

# nms Holdings Corporation

## Overview of Consolidated Financial Results

### for the First Half of Fiscal Year Ending March 31, 2023

- Although the operating loss lingered from the impact of the lockdown in China on operations, the steep rise in parts and material prices, rising distribution costs, and other factors in the first quarter, steady progress on efforts to secure sales and extensive measures to strengthen the business base led to growth in net sales and a return to profitability from the second quarter, improving overall results compared to the first half of last fiscal year.
- Ordinary income increased substantially owing to a large foreign exchange gain of 828 million yen from the greater-than-expected rapid weakening of the yen. Profit attributable to owners of parent moved into the black from a loss in the first half of the previous fiscal year.
- While some demand that was anticipated in the first half slipped into the second half, all businesses continue to see strong demand and customer needs remain at a high level. We expect this to result in substantial improvement in both net sales and profits for the full year.

(Million yen)	First Half of FYE Mar. 31, 2022 Results	First Half of FYE Mar. 31, 2023 Results				YoY	Main Points
		1st Quarter	2nd Quarter	Total			
<b>Net sales</b>	<b>30,430</b>	<b>16,444</b>	<b>19,374</b>	<b>35,818</b>	17.7%		
<b>Operating income</b>	<b>(237)</b>	<b>(249)</b>	<b>12</b>	<b>(236)</b>	—	[Non-operating income/expenses] Non-operating income: ¥883 million (Up ¥459 million YoY) Non-operating expenses: ¥220 million (Up ¥84 million YoY)	
<b>Ordinary income</b>	<b>51</b>	<b>(21)</b>	<b>447</b>	<b>426</b>	731.7%	[Extraordinary income/losses] Extraordinary income: ¥0 million (Down ¥56 million YoY)	
<b>Profit attributable to owners of parent</b>	<b>(282)</b>	<b>(138)</b>	<b>267</b>	<b>129</b>	—	Extraordinary losses: ¥27 million (Down ¥196 million YoY)	
<b>EBITDA</b>	<b>527</b>	<b>77</b>	<b>374</b>	<b>452</b>	(14.2%)		

# Financial Performance Highlights by Segment

(Million yen)		First Half of FYE Mar. 31, 2022 Results	First Half of FYE Mar. 31, 2023 Results				YoY	Main Points
					Total			
			1st Quarter	2nd Quarter				
HS Business	Net sales	10,827	5,706	5,800	11,507	6.3%	Despite the pressure on profits from the impact on operations from the lockdown in China and other factors, the HS business achieved growth in both net sales and segment income, owing to the benefit from the improvement in profit margins on the contracting business, in addition to improvement in profitability from measures implemented to strengthen the business base and an increase in the number of engineers registered overseas.	
	Segment income	313	143	327	470	50.2%		
EMS Business	Net sales	13,682	7,426	9,584	17,010	24.3%	New orders in China and the commencement of mass production in Vietnam resulted in growth in net sales. However, profits were pressured by production cuts and postponement of production plans by customers due to the lockdown in China, parts shortages, and increasing costs for the start-up of mass production in the North & Central American business, resulting in a segment loss.	
	Segment income	(301)	(214)	(46)	(260)	—		
PS Business	Net sales	5,920	3,311	3,989	7,300	23.3%	The impact from the lockdown in China, difficulty procuring parts and steep price increases, and the slowdown in logistics and increase in distribution costs resulted in a substantial segment loss. However, demand is trending at a high level and we will take action to maintain stable production and secure profits.	
	Segment income	(16)	(42)	(152)	(194)	—		
Segment Eliminations	Segment income	(232)	(136)	(115)	(252)	—	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	30,430	16,444	19,374	35,818	17.7%		
	Segment income	(237)	(249)	12	(236)	—		

