

NOMURA ASSET MANAGEMENT

Nomura Asset Management Co., Ltd.
Financial Summary (Unconsolidated)
For The Six Months Ended September 30, 2020
(Unaudited)

Nomura Asset Management Co., Ltd.

Unconsolidated Balance Sheet Information (Unaudited)

(Millions of Yen)

	March 31, 2020	September 30, 2020	Increase (Decrease)	September 30, 2019
Assets				
Current assets	97,509	83,326	(14,183)	81,173
Cash and cash equivalents	2,626	2,307	(319)	2,212
Money held in trust	41,524	40,828	(695)	42,268
Securities	24,399	10,500	(13,899)	5,800
Accrued investment trust management fees	23,936	24,249	312	25,161
Accrued investment advisory fees	4,336	4,560	224	4,788
Other current assets	700	894	194	957
Allowance for doubtful accounts	(14)	(14)	(0)	(15)
Fixed assets	23,026	24,403	1,376	24,105
Tangible fixed assets	645	2,998	2,353	679
Intangible fixed assets	5,894	5,462	(432)	5,940
Investments and other	16,486	15,942	(543)	17,485
Investment securities	1,437	1,701	264	1,362
Investment in subsidiaries and affiliates	10,171	10,171	-	12,869
Prepaid pension cost	1,545	1,429	(115)	1,736
Deferred tax assets	2,738	2,003	(735)	2,096
Other investments	593	636	42	420
Allowance for doubtful accounts	(0)	-	0	-
Allowance for investment loss	-	-	-	(999)
Total assets	120,536	107,730	(12,806)	105,278

(Millions of Yen)

	March 31, 2020	September 30, 2020	Increase (Decrease)	September 30, 2019
Liabilities				
Current liabilities	<u>31,371</u>	<u>25,063</u>	<u>(6,307)</u>	<u>25,317</u>
Investment trust distribution of income payable	0	0	(0)	0
Investment trust redemptions payable	3	0	(3)	25
Accrued commission payable	6,948	6,651	(297)	7,472
Accounts payable to subsidiaries and affiliates	7,262	4,007	(3,255)	3,649
Other accounts payable	1,063	853	(210)	739
Accrued expenses	10,290	9,953	(337)	9,291
Accrued income taxes	1,564	1,444	(119)	1,661
Accrued bonuses	3,985	2,005	(1,980)	2,294
Other current liabilities	251	147	(104)	181
Long-term liabilities	<u>3,883</u>	<u>5,300</u>	<u>1,416</u>	<u>3,832</u>
Reserve for retirement benefits	3,311	3,350	38	3,267
Reserve for loss on distribution of income and redemption after expiration	572	579	7	565
Asset retirement obligations	-	1,371	1,371	-
Total liabilities	35,254	30,364	(4,890)	29,150
Shareholder's equity	<u>85,270</u>	<u>77,365</u>	<u>(7,905)</u>	<u>76,122</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	54,360	46,455	(7,905)	45,212
Earned surplus reserve	685	685	-	685
Other Earned surplus	53,675	45,770	(7,905)	44,527
General reserve	24,606	24,606	-	24,606
Earned surplus brought forward	29,069	21,163	(7,905)	19,920
Valuation and translation adjustments	10	0	(10)	6
Net unrealized gain on investments	10	0	(10)	6
Total net assets	85,281	77,366	(7,915)	76,128
Total liabilities and net assets	120,536	107,730	(12,806)	105,278

Nomura Asset Management Co., Ltd.

Unconsolidated Income Statement Information (Unaudited)

(Millions of Yen)

	Six Months Ended September 30, 2019 (A)	Six Months Ended September 30, 2020 (B)	Comparison (B)/(A) (%)	Year Ended March 31, 2020
Operating revenue	67,507	60,641	89.8	133,247
Investment trust management fees	58,947	52,814	89.6	115,736
Investment advisory fees	8,401	7,648	91.0	17,170
Other operating revenue	158	178	112.7	340
Operating expenses	37,706	32,641	86.6	74,440
Commissions	20,298	16,811	82.8	39,435
Research	13,552	11,994	88.5	26,833
Other operating expenses	3,856	3,835	99.5	8,172
General and administrative expenses	14,394	13,883	96.5	28,055
Operating income	15,406	14,115	91.6	30,751
Non-operating income	5,561	6,145	110.5	5,246
Non-operating expenses	27	33	122.5	443
Ordinary income	20,940	20,227	96.6	35,555
Special profits	44	2,228	4,971.9	81
Special losses	410	445	108.3	1,778
Income before income taxes	20,574	22,011	107.0	33,858
Income taxes - current	5,116	5,226	102.2	9,896
Income taxes - deferred	610	739	121.2	(34)
Net income	14,847	16,045	108.1	23,996

