CFO Message

Executive Officer
Chief Financial Officer (CFO) and
Chief Transformation Officer (CTO)

Takumi Kitamura

In May 2024, Nomura Group announced our 2030 management vision: Reaching for Sustainable Growth. We have set quantitative targets of consistently achieving a return on equity (ROE) of 8 to 10% or more and income before income taxes of over 500 billion yen, or roughly double the level booked in the fiscal year ended March 2024.

Some people say that "ROE of 8 to 10% or more" is an unusual way to phrase a target. We decided on this range because our cost of equity is around 8% so we want to reach that level even when market conditions are challenging. And when market conditions are favorable, we will aim to achieve ROE of over 10%.

Throughout our history, we have only generated 500 billion yen of income before income taxes twice, around the time of Japan's bubble economy in the fiscal years ended September 1987 and March 1990. To achieve this level again, we have to take a completely different approach, promoting sustainable growth of our existing businesses while exploring new opportunities for revenues and ensuring financial discipline.

Our price-to-book ratio (PBR) has started to improve in 2024, although it is still below 1. This is because the absolute level of our ROE is not high enough and our performance is highly volatile. In other words, if we can properly address these two issues, our corporate value will increase and the market will value us higher.

As we head to 2030, we have set ROE as a quantitative target because we can directly improve our PBR by raising our ROE. We will focus on identifying growth businesses and continuing to control costs while improving capital efficiency. We will also aim to smooth our earnings volatility in order to lower our cost of equity.

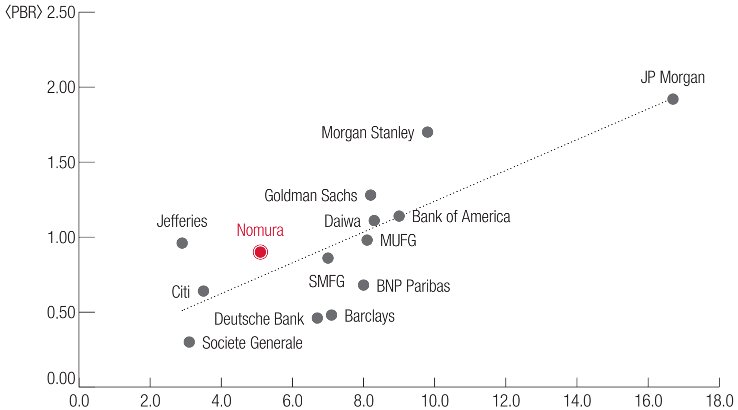
The Board of Directors is discussing specific measures to address this current state and approaches to make improvements.

Initiatives to Improve PBR

$$\text{PBR} = \frac{\boxed{1}\ \text{ROE}}{\boxed{2}\ \text{Cost of Equity} - \boxed{3}\ \text{Expected Growth Rate}}$$

1	Maximize ROE	» Improve profitability » Raise capital efficiency
2	Lower Cost of Equity	» Smooth out earnings volatility by stabilizing and diversifying groupwide revenues
3	Increase Expected Growth Rate	» Capture growth markets » Realize organic and inorganic » Realign business portfolio

Correlation Between PBR and ROE



Source: Bloomberg (End of March 2024, Actual ROE)

> “ We are focused on improving profitability and capital discipline as we build an efficient operating model to achieve sustainable growth. ”

Initiatives Bearing Fruit in FY2023/24

All business divisions posted higher net revenue and income before income taxes for the year ended March 2024. While this performance was supported by favorable external factors such as structural changes in Japan and clarity around the end to monetary tightening by western central banks in the second half, we also saw the initiatives we have been working on start to bear fruit.

Wealth Management (formerly Retail) saw unexpectedly quick results from significantly enhancing headcount in the face-to-face business in the spring of 2023, resulting in a surge in total sales. Progress in the shift to an asset management recurring business helped lift income before income taxes to the highest level in eight years.

Investment Management reported record high assets under management of 89 trillion yen with net inflows, achieving its March 2025 KPI target one year ahead of schedule.

In Wholesale, our international business had a challenging first half of the year, but performance started improving in the second half. We are growing our risk light businesses that don’t require too much financial resources. Over the past four years, our International Wealth Management business in Asia ex-Japan and the Middle East has seen client numbers grow by over 1,700 and assets under management have tripled.

