



Supplemental Material For FY2023 First Nine Months Financial Results

NJ Holdings Inc.

Tokyo Stock Exchange Standard Market
Code number: 9421

May 12, 2023

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I . FY2023 First Nine Months Highlights

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(Note) FY2023 is Fiscal Year Ending June 30, 2023.

I . FY2023 First Nine Months Highlights

1. Consolidated Financial Results

(1) Results Summary

Operating loss narrowed. Gross profit margin is also on an improving trend.

	FY2022 Jul.'21-Mar.'22	FY2023 Jul.'22-Mar.'23	Change	(in millions of yen)
Net sales	8,300	7,681	(619)	
Cost of sales	7,524	6,531	(993)	
Gross profit	775	1,149	374	
Selling, general and administrative expenses	1,396	1,306	(89)	
Operating profit	(620)	(157)	463	•(237) in this half.
Ordinary profit	(623)	(172)	450	
Net income before income taxes	(843)	(172)	671	
Profit attributable to owners of parent	(796)	(215)	581	
EBITDA※	(449)	(61)	387	•goodwill amortization in this first Nine months is 58mil.

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

1. Consolidated Financial Results

(2) Results by Segment

Game business became profitable. Mobile business also recovered from the loss in the first half and returned to operating profit.

(in millions of yen)

	Net sales			Operating profit		
	FY2022 Jul.'21-Mar'22	FY2023 Jul.'22-Mar'23	Change	FY2022 Jul.'21-Mar'22	FY2023 Jul.'22-Mar'23	Change
Game	6,346	6,023	(322)	(421)	36	457
Mobile	1,909	1,608	(301)	42	11	(31)
Other※1	50	53	3	23	27	3
Intersegment eliminations and corporate expenses※2	(6)	(4)	1	(171)	(172)	0
goodwill amortization	—	—	—	(93)	(59)	33
Consolidated total	8,300	7,681	(619)	(620)	(157)	463

※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

(3) Quarterly Net Sales by Segment

In the game business, there was no big deviation in the cost in the third quarter, and sales recovered to over 2 billion yen.

(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	2Q Oct.-Dec.'22	3Q Jan.-Mar.'23
Game	2,366	2,116	1,863	1,777	1,950	1,962	2,110
Mobile	626	628	655	558	447	561	599
Other※1	16	16	17	17	18	17	17
Intersegment eliminations	(2)	(1)	(2)	(1)	(1)	(1)	(2)
—	—	—	—	—	—	—	—
Consolidated total	3,006	2,760	2,533	2,352	2,415	2,540	2,725

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

1. Consolidated Financial Results

(4) Quarterly Operating Profit by Segment

Game business returned to profitability and profit levels recovered.
Mobile business remained flat in recovery.

(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	2Q Oct.-Dec.'22	3Q Jan.-Mar.'23
Game	89	(199)	(311)	(187)	2	(96)	130
Mobile	32	(4)	14	3	(19)	14	15
Other※1	8	7	6	7	8	9	9
Intersegment eliminations and corporate expenses※2	(58)	(59)	(53)	(52)	(57)	(59)	(55)
goodwill amortization	(36)	(36)	(19)	(20)	(19)	(19)	(19)
Consolidated total	35	(292)	(363)	(248)	(86)	(151)	80

