

# **U-NEXT** HOLDINGS

## **Summary of Fiscal Year Ending August 2024**

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

**October 10, 2024**

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# 1. Overview of FY2024 results of operations

# Executive summary

**Consolidated sales\* and operating income rose to all-time highs for the eight consecutive years. Earnings at all levels up 35% to 40% YoY.**

\*With conversion of FY8/18 (8 months) to 12 month-equivalent sales

**Content Distribution operating income increased 36% even as large investments were made for content; added about 500,000 subscribers.**

**Big contribution to growth by Business Systems due to record-setting operating income increase of about 120% resulting from replacement automatic payment kiosks due to Japan's redesigned banknotes.**

**Energy operating income up 50% due to a big increase in the number of contracts at U-POWER.**

# Consolidated financial summary (vs. Forecast)

- Sales and earnings at all levels reached the forecasts that were raised when first half results were announced.
- EPITDA-CAPEX is below the plan because of large investments, mainly for the procurement of content.

Million yen	FY2024 Forecast	FY2024 Results	Ratio
Net Sales	316,000	326,754	103%
Operating Income	28,500	29,110	102%
Operating Margin (%)	9.0%	8.9%	-
Ordinary Income	27,500	28,321	103%
Profit or Loss attributable to owners of parent	14,700	15,357	104%
Profit of Loss attributable to owners of parent [Adjusted]	17,850	18,503	104%
Net Income per share (yen)	244.50	255.44	-
Net Income per share [Adjusted] (yen)	296.89	307.77	-
EBITDA	39,000	39,541	101%
EBITDA margin	12.3%	12.1%	-
EBITDA-CAPEX	17,000	13,371	79%



# Consolidated financial summary (YoY)

Sales up 18% and big increases of 35% to 40% in earnings at all levels.

Million yen	FY2023	FY2024	YoY	YoY (Ratio)
Net Sales	276,344	326,754	+50,410	+18%
Operating Income	21,565	29,110	+7,545	+35%
Operating Margin (%)	7.8%	8.9%	-	-
Ordinary Income	20,386	28,321	+7,935	+39%
Profit or Loss attributable to owners of parent	10,959	15,357	+4,398	+40%
Profit of Loss attributable to owners of parent [Adjusted]	14,097	18,503	+4,406	+31%
Net Income per share (yen)	183.16	255.44	-	-
Net Income per share [Adjusted] (yen)	235.61	307.77	-	-
EBITDA	31,316	39,541	+8,225	+26%
EBITDA margin	11.3%	12.1%	-	-
EBITDA-CAPEX	5,962	13,371	+7,409	+124%

# Segment information (vs. Forecast)

- Segment sales and operating income reached the upwardly revised forecasts in all segments except Energy.
- Adjustment is higher than the forecast mainly because of group branding expenses, fees and personnel expenses.

Million yen		FY2024 Forecast	FY2024 Results	Ratio
Content Distribution	Net Sales	108,200	109,124	101%
	Operating Income	8,400	8,486	101%
Store Services	Net Sales	68,700	70,000	102%
	Operating Income	9,900	9,966	101%
Communications	Net Sales	62,000	63,679	103%
	Operating Income	7,000	7,248	104%
Business Systems	Net Sales	26,100	28,841	111%
	Operating Income	5,700	7,023	123%
Energy	Net Sales	55,500	60,146	108%
	Operating Income	6,100	5,614	92%
Adjustment	Net Sales	-4,500	-5,037	112%
	Operating Income	-8,600	-9,227	107%

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

# Segment information (YoY)

- Higher sales and earnings in all segments.
- Adjustment increased mainly because of group branding expenses.

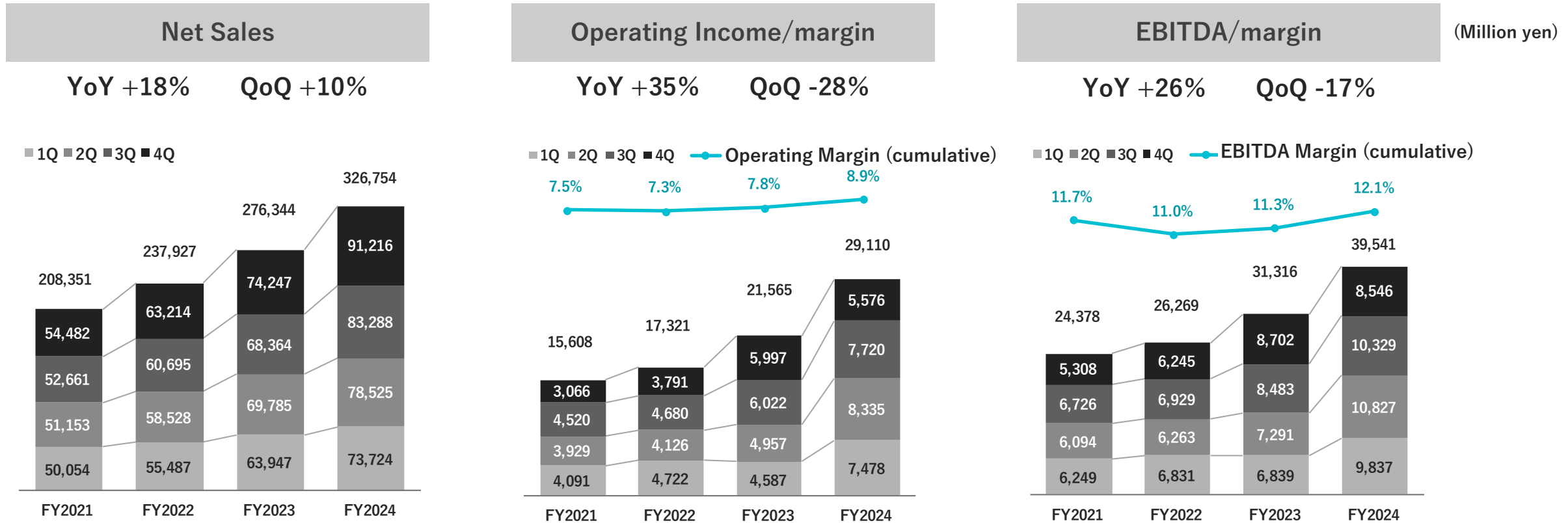
Million yen		FY2023	FY2024	YoY	YoY (Ratio)
Content Distribution	Net Sales	85,150	109,124	+23,974	+28%
	Operating Income	6,252	8,486	+2,234	+36%
Store Services	Net Sales	63,440	70,000	+6,560	+10%
	Operating Income	9,831	9,966	+135	+1%
Communications	Net Sales	56,201	63,679	+7,478	+13%
	Operating Income	6,391	7,248	+857	+13%
Business Systems	Net Sales	20,533	28,841	+8,308	+40%
	Operating Income	3,172	7,023	+3,851	+121%
Energy	Net Sales	54,865	60,146	+5,281	+10%
	Operating Income	3,731	5,614	+1,883	+50%
Adjustment	Net Sales	-3,847	-5,037	-1,190	-31%
	Operating Income	-7,813	-9,227	-1,414	-18%

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

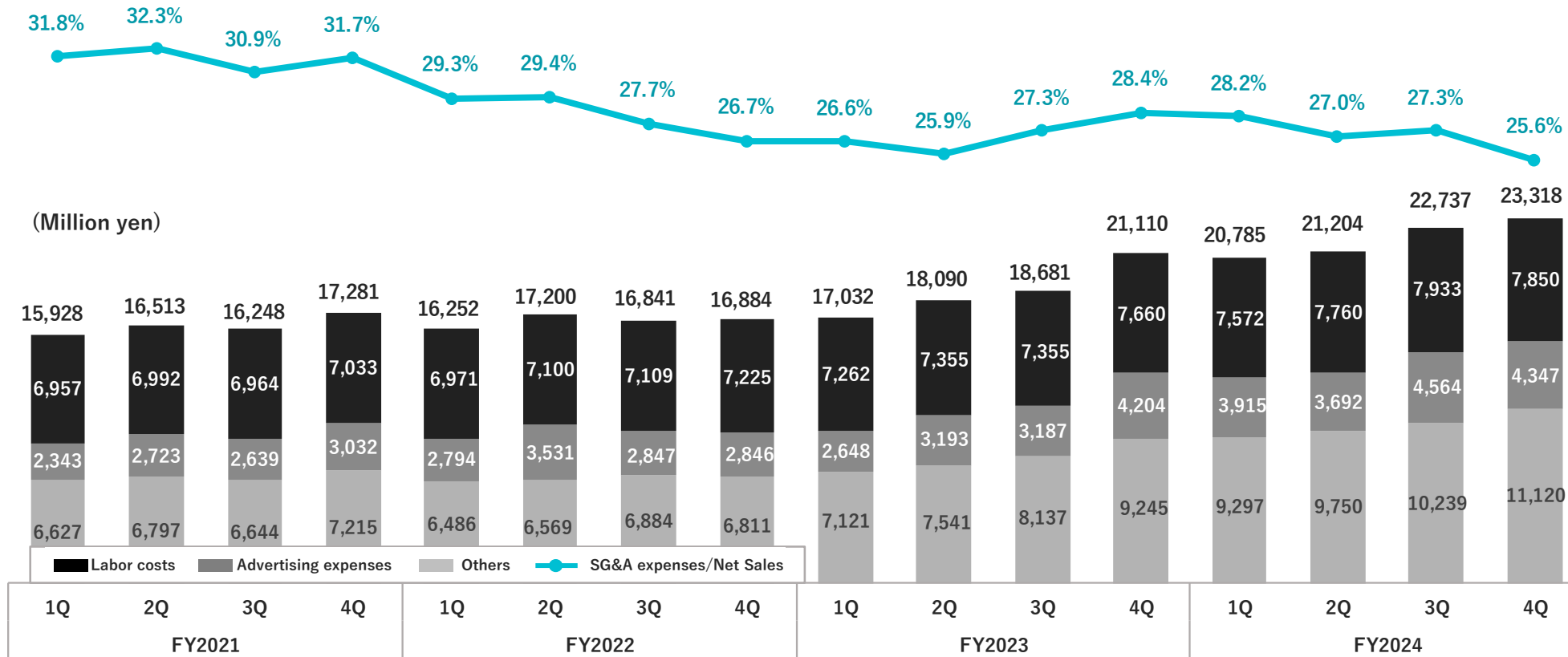
- New record highs for sales, operating income and EBITDA.
- QoQ decrease is attributable chiefly to lower Store Services and Energy earnings.



EBITDA = Operating Income + Depreciation + Amortization of goodwill

# SG&A expenses

- SG&A expenses increased YoY with the growth of business but kept less than 30% of sales.
- Increased QoQ mainly because of payment fees.

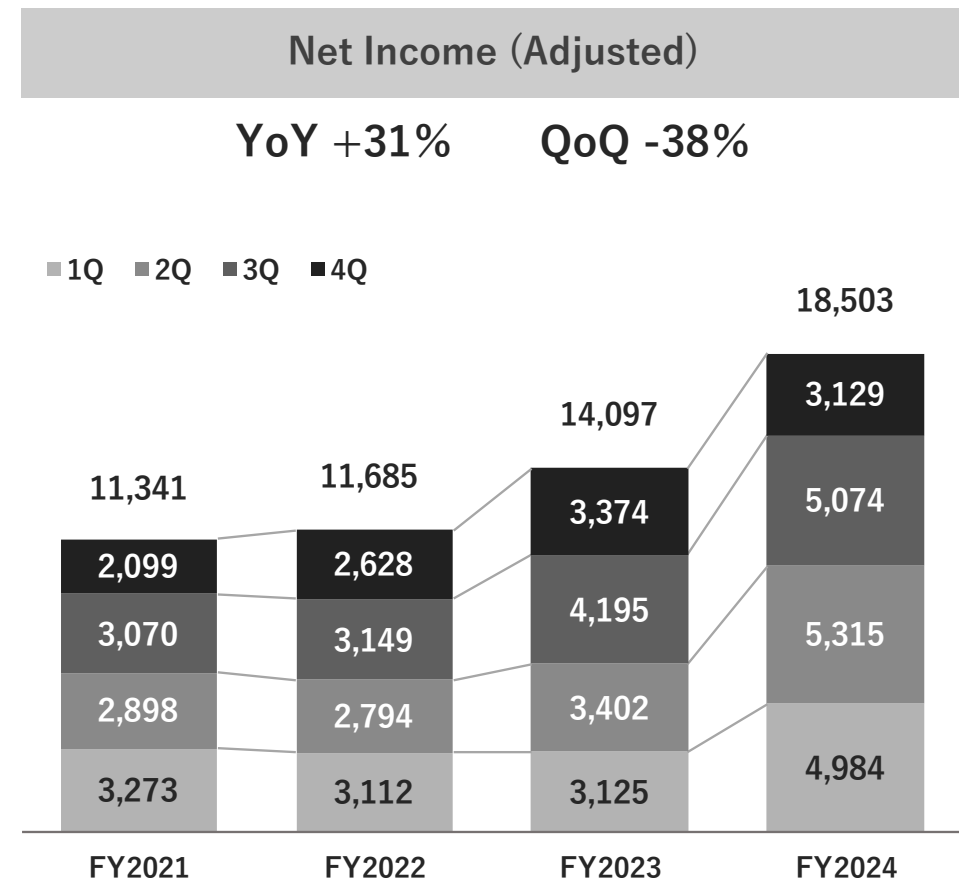
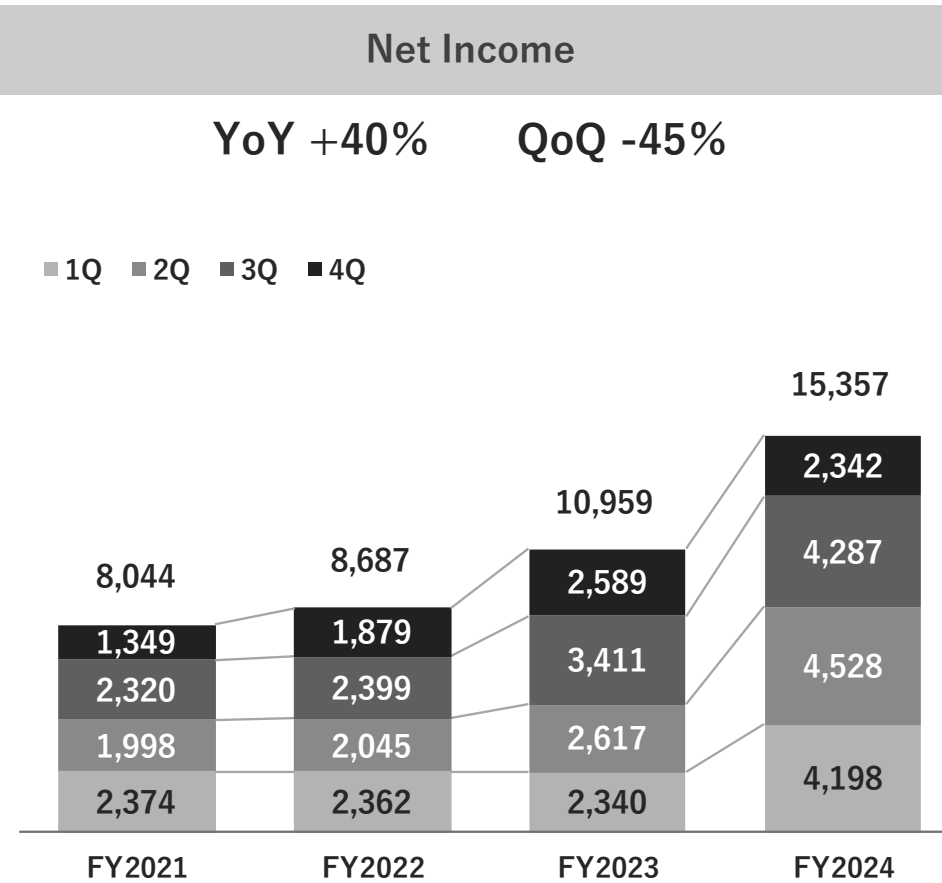


**SG&A ratio**  
 YoY -3pt  
 (Quarter)  
 QoQ -2pt

**SG&A**  
 YoY +10%  
 (Quarter)  
 QoQ +3%

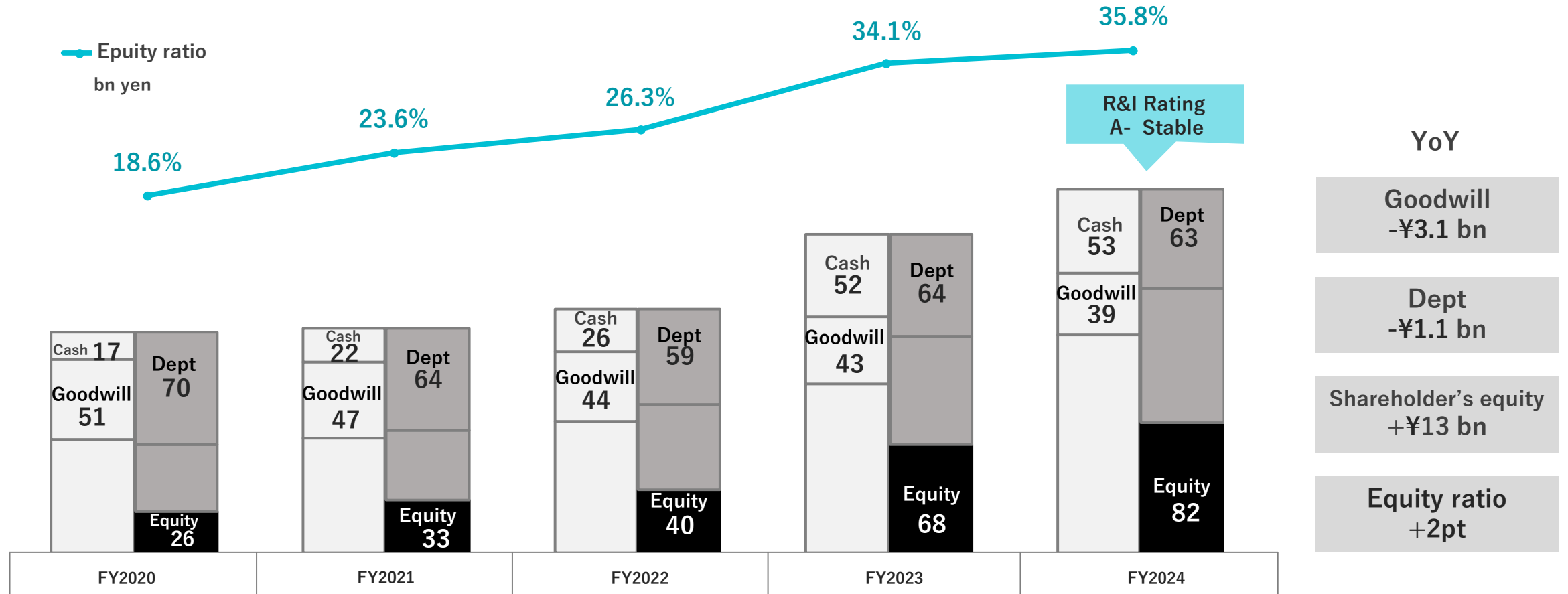
# Net Income

Big YoY increase to a new all-time fiscal year high.



