Management Philosophy

We help to create enriching environments by putting people first and creating new value.

Putting People First

NOMURA reflects a diverse range of human values to create comfortable environments that will improve consumers’ lives. NOMURA also provides fulfilling, people-centric workplaces where our employees can realize their full potential.

Creating New Value

NOMURA explores new functions and possibilities for interaction between people, between people and items, and between people and information to maximize customer traffic and create the best spaces for our clients’ businesses.

Our Aim

NOMURA improves the culture of people’s everyday lives by improving the environments where people spend their time. It is through this work that we lead the environment creation industry.

Brand Statement

Prosperity Partner

A partner that brings prosperity to our clients’ businesses

Prosperity means both business success for our client companies and fulfillment for the people who spend time there. NOMURA will continue to challenge itself to be the best partner for our clients and bring our clients prosperity. “Prosperity Partner” is a symbolic slogan that expresses the aim of the NOMURA GROUP.

Values Offered by NOMURA

NOMURA Provides Delight and Passion to Customers

NOMURA provides experiences that inspire delight and passion by creating highly attractive and inviting spaces in line with consumers’ views, contributing to their clients’ business success and their customers’ (the end users’) enjoyment.

NOMURA’s Aim

To be the only partner that any of our clients need

The NOMURA Group works together to provide, or act as an agent for, even more comprehensive space-related services for our clients. By doing this, we will become an indispensable part of our clients’ business activities and value chain, making NOMURA the only partner that any of our clients need.

Note: For the purposes of this text, “NOMURA” refers to the NOMURA GROUP as a whole.

Editing Policy

The Annual Report 2019 includes both financial information, such as management policies and business strategies, and non-financial information, such as CSR initiatives, to enable our shareholders, investors and a wide range of other stakeholders to deepen their understanding of NOMURA through an integrated presentation of important information. Photographs, charts and tables have been used to illustrate the Company’s operations in a visual manner. Our Investor Relations website (URL on the right) provides more comprehensive information.

Forward-Looking Statements

The Annual Report 2019 contains forward-looking statements regarding future performance that can be reasonably expected based on information available at the time this report was prepared. Please be advised that NOMURA’s actual results and performance could differ materially from those anticipated by the forward-looking statements due to potential risks and uncertainties.

Investor Relations Website

“Investor Relations” on our website includes materials about investor relations.

https://www.nomurakougei.co.jp/english/ir/
NOMURA can trace its roots back to the Taisho Period (1912–1926). Following the Company’s establishment in 1892, founder Taisuke Nomura created a large-scale mechanism for displaying chrysanthemum dolls at Tokyo’s national sumo hall. The bold imagination and ambition of this pioneering display, which amazed and delighted people at the time, have since expanded into a variety of fields. At the heart of NOMURA’s development lies a thirst for a challenge, an insistence on quality and a conceptual framework for pursuing customer satisfaction.
Creating and vitalizing spaces that provide delight and passion

For over 120 years, NOMURA’s creators and manufacturing specialists have shared their keen eye and strong skills to create spaces that attract crowds of customers while meeting the wide-ranging needs of our clients. Times may change, but the spirit of our work—providing delight and passion to the consumers who visit our clients’ spaces—remains unchanged.

A team of producers of spaces that attract customers

Our main business is display work where we create interiors and exhibits for various facilities and events that attract customers. We provide total value, with services from investigations, planning and consulting to design, layout, production, construction, operation and management according to our clients’ strategies and operations for their spaces. We have expanded our facility and event vitalization, operation, management and customer attraction work into the food, beverage and retail industries, and are working to further expand our business domain in response to growing client needs in recent years.

Diverse advances in the display world

The NOMURA Group now works in a diverse range of markets and fields, from commercial facilities such as specialist stores and department stores to other facilities such as hotels and offices, as well as exhibitions for museums, art galleries and showrooms, and even promotional work such as expositions and events. The display market is constantly changing with the times—commercial facilities have expanded from department stores to station buildings and shopping centers, museums have evolved from academic exhibitions to interactive learning, and we’re seeing a shift from amusement parks to theme parks.

The NOMURA Group’s mission is to contribute to the prosperity of our clients’ business by attracting as many consumers as possible and providing them with delight and passion.
How the display industry is changing with the times

A leading company in the display industry

The display industry is estimated to be around ¥1.560 trillion industry as of FY2017, with the sales of the top 30 companies accounting for around ¥1.561 trillion. The market is gradually recovering from the impact of events such as the global financial crisis and the Great East Japan Earthquake, and is expected to continue growing in future.

The NOMURA Group’s market share in FY2017 was 15.2% of that occupied by the top 30 companies in the display industry—the highest market share in the industry. But there’s still more room to grow.

We work on over 14,000 projects a year, branching into a growing number of markets from household-name restaurants and shopping centers to exhibitions, events, museums and theme parks.

The market conditions of the display industry

The market situation of the display industry is closely linked to that of industries such as construction, real estate, advertising and events. As Japan gears up for the Olympic and Paralympic Games Tokyo 2020, there has been an increasing number of overseas tourists, bringing an upswing in demand for creation of infrastructure, work in the tourism industry and vitalization of local communities. As a result, we are working on more large-scale projects than ever before, and are refining our space creation services to provide total value. We are also actively working on joint projects and cooperations with other companies to make digital technology and other cutting-edge technology a stronger part of our space presentation work, with the aim of using our position as a leading company in the display industry to contribute to further development of Japanese society.
Corporate Value Creation Process

Source of NOMURA’s Corporate Value Creation

The three strengths that make us number one in the industry

The NOMURA Group has provided delight and passion to people throughout the ages ever since we were first established in 1892. We will build on our solid results to earn a high degree of trust from core companies and other promising companies, making use of our three strengths: comprehensive power, power of creativity and power of production.

Comprehensive power refers to the outstanding level of work we achieve through our extensive teamwork. The NOMURA Group consists of a large network of domestic and overseas offices and 12 group companies, which together occupy the largest share of the industry. We all work together to meet a wide range of needs.

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The NOMURA Group has a vast number of planners and designers with a keen eye and boundless creativity. Our nationally and internationally acclaimed power of creativity produces one-of-a-kind value.

With a team of space creation specialists who turn a wide range of needs into reality, we are constantly refining and passing on our years of experience, making use of the latest technology and information to provide safe, high-quality services with outstanding value. We are also working actively to improve quality and safety throughout the display industry as a whole.

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With fresh ideas and top-notch design skills, NOMURA’s creative team is constantly working to create new delight and passion.

"Digital innovation x space creation" is the theme of NOMLAB, our specialist organization for the development of our digital communications business. NOMLAB was behind the success of our Kiku no Machi Nihonmatsu (Nihonmatsu the Chrysanthemum City) Branding Project, in which we teamed up with the municipal government of Nihonmatsu City in Fukushima Prefecture to organize an interactive event featuring chrysanthemum-themed MR*

2018. Our exhibit at DESIGNART TOKYO 2018 was tied in with this event.

* Mixed reality, a medium that combines reality with virtual spaces.

A strong network of affiliated companies to help NOMURA provide the best quality and safety.

To help us achieve quality and safety you can count on for every product and service we provide, we have a strong network of around 500 companies nationwide. We have joined together with our core affiliated companies to form the NOMURA Cooperative, which works to improve the quality and safety of the design industry as a whole, passes on technology and meets the needs of a diverse range of markets through a wide variety of technology.

*NOMURA and Rhizomatiks Architecture formed a dream team for the Japan in Architecture exhibition held at Mori Art Museum in 2018, with each company bringing its amazing strengths in presentation, context creation, construction and space design to create an interactive installation. This was just the start of our partnership, and Team Notora (Japanese for “No & Rh”) has produced a variety of other creations since.
Management Strategies

Message from the Management

Striving to become the Prosperity Partner that will be needed in 2022

In 2012, the NOMURA Group established the NOMURA Long-Term Vision N22, which outlined our vision about the company we would need to become in 10 years. By 2022, we need to be a Prosperity Partner, a partner that not only creates spaces but shares a common goal with our customers and strategically develops and vitalizes spaces to maximize our customers’ prosperity. We aim to become a space strategies partner for our customers, creating delight and passion with them and developing spaces that will bring prosperity and enrich society.

Our path toward this goal was divided into three medium-term management plans. We are currently working on the second step, the 2017-2019 Medium-Term Management Plan.

The Three Steps to Achieving N22

<table>
<thead>
<tr>
<th>Year</th>
<th>Theme</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>Superior Value Chain (FY2014 - FY2016)</td>
</tr>
<tr>
<td>2017 - 2019</td>
<td>Compete on a Whole New Dimension (FY2017 - FY2019)</td>
</tr>
<tr>
<td>2020 - 2022</td>
<td>Be the Only Partner That All of Our Clients Need (FY2020 - FY2022)</td>
</tr>
</tbody>
</table>

FY2014 - FY2016: Superior Value Chain

We strove to leverage our basic values of quality, speed, and cost-effectiveness to dominate the industry and become the top space creation company in Japan, and to improve the value that we provide to our clients by providing the NOMURA Group’s wide range of products and services as one-stop solutions. We achieved great results through measures such as expansion of our product range through group-wide collaboration, and strategic customer development activities.

