



Supplemental Material For FY2023 First Quarter Financial Results

NJ Holdings Inc.

Tokyo Stock Exchange Standard Market
Code number: 9421

November 11, 2022

- The current strategies, plans, and perceptions of the Company and its subsidiaries contained in this document regarding future business performance are subject to risks and uncertainties, and actual results may differ materially from those projected due to a variety of factors.
- Major factors that may affect actual results include economic conditions surrounding the Company and its subsidiaries' business areas, social trends, demand trends for products and services offered by the Company and its subsidiaries, price declines due to increased competition, and technological capabilities to meet customers' demands. Factors that may affect business results are not limited to those mentioned above.
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(Note) FY2023 is Fiscal Year Ending June 30, 2023.

I . FY2023 First Quarter Highlights

1. Consolidated Financial Results

(1) Results Summary

While there was an operating loss in the first quarter, the deficit narrowed in the most recent quarterly transition.

	FY2022 1Q Jul.-Sep.'21	FY2023 1Q Jul.-Sep.'22	Change	(in millions of yen)
Net sales	3,006	2,415	(591)	
Cost of sales	2,488	2,073	(414)	
Gross profit	517	341	(176)	
Selling, general and administrative expenses	482	428	(54)	
Operating profit	35	(86)	(121)	•Most recent quarter (248)
Ordinary profit	33	(89)	(122)	
Net income before income taxes	33	(89)	(122)	
Profit attributable to owners of parent	13	(88)	(102)	
EBITDA※	98	(54)	(153)	•goodwill amortization 19

※ Throughout this document, EBITDA is defined by adding back depreciation and goodwill amortization to operating profit.

1. Consolidated Financial Results

(2-1) Results by Segment

Segment profit in the game business was slightly in the black.

(in millions of yen)

	Net sales			Operating profit		
	FY2022 1Q Jul.-Sep.'21	FY2023 1Q Jul.-Sep.'22	Change	FY2022 1Q Jul.-Sep.'21	FY2023 1Q Jul.-Sep.'22	Change
Game	2,366	1,950	(415)	89	2	(87)
Mobile	626	447	(178)	32	(19)	(51)
Other※1	16	18	1	8	8	(0)
Intersegment eliminations and corporate expenses※2	(2)	(1)	1	△58	(57)	0
goodwill amortization	—	—	—	△36	(19)	16
Consolidated total	3,006	2,415	(591)	35	(86)	(121)

※1 The Other segment is a business segment not included in the reportable segments.

※2 Corporate expenses are general and administrative expenses that do not belong to any reportable segment.

1. Consolidated Financial Results

(2-2) Quarterly Net Sales by Segment

The game business is on a recovery trend. In the mobile business, sales volume declined.

(in millions of yen)

	Net Sales				
	FY2022				FY2023
	1Q Jul.-Sep.'21	2Q Oct.-Dec.'21	3Q Jan.-Mar.'22	4Q Apr.-Jun.'22	1Q Jul.-Sep.'22
Game	2,366	2,116	1,863	1,777	1,950
Mobile	626	628	655	558	447
Other※1	16	16	17	17	18
Intersegment eliminations	(2)	(1)	(2)	(1)	(1)
—	—	—	—	—	—
Consolidated total	3,006	2,760	2,533	2,352	2,415

※1 The Other segment is a business segment not included in the reportable segments.

1. Consolidated Financial Results

(2-3) Quarterly Operating Profit by Segment

The game business returned to profitability in the quarter.

(in millions of yen)

	Operating Profit				
	FY2022				FY2023
	1Q Jul.-Sep.'21	2Q Oct.-Dec.'21	3Q Jan.-Mar.'22	4Q Apr.-Jun.'22	1Q Jul.-Sep.'22
Game	89	(199)	(311)	(187)	2
Mobile	32	(4)	14	3	(19)
Other※1	8	7	6	7	8
Intersegment eliminations and corporate expenses※2	(58)	(59)	(53)	(52)	(57)
goodwill amortization	(36)	(36)	(19)	(20)	(19)
Consolidated total	35	(292)	(363)	(248)	(86)

※1 The Other segment is a business segment not included in the reportable segments.

