

November 20, 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
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Notice Concerning Succession to a Portion of the Business of YK corporation Co., Ltd through a Company Split (Absorption-Type Split) through an Absorption-Type Demerger

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 its Board of Directors meeting held today that it will transfer its amusement arcade operations in the Tohoku region from YK corporation Co.,Ltd (Headquarters: Aizu Wakamatsu City, Fukushima Prefecture; Representative Director: Yoshihisa Fukuchi; hereinafter "YK corporation"), operator of the "Super Nova" amusement arcade, to GENDA GiGO Entertainment, Inc. (Headquarters: Minato-ku, Tokyo; President: Kazuhiro Ninomiya; hereinafter "GENDA GiGO Entertainment") by means of a company split (absorption-type split) with YK corporation as the splitting company and GENDA GiGO Entertainment as the successor company (hereinafter the "Absorption-Type Split").

The absorption-type demerger will be executed subject to the approval of the relevant proposals at the extraordinary shareholders' meetings of the demerged company and the successor company, respectively, scheduled to be held in late December 2023.

This matter falls within the scope of the Minor Standards for Timely Disclosure of Corporate Restructuring Activities such as Mergers of Subsidiaries, etc. established by the Tokyo Stock Exchange, Inc. and is disclosed on a voluntary basis; therefore, certain items have been omitted.

1. Purpose of the Absorption-type Split

Our Aspiration is "More fun for your days". GENDA GiGO Entertainment, the core of the Group's entertainment platform business, operates amusement arcades and is striving to expand its

network of amusement arcades through new store openings and mergers and acquisitions in order to provide customers with even more enjoyable entertainment experiences.

The market size of the amusement industry has been expanding every year since 2014, driven especially by sales of prize games. Although the market has temporarily shrunk due to the impact of store closures and shorter business hours caused by the outbreak of the new coronavirus, the 306.2 billion yen in sales of prize games in the market in FY2021 is the highest amount in the industry over the past 16 years for which data can be compiled as of today, and in addition, the fact that major companies in the industry, including our group, are generating record profits in FY2022 is a sign that the industry as a whole is on a growth trend. In addition, the fact that the industry's major players, including the Group, are generating record profits in FY2022 indicates that the industry as a whole has emerged from the slump caused by the Covid-19 and entered a phase of further growth. On the other hand, even the top 10 players in the industry have only about 50% of the domestic market share, and we believe that the market has room for industry restructuring. In this environment, we believe that we can provide entertainment experiences that can be enjoyed by more customers by implementing the so-called roll-up strategy of continuous M&A and investing our knowledge and management resources in companies that newly join our group or businesses that come under our group's management. We believe that this will enable us to provide entertainment experiences that will be enjoyed by a greater number of customers.

Since its establishment in 1995, YK corporation has operated six "SUPER NOVA" amusement arcades in the Tohoku region.

By taking over the "SUPER NOVA" business, we expect to increase the efficiency of store operations by mutually utilizing the human resources of GENDA GiGO Entertainment's stores in the Tohoku region, as well as increase the sales of "SUPER NOVA" by sharing GENDA GiGO Entertainment's prize lineup and knowledge of DX.

We will continue to strive to create attractive facilities to all customers who use Super Nova.

2. Summary of the Absorption-type Split

(1) Schedule of the Absorption-type Split

Date of Board of Directors' resolution approving the absorption-type demerger agreement (Splitting company and successor company)	November 20, 2023
Date of conclusion of absorption-type demerger agreement	November 20, 2023

Date of resolution of the general meeting of shareholders to approve the absorption-type demerger (Splitting company and successor company)	Mid-December 2023 (scheduled)
Scheduled date of the absorption-type demerger (effective date)	Late December 2023 (scheduled)

(2) Method of the Absorption-type Split

This absorption-type demerger will be an absorption-type demerger with GENDA Inc. GiGO Entertainment as the successor company and YK corporation Co., Ltd as the demerged company.

(3) Details of the Allotment in relation to the Absorption-type Split

As consideration for the absorption-type demerger, GENDA GiGO Entertainment Inc. will deliver cash to YK corporation Co., Ltd. Based on a confidentiality agreement, the specific amount of money will not be disclosed.

(4) Treatment of stock acquisition rights and bonds with stock acquisition rights in connection with the Absorption-type Split

Not applicable.

(5) Capital to be Increased or Decreased as a Result of the Absorption-type Split

Not applicable.

(6) Rights and obligations to be succeeded

The successor company will succeed to a portion of the assets, liabilities, contracts and other rights and obligations relating to the business to be succeeded to to the extent provided in the absorption-type demerger agreement.

(7) Prospect of fulfillment of obligations

The Company has determined that there are no problems with the prospects for performance of obligations to be assumed by the split company and the successor company in the absorption-type demerger.

3. Basis of the allotment in relation to the Absorption-type Split

The calculation of the amount of money to be delivered by the successor company in the

Absorption-type Split has been agreed upon as a fair and reasonable price upon consultation between the parties.

4. Outline of the Companies Involved in the Absorption-Type Company Split

		split company	successor company
(1)	name	YK corporation Co., Ltd	GENDA GiGO Entertainment Inc.
(2)	Location	8-18 Ekimae-cho, Aizuwakamatsu City, Fukushima Prefecture	9-1, Higashi-Shinbashi 1- chome, Minato-ku, Tokyo
(3)	Title and name of representative	Representative Director Yoshihisa Fukuchi	Representative Director and President Kazuhiro Ninomiya
(4)	Business	Amusement arcade management	Planning and operation of amusement arcade and restaurant facilities
(5)	capital stock	50 million yen	50 million yen
(6)	Date of Establishment	November 1, 1995	April 1, 2004
(7)	accounting period	August	January
(8)	Major Shareholders and Shareholding Ratio	Ryota Fukuchi 89.8% Noriko Fukuchi 10.2%	GENDA Inc. 100%
(9)	Number of shares issued	1,000 shares	17,872 shares
(10)	Relationship between the parties		
	Capital ties	NA	
	Personal relations	NA	
	Business relations	NA	
	Related Party Status	NA	

5. Description of business to be succeeded

(1) Description of business to be succeeded

Amusement arcade management

(2) Items and book value of assets and liabilities to be succeeded (planned)

The assets of the succeeding business will be those fixed and current assets belonging to the subject business that are mutually agreed upon. There are no liabilities to be succeeded.

assets		liabilities	
total amount	896 million yen	total amount	-

6. Outline of Accounting Procedures

This absorption-type split is expected to be classified as an "acquisition" under the accounting standards for business combinations. The allocation of acquisition costs and the amount of goodwill associated with this treatment are currently under scrutiny.

7. Status of the Absorption-type Split

The corporate name, head office address, name of representative, business activities, and fiscal year end of the successor company will be as stated above in "4. Outline of the Companies Involved in the Absorption-Type Company Split".

8. Future outlook

The impact of the absorption-type demerger on consolidated financial results is expected to begin in the fourth quarter of the fiscal year ending January 31, 2024, and is included in the revised consolidated earnings forecast announced today.

If any new information becomes clear that should be announced, such as changes to the earnings forecast, we will disclose it promptly.