



Summary of First Quarter of Fiscal Year Ending August 2026

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

January 14, 2026

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JPX-NIKKEI 400

2021-2025年度選定



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1. Overview of 1Q results of operations

Executive summary

Record-high first quarter sales and operating income, a strong start to achieving the fiscal year forecasts.

Net increases in subscribers and contracts in all business segments make the base for recurring income even stronger.

Completed ¥20 billion bond issue as one step to increase financial leverage.

Signed contract to purchase 70% of the stock of XING, which operates a commercial karaoke equipment business using the JOYSOUND brand.

Consolidated financial summary (vs. Forecast)

Sales and earnings at all levels got off to a strong start, generally exceeding 25% of the FY2026 forecasts.

(Million yen)	FY2026 Forecast	FY2026 1 Q	Progress
Net Sales	424,000	104,673	25%
Operating Income	33,500	8,766	26%
Operating Margin	7.9%	8.4%	-
Ordinary Income	32,200	8,221	26%
Profit or Loss attributable to owners of parent	18,500	4,533	25%
Profit or Loss attributable to owners of parent [Adjusted]	22,000	5,394	25%
EBITDA	46,500	11,670	25%
EBITDA Margin	11.0%	11.1%	-
EBITDA-CAPEX	21,500	5,885	27%

Consolidated financial summary (YoY)

Operating income increased even though the end of replacement demand for automated payment machines for Japan's new banknotes reduced earnings by ¥1 billion.

No change in all other earnings because FY2025 1Q includes non-operating income.

(Million yen)	FY2025 1 Q	FY2026 1 Q	YoY	YoY (Ratio)
Net Sales	91,928	104,673	+ 12,746	14%
Operating Income	8,251	8,766	+ 516	6%
Operating Margin	9.0%	8.4%	-	-
Ordinary Income	8,277	8,221	▲55	▲1%
Profit or Loss attributable to owners of parent	4,567	4,533	▲34	▲1%
Profit or Loss attributable to owners of parent [Adjusted]	5,354	5,394	+ 40	1%
EBITDA	10,819	11,670	+ 851	8%
EBITDA Margin	11.8%	11.1%	-	-
EBITDA-CAPEX	4,233	5,885	+ 1,653	39%

Segment information (vs. Forecast)

- Store & Facility Solutions and Financial, Realty & Global made significant progress.
- Sales and earnings in other segments were generally in line with the FY2026 forecasts.

	(Million yen)	FY2026 Forecast	FY2026 1 Q	Progress
Content Distribution	Net Sales	136,300	34,940	26%
	Operating Income	11,100	2,790	25%
	Operating Margin	8.1%	8.0%	-
Store & Facility Solutions	Net Sales	96,900	24,096	25%
	Operating Income	16,300	4,671	29%
	Operating Margin	16.8%	19.4%	-
Communication & Energy	Net Sales	178,200	43,461	24%
	Operating Income	15,300	3,028	20%
	Operating Margin	8.6%	7.0%	-
Financial, Realty & Global	Net Sales	21,000	4,287	20%
	Operating Income	1,400	562	40%
	Operating Margin	6.7%	13.1%	-
Adjustment	Net Sales	-8,400	-2,111	25%
	Operating Income	-10,600	-2,286	22%

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

Segment information (YoY)

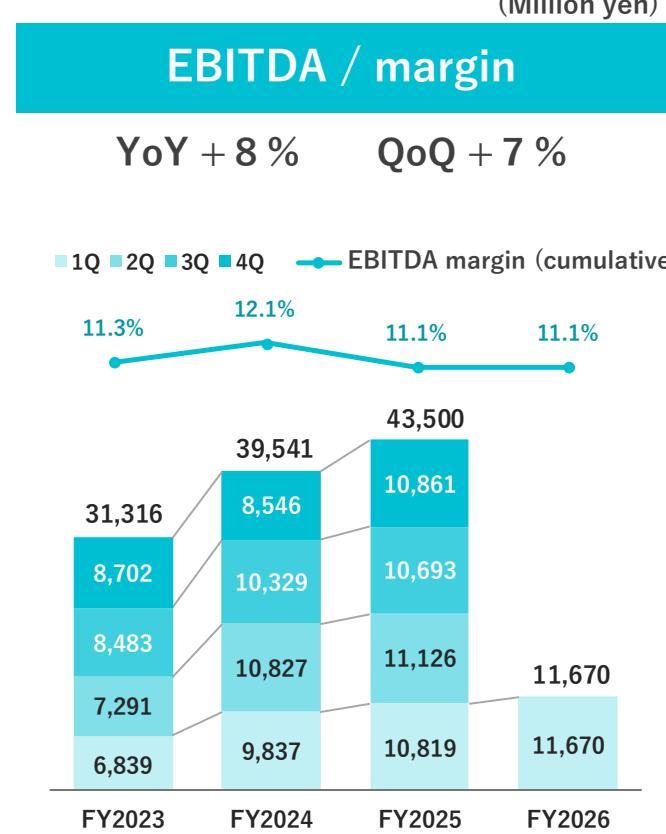
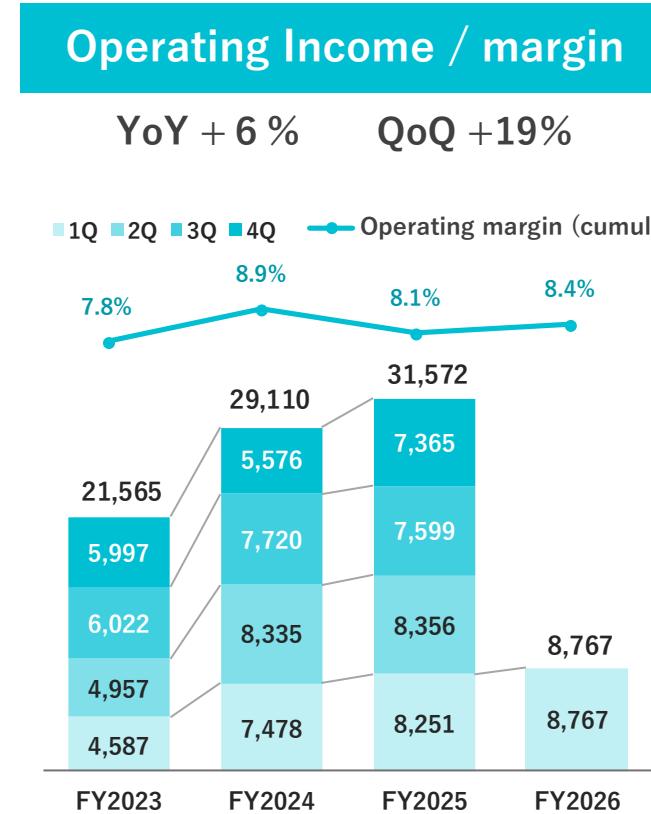
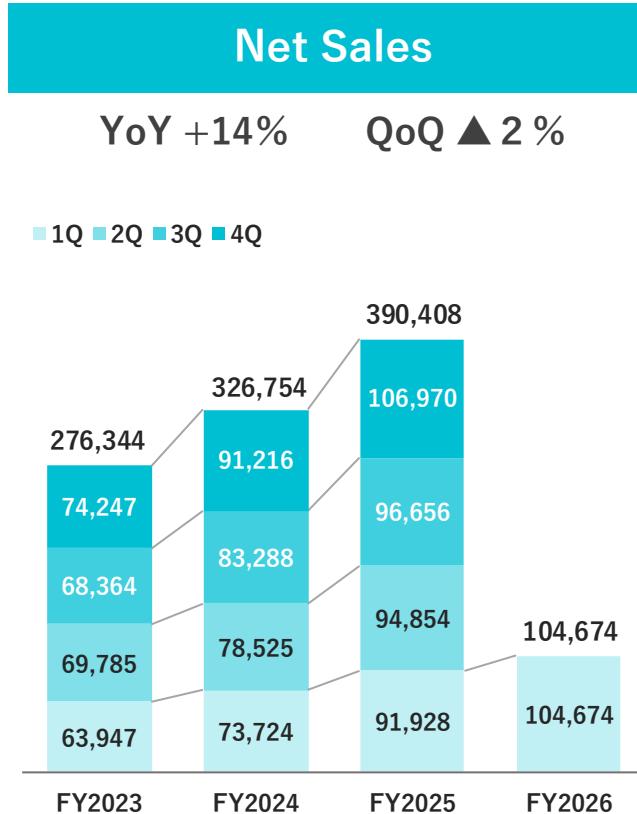
- Earnings up more than 40% in the Communication & Energy and Financial, Realty & Global segments.
- Small earnings decline in Content Distribution due to measures to further upgrade content, including sporting events, and in Store & Facility Solutions due to the end of replacement demand involving Japan's new banknotes.

		FY2025 1 Q	FY2026 1 Q	YoY	YoY (Ratio)
		(Million yen)			
Content Distribution	Net Sales	30,572	34,940	+ 4,369	14%
	Operating Income	3,189	2,790	▲398	▲12%
	Operating Margin	10.4%	8.0%	-	-
Store & Facility Solutions	Net Sales	25,623	24,096	▲1,527	▲6%
	Operating Income	5,101	4,671	▲430	▲8%
	Operating Margin	19.9%	19.4%	-	-
Communication & Energy	Net Sales	35,362	43,461	+ 8,100	23%
	Operating Income	2,068	3,028	+ 961	46%
	Operating Margin	5.8%	7.0%	-	-
Financial, Realty & Global	Net Sales	2,044	4,287	+ 2,243	110%
	Operating Income	393	562	+ 170	43%
	Operating Margin	19.3%	13.1%	-	-
Adjustment	Net Sales	-1,673	-2,111	▲439	26%
	Operating Income	-2,501	-2,286	+ 215	▲9%

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

Net Sales/Operating Income/EBITDA

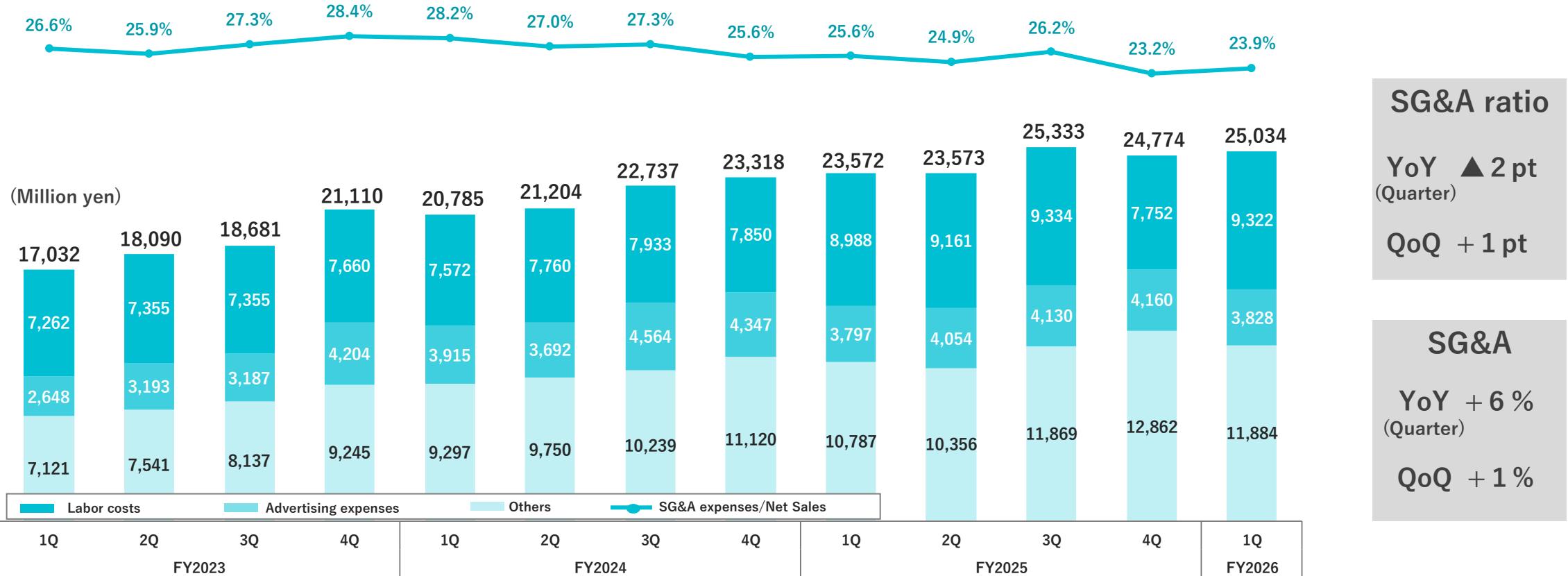
Record high first quarter sales, operating income and EBITDA.



EBITDA = Operating Income + Depreciation + Amortization of goodwill

SG&A expenses

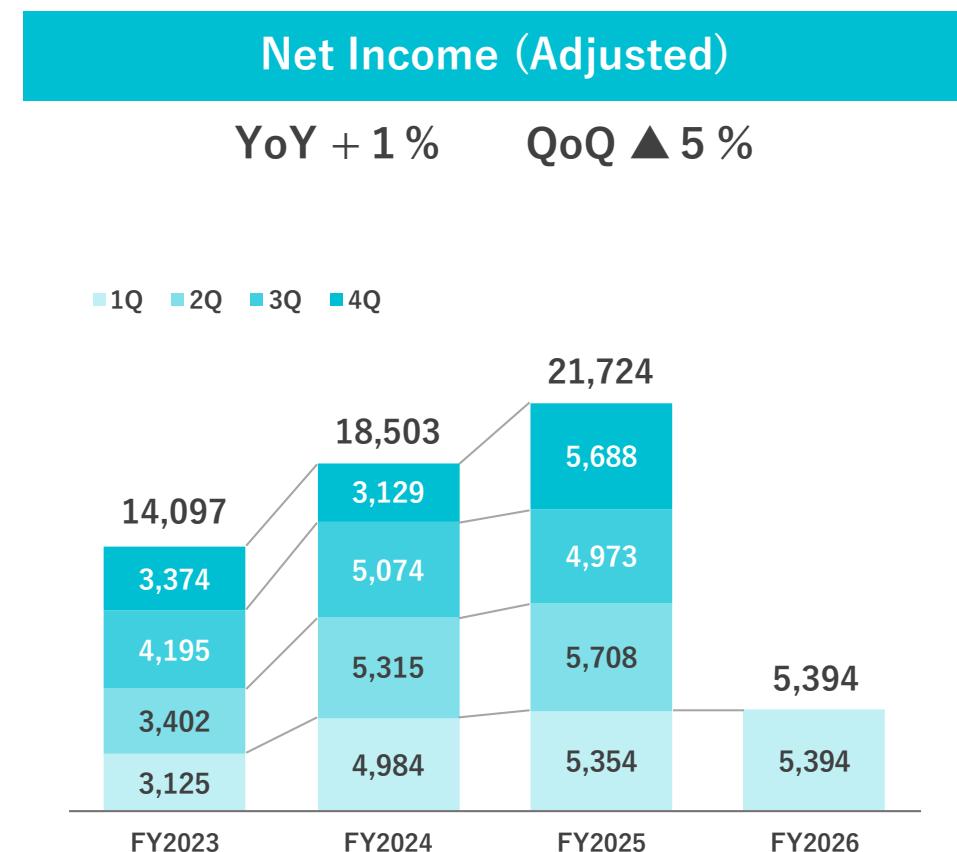
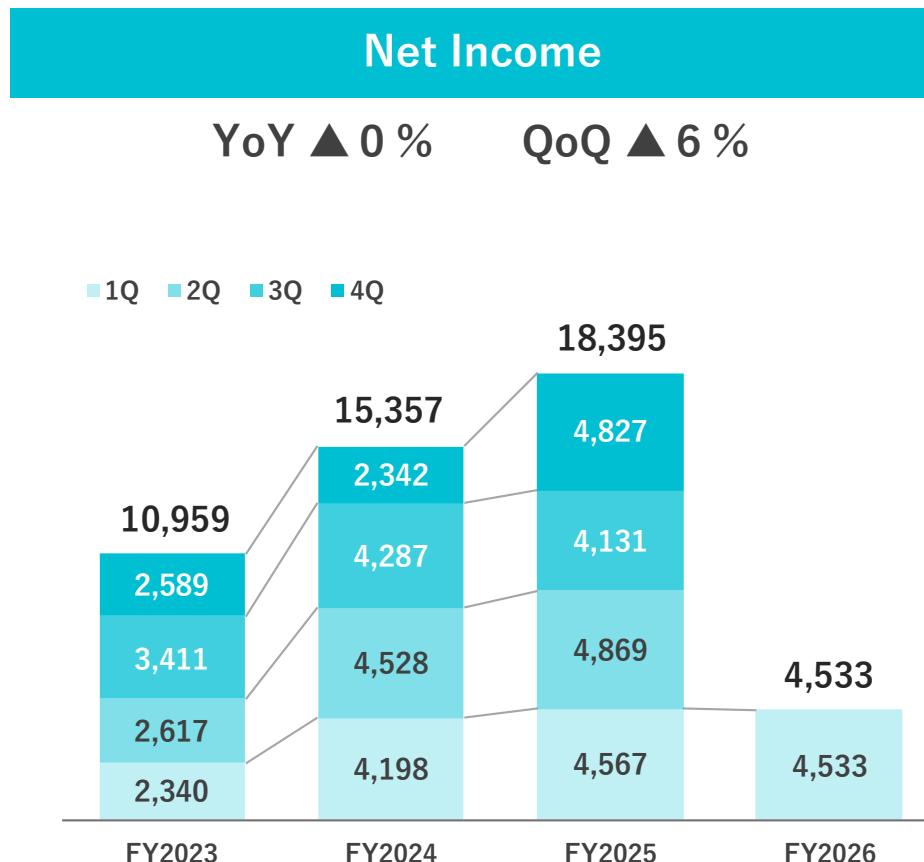
- SG&A expenses increased with sales but remain below 25% of sales.
- Changes in labor costs and others on a QoQ basis are due to reclassifications of some items between these categories in FY2025 4Q.



