

Consolidated Financial Results (Japanese Accounting Standards) for the First Half of Fiscal Year Ending March 31, 2022

November 12, 2021

Listed Company nms Holdings Corporation (nms HD)

Listings: Tokyo Stock Exchange

Securities code 2162 URL <http://www.n-ms.co.jp/>

Representative (Title) President and CEO (Name) Fumiaki Ono

Contact (Title) Managing Director General Manager, Corporate Division (Name) Toshiko Kono 03(5333)1711

Scheduled Date of Filing Quarterly Securities Report: November 12, 2021

Scheduled date of commencement of dividend payment: —

Supplementary Documents for Quarterly Financial Results: Yes

Quarterly Financial Results Briefing: Yes

(Amounts in millions of yen rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Half of Fiscal Year Ending March 31, 2022 (April 1, 2021 – September 30, 2021)

(1) Consolidated results of operations

(Percentages represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
1H FY03/2022	30,430	16.8	(237)	—	51	—	(282)	—
1H FY03/2021	26,049	(16.3)	139	(49.6)	(68)	—	(499)	—

Note: Comprehensive income 1H FY03/2022 (66) million yen (-%) 1H FY03/2021 (785) million yen (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
1H FY03/2022	(16.89)	—
1H FY03/2021	(29.98)	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
1H FY03/2022	33,392	4,629	13.8
FY03/2021	31,507	4,702	14.9

Reference: Shareholders' equity 1H FY03/2022 4,620 million yen FY03/2021 4,693 million yen

2. Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY03/2021	—	0.00	—	4.00	4.00
FY03/2022	—	0.00			
FY03/2022 (forecast)			—	5.00	5.00

Note: Revision of the latest released dividend forecast: None

3. Consolidated forecasts for year ending March 2022 (April 1, 2021 to March 31, 2022)

(% shows the year-on-year change)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	69,000	25.8	1,200	74.1	1,200	655.0	600	—	36.01

Note: Revision of the latest released business performance forecast: None

* Notes

- (1) Changes in significant subsidiaries during the consolidated 1H (three months) under review (changes of specific subsidiaries in accordance with changes in the scope of consolidation): Yes
- (2) Application of accounting procedures specific to creation of quarterly consolidated financial statements: Yes

(3) Changes in accounting principles and changes or restatement of accounting estimates

- (i) Changes in accounting principles associated with revision of accounting standards, etc.: Yes
- (ii) Changes in accounting principles other than (i): None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

(4) Number of shares outstanding (common shares):

- (1) Number of shares outstanding at end of period (including treasury shares)
- (2) Number of treasury shares at end of period
- (3) Average number of shares outstanding during the term

1H FY03/2022	21,611,000shares	FY03/2021	21,611,000shares
1H FY03/2022	4,792,759shares	FY03/2021	4,949,759shares
1H FY03/2022	16,713,574shares	1H FY03/2021	16,680,454shares

* Quarterly financial statements are not subject to quarterly reviews by certified accountants or audit corporations

* Explanations and other special notes concerning the appropriate use of business performance forecasts

(Notes concerning the forward-looking statements)

The results forecasts and forward-looking statements included in this document are based on information that the Company has obtained and certain assumptions that the Company considers reasonable. The Company makes no guarantees with respect to the achievement of its results forecasts or forward-looking statements. Actual results might be significantly different from the forecasts in the document, depending on various factors.

(Availability of the supplementary documents for financial results)

We plan to hold an online financial results briefing for institutional investors and analysts on November 22, 2021.

The supplementary materials on financial results delivered in the briefing will be posted on our website.

4. Consolidated financial statements

(1) Consolidated balance sheet

(Thousand yen)

