



August 30, 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 Regarding the Succession of a Part of the Business of Matahari Entertainment Co.,Ltd and the Opening of a New Store

GENDA Inc. (Headquarters: Minato-ku, Tokyo; Representative Director and Chairman of the Board: Nao Kataoka; Representative Director and President: Mai Shin; hereinafter "GENDA") announced today that its Board of Directors resolved at a meeting held today that GENDA GiGO Entertainment Inc. (Headquarters: Minato-ku, Tokyo; Representative Director and President: Kazuhiro Ninomiya; hereinafter "GENDA GiGO Entertainment"), a consolidated subsidiary of GENDA, will succeed the business of one amusement facility (location: Tsukuba City, Ibaraki) operated by Matahari Entertainment Co.,Ltd (Headquarters: Kawasaki City, Kanagawa; President: Yasunori Yamanaka; hereinafter "Matahari Entertainment"), which operates amusement facilities in Kanto Region, through a company split (absorption-type split) with Matahari Entertainment as the splitting company and GENDA GiGO Entertainment as the successor company (hereinafter "the Absorption-Type Split").

The Absorption-type Company Split will be implemented on the condition that the relevant proposals are approved and adopted at the extraordinary shareholders' meetings of the Splitting Company and the Succeeding Company scheduled to be held in early October 2024.

After the Absorption-type Company Split, the stores to be succeeded will be newly opened as "GiGO tonarie CREO Tsukuba (tentative name)" from October 2024.

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 Company Split

Our aspiration is "More fun for your days". GENDA GiGO Entertainment, the core of the GENDA 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. As of July 31, 2024, the Group had 776 stores, of which 349 were amusement arcades. In order to provide customers with more enjoyable entertainment experiences, the Group is working to expand its network of amusement facilities through new store openings and M&A.

The market size of the amusement industry has been expanding year by year since 2014, driven by sales of prize games in particular. Although the market has temporarily shrunk due to the impact of store closures and shorter business hours caused by the Covid-19 virus outbreak, the 325 billion yen(*1) in sales of prize games in the market in FY2022 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 the industry's major players, including the Group, are generating record profits in FY2023 indicates that the industry as a whole has emerged from the slump caused by the new Covid-19 virus 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 it can provide entertainment experiences that can be enjoyed by more customers by implementing a so-called roll-up strategy of continuous M&A and investing its knowledge and management resources in companies that newly join the GENDA group or businesses that come under the management of the GENDA group. We believe that this will enable us to provide entertainment experiences that will be enjoyed by as many customers as possible.

Matahari Entertainment operates amusement facilities in the Kanto region. This time, we will acquire one of the stores through a company split (absorption-type split) and open a new store as "GiGO tonarie CREO Tsukuba (tentative name)" from October 2024.

The participation of the store in our group is expected to increase the efficiency of store operations through the sharing of human resources and DX expertise, as well as the introduction of our original prizes under the GiGO PRIZE brand of prizes developed by GENDA GiGO Entertainment and an increase in the purchasing power of amusement machines and prizes due to the increase in the number of stores are expected to boost the profits of the store.

We will continue to strive to create attractive facilities to all customers who visit our amusement

arcade.

(* 1) Source: "Survey of the Amusement Industry," Japan Amusement Industry Association

2. Outline of the Absorption-type Company Split

(1) Schedule of the Absorption-type Company Split

Date of Board of Directors Resolution on Approval of Absorption-type Company Split Agreement (Split Company and Succeeding Company)	August 30, 2024
Date of conclusion of absorption-type demerger agreement	August 30, 2024
Date of Resolution of the General Meeting of Shareholders for Approval of the Absorption-type Company Split (Split Company and Succeeding Company)	Early October 2024 (scheduled)
Scheduled date of the absorption-type company split (Effective date)	October 10, 2024 (scheduled)

(2) Method of the Absorption-type Company Split

The Absorption-type Company Split will be an absorption-type company split in which GENDA GiGO Entertainment Inc. will be the succeeding company and Matahari Entertainment Co.,Ltd will be the splitting company.

(3) Details of allocation in the Absorption-type Company Split

As consideration for the absorption-type company split, the Company plans to pay money to Matahari Entertainment. Based on the confidentiality agreement, the specific amount will not be disclosed.

(4) Treatment of Stock Acquisition Rights and Bonds with Stock Acquisition Rights in Connection with the Absorption-type Company Split

Not applicable.

(5) Changes in capital due to the Absorption-type Company Split

Not applicable.

(6) Rights and obligations to be succeeded

The succeeding company will succeed a part of the assets, liabilities, contracts and other rights and obligations related to the business to be succeeded within the scope specified in the

absorption-type company split agreement.

(7) Prospects for fulfillment of obligations

In the Absorption-type Company Split, the Company has judged that there is no problem with the prospect of fulfillment of the obligations to be borne by the split company and the successor company.

3. Basis for the allocation of the Absorption-type Company Split

The calculation of the amount of money to be delivered by the Successor Company in the Absorption-type Company 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 Split

	Split company	Succeeding company
(1) Name	Matahari Entertainment Co.,Ltd	GENDA GiGO EntertainmentInc.
(2) Location	580-16 Horikawacho, Saiwai Ward, Kawasaki-shi Kawasaki Tech Center 19th Floor	1-9-1 Higashishinbashi, Minato-ku
(3) The title and name of the representative person	President Yasunori Yamanaka	President and Representative Director Kazuhiro Ninomiya
(4) Description of business	Operation of amusement arcade	Planning and operation of amusement arcade Planning and operation of restaurant facilities Mini-location business, etc
(5) Capital stock	¥ 10 million	¥ 50 million
(6) Date of establishment	June 20, 2020	April 1, 2004
(7) Accounting period	March	January
(8) Major shareholders and percentage of	Matahari Holdings Co.,Ltd: 100%	GENDA Inc. : 100%

	shares held		
(9)	Number of shares issued	200 shares	17,872 shares
(10)	Relationship between the parties		
	Capital ties	N/A	
	Personal relations	N/A	
	Business relations	N/A	
	Related Party Status	N/A	

5. Details of the business to be succeeded

(1) Details of the business to be succeeded

One Amusement arcade

(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	40 million yen	Total	-

6. Outline of accounting treatment

The absorption-type split is expected to fall under the category of "acquisition" under the Business Combination Accounting Standards. The allocation of acquisition cost and the amount of goodwill associated with this processing are currently being scrutinized.

7. Status after the Absorption-type Company Split

The corporate name, location of the head office, name of the representative, description of business, and fiscal year-end of the Successor Company are as stated in "4. Outline of the Companies Involved in the Absorption-type Split" above, and no changes after the Absorption-type Company Split are planned at this time. The amount of net assets and the amount of total assets will not be determined.

8. 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.