, and, as a result, adversely affects client protection and the soundness of the market.

| Risk category | Definition |
|---|---|
| Compliance risk | Risk of financial loss or reputational damage due to violations of financial services laws, rules or regulations, and improper conduct which disrupts the integrity of the financial markets and causes unfair client treatment. |
| Legal risk | Risk of financial loss or reputational damage due to (i) ambiguity and/or insufficiency in contractual terms to secure Nomura's legal rights and/or enforceability of the contractual terms; (ii) failure to comply with applicable laws and regulations; and/or (iii) failure to adopt to changes in laws and regulations. |
| IT and Cyber Security | Risk of financial loss or reputational damage due to (i) poor performance or unavailability of IT systems; (ii) data corruption and/or; (iii) unauthorised or improper access to IT systems and data from within or outside the institution. |
| Business Resilience | Risk of financial loss or reputational damage due to inability to resume normal business operations during a business disruption event and damage to or unavailability of physical assets from natural disasters and other events. |
| Third-Party | Risk of financial loss or reputational damage due to failure of third-party to perform in line with expectations |
| Financial Reporting & Tax | Risk of financial loss or reputational damage due to material misstatement or omission in the firm's (i) external financial reporting, regulatory reporting or internal financial management reporting; and/or (ii) external tax reporting or payments. |
| People | Risk of financial loss, staff impact or reputational damage due to acts inconsistent with employment or health and safety laws or employment norms and agreements. |
| Transaction Lifecycle | Risk of financial loss or reputational damage due to failures in transaction processing and/or process management. |
| Prudential Risk Frameworks | Risk of financial loss or reputational damage due to inadequate prudential risk management frameworks. |
| Fraud | Risk of financial loss or reputational damage due to intent to defraud, misappropriate property or conduct unauthorized activity by an internal or third party. |

### Reputational Risk

The possible damage to Nomura's reputation and associated risk to earnings, capital or liquidity arising from any association, action or inaction which could be perceived by stakeholders to be inappropriate, unethical or inconsistent with Nomura Group's values and corporate philosophy. All personnel must consider the impact of their actions or inactions on Nomura's reputation and apply high standards to their behavior as set out in the Nomura Group Code of Conduct.

## Risk Management Governance and Oversight

Nomura has established an organizational structure to facilitate effective business operations and management of risks.

### Executive Management Board (EMB)

Executive Management Board deliberates on and determines the Risk Appetite, in addition to the Business Plan and budget.

### Group Integrated Risk Management Committee (GIRMC)

Group Integrated Risk Management Committee establishes a policy and a framework of our risk management.

### Chief Risk Officer(CRO)

Chief Risk Officer is responsible for supervising the Risk Management division and maintaining the effectiveness of the financial risk management framework.

### Chief Financial Officer (CFO)

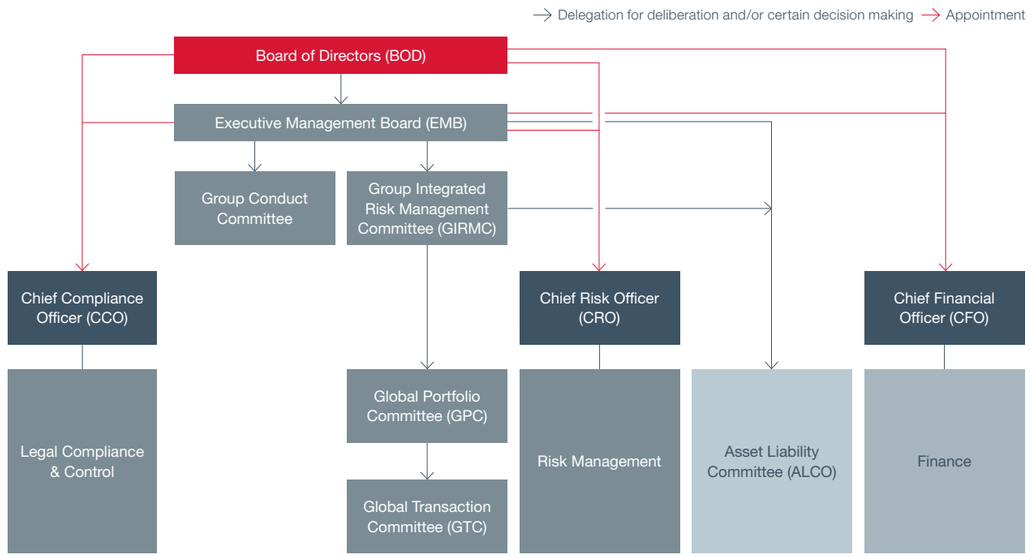
Chief Financial Officer is responsible for supervising Finance division, and overall financial strategy and liquidity management.

### Chief Compliance Officer (CCO)

Chief Compliance Officer is responsible for supervising the Legal, Compliance and Controls division ("LCC") and maintaining the effectiveness of the non-financial risk management framework.

### Risk Management, Finance and LCC divisions

Risk Management, Finance and LCC divisions comprise various departments established independently from Nomura's business divisions. These three divisions are responsible for establishing and enforcing risk management policies and regulations, establishing and operating risk management processes, verifying the effectiveness of risk management methods, and reporting to Officers and Group Integrated Risk Management Committee.

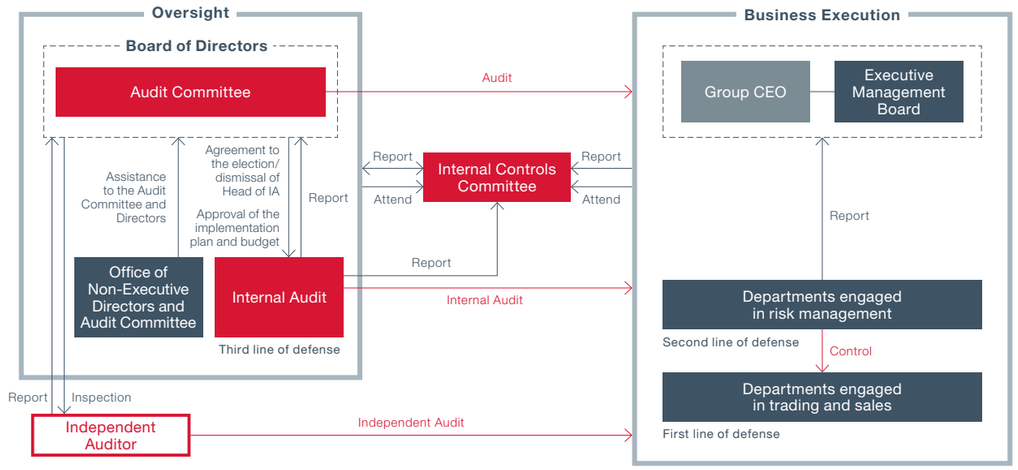



## Internal Audit (Third line of defense)

In order to ensure the effectiveness and appropriateness of internal controls, we have established dedicated internal auditing departments in the Company and its major subsidiaries that are independent from the execution of business operations, and these departments conduct internal audits in Nomura Group. To ensure the independence of the Internal Audit department from business execution functions, the formulation of the implementation plan and budget for internal audits are subject to the approval of the Audit Committee or the Audit Committee members appointed by the Audit Committee. The appointment and dismissal of the head of the Internal Audit Division requires the consent of the Audit Committee or the Audit Committee members appointed by the Audit Committee.

In order to ensure appropriate corporate behavior throughout the Group in an effort to deliver management transparency, ensure efficiency, comply with regulations, manage risks, maintain the reliability of business and financial reports, and encourage appropriate information disclosure, we are working to strengthen and enhance our internal control system. Important matters in regard to internal controls including internal audit activities is deliberated at the Internal Controls Committee, which is chaired by Group CEO and includes a member of the Audit Committee, and the matters discussed at the Internal Controls Committee are also reported to the Board of Directors.

### Internal Controls System Framework




* Internal Controls Committee deliberates upon principal matters related to the maintenance and assessment of internal controls with respect to the Nomura Group's business, audit matters, and risk managements of the Nomura Group. The Committee is chaired by the Group CEO Kentaro Okuda, any person(s) designated by the Group CEO, an Audit Committee member elected by the Audit Committee, and a Director elected by the Board of Directors.

### Audit Committee actions in relation to large losses with a US client transactions

Audit Committee received a report on the large losses with the US client transactions (during March 2021) immediately after the discovery at the end of March, and decided to conduct an internal investigation as well as a comprehensive review by employing an external law firm. Audit Committee also noted that, as a result of these investigations, we have already implemented emergency preventive measures and we are conducting a comprehensive review by third-party risk management experts on our risk management framework for the Wholesale division and our Risk Management function. Both Audit Committee and Internal Controls Committee will continue to monitor the progress of these actions.

* For further details, please refer to our annual report/20F.

# Business Continuity Management

**Nomura Group regards natural disasters such as earthquakes and typhoons, manmade disasters such as fires and terrorism, infectious diseases like coronavirus, system failures, and information asset leaks as the key types of crises that must be prepared for. In the event for such crisis, we have established a global business continuity framework and work on a wide range of measures, including educating our people about our disaster response measures.**

## Business continuity framework

The Group Crisis Management Committee is tasked with preparing for crises, and under the committee's leadership the Group has been continually strengthening the crisis management program and the business continuity framework both in Japan and overseas. The Group Crisis Management Committee is chaired by a senior officer appointed by the Group CEO, and comprises senior officers from Group companies. Resolutions passed by the committee are reported to the Executive Management Board. In the event of a major disaster, the committee establishes a command center and takes appropriate measures to confirm the safety of employees and their families, ensure safety, prevent the spread of damage, and maintain business continuity arrangements.

As a specific example of this business continuity framework, in the event that key offices are rendered unusable due to an earthquake, a typhoon, or any other natural disaster caused by climate change, we are prepared to respond remotely in addition to continuing operations at the backup office. We also have a remote backup data center that protects critical data and applications in the event of a data center failure. Furthermore, we have bolstered our infrastructure, which includes power generators, so that in the event of a power down affecting a wide area, such as a powerful earthquake directly beneath the Tokyo metropolitan area, we can continue our critical functions to avoid systemic risk and to protect our clients from being impacted. Similar infrastructure have also been put in place at our key overseas offices.

In response to the coronavirus pandemic, and in accordance with our Group guidelines and requests from the national and local governments, we have implemented measures to prevent the spread of infections and to secure a system for business continuity by keeping employees from entering the office through telecommuting and rotations, restricting travel on business trips, and refraining from activities that may contribute to infection, such as holding seminars and meetings. At our key overseas offices, we have ensured business continuity through remote work.

In Japan, the Crisis Management Committee

Office regularly conducts employee safety confirmation drills, disaster prevention drills, and business continuity drills to ensure that we are able to respond quickly should a crisis occur. At overseas offices, these exercises are carried out by the Business Continuity Management Team in each location. Through these and other efforts, we aim to become more proficient at handling crises and strengthen our systems for managing them.

### Business continuity initiatives

**1 Strengthen the business continuity framework**

Maintain/enhance backup offices / Secure emergency response personnel / Maintain/enhance emergency communication equipment / Enhance telework environment

**2 Periodic drills and training**

Employee safety confirmation drills / Drills based on business continuity plan (BCP) / Initial response training and drills simulating earthquake with epicenter directly under Tokyo or other massive earthquake / Nankai Trough earthquake response training at branch offices

**3 Strengthen collaboration between Group companies in Japan and overseas**

Enhance information-sharing with Group companies in Japan / Enhance information-sharing framework with overseas Group companies

**4 Business Continuity Plan**

Review and revise the Business Continuity Plan for the scenarios of a massive natural disaster or a massive system failure



# Cyber Security

## Business Continuity Management

In order to ensure that clients' information and assets are securely protected from increasingly challenging cyber security threats, and to enable clients to conduct transactions with peace of mind, Nomura Group is working to strengthen its cyber security platform under the leadership of the Crisis Management Committee and Group Information Security Officer, using the Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc. of the Financial Services Agency, the Cybersecurity Framework of the National Institute of Standards and Technology (NIST) and other overseas frameworks, as references.

