



**M&A Progress and
FY2025/1 Q1 Outlook**

April 23, 2024

Aspiration

**More fun
for
your
days**

Vision

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

Entertainment Ecosystem

Broadly rooted in the Entertainment Field
Building a Global Entertainment Network

Global
Entertainment
Network for
Dreams and
Aspiration



Note: Diagram of our envisioned growth strategy.

IP Contents × Platform

A "platform" that connects "IP content" with fans of IP contents

IP Contents
such as Anime

Platform connecting
IP contents and the Fans

Fans of the
IP contents

GAGA★
GENDA GROUP

DYNAMO
AMUSEMENT

ARES COMPANY

fancy Fukuya

Tokyo
Character
Makers

GiGO

PLAIBI

カラオケ
Ban'Ban

Kiddleton

ENTERRIUM

伍 彩

GENDA
Games

LEMONADE
by Lemonade

PHILL
VALLEY

GiGO
Taiwan

“Entertainment Contents”

“Entertainment Platform”

Acquisition of 100% stake of AMEX (announced on April 23, 2024)

The Center of our Strategy “Amusement Arcade Roll-up”

15th deal

Announced a second roll-up M&A during the first quarter of the ongoing term




ゲームファンタジアン

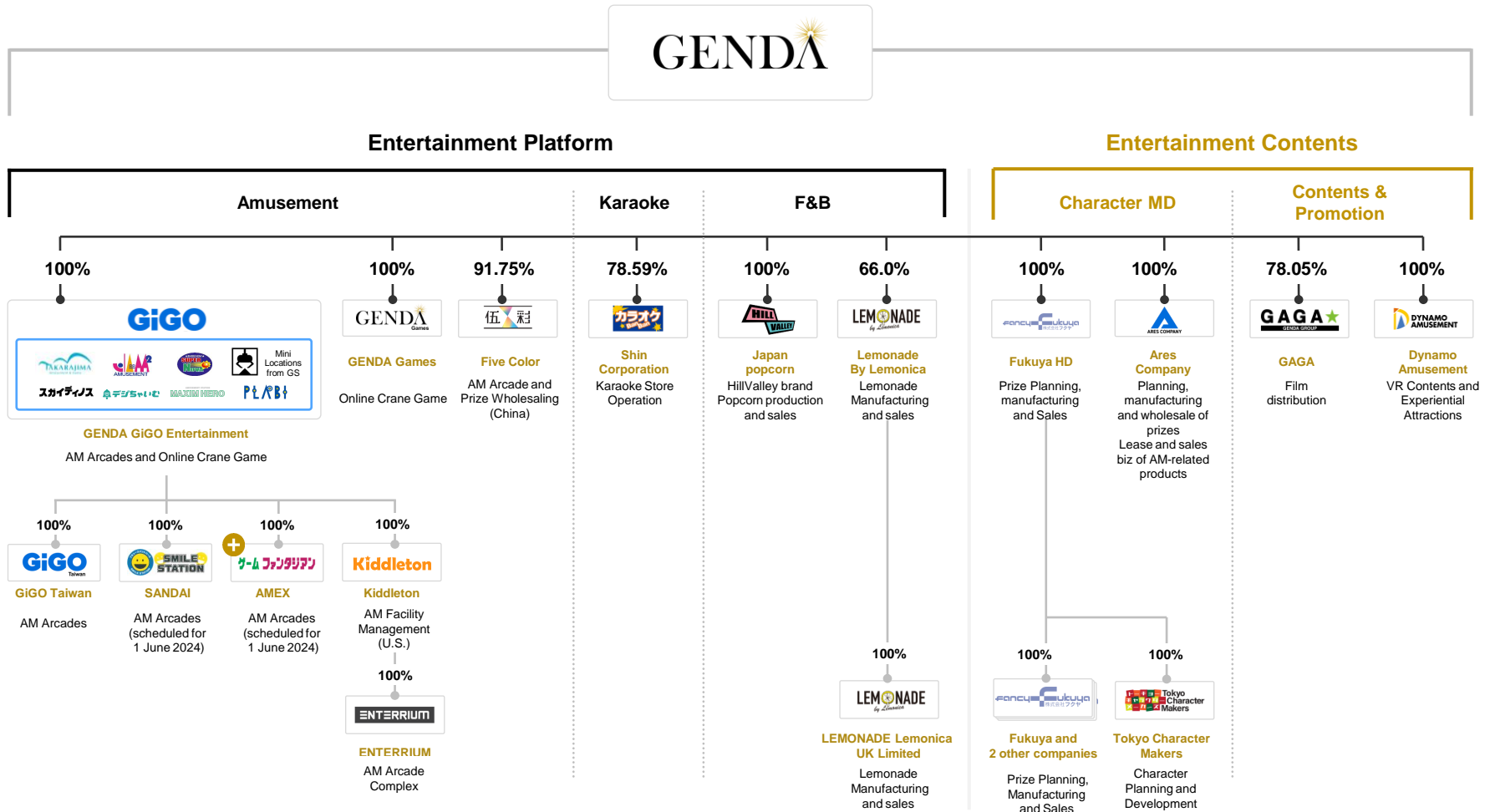
- AMEX Co., Ltd. operates three amusement arcades in the Tokai region under “FANTASIAN” logo
- Sharing human resources and DX tools, and the GiGO-exclusive prizes (“Campaigns”)

