

# Gunosy

## Medium-Term Management Plan

July 13, 2021







# MISSION



**Optimally deliver information  
to people around the world**











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# 01

## Overview of Medium-Term Management Plan

Business Policy Aimed at Growth in Three Years' Time

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**01 Overview of Medium-Term Management Plan**

02 Strategies by Business

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Gunosy

## Gunosy Group History

# Achieve growth by closing the information divide through technology

Our growth has been driven by the news media focused on "Gunosy", the product that gave rise to our founding. In recent years, we have built a new business platform including Game8 and investment business.





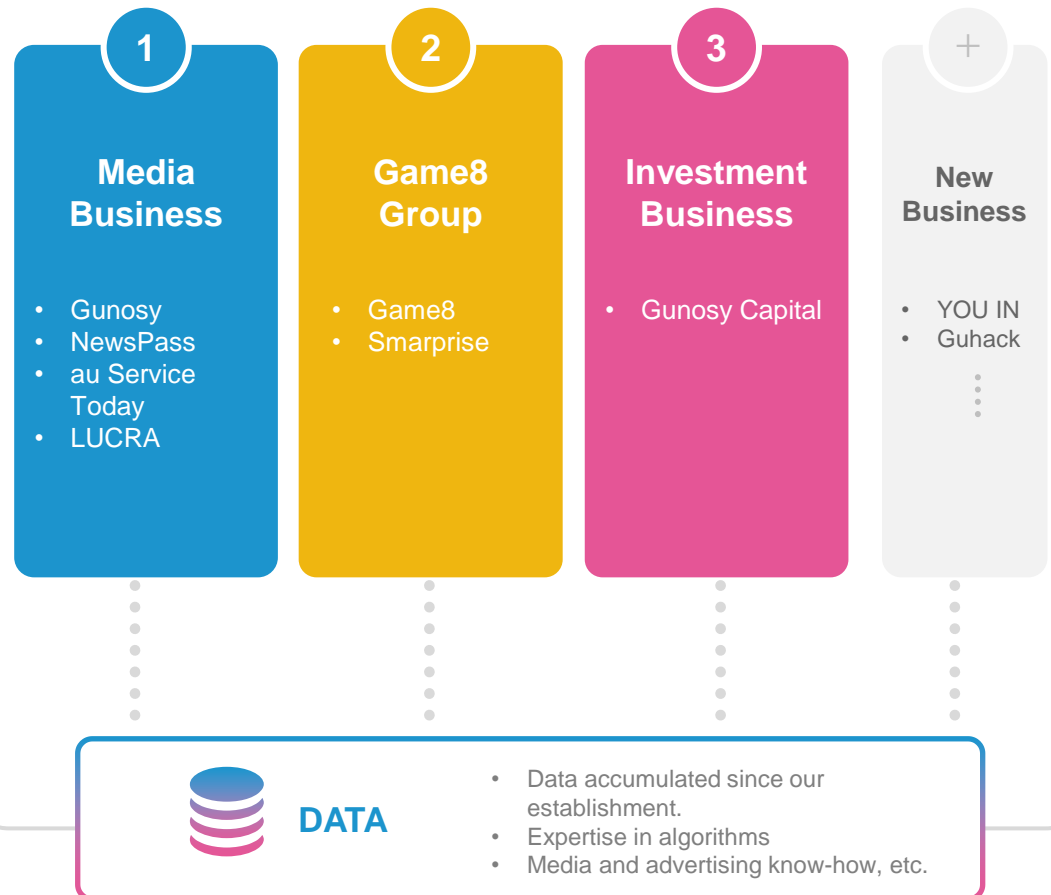
## Gunosy Group Business Portfolio

# Our 3 pillars + $\alpha$ to drive medium- to long-term growth

In addition to the media business with a solid user base, Game8 Group that is making remarkable growth, and the investment business with high growth potential, we are working to develop new businesses to create pillars of future earnings and maintain a finely balanced business portfolio.

## Gunosy

Three business segments to drive  
medium- to long-term growth





## Challenges to be Addressed

### Growth of existing businesses and development of new businesses

In our existing businesses, we will focus on providing valuable information to achieve medium- to long-term growth.

We will develop new businesses through in-house development and external investment to seize opportunities for discontinuous growth.

Goals to be achieved in the medium and long term

Aiming for a V-shaped recovery by focusing on creating value from a long-term perspective

Growth driver (1)

Growth of existing businesses

Investment in media business

Growth driver (2)

Development of new businesses

Fostering new businesses & External Investment

Growth driver (3)

Enhance business base to achieve renewed growth  
Investment in the organization and brand

## Growth Image

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

We aim for group-wide growth with the medium- to long-term goal of achieving **a market capitalization of 100 billion yen.**





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## Medium-Term Financial Goals

It is expected that, as we see a certain level of containment in the spread of COVID-19 with the progress of vaccinations, there may be a positive impact on advertising sales and app user retention rates in the media business.

(Refer to p.15 of “FY2021/5 Financial Results”)

In view of the above, we determined that the most reasonable way to maximize our corporate value is to make a decision on the scale of medium- to long-term investment in the " Gunosy" app at a time when the changes in the market environment associated with COVID-19 have reached a certain degree of convergence. Therefore, at the time of the release of this material, it is difficult to set medium-term (three-year) financial goals that appropriately incorporate the growth potential of "Gunosy," and we decided to defer disclosure of such goals.

We will promptly disclose our medium-term financial goals as soon as we are able to calculate them in a reasonable manner, targeting the timing of the announcement of FY2022/5 Financial Results for Q2.

# 02

## Strategies by Business

3 pillars + Policy for New Business

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GUNOSY



# Develop Gunosy into a news media for the new era that will serve as an infrastructure for society

Shift from entertainment-oriented media to standard news media for the new era.

In FY2021/5, we focused on improving media value and achieved significant improvements in article quality, ad quality, and usability. By resuming advertising investment, we will pursue the development of products with true customer value while aiming to achieve renewed growth.





## Business Overview

# Renewal completed to provide more valuable information and move into reinvestment phase

Gunosy has evolved into an "optimal style" for delivering information that continues to increase at an accelerated rate in a simpler and more understandable way through all forms of content, such as articles, videos, and audio.



Introduce a design that communicates news in a quick and understandable way

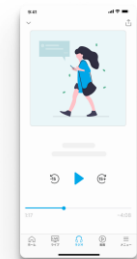
Short headlines  
enable comprehension  
in 5 seconds.



New layout to search  
articles by photos



Know by sound, and  
enjoy by sound



Before



After



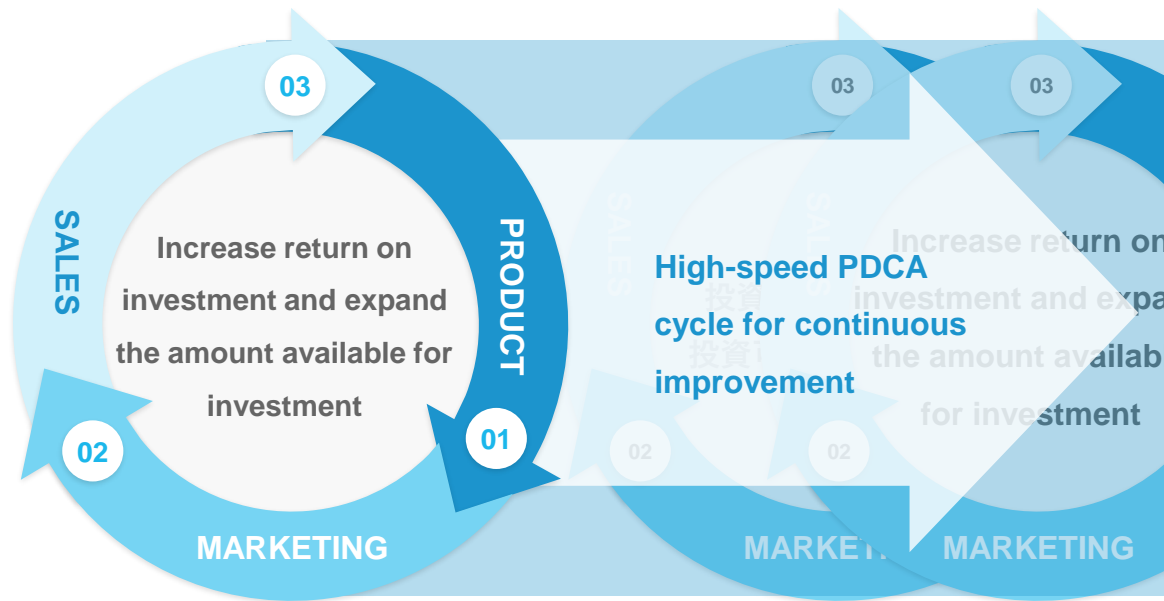


## Summary of Strategies

# Increase return on investment and expand advertising investments to achieve re-growth in the number of users

Focusing on product development from the user's perspective, we will continue to improve marketing and sales to increase the return on investment. We will expand the scale of our media by increasing our advertising investment in line with the improved return on investment. We are determined to provide even better products by leveraging economies of scale.