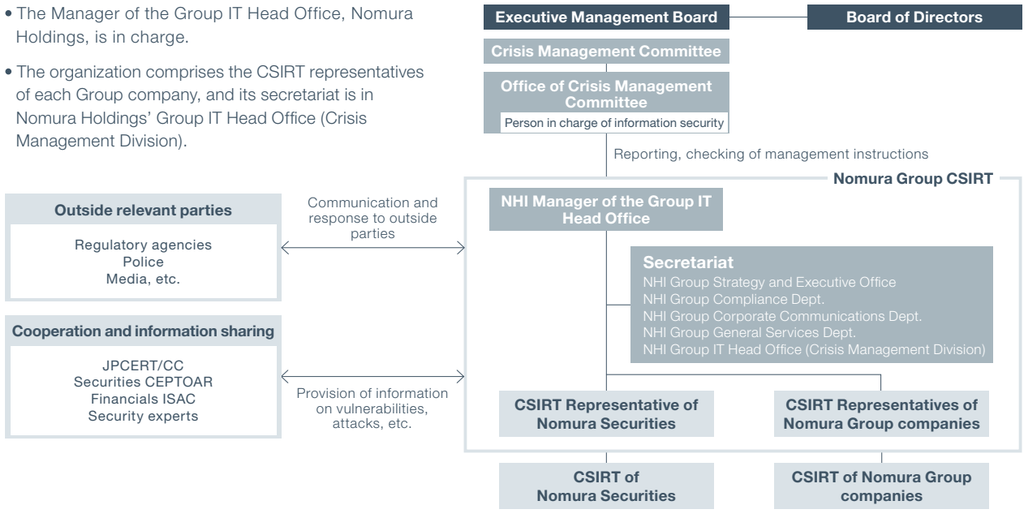
Recently, we have been promoting a review of the governance system in light of the progress in the use of cloud services as one of the key points to strengthen. We will continue to respond promptly to changes in the situation in close cooperation with other financial institutions, security specialists, and government agencies.

### Cyber security system

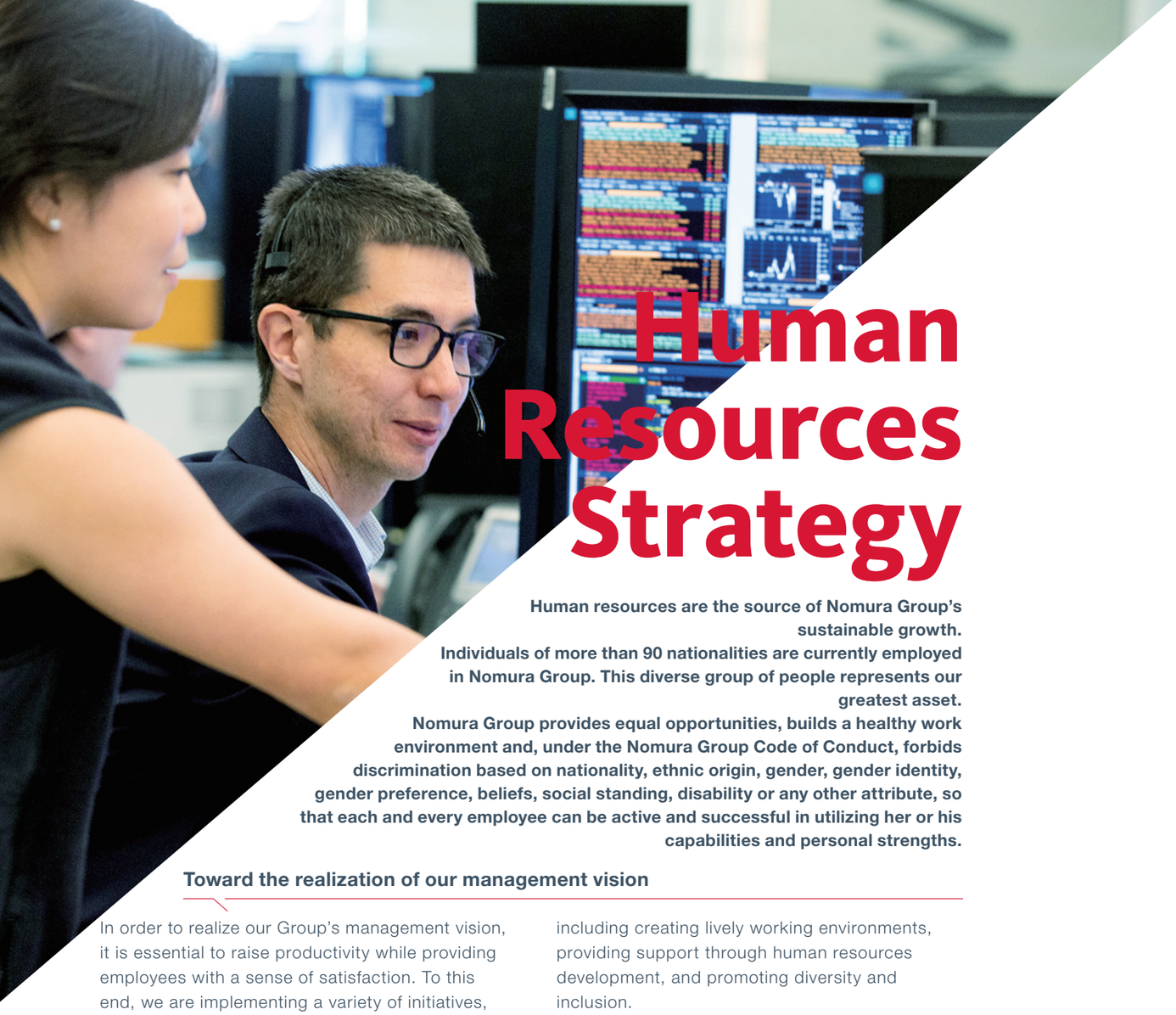
Nomura Group has established the Nomura Group Computer Security Incident Response Team (CSIRT) under the Crisis Management Committee's secretariat, and has established a global structure for responding to incidents stemming from cyber-attacks and mitigating damage. In addition, Nomura Securities and Nomura Group companies have established CSIRTs to protect their operations, information assets, and systems

### Organizational structure

- The Manager of the Group IT Head Office, Nomura Holdings, is in charge.
- The organization comprises the CSIRT representatives of each Group company, and its secretariat is in Nomura Holdings' Group IT Head Office (Crisis Management Division).




| | |
|---|---|
| Organization management | At normal times, we take part in cyber security drills, conduct Threat-Led Penetration Test, assess cyber risks and monitor actions taken by overseas subsidiaries and outside contractors in a constant effort to heighten our readiness. In the case of an incident such as obtaining dangerous vulnerability information or detecting a cyber-attack, the CSIRT leads the efforts to analyze the cause, minimize damage, and quickly restore systems. |
| System security measures | We adopt a multi-layered defense system, which includes multiple detection and defense mechanisms against unauthorized access and malicious programs such as computer viruses. We review these countermeasures as appropriate to deal with new threats. |
| Human-level response | In accordance with the Nomura Group Information Security Policy, relevant seminars and training programs are regularly provided to all executives and employees and they are kept alert in order to raise their awareness and knowledge about cyber security. |
| Cooperation with outside organizations | Nomura is cooperating with information sharing organizations such as Financial ISAC Japan and FS-ISAC and cyber security vendors to gather and share information on the cyber attackers and their approaches. |



# Human Resources Strategy

**Human resources are the source of Nomura Group's sustainable growth.**
**Individuals of more than 90 nationalities are currently employed in Nomura Group. This diverse group of people represents our greatest asset.**
**Nomura Group provides equal opportunities, builds a healthy work environment and, under the Nomura Group Code of Conduct, forbids discrimination based on nationality, ethnic origin, gender, gender identity, gender preference, beliefs, social standing, disability or any other attribute, so that each and every employee can be active and successful in utilizing her or his capabilities and personal strengths.**

## Toward the realization of our management vision

In order to realize our Group's management vision, it is essential to raise productivity while providing employees with a sense of satisfaction. To this end, we are implementing a variety of initiatives, including creating lively working environments, providing support through human resources development, and promoting diversity and inclusion.

### Diversity and Inclusion Promotion Framework

Focus 1 Diversity and Inclusion

In 2021, based on the new promotional structure, the Diversity and Inclusion Working Group was established under the Sustainability Committee*1. This working group comprises Executive Officers and other members, and discusses Group-wide strategies to promote diversity and inclusion.

In addition, at Nomura Group, voluntary employee networks are promoting diversity issues at offices around the world. We are working on these issues from both top-down and bottom-up approaches, providing information on our diversity and inclusion activities as well as messages from top management through the internal web site.

### Promotion of Women's Participation and Advancement

Nomura Group aims to create an environment in which women can play active roles. Nomura Securities has four principles for realizing the Action Plan for the Promotion of Women's Participation and Advancement: (1) Improving engagement among women employees; (2) Supporting women employees in developing their leadership skills; (3) Enhancing managers' diversity management skills; and (4) Creating an environment that encourages flexible work styles. Under these principles, we are implementing various programs.

Three of our five women Senior Managing Directors are participants in the programs for senior managers.

### Various types of diversity

In addition, in order to create a comfortable work environment for employees who have time constraints due to childcare and/or family nursing care, the firm provides information on support for work-life balance and encourages men to take childcare leave, among other initiatives.

In the PRIDE Index, an indicator of workplace LGBT initiatives, we have been awarded the highest rank of "Gold" for five consecutive years since 2016.

In addition, Nomura Securities is working to increase the number of LGBTI supporters (allies) and to support employees with disabilities and those undergoing cancer treatment to balance their work and treatment.

**Figure①**
**Diversity / Promotion of Women's Participation and Advancement (Training/Events)**

| Position | Women employees | All employees |
|---|---|---|
| Senior managerial positions | Coaching program | Training for New Branch Managers/ Department Heads<br>Training for mentors |
| Managerial positions | Leadership training | Training for new managers<br>Diversity management training |
| General employees | Mentoring, leadership training<br>External training<br>External networks<br>Trainee system | Introductory training for new graduates and mid-career hires |

**Figure②**
**Nomura Securities ratio of women Senior Managing Directors and managers**

| Position | 2016 | 2021 |
|---|---|---|
| Directors*4 | 9% | 25% |
| Senior Managing Directors (SMDs) | 1 | 5 |
| Managers | 8% | 12% |

*1 Please refer to the Sustainability Promotion Structure Chart on P28
*2 In Japan, there are three networks: Women in Nomura (WIN), which works to raise awareness about career advancement for women; Life & Family (L&F), which focuses on work-life management; and Multi-Culture Value (MCV), which promotes the understanding of diverse values such as multiculturalism, LGBTA, and people with disabilities.
*3 Refers to sexual minorities: lesbian, gay, bisexual, transgender, and intersex.
*4 Data for Nomura Holdings

Focus 2 Digitalization

Digitalization is positioned as one of the cornerstones of corporate transformation and in recent years we have been focusing on the development and recruitment of digital human resources.

In the area of development, we introduced Digital IQ, an e-learning program designed to raise the level of digital knowledge and skills and develop specialized skills for all employees of the global Group.

We also offer a variety of programs on an ongoing basis to match the level and role of employees' digital knowledge and skills.

Nomura Passport is a recruitment program for doctoral students in science and engineering. Through this program, we aim to acquire digital transformation human resources with a high level of expertise in areas such as AI development, data science and digitalization.

Focus 3 Health & Productivity Management

The health of employees is essential to creating a lively working environment. In July 2016, Nomura Group adopted the NOMURA Health & Productivity Declaration Statement as part of the Group's efforts led by the Group Chief Health Officer (CHO) to maintain and improve the health of employees. Starting in FY2020/21, in order to work toward our Group's management vision of "Achieve sustainable growth by helping resolve social issues," we are communicating to all Group employees our goal that "All people who work at Nomura will not simply be healthy, but also physically, mentally and socially sound (overall well-being)."

**Nomura's Health & Productivity Management goals**

Nomura Group will implement various measures towards ensuring the physical, mental and social well-being of all our people.

Reducing absenteeism | Reducing presenteeism | Improving work engagement

Measures against lifestyle-related diseases | Anti-smoking measures | Improving engagement, measures to improve mental health | Carcinoma countermeasure | Promotion of women's health

**Nomura Health & Productivity Declaration Statement**

Our employees are Nomura's greatest asset. In order for each of them to fully utilize their capabilities and personalities, it is important to be healthy both mentally and physically. Based on this corporate vision, Nomura group proactively pursues employees' health and wellbeing from a management perspective.

