

Stepping up to a "Next Stage of Growth"

I am Kentaro Okuda and I have been Group CEO since April 2020.

Since my appointment as the incoming Group CEO in December 2019, I have held a number of honest discussions with the new management team about the future of Nomura Group. These discussions included asking ourselves what Nomura should aim to become, what our clients, shareholders, the markets, and society expect from us, and what is our principal purpose for our stakeholders. The financial industry is regarded as a highly public function that is essential to society, and I believe it will continue to grow and evolve. However, this does not guarantee that Nomura Group will remain a key industry player in the future. Maintaining our position in the industry requires that we continue to adapt to the evolving marketplace. As barriers to entry in the financial industry continue to fall due to the digitalization of financial services, we need to be sensitive to the needs of the market and our clients, and constantly transform ourselves by developing new ideas.

I often reflect on and have spoken about these themes as a business leader and as a Group Co-COO since 2018. Furthermore, as Group CEO, I promote the message that "I want to bring Nomura to a next stage from where we stand now." Some may be a bit surprised by my saying "Let's aim for nonlinear growth," "create unconventional security businesses," and "no need to stick with only financial businesses domain." However we have not yet shared the complete form of "Next Stage of Growth" that we are aiming for at this point and we are still working to finalize some of the details. Through this report I hope to convey as much as possible about major transformation to come and the goals that drive it.

Group CEO

Kentaro Okuda

Management Vision for the 100th Anniversary of Our Foundation

Nomura Group has established this management vision for the year 2025, the 100 year anniversary of its founding. In order to realize this management vision within the next five years, we will promote three core values: "business growth" x "trust from society" x "employee satisfaction".



One component of our management vision is "achieving sustainable growth by helping solve social issues". In order to realize this vision, we need to break away from our existing business model and take forward thinking actions to reach a "Next Stage of Growth."

What social issues should Nomura Group deal with over the next five years? First, investor appetite and demand has broadened in response to the historically low interest rate environment and increasing volatility in financial markets. Second, there is growing interest in Environment, Social, and Governance (ESG) investments as a means of achieving economic growth in harmony with the environment and society. Another major challenge is to increase productivity and add value through digitization.

In facing these issues, we have to overcome some of our own challenges first. In Japan, we are responding to an aging client base due to demographic trends and the accompanying changes in our profit structure. On a global level, we are responding to challenges including increasing need for value-add services, higher productivity and operational efficiency by using digital technologies. Another major challenge is to improve earnings stability and return on capital in our international Wholesale business and improve the capital efficiency of the entire group. It is also essential for us to develop new business areas and diversify revenue streams in order to grow in uncertain market environments.



With recognition of these issues, we will focus on "business growth" as one of the pillars for realizing our management vision. By the fiscal year ending March 2023, we aim to expand existing businesses and improve productivity. At the same time, we will invest in and cultivate new business areas, thereby expanding our company's strategic options. By the fiscal year ending March 2025, five years from now, Nomura aims to expand its core business domain which is not just in the public but also private space to make a leap to a "Next Stage of Growth." The ROE target is set between 8-10%.