\* 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

¥11,507 million

Up 6.3% YoY

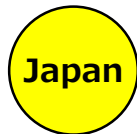
## Segment income

¥470 million

Up 50.2% YoY

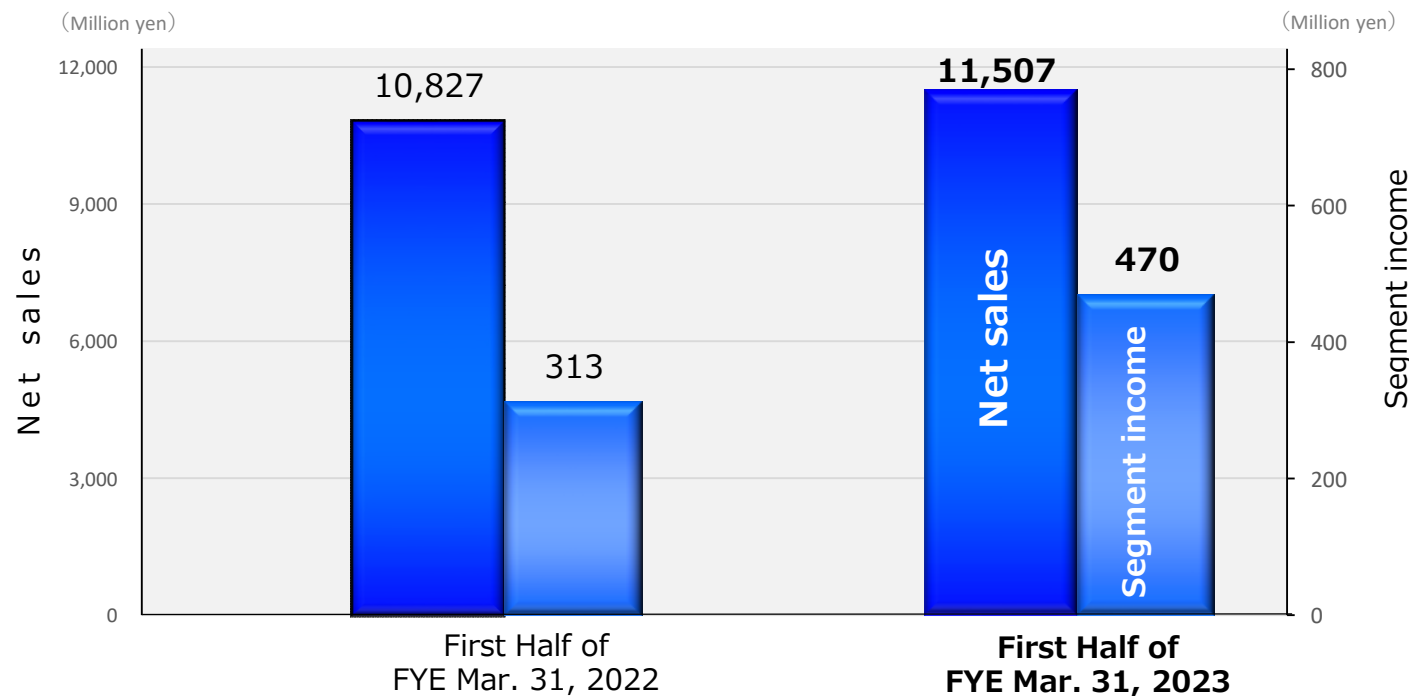
[Business Entity]

Nippon Manufacturing  
Service Group



- Demand was firm and led to YoY growth in net sales and segment income, despite the impact on operations from the COVID-19 pandemic and parts shortages related to semiconductors and other segments.
- We continue to work on improving profitability by 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.

Although the lockdown in China did impact business, overall performance improved, owing to the positive effects from increased number of engineers registered and the benefit from improvement in the profit margin in the contracting business.



