



June 27, 2024

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 of Acquisition of Additional Shares of C'traum, Inc.
through Partial Share Exchange

GENDA Inc. (Headquarters: Minato-ku, Tokyo; Representative Director and Chairman of the Board: Nao Kataoka; Representative Director and President: Mai Shin; hereinafter "GENDA") announces that its Board of Directors has resolved at its meeting held today that the acquisition of additional shares of C'traum inc. (Headquarters: Shibuya-ku, Tokyo; CEO, President Representative Director: Kota Watanabe; hereinafter "C'traum"), which operates an import wholesale and domestic sales business of alcoholic beverages, by the partial share exchange. On May 1, 2024, GENDA acquired 20% of the outstanding shares of C'traum, making it a consolidated subsidiary under the effective control criteria.

1. Purpose and reason for Partial Share Exchange

In order to realize our aspiration of "More fun for your days", our group aims to build a global entertainment network and increase the "total amount of fun" distributed in the world. In the process of global expansion of our entertainment business, we will realize our Aspiration by providing more enjoyment to people all over the world.

The Group's growth strategy is "Continuous Transformational Growth" through M&A in the entertainment industry, and the Group operates its business in two segments: Entertainment Platform Business and Entertainment Contents Business. Currently, the

Entertainment Contents business can be broadly classified into two categories: IP Contents, such as animation, and platforms that connect IP Contents and fans. Contents including popular animations, games, and other IP are being created every day around the world, and various platforms are used as a means to deliver these contents to customers. Online platforms include video, music, game streaming, and streaming services, while offline platforms include game arcades, various entertainment facilities, and other places where people can experience real entertainment. The Group will expand and solidify its base in the entertainment business by enhancing the "entertainment platform business" such as amusement arcade operations, which is currently the Group's core business, while gradually expanding into the "entertainment content business" using such platforms. We are also gradually expanding into the "Entertainment Contents Business" using such platforms. This business scheme, for example, allows us to develop our popular IP contents on various platforms operated by our group, increase the number of users of each platform, and promote the use of other platforms to the users of one platform. Our goal is to establish an Entertainment Ecosystem that is unique to our group, where synergies among our group companies are realized along the value chain from upstream (planning and production of IP, etc.) to downstream (deployment of commercialized IP to customers) in the entertainment business. The Group aims to establish an entertainment economic sphere that is unique to the Group.

In the "Entertainment Platform Business," in addition to "Amusement" and "Karaoke," we are developing "Food & Beverage (F&B)" as a platform to deliver "food as entertainment."

In the Entertainment Content Business, we are engaged in "Character Merchandising (MD)," which plans and provides products, events, etc. that utilize characters from popular IPs and the worldview and appeal of those IPs, and "Contents & Promotion," which is the upstream area of IPs, including animation production and publishing. The Company is also engaged in "Content & Promotion," which is the upstream area of IP, including animation production and publishing.

In the domestic amusement arcade operation industry, in addition to the major players that operate nationwide, there are many small and medium-sized amusement arcade operators that are rooted in specific regions. Many of these companies face management issues such as difficulty in streamlining operations, inability to secure sufficient human resources, lagging digitalization, and inability to introduce attractive amusement machines and prizes due to high initial investment.

For companies facing such challenges, our group will provide support for improving management efficiency by offering our knowledge and management resources related to amusement arcade operations through M&A, capital and business alliances, and other

means. Furthermore, our group is actively hiring engineers, and by accelerating DX, we aim to break away from analog operations that have been supported by manual work and on-site experience and intuition, and to be able to provide higher quality services that are more in line with current trends. In addition, we will apply these efforts to the operation of amusement arcades overseas, and aim to realize the Aspiration of our group by providing the world with new "fun" that has never existed before.

Furthermore, we will actively conduct M&A of entertainment companies that can be expected to have synergy effects with our amusement arcade operations, and build a structure in which companies within our group mutually contribute to business expansion and profits.

The Group has established the following systems necessary to respond to M&A and management issues of entertainment companies, including amusement arcade operations.

(i) The Company has a management team well versed in the entertainment industry, represented by former Representative Directors and President and senior management experience of three major amusement arcade operators (Note 1) and former Representative Directors and President and senior management experience in the Entertainment Contents industry (Note 2), and possesses a wealth of industry-specific corporate management know-how. In addition, the company is also capable of sourcing M&As by leveraging its contacts inside the industry and acquiring the management personnel necessary for post merger integration (PMI).

