



U-NEXT
HOLDINGS

**Introduction of
USEN & U-NEXT Group**

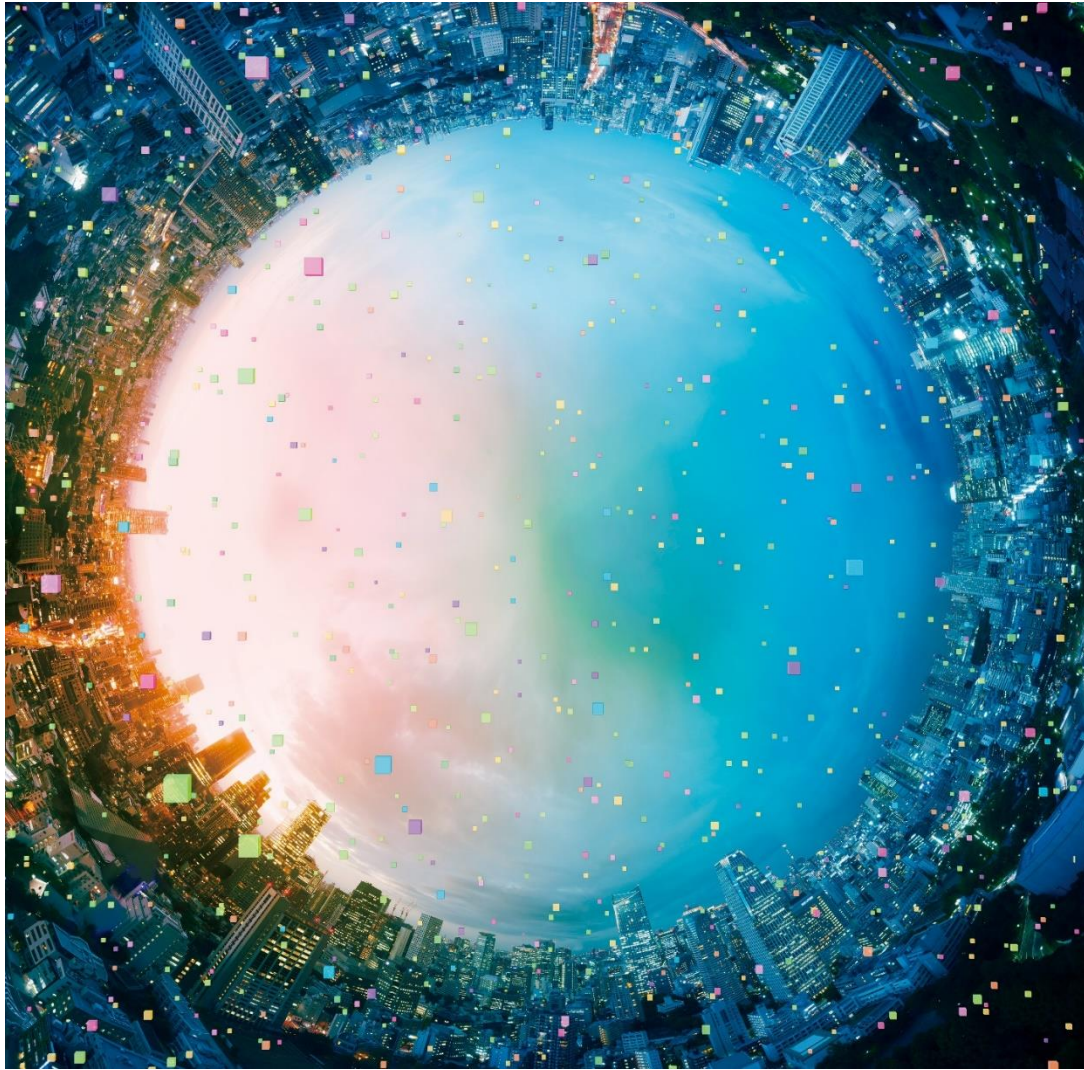
June 2024

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3. Store Services
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1. Corporate overview

Purpose



A “Social DX” company that makes the future closer

A Social DX company that spreads digital transformation (DX) to every corner of daily life.

By spreading DX throughout entire cities and societies, we will expand the horizons of new value. This is the social DX we strive toward.

Five business segments

BtoB

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

Store Services

(Restaurants · Retailers · Beauty salons)

Background music, POS register,
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

At a glance

These figures are as of August 31, 2023, except where otherwise noted

Net sales

¥276.3 bn

Operating profit

¥21.6 bn

EBITDA

¥31.3 bn

Market capitalization

¥320.0 bn

(Based on the highest stock price of FY2024)

ROE

20%

ROIC

12%

Founded in

1961

Number of employees

4,905

SVOD market share in Japan*1

No.2

Market share of music distribution for stores in Japan*2

90%

Automated payment machines market share in Japan*3

No.1

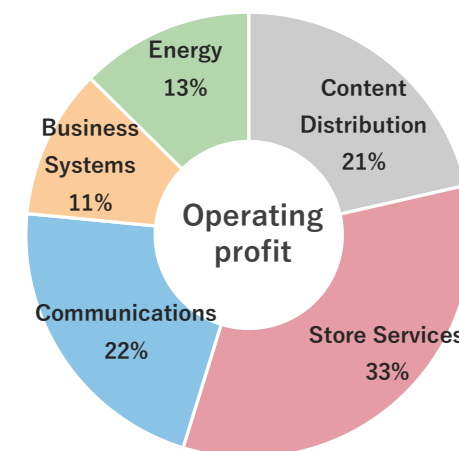
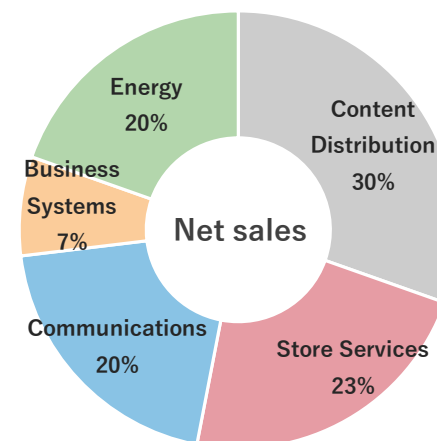
*1 Video on Demand Market Five-year Forecast, GEM Partners

*2 U-NEXT HOLDINGS assumptions

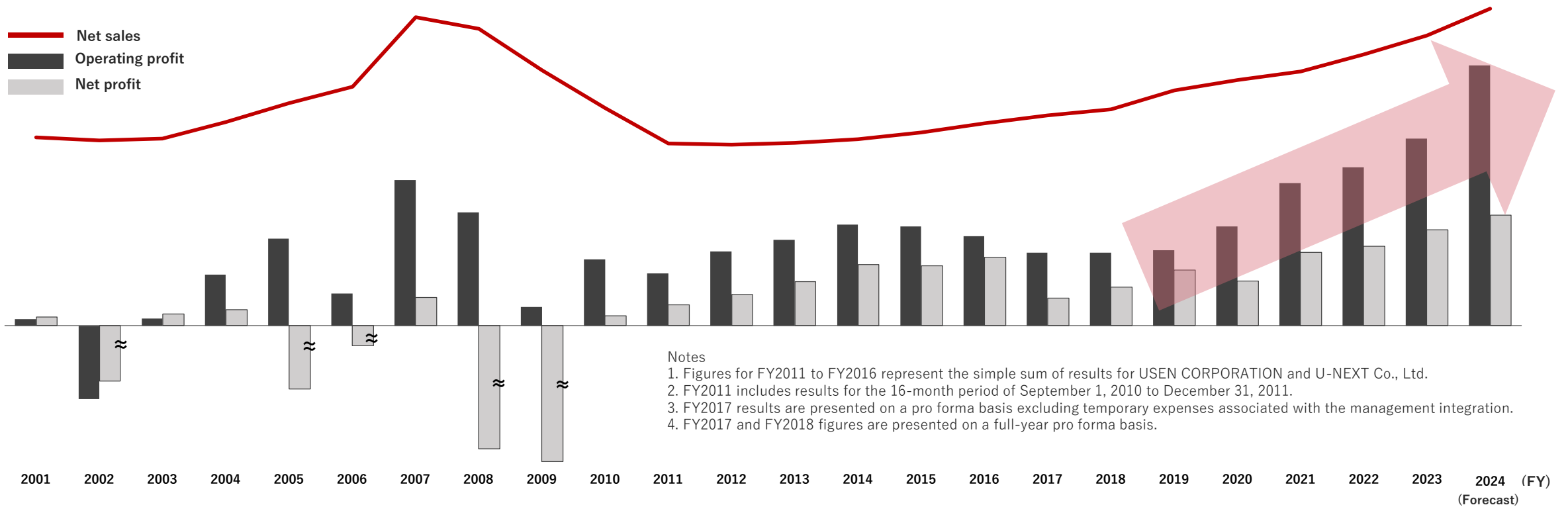
*3 U-NEXT HOLDINGS assumptions

*4 Business segment share of the simple sum of earnings of all business segments

Business segment composition*4



History with changes and growth



From diversification to restructuring (–2009)

Diversification by adding communication, video distribution and other businesses. Broadband network and other investments raised expenses. Additional challenges due to the global financial crisis and two consecutive years of losses of more than ¥50 billion resulted in restructuring that included shutting down unprofitable businesses.

Stabilization (2010–2016)

In 2010, U-NEXT was separated from USEN and USEN's stability improved as the company focused on cash-cow businesses. The video distribution business of U-NEXT grew and this company was listed on the TSE MOTHERS in 2014 and the TSE first section in 2015.

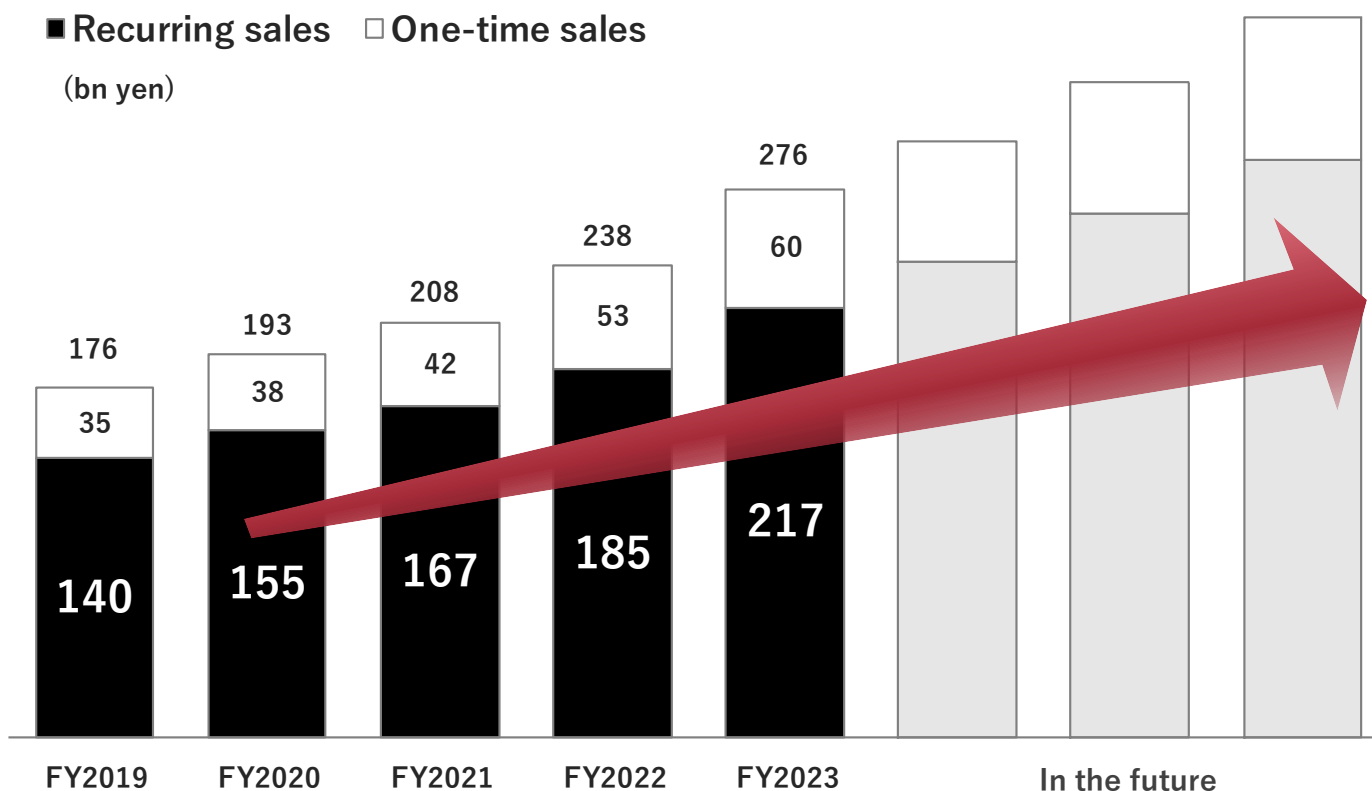
From integration to today (2017–)

The 2017 management integration of USEN and U-NEXT created the USEN & U-NEXT Group. Even during the pandemic, depreciation of the yen and other difficulties, all businesses grew and the company has achieved seven consecutive years* of sales and earnings growth.

* Sales figures are converted from 8-month financial results to 12-month financial results for the fiscal year ended August 31, 2018

Recurring sales growth

Steady growth backed by consistent growth of recurring sales



Recurring sales ratio (% of total sales)

80 %

Recurring sales CAGR (5 years)

Above **+10 %**

Recurring sales (FY2023 actual)

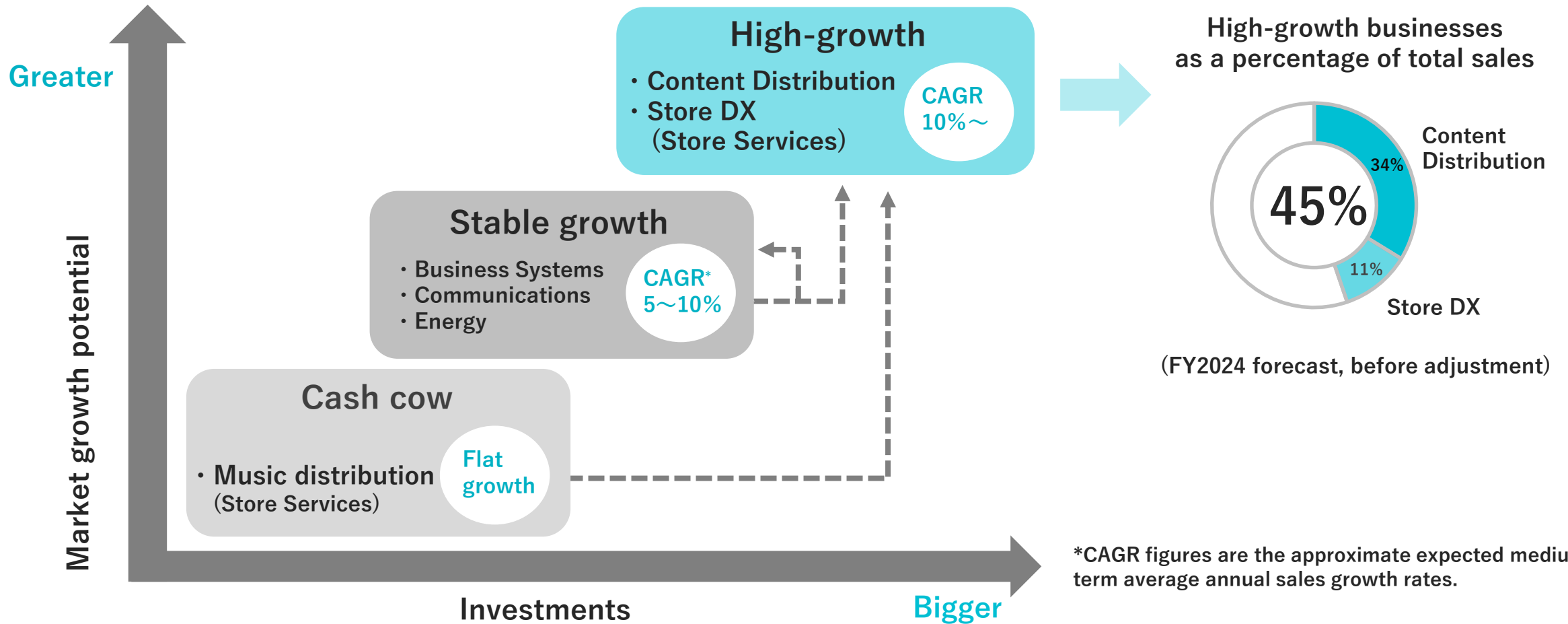
Above **¥210 bn**

*Recurring sales: Continuous revenues, such as fixed monthly fee services, etc.

