

nms Holdings Corporation

Overview of Financial Results

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

- The slump in economic activity caused by the spread of the novel coronavirus led to a YoY decline in net sales. However, demand increased from the second quarter onward due to a rebound in automotive-related demand and the recovery in economic activity in China.
- Operating income suffered from restrictions on entering/leaving countries, lockdowns at locations overseas, and other factors. This resulted in longer than expected delays of new products planned at EMS Business locations in Vietnam and Mexico, which are in the strategic investment launch phase. We succeeded in extensively reducing fixed costs across the Group despite this and operating income has continued to improve from the second quarter onward.
- Business structure reform aimed at next fiscal year was also implemented and an extraordinary loss of 52 million yen was posted in the third quarter (October-December 2020) for this. A 49-million-yen extraordinary loss was posted in the third quarter for allowances paid for suspension of business operations and other costs associated with the spread of the novel coronavirus, for a cumulative total of 417 million yen in extraordinary losses posted in the first through the third quarters.

(Million yen)	Third Quarter FYE Mar. 31, 2020 Results (Apr. to Dec. 2019)	Third Quarter FYE Mar. 31, 2021 Results (Apr. to Dec. 2020)					Main Points
		1st Quarter	2nd Quarter	3rd Quarter	Total		
Net sales	46,593	13,725	12,324	13,873	39,922		[Non-operating income/expenses] Non-operating income: ¥119 million (Down ¥129 million YoY) Non-operating expenses: ¥427 million (Down ¥58 million YoY) [Extraordinary income/loss] Extraordinary income: ¥5 million (Down ¥183 million YoY) Extraordinary loss: ¥479 million (Up ¥436 million YoY)
Operating income	607	(29)	168	222	361		
Ordinary income	369	(157)	88	121	53		
Profit attributable to owners of parent	257	(349)	(150)	(87)	(587)		
EBITDA	1,345	292	474	603	1,370		

Financial Performance Highlights by Segment

(Million yen)		Third Quarter FYE Mar. 31, 2020 Results (Apr. to Dec. 2019)	Third Quarter FYE Mar. 31, 2021 Results (Apr. to Dec. 2020)					YoY	Main Points
			1st Quarter	2nd Quarter	3rd Quarter	Total	YoY		
HS Business	Net sales	16,196	4,695	4,521	4,821	14,038	(13.3%)	Segment income for the HS business overall increased despite a YoY decline in net sales. This resulted from an extensive review of expenses and the continuing rebound in demand in overseas business in China in addition to a rebound in demand in the domestic business.	
	Segment income	466	133	250	202	587	25.9%		
EMS Business	Net sales	20,316	6,280	5,125	6,179	17,584	(13.4%)	Advance investments at the locations in Vietnam and Mexico put pressure on profits (total cumulative depreciation of ¥681 million for 1Q-3Q); however, segment profits improved from the second quarter onward, mainly in China and Malaysia.	
	Segment income	68	(45)	12	45	12	(82.3%)		
PS Business	Net sales	10,080	2,749	2,677	2,872	8,299	(17.7%)	Segment income declined compared to the same period of the previous year when sales prices were revised to counteract the steep rise in material prices, but improved from the second quarter onward due to improvement in operations at production locations in China and extensive cost restructuring.	
	Segment income	438	(1)	39	97	135	(69.1%)		
Segment Eliminations	Segment income	(365)	(115)	(134)	(122)	(372)	—	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	46,593	13,725	12,324	13,873	39,922	(14.3%)		
	Segment income	607	(29)	168	222	361	(40.4%)		

