

nms Holdings Corporation Overview of Financial Results for Fiscal Year Ended March 31, 2022

- Demand was firm and customer needs also remained high, but the impact from COVID-19 and parts and materials shortages persisted.
Impact from COVID-19:
Intermittent lockdowns due to a resurgence in infections in countries/regions where the nms Group operates its business continued to cause suspension of operations by customers and suppliers and restrictions on movement of people caused business stagnation.
Impact from parts and materials shortages:
Large declines in production occurred as customers in Japan and overseas cut production, suspended operations, postponed production plans, and implemented other measures. Steep price increases in raw materials and secondary materials and rising distribution costs also persisted due to underlying tight supply.
- An extraordinary loss of 1,744 million yen was posted. This mainly included expenses related to the COVID-19 pandemic, the cost of business structure reforms in the North American EMS Business, and impairment losses.
- While it appears that the uncertain business environment will persist going forward, we expect improvement in the performance of all business segments next fiscal year (ending March 31, 2023), as the benefits from business structure reform emerge and demand expands. We will continue to strengthen the business base of the entire Group.
- We will keep an eye on the business environment and plan to disclose the Medium-Term Business Plan up to fiscal year ending March 31, 2024 at an opportune time.

(Million yen)	FYE Mar. 31, 2021 Results	FYE Mar. 31, 2022 Results					Main Points
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total	
Net sales	54,856	14,944	15,485	15,311	17,536	63,277	[Non-operating income/expenses] Non-operating income: ¥797 million (Up ¥600 million YoY) Non-operating expenses: ¥313 million (Down ¥413 million YoY) [Extraordinary income/losses] Extraordinary income: ¥35 million (Up ¥7 million YoY) Extraordinary losses: ¥1,744 million (Up ¥1,246 million YoY)
Operating income	689	40	(278)	(391)	267	(361)	
Ordinary income	158	402	(351)	(394)	466	122	
Profit attributable to owners of parent	(735)	75	(357)	(462)	(1,235)	(1,980)	
EBITDA	1,954	413	113	(10)	637	1,153	

Financial Performance Highlights by Segment

(Million yen)		FYE Mar. 31, 2021 Results	FYE Mar. 31, 2022 Results						YoY	Main Points
			1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total			
HS Business	Net sales	19,135	5,367	5,459	5,577	5,684	22,088	15.4%	Segment income for the HS Business overall decreased despite a YoY increase in net sales. This resulted from firm domestic demand despite the impact of operating adjustments by customers, improvement in China and Thailand overseas, and the impact of recruiting expenses and other advance investments.	
	Segment income	874	181	132	39	293	647	(26.0%)		
EMS Business	Net sales	24,054	6,441	7,240	6,625	8,093	28,400	18.1%	While demand in the EMS Business was firm, a segment loss was posted due to production cuts by customers owing to the COVID-19 pandemic and parts shortages in ASEAN countries and North and Central America. The steep rise in the price of parts and materials and rising distribution costs also contributed to the loss.	
	Segment income	(29)	(78)	(222)	(193)	(40)	(536)	—		
PS Business	Net sales	11,666	3,134	2,785	3,108	3,758	12,788	9.6%	Segment income fell while net sales increased YoY and demand remained firm. This resulted from lockdowns at the production locations of customers and suppliers due to the resurgence of COVID-19 in ASEAN countries, in addition to difficulty procuring parts and the steep rise in prices.	
	Segment income	327	55	(71)	(121)	139	1	(99.5%)		
Segment Eliminations	Segment income	(482)	(116)	(115)	(116)	(124)	(473)	—	Company-wide expenses attributable to the holding company * These expenses not allocated to the individual segments were due to the migration to a holding company structure and have thus been eliminated from segment profits.	
Total	Net sales	54,856	14,944	15,485	15,311	17,536	63,277	15.4%		
	Segment income	689	40	(278)	(391)	267	(361)	—		

