

Consolidated Financial Results
for the Fiscal Year Ended March 31, 2022
<under Japanese GAAP>

Name of the Listed Company: **Gurunavi, Inc.**
 Listed Stock Exchanges: Tokyo Stock Exchange
 Stock Code: 2440
 URL: <https://corporate.gnavi.co.jp/en/>
 Representative: Akio Sugihara, President and Representative Director
 Contact: Teruhisa Yamada, Senior Managing Executive Officer
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Scheduled date of Annual General Meeting of Shareholders: June 22, 2022
 Scheduled date to commence dividend payments: –
 Scheduled date to submit Securities Report: June 23, 2022
 Preparation of supplementary materials on financial results: Yes
 Holding of financial results presentation meeting: Yes (for institutional investors and analysts)

(Millions of yen with fractional amounts discarded, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Consolidated operating results (Percentages indicate year-on-year changes.)

| | Net sales | | Operating income | | Ordinary income | | Net income attributable to owners of parent | |
|-------------------|-----------------|--------|------------------|---|-----------------|---|---|---|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Fiscal year ended | | | | | | | | |
| March 31, 2022 | 12,852 | (20.6) | (4,786) | – | (4,692) | – | (5,768) | – |
| March 31, 2021 | 16,181 | (47.7) | (7,423) | – | (7,269) | – | (9,704) | – |

Note: Comprehensive income

Fiscal year ended March 31, 2022: ¥(5,752) million [–%]
 Fiscal year ended March 31, 2021: ¥(9,768) million [–%]

| | Basic earnings per share | Diluted earnings per share | Return on equity | Ordinary income on total assets | Operating income on net sales |
|-------------------|--------------------------|----------------------------|------------------|---------------------------------|-------------------------------|
| Fiscal year ended | Yen | Yen | % | % | % |
| March 31, 2022 | (114.46) | – | (63.9) | (36.6) | (37.2) |
| March 31, 2021 | (206.90) | – | (68.1) | (38.7) | (45.9) |

Reference: Equity in earnings (losses) of affiliates:

Fiscal year ended March 31, 2022: –
 Fiscal year ended March 31, 2021: –

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|----------------|-----------------|-----------------|--------------|----------------------|
| As of | Millions of yen | Millions of yen | % | Yen |
| March 31, 2022 | 12,107 | 8,851 | 72.4 | 127.66 |
| March 31, 2021 | 13,567 | 9,375 | 68.5 | 198.02 |

Reference: Equity

As of March 31, 2022: ¥8,767 million As of March 31, 2021: ¥9,290 million

(3) Consolidated cash flows

| | Net cash provided by (used in) operating activities | Net cash provided by (used in) investing activities | Net cash provided by (used in) financing activities | Cash and cash equivalents at end of period |
|-------------------|---|---|---|--|
| Fiscal year ended | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| March 31, 2022 | (4,646) | (937) | 4,994 | 6,962 |
| March 31, 2021 | (3,815) | (147) | (187) | 7,507 |

2. Cash dividends

| | Annual dividends | | | | | Total amount of dividends (total) | Payout ratio (consolidated) | Dividends on net assets (consolidated) |
|--|-------------------|--------------------|-------------------|-----------------|-------|-----------------------------------|-----------------------------|--|
| | First quarter-end | Second quarter-end | Third quarter-end | Fiscal year-end | Total | | | |
| Fiscal year ended March 31, 2021 | Yen | Yen | Yen | Yen | Yen | Millions of yen | % | % |
| | – | 0.00 | – | 0.00 | 0.00 | – | – | – |
| Fiscal year ended March 31, 2022 | – | 0.00 | – | 0.00 | 0.00 | – | – | – |
| Fiscal year ending March 31, 2023 (Forecast) | – | 0.00 | – | 0.00 | 0.00 | | – | |

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Percentages indicate year-on-year changes.)

