SIXTH SUPPLEMENT DATED 12 AUGUST 2024 TO THE BASE PROSPECTUS DATED 27 SEPTEMBER 2023

NOMURA

NOMURA BANK INTERNATIONAL PLC

USD5,300,000,000

NOTE, WARRANT AND CERTIFICATE PROGRAMME

This supplement (the **Supplement**) to the Base Prospectus (the **Base Prospectus**) dated 27 September 2023, as previously supplemented by a supplement dated 24 November 2023 (the **First Supplement**), a supplement dated 11 January 2024 (the **Second Supplement**), a supplement dated 16 February 2024 (the **Third Supplement**), a supplement dated 14 March 2024 (the **Fourth Supplement**) and a supplement dated 10 June 2024 (the **Fifth Supplement**, and together with the First Supplement, the Second Supplement, the Third Supplement and the Fourth Supplement, the **Prior Supplements**), which comprises a base prospectus for the purposes of the Prospectus Regulation, constitutes a supplement to the Base Prospectus for the purposes of (i) Article 23(1) of the Prospectus Regulation and (ii) Part IV of the Luxembourg Act dated 16 July 2019 relating to prospectuses for securities (the **Prospectus Act**) and is prepared in connection with the Note, Warrant and Certificate Programme (the **Programme**) of Nomura Bank International plc (the **Issuer**). The Base Prospectus also constitutes "listing particulars" for the purposes of listing on the Global Exchange Market and, for such purposes, does not constitute a "prospectus" for the purposes of the Prospectus Regulation. For the purpose of such "listing particulars" this Supplement constitutes "supplementary listing particulars". Terms defined in the Base Prospectus, have the same meaning when used in this Supplement. When used in this Supplement, **Prospectus Regulation** means Regulation (EU) 2017/1129.

This Supplement is supplemental to and should be read in conjunction with the Base Prospectus and the Prior Supplements.

This Supplement has been approved by the Central Bank of Ireland (the **Central Bank**), as Irish competent authority under the Prospectus Regulation. The Central Bank only approves this Supplement as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the Central Bank should not be considered as an endorsement of the Issuer or Guarantor or the quality of the Securities. Investors should make their own assessment as to the suitability of investing in the Securities. Such approval relates only to the Non-Exempt Securities which are to be admitted to trading on the regulated market of the Irish Stock Exchange plc trading as Euronext Dublin (**Euronext Dublin**) or other regulated markets for the purposes of the Markets in Financial Instruments Directive (Directive 2014/65/EU as amended) or which are to be offered to the public in a Member State of the European Economic Area. This Supplement has also been approved as supplementary listing particulars by Euronext Dublin. This Supplement has also been approved by the Luxembourg Stock Exchange under Part IV of the Prospectus Act.

Each of the Issuer, Nomura Holdings, Inc. (the **NHI Guarantor**), Nomura Securities Co., Ltd. (the **NSC Guarantor**) and in the case of exempt securities only, Nomura International (Hong Kong) Limited (the **NIHK Guarantor** and, together with the NHI Guarantor and the NSC Guarantor, the **Guarantors**, and each a **Guarantor**) accepts responsibility for the information contained in this Supplement. To the best of the knowledge of each of the Issuer and the Guarantors, the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

1. PURPOSE OF THIS SUPPLEMENT

The Issuer has recently published its annual report for the year ended 31 March 2024 (the **Issuer's Annual Report**).

The NHI Guarantor has recently published (i) a United States Securities and Exchange Commission Form 20-F filing dated 26 June 2024 for the financial year ended 31 March 2024 (the **NHI Guarantor's Form 20-F**) and (ii) a United States Securities and Exchange Commission Form 6-K filing dated 30 July 2024 of an English translation of the NHI Guarantor's unaudited financial summary for the three months ended 30 June 2024 (the **NHI Guarantor's Financial Summary Form 6-K**).

The NHI Guarantor has recently published a United States Securities and Exchange Commission Form 6-K filing dated 6 August 2024 of the NHI Guarantor’s Supplement for Financial Highlights – Three months ended June 30, 2024 (the **NHI Guarantor's Financial Highlights Form 6-K**).

The NSC Guarantor has recently published (i) audited non-consolidated financial statements for the financial year ended 31 March 2024 including the auditor's report (the **NSC Guarantor’s Annual Financial Statements**) and (ii) an English translation of the NSC Guarantor’s unaudited quarterly financial information for the three months ended 30 June 2024 (the **NSC Guarantor’s Quarterly Financial Information**) as referred to in the NHI Guarantor's Financial Summary Form 6-K.

The Risk Factors relating to the Nomura Group detailed under the sub-category headed "Risks relating to the Nomura Group" contained on pages 31 to 46 of the Base Prospectus shall be updated and replaced by the information set out in the Annex to this Supplement as detailed in paragraph 10 below.

The Terms and Conditions of the N&C Securities as contained on pages 243 to 435 of the Base Prospectus shall be amended as set out at paragraph 11 below.

The Terms and Conditions of the French Law N&C Securities as contained on pages 436 to 608 of the Base Prospectus shall be amended as set out at paragraph 12 below.

The Form of Final Terms for Non-Exempt N&C Securities as contained on pages 182 to 242 of the Base Prospectus shall be amended as set out at paragraph 13 below.

The Form of Pricing Supplement for Exempt N&C Securities as contained on pages 1124 to 1190 of the Base Prospectus shall be amended as set out at paragraph 14 below.

The first paragraph of the section titled "Auditors and Financial Statements" on pages 1118 to 1119 of the Base Prospectus shall be amended as set out at paragraph 15 below.

The purpose of this Supplement is (a) to incorporate by reference the Issuer's Annual Report, (b) to incorporate by reference the NHI Guarantor's Form 20-F, (c) to incorporate by reference the NHI Guarantor's Financial Summary Form 6-K, (d) to incorporate by reference the NHI Guarantor's Financial Highlights Form 6-K, (e) to incorporate by reference the NSC Guarantor’s Annual Financial Statements, (f) incorporate by reference the NSC Guarantor’s Quarterly Financial Information, (g) to update the material adverse change statements (h) to update the significant change statements, (i) to amend the Risk Factors relating to the Nomura Group (j) to amend the Terms and Conditions of the N&C Securities, (k) to amend the Terms and Conditions of the French law N&C Securities, (l) to amend the Form of Final Terms for Non-Exempt N&C Securities, (m) to amend the Form of Pricing Supplement for Exempt N&C Securities and (n) to amend information in relation to the auditors for the Issuer.

2. PUBLICATION OF THE ISSUER'S ANNUAL REPORT

The Issuer has recently published the Issuer's Annual Report.

A copy of the Issuer's Annual Report is available at:

https://www.nomuranow.com/portal/site/public/en-gb/resources/upload/NBI-Annual-Report-310324.pdf

By virtue of this Supplement, the Issuer's Annual Report is incorporated by reference in, and forms part of, the Base Prospectus.

3. PUBLICATION OF THE NHI GUARANTOR'S FORM 20-F

The NHI Guarantor has recently published the NHI Guarantor's Form 20-F.

A copy of the NHI Guarantor's Form 20-F is available at:

https://www.nomuraholdings.com/investor/library/sec/20f/240626/240626_e.pdf

By virtue of this Supplement, the NHI Guarantor's Form 20-F is incorporated by reference in, and forms part of, the Base Prospectus.

4. PUBLICATION OF THE NHI GUARANTOR'S FINANCIAL SUMMARY FORM 6-K

The NHI Guarantor has recently published the NHI Guarantor's Financial Summary Form 6-K.

A copy of the NHI Guarantor's Financial Summary Form 6-K is available at:

https://www.nomuraholdings.com/investor/library/sec/6k/240730/240730_1.pdf

By virtue of this Supplement, the NHI Guarantor's Financial Summary Form 6-K is incorporated by reference in, and forms part of, the Base Prospectus.

5. PUBLICATION OF THE NHI GUARANTOR'S FINANCIAL HIGHLIGHTS FORM 6-K

The NHI Guarantor has recently published the NHI Guarantor's Financial Highlights Form 6-K.

A copy of the NHI Guarantor's Financial Highlights Form 6-K is available at:

https://www.nomuraholdings.com/investor/library/sec/6k/240806/240806.pdf

By virtue of this Supplement, the NHI Guarantor's Financial Highlights Form 6-K is incorporated by reference in, and forms part of, the Base Prospectus.

