

nms Holdings Corporation

Overview of Consolidated Financial Results

for the Third Quarter of Fiscal Year Ending March 31, 2024

- Performance was strong overall as domestic demand remained firm, despite the negative impact from economic stagnation caused by monetary tightening policies in Europe and the U.S. and production cuts by customers who experienced a decline in end-user demand, among other factors.
- Operating income recorded YoY growth as the positive effects from measures to strengthen the business base appeared, including the full benefits of previous business restructuring, reduction in fixed costs, and productivity improvements, despite the decline in net sales, mainly due to production adjustments by customers.
- Foreign exchange losses due to yen appreciation were recognized during the October to December quarter, causing small YoY declines in ordinary income and profit attributable to owners of parent. However, profits remained firm overall.

(Million yen)	Third Quarter of FYE Mar. 31, 2023 Results※ (Apr. to Dec. 2022)	Third Quarter of FYE Mar. 31, 2024 Results (Apr. to Dec. 2023)					Main Points
		1st Quarter	2nd Quarter	3rd Quarter	Total	YoY	
Net sales	57,311	18,565	17,709	18,407	54,682	(4.6%)	[Non-operating income/expenses] Non-operating income: ¥739 million (Down ¥277 million YoY) Non-operating expenses: ¥688 million (Up ¥311 million YoY) [Extraordinary income/losses] Extraordinary income: ¥1 million Extraordinary losses: ¥1 million
Operating income	640	483	14	610	1,108	+467	
Ordinary income	1,280	698	191	269	1,159	(121)	
Profit attributable to owners of parent	780	496	63	216	776	(3)	
Net income per share (yen)	50.21	31.93	4.10	13.95	49.98	(0.23)	
EBITDA	1,680	842	386	949	2,178	+498	

※explanatory note (P7)

■ Financial Performance Highlights by Segment

(Million yen)		Third Quarter of FYE Mar. 31, 2023 Results (Apr. to Dec. 2022)※	Third Quarter of FYE Mar. 31, 2024 Results (Apr. to Dec. 2023)					
						Total	YoY	Main Points
			1st Quarter	2nd Quarter	3rd Quarter			
HS Business	Net sales	17,305	5,761	5,655	5,736	17,153	(0.9%)	•Domestic demand was firm overall despite production adjustments by customers, mainly related to automotive and semiconductor demand. •The positive effects of measures to strengthen the business base improved profitability despite the negative impact from continuing production adjustments overseas, resulting in a decrease in net sales and growth in segment income overall.
	Segment Income	709	196	231	331	759	+49	
EMS Business	Net sales	27,618	9,118	8,228	8,387	25,735	(6.8%)	•Net sales decreased YoY due to the negative impact from production cuts and production adjustments by customers, despite the positive effects from the receipt of new orders from strategic investments and commencement of mass production, which expanded business scale. •The positive effects from productivity improvements and cost restructuring at each location also led to growth in segment income.
	Segment Income	111	242	(107)	85	220	+108	
PS Business	Net sales	12,387	3,685	3,824	4,282	11,793	(4.8%)	•Although domestic demand trended at a high level, the negative impact from production and inventory adjustments by customers overseas resulted in a decline in net sales. •Segment income increased despite the negative impact from the decline in net sales owing to steady efforts to maintain stable production, mainly by expanding procurement sources for parts and materials, and implement measures to secure sales and profit.
	Segment Income	185	203	15	356	575	+390	
Segment Eliminations	Segment Income	(366)	(159)	(124)	(163)	(447)	—	Company-wide expenses attributable to the holding company
Total	Net sales	57,311	18,565	17,709	18,407	54,682	(4.6%)	HS Business: Human Resource Solution Business EMS Business: Electronics Manufacturing Service Business PS Business: Power Supply Business
	Segment Income	640	483	14	610	1,108	+467	

※explanatory note (P7)

(For Reference) Financial Performance by Segment: HS Business

Net sales

¥ 17,153 million

Down 0.9% YoY

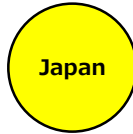
Segment income

¥ 759 million

Up 7.0% YoY

[Business Entity]

