

# Gunosy

## **FY2020/5 Financial Results**



**Gunosy Inc.**  
**First Section of The Tokyo Stock Exchange**  
**(Stock Code: 6047)**  
**July 14, 2020**

# INDEX

1	<small>Financial Results for FY2020</small> <b>Financial Results for FY2020/5</b> -----	P 4
2	<small>FY2021 Outlook</small> <b>FY2021/5 Policy and Outlook</b> -----	P 10
3	<small>Business Overview of Media Business</small> <b>Overview of Media Business</b> -----	P 25
4	<small>Business Overview of Ad Business</small> <b>Overview of Advertising Business</b> -----	P 33
5	<small>New Business</small> <b>Progress of New Business</b> -----	P 37
6	<small>APPENDIX</small> <b>Reference Materials: Overview of Gunosy Inc.</b> -----	P 47



1 While **“MAU and DAU”** marked growth in FY2020/5 due to aggressive investment for “regrowth of Gunosy”, there were **issues with profitability**.

2 Sales in Q4 recorded a sharp drop both QonQ and YonY due to the deterioration of the advertising market by the **new coronavirus** and the impact of the **renewal of advertising guidelines**.

3 In the existing area, we will first focus on **improving profitability** and then increase media value through improvement of media reliability to prepare for **future reinvestment**.

4 We see the **acceleration of DX** in the with/after Covid-19 as a **growth opportunity** and promote creation of new businesses internally and acquisition of growth drivers through external investment.

1

# Financial Results for FY2020/5

# FY2020/5 Consolidated Results (On a YoY comparison)

Gunosy

Sales and profits declined due to the renewal of advertising guidelines and the deterioration in the advertising market caused by the spread of the new coronavirus. Meanwhile, the operating margin improved YoY in Q4 due to flexible cost reduction.

(Million yen)

	Q4			Full year		
	FY2019/5 Q4	FY2020/5 Q4	YoY	FY2019/5	FY2020/5	YoY
Net sales	3,835	2,696	70.3%	15,017	13,987	93.1%
Operating profit	446	359	80.5%	2,302	859	37.3%
Operating margin	11.6%	13.3%	-	15.3%	6.1%	-
Ordinary profit	445	354	79.5%	2,289	838	36.6%
Profit attributable to owners of parent	292	167 <sup>*</sup>	57.2%	2,009	386	19.2%

\* Loss on valuation of investment securities of 88 million yen was recorded in Q4.

# FY2020/5 Consolidated Results (Compared to the Plan)

Gunosy

Sales were almost in line with **the revised full-year forecast** announced on April 14, 2020.

**Operating profit was 86.0% of the plan**, despite thorough cost-cutting efforts including (1) advertising expenses, (2) live video production expenses and (3) outsourcing expenses.

(Million yen)

	Compared to the plan (Q4)			Compared to the plan (Full year)		
	FY2020/5 Q4 (plan)	FY2020/5 Q4 (result)	Compared to the plan	FY2020/5 (plan)	FY2020/5 (result)	Compared to the plan
<b>Net sales</b>	2,708	2,696	99.6%	14,000	13,987	99.9%
<b>Operating profit</b>	499	359	71.9%	1,000	859	86.0%
<b>Operating margin</b>	18.4%	13.3%	-	7.1%	6.1%	-
<b>Ordinary profit</b>	476	354	74.4%	960	838	87.3%
<b>Profit attributable to owners of parent</b>	345	167 <sup>*</sup>	48.3%	565	386	68.4%

\* Loss on valuation of investment securities of 88 million yen was recorded in Q4.

# Total Number of Active Users<sup>\*1</sup>

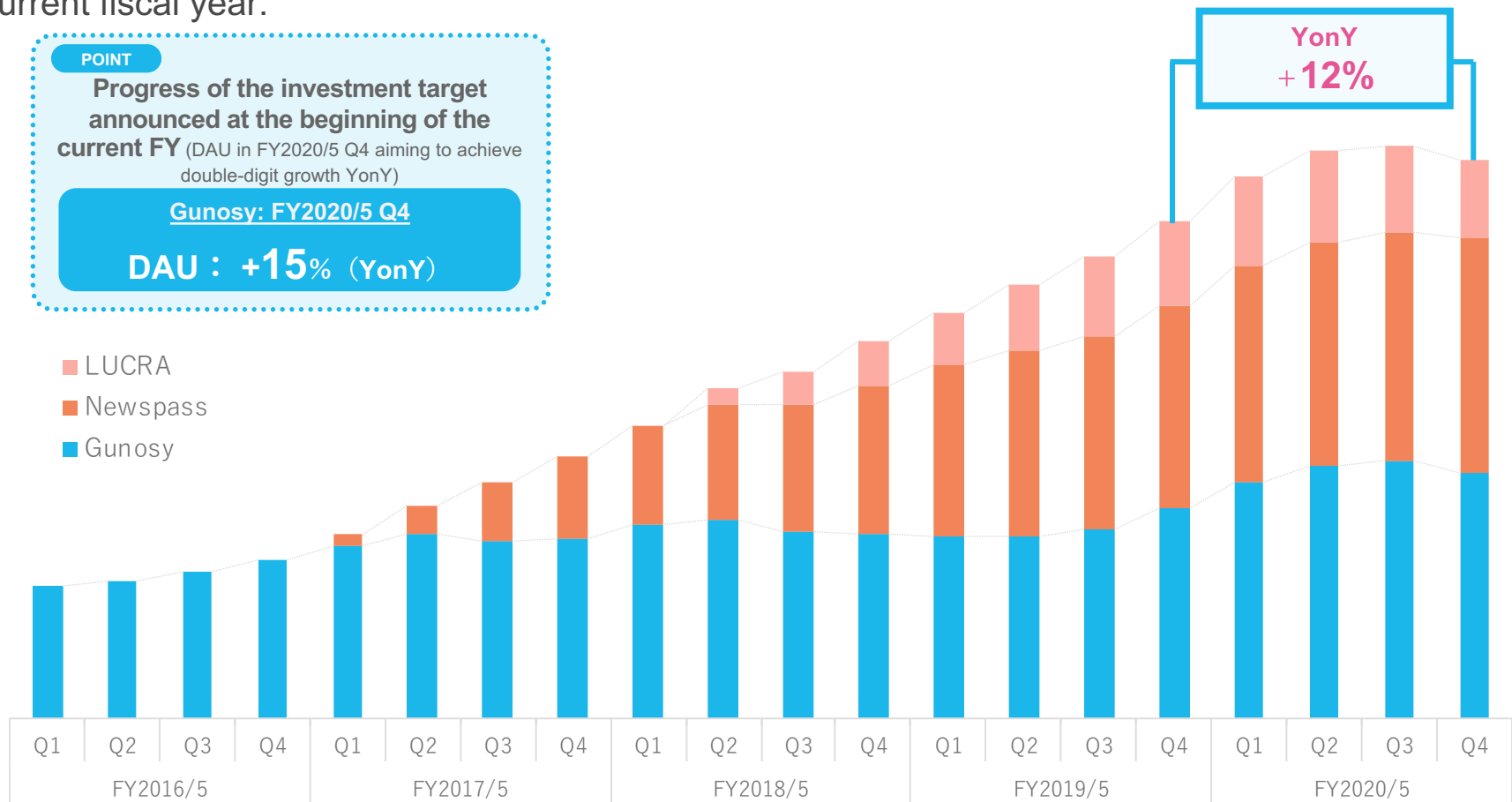
Gunosy

In Q4 we significantly reduced our advertising expenses. As a result, MAU declined QonQ, but in line with increased activation of users due to "stay home", **DAU<sup>\*2</sup> remained at a high level in Q4** and **achieved the target (double-digit growth YonY)** announced in July 2019 at the beginning of the current fiscal year.

**POINT**  
**Progress of the investment target announced at the beginning of the current FY** (DAU in FY2020/5 Q4 aiming to achieve double-digit growth YonY)

**Gunosy: FY2020/5 Q4**  
**DAU : +15% (YonY)**

**YonY  
 +12%**



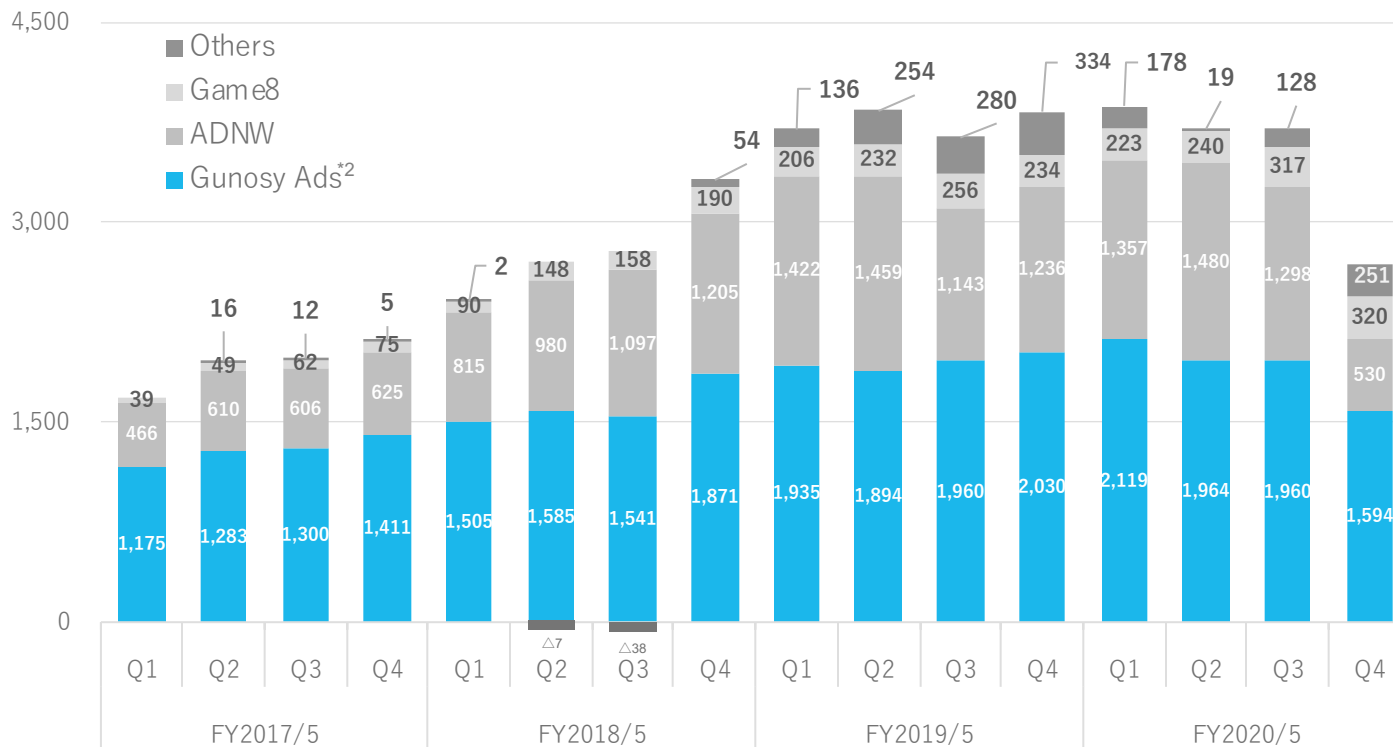
\*1 Average for each quarter of MAU (monthly active users) of "Gunosy", "NewsPass" and "LUCRA".