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

**Net sales**

**¥17,010 million**

Up 24.3% YoY

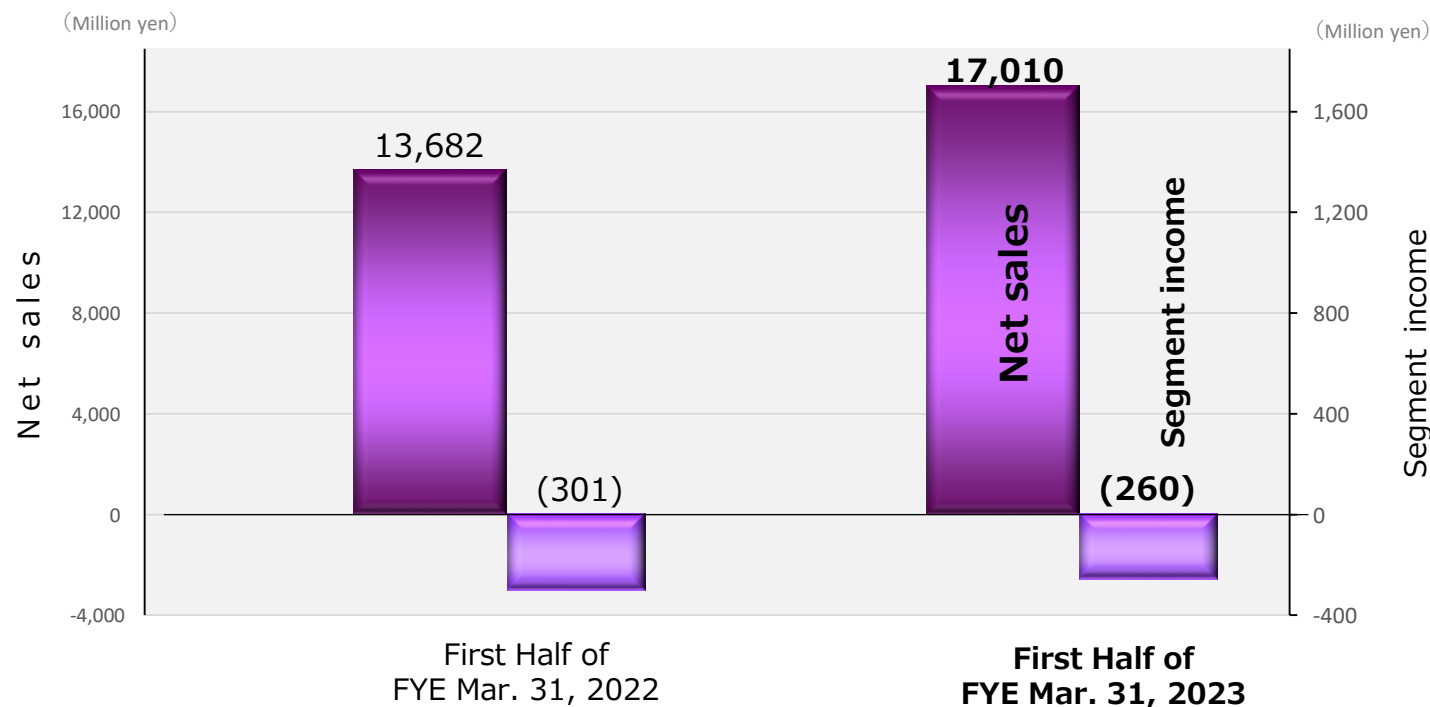
**Segment  
income**

**(¥260 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 each country, shortages of parts, and other factors due to the resurgence of COVID-19 infections, firm demand, new product orders in China, the launch of mass production in Vietnam, and other efforts to expand the business base led to YoY growth in net sales.
- On the profit front, a segment loss resulted from pressure on profits from production cuts and postponement of production plans by customers due to parts shortages, and increased costs of starting up mass production in the North and Central America business. The North and Central America business is a strategic measure accompanying expansion of market domains and inquiries from customers are also increasing so we are implementing measures to strengthen the business base to improve performance.