| | Net sales | | Operating income | | Ordinary income | | Net income attributable to owners of parent | | Basic earnings per share |
|--------------------------------------|-----------------|--------|------------------|---|-----------------|---|---|---|--------------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Six months ending September 30, 2022 | 5,300 | (13.2) | (3,200) | – | (3,200) | – | (3,230) | – | (60.13) |
| Fiscal year ending March 31, 2023 | 12,800 | (0.4) | (3,250) | – | (3,250) | – | (3,300) | – | (62.79) |

* Notes

- (1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in change in scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections
- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - Changes in accounting policies due to other reasons: None
 - Changes in accounting estimates: None
 - Restatement of prior period financial statements after error corrections: None

(3) Number of shares issued (common shares)

- a. Total number of shares issued at the end of the period (including treasury shares)

| | |
|----------------------|-------------------|
| As of March 31, 2022 | 56,124,500 shares |
| As of March 31, 2021 | 48,675,100 shares |

- b. Number of treasury shares at the end of the period

| | |
|----------------------|------------------|
| As of March 31, 2022 | 1,128,462 shares |
| As of March 31, 2021 | 1,757,262 shares |

- c. Average number of shares during the period

| | |
|----------------------------------|-------------------|
| Fiscal year ended March 31, 2022 | 50,810,067 shares |
| Fiscal year ended March 31, 2021 | 46,903,520 shares |

Reference: Summary of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|-------------------|-----------------|--------|------------------|---|-----------------|---|-----------------|---|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Fiscal year ended | | | | | | | | |
| March 31, 2022 | 12,766 | (21.0) | (4,742) | – | (4,625) | – | (5,668) | – |
| March 31, 2021 | 16,168 | (47.7) | (7,545) | – | (6,921) | – | (9,311) | – |

| | Basic earnings per share | | Diluted earnings per share | |
|-------------------|--------------------------|--|----------------------------|--|
| | Yen | | Yen | |
| Fiscal year ended | | | | |
| March 31, 2022 | (112.49) | | – | |
| March 31, 2021 | (198.53) | | – | |

(2) Non-consolidated financial position

| | Total assets | | Net assets | | Equity ratio | | Net assets per share | |
|----------------|-----------------|--|-----------------|--|--------------|--|----------------------|--|
| | Millions of yen | | Millions of yen | | % | | Yen | |
| As of | | | | | | | | |
| March 31, 2022 | 11,816 | | 8,569 | | 71.8 | | 122.53 | |
| March 31, 2021 | 13,261 | | 9,036 | | 67.5 | | 190.79 | |

Reference: Equity

As of March 31, 2022: ¥8,485 million As of March 31, 2021: ¥8,951 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

Forward-looking statements, including the consolidated forecasts stated in these materials, are based on information currently available to the Company and certain assumptions deemed reasonable. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual business and other results may differ materially due to various factors.

Cash dividends on class shares

The breakdown of per-share dividends on class shares with different shareholders' rights than for common shares is as follows.

| Class A preferred shares | Annual dividends | | | | |
|--|-------------------|--------------------|-------------------|-----------------|--------|
| | First quarter-end | Second quarter-end | Third quarter-end | Fiscal year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended March 31, 2021 | – | – | – | – | – |
| Fiscal year ended March 31, 2022 | – | – | – | 13.808 | 13.808 |
| Fiscal year ending March 31, 2023 (Forecast) | – | – | – | 45.000 | 45.000 |

Consolidated financial statements

(1) Consolidated balance sheet

(Thousands of yen)

| | As of March 31, 2021 | As of March 31, 2022 |
|---------------------------------------|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 7,507,254 | 6,962,974 |
| Notes and accounts receivable - trade | 2,741,754 | 2,661,470 |
| Accounts receivable - other | 1,154,849 | 740,092 |
| Other | 842,395 | 467,176 |
| Allowance for doubtful accounts | (581,667) | (139,740) |
| Total current assets | 11,664,585 | 10,691,973 |
| Non-current assets | | |
| Investments and other assets | | |
| Investment securities | 608,165 | 541,464 |
| Leasehold and guarantee deposits | 1,274,138 | 866,965 |
| Other | 20,991 | 7,410 |
| Total investments and other assets | 1,903,296 | 1,415,841 |
| Total non-current assets | 1,903,296 | 1,415,841 |
| Total assets | 13,567,882 | 12,107,815 |

