

nms Holdings Corporation

Overview of Consolidated Financial Results

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

- Demand was firm overall, despite some production adjustments customers needed to make after restoring production levels in the second half of the previous fiscal year. Demand in Japan and the ASEAN region was firm and we also reaped the positive effects from previous cost restructuring and measures to strengthen the business base.
- We introduced the group tax sharing system to strengthen group management and improve business efficiency, and changed the reporting date for all domestic subsidiaries to the same fiscal year-end (March 31). This resulted in a substantial YoY increase in operating income, in part because of the gap period adjustments recorded for procurement of part and materials, sales, and other transactions between domestic subsidiaries and overseas subsidiaries that have a different fiscal year-end (December 31).
- Ordinary income and profit attributable to owners of parent also increased substantially, boosted by 373 million yen in foreign exchange gains in addition to the improvement in operating income.

(Million yen)	First Quarter of FYE Mar. 31, 2023 Results	First Quarter of FYE Mar. 31, 2024 Results		
		Results	YoY	Main Points
Net sales	16,444	18,565	12.9%	[Non-operating income/expenses] Non-operating income: ¥410 million (Up ¥50 million YoY) Non-operating expenses: ¥194 million (Up ¥62 million YoY) [Extraordinary income/losses] Extraordinary income: ¥0.8 million Extraordinary losses: ¥0.5 million
Operating income	(211)	483	+694	
Ordinary income	16	698	+682	
Profit attributable to owners of parent	(100)	496	+597	
EBITDA	116	842	+726	

■ First Half earnings Forecasts of FYE Mar. 31, 2024 (announced on Jul. 31, 2023)

- To further strengthen Group management and improve business efficiency, the nms holdings Group introduced the group tax sharing system from fiscal year ending March 31, 2024 and made March 31 the common fiscal year-end of all domestic subsidiaries. Gap period adjustments were recorded for procurement of parts and materials, sales, and other transactions between domestic subsidiaries and overseas subsidiaries that have a different fiscal year-end (December 31). This reduced internal transactions due to standardization of parts procurement, etc. between Japan and overseas and consequently boosted profit in the first quarter.
- However, we do not anticipate a decrease in internal transactions due to gap period adjustments during the second quarter of this consolidated fiscal year (hereafter, "second quarter"). Anticipatory demand resulted in sales during the first quarter and we anticipate a greater impact from inventory adjustments, mainly in China, on the EMS and PS businesses. We therefore expect an increase parts procurement between Japan and overseas to prepare for a rebound in production levels after inventory adjustments have been completed.
- While these factors are expected to decrease second quarter operating income compared to the first quarter, this was foreseen when the business plan was formulated and we forecast substantial growth in operating income and increases in ordinary income and profit attributable to owners of parent for the first half of this fiscal year.
- We have not revised our full-year results forecasts for fiscal year ending March 31, 2024 because it is difficult to predict the trend in foreign exchange rates at present. We will revise these forecasts when we are able to discern the future trend more clearly, and will promptly disclose any material events if and when they occur.

(Million yen)	FYE Mar. 31, 2023	FYE Mar. 31, 2024			
	First Half of Results	First Half earnings Forecasts <small>(announced on Jul. 31, 2023)</small>	YoY	Full-Year earnings Forecasts <small>(announced on May. 15, 2023)</small>	Progress toward full-year forecasts
Net sales	35,818	38,000	106%	85,000	44.7%
Operating income	(236)	450	+686	1,800	25.0%
Ordinary income	426	800	+374	1,050	76.2%
Profit attributable to owners of parent	129	500	+371	550	90.9%