Note: The number of acquired properties is as of the date of project announcement. Five colors is not counted in the 15 deals because it was established by GENDA.

“28” M&A and Capital Transactions Track Record

Pre-IPO #M&A		1	Entertainment Contents	2	Entertainment Platform	3	Entertainment Platform	4	Entertainment Platform	5	Entertainment Contents
1 ~ 11			 June 2018 Acquisition (100%)	 July 2019 Joint Venture (50%)	 December 2020 Acquisition (85.1%)	 April 2021 Acquisition of the business	 October 2021 Capital Alliance				
6	Entertainment Platform	7	Entertainment Platform	8	Entertainment Platform	9	Entertainment Contents	10	Entertainment Platform	11	Entertainment Platform
	 December 2021 Acquisition	 January 2022 Acquisition	 January 2022 Acquisition (100%)	 June 2022 Capital Alliance	 October 2022 Acquisition	 October 2022 Acquisition					
Post-IPO #M&A		12	Entertainment Platform	13	Entertainment Platform	14	Entertainment Contents	15	Entertainment Platform	16	Entertainment Platform
12 ~ 28			 September 2023 Transfer of Assets	 September 2023 Becoming a wholly owned subsidiary	 September 2023 Becoming a wholly Owned subsidiary	 October 2023 Transfer of Fixed assets	 October 2023 Acquisition (66.0%)				
17	Entertainment Contents	18	Entertainment Contents	19	Entertainment Platform	20	Entertainment Platform	21	Entertainment Platform	22	Entertainment Platform
	 October 2023 Acquisition (100%)	 November 2023 Acquisition (78.05%)	 November 2023 Assets transferred from Global Solutions	 November 2023 Acquisition (100%)	 December 2023 Acquisition of Stores	 December 2023 Acquisition of management rights					
23	Entertainment Platform	24	Entertainment Contents	25	Entertainment Platform	26	Entertainment Platform	27	Entertainment Platforms	28	Entertainment Platforms
	 December 2023 Pino Pino Zaurus Limited Acquisition (100%)	 January 2024 Acquisition (100%)	 February 2024 Acquisition (82.45%)	 February 2024 Acquisition (78.59%)	 May 2024 (scheduled) Stock acquisition (100%)	 June 2024 (scheduled) Stock acquisition (100%)					