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

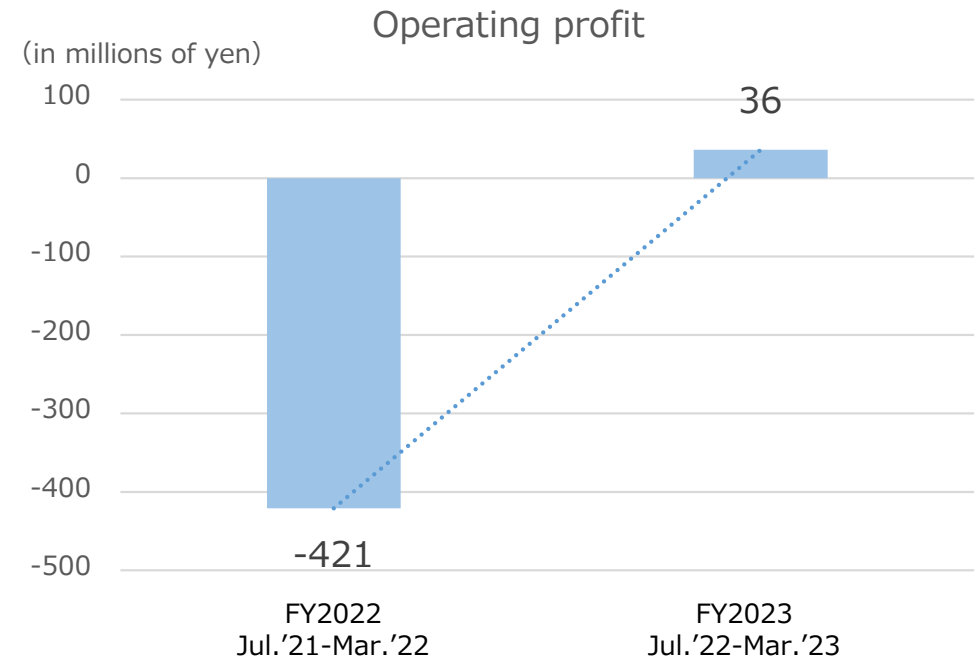
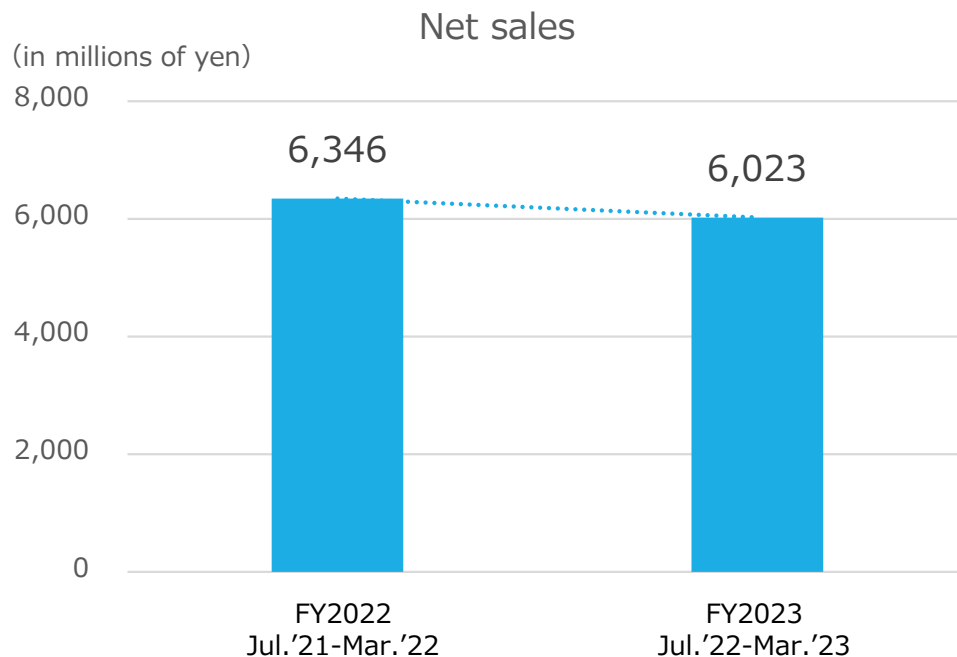
※2 Corporate expenses are general and administrative expenses that do not belong to any reportable segment.

