



# **FY2024/1 Q2 Earnings Presentation**



**September 8, 2023**

- 1. Company Profile / Business Overview**
2. FY2024/1 Q2 Earnings Results
3. Topics / M&A Transactions
4. Appendix



## Representative Director and President Mai Shin

Graduated from the University of Tokyo, Faculty of Economics

April 2007, joined Goldman Sachs & Co.

April 2016, Director, Financial Products Development Department

January 2018, Managing Director (youngest at the time)

August 2018, joined GENDA as Director

Current position since June 2019

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## Message from the President

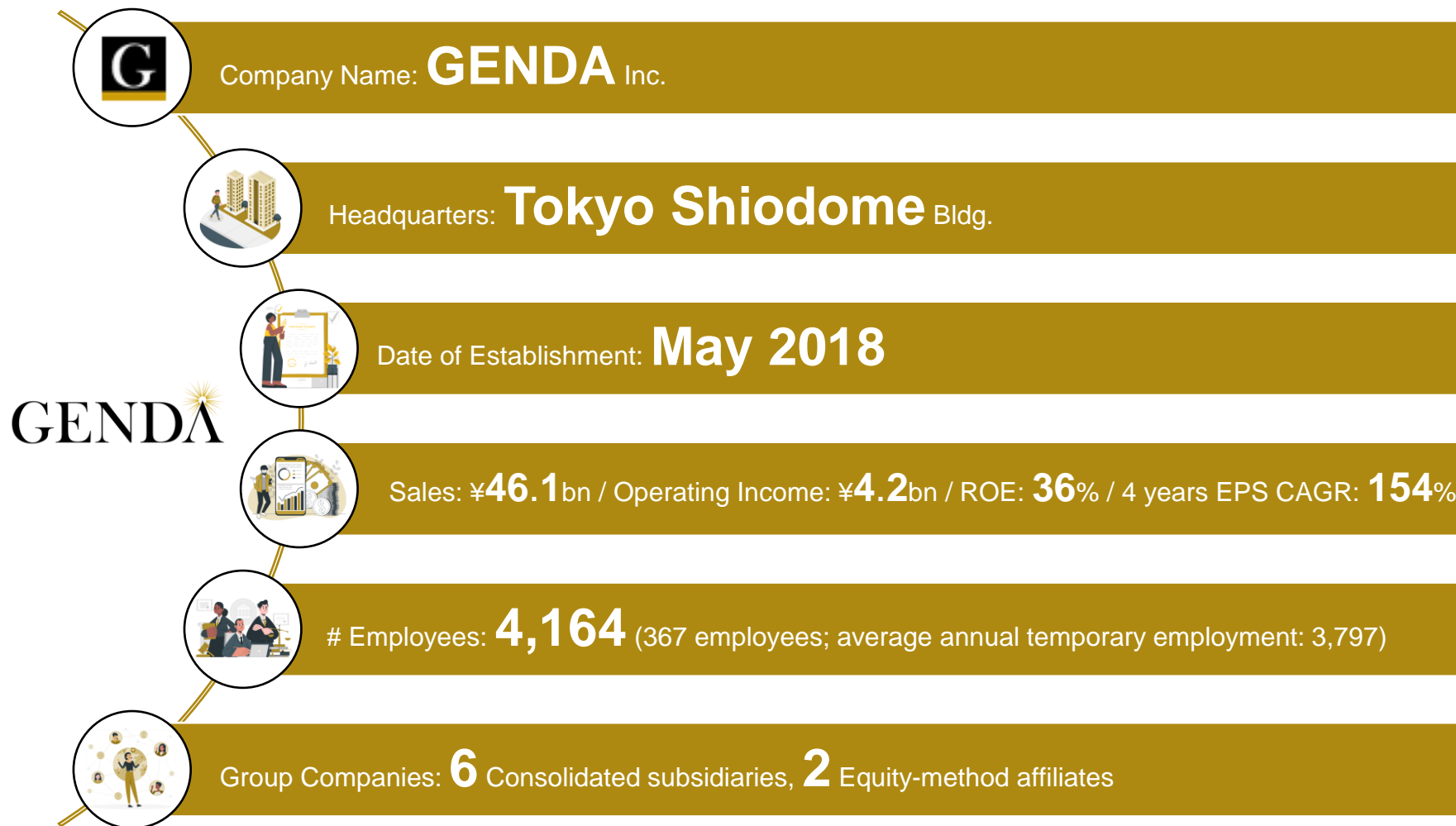
GENDA is an Entertainment tech company. We believe "fun" is essential for people to live a fulfilling life. That is why our Aspiration is to "More fun for your days".

With members that share our Aspiration, we aim to become the world's No.1 entertainment company by pursuing new challenges every day following the three GENDA values of "Speed is King," "GRIT and GRIT," and "Enjoy our Journey" as guiding principles.

# GENDA at a Glance



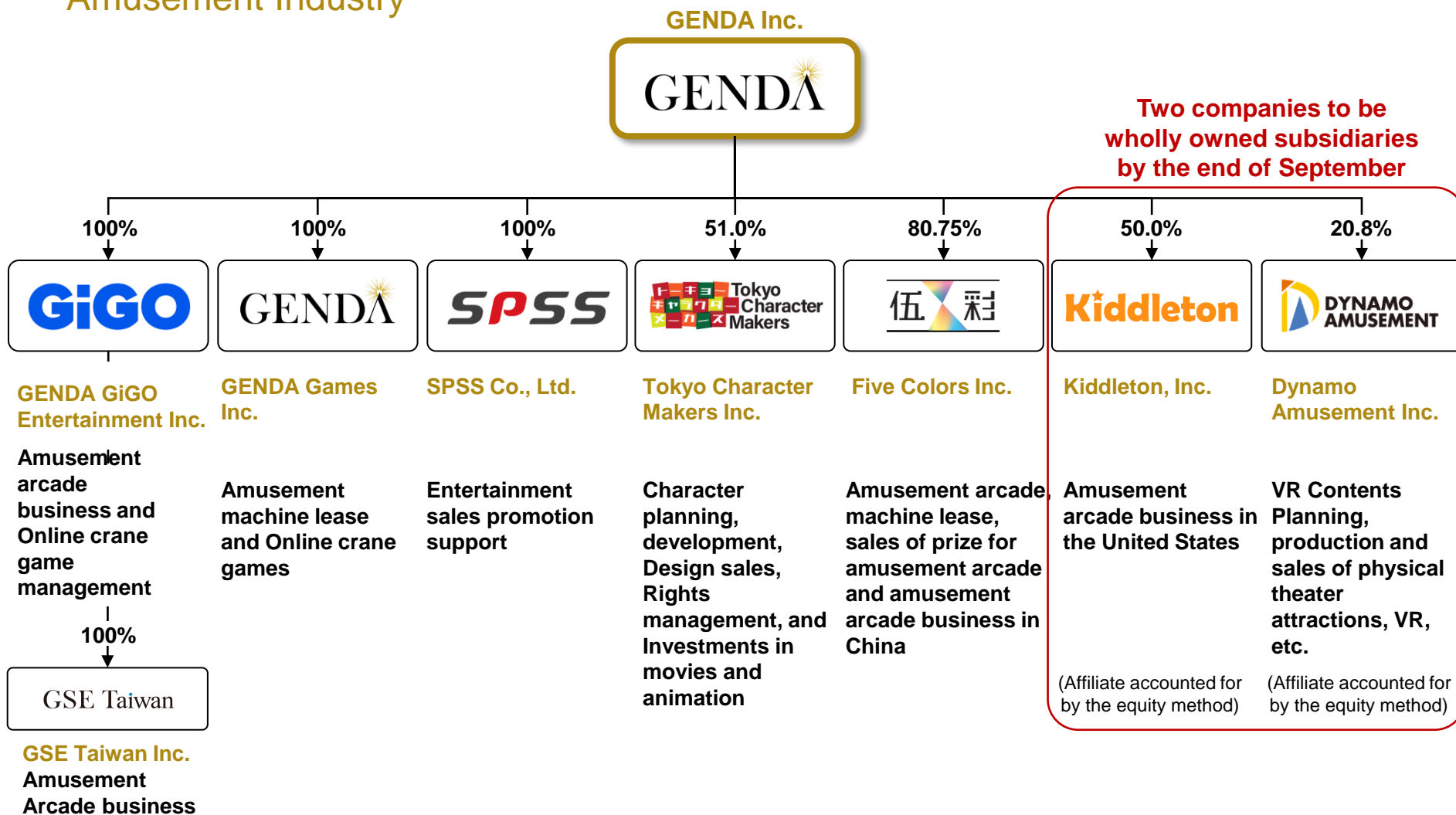
FY2023/1 Consolidated Actual Results Basis



Note: All figures are based on consolidated results for the fiscal year ending January 31, 2023. "EPS" refers to "earnings per share".

# Overview of GENDA Group

GENDA is a Pure Holding Company of Entertainment Companies centered in Amusement Industry



