

# nms Holdings Corporation

## Overview of the First Quarter of Fiscal Year Ending March 31, 2019

### Overview of Financial Performance

### Performance Firm Overall; Growth in Both Operating and Ordinary Income

- The company achieved YoY growth in net sales, operating income, and ordinary income despite the advance costs of investment in building the manufacturing plant in Vietnam for the EMS Business. This growth resulted from firm demand for the HS Business in Japan and the contribution from new orders in the PS Business.
- Although profit attributable to owners of parent posted a YoY decline, the decline was in line with the plan. Contributing factors were ¥58 million in gain on sales of non-current assets; a gain of ¥161 million on the sale of shares; and ¥48 million in expenses for structural reforms at overseas locations.

Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
Q1 Results (Apr.-Jun. 2018)	YoY	Q1 Results (Apr.-Jun. 2018)	YoY	Q1 Results (Apr.-Jun. 2018)	YoY	Q1 Results (Apr.-Jun. 2018)	YoY
Million yen		Million yen		Million yen		Million yen	
13,742	Up 6.3%	258	Up 18.5%	203	Up 27.9%	63	Down 78.4%

# 1. Financial Performance Highlights for the First Quarter of Fiscal Year Ending March 31, 2019

- Although profit attributable to owners of parent posted a YoY decline, the decline was in line with the plan. Contributing factors were a gain of ¥58 million on the sale of property, plant, and equipment; a gain of ¥161 million on the sale of shares; and ¥48 million in expenses for structural reforms at overseas locations.

(Million yen)	First Quarter FYE Mar. 31, 2018 Results	First Quarter FYE Mar. 31, 2019		
		Results	YoY	Main Points
Net sales	12,932	<b>13,742</b>	6.3%	[Ordinary income] Non-operating income: ¥132 million (Up ¥28 million YoY) Non-operating expenses: ¥187 million (Up ¥24 million YoY)
Operating income	218	<b>258</b>	18.5%	[Extraordinary income] ¥0 million (Down ¥220 million YoY)
Ordinary income	159	<b>203</b>	27.9%	[Extraordinary loss] ¥48 million (Up ¥47 million YoY)
Profit attributable to owners of parent	293	<b>63</b>	(78.4%)	

## 2. Financial Performance Highlights by Segment

(Million yen)		First Quarter FYE Mar. 31, 2018 Results	First Quarter FYE Mar. 31, 2019		
			Results	YoY Net sales: % Profit: Million yen	Main Points
<b>HS Business</b>	Net sales	4,060	<b>4,524</b>	11.4%	Demand 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.
	Segment income	148	<b>99</b>	(49)	
<b>EMS Business</b>	Net sales	6,287	<b>6,422</b>	2.2%	Segment income declined YoY due to expenses associated with the establishment of a manufacturing plant in Vietnam. However, machine tool-related demand and overseas manufacturing demand were strong.
	Segment income	131	<b>124</b>	(6)	
<b>PS Business</b>	Net sales	2,583	<b>2,794</b>	8.2%	The period of adjustment to demand for existing products and the hiatus in the introduction of products in new areas ended, a steady start to mass production of new orders, and growth in sample product shipments resulted in growth in both net sales and segment income.
	Segment income	20	<b>158</b>	137	
<b>Segment Eliminations</b>	Segment income	(82)	<b>(123)</b>	(41)	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.
<b>Total</b>	Net sales	12,932	<b>13,742</b>	6.3%	
	Segment income	218	<b>258</b>	40	

