

NOMURA ASSET MANAGEMENT

Nomura Asset Management Co., Ltd.
Financial Summary (Unconsolidated)
For The Year Ended March 31, 2020
(Unaudited)

Nomura Asset Management Co., Ltd.

Unconsolidated Balance Sheet Information (Unaudited)

(Millions of Yen)

	March 31, 2019	March 31, 2020	Increase (Decrease)
Assets			
Current assets	98,917	97,509	(1,408)
Cash and cash equivalents	1,562	2,626	1,063
Money held in trust	45,493	41,524	(3,969)
Securities	19,900	24,399	4,499
Accrued investment trust management fees	25,246	23,936	(1,309)
Accrued investment advisory fees	5,933	4,336	(1,597)
Other current assets	797	700	(97)
Allowance for doubtful accounts	(15)	(14)	1
Fixed assets	25,761	23,026	(2,734)
Tangible fixed assets	714	645	(68)
Intangible fixed assets	6,438	5,894	(544)
Investments and other	18,608	16,486	(2,121)
Investment securities	1,562	1,437	(125)
Investment in subsidiaries and affiliates	12,631	10,171	(2,460)
Long-term guarantee deposits	235	329	93
Prepaid pension cost	2,001	1,545	(455)
Deferred tax assets	2,694	2,738	44
Other investments	191	264	73
Allowance for doubtful accounts	-	(0)	(0)
Allowance for investment loss	(707)	-	707
Total assets	124,679	120,536	(4,142)

(Millions of Yen)

	March 31, 2019	March 31, 2020	Increase (Decrease)
Liabilities			
Current liabilities	33,942	31,371	(2,571)
Investment trust distribution of income payable	0	0	(0)
Investment trust redemptions payable	25	3	(22)
Accrued commission payable	7,724	6,948	(775)
Accounts payable to subsidiaries and affiliates	7,422	7,262	(159)
Other accounts payable	1,535	1,063	(472)
Accrued expenses	11,704	10,290	(1,414)
Accrued income taxes	1,560	1,564	3
Accrued bonuses	3,792	3,985	193
Other current liabilities	175	251	75
Long-term liabilities	3,777	3,883	105
Reserve for retirement benefits	3,219	3,311	91
Reserve for loss on distribution of income and redemption after expiration	558	572	14
Total liabilities	37,720	35,254	(2,465)
Shareholder's equity	86,924	85,270	(1,653)
Common stock	17,180	17,180	-
Capital reserve	13,729	13,729	-
Additional paid-in capital	11,729	11,729	-
Other capital surplus	2,000	2,000	-
Earned surplus	56,014	54,360	(1,653)
Earned surplus reserve	685	685	-
Other earned surplus	55,329	53,675	(1,653)
General reserve	24,606	24,606	-
Earned surplus brought forward	30,723	29,069	(1,653)
Valuation and translation adjustments	33	10	(23)
Net unrealized gain on investments	33	10	(23)
Total net assets	86,958	85,281	(1,676)
Total liabilities and net assets	124,679	120,536	(4,142)

Nomura Asset Management Co., Ltd.

Unconsolidated Income Statement Information (Unaudited)

(Millions of Yen)

	Year Ended March 31, 2019 (A)	Year Ended March 31, 2020 (B)	Comparison B/A (%)
Operating revenue	140,992	133,247	94.5
Investment trust management fees	119,196	115,736	97.1
Investment advisory fees	21,440	17,170	80.1
Other operating revenue	355	340	96.0
Operating expenses	80,715	74,440	92.2
Commissions	42,675	39,435	92.4
Research	30,082	26,833	89.2
Other operating expenses	7,957	8,172	102.7
General and administrative expenses	28,433	28,055	98.7
Compensation and benefits	14,358	14,736	102.6
Occupancy	1,223	1,227	100.3
Depreciation of fixed assets	2,835	2,348	82.8
Other general and administrative expenses	10,015	9,742	97.3
Operating income	31,843	30,751	96.6
Non-operating income	6,964	5,246	75.3
Non-operating expenses	585	443	75.7
Ordinary income	38,222	35,555	93.0
Special profits	135	81	59.7
Special losses	2,118	1,778	83.9
Income before income taxes	36,239	33,858	93.4
Income taxes - current	10,196	9,896	97.1
Income taxes - deferred	370	(34)	-
Net income	25,672	23,996	93.5

