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GA TECHNOLOGIES



July 16, 2024

To whom it may concern

Company Name: GA technologies Co., Ltd.

Representative: Ryo Higuchi

President, Representative Director, Executive Officer and CEO

(Code Number: 3491 Tokyo Stock Exchange- Growth)

Contact: Satoshi Matsukawa, Executive Officer CAO

(TEL: +81-3-6230-9180)

Notice Concerning Commencement of Tender Offer for Shares of MERCURY REALTECH INNOVATOR Inc. (Securities Code: 5025) and Execution of Capital and Business Alliance Agreement (Summarized)

GA technologies Co., Ltd. (hereinafter, the “Tender Offeror”) announces that it has determined, by the resolution of its Board of Directors as of July 16, 2024, to acquire the common shares (hereinafter, the “Target Company shares”) of MERCURY REALTECH INNOVATOR Inc. (listed on the Growth Market of the Tokyo Stock Exchange, Inc. (hereinafter, the “TSE”), securities code: 5025. Hereinafter, the “Target Company”.) through a tender offer (hereinafter, the “Tender Offer”), based on the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended. Hereinafter, the “FIEA”), and to execute a Capital and Business Alliance Agreement with the Target Company.

1. Overview of the Tender Offer

The Tender Offeror determined by the resolution of its Board of Directors meeting as of July 16, 2024, to implement the Tender Offer to acquire the Target Company Shares which is listed on the Growth Market of the TSE to make the Target Company a subsidiary of the Tender Offeror. As of the date hereof, the Tender Offeror holds 80,000 shares (Ownership ratio (Note): 2.87%) of the common share issued by the Target Company.

Note: “Ownership ratio” means the percentage of the number of the Target Company Share to shares outstanding as of May 31, 2024(2,744,000 shares) which is described in the Financial Results for the Three Months Ended May 31, 2024 released by the Target Company on July 16, 2024 (hereinafter, the “Financial Results”), and shares subject to the existing Stock Acquisition Rights and the Stock Acquisition Rights which will be issued before the Settlement Commencement Date according to the report from the Target Company (hereinafter, the “Stock Acquisition Rights” as a general term for the Stock Acquisition Rights. See the overview of the Stock Acquisition Rights from the table below and regarding the 12th stock acquisition rights refer to the “Notice regarding the granting of stock options (stock acquisition rights) to the Company’s director (excluding audit committee members) and an employee” announced by the Target Company today. 179,000 shares) will be added to the shares outstanding (2,923,000 shares), and subtract the treasury stocks (130,900 shares) as the date hereof described in the Financial Results, to get shares outstanding for the calculation (2,792,100 shares, hereinafter the “basis shares outstanding”. Round to the third decimal place. The same rounding will be applied in the calculation of the ownership ratio.)

Date of Resolution	Name	Exercise Period	Number of the Stock Acquisition Rights (Units)	Number of shares subject to the Stock Acquisition
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				Rights (Shares)
December 20, 2018	Fifth Series Stock Acquisition Rights	December 21, 2020~ December 20, 2028	1,040	104,000
February 25, 2019	Sixth Series Stock Acquisition Rights	February 26, 2021~ February 25, 2029	4	400
January 29, 2021	Eighth Series Stock Acquisition Rights	January 30, 2023~ January 29, 2031	127	12,700
June 30, 2021	Tenth Series Stock Acquisition Rights	July 1, 2023~ June 30, 2031	6	600
June 14, 2023	Eleventh Series Stock Acquisition Rights	July 1, 2025~ May 31, 2033	213	21,300
July 16, 2024 (Scheduled to issue on August 1, 2024)	Twelfth Series Stock Acquisition Rights	August 2, 2026~ July 16, 2034	400	40,000
Total			1,790	179,000