Net Income

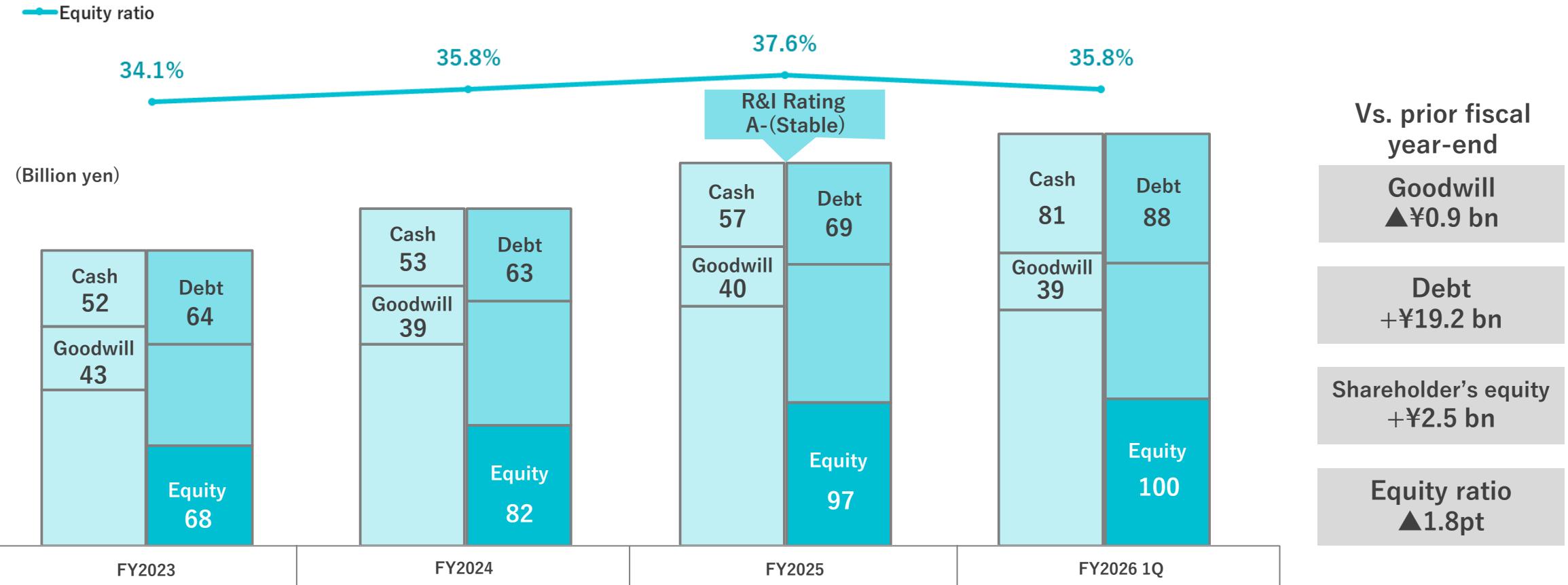
No YoY change, but down QoQ because of temporarily low taxes in FY2025 4Q.

(Million yen)



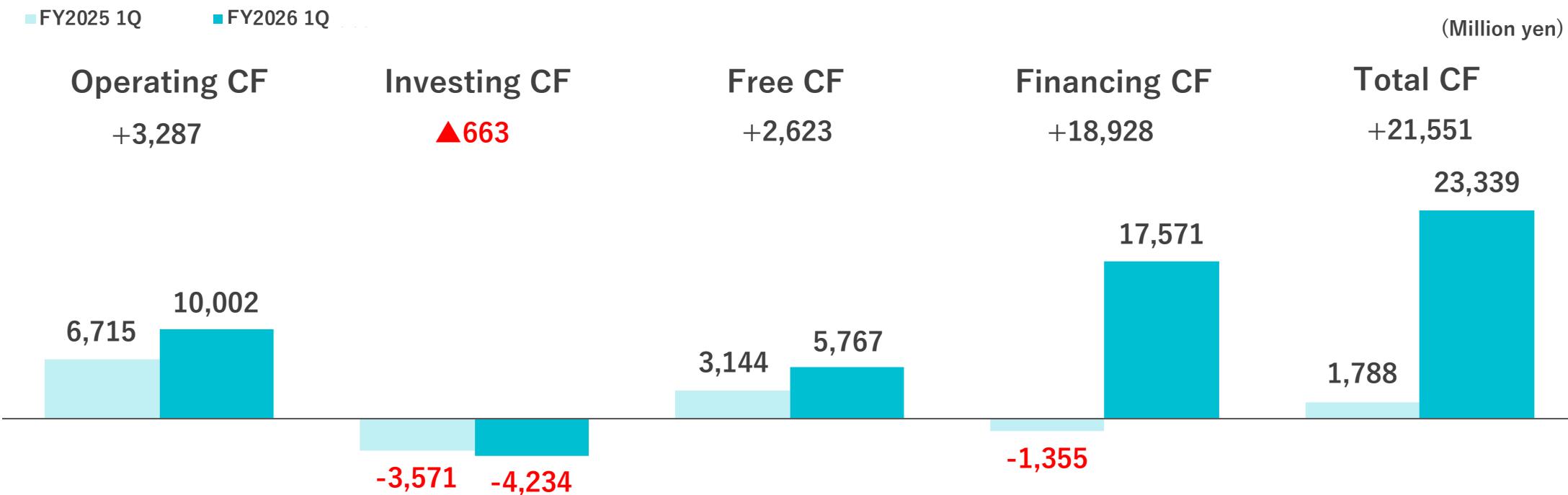
Consolidated balance sheet

Debt increased because of a ¥20 billion bond issue for the use of financial leverage.



Consolidated cash flows (YoY summary)

- Operating CF : Minimal YoY pretax profit change, increased mainly due to +¥2.0bn working capital and +¥0.8bn prepaid expenses.
- Investing CF : Expenditures increased ¥0.4bn mainly due to higher business investments (tangible/intangible).
- Financing CF : Cash provided mainly by the ¥20bn bond issue.



Consolidated cash flows (YoY)

(Million yen)	FY2025 1Q	FY2026 1Q	Difference	(Million yen)	FY2025 1Q	FY2026 1Q	Difference
Operating CF							
Profit before income taxes	8,114	7,897	▲217	Purchase of property, plant and equipment	-2,236	-1,631	+ 605
Depreciation	1,781	2,042	+ 262	Payments for retirement of property, plant and equipment	-149	-134	+ 15
Amortization of goodwill	786	860	+ 74	Purchase of intangible assets	-1,090	-2,105	▲1,015
Interest expenses	160	210	+ 50	Others	-95	-363	▲268
Loss on retirement of non-current assets	131	324	+ 193	Investing CF		-3,571	-4,234
Decrease (increase) in trade receivables	3,961	8,250	+ 4,288	Financing CF		▲663	
Decrease (increase) in inventories	-695	-677	+ 18	Proceeds from long-term borrowings	450	-	▲450
Increase (decrease) in trade payables	2,730	287	▲2,443	Repayments of long-term borrowings	-769	-788	▲19
Increase (decrease) in accounts payable	759	322	▲438	Proceeds from issuance of bonds	-	20,000	+ 20,000
Increase (decrease) in contract liabilities	-265	-920	▲655	Dividends paid	-1,022	-1,533	▲511
Decrease (increase) in prepaid expenses	-3,343	-2,535	+ 808	Others	-14	-106	▲92
Others	-1,119	715	+ 1,835	Financing CF		-1,355	17,571
Subtotal	13,001	16,777	+ 3,776	Total CF		1,788	23,339
Income taxes paid	-6,128	-6,577	▲449				+ 21,551
Others	-157	-197	▲40				
Operating CF	6,715	10,002	+ 3,287				

*These figures have not been audited and are provided only for reference because of beginning in FY2024, U-NEXT is no longer voluntarily disclosing consolidated statements of cash flows in first and third quarter earnings announcements.

2. Segment information

Overview of business segments

BtoC



Subscribers
5 million



Content Distribution

VOD service “U-NEXT”



Market share of
SVOD in Japan
No. 2 *1

Contents
inventory
No. 1 *2



Stores 830k

(Restaurant · Retailers · Beauty salons, etc.)

BtoB



Facilities 30k

(Hotels · Hospitals, etc.)

Comprehensive solutions to support stores and facilities

Store & Facility Solutions

Store Solutions

Music distribution, POS register, IP camera, Wi-Fi, Catering robots, etc.



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

Market share of
paid mobile POS
system in Japan
No. 1 *4

Facility Solutions

Automated payment machines, Reception machine, Operational Management systems for hotels, etc.



Market share of
Automated payment
machines in Japan
No. 1 *5

Communication & Energy

Communication

Broadband internet service, ICT and cloud services, etc.



Energy

High/Low voltage green energy, Battery Storage for Solar Power Generation



Financial, Realty & Global

Financial

- Cashless payments
- Insurance
- Credit/Leases

USEN PAY / USEN PAY+

Realty

- Real estate communication services
- Rent guarantees
- Operation of retail buildings
- Real estate brokerage
- Master lease and Sublease Arrangement

Global

- In-store media / Halal food
- Food & beverage franchising support
- Tourism

* 1 Video on Demand Market Five-year Forecast, GEM Partners * 2 GEM Partners, November 2024 * 3, * 5 U-NEXT HOLDINGS assumptions * 4 Market share of Mobile POS system, Fuji Chimera Research Institute Inc.

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Summary of 1Q results of operations

Content Distribution

(YoY) Sales up due to more subscribers but a small earnings decline caused mostly by a higher cost of sales ratio due to expenditures for a stronger content lineup.
(QoQ) Sales and earnings up due to increases in subscribers and soccer package subscribers.

Store & Facility Solutions

(YoY) The end of demand involving new banknotes lowered sales and earnings.
(QoQ) Strong One-time earnings combined with a seasonal decrease in depreciation expenses led to a significant increase in profits.

Communication & Energy

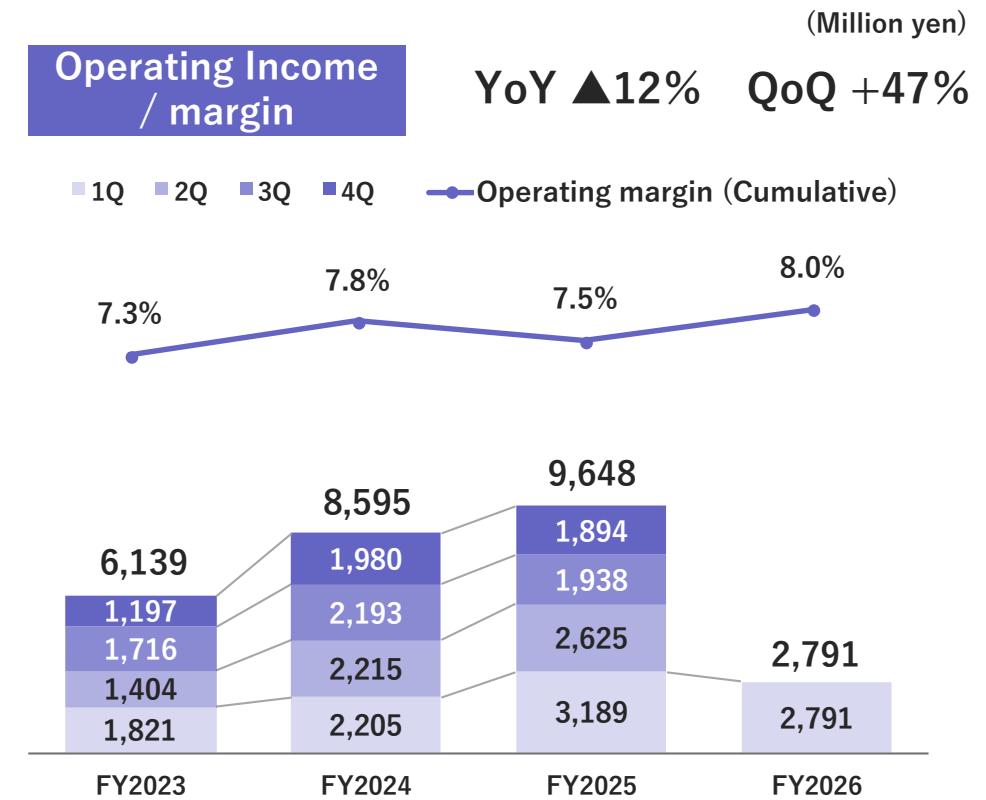
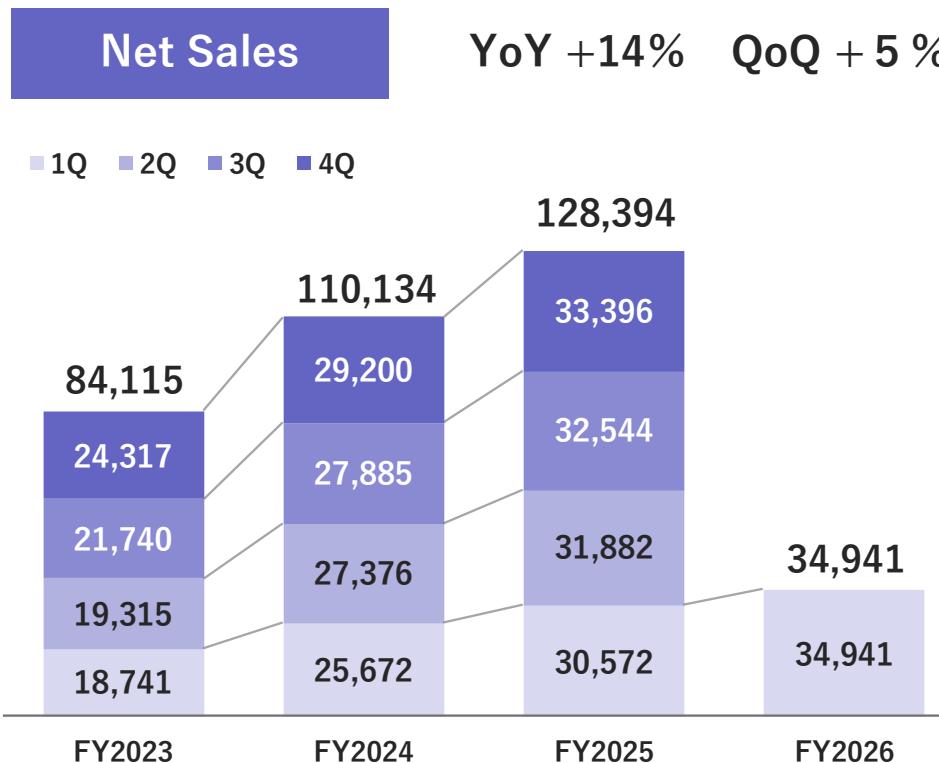
(YoY) Higher sales and earnings in the communication and energy categories.
(QoQ) Energy sales and earnings decreased mainly because of a seasonal decline in electricity use.

