



**M&A Progress** since December 2023 and

**Earnings Forecasts**

January 22, 2024

Aspiration

**More fun**  
for  
your  
days

=

Vision

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



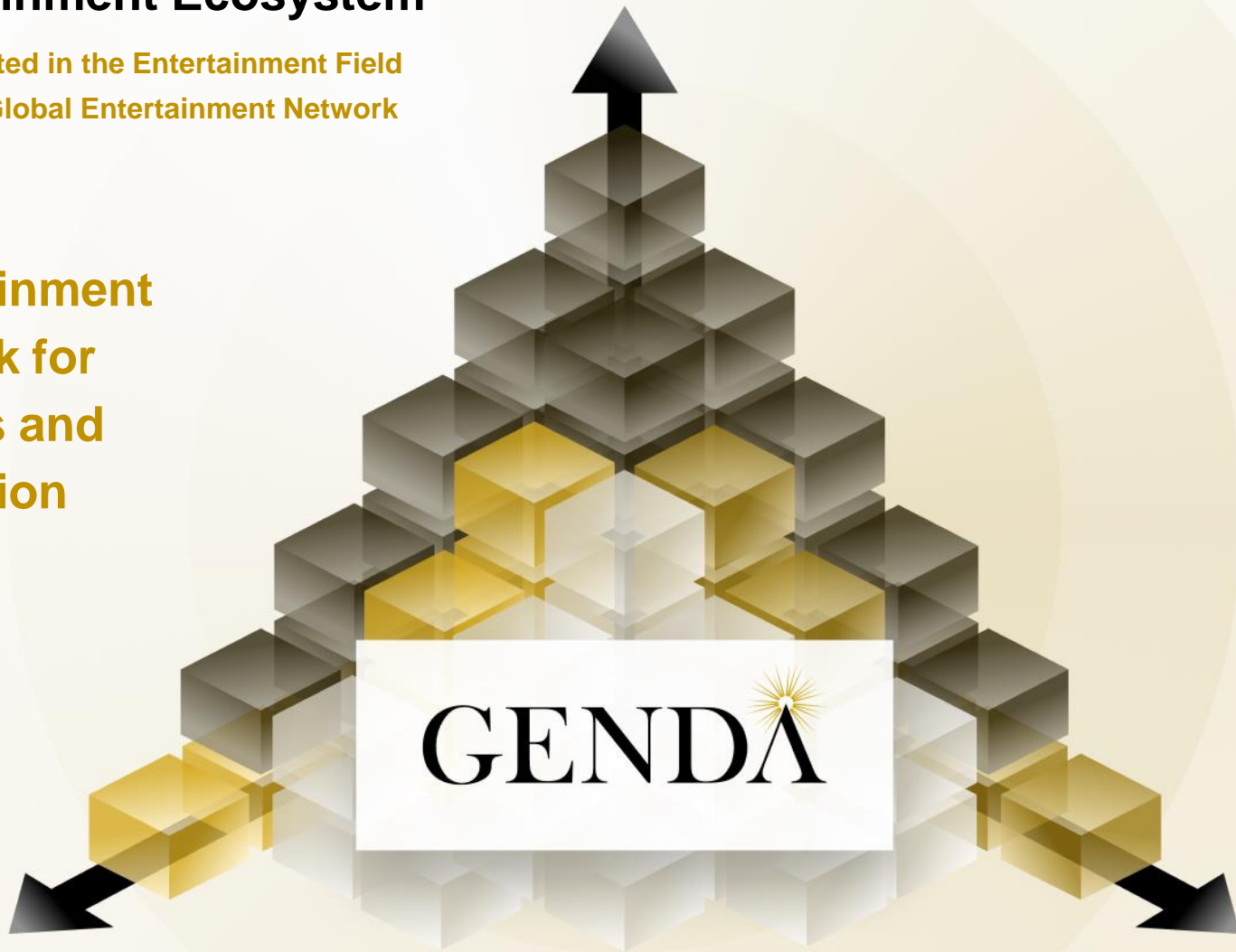
*Note: Diagram of our envisioned growth strategy.*

# Our growth strategy = "M&A in the Entertainment industry"

## 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



**“Entertainment Contents”**

**“Entertainment Platform”**

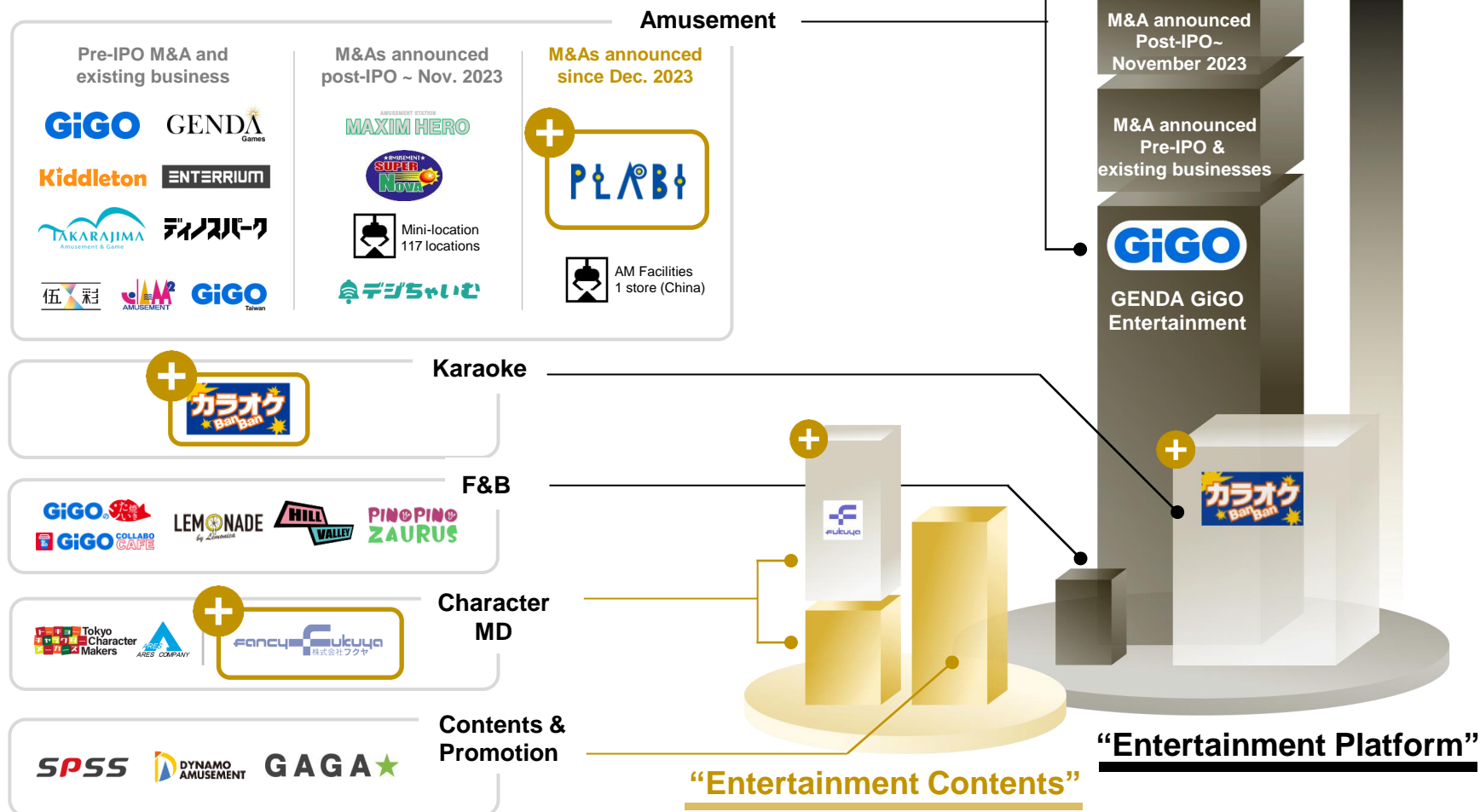
# M&A and Capital Transactions Track Record of "26"