## Employee Satisfaction

Nomura organizes various forums for direct dialogue between management and employees around the world. Town hall meetings and employee gatherings are held regularly in each region to provide opportunities for senior management to share the firm's vision, strategy, and philosophy, and for employees to engage in active dialogue with senior management with the aim of deepening mutual understanding.

We periodically conduct the "Nomura Group Employee Survey" within the entire Group to monitor the status of communication within the organization and the level of employee satisfaction, and aim to maintain and increase the level of each. In the FY2020/21 survey, roughly 90% of employees responded positively to the question, "I am proud to work for the firm."

We will also continue to measure awareness of the "Nomura Group Code of Conduct" and further enhance dialogue.

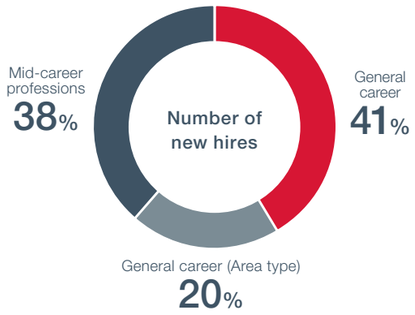
## Recruiting and hiring talented people

At Nomura Group, our people are our greatest asset and we place priority on hiring exceptional talent. We focus on the capabilities of each individual candidate without regard to nationality, race, gender or other such attribute, and our hiring decisions reflect the diversity of the financial services business. We provide candidates with a sound understanding of our businesses and what to expect when working with us, including through online information disclosure. We value the current abilities as well as the potential of each candidate, and by placing the right people in the right roles, we ensure that each individual can maximize their potential and thrive at Nomura. In the recruitment and selection process, we introduced recorded interviews and analyzed the recorded data using AI. As the selection process goes online, we are working to raise the level and efficiency of our hiring activities.

For soon-to-be graduates, our internship programs offer students the opportunity to experience various areas of our business from Retail to Wholesale, and deepen their knowledge of the financial services business through mainly group work-centered activities.

In addition to learning about the financial services business, students learn about the roles and purpose of the securities industry. This helps students grow and gives them the opportunity to think about their future careers.

In recent years, we have also strengthened our hiring of mid-career professions capable of contributing to the firm immediately, and we actively hire throughout the year in each division. Each year, we welcome approximately 1,000 people in Japan and 1,500 people overseas to our international offices. We are also working hard to reemploy employees who have left due to childcare or other reasons, in order to meet the diversifying needs with respect to work styles.




Japan: Nomura Holdings, Nomura Securities FY2020/21

## Personnel development

Nomura Group is strengthening Group-wide knowledge management in order to develop human resources capable of helping to set us apart from the competition and provide added value even in an uncertain environment. We have worked to create an environment in which diverse human resources can experience growth by taking on new challenges on the global stage.

In FY2020/21, we promoted the digitalization of training using IT, and established and started operating an online training platform at the beginning of FY2021/22. New initiatives unique to online training, such as workshop-style training and interactive programs with instructors via chat, have been implemented to further improve training quality. In FY2020/21, we will further advance and deepen our online training.

Years one through three of employment for new graduates at all domestic Group companies are positioned as foundational years, and during these years we work to develop self-reliant human resources capable of independently handling future challenges by having them master the basics of business, acquire advanced skills, and develop a spirit of cooperation and learn proper conduct. In order to develop human resources capable of responding to the changing times, we will work to further strengthen our human resources development program, such as bolstering our employees' ability to think and providing them with the skills they will need in the future.

**In-house training**

Cumulative total of participants:
**258,694** employees
(FY2020/21)

Cumulative total of hours:
**418,589** hours
(FY2020/21)

In addition, in FY2020/21 we will expand the scope of employees we provide training to, expanding to ranks that were not included through last year, and we will proactively send them to rank-based training for each title and position, select training, and external training, as we focus even more on developing leaders.

For all employees who join Nomura as mid-career professionals, we provide training to help them become familiar with our group culture and create a network, and support them in making the best use of their experience from their previous work.

Furthermore, in terms of acquiring qualifications and realizing self-improvement, we provide content consisting of a large number of e-learning and correspondence courses, and support employees' voluntary efforts to develop their skills using a system that subsidizes related costs. We also provide an environment where anyone can play an active role, and support continuous growth.

## Proper evaluation and compensation

To properly evaluate performance and further develop personnel, the Group adopts an integrated personnel evaluation system. From FY2020/21, we have further incorporated compliance and conduct into evaluations. Depending on the division, the Group also undertakes a 360-degree evaluation for certain personnel in managerial-level positions.

Every employee is provided, in principle once a year, with the opportunity to be interviewed by the Human Resources Department and directly communicate their thoughts about their career.

The Group has established its Compensation Policy for Group executive officers and employees in order to secure, retain, motivate and nurture outstanding personnel.

# Financial Literacy

**Increasing financial literacy leads not only to enhanced asset formation and improved living standards, but also contributes to the healthy development of capital markets and the proper circulation of capital.
The smooth circulation of money, which is said to be the lifeblood of society, is essential for the achievement of all of the SDGs.
Nomura Group continues to provide financial and economics education to help all people lead prosperous and independent lives.**

## Extensive experience

Since the 1990s, we have been continuously engaged in financial and economics education for a wide range of age groups in Japan, from elementary and junior high school students, to university students and adults, in order to enhance people's knowledge and understanding of personal finance and economics. In 2001, we began offering lectures to university students, and now more than 400 employees from our branches nationwide participate as lecturers. We also provide numerous lectures on life planning, pensions, and other topics directly related to people's lives. In 2006, we began creating original learning materials, offering a total of six types of educational materials free of charge to interested schools across the country.

## Unique educational programs

In addition to providing participation-based classes at elementary schools, junior high schools, and high schools throughout Japan, Nomura Group is also a special sponsor of the Nikkei Stock League, a stock learning contest for students hosted by Nikkei Inc., and also develops and provides various programs that leverage the Group's comprehensive strengths and expertise in finance, such as the Nomura Financial Academy, in which financial professionals from inside and outside the Group serve as instructors, and the investment experience game "Tsumitate Go! (Investment Go!)" offered by Nomura Asset Management.

## Digital Transformation

In response to COVID-19, we are bolstering our provision of programs that utilize remote environments as a new form of classes. As a result, we now have a foundation for delivering programs to more people, including events in which multiple schools in remote locations participate simultaneously, and classes conducted between the head office and branches. Hearing what other schools are doing and listening to presentations has made the education more effective, and we are taking on the challenge of digital transformation in financial and economics education.

## Outcome

We will provide optimal solutions that utilize the various functions of the Group to meet the challenges faced by diverse stakeholders. We will also contribute to resolving social and environmental issues through continuous cooperation with stakeholders.

Off-site lectures, sponsored lectures, and educational materials provided to

**approximately 26,000 schools**

Cumulative total from FY2006/07 to FY2020/21

Number of participants receiving financial and economics education:

**Over 910,000 people**

Cumulative total from FY1989/90 to FY2020/21

**More than 1 million original learning materials**

Cumulative total from FY2006/07 to FY2020/21

Explanation of finance and economics based on Nikkei Stock League

Junior high school Social Studies textbook that teaches economics through entrepreneurship

- The Nikkei Stock League is an exciting contest with over 6,000 participants each year (cumulative total of 130,000 participants). In the first half of the contest, students learn the basics of economics and equity investing, and in the second half they spend approximately three months building portfolios based on investment themes determined by each team and reporting on their performance.
- Nomura Financial Academy: A diverse lineup of financial and economic information that goes beyond asset-building to address the concerns of a wide range of age groups about money. Delivered in full online lecture format.

Some of the participants commented that it made them interested in the economy and that it was useful for finding a job and for their lives thereafter.

SDGs for School: Since FY2018/19, we have begun supporting the SDGs for School, a project to promote the SDGs, based on our support for the idea of helping teachers and students who apply education aimed at creating a sustainable society.

We Support SDGs ▷ School

- Online Courses: Technology helps to connect multiple schools, as well as to offer classes connecting the head office, branches, and schools. Online courses make it possible to offer content fully leveraging the unique characteristics of each location, such as "Securities Company Work and Satisfaction" from branches and "SDGs Initiatives" from the head office.
- Economic learning site "man@bow (Let's learn!) ": Jointly run with Nikkei Inc. to promote knowledge and understanding about economics and finance to a wide range of age groups. More than 600,000 PV per month

Online classes were also conducted in connection with the Singapore Office and other overseas locations.

## Business environment

The global economy has been recovering from the initial shock of the COVID-19 pandemic. The second and third waves of infections have impacted the service sector such as restaurants and tourism worldwide, whereas manufacturing activity held up well, and the impact of subsequent waves was less pronounced than that seen during the first wave in March and April 2020. The global economic recovery was also boosted by fiscal and monetary policy support around the world, including emerging markets. On the other hand, the pace of economic recovery varies depending on the roll out of vaccinations in each country.

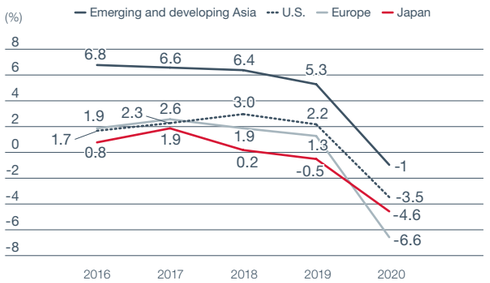
Although in the US, social distancing and lockdown measures taken in response to the COVID-19 outbreak caused a historically steep decline in real GDP in April-June 2020, the economy and financial markets stabilized following large-scale economic policy and the Federal Reserve Board's adoption of a zero interest rate policy, quantitative and credit easing. Although GDP fell by 3.5% over the full year in 2020, after having risen by 2.2% in 2019, the Dow Jones Industrial Average rose by 50% from $21,917 at the end of March 2020 to $32,982 at the end of March 2021. The U.S. presidential election in November 2020 gave the Democratic Party control of the White House and majorities in both houses of Congress in a "Blue Wave" of victories, and interest rates also rose on expectations for significant government spending advocated by the Democratic Party. The yield on 10-year U.S. Treasuries also rose by 1.07%point from 0.67% at the end of March 2020 to 1.74% at the end of March 2021.

Real GDP in the euro area also significantly fell on a quarter-on-quarter annualized basis in April-June 2020 as countries in the region were hit by increases in COVID-19 case numbers and responded with major restrictions on economic activity. Although the economy recovered once in the summer, case numbers increased again in October 2020, and with economic activity restricted, Real GDP in the euro area fell by 6.7% in 2020 compared to the previous year, the worst decline since the launch of the euro in 1999. The ECB extended the Pandemic Emergency Purchase Programme ("PEPP") quantitative easing program, originally launched in March 2020, through to March 2022 and increased the amount of its asset purchases.

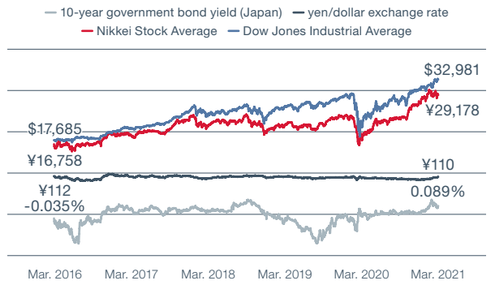
In Asia ex-Japan, the GDP growth rate for the full year 2020 remained positive, up 2.3% from the previous year, as China was able to increase exports in response to special pandemic-related demand upon ramping production back up earlier than other countries. Countries such as South Korea, Taiwan, and Singapore that produce high-tech products were well positioned to benefit from growth in overseas demand for semiconductors and related products. In contrast, the spread of the COVID-19 pandemic and delays in securing vaccine supplies have held back economic recovery in India and other emerging market countries.

The performance of Japan's economy deteriorated substantially as a result of the COVID-19 pandemic. Although there were indications that economic activity both in Japan and abroad after July 2020 were to resume, the third wave of infections arrived towards the end of the year and domestic consumer spending fell again. During this period, the Japanese government introduced significant economic stimulus package, supporting corporate funding and employment, stimulating demand through public-sector investments alongside implementing structural reforms in the environmental and digital fields. In the equity market, although the market shifted between optimism and pessimism throughout the fiscal year in response to COVID-19-related news, share prices reacted favorably on moves toward normalization of economic activity. The Nikkei 225 rose by 54.2% from ¥18,917.01 at the end of March 2020 to ¥29,178.80 at the end of March 2021. In the bond market, yields generally remained low amid with the Bank of Japan ("BOJ") maintaining its program of quantitative and qualitative easing with yield curve control.