FY2017 - FY2019: Compete on a Whole New Dimension

In the three-year period starting from 2017, we are rethinking the chain of values that our products and services provide from our customers’ perspective. We are proposing one-stop solutions that are unmatchable by our competitors to solve issues in our customers’ long-term business strategies.

FY2020 - FY2022: Be the Only Partner That All of Our Customers Need

We will take charge of all operations related to our customers’ spaces, acting as agents for this work so that our customers can focus on their core operations. NOMURA’s space strategy agents will become a part of our customers’ business activities, making NOMURA an irreplaceable partner for our customers.
Demand for space creation remains strong, bringing more increases in revenue and profits in FY2018

Consolidated results for the 2018 fiscal year were outstanding in both sales and operating income. Sales increased by 8.6% to ¥125,859 billion due to a number of successes such as large projects in various markets, including the specialty store and amusement facilities markets. Ongoing refinements of our production systems and improvements of profits in group companies led to a better ratio of gross profit to net sales, resulting in a 12.0% increase in operating income to ¥9,154 billion. Sales increased for the fifth year in a row and both operating income and ordinary income increased for the tenth year, leading to dividends of ¥52 per share, including a special dividend of ¥2 per share to celebrate 10 consecutive years of increases in consolidated operating income.

Our role as a Tokyo 2020 Partner has been an opportunity to lay the foundations for growth

The Olympic and Paralympic Games Tokyo 2020 are now not far away. In June 2018, NOMURA signed a contract to become an Official Supporter of the Tokyo Organising Committee of the Olympic and Paralympic Games in the Design, Engineering and Construction Services for Interior Spaces and Exhibition Spaces category. We are working on three initiatives to strengthen our foundations so that we can parlay this opportunity into steady, continuous growth that lasts well beyond 2020.

Our first initiative is to strengthen the foundations of our business. In addition to strengthening our value as a space creator for large-scale events through our work on preparation and decoration of the venues, we will be building relationships with over 70 other partner companies and over 200 countries and regions that will be participating in the Olympic and Paralympic Games Tokyo 2020, which will provide valuable opportunities to expand our relationships with existing customers and grow our customer base.

Our second initiative will seek to boost our organizational competence, increasing employee engagement so that our employees, teams and companies grow together, gain confidence and pride and make contributions to society. The first step of this initiative has been the creation of a communal “refresh space” in our Daiba head office. Employees of all stripes share their knowledge and experiences, supercharging our idea sharing process with a variety of perspectives that extend beyond any one role or job description. This has breathed new life into our communication and seen all of our employees grow further.

Our third initiative is to achieve greater recognition of our brand’s value. Our display business burst into the public sphere after our involvement in the Japan World Expo in 1970 (Expo ’70), boosting the social value of the industry and bringing about dramatic growth in our company. We will take Tokyo 2020 as an opportunity to show the world how the display industry brings delight and passion, working to achieve greater recognition of the value of our space creation business and NOMURA as a whole.

Our aims for the final year of our medium-term management plan

The 2019 fiscal year will be the final year of our current medium-term management plan, which focuses on competing on a whole new dimension.

We started the 2019 fiscal year with a large backlog of orders to meet growing demand in urban redevelopment for complexes, theme parks and hotels for Japan’s growing tourist base and new offices to handle changes in working practices. We are approaching these challenges by working to become a stronger NOMURA, working to meet our customers’ needs more effectively in this changing market. We began our medium-term management plan by reshuffling our organization from the conventional divisions by market to new divisions by function. This has enabled company-wide optimization of the NOMURA Group’s resources and the building of a framework that brings together the creative and product-based axes of our business—two of NOMURA’s key strengths—to provide multi-pronged products and services. We will continue strengthening this framework to meet the wide-ranging needs of our customers and provide total value as space creators.

We expect selling, general and administrative expenses to increase in 2019 and our projections for our consolidated results in the 2019 fiscal year reflect this, with sales expected to increase by 3.3% year on year to ¥130 billion and operating income expected to increase by 1.6% to ¥9.3 billion. While there are an enormous number of projects in the pipeline, the most important thing is to maintain our high standard of quality. Our employees are our driving force, so the most crucial task at hand is to improve our working practices and help each and every employee to take their work to the next level so that we can continue to bring the NOMURA standard of quality to every project we work on. This will mainly take the form of staff training, improvement of our working environments and measures to ensure that we have the capacity to carry out this vast volume of work.

We are also conscious that returning profits to our shareholders is one of the most important parts of doing business, so each step we take will be preceded by a careful assessment of how the venture will grow our business, generate net income attributable to shareholders of the parent (and thus dividends), strengthen our foundations and lead to future expansion. Based on this policy, we plan to pay dividends of ¥25 per share in the 2019 fiscal year. We also recently enacted a 2-for-1 stock split to improve the liquidity of our stock and expand our investor base. The NOMURA Group will continue to improve and strengthen the frameworks of our business to generate strong results on an ongoing basis, which will mean continuous high dividends for our shareholders.

Our aims for continuous growth from 2020 onward

Urban redevelopment is set to continue from 2020 onward, particularly in the Tokyo, Kansai and Chubu areas. This will be an opportunity for the NOMURA Group to build on its strong performance in carrying out large-scale projects as we meet the demand for large-scale commercial facilities and complexes that this redevelopment will bring. We are also working on large-scale events such as Expo 2025 Osaka, Kansai, Japan, taking steps to expand our work in the tourism industry through projects such as all-inclusive resorts and adopting digital technology in our space creation and presentation projects through joint projects and cooperations with other companies. In the immediate future, we will of course be working steadily to meet the special demand created by the Olympic and Paralympic Games Tokyo 2020, and will turn the valuable opportunities and experience we gain through this work into a solid foundation for steady, continuous growth of our business.

We would like to thank you, our shareholders and investors, for your ongoing support and encouragement, and look forward to building on our relationship with you in future.

Consolidated Forecast (millions of yen)

<table>
<thead>
<tr>
<th></th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>¥115,841</td>
<td>¥125,859</td>
<td>¥130,000</td>
</tr>
<tr>
<td>Operating Income</td>
<td>8,171</td>
<td>9,154</td>
<td>9,300</td>
</tr>
<tr>
<td>Ordinary Income</td>
<td>8,373</td>
<td>9,341</td>
<td>9,400</td>
</tr>
<tr>
<td>Net Income</td>
<td>5,638</td>
<td>6,745</td>
<td>6,300</td>
</tr>
<tr>
<td>Net Income per Share</td>
<td>101.36</td>
<td>121.26</td>
<td>56.62*</td>
</tr>
<tr>
<td>ROE (Return on Equity)</td>
<td>15.1%</td>
<td>16.3%</td>
<td>14 – 16%</td>
</tr>
<tr>
<td>Cash Dividends per Share Applicable to the Fiscal Year</td>
<td>45.0</td>
<td>52.0</td>
<td>25.0*</td>
</tr>
</tbody>
</table>

*We enacted a 2-for-1 stock split effective from June 1, 2019.
Basic Corporate Governance Policy

NOMURA constantly aims for the best possible corporate governance, and works continually to upgrade its corporate governance. NOMURA is dedicated to transparency and fairness in decision making from the standpoint of achieving sustained growth and long-term growth of corporate value. In addition, NOMURA believes that increasing the vitality of management by effectively utilizing resources and reaching decisions with speed and resolution is a key component of corporate governance. Numerous actions are taken to upgrade corporate governance based on the following.

1. We respect the rights of shareholders and maintain equality for all shareholders.
2. We work with stakeholders, including shareholders, in a suitable manner that reflects their interests.
3. We disclose company information properly and ensure its transparency.
4. The Board of Directors and Board of Corporate Auditors fulfill their roles and duties based on their fiduciary responsibilities to shareholders and responsibility to provide explanations.
5. We hold constructive dialogues with shareholders who have investment policies that are consistent with the medium- to long-term interests of shareholders.

Corporate Governance Structure (As of May 23, 2019)

As a company with corporate auditors, NOMURA has elected 10 directors (including two outside directors) and three auditors (including two outside auditors). Directors are subject to audits on the execution of their duties through their attendance at a Board of Directors’ meeting and the periodic holding of a Board of Auditors’ meeting. The Corporate Auditors Office, charged with internal auditing, consists of three officers and auditors business units according to an internal auditing plan, while enhancing the Company’s audit function through collaboration with the Board of Auditors.

Board of Directors

Comprising 10 directors including two independent outside directors and three auditors including two outside auditors, the Board of Directors deliberates and decides important business matters, and supervises the execution of business undertaken by directors.