\*2 Daily Active User

# Breakdown of Net Sales <sup>\*1</sup>

Gunosy Ads recorded a sales decline of approximately 20% QonQ, **mainly due to deterioration in the advertising market conditions caused by the new coronavirus**. ADNW marked a sales decline of approximately 60% due to a decline in market share resulting from the renewal of advertising guidelines. “Others” increased due to contributions from VIDPOOL and Grill, and the impact of the newly consolidated Smarprise.

(Million yen)



Main factors of decrease

- ✓ Impact of the new coronavirus.
- ✓ Decline in competitiveness of ADNW due to the renewal of advertising guidelines

Main factors of decrease

- ✓ Impact of the new coronavirus.

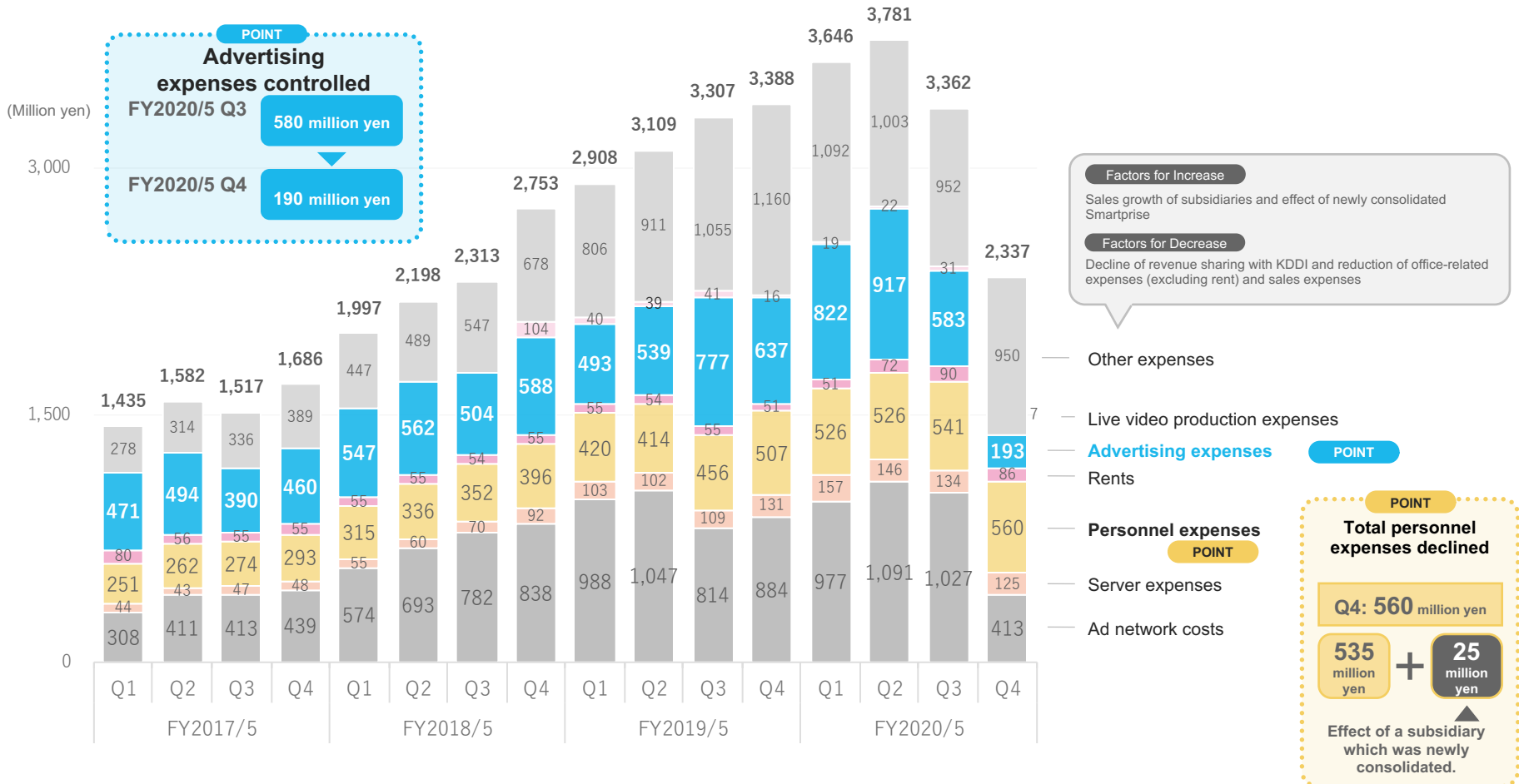
\*1. Sales of Gunosy Ads, ADNW and Game8 are presented on a non-consolidated basis. Internal trade adjustments are included in Others.

\*2. Sales of Gunosy Ads are the total of "Gunosy", "NewsPass" and "LUCRA"



# Cost Structure

In Q4, considering the deterioration of market conditions and DAU upturn due to stay-home, **advertising expenses were significantly reduced**. Of the 560 million yen in personnel expenses, 25 million yen was due to the consolidation of Smarprise. Personnel costs (535 million yen excluding Smarprise) **decreased QonQ** due to restraining of recruitment activities. Strict monitoring was conducted on "other expenses", and significant reductions were achieved for multiple items such as outsourcing expenses and utilities expenses.



2

## FY2021/5 Policy and Outlook

# Overall Summary

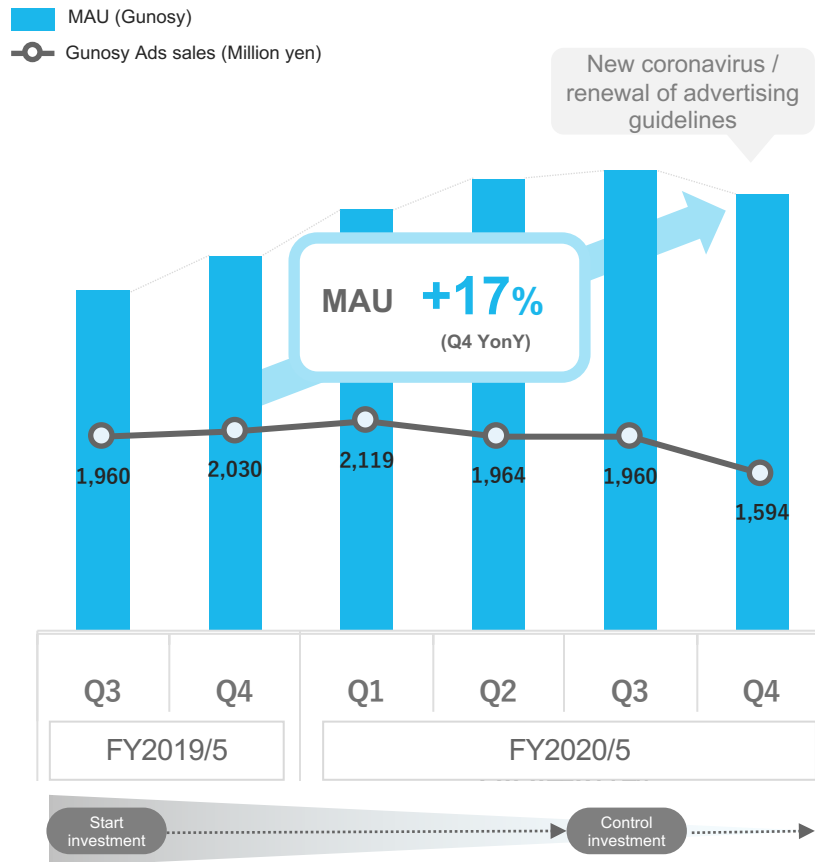
In light of the drastic change in the business environment due to the impact of the new coronavirus, we have **reviewed our company-wide medium- and long-term policies**, including the management structure.

<b>1</b>	<b>Summary of FY2020/5</b>	We succeeded in expanding the user base of Gunosy through aggressive investment. Meanwhile, it is an urgent issue to improve profitability in light of the impact of the new coronavirus.	P 12
<b>2</b>	<b>Impact and Outlook of the New Coronavirus</b>	We are prepared for the fact that the advertising market will not recover in the short term. Meanwhile, we see the situation as a good opportunity to develop new business involving DX in our own technology area.	P 13
<b>3</b>	<b>Review of Medium- to Long-term Policy</b>	We re-examined medium- to long-term corporate and business strategies in light of the impact of the new coronavirus.	P 14-18
<b>4</b>	<b>Strengthen Management Structure</b>	Two representative directors were appointed to promote business more boldly and proactively.	P 19
<b>5</b>	<b>Strengthen Financial Base</b>	We have built a very strong financial base and will promote cost reduction to achieve a lean PL structure.	P20-21
<b>6</b>	<b>Image of Medium- to Long-Term Growth</b>	In the current FY, we will concentrate on rebuilding existing businesses as well as developing and creating new businesses.	P 22
<b>7</b>	<b>FY2021/5 Forecast</b>		P 23-24

# Summary of FY2020/5

It was a year of aggressive investment in "Gunosy". As a result, we succeeded in expanding the user base. Meanwhile, CPM was sluggish, mainly due to the new coronavirus. **It is an urgent issue to improve profitability.**

## Investment Results in Gunosy



## Summary of Investments

**Gunosy's MAU marked substantial growth** due to aggressive investment in advertising centering on the coupon program.

### MAU

Substantial growth

### DAU

Growth  
Q4: +15% (YoY)

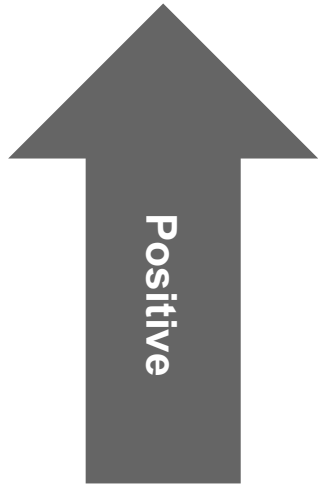
### CPM

Remained weak throughout the year

## Recent situation

Profitability deteriorated due to CPM decline mainly **caused by the new coronavirus**

The advertising market may not achieve recovery in the short term and **we are aware that we need to run our business on the assumption that current situation will continue for the medium term.** Meanwhile, we see this situation as a good opportunity for profit growth outside the advertising area, as we have a **greater opportunity to develop new business involving DX in our own technology area.**

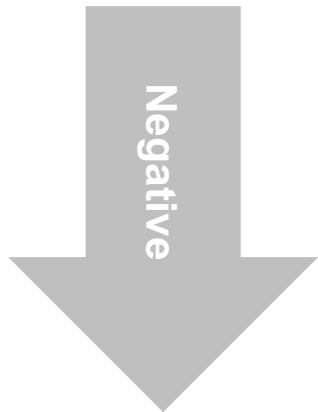


Event that occurred

- Increase in users through the "stay home" initiative
  - An environment that can target high DAU's with limited investment in advertising

Future opportunity

- Increased opportunities for start-up investment and M&A
- **Growing needs for DX**
  - Increased opportunities to improve the value of existing businesses through the digitization of media content
  - Increased investment opportunities in new businesses and opportunities for external investment



- Increasing uncertainties of advertisers' budgets
- Risk of prolonged economic downturn including macroeconomic stagnation and the advertising market

