

Gunosy

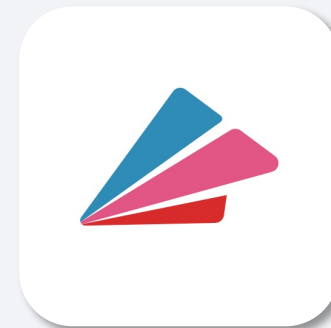
Q4

FY2022/5 Financial Results

Gunosy Inc.

TSE Prime (6047)
July 15, 2022

July 15, 2022



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1

Executive Summary



Summary

Both net sales and operating profit exceeded the forecast.

Net sales **8,998** million yen
Forecast 8,800 million yen

Compared to the forecast **102.3 %**

Operating profit **412** million yen
Forecast 200 million yen

Compared to the forecast **206.2 %**

Significantly higher

Factors

- Gunosy Ads results were higher than expected, due in part to increased advertising demand in March.
- Operating profit was significantly above the forecast, as advertising expenses were controlled more than planned considering the status of sales achievement.

Background of Better-Than-Expected Results

Net sales exceeded the forecast due to KPI improvement and success in capturing the needs of March, when advertising demand increases. In light of increasing uncertainty in the macro-environment and other factors, we placed priority on securing profits and **curbed advertising expenses by 160 million yen compared to the plan.**

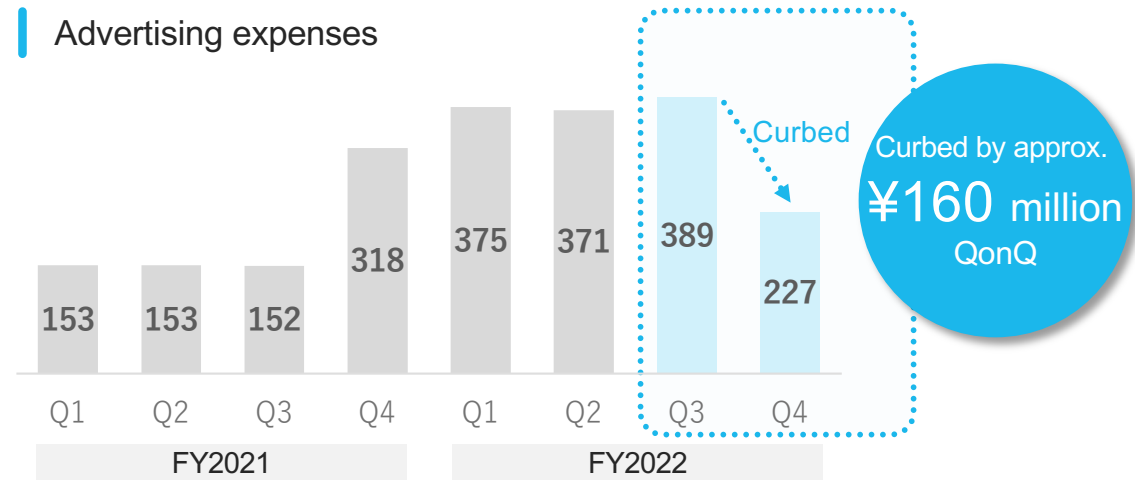
Net sales exceeded forecast due to a combination of multiple factors

1 Capturing ad demand in March

2 Continuous improvement of Gunosy KPI

3 Game8 results exceeding expectations

Given the better-than-expected sales progress, advertising expenses curbed by approx. 160 million yen

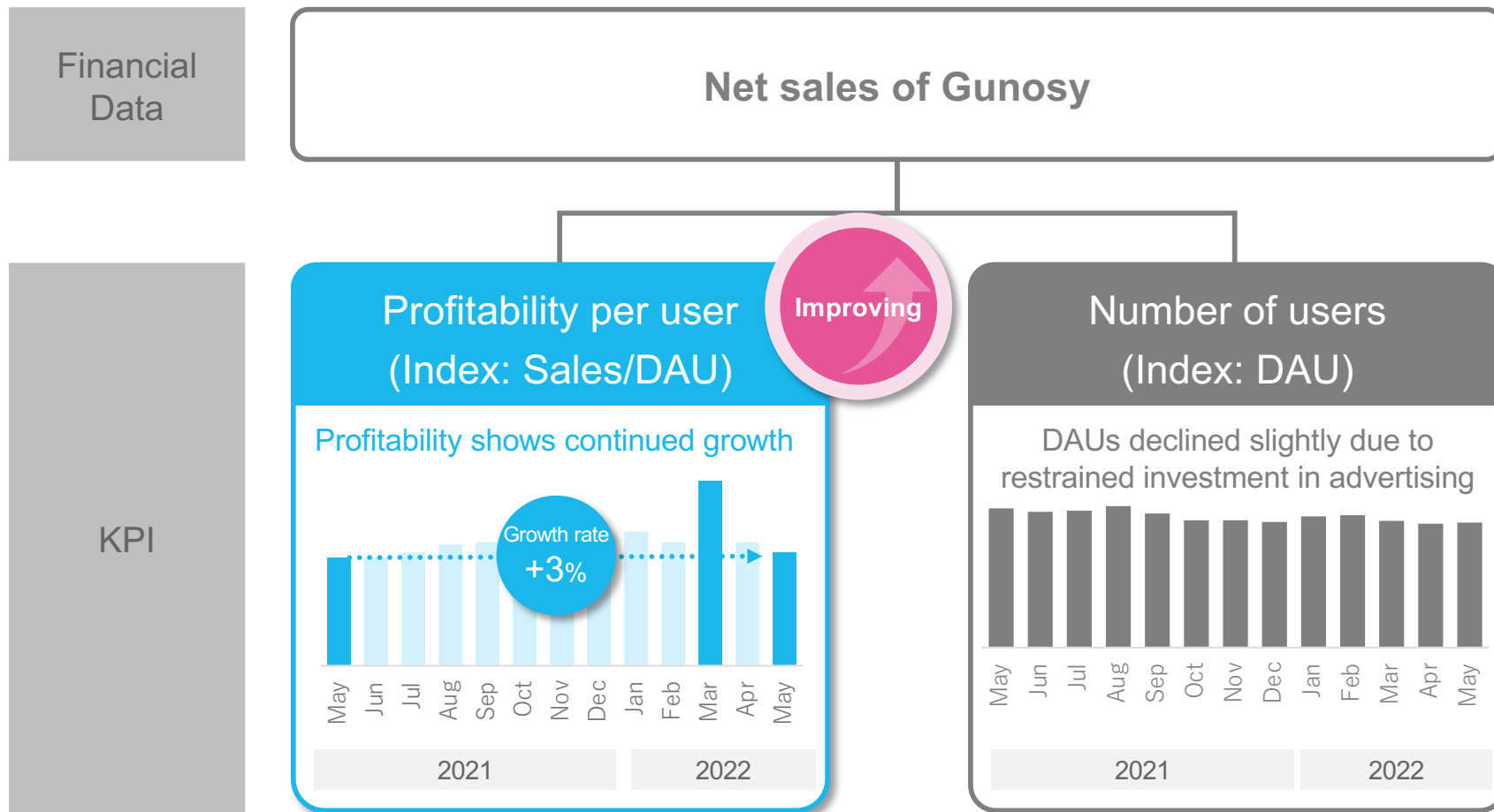


Result

Consolidated operating profit higher than forecast by approx. 210 million yen

Factors behind the Upside: Improved Profitability per User

Profitability per user showed improvement throughout the period. DAUs declined slightly as advertising expenses were curbed considering the growing uncertainty of the macro-environment and other factors, and the achievement of the sales plan.

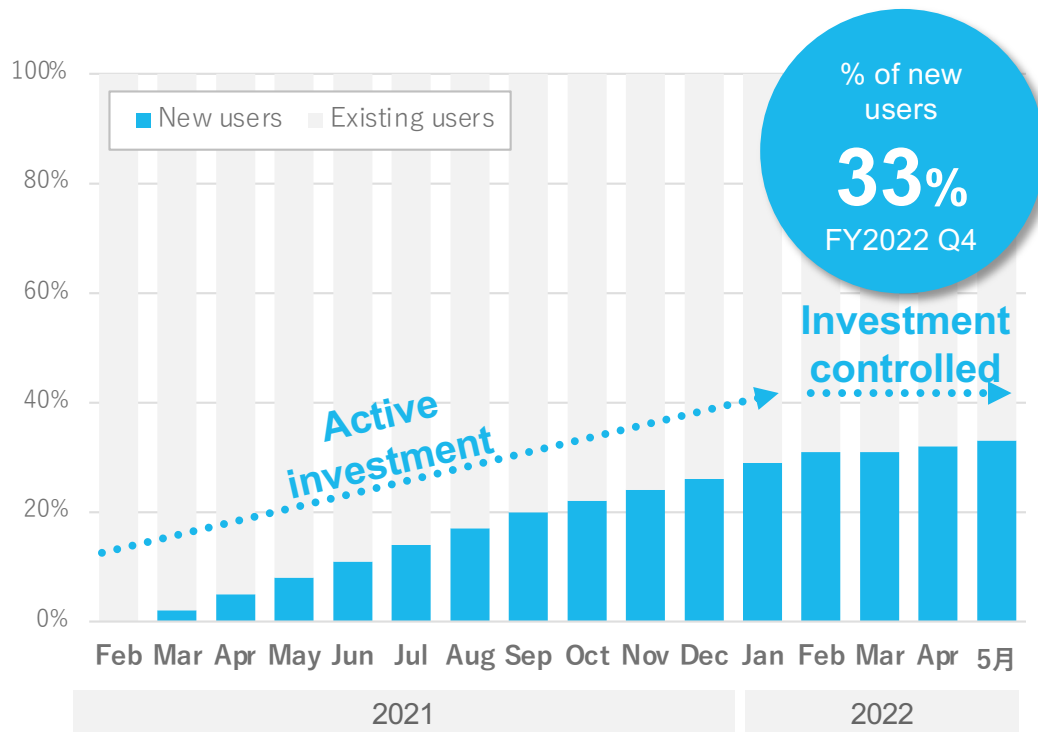


Factors behind the Upside: Significant Improvement in Retention Rate in Gunosy

The percentage of new users reached approx. 33% of the total users as of May 2022. **The retention rate of new users showed steady improvement throughout the year** since the resumption of advertising investment.

