

nms Holdings Corporation

Overview of Consolidated Financial Results

for the Third Quarter of Fiscal Year Ending March 31, 2022

- Inquiries from customers and demand remained strong from the second quarter onward and this resulted in a YoY increase in net sales. However, the impact of parts and materials shortages in the EMS and PS Businesses was striking and this did not only impact the Company directly, it led to continued steep price increases in raw materials and secondary materials, and higher distribution costs, in addition to causing customers in Japan and overseas to cut production, suspend operations, postpone production plans.
- Intermittent lockdowns due to a resurgence in infections on a greater-than-expected scale in countries/regions where the nms Group operates its business, suspension of operations by customers and suppliers, and restrictions on entering/leaving countries caused business to stagnate. These were the main factors behind the unavoidable impact on net sales and profits in all businesses.
- An operating loss was recorded due to the large impact from the parts and materials shortages, the pandemic, and other factors under such conditions, despite thorough measures implemented to reduce fixed costs Group-wide.
- Extraordinary losses of 316 million yen in expenses were posted for pandemic-related expenses and business structure reform in the U.S. and Mexico locations of the EMS Business.

(Million yen)	Third Quarter FYE Mar. 31, 2021 Results (Apr. to Dec. 2020)	Third Quarter FYE Mar. 31, 2022 Results (Apr. to Dec. 2021)				Total	Main Points
		1st Quarter	2nd Quarter	3rd Quarter			
Net sales	39,922	14,944	15,485	15,311	45,741	[Non-operating income/expenses] Non-operating income: ¥525million (Up ¥405 million YoY) Non-operating expenses: ¥240 million (Down ¥187 million YoY) [Extraordinary income/losses] Extraordinary income: ¥58 million (Up ¥53 million YoY) Extraordinary losses: ¥316 million (Down ¥162 million YoY)	
Operating income	361	40	(278)	(391)	(628)		
Ordinary income	53	402	(351)	(394)	(343)		
Profit attributable to owners of parent	(587)	75	(357)	(462)	(744)		
EBITDA	1,370	413	113	(10)	516		

Financial Performance Highlights by Segment

(Million yen)		Third Quarter FYE Mar. 31, 2021 Results (Apr. to Dec. 2020)	Third Quarter FYE Mar. 31, 2022 Results (Apr. to Dec. 2021)					YoY	Main Points
			1st Quarter	2nd Quarter	3rd Quarter	Total			
HS Business	Net sales	14,038	5,367	5,459	5,577	16,404	16.9%	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 for the HS Business overall.	
	Segment income	587	181	132	39	353	(39.8%)		
EMS Business	Net sales	17,584	6,441	7,240	6,625	20,307	15.5%	A loss was posted despite continued strong demand that led to growth in net sales. This resulted from pressure on profits from production cuts by customers due to COVID-19 infections in ASEAN and North and Central America, and parts and materials shortages, steep price increases on parts and materials, and higher distribution costs.	
	Segment Income	12	(78)	(222)	(193)	(495)	—		
PS Business	Net sales	8,299	3,134	2,785	3,108	9,029	8.8%	In addition to the impact from difficulty in securing parts and steep price increases from the second quarter onward, the impact from lockdowns in the production locations of customers and suppliers due to the resurgence of COVID-19 in the ASEAN region resulted in growth in net sales and a decline in segment income. However, demand remained at a high level.	
	Segment Income	135	55	(71)	(121)	(137)	—		
Segment Eliminations	Segment income	(372)	(116)	(115)	(116)	(348)	—	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	39,922	14,944	15,485	15,311	45,741	14.6%		
	Segment Income	361	40	(278)	(391)	(628)	—		

*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

¥16,404 million

Up 16.9% YoY

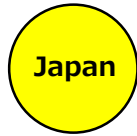
Segment income

¥353 million

Down 39.8% YoY

[Business Entity]