• 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

¥22,088 million

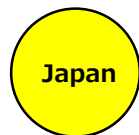
Up 15.4% YoY

Segment income

¥647 million

Down 26.0% YoY

[Business Entity]
Nippon Manufacturing
Service Group



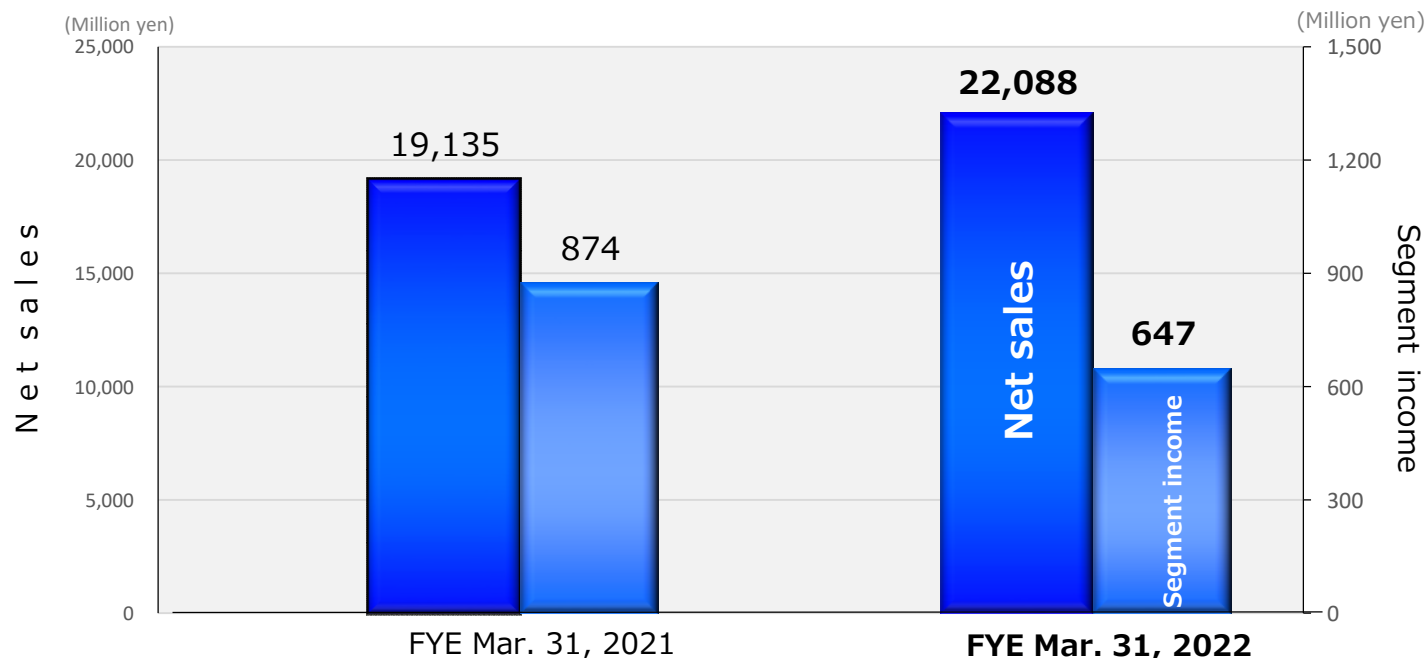
Japan

- Net sales increased YoY despite the impact from COVID-19 pandemic and parts and materials shortages related to semiconductors and other segments. Growth resulted from the benefits derived from measures implemented to expand business scale and the relatively minor impact from operating adjustments by customers due to the COVID-19 pandemic, compared to the same period last fiscal year.
- We continued to support increase in demand despite the impact on segment income from recruiting-related expenses and other advance investments to expand the scale of business.



Overseas

ASEAN countries felt the impact of operating adjustments by customers due to COVID-19, but the impact was minor compared to the impact in the previous fiscal year. Performance showed a trend of improvement, particularly in China and Thailand.



