



Supplemental Material For FY2024 First Quarter Financial Results

NJ Holdings Inc.

Tokyo Stock Exchange Standard Market
Code number: 9421

November 10, 2023

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(Note) FY2024 is Fiscal Year Ending June 30, 2024.

I . FY2024 First Quarter Highlights

1. Consolidated Financial Results

(1) Results Summary

Net income returned to the black mainly due to reinforcement of order acquisition and transitory profit factors in the game business.

	FY2023 1Q Jul.-Sep.'22	FY2024 1Q Jul.-Sep.'23	Change	(in millions of yen)
Net sales	2,415	2,767	352	•Game 327 •Mobile 27
Cost of sales	2,073	2,203	129	
Gross profit	341	564	222	
Selling, general and administrative expenses	428	415	(12)	•Mobile (17)
Operating profit	(86)	148	234	•Game 210 •Mobile 29
Ordinary profit	(89)	153	242	
Net income before income taxes	(89)	188	277	
Profit attributable to owners of parent	(88)	142	231	
EBITDA※	(54)	173	228	

※ 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 increased both sales and profit. Mobile business turned to black.

(in millions of yen)

	Net sales			Operating profit		
	FY2023 1Q Jul.-Sep.'22	FY2024 1Q Jul.-Sep.'23	Change	FY2023 1Q Jul.-Sep.'22	FY2024 1Q Jul.-Sep.'23	Change
Game	1,950	2,278	327	2	212	210
Mobile	447	475	27	(19)	10	29
Other※1	18	16	(1)	8	8	0
Intersegment eliminations and corporate expenses※2	(1)	(2)	(1)	(57)	(62)	(5)
goodwill amortization	—	—	—	(19)	(19)	0
Consolidated total	2,415	2,767	352	(86)	148	234

※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

Game business recovered to over 2 billion yen. Mobile business increased YoY in Q1 due to higher handset prices.

(in millions of yen)

	Net Sales				
	FY2023				FY2024
	1Q Jul.-Sep.'22	2Q Oct.-Dec.'22	3Q Jan.-Mar.'23	4Q Apr.-Jun.'23	1Q Jul.-Sep.'23
Game	1,950	1,962	2,110	1,972	2,278
Mobile	447	561	599	462	475
Other※1	18	17	17	17	16
Intersegment eliminations	(1)	(1)	(2)	(1)	(2)
—	—	—	—	—	—
Consolidated total	2,415	2,540	2,725	2,450	2,767

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

1. Consolidated Financial Results

(4) Quarterly Operating Profit by Segment

Profits grew due to transitory profit factors in the game business.
 Mobile business increased sales profit per customer.

(in millions of yen)

	Operating Profit				
	FY2023				FY2024
	1Q Jul.-Sep.'22	2Q Oct.-Dec.'22	3Q Jan.-Mar.'23	4Q Apr.-Jun.'23	1Q Jul.-Sep.'23
Game	2	(96)	130	7	212
Mobile	(19)	14	15	(25)	10
Other※1	8	9	9	9	8
Intersegment eliminations and corporate expenses※2	(57)	(59)	(55)	(53)	(62)
goodwill amortization	(19)	(19)	(19)	(20)	(19)
Consolidated total	(86)	(151)	80	(81)	148