# Basic Premises of the Business Policy for Medium- to Long-Term Growth

**Past policy**  
(Before Corona)

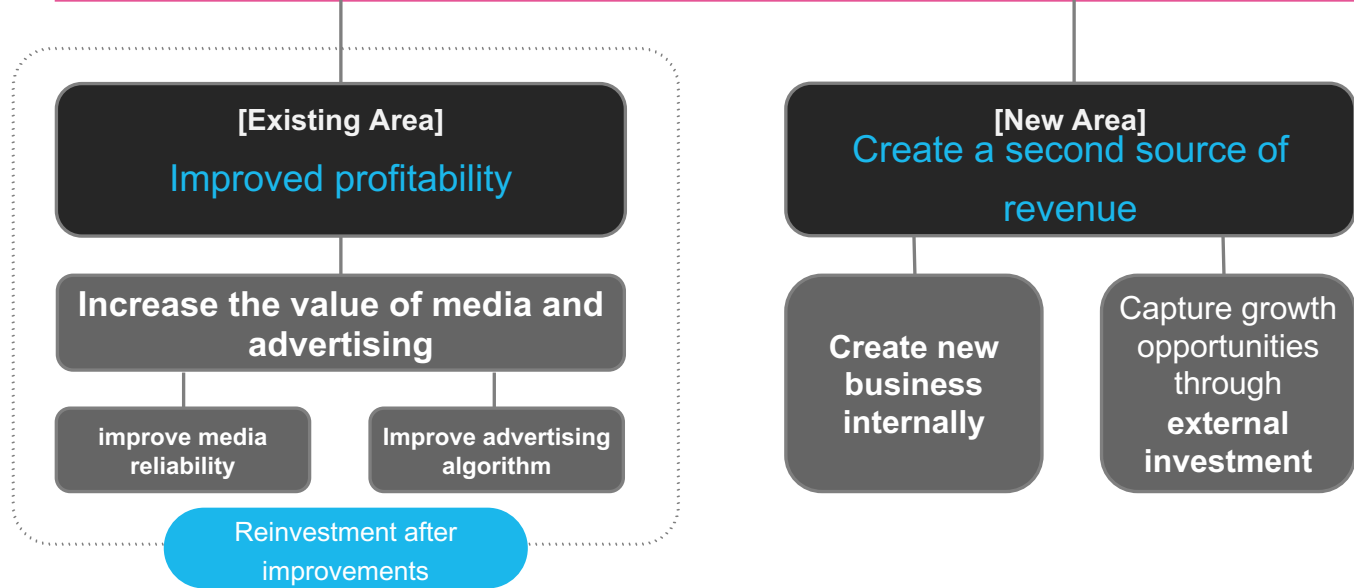
**Focus on regrowth of media business, mainly Gunosy**  
(Currently, the return on investment in the media business has deteriorated due to the impact of the new coronavirus)











**Future policy**  
(With/After Corona)

In the existing area (media and advertising), **focus on improving profitability first.**  
**Actively invest in the DX business** which is the new area (new businesses and external investment)

**Action**



# Summary of Business Policy

	Existing area				New area			
	Media business			Advertising business	New business			Investment business
	Gunosy	News Pass	LUCRA	ADNW	Game 8 (overseas)	Otokul	GTL	
So far	Aggressively invest in the media business to expand users				Sow the seeds for new businesses (Otokul and GTL) and overseas expansion of Game8 business			Invest in domestic and overseas markets
From now on	First, focus on <b>improving profitability</b> in the current FY through <b>improving media reliability.</b>				Aggressive investment <b>Create new sources of revenue</b>			Inject fund more aggressively
Room for growth	 Improved profitability ※1	 Collaboration with KDDI ※2						
Expected Return	It is an important profit-contributing business which is <b>expected to generate stable cash flow</b>				Middle	<b>Middle - High</b>	Middle	<b>Middle - High</b>
Additional investment of resources (capital and human resources)	Additional investment focusing on promising areas	Control	Control	Control	Aggressive investment	Aggressive investment	Aggressive investment (mainly human resources)	<b>Plan bold capital investment</b>
	Control investment (capital)				Aggressive investment (human resources and capital)			

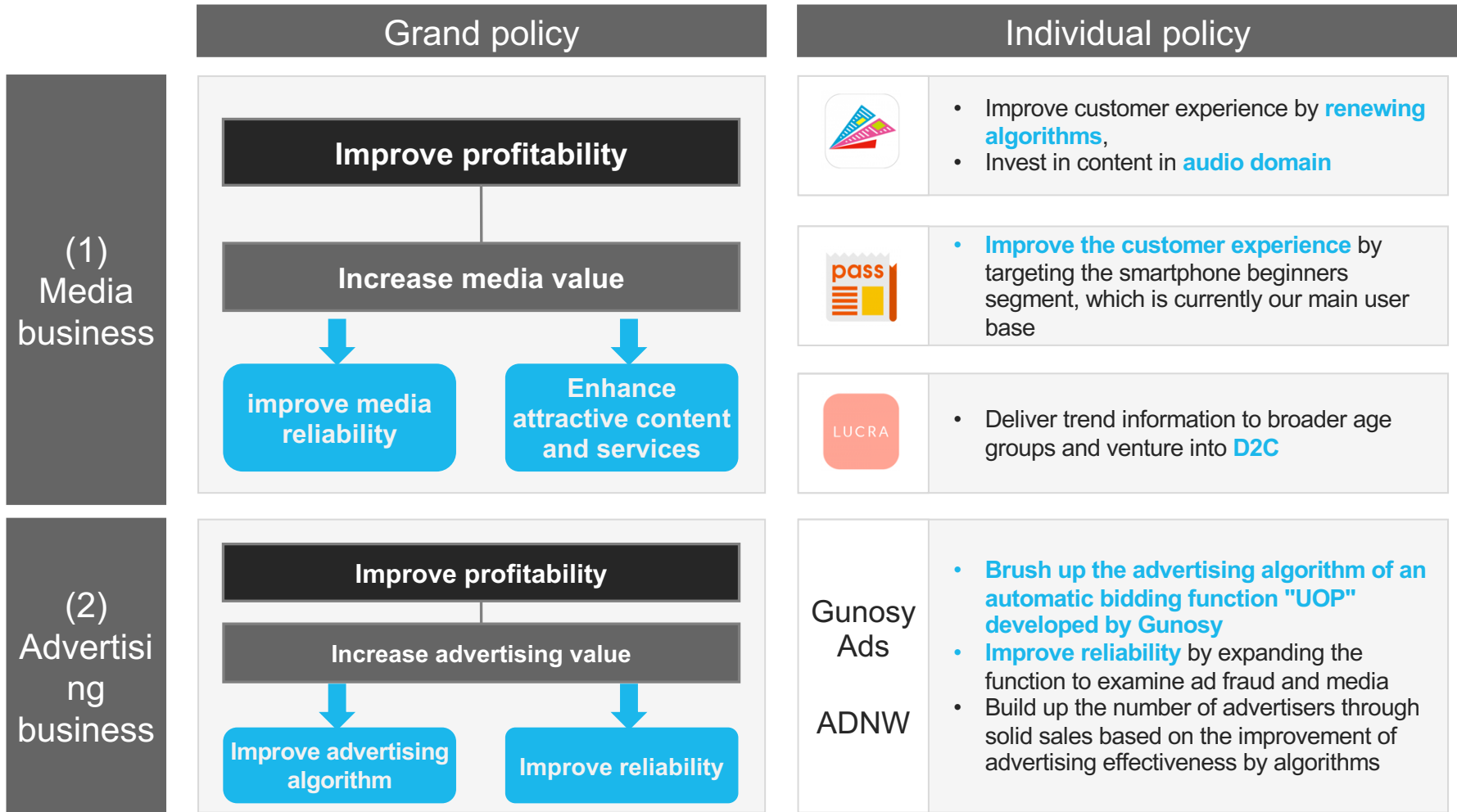
\*1: Assuming that profitability is on a steady recovery track with relatively high growth potential

\*2: Assuming that there is relatively high growth potential through enhanced collaboration with KDDI.

# Business Policy: (1) Media (2) Advertising

Review of Medium- to Long-term Policy

In FY2020/5, while we expanded the user scale centering on Gunosy, **improvement of profitability** remains an issue. In FY2021/5, we will **focus on improving media and advertising value to improve profitability**.



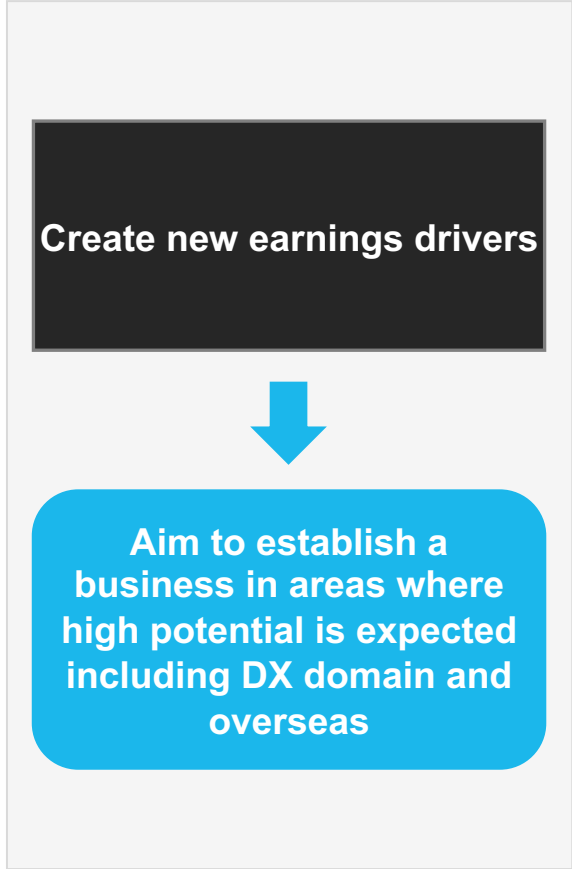


# Business Policy: (3) New Business




We will **actively invest in growth opportunities centered on the DX domain** and aim at creating new earnings drivers.

(3)  
New  
Business

## Grand policy



## Individual policy

	<ul style="list-style-type: none"> <li>Promote <b>overseas business</b></li> <li>Strategic use of data</li> <li>Expand the solution menu according to the value chain of game companies</li> </ul>
	<ul style="list-style-type: none"> <li>Establish business base through advertising revenues</li> <li>Dramatic growth through <b>expansion into the e-commerce domain</b></li> </ul>
	<ul style="list-style-type: none"> <li>Promote cooperation with existing partners</li> <li>In addition, <b>provide proprietary technologies for the DX domain</b> that is expected to grow in the "with or after Covid-19" environment</li> </ul>

# Business Policy:(4) Investment Business Gunosy

To capture promising growth opportunities that go beyond the media and advertising areas, we plan aggressive external investment of **up to 4.5 billion yen** over the next two years.