New users as % of DAU

The percentage of new users with higher profitability increased to approx. 33% of the total.



Improvement of retention rate

The retention rate of new users has shown a **significant improvement** since the resumption of advertising investment.

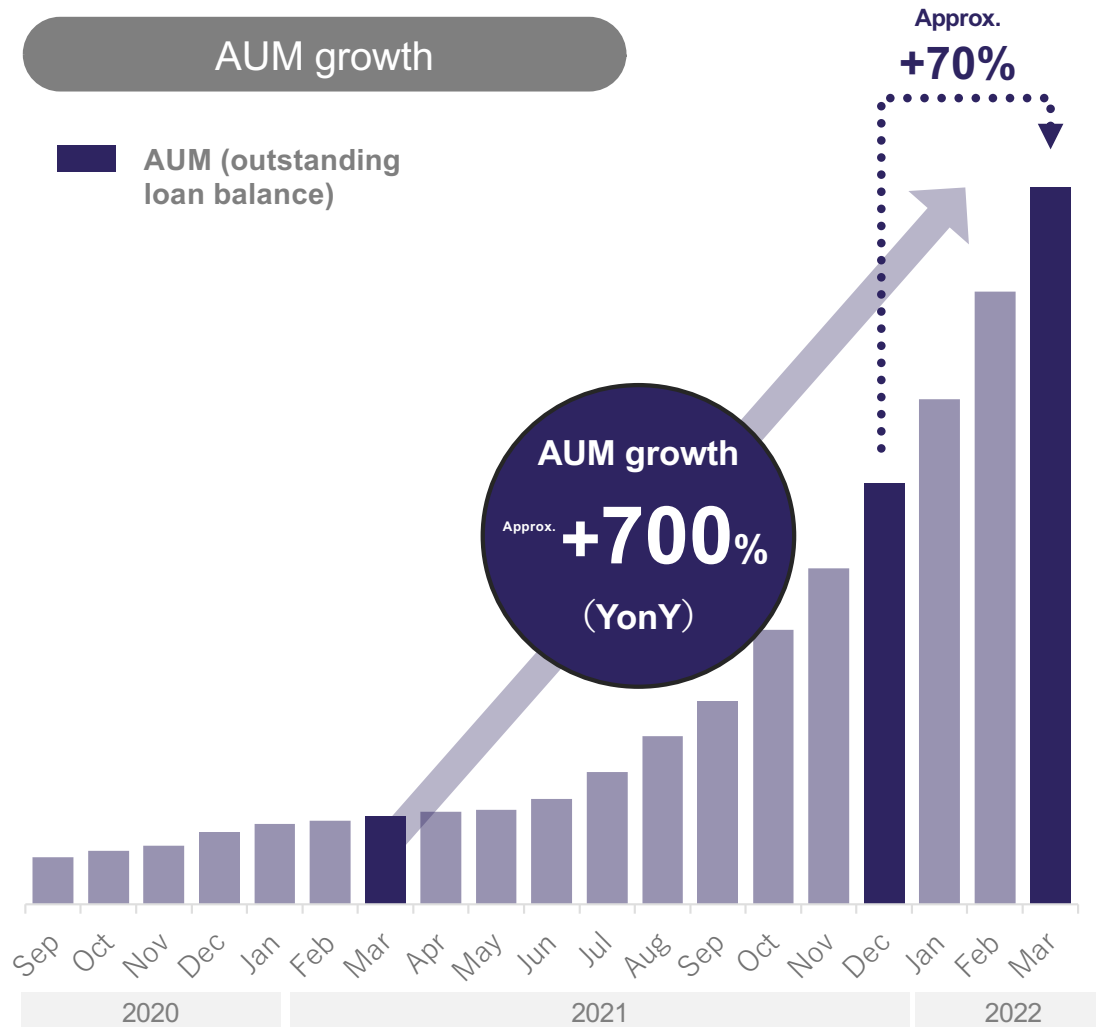


"slice": Progress on KPIs

Overwhelming growth has continued. **AUM showed significant growth of 700% YonY**, while maintaining low default rates.

AUM growth

AUM (outstanding loan balance)



Number of registered users

12 million+ users

(7 million+ at the time of the previous announcement)

Number of cards issued per month

Significant growth underway from previous announcement due to rapid expansion of new users

200k /month

(Announced in 2022/1)

Rapidly growing

Present

“slice” Topics

Despite the difficult financing environment due to changes in the market, **a large-scale fundraising of \$50 million was completed**. Following the dispatch of directors, **slice became an equity-method affiliate of Gunosy**.

Topics 1

Fundraised in an additional round

\$50 million

New major fundraising (approx. \$50 million)
in June 2022 in a Series C round led by Tiger
Global

Topics 2

Gunosy
**Dispatched
directors**

Strengthened collaboration between
Gunosy and slice.
slice became an equity-method affiliate
of the Gunosy Group.

2

Financial Results for FY2022/5



FY2022/5 Consolidated Results for Q4

In Q4, **sales and profit marked QonQ growth**. Advertising expenses were curbed in line with higher sales, partly reflecting higher sales in March, when advertising demand increases. Although full-year sales increased YoY, profit declined due to an increase of advertising expenses by approx. 600 million yen from the previous year.

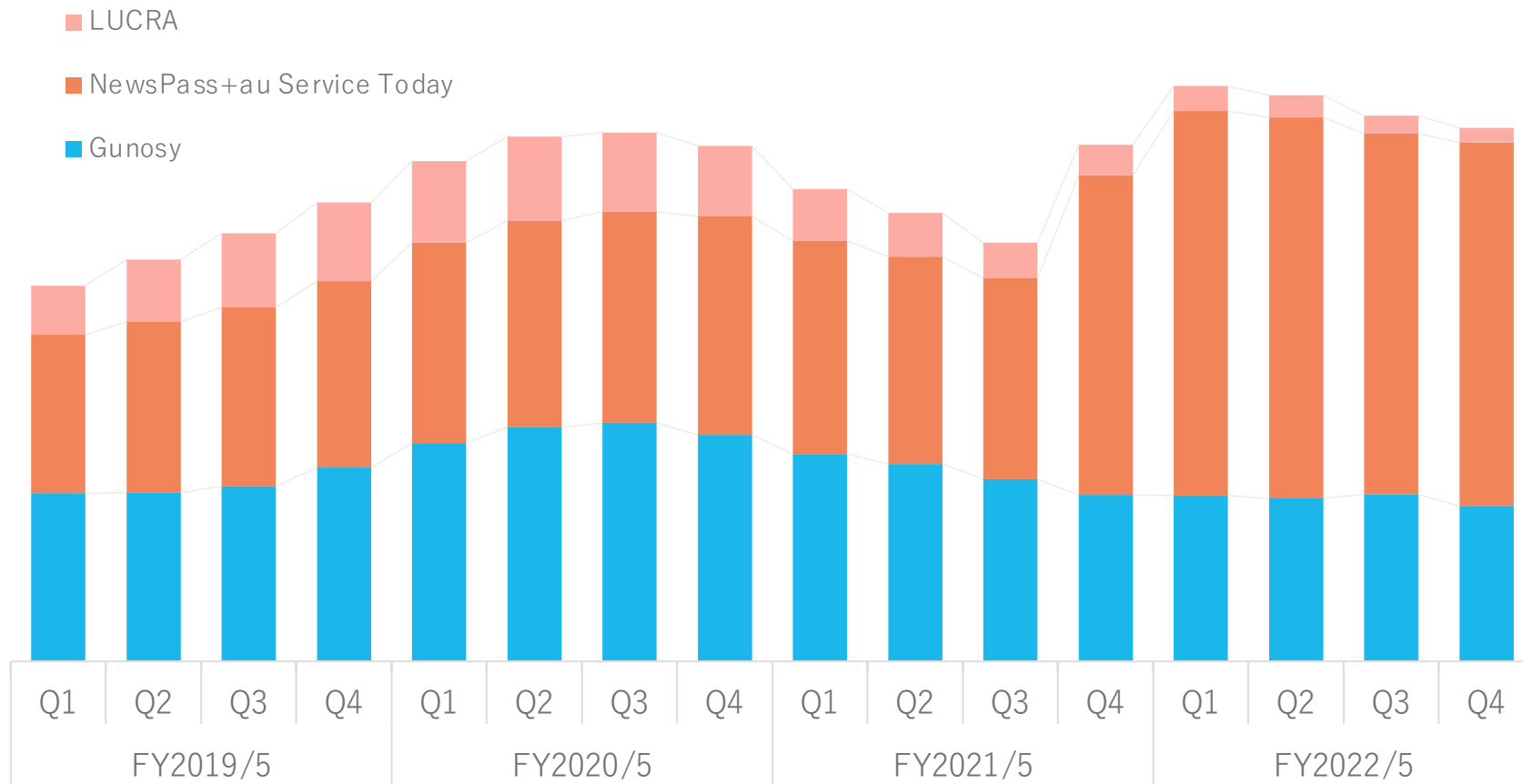
(Million yen)

