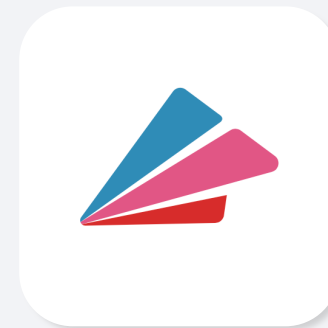


Gunosy

Q3

# FY2022/5 Financial Results for Q3



Gunosy Inc.

TSE Prime (6047)

April 14, 2022

# INDEX

1.	Executive Summary	P 3
2.	Financial Results for FY2022/5 Q3	P 10
3.	FY2022/5 Outlook	P 16
4.	Business Overview by Division	P 19
5.	Reference Materials: Overview of Gunosy Inc.	P 27

# 1

## Executive Summary



## Overview

In the consolidated results for Q3 (June 2021 - Feb. 2022), both net sales and profits remained strong.

Full-year forecasts were **revised upwards**.

### Media Business

- Profitability of Gunosy and au Service Today showed continued improvement.
- **Initial sales forecasts are expected to be achieved despite reduced investment in advertising**, mainly due to an improved retention rate in Gunosy (1.7 times higher compared to users acquired in the same month last year).

### Game8 Group

- **Achieved 108% sales growth and 112% profit growth QonQ.**
- Overseas business, a growth driver, is growing steadily.

### Investment

- "slice", our investment in India continues to show rapid growth, with **AUM up by more than 480% YonY**, partly due to enhanced marketing measures.

Revised consolidated full-year forecasts

KPIs for Gunosy showed improvement as a result of improved media quality. Full-year sales made steady growth despite curbs on advertising investment. In response, we **revised our operating profit upwards from 0 to 0.2 billion yen.**

(Million yen)

	Before revision FY2022/5 full-year forecast	After revision FY2022/5 full-year forecast	vs. initial forecast
Net sales	8,790	8,800	100.1%
Operating profit	0	200	-
Operating margin	-	2.3%	-
Ordinary profit	Not disclosed in FY2022/5 Q2 due to the financial impact of "slice" which could not be reasonably calculated.	-28	-
Profit attributable to owners of parent		-13	-

Supplementary  
information

- **The efficiency of advertising investment improved supported by improvements in per-user profitability and retention rates, etc. in Gunosy.**
- Considering the progress status of full-year consolidated sales, we expect to curb advertising investment in both Q3 and Q4 to a greater extent than planned.
- As the financial impact of "slice" in the current year can now be reasonably calculated, the forecast for ordinary profit and profit for the current year has been disclosed.
- (See p18 for more details. **Incorporation of financial data of "slice" into the statement of income is planned for Q1 of the next financial year.**)

# (1/2) Background to Upward Revision: Improved Profitability per User

While DAUs remained stable, **per-user profitability improved**.

Financial data

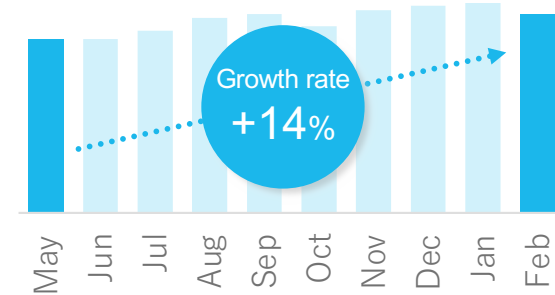
Net sales of Gunosy

Profitability per user  
(Index: Sales/DAU)

Improving

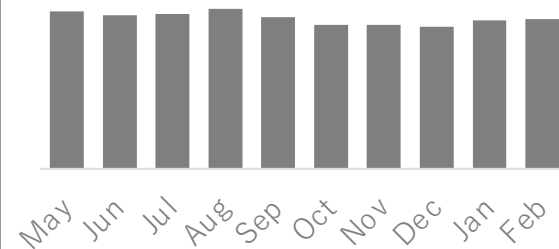
Number of users  
(Index: DAU)

