

nms Holdings Corporation

Overview of Financial Results

for the First Quarter of Fiscal Year Ending March 31, 2021

- Demand related to semiconductors and electronic components for next-generation devices remained firm despite the impact from the novel coronavirus, which caused lockdowns, stay-at-home orders, and restrictions on entering and leaving countries/regions such as China, ASEAN, and North and South America, where the Company operates. This affected procurement of components and materials, logistics, and other aspects of the supply chain in addition to production and sales activities.
- The Company made securing the safety of its employees and customers top priority and indirect divisions and sales telecommuted and worked remotely. Steps were also taken to reduce costs and otherwise curb SG&A expenses overseas. Segment income declined in the EMS Business, due in part to the cost of advance investment, while segment income increased in the HS Business and the size of the loss shrunk in the PS Business. This resulted in 5.4% YoY growth in total segment income on an EBITDA basis (Depreciation: First Quarter FYE Mar. 31, 2020, ¥214 million; First Quarter FYE Mar. 31, 2021, ¥321 million).
- An extraordinary loss of ¥193 million was posted for allowances paid for suspension of business operations and other cost associated with the spread of the novel coronavirus.

(Million yen)	First Quarter FYE Mar. 31, 2020 Results	First Quarter FYE Mar. 31, 2021		
		Results	YoY	Main Points
Net sales	15,249	13,725	(10.0%)	[Non-operating income/expenses] Non-operating income: ¥33 million (Down ¥56 million YoY) Non-operating expenses: ¥161 million (Up ¥103 million YoY) [Extraordinary income/loss] Extraordinary income: ¥3 million (Up ¥0 million YoY) Extraordinary loss: ¥193 million (Up ¥191 million YoY)
Operating income	63	(29)	—	
Ordinary income	96	(157)	—	
Profit attributable to owners of parent	34	(349)	—	
EBITDA	277	292	5.4%	

■ Financial Performance Highlights by Segment

(Million yen)		First Quarter FYE Mar. 31, 2020 Results	First Quarter FYE Mar. 31, 2021		
			Results	YoY	Main Points
HS Business	Net sales	5,376	4,695	(12.7%)	Segment income rose on the back of firm demand from 5G-related industries, the third party logistics contracting business, and improving profitability of the overseas business, despite the negative impact from adjustments to operations in the domestic automotive-related business affected by the global decrease in production.
	Segment income	49	133	170.1%	
EMS Business	Net sales	6,708	6,280	(6.4%)	Segment income declined due to the impact from suspension of operations at main production locations overseas and pressure on profits (depreciation of ¥233 million) from advance investments at the locations in Vietnam and Mexico.
	Segment income	150	(45)	—	
PS Business	Net sales	3,164	2,749	(13.1%)	Sales declined under the impact from suspension of operations at production locations in China, disruptions in the supply chain, and production adjustments by customers. However, the benefits from cost reductions reduced the segment loss.
	Segment income	(8)	(1)	—	
Segment Eliminations	Segment income	(128)	(115)	—	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	15,249	13,725	(10.0%)	
	Segment income	63	(29)	—	

* 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

¥4,695 million

Down 12.7% YoY

Segment income

¥133 million

Up 170.1% YoY

[Business Entity]