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

- Production adjustments by customers due to disruptions in the supply chain and parts shortages, on top of the impact from COVID-19 pandemic, including the lockdown in China, continued. However, demand trended at a high level and the positive impact from the weak yen led to growth in net sales.
- There was pressure on profits due to the impact from difficulty in procuring parts, steep price increases on parts and materials, including secondary materials, and rising distribution costs. However, we will implement measures to stabilize production activities and secure net sales and segment income to improve performance for the full year by correcting selling prices to pass through the steep rise in parts and material prices and expanding supply sources for parts and materials, among other measures.

**Net sales**

**¥7,300 million**

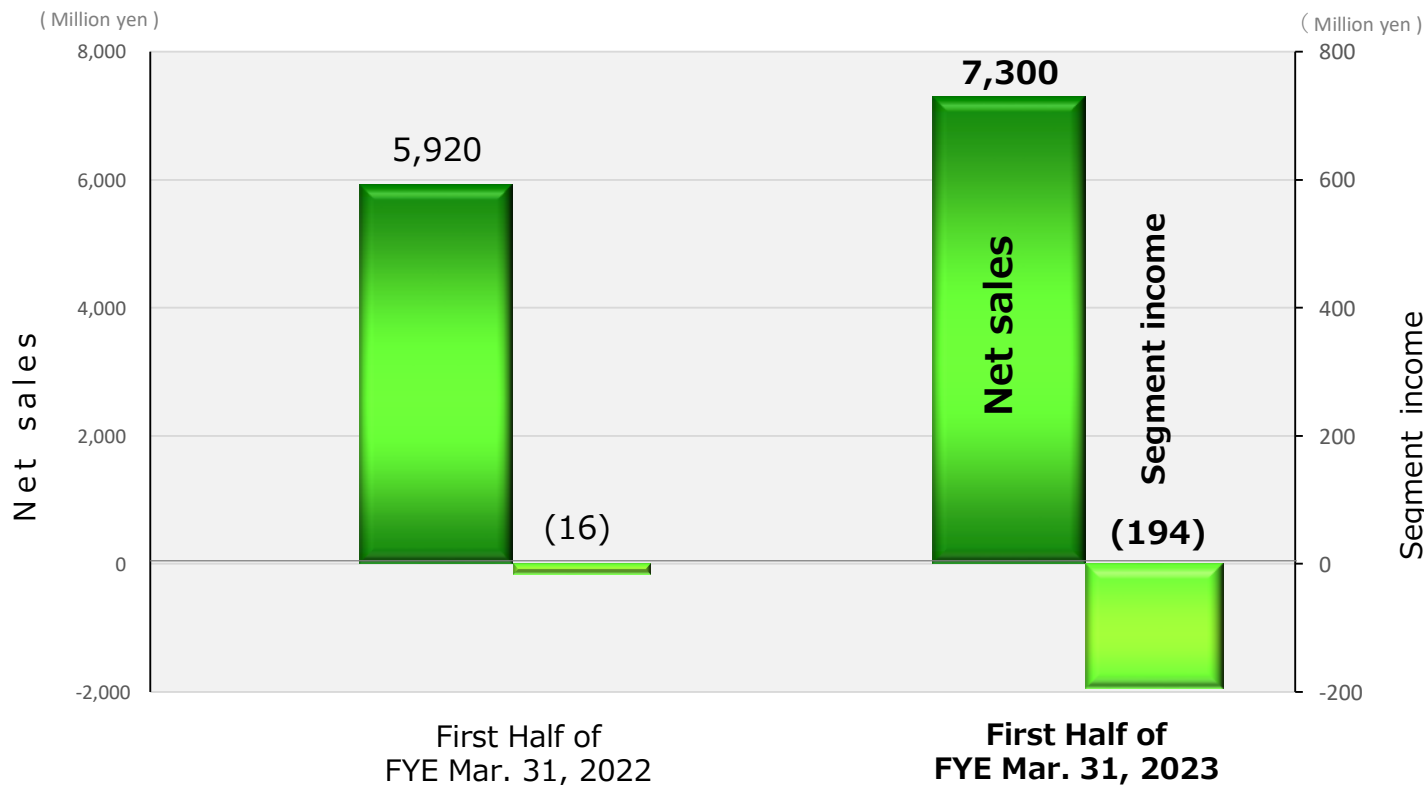
Up 23.3% YoY

**Segment income**

**(¥194 million)**

[Business Entity]

Power Supply  
Technology CO., LTD.