(For Reference) Financial Performance by Segment: EMS Business

Net sales

¥28,400 million

Up 18.1% YoY

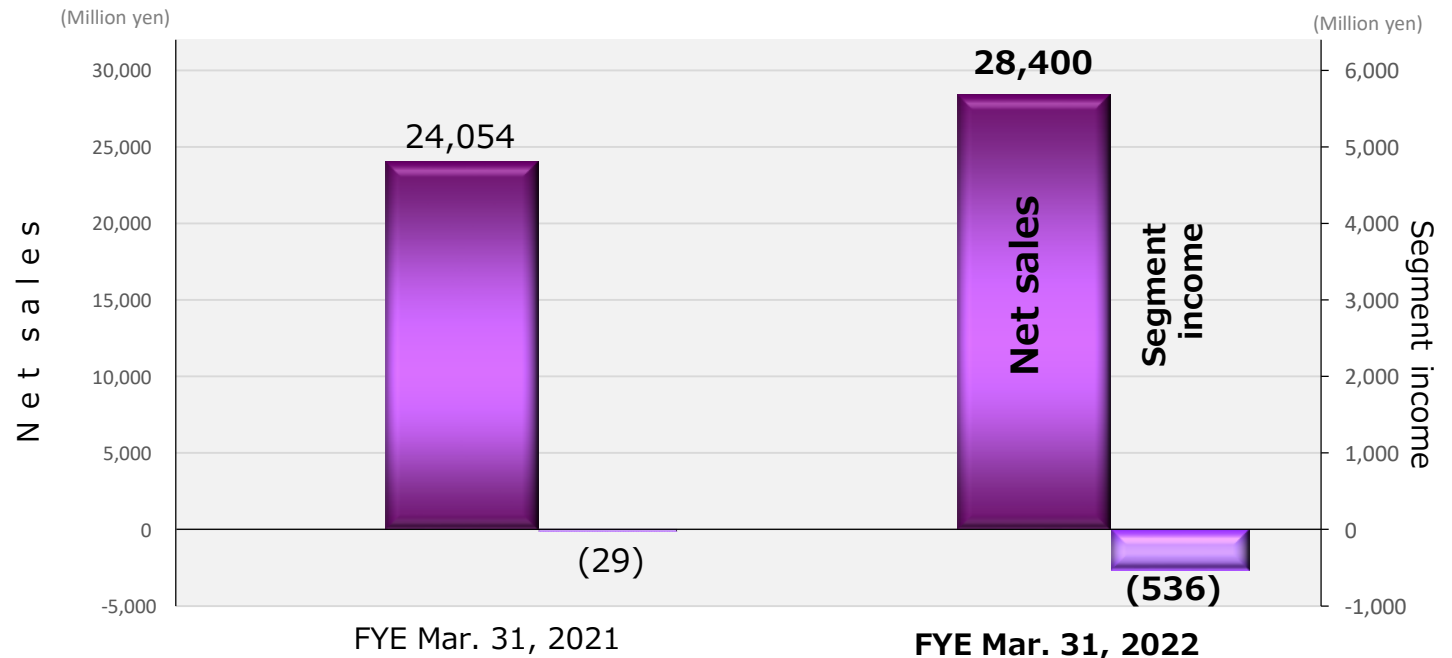
Segment income

(¥536 million)

[Business Entity]

TKR Group

- The EMS Business has production operations in China, ASEAN countries, and North and Central America. While there were lingering impacts from lockdowns due to government policies in Malaysia and Mexico, shortages of parts and materials, and other factors due a resurgence of COVID-19 infections, the impact of COVID-19 was less than the previous year in China and ASEAN countries. This lower relative impact coupled with the launch of production of new products at the Vietnam location led to YoY growth in net sales.
- On the profit front, a segment loss was posted as various factors suppressed segment income. These factors included advance investment costs for the Mexico location, which is launching production as a key strategic measure, as well as the impact on the entire business from the parts and materials shortages causing production cuts and postponement of production plans by customers, continuing steep price increases on parts and materials, and other effects.