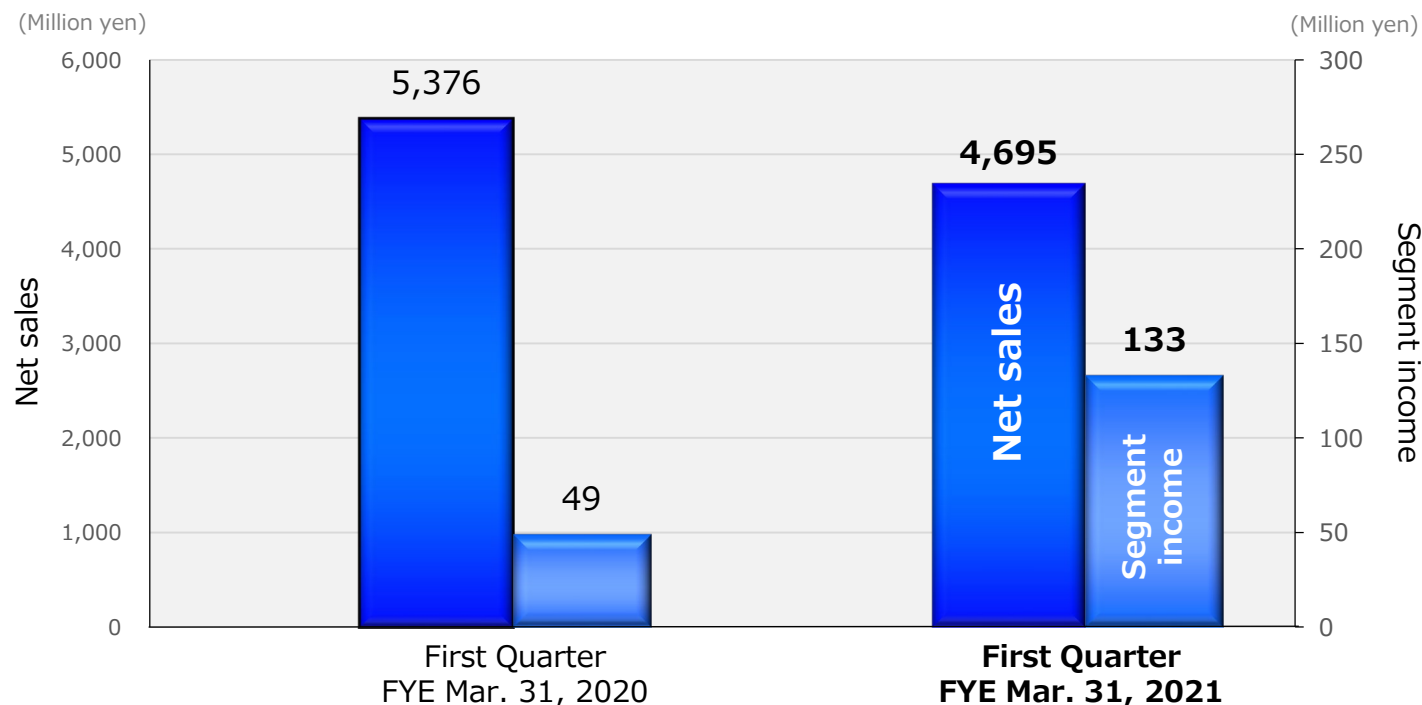
**Nippon Manufacturing
Service Group**



- The contract manufacturing business saw continued need for the supply of human resources in busy industries such as those related to semiconductors and electronic components, while also feeling the impact from global production cuts in automotive-related business.
- The third party logistics contracting and technical logistics processing business was firm.
- Operating adjustments by corporate customers suppressed sales in the technician dispatch business, but the benefits from integration of the technician dispatch business in the Group in January 2020 led to an increase in segment income



Profits for the overseas business as a whole outperformed the first quarter of the previous fiscal year, due in part to improvement in labor productivity at the contract manufacturing location in Vietnam, and despite the negative impact from operating adjustments by corporate customers in China and ASEAN.