### Real GDP of the United States, Europe, Emerging Markets and Developing Asia, and Japan over the past five years *1




### Yields on Japanese government bonds over the past 5 years, 10 years, dollar/yen exchange rate, Nikkei average and Dow Jones Industrial Average *2




*1 Source: U.S. Department of Commerce; Europe, eurostat; Emerging and Developing Asia, IMF; Japan, Cabinet Office. Fiscal year in Japan and calendar year in the other countries
*2 Source: Bloomberg

## Summary of consolidated results

Net revenue for the fiscal year ended March 31, 2021 was ¥1,401.9 billion up 8.9% from the previous fiscal year, and expenses other than financing expenses increased 12.7% to ¥1,171.2 billion. Income before income taxes was ¥230.7 billion, net income attributable to Nomura Holdings shareholders was ¥153.1 billion, ROE was 5.7%, and EPS (diluted earnings attributable to Nomura Holdings shareholders per share) was ¥48.63, all of which decreased from the previous year.

| (billions of yen) | | FY2019/20 | FY2020/21 | Year-on-year | Comments |
|---|---|---|---|---|---|
| Revenue | Commission | 308.8 | **376.9** | 22.1% | Commissions from sales of stocks and investment trusts increased. |
| | Fees from investment banking | 103.2 | **108.7** | 5.3% | Fees from sales of stocks increased |
| | Asset management and portfolio service fees | 238.2 | **230.0** | -3.4% | Fees fell due to fee ratios etc. decreased |
| | Net gain (loss) on trading | 356.6 | **310.0** | -13.1% | For the fiscal year ended March 2021, we booked a loss (¥204.2 billion) arising from transactions with a US client. Excluding this impact, revenue increased. |
| | Gain (loss) on private equity and debt investments | -0.1 | **12.7** | — | |
| | Interest and dividends | 794.5 | **356.5** | -55.1% | |
| | Gain (loss) on investments in equity securities | -14.7 | **14.1** | — | |
| | Other | 166.0 | **208.3** | 25.5% | American Century Investments related gain/loss improved markedly. While gain on sale of Nomura Research Institute shares of ¥73.3 billion booked in previous year peeled off, gain related to approval to convert rights in Nihonbashi redevelopment project of ¥71.1 billion was realized in FY2021. |
| Total revenue | | 1,952.5 | **1,617.2** | -17.2% | |
| Interest expenses | | 664.7 | **215.4** | -67.6% | |
| Net revenue | | 1,287.8 | **1,401.9** | 8.9% | |
| Non-interest expenses | | 1,039.6 | **1,171.2** | 12.7% | Non-interest expenses increased due to Nomura Real Estate Holdings impairment charge of ¥47.7 billion and a provision of ¥41.6 billion arising from transactions with a US client. |
| Income (loss) before income taxes | | 248.3 | **230.7** | -7.1% | |
| Net income (loss) attributable to Nomura Holdings shareholders | | 217.0 | **153.1** | -29.4% | |

Net interest income remains an integral part of trading activities which is calculated as interest income and dividends less interest expenses, depends on the level and composition of total assets and liabilities, including trading assets, repurchase agreements and reverse repurchase agreement transactions, as well as term structures and volatility of interest rates. Dividends from American Century Investments are included in net interest income.
For the year ended March 2021, interest income decreased 55% and interest expenses decreased 68%. As a result, net interest income for the year ended March 2021 increased from the year ended March 2020.

## Performance by Business Segment

**■ Retail Division** Net revenue for the fiscal year ended March 2021 increased by 10% to ¥368.8 billion, and income before income taxes increased by 87% to ¥92.3 billion. Against a backdrop of favorable market conditions, investor confidence improved, and stock transactions and investment trust sales increased. In addition, to face-to-face communications, by utilizing digital tools, we have also been working on non-face-to-face approaches since 2019 in order to deliver services to as many clients as possible to achieve further traction.

The Retail Division is working to achieve key performance indicators (KPI) targets for the fiscal year ending March 2023. Net inflows of cash and securities was ¥900 billion and at the end of March 2021, Retail client assets partly due to market factors reached a record high of ¥126.6 trillion. Consulting-related revenues, such as insurance, real estate, business succession, and inheritance, were limited to ¥13.4 billion due to constraints on sales activities. However, following the diversification of approaches to clients, the number of active clients who transacted at least once a year was almost the same as the previous year, at 1,019,000.

**■ Asset Management Division*1** Net revenue for the fiscal year ended March 2021 increased by 46% to ¥134.8 billion, and income before income taxes increased by 158% to ¥74.2 billion, achieving highest levels since the fiscal year ended March 2002. Assets under management rose to a record high driven by inflows, and American Century Investments related-gain/loss improved markedly from the previous year on the back of market appreciation.

As a KPI for the fiscal year ending March 2023, Asset Management Division targets ¥65 trillion in assets under management. In the fiscal year ended March 2021, a total of approximately ¥1.9 trillion of funds flowed in, mainly from ETFs, investment trusts dedicated to defined contribution pension funds (DC), and ESG-related products. As a result, assets under management stood at ¥64.7 trillion, almost meeting KPI targets as of March 31, 2021.

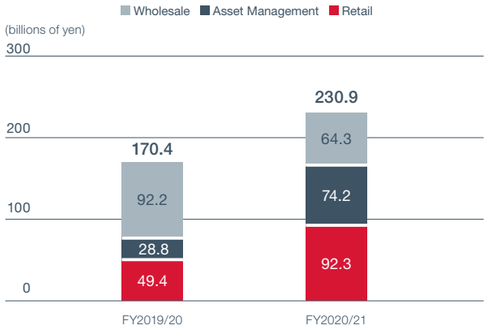
*1 On April 1, 2021, Asset Management Division and Merchant Banking Division were dissolved and the Investment Management Division was newly established.

**■ Wholesale Division** Net revenue for the fiscal year ended March 2021 increased by 7% to ¥691.4 billion, and income before income taxes decreased by 30% to ¥64.3 billion. Although Fixed Income and Investment Banking booked stronger revenues year on year and Equity was strong through to the third quarter, net income decreased year on year due to a loss of ¥245.7 billion (¥204.2 billion booked in Equities revenue as trading loss and ¥41.6 billion as loan loss provision in expenses) arising from transactions with a US client in the fourth quarter.

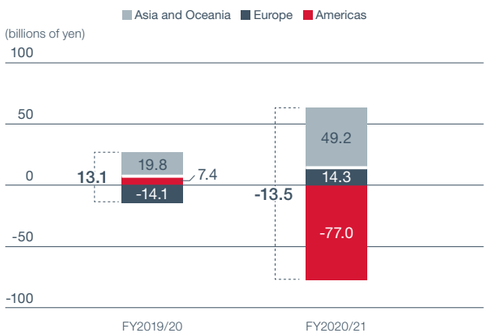
On the other hand, in the current fiscal year, steady progress was made towards achieving KPI targets. Revenue/modified RWA*2 stood at 6.4%, surpassing the target of around 6% for two consecutive years. Fee and commission based revenue exceeded the target of approximately $1.26 billion, thanks to strong M&A and Execution Services. Cost income ratio rose to 91% due to a loss from transactions with a US client.

*2 Wholesale net revenue (annualized) divided by modified risk-weighted assets (daily average for the accounting period) used by Wholesale. Modified risk-weighted assets (daily average for the accounting period) is a non-GAAP financial measure and is the total of (i) risk-weighted assets (as calculated and presented under Basel III) and (ii) an adjustment equal to the regulatory adjustment to common equity tier I capital calculated and presented under Basel III divided by our internal minimum capital ratio target.

### Income before income taxes by segment




### International income (loss) before income taxes by region




## Overseas Business

In the fiscal year ended March 2021, our international business recorded a loss before taxes of ¥13.5 billion. In the Americas, although we saw strength across Rates and Securitized Products in Fixed Income and Cash Equities, a loss of ¥245.7 billion from transactions with a US client in the fourth quarter had a major impact on earnings. In Europe, Rates were strong particularly in European government bonds, while FX/EM and Credit markets were strong in Asia.

## Consolidated Capital Adequacy Ratio

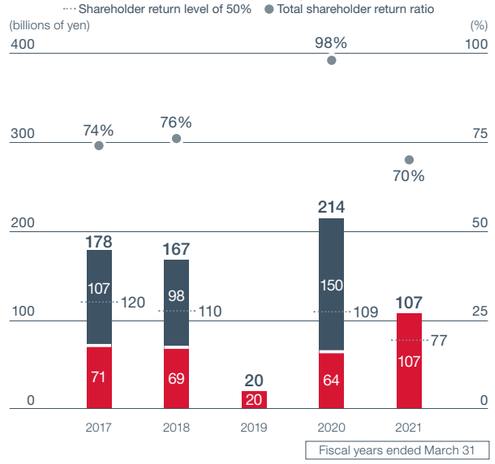
The consolidated Common Equity Tier1 ratio as of March 31, 2021 was 15.81%, up from 15.34% as of March 31, 2020. The main factor was an increase in capital, the numerator, on the back of AT1 bond issuance. Nomura has set a medium-term target of a consolidated Common Equity Tier1 ratio of at least 11% and has maintained a sufficient capital level. The consolidated leverage ratio rose to 5.63% from 4.83% at the end of March 2020.

| (billions of yen) | March 2020 | March 2021 | Year-on-year |
|---|---|---|---|
| **Capital** | | | |
| CET1 capital | 2,405 | **2,522** | 118 |
| Tier1 capital | 2,572 | **2,841** | 269 |
| Total capital | 2,602 | **2,845** | 243 |
| **Risk-weighted assets** | | | |
| Credit risk-weighted assets | 7,635 | **8,551** | 916 |
| Value obtained by dividing market risk equivalent assets by 8% | 5,549 | **4,952** | -598 |
| Value obtained by dividing the operational risk equivalent assets by 8% | 2,491 | **2,449** | -42 |
| Total risk-weighted assets | 15,675 | **15,951** | 277 |
| **Consolidated capital adequacy ratio** | | | |
| CET1 capital ratio | 15.34% | **15.81%** | 0.47% |
| Tier1 capital ratio | 16.40% | **17.80%** | 1.40% |
| Consolidated capital adequacy ratio | 16.60% | **17.83%** | 1.23% |
| External TLAC ratio on a risk weighted assets basis | — | **23.06%** | — |
| External TLAC ratio on a total exposure basis | — | **8.24%** | — |

## Return to shareholders

Our fundamental policy is to return profits to shareholders by continuously increasing shareholder value and paying dividends. Regarding dividends, the consolidated dividend payout ratio of 30%, based on semiannual consolidated results, is one of the important indicators. The dividend amount for each fiscal year will be determined by comprehensively taking into account the trends in the regulatory environment, including the strengthening of the Basel requirements, in Japan and overseas, as well as consolidated business results. Dividends are, in principle, paid twice a year (base dates: September 30, March 31). Total shareholder return policy, including share buybacks, is at least 50%. Based on the above policy regarding dividends from surplus, we paid a dividend of ¥20 per share with a record date of September 30, 2020 and a dividend of ¥15 per share with a record date of March 31, 2021. As a result, the annual dividend is ¥35 per share.