(ii) In the execution of M&A projects, we have in place a team of experienced officers and directors who are capable of leading a series of procedures related to M&A, including business planning that incorporates synergies, due diligence, corporate value calculation, negotiation of transaction terms, contract execution, closing, and financing in the direct and indirect markets. The team is composed of experienced executives and employees who are capable of leading a series of procedures related to M&A.

(iii) Regarding human resources to promote DX for amusement arcade, we have a wealth of experts who have accumulated experience in some of Japan's leading IT companies.

(Note1) Nao Kataoka, Representative Director and Chairman of the Board, has served as Representative Director and President of AEON Fantasy Co.,LTD. Satoshi Ueno, Chairman of the Board of the Board of GENDA GiGO Entertainment has served as Representative Director and President of SEGA Entertainment, Inc.(Currently GENDA GiGO Entertainment Inc.) Kazuhiro Ninomiya, Executive Officer, Head of Amusement Arcade Business and Representative Director and President of GENDA GiGO Entertainment Inc. has served as Executive Officer of Namco Bandai Amusement Inc.

(Note 2) Tatsumi Yoda, Representative Director and President CEO of GAGA Corporation, previously served as Representative Director President and Chairman of the Board of Avex D. D. Inc. (Currently Avex Inc.) Yuzo Sato, Director, CCO and Head of Content & Promotion Business, has served as Representative Director of TBWA \ HAKUHODO Inc. Keiichiro Tanaka, Executive Officer, Head of Character MD Business and Representative Director and President of Fukuya Holdings Co., Ltd. has served as Representative Director and President of Fukuya Co.

With this structure, we will conduct M&A in the "Entertainment Platform Business" and "Entertainment Contents Business," and build a network of entertainment that only GENDA can provide.

Based on the above strategy, the Group is developing Food & Beverage (F&B), which provides food, drinks, etc. as a platform for delivering "food as entertainment."

LEMONADE by Lemonica Co. plans, develops, and manufactures lemonade beverages and sells lemonade in Japan and abroad. The company operates 52 stores in Japan (as of the end of May 2024), mainly through franchises.

Japan Popcorn Co. manufactures and sells gourmet popcorn (high-priced popcorn with high quality taste and aroma) in Japan under the "HillValley" brand, and has three directly managed stores in Japan (as of the end of May 2024), as well as online sales, sales at commercial facilities including cinema complexes, and wholesale sales. In addition, the company sells its products through its online shop, at events held at commercial facilities including cinema complexes, and through wholesale. The company also sells its products at the amusement arcade of GENDA GiGO Entertainment Inc.

GENDA GiGO Entertainment Inc. sells food and beverages in amusement arcades and operates café-style stores in collaboration with popular animations, games, and other IP Contents.

C'traum, on the other hand, was established in December 2016 and is engaged in the import, wholesale, and domestic distribution of alcoholic beverages. Its main business is the authorized distributor in Japan of "Kleiner Fiegling," a liqueur popular among young people. As an easy-to-drink shot party drink, "Kleiner Fiegling" has established popularity among young people and women in restaurants and karaoke clubs, and is gaining recognition on social networking sites as a "picture-perfect" drink. In addition, retail sales, including through major liquor stores, are expanding in line with the growing demand for drinking at home. In addition, the company is working to expand recognition through collaborations with various contents such as animation and characters, as well as music events.

This partial share exchange is expected to expand the scale of the Group's business in both the F&B area and C'traum. Examples are listed as follows;

- (i) To serve as a foothold for the Group's entry into the spirits and liqueur market, a growth area in the food and beverage industry.
- (ii) C'traum's participation in our group, which is also strong in retail sales, will strengthen our group's retail sales.
- (iii) C'traum products, which have many collaborations with IP such as dramas and animations, have the characteristics of products developed on an entertainment platform as defined by GENDA, and by strengthening sales of alcoholic beverages in our group, we can expand the entertainment experience we can offer to our customers.
- (iv) The unification of C'traum and GENDA Group's supply chain functions should lead to the optimization of the Group's supply chain in the F&B area.

This transaction will utilize the partial share exchange introduced in the revised Companies Act, which went into effect on March 1, 2021.

Under the partial share exchange plan, the partial share exchange parent company inherits shares of the partial share exchange subsidiary through partial share exchange to make the partial share exchange subsidiary into its subsidiary, and shares of the partial share exchange parent company are delivered to the transferor of the partial share exchange subsidiary as consideration for such shares of partial share exchange subsidiary.

After the partial share exchange, Mr. Kota Watanabe, CEO, President Representative Director of C'traum, will remain in his position. In making C'traum a subsidiary of the Company, we have decided to use the partial share exchange because we believe that Mr. Watanabe's new ownership of the Company's shares will be a major incentive for the management of C'traum and, in turn, will enhance the corporate value of the Company group.