Investment Banking was able to leverage its strong client base in Japan and its global franchise to execute a wide range of transactions and book the strongest revenues since the year ended March 2017 when comparisons are possible.

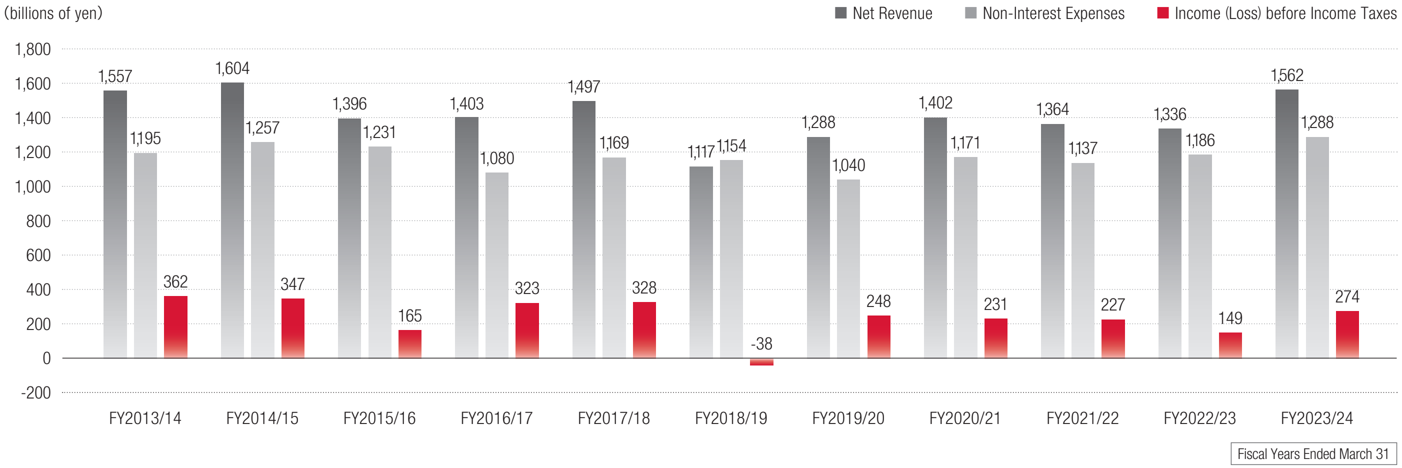
These results didn’t go unnoticed by the ratings agencies. In February 2024, Moody’s changed its outlook for Nomura Holdings and Nomura Securities from negative to stable, citing a gradual improvement in profitability driven by the Wealth Management business and better performance in Wholesale.

That said, Groupwide ROE for the year was 5.1%. Although performance improved each quarter, annualized ROE was still only 6.8% in the fourth quarter, leaving further room for improvement. The main reason for this is that our Wholesale revenue structure in international is reliant on Macro Products, which is easily impacted by changes to the market environment. In addition, our overall cost-to-income ratio remains high.

Our focus now is to swiftly build out a business model that can consistently deliver ROE above our cost of equity. To do this, we have to identify growth areas and steer management resources (financial and human) to these businesses while maintaining stringent control of our cost base.

Our Performance

ROE	8.9%	8.6%	4.9%	8.7%	7.9%	-3.7%	8.2%	5.7%	5.1%	3.1%	5.1%



Turning Progress into Sustainable Growth

We plan to focus on two areas of growth.

First, our stable revenue businesses that delivered results in FY2023/24. These are the recurring revenue businesses in Wealth Management, the business revenue part of Investment Management and the Trust Banking business, an area we are looking to enhance.

In Wealth Management, we will improve client satisfaction and performance by providing asset management services tailored to the individual needs of each client. By doing so, we aim to maximize client assets and expand stable recurring revenue.

High-net-worth clients require banking and lending functions. As Japan transitions to a higher interest rate environment, we are looking to enhance our capabilities to provide loans through Nomura Trust and Banking. Also, by growing our investment trust trustee business, we aim to turn the Trust Banking business centered on Nomura Trust and Banking into one of the Group's core businesses. To facilitate this, we plan to deploy financial resources for this business as required.