In the Tender Offer, the Tender Offeror has concluded Tender Agreement (hereinafter, the “Tender Agreement”) on July 16, 2024, with (i) Mr. Takahiro Jin, the representative director and CEO of the Target Company and major shareholder, and the largest shareholder of the Target Company (as of the February 29, 2024. Shares holding: 1,105,000 shares, Ownership ratio: 39.58%), and (ii) JINX Inc. (hereinafter, the “JINX”. Combine Mr. Takahiro Jin and the JINX, the “Tender Shareholder”)., an asset management company which all shares outstanding are held by Mr. Takahiro Jin and relatives, a major shareholder and the second largest shareholder of the Target Company (Shares holding: 555,000 shares, Ownership ratio: 19.88%), and agreed to tender 1,105,000 Shares, held by Mr. Takahiro Jin (Ownership ratio: 39.58%) and 239,000 shares, a part of shares held by the JINX (Ownership ratio: 8.56%) to the Tender Offer (Hereinafter, the total of tendered shares, 1,344,000 shares (ownership ratio: 48.14%), which the Tender Shareholder has agreed to tender in the Tender Offer will be referred to as the “Agreed Tender Shares”). Mr. Takahiro Jin has provided 700,000 shares out of the 1,105,000 shares, and JINX has provided 300,000 shares out of the 555,000 shares as collateral to Tokai Tokyo Securities Co., Ltd. However, in this subscription agreement, Mr. Takahiro Jin and JINX are required to release the respective collateral rights related Agreed Tender Shares and tender Agreed Tender Shares after the release. Furthermore, the Tender Offeror has executed the capital and business alliance contract (hereinafter, the “Capital and Business Alliance Contract”. The alliance based on the Capital and Business Alliance Contract will be referred as the “Capital and Business Alliance”) on July 16, 2024.

The Tender Offeror aims to acquire majority of the total voting rights of the Target Company by acquiring the Agreed Tender Shares from the Tender Shareholder, to make the Target Company a consolidated subsidiary. Therefore the Tender Offeror has set the minimum number of the shares to be purchased the same as the Agreed Tender Shares of 1,344,000 shares (Ownership ratio: 48.14%), and if the number of shares which will be tendered in the Tender Offer (the “Tender Shares”) will not meet the minimum number of the shares to be purchased, all the Tender Shares will not be purchased. On the other hand, the Tender Offeror aims to make the Target Company a consolidated subsidiary by the Tender Offer, and the Tender Offeror is not intend to delist the Target Company, and therefore, in the case of Successful Tender Offer, the Tender Offeror is intend to maintain the listing of the Target Company, the Tender Offeror set the maximum amount of the shares to be purchased as 1,344,000 shares(ownership ratio: 48.14%). Therefore, if the total of the Tendered shares exceeds the maximum amount of the shares to be purchased (1,344,000 shares), all or part of the exceeds shares will not be purchased, and will be delivery and settlement of the shares on proportionately basis which is stipulated in the article 27-13, paragraph 5 of the FIEA and the article 38 of the Cabinet

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Office Ordinance on Disclosure Required for Tender Offer for Share certificates, etc. by Person Other than Issuer (Act No. 32 of 1990, as amended) (hereinafter, the “Ordinance”). In such circumstance, the Agreed Tender Shareholder will own part of the Agreed Tender Shares after the Tender Offer, the Tender Offeror has heard that the Tender Shareholder plans to continue holding the shares. According to the Target Company, as stated in the “Plan to meet continued listing criteria” disclosed by the Target Company on May 31, 2024, the Target Company’s market capitalization of tradable shares falls below the criteria set by the continued listing criteria and the Target Company has set out to consider requesting cooperation from major shareholders and corporate entities, and there have been no changes to this initiative.

2. Background, Purpose and Decision-making Process of the Tender Offer

The Tender Offeror is established by Mr. Ryo Higuchi, the incumbent President, Representative Director, Executive Officer and CEO, with the purpose of the digitalization of real estate transactions utilizing technology, under trade name of GA Co., Ltd., later renamed as Global GA Co., Ltd. in January 2014, and later changed to current trade name GA technologies Co., Ltd. in July 2016. The Tender Offeror’s share was listed in the Mothers Market of the TSE in July 2018, and as of date hereof is listed in the Growth Market of the TSE due to market reformation of the TSE in April 2022.

The Tender Offeror has upheld the vision of “building a world-leading company that inspires and impresses people with the power of technology and innovation” since its founding and has the basic policy of solving problems of various industries by DX through providing transparent and seamless customer experiences. As of date hereof, the Tender Offeror group consists of the Tender Offeror and 51 subsidiaries (hereinafter, the “Tender Offeror Group”) to operate “RENOSY Marketplace Business”, “ITANDI Business” and “Other Business”.