Profitability shows continued growth



Growth rate  
+14%

DAUs remain stable



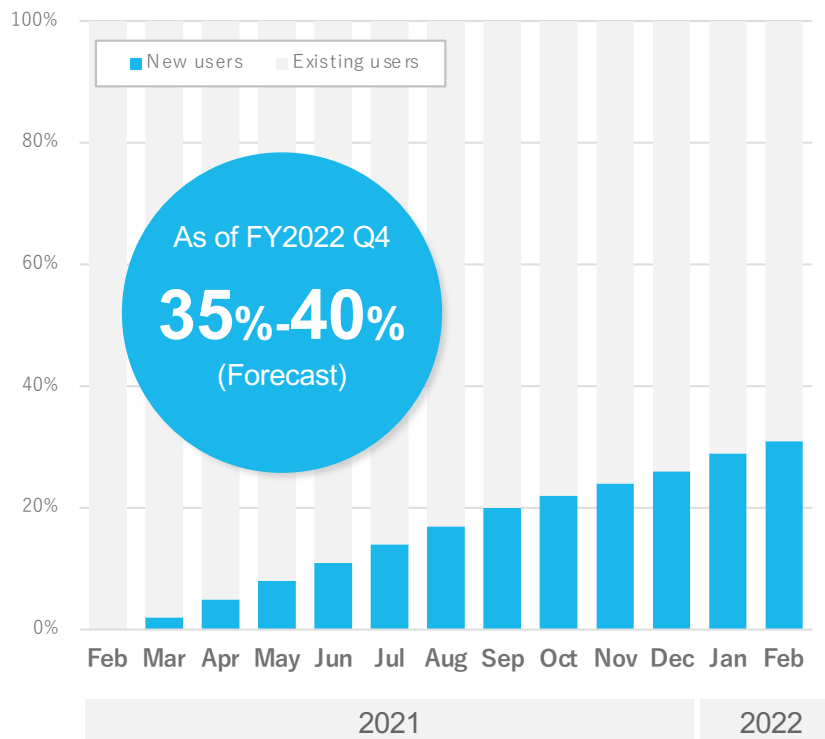
KPI

## (2/2) Background to Upward Revision: Significant Improvement in Retention Rate in Gunosy

The percentage of new users reached approx. 30% of the total users as of February 2022. **The retention rate of new users has shown a significant improvement** since the resumption of advertising investment.

### New users as % of DAU

The percentage of new users with higher profitability increased **to approx. 30% of the total**



### Improvement of retention rate

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

Retention rate

**1.7 times**

(vs. Feb 2021)

(As of Feb 2022)

### Changes to the forecast of the percentage of new users as of the end of May 2022

- As advertising investment will be more curbed than planned, the figure is lower than the estimate disclosed in Q2 (40%-50%).
- However, as per-user profitability and retention rates are higher than expected, **sales are expected to meet the full-year forecast disclosed in Q2.**

## Policy

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

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

## External factors

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

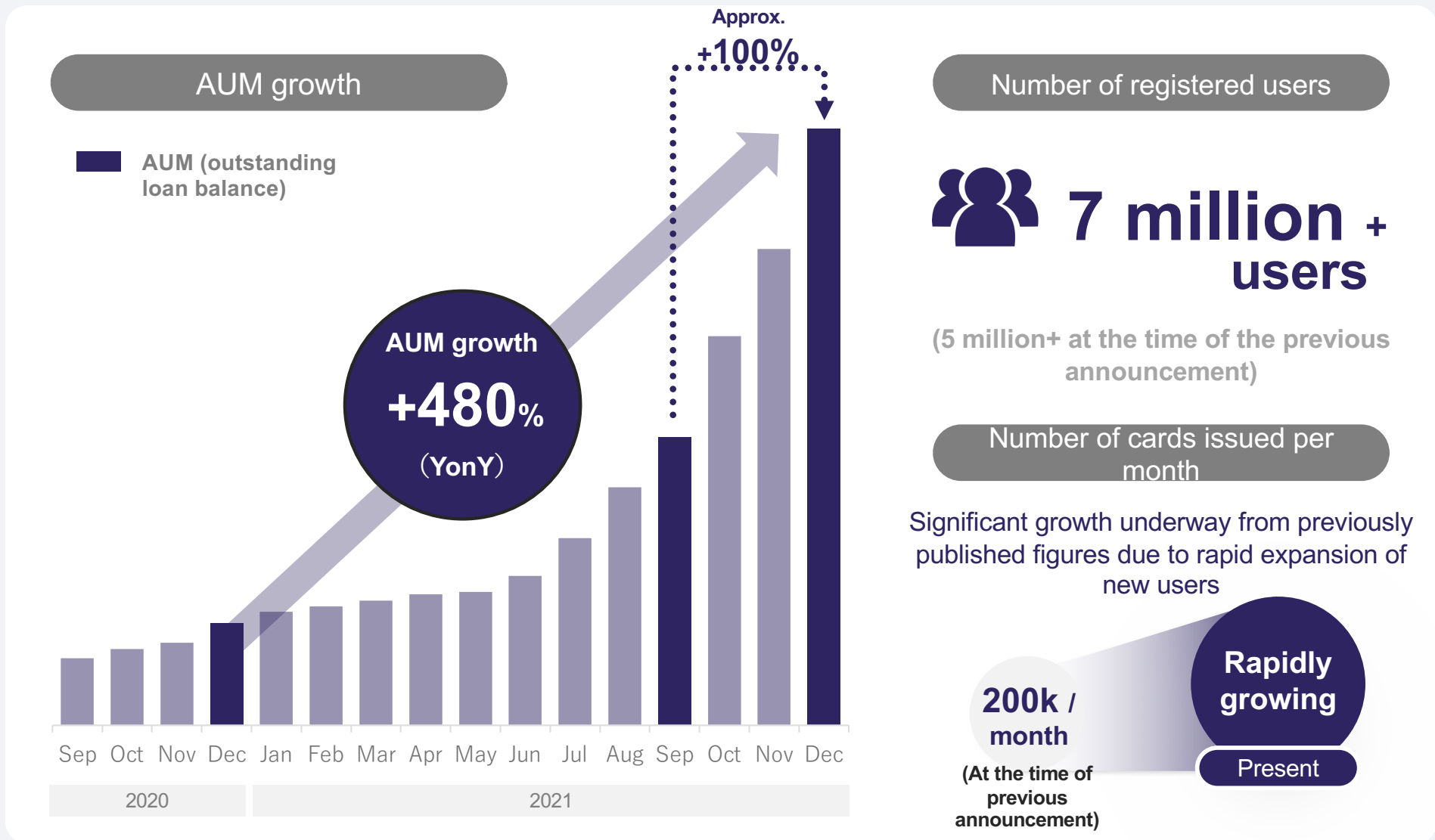
## Internal factors

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



# "slice": Progress on KPIs

Overwhelming growth has continued. Low default rates have been maintained, **while AUM, number of users and number of cards issued has grown significantly.**



