



Non-consolidated Financial Results for the Year Ended December 31, 2017

[Japanese GAAP]

February 13, 2018

Company name: Nomura System Corporation Co., Ltd. Listing: Tokyo Stock Exchange (JASDAQ)
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Scheduled date of Annual General Meeting of Shareholders: March 27, 2018
 Scheduled date of filing annual securities report: March 27, 2018
 Scheduled date of dividend payment: March 28, 2018
 Preparation of supplementary materials for annual financial results: Yes
 Holding of annual y financial results meeting: Yes (for institutional investors and analysts)

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

1. Financial Results for the Fiscal Year Ended December 31, 2017 (January 1 to December 31, 2017)

(1) Results of operations (Percentages represent year-on-year changes)

Fiscal year ended	Net sales		Operating income		Ordinary income		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2017	2,534	3.8	407	30.3	405	29.9	299	53.7
December 31, 2016	2,442	7.7	313	23.4	312	19.8	194	19.5

Fiscal year ended	Net income per share	Diluted net income per share	Rate of return on equity	Ordinary income to total assets ratio	Operating income to net sales ratio
	Yen	Yen	%	%	%
December 31, 2017	53.60	51.61	15.0	17.2	16.1
December 31, 2016	41.95	40.74	11.8	15.8	12.8

Reference: Equity in earnings (losses) of affiliated companies: Fiscal year ended December 31, 2017: ¥ - million

Fiscal year ended December 31, 2016: ¥ - million

- Notes: 1. As Nomura System Corporation ("Nomura System") conducted a 100-for-1 common stock split on May 27, 2016 and a 3-for-1 common stock split on July 1, 2017. Net income per share and diluted net income per share have calculated as if these stock splits had taken place at the beginning of 2016.
2. Diluted net income per share for the year ended Dec 31, 2016 are is calculated based on the average stock price during the period from the initial listing date to the end of the fiscal year ending December 31, 2016. It is calculated assuming it to be medium-average stock price. Because the Company's stock was listed on the Tokyo Stock Exchange, JASDAQ Market on September 16, 2016.

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	%
December 31, 2017	2,425	2,062	85.0	366.26
December 31, 2016	2,277	1,934	84.9	347.95

Reference: Shareholders' equity (millions of yen) As of Dec. 31, 2017: 2,062 As of Dec. 31, 2016: 1,934

- Notes: 1. Nomura System conducted a 100-for-1 common stock split on May 27, 2016 and a 3-for-1 common stock split on July 1, 2017. The Net asset per share have calculated as if these stock splits had taken place at the beginning of 2016.

(3) Non-consolidated Cash Flows

Fiscal year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2017	362	△5	△171	2,015
December 31, 2016	198	△10	376	1,829

2. Dividends

	Dividend per share					Total Dividends	Payout ratio	Dividends to net assets
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal Year ended Dec. 31, 2016	-	0.00	-	102.00	102.00	189	81.1	10.2
Fiscal Year ended Dec. 31, 2017	-	0.00	-	22.00	22.00	124	41.0	6.2
Fiscal Year ending Dec. 31, 2018 (Forecast)	-	0.00	-	-	-		-	

- Notes: 1. Revisions to the most recently announced dividend forecast: None
2. Breakdown of the 2016 dividend: Ordinary dividend: 51.00 yen; Commemorative dividend: 51.00 yen
3. Nomura System conducted a 3-for-1 common stock split on July 1, 2017. The year-end dividend per share for 2016 has not been adjusted to reflect this stock split.
4. The dividend forecast for 2018 is undecided. Based on the December 2016 policy of constant and stable dividend returns, Nomura System plans to pay dividends targeting a payout ratio greater than 40%.

3. Forecast for 2018 (January 1 to December 31, 2018)

(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
First half	1,199	△3.2	157	△25.1	157	△24.5	107	△27.3	18.98
Full year	2,590	2.2	418	2.6	418	3.2	285	△4.5	50.66

* Notes

(1) 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

(2) Number of shares outstanding (common stock)

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

As of Dec. 31, 2017: 5,629,800 shares As of Dec. 31, 2016: 5,558,400 shares

2) Number of treasury shares at the end of the period

As of Dec. 31 2017: 165 shares As of Dec. 31, 2016: 0 share

3) Average number of shares outstanding during the period

Jan. through Dec, 2017: 5,573,240 shares Jan. through Dec, 2016: 4,633,122 share

Note: Nomura System conducted a 100-for-1 common stock split on May 27, 2016 and a 3-for-1 common stock split on July 1, 2017. Number of shares has been calculated as if these stock splits had taken place at the beginning of 2016.

