



February 17, 2023

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Notice on Making Premium Platform Japan, Inc. a Wholly-owned Subsidiary
Through Simplified Share Exchange and Absorption-type Merger
between PPJ and the Company's Consolidated Subsidiary
as Well as Issuance of New Shares by the Company's Consolidated Subsidiary
Through Third-party Allotment

USEN-NEXT HOLDINGS Co., Ltd. (the "Company") hereby announces that the Company passed a resolution at the meeting of the Board of Directors held today (i) to conduct a share exchange with an effective date of March 31, 2023, in which the Company will become the wholly-owning parent company in the share exchange and Premium Platform Japan, Inc. ("PPJ") will become the wholly-owned subsidiary in the share exchange (the "Share Exchange"); (ii) to conduct, subject to the effectuation of the Share Exchange, an absorption-type merger effective on March 31, 2023, in which U-NEXT Co., Ltd. ("U-NEXT"), a consolidated subsidiary of the Company, will become the surviving company in the absorption-type merger and PPJ, after becoming a consolidated subsidiary of the Company through the Share Exchange, will become the disappearing company in the absorption-type merger (the "Merger"); and (iii) to conduct issuance of new shares through third-party allotment with April 1, 2023 as the payment date, in which U-NEXT is the issuer and TBS HOLDINGS, INC. and HAKUHODO DY MEDIA PARTNERS INCORPORATED which are shareholders of PPJ are the subscribers (the two companies are hereinafter collectively referred to as the "Capital Increase Subscribers") (the "Capital Increase Through Third-party Allotment"). A share exchange agreement was entered into by and between the Company and PPJ as of today (the "Share Exchange Agreement"), an absorption-type merger agreement regarding the Merger was entered into by and between U-NEXT and PPJ (the "Merger Agreement"), and a blanket subscription agreement regarding the Capital Increase Through Third-party Allotment was entered into by and between U-NEXT and the Capital Increase Subscribers (the "Subscription Agreement"), as described below.

The Share Exchange will be implemented without obtaining approval of the Share Exchange Agreement at the General Meeting of Shareholders of the Company in accordance with the simplified share exchange procedures set forth in Article 796, Paragraph 2 of the Companies Act, and upon approval of the Share Exchange Agreement at the Extraordinary General Meeting of Shareholders of PPJ to be held on March 30, 2023. In addition, the Share Exchange is subject to the approval at the above Extraordinary General Meeting of Shareholders of PPJ, as well as conditions such as that the Company's statutory waiting period for the notification under Article 10, Paragraph 2 of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade has expired and no measure or procedure to prevent the Share Exchange including a cease and desist order by the Japan Fair Trade Commission has been taken.

Moreover, even after the Capital Increase Through Third-party Allotment, the Company's ratio of voting rights in U-NEXT is expected to exceed a majority, being 97.31%, and there is no change in consolidated subsidiaries of the Company

due to the Capital Increase Through Third-party Allotment.

I. Purposes of the Share Exchange and the Merger, as well as the Capital Increase Through Third-party Allotment

Under the holding company structure, the Group operates five business segments upholding “‘Social DX’ company that makes the future closer” as its purpose, and aims to achieve generation of stable profits and a further increase in business value by leveraging the stable customer base that is a management asset of the Group and a variety of sales channels which include direct sales, telemarketing, web marketing, and agent networks and maximizing Group synergies through sharing of knowledge and strengthening of collaboration among operating companies. In addition, the Group quickly captures market needs and business opportunities in consumption behavior, corporate activities, and the social environment that are drastically changing in the era of coexistence with and post COVID-19, and is promoting active investments in high-growth areas such as content distribution services and DX services for stores and facilities under swift decision-making by utilizing rapidly advancing technologies such as IoT and AI.

In this context, the Content Distribution Business provided by U-NEXT upholds the mission of “delivering the best time for every one” and operates the content distribution service “U-NEXT.” This service is characterized by such elements as a seamless viewing and listening environment for “videos,” “books,” “music,” and “live shows” through one application, unparalleled lineups that include unlimited viewing of 240,000 plus video contents and 840,000 plus e-books, purchase and rental of fee-based titles such as the latest video contents, and monthly offering of 1,200 points that can be exchanged with movie tickets. While demand driven by the stay-at-home economy caused by the spread of COVID-19 has recently slowed down, the size of the video distribution market as a whole continues to expand. Under such circumstances, the number of subscribers is steadily increasing, reaching about 2.85 million as of the end of November 2022.

