



Supplemental Material For FY2024 First Half Financial Results

NJ Holdings Inc.

Tokyo Stock Exchange Standard Market
Code number: 9421

February 9, 2024

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

I . FY2024 First Half 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 1H Jul.-Dec.'22	FY2024 1H Jul.-Dec.'23	Change	(in millions of yen)
Net sales	4,955	5,170	214	Breakdown of Change •game 202
Cost of sales	4,319	4,096	(223)	Breakdown of Change •game (255)
Gross profit	636	1,073	437	
Selling, general and administrative expenses	874	838	(35)	Breakdown of Change •mobile (40)
Operating profit	(237)	234	472	Breakdown of Change •game 455 •mobile 32
Ordinary profit	(243)	237	480	
Net income before income taxes	(243)	452	695	214 Extraordinary income for this first half
Profit attributable to owners of parent	(237)	365	602	
EBITDA※	(119)	287	460	•goodwill amortization in this first half is 39mil.




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

1. Consolidated Financial Results

(2) Results by Segment

Both the game and mobile businesses increased sales and turned to black.

(in millions of yen)

	Net sales			Operating profit		
	FY2023 1H Jul.-Dec'22	FY2024 1H Jul.-Dec'23	Change	FY2023 1H Jul.-Dec'22	FY2024 1H Jul.-Dec'23	Change
Game	3,913	4,115	202	(94)	 351	445
Mobile	1,009	1,026	17	(4)	 27	32
Other※1	36	35	(2)	17	19	1
Intersegment eliminations and corporate expenses※2	(2)	(7)	(4)	(116)	(123)	(6)
goodwill amortization	—	—	—	(39)	(39)	0
Consolidated total	4,955	5,170	214	(237)	 234	472

※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, sales declined due to the completion of development projects and a gradual decline in operating revenue.

(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	2Q Oct.-Dec.'23
Game	1,950	1,962	2,110	1,972	2,278	1,837
Mobile	447	561	599	462	475	551
Other※1	18	17	17	17	16	18
Intersegment eliminations	(1)	(1)	(2)	(1)	(2)	(4)
—	—	—	—	—	—	—
Consolidated total	2,415	2,540	2,725	2,450	2,767	2,402

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

1. Consolidated Financial Results

(4) Quarterly Operating Profit by Segment

Transitory profit factors contributed to the profit 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	2Q Oct.-Dec.'23
Game	2	(96)	130	7	212	138
Mobile	(19)	14	15	(25)	10	17
Other※1	8	9	9	9	8	10
Intersegment eliminations and corporate expenses※2	(57)	(59)	(55)	(53)	(62)	(60)
goodwill amortization	(19)	(19)	(19)	(20)	(19)	(19)
Consolidated total	(86)	(151)	80	(81)	148	86