Pre-IPO #M&A		1	Entertainment Contents	2	Entertainment Platform	3	Entertainment Platform	4	Entertainment Platform	5	Entertainment Contents
1 ~ 11			<b>SPSS</b> June 2018 Acquisition (100%)		<b>Kiddleton</b> July 2019 Joint Venture (50%)		<b>GiGO</b> December 2020 Acquisition (85.1%)		<b>ENTERRIUM</b> April 2021 Acquisition of the business		<b>DYNAMO AMUSEMENT</b> October 2021 Capital Alliance
6	Entertainment Platform	7	Entertainment Platform	8	Entertainment Platform	9	Entertainment Contents	10	Entertainment Platform	11	Entertainment Platform
	<b>GiGO Taiwan</b> December 2021 Acquisition		<b>GiGO</b> January 2022 Acquisition		<b>TAKARAJIMA</b> Amusement & Game January 2022 Acquisition (100%)		<b>HASHILLUS</b> June 2022 Capital Alliance		<b>スガイティノス</b> October 2022 Acquisition		<b>AMUSEMENT</b> October 2022 Acquisition
Post-IPO #M&A		12	Entertainment Platform	13	Entertainment Platform	14	Entertainment Contents	15	Entertainment Platform	16	Entertainment Platform
12 ~ 26			<b>デジチャーム</b> September 2023 Transfer of Assets		<b>Kiddleton</b> September 2023 Becoming a wholly owned subsidiary		<b>DYNAMO AMUSEMENT</b> September 2023 Becoming a wholly Owned subsidiary		<b>MAXIM HERO</b> October 2023 Transfer of Fixed assets		<b>LEMONADE</b> by Lemonica October 2023 Acquisition (66.0%)
17	Entertainment Contents	18	Entertainment Contents	19	Entertainment Platform	20	Entertainment Platform	21	Entertainment Platform	22	Entertainment Platform
	<b>ARES COMPANY</b> October 2023 Acquisition (100%)		<b>GAGA</b> November 2023 Acquisition (78.05%)		<b>Mini-location</b> 117 locations November 2023 Assets transferred from Global Solutions		<b>HILL VALLEY</b> The First Gameport in Japan November 2023 Acquisition (100%)		<b>SUPER NOVA</b> December 2023 Acquisition of Stores		<b>AM Arcade</b> 1 store (China) December 2023 Acquisition of management rights
23	Entertainment Platform	24	Entertainment Contents	25	Entertainment Platform	26	Entertainment Platform				
	<b>PINO PINO ZAURUS</b> December 2023 Pino Pino Zaurus Limited Acquisition (100%)		<b>fancy Fukuya</b> 株式会社フクヤ January 2024 (planned) Acquisition (100%)		<b>PLABI</b> February 2024 (planned) Acquisition (82.45%)		<b>カラオケ Ban Ban</b> February 2024 (planned) Acquisition (78.59%)				



## Amusement Centric + Peripheral Areas

Accelerate M&A in amusement and steadily advance into peripheral areas



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

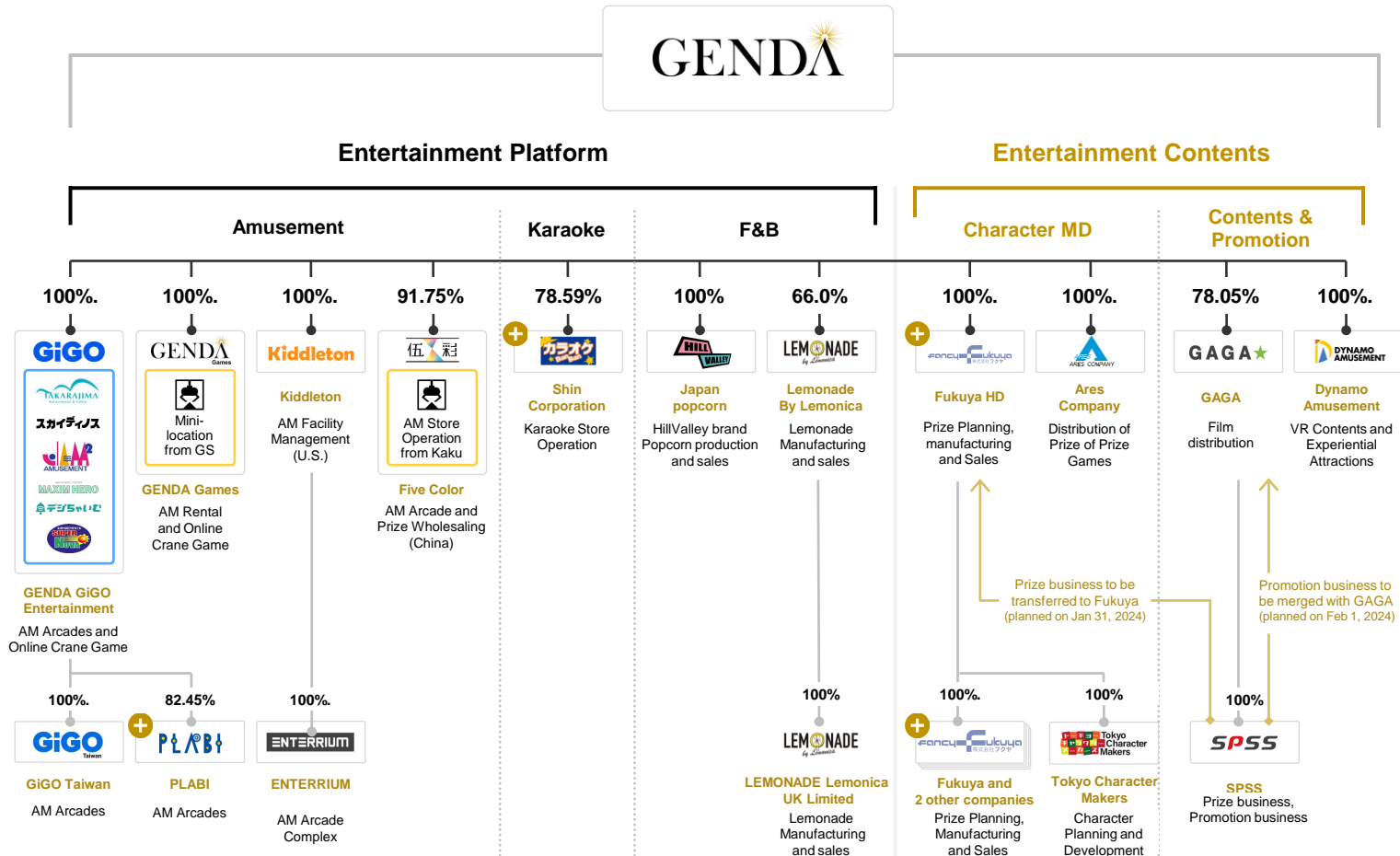
## M&A Strategies in the Entertainment Industry

		Pre-IPO (M&A + existing business)	Post-IPO (M&A)
Entertainment Platform	<b>Amusement</b> Operation of Amusement Arcades	       	      
	<b>Karaoke</b> Operation of Karaoke Stores		
	<b>Food &amp; Beverage (F&amp;B)</b> Providing Food and Beverage as entertainment	 	  
Entertainment Contents	<b>Character MD</b> Provide products and Services based on IP		 
	<b>Contents &amp; Promotion</b> Upstream access to IP including Anime Production and Publishing		 

Note: The number of acquired properties is as of the date of the announcement of the project.



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



Note: Assumptions as of February 2024, when all announced M&A deals are completed. "AM arcade" in the figures refer to amusement arcade. The figures are mainly for our consolidated subsidiaries. The number of locations acquired is as of the date of the project announcement. Fukuya HD plans to complete the project in late January 2024. PLABI and Shin Corporation are planned to complete their projects on February 1, 2024.

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# Highlights of M&A Transactions

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# Acquisition of PLABI (82.45%)

## 45 Amusement Arcades + 363 Mini-locations Nationwide (PLABI, Marine Garden, MINAMI ASOBI SHOTO, etc.)



Largest Amusement Arcade Roll-up M&A since the acquisition of the former Sega Entertainment



Amusement  
Arcades  
**+45**  
stores

Mini-location  
**+363**  
locations



## 1 Steady Progress in "Amusement Arcade Roll-up" The Center of our Strategy



Note: The number of locations acquired is as of the date the project was announced, and is estimated by adding up the previous planned to close in February 2024. Mini-locations refer to game areas with no permanent staff.