* 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

¥14,038 million

Down 13.3% YoY

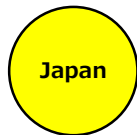
Segment income

¥587 million

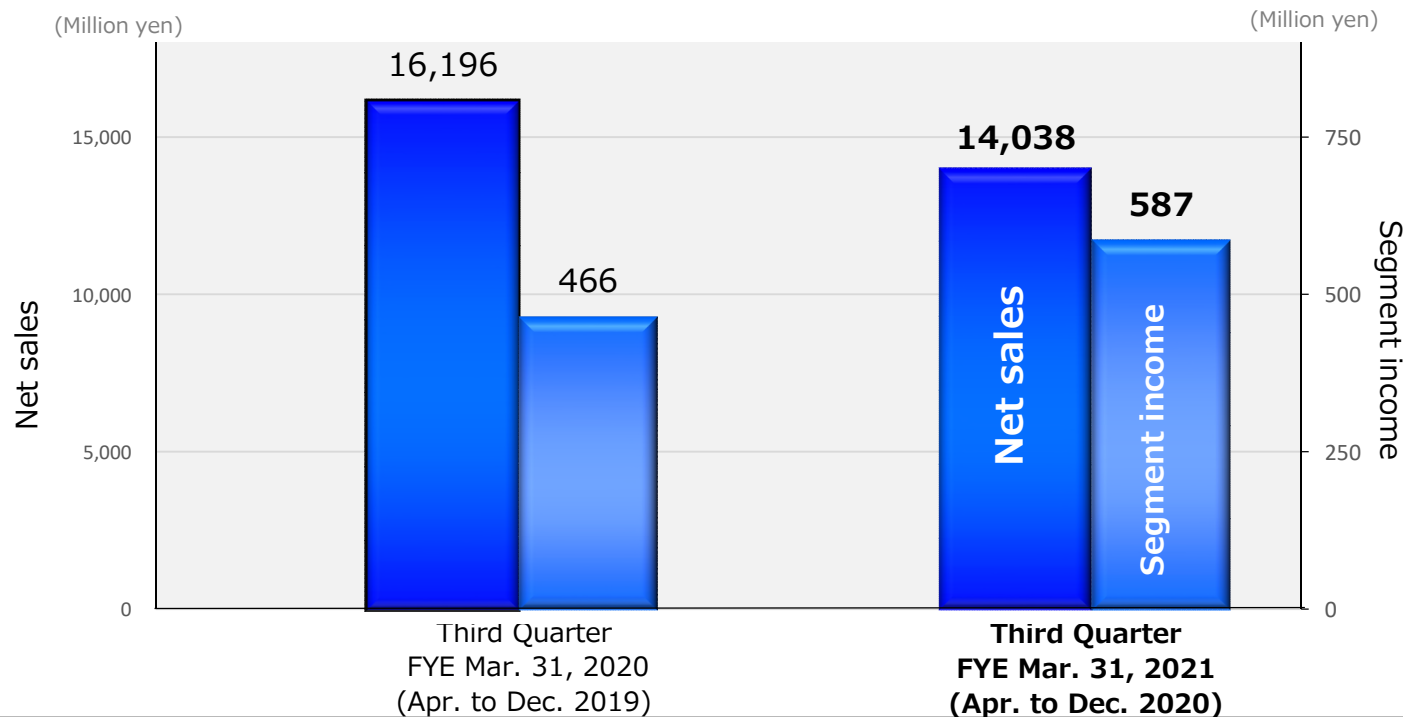
Up 25.9% YoY

[Business Entity]

Nippon Manufacturing Service Group



- Although net sales declined from the impact of the novel coronavirus, automotive-related business in the manufacturing worker dispatch/contract manufacturing business rebounded and the need for the supply of human resources in busy industries continued.
- Segment income was secured through an extensive review of expenses in the third-party logistics contracting and technical logistics processing business company (nms Logistics and Technical Solution Co., Ltd.) and technician dispatch company (nms Engineering Co., Ltd.), and efforts to shrink fixed costs in the domestic business overall.
- There was a lingering impact on costs accompanying the business launch in Indonesia on top of operating adjustments in the ASEAN region due to the impact of the novel coronavirus, but business in China continued to rebound.
- Sales operations were strengthened to prepare for when the market environment improves.



