

U-NEXT HOLDINGS

Summary of Second Quarter of Fiscal Year Ending August 2024

U-NEXT HOLDINGS Co., Ltd.
(Tokyo Stock Exchange, Prime Market Code : 9418)

April 9, 2024

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I . Overview of 2Q results of operations

Executive summary

New first half and quarterly record-high sales and earnings at all levels

Big YoY/QoQ increases in Business Systems sales and earnings due to replacement demand for automatic payment kiosks as the start of newly designed currency in July 2024 nears

Energy operating profit is already 90% of the FY2024 forecast because of the large number of U-POWER contracts

Increased FY2024 sales and earnings forecasts and the dividend forecast due to the strong performance of all businesses

Consolidated financial summary (vs. Forecast)

Earnings at all levels are far above the forecast and more than 60% of the FY2024 forecast.

Million yen	FY2024 Forecast	FY2024 2Q	Progress
Net Sales	300,000	152,249	51%
Operating Income	24,000	15,813	66%
Operating margin (%)	8.0%	10.4%	-
Ordinary Income	23,300	15,323	66%
Profit or Loss attributable to owners of parent	12,100	8,727	72%
Profit of Loss attributable to owners of parent [Adjusted]	15,280	10,299	67%
Net Income per share (yen)	201.34	145.17	-
Net Income per share [Adjusted] (yen)	254.26	171.32	-
EBITDA	34,500	20,665	60%
EBITDA margin	11.5%	13.6%	-
EBITDA-CAPEX	12,600	7,850	62%

Consolidated financial summary (YoY)

Sales increased 14% and earnings at all levels were up about 70%.

Million yen	FY2023 2Q	FY2024 2Q	YoY	YoY (Ratio)
Net Sales	133,732	152,249	+18,517	+14%
Operating Income	9,544	15,813	+6,269	+66%
Operating margin (%)	7.1%	10.4%	-	-
Ordinary Income	9,050	15,323	+6,273	+69%
Profit or Loss attributable to owners of parent	4,958	8,727	+3,769	+76%
Profit of Loss attributable to owners of parent [Adjusted]	6,527	10,299	+3,772	+58%
Net Income per share (yen)	82.64	145.17	-	-
Net Income per share [Adjusted] (yen)	108.80	171.32	-	-
EBITDA	14,131	20,665	+6,534	+46%
EBITDA margin	10.6%	13.6%	-	-
EBITDA-CAPEX	6,185	7,850	+1,665	+27%

Segment information (vs. Forecast)

- Operating income is more than 50% of the FY2024 forecasts in all segments
- Business Systems earnings are more than 70%, Energy earnings are almost 90% of the forecast.

Million yen		FY2024 Forecast	FY2024 2Q	Progress
Content Distribution	Net Sales	106,000	52,567	50%
	Operating Income	8,100	4,373	54%
Store Services	Net Sales	68,000	33,384	49%
	Operating Income	9,900	5,167	52%
Communications	Net Sales	61,500	31,026	50%
	Operating Income	6,600	3,588	54%
Business Systems	Net Sales	24,000	12,726	53%
	Operating Income	3,900	2,900	74%
Energy	Net Sales	45,000	24,815	55%
	Operating Income	4,000	3,494	87%
Adjustment	Net sales	-4,500	-2,271	50%
	Operating income	-8,500	-3,709	44%

*The adjustment includes head office expenses, goodwill amortization, the elimination of inter-segment transactions and other items.

Segment information (YoY)

- Sales and earnings increased in all segments except Energy, where a decline in JEPX prices reduced sales.
- Business Systems earnings up 128% and Energy earnings up 227%

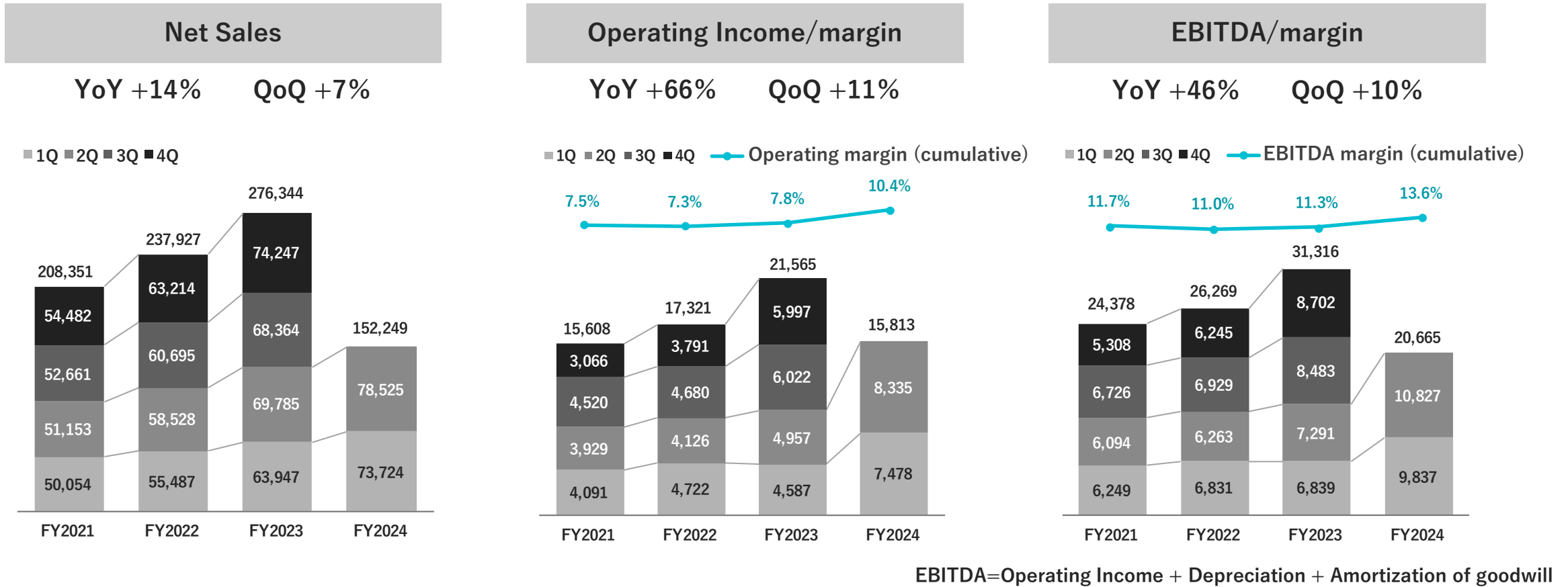
Million yen		FY2023 2Q	FY2024 2Q	YoY	YoY (Ratio)
Content Distribution	Net Sales	38,605	52,567	+13,962	+36%
	Operating Income	3,323	4,373	+1,050	+32%
Store Services	Net Sales	30,630	33,384	+2,754	+9%
	Operating Income	4,730	5,167	+437	+9%
Communications	Net Sales	26,456	31,026	+4,570	+17%
	Operating Income	2,839	3,588	+749	+26%
Business Systems	Net Sales	9,366	12,726	+3,360	+36%
	Operating Income	1,270	2,900	+1,630	+128%
Energy	Net Sales	30,288	24,815	-5,473	-18%
	Operating Income	1,068	3,494	+2,426	+227%
Adjustment	Net sales	-1,615	-2,271	-656	-41%
	Operating income	-3,687	-3,709	-22	-1%

In FY2024, consolidated subsidiary TACT was moved from Content Distribution to Communications.
FY2023 figures for these two segments have not been revised because the effect of this change is negligible.

Net Sales/Operating Income/EBITDA

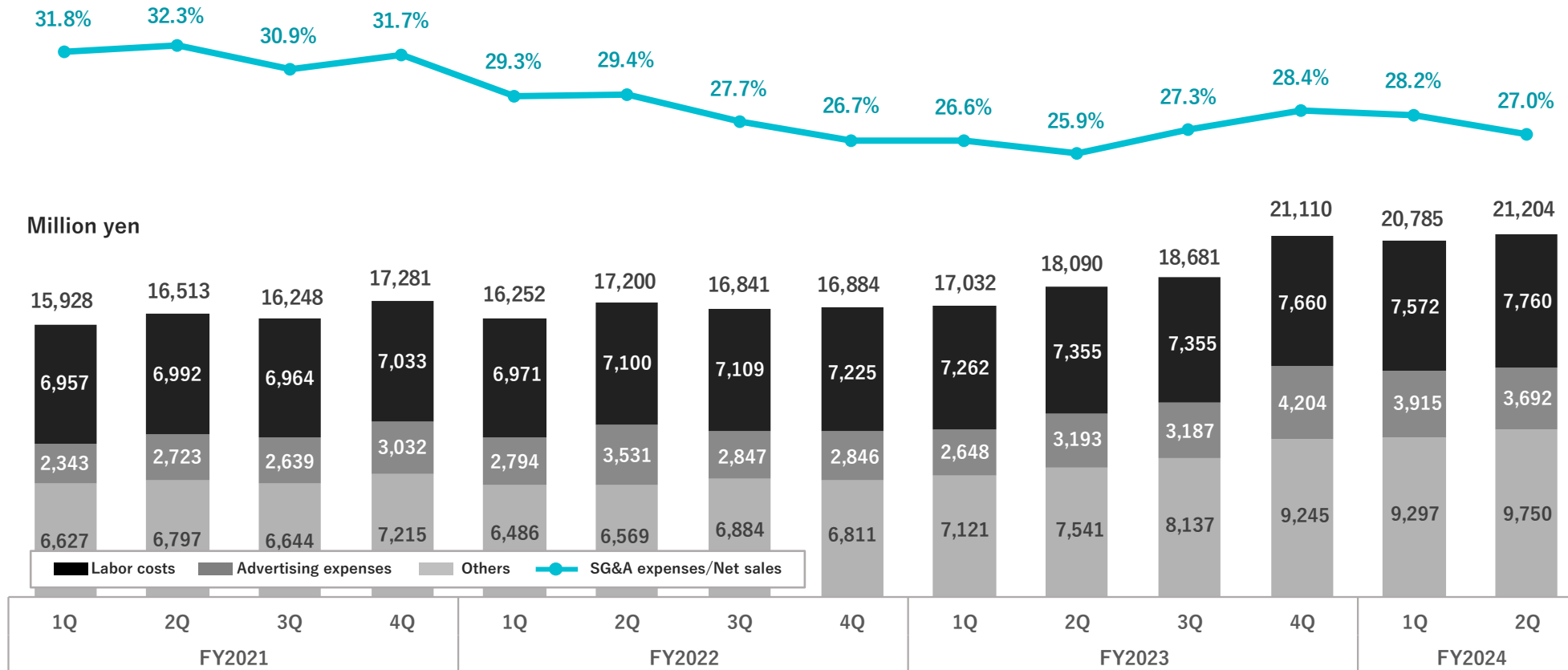
(Million yen)

- All-time high sales, operating income and EBITDA for a first half and quarter
- Consolidated profitability was much higher than one year earlier mainly due to Business Systems and Energy



SG&A expenses

- SG&A expenses increased YoY due to the growth of business operations but were less than 30% of sales and below the FY2023 4Q peak
- QoQ increase was attributable to higher personnel expenses and fees; advertising expenses decreased primarily in Content Distribution



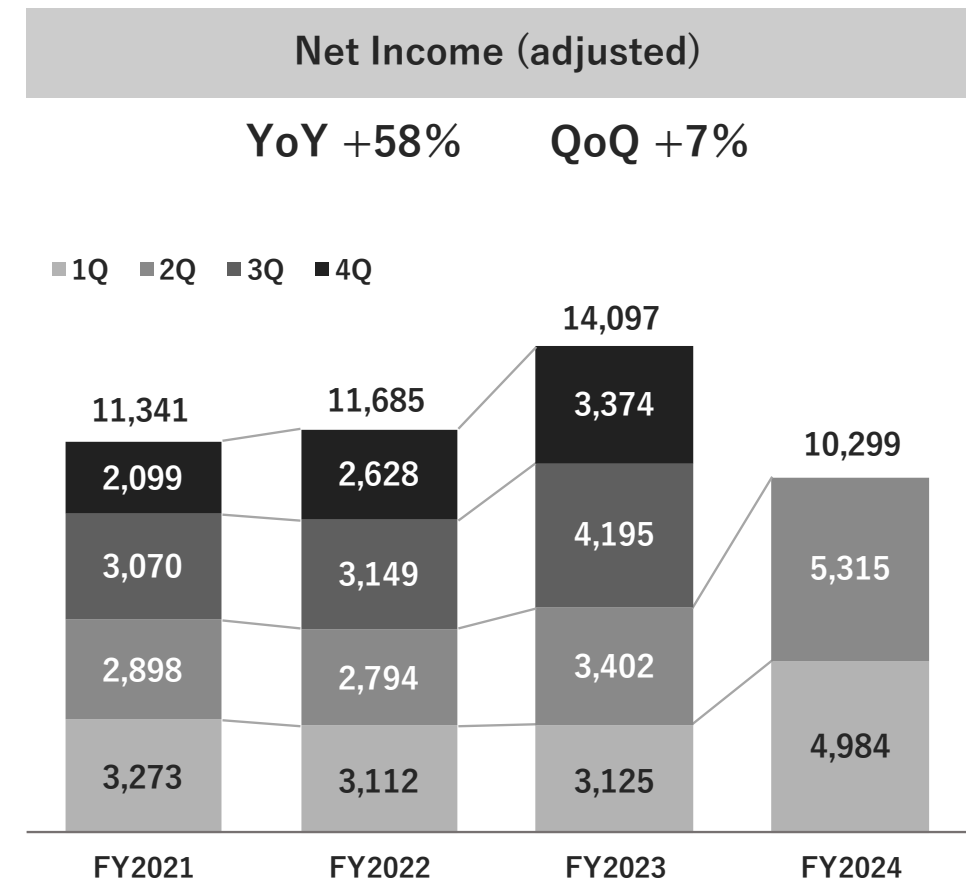
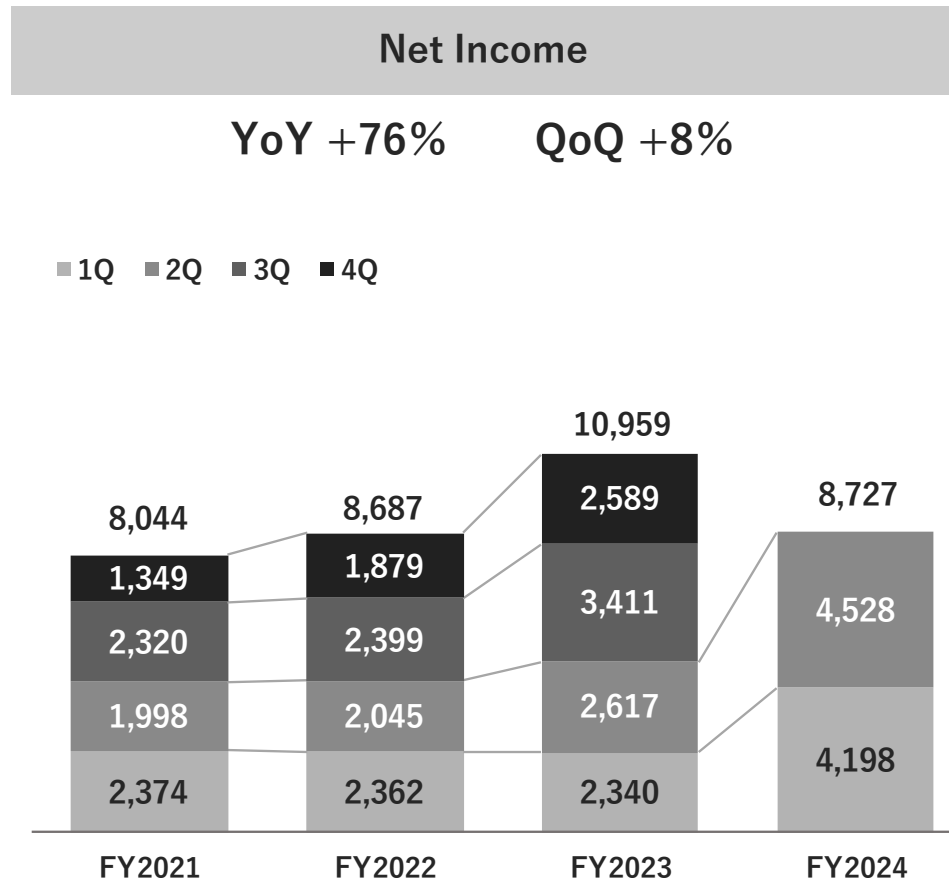
SG&A ratio
YoY +1pt
(Quarter)
QoQ -1pt

