



Supplemental Material For FY2024 Full Year Financial Results

NJ Holdings Inc.

Tokyo Stock Exchange Standard Market
Code number: 9421

August 9, 2024

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

I . FY2024 Full Year Highlights

1. Consolidated Financial Results

(1) Results Summary

Operating profit has turned positive mainly due to outsourcing cost reductions and transitory profit factors in the game business.

	FY2023	FY2024	Change	(in millions of yen)
Net sales	10,131	9,698	(433)	Breakdown of Change •game (415)
Cost of sales	8,638	7,933	(704)	Breakdown of Change •game (724)
Gross profit	1,493	1,764	271	
Selling, general and administrative expenses	1,732	1,661	(70)	Breakdown of Change •mobile (97)
Operating profit	(239)	102	342	Breakdown of Change •game 296 •mobile 60
Ordinary profit	(260)	96	356	
Net income before income taxes	(377)	284	662	214 Extraordinary income for this fiscal year
Profit attributable to owners of parent	(469)	274	744	
EBITDA※	(113)	213	329	

※ 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 the game business, and the mobile business returned to profitability.

(in millions of yen)

	Net sales			Operating profit		
	FY2023	FY2024	Change	FY2023	FY2024	Change
Game	7,995	7,580	(415)	43	340	296
Mobile	2,070	2,063	(6)	(14)	46	60
Other※1	71	70	0	37	35	(1)
Intersegment eliminations and corporate expenses※2	(6)	(16)	(10)	(225)	(239)	(13)
goodwill amortization	—	—	—	(80)	(80)	0
Consolidated total	10,131	9,698	(433)	(239)	102	342

※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 from 3Q to 4Q due to the termination of operating titles and the impact of projects whose development system had passed its peak.

(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	4Q Apr.-Jun.'24
Game	1,950	1,962	2,110	1,972	2,278	1,837	1,920	1,543
Mobile	447	561	599	462	475	551	543	493
Other※1	18	17	17	17	16	18	18	17
Intersegment eliminations	(1)	(1)	(2)	(1)	(2)	(4)	(4)	(4)
—	—	—	—	—	—	—	—	—
Consolidated total	2,415	2,540	2,725	2,450	2,767	2,402	2,477	2,050

※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, personnel utilization rate declined from 3Q to 4Q due to the termination of operating titles and the impact of projects whose development system had passed its peak.

(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	4Q Apr.-Jun.'24
Game	2	(96)	130	7	212	138	29	(39)
Mobile	(19)	14	15	(25)	10	17	14	4
Other※1	8	9	9	9	8	10	8	7
Intersegment eliminations and corporate expenses※2	(57)	(59)	(55)	(53)	(62)	(60)	(28)	(86)
goodwill amortization	(19)	(19)	(19)	(20)	(19)	(19)	(19)	(20)
Consolidated total	(86)	(151)	80	(81)	148	86	2	(135)

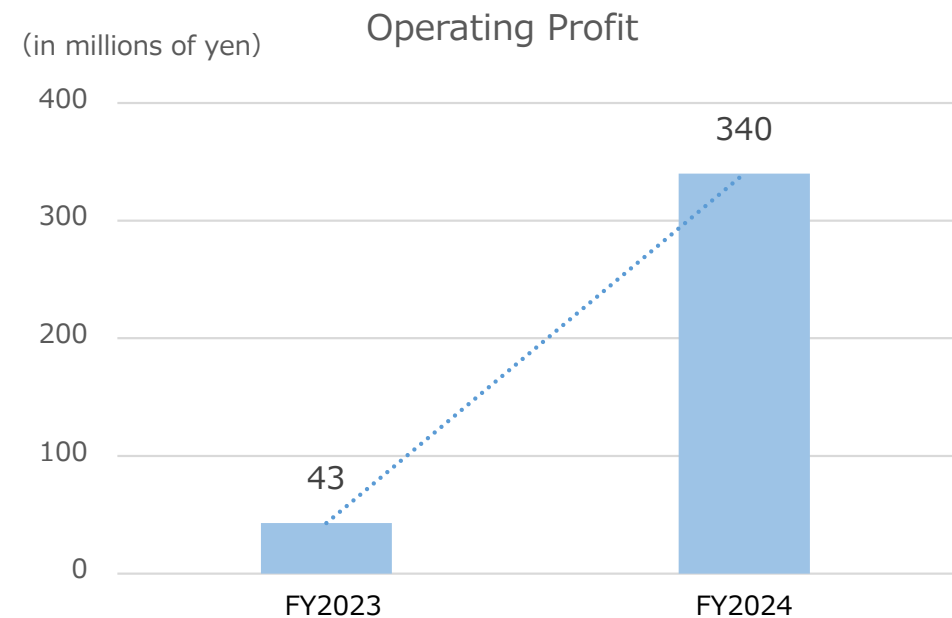
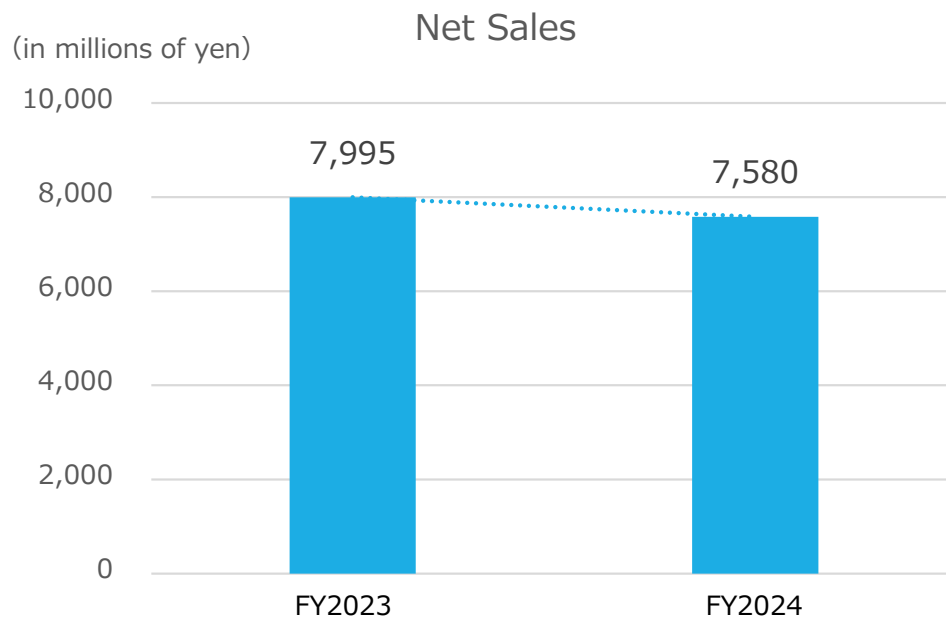
※1 The Other segment is a business segment not included in the reportable segments.