Financial, Realty & Global

(YoY) Big sales increase due to M&A and a new consolidated subsidiary; rent guarantees supported earnings growth.
(QoQ) As for YoY, sales growth due mainly to a new subsidiary and earnings growth due primarily to rent guarantees.

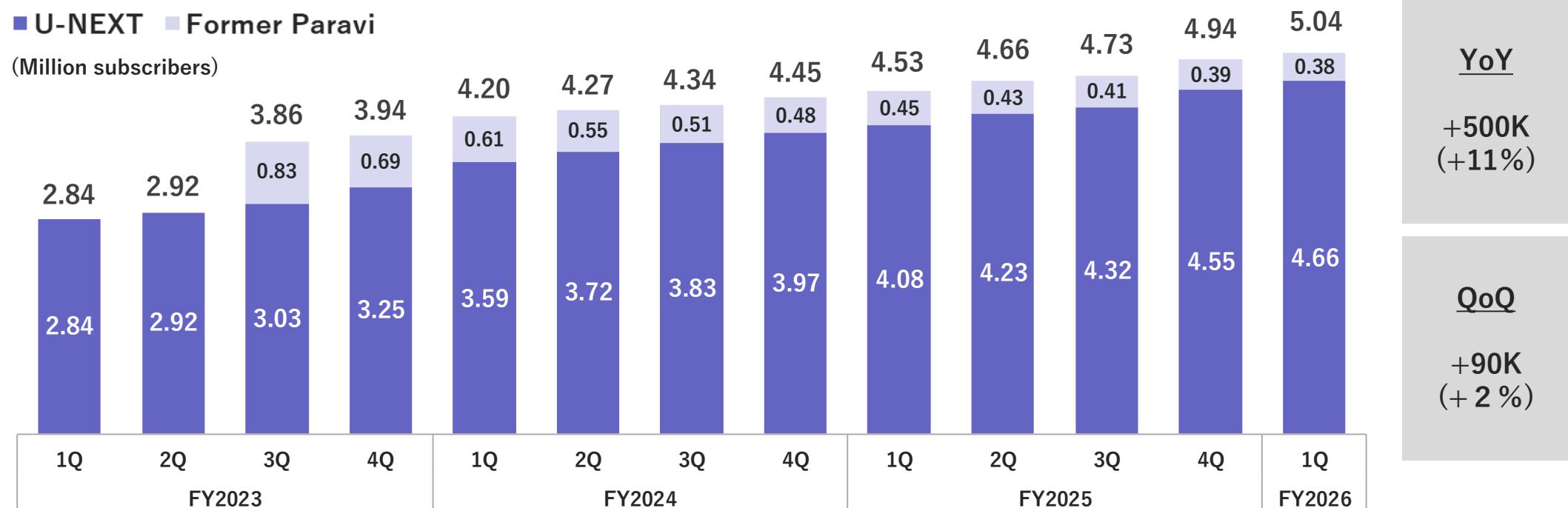
Content Distribution

- YoY sales growth as the number of subscribers increased. Small operating income decline caused mainly by a higher cost of sales ratio due to FY2025 investments in sports content.
- QoQ sales and earnings growth resulting from more subscribers and soccer package popularity when the new season started.



Content Distribution (Subscribers)

More than 5,000,000 subscribers after a 90,000 QoQ subscriber increase as growth is on track for achieving the FY2026 net increase plan.

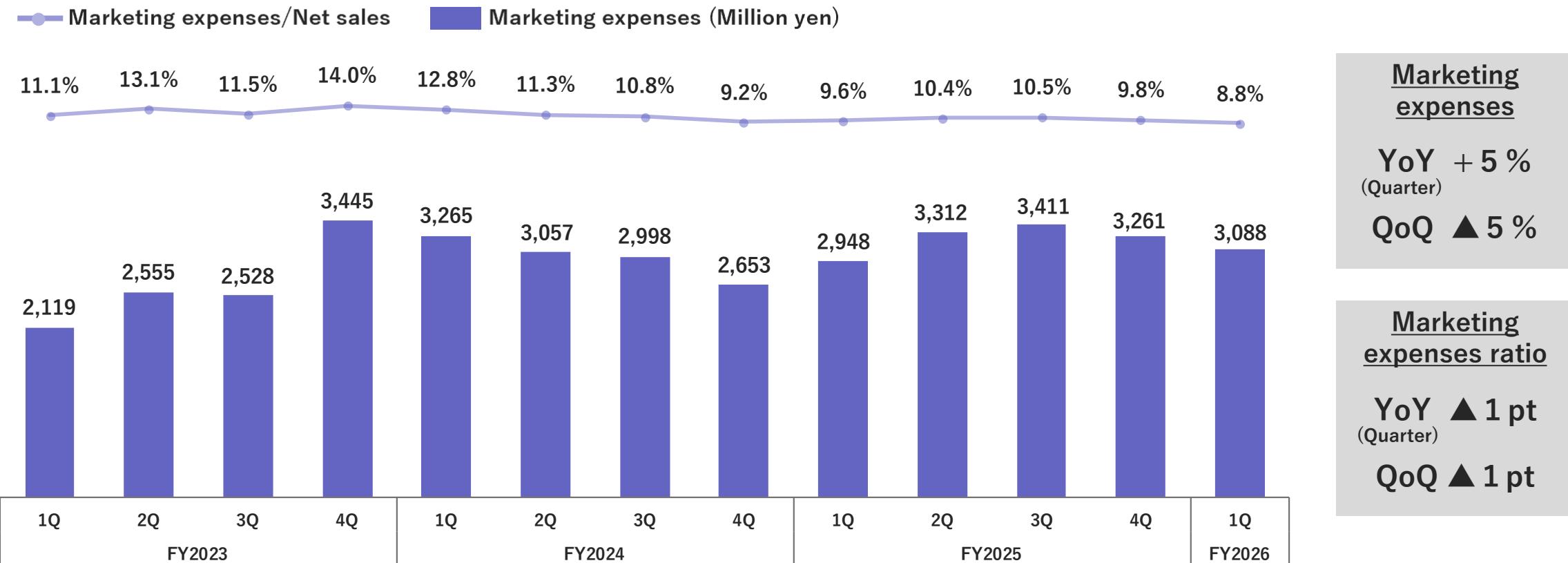


Net change of QoQ (K)	U-NEXT	+88	+87	+107	+221	+333	+138	+109	+137	+106	+155	+87	+232	+109
	Paravi	-	-	+829	▲137	▲80	▲63	▲43	▲28	▲25	▲21	▲20	▲17	▲16

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

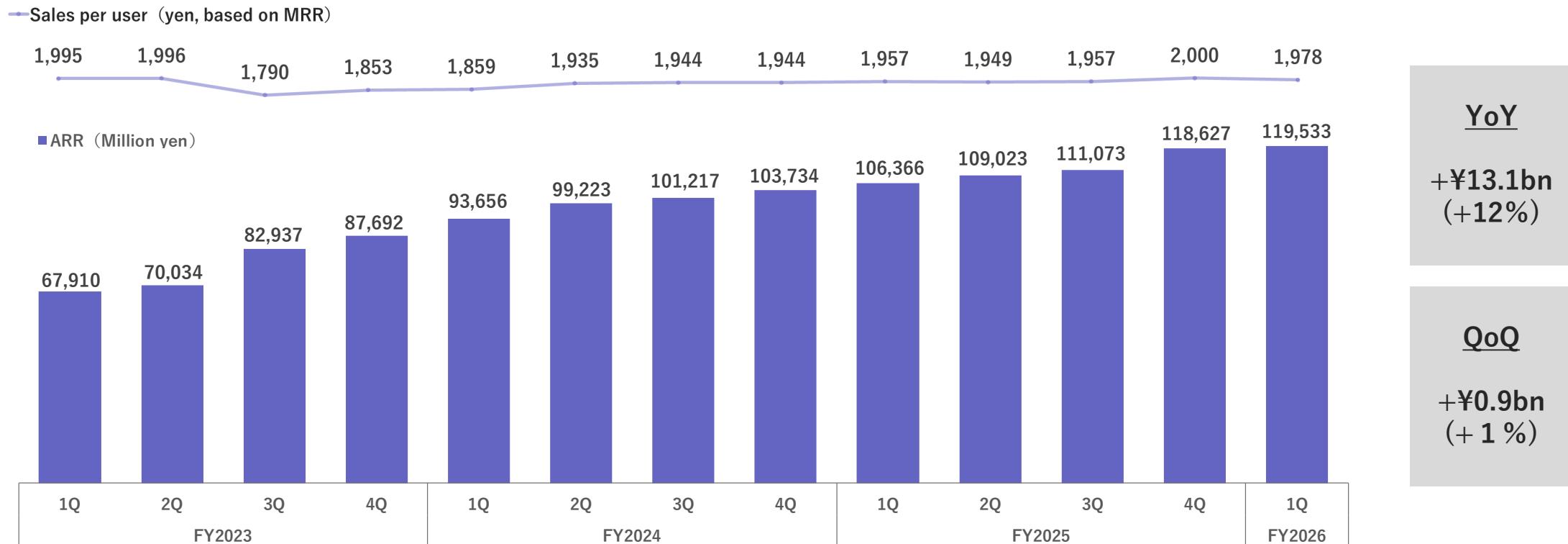
Content Distribution (Marketing expenses)

Efficiency of adding subscribers remains high; marketing expenses are declining as pct. of sales as sales increase.



Content Distribution (ARR)

ARR is continuing to climb as the base for revenue grows with the number of subscribers.



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

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

(excludes PPV and other 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)

Started the World Golf Package and Soccer Package U23 Age Discount in Dec. 2025

■ The World Golf Package



Press release:

<https://www.unext.co.jp/ja/press-room/golf-2025-12-25>

- ✓ This package gives subscribers access to the world's major golf tours and events.
- ✓ Starting in 2026, the package includes the LPGA Tour and all five women's major tournaments.
- ✓ All major golf tours worldwide, including the men's PGA and JAPGA.

■ Soccer Package U23 Age Discount



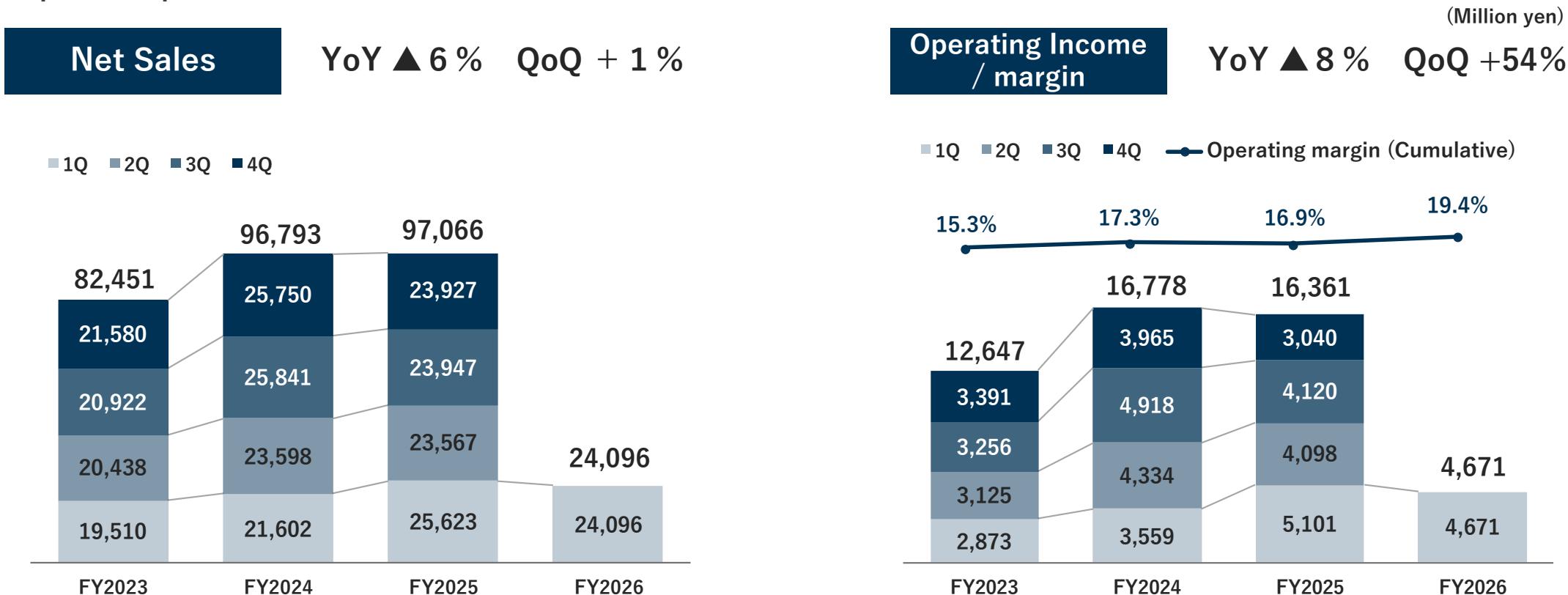
Press release:

<https://www.unext.co.jp/press-room/u23-soccer-pack-2025-12-17>

- ✓ The discount is offered to U-NEXT MOBILE subscribers up to the age of 23.
- ✓ There is a fixed monthly fee of ¥3,700 (with tax), which is a ¥700 discount.
- ✓ Offering a competitive price for the soccer package, including the popular European soccer leagues, is expected to attract more young people.

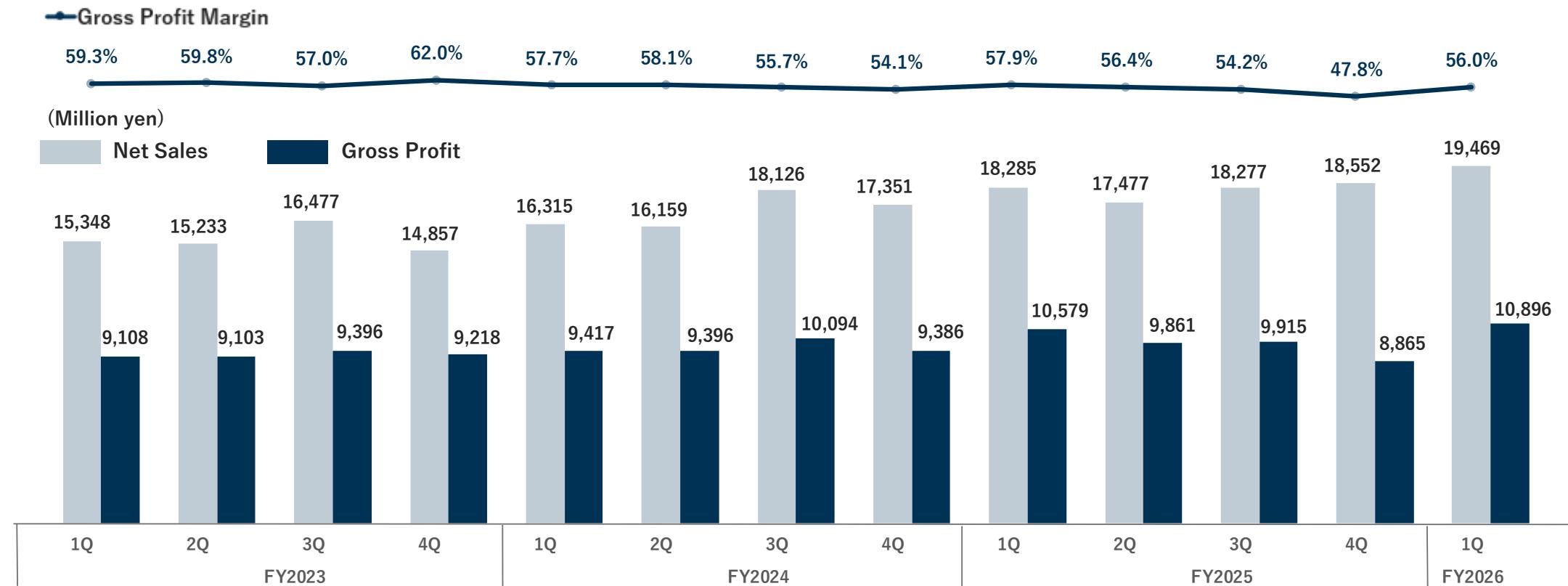
Store & Facility Solutions

- Sales and earnings down YoY mainly because of the end of demand involving new banknotes, which generated Facility Solutions sales of ¥2.2bn and operating income of ¥1.0bn.
- QoQ profit increased significantly due to robust one-time revenue at Store Solutions, combined with a seasonal decrease in depreciation expenses (▲¥0.5bn), and the absence of the ¥0.3bn inventory valuation loss incurred at Facility Solutions in the previous period.