2. Game Business

(1) Overview

Summary

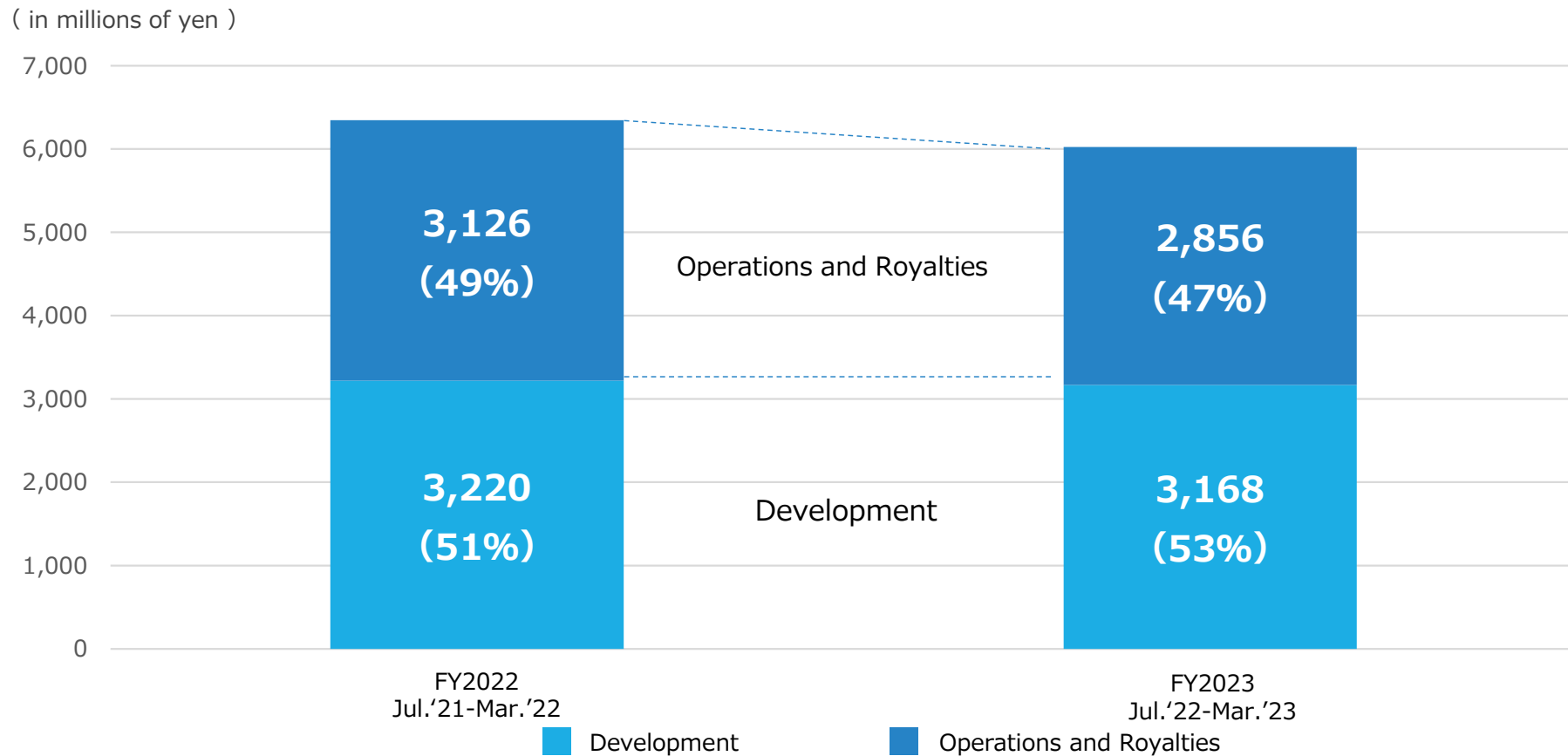
- In terms of sales, in the operation support field, orders related to newly released titles and localization support for overseas markets were favorable, but revenues declined due to the gradual downward trend in operation sales.
- In the development field, although there was no huge increase in cost of sales as in the previous fiscal year, profit declined due to a lower profit margin resulting from an increase in total estimated cost of sales and a gradual decrease in operating sales. However, Operating income in the segment returned to the black as a result of steady profit growth in the operation support field in line with strong orders.



2. Game Business

(2) Sales Breakdown

In the operation and royalty, sales declined YoY due to the gradual decline in operation sales, but the impact on profit was minimal due to the contribution of the operation support business.