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

2. Game Business (1) Overview

Summary

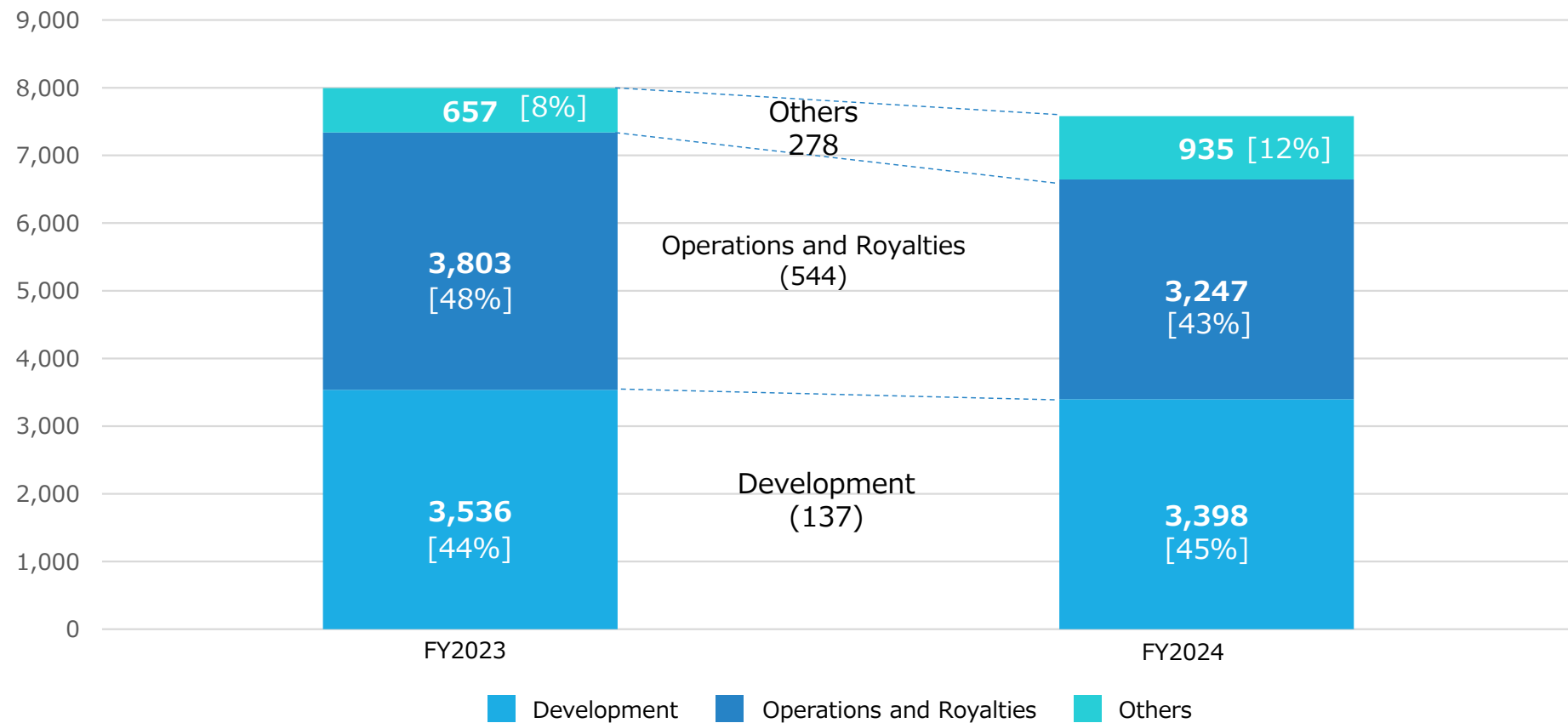
- Despite the recording of sales from the transfer of rights to game titles that had been developed in-house, sales declined due to the completion of development and downsizing of the structure of titles in operation.
- Although there were some delay in orders and fewer orders received in the fourth quarter of the financial year, the impact on profit and loss was reduced by controlling outsourcing costs.



2. Game Business (2) Sales Breakdown

Operation sales decreased due to the downsizing of the development team for the operating titles.

(in millions of yen)



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

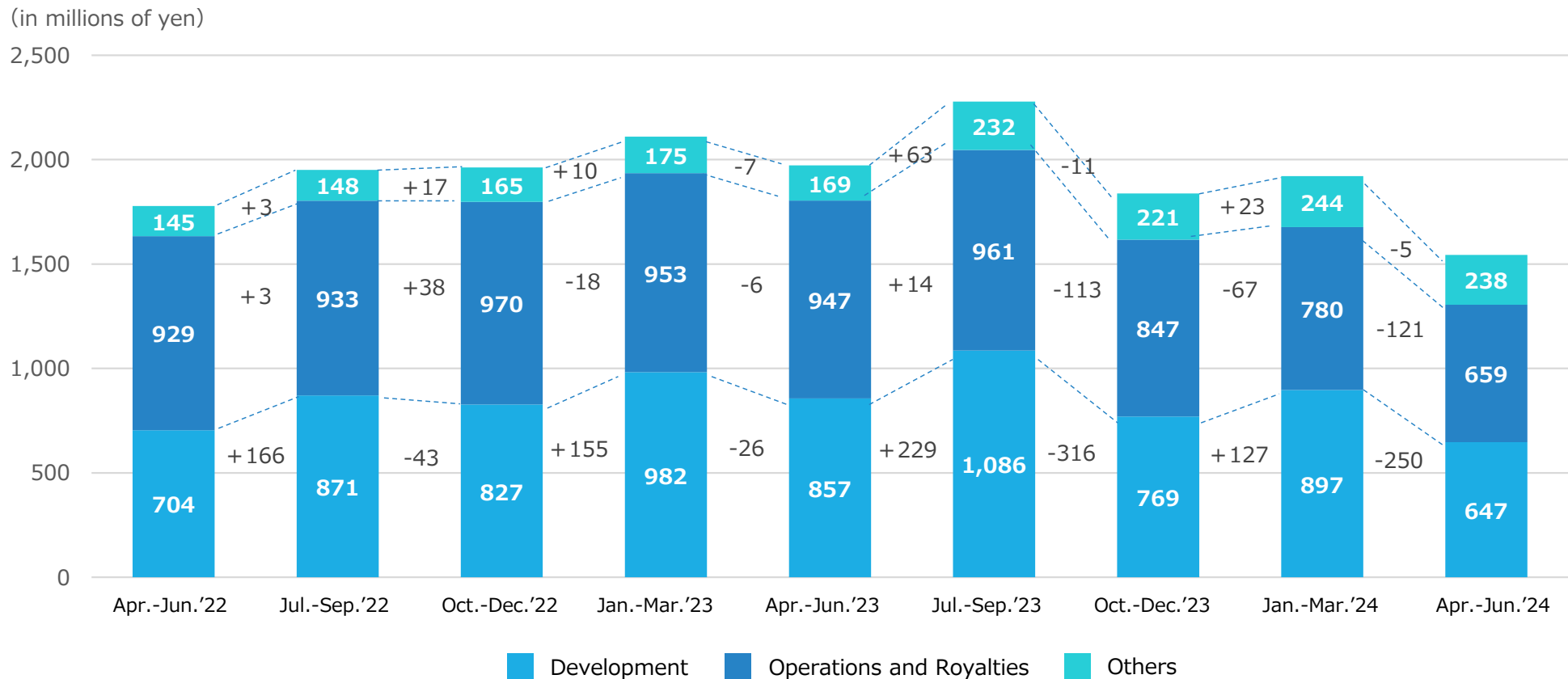
※Operational sales include sales that involve development, such as version upgrades after delivery and release.

