

# nms Holdings Corporation

## Overview of Consolidated Financial Results for the First Half of Fiscal Year Ending March 31, 2024

- The positive effects from previous cost restructuring and measures to strengthen the business base contributed to strong performance overall, despite the negative effects from inventory adjustments by customers, mainly in China and the ASEAN region.
- Net sales and operating income during the second quarter were lower than in the first quarter due to the negative effect of production cuts and increased procurement of parts and materials as production recovered. However, this was anticipated and both net sales and operating profit outperformed the first half of the previous fiscal year.
- Ordinary income and profit attributable to owners of parent also increased substantially, boosted by 760 million yen in foreign exchange gains in addition to the improvement in operating income.

(Million yen)	First Half of FYE Mar. 31, 2023 Results*	First Half of FYE Mar. 31, 2024 Results				YoY	Main Points
		1st Quarter	2nd Quarter	Total			
		<b>Net sales</b>	<b>35,818</b>	<b>18,565</b>	<b>17,709</b>		
<b>Operating income</b>	<b>(155)</b>	<b>483</b>	<b>14</b>	<b>498</b>	+653	[Non-operating income/expenses] Non-operating income: ¥829 million (Down ¥54 million YoY) Non-operating expenses: ¥437 million (Up ¥214 million YoY)	
<b>Ordinary income</b>	<b>505</b>	<b>698</b>	<b>191</b>	<b>889</b>	+383	[Extraordinary income/losses] Extraordinary income: ¥0.9 million Extraordinary losses: ¥1 million	
<b>Profit attributable to owners of parent</b>	<b>208</b>	<b>496</b>	<b>63</b>	<b>560</b>	+351		
<b>Net income per share (yen)</b>	<b>13.39</b>	<b>31.93</b>	<b>4.10</b>	<b>36.03</b>	+22.64		
<b>EBITDA</b>	<b>533</b>	<b>842</b>	<b>386</b>	<b>1,229</b>	+695		

\*explanatory note (P9)

# Full-year Earnings for Fiscal Year Ending March 31, 2024

(announced on Oct. 30, 2023)

- We forecast a YoY decrease in net sales owing to the negative effects of monetary tightening in the U.S. and European economies and production cuts by customers who experienced a decline in end-user demand, in addition to inventory adjustments customers needed to make after restoring production levels in the second half of last fiscal year.
- However, we expect an increase in operating income as the positive effects from measures to strengthen the business base appear, including the full benefits of previous business restructuring, further reductions in fixed costs, and productivity improvements achieved by automating production lines at manufacturing plants.
- We also forecast growth in ordinary income due to the increase in operating income and foreign exchange gains. Growth in profit attributable to owners of parent is also forecast due to the increase in both operating income and ordinary income.
- While uncertainty over the direction of the global economy is likely to persist, factors such as labor shortages in the manufacturing industry, building agile production structures in Japan and overseas, and increased demand for energy-related products will all lead to good opportunities for the nms holdings Group. We will steadily pursue initiatives connected with the next fiscal year and will work to achieve our medium-term business plan.

	FYE Mar. 31, 2022 Results	FYE Mar. 31, 2023 Results	FYE Mar. 31, 2024 Forecasts (announced on Oct. 30, 2023)	vs. FYE Mar. 31, 2023
Net sales	63,277	79,033	<b>77,000</b>	(2.6%)
Operating income	(361)	1,537	<b>1,850</b>	+312
Ordinary income	122	1,426	<b>1,500</b>	+73
Profit attributable to owners of parent	(1,980)	505	<b>800</b>	+294
Net income per share (yen)	(121.17)	32.52	<b>51.47</b>	+18.95

