



Medium-term Business Plan

For three years from FY2025 to FY2027

NJ Holdings Inc

September 18, 2024

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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.

I. Review of the Previous Medium-Term Business Plan



I. Review of the Previous Medium-Term Business Plan

(1) Results of last fiscal year from FY2022 to FY2024

FY2024 Plans

Consolidated

EBITDA 1,000 million yen

ROE 10 %

Game

EBITDA 1,000 million yen

Mobile

EBITDA 200 million yen

FY2024 Results

Consolidated

EBITDA 216 million yen

ROE 19 %

Game

EBITDA 344 million yen

Mobile

EBITDA 54 million yen

※1 ROE = Profit for the period attributable to equity holders of the parent / ((Equity at the beginning of the period + equity at the end of the period) / 2)

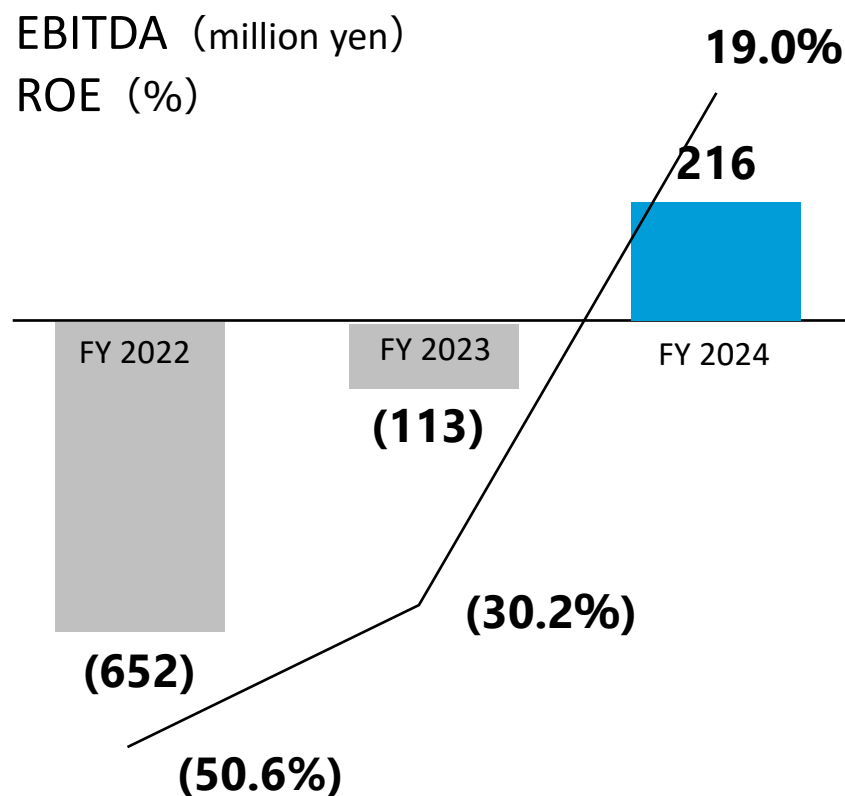
※2 Throughout this document, EBITDA is defined by adding back depreciation and goodwill amortization to operating profit.

※3 FY2024 is the fiscal year ended June 30, 2024.

I. Review of the Previous Medium-Term Business Plan

(2) Consolidated Indicators

Consolidated Indicators for the Plan Period



Event and Result

FY2022

Significant losses in the game business resulted in goodwill impairment and other losses, and a large net loss was recorded.

FY2024

The company returned to an operating profit of 102 million yen and recorded a net income attributable to owners of parent of 274 million yen due to extraordinary gains. ROE was 19%.

Counter-measure

FY2023

To strengthen risk management for large projects, the Investment Management Committee was established on January 20, 2023.