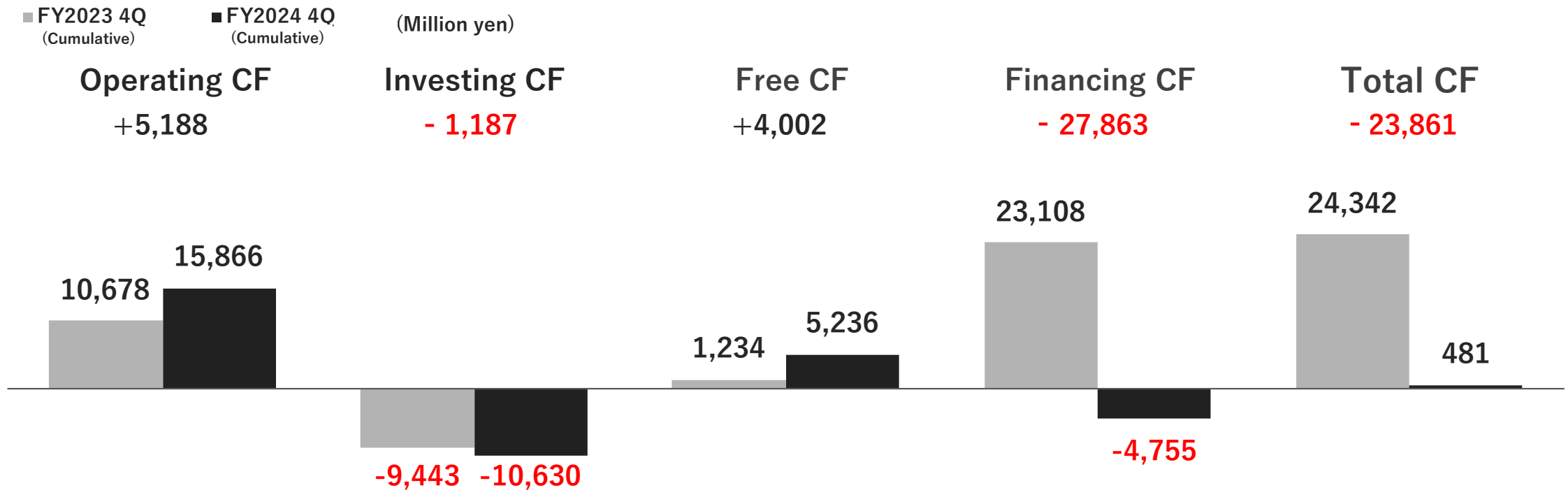
# Consolidated balance sheet

- Shareholders' equity ratio increased 2 pct. points from the end of FY2023 to 35.8% at the end of FY2024 mainly because of an increase in equity.
- U-NEXT uses 30% to 40% as the appropriate range for the shareholders' equity ratio.



# Consolidated cash flows (YoY summary)

- Operating CF: Cash provided increased; major components are pretax profit (+¥8.1bn), prepaid expenses (-¥5.6bn), working capital (+¥1.0bn) and income taxes payable (+¥1.8bn).
- Investing CF: No purchase of subsidiary stock, which increased prior-year cash used, but business investments increased.
- Free CF: Big increase of about ¥4 billion.
- Financing CF: FY2023 cash provided includes U-NEXT sale of stock (¥26.8 billion) and sale of bonds (¥10 billion).





## 2. Segment information of FY2024

# 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 FY2024 results of operations

## Content Distribution

(YoY) Sales and earnings up due to the Paravi integration and increase of subscribers.  
(QoQ) Marketing expenses declined but earnings down because of higher cost of sales resulting from amendments to content contracts.

## Store Services

(YoY) Higher sales and earnings mainly because of steady growth of DX product sales.  
(QoQ) Lower earnings due to the end of strong 3Q one-time sales and to one-time expenses for strengthening marketing activities and for allowance for doubtful accounts.

## Communications

(YoY) Operating income was higher in all categories.  
(QoQ) Sales and earnings down primarily because of a seasonal downturn in the Broadband service sales agent.

## Business Systems

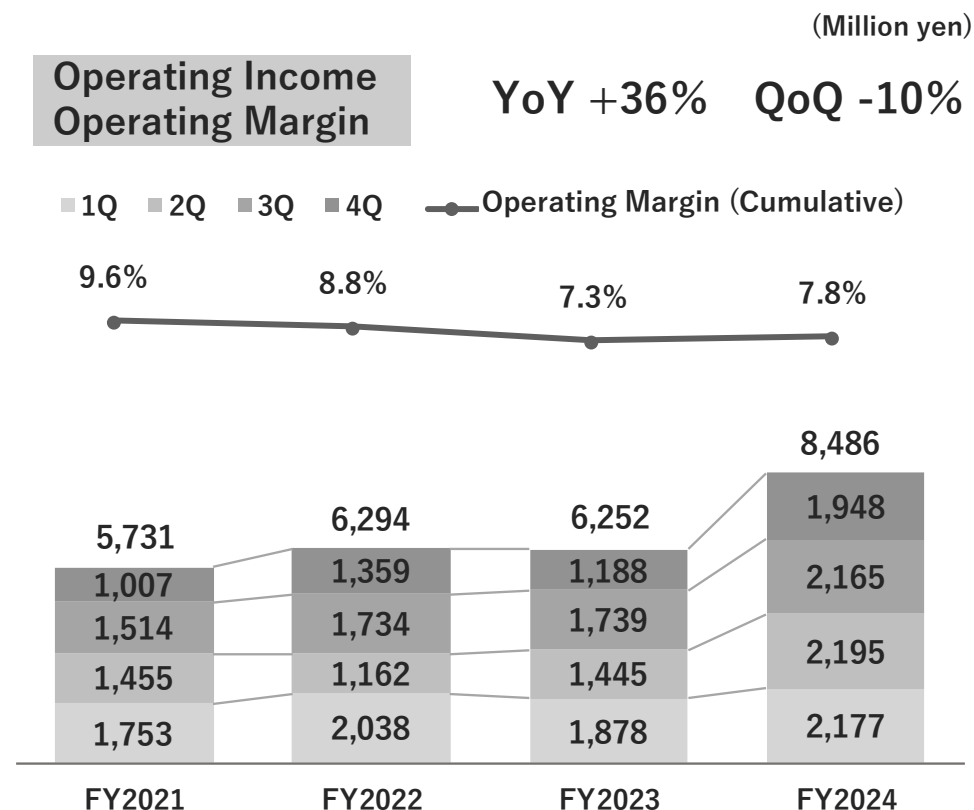
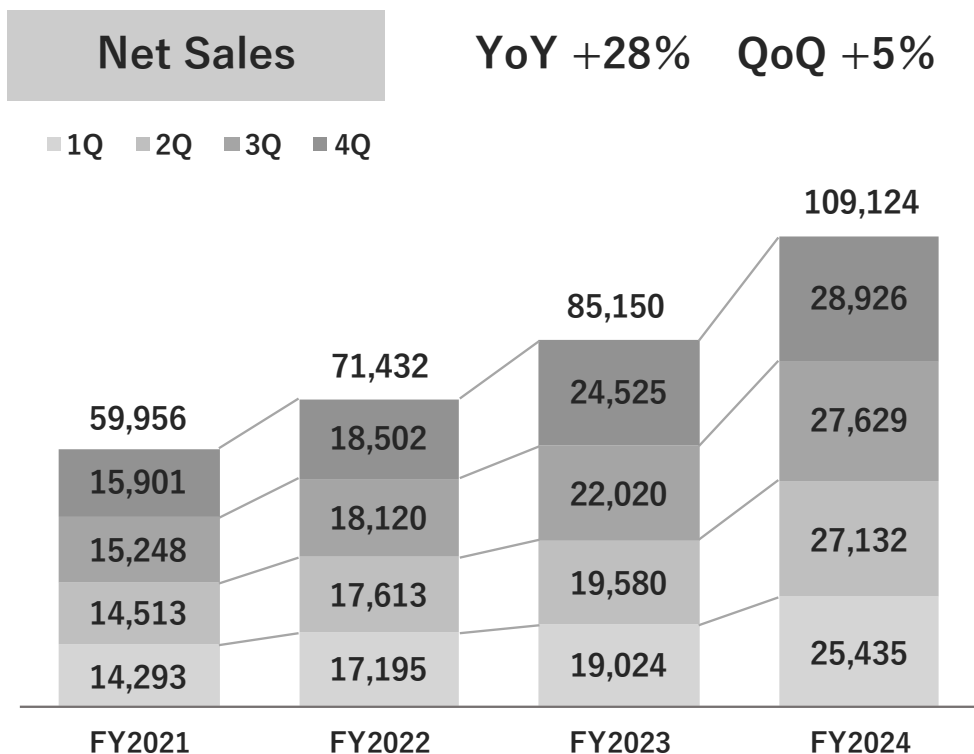
(YoY) Big increases in sales and earnings because of the demand to replace automatic payment kiosks for compatibility with the new currency designs.  
(QoQ) Record-high quarterly sales and operating income because of strong sales of products to healthcare facilities.

## Energy

(YoY) Big increase in earnings because of more U-POWER customers and higher USEN DENKI profitability.  
(QoQ) Sales increased due to a seasonal increase in electricity use and a net increase in customers; earnings down mainly because of capacity payments.

# Content Distribution

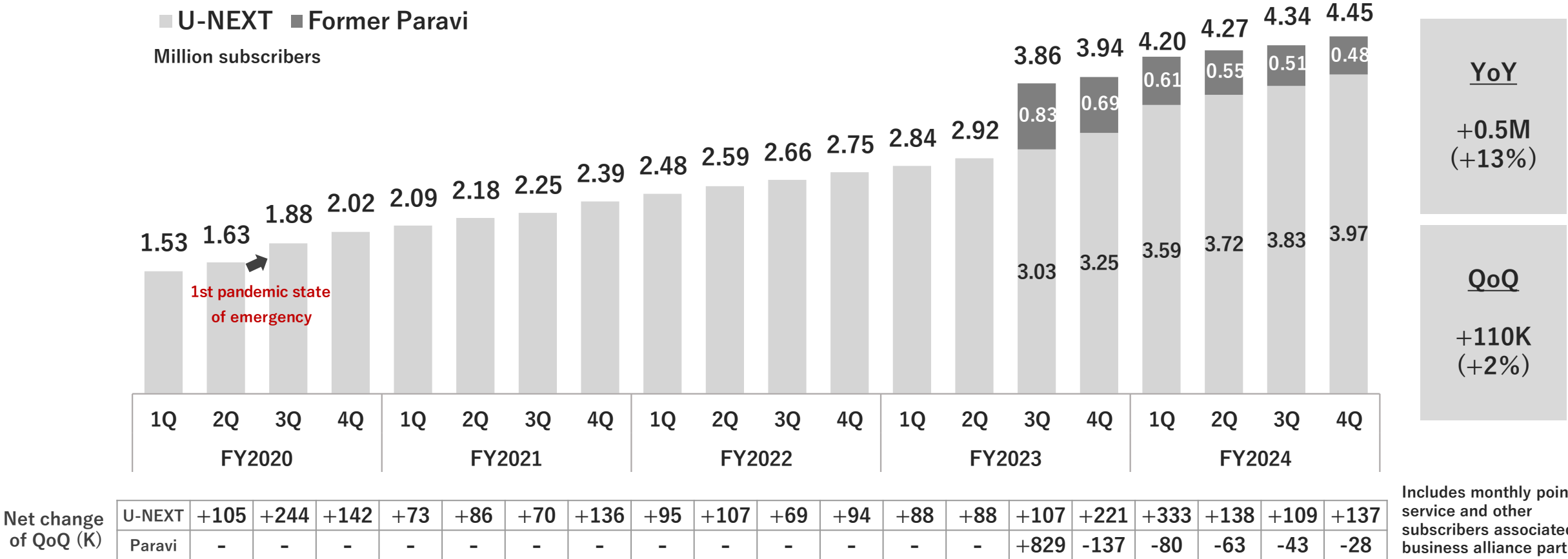
- Sales and earnings up YoY due to the Paravi integration and increase of subscribers.
- Advertising expenses declined but earnings down because of higher cost of sales resulting from amendments to content contracts.
- The Soccer Package that started in August is profitable because sales are higher than the procurement cost, including Premier League and LALIGA.



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)

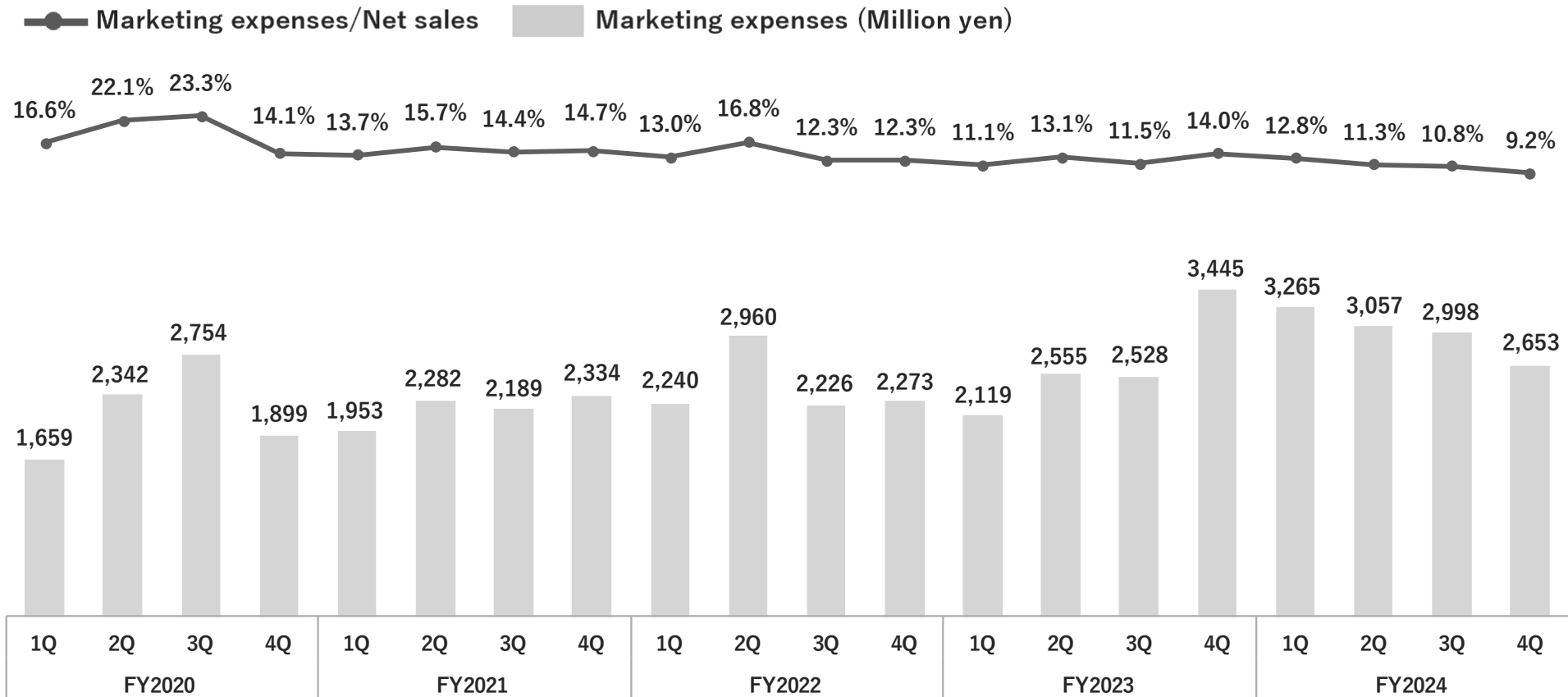
- Steady QoQ net increase mainly for volleyball, combat sports and other sports content.
- The net decrease in former Paravi subscribers is slowing.