(For Reference) Financial Performance by Segment: EMS Business

Net sales

¥17,584 million

Down 13.4% YoY

Segment income

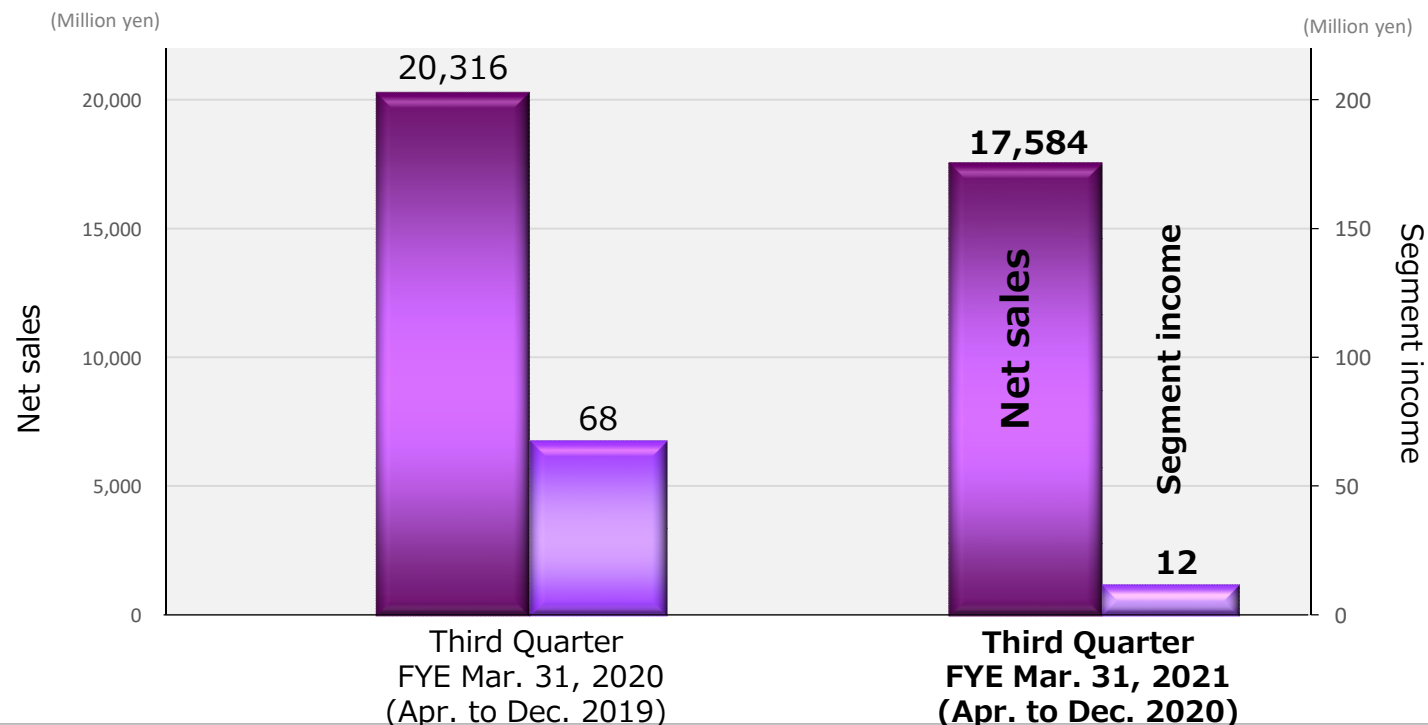
¥12 million

Down 82.3% YoY

[Business Entity]

TKR Group

- Net sales declined in the domestic EMS Business due to production cuts and decreased demand for machine tool-related products by domestic customers. This resulted from ongoing U.S.-China trade friction over the past two years, in addition to the impact of the novel coronavirus.
- In the overseas EMS Business, we are expanding production activities in China, ASEAN countries, and North and Central America. Net sales remain low overall despite improvement in operations in China and Malaysia due to the impact from a persistent slowdown in economic activity from lockdowns, stay-at-home orders, restrictions on entering/leaving countries, and other governmental policies accompanying the global spread of the novel coronavirus amid the strategic investments and launch of operations in this business from last fiscal year onward.
- On the profit front, the costs of advance investment and other strategic measures at locations in Vietnam and Mexico put downward pressure on profit, but comprehensive cost-cutting also made a positive contribution and segment income began to improve from the second quarter onward.



