



Supplemental Material For FY2024 First Nine Months Financial Results

NJ Holdings Inc.

Tokyo Stock Exchange Standard Market
Code number: 9421

May 10, 2024

- This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.
- 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.
- This document is subject to change without notice.
- The names of companies, products and services mentioned in this document are trademarks or registered trademarks of the relevant companies.

I . FY2024 First Nine Months Highlights

II . Forecasts for FY2024

III . Company Profile

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

I . FY2024 First Nine Months Highlights

1. Consolidated Financial Results

(1) Results Summary

Operating profit has turned positive mainly due to transitory profit factors in the first half of the fiscal year in the game business.

	FY2023 Jul.'22-Mar.'23	FY2024 Jul.'23-Mar.'24	Change	(in millions of yen)
Net sales	7,681	7,647	(33)	
Cost of sales	6,531	6,159	(371)	Breakdown of Change •game (348)
Gross profit	1,149	1,487	338	
Selling, general and administrative expenses	1,306	1,249	(57)	Breakdown of Change •mobile (61)
Operating profit	(157)	237	395	Breakdown of Change •game 344 •mobile 30
Ordinary profit	(172)	234	407	
Net income before income taxes	(172)	449	621	214 Extraordinary income for this first nine months
Profit attributable to owners of parent	(215)	382	597	
EBITDA※	(61)	318	379	•goodwill amortization in this first Nine months is 59mil.

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

1. Consolidated Financial Results

(2) Results by Segment

Profits recovered in both the game and mobile businesses.

(in millions of yen)

	Net sales			Operating profit		
	FY2023 Jul.'22-Mar.'23	FY2024 Jul.'23-Mar.'24	Change	FY2023 Jul.'22-Mar.'23	FY2024 Jul.'23-Mar.'24	Change
Game	6,023	6,036	12	36	380	344
Mobile	1,608	1,569	(38)	11	42	30
Other※1	53	53	0	27	27	0
Intersegment eliminations and corporate expenses※2	(4)	(12)	(7)	(172)	(152)	20
goodwill amortization	—	—	—	(59)	(59)	0
Consolidated total	7,681	7,647	(33)	(157)	237	395

※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 increased due to projects that progressed in the development phase in 3Q.

(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	3Q Jan.-Mar.'24
Game	1,950	1,962	2,110	1,972	2,278	1,837	1,920
Mobile	447	561	599	462	475	551	543
Other※1	18	17	17	17	16	18	18
Intersegment eliminations	(1)	(1)	(2)	(1)	(2)	(4)	(4)
—	—	—	—	—	—	—	—
Consolidated total	2,415	2,540	2,725	2,450	2,767	2,402	2,477

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

1. Consolidated Financial Results

(4) Quarterly Operating Profit by Segment

In the game business, profits declined due to the absence of transient profit factors as well as the effects of delays in new orders.

(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	3Q Jan.-Mar.'24
Game	2	(96)	130	7	212	138	29
Mobile	(19)	14	15	(25)	10	17	14
Other※1	8	9	9	9	8	10	8
Intersegment eliminations and corporate expenses※2	(57)	(59)	(55)	(53)	(62)	(60)	(28)
goodwill amortization	(19)	(19)	(19)	(20)	(19)	(19)	(19)
Consolidated total	(86)	(151)	80	(81)	148	86	2