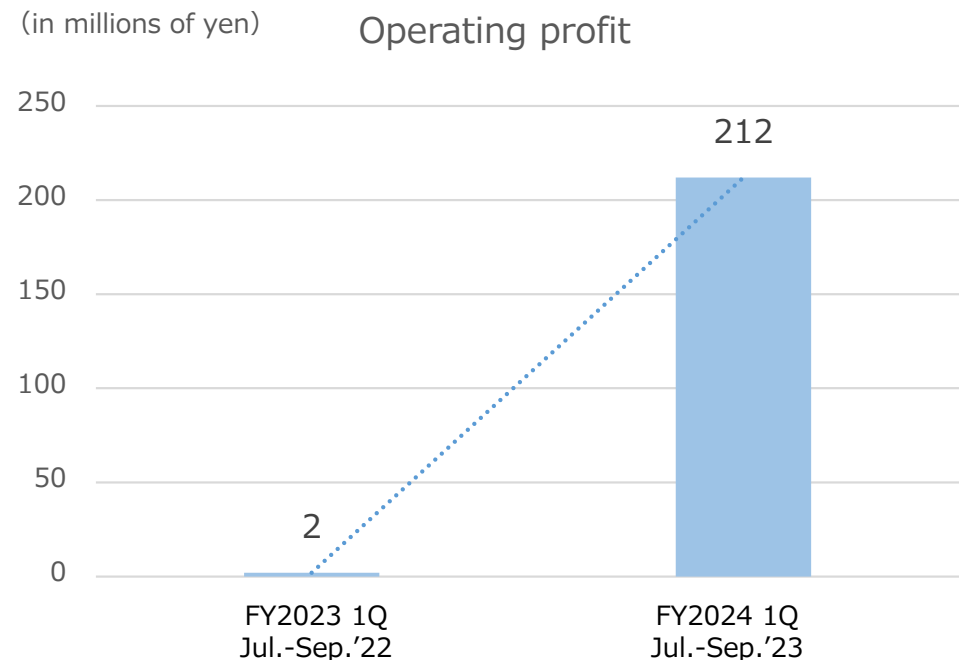
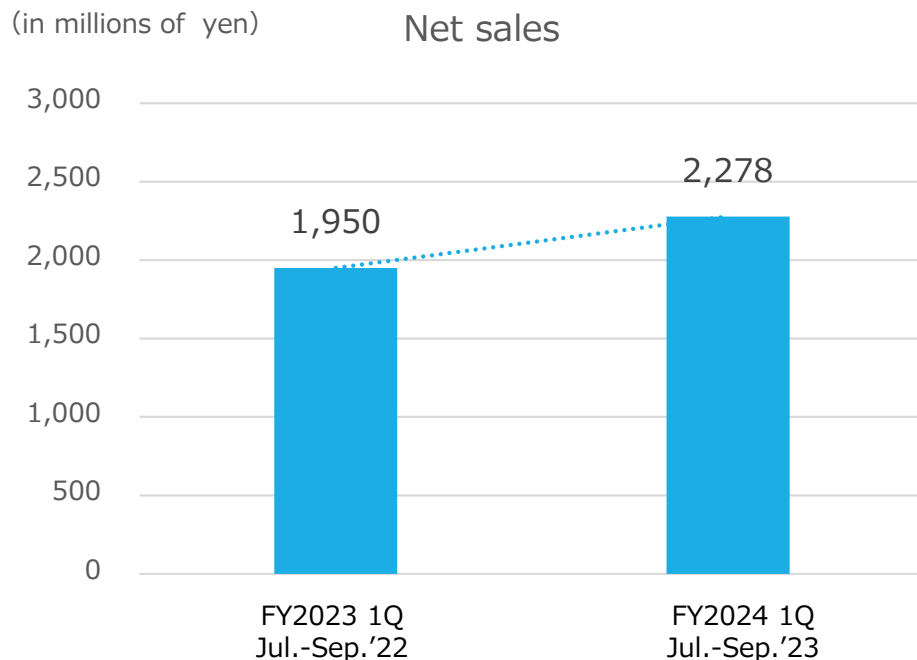
※1 The Other segment is a business segment not included in the reportable segments.