Financial Performance Highlights by Segment

(Million yen)		First Quarter of FYE Mar. 31, 2023 Results	First Quarter of FYE Mar. 31, 2024 Results		
			Results	YoY	Main Points
HS Business	Net sales	5,706	5,761	1.0%	<ul style="list-style-type: none"> Domestic demand was firm overall despite production adjustments by customers, mainly related to automotive and semiconductor demand. Although the segment was also impacted by production cuts from inventory adjustments and other factors overseas, the business overall recorded growth in both sales and segment income, due in part to the positive effects from measures to strengthen the business base for the entire business.
	Segment Income	143	196	36.8%	
EMS Business	Net sales	7,426	9,118	22.8%	<ul style="list-style-type: none"> An increase in production volume from the receipt of new orders from strategic investments and commencement of mass production, combined with the positive effects from expansion of business scale, resulted in growth in net sales. The positive effects from productivity improvements and cost restructuring also led to substantial improvement on the profit front, bringing segment profit into the black.
	Segment Income	(175)	242	—	
PS Business	Net sales	3,311	3,685	11.3%	<ul style="list-style-type: none"> Net sales increased due to the high level of demand in addition to the lessening impact from production adjustment by customers due to parts shortages. Improvements in production efficiency, expanding procurement sources for parts and materials, and other actions taken to ensure stable production and sales resulted in growth in net sales and segment income.
	Segment Income	(42)	203	—	
Segment Eliminations	Segment Income	(136)	(159)	—	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 incomes.
Total	Net sales	16,444	18,565	12.9%	
	Segment Income	(211)	483	—	

*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

¥ 5,761 million

Up 1.0% YoY

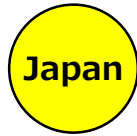
Segment income

¥ 196 million

Up 36.8% YoY

[Business Entity]

Nippon Manufacturing
Service Group



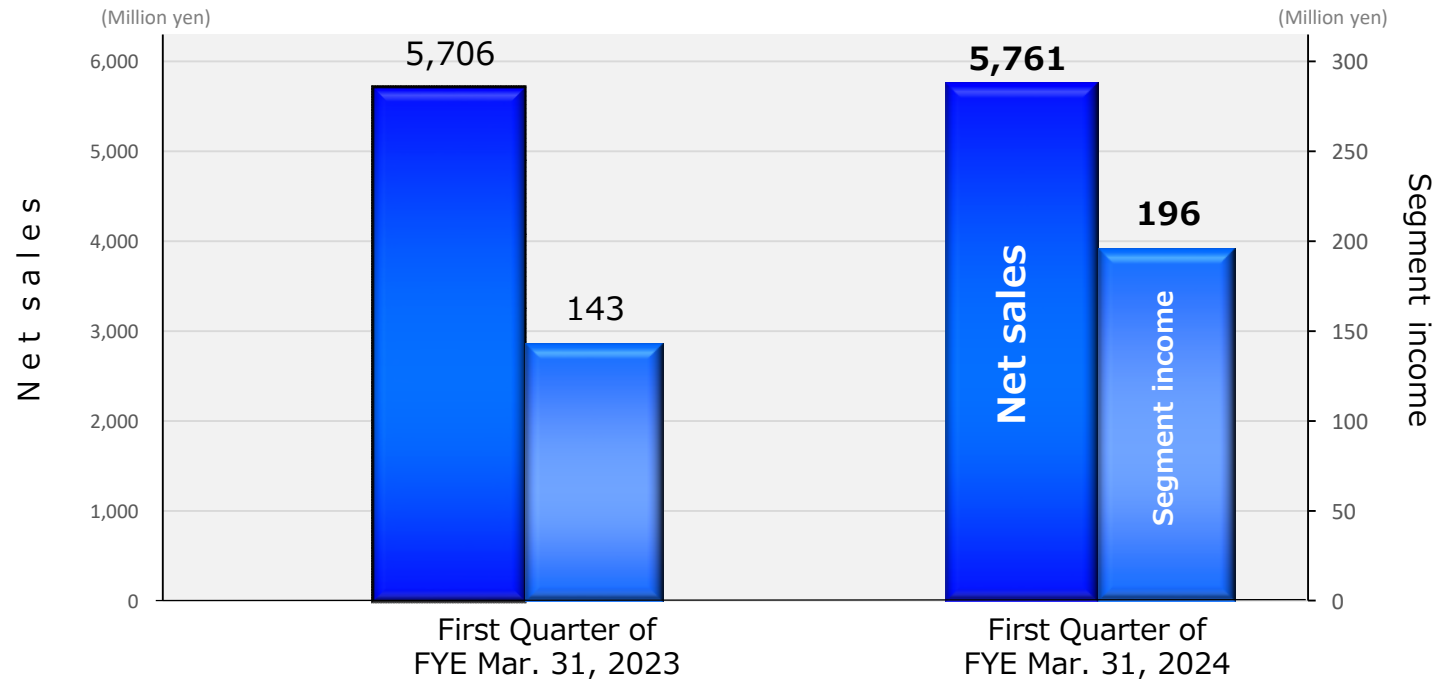
Japan

- Demand was firm, resulting in growth in net sales and segment income despite the impact from production adjustments by customers, mainly related to automotive and semiconductor demand.
- Profitability improved as progress was made on implementing measures to strengthen the business base, including improving the cost-to-sales ratio in existing transactions and stronger management to maintain appropriate SG&A expenses.



