

# nms Holdings Corporation

## Overview of Consolidated Financial Results for the First Half of Fiscal Year Ending March 31, 2022

- While performance during the first quarter was strong, intermittent lockdowns due to a resurgence in infections in countries/regions where the nms Group operates its business continued to impact net sales and profit in all of our businesses.
- In addition, the impact of parts and materials shortages in the EMS and PS Businesses was striking from the second quarter onward. This led to an unavoidable decline in profit from changes in the business environment as customers in Japan and overseas cut production, suspended operations, postponed production plans, and implemented other measures to cope with the shortages. It also resulted in steep price increases in raw materials and secondary materials, and higher distribution costs. While demand is strong and customer needs remain at a high level, production hold-ups due to COVID-19 and parts and materials shortages led to a substantial decline in net sales and profit.
- Extraordinary losses of 161 million yen in expenses were posted for business structure reform in the U.S. and Mexico locations of the EMS Business.

(Million yen)	First Half of FYE Mar. 31, 2021 Results	First Half of FYE Mar. 31, 2022 Results					Main Points
		1st Quarter	2nd Quarter	Total	YoY		
Net sales	26,049	14,944	15,485	30,430	16.8%	<p>[Non-operating income/expenses] Non-operating income: ¥424 million (Up ¥351 million YoY)</p> <p>Non-operating expenses: ¥135 million (Down ¥144 million YoY)</p> <p>[Extraordinary income/losses] Extraordinary income: ¥57 million (Up ¥53 million YoY)</p> <p>Extraordinary losses: ¥224 million (Down ¥153 million YoY)</p>	
Operating income	139	40	(278)	(237)	—		
Ordinary income	(68)	402	(351)	51	—		
Profit attributable to owners of parent	(499)	75	(357)	(282)	—		
EBITDA	766	413	114	527	(31.2%)		

# Financial Performance Highlights by Segment

(Million yen)		First Half of FYE Mar. 31, 2021 Results	First Half of FYE Mar. 31, 2022 Results				Main Points
					Total	YoY	
			1st Quarter	2nd Quarter			
HS Business	Net sales	9,217	5,367	5,459	10,827	17.5%	Domestic demand remained strong despite the impact from adjustments to operations by customers. Overseas, China and Thailand improved, but the impact from recruiting expenses and other advance investment aimed at expansion of business scale resulted in growth in net sales and a decline in segment income.
	Segment income	384	181	132	313	(18.5%)	
EMS Business	Net sales	11,405	6,441	7,240	13,682	20.0%	A loss was posted despite continued strong demand that led to growth in net sales. This resulted from pressure on profits from production cuts and postponement of production plans by customers and steep price increases on parts and materials due to COVID-19 infections in ASEAN and North and Central America, and parts and materials shortages.
	Segment income	(33)	(78)	(222)	(301)	—	
PS Business	Net sales	5,426	3,134	2,785	5,920	9.1%	The continued high level of demand resulted in growth in net sales. However, segment income declined due to difficulty in securing parts and steep price increases from the beginning of the second quarter, as well as the impact from lockdowns in Vietnam and Malaysia where the production locations of customers and suppliers are concentrated.
	Segment income	37	55	(71)	(16)	—	
Segment Eliminations	Segment income	(249)	(116)	(115)	(232)	—	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	26,049	14,944	15,485	30,430	16.8%	
	Segment income	139	40	(278)	(237)	—	

\*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

¥10,827 million

Up 17.5% YoY

## Segment income

¥313 million

Down 18.5% YoY

[Business Entity]