**Total investment**

**Up to 4.5 billion yen**  
\* over the next 2 years.

Proactively invest to capture growth areas

	Outline of Investment	Approximate amount	Areas
<p><b>Portfolio A</b></p> <p>Risk: High (↑↑↑)    Return: High (↑↑↑)</p>	<ul style="list-style-type: none"> <li>Overseas startup companies</li> </ul> <p>Proactively invest to capture growth areas</p>	¥1-2B	<ul style="list-style-type: none"> <li>e-commerce</li> <li>Fintech</li> <li>Infrastructure ...etc.</li> </ul>
<p><b>Portfolio B</b></p> <p>Risk: Mid (↑↑)    Return: Mid (↑↑)</p>	<ul style="list-style-type: none"> <li>Invest in tech startups</li> <li>M&amp;A of growing companies</li> <li>Invest in startup fund as an LP</li> </ul>	¥1-2.5B	<ul style="list-style-type: none"> <li>DX area</li> <li>Growth area in the "with or after Covid-19" environment</li> <li>Business related to Game8... etc.</li> </ul>
<p><b>Portfolio C</b></p> <p>Risk: Low (↑)    Return: Low (↑)</p>	<p>Actively promote investment as an LP to strengthen our network to explore investment opportunities</p>		

# Management Structure

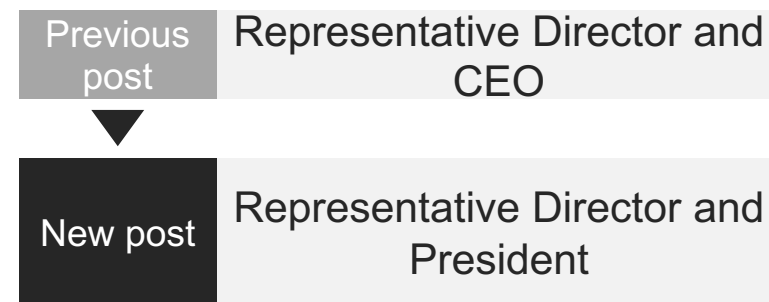
In order to respond to changes in social conditions triggered by the spread of the new coronavirus and **to promote business more boldly and proactively**, we strengthened our leadership by adding Kimura Shinji as a representative director, who is versed in advanced businesses and has a wealth of global knowledge, to our board of directors.



**Kimura Shinji**



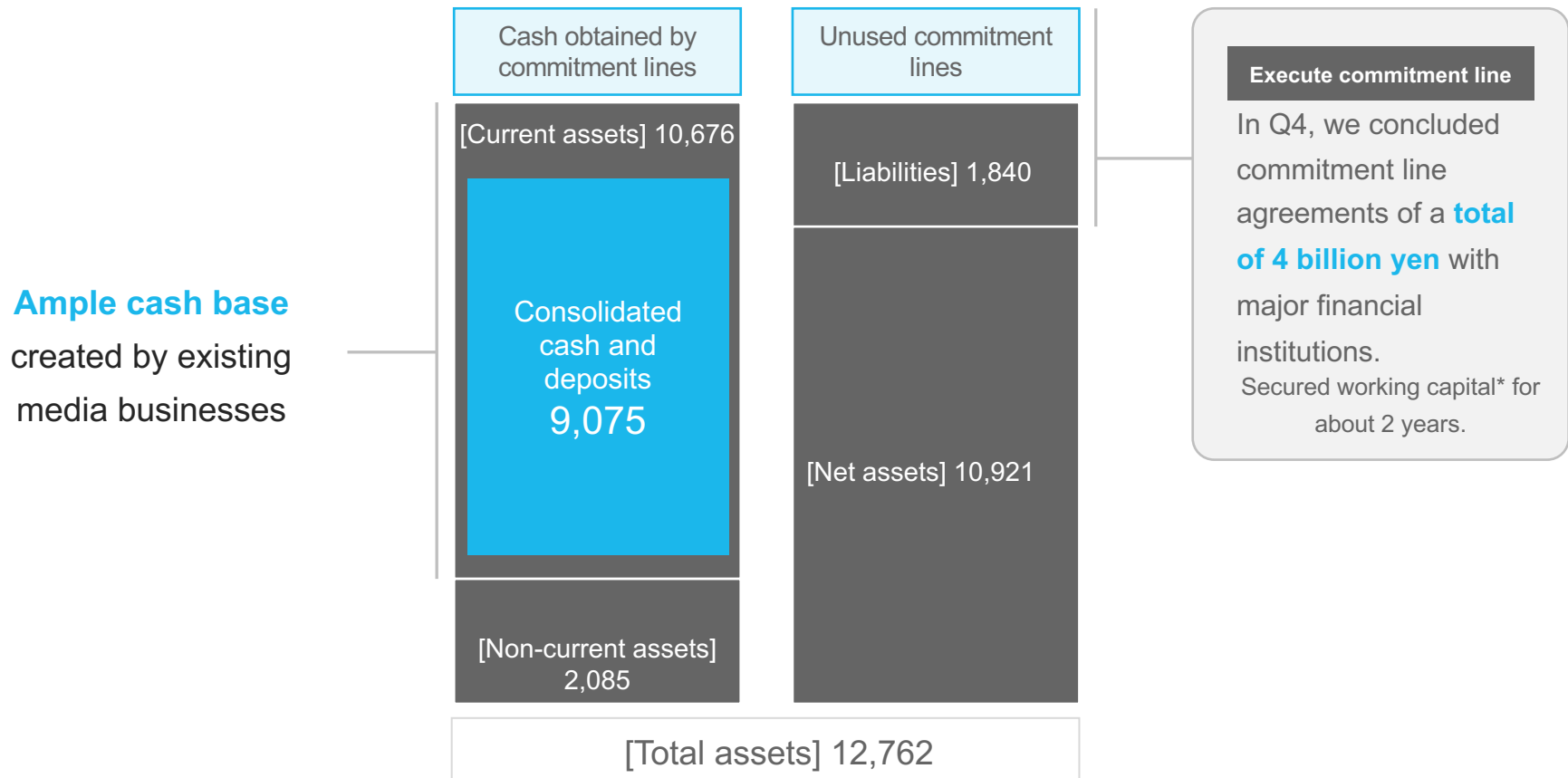
**Taketani Yuya**



To improve media value through improvement of media reliability and to achieve growth in the with/after Covid-19 environment, we built a system that allows us to make bold and proactive decisions.

We have built a very strong financial base, with **ample cash** and **free of debt**.

B/S as of 5/31/2020 (In million yen)



\* Funds corresponding to fixed expenditures, excluding variable costs such as ADNW costs and revenue sharing costs, etc., and advertising expenses over which expenditures can be controlled.

# Cost reduction (Existing Businesses) Gunosy

We will **promote cost reduction** to achieve a lean PL structure.

## (1) Control advertising expenses

- FY2020/5: 2,510 million yen → **FY2021/5 (expected): 670 million yen (-1,840 million yen)**
- In the current fiscal year, we will **curb investment** for scale expansion as we will first focus on improving profitability and increasing media value through improving media reliability.

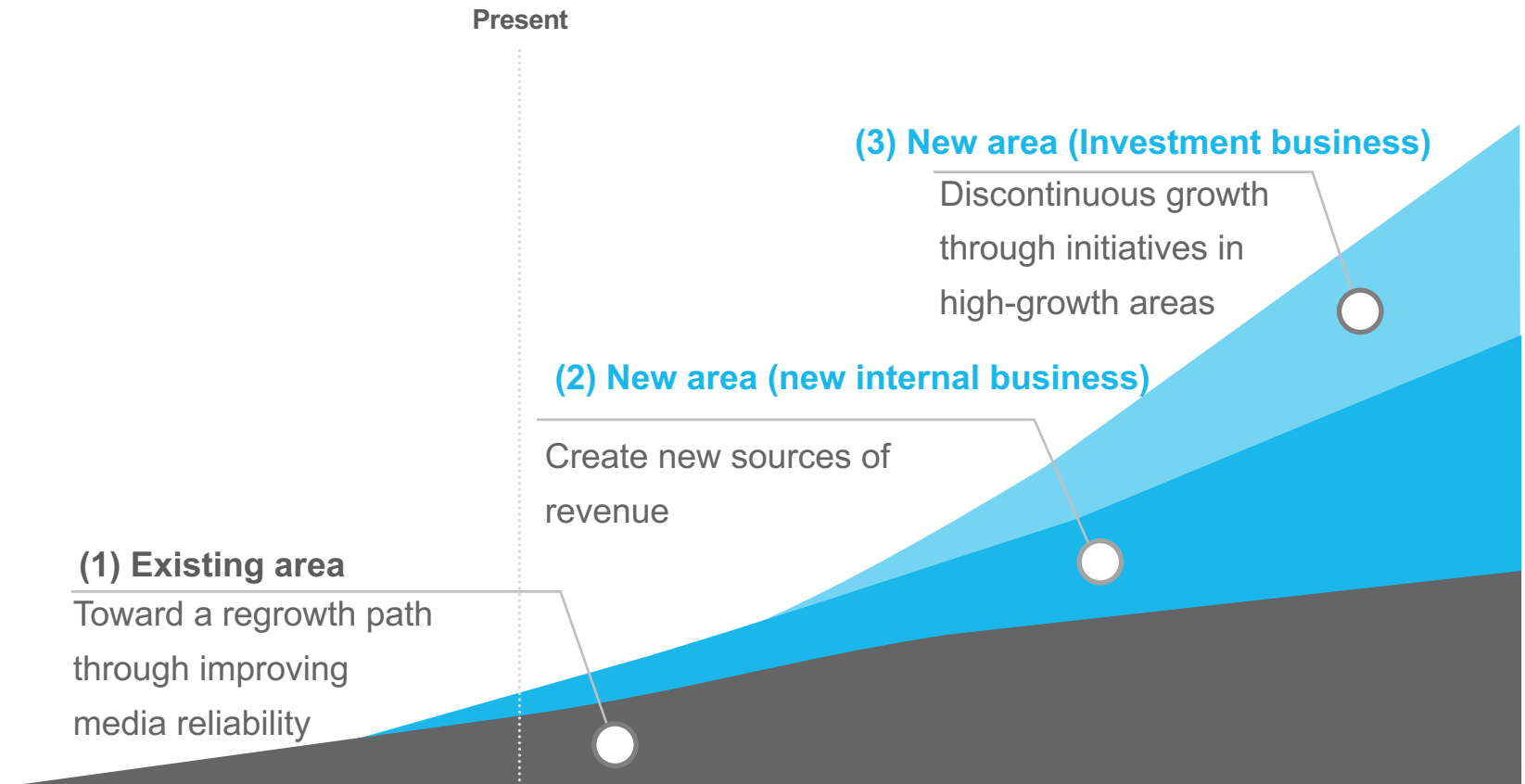
## (2) Reduce fixed costs

- Reduce total executive compensation
- Reduce fixed costs, such as recruitment-related expenses and outsourcing expenses of Gunosy (non-consolidated), to FY2019/5 level as a benchmark. (ex. Plan to reduce recruitment-related expenses and outsourcing expenses (combined) by approx. 25% from FY2019/5.)
- Expect to reduce some office operating expenses (such as utility costs) during the WFH period.

# Image of Medium- to Long-Term Growth Gunosy

In the current fiscal year, we **concentrated on rebuilding existing businesses as well as developing and creating new businesses** based on a stable financial base.

Based on the current conditions, we are considering reviewing the various target indicators for the FY2022/5 in our medium- to long-term vision, which was announced in January 2019. New mid-term target indicators will be set and announced by the end of the FY2021/5.