# ■ Financial Performance Highlights (B/S)

(Million yen)	FYE Mar. 31, 2022 (March 31, 2022)	First Quarter of FYE Mar. 31, 2023 Sept 30, 2022	Change
Current assets	26,349	31,381	5,032
Non-current assets	8,453	9,573	1,119
Property, plant and equipment	6,697	7,745	1,048
Intangible assets	722	696	(25)
Investments and other assets	1,033	1,130	96
Deferred assets	39	33	(6)
Total assets	34,842	40,987	6,145
Total liabilities	32,148	38,150	6,002
Current liabilities	26,333	32,501	6,168
Non-current liabilities	5,814	5,648	(165)
Total net assets	2,693	2,836	142
Total liabilities and net assets	34,842	40,987	6,145

# ■ Financial Performance Highlights (Cash Flows)

(Million yen)		First Half FYE March 31, 2022	First Half FYE March 31, 2023	Main Points
	Income before income taxes	(115)	399	
	Depreciation	764	689	
	Change in operating capital	(594)	(1,243)	Notes and accounts receivable – trade: (¥70 million) Inventories: (¥3,475 million) Notes and accounts payable – trade: ¥2,303 million
	Other	(638)	(706)	
	<b>Net cash flow from operating activities</b>	<b>(583)</b>	<b>(860)</b>	
	Purchase/sales of non-current assets	(309)	(1,107)	Gains on sale: ¥0 million Expenditures for acquisition: (¥1,108 million)
	Other	(36)	18	
	<b>Net cash flow from investing activities</b>	<b>(346)</b>	<b>(1,088)</b>	
	<b>Free cash flow</b>	<b>(929)</b>	<b>(1,948)</b>	
	Change in loans payable	1,102	718	
	Payment of dividends, etc.	(276)	(196)	Lease debt repayment: (¥119 million) Dividends paid: (¥77 million)
	<b>Net cash flow from financing activities</b>	<b>826</b>	<b>521</b>	
	<b>Cash and cash equivalents at end of period</b>	<b>4,765</b>	<b>4,045</b>	

# ■ Full-year Earnings Forecasts for Fiscal Year Ending March 31, 2023 (announced on September 13, 2022)

- Although we anticipate continuing uncertainty concerning the future business environment and expect resolution of chaos in the supply chain and part shortages to take time. Despite this, we are seeing movement by customers in each business to catch up on production and obtain new orders linked to the next fiscal year in addition to benefits from the extensive measures we have already implemented to strengthen the business base. This leads us to forecast substantial improvement in both net sales and profit for the full year compared the previous consolidated fiscal year, which was negatively impacted by operating restrictions due to the COVID-19 pandemic and posting of impairment losses.
- However, we have not revised the consolidated earnings forecasts for the full year announced on September 13, 2022 because it is difficult to ascertain the trend in exchange rates at present. Once it become easier to clearly project the trend, we will revise our forecasts and promptly disclose any information that should be disclosed.
- We also plan to formulate a new medium-term business plan for the next three years, beginning in FY2023 (ending March 31, 2024). We will keep an eye on changes in the business environment and intend to disclose the new plan at the proper time. We will strive to secure net sales and profit while sowing seeds of growth for the Group as a whole.