**Aspiration**

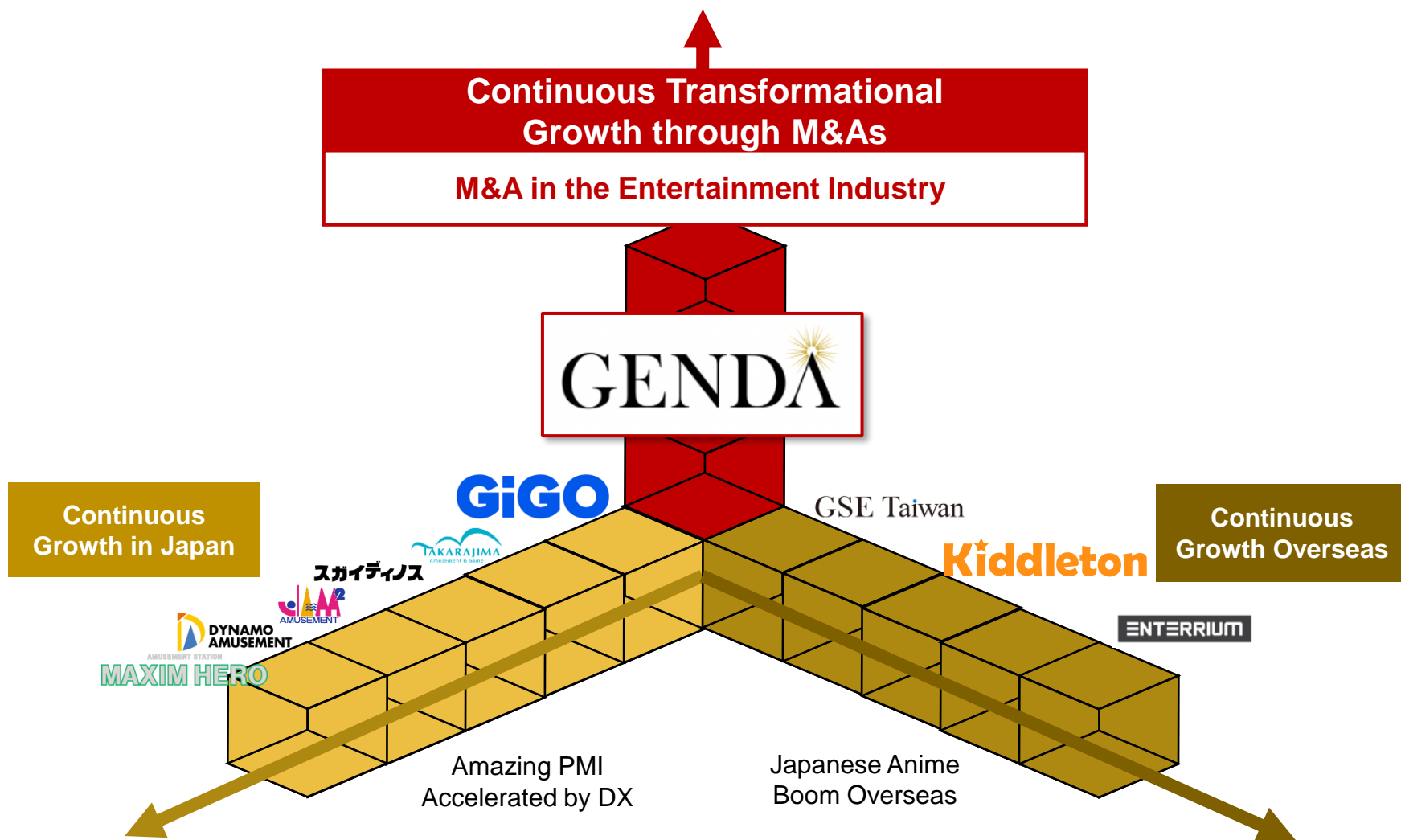
**More fun  
for  
your  
days**

**=**

**Vision**

**World's No.1  
Entertainment  
Company in  
2040**

# Growth Strategy ≡ M&A in the Entertainment Industry



Note: A conceptual diagram regarding our envisioned growth strategy. PMI refers to the integration process and management to ensure the integration benefits of M&A.

# M&A Track Record of 15 Transactions

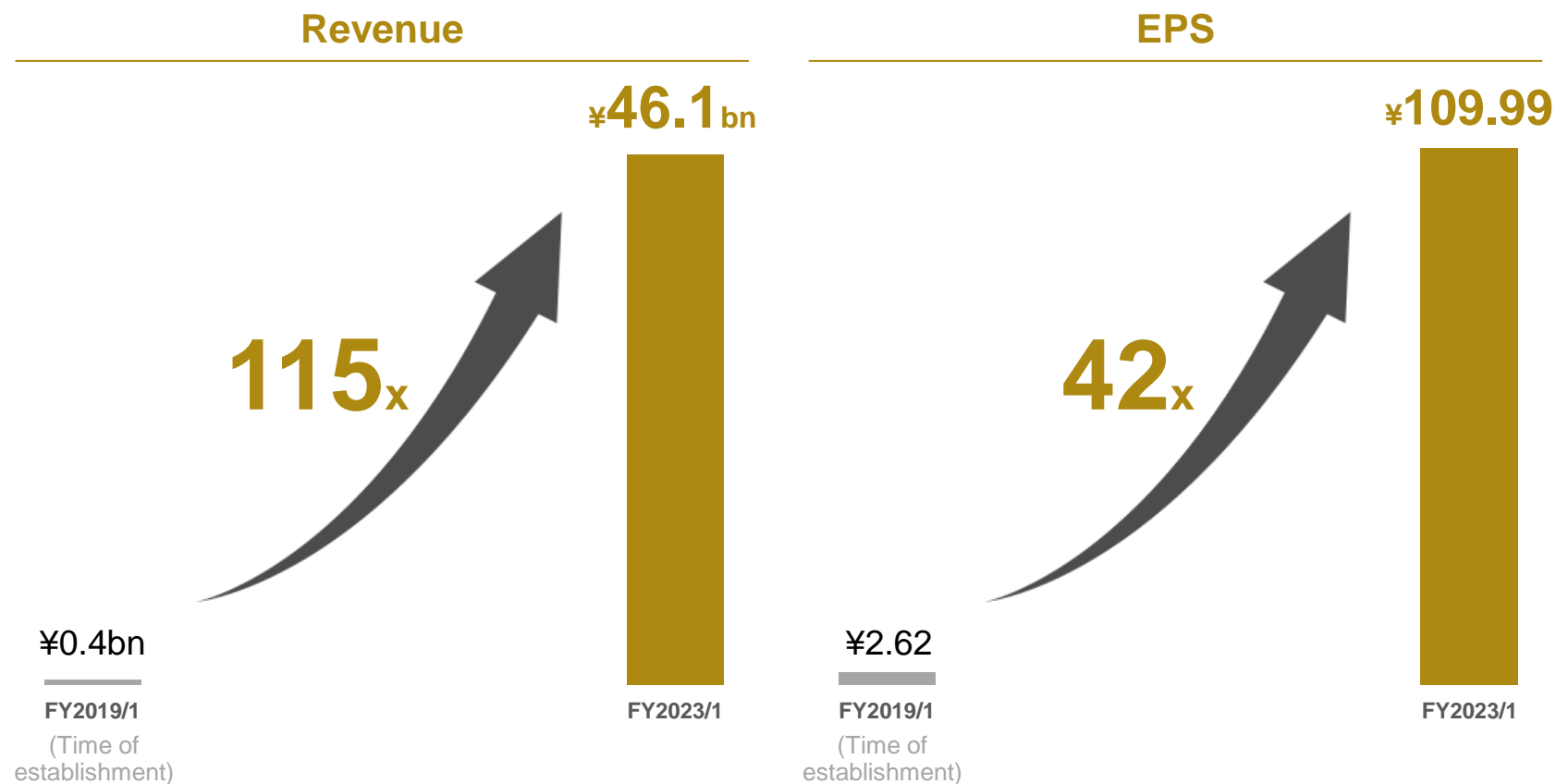
1	Jun. 2018		Acquisition 100% stake of <b>SPSS</b>
2	Jul. 2019		Established Kiddleton, a JV in the US with <b>ROUND ONE</b>
3	Dec. 2020		Acquisition of <b>SEGA Entertainment</b> (85.1%)
4	Apr. 2021		Acquisition of <b>Bandai Namco</b> 's North American store
5	Oct. 2021		Capital Alliance with <b>Dynamo Amusement</b> (VR business)
6	Dec. 2021	GSE Taiwan	Acquisition of amusement arcade business of <b>SEGA TAIWAN AMUSEMENT</b>
7	Jan. 2022		Acquisition of <b>SEGA Entertainment</b> (100%)
8	Jan. 2022		Acquisition of <b>Takarajima</b> (100%)
9	Jun. 2022		Capital alliance with <b>Hashilus</b> and Dynamo Amusement
10	Oct. 2022		Acquisition of amusement arcade business and bowling center business or, and investment in cinema operation business of <b>Sugai Dinos</b>
11	Oct. 2022		Acquisition of amusement arcade business of <b>Avice</b>
12	Sept. 2023		Assets transferred from <b>WASD</b>
13	Sept. 2023		<b>Kiddleton</b> becomes wholly owned subsidiary (100%) (planned)
14	Sept. 2023		Making <b>Dynamo Amusement</b> a wholly owned subsidiary (100%) (planned)
15	Oct. 2023		Acquisition of fixed assets, etc. from <b>Amuzy</b> (planned)



# Growth through M&A with emphasis on Maximizing “Per Share Value”

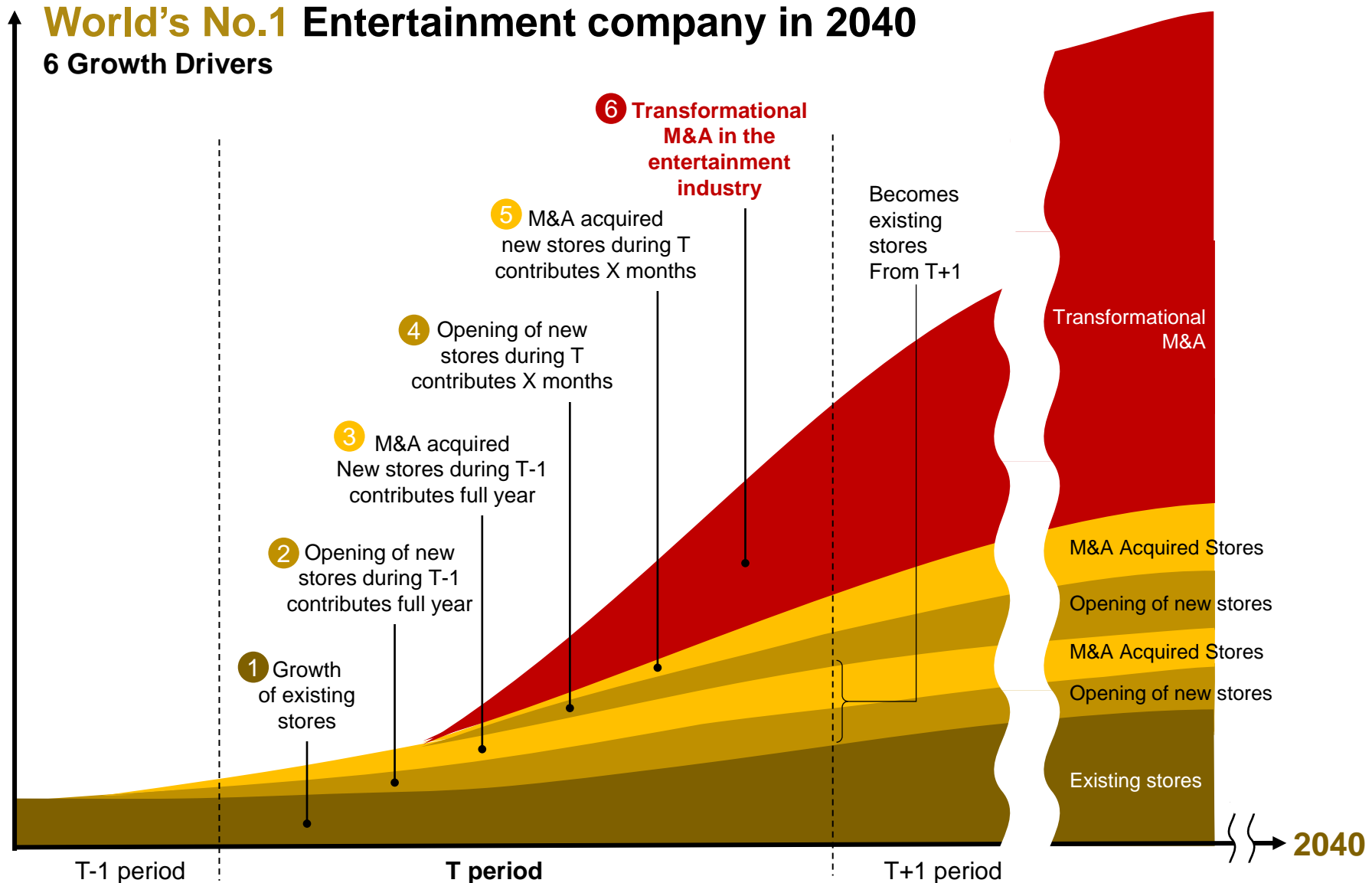
The result of continued avoidance of EPS dilutive financing methodologies, despite sales growth of 115x mainly through M&A, **EPS also grew to 42x**

Based on the focus on EPS, we will continue to pursue the maximization of not only “Equity Value” but also **“Per Share Value”** in the future



Note: EPS refers to earnings per share.

