

Gunosy

FY2024/5 Financial Results

Medium-Term Management Plan

(FY2025/5 – FY2027/5)

Gunosy Inc.
TSE Prime (6047)



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Financial Highlights



FY2024/5
(full-year)

| | | | | |
|-----------|-------------------|---|--------------|--------|
| Net sales | 7,344 million yen | FY2024/5 Results Forecast (Released in April 2024) | vs. forecast | 100.7% |
| | | 7,290 million yen | YoY | 91.2% |

| | | | | |
|------------------|----------------|---|--------------|---|
| Operating profit | 70 million yen | FY2024/5 Results Forecast (Released in April 2024) | vs. forecast | - |
| | | -30 million yen | YoY | - |

By company

| | Gunosy | Game8 | Others |
|------------------|-------------------|-------------------|-----------------|
| Net sales | 4,474 million yen | 2,164 million yen | 705 million yen |
| Operating profit | -486 million yen | 622 million yen | -64 million yen |

Summary

Consolidated operating profit exceeded forecast and returned to profitability due to the strong performance of the Game8 business and the stabilization of profitability and cost reduction in the Media business, which progressed better than forecast..

The merger of slice and NESFB is well underway, and **slice's profit/loss for the year is also showing steady improvement.**

Operating Profit - Difference between Initial Forecast and Actual Results

POINT

1 Gunosy - Improvement in operating profit

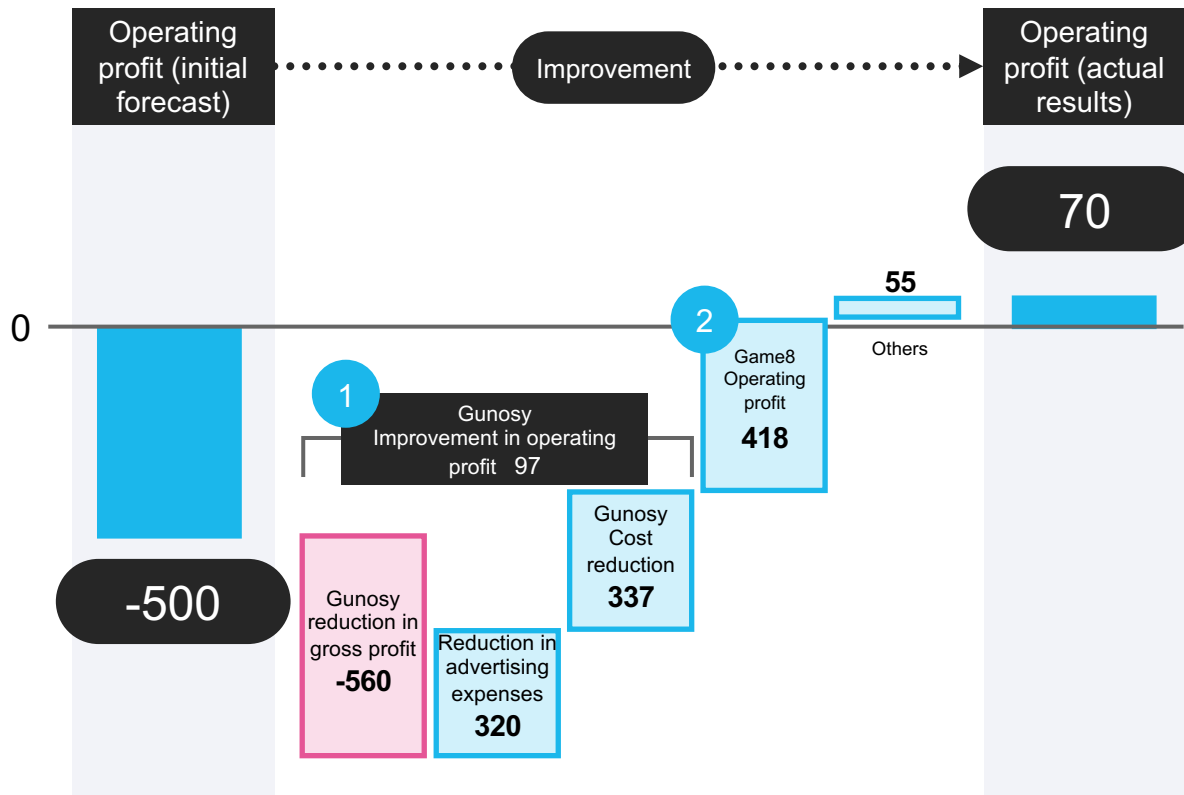
- In Q1, the profitability of Gunosy Ads declined due to the weakness of the advertising market.
- In response to the decline in profitability, we reduced our advertising investment in Gunosy, which resulted in a decrease in DAUs (daily active users) from the forecast announced at the beginning of the fiscal year and a decrease in net sales.
- Meanwhile, in addition to the aforementioned reduction in advertising investment, we have significantly curbed costs such as communication expenses and personnel expenses from the initial plan.
- As a result, operating profit improved by 97 million yen compared with the forecast made at the beginning of the period.

2 Game8 - Improvement in operating profit

- In addition to strong sales in the domestic media business, profitability in the overseas media business improved significantly driven by the weak yen, resulting in sales exceeding the initial forecast.
- Operating profit significantly exceeded the initial forecast due to successful cost control.

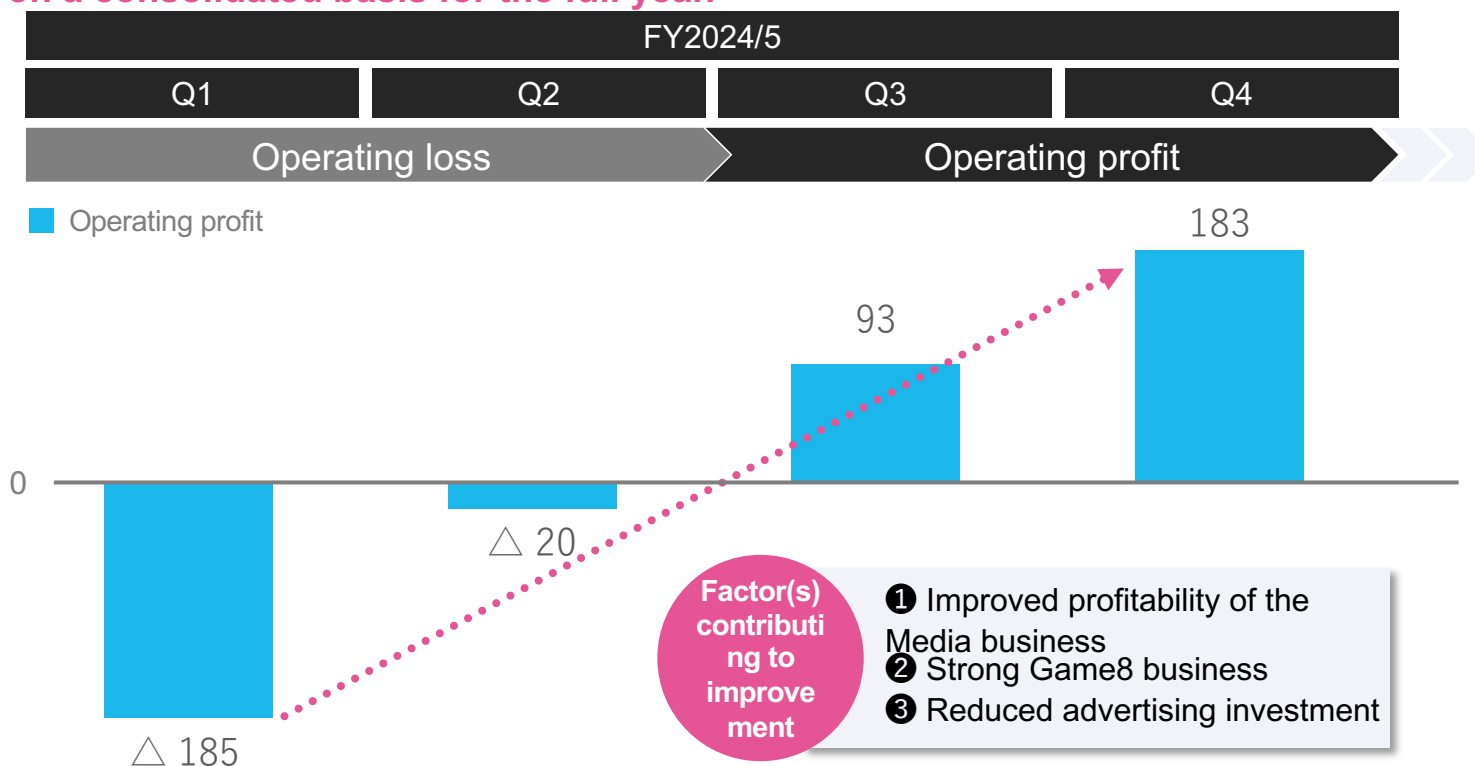
Operating profit (initial forecast and actual results)
Operating profit improved significantly from the forecast given at the beginning of the period.

(Million yen)



Consolidated Operating Profit

In the first half of the year, a consolidated operating loss was recorded due to increased advertising investments, but the reduction of advertising investments, the recovery of profitability in the Media business and the strong performance of Game8 in and after Q2 led to a return to operating profitability on a consolidated basis in Q3. In addition, a significant increase in profits in Q4 led to a return to operating profitability on a consolidated basis for the full year.



| | | | | |
|--------|------|------|-----|-----|
| Gunosy | -265 | -115 | -74 | -30 |
| Game8 | 91 | 111 | 190 | 228 |
| Others | -11 | -16 | -22 | -14 |

2

Financial Results for FY2024/5



FY2024/5 Consolidated Results for Q4

We achieved a consolidated operating profit for the full year, driven by the continued strong performance of the Game8 business, a recovery in the profitability of the Media business, as well as appropriate control of advertising investments. Strong QoQ profit growth was also achieved in Q4 alone.

(Million yen)

| | FY2024/5 Q4 | QoQ comparison | | FY2024/5 Full-year | YoY comparison | |
|---|-------------------|----------------|--------|--------------------|--------------------|-------|
| | | FY2024/5 Q3 | QoQ | | FY2023/5 Full-year | YoY |
| Net sales | 1,694 | 1,920 | 88.3% | 7,344 | 8,052 | 91.2% |
| Operating profit | 183 | 93 | 196.0% | 70 | -268 | - |
| Operating margin | 10.8% | 4.9% | - | 1.0% | - | - |
| Ordinary profit | ¹ 30 | -107 | - | ² -829 | -1,705 | - |
| Profit attributable to owners of parent | ³ -272 | 104 | - | -1,186 | -1,150 | - |

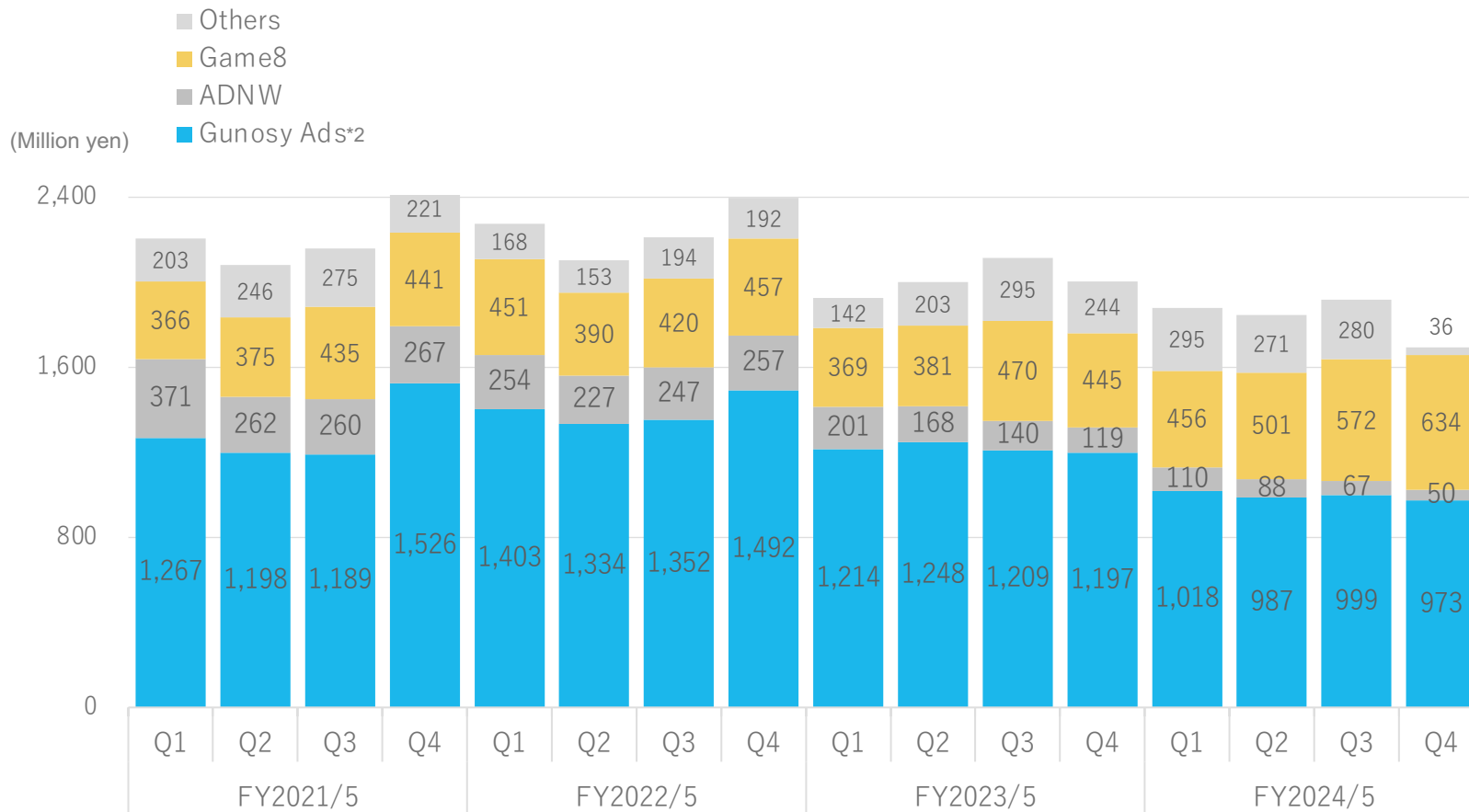
¹ Including share of profit/loss of entities accounted for using equity method (on a non-cash basis) of -164million yen

² Including share of profit/loss of entities accounted for using equity method (on a non-cash basis) of -933million yen

³ Including loss on valuation of investment securities of -215million yen

Breakdown of Net Sales ^{*1}

Game8 sales **increased both YoY and QoQ**. Gunosy Ads' sales remained stable despite a reduction in advertising expenses. As to "Others", the exclusion of Smarprise from the scope of consolidation in Q3 led to a significant decrease in both sales and related costs.