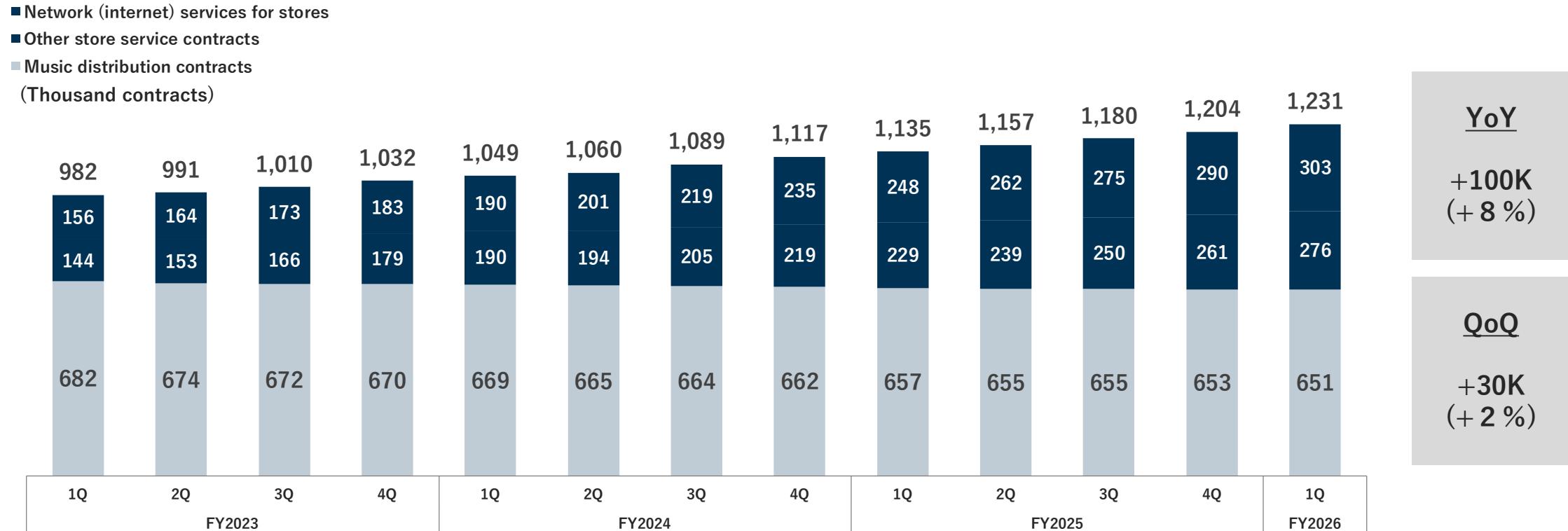
(1) Store Solutions

- Both sales and gross profit achieved record quarterly results.
- Sales growth was driven by one-time revenue, while gross profit increased due to higher revenue and a seasonal decrease in depreciation expenses ($\Delta ¥0.5bn$).



(1) Store Solutions (Number of contracts)

Increased 100,000 YoY and 30,000 QoQ.

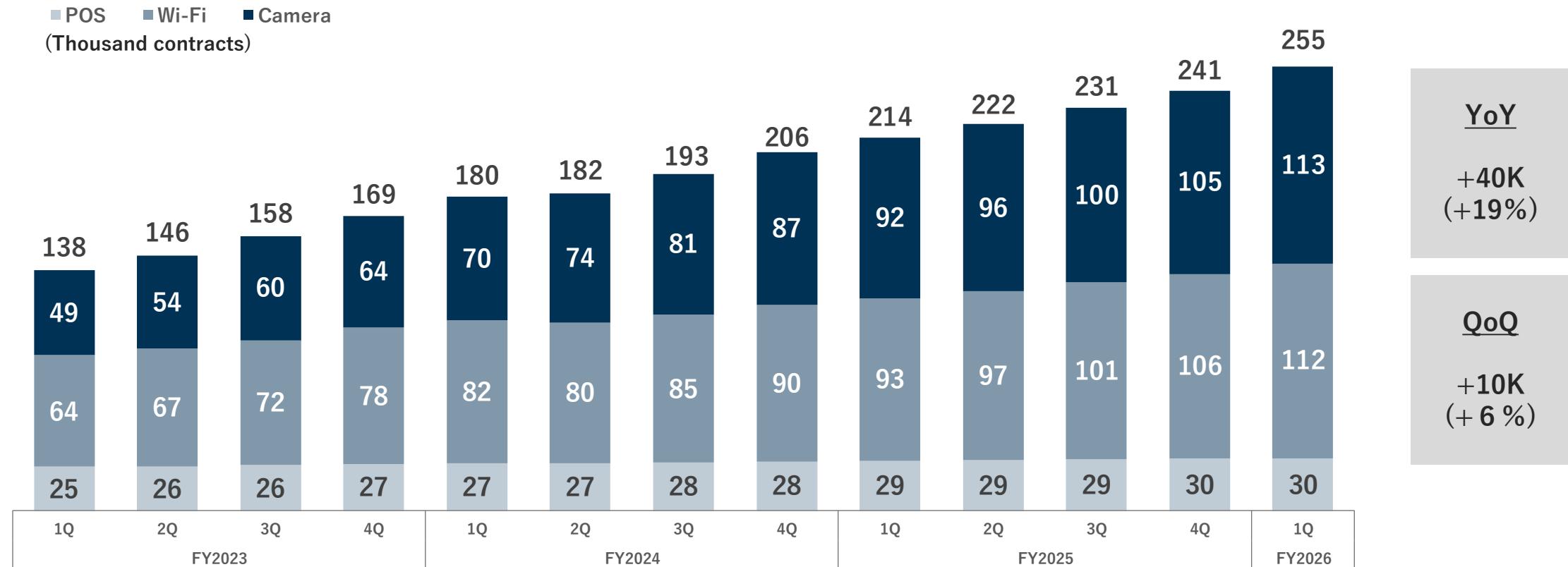


*Other store services are the sum of network services, POS registers, Wi-Fi, IP cameras, table service robots, digital signage and food delivery franchising.

*Contracts are counted separately for individual services even when they are by the same customer.

(1) Store Solutions (Contracts for three major products)

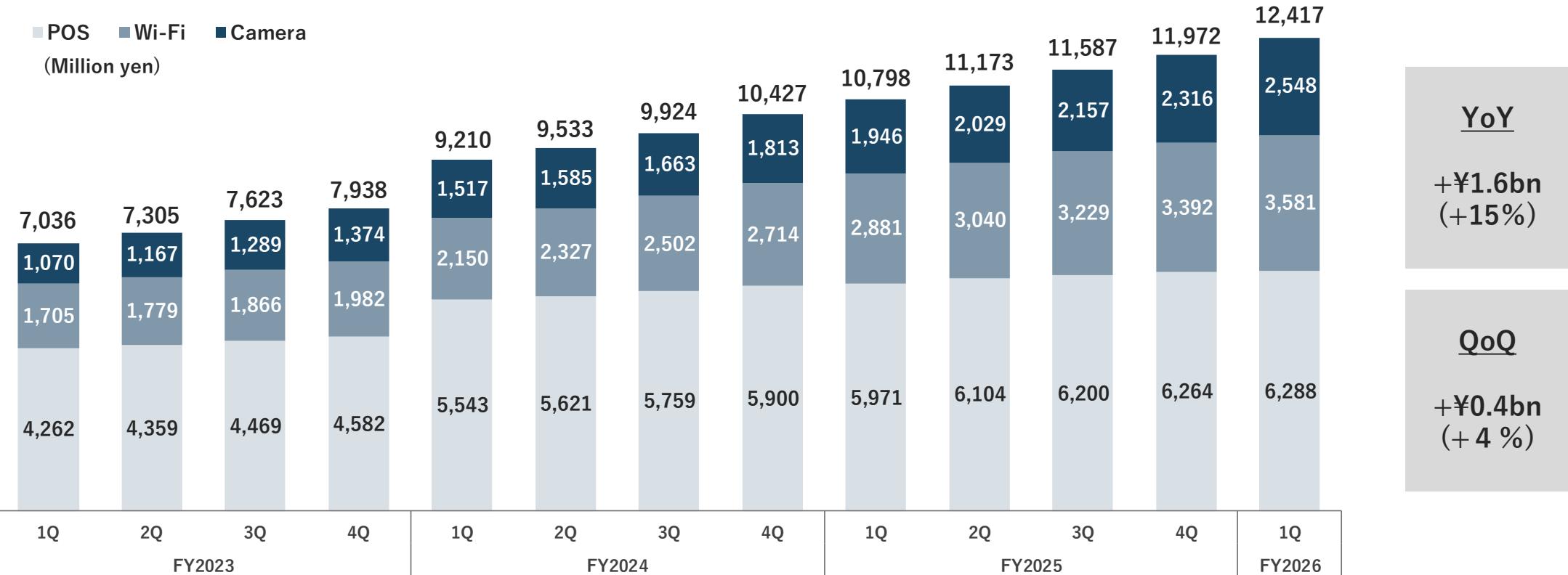
Increased 40,000 YoY and 10,000 QoQ as steady growth of all products continues.



* Contracts for three major products are included in other service subscribers on page 24.

(1) Store Solutions (ARR for three major products)

Consistent growth of ARR as the number of contracts climbs.

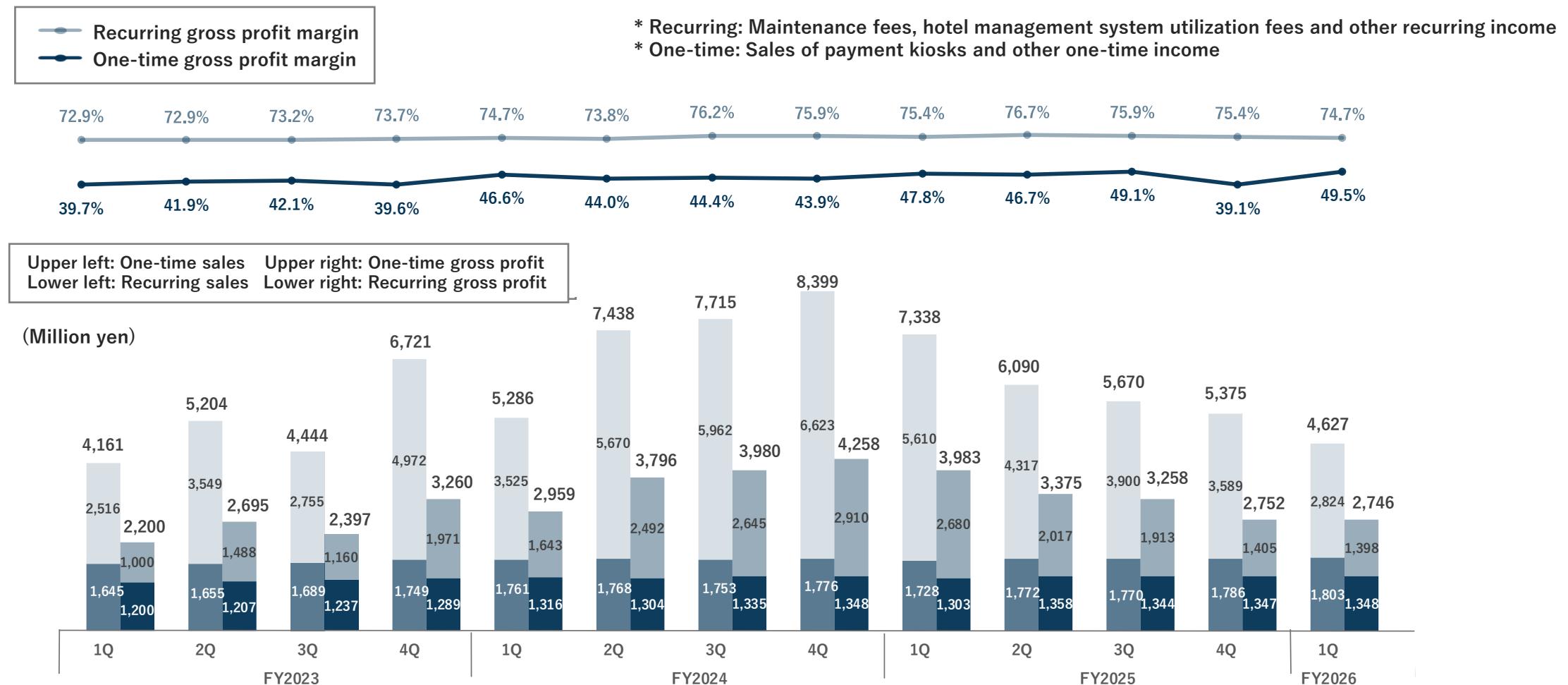


*Annual Recurring Revenue : Monthly recurring revenue multiplied by 12.

*Monthly Recurring Revenue : Sales from services with continuous fees, excluding sales fees and other sales from one-time activities.

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

(2) Facility Solutions (One-time sales/Recurring sales)



Store & Facility Solutions (Topics)

Will acquire 70% ownership of XING, operator of the JOYSOUND commercial karaoke equipment business, on April 1, 2026.