The Tender Offer Group is operating in the real estate industry which has five business categories; investment and operation, management, rental, development and sale, and distribution, and the RENOSY Marketplace business is in investment and operation, and management, and the ITANDI business is in management and rental. The real estate investment market has a market size of about 65 trillion yen (Note 1), and the market for pre-owned condominiums smaller than 50m² in the Tokyo metropolitan area, which is area the Tender Offeror Group is focusing on, has a market size of about 1.5 trillion yen (Note 2). In addition, market size of the ITANDI business is expected to be about 304 billion yen (Note 3) with the number of rental houses in Japan which real estate management business is related to as 19.25 million houses (Note 4), the number of annual tenant application for houses which real estate rental business is related to as 3.25 million (Note 5).

Note 1. Source: NLI Research Institute Co., Ltd. “Size of the real estate investment market in Japan” (released on March 12, 2021)

Note 2. Tokyo Kantei Co., Ltd. “Press release on the newly built and pre-owned condominium market in the Tokyo metropolitan area” (January 2021) and “Press release on the market trends of newly built and pre-owned condominiums (Tokyo metropolitan area)” (May 2021), registered property data from the Real Estate Information Network for East Japan Distribution Organization (January 2021) and estimated based on the performance of the top 10 investment real estate companies.

Note 3. Estimated by the Tender Offeror based on the “Statistical Summary of Building Contractors” disclosed on the website of Real Estate Transaction Improvement Organization as of May 2023 and the unit price in the system provided by ITANDI.

Note 4. Ministry of Internal Affairs and Communications / Ministry of Economy, Trade and Industry “2016 Economic Census - Activity Survey Results”.

Note 5. Estimated based on the cancellation rate for FY2022 of those who used the ITANDI system (Moushikomiuketsuke-kun) from the number of contracts.

The Tender Offeror Group believes that the real estate investment and operation, in addition to management and

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rental, which the Tender Offer is involved in, have high compatibility with technology. Specifically, investment property can be quantified in terms of rental income, price and yield, making it similar to financial instruments such as stocks. It can be invested in from a remote location, even from overseas, and approximately 90% of buyers purchase without conducting a physical viewing. Furthermore, rental real estate incurs lower costs compared to buying, making it more convenient and easier to move. It is also easier to switch residences, leading to lower demand for physical viewings. Additionally, with the revision of the Real Estate Brokerage Act in May 2022, it is now possible to conduct the explanation of the disclosure statement using IT tools (such as the explanation of the disclosure statement for rental contracts through web conferences using IT tools), allowing for remote procedures without the need to visit a physical location.

On the other hand, according to the Target Company's press release, the Target Company was established under trade name of Office Caster Co., Ltd. in May 1991 (hereinafter, the "Office Caster"), and the Target Company started the real estate marketing system business when the Target Company acquired Core net business, which provided real estate data service to newly built condominium industries from bankruptcy trustee of Digital Ware Co., Ltd. (hereinafter, the "Digital Ware") in May 1999. The Target Company renamed to MERCURY Inc. when it merged with Ex Inc., the company established mainly by former employee of the Digital Ware, including Mr. Takahiro Jin, the incumbent representative director and CEO of the Target Company, and later changed trade name to the current name in October 2021. Furthermore, according to the Target Company's disclosure "Notice of Change of Trade name, partial change of articles of incorporation and executive appointment" which was released on April 24, 2024, the Target Company is scheduled to change its trade name to MERCURY Inc. on September 1, 2024. The Target Company's share was listed in the Mothers Market of the TSE in February 2022, and as of date hereof, is listed in the Growth Market of the TSE due to market reformation of the TSE in April 2022.

The Target Company has a motto of "repayment of kindness with gratitude (Ho-on)", expresses the management philosophy to "Have gratitude for receiving joy and environment for growth from people, always challenging to create valuable future with indomitable spirit", and has the business philosophy to "create satisfaction for every stakeholder of real estate transaction with real estate IT revolution".