Board of Auditors

Comprising three auditors including two outside auditors, the Board of Auditors investigates the status of operations and assets of the Company and its subsidiaries according to the annual audit plan, and exchanges information among the auditors in response to timely reports from the accounting auditors and the Corporate Auditors Office. Standing statutory auditors attend meetings of the Management Committee and the Risk Management Committee to gather information needed for audits and provide input when necessary.

Management Committee

The Management Committee meets twice a month to deliberate and examine management matters and basic policy related to medium- and long-term visions.

Nomination and Compensation Committee

The Company has established the Nomination and Compensation Committee as a body that deliberates matters related to the election, promotion, demotion and dismissal of directors and auditors, as well as matters associated with their compensation before submitting a report to the Board of Directors. This committee is composed of four members: the President, the Director who oversees a division of the headquarters, an outside director and a standing statutory auditor.

Risk Management Committee

The Company has established the Risk Management Regulations, which describe the risk management of the entire Group. Through the appointment of a director and officer in charge of risk management and periodic meetings of the Risk Management Committee, NOMURA manages the risk of the entire Group in a comprehensive and exhaustive manner.

Disclosure Committee

NOMURA has a Disclosure Committee for the purpose of ensuring that important company information is disclosed in a fair and timely manner, as prescribed in the timely disclosure rules of the Tokyo Stock Exchange and other guidelines. For significant material facts, the Disclosure Committee holds discussions. Next, the associated division submits a proposal to the Board of Directors. After the approval of a resolution or submission of a report, the information is promptly disclosed.

Independent Supervision

NOMURA’s fundamental policy is to nominate persons with diverse backgrounds as outside director and statutory auditor candidates. This is because we think it is important to secure a diversity of knowledge, experience and skills of members of the Board of Directors as a means of preserving the independence and objectivity of the board. Under this fundamental policy, we elected two outside directors and two statutory auditors.

Outside Directors

<table>
<thead>
<tr>
<th>Name</th>
<th>Reason for Appointment/Relationship with NOMURA</th>
<th>Attendance at Board of Directors’ meetings during the 2018 fiscal year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mitsuo Sakaba</td>
<td>Mr. Mitsuo Sakaba was elected an outside director and registered as an independent officer because having served as Japan’s Ambassador to Vietnam and to Belgium, he is equipped with deep insights into politics and the economy from a global perspective.</td>
<td>10 of 10 meetings (100%)</td>
</tr>
<tr>
<td>Etsuko Komiya</td>
<td>Ms. Etsuko Komiya was elected an outside director and registered as an independent officer because as a former experienced news anchor, she is highly knowledgeable in corporate business management and economic affairs.</td>
<td>10 of 10 meetings (100%)</td>
</tr>
</tbody>
</table>

Statutory Auditors

<table>
<thead>
<tr>
<th>Name</th>
<th>Reason for Appointment/Relationship with NOMURA</th>
<th>Attendance at Board of Directors/Auditors’ meetings during the 2018 fiscal year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yasuharu Fushimi</td>
<td>In addition to his specialist knowledge about taxation, Mr. Fushimi has been directly involved in the management of other companies. He was appointed as a statutory auditor and placed in the position of independent director with the hope that he will use his wealth of experience to strengthen NOMURA’s auditing framework.</td>
<td>Board of Directors’ meetings: 8 of 8 meetings (100%) Board of Auditors’ meetings: 8 of 8 meetings (100%) (Appointed May 2018)</td>
</tr>
<tr>
<td>Tatsumi Yamada</td>
<td>Mr. Tatsumi Yamada was elected a statutory auditor and registered as an independent officer because he is equipped with a wealth of experience and outstanding knowledge as an expert in international accounting and as a member of the Certified Public Accountants and Auditing Oversight Board of the Financial Services Agency, and is in an objective position independent from the Company’s executive management.</td>
<td>(Appointed May 2019)</td>
</tr>
</tbody>
</table>
ESG Information
Corporate Governance

Execution of Directors’ Duties
NOMURA ensures that directors’ duties are executed in an appropriate and efficient manner through the process of defining their official authority and decision-making rules in internal regulations such as the Board of Directors Regulations and the Organization Resolution Regulations. During the fiscal year under review, a Board of Directors’ meeting was held on 10 occasions to perform supervision with a view to ensuring that directors’ and employees’ duties are executed in conformity with laws and ordinances, as well as the Articles of Incorporation.

Execution of Auditors’ Duties
During the fiscal year under review, a Board of Auditors’ meeting was held on nine occasions to broadly exchange opinions, deliberate and review the reasonableness of the Company’s business management, as well as its compliance, thereby issuing advice and recommendations to the management when appropriate. Auditors attended Board of Directors’ meetings and Management Committee meetings, among other significant meetings, to rigorously monitor the execution of duties by directors.

Establishment of Risk Management Platform
During the fiscal year under review, a Risk Management Committee meeting was held on seven occasions to identify significant risks for NOMURA’s business management, ascertain and analyze such risks, and consider measures to address them, thereby seeking to avoid risks in our business activities. To thoroughly communicate the Group’s management philosophy and code of conduct, as well as points to be borne in mind under laws and ordinances, we created and distributed the Compliance Guide.

Rigorous Adherence to Compliance Requirements
NOMURA implemented various training programs for the purpose of ensuring rigorous adherence to compliance requirements. We have a whistleblowing desk in place at our Head Office and an external lawyer’s office in order to promptly discover and correct any act that breaches the Company’s regulations or is unacceptable under normal social conventions, and to preserve the organization’s social credibility. Incidents that occurred during the fiscal year under review were promptly investigated before being reported to corporate auditors.

Self-Assessment of the Board of Directors
In February 2019, the 12 members of the Company’s Board of Directors, comprising all directors and statutory auditors including outside directors and outside statutory auditors, took the FY2018 Board of Directors Assessment Questionnaire. The survey mainly dealt with topics such as the composition and operation of the Board of Directors as well as provision of information to outside officers. All 12 members signed over questionnaires and identified themselves. The results of the survey yielded comments such as “Active discussions are taking place”, and “Improvement is seen in prior explanation of the meeting agenda to outside officers.” The Company’s Board of Directors retained an assessment level of “Largely satisfactory”.

Director Compensation
NOMURA calculates the amount of compensation for each director and auditor in consideration of their title, whether they are a full-time or part-time director or auditor, as well as the nature of their duties, social standards, and a comparison to employee salaries, as well as the Company’s financial results, and within the scope of the maximum compensation approved by a resolution of a General Meeting of Shareholders. When determining the amount of compensation for each director and auditor, the Nomination and Compensation Committee deliberates on the proposed amount. The amount of compensation for each director is determined at a Board of Directors’ meeting, and for each auditor is determined through discussion between auditors.

Total Amount of Remuneration per Classification of Executives, Total Amount of Remuneration by Category, and Number of Executives

<table>
<thead>
<tr>
<th>Position</th>
<th>Total amount of remuneration (millions of yen)</th>
<th>Total amount of remuneration by type (millions of yen)</th>
<th>Number of recipients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Basic remuneration</td>
<td>Stock options</td>
<td>Bonuses</td>
</tr>
<tr>
<td>Directors (excluding outside directors)</td>
<td>369</td>
<td>281</td>
<td>—</td>
</tr>
<tr>
<td>Outside directors</td>
<td>18</td>
<td>18</td>
<td>—</td>
</tr>
<tr>
<td>Auditors (excluding statutory auditors)</td>
<td>28</td>
<td>28</td>
<td>—</td>
</tr>
<tr>
<td>Statutory auditors</td>
<td>18</td>
<td>18</td>
<td>—</td>
</tr>
</tbody>
</table>

Notes: 1. As of February 28, 2019, NOMURA had eight directors and four auditors.
2. The annual compensation limit established at the 59th General Meeting of Shareholders as of February 28, 2019 is ¥32 million for directors and ¥30 million for outside directors (decided at the 78th General Meeting of Shareholders on May 21, 2015), and ¥30 million for auditors (decided at the 59th General Meeting of Shareholders on May 12, 2006).