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

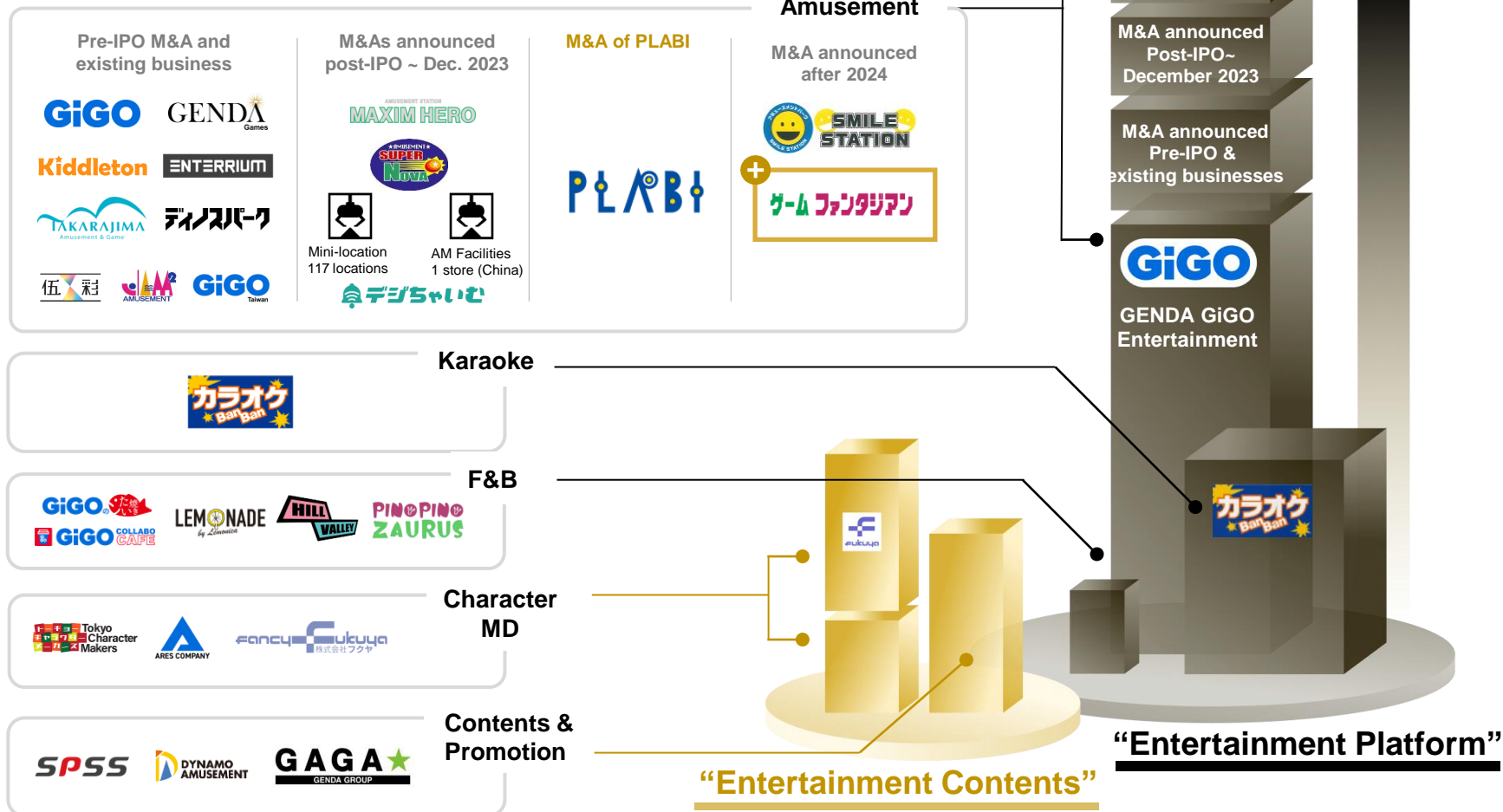


Note: Assumption as of 1 June 2024. "AM arcade" in the figures refer to amusement arcades. Shows mainly consolidated subsidiaries of the Company.

The acquisition of Sundai shares and the transfer of Kiddleton shares will be completed on 1 May 2024, while the acquisition of AMEX shares and the absorption of PLABI will be completed on 1 June 2024.

Amusement Centric + Peripheral Areas

Accelerate M&A in amusement industry and steadily advance into peripheral areas in the entertainment field



Note: The number of locations acquired is as of the date of the announcement of the project. Character MD means Character Merchandising.

PMI Results of Amusement arcade

Whether the amusement arcades
acquired at an appropriate valuation
is growing with synergies

Whether Acquired Amusement Arcades are Growing through Post Merger Integration (PMI) based on Synergies

- Previously, we have emphasized **"appropriate entry valuation" as our M&A strategy**
→ Today, our focus is whether **acquired arcades are "growing through PMI based on synergies"**

- We believe that if **target companies acquired with "appropriate valuation" grows through PMI based on synergies, it is an ideal form of the "Flywheel Effect" creating a positive spiral**
 - Especially in M&A, if the target company acquired at an appropriate price will further grow through PMI based on synergies, that will be able to create a positive spiral that will generate cash flow for the next M&A

- **The growth of the target company through PMI based on synergies** after the M&A will mean that the entry EBITDA multiple **was, an even lower multiple in reality, which will accelerate the originally expected payback period of the investment**
 - For example, when the entry EBITDA multiple at the time of the M&A is 4.0x, and if the target company's EBITDA grows by 2x after the M&A, this means the cash generation ability of the target doubles, and also means that the payback period is reduced by 1/2, which is the same effect as if the Entry EBITDA Multiple had been 2.0x in real terms

- From the next page, we will examine whether the **amusement arcades acquired at an appropriate price is growing through PMI based on synergies**, and then, we will show you the **return on investment as a result**
 - EBITDA is described as **"operating income before depreciation and amortization"** from this disclosure

PMI know-how in amusement arcades accumulated through previous roll-up M&As

- The key point is that it is possible to implement measures that not only reduce costs but also contribute to improving sales
 - Effective PMI measures implemented based on GiGO's database
 - Profit growth is greater than the sales growth in the amusement arcade business, where marginal profit margins are 70%