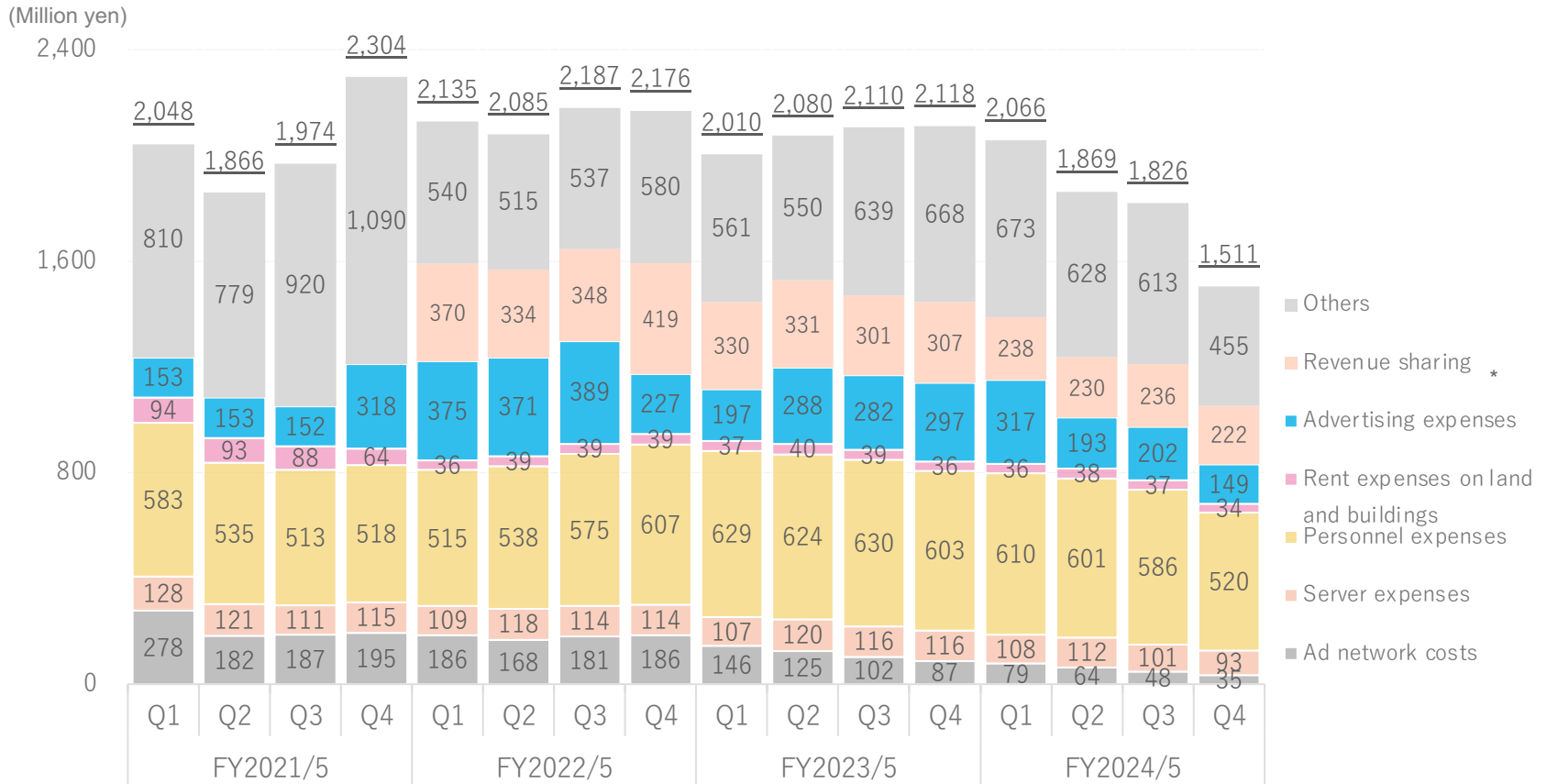


*1: Sales of Gunosy Ads, ADNW and Game8 are presented on a nonconsolidated basis. Internal trade adjustments are included in Others

*2: Sales of Gunosy Ads are the total of "Gunosy", "NewsPass", "au Service Today" and "LUCRA" (Service ended in February(C) Gunosy Inc. All Rights Reserved. 2023).

Cost Structure

Costs on a consolidated basis decreased as the business focused on overall cost control. Advertising expenses decreased QoQ as we continued to control costs in line with our current policy. The exclusion of Smarprise from the scope of consolidation in Q3 led to a significant decrease in “Others”.

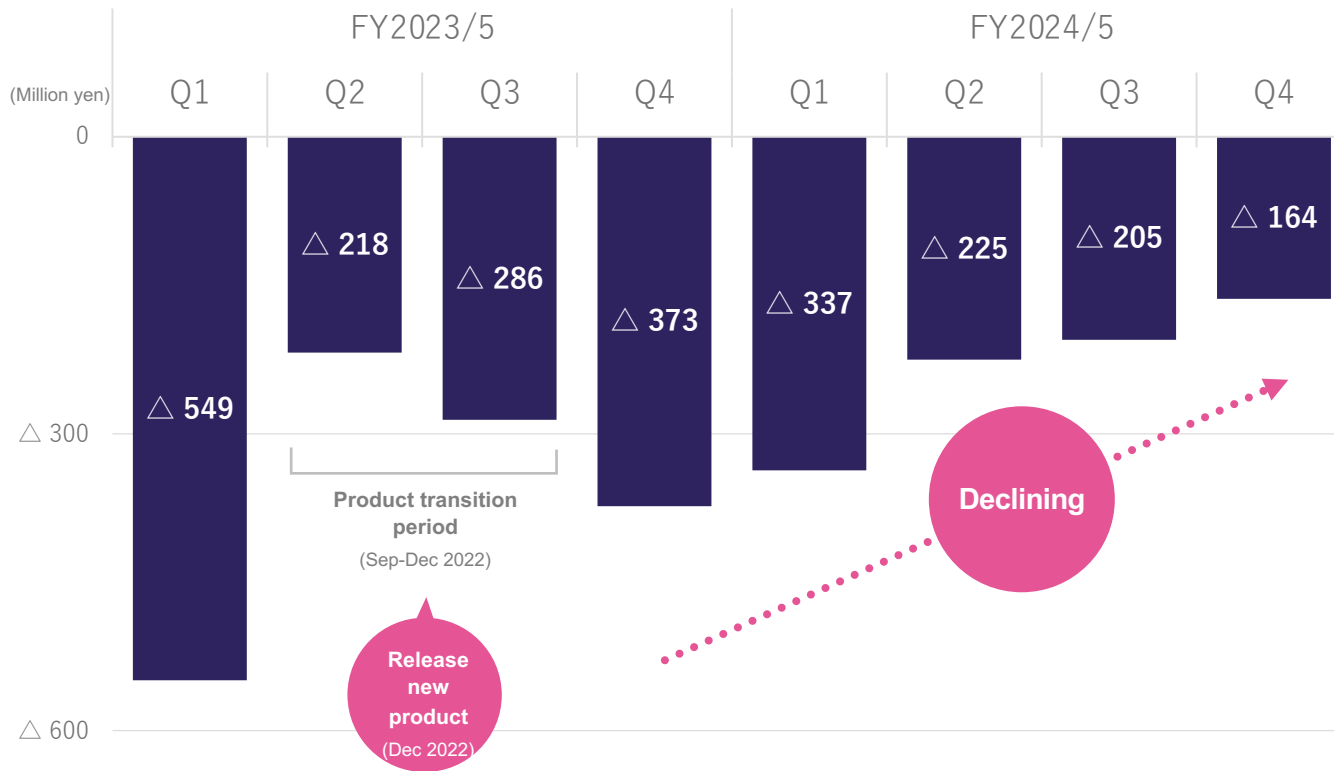


* "Revenue sharing" included in "Others" in FY2021/5 and earlier, but separated from "Others" from FY2022/5 Q1. "Live video production expenses" is included in "Others" from FY2022/5 Q1.

Equity Method Investment Gains/Losses of slice

The stable organic growth of the business continues with appropriately controlled marketing investments, resulting in a decrease in the amount of losses. Equity method investment losses are also on a declining trend.

Equity method investment gains/losses of slice *



* The share of gains (losses) of entities accounted for using the equity method includes various expenses in addition to the gains and losses from equity-method affiliates such as goodwill amortization.

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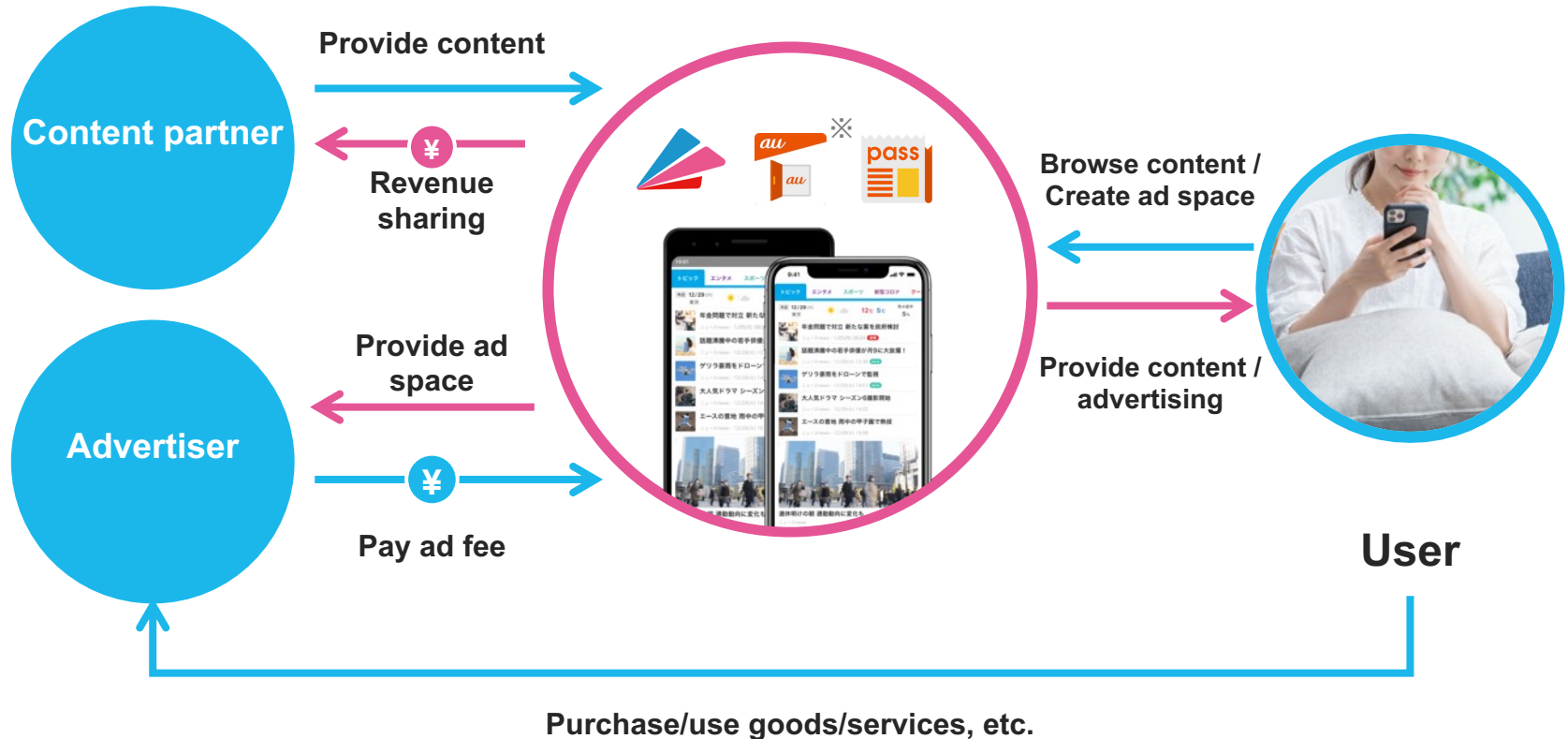
Business Overview by Division

Media Business

Game8

**Investment
(slice)**

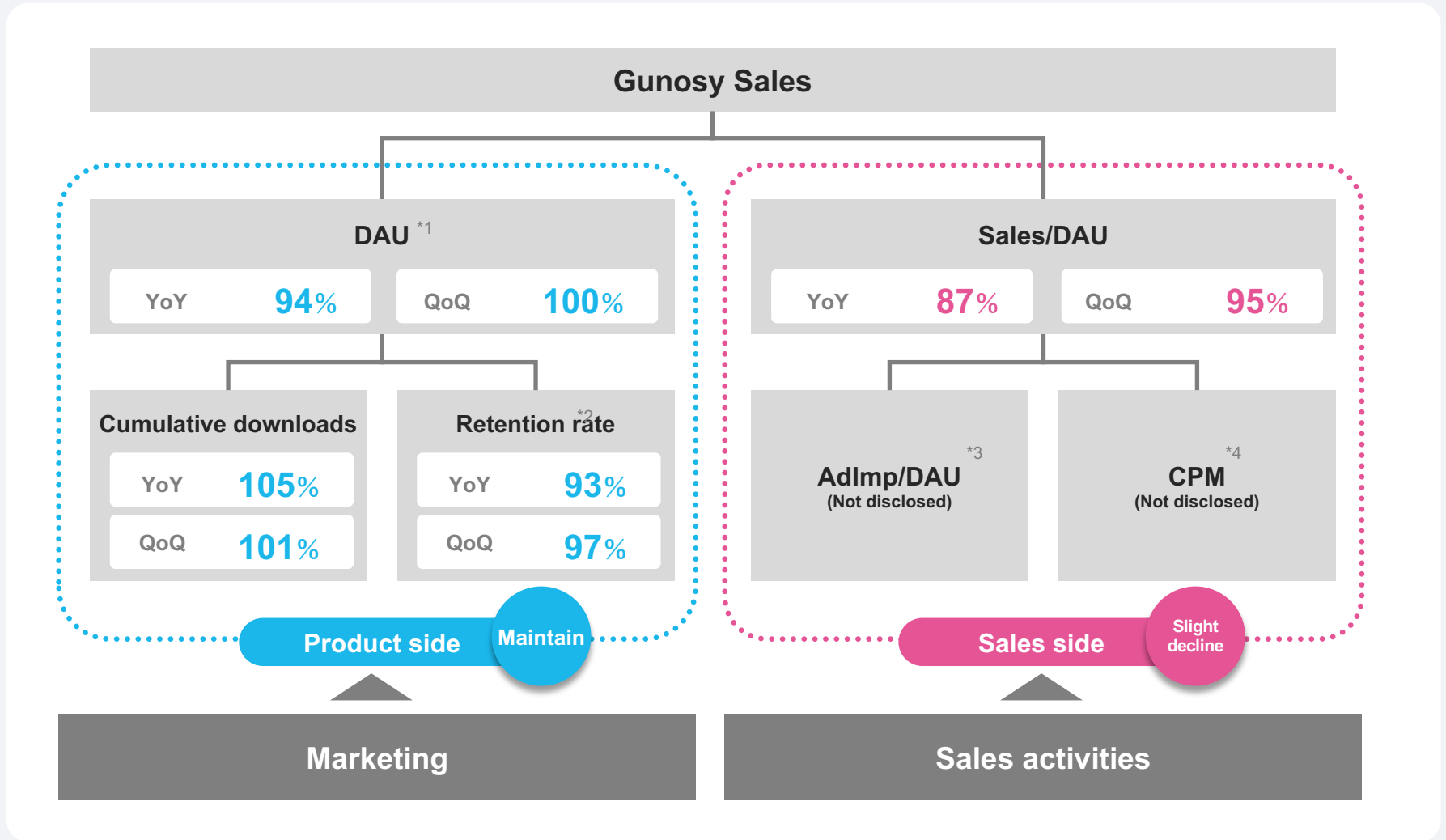
We obtain content from external media (“content partners”) and offer the service to users free of charge. We provide advertising space to advertisers to serve ads to users, and we receive revenue from advertisers.