Executives (as of May 23, 2019)

Board of Directors
Chairman of the Board & CEO: Masaru Watanabe
President & CEO: Shuji Enomoto
Senior Vice Presidents:
- Masahiro Nakagawa (General Manager – Corporate Headquarters)
- Kiyotaka Okumoto (General Manager – Business Headquarters)

Board Directors:
- Tadashi Owada (General Manager – Business Unit 2, Business Headquarters)
- Shuichi Makino (General Manager – Human Resource Management Department, Corporate Headquarters)
- Fukuichi Ono (General Manager – Creative Department, Business Headquarters)
- Shinji Sakai (General Manager – Business Unit 1, Business Headquarters)

Outside Directors:
- Mitsuo Sakaba
- Etsuko Komiyama

Auditors:
Standing Statutory Auditor: Masanori Sato
Statutory Auditors:
- Yasuharu Fushimi
- Tatsumi Yamada

Executive Officers
Senior Officers:
- Makoto Kanehira
- Aiko Yamazaki
- Katsuhiko Yoshida
- Yuki Doi

Officers:
- Hiranobu Takeda
- Yoshiaki Yamaguchi
- Koichi Matsuou
- Yujiro Kawanishi
- Takayuki Yoshida
- Takahiro Mukai
- Makoto Kurihara
- Tatsuya Sudo
- Kichiro Yasumi
- Asako Hayama
- Shigechiyo Suzuki
- Kenji Tomiyashiki
- Ryu Kosaka
- Yuji Hirata

* At NOMURA Co., Ltd., we call “Director Class” allowances for our highest-ranking intellectual and technical staff, who are considered assets of the company, to create an environment that stimulates intellectual and technological advancement.
Quality, the Environment and Safety

The NOMURA Group’s Policies for

1. Complying with all relevant laws and regulations and other societal requirements
2. Further improving quality standards in order to provide customers with satisfaction and peace of mind
3. Proposing environmentally friendly projects and designs to prevent environmental pollution
4. Separating and recovering industrial waste materials and making ongoing efforts to recycle resources
5. Ensuring the safety and health of all involved in our operations, and realizing a comfortable workplace environment
6. Providing health and safety education and preventing accidents

Declaration of Support for the Fair Wood Campaign: The “NOMURA Timber Procurement Guideline”

We support the use of wood from known origins.

As the NOMURA Group uses extremely large volumes of wood and wood products in its business activities, we believe that we have an environmental and social responsibility to procure the forests by ensuring that Wood 1 (wood that is sustainable and complies with laws) is sourced for our projects. Our CSV Council2 works according to the NOMURA Group’s Policies for Quality, the Environment, and Safety, so that all employees can provide added value to our customers through daily business activities from the standpoint of environmental conservation. As part of this project, we announced the NOMURA Timber Procurement Guidelines, including the Declaration of Support for the Fair Wood Campaign. In May 2017, the Japanese government passed the Act on Promoting the Distribution and Use of Legally Harvested Wood (nicknamed the “Clean Wood Act”). NOMURA is strengthening its fair wood initiatives to comply with this law, with activities ranging from in-house and industry-wide workshops to interactive tours connecting creators with the forest.

Complying with all relevant laws and regulations and other societal requirements

NOMURA is carrying out a wide range of initiatives to promote the use of wood.

Local materials used in a historic shrine’s cultural center

EDOCO Edo Culture Complex (2018)
The 130th anniversary of the historic Kanda Myōjin Shrine was celebrated with the opening of a new cultural center called EDOCOC. The Tama area of Tokyo is said to have been associated with Kanda, the enshrined deity of the shrine, and so materials from the area were actively used in the creation of this space.

Promoting activities that connect creators with trees

Local “Forest Connection” tours

Tours of FSC® certified forests and timber in Tama, Tokyo Prefecture

NOMURA has begun organizing tours of timber-producing areas as an initiative to show creators and construction and business clients where their timber comes from. The initiative also provides opportunities for them to meet business owners who are highly knowledgeable about timber and the forests where it comes from. Our aim is to encourage people to use wood and inspire widespread creation of wood-based spaces.

Winners of an honorable mention at the Wood City Tokyo Model Building Awards

NIHOMBASHI TOYAMA (2016)
In January 2019, NOMURA received an award from the Tokyo Metropolitan Government for exploring new possibilities for the use of wood, and for using wood innovatively in a space that echoes the industrial era thanks to a model. The award-winning space was NIHOMBASHI TOYAMA, a store showcasing specialized from Toyama Prefecture. A range of wood products from Toyama, including timber, wood-based materials and processed wood products, were carefully selected to present a unique cultural space that brought together local woodcraftsmen and designers.

Measurement using a 3D space point group scanner, and the measurement screen

A seminar at NOMURA Training Center

The NOMURA Training Center, an Interactive Training Facility

We develop professionals who can achieve NOMURA’s high standards in quality and safety.

We are committed to doing everything we can to develop professional employees in every area and at every level by gathering and sharing all of the knowledge, technologies, and know-how required to achieve the NOMURA Group’s high standards of quality and safety. As part of this effort, we opened the NOMURA Training Center in January 2016 in a building networked together with our affiliated companies to improve our quality and safety. The Center’s Training Lab simulates all stages of our processes in an environment resembling an actual site, from various forms of scaffolding and reinforced concrete foundation samples that are actually used on construction sites, to morning meetings and risk prediction meetings. In addition to providing legally mandated training according to the Industrial Safety and Health Act, this facility creates effective and sustainable training frameworks. Specific measures include interactive hands-on training where specific examples of accidents and incidents are shared, and training where specialist instructors from various fields provide hands-on training in their craftsmanship.

The Center also carries out BIM initiatives to improve productivity, including BIM seminars and information exchange sessions for employees, a training room for self-study about BIM and a 3D space point group scanner.

Training at the Training Center (results for 2018)

114 training sessions held 1,008 attendees (Total)
Initiatives for Cultural Development and Contribution to Local Communities

JAPAN VALUE Project

Providing a place for traditional craftsmanship from around Japan

The introduction of national policies such as regional revitalization and COOL JAPAN has drawn attention to local manufacturing, but there have been a number of obstacles such as demand and a lack of successors for current business leaders. We realized that we can help by using the mindsets and know-how that we have amassed during our 120 years in business to create a space for the traditional manufacturing practices of each region. In addition to measures for customers in Japan, we have overseas strategies in place to create a good business cycle in which spaces with a high degree of hidden extra value can be delivered.

Minna Tsunagaro! (Everybody Come Together!) Project

Contributions to communities damaged by disasters

The NOMURA Group has continually supported communities that were damaged in the Great East Japan Earthquake in 2011, carrying out manufacturing and space creation work that we are uniquely equipped to offer such as workshops that make use of local resources. In 2013 we began a project in which people from Tohoku, the region that was damaged by the earthquake, and Tokyo make and exhibit a light box. Light boxes from this project were displayed in Ishinomaki City (Miyagi Prefecture) and in NOMURA’s head office in 2018 as part of the official Tokyo 2020 program. A total of 2,500 people have participated in the project in the six years it has run. Each participant is the star of their own little part of the big light box, and their collective objet d’art becomes a vibrant street decoration that brings the people of Ishinomaki together.

Contribution to Sports Events and Support of Para Athletes

Promoting sports and providing various forms of support to athletes representing Japan. One of our own employees, Tetsuo Nishizaki, is a para powerlifter (male, 54kg class) who competed in the Rio de Janeiro 2016 Paralympic Games. In addition to competing internationally, Mr. Nishizaki has been appointed as a Para Sports Messenger by the Nippon Foundation Paralympic Support Center. He has spoken at events all over Japan to promote para sports and inspire more inclusive societies.

Initiatives for Employee Development and Creation of Excellent Working Conditions

RE/SP, Our “Refresh Space”

Creating a communal space to spark new creativity

In June 2018, we opened RE/SP, a communal “refresh space”, in our head office, with the design, layout and production handled entirely by Nomura employees themselves. Comprising five zones—exercise zone, a conversation zone, a relaxation zone, a concentration zone and a food and drinks zone—this is a space where every employee can refresh themselves physically and mentally while building stronger relationships with their colleagues and sparking new creativity.

Inclusivity and LGBT-Friendliness Seminars

Promoting inclusivity in society and building it into our business activities

With Tokyo 2020 on the horizon, we carried out inclusivity tests and held LGBT-friendliness seminars for employees in the NOMURA Group in February 2019. Speakers with disabilities visited from the Japan Universal Manners Association and taught our employees how to provide accessible, respectful and dignified experiences for elderly people and people with disabilities. The seminars have given us all a deeper understanding of the importance of respecting the many differences between people (diversity) and making sure that everyone has a place at the table (inclusivity), which we will apply to our design and layout work so that our spaces and exhibits provide a comfortable experience for everyone.