# Content Distribution (Marketing expenses)

- Marketing expenses increased YoY in line with the number of new subscribers.
- On a QoQ basis, a reversal of about ¥600 million due to a correction involving the recognition of device advertising expenses. (revision of fiscal year estimate to the actual figure)



## Marketing expenses

YoY -23%  
(Quarter)

QoQ -11%

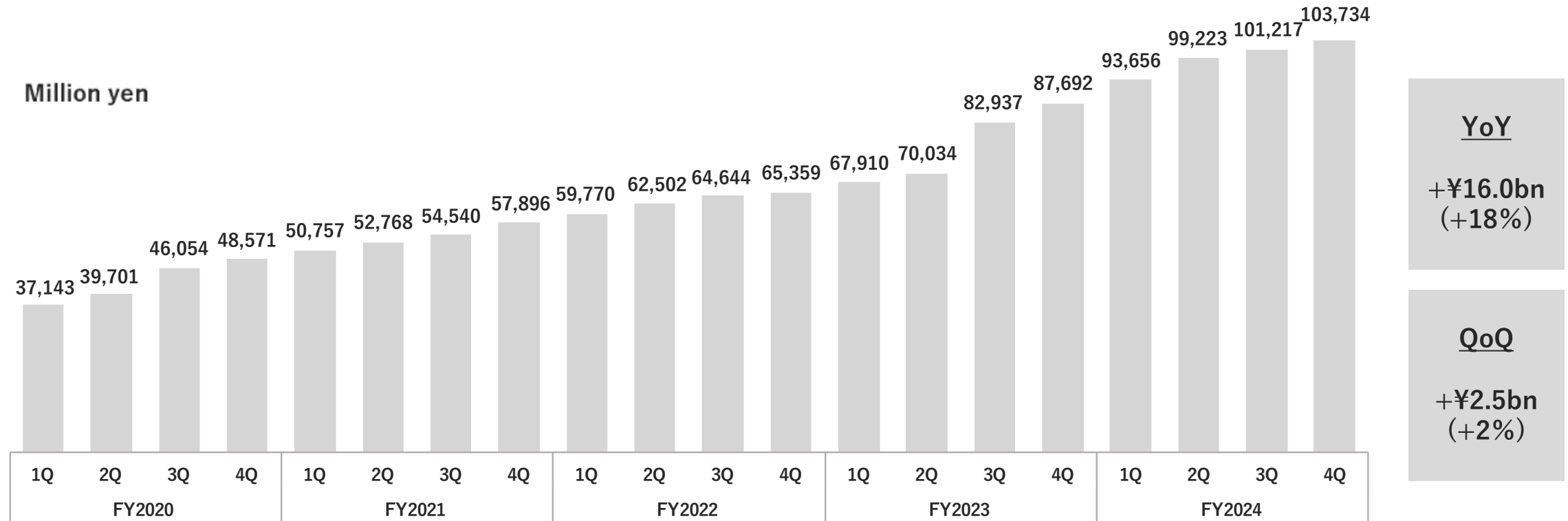
## Marketing expenses ratio

YoY -5pt  
(Quarter)

QoQ -2pt

# Content Distribution (ARR)

ARR increased because of the increasing number of U-NEXT 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 one-time sales, includes music distribution and other related services with monthly fees)

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

# Content Distribution (Topics)

## 7-year partnership contract with the Premier League in England.



### The Premier League

- The highest level of the English soccer (football) system. Teams in this league are very popular among soccer fans in Japan.
- One reason is the large number of Japanese players on these teams. Examples include Kaoru Mitoma (Brighton), Takehiro Tomiyasu (Arsenal) and Wataru Endo (Liverpool).

Press release: (in Japanese only):  
<https://ssl4.eir-parts.net/doc/9418/tdnet/2476940/00.pdf>

### Exclusive distribution in Japan for all games.

- U-NEXT has the rights for all Premier League games starting with the 24-25 season and ending with the 30-31 season.

### Launch of the Soccer Package.

- Started in August with a monthly fee of ¥2,600 (including tax).
- Includes the Premier League and LALIGA (Spain's top soccer division) and other soccer games.

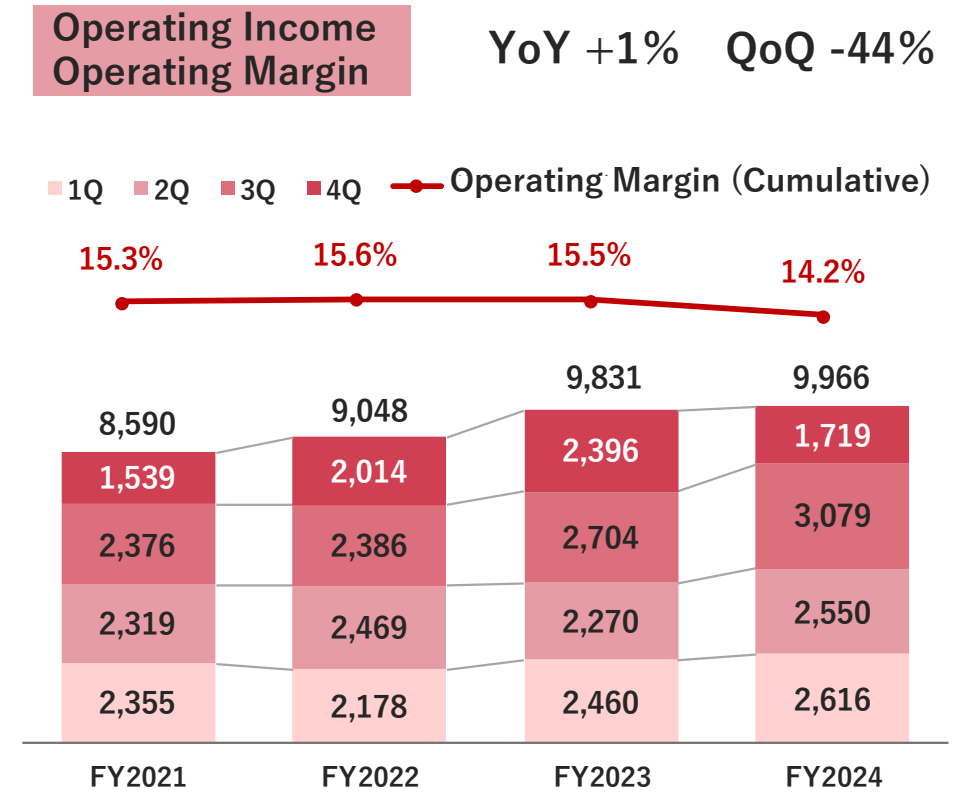
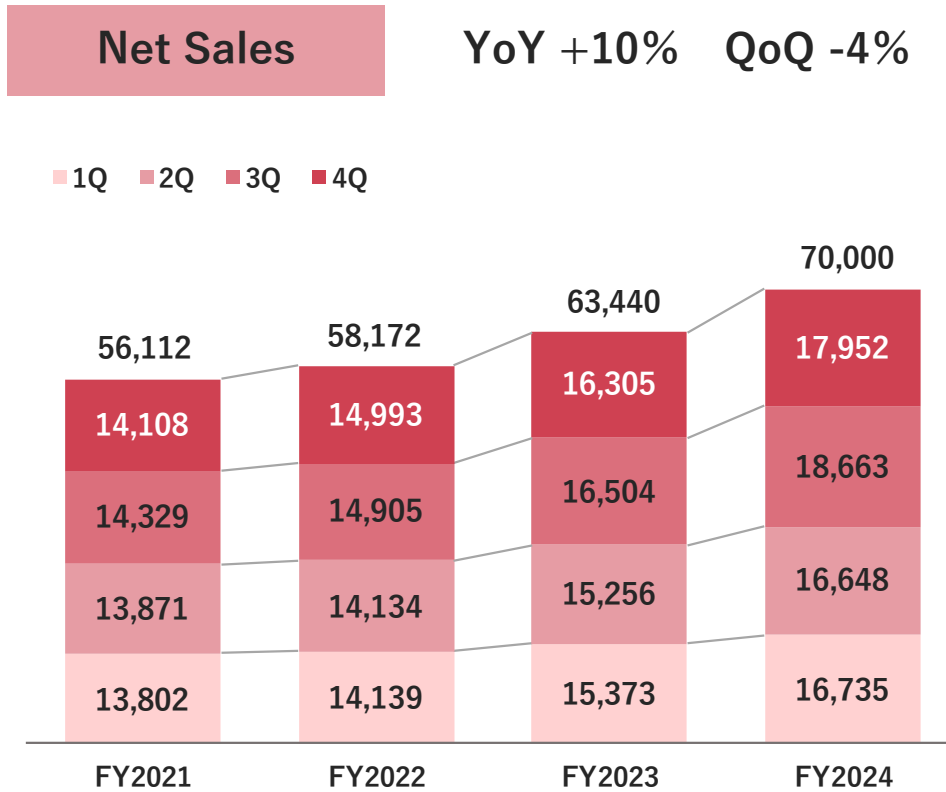
### Distributed to hotels, stores and other locations too.

- **Plan to start offering the Soccer Package to hotels, stores, sports bars and other businesses.**
- **Expect to benefit from synergies within the USEN & U-NEXT Group by using the group's B-to-B customer base.**

# Store Services

- Sales increased YoY because of steady growth of DX product sales. There was a profit despite higher depreciation and personnel expenses and one-time 4Q expenses.
- 4Q earnings were below the 3Q primarily because of the end of strong 3Q product sales, higher depreciation and personnel expenses, and expenses for more marketing activities and one-time items including a bad debt provision.

(Million yen)

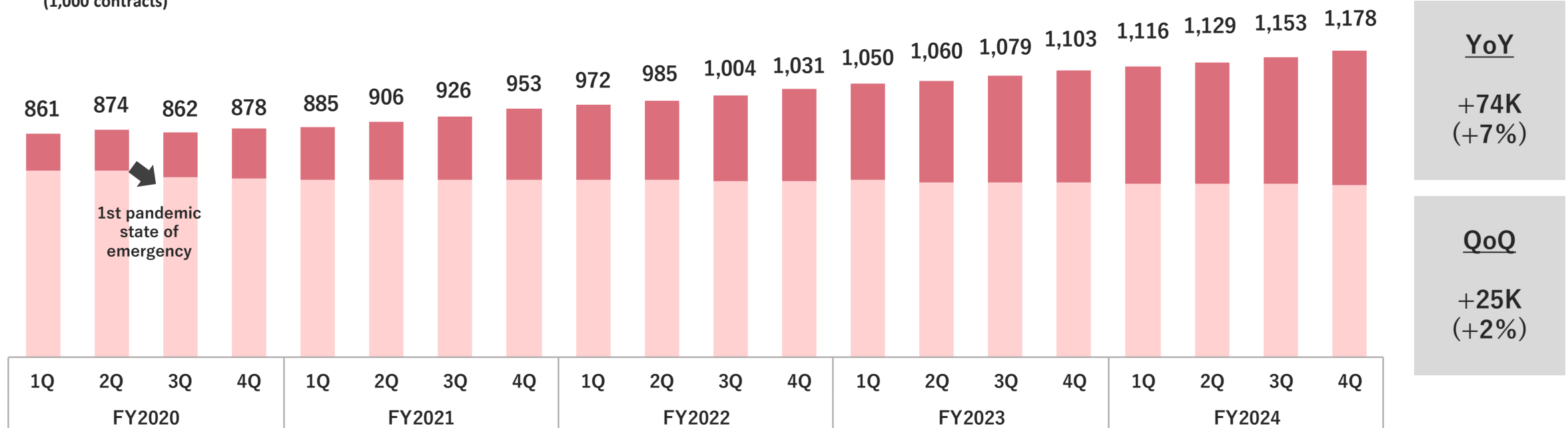


# Store Services (Number of contracts)

Net increases in contracts of 74K YoY and 25K QoQ as the customer base continued to grow.

- Other service subscribers
- Music distribution subscribers

(1,000 contracts)



\*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.

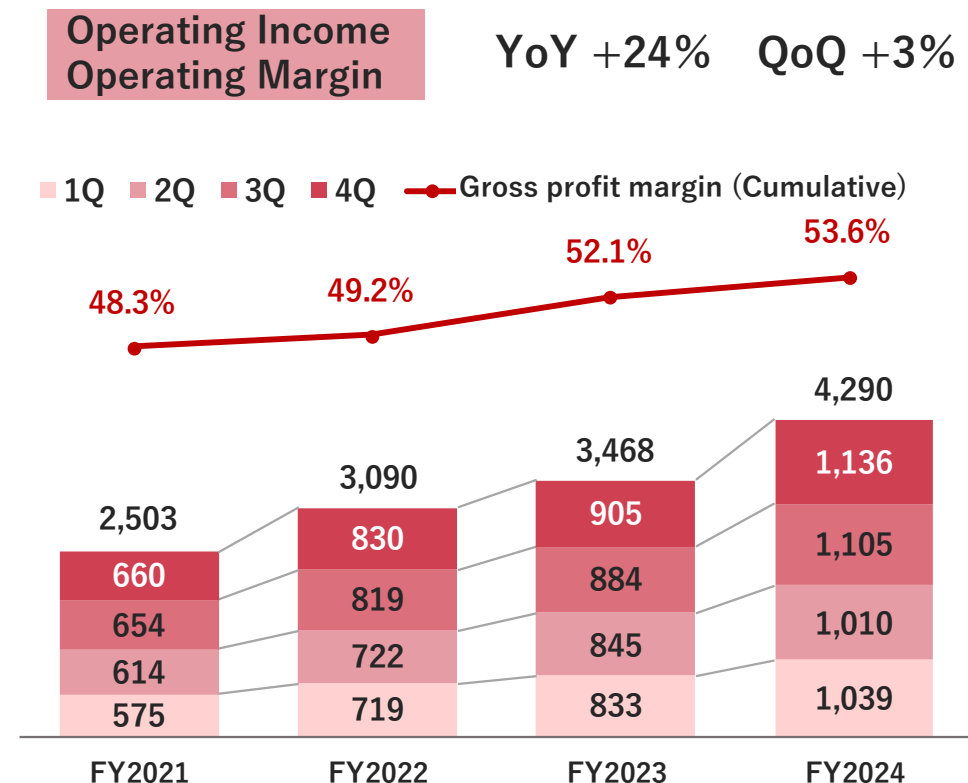
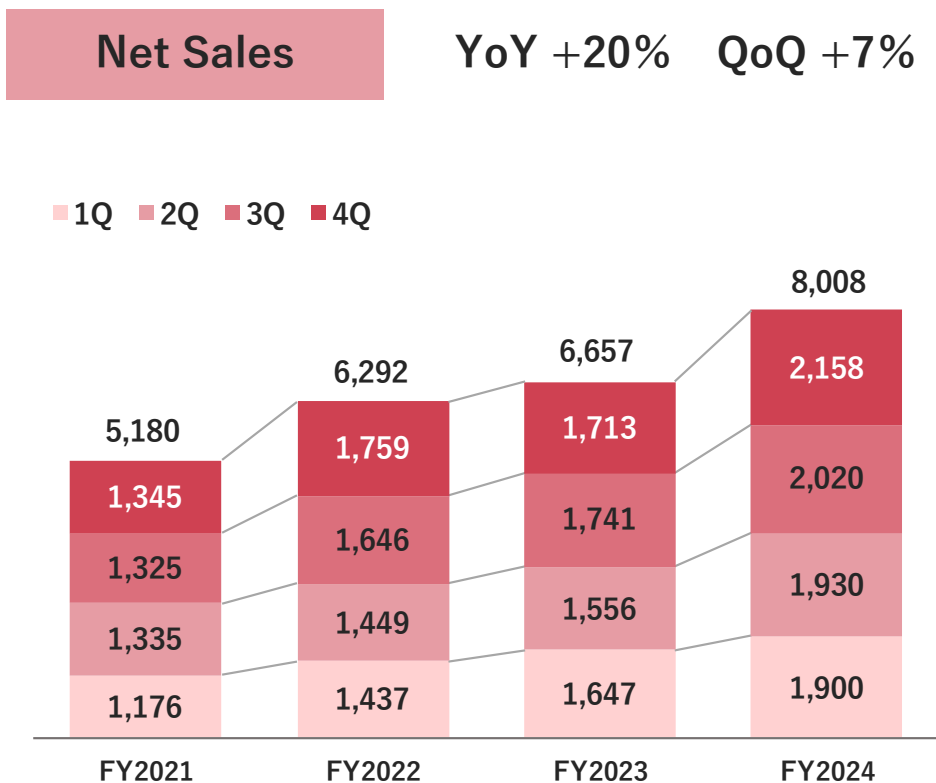
\*Subscribers are counted separately for each service provided, including different services provided to the same customer.