Meanwhile, PPJ operates the video distribution service “Paravi” under the vision of “toward a world filled with ‘joy’ through visual entertainment.” Gathering human resources and knowledge from various media group companies that are PPJ’s shareholders, this service is characterized by the provision of the latest titles and spin-off contents mainly in the genres of dramas and variety shows in tandem with television broadcasts, and service promotion within television broadcast slots. As with the case of U-NEXT, the number of subscribers has been steadily increasing since PPJ was founded in 2017 against the backdrop of the increase in the size of the video distribution market as a whole, reaching about 0.85 million as of the end of December 2022.

As described above, both U-NEXT and PPJ has steadily grown their businesses. However, the competitive environment has become extremely intense due in part to the entry of new players including foreign companies, surging content procurement costs, geopolitical risks, issues related to supply chains, spending review and selection by general consumers caused by high prices attributable to such factors as depreciation of the yen and ongoing inflation. The execution of business growth strategies under such circumstances was an important issue common to both companies. Accordingly, the Company, U-NEXT, PPJ, and shareholders of PPJ have considered the possibility of future alliances since around September 2022. As a result, we reached a conclusion that further improvement of business value could be expected through the integration of management of U-NEXT and PPJ. Consequently, as of today, U-NEXT and TBS HOLDINGS, INC., TOKYO BROADCASTING SYSTEM TELEVISION, INC., and TV TOKYO Corporation entered into business alliance agreements, respectively, which prescribe the details of business alliances related to content procurement, mass promotion, etc., and in addition, U-NEXT and DENTSU INC. and HAKUHODO DY MEDIA PARTNERS INCORPORATED entered into business alliance agreements, respectively, which prescribe the details of business alliances related to advertisement utilizing video distribution platforms, among other matters (hereinafter, the business alliance agreements are collectively referred to as the “Business Alliance Agreements”).

In addition, we plan to integrate the “U-NEXT” and “Paravi” services in the future. Through the integration, we believe that business operation costs currently borne by each service can be reduced to the extent that offsets the current loss incurred by PPJ.

<Main anticipated synergies>

- (i) Building of a user base of about 3.7 million subscribers for both “U-NEXT” and “Paravi” services on a simple aggregate basis without considering overlapping subscriptions
- (ii) Enhanced content lineups through the combination of anime, overseas and Asian drama, Japanese and foreign movie, and live show distribution in which U-NEXT has strengths and Japanese dramas and variety shows in which PPJ has strengths
- (iii) Strengthened branding driven by cross marketing combining web promotion and real marketing through alliances with real property, cinema complexes, etc. in which U-NEXT has strengths and promotion through television broadcast slots in which PPJ has strengths
- (iv) Cost synergies in such areas as system infrastructure, content procurement, promotion, and customer centers through improvement of the business operation expense efficiency arising from future service integration
- (v) Possibilities of generating new cross entertainment services, including creation of original IP, through the combination of the creative production capabilities possessed by PPJ and PPJ’s shareholders and technology development capabilities related to IT possessed by U-NEXT

Consequently, the Company and PPJ reached an agreement after considering and discussing various conditions related to the Share Exchange including the share exchange ratio, passed a resolution to conduct the Share Exchange at the meetings of the Board of Directors of both companies held today, respectively, and executed the Share Exchange Agreement between both companies today.

In conjunction with this, the Company and U-NEXT passed a resolution at the meeting of the Board of Directors held today, (i) to, subject to the effectuation of the Share Exchange, conduct the Merger in which U-NEXT becomes the surviving company in the absorption-type merger and PPJ after becoming a consolidated subsidiary of the Company through the Share Exchange becomes the disappearing company in the absorption-type merger; and (ii) to conduct the Capital Increase Through Third-party Allotment to strengthen collaborative relationships with U-NEXT after the Merger, and today, U-NEXT and PPJ executed the Merger Agreement, and U-NEXT and the Capital Increase Subscribers executed the Subscription Agreement, respectively.

The Group aims to increase its corporate value by further raising the presence in the market as a content distribution platform alliance originating in Japan through optimal and effective use of management resources of the Group and maximization of synergies arising from integration of management and services between U-NEXT and PPJ, which will be enabled by the recent series of organizational restructuring and the establishment of robust collaborative relationships through the Business Alliance Agreements.