Since the advertising space in NewsPass and au Service Today is provided jointly with KDDI, part of the sales and costs are shared by both companies.

Progress Summary of Gunosy's Key KPIs

DAUs remained stable QoQ despite reduction in advertising investment. Sales/DAUs have been stable since improving in Q2, but declined QoQ in Q4 due to weaker QoQ performance of direct media buying. In the end, however, the year-end results were in line with our forecast.



*1: Daily Active Users

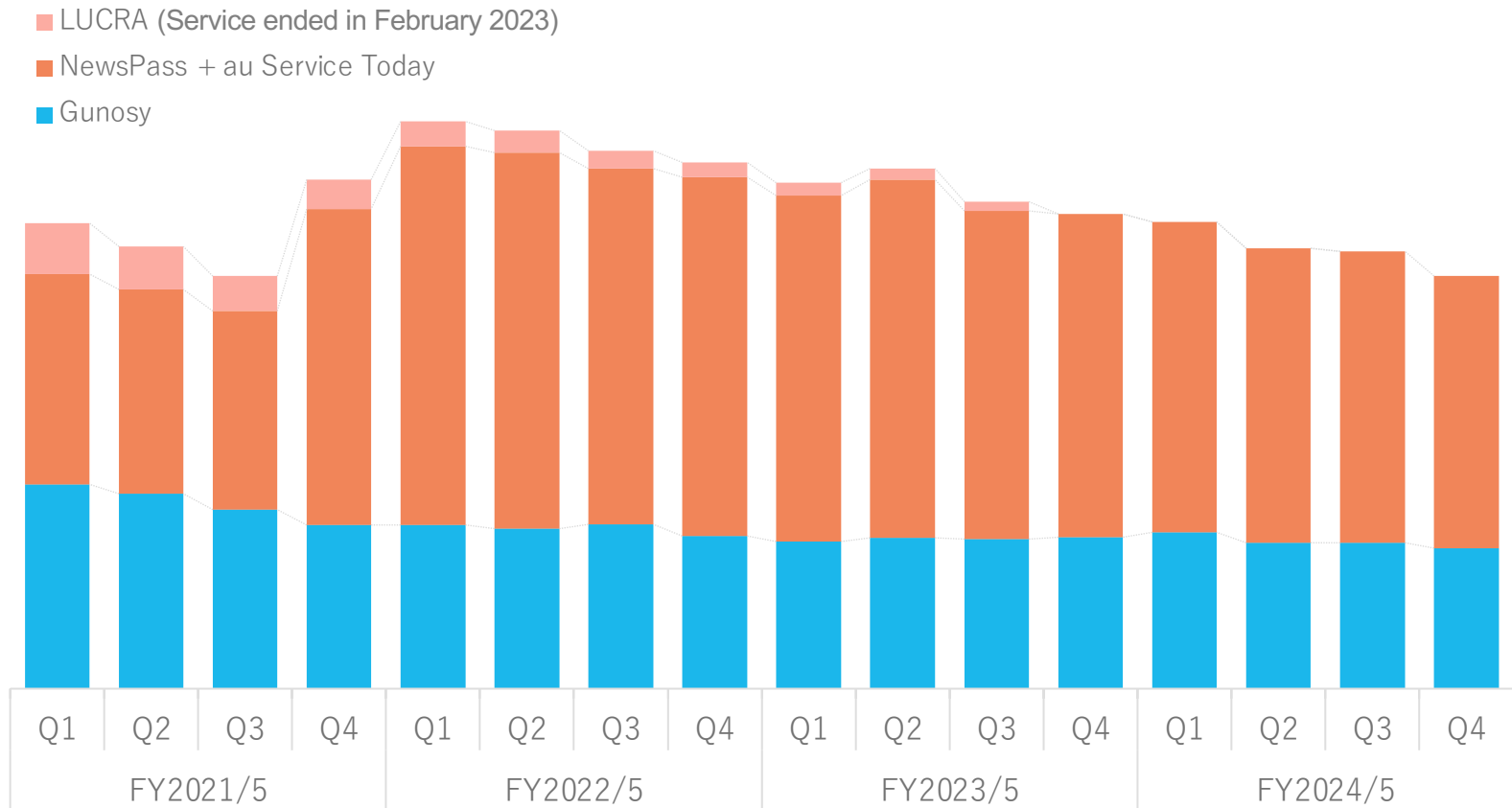
*2: The app retention rate refers to the percentage of new users who activate the app after a certain period of time.

*3: Number of ads served per daily active user

*4: Cost Per Mille

Total Number of Active Users (MAUs)

In Q4, the overall size of the Media business shrank, although Gunosy's MAUs were maintained despite a reduction in advertising investment.

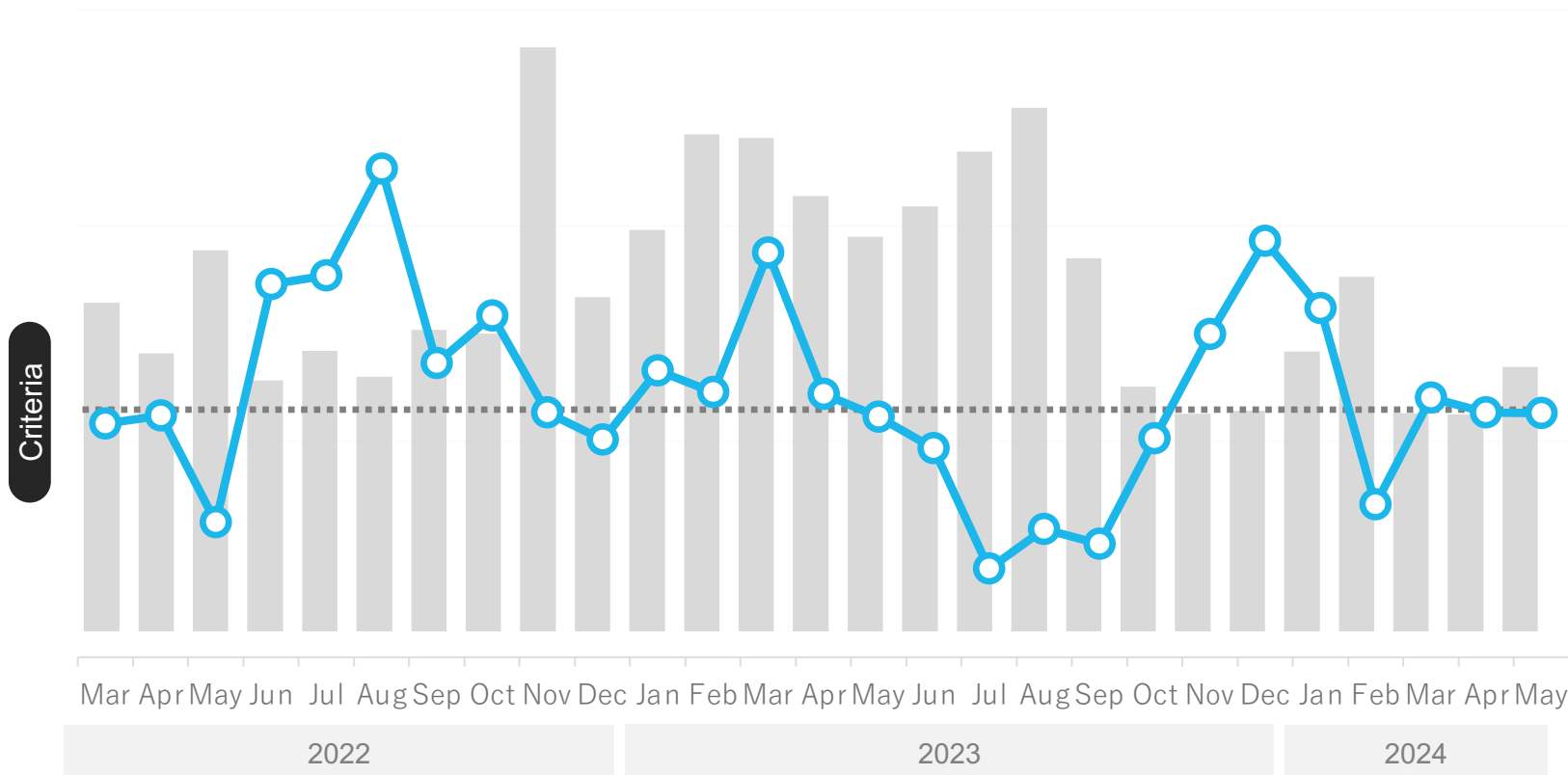


Since November 2023, the **IRR has remained well above the criteria** due to the control of advertising investment and improved profitability.

We continued to manage our advertising investments, which remained within our criteria in Q4.

Estimated IRR and advertising expenses

- Advertising expenses (actual)
- Estimated IRR
- (Three-year IRR estimated from acquisition costs (CPI) and estimated marginal profit per user)



3

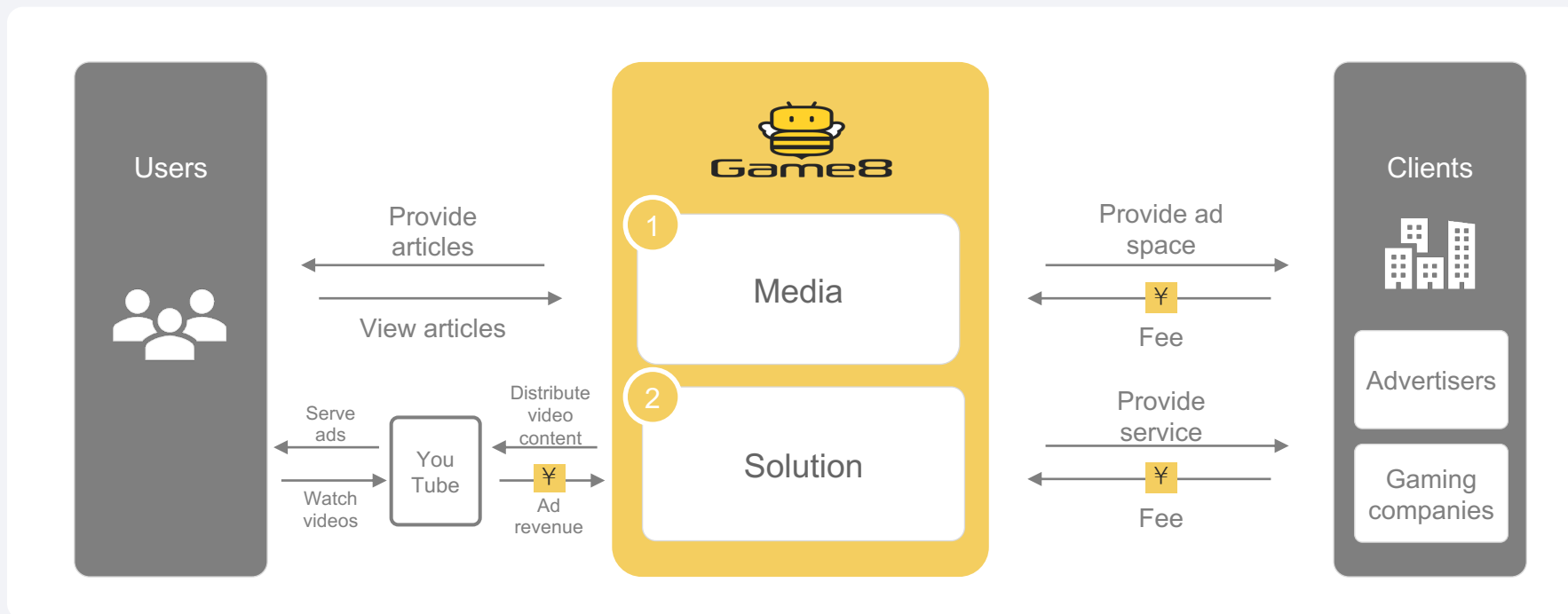
Business Overview by Division

Media Business

Game8

Investment
(slice)

Gate8 Inc. is engaged in the business of monetizing through advertising revenue from game walkthrough media. The company provides a wide range of marketing solutions by offering a variety of advertising strategies, including writing game walkthrough articles for game walkthrough media.



Business

1 Media

- Operates its own game walkthrough site
- Homepage takeover ads on a game walkthrough site
- Create articles on game walkthrough

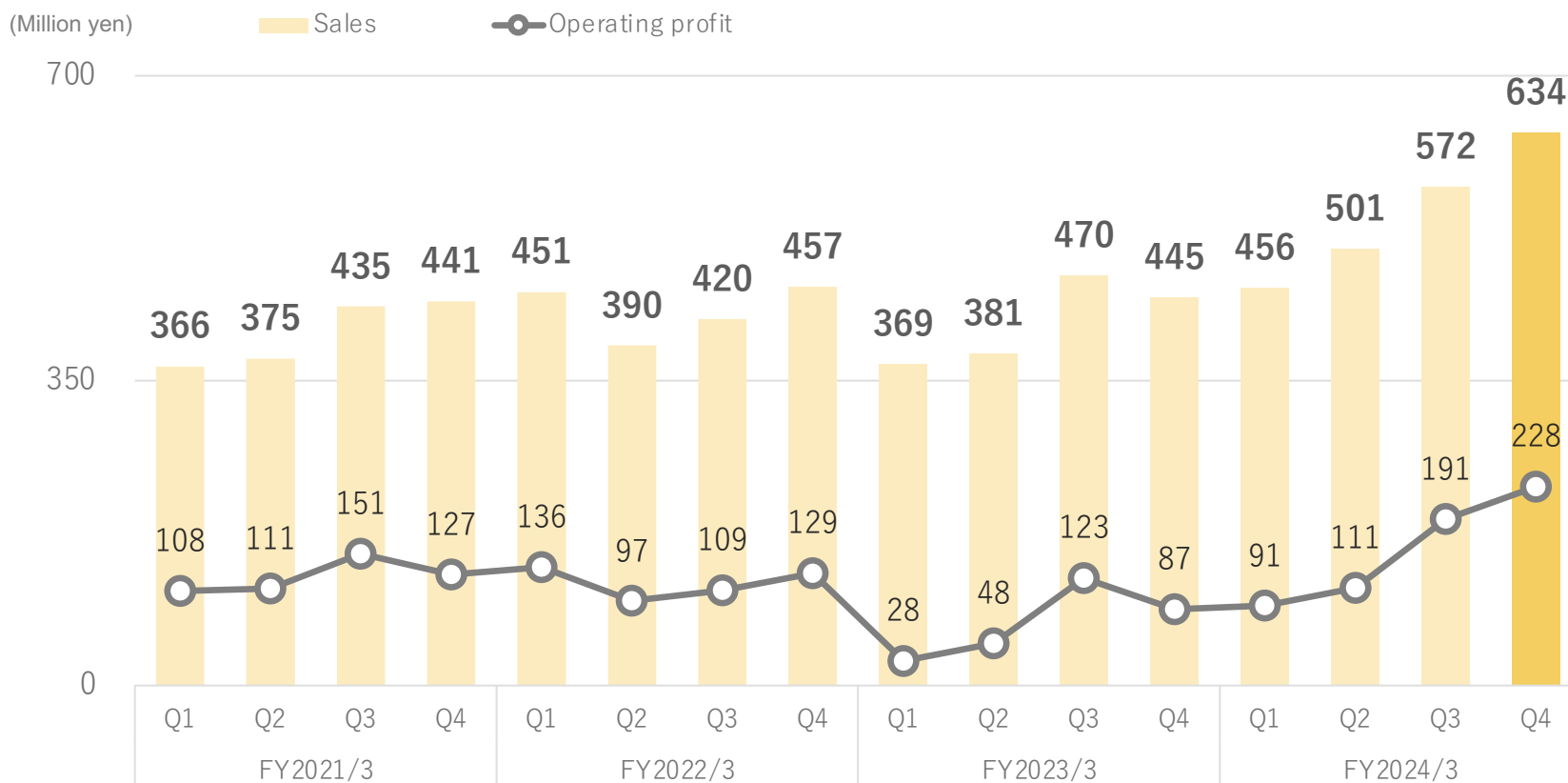
2 Solution

- Provide advertising strategies for websites other than Game8.jp
- Operates the SNS operation on behalf of the client.

