

GENDA IR

M&A announced today

2025.4.9

GENDA:)

Large-scale M&A of Amusement arcades in North America

One of the Largest M&As in GENDA's history

– Strategy for North America with incredible PMI records is GENDA's further growth engine

A group of companies engaged in operation of amusement arcades ("AMs"), sales, distribution and service of equipment in the U.S. and Canada, including one of the top companies in North America, Player One Amusement Group (PLAYER ONE)

With its long history since 1975, opened many stores in large-scale entertainment facilities such as movie theaters. Compared to our existing business in North America, having more game machines installed in one site and secured stable contract years. Stable and long-term cashflow is expected.



Corporate outline (FY2024/12)

Establishment: 1975

Route Operations (70% of sales)

Approx. 104 AMs and 2,000 mini-locations

Sales & Distribution (30% of sales)

Wholesale and sale of game machines

Sales by region: Approx. 60% in the U.S.,
40% in Canada

Main locations

Long-term transactions with famous
cinema complexes across North
America



Outline of Project

PLAYER ONE: Revenue **\$160m** EBITDA **\$20m** (Estimate for this FY)

NEN: Revenue \$107m EBITDA \$13m (Target for this FY)

KDT: Revenue \$33m EBITDA \$7m (Target for this FY)

After PLAYER ONE is consolidated, our sales volume in North America
will be approx. ¥44.0bn in FY2027/1, equivalent to approx. 25% of all.

For enterprise value of \$170m, EV / EBITDA is 8.5x (estimate for this FY),
4.8x for mid-and-long term target and planned to be even less afterwards.

By leveraging the debt capacity, planned to pay all consideration by **cash
and borrowings**. Thus, **Cash EPS** is expected to increase continuously
due to contribution to the results and PMI.

Note: We defined a place with 31 or more game machines as "AM" and 30 or less as "mini-location." Estimates calculated by applying the target value of sales for the FY2026/1 which we announced on March 12, 2025 to FY2027/1, and totaling the amount and our target value of PLAYER ONE for FY2025/12, in order to show the scale of GENDA's sales in North America in FY2027/1 after PLAYER ONE joined us because the PLAYER ONE's operating results will contribute to our consolidated ones full year from FY2027/1.

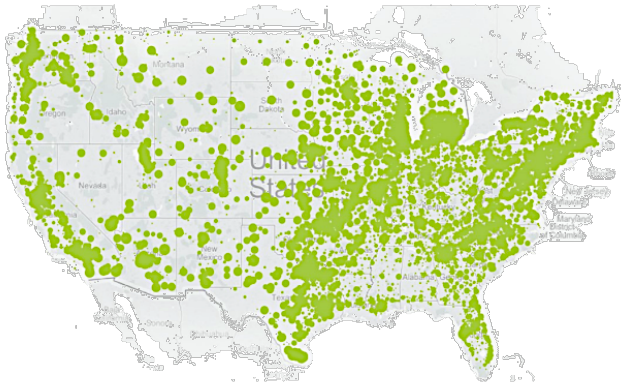
Strengthen Platforms in North America (USA + Canada)

Expand Entertainment Platform Network in North America by NEN and PLAYER ONE



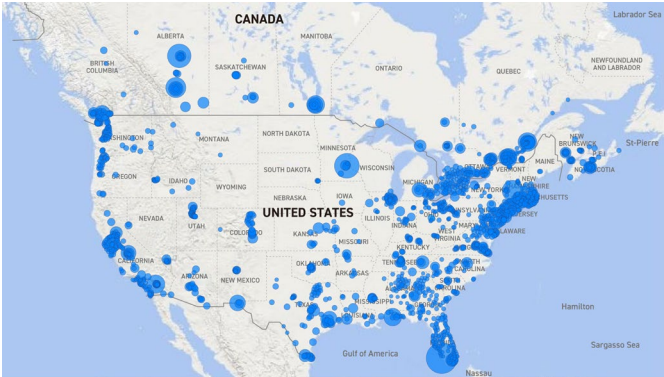
Amusement arcade **19** stores

Mini-location approx. **10,000** locations



Amusement arcade **104** stores

Mini-location approx. **2,000** locations



Note: We define a place with 31 or more game machines as "amusement arcade," and a place with 30 or less game machines as "mini-location." NEN's locations are as of January 2025, PLAYER ONE's as of December 2024.