FY2024

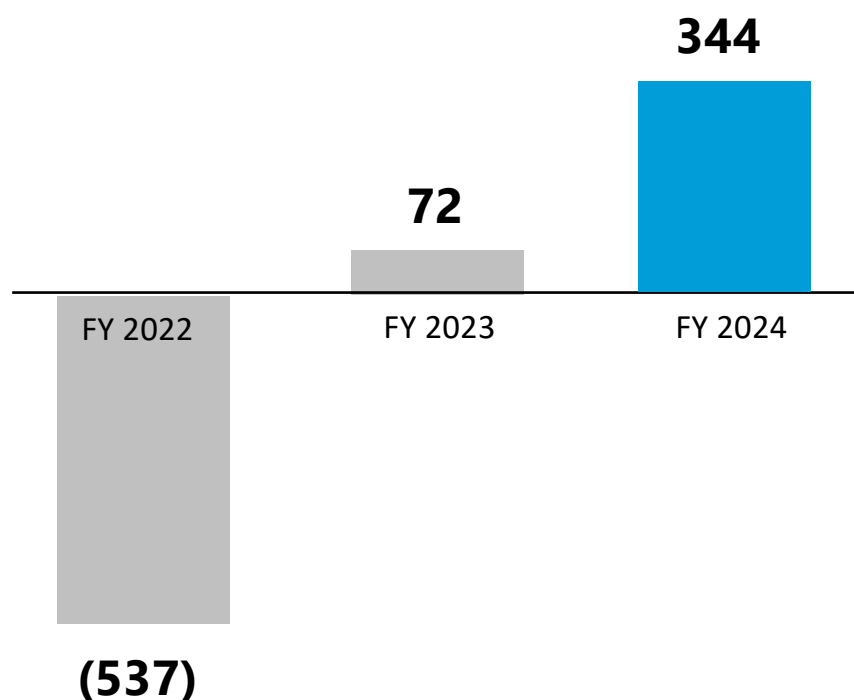
Secured funds through asset sales that had no impact on the core business. An extraordinary gain of 214 million yen was recorded.

I. Review of the Previous Medium-Term Business Plan

(3) Game Business Indicator

Game Business for the Plan Period

EBITDA (million yen)



Event and Result

FY2022

Significant losses were recorded due to cost increases and development delays in several large development projects.

FY2023

In the fourth quarter, unexpected cancellations occurred even for projects that had been developed smoothly.

FY2024

Segment income of 340 million yen (up 296 million yen from the previous year) was achieved despite a decrease in sales of 433 million yen from the previous year.

Counter-measure

FY2023

Further strengthened the risk management system and began reviewing the sales structure.

FY2024

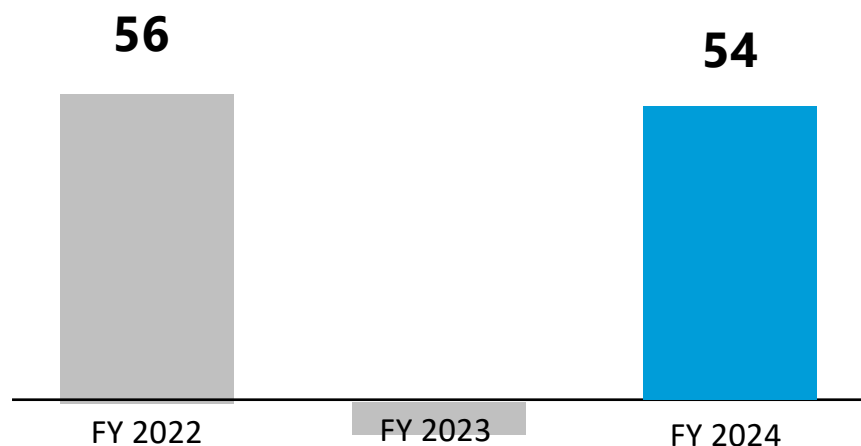
Despite a gradual decline in operation sales, the impact on profits was contained by controlling subcontracting costs, and profits were secured by recording sales from the transfer of rights for in-house development projects.