Overseas

Demand was firm, partially due to the positive effects from measures to strengthen the business base, despite the impact of production cuts as customers adjusted production in China and increased training and other expenses due to new orders received in Vietnam.



(For Reference) Financial Performance by Segment: EMS Business

Net sales

¥ 9,118million

Up 22.8% YOY

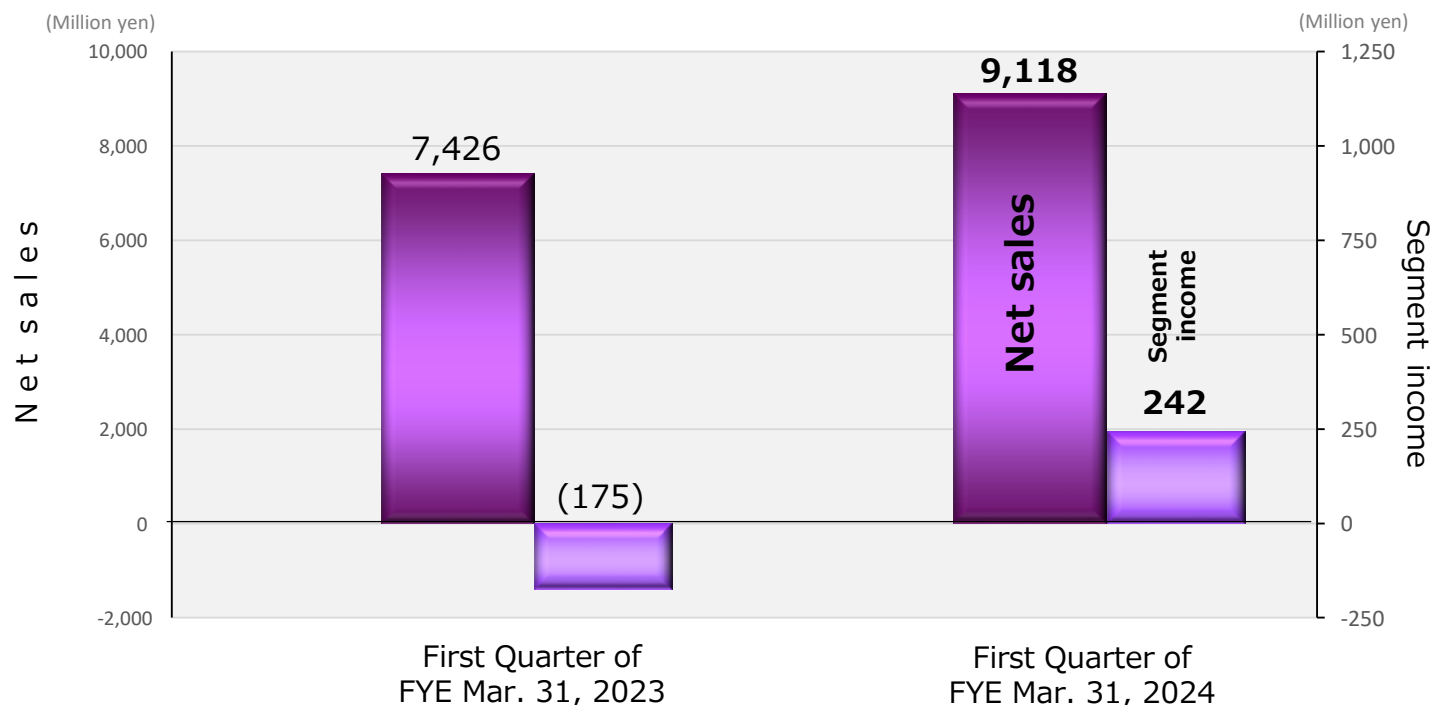
Segment income

¥ 242million

[Business Entity]