Roll-up Strategy

Implement the top priority of M&A strategy, “roll-up of AMs,” in North America as well

Not only roll up amusement arcades in Japan which are growing with strong demand for Japanese anime, but also keep expanding our network efficiently by roll-up and become a global platformer to eliminate “demand-supply gaps of Japanese anime merchandise” in North America

Amusement arcades in Japan

 December 2020 Share Acquisition (85.1%)	 January 2022 Share Acquisition (100%)	 October 2022 Business Acquisition	 October 2022 Absorption-type split
 September 2023 Assets Acquisition	 October 2023 Fixed assets Acquisition	 November 2023 Assets Acquisition From Global Solutions	 December 2023 Absorption-type split
 February 2024 Share Acquisition (82.45%)	 May 2024 Share Acquisition (100%)	 June 2024 Share Acquisition (100%)	 October 2024 Absorption-type split From Matahari Entertainment
 February 2025 Absorption-type split	 March 2025 Share Acquisition (100%)	 April 2025 Share Acquisition (100%)	...

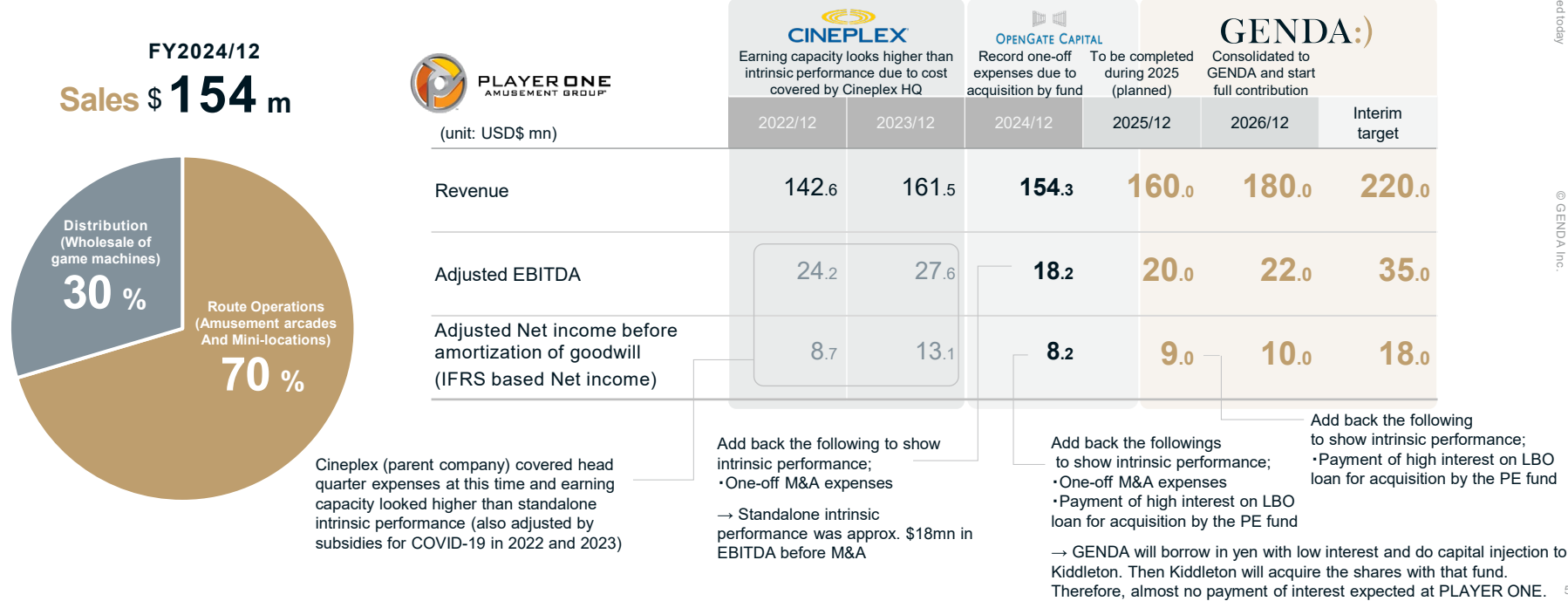
Amusement arcades abroad

 September 2023 100% ownership Acquisition	 November 2024 Equity Acquisition (100%)
 NEW PLAYER ONE AMUSEMENT GROUP	...

PLAYER ONE’s progress of Results

PLAYER ONE acquired by PE fund in 2024 → acquired by GENDA in 2025

PE fund, Open Gate Capital acquired from Cineplex in February 2024. Intrinsic performance is around \$18mn in EBITDA excluding one-off expenses. Since succeeded the acquisition from the fund in a short time, suppress the acquisition price while securing the seller’s annual return.