## 2 Strengthened Bargaining Power

Strengthened bargaining power of amusement machines and prizes with 318 amusement arcades and 879 mini-locations



## 3 More Enjoyable Amusement Arcades

“Campaigns” (GiGO exclusive prizes) at 318 GENDA group stores will be possible now. Further variety of prizes and amusement machines, we will make the facility even more enjoyable for our customers.



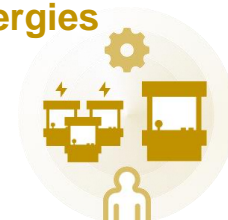
## 4 Sharing the Best Operation Practice

GiGO NAVI, the industry's unique employee operation app and Improve efficiency through the deployment of our DX operation



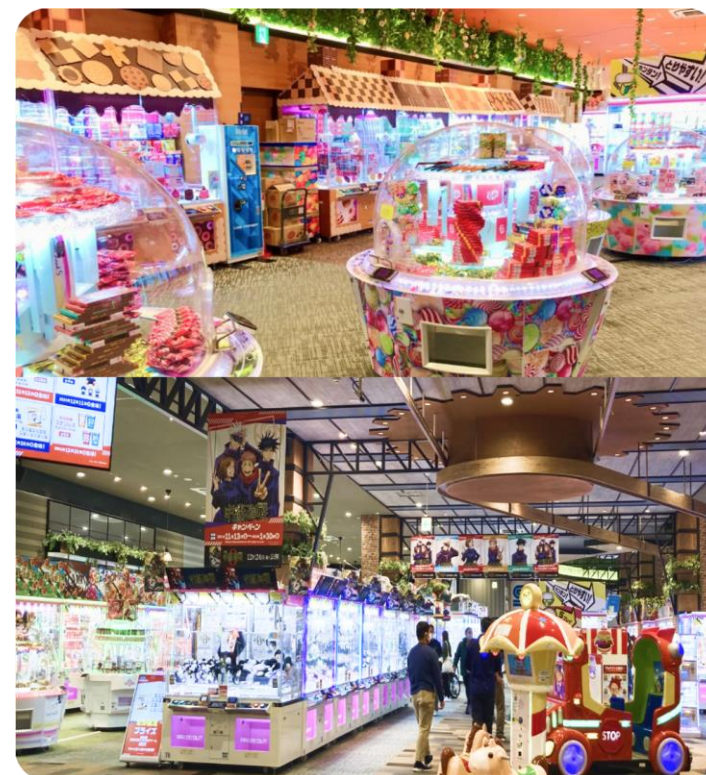
## 5 Mini-location Operational Synergies

Achieve much more efficient operations by integrating PLABI's 363 mini-location operations to GENDA Games, currently in charge of GENDA Group's mini-locations

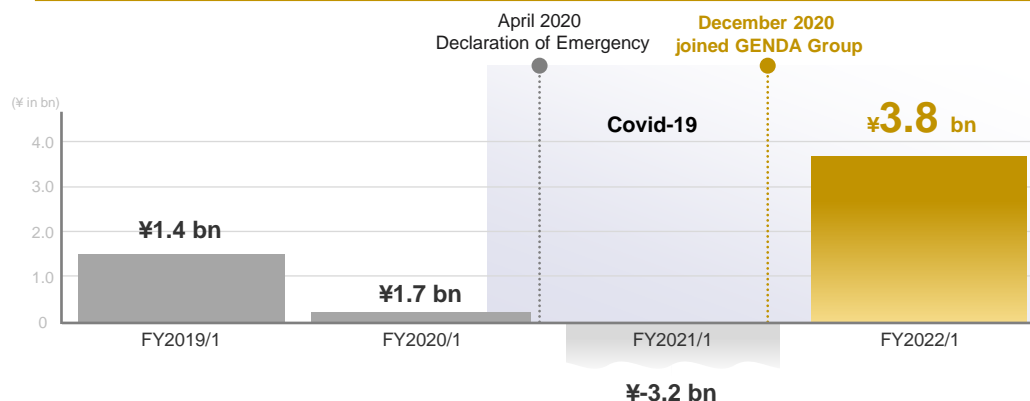


## PMI of the former SEGA Entertainment, Inc.

- **PMI team with management experience from three industry leaders**
  - Kataoka, former President of Aeon Fantasy (Currently Chairman of GENDA)
  - Former President, former Sega Entertainment Ueno (Current Chairman, GENDA GiGO Entertainment)
  - Former Executive Officer, BANDAI NAMCO AMUSEMENT Ninomiya (Current President, GENDA GiGO Entertainment)
- **Shopping center-type store reform ("Musamura Serious Project")** using as an experimental store GiGO AEON Mall Musashi Murayama
- As a result of horizontal deployment of the know-how and cost reductions, **operating profit recovered significantly in the first fiscal year after becoming GENDA Group** (see graph at the bottom)



Operating Income Transitions (GENDA GiGO Entertainment / former Sega Entertainment)





## PMI after Roll-up M&As of Small and Mid-sized Amusement Arcades

**PMI know-how in various roll-up M&A formats** (stock acquisition, business transfer, absorption-type demerger, fixed asset acquisition)

- Increase the prize games ratio
- Development of exclusive GiGO giveaways ("Campaign")
- Layout changes by replacing amusement machines to match the clientele
- Improve operational efficiency through horizontal deployment of DX
- Amusement machines and prizes can be purchased in bulk as a Group of 318 stores

### **Takarajima** (stock acquisition) **20** stores



PMI



Sales  
**120%\***

### **Sugai Dinos** (business transfer) **18** stores



PMI



Sales  
**121%\***

### **Avice** (absorption-type demerger) **3** stores



PMI

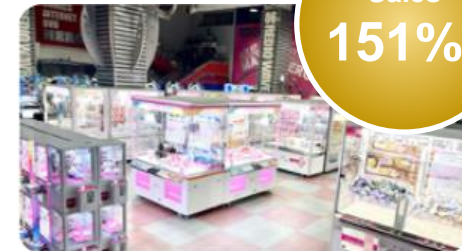


Sales  
**107%\***

### **MAXIM HERO** (fixed assets acquisition) **1** store



PMI



Sales  
**151%\***

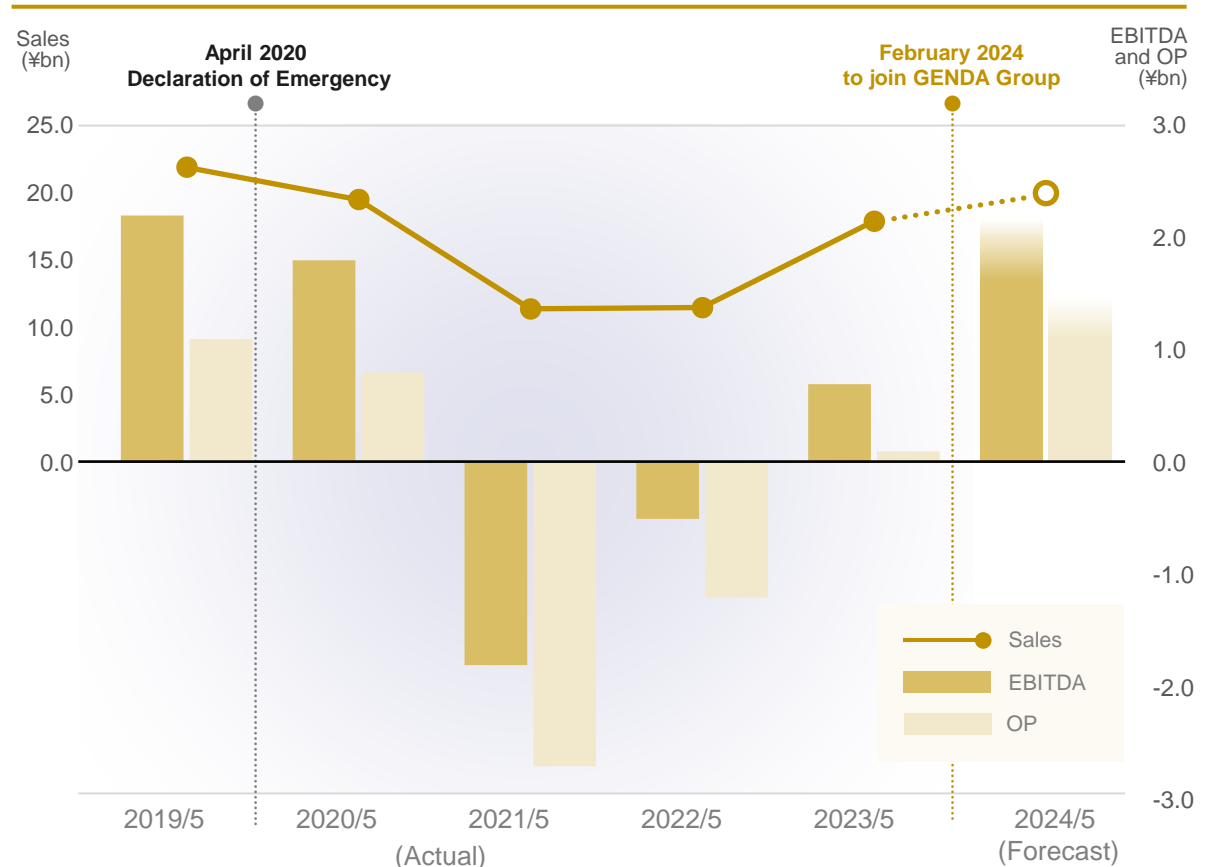
Note: From the viewpoint of fair comparison, the effectiveness of PMI results was measured after GENDA grouping in, using the latest and longest period of time for which comparisons could be made over the same period. For Takarajima, the figures compare sales from February 2021 to January 2022 (12 months) before GENDA grouping in and November 2022 to October 2023 (latest 12 months). Figures for Sugai Dinos and Avice compare sales from October 2021 to September 2022 (12 months) before joining the GENDA Group and from November 2022 to October 2023 (latest 12 months). The figures for MAXIM HERO are the sales figures for the 4th week of October compared to the previous week.