Under this partial share exchange plan, we will allot and deliver 16,583.75 shares of our common stock for each share of C'traum's common stock, and the minimum number of shares of C'traum's common stock to be exchanged will be 120 shares. The number of the Company's common stock to be allotted and delivered in exchange of C'traum's common share under the partial share exchange plan will be 1,990,050 shares, which represents 2.88% of our 69,058,000 outstanding shares of common stock as of April 30, 2024.

(Note) The Company conducted a 2-for-1 stock split on June 1, 2024, and the total number of shares issued by the Company as of April 30, 2024, has been adjusted to reflect this stock split.

2.Summary of this partial share exchange

(1) Schedule for this partial share exchange

(1)	Our Board of Directors approves the partial share exchange plan	June 27, 2024
(2)	Date of application for transfer of shares of the partial share exchange subsidiary	July 26, 2024
(3)	Effective date of partial share exchange	July 30, 2024

(2) Method of this partial share exchange

This is a partial share exchange in which GENDA will be the partial share exchange parent company and C'traum will be the partial share exchange subsidiary. In accordance with the provisions of Article 816-4, Paragraph 1 of the Companies Act, this partial share exchange is scheduled to be conducted without obtaining approval by a resolution of the general meeting of shareholders through a simplified partial share exchange procedure.

(3) Allotment of shares for this partial share exchange (partial share exchange ratio)

For each share of C'traum's common stock, the Company will allot and deliver 16,583.75 shares of the Company's common stock. The shares of common stock of the Company to be delivered by the Company as an allotment with respect to shares of C'traum through this partial share exchange will be allotted to the newly issued 1,990,050 shares of common stock to be issued by the Company.

The minimum number of shares of C'traum common stock to be transferred to the Company shall be 120 shares. In the event that there is a fraction of less than one share resulting from this partial share exchange, the Company will, pursuant to Article 234 of the Companies Act, sell the number of shares of common stock of the Company equivalent to the total of such fractions (any fraction of less than one share in such total shall be rounded down) and deliver the proceeds to the shareholders of Citram in proportion to such fractions.

(4) Treatment of stock acquisition rights and bonds with stock acquisition rights in connection with the Share Issuance

Not applicable.

3. Basis, etc. of the Allotment of Shares for this Partial Share Exchange

(1) Basis and reason for the allotment

In order to ensure the fairness and appropriateness of the partial share exchange ratio to be used for this partial share exchange, the Company appointed Bridge Consulting

Group, Inc. as a third-party valuation agent independent of the Company and C'traum, and obtained a partial share exchange ratio valuation report for this partial share exchange as of June 26, 2024. After comprehensively considering and reviewing the results of the valuation of the partial share exchange ratio for the shares of C'traum submitted by Bridge Consulting Group Inc., as well as factors such as the financial conditions, asset conditions, and future business activity prospects of both companies, the Company we have finally concluded that the partial share exchange ratio described in "(3) Allotment of shares for this partial share exchange (partial share exchange ratio)" above is within the range evaluated by Bridge Consulting Group Inc. and that it is appropriate and not harmful to the interests of the shareholders. This partial share exchange ratio is subject to change upon consultation between the Company and the shareholders of C'traum in the event of material changes in the conditions on which the valuation is based.

(2) Matters related to valuation

(i) Name of the valuation institution and its relationship with the Company and C'traum

The Bridge Consulting Group, Inc. is not a related party of the Company nor C'traum and does not have any material interest to be noted in connection with this partial share exchange.

(ii) Summary of Calculation

Bridge Consulting Group Inc. determined that the market price method would produce a sufficiently appropriate result when evaluating the value of the Company's shares as consideration for the partial share exchange, because the Company's common stock is listed on the Growth Market of the Tokyo Stock Exchange and has a market price and high liquidity in the trading market. Therefore, the market price method was used to evaluate the value of the shares.

Recruitment Methods	Calculation results (per share of common stock)
market share price method	1,554 yen - 1,792 yen

In addition, it is difficult to objectively and rationally determine which fiscal year's profit level should be used for profit and multiple, which are the calculation elements of the comparable listed company method, because the level of profit fluctuates significantly depending on the progress and certainty of future business initiatives to be implemented by Citram. The discounted cash flow method (hereinafter "DCF method") was adopted to reflect the future business activities in the valuation. The DCF method

was adopted for the calculation.

Recruitment Methods	Calculation result (per share of common stock)
DCF method	26,515,067 yen - 27,560,020 yen

As a result, the valuation of the partial share exchange ratio for one share of C'traum's common stock, assuming that the value per share of the Company's common stock is 1, is as follows.

