

August 28, 2023
NJ Holdings Inc.

Financial Results Briefing for the Fiscal Year Ended June 30, 2023
Summary of Key Questions and Answers

Q.1) To what extent do you have a reasonable prospect of returning to profitability?

In FY6/2023, the company revised its earnings forecast in the second quarter, resulting in a small operating profit, and with no buffer to maintain profitability, the company was unable to recover from the cancellation of several development projects in the fourth quarter. This is due to the delay in detecting loss risk amidst the rapidly changing business environment. In the current progress period, the company is strengthening its grasp of the outlook. If a risk of loss is anticipated, such as prolonged deliberations or the cancellation of a project, the company will make an early decision and take recovery measures, such as increasing the number of prospective projects or picking up other project opportunities within the group, even if the profit margin declines slightly.

Q.2) What is different in the situation means a 200 million yen profit forecast for the current Financial Year 2024 will be met without one or more downward revisions?

First, we have strengthened our system for understanding the situation so that we can take action as soon as possible. We feel that this has already improved our grasp of the outlook by about one month. Next is a change in the sales structure. Until now, each company had solely worked on sales and personnel assignment, and the person in charge of a project was also responsible for new prospective projects. From this fiscal year, a dedicated sales manager has been assigned to the group so that he can monitor the status of projects and utilization of the entire group and conduct sales activities. Although a certain amount of unavoidable losses can occur due to uncontrollable cancellations and delays in order timing, we believe that the scope of losses can be reduced by working together as a group to pick up opportunities that could not be handled by individual companies.

Q.3) Does the company plan to introduce a new business strategy to become less reliant on publishers & contract work that can be cancelled for reasons beyond the control of NJ Holdings?

As for expansion into peripheral businesses, in the game business, we use a variety of tools in our operations and have created tools for our own use. We will work on productization and provision to other industries of those items that we believe would be appreciated. This will provide a stable revenue stream that is not affected by the cancellation or termination of projects.

(note) The forecasts in this document are based on information currently available to the Company and certain assumptions that the Company believes are reasonable. Actual results may differ from forecasts.