# Financial Performance Highlights by Segment

(Million yen)		First Half of FYE Mar. 31, 2023 Results※	First Half of FYE Mar. 31, 2024 Results				Main Points
					Total	YoY	
			1st Quarter	2nd Quarter			
HS Business	Net sales	11,507	5,761	5,655	11,416	(0.8%)	<ul style="list-style-type: none"> <li>Domestic demand was firm overall despite production adjustments by customers, mainly related to automotive and semiconductor demand.</li> <li>Various factors exerted downward pressure on profits overseas, resulting in a decrease in both net sales and segment profit, mainly due to the negative effects from production cuts due to inventory adjustments and increased training expenses related to the receipt of new orders.</li> </ul>
	Segment income	470	196	231	427	(42)	
EMS Business	Net sales	17,010	9,118	8,228	17,347	2.0%	<ul style="list-style-type: none"> <li>The receipt of new orders from strategic investments and an increase in production volume from commencement of mass production, combined with the positive effects from expansion of business scale, resulted in growth in net sales.</li> <li>The positive effects from productivity improvements and cost restructuring at each location also led to substantial improvement on the profit front despite the negative effects from production adjustments.</li> </ul>
	Segment income	(179)	242	(107)	134	+313	
PS Business	Net sales	7,300	3,685	3,824	7,510	2.9%	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>
	Segment income	(194)	203	15	219	+414	
Segment Eliminations	Segment income	(252)	(159)	(124)	(283)	—	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	35,818	18,565	17,709	36,274	1.3%	HS Business: Human Resource Solution Business EMS Business: Electronics Manufacturing Service Business PS Business: Power Supply Business
	Segment income	(155)	483	14	498	+653	

※explanatory note (P9)

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

**Net sales**

**¥11,416 million**

Down 0.8% YoY

**Segment income**

**¥427 million**

Down 9.1% YoY

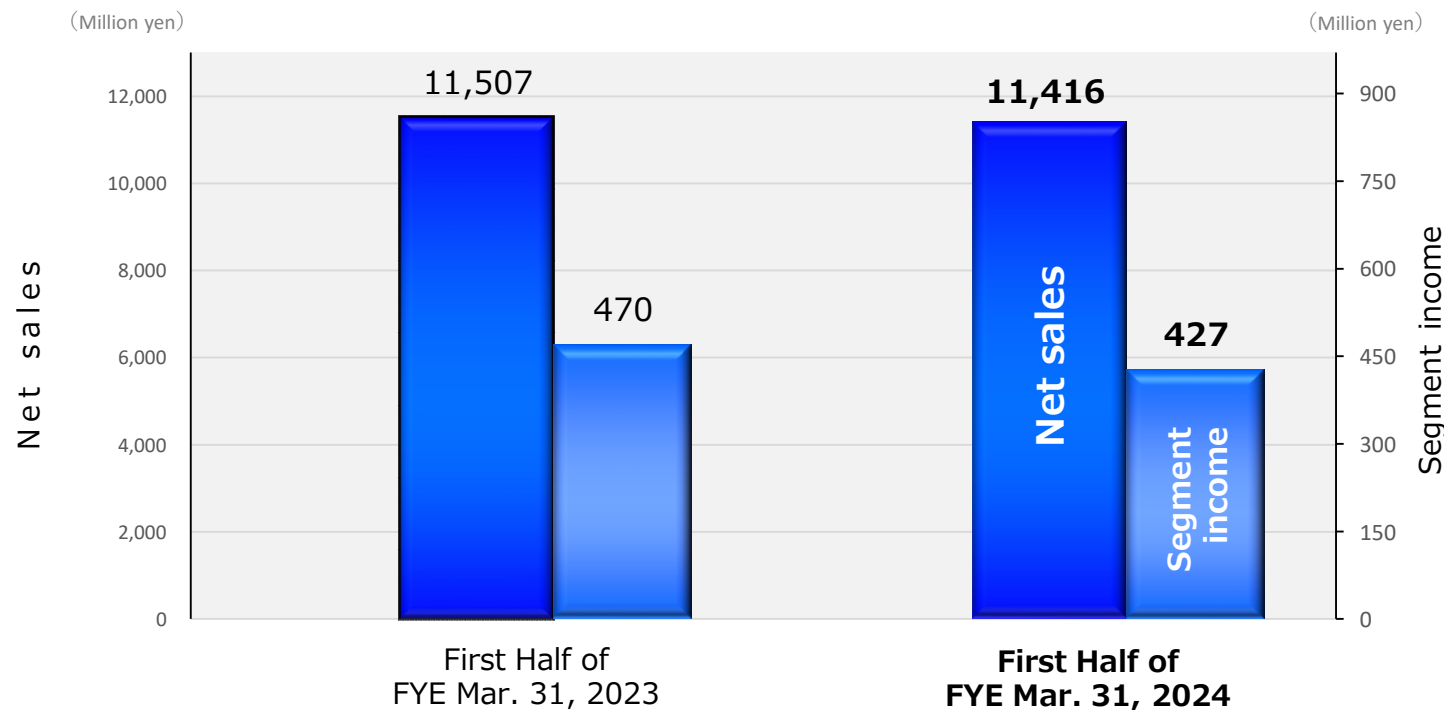
[Business Entity]