*One-time sales sales: One-shot revenues such as device sales, pay-per-view content, etc.

Portfolio management

Using cash flows to fund investments in high-growth businesses for further growth



2. Content Distribution

Investment highlights

1. Differentiation strategies

- A content lineup using the revenue sharing model
- Unique content using exclusive distribution rights
- Hybrid structure combining unlimited viewing and loyalty points

2. Market growth potential

- More rapid growth is expected in Japan's SVOD market.

3. Growth strategies

- Expansion of content lineup
- Attract many categories of users by marketing mix with three integrated channels
- Use loyalty points to increase user satisfaction and ARPU

Vision

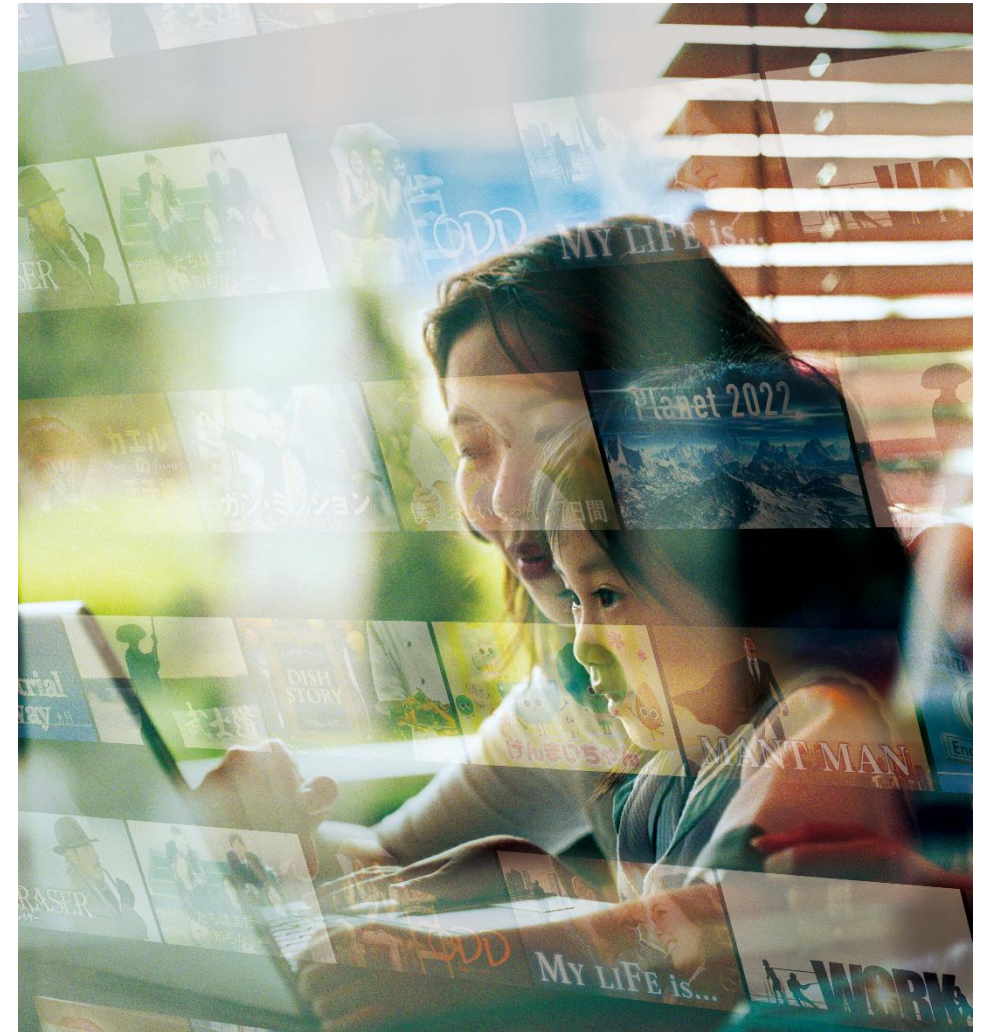
A provider of the best possible way to spend time for everyone

U-NEXT is Japan's pioneer in the subscription video on demand (SVOD) market, having started this service in 2007.

People use entertainment as a way to enjoy their free time. Our responsibility is to make that time the best it can be.

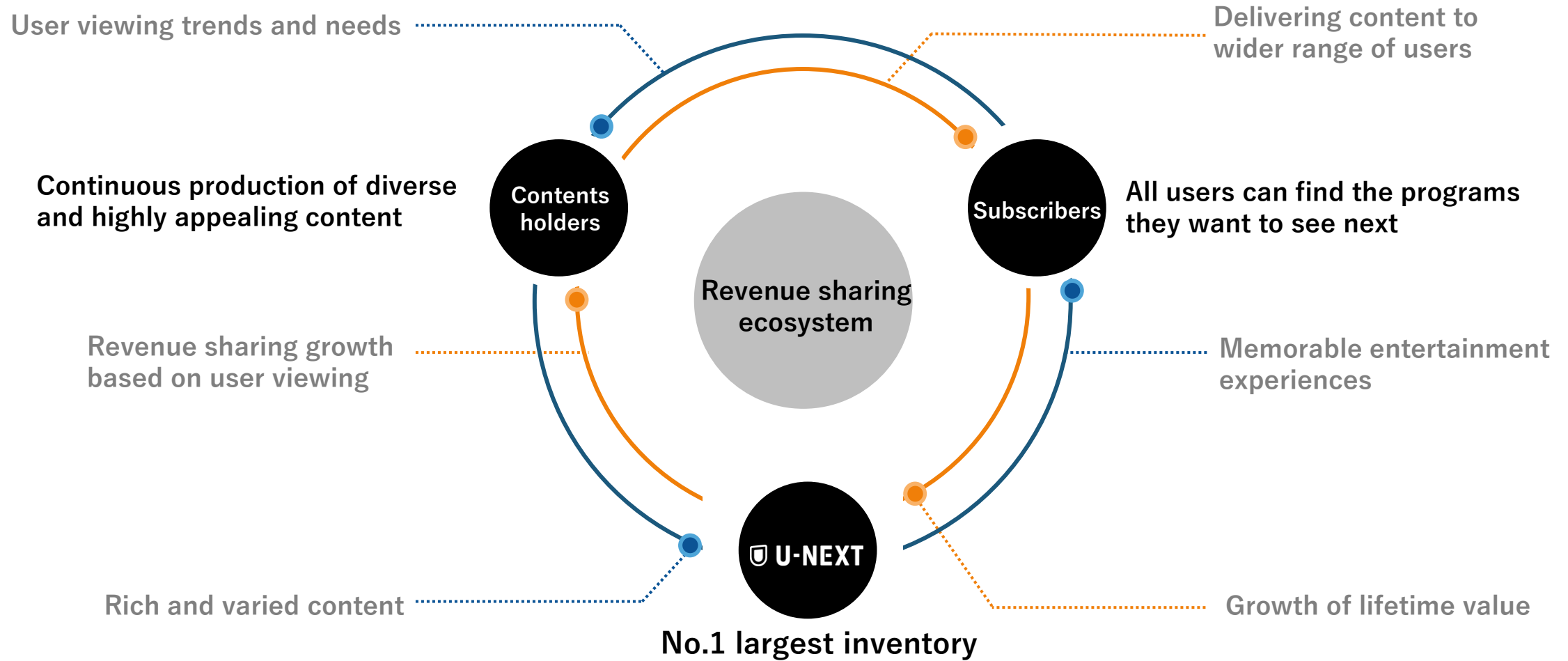
Since we launched our SVOD service, we have retained a firm commitment to content diversity, the ease of viewing programs and the use of the latest technologies.

We are dedicated to continuing to provide entertainment that enables everyone to spend their free time in the best possible way.



Differentiation strategies: Revenue sharing model

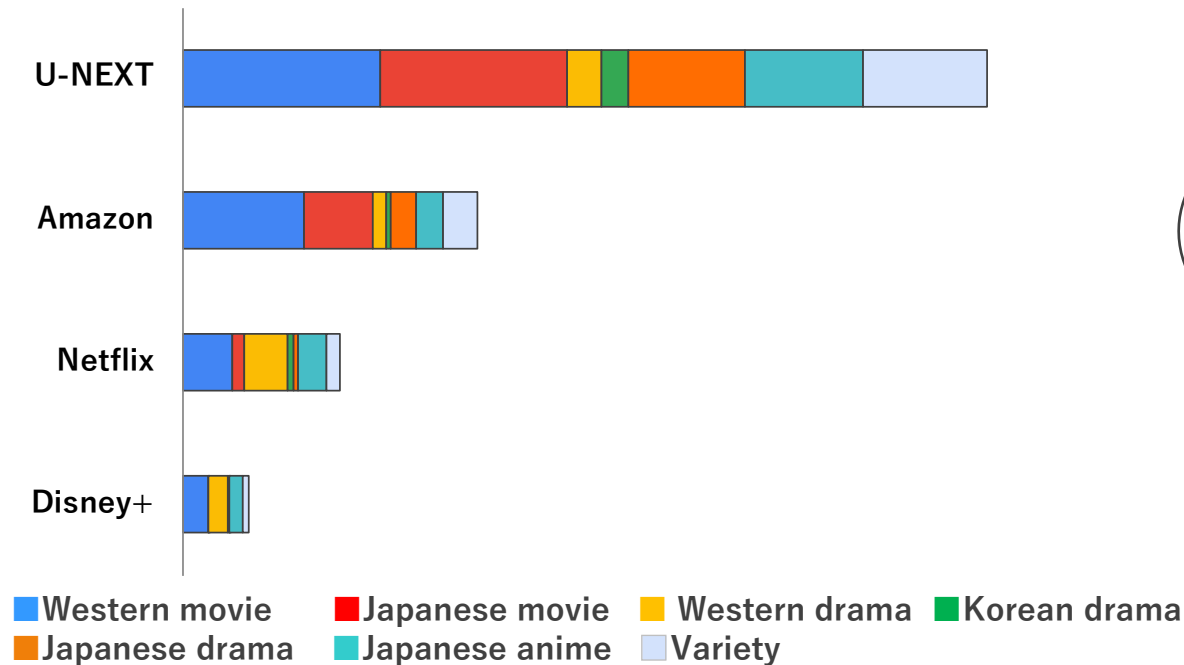
Our ecosystem makes possible the steady expansion of content



Differentiation strategies: Overwhelming leadership in Coverage

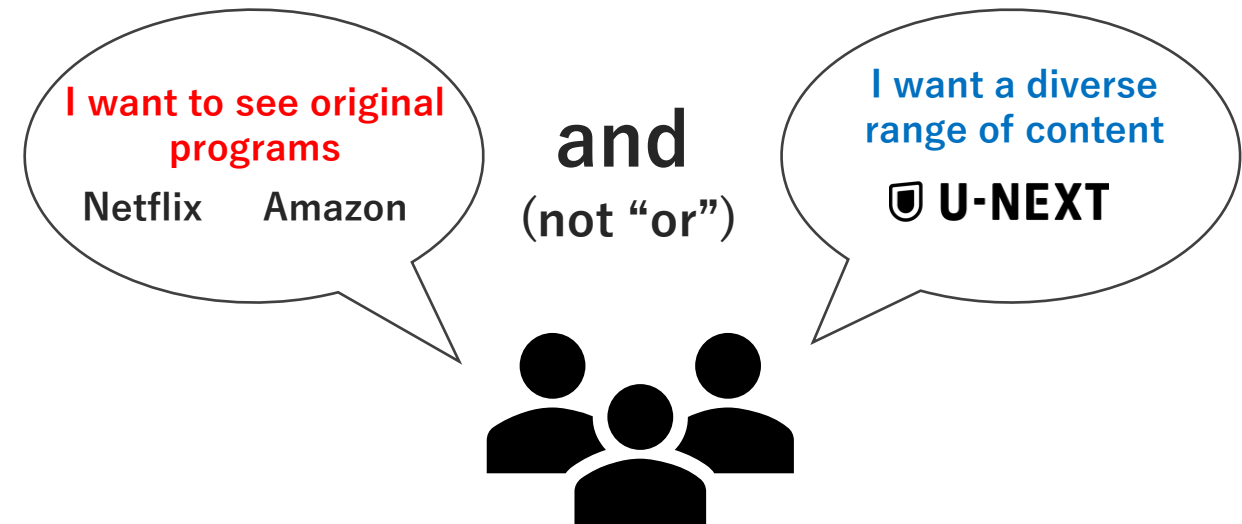
Always the first or second choice due to an enormous volume of content

Number of content



A market where competing services can coexist

Consumers in Japan use an average of **two services***



Source: Analysis of 2022 Video Content Users, GEM Partners

Source: GEM Partners November 2023 survey. The survey covered western movies, Japanese movies, Korean and Asian dramas, other dramas from outside Japan, Japanese drama, animated programs, and variety shows provided in major flat-rate video distribution services in Japan. On-demand paid content is surveyed separately.

Differentiation strategies: Expansion of exclusive content

As of April 2024

More programs that can be viewed only by using U-NEXT



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© Revolver LILY Film Partners



© STUDIO DRAGON CORPORATION



© Yoshito Usui/Shin Jigen! Crayon Shin-chan Production Committee



『GACKT LAST SONGS 2024 feat. K』



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Differentiation strategies: Hybrid of unlimited viewing & points



2,189 JPY per month

Approx. 15 US\$ (¥150/US\$)

Streaming

- No.1 largest inventory* (Over 300,000 contents)
- Unlimited 190 e-magazine viewing
- Add to 3 sub-accounts at no additional cost

*GEM Partners, April 2024

+

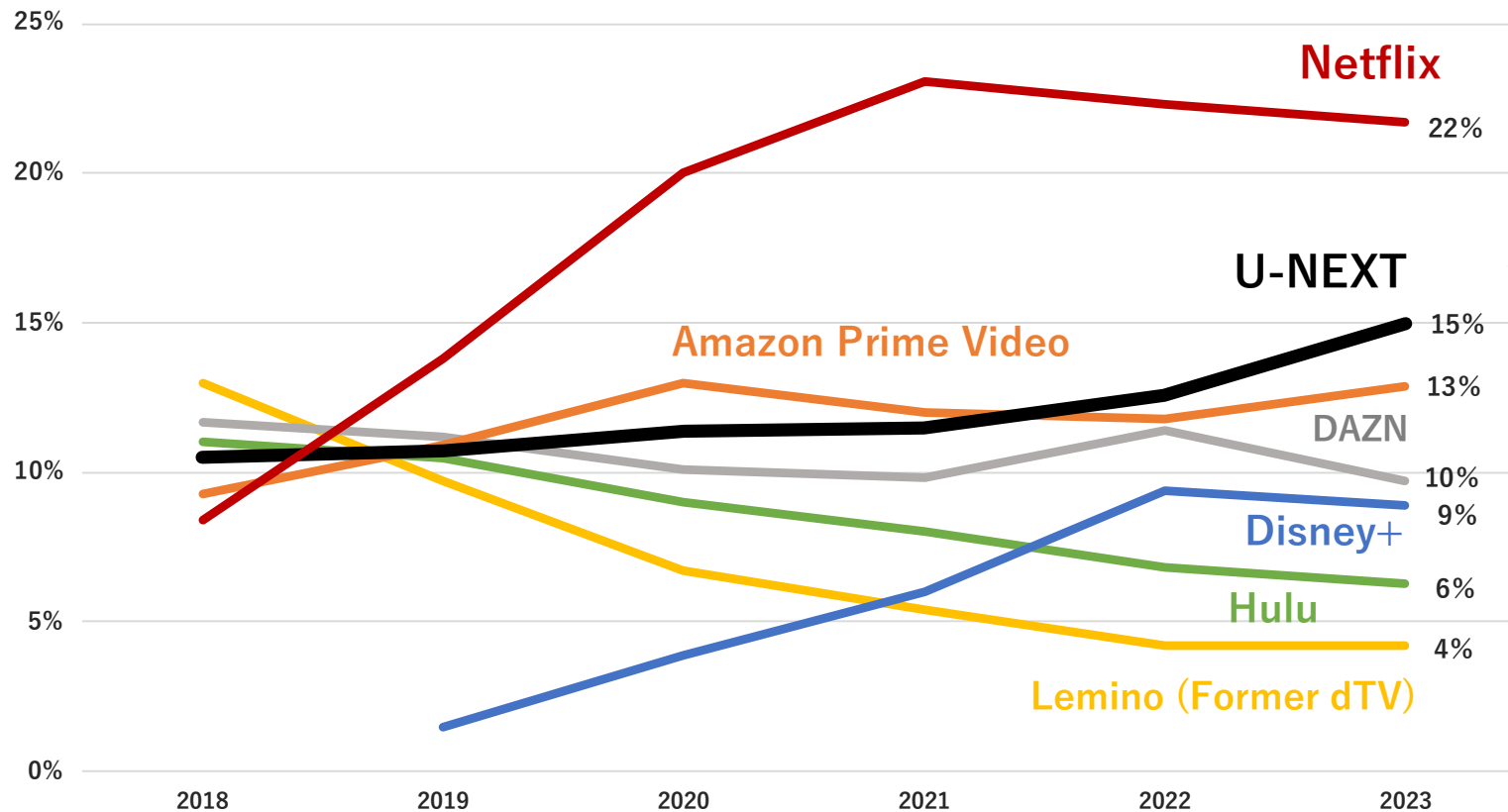
¥1,200 Loyalty points

Approx. 8 US\$ (¥150/US\$)

- Rentals of the latest videos (movies, dramas)
- Purchase of more than 1 million e-books
- Purchase of movie tickets
- Purchase of tickets for viewing live events

Market growth potential: Market share in Japan

Only U-NEXT is consistently increasing its market share.