# Illustrative Diagram of GENDA's Growth

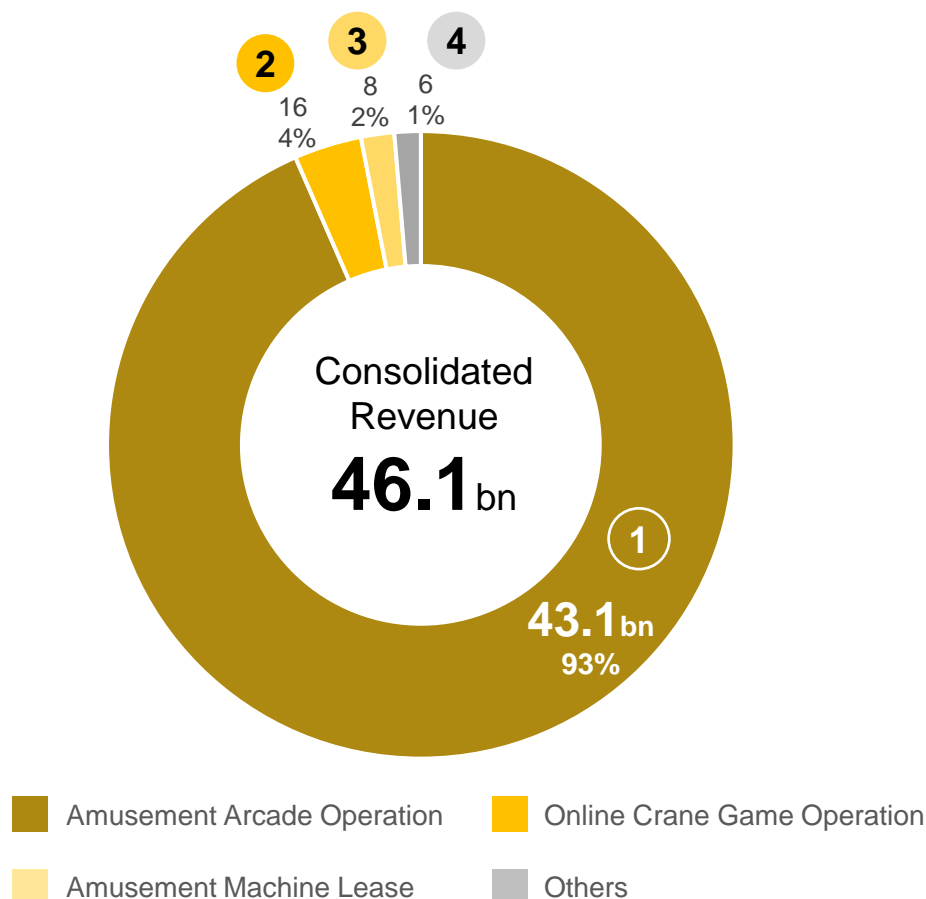


# Business Overview of GENDA Group

## 4 Businesses centered with the main Business of Amusement Arcades

Business Segments	Subsidiaries
1 Amusement Arcade	 GSE Taiwan 伍科  (Equity-method affiliates)
2 Online Crane Game	 (GENDA Games) 
3 Amusement Machine Lease	 (GENDA Games) 
4 Others	  伍科  (Equity-method affiliates)

Consolidated Revenue FY2023/1



# Amusement Arcade Business

## Operation of 251 Stores Nationwide through 3 different Store Formats

### Urban Stores



GiGO Tenjin  
Fukuoka



GiGO  
Akihabara 5th

Primarily located in station fronts and downtown districts in the metropolitan area of Tokyo and Kansai. Offer excellent accessibility from train stations and various forms of entertainment including latest games and collaboration cafes.

### Shopping Center Stores



GiGO Mirai Nagasaki  
COCOWALK



GiGO Aeon Mall  
Takaoka

Primarily located in large suburban commercial facilities and offer a wide range of universally appealing game genres that can be enjoyed by people of all ages, from small children to adults.

### Suburban Roadside Stores



GiGO Irima



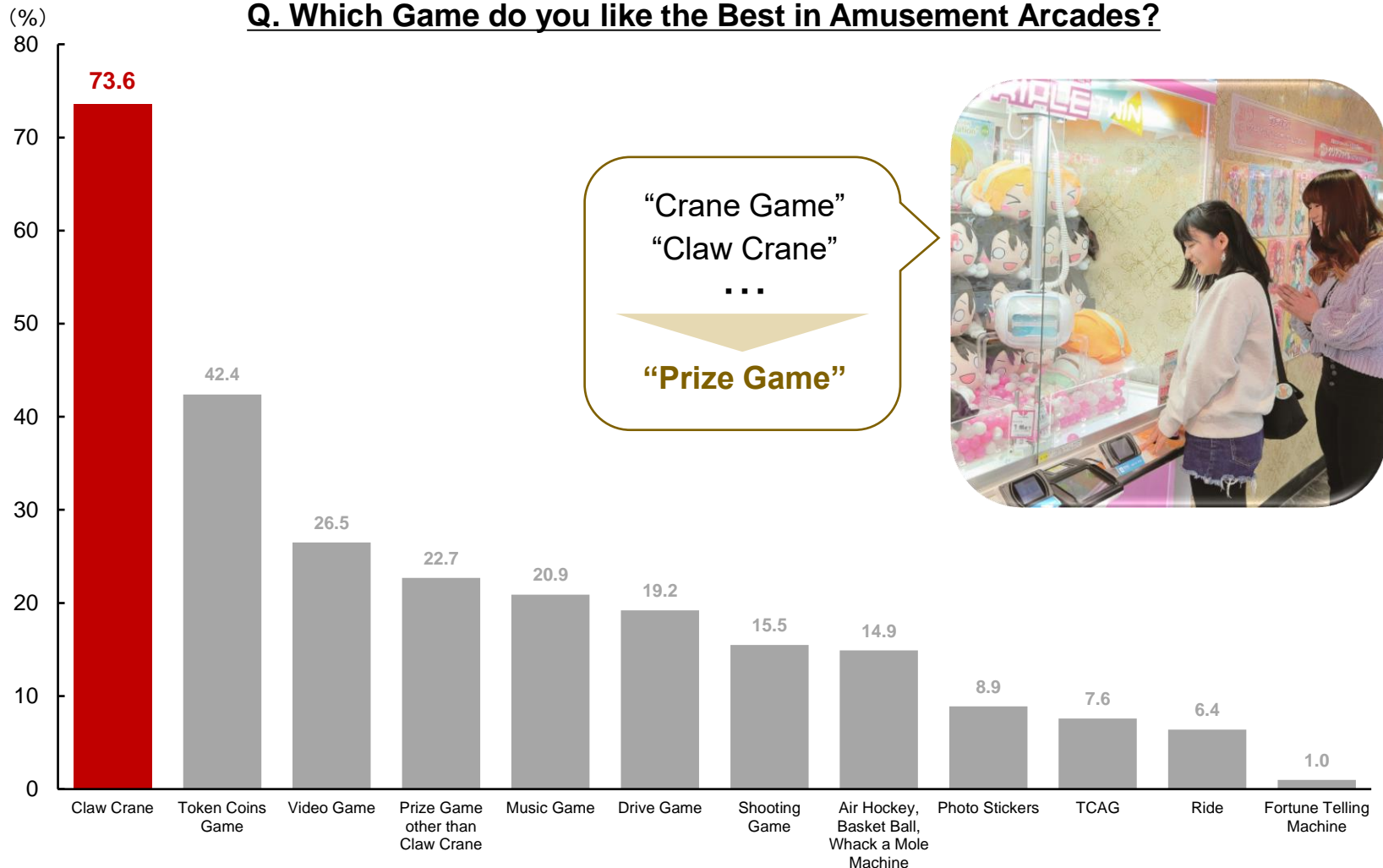
GiGO Hiwada

Situated along major national highways, occupying standalone premises on their own grounds. Offer excellent accessibility by car with ample parking facilities. Designed to be family-friendly.

*Note: Number of stores as of August 2023.*

## Prize Games are very popular in Amusement Arcades Today

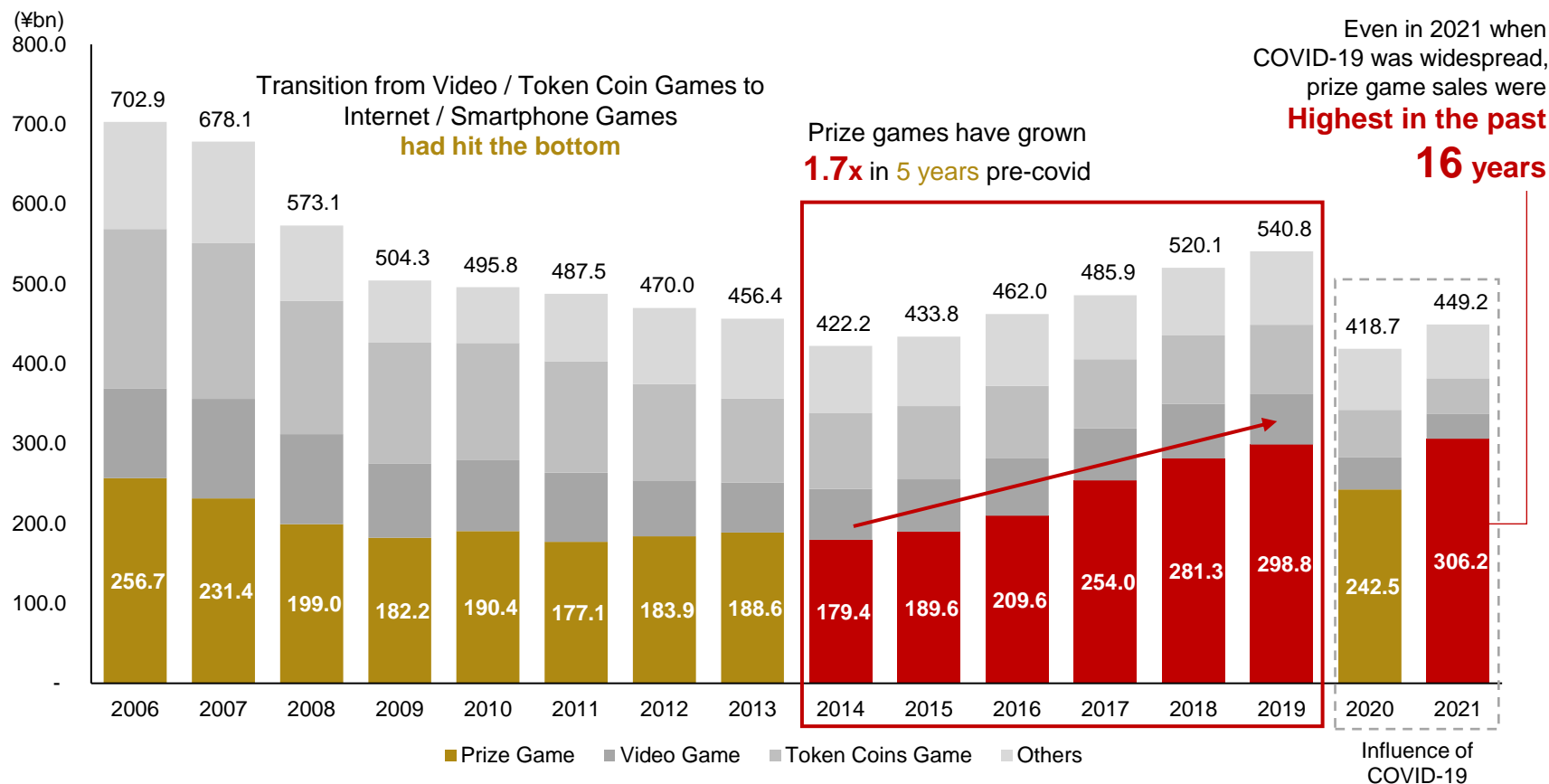
**Q. Which Game do you like the Best in Amusement Arcades?**



Source: Japan Amusement Machine (JAIA), "Questionnaire on amusement arcades" (from November 23, 2019 to February 23, 2020) (Multiple choices allowed)  
Note: Place: JAIA "Game Day" official website and "Number of respondents: 1,677 (1,218 game center users, 459 non-game center users).