**Nippon Manufacturing Service Group**



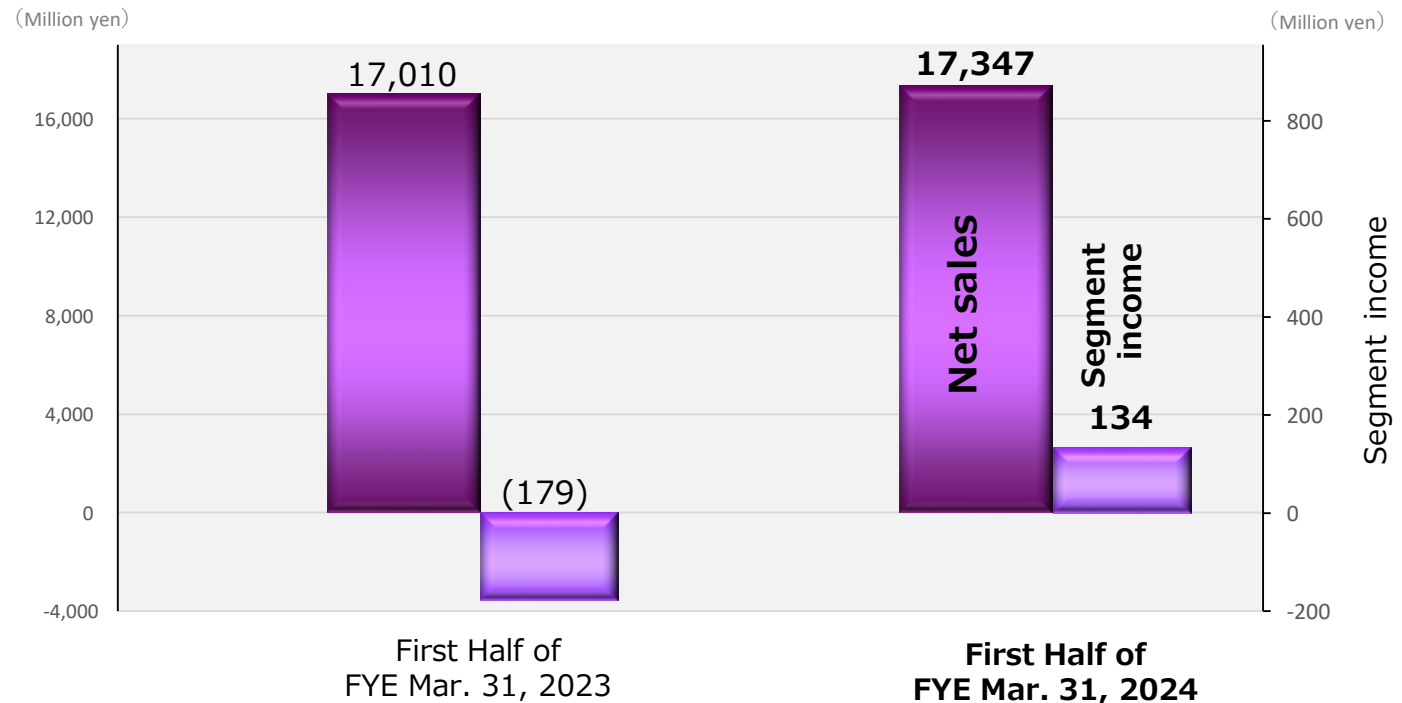
- Demand was firm despite the impact from production adjustments by customers, mainly related to automotive and semiconductor demand, which curtailed net sales.
- Profitability improved as progress was made on implementing measures to strengthen the business base, including improving the cost-to-sales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