(For Reference) Financial Performance by Segment: EMS Business

Net sales

¥6,280 million

Down 6.4% YoY

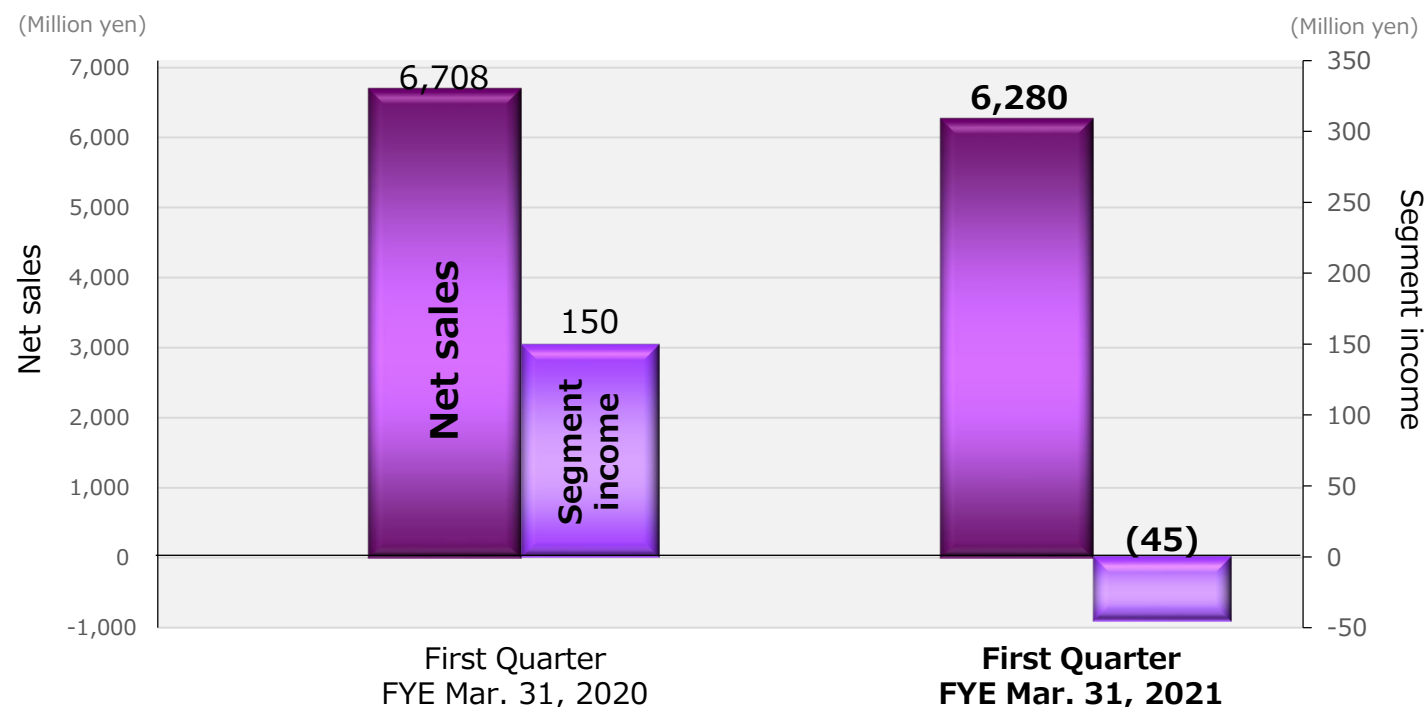
Segment income

(¥45) million

[Business Entity]

- TKR Group
- SHIMA ELECTRONIC INDUSTRY Group

- The EMS Business operates global production located in China, ASEAN, and North and Central America and lockdowns, stay-at-home orders, restrictions on entering/leaving countries, and other governmental policies in response to the global spread of pandemic caused hold-ups in the supply chain for materials, logistics, etc. The unavoidable temporary suspension of operations at all plants overseas and slump in automotive industry in addition to this resulted in sluggish sales, mainly in automotive-related areas.
- On the profit front, the Company is still in the phase of strategic investments, which continued from last fiscal year. The costs of advance investment at locations in Vietnam and Mexico as key strategic measures put downward pressure on profit, resulting in a loss for the segment.



