



Supplemental Material For FY2023 Full Year Financial Results

NJ Holdings Inc.

Tokyo Stock Exchange Standard Market
Code number: 9421

August 14, 2023

- 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.
- While every care has been taken to ensure the accuracy of this document, we cannot guarantee its accuracy or completeness.
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I . FY2023 Full Year Highlights

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

I . FY2023 Full Year Highlights

1. Consolidated Financial Results

(1) Results Summary

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

	FY2022	FY2023	Change	(in millions of yen)
Net sales	10,652	10,131	(521)	
Cost of sales	9,681	8,638	(1,043)	
Gross profit	970	1,493	522	
Selling, general and administrative expenses	1,840	1,732	(107)	
Operating profit	(869)	(239)	629	
Ordinary profit	(865)	(260)	605	
Net income before income taxes	(1,223)	(377)	845	
Profit attributable to owners of parent	(1,231)	(469)	762	
EBITDA※	(652)	(113)	537	•goodwill amortization is 80mil.

※ 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 returned to profitability. Mobile business fell slightly short of maintaining profitability due to a decline in sales in 4Q.

(in millions of yen)

	Net sales			Operating profit		
	FY2022	FY2023	Change	FY2022	FY2023	Change
Game	8,124	7,995	(128)	(609)	43	653
Mobile	2,467	2,070	(397)	46	(14)	(61)
Other※1	68	71	2	31	37	5
Intersegment eliminations and corporate expenses※2	(8)	(6)	1	(223)	(225)	(1)
goodwill amortization	—	—	—	(113)	(80)	33
Consolidated total	10,652	10,131	(521)	(869)	(239)	629

※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

Sales in the game business declined due to cancelled projects.
Sales in the mobile business declined more than the trend.

(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	4Q Apr.-Jun.'23
Game	2,366	2,116	1,863	1,777	1,950	1,962	2,110	1,972
Mobile	626	628	655	558	447	561	599	462
Other※1	16	16	17	17	18	17	17	17
Intersegment eliminations	(2)	(1)	(2)	(1)	(1)	(1)	(2)	(1)
—	—	—	—	—	—	—	—	—
Consolidated total	3,006	2,760	2,533	2,352	2,415	2,540	2,725	2,450

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

1. Consolidated Financial Results

(4) Quarterly Operating Profit by Segment

The game business remained profitable. The mobile business posted an operating loss due to sluggish sales despite appealing for discounts.

(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	4Q Apr.-Jun.'23
Game	89	(199)	(311)	(187)	2	(96)	130	7
Mobile	32	(4)	14	3	(19)	14	15	(25)
Other※1	8	7	6	7	8	9	9	9
Intersegment eliminations and corporate expenses※2	(58)	(59)	(53)	(52)	(57)	(59)	(55)	(53)
goodwill amortization	(36)	(36)	(19)	(20)	(19)	(19)	(19)	(20)
Consolidated total	35	(292)	(363)	(248)	(86)	(151)	80	(81)

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

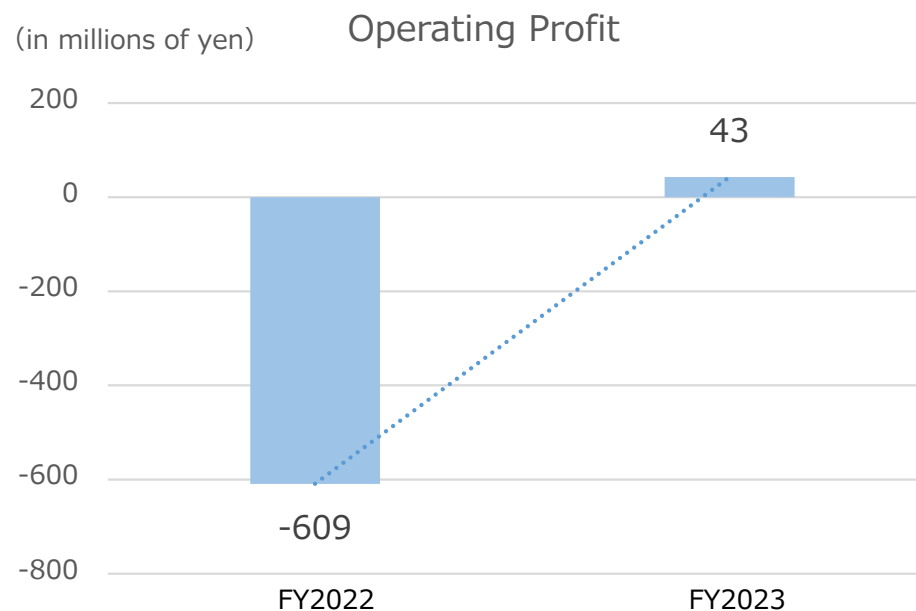
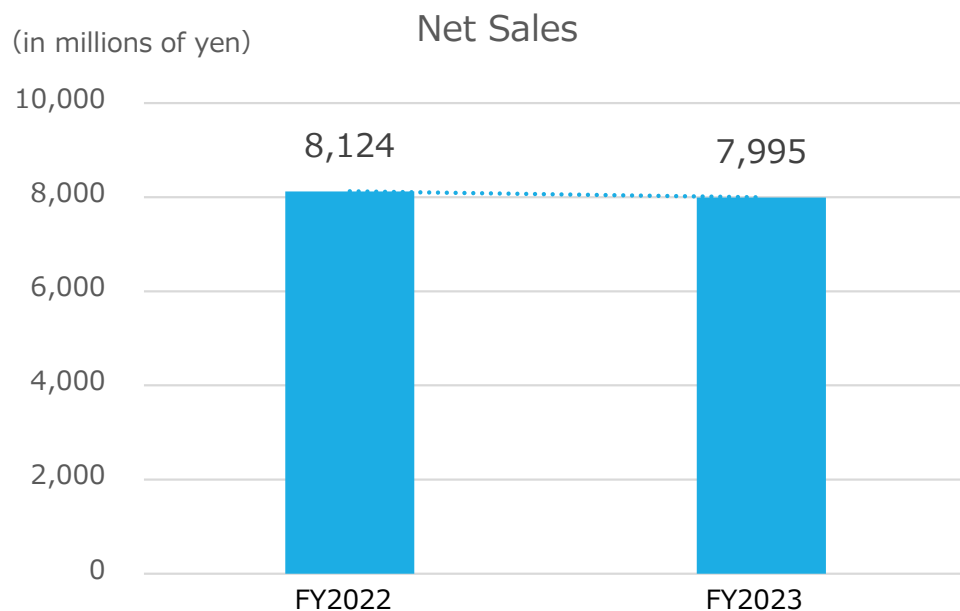
※2 Corporate expenses are general and administrative expenses that do not belong to any reportable segment.