SG&A
YoY +17%
(Quarter)
QoQ +2%

Net income

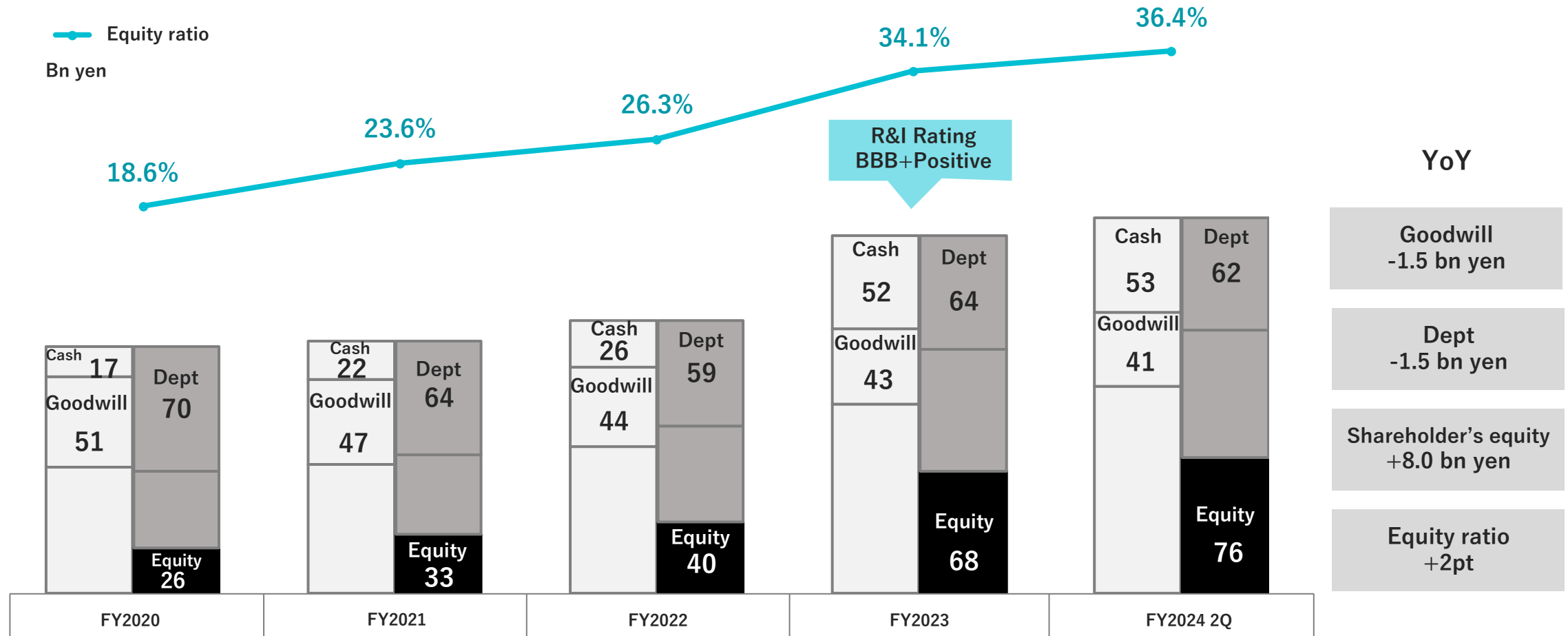
(Million yen)

Increased YoY/QoQ to first half and quarterly record highs



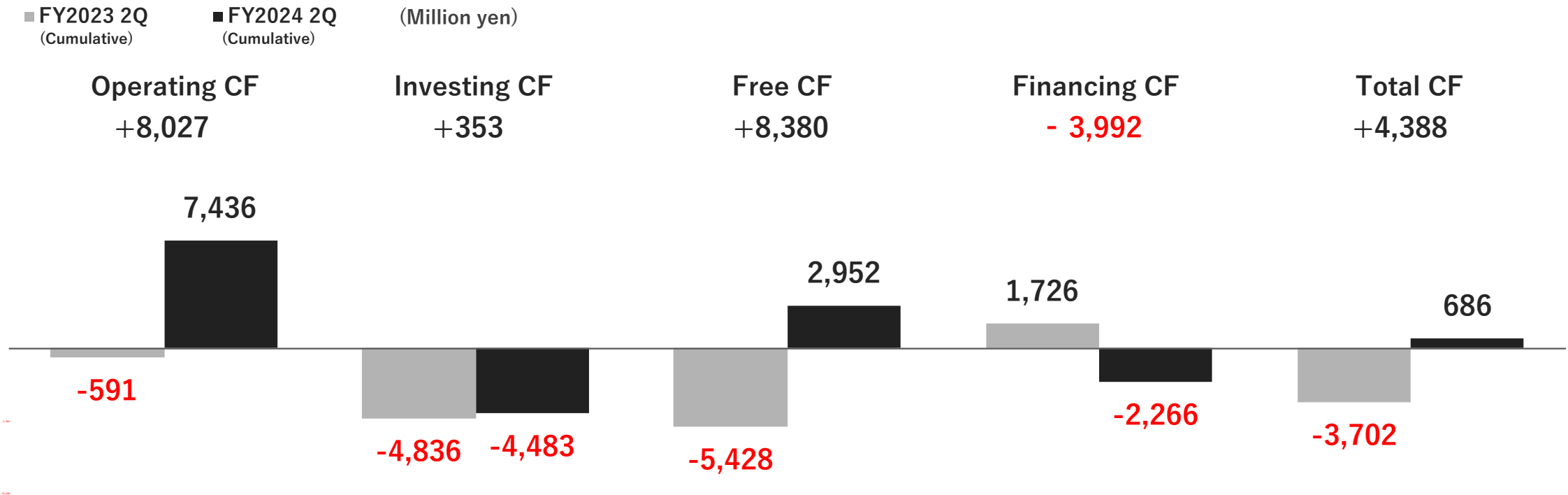
Consolidated balance sheet

Equity ratio increased to above 36% because of the increase in equity



Consolidated cash flows (YoY)

- Operating CF : Cash provided increased; major components are pretax profit (+¥6.5bn), prepaid expenses (-¥4.5bn), working capital (+¥2.8bn) and income taxes payable (+¥2.3bn).
- Investing CF : Cash used decreased; ¥1.0bn increase in business investments but higher cash used one year earlier due to purchase WannaEat stock
- Free CF : Positive cash flow of ¥2.9bn following the ¥5.4bn negative cash flow one year earlier
- Financing CF : Big decrease because of ¥10bn from the issuance of bonds one year earlier



II . Segment Information

Overview of business segments

BtoB

DX for Stores & Facilities ~Higher profitability and labor shortage solutions~

Store Services

(Restaurants · Retailers · Beauty salons)

Background music, POS system,
Cashless payment, Catering robots,
etc.



Market share of
music distribution
for stores in Japan*1
No.1

Business Systems

(Hotels · Hospitals)

Automated payment machines,
reception machine, Operational
Management systems etc.



Automated payment
machines market
share in Japan*2
No.1

Infrastructure Services ~Telecommunications and energy~

Communications

Broadband internet service, ICT
and cloud services etc.

Energy

High/Low voltage, green energy

BtoC

DX for Individual Lifestyles

Content Distribution

SVOD(subscription video on
demand) service “U-NEXT”



SVOD market
share in Japan*3
No.2

*1 U-NEXT HOLDINGS assumptions

*2 U-NEXT HOLDINGS assumptions

*3 Video on Demand Market Five-year Forecast, GEM Partners

Summary of 2Q results of operations

Content Distribution

(YoY) Sales and earnings up due to the Paravi integration and increase of subscribers
(QoQ) Small earnings increase due to an increase in the cost of content

Store Services

(YoY) Sales up 9% and operating income up 9%
(QoQ) No change in earnings as initial sales were slow following a strong 1Q

Communications

(YoY) Sales increased, except to individuals, and operating income was higher in all categories
(QoQ) Sales and earnings up as other services offset lower sales and earnings of broadband service sales agent

Business Systems

Big YoY/QoQ sales and earnings growth backed by strong sales of automatic payment kiosks due to replacement demand for the upcoming start of new currency as the gross margin remained high

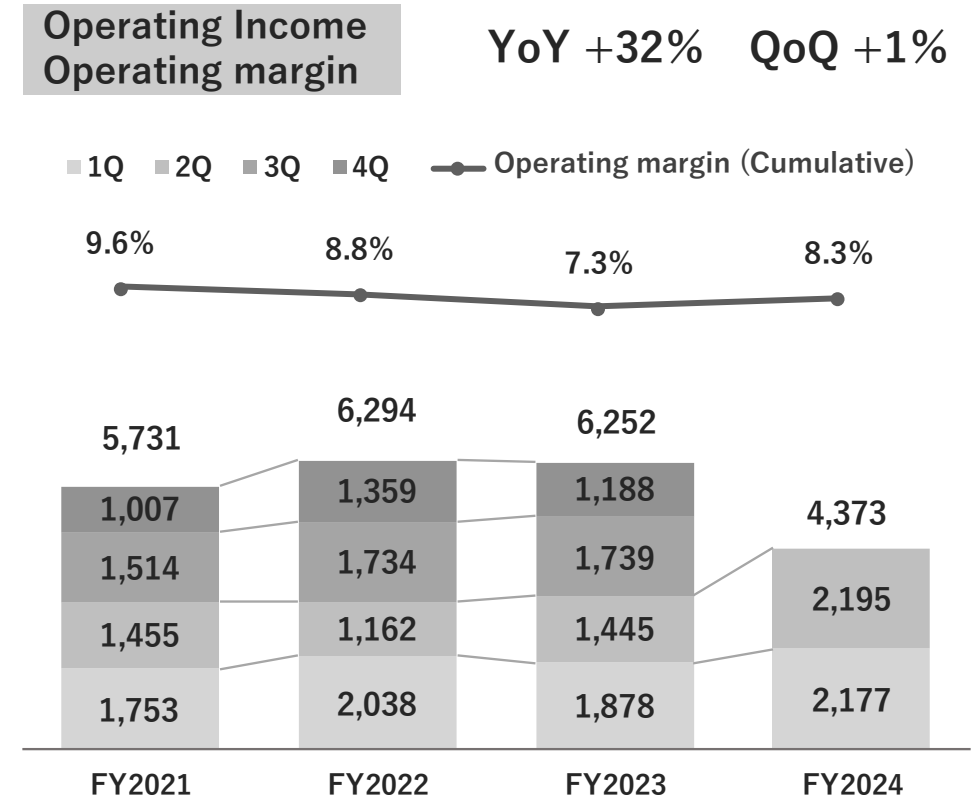
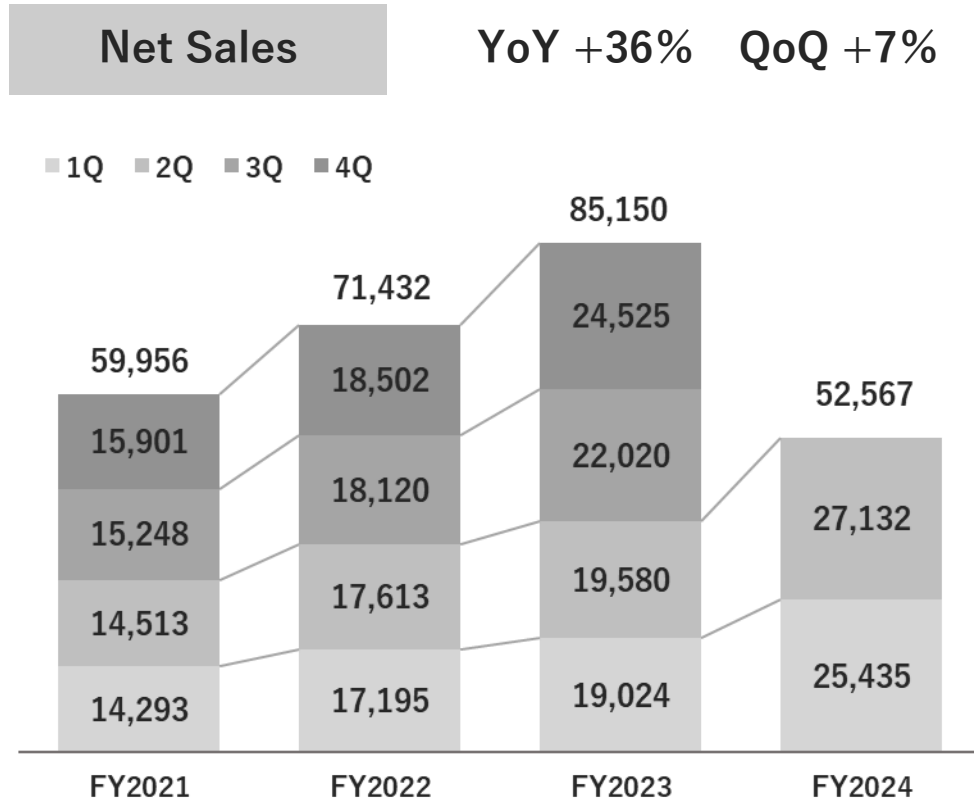
Energy

(YoY) Sales down as JEPX prices declined but a big increase in earnings because of more U-POWER customers and higher USEN DENKI profitability
(QoQ) Sales and earnings up because of more customers and a seasonal increase in electricity use

Content Distribution

(Million yen)

- Sales and earnings up due to the Paravi integration and a big increase of subscribers
- Only a small QoQ increase in earnings because of the higher cost of content but the first half cost of sales ratio was in line with the forecast at the beginning of FY2024.



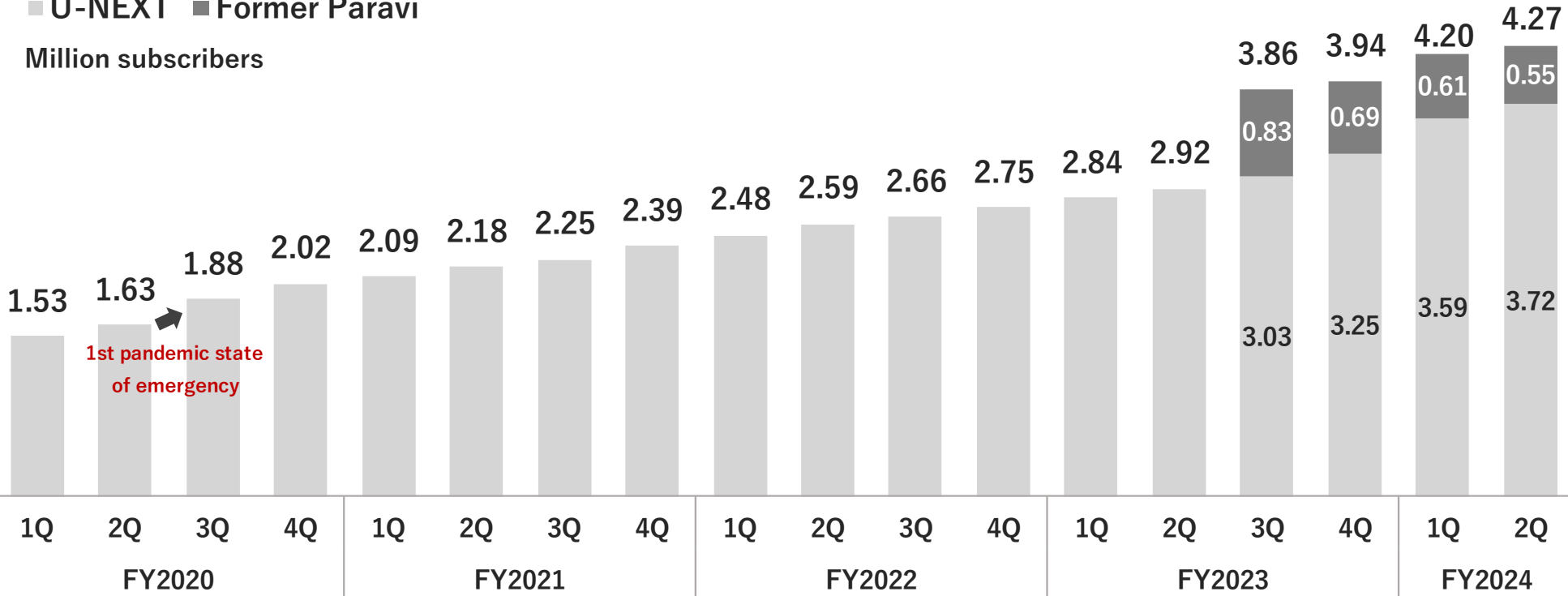
In FY2024, consolidated subsidiary TACT was moved from Content Distribution to Communications. Figures for these two segments in prior years have not been revised because the effect of this change is negligible.