6. PUBLICATION OF THE NSC GUARANTOR’S ANNUAL FINANCIAL STATEMENTS

The NSC Guarantor has recently published the NSC Guarantor’s Annual Financial Statements.

A copy of the NSC Guarantor's Annual Financial Statements is available at:

https://www.nomuranow.com/portal/site/public/en-gb/resources/upload/NSC-s-Financial-Information-NSC-s-audited-non-consolidated-annual-financial-statements-for-the-year-ended-31-March-2024.pdf

By virtue of this Supplement, the NSC Guarantor's Annual Financial Statements are incorporated by reference in, and form part of, the Base Prospectus.

7. PUBLICATION OF THE NSC GUARANTOR’S QUARTERLY FINANCIAL INFORMATION

The NSC Guarantor has recently published the NSC Guarantor’s Quarterly Financial Information.

A copy of the NSC Guarantor's Quarterly Financial Information is available at:

https://www.nomuraholdings.com/company/group/nsc/pdf/2025_1q.pdf

By virtue of this Supplement, the NSC Guarantor's Quarterly Financial Information is incorporated by reference in, and forms part of, the Base Prospectus.

8. UPDATE OF THE MATERIAL ADVERSE CHANGE STATEMENTS

There has been no material adverse change in the prospects of the Issuer since 31 March 2024 or the Guarantors since 31 March 2024.

9. UPDATE OF THE SIGNIFICANT CHANGE STATEMENTS

There has been no significant change in the financial performance or position of the Issuer since 31 March 2024.

There has been no significant change in the financial performance or position of the NHI Guarantor or the Nomura Group since 30 June 2024.

There has been no significant change in the financial performance or position of the NSC Guarantor since 30 June 2024.

10. AMENDMENT OF THE RISK FACTORS

The Risk Factors relating to the Nomura Group detailed under the sub-category headed "Risks relating to the Nomura Group" contained on pages 31 to 46 of the Base Prospectus shall be deemed updated and replaced with the Risk Factors in the Annex to this Supplement.

11. AMENDMENT OF THE TERMS AND CONDITIONS OF THE N&C SECURITIES

Condition 8.3 (*Redemption at the option of the Issuer (Issuer Call)*) on page 307 of the Terms and Conditions of the N&C Securities of the Base Prospectus shall be amended as follows:

> "*This Condition 8.3 applies to N&C Securities which are subject to redemption prior to the Maturity Date at the option of the Issuer (other than for taxation reasons or upon a regulatory event), such option being referred to as an Issuer Call. The applicable Final Terms contains provisions applicable to any Issuer Call and must be read in conjunction with this Condition 8.3 for full information on any Issuer Call. In particular, the applicable Final Terms will identify the Optional Redemption Date(s), the Optional Redemption Amount, any minimum or maximum amount of N&C Securities which can be redeemed and the applicable notice periods.*
>
> If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms to the Securityholders in accordance with Condition 16 (which notice shall specify the date fixed for redemption), redeem all or some only of the N&C Securities then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms (a **Call Notice**). Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount in each case if specified in the applicable Final Terms. In the case of a partial redemption of N&C Securities, the N&C Securities to be redeemed (**Redeemed N&C Securities**) will, (i), in the case of Redeemed N&C Securities represented by definitive N&C Securities, be selected individually by lot, not more than 30 days prior to the date fixed for redemption and (ii) in the case of Redeemed N&C Securities represented by a Global N&C Security, be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) and/or DTC. In the case of Redeemed N&C Securities represented by definitive N&C Securities, a list of the serial

numbers of such Redeemed N&C Securities will be published in accordance with Condition 16 not less than 15 days prior to the date fixed for redemption.

Notwithstanding the above and provided no Call Notice has been given, if Call Waiver is specified as being applicable in the applicable Final Terms, the Issuer may give irrevocable notice to the Securityholders in accordance with Condition 16 (a **Waiver Notice**), providing that it may not give a Call Notice as provided above in respect of any Optional Redemption Date falling on any day from and including the day immediately following the day on which the Waiver Notice has been given to and including such date as is specified in the Waiver Notice (the **Waiver Cut-Off Date**).

For the avoidance of doubt, (a) any Waiver Notice given after a Call Notice has been given will be void and such Call Notice will prevail, (b) if a Waiver Notice has been given by the Issuer, no subsequent Call Notice may be given by the Issuer specifying an Optional Redemption Date falling prior to the Waiver Cut-Off Date and (c) a Waiver Notice may be given on more than one occasion."

12. AMENDMENT OF THE TERMS AND CONDITIONS OF THE FRENCH LAW N&C SECURITIES

Condition 8.3 (*Redemption at the option of the Issuer (Issuer Call)*) on page 486 of the Terms and Conditions of the French law N&C Securities of the Base Prospectus shall be amended as follows:

"*This Condition 8.3 applies to N&C Securities which are subject to redemption prior to the Maturity Date at the option of the Issuer (other than for taxation reasons or upon a regulatory event), such option being referred to as an Issuer Call. The applicable Final Terms contains provisions applicable to any Issuer Call and must be read in conjunction with this Condition 8.3 for full information on any Issuer Call. In particular, the applicable Final Terms will identify the Optional Redemption Date(s), the Optional Redemption Amount, any minimum or maximum amount of N&C Securities which can be redeemed and the applicable notice periods.*

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms to the Securityholders in accordance with Condition 16 (which notice shall specify the date fixed for redemption), redeem all or some only of the N&C Securities then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms (a **Call Notice**). Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount in each case if specified in the applicable Final Terms. In the case of a partial redemption of N&C Securities, the redemption of the N&C Securities to be redeemed (**Redeemed N&C Securities**) will be effected by application of a pool factor (corresponding to a reduction of the nominal amount of all N&C Securities in a Series in proportion to the aggregate nominal amount redeemed).

Notwithstanding the above and provided no Call Notice has been given, if Call Waiver is specified as being applicable in the applicable Final Terms, the Issuer may give irrevocable notice to the Securityholders in accordance with Condition 16 (a **Waiver Notice**), providing that it may not give a Call Notice as provided above in respect of any Optional Redemption Date falling on any day from and including the day immediately following the day on which the Waiver Notice has been given to and including such date as is specified in the Waiver Notice (the **Waiver Cut-Off Date**).

For the avoidance of doubt, (a) any Waiver Notice given after a Call Notice has been given will be void and such Call Notice will prevail, (b) if a Waiver Notice has been given by the Issuer, no subsequent Call Notice may be given by the Issuer specifying an Optional Redemption Date falling prior to the Waiver Cut-Off Date and (c) a Waiver Notice may be given on more than one occasion."

13. AMENDMENT TO THE FORM OF FINAL TERMS FOR NON-EXEMPT N&C SECURITIES

Item 25 (*Issuer Call*) on page 199 of the Form of Final Terms for Non-Exempt N&C Securities of the Base Prospectus shall be amended by adding item 25(v) as follows:

(v)	Call Waiver:	[Applicable/Not Applicable]

14. AMENDMENT TO THE FORM OF PRICING SUPPLEMENT FOR EXEMPT N&C SECURITIES

Item 26 (*Issuer Call*) on page 1141 of the Form of Pricing Supplement for Exempt N&C Securities of the Base Prospectus be amended by adding item 26(v) as follows:

(v)	Call Waiver:	[Applicable/Not Applicable]

15. UPDATE TO THE AUDITORS AND FINANCIAL STATEMENTS

The first paragraph of the section titled "Auditors and Financial Statements" on pages 1118 to 1119 of the Base Prospectus (as amended by the Second Supplement) will be amended as follows:

> "The annual financial statements of the Issuer for the two financial years ended 31 March 2023 and 31 March 2022 have been audited by Ernst & Young LLP of 1 More Place, London SE1 2AF, United Kingdom and contain an opinion from Ernst & Young LLP which was not qualified and which did not contain a statement under section 498(2) or (3) of the Companies Act 2006. On 27 June 2005 the Issuer appointed Ernst & Young LLP as auditing firm. Ernst & Young LLP is registered to carry out audit work by the ICAEW (Institute of Chartered Accountants in England and Wales).
>
> The annual financial statements of the Issuer for the financial year ended 31 March 2024 have been audited by Forvis Mazars LLP (formerly Mazars LLP) of 30 Old Bailey, London EC4M 7AU, United Kingdom. Mazars LLP is registered to carry out audit work by the ICAEW (Institute of Chartered Accountants in England and Wales)."