\* 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**

**¥4,524 million**

Up 11.4% YoY

**Segment income**

**¥99 million**

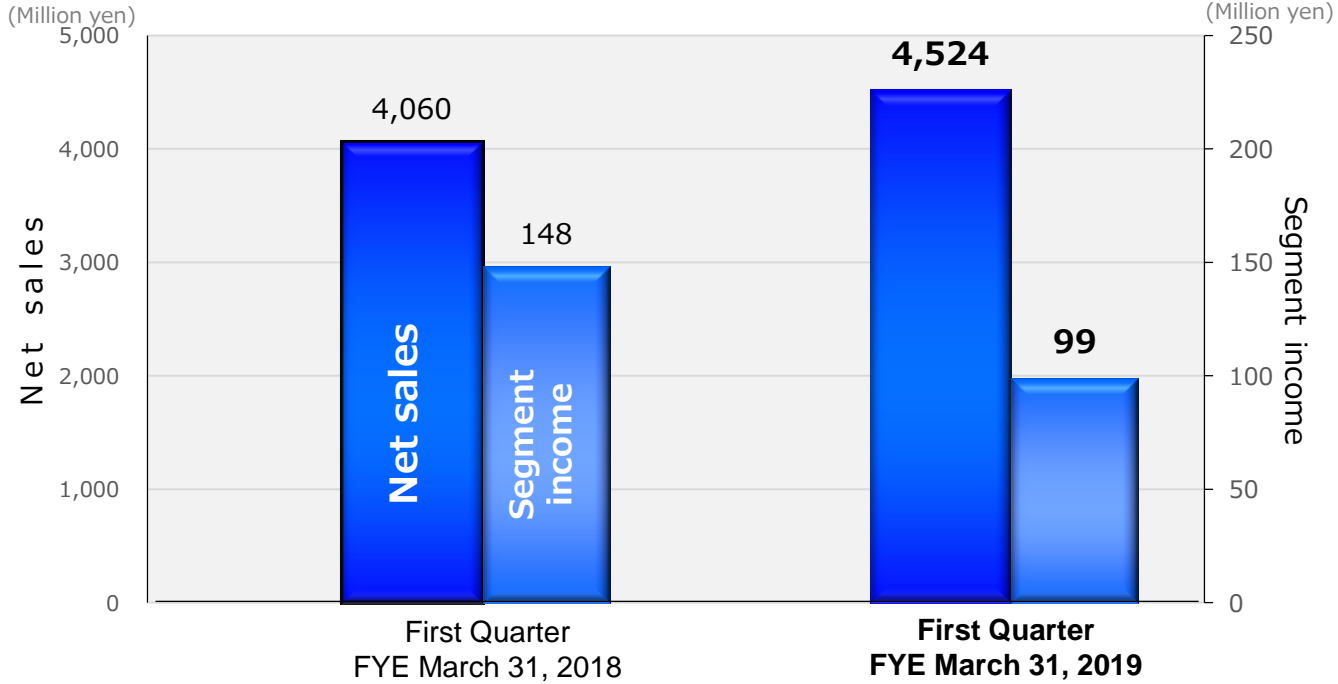
Down ¥49 million YoY

[Business Entity]

**Nippon Manufacturing Service Group**



- Hiring capabilities were strengthened and the retention rate improved by making employees full-time employees, utilizing foreign technical trainees, and taking other steps.
- The advance investment costs incurred to establish a company to train foreign technical trainees and invest in the third party logistics contracting business, the technical logistics processing business, and other investment projects caused a YoY decline in profits.
- 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 used group partnerships and resources to respond to demand and drive efforts to improve profitability.