# POS register service

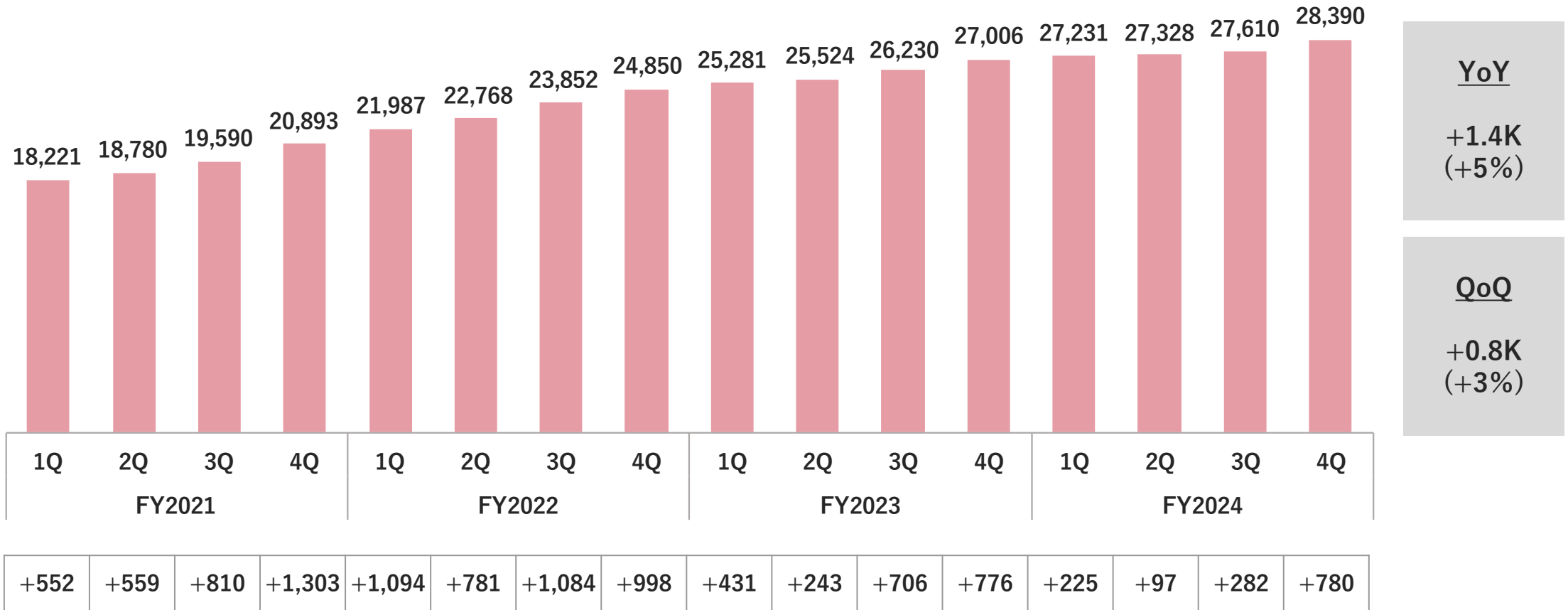
- Big YoY increases in sales and earnings because of monthly fee revisions in the 1Q.
- Sales and earnings increased QoQ mainly because equipment sales recovered.

(Million yen)



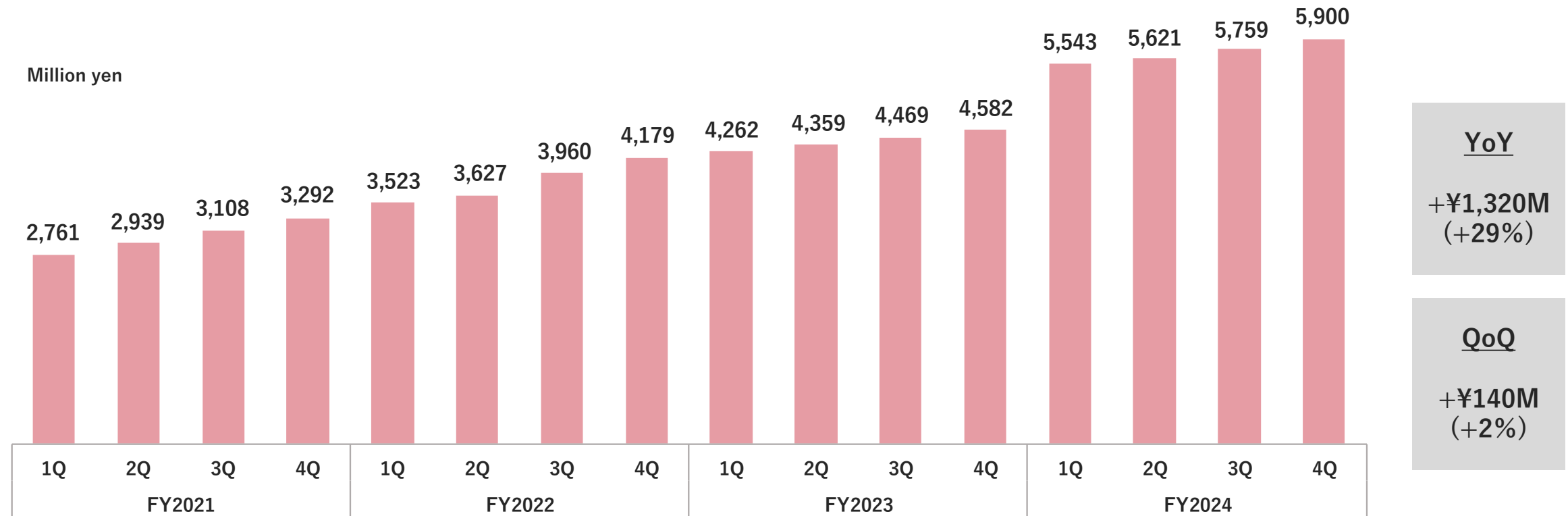
# POS register service (Number of contracts)

The increase in cancelations following the November price revisions has ended and the net increase in the number of users is recovering.



# POS register service (ARR)

Increase in ARR due to the net increase in the number of customers.



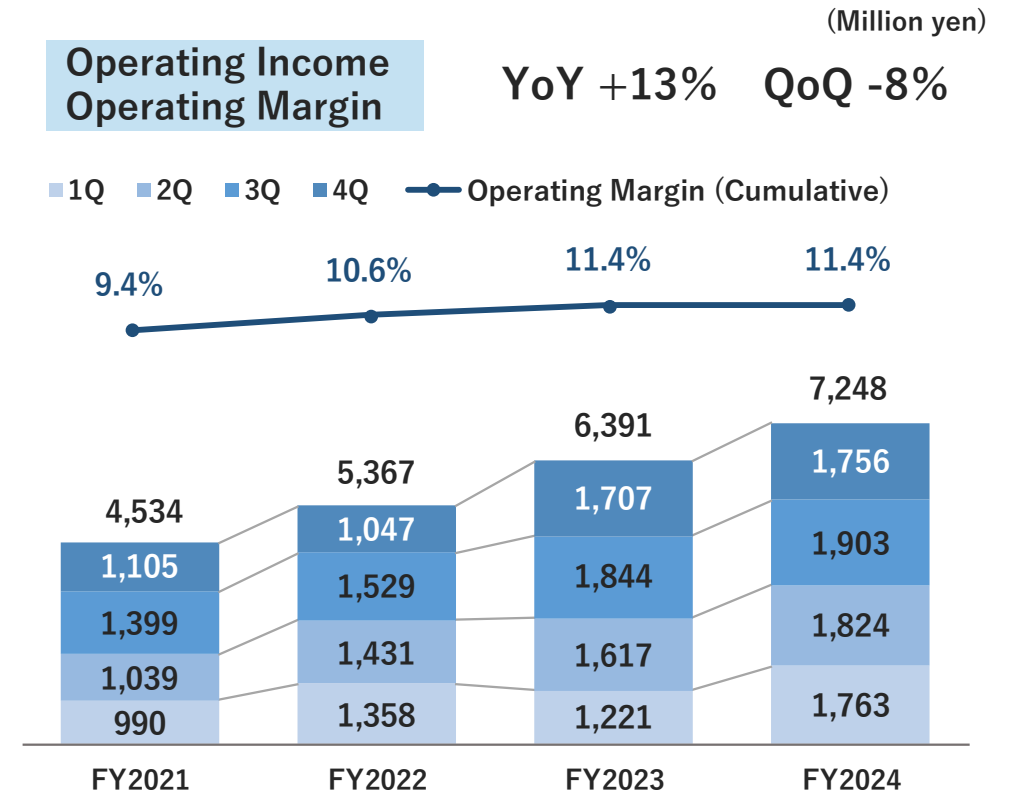
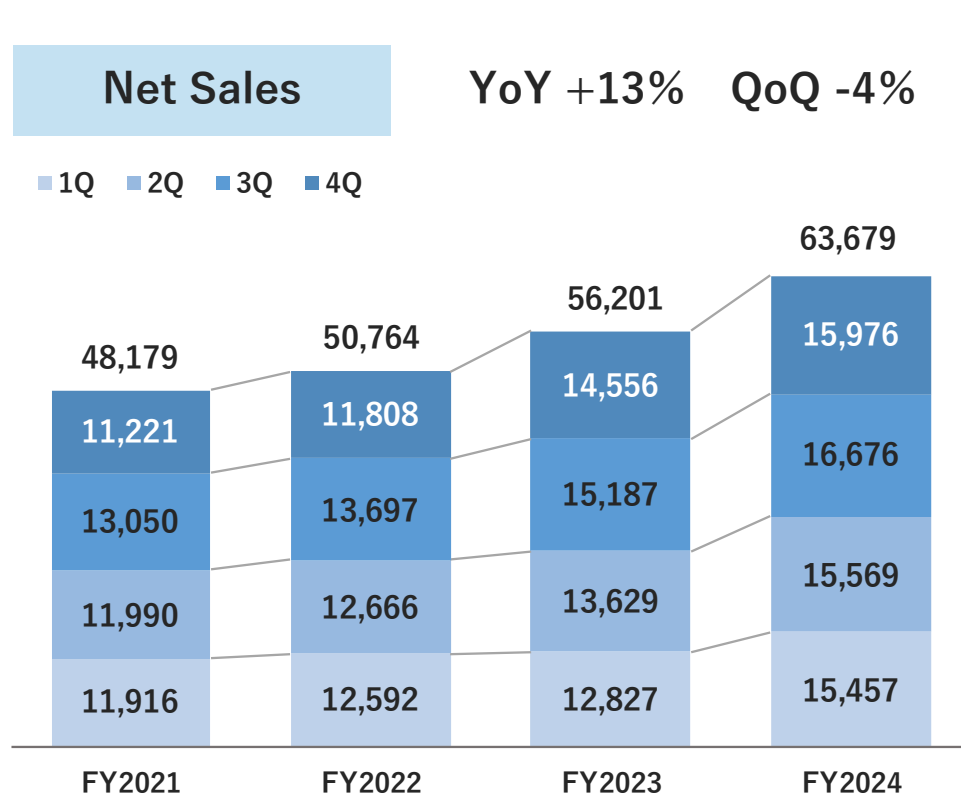
\*Annual Recurring Revenue: Monthly recurring revenue multiplied by 12.

\*Monthly Recurring Revenue: Portion of POS register service sales derived from fees paid on a regular basis.  
(excludes one-time sales such as equipment sales and sales when a service is started)

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

# Communications

- YoY sales increased, except to individuals, and operating income was higher in all categories.
- QoQ sales and earnings down primarily because of a seasonal downturn in the Broadband service sales agent.

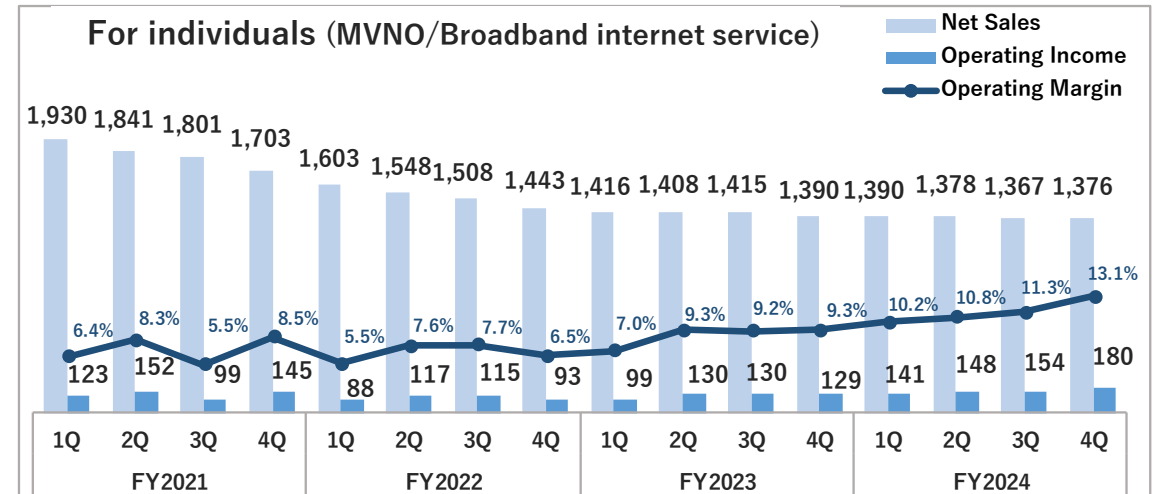
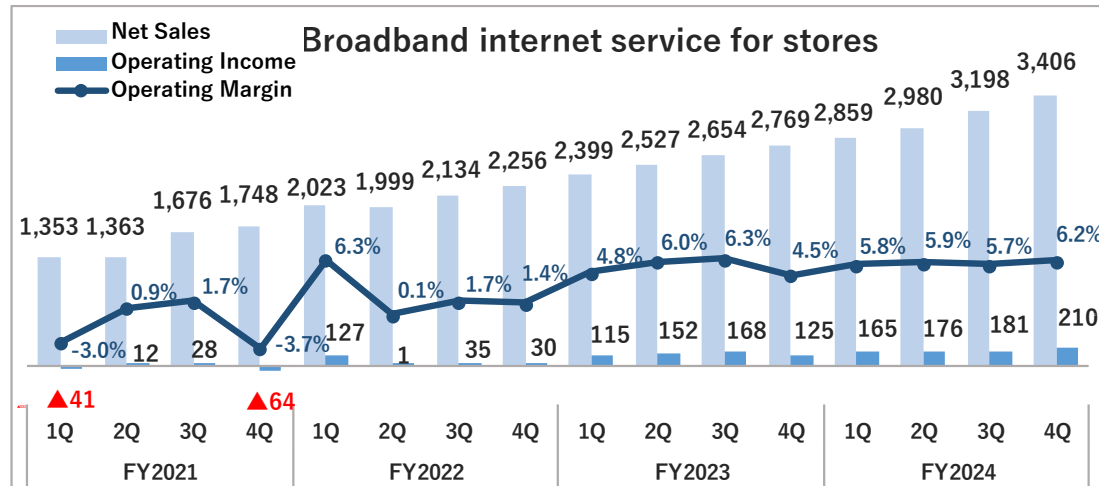
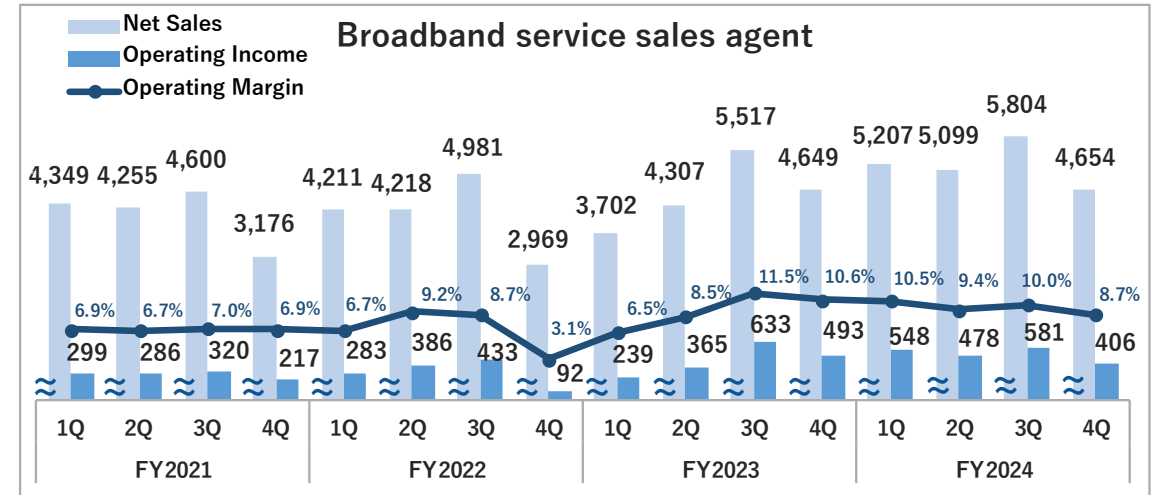
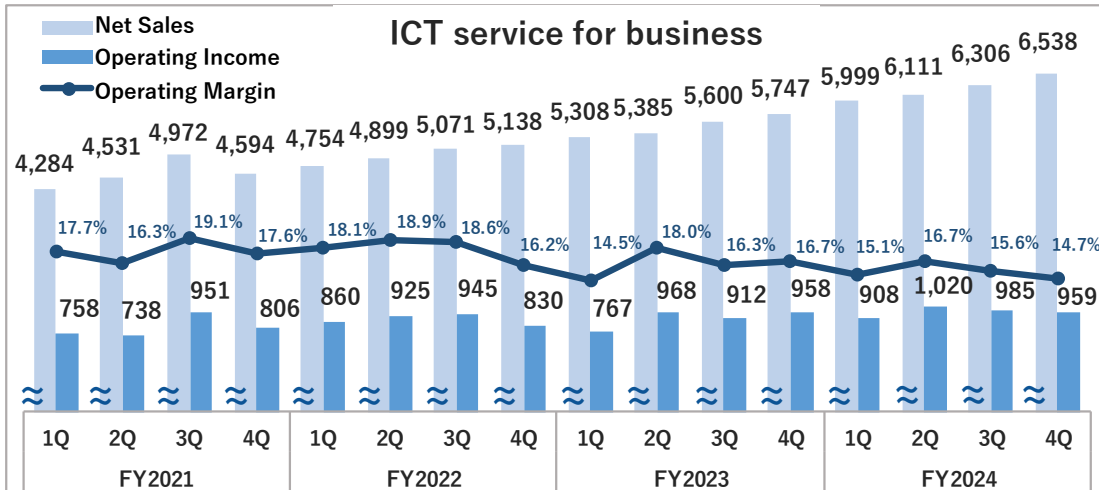


In FY2024, consolidated subsidiary TACT was moved from Content Distribution to Communications. Figures for these two segments in prior years have not been revised because the effect of this change is negligible.