16. GENERAL

All references to pages in this Supplement are to the original unsupplemented Base Prospectus, notwithstanding any amendments described herein.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement and the Prior Supplements, there has been no other significant new factor, material mistake or material inaccuracy relating to information included in the Base Prospectus since the publication of the Base Prospectus.

If documents which are incorporated by reference themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this Supplement for the purposes of the Prospectus Regulation except where such information or other documents are specifically incorporated by reference or attached to this Supplement.

ANNEX

4. Risks relating to the Nomura Group

In this Document, the term "Nomura Group" describes the NHI Guarantor (or "NHI") and its consolidated subsidiaries, including the Issuer and the NSC Guarantor (or "NSC"), each of which is a wholly owned subsidiary of the NHI Guarantor. Any factors which affect the financial condition and/or creditworthiness of the NHI Guarantor may have a direct or indirect impact upon the financial condition and/or creditworthiness of other entities within the Nomura Group, including the Issuer and the NSC Guarantor. Accordingly, risks identified in this "*Risks relating to the Nomura Group*" section relating to the NHI Guarantor should, unless the context requires otherwise, be construed as potentially applying also to all other entities within the Nomura Group including, in particular, the Issuer and the NSC Guarantor.

The Nomura Group's business may be materially affected by financial markets, economic conditions and market fluctuations in Japan and elsewhere around the world, including the ones caused by geopolitical events

The Nomura Group's business and revenues may be affected by any adverse changes or volatility in the Japanese and global economic environments and financial markets. In addition, not only purely economic factors but also military dispute, acts of terrorism, economic or political sanctions, pandemics, forecasts of geopolitical risks and geopolitical events which have actually occurred, natural disasters or other similar events could have an effect on the financial markets and economies of each country. Geopolitical events include cases such as tensions between the United States and China, the invasion of Ukraine by the Russian Federation, and the geopolitical tensions in the Middle east and in Asia. If any adverse events including those discussed above were to occur, a market or economic downturn may last for a long period of time, which could adversely affect the Nomura Group's business and can result in it incurring substantial losses. In addition to conditions in financial markets, social conditions such as the long-term trends of population ageing and population decline faced by Japan are expected to continue to put downward pressure on demand in the businesses in which the Nomura Group operates, including, in particular, its retail business. The following are certain risks related to the financial markets and economic conditions for the Nomura Group's specific businesses.

Governmental fiscal and monetary policy changes in Japan, or in any other country or region where the Nomura Group conducts business may affect its business, financial condition and results of operations

The Nomura Group engages in its business globally through domestic and international offices. Governmental fiscal, monetary and other policy changes in Japan, or in any other country or region where the Nomura Group conducts business may affect its business, financial condition and results of operations. In addition, any changes to the monetary policy of the Bank of Japan or central banks in major economies worldwide, which could potentially lead to volatility of interest rate or yields may negatively affect the Nomura Group's ability to provide asset management products to its clients as well as the Nomura Group's trading and investment activities. For example, on 19 March 2024, the Bank of Japan ended its negative interest rate policy. While so far such change has not materially affected the Nomura Group's business, the future of the Bank of Japan’s policies and the potential effect of such changes on its business remain uncertain.

The Nomura Group's brokerage and asset management revenues may decline

A market downturn could result in a decline in the revenues generated by the Nomura Group's brokerage business because of a decline in the volume and value of securities that the Nomura Group brokers for its clients. Also, within the Nomura Group's asset management business, in most cases, the Nomura Group charges fees for managing its clients' portfolios that are based on the market value of their portfolios. A market downturn that reduces the market value of the Nomura Group's clients' portfolios would reduce the revenue it receives from these businesses and might increase the amount of withdrawals or reduce the amount of new investments in these portfolios. Also, any changes in the Nomura Group's clients' investment preferences on their asset portfolios, including shifting investment assets deposits which are to stable assets and passive funds, which generate lower fee revenue, may also result in a decline in the Nomura Group's revenues. A market downturn or a change in investor preferences as described above may adversely affect the financial performance of the Nomura Group and the market perception thereof. In turn, this could have an adverse impact on the demand (if any) for the Securities in the secondary market.

The Nomura Group's investment banking revenues may decline

Changes in financial or economic conditions would likely affect the number and size of transactions for which the Nomura Group provides securities underwriting, financial advisory and other investment banking services. The Nomura Group's investment banking revenues, which include fees from these services, are directly related to the number and size of the transactions in which the Nomura Group participates and would therefore decrease if there are financial and market changes unfavourable to its investment banking business and its clients.

Any such decrease in the Nomura Group's investment banking revenues may have an adverse impact on the Nomura Group's financial performance, which could in turn adversely affect the value of the Securities. Ultimately, a sustained decrease in investment banking revenues caused by severe and continuing changes in financial or economic conditions may adversely affect the creditworthiness of the Issuer and, as a result, increase the risk that the Issuer will be unable to meet its obligations in respect of the Securities.

The Nomura Group may incur significant losses from its trading and investment activities

The Nomura Group maintains trading and investment positions in fixed income, equity and other markets, both for the purpose of facilitating its clients' trades and for proprietary purposes. The Nomura Group's positions consist of various types of assets such as interest rates, currency, credit, securitised products and equities, including securities, derivatives, repo as well as loan transactions. Fluctuations in the markets where these assets are traded can adversely affect the value of the Nomura Group's positions. Although the Nomura Group continues to mitigate these position risks with a variety of hedging techniques, it may also incur losses if the value of these assets fluctuates or if the financial system is overly stressed and the markets move in a way it has not anticipated. In addition, prices of crypto-assets may fluctuate significantly due to various factors such as developments in the industry or in regulation of crypto assets.

The Nomura Group's businesses have been, and may continue to be, affected by changes in market volatility levels. Certain of the Nomura Group's trading businesses such as those engaged in trading and arbitrage opportunities depend on market volatility to generate revenues. Lower volatility may lead to a decrease in business opportunities which may affect the results of operations of these businesses. On the other hand, while higher volatility can increase trading volumes, it also increases risk as measured by Value-at-Risk (**VaR**). Higher volatility and wider bid offer spreads may expose the Nomura Group to higher risks in connection with its market-making and proprietary trading businesses, and can also cause the Nomura Group to reduce the outstanding positions or size of these businesses where it considers necessary.

While the Nomura Group have implemented multiple measures designed to improve its risk management activities in response to the U.S. Prime Brokerage Event (as described below), given that the Nomura Group's business model necessarily involves significant trading activity, the Nomura Group may record significant losses as a result of such trading activity again in the future.

Furthermore, the Nomura Group commits capital to take relatively large positions in connection with the Nomura Group's underwriting or warehousing assets to facilitate certain capital market transactions. The Nomura Group also structures and takes positions in pilot funds for developing financial investment products and invests seed money to set up and support financial investment products. The Nomura Group may incur significant losses from these positions in the event of significant market fluctuations.

In addition, if the Nomura Group is the party providing collateral in a transaction, significant declines in the value of the collateral or a requirement to provide additional collateral due to a decline in its creditworthiness (by way of a lowered credit rating or otherwise) can increase its costs and reduce its profitability. On the other hand, if the Nomura Group is the party receiving collateral from its clients and counterparties, such declines may also affect its profitability due to a decrease in client transactions.

The Nomura Group entered into certain transactions with a prime brokerage client in the United States comprising (i) total return swaps (the **TRS transactions**), which are transactions that allow the client to obtain synthetic (i.e., derivative) long or short exposure to underlying individual equities or indices, as well as (ii) providing financing against a portfolio of securities in the client's cash prime brokerage account. To manage credit risk in relation to prime brokerage clients, the Nomura Group requires that prime brokerage clients deposit collateral (referred to as "margin") in respect of their positions with the Nomura Group in accordance with the margin ratios applied to them. These margin ratios are determined based on the results of an internal risk assessment of the specific client and the composition of the client's positions and may require that they post additional margin based on the effect of market movements on these ratios. TRS transactions are hedged from a market risk perspective by holding long or short positions in individual equities or indices and through derivative transactions, depending on the positions taken by the relevant client.