Assuming that the deterioration of the advertising market due to the influence of the new coronavirus will not recover in the short term, we expect YoY sales decline. Meanwhile, **on a profit basis, we plan to increase profits YoY through thorough cost reductions.**

(Million yen)

	FY2020/5 (result)	FY2021/5 (full-year forecast)	YoY
Net sales	13,987	10,297 - 11,297	73.6% - 80.8%
Operating profit	859	1,030 - 1,414	119.9% - 164.5%
Operating margin	6.1%	10.0% - 12.5%	-
Ordinary profit	838	1,011 - 1,395	120.6% - 166.3%
Profit attributable to owners of parent	386	615 - 882	159.3% - 228.2%

## Impact of the new coronavirus

- Both the lower and upper ranges of the forecast are based on the assumption that the advertising market will not recover in the current fiscal year.
- It is assumed that the increased activation of users under "stay home" due to new coronavirus will be gradually normalized as economic activity resumes.

## Upper range scenario

- Forecast in case initiatives to improve profitability in the media and advertising businesses and new measures in the ADNW area, etc., produce certain results in a short period of time

## Lower range scenario

- Forecast that incorporates highly probable results obtained from a conservative point of view regarding initiatives to improve profitability in the media and advertising businesses and new measures in the ADNW area, etc.






3

## Overview of Media Business

# (1) Summary of Media Business in Q4

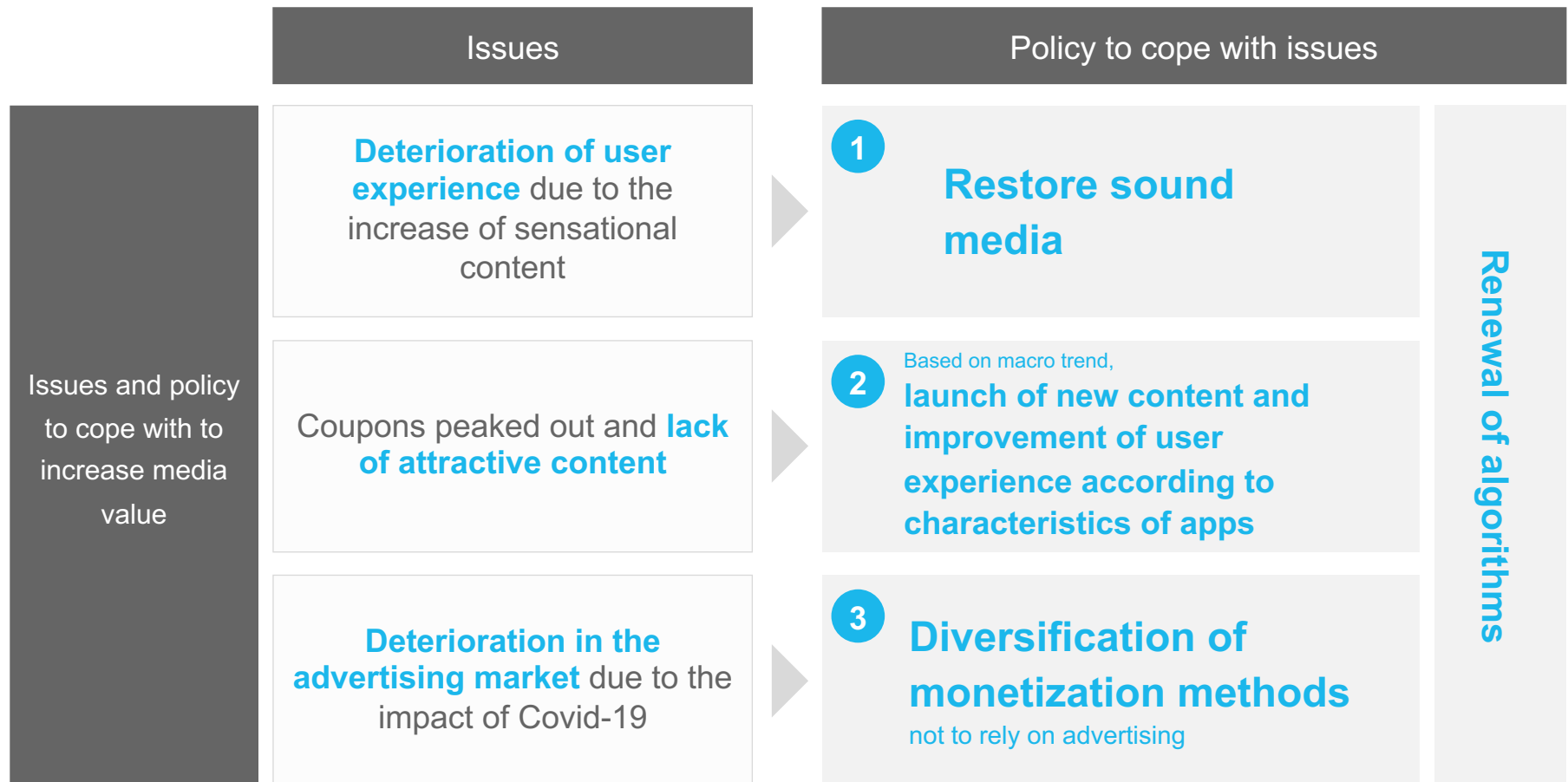
In Q4, despite significant reduction of advertising expenditures, the DAU of each media remained strong, **positively affected by the increase in traffic due to "stay home"**.

Q4	Summary
	Investment
	MAU
	DAU

 Gunosy	 NewsPass	 LUCRA
<b>Enhance content to support "stay home"</b> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="border: 1px solid #ccc; border-radius: 10px; padding: 5px; background-color: #f0f0f0;">"Corona Action" tab</div> <div style="border: 1px solid #ccc; border-radius: 10px; padding: 5px; background-color: #f0f0f0;">Delivery / takeout information</div> </div> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="border: 1px solid #ccc; border-radius: 10px; padding: 5px; background-color: #f0f0f0;">Visualize congestion status of retail stores</div> <div style="border: 1px solid #ccc; border-radius: 10px; padding: 5px; background-color: #f0f0f0;">Feature article for the time at home</div> </div>		
<ul style="list-style-type: none"> <li>• <b>DAU remained strong</b> due to stay-home (Maintain and expand DAU while controlling advertising investment)</li> </ul>	<ul style="list-style-type: none"> <li>• <b>DAU hit a record high</b> due to stay-home</li> </ul>	<ul style="list-style-type: none"> <li>• <b>DAU remained strong</b> due to stay-home (Maintain DAU while controlling advertising investment)</li> </ul>
<b>Restrain</b>	Slightly restrain	<b>Restrain</b>
↓	→	↓
↗	↗	↗

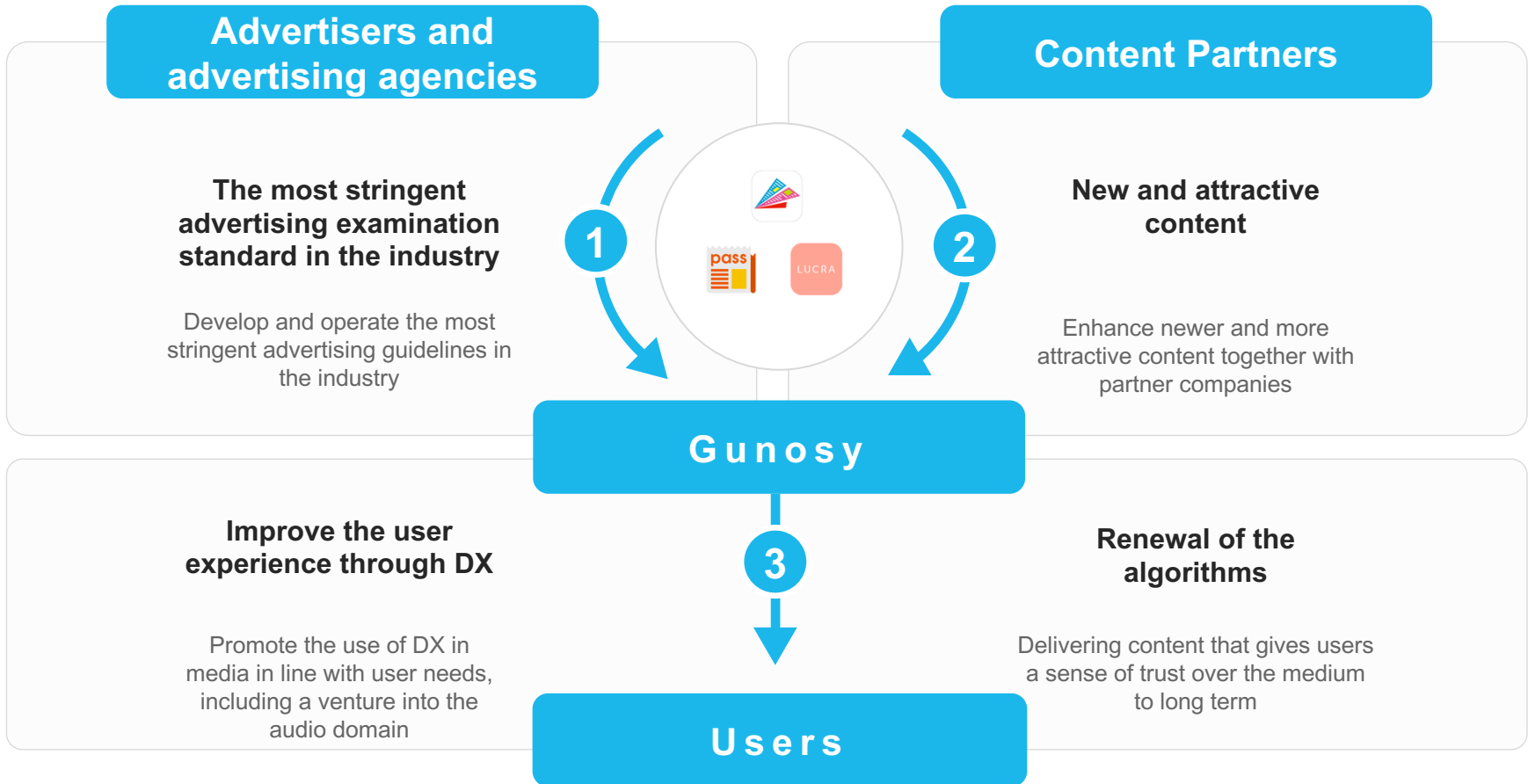
## (2) Media Business Policy for Improved Profitability Gunosy

We will promote the sound development of media to improve profitability by increasing media value. At the same time, we will work to improve the customer experience through the renewal of the algorithms, to launch new content based on macro trends and to build monetization methods other than advertising.




# (3) Improve Media Reliability

In order to establish a competitive advantage over the medium to long term, we will promote the **enhancement of media value for the benefit of all three sides (buyers, sellers and society)** based on our corporate philosophy, "Optimally deliver information to people around the world".



# (4) Enhance User Experience

We will **promote development of functions** tailored to the user characteristics of each app and **expansion of content and services**.

 **Gunosy**

Started operational test of money-saving

**Gunosy points** that can be kept within the Gunosy app



\* Image

Money-saving point function that can be accumulated within the Gunosy app. Points can be exchanged for Amazon Gift Vouchers.

 **NewsPass**

Improved the **UI** and **UX** to make it easily viewable to smartphone beginners



\* Image

Organize links to various content and services. Adjust and increase the size of images and text for easier retrieval of information to make major news stories easier to read and understand.

 **LUCRA**

Become a **trend information media** that allows users to get trend information easily and in a money-saving way every day



\* Image

Create a media that will allow female users of all ages to acquire trend information “easily” and “in a money-saving way every day”. **Also preparing to launch D2C business** which covers products that enrich our lives.