(For Reference) Financial Performance by Segment: PS Business

Net sales

¥2,749 million

Down 13.1% YoY

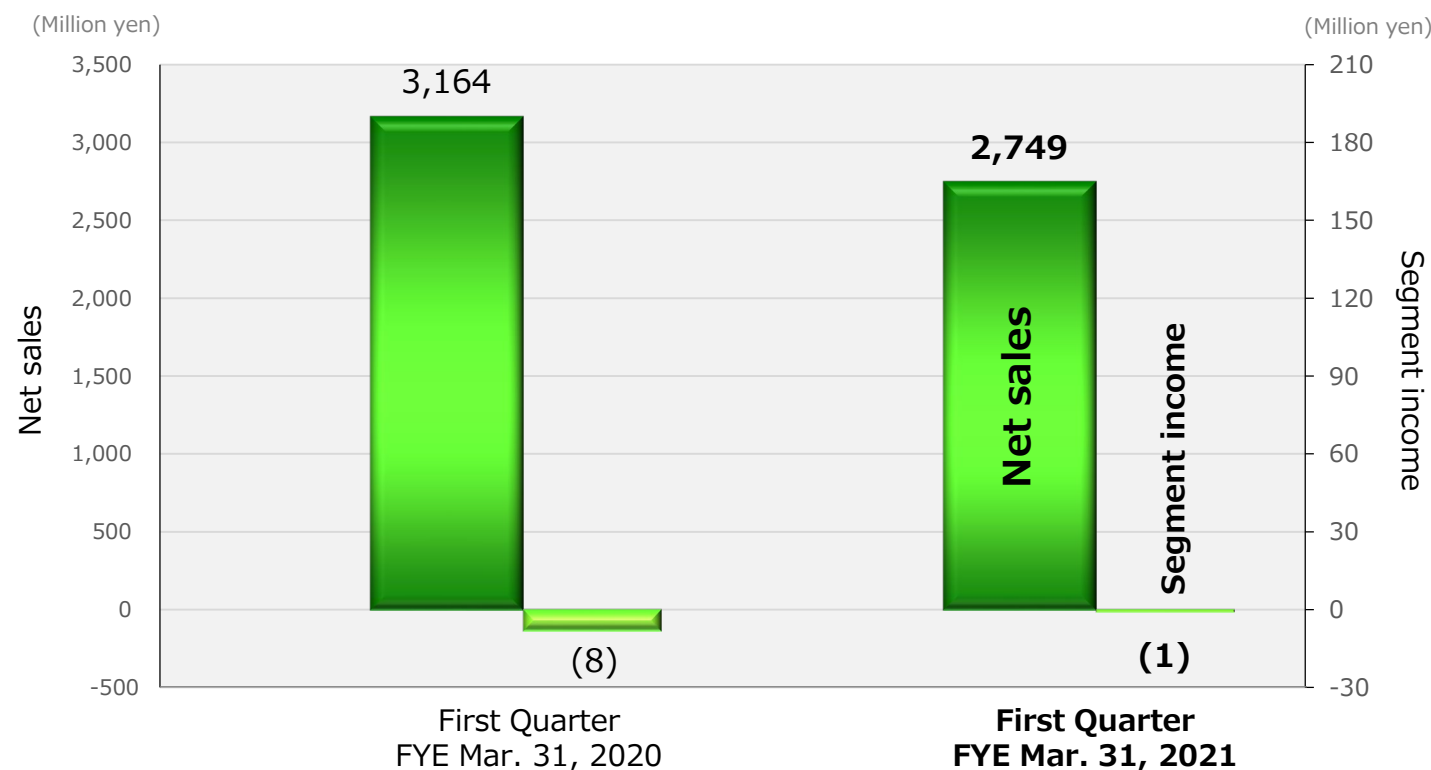
Segment income

(¥1) million

[Business Entity]

Power Supply
Technology CO., LTD.