# Communications (Service categories)

(Million yen)

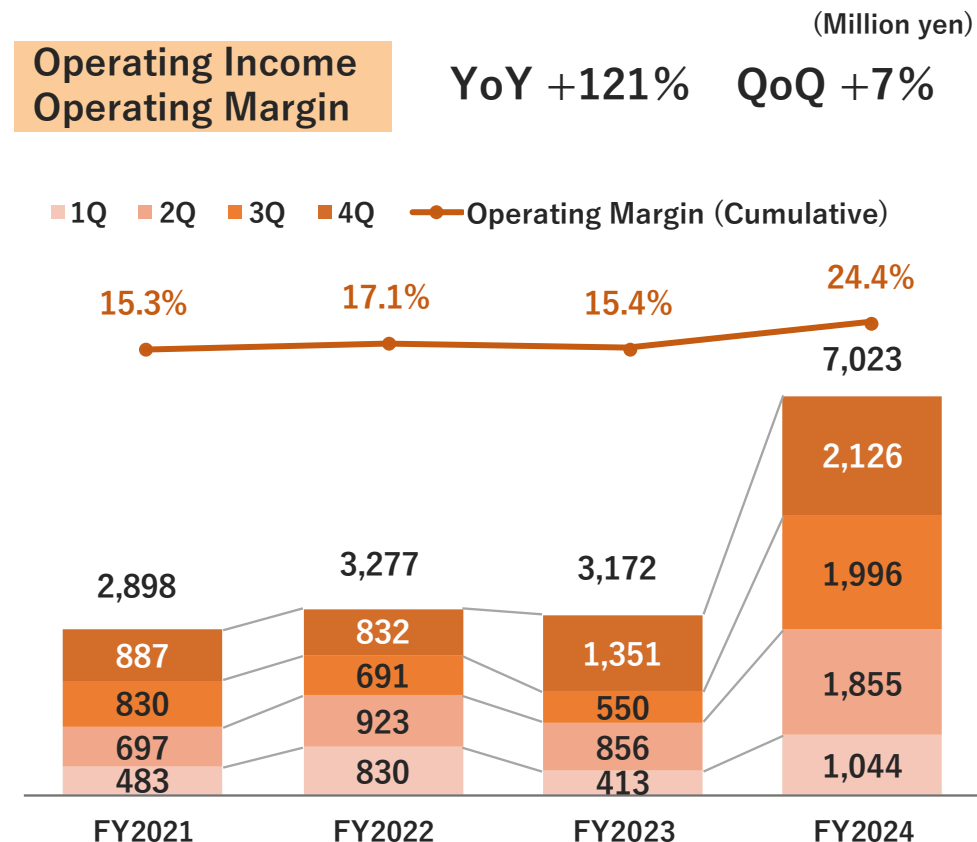
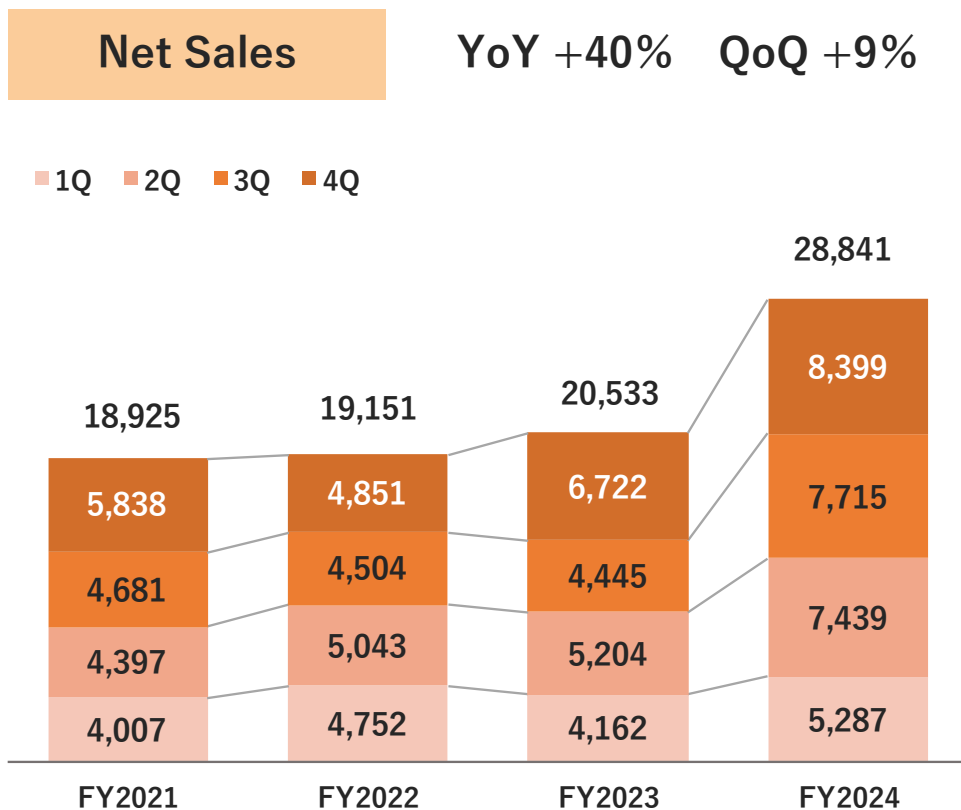
TACT was moved from Content Distribution to Communications (broadband sales agent) in FY2024.





# Business Systems

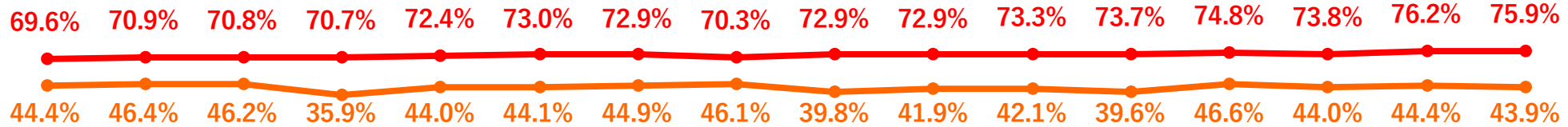
- A big YoY increase in sales and earnings, the result of automatic payment kiosk replacement demand because of Japan's currency redesign and of an improvement in the gross profit margin.
- Record-high 4Q sales and operating income resulting from strong sales of equipment for healthcare facilities due to the June revision in fees for medical care.



# Business Systems (One-time sales/Recurring sales)

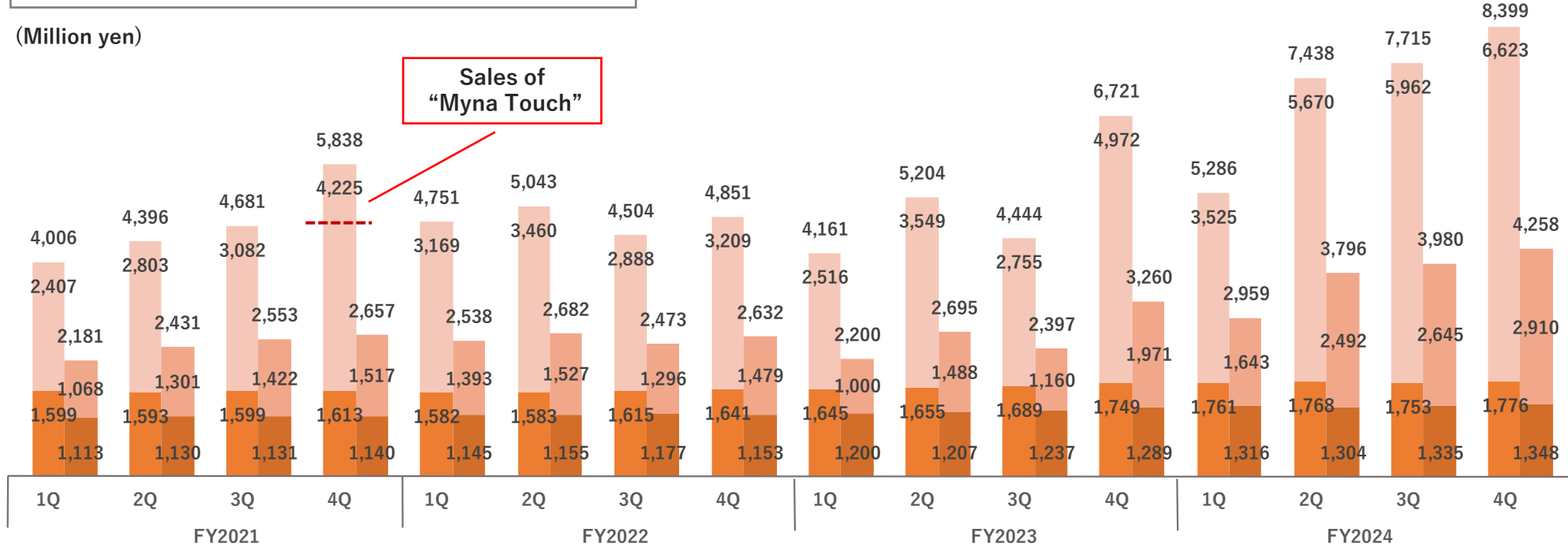
● Recurring gross profit margin  
● One-time gross profit margin

\*Recurring sales: Continuous revenues, such as machine maintenance fees and hotel operation management system fees  
 \*One-time sales: One-shot revenues such as sales of automatic payment machines



Upper left: One-time sales    Upper right: One-time gross profit  
 Lower left: Recurring sales    Lower right: Recurring gross profit

(Million yen)



YoY  
(Quarter)

One-time sales  
+33%

Recurring sales  
+2%

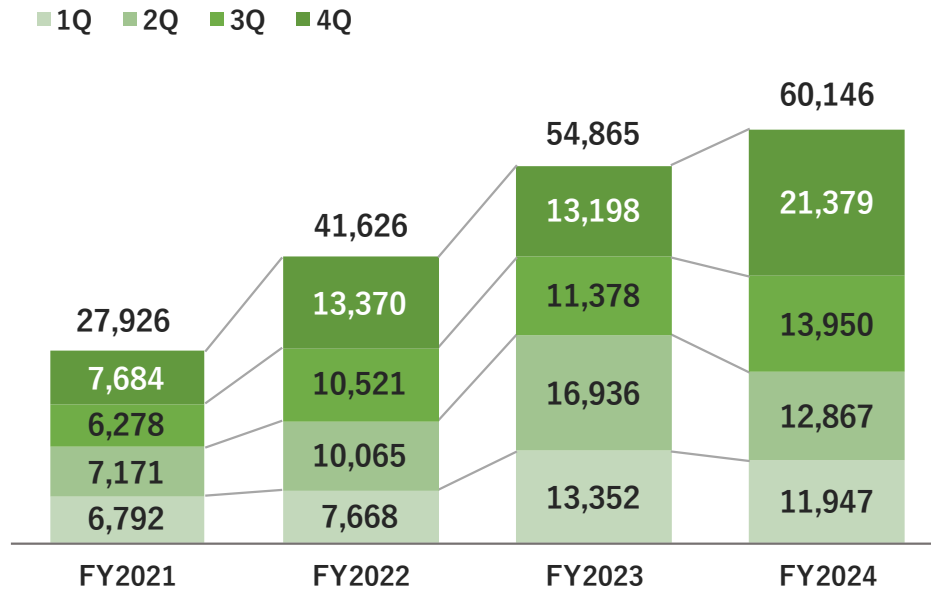
Recurring gross profit  
+5%

# Energy

- YoY sales growth was held to 10% because of a decline in JEPX prices.  
A big increase in earnings backed by more U-POWER customers and higher USEN DENKI profitability.
- QoQ sales increased due to a seasonal increase in electricity use and a net increase in customers;  
earnings down mainly because of capacity payments.

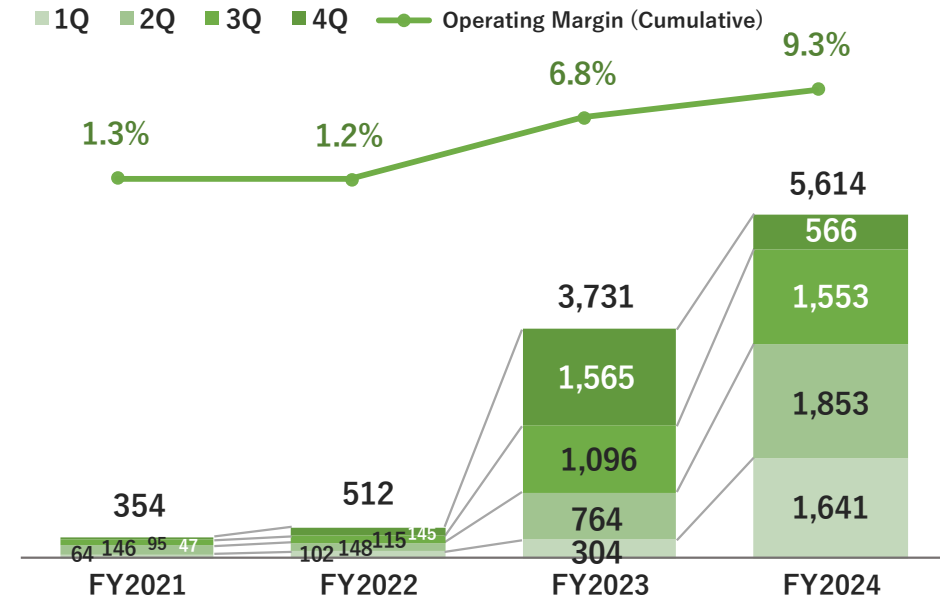
## Net Sales

YoY +10% QoQ +53%



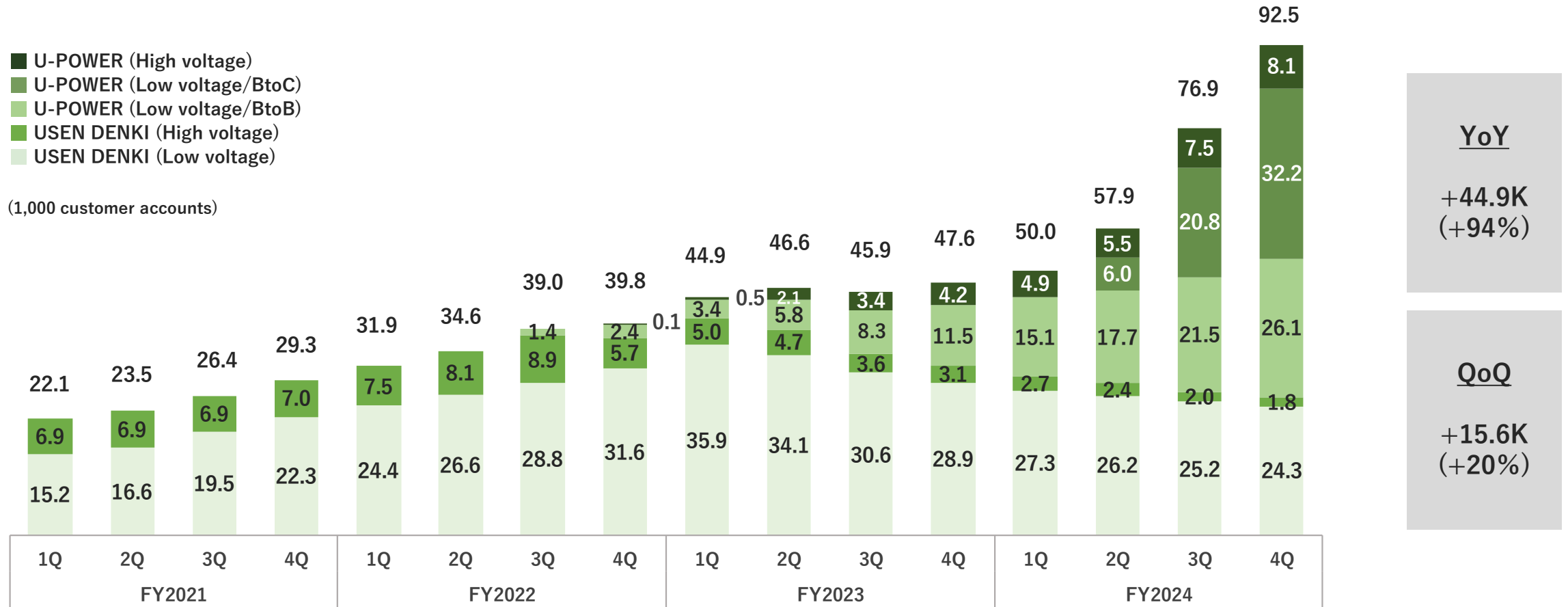
## Operating Income Operating Margin

(Million yen)  
YoY +50% QoQ -64%



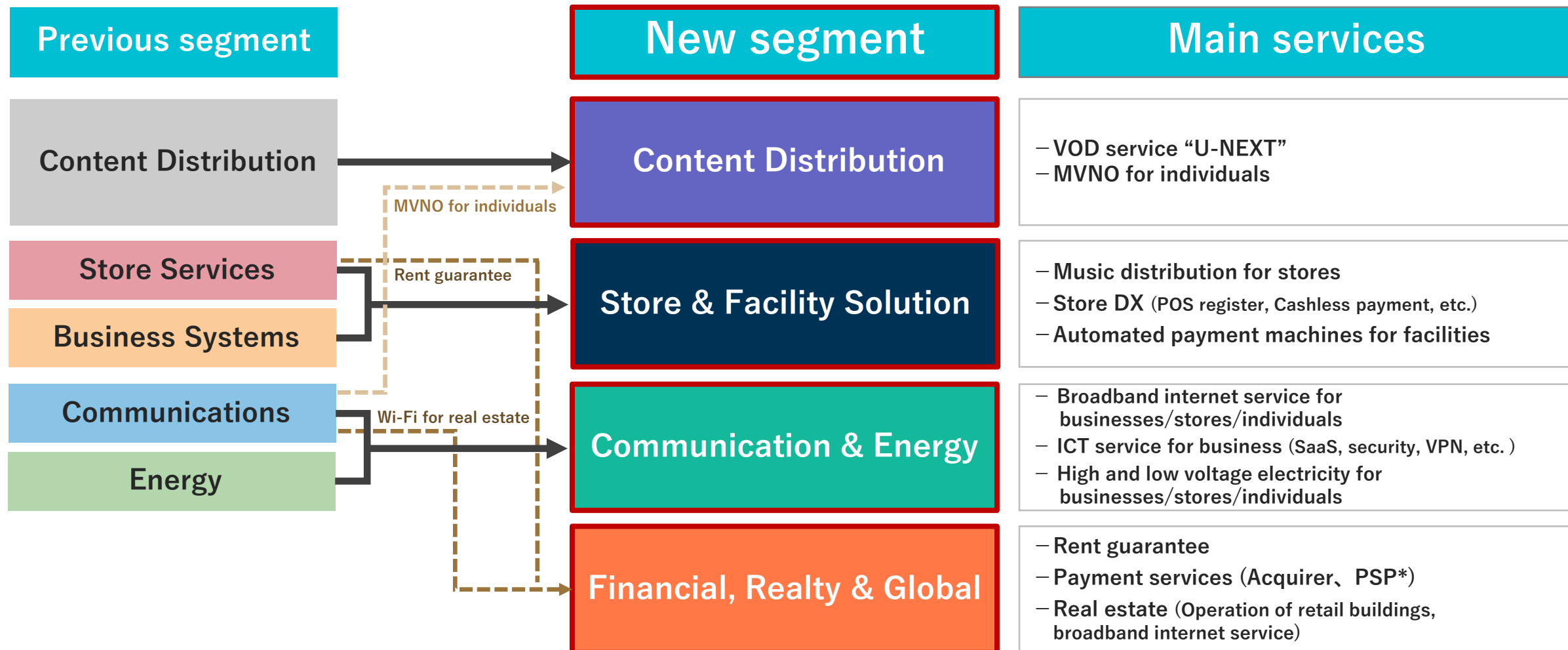
# Energy (Number of customer accounts)

- Solid increases in the number of high and low-voltage contracts at U-POWER.
- The net decrease at USEN DENKI is slowing.