(For Reference) Financial Performance by Segment: PS Business

Net sales

¥8,299 million

Down 17.7% YoY

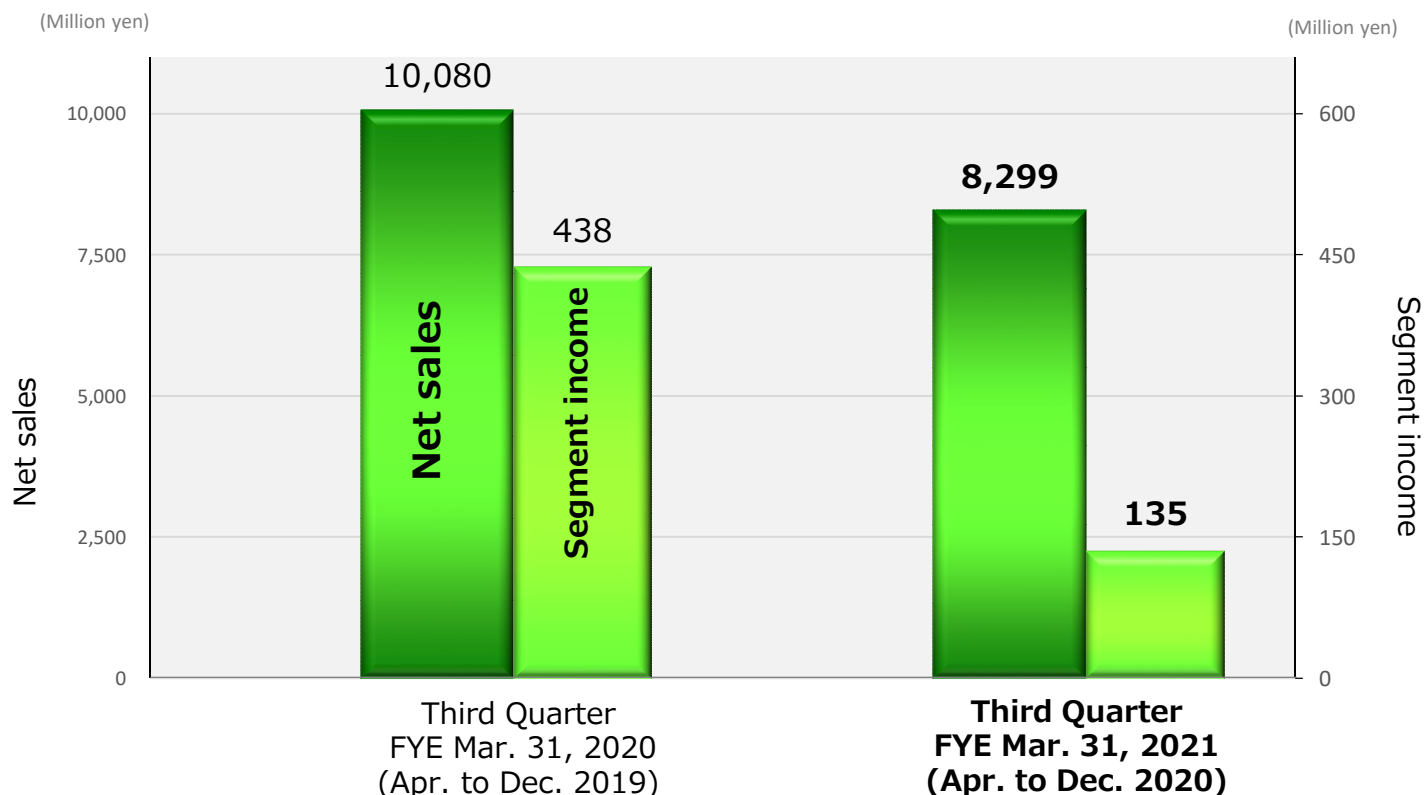
**Segment
income**

¥135 million

Down 69.1% YoY

[Business Entity]
Power Supply
Technology Group

- While the impact of the novel coronavirus on production locations in China improved, disruptions in the supply chain and production and inventory adjustments by customers caused net sales to decline. However, the extensive cost restructuring implemented last fiscal year resulted in a stronger structure and further cost reductions were also implemented to secure profits.
- While the impact of the novel coronavirus and other negative factors 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, the work on bolstering our sales structure contributed substantially to continued improvement in segment income from the second quarter onward and built the foundation for the next fiscal year.