※2 Corporate expenses are general and administrative expenses that do not belong to any reportable segment.

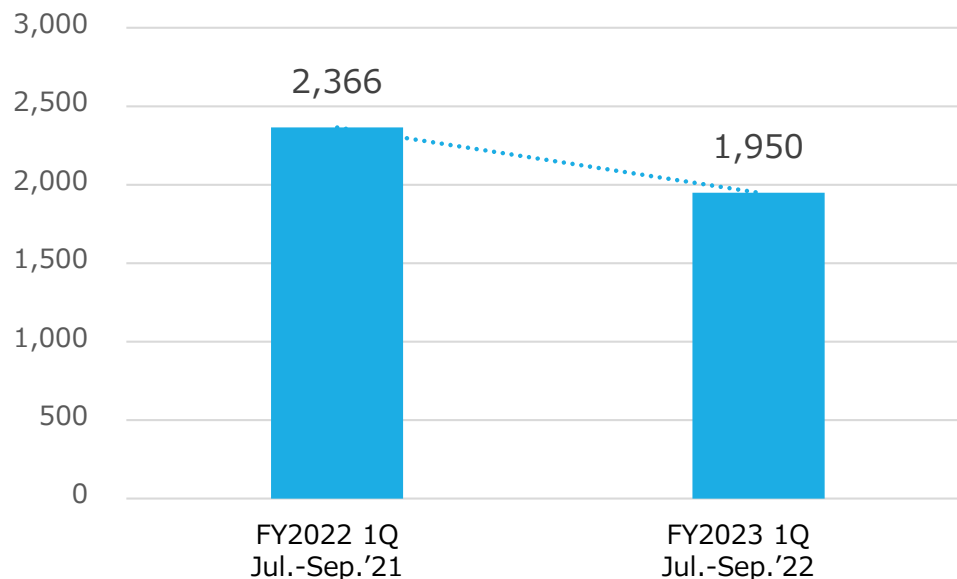
2. Game Segment (1) Overview

Summary of MD&A

- Net sales are recovering, although not to the level of the same period last year, as a result of careful management of the progress of existing projects and efforts to win orders for new projects with top priority on improving utilization ratio.
- Operating income in the development field, although small, showed improvement due to new orders, while in the management support field, profits remained stable due to steady orders for support services related to newly released titles, etc.

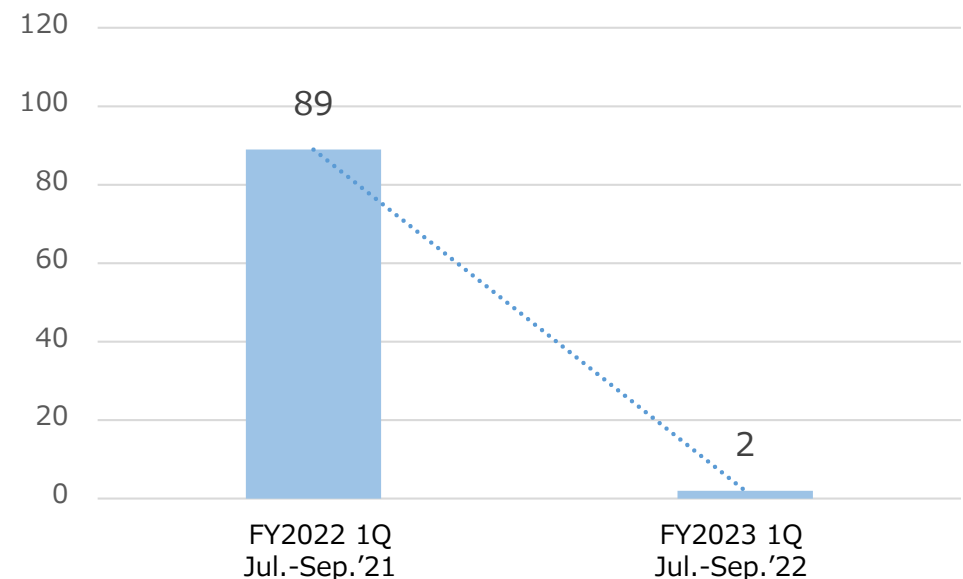
(in millions of yen)

