

NOMURA ASSET MANAGEMENT

Nomura Asset Management Co., Ltd.
Financial Summary (Unconsolidated)
For The Year Ended March 31, 2021
(Unaudited)

Nomura Asset Management Co., Ltd.

Unconsolidated Balance Sheet Information (Unaudited)

(Millions of Yen)

	March 31, 2020	March 31, 2021	Increase (Decrease)
Assets			
Current assets	97,509	100,496	2,987
Cash and cash equivalents	2,626	4,281	1,654
Money held in trust	41,524	35,912	(5,611)
Securities	24,399	30,400	6,000
Accrued investment trust management fees	23,936	24,499	563
Accrued investment advisory fees	4,336	4,347	11
Other current assets	700	1,069	369
Allowance for doubtful accounts	(14)	(14)	(0)
Fixed assets	23,026	24,583	1,556
Tangible fixed assets	645	2,666	2,021
Intangible fixed assets	5,894	5,429	(465)
Investments and other	16,486	16,487	1
Investment securities	1,437	1,767	330
Investment in subsidiaries and affiliates	10,171	9,942	(229)
Long-term guarantee deposits	329	330	1
Prepaid pension cost	1,545	1,301	(243)
Deferred tax assets	2,738	3,008	269
Other investments	264	137	(127)
Allowance for doubtful accounts	(0)	-	0
Total assets	120,536	125,080	4,543

(Millions of Yen)

	March 31, 2020	March 31, 2021	Increase (Decrease)
Liabilities			
Current liabilities	31,371	32,175	803
Investment trust distribution of income payable	0	0	(0)
Investment trust redemptions payable	3	8	4
Accrued commission payable	6,948	7,256	308
Accounts payable to subsidiaries and affiliates	7,262	8,671	1,408
Other accounts payable	1,063	1,011	(52)
Accrued expenses	10,290	9,171	(1,119)
Accrued income taxes	1,564	2,113	549
Accrued bonuses	3,985	3,795	(190)
Other current liabilities	251	146	(104)
Long-term liabilities	3,883	5,250	1,367
Reserve for retirement benefits	3,311	3,299	(12)
Reserve for loss on distribution of income and redemption after expiration	572	580	8
Asset retirement obligations	-	1,371	1,371
Total liabilities	35,254	37,425	2,171
Shareholder's equity	85,270	87,596	2,326
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	54,360	56,686	2,326
Earned surplus reserve	685	685	-
Other earned surplus	53,675	56,001	2,326
General reserve	24,606	24,606	-
Earned surplus brought forward	29,069	31,395	2,326
Valuation and translation adjustments	10	57	46
Net unrealized gain on investments	10	57	46
Total net assets	85,281	87,654	2,372
Total liabilities and net assets	120,536	125,080	4,543

Nomura Asset Management Co., Ltd.

Unconsolidated Income Statement Information (Unaudited)

(Millions of Yen)

	Year Ended March 31, 2020 (A)	Year Ended March 31, 2021 (B)	Comparison B/A (%)
Operating revenue	133,247	123,367	92.6
Investment trust management fees	115,736	106,355	91.9
Investment advisory fees	17,170	16,583	96.6
Other operating revenue	340	428	125.7
Operating expenses	74,440	65,760	88.3
Commissions	39,435	34,739	88.1
Research	26,833	24,506	91.3
Other operating expenses	8,172	6,514	79.7
General and administrative expenses	28,055	28,063	100.0
Compensation and benefits	14,736	14,045	95.3
Occupancy	1,227	1,147	93.5
Depreciation of fixed assets	2,348	2,700	115.0
Other general and administrative expenses	9,742	10,170	104.4
Operating income	30,751	29,542	96.1
Non-operating income	5,246	6,687	127.5
Non-operating expenses	443	72	16.3
Ordinary income	35,555	36,157	101.7
Special profits	81	2,197	2,708.8
Special losses	1,778	1,129	63.5
Income before income taxes	33,858	37,225	109.9
Income taxes - current	9,896	11,239	113.6
Income taxes - deferred	(34)	(290)	844.9
Net income	23,996	26,276	109.5