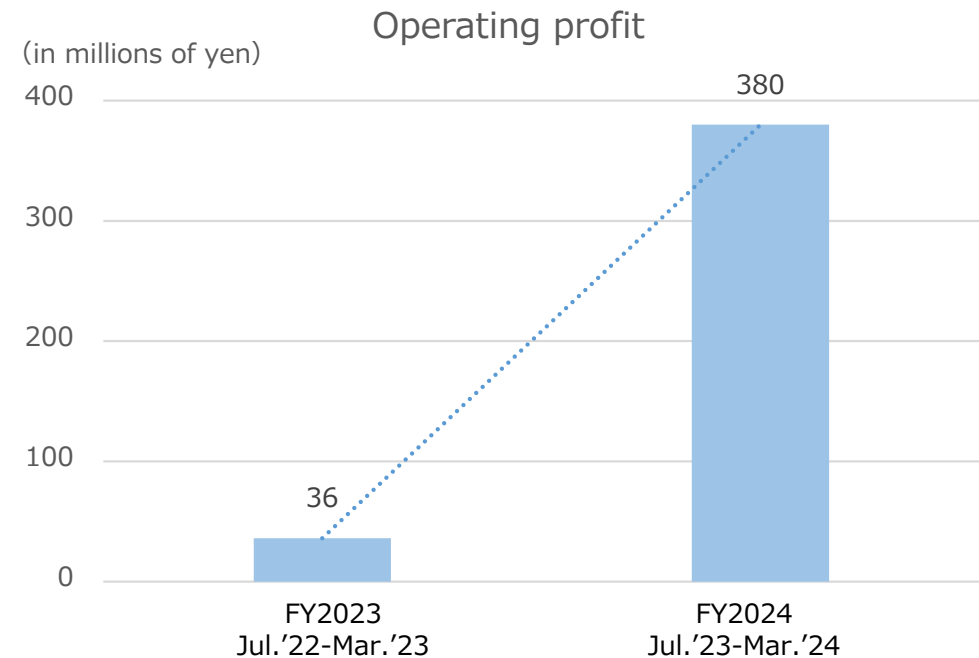
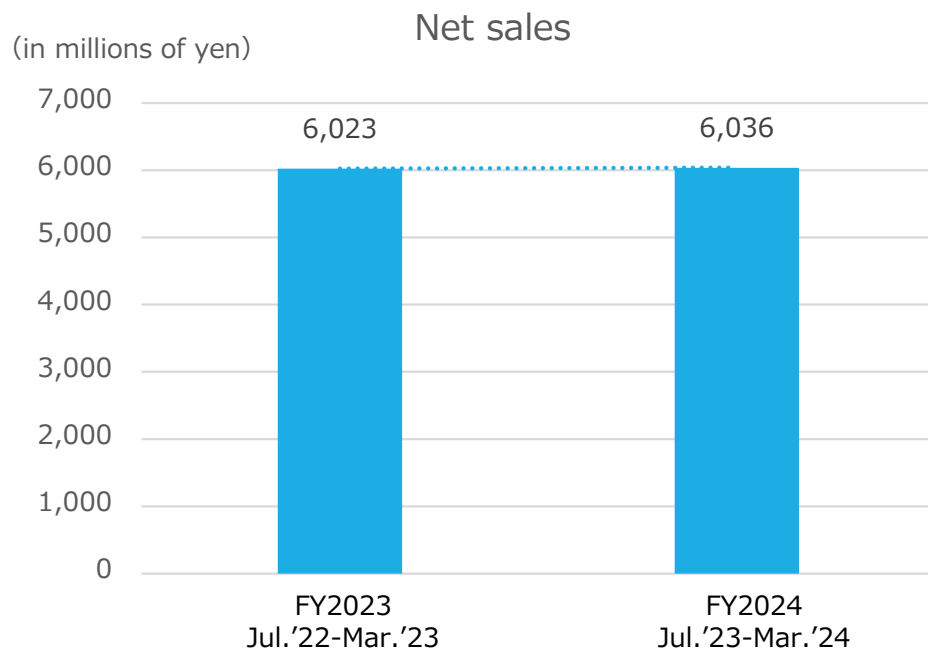
※1 The Other segment is a business segment not included in the reportable segments.