Net sales



(in millions of yen)

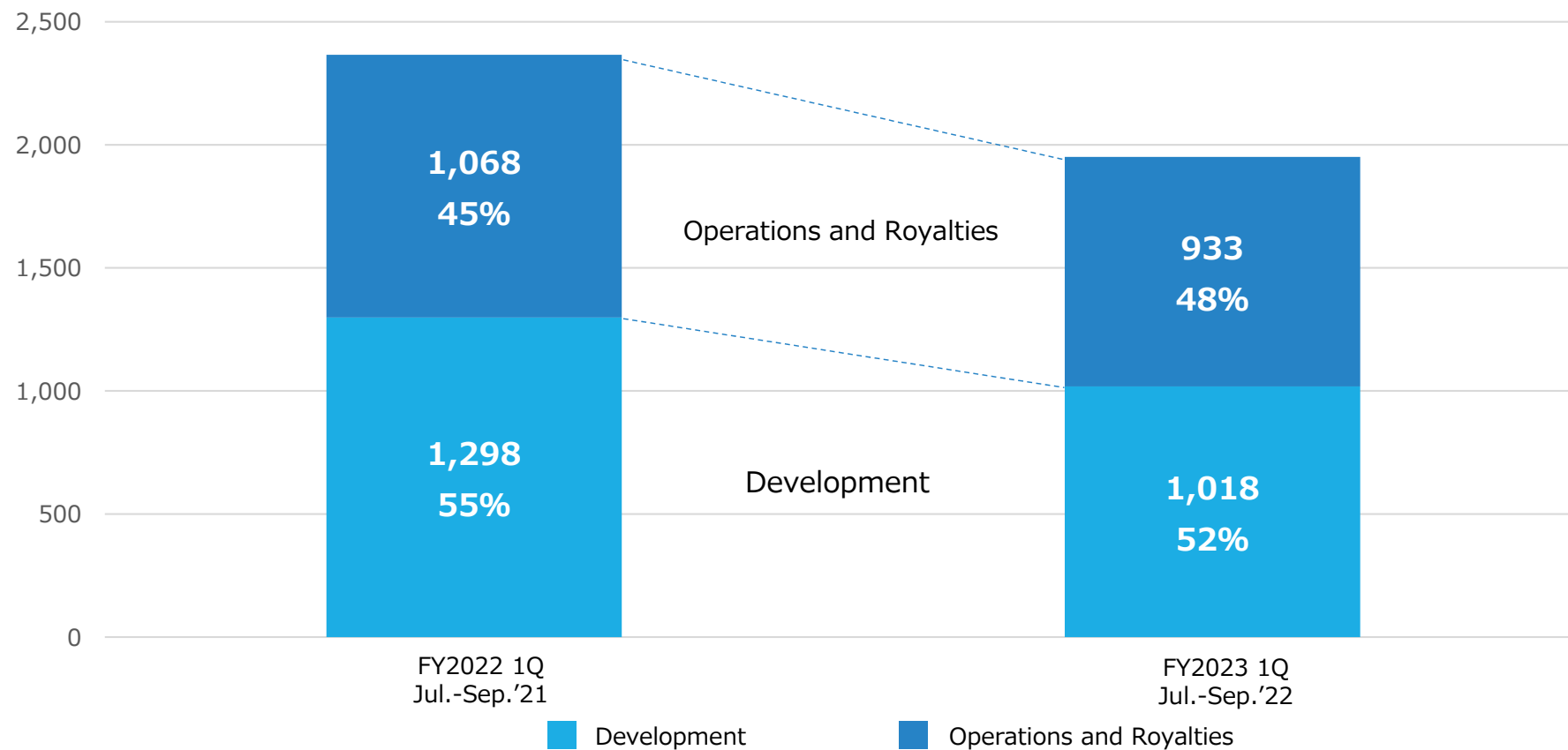
Operating profit



2. Game Segment (2) Sales Breakdown

Development sales in the first quarter recovered to the billion yen level. Operation sales were firm in the operation support field.

