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Oct 10, 2024

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Representative Director,  
President and CEO  
(Securities code: 9716;  
TSE Prime Market)  
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### **Notice Concerning Action to Implement Management that is Conscious of Cost of Capital and Stock Price**

NOMURA Co., Ltd. (the “Company”) hereby announces that at the Board of Directors meeting held today, in order to achieve sustainable growth and improve corporate value over the medium to long term, we analyzed and evaluated the current situation of our company, and formulated a policy for improvement, with the aim of achieving conscious of cost of capital and stock prices.

For more details, please see the attached document “Concerning Action to Implement Management That Is Conscious of Cost of Capital and Stock Price”

A photograph of a business meeting in progress. Several people in dark suits are seated around a wooden table. One person is pointing at a document with a pen, while others look on. The document contains charts and graphs. The image is partially obscured by a white diagonal overlay on the right side.

# Concerning Action to Implement Management that is Conscious of Cost of Capital and Stock Price

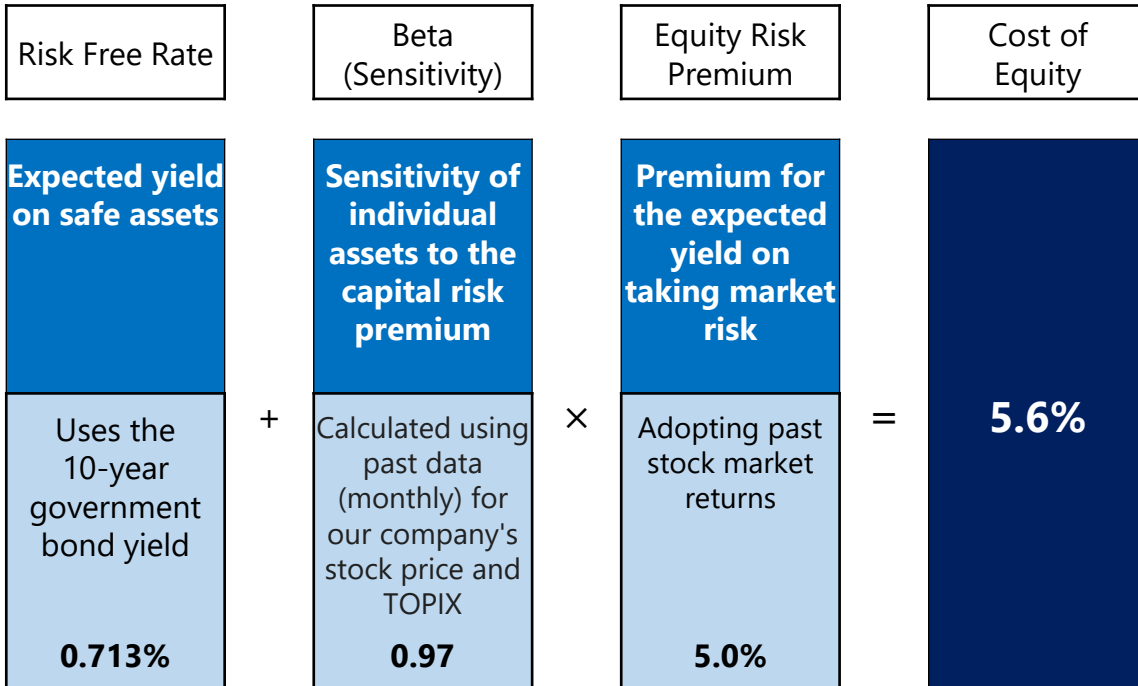
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October 10, 2024  
NOMURA Co., Ltd.