* This document is not subject to audit procedures in accordance with the Financial Instruments and Exchange Act.

* 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.

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1. Non-Consolidated Financial Statements and Notes**(1) Non-Consolidated Balance Sheet**

(Thousands of yen)

	2016 (As of Dec. 31, 2016)	2017 (As of Dec. 31, 2017)
Assets		
Current assets		
Cash and deposits	1,828,785	2,015,412
Accounts receivable-trade	372,696	339,755
Work in process	7,012	1,543
Prepaid expenses	7,161	7,228
Deferred tax assets	7,480	6,919
Other	5,682	5,467
Total current assets	2,228,816	2,376,324
Non-current assets		
Property, plant and equipment		
Buildings	12,788	12,788
Accumulated depreciation	△10,877	△11,228
Buildings, net	1,910	1,559
Vehicles	11,440	11,440
Accumulated depreciation	△3,492	△6,139
Vehicles, net	7,948	5,301
Tools, furniture and fixtures	18,225	21,563
Accumulated depreciation	△15,178	△15,266
Tools, furniture and fixtures, net	3,046	6,297
Total property, plant and equipment	12,904	13,158
Intangible assets		
Other	218	218
Total Intangible assets	218	218
Investments and other assets		
Investment securities	2,451	805
Deferred tax assets	15,599	16,217
Other	17,250	17,787
Total Investments and other assets	35,300	34,809
Total non-current assets	48,423	48,185
Total assets	2,277,238	2,424,509
Liabilities		
Current liabilities		
Accounts payable-trade	204,279	201,881
Accounts payable-other	23,086	34,130
Income taxes payable	74,407	80,998
Deposits received	15,993	15,753
Other	22,030	25,821
Total current liabilities	339,794	358,582
Non-current liabilities		
Asset retirement obligations	3,423	3,462
Total non-current liabilities	3,423	3,462
Total liabilities	343,217	362,044
Net assets		

	2016 (As of Dec. 31, 2016)	2017 (As of Dec. 31, 2017)
Shareholders' equity		
Capital stock	290,207	299,357
Capital surplus		
Legal capital surplus	246,707	255,857
Total Capital surplus	246,707	255,857
Retained earnings		
Other retained earnings		
Retained earnings brought forward	1,397,107	1,506,871
Total Retained earnings	1,397,107	1,506,871
Treasury stock	-	(202)
Total shareholders' equity	1,934,022	2,061,884
Stock acquisition rights	-	582
Total net assets	1,934,022	2,062,466
Total liabilities and net assets	2,277,238	2,424,509

(2) Non-Consolidated Statement of Income**(The Year Ended December 31, 2017)**

(Thousands of yen)

	For the fiscal year Ended December 31,2016	For the fiscal year Ended December 31,2017
Net sales	2,441,718	2,533,914
Cost of sales	1,818,322	1,817,907
Gross profit	623,396	716,007
Selling, general and administrative expenses	310,791	308,744
Operating income	312,605	407,263
Non-operating income		
Subsidy income	3,020	-
Other	129	18
Total non-operating income	3,149	18
Non-operating expenses		
Stock issuance cost	3,980	-
Valuation loss on investment securities	-	1,645
Other	140	768
Total non-operating expenses	4,120	2,414
Ordinary income	311,634	404,867
Extraordinary income		
Gain on sale of fixed assets	577	-
Total extraordinary income	577	-
Profit before income taxes	312,211	404,867
Income taxes-current	116,295	106,174
Income taxes-deferred	1,569	△57
Total income taxes	117,864	106,117
Profit	194,347	298,750

(3) Non-Consolidated Statements of Changes in Net Assets**For the fiscal year ended December 31, 2016****(Thousand yen)**