(Thousands of yen)

| | As of March 31, 2021 | As of March 31, 2022 |
|---|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 143,539 | 99,579 |
| Contract liabilities | - | 67,459 |
| Income taxes payable | 57,599 | 34,151 |
| Provision for bonuses | 247,272 | 239,077 |
| Provision for point card certificates | 158,979 | 19,849 |
| Accounts payable - other | 1,482,069 | 1,302,249 |
| Asset retirement obligations | 111,738 | 48,795 |
| Deposits received | 1,675,578 | 1,040,262 |
| Other | 147,280 | 282,889 |
| Total current liabilities | 4,024,059 | 3,134,315 |
| Non-current liabilities | | |
| Asset retirement obligations | 167,531 | 119,444 |
| Other | 900 | 2,195 |
| Total non-current liabilities | 168,431 | 121,640 |
| Total liabilities | 4,192,490 | 3,255,955 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 2,334,300 | 100,000 |
| Capital surplus | 2,884,780 | 8,745,596 |
| Retained earnings | 8,745,156 | 2,929,632 |
| Treasury shares | (4,646,756) | (2,996,438) |
| Total shareholders' equity | 9,317,480 | 8,778,790 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | (6,308) | (33,675) |
| Foreign currency translation adjustment | (20,477) | 22,718 |
| Total accumulated other comprehensive income | (26,786) | (10,957) |
| Share acquisition rights | 84,698 | 84,026 |
| Total net assets | 9,375,392 | 8,851,859 |
| Total liabilities and net assets | 13,567,882 | 12,107,815 |

(2) Consolidated statement of income and consolidated statement of comprehensive income
Consolidated statement of income

(Thousands of yen)

| | Fiscal year ended March 31, 2021 | Fiscal year ended March 31, 2022 |
|--|-------------------------------------|-------------------------------------|
| Net sales | 16,181,206 | 12,852,305 |
| Cost of sales | 7,458,275 | 5,759,974 |
| Gross profit | 8,722,930 | 7,092,330 |
| Selling, general and administrative expenses | 16,146,680 | 11,878,610 |
| Operating loss | (7,423,750) | (4,786,280) |
| Non-operating income | | |
| Commission income | 27,272 | - |
| Gain on sales of supplies | 30,128 | 46,329 |
| Subsidy income | 4,822 | 138,735 |
| Income from expiration of gift cards | 95,578 | 14,814 |
| Other | 26,306 | 35,668 |
| Total non-operating income | 184,108 | 235,546 |
| Non-operating expenses | | |
| Interest expenses | - | 158 |
| Commission expenses | - | 85,000 |
| Commitment fees | 21,639 | 50,731 |
| Foreign exchange losses | 8,405 | 5,866 |
| Total non-operating expenses | 30,044 | 141,756 |
| Ordinary loss | (7,269,686) | (4,692,490) |
| Extraordinary income | | |
| Gain on sale of investment securities | 564,793 | 153,140 |
| Gain on sale of businesses | 37,443 | - |
| Gain on reversal of share acquisition rights | - | 6,642 |
| Total extraordinary income | 602,237 | 159,782 |
| Extraordinary losses | | |
| Impairment losses | 1,982,745 | 1,140,357 |
| Loss on valuation of investment securities | 117,322 | 56,473 |
| Other | 7,004 | - |
| Total extraordinary losses | 2,107,071 | 1,196,831 |
| Net loss before income taxes | (8,774,520) | (5,729,538) |
| Income taxes - current | 66,279 | 39,037 |
| Income taxes - deferred | 863,478 | - |
| Total income taxes | 929,758 | 39,037 |
| Net loss | (9,704,279) | (5,768,576) |
| Net loss attributable to owners of parent | (9,704,279) | (5,768,576) |

