

NOMURA ASSET MANAGEMENT

Nomura Asset Management Co., Ltd.
Financial Summary (Unconsolidated)
For The Six Months Ended September 30, 2019
(Unaudited)

Nomura Asset Management Co., Ltd.

Unconsolidated Balance Sheet Information (Unaudited)

(Millions of Yen)

	March 31, 2019	September 30, 2019	Increase (Decrease)	September 30, 2018
Assets				
Current assets	98,917	81,173	(17,744)	83,392
Cash and cash equivalents	1,562	2,212	649	948
Money held in trust	45,493	42,268	(3,224)	43,002
Securities	19,900	5,800	(14,100)	6,700
Accrued investment trust management fees	25,246	25,161	(84)	25,448
Accrued investment advisory fees	5,933	4,788	(1,144)	6,582
Other current assets	797	957	160	726
Allowance for doubtful accounts	(15)	(15)	0	(16)
Fixed assets	25,761	24,105	(1,655)	26,262
Tangible fixed assets	714	679	(35)	793
Intangible fixed assets	6,438	5,940	(498)	6,661
Investments and other	18,608	17,485	(1,122)	18,807
Investment securities	1,562	1,362	(199)	2,582
Investment in subsidiaries and affiliates	12,631	12,869	237	11,477
Prepaid pension cost	2,001	1,736	(264)	2,191
Deferred tax assets	2,694	2,096	(597)	2,108
Other investments	426	420	(6)	448
Allowance for investment loss	(707)	(999)	(291)	-
Total assets	124,679	105,278	(19,400)	109,654

(Millions of Yen)

	March 31, 2019	September 30, 2019	Increase (Decrease)	September 30, 2018
Liabilities				
Current liabilities	<u>33,942</u>	<u>25,317</u>	<u>(8,625)</u>	<u>28,014</u>
Investment trust distribution of income payable	0	0	(0)	0
Investment trust redemptions payable	25	25	(0)	25
Accrued commission payable	7,724	7,472	(251)	8,085
Accounts payable to subsidiaries and affiliates	7,422	3,649	(3,772)	3,486
Other accounts payable	1,535	739	(796)	1,217
Accrued expenses	11,704	9,291	(2,413)	11,109
Accrued income taxes	1,560	1,661	101	1,588
Accrued bonuses	3,792	2,294	(1,497)	2,349
Other current liabilities	175	181	5	149
Long-term liabilities	<u>3,777</u>	<u>3,832</u>	<u>54</u>	<u>3,644</u>
Reserve for retirement benefits	3,219	3,267	47	3,087
Reserve for loss on distribution of income and redemption after expiration	558	565	7	557
Total liabilities	37,720	29,150	(8,570)	31,658
Shareholder's equity	<u>86,924</u>	<u>76,122</u>	<u>(10,802)</u>	<u>77,899</u>
Common stock	17,180	17,180	-	17,180
Capital reserve	13,729	13,729	-	13,729
Additional paid-in capital	11,729	11,729	-	11,729
Other capital surplus	2,000	2,000	-	2,000
Earned surplus	56,014	45,212	(10,802)	46,989
Earned surplus reserve	685	685	-	685
Other Earned surplus	55,329	44,527	(10,802)	46,303
General reserve	24,606	24,606	-	24,606
Earned surplus brought forward	30,723	19,920	(10,802)	21,697
Valuation and translation adjustments	33	6	(27)	97
Net unrealized gain on investments	33	6	(27)	97
Total net assets	86,958	76,128	(10,830)	77,996
Total liabilities and net assets	124,679	105,278	(19,400)	109,654

Nomura Asset Management Co., Ltd.

Unconsolidated Income Statement Information (Unaudited)

(Millions of Yen)

	Six Months Ended September 30, 2018 (A)	Six Months Ended September 30, 2019 (B)	Comparison (B)/(A) (%)	Year Ended March 31, 2019
Operating revenue	72,858	67,507	92.7	140,992
Investment trust management fees	60,780	58,947	97.0	119,196
Investment advisory fees	11,904	8,401	70.6	21,440
Other operating revenue	172	158	91.9	355
Operating expenses	42,200	37,706	89.4	80,715
Commissions	22,197	20,298	91.4	42,675
Research	16,153	13,552	83.9	30,082
Other operating expenses	3,849	3,856	100.2	7,957
General and administrative expenses	14,475	14,394	99.4	28,433
Operating income	16,181	15,406	95.2	31,843
Non-operating income	6,812	5,561	81.6	6,964
Non-operating expenses	183	27	15.0	585
Ordinary income	22,810	20,940	91.8	38,222
Special profits	38	44	115.6	135
Special losses	153	410	267.3	2,118
Income before income taxes	22,695	20,574	90.7	36,239
Income taxes - current	5,121	5,116	99.9	10,196
Income taxes - deferred	927	610	65.8	370
Net income	16,646	14,847	89.2	25,672

