



Overview of USEN & U-NEXT GROUP

June 2025

Contents

1.	Corporate Overview	P2
2.	Content Distribution	P9
3.	Store & Facility Solutions	P22
	- Store Solutions	P23
	- Facility Solutions	P36
4.	Communication & Energy	p39
	- Communication	P40
	- Energy	P43
5.	Financial, Realty & Global	P46
6.	Financial Strategies	P52
7.	APPENDIX	P56

1. Corporate Overview

Our Slogan

NEXT for U

WHO WE ARE

The USEN&U-NEXT GROUP uses activities in four business sectors to be a source of convenience, comfort and happiness for people, stores and communities.

We are dedicated to using entertainment and technology to create a new and even better future for the benefit of everyone.

Overview of business segments

BtoC

BtoB



Number of Subscribers
4.6M



Number of Stores 830K
(Restaurants · Retailers · Beauty salons)



Number of Facilities 30K
(Hotels · Hospitals)

Comprehensive solutions to support stores and facilities

Content Distribution

VOD service “U-NEXT”



SVOD market
share in
Japan*1
No.2

Largest
inventory*2
No.1

Store & Facility Solutions

Store Solutions

Music distribution, POS register,
Cashless payment, Catering robots, etc.



Market share of
music distribution
for stores in Japan*3
No.1

Facility Solutions

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



Automated
payment machines
market share in
Japan*4
No.1

Communication & Energy

Communication

Broadband internet service,
ICT and cloud services etc.



Energy

High/Low voltage, green energy.



Financial, Realty & Global

Financial

- Cashless payments
- Credit/leases

Realty

- Real estate communication services
- Rent guarantees
- Operation of retail buildings

Global

(Currently working on a business plan)

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

*2*GEM Partners, November 2024

*3 U-NEXT HOLDINGS assumptions

*4 U-NEXT HOLDINGS assumptions

U-NEXT
HOLDINGS

At a glance

These figures are as of August 31, 2024, except where otherwise noted

Net Sales

¥326.8 bn

Operating Income

¥29.1 bn

EBITDA

¥39.5 bn

Market capitalization

¥400.0 bn

(Based on the highest stock price of FY2025)

ROE

20%

ROIC

14%

Founded in

1961

Number of employees

5,300

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

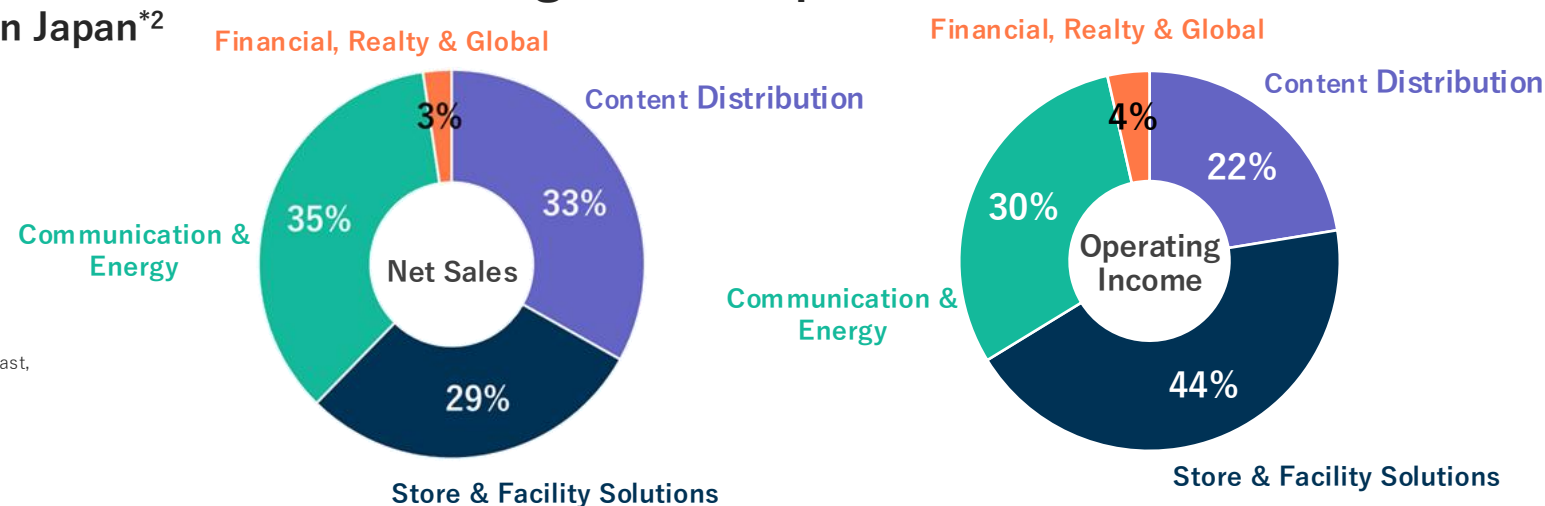
No.1

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

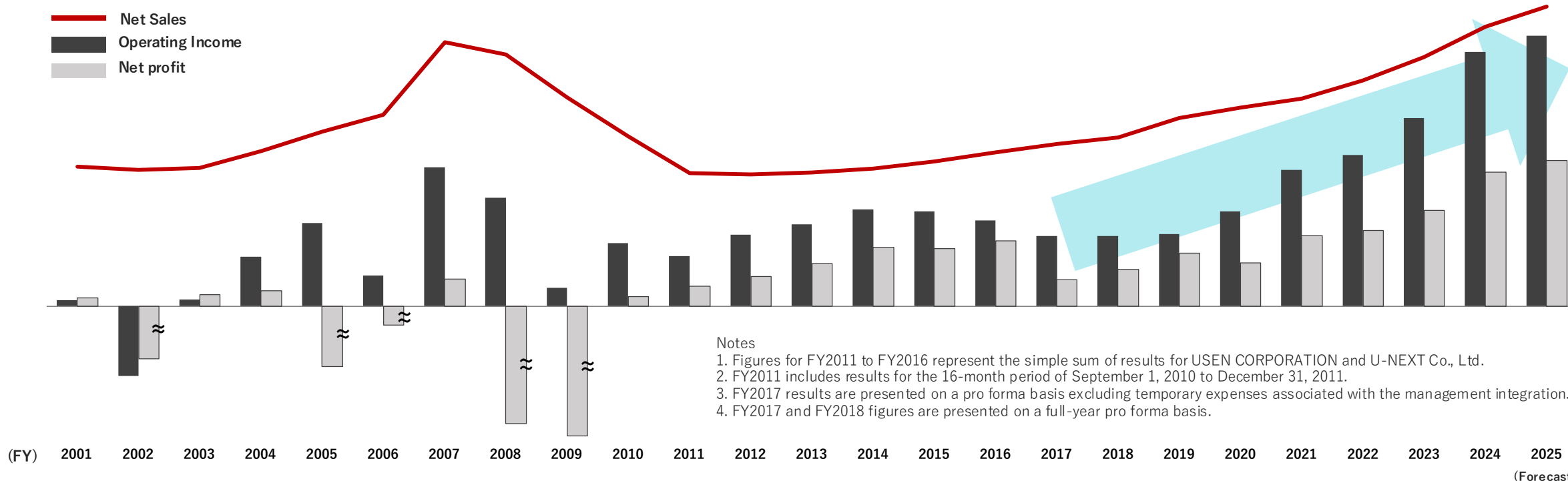
*² U-NEXT HOLDINGS assumptions

*³ U-NEXT HOLDINGS assumptions

Business segment composition



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–)

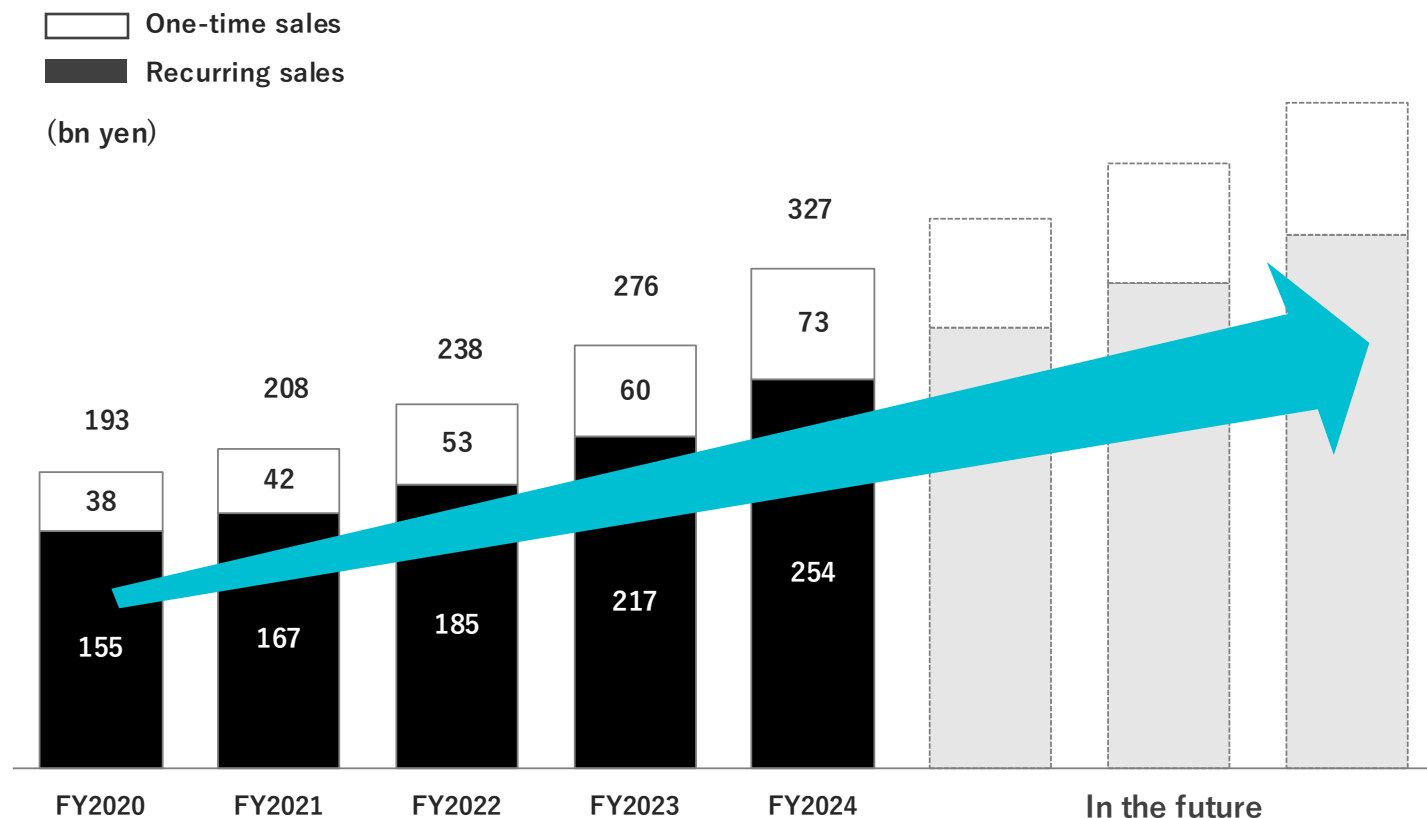
The 2017 management integration of USEN and U-NEXT created the USEN & U-NEXT GROUP. Even during the pandemic, depreciation of the yen and other difficulties, all businesses grew and the company has achieved eight consecutive years* of sales and earnings growth.

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

U-NEXT
HOLDINGS

Recurring sales growth

Steady growth backed by consistent growth of recurring sales



*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.