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

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

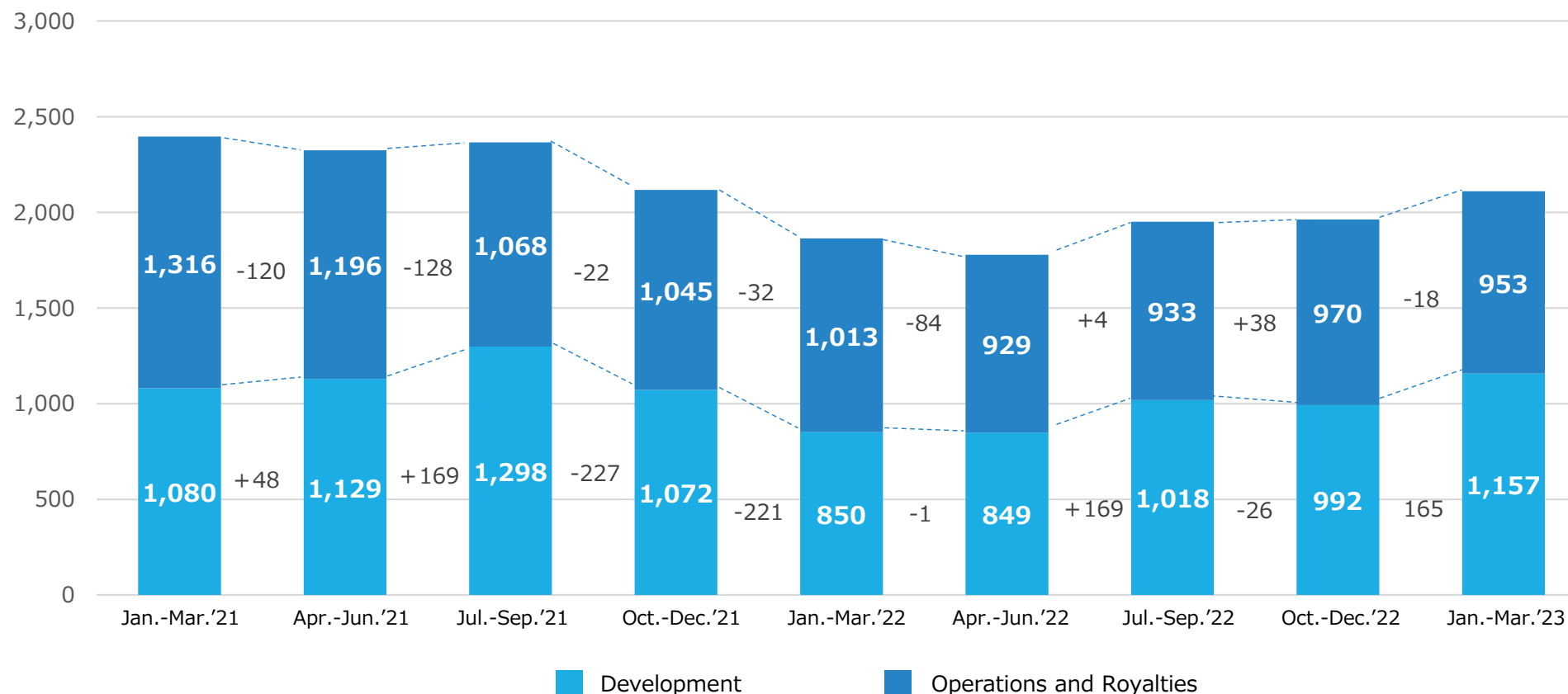
※Development sales cover sales up to the time of delivery and release. It also includes sales of other games, such as dispatch services.

2. Game Business

(3) Quarterly Sales Breakdown

Operating revenues have stopped declining since the current fiscal year due to the contribution of the operational support business.

(in millions of yen)