## Model for Re-growth of Gunosy



Key indicators		
01	PRODUCT	Improve product value from the user's perspective to increase profitability
02	MARKETING	Develop a marketing strategy to expand the scale of media while maximizing product value
03	SALES	Work to improve profitability in order to maximize service value
		User retention rate Average time on page
		Acquisition costs (CPI), LTV MAU & DAU
		Profitability per user (Sales and DAU/MAU)





## Product Strategy

01

# Deliver information in an understandable manner through all forms of content

Our goal is to create an application that delivers “must-know information” with high social value and “want-to-know information” with high personal value at the lowest possible cost to promote optimal social and personal decision-making.

### Must-know

Information of high social value that users are encouraged to know

#### Major news

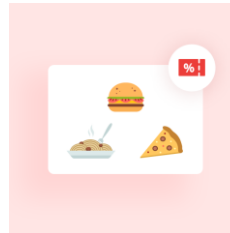


- Headlines
- News video summary
- Feature articles and special tabs on current topics
- Features and content that allow users to learn more about hot topics

#### Opinions of the general public

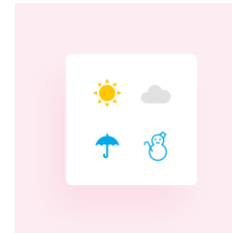


- Keyword trends
- User reaction and surveys
- Comment feature



#### Coupons

Delivers coupons that can be used at restaurants, convenience stores, etc. nationwide every day.



#### Weather

Features a simple and user-friendly weather function. Allows users to quickly check the local weather.

### Want-to-know

Information of high personal value that users want to know.

#### Information users are interested in (Personalized & Customized)

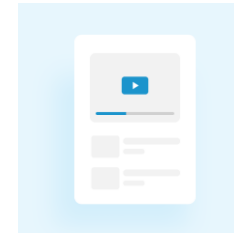


- Enhanced personalization logic
- Follow-up function
- Original content (radio, etc.) to meet diversified needs
- Channel customization

#### Information necessary for daily life (Localized)

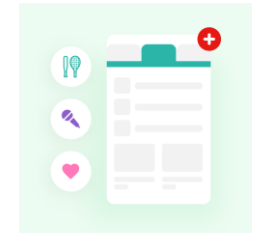


- Local news
- Earthquake/disaster alert system
- Rain cloud radar
- Pollen information
- Train Operation Information
- Crime prevention information
- Coupons for nearby areas



#### Video summary of the day

Video summaries delivered at the end of the day, no missing out on important news on busy days.



#### Customize

Choose favorite channels and customize to users' taste. Create users' own app that is the easiest to use.



## Marketing Strategy

02

# Expand media scale while maximizing product value

We operate brand regulations that are consistent with the direction that products are aiming for. We also promote highly accurate marketing through thorough visualization of advertising effectiveness.

Updated our logo to a more contemporary style that embodies product values



The previous icon of a folded newspaper delivering articles replaced by an icon that delivers a wide variety of information, regardless of format, while keeping the motif of an airplane delivering information.



## Renewal of brand regulations

Operate regulations that place a high priority on reliability as a media service



## Further enhancement of operations

Enhance operations such as clarification of target segments and refinement of IRR (Internal Rate of Return) by media



## Mix of digital marketing and TV commercials

Pursuit of the optimal mix of digital and TV commercials, taking into account the branding perspective



## Sales Strategy

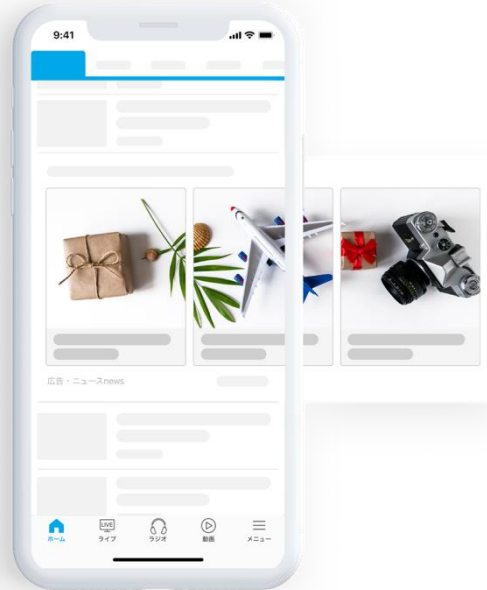
03

# Improve profitability to maximize service value

In the short term, we will focus on strengthening our advertising revenue. We also aim at improving advertising effectiveness for sales growth through the development of new advertising menus. In the medium to long term, we will also be examining the potential for monetization other than advertising, such as setting up billing models, etc.

## Improve advertising effectiveness by adding an advertising menu

Focus on improving advertising effectiveness from the advertiser's perspective, aiming to launch new products every quarter to half year



## Introduce new ads that are image oriented

### Measures

- Carousel ads.
- Video ads
- Dynamic ads, etc.

## Optimize ad delivery including external networks

Improved delivery logic and added network



### Measures

- Strengthen ties with major advertising networks
- Further optimization of ad delivery by combining external networks and in-house systems





au Service To

# **Aim to create a service that receives overwhelming support from au users by strengthening cooperation with KDDI**

We launched au Service Today in April 2021, leveraging our experience in NewsPass.

We aim to create a "more pleasant" smartphone experience for au users through the creation of useful and enjoyable services for their daily lives.

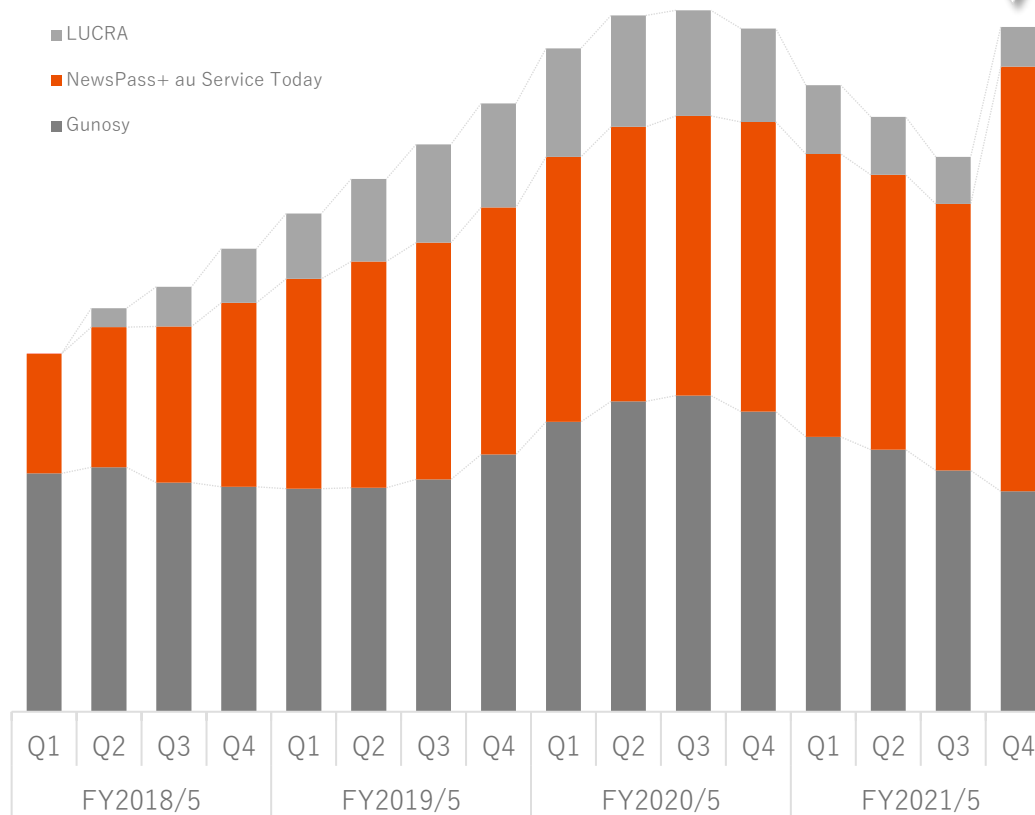


## History

# Drive expansion of active users in the media business

We have built a stable user base on the back of the app pre-installed on au devices.  
(\*Android devices).