2. Game Business

(1) Overview

Summary

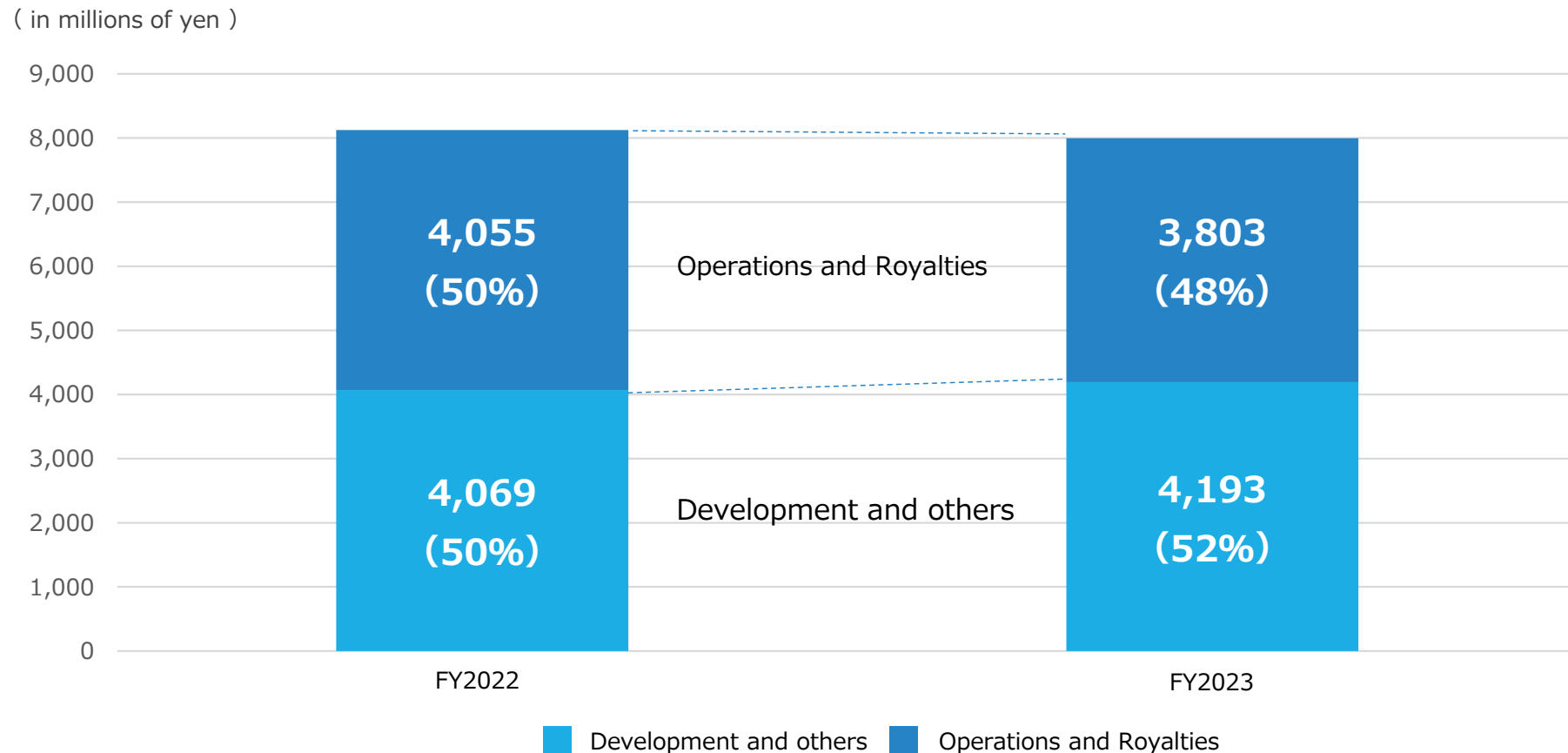
- In terms of sales, in the operation support field, orders related to newly released titles and localization support for overseas markets were favorable, but revenues declined due to the gradual downward trend in operation sales.
- In the development field, there was no huge increase in cost of sales as in the previous fiscal year. The decline in profit margin due to the increase in total estimated costs and the decrease in profit due to the gradual decline in operation sales were offset by strong orders received in the operation support field. Although we were unable to increase segment profit due to the cancellation of several development projects in the fourth quarter, we were able to return to profitability.



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.

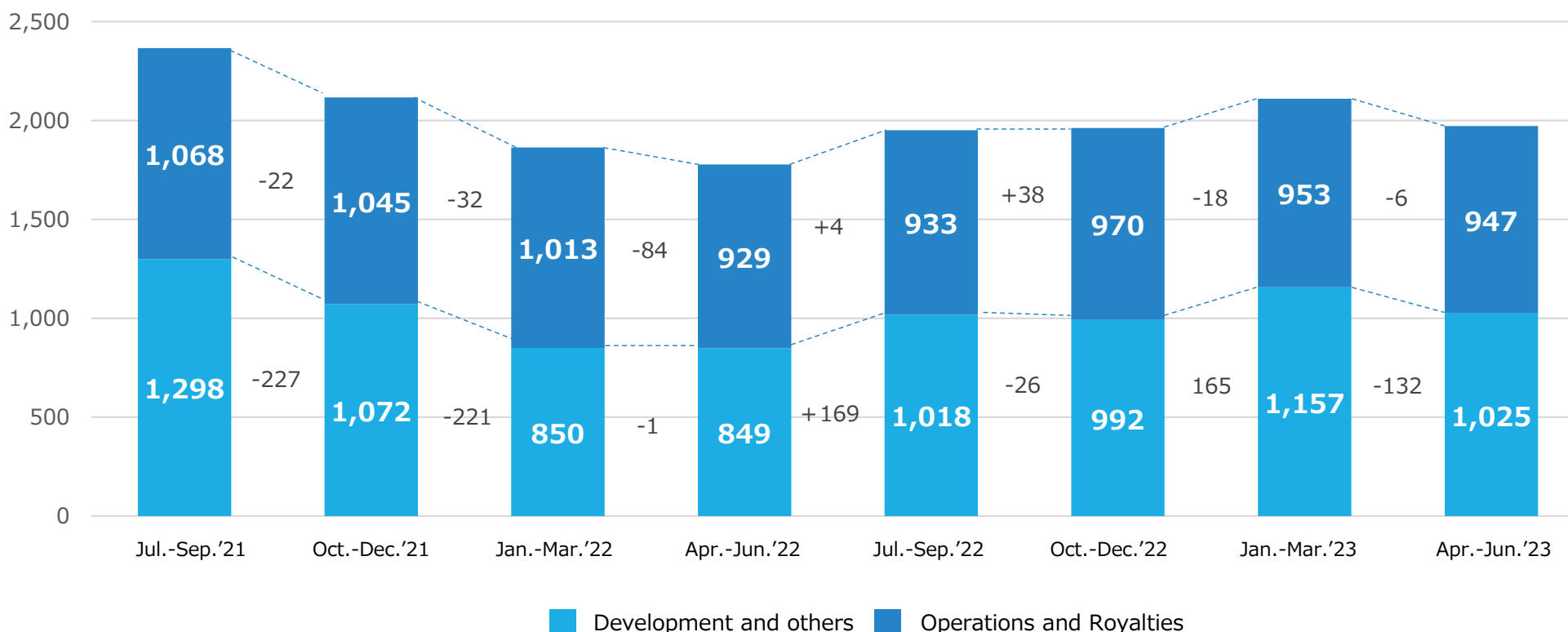
※Development sales cover sales up to the time of delivery and release. It also includes sales of other games, such as dispatch services.