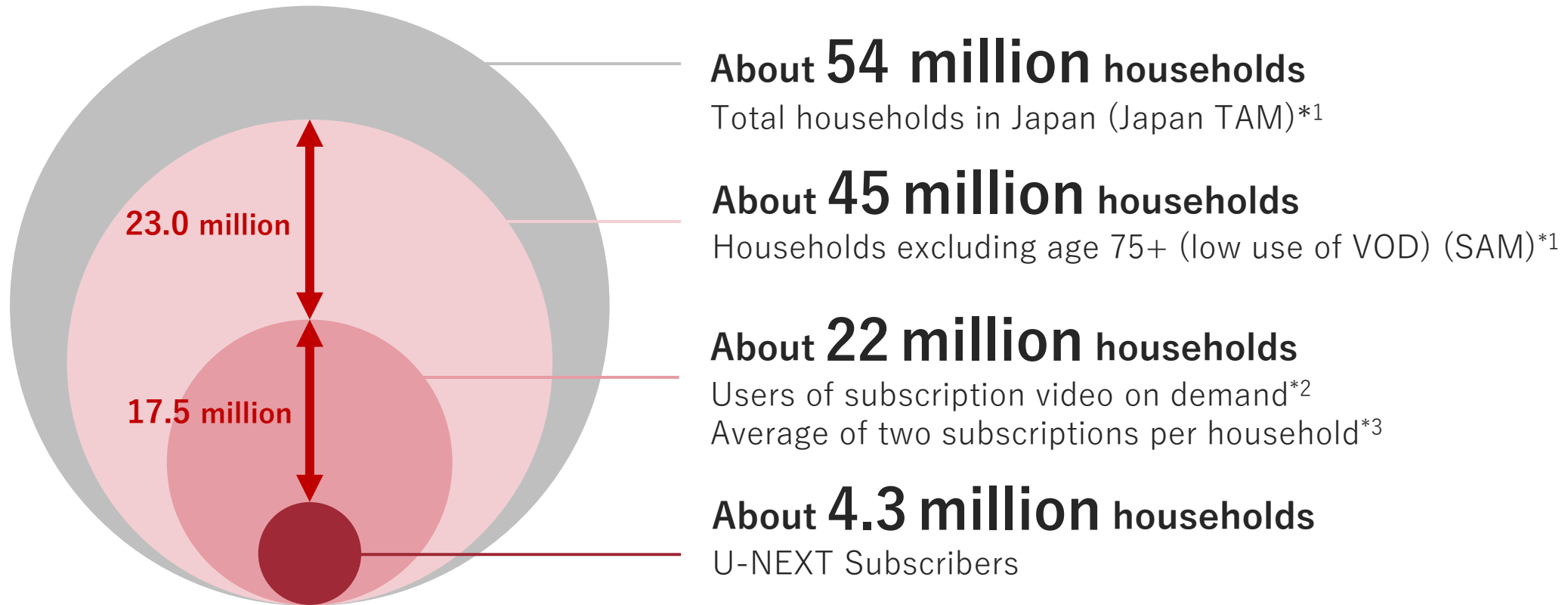
U-NEXT is No.2 after Netflix (No.1 in Japanese companies)

Market share includes the additional share due to the Paravi service integration beginning in July 2023 (only the last six months of 2023).

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

Market growth potential: JAPAN TAM

Significant Growth Potential in Japan's SVOD Market



*1 2022 Comprehensive Survey of Living Conditions, Ministry of Health, Labor and Welfare

*2 Based on 38.6% use of fee-based VOD services in 2023 according to the 2023 VOD Business Survey Report by Impress

*3 Analysis of VOD/Broadcast/Video Software Market Users (2022), GEM Partners

Growth strategies: Expansion of content lineup

6 million subscribers is the initial goal for the first-in-all-categories strategy

Korean drama



vs. foreign OTT

Japanese drama



vs. Japanese TV station platforms

Switch to categories where U-NEXT is strong

Music



vs. CS/BS (pay channel)

Sport



vs. CS/BS/foreign OTT

Drivers of growth from 4 to 6 million subscribers

Movie



Anime



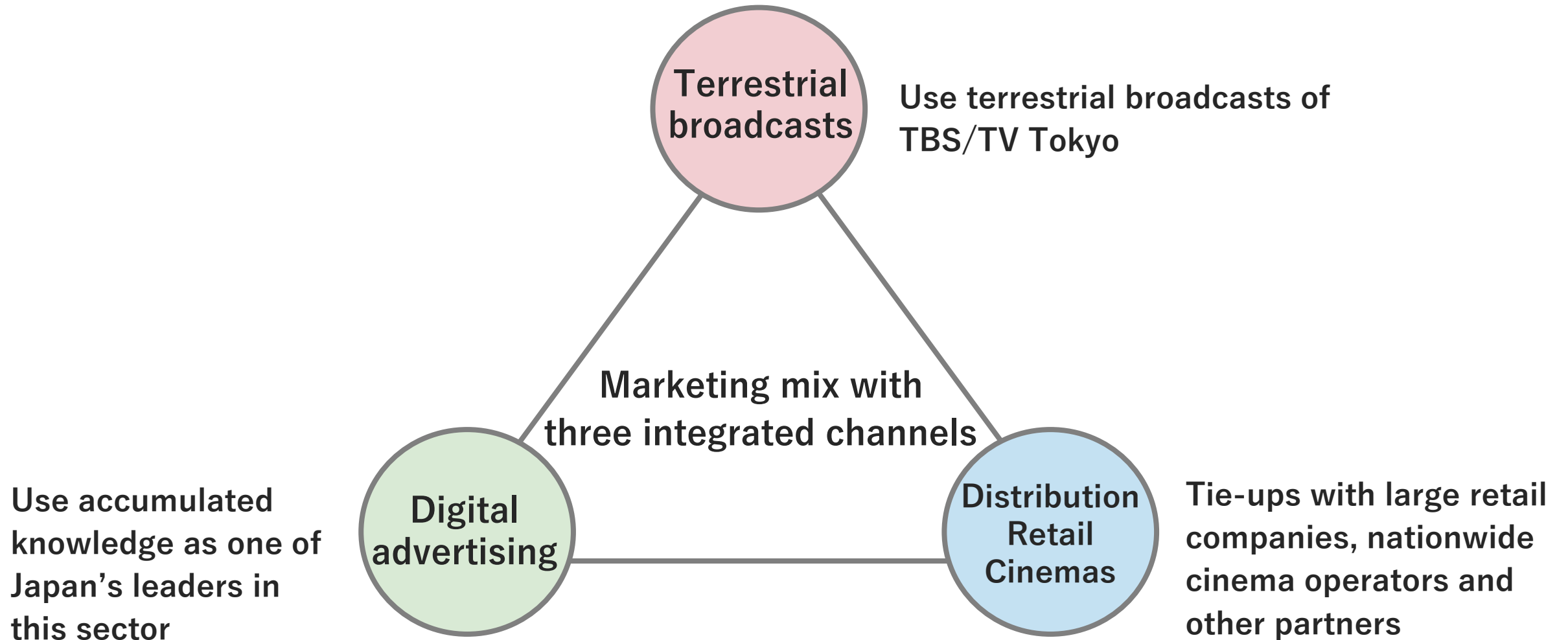
Western drama



First place categories that supported growth to 4 million subscribers

『Lovely Runner』 © CJ ENM Studios Co., Ltd.
『VIVANT』 ©TBS
『UTADA HIKARU WILD LIFE』 ©UNIVERSAL MUSIC LLC
『LALIGA』
『I Wish I Could Meet You Again on the Hill Where That Flower Blooms』 ©2023 I Wish I Could Meet You Again on the Hill Where That Flower Blooms Production Committee
The Movie 『My Next Life As a Villainess: All Routes Lead to Doom!』 © Satoru Yamaguchi, Ichijinsha / Hamefura the Movie Production Committee
『THE LAST OF US』 © 2023 Home Box Office, Inc. All rights reserved. HBO® and all related programs are the property of Home Box Office, Inc.

Growth strategies: Marketing that attracts diverse users



Growth strategies: The Loyalty Point Strategy

Higher user satisfaction and ARPU by variety of appealing point services

 Rentals of latest videos



Monthly packages
Optional

 E-books



Smartphone services
Under development

 Movie tickets



Music subscriptions
Under development

 Tickets for viewing live events



Merchandise
Potential activity in the future

Higher user satisfaction & ARPU

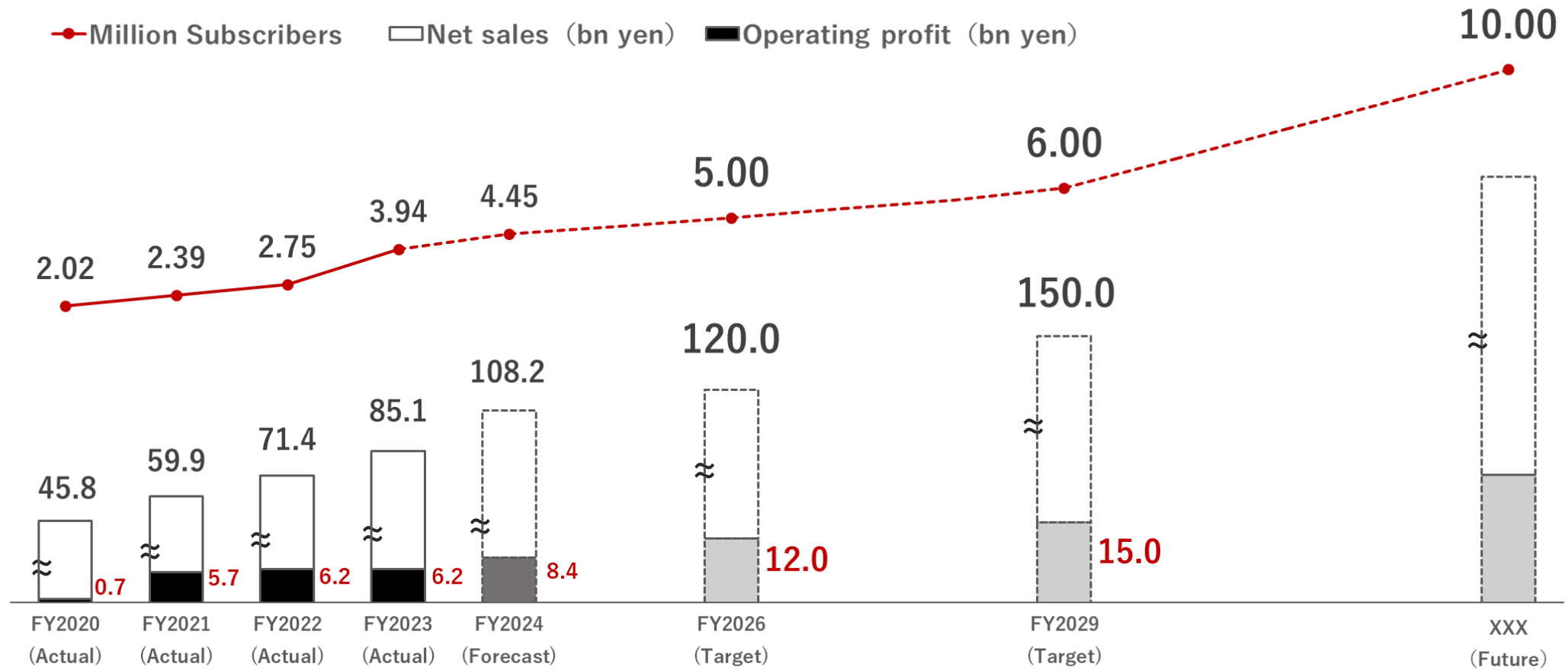


P

U-NEXT points

Growth strategies: KPI & PL

Targets are 10 million subscribers and No. 1 SVOD service in Japan



3. Store Services

Investment highlights

1. More growth of store DX demand

- More growth of store DX demand because of the labor shortage

2. Strengths

- Competitive superiority due to a large music distribution customer base and skilled workforce

3. Growth strategies

- Sales centered on new stores increase profitability and the number of contracts
- A larger lineup for the flexibility to meet the future needs of stores

A new future for stores

A mission of Store Services is to create “human value” that exceeds the value of IT. As the pace of innovation increases, stores and restaurants are using the digital transformation (DX) to create time for services only people can provide in order to build stronger relationships with customers.



More growth of store DX demand

More demand for DX as labor shortage severity increased in stores

Pct. of companies with difficulty hiring part-time workers

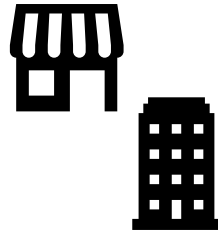
Restaurants

70%



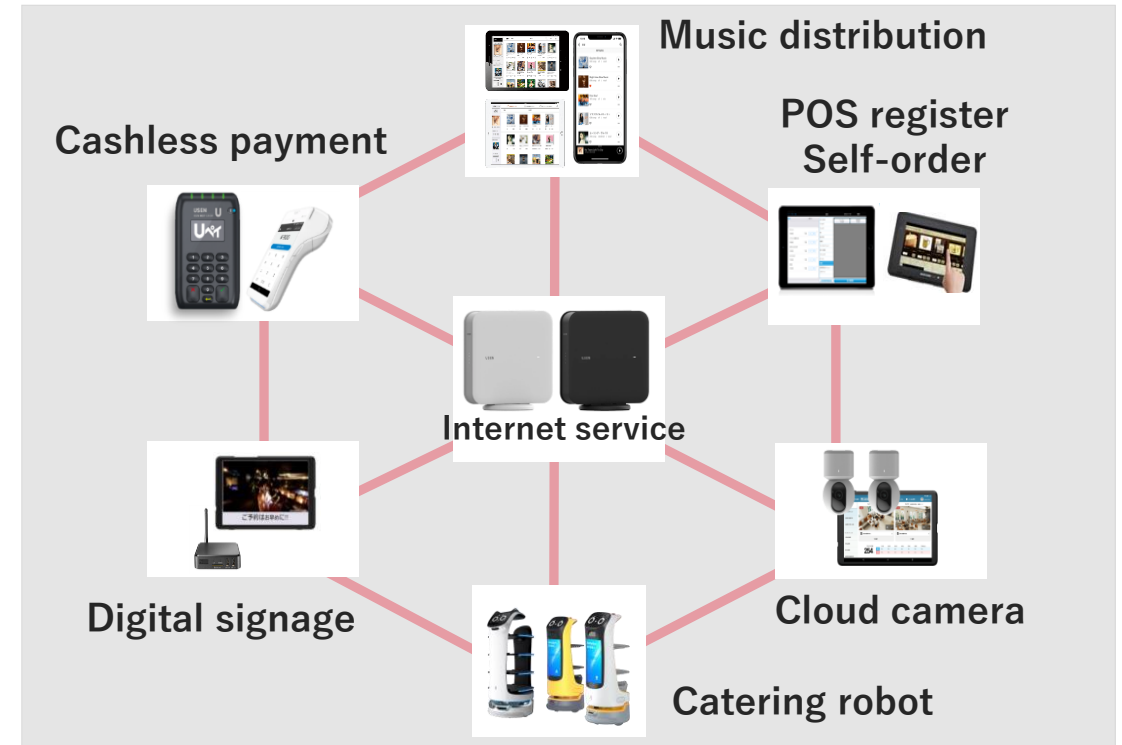
Retail stores
Hotels

60%



Source: Labor shortage survey of companies by Teikoku Databank (January 2024)

DX solutions for higher store efficiency



©Pudu Technology Inc.