Nomura Asset Management Co., Ltd.
Unconsolidated Statements of Shareholder's Equity (Unaudited)
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 profit							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 profit			25,672
Other-net	21	21	21
Change in the term	21	21	868
Balance at end of year	33	33	86,958

For The Year Ended March 31, 2020

(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 profit							23,996	23,996	23,996
Other-net									
Change in the term	-	-	-	-	-	-	(1,653)	(1,653)	(1,653)
Balance at end of year	17,180	11,729	2,000	13,729	685	24,606	29,069	54,360	85,270

(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 profit			23,996
Other-net	(23)	(23)	(23)
Change in the term	(23)	(23)	(1,676)
Balance at end of year	10	10	85,281

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 “shareholder’s equity” on the balance sheet.

(ii) without market value

Recorded at cost using the moving average method

2. Basis and Method of Valuation for Money 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. 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

	Year Ended March 31, 2019	(Millions of yen) Year Ended March 31, 2020
	3,842	3,109

Notes to Income Statement Information

1. Special Profits consist of the following:

	Year Ended March 31, 2019	(Millions of yen) Year Ended March 31, 2020
Gain on sales of investment securities and other	20	21
Gain on liquidation of subsidiaries and affiliates	29	-
Receipt of stock option income	85	59

2. Special Losses consist of the following:

	Year Ended March 31, 2019	(Millions of yen) Year Ended March 31, 2020
Loss on valuation of investment securities and other	938	119
Loss on valuation of investments in subsidiaries and affiliates	161	1,591
Loss on disposal of fixed assets	310	67
Provision of allowance for investment loss	707	-

Supplementary Information

1. Net Assets of Investment Trusts

(Billions of yen)

	March 31, 2019	March 31, 2020	Increase (Decrease)
Unit Type	162	86	(76)
Open Type	25,925	24,503	(1,421)
Stock Investment Trusts - Public	26,088	24,590	(1,497)
Bond Investment Trusts	395	363	(31)
Money Reserve Fund	4,759	5,087	327
Others	0	0	(0)
Bond Investment Trusts - Public	5,155	5,451	295
Unit Type	2,633	2,333	(300)
Open Type	1,728	1,632	(95)
Private Investment Trusts	4,362	3,966	(395)
Total	35,606	34,008	(1,597)

2. Assets under Investment Management and Advisory Contracts

(Billions of yen)

	March 31, 2019	March 31, 2020	Increase (Decrease)
Domestic - General	253	275	21
Domestic - Pension	8,684	8,611	(73)
Overseas	3,031	2,693	(338)
Total	11,969	11,579	(390)

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	3rd quarter From October 1, 2019 To December 31, 2019	4th quarter From January 1, 2020 To March 31, 2020	For the year From April 1, 2019 To March 31, 2020
Operating revenue	33,970	33,536	33,751	31,988	133,247
Investment trust management fees	29,695	29,252	29,360	27,429	115,736
Investment advisory fees	4,196	4,204	4,301	4,467	17,170
Other operating revenue	78	79	90	92	340
Operating expenses	19,043	18,663	18,918	17,815	74,440
Commissions	10,285	10,012	9,967	9,168	39,435
Research	6,854	6,697	6,829	6,451	26,833
Other operating expenses	1,903	1,953	2,121	2,194	8,172
General and administrative expenses	7,346	7,047	7,040	6,620	28,055
Operating income	7,580	7,825	7,792	7,552	30,751
Non-operating income	1,316	4,244	425	(739)	5,246
Non-operating expenses	10	17	18	397	443
Ordinary income	8,887	12,053	8,200	6,414	35,555
Special profits	39	4	9	27	81
Special losses	147	263	174	1,193	1,778
Income before income taxes	8,779	11,795	8,035	5,249	33,858
Income taxes - current	1,973	3,142	2,769	2,011	9,896
Income taxes - deferred	1,188	(577)	(274)	(369)	(34)
Net income	5,617	9,230	5,540	3,607	23,996