(in millions of yen)



※Operational sales include sales that involve development, such as version upgrades after delivery and release.

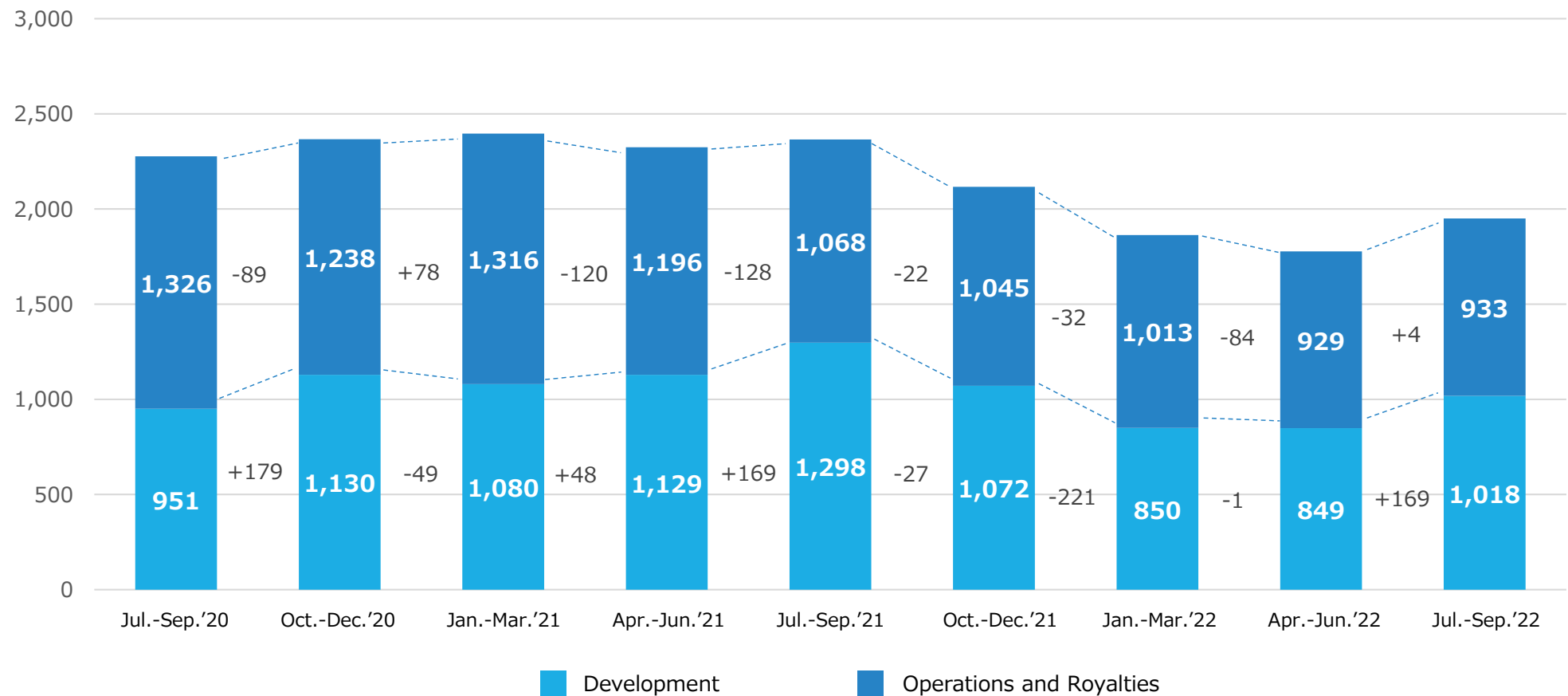
※The breakdown of operational sales and royalties is not disclosed.