# (For Reference) Financial Performance by Segment: EMS Business

## Net sales

**¥6,422 million**

Up 2.2% YoY

## Segment income

**¥124 million**

Down ¥6 million YoY

### [Business Entity]

- SHIMA ELECTRONIC INDUSTRY Group
- TKR Group



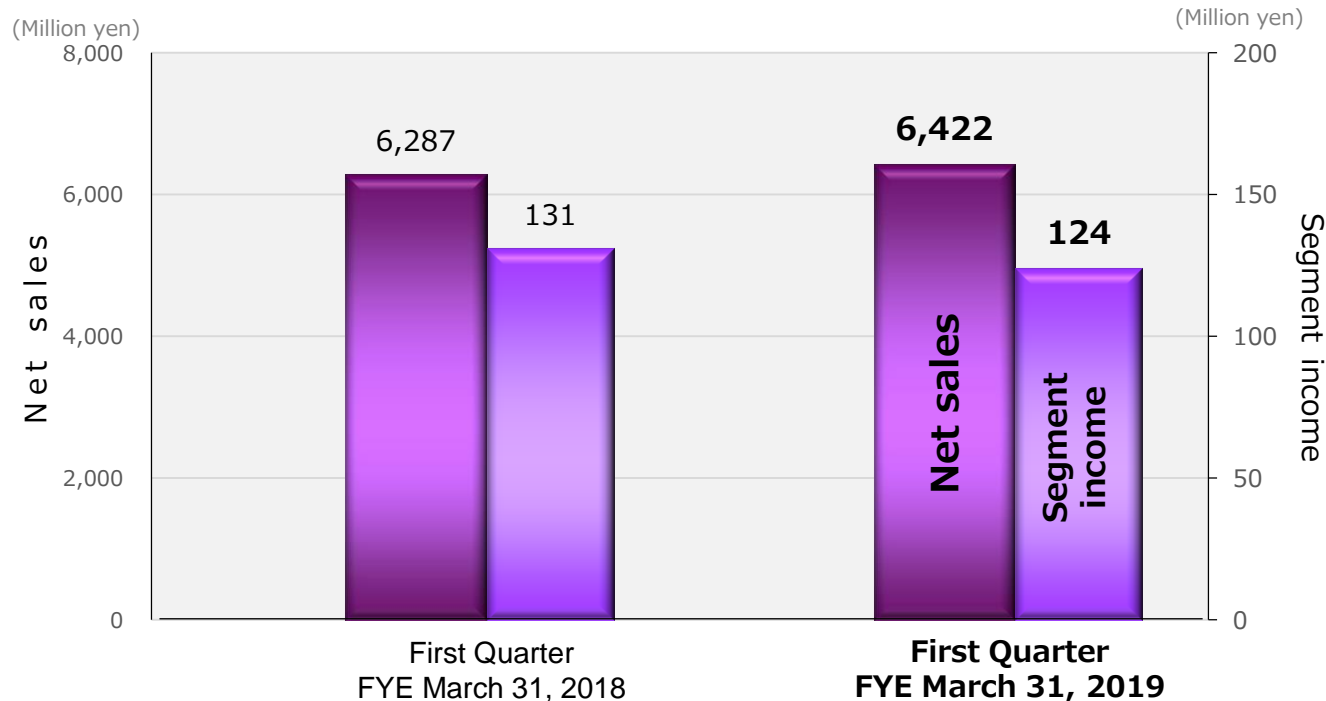
**Japan**

- Machine tool-related orders were firm.
- Profits declined YoY due to expenses incurred to implement key strategic measures such as establishing the manufacturing plant in Vietnam and launching new businesses, but the decline was in line with the forecast.



**Overseas**

- Demand for production of household appliances remained firm in China and Malaysia.
- Structural reforms were implemented at overseas manufacturing sites to prepare for future changes in production.