The Target Company has been accumulating real estate data of newly built condominiums in three major metropolitan areas for over thirty years by collecting materials such pamphlets of those condominiums, enabling them to provide real estate marketing systems to real estate business operators such as developers of newly built condominiums, real estate brokers, real estate sellers, housing manufacturers, etc. It is said that real estate with the features of being difficult to measure value, known as "one thing, four values", requires accurate real estate value analysis for customers to have confidence in their choices when engaging in real estate transactions and they have been developing and utilizing a reliable real estate data with accurate backing for many years to support this.

In terms of capital relationship between the Tender offeror and the Target Company, as of the date hereof, the Tender Offeror holds 80,000 shares of the Target Company shares (Ownership ratio: 2.87%) by investment from the Tender Offeror to the Target Company in 2019 for purpose of strengthening the relationship between them and expanding real estate related data and strengthening of data strategy.

In the surrounding business environment of the Target Company, there are expectations of continued improvement in employment and income conditions, as well as a gradual recovery in the economy. Despite the continuation of a low-interest rate environment and rise in construction materials and labor costs, the average price of newly built condominiums is showing a solid trend. The pre-owned condominium industry is also thriving, with prices of the pre-owned condominiums in the Tokyo metropolitan area continuing to rise. In terms of financial policy, the Bank of Japan's outlook for price increase is moderate, and it is assumed that the monetary easing policy will

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continue, creating an environment that supports the expansion of existing housing distribution.

Based on such environment, the Target Company aims to increase revenue and operating profit in both services for newly built condominium business operators (newly built condominium domain) and for real estate brokers (pre-owned condominium domain) in the platform business.

In newly built condominium domain, while widely utilized in the newly built condominium industry as real estate marketing systems, the Target Company has been promoting average spending per customer by replacing existing services to the SaaS model and utilizing it as opportunity for upsell by increasing number of users (accounts) of the Target Company service.

In pre-owned condominium domain, the Target Company provides data which is based on pamphlets of newly built condominiums which has been collected by the Target Company over the course of several years, to real estate brokers. Compared to the newly built condominium domain, in which the Target Company already has high market share, the Target Company recognizes there is room for growth in this area and is promoting expansion with two strategies: increase in number of subscribers and content provided.

In addition, the Target Company recognizes following issues to be addressed with higher priority from the perspective of both business and finance; ① Strengthening of stable revenue base through development and provision of new services for customer needs, ② Strengthening of system development capability and optimization of development through acquiring of talent, ③ Strengthening of internal management system aligned with development and growth of business.

Under these circumstance, Mr. Ryo Higuchi, the President, Representative Director, Executive Officer and CEO of the Tender Offeror, had continuously discussed with Mr. Takahiro Jin, the representative director of the Target Company, for possibility of a capital and business alliance to create further enterprise value by collaboration between the Tender Offeror Group and the Target Company since around January 2024, and in a discussion held on April 24, 2024, the Tender Offeror and the Target Company shared the view that construction of capital and business alliance between the Tender Offeror and the Target Company will contribute to further growth, development and creation of enterprise value for the Tender Offeror Group and the Target Company, and in order to further strengthen the collaboration of them, it is preferable to the Target Company to join the Tender Offeror Group by becoming consolidated subsidiary of the Tender Offeror. Furthermore, the Tender Offeror and the Target company believe that maintaining the listing of the Target Company's shares even after the Tender Offer will enhance the Target Company's corporate value by ensuring transparency in management as an independent listed company, thereby preserving the target company's current corporate culture and management autonomy. It is considered important not to make the Target Company a wholly-owned subsidiary, but rather to acquire more than 51% of the Target Company share, taking into account the possibility of exercising Stock Acquisition Rights, and to make it a consolidated subsidiary. Additionally, when acquiring shares from minority shareholders, it is considered desirable to acquire share form the Target Company's existing shareholders to avoid the risk of the Target Company's free float ratio falling below the listing maintenance criteria. Under such circumstance, the Tender Offeror has received offer from Mr. Takahiro Jin that while Mr. Takahiro Jin maintain involvement to management, as the mean for capital alliance, the Mr. Takahiro Jin has intention to sell the Agreed Tender Shares held by the Agreed Tender Shareholder to the Tender Offeror. Based on the discussion, the Tender Offeror has considered the structure to set the maximum amount of shares to be purchased as 1,344,000 shares and the Agreed Tender Shareholder will maintain hold the Target Company Share.

