

# **NOMURA ASSET MANAGEMENT**

**Nomura Asset Management Co., Ltd.**  
**Financial Summary (Unconsolidated)**  
**For The Six Months Ended September 30, 2022**  
**(Unaudited)**

**Nomura Asset Management Co., Ltd.**

**Unconsolidated Balance Sheet Information (Unaudited)**

(Millions of Yen)

	March 31, 2022	September 30, 2022	Increase (Decrease)	September 30, 2021
Assets				
Current assets	101,417	85,253	(16,163)	82,759
Cash and cash equivalents	2,006	1,959	(46)	2,226
Money held in trust	35,894	40,970	5,075	36,349
Short-term investment securities	29,300	8,000	(21,300)	11,600
Accrued investment trust management fees	27,176	27,052	(123)	26,924
Accrued investment advisory fees	4,002	4,915	913	4,497
Short-term loans receivable	1,835	1,448	(387)	-
Other current assets	1,217	923	(293)	1,176
Allowance for doubtful receivables	(15)	(16)	(0)	(15)
Fixed assets	23,023	22,993	(30)	23,140
Tangible fixed assets	1,744	1,534	(210)	2,005
Intangible fixed assets	5,210	5,483	273	5,512
Investments and other assets	16,067	15,974	(93)	15,622
Investment securities	2,201	2,133	(68)	1,949
Investment in subsidiaries and affiliates	9,214	10,025	811	9,864
Long-term guarantee money deposited	443	519	75	424
Prepaid pension cost	1,297	1,433	135	1,305
Deferred tax assets	2,784	1,758	(1,025)	1,951
Other investments	126	104	(21)	126
Total assets	124,440	108,246	(16,193)	105,899

(Millions of Yen)

	March 31, 2022	September 30, 2022	Increase (Decrease)	September 30, 2021
<b>Liabilities</b>				
<b>Current liabilities</b>	<u>33,127</u>	<u>25,405</u>	<u>(7,722)</u>	<u>25,381</u>
Distributions of income payable	0	0	0	0
Redemptions payable	17	11	(5)	5
Commissions payable	8,357	8,301	(55)	8,203
Accounts payable to affiliated company	8,149	3,205	(4,943)	3,481
Other accounts payable	1,089	842	(246)	925
Accrued expenses	9,512	9,504	(7)	9,068
Accrued income taxes	1,319	1,213	(105)	1,282
Allowance for bonuses	4,416	2,096	(2,320)	1,966
Asset retirement obligations	-	-	-	296
Other current liabilities	263	226	(37)	150
<b>Long-term liabilities</b>	<u>4,905</u>	<u>4,763</u>	<u>(141)</u>	<u>4,976</u>
Allowance for retirement benefits	3,194	3,045	(148)	3,265
Reserve for loss on distribution of income and redemption after statute of limitation	588	595	7	588
Asset retirement obligations	1,123	1,123	-	1,123
<b>Total liabilities</b>	<b>38,033</b>	<b>30,169</b>	<b>(7,864)</b>	<b>30,358</b>
<b>Shareholder's equity</b>	<u>86,232</u>	<u>77,770</u>	<u>(8,461)</u>	<u>75,467</u>
Common stock	17,180	17,180	-	17,180
<b>Capital surplus</b>	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
<b>Earned surplus</b>	55,322	46,860	(8,461)	44,557
Earned surplus reserve	685	685	-	685
Other earned surplus	54,637	46,175	(8,461)	43,872
General reserve	24,606	24,606	-	24,606
Unappropriated retained earnings	30,030	21,568	(8,461)	19,265
Valuation and translation adjustments	174	307	132	74
Valuation differences on available-for-sale securities	174	307	132	74
<b>Total net assets</b>	<b>86,407</b>	<b>78,077</b>	<b>(8,329)</b>	<b>75,541</b>
<b>Total liabilities and net assets</b>	<b>124,440</b>	<b>108,246</b>	<b>(16,193)</b>	<b>105,899</b>

**Nomura Asset Management Co., Ltd.**

**Unconsolidated Income Statement Information (Unaudited)**

(Millions of Yen)

	Six Months Ended September 30, 2021 (A)	Six Months Ended September 30, 2022 (B)	Comparison (B)/(A) (%)	Year Ended March 31, 2022
Operating revenues	65,547	67,085	102.3	133,935
Investment trust management fees	57,049	57,740	101.2	115,733
Investment advisory fees	8,278	9,162	110.7	17,671
Other operating revenues	219	181	82.8	530
Operating expenses	34,591	36,577	105.7	71,021
Commissions	19,265	19,423	100.8	39,087
Research	12,882	14,540	112.9	26,650
Other operating expenses	2,443	2,613	107.0	5,282
General and administrative expenses	14,589	14,575	99.9	29,556
Operating income	16,366	15,931	97.3	33,357
Non-operating revenues	4,136	7,366	178.1	4,809
Non-operating expenses	262	1,574	600.0	1,689
Ordinary income	20,241	21,723	107.3	36,477
Extraordinary gains	49	30	62.1	230
Extraordinary losses	507	49	9.7	1,158
Income before income taxes	19,782	21,705	109.7	35,549
Income taxes – current	4,594	4,322	94.1	10,474
Income taxes – deferred	1,049	966	92.0	171
Net income	14,139	16,415	116.1	24,904