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

2. Game Business

(3) Quarterly Sales Breakdown

In operation sales, there were terminations of operation titles and downsizing of the team. In development sales, some projects have passed the peak of the development team and there were delays in receiving orders for development projects.



※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.

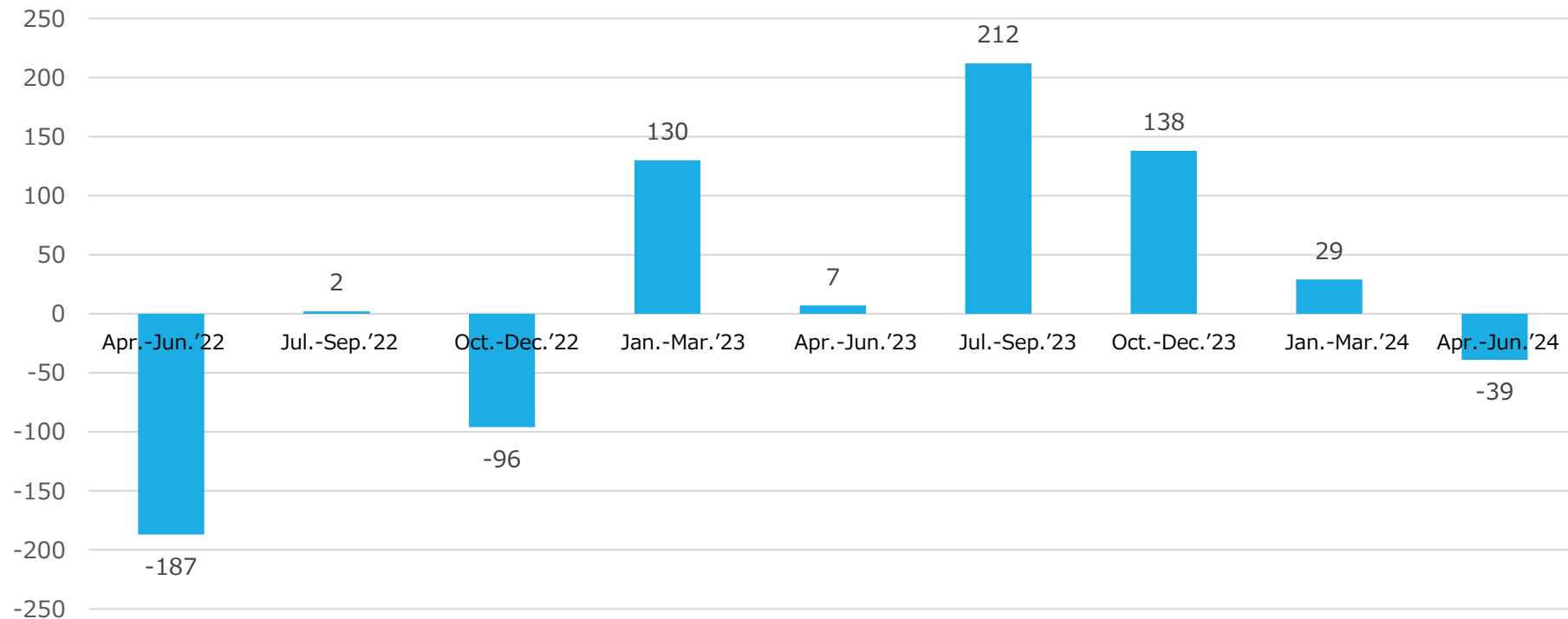
※Other sales cover sales in the peripheral areas of games and other projects related to operation and development.

2. Game Business

(4) Quarterly Operating Profit

Profitability deteriorated in the fourth quarter due to shrinking orders and delays in receiving orders for development projects.

(in millions of yen)



※The breakdown of operating income by development and operation and others 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 and PC) 5 (±0 from May 10, 2024)
- mobile app type※2 ※4 (smart phone and PC) 0 (±0 from May 10, 2024)

■ Business Size Information

- employees※5 809 (-11 from Mar. 31, 2024)
(-27 from Jun. 30, 2023)

※1 as of August 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.