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)



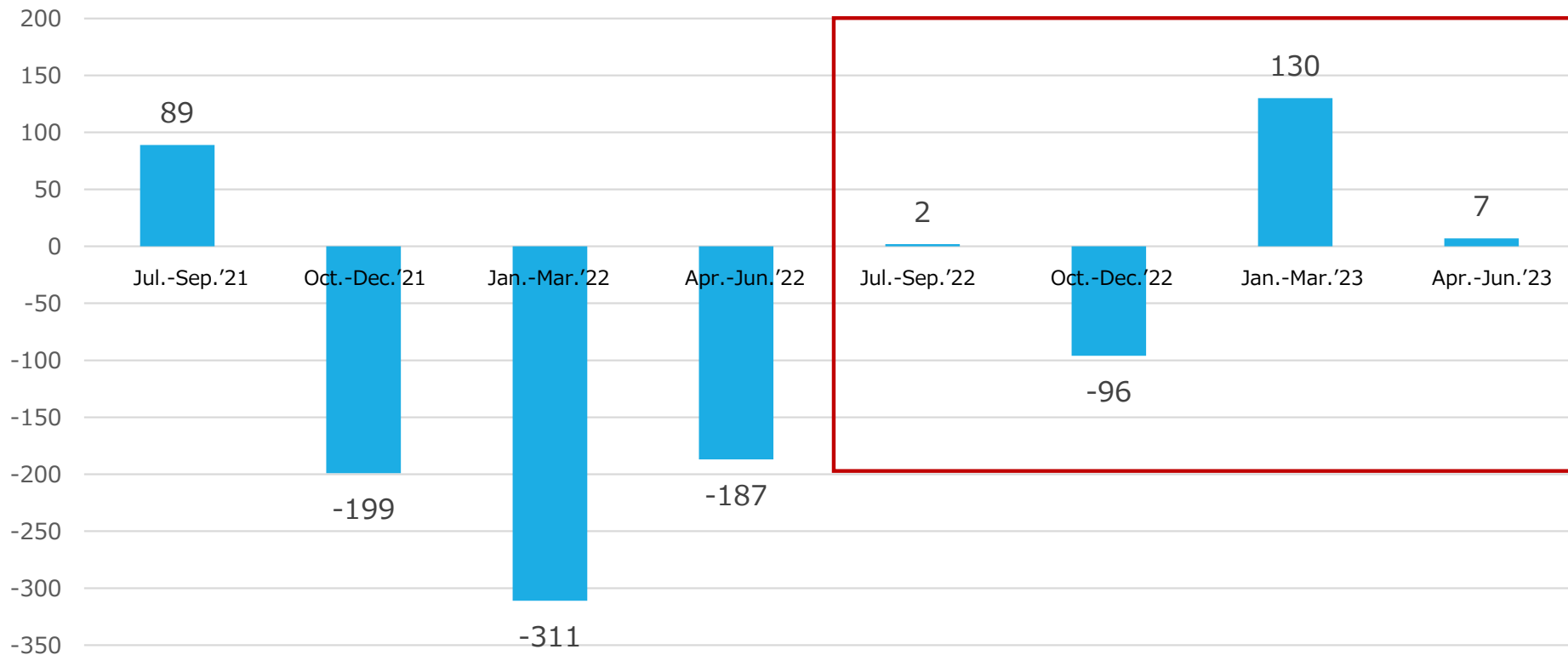
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2. Game Business

(4) Quarterly Operating Profit

Segment income remained in the black in the fourth quarter, albeit marginally. Despite the cancellation of several development projects, strong orders in the operation support field contributed to the profit.

(in millions of yen)



※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) 4 (+1 from May 12, 2023)

•mobile app type※2 ※4 (mobile phone, PC) 0 (-2 from May 12, 2023)

■ Business Size Information

•employees※5 836 (+28 from Mar. 31, 2023)
(+39 from Jun. 30, 2022)

※1 as of August 14, 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.