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

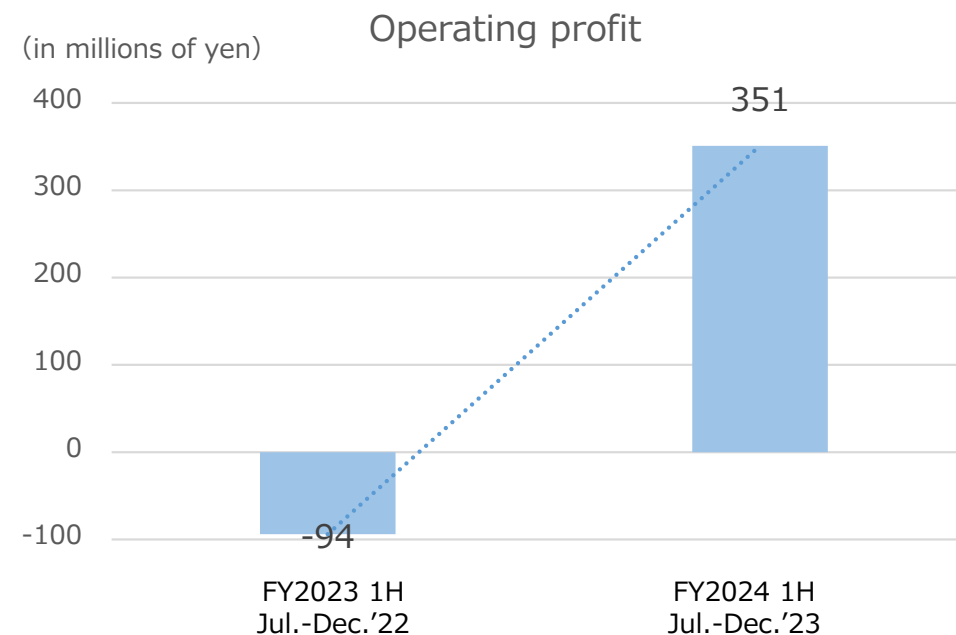
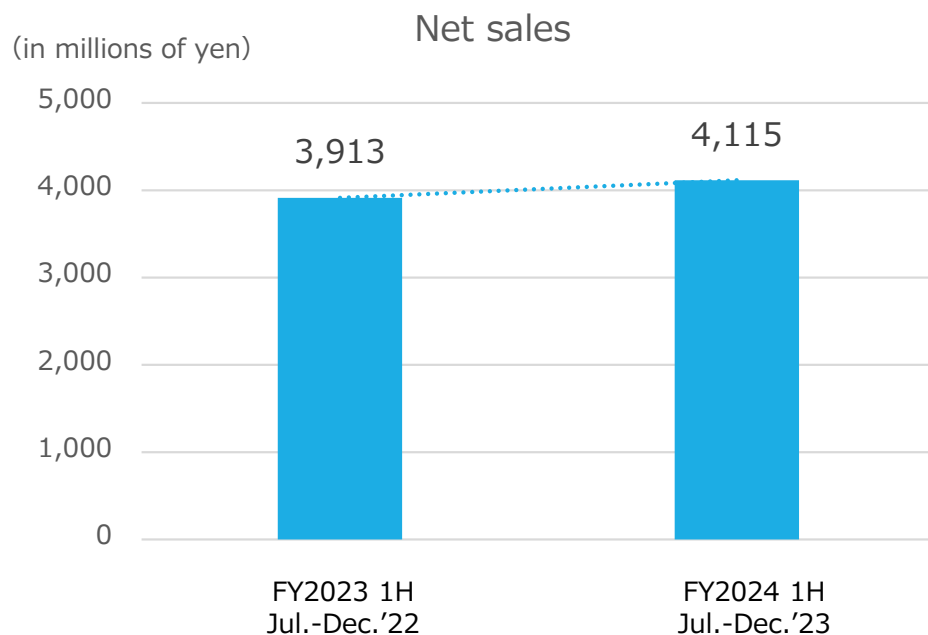
※2 Corporate expenses are general and administrative expenses that do not belong to any reportable segment.

2. Game Business

(1) Overview

Summary

- In addition to firm orders in the operation support field, sales increased due to 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.