Sales Enhancement Measures

✓	<u>Prize line-up, incl. GiGO-exclusive prizes</u> GiGO-exclusive prizes (including campaigns) and an optimal line-up of prizes that can be stocked because GiGO has 320 shops, are also offered to acquired amusement arcades
✓	<u>Increase in prize game machines</u> Investment in equipment for prize games, etc. and equipment sharing within the Group to ensure an appropriate game mix based on GiGO's database
✓	<u>Horizontal deployment of operation manuals</u> Horizontal deployment of GiGO's manuals and layout know-how improves quality of service
✓	<u>Horizontal deployment of DX measures</u> Utilize tools used in GiGO stores, such as customer apps (GiGO apps) and employee apps (GiGO NAVI) and Digi-Chaim
✓	<u>Renovations (incl. GiGO rebranding)</u> The effect of the above mentioned giveaways, equipment, and interior and exterior renovations in combination with the rebranding alone is significant.

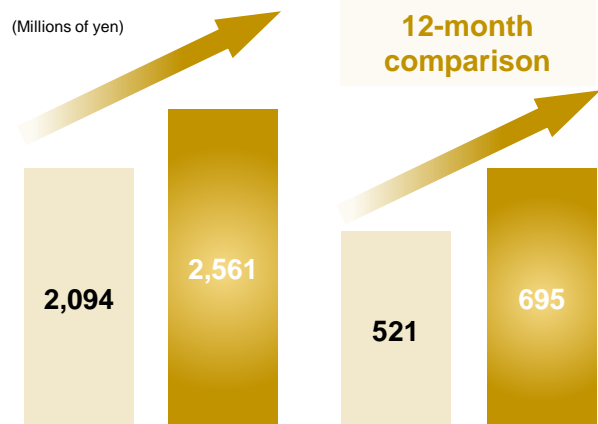
Cost Reduction Measures

✓	<u>Cost synergies of amusement machines</u> By joining the GiGO Group, acquired amusement arcades are able to purchase amusement machines directly from manufacturers, which would otherwise be difficult
✓	<u>Cost synergies of prizes</u> Group-wide bulk purchasing enables us to lower not only the purchase price of prizes, but also distribution costs
✓	<u>Equipment repairment expenses</u> Repairs that were previously sent to the manufacturer can now be completed within the group
✓	<u>Periodic cleaning costs</u> Outsourcing to cleaning companies contracted collectively by GiGO reduces costs compared to contracting with individual companies
✓	<u>Cost of supplies (uniforms, prize bags, etc.)</u> Not only cost reduction through simultaneous ordering, but also customer satisfaction through quality improvement

Compared stores: 20 stores (acquired on January 31, 2022)

Compared period: 12 months prior to M&A (Feb 2021 - Jan 2022) **VS.**

12 months of the latest period (Apr 2023 - Mar 2024)



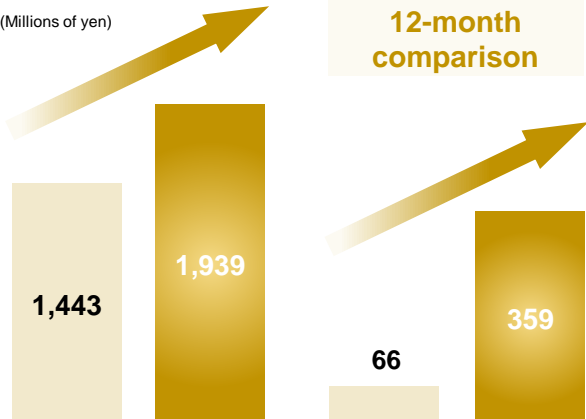
Revenue
122%

OP Income before D&A
133%

Sales Improvement Measures		Cost Reduction Measures	
✓	Prize line-up incl. GiGO-exclusive prizes	✓	Cost synergies of amusement machines
✓	Increase in prize game machines	✓	Cost synergies of prizes
✓	Horizontal deployment of operation manuals	✓	Equipment repairment expenses
✓	Horizontal deployment of DX measures	✓	Periodic cleaning costs
Some unexecuted	Renovations (incl. GiGO rebranding)	✓	Cost of supplies (uniforms, prize bags, etc.)