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

2. Game Business (1) Overview

ゲーム事業

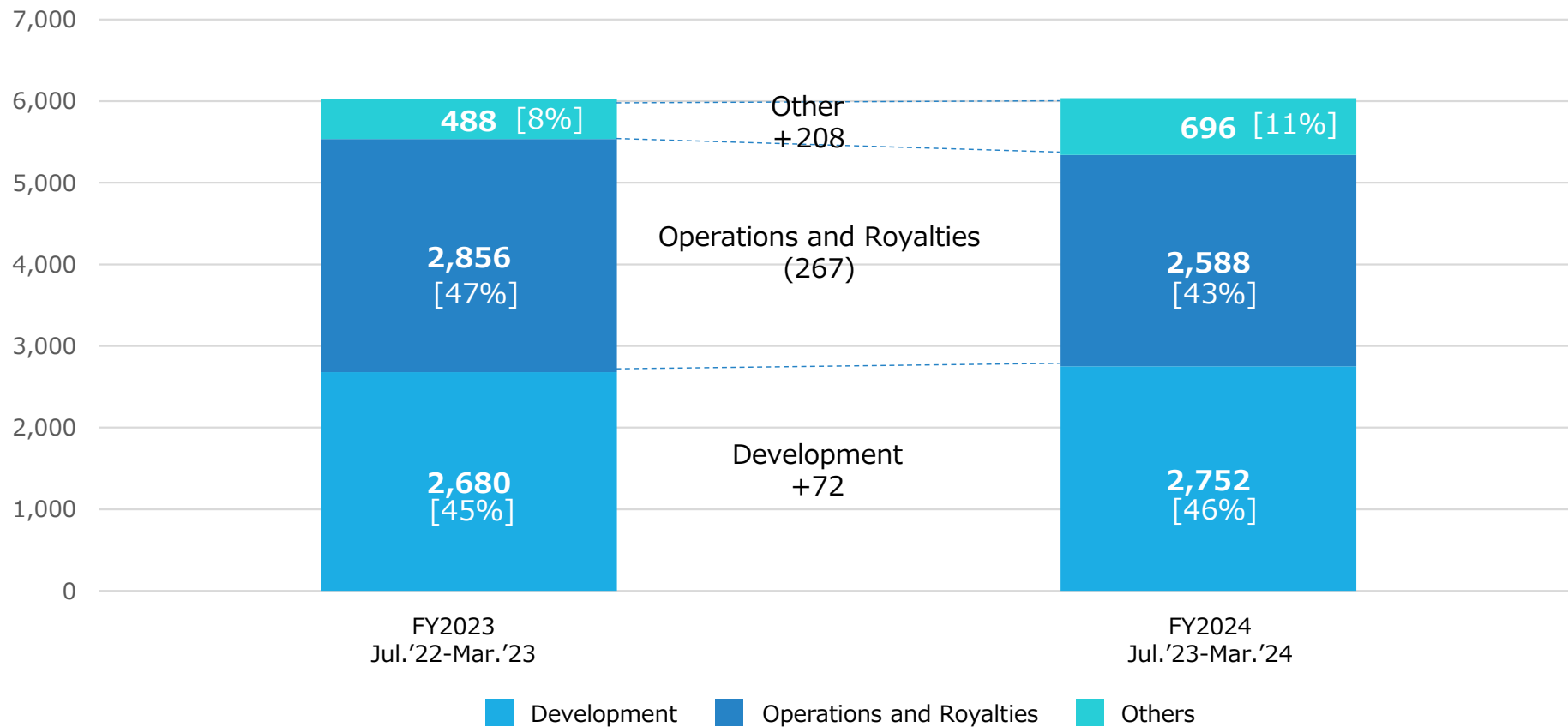
- Despite the completion of development of some titles and a reduction in the scale of operations, sales increased slightly due to firm orders in the operation support field, as well as the transfer of rights to game titles that were being developed in-house and the posting of sales associated with progress in the development of existing projects.
- The impact on profit and loss was limited by cost control measures, such as outsourcing costs, to counter the factors that reduced sales due to the completion of development and the reduced scale of operations. While sales were on a par with the previous year, cost of sales decreased, resulting in an increase in profit.



2. Game Segment (2) Sales Breakdown

Operating sales decreased due to the downsizing of the development team for the operation.

(in millions of yen)



※Development sales cover sales up to the time of delivery and release.

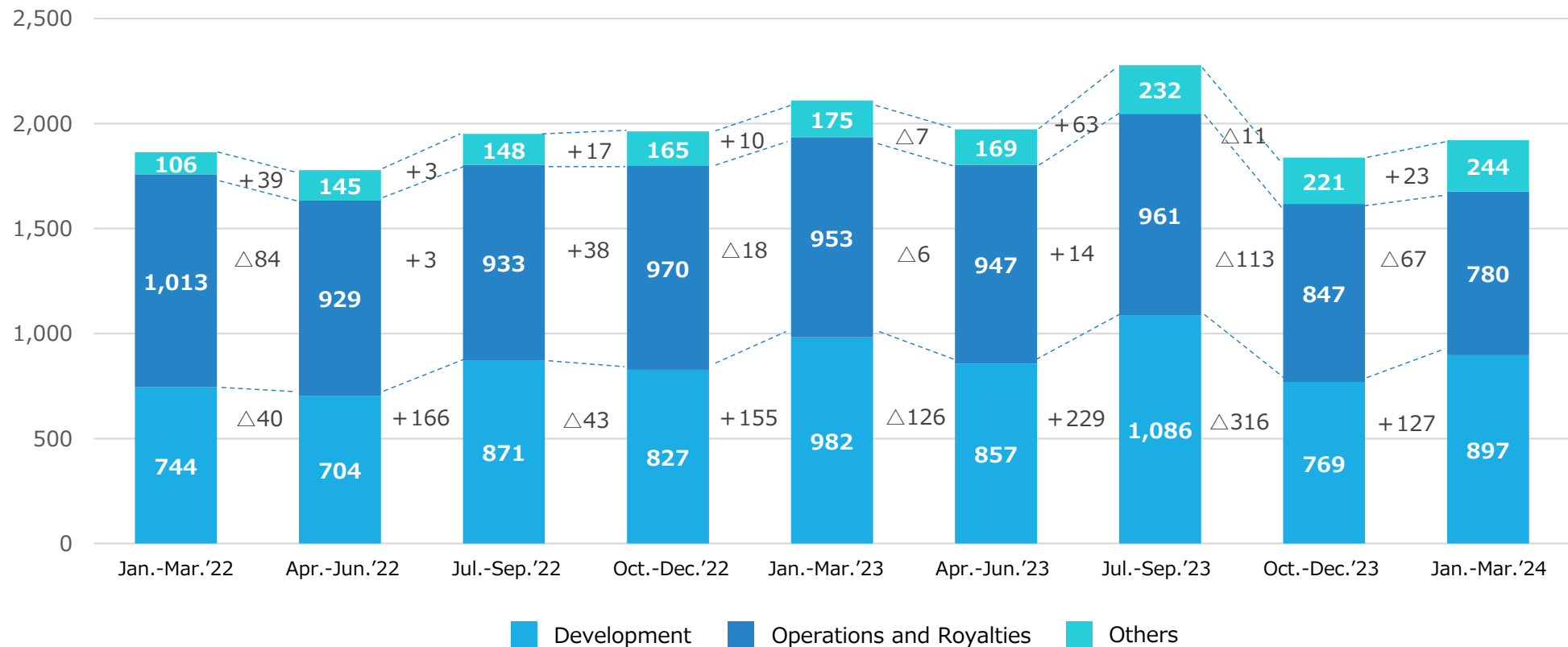
※Operational sales include sales that involve development, such as version upgrades after delivery and release.