Strength

- Operates gaming media with the highest number of page views in Japan.
- Manages its own ad monetization team domestically to achieve stable and high eCPM.
- Develops sales activities in the gaming area with a focus on providing reliable solutions.

As in previous quarters, the overseas media business in particular maintained high profitability driven by the depreciation of the yen. Sales increased due to a significant rise in page view, **resulting in record sales and operating income**. However, the next quarter is expected to see some setbacks due to the completion of a round of hit titles in Q4 and the weakening of the domestic advertising market.

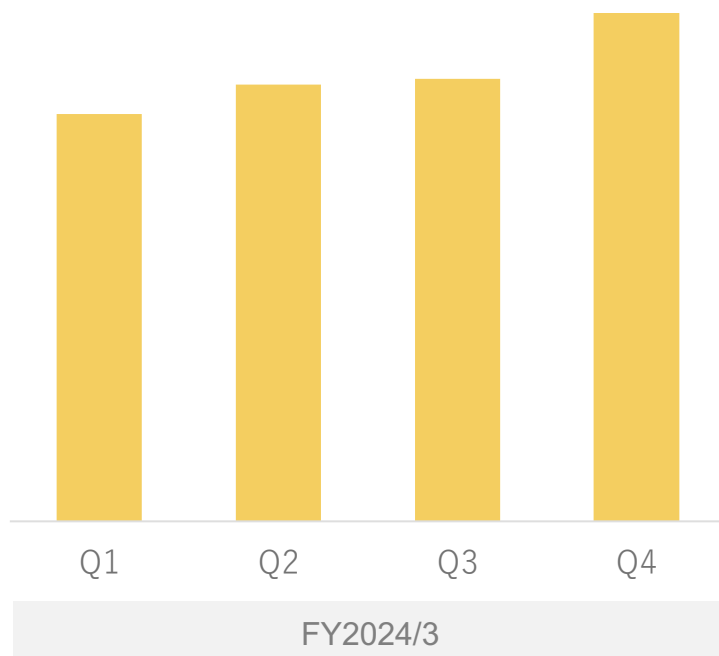


PVs, one of the most important KPIs, **remained strong**, supported by hit titles.

In terms of RPM, high profitability is maintained, especially in the overseas market due to the depreciation of the yen.

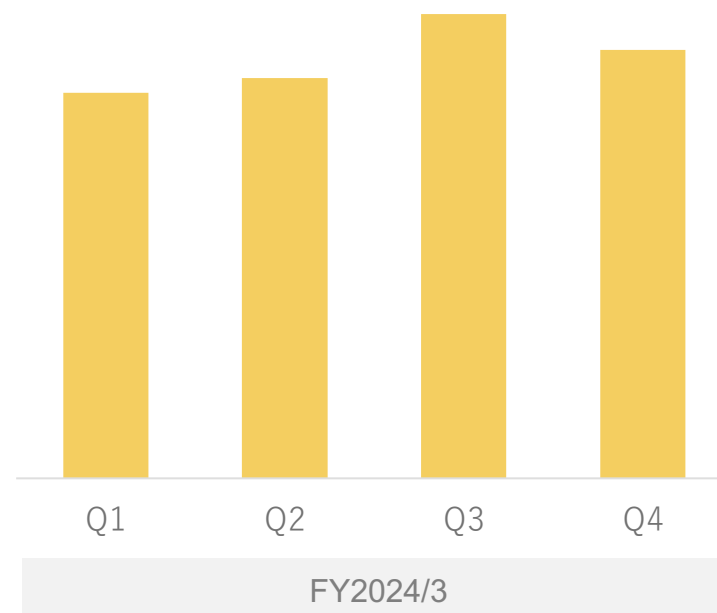
PVs

Although there was some volatility depending on game title sales, page views remained strong.



RPM

Maintained high profitability supported by overseas media due to yen depreciation.



Game8 successfully hosted **one of the largest real BtoB events in Japan** for the gaming industry. This provided a strong foundation for improving the BtoB solutions developed to date and expanding the BtoB solution area in the future.



Event attendance: Approx. **1,000**

Co-hosted with MOTTO Inc.

Expand business into the BtoB

<https://game-future-summit.jp/>

3

Business Overview by Division

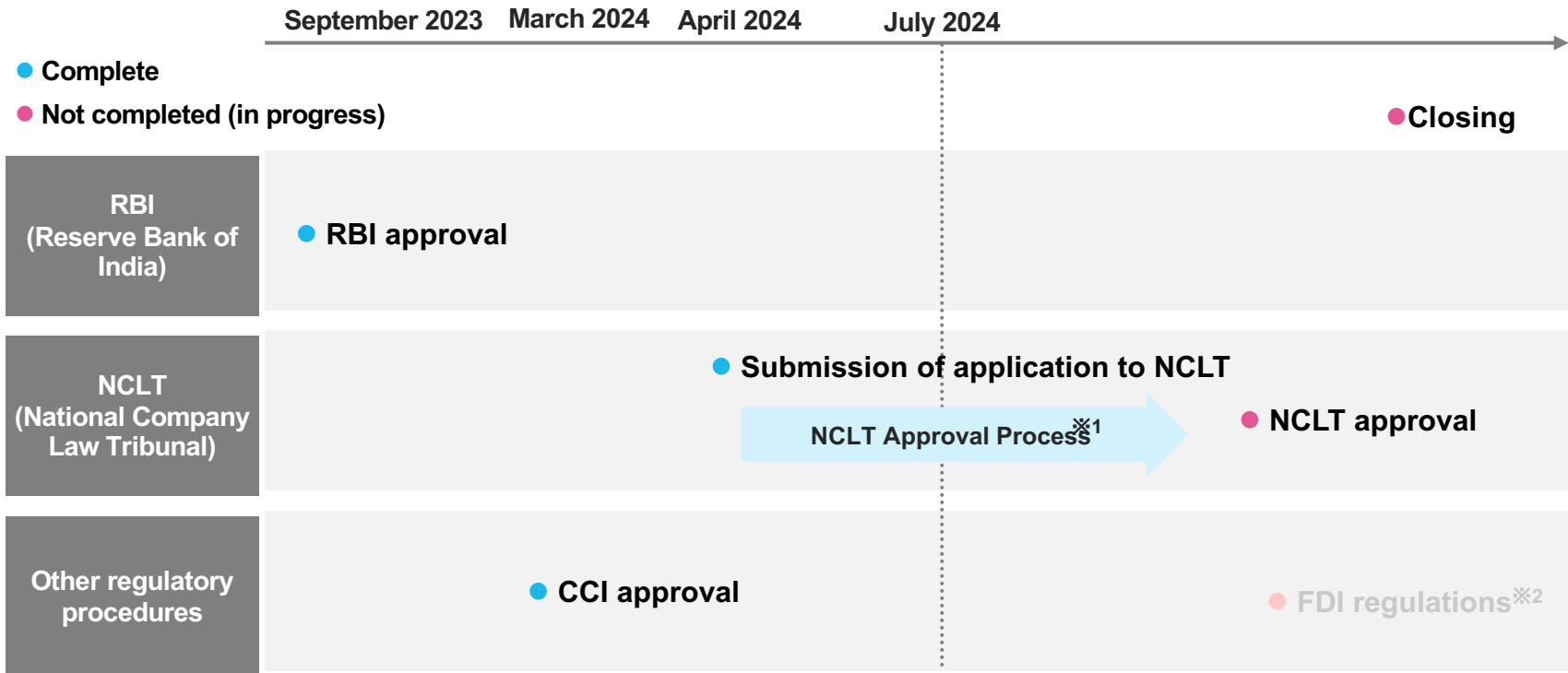
Media Business

Game8

**Investment
(slice)**

The merger process is progressing well with the filing of the application with the NCLT (National Company Law Tribunal) completed.

As the largest outside shareholder, we may be required to cooperate in various ways under Indian financial regulations. In order to maximize the potential for future growth, we intend to make the early completion of the merger our top priority as we move forward with the process.

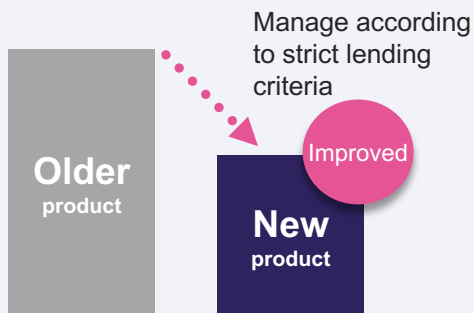


※1 The NCLT approval process generally takes 6-12 months from application to approval, although the timeline may vary and exceed this range depending on the individual case

※2 Foreign Direct Investment

As a result of proper risk control through prudent lending after the transition to the new product, the default **risk of AUM as a whole is expected to decrease** and the provision ratio is expected to improve. In addition, slice's^{*1} profit/loss for the year has improved significantly due to stable AUM and cost optimization achieved through proper risk control, and **we aim to return to profitability on a monthly basis by the end of FY2025/5.**

Change in AUM mix from former product to new product and associated improvement in reserve ratios



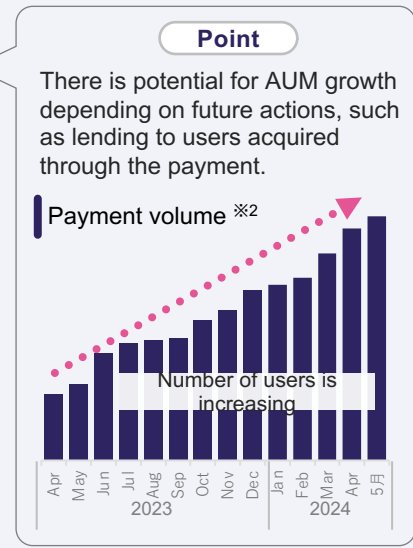
Looking at the composition of AUM, last year it included former products with high reserve ratios, but since April 2024 it consists only of new products with low reserve ratios. Consequently, the overall default risk of AUM has been reduced and the cost of reserves has also been significantly reduced in accounting terms.



Establishing operational policies

- A Ensure AUM stability**
- B Risk control**
- C Cost reduction**

Our policy is to ensure AUM stability by focusing on controlling the default rate. We also aim to optimize costs.



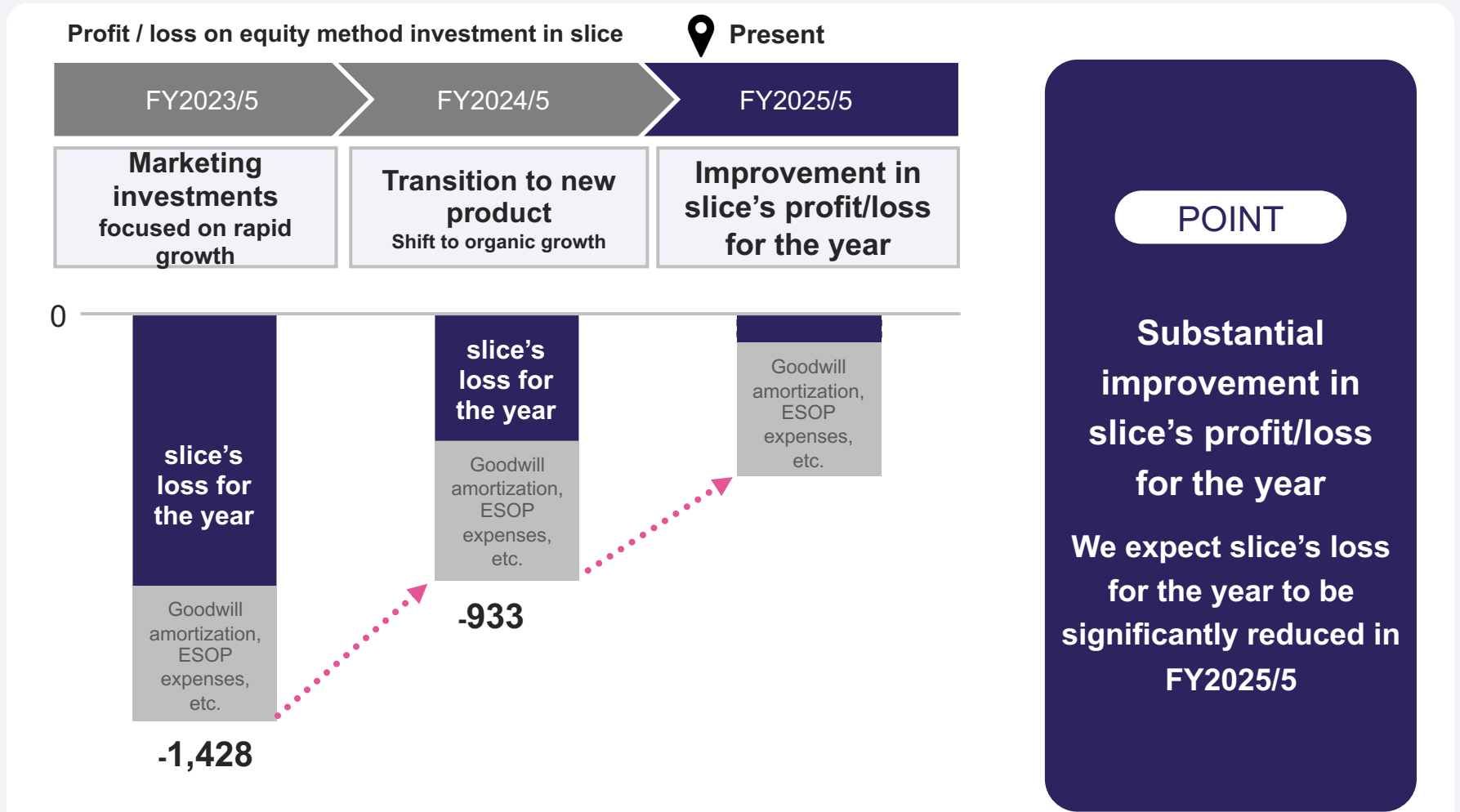
Aim to become profitable on a monthly basis by the end of FY2025/5.