Recurring sales ratio (% of total sales)

80 %

Recurring sales CAGR (5 years)

+13 %

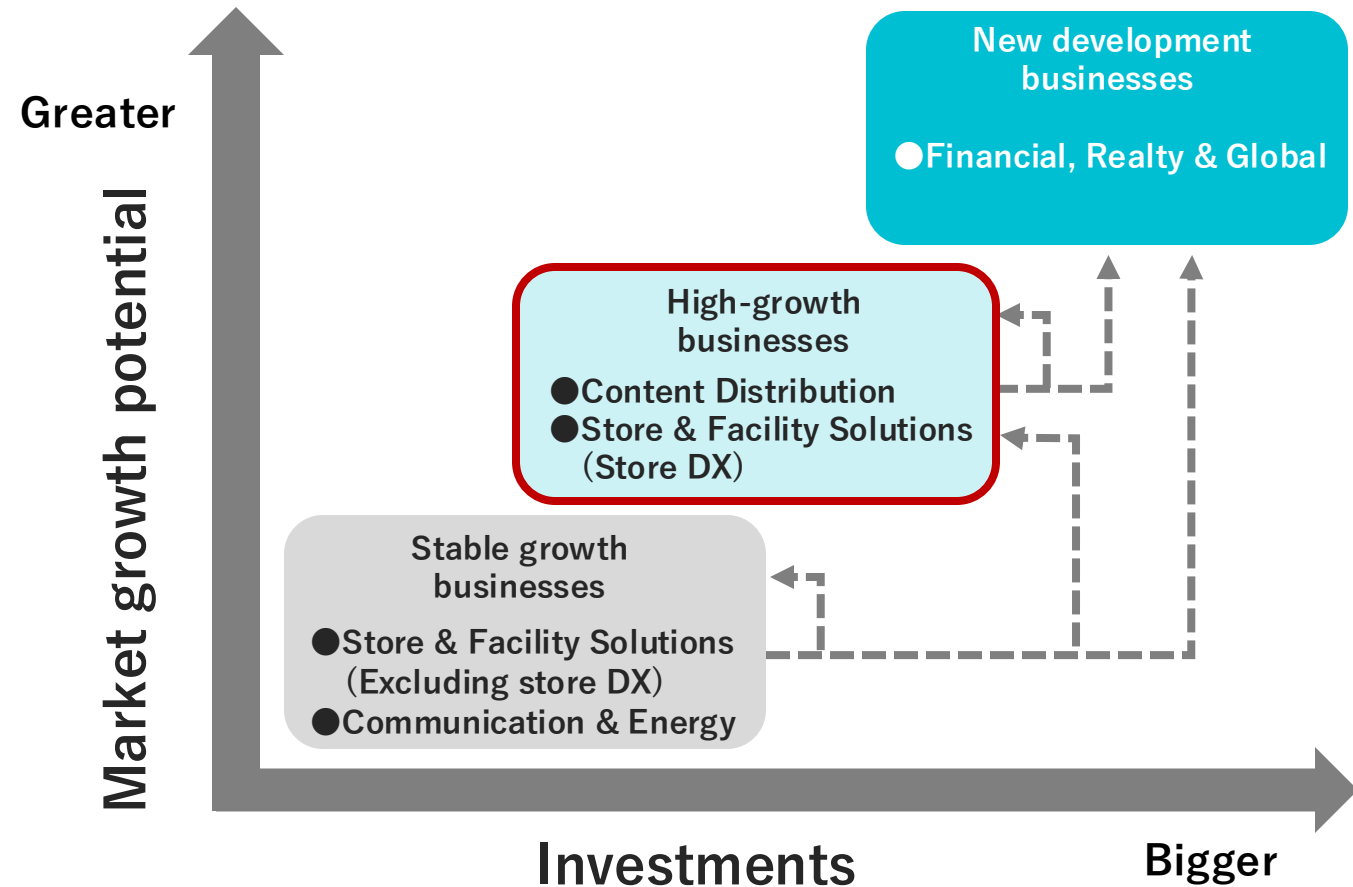
Recurring sales (FY2024 actual)

Above ¥250 bn

Portfolio management

Sustained growth backed by use of stable business cash flows for large investments for High-growth businesses and New development businesses.

【Disclosure segments】



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

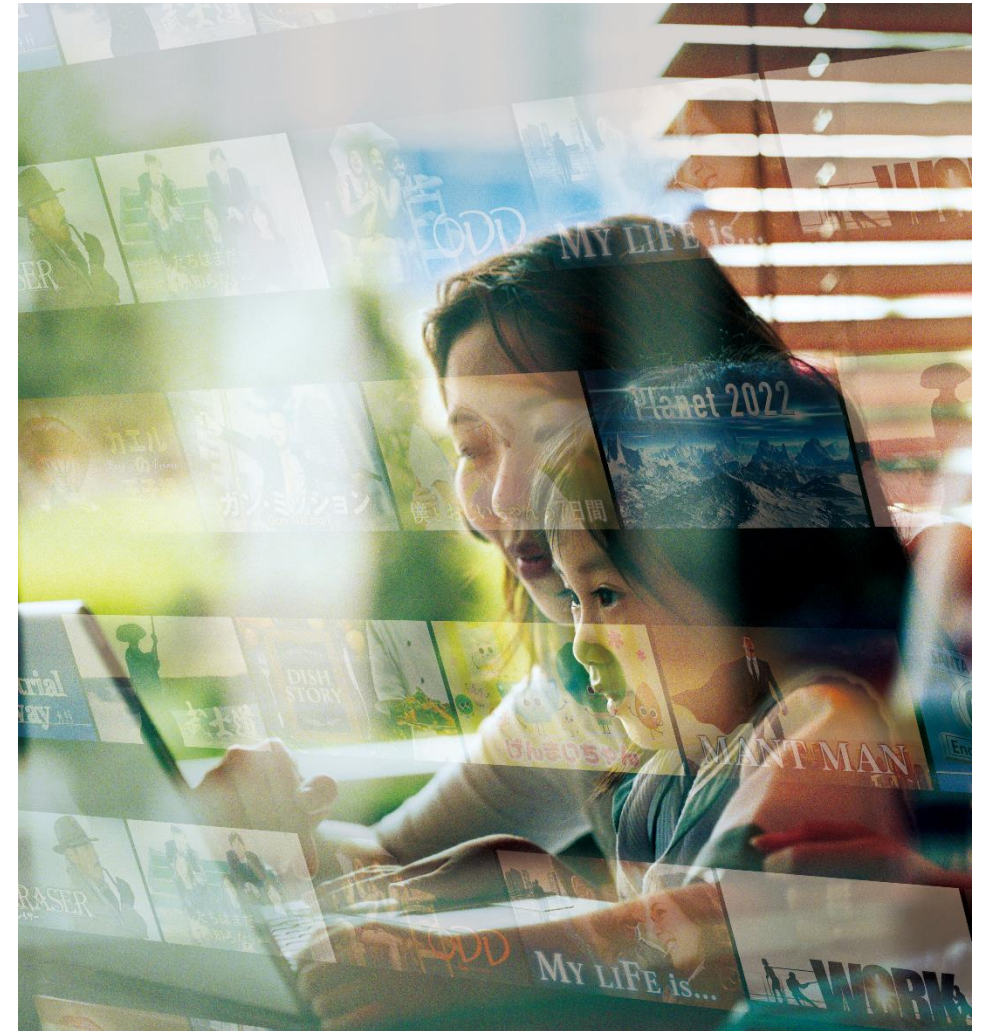
A provider of the best possible way to spend time for everyone

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.

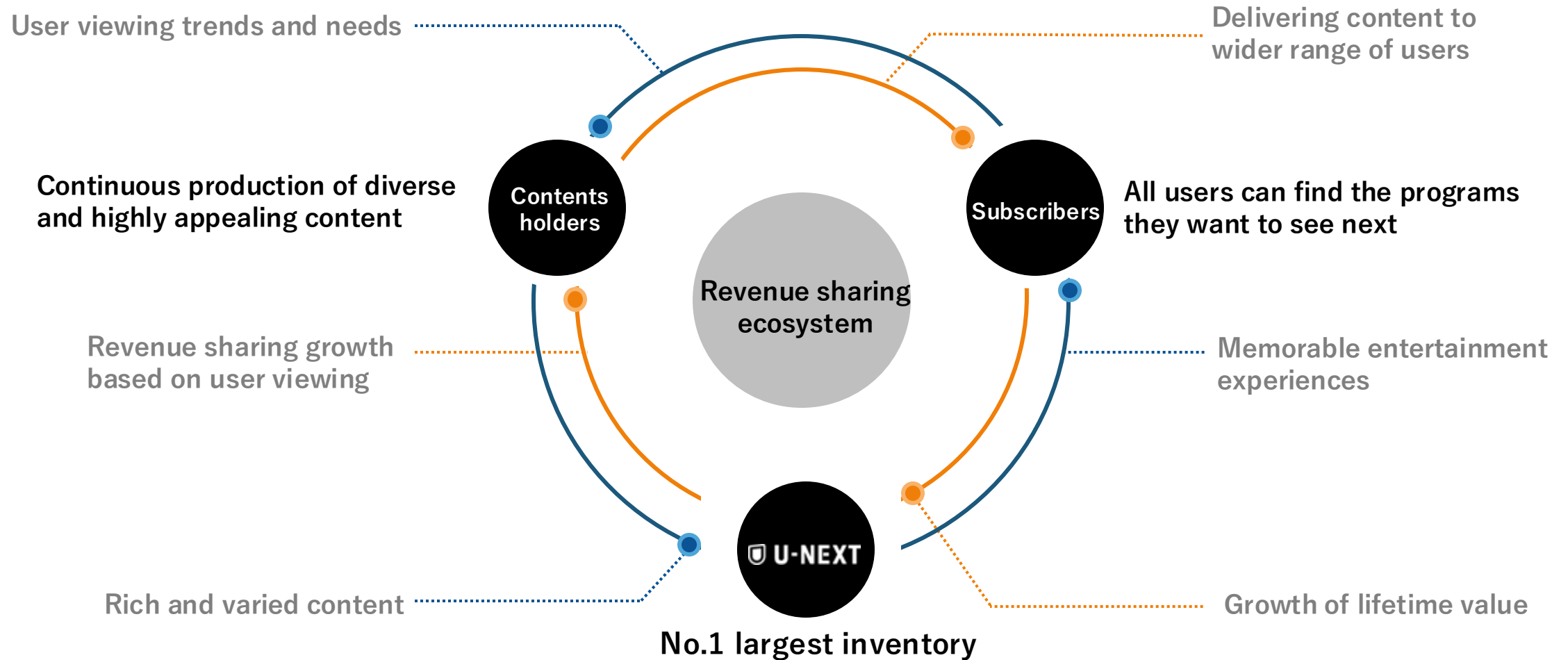
Since we launched our SVOD service, we have retained a firm commitment to content diversity, the ease of viewing programs and the use of the latest technologies.

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

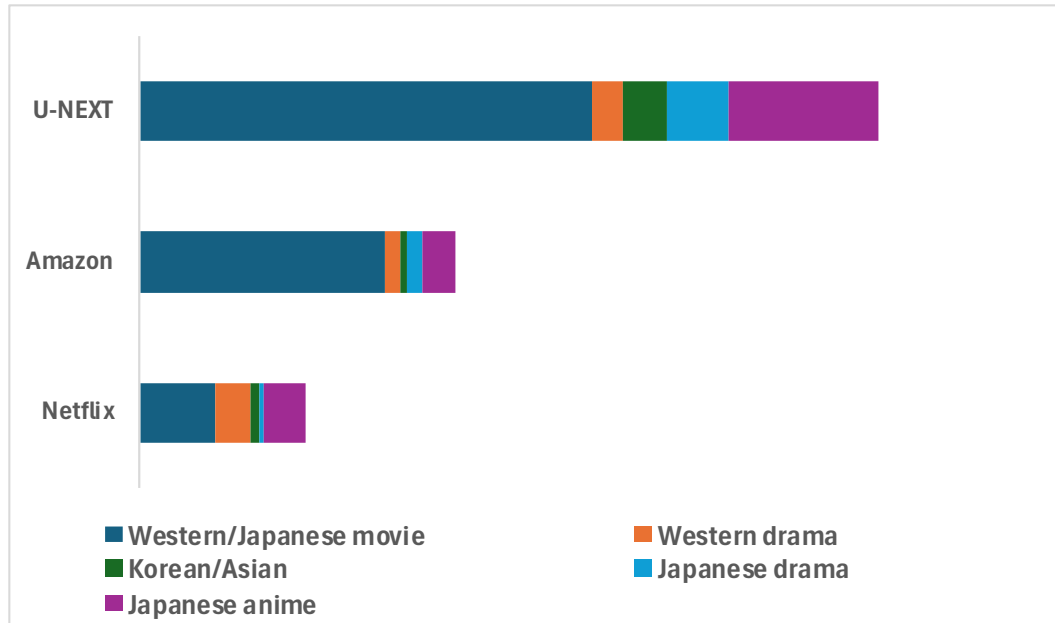
Our ecosystem makes possible the steady expansion of content



