

nms Holdings Corporation

Overview of Financial Results

for the Third Quarter of Fiscal Year Ending March 31, 2020

Both net sales and operating income increased YoY

- **Net sales: Increased in all business segments, +10% YoY overall**

Sales were firm overall, despite a decline in demand for machine tool-related products in the EMS Business.

All business segments achieved YoY growth in sales.

- **Operating income: High growth in the HS Business, +102% YoY (Doubled)**

- **HS Business:** Segment income rose 307.1% YoY. The launch of a third party logistics contracting and technical logistics processing business and a technician dispatch company last fiscal year and progress on improving the profitability of overseas business contributed to this.
- **EMS Business:** Segment income declined YoY as a result of the impact from lower demand for machine tool-related products, costs associated with the launch of locations in Vietnam and Mexico, and other factors, but was in line with the plan.
- **PS Business:** Segment income increased due to decisive action on comprehensive cost restructuring and revision of sales prices to counteract the steep rise in material prices.

- **Topics: Continuation of strategic investments**

- The businesses in the U.S. and Mexico, which were acquired from Sony Corporation, started operating under the new structure from April 1, 2019.
- In the EMS Business, we began building a second plant at the location in Vietnam in response to the transfer of control over production to the ASEAN region by Japanese companies.

1. Financial Performance Highlights for the Third Quarter of Fiscal Year Ending March 31, 2020

(Million yen)	Third Quarter FYE Mar. 31, 2019 Results	Third Quarter FYE Mar. 31, 2020		
		Results	YoY	Main Points
Net sales	42,269	46,593	<i>10.2%</i>	<p>[Net sales] Sales increased for all business segments.</p> <p>[Operating income] HS Business, PS Business: Segment income increased. EMS Business: Segment income declined YoY as a result of the impact from lower demand for machine tool-related products, costs associated with the launch of locations in Vietnam and Mexico, and other factors, but was in line with the plan.</p> <p>[Ordinary income] Non-operating income: ¥248 million (Down ¥155 million YoY) Non-operating expenses: ¥486 million (Up ¥94 million YoY)</p> <p>[Extraordinary income] ¥188 million (Up ¥32 million YoY)</p> <p>[Extraordinary loss] ¥43 million (Down ¥4 million YoY)</p>
Operating income	300	607	<i>102.1%</i>	
Ordinary income	312	369	<i>18.1%</i>	
Profit attributable to owners of parent	211	257	<i>22.1%</i>	

2. Financial Performance Highlights by Segment

(Million yen)		Third Quarter FYE Mar. 31, 2019 Results	Third Quarter FYE Mar. 31, 2020		
			Results	YoY	Main Points
H S Business	Net sales	14,239	16,196	13.7%	Firm demand, the launch of a third party logistics contracting and a technical logistics processing business and a technician dispatch company last fiscal year and progress on improving the profitability of overseas business contributed to substantial growth in segment income.
	Segment income	114	466	307.1%	
E M S Business	Net sales	19,051	20,316	6.6%	Results were in line with the plan despite the impact from the decline in demand for machine tool-related products, the deterioration in labor productivity caused by the increase in production of household appliance parts overseas, and costs associated with the launch of locations in Vietnam and Mexico, among other factors.
	Segment income	320	68	(78.6%)	
P S Business	Net sales	8,978	10,080	12.3%	Both net sales and segment income increased due to decisive action on comprehensive cost restructuring, revision of sales prices to counteract the steep rise in material prices, and from an increase in sales from firm demand.
	Segment income	262	438	66.7%	
Segment Eliminations	Segment income	(397)	(365)	—	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	42,269	46,593	10.2%	
	Segment income	300	607	102.1%	

* 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



The manufacturing worker dispatch/contract manufacturing business focused on the use of newly hired graduates and foreign technical trainees, and the third party logistics contracting and technical logistics processing business and technician dispatch company maintained strong performance.

The location in Vietnam (NMS VIETNAM CO., LTD.), which operates a human resources business and contract manufacturing business, improved labor productivity and saw strong performance overall in both the ASEAN region and China, despite costs accompanying the launch of business in Indonesia and Laos.