	FY03/2021 (March 31,2021)	1H FY03/2022 (September 30,2021)
Assets		
Current assets		
Cash and deposits	4,746,154	4,770,253
Notes and accounts receivable - trade	10,300,146	—
Notes, accounts receivable - trade and contract assets	—	10,766,381
Finished goods	1,152,791	1,012,044
Work in process	546,250	720,339
Raw materials and supplies	3,852,590	4,887,322
Others	1,070,851	1,323,283
Allowance for doubtful accounts	(10,574)	(11,313)
Total current assets	21,658,210	23,468,310
Non-current assets		
Property, plant and equipment		
Land	1,166,687	953,021
Other, net	6,723,409	6,846,762
Total property, plant and equipment	7,890,096	7,799,783
Intangible assets		
Other	883,399	987,399
Total intangible assets	883,399	987,399
Investment and other assets		
Other	1,028,638	1,097,332
Allowance for doubtful accounts	(6,119)	(6,119)
Total investments and other accounts	1,022,518	1,091,212
Total non-current assets	9,796,014	9,878,396
Deferred assets		
Bond issuance cost	52,885	46,274
Total deferred assets	52,885	46,274
Total assets	31,507,110	33,392,981
Liability		
Current liability		
Notes and accounts payable - trade	3,968,835	4,802,208
Short-term loans payable	9,037,190	10,463,711
Accounts payable - other	1,906,819	1,967,386
Income tax payable	172,010	175,505
Accrued consumption taxes	362,066	361,668
Provision for bonuses	427,327	540,191
Other	1,586,388	1,561,376
Total current liabilities	17,460,639	19,872,047
Non-current liabilities		
Bonds payable	2,000,000	2,000,000
Long-term loans payable	5,956,696	5,781,666
Deferred tax liability	63,784	63,296
Non defined benefit liabilities	297,239	312,081
Other	1,026,435	734,667
Total non-current liabilities	9,344,157	8,891,711
Total liabilities	26,804,796	28,763,758

(Thousand yen)

	FY03/2021 (March 31,2021)	1H FY03/2022 (September 30,2021)
Net assets		
Shareholders' equity		
Capital stock	500,690	500,690
Capital surplus	527,182	554,842
Retained earnings	5,486,514	5,137,564
Treasury shares	(1,043,513)	(1,010,414)
Total shareholders' equity	5,470,873	5,182,682
Other accumulated comprehensive income		
Valuation difference on available-for-sale securities	(6,301)	(5,712)
Foreign currency translation adjustment	(770,990)	(556,421)
Total other accumulated comprehensive income	(777,291)	(562,134)
Non-controlling interests	8,732	8,674
Total net assets	4,702,314	4,629,222
Total liabilities and net assets	31,507,110	33,392,981

(2) Quarterly consolidated statements of income/quarterly consolidated statement of comprehensive income
(Quarterly consolidated statements of income) (1H FY03/2022)

(Thousand yen)

	1H FY03/2021 (From April 1, 2020 to September 30, 2020)	1H FY03/2022 (From April 1, 2021 to September 30, 2021)
Net sales	26,049,332	30,430,024
Cost of sales	23,042,490	27,170,332
Gross profit	3,006,842	3,259,691
Selling, general and administrative expenses		
Salaries and bonuses	1,324,399	1,419,613
Provision for bonuses	85,853	125,551
Other	1,457,574	1,952,004
Total selling, general and administrative expenses	2,867,826	3,497,169
Operating income	139,015	(237,477)
Non-operating income		
Interest income	7,348	7,695
Dividend income	636	—
Real estate rent	—	363,476
Subsidy income	20,206	—
Other	44,178	52,876
Total non-operating income	72,370	424,048
Non-operating expenses		
Interest expenses	122,113	100,276
Amortization of bond issuance cost	6,610	6,610
Foreign exchange losses	112,423	—
Rent cost of real estate	9,939	—
Foreign withholding tax	747	2,275
Other	27,854	26,094
Total non-operating expenses	279,688	135,257
Ordinary income	(68,303)	51,313
Extraordinary income		
Gain on sales of non-current assets	837	57,573
Gain on sale of investment securities	3,056	—
Total extraordinary income	3,893	57,573
Extraordinary losses		
Loss on disposal of property	9,369	392
Business structure improvement expenses	—	161,449
Loss on COVID-19	367,925	62,296
Total extraordinary losses	377,295	224,138
Income before income taxes	(441,704)	(115,251)
Income taxes	59,109	167,190
Net income/loss (-)	(500,814)	(282,441)
Profit attributable to owners of parent	(814)	(136)
Profit/Loss (-) attributable to owners of parent	(499,999)	(282,305)

(Quarterly consolidated statement of comprehensive income)

(1H FY03/2022)

(Thousand yen)

