

NOMURA ASSET MANAGEMENT

Nomura Asset Management Co., Ltd.
Financial Summary (Unconsolidated)
For The Six Months Ended September 30, 2021
(Unaudited)

Nomura Asset Management Co., Ltd.

Unconsolidated Balance Sheet Information (Unaudited)

(Millions of Yen)

| | March 31, 2021 | September 30, 2021 | Increase (Decrease) | September 30, 2020 |
|---|----------------|--------------------|---------------------|--------------------|
| Assets | | | | |
| Current assets | 100,496 | 82,759 | (17,737) | 83,326 |
| Cash and cash equivalents | 4,281 | 2,226 | (2,054) | 2,307 |
| Money held in trust | 35,912 | 36,349 | 436 | 40,828 |
| Securities | 30,400 | 11,600 | (18,800) | 10,500 |
| Accrued investment trust management fees | 24,499 | 26,924 | 2,425 | 24,249 |
| Accrued investment advisory fees | 4,347 | 4,497 | 149 | 4,560 |
| Other current assets | 1,069 | 1,176 | 107 | 894 |
| Allowance for doubtful accounts | (14) | (15) | (1) | (14) |
| Fixed assets | 24,583 | 23,140 | (1,442) | 24,403 |
| Tangible fixed assets | 2,666 | 2,005 | (660) | 2,998 |
| Intangible fixed assets | 5,429 | 5,512 | 83 | 5,462 |
| Investments and other | 16,487 | 15,622 | (864) | 15,942 |
| Investment securities | 1,767 | 1,949 | 181 | 1,701 |
| Investment in subsidiaries and affiliates | 9,942 | 9,864 | (77) | 10,171 |
| Prepaid pension cost | 1,301 | 1,305 | 4 | 1,429 |
| Deferred tax assets | 3,008 | 1,951 | (1,057) | 2,003 |
| Other investments | 468 | 551 | 83 | 636 |
| Total assets | 125,080 | 105,899 | (19,180) | 107,730 |

(Millions of Yen)

| | March 31, 2021 | September 30, 2021 | Increase (Decrease) | September 30, 2020 |
|--|----------------|--------------------|---------------------|--------------------|
| Liabilities | | | | |
| Current liabilities | 32,175 | 25,381 | (6,793) | 25,063 |
| Investment trust distribution of income payable | 0 | 0 | 0 | 0 |
| Investment trust redemptions payable | 8 | 5 | (2) | 0 |
| Accrued commission payable | 7,256 | 8,203 | 946 | 6,651 |
| Accounts payable to subsidiaries and affiliates | 8,671 | 3,481 | (5,189) | 4,007 |
| Other accounts payable | 1,011 | 925 | (85) | 853 |
| Accrued expenses | 9,171 | 9,068 | (102) | 9,953 |
| Accrued income taxes | 2,113 | 1,282 | (830) | 1,444 |
| Accrued bonuses | 3,795 | 1,966 | (1,829) | 2,005 |
| Asset retirement obligations | - | 296 | 296 | - |
| Other current liabilities | 146 | 150 | 3 | 147 |
| Long-term liabilities | 5,250 | 4,976 | (274) | 5,300 |
| Reserve for retirement benefits | 3,299 | 3,265 | (34) | 3,350 |
| Reserve for loss on distribution of income and redemption after expiration | 580 | 588 | 8 | 579 |
| Asset retirement obligations | 1,371 | 1,123 | (247) | 1,371 |
| Total liabilities | 37,425 | 30,358 | (7,067) | 30,364 |
| Shareholder's equity | 87,596 | 75,467 | (12,129) | 77,365 |
| 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 | 56,686 | 44,557 | (12,129) | 46,455 |
| Earned surplus reserve | 685 | 685 | - | 685 |
| Other Earned surplus | 56,001 | 43,872 | (12,129) | 45,770 |
| General reserve | 24,606 | 24,606 | - | 24,606 |
| Earned surplus brought forward | 31,395 | 19,265 | (12,129) | 21,163 |
| Valuation and translation adjustments | 57 | 74 | 16 | 0 |
| Net unrealized gain on investments | 57 | 74 | 16 | 0 |
| Total net assets | 87,654 | 75,541 | (12,112) | 77,366 |
| Total liabilities and net assets | 125,080 | 105,899 | (19,180) | 107,730 |

Nomura Asset Management Co., Ltd.

