



Non-consolidated Financial Results for the Year Ended December 31, 2019

[Japanese GAAP]

February 14, 2020

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 24, 2020
 Scheduled date of filing annual securities report: March 24, 2020
 Scheduled date of dividend payment: March 25, 2020
 Preparation of supplementary materials for annual financial results: Yes
 Holding of annual 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, 2019 (January 1 to December 31, 2019)

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

	Net sales		Operating income		Ordinary income		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2019	2,412	△5.1	334	△14.4	354	△12.9	241	△12.9
December 31, 2018	2,541	0.3	391	△4.0	406	0.3	277	△7.4

	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
Fiscal year ended	Yen	Yen	%	%	%
December 31, 2019	21.08	20.76	10.7	14.0	13.9
December 31, 2018	48.97	47.66	13.0	16.6	15.4

Reference: Equity in earnings (losses) of affiliated companies: Fiscal year ended December 31, 2019: ¥ - million

Fiscal year ended December 31, 2018: ¥ - million

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.

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	%
December 31, 2019	2,582	2,304	89.2	201.10
December 31, 2018	2,479	2,203	88.8	386.27

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

As of Dec. 31, 2018: 2,062

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

(3) Non-consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2019	187	△25	△137	1,760
December 31, 2018	231	△405	△106	1,735

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, 2018	-	0.00	-	22.00	22.00	125	44.9	5.8
Fiscal Year ended Dec. 31, 2019	-	0.00	-	11.00	11.00	125	52.1	3.7
Fiscal Year ending Dec. 31, 2020 (Forecast)	-	0.00	-	11.00	11.00		-	

Notes: 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 2020 (January 1 to December 31, 2020)

(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	1,284	4.5	139	△19.7	139	△23.4	95	△23.7	8.3
Full year	2,700	12.0	379	13.3	379	7.1	258	7.4	22.56

* 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, 2019: 11,505,000 shares As of Dec. 31, 2018: 11,398,200 shares

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

As of Dec. 31, 2019: 50,330 shares As of Dec. 31, 2018: 330 share

3) Average number of shares outstanding during the period

Jan. through Dec, 2019: 11,420,650 shares Jan. through Dec, 2018: 11,293,734 share

Notes: Nomura System conducted a 2-for-1 common stock split on August 1, 2019. The number of shares issued (common stock) has calculated as if these stock splits had taken place at the beginning of 2018.

* 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)

	2018 (As of Dec. 31, 2018)	2019 (As of Dec. 31, 2019)
Assets		
Current assets		
Cash and deposits	1,734,978	1,759,895
Accounts receivable-trade	302,611	330,706
Work in process	-	25,043
Prepaid expenses	5,847	5,685
Other	5,113	5,254
Total current assets	2,048,548	2,126,583
Non-current assets		
Property, plant and equipment		
Buildings	12,788	12,788
Accumulated depreciation	△ 11,496	△ 11,725
Buildings, net	1,291	1,062
Vehicles	11,440	11,440
Accumulated depreciation	△ 7,904	△ 9,081
Vehicles, net	3,536	2,358
Tools, furniture and fixtures	12,480	11,122
Accumulated depreciation	△ 8,764	△ 8,850
Tools, furniture and fixtures, net	3,716	2,271
Total property, plant and equipment	8,544	5,692
Intangible assets		
Other	218	218
Total Intangible assets	218	218
Investments and other assets		
Investment securities	361,841	384,193
Deferred tax assets	29,831	40,773
Other	23,715	24,757
Total Investments and other assets	415,387	449,723
Total non-current assets	424,149	455,634
Total assets	2,478,524	2,582,217
Liabilities		
Current liabilities		
Accounts payable-trade	138,820	140,795
Accounts payable-other	23,727	27,198
Income taxes payable	73,955	57,840
Deposits received	15,584	15,837
Other	20,239	32,725
Total current liabilities	272,325	274,395
Non-current liabilities		
Asset retirement obligations	3,501	3,541
Total non-current liabilities	3,501	3,541
Total liabilities	275,826	277,936
Net assets		
Shareholders' equity		