# 2

## FY2022/5 Financial Results for Q3



## FY2022/5 Consolidated Results for Q3 (vs. results)

Gunosy

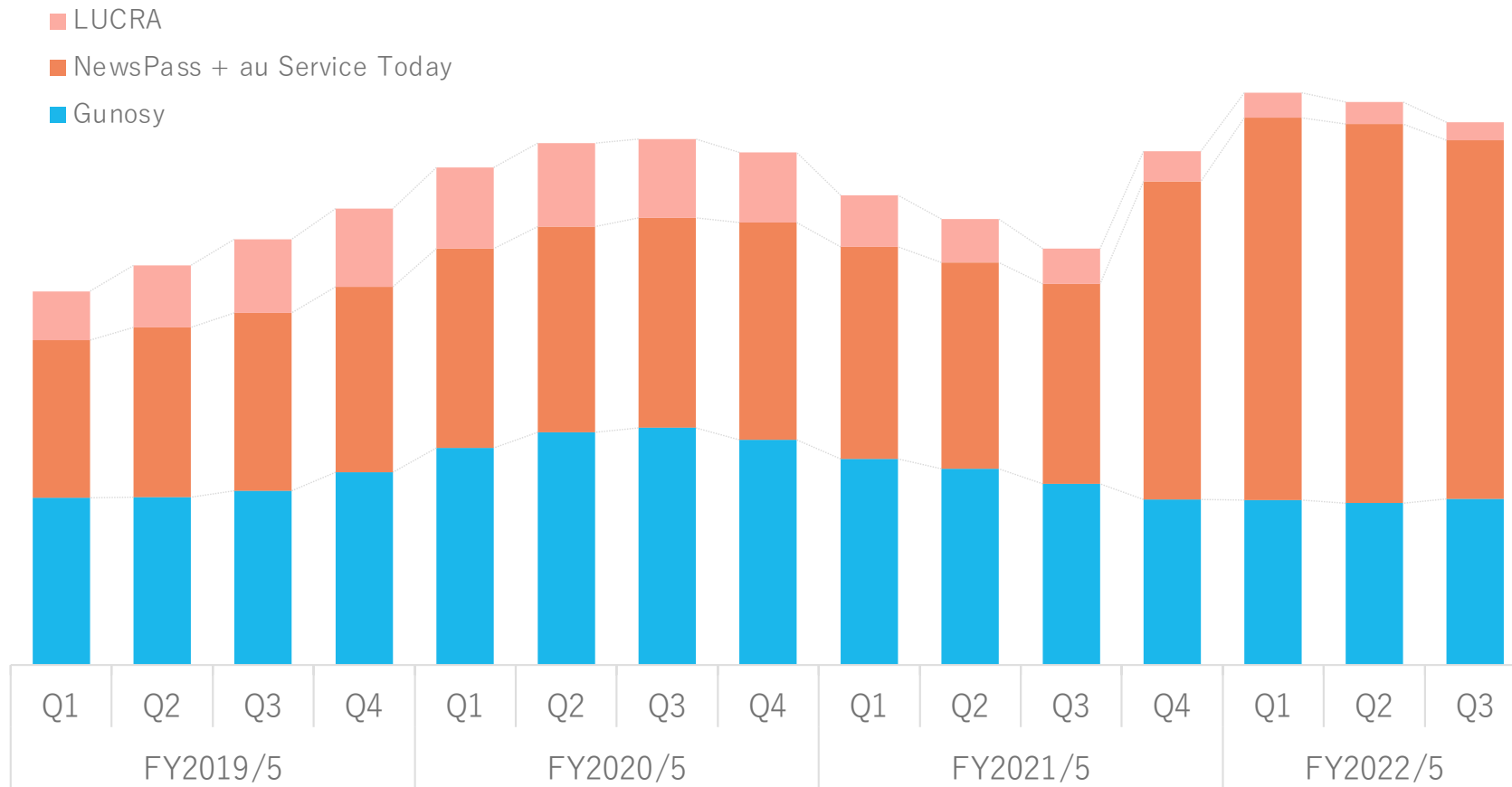
**QonQ sales and profits growth and YonY sales growth (June 2021 - Feb. 2022) were achieved.** This was due to improved profitability as a result of the acquisition of new users of Gunosy and a recovery in sales of Game8, which had recorded a temporary sales decline in the previous quarter. Operating profit for nine months from June 2021 – Feb 2022 declined as advertising costs increased by 670 million yen over the same term last year.