# As a Media Company that Provides "Joy of Sound"

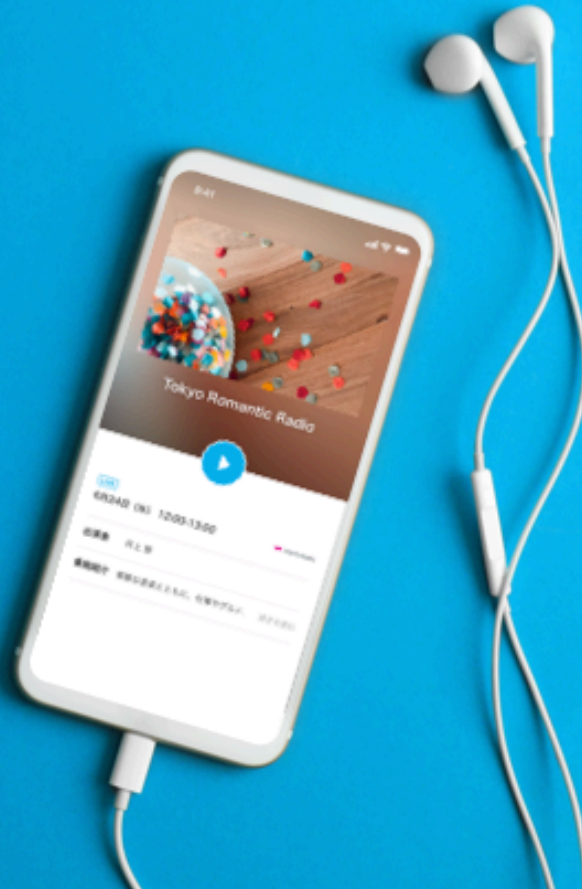
Gunosy

Set up "radiko" tab and start trial distribution (from July 1, 2020).

Quickly respond not only to function to "read" the news but also to "listen to" the news.

Enhance user  
experience

Unlimited radio  
streaming on the  
smartphone



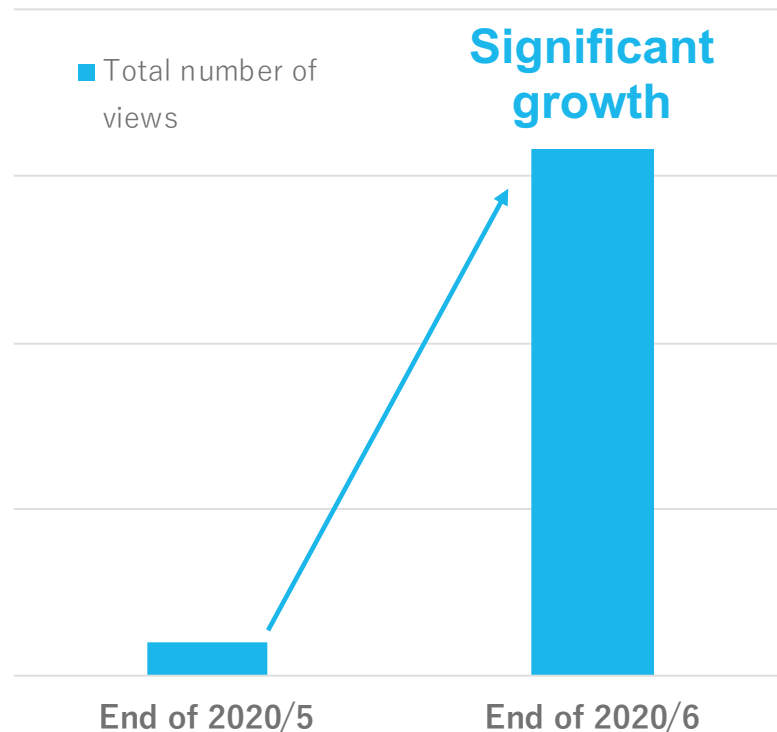


# As a Media Company that Provides "Joy of Sound"

Gunosy

Audio content achieved **a significant increase in total number of views** within about a month of its release. Basic KPIs remained solid compared to the existing video content which implies high potential.

## Total number of views



## Status of KPI verification

Click through rate (CTR)



Approx. **2.5 times**  
the video content

Content view through rate (VTR)



Approx. **1.3 times**  
the video content

Audience retention rate after 1 minute



Approx. **1.7 times**  
the video content

**Big titles continued to gain PV share. Record-high levels of sales and operating profit were maintained.** (Q4 results are for the period from January to March 2020 due to a gap with the parent company's consolidated accounting period.)

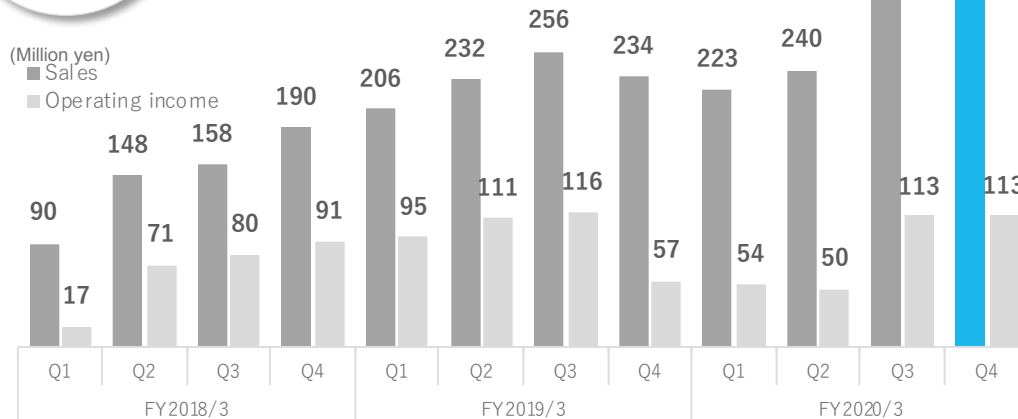
## Results <sup>\*</sup>

Recent situation (April-June 2020)



## Sales and profit growth (YonY)

Sales and operating profit continued to be strong



\* Non-consolidated results (before consolidated adjustment)

	FY2020/3 Q4	YonY
Sales	<b>320 million</b>	<b>136.6%</b>
Operating profit	<b>113 million</b>	<b>198.4%</b>

Achieved **500 million PV per month!**

(According to a press release from Game8 on 2020/5/1)

**RPM declined**

due to deterioration of advertising market

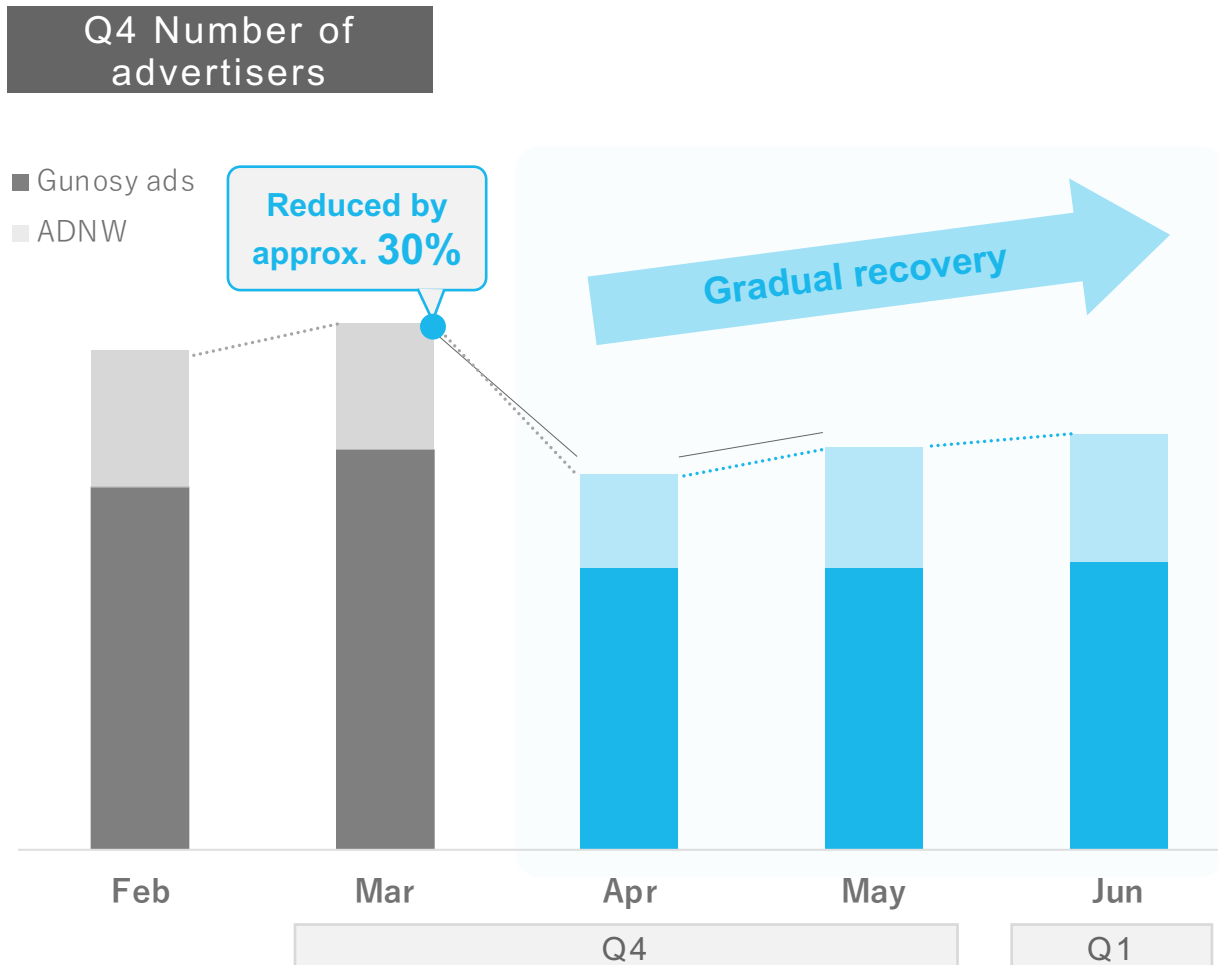


4

## Overview of Advertising Business

# Status of Number of Advertisers

The number of advertisers marked a **sharp decline in April** due to a renewal of advertising guidelines and a deterioration of advertising market conditions caused by the new coronavirus. Today, the major bottom was hit and is **on a gradual recovery**.



The number of advertisers is on **a gradual recovery.**

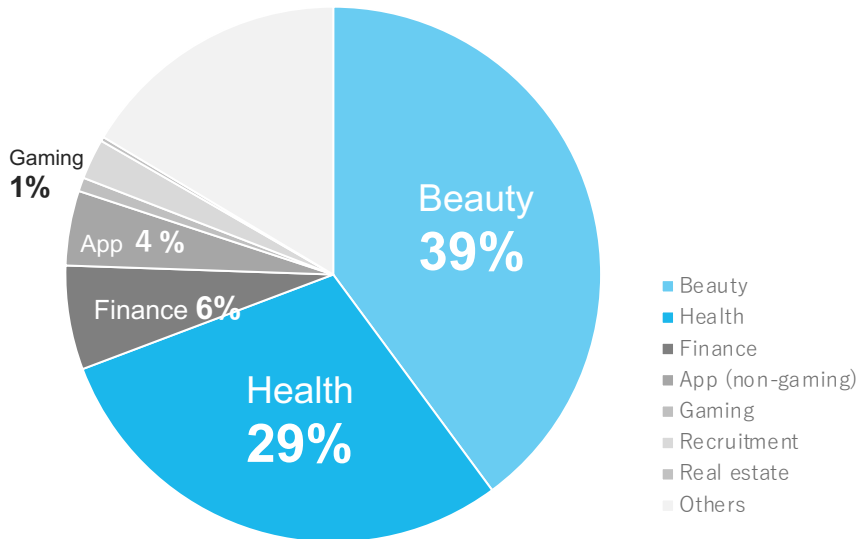
Strengthen sales to advertisers with high demand, even in the "with corona" situation.