## MAU for each app



MAU of NewsPass remained stable despite restrained investment in Gunosy.  
The number of active users showed a significant growth with the launch of au Service Today.





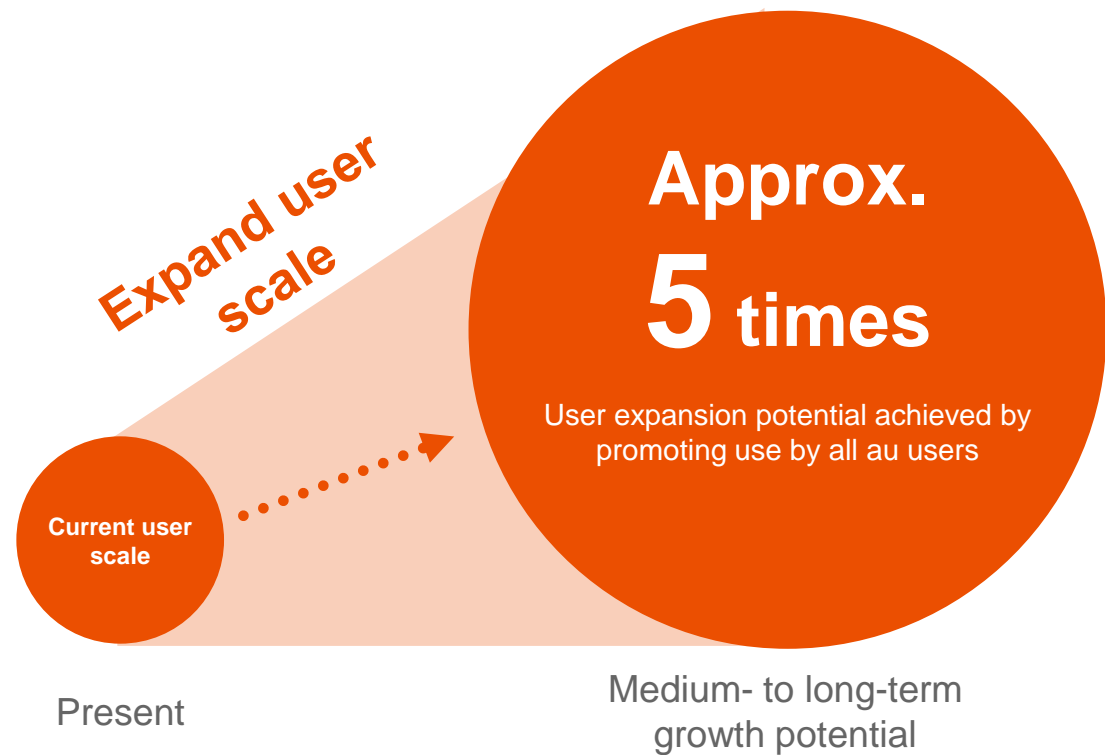
## Summary of Overall Strategy

**Aim to create apps  
that receive  
overwhelming  
support from au  
users, working  
together with KDDI**

We intend to drive growth through increased usage by au users.

Expanding our reach to au users alone can provide attractive growth opportunities.

Aim to make au users' experience more enjoyable by providing NewsPass and au Service Today











## Growth Image

Create the conditions  
that make au users  
feel "this app will  
make our smartphone  
more convenient and  
fun"

We aim to create an app that makes existing users want to open it every day by making their news reading experience on a daily basis something taken for granted.

In the medium to long term, we aim to attract new au users by creating attractions that will trigger new usage.

	FY2022	FY2023~
Direction	 <b>Enhance features as a news app</b>	 <b>Extend services beyond news app</b>
Theme	Enhance experience of reading the news Apps that users want to open every day	Differentiation from competitors, creation of usage scenes and attractions other than news
Focused KPIs	Article browsing frequency and retention rate	Frequency of app use and average time on page DAU & MAU
Target	Promote use by existing users	New acquisition of au users
Main measures	 Raise the level of experience and value that is taken for granted as a news app by improving the user interface and recommendation features.	 Provide the convenience of "quickly finding useful information for daily life" (weather information, train transfer information, etc.)  Provide "an easy and fun money-saving experience"  Provide convenience enabling users to "quickly find out what they want to know about smartphones and au services, and to quickly solve problems"



GAME8 GRO



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## Restructure the Ecosystem of Gaming

Game8 was launched in 2014 and has grown to become one of the largest game walkthrough media in Japan, with over 42 million visitors per month in 2021. In order to realize our mission of making games more fun, we aim to be a company that can contribute to the development of the entire game industry, going beyond the framework of web media.

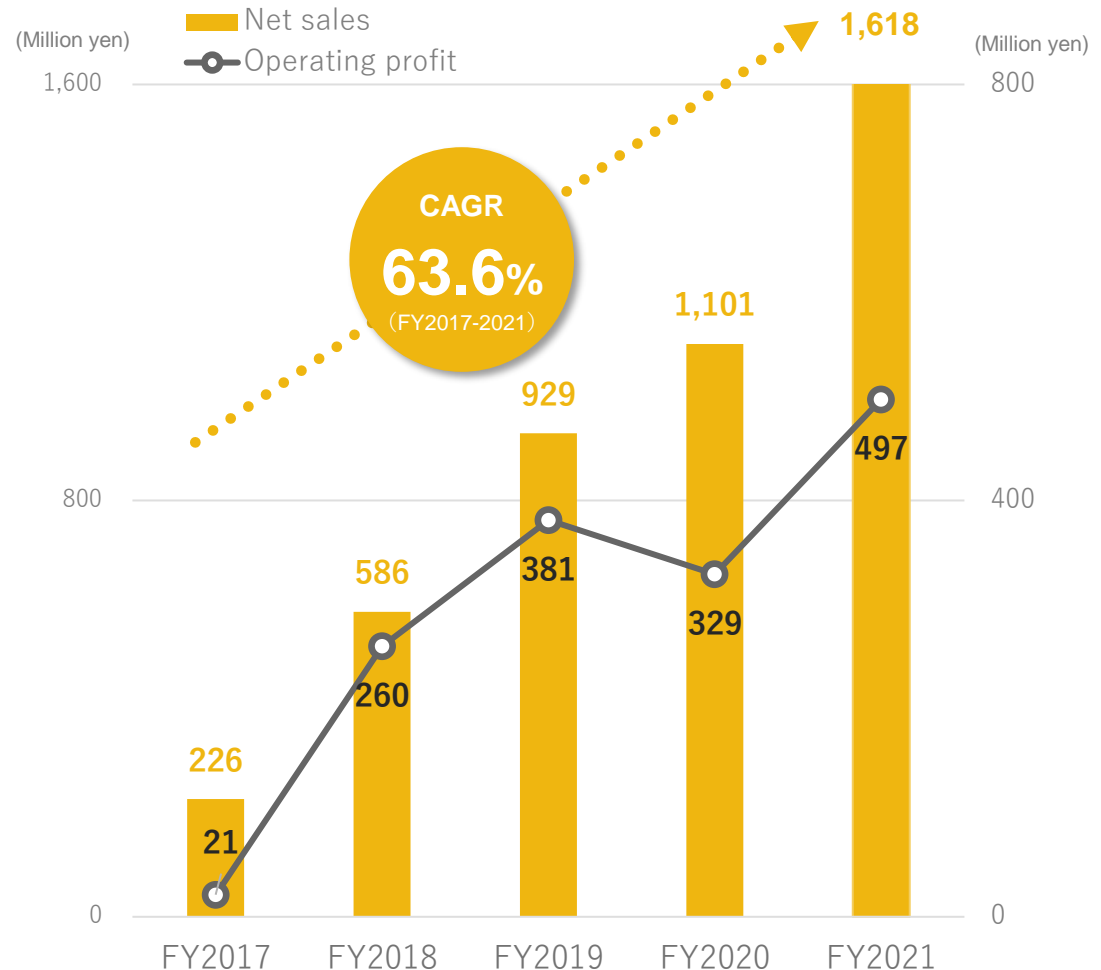


## History

# Continued high growth after joining the Gunosy Group, becoming the second pillar of the business

With the mission of "making games more fun", we are running "game8.jp", the largest game walkthrough wiki in Japan. We achieved record sales and operating profit even under the influence of COVID-19.

