

nms Holdings Corporation Overview of Financial Results for the First Quarter of Fiscal Year Ending March 31, 2020

- **Net sales: Increased in all business segments**

Sales were firm overall, despite a decline in demand for machine tool-related products in the EMS Business.

All business segments achieved YoY growth in sales.

Demand was also firm in the Human Resource Solution Business (HS Business) resulting in sales growth, mainly in the domestic human resources business.

- **Operating income: Reached 63% of previously disclosed forecast for the first half**

- **HS Business:** Operating income declined YoY, owing to an increase in costs accompanying expansion of new businesses, such as contracting provision of services for foreign technical trainees, the establishment of a third party logistics contracting and technical logistics processing business, and the launch of a technician dispatch business and businesses overseas. However, operating income was strong compared to the plan.
- **EMS Business:** Operating income was strong overall, despite the impact from lower demand for machine tool-related products and the deterioration in labor productivity resulting from response to the rapid increase in production relating to household appliances, a main customer industry overseas.
- **PS Business:** Operating income declined YoY due to the time lag between the steep rise in material prices and raising product sales prices to pass on the cost. However, operating income was strong compared to the plan. We expect the benefit from the increase in sales prices to contribute from the second half onward.

- **Topics: Businesses in U.S. and Mexico started operating under the new structure**

The businesses in the U.S. and Mexico, which were acquired from Sony Corporation, started operating under the new structure from April 1.

1. Financial Performance for the First Quarter of Fiscal Year Ending March 31, 2020

(Million yen)	First Quarter FYE Mar. 31, 2019 Results	First Quarter FYE Mar. 31, 2020				
		Results	YoY	Main Points	First Half Forecast <small>Disclosed on May 10, 2019</small>	Progress toward Forecast
Net sales	13,742	15,249	11.0%	<p>[Net sales] Sales increased for all business segments.</p> <p>[Operating income] Declined YoY owing to higher costs accompanying business expansion and the time lag between the increase in material prices and pass-through of the increase to product prices. However, operating income was in line with the plan.</p> <p>[Ordinary income] Non-operating income: ¥90 million (Down ¥42 million YoY) Non-operating expenses: ¥57 million (Down ¥130 million YoY)</p> <p>[Extraordinary income] ¥2 million (Up ¥2 million YoY) [Extraordinary loss] ¥1 million (Down ¥46 million YoY)</p>	[Net sales] 32,000	48%
Operating income	258	63	(75.6%)		[Operating income] 100	63%
Ordinary income	203	96	(52.8%)			
Profit attributable to owners of parent	63	34	(46.3%)			

2. Financial Performance Highlights by Segment

(Million yen)		First Quarter FYE Mar. 31, 2019 Results	First Quarter FYE Mar. 31, 2020		
			Results	YoY	Main Points
HS Business	Net sales	4,524	5,376	18.8%	Strong demand led to growth in net sales. Segment income declined owing to the cost of continued advance investment in contracting provision of services for foreign technical trainees, logistics-related business, and the technician dispatch business, and other business areas. Performance was in line with the plan.
	Segment income	99	49	(50.0%)	
EMS Business	Net sales	6,422	6,708	4.5%	Overall net sales and segment income increased despite the impact from the decline in demand for machine tool-related products and the deterioration in labor productivity resulting from response to the rapid increase in production relating to household appliances overseas. The growth reflected the consolidated results from the Mexico business from the first quarter.
	Segment income	124	150	20.7%	
PS Business	Net sales	2,794	3,164	13.2%	Segment income declined owing to the time lag between the steep rise in material prices and the pass-through of this increase to product prices. However, demand was strong and we expect the benefit from the increase in sales prices to contribute from the second half onward.
	Segment income	158	(8)	—	
Segment Eliminations	Segment income	(123)	(128)	—	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	13,742	15,249	11.0%	
	Segment income	258	63	(75.6%)	

* 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

¥5,376 million

Up 18.8% YoY

Segment income

¥49 million

Down 50.0% YoY

[Business Entity]