Strength: Comprehensive store service lineup

One-stop solutions and support for raising store productivity

Opening stores	Infrastructure	Efficient operations	Comfortable space	Sales promotion
<ul style="list-style-type: none"> ● Support website <ul style="list-style-type: none"> · Canaeru ● Real estate <ul style="list-style-type: none"> · Rent guarantee · Brokerage service · Subleasing ● Financial service <ul style="list-style-type: none"> · Insurance for stores · Leases · Installment sales 	<ul style="list-style-type: none"> ● Broadband internet service <ul style="list-style-type: none"> · USEN Hikari plus ● Wi-Fi <ul style="list-style-type: none"> · USEN Wi-Fi · USEN AIR UNLIMITED ● Phone <ul style="list-style-type: none"> · USEN PHONE ● Energy <ul style="list-style-type: none"> · USEN Energy · U-POWER 	<ul style="list-style-type: none"> ● POS register <ul style="list-style-type: none"> · USEN Regi ● Cashless payment <ul style="list-style-type: none"> · USEN PAY ● Orders <ul style="list-style-type: none"> · Mobile order handy · Mobile order ● Cloud camera <ul style="list-style-type: none"> · USEN camera ● Digital signage <ul style="list-style-type: none"> · USEN signage ● Catering robot 	<ul style="list-style-type: none"> ● Background music <ul style="list-style-type: none"> · USEN MUSIC · OTORAKU · Background music for offices ● Background video <ul style="list-style-type: none"> · USEN MUSIC Entertainment 	<ul style="list-style-type: none"> ● Gourmet website <ul style="list-style-type: none"> · Hitosara · SAVOR JAPAN ● App production <ul style="list-style-type: none"> · Uplink ● Food delivery franchise <ul style="list-style-type: none"> · Fooshare

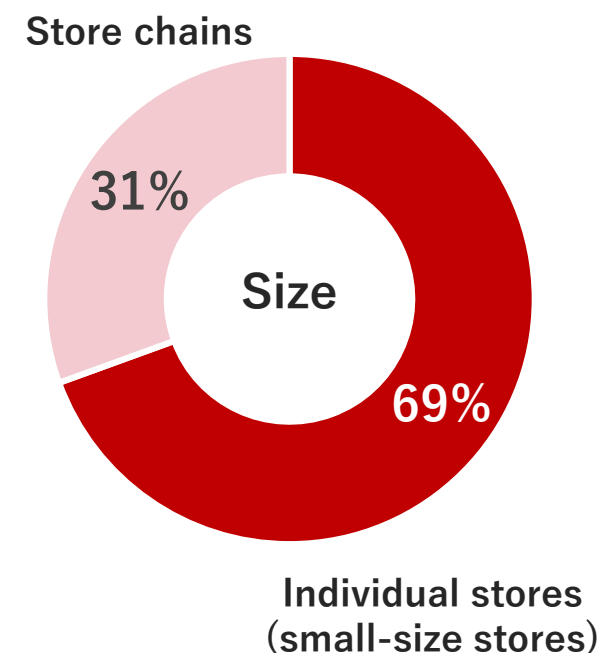
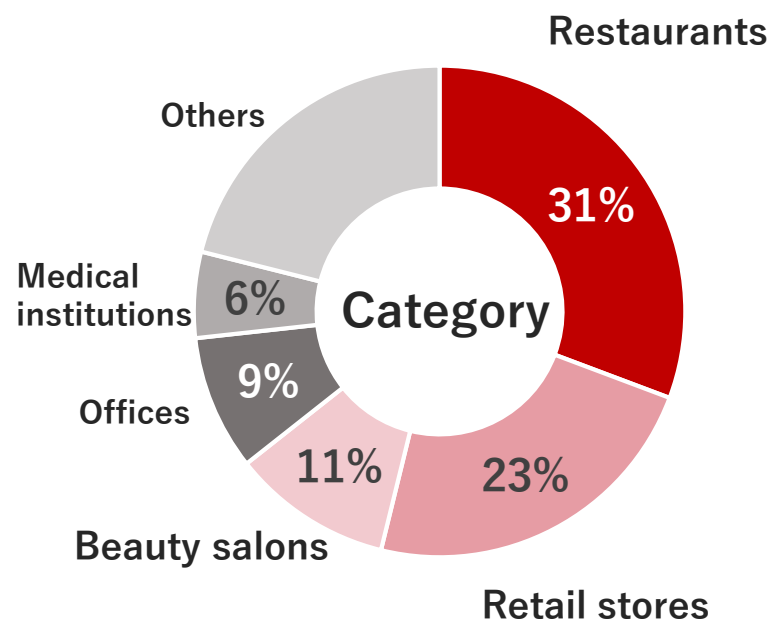
Support for customers

- One-stop support encompassing proposals, installation, customer services and maintenance
- Nationwide engineering support network
- 24/7 telephone customer service

Strengths: Solid customer base

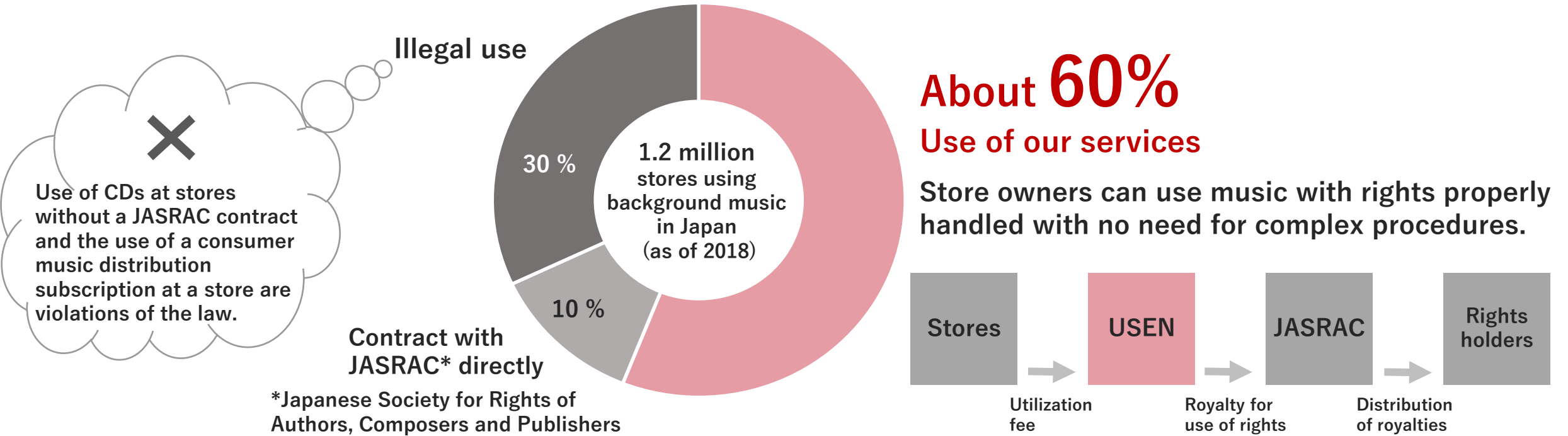
A nationwide network of store customers established during more than 60 years in the music distribution business

820,000
Store customers



Strengths: Dominant position in background music

Dominant position in the market for background music for stores in Japan



Source: JASRAC press release

Strengths: Human resource capabilities for store DX

With outstanding DX skills, providing extensive support for clients

Sales **1,200** employees



Ideas for solutions that match specific needs of each store

Field Engineers **900** employees



Our engineers handle everything from installation, repair, and maintenance

Business Sites **150** sites



Increase customer satisfaction by providing speedy services backed by nationwide coverage

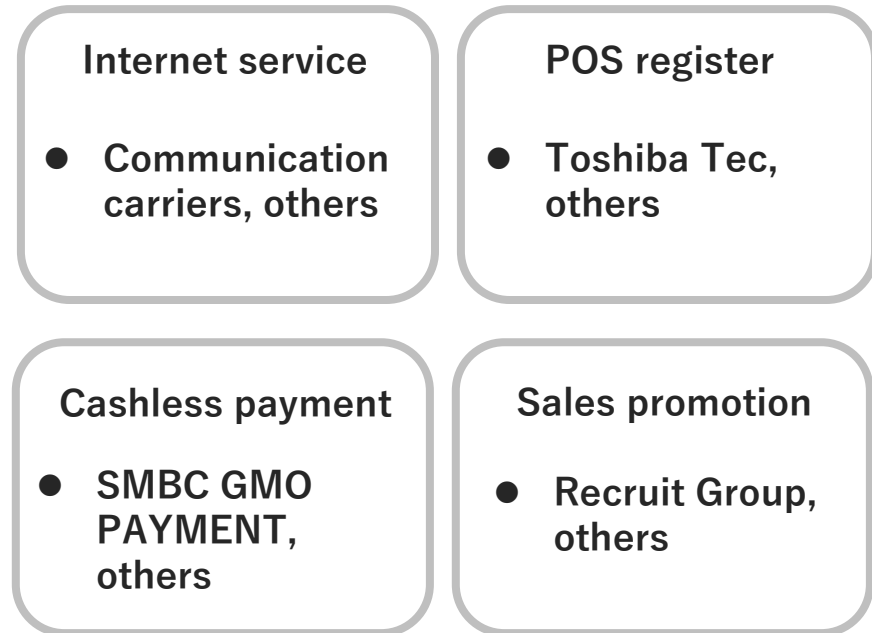
Peer company comparisons (U-NEXT HD assumption)	USEN & U-NEXT Group	POS register company A	Cashless payment company B	Marketing support company C
The number of sales employees	1,200	Approx. 100	Approx. 40	Approx. 250
The number of engineers	900	Approx. 60	Approx. 40	Approx. 350

Strengths: Differentiation by one-stop services

Always the first choice because the customer can leave everything to us

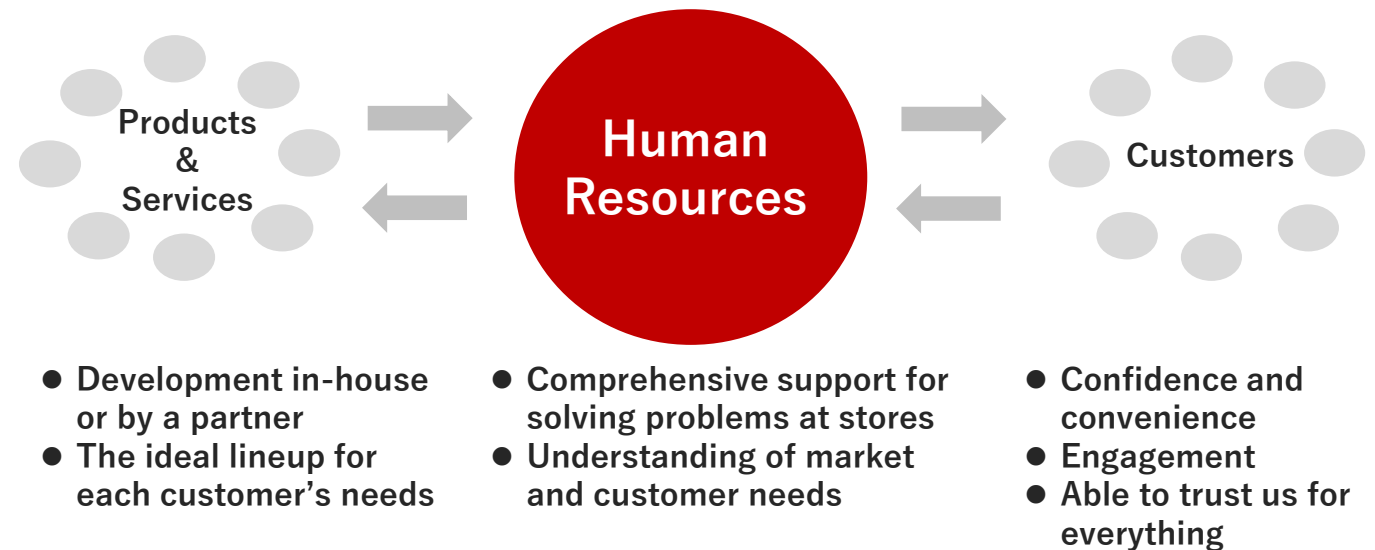
Players in each service area

Mainly specialized business domains



USEN & U-NEXT Group

One-stop services backed by a skilled workforce



Growth strategies: TAM & Focus target

Cross-selling and acquisition of newly opened stores for earnings growth

About 4.3 million stores in Japan (not expected to increase)

Only background music
(No DX products yet)

Use of DX products

Stores using
our services

820,000

Growth

Stores not yet using our services

3.5 million

Growth

Use of an approach other than direct sales
channel because operating efficiency is low
due to the use of products of other companies

Focus target

Completely new proposals
are possible for new stores,
frequently resulting in sales
of many products



70,000 stores/ year

replaced as stores close
and new ones open

These figures are U-NEXT HD assumptions

Growth strategies: Focusing on newly opened stores

Starting sales visits during preparations result in sales of several products

1

A nationwide network of 17,000 partner companies

Information from real estate brokers, architecture and interior decoration companies, and other companies that allows sales calls to potential customers at the first stages of preparations to open a new store

2

Use of sales activities to collect information

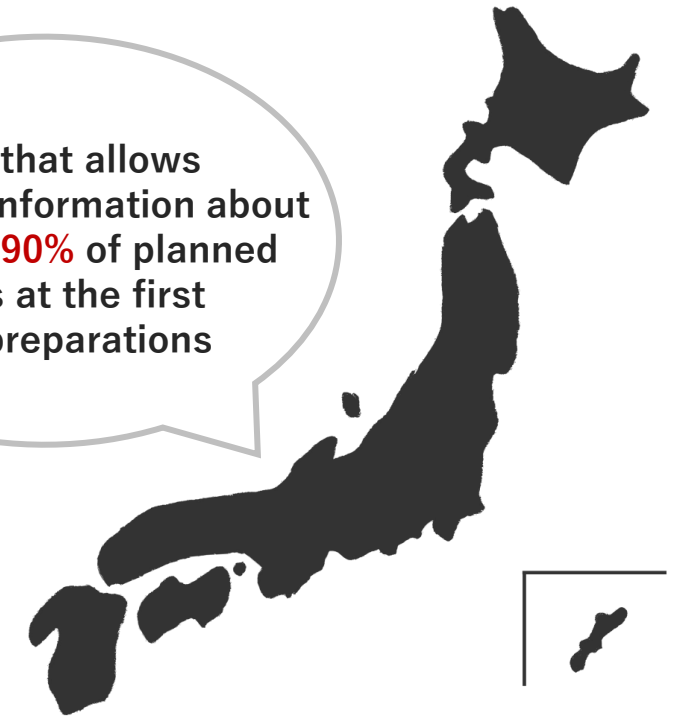
The nationwide sales team of 1,200 is constantly collecting information about store closings and openings.

3

Stores that replace current customers

Sales activities when the store of a current customer closes and is replaced with a new store

A network that allows obtaining information about **more than 90%** of planned new stores at the first stages of preparations



Growth strategies: A Larger product lineup

Increasing the lineup to meet the future needs of stores

New products

2021

Catering robots (BellaBot, Kettybot)



©Pudu Technology Inc.