## Operation of Karaoke chain "Karaoke BANBAN" with 372 stores

- Similar to amusement arcades, karaoke market is rapidly recovering toward pre-Covid levels (Ref.: FY2022 market size is 168% YoY)
- Operating income to be above pre-Covid levels in the current fiscal year of FY2024/5
- Similar business model with a fixed cost centric and high marginal profit margins (amusement arcades: c.70%, karaoke: c.90%)



### Shin Corporation Financial Transitions

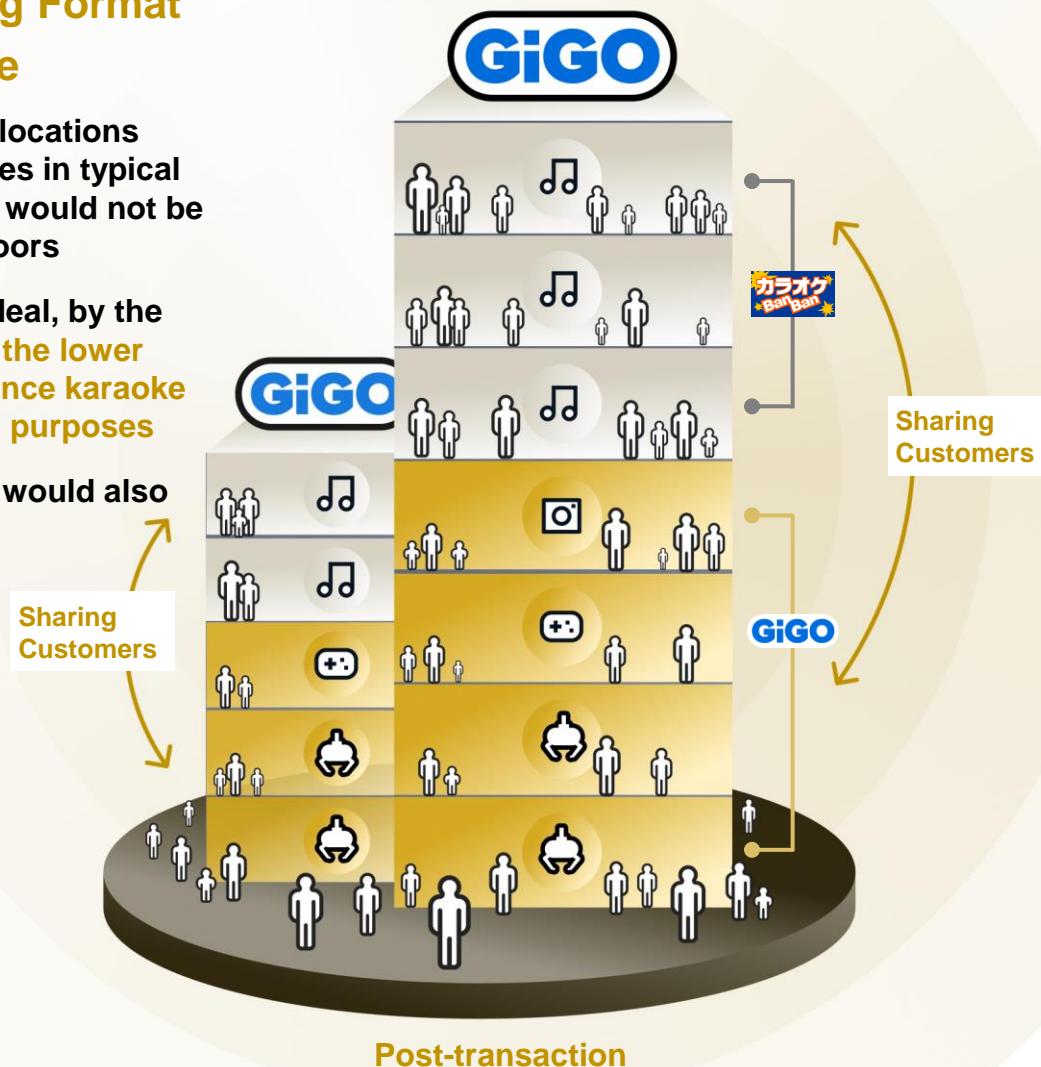


## 1 Strengthened New Store Opening Format by Amusement Arcade x Karaoke

- GiGO's characteristics is the urban area locations but it has been difficult to open new stores in typical high buildings in the urban area, since it would not be easy to attract customers to the upper floors
- This bottleneck will be solved after this deal, by the combination of **an amusement arcade in the lower floors and karaoke in the upper floors**, since karaoke customers generally come to stores with purposes
- Effective use of waiting time for karaoke would also be possible



Pre-transaction



Post-transaction

## 2 Strengthen IP x Real Platform

- Surging orders in SPSS for decorating Karaoke Room Wallpapers with Anime and Idols
- Realize group synergies including amusement arcade know-how via IP (animation) in GiGO x Real platform
- Contributed to mini-locations in karaoke rooms and expansion of F&B's sales channels

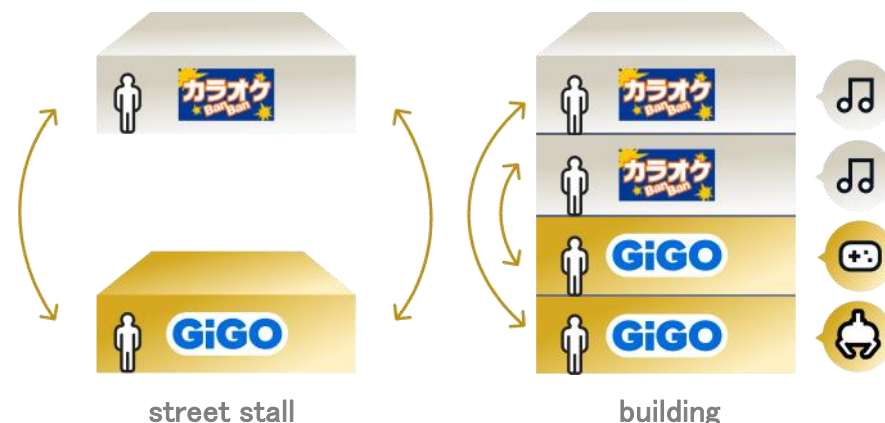


## 4 Similarity of the P&L

- Karaoke business has similar business model to amusement arcade, fixed cost centric with high marginal profit
- After Covid-19, the company's management structure became even leaner with EBITDA now at pre-Covid levels and OP income much higher than pre-Covid