II. The Share Exchange

1. Summary of the Share Exchange

(1) Dates concerning the Share Exchange

Date of resolutions by the Board of Directors for execution of the Share Exchange Agreement (the Company and PPJ)	February 17, 2023
Date of execution of the Share Exchange Agreement (the Company and PPJ)	February 17, 2023
Approval of the Share Exchange Agreement by the Extraordinary General Meeting of Shareholders (PPJ)	March 30, 2023 (planned)
Effective date of the Share Exchange	March 31, 2023 (planned)

(Note 1) The Company plans to conduct the Share Exchange without obtaining approval for the Share Exchange Agreement at the General Meeting of Shareholders based on the simplified share exchange procedures pursuant to the provisions of Article 796, Paragraph 2 of the Companies Act.

(Note 2) The above dates are subject to change upon consultation and agreement between the Company and PPJ if necessary for the progress of the procedures for the Share Exchange or for any other reason.

(2) Method of the Share Exchange

The Share Exchange is a share exchange through which the Company becomes the wholly-owning parent company and PPJ becomes the wholly-owned subsidiary. The Share Exchange is planned to be conducted without obtaining approval for the Share Exchange Agreement at the General Meeting of Shareholders based on the simplified share exchange procedures pursuant to the provisions of Article 796, Paragraph 2 of the Companies Act on the Company's side, and upon approval for the Share Exchange Agreement at the Extraordinary General Meeting of Shareholders to be held on March 30, 2023 on the PPJ side, effective March 31, 2023.

(3) Details of allotment related to the Share Exchange

	The Company (wholly-owning parent company in the share exchange)	PPJ (wholly-owned subsidiary in the share exchange)
Allotment ratio related to the Share Exchange	1	7.94
Number of shares issued through the Share Exchange	Common shares of the Company: 2,540,800 shares (planned)	

(Note 1) Allotment ratio of shares

7.94 common shares the Company (the "Company Shares") will be allotted and issued in exchange for one common share of PPJ (the "PPJ Shares"). The allotment ratio (the "Share Exchange Ratio") related to the Share Exchange in the above table is subject to change upon consultation and agreement between the Company and PPJ if any significant change arises in the conditions serving as the basis for calculation.

(Note 2) Number of shares of the Company issued through the Share Exchange

In the Share Exchange, the Company allots and issues the Company Shares in the number calculated based on the Share Exchange Ratio to PPJ's shareholders as of the time immediately preceding the time when the Company acquires all of PPJ's issued shares, in exchange for the PPJ Shares held by such shareholders. The Company Shares to be allotted and issued will be the treasury shares to be acquired by the Company through a separate acquisition of the Company Shares in the maximum number of 2,540,800 shares (the "Acquisition

of Treasury Shares”), and the Company does not plan to issue new shares. For a summary of the Acquisition of Treasury Shares, please refer to “Notice on Acquisition of Treasury Shares and Purchase of Treasury Shares Through Off-auction Own Share Repurchase Trading System (ToSTNeT-3),” separately disclosed today.

(Note 3) Handling of shares less than one unit

PPJ’s shareholders who will be holding shares less than one unit (one unit: 100 shares) of the Company through the Share Exchange may use the following system for the Company Shares. Shares less than one unit cannot be sold on the financial instruments exchange market.

- System of repurchase of shares less than one unit (sale of shares less than one unit (one unit: 100 shares))
This is a system in which shareholders who hold shares less than one unit of the Company may request the Company to repurchase the shares less than one unit held by such shareholders, pursuant to the provisions of Article 192, Paragraph 1 of the Companies Act.

(Note 4) Handling of fractions of less than one share

With regard to PPJ’s shareholders who will be allotted and issued fractions of less than one share of the Company Shares through the Share Exchange, the Company will sell the Company Shares in the number equivalent to the total number of the fractions (any fractions of less than one share in that total number will be rounded down) pursuant to the provisions of Article 234 of the Companies Act and other relevant laws and regulations, and deliver the proceeds from the sale to the shareholders in proportion to the fractions held.

(4) Handling of share acquisition rights and bonds with share acquisition rights associated with the Share Exchange

PPJ has not issued share acquisition rights and bonds with share acquisition rights, and accordingly, there is no relevant information.