### Total shareholder return



# Key Financial Data

(billions of yen)

| P/L | FY2015/16 | FY2016/17 | FY2017/18 | FY2018/19 | FY2019/20 | FY2020/21 |
|---|---|---|---|---|---|---|
| Net revenue | 1,395.7 | 1,403.2 | 1,497.0 | 1,116.8 | 1,287.8 | **1,401.9** |
| Income (loss) before income taxes | 165.2 | 322.8 | 328.2 | (37.7) | 248.3 | **230.7** |
| Net income (loss)* | 131.6 | 239.6 | 219.3 | (100.4) | 217.0 | **153.1** |

* Net income (loss) attributable to Nomura Holdings shareholders

(billions of yen)

| Segment information | | FY2015/16 | FY2016/17 | FY2017/18 | FY2018/19 | FY2019/20 | FY2020/21 |
|---|---|---|---|---|---|---|---|
| Net revenue | Retail | 435.6 | 374.4 | 412.9 | 339.5 | 336.4 | **368.8** |
| | Asset Management | 95.4 | 99.4 | 127.3 | 97.8 | 92.6 | **134.8** |
| | Wholesale | 720.3 | 739.3 | 715.3 | 555.4 | 648.6 | **691.4** |
| | **Subtotal** | **1,251.3** | **1,213.1** | **1,255.6** | **992.7** | **1,077.6** | **1,194.9** |
| | Other | 165.1 | 183.5 | 239.5 | 131.3 | 231.6 | **195.4** |
| | Unrealized gain (loss) on investments in equity securities held for operating purposes | (20.7) | 6.6 | 1.9 | (7.2) | (21.3) | **11.5** |
| | **Net revenue** | **1,395.7** | **1,403.2** | **1,497.0** | **1,116.8** | **1,287.8** | **1,401.9** |
| Income (loss) before income taxes | Retail | 127.6 | 74.8 | 103.1 | 49.5 | 49.4 | **92.3** |
| | Asset Management | 36.7 | 42.3 | 66.2 | 34.2 | 28.8 | **74.2** |
| | Wholesale | 15.4 | 161.4 | 100.6 | (111.4) | 92.2 | **64.3** |
| | **Subtotal** | **179.7** | **278.6** | **269.9** | **(27.7)** | **170.4** | **230.9** |
| | Other | 6.1 | 37.6 | 56.4 | (2.8) | 99.2 | **(11.8)** |
| | Unrealized gain (loss) on investments in equity securities held for operating purposes | (20.7) | 6.6 | 1.9 | (7.2) | (21.3) | **11.5** |
| | **Income (loss) before income taxes** | **165.2** | **322.8** | **328.2** | **(37.7)** | **248.3** | **230.7** |

(billions of yen)

| Geographic information* | | FY2015/16 | FY2016/17 | FY2017/18 | FY2018/19 | FY2019/20 | FY2020/21 |
|---|---|---|---|---|---|---|---|
| Income (loss) before income taxes by region | Japan | 244.8 | 234.7 | 328.8 | 128.2 | 235.2 | **244.1** |
| | Americas | (32.0) | 50.0 | (8.8) | (114.1) | 7.4 | **(77.0)** |
| | Europe | (67.4) | 14.4 | (14.7) | (56.9) | (14.1) | **14.3** |
| | Asia and Oceania | 19.8 | 23.7 | 22.8 | 5.0 | 19.8 | **49.2** |
| | **Subtotal** | **(79.6)** | **88.1** | **(0.7)** | **(165.9)** | **13.1** | **(13.5)** |
| | Consolidated | 165.2 | 322.8 | 328.2 | (37.7) | 248.3 | **230.7** |

* Region information is based on US GAAP. Revenues and expenses are allocated based on the country of domicile of the legal entity providing the service.
This information is not used for business management purposes.

| ROE | FY2015/16 | FY2016/17 | FY2017/18 | FY2018/19 | FY2019/20 | FY2020/21 |
|---|---|---|---|---|---|---|
| ROE | 4.9% | 8.7% | 7.9% | - | 8.2% | **5.7%** |

(billions of yen)

| B/S | FY2015/16 | FY2016/17 | FY2017/18 | FY2018/19 | FY2019/20 | FY2020/21 |
|---|---|---|---|---|---|---|
| Total assets | 41,090.2 | 42,852.1 | 40,343.9 | 40,969.4 | 43,999.8 | **42,516.5** |
| Total Nomura Holdings shareholders' equity | 2,700.2 | 2,789.9 | 2,749.3 | 2,631.1 | 2,653.5 | **2,694.9** |
| Gross leverage (times) | 15.2 | 15.4 | 14.7 | 15.6 | 16.6 | **15.8** |
| Net leverage* (times) | 9.6 | 8.6 | 8.8 | 9.0 | 10.6 | **9.8** |

* Total assets minus securities purchased under agreements to resell and securities borrowed, divided by Nomura Holdings shareholders' equity.

(billions of yen)

| Funding and liquidity | FY2015/16 | FY2016/17 | FY2017/18 | FY2018/19 | FY2019/20 | FY2020/21 |
|---|---|---|---|---|---|---|
| Liquidity portfolio* | 5,947.1 | 4,970.3 | 4,628.4 | 4,870.5 | 5,354.4 | **5,658.3** |
| Short-term unsecured debt | 3,303.8 | 1,883.0 | 2,107.0 | 2,518.8 | 3,072.3 | **2,929.5** |
| Long-term unsecured debt | 6,593.6 | 5,918.9 | 5,218.9 | 6,483.5 | 6,344.0 | **6,696.3** |

* Definition differs from financial disclosures reflecting Liquidity Management's view. Cash and cash deposits portion of liquidity portfolio excludes funds on deposit at exchanges and segregated client funds.

(yen)

| Per share data | FY2015/16 | FY2016/17 | FY2017/18 | FY2018/19 | FY2019/20 | FY2020/21 |
|---|---|---|---|---|---|---|
| Basic-net income attributable to Nomura Holdings shareholders per share (EPS) | 36.53 | 67.29 | 63.13 | (29.90) | 67.76 | **50.11** |
| Diluted-net income attributable to Nomura Holdings shareholders per share (EPS) | 35.52 | 65.65 | 61.88 | (29.92) | 66.20 | **48.63** |
| Nomura Holdings shareholders' equity per share (BPS) | 748.32 | 790.70 | 810.31 | 794.69 | 873.26 | **879.79** |
| Dividends per share (DPS) | 13.0 | 20.0 | 20.0 | 6.0 | 20.0 | **35.0** |
| Dividend payout ratio | 35.6% | 29.7% | 31.7% | (20.1)% | 29.5% | **69.8%** |

(billions of yen)

| Consolidated capital adequacy, etc.*1 | March,31 2016 | March,31 2017 | March,31 2018 | March,31 2019 | March,31 2020 | March,31 2021 |
|---|---|---|---|---|---|---|
| Tier1 capital | 2,577.5 | 2,689.8 | 2,666.4 | 2,605.9 | 2,571.5 | **2,840.5** |
| Tier2 capital | 323.1 | 109.6 | 66.1 | 46.0 | 30.9 | **4.7** |
| Total capital | 2,900.6 | 2,799.4 | 2,732.5 | 2,651.9 | 2,602.4 | **2,845.2** |
| RWA | 15,970.5 | 13,977.9 | 15,122.3 | 14,251.6 | 15,674.5 | **15,951.0** |
| Tier1 capital ratio | 16.1% | 19.2% | 17.6% | 18.3% | 16.4% | **17.8%** |
| CET1 capital ratio*2 | 15.4% | 18.2% | 16.5% | 17.1% | 15.3% | **15.8%** |
| Consolidated capital adequacy ratio | 18.1% | 20.0% | 18.1% | 18.6% | 16.6% | **17.8%** |
| Consolidated leverage ratio*3 | 4.28% | 4.63% | 4.74% | 5.03% | 4.83% | **5.63%** |
| | | | | | | (trillions of yen) |
| HQLA*4 | 6.2 | 4.5 | 4.0 | 4.3 | 4.2 | **5.4** |
| LCR*4 | 175.8% | 180.0% | 153.6% | 198.4% | 201.1% | **192.4%** |

*1 Basel III standards.
*2 CET1 capital ratio is defined as Tier1 capital minus minority interests divided by risk-weighted assets.
*3 Tier1 capital divided by exposure (sum of on-balance sheet exposures and off-balance sheet items).
*4 Monthly average of 4Q.

| Number of shares outstanding, share price, etc. | March,31 2016 | March,31 2017 | March,31 2018 | March,31 2019 | March,31 2020 | March,31 2021 |
|---|---|---|---|---|---|---|
| Number of shares outstanding (thousands) | 3,822,563 | 3,822,563 | 3,643,563 | 3,493,563 | 3,493,563 | **3,233,563** |
| Share price (fiscal year-end) (yen) | 502.9 | 691.9 | 615.3 | 400.2 | 457.8 | **581.4** |
| Market capitalization (trillions of yen)* | 1.9 | 2.6 | 2.2 | 1.4 | 1.6 | **1.9** |
| PBR (times)* | 0.67 | 0.88 | 0.76 | 0.50 | 0.52 | **0.66** |
| PER (times)* | 13.77 | 10.28 | 9.75 | - | 6.76 | **11.60** |

* Figures based on the fiscal year-end share price.

# Eleven-Year Consolidated Financial Summary (US GAAP)

**For the fiscal years beginning April 1 and ending March 31 of the following year**

Note: This financial summary is prepared solely for convenience. Readers are recommended to refer to Form 20-F.

(Millions of yen)