**(For Reference) Financial Performance by Segment: PS Business**

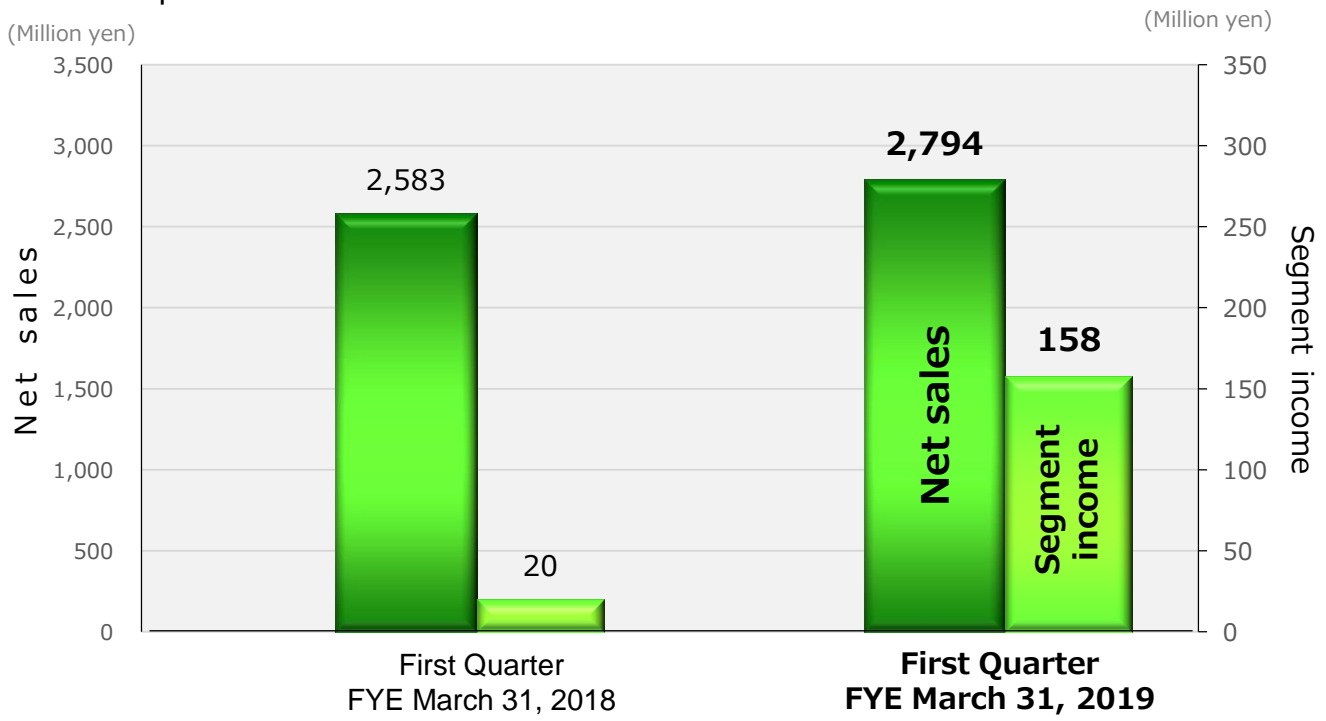


- Both segment sales and profit increased, due in part to the steady start of mass production of new orders and increase in the shipment of sample products as the segment completed adjustments to demand for existing products and moved past the hiatus in introduction of new products for new areas.
- The 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, and mass production is scheduled to begin in September 2018.
- We will target expansion of orders through the two strategies of strengthening the business base and developing, manufacturing, and expanding sales of new products.

**Net sales**  
**¥2,794 million**  
Up 8.2% YoY

**Segment income**  
**¥158 million**  
Up ¥137 million YoY

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



### 3. Financial Performance Highlights (B/S)

(Million yen)	March 31, 2018	June 30, 2018	Change	Main Points
Current assets	20,434	<b>20,920</b>	485	Cash and deposits: (¥169 million) Notes and accounts receivable – trade: ¥166 million Inventories: ¥188 million
Non-current assets	6,061	<b>6,955</b>	893	
Property, plant and equipment	4,505	<b>5,441</b>	936	
Intangible assets	503	<b>516</b>	12	
Investments and other assets	1,053	<b>997</b>	(55)	
<b>Total assets</b>	26,496	<b>27,875</b>	1,378	
<b>Total liabilities</b>	20,345	<b>22,035</b>	1,689	
Current liabilities	13,584	<b>14,370</b>	786	[Loans payable balance] ¥2,858 million
Non-current liabilities	6,761	<b>7,665</b>	903	Jun. 30, 2018: ¥13,494 million Mar. 31, 2018: ¥10,635 million
<b>Total net assets</b>	6,150	<b>5,839</b>	(311)	
<b>Total liabilities and net assets</b>	26,496	<b>27,875</b>	1,378	

## 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

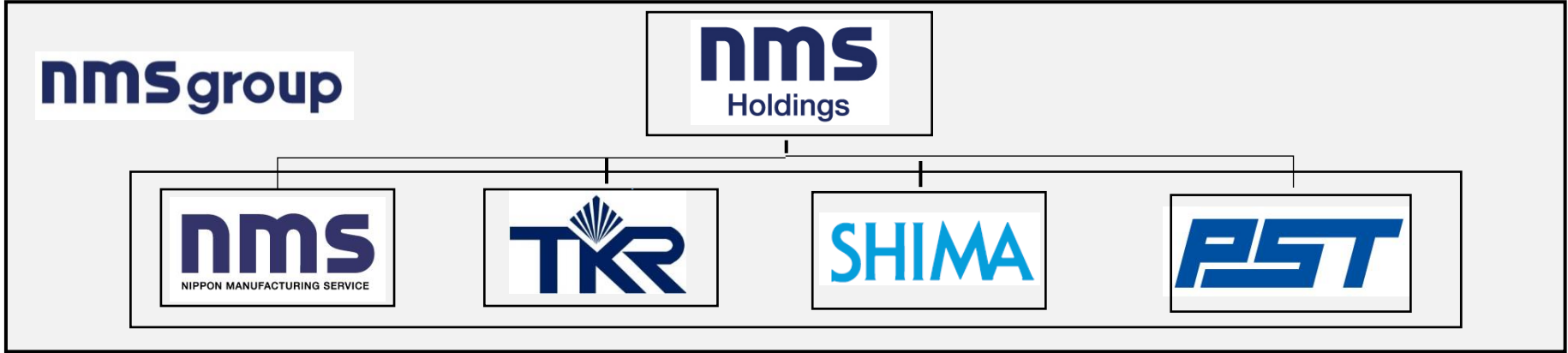
This business offers improved solutions that are a step above the rest with our technical expertise as a dedicated power source manufacturer.