## 3 Operational Synergies

- Regarding part-time workers, there is plenty of flexibility with neighborhood stores, and even further synergies can be envisioned if they are located in the same building
- Synergies can be expected in terms of resource allocation and other operations with similar sales seasonality



## 5 Attractive investment opportunities

- Stable and ample FCF, even at stand-alone valuations and regarded as a very attractive investment by GENDA's Investment Committee
- Overcome the concerns about an increase in the cost of capital due to the fact that the entire amount is debt-financed and only profits are consolidated without changing shareholders' equity therefore improving ROE and multiple to improve with higher EPS growth



## Vertical Integration of Major Prizemakers upstream of the Value Chain

A manufacturer that has had a close relationship with the GENDA Group since its inception

- Strengths in planning related to original prizes and licensed character prizes
- Develop and sell products that take "cute" one step further in both concept and quality under original brands such as "fanfancy +", a specialty store for "Oshi-Katsu"
- Rapid growth of prize games in the amusement arcade industry, and rapid growth in business performance as an upstream player in the value chain

### Planning and sales of prizes



fancy Fukuya  
株式会社フクヤ

### fanfancy + with GiGO



fanfancy+  
with GiGO

## 1 More “Campaigns” by Strengthened Prizes

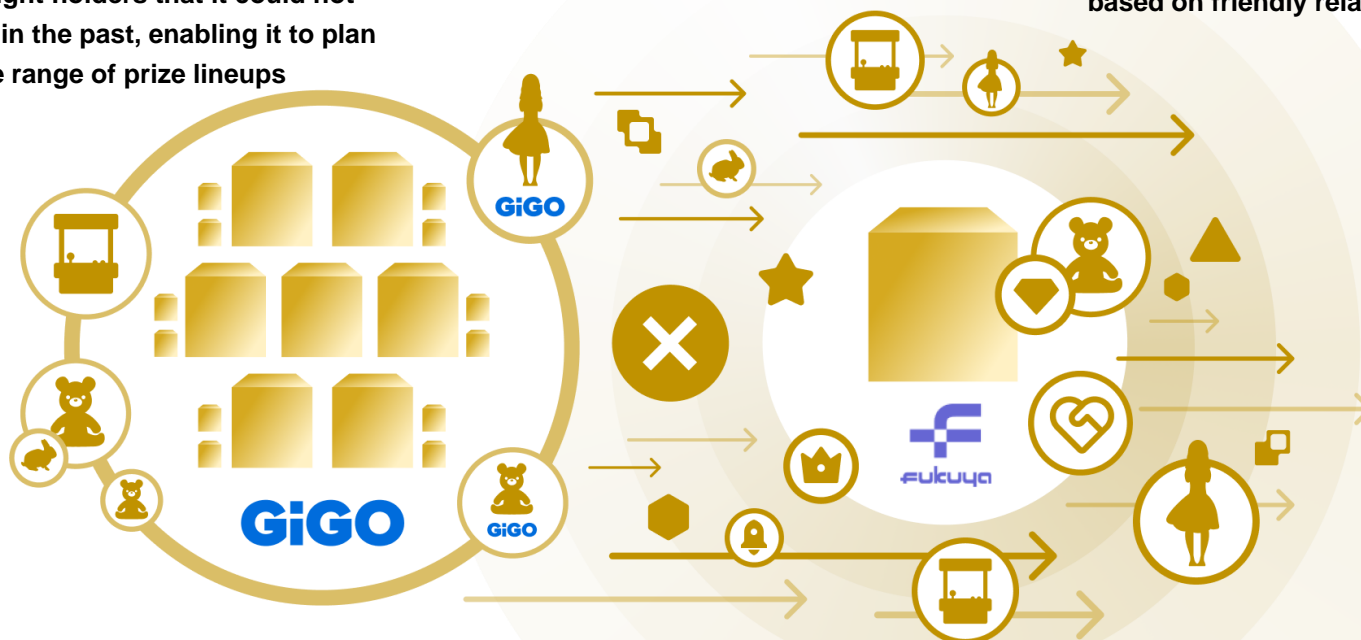
- Fukuya, a company with strengths in planning original prizes and licensed character prizes, to collaborate with GiGO to plan GiGO-exclusive prizes, "campaigns\*", which has significant contribution to earnings
- GENDA Group to be able to establish connections with IP copyright holders that it could not reach in the past, enabling it to plan a wide range of prize lineups

## 2 Increase in Purchasing Volume and Cost Reduction

- By concentrating the purchasing volume of prizes from GiGO group and Kiddleton, USA
- Similarly, the GENDA Group's increase in the purchasing volume of Fukuya to contribute to the Fukuya's earnings

## 3 Integration of Value Chains to Capture External Profit

- Fukuya has been enjoying rapid growth of prize games in the amusement arcade industry as an upstream player in the value chain
- By vertically integrating the upstream of the value chain, the excess profit paid to external vendors is captured by the GENDA Group at attractive valuations based on friendly relationships



*Note: "Campaign" means that the GENDA Group negotiates with IP publishers and other parties to purchase unique prizes to be handled exclusively by the GENDA group. By handling prizes that other companies do not have, the Group usually makes a significant contribution to business performance.*



## 4 Affinity between IP fans and "Oshi-Katsu" goods

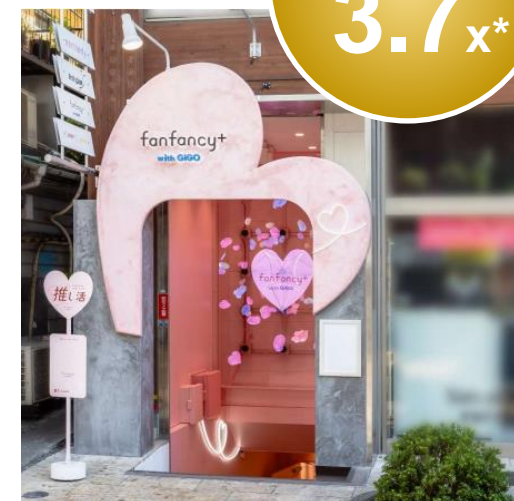
- The customer demographics of amusement arcades, which are visited by fans of anime and idol IP, and fancy+, which sells "Oshi-Katsu" merchandise, overlap and have a high affinity for each other
- Ikebukuro store No.3 consists of the amusement arcade on the 1st through 6th floors, fancy+ with GiGO Ikebukuro on the 7th floor, and GiGO's Taiyaki on the 8th floor, a popular gathering place for IP fans
- fancy+ with GiGO Ikebukuro's per-square sales are 2.5x greater than GiGO's amusement arcade

Per-square Sales

3.7x\*



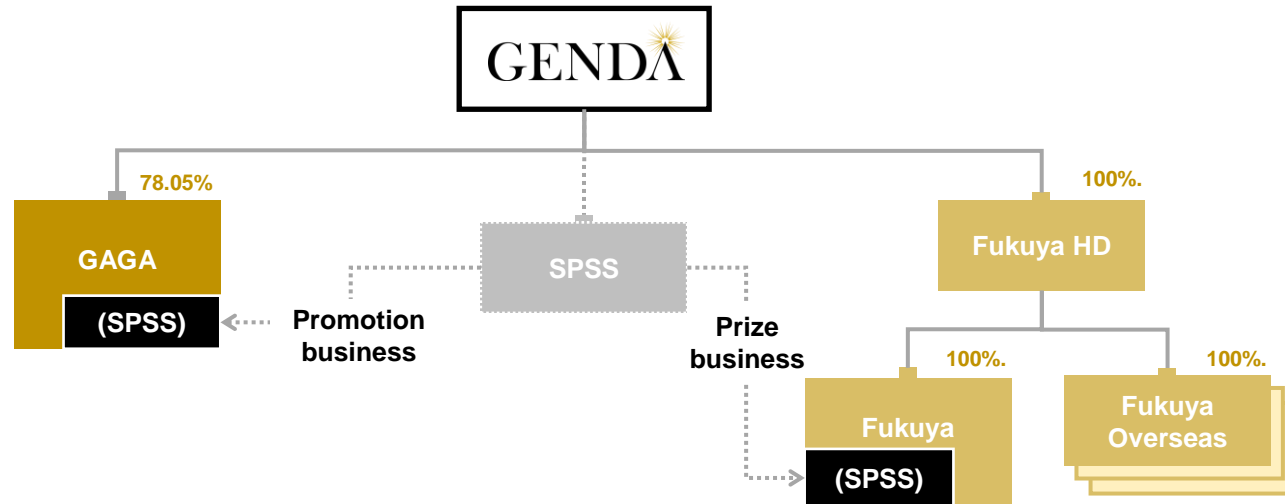
fancy+  
with GiGO



Note: Indicates that per square sales of fancy+ with GiGO Ikebukuro are 3.7 times the per square sales of GiGO's existing amusement arcades.

