

NOMURA ASSET MANAGEMENT

Nomura Asset Management Co., Ltd.
Financial Summary (Unconsolidated)
For The Six Months Ended September 30, 2023
(Unaudited)

Nomura Asset Management Co., Ltd.

Unconsolidated Balance Sheet Information (Unaudited)

(Millions of Yen)

	March 31, 2023	September 30, 2023	Increase (Decrease)	September 30, 2022
Assets				
Current assets	101,486	87,173	(14,313)	85,253
Cash and cash equivalents	1,865	7,755	5,889	1,959
Money held in trust	42,108	42,741	632	40,970
Short-term investment securities	21,900	-	(21,900)	8,000
Accrued investment trust management fees	26,116	28,981	2,864	27,052
Accrued investment advisory fees	3,780	5,565	1,785	4,915
Short-term loans receivable	1,001	747	(253)	1,448
Income taxes refund receivable	2,083	-	(2,083)	-
Other	2,645	1,398	(1,247)	923
Allowance for doubtful receivables	(15)	(17)	(2)	(16)
Non-current assets	23,235	23,444	208	22,993
Tangible fixed assets	1,335	1,140	(194)	1,534
Intangible fixed assets	5,563	5,519	(44)	5,483
Investments and other assets	16,336	16,784	447	15,974
Investment securities	1,793	1,862	69	2,133
Investment in subsidiaries and affiliates	10,025	10,025	-	10,025
Long-term guarantee money deposited	520	519	(1)	519
Prepaid pension cost	1,553	1,721	168	1,433
Deferred tax assets	2,340	1,761	(579)	1,758
Other	102	893	790	104
Total assets	124,722	110,617	(14,105)	108,246

(Millions of Yen)

	March 31, 2023	September 30, 2023	Increase (Decrease)	September 30, 2022
Liabilities				
Current liabilities	<u>32,414</u>	<u>57,568</u>	<u>25,153</u>	<u>25,405</u>
Short-term borrowings	-	29,900	29,900	-
Distributions of income payable	0	1	0	0
Redemptions payable	57	40	(16)	11
Commissions payable	8,409	9,305	896	8,301
Accounts payable to affiliated company	8,911	2,395	(6,515)	3,205
Other accounts payable	500	1,085	585	842
Accrued expenses	9,682	10,122	439	9,504
Accrued income taxes	1,024	2,521	1,497	1,213
Allowance for bonuses	3,635	1,993	(1,641)	2,096
Other	193	201	8	226
Non-current liabilities	<u>4,659</u>	<u>4,579</u>	<u>(79)</u>	<u>4,763</u>
Allowance for retirement benefits	2,940	2,855	(85)	3,045
Reserve for loss on distribution of income and redemption after statute of limitation	595	601	6	595
Asset retirement obligations	1,123	1,123	-	1,123
Total liabilities	37,074	62,148	25,074	30,169
Shareholder's equity	<u>87,419</u>	<u>48,142</u>	<u>(39,276)</u>	<u>77,770</u>
Common stock	17,180	17,180	-	17,180
Capital surplus	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	56,509	17,232	(39,276)	46,860
Earned surplus reserve	685	685	-	685
Other earned surplus	55,823	16,547	(39,276)	46,175
General reserve	24,606	-	(24,606)	24,606
Unappropriated retained earnings	31,217	16,547	(14,669)	21,568
Valuation and translation adjustments	229	325	96	307
Valuation differences on available-for-sale securities	229	325	96	307
Total net assets	87,648	48,468	(39,179)	78,077
Total liabilities and net assets	124,722	110,617	(14,105)	108,246

Nomura Asset Management Co., Ltd.

Unconsolidated Income Statement Information (Unaudited)

(Millions of Yen)

	Six Months Ended September 30, 2022 (A)	Six Months Ended September 30, 2023 (B)	Comparison (B)/(A) (%)	Year Ended March 31, 2023
Operating revenues	67,085	70,111	104.5	132,021
Investment trust management fees	57,740	59,892	103.7	113,491
Investment advisory fees	9,162	10,062	109.8	18,198
Other operating revenues	181	156	85.9	331
Operating expenses	36,577	39,259	107.3	73,587
Commissions	19,423	20,743	106.8	38,684
Research	14,540	15,670	107.8	29,050
Other operating expenses	2,613	2,845	108.9	5,853
General and administrative expenses	14,575	15,475	106.2	29,669
Operating income	15,931	15,376	96.5	28,763
Non-operating revenues	7,366	7,161	97.2	8,377
Non-operating expenses	1,574	715	45.4	1,755
Ordinary income	21,723	21,822	100.5	35,385
Extraordinary gains	30	11	38.2	57
Extraordinary losses	49	10	21.2	69
Income before income taxes	21,705	21,823	100.5	35,374
Income taxes - current	4,322	4,781	110.6	8,890
Income taxes - deferred	966	536	55.5	419
Net income	16,415	16,505	100.5	26,064