Net sales

¥16,196 million

Up 13.7% YoY

Segment income

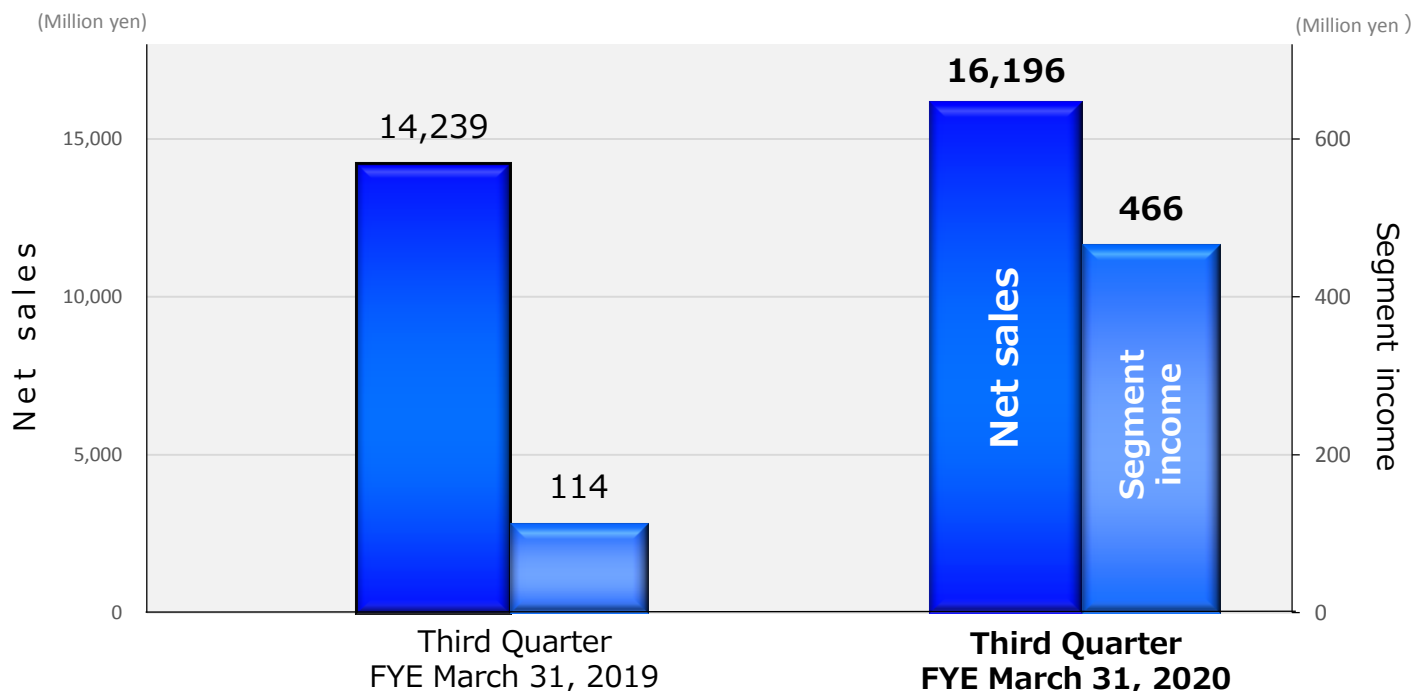
¥466 million

Up 307.1% YoY

[Business Entity]

Nippon Manufacturing
Service Group

We will implement the strategy to expand the scale of the business both in Japan and overseas in stages and work to reap the results quickly and improve profitability.



(For Reference) Financial Performance by Segment: EMS Business

Net sales

¥ **20,316** million

Up 6.6% YoY

Segment income

¥ **68** million

Down 78.6% YoY

[Business Entity]

- SHIMA ELECTRONIC INDUSTRY Group
- TKR Group



Japan

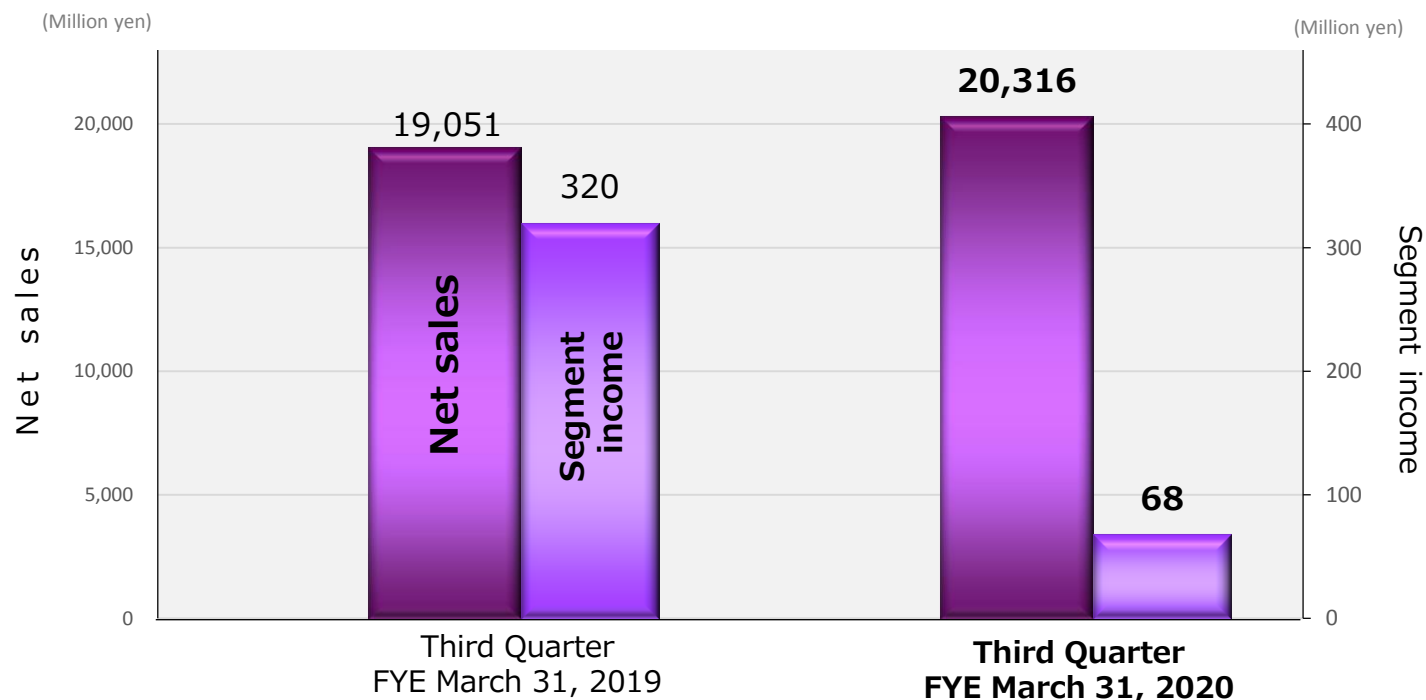
Machine tool-related demand declined due to the trade friction between the U.S. and China and production adjustments in Japan and other actions necessitated by the trade friction.