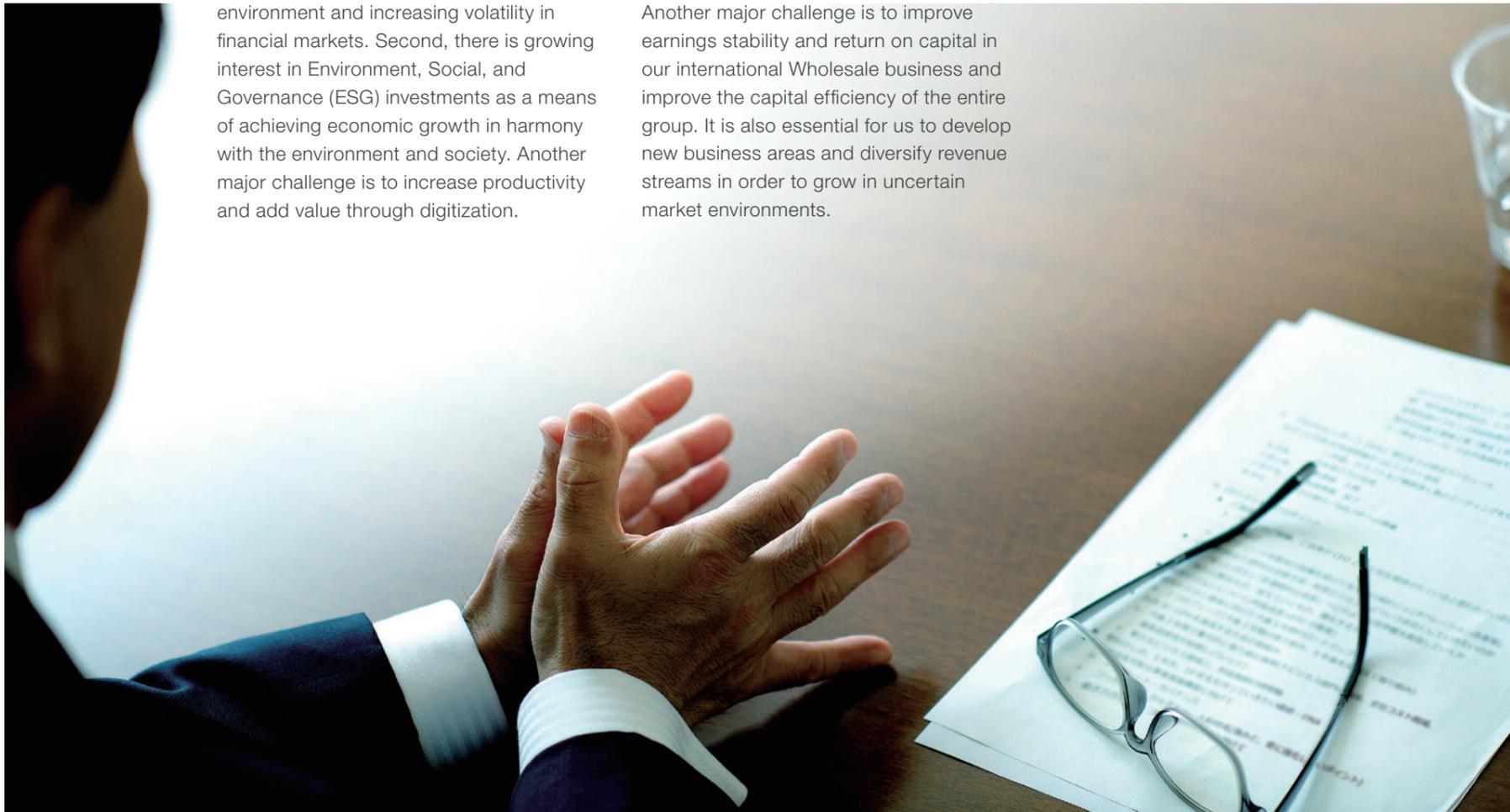
In the first phase of the plan, which proceeds through fiscal 2023, we aim to achieve income before income taxes of ¥280 billion in existing core businesses (¥110 billion in Retail Division, ¥50 billion in Asset Management Division, ¥120 billion in Wholesale Division). Over the next three years, we set KPIs (key performance indicators) for each business division to determine areas of focus, and to monitor how we are progressing toward our goals while

constantly evaluating effective and lagging strategies.

The details of each business division are described in greater depth later in this report. First, in the Retail Division, we will leverage the reviewed channel formation and last year's implementation of digital infrastructure to provide the most suitable services through appropriate channels based on client profiles. By doing so, we will increase the number of active clients by 1.4 times and nearly double consulting related revenues. In addition, we plan to leverage the expertise of the CIO (Chief Investment Office) Group, which we established in July 2020, to provide high value-add asset management services that will lead to the introduction of a new fee model. The Asset Management Division aims to increase assets under management to ¥65 trillion by strengthening its investment capabilities in growth areas such as multi-asset, alternative and ESG investments. We believe the Wholesale Division has improved its profitability and earnings potential following their business portfolio review last year. Over the next three years, our focus is to continue pursuing resource efficiency, prudent risk management, and operational efficiency to increase earnings stability.

