

nms Holdings Corporation

Overview of Financial Results

for Fiscal Year Ended March 31, 2019

- **Net sales**

The EMS Business saw a decline in demand for machine tool-related products and overseas household appliances. However, firm demand in the Human Resource Solution Business (HS Business), mainly in the domestic human resources business, led to growth in net sales.

- **Profit**

- Factors that put pressure on profit included the decline in orders and steep rise in material prices in the EMS Business and the PS Business due to deceleration in the growth in the Chinese economy, and approximately ¥600 million in advance investment costs incurred in the HS Business in relation to contracting provision of services for foreign technical trainees and the establishment of a third party logistics contracting and technical logistics processing business, and the launch of a company that dispatches technicians.
- Both operating income and ordinary income outperformed the earnings forecasts disclosed on February 8, 2019. The slight decline in profit attributable to owners of parent reflected the loss on the liquidation of a business, however, the benefits derived from reforms will be reflected in the results for fiscal year ending March 31, 2020.

(Million yen)	Earnings Forecasts (Disclosed Feb. 8, 2019)	Results	% Change
Net sales	57,500	57,759	0.5%
Operating income	520	548	5.4%
Ordinary income	510	569	11.6%
Profit attributable to owners of parent	430	415	(3.5%)

1. Financial Performance for Fiscal Year Ended March 31, 2019

Net sales were firm and the decline in profit reflected the cost of advance investment and structural reforms implemented. However, the benefits of these measures will be reaped in fiscal year ending March 31, 2020.

(Million yen)	FYE March 31, 2018 Results	FYE March 31, 2019		
		Results	YoY	Main Points
Net sales	54,172	57,759	6.6%	[Net sales] Sales were firm in the HS Business and PS Business.
Operating income	1,292	548	(57.5%)	[Operating income] The decline in operating income was mainly caused by the cost of advance investment and the steep rise in material prices.
Ordinary income	1,506	569	(62.2%)	[Ordinary income] Non-operating income: ¥542 million (Up ¥74 million YoY) Non-operating expenses: ¥522 million (Up ¥267 million YoY)
Profit attributable to owners of parent	1,188	415	(65.0%)	[Extraordinary income] Gain on the sale of non-current assets: ¥126 million Gain on the sale of investment securities: ¥38 million Gain on reversal of FX translation adjustment: ¥91 million [Extraordinary loss] Cost of business structure reform: ¥47 million Business liquidation loss: ¥99 million

2. Financial Performance Highlights by Segment

(Million yen)		FYE March 31, 2018 Results	FYE March 31, 2019		
			Results	YoY	Main Points
HS Business	Net sales	17,069	19,331	13.3%	Domestic demand for the business was firm despite the pressure on profits from the cost of advance investment in a new logistics-related company, a company to provide training for foreign technical trainees, and other investments (approx. ¥600 million).
	Segment income	610	196	(67.8%)	
EMS Business	Net sales	26,165	25,819	(1.3%)	Expenses associated with the establishment of a manufacturing plant in Vietnam were recognized in addition to the deceleration in demand for machine tool-related products and overseas household appliances, but steps will be taken to improve income next period and beyond.
	Segment income	648	436	(32.6%)	
PS Business	Net sales	10,936	12,608	15.3%	Segment income declined due to the impact from the steep rise in material prices, but the hiatus in demand ended, and new orders also contributed to a rebound in sales. We also began shipping and delivery of battery packs.
	Segment income	469	443	(5.6%)	
Segment Eliminations	Segment income	(436)	(527)	—	Company-wide expenses attributable to the holding company * These expenses were not allocated to the individual segments due to the migration to a holding company structure and have thus been eliminated from segment profits.
Total	Net sales	54,172	57,759	6.6%	
	Segment income	1,292	548	(57.5%)	

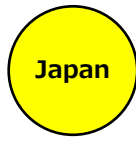
* HS Business: Human Resource Solution Business; EMS Business: Electronics Manufacturing Service Business; PS Business: Power Supply Business