## Reorganization of promotion and prize business of SPSS

Reorganized with GAGA and Fukuya to strengthen "Entertainment Contents Business" area



SPSS × GAGA★

### SPSS promotion business

- Leading the promotion business inside and outside of the group as a division of GAGA, using GAGA brand
- Aiming for further business expansion by leveraging GAGA's brand recognition
- In particular, cinema advertisement business, in which SPSS has been actively involved, has a high affinity with GAGA's existing business.

SPSS × fancy Fukuya  
株式会社フクヤ

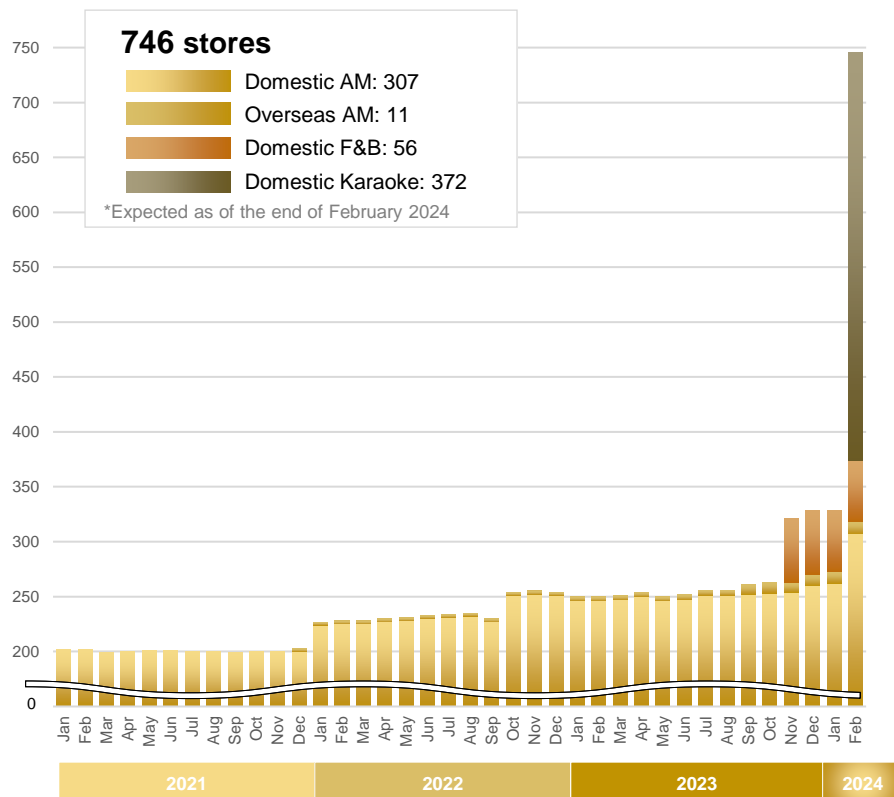
### SPSS prize business

- By integrating the prize businesses of Fukuya and SPSS, the efficiency of prize procurement and the development of new prizes will be enhanced
- In addition, we will collaborate with Ares Company, a wholesale trading company of plies that joined our group in October of this year, to strengthening competitiveness in the Character MD domain

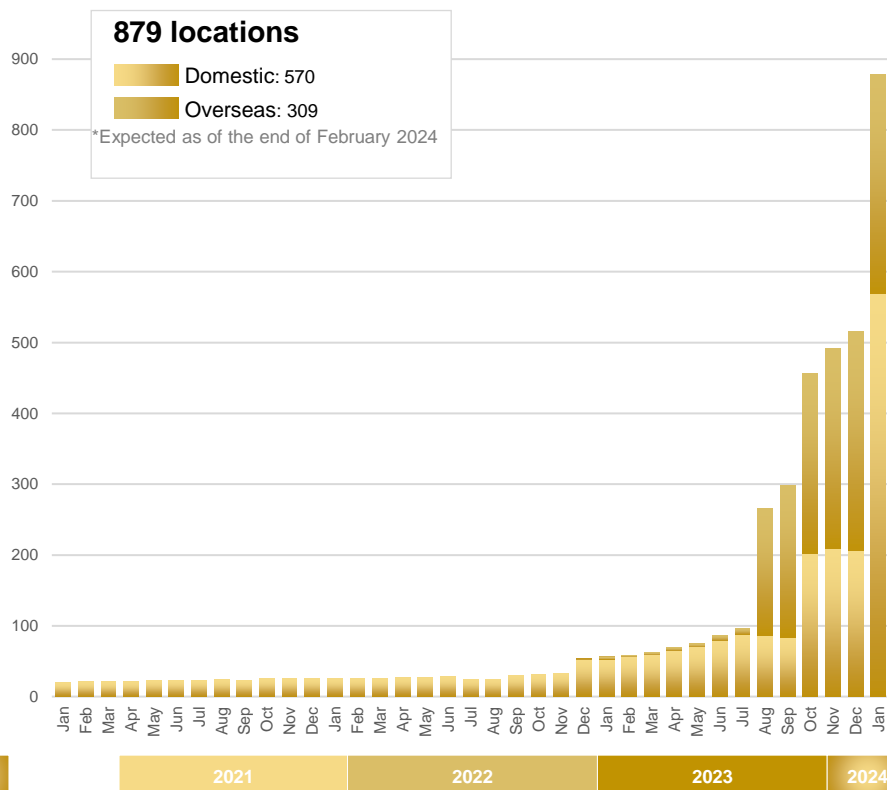
## GENDA Group's Entertainment Platform Network reaches **1,625**

- The amusement arcade market is not an oligopolistic market, and we will continue to roll-up M&A as our core strategy
- Focusing on entertainment Platform that deliver IP to customers, while gradually expanding into entertainment contents

### Number of Stores



### Number of Mini-locations



Note: The number of stores and offices for "January 2024" and "February 2024" are estimated figures as of January 22, 2024.

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# Earnings Forecast

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# "Continuous Transformational Growth" as an M&A Company