*1 slice's profit/loss for the year: Profit/loss for the year as per local Indian GAAP, excluding goodwill amortization and non-cash ESOP expenses included in the equity method accounting.

*2 Payment volume: Transaction volume paid using the slice account described on page 54.

Decrease in Losses from Equity Method Investments

We expect a significant reduction in equity losses in FY2025/5, driven by stable organic business growth with controlled marketing investments and slice's improved profit/loss for the year through appropriate control of default rates.



* slice's profit/loss for the year: Profit/loss for the year as per local Indian GAAP, excluding goodwill amortization and non-cash ESOP expenses included in the equity method accounting.

Until the completion of the merger, we aim to become profitable in the "slice" business and maintain a healthy financial position, while continuing to steadily increase AUM through organic growth. After the merger with NESFB, we aim to further accelerate growth by providing customers with a comprehensive digital financial experience and enhancing the existing banking business model.

Prior to merger

Our goal is to maintain a sound financial position and return the business to profitability through an exclusively organic approach, while maintaining stable AUM growth, controlling default risk, and reducing costs.

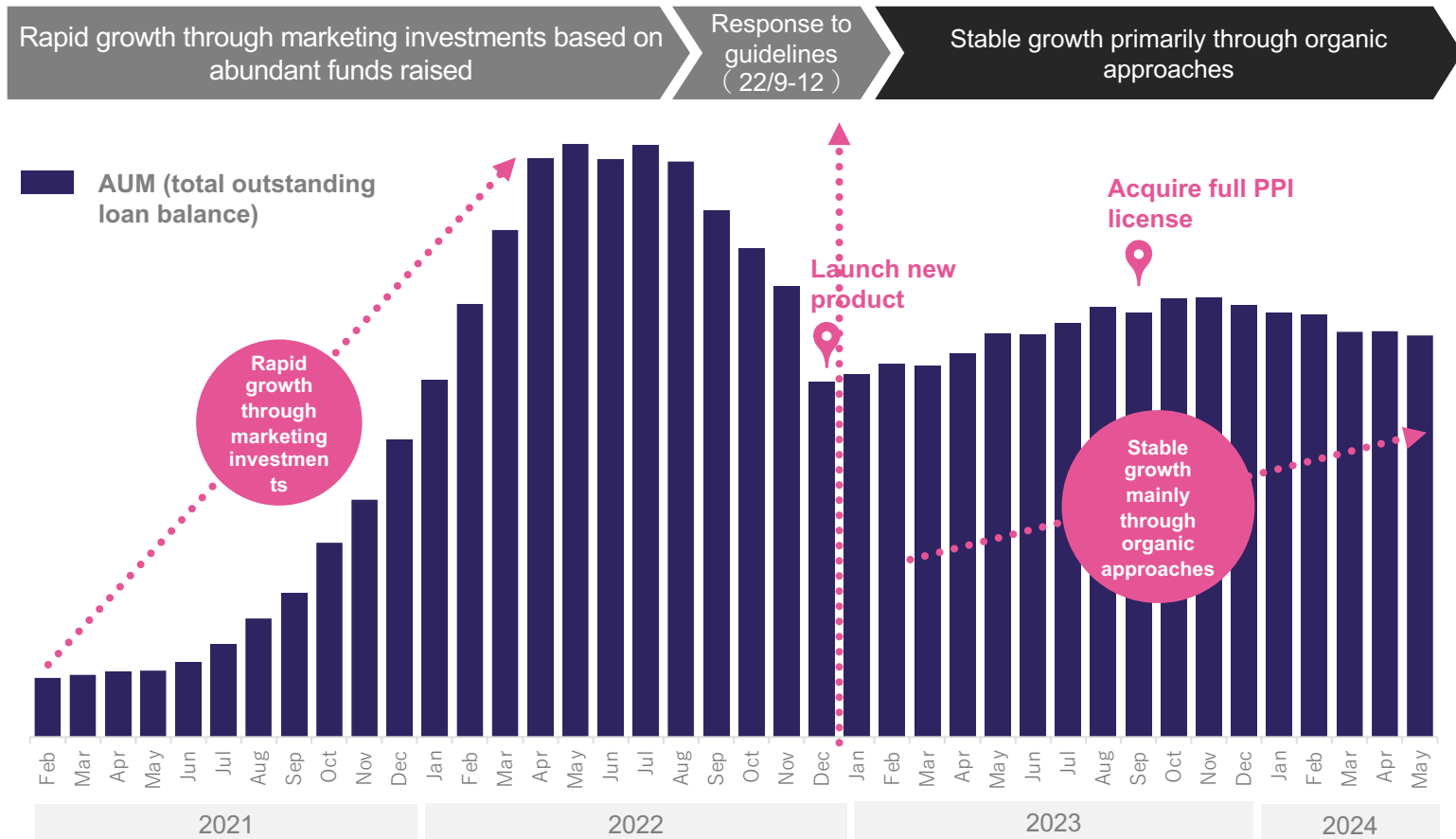


After merger

We aim to further accelerate our growth by leveraging technology to offer a broad range of financial products, improving banking operations and reducing funding costs.

* The financial position is solid, with an equity ratio of over 50% as of March 31, 2023. See page 59 for details.

The customer base was significantly expanded through marketing investments until the first half of 2022. Since the launch of the new product in December 2023, AUM has remained stable, supported by **effective management of the burn rate**, which was achieved by acquiring customers through organic growth. **Adequate control of the default rate** also contributed to the stability of AUM.




4

Medium-term Management Plan (FY2025/5 – FY2027/5)



Current Business Portfolio Assessment

In the existing business, controlling advertising investments has improved the business status to the point where ROIC can be maintained at around 12-15%. Additionally, we have cash and deposits totaling 2.5-3.0 billion yen available for investment. In the investment business, approximately 5 billion yen has been invested, and the investment portfolio is generally in good shape. Furthermore, a high IRR is expected through slice.

| | | Evaluation indicator | Category / Amount | Financial assessment |
|---|-------------------|--|---|--|
| B/S 11.3 billion yen  B/S *1 (net of current liabilities) 10 billion yen | Business | ROIC /Profit growth rate | Capital invested in existing businesses 2 to 2.5 billion yen | In the existing business (Media business and Game8), controlling advertising investments has improved the business status to the point where ROIC can be maintained at around ^{*3} 12-15% (based on FY2025/5 plan). In the Media business, we maintained a relatively high level of cash for stabilization in a difficult market environment, with direct media buying down year-on-year. However, profits improved as a result of managing advertising investments within the IRR threshold and cost reductions. Game8's business remains strong domestically and is expected to grow internationally. |
| | | Capital management focused on capital efficiency and profit growth | Cash and deposits available for investment 2.5 to 3 billion yen | In the Media business, cash and deposits available for investment have increased to 2.5-3.0 billion yen due to the change in our advertising investment policy. We will continue to seek promising internal and external investment opportunities, including M&A. We will select the most appropriate evaluation indicator depending on the type of investment. For capital efficiency, we plan to use ROIC and EBITDA after tax/invested capital, and for profit growth, we plan to use operating income growth rate and EBITDA growth rate, etc. |
| | Investment | IRR Comprehensive evaluation based on IRR and other indicators | Capital for investment business ^{*2} Approximately 5 billion yen | The portfolio of investee companies is generally in good shape due to selective investment decisions. In particular, slice has strong upside potential to become a leading bank in India following its merger with a bank, and we expect a high return on capital (IRR) driven by further growth acceleration. |

*1 Current liabilities have been deducted from current assets to be consistent with the working capital concept. Capital invested in existing businesses was estimated by adding the fixed assets and cash and deposits of the business to the respective working capital.

*2 ROIC: Calculated by dividing the estimated after-tax operating profit, which is obtained by multiplying the expected operating profit of 450 million yen for FY2025 by (1 - effective tax rate of 30.62%), by the investment capital of existing businesses (2 to 2.5 billion yen).

*3 Includes the balance of investment securities on the consolidated B/S, in addition to cash and deposits required to pay limited partner commitments and the cash and deposits required to operate the investment business.

Business

1

For existing businesses (our media business and Game8), we are aiming for solid business growth by strengthening cooperation with KDDI and expanding Game8's international sales on the assumption that the media business will become profitable.

Business

2

As for cash and deposits available for investment, we are prioritizing investment to strengthen operating income/EBITDA over the medium to long term. Specifically, investments in new businesses (Store & Commerce business and LLM/DX businesses) and M&A are expected to be made to the extent that profit growth can be maintained on a consolidated basis.

Investment

3

In our Investment business, we will focus on asset management of slice while taking into account the risk management of our consolidated B/S. We will support slice to achieve high growth, aiming to become a leading bank in India and achieve a high return on capital (IRR).

As of FY2027/5

Business

Operating
profit/EBITDA

900 million yen

ROIC^{*}

(on existing business capital)

15% and over

Investment

IRR

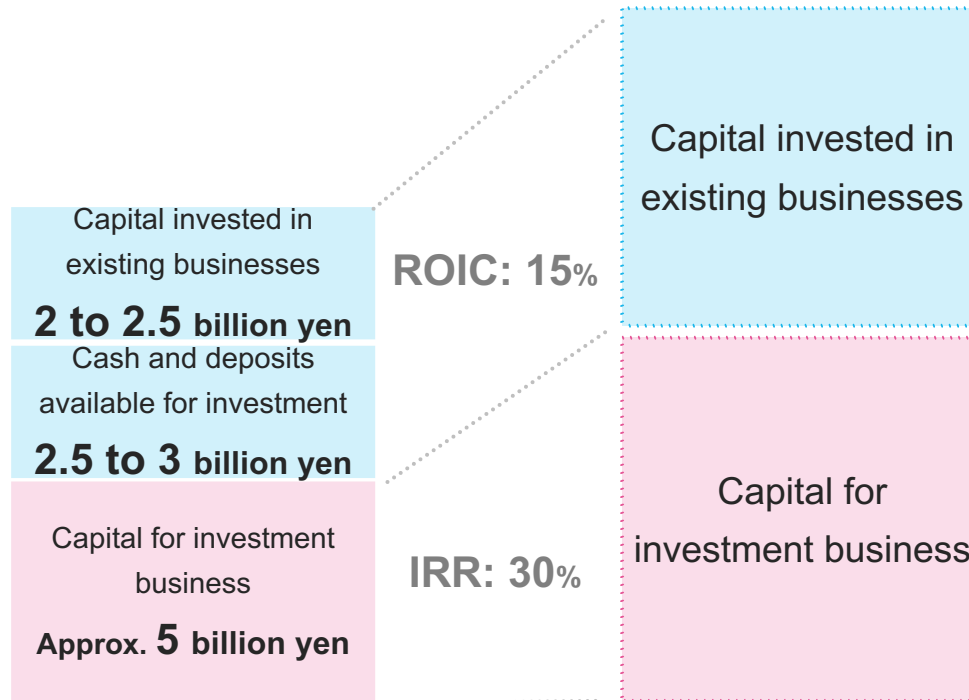
30%

* Cash and deposits available for investment are comprehensively evaluated according to the intended use of the funds, using metrics such as EBITDA after tax/invested capital.

Medium- Term Expansion of Balance Sheet

To increase shareholder value over the medium to long term, we will focus on achieving sufficient capital efficiency in both our investments and our businesses.

Image of expansion of B/S



Business

- In existing businesses, we will steadily generate cash by promoting businesses with a target ROIC of 15% or more.
- Cash and deposits available for investment will be allocated to promising internal and external investment opportunities, including M&A, to enhance the capital efficiency of the company as a whole.

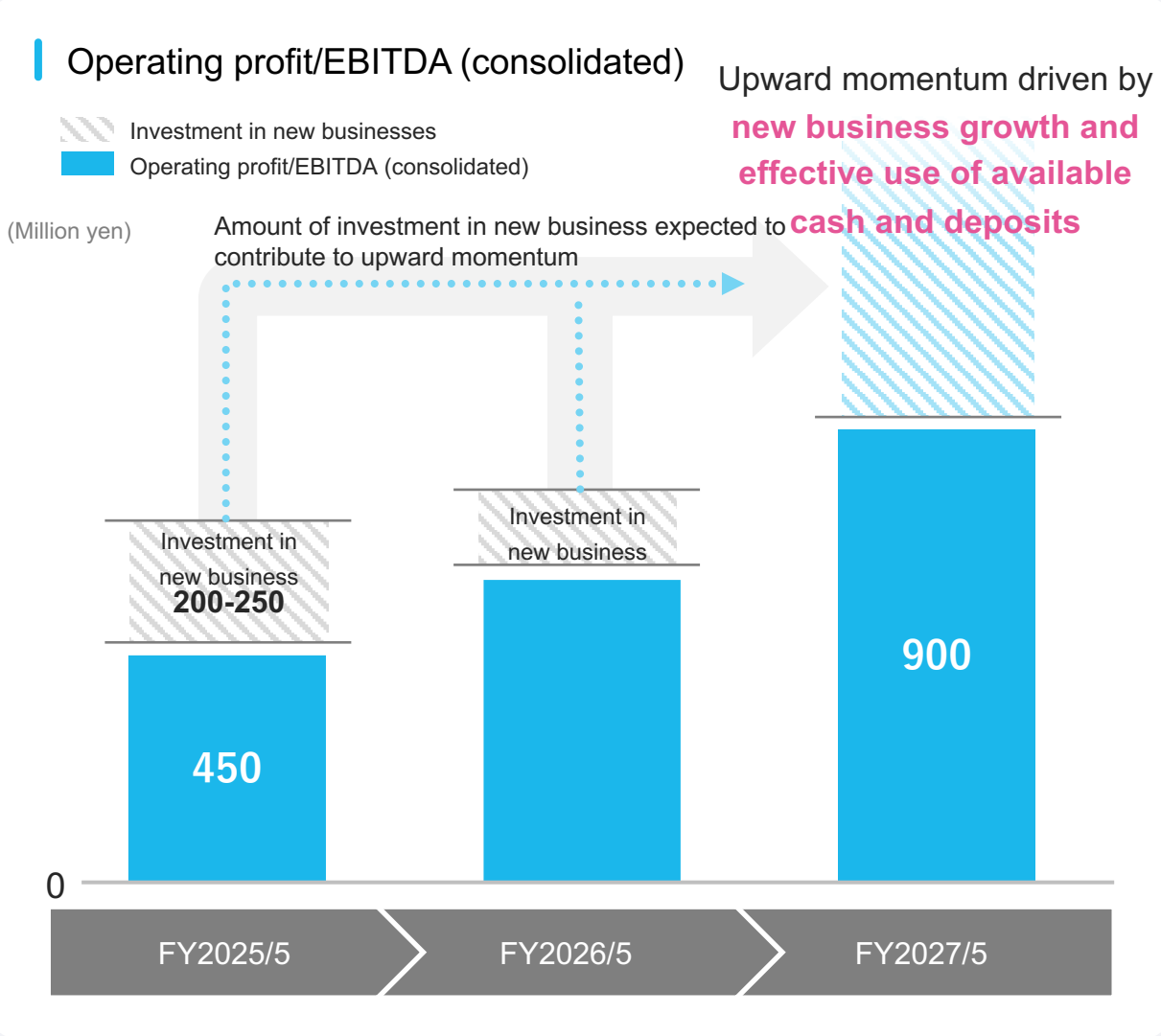
Investment

- On the investment side, slice's merger with a bank (NESFB) is expected to provide significant upside to become leading bank in India. Accordingly, we expect significant growth in terms of market value.