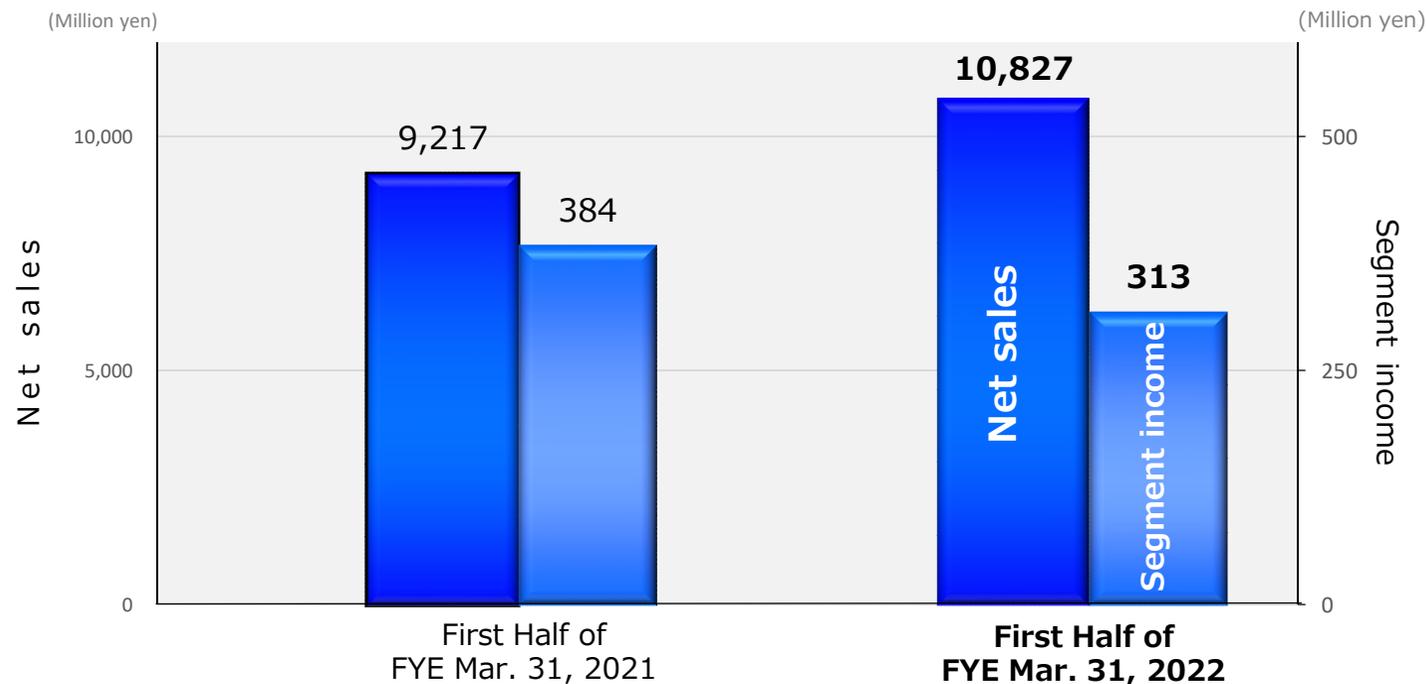
Nippon Manufacturing  
Service Group



- 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.



While the resurgence in COVID-19 infections in the ASEAN region caused customers to make adjustments to operations and implement other measures, the impact of such adjustments was relatively minor compared to the same period last fiscal year, especially in China and Thailand, which showed a trend of improvement.