2. Grounds for details of allotment related to the Share Exchange and other information

(1) Grounds and reasons for the details of allotment

In order to ensure the fairness and appropriateness in deciding the Share Exchange Ratio, the Company requested Daiwa Securities Co., Ltd. (“Daiwa Securities”), which is a third-party calculation agency independent of the Company and PPJ to calculate the share exchange ratio.

The Company made careful examinations based on the calculation document regarding the share exchange ratios received from Daiwa Securities, held discussions and negotiations with PPJ upon comprehensively considering such factors as the financial positions, trends in operating results, etc. of the Company and PPJ, and judged that the final Share Exchange Ratio is within the range of the share exchange ratios calculated by Daiwa Securities and is appropriate in that it does not impair the interests of shareholders of the Company and PPJ. Accordingly, the Company agreed to conduct the Share Exchange at the Share Exchange Ratio.

The Share Exchange Ratio is subject to change upon consultation between the Company and PPJ if any significant change arises in the conditions serving as the basis for calculation.

(2) Matters related to the calculation

(i) Name of the calculation agency and relationship with the Company and PPJ

Daiwa Securities is a calculation agency independent of the Company and PPJ, does not fall under the category of a related party of the Company and PPJ, and does not have any significant interest that needs to be described in relation to the Share Exchange.

(ii) Summary of the calculation

Daiwa Securities conducted the calculation using the market price method for the Company Shares, because they

are listed on the Prime Market of Tokyo Stock Exchange, Inc. and therefore have a market price, while using the discounted cash flow method (“DCF method”) for PPJ Shares, because PPJ is an unlisted company, and with the aim of reflecting the status of future business activities in the evaluation.

The evaluation range of PPJ Shares when the value per share of the Company Share is set at one, using each of the evaluation method, is as shown below.

Calculation method		Evaluation range of the share exchange ratio
The Company	PPJ	
Market price method	DCF method	6.34 – 8.93

In the market price method, Daiwa Securities made calculation for the Company Shares, with February 16, 2023 as the calculation base date, using the simple average closing prices of the calculation base date and of the periods of recent one month, three months, and six months which includes the calculation base date.

On the other hand, PPJ’s financial forecasts used in the calculation by Daiwa Securities of PPJ’s share value using the DCF method include estimated values adjusted by the Company taking into account interviews conducted with the management of PPJ, trends in recent operating results, and some of the synergies to be generated from the Merger, against the business plan created by PPJ without assuming the implementation of the Share Exchange and the Merger, which expects a shift to operational profits resulting from an increase in the number of paid members and reduction of advertisement and promotion costs. These financial forecasts include fiscal years in which a significant profit increase or decrease is expected year on year. Specifically, operating profit, which is in the red, is expected to return to the black in the fiscal year ending March 31, 2024. Thereafter, a significant profit increase is expected to be achieved in the fiscal year ending March 2025.

In principle, Daiwa Securities used information received from both companies, publicly available information, and other data on an as is basis in calculating the share exchange ratios, assuming that these materials, information, etc. are all accurate and complete, and did not independently verify the accuracy and completeness of the foregoing. In addition, Daiwa Securities did not conduct any independent evaluation, appraisal or assessment of the assets or liabilities (including contingent liabilities) of the Company and PPJ, including individual analysis and evaluation, nor did it request any third-party institution to conduct appraisal or assessment. Furthermore, Daiwa Securities assumed that the financial forecasts (including profit plans and other information) of both companies had been prepared in a rational manner by the management of both companies based on the best forecasts and judgments available at this point in time.

The results of the calculation of the share exchange ratios were submitted by Daiwa Securities to the Company at the request of the Company, with the sole purpose of allowing the Board of Directors of the Company to use them as reference in determining the Share Exchange Ratio, and said calculation results are not intended to express Daiwa Securities’ opinion on the appropriateness of the Share Exchange Ratio.

(3) Prospects and reasons for delisting

There is no prospect that the Company be delisted as a result of the Share Exchange. In addition, there is no relevant information for PPJ, as it is an unlisted company.

(4) Measures to ensure fairness

As part of measures to ensure the fairness of the Share Exchange, the Company requested Daiwa Securities, a third-party calculation agency independent of the Company and PPJ, to calculate share exchange ratios, and based on the results of the calculation, held discussions and negotiations with PPJ in good faith, and then, passed a resolution to conduct the Share Exchange at the meeting of the Board of Directors held today. The Company has not obtained a fairness opinion to the effect that the Share Exchange Ratio is appropriate or fair from a financial

point of view from Daiwa Securities.