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

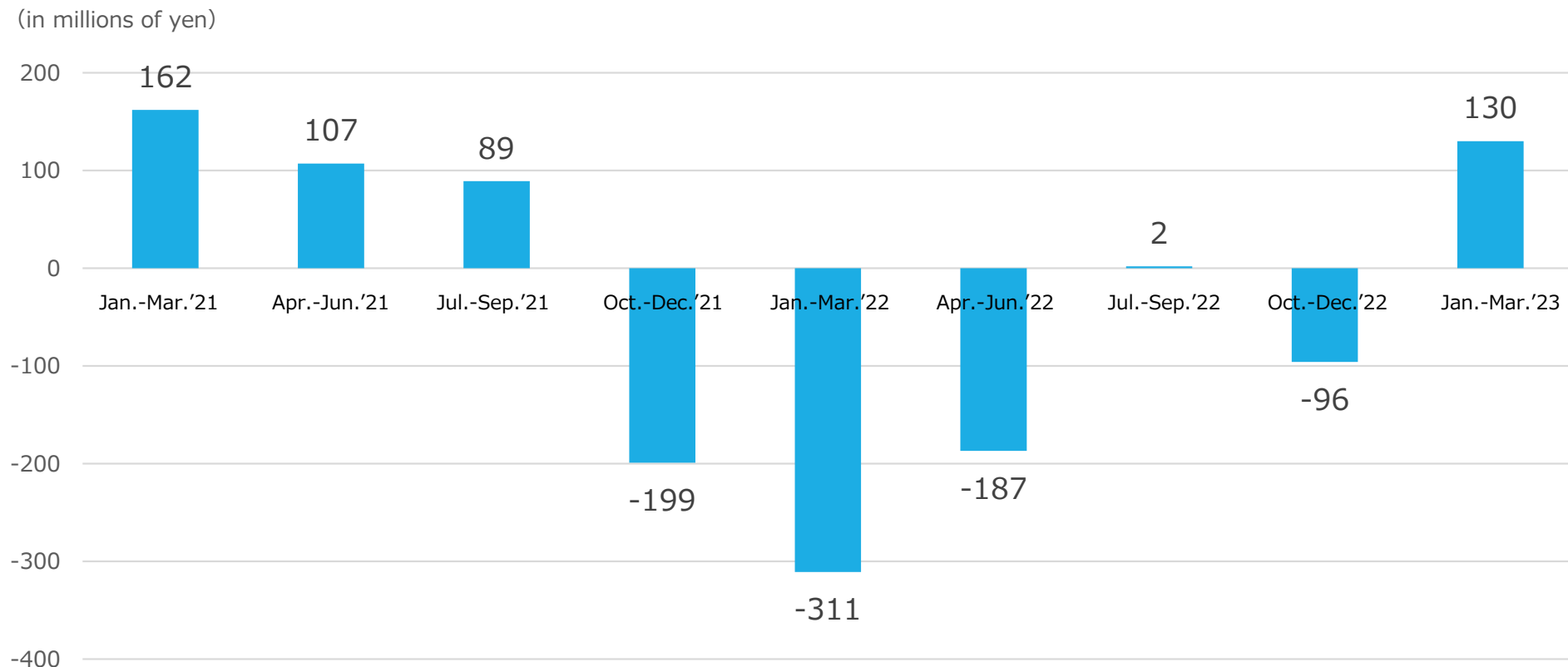
※The breakdown of operation sales and royalties is not disclosed.

※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 Business

(4) Quarterly Operating Profit

In the development field, there were no new cost increase estimates in the third quarter, and profits recovered. Strong orders in the operation support field also underpinned profits.



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

2. Game Business

(5) Other Information

Number of current developments, etc.

■ Number of projects under development※1

•console type※2 ※3 (console, PC) 3 (±0 from Feb. 10, 2023)

•mobile app type※2 ※4 (mobile phone, PC) 2 (±0 from Feb. 10, 2023)

■ Business Size Information

•employees※5 808 (+14 from Dec. 31, 2022)
(+11 from Jun. 30, 2022)

※1 as of February 10, 2023. 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.

