Investor Day

Go Sugiyama
Head of Retail
Nomura Holdings, Inc.

May 17, 2022
Addressing social issues

FY2024/25 management vision
Achieve sustainable growth by helping resolve social issues

Drive the overriding shift of funds in Japan from savings to investments

Trend (2000 – 2021)¹ and composition (as of Dec. 2021)¹ of Japan and US household financial assets

Urgent issues facing clients

Extending life of assets in age of 100-year lifespans

Asset planning to adapt to inflation and changing market environment

Promote securities investment across all of society to protect assets of more clients and contribute to expansion of capital markets

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1. Nomura, based on Bank of Japan and Federal Reserve Board data; As of December 2021; US household financial assets converted end December 2021 exchange rate ($1 = Y115.12).
2. Includes equities, bonds, investment trusts, etc.
3. Includes insurance, others.
Business model transformation

- Aiming to grow by shifting to asset consulting business
- Successfully grown recurring revenue assets and strengthened solutions in each segment, but still facing challenges in growing client base

Growth in recurring revenue business

<table>
<thead>
<tr>
<th>(trillions of yen)</th>
<th>(billions of yen)</th>
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</thead>
<tbody>
<tr>
<td>Recurring revenue assets and recurring revenue</td>
<td></td>
</tr>
<tr>
<td>FY2019/20</td>
<td>99.8</td>
</tr>
<tr>
<td>FY2020/21</td>
<td>106.4</td>
</tr>
<tr>
<td>FY2021/22</td>
<td>130.7</td>
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Consulting business and number of active clients

<table>
<thead>
<tr>
<th>(billions of yen)</th>
<th>Consulting related revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2019/20</td>
<td>14.8</td>
</tr>
<tr>
<td>FY2020/21</td>
<td>13.4</td>
</tr>
<tr>
<td>FY2021/22</td>
<td>16.7</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(1,000)</th>
<th>Number of active clients</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2019/20</td>
<td>1,071</td>
</tr>
<tr>
<td>FY2020/21</td>
<td>1,019</td>
</tr>
<tr>
<td>FY2021/22</td>
<td>1,009</td>
</tr>
</tbody>
</table>

1. Figures up to FY2021/22 have been reclassified following a revision to the scope of recurring revenue in April 2022.

Progress in shift to recurring revenue business
Annual recurring revenue above Y130bn\(^1\)

Offering broad range of solutions, but challenges remain in terms of number of clients services provided to
Win client trust and increase client touchpoints to achieve sustainable growth

FY2024/25 numerical targets

<table>
<thead>
<tr>
<th>Income before income taxes (KGI)</th>
<th>Recurring revenue¹</th>
<th>Flow revenue²</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2021/22 (actual)</td>
<td>59.2</td>
<td></td>
</tr>
<tr>
<td>FY2022/23</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY2023/24</td>
<td></td>
<td></td>
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<tr>
<td>FY2024/25</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>KPIs to achieve KGI</th>
<th>FY2021/22/Mar (actual)</th>
<th>FY2024/25/Mar (KGI)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recurring revenue assets</td>
<td>Y19.6trn</td>
<td>Y25.8trn</td>
</tr>
<tr>
<td>Net inflows of recurring revenue assets</td>
<td>NEW Y477.2bn</td>
<td>Y1,400bn</td>
</tr>
<tr>
<td>Flow business clients</td>
<td>NEW 1.51m</td>
<td>1.6m</td>
</tr>
<tr>
<td>Services for salaried employees</td>
<td>NEW 3.36m</td>
<td>3.66m</td>
</tr>
</tbody>
</table>

Strategic key points

1. Enhance segment businesses
   - Segment strategy moving with speed under executive officers in charge of each segment
   - Improve productivity in each segment
   - Grow client franchise by strengthening salaried employee business

2. Digital strategy
   - Step up digital marketing
   - Improve sales Partner productivity via digital tools
   - Provide added value from fully digital services

3. Alliance strategy
   - Grow client base and recurring revenue assets through alliances with regional banks

Change revenue mix
Improve profitability

1. Total of revenue from businesses that generate consistently stable revenues and revenues from AuM.
2. Total of brokerage revenue and consulting-related revenue.
FY2024/25 KPIs

Monitoring strategy to ensure sustainable growth

Second stage of business design

- Strengthen segments
- Digital strategy
- Alliance strategy

Solve client issues

- Medium to long-term asset formation
  Asset management support
- Products and solutions matched to client needs
- Support asset formation through services for salaried employees

KPIs

- Recurring revenue assets
  - Total value of assets that generate revenues from AuM such as investment trusts, discretionary investments, level fee, loans, etc.

