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NOMURA

Half Year Report for the 118th Fiscal Year

(From April 1, 2021 to September 30, 2021)

Nomura Holdings, Inc.

Dear shareholders,

I would like to express my sincerest gratitude for your continued support.

I am pleased to report our financial results for the first half of the 118th fiscal year.

During the period, our investment management business gained traction in private markets, booking strong gains on the listing of an investee company. We reported record high assets under management in Investment Management of 67.8 trillion yen, and we saw continued global inflows. In addition, assets under management in our international and alternative investment businesses showed steady growth.

Our Retail Division reported client assets of 128.7 trillion yen, a record high underpinned by a resilient performance driven by continued growth in recurring revenue assets and recurring revenue.

Investment Banking revenues remained strong driven by growth in our sustainability-related business and cross-border mandates.

Nomura declared a dividend per share of 8 yen for shareholders of record as of September 30, 2021.

We will continue to strengthen our client businesses to drive further revenue growth. We remain committed to enhancing risk management and delivering sustainable growth

Thank you very much once again for your support.

Kentaro Okuda
President and Group CEO
Nomura Holdings, Inc.

November 2021

Overview of Consolidated Operating Results for the First Half of the Fiscal Year (April 1, 2021 through September 30, 2021)

(Billions of yen)

	Three months ended June 30, 2021	Three months ended September 30, 2021	Six months ended September 30, 2021
Net revenue	353.3	318.9	672.1
Income before income taxes	78.5	18.5	97.0
Net income attributable to NHI shareholders	48.5	3.2	51.7

Note: Rounded to the nearest hundred million yen.

Key Points

- In the first quarter, income before income taxes from our three core businesses of 35.6 billion yen and Segment Other, which included realized gains booked from the sale of an equity stake in an affiliate, contributed to firmwide income before income taxes of 78.5 billion yen. The newly established Investment Management division supported overall performance as efforts to strategically enhance services in private markets, strengthen the asset management advisory functions and enhance sustainability-related businesses yielded results.
- In the second quarter, improved performance in Wholesale contributed to income before income taxes from our three core businesses of 57.0 billion yen. Segment Other performance deteriorated, primarily as a result of booking a provision (approximately 39.0 billion yen) related to legacy transactions in the Americas prior to the global financial crisis (of 2007–2008). As a result, firmwide income before income taxes was 18.5 billion yen.
- First-half three segment income before income taxes was 92.6 billion yen, contributing to firmwide income before income taxes of 97.0 billion yen. The Investment Management business gained traction in private markets, booking strong gains on the listing of an investee company. Assets under management reached a record high of 67.8 trillion yen underpinned by continued global inflows. Retail delivered a resilient performance marked by record high client assets of 128.7 trillion yen and continued growth in recurring revenue assets and recurring revenue. In Wholesale, Investment Banking revenues remained strong driven by cross-border mandates and growth in our sustainability-related business.

Retail

(Billions of yen)

	Three months ended June 30, 2021	Three months ended September 30, 2021	Six months ended September 30, 2021
Net revenue	85.0	85.2	170.2
Income before income taxes	19.0	17.0	36.0

- In Retail, first quarter net revenue declined compared with the prior quarter, as fears of another wave of the pandemic and increased market volatility led to fewer sales of stocks and investment trusts. Despite this, Retail delivered a resilient performance as expenses remained low.
- In the second quarter, Retail net revenue was largely unchanged from the first quarter despite a further decline in sales of stocks and investment trusts. This performance was underpinned by record high recurring revenue assets on the back of inflows into investment trusts and discretionary investments, and record high recurring revenue, contributing to stable revenues.
- Recurring revenue assets, which saw net declines in the previous year, reported monthly net inflows during the first half. As a result of efforts to enhance the expertise of Sales partners through our channel realignment initiatives in 2019, Retail is well-positioned to provide a wide range of services including annuities, M&A, and real-estate. We reported the highest first-half revenue from services other than financial asset management services since we undertook the channel realignment.