Consolidated statements of comprehensive income

(Thousands of yen)

| | Fiscal year ended March 31, 2021 | Fiscal year ended March 31, 2022 |
|---|-------------------------------------|-------------------------------------|
| Net loss | (9,704,279) | (5,768,576) |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (71,323) | (27,367) |
| Foreign currency translation adjustment | 7,323 | 43,196 |
| Total other comprehensive income | (64,000) | 15,829 |
| Comprehensive income | (9,768,279) | (5,752,747) |
| Comprehensive income attributable to: | | |
| Owners of parent | (9,768,279) | (5,752,747) |

(3) Consolidated statements of changes in equity

Fiscal year ended March 31, 2021

(Thousands of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period | 2,334,300 | 2,884,780 | 18,732,221 | (4,777,121) | 19,174,181 |
| Changes of items during period | | | | | |
| Issuance of new shares | | | | | - |
| Transfer from share capital to other capital surplus | | | | | - |
| Dividends of surplus | | | (187,474) | | (187,474) |
| Disposal of treasury shares | | | (95,312) | 130,364 | 35,052 |
| Net loss attributable to owners of parent | | | (9,704,279) | | (9,704,279) |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during period | - | - | (9,987,065) | 130,364 | (9,856,701) |
| Balance at end of current period | 2,334,300 | 2,884,780 | 8,745,156 | (4,646,756) | 9,317,480 |

| | Accumulated other comprehensive income | | | Share acquisition rights | Total net assets |
|--|---|---|--|--------------------------|------------------|
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Total accumulated other comprehensive income | | |
| Balance at beginning of current period | 65,015 | (27,800) | 37,214 | 59,162 | 19,270,557 |
| Changes of items during period | | | | | |
| Issuance of new shares | | | | | - |
| Transfer from share capital to other capital surplus | | | | | - |
| Dividends of surplus | | | | | (187,474) |
| Disposal of treasury shares | | | | | 35,052 |
| Net loss attributable to owners of parent | | | | | (9,704,279) |
| Net changes of items other than shareholders' equity | (71,323) | 7,323 | (64,000) | 25,535 | (38,464) |
| Total changes of items during period | (71,323) | 7,323 | (64,000) | 25,535 | (9,895,165) |
| Balance at end of current period | (6,308) | (20,477) | (26,786) | 84,698 | 9,375,392 |

Fiscal year ended March 31, 2022

(Thousands of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period | 2,334,300 | 2,884,780 | 8,745,156 | (4,646,756) | 9,317,480 |
| Changes of items during period | | | | | |
| Issuance of new shares | 2,500,042 | 2,500,042 | | | 5,000,084 |
| Transfer from share capital to other capital surplus | (4,734,342) | 4,734,342 | | | - |
| Dividends of surplus | | | (46,947) | | (46,947) |
| Disposal of treasury shares | | (1,373,568) | | 1,650,317 | 276,749 |
| Net loss attributable to owners of parent | | | (5,768,576) | | (5,768,576) |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during period | (2,234,300) | 5,860,815 | (5,815,523) | 1,650,317 | (538,690) |
| Balance at end of current period | 100,000 | 8,745,596 | 2,929,632 | (2,996,438) | 8,778,790 |

| | Accumulated other comprehensive income | | | Share acquisition rights | Total net assets |
|--|---|---|--|--------------------------|------------------|
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Total accumulated other comprehensive income | | |
| Balance at beginning of current period | (6,308) | (20,477) | (26,786) | 84,698 | 9,375,392 |
| Changes of items during period | | | | | |
| Issuance of new shares | | | | | 5,000,084 |
| Transfer from share capital to other capital surplus | | | | | - |
| Dividends of surplus | | | | | (46,947) |
| Disposal of treasury shares | | | | | 276,749 |
| Net loss attributable to owners of parent | | | | | (5,768,576) |
| Net changes of items other than shareholders' equity | (27,367) | 43,196 | 15,829 | (671) | 15,157 |
| Total changes of items during period | (27,367) | 43,196 | 15,829 | (671) | (523,532) |
| Balance at end of current period | (33,675) | 22,718 | (10,957) | 84,026 | 8,851,859 |