Initiatives for a Good Work-Life Balance

Creating healthy workplaces

We are conscious that a company is nothing without its employees, and are carrying out various initiatives to ensure that our employees remain healthy and happy. In addition to a program to support employees taking maternity and parental leave, we have published a Careers’ Handbook to address the concerns of the growing number of employees who are caring for a family member, opened a women-only break room at the request of our female employees and begun inviting experts to give health seminars. Each year, we add new initiatives to our extensive range.
## Financial Information

### Consolidated Ten-Year Financial Summary

#### Fiscal Year

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales (millions of yen)</strong></td>
<td>¥80,436</td>
<td>¥90,105</td>
<td>¥87,464</td>
<td>¥101,316</td>
<td>¥98,410</td>
<td>¥103,129</td>
<td>¥108,340</td>
<td>¥115,561</td>
<td>¥115,841</td>
<td>¥125,859</td>
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<tr>
<td><strong>Gross Profit</strong></td>
<td>11,455</td>
<td>12,072</td>
<td>11,957</td>
<td>13,733</td>
<td>15,960</td>
<td>17,281</td>
<td>19,760</td>
<td>22,722</td>
<td>23,129</td>
<td>26,062</td>
</tr>
<tr>
<td><strong>Net Sales / Average Total Assets (%)</strong></td>
<td>1.11</td>
<td>1.12</td>
<td>1.12</td>
<td>1.12</td>
<td>1.12</td>
<td>1.12</td>
<td>1.12</td>
<td>1.12</td>
<td>1.12</td>
<td>1.12</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>845</td>
<td>1,120</td>
<td>1,215</td>
<td>2,212</td>
<td>4,313</td>
<td>5,211</td>
<td>6,033</td>
<td>7,608</td>
<td>8,171</td>
<td>9,154</td>
</tr>
<tr>
<td><strong>Ordinary Income</strong></td>
<td>1,282</td>
<td>1,288</td>
<td>1,325</td>
<td>2,383</td>
<td>4,381</td>
<td>5,434</td>
<td>6,200</td>
<td>7,809</td>
<td>8,373</td>
<td>9,341</td>
</tr>
<tr>
<td><strong>Net Income Attributable to Shareholders of the Parent</strong></td>
<td>407</td>
<td>403</td>
<td>604</td>
<td>1,242</td>
<td>1,845</td>
<td>3,190</td>
<td>3,841</td>
<td>5,056</td>
<td>5,638</td>
<td>6,745</td>
</tr>
</tbody>
</table>

#### Notes:
1. Return on Assets (%) = (Ordinary Income / Average Total Assets)
2. Return on Equity (%) = Net Income / Average Equity
3. Net Income / Average Net Income
4. Figures for the real estate business and the restaurant and product retail business are excluded in NOMURA Co., Ltd.
5. The number of employees includes only regular employees.
6. Figures for the real estate business and the restaurant and product retail business are excluded in NOMURA Co., Ltd.

#### Analysis of Selected Financial Indices

**FY2017**
- Increase in gross profit due to a rise in net sales (¥1,930 million)
- Improvement of 0.7 percentage point in the gross profit margin (from 18.2% to 19.9%)
- Decrease due to an increase in retail properties (¥797 million)
- Decrease due to an increase in expenses (¥1,153 million)

**FY2018**
- While expenses increased due to an increase in personnel expenses as a result of expanded hiring, relocation costs and increased rents to improve the workplace environment, as well as advertising fees, these were offset by an increase in net sales and an improvement in the gross profit margin.
- As a result, our operating income increased by ¥82 million on the previous year, reaching ¥9,154 million.

**Cash Dividends per Share**

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>¥ (yen)</td>
<td>26</td>
<td>30</td>
<td>40</td>
<td>45</td>
<td>92</td>
</tr>
</tbody>
</table>

The dividends for the year are decided based on the amount of consolidated net income attributable to shareholders of the parent for the year, along with factors such as the enhancement of the Company’s management base and future business expansion. For FY2018, we decided to pay a total dividend of ¥52.6 per share, comprising an ordinary dividend of ¥40.0 together with an additional commemorative dividend of ¥2.0 to mark 10 consecutive years of increased consolidated operating income.

**Employee Data**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Employees</th>
<th>Net Sales per Employee (thousands of yen)</th>
<th>Operating Income per Employee (thousands of yen)</th>
<th>Net Income per Employee (thousands of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>1,418</td>
<td>¥56,725</td>
<td>596</td>
<td>287</td>
</tr>
<tr>
<td>2010</td>
<td>1,413</td>
<td>63,768</td>
<td>792</td>
<td>285</td>
</tr>
<tr>
<td>2011</td>
<td>1,401</td>
<td>62,429</td>
<td>792</td>
<td>285</td>
</tr>
<tr>
<td>2012</td>
<td>1,385</td>
<td>73,152</td>
<td>867</td>
<td>431</td>
</tr>
<tr>
<td>2013</td>
<td>1,425</td>
<td>69,060</td>
<td>1,597</td>
<td>897</td>
</tr>
<tr>
<td>2014</td>
<td>1,474</td>
<td>69,965</td>
<td>3,027</td>
<td>1,294</td>
</tr>
<tr>
<td>2015</td>
<td>1,485</td>
<td>72,956</td>
<td>4,063</td>
<td>3,865</td>
</tr>
<tr>
<td>2016</td>
<td>1,568</td>
<td>73,700</td>
<td>4,852</td>
<td>3,845</td>
</tr>
<tr>
<td>2017</td>
<td>1,579</td>
<td>73,363</td>
<td>5,175</td>
<td>3,948</td>
</tr>
<tr>
<td>2018</td>
<td>1,745</td>
<td>72,125</td>
<td>5,245</td>
<td>4,094</td>
</tr>
</tbody>
</table>

**Notes:**
- 1. Return on Assets (%) = (Ordinary Income / Average Total Assets) x 100
- 2. Return on Equity (%) = Net Income / Average Equity x 100
- 3. Figures for the real estate business and the restaurant and product retail business are excluded in NOMURA Co., Ltd.
- 4. Figures for the real estate business and the restaurant and product retail business are excluded in NOMURA Co., Ltd.
- 5. The number of employees includes only regular employees.

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Annex:

- **Net Sales per Share** (thousands of yen)
  - 2009: ¥56,725
  - 2010: ¥63,768
  - 2011: ¥62,429
  - 2012: ¥73,152
  - 2013: ¥69,060
  - 2014: ¥69,965
  - 2015: ¥72,956
  - 2016: ¥73,700
  - 2017: ¥73,363
  - 2018: ¥72,125

- **Operating Income per Employee** (thousands of yen)
  - 2009: ¥1,418
  - 2010: ¥1,413
  - 2011: ¥1,401
  - 2012: ¥1,385
  - 2013: ¥1,425
  - 2014: ¥1,474
  - 2015: ¥1,485
  - 2016: ¥1,568
  - 2017: ¥1,579
  - 2018: ¥1,745

- **Net Income per Employee** (thousands of yen)
  - 2009: ¥287
  - 2010: ¥285
  - 2011: ¥431
  - 2012: ¥897
  - 2013: ¥1,294
  - 2014: ¥2,166
  - 2015: ¥2,586
  - 2016: ¥3,325
  - 2017: ¥3,571
  - 2018: ¥3,865

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**Notes:**
- Return on Assets (%) = (Ordinary Income / Average Total Assets) x 100
- Return on Equity (%) = Net Income / Average Equity x 100
- Figures for the real estate business and the restaurant and product retail business are excluded in NOMURA Co., Ltd.
- The number of employees includes only regular employees.

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**Annual Report 2019**

**NOMURA Co., Ltd. Annual Report 2019**
**Net Sales by Market Segment over the Past 10 Years**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Specialty Stores</th>
<th>Department and Merchandise Stores</th>
<th>Shopping Centers</th>
<th>Public Relations and Sales Promotion</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>¥29,529</td>
<td>¥6,297</td>
<td>¥7,300</td>
<td>¥4,610</td>
</tr>
<tr>
<td>2010</td>
<td>¥35,142</td>
<td>¥6,209</td>
<td>¥8,294</td>
<td>¥4,987</td>
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<tr>
<td>2011</td>
<td>¥34,224</td>
<td>¥6,221</td>
<td>¥8,740</td>
<td>¥3,459</td>
</tr>
<tr>
<td>2012</td>
<td>¥43,567</td>
<td>¥7,321</td>
<td>¥8,745</td>
<td>¥6,307</td>
</tr>
<tr>
<td>2013</td>
<td>¥42,017</td>
<td>¥7,129</td>
<td>¥8,851</td>
<td>¥7,889</td>
</tr>
<tr>
<td>2014</td>
<td>¥43,606</td>
<td>¥7,108</td>
<td>¥11,268</td>
<td>¥6,920</td>
</tr>
<tr>
<td>2015</td>
<td>¥45,020</td>
<td>¥8,510</td>
<td>¥13,353</td>
<td>¥7,108</td>
</tr>
<tr>
<td>2016</td>
<td>¥40,729</td>
<td>¥11,070</td>
<td>¥13,381</td>
<td>¥8,767</td>
</tr>
<tr>
<td>2017</td>
<td>¥38,632</td>
<td>¥10,750</td>
<td>¥18,026</td>
<td>¥8,767</td>
</tr>
<tr>
<td>2018</td>
<td>¥42,130</td>
<td>¥14,834</td>
<td>¥20,585</td>
<td>¥8,767</td>
</tr>
</tbody>
</table>