Note: Adjusted EBITDA is calculated by adding back (1) one-off expenses associated with the M&A by Open Gate Capital in February 2024 and (2) a subsidy for COVID-19, etc. Regarding Adjusted Net income before amortization of goodwill, in addition to (1) and (2), although a large amount of borrowing interest is included in FY2024/12 associated with M&A by Open Gate Capital in February 2024, we plan to repay the interest concerned after GENDA conducts M&A and the burden of interest is expected to return to the same level of FY2023/12. Therefore, we deducted interest on the borrowing concerned and added back the amortization of goodwill.

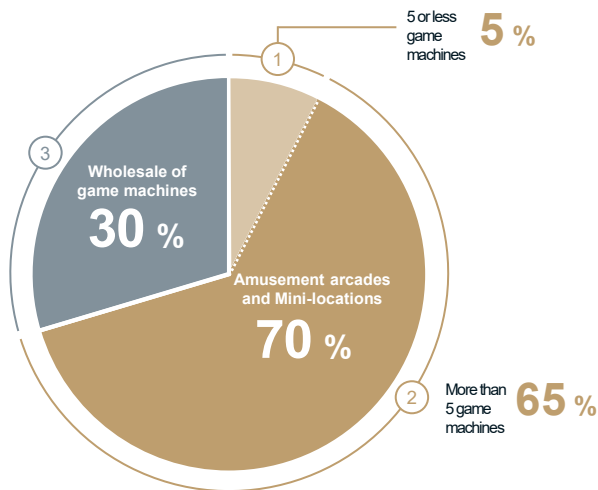
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Maximize PMI effects like NEN

**Based on results at NEN with same store sales growth “average 3x,”
thoroughly develop upside potential, completely different from that in Japan**

Against EV / EBITDA of 8.5x at advanced phase, with huge room for PMI, plan to have 4.8x as mid-and-long term target and planned to be even less afterwards

- ① At sites consisting 5% of sales, with “5 or less game machines,” replace with Kiddleton-style. Assume average result of sales after replacement at NEN.
- ② At sites consisting 65% of sales, with “more than 5 game machines,” add Kiddleton-style game machines. Assume average sales after replacement at NEN.
- ③ For “wholesale of game machines,” consisting 30% of sales, conservatively assume to remain the same.



(For reference) Replacement at NEN

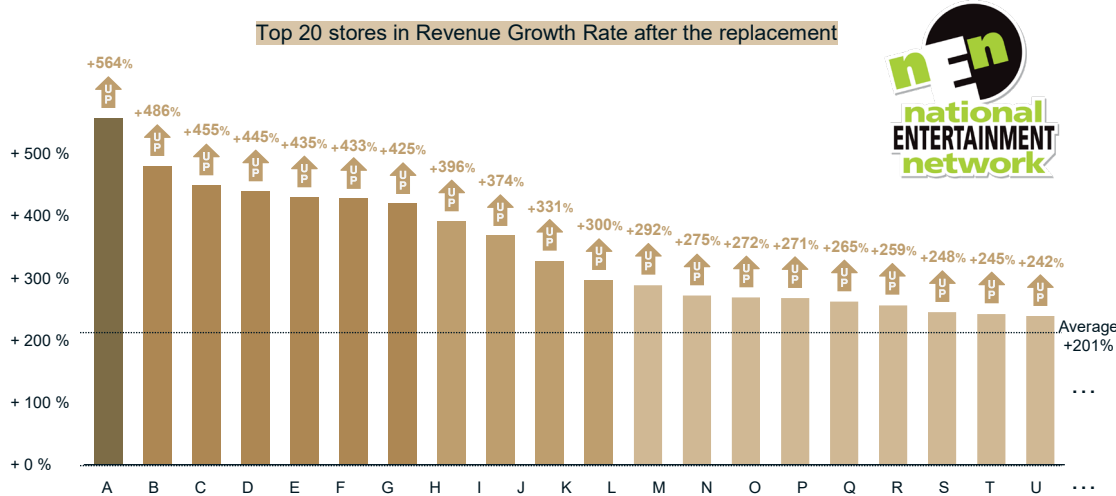


Incredible PMI results at NEN

Phenomenal results with same store sales growth “average +201%” !!

In other words, same store sales tripled on average. For comparison, even with PMI in Japan, same store sales growth is c.+50% “at most”.

Now replacing machines at approx.10,000 locations of NEN across the U.S. as quickly as possible, with inbound inquiries of new store openings.