**Nippon Manufacturing
Service Group**



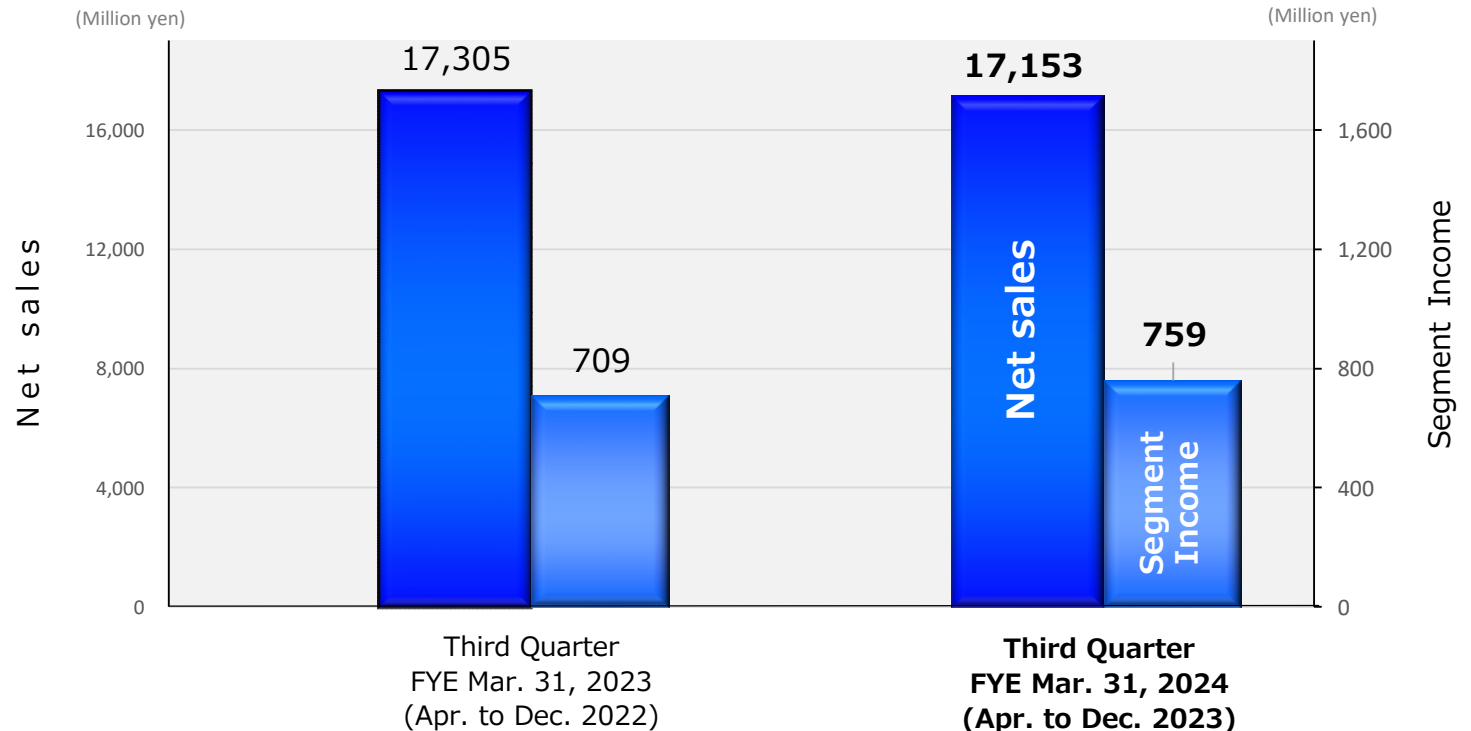
Japan

- Demand was firm overall despite production adjustments by customers mainly related to automotive and semiconductor demand, which suppressed sales.
- Profitability improved as progress was made on measures to strengthen the business base, including negotiating unit prices on existing transactions, improving the cost-to-sales ratio through cost reductions, and stronger management to maintain appropriate SG&A expenses.



Overseas

The positive effects from measures to strengthen the business base contributed to strong performance overall , despite the negative effects from continuing production cuts by customers to adjust inventories in China and Vietnam.