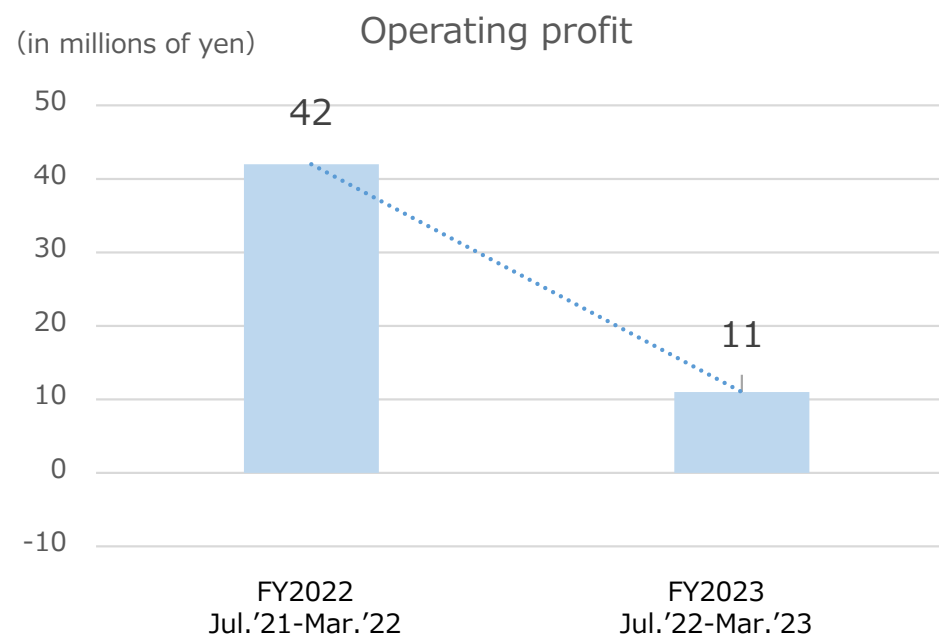
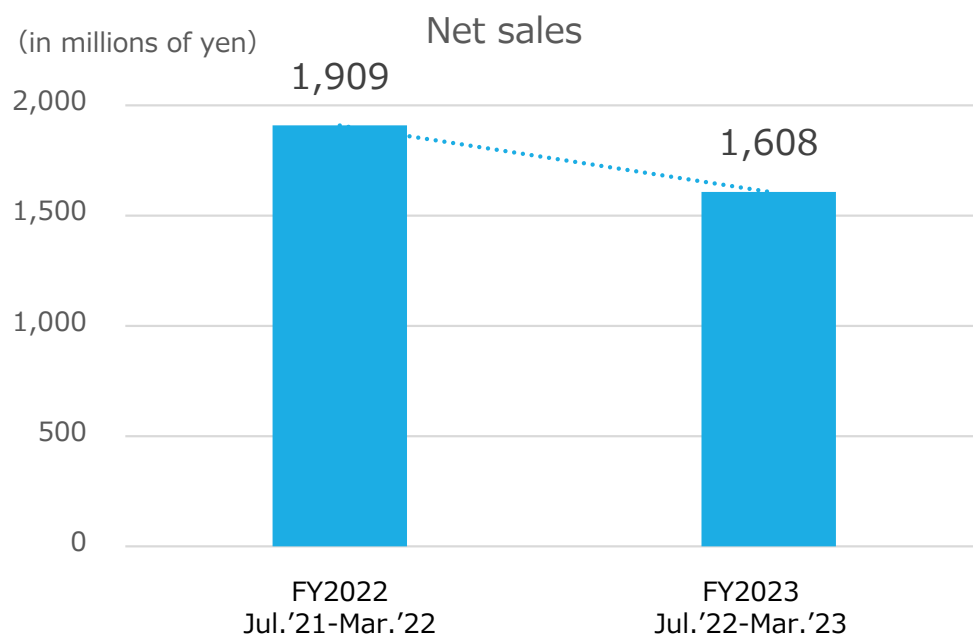
※4 including the free-to-play type.

※5 as of December 31, 2022 (including some fixed-term contract workers.)

3. Mobile Business (1) Overview

Summary

- Sales: As the number of visitors continued to fall below the previous year's level, sales volume fell short of the plan despite efforts to hold events to attract customers.
- Operating profit: Despite the continuing downward trend in sales volume, efforts to increase profit per customer resulted in a positive segment profit, recouping the loss in the first half.



4. Recent Topics (1-1) Game

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



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Developed by tri-Ace Inc. CHARACTER DESIGN : akiman

4. Recent Topics (1-2) Game

■ August 25, 2022

- Presented at CEDEC 2022

「The Road to QA Automation for Efficient 3D Action Game Development: A Journey of a Thousand Miles Begins With a Single Step」

(Tech Flag Corporation)

■ August 28, 2022

- Opened a booth at the 5th Working Kids Adventure, a work experience event

We provided an opportunity to experience game development at the Shiroy-shi Shiroy Community Center. We will support and cooperate with activities that support the future of children in the community.

(Game Studio Inc.)

■ December 19, 2022

- Released “Labyrinth”, a strategic simulation battle game for smartphones

We have started representing game titles developed and marketed by PLAYDEK, INC. in Japan. We translate and localize the products for sale in Japan.

(Wit One Inc.)

4. Recent Topics (1-3) Game

■ February 22, 2023

We have released “telegur”, a service for Slack integration with time and attendance systems.

(Tech Flag Corporation)



■ May 2, 2023

The cooperative card game “OSHIKATSU: KIRAKIRA LIVE!” will be exhibited and sold at Game Market 2023 Spring.

(Wit One Inc.)