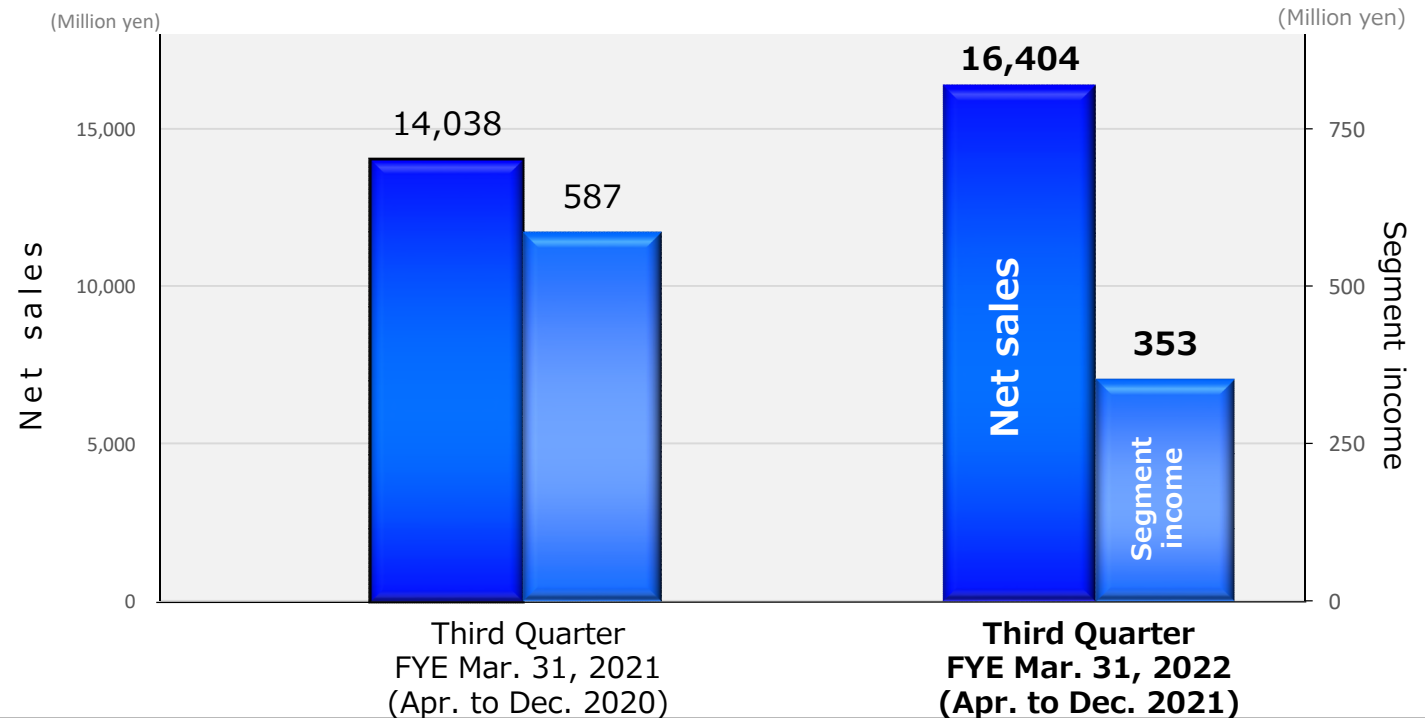
Nippon Manufacturing Service Group



- 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 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

¥20,307 million

Up 15.5% YoY

Segment income

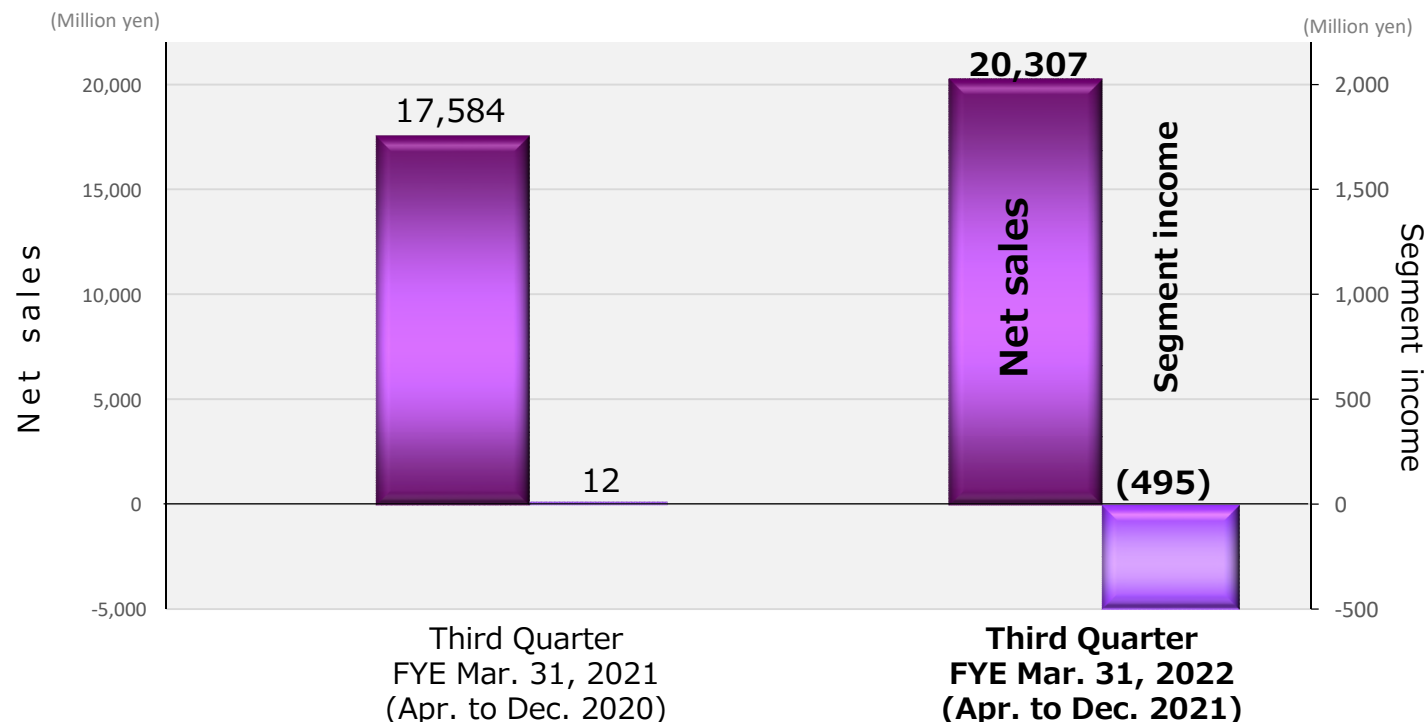
(¥495 million)