※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

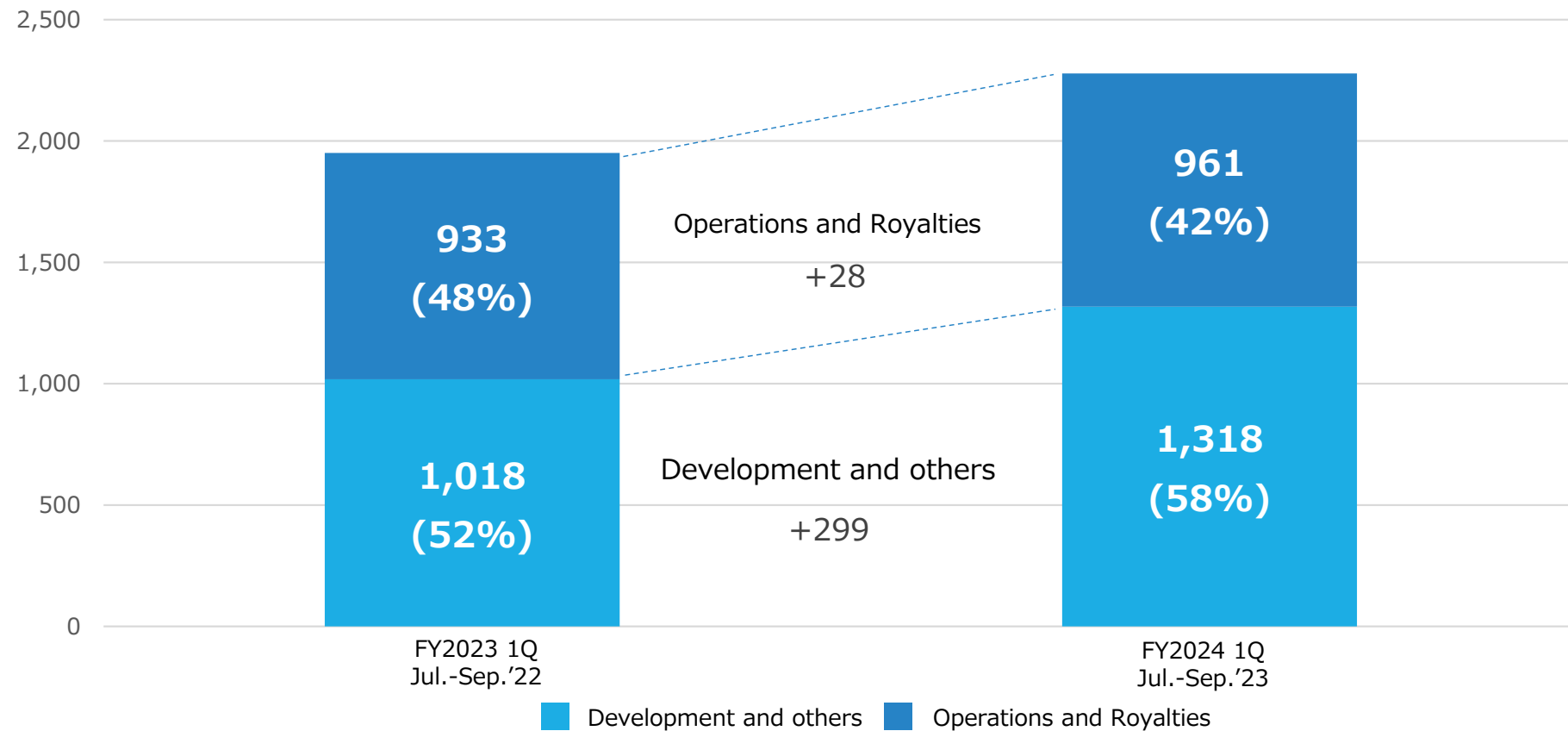
- Net sales increased due to firm orders in the operation support field, where the company has expanded its workforce since the previous fiscal year, as well as the transfer of rights to a game title that had been under in-house development and the posting of sales associated with progress in the development of an existing project.
- Operating income increased due to transitory profit factors, including the transfer of game title rights as mentioned above and a decrease in development costs.



2. Game Segment (2) Sales Breakdown

Development and other sales increased, due in part to transitory factors. In operation and royalty sales, sales of operated titles declined, but orders in the operation support field increased.

(in millions of yen)