Content Distribution (Subscribers)

- 2Q growth was below the big 1Q increase but the number of subscribers is climbing steadily
- The effects of former Paravi plan price increase are small; continuing to monitor the effects

■ U-NEXT ■ Former Paravi

Million subscribers



YoY
+1.35M
(+46%)

QoQ
+80K
(+2%)

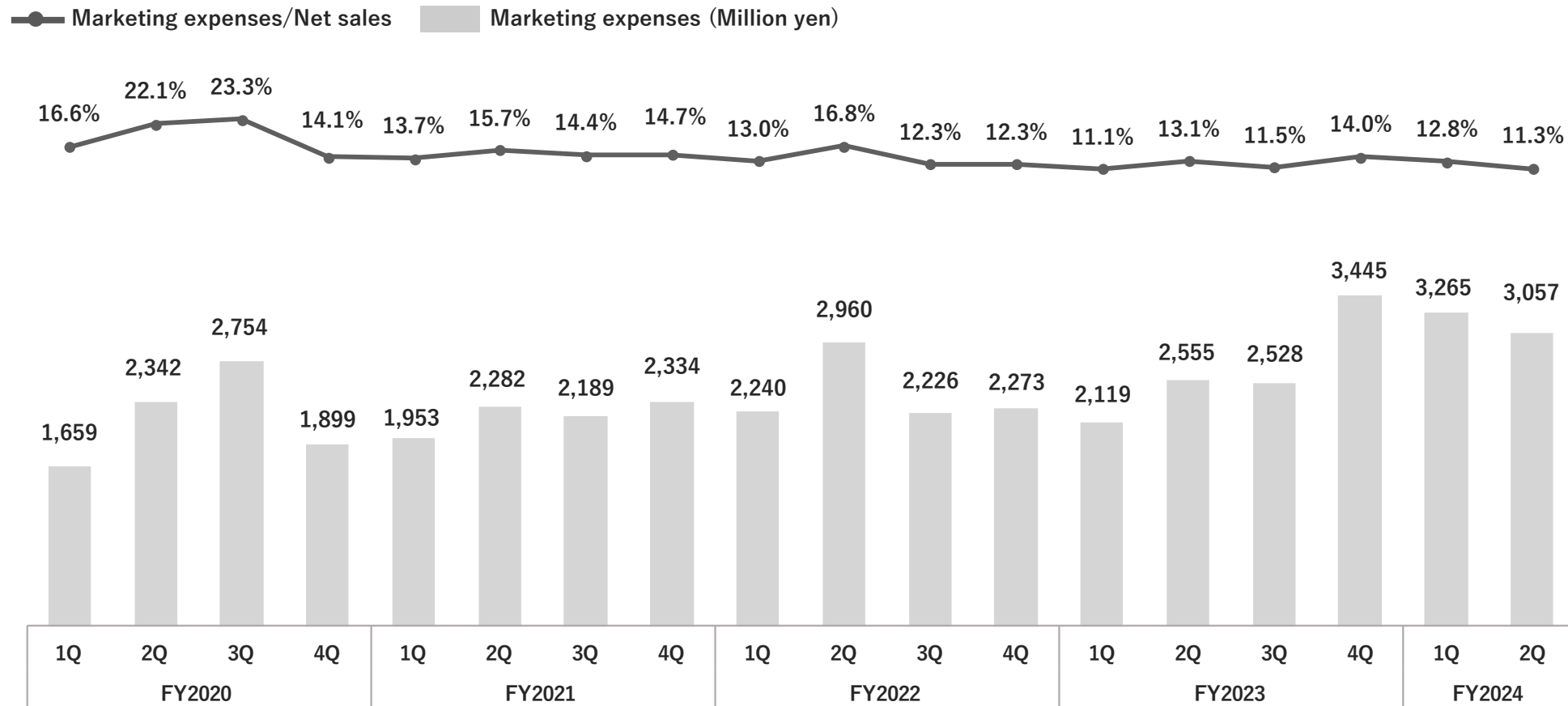
Includes monthly point service and other subscribers associated with business alliance partners.

Net change of QoQ (K)

U-NEXT	+105	+244	+142	+73	+86	+70	+136	+95	+107	+69	+94	+88	+88	+107	+221	+333	+138
Paravi	-	-	-	-	-	-	-	-	-	-	-	-	-	+829	-137	-80	-63

Content Distribution (Marketing expenses)

Increased in YoY and slightly decreased in QoQ, depending on the number of subscribers acquired

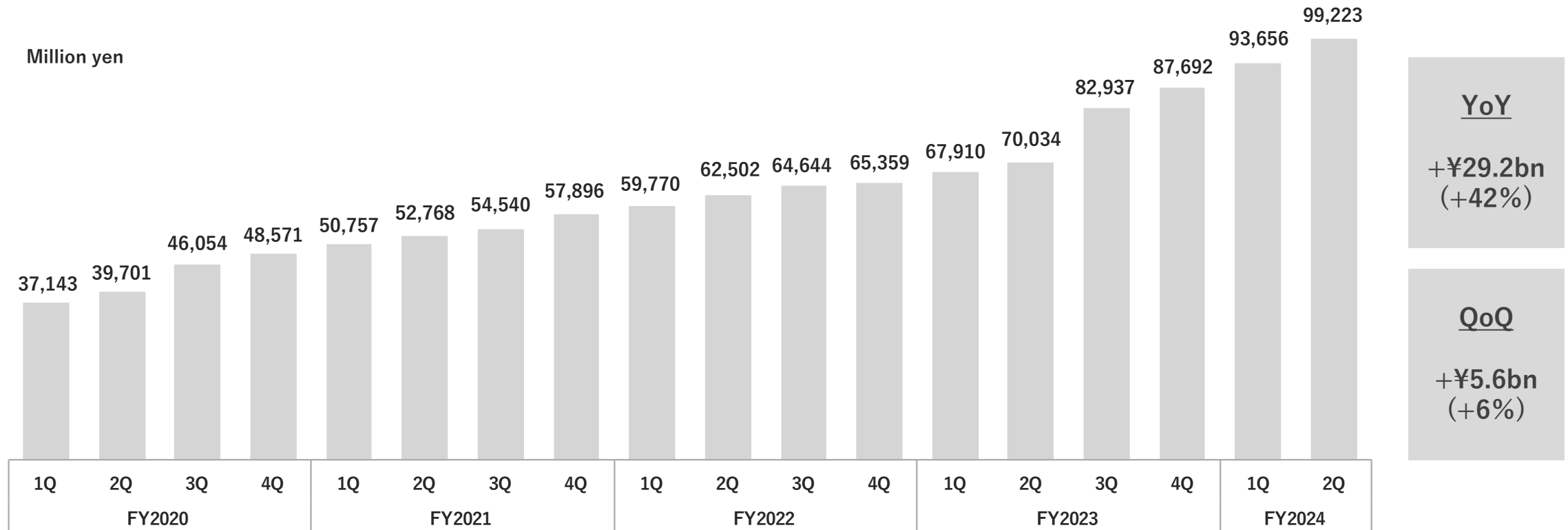


Marketing expenses
YoY +20% (Quarter)
QoQ -6%

Marketing expenses ratio
YoY -2pt (Quarter)
QoQ -2pt

Content Distribution (ARR)

ARR increased to about ¥10 bn because of the increasing of subscribers



*Annual Recurring Revenue : Monthly recurring revenue multiplied by 12.

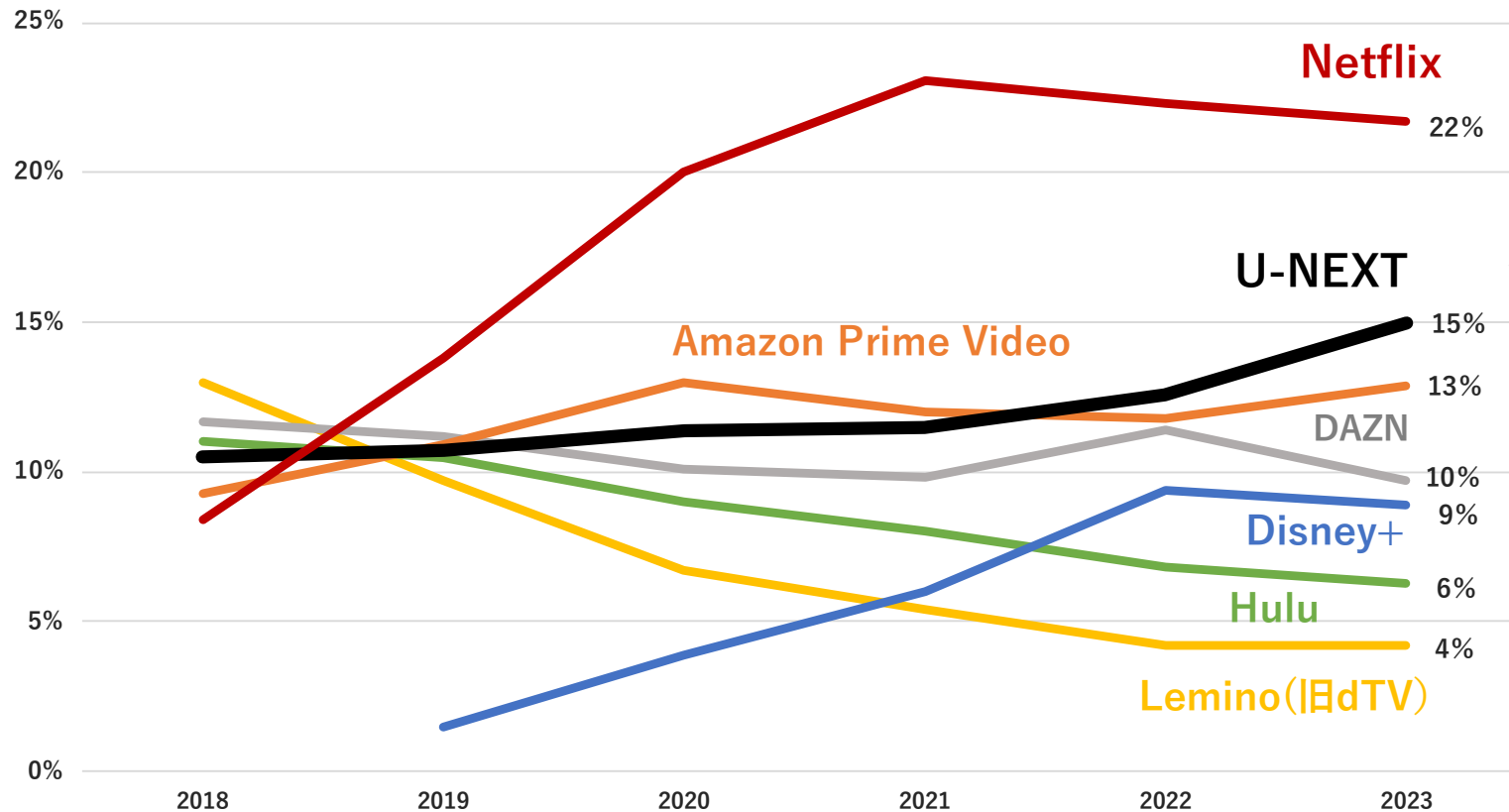
*Monthly Recurring Revenue : Portion of U-NEXT service sales derived from fees paid on a regular basis.

(excludes PPV and other initial sales, includes music distribution and other related services with monthly fees)

*Based on sales in the last month of each quarter.

Content Distribution (Market share)

Only U-NEXT is consistently increasing its market share.



U-NEXT is No.2 after Netflix
(No.1 in Japanese companies)

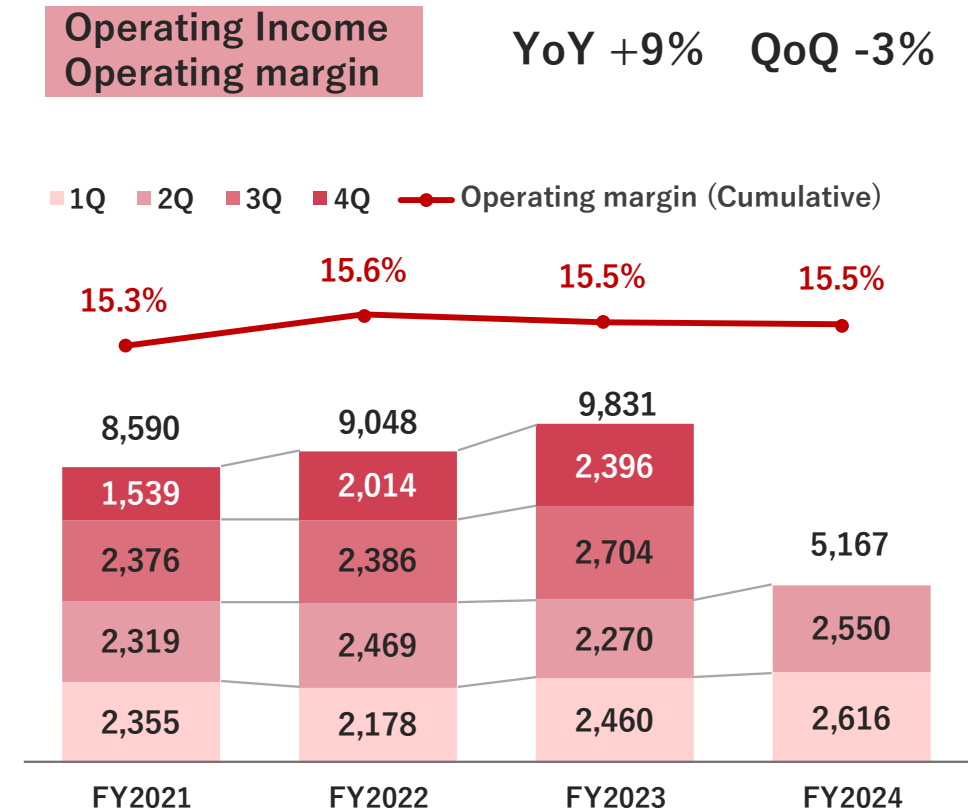
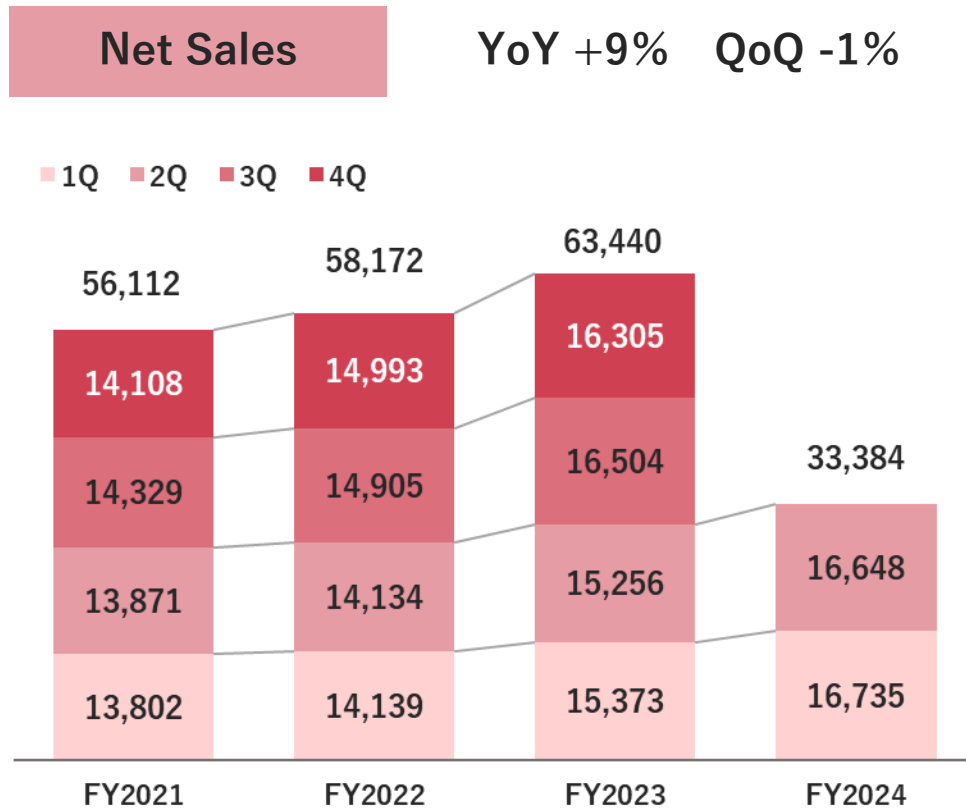
*U-NEXT includes six months of the Paravi service following the July 2023 integration of this service.