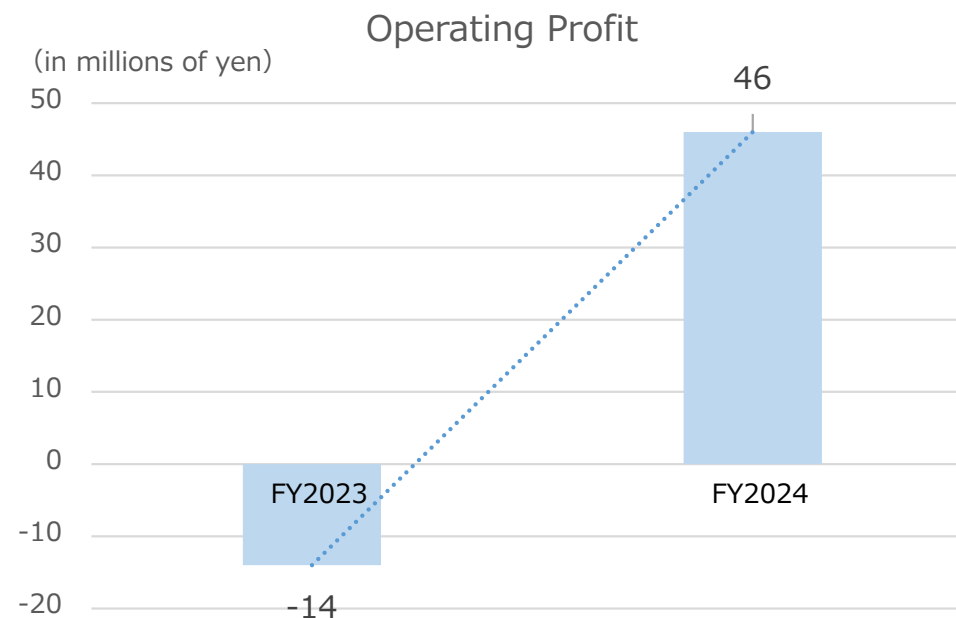
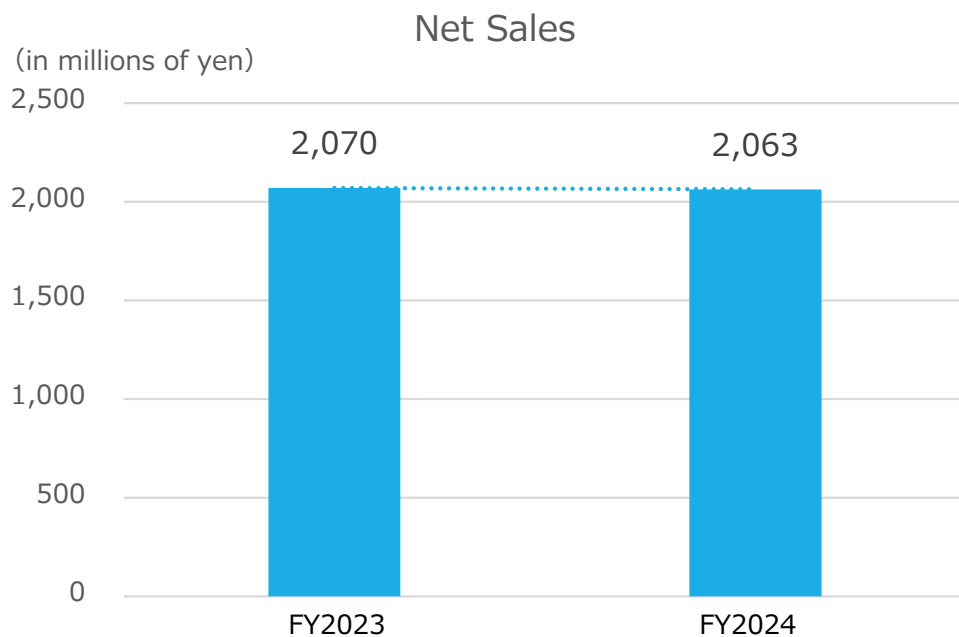
※5 as of June 30, 2024 (including some fixed-term contract workers.)

3. Mobile Business

(1) Overview

Summary

- Sales volume continued to fall below the previous year's level due to the withdrawal of unprofitable shops at the end of the previous year. However, sales conditions recovered somewhat in the fourth quarter, with unit sales prices rising in line with rising handset prices, resulting in sales levels on par with the previous fiscal year.
- In the carrier shop division, profit per customer increased due to strengthened sales of accessories and other peripheral products, etc. In the non-carrier shop division, profitability improved due to withdrawal from unprofitable stores implemented at the end of the previous period. Operating income returned to the black.



4. Recent topics

(1-1) Game segment

■ July 26, 2024

『AOONI』 is released on Nintendo Switch™ and STEAM®.
(published and developed by Game Studio Inc.)



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4. Recent topics (1-2) Game segment

■ July 8, 2024

『 BARRAGE ARENA 3v3 』 is released on Fortnite. It is a project that utilizes the UEFN.
(developed by Game Studio Inc.)



4. Recent topics (1-3) Game segment

■ June 6, 2024 (※)

『50 PINCH BARRAGE!!』 is released on Nintendo Switch™ and STEAM®.

(published and developed by Game Studio Inc.)



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※ STEAM® version is released on August 1, 2024

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 (1-5) 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 (1-6) 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 (2) Mobile segment

■ July 6, 2023

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

(NEPRO CREATE Co., Ltd.)



II . Forecasts for FY2025

1. Forecasts for FY2025

(1) Consolidated Full-Year Forecasts

(in millions of yen)

	FY2024 Results	FY2025 Forecast	change
Net sales	9,698	8,870	(828)
Operating profit	102	100	(2)
Ordinary profit	96	60	(36)
Profit attributable to owners of parent	274	40	(234)
EBITDA※	216	240	(23)

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

1. Forecasts for FY2025

(2) Business Outlook

Game

The effects of the contraction in orders and delay in orders for development projects that began to appear in the fourth quarter of the current fiscal year (ended June 30, 2024) are expected to continue for some time in the next fiscal year (ending June 30, 2025), but we expect to receive orders for projects for which planning proposals are in progress from the second quarter onward.

Accordingly, the business is expected to be in a deficit in the first half of the next fiscal year, but we expected to generally break even in the second quarter of the financial year and to be profitable for the full year.

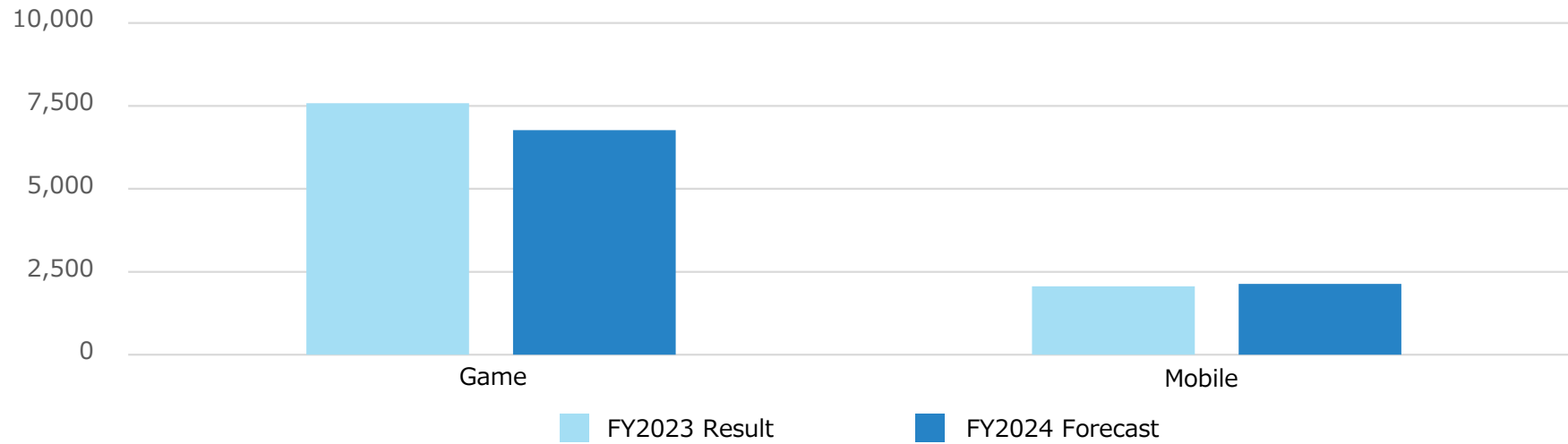
Mobile

In the next fiscal year, the mobile business will continue to work on securing profit earned per customer by strengthening sales of peripheral products and other measures. And we will strengthen our dominant strategy and push ahead with the expansion of our community-based shop business.