	FY2022/5 Q4	QonQ comparison		FY2022/5 Full-year	YoY comparison	
		FY2022/5 Q3	QonQ		FY2021/5 Full-year	YoY
Net sales	2,399	2,215	108.3%	8,998	8,910	101.0%
Operating profit	223	27	809.2%	412	717	57.5%
Operating margin	9.3%	1.2%	-	4.6%	8.0%	-
Ordinary profit	222	9	2,269.0%	191	642	29.9%
Profit attributable to owners of parent	144	13	1,098.3%	130	383	33.9%

Total Number of Active Users* (MAU)

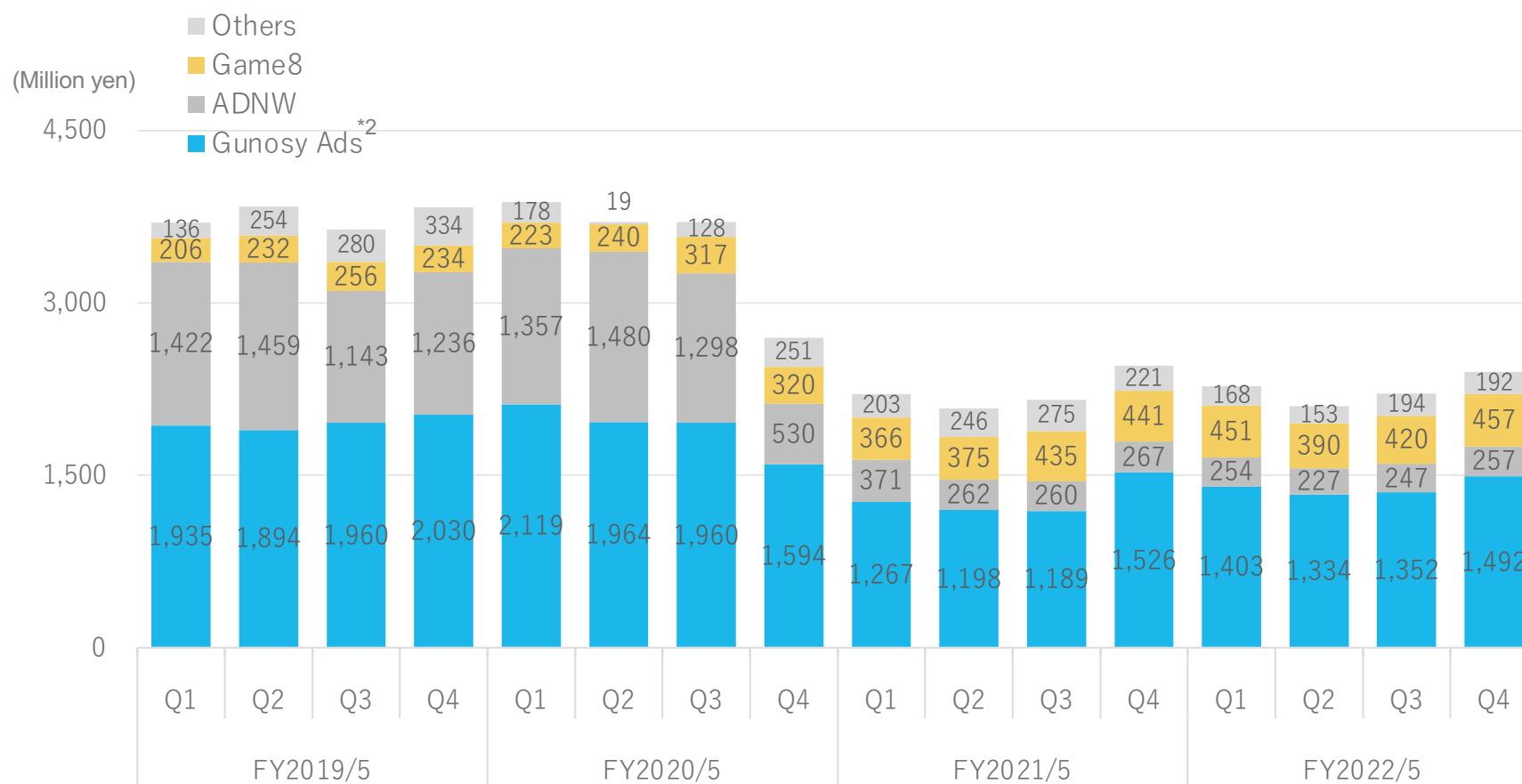
Gunosy's MAUs declined slightly in QonQ due to curbed advertising expenses.

MAUs of NewsPass and au Service Today remained stable.



Breakdown of Net Sales ^{*1}

Gunosy Ads posted a **significant sales increase QonQ**, partly backed by advertising demand in March. Game8 also posted record-high sales.

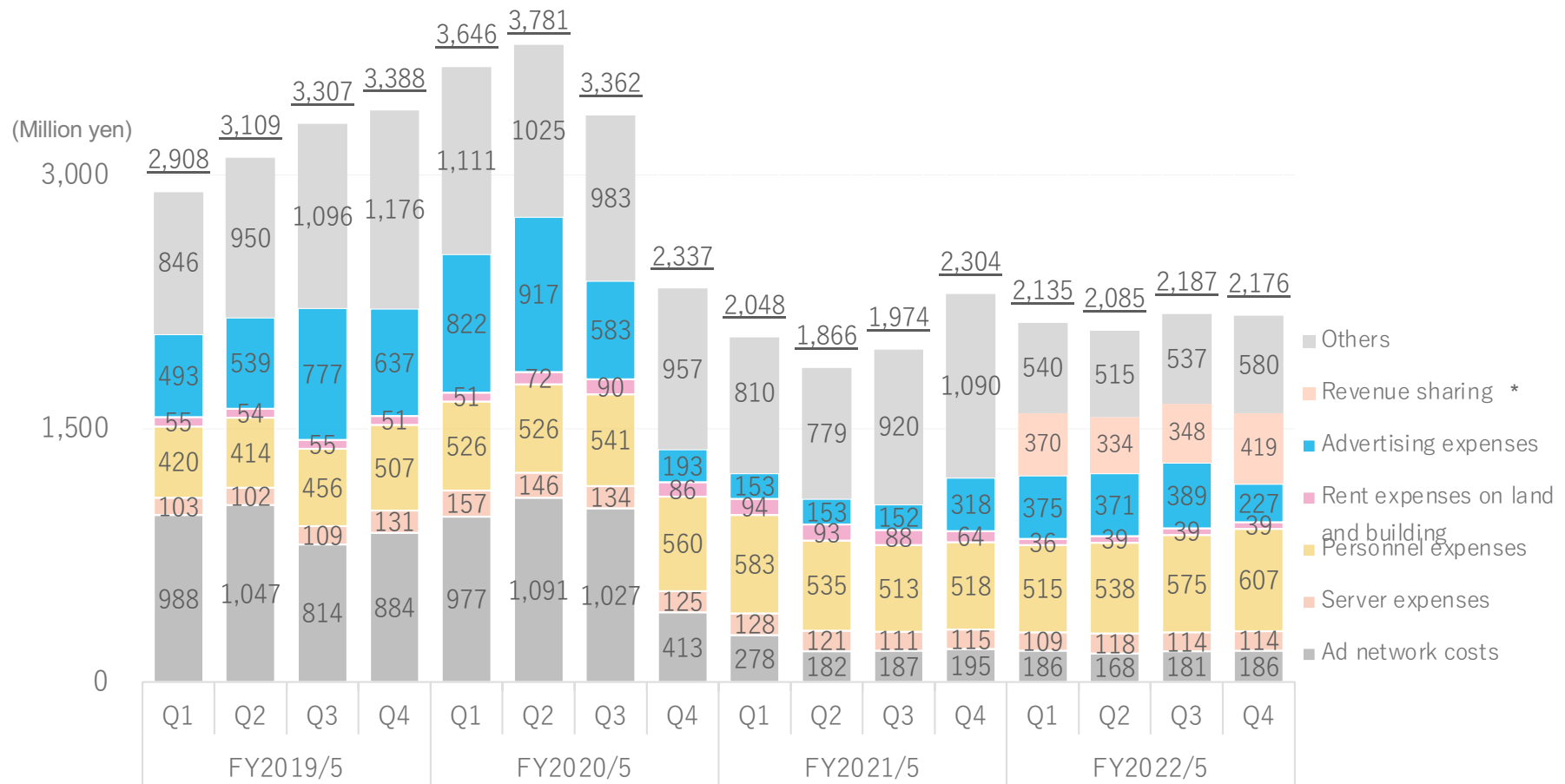


*1: Sales of "Gunosy Ads", "ADNW" and "Game8" are presented on a nonconsolidated basis. Internal trade adjustments are included in "Others".

*2: Sales of Gunosy Ads are the total of "Gunosy", "NewsPass", "au Service Today" and "LUCRA".