Differentiation strategies: Overwhelming leadership in coverage

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

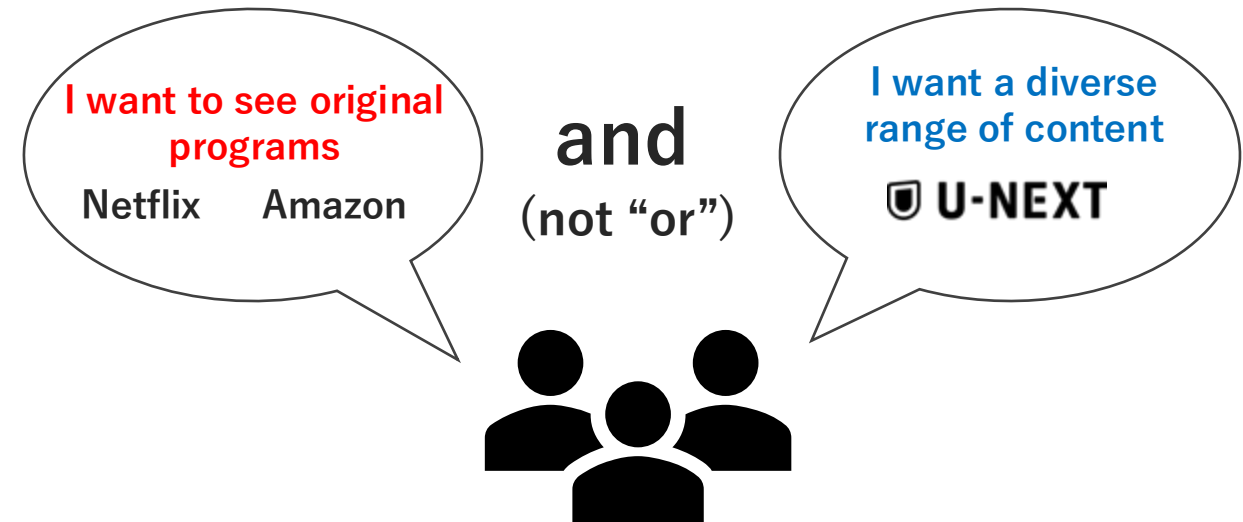
Number of content



Source: GEM Partners November 2024 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 flatrate video distribution services in Japan. On-demand paid content is surveyed separately.

A market where competing services can coexist

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



Source: Analysis of 2024 Video Content Users, GEM Partners

Differentiation strategies: Expansion of exclusive content

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

As of April 2025



@last_mile_movie



©2025 WarnerMedia Direct, LLC. All Rights Reserved. HBO Max™ is used under license.



© CJ ENM Studios Co., Ltd.



©Soubee Amako / Gekijoban Nintama Rantarō Production Committee



©Premier League



U-NEXT
HOLDINGS

Differentiation strategies: Hybrid of unlimited viewing & points



2,189 JPY per month

Approx. 15 US\$ (¥150/US\$)

Streaming

- No.1 largest inventory*
(Over 360,000 contents)
- Unlimited 200 e-magazine viewing
- Add to 3 sub-accounts at no additional cost
(Family Account)

*GEM Partners, April 2025

+

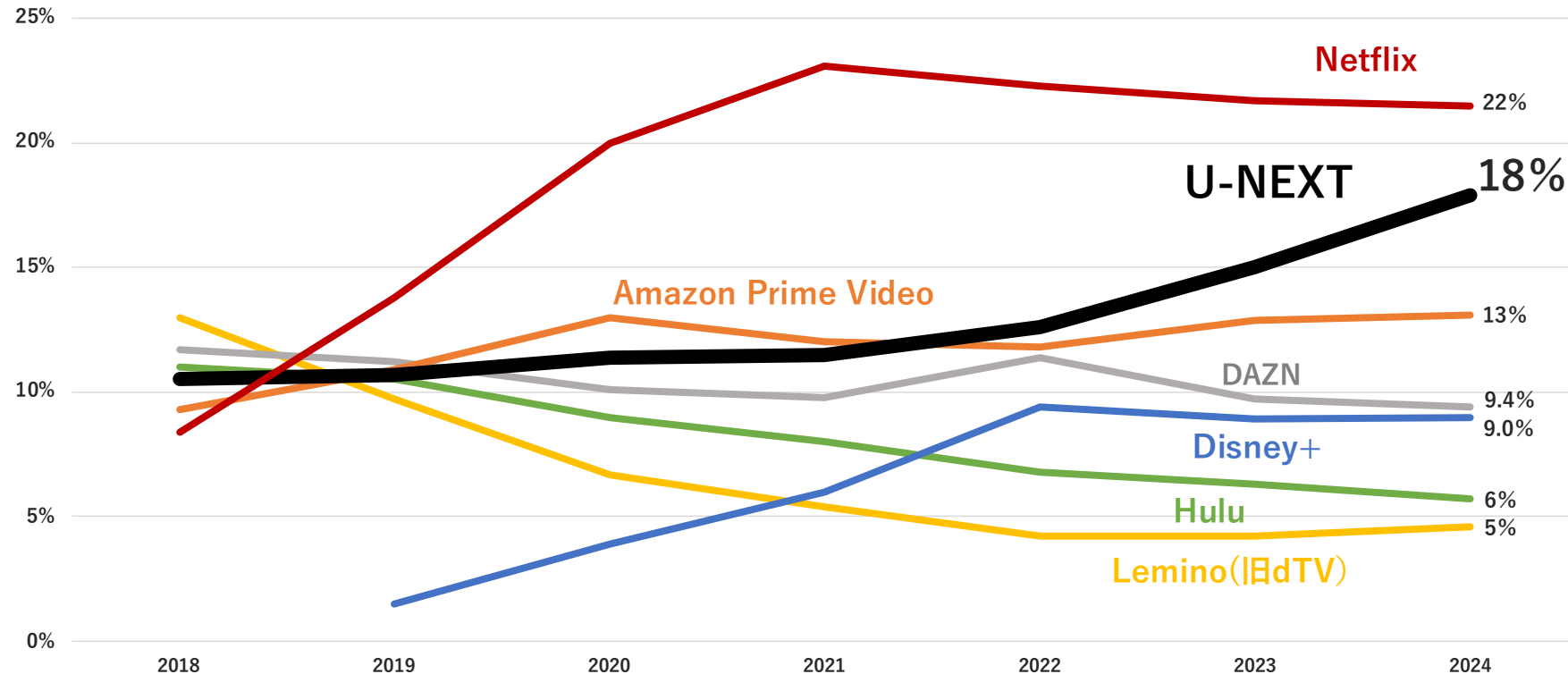
¥1,200 Loyalty points

Approx. 8 US\$ (¥150/US\$)

- Rentals of the latest videos (movies, dramas)
- Purchase of more than 1.1 million e-books
- Purchase of movie tickets
- Purchase of tickets for viewing live events

Market growth potential: Market share in Japan

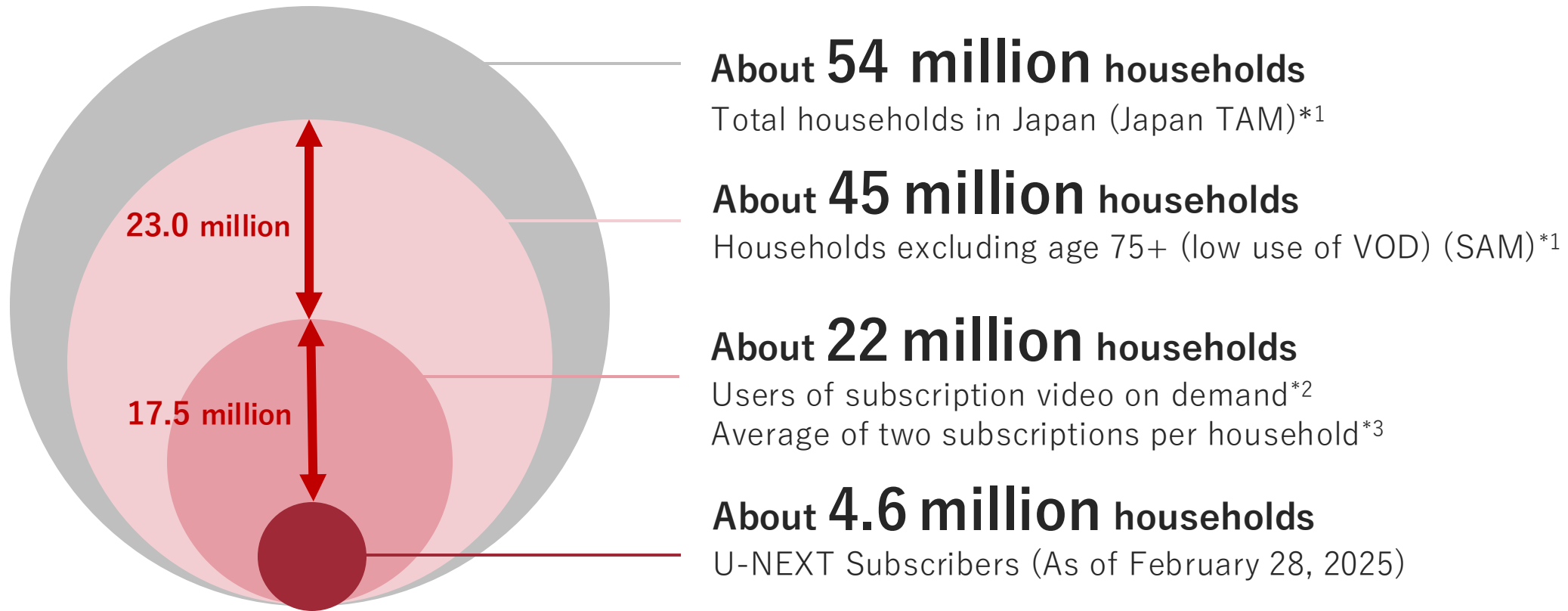
- Ranks first among Japanese companies and second after Netflix.
- The only service with constant market share growth, increasing from 15% to 18% during the past year.



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 2023 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 (2024), 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

©Kakao Entertainment Corp. All Rights Reserved

©TBS

©Victor Entertainment, Inc.

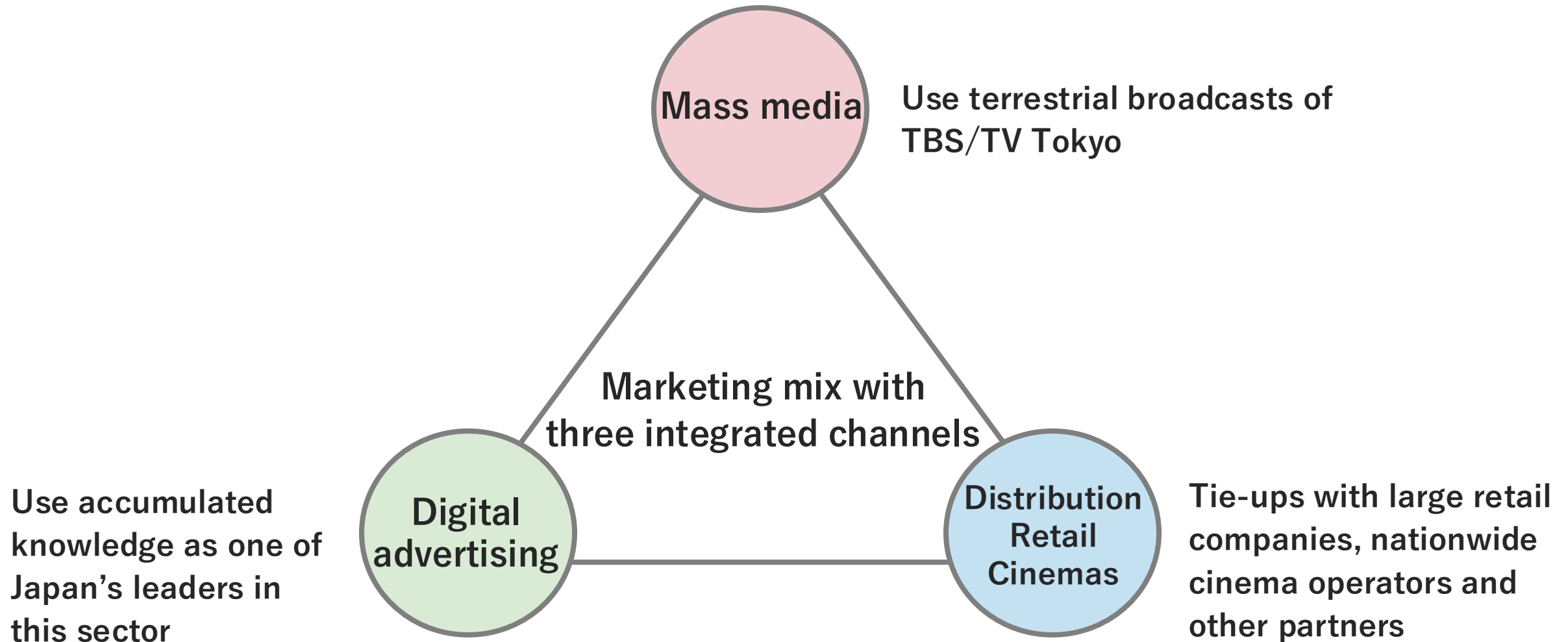
©Premier League

©Yoshito Usui/Futabasha, Shin-Ei, TV Asahi, ADK 2024

© 2025 WarnerMedia Direct Asia Pacific, LLC. All rights reserved. Max and related elements are property of Home Box Office, Inc.