I. Review of the Previous Medium-Term Business Plan

(4) Mobile Business Indicator

Mobile Business for the Plan Period

EBITDA (million yen)



Event and Result

FY2022

The number of store visits continues to decline due to the spread of online sales. The number of carrier stores also begins to decline.

FY2023

Tighter restrictions on discounting led to increased losses in the Tokyo metropolitan area, which had previously focused on price appeals.

FY2024

Maintained profitability of existing stores, achieved earnings recovery as planned, and returned to profitability.

Counter-measure

FY2022

Secured profit by strengthening sales of SIMs with low-cost plans.

FY2023

Decided to close unprofitable stores in the Tokyo metropolitan area at the end of June 2023.

FY2024

Although sales volume continued to decline year-on-year, profits were secured due to an increase in sales profit per customer.

I. Review of the Previous Medium-Term Business Plan

(5) Analysis mainly in Game Business

Analysis of unfulfilled plans in FY2024

① Decrease in mobile game projects

The number of mobile game development projects declined. The market trend is also analyzed as a decrease in the development of new major titles.

The estimated revenue from operations and revenue sharing after the completion of the development deviates significantly from the plan.

► This environment for orders is expected to continue.

② Increase in development costs and delay in new orders

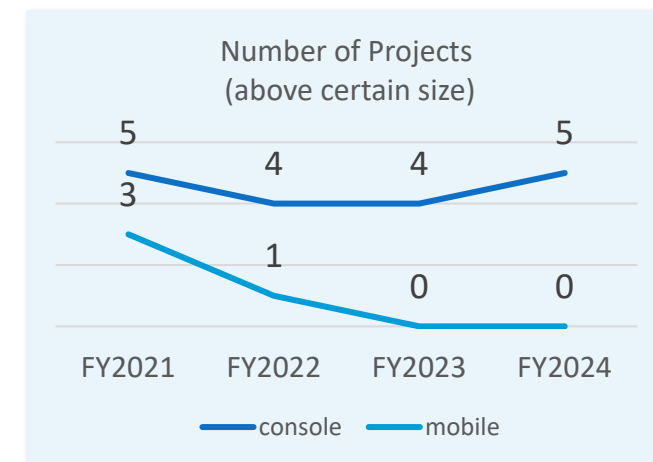
Decline in profitability due to the aftermath of cost increases and development delays that occurred during the plan period.

Decrease in capacity utilization due to the impact of reduced orders and delays that occurred in the second half of FY2024.

► Currently, project progress is normalized.

③ Decrease in EBITDA addition due to impairment of fixed assets

Impact of impairment losses due to losses recorded during the plan period.



I. Review of the Previous Medium-Term Business Plan

(6) Environment Analysis in Game Business

Analysis based on the situation over the past three years

	Positive factor	Negative factor
Internal origin	<ul style="list-style-type: none"> • Development capabilities regardless of platform • R&D capabilities • Basis of support for overseas markets • One-stop service from development to operation 	<ul style="list-style-type: none"> • Instability of contract development business • Increased cost of development tools • Shortage of core human resources and rise in hiring conditions • Increased difficulty of training
External origin	<ul style="list-style-type: none"> • Increase in console game projects • Inquiries on small-scale projects on the rise • Decrease in number of competing contractors due to high quality requirements • The gaming market is growing globally 	<ul style="list-style-type: none"> • Rising development costs • Slowdown in new investment by clients • Decrease in mobile game projects • Rise of Foreign Publishers in the Domestic Market

I. For the next Business Plan

(7) Strengths of Game Business

Strength of our Game Business

- 1

Development capabilities regardless of platform

variety of platforms, including mobile, console, PC, and arcades.
- 2

R&D capabilities

We have established a structure dedicated to research and development.
- 3

Basis of support for overseas markets

Operational support system for overseas expansion of titles: translation, market analysis, LQA, etc.
- 4

One-stop service from development to operation

Our group handles everything from development to operation.