Nomura Asset Management Co., Ltd.
Unconsolidated Statements of Shareholder's Equity (Unaudited)
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

For The Year Ended March 31, 2021

(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 profit							26,276	26,276	26,276
Other-net									
Change in the term	—	—	—	—	—	—	2,326	2,326	2,326
Balance at end of year	17,180	11,729	2,000	13,729	685	24,606	31,395	56,686	87,596

(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 profit			26,276
Other-net	46	46	46
Change in the term	46	46	2,372
Balance at end of year	57	57	87,654

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 Accounting Estimate

Not applicable.

Notes to Balance Sheet Information

1. Accumulated Depreciation on Tangible Fixed Assets

	Year Ended March 31, 2020	(Millions of yen) Year Ended March 31, 2021
	3,109	990

Notes to Income Statement Information

1. Special Profits consist of the following:

	Year Ended March 31, 2020	(Millions of yen) Year Ended March 31, 2021
Gain on sales of investment securities and other	21	71
Receipt of stock option income	59	48
Compensation for forced relocation	-	2,077

2. Special Losses consist of the following:

	Year Ended March 31, 2020	(Millions of yen) Year Ended March 31, 2021
Loss on valuation of investment securities and other	119	36
Loss on valuation of investments in subsidiaries and affiliates	1,591	582
Loss on disposal of fixed assets	67	105
Office relocation expenses	-	406

Notes to Asset Retirement Obligations

1. Asset retirement obligations consist of the following:

	Year Ended March 31, 2020	(Millions of yen) Year Ended March 31, 2021
Balance at 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

Supplementary Information

1. Net Assets of Investment Trusts

(Billions of yen)

	March 31, 2020	March 31, 2021	Increase (Decrease)
Unit Type	86	47	(39)
Open Type	24,503	35,864	11,361
Stock Investment Trusts - Public	24,590	35,912	11,322
Bond Investment Trusts	363	342	(20)
Money Reserve Fund	5,087	6,189	1,102
Others	0	0	0
Bond Investment Trusts - Public	5,451	6,532	1,081
Unit Type	2,333	2,556	223
Open Type	1,632	1,621	(11)
Private Investment Trusts	3,966	4,178	211
Total	34,008	46,623	12,615

2. Assets under Investment Management and Advisory Contracts

(Billions of yen)

	March 31, 2020	March 31, 2021	Increase (Decrease)
Domestic - General	275	314	39
Domestic - Pension	8,611	8,398	(212)
Overseas	2,693	3,736	1,043
Total	11,579	12,449	869

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	3rd quarter From October 1, 2020 To December 31, 2020	4th quarter From January 1, 2021 To March 31, 2021	For the year From April 1, 2020 To March 31, 2021
Operating revenue	29,503	31,137	30,422	32,302	123,367
Investment trust management fees	25,629	27,184	26,517	27,023	106,355
Investment advisory fees	3,792	3,855	3,794	5,140	16,583
Other operating revenue	81	97	111	138	428
Operating expenses	15,980	16,661	16,155	16,962	65,760
Commissions	8,161	8,650	8,866	9,060	34,739
Research	5,955	6,039	6,091	6,420	24,506
Other operating expenses	1,863	1,972	1,197	1,481	6,514
General and administrative expenses	6,836	7,047	7,059	7,120	28,063
Operating income	6,687	7,428	7,207	8,219	29,542
Non-operating income	2,081	4,064	567	(25)	6,687
Non-operating expenses	17	16	31	7	72
Ordinary income	8,751	11,476	7,743	8,186	36,157
Special profits	1,884	344	8	(39)	2,197
Special losses	408	36	-	684	1,129
Income before income taxes	10,227	11,784	7,752	7,461	37,225
Income taxes - current	2,316	2,910	2,681	3,331	11,239
Income taxes - deferred	1,131	(391)	(293)	(736)	(290)
Net income	6,779	9,265	5,363	4,867	26,276