Nippon Manufacturing Service Group

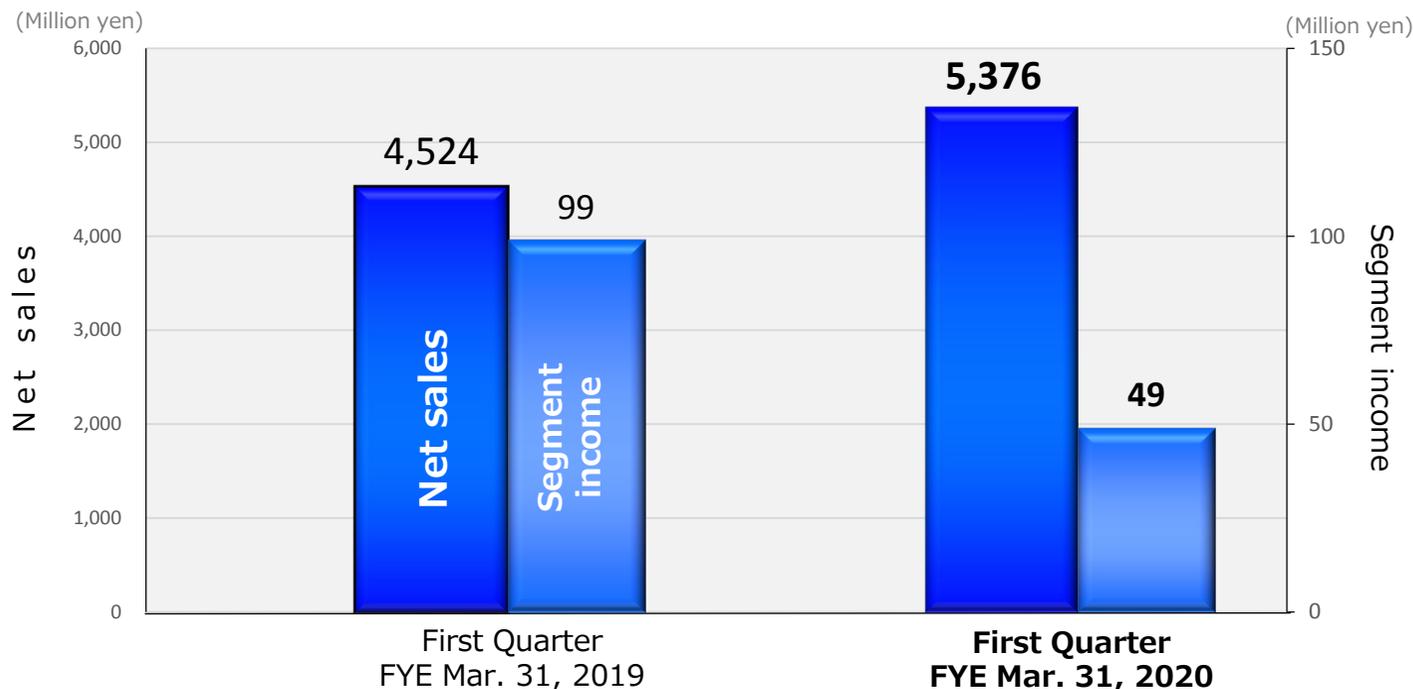


Demand remained firm owing to the use of newly hired graduates and foreign technical trainees in the manufacturing worker dispatch/contract manufacturing business.



Demand remained firm in China and ASEAN. However, there was a temporary increase in the cost of capturing new orders at the location in Vietnam (NMS VIETNAM CO., LTD.), which operates a human resources business and contract manufacturing business, and an increase in costs accompanying the launch of business in Indonesia, Laos, and elsewhere.

Although the implementation of our strategy to expand the scale of the business both in Japan and overseas led to higher costs, we will work to reap the results quickly and improve profitability.