※Other sales cover sales in the peripheral areas of games and other projects related to operation and development.

2. Game Segment (3) Quarterly Sales Breakdown

Sales increased due to projects that progressed in the development phase in 3Q. Operational sales continue to decline.

(in millions of yen)



※Development sales cover sales up to the time of delivery and release.

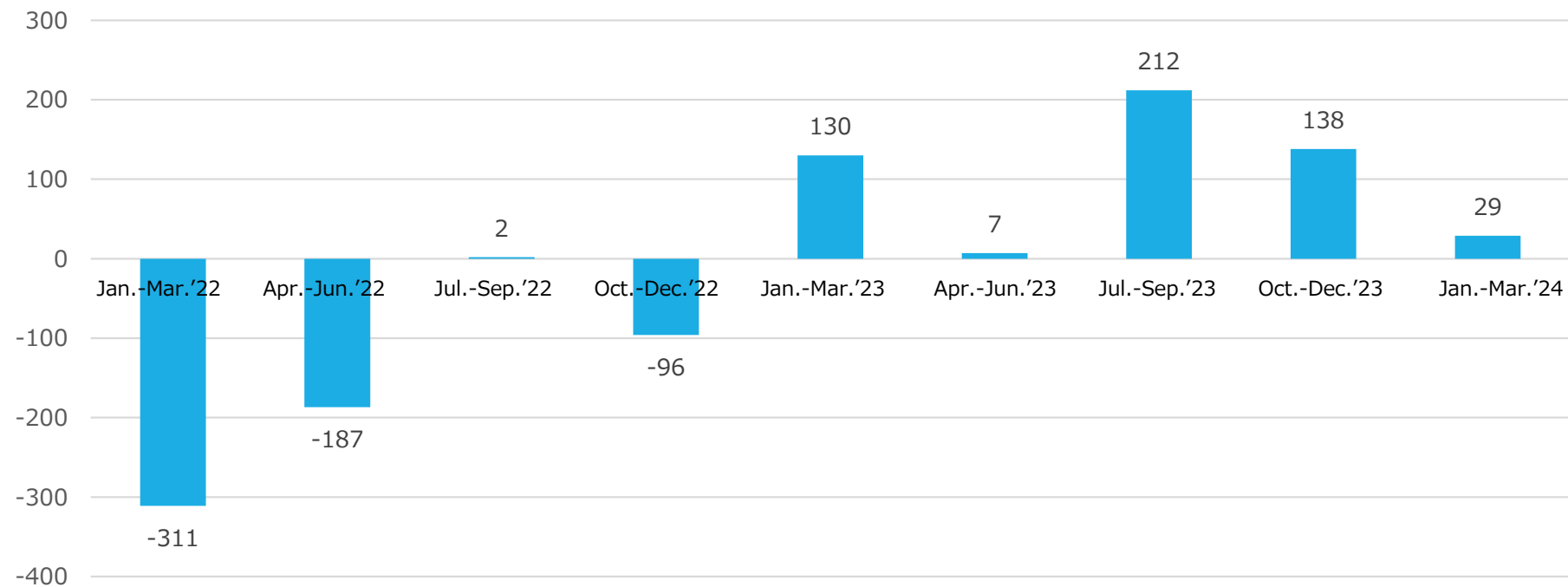
※Operational sales include sales that involve development, such as version upgrades after delivery and release.