**Nomura Asset Management Co., Ltd.**  
**Unconsolidated Statements of Shareholder's Equity (Unaudited)**  
**For Interim ended September 30, 2021**

(Millions of Yen)

	Shareholder's equity								Total Shareholder's equity
	Common stock	Capital surplus			Earned surplus			Total Earned surplus	
		Additional paid-in capital	Other capital surplus	Total capital surplus	Earned surplus reserve	Other Earned surplus			
					General reserve	Unappropriated retained earnings			
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
	Valuation differences on available-for-sale securities	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 Interim ended September 30, 2022**

(Millions of Yen)

	Shareholder's equity								
	Common stock	Capital surplus			Earned surplus				Total Shareholder's equity
		Additional paid-in capital	Other capital surplus	Total capital surplus	Earned surplus reserve	Other Earned surplus		Total Earned surplus	
						General reserve	Unappropriated retained earnings		
Balance at beginning of year	17,180	11,729	2,000	13,729	685	24,606	30,030	55,322	86,232
Dividends of surplus							(24,877)	(24,877)	(24,877)
Net income							16,415	16,415	16,415
Other-net									
Change in the term	-	-	-	-	-	-	(8,461)	(8,461)	(8,461)
Balance at end of year	17,180	11,729	2,000	13,729	685	24,606	21,568	46,860	77,770

(Millions of Yen)

	Valuation and translation adjustments		Total net assets
	Valuation differences on available-for-sale securities	Total Valuation and translation adjustments	
Balance at beginning of year	174	174	86,407
Dividends of surplus			(24,877)
Net income			16,415
Other-net	132	132	132
Change in the term	132	132	(8,329)
Balance at end of year	307	307	78,077

## For The Year Ended March 31, 2022

(Millions of Yen)

	Shareholder's equity								Total Shareholder's equity
	Common stock	Capital surplus			Earned surplus			Total Earned surplus	
		Additional paid-in capital	Other capital surplus	Total capital surplus	Earned surplus reserve	Other Earned surplus			
						General reserve	Unappropriated retained earnings		
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							24,904	24,904	24,904
Other-net									
Change in the term	-	-	-	-	-	-	(1,364)	(1,364)	(1,364)
Balance at end of year	17,180	11,729	2,000	13,729	685	24,606	30,030	55,322	86,232

(Millions of Yen)

	Valuation and translation adjustments		Total net assets
	Valuation differences on available-for-sale securities	Total Valuation and translation adjustments	
Balance at beginning of year	57	57	87,654
Dividends of surplus			(26,268)
Net income			24,904
Other-net	116	116	116
Change in the term	116	116	(1,247)
Balance at end of year	174	174	86,407

## **Significant Accounting Policies**

### 1. Basis and Method of Valuation for Securities

The basis and methods of valuation are summarized as follows:

Investments in subsidiaries and affiliates ..... at cost by the moving average method

Available-for-sale securities:

With determinable market value ..... at market value

Valuation differences are reported net of the applicable income taxes as a separate component of net assets and costs of securities sold are calculated by the moving average method.

Without determinable market value ..... at cost by the moving average method

### 2. Basis and Method of Valuation for Money held in trust

Money held in trust is measured at fair value.

### 3. Basis and Method of Valuation for Derivatives

Derivatives are measured at fair value.

### 4. Translation of foreign currency assets and liabilities

Assets and Liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rate, prevailing at the balance sheet date and the effect of exchange rate changes are recorded in gain and loss.

### 5. 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 structures attached to the buildings) acquired on or after April 1, 1998, which are depreciated by the straight-line method. Furthermore, structures attached to the buildings and facilities acquired on or after April 1, 2016 are depreciated by the straight-line method.

#### (2) Amortization of intangible assets

Intangible fixed assets are amortized by the straight-line method. Software for internal use is amortized by the straight-line method over estimated useful lives on the basis of internal use.

### 6. Allowances and Accruals

#### (1) Allowance for doubtful receivables

For specific receivables from doubtful debtors, allowance for doubtful receivables is provided by determining the likelihood of recovery of individual doubtful receivables. For receivables other than those indicated above, allowance for doubtful receivables is provided by using the historical rate of default.

#### (2) Allowance for bonuses

Allowance for bonuses is provided by estimating bonuses to be paid, based on services provided during the fiscal year.