(For Reference) Financial Performance by Segment: PS Business

Net sales

¥12,788 million

Up 9.6% YoY

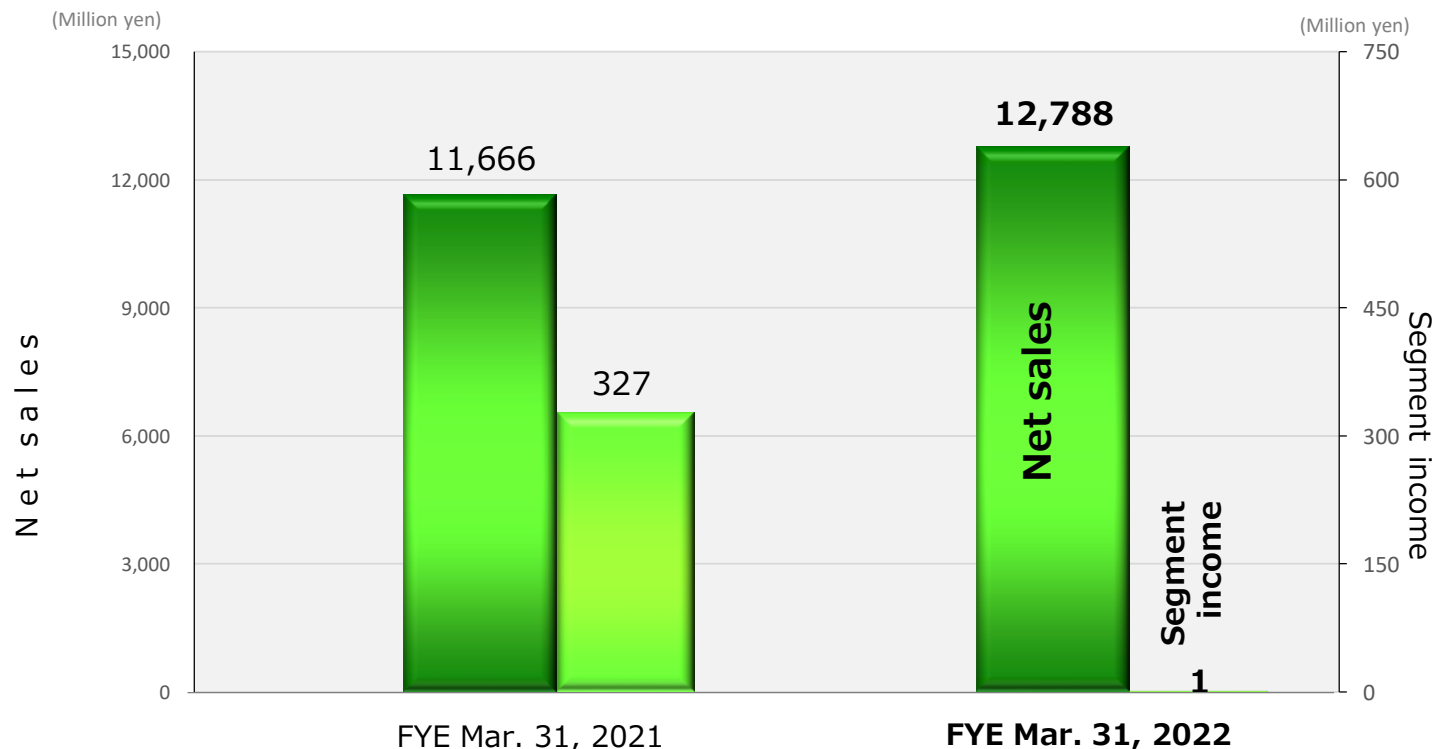
Segment income

¥1 million

Down 99.5% YoY

[Business Entity]
Power Supply
Technology Group

- Performance in the first quarter was better than anticipated, due in part to the benefits derived from a stronger structure created by extensive cost restructuring. However, the impacts from difficulty in procuring parts and steep price increases on parts and materials, including price increases on secondary materials, were striking from the beginning of the second quarter. Lockdowns and other measures implemented at the production locations of customers and suppliers also continued.
- Despite YoY net sales growth, pressure on profits due to the impact from difficulty in procuring parts and materials and other factors resulted in a decline in segment income. However, demand remains at a high level and we are pursuing initiatives aimed at when the parts and materials shortages are resolved and at next fiscal year.