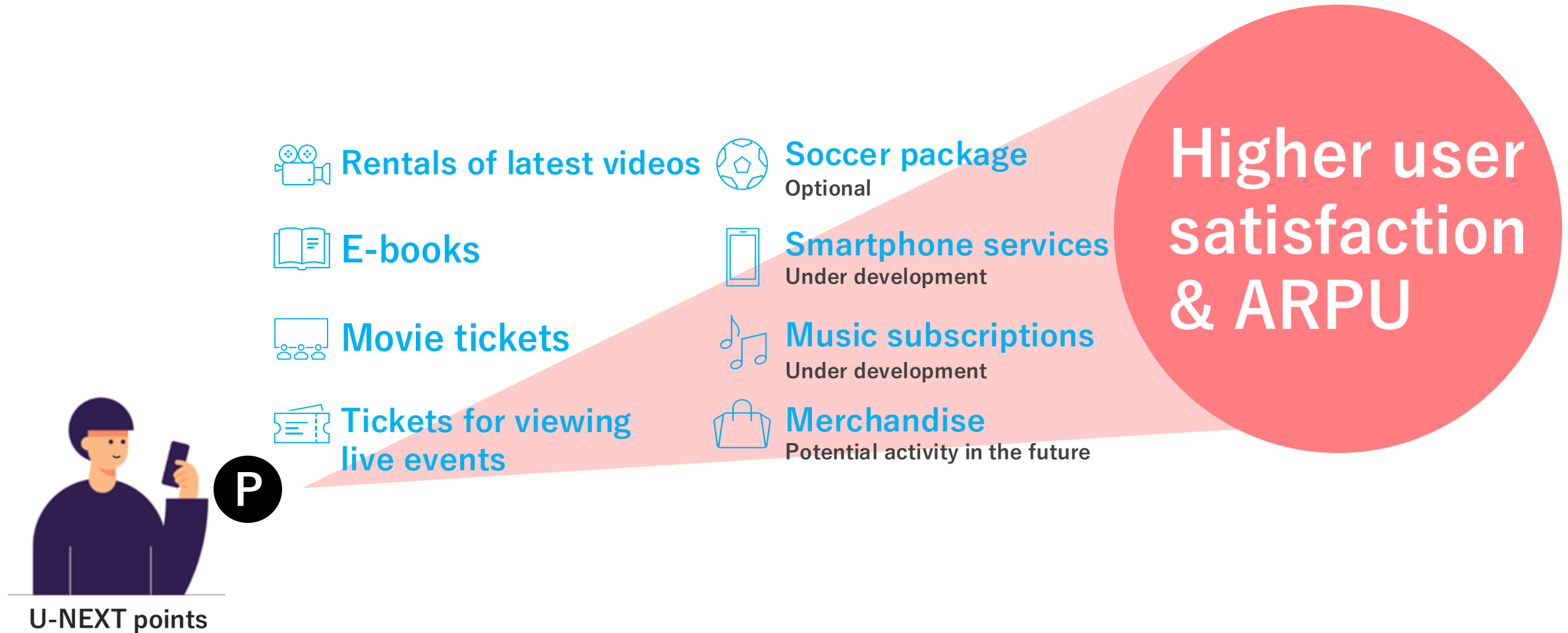
U-NEXT
HOLDINGS

Growth strategies: Marketing that attracts diverse users



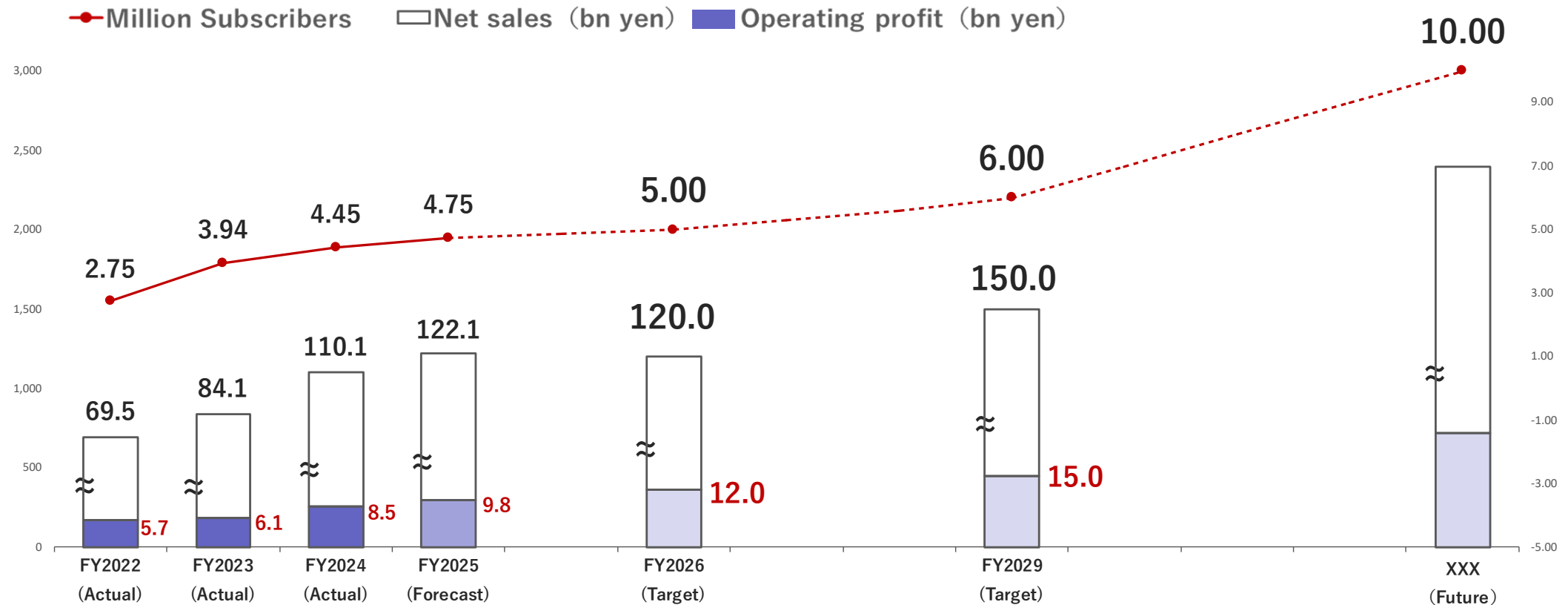
Growth strategies: Loyalty point strategy

Higher user satisfaction and ARPU by variety of appealing point services



Growth strategies: KPI & PL

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



*FY2026 and FY2029 figures are the targets at the time of the third-party allotment by U-NEXT, which we announced in June 2023.

3. Store & Facility Solutions

Store Solutions

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

Vision

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

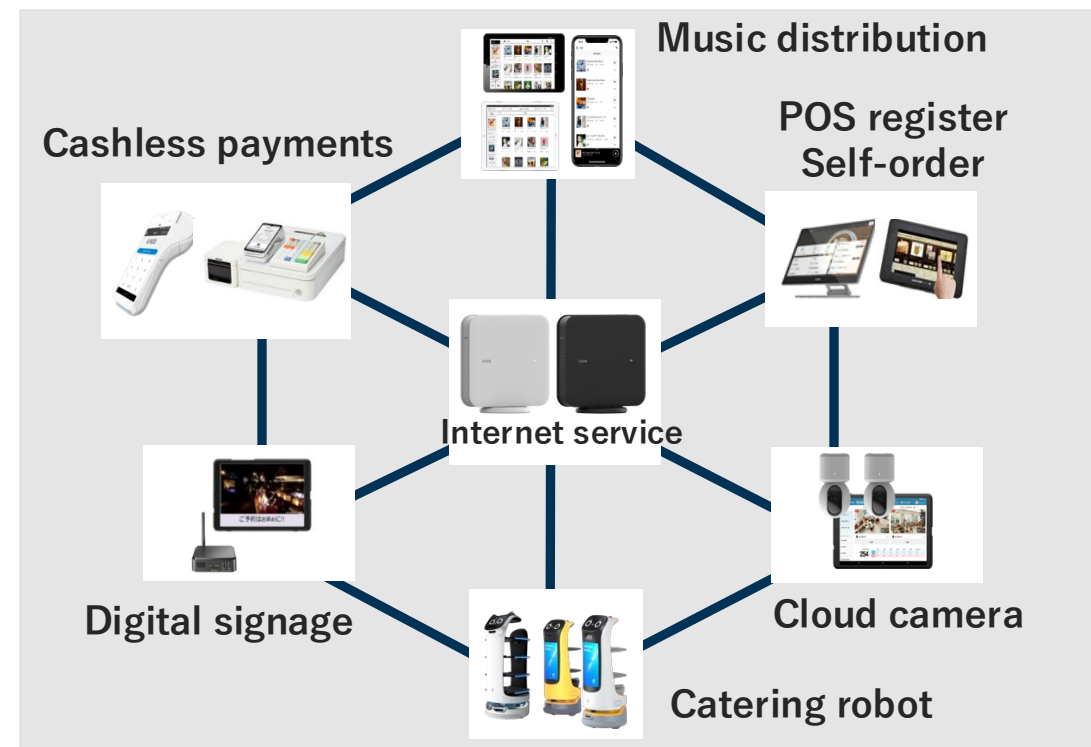
Pct. of companies with difficulty
hiring part-time workers

Restaurants **61%** 

Retail stores
Hotels **54%** 

Source: Labor shortage survey of companies by Teikoku Databank (January 2025)

DX solutions for higher store efficiency



©Pudu Technology Inc.

*Internet service is part of the Communication & Energy segment.

*Cashless payments are part of Financial, Realty & Global segment.

