

February 26, 2024

NJ Holdings Inc.

Financial Results Briefing for the First Half of the Fiscal Year Ending June 30, 2024
Summary of Key Questions and Answers

Q.1) What is your policy on targets and size in terms of M&A strategy?

The priority is to recover and stabilize performance in the current business structure, and M&A will be considered in business areas related to the game and mobile businesses, but no specific targets have been set.

Q.2) What has changed compared to six months or a year ago?

This was a review of the structure of the game business. First, the Investment Management Committee was established to deliberate on orders for major projects and to strengthen ongoing checks on the status of development. Second, a system was established to improve the collection of information. We have improved our ability and accuracy to collect information on the status and outlook of existing and new projects and personnel utilization status for the entire group. Information on the status of personnel is collected twice a month and shared with the entire group. As a result, decisions can be made more quickly than before.

Q.3) Regarding 'the posting of sales associated with progress in the development of an existing project' (page 9) please can you provide additional detail on what this means & how much it contributed towards the 1H Financial Results?

When compared to the same period of the previous year, this means that for titles that have continued to be developed both in the previous year and in the current year, sales are greater in the current year. It contributes about half of the increase in development sales.

Q.4) What other small, medium publicly listed Japanese video game companies does NJ Holdings look towards when planning the future of its Game Business. Those primarily involved in contract work like 株式会社トーセ (TOSE) & 株式会社ユークス (Yuke's) or companies that develop & publish games based on their own IP such

as 日本ファルコム株式会社 (Nihon Falcom) & 株式会社日本一ソフトウェア (Nippon Ichi Software)?

The most similar company in terms of contract development that we are concerned about is TOSE. But it is not the same. we are also looking at small publishers. In any case, we believe it is important to acquire the disposition of a publisher.

Q.5) NJ Holdings outline page lists BANDAI NAMCO Entertainment Inc. & SQUARE ENIX CO., LTD as two of its main clients. Yet both have been cancelling titles & signaled they intend to reduce the number of titles going forward. What impact does this have on NJ Holdings current plans & will it be looking to be less dependent on contract work from these two companies in the next NJ Holdings mid-term plan?

We are moving forward with the completion of the projects we are currently accepting. There is no possibility of cancellation currently. The trend toward narrowing down the number of projects has been emerging for several years, and we have mentioned this as an industry environment in the past. One of the reasons for the losses in the past two fiscal years is that we have already been affected by this trend. Therefore, we are taking a variety of measures in the current period. We are working to detect future risks in advance and to strengthen our proactive sales activities.

Q.6) What is the average level of performance for the current size of the business? How much is it in terms of potential?

We consider 10 billion yen in sales and 200 million yen in operating income, which is the same scale as the forecast for the current fiscal year, as the minimum level to be achieved. The potential is an operating margin of 5% and an operating income of 500 million yen in the current business model. Since there are various risks involved in the game business, we are working to build a structure that will enable us to maintain operating income at the 200 million yen level even if such risks arise.

Q.7) If you were to expand or change your business areas, what would you consider?

For the time being, we would like to work on the game business, as it is not far off from where we would like to expand. However, it is conceivable that we will change our approach to the game business. If we make any important decisions regarding our

business strategy, we will announce them promptly.

(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.