Cost Structure

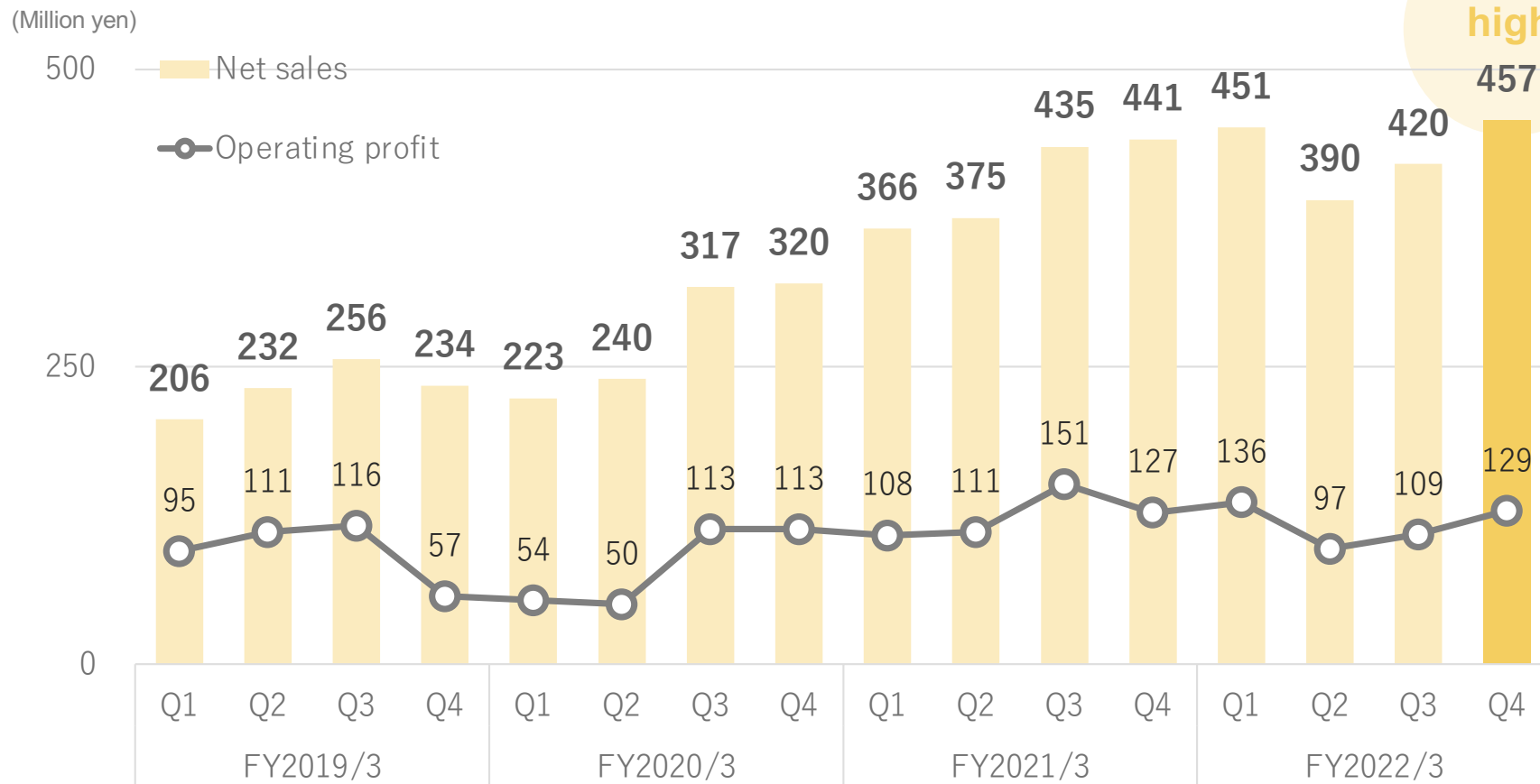
Advertising investment decreased by 160 million yen QonQ. **We are continuing to hire personnel to solidify our organization to achieve medium- to long-term growth.** Other costs continue to be strictly controlled.



* "Revenue sharing" included in "Others" in FY2021/5 and earlier, but separated from "Others" from FY2022/5 Q1.
 "Live video production expenses" is included in "Others" from FY2022/5 Q1.

In Q4, **both domestic and overseas business remained strong**, partly due to the release of major game titles, and **sales reached a record high**.

On the other hand, in FY2023/3 Q1, sales and profits are expected to decline due to a drop in demand for browsing walkthroughs for existing game titles. We will continue to invest to capture medium- and long-term growth drivers.



* Nonconsolidated results (before consolidated adjustment). Results of Smarprise, our subsidiary is not included.
 FY2022 Q4 results are for the period from January to March 2022 due to a gap with the parent company's consolidated accounting period.

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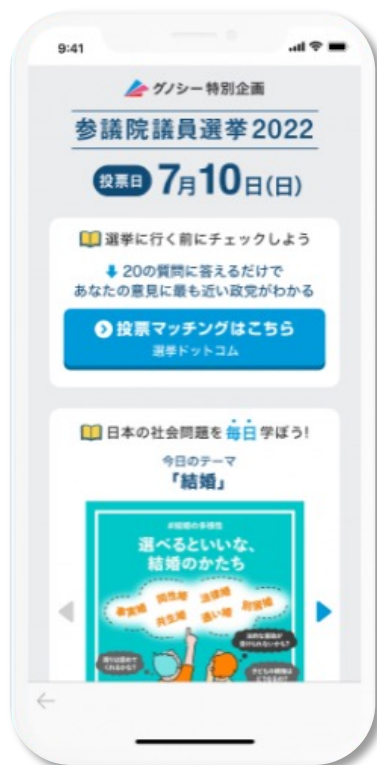
Business Overview by Division



“**2022 Election of the House of Councilors**” was featured as a topic in the "Good to Know" section of the Gunosy app. **A new corporate section was established** to better understand KPI trends and user behavior **to quickly and efficiently implement quality measures.**

Special project implemented

2022 Election of the House of Councilors featured as a topic in the "Good to Know" section



Strengthen organizational structure

Reinforcement of organizational structure to improve quality and speed of the process covering issue discovery, solution definition, implementation, and value delivery

Gunosy Business Dep.

Product Management Group

New

Mission of Product Management Gr.

- Promote understanding of users from both quantitative and qualitative aspects.
- Develop plans through high-resolution understanding of users
- Realize smooth flow from planning to development

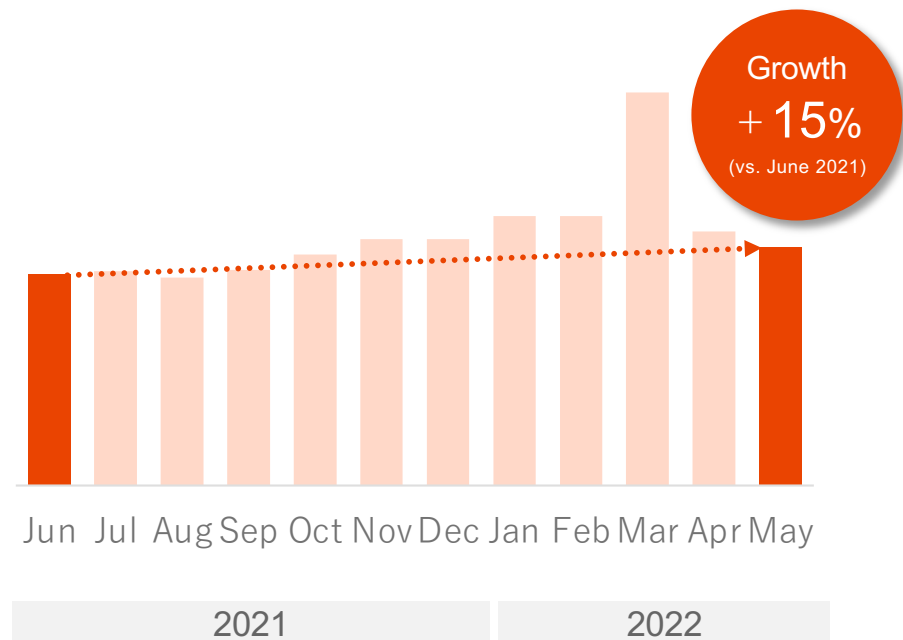
The recommendation tab was redesigned to improve convenience for au users. Continuous improvements in UI, UX, and algorithms resulted in **steady profitability per user** throughout the year.