※Development sales cover sales up to the time of delivery and release. It also includes sales of other games, such as dispatch services.

2. Game Segment

(3) Quarterly Sales Breakdown

(in millions of yen)



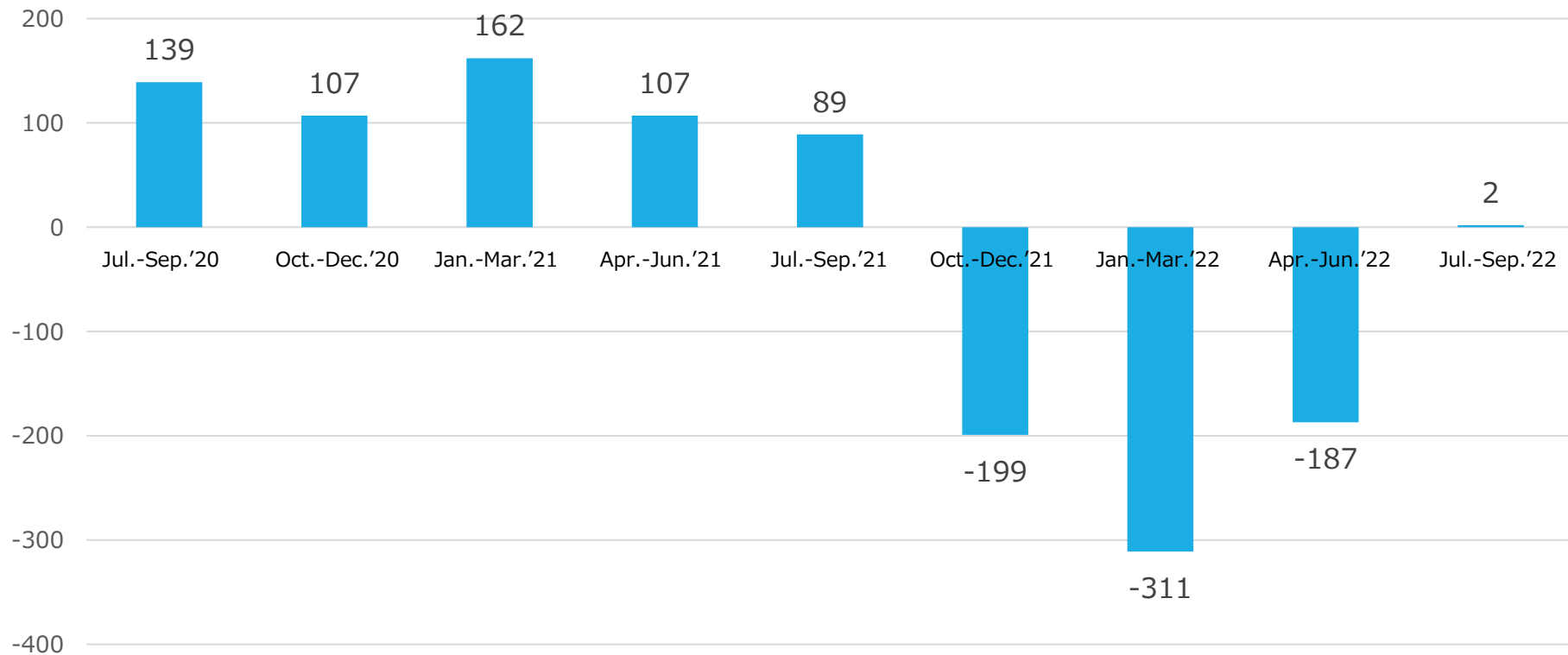
※Operational sales include sales that involve development, such as version upgrades after delivery and release.

※The breakdown of operational sales and royalties is not disclosed.

※Development sales cover sales up to the time of delivery and release. It also includes sales of other games, such as dispatch services.

2. Game Segment (4) Quarterly Operating Profit

(in millions of yen)



※The breakdown of operating income by development and operation is not disclosed.

2. Game Segment

(5) Other Information

Number of current developments, etc.