At the same time, we will invest in new business areas in order to appropriately respond to social issues and create a foundation for long-term growth. Additionally, three segments profit target of ¥280 billion was set amid significant uncertainties regarding the impact and length of the coronavirus pandemic, and therefore targets could be subject to review in the future. However, we do not intend to significantly change the core strategy or the actions planned to achieve our goal and appreciate the understanding of our stakeholders as we navigate this crisis.

In the second phase of our management plan, which is scheduled for the fiscal year ending March 2025, or five years from now, we aim to properly respond to social issues by providing a comprehensive range of services, from public to private, through the investments we are making going forward. As we pursue business growth, we will maintain our financial soundness while striking the right balance between investment in growth areas and shareholder return.



Expanding our scope of business from "Public" to "Private"

What does it mean to step into "Next Stage of Growth" and expand our business scope from "Public" to "Private" in order to achieve this goal? Since our definition of "Private" includes various meanings, we will explain each of them in the context of three ideas: "products and services" we offer, "client franchise" and "delivery method."

First, with regard to "products and services," we continue to be strong in public markets and financial products such as listed stocks and investment trusts. Going forward, we will also strengthen alternative investment management in the private sector, which includes business assets such as private equity, private debt and infrastructure. In order to meet these needs, we will position the private investment business as one of the Group's growth strategies, expanding the range of products offered to our clients for which fees are paid based on investment performance. This will increase our so-called fee business. We are currently formulating detailed business plans for targeted asset classes, including fund sizes and management teams, which we will elaborate on later.

In terms of products and services in the private side, we will also work on digital assets, a new asset class. A joint venture company established with Nomura Research Institute named "BOOSTRY Co., Ltd." began full-scale operations in November 2019 to undertake upstream financing operations in the digital asset value chain. In March 2020, we provided and underwrote technical infrastructure for the issuance of Japan's first digital asset bonds / digital bonds. In addition, together with Ledger in France and CoinShares in the UK, we launched "Komainu," to offer custodial services, settle accounts and manage digital assets on behalf of institutional investors in the downstream (administration) area of the value chain. The need for digital assets will