(For Reference) Financial Performance by Segment: EMS Business

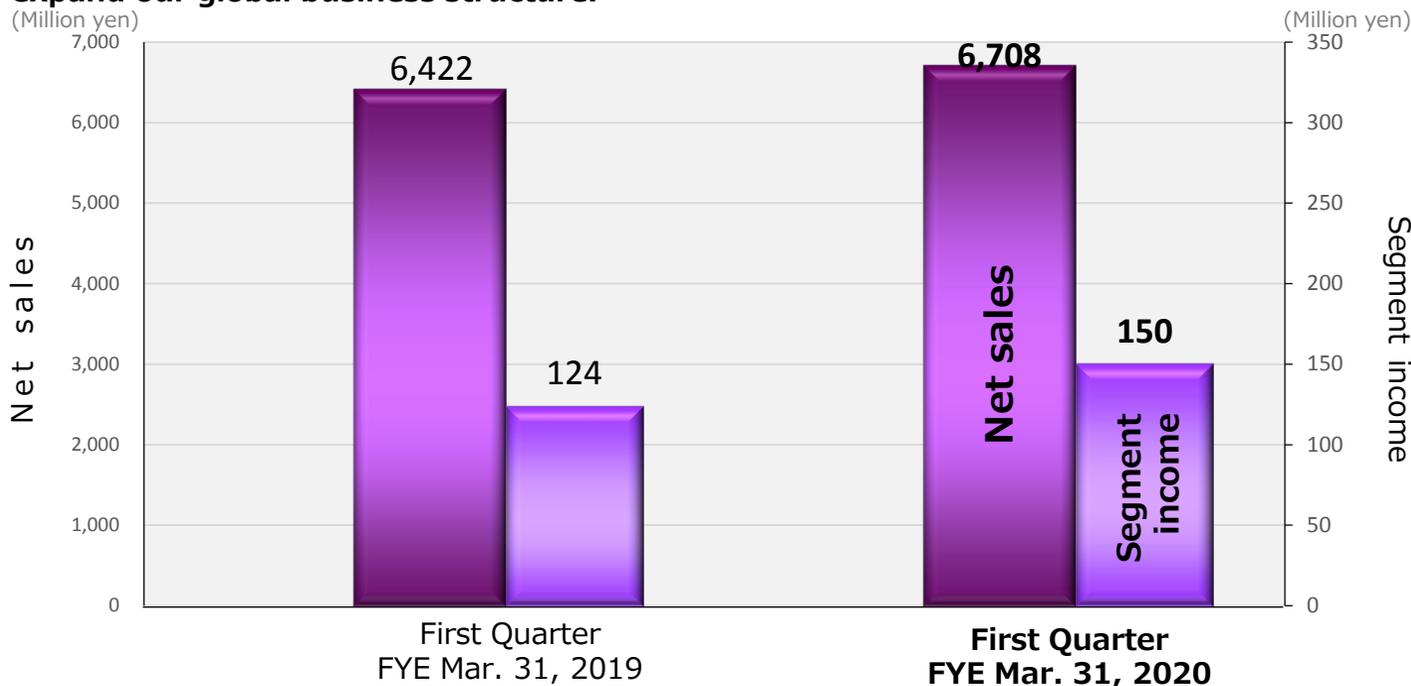
Japan

The pace of growth in machine tool-related demand slowed, due in part to the trade friction between the U.S. and China, but demand was firm in general, mainly for existing products.

Overseas

Labor productivity deteriorated in Malaysia due to the response to the rapid increase in production relating to overseas household appliances, a main customer industry. However, demand remained firm in China.

TKR Corporation (TKR): A new plant was completed in Vietnam in April 2019 in addition to those already established in China and Malaysia, and the businesses in the U.S. and Mexico, which were acquired from Sony Corporation, started operations on April 1, 2019. We are responding to the geographical multipolarization of production by customers in response to U.S.-China trade friction and other factors, and are working to expand our global business structure.



Net sales

¥6,708 million

Up 4.5% YoY

Segment income

¥150 million

Up 20.7% YoY

[Business Entity]

- SHIMA ELECTRONIC INDUSTRY Group
- TKR Group



- Demand was firm as the segment completed adjustments to demand for existing products, moved past the hiatus in introduction of new products for new areas, and achieved a steady start in mass production of new orders.
- Segment income declined owing to the time lag between the steep rise in material prices and the pass-through of this increase to product prices. However, we expect the benefit from the increase in sales prices to contribute from the second half onward and expect segment income in line with our forecast for the full year.

We are utilizing our accumulated expertise in power supply technology and are receiving many order inquiries on LiB secondary battery packs. We aim to achieve growth in both net sales and segment income by strengthening the business base and introducing new products.