Digital signage (USEN signage)



2022

Food delivery franchise service (Fooshare)



2023

High-capacity Wi-Fi for stores (USEN AIR UNLIMITED)

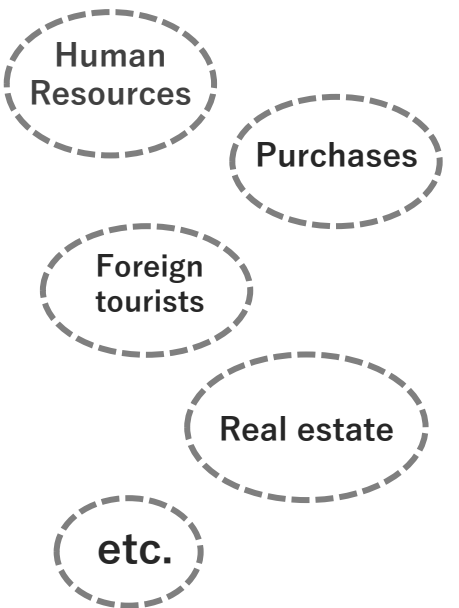


Music and video service for stores (USEN MUSIC Entertainment)



In the future

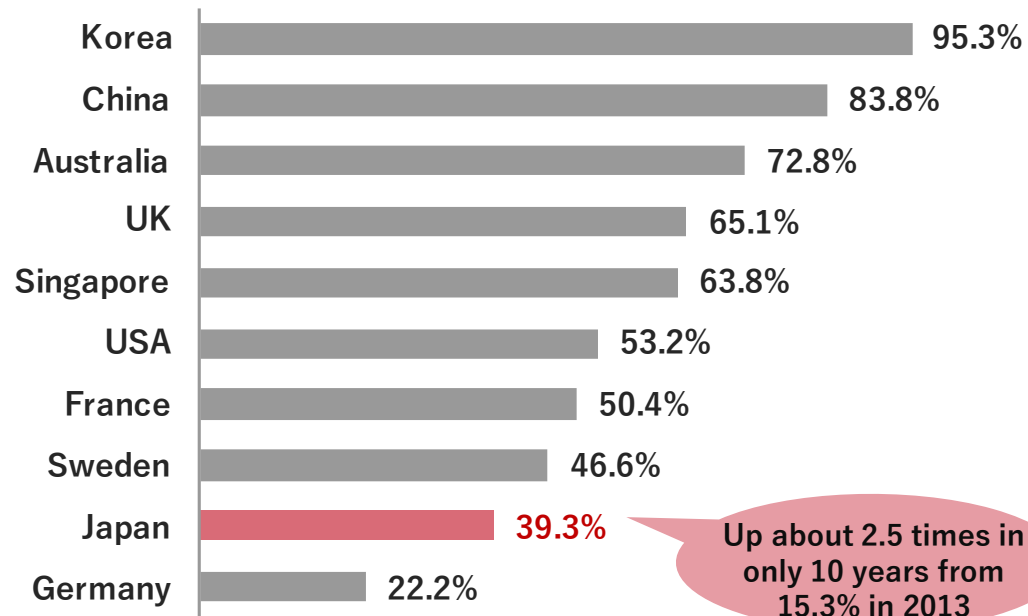
More services that help solve problems of stores



Featured product: Cashless payments

Cashless payments in Japan are expected to continue to grow

Share of cashless payments

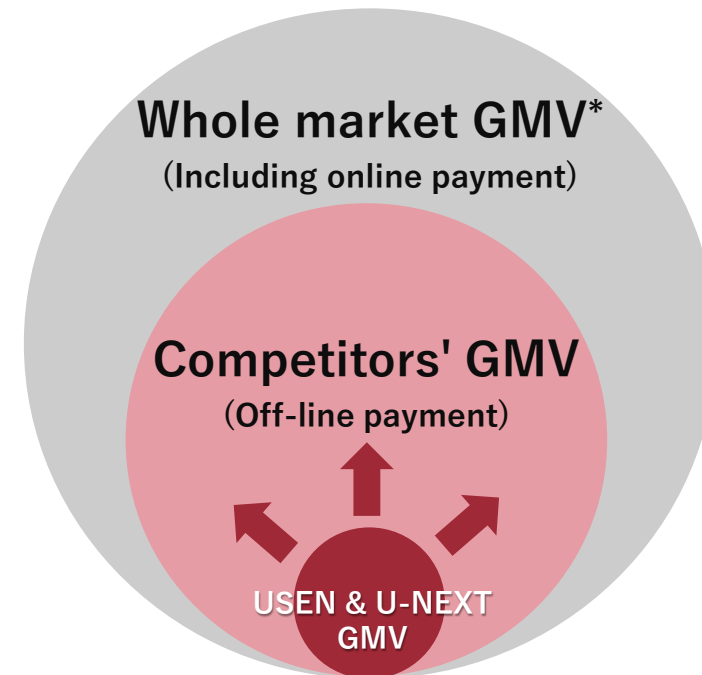


Pct. for Japan is 2023 and pct. for other countries are 2021.

Source: "Cashless Roadmap 2023" of Payments Japan Association
Share of cashless payments in 2023, statistics of Ministry of Economy, Trade and Industry

Cashless payment market in Japan

U-NEXT HD assumptions



* Gross Merchandise Value

Featured product: Cashless payments

Faster growth backed by the Group strengths and more added value

USEN PAY



- Compatibility with 71 payment brands, among the most in Japan, including credit cards, QR codes, e-money and other payment platforms
- Accepts WeChat Pay, Alipay+ and other foreign payment services for handling payments by foreign tourists in Japan
- Safe next-day money transfer service (optional)

Growth strategies

- Cross-selling using the USEN & U-NEXT Group's relationships with more than 800,000 stores
- Sales targeting stores not yet using USEN PAY by using sales agents and internal sales activities of group companies
- Develop products that add more value, such as by improving operations of member stores and support promotions and other marketing activities

Featured product: Cloud camera

Establish a significant position in the growing cloud camera

Cloud camera market in Japan

Hospitals, Nursing home, Parking,
Infrastructure facilities,
Public facilities, Apartments

Restaurants
Retail stores



U-NEXT HD assumptions

Service lineup & Growth strategies

USEN Camera

Security camera that can also
analyze customer categories



キャンクラウド by U-NEXT

A simple cloud security
camera that is easy to use



NEXTクラウドビュー by USEN

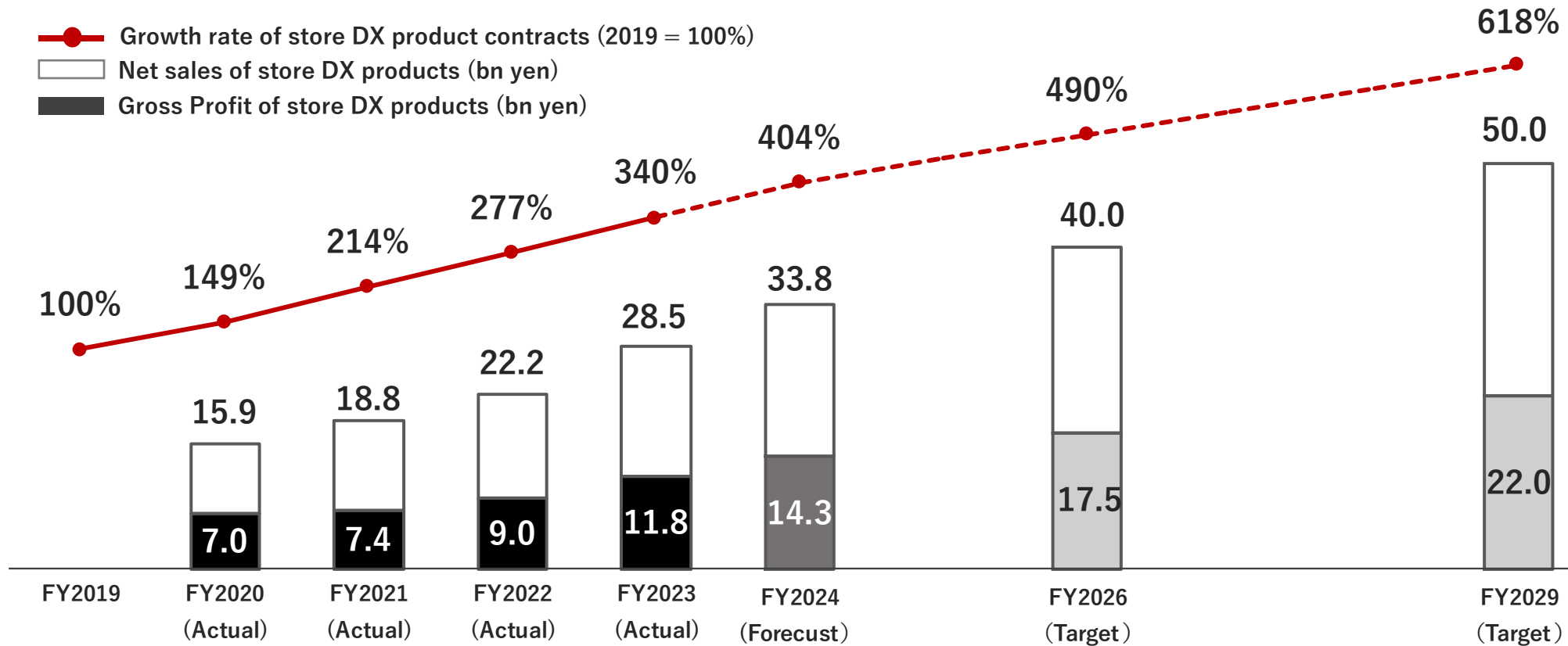
Cloud camera with
outstanding security and
many other features



- Increasing sales activities targeting restaurants and stores that are already USEN & U-NEXT Group customers and expanding these activities to hospitals, factories, condominiums, parking areas and other new market sectors
- Use synergies among group companies for cross-selling
- Well-planned activities to sell cameras for use in schools and other public-sector buildings

Growth strategies: KPI & PL (Store DX)

Anticipate strong growth in store DX products

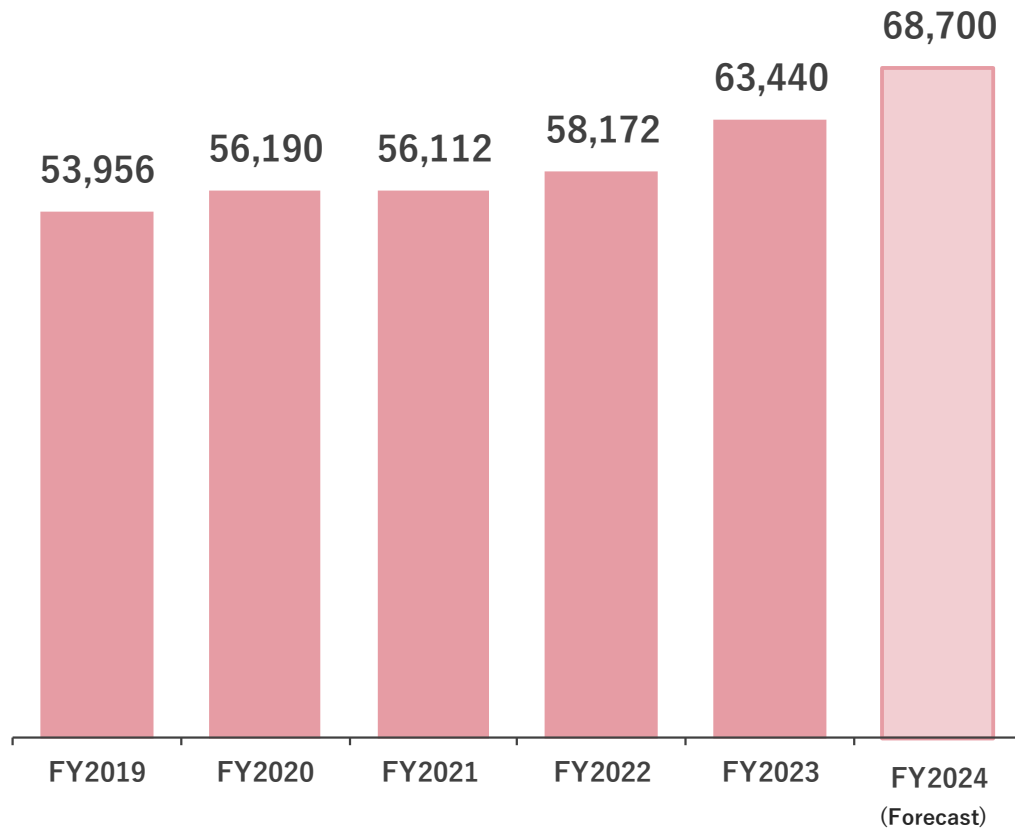


Store DX products : The sum of network services, POS register service, Wi-Fi service, IP camera service, App production service, gourmet website service, table service robots, digital signage, cashless services, food delivery franchise

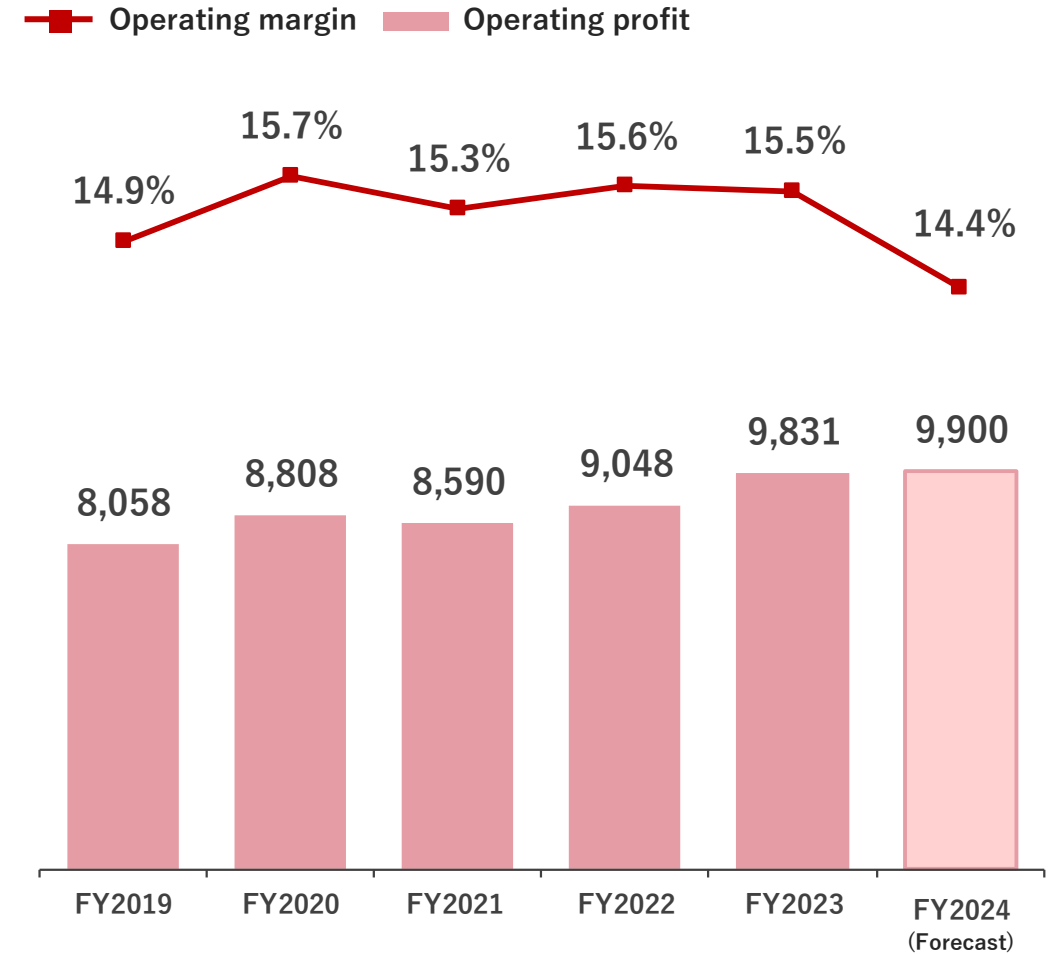
Sales and operating profit (Store Services Business)

(Million yen)

Net sales



Operating profit / Operating margin



4. Business Systems

Business Systems: Business models

One-time sales
(Gross profit margin is 40%)

Sales of machines

Development, production and sale of automatic payment machines, hospital reception kiosks for returning patients and other products (Fabless business model; no company-owned manufacturing facility)



Automatic payment machines



Hotel KIOSK

- Self-check-in/out
- Key card Issuance
- Payment
- Inbound support



Hospital KIOSK

- Reception
- Health insurance verification
- Payment

Recurring sales
(Gross profit margin is 75%)