(Million yen)

	Q3			Total Q1-Q3		
	FY2022/5 Q3	FY2022/5 Q2	QonQ	FY2022/5 Q1-Q3	FY2021/5 Q1-Q3	YonY
Net sales	2,215	2,105	105.2%	6,598	6,453	102.3%
Operating profit	27	19	140.0%	189	563	33.6%
Operating margin	1.2%	0.9%	-	2.9%	8.7%	-
Ordinary profit	9	-79	-	-31	546	-
Profit attributable to owners of parent	13	-61	-	-14	314	-

# Total Number of Active Users\* (MAU)

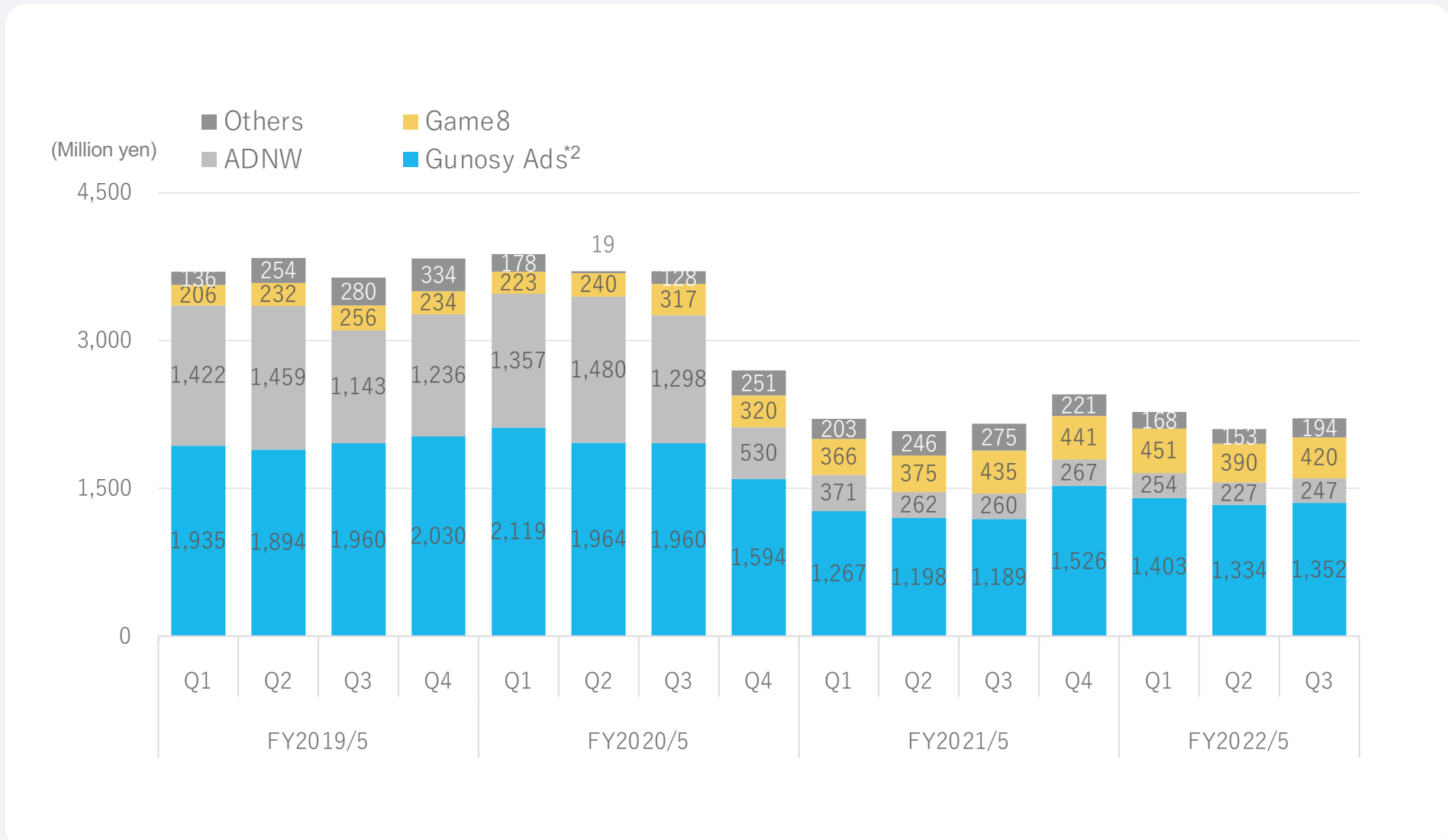
Gunosy's MAUs increased slightly QonQ due to an increase in the retention rate of newly acquired users.



\* Average for each quarter of MAU (monthly active users) of "Gunosy", "NewsPass", "au Service Today" and "LUCRA"

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

All businesses recorded sales increases QonQ, including Gunosy Ads, G8 and ADNW.