# (For Reference) Financial Performance by Segment: EMS Business

**Net sales**

**¥13,682 million**

Up 20.0% YoY

**Segment income**

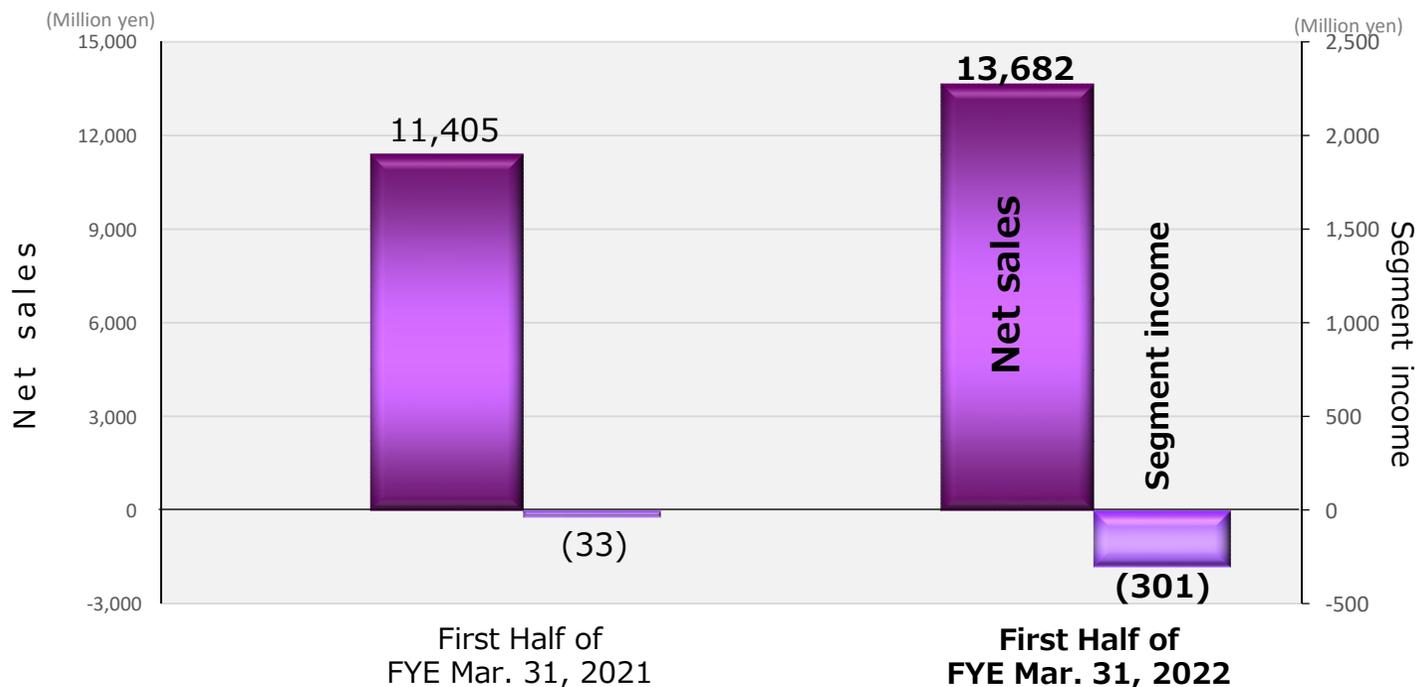
**(¥301 million)**

[Business Entity]

TKR Group

- The EMS Business has production operations in China, the ASEAN region, and North and Central America. While there were a lingering impact 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, strong demand coupled with the launch of production of new products at the Vietnam location led to YoY growth in net sales.
- On the profit front, segment income was suppressed by advance investments 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, steep price increases on parts and materials, and other effects.

At present, orders from customers have resumed, first at the Vietnam location, then at the Mexico location, which had postponed production plans and is preparing to launch production from next fiscal year.