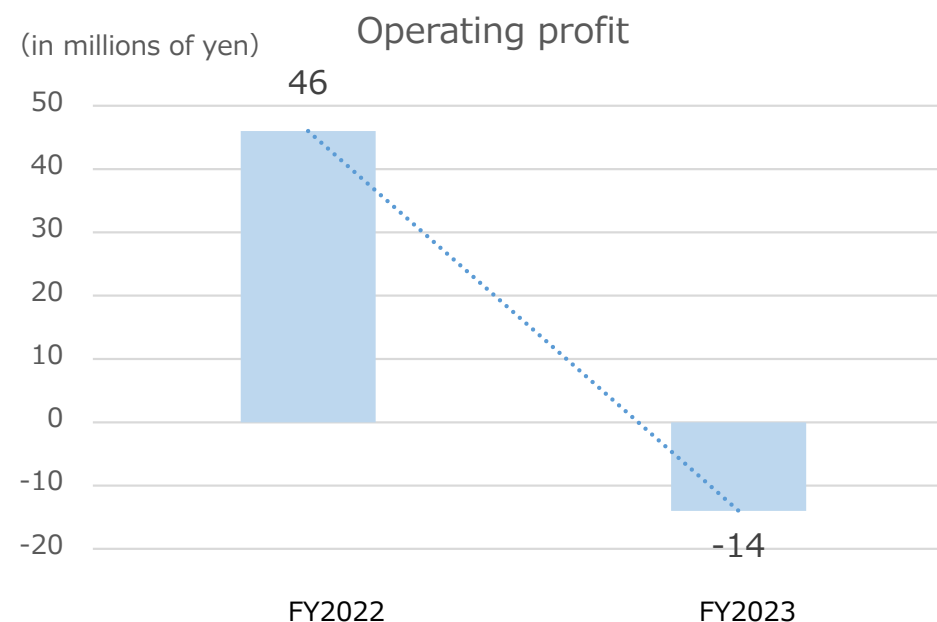
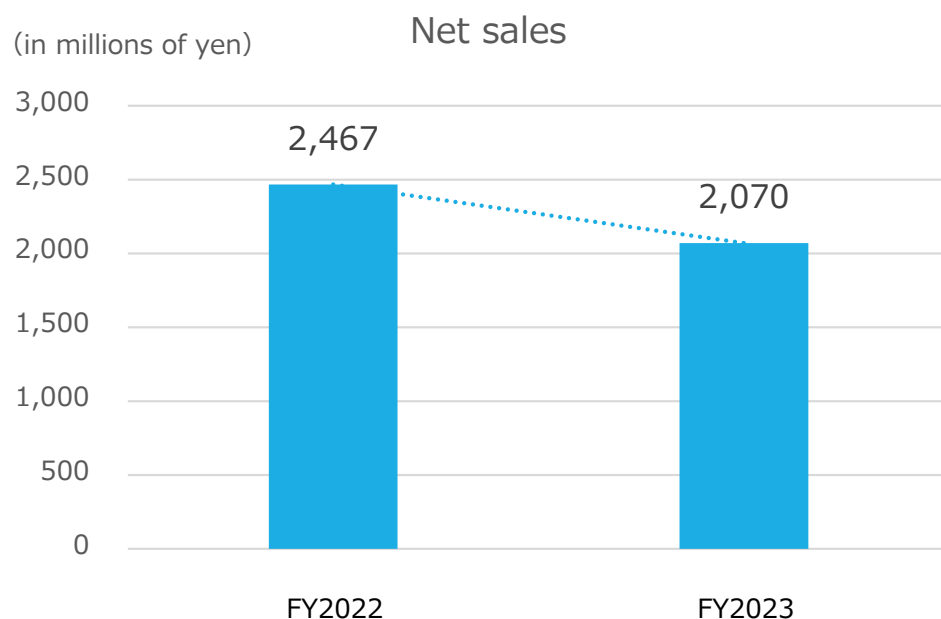
※4 including the free-to-play type.

※5 as of June 30, 2023 (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: With the number of visitors showing no signs of bottoming out, the carrier store division worked to increase profit per customer. However, a significant decline in the number of units sold in the non-carrier store division in the Tokyo metropolitan area, which focuses on price appeals, resulted in a deterioration in store profitability, leading to an operating loss.



4. Current and 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]



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

4. Current and 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. Current and 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.)



■ August 1, 2023

“telegur” supports KING OF TIME in addition to TeamSpirit, and Teams in addition to Slack.

(Tech Flag Corporation)

4. Current and Recent Topics (2) Mobile

■ July 6, 2023

• Opened “iCracked Store in Beisia Maebashi South Mall”
in Gunma.

(NEPRO CREATE Co., Ltd.)



II . Forecasts for FY2024

1. Forecasts for FY2024

(1) Consolidated Full-Year Forecasts

(in millions of yen)

	FY2023 Results	FY2024 Forecast	change
Net sales	10,131	10,370	+ 238
Operating profit	(239)	200	+ 439
Ordinary profit	(260)	180	+ 440
Profit attributable to owners of parent	(469)	120	+ 589
EBITDA※	(113)	300	+ 413

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

1. Forecasts for FY2024

(2) Projections for each business segment

Game

In the game business, we expect to post an operating loss in the first quarter due to the gap term between completed development projects and newly started projects, etc. However, since there are new development projects for which we have already foreseen the timing of orders, the decline in personnel utilization ratio due to the cancellation of development projects that occurred in the current fiscal year (ended June 2023) will improve and we expect to break even from the second quarter and return to profitability for the full year.

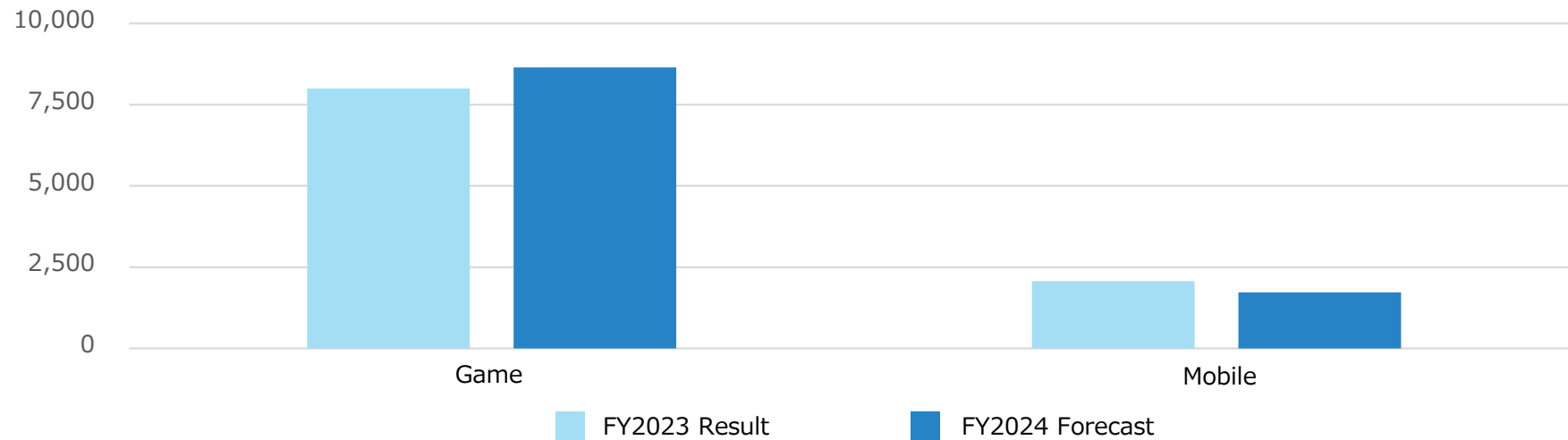
Mobile

Since the enforcement of the revised Telecommunications Business law in 2019, the profitability of the non-carrier store division has been declining, particularly in the Tokyo metropolitan area, where the company has long focused on price appeal, and the business environment is unlikely to bottom out in the future. We have closed four stores as of June 30, 2023, which we have determined will be difficult to turn profitable. As a result, we expect to recover to the same level of profits as in the previous fiscal year (fiscal year ended June 30, 2022).

