



Non-consolidated Financial Results for the Year Ended December 31, 2018

[Japanese GAAP]

February 13, 2019

Company name: Nomura System Corporation Co., Ltd. Listing: Tokyo Stock Exchange (the first section)
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Scheduled date of Annual General Meeting of Shareholders: March 26, 2019
 Scheduled date of filing annual securities report: March 26, 2019
 Scheduled date of dividend payment: March 27, 2019
 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, 2018 (January 1 to December 31, 2018)

(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, 2018	2,541	0.3	391	△4.0	406	0.3	277	△7.4
December 31, 2017	2,534	3.8	407	30.3	405	29.9	299	53.7

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, 2018	48.97	47.66	13.0	16.6	15.4
December 31, 2017	53.60	51.61	15.0	17.2	16.1

Reference: Equity in earnings (losses) of affiliated companies: Fiscal year ended December 31, 2018: ¥ - million

Fiscal year ended December 31, 2017: ¥ - million

Notes: As Nomura System Corporation ("Nomura System") conducted 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 2017.

(2) Financial position

As of	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	%
December 31, 2018	2,479	2,203	88.8	386.27
December 31, 2017	2,425	2,062	85.0	366.26

Reference: Shareholders' equity (millions of yen) As of Dec. 31, 2018: 2,201 As of Dec. 31, 2017: 2,062

Notes: 1. Nomura System conducted 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 2017.

(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, 2018	231	△405	△106	1,735
December 31, 2017	362	△5	△171	2,015

2. Dividends

	Dividend per share					Total Dividends	Payout ratio	Dividends to net assets
	1Q-end	2Q-end	3Q-end	Year-end	Total			
Fiscal Year ended Dec. 31, 2017	Yen -	Yen 0.00	Yen -	Yen 22.00	Yen 22.00	Millions of yen 124	% 41.0	% 6.2
Fiscal Year ended Dec. 31, 2018	-	0.00	-	22.00	22.00	125	44.9	5.8
Fiscal Year ending Dec. 31, 2018 (Forecast)	-	0.00	-	22.00	22.00		-	

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
First half	1,232	△2.4	133	△30.5	133	△32.0	90	△26.8	15.87
Full year	2,685	5.7	393	0.5	393	△3.2	268	△3.1	47.02

* 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, 2018: 5,699,100 shares As of Dec. 31, 2017: 5,629,800 shares

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

As of Dec. 31 2018: 165 shares As of Dec. 31, 2017: 165 share

3) Average number of shares outstanding during the period

Jan. through Dec, 2018: 5,646,867 shares Jan. through Dec, 2017: 5,573,240 share

Note: Nomura System conducted 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 2017.

* 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)

	2017 (As of Dec. 31, 2017)	2018 (As of Dec. 31, 2018)
Assets		
Current assets		
Cash and deposits	2,015,412	1,734,978
Accounts receivable-trade	339,755	302,611
Work in process	1,543	—
Prepaid expenses	7,228	5,847
Deferred tax assets	6,919	5,827
Other	5,467	5,113
Total current assets	2,376,324	2,054,375
Non-current assets		
Property, plant and equipment		
Buildings	12,788	12,788
Accumulated depreciation	△11,228	△11,496
Buildings, net	1,559	1,291
Vehicles	11,440	11,440
Accumulated depreciation	△6,139	△7,904
Vehicles, net	5,301	3,536
Tools, furniture and fixtures	21,563	12,480
Accumulated depreciation	△15,266	△8,764
Tools, furniture and fixtures, net	6,297	3,716
Total property, plant and equipment	13,158	8,544
Intangible assets		
Other	218	218
Total Intangible assets	218	218
Investments and other assets		
Investment securities	805	361,841
Deferred tax assets	16,217	29,831
Other	17,787	23,715
Total Investments and other assets	34,809	415,387
Total non-current assets	48,185	424,149
Total assets	2,424,509	2,478,524
Liabilities		
Current liabilities		
Accounts payable-trade	201,881	138,820
Accounts payable-other	34,130	23,727
Income taxes payable	80,998	73,955
Deposits received	15,753	15,584
Other	25,821	20,239
Total current liabilities	358,582	272,325
Non-current liabilities		
Asset retirement obligations	3,462	3,501
Total non-current liabilities	3,462	3,501
Total liabilities	362,044	275,826
Net assets		