- Operations at production locations in China had to be temporarily suspended. This combined with disruptions in the supply chain caused a decrease in production volume.
- The business was also impacted by production and inventory adjustments by customers, which caused sales to decline. However, the benefits from a stronger structure achieved through comprehensive cost restructuring last fiscal year and further cost reductions implemented as the Company worked to secure profit succeeded in shrinking the segment loss compared with the first quarter of last fiscal year.



■ Financial Performance Highlights (B/S)

(Million yen)	March 31, 2020	June 30, 2020	Change
Current assets	23,115	21,955	(1,159)
Non-current assets	10,288	10,438	+149
Property, plant and equipment	8,060	8,274	+214
Intangible assets	1,095	1,011	(83)
Investments and other assets	1,133	1,152	+19
Deferred assets	66	62	(3)
Total assets	33,470	32,457	(1,013)
Total liabilities	27,620	27,520	(99)
Current liabilities	16,290	16,696	+406
Non-current liabilities	11,330	10,824	(505)
Total net assets	5,849	4,936	(913)
Total liabilities and net assets	33,470	32,457	(1,013)

■ Earnings and Dividend Forecasts for Fiscal Year Ending March 31, 2021 (Disclosed on August 7, 2020)

- In Japan, production plans relating to semiconductors and electronic components are holding firm and the need for a supply of human resources will continue in busy industries.
- We expect our overseas business to be impacted by the government ordered lockdown and accompanying suspension of operations at our main location in Malaysia during the production busy season and the delays in new product launches and production start-up schedules at the Vietnam location in the EMS business.
- While we anticipate a YoY decline in net sales in the first half of the current fiscal year, in the second half, we forecast net sales on par with the same period of the previous fiscal year and a substantial rebound in operating income, due in part to the benefits achieved from cost reductions. We expect economic activities to rebound to a certain extent in various countries and regions in the third quarter and beyond and anticipate new orders in addition to an increase in production activity in Group businesses.
- We forecast a net loss for the full year as we implement structural reforms in Group businesses aimed at the next fiscal year and expect to post an extraordinary loss for the cost of allowances paid for the suspension of operations associated with the novel coronavirus in addition to the expense of the structural reforms.
- The year-end dividend forecast for fiscal year ending March 31, 2021 is 4 yen per share, in consideration of the earnings forecast for the full year and the business environment.

(Million yen)

	FYE March 31, 2020 Results	FYE Mar. 31, 2021 Forecasts	YoY
Net sales	62,611	56,500	(9.8%)
Operating income	920	600	(34.8%)
Ordinary income	541	350	(35.4%)
Profit attributable to owners of parent	280	(300)	—
Year-end dividend per share (Yen)	5	4	(1)

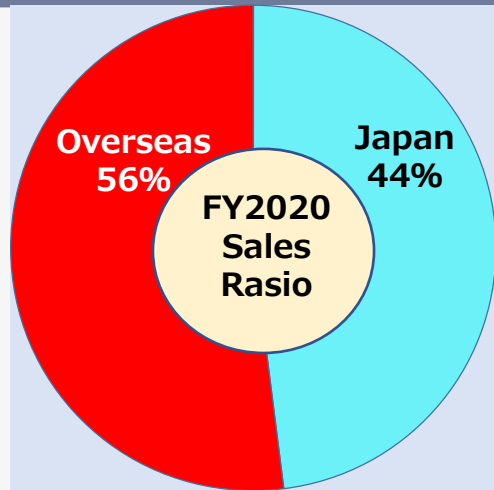
nms Holdings Corporation

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

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, 2020)
Stock Exchange Listings	Tokyo Securities Exchange (JASDAQ market) Securities Code 2162
Numbers of employees	12,797 people (as of June 30, 2020)
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 TKR Corporation SHIMA ELECTRONIC INDUSTRY CO., LTD. Power Supply Technology CO., LTD.