Synergies

More added value through linkage of content

More cross-selling due to access to customers of both companies

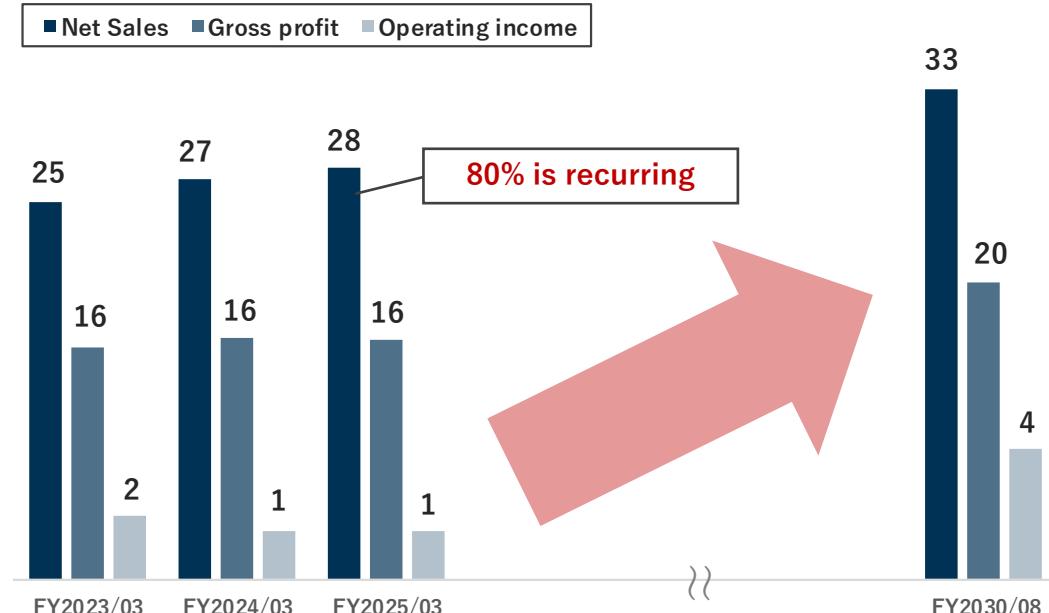
Use linkage of products to target growing markets

Sharing of resources for even better quality services and higher productivity

U-NEXT
HOLDINGS & **XING**

Sales and Earnings Plan

(billion yen)



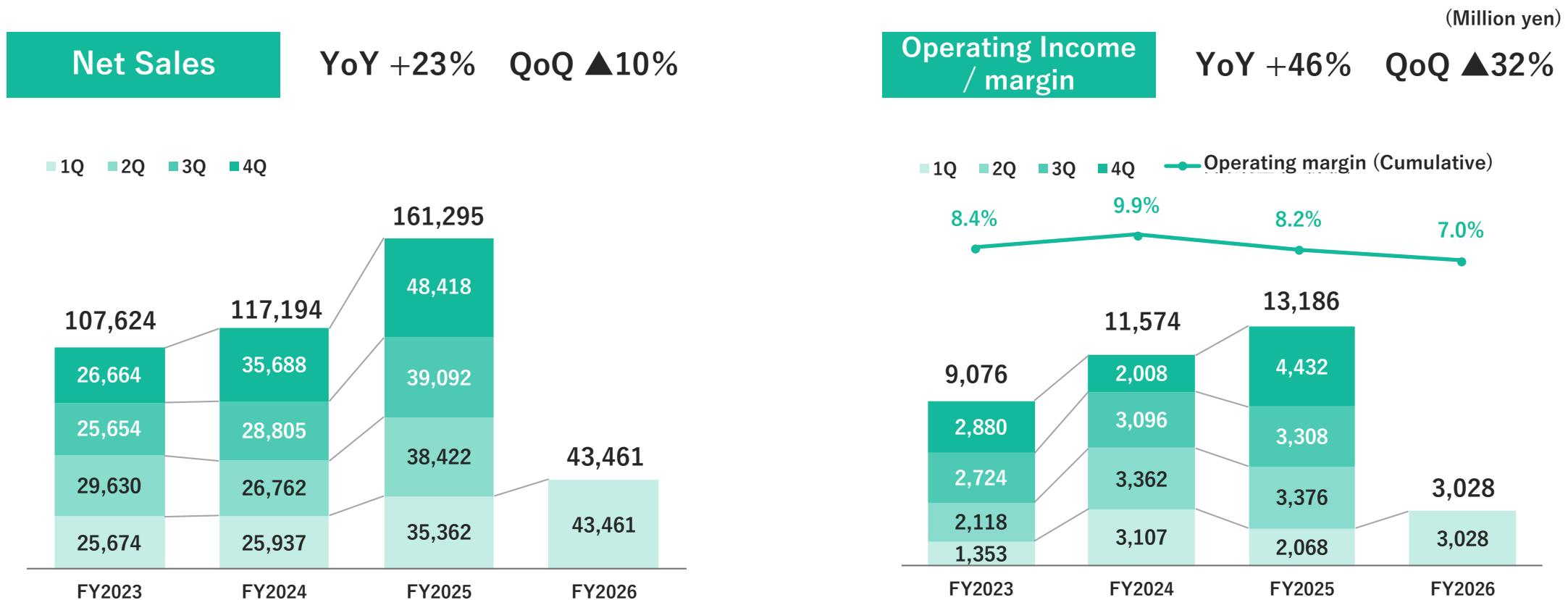
*Only XING; excludes XING subsidiaries

*FY2023/03-FY2025/03 results prepared by U-NEXT based on public announcements.
FY2030/08 plan figures determined by U-NEXT.

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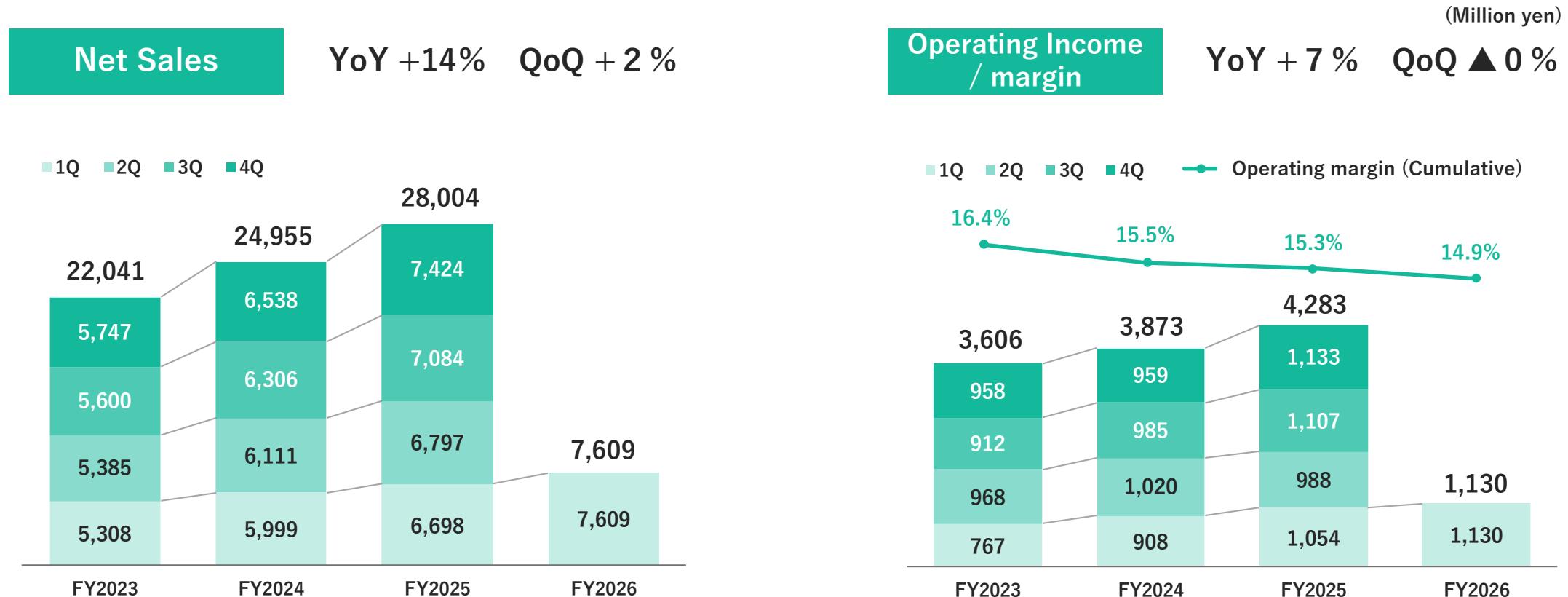
Communication & Energy

- YoY sales and earnings growth in both Communication and Energy.
- QoQ sales and earnings decreased mainly because of a seasonal decline in electricity use in the Energy business.



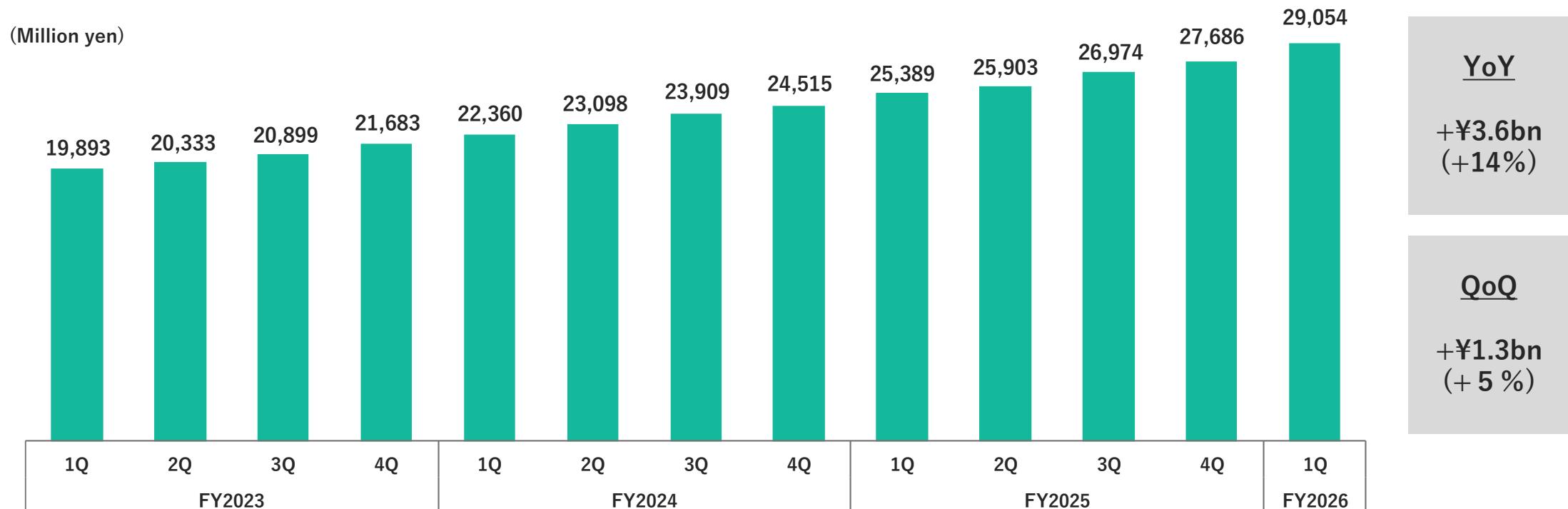
(1) Communication: ICT service for business

All-time high quarterly sales mainly because of growth of SaaS services.



(1) Communication: ICT service for business (ARR)

Steady increase in ARR too because most sales are recurring.



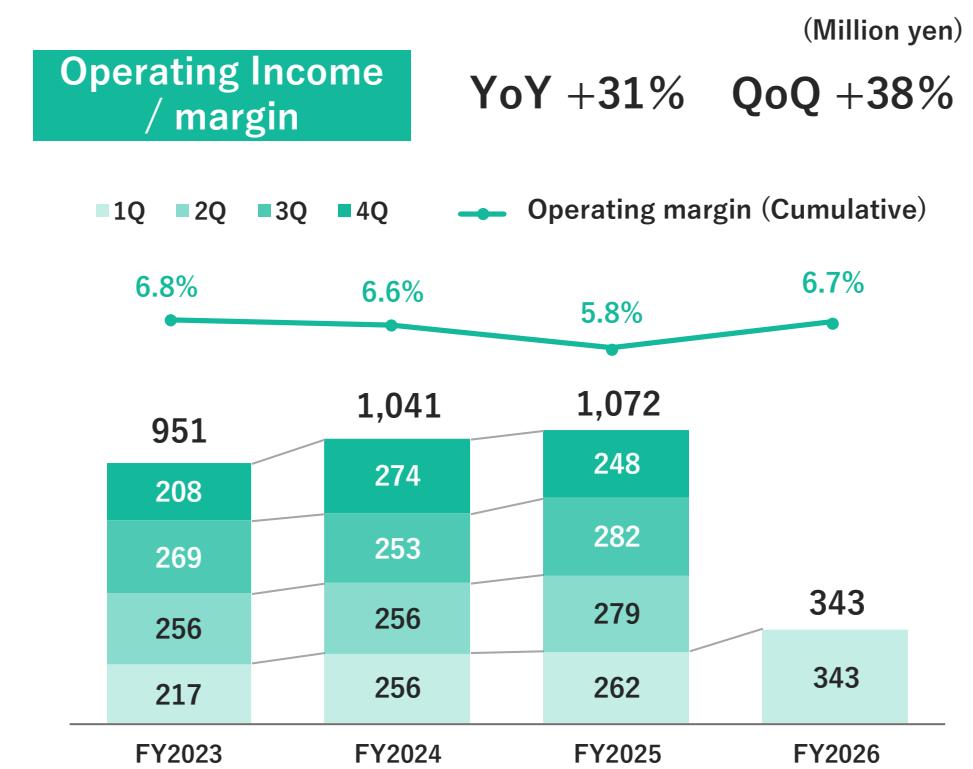
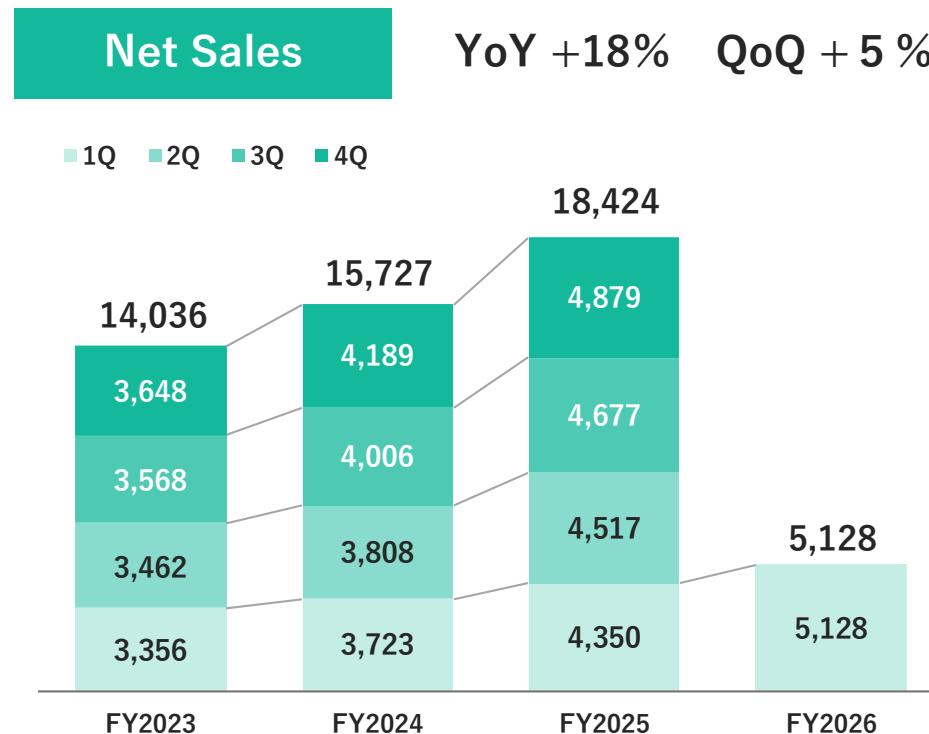
*Annual Recurring Revenue: Monthly recurring revenue multiplied by 12.

*Monthly Recurring Revenue: Sales from services with continuous fees, excluding sales fees and other sales from one-time activities.

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

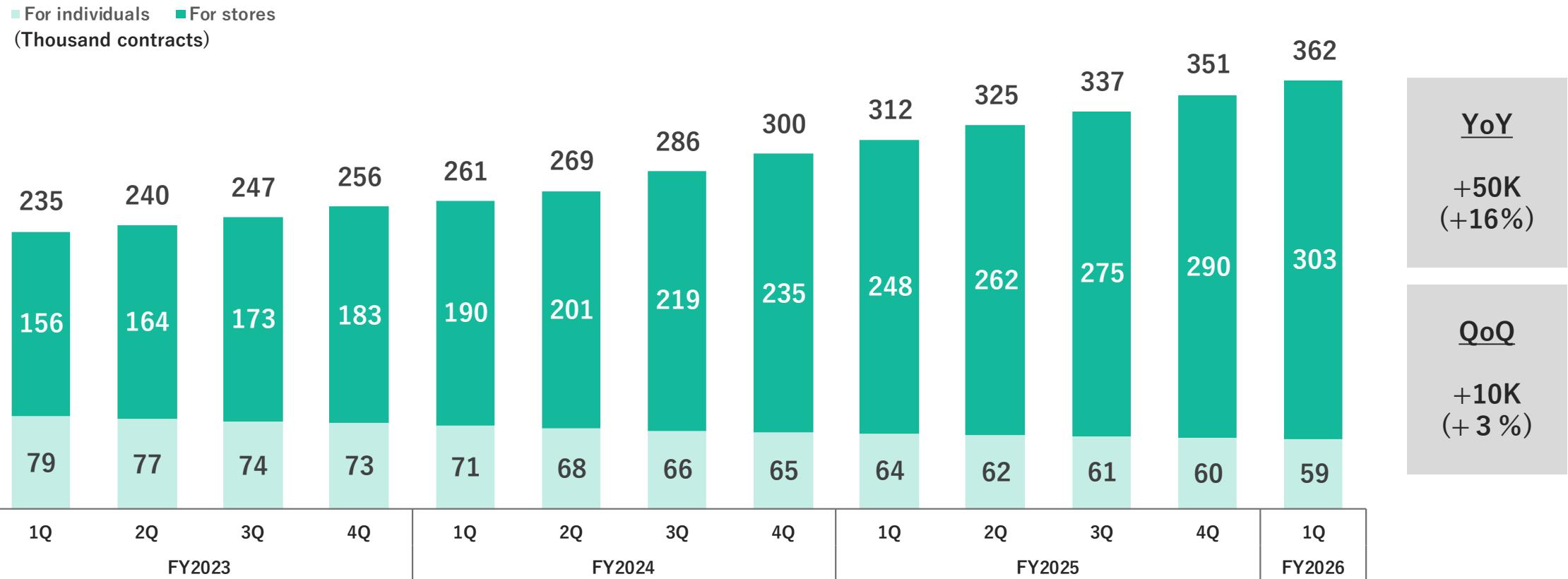
(1) Communication: Broadband internet service for stores and individuals

Service for stores continues to perform well; steady YoY and QoQ sales and earnings growth.