4. Recent Topics (2) Mobile

■ September 1, 2022

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



II . Forecasts for FY2023

1. Forecasts for FY2023

- There is no change to the full-year earnings forecast announced on February 10, 2023.

Although the company still posted an operating loss for the first nine months of the current fiscal year, its performance for the third quarter of the current fiscal year is generally progressing according to plan

(in millions of yen)

	FY2023 First Nine Months Jul.'22-Mar.'23	FY2023 Forecast Jul.'22-Jun.'23	progress	(Reference) FY2022 Results Jul.'21-Jun.'22
Net sales	7,681	10,470	73.4%	11,652
Operating profit	(157)	15	—	(869)
Ordinary profit	(172)	5	—	(865)
Profit attributable to owners of parent	(215)	(95)	—	(1,231)
EBITDA※	(61)	145	—	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 963 (as of March 31, 2023. It includes 70 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.

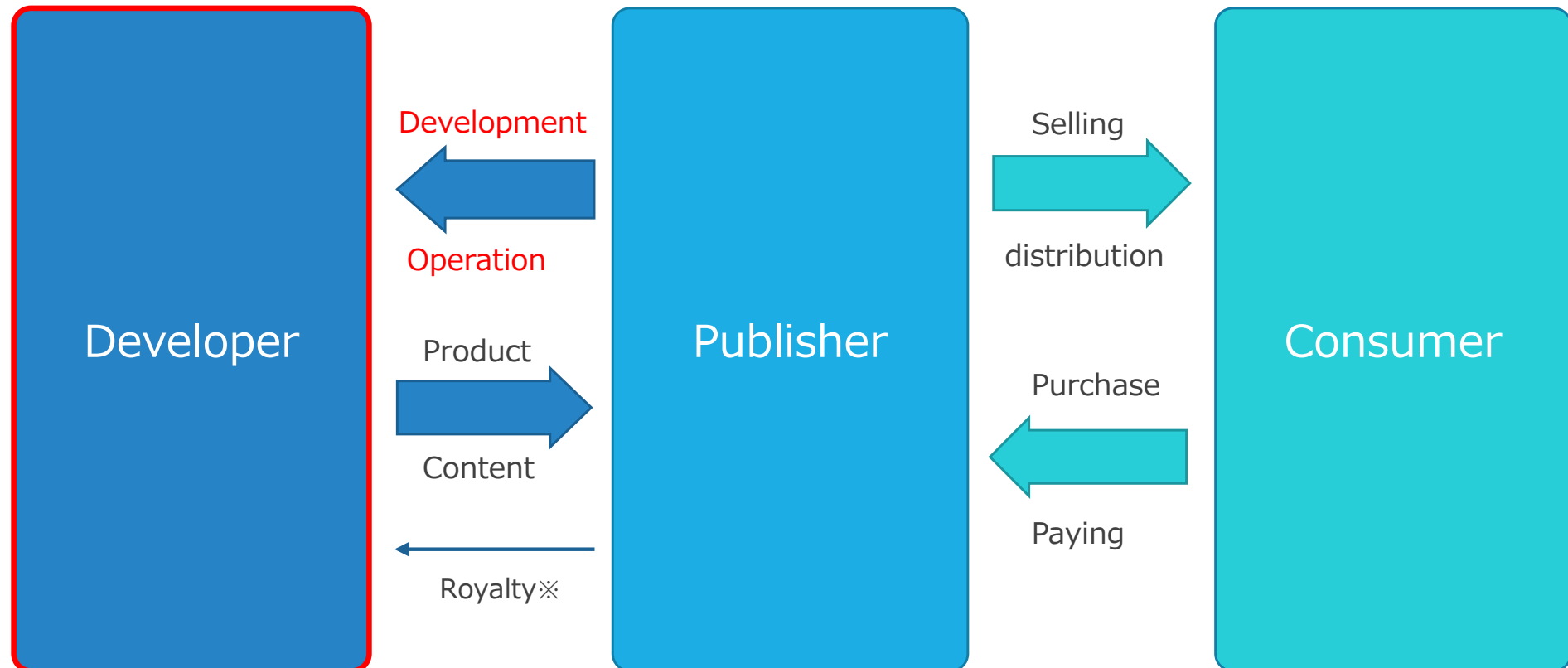
※ Tech Flag Corporation was established in July 2020 to strengthen the Group's technological collaboration and promote productivity improvement.

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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