Number of stores by growth rate by PMI

Same store sales before & after the acquisition	Before & After the replacement with Kiddleton's style at NEN's location in the U.S.	Before & After the amusement arcades in Japan joined via roll-up M&As
~ 0%	-	-
+ 0 ~ + 99%	19	9
+ 100 ~ + 199%	15	-
+ 200 ~ + 299%	22	-
+ 300 ~ + 399%	4	-
+ 400 ~ + 499%	6	-
+ 500% ~	1	-

In our analysis, this implies the nationwide “supply-demand gap” of Japanese IP contents, now available only in a few cities such as NY and LA.

Besides, this result is made only by Japanese-style “Kawaii” stuffed animals, such as bears or rabbits, without real popular Japanese anime IP.

Further upside exists by real popular anime IP fully implemented in the future. (to next page)

No site decreased the revenue in roll-up M&A of amusement arcades in Japan / North America

GENDA is a global platformer of Japanese Anime IP

Japan as one to spread world-class anime IP to fans (GENDA serves as an offline platformer)

Now that GENDA, a Japanese company, has acquired the long-desired entertainment platform with individual consumers across North America, we will gradually sell famous Japanese anime IP prizes directly to anime fans across North America through the NEN platform (many lined up for 2025, we plan to announce them in series).



Popular IPs in Japan × **GENDA serves as the Global Entertainment Platform**

Pursue further synergies by combining North America Platforms of PLAYER ONE and NEN

4 Efficient operation of warehouses and offices of PLAYER ONE and NEN

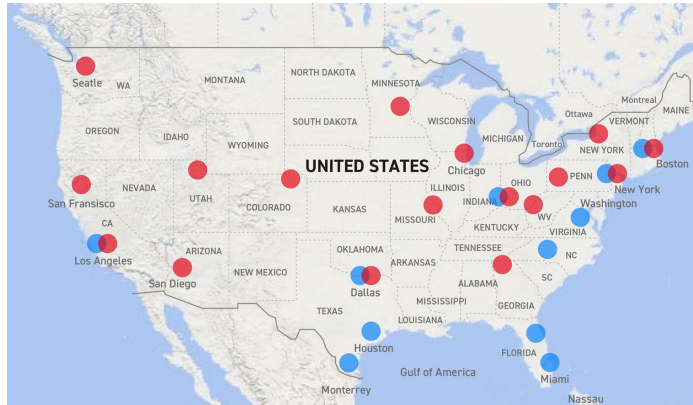


PLAYER ONE
AMUSEMENT GROUP™



Warehouses and offices located within 80 miles

- | | |
|------------------------|------------------------|
| 1. Dallas Fort Worth | 5. Boston Rhode Island |
| 2. Southern California | 6. East Pennsylvania |
| 3. Kennesaw, Georgia | and New Jersey |
| 4. Southwestern Ohio | |



● NEN's hub
● PLAYER ONE's hub

5 Advantage of purchase price

Since PLAYER ONE has the Distribution business, we can increase the number of purchase more than doing the Route Operations business alone.
Become possible to purchase equipment with business conditions favorable to us by leveraging economies of scale.

6 Make the management more efficient

Carved out from Cineplex Inc., a major operator of movie theaters in North America in February 2024.
Initiated by Fund, changed to well-muscled structure by streamlining sales admin dept., sharing information in real time by renovating the system, etc.
After joining GENDA, further improvement of the management is expected by not only implementing PMI measures but also sharing know-how which we have as an entertainment operating company.

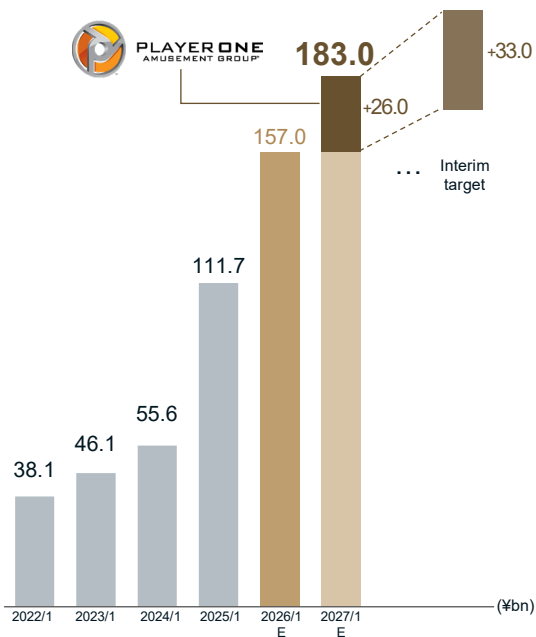
PLAYER ONE's contribution to earnings

Earnings Estimate in FY2027/1 (assumes no M&A from today on)