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

- The EMS Business has production operations in China, ASEAN countries, and North America. The receipt of new orders from strategic investments and an increase in production from 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, despite the negative effects from production adjustments by customers in China and Malaysia.
- 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.



**Net sales**

**¥17,347 million**

Up 2.0% YoY

**Segment income**

**¥134 million**

[Business Entity]

TKR Group

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

**Net sales**

**¥7,510 million**

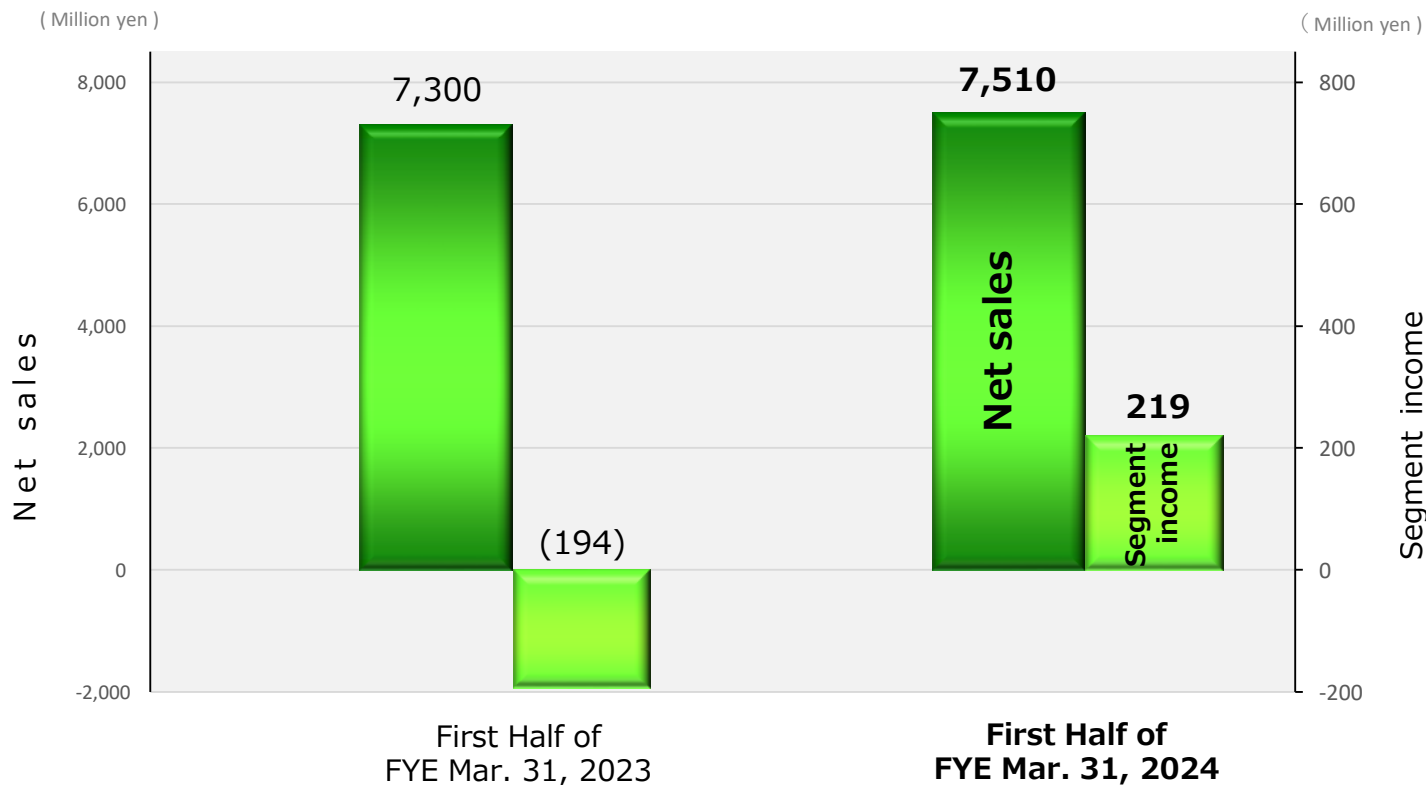
Up 2.9% YoY

**Segment  
income**

**¥219 million**

[Business Entity]  
Power Supply  
Technology Group

- Overseas, high-level demand persisted and the 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 lessened, despite slump in sales to Europe seen by customers.
- 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 substantial YoY improvement in net sales.



# ■ Financial Performance Highlights (B/S)

(Million yen)	FYE Mar. 31, 2023 (March 31, 2023)	2nd Quarter of FYE Mar. 31, 2024 (Sept 30, 2023)	Change
<b>Current assets</b>	30,020	<b>28,274</b>	(1,746)
<b>Non-current assets</b>	8,885	<b>9,523</b>	638
<b>Property, plant and equipment</b>	7,089	<b>7,647</b>	558
<b>Intangible assets</b>	651	<b>651</b>	0
<b>Investments and other assets</b>	1,143	<b>1,224</b>	81
<b>Deferred assets</b>	26	<b>19</b>	(6)
<b>Total assets</b>	38,932	<b>37,818</b>	(1,113)
<b>Total liabilities</b>	36,417	<b>34,892</b>	(1,524)
<b>Current liabilities</b>	28,519	<b>26,456</b>	(2,062)
<b>Non-current liabilities</b>	7,898	<b>8,436</b>	538
<b>Total net assets</b>	2,514	<b>2,925</b>	410
<b>Total liabilities and net assets</b>	38,932	<b>37,818</b>	(1,113)