	Shareholders' equity					Total shareholders' equity
	Capital stock	Capital surplus		Retained earnings		
		Legal capital surplus	Total Capital surplus	Other retained earnings Retained earnings brought forward	Total Retained earnings	
Balance at beginning of current period	100,000	56,500	56,500	1,202,760	1,202,760	1,359,260
Changes of items during period						
Issuance of new shares	182,557	182,557	182,557			365,115
Issuance of new shares (Exercise of stock acquisition rights)	7,650	7,650	7,650			15,300
Profit				194,347	194,347	194,347
Net changes of items other than shareholders' equity						
Total changes of items during period	190,207	190,207	190,207	194,347	194,347	574,762
Balance at end of current period	290,207	246,707	246,707	1,397,107	1,397,107	1,934,022

	Total net assets
Balance at beginning of current period	1,359,260
Changes of items during period	
Issuance of new shares	365,115
Issuance of new shares (Exercise of stock acquisition rights)	15,300
Profit	194,347
Net changes of items other than shareholders' equity	-
Total changes of items during period	574,762
Balance at end of current period	1,934,022

For the fiscal year ended December 31, 2017

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus		Retained earnings	
		Legal capital surplus	Total Capital surplus	Other retained earnings Retained earnings brought forward	Total Retained earnings
Balance at beginning of current period	290,207	246,707	246,707	1,397,107	1,397,107
Changes of items during period					
Issuance of new shares	9,150	9,150	9,150		
Issuance of new shares (Exercise of stock acquisition rights)				△188,986	△188,986
Profit				298,750	298,750
Acquisition of treasury stock					
Net changes of items other than shareholders' equity					
Total changes of items during period	9,150	9,150	9,150	109,764	109,764
Balance at end of current period	299,357	255,857	255,857	1,506,871	1,506,871

	Shareholders' equity		Stock acquisition rights	Total net assets
	Treasury stock	Total shareholders' equity		
Balance at beginning of current period	—	1,934,022	—	1,934,022
Changes of items during period				
Issuance of new shares		18,300		18,300
Issuance of new shares (Exercise of stock acquisition rights)		△188,986		△188,986
Profit		298,750		298,750
Acquisition of treasury stock	△202	△202		△202
Net changes of items other than shareholders' equity			582	582
Total changes of items during period	△202	127,862	582	128,444
Balance at end of current period	△202	2,061,884	582	2,062,466

(4) Non-Consolidated Statement of Cash Flows

(Thousands of yen)

	For the fiscal year Ended December 31,2016	For the fiscal year Ended December 31,2017
Cash flows from operating activities		
Net income before income taxes	312,211	404,867
Depreciation and amortization	4,984	4,344
Loss (gain) on sales of property, plant and equipment	(577)	-
Loss (gain) on valuation of investment securities	-	1,645
Stock issuance cost	3,980	-
Decrease (increase) in accounts receivable-trade	(34,599)	32,941
Decrease (increase) in inventories	(768)	5,468
Increase (decrease) in accounts payable-trade	14,730	(2,398)
Decrease (increase) in accounts receivable-other	(3,023)	-
Increase (decrease) in accrued consumption taxes	(128)	3,057
Other	10,664	13,784
Subtotal	307,474	463,709
Income taxes paid	(109,648)	(101,881)
Net cash provided by operating activities	197,826	361,828
Cash flows from investing activities		
Purchase of property, plant and equipment	(13,780)	(4,598)
Proceeds from sales of property, plant and equipment	4,167	-
Net cash used in investing activities	(9,614)	(4,598)
Cash flows from financing activities		
Proceeds from issuance of stock resulting from exercise of subscription rights to shares	15,300	18,300
Proceeds from issuance of common stock	361,135	-
Purchase of treasury stock	-	(202)
Dividend paid	-	(188,701)
Net cash provided by (used in) financing activities	376,435	(170,603)
Increase (decrease) in cash and cash equivalents	564,647	186,628
Cash and cash equivalents at beginning of period	1,264,137	1,828,785
Cash and cash equivalents at end of period	1,828,785	2,015,412

(5) Notes to Non-Consolidated Financial Statements

Going Concern Assumption

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.