Overseas

Overall sales were broadly in line with the plan despite the YoY decline in segment income owing to the cost of advance investment associated with the launch of business at locations in Vietnam, the U.S., and Mexico. Demand remained strong in the ASEAN region and China, primarily in relation to household appliances.

TKR Corporation (TKR): A new plant was completed in Vietnam in April 2019 in addition to those already established in China and Malaysia, and the businesses in the U.S. and Mexico, which were acquired from Sony Corporation, started operations on April 1, 2019. We are responding to the geographical multipolarization of production by customers in response to U.S.-China trade friction and other factors, and are working to expand our global business structure.



(For Reference) Financial Performance by Segment: PS Business

Net sales

¥ **10,080** million

Up 12.3% YoY

Segment income

¥ **438** million

Up 66.7% YoY

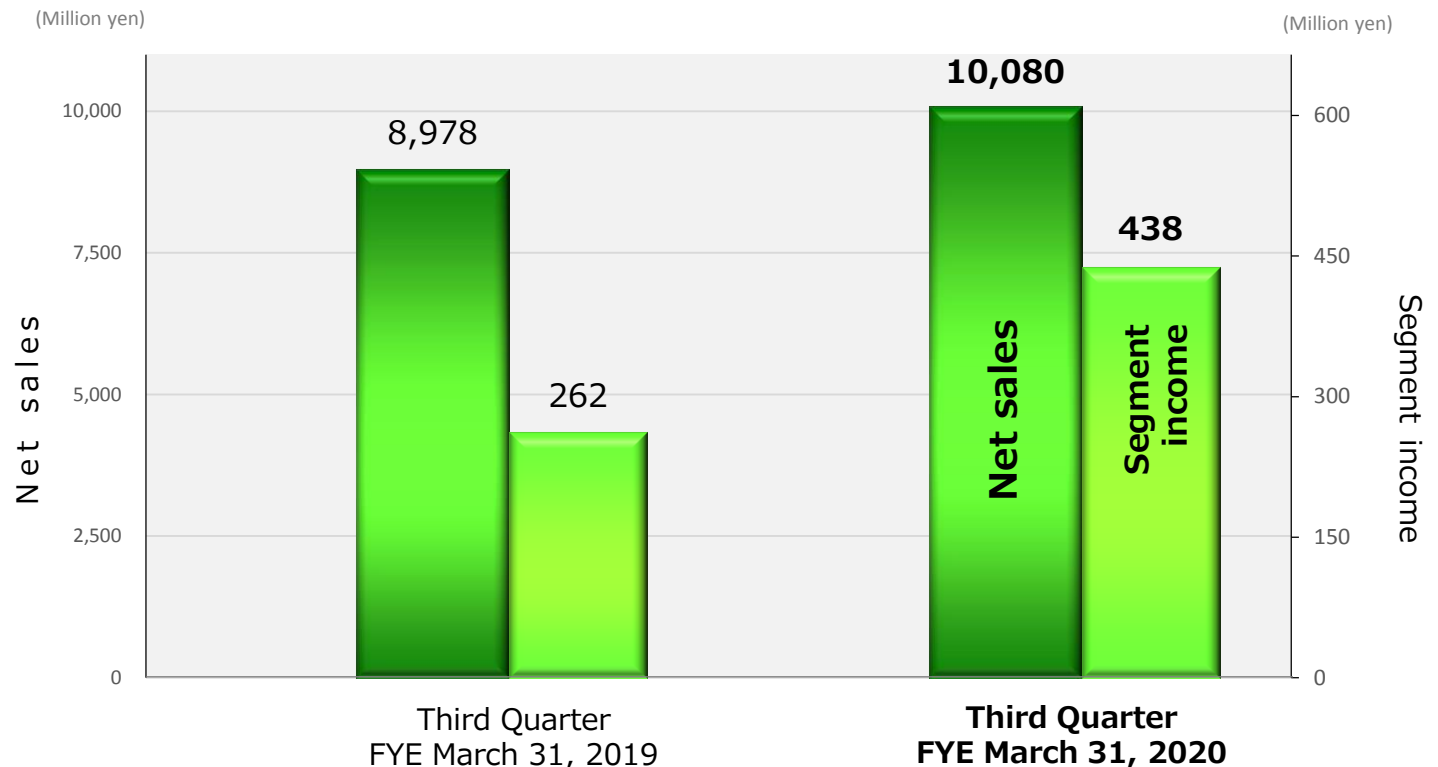
[Business Entity]