**Orders Received and Order Backlog by Market Segment over the Past 10 Years**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Specialty Stores</th>
<th>Department and Merchandise Stores</th>
<th>Shopping Centers</th>
<th>Public Relations and Sales Promotion</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>¥25,089</td>
<td>¥629</td>
<td>¥730</td>
<td>¥4,159</td>
</tr>
<tr>
<td>2010</td>
<td>¥23,838</td>
<td>¥633</td>
<td>¥739</td>
<td>¥4,023</td>
</tr>
<tr>
<td>2011</td>
<td>¥26,244</td>
<td>¥836</td>
<td>¥907</td>
<td>¥3,367</td>
</tr>
<tr>
<td>2012</td>
<td>¥29,448</td>
<td>¥1,799</td>
<td>¥3,436</td>
<td>¥5,147</td>
</tr>
<tr>
<td>2013</td>
<td>¥30,033</td>
<td>¥1,799</td>
<td>¥3,436</td>
<td>¥5,147</td>
</tr>
<tr>
<td>2014</td>
<td>¥31,581</td>
<td>¥1,799</td>
<td>¥3,436</td>
<td>¥5,147</td>
</tr>
<tr>
<td>2015</td>
<td>¥33,584</td>
<td>¥1,799</td>
<td>¥3,436</td>
<td>¥5,147</td>
</tr>
<tr>
<td>2016</td>
<td>¥35,184</td>
<td>¥1,799</td>
<td>¥3,436</td>
<td>¥5,147</td>
</tr>
<tr>
<td>2017</td>
<td>¥35,132</td>
<td>¥1,799</td>
<td>¥3,436</td>
<td>¥5,147</td>
</tr>
<tr>
<td>2018</td>
<td>¥60,855</td>
<td>¥1,799</td>
<td>¥3,436</td>
<td>¥5,147</td>
</tr>
</tbody>
</table>

**Notes:**
1. FY2012 was a 12.5-month reporting period, owing to a change in the fiscal year-end.
2. The real estate business and the restaurant and product retail business are included in the "Others" segment. The real estate business was excluded from figures for FY2014 due to the sale of the related subsidiary.
4. The numbers for the order backlog and received orders differ because the concept of orders received is different.
Net Sales for the fiscal year ended February 28, 2019 reached ¥125,859 million, up ¥10,017 million, or 8.6%, from the previous fiscal year. The increase was attributable to a steady stream of orders under good market conditions, as well as several large-scale projects, mainly in the specialty stores market and leisure facilities market.

Gross Profit
Gross profit rose ¥2,933 million, or 12.7%, from the previous fiscal year to ¥26,062 million. The ratio of gross profit to net sales rose 0.7 percentage points to reach 7.3%.

Operating Income to Net Sales
Operating Income to Net Sales rose ¥1,106 million, or 19.6%, from the previous fiscal year at ¥6,745 million. This increase was attributable to the recording of a gain on sales of property and equipment and other extraordinary income due to the sale of real estate held by the Company, improving net income to net sales by 0.5 percentage points to reach 5.4%.

Net Income Attributable to Shareholders of the Parent
Net income attributable to shareholders of the parent was up ¥1,106 million, or 19.6%, from the previous fiscal year at ¥6,745 million. This increase was attributable to the recording of a gain on sales of property and equipment and other extraordinary income due to the sale of real estate held by the Company, improving net income to net sales by 0.5 percentage points to reach 5.4%.

Operating Results by Business Segment
Display Business
Sales declined in the museums market where there were few large-scale projects. However, growth was seen in several markets: multi-store opening projects and apparel and brand store projects in the specialty stores market; theme park decoration and environment presentation projects, as well as the building and renovation of hotels in the leisure facilities market; and large-scale corporate office projects, shared office projects, and airport facilities projects in the “Others” market. As a result, net sales in the display business rose 9.2% from the previous fiscal year to ¥123,639 million, and operating income climbed 13.3%, to ¥9,169 million.

Restaurant and Product Retail Business
Despite engaging in gift shop operations at art museums and science presentation projects, as well as the building and renovation of hotels in the leisure facilities market; theme park decoration and environment presentation projects, as well as the building and renovation of hotels in the leisure facilities market; and large-scale corporate office projects, shared office projects, and airport facilities projects in the “Others” market. As a result, net sales in the display business rose 9.2% from the previous fiscal year to ¥123,639 million, and operating income climbed 13.3%, to ¥9,169 million.

Non-current liabilities decreased ¥186 million, or 3.4%, from the previous fiscal year at ¥5,915 million. This was mainly due to the reversal of deferred tax liabilities for land revaluation reserve due to the sale of land.

Net Assets
Total net assets at the fiscal year-end amounted to ¥43,311 million, or 8.6%, to ¥15,188 million. This was due mainly to the sale of offices in Tokyo and Osaka. Nomura Co., Ltd. Annual Report 2019

Cash Flow
Cash Flow from Operating Activities
Net cash provided by operating activities totaled ¥7,683 million, due mainly to a rise in income before income taxes and an increase in advances received.

Cash Flow from Investing Activities
Net cash used in investing activities totaled ¥1,137 million, due to the sales of offices in Tokyo and Osaka.

Cash Flow from Financing Activities
Net cash used in financing activities totaled ¥2,557 million, due mainly to the payment of dividends.
Business and Other Risks

Outlined below are the major risks faced by the NOMURA GROUP in its business activities that have been identified as having the potential to significantly impact the decisions of investors. The forward-looking statements outlined below are based on judgments by NOMURA as of the date of the creation of this report.

① Economic Fluctuations
The Group maintains a stable business base by securing orders from a wide range of clients, rather than depending on a few specific business partners. Fluctuations in the economy can, however, have an impact on performance in forms such as further curbs in capital investment or advertising expenses or the postponement or cancellation of planned projects.

② Legal Regulations
The Group is subject to various legal regulations in the course of its business activities, such as the Construction Business Act and the Architect Act. In the future, if any of these laws and regulations are revised or abolished or if it is found that a legal transgression has occurred for some reason, this could hinder business operations and have an impact on performance.

③ Quality Control, Environmental Conservation, Health and Safety
The Group has consolidated and operated its various management systems on quality, environment, and health and safety.

Regarding quality control, the Group’s chief engineers and managing engineers in charge of on-site technical supervision maintain technical and other standards through rigid quality and process control. In the event that any quality defects occur in produced items, performance could be impacted due to effects such as the loss of social credibility or claims of liability for damages.

In terms of environmental conservation, when disposing of surplus materials from display work such as construction sites, such as eliminating dangers and harmful factors. If an accident took place, however, it would result in a loss of credibility, which could have an impact on orders received.

④ Risks Related to Major Earthquakes
If serious damage caused by a major earthquake brings local economies to a halt, the Group’s business operations could be affected. Examples would include the postponement or cancellation of client branch openings or event planning, as well as a reduction in the scale of orders received in affected regions.