# (For Reference) Financial Performance by Segment: PS Business

**Net sales**

**¥5,920 million**

Up 9.1% YoY

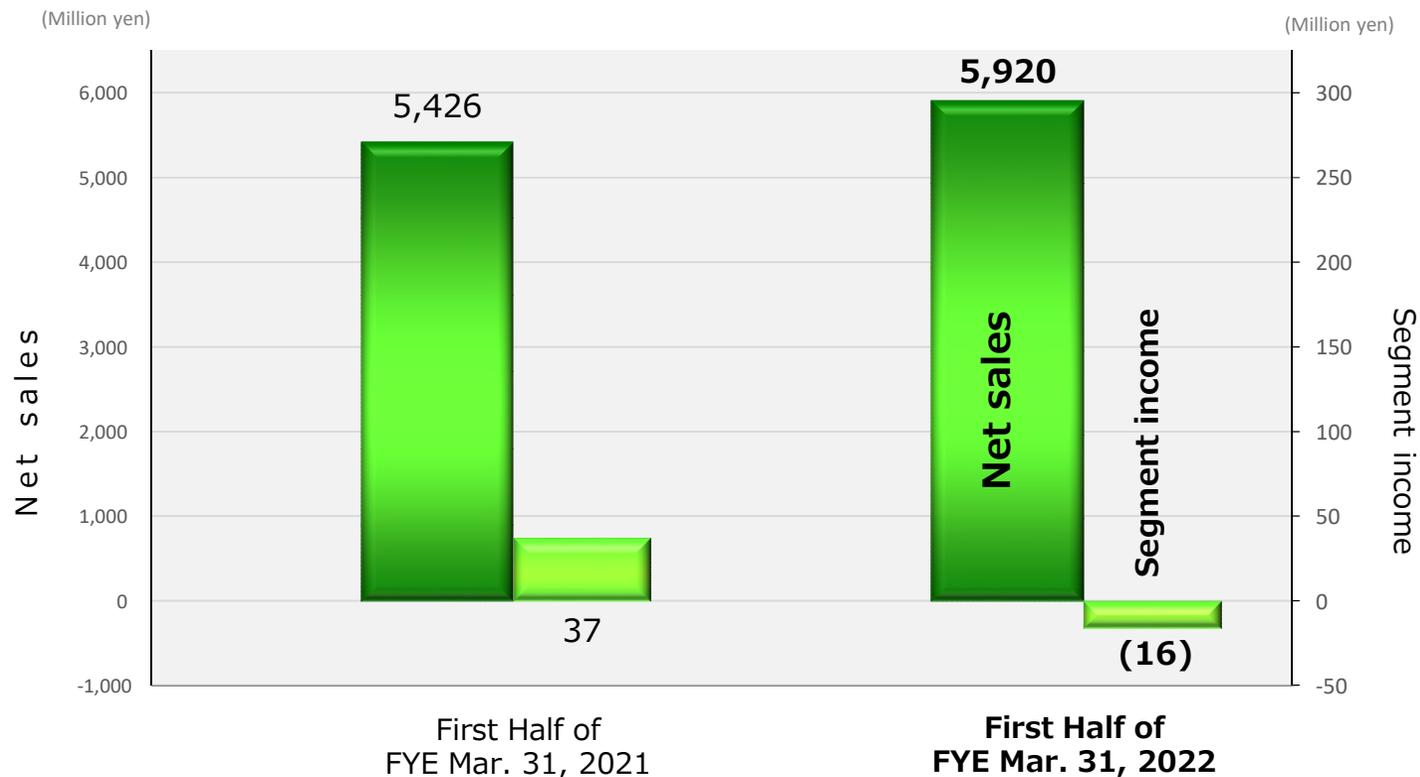
**Segment  
income**

**(¥16 million)**

[Business Entity]

Power Supply  
Technology CO., LTD.

- 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, including price increases on secondary materials, were striking from the beginning of the second quarter, and the lockdowns and other measures implemented due to the resurgence of infections in Vietnam and Malaysia where the production locations of customers and suppliers are concentrated, resulted in substantial productions cuts.
- Despite YoY net sales growth, a decline in segment income was unavoidable due to the impact from difficulty in procuring parts and materials and other factors. 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	September 30, 2021	Change
Current assets	21,658	23,468	1,810
Non-current assets	9,796	9,878	82
Property, plant and equipment	7,890	7,799	(90)
Intangible assets	883	987	104
Investments and other assets	1,022	1,091	68
Deferred assets	52	46	(6)
Total assets	31,507	33,392	1,885
Total liabilities	26,804	28,763	1,958
Current liabilities	17,460	19,872	2,411
Non-current liabilities	9,344	8,891	(452)
Total net assets	4,702	4,629	(73)
Total liabilities and net assets	31,507	33,392	1,885

# ■ Financial Performance Highlights (Cash Flows)

(Million yen)		First Half FYE March 31, 2021	First Half FYE March 31, 2022	Main Points
	Income before income taxes	(441)	(115)	
	Depreciation	627	764	
	Change in operating capital	1,563	(594)	Notes and accounts receivable – trade: (¥301 million) Inventories: (¥916 million) Notes and accounts payable – trade: ¥624 million
	Other	(1,099)	(638)	
	Net cash flow from operating activities	650	(583)	
	Purchase/sales of non-current assets	(786)	(309)	Gains on sale: ¥377 million Expenditures for acquisition: (¥687 million)
	Other	2	(36)	
	Net cash flow from investing activities	(784)	(346)	
	Free cash flow	(134)	(929)	
	Change in loans payable	960	1,102	
	Payment of dividends, etc.	(434)	(276)	Lease debt repayment: (¥157 million) Dividends paid: (¥66 million)
	Net cash flow from financing activities	526	826	
	Cash and cash equivalents at end of period	4,477	4,765	