(1) Communication: Broadband internet service for stores and individuals (Number of contracts)

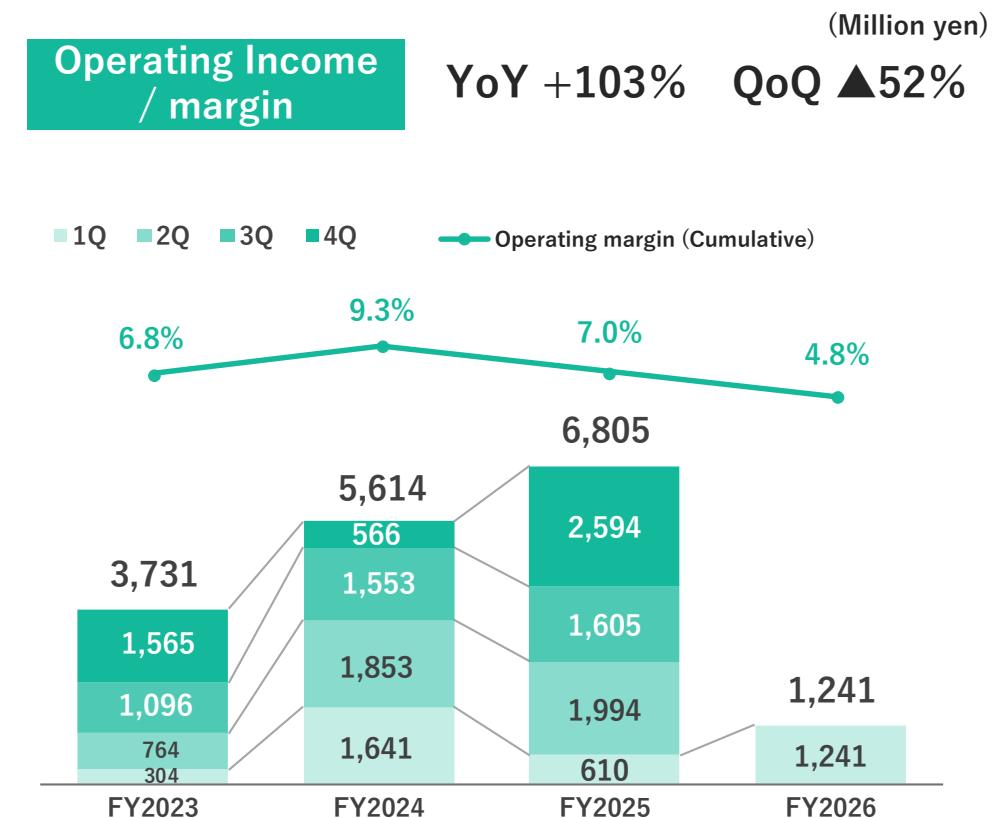
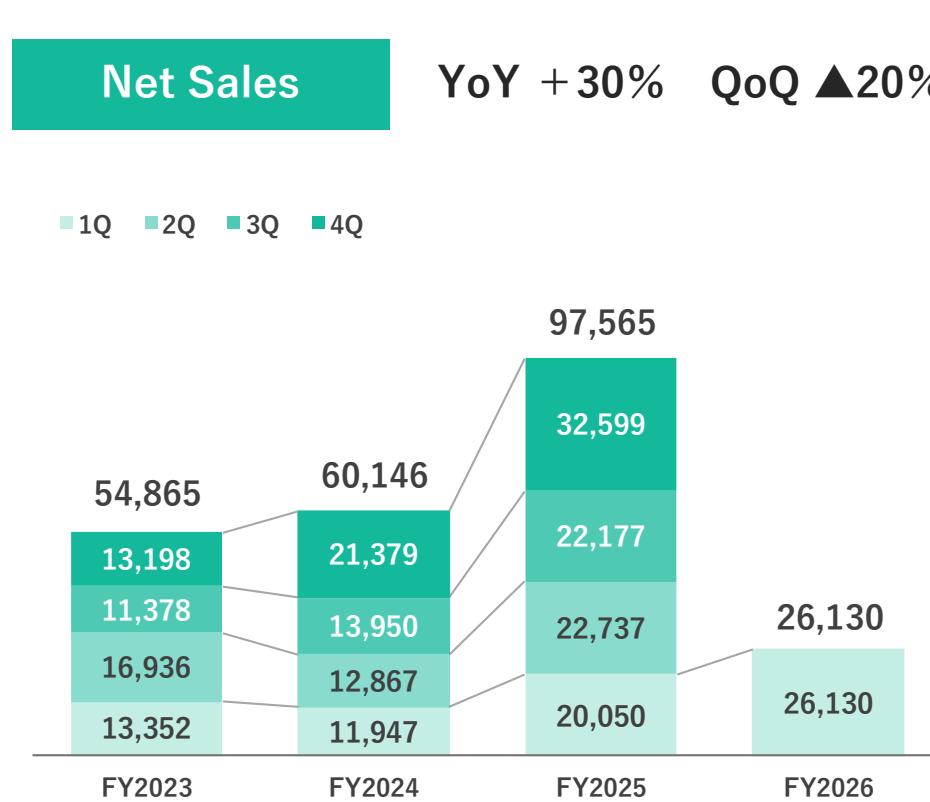
Steady increase in the number of contracts; more than 300,000 contracts for stores.



* Contracts for stores and BtoBtoC models, which are part of the above graph, are included in other service subscribers on page 24.

(2) Energy

- YoY sales growth due to more customers. Earnings up sharply in part because of lower capacity payments since FY2025 3Q.
- Sales and earnings down QoQ primarily because of a seasonal downturn in electricity use.



(2) Energy (Number of contracts)

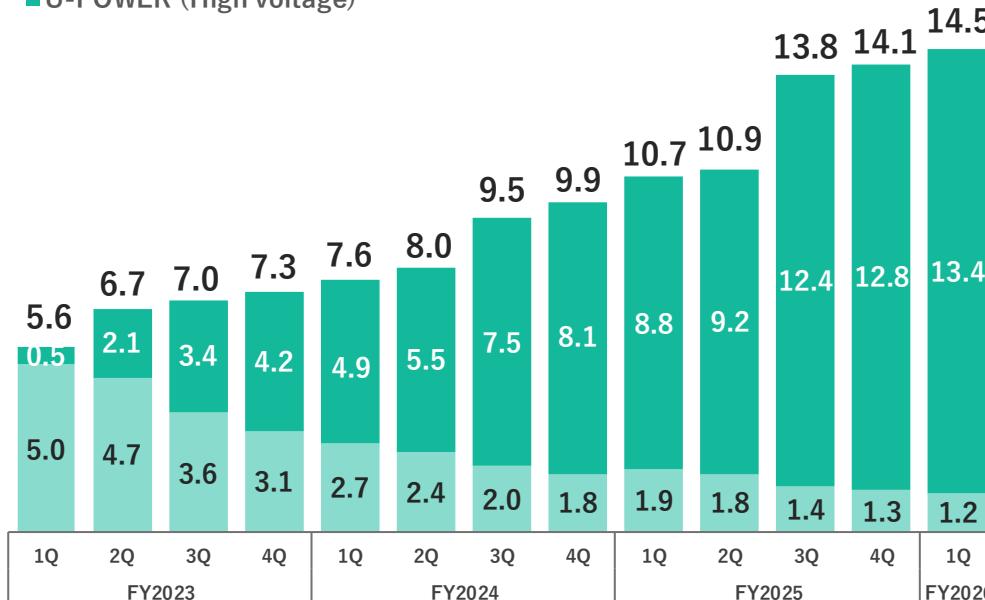
U-POWER is consistently increasing the number of high voltage and low voltage contracts.

High voltage

YoY +36% QoQ + 3 %

(Thousand customer accounts)

- USEN DENKI (High voltage)
- U-POWER (High voltage)

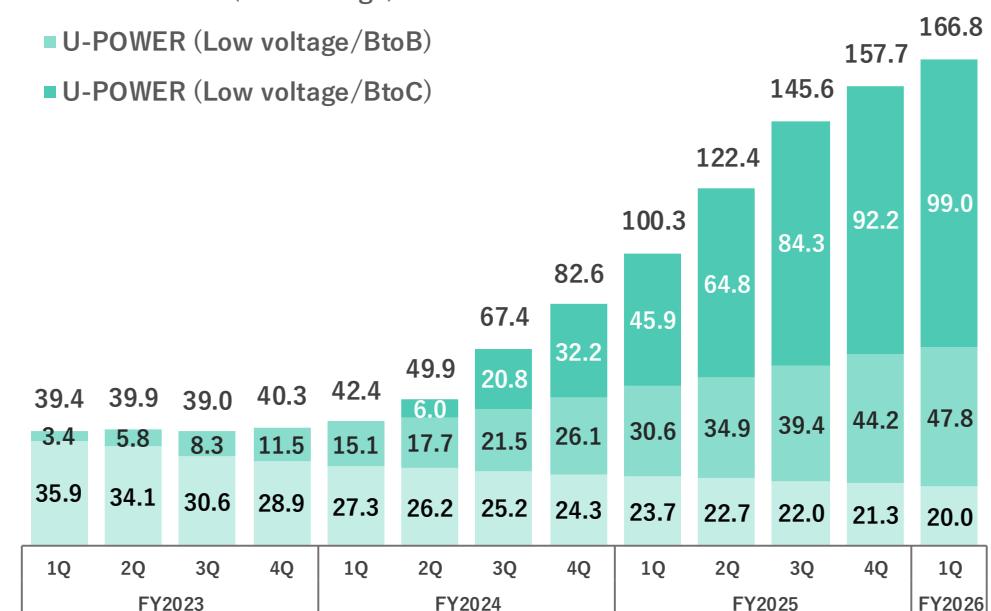


Low voltage

YoY +66% QoQ + 6 %

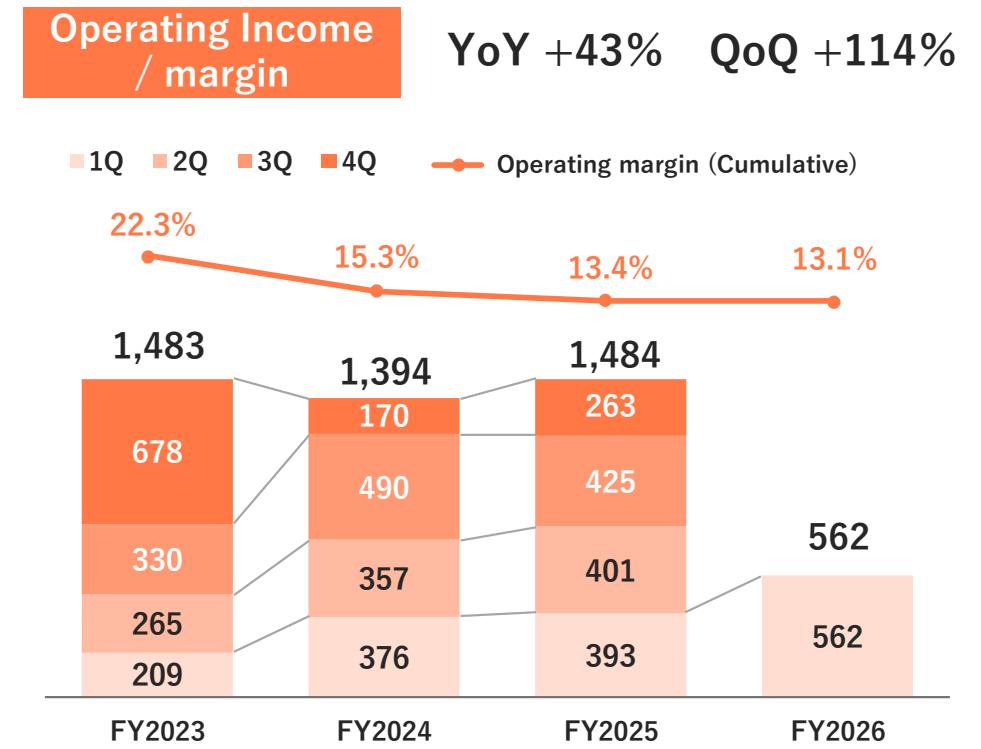
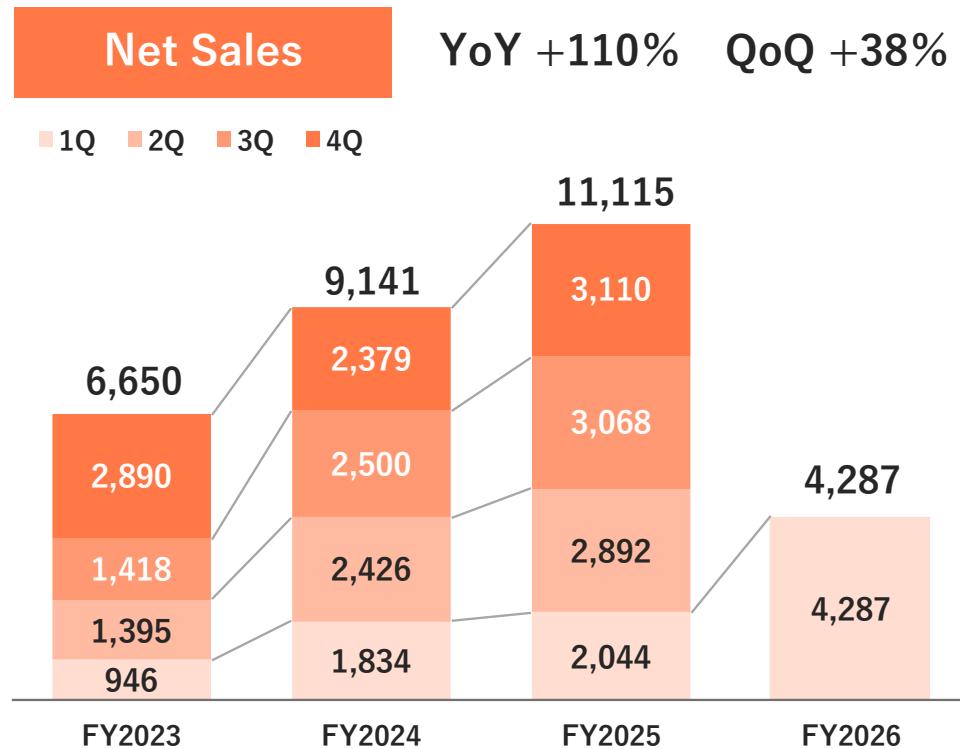
(Thousand customer accounts)

- USEN DENKI (Low voltage)
- U-POWER (Low voltage/BtoB)
- U-POWER (Low voltage/BtoC)



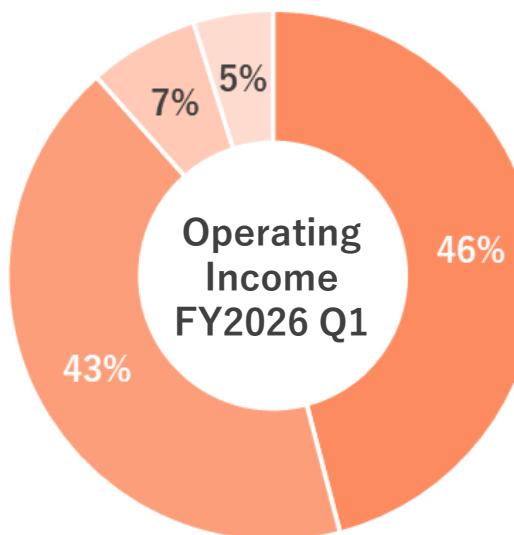
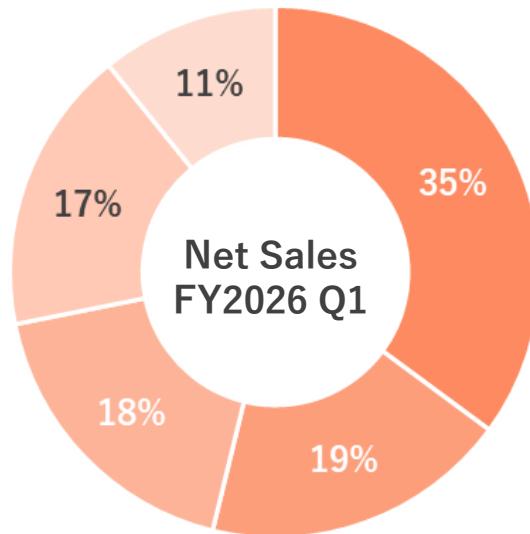
Financial, Realty & Global

- Big YoY sales growth due to the addition in FY2025 2Q of the cashless payment business and a newly consolidated real estate broker/insurance subsidiary in FY2026. Rent guarantees were the main driver of earnings.
- As for YoY, sales growth mainly because of the new consolidated subsidiary and earnings mostly due to rent guarantees.