As of the end of FY2024/5

FY2027/5

We aim to achieve stable profit growth by improving the profitability of existing businesses and expanding our operations, while making certain investments in new businesses.



FY2025/5

We plan to achieve an operating profit on a consolidated and non-consolidated basis through Gunosy's return to profitability and Game8's overseas business growth, in addition to investing 200-250 million yen in new businesses (SC business and LLM/DX domain).

FY2026/5

We expect some profit growth in existing businesses, with Game8's overseas business being the growth driver. We expect the deficit in new businesses to be reduced by revenue growth and profits to increase year-on-year.

FY2027/5

We assume growth in existing businesses, driven by Game8's international business following FY2026. We assume upward momentum through improved profitability from the implementation of LLM in the Media business, profit contribution from new businesses mainly in the SC business, and efficient use of cash and deposits available for investment.

Two New Businesses with Upside Potential

We aim to create new businesses through two approaches, including the store and commerce business ("SC business"), which will be developed as an extension/enhancement of the existing business value chain, and business development in the LLM/DX domain which utilizes Gunosy's advanced technology.

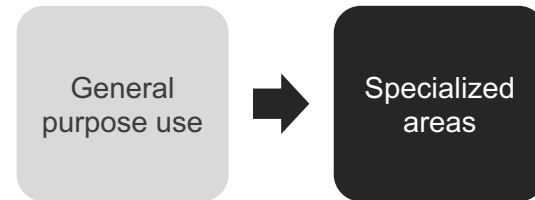
Two new
businesses with
upside potential

Store and Commerce business (Game8)



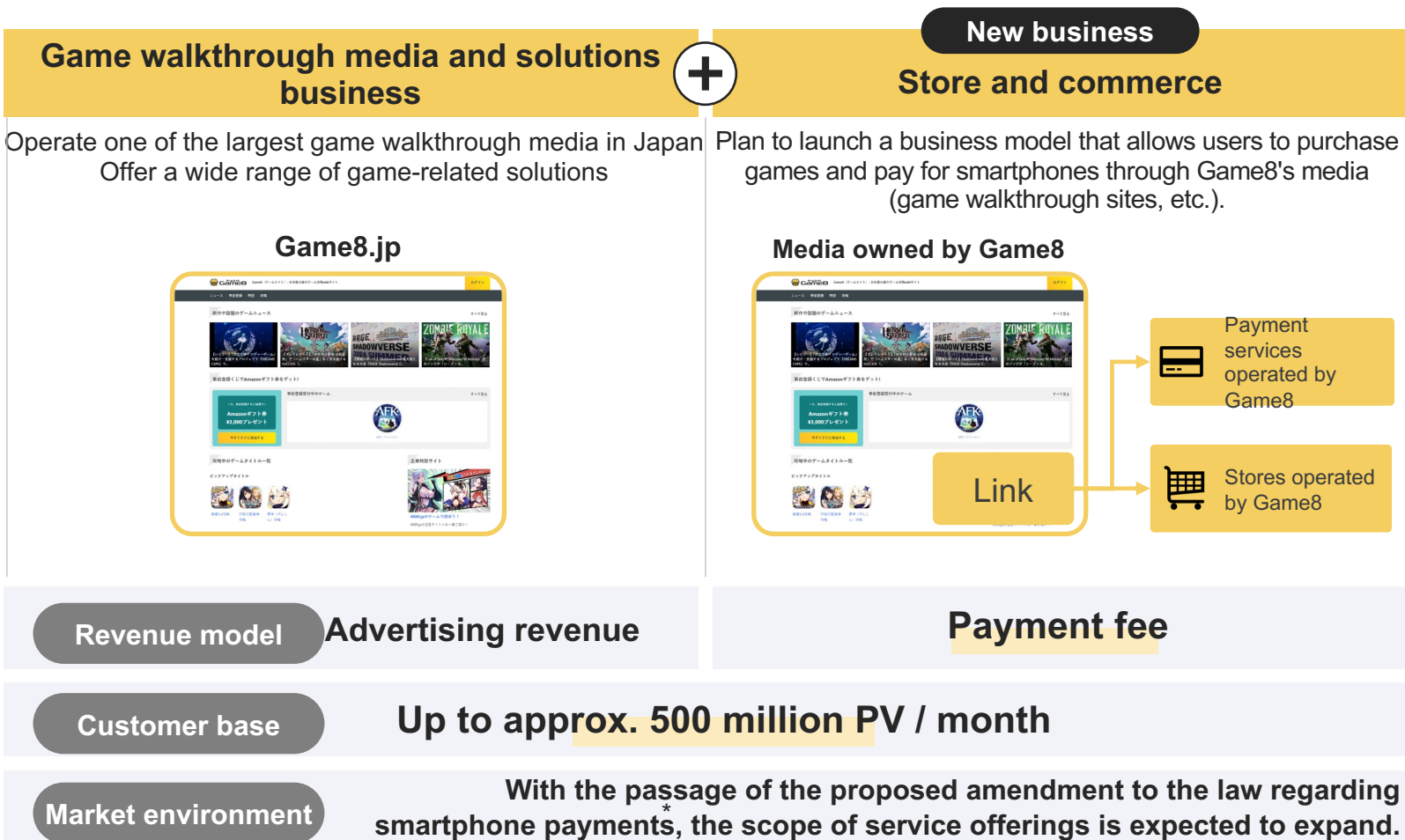
We aim to improve profitability by extending the value chain of our existing businesses, for example by offering a shopping experience through our game walkthrough site.

LLM/DX domain (Gunosy)



We will leverage Gunosy's technology capabilities and create new business from DX used to solve our internal problems and improve productivity with LLM.

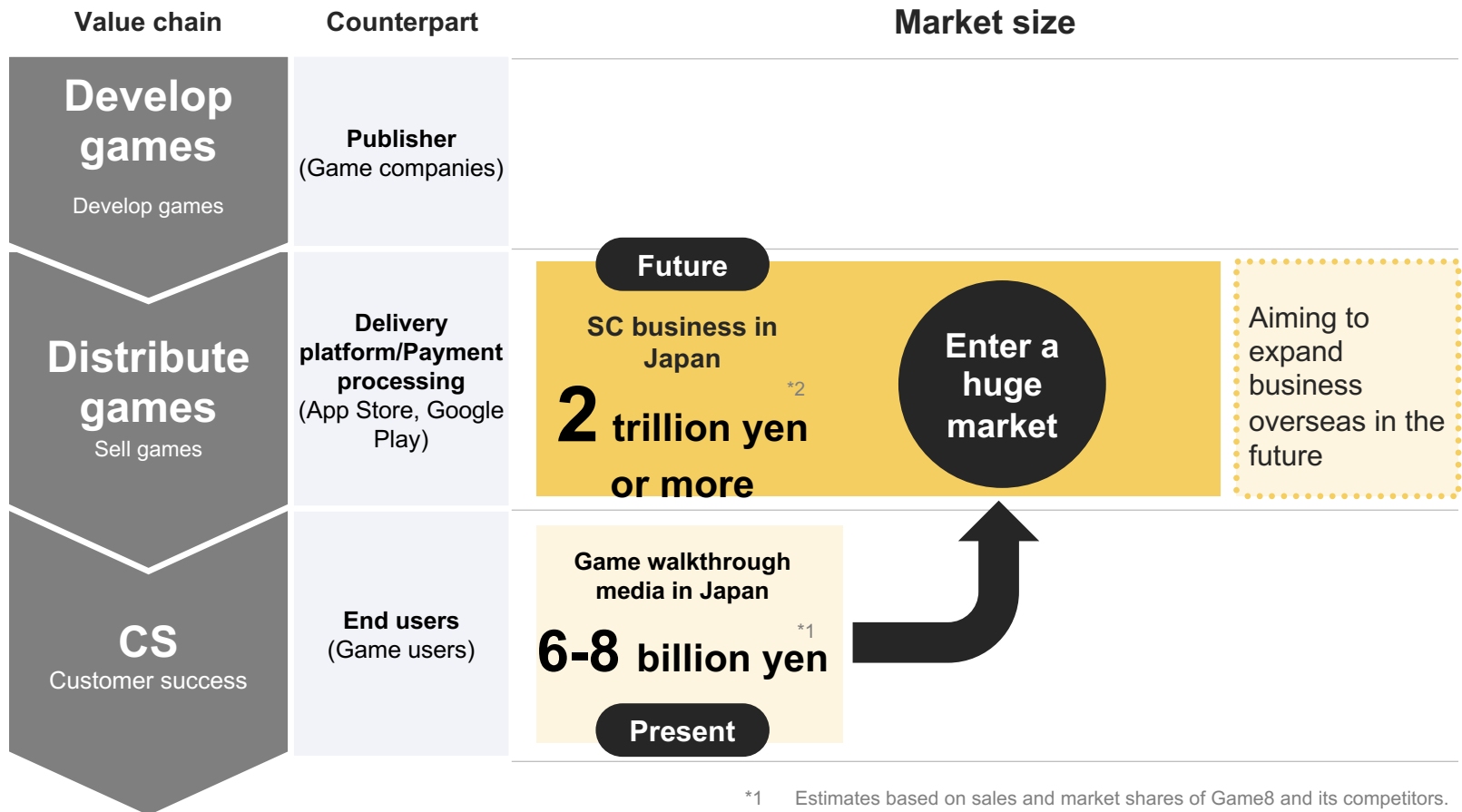
We plan to leverage the media power of Game8 to launch a business model that allows users to purchase games and bill smartphones from our own media, game guide and walkthrough website.



* Bill passed regarding the Smartphone Software Competition Promotion Act
https://www.jftc.go.jp/houdou/pressrelease/2024/jun/240612_digitaloffice.html

New Business: Market Expansion through SC Business

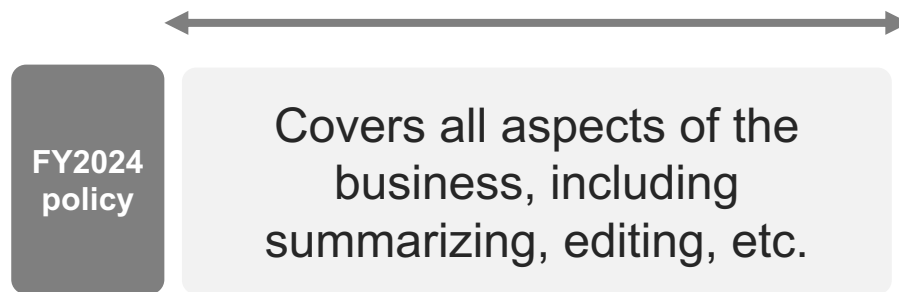
By launching the SC business as a new venture, we aim to **expand our business into new and larger markets.**



*1 Estimates based on sales and market shares of Game8 and its competitors.
 *2 Famitsu Game White Paper 2023

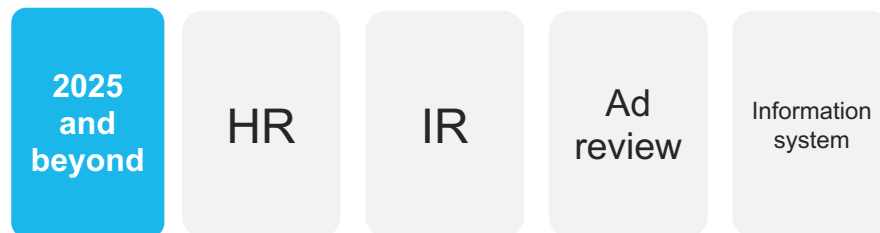
In FY2024, we released **Udekiki, a general-purpose business efficiency solution**, as a product to meet corporate demand for the use of generative AI. From FY2025, in line with the evolution of generative AI and changes in the competitive environment, we will **focus on our own internal digital transformation and aim to launch new businesses**.

Operations



For all types of jobs and operations

Udekiki was released as a general purpose LLM product that improves the efficiency of the entire operations.



Specialized for specific operations

We utilize LLM to enhance our digital transformation by applying it to advertisement review, onboarding and offboarding management, contract signing, system account management, and IR tasks, etc. We aim to launch new businesses in the future.

Medium-Term Targets for Market Capitalization

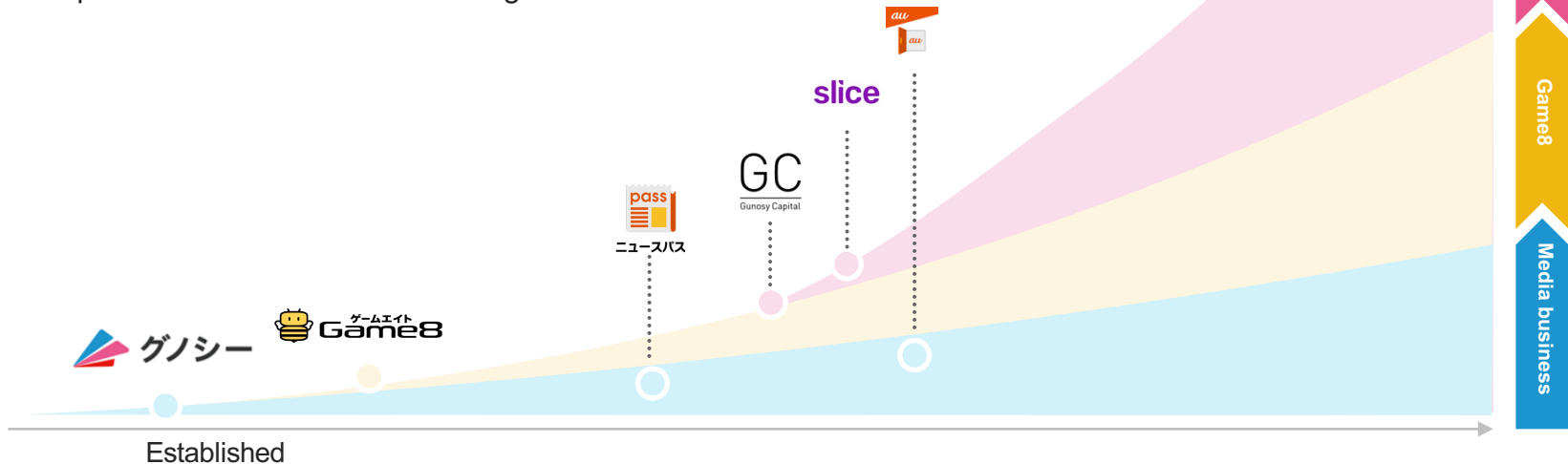
We will continue to work toward achieving a market capitalization of 100 billion yen and increasing value from both the business and investment sides.

Business

On the business side, in addition to the growth of existing businesses, we will increase EBITDA through investment in new businesses and M&A on the basis of profit growth. This will enable profits to exceed 1 billion yen and achieve a high growth rate, which will contribute to an increase in the share price.

