

## Consolidated Financial Results (Japanese Accounting Standards) for the First Half of Fiscal Year Ending March 31, 2020

November 8, 2019

Listings: Tokyo Stock Exchange

**Listed Company** nms Holdings Corporation (nms HD)

Securities code 2162 URL <http://www.n-ms.co.jp/>

Representative (Title) President and CEO (Name) Fumiaki Ono

Contact (Title) General Manager, Corporate Division (Name) Toshiko Kono Telephone 03-5333-1711

Scheduled Date of Filing Quarterly Securities Report: November 9, 2019

Scheduled date of commencement of dividend payment: —

Supplementary Documents for Quarterly Financial Results: Yes

Quarterly Financial Results Briefing: Yes (for institutional investors and analysts)

(Amounts in millions of yen rounded down to the nearest million yen)

### 1. Consolidated Financial Results for the First Half of Fiscal Year Ending March 31, 2020 (April 1, 2019 – September 30, 2019)

#### (1) Consolidated results of operations (Percentages represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
1H FY03/2020	31,108	12.2	276	15.1	203	(7.7)	34	(45.7)
1H FY03/2019	27,719	2.9	239	(59.8)	220	(63.5)	62	(89.0)

Note: Comprehensive income 1H FY03/2020 (80) million yen (-%) 1H FY03/2019 (173) million yen (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
1H FY03/2020	1.99	—
1H FY03/2019	3.66	3.65

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
1H FY03/2020	31,627	5,573	17.6
FY03/2019	29,462	5,744	19.5

Reference: Shareholders' equity 1H FY03/2020 5,562 million yen FY03/2019 5,734 million yen

### 2. Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY03/2019	—	0.00	—	5.00	5.00
FY03/2020	—	0.00			
FY03/2020 (forecast)			—	5.00	5.00

Note: Revision of the latest released dividend forecast: None

### 3. Consolidated forecasts for year ending March 2020 (April 1, 2019 to March 31, 2020)

(% shows the year-on-year change)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	72,000	24.7	1,300	136.9	1,000	75.6	850	104.5	49.53

Note: Revision of the latest released business performance forecast: None

\* Notes

- (1) Changes in significant subsidiaries during the consolidated 1H (three months) under review (changes of specific subsidiaries in accordance with changes in the scope of consolidation): Yes
- (2) Application of accounting procedures specific to creation of quarterly consolidated financial statements: Yes

(3) Changes in accounting principles and changes or restatement of accounting estimates

- (i) Changes in accounting principles associated with revision of accounting standards, etc.: None
- (ii) Changes in accounting principles other than (i): None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

(4) Number of shares outstanding (common shares):

(1) Number of shares outstanding at end of period (including treasury shares)	1H FY03/2020	21,611,000shares	FY03/2019	21,611,000shares
(2) Number of treasury shares at end of period	1H FY03/2020	4,449,726shares	FY03/2019	4,449,726shares
(3) Average number of shares outstanding during the term	1H FY03/2020	17,161,274shares	1H FY03/2019	17,161,274shares

\* Statement relating to the execution status for audit procedures

This quarterly financial summary falls outside the scope of the quarterly report review based on the stipulations of the Financial Instruments and Exchange Act. The review procedures for the quarterly consolidated financial statements based on the stipulations of the said Act were conducted at the time when this quarterly financial summary was disclosed.

\* Explanations and other special notes concerning the appropriate use of business performance forecasts

(Notes concerning the forward-looking statements)

The results forecasts and forward-looking statements included in this document are based on information that the Company has obtained and certain assumptions that the Company considers reasonable. The Company makes no guarantees with respect to the achievement of its results forecasts or forward-looking statements. Actual results might be significantly different from the forecasts in the document, depending on various factors.

#### 4. Consolidated financial statements

##### (1) Consolidated balance sheet

(Thousand yen)