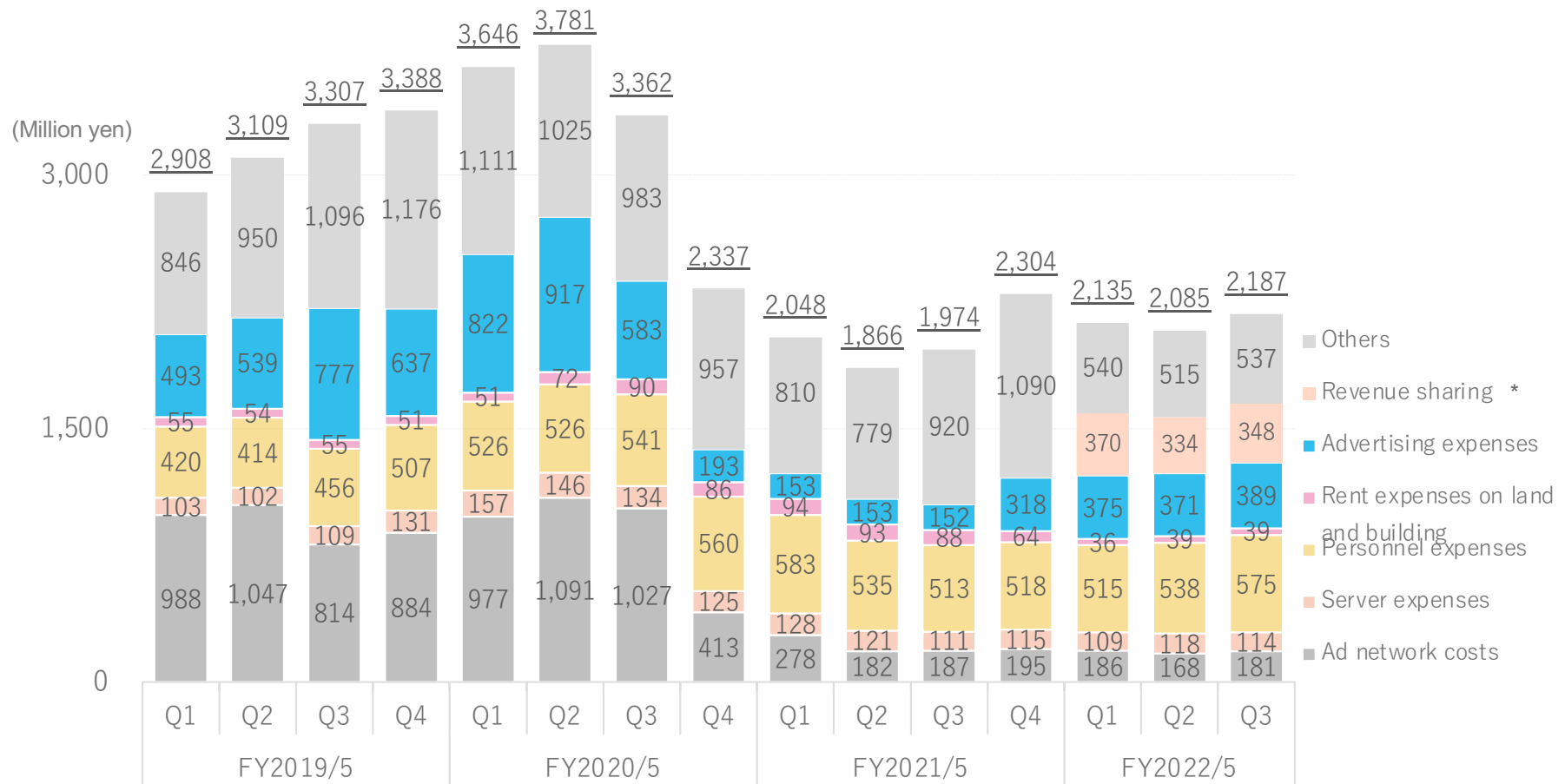


\*1: Sales of "Gunosy Ads", "ADNW" and "Game8" are presented on a nonconsolidated basis. Internal trade adjustments are included in "Others".