(4) Consolidated statements of cash flows

(Thousands of yen)

| | Fiscal year ended March 31, 2021 | Fiscal year ended March 31, 2022 |
|--|-------------------------------------|-------------------------------------|
| Cash flows from operating activities | | |
| Net loss before income taxes | (8,774,520) | (5,729,538) |
| Depreciation and amortization | 1,862,771 | 171,573 |
| Impairment losses | 1,982,745 | 1,140,357 |
| Amortization of goodwill | - | 1,950 |
| Share-based payment expenses | 49,329 | 309,605 |
| Increase (decrease) in allowance for doubtful accounts | 376,045 | (441,927) |
| Loss (gain) on sale of investment securities | (564,793) | (153,140) |
| Increase (decrease) in provision for bonuses | (340,024) | (8,195) |
| Increase (decrease) in provision for point card certificates | (50,540) | (139,130) |
| Loss (gain) on valuation of investment securities | 117,322 | 56,473 |
| Loss (gain) on sale of businesses | (37,443) | - |
| Decrease (increase) in trade receivables | 1,431,246 | 82,902 |
| Decrease (increase) in inventories | 224,813 | 74,736 |
| Increase (decrease) in trade payables | (10,128) | (43,959) |
| Increase (decrease) in contract liabilities | - | 67,459 |
| Decrease (increase) in advances paid | 59,575 | (7,617) |
| Decrease (increase) in accounts receivable - other | 226,898 | 544,541 |
| Increase (decrease) in accounts payable - other | (672,262) | (203,319) |
| Increase (decrease) in advances received | (32,663) | 731 |
| Increase (decrease) in deposits received | 1,359,854 | (635,315) |
| Other, net | (568,019) | 193,691 |
| Subtotal | (3,359,794) | (4,718,120) |
| Interest and dividends received | 6,658 | 10,997 |
| Interest paid | - | (158) |
| Income taxes paid | (462,056) | (37,872) |
| Income taxes refund | - | 99,089 |
| Net cash provided by (used in) operating activities | (3,815,192) | (4,646,064) |
| Cash flows from investing activities | | |
| Purchase of investment securities | (140,000) | (60,000) |
| Proceeds from sale of investment securities | 689,778 | 193,417 |
| Purchase of property, plant and equipment | (282,731) | (234,583) |
| Payments for asset retirement obligations | (205,456) | (152,218) |
| Proceeds from sale of businesses | 27,448 | - |
| Payments for acquisition of businesses | - | (13,000) |
| Purchase of software | (566,640) | (1,070,125) |
| Payments of leasehold and guarantee deposits | (19,257) | (51,797) |
| Proceeds from refund of leasehold and guarantee deposits | 338,361 | 450,991 |
| Other, net | 11,329 | - |
| Net cash provided by (used in) investing activities | (147,168) | (937,316) |
| Cash flows from financing activities | | |
| Proceeds from issuance of shares | - | 5,000,084 |
| Dividends paid | (187,373) | (217) |
| Other, net | - | (5,828) |
| Net cash provided by (used in) financing activities | (187,373) | 4,994,038 |
| Effect of exchange rate change on cash and cash equivalents | 3,815 | 45,061 |

(Thousands of yen)

| | Fiscal year ended March 31, 2021 | Fiscal year ended March 31, 2022 |
|--|-------------------------------------|-------------------------------------|
| Net increase (decrease) in cash and cash equivalents | (4,145,919) | (544,279) |
| Cash and cash equivalents at beginning of period | 11,653,173 | 7,507,254 |
| Cash and cash equivalents at end of period | 7,507,254 | 6,962,974 |