- Net inflows of recurring revenue assets
  - Value of net inflows of recurring revenue assets in one year

- Flow business client numbers
  - Number of clients provided with flow business\(^1\) in fiscal year

- Number of services for salaried employees
  - Number of services provided related to salaried employees\(^2\)

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1. Businesses that generate flow revenues.
2. Total of ESOP, corporate DC plan subscribers, restricted stock accounts, workplace NISA, workplace iDeCo, and accounts originating as ESOP (some overlap).
Overview of future business approach

### Current clients
- **Diverse needs**
  - Large
  - Small

### Salaried employees/new clients
- **Diverse needs**
  - Large
  - Small

#### Individuals (excl. company owners)
- Asset builders
- Retirees
- Seniors
- Mass affluent/Mass retail (People + Digital)
- High net worth

#### Companies/Owners
- Companies/Owners

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### Increase client touchpoints
- **Enhance services for salaried employees**
- **Work with Digital Company to enhance marketing, increase fully digital services**
- **Pursue alliance strategy**

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### Approaches to new clients
- Next generation HNW and mass affluent
- Services for salaried employees
- Increase touchpoints via digital marketing

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### Strengthen segment approach
- Appointed executive officers to oversee each segment, clarifying commitment to business strategy and profitability for each segment
- Reassign sales Partners to high value added services
- Proactive use of digital to improve client convenience and boost efficiency

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### Enhance segment business

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### Digital Strategy

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### Alliance strategy
**Segment businesses**

- Newly appointed executive officers to oversee segments and strengthen segment businesses
- Monitor profitability of each segment and remain flexible in planning and executing strategy

### Strengthen segment businesses

<table>
<thead>
<tr>
<th>Executive Officers to oversee branch office management</th>
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</thead>
<tbody>
<tr>
<td>Wealth Management Companies/Owners</td>
</tr>
<tr>
<td>High net worth individuals</td>
</tr>
<tr>
<td>Mass affluent, mass retail</td>
</tr>
</tbody>
</table>

- Sales Partners with high level of expertise to handle complex needs including managing shares of companies and owners
- Develop customized products for ultra high net worth clients
- Headquarter support dedicated to highly specialized solutions

- Sales Partners with high level of expertise to handle asset management needs of high net worth clients
- Provide products matched to market environment and HNWIs and seniors
- Strengthen solutions to meet various needs including combating inflation, managing surplus funds, utilizing real estate, inheritance, etc.

- Enhance organization for providing asset building, life planning, inheritance/succession services to mass affluent clients
- Boost added value via digital services and apps, increase client touchpoints
- Increase fully digital services

**Increase market share in each client segment**

**Boost profitability by providing higher value added services**

**Increase recurring revenue assets**

**Grow flow revenues**

**Expand quantity of client services**

**Increase recurring revenue assets**

**Significantly grow client franchise**

**Increase recurring revenue assets**
Strengthening business for salaried employees

- By increasing touchpoints for services for salaried employees, we will build long-term relationships with our clients into retirement

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**Approach corporations**
- Listed companies
- Civil service/Tiered corporations, etc.

**Approach individual clients through services for salaried employees**
- Asset builders
- Around retirement
- Seniors

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**Life Plan Services Group**
- Wealth Management, companies/owners
- Investment Banking

- Increase ESOP/DC mandates

- Increase added value of services
  - Build relationship
  - Asset consulting
  - Enhance support for asset management

**Yutoritaia**
(Sales Partners in charge of clients around retirement)

**Mass affluent HNWIs**
Wealth Management, companies/owners

**Contact centers**
(remote consulting partners, remote inside partners)

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**Number of services for salaried employees**

Win new clients through services for salaried employees and grow Retail services over medium to long term

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1. Total of ESOP, corporate DC plan subscribers, restricted stock accounts, workplace NISA, workplace iDeCo, and accounts originating as ESOP (some overlap).
Work with Digital Company to implement Retail digital strategy

Implementing digital strategy

- Digital Company executive officer serves concurrently overseeing Retail marketing

Three apps to support customer journey

Accurate data anytime, anywhere

One-stop-shop of functions needed for investing

Understand your assets, know your next step

Enhanced digital marketing/Increased sales Partner productivity

Client behavior

- Curious about investing
- Research
- Open account/transaction
- Active transactions

Sales Partners

- Advertising/PR
- Provide investment information for beginners via website and apps
- Increase fully digital services for information on assets and investing to improve sales, Partner productivity, and grow profitability of each segment
- Increase fully digital services to raise transaction volume
- Increase applications from digital touchpoints to account opening: Smooth support from account opening to first transaction

