



October 23, 2023

To Our Valued Stakeholders

Company Name	GENDA Inc.	
Name of Representative	Representative Director	Mai Shin
	and President	
	(Code No.: 9166 Tokyo Stock Exchange Growth Market)	
contact information (for inquiries)	Director, CFO	Taiju Watanabe
		(TEL 03-6281-4781)

### **Notice Concerning Making Ares Company Limited a Wholly Owned Subsidiary**

GENDA Inc. (Headquarters: Minato-ku, Tokyo; Representative Director and Chairman of the Board: Nao Kataoka; Representative Director and President: Mai Shin; hereinafter "GENDA"), resolved at the meeting of its Board of Directors held today to acquire all shares issued by Ares Company Limited (Headquarters: Matsudo City, Chiba Prefecture; CEO: Ryo Otomi; hereinafter "Ares Company"), a wholesaler of prizes for amusement arcades.

#### 1. Reason for acquisition

GENDA GiGO Entertainment Inc. (Headquarters: Minato-ku, Tokyo; Representative Director and President: Kazuhiro Ninomiya; hereinafter "GENDA GiGO Entertainment"), a GENDA group company, is striving to expand its amusement arcade network through new store openings and mergers and acquisitions, and to enhance its lineup of game machines and prizes in order to provide customers with even more enjoyable entertainment experiences. In the amusement industry, sales of prize games, in particular, have been on an upward trend since 2014, and in fiscal 2021, sales of prize games in the market reached 306.2 billion yen, the highest amount recorded in the past 16 years in the industry. Against this backdrop, GENDA GiGO Entertainment has been aggressively investing in prize games in order to capture the trend of market expansion.

Ares Company has a solid procurement network that procures prize items from toy, general merchandise, food, and other manufacturers throughout Japan, and offers amusement

arcades nationwide the best toys, general merchandise, food, and other items for use as prizes at any given time. We also have the know-how to provide total support for original prizes for amusement arcades, from planning and proposal to manufacturing.

The acquisition of shares is expected to expand the Group's procurement of prizes for amusement arcades, and is also expected to increase the scale of profits for both companies, as Ares Company will assume some of GENDA GiGO Entertainment's prize purchasing operations and GENDA Group will introduce new business partners to Ares Company.

By sharing the knowledge and experience that both companies have cultivated to date, including GENDA GiGO Entertainment's ability to select prizes and Ares Company's procurement network, we will strive to expand and enrich our lineup of more appealing prizes than ever before, with the goal of creating amusement arcades that provide even more enjoyment to our customers.

## 2. Outline of the subsidiary to be acquired (Ares Company Limited)

(1)	Name	Ares Company Limited	
(2)	Location	286-3, Kubohiraga, Matsudo-shi, Chiba, Japan	
(3)	Title and name of representative	Ryo Otomi, CEO	
(4)	Business	Planning, manufacturing and sales of toys, sundries and food products	
(5)	Capital stock	64.5 million yen	
(6)	Date of Establishment	March 1, 2022	
(7)	Major Shareholders and Shareholding Ratio	Search Fund Japan No.1 Investment Limited Partnership Ryo Otomi The shareholding ratio will not be disclosed due to the wish of the counterparty.	
(8)	Listed companies and relationship with the Company	Capital ties	Na
		Personal relations	Na
		Business relations	Na
(9)	Operating results and financial condition of the company		
	Accounting period	Fiscal year ending Feb. 2023	
	Net assets	109 million yen	
	Total assets	410 million yen	
	Net assets per share	8,445.23 yen	
	Net sales	135 million yen	

Operating loss (-)	20 million yen		
Ordinary loss (-)	19 million yen		
Net loss (-)	20 million yen		
Net loss per share (-)	1,554.77 yen		
Dividend per share	-		
( 1 0 )	(Reference Information) Business results and financial position of the absorbed company as of February 1, 2023 (tax included method)		
Accounting period	Fiscal year ending Feb. 2021	Fiscal year ending Feb. 2022	Fiscal year ending Jan. 31, 2023
Net assets	74 million yen	113 million yen	165 million yen
Total assets	274 million yen	335 million yen	531 million yen
Net assets per share	60,827.31 yen	92,039.83 yen	134,866.73 yen
Net sales	948 million yen	1,375 million yen	1,955 million yen
Operating income	32 million yen	65 million yen	108 million yen
Ordinary income	30 million yen	62 million yen	104 million yen
Net income	24 million yen	38 million yen	52 million yen
Net income per share	19,532.56 yen	31,212.52 yen	42,826.91 yen
Dividend per share	-	-	-

\*Ares Company Limited will conduct an absorption-type merger on February 1, 2023, with Search Fund Japan 02, Inc. as the surviving company and Ares Company Limited as the absorbed company, and on the same date, the surviving company, Search Fund Japan 02, Inc. On the same day, the surviving company, Search Fund Japan 02, Inc. changed its name to Ares Company Limited. Therefore, the business results for the fiscal year ending February 28, 2023, show the figures after the absorption-type merger.

### 3. Outline of the counterparty of the Share Acquisition

(1)	Name	Search Fund Japan No.1 Investment Limited Partnership
(2)	Location	8-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo
(3)	Basis of Establishment	Act on Limited Liability Partnership Agreements for Investment Business
(4)	Compositional Purpose	Investment in the form of a search fund
(5)	Composition Date	November 30, 2020
(6)	Total amount of investment	Not disclosed
(7)	Outline of Investors	Development Bank of Japan Inc.

	Japan M&A Center Inc. Career Incubation Inc. Kimitake Ito	
(8)	Outline of General Partner	
	Name	Search Fund Japan, Inc.
	Location	8-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo
	Title and name of representative	Kimitake Ito, CEO
	Business	Management of investment funds in the form of search funds
	Capital stock	20 million yen (including capital reserve)
(7)	Listed companies and Relationship with the Fund	
	Capital ties	Na
	Personal relations	Na
	Business relations	Na
	Related Party Status	Na

(1)	Name	Ryo Otomi
(2)	Address	Taito Ward, Tokyo
(3)	Listed companies and Relationship of the individual concerned	There are no items of note.

4. Number of shares acquired, acquisition price and status of shares held before and after acquisition

(1)	Number of shares held before the change	0 shares
(2)	Number of shares acquired	17,200 shares
(3)	Acquisition cost	Not disclosed
(4)	Number of shares held after the change	17,200 shares

\*The acquisition price is less than 15% of the consolidated net assets of the Company as of the end of the immediately preceding fiscal year, and is undisclosed based on the confidentiality agreement between the parties. The acquisition price was determined through discussions between the parties after reasonable consideration of the results of a stock valuation by outside

experts and legal and financial research.

5. Acquisition schedule

(1)	Date of resolution by the Board of Directors	October 23, 2023
(2)	Date of Signing	Late October 2023 (scheduled)
(3)	Date of Closing	Late October 2023 (scheduled)

6. Future outlook

The impact of this matter on our group's business performance and financial position is expected to be minor. However, if a significant change in business conditions results in a financial impact, we will disclose such information as soon as it becomes clear.