In addition, the Company appointed City-Yuwa Partners as its legal advisor regarding the Share Exchange, and has been receiving legal advice on various procedures, actions, etc. from the firm. City-Yuwa Partners is independent of the Company and PPJ, does not fall under the category of a related party of the Company and PPJ, and does not have any significant interest that needs to be described in relation to the Share Exchange.

(5) Measures to avoid conflict of interests

There are no special capital and transaction relationships between the Company and PPJ, and in addition, there is no person in the two companies who concurrently serves as an officer or employee of the other party. Therefore, we believe that there is no special conflict of interests between the companies in conducting the Share Exchange. Accordingly, there have been no special measures taken to avoid conflict of interests other than the measures described in “(4) Measures to ensure fairness” above.

3. Outline of the companies which are parties to the Share Exchange

	Wholly-owning parent company in the share exchange	Wholly-owned subsidiary in the share exchange
(1) Name	USEN-NEXT HOLDINGS Co., Ltd.	Premium Platform Japan, Inc.
(2) Address	3-1-1 Kamiosaki, Shinagawa-ku, Tokyo	1-12-32 Akasaka, Minato-ku, Tokyo
(3) Title and name of the representative	Yasuhide Uno, President, Representative Director & CEO	Toru Tanaka, Representative Director and President
(4) Business description	Management, administration, etc. of Group companies	Operation, etc. of platforms for video distribution and other purposes
(5) Capital	96 million yen	100 million yen
(6) Date of incorporation	February 3, 2009	July 3, 2017
(7) Number of shares issued and outstanding	60,089,111 shares	320,000 shares
(8) Fiscal year-end	August 31	March 31
(9) Number of employees	4,846 (excluding temporary workers) (as of August 31, 2022)	59 (including seconded employees, contract employees, part-time workers, and dispatched employees) (as of March 1, 2022)
(10) Main business partners	USEN CORPORATION, U-NEXT Co., Ltd., ALMEX INC.	TV TOKYO Corporation, TOKYO BROADCASTING SYSTEM TELEVISION, INC., individual customers
(11) Main financing banks	Mizuho Bank, Ltd. Resona Bank, Limited Shinsei Bank, Limited The Tokyo Star Bank, Limited Sumitomo Mitsui Trust Bank, Limited	There is no relevant information.

(12)	Major shareholders and shareholding ratio	Yasuhide Uno	45.93%	TBS HOLDINGS, INC.	31.25%			
		UNO-HOLDINGS	15.85%	Nikkei Inc.	15.63%			
		HIKARI TSUSHIN, INC.	5.64%	TV TOKYO Holdings Corporation	15.63%			
		The Master Trust Bank of Japan, Ltd. (Trust account)	3.32%	Dentsu Group Inc.	14.80%			
		S.I.L. Inc.	2.30%	WOWOW Inc.	7.45%			
		UEDA YAGI TANSHI Co., Ltd.	1.59%	HAKUHODO DY MEDIA PARTNERS INCORPORATED	7.30%			
		Toru Shimada	1.50%	MBS MEDIA HOLDINGS, INC.	3.13%			
		Custody Bank of Japan, Ltd. (Trust account)	0.81%	CHUBU-NIPPON BROADCASTING CO., LTD.	1.56%			
		Kei Takahashi	0.69%	RKB MAINICHI HOLDINGS CORPORATION	0.78%			
		SBI SECURITIES Co., Ltd.	0.62%	Hokkaido Broadcasting Co., Ltd.	0.78%			
		(as of August 31, 2022)		(as of September 30, 2022)				
		(13)	Relationships between the companies	Capital relationship	There is no relevant information.			
				Personnel relationship	There is no relevant information.			
				Transaction relationship	There is no relevant information.			
				Applicability to related party	There is no relevant information.			
(14) Financial position and operating results in the past three years (unit: million yen, unless otherwise stated)								
Fiscal year-end	The Company (consolidated)			PPJ (non-consolidated)				
	Fiscal year ended August 2020	Fiscal year ended August 2021	Fiscal year ended August 2022	Fiscal year ended March 2020	Fiscal year ended March 2021	Fiscal year ended March 2022		
Net assets	25,742	33,334	40,281	7,487	6,807	6,066		
Total assets	138,374	141,316	153,007	8,368	8,105	7,599		
Net assets per share (yen)	428.34	554.76	670.32	23,397.10	21,271.84	18,955.51		
Net sales	193,192	208,351	237,927	2,849	7,346	8,535		
Operating profit	10,883	15,608	17,321	(3,333)	(677)	(738)		
Ordinary profit	10,093	14,768	16,241	(3,332)	(676)	(737)		
Profit attributable to owners of parent /profit	4,909	8,044	8,687	(3,337)	(680)	(741)		
Basic earnings per share (yen)	81.73	133.90	144.59	(10,428.87)	(2,125.26)	(2,316.33)		
Dividend per share (yen)	8.00	13.50	15.00	—	—	—		