Game8 net sales and operating profit (non-consolidated)





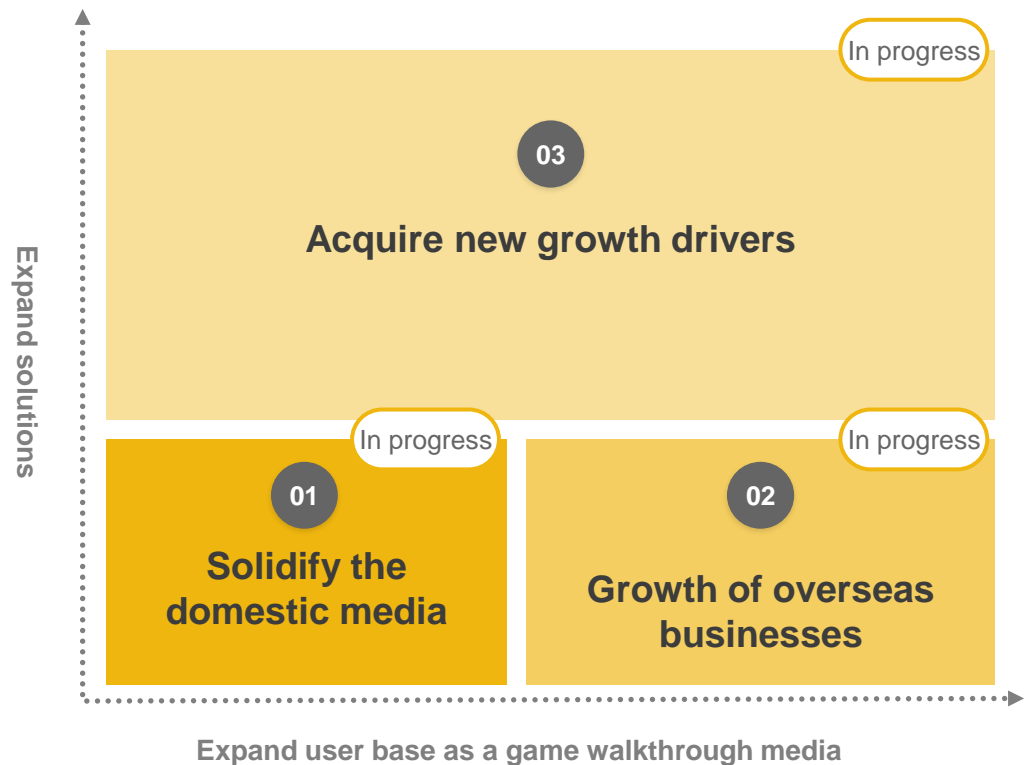
## Summary of Overall Strategy

# Sustain high growth through investment in new businesses

We will invest to solidify our domestic media business in order to realize a foundation that will generate stable profits.

From a medium- to long-term perspective, we aim to sustain high growth by investing in overseas businesses, taking on the challenge of new businesses leveraging our existing strengths, and moving forward with external investments.

## Image of Business Expansion



01

Solidify our business through investment in human resources, including hiring executives and engineers

02

Continue to invest in game8 in English version to capture high-potential overseas demand

03

Take on the challenge of new businesses leveraging our existing strengths, and promote external investment in areas peripheral to gaming.



## Growth Image

# Aim to achieve sales growth of more than double over the period of the Medium-Term Management Plan

We aim to achieve sales growth of more than double over the period of the Medium-Term Management Plan, with overseas businesses and new businesses as growth drivers.







INVESTMENT



## **Contribute to the corporate growth and realization of an enriched society by discovering growth areas and supporting innovation**

We will promote investment in promising growth opportunities in Japan and abroad, not limited to the media and advertising sectors. Through our support of startup companies, we will contribute to the realization of innovation for a prosperous society and will achieve the discontinuous growth of Gunosy.

## History

# Cumulative investment exceeding 4 billion yen,<sup>\*1</sup> growing into the third pillar of the Gunosy Group

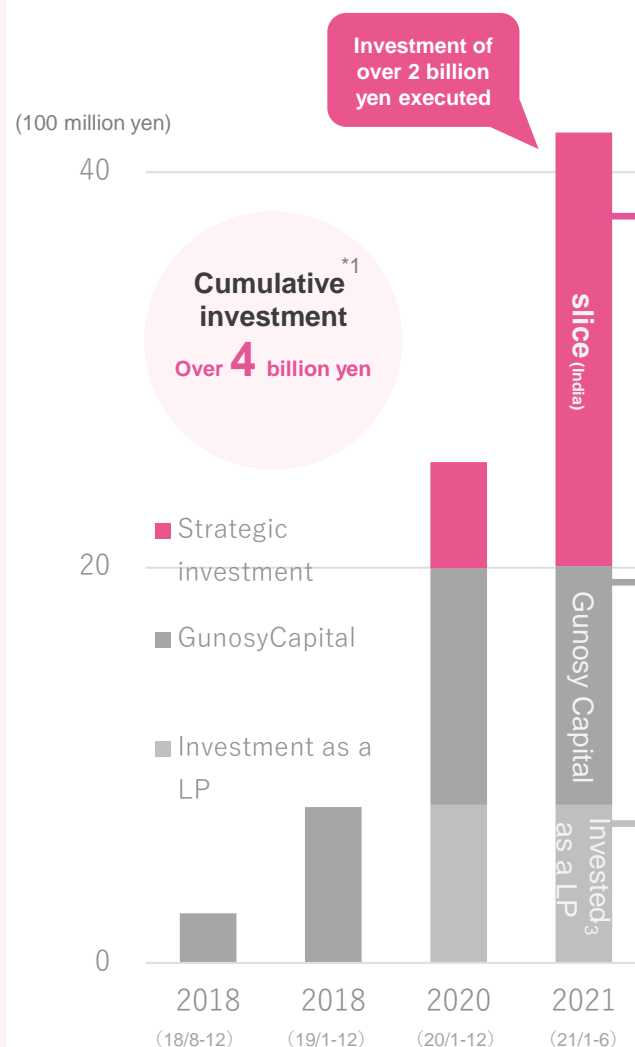
Since the start of operations in August 2018, 19 investment projects have been executed, including follow-on investments. We have been successful not only in the effective utilization of cash and deposits through pure investments, but also in discovering strategic investment targets.

<sup>\*1</sup> Including the amount Gunosy Capital committed to invest in VC as a limited partner. Investments in foreign currencies are calculated at the rate prevailing at the time of disclosure.

<sup>\*2</sup> Investment in GaragePreneurs Internet Pvt. Ltd which runs “slice”.

<sup>\*3</sup> “Invested as a LP” in the chart is based on the amount that Gunosy Capital committed to invest in VC as a limited partner.

## Cumulative investment



## Status of investment

**Cumulative strategic investment of over 2 billion yen executed in “slice”.<sup>\*2</sup> Expected to become an equity-method affiliate**

Through investment from Gunosy Capital, we will discover promising high-growth startups as strategic investment targets.