(For Reference) Financial Performance by Segment: HS Business

Net sales
¥19,331 million
 Up 13.3% YoY

Segment income
¥196 million
 Down 67.8% YoY

[Business Entity]
Nippon Manufacturing Service Group

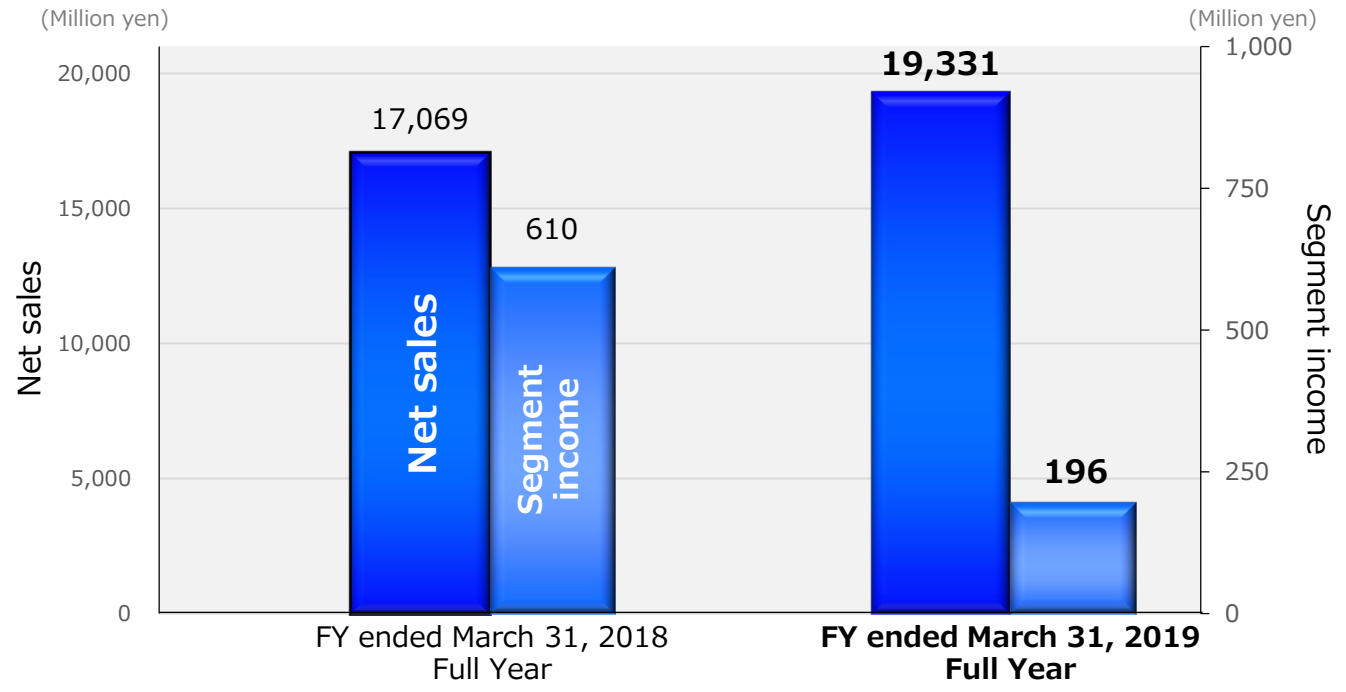


In the manufacturing worker dispatch/contract manufacturing business, we worked to improve hiring ability and retention by making employees full-time employees, utilizing foreign technical trainees, and taking other steps. Demand remained firm.



China continued to see changes in the market environment and a rapid rise in personnel costs and other expenses, but we stepped up efforts to expand local contract manufacturing overseas. In Vietnam and Thailand, we worked to promote combining expertise in the EMS Business within the group, proposed the introduction of labor-saving measures, and took other steps to promote new services and improve profitability.

The cost of advance investment in establishing a contracting business for foreign technical trainees, and establishing a third party logistics contracting and technical logistics processing company, as well as the start-up costs associated with consolidation of a technician dispatch company put pressure on profits. However, these costs were incurred as part of our growth strategy and we will work to reap the results quickly and improve profitability.