Source: Video on Demand Market Five-year Forecast, GEM Partners
Market share by total amount paid by consumers for video distribution services

Store Services

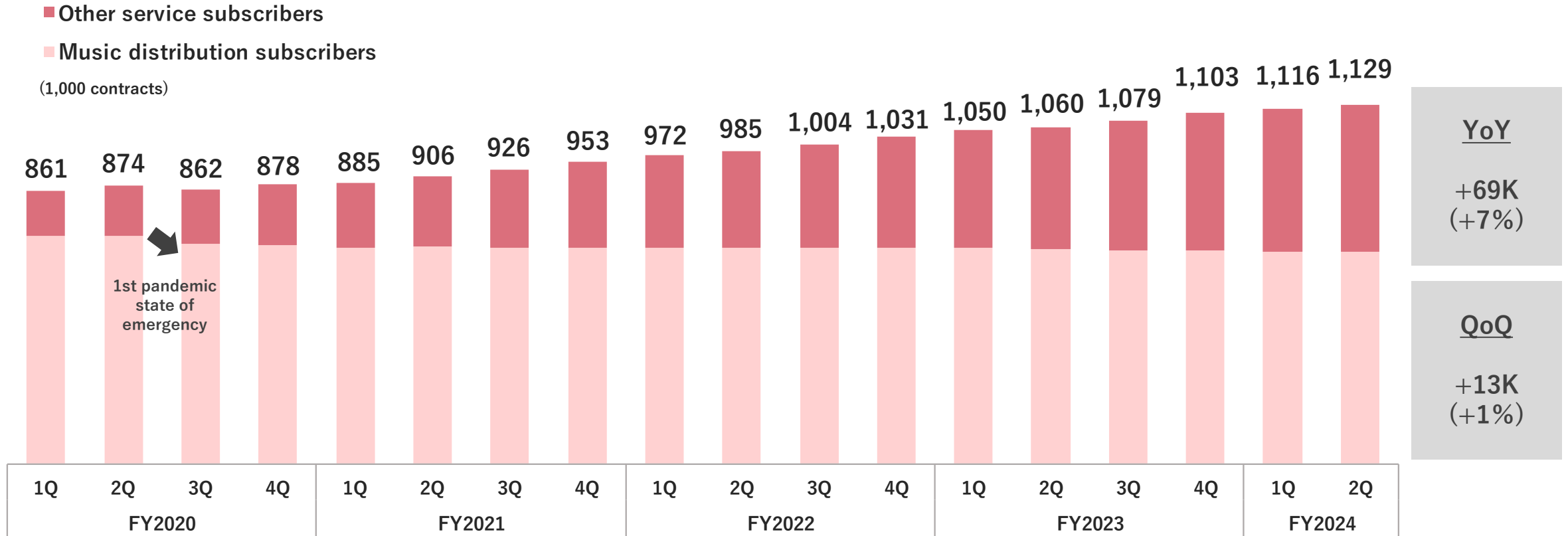
(Million yen)

- Sales and earnings increased YoY due to growing sales of DX products
- No QoQ earnings change as 2Q initial sales were slow following the strong 1Q and SG&A expenses, chiefly personnel expenses, increased



Store Services (Number of contracts)

Net increases in contracts of 69K YoY and 13K QoQ as the customer base continued to grow



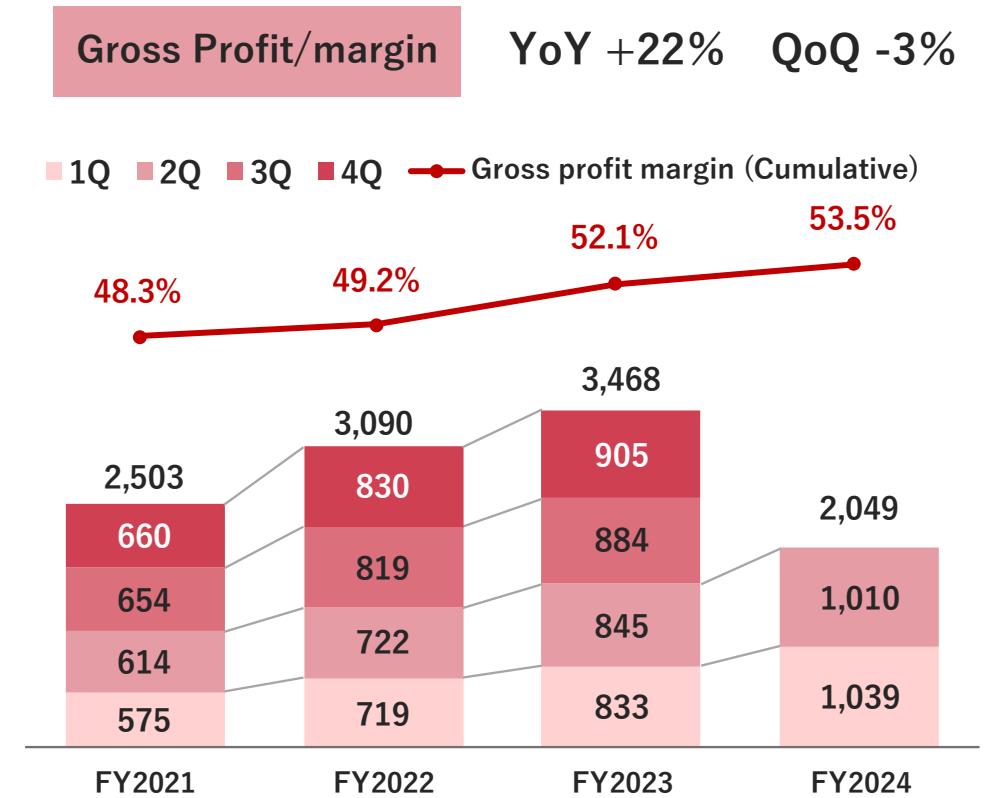
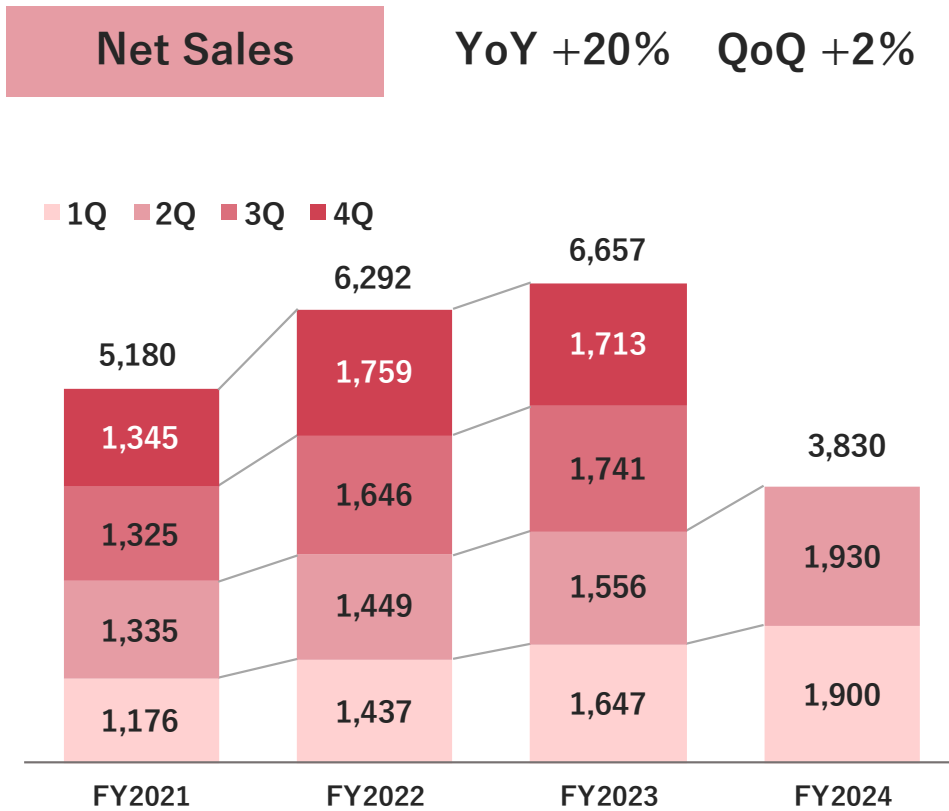
*Other store services : The sum of network services, POS register service, Wi-Fi service, IP camera service, App production service, gourmet website service, table service robots, digital signage, cashless services, food delivery franchise

*Subscribers are counted separately for each service provided, including different services provided to the same customer.

POS register service

(Million yen)

- Big YoY increases in sales and earnings because of monthly fee revisions in the 1Q
- Small QoQ earnings decrease despite the contribution to running sales of fee revisions due to slow initial sales caused by seasonal factors



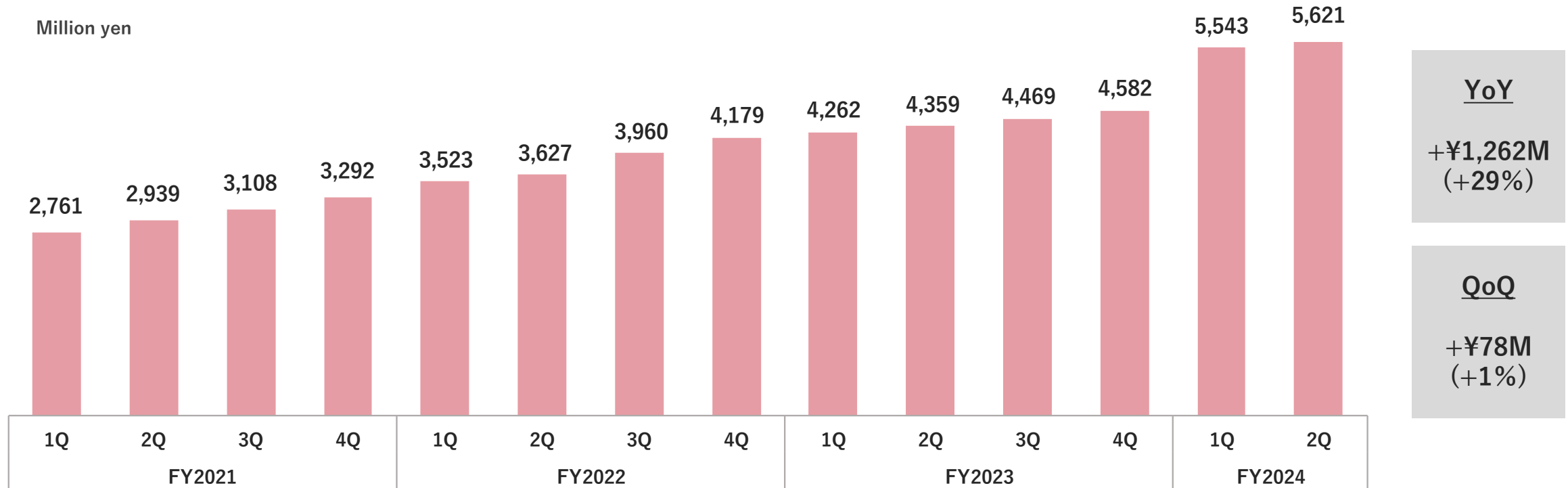
POS register service (Number of contracts)

Net increase despite an upturn in cancelations following the monthly fee revision in November



POS register service (ARR)

A small 2Q increase because of the lower net increase in customers during the quarter



*Annual Recurring Revenue : Monthly recurring revenue multiplied by 12.

*Monthly Recurring Revenue : Portion of POS register service sales derived from fees paid on a regular basis.
(excludes equipment sales, initial subscription fees and other sales when a service is started)

*Based on sales in the last month of each quarter.

Store Services (Topics)

USEN is the only company in Japan selected by SHENZHEN PUDU TECHNOLOGY CO., LTD for its Best Partner Award and Best Service Partner Award in 2023. This allowed us to demonstrate our competitive advantage of "sales and engineering personnel" with a proven track record.



Catering robots



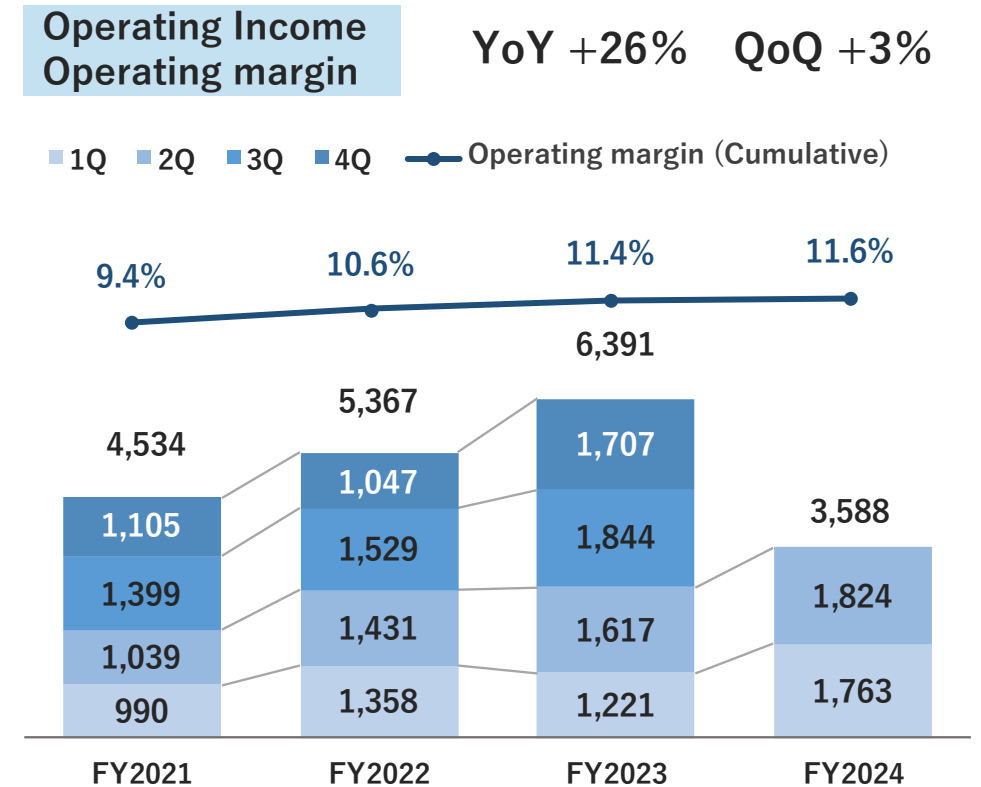
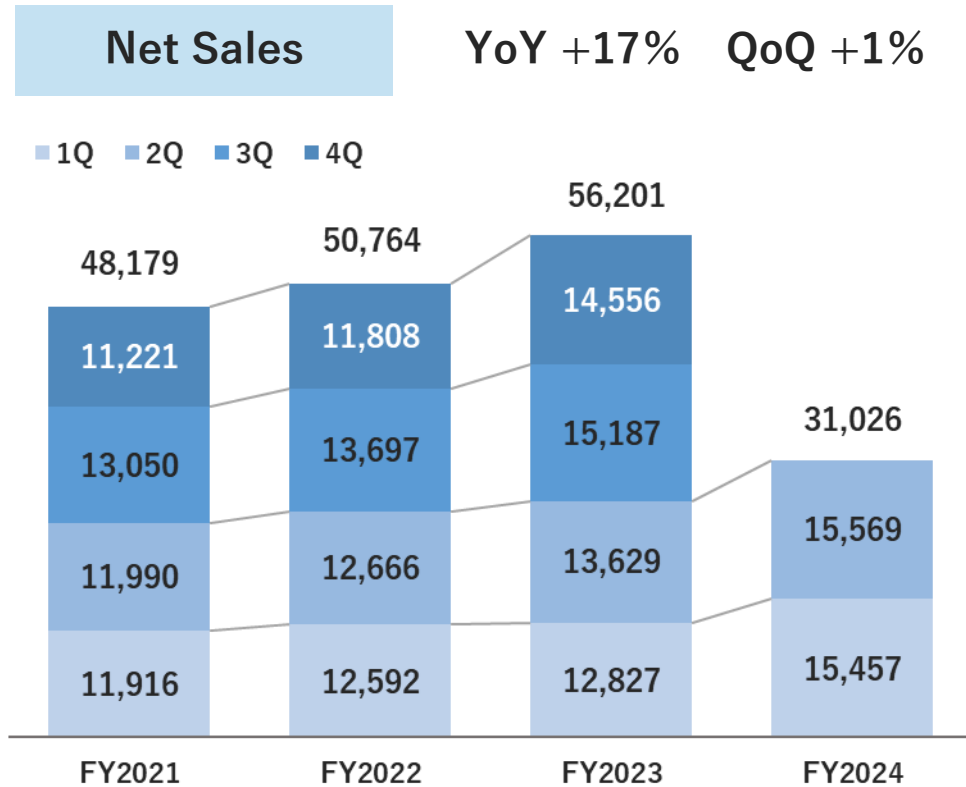
©Pudu Robotics

- The Best Partner Award recognizes companies with outstanding sales (number of stores) during the year.
- The Best Service Partner Award recognizes companies with outstanding after-sales services that meet the standards established by Pudu Robotics for assisting restaurants and other businesses using the company's products.