## ■ Contribution of the three most recently announced M&As (Fukuya, PLABI, and Shin Corporation) to earnings

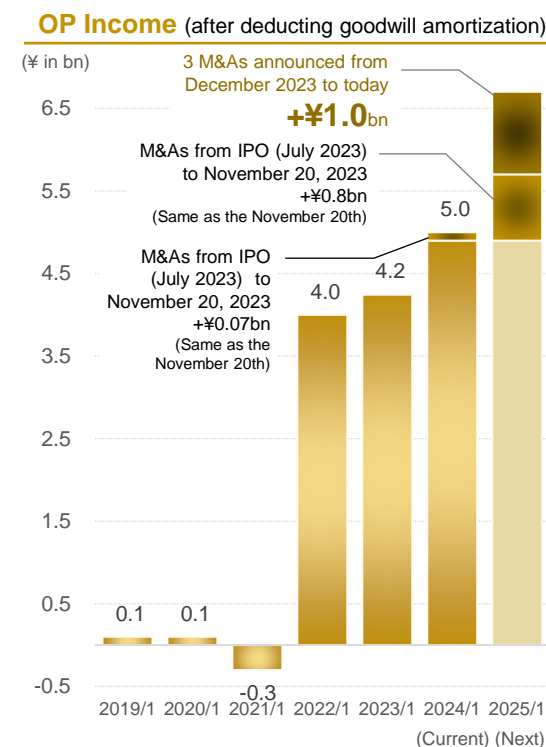
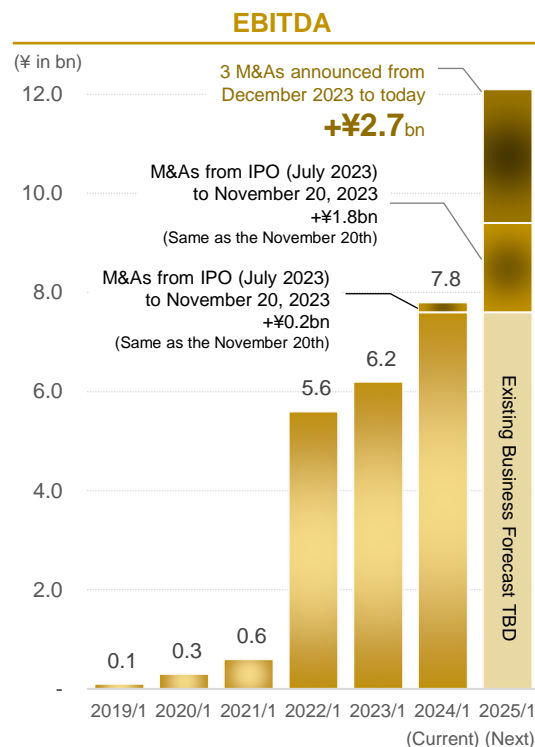
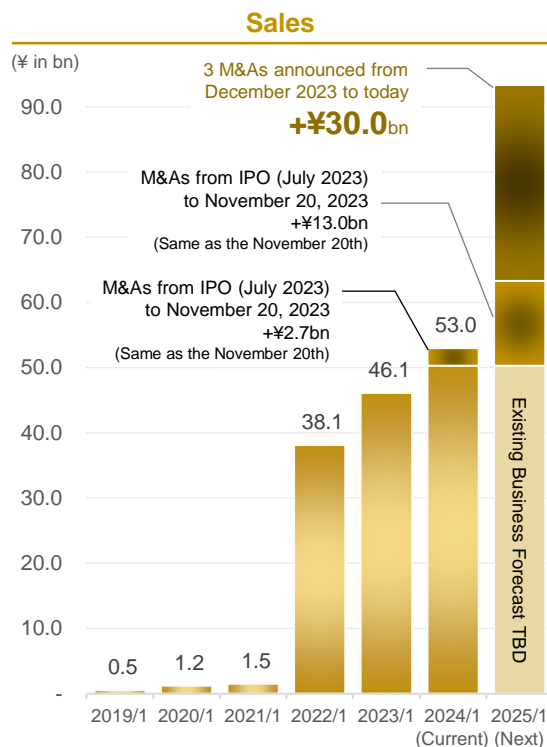
— Current fiscal year: only the M&A transaction cost of ¥0.03bn (as Fukuya to be closed on Jan.31, and PLABI and Shin Corporation on Feb.1)

— **Next fiscal year: Sales +¥30.0bn, EBITDA +¥2.7bn, Operating income +¥1.0bn** (operating income after deducting goodwill amortization)

## ■ Provide attractive returns to shareholders with appropriate entry and leverage, the cornerstone of GENDA's M&A governance

— Based on the Company's relationships with financial institutions, the **3 M&As to be financed entirely through Debt Financing**, utilizing the debt financing capacity of GENDA and the target companies

— **Additional EBITDA +¥2.7bn** combined without GENDA cash nor additional equity, therefore **zero cost from the shareholders**



**GENDA only spent cash of ¥1.8bn in 15 the M&As this fiscal year to earn incremental EBITDA of +¥4.5bn**

Note: Figures for FY2019/1-FY2021/1 are for reference, as consolidated financial statements have not been prepared for the period from FY2019/1 to FY2021/1.



## 40 Financial Institutions to be providing financing to GENDA at closing

GENDA have proactively approached financial institutions during normal times to develop potential syndicated loan participants for M&As

- GENDA actively contacts domestic mega banks / metropolitan banks / regional banks / leasing companies / shinkin banks
- As a first step, the company started transactions with “new loans” in anticipation of WC or CAPEX to obtain internal ratings, etc.
- That enables smooth structuring of club-type syndicated loans as an "existing bank" (rather than a new bank) in the event of large M&As

### List of Financial Institutions with which GENDA Group expects to have financing / leasing transactions at the closing of the 3 M&As

List of Financial Institutions with Loan Transactions			List of Financial Institutions with Lease Transactions
Mizuho Bank, Ltd.	Sumitomo Mitsui Banking Corporation	Japan Finance Corporation	Mizuho Leasing Co.
Resona Bank, Ltd.	The Shoko Chukin Bank, Ltd.	The Bank of Mitsubishi UFJ, Ltd.	Sumitomo Mitsui Finance and Leasing Co.
Johoku Shinkin Bank	The Bank of East Japan, Ltd.	Joyo Bank, Ltd.	Sumitomo Mitsui Trust Panasonic Finance Co.
The Chiba Bank, Ltd.	Sumitomo Mitsui Trust Bank, Limited	Aozora Bank, Ltd.	NEC Capital Solutions, Ltd.
The Kiriboshi Bank, Ltd.	The Bank of Yokohama, Ltd.	The Shizuoka Bank, Ltd.	Chiba Bank Leasing Co.
Funds Lending, Inc.	The Toho Bank, Ltd.	SBI Shinsei Bank, Ltd.	Fuyo General Lease Co.
Asahi Credit Bank	The Senshu Ikeda Bank, Ltd.	The Musashino Bank, Ltd.	Showa Lease Co.
The Ashikaga Bank, Ltd.	Kansai Mirai Bank, Ltd.	Yamanashi Chuo Bank, Ltd.	Ricoh Leasing Company, Ltd.
NEC Capital Solutions, Ltd.	Tokushima Taisho Bank, Ltd.	The Gunma Bank, Ltd.	Metropolitan Leasing Co.
The Bank of Nagoya, Ltd.	Tsukuba Bank, Ltd.	The Kagawa Bank, Ltd.	
Tokyo Higashi Shinkin Bank	Mito Shinkin Bank		

**As a result, GENDA succeeded in financing three large M&A transactions "entirely" with interest-bearing debt**

Assumes **1.5x** Net Debt / EBITDA after 3 M&As, with sufficient additional Debt Capacity in close consultation with existing banks  
Without additional M&A debt financing, the financial projection indicates that deleverage will proceed at a rapid pace

**As GENDA Group, which had almost zero Net Debt after the IPO, succeeded in realizing capital improvement by managing IPO funds with appropriate leverage**

Note: Includes some financial institutions that are expected to have outstanding transactions as of February, including Previ and Shin Corporation, which are planned to close in February 2024. Also includes loans through social lending from Funds Lending Co. In addition, NEC Capital Solutions Limited is duplicated because of the existence of loan and lease transactions, but is counted as one company in the calculation of the 40 companies.



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# Appendix

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## Strategic Rationale (Qualitative Aspect)



### Macrotrend "Leisure Time"

AI accelerates the downward trend of working hours  
Leisure time goes to consumption of entertainment



### "Ever-changing" Entertainment

Diversified and accelerated cycles of entertainments  
Conquering the volatility by owning a platform  
along with a portfolio of entertainment contents

## Rationale of M&A Strategy (Quantative Aspect)



### Optimal "Capital Efficiency"

By creating an entertainment ecosystem through M&A,  
GENDA can provide each group company's  
excess cash with growth investment opportunities  
Adequate equity returns through appropriate leverage



### "Returns of M&A" to Shareholders

Along with appropriate entry and leverage in M&A,  
FCF value of the target company is revealed and  
reflected in the equity value of GENDA  
Providing M&A returns for GENDA shareholders

Note: "Leverage" represents debt financing. FCF" represents free cash flow.