2. Forecasts by Segment

(1) Sales Forecast by Segment

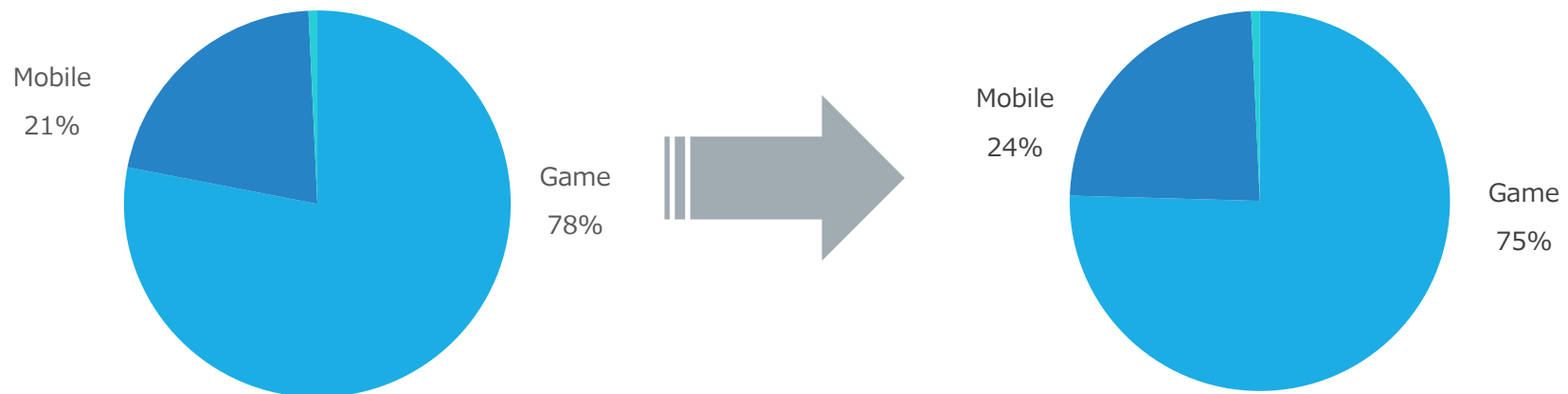
(in millions of yen)



Percentage of net sales by segment

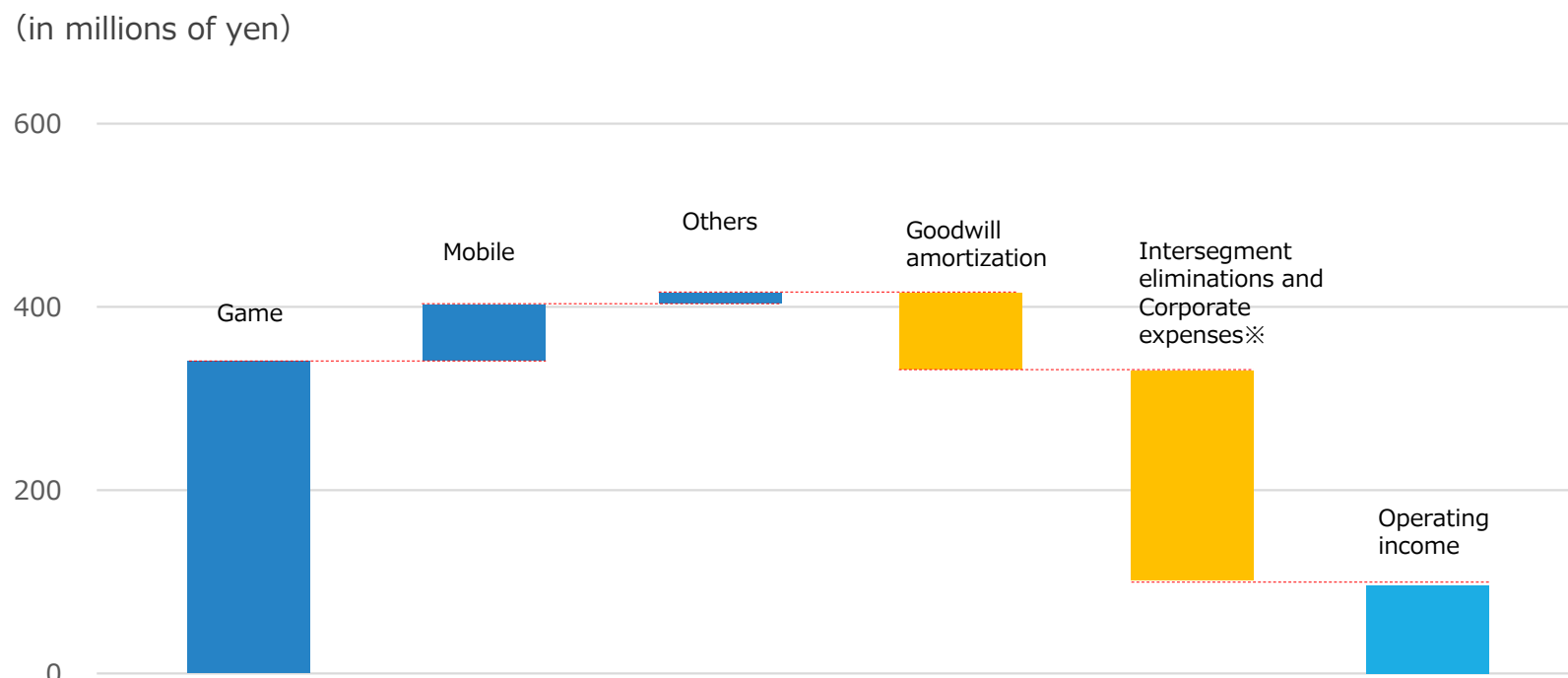
FY2023 Result

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.