## Financial Information

### Consolidated Financial Statements

### Consolidated Statements of Income and Comprehensive Income

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>2018</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>¥125,859</td>
<td>¥115,841</td>
<td>¥135,196</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>99,796</td>
<td>92,712</td>
<td>900,121</td>
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<td>Gross profit</td>
<td>26,062</td>
<td>23,129</td>
<td>230,075</td>
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<tr>
<td>Selling, general and administrative expenses</td>
<td>16,908</td>
<td>14,957</td>
<td>152,509</td>
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<tr>
<td>Operating income</td>
<td>9,164</td>
<td>8,171</td>
<td>82,566</td>
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<tr>
<td>Non-operating income:</td>
<td></td>
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<tr>
<td>Interest income</td>
<td>9</td>
<td>9</td>
<td>86</td>
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<tr>
<td>Dividends income</td>
<td>46</td>
<td>37</td>
<td>420</td>
</tr>
<tr>
<td>Purchaser discount earned</td>
<td>90</td>
<td>87</td>
<td>813</td>
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<tr>
<td>Insurance income</td>
<td>—</td>
<td>—</td>
<td>—</td>
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<tr>
<td>Other</td>
<td>45</td>
<td>34</td>
<td>407</td>
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<tr>
<td>Total other income</td>
<td>191</td>
<td>224</td>
<td>1,728</td>
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<td>Non-operating expenses:</td>
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<td>Interest expenses</td>
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<td>Foreign currency exchange loss</td>
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<td>15</td>
<td>15</td>
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<td>Other</td>
<td>1</td>
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<td>17</td>
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<td>Total other expenses</td>
<td>4</td>
<td>23</td>
<td>36</td>
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<tr>
<td>Ordinary income</td>
<td>9,341</td>
<td>8,373</td>
<td>84,258</td>
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<td>Extraordinary income:</td>
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<tr>
<td>Gain on sales of property and equipment</td>
<td>644</td>
<td>0</td>
<td>5,814</td>
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<tr>
<td>Gain on sales of investment securities</td>
<td>0</td>
<td>26</td>
<td>4</td>
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<tr>
<td>Gain on share exchange of subsidiaries</td>
<td>—</td>
<td>14</td>
<td>—</td>
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<tr>
<td>Total extraordinary income</td>
<td>645</td>
<td>42</td>
<td>5,818</td>
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<tr>
<td>Extraordinary loss:</td>
<td></td>
<td></td>
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<td>Loss on sales and retirement of property and equipment</td>
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<td>33</td>
<td>238</td>
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<td>Loss on impairment of fixed assets</td>
<td>78</td>
<td>608</td>
<td>711</td>
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<tr>
<td>Loss on devaluation of investment securities</td>
<td>9</td>
<td>2</td>
<td>90</td>
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<td>Loss on devaluation of golf membership rights</td>
<td>31</td>
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<td>Business structure improvement expenses</td>
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<td>437</td>
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<td>Loss on closing of stores</td>
<td>—</td>
<td>12</td>
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<tr>
<td>Total extraordinary loss</td>
<td>146</td>
<td>1,093</td>
<td>1,320</td>
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<tr>
<td>Income before income taxes</td>
<td>9,480</td>
<td>7,322</td>
<td>88,756</td>
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<td>Income taxes:</td>
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<tr>
<td>Current</td>
<td>3,568</td>
<td>1,794</td>
<td>32,190</td>
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<tr>
<td>Deferred</td>
<td>(485)</td>
<td>(115)</td>
<td>(4,383)</td>
</tr>
<tr>
<td>Total income taxes</td>
<td>3,083</td>
<td>1,678</td>
<td>27,807</td>
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<tr>
<td>Net Income</td>
<td>6,757</td>
<td>5,643</td>
<td>60,949</td>
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<tr>
<td>Net income attributable to:</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Non-controlling interests</td>
<td>11</td>
<td>4</td>
<td>103</td>
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<tr>
<td>Shareholders of the parent</td>
<td>¥6,745</td>
<td>¥5,638</td>
<td>¥60,845</td>
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<tr>
<td>Other comprehensive income:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net unrealized holding gain (loss) on securities</td>
<td>(295)</td>
<td>491</td>
<td>(2,662)</td>
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<tr>
<td>Foreign currency translation adjustments</td>
<td>(61)</td>
<td>29</td>
<td>(554)</td>
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<tr>
<td>Remeasurements of defined benefit plans</td>
<td>72</td>
<td>125</td>
<td>656</td>
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<tr>
<td>Total other comprehensive income</td>
<td>(263)</td>
<td>647</td>
<td>(2,560)</td>
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<td>Comprehensive income</td>
<td>¥6,473</td>
<td>¥6,290</td>
<td>¥58,388</td>
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<td>Shareholders of the parent</td>
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<td>¥6,286</td>
<td>¥58,284</td>
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<td>Non-controlling interests</td>
<td>11</td>
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</table>

Note: U.S. dollar amounts represent conversions; for convenience only, at ¥110.67=USD1.
### Consolidated Balance Sheets

**Fiscal Year**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
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<td></td>
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</tr>
<tr>
<td><strong>Current assets:</strong></td>
<td></td>
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<td></td>
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<tr>
<td>Cash and deposits</td>
<td>¥ 31,941</td>
<td>¥ 25,741</td>
<td>¥ 286,099</td>
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<tr>
<td>Trade notes and accounts receivable</td>
<td>31,427</td>
<td>26,777</td>
<td>283,462</td>
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<tr>
<td>Inventories</td>
<td>9,115</td>
<td>6,359</td>
<td>82,218</td>
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<tr>
<td>Other current assets</td>
<td>1,201</td>
<td>568</td>
<td>10,834</td>
</tr>
<tr>
<td>Allowance for doubtful accounts</td>
<td>(27)</td>
<td>(19)</td>
<td>(252)</td>
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<tr>
<td>Total current assets</td>
<td>73,658</td>
<td>59,428</td>
<td>664,364</td>
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<tr>
<td><strong>Non-current assets:</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Property and equipment:</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Buildings and structures</td>
<td>6,274</td>
<td>9,597</td>
<td>56,593</td>
</tr>
<tr>
<td>Machinery and vehicles</td>
<td>185</td>
<td>184</td>
<td>1,675</td>
</tr>
<tr>
<td>Tools, furniture and fixtures</td>
<td>1,845</td>
<td>1,915</td>
<td>16,641</td>
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<tr>
<td>Land</td>
<td>3,743</td>
<td>5,245</td>
<td>33,762</td>
</tr>
<tr>
<td>Lease assets</td>
<td>229</td>
<td>216</td>
<td>2,074</td>
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<tr>
<td>Construction in progress</td>
<td>15</td>
<td>4</td>
<td>141</td>
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<tr>
<td>Less accumulated depreciation</td>
<td>(4,335)</td>
<td>(7,566)</td>
<td>(39,105)</td>
</tr>
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<td>Total property and equipment</td>
<td>7,958</td>
<td>9,597</td>
<td>71,783</td>
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<tr>
<td>Intangible fixed assets</td>
<td>1,002</td>
<td>1,035</td>
<td>9,045</td>
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<tr>
<td>Investments and other assets:</td>
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<tr>
<td>Investment securities</td>
<td>3,527</td>
<td>3,884</td>
<td>31,819</td>
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<tr>
<td>Deferred tax assets</td>
<td>1,421</td>
<td>1,032</td>
<td>12,823</td>
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<td>Other</td>
<td>1,629</td>
<td>1,348</td>
<td>14,694</td>
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<td>Allowance for doubtful accounts</td>
<td>(351)</td>
<td>(288)</td>
<td>(3,170)</td>
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<td>Total investments and other assets</td>
<td>6,227</td>
<td>5,976</td>
<td>56,167</td>
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<td><strong>Total non-current assets</strong></td>
<td>15,188</td>
<td>16,608</td>
<td>136,996</td>
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<tr>
<td><strong>Total assets</strong></td>
<td>¥ 88,846</td>
<td>¥ 76,037</td>
<td>$ 801,360</td>
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</table>

**LIABILITIES**

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<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2018</th>
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<tbody>
<tr>
<td><strong>Current liabilities:</strong></td>
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<tr>
<td>Trade notes and accounts payable</td>
<td>¥ 21,236</td>
<td>¥ 21,352</td>
<td>¥ 191,544</td>
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<td>Lease obligations</td>
<td>46</td>
<td>54</td>
<td>417</td>
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<td>Income taxes payable</td>
<td>2,883</td>
<td>1,179</td>
<td>26,006</td>
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<td>Advances received</td>
<td>9,072</td>
<td>3,168</td>
<td>81,825</td>
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<td>Accrued bonuses for employees</td>
<td>1,719</td>
<td>1,519</td>
<td>15,509</td>
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<td>Provision for warranties for completed construction contracts</td>
<td>47</td>
<td>55</td>
<td>425</td>
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<tr>
<td>Provision for loss on construction contracts</td>
<td>100</td>
<td>51</td>
<td>903</td>
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<tr>
<td>Provision for business structure improvement expenses</td>
<td>49</td>
<td>92</td>
<td>446</td>
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<td>Other current liabilities</td>
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<td>3,719</td>
<td>45,694</td>
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<td>Total current liabilities</td>
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<td>362,774</td>
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<td><strong>Non-current liabilities:</strong></td>
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<td>Lease obligations</td>
<td>75</td>
<td>88</td>
<td>681</td>
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<tr>
<td>Net defined benefit liability</td>
<td>4,824</td>
<td>4,802</td>
<td>43,514</td>
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<td>Retirement benefits for directors and corporate auditors</td>
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<td>154</td>
<td>1,743</td>
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<tr>
<td>Deferred tax liabilities for land revaluation reserve</td>
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<td>—</td>
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<tr>
<td>Other</td>
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<td>272</td>
<td>1,997</td>
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<td>Total non-current liabilities</td>
<td>5,314</td>
<td>5,501</td>
<td>47,936</td>
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<td><strong>Total liabilities</strong></td>
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<td>36,693</td>
<td>410,710</td>
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**NET ASSETS**

<table>
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<th>2018</th>
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<th>2018</th>
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<tbody>
<tr>
<td><strong>Shareholders’ equity:</strong></td>
<td></td>
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<td></td>
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<tr>
<td>Common stock</td>
<td>6,497</td>
<td>6,497</td>
<td>58,605</td>
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<td>Capital surplus</td>
<td>6,861</td>
<td>6,861</td>
<td>61,884</td>
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<td>Retained earnings</td>
<td>30,426</td>
<td>25,767</td>
<td>274,430</td>
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<td>Treasury stock</td>
<td>(1,092)</td>
<td>(1,091)</td>
<td>(9,853)</td>
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<td>Total shareholders’ equity</td>
<td>42,692</td>
<td>38,034</td>
<td>385,067</td>
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<td><strong>Accumulated other comprehensive income:</strong></td>
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<td>Net unrealized holding gain (loss) on securities</td>
<td>744</td>
<td>1,039</td>
<td>6,712</td>
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<td>Rerevaluation reserve for land</td>
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<td>—</td>
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<td>Foreign currency translation adjustments</td>
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<td>856</td>
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<td>Remeasurements of defined benefit plans</td>
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<td>(316)</td>
<td>(2,201)</td>
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<tr>
<td>Total accumulated other comprehensive income</td>
<td>595</td>
<td>1,294</td>
<td>5,368</td>
</tr>
<tr>
<td><strong>Non-controlling interests</strong></td>
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<td>14</td>
<td>213</td>
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<tr>
<td><strong>Total net assets</strong></td>
<td>43,311</td>
<td>39,344</td>
<td>390,649</td>
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<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td>¥ 88,846</td>
<td>¥ 76,037</td>
<td>$ 801,360</td>
</tr>
</tbody>
</table>
### Consolidated Statements of Changes in Net Assets

