

nms Holdings Corporation

Overview of Financial Results

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

- While the spread of the novel coronavirus has reduced production in automotive-related fields, and has adversely impacted economic activity due to lockdowns in overseas countries and regions, China has exhibited a significant recovery in economic activity in Q2, and strong demand has also been seen domestically in active industries, particularly in the semiconductor and electronic components sector, with a focus on the HS Business
- With regard to the EMS Business, despite the impact of longer than expected delays of new products planned at sites in Vietnam and Mexico due to the restrictions on entering/leaving countries, we succeeded in extensively reducing fixed costs across the Group and saw improved profits beginning in Q2
- An extraordinary loss of ¥367 million was posted for allowances paid for suspension of business operations and other cost associated with the spread of the novel coronavirus
- Year-on-year increases were seen on an EBITDA base

(Million yen)	First Half FYE Mar. 31, 2020 Results	First Half FYE Mar. 31, 2021 Results				
				Total	YoY	Main Points
		1st Quarter	2nd Quarter			
Net sales	31,108	13,725	12,324	26,049	(16.3%)	[Non-operating income/expenses] Non-operating income: ¥72 million (Down ¥133 million YoY) Non-operating expenses: ¥279 million (Up ¥1 million YoY) [Extraordinary income/loss] Extraordinary income: ¥3 million (Up ¥0 million YoY) Extraordinary loss: ¥377 million (Up ¥375 million YoY)
Operating income	276	(29)	168	139	(49.6%)	
Ordinary income	203	(157)	88	(68)	—	
Profit attributable to owners of parent	34	(349)	(150)	(499)	—	
EBITDA	759	292	474	766	1.0%	

■ Financial Performance Highlights by Segment

(Million yen)		First Half FYE Mar. 31, 2020 Results	First Half FYE Mar. 31, 2021 Results				
					Total	YoY	Main Points
			1st Quarter	2nd Quarter			
HS Business	Net sales	10,791	4,695	4,521	9,217	(14.6%)	Segment income rose QoQ and YoY on the back of firm demand from 5G-related industries, 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	254	133	250	384	50.9%	
EMS Business	Net sales	13,780	6,280	5,125	11,405	(17.2%)	Segment income declined due to the impact from suspension of operations at main production locations overseas and pressure on profits (total depreciation of ¥402 million) from advance investments at the locations in Vietnam and Mexico.
	Segment income	68	(45)	12	(33)	—	
PS Business	Net sales	6,535	2,749	2,677	5,426	(17.0%)	The suspension of operations at production locations in China and production adjustments by customers reduced sales and profits compared to the same period of the previous year where sales prices were revised to counteract the steep rise in material prices. Cost reduction efforts helped improve profits in Q2
	Segment income	190	(1)	39	37	(80.2%)	
Segment Eliminations	Segment income	(237)	(115)	(134)	(249)	—	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	31,108	13,725	12,324	26,049	(16.3%)	
	Segment income	276	(29)	168	139	(49.6%)	

* 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

¥9,217 million

Down 14.6% YoY

Segment income

¥384 million

Up 50.9% YoY

[Business Entity]