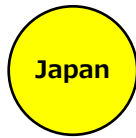


(For Reference) Financial Performance by Segment: EMS Business

Net sales
¥25,819 million
 Down 1.3% YoY

Segment income
¥436 million
 Down 32.6% YoY

- [Business Entity]
- SHIMA ELECTRONIC INDUSTRY Group
 - TKR Group



Japan

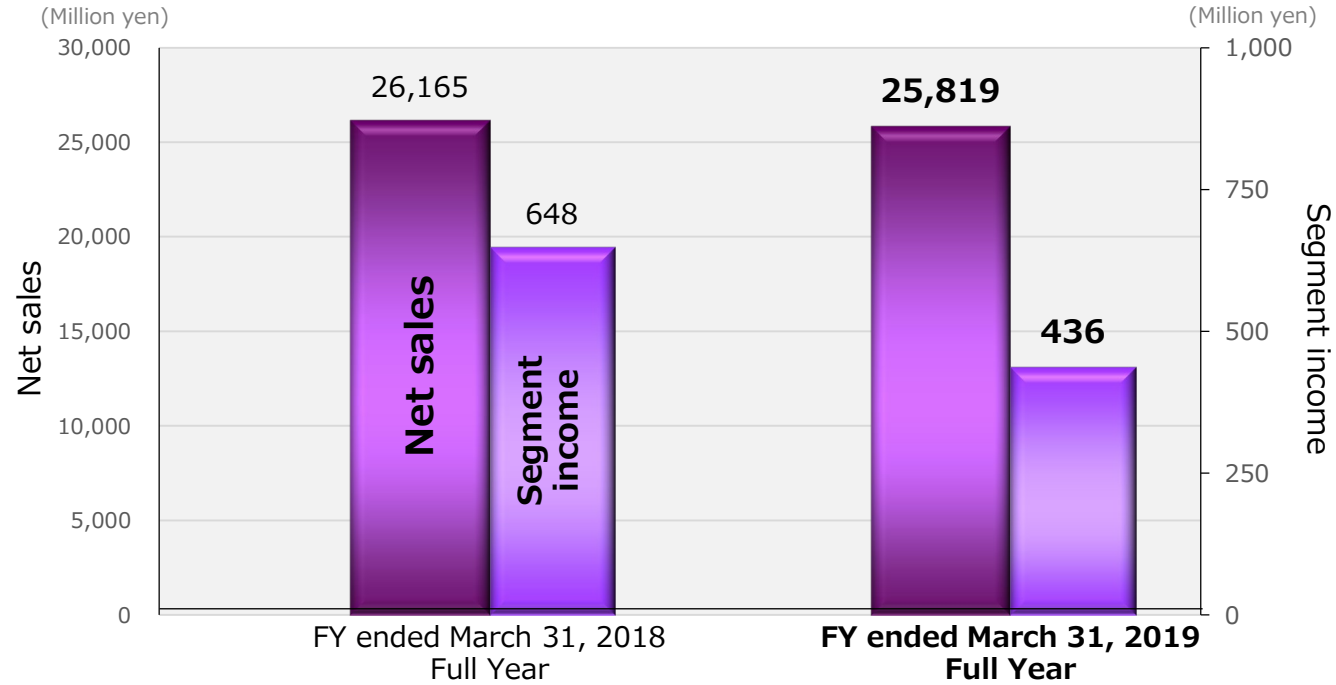
The pace of growth in machine tool-related demand slowed upon entering the second quarter, but demand was firm for existing products in general.



Overseas

The pace of growth in household appliance-related demand slowed in Malaysia, while demand in China was strong.

TKR Corporation (TKR): A new plant was completed in Vietnam in April 2019 in addition to those already established in China and Malaysia. On March 31, 2019, Sony Corporation sold the functions and business of Sony Service and Operations of Americas, a business division of its U.S. subsidiary Sony Electronics Inc., and the production plant in Mexico to TKR, as part of TKR's expansion of its global business structure and goal of business expansion.



(For Reference) Financial Performance by Segment: PS Business



- Sales rebounded, due in part to the steady start of mass production of new orders and increase in the shipment of sample products as the segment completed adjustments to demand for existing products and moved past the hiatus in introduction of new products for new areas.
- The power supply technology developed up to this point was used to launch the battery management system business, and order inquiries were strong for LiB secondary battery packs.
- The Matsusaka Factory in Mie Prefecture was opened on January 11, 2018 as a development and mass production center for that. Production started in September 2018, and deliveries began in October.