## **Translation**

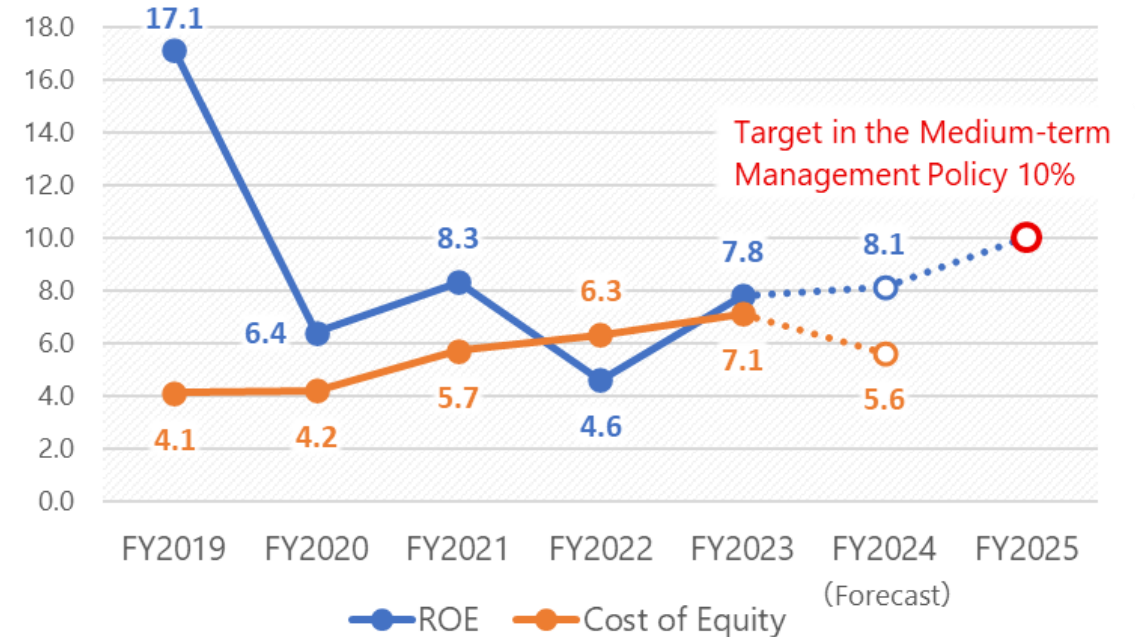
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### Cost of Equity: CAPM (Capital Asset Pricing Model)



	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Risk Free Rate(%)	0.00	0.00	0.14	0.18	0.50	0.71
Beta	0.95	0.97	1.11	1.22	1.32	0.97
Equity Risk Premium(%)	4.3	4.3	5.0	5.0	5.0	5.0
Cost of Equity(%)	4.1	4.2	5.7	6.3	7.1	5.6

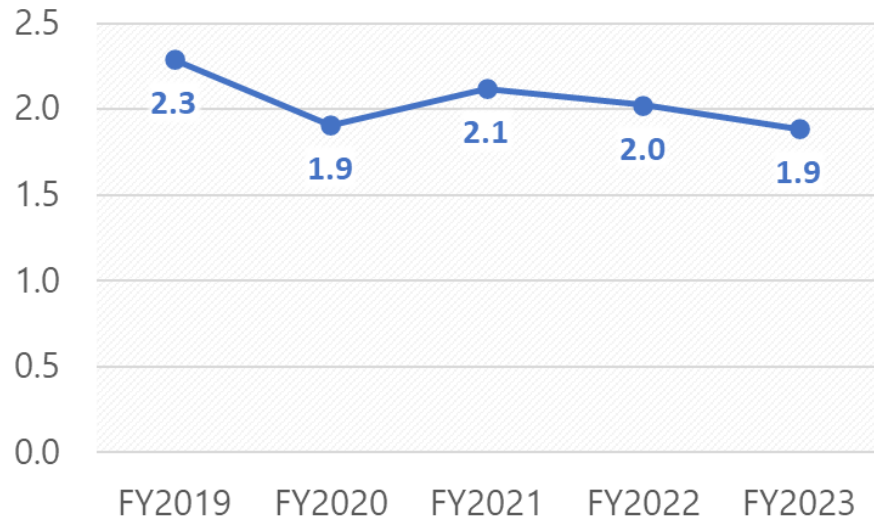
### Trends in ROE and Cost of Equity (most recent 6 periods)



### Cost of Equity and ROE

- We recognize that the average cost of equity over the past five years has been around 5.3% (5.6% most recently).
- ROE for FY2024 is expected to exceed the cost of equity.

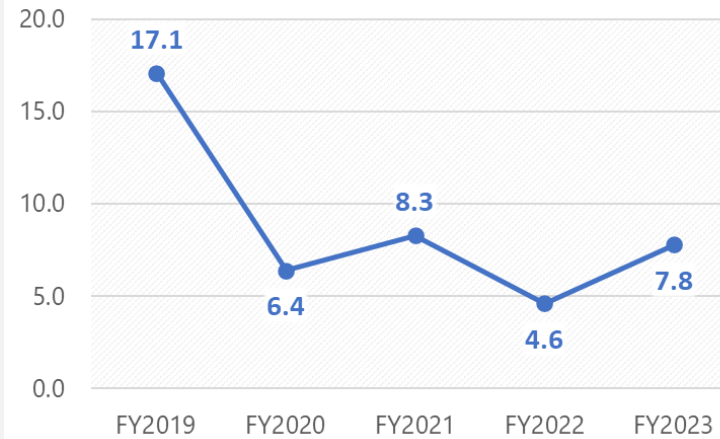
## PBR



## &lt;Analysis&gt;

- Over the past five years, PBR has hovered around 2.0. It has remained above the average of 1.5 for the TSE Prime Market (as of February 2024).