#### (3) Allowance for retirement benefits

Allowance for retirement benefits which consists of lump-sum payment plan and tax-qualified pension plan 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 arise 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 arise. 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 are incurred.

(4) Reserve for loss on distribution of income and redemption after expiration

Reserve for loss on distribution of income and redemption after statute of limitation is provided for investment trust distributions of income and investment trust redemptions recognized as revenue by prescription by estimating the amount of potential payments in the future, which is based on actual payments made in the past.

7. Revenue and Expense Recording Basis

The Company's primary source of revenue is fee income from investment management activities performing the asset management business. Fee income consists of investment trust management fees and investment advisory fees. It may include performance based fees.

(1) Investment trust management fees

Investment trust management fees are generated through investment trust agreements and are generally based on an agreed percentage of the net asset value on a daily basis, assuming that the performance obligation is satisfied based on time elapsed.

Payments of investment trust management fees are settled mainly quarterly or semi-annually.

(2) Investment advisory fees

Investment advisory fees are generated through investment advisory agreements and are generally based on agreed fee rates over the contractual period, assuming that the performance obligation is satisfied based on time elapsed.

Payments of investment trust management fees are settled mainly quarterly or semi-annually.

(3) Performance based fees

Performance based fees are earned from certain arrangements when the actual performance exceeded certain benchmarks or other contractually agreed performance metrics within specified performance measurement periods. They are only recognized at point when it is highly probable that a significant reversal of revenue will not occur in future periods.

8. Accounting for Consumption Taxes

National and local consumption taxes are accounted for based on the tax exclusion method.

**Changes in Accounting Policies**

(Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company has applied "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No.31, June 17, 2021 (referred to as "Fair Value Accounting Standard Implementation Guidance")) from the beginning of the period for the six months ended September 30, 2022.

In accordance with the transitional treatment set forth in Article 27-2 of "Fair Value Accounting Standard Implementation Guidance", the Company has prospectively adopted the new accounting policy set forth in "Fair Value Accounting Standard Implementation Guidance".

There are no impacts on financial statements due to the application of the Implementation Guidance.

**Additional Information**

(Application of Treatment of Accounting and Disclosure for Applying the Japanese Group Relief System)

The Company has translated the Consolidated Tax System into the Japanese Group Relief System from the beginning of the period for the six months ended September 30, 2022. In accordance with this, accounting and disclosure of corporate tax, local corporate tax and tax-effect accounting are in compliance with "Treatment of accounting and disclosure for applying the Japanese Group Relief System (Practical Solutions No. 42, August 12, 2021 ("Practical Solutions No.42")). In addition, based on Practical Solutions No. 42, Paragraph 32 (1), the company regards that there is no impact from the changes in accounting policies associated with the effects of the application of Practical Solutions No.42.

## Supplementary Information

### 1. Net Assets of Investment Trusts

(Billions of yen)

	September 30, 2021	September 30, 2022	Increase (Decrease)
Unit Type	39	29	(9)
Open Type	37,549	35,846	(1,702)
Stock Investment Trusts – Public	37,588	35,876	(1,712)
Bond Investment Trusts	331	306	(25)
Money Reserve Fund	6,098	5,925	(172)
Others	0	0	0
Bond Investment Trusts – Public	6,430	6,232	(198)
Stock Investment Trusts	2,545	2,378	(166)
Bond Investment Trusts	1,591	1,260	(331)
Private Investment Trusts	4,137	3,638	(498)
Total	48,155	45,747	(2,408)

### 2. Assets under Investment Management and Advisory Contracts

(Billions of yen)

	September 30, 2021	September 30, 2022	Increase (Decrease)
Domestic – General	348	511	163
Domestic – Pension	8,973	8,181	(792)
Overseas	4,186	3,721	(464)
Total	13,507	12,415	(1,092)

## Quarterly Income Statement Information

(Millions of Yen)

	1st quarter	2nd quarter	Six Months Ended
	From April 1, 2022	From July 1, 2022	From April 1, 2022
	To June 30, 2022	To September 30, 2022	To September 30, 2022
Operating revenues	33,362	33,722	67,085
Investment trust management fees	28,634	29,105	57,740
Investment advisory fees	4,616	4,546	9,162
Other operating revenues	112	69	181
Operating expenses	18,055	18,521	36,577
Commissions	9,619	9,803	19,423
Research	7,125	7,415	14,540
Other operating expenses	1,311	1,302	2,613
General and administrative expenses	7,110	7,465	14,575
Operating income (loss)	8,196	7,735	15,931
Non-operating revenues	4,576	2,789	7,366
Non-operating expenses	1,197	377	1,574
Ordinary income	11,575	10,148	21,723
Extraordinary gains	6	23	30
Extraordinary losses	16	33	49
Income (loss) before income taxes	11,566	10,138	21,705
Income taxes - current	1,539	2,783	4,322
Income taxes - deferred	1,428	(462)	966
Net income (loss)	8,597	7,818	16,415