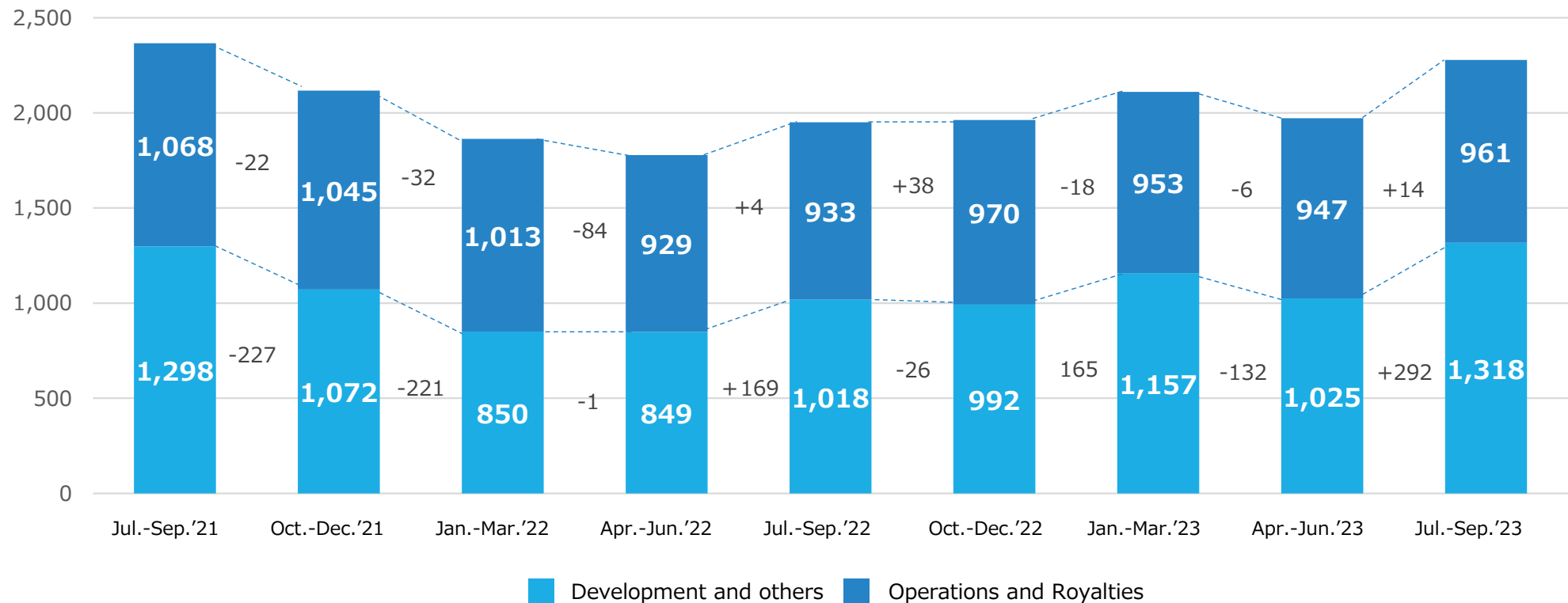


- ※Operational sales include sales that involve development, such as version upgrades after delivery and release.
- ※The breakdown of operational sales and royalties is not disclosed.
- ※Development sales cover sales up to the time of delivery and release. It also includes sales of other games, such as dispatch services.

2. Game Segment (3) Quarterly Sales Breakdown

Operational sales remained generally flat due to personnel expansion of the operational support field.

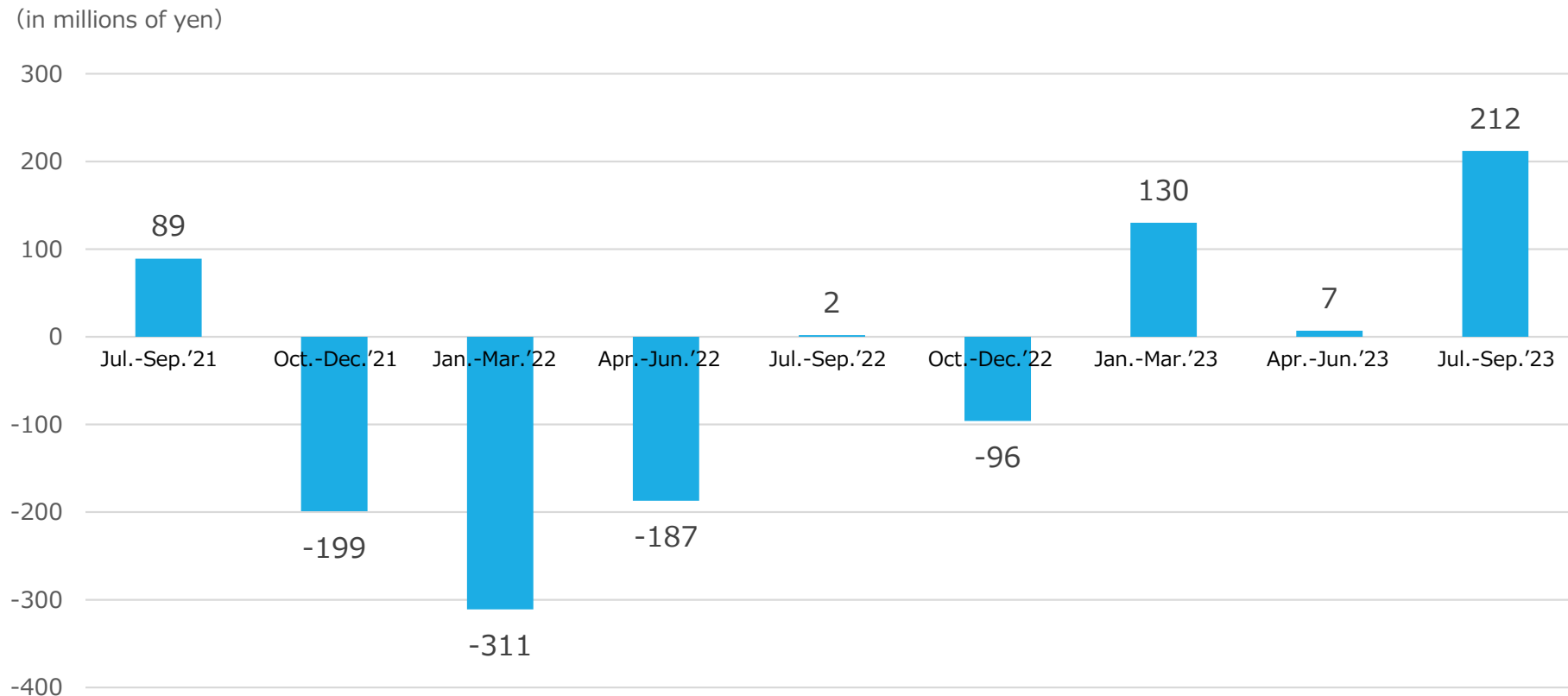
(in millions of yen)



- ※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 (4) Quarterly Operating Profit

Profits in the development field temporarily increased. Profitability in the operation support field was maintained.