# Amusement Arcade Business (cont'd)

Rapid Growth of Prize Games has resulted in a Market Size of ¥540.0bn in 2019



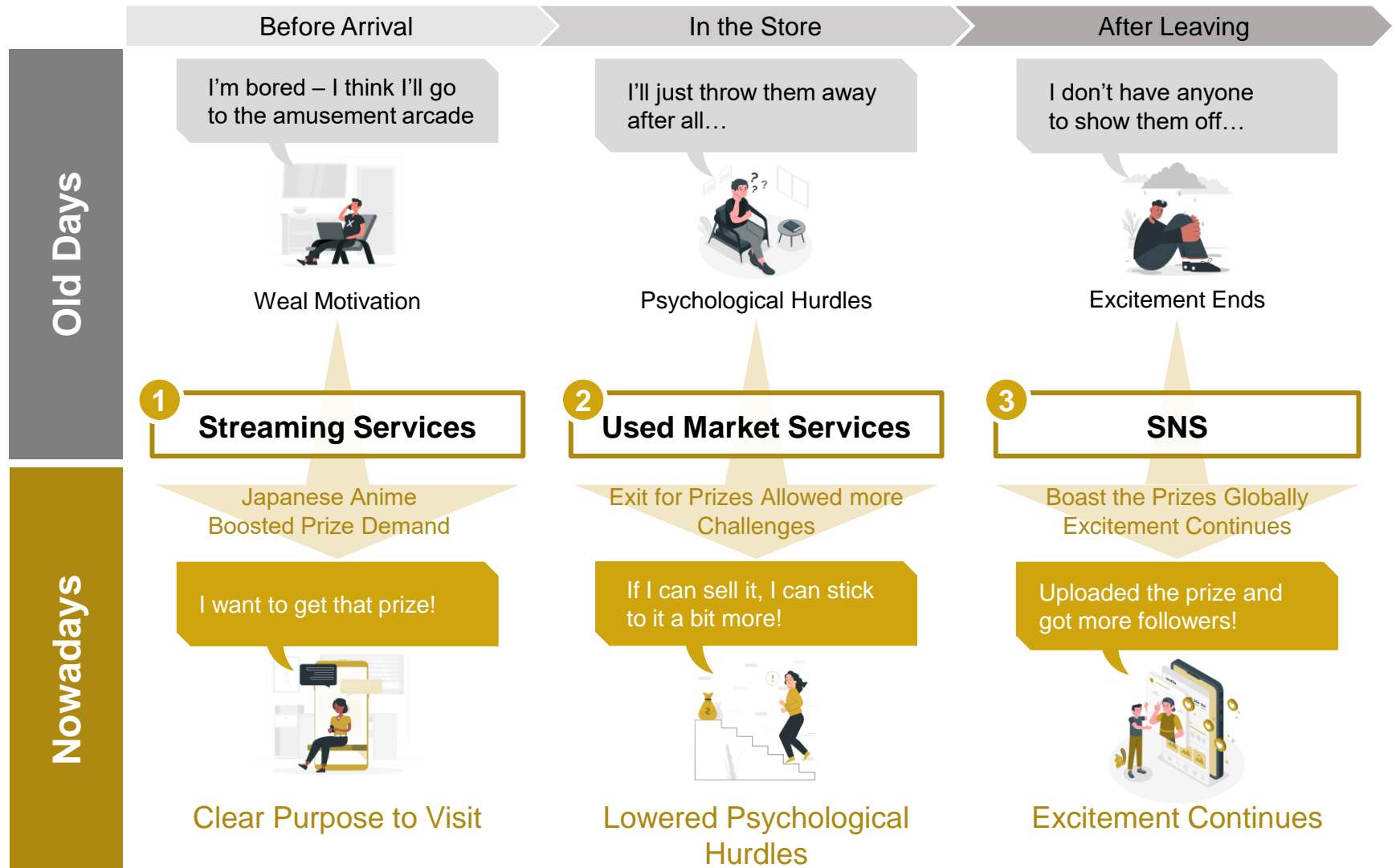
**Latest data for 2022 (although industry data has not been compiled yet)**

- Monthly sales from October onwards of GENDA GiGO Entertainment in FY2022/1 (Feb.2022 to Jan.2023) have consistently surpassed the monthly sales figures of the pre-COVID-19 year of 2019
- The amusement arcade market is expected to grow to a scale surpassing the levels seen in 2019 in the future

Source: "Survey of the Amusement Industry Industry," Japan Amusement Industry Association  
Note: Monthly sales are the sum of the sales of stores existing in the previous year and the current year in the month in question.

# Rapid Growth of Prize Games

## 3 Trends are Driving the Growth of Prize Games





# Boost of Anime Consumption (cont'd)

Combination of “Online Streaming Services” and the  
‘Trend of Viewing during Spare Time’ is accelerating Online Anime Consumption

In the past  
“Certain Date” “Certain Place”  
“Certain Time” “Certain Story”



Only limited viewers who can  
physically stay in front of the TV  
for a certain amount of time  
passively digested the TV schedule

Online  
Streaming

Today  
“Anytime” “Anywhere”  
“Again and Again” “Any Stories”



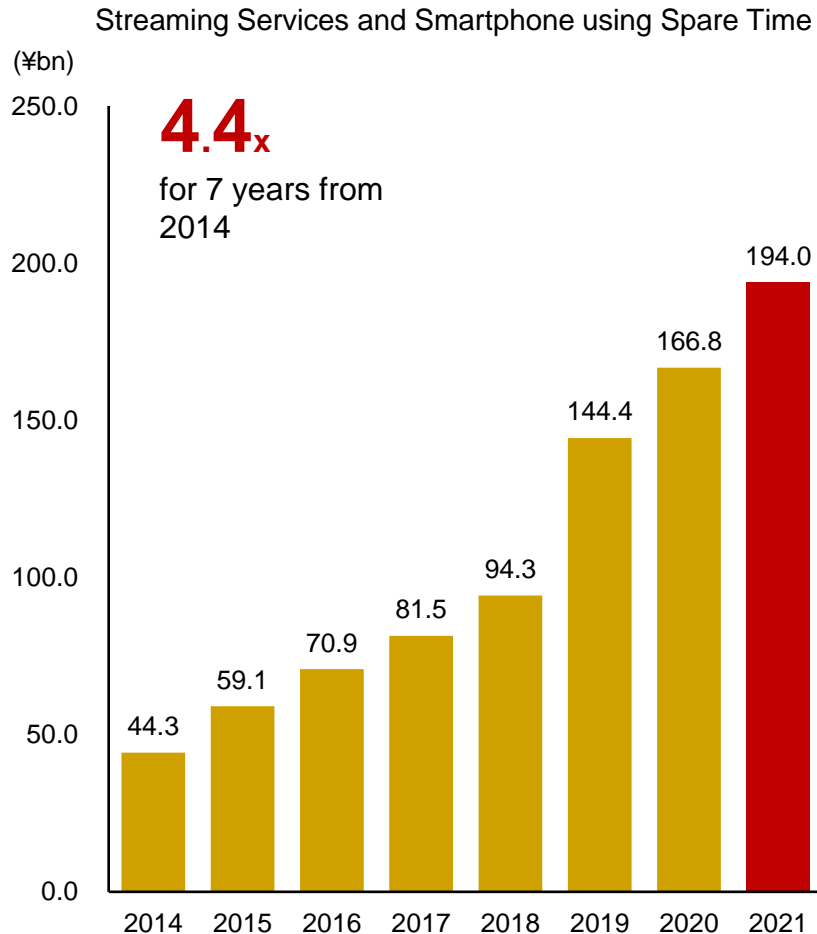
Anyone can easily watch anime  
even in a short period of time and  
viewers can make active choices