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• 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• WEDDING MUSIC BOX● Background video<ul style="list-style-type: none">• USEN MUSIC Entertainment● Sports<ul style="list-style-type: none">• U-NEXT Soccer Package for businesses• DAZN FOR BUSINESS	<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

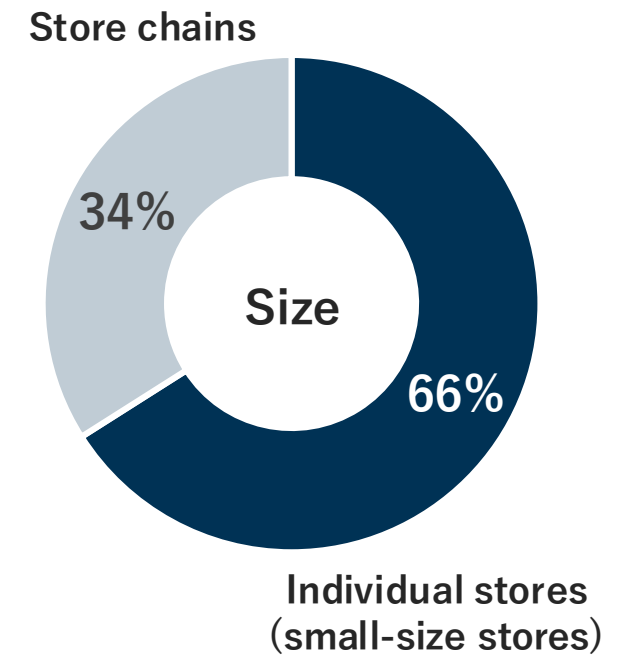
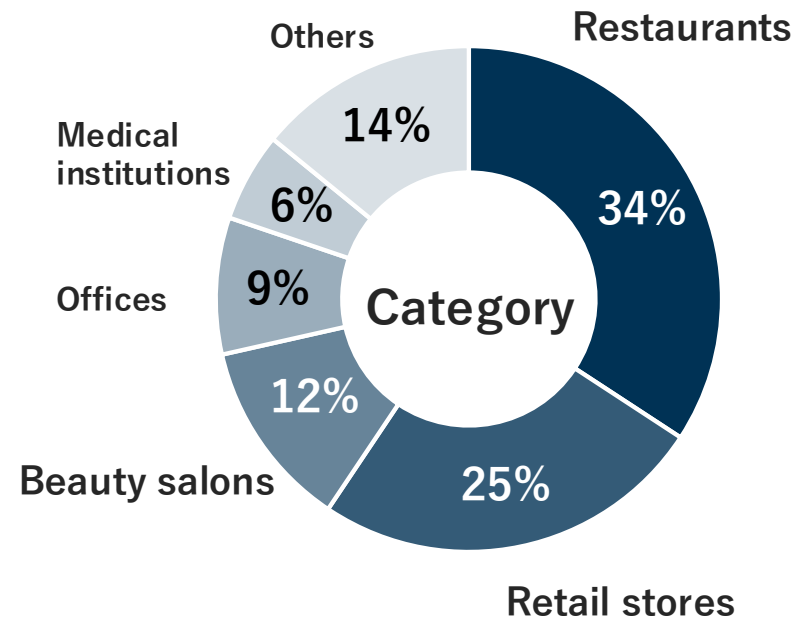
Support for customers

- 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

830,000
Store customers



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

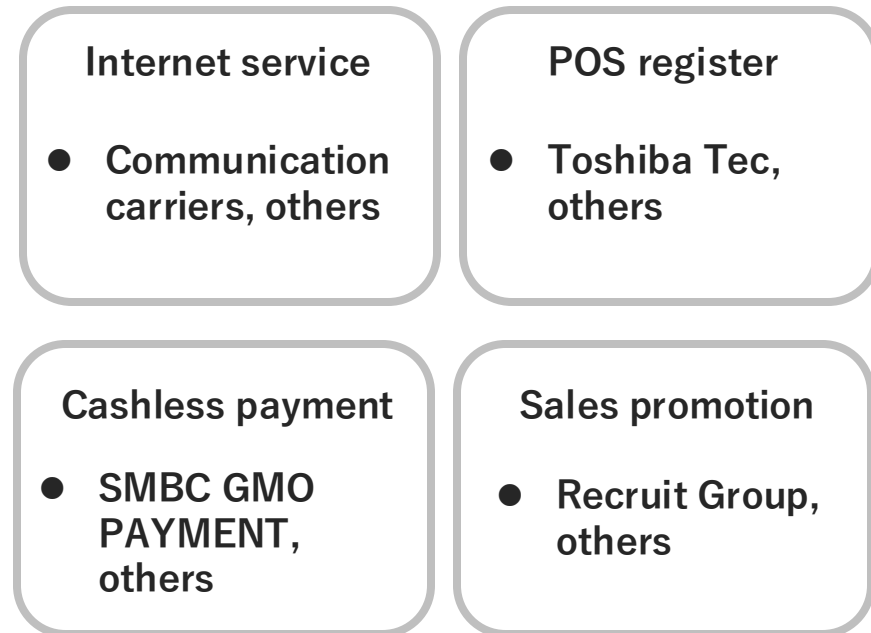
Peer company comparisons (U-NEXT HD assumption)	USEN&U-NEXT GROUP	POS register company A	Cashless payment company B	Marketing support company C
The number of sales employees	1,200	Approx. 125	Approx. 40	Approx. 250
The number of engineers	900	Approx. 100	Approx. 40	Approx. 350

Strengths: Differentiation by one-stop services

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

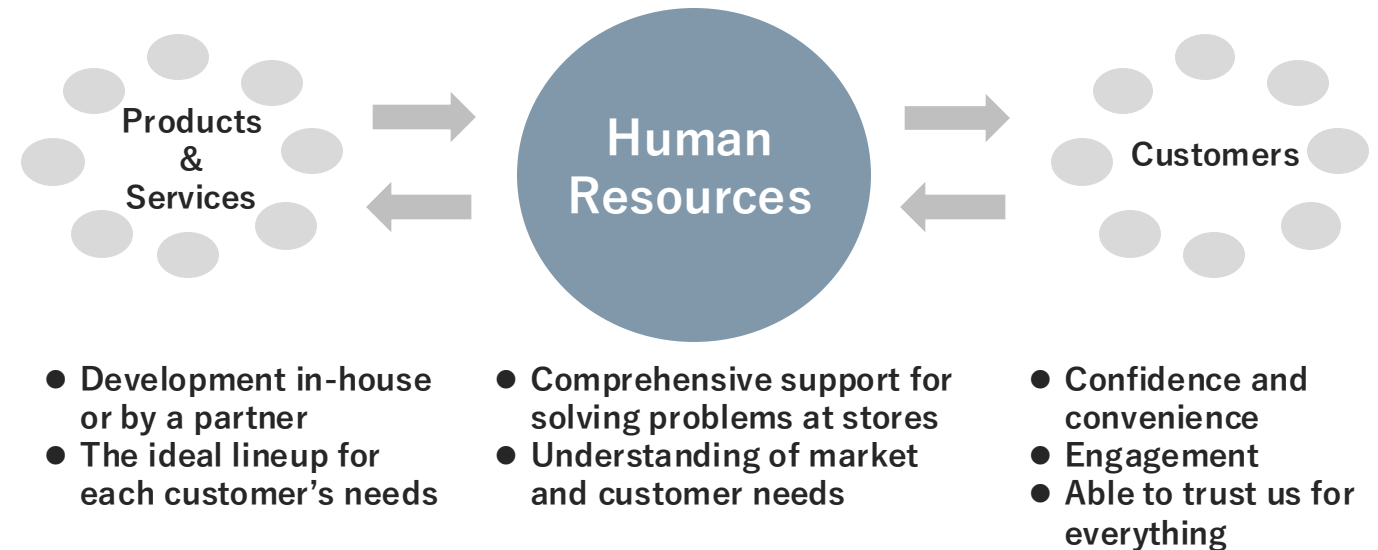
Players in each service area

Mainly specialized business domains



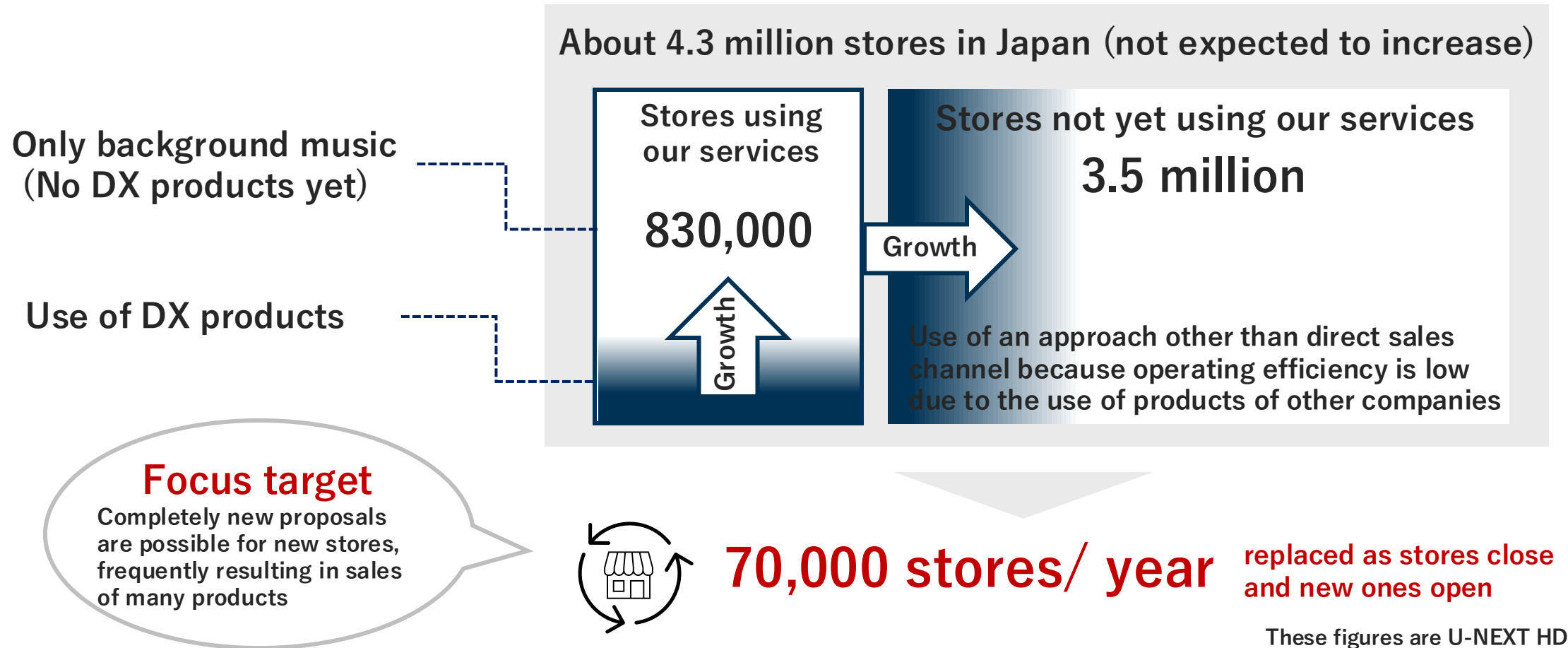
USEN & U-NEXT GROUP

One-stop services backed by a skilled workforce



Growth strategies: TAM & Focus target

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



Growth strategies: **Focusing on newly opened stores**

Starting sales visits during preparations result in sales of several products

1

A nationwide network of 18,000 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

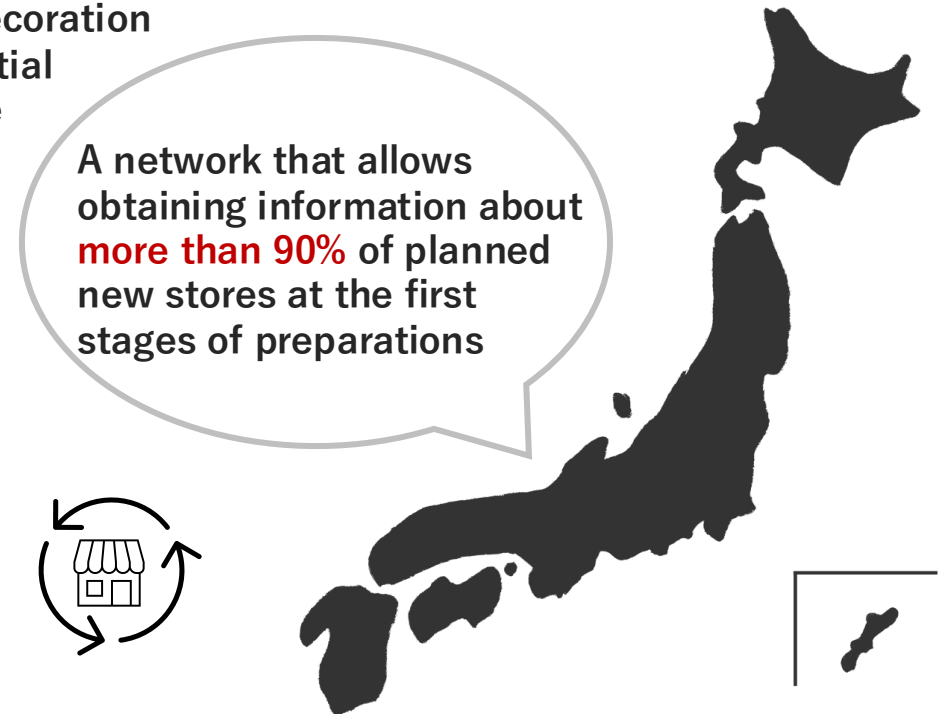
Use of sales activities to collect information