## ROE

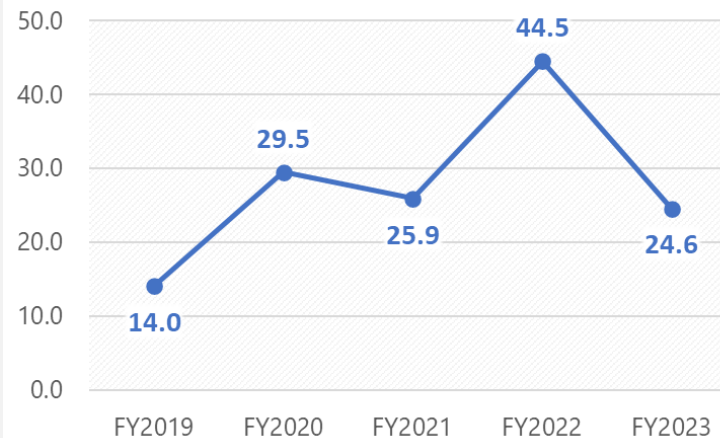


## &lt;Analysis&gt;

- ROE\* has been declined due to little progress in "Net Profit Margin" since FY2020.

\* Note: ROE= "Net Profit Margin" x "Total Assets Turnover" x "Financial Leverage"  
(See next page)

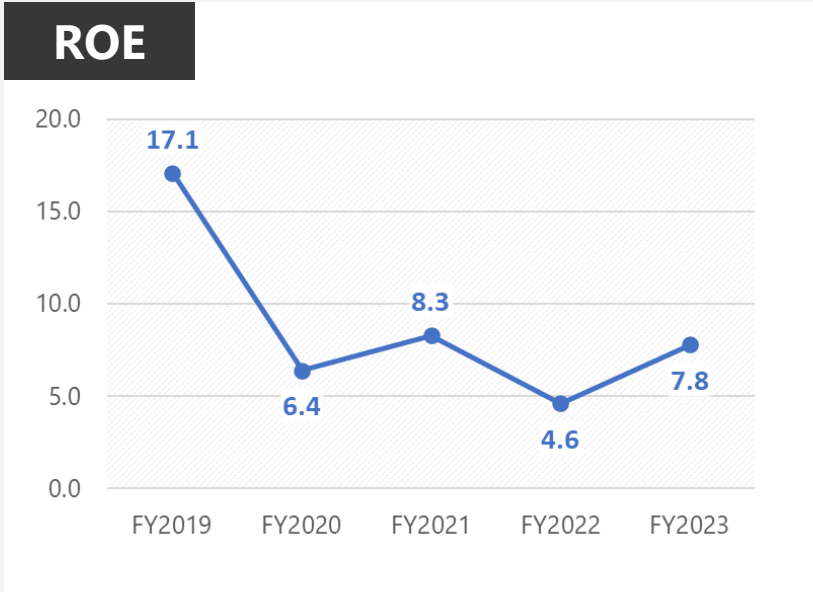
## PER



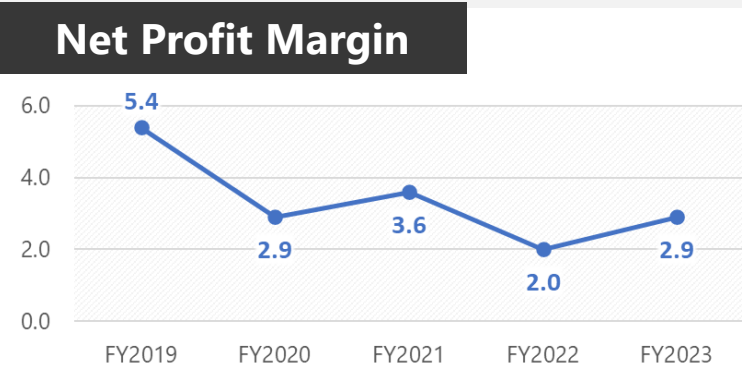
## &lt;Analysis&gt;

- Most recently, PER has remained above the TSE Prime Market average of 19.5 (as of February 2024).
- With the "EXPO 2025 Osaka-Kansai" and the expected revitalization of new construction and renovation of commercial facilities due to growing inbound demand, the PER is expected to remain relatively stable due to expectations of improved performance.