Investment Management

(Billions of yen)

	Three months ended June 30, 2021	Three months ended September 30, 2021	Six months ended September 30, 2021
Net revenue	63.5	34.3	97.8
Income before income taxes	44.9	15.0	59.9

- In the first quarter, assets under management increased driven by inflows. Investment gain/loss grew significantly on the back of realized and unrealized gains due to a Nomura Capital Partners investee company listing and contribution from American Century Investments-related gain/loss.
- Although management fees increased in the second quarter, the division saw a quarter-on-quarter decline in both net revenue and income before income taxes due to the absence of the investment gain/loss reported in the first quarter. Assets under management in Investment Management reached a record high driven by market factors and inflows into Nomura Asset Management's investment trust, investment advisory, and international businesses.
- The investment trust business reported growth in assets under management driven by continued inflows into defined contribution (DC) funds and ETFs, and inflows into channels such as regional banks and megabanks. In the investment advisory business, Japan booked inflows from public pension fund to domestic bonds. Internationally, funds flowed into products such as unconstrained bond fund and high-yield bonds.

Wholesale

(Billions of yen)

	Three months ended June 30, 2021	Three months ended September 30, 2021	Six months ended September 30, 2021
Net revenue	132.8	172.7	305.4
Income before income taxes	-28.4	25.0	-3.4

- In the first quarter, Wholesale reported an additional loss of 65.4 billion yen arising from transactions with a US client (of which, 56.1 billion yen was booked as trading loss in Equities and 9.3 billion yen was recognized in expenses as loan-loss provision). Excluding this trading loss, Global Markets net revenue, was down 8 percent compared with the prior quarter. This included lower Equities revenues while Fixed Income booked stronger revenues driven by spread products such as Credit and Securitized Products. Investment Banking net revenue remained strong for the third straight quarter driven by contributions from the M&A business, while ECM and DCM performance was robust.
- In the second quarter, Wholesale performance improved quarter on quarter as the additional loss booked in the first quarter in relation to transactions with a US client was not present. Global Markets net revenue excluding the trading loss was down 11 percent from the first quarter. Fixed Income revenues slowed primarily in Rates, while Equities reported higher revenues quarter on quarter. Investment Banking net revenue remained strong for the fourth straight quarter underpinned by contributions from M&A business and ECM.

Global Markets

- Fixed Income booked stronger revenues in the first quarter, driven by Japan and the Americas. Equities performance slowed due to a decline in trading volume and lower volatility, combined with the continued booking of a loss in relation to transactions with a US client (in the first quarter 56.1 billion yen was booked, compared with 204.2 billion yen in the prior quarter). In Fixed Income, spread products such as Credit and Securitized Products drove overall performance underpinned by increased client flows, despite a slowdown in FX and Emerging Markets. In Equities, Derivatives was resilient in the Americas, but slowed from the prior quarter when Japan and AEJ delivered strong revenues. Cash revenues also declined quarter on quarter.
- In the second quarter, Fixed Income revenues declined in products such as Rates, and FX and Emerging Markets, as a result of macro uncertainty and muted client activity, although Credit delivered a robust performance. In Equities, the loss arising from transactions with a US client recorded in the prior quarter was no longer present, and Japan and AEJ contributed to higher revenues.

Investment Banking

- In the first quarter, M&A revenues remained solid driven by cross-border and sustainability-related deals, resulting in the highest first-quarter revenues since the fiscal year ended March 2013 when comparisons became possible. Revenues from ECM and DCM continued to grow as we supported the diverse financing needs of our clients including ESG bonds, and saw momentum in winning mandates from strategic alliances.
- In the second quarter, Investment Banking maintained strong momentum for the fourth straight quarter, resulting in the strongest second-quarter revenues since the fiscal year ended March 2017 when comparisons became possible. Revenues were driven by M&A on the back of cross-border mandates and growth in sustainability-related business. ECM also had a strong quarter as several global transactions were executed and the Solutions business supported various client financing needs.