	2018 (As of Dec. 31, 2018)	2019 (As of Dec. 31, 2019)
Capital stock	308,245	316,156
Capital surplus		
Legal capital surplus	264,745	272,656
Total Capital surplus	264,745	272,656
Retained earnings		
Other retained earnings		
Retained earnings brought forward	1,659,557	1,774,955
Total Retained earnings	1,659,557	1,774,955
Treasury stock	△ 202	△ 27,402
Total shareholders' equity	2,232,245	2,336,364
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	△ 31,004	△ 32,788
Total Valuation and translation adjustments	△ 31,004	△ 32,788
Stock acquisition rights	1,357	705
Total net assets	2,202,699	2,304,281
Total liabilities and net assets	2,478,524	2,582,217

(2) Non-Consolidated Statement of Income**(The Year Ended December 31, 2019)**

(Thousands of yen)

	For the fiscal year Ended December 31,2018	For the fiscal year Ended December 31,2019
Net sales	2,540,800	2,411,749
Cost of sales	1,850,721	1,780,039
Gross profit	690,079	631,711
Selling, general and administrative expenses	299,310	297,307
Operating income	390,769	334,403
Non-operating income		
Dividends income	3,750	16,493
Gain on sales of investment securities	7,002	-
Subsidy income	4,518	2,884
Other	19	17
Total non-operating income	15,290	19,393
Non-operating expenses		
Valuation loss on investment securities	-	
Other	86	1
Total non-operating expenses	86	1
Ordinary income	405,973	353,796
Profit before income taxes	405,973	353,796
Income taxes-current	128,274	117,350
Income taxes-deferred	1,161	△4,328
Total income taxes	129,435	113,022
Profit	276,538	240,774

(3) Non-Consolidated Statements of Changes in Net Assets**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	2,232,345	△31,004	△31,004	1,357	2,202,699
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

For the fiscal year ended December 31, 2019**(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	308,245	267,745	264,745	1,659,558	1,659,557
Changes of items during period					
Issuance of new shares	7,911	7,911	7,911		
Issuance of new shares (Exercise of stock acquisition rights)				△125,377	△125,377
Profit				240,774	240,774
Acquisition of treasury stock					
Net changes of items other than shareholders' equity					
Total changes of items during period	7,911	7,911	7,911	115,397	115,397
Balance at end of current period	316,156	272,656	272,656	1,774,955	1,774,955

	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	2,232,345	△31,004	△31,004	1,357	2,202,699
Changes of items during period						
Issuance of new shares		15,822				15,822
Issuance of new shares (Exercise of stock acquisition rights)		△125,377				△125,377
Profit		240,774				240,774
Acquisition of treasury stock	△27,200	△27,200				△27,200
Net changes of items other than shareholders' equity			△1,784	△1,784	△652	△2,437
Total changes of items during period	△27,200	104,019	△1,784	△1,784	△652	101,583
Balance at end of current period	△27,402	2,232,345	△32,788	△32,788	705	2,304,281

(4) Non-Consolidated Statement of Cash Flows

	(Thousands of yen)	
	For the fiscal year Ended December 31,2018	For the fiscal year Ended December 31,2019
Cash flows from operating activities		
Net income before income taxes	405,973	353,796
Depreciation and amortization	4,614	2,851
Dividends income	(3,750)	(16,493)
Loss (gain) on sales of investment securities	(7,002)	-
Decrease (increase) in accounts receivable-trade	37,144	(28,095)
Decrease (increase) in inventories	1,543	(25,043)
Increase (decrease) in accounts payable-trade	(63,060)	1,974
Increase (decrease) in accrued consumption taxes	(9,911)	15,956
Other	(5,513)	(1,132)
Subtotal	360,038	303,816
Dividends income received	3,750	16,493
Income taxes paid	(133,103)	(133,136)
Net cash provided by operating activities	230,685	187,172
Cash flows from investing activities		
Purchase of investment securities	(633,884)	(24,923)
Proceeds from sales of investment securities	235,163	-
Other	(6,400)	-
Net cash used in investing activities	(405,121)	(24,923)
Cash flows from financing activities		
Proceeds from issuance of stock resulting from exercise of subscription rights to shares	17,775	15,117
Purchase of treasury stock	-	(27,200)
Dividend paid	(123,774)	(125,248)
Net cash provided by (used in) financing activities	(105,999)	(137,331)
Increase (decrease) in cash and cash equivalents	(280,435)	24,918
Cash and cash equivalents at beginning of period	2,015,412	1,734,978
Cash and cash equivalents at end of period	1,734,978	1,759,895

(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.