Increase transactions by digitalizing customer journey

Use digital tools to raise productivity of sales Partners

- Ensure smooth journey for new clients to manage securities investments
- Focus on next generation investors and mass affluent to offer new approach of services combining fully digital and people plus digital
Forge alliances with regional financial institutions to deliver high value-added services to more clients
Contribute to regional development and improved financial literacy while bringing in assets to steadily increase client franchise

Alliance strategy

- Sales Partner expertise
- Asset consulting infrastructure
  - Asset planning
  - NOMURA Navigation
- Deep relationships of trust with clients
- Extensive branch networks
- Sales Partner expertise
- Asset consulting infrastructure

Regional financial institutions

Alliances

Creating synergies and helping clients solve issues

Also signed MOU with Oita Bank

Existing Nomura Group client base

Regional financial institution client base

Leverage respective strengths to deliver high value-added services to more clients

Grow client franchise

(100 million yen)

<table>
<thead>
<tr>
<th></th>
<th>Client assets</th>
<th>Recurring revenue assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2021/22</td>
<td>Y1.4tn</td>
<td>Y1.8tn</td>
</tr>
<tr>
<td>Medium-term target</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20,000</td>
<td></td>
<td></td>
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Net inflows of cash and securities

FY2021/22

- Y100bn
- Y84bn

Continue to grow assets focusing on recurring revenue assets

Solve regional client issues to expand client franchise

1. Total for San-In Godo bank and Awa Bank.
Business expansion to drive revenue growth

- We aim to increase revenues by shifting to asset consulting business and expanding our client franchise
- Grow recurring revenues by focusing on recurring businesses, while maintaining flow revenues at current levels by increasing client numbers

Retail revenues: Implement initiatives to grow revenues and ensure more stable revenue mix

<table>
<thead>
<tr>
<th>(billions of yen)</th>
<th>FY2021/22 (actual)</th>
<th>FY2024/25 (estimate)</th>
</tr>
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<tbody>
<tr>
<td>Retail revenues</td>
<td>130.7</td>
<td>390</td>
</tr>
<tr>
<td>Flow revenues</td>
<td>197.3</td>
<td></td>
</tr>
<tr>
<td>Recurring revenues</td>
<td>328.0</td>
<td></td>
</tr>
</tbody>
</table>

Key points

- **Win client trust**
  - Shift to recurring businesses
  - Enhance segment approaches
- **Increase client touchpoints**
  - Leverage digital tools
  - Pursue alliance strategy

Flow revenues

- Revenue from transactions (brokerage revenues, consulting revenues, etc.)
- Increase number of flow business clients
  - Leverage digital tools to improve sales Partner productivity
- Improve total sales, increase consulting proposals
  - Provide expert consulting solutions and product marketing in each segment

Recurring revenues

- Revenue from AuM
  - Revenues generated continuously (Redefined in April 2022)
- Grow recurring revenue businesses
  - Full implementation of level fee structure for HNWIs; Grow AuM fee business including discretionary investments to over Y10trn in medium to long term
- Increase salaried employee service by 290,000 clients
  - Seamless services for ESOP from joining to retirement
  - Invest in IT systems to improve usability for members and subscribers
- Increase loan-related business

1. Figures up to FY2021/22 have been reclassified following a revision to the scope of recurring revenue in April 2022.
Cost strategy

- Completed Y30bn cost reduction program in FY2020/21 one year ahead of schedule, bringing Retail expenses to below Y280bn
- Continue to control costs while investing in digital; Grow revenues to F2024/25 while restraining expenses

Retail expenses and recurring revenue cost coverage ratio

<table>
<thead>
<tr>
<th>(billions of yen)</th>
<th>Expenses</th>
<th>Recurring revenue cost coverage ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2017/18</td>
<td>309.8</td>
<td></td>
</tr>
<tr>
<td>FY2018/19</td>
<td>290.0</td>
<td></td>
</tr>
<tr>
<td>FY2019/20</td>
<td>286.9</td>
<td>35%</td>
</tr>
<tr>
<td>FY2020/21</td>
<td>276.5</td>
<td>38%</td>
</tr>
<tr>
<td>FY2021/22</td>
<td>268.7</td>
<td>49%</td>
</tr>
<tr>
<td>FY2024/25 Target</td>
<td></td>
<td>Approx. 70%</td>
</tr>
</tbody>
</table>

- Branch office integrations part of Retail transformation
- Business system integration
- Paperless and other process efficiencies
- Headcount reductions from greater efficiencies and productivity

- Growth investment to combine people and digital (Y10bn annually)
- Continued cost control with expenses to decline compared to FY2021/22
  - Drive further efficiencies by digitalizing processes
  - Stringent management of segment profitability, move to appropriate cost structure for each segment
  - Focus on pay for performance to compensate in line with revenues
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