Nomura Asset Management Co., Ltd.
Unconsolidated Statements of Shareholder's Equity (Unaudited)
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 period	17,180	11,729	2,000	13,729	685	24,606	30,030	55,322	86,232
Changes during period									
Dividends of surplus							(24,877)	(24,877)	(24,877)
Net income							16,415	16,415	16,415
Net changes in items other than shareholder's equity									
Total changes during period	-	-	-	-	-	-	(8,461)	(8,461)	(8,461)
Balance at end of period	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 period	174	174	86,407
Changes during period			
Dividends of surplus			(24,877)
Net income			16,415
Net changes in items other than shareholder's equity	132	132	132
Total changes during period	132	132	(8,329)
Balance at end of period	307	307	78,077

For Interim ended September 30, 2023

(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 period	17,180	11,729	2,000	13,729	685	24,606	31,217	56,509	87,419
Changes during period									
Dividends of surplus							(55,782)	(55,782)	(55,782)
Net income							16,505	16,505	16,505
Reversal of general reserve						(24,606)	24,606	-	-
Net changes in items other than shareholder's equity									
Total changes during period	-	-	-	-	-	(24,606)	(14,669)	(39,276)	(39,276)
Balance at end of period	17,180	11,729	2,000	13,729	685	-	16,547	17,232	48,142

(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 period	229	229	87,648
Changes during period			
Dividends of surplus			(55,782)
Net income			16,505
Reversal of general reserve			-
Net changes in items other than shareholder's equity	96	96	96
Total changes during period	96	96	(39,179)
Balance at end of period	325	325	48,468

For The Year Ended March 31, 2023

(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 fiscal year	17,180	11,729	2,000	13,729	685	24,606	30,030	55,322	86,232
Changes during year									
Dividends of surplus							(24,877)	(24,877)	(24,877)
Net income							26,064	26,064	26,064
Net changes in items other than shareholder's equity									
Total changes during year	-	-	-	-	-	-	1,186	1,186	1,186
Balance at end of fiscal year	17,180	11,729	2,000	13,729	685	24,606	31,217	56,509	87,419

(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 fiscal year	174	174	86,407
Changes during year			
Dividends of surplus			(24,877)
Net income			26,064
Net changes in items other than shareholder's equity	54	54	54
Total changes during year	54	54	1,240
Balance at end of fiscal year	229	229	87,648

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 statute of limitation

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.

Supplementary Information

1. Net Assets of Investment Trusts

(Billions of yen)

	September 30, 2022	September 30, 2023	Increase (Decrease)
Unit Type	29	11	(18)
Open Type	35,846	43,579	7,733
Stock Investment Trusts - Public	35,876	43,591	7,715
Bond Investment Trusts	306	283	(22)
Money Reserve Fund	5,925	6,467	541
Others	0	0	0
Bond Investment Trusts - Public	6,232	6,751	518
Stock Investment Trusts	2,378	2,295	(83)
Bond Investment Trusts	1,260	989	(271)
Private Investment Trusts	3,638	3,284	(354)
Total	45,747	53,626	7,879

2. Assets under Investment Management and Advisory Contracts

(Billions of yen)

	September 30, 2022	September 30, 2023	Increase (Decrease)
Domestic - General	511	617	106
Domestic - Pension	8,181	9,697	1,515
Overseas	3,721	4,165	443
Total	12,415	14,480	2,065

Quarterly Income Statement Information

(Millions of Yen)

	1st quarter From April 1, 2023 To June 30, 2023	2nd quarter From July 1, 2023 To September 30, 2023	Six Months Ended From April 1, 2023 To September 30, 2023
Operating revenues	34,248	35,862	70,111
Investment trust management fees	29,122	30,770	59,892
Investment advisory fees	5,049	5,012	10,062
Other operating revenues	76	79	156
Operating expenses	19,150	20,108	39,259
Commissions	10,086	10,656	20,743
Research	7,633	8,036	15,670
Other operating expenses	1,430	1,415	2,845
General and administrative expenses	8,042	7,432	15,475
Operating income (loss)	7,054	8,322	15,376
Non-operating revenues	3,407	3,753	7,161
Non-operating expenses	322	393	715
Ordinary income	10,140	11,682	21,822
Extraordinary gains	3	8	11
Extraordinary losses	0	9	10
Income (loss) before income taxes	10,142	11,681	21,823
Income taxes - current	1,699	3,081	4,781
Income taxes - deferred	1,023	(486)	536
Net income (loss)	7,419	9,086	16,505