Compared stores: 18 stores (acquired on October 1, 2022)

Compared period: 12 months prior to M&A (Oct 2021 - Sep 2022) **VS.**
12 months of the latest period (Apr 2023 - Mar 2024)



Revenue
134%

OP Income before D&A
546%

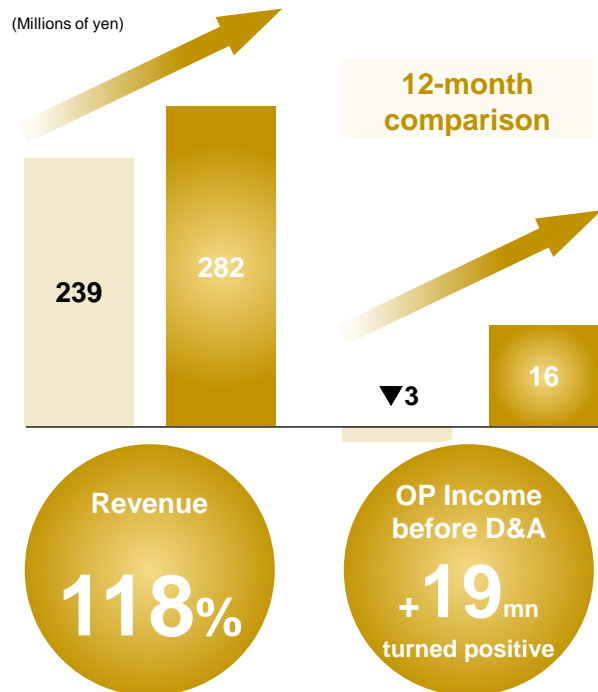


Sales Improvement Measures		Cost Reduction Measures	
✓	Prize line-up incl. GiGO-exclusive prizes	✓	Cost synergies of amusement machines
✓	Increase in prize game machines	✓	Cost synergies of prizes
✓	Horizontal deployment of operation manuals	✓	Equipment repairment expenses
✓	Horizontal deployment of DX measures	✓	Periodic cleaning costs
✓	Renovations (incl. GiGO rebranding)	✓	Cost of supplies (uniforms, prize bags, etc.)

Compared stores: 4 stores (acquired on October 1, 2022)

Compared period: 12 months prior to M&A (Oct 2021 - Sep 2022) **VS.**

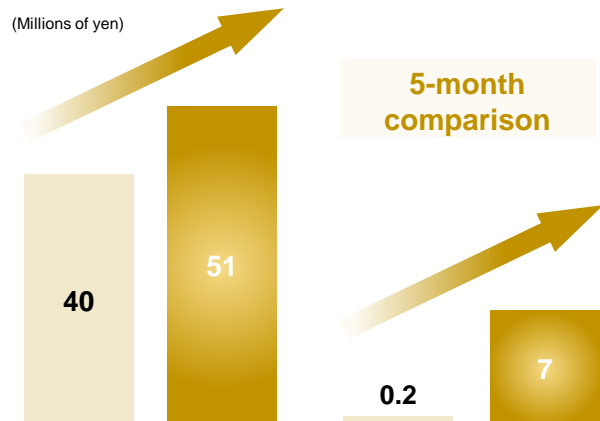
12 months of the latest period (Apr 2023 - Mar 2024)



Sales Improvement Measures		Cost Reduction Measures	
✓	Prize line-up incl. GiGO-exclusive prizes	✓	Cost synergies of amusement machines
✓	Increase in prize game machines	✓	Cost synergies of prizes
✓	Horizontal deployment of operation manuals	✓	Equipment repairment expenses
✓	Horizontal deployment of DX measures	✓	Periodic cleaning costs
✓	Renovations (incl. GiGO rebranding)	✓	Cost of supplies (uniforms, prize bags, etc.)

Compared stores: 1 store (reopening on October 5, 2023)

Compared period: 5 months prior to M&A (Nov 2022 - Mar 2023) **VS.**
5 months of the latest period (Nov 2023 - Mar 2024)



Revenue
128%

OP Income before D&A
3,070%

Sales Improvement Measures		Cost Reduction Measures	
✓	Prize line-up incl. GiGO-exclusive prizes	✓	Cost synergies of amusement machines
✓	Increase in prize game machines	✓	Cost synergies of prizes
✓	Horizontal deployment of operation manuals	✓	Equipment repairment expenses
Some unexecuted	Horizontal deployment of DX measures	Some unexecuted	Periodic cleaning costs
✓	Renovations (incl. GiGO rebranding)	✓	Cost of supplies (uniforms, prize bags, etc.)