Nomura Asset Management Co., Ltd.
Unconsolidated Statements of Shareholder's Equity (Unaudited)
For Interim ended September 30, 2018

(Millions of Yen)

	Shareholder's equity								Total Shareholder's equity
	Common stock	Capital reserve			Earned surplus			Total Earned surplus	
		Additional paid-in capital	Other capital surplus	Total capital reserve	Earned surplus reserve	Other Earned surplus			
					General reserve	Earned surplus brought forward			
Balance at beginning of year	17,180	11,729	2,000	13,729	685	24,606	29,876	55,168	86,078
Dividends of surplus							(24,826)	(24,826)	(24,826)
Net income							16,646	16,646	16,646
Other-net									
Change in the term	-	-	-	-	-	-	(8,179)	(8,179)	(8,179)
Balance at end of year	17,180	11,729	2,000	13,729	685	24,606	21,697	46,989	77,899

(Millions of Yen)

	Valuation and translation adjustments		Total net assets
	Net unrealized gain on investments	Total Valuation and translation adjustments	
Balance at beginning of year	11	11	86,090
Dividends of surplus			(24,826)
Net income			16,646
Other-net	85	85	85
Change in the term	85	85	(8,094)
Balance at end of year	97	97	77,996

For Interim ended September 30, 2019

(Millions of Yen)

	Shareholder's equity								
	Common stock	Capital reserve			Earned surplus				Total Shareholder's equity
		Additional paid-in capital	Other capital surplus	Total capital reserve	Earned surplus reserve	Other Earned surplus		Total Earned surplus	
						General reserve	Earned surplus brought forward		
Balance at beginning of year	17,180	11,729	2,000	13,729	685	24,606	30,723	56,014	86,924
Dividends of surplus							(25,650)	(25,650)	(25,650)
Net income							14,847	14,847	14,847
Other-net									
Change in the term	-	-	-	-	-	-	(10,802)	(10,802)	(10,802)
Balance at end of year	17,180	11,729	2,000	13,729	685	24,606	19,920	45,212	76,122

(Millions of Yen)

	Valuation and translation adjustments		Total net assets
	Net unrealized gain on investments	Total Valuation and translation adjustments	
Balance at beginning of year	33	33	86,958
Dividends of surplus			(25,650)
Net income			14,847
Other-net	(27)	(27)	(27)
Change in the term	(27)	(27)	(10,830)
Balance at end of year	6	6	76,128

For The Year Ended March 31, 2019

(Millions of Yen)

	Shareholder's equity								
	Common stock	Capital reserve			Earned surplus				Total Shareholder's equity
		Additional paid-in capital	Other capital surplus	Total capital reserve	Earned surplus reserve	Other Earned surplus		Total Earned surplus	
						General reserve	Earned surplus brought forward		
Balance at beginning of year	17,180	11,729	2,000	13,729	685	24,606	29,876	55,168	86,078
Dividends of surplus							(24,826)	(24,826)	(24,826)
Net income							25,672	25,672	25,672
Other-net									
Change in the term	-	-	-	-	-	-	846	846	846
Balance at end of year	17,180	11,729	2,000	13,729	685	24,606	30,723	56,014	86,924

(Millions of Yen)

	Valuation and translation adjustments		Total net assets
	Net unrealized gain on investments	Total Valuation and translation adjustments	
Balance at beginning of year	11	11	86,090
Dividends of surplus			(24,826)
Net income			25,672
Other-net	21	21	21
Change in the term	21	21	868
Balance at end of year	33	33	86,958