I. For the next Business Plan

(8) Analysis of issues in Game Business

Addressing Issues in our Game Business

① Issues facing the contract development business model

The difficulty of cost estimation has increased due to larger project sizes and longer development periods. The risk of losing the next profitable opportunity due to development delays has also increased. Toward minimizing the risk of reduced profitability, maintaining the soundness of project and the ability to respond to changes in specifications have become key issues.

Counter-measure

- Strengthen project management system
- Thorough elimination of factors that reduce productivity
- Strengthen monitoring of development progress
- Ensure appropriate order quotations

② Issues in controlling the timing of development project orders

The risk of sudden cancellation and protracted deliberations on continuing development in contracted projects has increased due to the narrowing down of projects. Even if new orders are received, all personnel cannot be filled in a timely manner. It is important to ensure that measures are in place to always maximize human capital.

Counter-measure

- Strengthen sales structure
- Build up inquiries through continuous sales activities
- Strengthen monitoring of order progress
- Development of in-house IP using waiting periods

③ Issues associated with rising development costs

Development costs continue to rise due to the rising level of expectations demanded by users. The level of demand for skills and technical systems is also increasing. It is necessary to strengthen planning and development capabilities and cost competitiveness to meet these demands.

Counter-measure

- Improved productivity through automation and auto-generation using AI technology
- Develop a framework that allows flexible incorporation of the latest technologies and integration of existing technologies
- Implementation of original creative attempts
- Secure and develop human resources capable of meeting demands

I. For the next Business Plan

(9) Analysis of issues in Mobile Business

Addressing Issues in our Mobile Business

① Expansion of online sales shrinks the number of stores for each carrier.

The number of our carrier stores operated has remained flat. In addition to improving the profitability of existing stores, the company faces the challenge of strengthening its human resource structure to seize opportunities for store expansion.

② Regulations continue to be tightened due to legal reforms.

The price of handsets has become more expensive due to restrictions on discounts and the weak yen, which has led to a lengthening of the replacement cycle. Measures to increase user contact points other than at the time of replacement are needed.

③ Reduced MNP benefits due to low-cost rate plans

Users who are sensitive to deals are less likely to visit stores on impulse, resulting in fewer opportunities to acquire new users and sales. It has become important to get people to understand the value of physical stores and to acquire subscription-like service plans.

Counter-measure

- Continue efforts to secure sales profit per customer
- Improve quality in existing stores to capture new store opening opportunities
- Strengthen sales promotion measures and weekend events to increase opportunities to serve customers
- Explore new community-based services by leveraging know-how in store operation business
- Cultivation of corporate clients and expansion of services handled

※ MNP : Mobile Number Portability

II. New Medium-Term Business Plan

For three years from FY2025 to FY2027



II. New Medium-Term Business Plan (1) Group Vision

Group Vision

First in Mind, First in Choice

Through creative challenges, we pursue new possibilities.
We provide value that leaves a lasting impression on our customers

II. New Medium-Term Business Plan

(2) Fundamental Direction

Three Pillars of the Medium-Term Business Plan

- 1 Maximizing human capital**
- 2 Enhancing the ability to make value-creating proposals**
- 3 Creating New Businesses**

II. New Medium-Term Business Plan (3) each business

Putting it into each business

- 1 Maximizing human capital
- 2 Enhancing the ability to make value-creating proposals

Incorporated into strategic focus areas for each segment.
Explained in each business parts.

- 3 Creating New Businesses

Explained in next slide.

II. New Medium-Term Business Plan (4) Creating New Businesses

The third pillar: Creating New Businesses

**Explore
widely**

Explore a wide range of possibilities, not limited to existing businesses.

**New
Growth**

Inorganic growth oriented through various methods such as alliances.

**Capital
Cost**

Conscious of the cost of capital and rigorously evaluating return on investment.