2.Forecasts by Segment

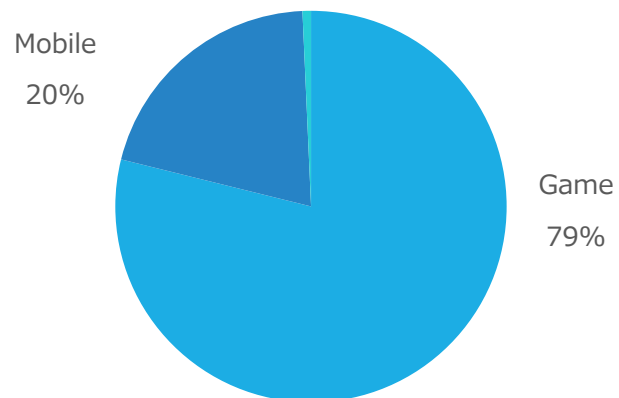
(1) Sales Forecast by Segment

(in millions of yen)

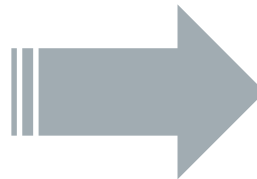
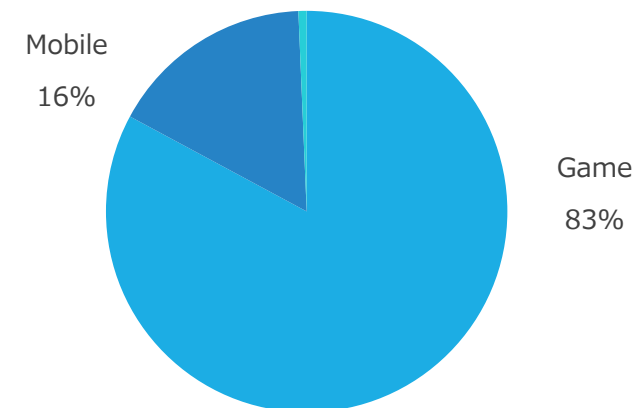


Percentage of net sales by segment

FY2023 Result



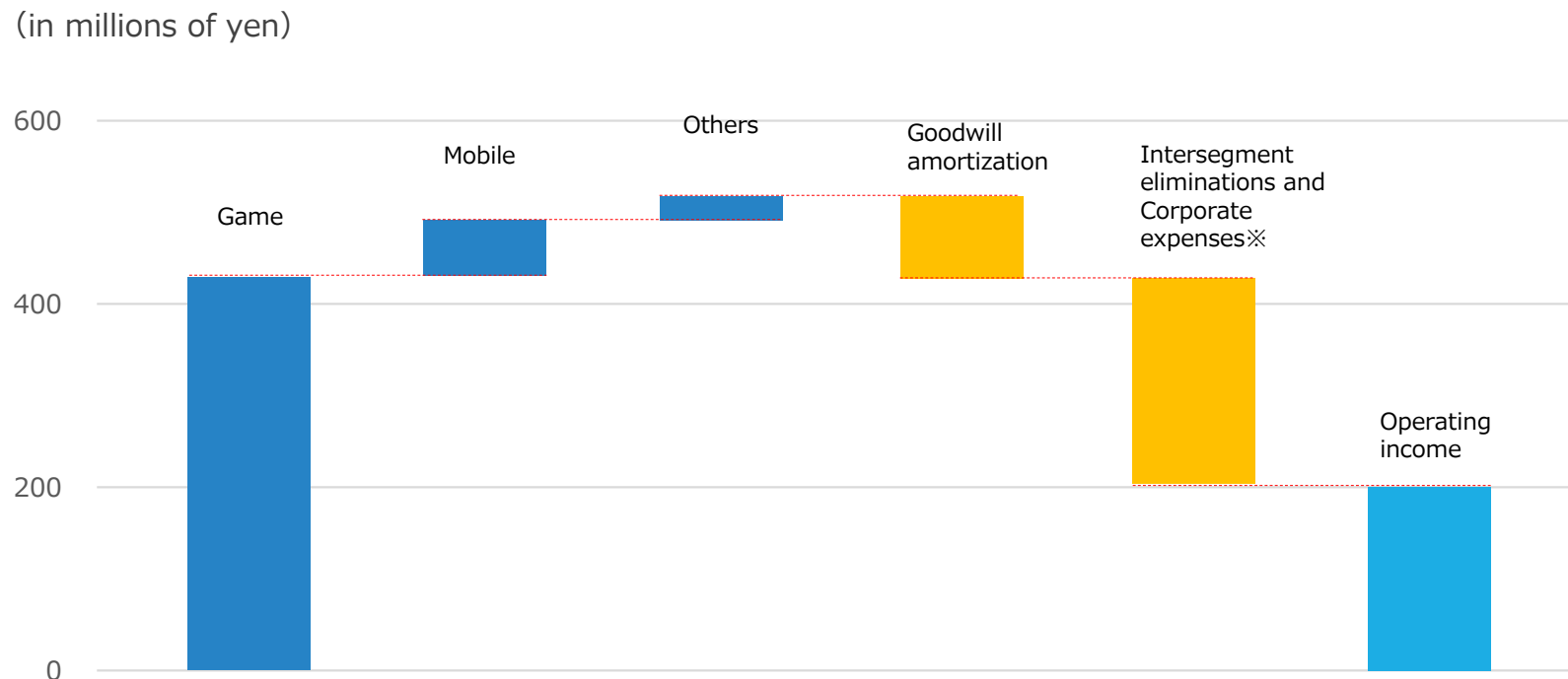
FY2024 Forecast



2. Forecasts by Segment

(2) Breakdown of full-year operating income forecast

The full-year operating income forecast is 200 million yen.



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

Year-end dividend for the fiscal year ended June 30, 2023

- We consider the return of profits to shareholders to be one of its most important management policies, and its basic policy is to pay stable dividends on a continuous basis while taking into consideration internal reserves for medium- to long-term business expansion and the development of new businesses.
- However, following the net loss for the previous fiscal year (ended June 30, 2022) and the current fiscal year (ended June 30, 2023), we regret to inform you that we will pay no dividend for the current fiscal year (ended June 30, 2023), as it is necessary to improve our financial position and secure working capital. As for the dividend for the next fiscal year (ending June 30, 2024), it is undecided.