(Million yen)	FYE Mar. 31, 2021 Results	FYE Mar. 31, 2022 Results	FYE Mar. 31, 2023 Forecasts (announced on Sep. 13, 2022)	vs. FYE Mar. 31, 2022
Net sales	54,856	63,277	<b>78,000</b>	23.3%
Operating income	689	(361)	<b>800</b>	+1,161
Ordinary income	158	122	<b>650</b>	+528
Profit attributable to owners of parent	(735)	(1,980)	<b>250</b>	+2,230
Dividends per share (Year-end dividends)	¥4	¥5	<b>¥5</b>	



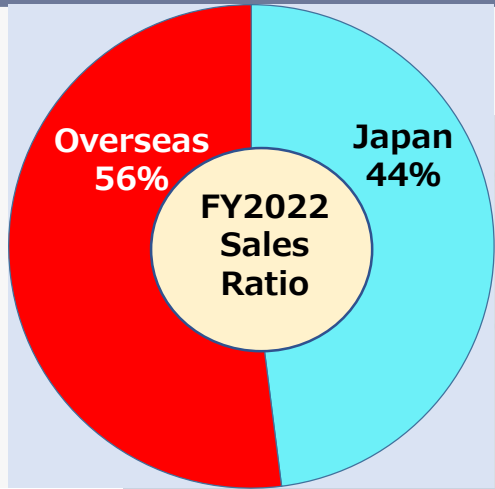
## nms Holdings Corporation

<https://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, 2022)</b>
<b>Stock Exchange Listings</b>	<b>Tokyo Securities Exchange (Standard market) Securities Code 2162</b>
<b>Number of group employees</b>	<b>13,458 people (as of September 30, 2022)</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**  
**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.

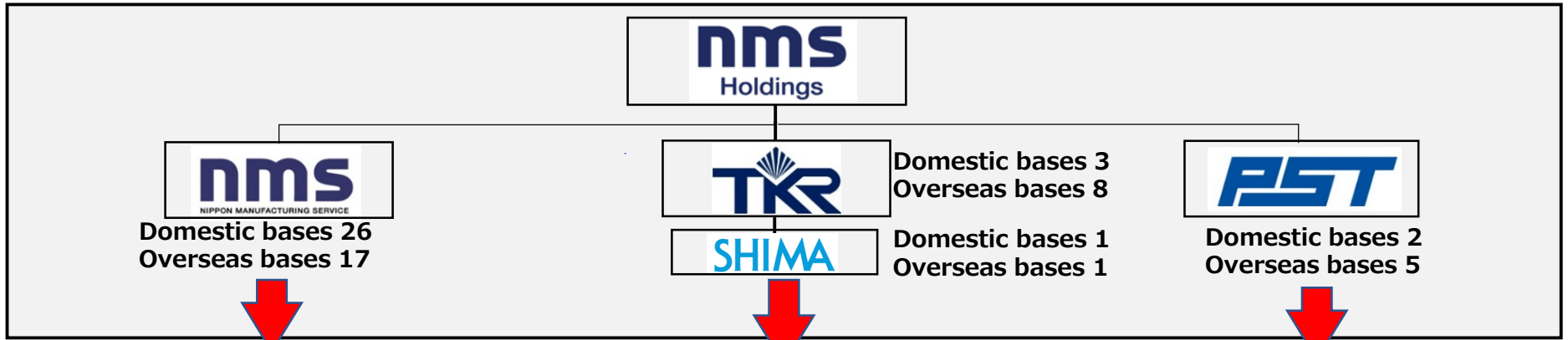


## Indonesia

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
<b>Human Resource Solution Business (HS Business)</b>		
<ul style="list-style-type: none"> <li>• <b>Nippon Manufacturing Service Corporation</b></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>	Japan China Vietnam Thailand Laos Indonesia Cambodia	General manufacturing services in Japan and overseas <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>• 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> <li>• Technical service business (various repairs, rework and analysis / general customer services)</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 (Dongguan) 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 (Malaysia) Sdn. Bhd. etc.</li> </ul>	Japan China Malaysia Vietnam U.S.A. Mexico	<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>	Japan China Hong Kong (China) Thailand	<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.

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