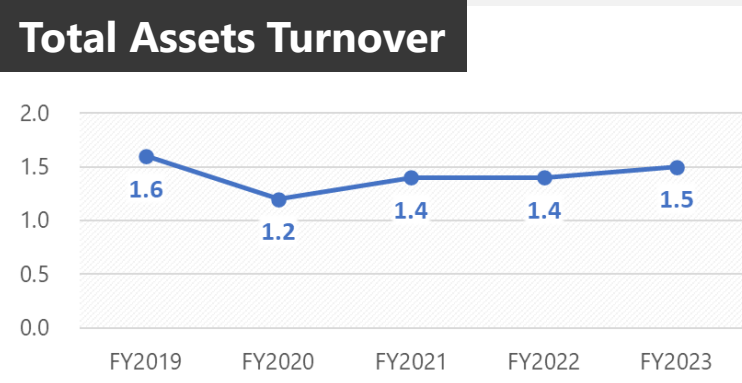
# 1 Current Situation (ROE Analysis)



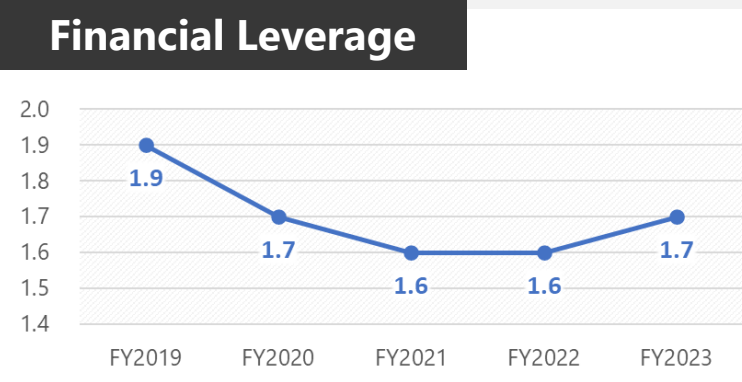
**<Calculation formula>**  
 $ROE = \text{Net profit margin} \times \text{Total asset turnover} \times \text{Financial leverage}$



**<Analysis>**  
 (Profit attributable to owners of parent / Net sales)  
 • Since the COVID-19 pandemic, there has been a continuing trend of rising material prices and intensifying price competition, which has put pressure on profits and caused profit margins to decline.



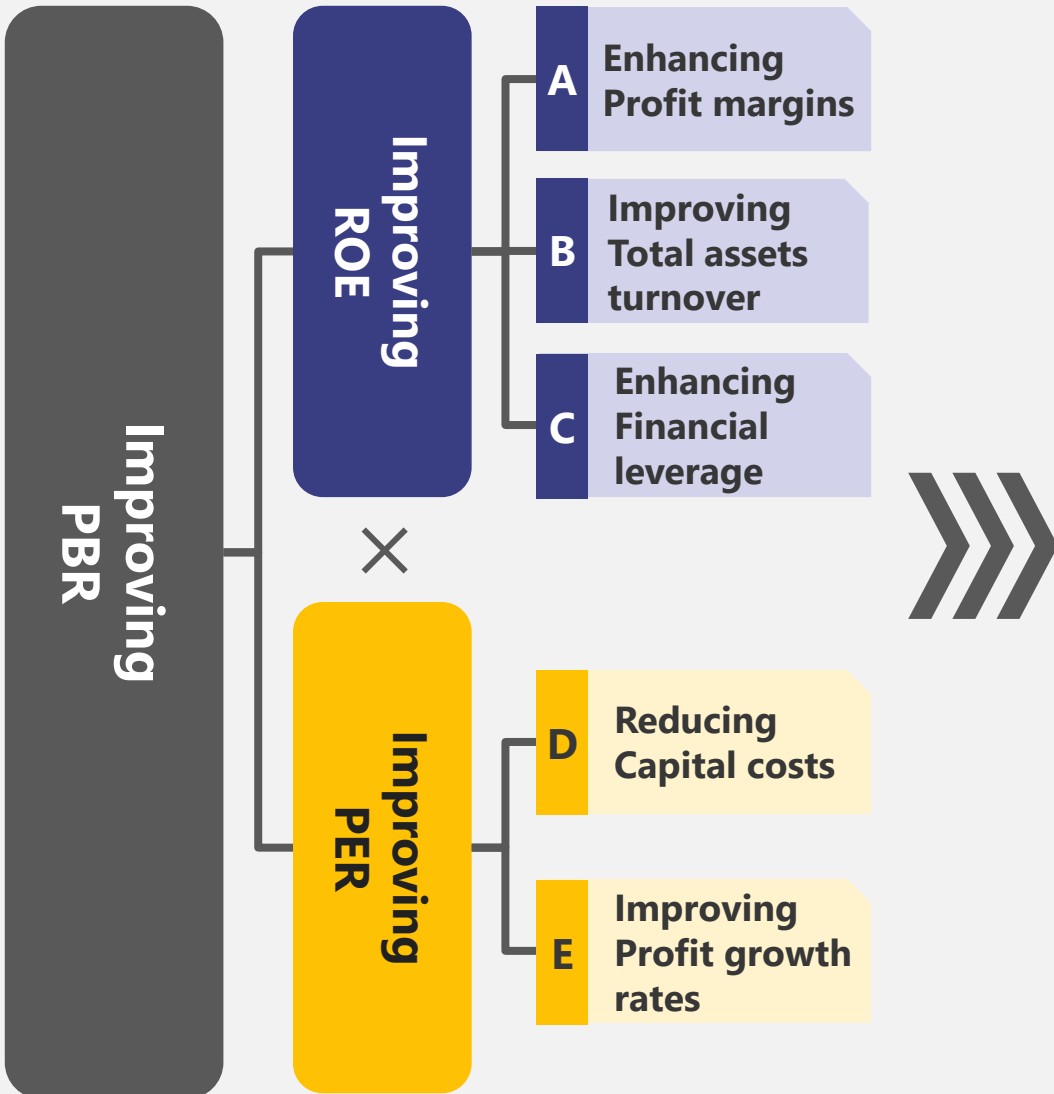
**<Analysis>**  
 (Net sales / Total assets)  
 • Total assets turnover has been generally favorable