(in yen)	Year-end dividend				
15					
10					
5		5			
				0	
	FY2022		FY2023		

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, 2023)

Number of Employees: consolidated 996 (as of June 30, 2023. It includes 74 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 (now DELTA ENGINEERING Co.Ltd.) 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 Transferred a portion of TOTEC (now DELTA ENGINEERING Co.Ltd.) 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.

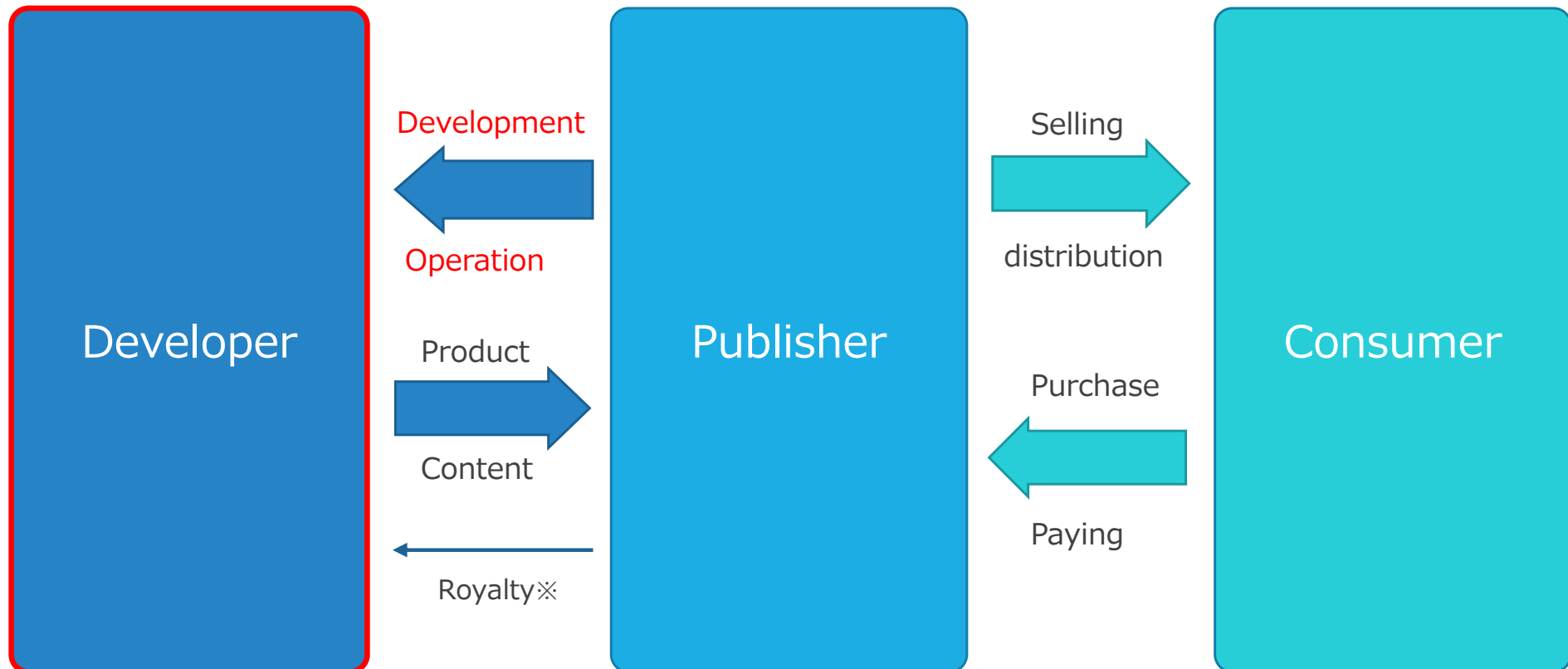
※ Tech Flag Corporation was established in July 2020 to strengthen the Group's technological collaboration and promote productivity improvement.

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
				
				
				

(reference data) Consolidated Cash Flow

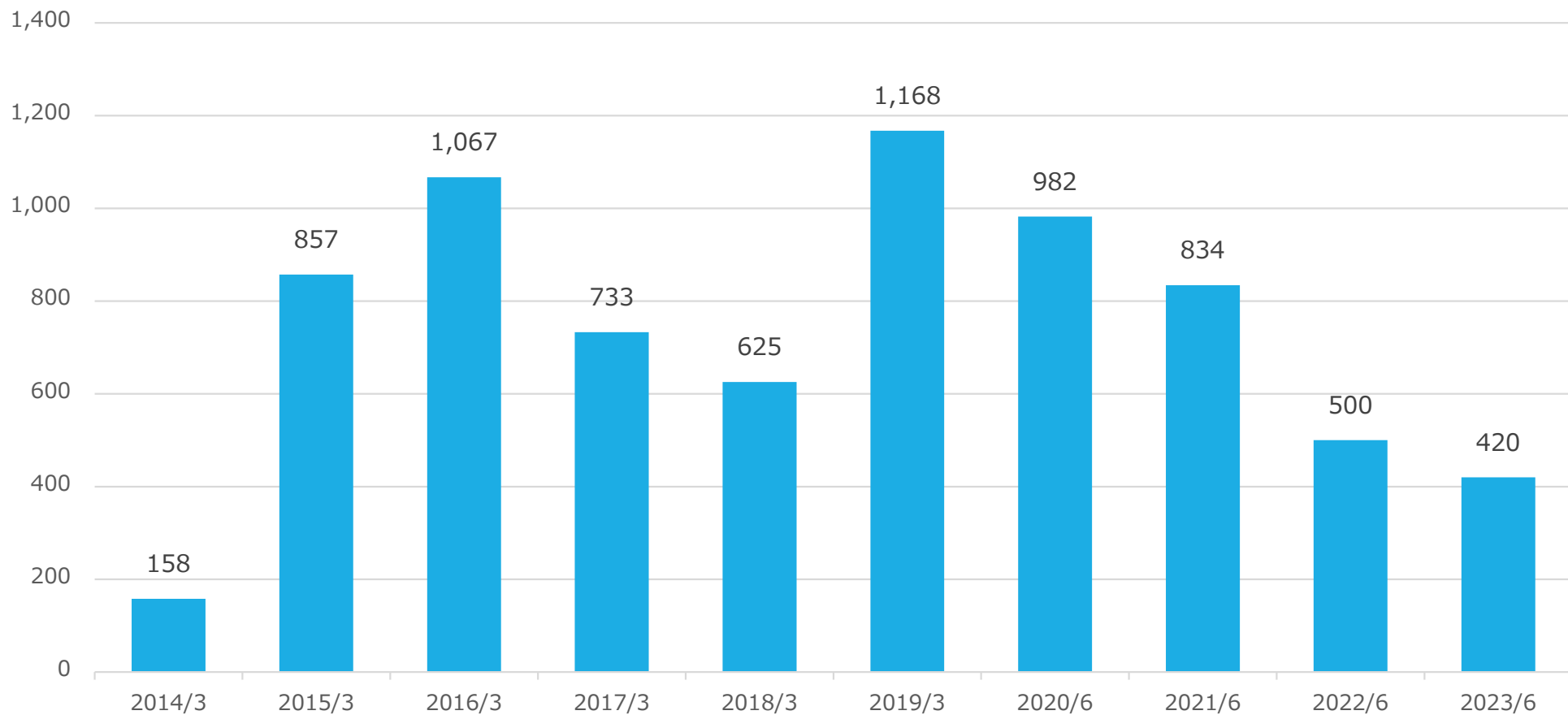
(in millions of yen)