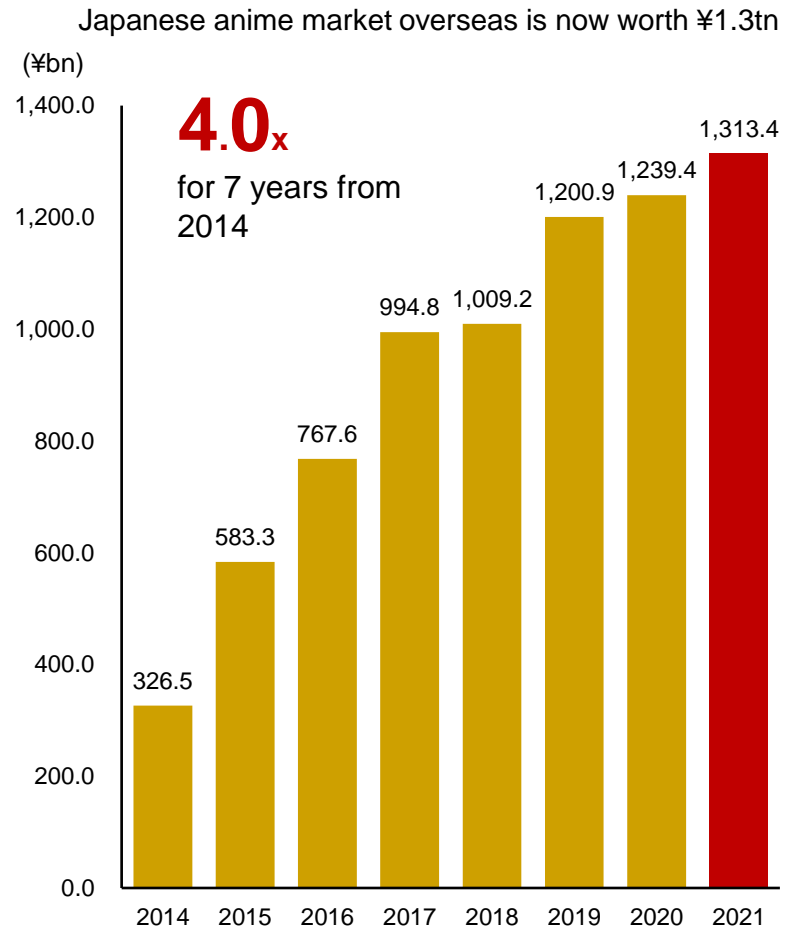
# Boost of Anime Consumption

Online Anime Consumption is Rapidly Growing both in Japan and Globally

## Anime Streaming Market Size in Japan



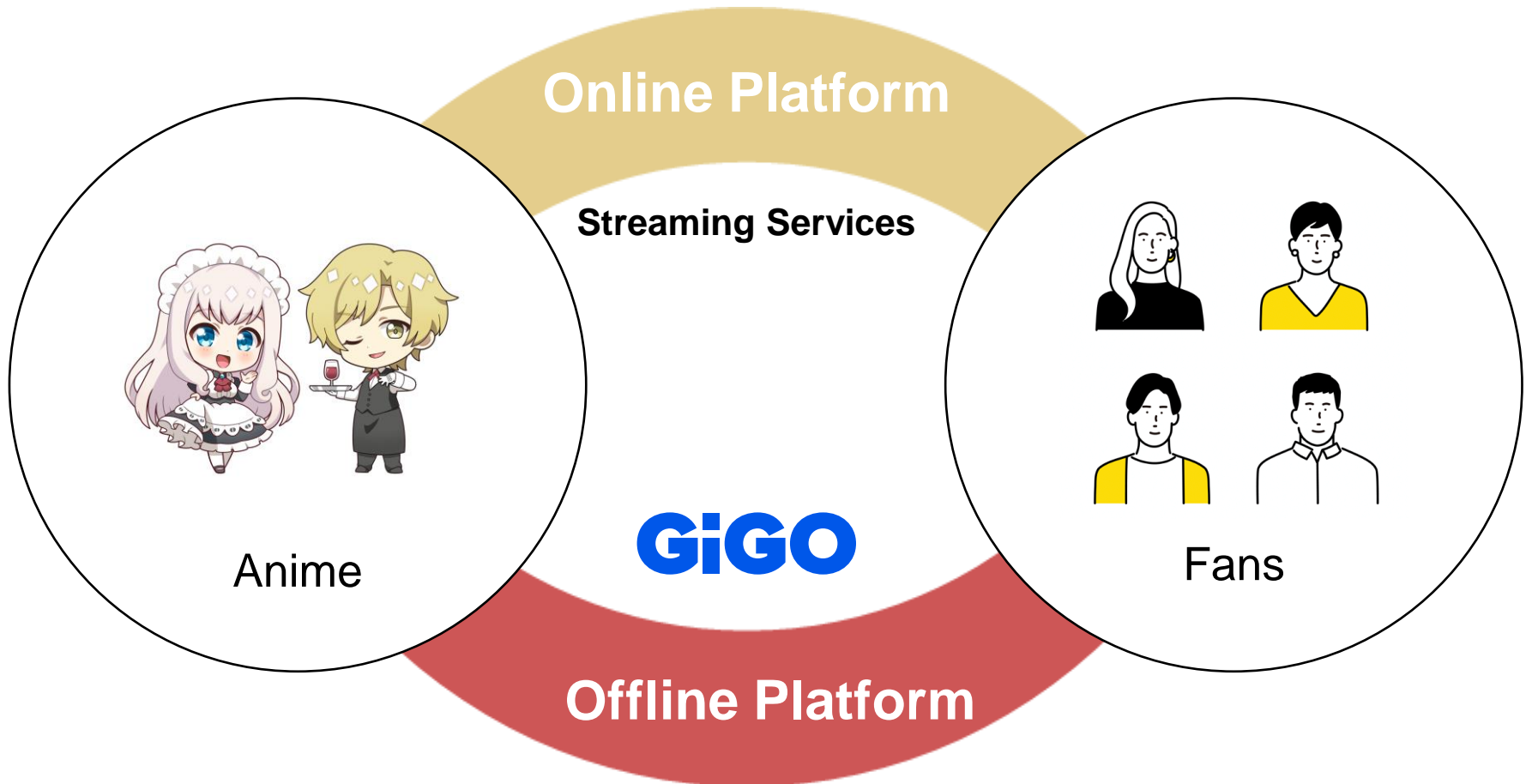
## Overseas Japanese Anime Market



Source: Dentsu Media Innovation Lab, "Information Media White Paper 2023" (P98)

# Anime & Amusement Arcades

Amusement Arcades Act as the Offline Platform of Anime Consumption



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# FY2024/1 Q2 Earnings Highlights

Record High  
Revenue

YoY  
Q2 YTD  
Revenue

**118%**

Record High  
OP. Income

YoY  
Q2 YTD  
Operating Income

**163%**

On Track for the  
Full-year Target

YoY  
Q2 YTD  
Existing Stores Sales

**111%**

Number of  
Amusement  
Arcade Stores

**#256**

Almost Achieving  
Full-year Target of 258

Number of  
M&A Sourcing  
Cases

**#51**

Already Achieved  
Full-year Target of 50

Debt Capacity  
Net Debt  
/ EBITDA

**0.1x**

Procured through IPO  
Expanding Reserves

Note: YTD refers to "Year to Date", during which is the beginning of the fiscal year to the end of the quarter. EBITDA in Net Debt / EBITDA is based on LTM at the end of Q2. LTM" refers to the "most recent 12 months". EBITDA is the sum of operating income plus depreciation and amortization and goodwill amortization. Figures for FY2023/1 are for reference only, since we do not have quarterly consolidated financial statements for FY2023/1.

# Consolidated Statements of Income



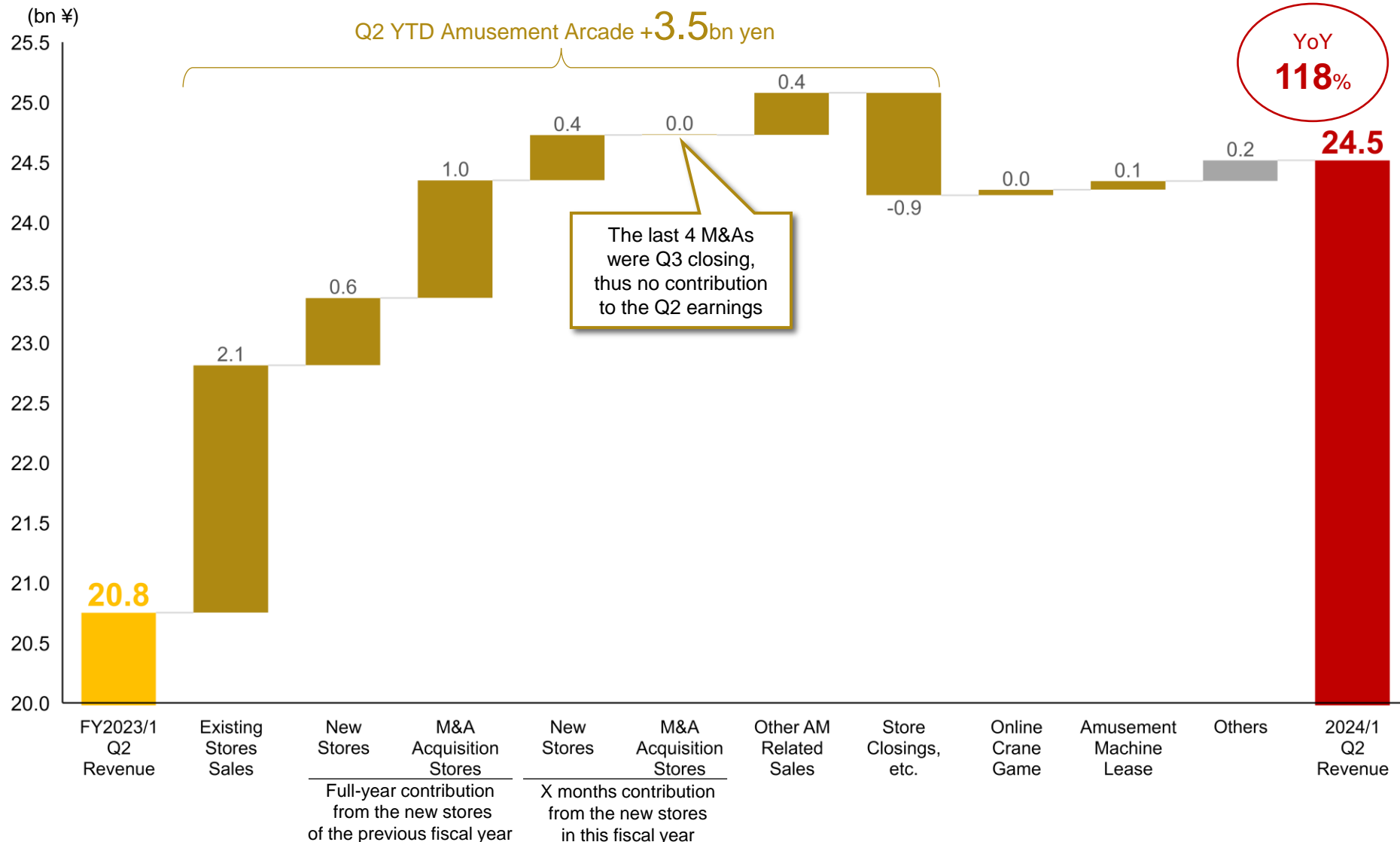
Revenue, GP, EBITDA, OP, Ordinary Income, Net Income, are **All Record Highs**  
On Track Progress toward the Full-year Target for All the Profit Metrics

(Millions of yen)	FY2024/1 YTD Q2	FY2024/1 Full-year CE	Progress Rate to Full-year CE
<b>Revenue</b>	<b>RECORD HIGH</b> <b>24,515</b>	47,500	51.6%
<i>Growth rate (%)</i>	18.1%	3.0%	-
<b>Gross profit</b>	<b>RECORD HIGH</b> <b>5,791</b>	11,616	49.8%
<i>Margin (%)</i>	23.6%	24.4%	-
<b>EBITDA</b>	<b>RECORD HIGH</b> <b>3,909</b>	-	-
<i>Margin (%)</i>	15.9%	-	-
<b>Operating income</b>	<b>RECORD HIGH</b> <b>2,767</b>	4,300	64.3%
<i>Margin (%)</i>	11.2%	9.0%	-
<b>Ordinary income</b>	<b>RECORD HIGH</b> <b>2,723</b>	4,250	64.0%
<i>Margin (%)</i>	11.1%	8.9%	-
<b>Net income attributable to owners of the parent</b>	<b>RECORD HIGH</b> <b>1,975</b>	3,500	56.4%
<i>Margin (%)</i>	8.0%	7.3%	-

Note: EBITDA is the sum of operating income plus depreciation and amortization and goodwill amortization.