Between January and March 2021, transaction amounts and volumes with the client increased significantly as a result of changes in market prices as well as new positions entered into by the client. However, in March 2021, the market value of certain securities in which the client held a large synthetic position experienced a sharp decline, after which the Nomura Group requested that the client deposit additional margin with the Nomura Group pursuant to its contractual agreements with the client. The client defaulted on its obligation to post additional margin, and the Nomura Group issued a closeout notice to the client (the **U.S. Prime Brokerage Event**). It became clear that the client had similar large positions with other financial institutions, and that the client had also defaulted on margin calls with these financial institutions. Although the Nomura Group endeavoured to take a disciplined approach to unwind the positions and liquidate the hedges for the TRS transactions, taking into account both market impact and its own trading losses, due to the significant volume of positions being closed by both the Nomura Group and the other affected financial institutions and the effect on market prices, the Nomura Group recognised ¥204.2 billion of losses in earnings reported within Net gain on trading in the fourth quarter and fiscal year ended 31 March 2021. The Nomura Group also recognised additional provisions for current expected credit losses of ¥41.6 billion in earnings reported within other expenses in the fourth quarter and the fiscal year ended 31 March 2021 against loans extended to the client collateralised by a cash portfolio of securities, reflecting the reduced likelihood of recovery on these lending transactions. All of the positions with the client were closed out and hedges liquidated by 17 May 2021, as a result of which the Nomura Group recognised losses of ¥65.4 billion in the quarter ended 30 June 2021 and the fiscal year ended 31 March 2022, of which ¥56.1 billion booked in equities revenues as trading loss and ¥9.3 billion booked as loan loss provision in expenses.

Holding large and concentrated positions of securities and other assets may expose the Nomura Group to significant losses

The Nomura Group regularly holds large and concentrated positions of certain securities in its businesses such as market-making, block trading, underwriting, asset securitisation, prime brokerage or providing business solutions to meet its clients' needs. The Nomura Group has committed substantial amounts of capital to these businesses. This often requires the Nomura Group to take large positions in the securities of a particular issuer or issuers in a particular industry, country or region. Fluctuations in the prices of these positions can significantly affect the prices at which the Nomura Group is able to liquidate them when needed, resulting in it incurring significant trading losses, as occurred in the U.S. Prime Brokerage Event. The Nomura Group generally has higher exposure to counterparties engaged in financial services businesses, including commercial banks, broker-dealers, clearing houses, exchanges and investment companies.

Extended market declines and decreases in market participants can reduce liquidity and lead to material losses

Extended market declines can reduce the level of market activity and the liquidity of the assets traded in those markets in which the Nomura Group operates. Market liquidity may also be affected by decreases in market participants, for example, if financial institutions scale back market-related businesses due to increasing regulation or other reasons. As a result, it may be difficult for the Nomura Group to sell, hedge or value such assets. In the event that a market fails in pricing such assets, it will be difficult to estimate their values. If the Nomura Group cannot properly close out or hedge its associated positions in a timely manner or in full, particularly with respect to Over-The-Counter (**OTC**) derivatives, it may incur substantial losses. Further, if the liquidity of a market significantly decreases and the market becomes unable to price financial instruments held by the Nomura Group, this could lead to unanticipated losses.

The Nomura Group's hedging strategies may not prevent losses

The Nomura Group uses a variety of financial instruments and strategies to hedge its exposure to financial risks arising from the financial instruments it enters into for its clients or for proprietary purposes. If the Nomura Group's hedging strategies are not effective, the Nomura Group may incur losses. The Nomura Group bases many of its hedging strategies on historical trading patterns and correlations. For example, if the Nomura Group holds an asset, it may hedge this position by taking a position in another asset which has, historically, moved in a direction that would offset a change in value of the former asset. However, historical trading patterns and correlations may not continue, as seen in the case of past financial crises, and these hedging strategies may not be fully effective in mitigating the Nomura Group's risk exposure because it is exposed to all types of risk in a variety of market environments. Moreover, not all hedging strategies are effective, and certain strategies may, if the risk is not otherwise appropriately managed, increase the Nomura Group's risk. For example, many of the transactions leading to the U.S. Prime Brokerage Event entailed providing the client with TRS transactions exposure to certain equities. In order to hedge the total return payments the Nomura Group was obligated to make to the client, it held long positions in the underlying equities. However, this specific hedging strategy was not intended to hedge the risk of a default by the client and the potential need to liquidate the underlying positions in a volatile market environment. When such unhedged counterparty risk is realised, the Nomura Group's hedging strategy of holding the underlying securities means that it is exposed to such market fluctuations, which may cause it to incur losses again in the future.

The Nomura Group's risk management policies and procedures may not be fully effective in managing risks

The Nomura Group's policies and procedures to identify, monitor and manage risks may not be fully effective. Although some of the Nomura Group's methods of managing risk are based upon observed historical market data, the future movements in the financial markets may not be the same as was observed in the past. As a result, the Nomura Group may suffer significant losses through unexpected future risk exposures. Other risk management methods that the Nomura Group uses also rely on its evaluation of information regarding markets, clients or other matters, which is publicly available or otherwise accessible by the Nomura Group. This information may not be accurate, complete, up-to-date or properly evaluated, and the Nomura Group may be unable to properly assess its risks, and thereby suffer large losses. Furthermore, certain factors, such as market volatility, may render the Nomura Group's risk evaluation model unsuitable for a new market environment. In such event, the Nomura Group may become unable to evaluate or otherwise manage its risks adequately. Moreover, regardless of how well policies and procedures are designed, they must be properly implemented and followed in order to be effective, which may not always occur despite the Nomura Group's diligent efforts. Further, potential weaknesses in the Nomura Group's organisation structures and governance frameworks may lead to misunderstanding roles and responsibilities.

For example, with respect to the U.S. Prime Brokerage Event, the Nomura Group incurred significant losses through exposures to the client's counterparty risk and market risks relating to the securities underlying the prime brokerage transactions with the client. The Nomura Group has reviewed and are in the process of completing a number of actions to comprehensively review, revise and strengthen its risk management policies and procedures and the implementation thereof. While these actions are nearly complete, even when all the actions are completed, may not be sufficient to prevent similar exposure to such risks in the future, including to identify and rectify potential shortcomings, whether within the same business or among the Nomura Group's many other business units, impairing the ability of such policies and procedures to prevent future losses.

Market risk may increase other risks that the Nomura Group faces

In addition to the potentially adverse effects on the Nomura Group's businesses described above, market risk could exacerbate other risks that the Nomura Group faces. For example, the risks inherent in financial instruments developed through financial engineering and innovation may be increased by market risk.

Also, if the Nomura Group incurs significant trading losses caused by its exposure to market risk, its need for liquidity could rise sharply while its access to cash may be impaired as a result of market perception of its credit risk.

Furthermore, in a downturn in the market overall or for specific securities, the Nomura Group's clients and counterparties could incur significant losses or experience other adverse events of their own, thereby weakening their financial condition and, as a result, increasing the credit risk they pose to the Nomura Group, such as occurred as part of the U.S. Prime Brokerage Event.

The Nomura Group may have to recognise impairment losses with regard to the amount of goodwill, tangible and intangible assets recognised on its consolidated balance sheets

The Nomura Group has purchased all or a part of the equity interests in, or operations from, certain other companies in order to pursue its business expansion, and expect to continue to do so when and as it deems beneficial. The Nomura Group accounts for certain of those and similar purchases and acquisitions as a business combination under U.S. GAAP by allocating the Nomura Group's acquisition costs to the assets acquired and liabilities assumed and recognising the remaining amount as goodwill. On 1 April 2020, Nomura Group acquired 100 per cent. of Greentech Capital, LLC (**Greentech**) and goodwill of ¥12,480 million is reported on the Nomura Group's consolidated balance sheet. The Nomura Group also possesses tangible and intangible assets other than those stated above.

The Nomura Group may have to recognise impairment losses, as well as other losses associated with subsequent transactions, with regard to the amount of goodwill, tangible and intangible assets and, recognised on the NHI Guarantor's consolidated group balance sheet which may adversely affect its financial condition and results of operations.