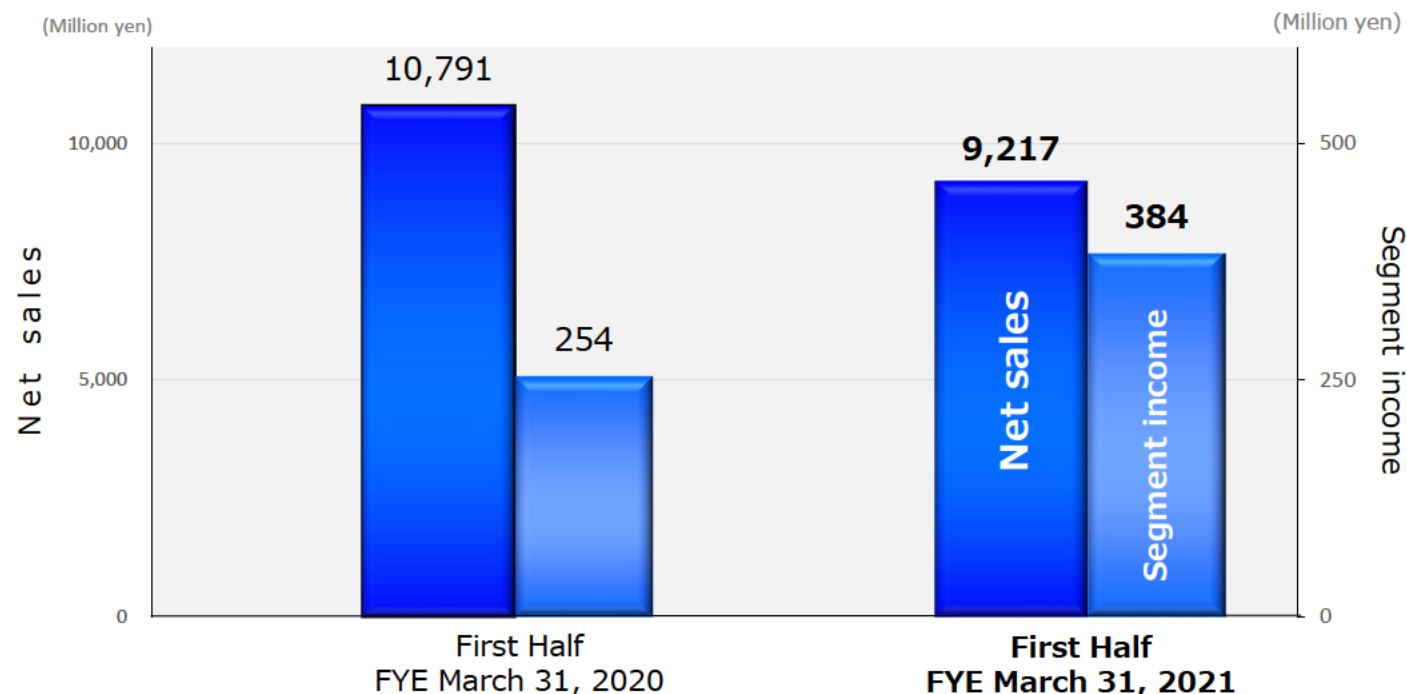
Nippon Manufacturing
Service Group

Japan

- 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.

Overseas

In addition to the negative impact from operating adjustments by corporate customers in China and ASEAN countries, cross-border travel restrictions had an adverse effect on human resource-related activities overseas, however, a recovery in demand was seen in China and elsewhere, and sales efforts were strengthened in anticipation of a recovery in market conditions.



(For Reference) Financial Performance by Segment: EMS Business

Net sales

¥11,405 million

Down 17.2% YoY

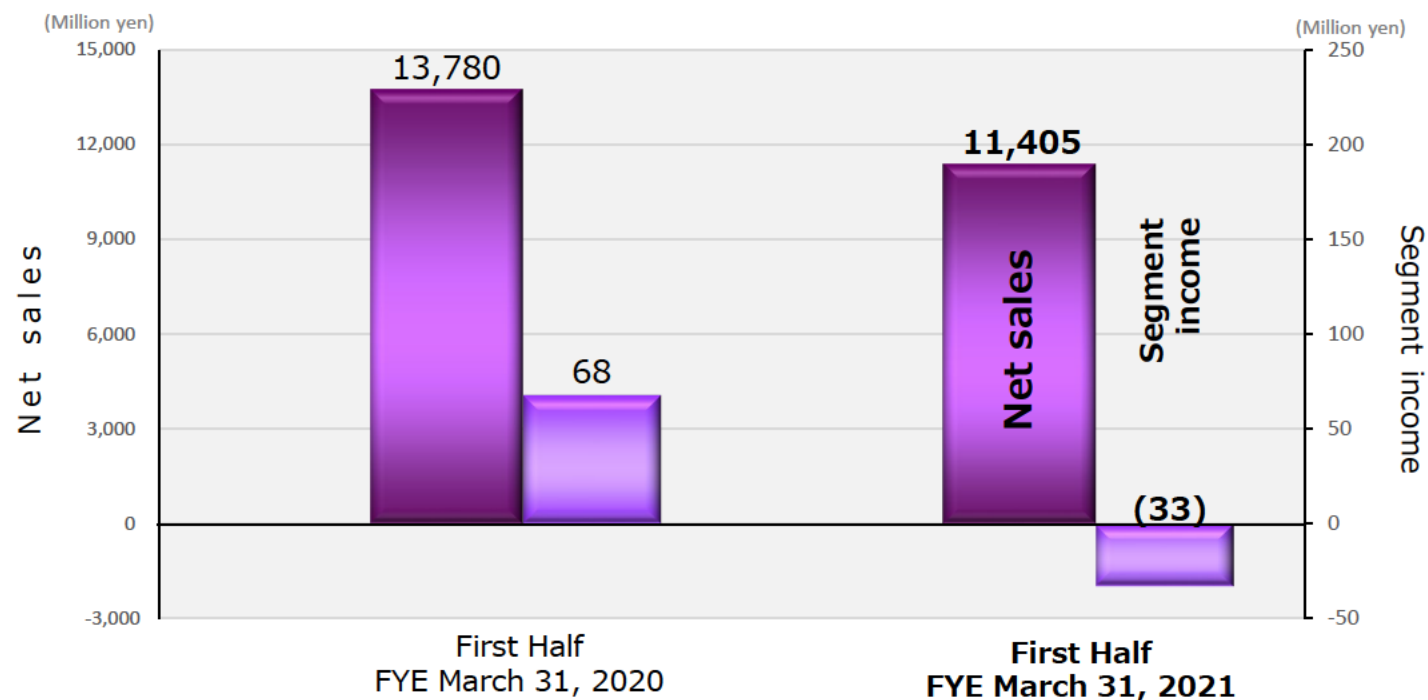
Segment income

(¥33) million

[Business Entity]