# Breakdown of Consolidated Revenue

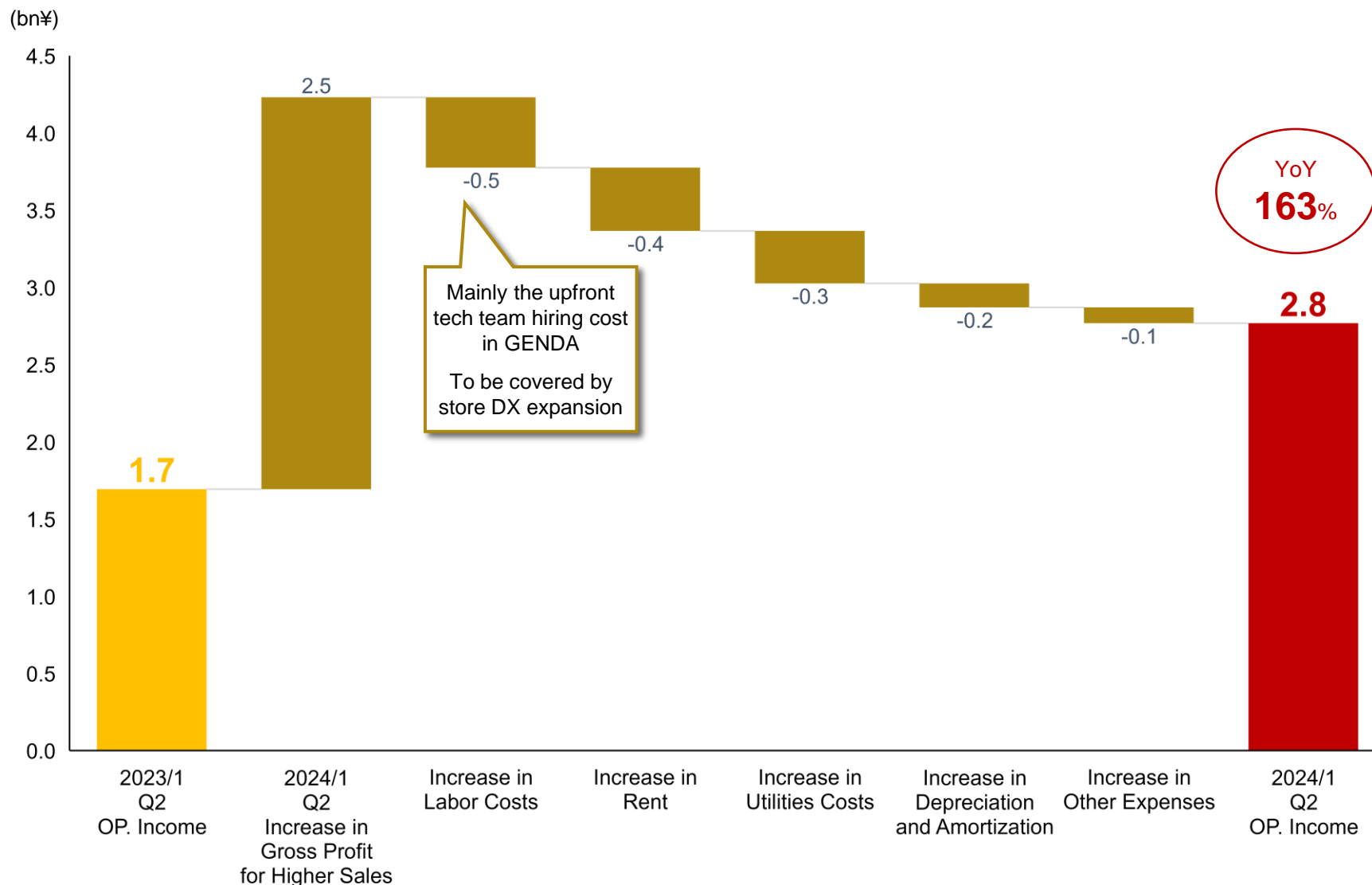
(YoY Comparison of Q2 YTD)



Note: Figures for FY2023/1 are for reference only, since we do not have quarterly consolidated financial statements for FY2023/1.

# Breakdown of Consolidated OP

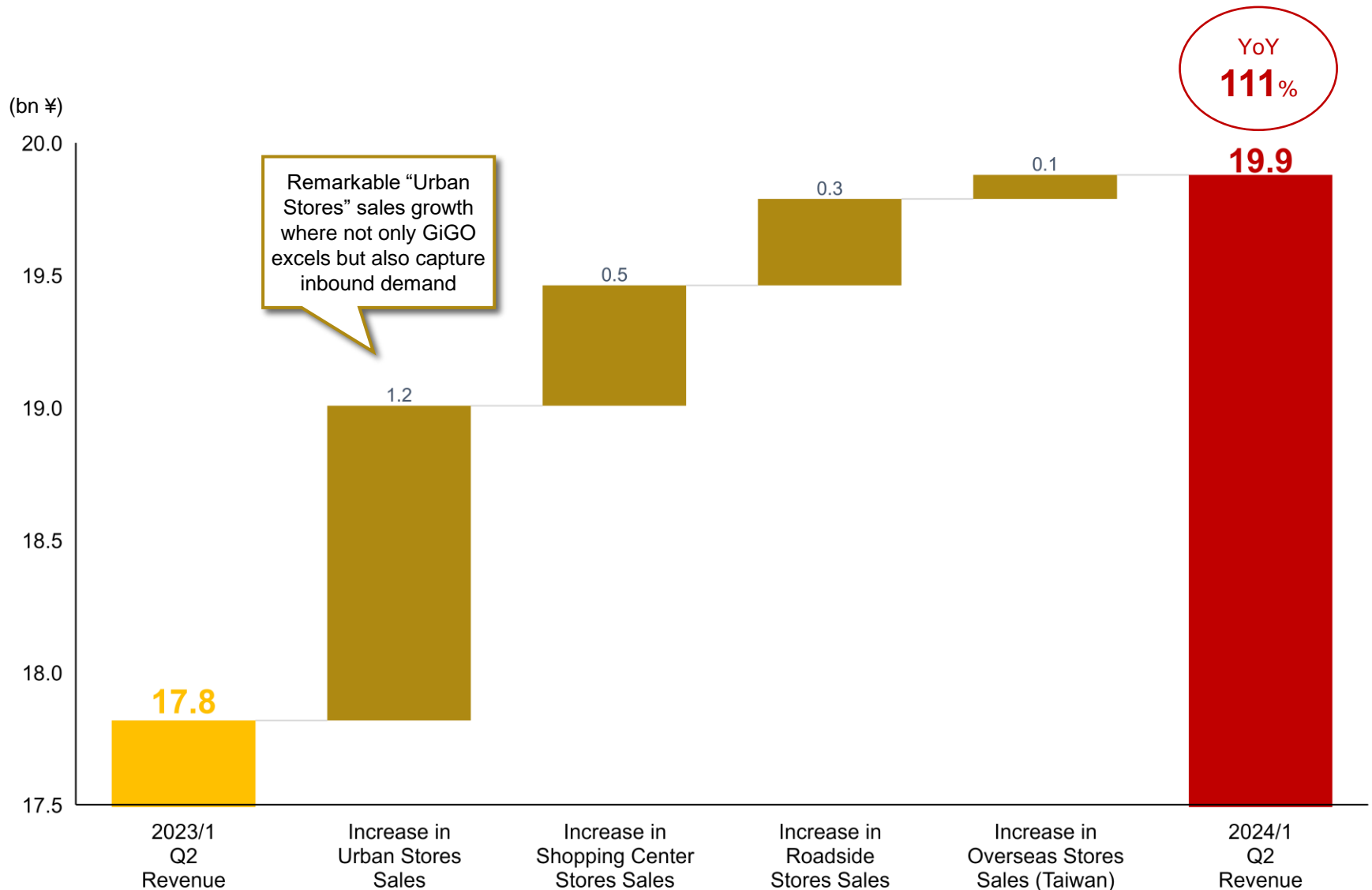
(YoY Comparison of Q2 YTD)



Note: Figures for FY2023/1 are for reference only, since we do not have quarterly consolidated financial statements for FY2023/1.

# Amusement Arcade Existing Stores Sales

(YoY Comparison of Q2 YTD)

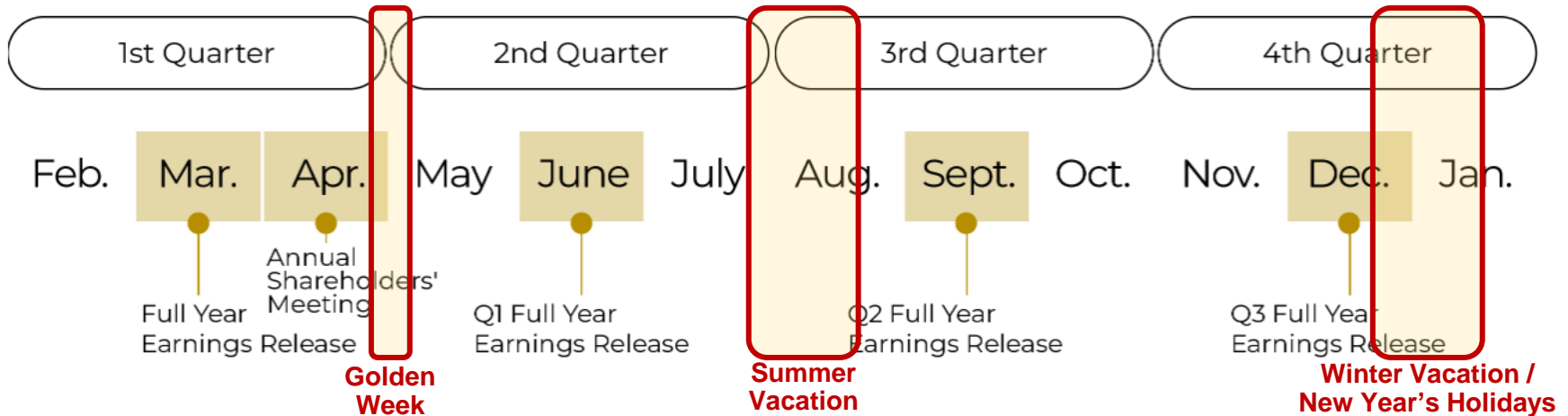


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# “Seasonality of Sales” and “Campaigns” GENDA

## 1 Seasonality of Sales



→ Since GENDA's fiscal year end is January, major vacations are concentrated in the second half of the fiscal year, thus the sales trend tend to be  $Q1 < Q2 < Q3 < Q4$  every year

## 2 "Campaigns"

- "Campaigns" mean that when GENDA Group negotiates with IP publishers, to purchase **unique prizes to be placed exclusively in GiGO amusement arcades**
- Because in those “Campaigns” GiGO will offer prizes that competitors don't, Campaigns tend to cause **fluctuations in the sales performance that differ from normal sales seasonality**

→ Sales in Q1 were strong compared to previous years due to the concentration of campaigns in Q1 of this fiscal year.