Liquidity risk could impair the Nomura Group's ability to fund operations and jeopardise its financial condition

Liquidity, or having ready access to cash, is essential to the Nomura Group's business. The Nomura Group defines liquidity risk as the risk of loss arising from difficulty in securing the necessary funding, or from a significantly higher cost of funding than normal levels, due to a deterioration of its creditworthiness or a deterioration in market conditions. In addition to maintaining a readily available cash position, the Nomura Group seeks to secure ample liquidity through repurchase agreements and securities lending transactions, long-term borrowings and the issuance of long-term debt securities, as well as through diversification of its short-term funding sources such as commercial paper, and by holding a portfolio of highly liquid financial assets. Despite this, there is a risk that it may lose liquidity under certain circumstances, including the following:

The Nomura Group may be unable to access unsecured or secured funding

The Nomura Group continuously accesses unsecured funding from issuance of securities in the short-term credit markets and debt capital markets as well as bank borrowings to finance its day-to-day operations, including refinancing. The Nomura Group also enters into repurchase agreements and securities lending transactions to raise secured funding for its trading businesses. An inability to access unsecured or secured funding or funding at significantly higher cost than normal levels could have a substantial negative effect on its liquidity. For example, lenders could refuse to extend the credit necessary for the Nomura Group to conduct its business based on their assessment of the Nomura Group's long-term or short-term financial prospects if:

- the Nomura Group incurs large trading losses,
- the level of its business activity decreases due to a market downturn,
- regulatory authorities take significant action against it, or
- its credit rating is downgraded.

In addition to the above, the Nomura Group's ability to borrow in the debt capital markets could also be adversely impacted by factors that are not specific to the Nomura Group, such as increases in market interest rates, reductions in banks' lending capacity, a severe disruption of the financial and credit markets, negative views about the general prospects for the investment banking, brokerage or financial services industries, or negative market perceptions of Japan's financial soundness.

The Nomura Group may be unable to sell assets

If the Nomura Group is unable to raise funds or if its liquidity declines significantly, it will need to liquidate assets or take other actions in order to meet its maturing liabilities. In volatile or uncertain market environments, overall market liquidity may decline. In a time of reduced market liquidity, the Nomura Group may be unable to sell some of its assets, or it may have to sell at depressed prices, which could adversely affect its results of operations and financial condition. The Nomura Group's ability to sell assets may also be adversely impacted by other market participants seeking to sell similar assets into the market at the same time.

Lowering of the Nomura Group's credit ratings could impact its funding

The Nomura Group's funding depends significantly on its credit ratings. Rating agencies may downgrade or withdraw their ratings or place the Nomura Group on "credit watch" with negative implications. Downgrades could increase the Nomura Group's funding costs and limit its funding. This, in turn, could adversely affect its result of operations and its financial condition. In addition, other factors which are not specific to the Nomura Group may impact its funding, such as negative market perceptions of Japan's financial soundness.

Event risk, including the ones caused by geopolitical events may cause losses in the Nomura Group's trading and investment assets as well as market and liquidity risk

Event risk refers to potential losses the Nomura Group may suffer through unpredictable events that cause large unexpected market price movements such as natural or man-made disasters, epidemics, acts of terrorism, military disputes or political instability, as well as adverse events specifically affecting the Nomura Group's business activities or counterparties. These events include not only significant events such as tensions between the United States and China since 2018 and ongoing geopolitical tensions in Asia overall, the COVID-19 pandemic in 2020, and the invasion of Ukraine by the Russian Federation in 2022, and the geopolitical tensions in the middle east but also more specifically the following types of events that could cause losses in the Nomura Group's trading and investment assets:

- sudden and significant reductions in credit ratings with regard to financial instruments held by the Nomura Group's trading and investment businesses by major rating agencies;
- sudden changes in trading, tax, accounting, regulatory requirements, laws and other related rules which may make the Nomura Group's trading strategy obsolete, less competitive or no longer viable; or

- an unexpected failure in a corporate transaction in which the Nomura Group participates resulting in its not receiving the consideration the Nomura Group should have received, as well as bankruptcy, deliberate acts of fraud, and administrative penalty with respect to the issuers of its trading and investment assets.

The Nomura Group may be exposed to losses when third parties do not perform their obligations to the Nomura Group

The Nomura Group's counterparties are from time to time indebted or otherwise owe certain obligations (such as with regards to the posting of collateral) to the Nomura Group as a result of transactions or contracts, including loans, commitments to lend, other contingent liabilities and derivative transactions. The Nomura Group may incur material losses when its counterparties default or fail to perform on their obligations to it due to their filing for bankruptcy, a deterioration in their creditworthiness, lack of liquidity, operational failure, an economic or political event, repudiation of the transaction or for other reasons. The U.S. Prime Brokerage Event, during which a U.S. prime brokerage client defaulted on obligations to the Nomura Group to post additional margin in respect of trading activities as well as to repay amounts lent against collateral held by the Nomura Group, is an example. Separately, in the fiscal year ended 31 March 2024, the Nomura Group recorded a loss of approximately ¥14 billion due to a failure to settle transactions between a subsidiary of the Nomura Group and a broker in the U.K. Although the Nomura Group establishes and maintains allowances for credit losses, such allowances reflect management judgments and assumptions based on information available to the Nomura Group, which may provide incorrect or incomplete, and these judgments and assumptions may prove to be incorrect, potentially significantly so.

The Nomura Group is also exposed to credit risk from holding securities issued by third parties as well as through the execution of securities, futures, currency or derivative transactions that fail to settle at the required time due to non-delivery by the counterparty of the Nomura Group, such as financial institutions and hedge funds or to systems failure by clearing agents, exchanges, clearing houses, etc.

Issues related to third party credit risk may include the following:

Defaults by a large financial institution could adversely affect the financial markets generally and the Nomura Group specifically

The commercial soundness of many financial institutions is closely interrelated as a result of credit, trading, clearing or other relationships among the institutions. As a result, concern about the creditworthiness of or a default by, a certain financial institution could lead to significant liquidity problems or losses in, or defaults by, other financial institutions. This may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which the Nomura Group interacts on a daily basis. Actual defaults, increases in perceived default risk and other similar events could arise in the future and could have an adverse effect on the financial markets and on the Nomura Group. The Nomura Group's funding operations may be adversely affected if major financial institutions, Japanese or otherwise, fail or experience severe liquidity or solvency problems.

There can be no assurance as to the accuracy of the information about its credit risk, or the sufficiency of the collateral the Nomura Group uses in managing it

The Nomura Group regularly reviews its credit exposure to specific clients or counterparties and to specific countries and regions that it believes may present credit concerns. Default risk, however, may arise from events or circumstances that the Nomura Group does not detect, such as account-rigging and fraud. The Nomura Group may also fail to receive full information with respect to the risks of a counterparty, or to accurately manage and assess such information internally. For example, the Nomura Group's credit risk assessments with respect to the client whose default led to the U.S. Prime Brokerage Event did not reflect the full extent of the client's relevant trading activity. In addition, in cases where the Nomura Group has extended credit against collateral, it may fall into a deficiency in value in the collateral if sudden declines in market values reduce the value of its collateral, as was the case with loans extended to the prime brokerage client leading in part to the U.S. Prime Brokerage Event.

The Nomura Group's clients and counterparties may be unable to perform their obligations to the Nomura Group as a result of political or economic conditions

Country, regional and political risks are components of credit risk, as well as market risk. Political or economic pressures in a country or region, including those arising from local market disruptions or currency crises, may adversely affect the ability of clients or counterparties located in that country or region to obtain credit or foreign exchange, and therefore to perform their obligations owed to the Nomura Group.

The Nomura Group is exposed to model risk, i.e., risk of financial loss, incorrect decision making, or damage to its credibility arising from model errors or incorrect or inappropriate model application

The Nomura Group widely uses models for various purposes including the valuation of illiquid derivative transactions or the estimation of the credit worthiness of certain counterparties. However, models are never perfect, and their use subjects the Nomura Group to model risk. Model errors or incorrect or inappropriate model applications could lead to incorrect decision making, financial losses or damage to the Nomura Group's credibility.