The areas of application for battery packs are expanding, and we aim to grow net sales and segment income through the two strategies of strengthening the business base and developing, manufacturing, and expanding sales of new products.

Net sales

¥12,608 million

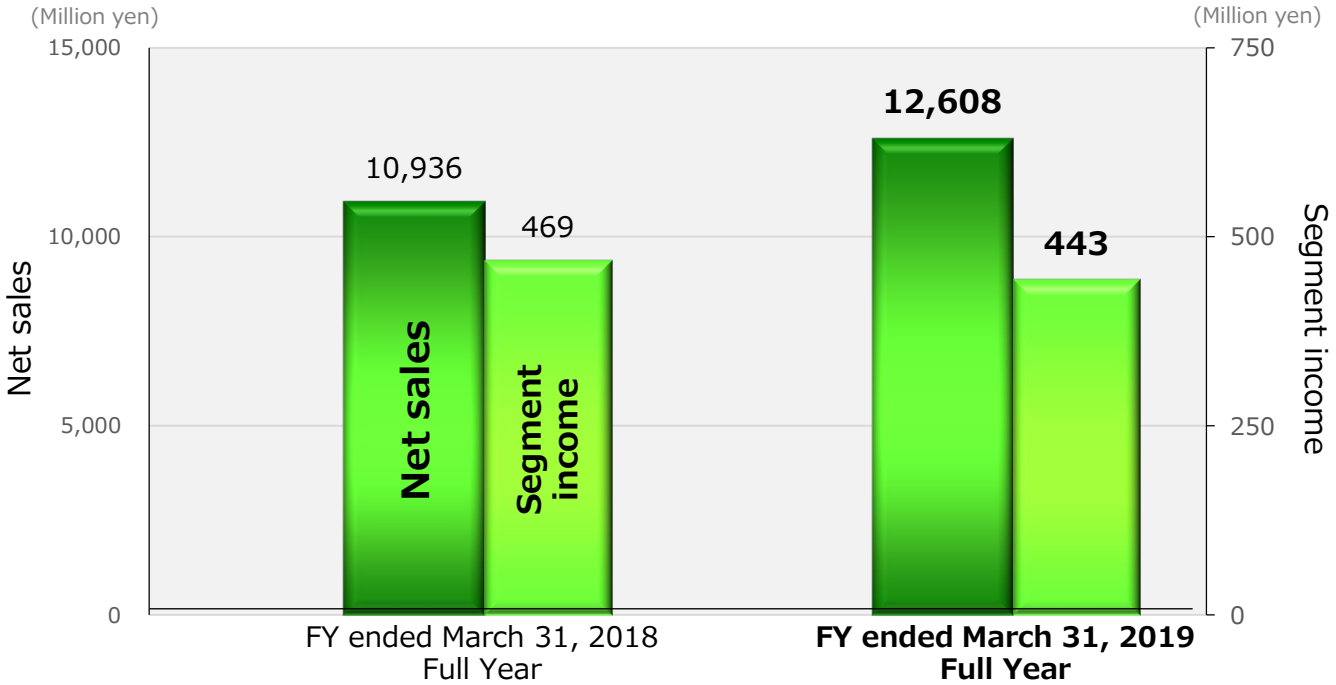
UP 15.3% YoY

Segment income

¥443 million

Down 5.6% YoY

[Business Entity]
Power Supply Technology CO., LTD.



3. Financial Performance Highlights (B/S)

(Million yen)	March 31, 2018	March 31, 2019	Change	Main Points
Current assets	20,434	22,082	1,648	Cash and deposits: (¥290 million) Notes and accounts receivable - trade: ¥699 million Inventories: ¥1,057 million
Non-current assets	6,061	7,380	1,319	
Property, plant and equipment	4,505	5,612	1,107	The increase was due to acquisition of the Matsusaka Factory in the PS Business.
Intangible assets	503	540	36	
Investment and other assets	1,053	1,227	174	
Total assets	26,496	29,462	2,966	
Total liabilities	20,345	23,717	3,371	
Current liabilities	13,584	21,744	8,159	[Loans payable balance] Mar. 31, 19: ¥14,286 million Mar. 31, 18: ¥10,636 million
Non-current liabilities	6,761	1,973	(4,787)	
Total net assets	6,150	5,744	(405)	
Total liabilities and net assets	26,496	29,462	2,966	