	Share Exchange Ratio Calculation Results
common stock	14,796 - 17,734

Under the market price method, the Company's stock value was analyzed based on the closing price of the Company's stock on the Growth Market of the Tokyo Stock Exchange on June 26, 2024, and the simple average of the closing price of the stock for the last one month.

Under the DCF method, the stock value was calculated by discounting the free cash flows that C'traum is expected to generate in the future by a certain discount rate to arrive at a present value based on the business plan provided by C'traum for the period from November 2024 to November 2028. The weighted average cost of capital was used as discount rate at 10.06% ranging from 8.06% to 12.06% .

Based on the results of this valuation, the range of the partial share exchange ratio using the Company's market share price method was calculated as 14,796 to 17,734 for one share of C'traum's common stock.

Bridge Consulting Group, Inc. has not independently verified the accuracy or completeness of the information provided by the Company and C'traum, and has assumed that all such materials and information are accurate and complete and that there are no facts that could materially affect the valuation of the partial share exchange ratio that have not been disclosed to Bridge Consulting Group, Inc. In addition, with respect to the assets and liabilities (including contingent liabilities) of the Company and C'traum, Bridge Consulting Group, Inc. has not independently verified the accuracy and completeness of each individual asset and each individual liability, and has not conducted any independent evaluation, appraisal or assessment of the assets and liabilities (including contingent liabilities) of the Company or Citram. In addition, it is assumed that the information regarding C'traum's business plan, which was referred to in the valuation, was reasonably prepared by C'traum's management based on their best estimates and judgment available at the time. The results of Bridge Consulting Group, Inc.'s analysis reflect information and economic conditions as of June 26, 2024.

The business plan is not premised on the implementation of this partial share exchange. The valuation of the partial share exchange ratio by Bridge Consulting Group, Inc. does not express an opinion on the fairness of the partial share exchange ratio, and we have not obtained a written opinion (fairness opinion) to the effect that the partial share exchange ratio is fair to our common shareholders from a financial point of view.

(3) Likelihood of and reasons for delisting

Not applicable.

(4) Measures to avoid conflicts of interest and other measures to ensure fairness

In order to ensure the fairness and appropriateness of the partial share exchange ratio to be used for this partial share exchange, the Company appointed Bridge Consulting Group, Inc. as a third-party valuation agent independent of the Company and C'traum, and obtained a partial share exchange ratio valuation report for this partial share exchange as of June 26, 2024. For a summary of the valuation report, please refer to 3.(2) "Matters related to calculation" (ii) "Summary of Calculation" above.

4.Outline of the parties to this partial share exchange

(1) Parent company through partial share exchange

(1)	Name	GENDA Inc.
(2)	Location	17F Tokyo Shiodome Building, 1-9-1 Higashi-Shinbashi, Minato-ku, Tokyo
(3)	Title and name of representative	Representative Director and Chairman of the Board Nao Kataoka Representative Director and President Mai Shin
(4)	Business	Entertainment Platform Business Entertainment Contents Business
(5)	Capital stock	2,184 million yen
(6)	Date of Establishment	May 2018
(7)	Total number of shares issued and outstanding	69,058,000 shares
(8)	Fiscal Year Ended March 31, 2012	January
(9)	Number of	Consolidated: 11,063 (as of February 29, 2024)