※Other sales cover sales in the peripheral areas of games and other projects related to operation and development.

2. Game Segment (4) Quarterly Operating Profit

Profits declined due to the absence of transient profit factors as well as the effects of delays in new orders.

(in millions of yen)



※The breakdown of operating income by development and operation and others 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 (±0 from Feb 9, 2024)

- mobile app type※2 ※4 (smart phone and PC) 0 (±0 from Feb. 9, 2024)

- Business Size Information

- employees※5 820 (-15 from Dec. 31, 2023)
(-16 from Jun. 30, 2023)

※1 as of May 10, 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.

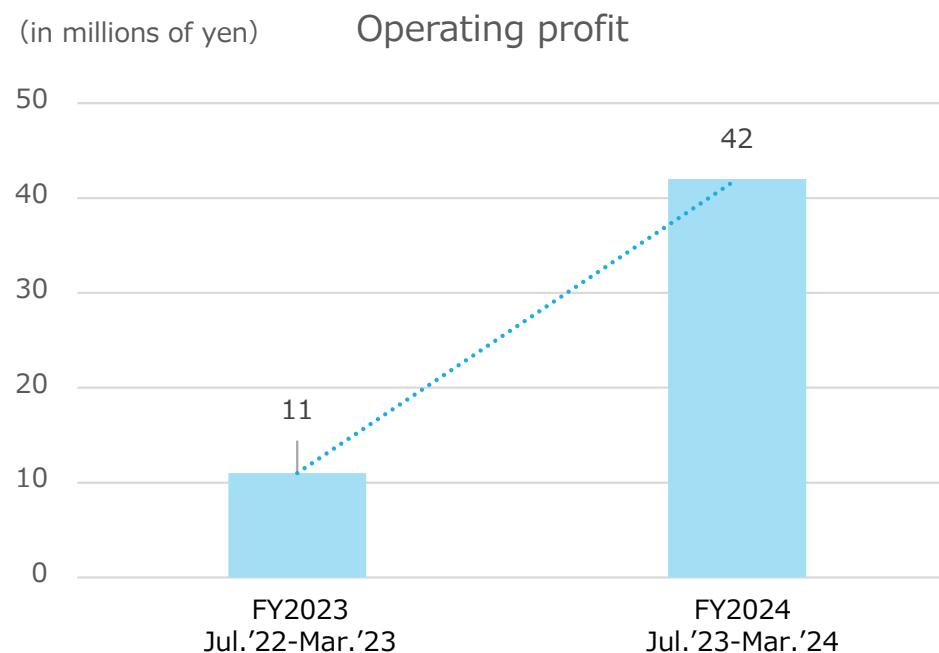
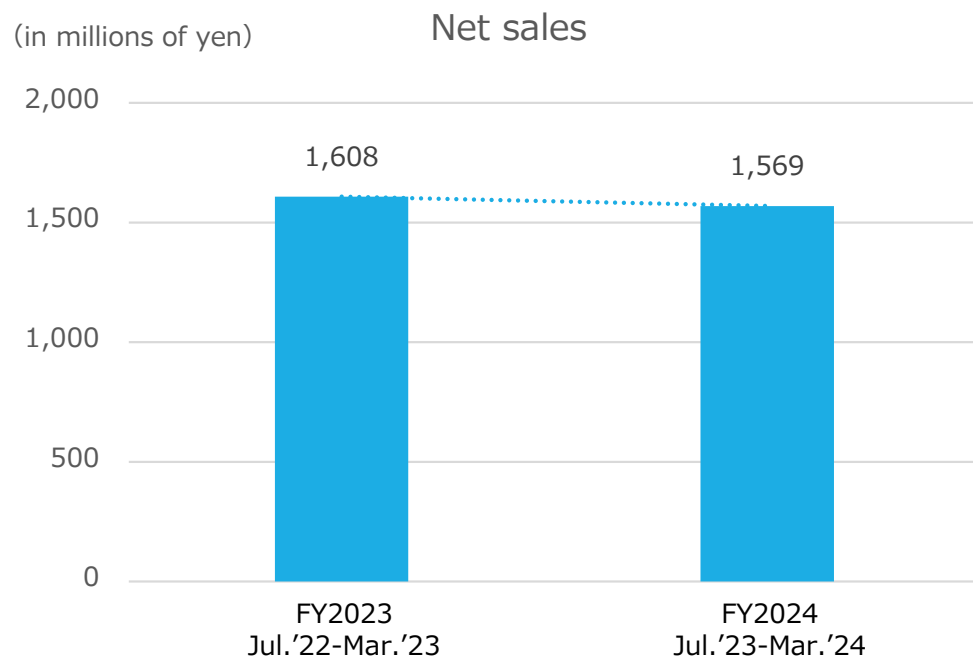
※4 including the free-to-play type.