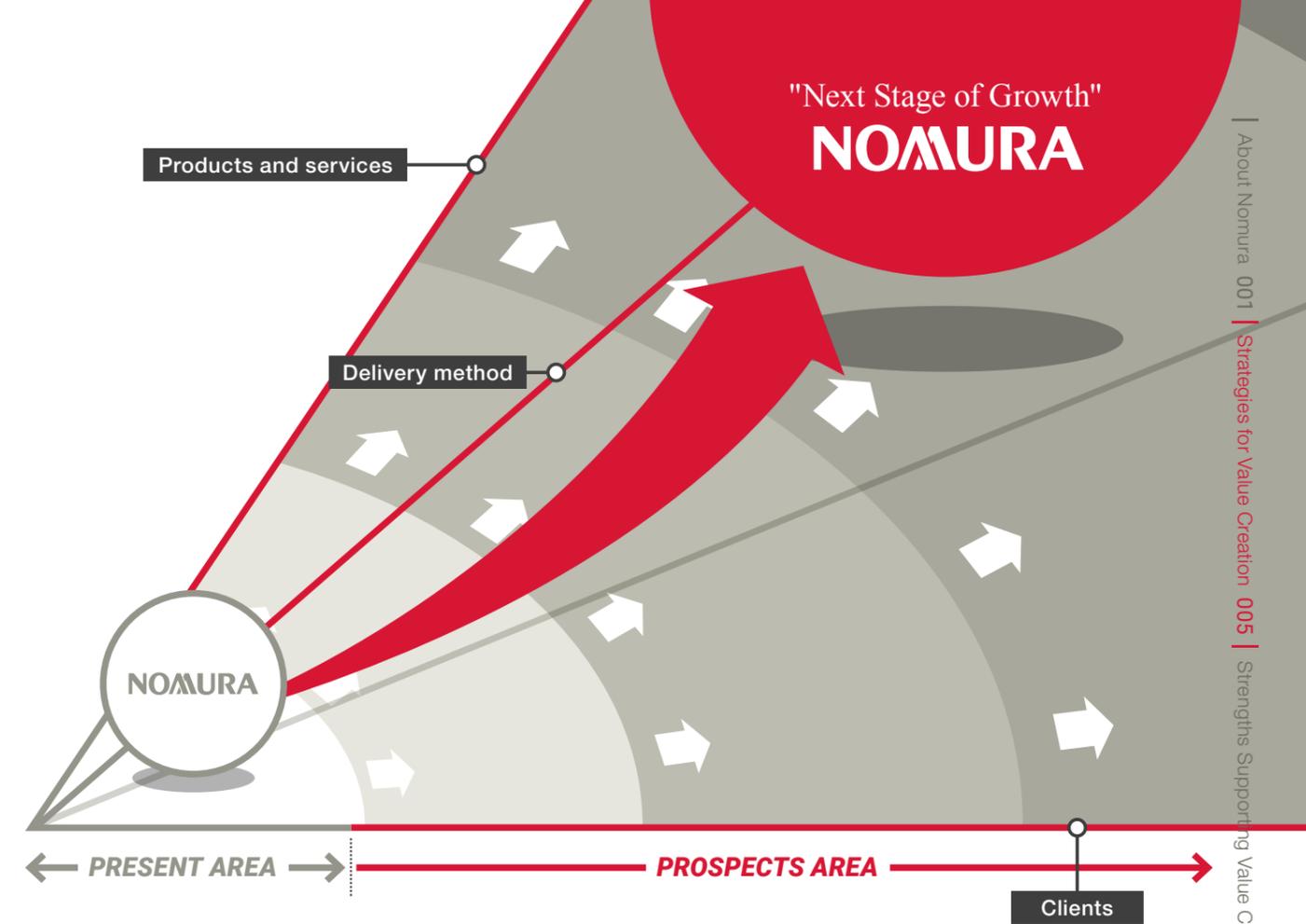
only continue to grow. Our company's involvement in this platform will lead to the creation of new revenue streams.

With regard to the second point, "client franchise," as an example, we will reallocate some of our coverage resources towards unlisted companies such as startups (currently, clients of our Investment Banking business are primarily listed companies, such as issuers). This will contribute to further expansion in this field. Moreover, we will not only provide products to existing investors, but also aim to provide new services by identifying needs through consulting and advisory services.

The third focus point, "delivery method" is to promote the use of digital technologies in addition to providing services based on physical meetings and other high-touch business. This will be implemented, as an additional tool to increase our client orders via online presence. For example, the Retail Division have already moved to a hybrid model where they use data from various interactions to select the appropriate channel services, ideal timing for each client — physical face-to-face, phone, e-mail, or online conferencing. Going forward, we will continue to evolve the delivery of content and other products that we have been providing with the goal of meeting the unique needs and preferences of individual clients. In a way, this can be defined as a private service.

If we can expand these three focus points, we will be able to provide services and solutions that are customized for each client, that is, "private." This tailored "just for you" proposal should lead to truly differentiated competitiveness.

Nomura's research capabilities are amongst our most important management resources, and the content generated by them will play an important role in realizing future growth. For example, reliable research on unlisted companies and



startups with limited public information should provide significant added value to venture capitals and other clients. We will also expand the scope of our consulting business, which goes beyond research to solve our client's challenges together. Furthermore, we recognize that the commercialization of new technologies and the development of new industries are essential for the revitalization of the economy, and our mission is to contribute to solving social and environmental issues.