■ Financial Performance Highlights (B/S)

(Million yen)	March 31, 2021	March 31, 2022	Change
Current assets	21,658	26,349	4,690
Non-current assets	9,796	8,453	(1,342)
Property, plant and equipment	7,890	6,697	(1,192)
Intangible assets	883	722	(161)
Investments and other assets	1,022	1,033	11
Deferred assets	52	39	(13)
Total assets	31,507	34,842	3,334
Total liabilities	26,804	32,148	5,343
Current liabilities	17,460	26,333	8,873
Non-current liabilities	9,344	5,814	(3,529)
Total net assets	4,702	2,693	(2,008)
Total liabilities and net assets	31,507	34,842	3,334

■ Financial Performance Highlights (Cash Flows)

(Million yen)		FYE March 31, 2021	FYE March 31, 2022	Main Points
	Income before income taxes	△310	△1,586	
	Depreciation	1,266	1,514	
	Change in operating capital	1,348	△2,300	Notes and accounts receivable – trade: (¥1,008 million) Inventories: (¥2,184 million) Notes and accounts payable – trade: ¥892 million
	Impairment loss	—	1,433	
	Other	△1,361	△611	
	Net cash flow from operating activities	943	△1,550	
	Purchase/sales of non-current assets	△1,014	△881	Gains on sale: ¥378 million Expenditures for acquisition: (¥1,260 million)
	Other	95	△44	
	Net cash flow from investing activities	△919	△926	
	Free cash flow	24	△2,476	
	Change in loans payable	1,394	3,396	
	Payment of dividends, etc.	△729	△795	Lease debt repayment: (¥347 million) Dividends paid: (¥66 million)
	Net cash flow from financing activities	664	2,601	
	Cash and cash equivalents at end of period	4,741	5,106	

- The nms Group reviewed the non-current assets in the North American EMS Business in light of the current business environment. After careful consideration of the amount that we can expect to recover through future cash flows, we decided to post an impairment loss of 1,433 million yen in the current consolidated fiscal year because we expect the anticipated revenues to materialize later than initially expected.
- The main non-current assets affected includes buildings, machinery and equipment, and intangible assets.
- We made capital investments in the North American EMS Business to expand business in automotive related areas of the North and Central American markets. However, a slowdown in overall business was unavoidable due to the striking impact on the entire business from the parts and materials shortages causing production cuts and postponement of production plans by customers, coupled with the continuing impact from local lockdowns due to the rapid resurgence in COVID-19 infections.
- Despite posting an impairment loss, we have not changed our plans to expand the North American EMS Business in the future and are restructuring our portfolio to focus on business growth. We are targeting customer acquisition not only in the automotive related area, but also in the engineering tools area, which is a large and stable market. Mass production for North American customers began in May of this year and we will steadily launch new mass production programs.

■ Earnings Forecasts and Dividend Forecast for FYE Mar. 31, 2023

- Next fiscal year, we anticipate an impact from fluctuation in exchange rates due to changes in the global conditions in addition to the impact on production activities from temporary restrictions on economic activities in Japan and overseas due to the COVID-19 pandemic, a slowdown in distribution and the supply chain, as well as shortages and difficulty in procuring parts and materials. While it appears that the uncertain business environment will persist, we project a return to improving business performance in all business segments. This improvement will come from the benefits emerging from business structure reforms implemented this fiscal year, growth in sales and segment income in the HS Business, the launch of new mass production in the EMS Business, and growth in demand for power supply products in the industrial equipment segment of the PS Business.
- In light of the factors noted above, we forecast consolidated performance for fiscal year ending March 31, 2023 compared to the previous fiscal year as follows: Net sales of 77,100 million yen, an increase of 22% YoY; a return to profitability in operating income of 600 million yen, an increase of 961 million yen YoY; growth in ordinary income to 450 million yen, an increase of 327 million yen YoY; and a return to profitability in profit attributable to owners of parent of 50 million yen, an increase of 2,030 million yen YoY.
- We plan to declare a year-end dividend of 5 yen per share.
- We will keep an eye on the business environment and plan to disclose the Medium-Term Business Plan up to fiscal year ending March 31, 2024 at an opportune time. The nms Group will continue to strengthen the business base of the entire Group and work to secure both sales and profits.