	1H FY03/2021 (From April 1, 2020 to September 30, 2020)	1H FY03/2022 (From April 1, 2021 to September 30, 2021)
Net income/loss (-)	(500,814)	(282,441)
Other comprehensive income/loss (-)		
Valuation difference on available-for-sale securities	(1,317)	589
Foreign currency translation adjustment	(283,725)	214,874
Total other comprehensive income/loss (-)	(285,043)	215,463
Comprehensive income/loss (-)	(785,857)	(66,978)
Comprehensive income attributable to		
Comprehensive income/loss (-) attributable to owners of parent	(784,614)	(67,147)
Comprehensive income/loss (-) attributable to non-controlling interests	(1,242)	169

(3) Quarterly consolidated statement of cash flows

(Thousand yen)

	1H FY03/2021 (From April 1, 2020 to September 30, 2020)	1H FY03/2022 (From April 1, 2021 to September 30, 2021)
Cash flows from operating activities		
Income before income taxes	(441,704)	(115,251)
Depreciation	627,580	764,586
Increase (decrease) in allowance for doubtful accounts	(1,901)	(188)
Increase (decrease) in provision for bonuses	12,969	99,067
Increase (decrease) in net defined benefit liability	(8,549)	8,092
Interest and dividend income	(7,985)	(7,695)
Interest expenses	122,113	100,276
Amortization of bond issuance cost	6,610	6,610
Foreign exchange losses (gains)	(11,502)	(293,042)
Loss on retirement of non-current assets	9,369	392
Loss (gain) on sales of fixed assets	(837)	(57,573)
Gain on reversal of share acquisition rights	(3,056)	—
Business structure improvement expenses	—	161,449
Loss on COVID-19	367,925	62,296
Decrease (increase) in notes and accounts receivable - trade	2,551,627	(301,989)
Decrease (increase) in accounts receivable-other	76,169	(28,996)
Decrease (increase) in inventories	(444,527)	(916,913)
Decrease (increase) in advances paid	21,973	(98,425)
Increase (decrease) in notes and accounts payable - trade	(543,569)	624,609
Increase (decrease) in accounts payable - other	(196,944)	(28,204)
Increase (decrease) in accrued expenses	(78,935)	(6,600)
Increase (decrease) in accrued consumption taxes	(481,562)	(26,659)
Increase (decrease) in deposits received	9,630	(101,529)
Increase (decrease) in Long-term accounts payable	(29,968)	(14,609)
Increase (decrease) in other non-current liabilities	(444,539)	(145,807)
Other	143,251	122,734
Subtotal	1,253,637	(193,370)
Interest and dividend income received	6,667	6,331
Proceeds from subsidy income	15,500	—
Interest expenses paid	(125,983)	(103,371)
Income taxes paid	(158,787)	(191,573)
Income taxes refund	—	120,790
Business structure improvement expenses paid	—	(161,449)
Proceeds from subsidies for employment adjustment	200,933	23,991
Payments for loss on COVID-19	(541,788)	(84,583)
Net cash provided by (used in) operating activities	650,179	(583,235)

(Thousand yen)

	1H FY03/2021 (From April 1, 2020 to September 30, 2020)	1H FY03/2022 (From April 1, 2021 to September 30, 2021)
Cash flows from investing activities		
Payments into time deposits	(22,597)	(4,926)
Proceeds from withdrawal of time deposits	18,978	4,812
Purchase of property, plant and equipment	(773,048)	(553,624)
Proceeds from sales of property, plant and equipment	777	377,270
Purchase of intangible assets	(14,541)	(133,394)
Proceeds from sales of investment securities	4,288	—
Payments for lease and guarantee deposits	(3,643)	(10,528)
Proceeds from collection of lease and guarantee deposits	15,669	4,130
Decrease (increase) in short-term loans receivable	480	—
Payments of long-term loans receivable	(3,802)	—
Other	(7,122)	(30,168)
Net cash provided by (used in) investing activities	(784,561)	(346,429)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,406,330	1,157,767
Proceeds from long-term loans payable	—	300,000
Repayments of long-term loans payable	(446,278)	(354,944)
Repayments of finance lease obligations	(184,944)	(157,853)
Repayments of installment payables	(29,784)	(51,875)
Purchase of treasury shares	(133,654)	—
Cash dividends paid	(85,619)	(66,812)
Net cash provided by (used in) financing activities	526,048	826,281
Effect of exchange rate change on cash and cash equivalents	(71,044)	127,175
Net increase (decrease) in cash and cash equivalents	320,622	23,793
Cash and cash equivalents at beginning of period	4,156,874	4,741,407
Cash and cash equivalents at end of period	4,477,496	4,765,200