**Invested in promising startups in Japan and India**

Investment decisions based on strict investment criteria. Even in the face of adversity caused by COVID-19, our investments remained in a sound financial position.

**Investment to reinforce sourcing**

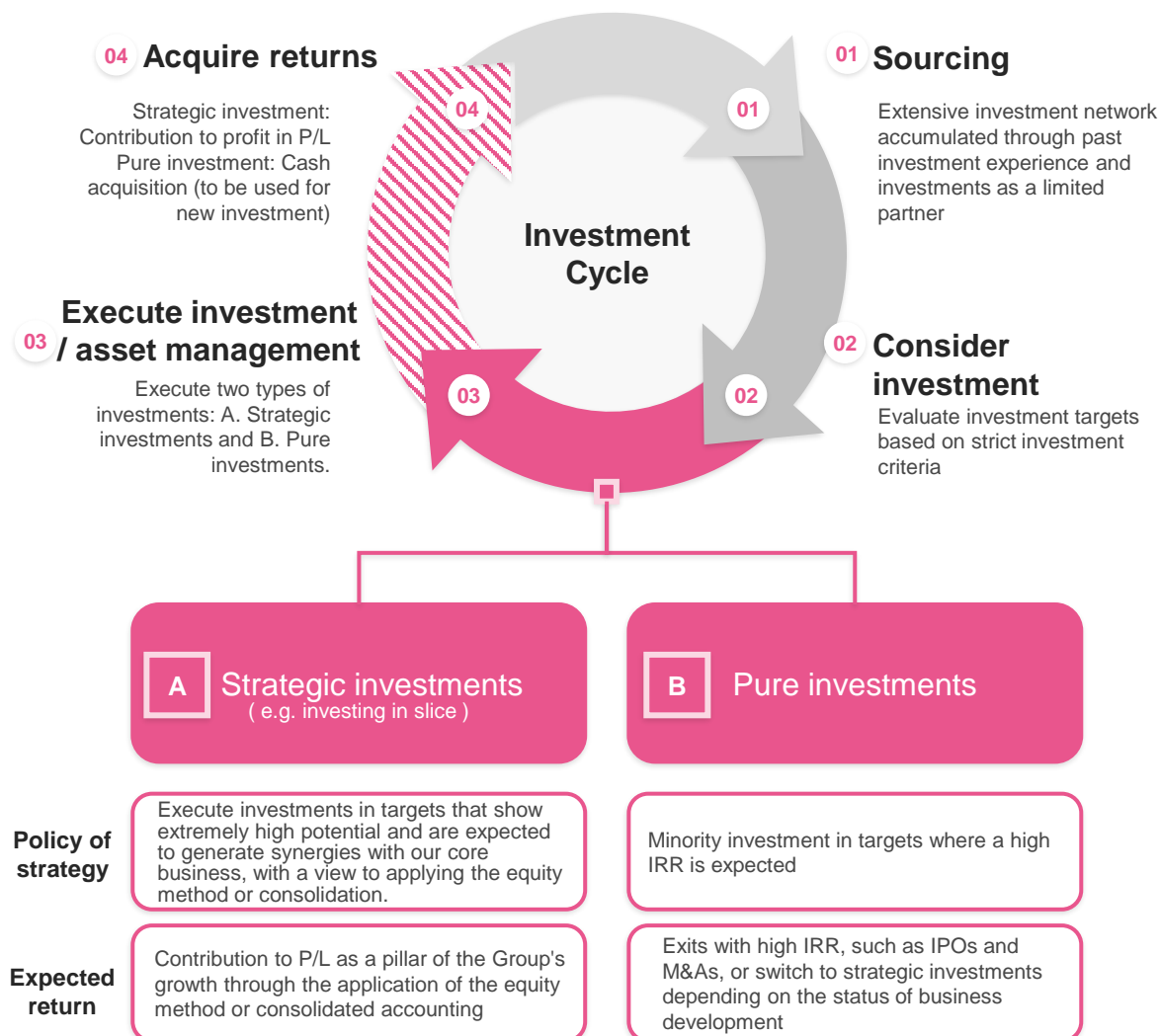
Gunosy Capital Invested in prominent VC firms such as Incubate Fund and Xtech as a limited partner

## Overall Strategy

# Capture high-growth areas outside the company through pure investments and strategic investments

We have been discovering attractive investment opportunities through our extensive sourcing network.

While aiming to achieve a high internal rate of return (IRR) from a pure investment perspective, we will also consider taking actions for discontinuous growth such as M&A.





## Strategic Investment in "slice"

# A rapidly growing Indian startup expected to become our equity-method affiliate

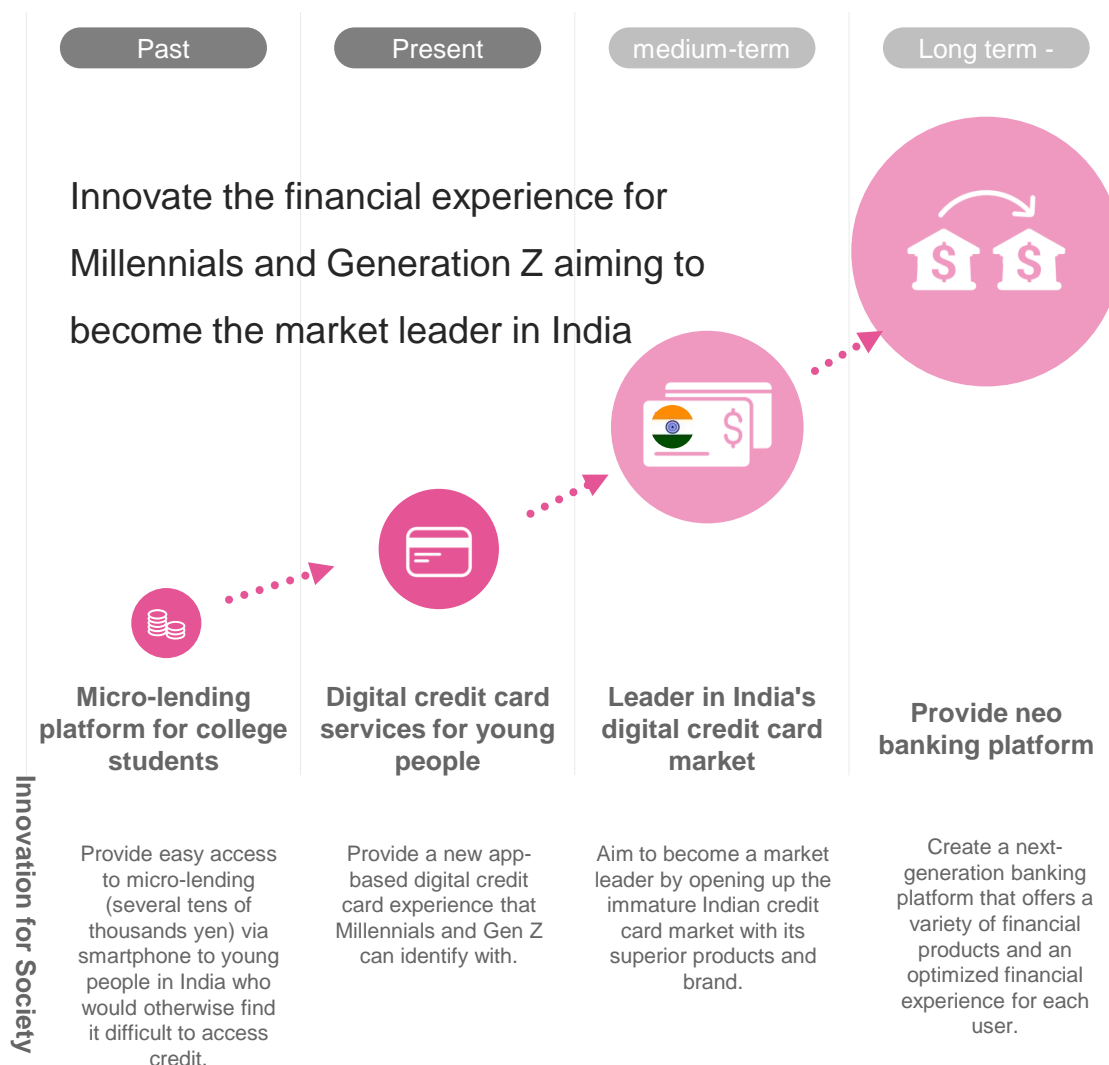
We executed a strategic investment in GaragePreneurs\*, which runs "slice", a digital credit card service for young people in India.