Unconsolidated Income Statement Information (Unaudited)

(Millions of Yen)

| | Six Months Ended September 30, 2020 (A) | Six Months Ended September 30, 2021 (B) | Comparison (B)/(A) (%) | Year Ended March 31, 2021 |
|-------------------------------------|---|---|---------------------------|------------------------------|
| Operating revenue | 60,641 | 65,547 | 108.1 | 123,367 |
| Investment trust management fees | 52,814 | 57,049 | 108.0 | 106,355 |
| Investment advisory fees | 7,648 | 8,278 | 108.2 | 16,583 |
| Other operating revenue | 178 | 219 | 123.0 | 428 |
| Operating expenses | 32,641 | 34,591 | 106.0 | 65,760 |
| Commissions | 16,811 | 19,265 | 114.6 | 34,739 |
| Research | 11,994 | 12,882 | 107.4 | 24,506 |
| Other operating expenses | 3,835 | 2,443 | 63.7 | 6,514 |
| General and administrative expenses | 13,883 | 14,589 | 105.1 | 28,063 |
| Operating income | 14,115 | 16,366 | 115.9 | 29,542 |
| Non-operating income | 6,145 | 4,136 | 67.3 | 6,687 |
| Non-operating expenses | 33 | 262 | 779.5 | 72 |
| Ordinary income | 20,227 | 20,241 | 100.1 | 36,157 |
| Special profits | 2,228 | 49 | 2.2 | 2,197 |
| Special losses | 445 | 507 | 114.0 | 1,129 |
| Income before income taxes | 22,011 | 19,782 | 89.9 | 37,225 |
| Income taxes - current | 5,226 | 4,594 | 87.9 | 11,239 |
| Income taxes - deferred | 739 | 1,049 | 141.9 | (290) |
| Net income | 16,045 | 14,139 | 88.1 | 26,276 |

Nomura Asset Management Co., Ltd.
Unconsolidated Statements of Shareholder's Equity (Unaudited)
For Interim ended September 30, 2020

(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 | 29,069 | 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 Interim ended September 30, 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 | 31,395 | 56,686 | 87,596 |
| Dividends of surplus | | | | | | | (26,268) | (26,268) | (26,268) |
| Net income | | | | | | | 14,139 | 14,139 | 14,139 |
| Other-net | | | | | | | | | |
| Change in the term | - | - | - | - | - | - | (12,129) | (12,129) | (12,129) |
| Balance at end of year | 17,180 | 11,729 | 2,000 | 13,729 | 685 | 24,606 | 19,265 | 44,557 | 75,467 |

(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 | 57 | 57 | 87,654 |
| Dividends of surplus | | | (26,268) |
| Net income | | | 14,139 |
| Other-net | 16 | 16 | 16 |
| Change in the term | 16 | 16 | (12,112) |
| Balance at end of year | 74 | 74 | 75,541 |

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 income | | | | | | | 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 income | | | 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 “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.

Changes in Accounting Policies

1. Application of Accounting Standard for Revenue Recognition etc.

The Company has applied “Accounting Standard for Revenue Recognition” (ASBJ Statement No.29, March 31, 2020) etc. from the beginning of the period for the six months ended September 30, 2021 and has recognized revenue in an amount expected to be earned in exchange for goods or services at the time when controls of the promised goods or services are transferred to customers.

As for non-operating income from system-related service and as a gross amount, previously recognized as a net amount after deducted system-related expenses.

As for the application of Accounting standards for Revenue recognition etc., in accordance with transitional treatment stipulated in the proviso of Paragraph 84 of “Accounting Standard for revenue recognition”, the cumulative effects by the retroactive application of the new accounting policy previous to the beginning of the period for the six months ended September 30, 2021 are adjusted to “Retained earnings” of the beginning of the period for the six months ended September 30, 2021.

The effect on financial statements during the reporting period is insignificant.

2. Application of Accounting Standard for Fair Value Measurement etc.

The Company has applied “Accounting Standard for Fair Value Measurement” (ASBJ Statement No.30, July 4, 2019) etc. from the beginning of the period for the six months ended September 30, 2021.

As for the application of Accounting standards for Fair Value Measurement etc., in accordance with transitional treatment stipulated in Item 19 of “Accounting Standards for Fair Value Measurement” and Item 44-2 of “Accounting Standard for Financial Instruments,” (ASBJ Statement No.10, July 4, 2019) the Company has applied new accounting policies since the beginning of the period for the six months ended September 30, 2021. This has no effect on the financial statements.

As for Notes to financial instruments, notes matters concerning fair value of financial instruments and breakdown by input level. However, in accordance with Item 7-4 of ASBJ Guidance No.19, “Implementation Guidance on Disclosures about Fair Value of Financial Instruments,” these notes are not listed for previously financial year.