In order to effectively use our intellectual assets and content, in July of this year, we consolidated and reorganized the Group's research capabilities and established a new organization called "Content Company." Going forward, in addition to providing information, we intend to enhance functionality, adding digital delivery development teams. We will be able to proactively promote business and provide more value with a wider range of points of contact than ever before.

The goal of working toward "Next Stage of Growth" is not to deny the past or create

something from scratch, but to leverage Nomura Group's track record in "public" businesses, relationships with clients, and individual employees' strengths into new areas. In the United States, while Amazon's strength in the e-commerce field is remarkable, Wal-Mart, which combines digital and physical outlets, is growing again in both spaces. In China, Ping An Insurance is expanding its business domain beyond insurance by utilizing insurance salespeople as a channel to promote digital transformation, integrating interpersonal sales (high-touch) and digital dialogue (high-tech), and introducing doctors and supporting health management. While we rely on digital services as much as possible, our employees need to continue raising their abilities for face-to-face high-touch consulting and advisory so that they can be fully recognized as a trusted consultant for our clients. We are confident that we will be able to further increase our growth potential by maintaining the face-to-face aspect as a core while still moving away from the narrowly-defined scope of securities business.



ESG as the pillars of Management Vision

In addition to the "business growth", our management vision incorporates ESG elements to achieve "trust from society" and "employee satisfaction". After my appointment as Group CEO, I listened to opinions from people outside the company, and noticed some have felt that "Nomura is becoming less functioning to serve broader society than before." Even before that, our clients often brought up ESG in conversation, and I realized that the world was changing. In addition to climate change, large-scale natural disasters, widening social disparities, and the crisis caused by coronavirus further reveal distortions in the economy and society, where we will be required to make more effort to build a sustainable world.

Under these circumstances, we will reform the Group to reach the next level and to achieve nonlinear growth, while maintaining our core mission of "contributing to the creation of a truly affluent society through financial and capital markets." I would also like to strengthen our vision through expanding ESG capabilities in line with changes taking place during our times. In addition to the securities business, which is our specialty, there are many other things that we can do to help our society and community as we aim to transform and

advance our business. When I speak with junior employees, I find that they appreciate and value the fact that their work contributes to society and are proud to serve their company with these priorities.

In order to strengthen ESG management, I chair the ESG Committee, which is now aligned with members of the Executive Management Board to create a framework for the strategic promotion of ESG within the highest decision-making body at the executive level. In addition, four subcommittees were established under the ESG Committee: (1) "Wholesale Sustainability Forum" to plan business opportunities and strategies for sustainable finance; (2) "Climate Risk Working Group" to analyze scenarios of climate change risks and conduct stress testing; (3) "Working Group on Environmental Activities" to promote Nomura Group's efforts to reduce environmental impact; and (4) "TCFD Working Group" for the Task Force on Climate-related Financial Disclosures (TCFD). In addition, the "Nomura Group's top management materiality which was identified in last year's comprehensive review of management issues and existing ESG issues, is being reviewed in accordance with the Management Vision.



"Trust from society" included as an element of our management vision has several key considerations. The first step is to increase client satisfaction by providing the best services and solutions to meet the needs and challenges faced by individual clients. Through our core businesses, we would like to contribute even more to the realization of a sustainable society, including the achievement of the goals of the SDGs and the Paris Agreement. To this end, we listed sustainable finance, including green bonds, and Nomura Asset Management's sustainable investment ratio as KPIs.

Meeting these social needs will lead to the growth of our business. In April 2020, Nomura completed its acquisition of U.S. M&A boutique Greentech Capital Advisors. Greentech is a leader in the sustainable technology and infrastructure sector M&A advisory space. Through this acquisition, we combine Greentech's expertise and knowledge with our global network and expertise in the solutions business to provide value-add services and contribute to sustainable growth with consideration of the global environment.