## 3. Revised segments beginning in FY2025

# Revised segments beginning in FY2025



A payment service provider (PSP) processes electronic payments between credit card and other companies and the stores, EC businesses and other member merchants of these companies.



# New segment proforma results

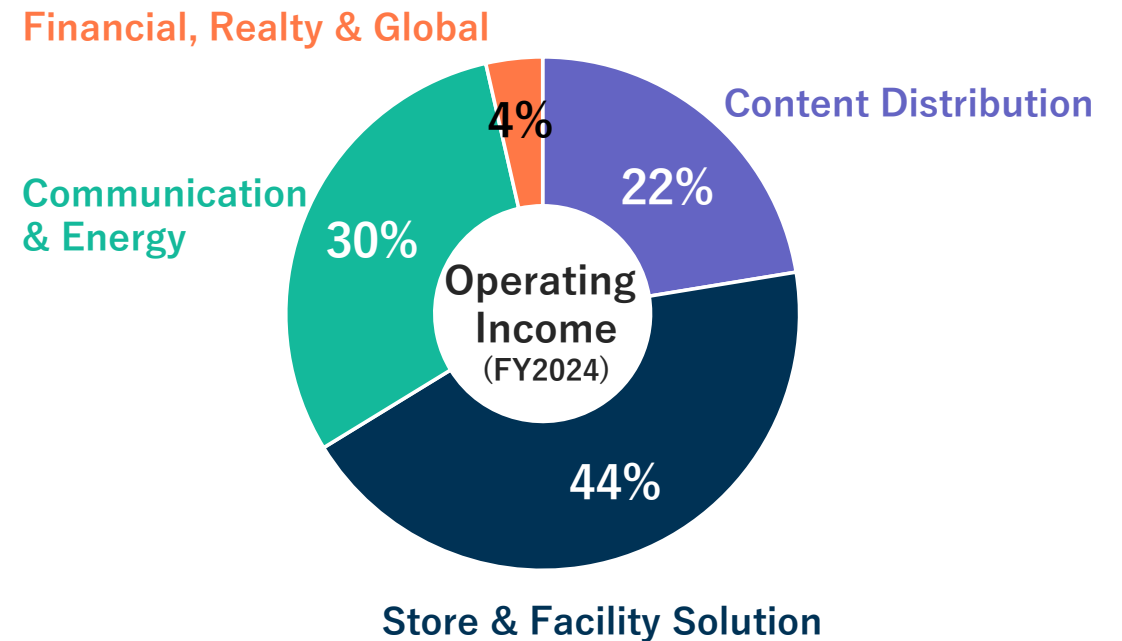
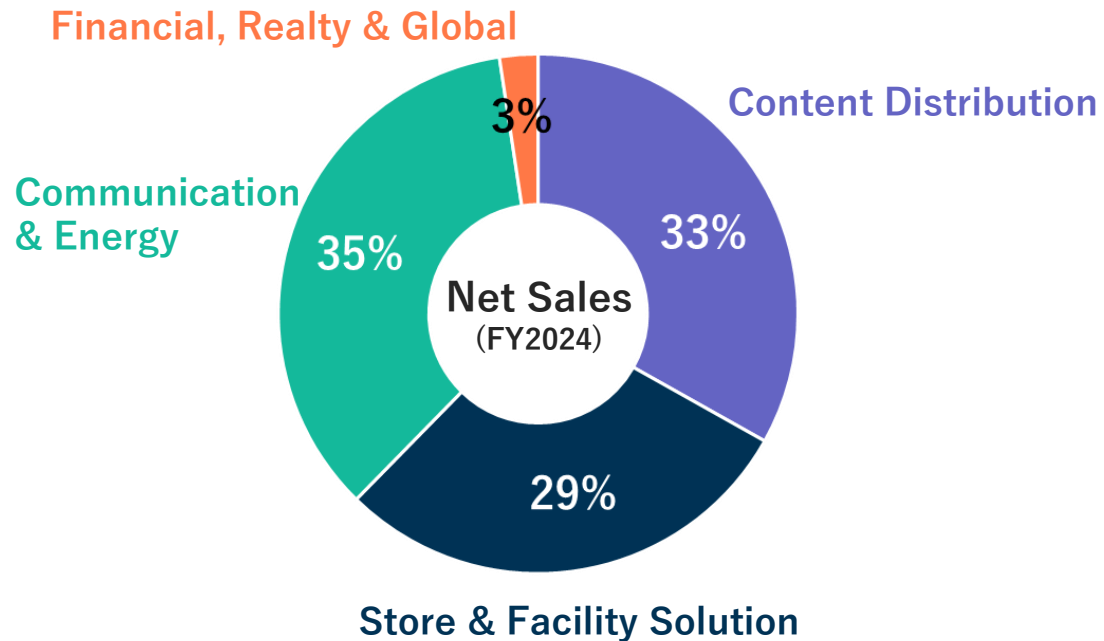
Million yen		Previous segment*1			New segment proforma*2			Difference		
		FY2022	FY2023	FY2024	FY2022	FY2023	FY2024	FY2022	FY2023	FY2024
Content Distribution	Net Sales	71,432	85,150	109,124	69,518	84,115	110,134	-1,913	-1,035	+1,010
	Operating Income	6,294	6,252	8,486	5,725	6,139	8,595	-569	-113	+108
Store & Facility Solution	Net Sales	77,324	83,974	98,841	76,401	82,451	96,989	-923	-1,522	-1,852
	Operating Income	12,326	13,004	16,989	12,055	12,647	16,809	-270	-356	-180
Communication & Energy	Net Sales	92,390	111,067	123,825	91,190	107,624	117,194	-1,199	-3,443	-6,630
	Operating Income	5,879	10,122	12,862	5,447	9,076	11,574	-431	-1,046	-1,287
Financial, Realty & Global	Net Sales	—	—	—	4,512	6,650	7,938	+4,512	+6,650	+7,938
	Operating Income	—	—	—	1,150	1,483	1,363	+1,150	+1,483	+1,363
Adjustment	Net Sales	-3,220	-3,847	-5,037	-3,696	-4,496	-5,503	-475	-648	-465
	Operating Income	-7,178	-7,813	-9,227	-7,057	-7,781	-9,232	+121	+32	-4

\*1 Simple sum of current “Store Services” and “Business Systems” for “Store & Facility Solution” and current “Communications” and “Energy” for “Communication & Energy”.

\*2 New segment proforma figures are provisional numbers prior to the completion of an examination by the independent auditor.

# Composition ratio in the new segment (Net Sales/Operating Income)

3 segments excluding “Financial, Realty & Global”, which is a development area, are well balanced in composition.



\*The new segment proforma for FY2024 (Consolidation adjustments are not considered.)

# Disclosure basis beginning with first quarter of FY2025

Segment	Current disclosure	Beginning with FY2025 (revisions are in red) *There is a possibility of changes
Content Distribution	<ul style="list-style-type: none"> <li>✓ Sales, Operating Income</li> <li>✓ Subscribers, Marketing expenses, ARR</li> </ul>	<ul style="list-style-type: none"> <li>✓ No change (sales and operating income are proforma figures that have been revised for consistency with the new segments)</li> </ul>
Store & Facility Solution	<p><b>Store Services</b></p> <ul style="list-style-type: none"> <li>✓ Sales, Operating Income</li> <li>✓ Contracts</li> <li>✓ POS register service (Sales, Gross profit margin, Contracts, ARR)</li> </ul> <p><b>Business Systems</b></p> <ul style="list-style-type: none"> <li>✓ Sales, Operating Income</li> <li>✓ Sales, Gross profit margin (One-time/Recurring)</li> </ul>	<p><b>Whole segment</b></p> <ul style="list-style-type: none"> <li>✓ Sales, Operating Income (prior-year figures revised on a proforma basis)</li> </ul> <p><b>Store solution</b></p> <ul style="list-style-type: none"> <li>✓ Contracts</li> <li>✓ Contracts and ARR for the three main products: POS register + Cameras + Cashless payments</li> </ul> <p><b>Store solution</b></p> <ul style="list-style-type: none"> <li>✓ Sales, Gross profit margin for hotels (One-time/Recurring)</li> <li>✓ Sales, Gross profit margin for healthcare (One-time/Recurring)</li> </ul>
Communication & Energy	<p><b>Communications</b></p> <ul style="list-style-type: none"> <li>✓ Sales, Operating Income</li> <li>✓ Sales, Operating Income of service categories</li> </ul> <p><b>Energy</b></p> <ul style="list-style-type: none"> <li>✓ Sales, Operating Income, Customer accounts</li> </ul>	<p><b>Whole segment</b></p> <ul style="list-style-type: none"> <li>✓ Sales, Operating Income (prior-year figures revised on a proforma basis)</li> </ul> <p><b>Communications</b></p> <ul style="list-style-type: none"> <li>✓ ICT service for business (Sales, Operating Income, ARR)</li> <li>✓ Broadband internet service for stores and individuals (Sales, Operating Income, Contracts)</li> </ul> <p><b>Energy</b></p> <ul style="list-style-type: none"> <li>✓ Sales, Operating Income, Customer accounts</li> </ul>
Financial, Realty & Global		<ul style="list-style-type: none"> <li>✓ Sales, Operating Income</li> <li>✓ Contracts for major products (Wi-Fi for real estate, rent guarantees, small-amount, short-term insurance)</li> <li>✓ Outstanding financial transactions with small/midsize companies and stores (leases, credit for purchases, lending)</li> <li>✓ Cashless payment GMV *Including consolidation following closing of M&amp;A</li> </ul>

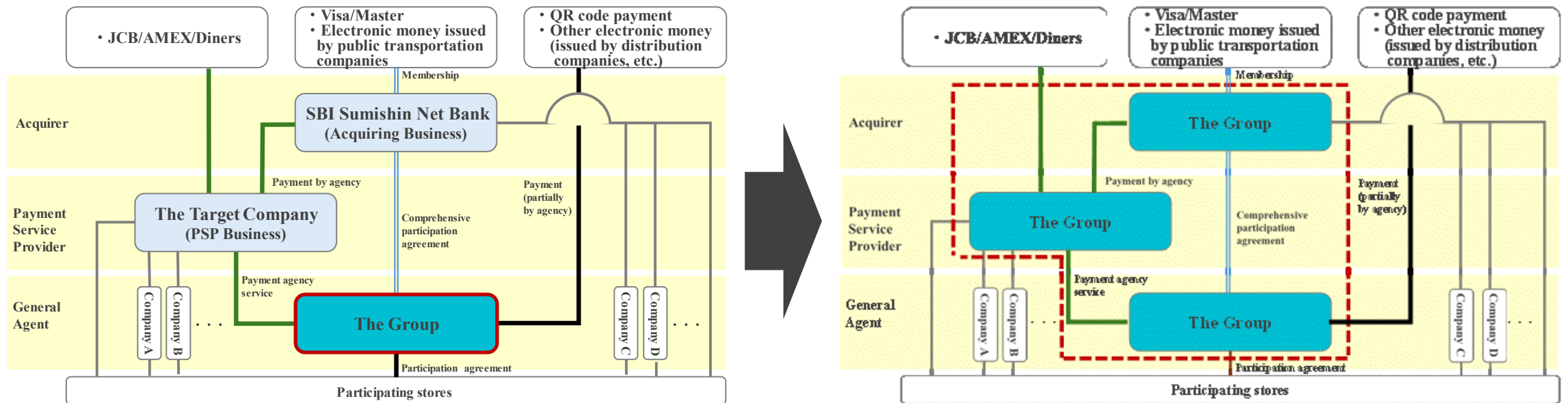
\*U-NEXT plans to disclose quarterly segment information using the revised segments for fiscal years beginning with FY22/08.

# 4. Major recent corporate initiatives

# Topics: Acquisition in the cashless payments business \*Subsequent event

- The goal is to strengthen cashless payment services, which is a growing market and create synergies with our customer base. (On the other hand, entry into the highly competitive e-money/QR code payment scheme is out of the scope of the plan at this time.)
- Promote cross-selling to the acquired businesses' customer bases outside of our group.
- Due to time needed for official approvals, planning on a two-stage acquisition: Payment service provider (PSP) business in December and acquiring business in February 2025.

## Diagram of the scheme



\*PSP: Payment Service Provider

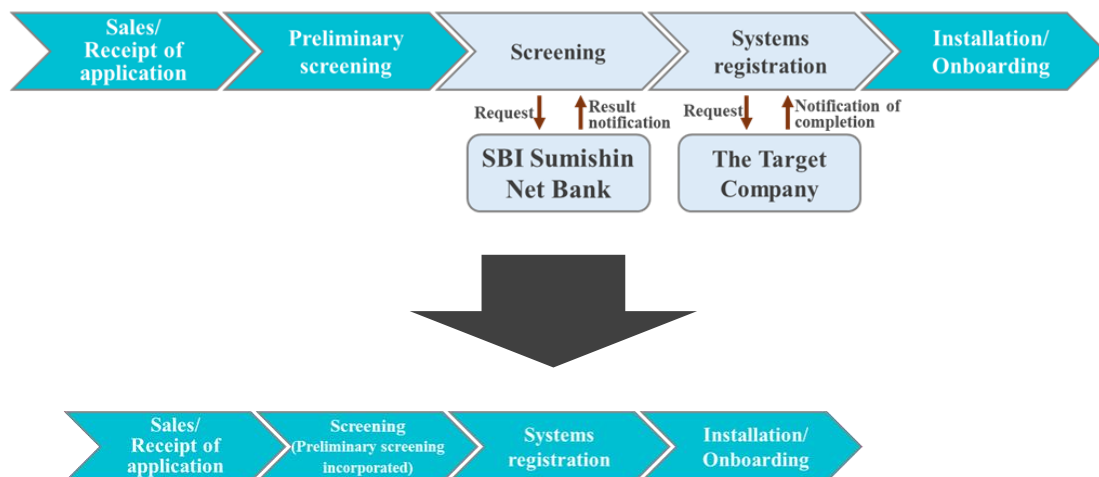


# Topics: Acquisition in the cashless payments business \*Subsequent event

- Much shorter lead time prior to start of providing services by vertically integrating both businesses.
- Expand revenue scale by developing business from further upstream.
- Considering future expansion of services to include processing non-face-to-face electronic payments, including payments prior to when a customer visits a store.

## Process for starting a service

- ✓ Full integration of examination/system registration/start stages.
- ✓ Goal is greater convenience with the shortest possible time between order receipt and start of service, even on the same day.



\* Screening, provisional systems registration and arrangement for equipment installation can be conducted concurrently.

## Contribution to sales and earnings

Positive effect on the size and profitability of the cashless payments business.

	Before acquisition	After acquisition
Sales	Sales agent fees (to the acquirer)	–
	–	Acquiring fees (to member stores)
	–	Payment processing agent fee (to Group external customers)
Cost of sales	Payment processing agent fee (to NetMove)	–
	Payment processing agent fee (to companies other than NetMove)	Payment processing agent fee (to companies other than NetMove)
	Cost of payment terminals	Cost of payment terminals
	–	International brand fee
	–	–
SG&A expenses	Customer acquisition/Administrative expenses	Customer acquisition/Administrative expenses
	–	Acquiring service operating expenses
	–	Payment processing agent operating expenses
	Business profit	Business profit



# Content Distribution (Topics) \*Subsequent event

## New exclusive partnership contract with Warner Bros. Discovery.



### The Max streaming service:

- A streaming service of WBD with more than 100 million members worldwide.
- Operates in North and South America and recently began coverage of Europe.  
Currently operates in 65 countries and regions.

Press release: (in Japanese only):

<https://www.unext.co.jp/ja/press-room/max-coming-to-unext-2024-09-19>

Use of Max to send Japanese content throughout the world.