	2017 (As of Dec. 31, 2017)	2018 (As of Dec. 31, 2018)
Shareholders' equity		
Capital stock	299,357	308,245
Capital surplus		
Legal capital surplus	255,857	264,745
Total Capital surplus	255,857	264,745
Retained earnings		
Other retained earnings		
Retained earnings brought forward	1,506,871	1,659,557
Total Retained earnings	1,506,871	1,659,557
Treasury stock	(202)	(202)
Total shareholders' equity	2,061,884	2,232,245
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	—	△ 31,004
Total Valuation and translation adjustments	—	△ 31,004
Stock acquisition rights	582	1,357
Total net assets	2,062,466	2,202,699
Total liabilities and net assets	2,424,509	2,478,524

(2) Non-Consolidated Statement of Income**(The Year Ended December 31, 2018)**

(Thousands of yen)

	For the fiscal year Ended December 31,2017	For the fiscal year Ended December 31,2018
Net sales	2,533,914	2,540,800
Cost of sales	1,817,907	1,850,721
Gross profit	716,007	690,079
Selling, general and administrative expenses	308,744	299,310
Operating income	407,263	390,769
Non-operating income		
Dividends income	—	3,750
Gain on sales of investment securities	—	7,002
Subsidy income	—	4,518
Other	18	19
Total non-operating income	18	15,290
Non-operating expenses		
Valuation loss on investment securities	1,645	—
Other	768	86
Total non-operating expenses	2,414	86
Ordinary income	404,867	405,973
Profit before income taxes	404,867	405,973
Income taxes-current	106,174	128,274
Income taxes-deferred	△57	1,161
Total income taxes	106,117	129,435
Profit	298,750	276,538

(3) Non-Consolidated Statements of Changes in Net Assets**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		Valuation and translation adjustments		Stock acquisition rights	Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total Valuation and translation adjustments		
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

For the fiscal year ended December 31, 2018

(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	299,357	255,857	255,857	1,506,871	1,506,871
Changes of items during period					
Issuance of new shares	8,888	8,888	8,888		
Issuance of new shares (Exercise of stock acquisition rights)				△123,852	△123,852
Profit				276,538	276,538
Acquisition of treasury stock					
Net changes of items other than shareholders' equity					
Total changes of items during period	8,888	8,888	8,888	152,686	152,686
Balance at end of current period	308,245	264,745	264,745	1,659,558	1,659,557

	Shareholders' equity		Valuation and translation adjustments		Stock acquisition rights	Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total Valuation and translation adjustments		
Balance at beginning of current period	△202	2,061,884	—	—	582	2,062,466
Changes of items during period						
Issuance of new shares		17,775				17,775
Issuance of new shares (Exercise of stock acquisition rights)		△123,852				△123,852
Profit		276,538				276,538
Acquisition of treasury stock	—	—				—
Net changes of items other than shareholders' equity			△31,004	△31,004	776	△30,228
Total changes of items during period	—	170,461	△31,004	△31,004	776	140,233
Balance at end of current period	△202	2,232,345	△31,004	△31,004	1,357	2,202,699

(4) Non-Consolidated Statement of Cash Flows

(Thousands of yen)

	For the fiscal year Ended December 31,2017	For the fiscal year Ended December 31,2018
Cash flows from operating activities		
Net income before income taxes	404,867	405,973
Depreciation and amortization	4,344	4,614
Loss (gain) on valuation of investment securities	1,645	-
Dividends income	-	(3,750)
Loss (gain) on sales of investment securities	-	(7,002)
Decrease (increase) in accounts receivable-trade	32,941	37,144
Decrease (increase) in inventories	5,468	1,543
Increase (decrease) in accounts payable-trade	(2,398)	(63,060)
Increase (decrease) in accrued consumption taxes	3,057	(9,911)
Other	13,784	(5,513)
Subtotal	463,709	360,038
Dividends income received	-	3,750
Income taxes paid	(101,881)	(133,103)
Net cash provided by operating activities	361,828	230,685
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,598)	-
Purchase of investment securities	-	(633,884)
Proceeds from sales of investment securities	-	235,163
Other	-	(6,400)
Net cash used in investing activities	(4,598)	(405,121)
Cash flows from financing activities		
Proceeds from issuance of stock resulting from exercise of subscription rights to shares	18,300	17,775
Purchase of treasury stock	(202)	-
Dividend paid	(188,701)	(123,774)
Net cash provided by (used in) financing activities	(170,603)	(105,999)
Increase (decrease) in cash and cash equivalents	186,628	(280,435)
Cash and cash equivalents at beginning of period	1,828,785	2,015,412
Cash and cash equivalents at end of period	2,015,412	1,734,978

(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.