Financial, Realty & Global (Sales and earnings composition)

A new real estate broker/insurance consolidated subsidiary in FY2026 improves the balance of this business segment by lowering the pct. of the communication services for real estate business, which was more than half of sales and earnings.

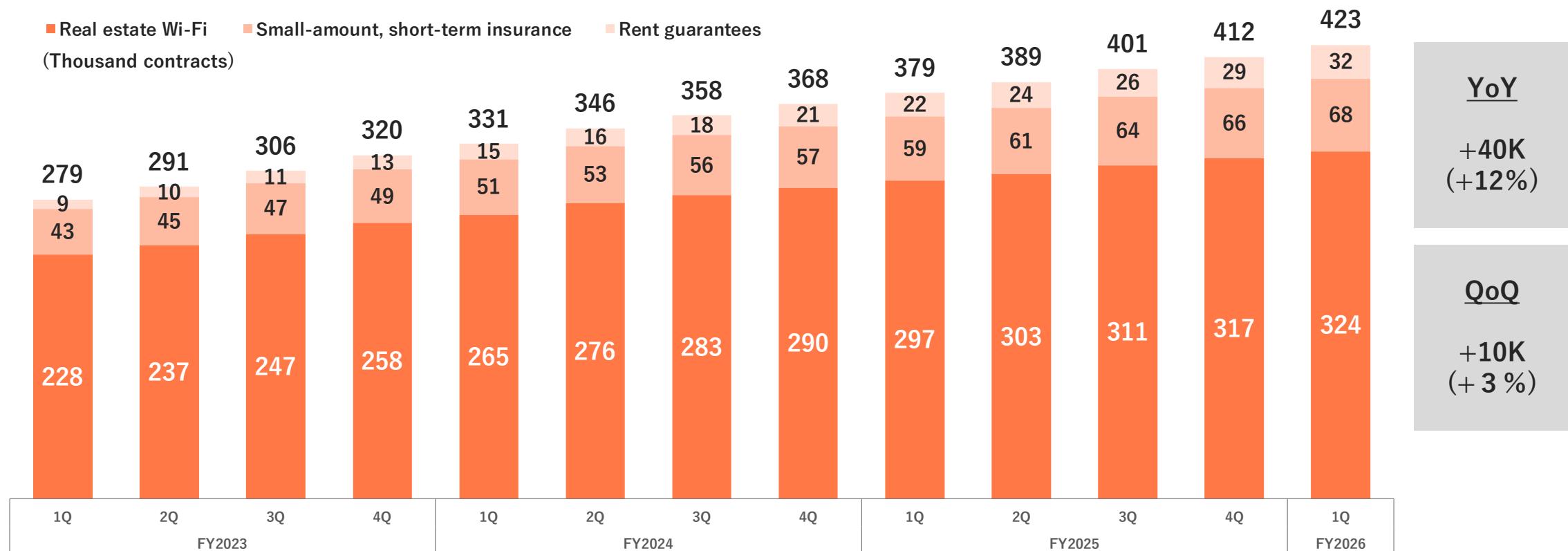


- Real estate communication services
- Rent guarantees
- Cashless payments
- Insurance
- Real estate (Operation of retail buildings/brokerage)

*Cashless payment operations are operating at a loss.

Financial, Realty & Global (Contracts for major products)

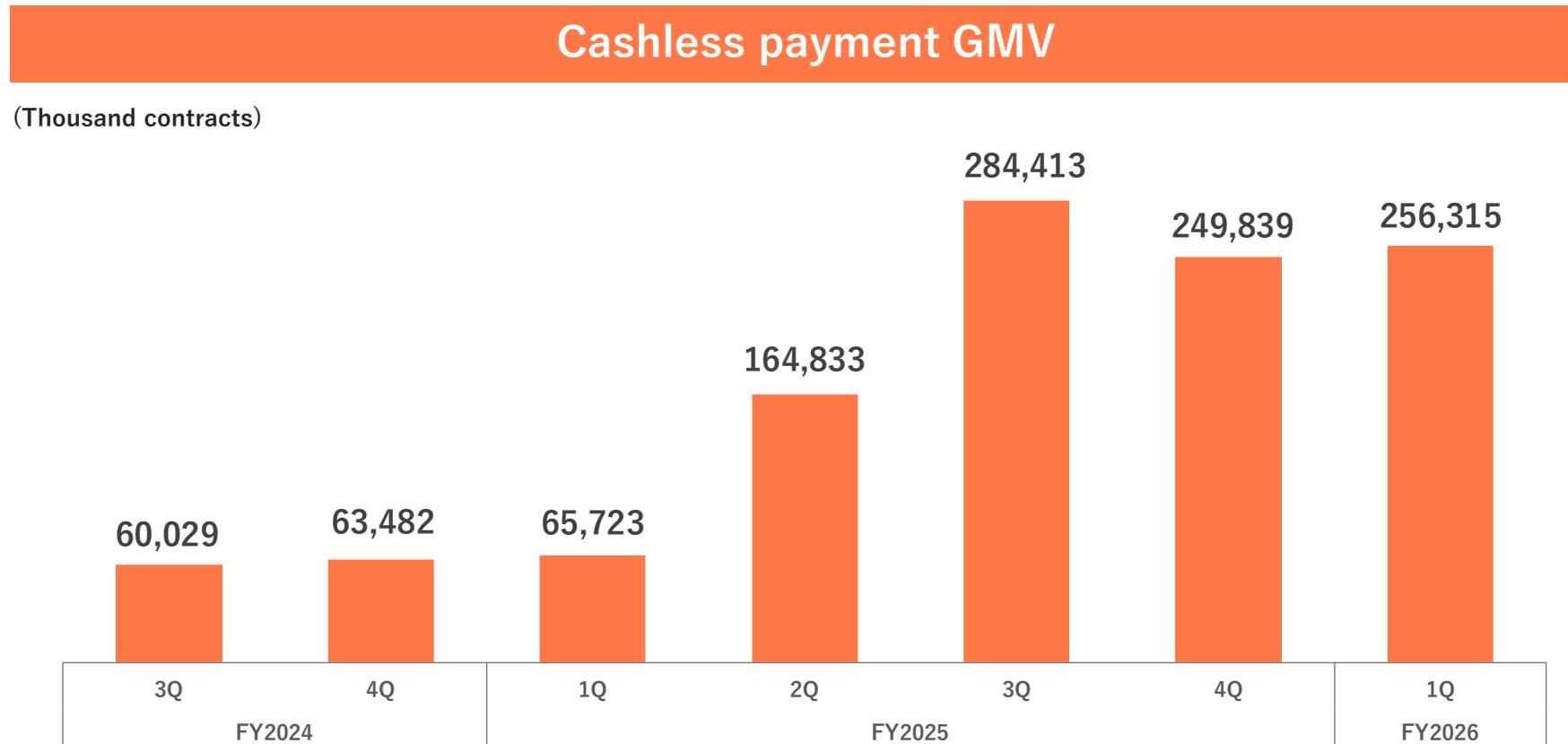
Increases of 40,000 YoY and 10,000 QoQ as contracts in all major products grow steadily.



* USEN FINANCIAL Co., Ltd., which conducts the financial business mentioned above, is currently an equity-method affiliate.

(1) Financial (GMV)

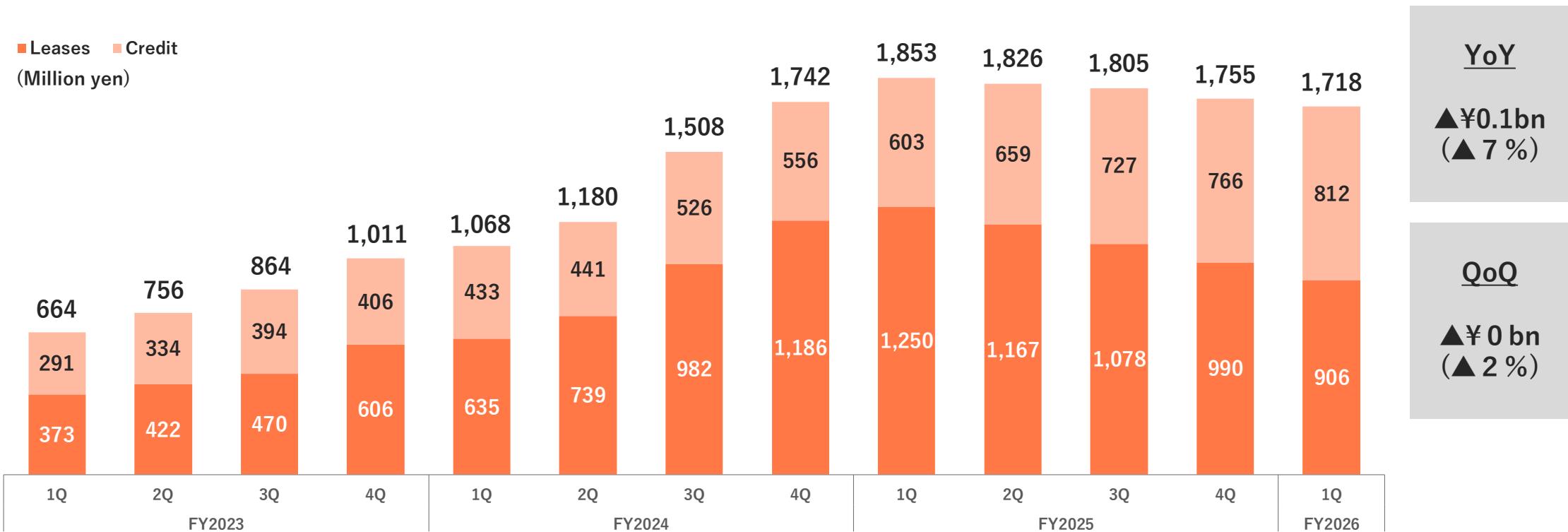
Gross merchandise value (GMV) is climbing consistently as the number of member stores increases.



*The impact of the M&A inclusion on FY2025 is two months in 2Q and three months in 3Q.

(1) Financial (Leases / Credit for small-midsize companies and stores)

Leases outstanding are decreasing as leases acquired using other companies increase, but credit is growing consistently.



3. Appendix

Segment overview

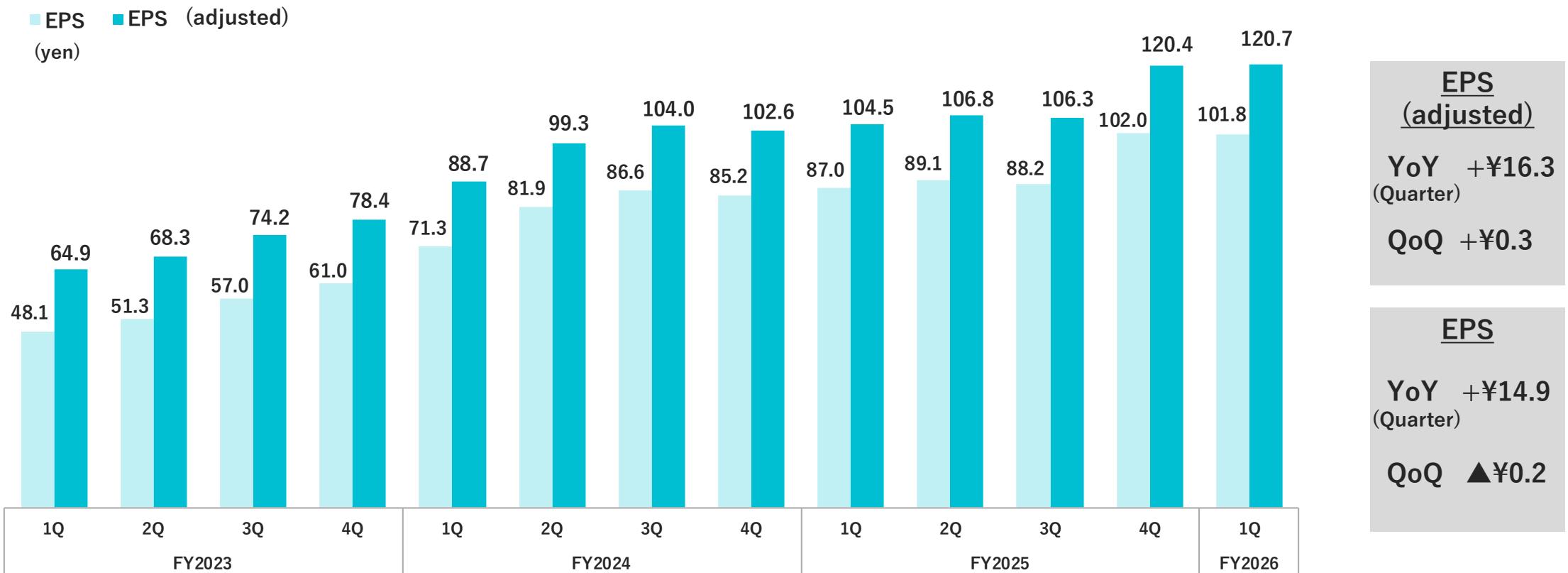
	Competitive edge	Growth strategy
Content Distribution	<ul style="list-style-type: none"> ✓ Achieving high ARPU by offering a hybrid model of unlimited viewing and pay-per-use, as well as points equivalent to ¥1,200 per month. ✓ A comprehensive end-to-end operating model encompassing procurement, marketing and development. ✓ Integrated marketing covering the internet, mass media and conventional channels. 	<ul style="list-style-type: none"> ✓ Even more competitive content by providing hybrid content that includes exclusive programs within both entertainment and live-streamed sports and music events. ✓ Build a base for original IP centered on e-book publishing. ✓ Increase ARPU by offering more optional plans. ✓ More alliances with external partners.
Store & Facility Solutions	<ul style="list-style-type: none"> ✓ Stable profit structure backed by a solid customer base established over 60 years. ✓ Nationwide sales and engineering team ; these internal resources facilitate fully integrated operations encompassing proposal, delivery and maintenance services. ✓ A partner network of 18,000 companies for sending customers to our group. ✓ Expanding market by leveraging the high versatility of automated payment machines. 	<ul style="list-style-type: none"> ✓ Use a platform of communication environments for upselling more than 60 IoT/DX products and services. ✓ 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. ✓ Developing white space for business hotels/general hospitals/small and medium-sized medical institutions. ✓ Assemble a lineup of services that matches customers' needs.
Communication & Energy	<ul style="list-style-type: none"> ✓ Provides multivendor ICT services by using a sales team for corporate customers. ✓ Uses direct sales and a network of 250 sales agents to sell broadband services. ✓ Offer two electricity services : the fixed-rate plan "USEN Denki" and the market-price-linked plan "U-POWER". ✓ Switch with flexibility to electricity services for customers that reflect changes in power procurement costs. 	<ul style="list-style-type: none"> ✓ Goal is steady growth backed by a lineup of corporate ICT services that match customers' needs. ✓ Increase sales of broadband services for stores to create more DX/IoT product cross-selling opportunities. ✓ Cost reductions with the electricity services, leading to cross-selling of other Group's products. ✓ 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.
Financial, Realty & Global	<ul style="list-style-type: none"> ✓ A variety of financial services for stores. ✓ Specializes in the commercial building category ; no office / residential properties. ✓ The priority is services for foreign tourists in Japan rather than overseas operations. 	<ul style="list-style-type: none"> ✓ Provide cashless payment processing that includes payment acquiring and payment services; more customers by increasing convenience and more cross-selling opportunities for Group products and services. ✓ In addition to receiving lease payments from tenants, create opportunities for cross-selling other Group products. ✓ Create businesses targeting foreign tourists in Japan, while also challenge ourselves to create overseas businesses.