	FY2022 Full Year	FY2023 First Half	FY2023 Full Year
Cash flow from operating activities	(685)	31	339
Cash flow from investment activities	230	(226)	(253)
Cash flow from financing activities	299	(116)	(43)
Cash and cash equivalents	1,094	782	1,136

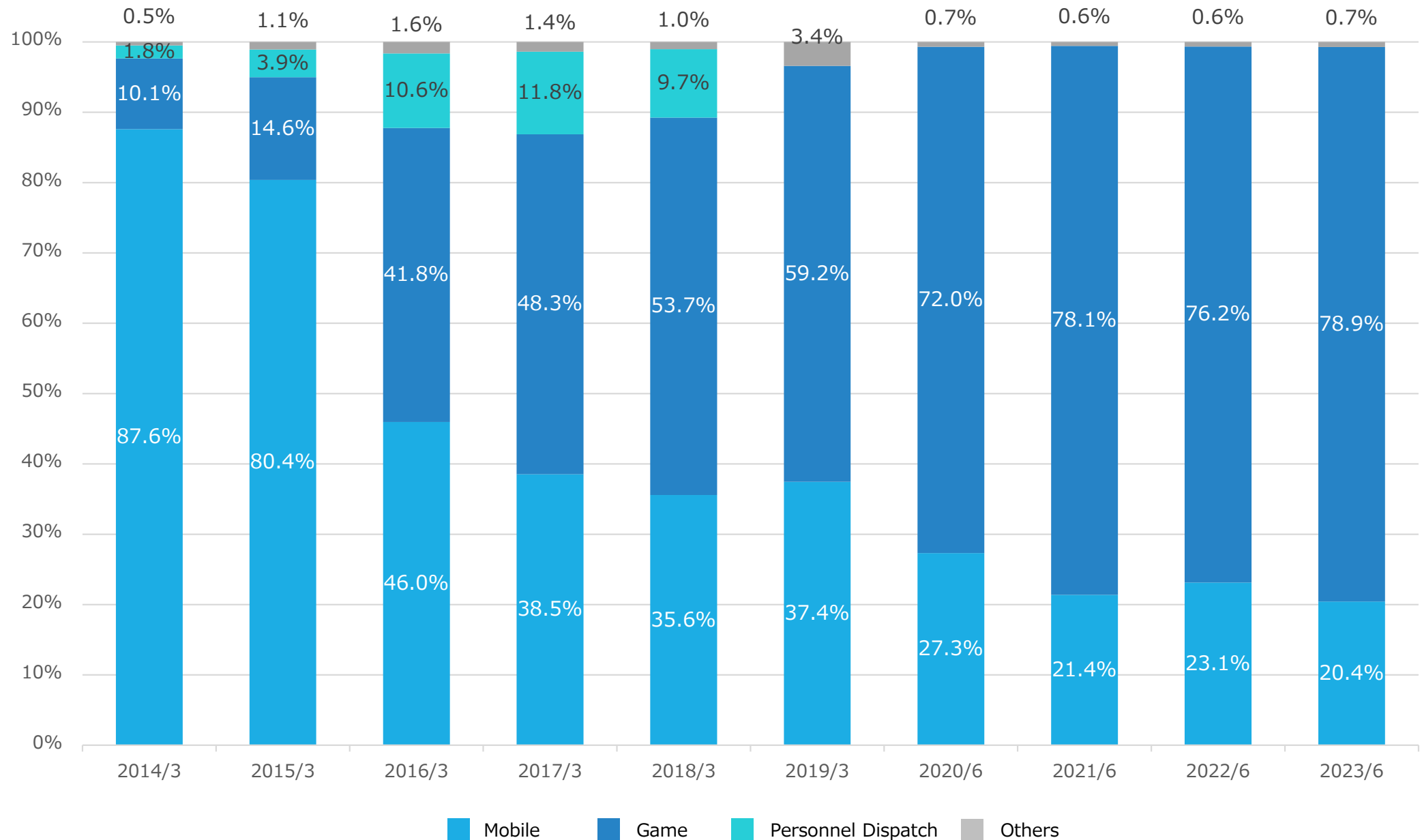
(reference data) Goodwill

■ Amount of goodwill recognized in the balance sheet

(in millions of yen)