Group Company Total
27

(For Reference) nms Holdings Group Overseas Expansion



Integrate the unique characteristics of each business and capture new demand

**China
(Hong Kong)**

HS

EMS

PS



Sino-Japan Stafftraining and Dispatch Co., Ltd.
Sino Manufacturing Service Corporation
Wuxi office Shenzhen office Shanghai office
Dongguan office Guangzhou office
TKR HUANAN ELECTRONICS CO., LTD (DONG GUAN)
PST HUANAN ELECTRONICS CO., LTD (Foshan)
Shenzhen office Suzhou office

Thailand • Cambodia • Laos

HS

PS



nms(Thailand) Co., Ltd.
Power Supply Technology
(Thailand) Co., Ltd.



Representative office
of nms (Thailand) Co., Ltd.



NMS Lao Sole Co., LTD.



TKR HONG KONG LIMITED
Power Supply Technology (HONG KONG) Co., Limited
Power Supply Technology CO.,LTD. HONG KONG Branch

Vietnam

HS

EMS



NMS INTERNATIONAL RESOURCES CO.,LTD.
NMS VIETNAM CO., LTD.
TKR MANUFACTURING VIETNAM CO., LTD

U.S.A • Mexico

EMS



TKR USA, Inc.



TKR DE MEXICO
S.A de C.V.

Malaysia

EMS



SHIMA ELECTRONIC INDUSTRY(MALAYSIA)SDN.BHD.
TKR MANUFACTURING (MALAYSIA) SDN. BHD.
TKR PRECISION (MALAYSIA) SDN. BHD.

Indonesia

HS



PT. NMS CONSULTING INDONESIA

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

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

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 Holdings Group Business Structure

Main Consolidated Subsidiaries	Countries/ Regions Entered	Main Business Activities
Human Resource Solution Business (HS Business)		
<ul style="list-style-type: none"> Nippon Manufacturing Service Corporation nms Logistics and Technical solution Co., Ltd. nms Engineering Co., Ltd. Japan Technical Education organization (JATEO) Sino-Japan Staff training and Dispatch Co., Ltd. Sino Manufacturing Service Corporation NMS VIETNAM CO.,LTD. NMS INTERNATIONAL RESOURCES CO.,LTD. nms (Thailand) Co., Ltd. PT. NMS CONSULTING INDONESIA NMS Lao Sole Co., LTD etc. 	Japan China Vietnam Thailand Laos Indonesia Cambodia	General manufacturing services in Japan and overseas <ul style="list-style-type: none"> Contract manufacturing business (contracting [on-premises contract manufacturing] and contract manufacturing staffing and recruitment services) IT production engineering business (staffing and recruitment services) IT and design development engineering business (staffing, recruitment services and contracting) Technical service business (various repairs, rework and analysis / general customer services) Logistics service business (distribution 3PL / flow surface processing / staffing) Contract education/training after entering Japan for technical interns and business support for companies accepting interns concerning the technical intern training program for foreigners
Electronics Manufacturing Service Business (EMS Business)		
<ul style="list-style-type: none"> TKR Corporation TKR Manufacturing Japan Co., Ltd. TKR HUANAN ELECTRONICS CO.,LTD TKR Manufacturing (Malaysia) SDN. BHD. TKR Precision (Malaysia) SDN. BHD. TKR Manufacturing Vietnam Co., Ltd. TKR USA, Inc. TKR DE MEXICO S.A de C.V. SHIMA ELECTRONIC INDUSTRY CO., LTD. etc. 	Japan China Malaysia Vietnam U.S.A. Mexico	<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 Energy-saving Device Manufacturing/Sales business
Power Supply Business (PS Business)		
<ul style="list-style-type: none"> Power Supply Technology CO., LTD. PST Huanan Electronics (Foshan) Co., Ltd. TKR Corporation TKR Hong Kong Limited Power Supply Technology (Thailand) Co., Ltd. Power Supply Technology (Hong Kong) Co., Limited 	Japan China Hong Kong (China) Thailand	<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

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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