4. Status after the Share Exchange

There will be no changes arising from the Share Exchange in the name, address, title and name of the representative, business description, capital, and fiscal-year end of the Company which is wholly-owning parent in the share exchange. Net assets and total assets have not yet been determined at this point in time.

5. Summary of accounting treatment

The accounting treatment of “acquisition” under the “Accounting Standard for Business Combinations” is anticipated to be applied to the Share Exchange. Following the Share Exchange, the Company is expected to record goodwill (or negative goodwill) in its consolidated financial statements. However, the amount of goodwill (or negative goodwill) has not yet been determined at this point in time.

6. Future outlook

It is planned that PPJ will become a consolidated subsidiary of the Company through the Share Exchange. In addition, immediately after the Share Exchange takes effect, as stated in “III. The Merger” below, the Merger in which U-NEXT becomes the surviving company in the absorption-type merger and PPJ becomes the disappearing company in the absorption-type merger will take effect. Please also refer to “4. Future outlook” in “III. The Merger” below.

III. The Merger

1. Summary of the Merger

(1) Dates concerning the Merger

Date of resolution by the Board of Directors for the Merger (the Company)	February 17, 2023
Date of resolutions by the Board of Directors for execution of the Merger Agreement (U-NEXT and PPJ)	February 17, 2023
Date of execution of the Merger Agreement (U-NEXT and PPJ)	February 17, 2023
Approval of the Merger Agreement by the Extraordinary General Meetings of Shareholders (U-NEXT and PPJ)	March 30, 2023 (planned)
Effective date of the Merger	March 31, 2023 (planned)

(Note 1) The above dates are subject to change upon consultation and agreement between U-NEXT and PPJ if necessary for the progress of the procedures for the Merger or for any other reason.

(2) Method of the Merger

The Merger is an absorption-type merger in which U-NEXT becomes the surviving company in the absorption-type merger and PPJ becomes the disappearing company in the absorption-type merger. PPJ will be dissolved on the effective date. The Merger will be conducted upon approval of the Merger Agreement by the Extraordinary General Meetings of Shareholders of U-NEXT and PPJ to be held on March 30, 2023, respectively, with March 31, 2023 being the effective date. The Merger will take effect on the condition that the Share Exchange is in effect.

(3) Details of allotment related to the Merger

As stated in “(2) Method of the Merger” above, the Merger will take effect on the condition that the Share Exchange is in effect. PPJ will become a wholly-owned subsidiary of the Company as a result of the effectuation of the Share Exchange. The Merger is therefore a merger between wholly-owned subsidiaries of the Company. Accordingly, there is no allotment of shares or cash, etc. with the Merger.

(4) Handling of share acquisition rights and bonds with share acquisition rights associated with the Merger

PPJ has not issued share acquisition rights and bonds with share acquisition rights, and accordingly, there is no relevant information.