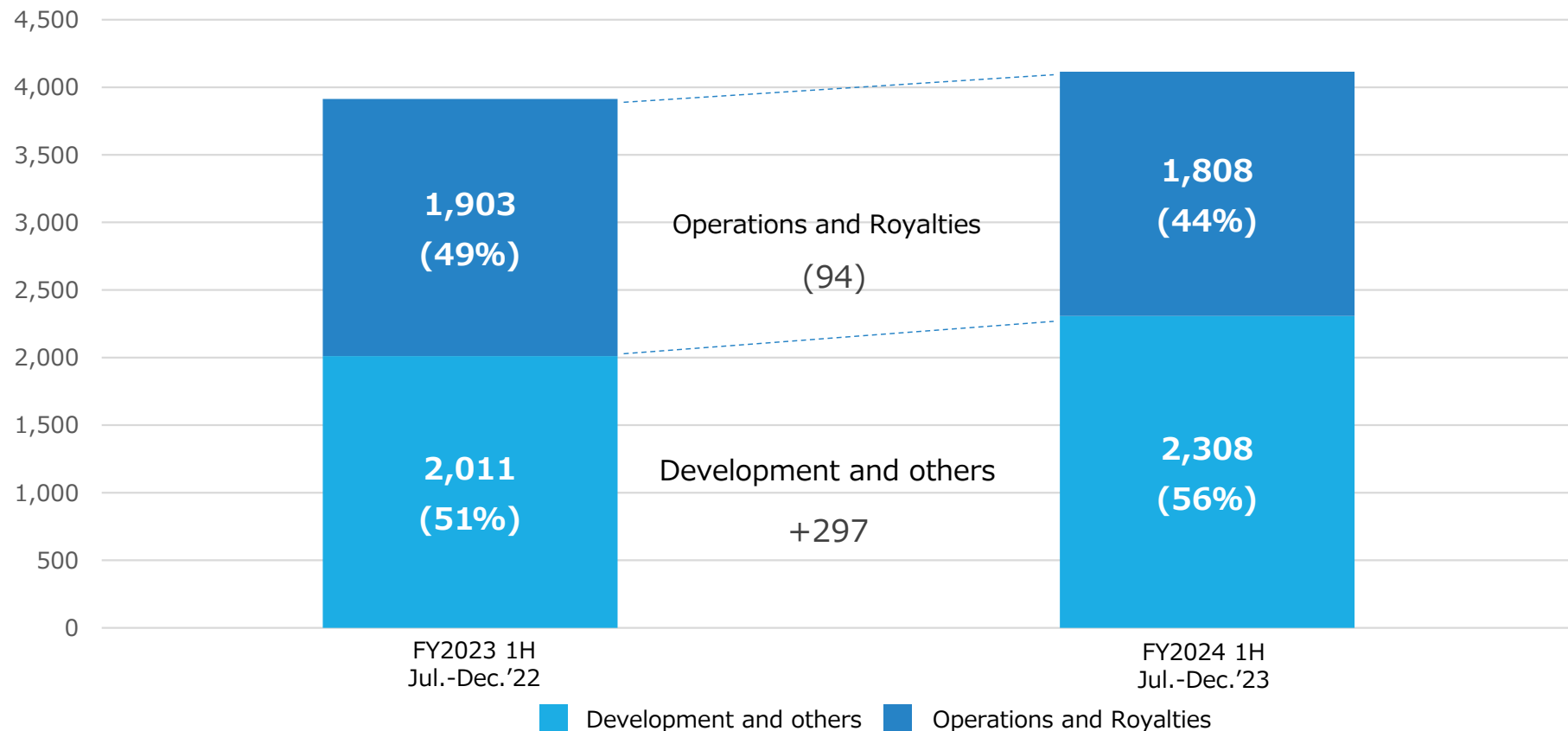


2. Game Segment

(2) Sales Breakdown

Operating sales decreased due to the downsizing of the development team for the operation. Development sales increased due to orders for new development projects.

(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.

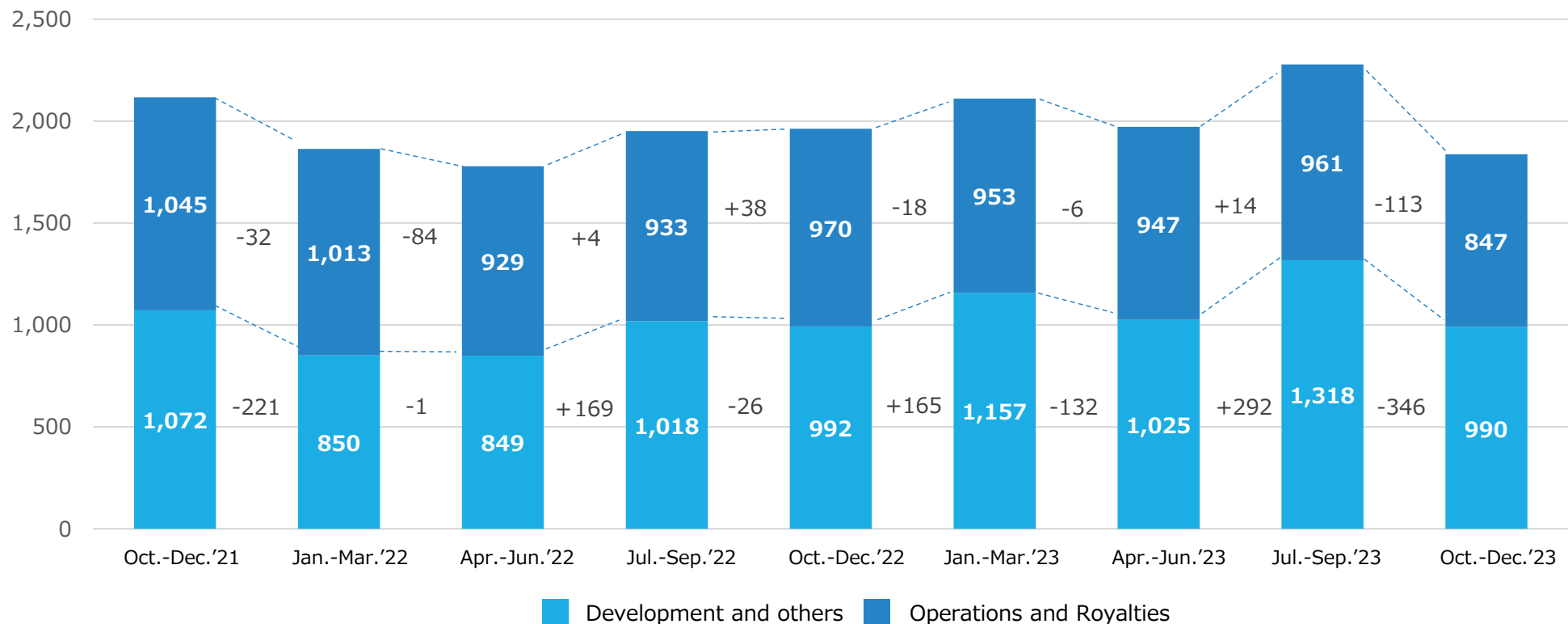
※Development sales cover sales up to the time of delivery and release. It also includes sales of other games, such as dispatch services.