	FY03/2019 (March 31,2019)	1H FY03/2020 (September 30,2019)
<b>Assets</b>		
Current assets		
Cash and deposits	4,246,966	4,101,582
Notes and accounts receivable - trade	10,761,029	11,288,700
Finished goods	1,324,952	1,365,337
Work in process	589,589	507,595
Raw materials and supplies	4,181,589	4,201,911
Others	978,784	1,067,360
Allowance for doubtful accounts	(681)	(10,582)
Total current assets	22,082,231	22,521,904
Non-current assets		
Property, plant and equipment		
Land	1,174,187	1,166,687
Other, net	4,438,310	5,713,209
Total property, plant and equipment	5,612,497	6,879,896
Intangible assets		
Other	540,104	936,491
Total intangible assets	540,104	936,491
Investment and other assets		
Other	1,233,958	1,295,808
Allowance for doubtful accounts	(6,119)	(6,119)
Total investments and other accounts	1,227,838	1,289,688
Total non-current assets	7,380,441	9,106,077
Total assets	29,462,672	31,627,982
<b>Liability</b>		
Current liability		
Notes and accounts payable - trade	4,486,367	3,512,049
Short-term loans payable	13,073,800	13,923,045
Accounts payable - other	1,914,296	2,055,499
Income tax payable	193,065	227,149
Accrued consumption taxes	269,845	424,669
Provision for bonuses	477,113	613,540
Other	1,329,616	1,153,177
Total current liabilities	21,744,105	21,909,131
Non-current liabilities		
Long-term loans payable	1,212,540	1,637,006
Deferred tax liability	140,636	161,045
Non defined benefit liabilities	263,325	273,885
Other	357,093	2,073,531
Total non-current liabilities	1,973,595	4,145,469
Total liabilities	23,717,701	26,054,600

(Thousand yen)

	FY03/2019 (March 31,2019)	1H FY03/2020 (September 30,2019)
<b>Net assets</b>		
Shareholders' equity		
Capital stock	500,690	500,690
Capital surplus	527,182	527,182
Retained earnings	6,118,794	6,061,604
Treasury shares	(909,838)	(909,838)
Total shareholders' equity	6,236,828	6,179,638
Other accumulated comprehensive income		
Valuation difference on available-for-sale securities	(51,807)	(53,078)
Foreign currency translation adjustment	(450,920)	(564,558)
Total other accumulated comprehensive income	(502,728)	(617,636)
Subscription rights to shares	3,056	3,056
Non-controlling interests	7,813	8,322
Total net assets	5,744,970	5,573,381
Total liabilities and net assets	29,462,672	31,627,982

**(2) Quarterly consolidated statements of income/quarterly consolidated statement of comprehensive income**  
**(Quarterly consolidated statements of income) (1H FY03/2020)**

(Thousand yen)

	1H FY03/2019 (From April 1, 2018 to September 30, 2018)	1H FY03/2020 (From April 1, 2019 to September 30, 2019)
Net sales	27,719,935	31,108,438
Cost of sales	24,050,375	27,193,155
Gross profit	3,669,559	3,915,282
Selling, general and administrative expenses		
Salaries and bonuses	1,147,611	1,391,103
Provision for bonuses	140,217	121,643
Other	2,142,003	2,126,531
Total selling, general and administrative expenses	3,429,832	3,639,278
Operating income	239,727	276,004
Non-operating income		
Interest income	8,412	8,201
Dividend income	2,331	687
Real estate rent	19,377	20,658
	194,210	—
Subsidy income	—	127,500
Other	41,807	48,416
Total non-operating income	266,140	205,464
Non-operating expenses		
Interest expenses	88,933	102,345
Foreign exchange losses	129,525	143,230
Rent cost of real estate	15,021	13,642
Foreign withholding tax	3,988	1,887
Other	48,394	17,204
Total non-operating expenses	285,863	278,310
Ordinary income	220,003	203,157
Extraordinary income		
Gain on sales of non-current assets	772	3,622
Gain on sale of investment securities	38,794	—
Total extraordinary income	39,566	3,622
Extraordinary losses		
Loss on disposal of property	14	1,809
Organization restructuring expenses	48,113	—
Total extraordinary losses	48,127	1,809
Income before income taxes	211,442	204,970
Income taxes	146,105	170,749
Net income/loss ( - )	65,336	34,221
Profit attributable to owners of parent	2,468	65
Profit/Loss ( - ) attributable to owners of parent	62,867	34,155

**(Quarterly consolidated statement of comprehensive income)**

**(1H FY03/2020)**

(Thousand yen)

	1H FY03/2019 (From April 1, 2018 to September 30, 2018)	1H FY03/2020 (From April 1, 2019 to September 30, 2019)
Net income/loss ( - )	65,336	34,221
Other comprehensive income/loss ( - )		
Valuation difference on available-for-sale securities	(48,794)	(1,271)
Foreign currency translation adjustment	(189,657)	(113,832)
Total other comprehensive income/loss ( - )	(238,451)	(115,103)
Comprehensive income/loss ( - )	(173,115)	(80,882)
Comprehensive income attributable to		
Comprehensive income/loss ( - ) attributable to owners of parent	(175,983)	(80,752)
Comprehensive income/loss ( - ) attributable to non-controlling interests	2,868	(129)