[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, the relatively minor impact from COVID-19 in China and the ASEAN region compared to the same period last fiscal year 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 continued 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, higher distribution costs, 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

¥9,029 million

Up 8.8% YoY

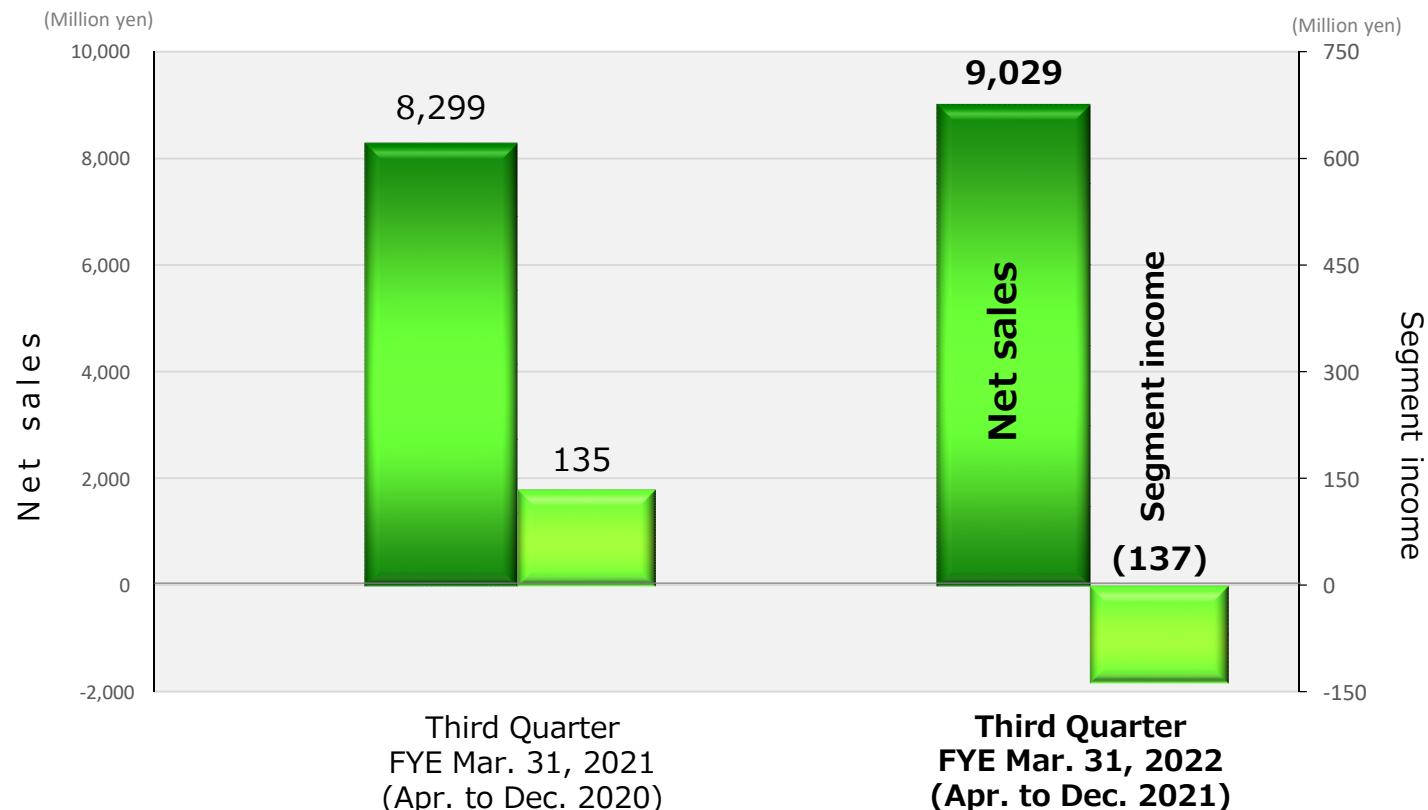
**Segment
income**

(¥137 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 continued lockdowns and other measures in the production locations where customers and suppliers operate, also had a negative impact.
- 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	December 31, 2021	Change
Current assets	21,658	24,801	3,143
Non-current assets	9,796	9,838	42
Property, plant and equipment	7,890	7,737	(152)
Intangible assets	883	1,017	133
Investments and other assets	1,022	1,083	61
Deferred assets	52	42	(9)
Total assets	31,507	34,682	3,175