Investment

On the investment side, if slice's post-merger growth strategy is successful, we can expect a large contribution to market capitalization in the medium to long term.



New Management Team

The management structure for FY2023/5 is as follows.



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

**Shinji
Kimura**



Representative
Director and
President

**Kentaro
Nishio**



Director and Chief
Operating Officer (COO)

**Shunsuke
Sawamura**



Director and Chief
Financial Officer (CFO)

**Tatsuyuki
Iwase**



Director

**Masaaki
Nose**



Director (Outside)

**Suguru
Tomizuka**



Director (Outside)

**Junichi
Shiroshita**



Director (Outside)

**Akihito
Moriya**



Director (Outside)

Hitomi Iba



Director and Chief Operating Officer (to be appointed)
Shunsuke Sawamura

A graduate of the School of Business Administration, Kwansai Gakuin University, he started his career at Recruit HD and joined Game8 Inc. in September 2018. After serving as COO and Director and COO, he assumed the position of President and CEO of Game8 Inc. in June 2022. In December 2023, he joined Gunosy Inc. as Corporate Officer and COO.

Former position

Corporate Officer of the Group (Group Chief Operating Officer)

New position

Director and Chief Operating Officer



Director and Chief Financial Officer (to be appointed)
Tatsuyuki Iwase

He graduated from the Faculty of Business and Commerce, Keio University. He joined Gunosy Inc. after working at Bank of Tokyo-Mitsubishi UFJ (currently MUFG Bank), Deloitte Tohmatsu Consulting LLC. and PricewaterhouseCoopers Arata LLC. In June 2021, he was appointed Corporate Officer, Chief of Corporate Departments. In August 2022, he assumed the position of CFO.

Former position

Corporate Officer of the Group (Group Chief Financial Officer)

New position

Director and Chief Financial Officer

Background

1. Since joining the Gunosy Group, Sawamura has led the growth of Game8 as COO and, since June 2022, as Representative Director, President and CEO of Game8, together with Kentaro Nishio (Representative Director and President).
2. From November 2023, he has also been responsible for the Media business as Group Corporate Officer (Group COO). With his appointment as Director, he will lead the Media business and Game8's further growth to achieve the new medium-term management plan.

Background

1. In August 2022, the position of Chief Investment Officer was newly created to strengthen external investment, and Yuki Maniwa (then CFO) assumed that position. Tatsuyuki Iwase took over the CFO position to play a defensive role in management, and established a structure capable of balancing bold decision-making with appropriate governance.
2. As Gunosy began working on a new medium-term management plan, Iwase became Director in charge of Gunosy's finances, allowing Maniwa to further focus on slice asset management and aggressive corporate value enhancement through M&A, which are key pillars of the plan. He will build a structure allowing for bolder execution of the strategy.

Yuki Maniwa, currently a director, will serve as Chief Investment Officer (CIO) and aggressively promote **corporate value enhancement through slice asset management and M&A**, which are the key pillars of the new medium-term management plan. Toyohiro Shibukawa will continue to lead the technology area. He will be responsible for **improving productivity by promoting the company's internal digital transformation while launching successful internal projects as new businesses for external customers.**

Corporate Officer of the Group and Chief Investment Officer (CIO)



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. He assumed the position of Director and Chief Investment Officer in August 2022.

Corporate Officer of the Group (Head of Technology Division)



Toyohiro Shibukawa

He started his career as an engineer and became CTO of Genequest Inc. before joining RPA Holdings Inc. as CXO. He was also involved in organizational design, new business launches and DX promotion at several other companies before joining Gunosy Inc. as Corporate Officer in April 2022. He assumed the position of Group Corporate Officer (Head of Technology Division) in December 2023.

5

FY2024/5 Outlook



FY 2025/5 Full-Year Outlook (Consolidated)

Although net sales are expected to decrease YoY due to the sale of a sub-subsidiary and the withdrawal of ADNW, **operating profit is expected to increase significantly**. Profit is expected to rise significantly YoY due to the improvement in the share of loss from slice, an equity method investee.

(Million yen)

| | FY2024/5 full-year (result) | FY2025/5 full-year (plan) | YoY |
|--|--------------------------------|------------------------------|--------|
| Net sales | 7,344 | 6,300 | 85.8% |
| Operating profit | 70 | 450 | 635.3% |
| Operating margin | 1.0% | 7.1% | - |
| Ordinary profit | -829 | -101 | - |
| Profit attributable to owners of parent | -1,186 | -308 | - |

Sales Increase / Decrease

Game8's sales are expected to increase significantly, with overseas business being the growth driver.

On the other hand, overall sales are expected to decline year on year due to business portfolio restructuring, including the withdrawal from the ADNW and YOU IN businesses and the sale of a sub-subsubsidiary.

Details of sales increase/decrease

(Million yen)

| | FY2025/5 full year forecast | Difference | |
|--------------------------|-----------------------------------|---------------|--------------|
| | | YoY | % |
| Gunosy Ads ^{*1} | 3,678 | -312 | 92.2% |
| ADNW | 7 | -312 | 2.4% |
| Game8 | 2,587 | 422 | 119.5% |
| Others | 26 | -842 | 3% |
| Total | 6,300 | -1,044 | 85.8% |

Factors behind increase/decrease

Gunosy Ads

- In FY2025, DAUs are expected to remain at the same level as the lower DAUs triggered by the reduction of advertising expenses during FY2024. Therefore, sales are expected decline YoY.
- NewsPass sales are expected to decline YoY as DAUs are expected to decline.

Game8

- Due to the continued depreciation of the yen, sales are expected to increase in FY2025 as the increase in eCPM of overseas businesses will contribute to full-year results.
- Sales from new businesses are also expected to increase to

ADNW

The exit from the business at the end of June 2024 is expected to result in a significant decrease in revenues.

Others

Revenues are expected to decline due to the sale of Smarprise in February 2024 and the exit of the YOU IN.

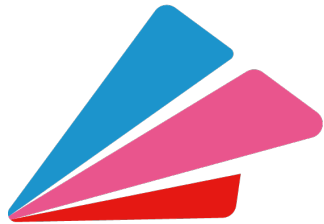
*1: Sales of Gunosy Ads are the total of "Gunosy", "NewsPass" and "au Service Today".

6

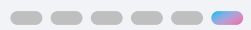
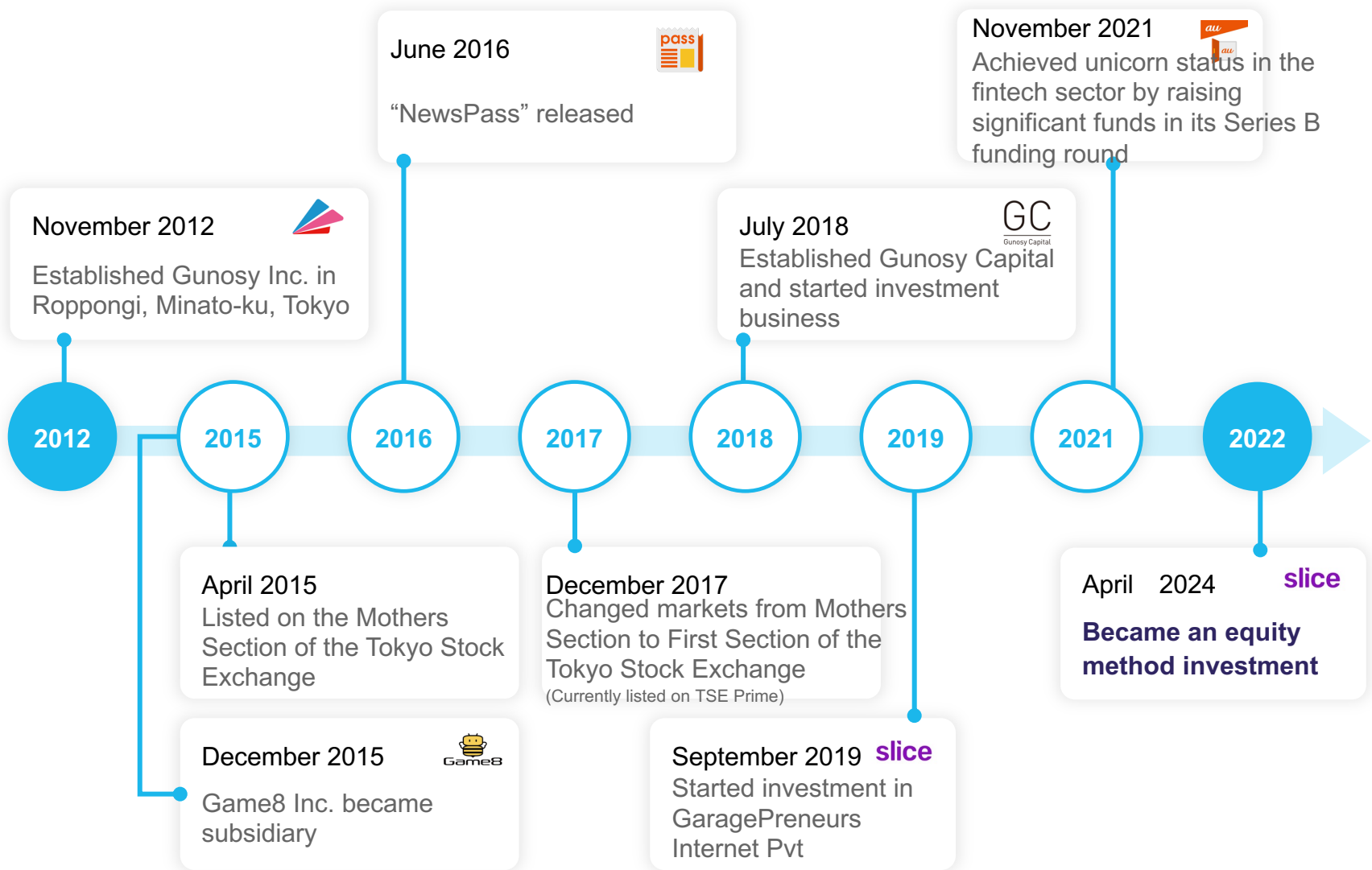
Reference Material

Company Profile



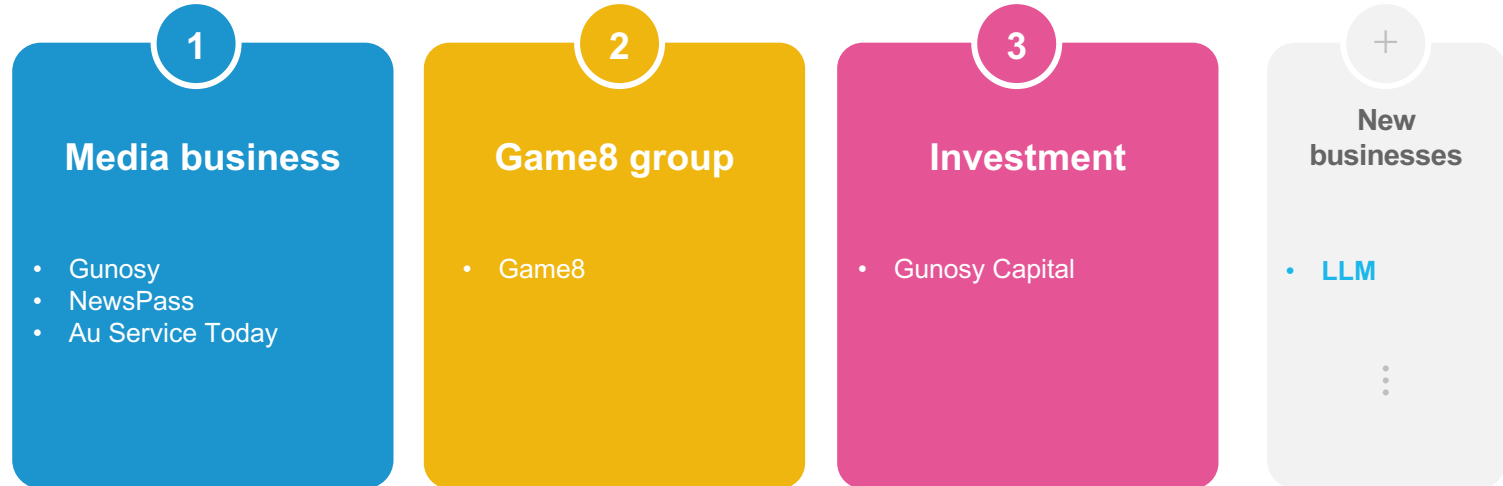



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Optimally deliver
information to people
around the world



Gunosy

Medium- to long-term growth driven by three businesses

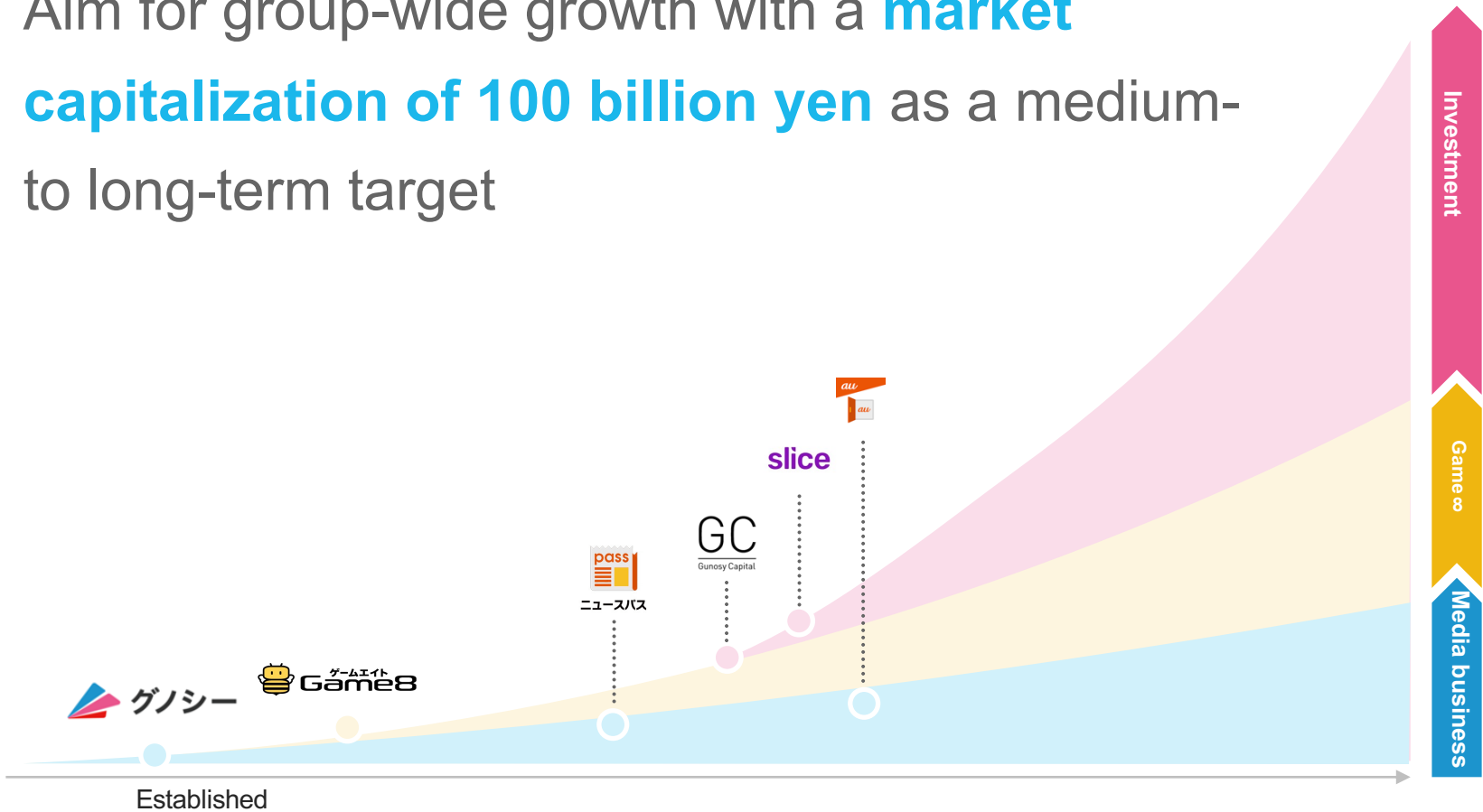


 **DATA**

- Data accumulated since the inception of the company
- Knowledge of algorithms
- Media and advertising expertise, etc.