■ Financial Performance Highlights (B/S)

(Million yen)	March 31, 2020	December 31, 2020	Change
Current assets	23,115	20,397	(2,717)
Non-current assets	10,288	10,026	(262)
Property, plant and equipment	8,060	7,986	(73)
Intangible assets	1,095	905	(189)
Investments and other assets	1,133	1,134	0
Deferred assets	66	56	(9)
Total assets	33,470	30,480	(2,989)
Total liabilities	27,620	25,662	(1,958)
Current liabilities	16,290	15,792	(498)
Non-current liabilities	11,330	9,870	(1,459)
Total net assets	5,849	4,818	(1,031)
Total liabilities and net assets	33,470	30,480	(2,989)

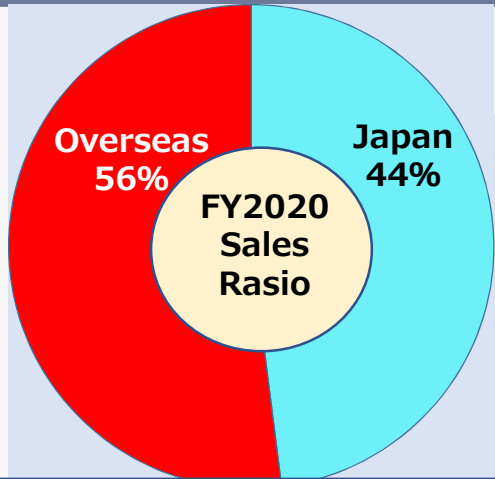
nms Holdings Corporation

<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 December 31, 2020)
Stock Exchange Listings	Tokyo Securities Exchange (JASDAQ market) Securities Code 2162
Numbers of employees	11,521 people (as of December 31, 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
28

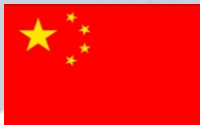
(For Reference) nms Holdings Group Overseas Expansion