	Employees																							
(10)	Main Clients	SEGA CORPORATION BANDAI SPIRITS CO., LTD. FURYU Corporation																						
(11)	Main Banks	Mizuho Bank, Ltd.																						
(12)	Major Shareholders and Shareholding Ratio (as of the end of January 2024)	<table border="0"> <tr> <td>Hideki Yoshimura Midas B Investment Limited Partnership</td> <td>39.07%</td> </tr> <tr> <td>Nao Kataoka</td> <td>14.86%</td> </tr> <tr> <td>Midas Capital G Fund Limited Liability Partnership</td> <td>4.67%</td> </tr> <tr> <td>Custody Bank of Japan, Ltd.</td> <td>4.29%</td> </tr> <tr> <td>SSBTC CLIENT OMNIBUS ACCOUNT</td> <td>3.83%</td> </tr> <tr> <td>CEPLUX-THE INDEPENDENT UCITS PLATFORM 2</td> <td>3.59%</td> </tr> <tr> <td>Mai Shin</td> <td>3.46%</td> </tr> <tr> <td>Shin Mai LLC</td> <td>3.01%</td> </tr> <tr> <td>Marinfood Co., Ltd.</td> <td>1.75%</td> </tr> <tr> <td>GROWING Co., Ltd.</td> <td>1.75%</td> </tr> </table>			Hideki Yoshimura Midas B Investment Limited Partnership	39.07%	Nao Kataoka	14.86%	Midas Capital G Fund Limited Liability Partnership	4.67%	Custody Bank of Japan, Ltd.	4.29%	SSBTC CLIENT OMNIBUS ACCOUNT	3.83%	CEPLUX-THE INDEPENDENT UCITS PLATFORM 2	3.59%	Mai Shin	3.46%	Shin Mai LLC	3.01%	Marinfood Co., Ltd.	1.75%	GROWING Co., Ltd.	1.75%
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(13)	Financial position and operating results for the past three years (consolidated)																							
Accounting period	Year ending January 31, 2022	Year ending January 31, 2023	Year ending January 31, 2024																					
Net assets	7,744 million yen	11,240 million yen	19,664 million yen																					
Total assets	26,708 million yen	31,033 million yen	52,141 million yen																					
Net assets per share	242.45 yen	353.27 yen	566.44 yen																					
Net sales	38,111 million yen	46,091 million yen	55,697 million yen																					
Operating income	4,024 million yen	4,244 million yen	5,370 million yen																					
Ordinary income	3,939 million yen	4,011 million yen	5,216 million yen																					
Attributable to: Shareholders of the parent company	2,727 million yen	3,494 million yen	4,178 million yen																					
Net income																								
Net income per share	93.58 yen	109.99 yen	126.41 yen																					
Dividend per share	-	-	-																					

(2) Subsidiary through partial share exchange

(1)	Name	C'traum inc.
(2)	Location	10-15, Shibuya 2-chome, Shibuya-ku, Tokyo
(3)	Title and name of representative	Kota Watanabe, Representative Director and President

(4)	Business	Import, wholesale and domestic sales of alcoholic beverages		
(5)	Capital stock	1,500 thousand yen (as of November 30, 2023)		
(6)	Date of Establishment	December 7, 2016		
(7)	Total number of shares issued and outstanding	150 shares (as of November 30, 2023)		
(8)	Fiscal Year Ended March 31, 2012	November		
(9)	Number of Employees	0 persons		
(10)	Main Clients	Waldemar Behn GmbH		
(11)	Main Banks	Mizuho Bank, Ltd.		
(12)	Major shareholders and their shareholding ratios	Kota Watanabe 80.00% GENDA Inc. 20.00%		
(13)	Relationship with parent company through partial share exchange	Capital ties	The Company owns 20% of C'traum's shares.	
		Personal relations	The Company dispatches officers to C'traum.	
		Business relations	NA	
		Status of related to related parties	GENDA owns 20% shares of C'traum and C'traum is a consolidated subsidiary under the effective control criteria.	
(14)	Financial position and operating results for the past three years			
	Accounting period	Year ending Nov. 30, 2021	Year ending Nov. 30, 2022	Year ending Nov. 30, 2023
	Net assets	1,583,819 thousand yen	1,980,263 thousand yen	2,654,723 thousand yen
	Total assets	2,290,857 thousand yen	2,245,127 thousand yen	3,258,993 thousand yen
	Net assets per share	10,558,793.51 yen	13,201,756.09 yen	17,698,156.87 yen
	Net sales	2,012,362 thousand yen	2,642,251 thousand yen	2,290,370 thousand yen
	Operating income	1,064,784 thousand	1,180,478 thousand	1,098,771 thousand

	yen	yen	yen
Ordinary income	1,072,820 thousand yen	1,207,394 thousand yen	1,106,840 thousand yen
Net income	699,412 thousand yen	396,444 thousand yen	674,460 thousand yen
Per share Net income	4,662,747.42 yen	2,642,962.57 yen	4,496,400.78 yen
Dividend per share	-	-	-

5. Situation after the Partial Share Exchange

(1) There will be no change in the Company's name, address, name and title of representative, composition of officers, business activities, management structure of subsidiaries, or fiscal year end as a result of this partial share exchange shares.

(2) There will be no change in C'traum's name, location, business activities, or fiscal year end as a result of this partial share exchange.

6. Outline of the accounting treatment of this partial share exchange

The partial share exchange is expected to be accounted for as an acquisition under the accounting standards for business combinations. Goodwill is expected to be recognized as a result of this partial share exchange, but the details are still under scrutiny.

7. Future outlook

The impact of this matter on our group's business performance and financial position is currently under scrutiny. In the event that a significant change in business conditions results in a financial impact, we will disclose such information as soon as it becomes clear.