# Composition of Advertisers

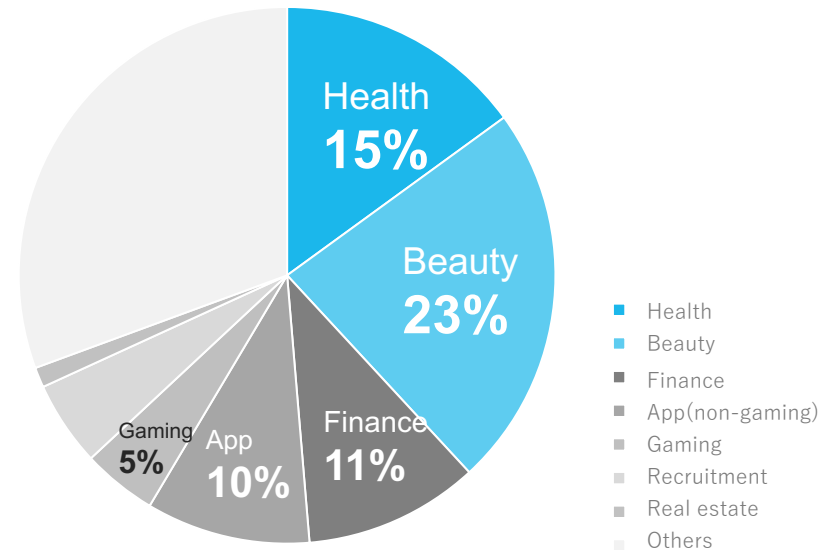
The composition of advertisers has changed significantly in response to the renewal of our advertising guidelines and the deterioration of the advertising market due to the new coronavirus.

**In order to support a wide range of advertisers, we will promote the media of reliability and renewal of algorithms.**

FY5/2020 Q3



FY5/2020 Q4



Rate of health and beauty

68%

Rate of App, finance and gaming

12%



Rate of health and beauty

38%

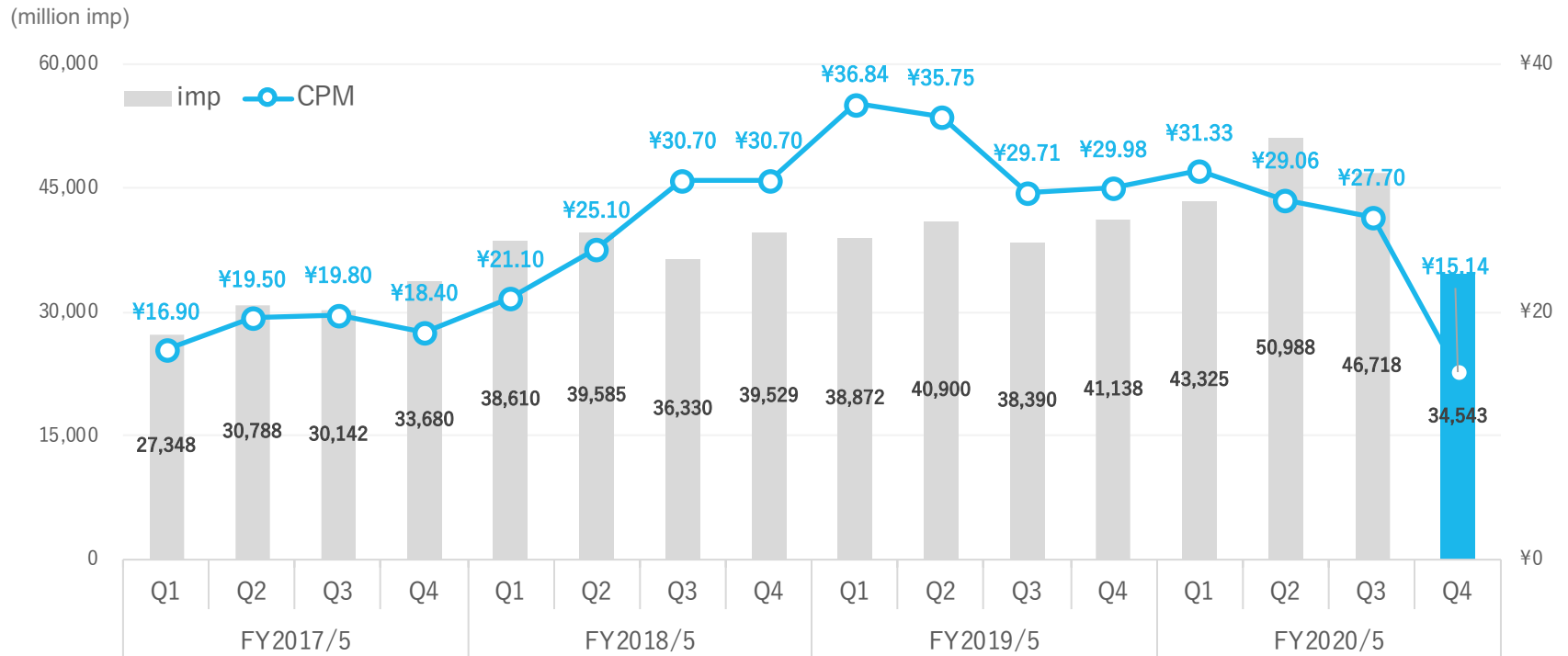
Rate of App, finance and gaming

25%

# Ad Network (ADNW)

Both numbers of impressions and CPMs fell due to the **impact of the new coronavirus and renewal of advertising guidelines**. The decline in impressions is because of a decrease in competitiveness caused by strict advertising examination, resulting in a temporary decrease in market share.

## Number of Impressions and CPM



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

# 5

## Progress of New Business

- New Business: p. 38-44
- Investment business: p. 45-46

We are creating money-saving consumption experience for our customers with enhanced content for fun and savings.

Most recently, we **started testing an e-commerce service** that is highly compatible with user needs.

## Content of “Otokuru”



## “Tokumaro Store” provides e-commerce





# Status of KPI

オトクル

New Business

Investing Business

# Gunosy

We are verifying monetization through advertising revenue. The user loyalty of Otokul is high and the return on investment is good compared to existing media. **We will strengthen our investment in the e-commerce area and aim to make Otokul a new source of revenue.**

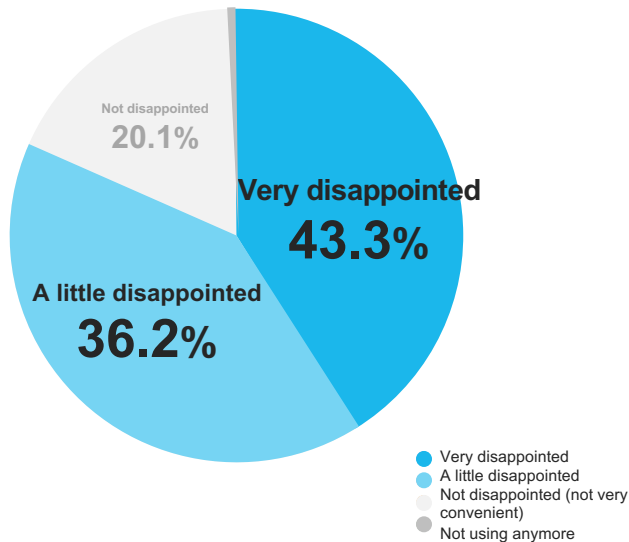
## User loyalty

Question

If this service was no longer available tomorrow, what would you think?

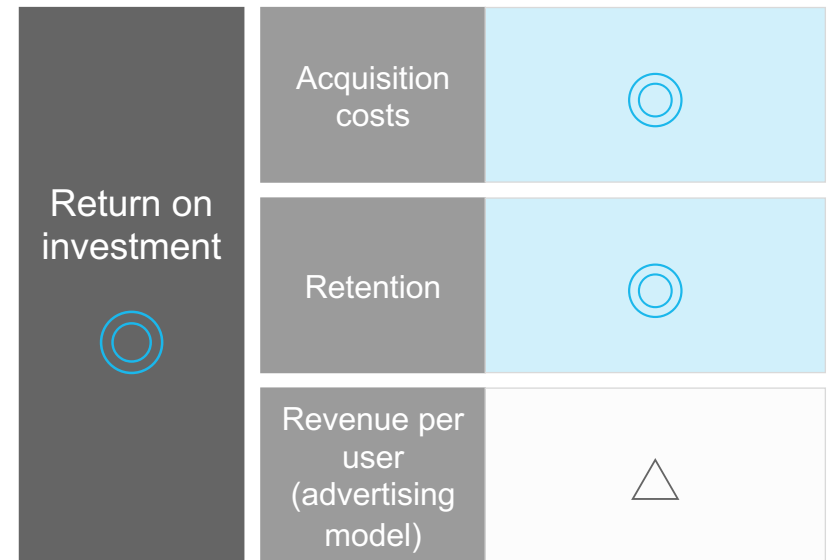
### High user loyalty

About 80% of users find this service valuable.



(Questionnaire to Otokul users on 2020/05/13; n = 2,381)