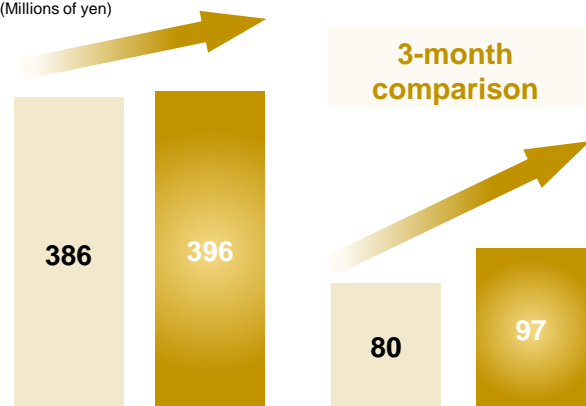
Compared stores: 6 stores (acquired on December 26, 2023)

Compared period: 3 months prior to M&A (Jan 2023 - Mar 2023) **VS.**

3 months of the latest period (Jan 2024 - Mar 2024)



(Millions of yen)



Revenue

102%

OP Income
before D&A

121%



After

Sales Improvement Measures

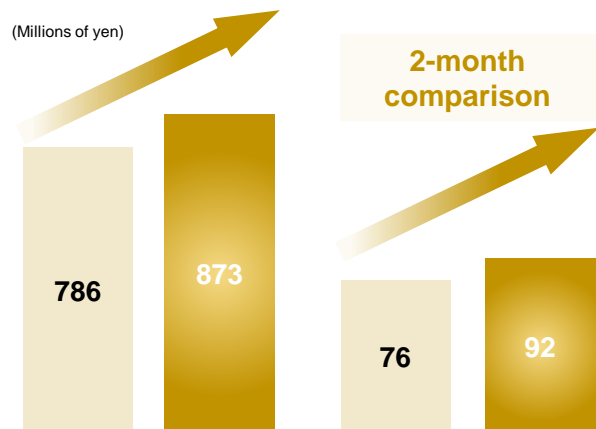
✓	Prize line-up incl. GiGO-exclusive prizes
✓	Increase in prize game machines
Some unexe- cuted	Horizontal deployment of operation manuals
Some unexe- cuted	Horizontal deployment of DX measures
Unexe- cuted	Renovations (incl. GiGO rebranding)

Cost Reduction Measures

✓	Cost synergies of amusement machines
✓	Cost synergies of prizes
✓	Equipment repairment expenses
Unexe- cuted	Periodic cleaning costs
Unexe- cuted	Cost of supplies (uniforms, prize bags, etc.)

Compared stores: 51 stores (acquired on February 1, 2024)

Compared period: 2 months prior to M&A (Feb 2023 - Mar 2023) **VS.**
2 months of the latest period (Feb 2024 - Mar 2024)



Net sales
111%

OP Income before D&A
120%



Sales Improvement Measures		Cost Reduction Measures	
✓	Prize line-up incl. GiGO-exclusive prizes	Unexe-cuted	Cost synergies of amusement machines
Unexe-cuted	Increase in prize game machines	Unexe-cuted	Cost synergies of prizes
Unexe-cuted	Horizontal deployment of operation manuals	Unexe-cuted	Equipment repairment expenses
Unexe-cuted	Horizontal deployment of DX measures	Unexe-cuted	Periodic cleaning costs
Unexe-cuted	Renovations (incl. GiGO rebranding)	Unexe-cuted	Cost of supplies (uniforms, prize bags, etc.)

*Note: Operating income before D&A (depreciation and amortization) refers to EBITDA, which is the sum of operating income plus depreciation and amortization and goodwill amortization.
The comparison of 51 stores includes 42 amusement arcades, 5 playgrounds, and 4 other stores.*

All Arcades achieved Increases in Revenue and Income

- ◎ indicates sales growth exceeds 110% / operating income before D&A exceeds 120% (including return to profitability);
 ○ indicates sales growth exceeds 100% / amortization exceeds 100%
- The largest arcade M&A since SEGA Entertainment PLABI, and the two most recent companies are about to introduce PMI measures



スガイディノス



MAXIM HERO



PLABI

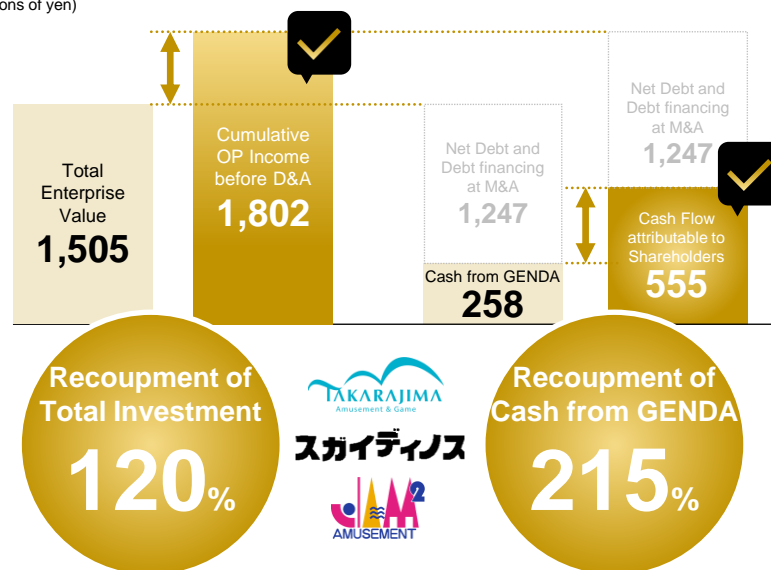


ゲームファンタジア

Sales	◎	◎	◎	◎	◎	◎
OP Income before D&A	◎	◎	◎	◎	○	◎

As a result, Recoupment of the Initial Investment progressed Dramatically

(Millions of yen)