Net sales

¥3,164 million

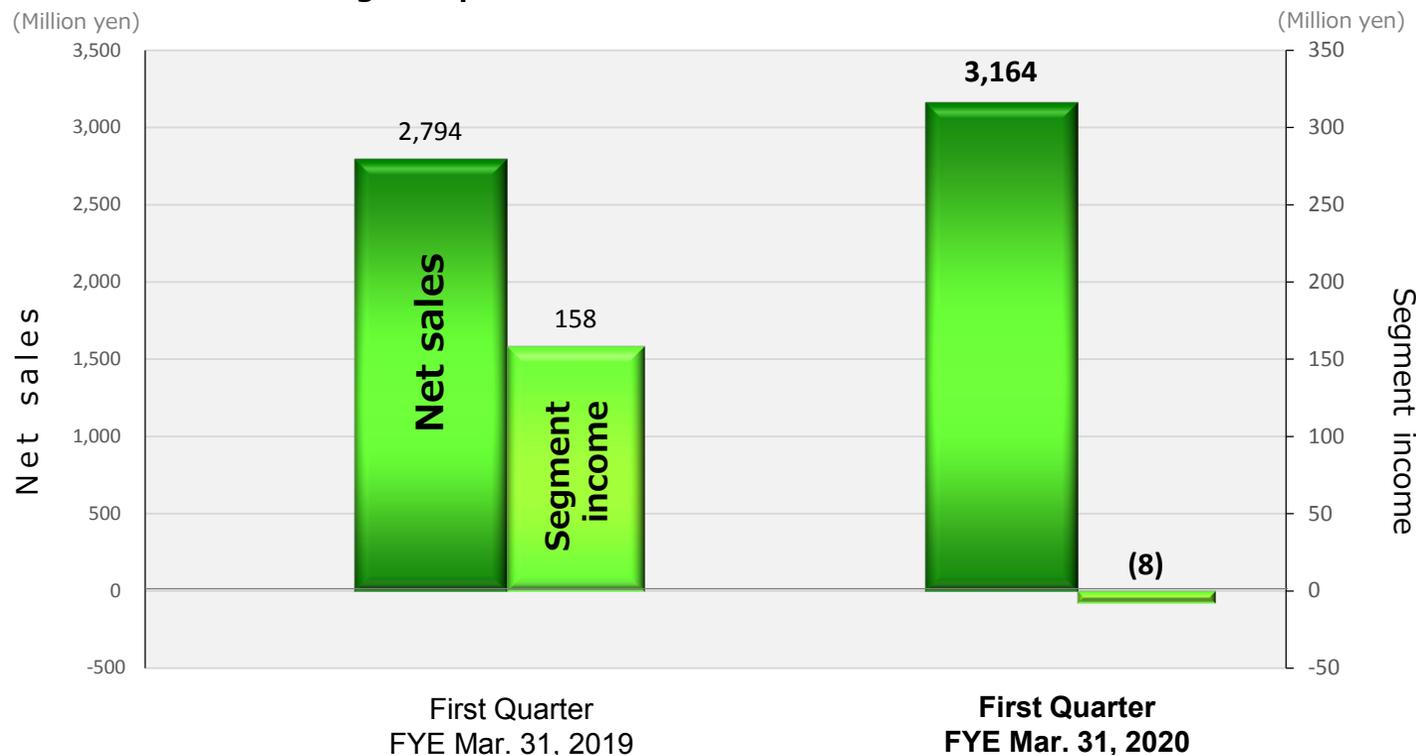
Up 13.2% YoY

Segment income

(¥8 million)

[Business Entity]

Power Supply Technology CO., LTD.



3. Financial Performance Highlights (B/S)

(Million yen)	March 31, 2019	June 30, 2019	Change
Current assets	22,082	22,855	773
Non-current assets	7,380	8,187	806
Property, plant and equipment	5,612	6,023	410
Intangible assets	540	923	383
Investment and other assets	1,227	1,241	13
Total assets	29,462	31,042	1,580
Total liabilities	23,717	25,275	1,558
Current liabilities	21,744	21,365	(378)
Non-current liabilities	1,973	3,910	1,936
Total net assets	5,744	5,766	22
Total liabilities and net assets	29,462	31,042	1,580

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/R egions 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 June 30, 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.

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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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