# Balance Sheet

## Maintain Financial Soundness Ready for Further Successive M&A

(Millions of yen)	FY2024/1 End of Q2	FY2023/1 End of Full-year	Remarks
<b>Current assets</b>	<b>16,904</b>	<b>12,723</b>	Mainly increase in cash and deposits
of which, cash and deposits	10,903	7,086	Increase via cash flows from operation and IPO proceeds
<b>Non-current assets</b>	<b>21,401</b>	<b>18,310</b>	New store openings
of which, goodwill	1,160	1,225	Goodwill increase restrained with disciplined M&A entries
<b>Total assets</b>	<b>38,305</b>	<b>31,033</b>	Increase due to above factors
<b>Total liabilities</b>	<b>21,455</b>	<b>19,792</b>	Continuous repayment via cash flows from operation
of which, interest-bearing debt	11,773	11,091	Diversification of funding sources using leases
<b>Net assets</b>	<b>16,849</b>	<b>11,240</b>	Increase in shareholders' equity
of which, shareholders' equity	16,832	11,224	Increase due to profit and IPO
<b>Net Debt / EBITDA</b>	<b>0.1 x</b>	<b>0.6 x</b>	Plenty debt capacity for future M&A
<b>Capital adequacy ratio</b>	<b>43.9 %</b>	<b>36.2 %</b>	Adequate financial soundness

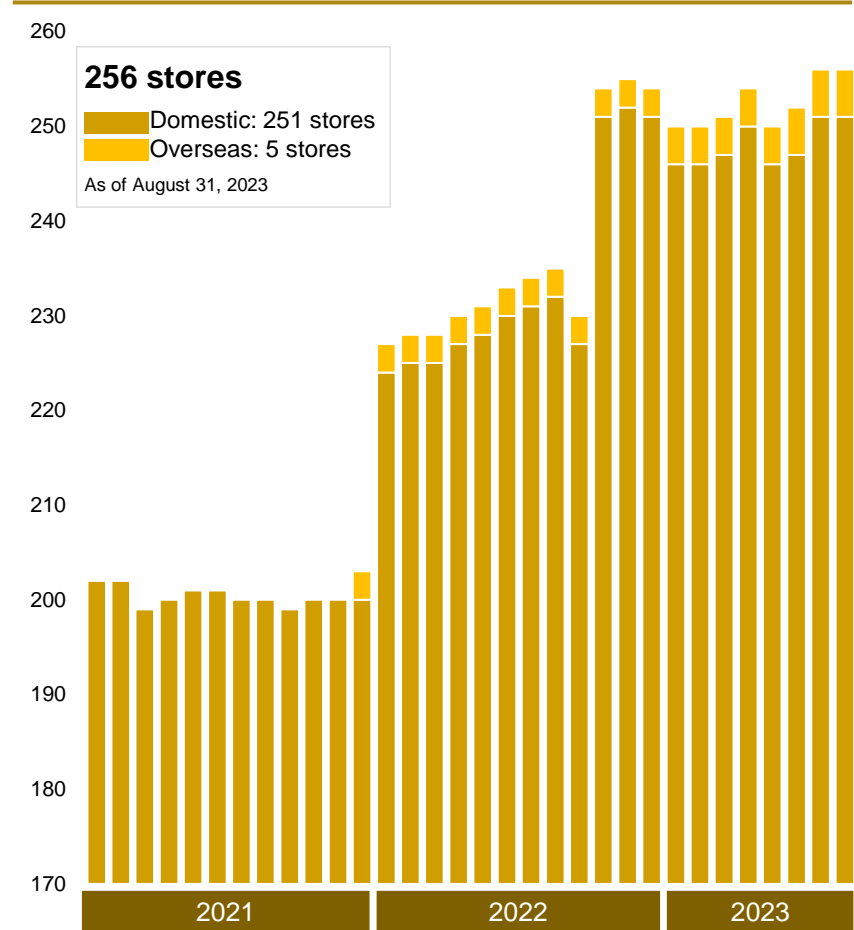
Note: EBITDA in Net Debt / EBITDA is based on LTM at the end of Q2. LTM" refers to the "most recent 12 months". EBITDA is the sum of operating income plus depreciation and amortization and goodwill amortization.

# Number of Stores

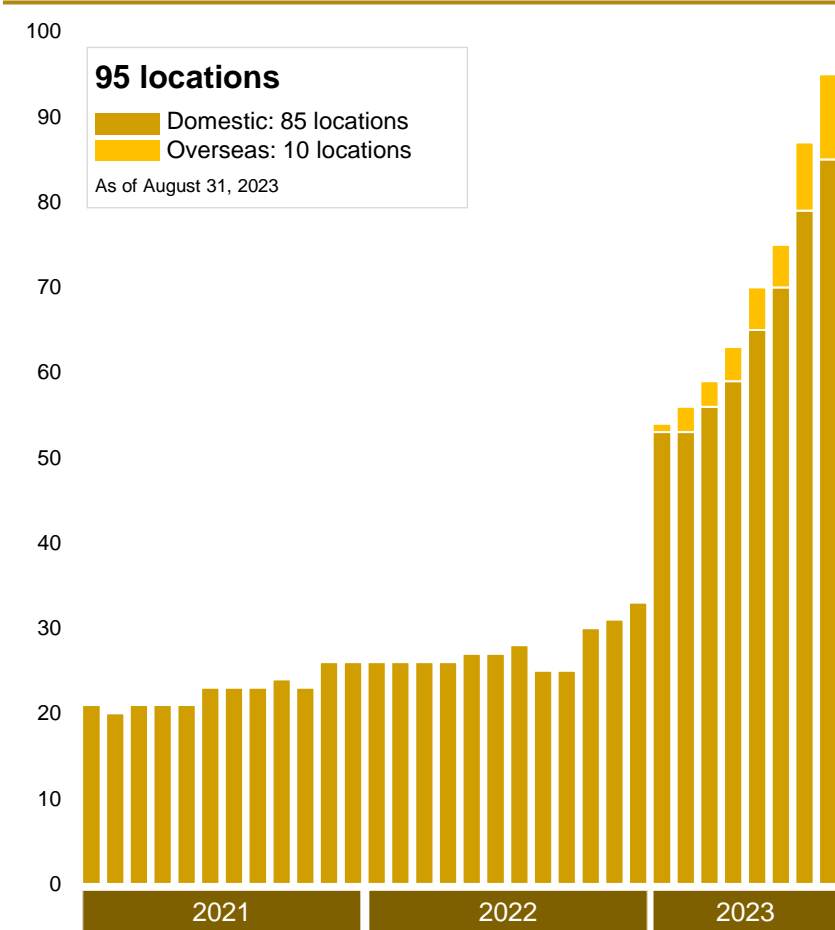


Steady Increase in the number of Stores through New Store Openings and M&As, and a Rapid Increase in the number of “Mini-locations”, amusement arcades where there is no staffed

Number of Stores



Number of Mini-locations



Note: Mini-locations are amusement arcades that are not staffed. The number of mini-locations does not include the number of Kiddleton locations.

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# Acquisition of MAXIM HERO

(announced on Aug. 21)



## Further Strengthening the Store Network in Hokkaido Area

**New Store Opening in “COCONO SUSUKINO”**, which is a commercial complex to be opened in Susukino, the centric city of Sapporo, the prefectural capital of Hokkaido



Acquisition from Amuzy of “MAXIM HERO” in Sapporo



Acquired in October 2022.  
Accelerated PMI in Sugai Dinos

*Note: PMI refers to the integration process and management to ensure the effectiveness of integration through M&A.*



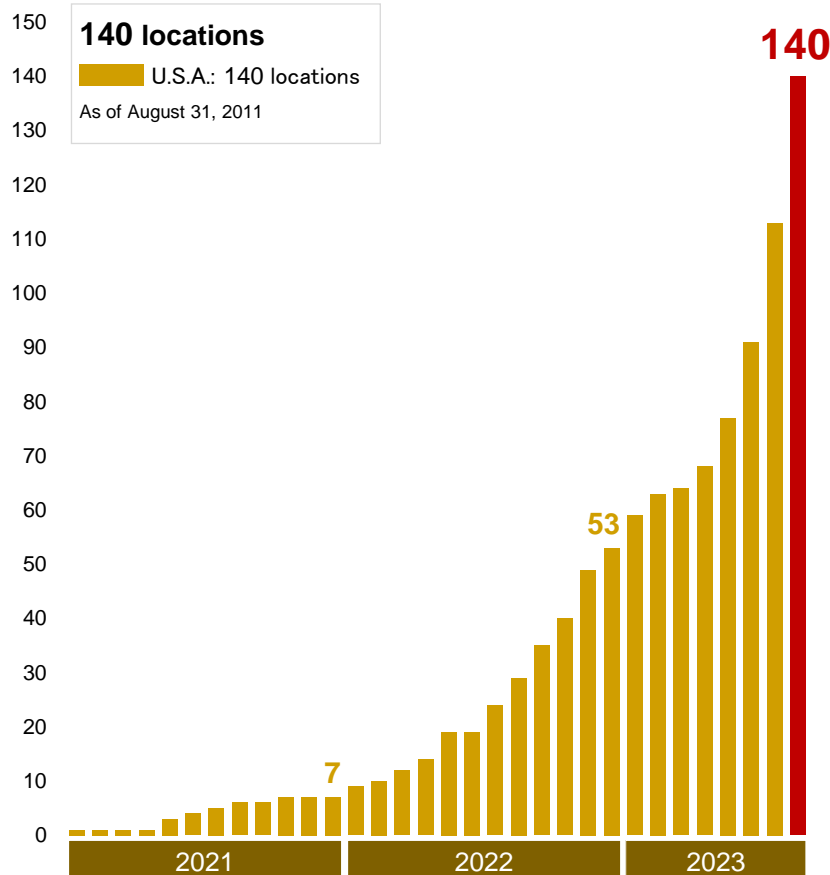
# Acquiring 100% Stake of Kiddleton U.S.

(announced on Aug. 31)



Overwhelming Mini-locations Growth, driven by Japanese Anime Boom in the U.S.  
Potential to be the Next GiGO and GENDA's Main Source of Organic Growth

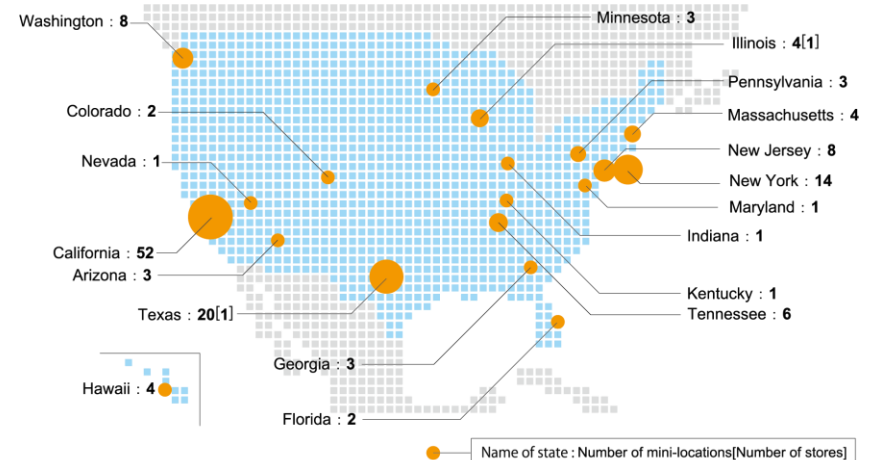
## Monthly Number of Mini-locations



## Store Image



## U.S. Network



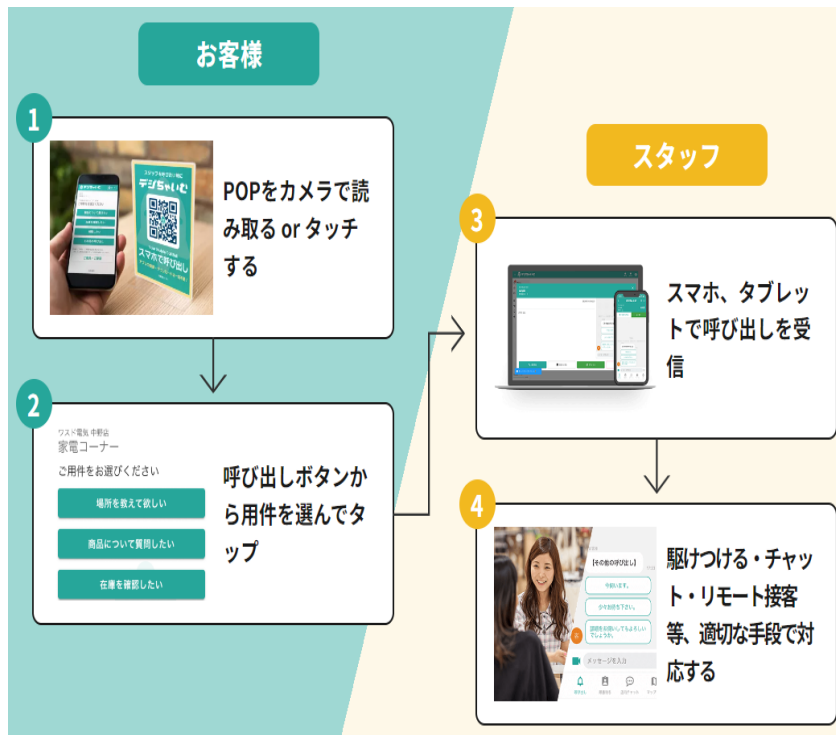
GENDA Inc. / August 31, 2023

# Acquisition of the Assets of “Digi-Chime” GENDA

(announced on Sep. 1)