# Financial Performance Highlights (Cash Flows)

(Million yen)		First Half FYE March 31, 2023※	First Half FYE March 31, 2024	Main Points
	Income before income taxes	478	889	
	Depreciation	689	731	
	Change in operating capital	(1,243)	1,684	Notes and accounts receivable – trade: ¥1,996 million Inventories : ¥1,877 million Notes and accounts payable – trade: (¥2,189 million)
	Other	(706)	(983)	
	Net cash flow from operating activities	(781)	2,322	
	Purchase/sales of non-current assets	(1,107)	(586)	Gains on sale: ¥1 million Expenditures for acquisition: (¥587 million)
	Other	18	(32)	
	Net cash flow from investing activities	(1,088)	(618)	
	Free cash flow	(1,869)	1,703	
	Change in loans payable	718	(789)	
	Payment of dividends, etc.	(275)	(286)	Lease debt repayment: (¥192 million) Dividends paid: (¥93 million)
	Net cash flow from financing activities	442	(1,075)	
	Cash and cash equivalents at end of period	4,045	4,247	

※explanatory note (P9)



## **Change in comparative information for the first half of fiscal year ending March 31, 2024 accompanying adoption of the updated U.S. accounting standard, ASU 2016-02, Leases**

**Overseas subsidiaries applying U.S. accounting standards in the previous fiscal year have adopted the updated U.S. accounting standard, ASU 2016-02, Leases (hereafter, “the Standard”).**

**In adopting the Standard, these subsidiaries have adopted the method of recognizing the amount for the cumulative effective from the change in accounting policies on the date application of the Standard commenced, in keeping with transitional treatment.**

**The amount of the impairment loss measured by examining the impairment of lease assets of the EMS business, to which the Standard applies, was posted to retained earnings at the beginning of the previous consolidated fiscal year.**