TKR Group

- The EMS Business has production operations in China, ASEAN countries, and North America. An increase in production volume from the receipt of new orders from strategic investments and commencement of mass production, combined with other positive effects from expansion of business scale, resulted in YoY growth in net sales.
- The positive effects from productivity improvements and cost restructuring at each location in addition to growth in net sales led to substantial improvement on the profit front.
- 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

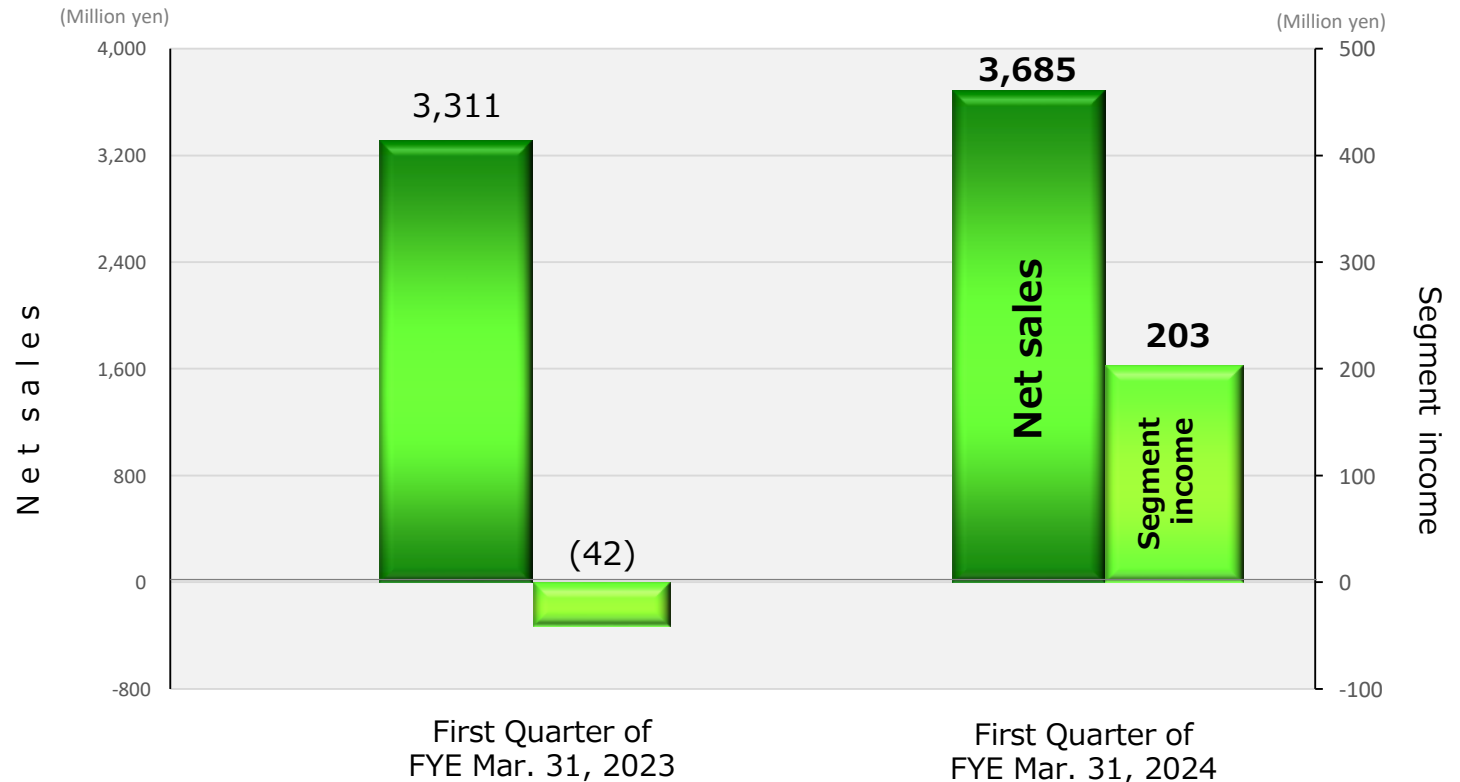
Net sales
¥ 3,685million

Up 11.3% YOY

Segment income
¥ 203million

[Business Entity]
Power Supply
Technology Group

- The persistence of high-level demand, combined with the lessening impact on operations from production adjustments by customers due to the lockdown in China and other pandemic-related factors, disruptions in the supply chain, and parts shortages, led to growth in net sales.
- 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 YoY improvement in net sales.