Communications

(Million yen)

- Sales increased, except to individuals, and operating income was higher in all categories
- QoQ profitability improved as lower broadband sales agent earnings were offset by higher earnings in other activities and there were no longer any unprofitable ICT service for business contracts in the 1Q.

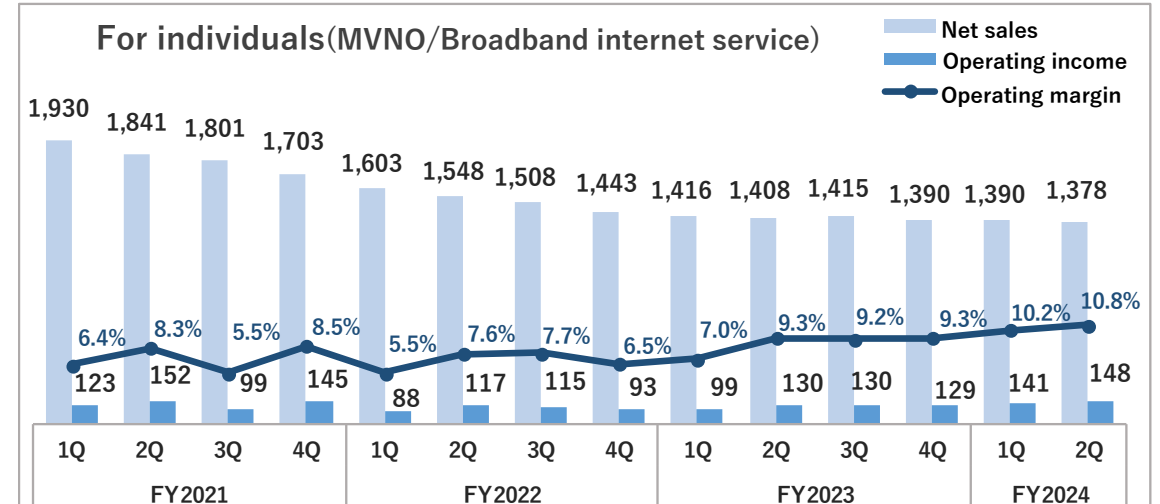
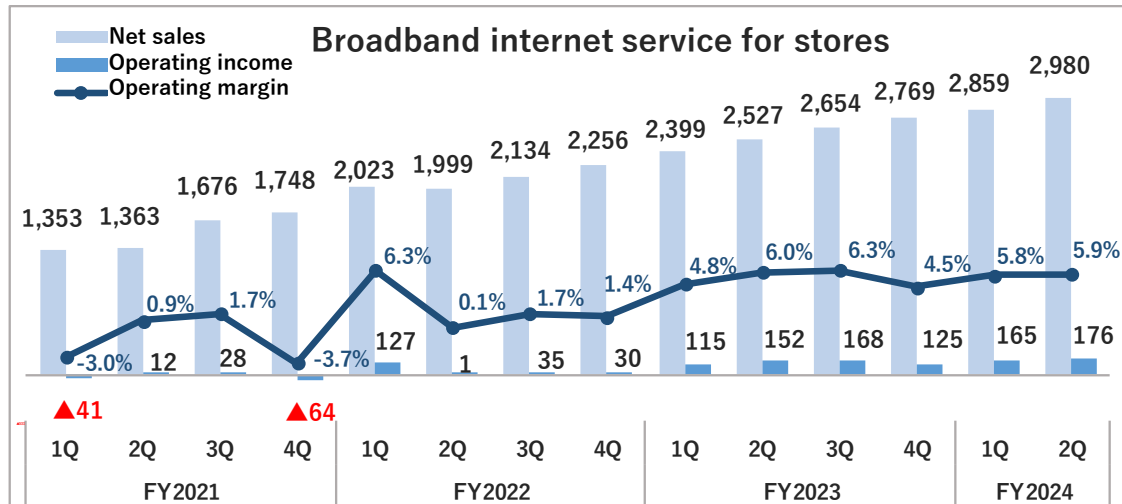
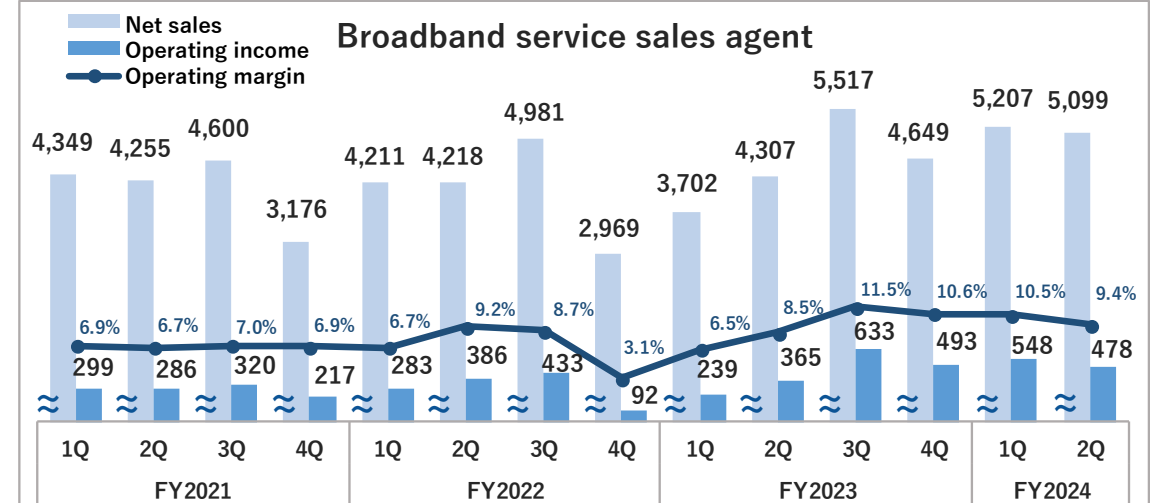
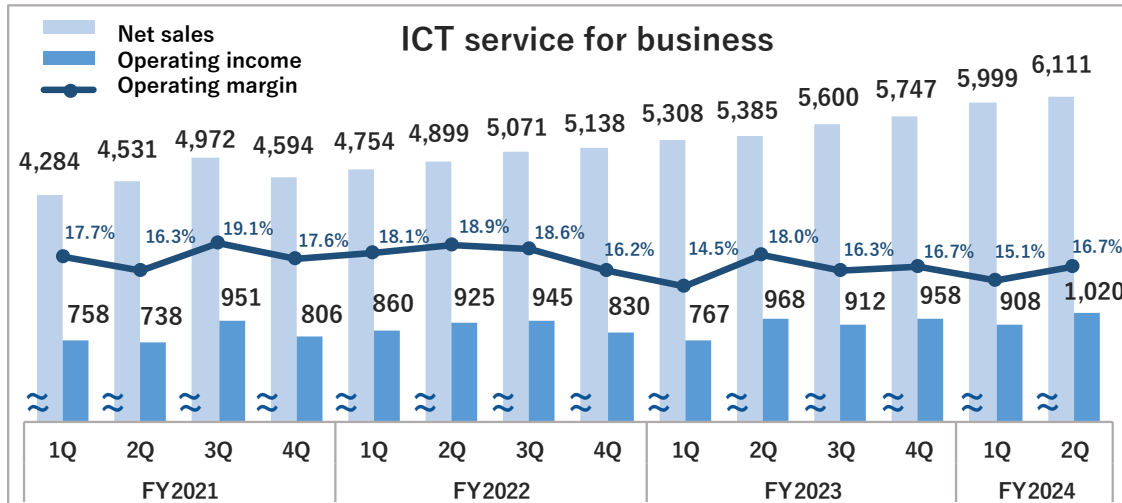


In FY2024, consolidated subsidiary TACT was moved from Content Distribution to Communications. Figures for these two segments in prior years have not been revised because the effect of this change is negligible.

Communications (Service Categories)

(Million yen)

TACT was moved from Content Distribution to Communications (broadband sales agent) in FY2024.



Business Systems

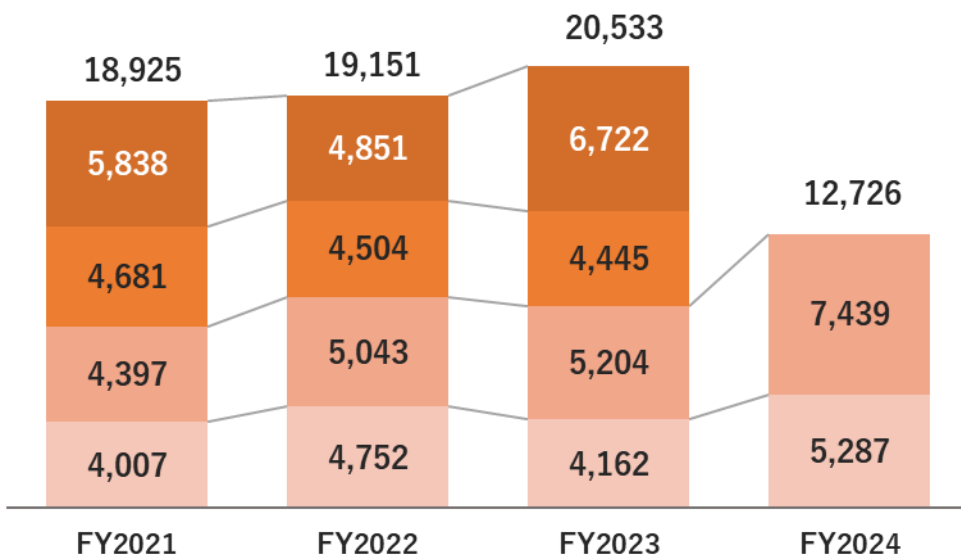
(Million yen)

- Big YoY/QoQ increases in sales and earnings because of automatic payment kiosk replacement demand ahead of the July 2024 start of new currency
- The initial sales gross profit margin remained high

Net Sales

YoY +36% QoQ +41%

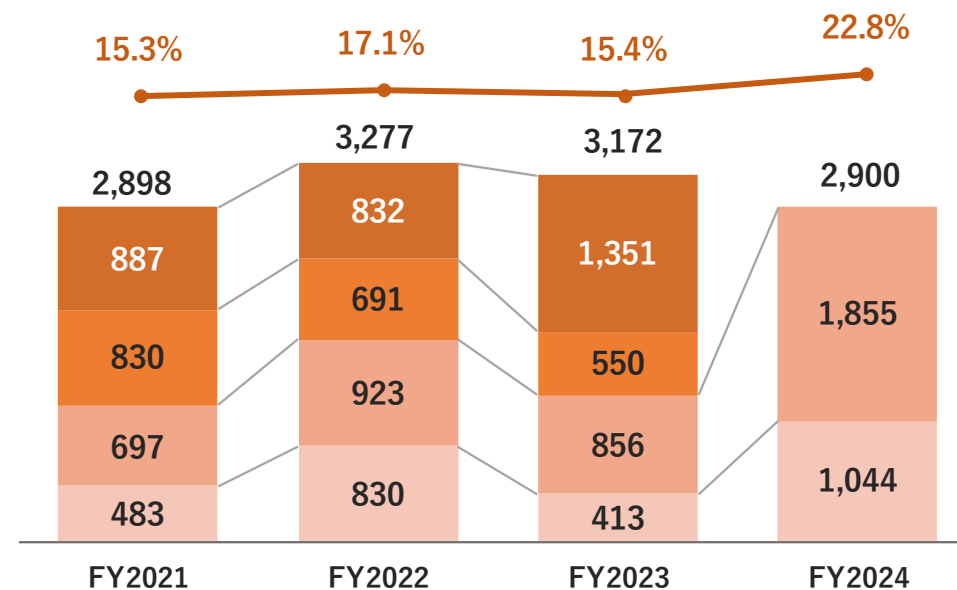
■ 1Q ■ 2Q ■ 3Q ■ 4Q



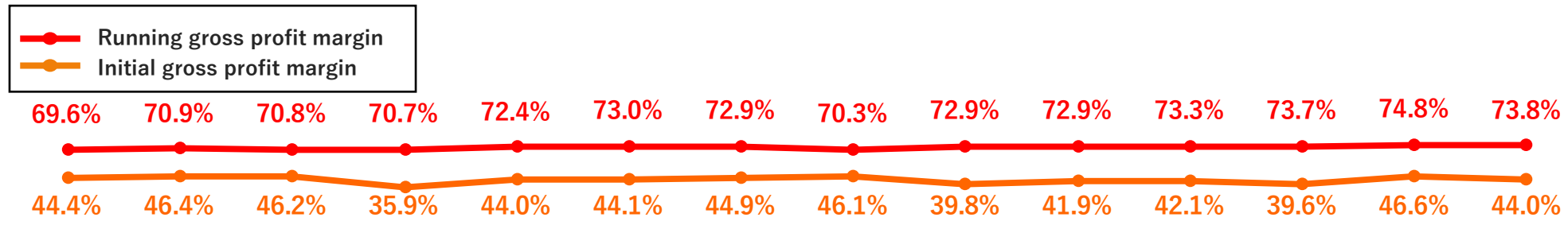
Operating Income Operating margin

YoY +128% QoQ +78%

■ 1Q ■ 2Q ■ 3Q ■ 4Q — Operating margin (Cumulative)

