

October 10, 2024

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Director & CEO
(Securities code: 9418)
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Notice on a Stock Split and a Partial Amendment to the Articles of Incorporation Pertaining to the Stock Split

U-NEXT HOLDINGS Co., Ltd. (the “Company”) hereby announces that at a meeting of the Board of Directors held today, the Company passed a resolution to conduct a stock split of common shares and make a partial amendment to the Articles of Incorporation pertaining to the stock split as follows.

1. Purposes of the stock split

Since its transition to a holding company structure in December 2017, the Company has continued to grow as a company to date and recorded its highest performance in the full-year financial results for the fiscal year ended August 31, 2024, which were announced today. In addition, in the fiscal year ended August 31, 2019, the Company resumed dividend payments and has gradually increased their levels. As a result, the share price of the Company has been trending upward, and the closing price on August 31, 2024 was 5,660 yen (approximately five times higher than it was on November 30, 2017, which is immediately before the transition to the holding company structure). In an effort to create an environment in which shares are more accessible to individual investors, the Tokyo Stock Exchange, Inc. (the “TSE”) has clearly stated that the desirable unit of investment is less than 500,000 yen. The above mentioned share price of the Company as of August 31, 2024 exceeds the threshold.

As for the recent stock market in Japan, partly because companies’ efforts to act on the request the TSE made in March 2023 for implementing management that is conscious of cost of capital and stock price have been favorably received, the Nikkei Stock Average reached a record high in July 2024. In addition, the government has been promoting a shift from savings to investment as one of its major economic policies. As part of this promotion, the new NISA (a tax exemption program for small investments) was launched in January 2024, which is expected to further expand the base of individual investors. The stock market is thus anticipated to remain buoyant in the future.

Given this situation, by lower the price per unit of investment, the Company aims to encourage a broader range of investors, primarily individual investors, to purchase its shares, increase the liquidity of its shares, and further expands its investor base.

In addition, the Company has introduced a shareholder benefit program that provides shareholders with an opportunity to experience its content distribution service “U-NEXT” with the aim of expressing its gratitude for the ongoing support of its shareholders, encouraging them to experience the Group’s service at firsthand to gain a deeper understanding of its business, and making investment in its shares more appealing to encourage long-term ownership. (Details on the benefits of the program are available at <https://unext-hd.co.jp/ir/yutai.html>) (in Japanese only).)

There will be no changes to the contents of the shareholder benefit program, including the criterial numbers of shares required for certain benefits and the benefits offered, as a result of the stock split. The stock split will create an environment in which shares in the Company will be more accessible. The Company hopes that it will encourage more people to use its shareholder benefit program.

For these purposes, the Company will lower the price per unit of investment through a stock split of its common shares.

2. Overview of the stock split

(1) Method of the stock split

We will conduct a stock split at a ratio of three shares to one share of common shares of the Company held by shareholders listed or recorded in the final shareholder registry as of the record date, which is Saturday, November 30, 2024 (effectively Friday, November 29, 2024, as November 30, 2024 is a non-business day for the shareholder registry administrator).

(2) Number of shares to be increased due to the stock split

(i) Total number of shares issued and outstanding before the stock split	60,125,111 shares
(ii) Number of shares to be increased due to the stock split	120,250,222 shares
(iii) Total number of shares issued and outstanding after the stock split	180,375,333 shares
(iv) Total number of shares authorized to be issued after the stock split	294,000,000 shares

(3) Schedule concerning the stock split

Announcement date of the record date (Scheduled)	Thursday, November 14, 2024
Record date of the split	Saturday, November 30, 2024
Effective date of the split	Sunday, December 1, 2024

(4) Others

(i) Changes to the amount of share capital

There will be no changes to the amount of share capital due to the stock split.

(ii) Dividends

As the effective date of the stock split is December 1, 2024, the year-end dividends for the fiscal year ended August 31, 2024, whose record date is August 31, 2024, will be paid out for the common shares of the Company before the stock split. The interim dividends for the fiscal year ending August 31, 2025, whose record date is February 28, 2025, will be paid out for the common shares of the Company after the stock split. For the amount of the year-end dividends for the fiscal year ended August 31, 2024 and the forecast amounts of interim and year-end dividends for the fiscal year ending August 31, 2025, please refer to the Consolidated Financial Results for the Fiscal Year Ended August 31, 2024 [Japanese GAAP], which were announced today.

3. Partial amendment to the Articles of Incorporation

(1) Reasons for the amendment to the Articles of Incorporation

Pertaining to the stock split mentioned above, pursuant to the provisions of Article 184, Paragraph 2 of the Companies Act, and based on a resolution of the Board of Directors, the Company will amend the Article 6 (Total Number of Shares Authorized to Be Issued) of the current Articles of Incorporation of the Company with the effective date of December 1, 2024.

(2) Details of the amendment to the Articles of Incorporation

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed Amendment
Chapter II: Shares (Total Number of Shares Authorized to Be Issued) Article 6: The total number of shares of the Company authorized to be issued shall be <u>98,000,000</u> shares.	Chapter II: Shares (Total Number of Shares Authorized to Be Issued) Article 6: The total number of shares of the Company authorized to be issued shall be <u>294,000,000</u> shares.

(3) Schedule concerning the amendment to the Articles of Incorporation

Effective date: December 1, 2024 (Scheduled)

4. Others

As stated earlier, there will be no changes to the contents of the shareholder benefit program, including the criterial numbers of shares held required to receive certain benefits and the services offered, as a result of the stock split.