Maintenance services

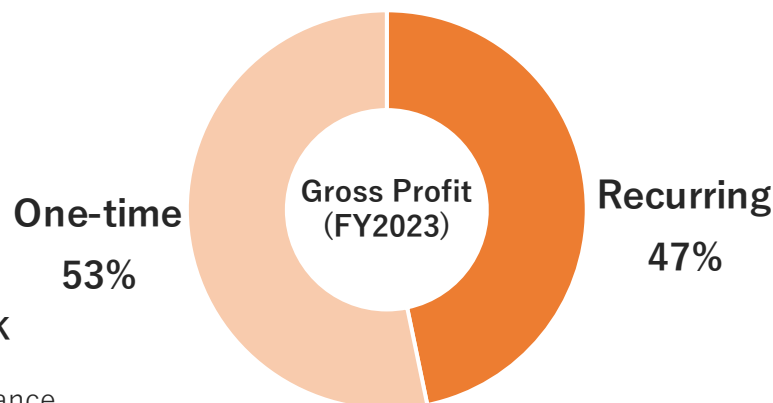
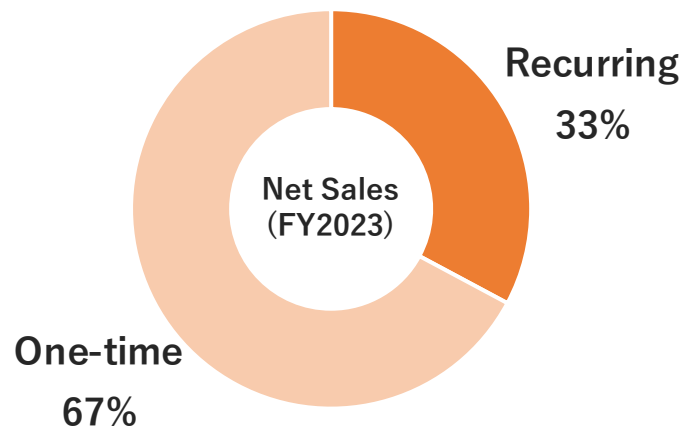


Maintenance services after purchase of machines

Software utilization fees



Hotel operation management system and utilization fees for optional apps linked to hardware



Business Systems: JAPAN TAM & Market share

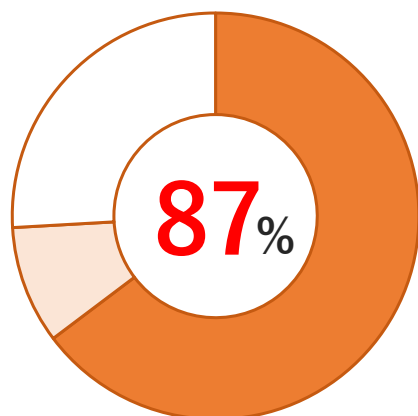
(U-NEXT HOLDINGS assumptions)

Japan TAM and our market share in automatic payment machines

■ U-NEXT HD ■ Other companies □ White space

Percentages are our market share in facilities that have already installed automatic payment machines

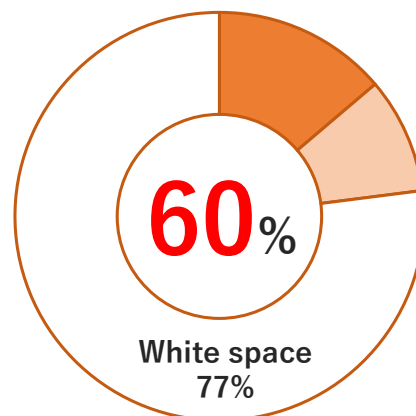
Leisure Hotels



The number of facilities
The whole market : 5,300
Our customers : 3,500

Dominant market share but a mature market

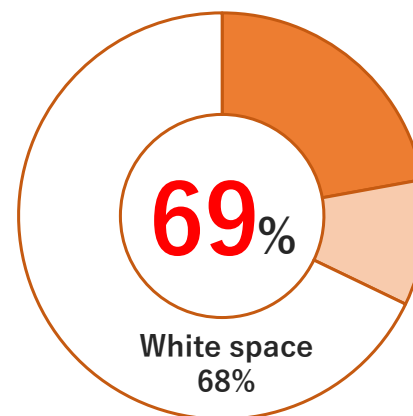
Business Hotels



The whole market : 8,700
Our customers : 1,200

Big growth potential in less populated regions and at small/midsize hotel chains

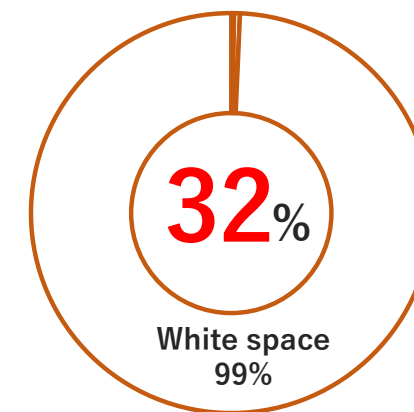
General Hospitals (More than 150 hospital beds)



The whole market : 3,900
Our customers : 900

Growth expected due to the ongoing DX of health care

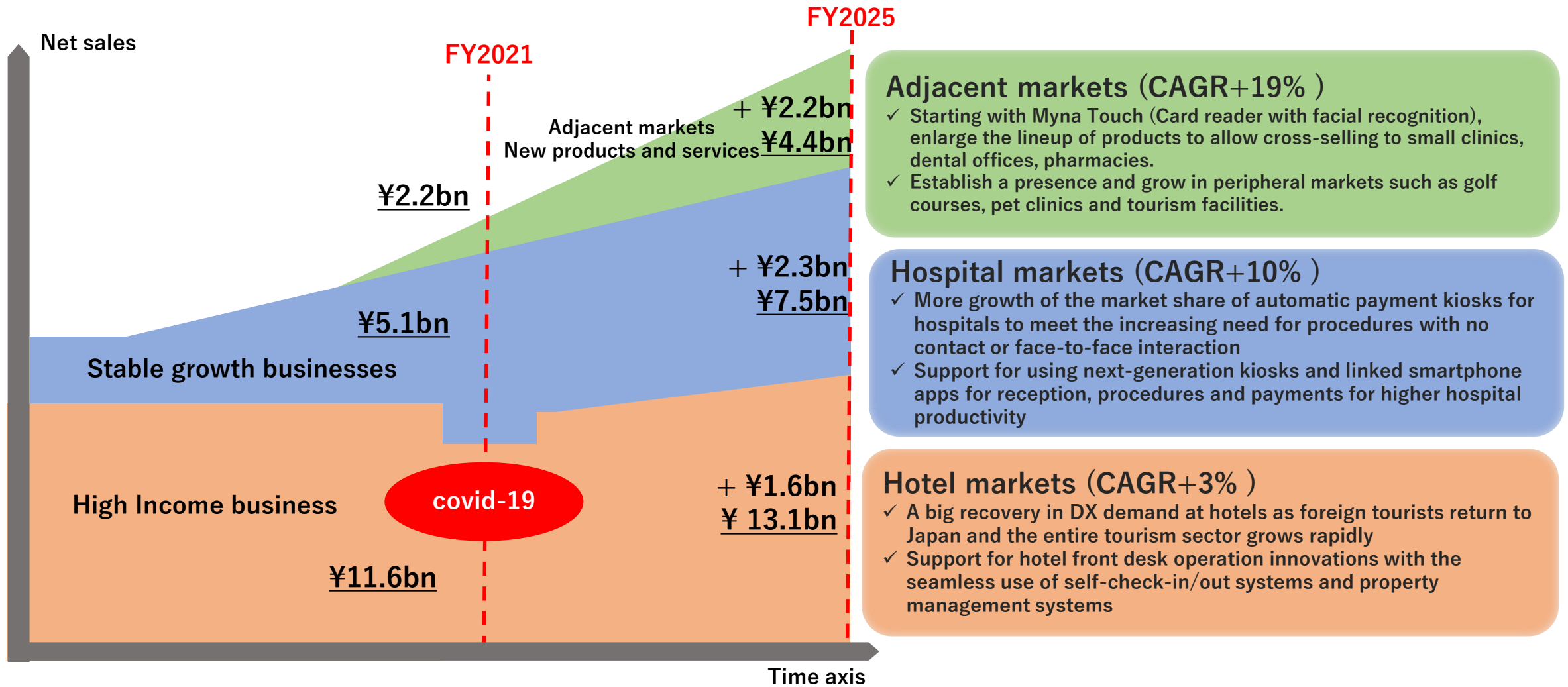
Clinics · Pharmacies



The whole market : 232,200
Our customers : 500

A new market sector with significant growth potential

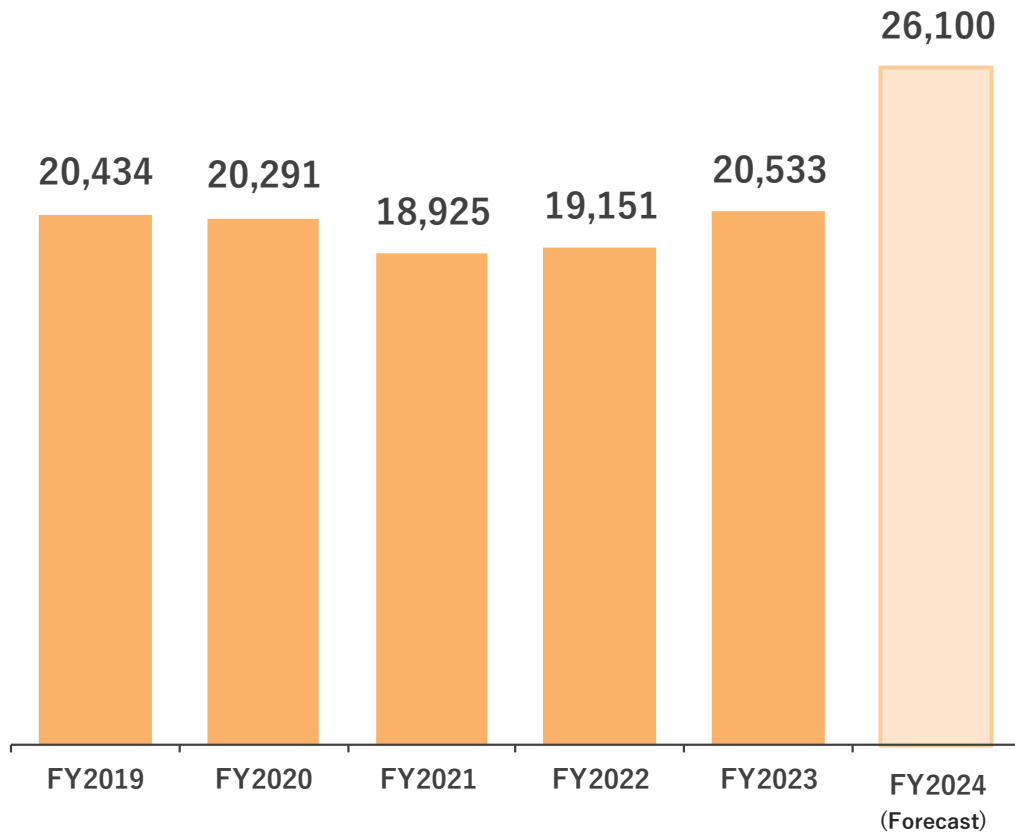
Business Systems: Growth strategies



Business Systems: Sales and operating profit

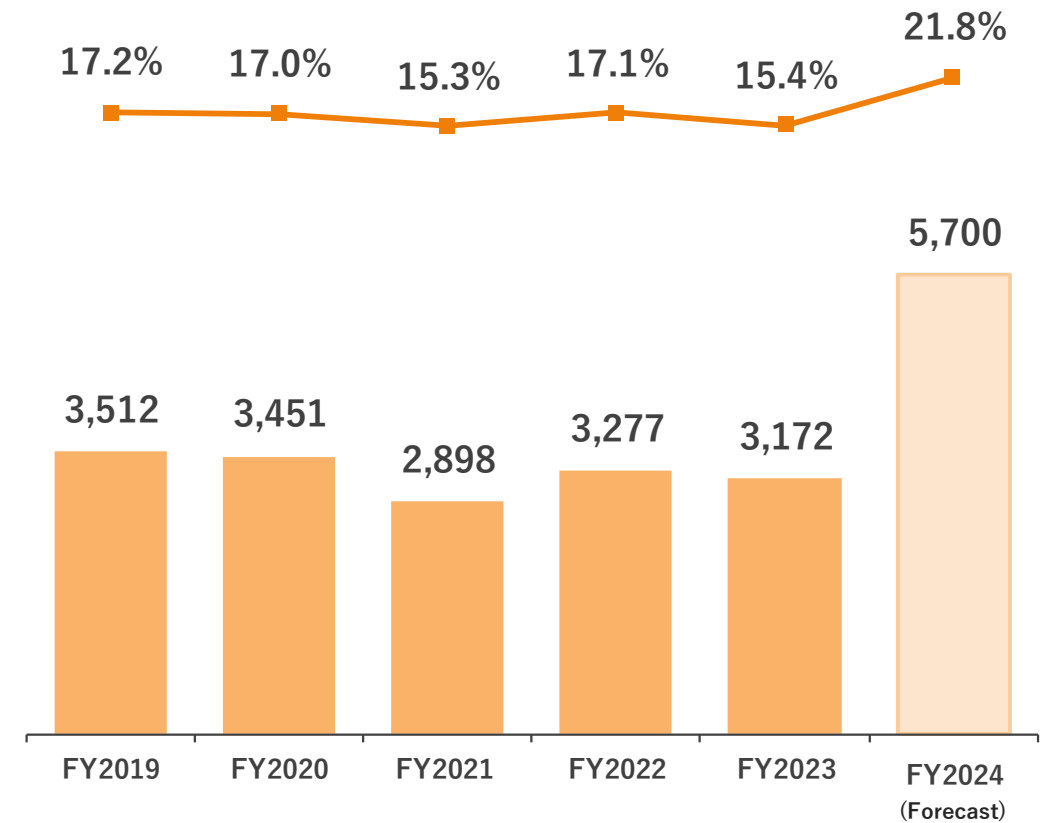
(Million yen)

Net sales



Operating profit / Operating margin

Operating margin (Line) Operating profit (Bar)



5. Communications

Communications: Four service categories

Growth
business
sector

ICT service for business

- **Clients:** Small and medium-sized companies with 50 to 300 employees
- **Services:** Proposals and sales for network services, security, group share and other SaaS; a business model generating recurring revenue from monthly fees

Broadband service sales agent

- **Clients:** Stores and small and medium-sized offices nationwide
- **Services:** Sales agent for broadband services, mainly the services of NTT East/West. A business model generating one-time fees based on the number of service agreements sold.

Growth
business
sector

Broadband internet service for stores

- **Clients:** Stores and small and medium-sized offices nationwide
- **Services:** Sale of USEN Hikari plus, a fiber-optic broadband service for companies; cross-selling as a store DX infrastructure service. A business model generating recurring revenue from monthly fees.