2. Game Segment

(3) Quarterly Sales Breakdown

Operating sales decreased due to the downsizing of the development team for the operation. Development sales decreased due to the completion of some projects in 1Q.

(in millions of yen)



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

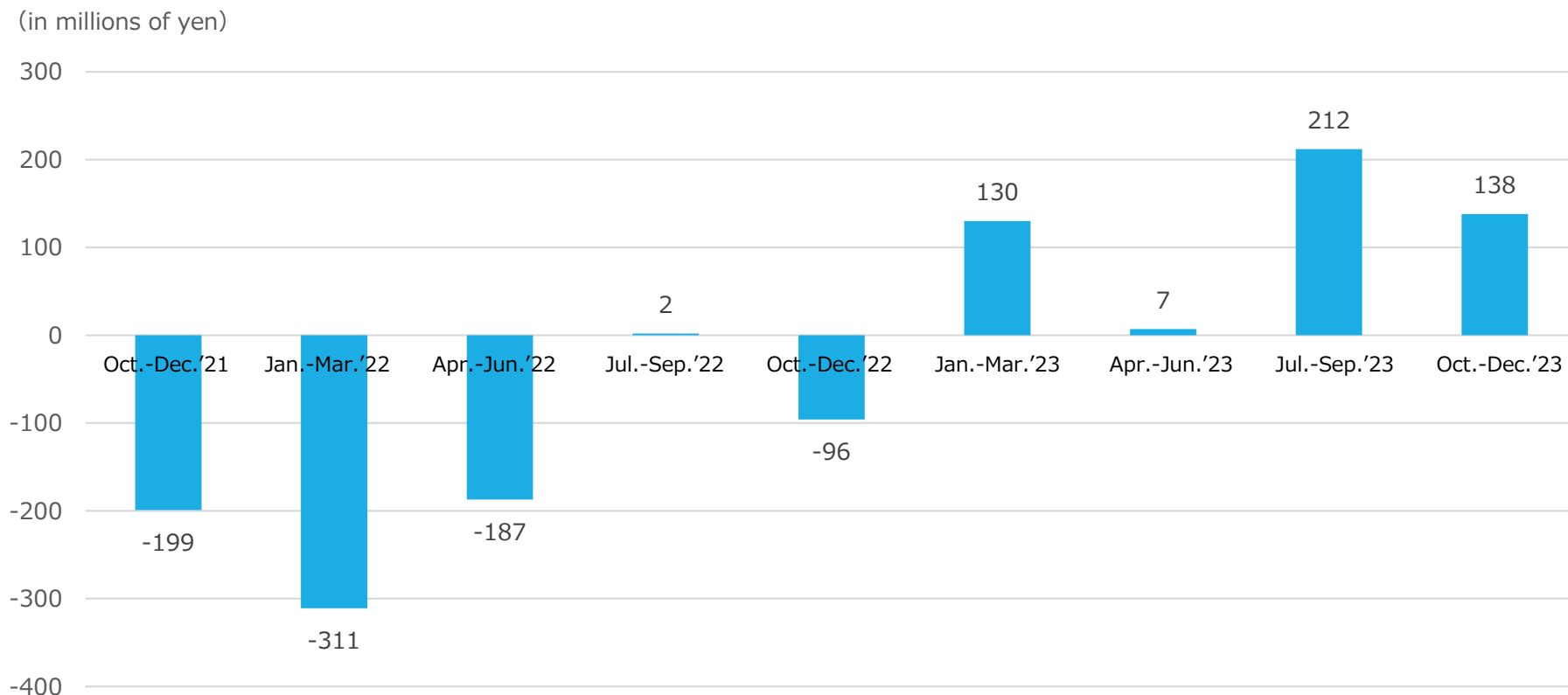
※The breakdown of operational sales and royalties is not disclosed.