(For Reference) Financial Performance by Segment: EMS Business

Net sales

¥ 25,735 million

Down 6.8% YoY

**Segment
income**

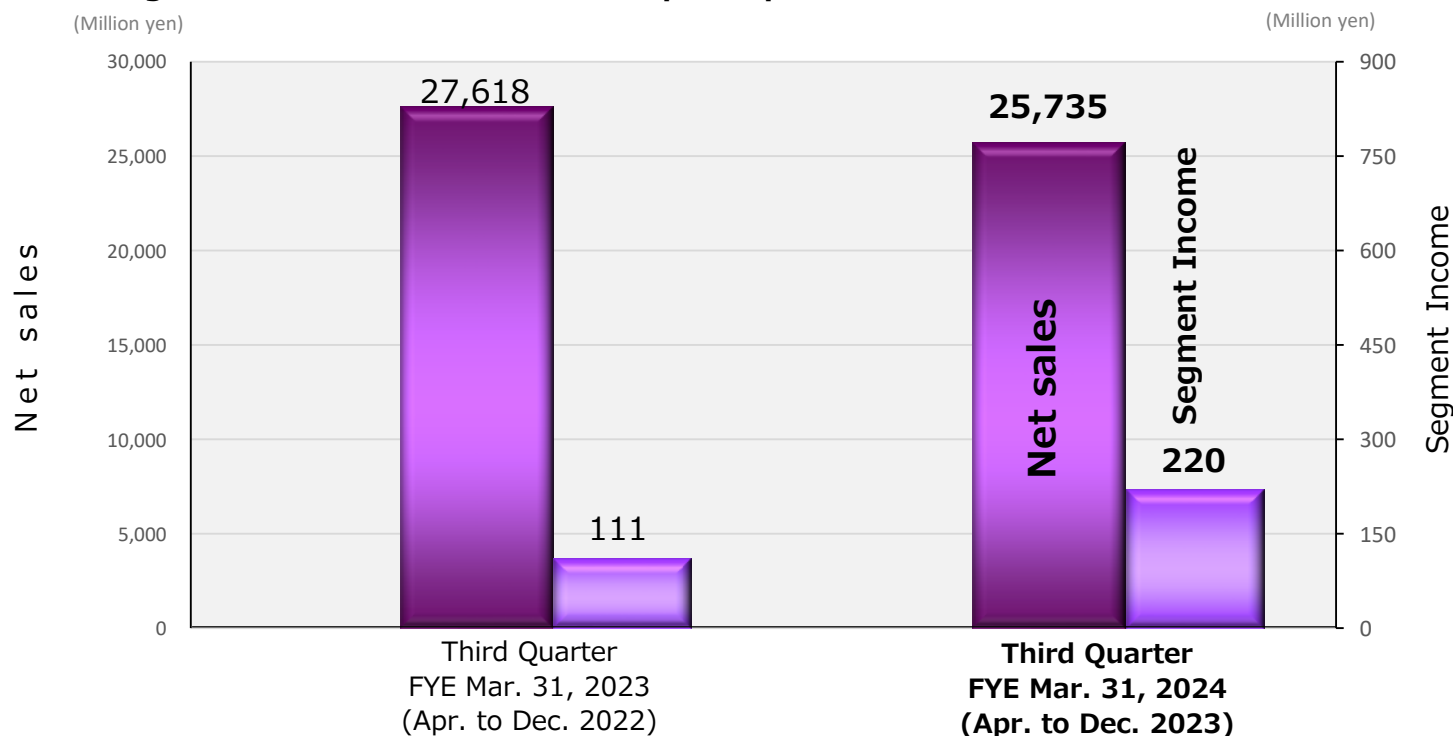
¥ 220 million

Up 97.6% YoY

[Business Entity]

TKR Group

- The EMS business has production operations in China, ASEAN countries, and North America. Net sales declined owing to the negative impact from production cuts and adjustments by customers overseas as they changed sales strategies, despite the positive effects from expansion of business scale, mainly from the receipt of new orders from strategic investments and increase in production volume from commencement of mass production.
- The positive effects from productivity improvements and cost restructuring at each location led to substantial improvement on the profit front despite the negative effects from production adjustments by customers.
- The North America business is a strategic measure for expansion of market domains and inquiries from customers are also increasing so we are implementing measures to strengthen the business base and improve performance.