Sustainability factors including climate change and broader associated policy changes in each jurisdiction could adversely affect the Nomura Group's business

Increasing attention to the management of sustainability matters such as decarbonisation, enhancement of corporate governance, and the resolution of social issues in the Nomura Group's business makes it imperative that the Nomura Group continues to develop its policies and capabilities in these areas, and the Nomura Group acts responsibly toward its stakeholders including its shareholders, clients and society at large. Amid rapidly changing circumstances around sustainability, lack of sufficient focus on sustainability matters such as the environment or human rights may impede the Nomura Group's ability to support clients facing trends such as the just transition to the low carbon economy or other sustainability-related initiatives, and, may also adversely affect its reputation, results of operations and financial condition. Reputational risks also include the risk associated with over-stating Nomura Group's credentials, or not delivering on commitments it has made (also known as "greenwashing").

The Nomura Group considers climate change one of the most important global challenges facing society. The direct impact of climate change, and the resulting changes in the business environment could cause losses to the Nomura Group. Climate risks are widely recognised 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, or from the longer term shifts in climate patterns and rising sea levels. Transition risk is the risk associated with the transition to a low-carbon economy, and could result from changing government policies, technologies or changes to consumer demand.

The financial services industry faces intense competition

The Nomura Group's businesses are intensely competitive, and are expected to remain so. The Nomura Group competes on the basis of a number of factors, including transaction execution capability, its products and services, innovation, reputation and price. The Nomura Group has experienced intense price competition, particularly in brokerage, investment banking and other businesses.

Competition with other financial firms and financial services by non-financial companies is increasing

The Nomura Group faces intense competition in the financial services sector from a wide variety of competitors. The Nomura Group competes with other independent securities firms as well as securities firms affiliated with commercial banks and with firms that have broad footprints across regions. As a result, the

Nomura Group's market shares and commissions earned in the sales and trading, investment banking and retail businesses in particular have been affected. The Nomura Group faces intense competition beyond the traditional financial sector based on the increasing digitalisation of the industry, not only with the rise of online securities firms but also FinTech companies and the entry of non-financial companies into the financial services sector. In order to address such changes in the competitive landscape, the Nomura Group continues to adopt and transform its business models through various measures. However, these measures may not be successful in growing or maintaining the Nomura Group's market share in this increasingly fierce competitive environment, and the Nomura Group may lose business or transactions to its competitors, harming its business and results of operations.

Increased consolidation, business alliance and cooperation in the financial services industry mean increased competition for the Nomura Group

There has been substantial consolidation and convergence among companies in the financial services industry. In particular, a number of large commercial banks and other broad-based large financial services groups have established or acquired broker-dealers or have consolidated with other financial institutions. These large financial services groups have developed business linkage within their respective groups in order to provide comprehensive financial services to clients, offering a wide range of products, including loans, deposit-taking, insurance, brokerage, asset management and investment banking services within their group, which may enhance their competitive position compared with the Nomura Group. They also have the ability to supplement their investment banking and brokerage businesses with commercial banking and other financial services revenues in an effort to gain market share. In addition, the financial services industry has seen collaboration beyond the borders of businesses and industries, such as alliances between commercial banks and securities companies outside of the framework of existing corporate groups and recent alliances with non-financial companies including emerging companies. The Nomura Group's competitiveness may be adversely affected if its competitors are able to expand their businesses and improve their profitability through such business alliances. The Nomura Group also enters into strategic alliances, makes investments and launches new businesses. However, if the development and implementation of these business strategies do not proceed as expected, the Nomura Group may not be able to achieve the expected synergies and other benefits or recoup related investments. These new business initiatives and acquisitions may subject the Nomura Group to increased risk as it engages in new activities, transacts with a broader array of clients and counterparties and exposes it to new asset classes and new markets.

The Nomura Group's global business continues to face intense competition and may require further revisions to its business model

The Nomura Group continues to believe there are significant opportunities in the international markets, but there is also significant competition associated with such opportunities. In order to take advantage of these opportunities, the Nomura Group will have to compete successfully with financial services firms based in important non-Japanese markets, including the U.S., Europe and Asia.

Since April 2019, the Nomura Group has been working to rebuild its global business platform, under which it aims to transform its business portfolio and pivot towards client businesses and growth areas. The acquisition of Greentech in 2020 and sale of a stake of Capital Nomura Securities Public Company Limited in 2023, are examples of reviewing the Nomura Group's business platform, both organically and inorganically. The Nomura Group will continue to review its entire business portfolio while looking at the competitive environment, and intends to implement its strategies in consideration of potential risks. However, the risk remains that it may be required to incur greater costs and expenses than expected, or to commit greater financial, management and other resources to the strategies than expected, which could adversely affect its business and results of operations. Moreover, the assumptions and expectations upon which the strategies are based may not be accurate, which could lead to it realising fewer benefits or synergies than expected or could even harm its business and results of operations. Furthermore, to the extent it reduces compensation or headcount as part of this strategy, its ability to attract and retain the employees needed to successfully run its businesses could be adversely affected. It may also be unsuccessful in designing a streamlined management structure, which could harm its ability to properly control or supervise its many businesses across the world.

Operational risk could adversely affect the Nomura Group's business

Operational risk is the risk of financial loss or non-financial impact arising from inadequate or failed internal processes and systems, from a lack of appropriate personnel, from human errors, or from external events, and includes compliance, legal, IT and cyber security, fraud, third party, and other non-financial risks. The Nomura Group always faces the potential of operational risk, and if this materialises, it could adversely affect its business.

The Nomura Group identified a material weakness in its internal control over financial reporting and, despite its efforts to remediate, may identify further material weaknesses in the future

The Nomura Group identified a material weakness in its internal control over financial reporting during the quarter ended 31 March 2024 in relation to certain classification and presentation matters within the consolidated statement of cash flows as included within its consolidated financial statements, which has resulted in the need to restate the consolidated statement of cash flows in certain of its annual and interim consolidated financial statements. The Nomura Group has identified and implemented a number of remediation actions to address this material weakness and intended to mitigate the risk of similar errors occurring in the future within the consolidated statement of cash flows. Whilst the Nomura Group's management has concluded that its internal control over financial reporting was effective as of 31 March 2024, additional material weaknesses or other issues nevertheless may arise in the future resulting in it not being able to provide financial information in its consolidated financial statements and elsewhere in an accurate, timely and reliable manner or requiring additional restatements of its consolidated financial statements or other aspects of its periodic reporting. This may undermine confidence in the Nomura Group's published financial information and other reported information by users of its consolidated financial statements, including holders of its securities, resulting in reductions in the price of its common stock and/or ADRs as well as limit its access to capital markets, impact client or counterparty appetite to enter into transactions with the Nomura Group and subject the Nomura Group to potential regulatory investigations and sanctions, each of which may materially and adversely affect its business, results of operations and financial condition.

Misconduct or fraud by an employee, director or officer, or any third party, could occur, and the Nomura Group's reputation in the market and its relationships with clients could be harmed

The Nomura Group always faces the risk that its employees, directors or officers, or any third party, could engage in misconduct that may adversely affect its business. Misconduct by an employee, director or officer includes conduct such as entering into transactions in excess of authorised limits, acceptance of risks that exceed the Nomura Group's limits, or concealment of unauthorised or unsuccessful activities. The misconduct could also involve the improper use or disclosure of non-public information relating to the Nomura Group or its clients, such as insider trading, improper transmission of such information and the recommendation of trades based on such information, as well as other crimes, which could result in regulatory sanctions, legal liability and serious reputational or financial damage to the Nomura Group.

Third parties may also engage in fraudulent activities, including devising a fraudulent scheme to induce the Nomura Group's investment, loans, guarantee or any other form of financial commitment, both direct and indirect. Because of the broad range of businesses that the Nomura Group engages in and the large number of third parties with whom the Nomura Group deals in its day-to-day business operations, such fraud or any other misconduct may be difficult to prevent or detect, and its future reputation and financial condition could be adversely affected, which could result in serious reputational or financial damage to the Nomura Group in the future.

Measures which the Nomura Group has implemented or additional measures that may be implemented in the future may not be effective in preventing or managing the risk of misconduct or fraud in all cases, and the

Nomura Group may not always be able to detect or deter misconduct or fraud by an employee, director, officers, or third parties. If any administrative or judicial sanction is issued against the Nomura Group as a result of such fraud or misconduct, it may lose business opportunities, and its future revenue and results of operations may be materially and adversely affected, even after the sanction is lifted, if and to the extent that its clients, especially public institutions, decide not to engage the Nomura Group for their financial transactions.