Recommendation tab was redesigned



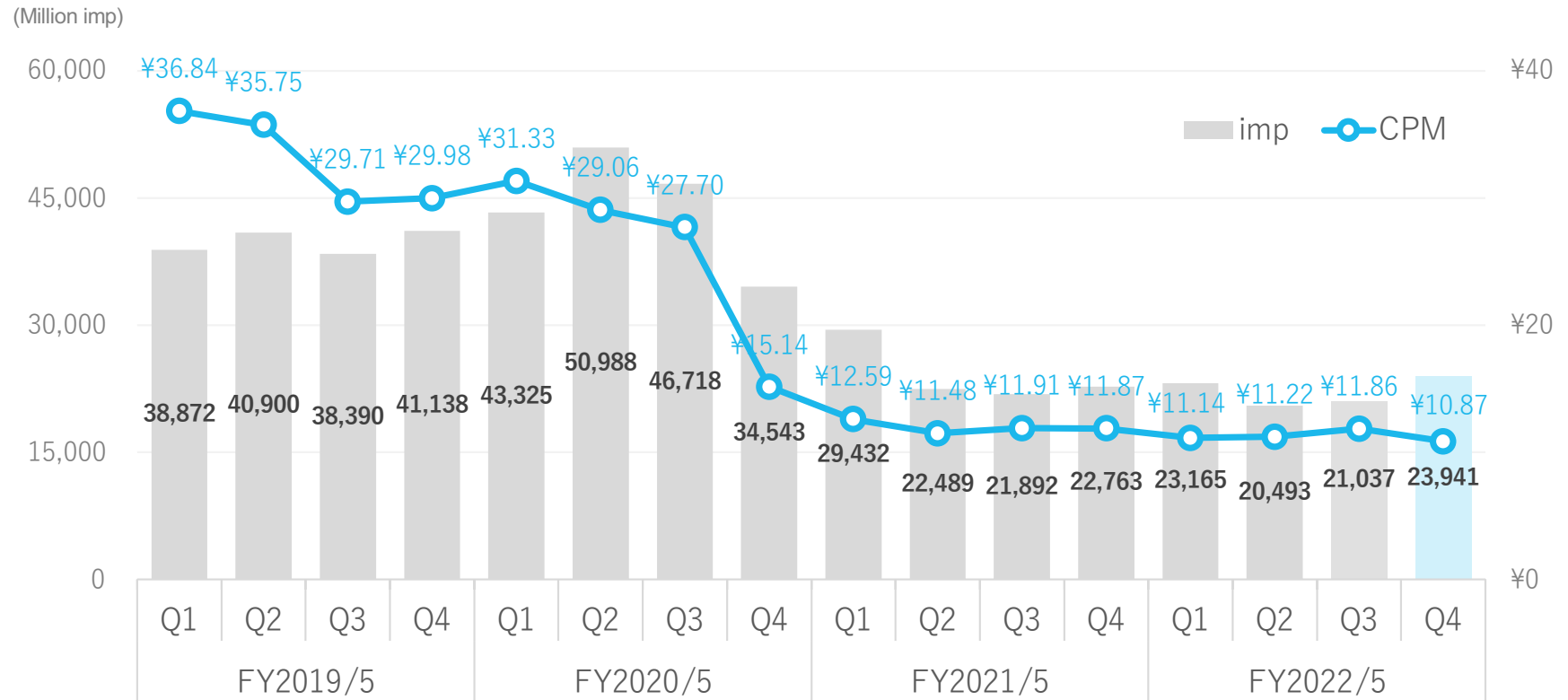
Status of profitability

Profitability per user remained strong



The imps marked a high level due to successful media development efforts through organizational reinforcement that were carried out up to the previous quarter.

Number of Impressions and CPM



* CPM (cost per mille): Price per 1,000 impressions of advertisement

We are **expanding our support for game publishers by providing them solutions**. At the same time, we are enhancing our organizational structure and are considering global expansion of our business.

Solutions we offer

Support to solve various challenges in the game lifecycle from game development to pre- and post-release and overseas expansion



Multiple sales channels were developed for both online and offline shopping. We will continue to meet the demand for casual gifts, while **catering to formal gifts** at hotels, wedding halls, and other venues. **We also want to support the purchase of products for personal use by those who want to promote wellbeing.**

Offline shopping

@all day place shibuya
(Starting April 27, 2022)



Monthly sales

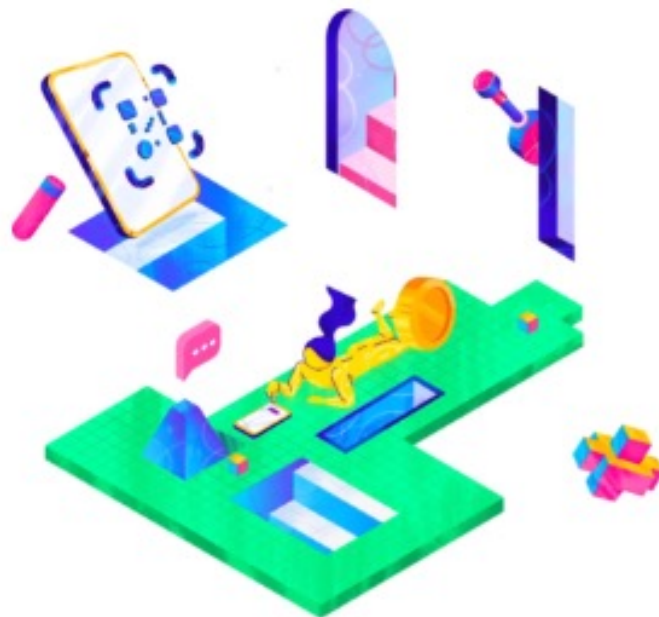
Steadily growing by capturing demand for casual gifts during seasonal events such as White Day and Mother's Day



The **UPI (Unified Payments interface) payments feature**, a key infrastructure in India for small value transactions, was launched. **User engagement is expected to improve.**

UPI feature launched

Infrastructure for small-value transactions that makes it easy to make payments and transfer funds from smartphones. Led by the Government of India and the Reserve Bank of India, and operated by the National Payment Corporation of India (NPCI), in which major banks have equity shares.

















Meet slice super UPI

Faster. Simpler. Cooler.
Scan & pay in a flash, and send
money to friends.

*1

The overall cumulative investment remains in the range of approximately 5 billion yen. *1 Despite the challenging financial environment for growth companies, **the overall portfolio continues to maintain a high degree of soundness.**

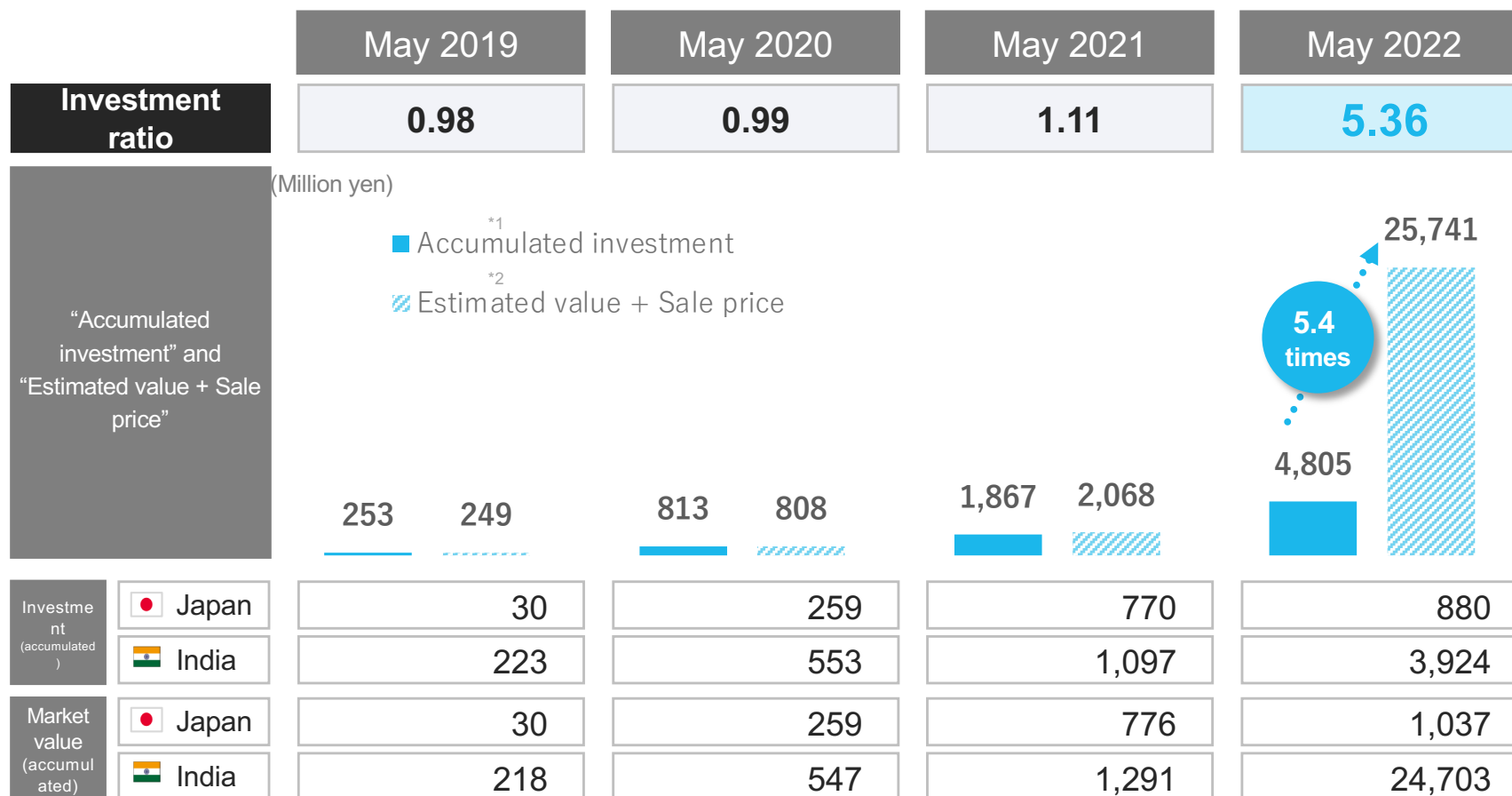
* Investments made since October 2018, when the investment project was launched, are included in the following:

		Investment ratio	Main investee companies		
India	Early	 Approx. 75%	 Fintech	 Education	
	Mid-to-late		 Commerce	 MaaS	
Japan	Early	 Approx. 25%	 Real estate tech	 Commerce Exit executed	 Audio delivery
	Mid-to-late		 Organic EL	 HR tech	
	Investment as a limited partner				

*1: Investment balance including investments as an LP.