The nationwide sales and engineer team of 2,000 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



Growth strategies: A Larger product lineup

Increasing the lineup to meet the future needs of stores

New products

2023

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



Music and video service for stores
(USEN MUSIC Entertainment)



2024

Cash management is also possible
Cashless payment service integrated
with a simple cash register
(USEN PAY+)



Next-generation model of catering and
transport robot with display
(KettyBot Pro)



2025

Co-developed by USEN and NTT DATA
High-performance POS system for the food
and beverage sector
(USEN Regi)



Not yet decided

In the future

More services that help
solve problems of stores

Human
Resources

Purchases

Foreign
tourists

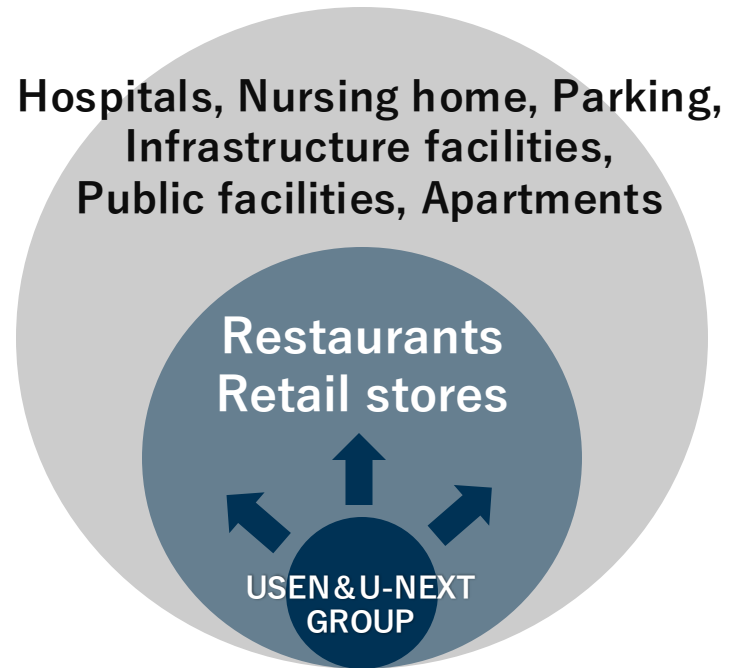
Real estate

etc.

Featured product (Cloud camera)

Establish a significant position in the growing cloud camera

Cloud camera market in Japan



U-NEXT HD assumptions

Service lineup & Growth strategies

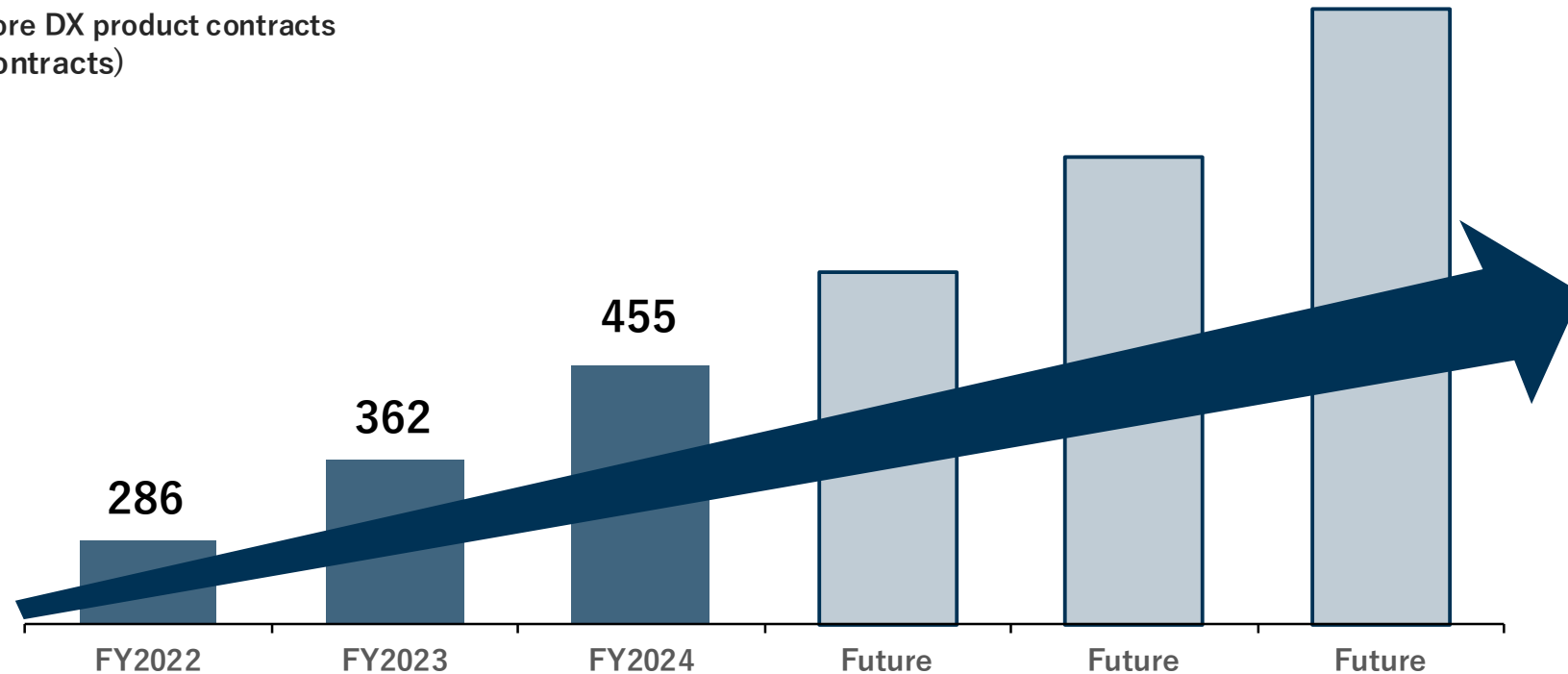


- Increasing sales activities targeting restaurants and stores that are already USEN & U-NEXT GROUP customers and expanding these activities to hospitals, factories, condominiums, parking areas and other new market sectors
- Use synergies among group companies for cross-selling
- Well-planned activities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

Growth strategies: KPI (Store DX product contracts)

Strong growth in store DX products, which has expanded 1.6 times over the past three years

■ Store DX product contracts
(1,000 contracts)



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

*Network (internet) services, which are a store DX product, are part of the Communication & Energy segment.

Facility Solutions

Business models

One-time sales (Gross profit margin is 45%)

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)



Hotel KIOSK

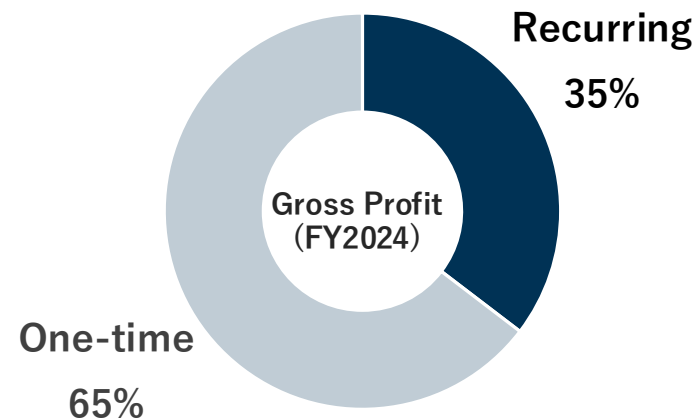
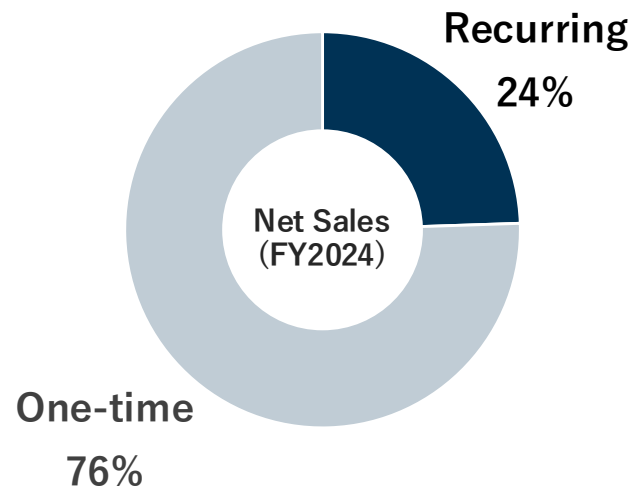
- Self-check-in/out
- Key card Issuance
- Payment
- Inbound support

Hospital KIOSK

- Reception
- Health insurance verification
- Payment

A guidance robot for clinics, ATOI

- Request for medical questionnaire input
- Next appointment booking
- Facility Guide



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

JAPAN TAM & Market share

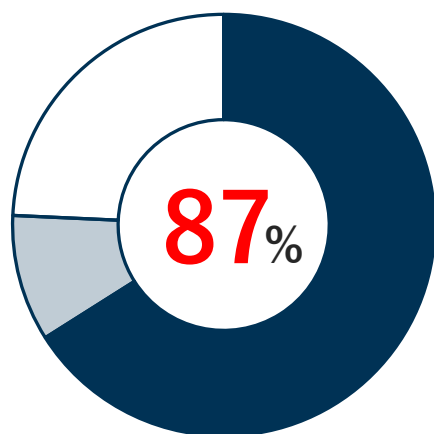
(U-NEXT HOLDINGS assumptions)

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

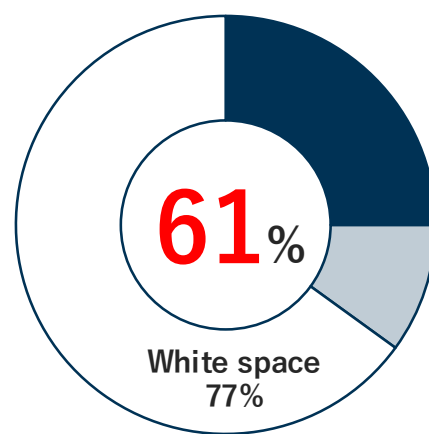
Leisure Hotels



The number of facilities
The whole market : 5,200
Our customers : 3,500

Dominant market share but a mature market

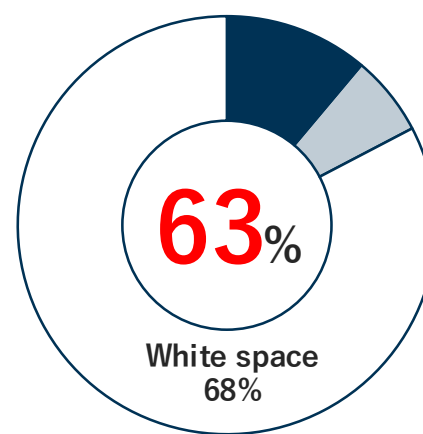
Business Hotels



The whole market : 8,000
Our customers : 1,200

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

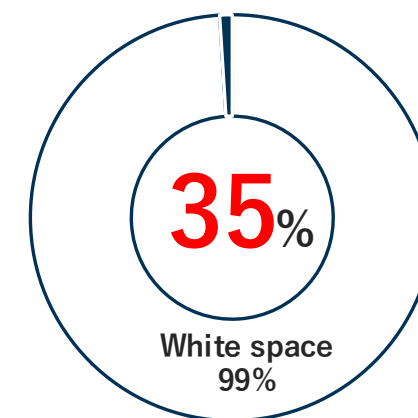
General Hospitals (More than 150 hospital beds)



The whole market : 3,900
Our customers : 900

Growth expected due to the ongoing DX of health care

Clinics · Pharmacies



The whole market : 231,200
Our customers : 600

A new market sector with significant growth potential

4. Communication & Energy

Communication

Growth Area: 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

Growth Area: 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 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

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

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
- Household electricity service plans, including a plan for power from renewable sources, that are cost competitive in relation to the plans of other companies and the ability to use collaboration with U-NEXT and other activities for the creation of synergies with other group businesses
- To meet the growing demand at companies for measures involving the SDGs and protecting the environment, this business has a renewable energy source electricity plan with non-fossil certification. Services also include decarbonization consulting and other assistance, making this business a one-stop source of support for achieving carbon neutrality.