(For Reference) Financial Performance by Segment: PS Business

Net sales

¥ 11,793 million

Down 4.8% YoY

**Segment
income**

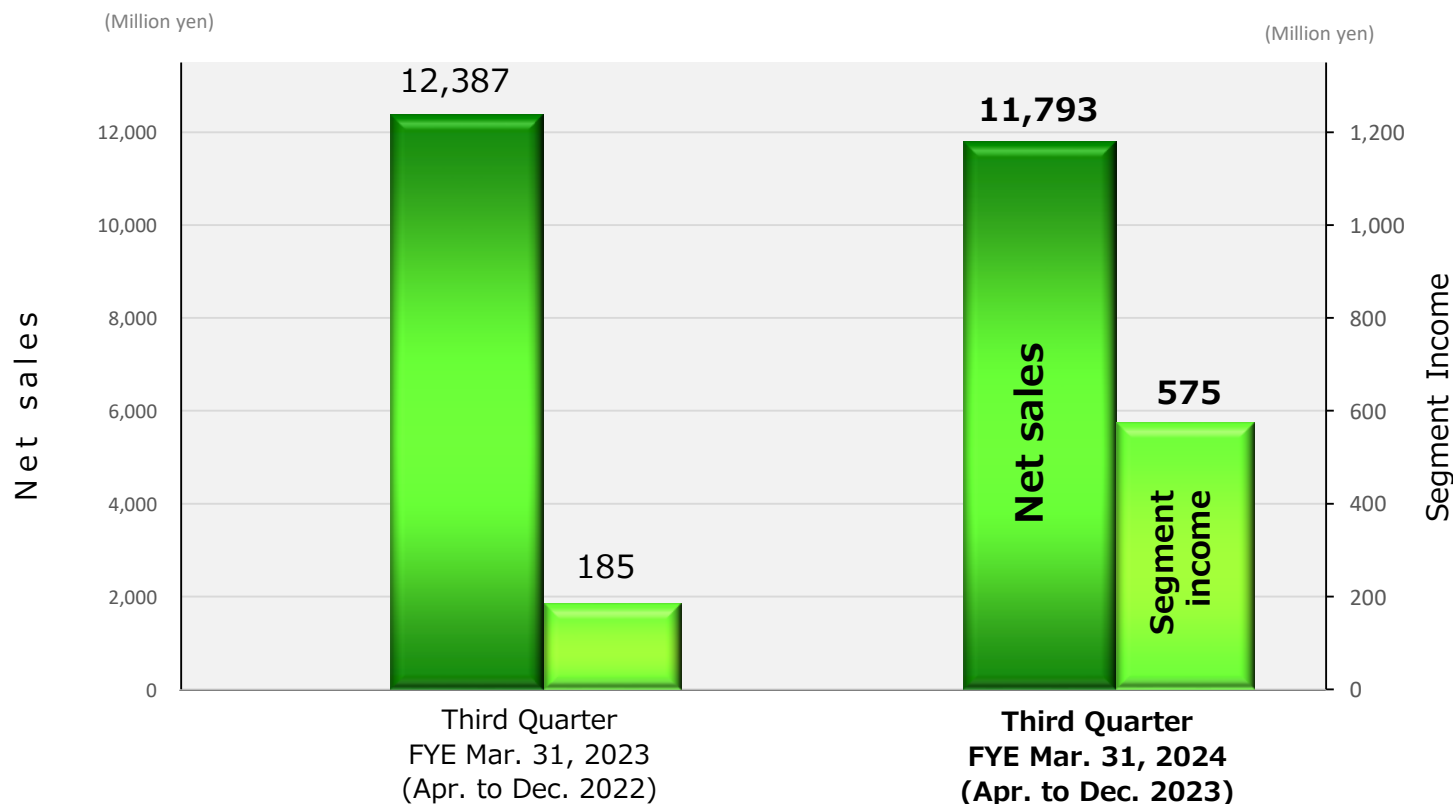
¥ 575 million

Up 210.0% YoY

[Business Entity]

**Power Supply
Technology Group**

- Net sales declined despite the continuing high level of domestic demand due to production and inventory adjustments by customers, mainly resulting from a sales slump in Europe.
- Expanding procurement sources for parts and materials and other steady efforts to maintain stable production and implement measures to secure sales and profit led to substantial YoY improvement in segment income.



■ Financial Performance Highlights (B/S)

(Million yen)	FYE Mar. 31, 2023 (March 31, 2023)	Third Quarter of FYE Mar. 31, 2024 (December 31, 2023)	Change
Current assets	30,020	28,524	(1,496)
Non-current assets	8,885	10,043	1,158
Property, plant and equipment	7,089	8,202	1,112
Intangible assets	651	629	(22)
Investments and other assets	1,143	1,211	68
Deferred assets	26	16	(9)
Total assets	38,932	38,584	(347)
Total liabilities	36,417	35,218	(1,199)
Current liabilities	28,519	26,632	(1,886)
Non-current liabilities	7,898	8,585	687
Total net assets	2,514	3,366	851
Total liabilities and net assets	38,932	38,584	(347)

Change in comparative information for the third quarter of fiscal year Ending March 31, 2024 accompanying adoption of the updated U.S. accounting standard, ASU 2016-02, Leases

Overseas subsidiaries applying U.S. accounting standards in the previous fiscal year have adopted the updated U.S. accounting standard, ASU 2016-02, Leases (hereafter, “the Standard”).