A failure to identify and appropriately address conflicts of interest could adversely affect the Nomura Group's business

The Nomura Group is a global financial institution that provides a wide range of products and services to a diverse group of clients, including individuals, corporations, other financial institutions and governmental institutions. As such, the Nomura Group faces potential conflicts of interest in the ordinary course of its business. Conflicts of interests can arise when the Nomura Group's services to a particular client conflict or compete, or are perceived to conflict or compete, with its own interests. In addition, where non-public information is not appropriately restricted or shared within the firm, conflicts of interest can also arise where a transaction within the Nomura Group and/or a transaction with another client conflicts or competes, or is perceived to conflict or compete, with a transaction with a particular client. A failure, or a perceived failure, to identify, disclose and appropriately address such conflicts could adversely affect its reputation, the willingness of current or potential clients to do business with it and give rise to regulatory actions or litigation against the Nomura Group, which could have a material adverse effect on its financial condition and results of operations.

The Nomura Group's business is subject to substantial legal, regulatory and reputational risks

Substantial legal liability or a significant regulatory action against the Nomura Group could have a material adverse effect on the Nomura Group's business, financial condition or results of operations, or cause reputational harm to it. Also, material changes in regulations applicable to the Nomura Group or to the markets in which the Nomura Group operates could adversely affect its business.

The Nomura Group faces significant legal risks in its businesses. These risks include liability under securities or other laws in connection with securities underwriting and offering transactions, liability arising from the purchase or sale of any securities or other financial products, disputes over the terms and conditions of complex trading arrangements or the validity of contracts for the Nomura Group's transactions, disputes with its business alliance partners and legal claims concerning its other businesses.

Legal liability may occur due to events such as market downturn and could adversely affect the Nomura Group's business, financial condition and results of operations

During a prolonged market downturn or upon the occurrence of an event that adversely affects one of the markets which the Nomura Group operates in, the Nomura Group may be exposed to an increase in claims or significant litigation against the Nomura Group. The cost of defending such claims or litigation may be substantial and the Nomura Group's involvement in litigation may damage its reputation. For example, during the fiscal year ended 31 March 2022, approximately ¥62.0 billion related to legacy transactions in the U.S. from before the global financial crisis (2007 – 2008) was recognised including legal expenses as well as certain transactions intended to mitigate future losses. In addition, even legal transactions might be subject to adverse public reaction according to the particular details of such transactions. These risks may be difficult to assess or quantify and their existence and magnitude may remain unknown for substantial periods of time.

Extensive regulation of the Nomura Group's businesses limits its activities and may subject the Nomura Group to significant penalties and losses

The financial services industry is subject to extensive regulation. The Nomura Group is subject to increasing regulation by governmental and self-regulatory organisations in Japan and in virtually all other jurisdictions in which it operates, and such governmental and regulatory scrutiny may increase as its operations expand or as laws change. In addition, while regulatory complexities increase, possibilities of extra-territorial application of a regulation in one jurisdiction to business activities outside of such jurisdiction may also increase. These regulations are broadly designed to ensure the stability of financial systems and the integrity of the financial markets and financial institutions, and to protect clients and other third parties who deal with the Nomura Group, and often limit its activities and/or affect its profitability, through net capital, client protection and market conduct requirements. In addition, on top of traditional finance-related legislation, the scope of laws and regulations applying to, and/or impacting on, the Nomura Group's operations may become wider depending on the situation of the wider international political and economic environment or policy approaches taken by governmental authorities in respect of regulatory application or law enforcement. In particular, the number of investigations and proceedings against the financial services industry by governmental and self-regulatory organisations has increased substantially and the consequences of such investigations and proceedings have become more severe in recent years, and the Nomura Group is subject to face the risk of such investigations and proceedings. The Nomura Group may not always be able to prevent such violations, and it could be fined, prohibited from engaging in some of its business activities, ordered to improve its internal governance procedures or be subject to revocation of its license to conduct business. The Nomura Group's reputation could also suffer from the adverse publicity that any administrative or judicial sanction against it may create, which may negatively affect the Nomura Group's business opportunities and ability to secure human resources. As a result of any such sanction, the Nomura Group may lose business opportunities for a period of time, even after the sanction is lifted, if and to the extent that its clients, especially public institutions, decide not to engage it for their financial transactions. In addition, certain market participants may refrain from investing in or entering into transactions with the Nomura Group if the Nomura Group engages in business activities in regions subject to international sanctions, even if the Nomura Group's activities do not constitute violations of sanctions laws and regulations.

Tightening of regulations applicable to the financial system and financial industry could adversely affect the Nomura Group's business, financial condition and results of operations

If regulations that apply to the Nomura Group's businesses are introduced, modified or removed, the Nomura Group could be adversely affected directly or through resulting changes in market conditions. The impact of such developments could make it economically unreasonable for the Nomura Group to continue to conduct all or certain of its businesses, or could cause it to incur significant costs to adjust to such changes.

New regulations or revisions to existing regulations relating to accounting standards, regulatory capital adequacy ratios, liquidity ratios and leverage ratios applicable to the Nomura Group could also have a material adverse effect on its business, financial condition and results of operations. Such new regulations or revisions to existing regulations include the so-called Basel III package formulated by the Basel Committee on Banking Supervision (the **Basel Committee**) and the finalised Basel III reforms published in December 2017. Furthermore, in October 2012, the Basel Committee developed and published a set of principles on the assessment methodology and higher loss absorbency requirements for domestic systemically important banks (**D-SIBs**), and, in December 2015, the Japanese FSA identified the Nomura Group as a D-SIB and imposed a surcharge of 0.5 per cent. on its required capital ratio after March 2016 with a 3-year transitional arrangement. In addition, the Financial Stability Board published the final standard requiring global systemically important banks (**G-SIBs**) to maintain a certain level of total loss-absorbing capacity (**TLAC**) upon their failure in November 2015. Under the Japanese FSA's policy implementing the TLAC framework in Japan as updated in April 2018, the TLAC requirements in Japan apply not only to Japanese G-SIBs but also to Japanese D-SIBs that are deemed (i) of particular need for a cross-border resolution arrangement and (ii) of particular systemic significance to the Japanese financial system if they fail. Based on the revised policy, in March 2019, the Japanese FSA published the notices and guidelines of TLAC regulations in Japan. According to these notices and guidelines, the Nomura Group is subject to the TLAC requirements in Japan from 31 March 2021 although the Nomura Group is not identified as a G-SIB as of the date of publication on NHI's Form 20-F. These changes in regulations may increase the Nomura Group's funding costs or require it to liquidate financial instruments and other assets, raise additional capital or otherwise restrict its business activities in a manner that could adversely affect its operating or financing activities or the interests of its shareholders.

Deferred tax assets may be impacted due to a change in business condition or in laws and regulations, resulting in an adverse effect on the Nomura Group's operating results and financial condition

Under U.S. GAAP, the Nomura Group recognises deferred tax assets in its consolidated balance sheets as a possible benefit of tax relief in the future if certain criteria are met. If the Nomura Group experiences or forecasts future operating losses, if tax laws or enacted tax rates in the relevant tax jurisdictions in which it operates change, or if there is a change in U.S. GAAP in the future, it may be required to reduce the deferred tax assets recognised in its consolidated balance sheets. As a result, it could adversely affect the Nomura Group's financial condition and results of operations.

Defects in the Nomura Group's anti-money laundering and counter-terrorism financing measures could have serious consequences such as, administrative penalties or punitive fines

In recent years, financial crimes have become more sophisticated, complex, and diverse. As the world faces growing threats of military disputes, terrorism, and cyberattacks, it is highly important to counter the financing of crimes and terrorism. Financial institutions around the world are expected to take strong measures to combat money laundering and terrorist financing. Despite Nomura Group's efforts to improve its anti-money laundering and counter-terrorism financing measures, which it has implemented consistently across Nomura Group in accordance with the recommendations provided by the Financial Action Task Force and the Japanese FSA's "Guidelines on Anti-Money Laundering and Terrorist Financing", there remains a risk that such measures will not be fully effective in preventing or detecting all violations in a timely manner. As a consequence, Nomura Group could be subject to administrative penalties or punitive fines, which may adversely affect its financial condition and results of operations.