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

# Cost Structure

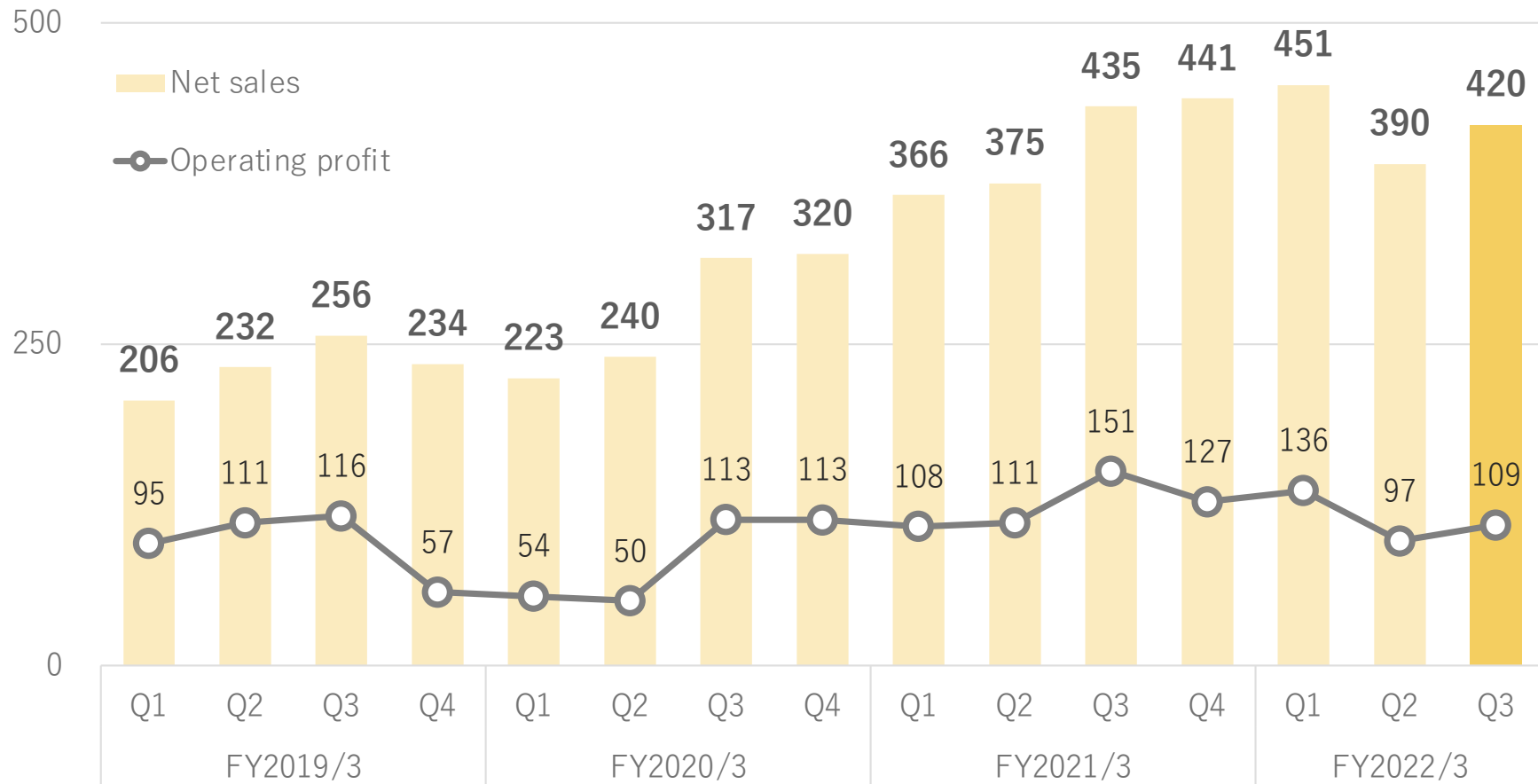
Advertising investment in Gunosy remained at the same level as in Q2. Personnel costs increased due to the **resumption of investment in recruitment, which was carried out as part of an organizational build-up for medium- and long-term growth**. Other costs remained tightly controlled.



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

In Q3, **the growth of overseas business and the stability of domestic business resulted in sales growth QonQ**. Investment in new businesses will continue to be made in the future in order to acquire medium- and long-term growth drivers.

(Million yen)



\* Nonconsolidated results (before consolidated adjustment). Results of Smarprise, our subsidiary is not included. FY2022 Q3 results are for the period from October to December 2021 due to a gap with the parent company's consolidated accounting period.

# 3

## FY2022/5 Outlook





## FY2022/5 Results Forecast (Consolidated)

Up until Q3, **both sales and operating profit made steady progress compared to the full-year forecast.**

Operating profit is expected to be 200 million yen higher than the forecast disclosed in Q2 as a result of curbing advertising investment to the extent that full-year sales target is achieved.

(Million yen)

	FY2022/5 Q1-Q3	Before revision FY2022/5 Full-year forecast	Progression rate	After revision FY2022/5 Full-year forecast	Progression rate
Net sales	6,598	8,790	75.1%	8,800	75.0%
Operating profit	189	0	-	200	94.6%
Operating margin	2.9%	-	-	2.3%	-
Ordinary profit	-31	-	-	-28	-
Profit attributable to owners of parent	-14	-	-	-13	-

# Impact of "slice" on the Statement of Income (Under J-GAAP) Gunosy

## Points

1. Our voting interest in "slice" is **in the range of 15%-20% as defined in "Accounting Standard for Equity Method of Accounting for Investments"**. We intend to start applying the equity method at the timing of certain events (such as the completion of the dispatch of executives) that are deemed to have a material impact on the financial, operating or business policy decisions of slice. Our director and CFO, Yuki Maniwa, is due to be appointed as a board member at the end of April/beginning of May.
2. The equity method of accounting is expected to be applied during the fiscal year ending May 31, 2022. **Incorporation of financial data into the statement of income is planned to be started for Q1 of the next financial year.**
3. Significant items affecting the profit and loss to be incorporated in the statement of income for the next fiscal year and beyond that remain undetermined are as follows:
  - Deemed acquisition date, which is the start date of application of the equity method (Since the company's fiscal year ends at the end of March, the results of operations are expected to be incorporated with a time lag, as is the case with other subsidiaries.)
  - Determination of the amount of goodwill, etc. through PPA (Purchase Price Allocation) procedure and its amortization period
  - Performance of "slice" in the period in which the profit or loss is incorporated.
4. As "slice" is growing rapidly, marketing measures will continue to be strengthened to ensure further growth in the future. Accordingly, it is assumed that losses may be recorded in relation to the application of the equity method in the short to medium term.

\*This is the status as of April 14, 2022. If any important issues regarding the status arise in the future that should be disclosed, we will promptly disclose them.

# 4

## Business Overview by Division



# Gunosy Became an Official Partner of the Urawa Reds

We signed **an official partnership agreement with the Urawa Reds for the 2022 season**. The new Urawa Reds channel was launched on the Gunosy and NewsPass apps. The Gunosy app logo is now displayed on the ad-board at "Saitama Stadium 2002".