Year-end 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 in the current fiscal year (ended June 30, 2024), we regret to inform you that we will pay no dividend, as our efforts to recover our business performance are still halfway through and we need to improve our financial position and secure working capital amidst the increasingly severe business environment. As for the dividend for the next fiscal year (ending June 30, 2025), it is undecided.

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, 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.

1. Company Profile

(2) Our Business and Main Group Companies



※ Wit One Okinawa joined our group in March 2020.

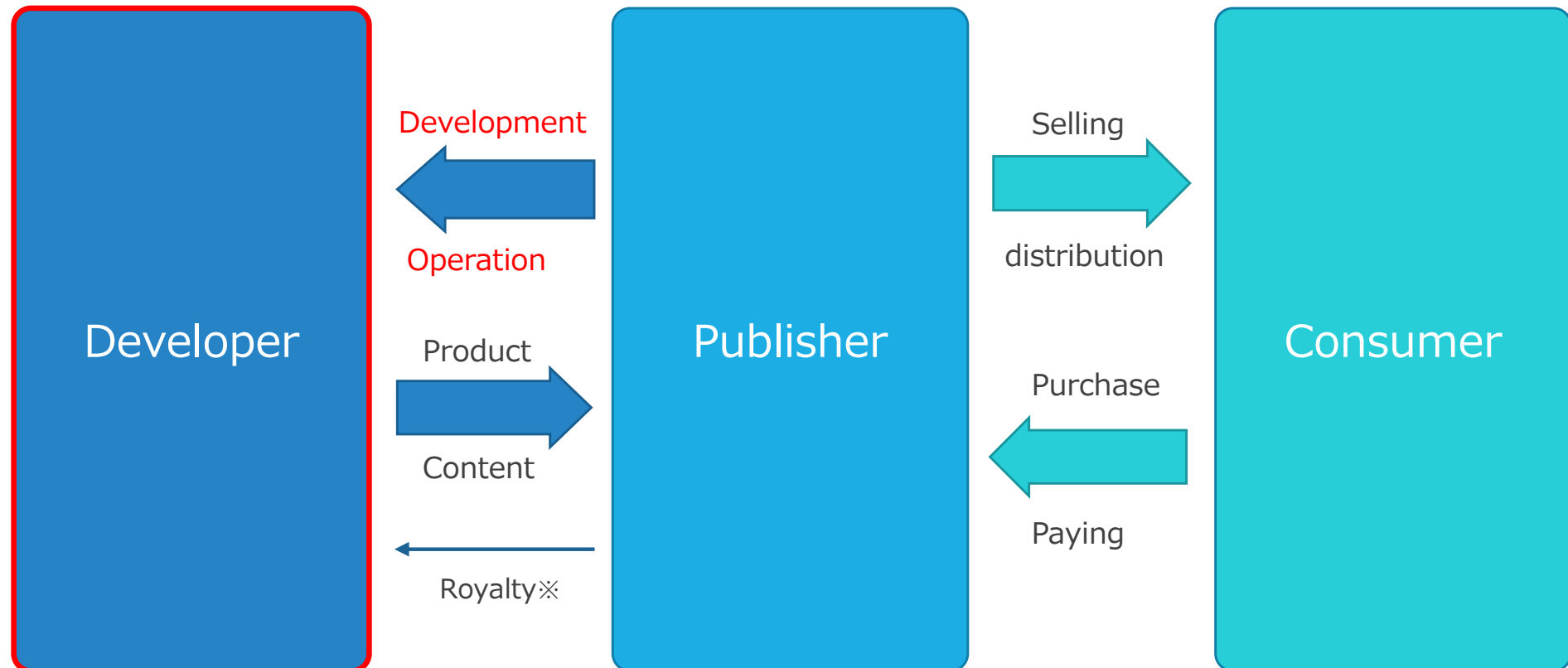
※ Tech Flag Corporation was established in July 2020 to strengthen the Group's technological collaboration and promote productivity improvement.

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
				
				
				

(reference data) Consolidated Cash Flow

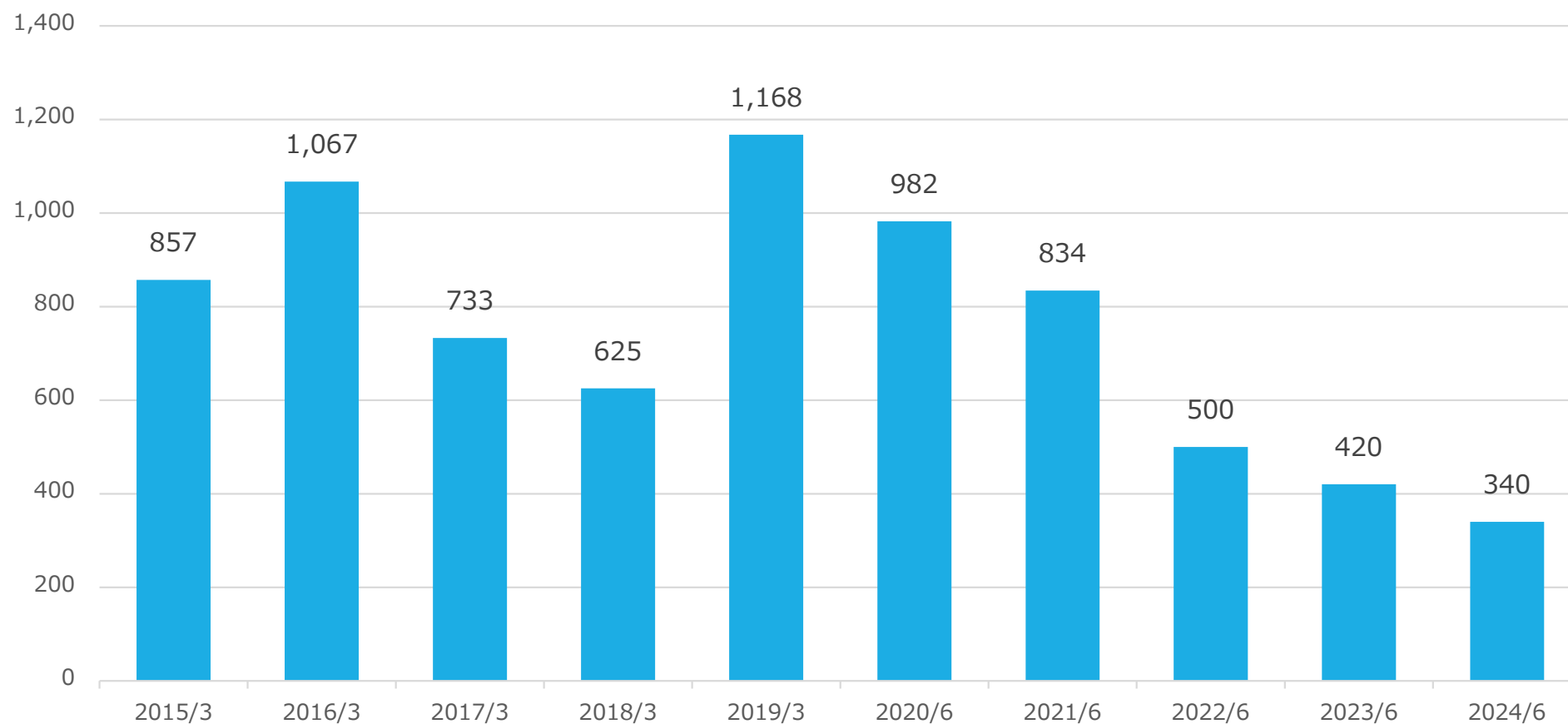
(in millions of yen)