FY2026 Forecast (Key points)

Content Distribution	<ul style="list-style-type: none">● Annual net increase in users of 210,000 (U-NEXT +270,000, former Paravi -60,000).● Forecast for average exchange rate: US\$1=¥147.● Small decrease in advertising/marketing expenses in part due to the outlook for a smaller net increase in users than in FY2025.● Expect no change in fixed expenses, including other system expenses and personnel expenses, and higher profitability due to leverage.
Store & Facility Solution	<ul style="list-style-type: none">● Estimated impact of the decline in payment kiosk replacement demand is decreases of ¥4.3 billion for sales and ¥1.6 billion for operating income.● After excluding the effects of this demand downturn, the plan is sales growth of ¥4.2 billion and earnings growth of ¥1.5 billion.● The steady growth of DX services for stores is expected to remain the main source of store solutions growth.
Communication & Energy	<ul style="list-style-type: none">● Forecast steady growth of recurring income to continue in the ICT for stores and broadband internet services for individuals/stores categories.● Forecast net annual increases of 100 for high voltage and 97,000 for low voltage (15,000 companies and 82,000 individuals) customers.● Smaller capacity payments than in FY2025, which will increase earnings.● In the energy business, forecast sales growth of ¥10.9 billion and earnings growth of ¥1.5 billion.
Financial, Realty & Global	<ul style="list-style-type: none">● Forecast sales and earnings growth backed by the steady growth of communication services for real estate, rent guarantees and commercial building operations.● For cashless payment processing, forecast an operating loss of ¥800 million as FY2026 is a year for up-front expenditures.● An insurance subsidiary and real estate subsidiary (subleasing, brokerage) were newly consolidated at the beginning of FY2026. Together, the two companies are expected to contribute ¥300 million to earnings.
Adjustment	<ul style="list-style-type: none">● Expect cost increase mainly in personnel expenses and office occupancy costs, etc.

EPS (LTM)

Almost no change in EPS because of little YoY change in net income.



*LTM: Last Twelve Month

Consolidated balance sheet

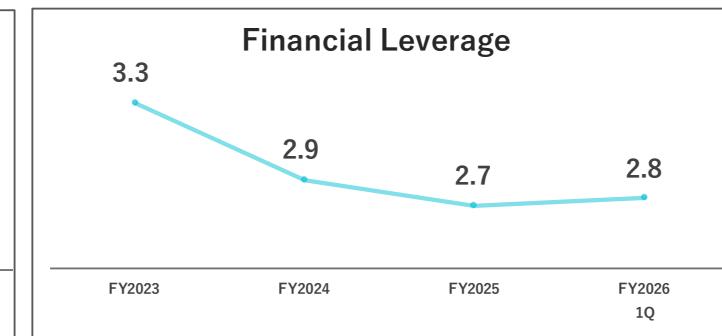
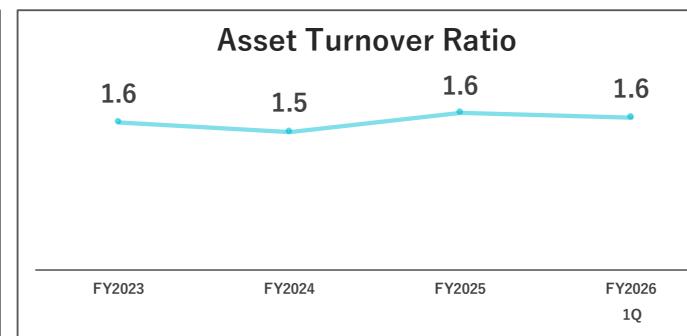
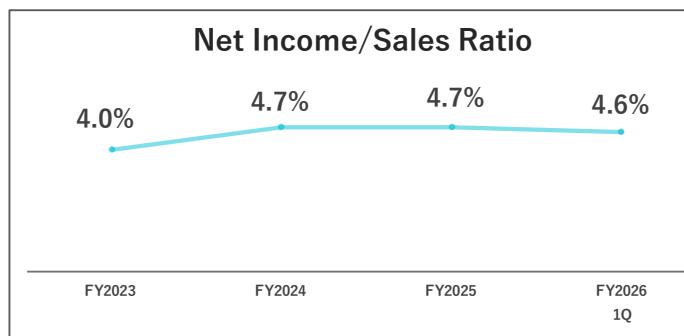
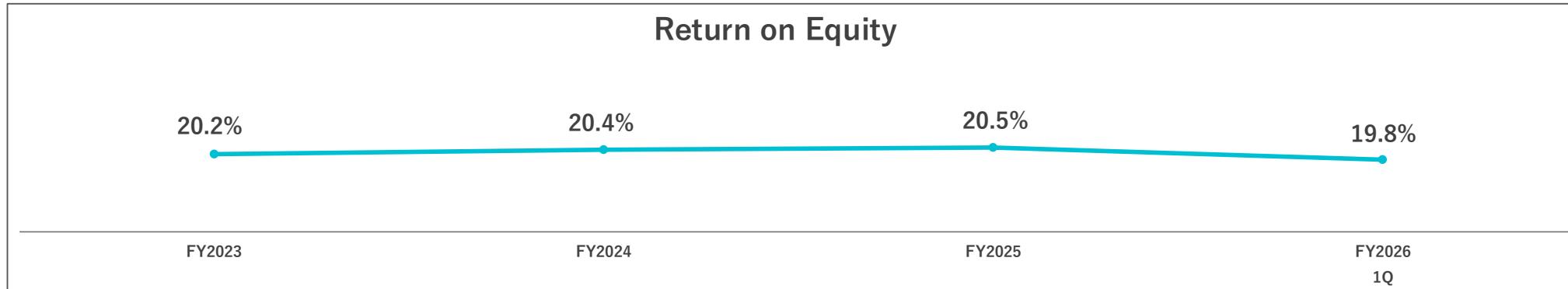
- **Current assets:** Cash up mainly due to the ¥20bn bond issue; receivables decline is mainly seasonal (receipt of payments for electricity receivables recorded during the peak demand summer season)
- **Fixed assets:** Other intangible assets up mainly because of software
- **Liabilities:** Other current liabilities decreased primarily because of income tax and consumption tax payments
- **Net assets:** Increase is the result of higher retained earnings (net of dividend payments)

(Million yen)	FY2025	FY2026 1Q	Difference
(Assets)			
Current assets	172,358	190,645	+18,287
Cash and deposits	56,882	81,039	+24,157
Notes and accounts receivable-trade	48,927	40,709	▲8,218
Inventories	12,196	12,882	+686
Prepaid expenses	42,196	44,102	+1,906
Other	12,157	11,912	▲245
Non-current assets	87,424	89,230	+1,806
Property, plant and equipment	24,387	24,392	+5
Intangible assets	53,182	54,386	+1,204
Goodwill	40,022	39,162	▲860
Other	13,159	15,223	+2,064
Investment and other assets	9,854	10,452	+598
Total assets	259,782	279,875	+20,093

(Million yen)	FY2025	FY2026 1Q	Difference
(Liabilities)			
Current liabilities	79,805	77,672	▲2,133
Notes and accounts payable-trade	38,098	38,389	+291
Short-term loans payable	-	-	-
Current portion of long-term loans payable	3,153	3,153	-
Other	38,553	36,129	▲2,424
Non-current liabilities	71,268	90,726	+19,458
Bonds payable	10,000	30,000	+20,000
Long-term loans payable	55,663	54,875	▲788
Other	5,604	5,849	+245
Total liabilities	151,074	168,398	+17,324
(Net assets)			
Shareholder's equity	97,420	99,926	+2,506
Capital stock	99	99	-
Capital surplus	29,786	29,786	-
Retained earnings	67,534	70,040	+2,506
Treasury stock	-0	-0	-
Valuation and translation adjustments	150	144	▲6
Non-controlling interests	11,137	11,406	+269
Total net assets	108,708	111,477	+2,769
Total liabilities and net assets	259,782	279,875	+20,093

Return on equity (LTM)

A small decrease mainly because of the net income/sales ratio.



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

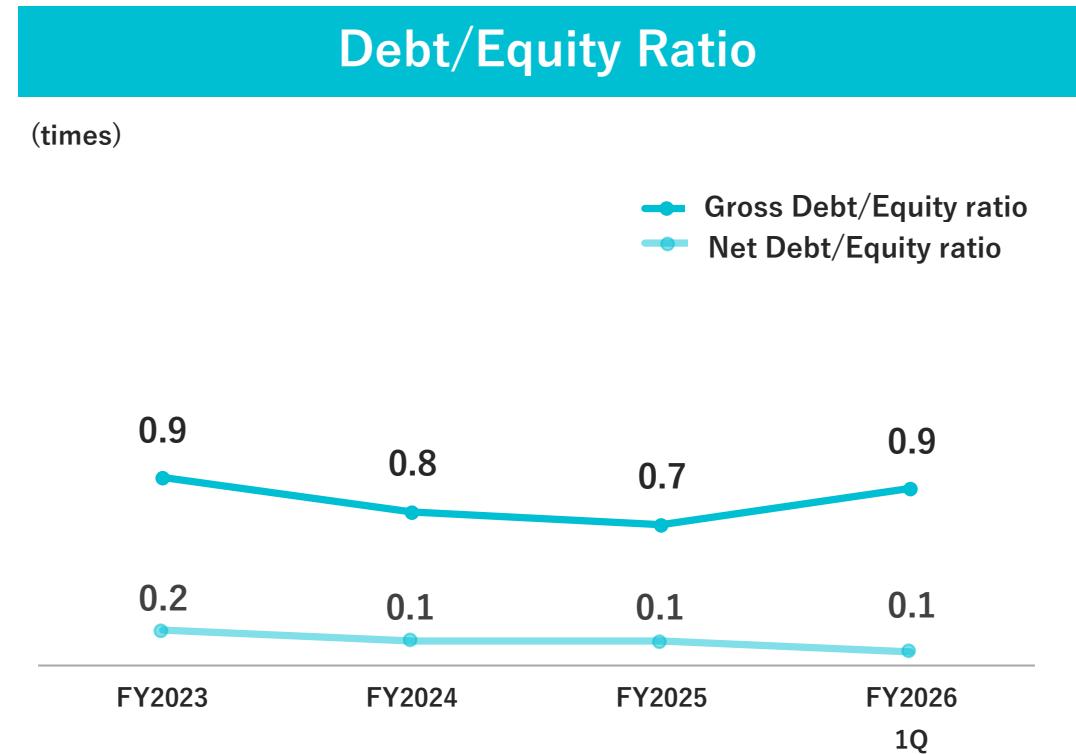
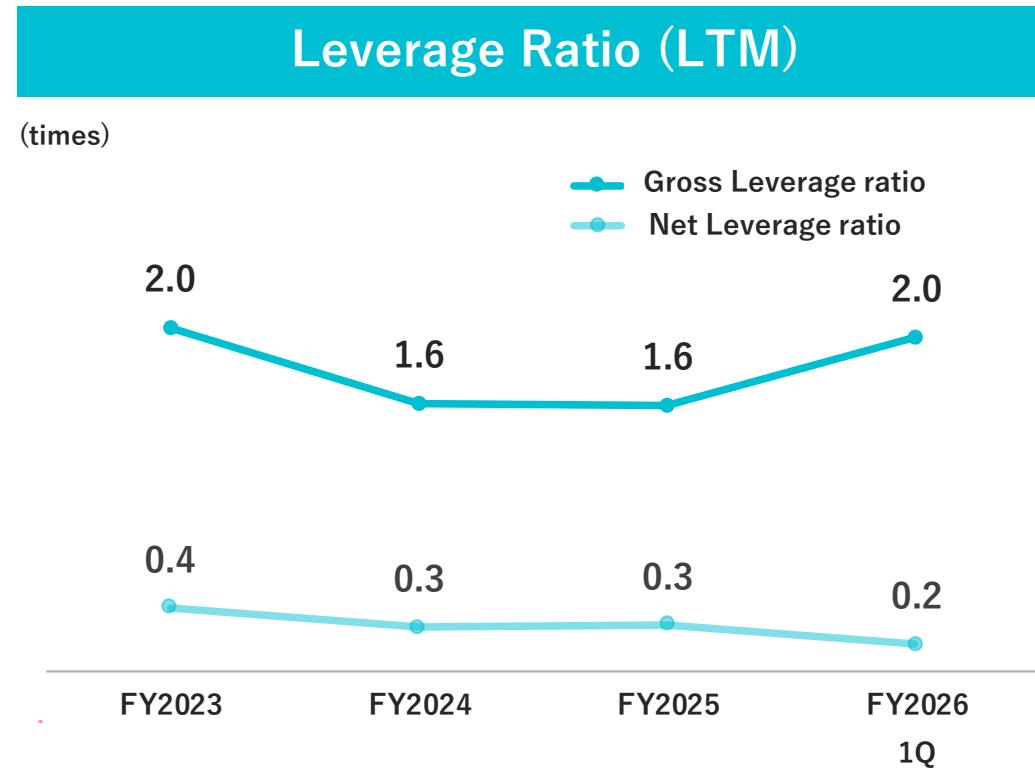
*Net Income/Sales ratio: Profit or Loss attributable to owners of parent /Net Sales

*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

The ¥20 billion bond issue raised the gross leverage ratio and gross debt/equity ratio.



*LTM : Last Twelve Month

*Gross Leverage ratio : Debt / EBITDA

*Net Leverage ratio : (Debt – Cash) / EBITDA

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

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

Equity spread & EVA spread

(Billion yen)	FY2023 Actual	FY2024 Actual	FY2025 Actual	FY2026 Forecast	Remarks
ROE ①=②/③	20.2%	20.4%	20.5%	17.6%	A small increase in FY2025
Net Income - ②	110	154	184	185	
Shareholder's equity (Average) - ③	540	749	896	1,051	
ROIC ④=(⑤×(1-⑥)/(③+⑦)	11.9%	13.5%	12.9%	11.7%	A small decrease in FY2025
Operating Income - ⑤	216	291	314	335	
Effective tax rate - ⑥	36%	36%	36%	36%	
Shareholder's equity (Average)	540	749	896	1,051	
Debt (Average) - ⑦	617	634	659	786	Additional fund procurement in FY2026 is under consideration
Cost of capital ⑧=⑨+(⑩×⑪)	10.6%	7.2%	7.0%	7.4%	Almost no change from FY2024 to FY2025
10-year Japanese gov't bond - ⑨	0.7%	0.9%	1.6%	2.0%	Rates at fiscal year end (estimate for FY2026)
Market risk premium - ⑩	7.0%	5.5%	5.1%	5.1%	Fiscal year average
Shareholder beta - ⑪	1.42	1.15	1.07	1.07	60 months with 95% confidence interval
WACC ⑫=⑧×⑬+⑭×⑮	5.9%	4.5%	4.6%	4.9%	
Cost of shareholder's equity	10.6%	7.2%	7.0%	7.4%	
Shareholders' equity ratio - ⑬	52%	57%	59%	56%	
Cost of debt - ⑭	0.8%	1.0%	1.2%	1.6%	Anticipate an increase in Japan's policy rate
Debt to Total Assets - ⑮	48%	43%	41%	44%	
Equity spread ①-⑧	9.5%	13.3%	13.5%	10.2%	
EVA spread ④-⑫	6.1%	8.9%	8.3%	6.8%	

Forward-looking Statements

This presentation includes opinions, forecasts and other statements that are based on the judgments of management when this presentation was prepared.

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