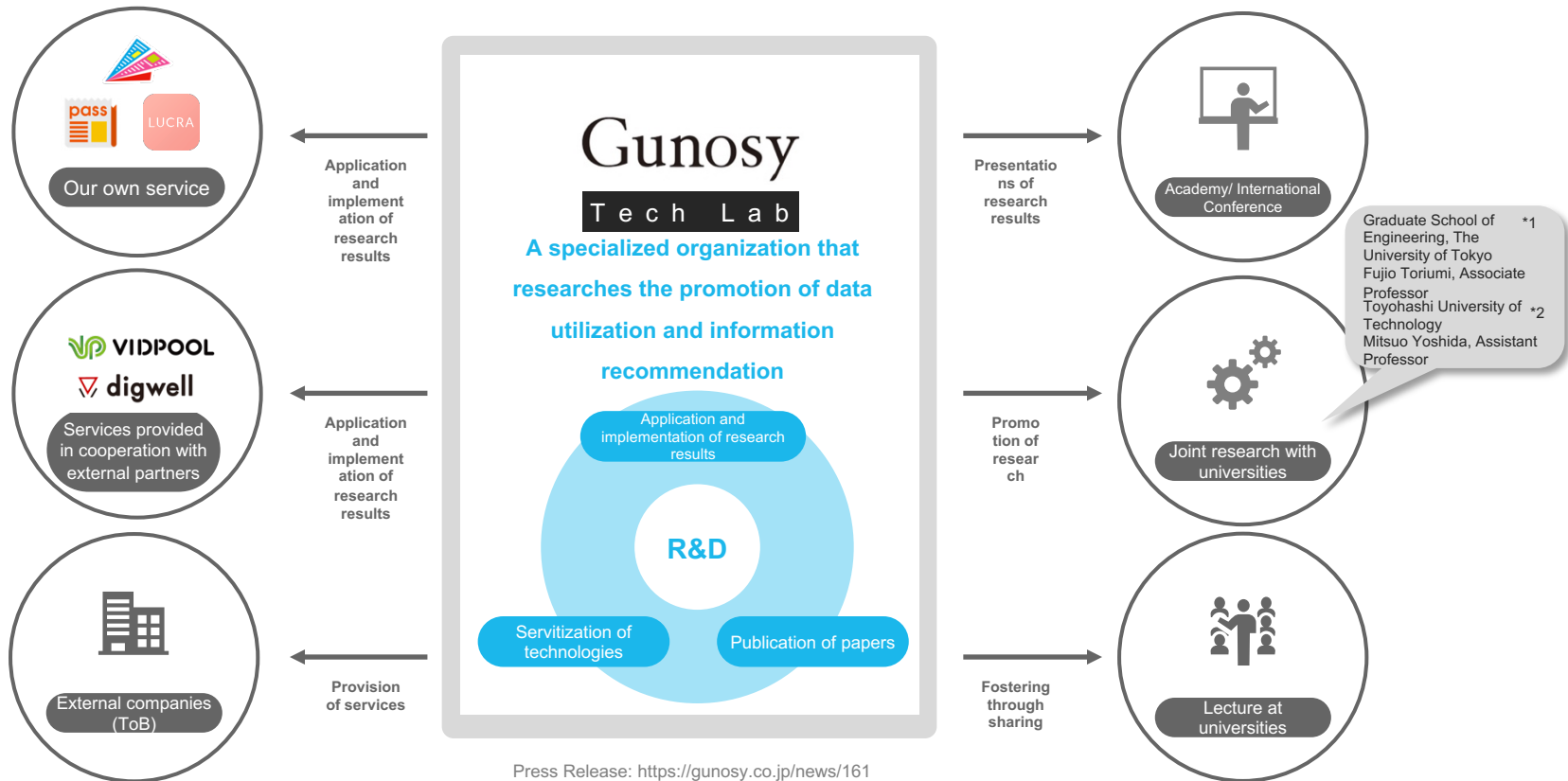
## Return on investment using the advertising model (compared to existing apps)



**Strengthen investment in e-commerce areas to enhance profitability**

**New source of revenue**

Gunosy Tech Lab was established as a specialized organization to study further data utilization and information recommendation. We output research results in the form of **our apps provided to users, provision to external companies**, and publication of papers.





We will continue activities to monetize our proprietary technologies.

On June 30, 2020, a press release issued for Guhack

## Partner companies

Activities are ongoing with each partner.



KDDI CORPORATION



Hakuhodo DY  
media partners

Hakuhodo DY Media Partners



Sports Nippon Newspapers  
Co., Ltd.



Toshiba Data Corporation



Gunosy  
Tech Lab

Promote DX (digital transformation)



Our aim

Aim to earn profits outside the media and advertising areas such as business development through collaboration and provision of our technology through SaaS model, etc.

We launched “**Guhack**”, a **SaaS platform** for optimizing results acquired by TV commercials (Press release on June 30, 2020).

**DX business**  
SaaS platform

データで、CMをハックする。

**Gu**  **hack**™

## A SaaS platform for optimizing results acquired by TV commercials

- (1) Dashboard for **visualizing and analyzing results**
- (2) Improvement actions can be taken also **during the broadcast period**.
- (3) Make it easier to **explain the effectiveness of commercials** inside and outside the company

### Evaluation points

#### Attractive dashboard

- Elimination of the difficulties of internal analysis (e-commerce services)

#### Customizable

- Flexibility to respond to requests for functional development (web-based services)

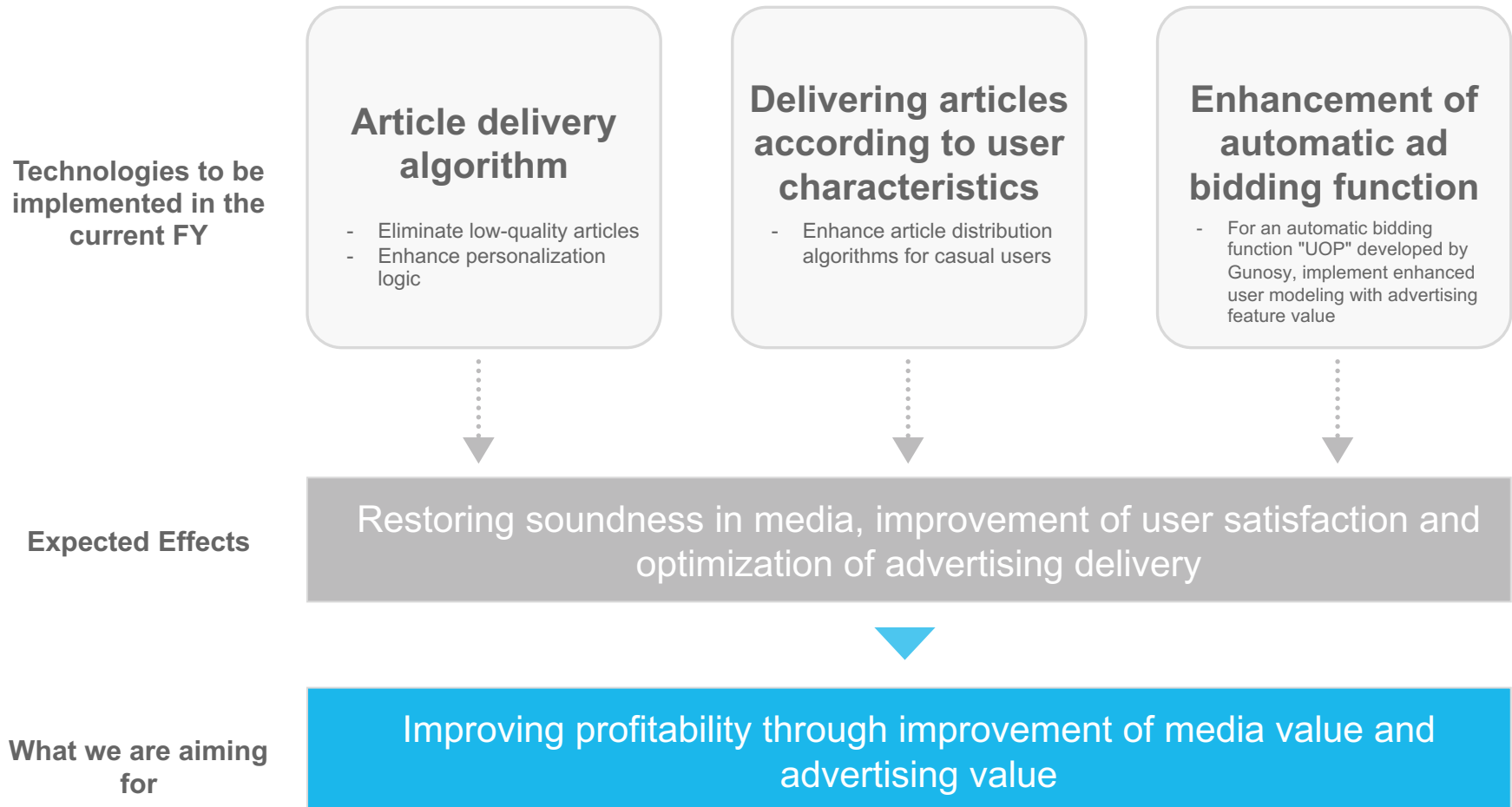
# GTL Recent Research & Development Theme Gunosy

We are promoting research projects through industry-academia partnership and the publication as research papers.

Technical theme	Recent Works and Publications	Impact on Gunosy
<p>Improve personalization logic</p>	<ul style="list-style-type: none"> <li>• Improve personalization logic</li> <li>• Development of a novel embedding method for news recommendation (presented at DEIM2020)</li> <li>• Development of a multileaving method (presented at Recsys2019)</li> </ul>	<p>Deliver articles optimized for users</p>
<p>Improve CVR prediction and support creating advertising materials</p>	<ul style="list-style-type: none"> <li>• Support for creating effective advertising materials</li> <li>• Interpretable CVR prediction from advertising material (presented at KDD2019)</li> <li>• Discontinuation prediction of advertising material (presented at JSAI2020)</li> </ul>	<p>Improve advertising performance</p>
<p>Recommendations to casual users</p>	<ul style="list-style-type: none"> <li>• Analysis of the relationship between the diversity of user behavior and service engagement (presented at DEIM2020, joint research with Dr. Fujio Toriumi, University of Tokyo)</li> </ul>	<p>Improve UX for casual users</p>
<p>Improve accuracy of article classification</p>	<ul style="list-style-type: none"> <li>• Construction of news classification model by media characteristics (presented at Natural Language Processing Symposium)</li> </ul>	<p>improve media reliability</p>

\*1: Dr. Fujio Toriumi, Associate Professor Graduate School of Engineering, The University of Tokyo

We also promote the **implementation of research results** to realize higher quality media and advertising.



So far, we have promoted investment selecting promising stocks under strict investment criteria. **Despite the market downturn due to the new coronavirus, our existing investments remained in a sound financial position.**

Invested in six stocks (total approx. 800 million yen)



Zoomcar, Inc.

Online car rental and  
car sharing businesses



Instamojo, Inc.

Online payment service for small  
businesses



Caster Corporation

Online assistant service, etc.



sumutasu inc.

Online real estate direct purchase  
service



Fairassets Technologies India Pvt. Ltd.

Online loan brokerage service



GaragePreneurs Internet Pvt Ltd.

A digital micro-lending platform for  
young people

In June 2020, we made **an additional investment** in GaragePreneurs Internet Pvt Ltd. which runs "slice", a cashless payment and digital micro-lending platform for young people in India (previous investment in October 2019).

## India X Fintech

Financial digital platform



### Outline of "slice"

- ✓ A cashless payment and digital micro-lending service that enables credit settlement using smartphones and credit cards, mainly for students and young working people with short years of service.
- ✓ "slice" expanded rapidly in India capturing the demand of students and young people who have difficulty in obtaining credit through traditional methods and cannot make cashless payments.

### Background of Increased Investment

- ✓ "slice" has achieved rapid growth since the investment by Gunosy Capital in October 2019.
- ✓ Most recently, it has **gained solid support in India as a financial platform with approximately 2 million users.**
- ✓ **Additional investment was made directly by Gunosy anticipating potential collaboration.**

6

APPENDIX  
**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: 4,077 million yen (as of the end of Feb 2020)
  - Stock Code: 6047 (First Section of The Tokyo Stock Exchange)
  - Audit corporation: Ernst & Young ShinNihon LLC
  - Number of employees: 251 (as of the end of May 2020, on a consolidated basis)
  - Head office: Ark Mori Building, 1-12-32 Akasaka, Minato-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, Tetsuya Nagashima  
Director and CFO, Yuki Maniwa  
Director and CDO, Keisuke Osone  
Director (Outside), Takashi Kamiyama  
Director (Outside), Suguru Tomizuka  
Director (Outside), Hirokazu Mashita  
Corporate Auditor, Masakazu Ishibashi,  
Corporate Auditor (Outside), Kenji Shimizu  
Corporate Auditor (Outside), Noboru Kashiwagi



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