	FY2023 Full Year	FY2024 First Half	FY2024 Full Year
Cash flow from operating activities	339	352	661
Cash flow from investment activities	(253)	470	421
Cash flow from financing activities	(43)	(183)	(526)
Cash and cash equivalents	1,136	1,777	1,693

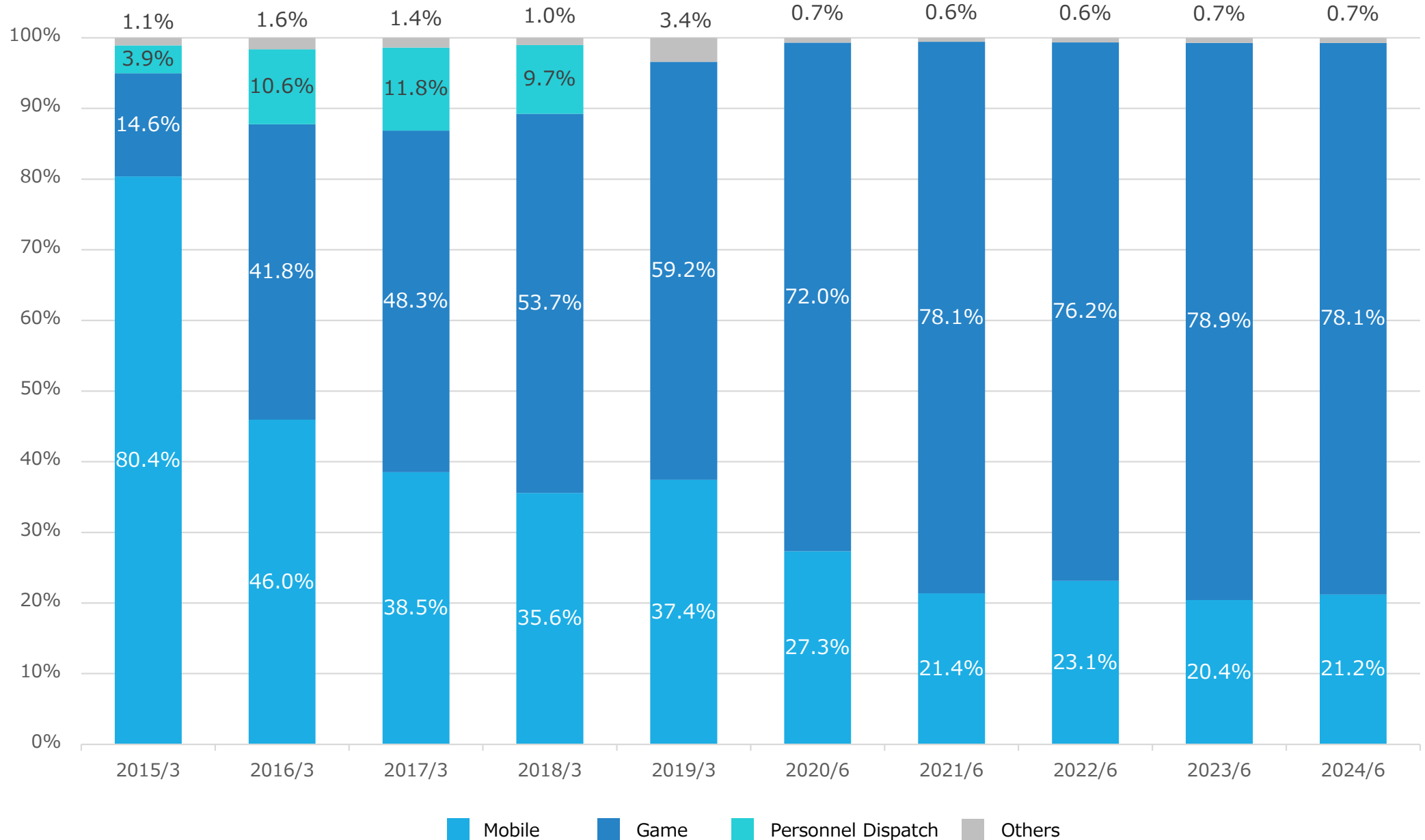
(reference data) Goodwill

■ Amount of goodwill recognized in the balance sheet

(in millions of yen)