Weaknesses

- Difficulty in differentiating services on a stand-alone basis
- Limitations of profitability due to not having an in-house power generation model
- Need for controlling the speed of business growth to match the current financial position due to the large volume of working capital

5. Financial, Realty & Global

Financial, Realty and Global Services

The goal is to become the group's fourth core business category by providing added-value services that complement and reinforce current business operations.

Financial

- Cashless payments
- Credit/leases
- Small-amount, short-term insurance

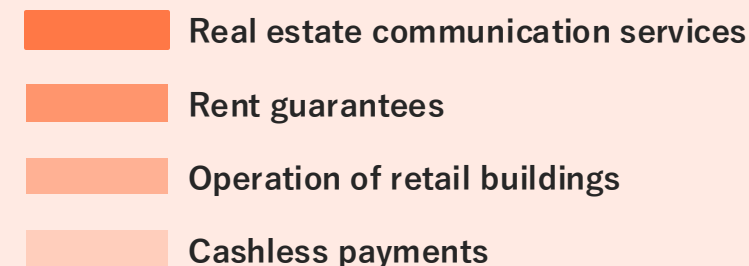
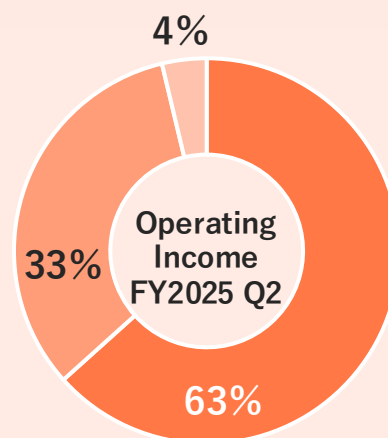
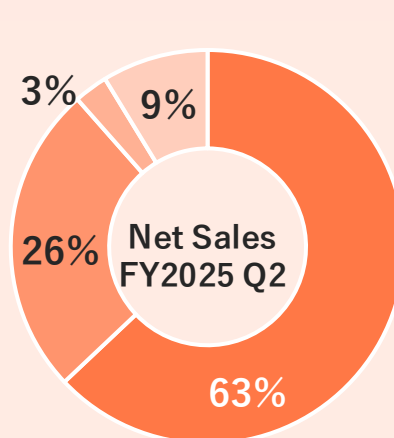
Realty

- Real estate communication services
- Rent guarantees
- Operation of retail buildings
- Tenant matching

Global

Currently determining a business plan mainly for products and services involving foreign tourists in Japan

Sales and earnings

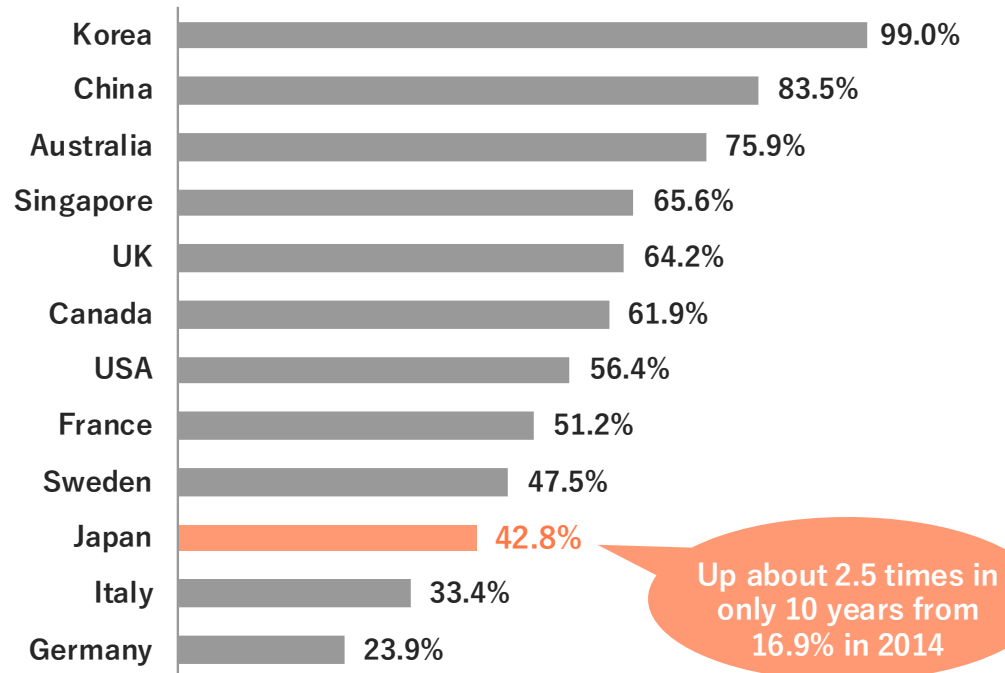


* Cashless payments are not included due to operating losses.

Financial (Cashless payments)

Cashless payments in Japan are expected to continue to grow

Share of cashless payments



Pct. for Japan is 2024 and pct. for other countries are 2022.

Source: "Cashless Roadmap 2024" of Payments Japan Association
Share of cashless payments in 2024, statistics of Ministry of Economy, Trade and Industry

Cashless payment market in Japan

U-NEXT HD assumptions



* Gross Merchandise Value

Financial (Cashless payments)

Faster growth backed by the Group's strengths and more added value

Solutions

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)

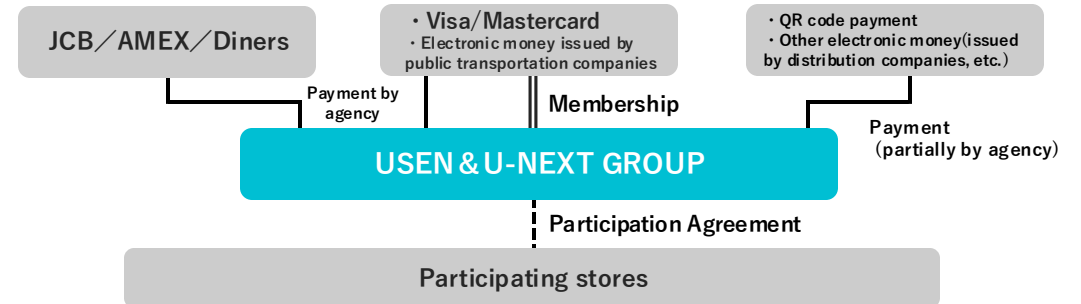
USEN PAY+



- Supports both cash and cashless payment needs
- First release of the A920MAX payment terminal for commercial use in Japan

Functions

acquiring business /PSP*



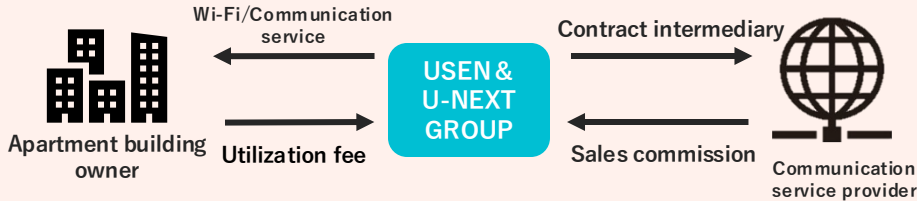
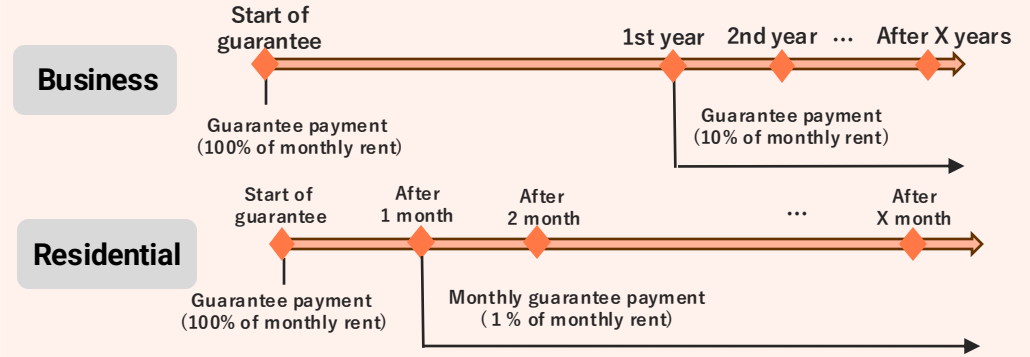
- Administrative services for member stores that accept credit card, prepaid IC card and other cashless payments and addition of more stores
- Payment service provider for Visa, Mastercard, JCB and other credit cards and prepaid IC cards

*A payment service provider (PSP) is an intermediary that provides the necessary payment processing infrastructure for allowing businesses to accept credit card and other electronic payments.

Growth strategies

- Cross-selling to newly opened stores and to the existing customer base of over 800,000 stores
- Sales targeting stores not yet using USEN PAY by using sales agents and internal sales activities of group companies
- Cross-selling of store solutions for acquired businesses that serve customers that are not part of the customer base of the USEN & U-NEXT GROUP

Realty (Real estate communication services/Business and residential Rent guarantees)

	Real estate communication services	Business and residential Rent guarantees
Service overview	<ul style="list-style-type: none"> For owners of apartment and other residential buildings, Wi-Fi/communication services for the entire building 	<ul style="list-style-type: none"> Provides commercial and residential rent guarantee services for lease contracts between stores, facilities, and individual lessees and property owners
Sales channels/ Strengths	<ul style="list-style-type: none"> Uses the directly operated resources of the USEN & U-NEXT GROUP and the group's extensive network of relationships in the real estate industry 	<ul style="list-style-type: none"> A nationwide network of 18,000 partners, including real estate agents, enables us to approach potential customers before other companies through top-up and matching services between owners and real estate brokers Bundled sales with store DX products and telecommunications and energy services "U-NEXT Premium benefits" are included for residence residents
Earnings model	<ul style="list-style-type: none"> Utilization fees and sales commissions from the sale of Wi-Fi/communication services for apartment and other residential buildings 	<ul style="list-style-type: none"> Guarantee consignment fees are collected from contracted tenants and residents 

Realty (Operation of retail buildings)

Targets

- Planning to purchase 30 to 40 buildings with retail tenants by 2030, increasing real estate holdings to about 40 billion yen.
- Purchase and manage prominent retail buildings on major streets that attract a large number of people, including foreign tourists, in suburban Tokyo and other large cities.
- Target the three major categories of Wellness (fitness, healthcare, others), All-Day Dining (cafés, restaurants, others), the Nighttime Economy (bars, entertainment, others)

Properties acquired



Feel Jiyugaoka
Building
Meguro-ku, Tokyo



CEO Kiyamachi
Building
Nakagyo-ku, Kyoto

And two more buildings
(as of February 2025)

Growth strategies

- (1) Cross-sell group products to tenants of acquired buildings.
- (2) Use a community of building owners for sharing information about potential new customers.
- (3) Use group branding of acquired buildings to raise awareness of the buildings among local residents for higher productivity and sales and earnings growth at these buildings.



Earn returns that are higher than the group's cost of capital, including in the Store & Facility Solutions and Communication & Energy segments.

6. Financial Strategies

Financial indicators (1)

- The private placement of stock greatly improved financial soundness and the equity ratio and debt/equity ratio have both reached the medium-term plan targets.
- The goal is to establish a base capable of sustained growth with periods of sudden and rapid spurts of growth while maintaining the proper balance between the use of additional leverage and measures to increase profitability.