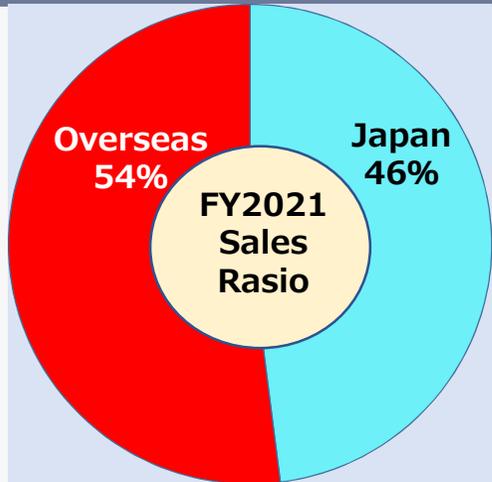
## nms Holdings Corporation

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

<b>Head Office</b>	<b>Tokyo Opera City Tower 45F, 3-20-2 Nishi-shinjuku, Shinjuku-ku, Tokyo 163-1445, Japan</b>
<b>Representative</b>	<b>Fumiaki Ono, President and CEO</b>
<b>Capital</b>	<b>500,690,000 yen (as of September 30, 2021)</b>
<b>Stock Exchange Listings</b>	<b>Tokyo Securities Exchange (JASDAQ market) Securities Code 2162</b>
<b>Numbers of employees</b>	<b>13,221 people (as of September 30, 2021)</b>
<b>Business Activities</b>	<b>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</b>
<b>Main Consolidated Subsidiaries</b>	<b>Nippon Manufacturing Service Corporation TKR Corporation Power Supply Technology CO., LTD.</b>