In adopting the Standard, these subsidiaries have adopted the method of recognizing the amount for the cumulative effective from the change in accounting policies on the date application of the Standard commenced, in keeping with transitional treatment.

The amount of the impairment loss measured by examining the impairment of lease assets of the EMS business, to which the Standard applies, was posted to retained earnings at the beginning of the previous consolidated fiscal year.

Because the Standard is applied from fiscal year ending March 31, 2024, the impairment loss accompanying the change in accounting policies was retroactively posted to retained earnings at the beginning of the previous consolidated fiscal year in the financial statements for the third quarter of fiscal year ending March 31, 2024.

This resulted in the following changes to the third quarter of previous fiscal year, compared to before the Standard was retroactively applied: A decrease of 127,324,000 yen in the cost of sales, an increase in the operating income and EMS business segment income by the same amount, and an increase of 7.95 yen in net income per share.

These restatements are reflected in the results for the third quarter of fiscal year ending March 31, 2023 in these materials.

nms Holdings Corporation

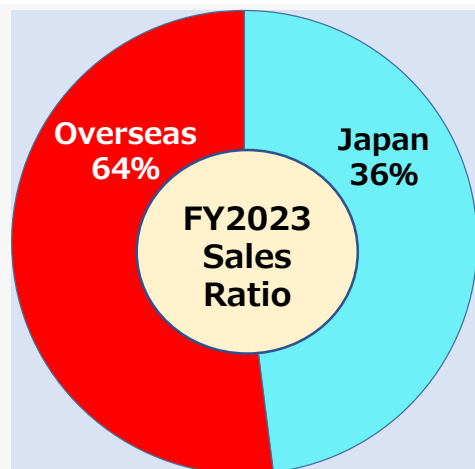
<https://www.n-ms.co.jp/english/>

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, 2023)
Stock Exchange Listings	Tokyo Securities Exchange (Standard market) Securities Code 2162
Number of group employees	12,364 people (as of December 31, 2023)
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
25

(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 Suzhou 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 México
S.A. de C.V.

Malaysia

EMS



SHIMA Electronic Industry (Malaysia) Sdn. Bhd.
TKR Manufacturing (Malaysia) Sdn. Bhd.
TKR Precision (Malaysia) Sdn. Bhd.

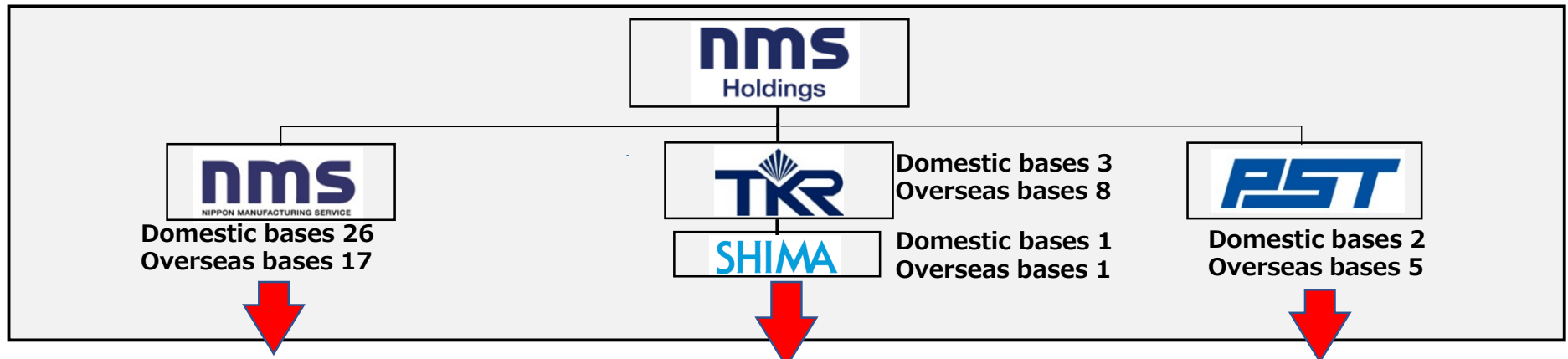
Indonesia

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 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 Huanan Electronics (Dongguan) Co., Ltd. • TKR Manufacturing (Malaysia) Sdn. Bhd. • TKR Precision (Malaysia) Sdn. Bhd. • TKR Manufacturing Vietnam Co., Ltd. • TKR USA, Inc. • TKR de México S.A. de C.V. • SHIMA Electronic Industry (Malaysia) Sdn. Bhd. 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 • 3D Printer business (design, manufacture, sales, repair and maintenance)
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 (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 (switching and 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

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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