For individuals (MVNO/Broadband internet service)

- **Clients:** Individuals (BtoC)
- **Services:** MVNO (Y.U-mobile), which is jointly owned with Yamada Holdings, and broad internet service for individuals; both are a business model generating recurring revenue from monthly fees

Communications: ICT service for business

Market/TAM

- About 2 million, mainly SMEs but also large companies, of the approximately 4 million companies in Japan
- The domestic SaaS market is expected to reach 1.24 trillion yen in 2023 (up 14% from the previous year) and expand to several trillion yen in the future*

Opportunities/Risks

- Growing demand at companies for the DX and business process efficiency services because of work style reforms and the pandemic
- Increase of wide range of security needs
- An extremely competitive environment with many service providers
- Risk of lower profit margins due to changes in agency terms for global SaaS companies

Weaknesses

- Difficult to differentiate from competitors in terms of services due to resale focus
- A majority of personnel are sales staff, with a shortage of engineers to develop, build, maintain, and operate services

*Sources: Japan SaaS Insights 2023 <https://onecapital.jp/perspectives/japan-saas-insights-2023>

Strengths



- A multivendor strategy and one-stop proposals to meet each customer's requirements without depending on a specific carrier or vendor
- One person is assigned to each company for accurate assistance for SMEs that are not familiar with IT systems, ensuring a high level of customer satisfaction

Growth strategies

- Using communication network services as a base, focusing on cross selling of support for security measures, which are becoming increasingly complex, cloud data center outsourced maintenance and operation, and other services
- Enlarge the service lineup for SaaS/IaaS, where demand is growing, and strengthen sales activities for these services

Communications: Broadband internet service for stores

Market/TAM

- 4.3 million business stores and offices nationwide
 - 70,000 new store openings per year
- *Same as in Store Services Business

Opportunities/Risks

- The number of broadband internet service subscribers is increasing consistently
- An extremely competitive environment with many service providers
- Risk of replacement by high-performance Wi-Fi or other wireless service

Weaknesses

- Difficult to differentiate in terms of service and functionality

Strengths



- Inside sales within USEN & U-NEXT Group drive replacement from competitors.
- Create synergies in the Store Services business as a key product to cross-sell DX products for stores

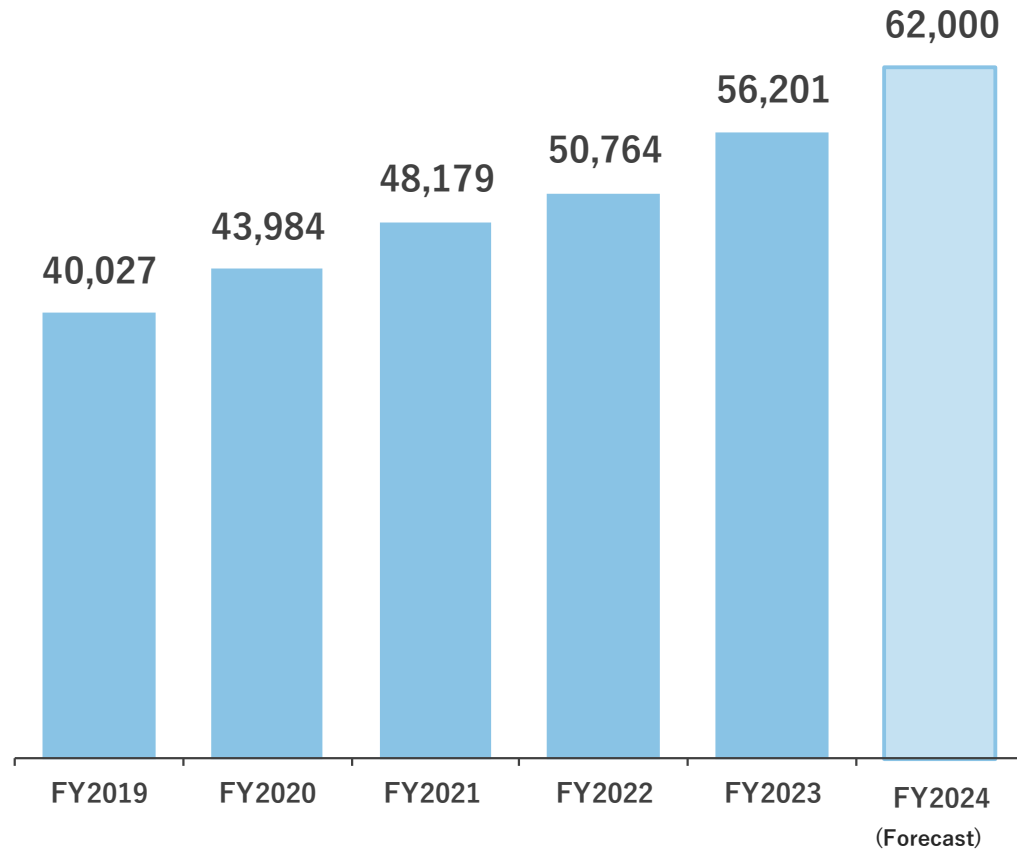
Growth strategies

- Shift from agent sales that generate one-time fees to a recurring revenue model based on the USEN & U-NEXT Group's own broadband service
- Use the larger number of stores using our owned network to create opportunities for upselling IoT/DX services
- Increase BtoC sales of communication plans by adding alliances with partners within the USEN & U-NEXT Group and external partners

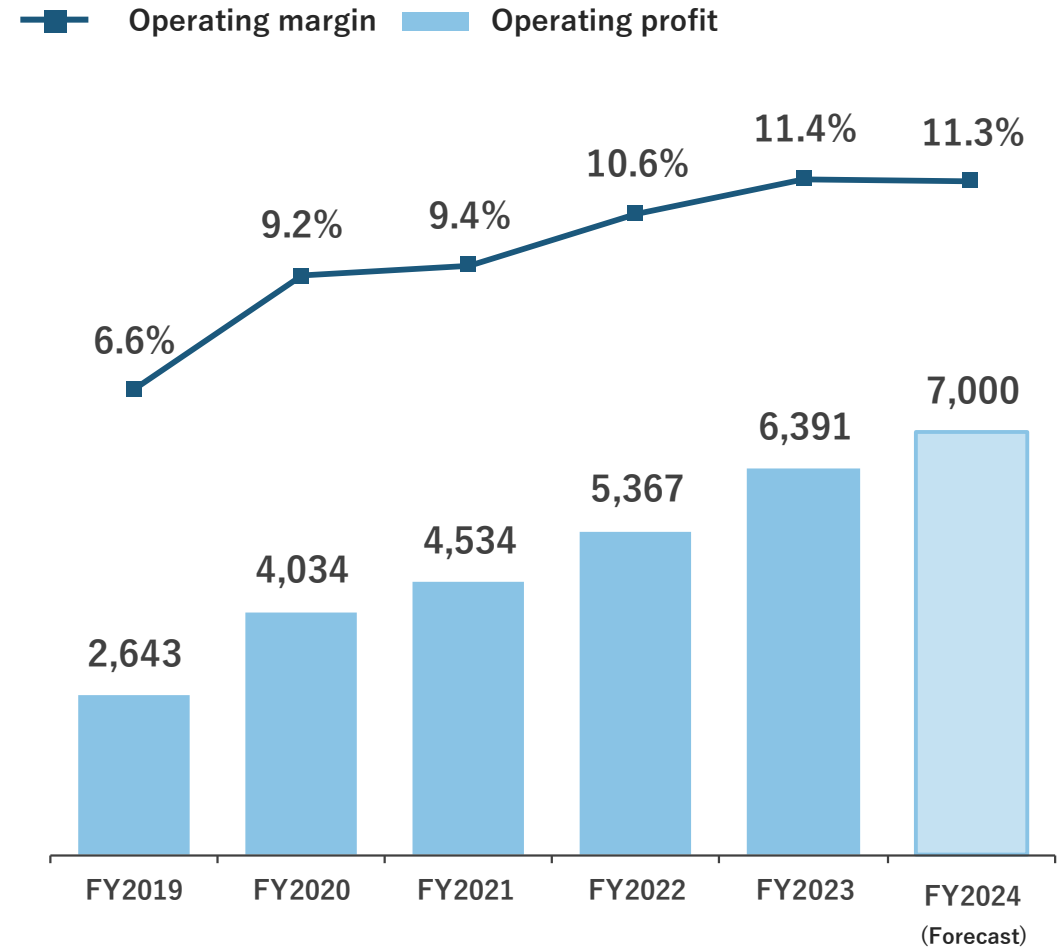
Communications: Sales and operating profit

(Million yen)

Net sales



Operating profit / Operating margin



6. Energy

Energy: Business models

	USEN DENKI	U-POWER
Start of service	<ul style="list-style-type: none"> ● 2016 	<ul style="list-style-type: none"> ● 2022
Customers	<p>Only BtoB</p> <ul style="list-style-type: none"> ● High voltage: Midsize buildings, factories, hotel chains, etc. ● Low voltage: Stores (same as in Store Services) 	<p>BtoB + BtoC</p> <ul style="list-style-type: none"> ● High voltage: Midsize buildings, factories, hotels, public facilities, etc. ● Low voltage: Stores (same as in Store Services), individuals
Service price	<ul style="list-style-type: none"> ● Fixed rate (the price per kilowatt stays the same) ● Non-fossil green electricity menu only for new customers 	<ul style="list-style-type: none"> ● Variable rate linked to market prices (some fixed fees) ● Virtually renewable energy, supported by non-fossil fuel energy certificates
Procurement	<ul style="list-style-type: none"> ● Electricity purchased mainly from TEPCO ● Some using JEPX (Japan Electric Power Exchange) 	<ul style="list-style-type: none"> ● Most electricity purchased using JEPX (some purchased from companies that generate electricity)
Earnings model	<ul style="list-style-type: none"> ● Shifting from agency model to retail model (selling prices determined by us to maintain a margin) ● Big profitability improvement by optimizing sources of electricity 	<ul style="list-style-type: none"> ● Selling prices are market prices plus margin ● When market price exceeds a threshold, additional cost is added to the selling price 100%; no risk of a loss if the cost of electricity increases significantly
Remarks	<ul style="list-style-type: none"> ● Stopped adding new customers in 2023 but began accepting new customers in April 2024 	<ul style="list-style-type: none"> ● A priority business sector for growth

Energy: U-POWER (SWOT)

Market/TAM

- High voltage: Midsize buildings, factories, hotels, local governments, etc.
- Low voltage (BtoB) : Stores and offices (same as in Store Services)
- Low voltage (BtoC) : Individuals

Opportunities

- Synergies from cross selling the products of other segments, Store Services and Content Distribution
- Increasing public awareness of SDGs and renewable energy
- Business expansion into new areas such as power generation and storage

Risks

- Risk of contract cancellations and unpaid sales due to sharp increases in electricity prices
- Fierce competition between conventional electric utilities and new sellers of electricity

Strengths

- Ability to leverage not only the Group's sales channels, such as direct sales, inside sales, sales agencies, but also the existing customer base
- Electricity supply plans are more price competitive than those of other companies
- Virtually renewable energy electricity menu with non fossil fuel energy certification in response to the growing interest in the SDGs and protecting the environment

Weaknesses

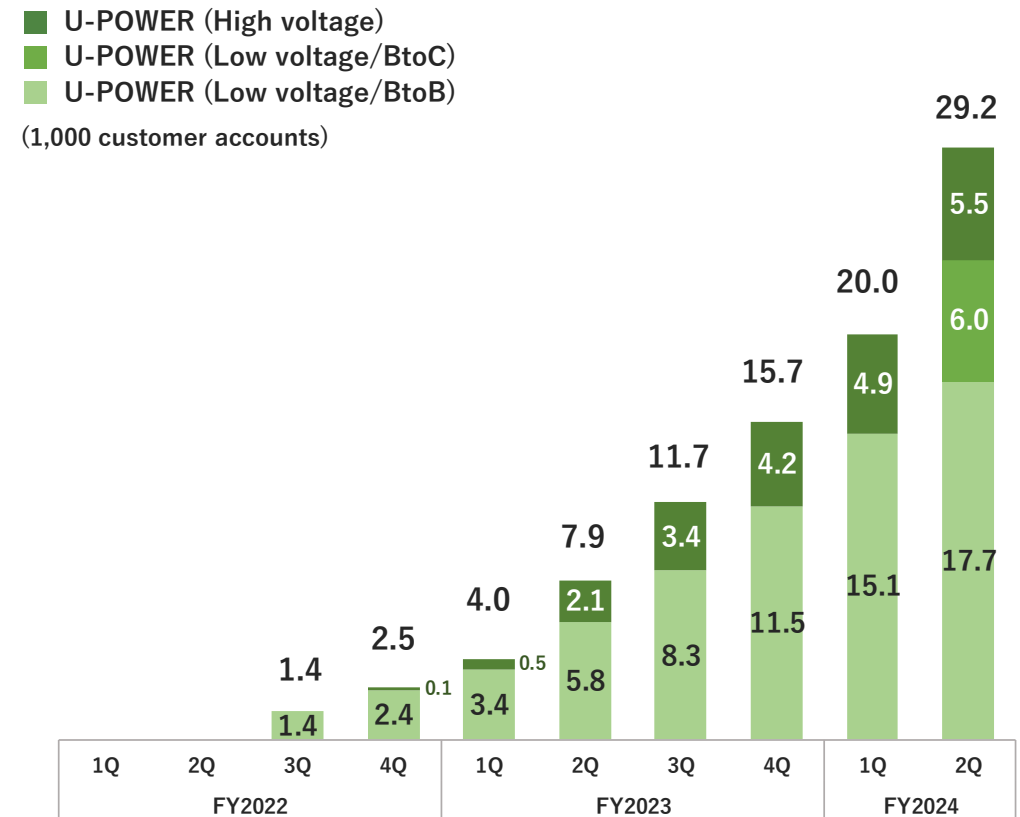
- Difficulty in differentiating services on a stand-alone basis
- Limitations of profitability due to not having an in-house power generation model
- Necessity to control business expansion pace according to financial situation due to the large working capital size

Energy: U-POWER (Growth strategies & KPI)

Growth strategies

- Continue to use the USEN & U-NEXT Group's current customer base and sales channels to increase the number of contracts.
- In addition to selling electricity to companies, add decarbonization consulting and other services to be a one-stop provider of support for achieving carbon neutrality.
- Started selling household virtually renewable energy electricity plans in October 2023. Planning more activities to benefit from synergies with other segments, such as joint activities with U-NEXT.
- Established the U-POWER Energy Conservation Research Center to strengthen capabilities for creating conservation programs and assisting customers reduce electricity use in other ways.

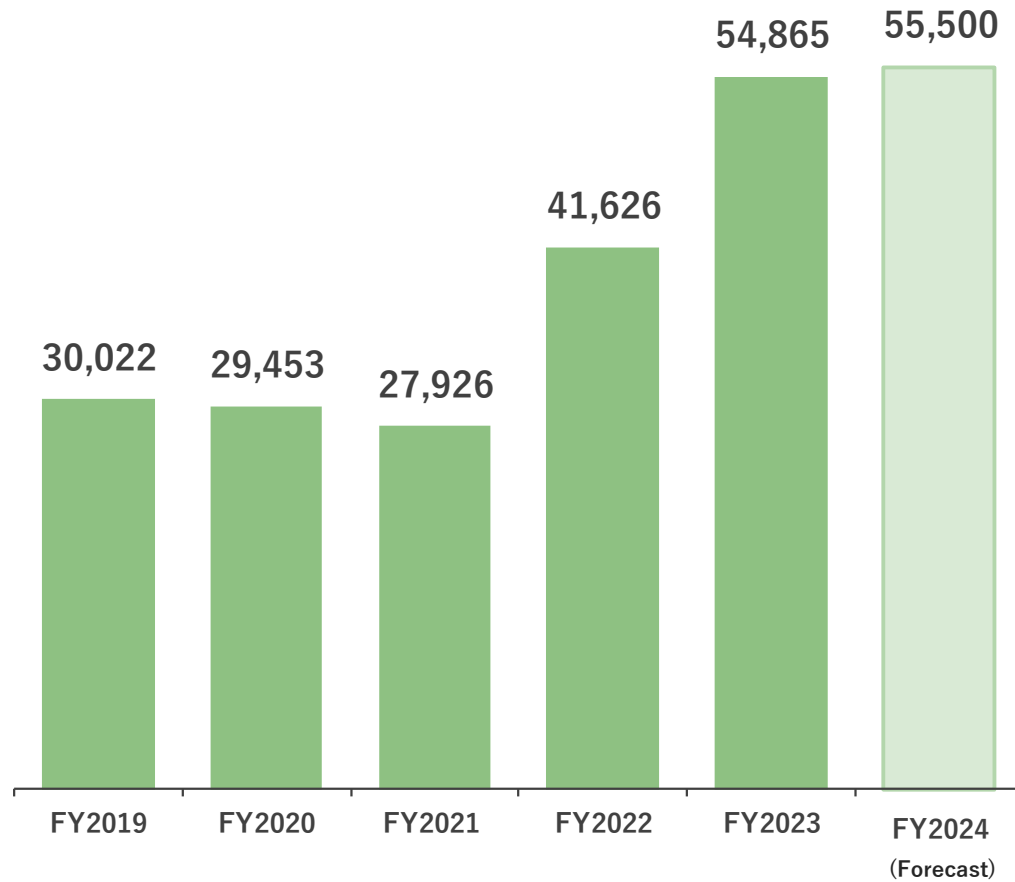
KPI (Number of customer accounts)