| | | FY2010/11 | FY2011/12 | FY2012/13 | FY2013/14 | FY2014/15 | FY2015/16 | FY2016/17 | FY2017/18 | FY2018/19 | FY2019/20 | FY2020/21 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Operating results:** | | | | | | | | | | | | |
| **Revenue:** | Commission | 405,463 | 347,135 | 358,210 | 473,121 | 453,401 | 431,959 | 327,129 | 373,313 | 293,069 | 308,805 | **376,897** |
| | Fees from investment banking | 107,005 | 59,638 | 62,353 | 91,301 | 95,083 | 118,333 | 92,580 | 101,663 | 101,521 | 103,222 | **108,681** |
| | Asset management and portfolio service fees | 143,939 | 144,251 | 141,888 | 168,683 | 203,387 | 229,006 | 216,479 | 245,616 | 245,519 | 238,202 | **230,047** |
| | Net gain (loss) on trading | 336,503 | 272,557 | 367,979 | 476,356 | 531,337 | 354,031 | 475,587 | 442,885 | 342,964 | 356,609 | **310,040** |
| | Gain (loss) on private equity and debt investments | 19,292 | 25,098 | 8,053 | 11,392 | 5,502 | 13,761 | 1,371 | (869) | 1,007 | (93) | **12,734** |
| | Interest and dividends | 346,103 | 435,890 | 394,007 | 416,350 | 436,766 | 440,050 | 441,036 | 585,675 | 776,964 | 794,472 | **356,466** |
| | Gain (loss) on investments in equity securities | (16,677) | 4,005 | 38,686 | 15,156 | 29,410 | (20,504) | 7,708 | 2,683 | (6,983) | (14,726) | **14,053** |
| | Other | 43,864 | 563,186 | 708,767 | 179,485 | 175,702 | 156,460 | 153,626 | 221,192 | 81,057 | 165,991 | **208,317** |
| | **Total revenue** | 1,385,492 | 1,851,760 | 2,079,943 | 1,831,844 | 1,930,588 | 1,723,096 | 1,715,516 | 1,972,158 | 1,835,118 | 1,952,482 | **1,617,235** |
| | Interest expense | 254,794 | 315,901 | 266,312 | 274,774 | 326,412 | 327,415 | 312,319 | 475,189 | 718,348 | 664,653 | **215,363** |
| | **Net revenue** | 1,130,698 | 1,535,859 | 1,813,631 | 1,557,070 | 1,604,176 | 1,395,681 | 1,403,197 | 1,496,969 | 1,116,770 | 1,287,829 | **1,401,872** |
| **Non-interest expenses:** | Compensation and benefits | 518,993 | 534,648 | 547,591 | 570,058 | 596,593 | 574,191 | 496,385 | 530,641 | 497,065 | 479,420 | **507,906** |
| | Commissions and floor brokerage | 92,088 | 93,500 | 91,388 | 111,849 | 129,977 | 123,881 | 94,495 | 99,868 | 82,637 | 106,123 | **111,550** |
| | Information processing and communications | 182,918 | 177,148 | 179,904 | 192,168 | 192,300 | 189,910 | 175,280 | 184,781 | 166,865 | 170,317 | **178,835** |
| | Occupancy and related depreciation | 87,843 | 100,891 | 91,545 | 80,142 | 76,112 | 78,411 | 69,836 | 67,895 | 64,940 | 72,986 | **72,367** |
| | Business development expenses | 30,153 | 48,488 | 49,010 | 38,485 | 35,230 | 35,892 | 35,111 | 36,762 | 36,915 | 31,885 | **13,520** |
| | Other | 125,448 | 496,227 | 616,463 | 202,754 | 227,205 | 228,238 | 209,295 | 248,864 | 306,049 | 178,837 | **287,023** |
| | **Total non-interest expenses** | 1,037,443 | 1,450,902 | 1,575,901 | 1,195,456 | 1,257,417 | 1,230,523 | 1,080,402 | 1,168,811 | 1,154,471 | 1,039,568 | **1,171,201** |
| **Income (loss) before income taxes** | | 93,255 | 84,957 | 237,730 | 361,614 | 346,759 | 165,158 | 322,795 | 328,158 | (37,701) | 248,261 | **230,671** |
| **Income tax expense (benefit)** | | 61,330 | 58,903 | 132,039 | 145,165 | 120,780 | 22,596 | 80,229 | 103,866 | 57,010 | 28,894 | **70,274** |
| **Net income (loss)** | | 31,925 | 26,054 | 105,691 | 216,449 | 225,979 | 142,562 | 242,566 | 224,292 | (94,711) | 219,367 | **160,397** |
| **Less: Net income (loss) attributable to noncontrolling interests** | | 3,264 | 14,471 | (1,543) | 2,858 | 1,194 | 11,012 | 2,949 | 4,949 | 5,731 | 2,369 | **7,281** |
| **Net income (loss) attributable to NHI shareholders** | | 28,661 | 11,583 | 107,234 | 213,591 | 224,785 | 131,550 | 239,617 | 219,343 | (100,442) | 216,998 | **153,116** |
| **Balance sheets (Period end):** | | | | | | | | | | | | |
| **Cash and cash deposits** | | 2,150,453 | 1,953,677 | 1,652,752 | 2,189,310 | 2,096,596 | 3,898,843 | 2,972,088 | 2,959,046 | 3,261,869 | 3,874,948 | **4,164,735** |
| **Loans and receivables** | | 2,227,822 | 2,211,423 | 2,629,875 | 2,570,678 | 2,948,424 | 2,969,578 | 3,097,428 | 3,875,199 | 3,882,038 | 5,116,913 | **4,142,447** |
| **Collateralized agreements** | | 15,156,318 | 13,742,646 | 14,115,257 | 17,347,001 | 16,719,520 | 15,077,660 | 18,729,825 | 16,237,743 | 17,306,959 | 15,907,112 | **16,039,438** |
| **Trading assets and private equity and debt investments** | | 15,241,931 | 14,123,594 | 17,124,349 | 18,714,314 | 17,308,848 | 16,410,002 | 15,192,364 | 14,980,156 | 14,385,789 | 16,898,100 | **15,738,179** |
| **Other assets** | | 1,916,466 | 3,665,972 | 2,420,206 | 2,699,011 | 2,709,848 | 2,734,084 | 2,860,373 | 2,291,803 | 2,132,784 | 2,202,742 | **2,431,681** |
| **Total assets** | | 36,692,990 | 35,697,312 | 37,942,439 | 43,520,314 | 41,783,236 | 41,090,167 | 42,852,078 | 40,343,947 | 40,969,439 | 43,999,815 | **42,516,480** |
| **Short-term borrowings** | | 1,167,077 | 1,185,613 | 738,445 | 602,131 | 662,256 | 662,902 | 543,049 | 743,497 | 841,758 | 1,486,733 | **1,368,098** |
| **Payables and deposits** | | 2,103,608 | 2,437,370 | 2,413,801 | 2,836,873 | 3,398,600 | 4,249,118 | 3,708,435 | 3,567,655 | 3,768,038 | 4,397,082 | **4,570,918** |
| **Collateralized financing** | | 13,686,438 | 12,519,274 | 15,409,383 | 17,111,999 | 15,379,803 | 16,605,591 | 19,061,091 | 16,696,994 | 16,684,403 | 18,028,339 | **15,133,573** |
| **Trading liabilities** | | 8,688,998 | 7,495,177 | 8,491,296 | 11,047,285 | 10,044,236 | 7,499,335 | 8,191,794 | 8,202,936 | 8,219,811 | 8,546,284 | **9,473,261** |
| **Other liabilities** | | 552,316 | 1,165,901 | 978,163 | 1,141,750 | 1,217,099 | 1,200,647 | 1,308,510 | 950,534 | 858,867 | 1,034,448 | **1,239,167** |
| **Long-term borrowings** | | 8,402,917 | 8,504,840 | 7,592,368 | 8,227,063 | 8,336,296 | 8,129,559 | 7,195,408 | 7,382,507 | 7,915,769 | 7,775,665 | **7,975,012** |
| **Total liabilities** | | 34,601,354 | 33,308,175 | 35,623,456 | 40,967,101 | 39,038,290 | 38,347,152 | 40,008,287 | 37,544,123 | 38,288,646 | 41,268,551 | **39,760,029** |
| **Total NHI shareholders' equity** | | 2,082,754 | 2,107,241 | 2,294,371 | 2,513,680 | 2,707,774 | 2,700,239 | 2,789,916 | 2,749,320 | 2,631,061 | 2,653,467 | **2,694,938** |
| **Noncontrolling interests** | | 8,882 | 281,896 | 24,612 | 39,533 | 37,172 | 42,776 | 53,875 | 50,504 | 49,732 | 77,797 | **61,513** |
| **Total equity** | | 2,091,636 | 2,389,137 | 2,318,983 | 2,553,213 | 2,744,946 | 2,743,015 | 2,843,791 | 2,799,824 | 2,680,793 | 2,731,264 | **2,756,451** |
| **Total liabilities and equity** | | 36,692,990 | 35,697,312 | 37,942,439 | 43,520,314 | 41,783,236 | 41,090,167 | 42,852,078 | 40,343,947 | 40,969,439 | 43,999,815 | **42,516,480** |
| **Cash flows:** | | | | | | | | | | | | |
| **Net cash provided by (used in) operating activities** | | (235,090) | 290,863 | 549,501 | 457,426 | (77,028) | 1,238,372 | 1,305,025 | (445,690) | (361,165) | (15,943) | **665,770** |
| **Net cash provided by (used in) investing activities** | | (423,214) | 9,942 | (160,486) | (103,195) | 12,337 | (23,711) | (118,051) | (56,172) | (112,503) | 216,336 | **(139,026)** |
| **Net cash provided by (used in) financing activities** | | 1,284,243 | (844,311) | (701,623) | 289,385 | (178,206) | 986,387 | (2,130,644) | 373,168 | 761,191 | 332,062 | **(269,927)** |
| **Effect of exchange rate changes on cash and cash equivalents** | | (26,246) | (6,314) | 47,175 | 41,089 | 68,513 | (40,195) | 4,249 | (53,504) | 44,741 | (27,277) | **60,884** |
| **Net increase (decrease) in cash and cash equivalents** | | 599,693 | (549,820) | (265,433) | 684,705 | (174,384) | 2,160,853 | (939,421) | (182,198) | 332,264 | 505,178 | **317,701** |

# Environment, social and governance (ESG) Data

We have obtained a limited assurance on the key sustainability performance indicators by Ernest & Young ShinNihon LLC.
Please visit Nomura Holdings' website for details (https://www.nomuraholdings.com/sustainability/data/).

## Corporate Governance

| Members of the Board | Unit | June 30, 2016 | June 30, 2017 | June 30, 2018 | June 30, 2019 | June 30, 2020 | June 30, 2021 |
|---|---|---|---|---|---|---|---|
| Board of Directors | No. of people | 11 | 10 | 10 | 10 | 10 | **12** |
| Outside Directors | No. of people | 6 | 6 | 6 | 6 | 6 | **8** |
| | % | 55 | 60 | 60 | 60 | 60 | **67** |
| Non-Japanese Directors | No. of people | 3 | 1 | 2 | 2 | 2 | **4** |
| | % | 27 | 10 | 20 | 20 | 20 | **33** |
| Female Directors | No. of people | 1 | 1 | 2 | 2 | 2 | **3** |
| | % | 9 | 10 | 20 | 20 | 20 | **25** |

As of the end of June 2021, average tenure of board members is two years.

| Officers (Executive Officers and Senior Managing Directors) | Unit | April 1, 2016 | April 1, 2017 | April 1, 2018 | May 1, 2019 | April 1, 2020 | April 1, 2021 |
|---|---|---|---|---|---|---|---|
| Male | No. of people | 27 | 33 | 34 | 33 | 38 | **30** |
| Female | No. of people | 2 | 1 | 1 | 1 | 3 | **5** |
| Ratio of female | % | 7 | 3 | 3 | 3 | 8 | **14** |

| Board of Directors meetings | Unit | FY2015/16 | FY2016/17 | FY2017/18 | FY2018/19 | FY2019/20 | FY2020/21 |
|---|---|---|---|---|---|---|---|
| No. of meetings held | No. of times | 10 | 11 | 10 | 10 | 11 | **11** |
| Average attendance rate | % | 100 | 99 | 100 | 100 | 100 | **99** |

## Contributing to Sound and Sustainable Capital Markets

| Caseload at Customer Help Desk Department (Nomura Securities) | | Unit | FY2015/16 | FY2016/17 | FY2017/18 | FY2018/19 | FY2019/20 | FY2020/21 |
|---|---|---|---|---|---|---|---|---|
| Total | | No. of cases | 5,767 | 6,003 | 7,054 | 7,843 | 6,961 | **5,951** |
| | Complaints | No. of cases | 2,771 | 2,531 | 2,479 | 2,542 | 2,315 | **1,006*2** |
| | Inquiries | No. of cases | 2,749 | 3,267 | 4,147*1 | 4,852 | 4,180 | **4,463** |
| | Opinions and requests | No. of cases | 128 | 98 | 270 | 237 | 323 | **363** |
| | Other | No. of cases | 119 | 107 | 158 | 212 | 143 | **119** |

From FY2020/21, only newly reported cases are counted.
*1 The increase in the number of inquiries in FY2017/18 was due to system changes.
*2 Of this total, 19 complaints were related to personal information.

| Results of customer satisfaction surveys at branches (Nomura Securities) | Unit | FY2015/16 | FY2016/17 | FY2017/18 | FY2018/19 | FY2019/20 | FY2020/21 |
|---|---|---|---|---|---|---|---|
| Average satisfaction rating | Point | 4.22 | 4.29 | 4.34 | 8.49 | 8.56 | **8.40** |

Figures represent the average score from among the overall company satisfaction ratings received via postage-paid return postcard from customers who visited our branches. From FY2015/16 to FY2017/18, a scale of 0 (worst) to 5 (best) with six ratings was used, while from FY2018/19 a scale of 0 (worst) to 10 (best) with 11 ratings has been used.

| Sustainable Finance, capital raised* | Unit | FY2015/16 | FY2016/17 | FY2017/18 | FY2018/19 | FY2019/20 | FY2020/21 |
|---|---|---|---|---|---|---|---|
| Gross | Millions of yen | 94,958 | 1,249,656 | 1,145,635 | 2,304,041 | 1,854,760 | **8,480,297** |
| Apportioned | Millions of yen | | | | | | **2,476,735** |

* FY20/21 data aligned to UN PRB principles, showing only transaction value where Nomura had a lead role, and separately, the equivalent data after apportioning by the number of Mandated Lead Arrangers (MLAs).

| Sustainable Investment | Unit | March 31, 2019 | March 31, 2020 | March 31, 2021 |
|---|---|---|---|---|
| Sustainable investment ratio | % | 74 | 73 | **81** |

* To determine the sustainable investment ratio, we include the following investment approaches in Nomura Asset Management as sustainable investment.
1. Best in Class (Investment in leading companies in each industry from an ESG perspective),
2. ESG Thematic Investment,
3. Impact Investment,
4. ESG Integration,
5. Active Share Ownership, including exercising proxy voting rights and direct engagement with portfolio companies' management.
In addition, to ensure an accurate assessment of our sustainable investment activities, we exclude investment strategies from the overall universe for which we are unable to directly undertake sustainable investment decisions.