## Launched "Urawa Reds Channel"



Sponsorship  
agreement



# URAWA REDS

As an official partner, we launched the "Urawa Reds Channel" in the Gunosy app, which is exclusively dedicated to news related to the Urawa Reds. In addition to match information for the 2022 season, the Urawa Reds Channel offers player-related information such as player transfers, **original video content only available on Gunosy** and other Urawa Reds-related information all in one place.

We worked continuously to improve the UX, including the release of the search functions, as well increasing profitability through header videos. **Profitability per user is continuing to improve.**

### Updated features

#### Release of search function and header video



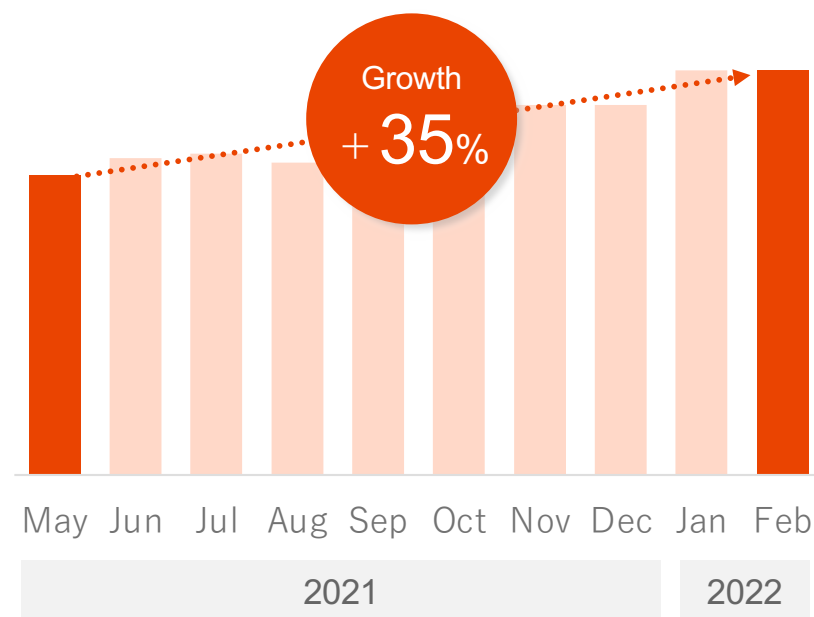
Search function



Header video

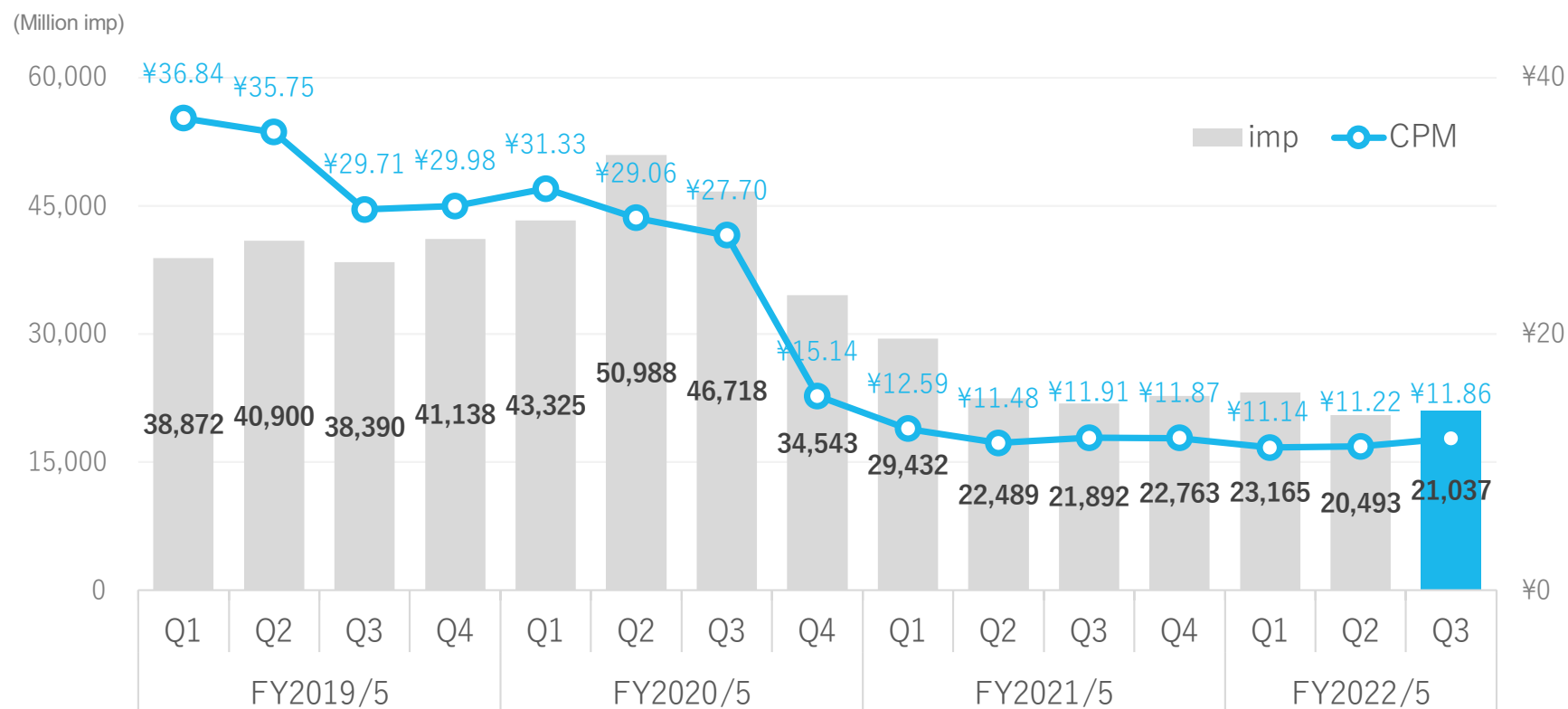
#### Status of profitability

Profitability per user  
(Sales/DAU) is improving



Both CPMs andimps were on a recovery path, supported by **media development** achieved by the strengthening of the organization, which resulted in a **QonQ sales growth**. We intend to drive business growth by continuing to pursue customer development.

### Number of Impressions and CPM



The number of PVs of game walkthrough content for the North American region is steadily increasing contributing to sales growth even more than before. We will continue to focus on our overseas operations.

## Overseas Business

The number of PVs of the overseas business in game walkthrough wiki guides is growing steadily.





A three-year, top-ranked partnership agreement was signed with the **Mumbai Indians**, one of the most popular teams in India's national sport, cricket, with the purpose of increasing brand awareness of the services offered by “slice”.



One of the most popular teams in the Indian Premier League (IPL)

Twitter <sup>\*1</sup>  
Approx. **7.5**  
million  
followers

Instagram <sup>\*1</sup>  
Approx. **9.9**  
million  
followers

Established  
**2008**

Number of IPL wins  
**5**  
Highest in IPL















Sponsor type

**PRINCIPAL PARTNERS**  
(Highest-ranked)



Our equity in “slice”, which was over 17% as of the end of Q2, increased to about 3 billion dollars **in Q3 with a follow-on investment of about 10 million dollars**. The total investment in our investment business is approximately 5 billion dollars.

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

		Investment ratio	Main investee companies		
 <b>India</b>	Early	 Approx. <b>75%</b>	 <b>FAIRCENT.com</b> <small>EVERY % COUNTS</small> Fintech	 <b>WIZKLUB</b> Education	<div style="border: 2px solid #e91e63; border-radius: 50%; padding: 10px; display: inline-block;">                         Approx. <b>\$10mn</b>                          of follow-on investment executed                     </div> <div style="border: 2px solid #e91e63; padding: 5px; display: inline-block;"> <b>slice</b>                          Fintech                     </div>