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The Tender Offeror and the Target Company believe that through this capital and business alliance, they can further strengthen the enterprise value of both groups. Specifically, they believe that following measures can be taken. Details of specific initiatives by both companies after the completion of the Tender Offer will be discussed and considered by both parties in the future.

- (I) Construction and provision of more comprehensive and precise real estate database by utilizing real estate database owned by the Target Company, and real estate database and database provision platform owned by the Tender Offeror Group. This is expected to solve the “asymmetry of information,” which is considered to be a current issue in the real estate industry.
- (II) Construction of more optimized and profitable business by mutually utilizing business know-how of real estate database owned by the Tender Offeror and the Target Company.
- (III) Other matters agreed upon between the Target Company and the Tender Offeror.

As a result of the above considerations and negotiations, the Tender Offeror has determined that there is a high likelihood of creating business synergies by enabling closer mutual complementation and effective utilization of management resources such as personnel and know-how between the Tender Offeror Group and the Target Company through the Target Company becoming a consolidated subsidiary of the Tender Offeror through the Tender Offer. Additionally, both the Tender Offeror and the Target Company have reached an agreement that in order to continuously enhance the enterprise value of both groups, it is necessary to enter into the Capital and Business Alliance Agreement between the Tender Offeror and the Target Company after discussions and negotiations related to business synergies on July 12, 2024. By establishing a strong partnership, combining the know-how and data held by both groups, it is agreed that laying the foundation for the real estate data business is essential.

Based on the discussion and consideration, the Tender Offeror has determined in the Board of Director Meeting on July 16, 2024, (i) to conduct the Tender Offer with Tender Offer Price as 509 yen (Rounded off the decimal points. The same applies to the calculation of the tender offer price), (ii) to execute the Capital and Business Alliance Agreement with the Target Company, and (iii) to conclude the Tender Agreement with the Agreed Tender Shareholder.

The detail of the Tender Offer as part of the transaction is as follows.

- (1) Name of the Target Company
MERCURY REALTECH INNOVATOR, Inc.
- (2) Subject of Shares to be Purchased
Common stock
- (3) Tender Offer Price
509 yen per share of common stock
- (4) Period for Purchase
From Wednesday, July 17, 2024 to Wednesday, August 14, 2024 (20 business days)
- (5) Settlement Commencement Date
Wednesday, August 21, 2024
(Note) Stipulated in the FIEA Article 27-10, paragraph 3, the Settlement Commencement Date will be Wednesday, September 9, 2024, when the Target Company submits the Opinion Report requesting the extension of the Tender Offer Period.

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(6) Number of Shares to be Purchased in the Tender Offer

Number of shares to be purchased	Minimum number of shares to be purchased	Maximum number of shares to be purchased
1,344,000 shares	1,344,000 shares	1,344,000 shares

Note 1. If the number of shares which will be tendered in the Tender Offer will not meet the minimum number of the shares to be purchased (1,344,000 share), all the Tender Shares will not be purchased. If the number of shares which will be tendered in the Tender Offer will exceeds the maximum amount of the shares to be purchased (1,344,000 share), all or part of the exceeds shares will not be purchased, and will be delivery and settlement of the shares on proportionately basis which is stipulated in the article 27-13, paragraph 5 of the FIEA and the article 38 of the Cabinet Office Ordinance on Disclosure Required for Tender Offer for Share certificates, etc. by Person Other than Issuer (Act No. 32 of 1990, as amended) (“Ordinance”).

Note 2. There is no plan to acquire treasury stock of the Target Company through the Tender Offer.

Note 3. Fractional shares are subject of the Tender Offer. In the event shareholder exercise their rights to demand the purchase of the fractional shares in accordance with the Company Act (Act. No 86 of 2005, as amended), the Target company may repurchase its own shares during the Tender Offer Period with legal procedures.

(7) Tender Offer Agent

Mizuho Securities Co., Ltd. 1-5-1 Otemachi, Chiyoda-Ku, Tokyo

Further details of the Tender Offer will be described in the Tender Offer Notification scheduled to be submitted on July 16, 2024, which will be submitted by the Tender Offeror regards the Tender Offer.