※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 and PC) **4** (±0 from Aug. 14, 2023)

- mobile app type※2 ※4 (smart phone and PC) **0** (±0 from Aug. 14, 2023)

- Business Size Information

- employees※5 **840** (+4 from Jun. 30, 2023)

※1 as of November 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 September 30, 2023 (including some fixed-term contract workers.)

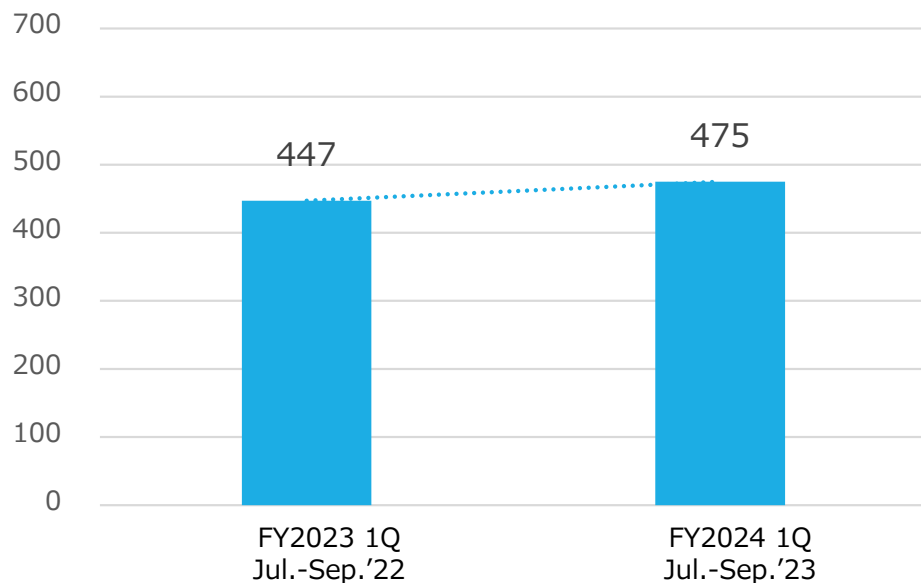
3. Mobile Segment (1) Overview

Summary of MD&A

- Net sales: While the number of visitors continued to fall below the previous year's level, the closure of unprofitable stores at the end of the previous fiscal year also contributed to a decrease in unit sales, but the increase in sales was due to the impact of higher phone prices.
- Operating income: In the carrier shop division, increase in profit per customer due to sales of peripheral products, etc. In the non-carrier shop division, return to profitability due to the above store closures. Overall mobile business also returned to profitability.

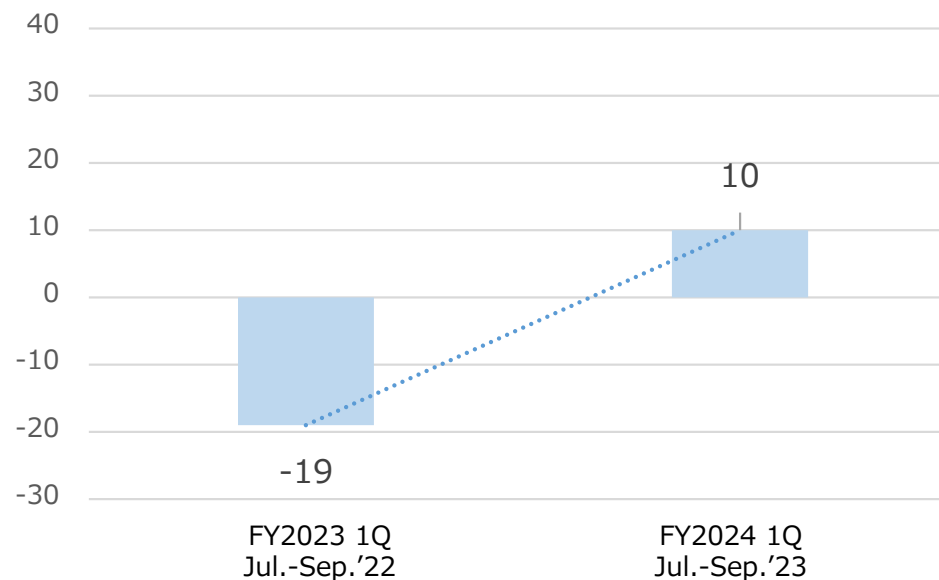
(in millions of yen)

Net sales



(in millions of yen)

Operating profit



4. Recent topics (1-1) Game segment

■ September 28, 2023

『Infinity Strash: DRAGON QUEST The Adventure Of Dai』
released

(developed by Game Studio Inc.)