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

# **nms** Holdings Corporation

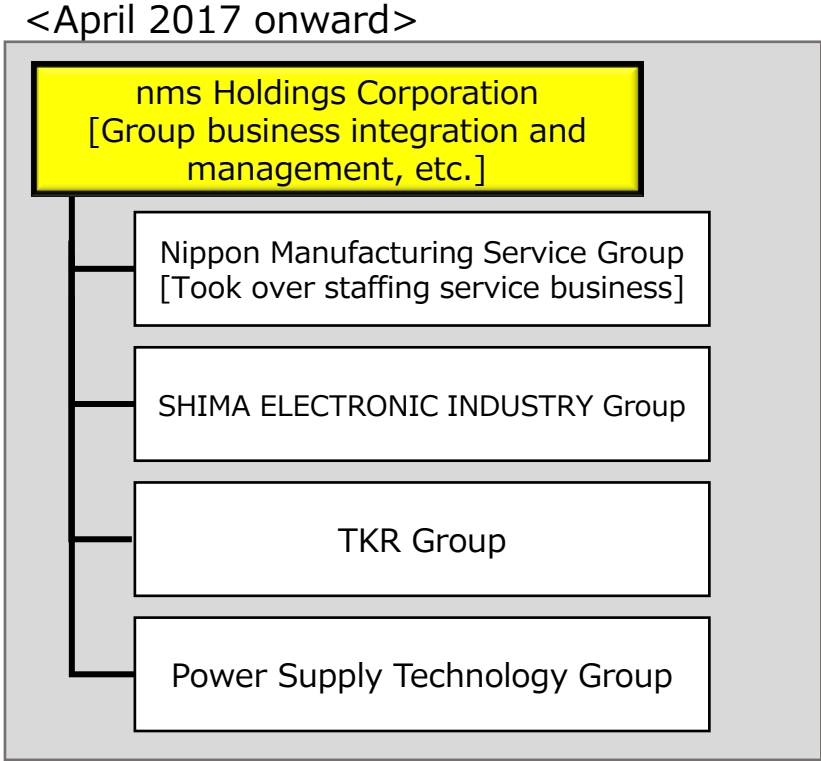
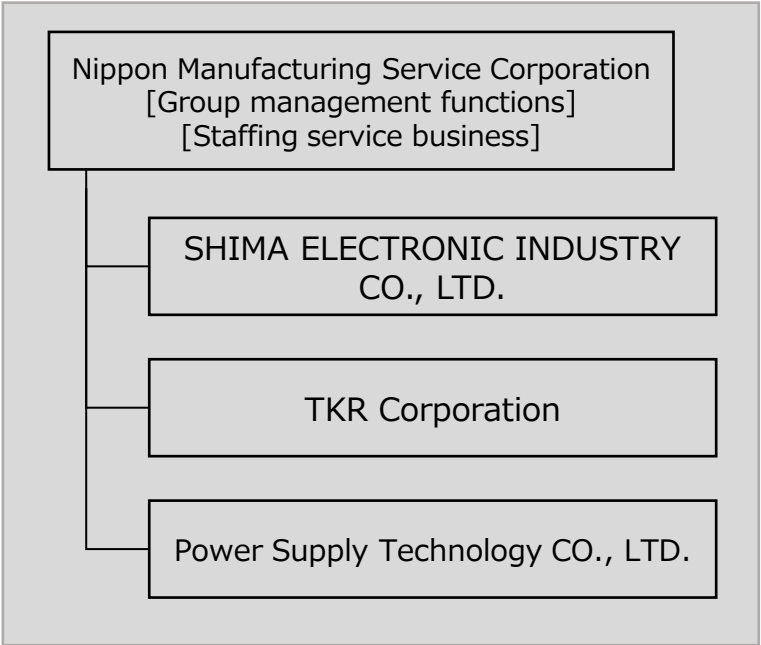
<http://www.n-ms.co.jp/english/>

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, 2017)
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.

**Purpose**

To strengthen group management functions and enable flexible response on expansion of markets and business domains

- Group management structure after migration to a holding company structure



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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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Contact for inquiries:

nms Holdings Corporation  
Corporate Communications & IR Dept.  
Tel: +81-3-5333-1737  
E-mail: [nms-ir@n-ms.co.jp](mailto:nms-ir@n-ms.co.jp)