Based on its growth potential and the possibility of future collaboration, we acquired a potential voting right of approximately 20%. In the future, it is expected to become an equity-method affiliate of Gunosy and contribute to P/L in the medium to long term.

\* GaragePreneurs Internet Pvt. Ltd.



## India's fintech startup with a mission to "redesigning your financial experience"




 **New Businesses**



**NEW BUSINESS**

# NEW BUSINESS



## **Continue to take on the challenge of creating businesses that have a social impact to create new earnings drivers**

We will continue to take on the challenge of creating new businesses leveraging the strengths of the Gunosy Group that we have cultivated since our establishment.

We aim to create a new pillar of business that follows media business, Game8 Group, and investment business.

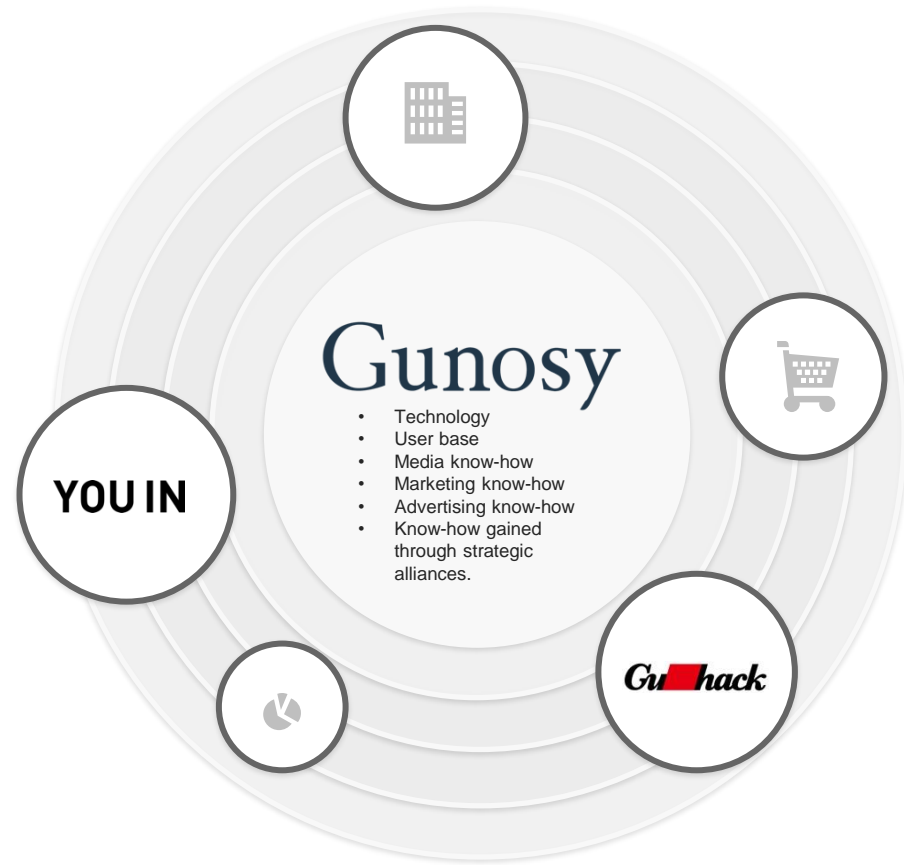
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## Overall Strategy

# Continue to take on challenges leveraging the strengths of the Gunosy Group

We are currently focusing on fostering the businesses of "YOU IN" and "Guhack" and will take on the challenge of creating new businesses by leveraging our existing strengths throughout the term of the Medium-Term Management Plan.

## Create a new pillar to generate revenue



# 03

## Organization Strategy

Aiming to become an organization where the  
company and employees can grow together

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Gunosy

# Aim to create an organization where talented people from within and outside the company can work actively and sustainably.

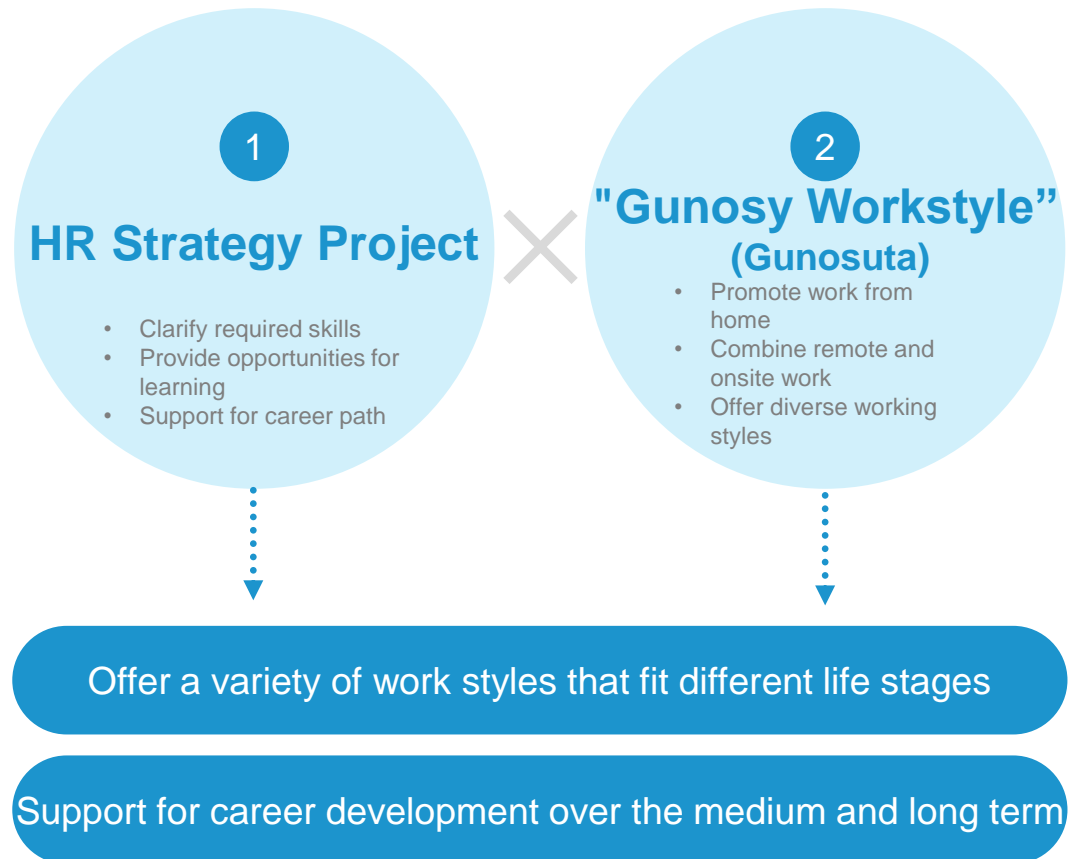
We aim to maximize our corporate value over the medium to long term and promote human resource strategies that allow our talented people to work productively and grow sustainably.

We intend to attract a wide range of talented people from outside the company through offering a variety of work styles and supporting career development.

## Overview of Human Resources Strategy

# Proactively invest in human resources to achieve medium- and long-term growth

It is vital to secure talented employees in order to sustainably grow the business. We will (1) fundamentally review our support for employee career development and (2) develop new ways of working, "Gunosy Workstyle (Gunosuta)" and promote the recruitment of human resources from two perspectives: internal training and external recruitment.