#### Common stock
- **Balance at March 1, 2018:** ¥ 6,497
- **Balance at February 28, 2019:** ¥ 6,497

#### Capital surplus
- **Balance at March 1, 2018:** ¥ 6,861
- **Balance at February 28, 2019:** ¥ 6,861

#### Retained earnings
- **Balance at March 1, 2018:** ¥ 25,767
- **Balance at February 28, 2019:** ¥ 30,426

#### Treasury stock
- **Balance at March 1, 2018:** ¥ 1,091
- **Balance at February 28, 2019:** ¥ 1,092

#### Total shareholders' equity
- **Balance at March 1, 2018:** ¥ 38,034
- **Balance at February 28, 2019:** ¥ 42,692

#### Consolidated Statements of Cash Flow

#### Fiscal Year
- **2018:** ¥ 9,840
- **2017:** ¥ 7,322
- **2018:** ¥ 88,756

#### Income before income taxes
- **2018:** ¥ 837
- **2017:** ¥ 895
- **2018:** ¥ 7,554

#### Loss on impairment of fixed assets
- **2018:** ¥ 78
- **2017:** ¥ 608
- **2018:** ¥ 711

#### Increase (decrease) in allowance for doubtful accounts
- **2018:** ¥ 74
- **2017:** ¥ 20
- **2018:** ¥ 668

#### Increase (decrease) in accrued bonuses for employees
- **2018:** ¥ 200
- **2017:** ¥ 263
- **2018:** ¥ 1,805

#### Increase (decrease) in net defined benefit liability
- **2018:** ¥ 129
- **2017:** ¥ 124
- **2018:** ¥ 1,169

#### Increase (decrease) in retirement benefits for directors and corporate auditors
- **2018:** ¥ 38
- **2017:** ¥ 32
- **2018:** ¥ 348

#### Increase (decrease) in other provisions
- **2018:** ¥ (5)
- **2017:** ¥ (28)
- **2018:** ¥ (52)

#### Interest and dividend income
- **2018:** ¥ (56)
- **2017:** ¥ (46)
- **2018:** ¥ (507)

#### Interest expense
- **2018:** ¥ 0
- **2017:** ¥ 3
- **2018:** ¥ 3

#### Insurance income
- **2018:** —
- **2017:** —
- **2018:** —

#### Business structure improvement expenses
- **2018:** ¥ —
- **2017:** ¥ 437
- **2018:** ¥ (557)

#### Gain on share exchange of subsidiaries
- **2018:** ¥ —
- **2017:** ¥ (14)
- **2018:** ¥ —

#### Loss (gain) on sales of property and equipment
- **2018:** ¥ (644)
- **2017:** ¥ 1,218
- **2018:** ¥ 1,266

#### Loss (gain) on sales of investment securities
- **2018:** ¥ (0)
- **2017:** ¥ 2,503
- **2018:** ¥ (4)

#### Decrease (increase) in trade receivables
- **2018:** ¥ (4,727)
- **2017:** ¥ (7,557)
- **2018:** ¥ (42,641)

#### Decrease (increase) in inventories
- **2018:** ¥ (2,785)
- **2017:** ¥ 919
- **2018:** ¥ (25,125)

#### Decrease (increase) in prepayments
- **2018:** ¥ (493)
- **2017:** ¥ 388
- **2018:** ¥ (4,448)

#### Increase (decrease) in trade payables
- **2018:** ¥ 40
- **2017:** ¥ 2,327
- **2018:** ¥ 381

#### Increase (decrease) in other payables
- **2018:** ¥ 1,212
- **2017:** ¥ (729)
- **2018:** ¥ 10,948

#### Increase (decrease) in advances received
- **2018:** ¥ 5,948
- **2017:** ¥ (194)
- **2018:** ¥ 53,655

#### Increase (decrease) in consumption tax payable
- **2018:** ¥ (235)
- **2017:** ¥ (142)
- **2018:** ¥ (1,214)

#### Other, net
- **2018:** ¥ 131
- **2017:** ¥ 84
- **2018:** ¥ 1,188

#### Subtotal
- **2018:** ¥ 9,584
- **2017:** ¥ 4,639
- **2018:** ¥ 86,450

#### Cash received for interest and dividends income
- **2018:** ¥ 56
- **2017:** ¥ 47
- **2018:** ¥ 507

#### Cash paid for interest expenses
- **2018:** ¥ (0)
- **2017:** ¥ (3)
- **2018:** ¥ (3)

#### Cash paid for income taxes
- **2018:** ¥ (1,957)
- **2017:** ¥ 0
- **2018:** ¥ (1,957)

#### Cash paid for income taxes
- **2018:** ¥ (2,557)
- **2017:** ¥ 0
- **2018:** ¥ (2,557)

#### Net cash provided by (used in) operating activities
- **2018:** ¥ 7,683
- **2017:** ¥ 2,117
- **2018:** ¥ 69,302

#### Cash Flow from investing activities:

- **Purchase of property and equipment:** ¥ (560)
- **Proceeds from sales of property and equipment:** ¥ 2,372
- **Purchasing of intangible assets:** ¥ 2,117
- **Proceeds from sales and redemption of investment securities:** ¥ 66
- **Payments for share exchange of subsidiaries resulting in change in the scope of consolidation:** ¥ (25,125)
- **Payments for guarantee deposits:** ¥ (239)
- **Other, net:** ¥ (49)
- **Net cash provided by (used in) investing activities:** ¥ 1,137
- **Cash Flow from financing activities:** ¥ (1,010)
- **Net increase (decrease) in cash and cash equivalents:** ¥ 10,262

#### Effect of exchange rate changes on cash and cash equivalents
- **2018:** ¥ 64
- **2017:** ¥ 55
- **2018:** ¥ (581)

#### Net increase (decrease) in cash and cash equivalents
- **2018:** ¥ 6,199
- **2017:** ¥ (1,116)
- **2018:** ¥ 55,919

#### Cash and cash equivalents at beginning of year
- **2018:** ¥ 595
- **2017:** ¥ 2,372
- **2018:** ¥ 25,741

#### Cash and cash equivalents at end of year
- **2018:** ¥ 288,099

---

**Note:** The table above represents the consolidated statements of changes in net assets and cash flow for NOMURA Co., Ltd., for the fiscal years 2018, 2017, and 2018, as detailed in their Annual Report 2019.
Name
NOMURA Co., Ltd.

Established
March 15, 1892

Incorporated
December 9, 1942

Common Stock
¥6,497 million

Head Office
3-2-4 Daiba, Minato-ku, Tokyo 135-8622, Japan
Phone: +81-3-5662-1171

Osaka Office
19F Parks Tower, 2–10–70, Nambanaka, Naniwa-ku, Osaka 556-0011, Japan
Phone: +81-6-6649-3331

NOMURA GROUP: 2,388 (including contracted employees)
Non-consolidated: 1,123 (regular employees)

Beijing, Shanghai, Chengdu, Shenzhen, Hong Kong, Singapore,
Overseas Branches
Kyoto (Kyoto), Okayama (Okayama), Okinawa (Naha)
Chugoku/Shikoku (Hiroshima), Kyushu (Fukuoka),
Domestic Branches
Hokkaido (Sapporo), Tohoku (Sendai), Chubu (Nagoya),

Corporate Information

General Meeting of Shareholders

Fiscal Year
Begins on March 1st, ends on the last day of February

Share Unit
100 shares

Transfer Agent
Sumitomo Mitsui Trust Bank, Limited

Stock Exchange Listing
The First Section of the Tokyo Stock Exchange

Securities Code
9716

Authorized Shares
238,170,000 shares*

NOMURA Co., Ltd.

Stock Price Indices

Total Issued Shares (%)
10.09% 17.28% 36.96%

4.13 4.13

Stock Price Range (monthly)

4.13 4.13

3.69 3.69

37,035,548

10.09 17.28

36.96

Note: 1. The Company holds 4,318 thousand shares (72.32%) of treasury stock.
2. Percentage of total issued shares is computed excluding total treasury stock.

Stock Price Indices

Price Earnings Ratio (PER) (times)

2017 2018

2017 2018

2017 2018

2017 2018

2017 2018

2017 2018

Dividend Yield (%)

Note: The break-down figures include the number of treasury shares.

1.06% 6.09%

3.69% 0.01% 61.78%

1.06% 6.09% 16.87% 24.26% 20.37% 36.96%