※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 the development field, one-time factors continued to drive profits in 2Q. Operating income declined slightly due to a reduction in titles in the operational support field.



※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)	5	(+1 from Nov. 10, 2023)
•mobile app type※2 ※4 (smart phone and PC)	0	(±0 from Nov. 10, 2023)

■ Business Size Information

•employees※5	834	(-2 from Jun. 30, 2023) (-6 from Sep. 30, 2023)
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※1 as of February 9, 2024. 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, 2023 (including some fixed-term contract workers.)

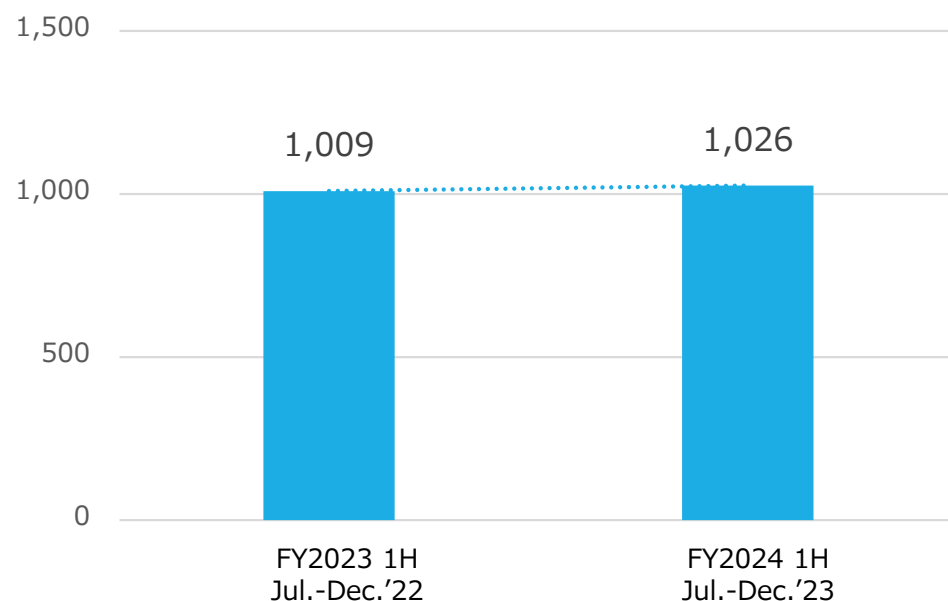
3. Mobile Segment (1) Overview

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.

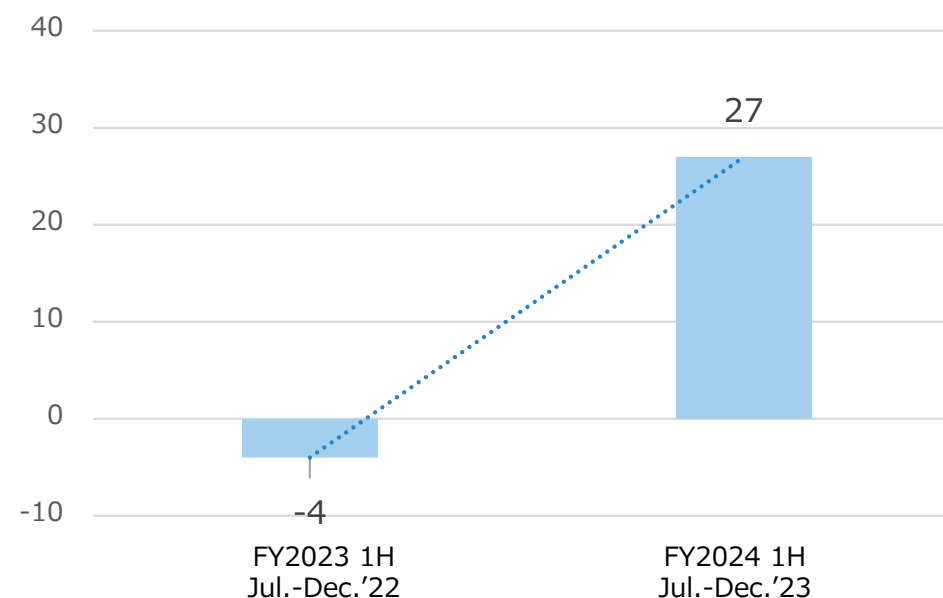
(in millions of yen)