By providing high-quality, high value-added services, our Investment Management business is aiming to boost assets under management to 129 trillion yen. Given the trend towards lower fees in managing publicly offered funds, we will focus on building up our alternative product offering to drive profit growth. Here, an inorganic strategy is a key option on the table.

Our second growth area is in Wholesale. Our globally competitive macro business is expected to see an uptick in business opportunities as central banks shift monetary policy. We also plan to increase the share of less volatile businesses (Securitized Products and Equities) and high ROE businesses (International Wealth Management and Investment Banking) to around 70% of Wholesale revenues.

Delivering more consistent revenue requires us to scale up our businesses. To secure the required financial resources to do this, we are taking a self-funding approach in Wholesale using retained earnings.

By introducing this concept, we will achieve more efficient business operations and investment as there will be a heightened focus on the revenue/ modified risk-weighted asset ratio for each business in Wholesale. This will provide an incentive to move financial resources to businesses with higher profitability, in turn raising overall profitability and capital efficiency.

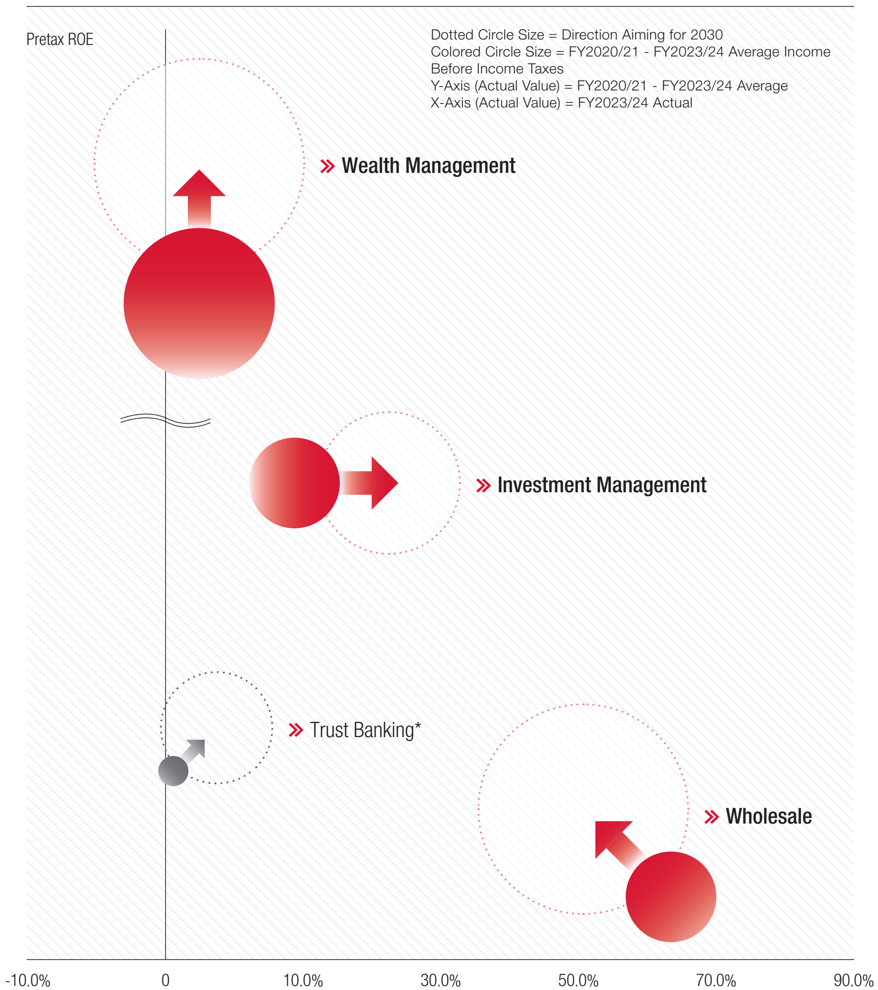
Cost Control and Operating Leverage

While growing revenues by focusing on these growth areas, we will continue to stringently manage our cost base. We have been working to overhaul our high cost structure through groupwide structural reforms since 2023.

We achieved our March 2025 target of reducing costs by 50 billion yen in the year ended March 2024, one year ahead of schedule. We are now working to cut an additional 12 billion yen of costs by rethinking our location strategy and integrating our IT infrastructure and data centers.