Total liabilities	26,804	30,833	4,029
Current liabilities	17,460	22,210	4,749
Non-current liabilities	9,344	8,623	(720)
Total net assets	4,702	3,848	(853)
Total liabilities and net assets	31,507	34,682	3,175

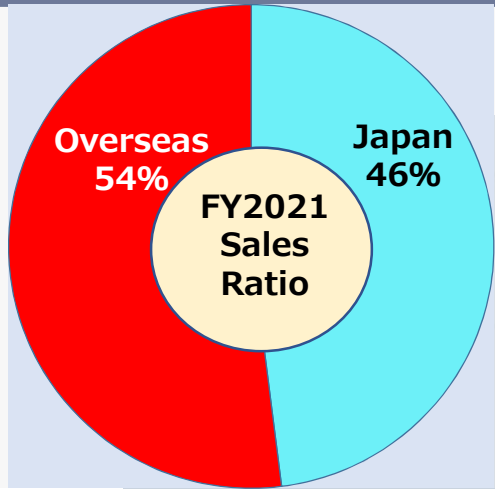
nms Holdings Corporation

<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, 2021)
Stock Exchange Listings	Tokyo Securities Exchange (JASDAQ market) Securities Code 2162
Numbers of employees	13,147 people (as of December 31, 2021)
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

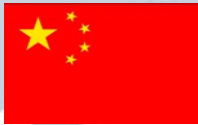
(For Reference) nms Holdings Group Overseas Expansion



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.

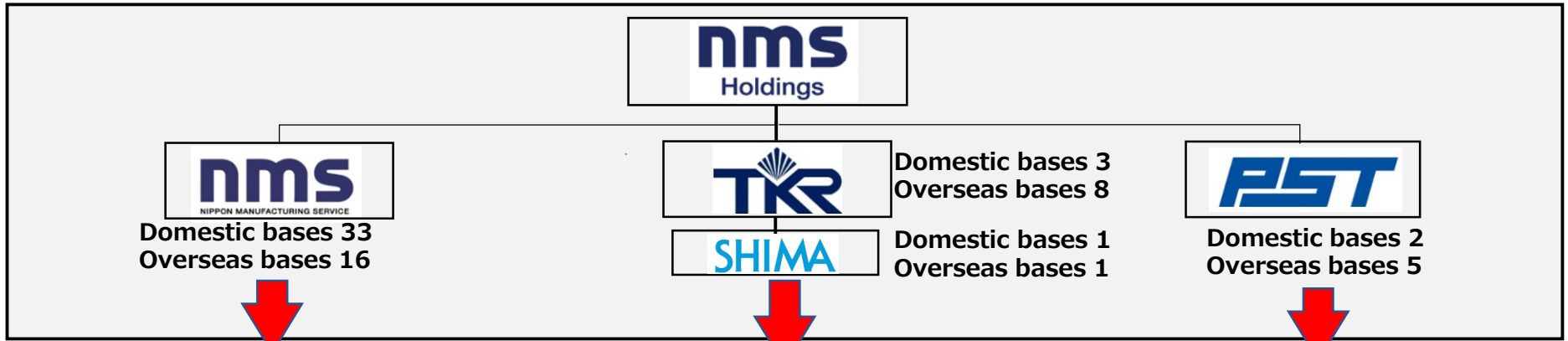


Indonesia

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 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 CO., LTD. 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

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