II. New Medium-Term Business Plan (5) Financial Targets

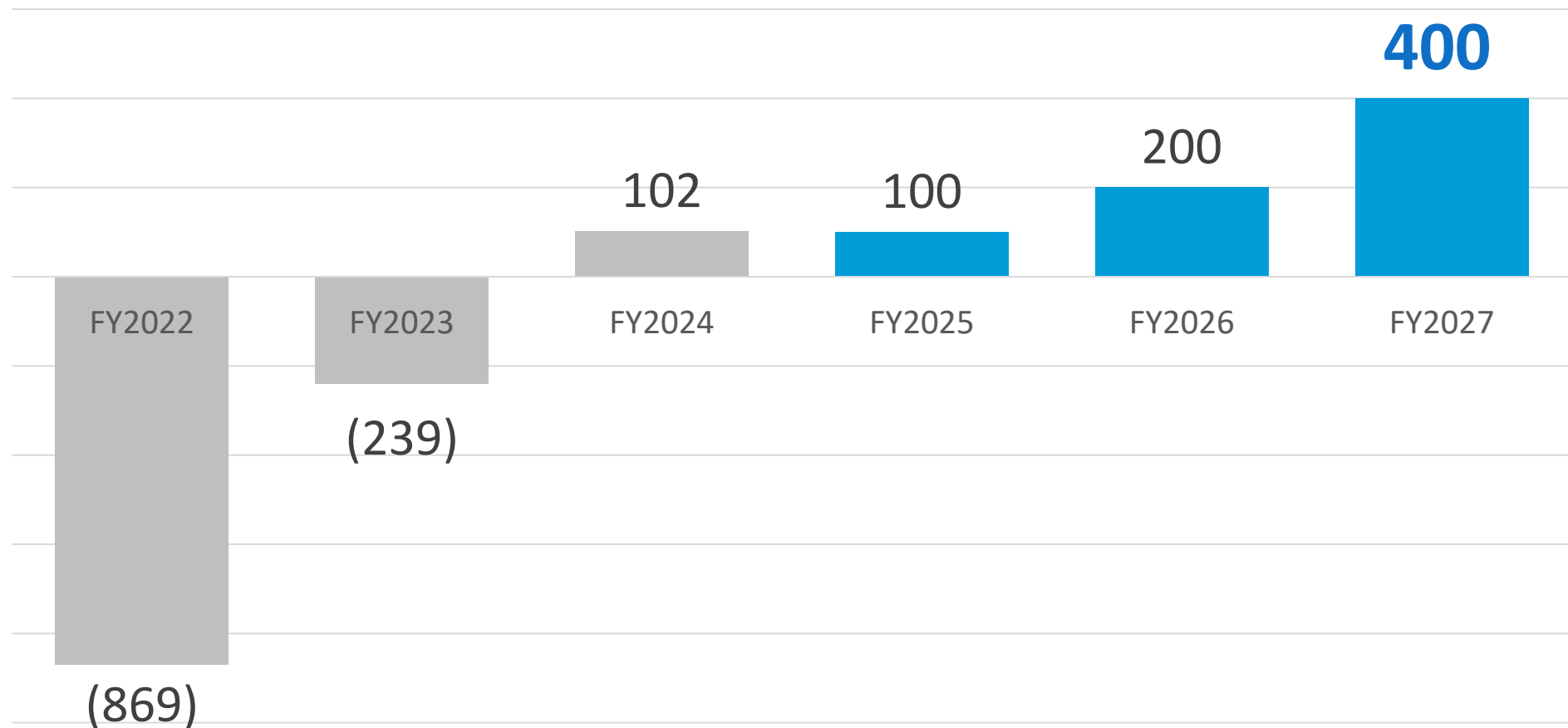
Financial Targets toward FY2027

Consolidated Target	Operating Profit	400 million yen
Game	Segment Profit	600 million yen
Mobile	Segment Profit	100 million yen