**Because the Standard is applied from fiscal year ending March 31, 2024, the impairment loss accompanying the change in accounting policies was retroactively posted to retained earnings at the beginning of the previous consolidated fiscal year in the financial statements for the first half of fiscal year ending March 31, 2024.**

**This resulted in the following changes to the first half of previous fiscal year, compared to before the Standard was retroactively applied: A decrease of 81,468,000 yen in the cost of sales, a decrease in the operating loss and EMS business segment loss by the same amount, and an increase of 5.08 yen in net income per share.**

**These restatements are reflected in the results for the first half of fiscal year ending March 31, 2023 in these materials.**

## nms Holdings Corporation

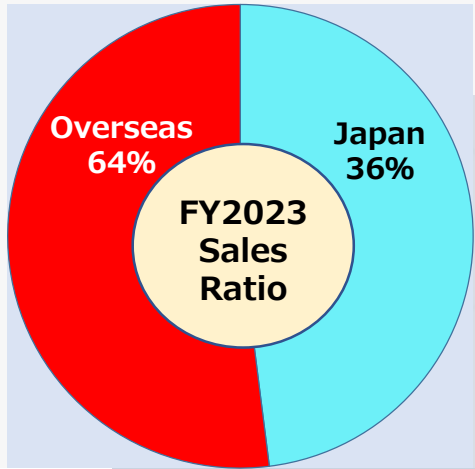
<https://www.n-ms.co.jp/english/>

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 September 30, 2023)
Stock Exchange Listings	Tokyo Securities Exchange (Standard market) Securities Code 2162
Number of group employees	12,776 people (as of September 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

HS PS



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.

## Thailand · Cambodia · Laos



nms(Thailand) Co., Ltd.  
Power Supply Technology (Thailand) Co., Ltd.



Representative office of nms (Thailand) Co., Ltd.



NMS Lao Sole Co., Ltd.

## Malaysia

EMS



SHIMA Electronic Industry (Malaysia) Sdn. Bhd.  
TKR Manufacturing (Malaysia) Sdn. Bhd.  
TKR Precision (Malaysia) Sdn. Bhd.

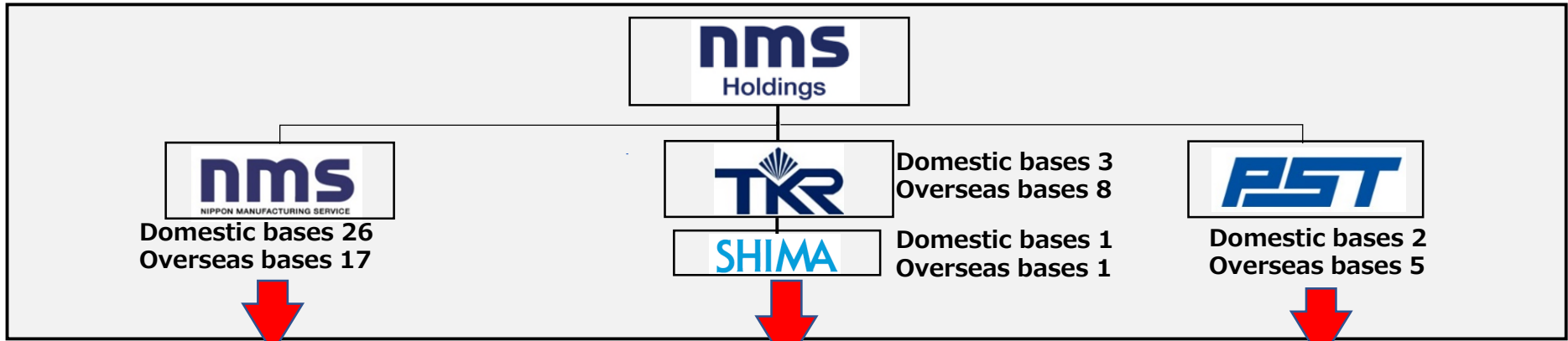


## Indonesia

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>• 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 (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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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)