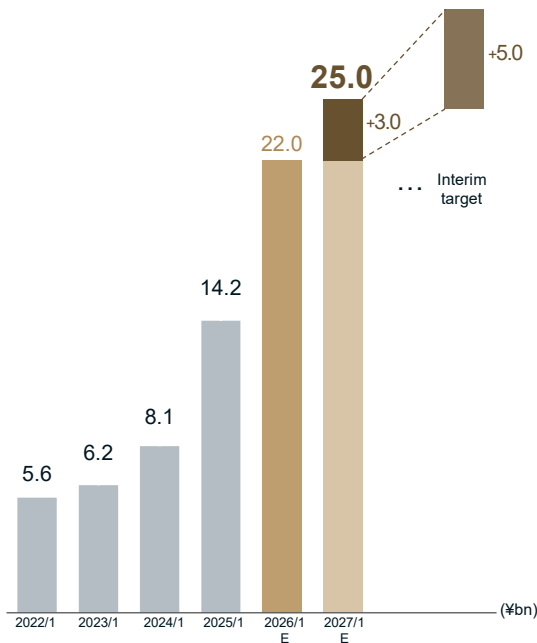
Revenue **¥183.0_{bn}** | EBITDA **¥25.0_{bn}** | Net income before amortization of goodwill (IFRS based Net income) **¥9.5_{bn}**

For FY2026/1: PLAYER ONE's full contribution will be in the next fiscal year. Not revise the results this year because M&A-related expenses occur while PLAYER ONE will contribute only half-year. Include PLAYER ONE's growth for mid & long term with plenty room for organic growth different from that in Japan expected.

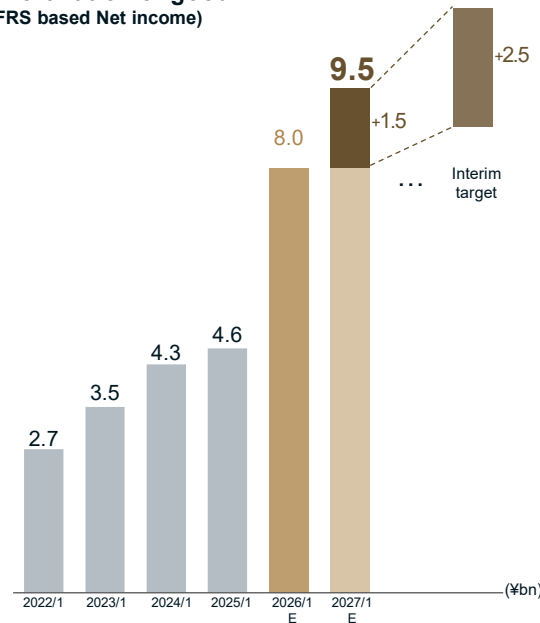
Revenue



EBITDA



Net income before amortization of goodwill (IFRS based Net income)



Note: Assumed exchange rate; \$1 = ¥140 for FY2026/1, \$1 = ¥145 for FY2027/1.

Continuous growth of Adjusted Cash EPS by utilizing Debt financing

By disciplined M&A, Cash EPS is linearly growing despite growth through M&A

By utilizing Debt financing, adjusted Cash EPS is steadily growing. After completed this M&A, expect extra adjusted Cash EPS with growth by PMI and organic growth

Consolidated Balance Sheet

As of the end of FY2025/1

Cash & deposits level

- Keep possessing cash and deposits which can be allotted for M&A
- Assume to allot for PLAYER ONE as well

Cash & deposits ¥25.6bn	Interest-bearing debt ¥52.5bn
Other assets ¥70.6bn	Other debts ¥26.2bn
Goodwill ¥18.1bn	Net assets ¥35.7bn

Goodwill

- Hold down the amount of goodwill against net assets by disciplined M&A at a right valuation