■ Financial Performance Highlights (B/S)

(Million yen)	FYE Mar. 31, 2023 (March 31, 2023)	First Quarter of FYE Mar. 31, 2024 (June 30, 2023)	Change
Current assets	30,020	29,242	(777)
Non-current assets	8,885	9,058	173
Property, plant and equipment	7,089	7,257	168
Intangible assets	651	626	(25)
Investments and other assets	1,143	1,174	31
Deferred assets	26	23	(3)
Total assets	38,932	38,324	(607)
Total liabilities	36,417	35,292	(1,124)
Current liabilities	28,519	27,417	(1,101)
Non-current liabilities	7,898	7,874	(23)
Total net assets	2,514	3,032	517
Total liabilities and net assets	38,932	38,324	(607)

nms Holdings Corporation

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

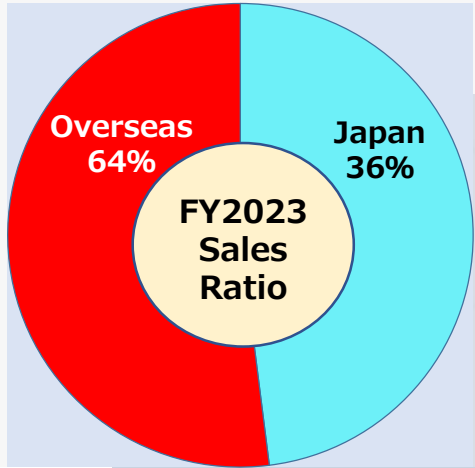
Head Office	Tokyo Opera City Tower 45F, 3-20-2 Nishi-shinjuku, Shinjuku-ku, Tokyo 163-1445, Japan
Representative	Fumiaki Ono, President and CEO
Capital	500,690,000 yen (as of June 30, 2023)
Stock Exchange Listings	Tokyo Securities Exchange (Standard market) Securities Code 2162
Number of group employees	13,171 people (as of June 30, 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

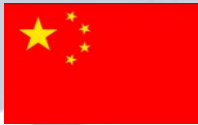
(For Reference) nms Holdings Group Overseas Expansion

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.

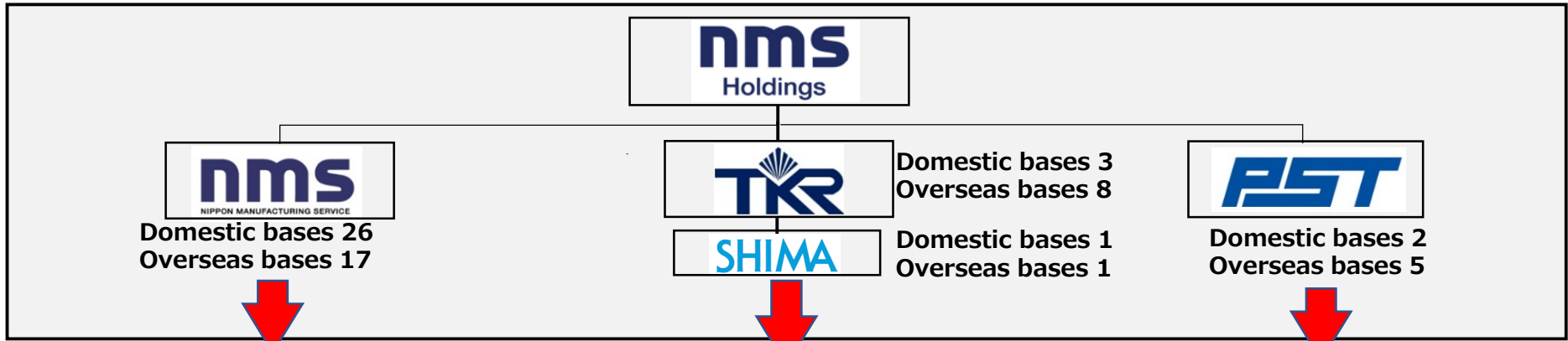


Indonesia

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. 	<p>Japan China Vietnam Thailand Laos Indonesia Cambodia</p>	<p>General manufacturing services in Japan and overseas</p> <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. 	<p>Japan 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.) • 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 	<p>Japan China Hong Kong (China) Thailand</p>	<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.

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