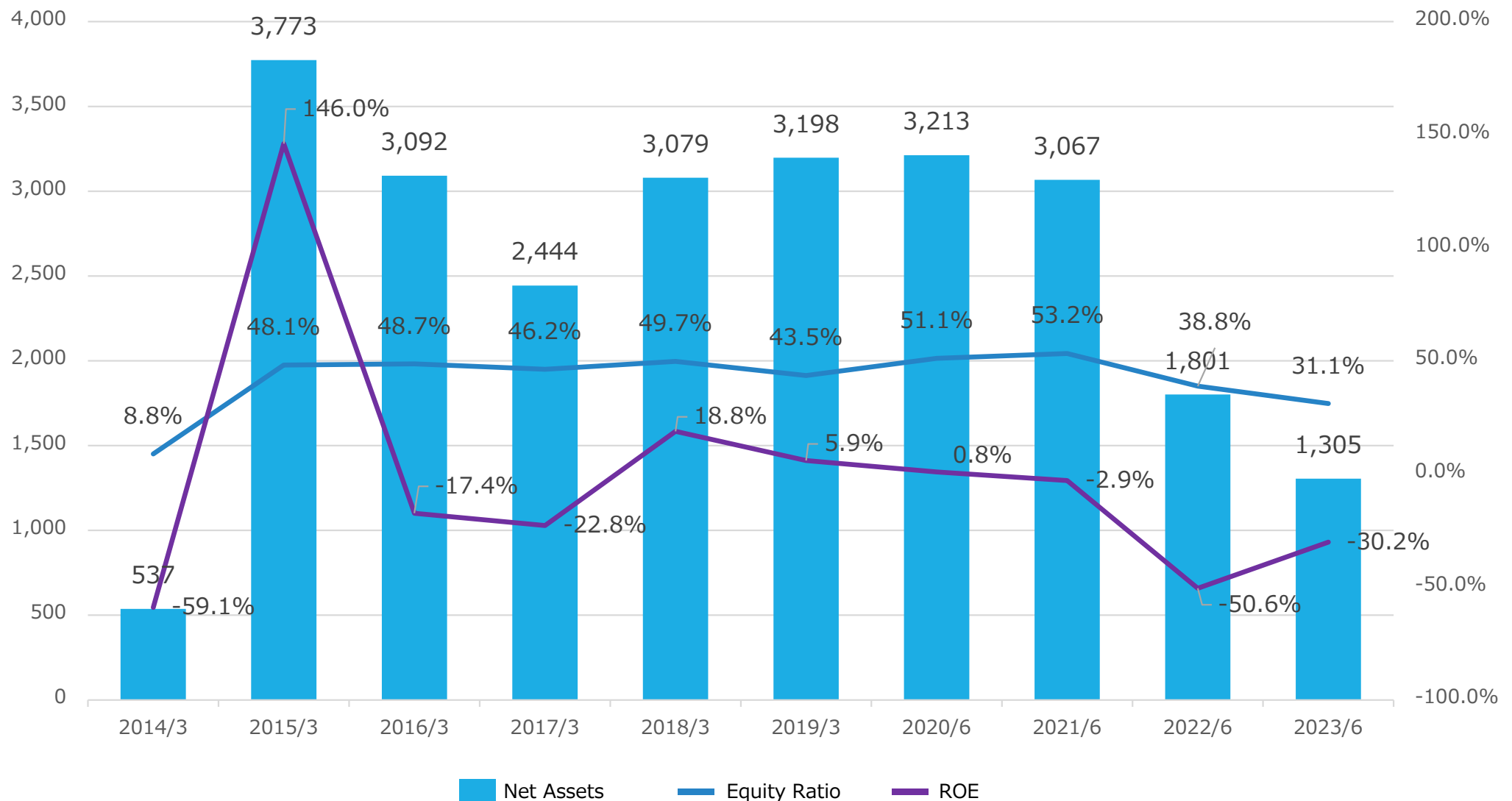


(reference data) Segment Percentage of Net Sales



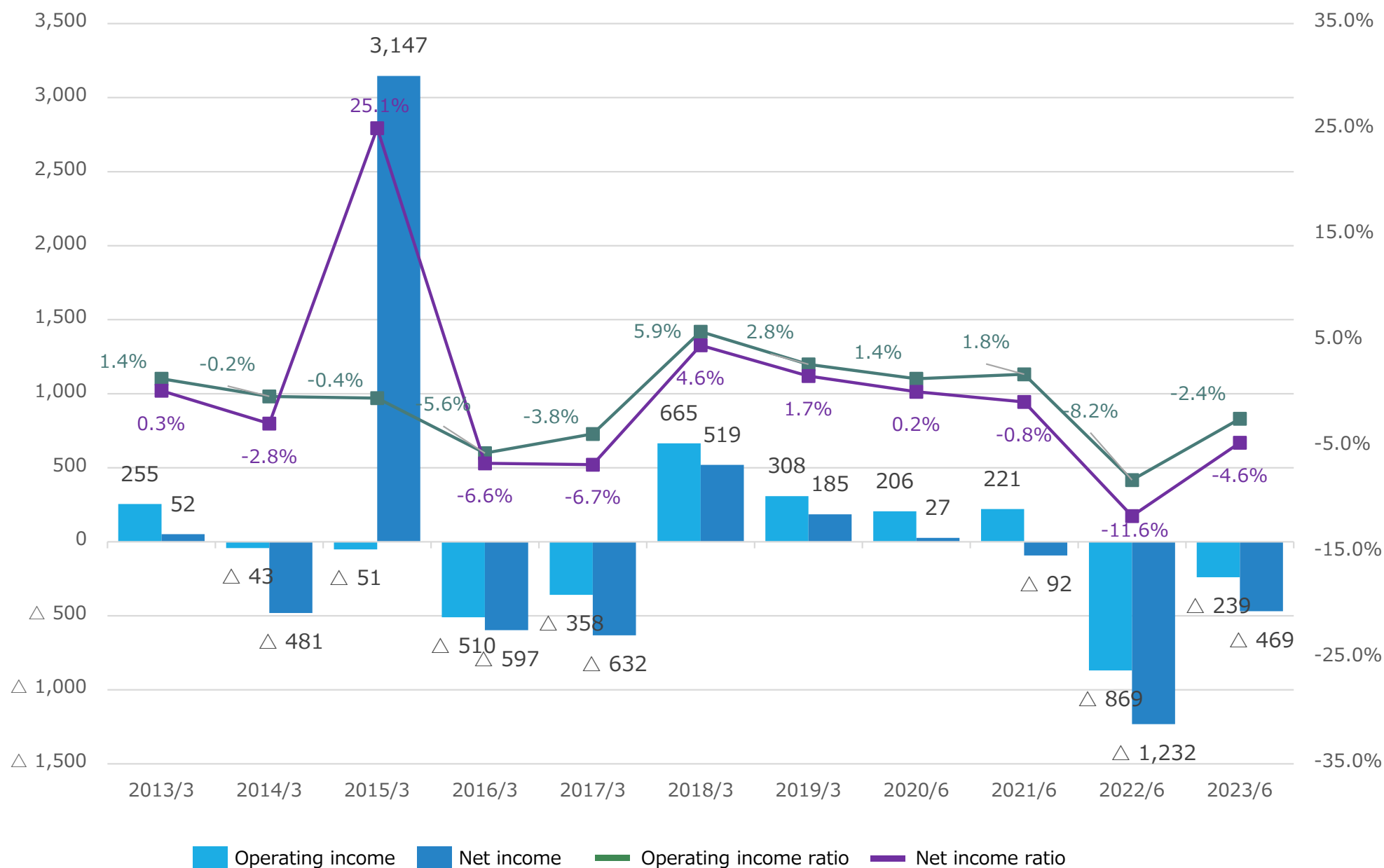
(reference data) Net Assets/Equity Ratio/ROE

(in millions of yen)



(reference data) Operating income and ratio of it/Net income attributable to parent and ratio of it

(in millions of yen)



Contact details

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