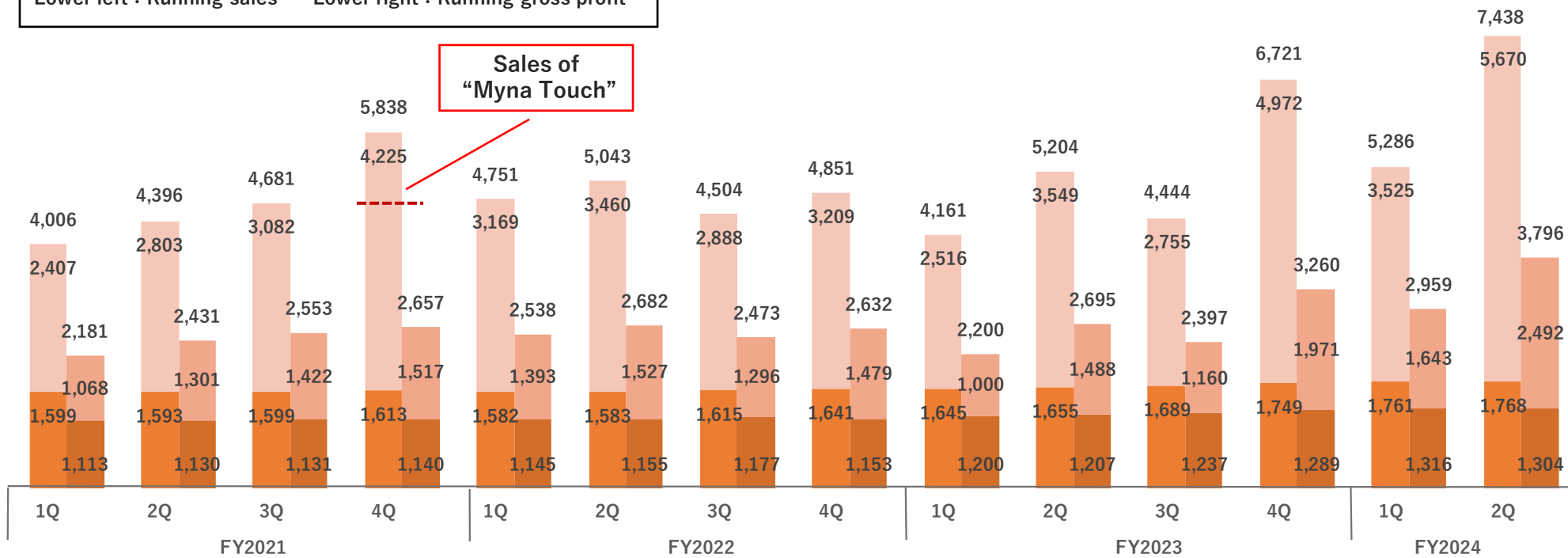


Business Systems (Initial/Running)



Upper left : Initial sales
 Lower left : Running sales
 Upper right : Initial gross profit
 Lower right : Running gross profit

(Million yen)



YoY
(Quarter)

Initial sales
+60%

Running sales
+7%

Running gross profit
+8%

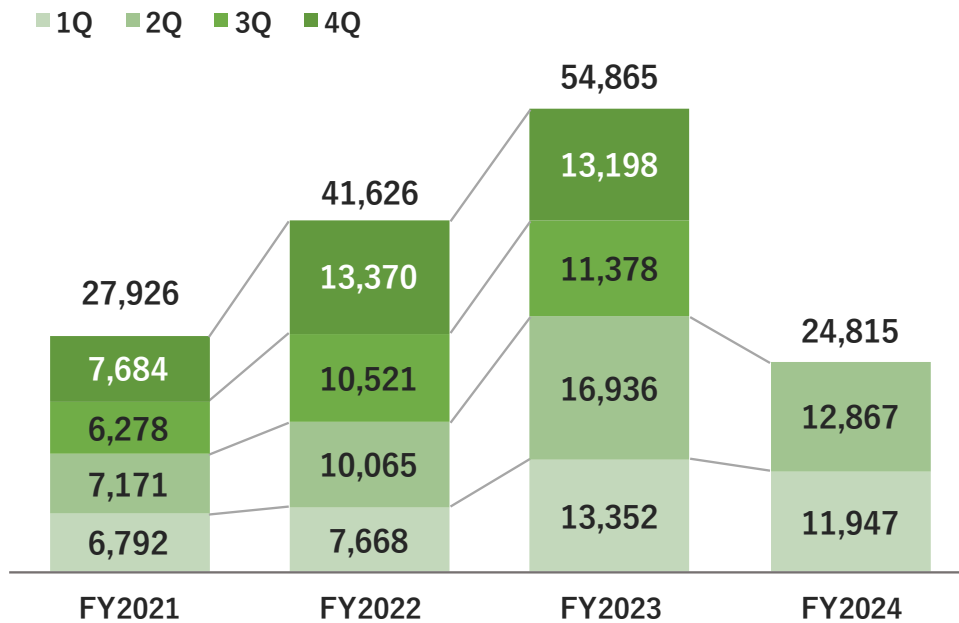
Energy

(Million yen)

- (YoY) Sales down as JEPX prices declined but a big increase in earnings because of more U-POWER customers and higher USEN DENKI profitability
- (QoQ) Sales and earnings up because of more customers and a seasonal increase in electricity use

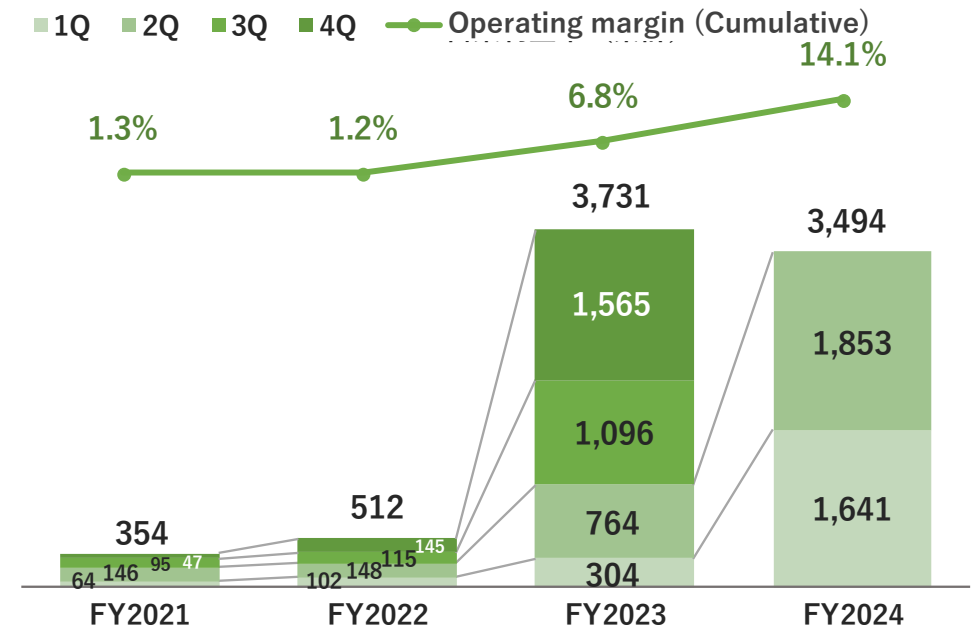
Net Sales

YoY -18% QoQ +8%



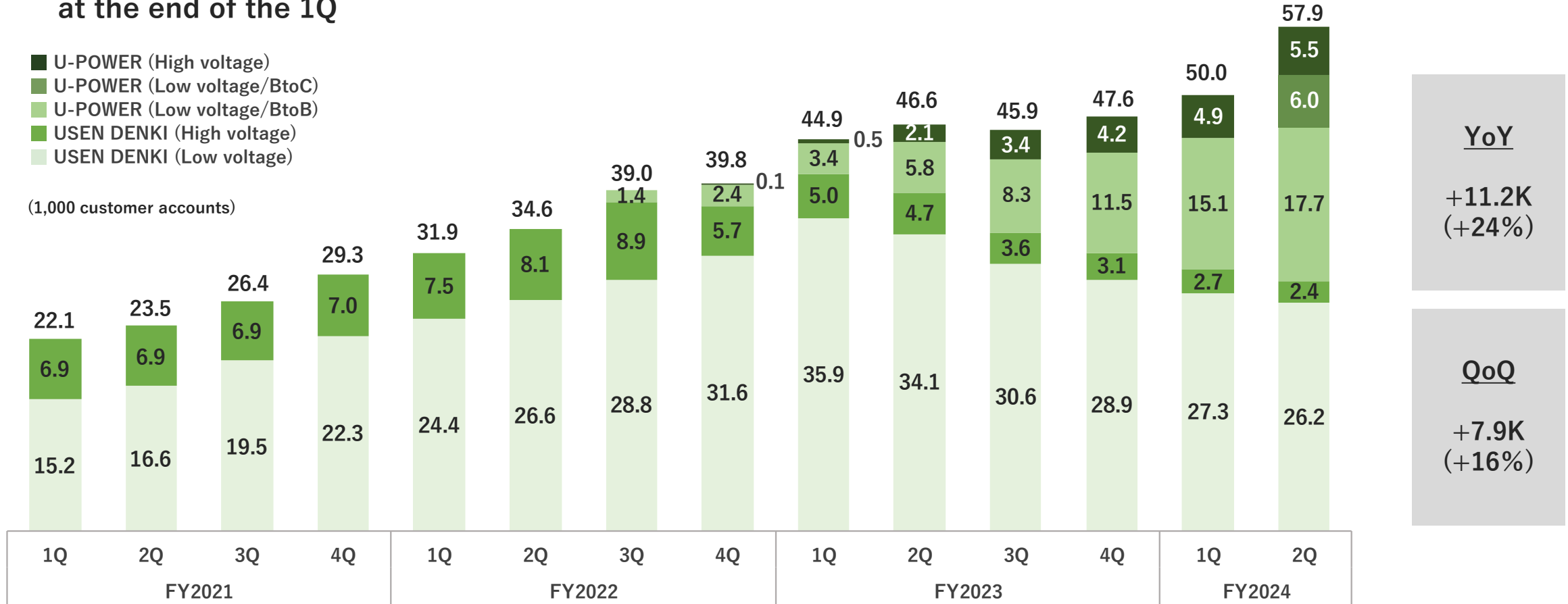
Operating Income Operating margin

YoY +227% QoQ +13%



Energy (Number of customer accounts)

- Number of U-POWER high/low voltage and USEN DENKI low voltage customers is higher than the forecast at the beginning of FY2024.
- More than 6,000 customers during the first three months of the U-POWER household plan that was launched at the end of the 1Q



III. Revision of the FY2024 forecasts and dividend forecasts

Revision of the FY2024 forecasts (Consolidated)

- Business Systems and Energy performance is expected to be far higher than in the initial forecast
- Ordinary income is expected to increase expenses due to foreign exchange losses
- EBITDA-CAPEX is expected to exceed the initial forecast by almost the same amount as the increase in operating income

Million yen	FY2024 Previous forecast	FY2024 New forecast	Change	Change Percentage
Net Sales	300,000	316,000	+16,000	+5%
Operating Income	24,000	28,500	+4,500	+19%
Operating margin (%)	8.0%	9.0%	-	-
Ordinary Income	23,300	27,500	+4,200	+18%
Profit or Loss attributable to owners of parent	12,100	14,700	+2,600	+21%
Profit of Loss attributable to owners of parent [Adjusted]	15,280	17,850	+2,570	+17%
Net Income per share (yen)	201.34	244.50	-	-
Net Income per share [Adjusted] (yen)	254.26	296.89	-	-
EBITDA	34,500	39,000	+4,500	+13%
EBITDA margin	11.5%	12.3%	-	-
EBITDA-CAPEX	12,600	17,000	+4,400	+35%

Revision of the FY2024 forecasts (Segment)

Million yen		FY2024 Previous forecast	FY2024 New forecast	Change	Change Percentage	Major reasons for forecast revisions
Content Distribution	Net Sales	106,000	108,200	+2,200	+2%	Sales/earnings growth due to higher than planned number of U-NEXT subscribers
	Operating Income	8,100	8,400	+300	+4%	
Store Services	Net Sales	68,000	68,700	+700	+1%	Based on outlook for higher than forecast sales/gross profit, additional 2H expenditures of about ¥500mn to attract more customers
	Operating Income	9,900	9,900	± 0	-	
Communications	Net Sales	61,500	62,000	+500	+1%	Higher than forecast performance of ICT for business and Broadband internet service for stores
	Operating Income	6,600	7,000	+400	+6%	
Business Systems	Net Sales	24,000	26,100	+2,100	+9%	Sales of Hardware at hotels and healthcare facilities and the gross profit margin are higher than forecast
	Operating Income	3,900	5,700	+1,800	+46%	
Energy	Net Sales	45,000	55,500	+10,500	+23%	Large number of new U-POWER customers and higher profitability due to lower JEPX prices
	Operating Income	4,000	6,100	+2,100	+53%	
Adjustment	Net sales	-4,500	-4,500	± 0	-	About ¥1bn of branding expenditures in the 2H due to change in the company name to U-NEXT HOLDINGS on April 1, 2024
	Operating income	-8,500	-8,600	-100	-1%	

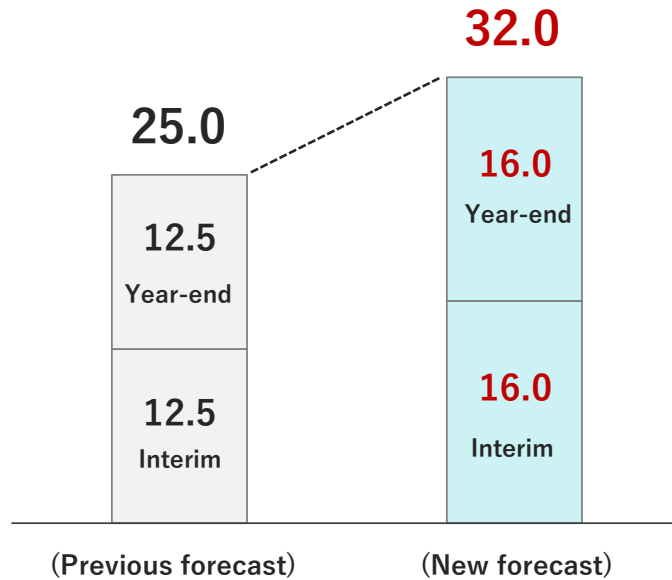
*The adjustment includes head office expenses, goodwill amortization, the elimination of inter-segment transactions and other items.

Revision of dividend forecast

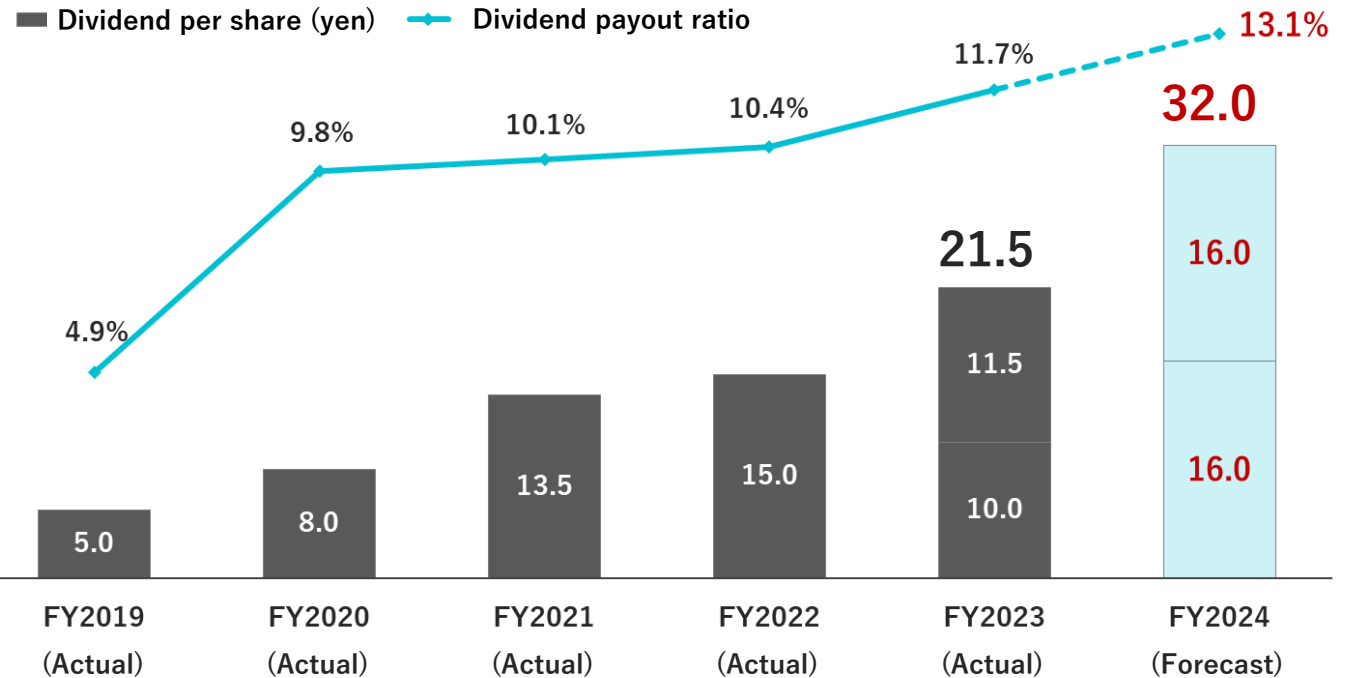
- The full-year dividend forecast has been raised from ¥25.0 to ¥32.0 per share
- U-NEXT HOLDINGS remains committed to continuing to raise the dividend

Revision of dividend in FY2024

■ Dividend per share (yen)



Dividend per share



IV. New company name

New company name

USEN-NEXT HOLDINGS became U-NEXT HOLDINGS on April 1, 2024.