Interest-bearing debt

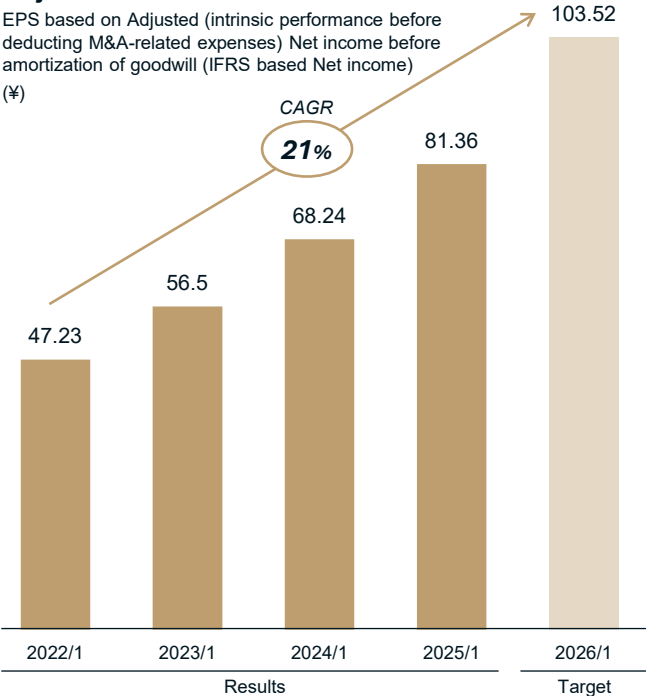
- Borrowing from 63 financial institutions (of which 43 banks of 112 belonging to JBA)
- Received an external rating of investment grade (BBB+)

Net assets

- Financial soundness drastically improved due to follow-on offering in July 2024
- Net assets approx. twice as much as goodwill

Adjusted Cash EPS

EPS based on Adjusted (intrinsic performance before deducting M&A-related expenses) Net income before amortization of goodwill (IFRS based Net income)
(¥)



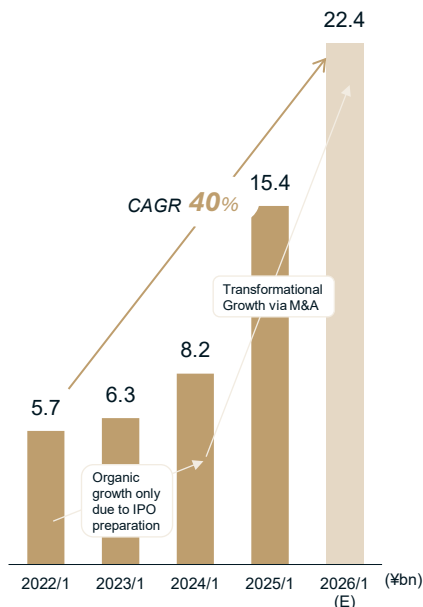
Note: Figures before taking into account the 2-for-1 stock split with Effective Date on April 1, 2025.

Disciplined M&A & PMI cycle to achieve transformational growth in Cash Flow

Evaluate the M&A consideration in comparison with the cash flow from the target, and enhance cash flow after consolidation with post-merger-integration

Adjusted EBITDA

EBITDA before one-off M&A costs

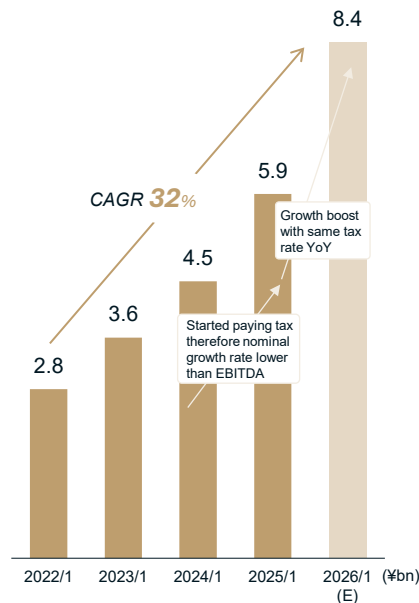


- Interest
- Tax
- Depreciation
- Impairment

However, Depreciation and Impairment are non-cash items

Adjusted Net Income before Amortization of Goodwill

IFRS based Net Income before one-off M&A costs

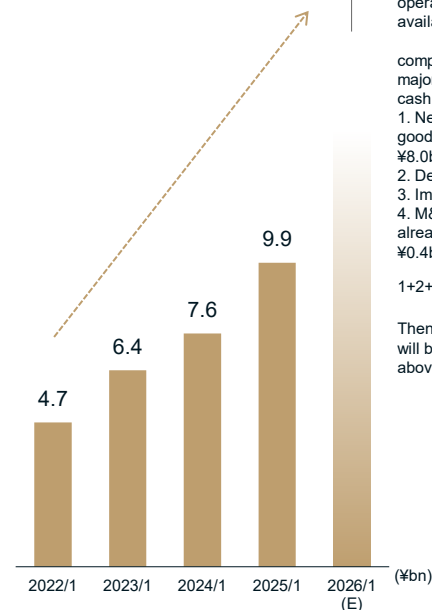


+ Depreciation
+ Impairment
+/- change in WC

Adding back depreciation and Impairment to show pure cash flow generating capabilities