TKR 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

¥5,426 million

Down 17.0% YoY

Segment income

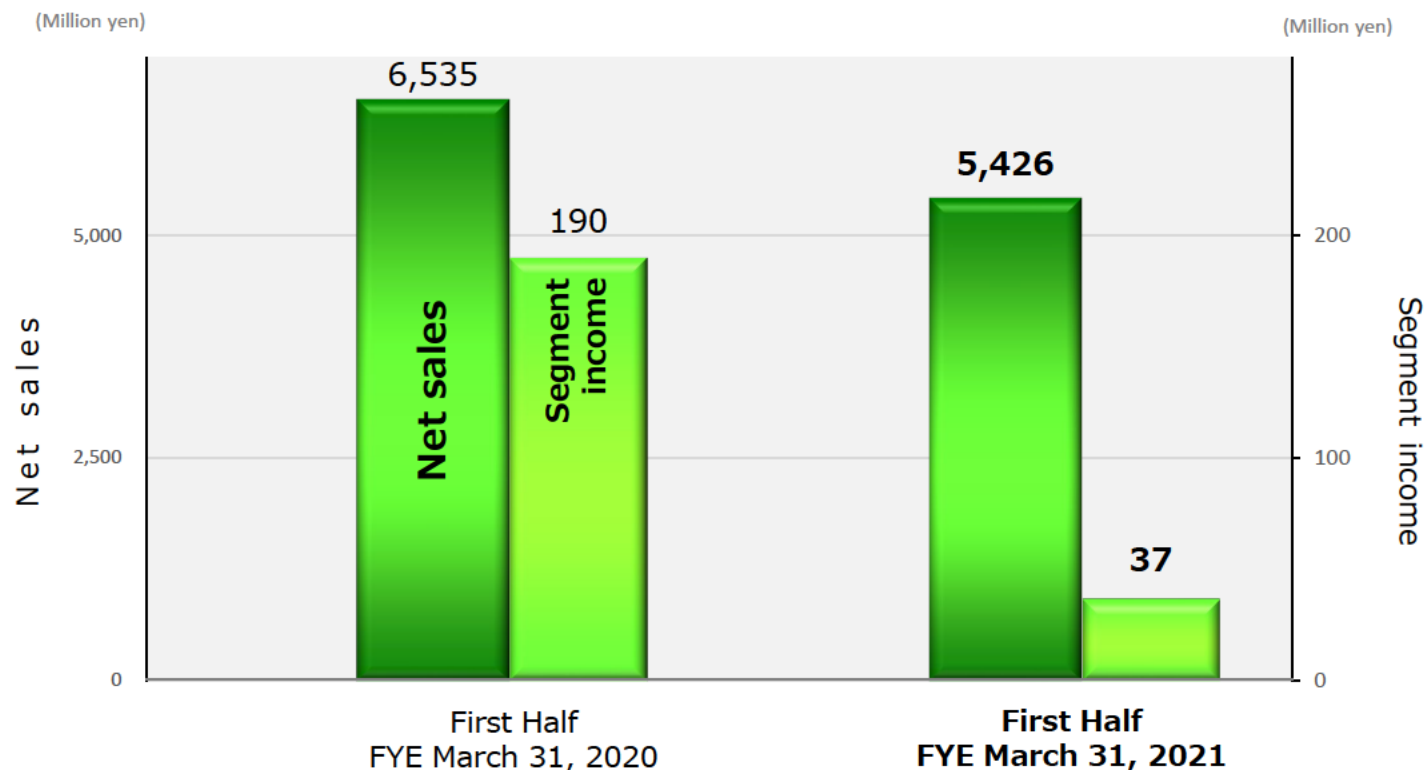
¥37 million

Down 80.2% YoY

[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.
- While the impact of the novel coronavirus significantly reduced profits compared to the same period of the previous year in which sales prices were revised to counteract the steep rise in material prices, measures taken to bolster our sales structure helped improve profits in Q2



■ Financial Performance Highlights (B/S)