New company name

U-NEXT HOLDINGS

New visual identity



The logo for U-NEXT HOLDINGS features the word "U-NEXT" in a bold, black, sans-serif font. A small, light blue square is positioned between the "U" and "N". Below "U-NEXT" is the word "HOLDINGS" in a smaller, black, sans-serif font.

Significance of the hyphen

A link to the future

- A link to continuing customer relationships
- A link among group companies
- A link with employees
- A link to growth and progress

Color of the new corporate brand

Turquoise blue

A color that symbolizes the future



The logo for U-NEXT HOLDINGS features the word "U-NEXT" in a bold, black, sans-serif font. A small, light blue square is positioned between the "U" and "N". Below "U-NEXT" is the word "HOLDINGS" in a smaller, black, sans-serif font.

Reason for the new name

Establishment of a corporate brand that is trusted and creates high expectations



- The widely recognized U-NEXT name will be used for recruiting, investor relations and other holding company functions.
- The group will be called USEN & U-NEXT GROUP, incorporating the USEN name that is well known among company managers and others in order to tell people this is still the USEN group of companies.

Establish as a B-to-B brand

Establish as a B-to-C brand

The new corporate slogan

The new corporate slogan “Next for U”

U

“U” signifies “you” as well as people worldwide.
“U” expresses our commitment to being an organization that wants to change the stores and communities where people gather and wants to increase happiness and excitement in our lives.

NEXT

“NEXT” expresses our commitment to being a source of what is needed next. We are an organization that uses technologies for solutions to remove many barriers that stand in the way of achieving a better future.
“NEXT” stands for our next step of progress as well as for our determination to continue playing a role in creating an even better future.

Next for U

V . APPENDIX

Segment overview

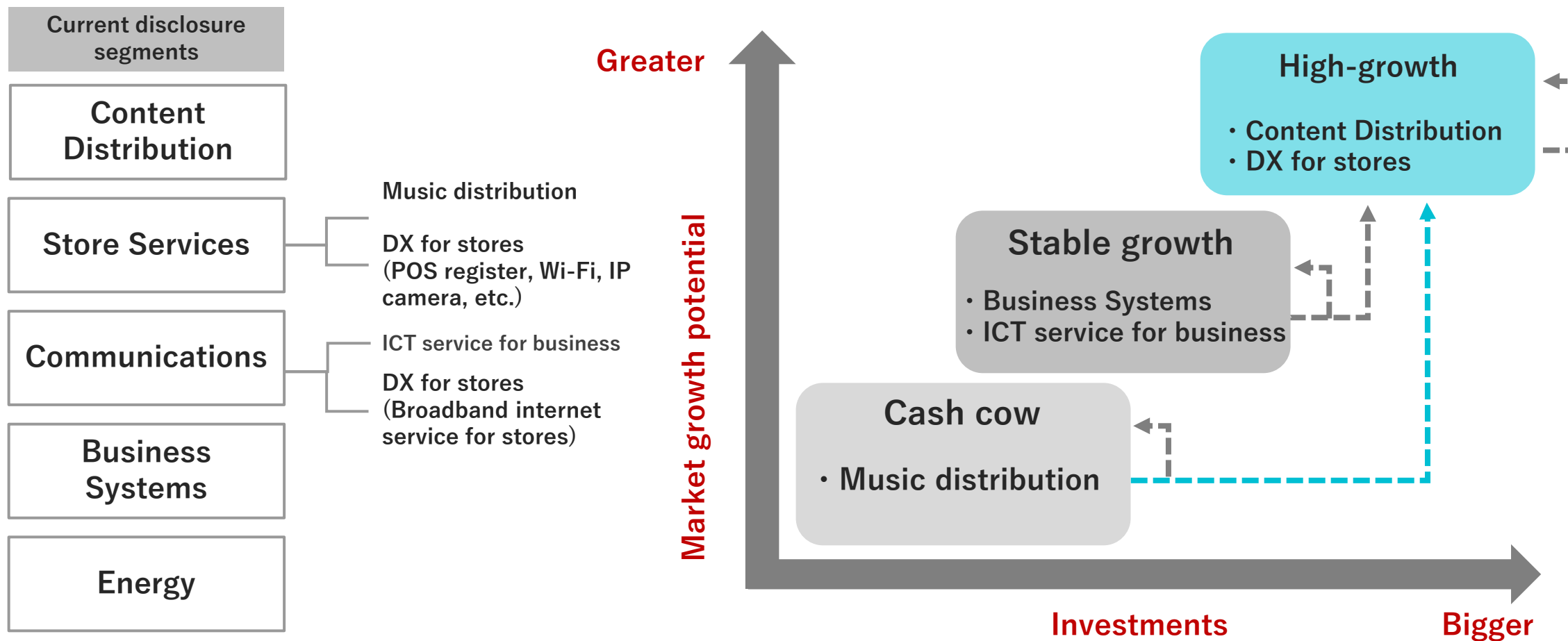
	Characteristics/Competitive edge	Growth strategy/Priority markets
Content Distribution	<ul style="list-style-type: none"> ✓ Provider of U-NEXT, one of Japan's primary video-on-demand services. No. 2^{*1} market share in Japan. ✓ Unlimited viewing coverage with the absolute No.1^{*2} in content volume in Japan ✓ More than 1.01 million e-books available in a single app ✓ Achieving high ARPU by offering a hybrid model of unlimited viewing and pay-per-use, as well as points equivalent to ¥1,200 per month 	<ul style="list-style-type: none"> ✓ Superior coverage: A competitive edge due to the size of the content lineup rather than the production of original content ✓ Unparalleled service that allows users to seamlessly enjoy the different categories of videos, books, and music and concerts, all in one app. ✓ Further expansion of titles that can lead and symbolize our brand and be available "ONLY ON" U-NEXT. ✓ Enlarging and upgrading the sports category to make it a core category with movies, anime and drama
Store Services	<ul style="list-style-type: none"> ✓ Music distribution for stores, which commands the No. 1 share in Japan, generates stable earnings ✓ A solid customer base built over more than 60 years of business development ✓ Maintaining and strengthening customer relationships with an in-house resource structure of 1,200 sales personnel and 900 field engineers covering all of Japan 	<ul style="list-style-type: none"> ✓ Use a platform of communication environments for upselling more than 60 IoT/DX products and services (integrated delivery/maintenance/support using internal resources) ✓ Increase focus on newly opened stores, where there is a high ratio of contracts for packages of services; use a cycle of stores that close and stores that open to replace these stores to slowly establish upselling
Communications	<ul style="list-style-type: none"> ✓ ICT Service for Business: A multivendor strategy underpins ICT service for business via a direct sales account manager system ✓ Broadband internet service for stores: Potential to bundle with DX offerings in the Store Services Business, sales promotion through a network of 250 agencies in addition to direct sales 	<ul style="list-style-type: none"> ✓ ICT Service for Business: Build a lineup that matches the ICT needs of businesses to aim for steady growth ✓ Broadband internet service for stores: Change from sales agent to providing our owned networks in order to switch to a recurring-revenue business model. More opportunities for upselling IoT/DX products and services by increasing the number of customers using our owned networks at stores.
Business Systems	<ul style="list-style-type: none"> ✓ Leisure hotels, business hotels and general hospitals are the main markets ✓ Leading market share in Japan for automated payment kiosks, using a fables production framework for these kiosks ✓ Competitive superiority by providing value through integrated services combining hardware, software/apps, and engineering/maintenance ✓ Gross profit and initial sales stably account for 45% and 55%, respectively 	<ul style="list-style-type: none"> ✓ Provide DX assistance to customers for the need to improve efficiency as Japan's working age population falls ✓ Increase recurring revenue by using software services for providing options for business systems equipment ✓ Use "Myna Touch" as the entry point for expanding market coverage to include small/midsize medical institutions and target opportunities created by the recovery in IT investment demand associated with the return of foreign tourists to Japan ✓ Establish a presence and grow in peripheral markets such as pet clinics and tourism facilities
Energy	<ul style="list-style-type: none"> ✓ Two business models: USEN DENKI, which buys electricity from the Tokyo Electric Power Group, and U-POWER, a supplier of green electricity that is purchased at current market rates using the Japan Electric Power Exchange (JEPX) ✓ Ability to leverage not only the Group's sales channels—direct sales, inside sales, sales agencies, etc.—but also the existing customer base 	<ul style="list-style-type: none"> ✓ USEN DENKI: Provide an infrastructure service to store customers as the entry point for sales channels of all USEN&U-NEXT Group businesses. ✓ U-POWER: Supplies low-voltage electricity at market-determined rates and has started supplying high-voltage electricity too. The goal is to increase the number of customers by using joint activities with USEN and other companies to meet demand associated with the growing interest in ESG

*Source : *1 GEM Partners Video on Demand Market Five-year Forecast Reports

*2 GEM Partners, March 2024

Portfolio management

Aim for sustained growth by making big investments in growing businesses while also reinvesting earnings generated by current businesses



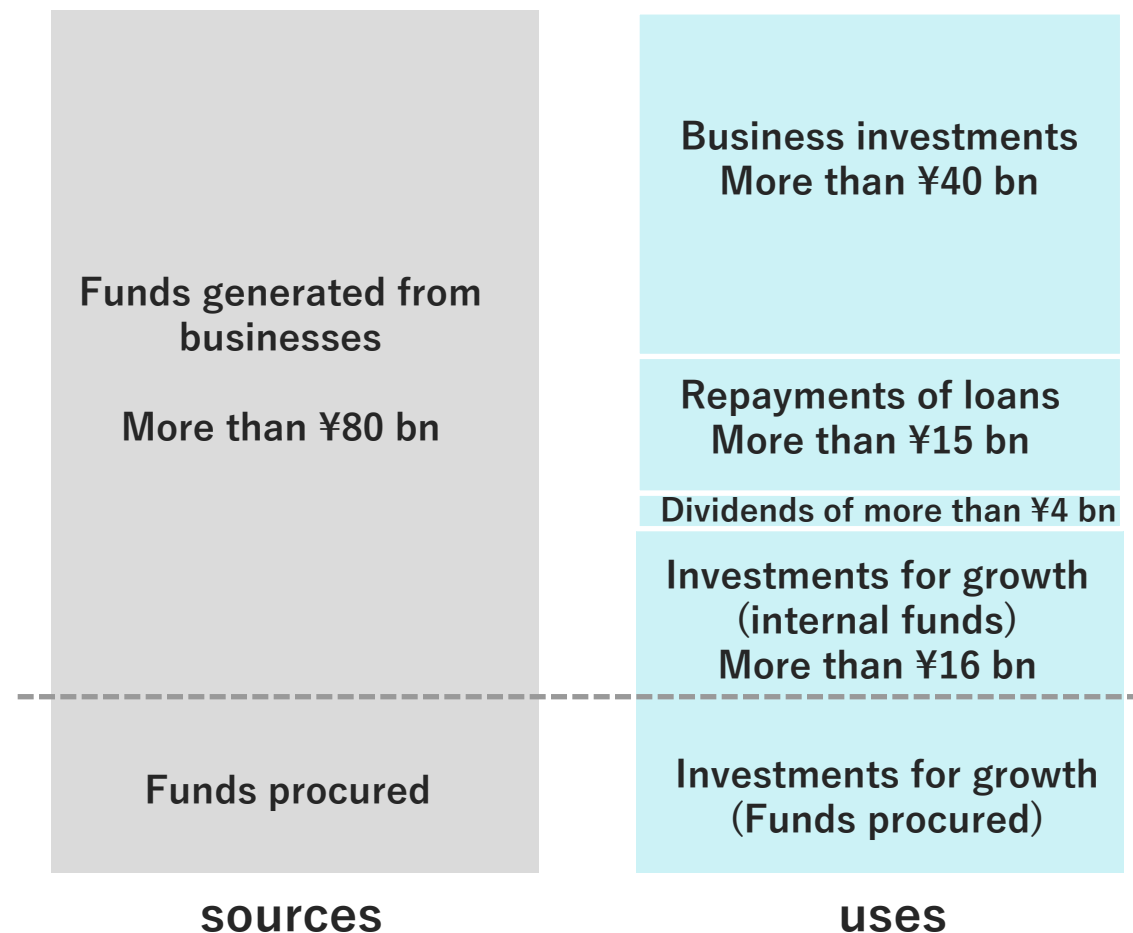
Financial strategy

Major financial indicators

	Previous Plan (Actual)		Plan for FY8/25
	FY8/19	FY8/21	
ROE	33.6%	27.2%	About 20%
Equity ratio	14.9%	23.6%	30%~40%
Leverage ratio	4.2	2.6	Under 1.5 times
Debt equity ratio	3.5	1.9	Under 1.0 times

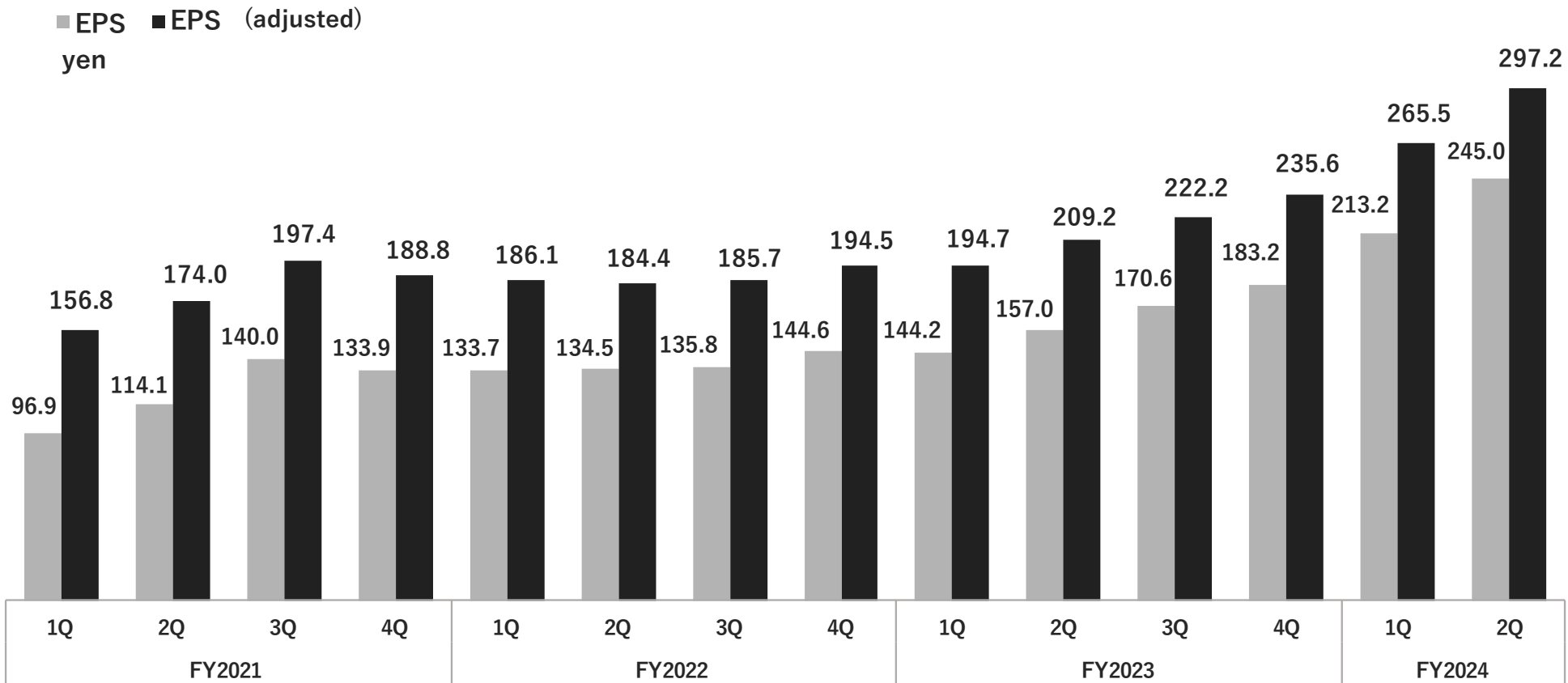
*In the plan, the effect of any M&A activity associated with fund procurement activities is not included.