II. New Medium-Term Business Plan (6) Consolidated Target

Planned Changes in Consolidated Target

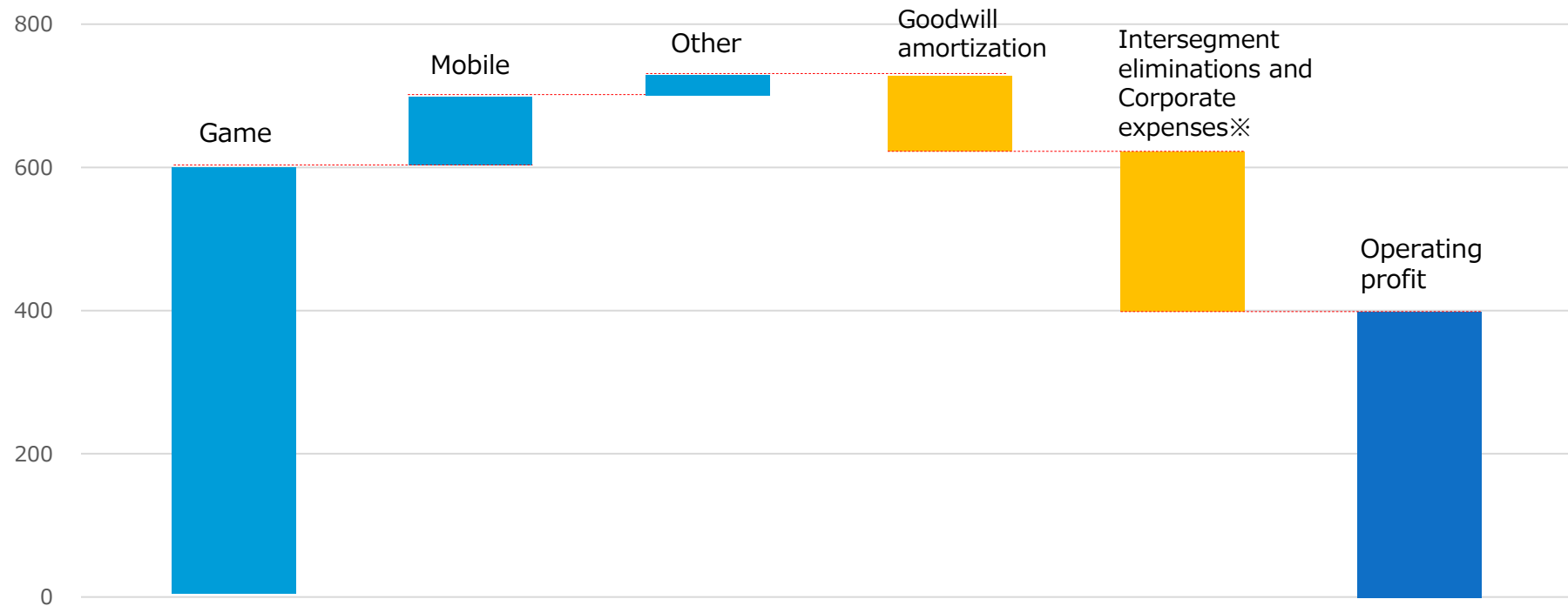
Operating Profit (in millions of yen)



II. New Medium-Term Business Plan (7) Operating profit and Segment profit

Breakdown of operating profit 400 million yen

(in millions of yen)



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

III. Strategic Focus by Business Segments



III. Strategic Focus by Business Segments

(1) Game Business Vision

Game Business Vision

Delivering Moments of Pure Immersion
Unforgettable Experiences, Global Excitement

Creating Memorable Moments That Leave a Lasting Impression on Players
Delivering Captivating Experiences That Allow Players to Immerse Themselves
Developing Games That Resonate with Players Globally

III. Strategic Focus by Business Segments

(2) Game Business Strategy

Strategic Focus Areas in Game Business

- 1 Creation of In-house IP ()**
- 2 Improving Productivity with AI Technology**
- 3 Development of Core Creative Talent**