**(3) Quarterly consolidated statement of cash flows**

(Thousand yen)

	1H FY03/2019 (From April 1, 2018 to September 30, 2018)	1H FY03/2020 (From April 1, 2019 to September 30, 2019)
<b>Cash flows from operating activities</b>		
Income before income taxes	211,442	204,970
Depreciation	396,377	483,261
Increase (decrease) in allowance for doubtful accounts	(1,147)	149
Increase (decrease) in provision for bonuses	146,601	138,028
Increase (decrease) in net defined benefit liability	(171,107)	10,901
Interest and dividend income	(10,744)	(8,889)
Subsidy income	—	(127,500)
Interest expenses	88,933	102,345
Foreign exchange losses (gains)	(6,099)	(3,390)
Loss (gain) on sales of fixed assets	(772)	(3,622)
Loss (gain) on sales of stocks of investment securities	(38,794)	—
Business structure reform expenses	48,113	—
Decrease (increase) in notes and accounts receivable - trade	(592,135)	(630,400)
Decrease (increase) in accounts receivable-other	(24,339)	(84,992)
Decrease (increase) in inventories	(307,137)	141,588
Increase (decrease) in notes and accounts payable - trade	(367,408)	(940,963)
Increase (decrease) in accounts payable - other	432,541	(261,471)
Increase (decrease) in accrued expenses	(11,943)	(102,291)
Increase (decrease) in accrued consumption taxes	(533,568)	233,644
Increase (decrease) in deposits received	(6,156)	(69,196)
Increase (decrease) in Long-term accounts payable	100,938	386,924
Increase (decrease) in other non-current liabilities	—	1,312,979
Other	70,705	(51,158)
Subtotal	(575,700)	730,915
Interest and dividend income received	4,213	8,102
Proceeds from subsidy income	—	65,500
Interest expenses paid	(89,475)	(102,606)
Income taxes paid	(428,170)	(153,965)
Income taxes refund	99,281	8,659
Business structure reform expenses paid	(48,113)	—
Net cash provided by (used in) operating activities	(1,037,965)	556,605

(Thousand yen)

	1H FY03/2019 (From April 1, 2018 to September 30, 2018)	1H FY03/2020 (From April 1, 2019 to September 30, 2019)
<b>Cash flows from investing activities</b>		
Payments into time deposits	(32,083)	(29,928)
Proceeds from withdrawal of time deposits	44,208	23,699
Purchase of property, plant and equipment	(1,510,544)	(952,048)
Proceeds from sales of property, plant and equipment	2,731	3,622
Purchase of intangible assets	(39,136)	(39,572)
Proceeds from sales of investment securities	78,703	—
Purchase of stocks of subsidiaries and affiliates	(10,192)	—
Payments for lease and guarantee deposits	(59,896)	(17,261)
Proceeds from collection of lease and guarantee deposits	40,611	13,500
Decrease (increase) in short-term loans receivable	(126,854)	(1,591)
Payments of long-term loans receivable	(16,939)	—
Collection of long-term loans receivable	16,765	—
Payments for transfer of business	—	(845,433)
Other	(7,228)	6,912
Net cash provided by (used in) investing activities	(1,619,857)	(1,838,102)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	1,957,897	1,140,265
Proceeds from long-term loans payable	1,292,500	626,888
Repayments of long-term loans payable	(300,411)	(406,583)
Repayments of finance lease obligations	(77,039)	(78,992)
Repayments of installment payables	(21,860)	(26,611)
Purchase of investments in subsidiaries resulting in no change in scope of consolidation	(247,929)	—
Purchase of investments in capital of subsidiaries resulting in no change in scope of consolidation	(7,080)	—
Proceeds from issuance of subscription rights to shares	3,056	—
Cash dividends paid	(77,330)	(85,270)
Net cash provided by (used in) financing activities	2,521,801	1,169,695
Effect of exchange rate change on cash and cash equivalents	(129,479)	(60,234)
Net increase (decrease) in cash and cash equivalents	(265,500)	(172,035)
Cash and cash equivalents at beginning of period	4,449,109	4,195,496
Increase in cash and cash equivalents from newly consolidated subsidiary	30,371	20,696
Cash and cash equivalents at end of period	4,213,980	4,044,157