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*1. Accumulated investment: Calculated in yen at the exchange rate at the time of investment. Includes investments in issues already sold.

*2. Estimated value: Value that we estimated as the price at which shares, etc. would be transferred in an arm's-length transaction, based on the following method. Note that such estimated value is generally not based on the results of a valuation report by an external third party or an audit by an accounting auditor, but is calculated by us at our own discretion.

- (1) Issues that raised funds in a recent funding round: The estimated valuation is the valuation at the time of the relevant round, with a 20.7% illiquidity discount applied.
- (2) Issues for which an external third-party valuation was previously obtained: The estimated valuation is based on such valuation.
- (3) Other issues: Valued at book value at the time of investment. For those acquired in foreign currency, the value is converted at the most recent exchange rate.

The estimated value of GaragePreneurs Internet Pvt. Ltd. (slice) is based on the valuation in the most recent funding round in June 2022 (with an illiquidity discount of 20.7% applied).

4

Progress of Medium-Term Management Plan and FY2023/5 Outlook



Mid-term Target (Announced in July 2021)

The target indicator in the Mid-term Management Plan announced in 2021 is maintained. We aim to achieve a market capitalization of 100 billion yen over the mid- to long-term through achieving growth across the Gunosy Group as a whole.

Enhance corporate value through growth of existing businesses and development of new business opportunities

Aim for group-wide growth with the achievement of **100 billion yen in market capitalization** as the mid- to long-term target indicator.



In determining the short- and medium-term management policy, we **updated our assessment of the business environment** from the time the Mid-term Management Plan targets were developed as of January 2022, mainly with respect to the following issues.

Assessment of the business environment		Impact on the Gunosy Group	Our policy
Economic trend	Some speculate that the economy is entering a recession, due to continued interest rate hikes in many countries.	<ul style="list-style-type: none"> Advertising sales may be negatively affected if entering such a phase. 	<ul style="list-style-type: none"> Strict application of investment criteria in advertising. Maintain strict cost control and a sound financial basis for the company as a whole.
Financial markets	Stock price of listed and unlisted growth companies continued to undergo an adjustment phase as a result of the interest rate hike.	<ul style="list-style-type: none"> Financing for existing portfolio companies becomes more difficult On the other hand, opportunities for external investment in minority investments and M&A are increasing. 	<ul style="list-style-type: none"> Promote asset management of existing investments considering the current environment Actively search for external investment opportunities while continuing to maintain strict investment criteria.
Covid-19	COVID-19 epidemic now recurring.	<ul style="list-style-type: none"> To date, COVID-19 has impacted our earnings both positively and negatively. 	<ul style="list-style-type: none"> Establish a system to closely monitor user trends, and quickly detect and respond to changes in the market situation.
Game8	High dependence on some titles Weakness of existing smartphone game titles Lack of major titles in 1H	<ul style="list-style-type: none"> Decline in PV may damage sales In FY2023/5, we forecast that sales to be more centered on 2H than 1H. 	<ul style="list-style-type: none"> Recognize certain performance risks and continue to exercise strict cost control, including the level of investment in new businesses.

Near-term Investment Policy in Light of Changes in the Business Environment

At present, we will execute growth investments with an eye to achieving consolidated/non-consolidated operating surplus. We will consider switching to bolder growth investments once we have confirmed improved growth and profitability in the media business and have created investment opportunities that could become growth drivers for the group.

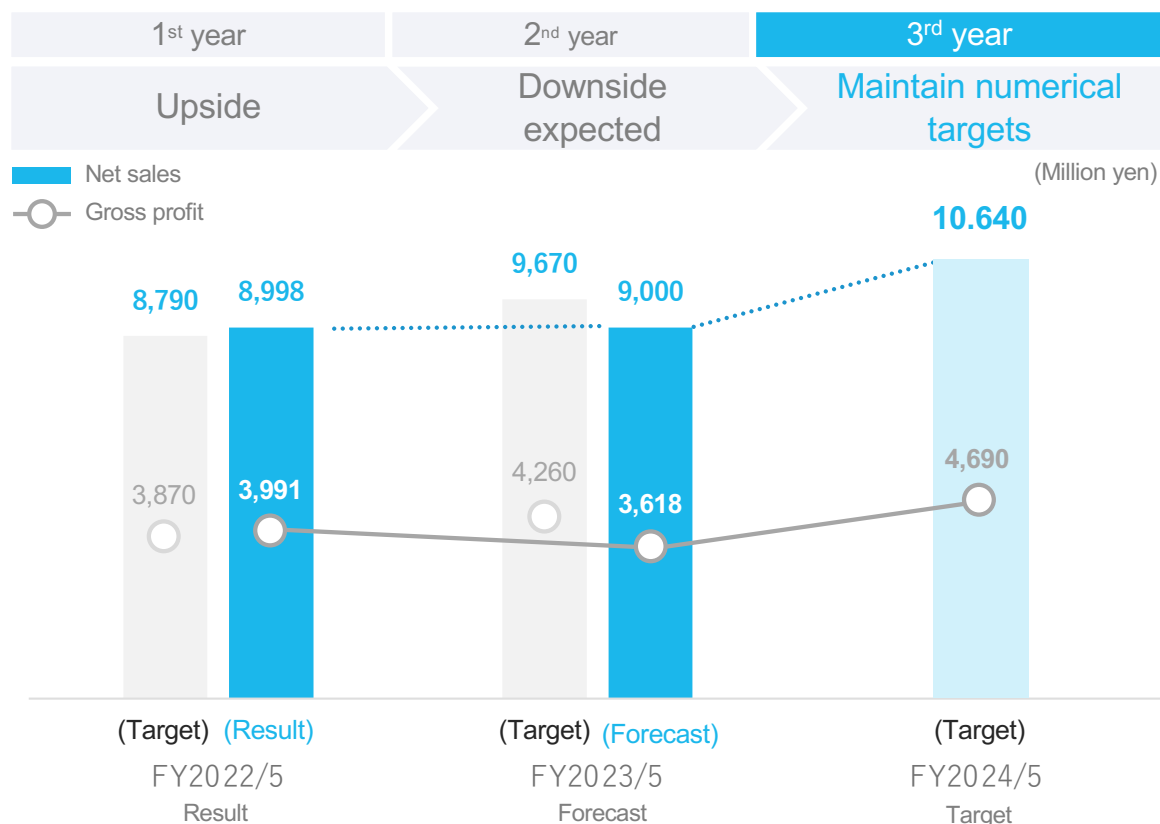
		Media business	Game8 group	Investment	New business
Guideline		Aim to achieve a market capitalization of ¥100 billion over the mid- to long-term			
Issues		Improve growth and profitability by establishing our unique value and improving UI and marketing efficiencies.	Acquire new growth drivers	Discover promising investments (especially the next "slice") and potential growth drivers for the Gunosy Group	Create businesses that will become new growth drivers with a group-wide perspective
Investment policy for growth		<ul style="list-style-type: none"> At present, focus on product improvement based on investment within the scope of achieving operating profitability on a non-consolidated basis as a general guideline. Consider increasing investment at a time when growth potential and improvement in investment efficiency are confirmed. 	<ul style="list-style-type: none"> At present, promote investment within the scope of consolidated operating surplus as a guideline. Consider expanding investment at a time when promising new businesses begin to grow in terms of growth potential and return on investment. 	<ul style="list-style-type: none"> Move from concentration in slice to diversified investment Continue to invest in India to capture growth in the Indian market Continue to invest selectively in Japanese startups 	<ul style="list-style-type: none"> At present, promote business creation by leveraging our strengths such as our high technical expertise within the scope of maintaining operating surplus on a non-consolidated and consolidated basis.
Portfolio status	Room for growth	<p>Raised by improving business structure</p> <p>Present: Lod-mid → up → Future: Mid-high</p>	<p>Growth potential raised through new business development</p> <p>Present: Low-mid → up → Future: Mid-high</p>	<p>Continue to invest in promising stocks in Japan/India</p> <p>Mid-high</p>	<p>Shifted upward by creating new businesses</p> <p>Present: Under development → Create → Future: Mid-high</p>
	Capital return	<p>Low-mid → up → Mid-high</p>	<p>Mid-high</p>	<p>Mid-high</p>	<p>Under development → Create → Mid-high</p>
	Investment	<p>Advertising expenses currently under control, but plan to increase gradually</p>	<p>Invest to stabilize existing businesses and develop new businesses</p>	<p>Invest up to 1.5 billion yen by FY2024/5</p>	<p>Invest when a promising business emerges that deserves an investment phase</p>

Update on Figures in Medium-term Management Plan

Due to the change in investment policy in view of changes in the business environment, FY2023/5 results are expected to be lower than the forecast disclosed in Q2. However, based on the status of existing/new businesses, **we aim to achieve the mid-term target for FY2024/5 as initially planned.**

Numerical targets of the Medium-term Management Plan announced in Q2 (net sales and gross profit)

Maintain mid-term targets on net sales and gross profit for FY2024/5



Supplementary information

FY2023/5 (2nd year)

Downside expected due to restraint of advertising investment since FY2022/5

(See p. 31 for details)

FY2024/5 (3rd year)

Reinforce existing/new businesses in FY2023/5 to achieve the plan

- Improve growth potential and profitability by creating unique value in Gunosy and improving KPI through continuous UI/UX improvements.
- Drastically improve acquisition efficiency by enhancing campaigns with KDDI, etc.
- Move new businesses under review into the investment phase and turn them into new growth drivers

FY2023/5 Results Forecast (Consolidated)

We expect sales growth and profit decline YoY. slice, our equity method affiliate, is expected to post a loss, but extraordinary gain is expected to be recorded in connection with the Series C round. As a result, **we assume a large YoY increase in net income**. (For details, see p. 36).