	FY2021 Results	FY2025 Plan	FY2024 Results	備考
ROE	27.2%	About 20%	20.4%	Consistent with the plan
Net Income / Sales Ratio	3.9%	-	4.7%	Profitability is increasing
Asset Turnover Ratio	1.5	-	1.5	The same as the plan
Financial Leverage	4.7	-	2.9	Declining (increase in financial soundness)
Equity ratio	23.6%	30%~40%	35.8%	Within the targeted range
Gross Leverage ratio	2.6	Under1.5	1.6	About the same as the plan
Gross Debt equity ratio	1.9	Under1.0	0.8	Better than planned

*Gross Leverage ratio: Debt ÷ EBITDA

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

Financial indicators (2)

(Billion yen)		FY2022 Actual	FY2023 Actual	FY2024 Actual	FY2025 Forecast	Remarks
ROE	① = ② / ③	23.6%	20.2%	20.4%	18.8%	Small increase in FY2024
Net Income	- ②	8.7	11.0	15.4	16.7	
Shareholder's equity (Average)	- ③	36.5	54.0	74.9	88.9	
ROIC	④ = (⑤ × (1 - ⑥)) / (③ + ⑦)	11.3%	11.9%	13.5%	12.7%	Big increase in FY2024
Operating Income	- ⑤	17.3	21.6	29.1	31.0	
Effective tax rate	- ⑥	36%	36%	36%	36%	
Shareholder's equity (Average)		36.5	54.0	74.9	88.9	
Debt (Average)	- ⑦	61.7	61.7	63.4	66.7	Increased because of funds procured for M&A and real estate purchases
Cost of capital	⑧ = ⑨ + (⑩ × ⑪)	10.3%	10.6%	7.2%	7.2%	FY2024 was down significantly from previous year (no change expected in FY2025)
10-year Japanese gov't bond	- ⑨	0.2%	0.7%	0.9%	0.9%	Based on the last day of each fiscal year
Market risk premium	- ⑩	7.4%	7.0%	5.5%	5.5%	Average of each fiscal year
Shareholder beta	- ⑪	1.36	1.42	1.15	1.15	60 months with 95% confidence interval
WACC	⑫ = ⑧ × ⑬ + ⑭ × ⑮	4.8%	5.9%	4.5%	4.5%	Equity ratio is increasing (more financial soundness)
Cost of shareholder's equity		10.3%	10.6%	7.2%	7.2%	
Shareholders' equity ratio	- ⑬	40%	52%	57%	58%	
Cost of dept	- ⑭	1.1%	0.8%	1.0%	0.9%	
Debt to Total Assets	- ⑮	60%	48%	43%	42%	
Equity spread	① - ⑧	13.3%	9.5%	13.3%	11.6%	
EVA spread	④ - ⑫	6.5%	6.1%	8.9%	8.2%	

Policy for shareholder distributions

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

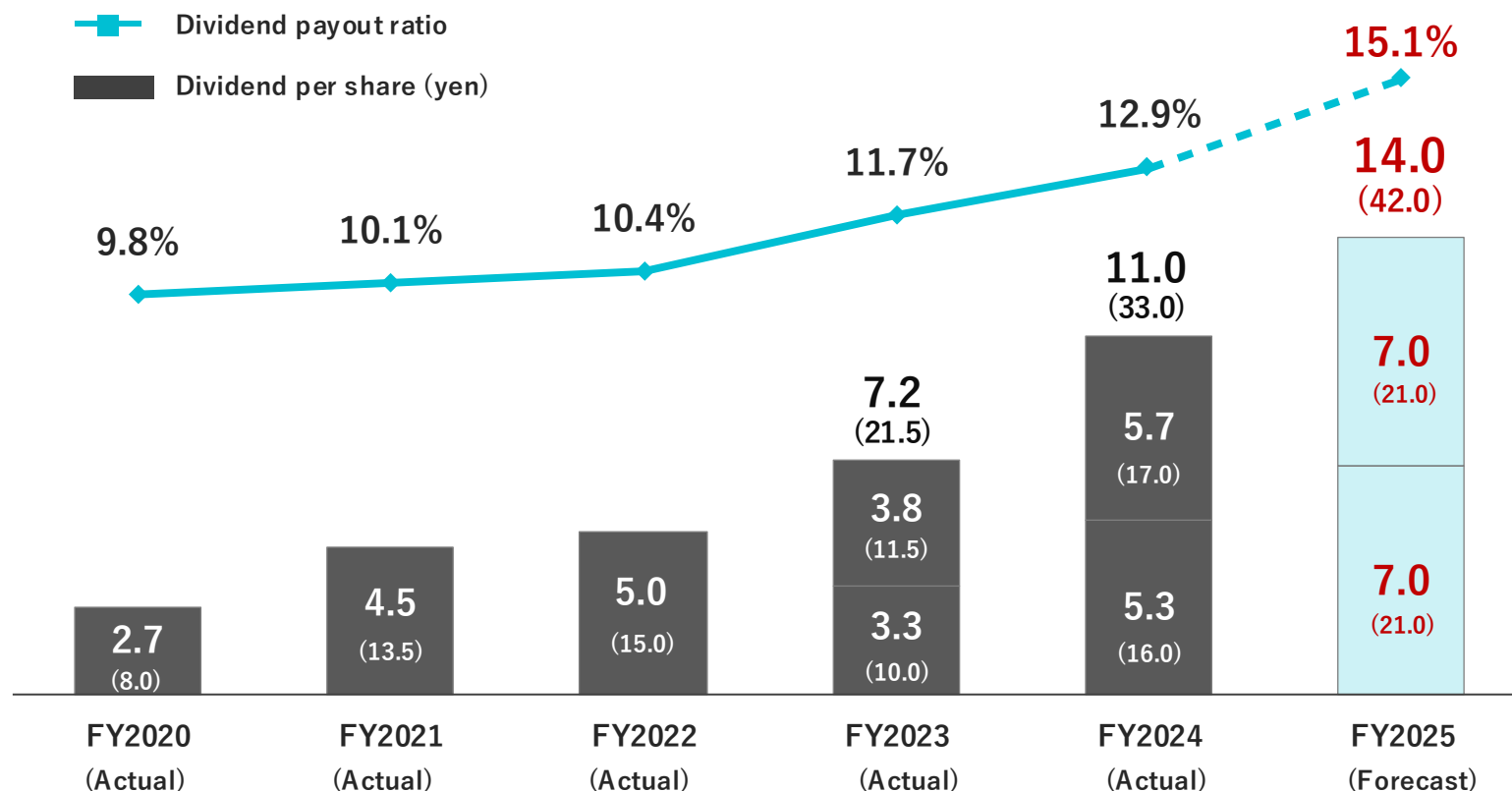
Capital Gains

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%



*The dividend per share has been adjusted for the 3-for-1 stock split on December 1, 2024. Dividends without adjusting for the split are in parentheses.

* Dividends are divided between first half (below) and year-end (above) payments beginning with FY2023.

7. APPENDIX

Progress of Medium-Term Business Plan (Performance indicators)

(bn yen)	FY2025 plan (Base & Upside case)		FY2024 Results	FY2025	
	Goals	CAGR (vs. FY2021)		Forecast	CAGR (vs. FY2021)
Net Sales	274.0~286.0	+7%~8%	326.8	360.0	+15%
Operating Income	22.0~25.0	+9%~13%	29.1	31.0	+19%
Operating Margin (%)	8.0%~8.7%	-	8.9%	8.6%	-
Profit or Loss attributable to owners of parent	12.0~13.5	+11%~14%	15.4	16.7	+20%
Profit of Loss attributable to owners of pare [Adjusted]	15.0~16.5	+7%~10%	18.5	19.9	+15%
EBITDA	33.0~36.0	+8%~10%	39.5	42.5	+15%
EBITDA-CAPEX	16.5~19.5	+5%~9%	13.4	10.3	-7%
Dividend payout ratio	10%~30%	-	12.9%	15.1%	-

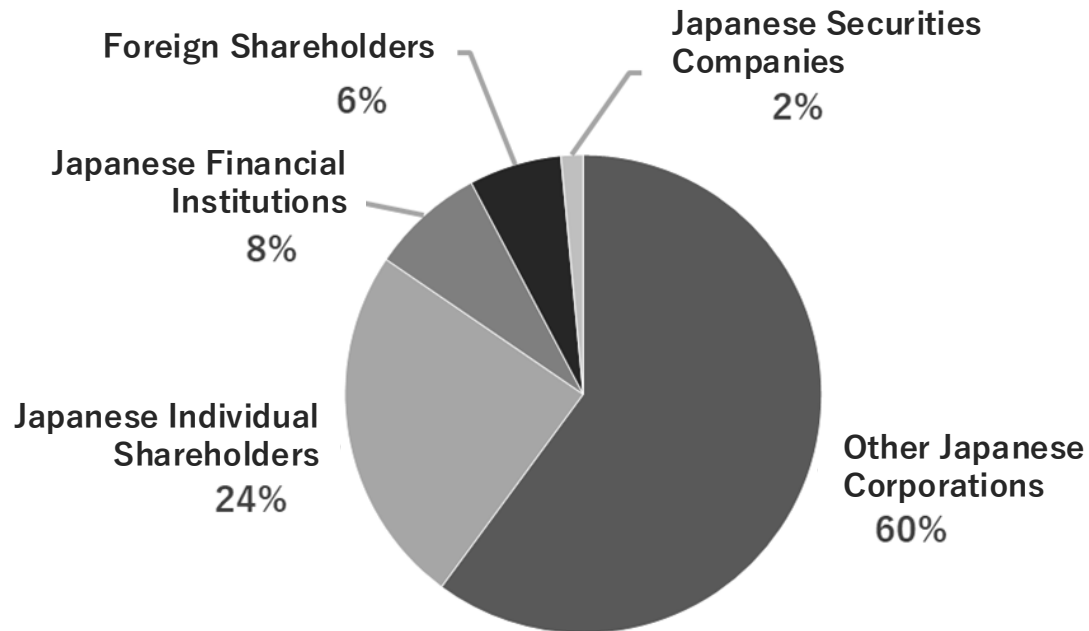
Progress of Medium-Term Business Plan (Business Segments)

(bn yen)		FY2025 plan (Base & Upside case)		FY2024	
		Goals	CAGR (vs. FY2021)	Actual	CAGR (vs. FY2021)
Content Distribution	Net Sales	81.0~85.0	+8%~9%	109.1	+22%
	Operating Income	8.2~10.0	+10%~15%	8.5	+14%
	Operating Margin	10.1%~11.8%	-	7.8%	-
Store Services	Net Sales	70.5	+6%	70.0	+8%
	Operating Income	10.5~11.0	+5%~6%	10.0	+5%
	Operating Margin	14.9%~15.6%	-	14.2%	-
Communications	Net Sales	63.5	+7%	63.7	+10%
	Operating Income	6.8	+11%	7.3	+17%
	Operating Margin	10.7%	-	11.4%	-
Business Systems	Net Sales	23.5~25.0	+6%~7%	28.8	+15%
	Operating Income	4.0~4.3	+8%~10%	7.0	+34%
	Operating Margin	17.0%~17.2%	-	24.4%	-
Energy	Net Sales	45.0~51.5	+13%~17%	60.1	+29%
	Operating Income	0.5~1.5	+6%~39%	5.6	+124%
	Operating Margin	1.1%~2.9%	-	9.3%	-
Adjustment	Net Sales	-9.5	-	-5.0	-
	Operating Income	-8.0~-8.6	-	-9.2	-

Business segments were revised beginning in FY2025. Information for FY2024 is based on the previous segments.

Shareholder composition (As of February 28, 2025)

Shareholder composition



Major shareholders

Name	Number of shares held	Shareholding ratio
UNO-HOLDINGS Co., Ltd.	90,353,400	50.09%
Yasuhide Uno	12,534,435	6.94%
The Master Trust Bank of Japan, Ltd. (Trust Account)	7,595,600	4.21%
HIKARI TSUSHIN, INC.	5,795,598	3.21%
Custody Bank of Japan, Ltd. (Trust Account)	5,487,400	3.04%
SIL Co., Ltd.	4,001,700	2.21%
TBS HOLDINGS, INC.	2,858,400	1.58%
TV TOKYO Holdings Corporation	2,496,336	1.38%
CENTRAL TANSI Co., Ltd.	2,001,400	1.10%
Kei Takahashi	1,590,400	0.88%

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

Selected for FY2021-2024