- Until now, U-NEXT supplied content only in Japan.  
**Due to this agreement, procured content can also be distributed worldwide by using Max in the future.**
- Global distribution **will be used to add even more value to U-NEXT services and further strengthen relationships with Japanese content holders.**

### Exclusive rights for Max content.

- Exclusive rights for more than 2,500 programs, 16,000 episodes and the WBD library.
- Exclusive distribution rights simultaneous with U.S. for HBO series, HBO Max originals.
- U-NEXT switched to providing unlimited viewing of all Harry Potter series.

# Topics: Stock split \*Subsequent event

- ✓ As of the end of August 2024, the value of the trading unit\* of U-NEXT stock was higher than the level preferred by the TSE. This split is expected to make U-NEXT stock accessible to a broader range of investors.
- ✓ **No change in the number of shares, benefits and other terms of the U-NEXT shareholder benefit program.**



## One-to-three split on December 1, 2024

	Before splitting (until Nov 30, 2024)	After splitting (From Dec 1, 2024)
Ratio	1	3
Total number of shares issued and outstanding	60,125,111 shares	180,375,333 shares
Dividend per Share	42 yen	14 yen
Dividend Payout Ratio	15.1%	15.1%

Press release: "Notice on a Stock Split and a Partial Amendment to the Articles of Incorporation Pertaining to the Stock Split."

\*The Tokyo Stock Exchange prefers to have stock prices that hold the value of trading units below ¥500,000 for the purpose of making stocks accessible to individual investors.

# 5. FY2025 forecast

# FY2025 Forecast

Forecast sales growth of 10% and high single-digit growth of earnings at all levels.

Million yen	FY2024 Results	FY2025 Forecast	Difference	Ratio
Net Sales	326,754	360,000	+33,246	+10%
Operating Income	29,110	31,000	+1,890	+6%
Operating Margin (%)	8.9%	8.6%	-0.3pt	-
Ordinary Income	28,321	30,000	+1,679	+6%
Profit or Loss attributable to owners of parent	15,357	16,700	+1,343	+9%
Profit of Loss attributable to owners of parent [Adjusted]	18,503	19,850	+1,347	+7%
Net Income per share (yen)	255.44	92.58	-	-
Net Income per share [Adjusted] (yen)	307.77	110.05	-	-
EBITDA	39,541	42,500	+2,959	+7%
EBITDA margin	12.1%	11.8%	-0.3pt	-
EBITDA-CAPEX	13,371	10,300	-3,071	-23%

\*FY2025 earnings per share is adjusted for the stock split that is planned for December 1, 2024.

# FY2025 Forecast (Business segments)

Million yen		FY2024 Results	FY2025 Forecast	Difference	Ratio
Content Distribution	Net Sales	110,134	122,100	+11,966	+11%
	Operating Income	8,595	9,800	+1,205	+14%
	Operating Margin	7.8%	8.0%	+0.2pt	-
Store & Facility Solution	Net Sales	96,989	93,100	-3,889	-4%
	Operating Income	16,809	14,700	-2,109	-13%
	Operating Margin	17.3%	15.8%	-1.5pt	-
Communication & Energy	Net Sales	117,194	142,100	+24,906	+21%
	Operating Income	11,574	13,600	+2,026	+18%
	Operating Margin	9.9%	9.6%	-0.3pt	-
Financial, Realty & Global	Net Sales	7,938	8,700	+762	+10%
	Operating Income	1,363	1,400	+37	+3%
	Operating Margin	17.2%	16.1%	-1.1pt	-
Adjustment	Net Sales	-5,503	-6,000	-497	-9%
	Operating Income	-9,232	-8,500	+732	+8%

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

\*FY2024 figures are provisional numbers prior to the completion of an examination by the independent auditor.

# FY2025 Forecast (Key points)

Content Distribution	<ul style="list-style-type: none"> <li>● YoY increase in subscribers of 300,000. (+400,000 at U-NEXT and -100,000 at the former Paravi)</li> <li>● Forecasts use an e change rate of ¥155/US.</li> <li>● No change in marketing expenses vs. FY2024.</li> <li>● Profitability improved with no change in profit structure despite increases in system costs and personnel expenses.</li> </ul>
Store & Facility Solution	<ul style="list-style-type: none"> <li>● Estimated drop impact in replacement demand for automatic pay machines is -¥5.0 bn in sales and -¥2.5 bn in profit.</li> <li>● Excluding the above factors, on an adjusted basis, sales are expected to increase by ¥1.0 bn and profit by ¥0.5 bn.</li> <li>● Store solution: Music distribution sales increased slightly due to price revision, and DX for stores grew stably.</li> <li>● Facility solution: Partially offsetting the drop in one-time sales by increasing of recurring revenues.</li> </ul>
Communication & Energy	<ul style="list-style-type: none"> <li>● Stable growth in recurring revenue of ICT Service and Broadband internet service for stores and individuals.</li> <li>● YoY increase in customers of 100 at high voltage, +38,000 at low voltage (BtoB +4,000, BtoC +34,000).</li> <li>● Cost increase impact of capacity payments, which occurs 5 months in FY2024 and 12 months in FY2025, is ¥3.3 bn.</li> <li>● The cost increases will be passed on to customers through price increases, resulting in sales increase of ¥20.0 bn and profit increase of ¥1.7 bn YoY.</li> </ul>
Financial, Realty & Global	<ul style="list-style-type: none"> <li>● Increase in sales and earnings due to stable growth in rent guarantee business.</li> <li>● Newly consolidated a commercial building management subsidiary from the beginning of FY2025, contributing to sales/profit (plans to acquire 5 additional properties during FY2025).</li> <li>● Cashless payment business M&amp;A (completed in FY2025) proceeds are not factored in. (Sales increase is expected to have a limited impact on profit and loss due to goodwill amortization expenses)</li> </ul>
Adjustment	<ul style="list-style-type: none"> <li>● Decrease in branding costs in FY2024. (FY2025 branding costs will be determined based on business conditions.)</li> <li>● Increase in personnel expenses and commissions paid.</li> </ul>



# FY2025 Dividend forecast

## 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

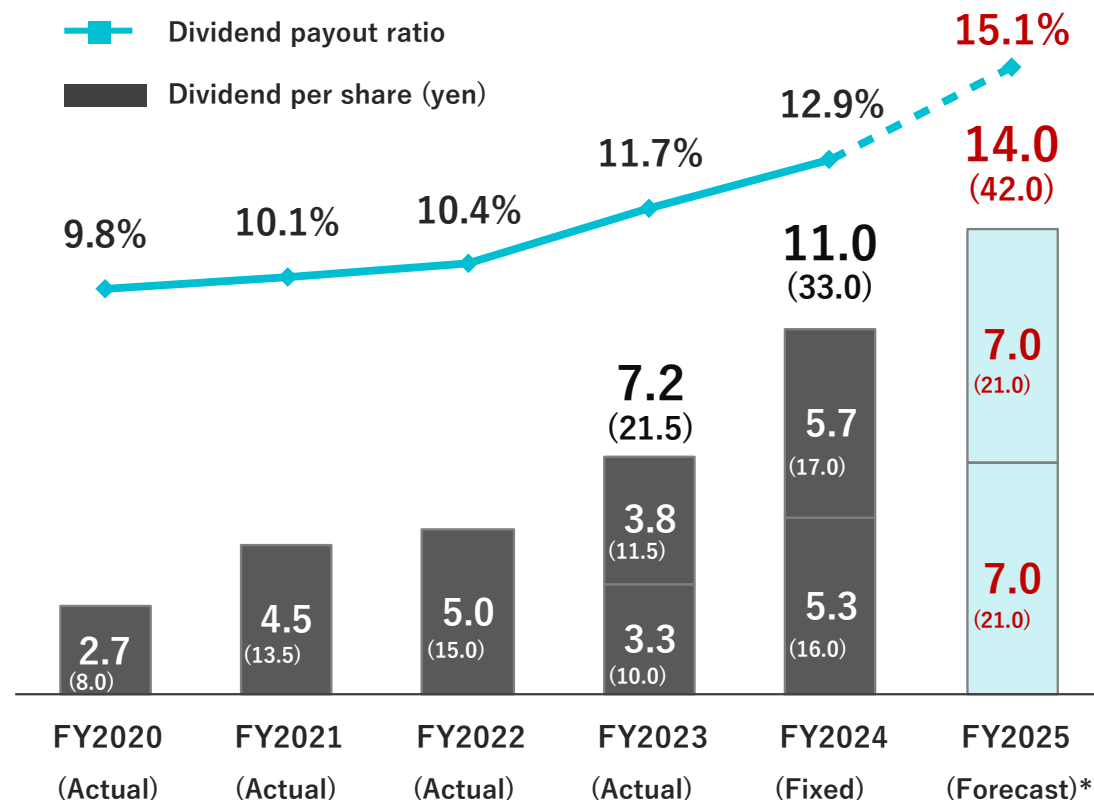
Continuous dividend increases with payout ratios of 10%~30%.

## Dividend of FY2024 & FY2025

- FY2024 dividend
  - ✓ ¥33.0 per share (forecast +¥1.0)
  - ✓ Payout ratio 12.9%
- FY2025 dividend forecast
  - ✓ **¥14.0 per share\***
  - ✓ **Payout ratio 15.1% (YoY +2.2pt)**

\*Adjusted for the one-to-three stock split planned for December 1, 2024.  
The dividend per share is ¥42.0 based on the number of shares currently issued.

## Dividend per share



\*After the one-to-three stock split planned for December 1, 2024.

The dividend in parentheses is before this stock split.

\*The graphs are divided between interim (below) and year-end (above) dividends beginning in FY2023.

# 6. Appendix

# Topics: Upgrade of issuer rating

## Rating and Investment Information (R&I) issuer rating raised to A-.

### U-NEXT R&I issuer credit rating

Publication date	Rating	Rating outlook
July 2021	BBB+	Stable
August 2023	BBB+	Positive
July 2024 (this rating)	A-	Stable

### ■ Details of evaluation (R&I website)

[https://www.r-i.co.jp/news\\_release\\_cfp/2024/07/news\\_release\\_cfp\\_20240724\\_22157\\_jpn.pdf](https://www.r-i.co.jp/news_release_cfp/2024/07/news_release_cfp_20240724_22157_jpn.pdf)

### Selected remarks by R&I

- In addition to the earnings contribution by the business for corporate users such as Store Services and Communications, Content Distribution Business has been showing growing presence. R&I has upgraded the Issuer Rating to A-, based on the **recognition of the company's strengthened earnings base.**
- R&I believes that, going forward, **U-Next Holdings will be able to maintain the earning capacity** that matches the rating's suggestions thanks to the constant flow of earnings generated through service provision to corporate customers as well as expansion of Content Distribution Business.
- **The debt-equity structure**, which has posed a challenge to the company, **improved considerably** as a result of the capital increase of U-Next through third-party allotment of shares to TBS Holdings, Inc. in June 2023. **U-Next Holdings will likely make progress in capital accumulation via retained earnings backed by the firm earnings performance.**

# Segment overview

	Competitive edge	Growth strategy
<b>Content Distribution</b>	<ul style="list-style-type: none"> <li>✓ No.2*1 market share in Japan. Unlimited viewing coverage with the absolute No.1*2 in content volume in Japan.</li> <li>✓ 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.</li> <li>✓ Integrated marketing covering the internet, mass media and conventional channels.</li> <li>✓ Quick and flexible development capability due to a team of highly skilled engineers.</li> </ul>	<ul style="list-style-type: none"> <li>✓ A competitive edge due to the size of the content lineup rather than the production of original content.</li> <li>✓ Unparalleled service that allows users to seamlessly enjoy the different categories of videos, books, and music and concerts, all in one app.</li> <li>✓ Further expansion of exclusive titles.</li> <li>✓ Enlarging and upgrading the sports and music category to make it a core category with movies, anime and dramas.</li> </ul>
<b>Store &amp; Facility Solution</b>	<ul style="list-style-type: none"> <li>✓ No.1 market share in Japan in the markets for providing music to stores and automatic payment kiosks to a variety of facilities.</li> <li>✓ Stable profit structure backed by a solid customer base established during 60 years.</li> <li>✓ Nationwide sales team of 1,400 and engineering team of 1,100; these internal resources facilitate fully integrated operations encompassing order receipt, delivery and maintenance services.</li> <li>✓ A partner network of 17,000 companies for sending customers to these partners.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Use a platform of communication environments for upselling more than 60 IoT/DX products and services.</li> <li>✓ 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 establish upselling.</li> <li>✓ Developing white space for business hotels/general hospitals/small and medium-sized medical institutions.</li> <li>✓ Assemble a lineup of services that matches customers' needs.</li> </ul>
<b>Communication &amp; Energy</b>	<ul style="list-style-type: none"> <li>✓ Provides multivendor ICT services by using a sales team for corporate customers.</li> <li>✓ Uses direct sales and a network of 250 sales agents to sell broadband services to stores.</li> <li>✓ Two categories of services: USEN DENKI for fixed-rate electricity and U-POWER for variable rate electricity.</li> <li>✓ Able to revise with flexibility the lineup of electricity services in response to changes in the cost of purchasing electricity.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Goal is steady growth backed by a lineup of corporate ICT services that match customers' needs.</li> <li>✓ Increase sales of broadband services for stores to create more DX/IoT product cross-selling opportunities.</li> <li>✓ Cost reductions with the electricity services, leading to cross-selling of other Group's products.</li> <li>✓ The Group's diverse sales channels and large number of customers can be used effectively to sell electricity, which is essential for every home and business.</li> </ul>
<b>Financial, Realty &amp; Global</b>	<ul style="list-style-type: none"> <li>✓ A variety of financial services for stores.</li> <li>✓ Specializes in the retail/commercial building category; no office or residential properties.</li> <li>✓ Global activities are mainly activities targeting demand involving foreign tourists in Japan; no emphasis on overseas operations.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Provision of integrated cashless payment service, including acquirer and payment processing activities; more customers due to greater convenience and more opportunities for cross-selling other Group products.</li> <li>✓ In addition to receiving lease payments from tenants, create opportunities for cross-selling other Group products.</li> <li>✓ Create services and businesses that span demand involving foreign tourists in Japan and the use of the U-NEXT Group's resources.</li> </ul>

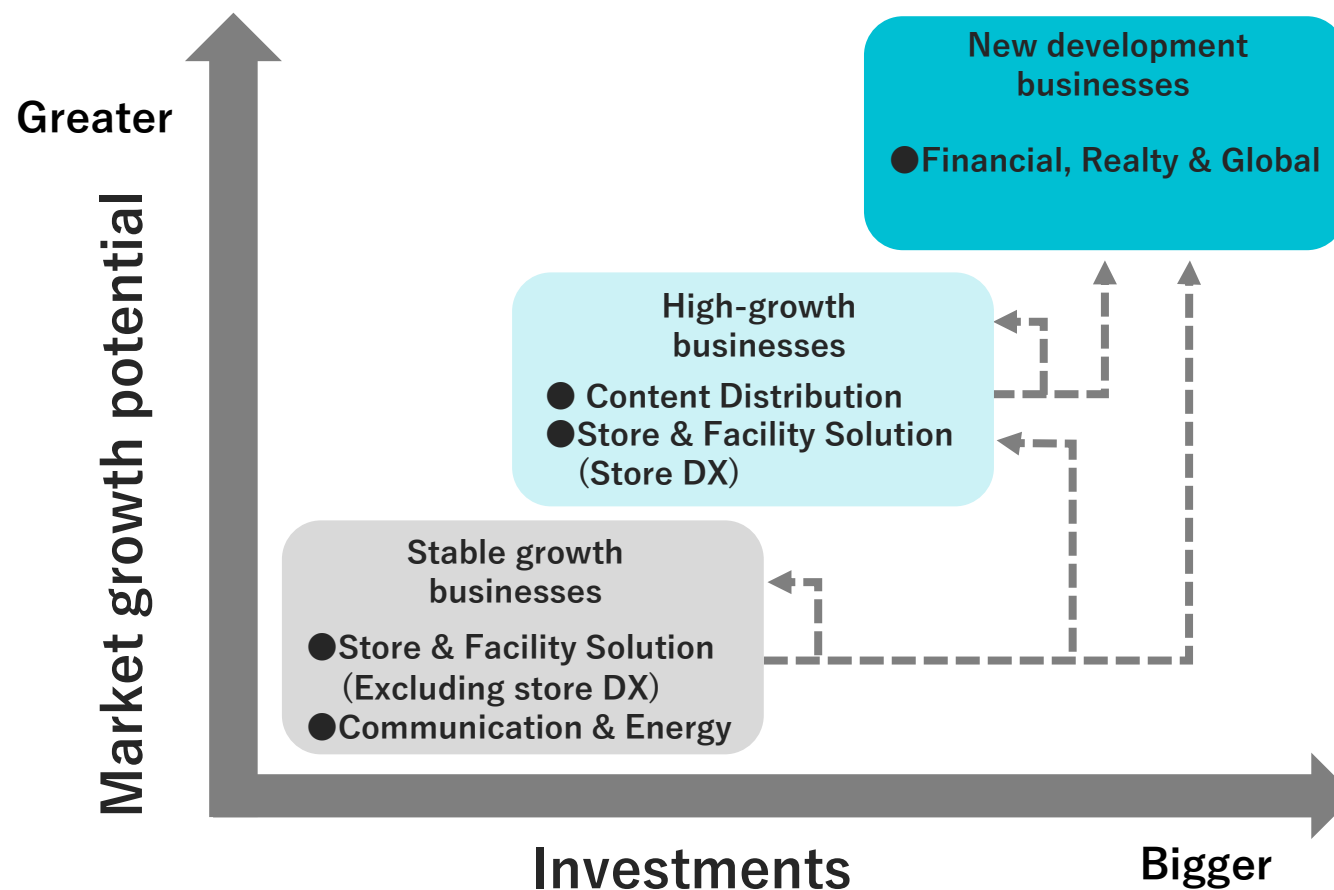
\*Source: \*1 GEM Partners Video on Demand Market Five-year Forecast Reports