Increase corporate value through growth of existing businesses and development of new businesses

Aim for group-wide growth with a **market capitalization of 100 billion yen** as a medium- to long-term target



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 2024)

Stock Code: 6047 (TSE Prime)

Audit corporation: Ernst & Young ShinNihon LLC

Number of employees: 206
(as of the end of May 2024, 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,
Kentaro Nishio

Director and Chief Investment Officer (CIO),
Yuki Maniwa

Director, Yuya Taketani

Director, Masaaki Nose

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), Kengo Wada

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.

1

Provide information in a way that is socially beneficial as a media outlet (eliminate echo chambers and filter bubbles, provide a quality game walkthrough wiki, etc.)

2

Ad review initiatives to provide a safe advertising experience

3

Encourage diverse work styles that combine in-office and remote work options

4

Develop human resources with digital transformation expertise by promoting digital transformation within the company

5

Strengthen appropriate governance through the work of the Nomination and Compensation Committee and evaluation of the effectiveness of the Board of Directors

7

Reference Material

slice



"slice" is India's leading fintech company providing payment services. It offers intuitive and easy digital payments and is highly supported by Millennials and Gen Z, the largest segment of the population. With more than 15 million users, slice is the market leader and growing its business.

slice

slice account

An interoperable account for all payment



Service overview

slice account

- Add money to your slice account and pay by card or UPI
- Get instant and valuable rewards on all transactions
- Pay bills, set up subscriptions and view details of your spending

slice borrow

- Complete the application process online and the loan will be processed
- No interest if repaid within one month
- Borrow up to 1 million rupees (approximately 1.8 million yen), repayable in 36 months
- Flexible repayment options. Repay early, which can help you save interest

Founded in 2015, “slice” expanded its digital payments business by focusing on BNPL (Buy Now Pay Later), which was not widely used in India at the time. Since 2019, we have invested a cumulative total of more than 3 billion yen in slice. In April 2022, it became our equity affiliate.

- **2015** Jun GaragePreneurs Internet Pvt Ltd., which operates "slice" established
- **2019** Sept Initial investment
- **2020** Jun Second investment
- **2021** Jun Third investment
- **2022** Feb Fourth investment
- **2022** Apr **Became an equity method investee of Gunosy**
- **2022** Sep Digital Lending Guidelines issued by RBI
- **2022** Dec New products released in compliance with Digital Lending Guidelines (December 1-)
- **2023** Sep **RBI approval obtained for merger with NESFB**
- **2024** Mar CCI approval obtained for merger with NESFB

About slice

Transforming the financial experience for billions of Indians



CEO

Rajan Bajaj

Before founding slice, Rajan launched Mesh, a furniture startup that allowed customers to rent items for a small monthly fee and buy them whenever they wished. Later, he joined the product team at Flipkart, the Indian e-commerce giant now owned by Walmart, where he helped launch the Marketplace, the company's fastest-growing major business at the time. Through these experiences, Rajan came to understand the importance of credit cards as a financial tool, which led him to found "slice" to help highly motivated young people like himself.

An alumnus of IIT Kharagpur, Rajan was named to the Forbes Asia 30 under 30 list for 2021 and the Forbes India 30 under 30 list for 2022.

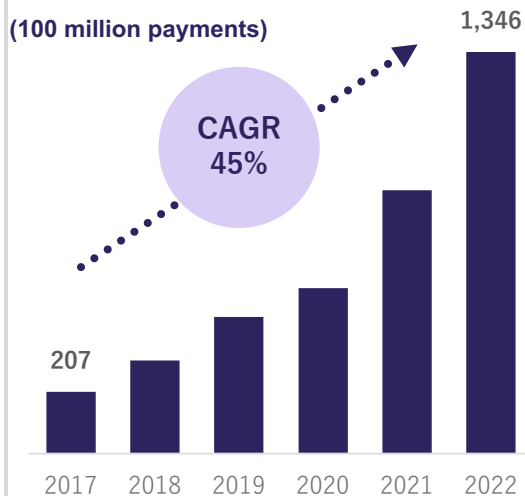
*1: For more information on regulations governing personal credit, see

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/GUIDELINESDIGITALLENDINGD5C35A71D8124A0E92AEB940A7D25BB3.PDF>

In India, **credit card penetration is low compared to other countries, leaving significant room for market growth.**

Digital payment transactions volume in India

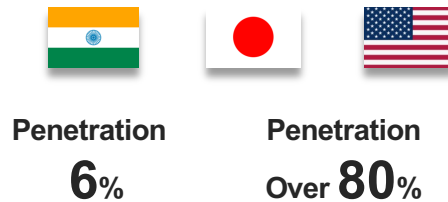
Number of digital payments **growing rapidly**



Source: The Press Information Bureau of India

Credit card penetration

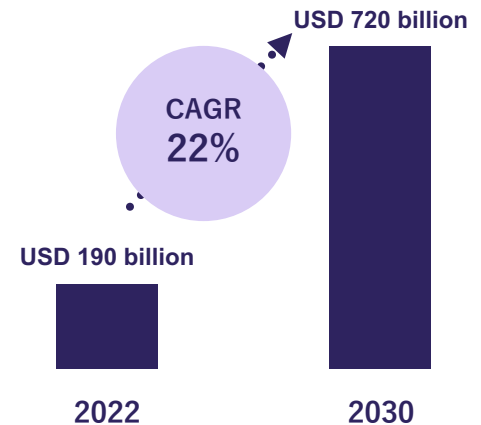
Credit card penetration is **only around 6% of the population**^{*1}



Source: Mynavi and GAO

Digital consumer lending

Total digital consumer lending **expected to triple by 2030**



Source: nc42

*1 : Total Population of India in 2022: Ministry of Foreign Affairs
 Number of credit cards issued: Statistical figures released by Reserve Bank of India in December
 Number of credit cards issued (81,186,874) / Total population of India (1,417.17 million)

"slice" boasts a strong brand image that is **highly supported by the Millennial Generation Z**, the volume segment of the population. Low default rate is achieved through **its unique credit expertise**.

1

Appeal to the younger generation, the volume segment of the population, with the **strength of its brand** through its unique and superior products.

2

Extend credit with low default rates to those who have been unable to obtain credit cards in the past **through its unique credit underwriting expertise**.

3

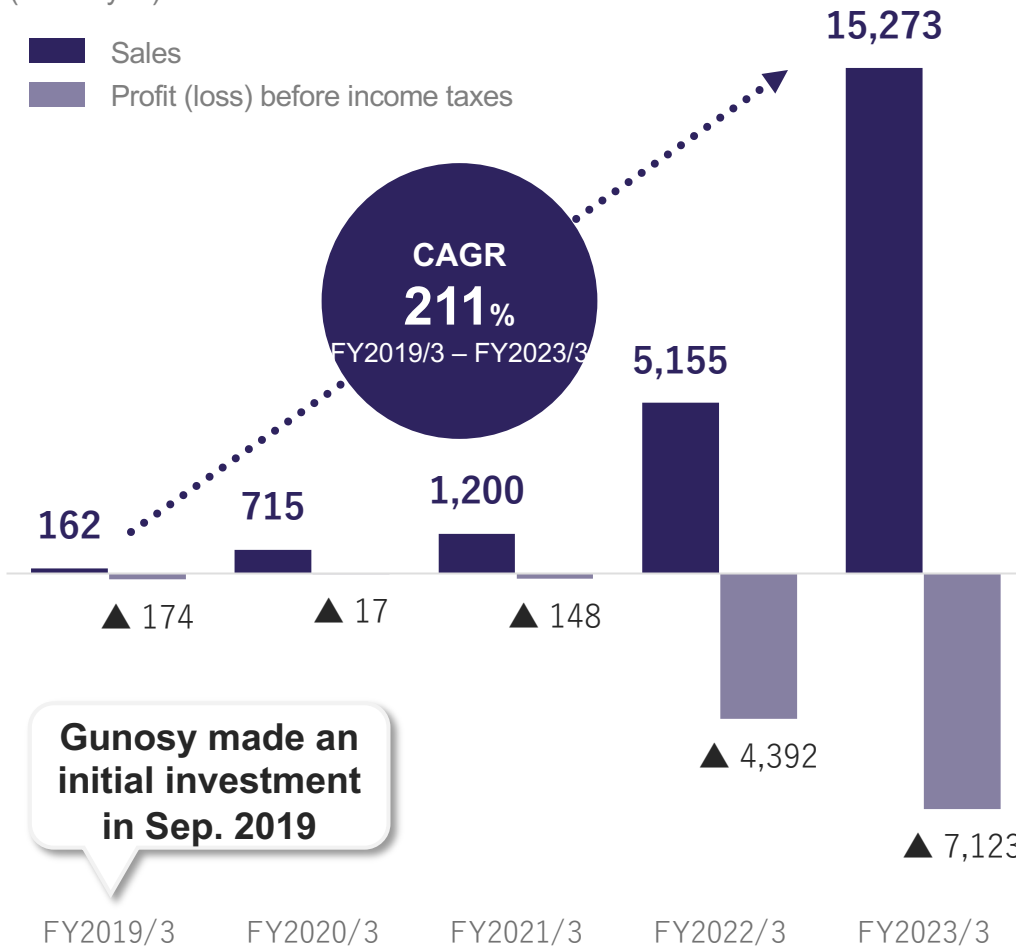
A **management team** that includes professionals who have held key positions at major global companies and are **capable of delivering high performance on both offense and defense**.

slice P&L: Sales and Profit /Loss before Income Taxes Gunosy

(Million yen)

■ Sales

■ Profit (loss) before income taxes



FY2023/3 highlights

Sales

15,273

Million yen

YoY

296%

Profit (loss) before income taxes

-7,123

Million yen

YoY

— %

CAGR (FY2019/3 – FY2023/3)

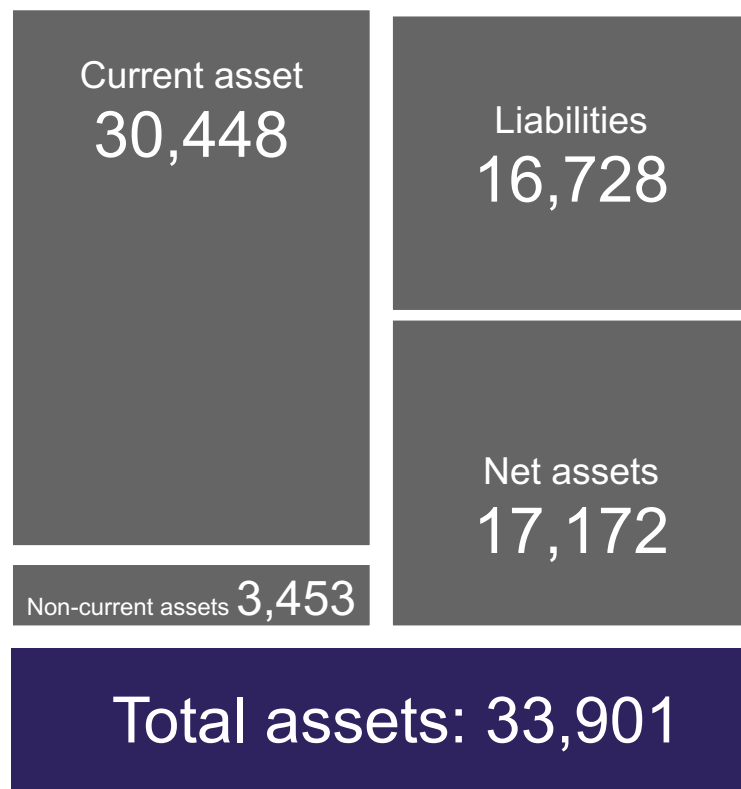
211%

For simplicity, exchange rates as of November 30, 2023 are applied across the board.

Source: <https://www.mca.gov.in/mcafoportal/getCertifiedCopies.do> <https://www.sliceit.com/corporate-governance/>

Total assets as of March 31, 2023 were 33.9 billion yen. The company is in sound financial condition, with an equity ratio of more than 50%.

As of March 31, 2023
(Million yen)



Total assets: 33.9 billion yen
Equity ratio: Over 50%

For simplicity, exchange rates as of November 30, 2023 are applied across the board.
Source: <https://www.mca.gov.in/mcafoportal/getCertifiedCopies.do> <https://www.sliceit.com/corporate-governance/>

This merger is an extremely important step in **increasing slice's growth potential**. Gunosy will continue to support slice as a corporate shareholder after the merger.

NESFB

Small finance bank operating primarily in northeastern India

| | |
|----------------|--|
| Company name | North East Small Finance Bank Ltd. |
| Head office | 1st & 3rd Floor, Fortune Central , Basisthapur, Bye lane 3, Beltola Guwahati, Assam 781028,India |
| Representative | Rupali Kalita (Managing Director & CEO) |
| Business | Banking service |
| Capital | 3,468 million Indian rupees (as of June 26, 2023) |

- Founded in July 2016, with revenues of INR 3,352 million and total assets of INR 27,104 million in FY2023/3.
- Small Finance Banks are a specific type of financial institution created by the RBI in 2014 with the objective of providing financial services to small businesses and others in the underserved and unbanked areas of India in an inclusive manner.



Comment

Chief Investment Officer
(CIO)

Yuki Maniwa

The digitization of the business will enable the delivery of a high level of "user experience" services to users across India. It will also enable advanced risk management using data science technology. As a result, we expect to be able to leverage the strengths of both companies **to create an unparalleled position in India**.

Overview of the merger

Merger will deliver a more comprehensive digital financial experience

1. Prior to this RBI approval, we had acquired a 10% stake in NESFB to strengthen our relationship.
2. RBI approval acquired for the merger.
3. The merger will become effective only after obtaining the approval of the National Company Law Tribunal (NCLT) and the shareholders as required under the Indian Companies Act. Upon completion of these processes, the merger will be consummated.
4. The merger will enable "slice" to operate under a banking license, which is expected to significantly enhance its growth potential in the medium to long term.
5. Gunosy will also acquire shares in the post-merger company. Dilution of shares as a result of the merger is expected to be limited.