## Contributing to Sustainable Communities

| Community contribution expenditures | | Unit | FY2015/16 | FY2016/17 | FY2017/18 | FY2018/19 | FY2019/20 | FY2020/21 |
|---|---|---|---|---|---|---|---|---|
| Total | | Millions of yen | 1,325 | 1,704 | 1,224 | 1,717 | 2,053 | **1,307** |
| | Education | Millions of yen | 562 | 451 | 407 | 410 | 308 | **256** |
| | Arts, culture, and sports | Millions of yen | 102 | 567 | 157 | 476 | 932 | **266** |
| | Science and academic achievement | Millions of yen | 120 | 116 | 109 | 230 | 241 | **147** |
| | Community contribution | Millions of yen | 162 | 189 | 261 | 277 | 237 | **297** |
| | Welfare and health | Millions of yen | 79 | 53 | 33 | 46 | 48 | **55** |
| | Environment | Millions of yen | 29 | 71 | 59 | 69 | 62 | **51** |
| | Human rights and labor | Millions of yen | 39 | 12 | 6 | 16 | 41 | **35** |
| | Disaster relief | Millions of yen | 56 | 61 | 9 | 18 | 12 | **62** |
| | Other | Millions of yen | 176 | 184 | 185 | 175 | 173 | **138** |

* Subtotals may not add up to totals due to rounding.

| Participants and materials in financial and economics education | Unit | FY2015/16 | FY2016/17 | FY2017/18 | FY2018/19 | FY2019/20 | FY2020/21 |
|---|---|---|---|---|---|---|---|
| Visiting classes (elementary, junior and high schools, universities, teachers) since 2008 | No. of schools | 304 | 346 | 442 | 393 | 287 | **138** |
| | No. of participants | 9,637 | 15,317 | 19,377 | 18,919 | 13,847 | **8,988** |
| Financial courses for universities since 2001 | No. of schools | 106 | 104 | 106 | 102 | 101 | **69** |
| | No. of participants | 11,000 | 11,200 | 11,000 | 11,200 | 10,924 | **5,862** |
| Financial courses for the general public since 2003 | No. of courses | 412 | 304 | 270 | 256 | 212 | **30** |
| | No. of participants | 14,958 | 10,926 | 8,105 | 7,421 | 7,100 | **500** |
| Nikkei Stock League since 2000 | No. of teams | 1,429 | 1,618 | 1,832 | 1,792 | 1,726 | **1,643** |
| | No. of members | 5,587 | 6,462 | 7,180 | 7,103 | 6,892 | **6,535** |
| Number of educational materials supplied *1 | No. of schools | 440 | 434 | 470 | 730 | 804 | **11,214** |
| | No. of copies | 27,305 | 30,167 | 37,163 | 61,581 | 62,698 | **87,338** |

* Visiting classes include online classes.
*1 The total volume of learning materials donated to elementary and junior high schools by Nomura Holdings. In FY2020/21, along with updating learning materials, we donated materials to junior high schools nationwide. As a result, the number of schools and the number of educational materials supplied sharply increased.

## Human Resources Valuing Diversity

| Education and training expenses | | Unit | FY2015/16 | FY2016/17 | FY2017/18 | FY2018/19 | FY2019/20 | FY2020/21 |
|---|---|---|---|---|---|---|---|---|
| Total | | Millions of yen | 2,880 | 2,767 | 2,987 | 3,225 | 3,100 | **2,089** |
| | Japan | Millions of yen | 2,020 | 2,094 | 2,093 | 2,004 | 2,035 | **1,143** |
| | Americas | Millions of yen | 426 | 299 | 435 | 694 | 639 | **623** |
| | Europe | Millions of yen | 225 | 161 | 228 | 280 | 228 | **177** |
| | Asia and Oceania | Millions of yen | 209 | 213 | 230 | 247 | 196 | **146** |

* Subtotals may not add up to totals due to rounding.

| Participation in education and training | | Unit | FY2015/16 | FY2016/17 | FY2017/18 | FY2018/19 | FY2019/20 | FY2020/21 |
|---|---|---|---|---|---|---|---|---|
| Total | | Aggregate no. of hours | 499,386 | 501,377 | 530,869 | 537,323 | 565,949 | **418,590** |
| | | Aggregate no. of participants | 211,014 | 195,819 | 277,824 | 302,460 | 187,639 | **258,694** |
| | Japan | Aggregate no. of hours | 307,295 | 303,854 | 298,571 | 332,570 | 440,867 | **288,129** |
| | | Aggregate no. of participants | 16,294 | 15,581 | 14,896 | 18,879 | 22,451 | **23,374** |
| | Americas | Aggregate no. of hours | 17,589 | 15,848 | 23,139 | 15,983 | 9,127 | **18,684** |
| | | Aggregate no. of participants | 25,122 | 19,816 | 38,169 | 35,932 | 17,393 | **34,912** |
| | Europe | Aggregate no. of hours | 47,709 | 33,638 | 49,288 | 43,787 | 29,407 | **42,000** |
| | | Aggregate no. of participants | 62,077 | 44,325 | 70,240 | 77,539 | 41,030 | **69,309** |
| | Asia and Oceania | Aggregate no. of hours | 126,793 | 148,037 | 159,871 | 144,983 | 86,548 | **69,776** |
| | | Aggregate no. of participants | 107,521 | 116,097 | 154,519 | 170,110 | 106,765 | **131,099** |

* Certain subsidiaries and affiliates were not included in the number of participants in internal education and training in the Americas, Europe and Asia and Oceania as the data was compiled based on persons registered through the Wholesale Division's internal training system.

## Human Resources Valuing Diversity

| Composition of employees*1 | | Unit | FY2015/16 | FY2016/17 | FY2017/18 | FY2018/19 | FY2019/20 | FY2020/21 |
|---|---|---|---|---|---|---|---|---|
| Total | | No. of employees | 28,865 | 28,186 | 28,048 | 27,864 | 26,629 | **26,402** |
| | | Ratio of male employees (%) | 62 | 61 | 61 | 60 | 60 | **59** |
| | | Ratio of female employees (%) | 38 | 39 | 39 | 40 | 40 | **41** |
| | Japan | No. of employees | 16,083 | 16,227 | 15,819 | 15,852 | 15,748 | **15,330** |
| | | Ratio of male employees (%) | 58 | 58 | 57 | 56 | 57 | **56** |
| | | Ratio of female employees (%) | 42 | 42 | 43 | 44 | 43 | **44** |
| | Americas | No. of employees | 2,503 | 2,314 | 2,362 | 2,357 | 2,120 | **2,152** |
| | | Ratio of male employees (%) | 74 | 74 | 74 | 74 | 73 | **73** |
| | | Ratio of female employees (%) | 26 | 26 | 26 | 26 | 27 | **27** |
| | Europe | No. of employees | 3,424 | 3,026 | 3,057 | 2,909 | 2,691 | **2,769** |
| | | Ratio of male employees (%) | 71 | 70 | 70 | 69 | 68 | **69** |
| | | Ratio of female employees (%) | 29 | 30 | 30 | 31 | 32 | **31** |
| | Asia and Oceania | No. of employees | 6,855 | 6,619 | 6,810 | 6,746 | 6,070 | **6,151** |
| | | Ratio of male employees (%) | 61 | 59 | 60 | 59 | 59 | **59** |
| | | Ratio of female employees (%) | 39 | 41 | 40 | 41 | 41 | **41** |

| Number of new hires*2 | | Unit | FY2015/16 | FY2016/17 | FY2017/18 | FY2018/19 | FY2019/20 | FY2020/21 |
|---|---|---|---|---|---|---|---|---|
| Total | | No. of employees | 2,868 | 2,763 | 2,901 | 2,779 | 2,416 | **1,934** |
| | | Ratio of male employees (%) | 65 | 57 | 61 | 59 | 60 | **62** |
| | | Ratio of female employees (%) | 35 | 43 | 39 | 41 | 40 | **38** |
| | Japan | No. of employees | 932 | 1,107 | 1,008 | 1,100 | 1,004 | **642** |
| | | Ratio of male employees (%) | 58 | 53 | 54 | 51 | 59 | **59** |
| | | Ratio of female employees (%) | 42 | 47 | 46 | 49 | 41 | **41** |
| | Americas | No. of employees | 424 | 318 | 355 | 333 | 251 | **246** |
| | | Ratio of male employees (%) | 74 | 71 | 74 | 76 | 71 | **74** |
| | | Ratio of female employees (%) | 26 | 29 | 26 | 24 | 29 | **26** |
| | Europe | No. of employees | 405 | 283 | 376 | 346 | 286 | **288** |
| | | Ratio of male employees (%) | 71 | 67 | 69 | 67 | 65 | **75** |
| | | Ratio of female employees (%) | 29 | 33 | 31 | 33 | 35 | **25** |
| | Asia and Oceania | No. of employees | 1,107 | 1,055 | 1,162 | 1,000 | 875 | **758** |
| | | Ratio of male employees (%) | 64 | 54 | 60 | 59 | 57 | **56** |
| | | Ratio of female employees (%) | 36 | 46 | 40 | 41 | 43 | **44** |

| Composition of managers*3 | | Unit | FY2015/16 | FY2016/17 | FY2017/18 | FY2018/19 | FY2019/20 | FY2020/21 |
|---|---|---|---|---|---|---|---|---|
| Total | | No. of employees | 8,535 | 9,110 | 9,174 | 9,187 | 8,734 | **9,145** |
| | | Ratio of male employees (%) | 84 | 85 | 84 | 83 | 82 | **81** |
| | | Ratio of female employees (%) | 16 | 15 | 16 | 17 | 18 | **19** |
| | Japan | No. of employees | 3,615 | 4,672 | 4,493 | 4,493 | 4,267 | **4,445** |
| | | Ratio of male employees (%) | 93 | 92 | 91 | 90 | 89 | **88** |
| | | Ratio of female employees (%) | 7 | 8 | 9 | 10 | 11 | **12** |
| | Americas | No. of employees | 1,399 | 1,279 | 1,366 | 1,355 | 1,257 | **1,319** |
| | | Ratio of male employees (%) | 80 | 80 | 80 | 81 | 80 | **80** |
| | | Ratio of female employees (%) | 20 | 20 | 20 | 19 | 20 | **20** |
| | Europe | No. of employees | 1,838 | 1,559 | 1,624 | 1,568 | 1,473 | **1,564** |
| | | Ratio of male employees (%) | 82 | 81 | 81 | 80 | 79 | **79** |
| | | Ratio of female employees (%) | 18 | 19 | 19 | 20 | 21 | **21** |
| | Asia and Oceania | No. of employees | 1,683 | 1,600 | 1,691 | 1,771 | 1,737 | **1,817** |
| | | Ratio of male employees (%) | 71 | 70 | 70 | 68 | 67 | **66** |
| | | Ratio of female employees (%) | 29 | 30 | 30 | 32 | 33 | **34** |

*1 Employee composition: The figures cover Nomura Group on a consolidated basis.
*2 New hire composition: The figures represent total Nomura Group hires on a consolidated basis. Data for FY2015/16 for Japan cover Nomura Holdings and Nomura Securities. Data for FY2015/16 for Asia and Oceania cover consolidated subsidiaries with certain exceptions, such as Capital Nomura Securities Public Company Limited and Nomura Asset Management Taiwan Ltd., which were added to the scope of consolidation in FY2014/15.
*3 Management composition: The figures cover Nomura Group on a consolidated basis. In FY2015/16, some domestic subsidiaries were not included in the scope of the calculations.
Refer to standards for calculation ( https://www.nomuraholdings.com/sustainability/data/ ).



We have obtained a limited assurance on the key sustainability performance indicators by Ernest & Young ShinNihon LLC.
Please visit Nomura Holdings' website for details (https://www.nomuraholdings.com/sustainability/data/).