(Million yen)	FYE Mar. 31, 2021 Results	FYE Mar. 31, 2022 Results	FYE Mar. 31, 2023 Forecasts	YoY
Net sales	54,856	63,277	77,100	21.8%
Operating income	689	(361)	600	+961
Ordinary income	158	122	450	+327
Profit attributable to owners of parent	(735)	(1,980)	50	+2,030
Dividend per share (year-end dividend)	4 yen	5 yen	5 yen	

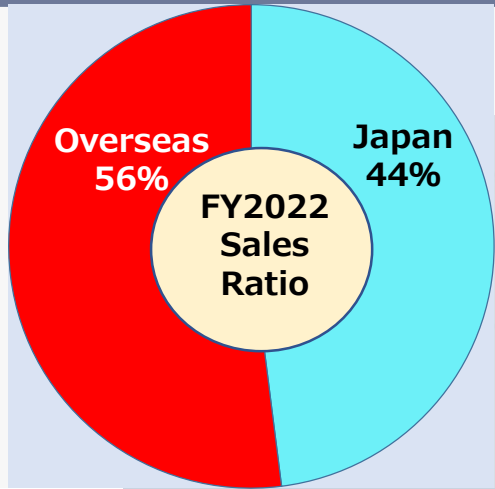
nms Holdings Corporation

<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 March 31, 2022)
Stock Exchange Listings	Tokyo Securities Exchange (Standard market) Securities Code 2162
Number of group employees	13,500 people (as of March 31, 2022)
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
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.

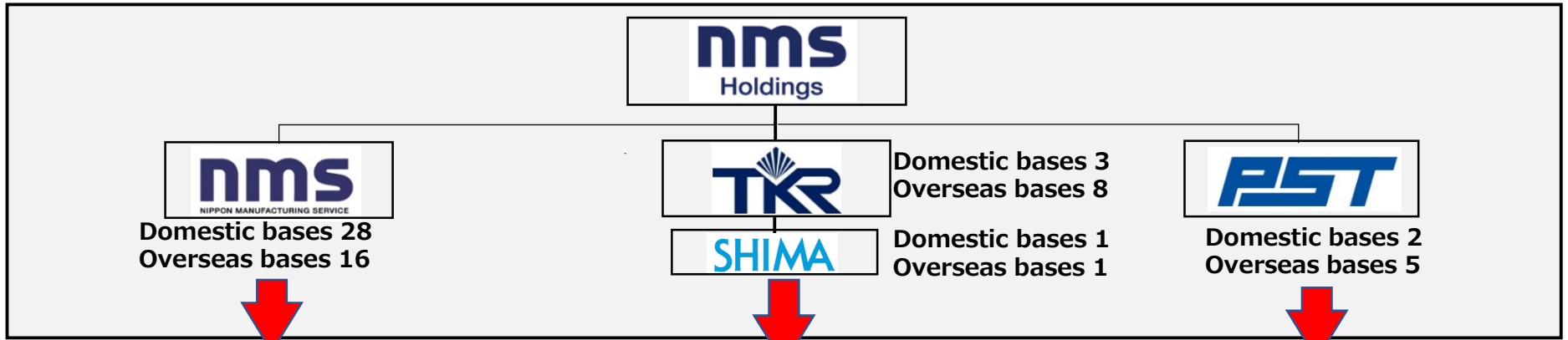


Indonesia

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 • 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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