The trend in society to increase productivity and add value through digitization is expected to accelerate in the future. While many companies are exploring new growth strategies in light of the major structural changes in society caused by the coronavirus pandemic, there is still a need for responding social and economic

expansion and investment, especially in new digital fields. These are areas in which our comprehensive strengths can be utilized, and we will work to strengthen our responsiveness with urgency in order to support our clients' growth strategies and their efforts to improve corporate value.

Our vision to maintain the "Trust from Society" and efforts to maintain trust in Nomura Group is also an important issue. In May 2019, an inappropriate communication concerning a review of market segmentation of the Tokyo Stock Exchange caused considerable inconvenience to our clients and other stakeholders. We established the Nomura Group Code of Conduct in December 2019 so that every employee can translate the shared values of "challenge," "collaboration" and "good faith" into action, keeping in mind that it is our social mission to contribute to the development of healthy capital markets. We have also established the Nomura Group Corporate Conduct Committee directly under the Executive Management Board to instill the Code of Conduct in our employees and foster ethical corporate culture. The Code of Conduct represents our commitment to our stakeholders. As society changes drastically, it is important to understand the needs of society and to be accountable to a wide range of stakeholders, including clients and investors. Holding ourselves accountable leads to increased trust. At the same time, we want to develop a company that employees are proud to work for and deepen our dialogue with stakeholders. There is no end to these efforts, but I will take the lead and work to continually improve our discipline as an organization.



To be a company that employees are proud to work for



Our job is to provide clients with value-add services. The most important of these is the three S's; "Skills," "Speed" and "Spirit". "Skills" means to continue to refine expertise and improve professionalism in order to be selected by clients. The next S is "Speed" which requires quick response to clients, keeping an eye on the changing world, and being capable of taking the lead. "Spirit" is our DNA, our founding spirit of contributing to society through our business. Nomura has always endeavored to be the first in new frontiers. I want to keep this spirit unchanged. Contributing solutions to environmental and social issues is appreciated by our clients, society, and the world. We have included "employee satisfaction" as the third element of our management vision, with the aim of creating a company where employees are excited and proud to work for a company that is cherished by their family and friends, and those closest to them.

Nomura has a large platform with approximately 27,000 employees worldwide. There are about 16,000 and 11,000 employees in Japan and overseas with backgrounds diversified across 90 nationalities. Each and every employee is our greatest asset. We believe that "diversity" regardless of gender, nationality or age will become even more important as we evolve into a "Next Stage of Growth." Under the new management structure introduced in April 2020, a key executive in charge of corporate finance transitioned from Investment Banking to become the director in charge of Wealth Management in Retail Division, and an executive in charge of Fixed Income moved to Investment Banking. I felt that if someone who knows investors moves to the issuer side, they will be able to do something that they have not been able to do before, especially in the private space.

Half of the newly appointed 12 executive officers came to Nomura after working outside our company. We believe their various backgrounds can create synergies with different areas of the Group, and therefore contribute toward our goal of responding to changes in society and complicated clients' needs.

In closing

Finally, the coronavirus as an invisible threat changed our lifestyle completely. It reminded us that tomorrow is not just an extension of today. There is no guarantee that people's lives and ways of thinking will remain the same after things settle down. That is why we should not be bound by conventional ideas, and look to move towards our "Next Stage of Growth" with thoughtful ideas about future business. We have to change ourselves. We will continue to take on new challenges. In this spirit, we will continue to make every effort to enhance our corporate value.



Kentaro Okuda is currently President and Group CEO of Nomura Holdings. Prior to becoming Group CEO in April 2020, he served as Group Co-CEO of Nomura Holdings from April 2018. He concurrently served as President and Chief Executive Officer of Nomura Holdings America, a position he held from 2017 to 2019, together with his role as Head of Americas. He joined Nomura in 1987. During his career at Nomura, he has held a number of senior positions with the firm, mainly within the Wholesale / Investment Banking business, including Global Head of Investment Banking, Joint Head of Wholesale and Global Head of M&A. He also has management experience within corporate functions, having served as Head of Group Strategy and Executive Office, where he was responsible for developing and implementing the group's corporate strategy.