Adjusted Operating Cash Flow

Operating Cash Flow before one-off M&A costs



Although no company estimate for 2026/1 operating cash flow available,

company estimate of major items in operating cash flow are;

1. Net income before goodwill amortization ¥8.0bn
2. Depreciation ¥8.5bn
3. Impairment ¥0.5bn
4. M&A costs for M&As already announced ¥0.4bn

1+2+3+4=¥17.4bn

Then, change in WC etc. will be deducted from above

Note: Each figure of adjusted items is calculated by adding back M&A costs. ① M&A execution fees: Brokerage fees, legal fees, DD fees, FA fees and appraisal fees, ② M&A financing fees: M&A financing fees, ③ Equity offering fees: Follow-on offering fees and IPO fees.

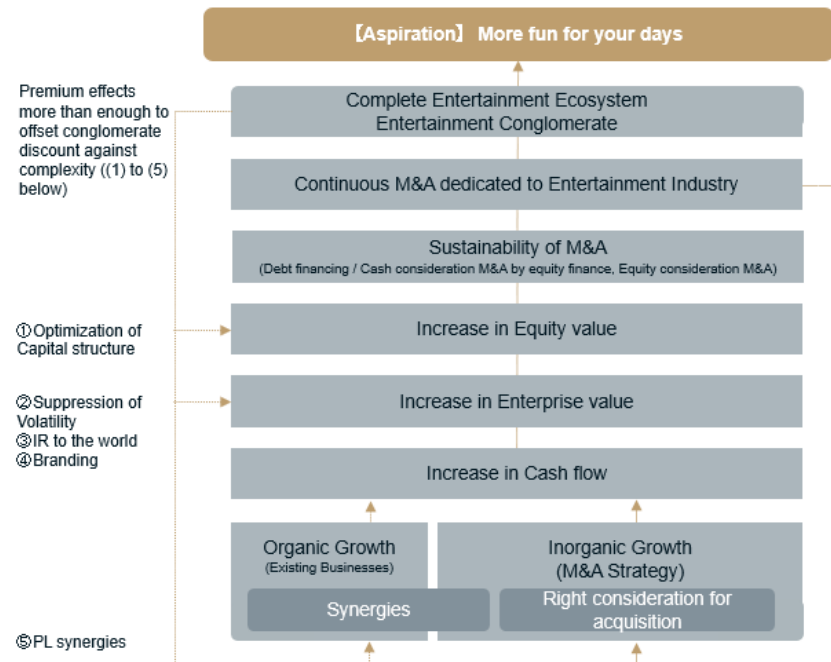
FAQ: How do GENDA conceive the current stock market environment?

Global stock market correction is a tailwind for GENDA as M&A is our mainstay of growth

GENDA's Growth Strategy: Transformational Growth through M&A

Although the global stock market correction triggered by the US tariff policy is unfavorable when organic growth is the only growth driver, it will allow us to source more quality deals while the stock prices of listed companies adjusted, and thus the valuations of unlisted companies are dragged down. We regard this situation as **a tailwind and opportunity for us, with M&A being our center of growth strategy.**

Although a cyclical correction in the stock market is practically inevitable, we believe that the only way to reward all of our investors who have entrusted us with their funds, is to announce our ample M&A pipeline in front of us one by one as soon as possible, regardless of the market environment, and to promptly return the fruits of transformational growth.



FAQ: What is the effect of escalation of tariffs?

Although the impact is limited now, we will minimize the impact even further

Impact on P&L by Escalation of Tariffs

Assuming that the tariff rate on Chinese imports by the U.S. is 104%, there is a possibility that a maximum impact of ¥0.36bn will occur in FY2026/1 (Kiddleton+NEN+PLAYER ONE). Although PLAYER ONE's sales are approx. 60% in the U.S. and approx. 40% in Canada, the above calculation is assuming all of the currently planned investments are made in the U.S. On the other hand, we believe that it will be possible to lower the unit purchase price because the number of machines purchased by whole GENDA in North America will increase due to PLAYER ONE's joining. Although the impact will be limited, we will minimize the impact even further by implementing measures in the next page. Besides, the mainstay of GENDA's growth story in North America is "Kiddleton-style mini crane games and Japanese IP of the prizes in the games." The feature of this business is a very short recoupment period of initial investment per site, about 12 to 24 months. In fact, Kiddleton has opened approx. 600 stores for 4 years all over the U.S. by itself. The reason for the short recoupment period is low price cost of mini-crane games and prizes (imported to the U.S.) especially against the sales it earns. This time, although such low price cost is subject to the tariff, as such price is low against the sales in the first place, the impact is limited