IP: Intellectual Property

III. Strategic Focus by Business Segments

(3) First Area of Strategic Focus in Game Business

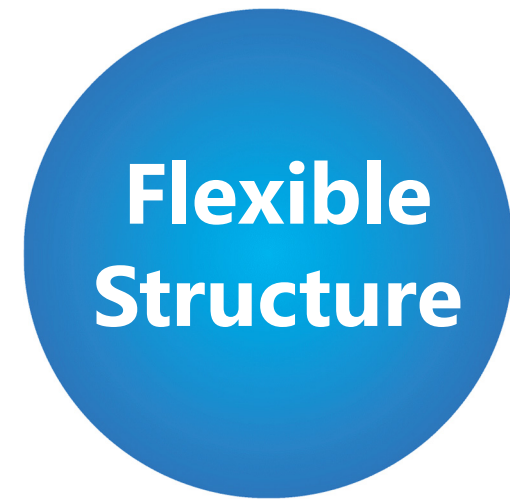
1 Creation of in-house IP



Implementing Strategic
Approaches to Original IP Creation
Through Creative Excellence.



Creating an Environment for
Exploration and Experimentation
to Foster a Creative Culture.



Establishing Adaptive
Management Frameworks to
Enable Efficient Project Realization.

III. Strategic Focus by Business Segments

(4) Second Area of Strategic Focus in Game Business

2 Improving Productivity with AI Technology

AI Integration

Strengthening R&D to Establish a Flexible Development Framework for Swift AI Technology Integration.

Quality Enhancement

Enhancing Creator Capabilities and Quality Through AI Amplification.

Asset Accumulation

Creating Compelling Games Through Differentiated AI, Powered by Our Accumulated Development Assets.

III. Strategic Focus by Business Segments

(5) Third Area of Strategic Focus in Game Business

3 Development of Core Creative Talent

**Providing
Development
Opportunities**

Providing Comprehensive Game
Development Experience
Through Small-Scale Projects

**Supporting
Professional
Growth**

Accelerating Professional
Growth Through Flexible Talent
Allocation

**Building
Growth
Environment**

Establishing an Environment and
Securing Resources to Express Refined
Creativity and Artistic Sensibility

III. Strategic Focus by Business Segments

(6) Mobile Business Strategy

Strategic Focus Areas in Mobile Business

- 1 Expansion of physical shop business**
- 2 Expansion of Corporate Business**

III. Strategic Focus by Business Segments

(7) First Area of Strategic Focus in Mobile Business

1 Expansion of physical shop business

**Rooted
in the
Community**

Strategic Growth Through
Community-Based Retail
Operations

**Expertise in
shop
operations**

Optimizing Human Resources
Through Regional Dominance and
Store Operations Expertise.

**Advanced
customer
service**

Expanding Support Services
Through Expert Knowledge and
Superior Customer Care.

III. Strategic Focus by Business Segments

(8) Second Area of Strategic Focus in Mobile Business

2 Expansion of Corporate Business

Service Expansion

Expanding Services Through
Enhanced Partnerships Within
and Beyond the Industry.

Clients Expansion

Expanding Customer Base
Through Local Partnerships and
Cross-Industry Collaboration.

New Business Solutions

Developing New Solutions
Through Strategic Technology
Alliances.

New Medium-Term Business Plan

Dividend

Dividend

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.

Although we returned to profitability on a consolidated basis for the fiscal year ended June 30, 2024, our financial position has not yet reached the point where we can say that we have sufficient cash reserves due to the significant losses we have incurred in the past, and our efforts to recover our financial performance are still in the middle of the road. Given the increasingly severe business environment and the need to improve our financial position and secure working capital, we have decided not to pay a year-end dividend for the fiscal year ending June 30, 2024, and have not yet decided on a dividend for the next fiscal year.

Going forward, we will work to achieve stable dividends by expanding our business performance through the implementation of the new medium-term Business plan and other measures and by strengthening our business foundation, including our financial base.

IV. Company Overview

IV. Company Overview

(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, 2024)

Number of Employees: consolidated 961 (as of June 30, 2024. 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.