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. Forecasts for FY2023

(1) Full Year Consolidated Earnings Forecast

- We have revised our full-year earnings forecasts as follows in the "Notice of Revision of Earnings Forecasts" dated February 9, 2024.

(in millions of yen)

	FY2024 Previous Forecast Jul.'23-Jun.'24	FY2024 New Forecast Jul.'23-Jun.'24	Change	(Reference) FY2023 Results Jul.'22-Jun.'23
Net sales	10,370	9,950	(440)	10,131
Operating profit	200	200	0	(239)
Ordinary profit	180	180	0	(260)
Profit attributable to owners of parent	120	360	+240	(469)
EBITDA※	300	310	+10	(113)

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

1. Forecasts for FY2023

(2) Business Outlook

Game

Operating income and other profit figures for the first half of the current fiscal year exceeded the previous forecast, but this is mainly due to transitory profit factors such as the posting of sales associated with the transfer of the rights to game titles that had been developed in-house in the game business and a decrease in development costs.

For the second half of the fiscal year, net sales are expected to be lower than the previous forecast, mainly due to the trend toward downsizing of the operation-related team and the continued trend toward short-term and small-scale orders. Operating income is expected to be at the same level as the previous forecast, as the impact of the above-mentioned decrease in sales on profits is expected to be limited due to cost controls such as outsourcing expenses.

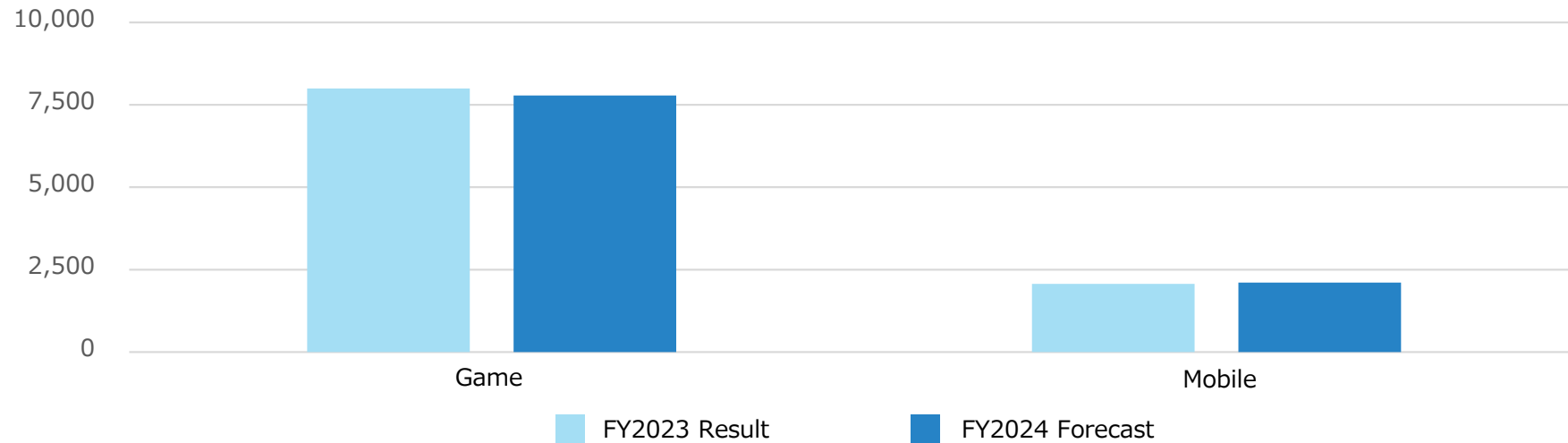
Mobile

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

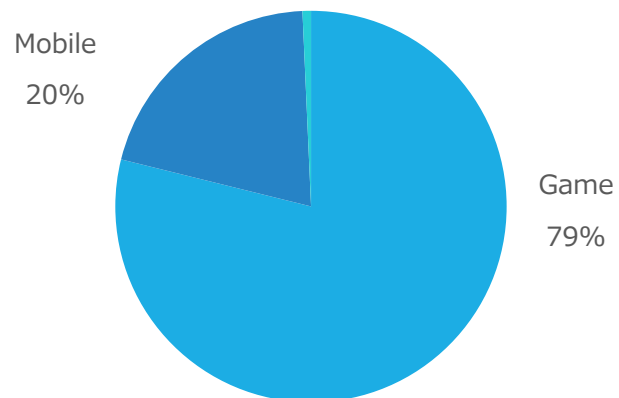
(1) Sales Forecast by Segment

(in millions of yen)

