

## **GENDA Announces Acquisition of Amusement Facility Operator in North America—Financial Burden Will Increase, but No Need to Immediately Revise Rating**

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on the acquisition of Pixel Intermediate Holding Corporation, which holds Player One Amusement Group Inc. under its umbrella, by GENDA Inc. (security code: 9166).

- (1) Today, GENDA Inc. (the “Company”) announced that it will acquire 100% of the shares of Pixel Intermediate Holding Corporation through its consolidated subsidiary Kiddleton, Inc. (Kiddleton), making Pixel Intermediate Holding Corporation a consolidated subsidiary. Pixel Intermediate Holding Corporation is a holding company, and its group companies are engaged in the operation of amusement facilities and the sale and distribution of equipment in the North American region (hereafter, the entire group collectively will be referred to as Player One). The acquisition price, including advisory fees, is approximately 26 billion yen, and the Company plans to use cash on hand and borrowings to finance the acquisition.
- (2) At present, Kiddleton and National Entertainment Network, LLC (NEN) are operating businesses in North America, and NEN has a network of 19 game centers and approximately 10,000 mini-locations. The addition of Player One (104 game centers and approximately 2,000 mini-locations) is expected to further expand the entertainment platform network in North America. Player One has a large number of game machines installed per location, and it has strengths in developing locations where long-term contracts can be expected. After the acquisition, the Company aims to accelerate the sales growth by installing mini cranes and introducing “kawaii” prize. JCR will pay attention to the progress of PMI measures.
- (3) This will be the largest acquisition to date for the Company. Although the financial burden such as an increase in interest-bearing debt and goodwill will increase accordingly, JCR believes that it will continue to maintain disciplined management, including the maintaining a certain level of leverage. JCR will monitor future investment trends, financing for the acquisition, and changes in the financial structure.

Akihisa Motonishi, Naoki Muramatsu

<Reference>

Issuer: GENDA Inc.

Long-term Issuer Rating: BBB+      Outlook: Stable

### **Japan Credit Rating Agency, Ltd.**

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