2. Outline of the companies which are parties to the Merger

	Surviving company in the absorption-type merger		Disappearing company in the absorption-type merger	
(1) Name	U-NEXT Co., Ltd.		Premium Platform Japan, Inc.	
(2) Address	3-1-1 Kamiosaki, Shinagawa-ku, Tokyo		The same as “3. Outline of the companies which are parties to the Share Exchange” in “II. The Share Exchange” above	
(3) Title and name of the representative	Tenshin Tsutsumi, President and Representative Director			
(4) Business description	Operation, etc. of platforms for video distribution and other purposes			
(5) Capital	10 million yen			
(6) Date of incorporation	June 16, 2017			
(7) Number of shares issued and outstanding	54,000 shares			
(8) Fiscal year-end	August 31			
(9) Number of employees	311 (excluding temporary workers, dispatched employees, and secondees) (as of August 31, 2022)			
(10) Main business partners	Individual customers, Warner Bros. Japan LLC, CyberAgent, Inc.			
(11) Main financing banks	There is no relevant information.			
(12) Major shareholders and shareholding ratio	USEN-NEXT HOLDINGS 100% Co., Ltd.			
(13) Relationships between the companies	Capital relationship	There is no relevant information.		
	Personnel relationship	There is no relevant information.		
	Transaction relationship	There is no relevant information.		
	Applicability to related party	There is no relevant information.		
(14) Financial position and operating results in the past three years (unit: million yen, unless otherwise stated)				
Fiscal year-end	U-NEXT (non-consolidated)			PPJ (non-consolidated)
	Fiscal year ended August 2020	Fiscal year ended August 2021	Fiscal year ended August 2022	The same as “3. Outline of the companies which are parties to the Share Exchange” in “II. The Share Exchange” above
Net assets	2,815	6,259	9,105	
Total assets	16,809	22,613	27,895	
Net assets per share (yen)	52,130.03	115,919.02	168,625.46	
Net sales	53,287	65,361	74,850	
Operating profit	32	4,685	4,807	
Ordinary profit	30	4,658	4,485	
Profit	(157)	3,444	2,937	
Basic earnings per share (yen)	(2,923.66)	63,788.98	54,404.27	
Dividend per share (yen)	—	—	—	

3. Status after the Merger

There will be no changes arising from the Merge in the name, address, title and name of the representative, business description, capital, and fiscal-year end of U-NEXT which is the surviving company in the absorption-type merger.

4. Future outlook

The impact of the Share Exchange and the Merger on the consolidated operating results of the Company in and after the fiscal year ending August 31, 2023 is currently being closely evaluated, and any matters requiring disclosure arising in the future will be promptly disclosed.

(Reference)

Consolidated financial results forecast of the current fiscal year (announced on October 13, 2022) and consolidated results of the previous fiscal year of the Company

(Unit: million yen, unless otherwise stated)

	Consolidated net sales	Consolidated operating profit	Consolidated ordinary profit	Profit attributable to owners of parent	Basic earnings per share
Consolidated financial results forecast of the current fiscal year (fiscal year ending August 31, 2023)	247,000	18,400	17,300	9,200	153.10 yen
Consolidated results of the previous fiscal year (fiscal year ended August 31, 2022)	237,927	17,321	16,241	8,687	144.59 yen

IV. The Capital Increase Through Third-party Allotment

1. Summary of the Capital Increase Through Third-party Allotment

(1) Purpose of the Capital Increase Through Third-party Allotment

To strengthen the collaborative relationship between U-NEXT and subscribers to the Capital Increase Through Third-party Allotment after the Merger

(2) Outline of the Capital Increase Through Third-party Allotment

Payment due date	April 1, 2023
Number of new shares to be issued	1,495 common shares
Method of solicitation or allotment (expected allotted parties)	Third-party allotment TBS HOLDINGS, INC.: 1,251 shares HAKUHODO DY MEDIA PARTNERS INCORPORATED: 244 shares
Shareholder composition of U-NEXT after the issuance	The Company: 97.31% TBS HOLDINGS, INC.: 2.25% HAKUHODO DY MEDIA PARTNERS INCORPORATED: 0.44%

(3) Dates concerning the Capital Increase Through Third-party Allotment

Date of resolution by the Board of Directors for the Capital Increase Through Third-party Allotment (the Company)	February 17, 2023
Date of resolution by the Board of Directors for execution of the Subscription Agreement (U-NEXT)	February 17, 2023
Approval of the Capital Increase Through Third-party Allotment by the Extraordinary General Meeting of Shareholders (U-NEXT)	February 17, 2023
Date of execution of the Subscription Agreement (U-NEXT and the Capital Increase Subscribers)	February 17, 2023
Payment due date for the Capital Increase Through Third-party Allotment	April 1, 2023 (planned)

2. Future outlook

There is no change in the consolidated Group of the Company resulting from the Capital Increase Through Third-party Allotment. The impact of the Capital Increase Through Third-party Allotment on the consolidated operating results of the Company at this point in time is immaterial, and any matters requiring disclosure arising in the future will be promptly disclosed.