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**(1) HR Strategy Project (career support and training system)**

**Design a career path according to the types of jobs.**

**Provide appropriate training to acquire the necessary skills**

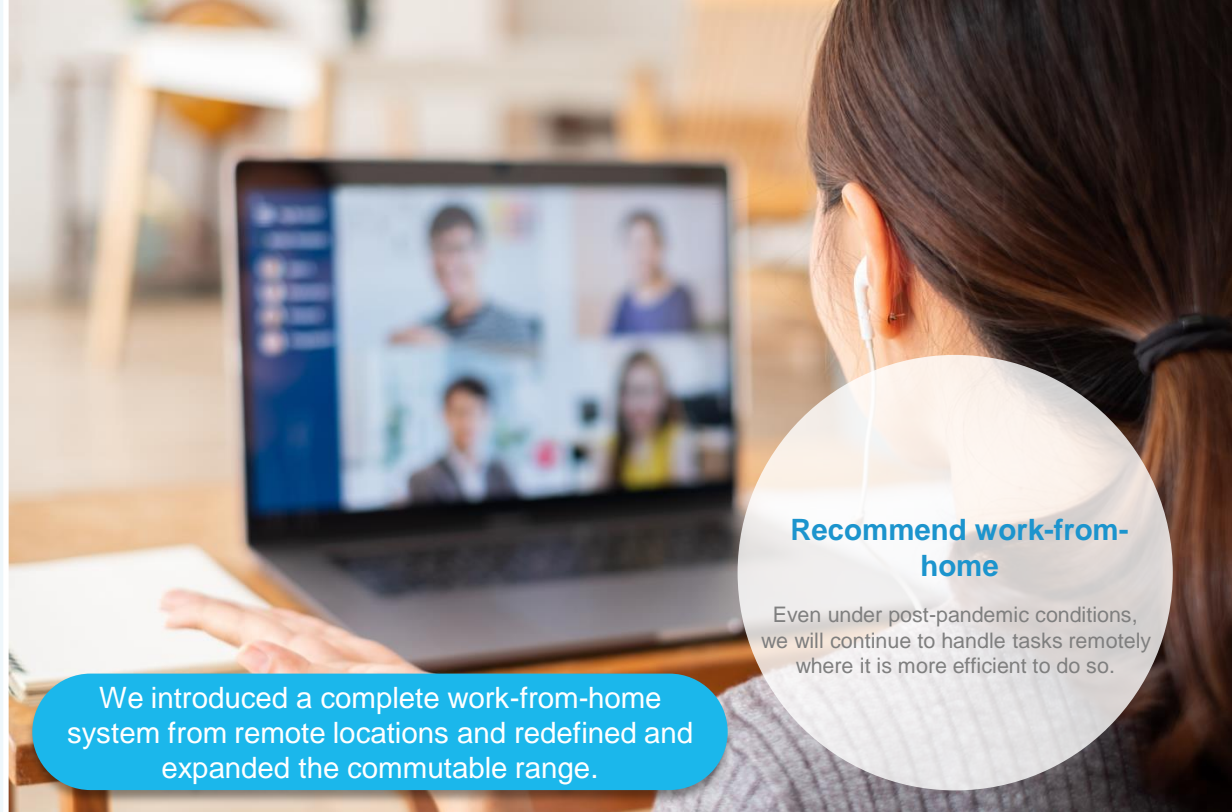
We will enhance career design, career support, and training systems to support employee growth over the medium and long term.



## (2)"Gunosy Workstyle" (Gunosuta)

# Provide a variety of "work styles" so that diverse human resources can work actively over the long term

Employees can decide whether to work from home or work from the office depending on their tasks or situation. In order to maximize the performance of our employees, we introduced a more advanced work-from-home system including revision of the definition of commutable range and introduction of complete work-from-home.



We introduced a complete work-from-home system from remote locations and redefined and expanded the commutable range.

### Recommend work-from-home

Even under post-pandemic conditions, we will continue to handle tasks remotely where it is more efficient to do so.



### Combine remote and onsite work

We will provide optimal office location / environment for creative issues such as generating ideas, sharing knowhow, etc.

\* For the time being, work schedule will be adjusted appropriately according to the status of COVID-19 infection.



### Diverse working styles

While encouraging working from home, we aim to create an organization that allows flexible work styles, including core hours and flexible working hours

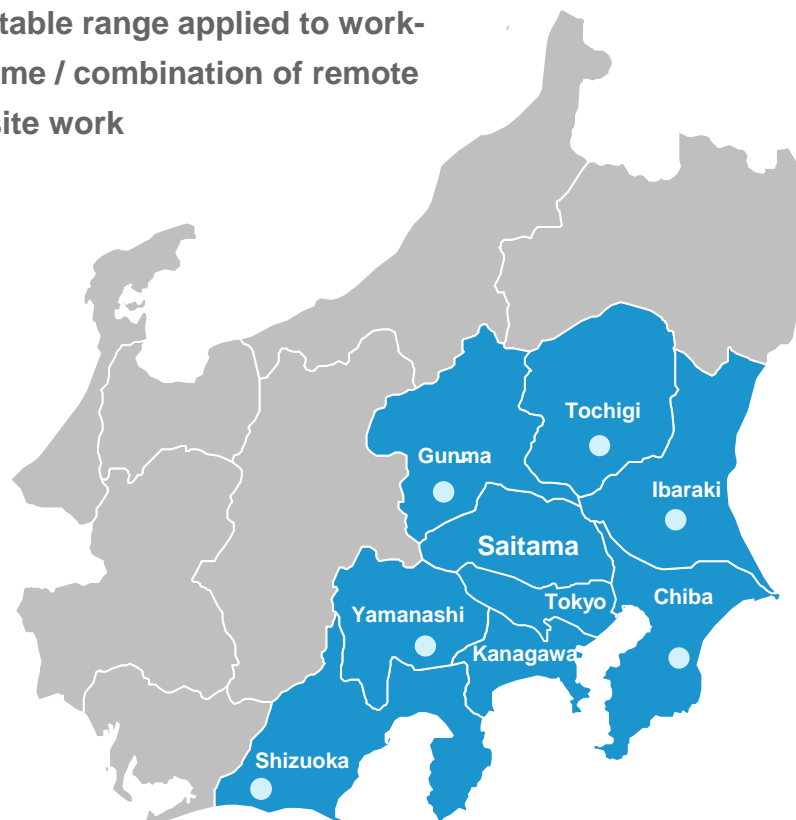


## (2)"Gunosy Workstyle" (Gunosuta)

# Introduce complete work-from-home and expand commutable range, enabling employees to live in remote areas

At Gunosy, complete work-from-home (residence in remote areas) is allowed which does not require employees to come to the office. In addition, the commutable range has been expanded to allow for more flexible work styles than ever before.

Commutable range applied to work-from-home / combination of remote and onsite work



### Commutable stations

- Hamamatsu
- Otsuki
- Takasaki
- Utsunomiya

### Commutable range and commuting expenses

- (1) The shortest trip from the office to the station closest to the employee's home on a conventional train within 2 hours one way and (2) within 1.5 hours one way by Shinkansen is permitted. (Commuting expenses paid up to 100,000 yen per month)
- Employees who have adopted the complete work-from-home plan are reimbursed up to 100,000 yen per month for related expenses (including accommodation and travel expenses) only when the company deems it necessary.

# 04

SDGs / ESG

## Sustainability

Our Efforts for SDGs and ESG

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Gunosy

# Aim to realize sustainable growth in a new normal society

We will actively take measures on the Group's ESG issues including providing businesses that are valuable to society, promoting diverse work styles for employees and continually strengthening corporate governance to achieve sustainable growth, with the aim of maximizing corporate value over the medium to long term.