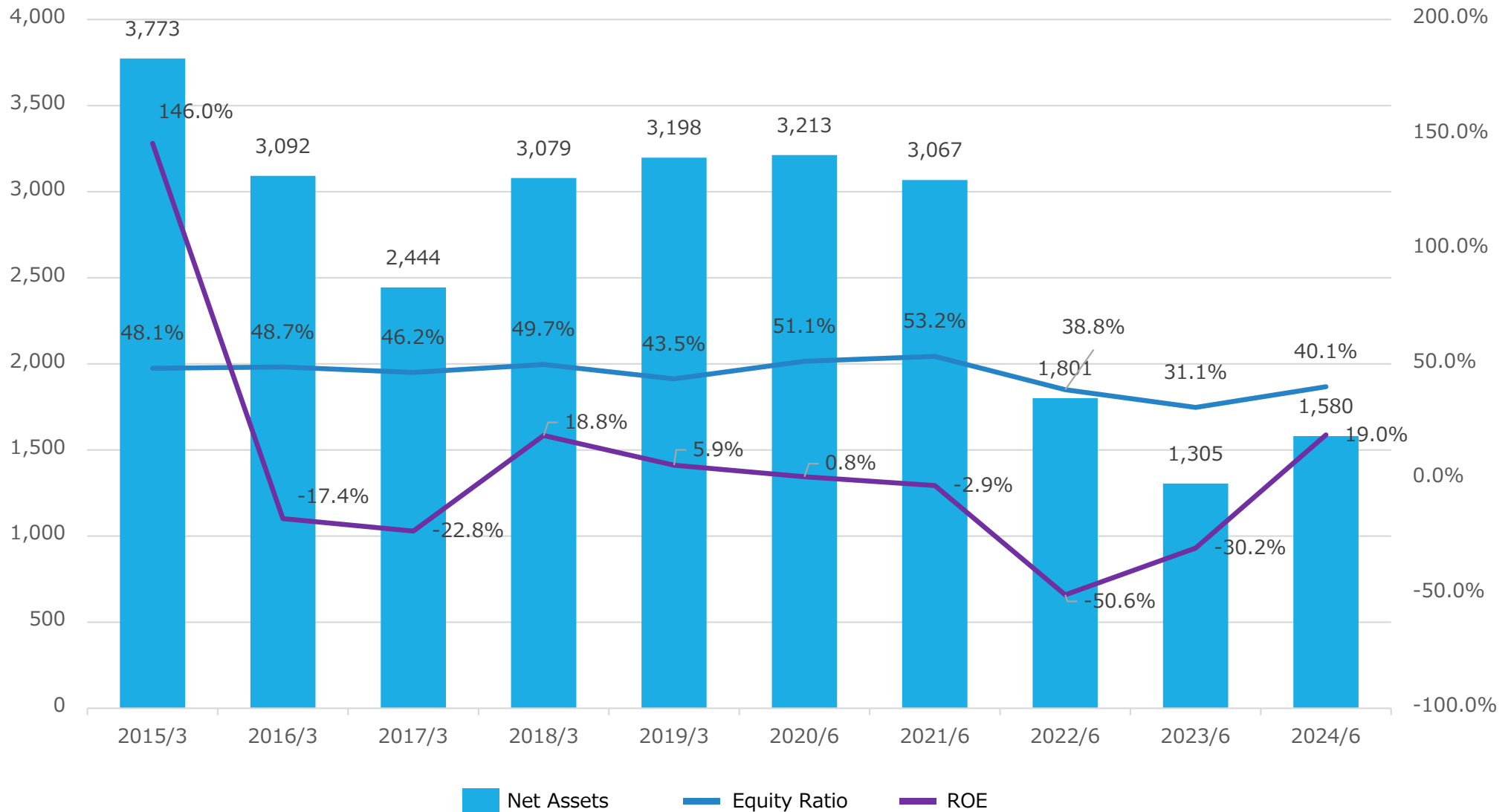


(reference data) Segment Percentage of Net Sales



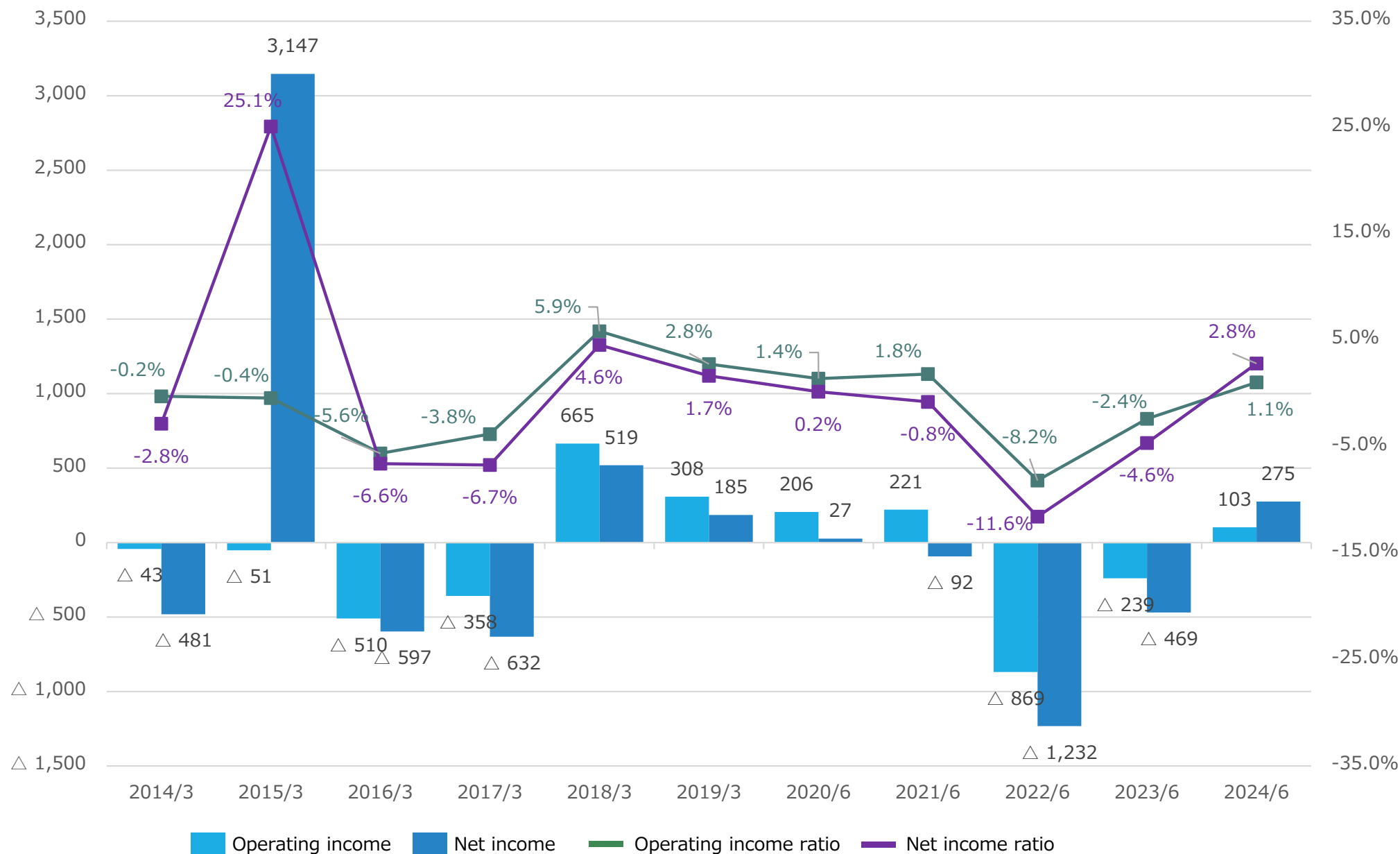
(reference data) Net Assets/Equity Ratio/ROE

(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)



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