**<Analysis>**  
 (Total assets / Net assets)  
 • As there are no ongoing loans at the end of each fiscal year, the financial leverage remains low.

# 2 Main initiatives to improve PBR

## PBR Improvement Measures



Main Initiatives (from the Medium-Term Management Policy)	Correspondence to PBR Improvement Measures				
	A	B	C	D	E
<b>&lt;Increasing business value&gt; Refining our existing businesses to higher level</b>					
Increase opportunities to offer our solutions and strengthen our offering position by cultivating (enhancing) client relationships	○	○		○	○
Strengthen the supply chains for our production system (outside the company) / Advanced utilization of BIM	○	○		○	○
Allocating resources for growth / Optimization of organizational structure	○	○		○	○
Expanding demand in Overseas Business	○	○	○	○	○
<b>&lt;Increasing business value&gt; Exploring new business fields and engaging all employees in creating new businesses</b>					
Strategic development of business fields - Building the pillars of next generation business			○	○	○
Business infrastructure development - Strengthening of products we provide for refining our existing businesses and exploring new business fields			○	○	○
<b>&lt;Increasing social value&gt; Delivering the value that society needs</b>					
Implementation of sustainability initiatives				○	
Establishing effective brand communication				○	
<b>&lt;Work-style reform&gt; Working to realize work styles that allow employees to demonstrate their individual strengths</b>					
Development of systems and mechanisms that support diverse work styles (Research and realization of flexible and diverse working styles)	○	○		○	○
<b>&lt;Improving processes&gt; Making extra time to spend on creativity</b>					
Business Process Reform	○	○		○	○
Pursuing the possibilities of digital technology / Promotion of data aggregation, analysis, and utilization to achieve DX	○	○		○	○
<b>&lt;Human resource development&gt; Fostering human resources who show both creativity and the ability to put ideas into practice</b>					
Acquiring basic knowledge / Acquiring specialized knowledge				○	○
Implementation of optimal personnel allocation / Promotion of mutual understanding				○	○
<b>&lt;R&amp;D&gt; Engaging in R&amp;D to create new value propositions</b>					
Identifying new R&D areas and promoting activities necessary for the growth of the Nomura Group			○	○	○
Promoting open innovation in creative activities			○	○	○

Growth investment aimed at sustainable improvement in corporate value

# NOMURA Co., Ltd.

(Securities code: 9716)

<https://www.nomurakougei.co.jp/en/>

## **Inquiries about IR and stocks**

Executive Management

([ir@nomura-g.jp](mailto:ir@nomura-g.jp))

### **Caution regarding forward-looking statements**

The forward-looking statements, including earnings forecasts, contained in this document are based on information available to the Company as of the date of the document and are believed to be reasonable by the Company. Please note that actual results and performance may differ from the forecasts contained in this document due to potential risks and uncertainties.