Energy: Sales and operating profit

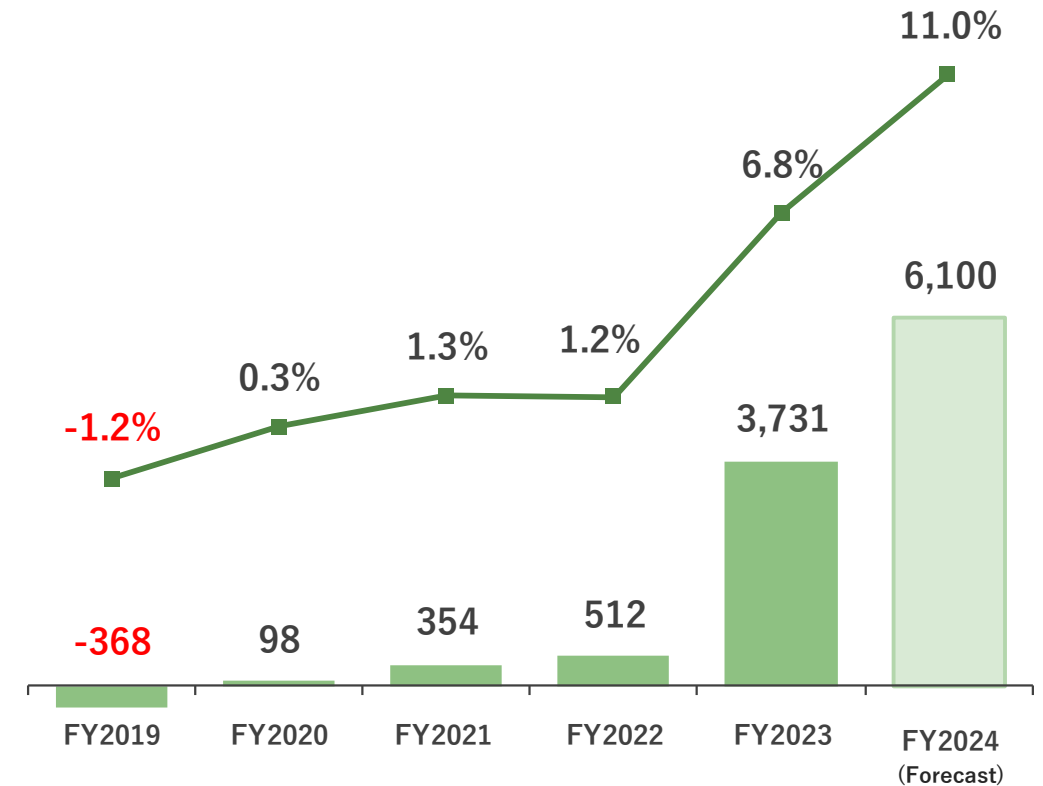
(Million yen)

Net sales



Operating profit / Operating margin

—■ Operating margin —■ Operating profit



7. Financial strategies

Financial strategies

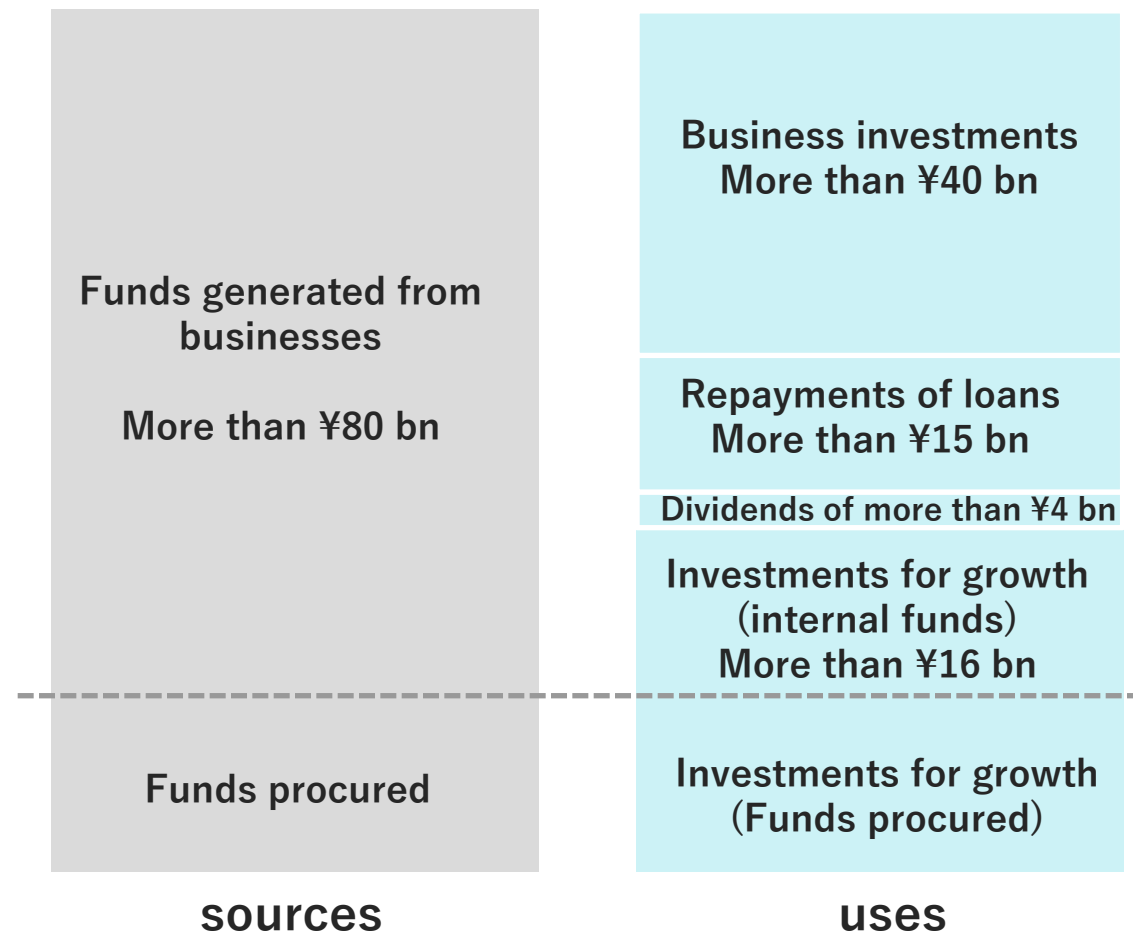
Major financial indicators

	Previous Plan (Actual)		Plan for FY2025
	FY2019	FY2021	
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.

Capital Allocation (Total for four years)



Shareholder returns policy

Investments for growth are the priority use of cash flows
Goal is increasing corporate value for shareholder value growth

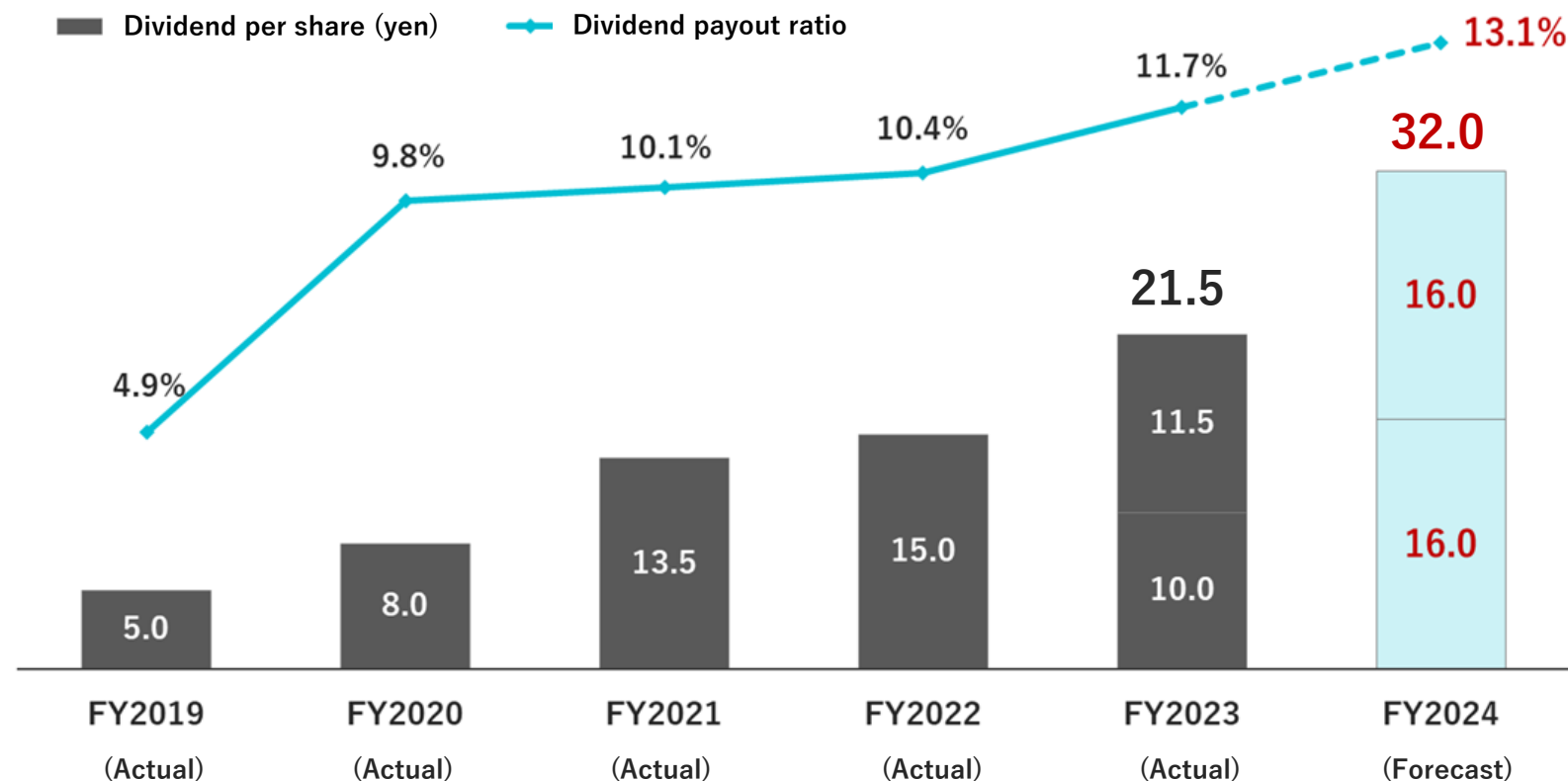
Capital Gains

Our goal is the long-term growth of corporate value supported by increasing earnings resulting from investments for growth



Income Gains

Continuous dividend increases with payout ratios of 10%~30%



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%	

8. APPENDIX

Progress of Medium-term business plan

(Billion yen)	FY2025 plan (Base & Upside case)		FY2023 Results	FY2024	
	Goals	CAGR (vs. FY2021)		Forecast	CAGR (vs. FY2021)
Net Sales	274.0~286.0	+7%~8%	276.3	316.0	+15%
Operating Income	22.0~25.0	+9%~13%	21.6	28.5	+22%
Operating margin (%)	8.0%~8.7%	-	7.8%	9.0%	-
Profit or Loss attributable to owners of parent	12.0~13.5	+11%~14%	11.0	14.7	+22%
Profit of Loss attributable to owners of pare [Adjusted]	15.0~16.5	+7%~10%	14.1	17.8	+16%
EBITDA	33.0~36.0	+8%~10%	31.3	39.0	+17%
EBITDA-CAPEX	16.5~19.5	+5%~9%	6.0	17.0	+7%
Dividend payout ratio	10%~30%	-	11.7%	13.1%	-

Progress of Medium-term business plan (Business segments)

(Billion yen)		FY2025 plan (Base & Upside case)		FY2023 Results	FY2024	
		Goals	CAGR (vs. FY2021)		Forecast	CAGR (vs. FY2021)
Content Distribution	Net sales	81.0~85.0	+8%~9%	85.2	108.2	+22%
	Operating income	8.2~10.0	+10%~15%	6.3	8.4	+14%
	Operating margin	10.1%~11.8%	-	7.3%	7.8%	-
Store Services	Net sales	70.5	+6%	63.4	68.7	+7%
	Operating income	10.5~11.0	+5%~6%	9.8	9.9	+5%
	Operating margin	14.9%~15.6%	-	15.5%	14.4%	-
Communications	Net sales	63.5	+7%	56.2	62.0	+9%
	Operating income	6.8	+11%	6.4	7.0	+16%
	Operating margin	10.7%	-	11.4%	11.3%	-
Business Systems	Net sales	23.5~25.0	+6%~7%	20.5	26.1	+11%
	Operating income	4.0~4.3	+8%~10%	3.2	5.7	+25%
	Operating margin	17.0%~17.2%	-	15.4%	21.8%	-
Energy	Net sales	45.0~51.5	+13%~17%	54.9	55.5	+26%
	Operating income	0.5~1.5	+6%~39%	3.7	6.1	+158%
	Operating margin	1.1%~2.9%	-	6.8%	11.0%	-
Adjustment	Net sales	-9.5	-	-3.8	-4.5	-
	Operating income	-8.0~-8.6	-	-7.8	-8.6	-

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

Management structure

A structure for the self-reliant and speedy management

President & CEO

- Determination of group management policies
- Oversight of training and selection of executives

Yasuhide Uno

Representative Director,
President & CEO

Inside directors

- Management of business sector
- Creation of business synergies

**Tenshin
Tsutsumi**

Managing Director

Content Distribution

**Kimimasa
Tamura**

Managing Director

Store Services
Business Systems

**Shintaro
Takahashi**

Director

Communications
Energy

**Yasuhiko
Ota**

Director

Establishment of
group alliances

**Shohei
Mabuchi**

Managing Director & CIO*

M & A/Global/
Financial/Real estate

*Chief Investment Officer

Presidents of subsidiaries

- Management of business operations
- Visualization and info sharing for business performance

Number of consolidated subsidiaries (with overlap among segments)

Content Distribution

1

Store Services

9

Business Systems

1

Communications

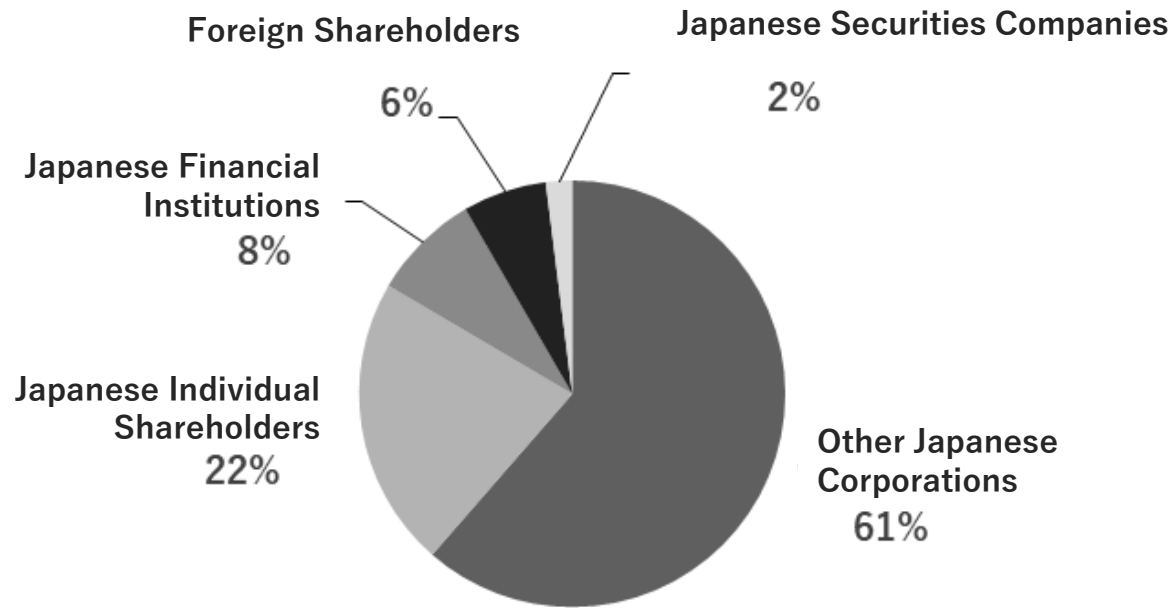
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Energy

2

Shareholder composition (As of February 29, 2024)

Shareholder composition



Major shareholders

Name	Number of shares held	Shareholding ratio
UNO-HOLDINGS Co., Ltd.	30,117,800	50.09%
Yasuhide Uno	4,178,145	6.95%
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,356,500	3.92%
Custody Bank of Japan, Ltd. (Trust Account)	2,291,200	3.81%
HIKARI TSUSHIN, INC.	2,099,266	3.49%
SIL Co., Ltd.	1,380,700	2.30%
TBS HOLDINGS, INC.	952,800	1.58%
TV TOKYO Holdings Corporation	819,408	1.36%
CENTRAL TANSHI Co., Ltd.	700,000	1.16%
UEDA YAGI TANSHI Co., Ltd.	495,400	0.82%

Stock price (From integration to today)

Stock price grows along with steady expansion of business performance



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