4. Financial Performance Highlights (Cash Flows)

(Million yen)		March 31, 2018	March 31, 2019	Main Points
	Income before income taxes	1,664	694	
	Depreciation	716	828	
	Change in operating capital	(132)	(1,852)	Notes and accounts receivable – trade: (¥885 million) Inventories: (¥1,210 million) Accounts payable – trade: ¥243 million
	Other	18	(942)	
	Net cash flow from operating activities	2,266	(1,272)	
	Purchase/sales of non-current assets	(604)	(1,943)	Gains on sale: ¥311 million Expenditures for acquisition: (¥2,255 million)
	Other	516	(156)	Proceeds from sale of investment securities: ¥78 million
	Net cash flow from investing activities	(87)	(2,100)	
	Free cash flow	2,178	(3,372)	
	Change in loans payable	(1,115)	3,676	
	Payment of dividends, etc.	(17)	(521)	Dividends paid: (¥77 million)
	Net cash flow from financing activities	(1,133)	3,154	
	Cash and cash equivalents at end of period	4,449	4,195	

5. Earnings Forecasts for Fiscal Year Ending March 31, 2020

- In fiscal year ending March 31, 2020, we expect to reap the benefits of previous advance investment and achieve growth in both net sales and income despite the pressure on profits from strategic investments, primarily in the EMS Business segment.
- During fiscal year ending March 31, 2020, we will steadily advance efforts to build a base for achieving the new Medium-Term Business Plan (announced on Feb. 8, 2019), and will target the next stage of growth.

(Million yen)	FYE March 31, 2019 Results	FYE March 31, 2020 Forecasts	YoY
Net sales	57,759	72,000 H1: 32,000/H2: 40,000	24.7%
Operating income	548	1,300 H1: 100/H2: 1,200	136.9%
Ordinary income	569	1,000 H1: 60/H2: 940	75.6%
Profit attributable to owners of parent	415	850 H1: 165/H2: 685	104.5%

(For Reference) Full-year Earnings Forecasts by Segment

- In the HS Business, we project firm demand in Japan and overseas, in addition to reaping the benefits of advance investment.
- The EMS Business will see a decline in profit from advance investment in Mexico, Vietnam, and elsewhere, but we expect the gradual growth to continue in the PS Business.

(Million yen)		FYE March 31, 2019 Results	FYE March 31, 2020 Forecasts	YoY
HS Business	Net sales	19,331	27,740	43.5%
	Segment income	196	1,070	446.0%
EMS Business	Net sales	25,819	29,960	16.0%
	Segment income	436	310	(28.9%)
PS Business	Net sales	12,608	14,300	13.4%
	Segment income	443	515	16.3%
Segment Eliminations	Segment income	(527)	(595)	—
Total	Net sales	57,759	72,000	24.7%
	Segment income	548	1,300	137.2%

Bringing Japanese Manufacturing Quality to the World

This is the rallying cry of the nms group. Our business is a combination of three business segments that meet the many different needs of our customers, from the Human Resource Solution Business, to the EMS (Electronics Manufacturing Service) Business which performs contract manufacturing and achieves production efficiency, and the Power Supply Business, which engages in the development, manufacturing, and sale of power sources that ensure the safety and security of many types of equipment.

HS

Human Resource Solution Business

Staff members who are highly knowledgeable about products, manufacturing processes and production sites are taking an active role in each region of Japan, China and ASEAN member countries.

Legal Entity

Nippon Manufacturing Service Corporation

EMS

Electronics Manufacturing Service Business

This business implements total solutions that help customers to improve their competitive strength.