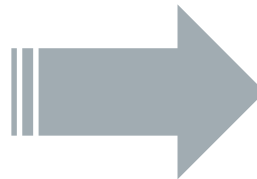
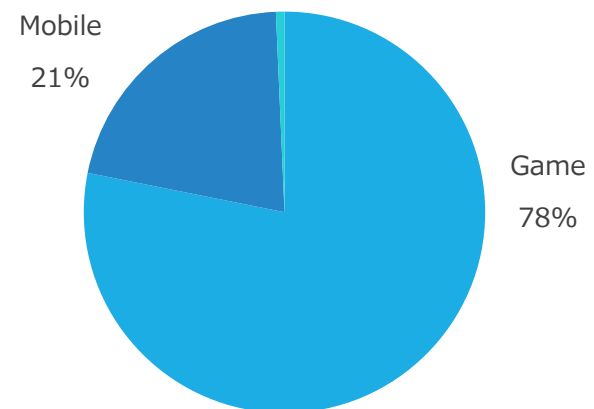


Percentage of net sales by segment

FY2023 Result



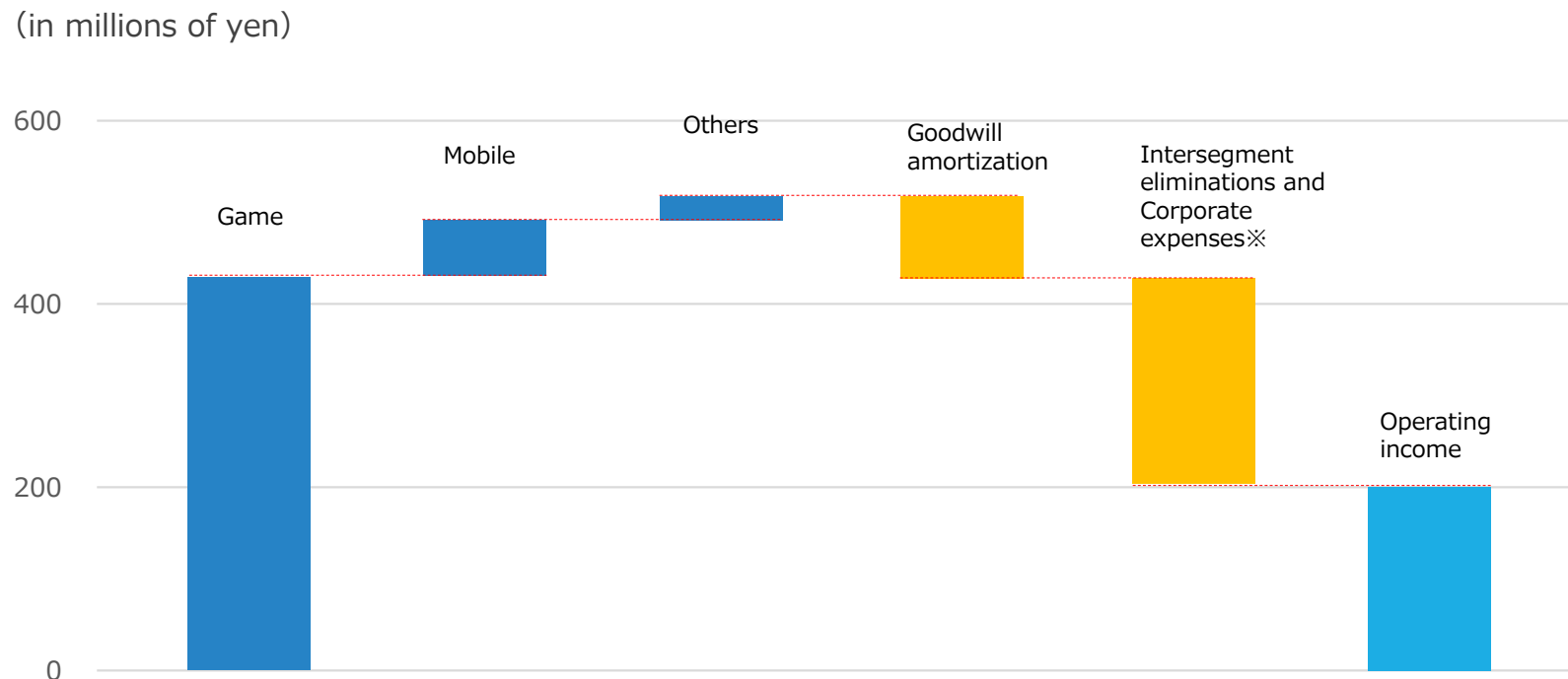
FY2024 Forecast



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 998 (as of December 31, 2023. It includes 81 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.