## Examples of SDGs/ESG initiatives (1)

# Coping with the adverse effects caused by optimized information delivery

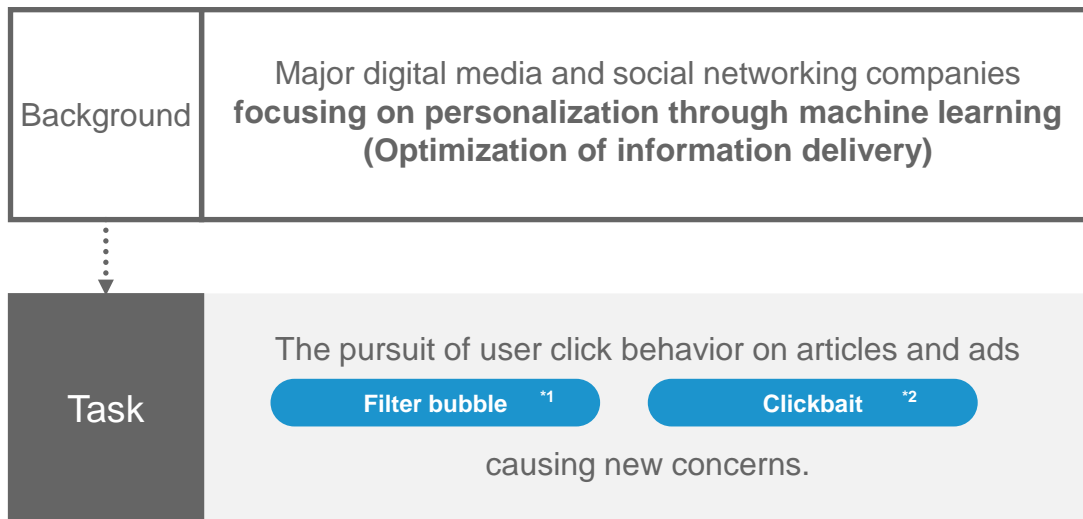
We aim to create a media that is truly valuable to society by striving to solve social issues that arise from the optimization of information delivery through both media improvement and R&D.

### Filter bubble \*1

Filter bubble: Information environment in which the algorithms analyze and learn from the search and past click-behavior of individual Internet users, prioritizing the information they want to see regardless of their intentions, and separate them from information that disagrees with their viewpoints, thus isolating them in bubble of their own ideas and values. (WHITE PAPER 2019: Information and Communications in Japan. Published by Ministry of Internal Affairs and Communications)

### Clickbait \*2

Clickbait: The act of enticing users to view the linked piece of online content by overstating the titles of news articles. When users view clickbait news articles, it may cause them to feel uncomfortable and cause a decrease in satisfaction.



## Gunosy's initiatives.

### (1) Improve media

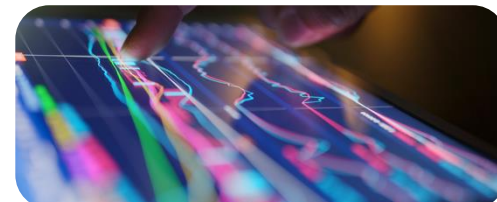
Reduced the exposure of sensational content and developed an article distribution logic that considers the must-know for users.



- The top row of the topic tab displays news that is recommended to know in five columns
- Develop delivery logic focused on deeper interests of users
- Rewrite headlines to ensure quality

### (2) R&D

Conducted verification using actual user data and published a paper on filter bubbles and clickbait.





## Examples of SDGs/ESG initiatives (2)

### Provide an advertising experience that gives users/advertisers a sense of security

We are implementing the industry's most strict advertising examination process. We eliminate ads that violate compliance in order to realize ad delivery that is valuable to both users and advertisers. We aim to be a news media that is safe for everyone to use.



#### Advertising Policy

Our policy is not to publish any advertising that violates laws or regulations, nor **any advertising that may cause discomfort or disgust to users.**



#### Examination system

An independent examination conducted by the ad examination team within the Corporate Headquarters in accordance with the Gunosy Advertising Guidelines (2020.4 version)



#### Example of unacceptable ads

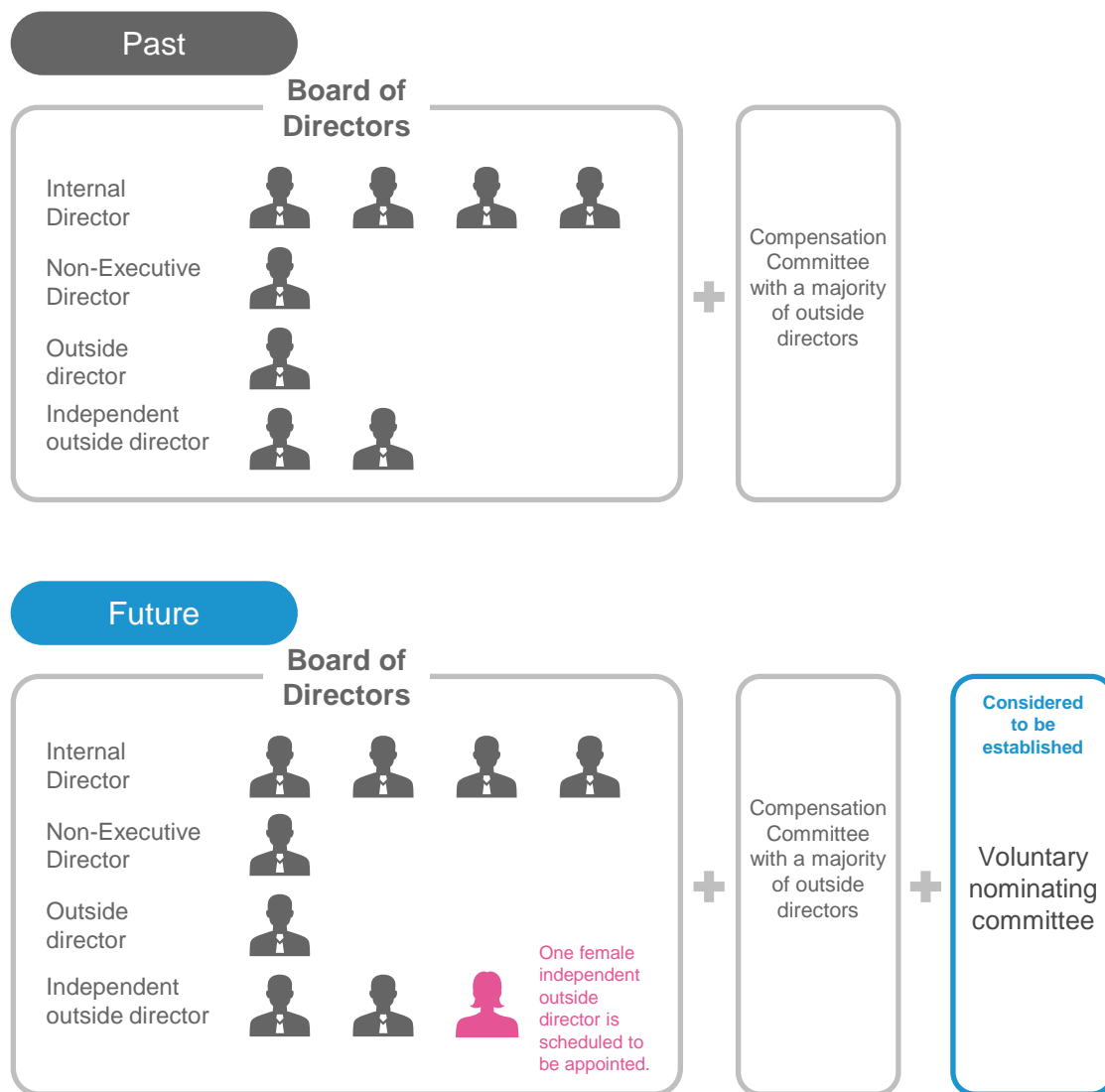
- Use of offensive images
- Unclear evidence of effectiveness and efficacy
- Misleading as medical treatment, emphasis on approval
- Advertising that is difficult to associate with the advertised product

## Examples of SDGs/ESG initiatives (3)

# Enhance the supervisory function of the Board of Directors

A voluntary compensation committee was established in FY2021/5. A new female independent outside director is expected to be elected at this year's annual shareholders' meeting.

The establishment of a voluntary nominating committee is also under consideration.



## Realize diverse work styles, invest in human resources, and promote DX

We will promote the creation of an environment where diverse human resources can be active through new working styles and investment in human resources as well as driving digital transformation to improve productivity in work-from-home. We will also achieve reduction of paper resources and strengthen governance.



1

Implement company-wide work-from-home and flex hours to create an environment in which diverse human resources can play an active role. (See p.43)

2

Improve productivity and employee satisfaction across the company by revamping career support and training systems (See p.42)

3

Improve productivity through promotion of DX such as introduction of electronic contracts, enhance governance, and reduce paper resources.

# Gunosy

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.