- Number of projects under development※1

- console type※2 ※3 (console, PC) 3 (-1 from Aug. 10, 2022)

- mobile app type※2 ※4 (mobile phone, PC) 3 (+2 from Aug. 10, 2022)

- Scale of development system

- employees※5 791 (-6 from Jun. 30, 2022)

※1 as of November 11, 2022. It does not indicate the number of titles that will be completed within this fiscal year.

※2 Multi-platform title counts as one. Small titles are not counted.

※3 Download sales and additional content are also included in the console type.

※4 including the free-to-play type.

※5 as of September 30, 2022 (including some fixed-term contract workers.)

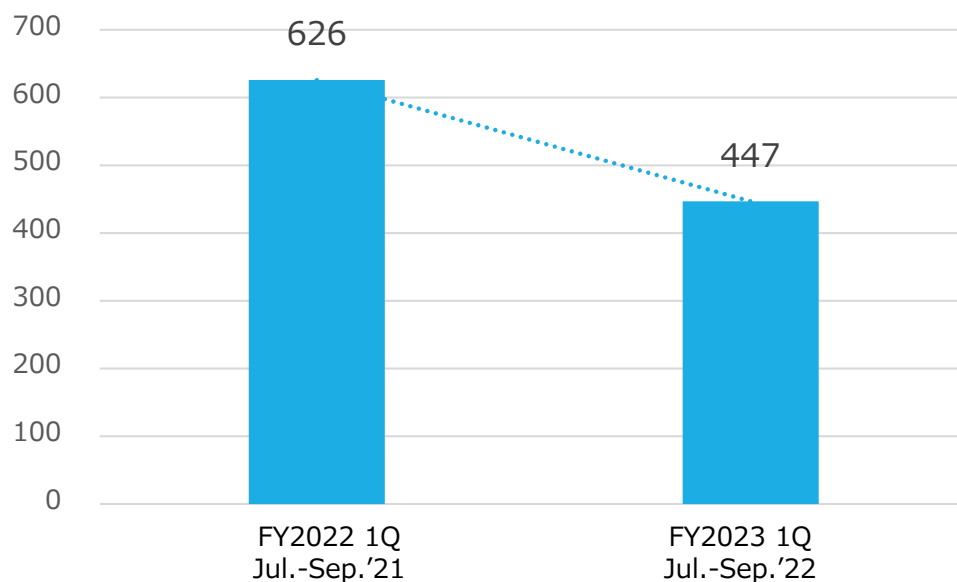
3. Mobile Segment (1) Overview

Summary of MD&A

- Net sales: Down due to lower-than-planned sales volume. As the number of visitors continued to decline, the number of new contracts and replacement of handsets slowed down due to the high price of new handsets.
- Operating income: Despite efforts to increase profit per customer, strengthen after-sales service, and appeal to local communities, these efforts were not enough to make up for the lower-than-planned sales, resulting in an operating loss.

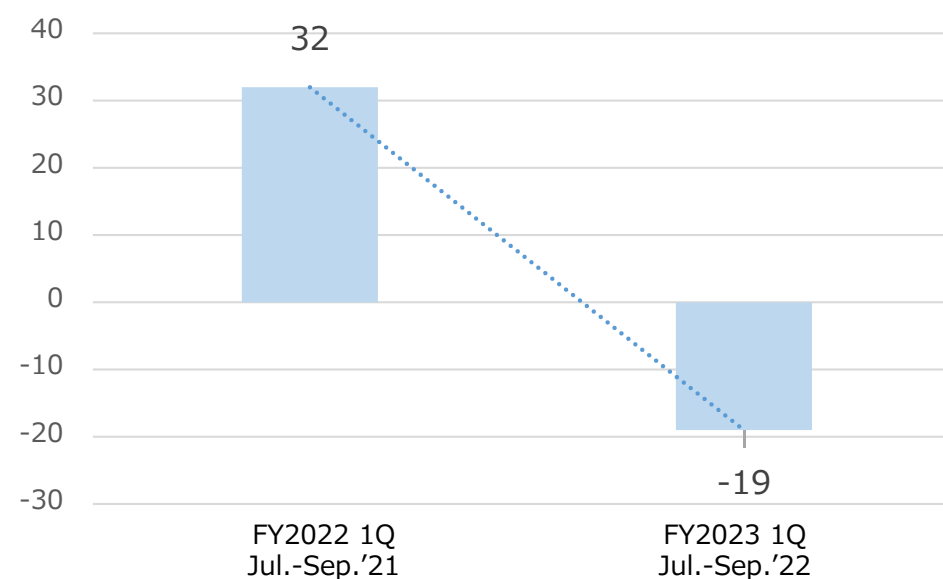
(in millions of yen)