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

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

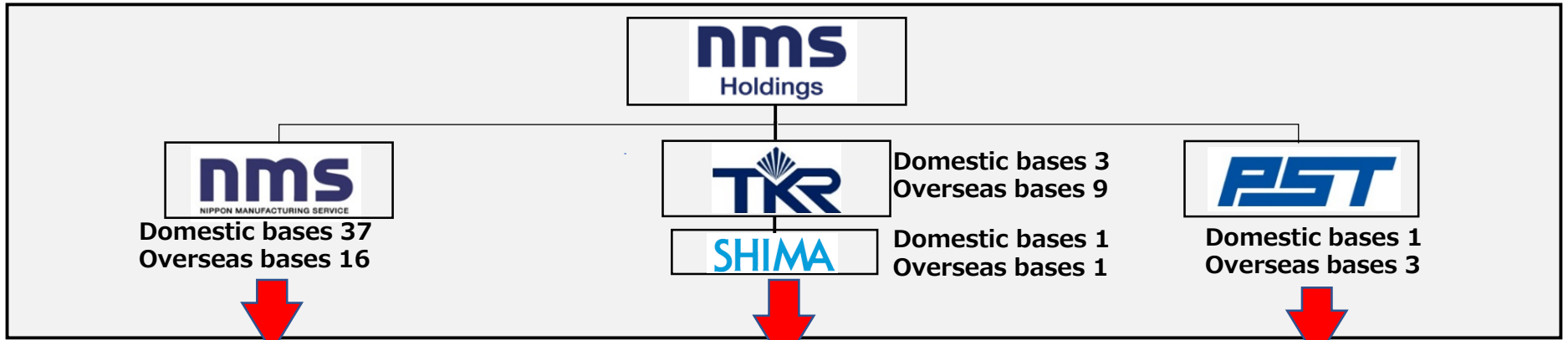
HS

PT. NMS CONSULTING INDONESIA

(For Reference) nms Holdings Group History

September, 1985	Established Tesco Corporation aiming for contract business of manufacturing field
September, 2000	Changed company names to Nippon Manufacturing Service Corporation
April, 2003	Opened Beijing office in Beijing, China
July, 2004	Established Sino-Japan Staff training and Dispatch Co., Ltd.
April, 2005	Started business of dispatching Japanese engineers
October, 2007	Listed on JASDAQ Stock Market (Currently, Tokyo Stock Exchange, JASDAQ market)
July, 2008	Opened a representative office in Ho Chi Minh City, Vietnam
July, 2010	Acquired SHIMA Electronic Industry Co., Ltd.
August, 2010	Established Nippon manufacturing International, Vietnam Branch (the first foreign company that obtained an approval for an in-premise contract manufacturing operations)
December, 2010	Established Sino Manufacturing Service Corporation (first foreign company that obtained China's domestic approval for a worker-dispatching business operation)
July, 2011	Acquired TKR Corporation
September, 2011	Established Sino Manufacturing Service Corporation, Wuxi Branch
January, 2012	Established Sino Manufacturing Service Corporation, Shenzhen Branch
July, 2012	Sino Manufacturing Service Corporation formed a business alliance with a government-affiliated organization in Henan Province in recruiting operations
March, 2013	Sino Manufacturing Service Corporation acquired the governmental human resource company, Wuxi City Binhu District Human Power Corporation
October, 2013	Part of the operations transferred from Hitachi Media Electronics
May, 2014	Participated in the research project on contracted manufacture in China
September, 2014	Opened nms(Thailand)Co., Ltd. in Thailand: Started business of dispatch
October, 2014	General Power Supply Operations transferred from Panasonic
December, 2014	Business Tie-Up with Two Cambodian Employee Placement Companies for Dispatch of Workers to Thailand
January, 2016	Established NMS VIETNAM CO.,LTD.
March, 2016	Established a representative office in Cambodia
June, 2016	Completed the construction and started the operation of a Vietnam plant
July, 2016	Started contract manufacturing in the Vietnam Plant
July, 2016	nms (Thailand) Co., Ltd. tied up with a Cambodian local company
July, 2016	Established TKR MANUFACTURING PHILIPPINES INC.
April, 2017	Inaugurated the nms Holdings Inc. Accompanied by this, our company inherited the Human Resource Solution Business of the nms Group, including worker dispatch for manufacturing/contracted manufacture, and we started the business operation in a new system as Nippon Manufacturing Service Corporation.
July, 2017	Established NMS Lao Sole Co., LTD
August, 2017	Established Japan Technical Education Organization Co., Ltd.
January, 2018	Power Supply Technology Co., Ltd. opened Matsusaka Factory, its product design and manufacturing site for the EV field
May, 2018	Established TKR MANUFACTURING VIETNAM CO., LTD.
June, 2018	Established nms Logistics and Technical solution Co., Ltd.
October, 2018	Established PT. NMS CONSULTING INDONESIA
December, 2018	Established TKR USA, Inc.
March, 2019	TKR USA acquired the functions and businesses of an operation division of Sony Electronics Inc., a U.S. subsidiary of Sony Corporation, and its production base in Mexico.
April, 2019	Started business at TKR de México S.A. de C.V.
January, 2020	Established nms Engineering Co., Ltd.
March, 2020	Established Power Supply Technology (Thailand) Co., Ltd.
July, 2020	Established Power Supply Technology (Hong Kong) Co., Limited
January, 2021	Started business at Power Supply Technology (Hong Kong) Co., Limited
January, 2021	TKR CORPORATION absorbed and merged TKR MANUFACTURING JAPAN CORPORATION

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. 	<p>Japan China Vietnam Thailand Laos Indonesia Cambodia</p>	<p>General manufacturing services in Japan and overseas</p> <ul style="list-style-type: none"> • Manufacturing business (contracting, staffing and recruitment services) • Production engineering business (contracting, staffing and recruitment services) • IT and design development engineering business (contracting, staffing and recruitment services) • Technical service business (various repairs, rework and analysis / general customer services) • Logistics service business (3PL / flow surface processing / staffing) • Energy-saving Device business • 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 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. 	<p>Japan China Hong Kong(China) Malaysia Vietnam U.S.A. Mexico</p>	<ul style="list-style-type: none"> • Electronics Manufacturing Service business (substrate mounting, substrate assembling, simple pressing, resin molding, assembly, etc.) • Electronic device repair service • Design, development and manufacture of automotive-related equipment and parts • 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 	<p>Japan China Hong Kong (China) Thailand</p>	<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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Contact for inquiries:
nms Holdings Corporation
Corporate Communications & IR Dept.
Tel: +81-3-5333-1737
E-mail: nms-ir@n-ms.co.jp