[PS5, PS4, Nintendo Switch, Steam, Xbox Series X|S, Microsoft Store]



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4. Recent topics

(1-2) Game segment

■ July 29, 2023

- Opened a booth at the 6th Working Kids Adventure, a work experience event

We provided an opportunity to experience game development at the Shiroy-shi Shiroy Community Center.

(Game Studio Inc.)

■ August 1, 2023

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

(Tech Flag Corporation)



■ August 24, 2023

Aiming Inc. has released 『Is It Wrong to Try to Pick Up Girls in a Dungeon?: Battle Chronicle』, a game we helped develop.

(Game Studio Inc.)

4. Recent topics (1-3) Game segment

■ September 21, 2023

『EasIS』 released (Wit One Inc.)

EasIS is a “comprehensive social listening service”. Information collected based on set words is immediately analyzed by AI, scrutinized by humans for higher accuracy, and provided as an optimal report with narrowed down information and abstracts to help you make decisions.



- September 21-23, 2023. Exhibited at the Business Day of Tokyo Game Show 2023
- October 25-27, 2023. Exhibited at 14th Japan IT Week Autumn: 10th Next Generation EC & Store EXPO

4. Recent topics (2) Mobile segment

■ July 6, 2023

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

(NEPRO CREATE Co., Ltd.)



II. Forecasts for FY2024

1. Earnings Forecast

(1) Full Year Consolidated Earnings Forecast

No change from the most recently announced forecasts on August 14, 2023.

(in millions of yen)

	FY2024 1Q Results Jul.-Sep.'23	FY2024 Forecast Jul.'23-Jun.'24	Progress	(Reference) FY2023 Results Jul.'22-Jun.'23
Net sales	2,767	10,370	26.7%	10,131
Operating profit	148	200	74.1%	(239)
Ordinary profit	153	180	85.1%	(260)
Profit attributable to owners of parent	142	120	119.0%	(469)
EBITDA※	173	300	57.9%	(113)

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

1. Earnings Forecast

(2) Progress Toward Financial Forecasts

Game

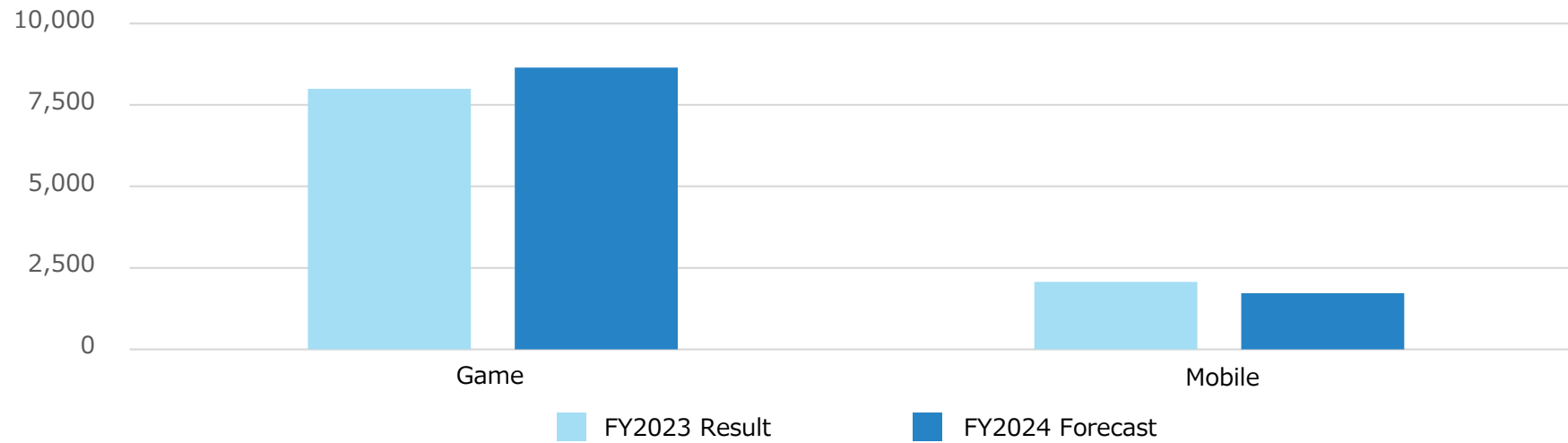
The high progress rate toward the full-year operating income forecast in the first quarter was mainly due to transitory profit factors in the game business, including the transfer of rights to game titles that had been undergoing in-house development and a decrease in development costs. The personnel utilization rate, which declined due to the cancellation of development projects that occurred in the fourth quarter of the previous fiscal year, is improving. With several projects coming to an end in the first quarter of the current fiscal year, the anticipated downward impact on earnings was covered by orders of short-term projects. Therefore, the downside risk may be delayed to the second quarter of the fiscal year. There are no changes in the forecast of the game segment as of this moment.