## Our Environment

| GHG emissions | | Unit | FY2015/16 | FY2016/17 | FY2017/18 | FY2018/19 | FY2019/20 | FY2020/21 |
|---|---|---|---|---|---|---|---|---|
| Scope 1: Direct emissions*1 | Japan | t-$CO_2$ | 1,986 | 2,005 | 1,968 | 1,901 | 1,895 | **1,406** |
| | Americas | t-$CO_2$ | 72 | 72 | 73 | 74 | 69 | **87** |
| | Europe | t-$CO_2$ | 752 | 772 | 784 | 683 | 675 | **638** |
| | Asia and Oceania | t-$CO_2$ | 169 | 173 | 167 | 201 | 175 | **21** |
| Scope 2: Indirect emissions*1 | Japan | t-$CO_2$ | 39,065 | 36,783 | 35,302 | 34,126 | 30,709 | **26,006** |
| | Americas | t-$CO_2$ | 6,966 | 6,168 | 5,510 | 5,361 | 4,728 | **4,112** |
| | Europe | t-$CO_2$ | 12,822 | 11,786 | 10,031 | 8,364 | 6,880 | **4,988** |
| | Asia and Oceania | t-$CO_2$ | 21,892 | 20,942 | 19,800 | 17,207 | 16,251 | **11,275** |
| Scope 1, 2: Emissions per employee*1 | Japan | t-$CO_2$ | 2.7 | 2.5 | 2.4 | 2.3 | 2.1 | **1.8** |
| | Americas | t-$CO_2$ | 2.8 | 2.7 | 2.4 | 2.3 | 2.3 | **2.0** |
| | Europe | t-$CO_2$ | 4.3 | 4.2 | 3.6 | 3.2 | 2.9 | **2.1** |
| | Asia and Oceania | t-$CO_2$ | 4.2 | 4.2 | 3.8 | 3.2 | 3.1 | **2.1** |
| Scope 3: Emissions from employee travel*2 (Air, rail, and automobile travel) | Japan | t-$CO_2$ | 22,013 | 22,936 | 24,554 | 23,417 | 19,476 | **2,411** |
| | Americas | t-$CO_2$ | 4,966 | 4,343 | 5,547 | 5,147 | 4,205 | **389** |
| | Europe | t-$CO_2$ | 7,651 | 7,023 | 7,929 | 5,774 | 4,342 | **97** |
| | Asia and Oceania*3 | t-$CO_2$ | 11,587 | 11,041 | 12,196 | 11,628 | 8,711 | **812** |

| Energy consumption | | Unit | FY2015/16 | FY2016/17 | FY2017/18 | FY2018/19 | FY2019/20 | FY2020/21 |
|---|---|---|---|---|---|---|---|---|
| Direct energy consumption (Natural gas, etc.) | Japan | MWh | 10,573 | 10,654 | 10,402 | 10,054 | 10,008 | **7,646** |
| | Americas | MWh | 355 | 359 | 360 | 368 | 340 | **432** |
| | Europe | MWh | 4,201 | 4,329 | 4,374 | 3,804 | 3,791 | **3,624** |
| | Asia and Oceania | MWh | 732 | 743 | 720 | 862 | 758 | **84** |
| Indirect energy consumption (Purchased electric power) | Japan | MWh | 70,520 | 68,372 | 67,360 | 66,807 | 62,574 | **55,213** |
| | Americas | MWh | 21,882 | 20,236 | 18,883 | 18,345 | 17,273 | **16,243** |
| | Europe | MWh | 30,133 | 30,713 | 30,135 | 31,666 | 28,233 | **22,974** |
| | Asia and Oceania | MWh | 26,720 | 25,577 | 24,200 | 24,996 | 23,912 | **16,542** |
| Including, renewable power*4 | | MWh | 34,652 | 35,033 | 34,193 | 35,560 | 32,564 | **27,749** |
| Percentage of renewable power | | % | 23.2 | 24.2 | 24.3 | 25.1 | 24.7 | **25.0** |
| (Purchased cooling and heating power) | Japan | MWh | 11,971 | 12,320 | 11,680 | 11,335 | 10,289 | **9,034** |
| | Americas | MWh | 140 | 198 | 254 | 284 | 202 | **101** |
| | Europe | MWh | 0 | 0 | 0 | 0 | 0 | **0** |
| | Asia and Oceania | MWh | 1,617 | 1,723 | 1,824 | 1,832 | 1,656 | **1,446** |

| Environmental resource efficiency | | Unit | FY2015/16 | FY2016/17 | FY2017/18 | FY2018/19 | FY2019/20 | FY2020/21 |
|---|---|---|---|---|---|---|---|---|
| Water consumption*5 | Japan | Thousand $m^3$ | 170 | 168 | 161 | 161 | 153 | **106** |
| | Americas | Thousand $m^3$ | 30 | 29 | 30 | 30 | 27 | **20** |
| | Europe | Thousand $m^3$ | 115 | 107 | 111 | 109 | 103 | **103** |
| | Asia and Oceania | Thousand $m^3$ | 36 | 35 | 53 | 45 | 47 | **9** |
| Copy paper consumption*6 | | ton | 1,083 | 1,018 | 1,002 | 1,018 | 990 | **611** |
| Amount of waste generated*7 | | ton | 2,540 | 2,658 | 2,403 | 2,341 | 2,206 | **1,397** |

The Scope 1, 2, and 3 classifications follow The Greenhouse Gas Protocol (GHG Protocol):https://www.ghgprotocol.org/
The coverage by region is as follows. However, data on air transportation in Scope 3 are compiled based on data from all domestic and overseas business locations.
Japan: Group companies located in Japan (https://www.nomuraholdings.com/company/group/)
Europe: Offices in London, Paris, Frankfurt, Zurich, Madrid, Milan, Luxembourg, and Cape Town
Americas: Offices in New York and Instinet offices
Asia and Oceania: Offices in Hong Kong, Singapore, India, Mainland China, Bangkok, Seoul, and Australia

*1 The Cape Town office was included in the scope for Europe from FY2017/18. The Seoul office and Australia office were included from FY2019/20, and the Shanghai office was included from FY2020/21 in the scope for Asia and Oceania.
*2 Data based on airline and long-distance railway travel in Japan and overseas purchased from specified travel agencies. Data for Japan, Europe, and the India, Hong Kong, Bangkok and Seoul offices in Asia and Oceania include emissions from automobiles used on a daily basis (The Seoul office was added to the scope of calculation from FY2019/20).
*3 Assurance-verified data for Asia and Oceania totaled 783t-$CO_2$ in FY2020/21. (Offices in Hong Kong, Singapore, India, China, Bangkok, Seoul, and Australia.)
*4 Data comprise Japan, as well as the London, Paris, Frankfurt, Zurich, Millan and Luxembourg offices in Europe. The Madrid office was included in the scope of calculation for Europe from FY2019/20.
*5 The Shanghai office was included from FY2020/21 in the scope for Asia and Oceania.
*6 Data for Japan were compiled based on paper purchased from specified suppliers by Nomura Securities (all types of copy paper). Europe data comprise paper consumed by the London office, while Asia and Oceania data comprise paper consumed by the India, Hong Kong and Bangkok offices. The Singapore office was included from FY2020/21 in the scope for Asia and Oceania.
*7 Data comprise Tokyo (the Nihonbashi Head Office Building, Dai-ni Edobashi Building and the Urbannet Otemachi Building, and Nomura Asset Management Head Office Building), the Osaka Branch, the Nagoya Branch, the Kyoto Branch and the Okayama Branch, as well as the London, Paris, Frankfurt, Zurich, Luxemburg, Hong Kong and India offices. From FY2020/21, data for the Singapore office and Tokyo (the Toyosu Bayside Cross Tower) were added to the scope.

## Corporate Data

| | |
|---|---|
| Company name | Nomura Holdings, Inc. |
| Date of incorporation | December 25, 1925 |
| Head office | 1-13-1, Nihonbashi, Chuo-ku, Tokyo<br>103-8645, Japan |
| Paid-in capital | ¥594,493million |
| Group employees | 26,402 |
| Common stock issued | 3,233,562,601 shares |
| Number of shareholders | 342,956 (Unit shareholders:318,828) |
| Listing | The common shares of Nomura Holdings, Inc. are listed on the Tokyo, Nagoya, and Singapore stock exchanges. The shares are also listed on the NYSE in the form of American Depositary Shares (ADSs) evidenced by American Depositary Receipts (ADRs). Each ADS represents one share of common stock. |
| Securities code | 8604 (Tokyo Stock Exchange), NMR (New York Stock Exchange) |
| Transfer agent and registrar | Mitsubishi UFJ Trust and Banking Corporation<br>Corporate Agency Department |
| Depositary for American Depositary Receipts (ADRs) | The Bank of New York Mellon |
| Date of record for dividend payments | September 30, March 31 |

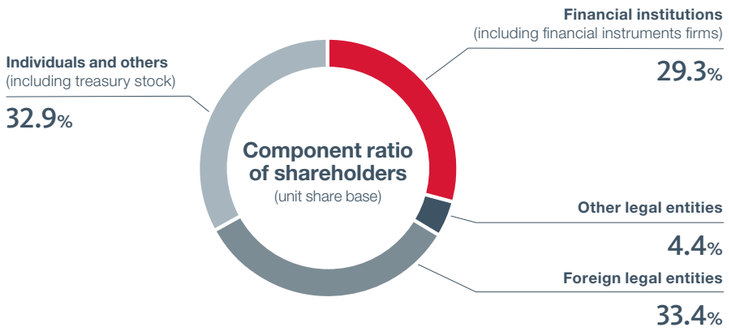
## Share Information

(As of March 31, 2021)

### Major shareholders (Top 10)*1

| Name of shareholder | Number of shares owned (thousands)*2 | Owenership (%)*2 |
|---|---|---|
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 253,651 | 8.3% |
| Custody Bank of Japan, Ltd. (Trust Account) | 134,376 | 4.4% |
| SMBC Nikko Securities Inc. | 72,001 | 2.4% |
| State Street Bank West Client-Treaty 505234 | 48,291 | 1.6% |
| Custody Bank of Japan, Ltd. (Trust Account 5) | 46,166 | 1.5% |
| Northern Trust Co. (AVFC) Re Silchester International Investors International Value Equity Trust | 45,178 | 1.5% |
| JP Morgan Securities Japan Co., Ltd. | 43,108 | 1.4% |
| Custody Bank of Japan, Ltd. (Trust Account 6) | 40,929 | 1.3% |
| Northern Trust Co. (AVFC) Re U.S. Tax Exempted Pension Funds. | 40,182 | 1.3% |
| Custody Bank of Japan, Ltd. (Trust Account 7) | 40,103 | 1.3% |

*1 The company has 170,057 thousand shares of treasury stock as of March 31, 2021 which is not included in the major shareholders list above.
*2 Figures for Number of Shares Owned are rounded down to the nearest thousand and figures for Percentage of Shares Owned are calculated excluding treasury stock.




## Total Shareholder Return

(TSR*1)

| Holding Period*2 | 1 year | 2 years | 3 years | 4 years | 5 years |
|---|---|---|---|---|---|
| Nomura Holdings | 141.6% | 130.3% | 88.7% | 104.2% | 135.7% |
| TOPIX | 114.7% | 132.9% | 126.2% | 114.2% | 162.3% |

*1 Ratio obtained by dividing investment amount (stock price) by return (dividend and capital gains).
Calculated based on Cabinet Office Order on Disclosure of Corporate Affairs
*2 Figures based on the last price of March 31, 2016

## Credit Ratings

(As of June 30, 2021)

| | Nomura Securities | | Nomura Holdings | |
|---|---|---|---|---|
| | Long-term | Short-term | Long-term | Short-term |
| R&I | A+ | a-1 | A | a-1 |
| JCR | AA- | - | AA- | - |
| Moody's | A3 | P-2 | Baa1 | - |
| Standard & Poor's | A- | A-2 | BBB+ | A-2 |
| Fitch Ratings | A- | F1 | A- | F1 |

Basic Information in the Report

| | |
|---|---|
| **Period covered** | April 1, 2020 to March 31, 2021<br>(Some content may be outside this time frame.) |
| **Reporting cycle** | Once a year |
| **Previous** | August 2020 |
| **Current** | August 2021 |
| **Entities covered** | Nomura Holdings, Inc. and its major subsidiaries and affiliates<br>http://www.nomuraholdings.com/jp/company/group/<br>Numerical data are presented alongside information on the scope of companies covered. |
| **Reference guidelines** | ■ GRI Sustainability Reporting Standards (GRI Standards)<br>Please access the following URL on our corporate website for our GRI Guidelines Index.<br>https://www.nomuraholdings.com/csr/gri/index.html<br>■ International Integrated Reporting Frameworks recommended by the International Integrated Reporting Council and the World Intellectual Capital Initiative<br>■ Guidance for Collaborative Value Creation of Japan's Ministry of Economy, Trade, and Industry<br>■ Environmental Reporting Guidelines (2018 Version) of Japan's Ministry of the Environment |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