- Simplified return on investment assessment by operating income before depreciation and amortization (EBITDA) for the 3-amusement arcade M&As (Takarajima, Sugai Dinos, and Avice) where synergies and PMI are fully realized, and more than 12 months have passed since the M&A
- The total enterprise value of 1,505 million yen as invested capital and 258 million yen as cash on hand (excluding borrowings), while the accumulated operating income before depreciation and amortization since the completion of the M&A is 1,802 million yen
- M&A of Takarajima completed 2 years ago, and of Sugai dinos and Avice 1.5 years ago, have already recouped the total investment, including debt, and moreover the leverage effect has already more than doubled the cash flow attributable to shareholders
- All current and future cash flows have a one-way upside for existing shareholders

Note: Operating income before D&A (depreciation and amortization) refers to EBITDA, which is the sum of operating income plus depreciation and amortization of goodwill. Cumulative operating income before amortization is the cumulative amount of operating income before depreciation and amortization generated since the subject company was consolidated into the GENDA Group. Although it is more accurate to judge the return on investment by free cash flow, the actual amount of operating income before depreciation and amortization is almost the same because no income taxes were paid during the period of accumulated operating income before write-offs and amusement arcade CAPEX was limited due to the loss carried forward. Therefore, the operating income before depreciation and amortization is used for the simplified estimation.

FY2025/1 Q1 Outlook

The latest status in consideration of
robust amusement arcades
as well as the **karaoke business**,
performing better than the original plan

Original Plan at FY2024/1 Earnings Announcement on March 11

Amusement arcade

- Planned amusement arcade existing stores growth is in the 'low single-digit %'

Karaoke

- Karaoke business will be consolidated from 1 February 2024
- Shin Corporation, which operates Karaoke BANBAN, has recorded a single-month loss for February for 35 consecutive years since its foundation
- Karaoke plans an existing shop growth rate of 0%
- On the other hand, the highest profit for the full year since the company's foundation is planned

Outlook for the FY2025/1 Q1

- YoY "Operating income" to **"decrease"** due to amortization of goodwill
- YoY "Operating income before depreciation and amortization (EBITDA)" to **"increase significantly"**

February and March Results

Amusement arcade

- Amusement arcade existing stores growth is in the 'high single-digit %'
- The main reason is the 'double-digit %' amusement arcade existing stores growth rate in urban stores, which is GiGO's forte

Fukuya, Ares company

- These two companies which are upstream in the value chain of amusement arcade are also achieving good PMI due to synergies