Significant Accounting Policies

1. Basis and Method of Valuation for Securities
Securities held are accounted for as follows:
 - (1) Stocks of subsidiaries and affiliates Recorded at cost using the moving average method
 - (2) Other Securities:
 - (i) with market value Recorded at market value
The difference between the cost using the moving average method and market value less deferred tax is recorded as “Net unrealized gain on investments” in “net assets” on the balance sheet.
 - (ii) without market value Recorded at cost using the moving average method
2. Basis and Method of Valuation for Money held in trust
Recorded at fair value
3. Depreciation/Amortization Method of Fixed Assets
 - (1) Depreciation of tangible fixed assets
Tangible fixed assets are depreciated by the declining-balance method, except for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998 and both facilities attached to buildings and structures acquired on or after April 1, 2016, which are depreciated by the straight-line method.
 - (2) Amortization of intangible assets
Intangible assets are amortized primarily over their estimated useful lives on the straight-line method.
4. Provisions
 - (1) Allowance for doubtful accounts
To provide mainly for loan losses, the company made provisions for doubtful accounts based on an estimate of the maximum uncollectible amount calculated using its historical loss ratio or a reasonable estimate based on financial condition of individual borrowers.
 - (2) Accrued bonuses
To provide for bonus payments, accrual is recorded at the estimated amount to be paid as future bonuses to employees.
 - (3) Reserve for retirement benefits
Allowance for retirement benefits is provided for future payments of retirement benefits to employees at an estimated amount based on the retirement benefit obligation and the fair value of the pension plan assets.
The benefit formula method is used for attributing the estimated future payments to the amount of allowance for retirement benefits in this fiscal year.
Any actuarial differences arising from the tax-qualified pension plan are amortized from the following fiscal year when the differences arose by the straight-line method over a period within the average remaining years of service of the eligible employees, while those arising from the lump-sum payment plan are fully expensed in the following fiscal year when the differences arose. Prior service costs arising from the lump-sum payment plan and tax-qualified pension plan are amortized by the straight-line method over a period within the average remaining years of service of the eligible employees from the fiscal year when they were incurred.
 - (4) Reserve for loss on distribution of income and redemption after expiration
To provide for investment trust distribution of income and investment trust redemption money recognized as revenue by prescription, the estimated amount of payments in the future is recorded, based on actual payments.
 - (5) Allowance for investment loss
To provide for valuation losses on the investment of subsidiaries and affiliates, an estimated amount of future losses is recorded based on the financial position of those companies.

5. Accounting for Consumption Taxes
National and local consumption taxes are accounted for based on the tax exclusion method.
6. Consolidated Tax Return System
Consolidated tax return system is applied.

Notes to Balance Sheet Information

1. Accumulated Depreciation on Tangible Fixed Assets

	March 31, 2019	September 30, 2019	September 30, 2018
	3,842	3,881	3,847

(Millions of yen)

Notes to Income Statement Information

1. Special Profits consist of the following:

	Six Months Ended September 30, 2018	Six Months Ended September 30, 2019	Year Ended March 31, 2019
Gain on sales of investment securities and other	0	1	20
Gain on liquidation of subsidiaries and affiliates	-	-	29
Receipt of stock option income	37	43	85

(Millions of yen)

2. Special Losses consist of the following:

	Six Months Ended September 30, 2018	Six Months Ended September 30, 2019	Year Ended March 31, 2019
Loss on valuation of investment securities and other	-	119	938
Loss on valuation of investments in subsidiaries and affiliates	-	-	161
Loss on disposal of fixed assets	153	-	310
Provision of allowance for investment loss	-	291	707

(Millions of yen)

Supplementary Information

1. Net Assets of Investment Trusts

(Billions of yen)

	September 30, 2018	September 30, 2019	Increase (Decrease)
Unit Type	112	144	32
Open Type	26,192	26,768	575
Stock Investment Trusts - Public	26,305	26,913	607
Bond Investment Trusts	411	379	(31)
Money Reserve Fund	5,074	4,902	(172)
Others	0	0	(0)
Bond Investment Trusts - Public	5,486	5,282	(204)
Stock Investment Trusts	2,564	2,611	47
Bond Investment Trusts	1,760	1,708	(51)
Private Investment Trusts	4,324	4,320	(4)
Total	36,116	36,515	399

2. Assets under Investment Management and Advisory Contracts

(Billions of yen)

	September 30, 2018	September 30, 2019	Increase (Decrease)
Domestic - General	248	265	17
Domestic - Pension	9,365	8,721	(643)
Overseas	3,517	2,917	(599)
Total	13,131	11,905	(1,225)

Quarterly Income Statement Information

(Millions of Yen)

	1st quarter From April 1, 2019 To June 30, 2019	2nd quarter From July 1, 2019 To September 30, 2019	Six Months Ended From April 1, 2019 To September 30, 2019
Operating revenue	33,970	33,536	67,507
Investment trust management fees	29,695	29,252	58,947
Investment advisory fees	4,196	4,204	8,401
Other operating revenue	78	79	158
Operating expenses	19,043	18,663	37,706
Commissions	10,285	10,012	20,298
Research	6,854	6,697	13,552
Other operating expenses	1,903	1,953	3,856
General and administrative expenses	7,346	7,047	14,394
Operating income (loss)	7,580	7,825	15,406
Non-operating income	1,316	4,244	5,561
Non-operating expenses	10	17	27
Ordinary income	8,837	12,053	20,940
Special profits	39	4	44
Special losses	147	263	410
Income (loss) before income taxes	8,779	11,795	20,574
Income taxes - current	1,973	3,142	5,116
Income taxes - deferred	1,188	(577)	610
Net income (loss)	5,617	9,230	14,847