Legal Entity

**SHIMA ELECTRONIC INDUSTRY CO., LTD.
TKR Corporation**

PS

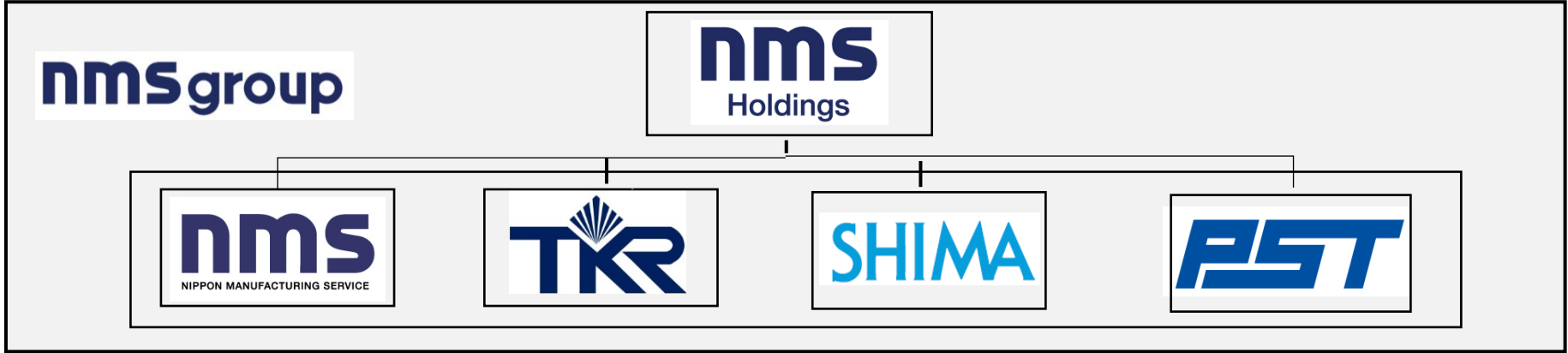
Power Supply Business

This business offers improved solutions that are a step above the rest with our technical expertise as a dedicated power source manufacturer.

Legal Entity

Power Supply Technology CO., LTD.

(For Reference) nms Group Business Structure



Main Consolidated Subsidiaries (fiscal year end for each company listed in parentheses)	Countries/ Regions Entered	Main Business Activities
Human Resource Solution Business (HS Business)		
<ul style="list-style-type: none"> Nippon Manufacturing Service Corporation (Mar.) Sino-Japan Stafftraining and Dispatch Co., Ltd. (Dec.) Sino Manufacturing Service Corporation (Dec.) 	Japan China Vietnam Thailand	<ul style="list-style-type: none"> Worker dispatch for manufacturing Customer service for repairs Dispatch of engineers
Electronics Manufacturing Service Business (EMS Business)		
<ul style="list-style-type: none"> SHIMA ELECTRONIC INDUSTRY CO., LTD. (Dec.) TKR Corporation (Dec.) 	Japan Hong Kong (China) Malaysia	<ul style="list-style-type: none"> Electronics Manufacturing Service business (substrate mounting, substrate assembling, simple pressing, resin molding, assembly, etc.) Labor-saving Device Manufacturing/Sales business
Power Supply Business (PS Business)		
<ul style="list-style-type: none"> Power Supply Technology CO., LTD. (Dec.) TKR Corporation (Dec.) 	Japan Hong Kong (China)	<ul style="list-style-type: none"> Custom power supply (low/high-voltage): development, design, manufacturing, sales Magnet roll: development, design, manufacturing, sales A wide variety of transformers (switching/high-voltage transformers): development, design, manufacturing, sales Development, design, manufacture and sale of battery management system related products

nms Holdings Corporation

<http://www.n-ms.co.jp/english/>

Company Name	nms Holdings Corporation
Head Office	Tokyo Opera City Tower 45F, 3-20-2 Nishi-shinjuku, Shinjuku-ku, Tokyo 163-1445, Japan
Representative	Fumiaki Ono, President and CEO
Capital	500,690,000 yen (as of April 1, 2019)
Stock Exchange Listings	Tokyo Securities Exchange (JASDAQ market) Securities Code 2162
Business Activities	Integration of group businesses, management of operations, etc. in the Human Resource Solution (HS) Business, Electronics Manufacturing Service (EMS) Business, and Power Supply (PS) Business
Main Consolidated Subsidiaries	Nippon Manufacturing Service Corporation SHIMA ELECTRONIC INDUSTRY CO., LTD. TKR Corporation Power Supply Technology CO., LTD.

None of the information in these materials constitutes a solicitation to purchase or sell shares in nms Holdings Corporation.

The financial forecasts and other forward-looking statements in these materials are based on information available at the time these materials were produced as well as certain assumptions deemed reasonable by the company. Actual results may differ substantially due to various risks and uncertainties.

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