※5 as of March 31, 2024 (including some fixed-term contract workers.)

3. Mobile Segment (1) Overview

モバイル事業

- Although unit sales prices increased due to higher product prices, the number of customers visiting stores continued to fall below the previous year's level, and the withdrawal of unprofitable stores implemented at the end of the previous fiscal year also contributed to a decrease in sales volume.
- In the carrier store division, profits were maintained at the same level as the previous year by strengthening sales of peripheral products for cell phones. In the non-carrier store division, profitability improved due to the withdrawal of unprofitable stores implemented at the end of the previous period. As a result, segment profit increased.



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]



© Riku Sanjo, Inaba Koji / SHUEISHA, The Adventure of Dai Production Committee, TV TOKYO
© 2023 SQUARE ENIX CO., LTD. All Rights Reserved.

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 (1-4) Game segment

■ March 7, 2024

『Kagonotori: THE BIRD IN THE CAGE』 is released on Fortnite.
It is a project that utilizes the UEFN.
(developed by Game Studio Inc.)



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

- We have revised our full-year earnings forecasts as follows in the "Notice of Revision of Earnings Forecasts" dated May 10, 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	9,950	9,690	(260)	10,131
Operating profit	200	100	(100)	(239)
Ordinary profit	180	90	(90)	(260)
Profit attributable to owners of parent	360	260	(100)	(469)
EBITDA※	310	210	(100)	(113)

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

1. Earnings Forecast

(2) Business Outlook

Game

Sales in the game business are expected to be lower than the previous forecast. From the first quarter onward, the period between the completion of development and the next round of new orders, we have been able to offset the impact of the initially anticipated downturn in performance with short-term and small-scale projects. In addition to the declining trend in sales mainly due to the downsizing and termination of titles under operation, Orders in the fourth quarter are expected to be decreasing, and the start of the next projects is also expected to be delayed.

Although part of the negative impact of the above decrease in sales will be contained by controlling outsourcing costs and other costs, operating income in the game business is expected to be lower than the previous forecast.

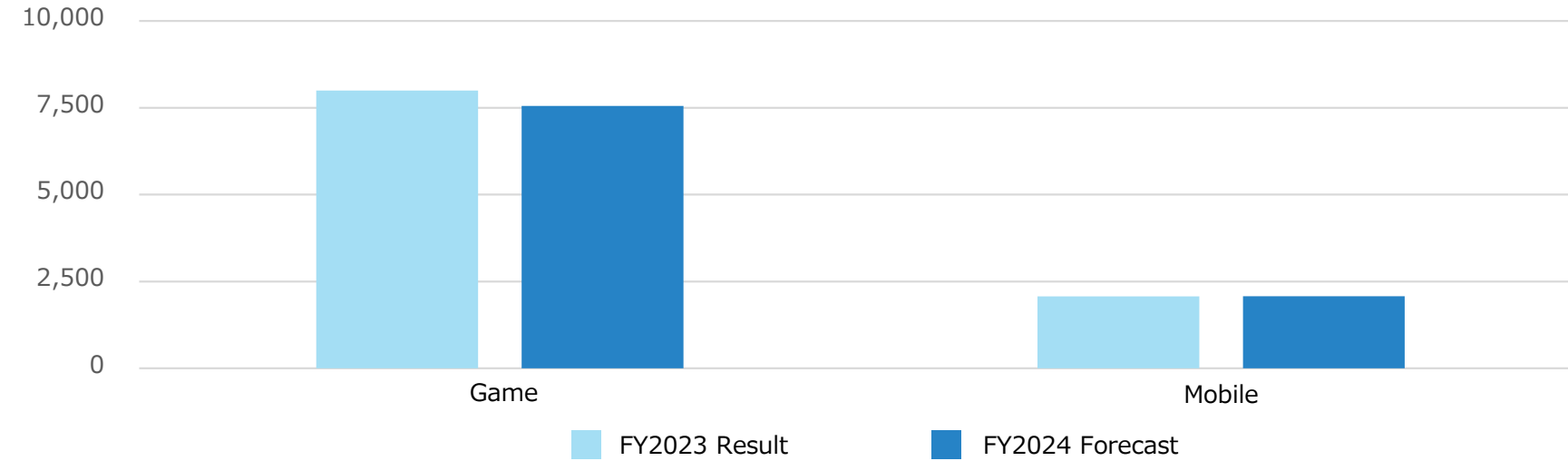
Mobile

The outlook for the mobile business for the current fiscal year is generally in line with the previous forecast.