Karaoke

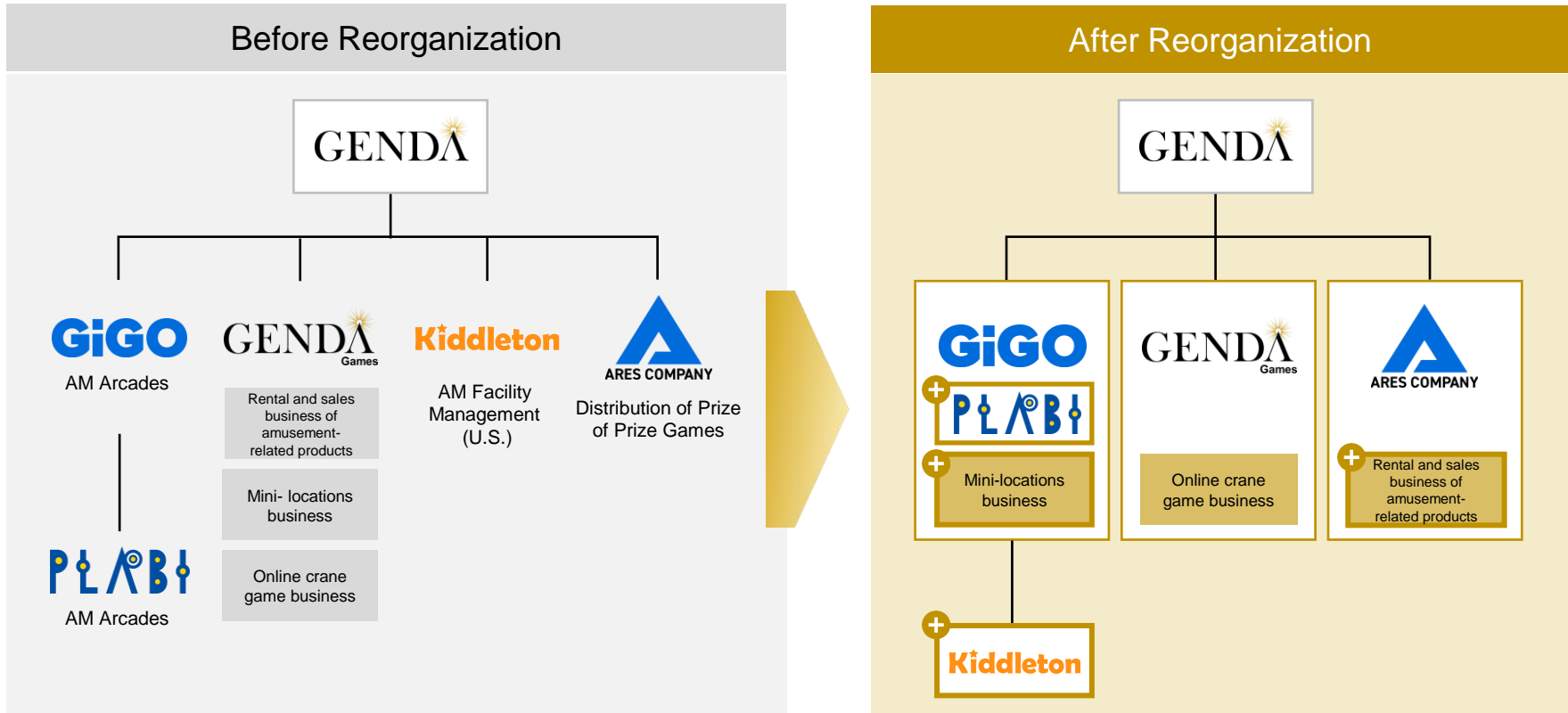
- PMI along with synergies more successful than expected
- In February, the first month as GENDA group, Shin Corporation succeeded in turning to a profit in February for the first time in 35 years since its foundation
- As a result, the karaoke existing store growth rate was "13%"
- The probability of the highest full-year profit since the company's foundation is further increased

Outlook for the FY2025/1 Q1

- YoY "Operating income" to **"increase"** even after taking the amortization of goodwill into consideration
- YoY "Operating income before depreciation and amortization (EBITDA)" to **"further increase significantly"**
- YoY Net income (after amortization of goodwill) is expected to continue to decrease due to the start of income tax payment, which was almost nonexistent in the previous year, and goodwill amortization expenses

Implemented 17 M&As in 9 months since IPO, while flexibly reorganizing the group
→ **Reorganized command and control structure to accelerate decision making and optimize for realization of synergies**

- Consolidation of PLABI, the game arcade and Kiddleton, the U.S. mini-location operator, into GENDA GiGO Entertainment to further **accelerate synergies and PMI in PLABI**, while **launching the U.S. expansion of the amusement arcade of “GiGO”** together with Kiddleton
- **Accelerate synergies** by consolidating the amusement machine rental business mainly to small and medium-sized game arcades to Ares Company, which acts as a trading company function for prizes with channels also focused on small and medium-sized game arcades



Appendix

Resolved to implement a 1:2 stock split with an effective date of June 1, 2024

By reducing the amount per investment unit of GENDA's shares, GENDA aims to create an environment in which investors can more easily invest in GENDA's shares, to increase the liquidity of GENDA's shares, and to expand its investor base

Excerpts from "Notice of Stock Split and Partial Amendments to the Articles of Incorporation Accompanying the Stock Split", April 23, 2024

2. Outline of Stock Split

(1) Method of stock split

The Company will carry out a 2-for-1 stock split of common shares held by shareholders of record as of May 31, 2024 (Friday)

(2) Number of shares to be increased by stock split

1	Total number of shares outstanding before stock split	34,529,000 shares
2	Number of shares to be increased by this stock split	34,529,000 shares
3	Total number of shares issued and outstanding after stock split	69,058,000 shares
4	Total number of authorized shares after stock split	254,000,000 shares

(Note) The total number of authorized shares issued and the number of shares to be increased above may increase in the future due to the exercise of stock options before the record date of the stock split.

(3) Schedule for Stock Split

1	Record Date Date of Public Notice	Wednesday, May 15, 2024 (scheduled)
2	Reference Date	Friday, May 31, 2024
3	Effective date	Saturday, June 1, 2024

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More fun for your days