Power Supply
Technology CO., LTD.

Overall

- Demand was firm as the segment completed adjustments to demand for existing products, moved past the hiatus in introduction of new products for new areas, and achieved a steady start in mass production of new orders.
- The YoY increase in segment income resulted from the revision of sales prices in response to the steep rise in the cost of materials procured last fiscal year, in addition to the comprehensive cost restructuring to rebuild the business platform.

The Company aims to achieve growth in both net sales and segment income through a dual focus on strengthening the business base and developing new products. We will achieve this by utilizing our accumulated expertise in power supply technology to develop new products and break into new market areas.



3. Financial Performance Highlights (B/S)

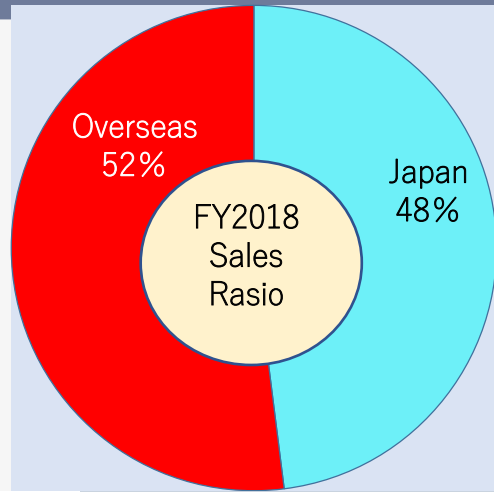
(Million yen)	March 31, 2019	December 31, 2019	Change	Main Points
Current assets	22,082	22,666	584	Cash and deposits: ¥637 million Notes and accounts receivable – trade: ¥63 million Inventories: (¥338 million)
Non-current assets	7,380	9,425	2,044	
Property, plant and equipment	5,612	7,161	1,549	
Intangible assets	540	987	447	
Investments and other assets	1,227	1,275	47	
Total assets	29,462	32,092	2,629	
Total liabilities	23,717	26,502	2,785	
Current liabilities	21,744	22,619	875	[Loans payable balance] Dec. 31, 2019 ¥15,893 million Mar. 31, 2019 ¥14,286 million
Non-current liabilities	1,973	3,883	1,909	
Total net assets	5,744	5,589	(155)	
Total liabilities and net assets	29,462	32,092	2,629	

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 December 31, 2019)
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. <div><div>Group Company Total</div><div>26</div></div>

(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)

HS



TKR HONG KONG LIMITED
Power Supply Technology CO.,LTD. HONG KONG Branch



Philippines

EMS

TKR MANUFACTURING PHILIPPINES INC.

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.

Thailand • Laos • Cambodia



nms(Thailand) Co., Ltd.



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



NMS Lao Sole Co., LTD.

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 Japan Technical Education organization (JATEO) nms Logistics and Technical solution Co., Ltd. nms Engineering Co., Ltd. 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. NMS Lao Sole Co., LTD Representative office of NMS (Thailand)Co., Ltd. PT. NMS CONSULTING INDONESIA 	Japan China Vietnam Thailand Laos Cambodia Indonesia	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"> SHIMA ELECTRONIC INDUSTRY CO., LTD. TKR Corporation TKR Manufacturing Japan Co., Ltd. TKR HUANAN ELECTRONICS CO.,LTD TKR Hong Kong Limited 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. 	Japan China Hong Kong (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. Power Supply Technology Co., Ltd. Hong Kong Branch 	Japan China Hong Kong (China)	<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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