Digi-Chime allows customers to call store staff by reading codes via smartphones  
Adopted in 200+ GiGO stores and Highly Supported by Customers and Store Staffs  
Quick and Courteous Response to Customers, mainly in the Prize Games

## Service Overview



## Effects of introduction

Improving Customer Satisfaction and Cost Reduction etc.



売上



接客対応時間

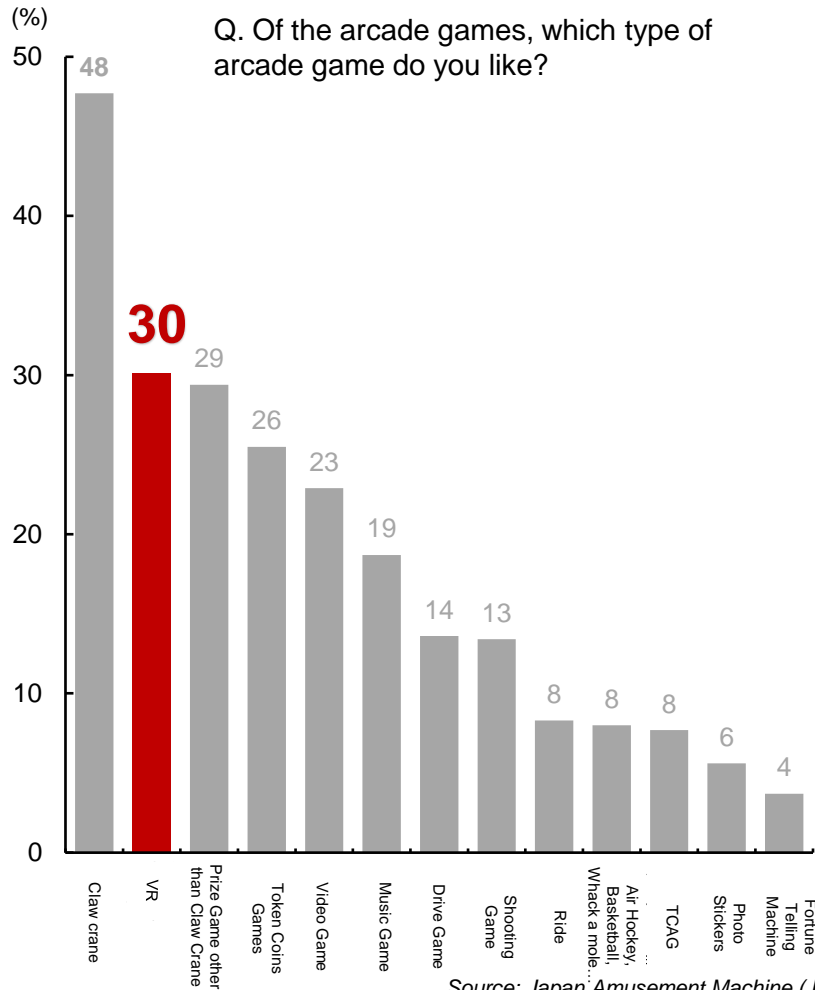


月次呼び出し数

# Acquiring 100% Stake of Dynamo Amusement (Announced on Sep. 8)

VR Technology Providing New Surprises through Comprehensive Production Capabilities

## Next most popular VR game after prize games



Source: Japan Amusement Machine (JAIA), "Questionnaire on amusement arcades" (from November 23, 2019 to February 23, 2020)

## Representative works of the company



© Dynamo Amusement, Inc. / © Hashilus Co., Ltd.



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© Dynamo Amusement, Inc.



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# “The Discipline of M&A” in GENDA

In Addition to Maximizing Shareholder Value, we also seek to Maximize Per Share Value

→ Specifically, we pursue “Maximization of Earnings per Share (EPS)”

We believe “Growth via M&A” does NOT always lead to the increase in Per Share Value

→ We assess M&A deals whether that will “Increase the EPS” (in fact, EPS became 42x since inception despite M&A-centric growth)

## 4 Key Factors in the Pursuit of Maximizing Per Share Value / EPS

### 1 Entry Valuation

We believe the entry valuation is a very important factor in M&A, and we try hard not to enter with wrong price

### 2 Financing

Leverage ample FCF to minimize the amount of equity, limit dilution, and pursue the maximization of equity returns

### 3 PMI

We conduct M&As mainly in areas where we have confidence in PMI, but we would not hold on to a high price by counting too much on our PMI prospects

### 4 Investment Committee

The five committee members hold more than 1/4 of the total shares – thus we will examine whether the M&A deal contributes to the maximization of “per share value”, as the representative of all the shareholders



Representative Director  
and Chairman  
Nao Kataoka:  
16.85%



Representative Director  
and President  
Shin Mai:  
8.62%



Director CFO  
Taiju Watanabe:  
1.36%



Director and CCO  
Yuzo Sato:  
0.37%



Executive Officer CSO  
Kohei Habara:  
0.15%

*Note: Percentage of shares held is the ratio including the number of latent shares due to stock acquisition rights, as stated in "Securities Report (Part I), Section 3 [Status of Shareholders]" in the "Annual Securities Report for Initial Listing Application. EPS" refers to "earnings per share. FCF" refers to "free cash flow," which is operating CF minus investment CF. PMI" refers to the integration process and management to ensure the benefits of M&A integration.*

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# Consolidated Statements of Income

(Quarterly Results)



(Millions of yen)	FY2023/1					FY2024/1			
	Q1	Q2	Q2YTD	Q3	Q4	Q1	Q2	Q2YTD	YoY
Net sales	9,730	11,020	<b>20,750</b>	12,309	13,032	① 11,994	12,520	<b>24,515</b>	<b>118%</b>
Operating income	593	1,099	<b>1,692</b>	1,784	766	1,670	② 1,096	<b>2,767</b>	<b>163%</b>
EBITDA	1,099	1,580	<b>2,679</b>	2,255	1,336	2,197	1,712	<b>3,909</b>	<b>145%</b>
Net income attributable to owners of the parent	616	775	<b>1,391</b>	1,686	417	1,585	③ 390	<b>1,975</b>	<b>142%</b>
Number of Stores	230	234	-	254	250	254	256	-	-

① "Campaigns" was concentrated in Q1, resulting in a strong sales in Q1

② Record high OP on Q2 basis if excluding IPO-related expenses

③ Income tax adjustments were recorded on the expense side due to the 50% limit on the utilization of the subsidiary's net operating loss carryforwards as a result of the capital increase due to GENDA's listing (as expected on a full-year forecast basis)

Note: Figures for FY2023/1 are for reference only, since we do not have quarterly consolidated financial statements for FY2023/1.

# Introduction of New Management Team

(announced on Sep. 1)



## Board Members



### ■ **Nao Kataoka**, Representative Director and Chairman of the Board

- Formerly President of AEON FANTASY, a Tokyo Stock Exchange Prime listed company
- Developed the company into the world's number one amusement arcade, and increased operating income 2.4x from ¥2.5bn to ¥6.0bn and market capitalization 5.5x from ¥23.7bn to ¥131.0bn



### ■ **Mai Shin**, Representative Director and President

- Former Managing Director of Goldman Sachs (then youngest MD)
- Combined skills in financial professionalism and managerial skills through founding business



### ■ **Taiju Watanabe**, Director, CFO

- Former Vice President of Goldman Sachs
- Professional in M&A and financing through Investment Banking Division



### ■ **Yuzo Sato**, Director, CCO

- Former Director and Managing Executive Officer of Hakuodo Product's, Inc.
- Extensive knowledge and network in the advertising, media and entertainment fields

*Note: Operating income of AEON FANTASY Co., Ltd. refers to operating income of 2,536 million yen for the fiscal year ended February 2014, the year to which Hisashi Kataoka belonged on March 1, 2013, when he assumed the position of President and Representative Director, and 5,970 million yen for the fiscal year ended February 2018, the year immediately preceding May 15, 2018, when he stepped down. Market capitalization of Aeon Fantasy, Inc. refers to March 1, 2013, when Hisashi Kataoka assumed the position of President and Representative Director, and May 15, 2018, the date of his retirement. The "world's largest amusement center operator" refers to*

# Introduction of New Management Team

(announced on Sep. 1)



## Executive Officers



■ **Kohei Habara, Executive Officer, CSO Manager of Corporate Planning Division / CPA**

- Passed the CPA exam while still in college and worked at KPMG AZSA LLC and previously at PwC Advisory
- Involved as a financial advisor in more than 30 M&A transactions, including some for entertainment companies



■ **Daisuke Kajiwara, Executive Officer CTO**

- Formerly Yahoo Japan and Executive Officer, General Manager of Development Division / General Manager of Business Division of GREE, Inc., and previously CTO of every, Inc.
- Also Executive Officer, CTO and General Manager of IT Strategy Division at GENDA GiGO Entertainment



■ **Kazuhiro Ninomiya, Executive Officer, Head of Amusement Arcade Business**

- Previously, he served as Executive Officer of at Bandai Namco Amusement Inc., where he was in charge of the domestic amusement center business and overseas business division Manager
- Also Representative Director and President at GENDA GiGO Entertainment



■ **Atsushi Iyoda, Executive Officer, Head of U.S. Operations**

- Formerly worked at Aeon Fantasy, where he also served as representative director of the company's Vietnam and Philippines subsidiaries
- CEO / President of Kiddleton Inc, a U.S. subsidiary



■ **Tomoki Nagae, Executive Officer, Head of F&B Business**

- Previously worked at PwC Advisory, where he was involved in M&A advisory and PMI work
- Graduated from the University of Tokyo, Faculty of Agriculture with the highest honors in the department, conducting research on the theme of sake breweries

*Note: PMI refers to the integration process and management to ensure the effectiveness of integration through M&A.*



**More fun**  
**for your days**

**GENDA**   
Global Entertainment Network for Dreams and Aspiration