(Million yen)

	FY2022/5 Full-year (result)	FY2023/5 Full-year (forecast)	YoY
Net sales	8,998	9,000	100.0%
Operating profit	412	200	48.5%
Operating margin	4.6%	2.2%	-
Ordinary profit	191	-312	-
Profit attributable to owners of parent	130	547	420.5%

Differences from the Medium-term Management Plan disclosed in Q2

In light of the uncertain macro-environment, we **shifted to a policy of curbing advertising investments and placing priority on securing operating profit**. As a result, both sales and gross profit in the next fiscal year are expected to fall short of the levels disclosed in the Medium-term Management Plan. However, we aim to ensure the growth/profitability of each business in FY2023/5, as well as to increase the amount allowed for investment, and thereby **achieve the initial target by FY2024/5**.

		2023/5 plan (As of 2022/1)	2023/5 plan (At present)		
Investment policy		Aggressive investment focusing on scale expansion	Curbing investment to prioritize securing profits		
				Difference	Supplementary information
Net sales	Gunosy Ads	¥5.59 billion	¥5.12 billion	-¥460 million	<p>Gunosy Ads</p> <ul style="list-style-type: none"> Reduced advertising investment to about half of the amount planned. User numbers were lower than projected at the time of Q2 disclosure, resulting in a decline in sales. <p>Game8</p> <ul style="list-style-type: none"> Fading momentum of existing smartphone game titles Volatility of overseas operations considered
	ADNW	¥1.17 billion	¥1.17 billion	¥0 million	
	Game8	¥2.1 billion	¥1.88 billion	- ¥220 million	
	Others	¥0.81 billion	¥0.81 billion	¥0 million	
	Total	¥9.67 billion	¥9 billion	-670 million	
Gross profit	Group total	¥4.26 billion	¥3.61 billion	- 640 million	Decrease in gross profit due to lower sales

We will focus on **improving retention rate and profitability** through ongoing UI/UX enhancements and **the creation of our unique value by leveraging our own resources**. In order not to miss the opportunity to increase advertising investment, we want to be prepared with a business environment that allows for a high return on investment.

Management policy

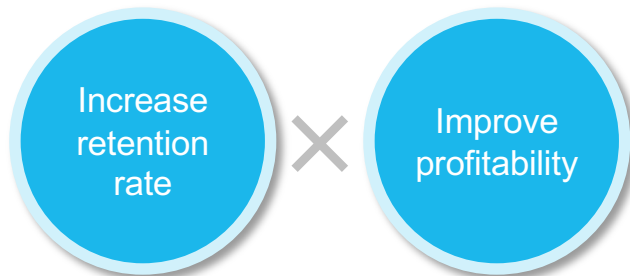
Strive to continuously improve the basic UI/UX as media, and **create unique value by leveraging Gunosy's technology and the unique resources of the partnership with KDDI**.

Investment policy

Continue to curb advertising investment, giving priority to securing profits and improving return on investment. Limit new hiring to certain positions due to active hiring of new recruits in the past year.

Strategy

Continuous improvement of basic KPIs



- Develop summary content
- Campaign initiatives with KDDI
- Enhance content, including headlines
- Optimize personalization and article delivery algorithms



- Campaign initiatives with KDDI
- Optimize personalization and article delivery algorithms

Gunosy Ads +ADNW

- Optimize ad delivery algorithms
- Develop ad spots and introduce new tools
- Improve profitability by acquiring new users

Anticipating changes in the business environment, such as the maturation of the smartphone game market, **the management structure was changed: The CEO was replaced by Shunsuke Sawamura (former COO), from Kentaro Nishio (founder of Game8).** (See p. 40 for details). **We will strive to acquire new growth drivers while maintaining stable operation of existing businesses.**

Management policy

Focus on **creating new pillars of growth** based on stable growth of game walkthrough media

Investment policy

Invest in human resources to some extent in new business areas

Strategy

Achieve mid-term targets by changing the management structure

Stable growth of existing businesses



Create new growth pillars



- Gain a stable share of PVs in both domestic and international media
- Expand solution support to game publishers
- Develop new businesses in the areas of Web3 and management support

Smarpr!se

- Promote new business development by leveraging strengths accumulated through existing businesses such as IP

Approximately 5 billion yen has been invested to date. slice, one of our strategic investments, has grown into a key growth driver in the medium to long term. We will continue to explore investments in India and Japan with the **aim of finding the "next slice"**.

Management policy

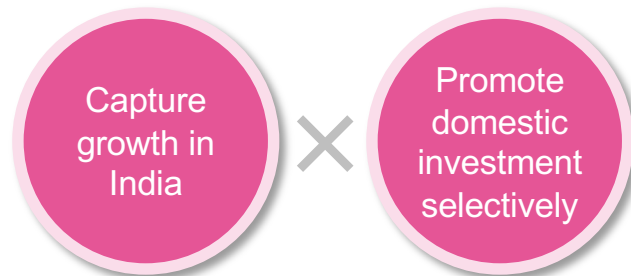
Examine mainly seed- to early-stage companies and aim to **capture high-growth areas outside the company** through pure investments and strategic investments.

Investment policy

Invest **up to approx. ¥1.5 billion by FY24/5**

Strategy

Discover attractive investment opportunities among various target companies in our extensive deal sourcing network.



India

- Shift from strategic investment concentration in slice to portfolio diversification. Aim to establish a portfolio that is able to capture growth of the Indian market as a whole.



Japan

- Strengthen our deal sourcing network while taking a stake in venture capital as a limited partner.
- Continue to invest selectively.

Shift to a growth strategy focused on profitability while maintaining growth. **Although loss may be accounted for under the equity method for the full year, the business itself is expected to return to profit by the end of this fiscal year.**

Business policy of slice

Previous policy

Aggressive investment
focusing on expansion
of scale



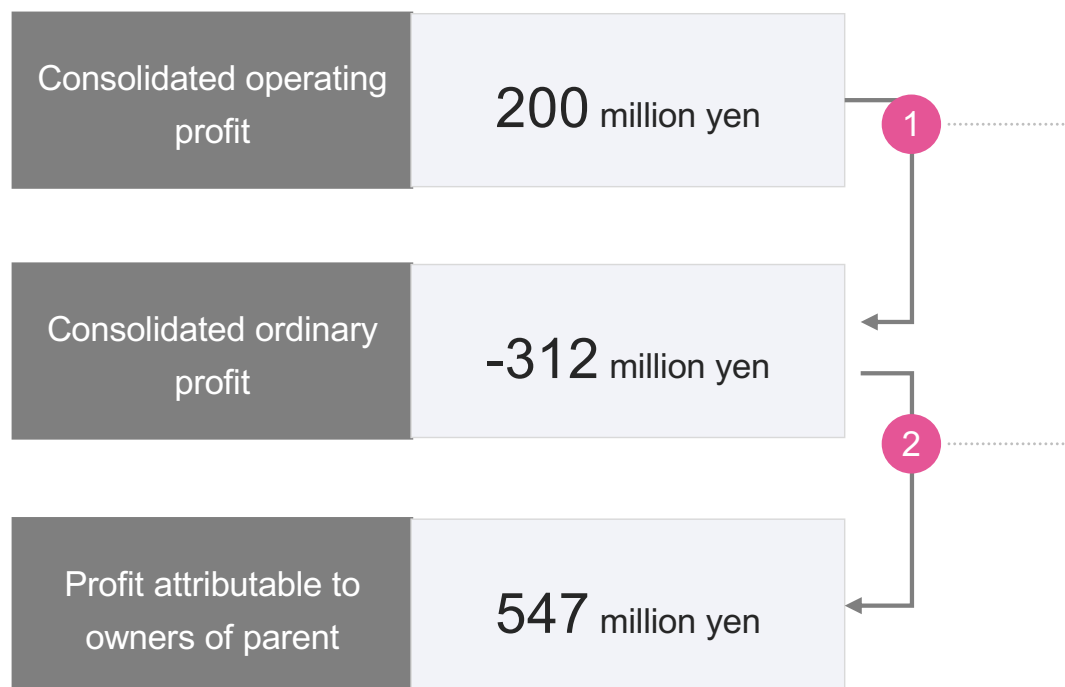
Future policy

Aiming to move the
digital credit business
into the black while
maintaining growth

Supplementary Information on Consolidated Full-year Forecasts

Due to profit and loss accounted for under equity method, ordinary loss is expected to be posted, but **extraordinary income to be recorded in connection with the execution of slice's funding round** in June 2022. As a result, the **profit/loss of slice, our equity method affiliate, will have a positive impact on profit.**

Consolidated Full-year Forecasts



Major factors of change

- 1 Profit/loss of slice, our equity-method affiliate**
 - Although a loss is expected on a full-year basis, the business itself is expected to return to profit on a single month basis by the end of this fiscal
 - Amount of projected loss includes assumed amortization of goodwill, which is currently under discussion with the audit firm.
- 2 Gain on change in equity related to slice**
 - An extraordinary income of approx. 980 million yen expected to be recorded as a result of the change in our equity due to the fundraising (series C round in June 2022, see p. 9)

* The treatment is in accordance with Article 18 of "Practical Guidelines for Equity Method Accounting" and the amount is currently under discussion with the audit firm. Should there be any additional material changes in the recorded amounts in FY2023/5 that should be disclosed, due to changes in our equity or other factors, we will promptly disclose them. For details, please refer to the attached documents to FY2022/5 Consolidated Financial Results (Japanese GAAP) (3. Consolidated financial statements and significant notes thereto (5) Notes to consolidated financial statements (Significant subsequent events)).

