



Non-consolidated Financial Results for the Second Quarter of 2019 **(Six Months Ended June 30, 2019)**

[Japanese GAAP]

August 9, 2019

Company name: Nomura System Corporation Co., Ltd. Listing: Tokyo Stock Exchange(the first section)
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Scheduled date of filing of Quarterly Report: August 9, 2019

Scheduled date of dividend payment: -

Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(All amounts are rounded off to the nearest million yen)

1. Financial Results for the Second Quarter (January 1 to June 30, 2019) of 2019

(1) Results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended Jun. 30, 2019	1,229	△2.7	173	△9.1	182	△6.7	125	0.8
Six months ended Jun. 30, 2018	1,262	1.9	191	△8.6	195	△6.0	124	△16.0

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Jun. 30, 2019	10.91	10.75
Six months ended Jun. 30, 2018	10.95	10.64

Notes: 1. Nomura System conducted a 2-for-1 common stock split on August 1, 2019. Net income per share and diluted net income per share have calculated as if these stock splits had taken place at the beginning of 2018.

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of June. 30, 2019	2,445	2,185	89.3
As of December. 31, 2018	2,479	2,203	88.8

Reference: Shareholders' equity (millions of yen) As of Jun. 30, 2019: 2,184 As of Dec. 31, 2018: 2,201

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended Dec. 31, 2018	-	0.00	-	22.00	22.00
Year ending Dec. 31, 2019	-	0.00	-	-	-
Year ending Dec. 31, 2019 (Forecast)	-	-	-	11.00	11.00

Notes: 1. Revisions to the most recently announced dividend forecast: None

2. Nomura System conducted a 2-for-1 common stock split on August 1, 2019. The year-end dividend per share for 2018 has not been adjusted to reflect this stock split.

3. Forecast for 2019 (January 1 to December 31, 2019)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	2,685	5.7	393	0.5	393	△3.2	268	△3.1	23.51

Notes: 1. Revisions to the most recently announced forecast: None

2. Nomura System conducted a 2-for-1 common stock split on August 1, 2019. Net income per share has been calculated as if this stock split had taken place at the beginning of 2019.

*** Notes**

(1) Application of special accounting methods for presenting quarterly financial statements: None

(2) Changes in accounting policies and accounting estimates, and restatements

- 1) Changes in accounting policies due to revisions in accounting standards, others: None
- 2) Changes in accounting policies other than 1) above: None
- 3) Changes in accounting estimates: None
- 4) Restatements: None

(3) Number of shares outstanding (common stock)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of Jun. 30, 2019:	11,431,800 shares	As of Dec. 31, 2018:	11,398,200 shares
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2) Number of treasury shares at the end of the period

As of Jun. 30, 2019:	330 shares	As of Dec. 31, 2018:	330 share
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3) Average number of shares outstanding during the period

Six months ended Jun. 30, 2019:	11,418,274 shares	Six months ended Jun. 30, 2018:	11,285,306 share
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Notes: Nomura System conducted a 2-for-1 common stock split on August 1, 2019. Net income per share and diluted net income per share have calculated as if these stock splits had taken place at the beginning of 2018.

* The current quarterly financial report is not subject to quarterly review procedures.

* Cautionary statement with respect to forward-looking statements, and other special items

Forecasts of future performance in this document are based on assumption judged to be valid and information currently available to the management, but are not promises by Nomura System regarding future performance. Actual results may differ materially from the forecasts for a number of reasons.

* Disclosure of the information meeting materials

Nomura System plans to hold a financial results meeting for institutional investors and analysts on Monday, August 26, 2019. Materials to be distributed at this event will be available on the Company's website immediately thereafter.

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1. Quarterly Financial Statements and Notes**(1) Quarterly Balance Sheet**

(Thousands of yen)

	2018 (As of Dec. 31, 2018)	Second Quarter of 2019 (As of Jun. 30, 2019)
Assets		
Current assets		
Cash and deposits	1,734,978	1,714,565
Accounts receivable-trade	302,611	274,795
Work in process	—	15,864
Other	10,960	8,220
Total current assets	2,048,548	2,013,444
Non-current assets		
Property, plant and equipment	8,544	7,118
Intangible assets	218	218
Investments and other assets		
Investment Securities	361,841	356,401
Other	59,373	67,960
Total Investments and other assets	421,214	424,362
Total non-current assets	429,976	431,698
Total assets	2,478,524	2,445,142
Liabilities		
Current liabilities		
Accounts payable-trade	138,820	118,852
Income taxes payable	73,955	61,773
Other	59,549	75,949
Total current liabilities	272,325	256,574
Non-current liabilities		
Asset retirement obligations	3,501	3,521
Total non-current liabilities	3,501	3,521
Total liabilities	275,826	260,095
Net assets		
Shareholders' equity		
Capital stock	308,245	310,349
Capital surplus	264,745	266,849
Retained earnings	1,659,557	1,658,710
Treasury stock	(202)	(202)
Total shareholders' equity	2,232,245	2,235,707
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	△ 31,004	△ 52,070
Total Valuation and translation adjustments	△ 31,004	△ 52,070
Stock acquisition rights	1,357	1,410
Total net assets	2,202,699	2,185,047
Total liabilities and net assets	2,478,524	2,445,142

(2) Quarterly Statement of Income
(For the Six-month Period)

	(Thousands of yen)	
	First six months of 2018 (Jan. 1 – Jun. 30, 2018)	First six months of 2019 (Jan. 1 – Jun. 30, 2019)
Net sales	1,262,310	1,228,694
Cost of sales	919,392	903,756
Gross profit	342,918	324,938
Selling, general and administrative expenses	152,074	151,540
Operating income	190,844	173,398
Non-operating income		
Interest income	10	8
Gain on sales of investment securities	-	7,950
Subsidy income	4,009	-
Other	-	458
Total non-operating income	4,018	8,417
Non-operating expenses		
Valuation loss on investment securities	-	-
Other	8	1
Total non-operating expenses	8	1
Ordinary income	194,855	181,813
Profit before income taxes	194,855	181,813
Income taxes-current	69,550	56,287
Income taxes-deferred	1,739	997
Total income taxes	71,290	57,284
Profit	123,565	124,529

(3) Quarterly Statement of Cash Flows**(For the Six-month Period)**

	(Thousands of yen)	
	First six months of 2018 (Jan. 1 – Jun. 30, 2018)	First six months of 2019 (Jan. 1 – Jun. 30, 2019)
Cash flows from operating activities		
Net income before income taxes	194,855	181,813
Depreciation and amortization	2,457	1,426
Loss (gain) on valuation of investment securities	-	(7,950)
Decrease (increase) in accounts receivable-trade	(1,014)	27,816
Decrease (increase) in inventories	1,543	(15,864)
Increase (decrease) in accounts payable-trade	(72,455)	(19,968)
Increase (decrease) in accrued consumption taxes	(9,150)	13,833
Other	(4,458)	4,279
Subtotal	111,779	185,385
Interest and dividends income received	-	7,950
Income taxes paid	(71,590)	(67,979)
Net cash provided by operating activities	40,189	125,357
Cash flows from financing activities		
Proceeds from issuance of stock resulting from exercise of subscription rights to shares	3,900	4,209
Dividend paid	(123,533)	(125,055)
Net cash provided by (used in) financing activities	(119,633)	(120,846)
Increase (decrease) in cash and cash equivalents	(79,444)	(20,412)
Cash and cash equivalents at beginning of period	2,015,412	1,734,978
Cash and cash equivalents at end of period	1,935,969	1,714,565

(4) Notes to Quarterly Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.