Net sales



(in millions of yen)

Operating profit



4. Recent topics

(1) Game segment

- October 27, 2022
- 『StarOcean6 THE DIVINE FORCE』
released (developed by tri-Ace Inc.)
[PS5、PS4、Xbox Series X|S、Xbox One、Steam]



© 2022 SQUARE ENIX CO., LTD. All Rights Reserved.
Developed by tri-Ace Inc. CHARACTER DESIGN : akiman

4. Recent topics (2) Mobile Segment

■ September 1, 2022

• Opened “PiPoPark Hatanodai” in Tokyo
(NEPRO CREATE Co., Ltd.)



II. Forecasts for FY2023

1. Forecasts for FY2023

- Not change from the most recently announced forecasts.

(in millions of yen)

	FY2023 1Q Results Jul.-Sep.'22	FY2023 Forecast Jul.'22-Jun.'23	Progress	(Reference) FY2022 Results Jul.'21-Jun.'22
Net sales	2,415	10,710	22.6%	10,652
Operating profit	(86)	160	—	(869)
Ordinary profit	(89)	150	—	(865)
Profit attributable to owners of parent	(88)	70	—	(1,218)
EBITDA※	(54)	320	—	(652)

※ Throughout this document, EBITDA is defined by adding back depreciation and goodwill amortization to operating profit.

III. Company Profile

1. Company Profile

(1) Basic Information and History

■ Basic Information

Date of Establishment: December 11, 1991

Head Office Address: 7F, Shibakoen First Building, 3-8-2 Shiba, Minato-ku, Tokyo 105-0014, Japan

Capital: JPY592,845,020 (as of June 30, 2022)

Number of Employees: consolidated 935 (as of September 30, 2022. It includes 55 average temporary employees)

Fiscal Year End: June 30

■ History

- Dec. 1991 Established as 株式会社新都市科学研究所.
- Nov. 1995 Started mobile communications business (now mobile business).
- Mar. 1997 Company name changed to Nepro Japan Co., Ltd.
- Jul. 2000 Started suburban cell phone store business (now PiPoPark).
- Apr. 2006 Listed on JASDAQ stock exchange.
- Sep. 2011 Mobile & Game Studio (now Game Studio Inc.) becomes a consolidated subsidiary.
- Apr. 2014 Transitioned to holding company structure.
- Dec. 2014 docomo shop business transferred to ranet Co.,Ltd.
- Mar. 2015 tri-Ace Inc. becomes a consolidated subsidiary.
- Sep. 2015 TOTEC Corporation becomes a consolidated subsidiary.
- Dec. 2015 Company name changed to NJ Holdings Inc.
- Jun. 2017 Acquisition of Boom's business.
- Dec. 2017 Established Wit One Inc., a game operation/customer support company.
- Jul. 2018 Transfer of a portion of TOTEC's stock to DELTA Holdings.
- Oct. 2018 Wit One acquired ISAO's game operational business.
- Jun. 2019 Changed fiscal year end from March to June.
- Nov. 2019 Merger of three companies, Wit One, Boom and NJ One.
- Mar. 2020 Wit One Okinawa joined our group.
- Jul. 2020 Tech Flag Corporation was established.
- Apr. 2022 Moved to the Tokyo Stock Exchange Standard Market due to the revision of the market classification.

1. Company Profile

(2) Our Business and Main Group Companies



※ Wit One Okinawa joined our group in March 2020.