5

Management Structure



Our Management Team

The management structure for FY2023/5 is as follows. We are continuing to strengthen our governance, including the **transition** from a non-statutory Compensation Committee **to a non-statutory Nomination and Compensation Committee** (*) in December 2021.

(*) N&C



Representative Chief Director and Chairman, Group Chief Executive Officer (CEO)

**Shinji
Kimura**



Representative Director and President

**Yuya
Taketani**



Director and Chief Investment Officer (CIO) (to assume office)

**Hiroki
Maniwa**



Director

**Kentaro
Nishio**



Director

**Takuya
Sawada**



Director (Outside)

**Suguru
Tomizuka**



Director (Outside)

**Junichi
Shiroshita**



Director (Outside)

**Hirokazu
Mashita**



Director (Outside)

**Lei-Isabelle
Nakao**

Structural Changes to Further Strengthen Future External Investments

The position of Chief Investment Officer was established to grow and accelerate the investment business. At the same time, we aim to establish a structure that combines bold decision-making with appropriate governance by clearly separating offensive and defensive roles



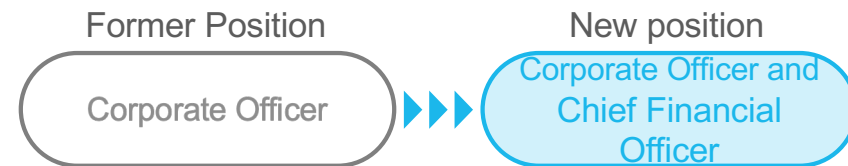
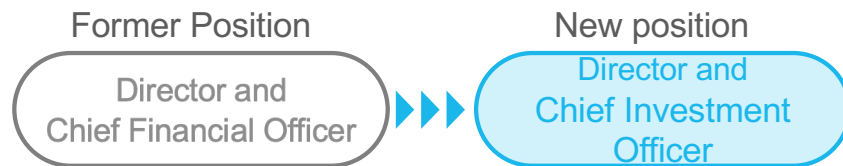
Director and Chief Investment Officer
Yuki Maniwa

Graduated from the Faculty of Engineering, The University of Tokyo. Joined Goldman Sachs Japan in 2005. Joined Coubic Inc. and then Gunosy Inc. in Oct. 2018 and became Director of Gunosy Capital Inc. Became Director and CFO in August 2019.



Corporate Officer and Chief Financial Officer
Tatsuyuki Iwase

Graduated from the Faculty of Business and Commerce, Keio University. Joined Gunosy after working at Bank of Tokyo-Mitsubishi UFJ (currently MUFG Bank), Deloitte Tohmatsu Consulting LLC. and PricewaterhouseCoopers Aarata LLC. Became Corporate Officer, Chief of Corporate Division in June 2021.



Background

1. With the growing importance of the investment business, such as slice, Maniwa who was responsible for both offensive and defensive roles as the head of investment business and CFO, is now concentrating on the "offensive" area as CIO, aiming to promote the acceleration of medium- and long-term growth.
2. Iwase, currently serving as Corporate Officer, Chief of Corporate Division, is taking over the role of CFO from Maniwa, thereby establishing a solid structure that will allow for bolder decision making while ensuring proper governance.

Anticipating changes in the business environment, the CEO was changed from Nishio, founder of Game8, to Sawamura, former COO.



Representative Director,
President and CEO

Shunsuke Sawamura

Graduated from the School of Business Administration, Kwasei Gakuin University. Joined Recruit Co. in 2007. Joined Gunosy as Chief Operating Officer in September 2018 after working for several companies as an executive of investment portfolio companies and JVs. Became Director and Chief Operating Officer in June 2019.

Former Position

Director and COO

New position

Representative
Director, President and
CEO



Director
of
Gunosy

Representative Director and
Chairman (Founder)

Kentaro Nishio

Co-founded Labit Inc. while a student at Tokyo Metropolitan University and became Representative Director in 2013. After transferring the business to a subsidiary of Recruit Holdings, founded Game8 and currently serves as Representative Director. Joined Gunosy in 2015 after Game8 became a subsidiary of Gunosy. Became Director of Gunosy in August 2020, after having served as Corporate Officer of Gunosy since September 2018.

Former Position

Representative
Director and President

New position

Representative
Director and Chairman
(Founder)

Background

1. As a result of considering the optimal management structure in the midst of changes in Game8's position and management environment since its founding, it was decided that Sawamura, who had supported the growth of Game8 as COO in both offensive and defensive roles, would be best suited to assume the position of CEO.
2. Nishio will focus on creating business opportunities, both existing and new, while supporting Sawamura as Chairman and assuming a greater role in group management than ever before.

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Reference Materials: Overview of Gunosy Inc.



Basic Information

Company name:	Gunosy Inc.
Representative:	Shinji Kimura Yuya Taketani
Established:	November 14, 2012
Fiscal year end:	May
Capital:	4,099 million yen (as of the end of May 2022)
Stock Code:	6047 (TSE Prime)
Audit corporation:	Ernst & Young ShinNihon LLC
Number of employees:	258 (as of the end of May 2022, on a consolidated basis)
Head office:	2-24-12 Shibuya, Shibuya-ku, Tokyo
Business:	Development and operation of information curation service and other media

Officers:	Representative Director and Chairman, Group Chief Executive Officer (CEO), Shinji Kimura
	Representative Director and President, Yuya Taketani
	Director and CFO, Hiroki Maniwa
	Director, Kentaro Nishio
	Director, Takuya Sawada
	Director (Outside), Suguru Tomizuka
	Director (Outside), Junichi Shiroshita
	Director (Outside), Hirokazu Mashita
	Director (Outside), Lei-Isabelle Nakao
	Corporate Auditor, Masakazu Ishibashi
	Corporate Auditor (Outside), Kenji Shimizu
	Corporate Auditor (Outside), Noboru Kashiwagi

From “Gunosy Way” to “Gunosy Pride”

The concept of "Gunosy Way", which had been defined as a milestone for Gunosy to follow, was **redesigned as "Gunosy Pride"**, which inherits the original thoughts and concepts.

Gunosy

1

“Triple win” philosophy

Benefit the customer, the user, and the world. Benefit yourself, others, and your fellow employees. We will continue to create a cycle of goodness not only outside the company and society, but within our company as well.

2

Creating opportunities with science

We will use data and technology to accelerate innovation with facts. We will also use science to solve social issues.

3

Centennial quality

We do not stop working until we feel that this is the best we can do, rather than thinking that this is good enough. We will face the work in front of us with sincerity and honesty, seeking quality that will endure for a hundred years.

4

Respond to adversity in a positive way

There are as many adversities as there are challenges. However, we believe that it is the adversity that brings us the opportunity for growth. We will not run away from the obstacles in front of us, but rather we will aggressively pursue our business in adversity.

Effect of Application of Equity Method on "slice" in FY2022/5 (Supplementary information)

Points

1. Our voting interest in "slice" is **in the range of 15%-20% as defined in "Accounting Standard for Equity Method"**. We started application of the equity method upon completion of dispatch of directors to slice at the end of FY2022/5 (see p.9 for details).
2. However, profit/loss from slice was not accounted for in FY2022/5, which is **expected to start from FY2023/5 Q1**.
3. Accordingly, no profit/loss related to the application of equity method was accounted for as of the end of FY2022/5. In the B/S, the accounting treatment for the reclassification of holding purpose (available-for-sale securities to shares of subsidiaries and associates) and the foreign currency translation adjustments were applied. *

*While the accounting treatment was applied based on the assumption that positive goodwill is recognized for "slice" as a result of equity method accounting, the consolidated financial statements of "slice" were still under audit by a local auditor at the time of the release of the Financial Results. If negative goodwill were to arise as a result of a material change in the net assets of "slice", the said negative goodwill should be recognized as profit in a lump sum in FY2022/5. Should any material events or circumstances arise in the future that should be disclosed, we will promptly disclose them.

4. Determination of the amount of goodwill, etc. through PPA (Purchase Price Allocation) procedure and its amortization period is still under discussion with the auditing firm as a matter affecting the profit/loss for FY2023/5.

Policy

Advertising investment **with a view to achieving a consolidated operating surplus on a full-year basis**

- Aim for solid sales growth through improved Sales/DAU by expanding the number of new users and a solid build-up of users by controlled advertising investment.
- We will step up investment in the event of a significant improvement in KPIs or the launch of attractive new businesses, allowing flexibility for temporary losses.

External factors

- Continue to take a cautious stance in order to achieve consolidated operating profit in view of increasing uncertainty in the financial markets and other areas.

Internal factors

- The improvement in Gunosy's KPIs has helped to secure a stable user base with a more comfortable return on investment (IRR) than in the past.
- While maintaining our IRR benchmark, we will also make upfront investments in multiple marketing initiatives to maintain our growth cycle.

Forward-looking statements contained in these materials are prepared from judgments and assumptions based on information available at the time of preparing the materials, and do not guarantee their accuracy. These materials contain financial data that have not been audited by an independent certified public accountant or an auditing firm. Please note that actual results may differ materially from the forecasts due to various uncertainties included in these judgments and assumptions and changes in risk factors and the economic environment.

Gunosy

Optimally deliver information to people around the world