In April 2024, I was appointed Chief Transformation Officer in addition to my role as CFO. My mission is to see through these structural reforms by taking a look at groupwide work processes and data flows. As part of this, we will review the setup of our middle and back office functions and further leverage our operations including international regions (including our offshore center in Powai, India).

Business Portfolio



* Trust Banking Figure is FY2023/24.

Reallocating Resources to Boost Capital Efficiency

We expect our business portfolio to change as we head towards 2030.

As of the end of March 2024, we had risk-weighted assets of 19 trillion yen, 64% of which were in Wholesale, 10% in Investment Management, 3% in Wealth Management, 1% in Trust Banking, and 22% in other businesses.

As we pursue an inorganic strategy in Investment Management and deploy additional capital to grow our Trust Banking business, these businesses will account for a higher percentage of Group risk-weighted assets by 2030 if everything progresses as planned.

Wholesale is responsible for originating products for the whole Group and functions as a market maker, both of which require significant financial resources. While we expect business to continue to grow in Wholesale, by adopting the self-funding model we can also expect to see the percentage of risk-weighted assets in Wholesale decline.

The current 13% of financial resources deployed in stable businesses is expected to grow to around 27% by 2030. By appropriately allocating resources to each business and through our capital policy, we aim to increase groupwide ROE and speed up the growth of our stable businesses.

Balancing Investment for Growth and Shareholder Returns

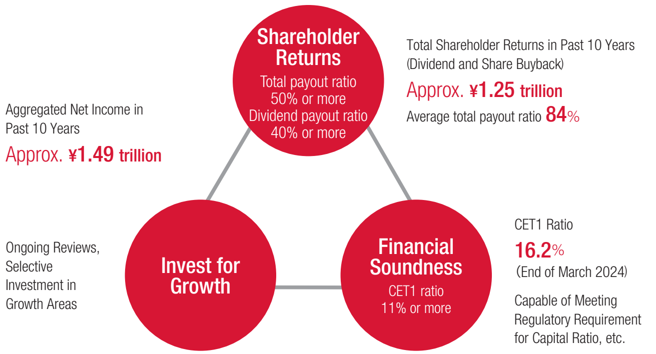
To raise our corporate value in a sustainable way, we must enhance our investments for growth and shareholder returns while maintaining a sound financial position.

We run a global business and this means we have to comply with a complex array of financial regulations. The Basel regulations in particular have a significant impact on our business.

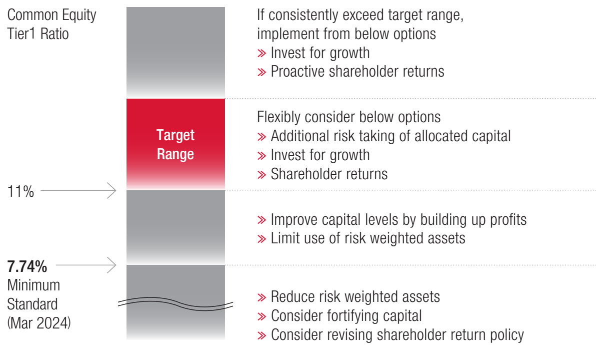
The minimum regulatory requirement for Common Equity Tier 1 capital (CET1) ratio is 7.74%. We have added a buffer to this and are targeting 11% over the medium term. At the end of March 2024, our CET1 ratio was 16.2%. If you include the impact of Basel III finalization due to take effect in March 2025, our CET1 ratio is around 14%. We plan to use the portion of capital above our target of 11% to take addition risk in our existing businesses, invest in growth areas, and deliver returns to shareholders.

We are also considering setting an upper limit to our target CET1 ratio and showing we have appropriate capital levels within our target range in order to enhance financial discipline and improve the predictability of our capital policy. If our capital is consistently above this upper limit, we will choose between investing for growth or returning capital to shareholders.