\*2 GEM Partners, September 2024

# Portfolio management

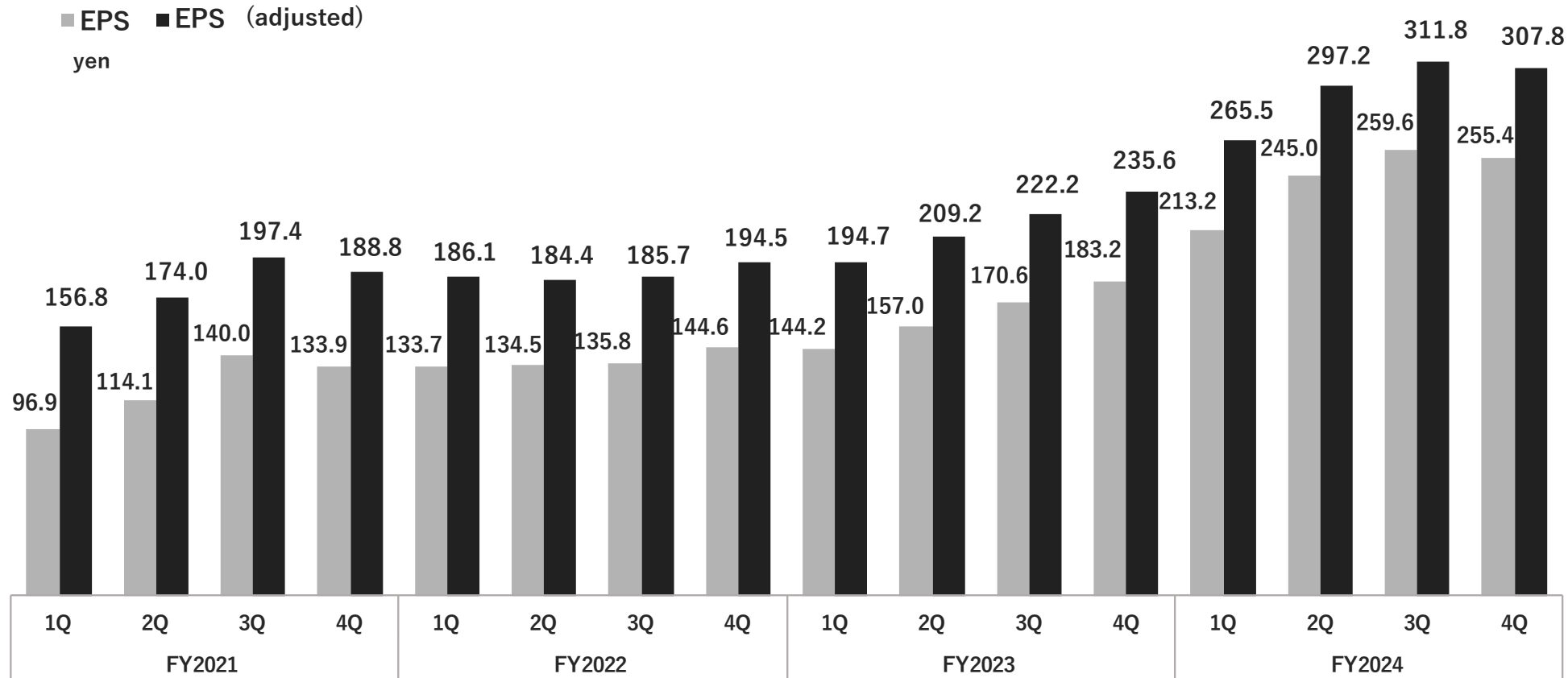
Sustained growth backed by use of stable business cash flows for large investments for High-growth businesses and New development businesses.

## 【Disclosure segments】



# EPS (LTM)

Big increase with growth of earnings.



**EPS (adjusted)**  
YoY +¥72 (Quarter)  
QoQ - ¥4

**EPS**  
YoY +¥72 (Quarter)  
QoQ - ¥4

\*LTM: Last Twelve Month



# Consolidated balance sheet

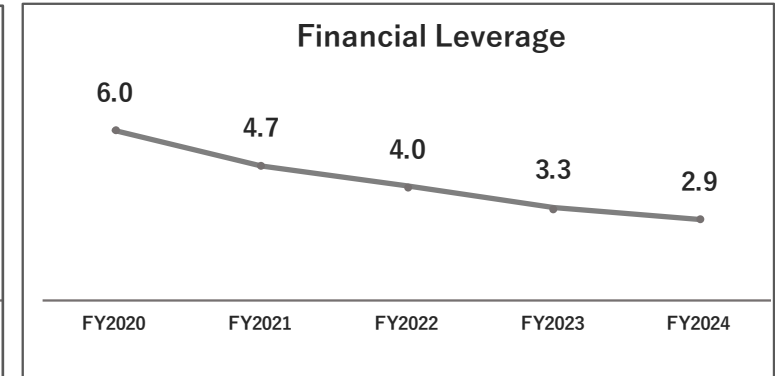
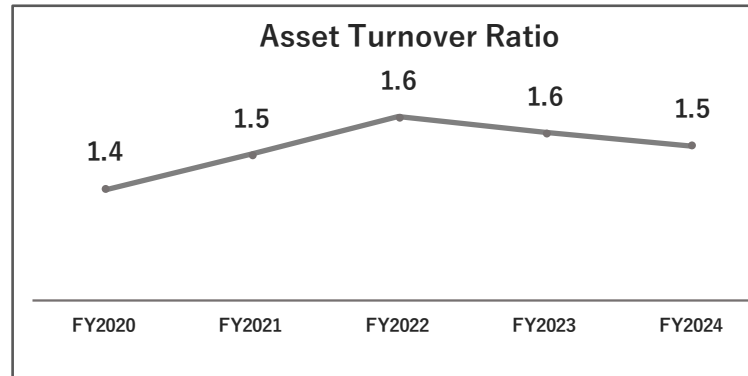
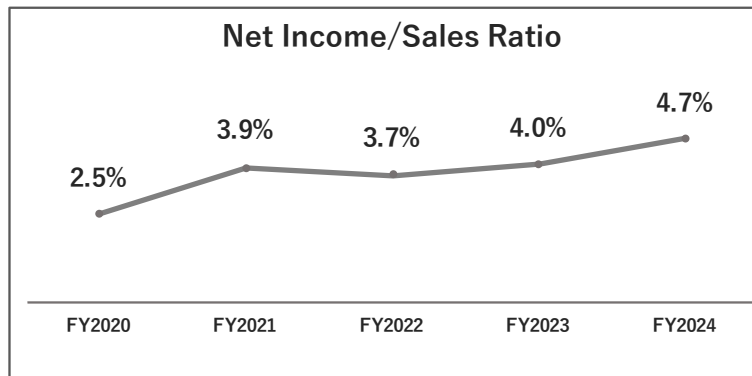
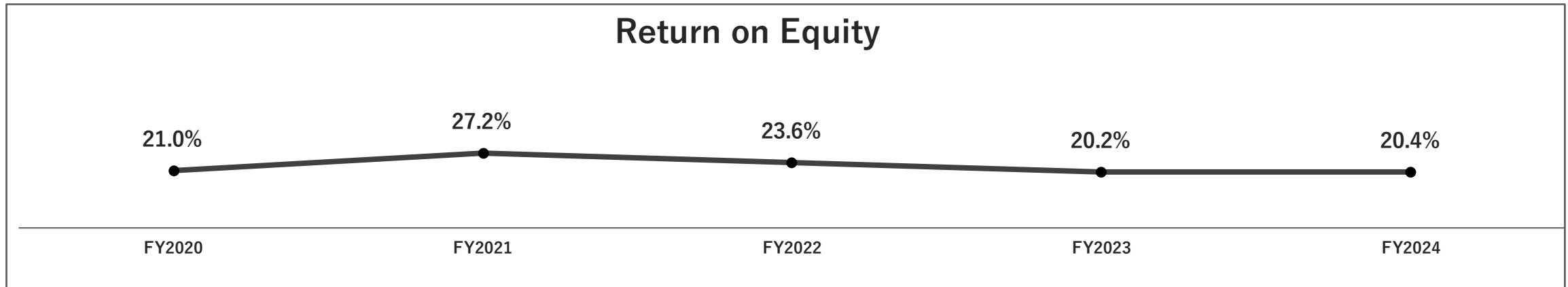
- **Current assets:** Prepaid expenses increased mainly because of purchases of content.
- **Non-current assets:** Growth of property, plant and equipment due to acquisitions of properties by USEN Realty, which owns and manages commercial buildings, but total non-current assets decreased because of goodwill amortization.
- **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	Difference
<b>(Assets)</b>			
<b>Current assets</b>	<b>121,225</b>	<b>150,218</b>	<b>+28,993</b>
Cash and deposits	52,132	52,738	+606
Notes and accounts receivable-trade	31,989	41,246	+9,258
Inventories	9,708	11,302	+1,594
Prepaid expenses	24,364	40,694	+16,330
Other	3,030	4,236	+1,206
<b>Non-current assets</b>	<b>79,298</b>	<b>78,743</b>	<b>-555</b>
Property, plant and equipment	18,419	21,056	+2,637
Intangible assets	48,675	47,194	-1,480
Goodwill	42,591	39,490	-3,101
Other	6,083	7,704	+1,621
Investment and other assets	12,204	10,491	-1,712
<b>Total assets</b>	<b>200,524</b>	<b>228,962</b>	<b>+28,438</b>

Million yen	FY2023	FY2024	Difference
<b>(Liabilities)</b>			
<b>Current liabilities</b>	<b>55,527</b>	<b>71,529</b>	<b>+16,001</b>
Notes and accounts payable-trade	26,466	33,686	+7,220
Short-term loans payable	-	-	-
Current portion of long-term loans payable	3,000	3,066	+66
Other	26,060	34,776	+8,716
<b>Non-current liabilities</b>	<b>67,289</b>	<b>65,399</b>	<b>-1,890</b>
Bonds payable	10,000	10,000	-
Long-term loans payable	50,970	49,822	-1,148
Other	6,319	5,576	-742
<b>Total liabilities</b>	<b>122,817</b>	<b>136,928</b>	<b>+14,111</b>
<b>(Net assets)</b>			
<b>Shareholder's equity</b>	<b>68,020</b>	<b>81,729</b>	<b>+13,709</b>
Capital stock	97	99	+2
Capital surplus	29,784	29,786	+2
Retained earnings	38,138	51,843	+13,705
Treasury stock	-0	-0	-0
Valuation and translation adjustments	431	138	-293
<b>Non-controlling interests</b>	<b>9,255</b>	<b>10,166</b>	<b>+910</b>
<b>Total net assets</b>	<b>77,707</b>	<b>92,033</b>	<b>+14,326</b>
<b>Total liabilities and net assets</b>	<b>200,524</b>	<b>228,962</b>	<b>+28,438</b>

# Return on equity (LTM)

No change YoY but structurally improving due to lower leverage (higher financial soundness) and higher profitability.



\*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

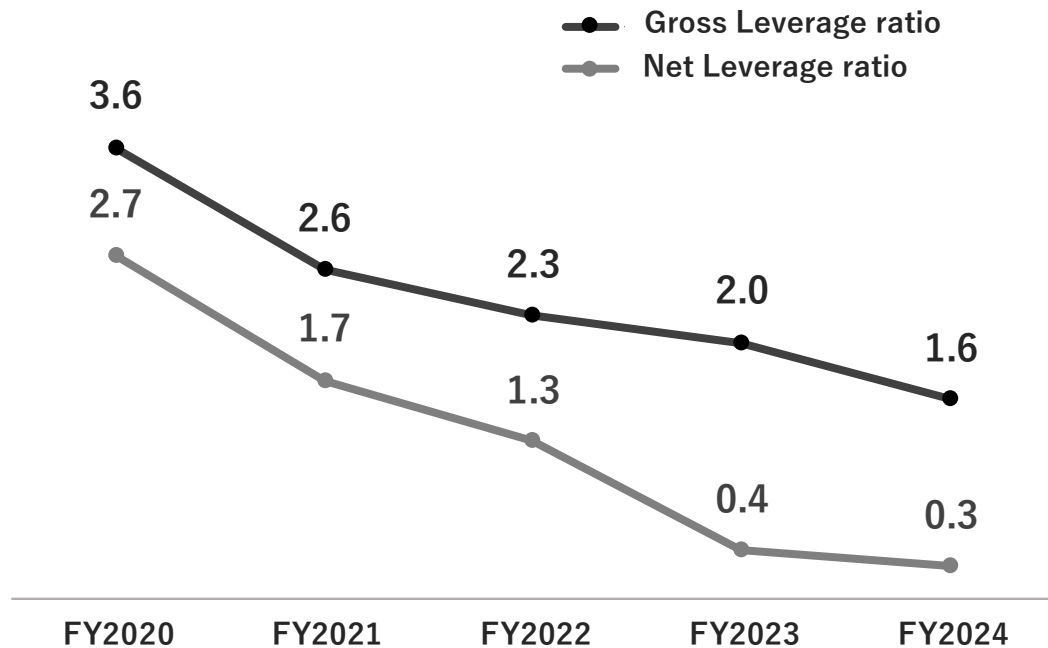
\*Financial Leverage: Total assets / (Net assets – Subscription rights to shares – Non-controlling interests)

# Leverage ratio (LTM) / Debt/Equity ratio

Increasing EBITDA and equity are lowering the leverage ratio and debt/equity ratio.

## Leverage Ratio (LTM)

times



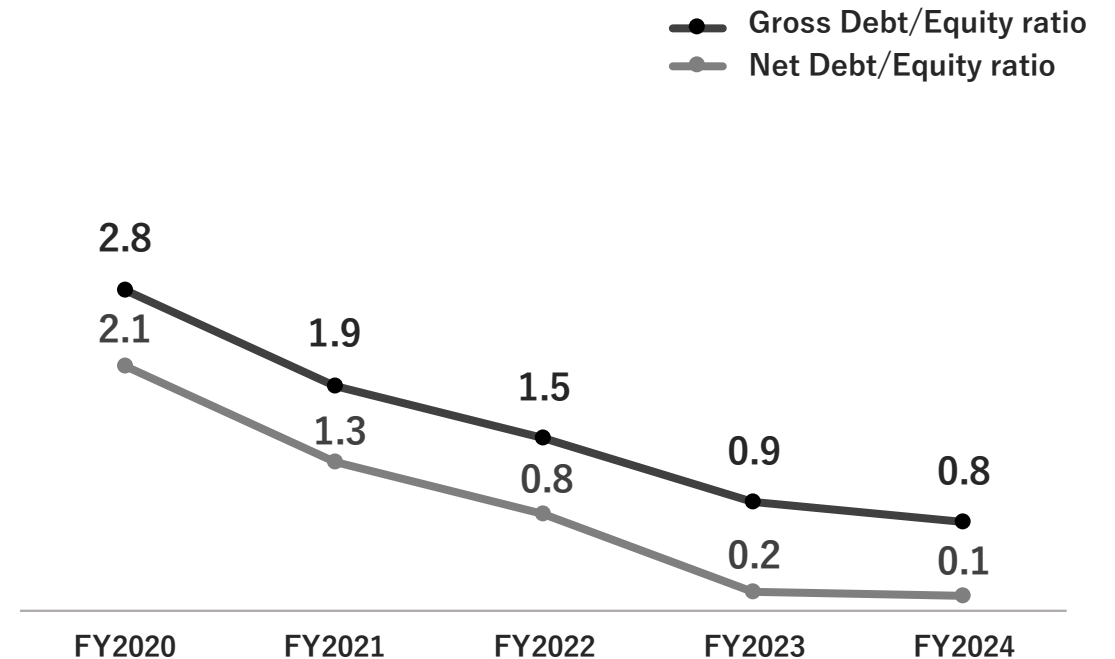
\*LTM: Last Twelve Month

\*Gross Leverage ratio:  $\text{Debt} \div \text{EBITDA}$

\*Net Leverage ratio:  $(\text{Debt} - \text{Cash}) \div \text{EBITDA}$

## Debt/Equity Ratio

times



\*Gross Debt/Equity ratio:  $\text{Debt} \div \text{Shareholder's equity}$

\*Net Debt/Equity ratio:  $(\text{Debt} - \text{Cash}) \div \text{Shareholder's equity}$

# Equity spread & EVA spread

(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 FY24/08
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 FY24/08
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)	11.5%	9.3%	5.8%	5.8%	Down significantly from FY23/08 (no change expected in FY25/08)
10-year Japanese gov't bond	- ⑨	0.2%	0.7%	0.9%	0.9%	Based on the last day of each fiscal year (rate at end of Feb. '24 for FY24/08)
Market risk premium	- ⑩	7.4%	7.0%	5.5%	5.5%	Average of each fiscal year (LTM at end of Feb. '24 for FY24/08)
Shareholder beta	- ⑪	1.52	1.23	0.89	0.89	Calculated at 52 weeks/104 weeks/36 months/60 months with 95% confidence interval
WACC	⑫ = ⑧ × ⑬ + ⑭ × ⑮	5.2%	5.2%	3.7%	3.7%	Equity ratio is increasing (more financial soundness)
Cost of shareholder's equity		11.5%	9.3%	5.8%	5.8%	
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	12.1%	10.9%	14.7%	13.0%	
EVA spread	④ - ⑫	6.0%	6.8%	9.7%	9.0%	

# 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.



# Progress of Medium-Term Business Plan (Financial Indicators)

- 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

## 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.



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Selected for FY2021-2024