- Continue efficient business operations while utilizing financial leverage: Maintain an ROE of about 20% and raise the equity ratio to 30% to 40%
- Continue lowering the leverage and debt-to-equity ratios and strengthen fund procurement capabilities in order to utilize M&A opportunities with speed and flexibility.



EPS (LTM)

Big YoY increase because of higher earnings



EPS (adjusted)
YoY +¥88 (Quarter)
QoQ +¥32

EPS
YoY +¥88 (Quarter)
QoQ +¥32

※LTM : Last Twelve Month

Consolidated balance sheet

- Current assets : Prepaid expenses increased mainly because of purchases of content
- Non-current assets : Decrease is the net result of higher property, plant and equipment and software and amortization of goodwill
- Liabilities : Increase in other current liabilities is mainly income taxes payable
- Net assets : Increased as net income raised equity, partially offset by year-end dividend

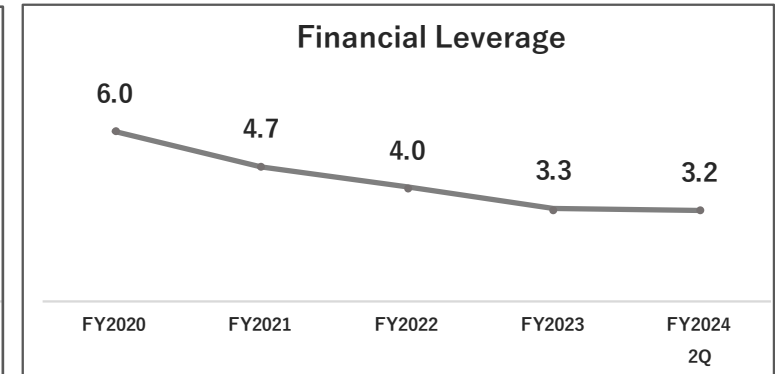
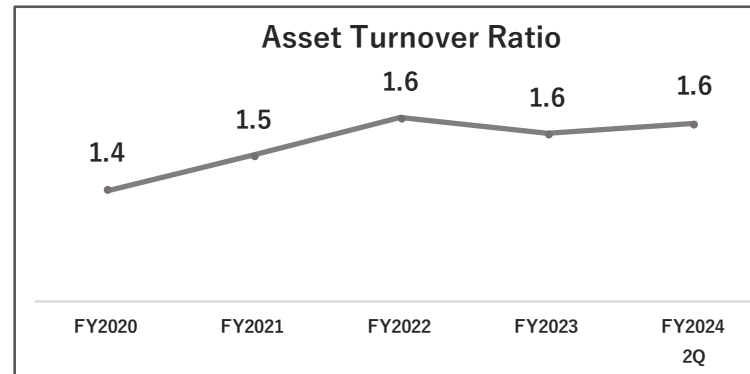
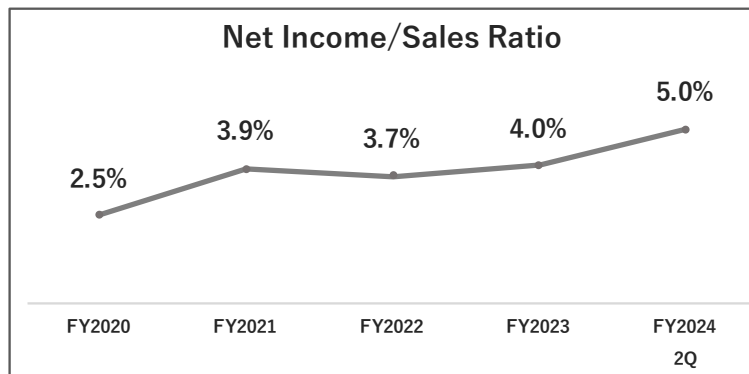
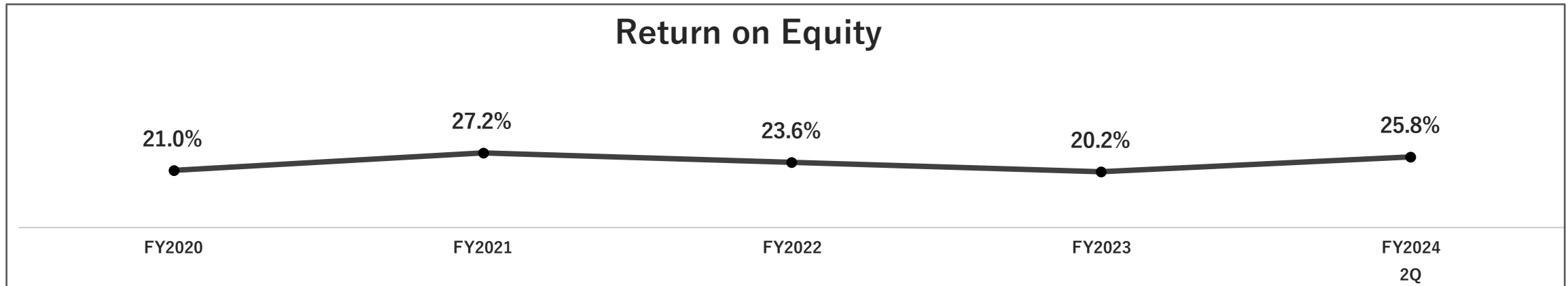
Million yen	FY2023	FY2024 2Q	Difference
(Assets)			
Current assets	121,225	131,382	+10,157
Cash and deposits	52,132	52,818	+686
Notes and accounts receivable-trade	31,989	32,453	+465
Inventories	9,708	10,934	+1,226
Prepaid expenses	24,364	32,659	+8,295
Other	3,030	2,516	-515
Non-current assets	79,298	78,539	-760
Property, plant and equipment	18,419	18,630	+212
Intangible assets	48,675	47,719	-955
Goodwill	42,591	41,065	-1,527
Other	6,083	6,654	+571
Investment and other assets	12,204	12,188	-16
Total assets	200,524	209,921	+9,398

Million yen	FY2023	FY2024 2Q	Difference
(Liabilities)			
Current liabilities	55,527	58,270	+2,743
Notes and accounts payable-trade	26,466	26,654	+188
Short-term loans payable	-	-	-
Current portion of long-term loans payable	3,000	3,000	-
Other	26,060	28,615	+2,555
Non-current liabilities	67,289	65,493	-1,796
Bonds payable	10,000	10,000	-
Long-term loans payable	50,970	49,470	-1,500
Other	6,319	6,023	-296
Total liabilities	122,817	123,763	+947
(Net assets)			
Shareholder's equity	68,020	76,060	+8,040
Capital stock	97	99	+2
Capital surplus	29,784	29,786	+2
Retained earnings	38,138	46,174	+8,036
Treasury stock	-0	-0	-
Valuation and translation adjustments	431	391	-40
Non-controlling interests	9,255	9,705	+450
Total net assets	77,707	86,157	+8,451
Total liabilities and net assets	200,524	209,921	+9,398

Return on equity (LTM)

*LTM : Last Twelve Month

LTM ROE increased as profitability (net income ratio) improved, exceeded 25%



*Return on Equity : Net Income/Sales ratio × Asset Turnover ratio × Financial Leverage

*Net Income/Sales ratio : Profit or Loss attributable to owners of parent /Net Sales

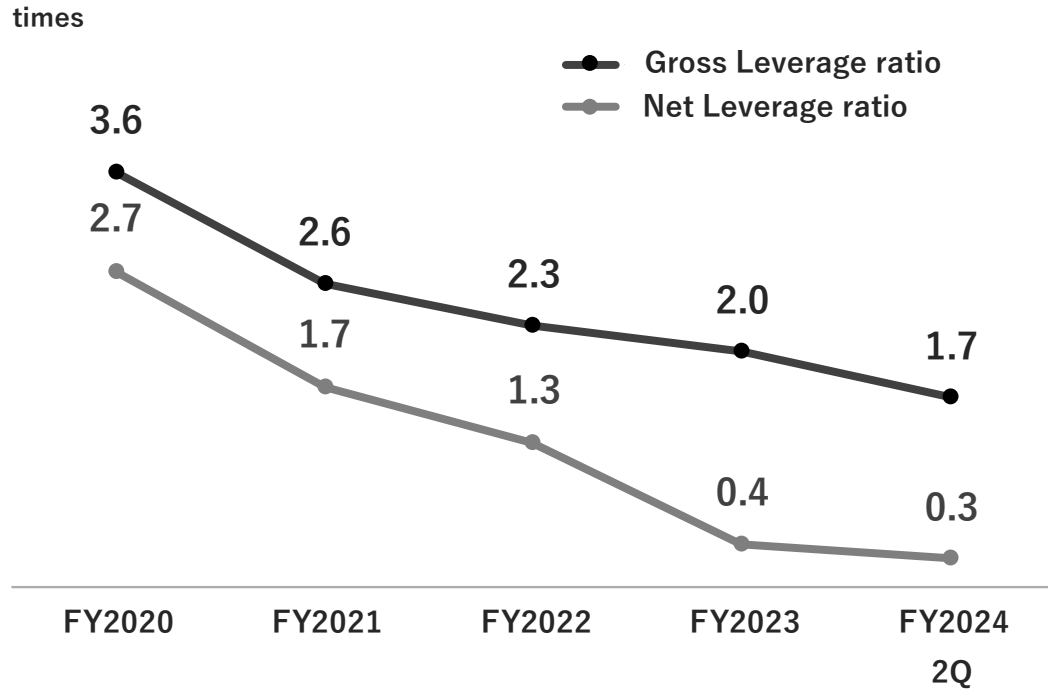
*Asset Turnover Ratio : Net Sales /Total assets

*Financial Leverage : Total assets / (Net assets – Subscription rights to shares – Non-controlling interests)

Leverage ratio (LTM) / Debt/Equity ratio

- EBITDA growth lowered the gross leverage ratio to below 2
- The debt/equity ratio was unchanged

Leverage Ratio (LTM)

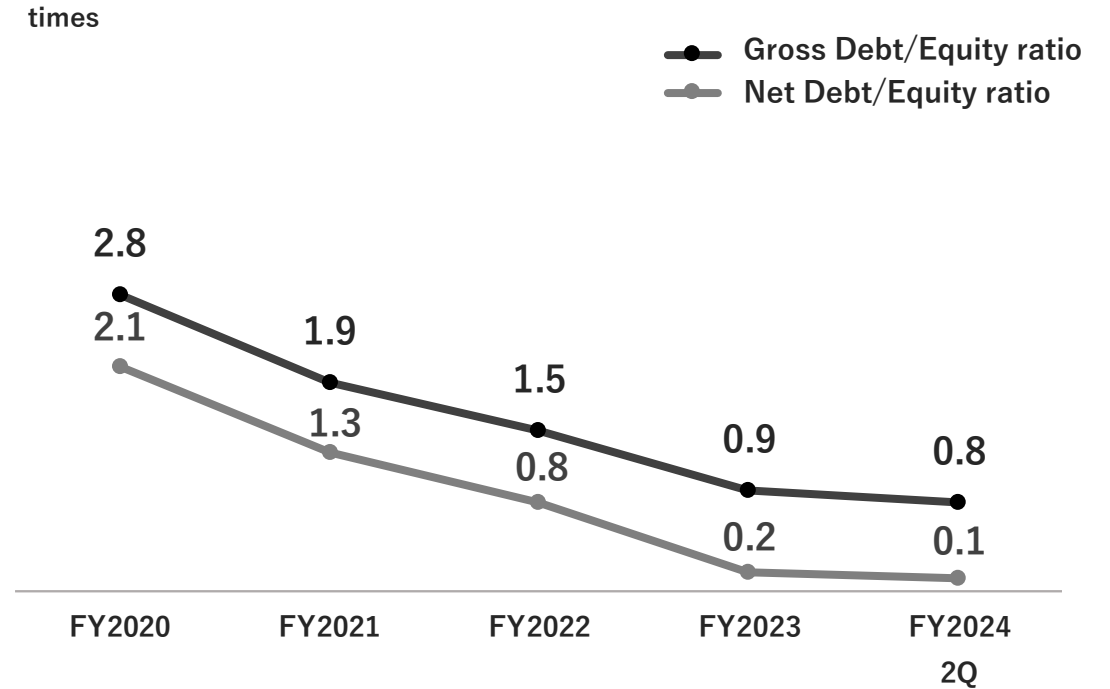


*LTM : Last Twelve Month

*Gross Leverage ratio : Debt ÷ EBITDA

*Net Leverage ratio : (Debt - Cash) ÷ EBITDA

Debt/Equity Ratio



*Gross Debt/Equity ratio : Debt ÷ Shareholder's equity

*Net Debt/Equity ratio : (Debt - Cash) ÷ Shareholder's equity

Equity spread & EVA spread

(Billion yen)

		FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Forecast	Remarks
ROE	① = ②/③	27.2%	23.6%	20.2%	19.7%	About the same as in FY23/08
Net Income	- ②	80	87	110	147	
Shareholder's equity (Average)	- ③	293	365	540	745	¥27 billion sale of stock in FY2023
ROIC	④ = (⑤ × (1 - ⑥))/(③+⑦)	10.4%	11.3%	11.9%	13.3%	Above 13% in FY2024 forecast
Operating Income	- ⑤	156	173	216	285	
Effective tax rate	- ⑥	36%	36%	36%	36%	
Shareholder's equity(Average)		293	365	540	745	¥27 billion sale of stock in FY2023
Debt(Average)	- ⑦	671	617	617	625	¥10 billion sale of bonds in FY2023
Cost of capital	⑧ = ⑨+(⑩ × ⑪)	5.3%	11.5%	9.3%	7.8%	Declining after the peak in FY22/08
10-year Japanese gov't bond	- ⑨	0.0%	0.2%	0.7%	0.7%	Based on the last day of each fiscal year (rate at end of Feb. '24 for FY24/08)
Market risk premium	- ⑩	5.2%	7.4%	7.0%	6.2%	Average of each fiscal year (LTM at end of Feb. '24 for FY24/08)
Shareholder beta	- ⑪	1.02	1.52	1.23	1.14	Calculated at 52 weeks/104 weeks/36 months/60 months with 95% confidence interval
WACC	⑫ = ⑧ × ⑬+⑭ × ⑮	2.5%	5.2%	5.2%	4.8%	Equity ratio is increasing (more financial soundness)
Cost of shareholder's equity		5.3%	11.5%	9.3%	7.8%	
Shareholders' equity ratio	- ⑬	34%	40%	52%	57%	
Cost of dept	- ⑭	1.1%	1.1%	0.8%	0.8%	
Debt to Total Assets	- ⑮	66%	60%	48%	43%	
Equity spread	① - ⑧	22.0%	12.1%	10.9%	11.9%	
EVA spread	④ - ⑫	7.9%	6.0%	6.8%	8.5%	

Forward-looking Statements

This presentation includes opinions, forecasts and other statements that are based on the judgments of management when this presentation was prepared. As this information incorporates risk factors and other uncertainties, U-NEXT HOLDINGS makes no promise that this information is accurate or complete.



JPX-NIKKEI 400



JPX-NIKKEI Mid Small