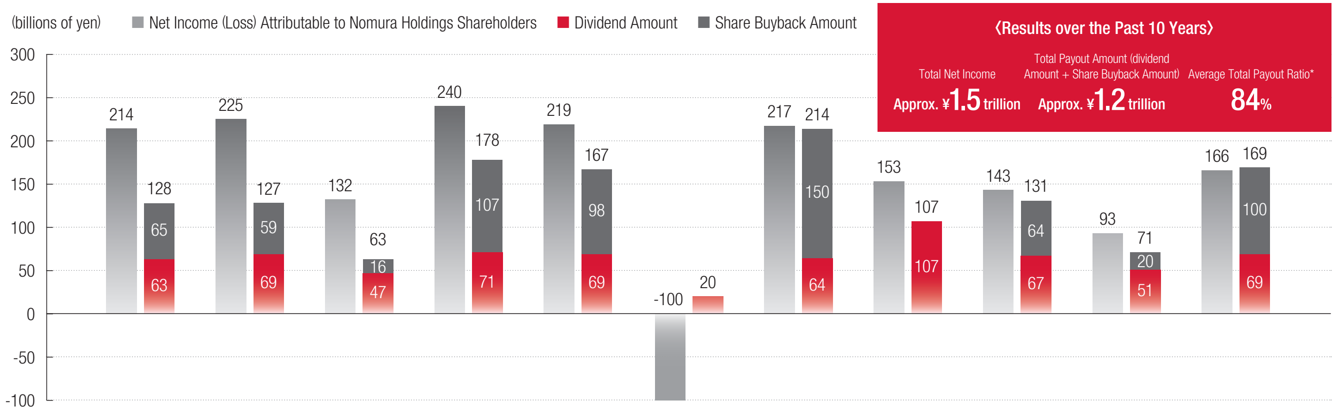
Capital Policy



Capital Management Going Forward (Basel III Final Basis)



Total Shareholder Return



	FY2013/14	FY2014/15	FY2015/16	FY2016/17	FY2017/18	FY2018/19	FY2019/20	FY2020/21	FY2021/22	FY2022/23	FY2023/24
Dividend Ratio	30%	31%	36%	30%	31%	-20%	29%	70%	47%	55%	42%
Total Payout Ratio*	60%	57%	48%	74%	76%	-20%	98%	70%	92%	77%	102%

* Total payout ratio includes allocation to shares to be delivered as stock-based compensation.

Fiscal Years Ended March 31

Communicating with Shareholders to Raise Corporate Value

As part of our efforts to boost our corporate value, we take a strategic approach to investor relations and we are stepping up our engagement with investors and our disclosure of information. We also take the constructive feedback we receive from our stakeholders and share it internally, including with the Board of Directors, to support our management strategy.

In 2024, we have seen a dramatic increase in the number of conversations with investors on the back of the heightened interest in Japan's markets. In June, our Global Head of Investment Banking spoke at our first ever speaker series targeting institutional investors. We also held our third session by the Group CEO for individual investors. We will continue this proactive dialog with investors to reduce information asymmetry and raise our corporate value.

● FY2023/24 Activities

Speaking Opportunities	» Quarterly financial results, biannual strategy updates (Investor Day, Nomura Investment Forum), Sustainability Day, one-on-one meetings (investor relations, shareholder relations), and overseas roadshows. Although not captured in the data below, we also conduct online briefings for individual investors.
Main Speakers	» Group CEO, CFO, Division Heads, Chief Sustainability Officer, Senior Managing Director in charge of Executive Office, Investor Relations Department.
Shareholders and Institutional Investors Communicated with	» Number of engagements: Japan and overseas total of 488, including 260 one-on-one meetings. » Institutional investors were mostly active investors; Mainly analysts, portfolio or fund managers, and proxy voting managers. » Institutional investors by region in order of meeting numbers: Japan, AEJ, Americas, EMEA.
Main Topics of Interest	» Management focus on cost of equity and share price, measures to address PBR below 1. » Details of plan to achieve management target (ROE 8-10%), growth strategy. » Business opportunities amid structural changes in Japan. » Initiatives to lower earnings volatility and improve international business profitability. » Approach to business portfolio, capital policy (appropriate CET1 ratio, growth investment, shareholder returns). » Strengthening corporate governance (composition and effectiveness of Board of Directors).
Feedback to Management and the Board of Directors	» Feedback from investors was compiled after each quarterly results and strategy updates and reported to the Executive Management Board and the Board of Directors, in addition to other important feedback being shared as needed.