**Group Company Total**  
**26**

# (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.

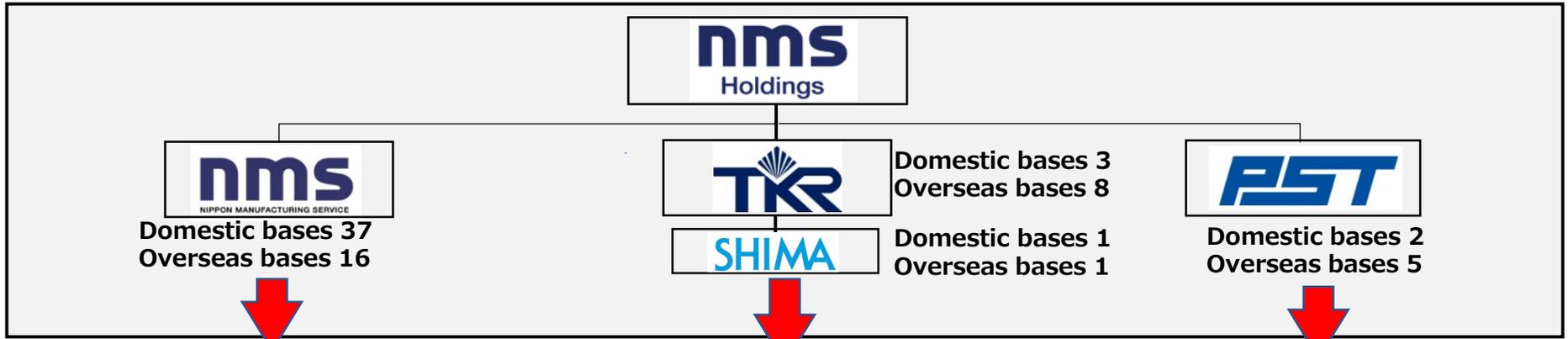


**Indonesia**

**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
<b>Human Resource Solution Business (HS Business)</b>		
<ul style="list-style-type: none"> <li>• <b>Nippon Manufacturing Service Corporation</b></li> <li>• nms Logistics and Technical solution Co., Ltd.</li> <li>• nms Engineering Co., Ltd.</li> <li>• Japan Technical Education organization (JATEO)</li> <li>• Sino-Japan Staff training and Dispatch Co., Ltd.</li> <li>• Sino Manufacturing Service Corporation</li> <li>• NMS VIETNAM CO.,LTD.</li> <li>• NMS INTERNATIONAL RESOURCES CO.,LTD.</li> <li>• nms (Thailand) Co., Ltd.</li> <li>• PT. NMS CONSULTING INDONESIA</li> <li>• NMS Lao Sole Co., LTD etc.</li> </ul>	<p>Japan China Vietnam Thailand Laos Indonesia Cambodia</p>	<p>General manufacturing services in Japan and overseas</p> <ul style="list-style-type: none"> <li>• Contract manufacturing business (contracting [on-premises contract manufacturing] and contract manufacturing staffing and recruitment services)</li> <li>• IT production engineering business (staffing and recruitment services)</li> <li>• IT and design development engineering business (staffing, recruitment services and contracting)</li> <li>• Technical service business (various repairs, rework and analysis / general customer services)</li> <li>• Logistics service business (distribution 3PL / flow surface processing / staffing)</li> <li>• Contract education/training after entering Japan for technical interns and business support for companies accepting interns concerning the technical intern training program for foreigners</li> </ul>
<b>Electronics Manufacturing Service Business (EMS Business)</b>		
<ul style="list-style-type: none"> <li>• <b>TKR Corporation</b></li> <li>• TKR HUANAN ELECTRONICS CO.,LTD</li> <li>• TKR Manufacturing (Malaysia) SDN. BHD.</li> <li>• TKR Precision (Malaysia) SDN. BHD.</li> <li>• TKR Manufacturing Vietnam Co., Ltd.</li> <li>• TKR USA, Inc.</li> <li>• TKR de México S.A. de C.V.</li> <li>• SHIMA ELECTRONIC INDUSTRY CO., LTD. etc.</li> </ul>	<p>Japan China Malaysia Vietnam U.S.A. Mexico</p>	<ul style="list-style-type: none"> <li>• Electronics Manufacturing Service business (substrate mounting, substrate assembling, simple pressing, resin molding, assembly, etc.)</li> <li>• Labor-saving Device Manufacturing/Sales business</li> <li>• Energy-saving Device Manufacturing/Sales business</li> <li>• Business initiatives shared with the customer, and design, development and sales efforts related to such</li> <li>• Startup solutions business</li> <li>• 3D Printer business (design, manufacture, sales, repair and maintenance)</li> </ul>
<b>Power Supply Business (PS Business)</b>		
<ul style="list-style-type: none"> <li>• <b>Power Supply Technology CO., LTD.</b></li> <li>• PST Huanan Electronics (Foshan) Co., Ltd.</li> <li>• Power Supply Technology (Thailand) Co., Ltd.</li> <li>• Power Supply Technology (Hong Kong) Co., Limited</li> </ul>	<p>Japan China Hong Kong (China) Thailand</p>	<ul style="list-style-type: none"> <li>• Custom power supply (switching and high-voltage): development, design, manufacturing, sales</li> <li>• Magnet roll: development, design, manufacturing, sales</li> <li>• A wide variety of transformers (switching/high-voltage transformers): development, design, manufacturing, sales</li> <li>• Development, design, manufacture and sale of battery management system related products</li> </ul>

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.

nms Holdings Corporation does not make any recommendations, warranties, etc. concerning the information contained in these materials, and accepts no liability whatsoever for any damages incurred.

Contact for inquiries:  
nms Holdings Corporation  
Corporate Communications & IR Dept.  
Tel: +81-3-5333-1737  
E-mail: [nms-ir@n-ms.co.jp](mailto:nms-ir@n-ms.co.jp)