IV. Company Overview

(2) Our Business and Main Group Companies



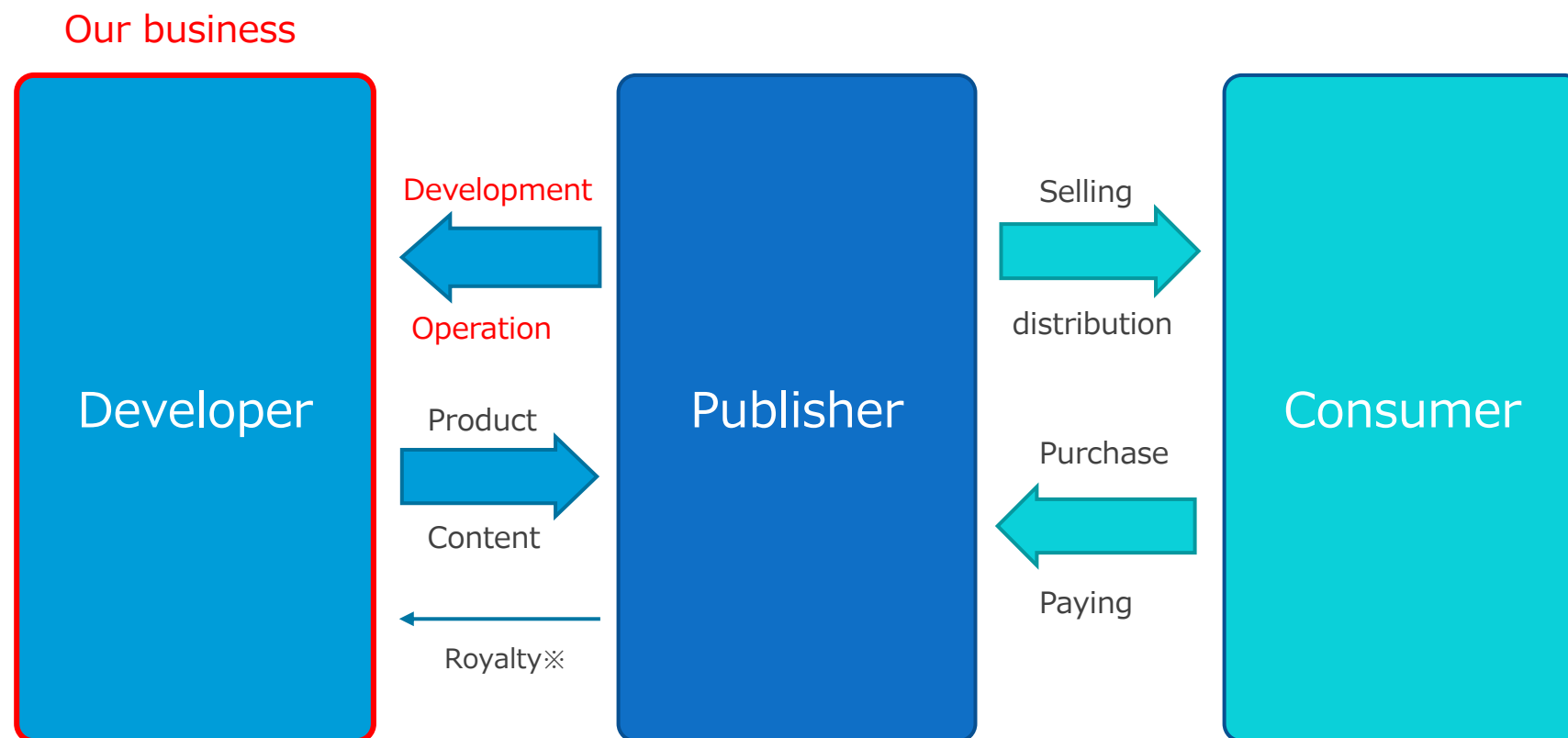
※ Wit One Okinawa joined our group in March 2020.

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

IV. Company Overview

(3) The Main Field of Our Game Business

- Our game business consists mainly of contracted development, post-launch operations and customer support.



※ Sales and other conditions may need to be met for royalty accrual.

IV. Company Overview

(4) 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
				
				
				