Notes to Revenue Recognition

The Company’s primary source of revenue is fee income from investment management activities performed the Asset management. Fee income includes investment trust management fees, investment advisory fees and performance fees.

Investment trust management fees are generated through investment trust agreements and are generally based on an agreed percentage of the Net Asset Value. Investment trust management fees are recognized as the service is provided and it is probable that the fee will be collected mainly every quarterly or semi-annually.

Investment advisory fees are generated through investment advisory agreements and are generally based on agreed fees. Investment advisory fees are recognized as the service is provided and it is probable that the fee will be collected mainly every quarterly or semi-annually.

Performance fees are earned from certain arrangements when contractually agreed performance levels are exceeded within specified performance measurement periods. They are only recognized where it is highly probable that a significant reversal will not occur in future periods.

Operating revenue consist of the following:

| | (Millions of yen) |
|----------------------------------|--------------------|
| | September 30, 2021 |
| Investment trust management fees | 57,003 |
| Investment advisory fees | 8,273 |
| Performance fees | 51 |
| Other operating revenue | 219 |
| <u>Total Operating revenue</u> | <u>65,547</u> |

Notes to Balance Sheet Information

1. Accumulated Depreciation on Tangible Fixed Assets

| | (Millions of yen) | | |
|--|-------------------|--------------------|--------------------|
| | March 31, 2021 | September 30, 2021 | September 30, 2020 |
| | <u>990</u> | <u>1,136</u> | <u>648</u> |

Notes to Income Statement Information

1. Special Profits consist of the following:

| | (Millions of yen) | | |
|--|--|--|------------------------------|
| | Six Months Ended September 30, 2020 | Six Months Ended September 30, 2021 | Year Ended March 31, 2021 |
| Gain on sales of investment securities and other | 71 | 26 | 71 |
| Receipt of stock option income | 26 | 23 | 48 |
| Compensation for forced relocation | 2,130 | - | 2,077 |

2. Special Losses consist of the following:

| | (Millions of yen) | | |
|---|--|--|------------------------------|
| | Six Months Ended September 30, 2020 | Six Months Ended September 30, 2021 | Year Ended March 31, 2021 |
| Loss on sales of investment securities and other | - | 0 | - |
| Loss on valuation of investment securities and other | 36 | - | 36 |
| Loss on valuation of investments in subsidiaries and affiliates | - | 77 | 582 |
| Loss on disposal of fixed assets | 2 | 374 | 105 |
| Office relocation expenses | 406 | 54 | 406 |

Notes to Asset Retirement Obligations

1. Asset retirement obligations consist of the following:

| | (Millions of yen) | | |
|--|--|--|------------------------------|
| | Six Months Ended September 30, 2020 | Six Months Ended September 30, 2021 | Year Ended March 31, 2021 |
| Balance at the beginning of the year | - | 1,371 | - |
| Increase due to acquisition of property, plant and equipment | 1,371 | 48 | 1,371 |
| Adjustments over time | - | - | - |
| <u>Balance at end of year</u> | <u>1,371</u> | <u>1,419</u> | <u>1,371</u> |

Notes to financial instruments

Matters concerning fair value of financial instruments and breakdown by input level

The amounts on the interim balance sheet and the fair value of financial instruments as well as the difference between them are as follows.

The amounts shown in the following tables do not include stock with no market price, etc., and investments in partnership (refer to Note 2).

The fair values of financial instruments are classified into the following three levels depending on the observability and significance of the input used in the fair value measurement.

Level 1: Fair value determined based on the (unadjusted) quoted price in an active market for the same asset

Level 2: Fair value determined based on directly or indirectly observable inputs other than Level 1 inputs

Level 3: Fair value determined based on significant unobservable inputs

If multiple inputs with a significant impact are used for the fair value measurement of a financial instrument, the financial instrument is classified to the lowest priority level of fair value measurement in which each input belongs.

Cash, accrued investment trust management fees, accrued investment advisory fees, accounts payable, accrued expenses and accrued income taxes are not included in the following tables since they are mostly short-term (within one year), and their fair values approximate their carrying amounts.

| September 30, 2021 | (Millions of yen) | | | |
|-----------------------|-------------------|---------|---------|-------|
| | Level 1 | Level 2 | Level 3 | Total |
| Money held in trust * | - | 2,452 | - | 2,452 |
| Total assets | - | 2,452 | - | 2,452 |

* The amount of money held in trust mainly composed investment trusts for which transitional measures are applied in accordance with Paragraph 26 of the Guidance for Application of Fair Value Measurement are not included in the table above. The amount of such money held in trust on the interim balance sheet includes financial assets of ¥33,897 million.