	Mid-to-late		 <b>ShopKirana.com</b> <small>Empowering Retailers</small> Commerce	 <b>Zoomcar</b> <small>Never Stop Living</small> MaaS	
 <b>Japan</b>	Early	 Approx. <b>25%</b>	 <b>すむたす</b> <small>Real estateec</small> Real estateec	 <b>MONOKABU</b> Commerce Exit executed	
	Mid-to-late		 <b>Kyulux</b> Organic EL	 <b>Caster</b> HR tech	
	Investment as a limited partner		 <b>XTech Ventures</b>	 <b>INCUBATEFUND</b>	

\*1: Includes the balance of investments committed, such as investments as an LP.

We are focusing on personalized gifting. e-commerce platforms such as **giftee and Anny started handling 'YOU IN'**. We also continue with our project for an offline base, such as Hankyu Department Store Osaka Umeda Main Store, where the first offline store was set up in the Kansai region.

Off-line store

@ Hankyu Department Store  
Osaka Umeda Main Store  
(March 16-29, 2022)



Expansion of sales channels

Sales channels developed,  
such as 'giftee'



# 5

## Reference Materials: Overview of Gunosy Inc.



## Basic Information

Company name:	Gunosy Inc.
Representative:	Shinji Kimura Yuya Taketani
Established:	November 14, 2012
Fiscal year end:	May
Capital:	4,099 million yen (as of the end of February 2022)
Stock Code:	6047 (TSE Prime)
Audit corporation:	Ernst & Young ShinNihon LLC
Number of employees:	249 (as of the end of February 2022, on a consolidated basis)
Head office:	2-24-12 Shibuya, Shibuya-ku, Tokyo
Business:	Development and operation of information curation service and other media

Officers: Representative Director and Chairman, Group Chief Executive Officer (CEO), Shinji Kimura

Representative Director and President, Yuya Taketani

Director and CFO, Hiroki Maniwa

Director, Kentaro Nishio

Director, Takuya Sawada

Director (Outside), Suguru Tomizuka

Director (Outside), Junichi Shiroshita

Director (Outside), Hirokazu Mashita

Director (Outside), Lei-Isabelle Nakao

Corporate Auditor, Masakazu Ishibashi

Corporate Auditor (Outside), Kenji Shimizu

Corporate Auditor (Outside), Noboru Kashiwagi

# From “Gunosy Way” to “Gunosy Pride”

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

Gunosy

1

## “Triple win” philosophy

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

2

## Creating opportunities with science

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

3

## Centennial quality

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

4

## Respond to adversity in a positive way

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

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