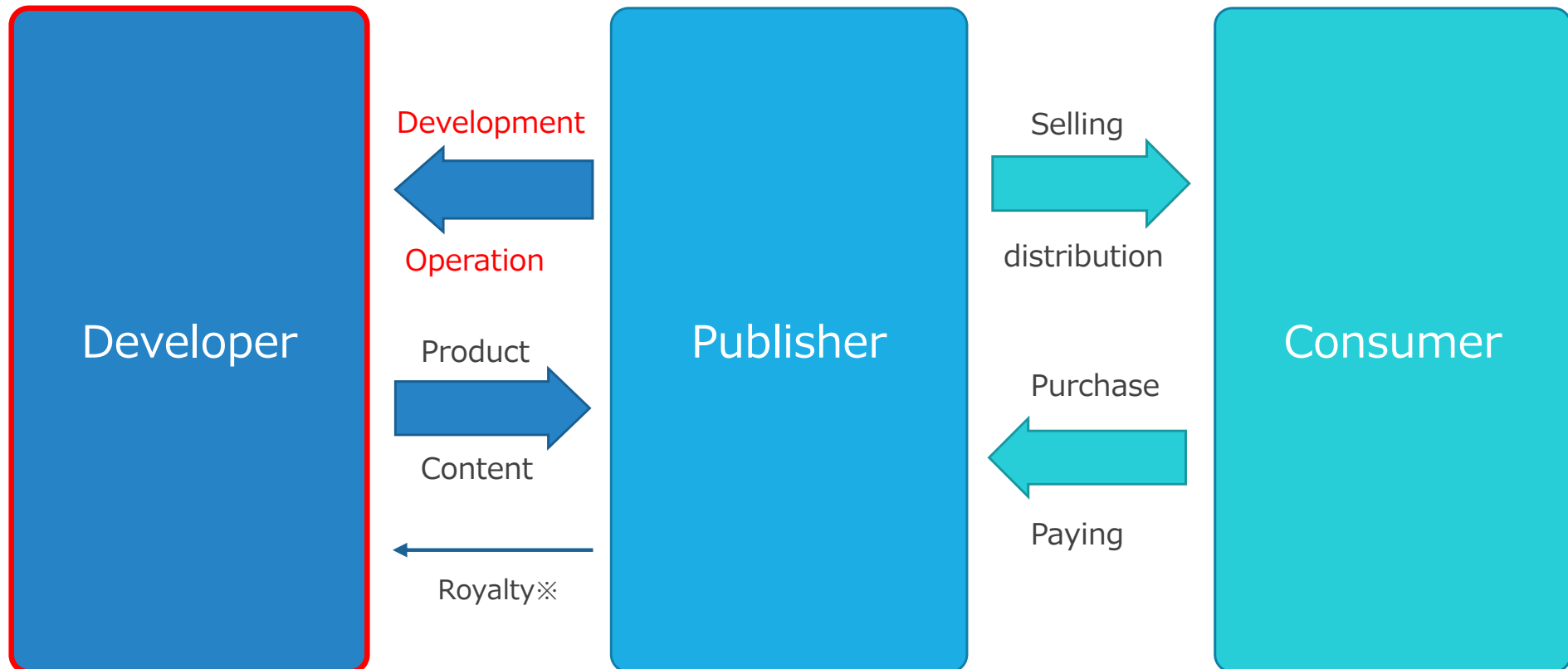
※ Tech Flag Corporation was established in July 2020 to strengthen the Group's technological collaboration and promote productivity improvement.

2. Game Business

(1) The main field of our game business

- Our game business consists mainly of contracted development, post-launch operations and customer support.

Our business



※ Sales and other conditions may need to be met for royalty accrual.

2. Game Business

(2) Services for mobile app games

- Scope of each company's business in mobile app games

Planning and development	Post-launch operations			
	Event planning Development of additional content	Monitoring user voice and app behavior	User support Web site/SNS KPI Analysis	Localization Translation Market Analysis
				
				
				

Contact details

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