2. Forecasts by Segment

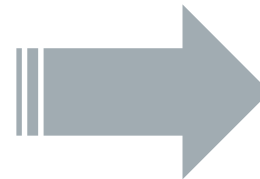
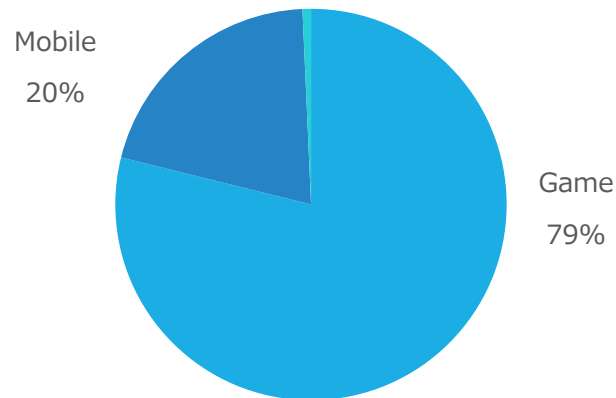
(1) Sales Forecast by Segment

(in millions of yen)

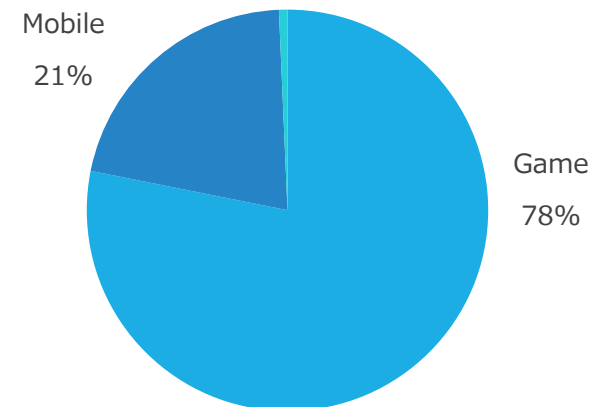


Percentage of net sales by segment

FY2023 Result

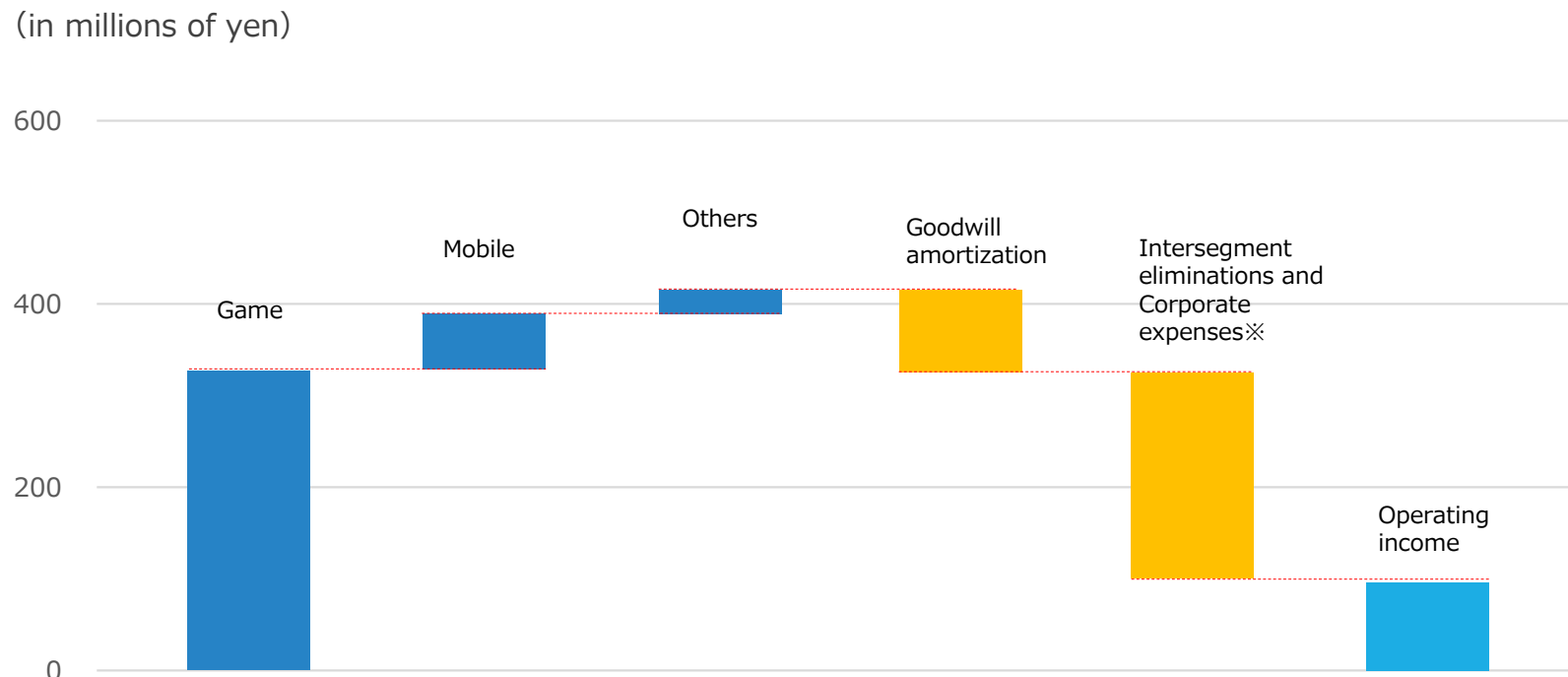


FY2024 Forecast



2. Forecasts by Segment (2) Breakdown of full-year operating income forecast

The full-year operating income forecast is 100 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 979 (as of March 31, 2024. It includes 78 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.

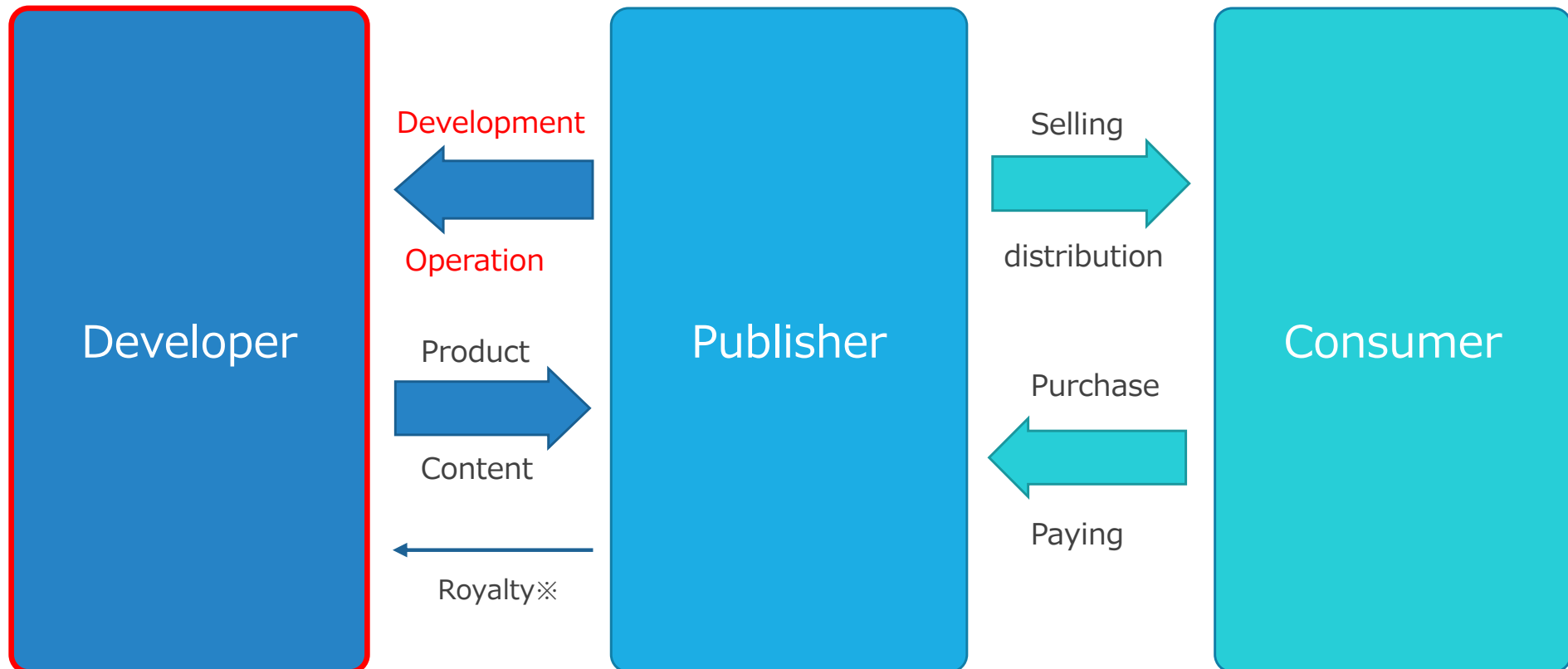
※ Tech Flag Corporation was established in July 2020 to strengthen the Group's technological collaboration and promote productivity improvement.

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 game business

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

NJ Holdings Inc.

Investor Relations Office

Email : ir@njhd.jp

URL : <https://www.njhd.jp/ir/>