(Note 1) Description of the valuation techniques and inputs used to measure fair value

Money held in trust

Money held in trust includes mainly investment trusts, derivative instruments and monetary assets.

The fair value of investment trusts equals net asset value. The fair value of listed derivative instruments is based on quoted prices from stock exchanges. The fair values of foreign exchange forward contracts and OTC derivative instruments are based on quoted prices from financial institutions. The fair value of other assets approximates the carrying amount because of their short maturities.

(Note 2) Interim balance sheet amounts of stocks with no market prices, etc. and investments in partnership, etc. are as follows. In accordance with Item 5 ASBJ Guidance No.19, "Implementation Guidance on Disclosures about Fair Value of Financial Instruments," and Item 24-16 of "Guidance for Application of Fair Value Measurement," these amounts are not included on the tables disclosed in Matters concerning fair value of financial instruments and breakdown by input level.

| | (Millions of yen) | |
|--|--------------------|--------------------|
| | September 30, 2020 | September 30, 2021 |
| Stocks with no market prices, etc. *1, 2 | 10,480 | 10,176 |
| Investments in partnership, etc. | 1,391 | 1,637 |
| Total | 11,872 | 11,814 |

*1 Unlisted stocks are included in stocks with no market prices, etc.

*2 Stocks with no market prices 77 million were written-down in the six months ended September 30, 2021.

Supplementary Information

1. Net Assets of Investment Trusts

(Billions of yen)

| | September 30, 2020 | September 30, 2021 | Increase (Decrease) |
|----------------------------------|--------------------|--------------------|---------------------|
| Unit Type | 82 | 39 | (43) |
| Open Type | 29,836 | 37,549 | 7,712 |
| Stock Investment Trusts - Public | 29,919 | 37,588 | 7,669 |
| Bond Investment Trusts | 355 | 331 | (23) |
| Money Reserve Fund | 5,332 | 6,098 | 765 |
| Others | 0 | 0 | 0 |
| Bond Investment Trusts - Public | 5,687 | 6,430 | 742 |
| Stock Investment Trusts | 2,384 | 2,545 | 161 |
| Bond Investment Trusts | 1,630 | 1,591 | (38) |
| Private Investment Trusts | 4,014 | 4,137 | 122 |
| Total | 39,621 | 48,155 | 8,534 |

2. Assets under Investment Management and Advisory Contracts

(Billions of yen)

| | September 30, 2020 | September 30, 2021 | Increase (Decrease) |
|--------------------|--------------------|--------------------|---------------------|
| Domestic - General | 295 | 348 | 52 |
| Domestic - Pension | 8,116 | 8,973 | 857 |
| Overseas | 3,044 | 4,186 | 1,141 |
| Total | 11,456 | 13,507 | 2,051 |

Quarterly Income Statement Information

(Millions of Yen)

| | 1st quarter From April 1, 2021 To June 30, 2021 | 2nd quarter From July 1, 2021 To September 30, 2021 | Six Months Ended From April 1, 2021 To September 30, 2021 |
|-------------------------------------|---|---|---|
| Operating revenue | 32,071 | 33,475 | 65,547 |
| Investment trust management fees | 27,883 | 29,165 | 57,049 |
| Investment advisory fees | 4,084 | 4,194 | 8,278 |
| Other operating revenue | 104 | 115 | 219 |
| Operating expenses | 16,917 | 17,673 | 34,591 |
| Commissions | 9,366 | 9,899 | 19,265 |
| Research | 6,329 | 6,553 | 12,882 |
| Other operating expenses | 1,221 | 1,221 | 2,443 |
| General and administrative expenses | 7,345 | 7,244 | 14,589 |
| Operating income (loss) | 7,808 | 8,557 | 16,366 |
| Non-operating income | 2,110 | 2,026 | 4,136 |
| Non-operating expenses | 23 | 239 | 262 |
| Ordinary income | 9,896 | 10,344 | 20,241 |
| Special profits | 19 | 29 | 49 |
| Special losses | - | 507 | 507 |
| Income (loss) before income taxes | 9,916 | 9,866 | 19,782 |
| Income taxes - current | 1,558 | 3,036 | 4,594 |
| Income taxes - deferred | 1,568 | (519) | 1,049 |
| Net income (loss) | 6,789 | 7,349 | 14,139 |