Mobile

The mobile business is generally progressing as planned. There are no changes in the forecast of the mobile segment as of this moment.

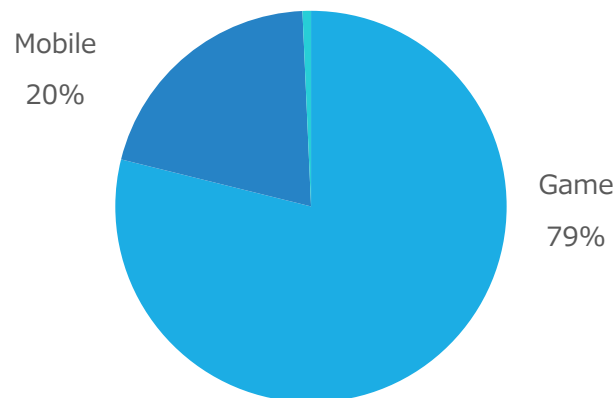
2. Forecasts by Segment (1) Sales Forecast by Segment

(in millions of yen)

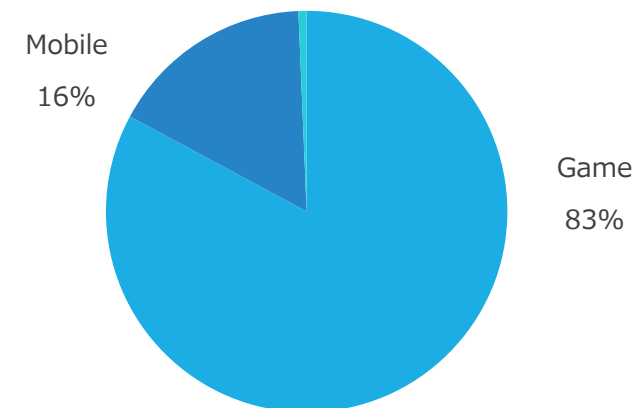


Percentage of net sales by segment

FY2023 Result

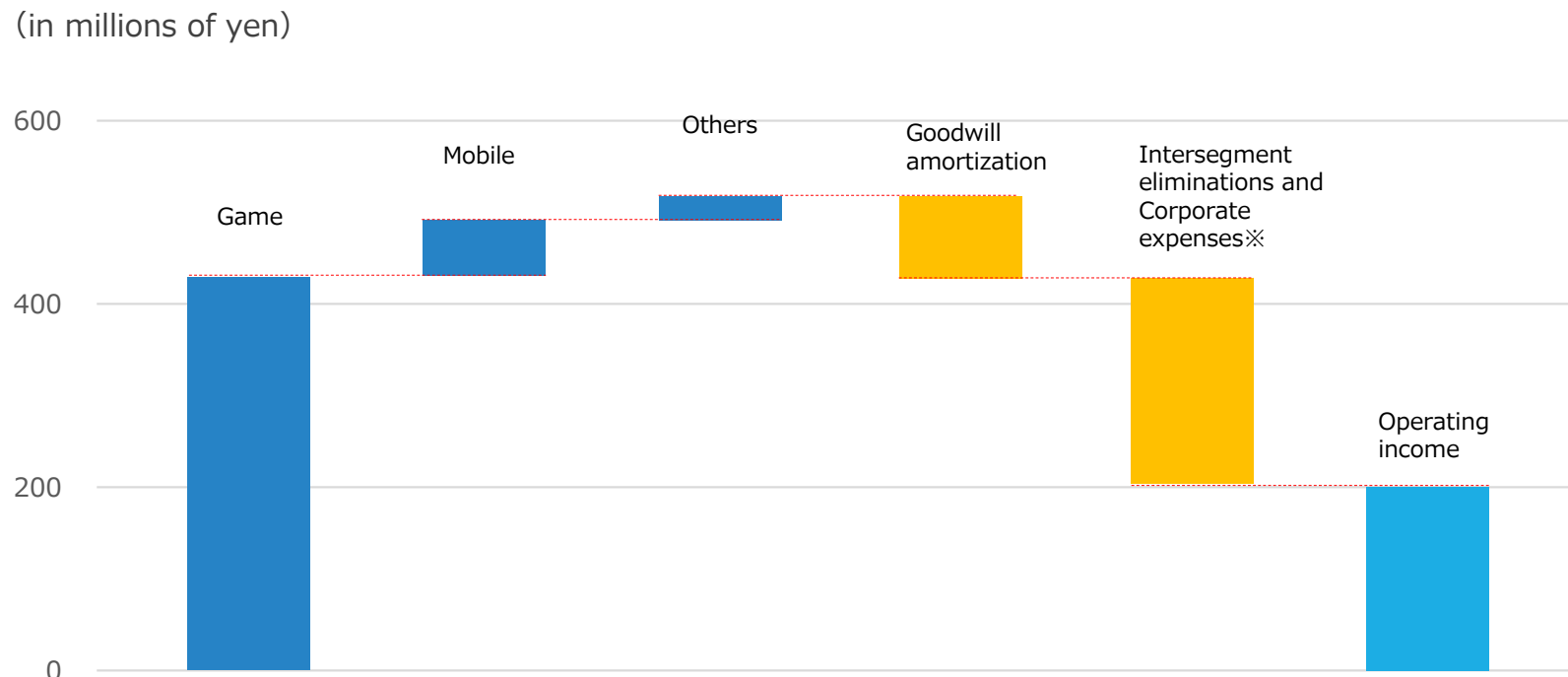


FY2024 Forecast



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.