Nomura Asset Management Co., Ltd.
Unconsolidated Statements of Shareholder's Equity (Unaudited)
For Interim ended September 30, 2019

(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	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 Interim ended September 30, 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	29,069	54,360	85,270
Dividends of surplus							(23,950)	(23,950)	(23,950)
Net income							16,045	16,045	16,045
Other-net									
Change in the term	-	-	-	-	-	-	(7,905)	(7,905)	(7,905)
Balance at end of year	17,180	11,729	2,000	13,729	685	24,606	21,163	46,455	77,365

(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	10	10	85,281
Dividends of surplus			(23,950)
Net income			16,045
Other-net	(10)	(10)	(10)
Change in the term	(10)	(10)	(7,915)
Balance at end of year	0	0	77,366

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 income							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 income			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 “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. 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, 2020	September 30, 2020	September 30, 2018
	3,109	648	3,881

(Millions of yen)

Notes to Income Statement Information

1. Special Profits consist of the following:

	Six Months Ended September 30, 2019	Six Months Ended September 30, 2020	Year Ended March 31, 2020
Gain on sales of investment securities and other	1	71	21
Receipt of stock option income	43	26	59
Compensation for forced relocation	-	2,130	-

(Millions of yen)

2. Special Losses consist of the following:

	Six Months Ended September 30, 2019	Six Months Ended September 30, 2020	Year Ended March 31, 2020
Loss on valuation of investment securities and other	119	36	119
Loss on valuation of investments in subsidiaries and affiliates	-	-	1,591
Loss on disposal of fixed assets	-	2	67
Office relocation expenses	-	406	-
Provision of allowance for investment loss	291	-	-

(Millions of yen)

Notes to Asset Retirement Obligations

1. Asset retirement obligations consist of the following:

	Six Months Ended September 30, 2019	Six Months Ended September 30, 2020	Year Ended March 31, 2020
Balance at the beginning of the year	-	-	-
Increase due to acquisition of property, plant and equipment	-	1,371	-
Adjustments over time	-	-	-
Balance at end of year	-	1,371	-

(Millions of yen)

Supplementary Information

1. Net Assets of Investment Trusts

(Billions of yen)

	September 30, 2019	September 30, 2020	Increase (Decrease)
Unit Type	144	82	(62)
Open Type	26,768	29,836	3,068
Stock Investment Trusts - Public	26,913	29,919	3,005
Bond Investment Trusts	379	355	(24)
Money Reserve Fund	4,902	5,332	430
Others	0	0	0
Bond Investment Trusts - Public	5,282	5,687	405
Stock Investment Trusts	2,611	2,384	(227)
Bond Investment Trusts	1,708	1,630	(78)
Private Investment Trusts	4,320	4,014	(305)
Total	36,515	39,621	3,105

2. Assets under Investment Management and Advisory Contracts

(Billions of yen)

	September 30, 2019	September 30, 2020	Increase (Decrease)
Domestic - General	265	295	29
Domestic - Pension	8,721	8,116	(605)
Overseas	2,917	3,044	126
Total	11,905	11,456	(449)

Quarterly Income Statement Information

(Millions of Yen)

	1st quarter From April 1, 2020 To June 30, 2020	2nd quarter From July 1, 2020 To September 30, 2020	Six Months Ended From April 1, 2020 To September 30, 2020
Operating revenue	29,503	31,137	60,641
Investment trust management fees	25,629	27,184	52,814
Investment advisory fees	3,792	3,855	7,648
Other operating revenue	81	97	178
Operating expenses	15,980	16,661	32,641
Commissions	8,161	8,650	16,811
Research	5,955	6,039	11,994
Other operating expenses	1,863	1,972	3,835
General and administrative expenses	6,836	7,047	13,883
Operating income (loss)	6,687	7,428	14,115
Non-operating income	2,081	4,064	6,145
Non-operating expenses	17	16	33
Ordinary income	8,751	11,476	20,227
Special profits	1,884	344	2,228
Special losses	408	36	445
Income (loss) before income taxes	10,227	11,784	22,011
Income taxes - current	2,316	2,910	5,226
Income taxes - deferred	1,131	(391)	739
Net income (loss)	6,779	9,265	16,045