(Million yen)	March 31, 2020	September 30, 2020	Change
Current assets	23,115	20,939	(2,175)
Non-current assets	10,288	10,257	(31)
Property, plant and equipment	8,060	8,221	160
Intangible assets	1,095	916	(179)
Investments and other assets	1,133	1,120	(13)
Deferred assets	66	59	(6)
Total assets	33,470	31,256	(2,213)
Total liabilities	27,620	26,414	(1,206)
Current liabilities	16,290	16,099	(190)
Non-current liabilities	11,330	10,314	(1,015)
Total net assets	5,849	4,842	(1,007)
Total liabilities and net assets	33,470	31,256	(2,213)

■ Financial Performance Highlights (Cash Flows)

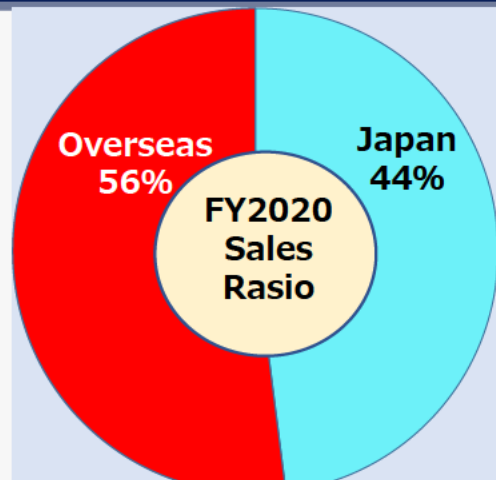
(Million yen)		First Half FYE March 31, 2020	First Half FYE March 31, 2021	Main Points
	Income before income taxes	204	(441)	
	Depreciation	483	627	
	Change in operating capital	(1,429)	1,563	Notes and accounts receivable – trade: ¥2,551 million Inventories: (¥444 million) Notes and accounts payable – trade: (¥543 million)
	Other	1,298	(1,099)	
	Net cash flow from operating activities	556	650	
	Purchase/sales of non-current assets	(987)	(786)	Expenditures for acquisition: (¥787 million)
	Other	(850)	2	
	Net cash flow from investing activities	(1,838)	(784)	
	Free cash flow	(1,281)	(134)	
	Change in loans payable	1,360	960	
	Payment of dividends, etc.	(190)	(434)	Dividends paid: (¥85 million)
	Net cash flow from financing activities	1,169	526	
	Cash and cash equivalents at end of period	4,044	4,477	

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 September 30, 2020)
Stock Exchange Listings	Tokyo Securities Exchange (JASDAQ market) Securities Code 2162
Numbers of employees	11,090 people (as of September 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 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.

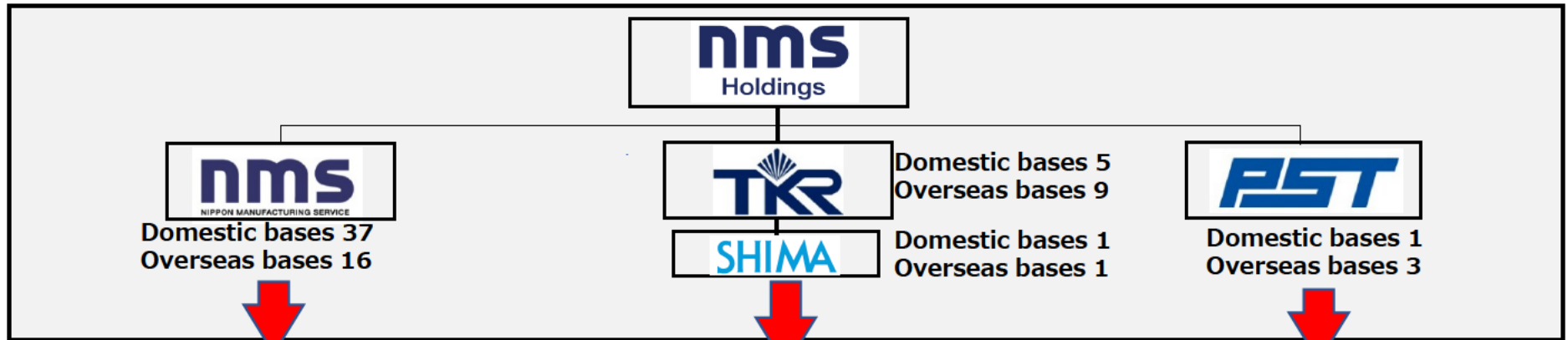
Indonesia

HS



PT. NMS CONSULTING INDONESIA

Bringing Japanese Manufacturing Quality to the World



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 Corporation • 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 • Business initiatives shared with the customer, and design, development and sales efforts related to such • Startup solutions 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

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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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