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 1,006 (as of September 30, 2023. It includes 82 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.

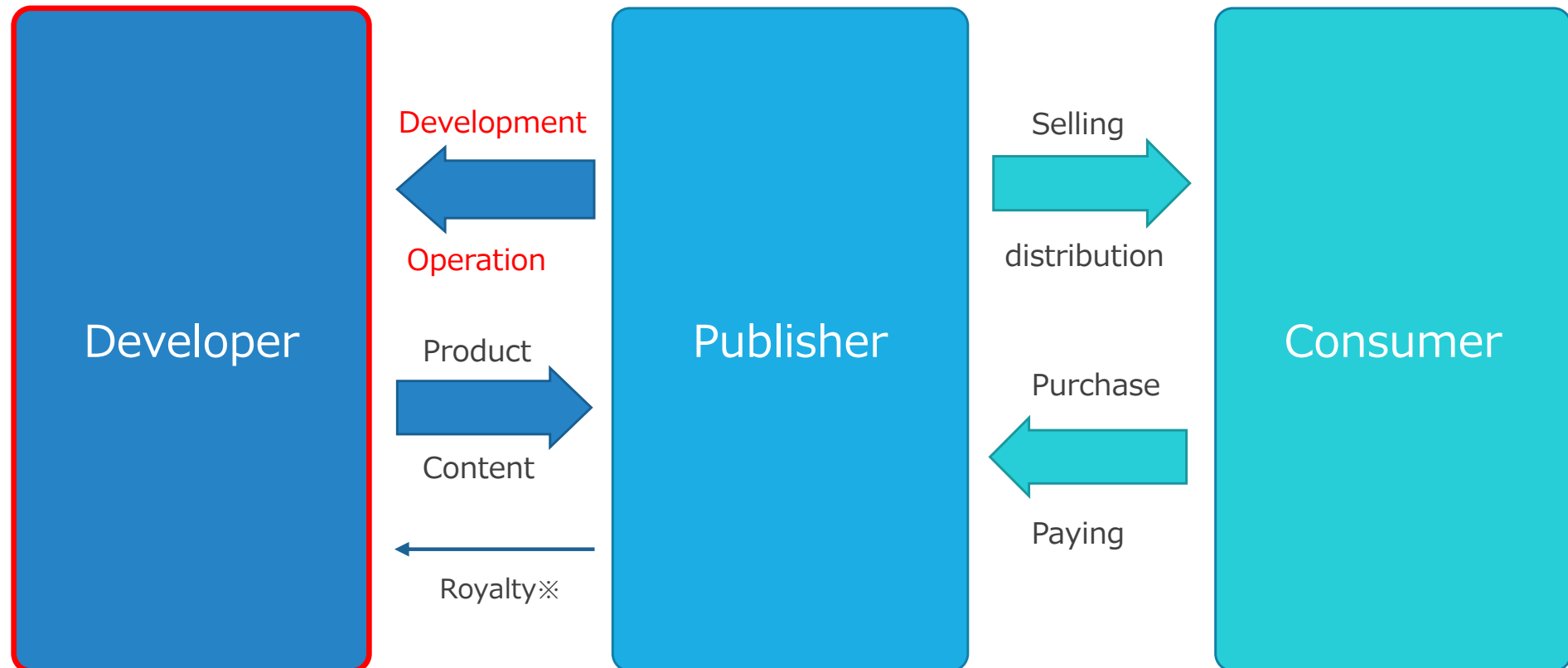
※ Tech Flag Corporation was established in July 2020 to strengthen the Group's technological collaboration and promote productivity improvement.

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
				
				
				

Contact details

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