Unauthorised disclosure or misuse of personal information held by the Nomura Group may adversely affect its business

The Nomura Group keeps and manages personal information obtained from clients in connection with its business. In recent years, there have been many reported cases of personal information and records in the possession of corporations and institutions being improperly accessed, disclosed or misused. There is also a risk of unauthorised acquisition of client information and misuse of customer information by former employees.

Although the Nomura Group exercises care to protect the confidentiality of personal information and have in place policies and procedures designed to safeguard such information and ensure that it is used in compliance with applicable laws, rules and regulations, were any unauthorised disclosure or misuse of personal information to occur, its business could be adversely affected. For example, the Nomura Group could be subject to government actions such as administrative actions or penalties in case there is any violation of applicable personal data protection laws, rules and regulations or be subject to complaints and lawsuits for damages from clients if they are adversely affected due to the unauthorised disclosure or misuse of their personal information (including leakage of such information by an external service provider). In addition, the Nomura Group could incur additional costs associated with changing its security systems, either voluntarily or in response to administrative guidance or other regulatory initiatives. Moreover, restrictions on the Nomura Group's ability to use personal information collected from clients may adversely affect its existing businesses or to develop new ones. Furthermore, any damage to the Nomura Group's reputation caused by such unauthorised disclosure or misuse could lead to a decline in new clients and/or a loss of existing clients, as well as to increased costs and expenses incurred for public relations campaigns designed to prevent or mitigate damage to its corporate or brand image or reputation.

System failure, information leakage and the cost of maintaining sufficient cybersecurity could adversely affect the Nomura Group's business, financial condition and results of operations

The Nomura Group's businesses rely on secure processing, storage, transmission and reception of personal, confidential and proprietary information on its systems. The Nomura Group has been in the past and may again become the target of attempted unauthorised access, computer viruses or malware, and other cyber-attacks designed to access and obtain information on its systems or to disrupt and cause other damage to its services. In recent years, many of the Nomura Group's employees increasingly work remotely using networking or other technologies, and these technologies have become even more critical to its business. The implementation of remote work arrangements may also increase the possibility that the Nomura Group will be subject to cyber-attacks and other information security breaches. Although these threats may originate from human error or technological failure, they may also originate from the malice or fraud of internal parties, such as employees, or third parties, including foreign non-state actors and extremist parties. Additionally, the Nomura Group could also be adversely impacted if any of the third-party vendors, exchanges, clearing houses or other financial institutions to whom the Nomura Group is interconnected are subject to cyber-attacks or other informational security breaches. Such events could cause interruptions to the Nomura Group's systems, reputational damage, client dissatisfaction, legal liability, enforcement actions or additional costs, any and all of which could adversely affect its financial condition and operations.

While the Nomura Group continues to devote significant resources to monitor and update its systems and implement information security measures to protect its systems, there can be no assurance that any controls and procedures the Nomura Group has in place will be sufficient to protect it from future security breaches. As cyber threats are continually evolving, the Nomura Group's controls and procedures may become inadequate and it may be required to devote additional resources to modify or enhance its systems in the future.

The business of the Nomura Group may be adversely affected if it is unable to hire, retain and develop qualified personnel

Under the philosophy that the Nomura Group's people are its greatest assets, the Nomura Group views recruitment, talent development, performance appraisal, and mobility and advancement strategies as one human resources management cycle and work on various talent management initiatives in a comprehensive manner. Any failure to hire, retain, and develop qualified personnel may materially and adversely affect Nomura Group's business, financial condition and results of operations. There is significant competition for such personnel, based on factors such as compensation, the working environment, training and other employee benefits and its reputation as an employer. Spending on Nomura Group's human resource initiatives may harm its profitability. Moreover, developing the human resources and instilling in them a uniform corporate culture is a continuous, intensive process, and Nomura Group may not be successful in doing so.

Natural disaster, terrorism, military dispute and infectious disease could adversely affect the Nomura Group's business

The Nomura Group has developed a contingency plan for addressing unexpected situations and conduct crisis management exercises which include employee notification tests. The Nomura Group also continues to ensure it can maintain operational resilience (which refers to the ability to continue to provide critical services at a minimum level that should be maintained in the event of a system failure, cyberattacks or natural disaster). This includes the establishment of an emergency command center in the event of an actual disaster to account for the safety of its employees and their families. However, disaster, terrorism, military disputes or pandemics or other widespread infectious diseases could exceed the assumptions of its plan and its framework, and the Nomura Group may not always be able to respond to every situation, afflicting its management and employees, facilities and systems, which could adversely affect its business. For example, the COVID-19 pandemic that began in 2020, and governmental measures to respond to it, have significantly affected the market environment such as causing volatility in global equity prices, interest rates and elsewhere and a widening of credit spreads.

NHI is a holding company and depends on payments from its subsidiaries

NHI is a holding company and heavily depends on dividends, distributions and other payments from its subsidiaries to be able to settle NHI's financial obligations and liabilities. Regulatory and other legal restrictions, such as those under the Companies Act of Japan (the **Companies Act**), may limit NHI's ability to transfer funds freely, either to or from NHI's subsidiaries. In particular, many of NHI's subsidiaries, including

NHI's broker-dealer subsidiaries, are subject to laws and regulations, including regulatory capital requirements, that authorise regulatory bodies to block or reduce the flow of funds to the parent holding company, or that prohibit such transfers altogether in certain circumstances. For example, NSC, Nomura Securities International, Inc., Nomura International plc and NIHK, the Nomura Group's main broker-dealer subsidiaries, are subject to regulatory capital requirements and changes in such regulatory capital requirements and the required level could limit the transfer of funds to NHI. While NHI monitors and manages the transfer of funds within the Nomura Group on the basis of the relevant laws and regulations on a daily basis, these laws and regulations may hinder NHI's ability to access funds needed to be able to settle NHI's financial obligations and liabilities.

The Nomura Group may not be able to realise gains it expects, and may even suffer losses, on its investments in equity securities and non-trading debt securities

The Nomura Group holds substantial investments in equity securities including private equity investments and non-trading debt securities. Under U.S. GAAP, depending on market conditions, the Nomura Group may recognise significant losses in connection with these investments, which could have an adverse impact on its financial condition and results of operations. For example, in the fiscal year ended 31 March 2020, the Nomura Group recognised a loss of ¥ 16.4 billion related to its investment in American Century Investments and ¥ 16.6 billion on its investments in equity securities resulting from market declines arising from the COVID-19 pandemic. Moreover, while the Nomura Group may decide to dispose of these equity securities and debt securities, depending on the market conditions, the Nomura Group may not be able to dispose of these equity securities and debt securities when it would like to do so, as quickly as it may wish or at the desired price.

Equity investments in affiliates and other investees accounted for under the equity method in the Nomura Group's consolidated financial statements may decline significantly over a period of time and result in it incurring impairment losses

Under U.S. GAAP, the Nomura Group has affiliates and investees accounted for under the equity method and whose shares are publicly traded. If there is a decline in the market price of the shares the Nomura Group holds in such affiliates below the carrying amount of its investments over a period of time, and it determines that the decline is other-than-temporary, then it recognises an impairment loss through earning which may have an adverse effect on its financial condition and results of operations. For example, the Nomura Group recognised an impairment loss of ¥47,661 million against its investment in Nomura Real Estate Holdings, Inc. during the fiscal year ended 31 March 2021.

The Nomura Group may face an outflow of clients' assets due to losses of cash reserve funds or debt securities it offers to clients

Cash reserve funds, such as money market funds and money reserve funds are typically categorised as low risk financial products. As a result of a sudden rise in interest rates, such cash reserve funds may fall below their par value due to losses resulting from price decreases, defaults or negative interest charges arising from debt securities held by the fund. If the Nomura Group determines that a stable return cannot be achieved from the investment performance of cash reserve funds, the Nomura Group may accelerate the redemption of, or impose a deposit limit on, such cash reserve funds. In addition, debt securities that the Nomura Group offers may default or experience delays in the payment of interest and/or principal. Such events above may result in the loss of client confidence and lead to an outflow of client assets from its custody or preclude it from increasing such client assets.