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

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

(Cash EPS will become more important after the acceleration of M&As, which will reflect cash flow and quasi IFRS Net Income)

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

→ **We access M&A deals whether that will “Increase the EPS”**

(resulting in 42x EPS 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 & Chairman**

**Nao Kataoka:**  
16.85%



**Representative  
Director and President**

**Mai Shin:**  
8.62%



**Director  
CFO**

**Taiju Watanabe:**  
1.36%



**Executive  
Officer CSO**

**Kohei Habara:**  
0.15%



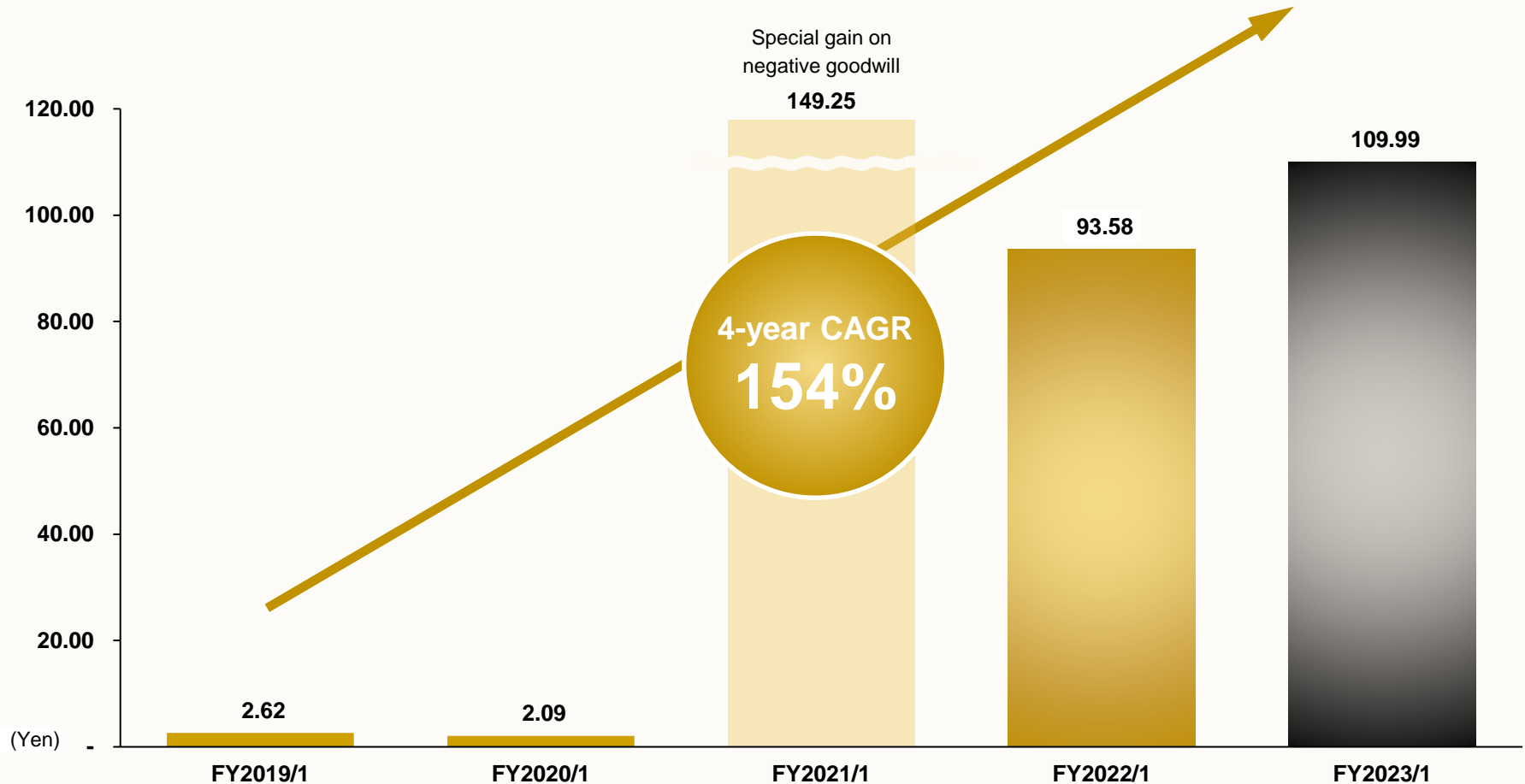
**Executive Officer  
Head of AM Business**

**Kazuhiro Ninomiya:**  
0.09%

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 integration benefits of M&A.

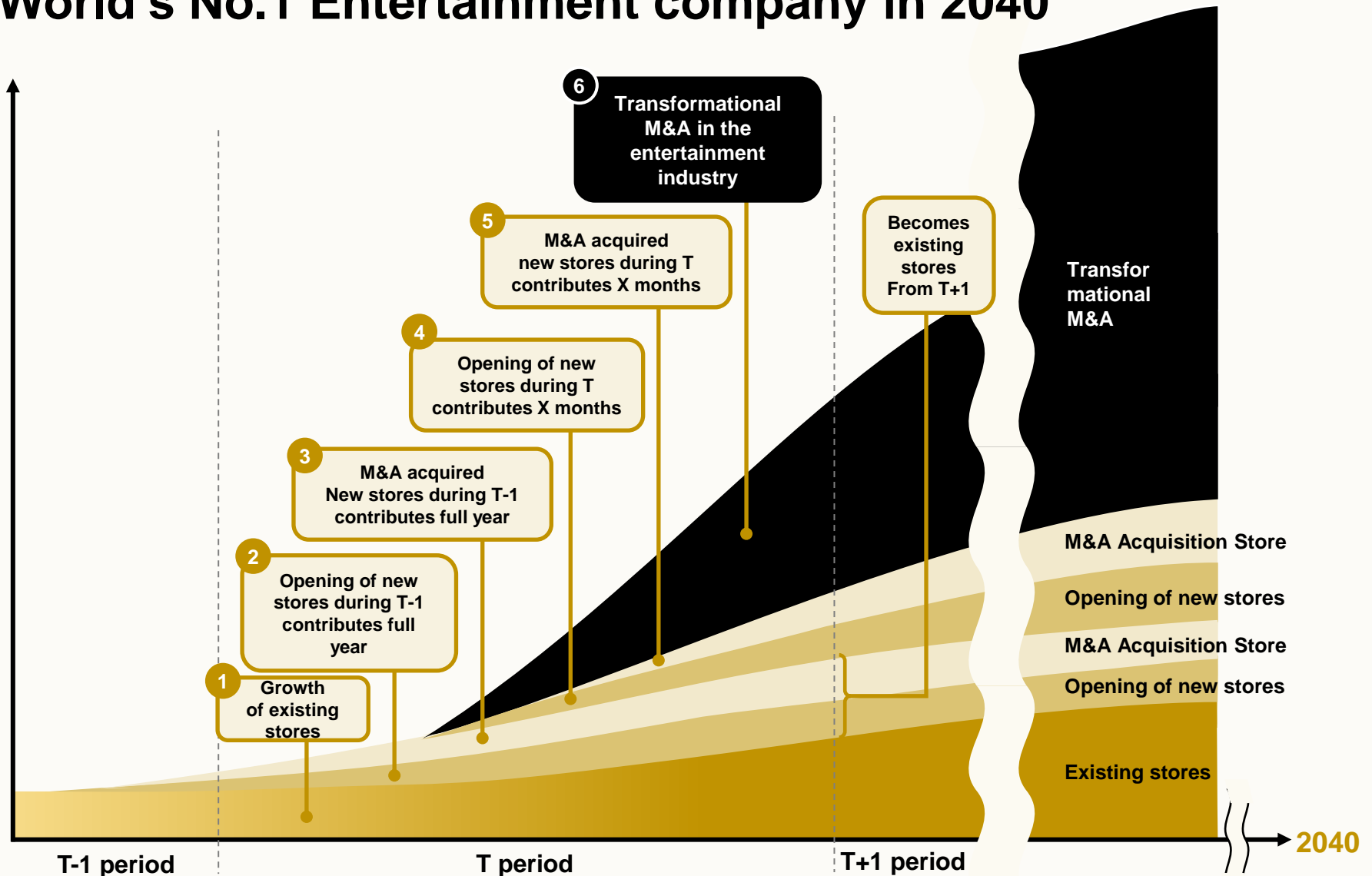
# EPS Transition since Incorporation

- **EPS grew 42x** despite 115x sales growth was driven mainly through M&A
- Continue to pursue the maximization of “share value” as well as “**per share value**”



Note: Figures for FY2019/1-FY2021/1 are for reference because consolidated financial statements have not been prepared for FY2019/1-FY2021/1.

## World's No.1 Entertainment company in 2040



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**More fun  
for your days**

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