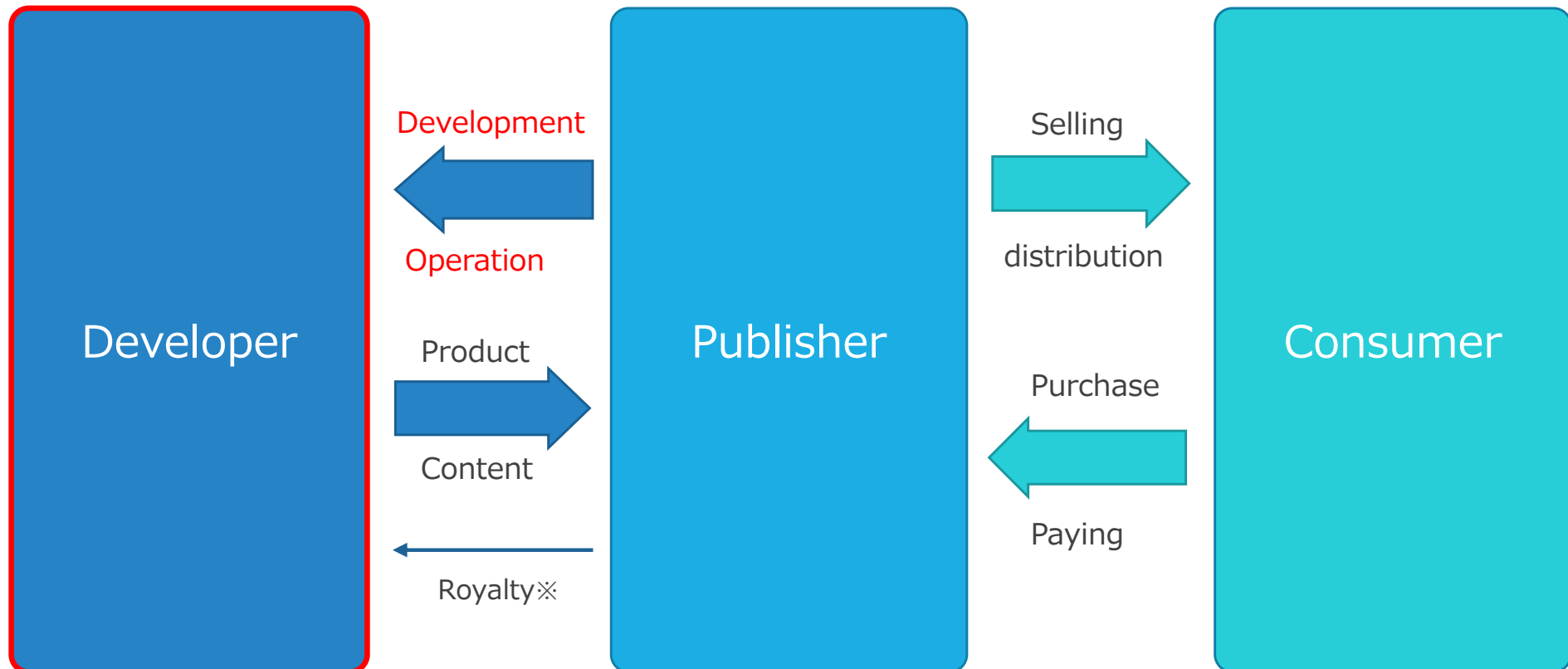
※ Tech Flag Corporation was established in July 2020 to strengthen the Group's technological collaboration and promote productivity improvement.

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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