	Our target for FY2026/1	Impact	%
EBITDA	¥22.0bn	¥0bn (no impact from depreciation)	0%
Operating Income (IFRS based)	¥13.5bn	¥0.36bn	Approx. 2.6%
Operating Income (JGAAP based)	¥10.5bn	¥0.36bn	Approx. 3.4%
Net income before amortization of goodwill (IFRS based Net Income)	¥8.0bn	¥0.27bn (after tax effects)	Approx. 3.3%

Machines

Increase in the cost of machines will be evened out over the depreciation period on the PL. Estimate of increased costs in FY2026/1 will be ¥0.36bn in total of PLAYER ONE's ¥0.05bn and Kiddleton + NEN's ¥0.31bn.



Prizes

We believe it will be possible to pass on the increased cost of prizes to unit play fees etc. because our business model is in expensive at \$1 per play. Besides, even if there is an impact from tariffs, our prizes are still cheaper and higher quality than prizes produced in the U.S.



Already started considering specific measures, will start implementing them in 2H of FY2026/1

Future countermeasures

✓ Shift from Speed-minded to Efficiency-minded

- From speed-minded “pursuing dominant strategy” to “pursuing efficiency” by severely evaluating each location’s ability to pull in more customers and starting PMI measures from locations with higher sales per machine
- For PLAYER ONE, will start implementing PMI measures from Canada, that is not affected by escalation of tariffs

✓ Review Manufacturing structure

- Launch a structure that we import parts from China and assemble them in the U.S. by utilizing NEN's local manufacturing plants
- The transportation of “finished products” of mini cranes requires a large portion of “air” transportation due to the space it takes up, but exporting parts makes transportation more efficient and contributes to reducing transportation costs.

✓ Review Price costs

- Negotiate with manufacturing plants in China and strengthen efforts to reduce price costs
- Consider procurement from other countries with lower tariffs

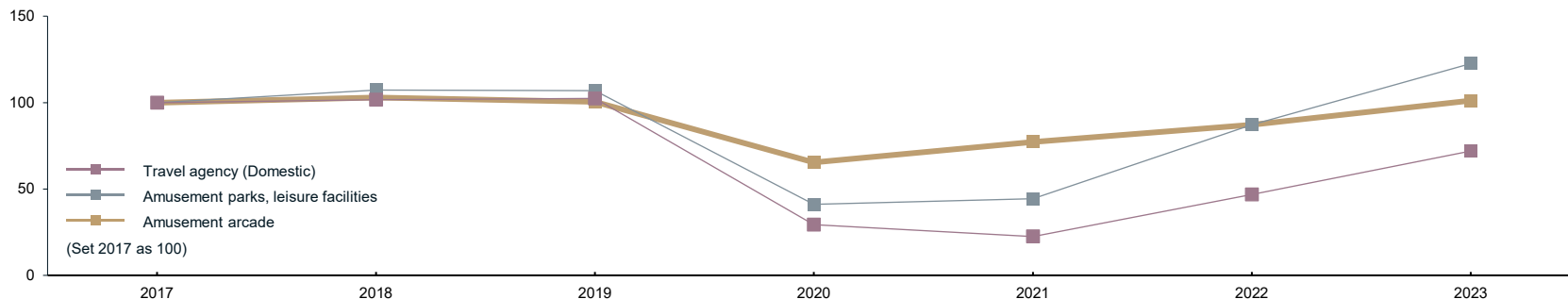


FAQ: How is the sensitivity of amusement arcades for the cyclicality of the economy?

Amusement arcades and mini-locations are “cheap, close and short” entertainment, less affected by the cyclicality of the economy.

It is an entertainment at \$1 for per play, stable business with strong downward durability compared to luxurious leisure activities. As there is no data available for the U.S., we use the data for Japan here. Even at a crisis such as COVID-19 pandemic, you can see the downward durability compared to other physical entertainments as presented in the graph below (on the other hand, it is less affected by economic boom, too).

Trend of Scale of Entertainment market in Japan



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Thank you :)