

August 29, 2024

NJ Holdings Inc.

Financial Results Briefing for the Full Year of the Fiscal Year Ended June 30, 2024

Summary of Key Questions and Answers

Q.1) Although the company returned to profitability in the current period, the Notes Related to Going Concern has not yet erased. When do you think this will be erased?

The company's performance turned profitable during the period and its cash reserves have increased. The Notes require a viewpoint of whether the company's ability to continue over the next year is certain. The Company's short-term borrowings have recently been renewed for a period of six months, not one year, and if we strictly look at whether the Company has sufficient funds to repay these borrowings, we cannot say that it has sufficient working capital, taking into account the increased demand for working capital due to the recovery in business performance, and therefore the Note is still applicable. The company has a good relationship with its financial institutions and is currently negotiating with them to renew the loan in one year at the earliest possible date.

Q.2) Will interest rates increase if the maturity date of short-term debt is changed to one year?

Interest rates are agreed upon based on market interest rates, and since this is still a short-term loan, we will negotiate to maintain at least the same conditions.

Q.3) Will the outstanding loan balance continue to decrease?

Since cash outflows precede cash inflows in the game business, working capital needs will increase as business performance recovers. We intend to maintain a close relationship with financial institutions so that we can obtain additional financing in the future.

Q.4) What are your thoughts on other ways to raise funds besides borrowing?

We are aware that there are various means of financing, and we will continue to

consider obtaining financing from sources other than financial institutions.

Q.5) In the forecast for the next fiscal year, profits are maintained while sales decrease.

Are the decreasing expenses cost of sales? Or is it SG&A expenses?

Cost of Sales. In the current fiscal year, while sales declined, the impact was controlled mainly by controlling the cost of subcontracting. In the next fiscal year as well, we will control the costs so that there will be no impact on profits.

Q.6) Is the cause of the small size of orders and delays in receiving orders internal or external? And what is the probability of recovery in the next fiscal year?

Our analysis indicates that external factors are having a significant impact. As projects are becoming larger in size, clients are launching fewer new projects and deliberations are becoming more protracted. Under these circumstances, we are taking a serious look at the order plan. We will conduct sales activities always assuming the possibility that projects will not start as expected. We are also working across the group to identify human resources, and we are building a system that enables us to match human resources wherever in the group they are available to receive orders.

Q.7) According to the financial cash flow, it looks like the Company have made a lot of repayments. Is this long term or short term? Were there any special repayments?

Long-term loans have been repaid as agreed. In the current period, short-term repayments have been made in step with these repayments. No lump-sum repayments have been made.

(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.

(note) 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.